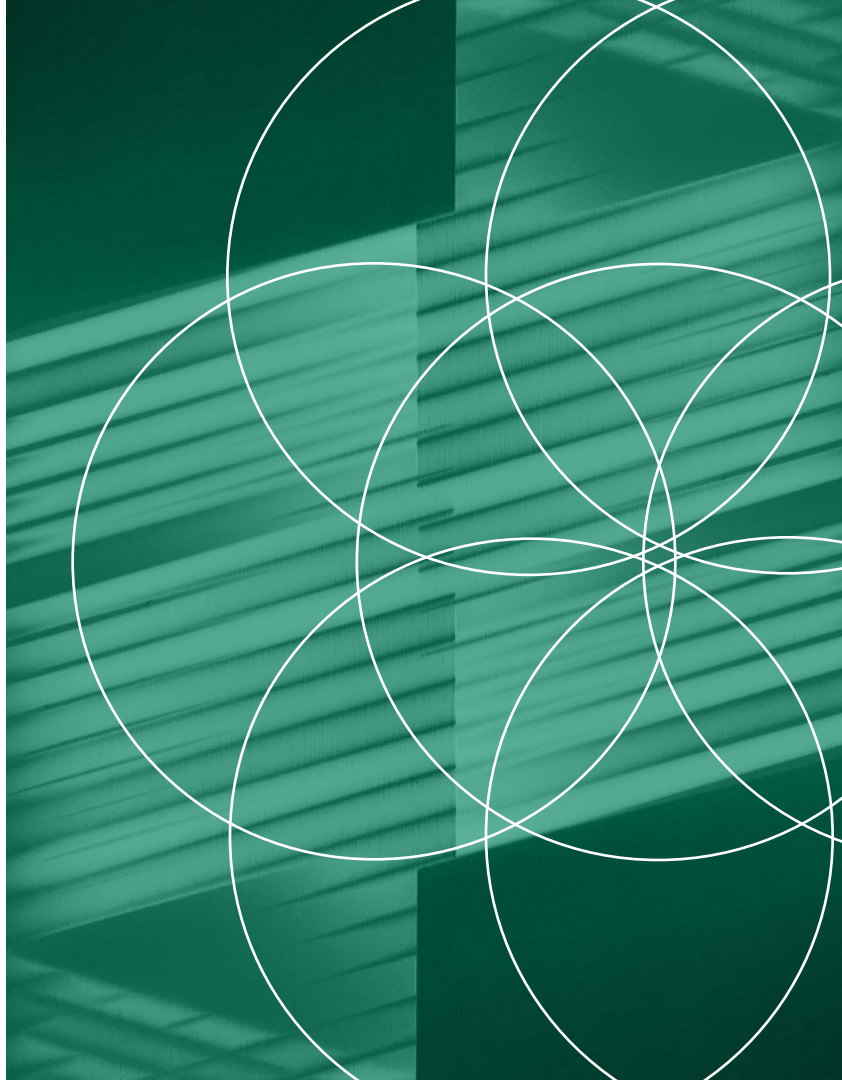


# Marketers Must Shift Their Understanding Of Customer Value To Be Forward-Looking

Majority Of Marketers Track Customer Lifetime Value (CLV), But Less Than Half Of Them Actively Apply It To Their Ongoing Strategy

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## Customer Value Is Currently Only Measured In The Short Or Near Term

Marketers have historically collected all kinds of customer data but have yet to generate a forward-looking formula that reflects full lifetime value. When approaching CLV, marketers are often stuck looking in the rearview mirror instead of focusing on the road ahead. Marketers are also tasked with creating synergy by applying data and technology to connect organizational silos. To develop a customer data strategy that enables marketers to understand the value of their customers and define what “value” means across the organization, marketers must first determine if the way they are calculating value accounts for future-focused data. When equipped with the right data to successfully calculate and apply customer value, marketers will be empowered to attribute more success to their marketing efforts and elevate their team’s influence across the organization.

## Key Findings



### **Few apply CLV metrics to customer strategy.**

Though 81% of respondents’ organizations have the ability to track CLV, only 37% actively apply it to their strategy and just 14% are maximizing the value of their CLV metrics.



### **Technology integration and alignment is essential.**

Eighty-three percent of respondents said aligning the marketing-technology (martech) ecosystem is critical to business success.



### **Marketing must focus on predictive value metrics.**

Respondents anticipated more influence on business strategy and improved marketing effectiveness when they applied forward-looking profit metrics to their customer value strategy.

## Growing CLV Depends On The Value Of Experiences

Although revenue is the overarching priority that propels the continuous growth and adaptation of businesses, customer-focused priorities are critical to long-term revenue retention and growth. Marketers know that to keep revenue pumping into the business, they must provide a unique and specialized customer experience (CX). The key to that competitively differentiated experience is to integrate their existing applications. Marketers are laying the groundwork to enhance their customer value strategy by using an integrated environment to provide experiences that encourage customers to return and grow their individual value to the business. For customers to provide that continuous value over time, marketers need to curate the types of customer data they collect, where they store these data, and how they act on them in concert with the other departments at their organization.

MARKETERS MUST SHIFT THEIR UNDERSTANDING OF CUSTOMER VALUE TO BE FORWARD-LOOKING

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## Prioritized Initiatives For Marketing And IT Leaders Over The Next 12 Months

50%

Grow revenue



49%

Improve the experience of customers



49%

Increase integration of our applications



43%

Improve customer retention/loyalty



42%

Reduce enterprise risk



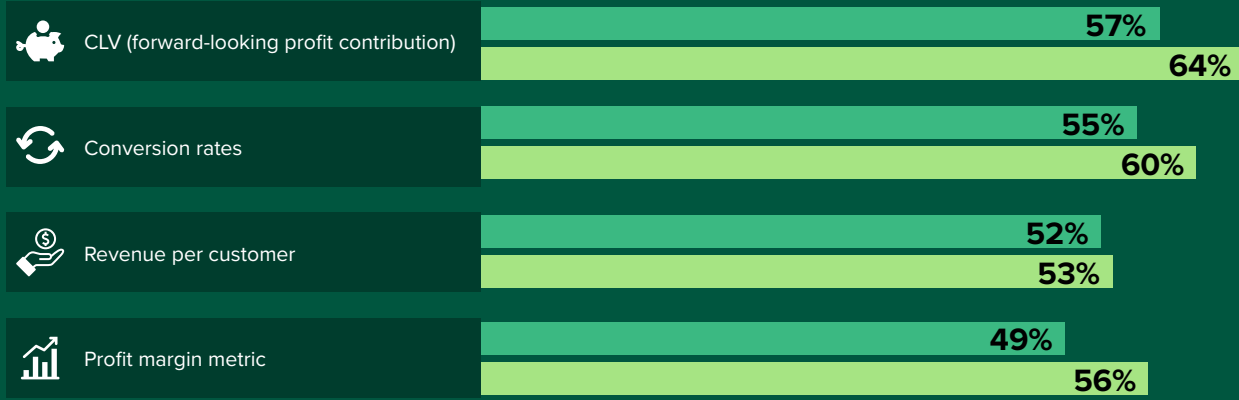
Base: 339 marketing and IT decision-makers at enterprises in the US and UK  
 Note: Showing top 5 responses only.  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Zeta, February 2024

# A Full View Of Customer Value Factors In Historical And Forward-Looking Data

When observing the metrics marketers are tracking to understand individual customer value, the CLV metric is expected to increase in priority in the next two years. This indicates that value metrics are replacing metrics that can only provide a historic snapshot of customer behavior. Organizations are also increasingly prioritizing revenue per customer. This indicates an increased focus on retention and value over time, rather than snapshots of what an individual customer can contribute in the moment. We will explore how these value metrics factor into a holistic customer value strategy and how marketers can use this data to improve marketing efficiency.

## Individual Customer Metric Tracking: Now And In Two Years

- Currently
- Next two years



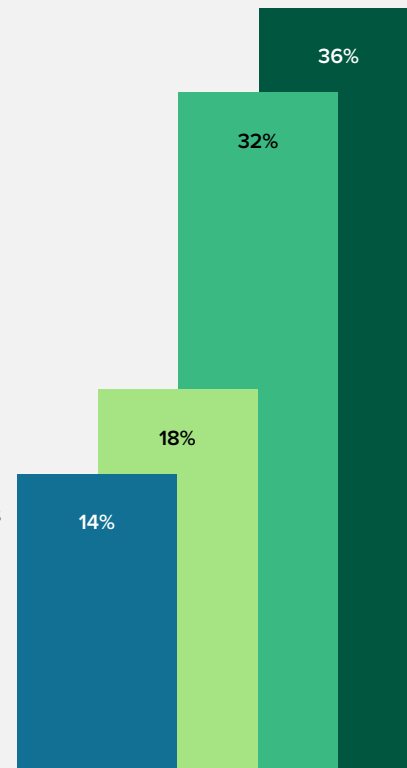
## Marketers Must Master Strategic Application Upon Accessing The Data

Regarding their organization's ability to optimize business objectives based on key customer metrics, respondents are split between those that are limited and those that are already proficient. Around half of respondents do not feel enabled to achieve this goal.

Although respondents are gathering multiple types of customer data and metrics, they are lacking in how they apply them to their customer value strategy. While all of them are collecting metrics to grade customers on value, most either believe that all customers are valuable or are unable to share their department's key value metrics across other lines of business. Definitions of value differ across silos and often exclude future-focused data. Though 81% of respondents' organizations have the ability to track CLV, only 37% actively apply it to their strategy and just 14% are maximizing the value of their CLV metrics.

## Approach To Customer Acquisition And Retention

- My organization evaluates customers based on key metrics and shares them across lines of business.
- My organization evaluates customers based on key metrics but keeps those results siloed in marketing or CX departments.
- My organization believes every customer is a valuable customer.
- My organization evaluates customers based on key metrics, shares them across lines of business, and factors them into forward-looking profit metrics.



## Insights Generated In An Integrated Environment Are Essential To Future Value And Good CX

For marketers to help their business achieve their priorities via an updated CLV metric, they must coordinate the data that is available across departments and align on the metrics that come together to define customer value, as well as the complementary KPIs that contribute to that value. Once they align on these factors, they can address how the future-focused value metrics should be applied to their organization’s strategy. For marketers to access all available customer metrics and influence their organization’s customer value strategy, they will have to bridge gaps between departments and applications. Integration shows up as the most often ranked item for business priorities for the next 12 months, and 83% of respondents noted that integration is highly or critically important.

## Factors Crucial In Enabling The Success Of The Business

83%

Martech integration



75%

Understanding CLV



69%

Departmental alignment for CX



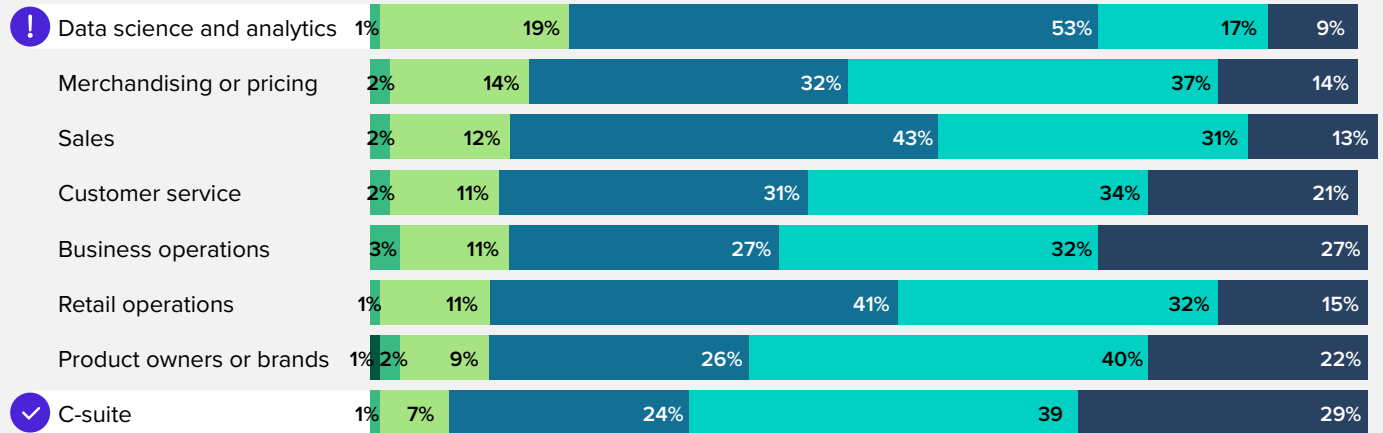
# Departments Across The Business Suffer In Silos — But Technology Can Help

## Marketing's Relationship With Other Departments

- Inconsistent/ad hoc
- Strained
- Misaligned
- Collaborative
- Embedded
- Fully aligned

For organizations to settle on a single definition of value, they must reach a point of internal alignment on the data they have access to and how the data can be used. For them to begin bridging the gaps between departments, marketers need to break down the silos that block them from accessing other teams and their data. On average, only 19% of respondents said their organization is fully aligned across functions. Marketers were least aligned with data science and analytics departments.

Technology has the ability to bridge this gap. The right integrated tools can reduce departmental silos and provide employees across multiple departments with a centralized way of viewing and analyzing customer value metrics.



## Focus On Value To Improve Customer Experience and Retain Profitable Customers

The revenue that a business gains from a customer is directly related to the value they provide. While marketers have previously focused specifically on acquisition costs and conversion rates, they know that individual customer experiences must be good to ensure high-value customers continue to return. Improving CX continues to be rated highly when compared to other business priorities. Even customer acquisition costs have reduced in importance as CLV becomes a higher priority.

Companies are beginning to understand that not all customers are created equal, and that they should focus their retention efforts on customers who will deliver more value to the business over time.

**“[We are now calculating value based on] the total net profit that customers will bring to the enterprise during the duration of their relationship with the enterprise.”**

**VP OF IT, FINANCIAL SERVICES**



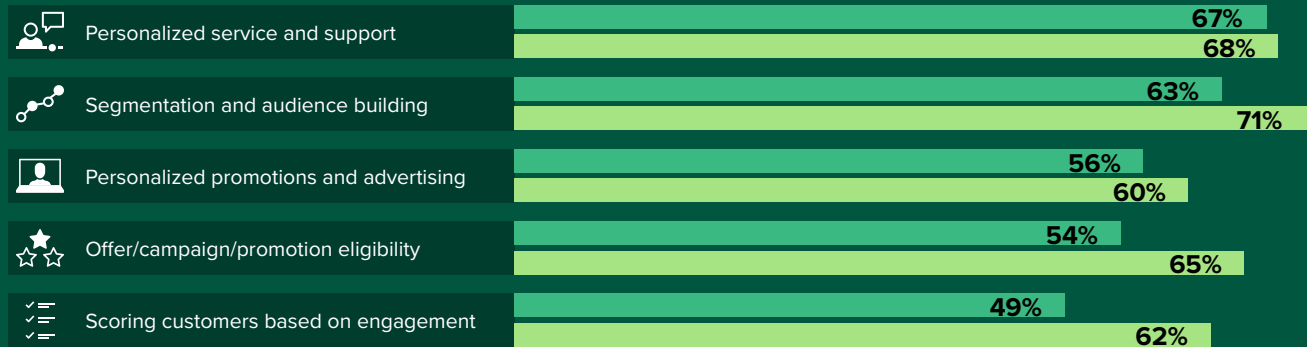


# Marketers Must View Customer Value Beyond A Service And Support Metric

The traditional CLV metric accounts for purchasing behavior but often does not factor in revenue or forward-looking profit contributions. As marketers update this metric to include more forward-looking data, they will gain an understanding of true customer value over time and apply it to their customer value strategy. Respondents currently apply their existing customer value metric to create personalized service and support (67%), segmentation and audience-building (63%), and personalized promotions and advertising (56%). While use of this metric for service and support is not expected to fall in the next two years, some of the the most notable increases are in segmentation and offer/campaign eligibility, with a growth of 8% and 11% respectively. Marketers realize that while customer value has previously helped them provide support to customers, it will grow in importance in identifying the correct customers to cater to.

## Where Customer Value Metrics Are Applied: Now And In Two Years

- Currently
- Next two years



## Use Revenue To Calculate Profit Contribution As Part Of Customer Value

To accurately understand the value of individual customers and their potential loyalty over time, marketers must incorporate a forward-looking understanding of customer value. To do that, they need to know the data they have within their organization, how it defines customer value, and use profit contributions to understand revenue impact. A forward-looking CLV metric is not the same as the CLV metric used in the past. Respondents expect a myriad of benefits from applying progressive profit metrics to their customer value strategy, for instance: improved marketing influence on business strategy, improved marketing effectiveness, and reduced customer acquisition costs. Forward-looking profit metrics will improve marketing's effectiveness at gaining and keeping high-value and loyal customers, and can also reduce costs and give marketing a critical seat at the table within their organization.

## Positive Business Impacts Of Applying Forward-Looking Profit Metrics To Your Organization's Customer Value Strategy



Base: 339 marketing and IT decision-makers at enterprises in the US and UK  
 Note: Showing top 8 responses only.  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Zeta, February 2024

## Conclusion

This research reveals an evolutionary trend in marketing's approach to customer value metrics. Historically, marketers have focused on acquisition, conversion, and revenue. Now, they are tracking and beginning to use CLV as a forward-looking profit contribution metric. To establish an effective customer strategy that leverages CLV, marketers must have:

- **A common purpose.** Collaborate with sales, service, data science, and finance teams to define a common definition and understanding of CLV.
- **Integrated technology.** Align components within the martech ecosystem with the enterprise CX technology ecosystem to ensure a unified approach to customer data collection and CLV analysis.
- **Strategic application of predictive metrics.** Apply CLV consistently to marketing and CX efforts that span the entire customer journey from acquisition to post-purchase, service and support, to loyalty and advocacy.

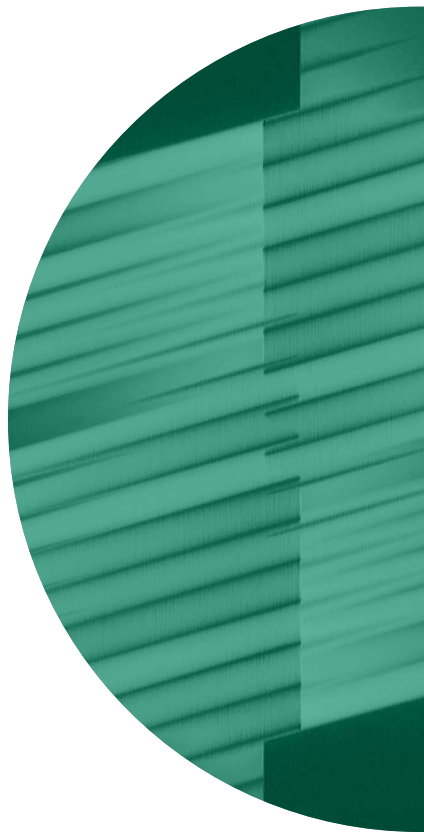
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### Contributing Research:

Forrester's [Technology Architecture and Delivery](#) research group



## Methodology

This Opportunity Snapshot was commissioned by Zeta. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 339 customer engagement strategy decision-makers. The custom survey began and was completed in February 2024.

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## Demographics

REGION	
United States	<b>67%</b>
United Kingdom	<b>33%</b>

INDUSTRY	
Retail	<b>37%</b>
Financial services	<b>33%</b>
Travel and hospitality	<b>31%</b>

COMPANY SIZE	
More than \$5 billion	<b>5%</b>
\$1 billion to \$5 billion	<b>19%</b>
\$500 million to \$999 million	<b>32%</b>
\$400 million to \$499 million	<b>27%</b>
\$300 million to \$399 million	<b>17%</b>

RESPONDENT LEVEL	
Director	<b>50%</b>
Vice president	<b>37%</b>
C-level executive	<b>14%</b>

Note: Percentages may not total 100 due to rounding.

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