



# MAXIMISING CUSTOMER LIFETIME VALUE: STRATEGIES FOR SUSTAINABLE GROWTH

**JENNIFER GILBERT**  
*eCommerce Manager*







# ONLINE SHOPPING & RETAIL SALE TRENDS

## RETAIL SPEND GROWTH SLOWS

Slowed in 2023, with YoY growth dropping from 9.3% to 2.0%

## SMALLER BASKET SIZES

Consumers made more frequent, smaller purchases, reducing the average basket size to \$98.10, down 4.6%.

## VALUE CONSCIOUS

79% of Australians cut costs, and over half seek better value due to rising living expenses.

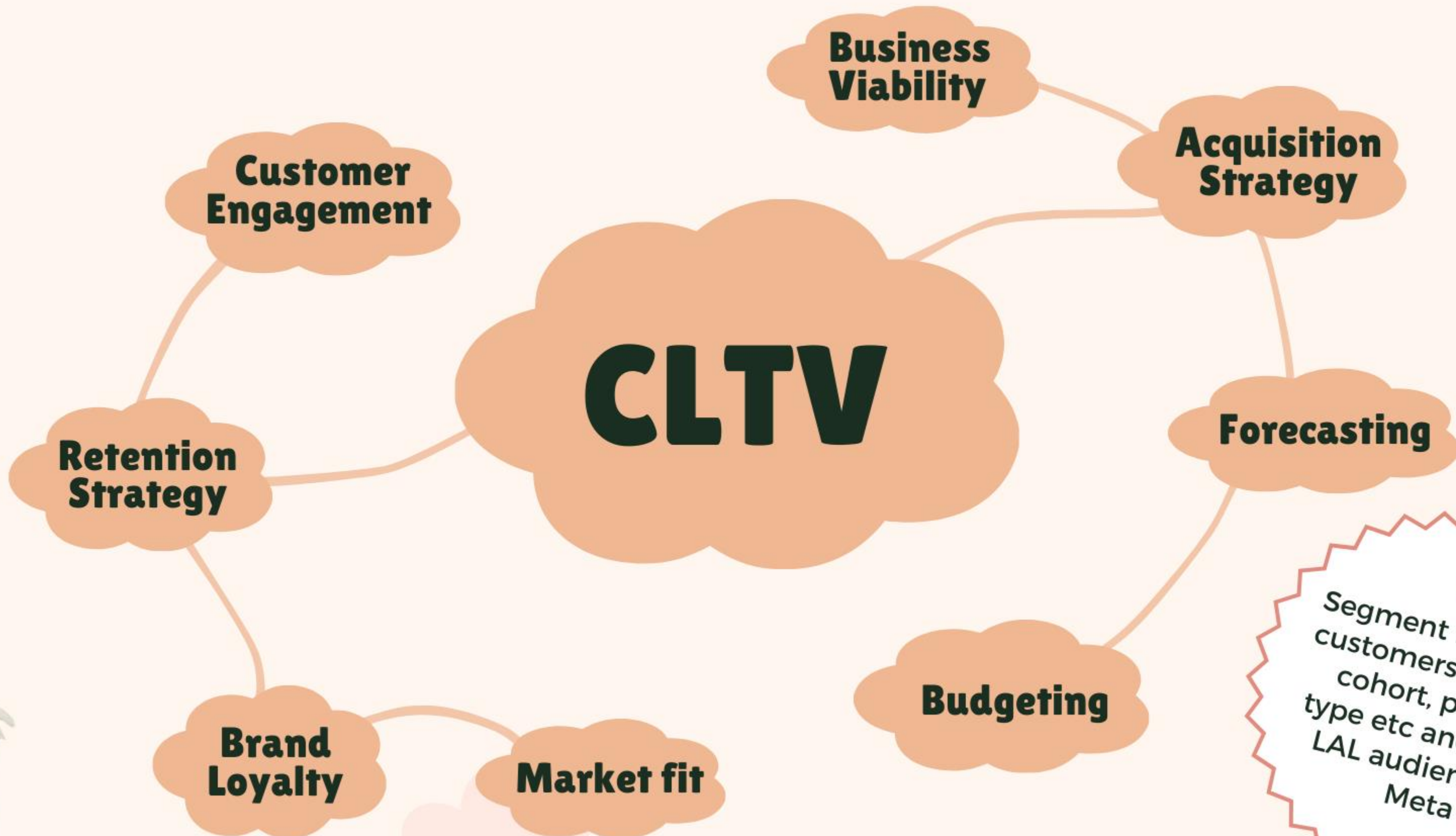
## RISING ACQUISITION COSTS

Cost to play is increasing, particularly around digital advertising costs due to increased competition and ad saturation





# WHY IS CLTV IMPORTANT?



**TIP**  
Segment high value customers based on cohort, product type etc and create LAL audiences in Meta





# HOW TO MAXIMISE CLTV?

## INCREASE THE BASKET SIZE

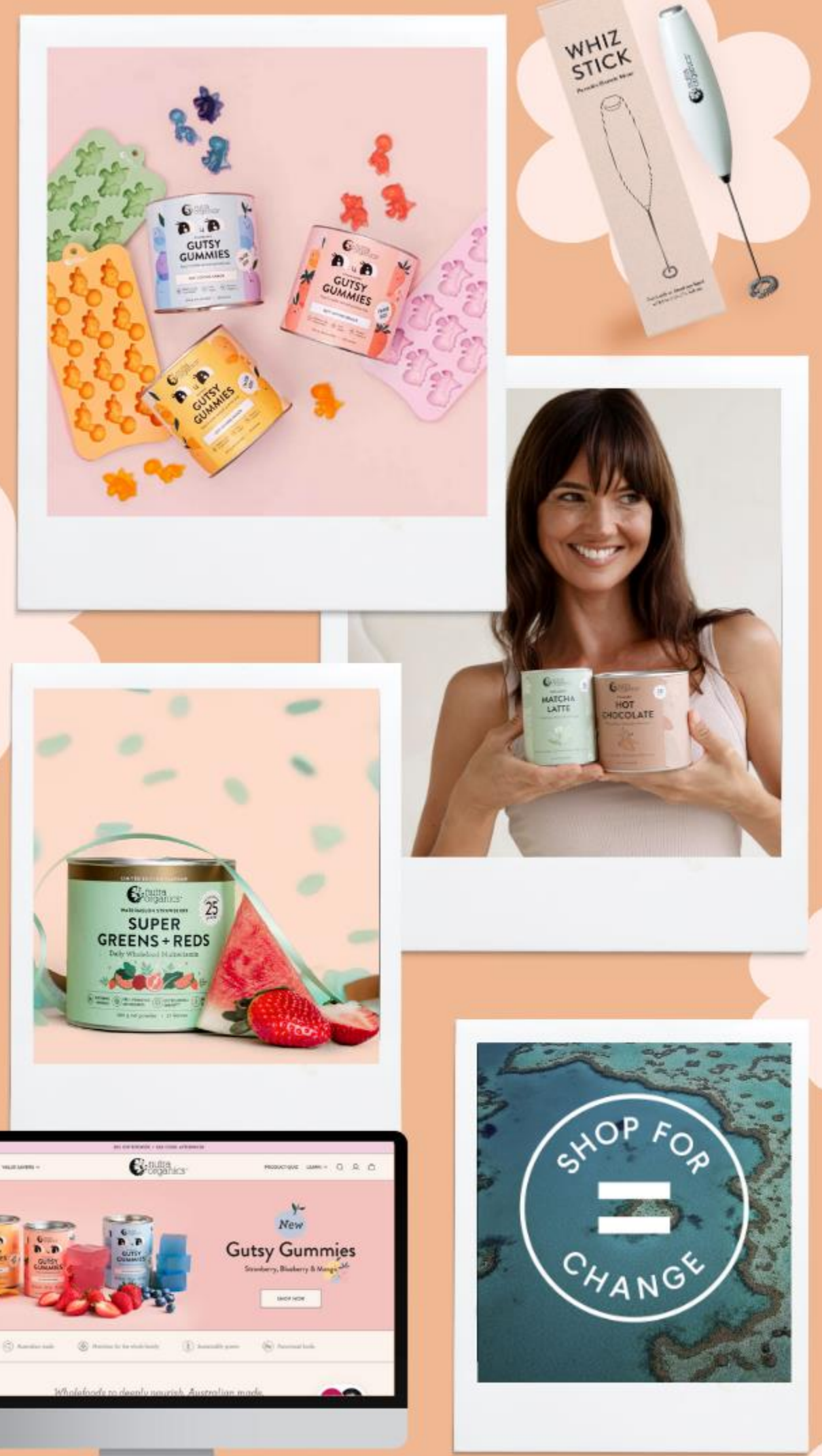
- Upselling: Increase value of item
- Cross-selling: Increase units per order
- Value-add incentives
- Bundle products

## INCREASE THE FREQUENCY

- Subscription models
- Customer journey comms
- Loyalty programs
- Personalised recommendations

## EXTEND THE DURATION OF CUSTOMER LIFESPAN

- Long term brand strategies
- Know the customers needs and
- Provide outstanding experiences
- Build community & foster engagement
- Ask for feedback and act on it





# SUBSCRIPTIONS

## PREDICTABLE REVENUE

Reduces dependence on one-time purchases.

## BETTER FORECASTING

Simplifies future revenue and inventory planning.

## COST EFFICIENCY

Lowers the cost of retaining customers.

## INCREASED RETENTION

Builds long-term brand loyalty and advocacy.

## IMPROVED RELATIONSHIP

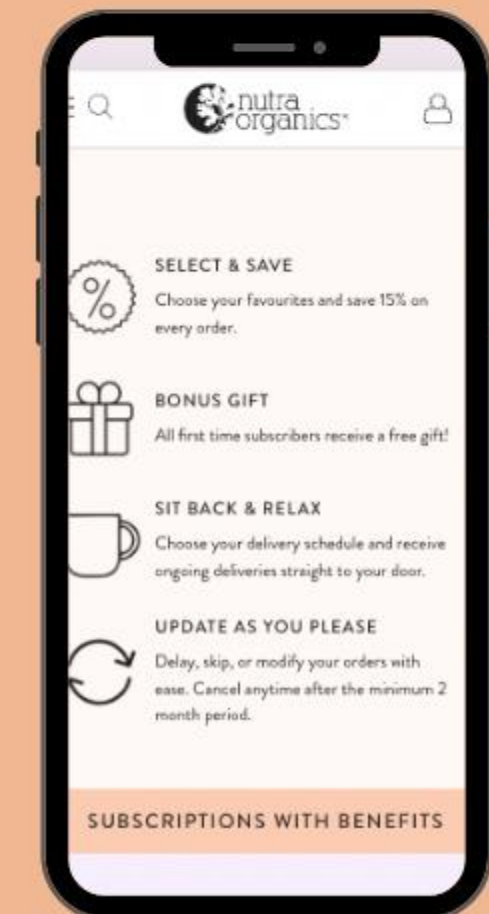
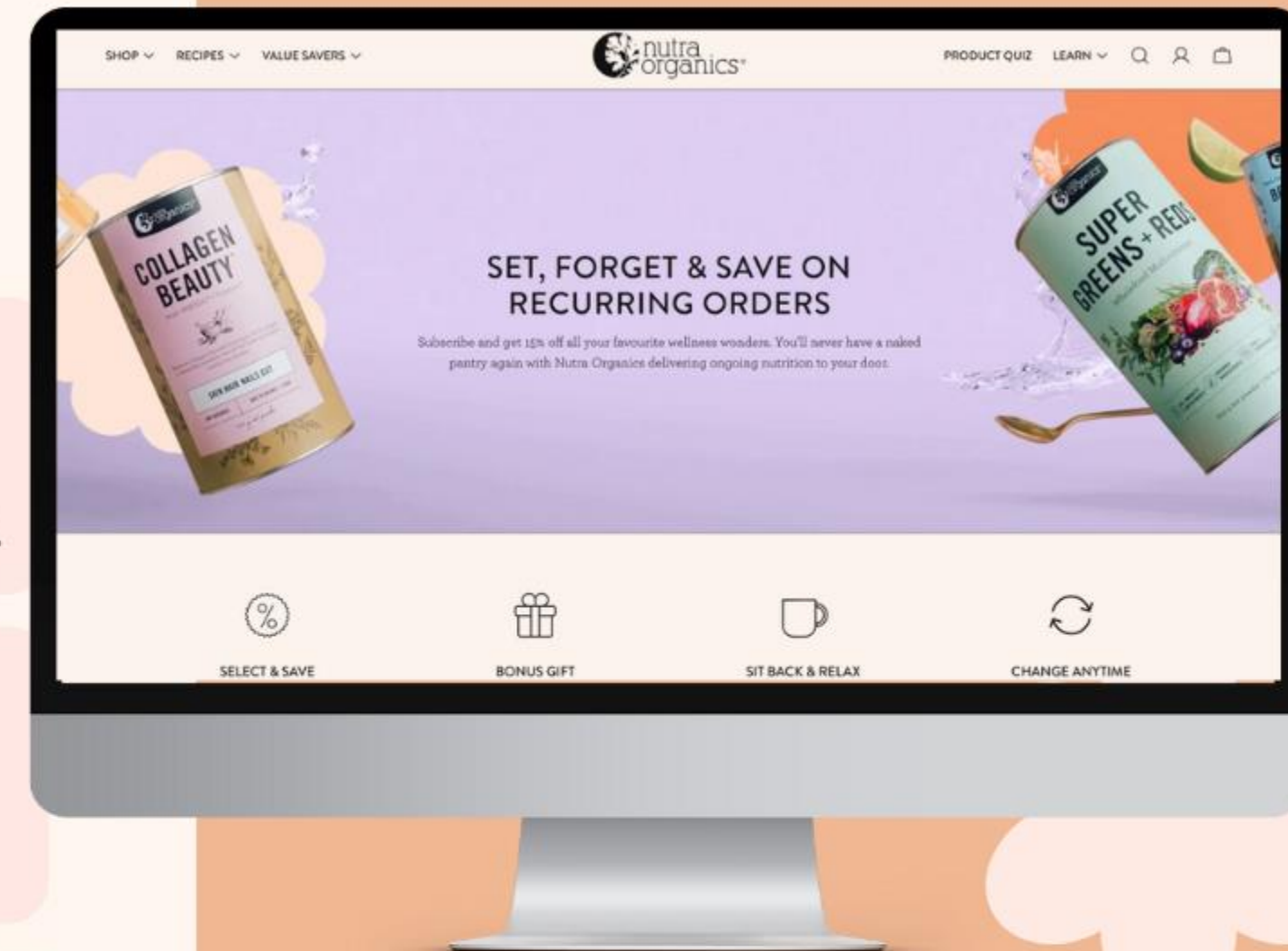
Enhances convenience and reduces friction, aligning with customer goals.

## UPSELLING OPPORTUNITIES

Provides more chances for upselling and cross-selling.

## VALUEABLE INSIGHTS

Offers actionable customer data and insights.



# CUSTOMER JOURNEY COMMS

Speaking to the customer where they are



## AWARENESS

### **Introducing brand to customers**

Examples: Social Media, Ads, Influencers, Content Creators, Content Marketing, SEO & PR, Lead Generation

## CONSIDERATION

### **Inspire and educate**

Key Channels & Activations: Email & SMS Marketing - Welcome series, Onsite Quizzes, Product guides, MOF/Retargeting ads

## CONVERSION

### **Guide and Enable**

Key Channel & Activations: Email & SMS Marketing - Abandoned Browse/Cart, Reviews, Trust proof, 1st time offers

## REPLENISHMENT & ADVOCACY

### **Create Brand advocates**

Key Channel & Activations: Social media, Loyalty/referral programs, email & sms marketing

## POST PURCHASE

### **Support & Educate**

Key Channel & Activations: Post-purchase email flows, feedback surveys, loyalty programs. in parcel flyer





# LOYALTY & RETENTION IN TODAY'S COMPETITIVE LANDSCAPE

92%

Of consumers have bought items from a different brand than they normally do, predominantly driven by cost.

57%

Of consumers have switched for a better price or discount promotion, a greater proportion than last year (49%)

43%

Of consumers have switched brands due to availability, (also an increase on the 2023 figure (37%))

37%

Have switched for convenience

36%

Have switched because of better quality products

# LOYALTY PROGRAMS SIGNIFICANTLY ALTER CUSTOMER BEHAVIOR

## 60%

of loyalty program members  
changed their spending behaviour  
at least one of the following:

### 1

Increased their purchasing frequency

### 2

More frequently choosing the brand  
over competitors

### 3

Recommended the brand to others

### 4

More likely to pay a premium







# **LOYALTY PROGRAM VALUE IS IMPORTANT**

# 4X

Brand with top loyalty programs have retention rates four times higher than brands with lower-performing loyalty programs.



# LOYALTY & REFERRAL PROGRAMS

## IDENTIFY AND REWARD LOYALTY

Beyond just getting customers from 1st to 2nd purchase

## INCREASE CUSTOMER AOV AND ORDER FREQUENCY

Leading to increased retention and CLTV

## ENHANCED CUSTOMER ENGAGEMENT

Increased buy-in from customers. Increasing engagement and 'buzz'.

60% of customers in loyalty programs say they have better experiences with brands because their connection transcends the transactional

## BRAND ADVOCACY

Over 50% of the most loyal customers actively recommend brands to others

## CUSTOMER DATA

Wahoo! The more data the better!

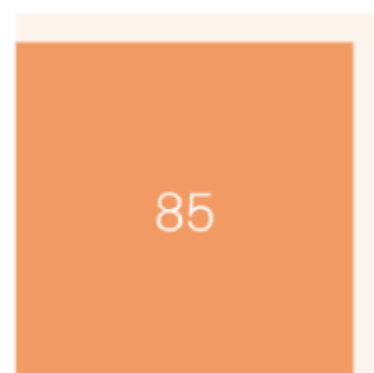
**TIP**  
Compare the CLTV of customers who engage in your loyalty program and those who don't. Is your loyalty program working?



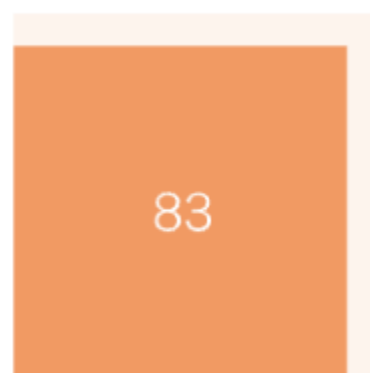


# IMPORTANCE LOYALTY PROGRAMS ACROSS INDUSTRIES BY CUSTOMER BENEFIT

## Tangible benefits



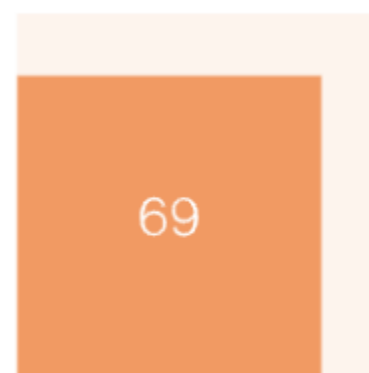
Accumulate points to save for a big reward



Earn points fast to redeem small rewards more quickly

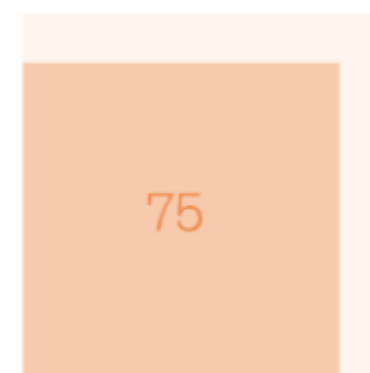


Spend points to redeem products from partner company

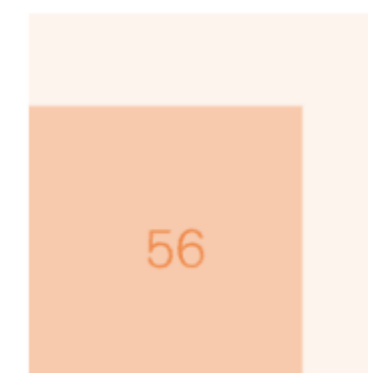


Spend points to redeem products from company

## Engagement

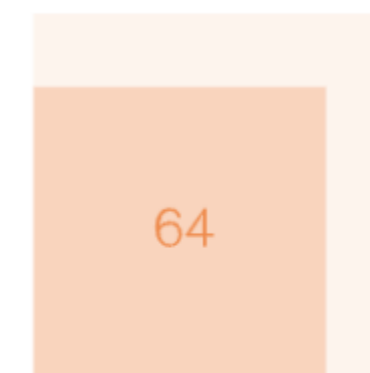


Gamification (eg, challenges, multipliers)



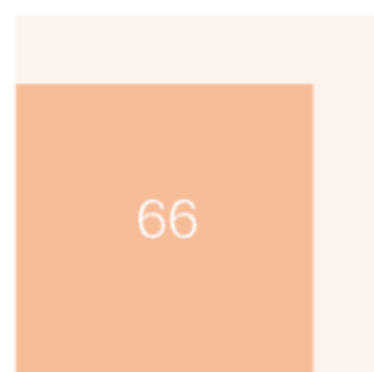
Earn benefits outside of purchase transactions

## Ease of usage

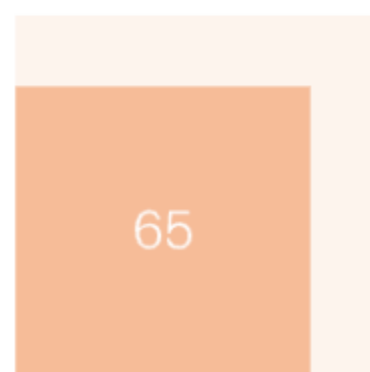


Seamless online/app experience

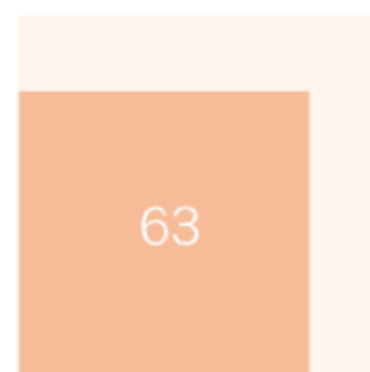
## Experiential benefits



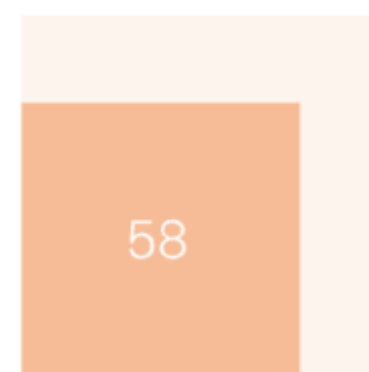
Loyalty status with special recognition and increased benefits



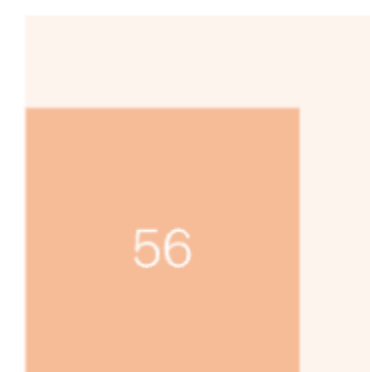
Unexpected gifts or benefits



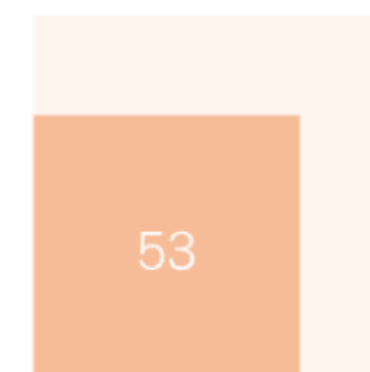
Personalized offers and deals



Use points on special/exclusive experiences



Special services that nonmembers don't receive



Special access to new products or offers





# THANK YOU!

**JENNIFER GILBERT**

eCommerce Manager

