MEASURING CUSTOMER LIFETIME VALUE

And how to balance new and existing customers for credit unions

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INTRODUCTION

Every business knows the value of the customer experience (CX), especially in the call center.

Not only could a bad experience drive away a potential customer; it may also lead them straight to the competition. Worst of all, negative CX has the potential to sour the lifetime value of your existing clientele.

Credit unions are no exception – many are turning to newer, smarter solutions to help them monitor calls and improve their customers' lifetime value. With that important metric in mind, this eBook will guide you through the ins and outs of customer lifetime value (CLV), including:

- The importance of CLV
- CLV as compared to traditional CX metrics
- How to calculate your customers' CLV
- What a speech analytics solution can do to improve CLV at your credit union

WHAT IS CUSTOMER LIFETIME VALUE?

When monitoring CX, many credit unions find it helpful to attach a CLV number. That number quantifies the relationship between a credit union and its members.

In other words, **CLV measures the customer's total worth to a business for the duration of their relationship.** With this metric, businesses can create a link between revenue and each individual customer. In turn, they can more accurately predict how much income a customer will generate over a given period of time and decide which segments are worth investing in. Ultimately, acquiring new customers costs less than retaining (and maximizing the lifetime value) of existing ones.

How does CLV relate to CX? Put simply, a customer's value to the credit union hinges upon the quality of their experience.

By understanding their interactions with the company – especially in the call center – a credit union can strategize ways to make the most of every customer engagement.

3 DISADVANTAGES OF TRADITIONAL CSAT SCORES

More traditional metrics, such as customer satisfaction (CSAT) scores, are often used to get a read on CX. Most often, CSAT scores take the shape of self-reported surveys, communicated through email, pop-ups, SMS, and other encroaching methods.

However, CSAT scores have many disadvantages rendering them inadequate measurements of customer experience. Before relying on CSAT scores, credit unions should consider the downsides:

Customers are often bombarded by CSAT surveys from many directions, leaving them unwilling or unlikely to complete them. Too often, sending surveys can negatively impact CSAT scores, or lead to customer churn.

CSAT surveys rely on self-reported data, which can be inaccurate due to bias.

The insights obtained from CSAT scores are extremely limited since they lack sentiment analysis and context. Therefore, they produce few actionable insights for credit unions, limiting agent coaching capabilities.

For these reasons, CLV is the far superior customer experience metric. That said, CSAT scores can be useful in combination with CLV and other strategies to uncover customer pain points.

HOW TO CALCULATE CLV?

Generally speaking, calculating customer lifetime value at your credit union is simple. With the correct data on hand, credit unions can calculate CLV on many levels.

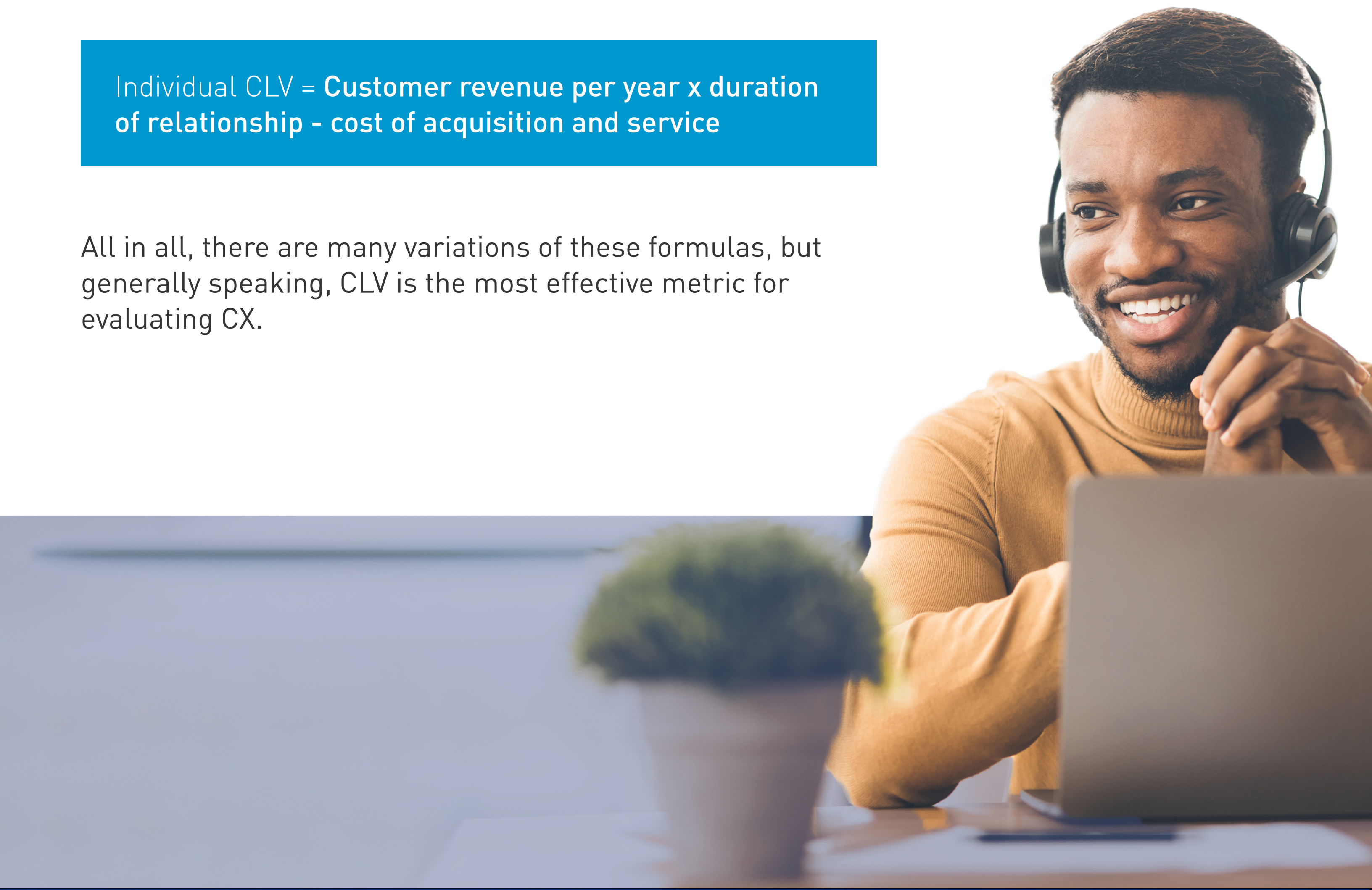
Company-wide CLV provides performance metrics on your acquisition investments, retention, and the customer experience. Best of all, it affords you an opportunity to make adjustments to your strategies as needed. Here's the formula for general CLV:

CLV = **Customer value x average customer lifespan**

However, it's also useful to know the lifetime value of an individual customer. When a customer calls a contact center, for example, having the customer's CLV on hand gives the agent more insight into how to improve that customer's experience. Here's the formula to calculate individual CLV:

Individual CLV = **Customer revenue per year x duration of relationship - cost of acquisition and service**

All in all, there are many variations of these formulas, but generally speaking, CLV is the most effective metric for evaluating CX.



IDENTIFY PAIN POINTS USING ROOT CAUSE ANALYSIS

Indeed, calculating CLV is an important step in evaluating the customer experience. Yet, CLV can only take you so far – without a proactive look at CX, call centers are essentially left in the dark. **To fully understand the customer journey, credit unions need a speech analytics solution.**

Speech analytics leverages automated tools to paint a clearer picture of each and every customer interaction.

Empowered by AI-fueled technology, credit unions can perform root cause analysis to identify specific customer pain points. More importantly, they can proactively address them in near-real time.

Sentiment analysis, for example, scans your calls for specific words or phrases that define and segment the customer's mood. In combination with emotion detection – which analyzes both acoustic and linguistic information during a conversation – and silence and overtalk detection,

you get the full story of every call in one glance.

Best of all, credit unions can introduce new CX strategies based on the pain points they've uncovered. Product lines, accounts, and other services will satisfy existing customers while attracting and retaining new ones.

MONITOR THE CUSTOMER EXPERIENCE AND COACH AGENTS TO SUCCESS

It's not enough to understand customers – **the agents matter, too.**

Yet, CSAT scores are too narrow and subjective to produce tangible agent performance metrics. **With a speech analytics solution, credit unions obtain unbiased, actionable information from every call.**

For example, credit unions can leverage this technology to automatically identify key phrases or words that can be segmented into scorecards to obtain a deeper, unbiased evaluation of customer interactions. More importantly, the insights from sentiment and emotion analysis provide a deeper context to those conversations.

Likewise, **credit unions can also use speech analytics to improve agent performance.** Automated scorecards empower quality assurance managers to take a more objective approach to agent training. In turn, managers can quickly identify agents in need of coaching and make adjustments to training guides and other coaching materials.

The best part? Automated scorecards are entirely customizable to meet the needs of the call center and other departments. In other words, **credit unions can decide what a successful call is to them and replicate that success across the company.**

Coaching and retraining agents with these automated tools goes a long way toward improving CX and, by extension, their customer lifetime value.

GAIN A NUANCED UNDERSTANDING OF EVERY CALL OUTCOME

Customer experience is more than a metric – **it's a lived experience**. That's why call centers need as much context as possible to truly understand what happens during a call.

Automated solutions provide end-to-end visibility into any aspect of the customer experience. From speech-to-text transcriptions and automated scorecards to sentiment analysis and emotion detection, these invaluable resources enable call centers to easily identify trends and monitor CX.

Speech-to-text transcriptions, for example, are searchable documents that help quality assurance managers get a better read on customer interactions. In combination with other speech analytics tools, every call can be evaluated quickly and accurately. For example, calls can be categorized based on the amount of silence or overtalk detected in the conversation – indicating a potentially negative agent-customer interaction.

Likewise, sentiment analysis and emotion detection provide a nuanced understanding of every call. With actionable insights and greater accuracy, credit unions can pinpoint exactly which calls need further review, and which agents need better training.

Put simply, speech analytics empowers QA managers to monitor CX and agent performance, ensure script compliance, mitigate risk, and quickly address problems.

The result? Improved agent performance, a more positive CX, and an increased customer lifetime value.

PUTTING IT ALL TOGETHER

When monitoring and improving the customer experience, **QA managers need quantitative and qualitative data.**

Important metrics like customer lifetime value effectively handle the former, but leveraging the latter is no easy task. To bridge this gap, credit unions need a solution capable of putting the two together.

CallFinder's speech analytics solution empowers call centers to monitor CX, coach agents, and make improvements across the entire organization – all by gaining valuable insights on every call. Credit unions, in turn, can better craft their customer acquisition and retention strategies to maximize customer lifetime value.

CallFinder®
Cloud-based Speech Analytics
Powerful. Affordable. Easy.

To learn more about how CallFinder's automated quality monitoring solution can help your credit union or business, **schedule a demo** with one of our experts today.