



# 4 Ways to Optimize the Lifetime Value of Customers

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In these times of dramatic change, establishing strategic focus for your business is more crucial than ever. The way I see it, an unwavering focus on customer lifetime value (CLV) provides the solid foundation needed for companies to enjoy lasting success. Looking at customer acquisition and relationships through the lens of analytical and quantitative science, CLV embodies an ultimate virtuous cycle — much like the one that helped Jeff Bezos build Amazon into a powerhouse of market innovation.

Here are four ways to maximize CLV today and for years to come:

## 1. Get wired for customer journeys, not just transactions.

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Companies providing the best experience throughout the customer journey achieve higher levels of customer satisfaction, sales and retention than those that focus only on improving transactional touchpoints, according to [research by McKinsey & Company](#). This means a company may be losing customers even though its individual teams are getting high customer service ratings. McKinsey found that this is often because customers view their overall experience as frustrating or unsatisfactory. In these cases, companies need to examine entire customer journey, identify the root causes, and work across functional areas and eliminate silos to achieve solutions.

Companies committed to improving customer experience are using advanced journey analytics to better understand customer behaviors and motivations across touchpoints and over time. Better visibility and insight across the entire customer lifecycle — from marketing to sales and service — allows companies to break down the walls between internal silos to ease the biggest pain points.

Journey analytics help test and identify the best way to interact with customers at a specific point in the journey, influencing a buyer's next steps to achieve targeted business results such as increased renewal rates or new-offer acceptance.

## 2. Engage customers through messaging apps and chatbots.

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Due to the popularity of messaging apps, chatbots will play a central role in improving customer experience and developing deeper relationships in the coming years. According to a [report published by DataReportal](#), more than 4 billion users currently access the top three messaging applications — Facebook Messenger, WhatsApp and WeChat — on a monthly basis. So, it's no surprise that brands are using these apps as a consumer-interaction channel. Enabled by advances in artificial intelligence (AI), machine learning and natural language technologies, brands are engaging in more relevant, personalized and helpful interactions with customers at scale. This “conversational

commerce” allows consumers to chat with company representatives, get customer support, ask questions, get personalized recommendations, read reviews, and click to purchase without ever leaving the messaging app they prefer to use.

Among the many benefits of these app-based, AI-driven conversations is the consumer’s ability to use their platform of choice. Plus, unlike email interactions that can become disjointed or create a delay, messaging provides a continuous thread between the customer and brand. This makes the interaction more like dialogue and facilitates tracking and management from both sides. With a more natural flow between support and sales, there are more opportunities to continue conversations to cross-sell, encourage sharing, and seek feedback.

### 3. Gain tangible results with AI and machine learning.

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Though “artificial” and “machine” may imply a robotic and impersonal approach, rapidly developing AI technology is actually helping deliver a much more personalized customer experience to a larger audience than was possible just a few years ago. For example, one online retail brand is pairing deep-learning algorithms with natural language understanding (NLU) to help customers express their needs naturally through a Facebook Messenger-based chatbot. The retailer can even create a size profile for a customer that will present curated collections and browsable inventory in just the right size. This kind of consumer personalization makes a difference — [this report by SmarterHQ](#) reveals that “72% of consumers say they now only engage with marketing messages tailored to their interests.”

Moreover, top-performing AI-powered chatbots are able to recognize when it’s the best time to transfer the interaction to a live customer service representative. The key is to make the transfer seamless and natural for the customer. This way, companies can take advantage of economies of scale while bringing in human expertise when it makes the most difference. While AI and bot technology are still in their early phases, as bots learn more from user behavior, they will evolve and adapt as bots learn more from user behavior to create a richer experience and deliver better results for both companies and customers.

### 4. Merge customer service and sales mindsets to drive revenue.

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In today’s hypercompetitive market, companies can’t afford to have their customer service and sales teams operate in silos with dated, single-function mindsets. Both teams need to recognize that to customers, there is no distinction between sales and service.

Sales and service professionals need to see their roles as helping customers solve problems and achieve success. For a salesperson, that may mean educating customers on how to choose the best pricing and product options for their needs, get up and running quickly, and find help when they need it. For a service representative, helping a customer be successful may mean providing information about additional products, services, and pricing options. While this may result in more sales, it feels more like helping to both the representative and the customer.

To adopt a more blended service and sales culture, companies often need to examine and adjust their incentive plans and evaluation metrics for each role to drive new behaviors. Training is also key in achieving change.

New data and better coordination can create more sales value. Both sales and service teams need to be empowered to share information across department lines, with a common mission to improve the customer experience from end-to-end. In turn, they and the company will be rewarded with higher retention rates, customer lifetime value, and profitability.

#### In conclusion:

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A common theme in customer experience trends and business in general is the need to eliminate silos. Cross-functional coordination and mindsets are essential to creating a virtuous cycle in which everyone is working on common goals of delivering outstanding customer experiences and building long-lasting relationships. Often, working with a trusted partner helps companies overcome these internal barriers, while also filling gaps in analytical and technical expertise. When considering potential partners, it’s important to determine if they will maximize CLV, rather than just cut service delivery costs.

***What are your biggest customer experience challenges? Please share your thoughts.***

## References

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Lance joined the Sykes Enterprises, Incorporated executive team in January 2006. In his current role as Executive Vice President and General Manager of the company, Lance oversees SYKES' North America and EMEA businesses. He brings more than 35 years of experience as an innovative technology and business process outsourcing industry executive.

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