

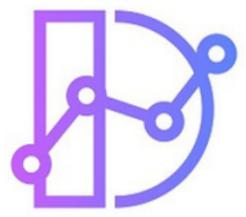
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# METRIC FACTS

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# LTV

Customer lifetime value (CLV) or Lifetime value (LTV), represents the total amount of money a customer is expected to spend in your business, during their lifetime before they churn.



# LTV FACTS

- LTV is one of the most important metrics of a subscription business
- Higher the LTV, the more valuable a customer is to a business.
- It helps businesses determine their budget for customer acquisition and retention.
- To increase LTV, businesses can focus on improving customer satisfaction and retention.



# Benefits of tracking LTV

- Tracking LTV helps understand customer value better and provide personalized retention efforts on high value customers
- It can help businesses optimize their marketing strategies by keeping customer acquisition costs optimal and targeting high-value customers.
- Overall, it can help improve the bottom line, build stronger customer relationships, and better-informed decisions.

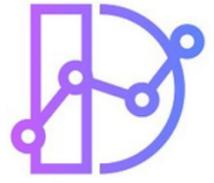


# LTV Use Case

For subscription businesses, segmenting customers based on their LTV and targeting high-value customers with personalized offers, we can encourage them to continue making purchases and increase their LTV even further. Likewise, targeting low-value customers with incentives can help convert them into higher-value customers over time. This shows the importance of customer value and targeted marketing for increased revenue.

# LTV CALCULATION

$$\text{LTV} = \frac{\text{Average Revenue per user (ARPU)}}{\text{Churn Rate}}$$



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