Value-Based Marketing- Metrics That Matter in 202X

Research Desk – BrandSensitize™

Participating in events, sponsoring sports shows, and chasing large budgets and photo op opportunities in magazines won't be the key factors that distinguish the most successful marketing organizations in the next decade. Instead, the next decade will be marked by the boldness of marketing teams to align their strategies with sales and new business development leaders, which will set them apart from their competitors.

New marketing organizations are adopting bold operational changes that lead to faster results, improved customer retention, a unified approach, growth, and measurable business impact.

In the new era, regional marketing and branding teams ensure that sales leaders make informed revenue projections by tracking and measuring the most vital aspect of Customer Lifetime Value (CLV). This mathematical approach can enhance revenue estimates and future predictions through collaboration between sales and marketing teams to achieve effective management results. Sales leaders can effectively monitor account duration and take proactive measures to address sudden erosion or decline. It helps sales leaders prioritize high-value segments, optimize marketing spending, and develop effective customer strategies. Modern marketing organizations are supporting internal teams to serve as trailblazers in identifying new opportunities and charting the way forward. By mastering business metrics, the marketing function becomes more than a support unit for events and photo opportunities. It transforms into a true brand curator, leader, and strategist!

An integrated approach to customer retention and brand loyalty

Minimizing the effort to reach target audiences, providing a comprehensive view of the customer, including the post-sales experience, and understanding buying propensity are some of the key parameters that any organization cannot afford to overlook. Personalized interactions and proactive post-sales support should be central throughout the entire customer journey. By leveraging predictive analysis, data-driven business decisions, and essential parameters like Average Order Value (AOV), new purchase frequency, customer lifespan, quality of revenue (QoR), business loss, gross margins, retention rate, post-sales support factors, customer feedback, and churn rate, organizations can enforce technology and track these metrics through marketing teams to strengthen their SEO strategy and sales.

It's about creating systems that recognize individual clients, understand their experiences, proactively anticipate challenges, and offer them a sense of security alongside personalized service.

As we know, CLV is a key metric in brand building because it helps businesses shift their focus from short-term marketing to long-term relationships. Strong and effective CMO teams regularly measure CLV parameters to understand customers' overall retention value, which guides product and service development teams in revenue forecasting and assessing the longevity of the revenue stream. The modern marketing function emphasizes implementing integrated channels, ensuring seamless data flow, and using advanced tools to enhance speed.

CLV insights also help in shaping services and product development based on customer segmentation.

In the B2B and B2C segments, reflecting the core principles of marketing and customer focus for India's businesses, Microsoft organized six broader business units that represent a complete product cycle to serve customers—covering consumers and enterprises, from small to large corporations, and governments. These units are essentially independent yet interconnected, supporting scale and growth while also strengthening each other's journeys. Microsoft's evolution from education to enterprise—whether it's Windows, MS Office, or transitioning from basic developer tools to co-pilot—all centers on customer retention and loyalty.

Google is another successful example of an organization that maximizes CLV across its advertising, product ecosystem, and enterprise services—serving both B2B and B2C segments. Google builds CLV from users by deeply integrating them into its free services, such as Gmail, YouTube, Google Maps, Google Docs, Google Photos, Chrome, and Android. These services increase daily utility, making it difficult for users to switch. The more users stay, the more Google learns about them, which in turn enhances personalization and effectiveness. User CLV is not measured solely by direct revenue but by long-term attention and data value. For enterprises, subscription revenue strategically aligns with workspace management and cloud integration. At Cloud Next, Google announced major AI-driven innovations and shared success stories from over 500 companies. Google Cloud delivers top-tier performance, cost efficiency, and reliability for AI training and inference, supporting both global brands and AI pioneers. According to Google's Q1 earnings call, Sundar Pichai, CEO of Google and Alphabet, stated that its Vertex AI platform hosts over 200 models, including Gemini 2.5, Imagen 3, and open-source options like Llama 4. They are leading in the emerging AI agent space, with tools like the Agent Development Kit and Agent Designer enabling enterprise automation. Solutions like Google Agent space empower employees at companies such as KPMG to interact with and act through AI agents across applications. Google Workspace continues to expand AI assistance, while advances in cybersecurity, including the planned acquisition of Wiz, aim to deliver faster, smarter, end-to-end protection across multi-cloud environments.

Apple exemplifies the creation of an interconnected ecosystem of various products and services. Each Apple offer boosts customer retention, increasing CLV through repeat purchases and subscriptions. About 21% of Apple's revenue comes from services like iTunes, the App Store, Apple Music, iCloud, AppleCare, Apple Pay, and licensing (Revenue from licensing Apple's technologies and IP). The services segment has now become a $100 billion-a-year business for Apple. Microsoft is another major player in the interconnected tech space, providing numerous services to keep customers engaged. Mergers and acquisitions are a quick and effective way to build a strong ecosystem by acquiring new capabilities rather than investing time in in-house development. Companies like Apple and Microsoft strategically invest in design, customer experience, and technology, which justifies premium pricing and helps them stay ahead of competitors. Netflix analyzes viewing behavior to recommend content that keeps users engaged; this strategy helps Netflix maintain high subscriber retention by emphasizing experience, relevance, and engagement, which drives strong CLV. These organizations understand that high CLV customers are worth much more than casual buyers. By creating experiences that foster loyalty and reduce churn, this integrated approach turns customers into long-term brand advocates.

IBM, once a pioneer in artificial intelligence with its innovative Watson platform, is now facing challenges in maintaining a leading position in the rapidly changing generative AI landscape. Unlike companies like Google, Microsoft, and AWS, which have built extensive AI ecosystems with scalable foundation models for business use, user-friendly products and platforms, and comprehensive global cloud infrastructure, IBM's strategy has been more focused and tailored to specific enterprise needs. There is nothing wrong with this; it's primarily a matter of strategy. IBM concentrates on large, custom enterprise solutions, mainly promoted through B2B sales and consulting, rather than user-driven marketing. IBM targets broader enterprise segments and focuses on vertical or domain-specific applications. While Google, Microsoft, and AWS moved quickly in this space, they targeted high CLV customers.

Additionally, IBM emphasized consulting-led and customized solutions, which limited its appeal to startups, developers, and mid-sized businesses seeking user-friendly, plug-and-play AI options. The company's focus on customer centricity appears to be a blind spot compared to how Google, OpenAI, and others are seen as the 'frontline runners' in GenAI. Is it driven by the goal of maximizing customer CLV? It's a point worth considering.
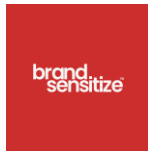
Top Indian Companies Managing CLV Effectively

In 2023-24, Tata Companies' combined revenue exceeded $165 billion. As of March 31, 2024, there are 26 publicly listed Tata enterprises with a total market valuation of over $365 billion. While Tata Group companies demonstrate strong examples of Customer Lifetime Value (CLV) management — not just within individual brands but across the entire conglomerate — they still have a long way to go in fully integrating digital platforms with marketing strategies to close current gaps. Tata Group's diverse portfolio spans 10 major sectors—Automotive, Technology, Steel, Consumer & Retail, Infrastructure, Aerospace & Defense, Financial Services, Travel & Tourism, Telecom & Media, and Trading & Investments—featuring well-known brands like Tata Motors, Tanishq, Trent-Westside, Zudio, Titan, Croma, Tata Neu, Tata Cliq, Tata 1mg, BigBasket, among others—creating cross-selling opportunities. Although somewhat fragmented, the ecosystem is evolving into a seamlessly integrated platform across all marketing and branding dimensions, especially in perception and user experience. To support this, Tata Neu was launched as a rewarding platform that consolidates shopping loyalty across all Tata Group brands. Shoppers earn Tata NeuCoins, which can be redeemed within the app for purchases. This aligns with the core idea behind Tata Neu: serving as a new channel for customer acquisition, loyalty programs, lead generation, and ultimately boosting data profiling capabilities to increase CLV. It represents a strategic approach to transforming customer interactions into long-term value, a key driver that still needs further development. Achieving a comprehensive view of broader customer engagement across group companies and providing consistent experiences throughout the entire ecosystem remains a significant challenge. The Tata Digital brand tagline, "Creating experiences that simplify and enrich lives every day," highlights this vision. However, consumers have yet to fully experience this promise in terms of customer satisfaction.

The Mahindra Group is another outstanding Indian conglomerate that effectively applies CLV principles, especially through its focus on community, loyalty, brand trust, and ecosystem thinking. Mahindra operates in various sectors, including Automotive, Financial Services, Farm Equipment, Renewable Energy, Real Estate, Technology Services, Logistics, Emerging Business, and Equity Investments. Club Mahindra is a leading subscription-based holiday brand, exemplifying a long-term, annuity-driven CLV. Mahindra uses CLV by combining loyalty, lifestyle integration, and emotional purpose. By aligning business strategies with long-term value creation across different life stages and regions, Mahindra turns customers into lifelong brand supporters. Our research uncovers opportunities for improving NPS and CLV by analyzing customer feedback from multiple channels to identify customer challenges and provide post-sales support to build lasting customer relationships. Implementing multi-channel support services can also improve the overall customer experience.

HDFC Bank offers a wide range of financial products to attract new customers and provide the information they need, while also emphasizing customer retention. This is achieved by offering a comparative view and cross-selling loans, insurance, investments, and credit cards through a unified account experience. HDFC's collaboration with corporations helps attract high-value, long-term customers by providing corporate benefits and pension plans. HDFC reports a total of 23,920 banking outlets and 8,738 branches, including overseas locations. The bank's customer satisfaction score (NPS) for FY23-24 is 71, based on a customer base of over 93.2 million, which is quite notable. According to HDFC's annual report for FY23-24, they received over 3.3 million feedbacks across key channels. Quoting the report – "HDFC uses Net Promoter Score (NPS) branded as Smile Score – a simple and easy-to-understand metric that is reliable and valued. We have now embedded Smile Score and customer feedback as an outside-in perspective for measuring process efficiency." To promote customer-focused initiatives, the bank launched HDFC Bank NOW – a platform that consolidates all its digital services. Simplifying the customer experience when purchasing new products, enabling hassle-free onboarding, providing access to offers, or utilizing the bank's services remotely are key steps toward increasing CLV.

ICICI Bank's portfolio encompasses a diverse range of financial and banking services catering to both business-to-business (B2B) and business-to-consumer (B2C) segments. Its subsidiaries operate in investment banking, life and non-life insurance, venture capital, and asset management. User-friendly processes, the ability to offer integrated products across life insurance, loans, and investments, and excellent customer support are key strengths of ICICI. The bank excels in providing customer service. Professional, precise, and perfect, aligning with their marketing tagline – "Khayal Apka," which means 'we care about you.' ICICI's commitment makes each customer feel valued and important. As part of the CLV strategy, retaining high-value customers through essential services and personalized offerings is a major achievement. With more than 30 million users on iMobile Pay, ICICI manages a sizable base focused on delivering an excellent customer experience.

Flipkart manages a large customer base, operates a loyalty program (SuperCoins), and offers product financing. Its strategy of retaining customers through rewards, personalized offers, and flexible payment options benefits the company's CLV approach. Flipkart's new brand slogan – "Naye India Ke Saath" (with the latest India) – reflects their evolution and interest in engaging a broader audience, including Gen Z Indians. While Flipkart mainly competes with Amazon India, it still has a long way to go in building loyalty and boosting CLV. Key areas for improvement include the supply chain, product variety, return policies, refund timelines, and faster delivery for repeat customers. Flipkart depends more on scattered third-party logistics, and seasonal or festival periods often reveal fulfillment challenges. The focus on discount-driven customer acquisition may attract low-CLV customers instead of loyal buyers. Flipkart succeeds on a large scale thanks to its extensive reach, attractive discounts, and successful festive sales.

Amazon India has established a robust Customer Lifetime Value (CLV) strategy by prioritizing long-term trust, a customer-first mindset, convenience, ease of use, and a well-organized supply chain system. Its flagship Prime membership promotes increased purchase frequency through quick delivery, exclusive deals, and bundled services. Amazon operates its business based on principles like customer focus, innovation, commitment to operational excellence, and long-term planning.

Amazon India is expanding its fulfillment infrastructure into tier 2 and 3 cities, upgrading facilities to accommodate Indian weather conditions, and deploying technology to enhance customer convenience. To capture a broad consumer base and increase CLV, it is launching smart stores, offering car and bike insurance for the masses, providing train tickets in collaboration with IRCTC, and empowering over 5 million local stores and businesses with Amazon Pay UPI and Amazon Pay Later digital payments infrastructure.

Asian Paints (Bringing joy to people's lives®) has evolved from simply selling paint to offering "Safe Painting Services," waterproofing, color consulting, and decor advice. This strategy turns a low-frequency product (Paint) into an opportunity for repeat business. Value-based marketing plans enable Asian Paints to go beyond selling paint and become a long-term home decor partner, thereby maximizing both revenue per customer and customer retention over time. Innovation, design, and new ideas have enabled Asian Paints to successfully transition from a product brand to a comprehensive experience brand, enhancing customer engagement and lifetime value through services, design, and trust. As part of Asian Paints' governance policy, they aim to "Develop robust business strategies, agile operations, strong risk management, and foster a culture of innovation and adaptability." Asian Paints achieved a 70 NPS for FY24-25, showing high customer loyalty and satisfaction. This also indicates that the company is building a positive word-of-mouth reputation and is likely experiencing significant customer retention and growth. Our research shows that Asian Paints continues to lead in premium home decor, expanding its network of physical stores to provide immersive, end-to-end solutions that redefine experiential luxury.

Many marketing organizations, despite their substantial resources, presence in multiple regions, and management support, frequently face business challenges that hinder their ability to generate ROI from marketing investments. These organizations will need to adopt an approach to AI integration, mastering the art of algorithmic marketing rather than relying on a feel-good approach in the near future.

We all know that today's CMOs face more challenging questions than ever before. Board members and CFOs are scrutinizing the measurable ROI; superficial metrics can no longer justify substantial marketing spends. In 202X, the most successful brands will be those that can generate more revenue, improve their Quality of Revenue (QoR), and become the most recommended and memorable for delivering exceptional experiences.