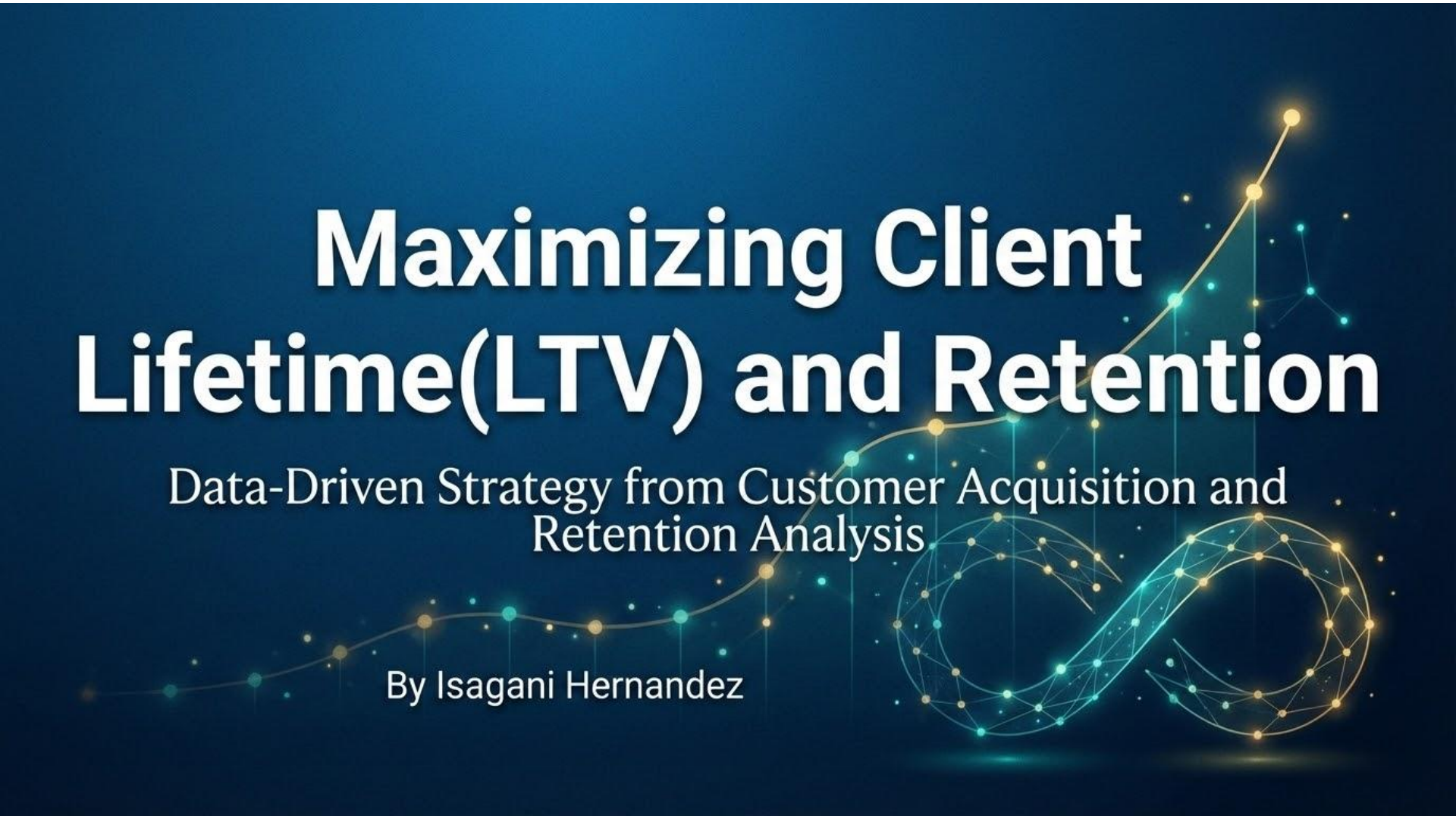
Maximizing Client Lifetime(LTV) and Retention

Data-Driven Strategy from Customer Acquisition and Retention Analysis

By Isagani Hernandez



Problem: Financial Leakage

- **Unknown Session Completion**

The business lacks a clear understanding of the Session Completion Rate across client segments.

- **Unrealized Revenue**

Failing to identify high churn points results in thousands of dollars in unrealized revenue.

Inefficient Acquisition

- **Marketing resources are**

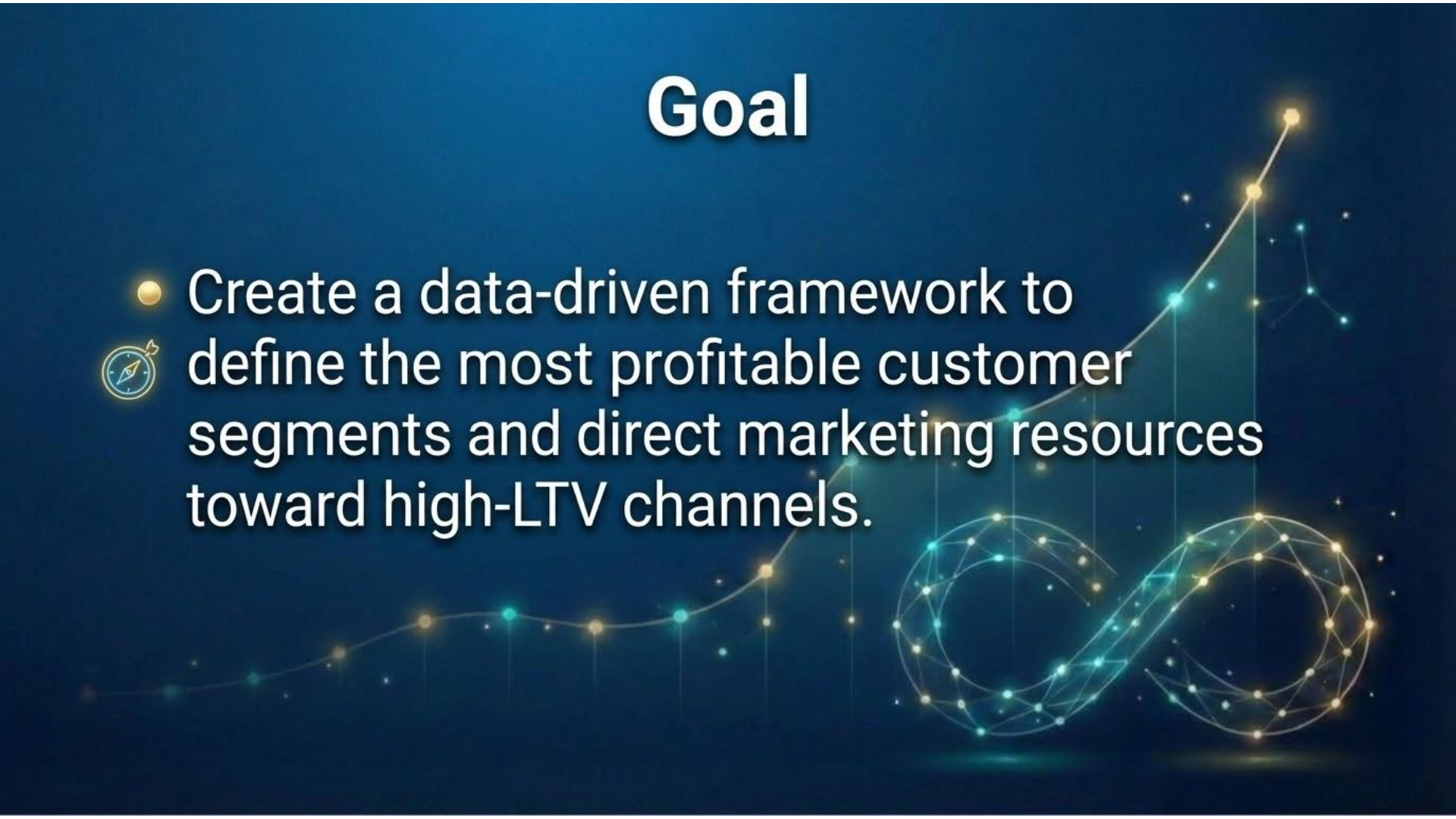
Marketing resources are allocated without calculating the true ROI by channel.

- **W efficient Acquisition**

We must move beyond lead tracking to identify channels delivering the highest LTV and lowest churn risk.

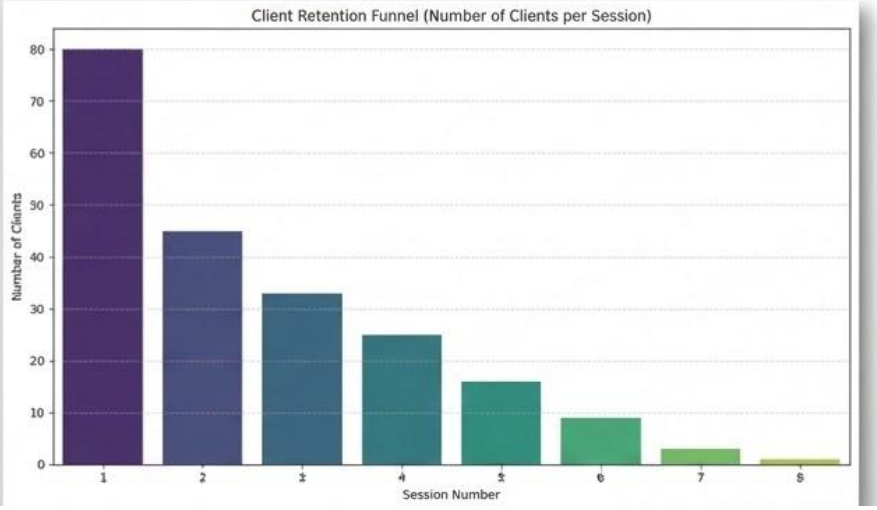
Goal

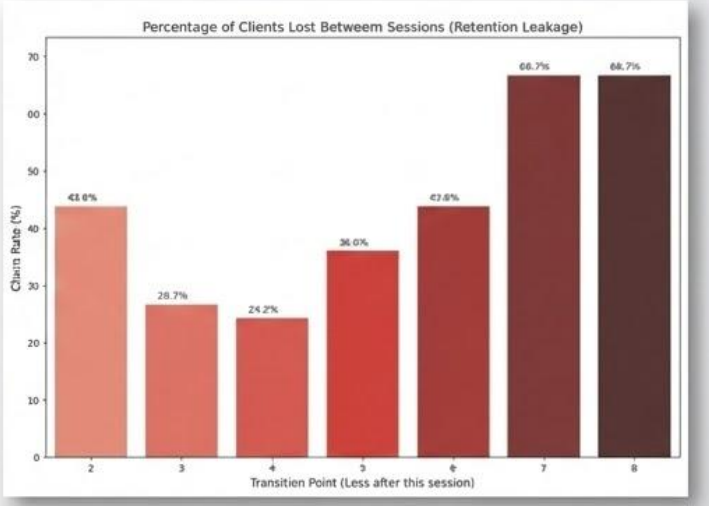
- Create a data-driven framework to define the most profitable customer segments and direct marketing resources toward high-LTV channels.



Data Findings: Critical Early-Stage Churn

- The most significant customer drop-off occurs between Session 1 and Session 2.
- The churn rate has a significant drop of **43.8%** from Session 1 to Session 2.





Data Findings: Early-Stage Churn

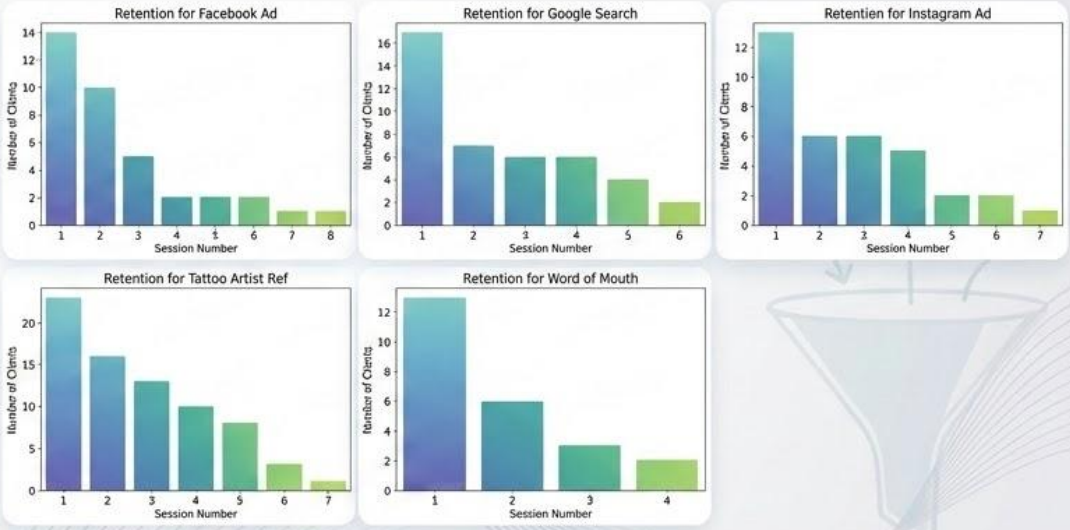
Impact:

There is a failure of converting new clients to repeating customers.

High Risk Channels (S1 ---> S2):

Google, Instagram, and Word of Mouth has the greatest drop off among all channels.

Client Retention Funnel by Source Channel



Data Findings: Mid-Funnel Risk Points

There is a secondary increase in churn rate at the later stages of the treatment plan.

Risk points:

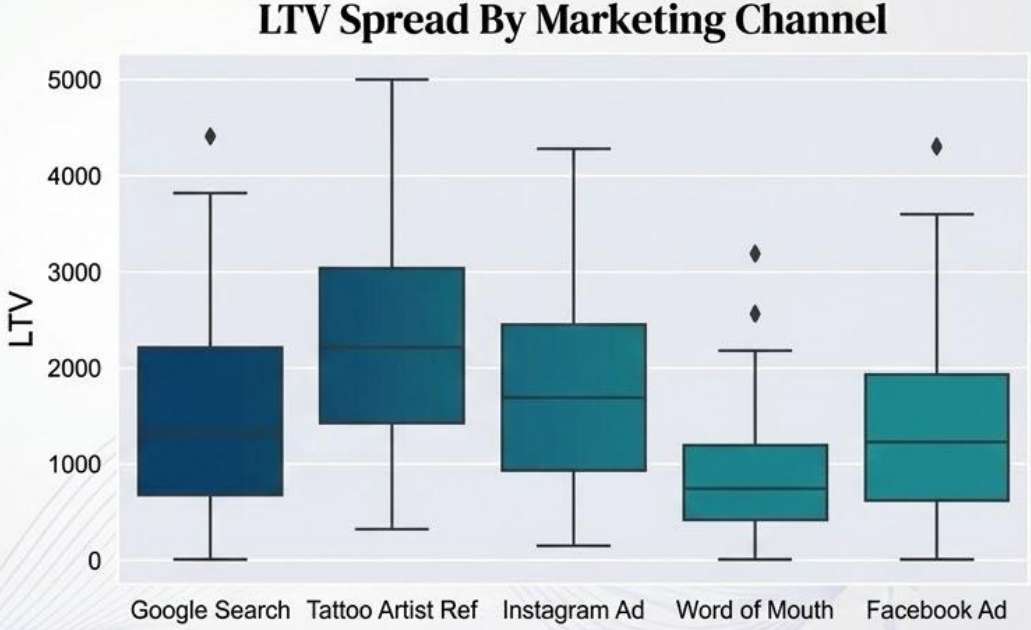
- Session 4 → Session 5 (36% loss)
- Session 6 → Session 7 (43.8% loss)

Data Findings: LTV Performance & Acquisition ROI

Highest Median LTV: Tattoo Artist Referrals has the highest median LTV among all source channels.

High-Value Digital: Google Search Ads and Instagram Ads are high-valued channels that should be prioritized.

Low LTV Channels: Word of Mouth has the least average LTV, followed closely by Facebook Ads.



Data Findings: Mid-Funnel Risk Points

Secondary Churn: Churn rates increase at later stages of the treatment plan.

Risk Points: Substantial churn is seen starting from Session 4 → 5 (36.0% loss) and Session 6 -7 (43.8% loss).

Insight: Clients further in their session journey still face a high risk of dropping off.

Retention Leader: Tattoo Artist Referrals show the greatest customer retention strategy with the least drop-offs across each session.

Data Findings: What Drives High LTV?

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Strongest Correlations: LTV has a high positive correlation with:

- **Total_Sessions**: (0.77 correlation).
- **Days_Since_Prior**: (0.70 correlation).

Key Insight: Clients who complete more sessions result in greater LTV.
Commitment Signal: Longer average gaps between sessions might indicate overall LTV.

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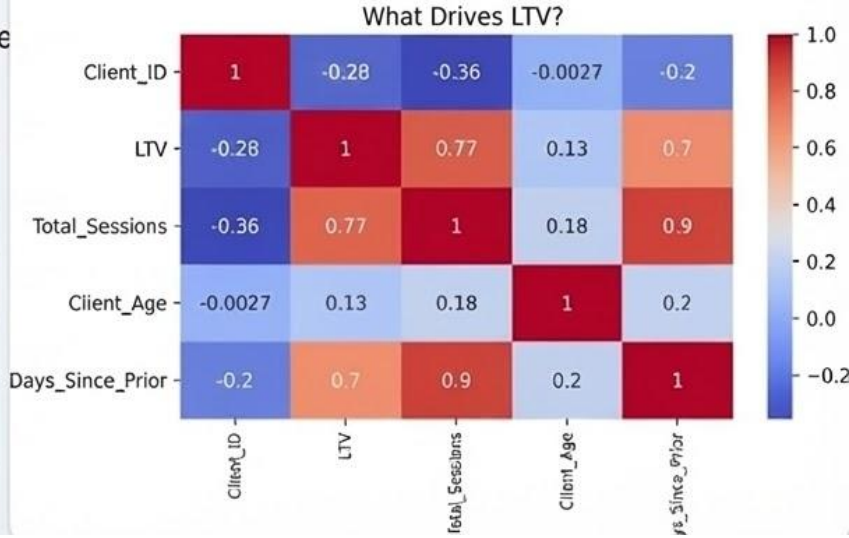
Clients who complete more sessions result in greater LTV.

Commitment Signal:
Longer average gaps between sessions might indicate commitment to a long-term process, leading to higher overall LTV.

What Drives LTV?



Plug the 43.8% Leak

Action: Implement a mandatory, targeted **intervention** for all clients after their first session.

Strategy 1: Retention Incentive

- Implement **a rewards system or discount** for customers to encourage the second session.
  - Focus this effort on Google, Instagram, and Word of Mouth clients.

Strategy 2: Enhanced Communication

- Focus on proactive customer experience and follow-up communication after the first session.

Action Plan: Acquisition and Investment Strategy

Priority 2: Scale High-LTV

- **Action:** Formalize partnerships with local tattoo artists and connect with them for referral campaigns.
- **Result:** Maximize volume from our highest performing acquisition channel (Tattoo Artist Ref).

Priority 3: Optimize Digital Spend

- **Action:** Allocate more funds towards Google and Instagram Ads.

Priority 4: Refine Low-LTV

- **Action:** Re-evaluate the target and message for Facebook Ads.
- **Action:** Implement a customer referral incentive program for Word of Mouth to attract higher LTV clients.

Action Plan: Drive Session Consistency

Objective: Maximize LTV by encouraging high Total_Sessions and sustained commitment.

Strategy 1: Address Mid-Funnel Churn

Deploy re-engagement campaigns or personalized outreach to stabilize churn at Session 4 → 5 and 6 → 7.

Strategy 2: Introduce Subscription/Packages

Design models (e.g., subscription or package deals) to encourage clients to commit to a greater number of sessions upfront.

New Channel Exploration

Implement content advertising on TikTok and launch Email ad campaigns to diversify acquisition.

commitment

Conclusion & Next Steps

Summary:

Our immediate focus is closing the **43.8%** early retention gap and aggressively scaling the **Tattoo Artist Referral** channel.

Request:

Approval to pilot the Session 2 retention incentive and formalize the Tattoo Artist Partnership agreements.

Next Step:

Implement a robust and concise marketing analytics report to track report to track the ROI and churn rate impact of these strategies.