

CRM Strategy to Improve Customer Value and Reduce Costs

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Role Applied: Data Analyst

Assignment Chosen: CRM Data Champion (Option 2)

1. Introduction

For this assignment, I stepped into the role of a CRM Data Analyst. The goal was to help a startup make smarter decisions using data, mainly by increasing how much value each customer brings (LTV) and reducing the money spent to get new customers (CAC). I've put together a simple strategy that does both, using logic, sample data, and some ideas for automation.

2. Key Terms I Used

To build this plan, I focused on a few important metrics:

Term	What It Means	Why It Matters
LTV (Lifetime Value)	The total money a customer is expected to spend	Helps us know how valuable a customer really is
CAC (Customer Acquisition Cost)	Money spent to get one new customer	Tells us if our marketing spend is worth it
LTV: CAC Ratio	LTV divided by CAC	A healthy business has this ratio around 3:1
Retention Rate	% of customers who stay over time	Higher retention means steadier growth
Churn Rate	% of customers who stop buying	Shows where we might be losing people

3. Sample Marketing Data

To explain better, I created a small example based on three marketing channels the company might be using:

Channel	Spend	New Customers	CAC	Average LTV	LTV: CAC
Facebook Ads	₹50,000	50	₹1,000	₹4,000	4:1
Google Ads	₹60,000	40	₹1,500	₹5,000	3.3:1
Influencer Collab	₹30,000	20	₹1,500	₹2,000	1.3:1

My take:

- Facebook Ads are performing well — they bring high value at a low cost.
 - Google Ads are good, but there's room to improve
 - Influencer marketing is expensive and does not give great results
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4. Grouping Customers for Better Targeting

Instead of treating every customer the same, I created four simple groups based on their value and the cost to acquire them:

1. **High LTV, Low CAC** – These are our best customers. We should reward them and keep them close.
2. **High LTV, High CAC** – They're still valuable, but we should find cheaper ways to reach them.
3. **Low LTV, Low CAC** – These customers might grow with better service or offers.
4. **Low LTV, High CAC** – Not ideal; we should avoid targeting them heavily in the future.

This kind of segmentation helps us focus on the right people.

5. How to Keep the Good Customers (Retention Strategy)

Here's how I'd use CRM tools to keep customers happy and engaged:

- If someone hasn't bought in 30 days, we send a friendly reminder
- If there's still no response in a week, offer a small discount
- For loyal customers, we offer early access to products and exclusive deals to reward their loyalty.
- Ask happy customers to refer their friends — This reduces CAC and brings in high-quality leads through trust.

6. Automations and Tools

We can make things easier by using tools like **HubSpot** or **Zoho CRM** to run smart campaigns.

Some simple automations could be:

- If a customer hasn't purchased in a while → send an email
- If a customer has spent more than ₹10,000 → tag them as "VIP"
- If CAC for a channel increases, → alert the marketing team

These automations save time and make sure we don't miss opportunities.

7. Final Thoughts & Recommendations

Based on the data and logic:

- Put more budget into Facebook and Google Ads
 - Focus on keeping the top 20% of high-value customers
 - Reduce spending on influencer marketing for now
 - Use CRM to run simple but smart campaigns that improve retention
 - Track LTV and CAC every month to stay on top of what's working
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8. What I Learned

Doing this assignment helped me see how even basic data, when used thoughtfully, can guide really important business decisions. It also made me realize how powerful CRM tools can be when combined with a simple data-driven plan.