

THE VALUE OF A LEAD

BREAK-EVEN SCENARIO

1

DETERMINE THE LIFETIME VALUE OF A CUSTOMER (LTV)

A marketing campaign does more than just sell the widget it's promoting... it buys a lead that you can continue to sell to again and again! Once you've sold something to a new customer, how many years do they remain loyal to you on average? And what is their average spending over that length of time? This is your LTV.

2

LEAD CLOSING PERCENTAGE (LC%)

If you were given a list of 10 people, how many of them would you be able to close? This is your lead closing percentage.

3

$$\frac{\text{LC\%}}{\text{LTV}} = \text{LEAD VALUE}$$

4

LEAD VALUE

The value of a lead tells you how much you could spend to get a lead and break even. To determine a breakeven point within one year, divide your LTV by the number of years your clients stay with you.

5

PROFIT

Profit happens when you spend less money to get a lead than the lead value. The bigger the spread, the bigger the profit.

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