


Calculation of Customer Lifetime Value (LTV)

Customer value should precede customer acquisition. To create customer value, you need to constantly reinvent, refine and evolve customer experience and service. Customer lifetime value helps in making customized and timely marketing programs based on transactional data of that customer.

Here are basic questions you need to answer to determine **Calculation of Customer Lifetime Value**

		Best Customers	Average Customers
A.	Acquisition Cost - How much did you pay to acquire customers?	<input type="checkbox"/>	<input type="checkbox"/>
B.	Average order value - How much do they spend on every order?	<input type="checkbox"/>	<input type="checkbox"/>
C.	Orders per year - How many orders do they place per year?	<input type="checkbox"/>	<input type="checkbox"/>
D.	Retention - How many years will they possibly be customers for?	<input type="checkbox"/>	<input type="checkbox"/>
E.	Net profit - What is the net profit percentage of products / services sold?	<input type="checkbox"/>	<input type="checkbox"/>
F.	Lifetime Gross Revenue – $\{(B * C) * D\}$	<input type="checkbox"/>	<input type="checkbox"/>
G.	Lifetime Net Profit – $\{(F * E) - A\}$	<input type="checkbox"/>	<input type="checkbox"/>

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