Long Term Customer Value

Customer Unlike regular customers, who buy merely on price and value, long-term clients buy on In sales, commerce, and economics, a customer (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product, or an idea, obtained from a seller, vendor, or supplier via a financial transaction or an exchange for money or some other valuable consideration. tend to attract long-term clients rather than regular customers a477a1901d

== Definitions == a477a1901d == Philosophy == a477a1901d One of the first accounts of the term "customer lifetime value" is in the 1988 book Database Marketing, which includes detailed... a477a1901d business endeavor that may be tangible, intangible, or both." a477a1901d

Business value According to the Project

Management Institute, business value is the "net quantifiable benefit derived from a. Many of these forms of value are not directly measured in monetary terms. Business value expands concept of value of the firm beyond economic value (also known as economic profit, economic value added, and shareholder value) to include other forms of value such as employee value, customer value, supplier value, channel partner value, alliance partner value, managerial value, and societal value. Business value expands In management, business value is an informal term that includes all forms of value that determine the health and well-being of the firm in the long run. business value is an informal term that includes all forms of value that determine the health and well-being of the firm in the long run a477a1901d

Value-based pricing customer retention. The value that a consumer gives to a good or service, can then be defined as their willingness to pay for it (in monetary terms) or the amount of time and resources they would be willing to give up for it. Owning an original Dalí or Picasso painting elevates the self-esteem of the buyer and hence elevates the perceived benefits of ownership. However, value-based pricing takes these factors into consideration and assists businesses in understanding what consumers value and Value-based price, also called value-optimized pricing or charging what the market will bear, is a market-driven pricing strategy which sets the price of a good or service according to its perceived or estimated value. For example, a painting may be priced at a higher cost than the price of a canvas and paints. If set using the value-based approach, its price will reflect factors such as age, cultural significance, and, most importantly, how much benefit the buyer is deriving a477a1901d

As the future combines both continuity and change, not everything one knows today will disappear tomorrow. Some things will change significantly while others will not. But even today, research reveals that numerous inventions fail due to a lack of customer centricity. Consequently, anticipating future customer needs and behaviors constitutes a challenge when developing future product portfolios. This is especially relevant for industries with long planning cycles because these industries have to develop value propositions... a477a1901d == How it works == a477a1901d Early societies relied on a gift economy based on favours. Later, as commerce developed, less permanent human relations were formed, depending more on transitory needs rather than enduring social desires. Customers are generally said to be the purchasers of goods and services, while clients are those who receive personalized advice and solutions. Although such distinctions have no contemporary semantic weight, agencies such as law firms, film studios, and health care providers tend to prefer client, while grocery stores, banks, and restaurants tend to prefer customer instead. a477a1901d

Customer experience and other stakeholders, for a long-term. Customer experience involves every point of contact a business has with a customer, as well as interactions with Customer experience (CX) refers to the cognitive, emotional, sensory, and behavioral responses of a customer during all stages of interaction with a product or service, including pre-purchase, consumption, and post-purchase a477a1901d

Customer foresight relevant for industries with long planning cycles because these industries have to develop value propositions today for the customers of tomorrow. It does so by combining customer research and foresight research elements. It aims to understand future consumer preferences and wishes with regard to tomorrow's products and services. Customer foresight can be conceived as an interaction with projected future markets through selected customers by understanding their wishes and attitudes, ideas and visions as well as their perception of signals and drivers of change. However, this Customer foresight is a new field of applied research. Even though the concept cannot predict the future, it enables companies to prepare for different future scenarios and thus improves strategy and decision-making processes a477a1901d

Customer lifetime value The prediction model can have varying levels of sophistication and accuracy, ranging from a crude heuristic to the use of complex predictive analytics techniques. In marketing, customer lifetime value (CLV or often CLTV), lifetime customer value (LCV), or life-time value (LTV) is an estimation and prediction of the In marketing, customer lifetime value (CLV or often CLTV), lifetime customer value (LCV), or life-time value (LTV) is an estimation and prediction of the net profit that a customer contributes to during the entire future relationship with a business a477a1901d

== Definition and classification == a477a1901d Companies usually make a distinction between voluntary churn and involuntary churn. Voluntary churn occurs due to a decision by the customer to switch to another company or service provider, involuntary churn occurs due to circumstances such as a customer's relocation to a long-term care facility, death, or the relocation to a distant location. In most applications, involuntary reasons for churn are excluded from the analytical models. Analysts tend to concentrate... a477a1901d Within the strategy of value-based pricing, the price is not dependent on its cost of production, but instead, it is set with consideration upon the consumers perceived value and willingness to pay for the good or service. This pricing strategy should have an even power balance between the seller and the buyer, maintain a long-term and service-based exchange... a477a1901d Different dimensions of customer experience include senses, emotions, feelings, perceptions, cognitive evaluations, involvement, memories, as well as spiritual components, and behavioral intentions. The pre-consumption anticipation experience can be described as the amount of pleasure or displeasure received from savoring future events, while the remembered experience is related to a recollection of memories about previous events and experiences of a product or service. a477a1901d The term shareholder value can be used to refer to: a477a1901d Expectancy disconfirmation theory is the most widely accepted theoretical framework for explaining customer satisfaction. However, other frameworks, such as equity theory, attribution theory, contrast theory, assimilation theory, and various others, are also used to gain insights into customer satisfaction. However, traditionally applied satisfaction surveys are influence by biases related to social desirability, availability heuristics, memory limitations, respondents' mood while answering questions, as well as affective, unconscious, and dynamic nature of customer... a477a1901d

Customer satisfaction It is a measure of how products and services supplied by Customer satisfaction is a term frequently used in marketing to evaluate customer experience. Customer satisfaction is a term frequently used in marketing to evaluate customer experience. Enhancing customer satisfaction and fostering customer loyalty are pivotal for businesses, given the significant importance of improving the balance between customer attitudes before and after the consumption process. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals". It is a measure of how products and services supplied by a company meet or surpass customer expectation a477a1901d

Shareholder value It became a popular concept in business management during the 1990s and led to a management approach often called value-based management or managing for value. The term expresses the idea that the primary goal for a business is to increase the wealth of its shareholders (owners) by paying dividends and/or causing the company's stock price to increase. Shareholder value is a business term, sometimes phrased as shareholder value maximization. The term expresses the idea that the primary goal for a business Shareholder value is a business term, sometimes phrased as shareholder value maximization a477a1901d

== Etymology and terminology ==
a477a1901d Companies often use customer attrition analysis and customer attrition rates as one of their key business metrics (along with cash flow, EBITDA, etc.) because the cost of retaining an existing customer is far less than the cost of acquiring a new one. Examples include banks, telephone service companies, internet service providers, pay TV companies, insurance firms, and alarm monitoring services. Companies from these sectors often have customer service

branches which attempt to win back defecting clients, because recovered long-term customers can be worth much more to a company than newly recruited clients. a477a1901d According to Forrester Research, the foundational elements of a remarkable customer experience consist of six key disciplines, beginning with strategy, customer understanding, design, measurement, governance and culture. A company's ability to deliver an experience that sets it apart in the eyes of its customers will increase the amount of consumer spending with the company and inspire loyalty to its brand. According to Jessica Sebor, "Loyalty is now driven primarily by a company... a477a1901d See Business valuation. a477a1901d Customer lifetime value can also be defined as the monetary value of a customer relationship, based on the present value of the projected future cash flows from the customer relationship. Customer lifetime value is an important metric in that it encourages firms to shift their focus from quarterly profits to the long-term health of their customer relationships, and additionally represents an upper limit on spending to

acquire new customers. For this reason it is an important element in calculating payback of advertising spent in marketing mix modeling. Customer lifetime value is often used to guide customer acquisition, retention, and loyalty strategies.
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Customer retention Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business strategy' Customer retention refers to the ability of a company or product to retain its customers over some specified period. Selling organizations generally attempt to reduce customer defections. High customer retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely. A company's ability to attract and retain new customers is related not only to its product or services, but also to the way it services its existing customers, the value the customers actually perceive as a result of utilizing the solutions, and the reputation it creates within and across the marketplace. customer expectations. Customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship and successful retention efforts take this entire lifecycle into account a477a1901d

== Definition == a477a1901d

Customer attrition these sectors often have customer service branches which attempt to win back defecting clients, because recovered long-term customers can be worth much more Customer attrition, also known as customer churn, customer turnover, or customer defection, is the loss of clients or customers a477a1901d

Successful customer retention involves more than giving the customer what they expect. Generating loyal advocates of the brand might mean exceeding customer expectations. Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business... a477a1901d Business value often embraces intangible assets not necessarily attributable to any stakeholder group. Examples include intellectual capital and a firm's business model. The balanced scorecard methodology is one of the most popular methods for measuring and managing business value. a477a1901d

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