

# What is Customer Lifetime Value?

## Customer Lifetime Value:

A measure of the  
customer's revenue  
generated over their entire  
relationship with your  
business.

# A Bite of Customer Knowledge

## 3 Components of CLV



**Average  
Transaction  
Value**

The average  
amount a  
customer  
spends with  
you each visit

**Average Number  
of Transactions  
per period**

The frequency  
a customer  
shops with  
you across a  
year.

**Customer  
Loyalty Year**

The length of  
time a  
customer has  
shopped with  
you.

G O G O C H E N G

# What is your CLV?

You are a loyal customer to a luxury fashion brand for 10 years, and you spend \$10K on average each month.

Average Transaction Value: \$10K

Average Number of Transaction: 12 times / yr

Loyalty Year: 10 yrs

Your Lifetime Value =  $\$10K \times 12 \times 10 =$  **\$1.2M**

# Implication

Higher CLV can be achieved by:

Higher Average Transaction Value

More Average Number of Transaction

Longer Loyalty Year