

# [Customer lifetime value (clv)](https://assignbuster.com/customer-lifetime-value-clv/)

[Business](https://assignbuster.com/essay-subjects/business/), [Marketing](https://assignbuster.com/essay-subjects/business/marketing/)

The Blog: Lifetime Value Choice: the McDonald’s The Blog: Lifetime Value Choice for MacDonald’s Company OverviewMacDonald’s is a company that was founded in 1940 and deals in fast foods, hamburger, chicken, and American food, among others (McDonald’s. nd). The company has been franchising since 1955. MacDonald’s corporate office is located in 2111 McDonald’s Dr Oak Brooklyn, IL 60523. It is one of the leading international food-service retailers serving 52 million customers with over 30, 000 restaurants in more than 99 countries. More than 70 percent of the company of the company are operated and owned by independent local women and men.
Copy of the chart showing McDonald’s expected annual value and profit per customer
Source: Customer Lifetime Value Calculator
Benefits of Embracing CLV (Customer Lifetime value)
I. CLV aids in identifying various customer segments: different customer and segment types have special CLVs. Thus, it can be applied in the calculation of transformed customer profile. Companies with ‘ state of the art’ databases can easily create a technique of describing CLV for each customer depending on their preferences. The index attained from the special design of CLV for customers can be displayed in the customer page of the company.
II. It helps companies forecast customer satisfaction: several companies evaluate buying intentions, company image, and customer satisfaction from the trend shown in client transactions trends. Problems caused by difficulties in identifying conclusions and decisions based upon research findings can be solved by using customer lifetime value. For example, a decrease or increase in customer satisfaction can be used to determine the rate of customer retention.
References
Harvard Education (nd). Customer Lifetime Value Calculator. Retrieved May 2, 2014, from http://hbsp. harvard. edu/multimedia/flashtools/cltv/
McDonald’s (nd). McDonald’s UAE. Retrieved May 2, 2014, from http://www. mcdonaldsarabia. com/uae/en/our\_company. html
Rust, R. T., Zeithaml, V. A., & Lemon, K. N. (2001). Driving customer equity: How customer lifetime value is reshaping corporate strategy. Simon and Schuster.