Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

CHAPTER EIGHT
CREATING VALUABLE CUSTOMERS

"The purpose of business is to create and keep a customer."

—Peter F. Drucker

"Make a customer, not a sale."

—Katherine Barchetti

"In God we trust; all others bring data."

—Dr. W. Edwards Deming

The focus thus far has been on ensuring that companies target customers, facilitate their decision journey, create value through strong experiences, and develop strong customer relationships. This now shifts to a focus on ensuring that the company can capture enough value from these activities to make the business profitable over time. When the company succeeds, it has moved from creating customer value to the creation of valuable customers. To illustrate this contrast, Figure 8.1 depicts four different business conditions—customers do or do not find value in what the company offers and customers are or are not valuable to the company. The star customers are those that value the company's products and services and that offer sufficient value to the company over time to sustain and allow for reinvestment in the business. Free-riding customers value what the company offers but are not loyal or willing to pay for what the company offers. The company finds vulnerable customers valuable but the customers do not find value in what they are getting from the company. The company's objective is to move customers into the star position. Such a status is part of the process of building and managing customer equity.

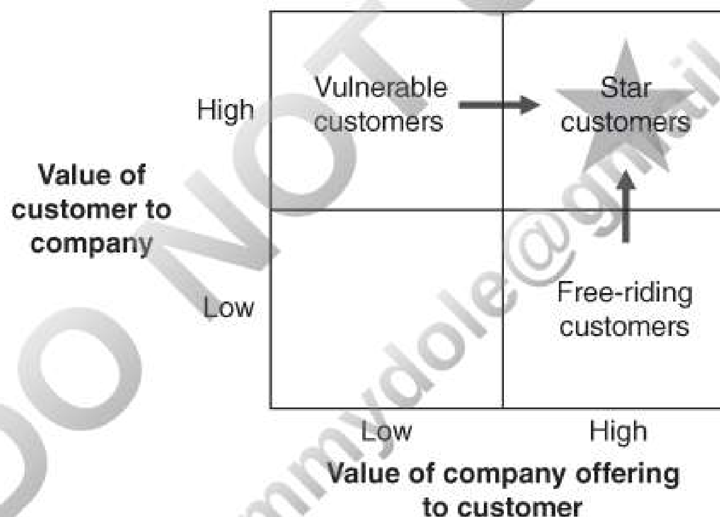

Figure 8.1 Moving Toward Valuable Customers

DO NOT COPY
timmydole@gmail.com

Customer equity is the sum of the value of a firm's customers over time. This view emphasizes the long-term or what is often called the lifetime value of customers—what they will purchase from the company over the course of their involvement in a market. For parents with young children, this might mean two to three years in the diaper market, but for recent college graduates, this could be decades of engagement with a media company, which is why companies such as HBO provide free cable services to undergraduate students at many universities. Whatever costs are incurred during the college years are presumably made up for in loyalty over time.

In the early 1990s, the Royal Bank of Canada (RBC) had a strong customer base, but it sought ways to become more profitable. RBC used a series of small steps designed to make its most valuable customers more likely to stay with the firm and more likely to give the firm positive word of mouth. For example, instead of applying across-the-board overdraft fees, the company adopted more lenient policies for its high-value customers. Although this meant giving up profits in the short term, RBC managers predicted

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

such policies would produce more loyal and longer-term customers. They were right—the lifetime value of these customers increased by 20 percent![1]

While fostering longer-term relationships to build customer equity is a critical management approach (as discussed in Chapter 7), it must be preceded by identifying valuable potential customers and moving them through their first purchase. This involves bringing the right quantity of high-quality customers into the process and then keeping them engaged through to purchase. One common management tool—the purchase funnel—is often used to understand, measure, and improve those activities. This purchase funnel is examined first, followed by a broader consideration of customer equity.

THE PURCHASE FUNNEL

Understanding the customer decision journey offers marketers the opportunity to manage and measure customers as they move through different stages of the process. The purchase funnel is a management tool that allows a company to sort its customers into different stages in the journey and monitor their progress. The term funnel is used because companies usually begin with a large number of customers that are targets for their offering but ultimately focus on driving the most qualified through to purchase.

Creating the Purchase Funnel

The exact nature of a company's purchase funnel will depend on the journey customers are taking and how the company chooses to manage the journey. Although purchase funnels can vary by industry and target customer, most have several defining characteristics. First, each stage of the funnel corresponds to an observable action the customer takes along the decision journey. This ensures that the funnel is both customer-centric and that the company can measure and manage customer progress. Second, exactly which and how many stages are used in the funnel is determined by a company's strategy.

B2B companies tend to use very specific terms to describe the customer as she progresses through the different stages of the funnel. Figure 8.2 shows stages of a typical funnel and defines each in terms of B2B activities taken for a B2B air-conditioning company selling units to other companies. B2C companies use a similar approach but may adopt different labels to capture funnel progress, for example, a funnel that captures the journey steps of brand awareness, brand consideration, and brand purchase. Figure 8.2 links up the journey stage with the terms used by B2B marketers.

DO NOT COPY timmydole@gmail.com

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

Journey Stage	B2B Terms and Progression	B2B Air-Conditioning System Company Example
Awareness	*Prospect* becomes aware of company services.	Company sends message to members of building owner email list or participates in a trade show.
Interest	*Prospect* indicates interest in the service by engaging with the company through digital, phone, or human contact.	Company becomes aware of prospect when the prospect requests information from company. The company addresses inquiry while also collecting information to qualify the prospect (i.e., to determine if the lead is worthy of additional company attention). If so, the prospect becomes a lead.
Consideration	*Lead* offers a deeper assessment of needs, time frame, and price preferences and allows company deeper access to help create value.	Company communicates total value of the offering to lead and how this lead compares to the competition, often with a proposal written to meet the opportunity needs and specifications.
Preference	*Lead* seeks approvals and internal funding.	Negotiations occur between company and lead. Lead obtains internal approval for purchasing.
Purchase	*Lead* comes back to company with commitment to purchase.	Company receives a signed purchase order from lead who now becomes a customer in exchange for air-conditioning services for the year.
Reevaluation	*Customer* decides whether to renew contract.	First year of services is close to ending so company sends customer updated proposal to continue services.
Loyalty	*Customer* repurchases product or service and continues relationship with company.	Company receives a signed purchase order from customer to continue providing air-conditioning services.
Advocacy	*Customer* provides positive word of mouth and referrals to new prospects.	Company requests customer to leave online review, serve as a reference, or participate in a white paper.

Figure 8.2 B2B Company Funnel Stages and Definitions

A *prospect* is a member of the firm's target market who is likely to value what the firm offers. This group should be the focus of the company's marketing efforts. A *lead* is a prospect that becomes aware of the company and their offerings. This can be through company channels, customer referrals, or publicity. A *qualified lead* is a lead that the company has identified to have an immediate or near-future need for the product or service that the company offers. A *customer* is a qualified lead that has decided to purchase the company's offerings. A *loyal customer* is a customer who repurchases company offerings over time. This type of customer may also advocate for the company by providing information about their experience with the company that could be used to further engage future prospects.

Purchase Funnel Metrics

Four recommendations can help companies effectively assess and manage the funnel using metrics. First, select funnel metrics that are aligned with the company's goals. For example, for a new business, the goal may be to increase awareness of the company; therefore, measuring the quantity of prospects generated would be a good metric to help determine the efficiency and progress of the marketing campaigns. Both aided (recall) and unaided customer awareness (recognition) of whether or not the company competes in the category and the nature of its offerings are recommended. Quantity of prospects is a direct feeder to quantity of leads that have been qualified by the company. As time progresses and the company succeeds in reaching the market, the focus could shift to improving the lead quality.[2] Lead quantity without lead quality can lead to wasted resources trying to convert a large number of leads that are not sales ready.[3]

Second, develop a scoring system to measure the quality of potential customers. This type of system uses information the company has about the characteristics of potential customers and their observable actions that the company finds correlate with ultimate purchase. Data might show that certain behaviors, such as

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

number of page views, registration for a webinar, or a request for a product demo, for example, are strong predictors of whether a prospect will become a customer. Once known, the company can prioritize the prospects exhibiting these behaviors as higher quality leads because they are more likely to become customers.[4] This same evaluation can be used for any stage of the funnel. For example, in creating awareness, people reached with one campaign may be more likely to progress in the funnel. Such insights should guide campaign selection over time so the company is always improving its ability to reach and convert customers.

Third, identify and resolve bottlenecks, which represent customers getting stuck at one stage of the funnel. Bottlenecks can lead to reduced revenues and customer frustrations. Once a bottleneck is identified, a deeper dive into the customer decision journey is needed to develop a solution. Key metrics, specifically stage-to-stage conversion rates can identify bottlenecks within the funnel. A stage-to-stage conversion rate can be calculated by dividing the quantity in one stage by the quantity in the preceding stage. For example, imagine that a company found that 10 percent of potential customers were converting from awareness to consideration, 20 percent of those converted to preference, and then 60 percent of those converted to purchase. This information would suggest that the funnel has a bottleneck moving customers from awareness to consideration. In this case, the company might dig deeper to uncover that the reason for this bottleneck is the premium price of the product. With this information they might consider a temporary promotion or bundling with other products.

Fourth, determine how to report and communicate the status and progress of the customer through the purchase funnel. One approach is to determine the quantity and quality of leads in each stage of the funnel over a period of time, for example, a quarter or a year. Goals should be compared to actual levels, so the company can determine if it is on track. One common way to accomplish this is with a dashboard that contains key data that are updated in real time.

Key metrics to consider including in the dashboard:

- ***Stage-to-Stage Conversion Rate:*** As noted, this analysis can be performed on adjacent stages or any two stages that are meaningful to a company. This calculation is based on the quantity of leads in a stage divided by the quantity of leads in prior stage (e.g., preference/consideration). For example, if a company has 50 leads in the preference stage and 100 leads in the consideration stage, the conversation rate from consideration to preference is 50 percent.
- ***Sales Cycle Length:*** This is the average time duration it takes for a prospect to progress through the funnel to make a purchase. This metric offers insight into at-risk opportunities or those that are becoming a resource drain. For example, if an average sales cycle duration is 30 days, and there is a lead that has been in the funnel much longer than 30 days, this should be an indicator that this lead has a lower probability of progressing to the purchase stage. To create, track the average time (typically days) spent in each funnel stage. For newer companies, compare this information to industry benchmarks.
- ***Channel Cost-Effectiveness:*** Monitor which channel each lead was acquired through. For example, out of 10 leads, two were from a TV ad and eight were from a tradeshow booth. Given that TV ads cost $10,000 and the tradeshow cost was $20,000, the cost per lead is $5,000 for TV and $2,500 for the tradeshow.[5]
- ***Customer Acquisition Costs (CACs):*** CAC is the sum of all sales and marketing costs for a given period of time, divided by the newly acquired customers during that same period of time. This metric tracks company spending for each new customer. If this number increases over time, that means that the company is either spending more to acquire new customers, or that the sales and marketing efforts are less efficient. Often times, spending more to acquire customers who have a higher lifetime value, which is described in detail later in this chapter, is well justified.[6]
- ***Ratio of Customer Lifetime Value to CAC:*** This metric compares the lifetime value of a customer, a tool discussed in the next section of this chapter, to the amount spent to acquire that new customer. The higher the ratio, the more ROI customers are delivering to the company's bottom line.[7]

Common Pitfalls in Funnel Management

Attracting Poor Quality Leads

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

If a strategy is working, the company's marketing spending leads to the target customer entering the funnel. If non-target customers are attracted, the company needs to vet and manage these customers which distracts from interactions with target customers. Of course, companies may find that customers other than those they target also find value in their offerings and if so, efforts should be taken to attract these customers as well if they are sufficiently profitable for the company.

Failure to Attract Enough Leads

Many mid-size and large companies struggle to attract enough leads because they spend 80 percent of their time focusing on conversion rates and only 20 percent of their time on lead generation.[8] Other companies overemphasize selling more to current customers versus attracting new customers.[9] Over time, these approaches limit growth opportunities. While the exact rates vary by company strategy, sustained growth requires a good mix of attracting new customers and expanding relationships with current customers.

Failure of Sales and Marketing to Work Together

Often, the marketing department focuses on acquiring as many leads as possible, regardless of quality, to hand off to sales. Sales pushes back and refuses to waste its time on low-quality leads. This can lead to further prospecting by sales, which takes away from their time spent closing. This can also lead to a delay in following up with new leads. Sales and marketing must work together. In particular, the two groups must decide on a common definition of the quality and quantity of leads.[10]

Failure to Link Funnel Problems to their Causes

Conversion rates can be weak because insufficient company resources are leveraged to create conversion from one stage to another, the company lacks strong insight into the barriers that are keeping customers from progressing to the next stage, and/or low-quality inputs are available to convert from the prior stage. Each of these underlying problems has a remedy. In the first case, more financial resources should be devoted to conversion, but in the second, greater investments should be devoted to understanding the customer's challenges in moving forward, while in the third, quality can be improved by limiting which customers make it into the prior stage. Identifying the wrong problem can lead to a misallocation of company resources.

Failure to Optimize through Experimentation

In order for a company to maximize stage-to-stage conversion rates, it is important to experiment with various calls-to-action during a customer interaction. For example, the firm could test the effectiveness of the subject line in an email by sending 1,000 prospects the exact same email, but half of them receive one subject line and the other half receive a different subject line, and measuring the open rates associated with each subject line. This is an application of an A/B split test, where one variable, such as the email subject line, is varied. In this test, all other variables, such as colors, fonts, and displays remain the same. Experts recommend a focus on calls-to-action that vary in the extent to which they have valuable, easy to use, prominent, and action-oriented emphases. These small changes can lead to surprising differences in conversion rate.[11]

Purchase Funnel Management

If a company is attracting, converting, and retaining its target customers over time, the funnel should look more like a rectangle with fewer losses at each stage. Several activities can improve how well a funnel performs. First, funnel stages should reflect observable customer actions. The journey underlying this process may be more intricate, and this is important to understand. However, given that the funnel is a management tool, it should be based on actions managers can observe and therefore measure and manage.

Second, the funnel and its metrics should be carefully negotiated within the company. Marketing and sales are often jointly responsible for managing the funnel, and, as noted earlier, if both parties do not agree on funnel stages and funnel metrics, conflict is likely to emerge.

Third, the funnel should be jointly managed by marketing and sales. A common problem in organizations is that marketing controls the early stages of the funnel and sales controls the later stages. The truth is that

DO NOT COPY! timmydole@gmail.com

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

most businesses are better off with both functions playing a role throughout the entire process. Their roles are likely unequal, but both functions can offer important skills and feedback that can improve the funnel over time. For example, what sales learns in the final stages of the process should be fed back to improve early exposure strategies and lead-scoring approaches. Likewise, marketing can play a key role late in the process in many B2B companies by providing competitive intelligence and arranging customer events.

Finally, funnel metrics should be used to guide strategy adjustments. Therefore, when a business is starting up or going through major strategic transitions that require reaching new markets, funnel metrics may indicate that the strategy needs to be fine-tuned. Lead-scoring metrics, for example, might indicate that a secondary market is actually easier to reach, more likely to convert, and spends at higher levels than the firm's primary market. If so, the strategy may shift to spend more on the secondary market.

CUSTOMER LIFETIME MODELS AND STRATEGY EFFECTIVENESS

Customer Lifetime Value: General Approaches

Most companies don't know the value of their customers. As a result, they don't know how much they should spend to attract or retain a customer. These companies often overspend or underspend. Knowledge of how different customers or customer segments vary in value should guide strategy and investments. If, for example, the firm has two segments of customers and one segment has higher margins and is likely to be retained for a longer period, the firm should be more willing to spend on this segment and might even reduce spending on the other segment.

Customer lifetime value (CLV) models help managers calculate the long-term value of an individual customer or segment of customers. These approaches explore what value a customer brings to a company over the entire period a company and customer interact. This long-term horizon offers a stronger basis for driving strategy versus only examining the company's current sales from a customer. The value of the customer is summed across the expected life and then the values of those cash flows are discounted into present day dollars.[12]

The core idea underlying a CLV model is based on discounted cash flow models used in finance. These models take into account the following factors—the customer's margin in a specific time period, the customer's retention rate in that time period (the probability of being retained through to the next period), expected life of the customer (how many years the customer is expected to stay active in the market), and the firm's discount rate. Lifetime value can be calculated at the individual customer level or for an average customer within a target segment. The lifetime value of a customer for the average customer in a segment is:

$$CLV = \left(\sum_{t=1}^{N} M_{st} \left[\frac{r_s^t}{(1+i)^t} \right] \right) - AC_s$$

In this equation, M_S is the gross margin for a customer in segment *s* in a given time period *t* (e.g., a year) net of retention costs such as extra service costs for that segment, *i* is the firm's discount rate, r_S is the segment's retention rate or likelihood of returning to the company at time *t*, AC_S is the acquisition cost, such as the price of a sales call or an email, and *N* is the period over which the customer segment is assumed to remain active in the market.

Here's an example of how CLV models are used. Consider the average customer in a segment stays active in a market for *N*=3 years, has a gross margin of $17,000 in year 1, $10,000 in years 2–3, a retention rate of 80 percent, and firm discount rate of 10 percent. CLV is $21,499.62 = (year 1: ($15,000 × 0.80))/(1.10) + (year 2: $10,000 × $(0.80)^2$)/(1.10^2) + (year 3: (10,000 × $(0.80)^3$) × (1.10^3). Contrast that with the CLV of a customer who yields a margin of $8,000 in all three years (CLV = $13,126.97) or if the firm could increase its retention rate from 80 percent to 90 percent for the segment under the original scenario (CLV = $26,080.39).

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

These simple CLV analyses reveal several important guidelines. First, firms should be willing to spend more to acquire and retain customers with a higher lifetime value. If the future profits from a customer are high, then the company can afford to make a bigger investment in today's marketing and acquisition costs.

Second, the firm can have a larger impact on the value of the customer by increasing retention rather than by increasing margin.[13] Research has shown that a 1 percent increase in retention rate has a 4.9 percent increase in customer lifetime value, while a 1 percent increase in margin has only a 1.1 percent increase in customer lifetime value. An example from USAA drives home the importance of customer retention very well. The average retention rate in the auto insurance industry is 80 percent. USAA, an insurance and financial services company for military personnel and their families, has an astonishing retention rate of 96 percent. This means that over a three-year period, USAA need only replace 12 percent of its customers (0.96 percent^3 = 88 percent retained, $1 - 0.88 = 0.12$ or 12 percent) compared to the average auto insurance industry company (0.80 percent^3 = 51 percent retained, $1 - 0.51 = 0.49$ or 49 percent), which has to replace almost half of its customer base after three years!

Third, if a firm spends according to CLV, it will receive a higher return on investment because every dollar of investment means a greater return. Specifically, focusing on the acquisition of higher-value customers or continuing to invest in higher-value customers to increase their likelihood of retention provides the company with a better return on its customer investments compared to investing in less valuable customers.

Strategic Uses of CLV

Guide Customer Management and Acquisition

A large Fortune 1000 high-tech manufacturer of computer hardware and software offers an example of how CLV models can guide both marketing investments and targeting strategies. Using monthly transaction data from January 2000 to April 2007, researchers found that the top 20 percent of customers accounted for 91 percent of total profits, while the bottom 20 percent had a negative lifetime value. Further profiling showed that high-value (low-value) customers were in the high-tech, aerospace, and financial services industries (chemicals and plastics); had been incorporated for between 15 and 25 years (5–10 years); were multinational (domestic); had more than 500 employees (100–300 employees); and had yearly revenues exceeding $50 million (between $5 and $10 million). In response to these customer insights, the company moved marketing resources to high-CLV customers and directed negative-CLV customers to online channels. It also increased acquisition expenses on prospective customers who matched the profile of high-CLV customers—under the assumption that these customers, if converted, would provide long-term value at levels commensurate with their current high-CLV customers. Profits soared, and the company's average monthly stock price increased 32.8 percent in the nine months that followed.[14]

Predict and Mitigate Churn

Given the impact of customer retention on company performance, managing churn should be a strategic priority. A company's churn rate is 1 minus its retention rate. Companies need to understand what factors influence the likelihood that a customer will not be retained. Customers exhibiting characteristics such as low engagement, smaller dollar purchases, or less frequent purchases may be showing evidence that they are not going to return to the relationship. Companies should use the data they have available about all customer behaviors, including frequency of purchases, recency of purchases, value of purchases, as well as service calls, engagement in the company's social sites, or nature of referrals—whatever information the company can acquire about customers—to determine if any of these behaviors are strong predictors of churn. If so, the company can take actions to intervene when the customer begins to engage in a problematic behavior. For example, HubSpot finds that if its small business owners invest in the company's content management system upon adopting the suite of products, its churn rate per month decreases by about half.[15] Hence, offering incentives to improve these sign-up rates up to the level of these retention payoffs makes good business sense.

Account for and Facilitate Customer Transitions

Firms should work to stay with customers as they transition out of one segment and into another. This may mean expanding into categories to capture the customer's loyalty to the firm as the customer moves from

DO NOT COPY timmydole@gmail.com

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

mean expanding into categories to capture the customer's loyalty to the firm as the customer moves from needing one set of products and services to another. For example, college students may need only checking accounts from a bank while young professional adults are looking for investment products or loans as they move into saving and investing new income and buying more permanent housing. Using these transitions is important in the valuation of a customer segment. If the bank fails to account for the student to a young working professional transition in its valuation of the student, the valuation will be low compared to the true valuation. To do so, the bank needs to account for when that transition is likely to occur, how likely is it to occur, and changes in margin and retention rate for the new segment.[16]

The XO Group has had great success with its website The Knot, which enables couples to manage weddings. They extended the brand to shift consumers to The Nest (a home decorating lifestyle website) and then to The Bump (a pregnancy and parenting website) using the same underlying business model, including a digital platform that offers advice and support on key tasks (e.g., picking flowers for your wedding or dealing with diaper rash). As the company states, "We inspire, inform and cheer on our community as they move through life's most amazing (and stressful!) milestones. From the proposal to creating a home and starting a family together, we're there for every step of the journey."[17]

Channel members can do this as well. For example, Tesco uses its data-collecting loyalty card (the Clubcard) to track which stores customers visit, what they buy, and how they pay. This information has helped Tesco tailor merchandise to local tastes. It also helps the retailer customize offers to individual customers. For example, shoppers who buy diapers at a Tesco store for the first time receive coupons by mail not only for baby wipes and toys but also for beer, according to *The Wall Street Journal*. Tesco's analysis revealed that new fathers tend to buy more beer at retail because they can't spend as much time at the pub!

Firms should facilitate other transitions as well, such as the transition of a customer from a lower-value segment to a higher-value segment. American Express uses customer information to understand the customer's readiness to move along a predefined upgrade path among the different branded cards offered by the company. For example, the first purchase of an upper-class airline ticket on a Gold Card triggers an invitation to upgrade to a Platinum Card. Companies can use marketing analytics to understand what behaviors predict the customer's readiness to transition. This is similar to the use of data to determine churn discussed earlier.

Improve CLV by Lowering Acquisition Costs

A fundamental way to lower acquisition costs is to use referrals instead of using traditional reach marketing methods.[18] Uber does this successfully through its friend referral program, which shares the $10 off the next two rides with the referral and $10 off the referrer's next two rides. Referrals can be included in customer valuations by also accounting for the customer's referral value (CRV), which captures the net present value of future profits of new customers who purchased firm offering as a result of referral behavior of a current customer. Together, CLV and CRV offer a more complete view of customer valuation.

DO NOT COPY timmydole@gmail.com

Challenges in Using CLV Models

Though CLV models are straightforward calculations that can bring huge value to the business, there are a few challenges to be wary of in these calculations:

Need to Account for When Money Arrives

The approach we offer assumes that companies have to wait to receive their money from customers until the end of the *t* period. This may not be an accurate situation for companies that receive their money from customers at the beginning of the relationship, such as payments before shipments or health club memberships. If this is the case, the margins, costs, and retention rates from the prior *t* should be used in valuing customers to get the most accurate assessment.

Missing Individual Data

Firms may find that they do not have data on the profits or costs needed to value each individual customer. For example, many packaged goods companies do not interface directly with their customers. In these cases, firms can use lifetime value models at the segment level and calculate average profit margins and marketing costs for a "typical customer" in a segment. This is the total profit and total marketing costs divided by the number of customers in a segment.[19]

Printed by: timmydole@gmail.com. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

divided by the number of customers in a segment.[19]

Unsure How Long a Typical Customer is Active

Based on historical data, universities know that a typical undergraduate takes approximately four or five years to graduate. Most companies don't have such predictable time frames for how long their customers will remain in a market—and many hope this will be over for as long as possible. A detailed, well-maintained customer database would help address this fundamental question, but without this resource, many experts recommend using a 3-year period.[20] Another approach is to assume that the life of the customer is infinite. That might sound like an outrageous assumption.

DO NOT COPY
timmydole@gmail.com