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Essentials of Marketing

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**Customer Lifetime Value**

XYZ Shoe Company is conducting a comprehensive analysis to determine the Customer Lifetime Value (CLV) for one of its shoe products. They have gathered the following data and additional insights:

Annual Profit per Shoe: $60

Time Period for Analysis: 2 years

Customer Acquisition Cost (CAC): $120

Calculate the Customer Lifetime Value (CLV) for a single customer who purchases the shoe.

CLV: (customer value \* average customer lifespan)

CLV: (60 x 2)

CLV: (120) - 120 (CAC)

CLV: 0

No profit.