CUSTOMER LIFETIME VALUE 1

DESCRIPTION:

This module introduces the concepts of customer profitability, customer lifetime value (CLV), and multi-period revenue streams.

Tutorial: 21 slides
Problem Sets: 4 problem sets; 27 questions
Average Time: 152 minutes

Sample question from problem set:

Course: Faculty Access (All Modules in Alphabetical Order)
Module: Customer Lifetime Value 1 / Problem Set ID: 1028

Problem Sets 0 4 Total Questions 4 27

The Gotham City News is moving to a paywall subscription service rather than a free news website with unlimited access. If subscribers would like to access more than ten articles per month, they will need to pay a monthly subscription fee of **$25**. However, if they are also weekly subscribers of the print edition of the newspaper, they receive a **50%** discount on the on-line subscription rate. The monthly rate for the print edition of the newspaper is **$28**. Based on market research, the Times believes that **25%** of the households that order the print edition will also order the website subscription. While there are basically no variable costs to the website version, the print edition does cost **$22** per month to print and deliver to households.

Market research indicates that the average length a current print edition subscriber will continue subscribing is only 16 months if they choose to also purchase the on-line subscription. Under these assumptions, what is the expected 3 year CLV for a print edition subscriber who chooses to also subscribe to the digital version? (Note: presume they continue for all 3 years with the on-line version).

CALCULATED VARIABLES:

both = **$666**
online = **$900**
print = **$216**
margin = **$6**

TUTORIAL 0 dollars ($)

PS2 1 2 3 4 5 6 7

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