

Foreword

Whilst corporations continue to strive to improve customer loyalty and customer profitability, the conventional customer profitability model offers a great opportunity for enhancement. Based on my experience over the last two decades across three different industries, quite often, the link between customer satisfaction, customer loyalty and customer profitability is tenuous. Secondly, since customer satisfaction and loyalty are measured across the customer base, corrective actions are designed uniformly for all customers. However, neither the customers nor the customer behavior is uniform!

With organizational resources being scarce and improvement of marketing return on investment (ROI) being a key challenge for business managers, it is imperative to have a fresh perspective to customer relationship management (CRM) with customer profitability and the notion that different customers should be managed and satisfied differently as its focus. This profit-based strategy draws upon robust CRM research that lays emphasis on future customer value. The future value of customer profitability can be measured through the customer lifetime value (CLV) metric. Dr. Kumar has developed innovative quantitative approaches to calculate CLV, which can be leveraged for CRM decisions relating to customer acquisition, retention and attrition.

CLV is a powerful tool that could potentially be the source of competitive advantage for organizations and provide the armory to win in the marketplace. This book is recommended for business managers interested in nurturing long-lasting relationships with customers to drive profitable growth.

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