

Customer Lifetime Value (CLV) – Mini Project

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Introduction

Customer Lifetime Value (CLV) is a strategic metric that estimates the total revenue a customer is expected to generate throughout their relationship with a business. Understanding CLV enables organizations to allocate resources effectively, tailor customer retention strategies, and boost profitability.

Why CLV Matters

CLV analysis helps to:

- Identify high-value customers
- Optimize marketing spend
- Enhance customer retention
- Drive long-term business growth

CLV Formula

We used a simplified CLV model:

CLV = (Average Purchase Value * Gross Margin * Average Purchase Frequency * Average Customer Life Span) - CAC

Project Summary & Implications

This mini-project explores Customer Lifetime Value (CLV) using the classic models SQL database. By running SQL queries and visualizing the insights in Power BI, I calculated CLV to better understand customer purchasing behavior and long-term value. The goal is to identify high-value customers, enhance business strategy, and demonstrate how data-driven decision-making can lead to improved customer retention and revenue growth.