Lecture 7 Customer Analytics – CLV (Non-Contractual)

Questions received via email

- [Noa];
  (1) Slide 13 - Sample history; is it correct that we only multiply by theta (after the brackets) when there is another period afterwards? Because for the last line we don't multiply by theta anymore.

  (2) Slide 15 - BG/BB Model; could you explain again how we come to this formula?

  (3) Slide 24 - Model predictions; how should we read the table? Frequency is on the vertical whereas Recency is on the horizontal, correct?

  (4) Slide 30 - RLV; for P(alive at n|x, tx, n) why do we use alive at n instead of alive at t as before?

  (5) Slide 39 - BG/NBD; p in the geometric distribution has nothing to do with the probability of purchasing anymore, correct? Is there then nothing that takes into account this probability of purchasing? Is that not relevant anymore?

  (6) General question: So we say that the cohort of customers all started at the same time. We calculate the CLV for them, which makes sense because at that first time period they are all new customers. However, I cannot find the logic of computing the RLV for a cohort? How should I interpret that and the difference then between the CLV and the RLV?

- [Jorg];
  I have a small question about the webclips:

  Webclip 7.2 (09:17) Why are both path 3s the same in slide 21?

  Didn't the last 3 had his last repeat purchase 6 periods before and the first 3, 2 periods before? Hence, 3(1) = {2,2,6} and 3(2) = {2,6,6}?

Sufficient statistics