Profitable customers are those who contribute positively to the financial health and success of a business. Identifying profitable customers involves assessing their lifetime value (LTV) and considering factors such as revenue generation, acquisition costs, and ongoing servicing costs.

This statement emphasizes the importance of analyzing the profitability of customers, regardless of their size or revenue contribution, and adjusting business strategies accordingly. Here's a breakdown of what it means:

1. **Customer Profitability Analysis**:
   * Businesses should conduct thorough customer profitability analysis to determine the financial contribution of each customer to the organization.
   * This analysis involves assessing factors such as revenue generated, acquisition costs, ongoing servicing costs, and lifetime value.
2. **Large Customers vs. Smaller Customers**:

* Large customers may seem significant due to their sizeable revenue contributions, but they may not always be the most profitable.
* Smaller customers, on the other hand, may have lower revenue but may be more profitable when considering factors such as acquisition costs, servicing costs, and loyalty.

**For Example:**

1. Young generation is profitable customer for Energy Drinks.
2. Sport athletes are profitable customers for Sport accessories.
3. Young generation and Millennials( individuals born between the early 1980s and the mid-to-late 1990s or early 2000s) are profitable customers for Smartphones.

**Note:**

* If large customers are found to be disproportionately profitable, the focus may remain on serving and retaining them effectively.
* However, if smaller customers are found to be more profitable on a proportional basis, businesses may need to prioritize strategies to attract, retain, and grow this segment.