Calculation of Value of a Loyal Customers(VLC)

Particulars	**Number**	**Remarks**	**Remarks1**	
Per user per month revenue	$ 8.99	Monthly subscription charge		
Estimated % of expenses in content, technology and marketing	80%	Expense for content creation, technology development and marketing		
Estimated gorss profit	20%	Estimated gross profit after expenses		
Profit per subcription	$ 1.80	Grorss profit per subcription		
% contribution margin to profit	20%	(Profit/ Selling price) *100 %		
Repurchase frequency	1.00	Assuming average subcription period of 3 months	Assuming 3 months is average subcription for a customer	
Customer rentention rate	0.50	**At 50% retention rate**		
Number of customer representing 1 % market share	120,000	1 % of 1,200,000	Estimated onboarded users in year 1	1,200,000.00
Buyer's life cycle	2	1/(1- Customer Retention Rate)		
VLC	$ 0.72			
Value of 1% percent change in market share	86,400	Number of customer representing 1% of market share * VLC		
Customer retention	0.7	**At 70% retention rate**		
Buyer's life cycle	3.33			
VLC	$ 1.20			
Value of 1% change in market share	$ 144,000			

Data set	Description	Relevant to Walmart Fitness Club?
VLC	The monetary worth attributed to retaining loyal customers, and the importance of customer loyalty in sustaining business revenue and profitability.	Yes
Taguchi	Engineering methodology aimed at improving the quality and reliability of products and processes through systematic experimentation and optimization.	No
Little's Law	A fundamental principle in queueing theory that relates the average number of customers in a system to the average time spent by a customer in the system and the average arrival rate of customers.	No
Location Analysis	A strategic process of evaluating potential sites for business operations or facilities based on various factors such as proximity to customers, suppliers, labor, and infrastructure.	May be
Break-Even	A financial analysis technique used to determine the level of sales or revenue at which total costs equal total revenue, resulting in neither profit nor loss.	Yes
Moving Average	A statistical technique that smooths out fluctuations in data over time by calculating the average of a specified number of preceding data points.	Yes
Exponential Smoothing	A forecasting method that assigns exponentially decreasing weights to past observations, giving more weight to recent data while gradually diminishing the influence of older data.	Yes
Capacity	The maximum output or production capability of a system, facility, or process within a given period, often measured in terms of units produced per time period.	Yes
FQS Safety Stock	A method used in inventory management to maintain an extra quantity of stock to mitigate the risk of stockouts caused by fluctuations in demand or lead time.	No
EOQ (Economic Order Quantity)	The optimal order quantity that minimizes the total inventory holding costs and ordering costs by balancing inventory carrying costs and ordering costs.	No
FPS Safety Stock	Another approach to safety stock management, standing for Fixed Period System, where safety stock is calculated based on demand during a fixed time period.	No
ABC	A classification technique used in inventory management to categorize items based on their importance or value to the organization, typically divided into categories A, B, and C.	No
Single-Period Inventory	An inventory management approach used for perishable or seasonal items, where inventory is ordered for a single period with the aim of maximizing profit or minimizing loss.	No
Aggregate Planning - Level Production	A production planning strategy that maintains a constant production rate over the planning horizon to meet overall demand while adjusting inventory levels as needed.	No
Total Supply Chain Cost	The sum of all costs incurred in the process of producing and delivering a product or service across the entire supply chain, including procurement, manufacturing, transportation, and distribution.	No
Aggregate Planning	A strategic planning process used in manufacturing and services industries to determine the optimal production and workforce levels over a medium-term planning horizon.	No
Aggregate Planning Chase Production	Another aggregate planning strategy that adjusts production levels to match fluctuations in demand, resulting in varying workforce and inventory levels.	No
Six Sigma	A data-driven methodology focused on process improvement and variation reduction to achieve near-perfect quality in products and services by minimizing defects and errors.	No
Pareto	A principle stating that a large majority of effects come from a small number of causes, often represented by the Pareto principle, where roughly 80% of outcomes result from 20% of causes.	No