

Name: Melvin M. Custodio  
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Customer Relationship Management

### ACTIVITY #5

1. What distinguishes operational processes from strategic processes within an organization, and can you provide examples of how each type contributes differently to the overall functioning and success of the business?

Operational processes are the regular tasks necessary to keep a firm functioning smoothly and successfully. The goal of these processes is to carry out operations in order to generate products or provide services. Manufacturing goods, responding to consumer questions, processing orders, and inventory management are a few examples. Operational procedures guarantee that the company achieves its short-term objectives, such meeting deadlines for customer orders or upholding quality standards.

2. What is the importance of Customer Lifecycle Management to a Company?

A company needs to invest in Customer Lifecycle Management (CLM) to better understand and handle the full customer journey, from initial contact to post-purchase interaction. Throughout the customer lifecycle, which includes acquisition, onboarding, engagement, retention, and loyalty, CLM monitors and optimizes interactions with customers.

3. What metrics do you use to assess customer acquisition effectiveness?

Businesses use key metrics, such as Cost Per Acquisition (CPA), Conversion Rate, Customer Lifetime Value (CLV), Return on Investment (ROI), Customer Acquisition Cost-to-Lifetime Value (CAC:LTV) Ratio, Time to Payback, and channel-specific metrics like click-through rate and engagement rate, to evaluate the efficacy of their customer acquisition efforts. These indicators shed light on the long-term profitability, conversion rate, and cost-effectiveness of customer acquisition using different tactics and channels. Businesses may enhance their customer acquisition tactics, manage resources more effectively, and ultimately propel sustainable development and profitability by monitoring and evaluating these data.

**Direction:** Calculate Average Purchase Value, Purchase Frequency, Customer Value, and Customer Lifetime Value using the data provided.

**Given Data:**

Total Revenue: PHP 300,000

Number of Purchases: 60

Number of Customers: 15

Expected Customer Lifespan: 3 years

**Questions:**

4. Calculate the Average Purchase Value.
5. Calculate the Purchase Frequency.
6. Calculate the Customer Value.
7. Calculate the Customer Lifetime Value.

**Answer:**

Calculate Average Purchase ValueCalculation:

$$\text{PHP } 300,000 \div 60 = \text{PHP } 5,000$$

Calculate Purchase Frequency:

$$60 \div 15 = 4$$

Calculate Customer Value:

$$\text{PHP } 5,000 \times 4 = \text{PHP } 20,000$$

Calculate Customer Lifetime Value:

$$\text{PHP } 20,000 \times 3 = \text{PHP } 60,000$$