

[◀ Back to Week 3](#)[X Lessons](#)[Prev](#)[Next](#)

Formulas for Calculations Demonstrated in this Module

Purpose	Formula/Term	Explanation
To calculate Customer Lifetime Value (CLV) if customer pays before the service	$CLV = [\$M - \$R] * (1 + d) / (1 + d - r)$	\$M is Contribution per customer = Sales Price - Variable costs \$R is Retention Spending per customer d is discount rate r is retention rate
To calculate Customer Lifetime Value (CLV) if customer pays after the service	$CLV = [\$M - \$R] * r / (1 + d - r)$	\$M is Contribution per customer = Sales Price - Variable costs \$R is Retention Spending per customer d is discount rate r is retention rate
To calculate short-term multiplier	$[\$M - \$R]$	Same as above
To calculate long-term multiplier	$[(1 + d) / (1 + d - r)]$	Same as above

[Mark as completed](#)


