

Cohort and Incubate

CLV: Cohort and Incubate

Typical customer retention curve



Retention rate depends on time since customer acquisition

CLV: Cohort and Incubate

- Cohort = customers acquired at the same time period (month, quarter, or year)
- Since retention changes with time since acquisition, CLV calculations are better if they are done separately for each cohort

CLV: Contractual vs. Noncontractual

- Xfinity and Netflix have a contract with customers
- They know when a customer unsubscribes to the service
- This helps in knowing lifetime duration and retention rate
- What if a customer does not sign a contract to use a service?
 - E.g., grocery stores (Kroger), others?

