

Digging Deeper

The Base CLV Model

$$\text{CLV} = [\$M - \$R] \times [(1 + d) / (1 + d - r)]$$



Short-Term Margin



Long-Term Multiplier

The Base CLV Model

$$\text{CLV} = [\$M - \$R] \times [(1 + d) / (1 + d - r)]$$

Short-Term Margin

Long-Term Multiplier

If retention increases

- How does the discount rate change?
- How does long-term multiplier change?
- How does CLV change?