**What is Customer Lifetime Value (CLV)?**

CLV is the amount of money a customer is predicted to spend with your business for the duration of your relationship with that individual. It’s an important metric, and the way you approach it can both [define your business](https://mailchimp.com/resources/how-to-start-a-business/)and could vary significantly depending on what you’re trying to get from your business.

**How to measure CLV ?**

So, how do you measure CLV? You can estimate your Customer Lifetime Value with the following steps:

* Forecast a [customer’s lifecycle](https://mailchimp.com/resources/using-the-customer-journey-to-guide-your-campaigns/) with your business
* Estimate future products purchased to forecast future revenues
* Estimate the costs associated with producing and delivering future products
* Calculate the current value of those revenue amounts

**Business Problem of Current Project ?**

This project is to build a ML model for an Auto Insurance company, we need to predict the conditions affecting customer lifetime value(CLV). CLV is the total revenue the client will derive from their entire relationship with a customer.

Here we need to predict the customer lifetime value for each customer so as to make sure how much benefit each customer can repay to the company in exchange of the benefits he or she receives

This is an important figure to know because it helps company to make decisions about how much money to invest in acquiring new customers and retaining existing ones.

**About the Data :**

The data has a total of 9134 observation of 24 variables

**Approach:**

We do a regression model to find out how and why the clv gets affected and how to tackle clv so that the company can benefit.

Steps Involved in Building a Project :

1. Objective
2. Data Understanding
3. Exploratory Data Analysis (EDA)
4. Regression Analysis with Continuous Variables -  
   A. Model Interpretation  
   B. Residual Analysis
5. Assumpation Testing of Linear Regression Analysis
   1. Detecting multicollinearity
   2. Detecting Homoscedasticity
   3. Detecting Autocorrelation
   4. Detecting MAPE
6. Prediction Curve
7. Summary & Business Recommendation.(Create two lines of summary about the Model and the interpretations made out of it )