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Linking Customer Journey to Customer Lifetime Value: Towards A More Comprehensive Control of Customer Relationships

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Abstract

Over time, marketing has evolved into a comprehensive approach that emphasizes relationship marketing and customer experience, with a focus on creating value for both the firm and the customer. To measure the economic value that a customer contributes to a company throughout their business relationship, organizations have incorporated customer lifetime value (CLV) as a fundamental concept. However, despite the development of various models for valuing customer relationships, the application of these models in companies remains rare. To address this issue, this paper proposes an approach that integrates the principles of Economic Value Added (EVA) with the concept of customer journey mapping. By modelling costs and revenues during the customer relationship and focusing on residual incomes rather than cash flows, our approach seeks to improve the applicability of customer valuation. Ultimately, we aim to help companies better manage their customer relationships and maximize their customer equity.

Keywords: Customer valuation, customer lifetime value, economic value added, relationship marketing, customer journey