

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Fall, 2017



**Center for Excellence in
BRAND & CUSTOMER MANAGEMENT**

Professor: V. Kumar
J. Mack Robinson College of Business
Georgia State University
Office Hours: By appointment
Email: vk@gsu.edu

Assignment 5 – CRV Computation

Note: Please name the document as: *LASTNAME_FIRSTNAME_5*. Please submit the assignment by email to alahiri1@gsu.edu by **November 1st at 5pm**.

Consider a telecommunication service provider. You have the following quarterly data:

STATISTICS	TYPICAL CONSUMER
Number of referrals per period ($n=n_1+n_2$)	5
of which, customers that joined due to the referral (n_1)	3
of which, customers that would have joined anyway (n_2)	2
Marketing cost per period (M_{ty})	\$20
Average gross margin (A_{ty})	\$58
Cost of referral (a_{ty})	\$15
Acquisition cost savings (ACQ_{1ty} and ACQ_{2ty})	\$10
Yearly discount rate (r)	15%

Calculate CRV of a typical customer for one year (over 4 quarters).