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Author Ming-Chieh Lin
Author's Email Address No Public.
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Abstract
In Costumer Relationship Management (CRM) ,Customer lifetime values (CLV) is rapidly gaining acceptance as an authority to allocate firm’s marketing resource. Any successful customer relationship Management need a database to save customers’ historical purchase data for tracking individual customer’s purchase behavior over time. Database Marketing is a key for firms to implement one-to-one marketing.

The CLV is the present value of all future profits generated from this customer. In order to use CLV for allocating marketing resources, firms need to calculate individual customer value. CRM is the process of analyzing a firm’s customer interactions in order to enhance the CLV to the firm. Using CLV to allocate marketing resources assumes that the CLV can be estimated accurately. The efficiency and effectiveness of the CLV is most importation tasks in firm operation.

Therefore, this study presents a Markov chain model to calculate CLV. The framework explicitly considers Recency, Frequency and Monetary value (RFM) of customer purchase in transition matrix of Markov chain model. Markov chain model is concerned with the calculation of CLV. A numerical example will show the performance of Markov chain model for CLV. Hence, it could actually decide when to close customer relationship which is count for nothing by evaluating individual customer value.
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