Peter C. Verhoef

Customer Value Management

Some Reflections and Future Trends
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Correspondence:
Prof.dr. Peter C. Verhoef
University of Groningen
Faculty of Economics and Business
P.O. Box 800, 9700 AV Groningen
The Netherlands
e-mail: p.c.verhoef@rug.nl
phone: +31 50 3637320

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1. INTRODUCTION

One of the key-developments in marketing and management practice in the last decade has been the growth of Customer Relationship Management (CRM). Many firms have invested in large customer databases to understand, monitor and influence customer behavior (Boulding et al. 2005). CRM is defined as the practice of analyzing and utilizing marketing databases and leveraging communication technologies to determine corporate practices and methods that will maximize the lifetime value of each individual customer (Kumar and Reinartz 2005, p. 5). One of the critical aspects in this definition is the role of customer value, which is the economic value of the customer relationship for the firm. Consequently, other researchers also use the term Customer Value Management (CVM), which entails the optimization of the value of a company's customer base. CVM focuses on the analysis of individual data on prospects and customers. The resulting information is used to acquire and retain customers, and to drive customer behavior with the developed marketing strategies in such a way that the value of all current and future customers is optimized (Verhoef, van Doorn and Dorotic 2007).

CVM conceptually has its roots in relationship marketing. Relationship marketing has mainly focused on measuring constructs, such as commitment and trust, which create successful relationships with customers (Morgan and Hunt 1994). Customer data, however, are not essential within relationship marketing. In that sense CVM enriches relationship marketing, with its primary focus on the analysis of customer data and explicitly seeking data-driven ways to enhance customer value.

Important developments in information and communication technology—allowing firms to build large customer databases with real-time access at customer-touch points—and the development of strong software packages for analyzing these data, have accelerated interest in and application of CVM. Companies, such as Capital One, Harrah's Entertainment, IBM, UK-based retailer Tesco and the Dutch Mobile Phone operator KPN have as a