ACKNOWLEDGEMENT

First of all, many grateful to God and Jesus Christ for all His bless for me so I’m capable in finishing my research. This research was written as condition for graduation of Magister Management. Thinking back when this research has just started, it was a tough journey. It was a tough day when this research was flooded by many uncertainties and endless difficulty. However, I always keep saying to myself *Life won’t go easy to you, but that why makes Life so interesting*. In the end, I experienced an incredible learning process and a valuable lesson about life. *Nothing’s Impossible.*

I really indebted to my research supervisor, Dr. Andreas Raharso for his immense help. His constructive comments and valuable suggestion are greatly acknowledged for me. The challenge and guidance that he gave me was truly helping me in executing this project until the end.

Many thanks to Mr. Akhmad Ardiansyah, S.kom, M.M. from PT. XYZ for his help in providing the valuable data and consult about his company. Also, for Herry Kurniadi, Paulus Anwar and Risky Syauta, thanks for your time for teaching me about financial problem. Don’t forget about Albert Rousnaldy, Ricky Panca, Allan Ricki, Lita Agustina, Annabelle and Muhammad Farhan who always give the support and valuable information for my research. And for the rest MAO personnel, many thanks for this past 16 months. I really grateful I’ve met you guys. We’ll meet again at the top.

I also want to show my gratitude to my parents, which always give their support, guidance, advice, and never tired to take care of me. Without them, nothing of this will happen. LOVE YOU, MOM, DAD.
Finally I would like to thank all that direct and indirect support for me in completing this research in time. All your favors are so valuable for me. God Bless You All.

Jakarta, March 2008

Adi Perdana
ABSTRACT

There have been many repeated calls from top management for marketing academicians to make a greater accountability in marketing so that the financial returns of marketing investments can be more robustly evaluated. These are requests around the issue of whether or not marketing delivers shareholder value. One promising line of enquiry explores customer lifetime value and the profitable management of these relationships.

Efforts to balance marketing spending on customer acquisition and customer retention are usually based on either single-period customer profitability or forecasts of customer lifetime value (CLV). This thesis describes empirical research which explores differing approaches to measuring customer risk and the creation of shareholder value through customer relationship management (CRM). So, the means for marketing to assess both customer profitability and shareholder value gains is with risk-adjusted CLV, which is termed the CLV Adjusted.

I report on the empirical measurement of CLV-Adjusted of customers through a collaborative case study analysis of business-to-business relationships in the financial service industry. One direct consequence of measuring this risk and the CLV-Adjusted of group businesses was a customer portfolio review which led to changes in their relationship marketing strategies and improvements in shareholder value for the firm.

I conclude this thesis by highlighting the result of my research and discussing selective customer retention through lifetime value analysis and a risk-adjustment process as the means for developing relationship marketing strategies.

Keywords: Relationship marketing, Customer lifetime Value, CLV-Adjusted, Shareholder value, Customer risk.
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