



**DIGITAL MARKETING IN NORDIC LOAN BROKER COMPANIES:
UNDERSTANDING HOW CUSTOMER ACQUISITION CHANNELS AFFECT
CUSTOMER LIFETIME VALUE**

Lappeenranta–Lahti University of Technology LUT

Master's Programme in International Marketing Management, Master's thesis

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Emilio González Jalonen

Examiners: Jaakko Metsola and Jenni Sipilä

ABSTRACT

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Emilio González Jalonen

Digital Marketing in Nordic Loan Broker Companies: Understanding How Customer Acquisition Channels Affect Customer Lifetime Value

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This thesis explores how customer acquisition channels (CACH) affect customer lifetime value (CLV) in Nordic loan broker companies, with special focus on affiliate marketing (AM) and search engine marketing (SEM). As digital marketing continues to evolve, competition for customer attention. Therefore, firms must understand the short-, medium-, and long-term implications of their marketing decisions. A key part of optimizing earnings and costs involves analyzing customer behavior, intent, and how these relate to specific acquisition channels.

A qualitative research approach is employed, using semi-structured interviews with professionals experienced in the Nordic consumer finance industry. The findings show that CACH's have an impact on CLV, by attracting segments with differing profiles and intent. Additionally, CRM proves to be a significant part of CLV creation. The research shows that customers acquired through AM and SEM have relatively different behaviour with CRM - partly due to the involvement of third-party affiliates in AM, which limits the broker's ability to control the customer relationship.

This thesis contributes to academic discussion by highlighting the impact of CACH's on CLV in a data-rich, digitally-driven financial environment. In practical terms, it offers actionable insights for optimizing marketing budgets and CRM strategies. The research also demonstrates how firms can achieve a competitive advantage by applying a data-driven, CLV-focused approach to their acquisition and retention strategies.

TIIVISTELMÄ

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Digitaalinen Markkinointi Pohjoismaisissa Lainanvälitysyriyksissä: Asiakashankintakanavien Vaikutus Asiakkuuden Elinkaaren Arvoon

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Tämä pro gradu -tutkielma tarkastelee asiakashankintakanavien (CACH) vaikutusta asiakkuuden elinkaaren arvoon (CLV) pohjoismaisissa lainanvälitysyriyksissä, keskittyen erityisesti affiliate-markkinointiin (AM) ja hakukonemarkkinointiin (SEM). Digitaalisen markkinoinnin jatkuvan kehityksen myötä kilpailu asiakkaiden huomiosta kiristyy. Tämän vuoksi yritysten on ymmärrettävä markkinointipäätösten vaikutukset lyhyellä ja pitkällä aikavälillä. Tuottojen ja kustannusten optimoinnin kannalta on keskeistä analysoida asiakkaiden käyttäytymistä, aikomuksia ja niiden yhteyttä eri hankintakanaviin.

Tutkimuksessa käytetään laadullista tutkimusmenetelmää, jossa aineisto on kerätty puolistrukturoiduilla haastatteluilla Pohjoismaiden kulutusluottomarkkinoilla uraa tehneiltä asiantuntijoilta. Tulokset osoittavat, että asiakashankintakanavat vaikuttavat CLV:hen houkuttelemalla asiakassegmenttejä, joilla on erilaisia profiileja ja aikomuksia. Lisäksi asiakkuudenhallinta (CRM) osoittautuu keskeiseksi tekijäksi CLV:n kehittämisessä. Tutkimus osoittaa, että AM- ja SEM-kanavien kautta hankitut asiakkaat käyttäytyvät CRM:n näkökulmasta eri tavoin – osittain siksi, että AM:ssä kolmannen osapuolen affiliate-toimijat rajoittavat lainanvälittäjän mahdollisuuksia hallita asiakassuhdetta.

Tutkielma edistää akateemista keskustelua osoittamalla, miten CACH:t vaikuttavat CLV:hen datakeskeisessä ja digitaalisesti ohjautuvassa finanssitoimialan ympäristössä. Tutkimus tarjoaa konkreettisia oivalluksia markkinointibudjettien ja CRM-strategioiden optimointiin. Lisäksi tutkimus osoittaa, kuinka yritykset voivat saavuttaa kilpailuetua soveltamalla dataa perustuvaa, CLV-pohjaista lähestymistapaa asiakashankintaan ja asiakassuhteiden hallintaan.

SYMBOLS AND ABBREVIATIONS

<i>AM</i>	affiliate marketing
<i>B2B</i>	business-to-business
<i>B2C</i>	business-to-customer
<i>BM</i>	brand marketing
<i>CAC</i>	customer acquisition cost
<i>CACH</i>	customer acquisition channel
<i>CE</i>	customer equity
<i>CLV</i>	customer lifetime value
<i>CPA</i>	cost per action
<i>CPC</i>	cost per click
<i>CPL</i>	cost per lead
<i>CPM</i>	cost per mille
<i>CPS</i>	cost per sale
<i>CRM</i>	customer relationship management
<i>KPI</i>	key performance indicator
<i>PPC</i>	pay-per-click
<i>SEM</i>	search engine marketing

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1 Introduction

In this paper I research the effect customer acquisition channels have on the customer value for firms. Our study investigates the lifetime value of customers acquired through traditional brand marketing, search engine marketing and affiliate marketing to understand if there is a difference in the total value customers bring to firms depending on which acquisition channel they come from. The purpose of this study is to discover differences in customer lifetime value depending on the acquisition channel and by that create academic fundamentals that support firms in their marketing budget allocation strategies.

1.1 Background

As more services, products, and daily activities shift online, digital marketing has become more relevant than ever for firms. Not only do firms need to communicate digitally, but they must also find ways to stand out in a marketplace that is more crowded than ever. Geographical boundaries no longer limit companies in the same way and therefore competition is global, making customer attention scarcer.

The shift to a digital world brings new opportunities with it. Digital marketing allows companies to reach their target customers more precisely than ever. Firms should not spend budgets to buy any kind of customer, but the right kind of customer (Blattberg, R. C., 1996; Blattberg, Robert C. et al., 2001). The development of digital marketing tools is anyhow not a guarantee to reach customers. It allows firms with knowledge and resources to have an advantage over competitors. Since every dollar count, it is important that companies use their capabilities efficiently. To do so companies need to have great specialists, who know how to optimise marketing tools, but they also need to have a knowledgeable management who understand the dynamics of marketing and how the results obtained with different marketing channels and tools affect the company results in the short- and long-term. To engage with target customers effectively, companies must use the right content, marketing channels, and platforms.

Firms should optimize their marketing strategies and budgets based on performance. This includes doing changes within marketing channels to react to market trends and capitalize on opportunities while minimizing losses on operations that are not bringing the expected result. Firms should understand what type of performance they are to expect from each marketing channel and use suitable key performance indicators (KPI) that help to follow the results. For example, a TV campaign might have much lower sales results on the short-term compared to a search engine marketing (SEM) campaign. This does not mean the TV campaigns are not necessary, instead a deeper understanding of how different marketing actions affect customer behaviour is needed to know if a campaign brings the expected value or not. The overall impact of different marketing actions is often difficult to know within a short time; therefore, it is important to consider the long-term effect of marketing. This can be done by calculating the customer lifetime value (CLV) for the firm. The CLV includes the customers value for the company throughout the customer relationship. Not only will this allow firms to understand the short- and long-term revenues from customers but it will also show if there is a difference in the customer behaviour (e.g., brand loyalty) depending on the marketing channel.

The rise in popularity of digital platforms has increased the time consumers spend online. This has in turn increases the opportunities for companies to reach customers through digital channels. There are numerous novel ways to reach and engage with customers digitally and therefore there is a large trace of data to be collected that allows firms to get valuable insights about customer behaviour. This helps businesses refine their strategies, ensuring they reach their audience effectively. Digitalization has introduced a world of digital services including entertainment sites, newspapers, social media platforms, communication platforms, and search engines, among others. All these channels can be used by firms to target customers. Search engines and social media have become especially significant marketing channels worldwide. A report conducted by IAB in 2024 shows that internet advertising revenues in the United States have almost doubled since 2019, reaching an astounding \$225 billion during 2023 (iab, 2024).

In this paper I will investigate the CLV of customers acquired through different digital marketing channels. Each marketing channel attracts customers with certain characteristics and behaviour, which in turn determine the value they bring to the firm. This research aims to understand how marketing channel specific CLV can be used as a valuable KPI for firms to make more informed decision when allocating marketing budgets. The research will be done in the context of Nordic loan brokers firms (LBF), and the focus will be on business-to-

customer (B2C) interactions. Since LBF's operate fully online in the Nordics, they are especially relevant to research for this study. Additionally, it is a data rich field since financial services require a deep understanding of their customers. Having precise customer data allows to build more accurate customer profiles and to understand customer behaviour better. This in turn helps to identify how customer profiles and behaviour differ between marketing channels and ultimately allows us to understand why marketing channels have differing CLV.

1.2 Preliminary literature review

The significance of digital marketing has grown substantially since the early 2000s, both in practice and academic research. Companies worldwide are increasingly leveraging digital channels to enhance their marketing efforts, a trend highlighted by the Interactive Advertising Bureau (iab, 2024). While this trend has generated considerable academic interest in comparing online marketing channels and traditional offline marketing channels (Bayer et al., 2020), this thesis focuses on exploring the differences between online marketing channels specifically in the Nordic loan broker industry.

Existing literature has examined various dimensions of marketing channel performance but has some gaps that this study aims to address. One prominent gap lies in the lack of comparative research using customer lifetime value (CLV) as a key performance indicator (KPI). For instance, Bayer, Srinivasan et al. (2020) evaluated marketing channels based on performance metrics like sales and value, while Sridhar (2016) employed firm value as a KPI to compare online and offline marketing. De Haan (2016) investigated the effectiveness of online marketing channels by assessing their ability to generate traffic, influence conversion, and contribute to revenue. Despite their contributions, these studies do not incorporate CLV, a comprehensive metric that evaluates the profitability of customer relationships across multiple phases, including acquisition, retention, churn, and win-back (Kumar and Reinartz, 2016).

CLV is particularly relevant for this research as it provides a holistic perspective on customer management. Kumar and Reinartz (2016) emphasize that CLV considers both exchange characteristics and customer heterogeneity, key factors in estimating the long-term profitability of customer relationships. Exchange characteristics refers to variables that define the relationship between firm and customer, such as customer behaviour, while customer

heterogeneity refers to variables that help to segment customers, such as demographics or income (Kumar & Reinartz, 2016). By adopting CLV as a KPI, this study seeks to fill a critical gap in the comparative analysis of online marketing channels. While the tasks and drivers influencing CLV will be elaborated in the literature review chapter, it is worth noting that this metric enables a balanced evaluation of acquisition and retention strategies, offering a nuanced understanding of customer behavior.

Another significant research gap leads to the inclusion of affiliate marketing. Existing studies, such as Lewis (2006), have explored marketing actions and their impact on CLV, focusing on variables like discounts. However, they do not address how and why CLV varies between different online marketing channels, including affiliate marketing. The lack of research on affiliate marketing is particularly notable given its growing role in digital strategies, especially by LBF's in the Nordics. By incorporating affiliate marketing into the analysis, this study will provide a more comprehensive understanding of how various online channels influence CLV, contributing novel insights to the field.

This research will build upon the foundation established by previous studies while addressing the identified gaps. A comparative analysis of online marketing channels using CLV as a KPI will provide actionable insights for practitioners and advance the academic discourse on digital marketing. The following chapters, particularly Chapter 2, will dive deeper into the existing literature on this topic.

1.3 Research questions

This thesis will research the impact marketing channels have on the value firms get from acquired customers. Customer value for the firm is mostly dependent on the customer characteristics and their behaviour, which can be impacted through CRM actions. The main KPI used to calculate customer value is CLV since it is the most efficient way to include the historic customer value of a customer relationship with a firm. The thesis is narrowed down to cover the loan brokering field in the Nordics. The chosen industry is interesting since it is a fully digital service that is rich in customer data. The in-depth customer data allows to create a more accurate and nuanced research. The research questions have been created from the ideas mentioned above.

How can loan broker companies use different customer acquisition channels to maximize customer lifetime value?

The two sub-questions help tackle the research question more profoundly.

- 1. How does customer behaviour differ based on the acquisition channel in loan broker companies?*

The first sub-question explores if customer behaviour differs based on acquisition channel. While acquisition channels will likely bring a wide range of customer, the goal is to understand if there are customer segments with specific behavioural traits that are more likely use specific acquisition channels. Understanding this will help explain why there are differences in CLV per CACH.

- 2. What role does CRM have in managing the lifetime value of customers acquired from different channels?*

The second sub-question investigates if customers acquired through different CACH's respond to CRM activities differently. Understanding this will help explain why there are differences in CLV per CACH.

1.4 Theoretical framework

Our theoretical framework is displayed in Figure 1. The primary framework used is CLV theory, which serves as the foundation of our research. It is the natural foundation since this thesis is studying CLV of CACH's. Our supporting theories are designed to help us understand each step of process leading to the final customer value.

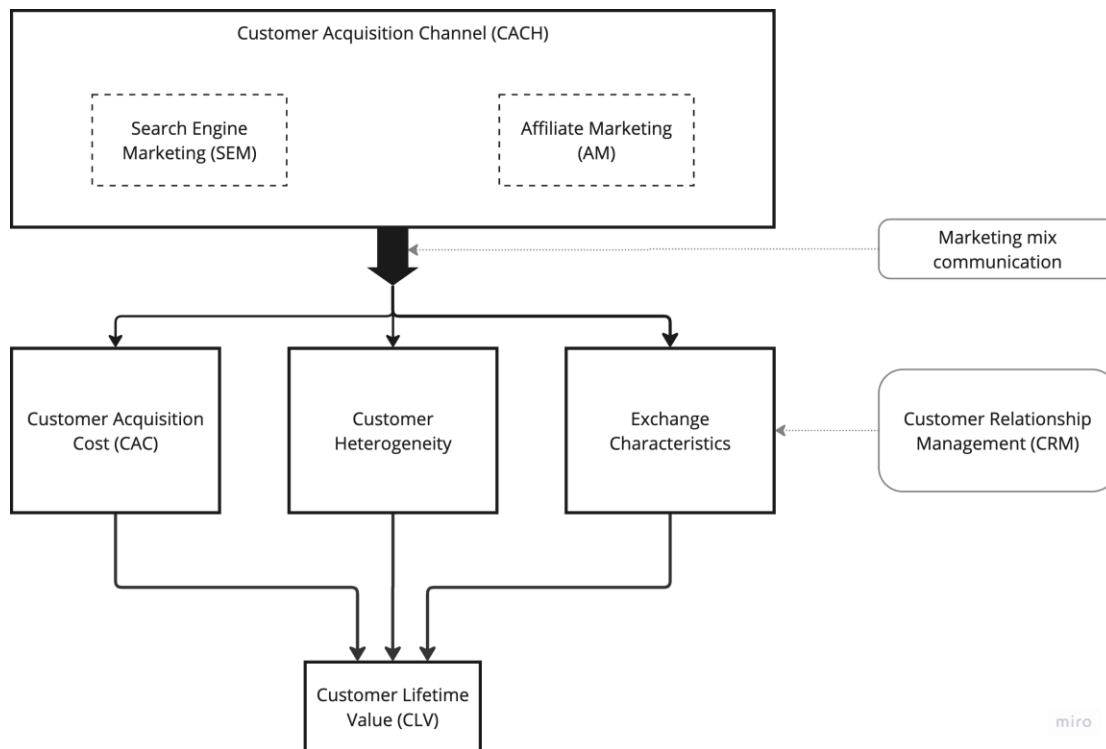


Figure 1. Theoretical framework

At the top of Figure 1 we see the CACH's that we will be investigating: SEM and AM. We will research why there are differences in the CLV achieved from these CACH's and the differences in marketing mix communication from each CACH.

We believe there are two main variables that are interesting to investigate around the CACH's once we understand the differences they have in the marketing mix communication. First, we want to understand the cost of the CACH's, since that will play a significant part in the final CLV result. Secondly, we want to understand the customer value produced through the CACH's. The drivers of CLV have been grouped in two: customer heterogeneity and exchange characteristics (Reinartz, Werner J. & Kumar, 2003). As mentioned before, the hypothesis is that CACH's will attract different customer segments which will most likely have differing characteristics and behaviour. These variations in customer behaviour might correlate positively with customer characteristics but there could also be a strong behavioural correlation with the CACH's e.g., caused by higher brand loyalty based on CACH. Research shows that customer behaviour influences CLV (Reinartz, Werner J. & Kumar, 2003) and that customer inclination impacts customer behaviour (Hogan et al., 2003), which affects CLV. We have

decided to also consider how CRM activities impact customer behaviour based on the CACH that customers are acquired from. CRM theories will be useful in this part of the research.

At the last step of our theoretical framework diagram (Figure 1) we end up on the main topic, CLV. All that is investigated before this will in some way influence what the CLV of customers are per CACH.

1.5 Definitions/key concepts

Customer lifetime value (CLV): it represents the net present value (NPV) of all future profits a company expects to earn from a customer. It is calculated by combining revenue, costs, and customer behavior to predict future cash flows, minus the cost of capital (Kumar & Shah, 2009).

Customer relationship management (CRM): “consists of guidelines, procedures, processes and strategies which provide organizations the ability to merge customer interactions and keep track of all customer-related information” (Khan et al., 2012).

Customer acquisition channel (CACH): methods used to attract and acquire customers.

Affiliate marketing (AM): a marketing approach where third parties (publishers) are paid to promote products and services by sending customers or leads (Investopedia, 2024).

Search engine marketing (SEM): “a digital marketing practice aimed at improving a website’s visibility in search engines through paid ads and unpaid results” (Semrush.com, 2024).

1.6 Delimitations

The topic of this research has unlimited amounts of valuable variables that could be included and therefore in this section the most notorious delimitations are discussed. By delimiting the research, the aim is to attain a clear and cohesive thesis. The topics that have been left out are possible research topics for future research.

The research will focus on the CLV value created for B2C firms through different CACH's. When focusing only on B2C it naturally leaves out B2B cases, which most likely would show different results. The marketing strategies, behaviour and customer relationship of B2B transactions are different to B2C and therefore there is no simple way of including it in the research without extending our topic greatly.

The cross-channel effect between CACH's will not be considered in this thesis. It has been proven that marketing actions not only have an impact on the intended area, but they also have spill over to other areas (Dinner et al., 2014). It is complex to identify the cross-channel effect between different channels and therefore it will not be considered in the quantitative research. There will most probably be a spillover effect that could skew the results. The cross-channel effect present in this research could be studied in more detail in the future.

Customer value is a focal area in the research and studies have shown the dual value concept related to it. Customers need perceived value to be happy, and firms need the customers to bring value to be competitive and create value for its owners (Kumar & Reinartz, 2016). In this research we are delimiting ourselves to only researching the value customer create for the firms.

This thesis aims to understand find reasons why CACH's influence CLV on a general level. The data will be collected from the Nordic consumer loan industry, mainly from LBF's but also from marketing firms operating in that field. It is good to consider that findings in this research can be applied for cases from similar industries but might not fully apply to all industries.

1.7 Research methodology

This research will employ a qualitative approach to explore how various CACH's influence CLV in Nordic LBF's a reliable result on the topic should be attained. This approach allows for a comprehensive investigation to understand the financial performance of different acquisition channels and the underlying strategic decisions made by marketing managers. The research aims at providing a holistic understanding of the effects of CACH's on customer behaviour, retention, and long-term profitability.

The goal of the qualitative research is to explore the perspectives of marketing and sales managers on the impact of different CACH's on CLV. Interviews will be conducted with marketing managers within LBF's, as well as representatives of various acquisition channels. These interviews will focus on how each stakeholder perceives customer quality in their channel and how they evaluate the effectiveness of different marketing strategies. The qualitative insights will offer a deeper understanding of the rationale behind the use of specific CACH's, revealing potential motivations or constraints that might not be apparent in the data provided by quantitative research.

This approach will offer both empirical evidence from tens of years of experience and additionally strategic insights. By focusing on understanding the thinking of marketing experts and the rationale behind their decisions the goal is to identify potential gaps or untapped opportunities in the current marketing strategies. For instance, the findings may uncover areas where marketing managers see room for improvement in customer retention strategies or where they believe certain acquisition channels could be better leveraged to attract higher-value customers. The study aims to provide actionable recommendations for optimizing acquisition strategies and maximizing CLV in Nordic LBF's.

1.8 Structure of the thesis

The thesis will follow the structure displayed in Figure 2.

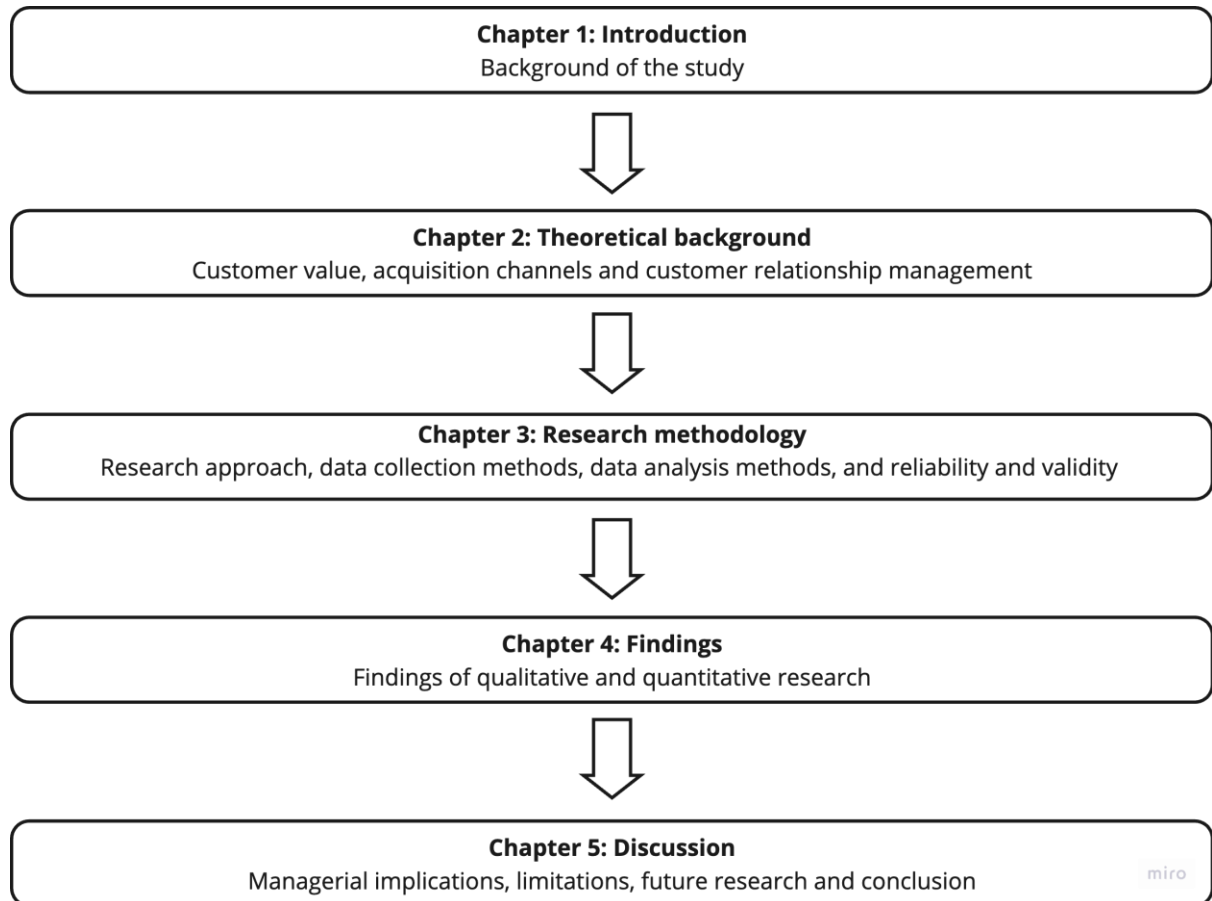


Figure 2. Structure of the thesis

2 Literature review

This chapter will introduce the main topics of this thesis with the help of literature on the topics. The main area that will be covered is CLV and its drivers. Additionally, the CACH's, SEM and AM, researched in this thesis will be introduced. The differences in CAC for each CACH and the impact on CLV will also be discussed. *The last section will cover CRM, since managing customer relationships have a significant impact on CLV.*

2.1 Customer value drivers

Customer value has been an area of interest for marketing practitioners and academics for a long time. It can be seen as the value created for the customer (Kumar & Reinartz, 2016) or as the value created for the firm (Kumar & Shah, 2009). Therefore, we can say that customer value is a dual concept where companies are to deliver perceived value for users to be competitive and successful (Kumar & Reinartz, 2016). Simultaneously, customers need to bring value to the firm, that can be measured with CLV, for the firm to reach its targets. The challenge here is for management to serve both purposes in a balanced way, providing perceived value for customers to be satisfied and creating value for the organization to be competitive

When comparing marketing channels, it is important to get the full understanding of the value that customers bring to the firm through each channel. To calculate the true value of a customer for a firm one must consider the direct value through a marketing related transaction but additionally one should include the value created throughout the customer relationship (Dawkins & Reichheld, 1990). A customer's value can be described as the financial worth of their relationship to the company — measured based on contribution margin or net profit (Kumar et al., 2012). Kotler and Armstrong put it well “relationship marketing is the process of creating, maintaining, and enhancing strong, value-laden relationships with customers and other stakeholders” (Kotler & Armstrong, 1996). If the value created throughout the customer relationship is not considered, the comparison of marketing channels will give values based on short-term results, which will in turn limit the investments firms can make to further expand

marketing activities. When firms understand the customers true value they can improve cost management, increase revenue, profits, and return on investment (ROI) (Kumar & Reinartz, 2016). Additionally, it will help firms acquire and retain profitable customers and do necessary marketing adjustments to optimise CLV.

Firms need to understand the value that customers will bring to them to make decisions on future investment in marketing, product development and other operations. Traditionally, firms have used the actual value created by customers to make decisions, this means they have used backward-looking models to calculate the actual value customers have brought to the firm (Kumar & Reinartz, 2016). These models are useful and accurate, but their issue is that results take time and when they are available, they might not be relevant any longer. This delayed decision making and promoted decision-making based on inaccurate data. To tackle this issue forward-looking CLV models were developed. Venkatesan and Kumar (2004) describe CLV as “the present value of future profits generated from a customer over this or her lifetime with the firm”. CLV-models use historic customer data and combine it with behavioural and segmentation data to compute the customer specific predicted value for the firm (Kumar & Reinartz, 2016). Naturally, predictive models are only estimations that need to be updated regularly, but they allow firms build strategies that rely on the forward-looking CLV-models. One of the benefits of CLV-models are that they do not only calculate the value customers will bring to firm from one interaction or because of a specific marketing action, but it calculates the value the customer brings to the firm throughout the customer relationship.

CLV drivers can be categorised in two groups: exchange characteristics and customer heterogeneity (Reinartz, Werner J. & Kumar, 2003). These two categories will be introduced next.

Table 1. CLV drivers in B2C setting (Kumar & Reinartz, 2016)

CLV drivers	Examples in B2C setting
Exchange Characteristics	<ul style="list-style-type: none"> • Past customer spending level • Cross-buying behaviour • Focused buying behaviour • Average interpurchase time • Participation in loyalty programs

	<ul style="list-style-type: none"> • Customer returns • Customer-initiated contacts • Frequency of marketing contacts • Type of marketing contacts • Multichannel shopping • Consumer deal usage intensity • Coupon usage intensity
Customer Heterogeneity	<p>Includes variables such as:</p> <ul style="list-style-type: none"> • Age • Gender • spatial income • Physical location of the customers

2.1.1 Exchange characteristics

Exchange characteristics refer to variables that outline the customer relationship interactions in a general way (Kumar & Reinartz, 2016). In practical managerial settings, the exchange characteristics are reflected in traditional scoring models, which mainly focus on metrics such as frequency of purchases and value of purchase (Hughes, 1996). Any behaviour that either improves or deteriorates the firm-customer relationship can be considered an exchange characteristics, this could include unsubscribing from newsletter list or showing interest by reacting to communication from the firm. The relationship between a firm and customer has similar elements to any relationship. Kelly and Thibaut (Kelley, 1979) suggest that the nature of a relationship can be understood through how often interactions occur, the depth of the interaction and the topics the interactions cover. When the firm's product offering and the customers' needs and desires match, the customer is more likely to buy more often, spend bigger amounts, and purchase a range of products. Ultimately, the better the relationship and the more value it brings to the customer and the firm.

2.1.2 Customer heterogeneity

The primary reason to include customer heterogeneity variables is to have statistical control and to have capabilities for segmentation (Reinartz, Werner J. & Kumar, 2003). Zeithaml (Zeithaml, 2000) argues that firms need to group customers into identifiable and measurable segments. This allows firms take personalised actions for each segment. Reinartz and Kumar (2003) prove in their research that there is a positive relationship with between the customer heterogeneity variables and exchange characteristics, thus proving that firms can learn to identify customer behaviour and value by grouping customers into relevant segments.

2.2 Acquisition channels

This study aims to investigate the difference in CLV for firms based on what marketing channel customers are acquired from. As mentioned previously, CLV is a KPI that allows us to take both short- and long-term customer value for firms into account. This section will introduce the acquisition channels studied in this thesis: SEM and AM. The reason for choosing these specific marketing channels is that both are relevant acquisition channels for Nordic LBF's and additionally they represent different ways of communicating to customers which makes them interesting research subjects. This section will give context about the characterises each channel and explain why they have been chosen for this study.

Bayer and his team have insightfully listed the abilities of the different advertising channels (Bayer et al., 2020). Some channels are good at brand building while others get immediate actions from customers. With some channels, firms have more control over targeting and placement, while other channels allow detailed attribution and customer specific personalising. Even though this research focuses on narrowing down the effect of specific marketing channels on CLV, it is important to state that marketing efforts have a cross-channel effect due to marketing efforts rarely being totally isolated from each other (Dinner et al., 2014). Marketing activities on one channel will most likely have some kind of impact on the results of other marketing channels.

2.2.1 Search engine marketing

SEM is a marketing channel based on getting visibility from search engines. Search engines are listings of websites that are used to find relevant information online. They have become a fundamental part for both online and offline services and products to gain visibility (Lewis & Reiley, 2014). There are two ways to gain visibility in search engines, organically by using search engine optimization (SEO) or through paid search (SEM). This thesis will focus on investigating SEM or paid search, since it is a much bigger acquisition channel for Nordic LBF's.

SEO is based on getting websites ranked high in the search engine result pages (SERP). Search engines work by 'crawling' content to see how effective it will be to attract traffic and provide information (Digital Marketing Institute, 2024). Websites are assessed and ranked based on the following factors: technical health of website, on-page SEO (content and elements), and off-page SEO (links) (Digital Marketing Institute, 2024). To get a good assessment on the factors mentioned, there are various SEO strategies and good practices. The downside of SEO is that the algorithms that decide the ranking are black boxes that are regularly updated, sometimes causing significant rank position changes from one day to another. This makes SEO a somewhat unstable source of traffic since there is no guarantee nor any definite measure that can be taken to secure a stable customer visits flow. The upside is that the cost to build and maintain a great SEO optimised website is far lower than most other marketing channels and therefore including SEO in the marketing strategy should be a no-brainer for most firms.

SEM, which is the CACH we are researching, also aims at getting visibility for websites from SERP's but the method is different to SEO. SEM is based on an auction system where websites bid for clicks (Google Ads, 2023). The higher the bid the better the ranking on the SERP is. Search volumes on keywords increase the bidding price. Higher positions on SERP translates into a higher probability for getting clicks. In other words, the click-through-rate (CTR) increases the higher a website is ranked on the SERP. Around 25 % of clicks go to the highest ranked website (Search Engine Journal, 2020). The customer flow from the firm's perspective is as follows: firms bid on specific keywords to get impressions, which they hope to convert into clicks by having good ranks and attractive texts (RUTZ & BUCKLIN, 2011). Competitive

bids lead to higher rankings in the SERP's, which lead to higher CTR and thus more visits per search.

SEM and SEO have a lot in common since both are aiming at creating relevant content to the searched keywords. New websites that want to see immediate results are recommended to prioritise SEM, since SEO results usually take longer to mature, whilst results from SEM are more immediate (Digital Marketing Institute, 2024). SEM can also be considered a more stable traffic source than SEO, since it is possible to impact rankings with the bidding strategy. As search amounts (demand) and bidding strategies of competitors fluctuate, so do the prices. Therefore, marketing departments should have SEM strategies that assure the marketing budget is efficient and yields the desired outcome.

According to Search Engine Journal, in 2024 the biggest search engine was Google, with a 91,47 % market share, followed by Bing, with only 3,95 % of global searches (Search Engine Journal, 2024). Due to Google's dominance, SEM is often seen as the synonym for Google Ads. Therefore, our study will be using Google Ads figures to investigate the CLV for customers acquired through SEM.

SEM is a dynamic CACH that can be easily modified by a company whilst AM, despite being performance based, is less dynamic as it relies on marketing activities, strategies and budgets of external partners. Next, AM will be introduced more in depth.

2.2.2 Affiliate marketing

AM is the second CACH that will be include in this paper, and it is a less researched marketing channel. This could be due to the poor-reputation affiliate marketing has portrayed through the years with inconsistent branding, cases of mass advertising and issues with customer distrust (De Paula, 2004). Simultaneously, AM has become one of the fastest growing customer acquisition channels and methods to increase sales online (Mariussen et al., 2010). The growth trend of AM can be seen in LBF's, where the role of AM has become significant for customer acquisition. This is why AM is an especially interesting area of research in this thesis.

Affiliate marketing is based on advertisers cooperating with affiliates who deliver customers to the advertiser. Affiliates can be any company or entity that can reach consumers in a relevant way and therefore can provide a marketing service for firms who want to reach their audience.

Affiliates can be news outlets, content creators, website owners, emailers, media buyers or any marketing professional that can reach a relevant audience for advertisers (Investopedia.com, 2024). Many affiliates learn to reach audiences in variety of ways, for example by building SEO optimised comparison websites, where they buy advertising through paid search and collect marketing consents which they use to send newsletters. Affiliates are compensated for their referrals through various compensation models, which depend on the agreed terms with the advertiser or affiliate network (Shopify.com, 2024). There are various compensation models that are commonly used, we have listed them in Table 2.

Table 2. Conversion points in AM

Conversion point	Description
Cost per mille (CPM)	affiliates are compensated for every thousand impressions
Cost per click (CPC)	affiliates are compensated for each click
Cost per lead (CPL)	affiliates are compensated for each lead the advertiser receives e.g., customer name, email and phone number
Cost per action (CPA)	affiliates are compensated for each lead that has an action e.g., approved lead
Cost per sale (CPS)	affiliates are compensated once there is a sale. This can be a fix amount or a percentage of the revenue

Affiliates networks are companies that link advertisers to affiliates and charge a fee for the service (Adtraction.com, 2025). This is useful for all parties since advertisers seldom have the resources and capabilities to build an affiliate platform that can track affiliate traffic, display results and handle payments. Affiliates are often small companies or one-man shops that would not by themselves be an interesting marketing partner for advertisers but when working with networks the cooperation makes sense for the advertiser and allows the affiliate to be involved. Networks are also specialised in ensuring that rules and restrictions set by advertisers are not breached by affiliates. This ecosystem is beneficial in most cases for all parties involved.

There are exceptions in microenvironments of specific industries where affiliates have become large and have thus become impactful for advertisers. In these cases, a direct relationship

between affiliate and advertiser is common. For this to work, advertisers need to provide technical solutions to enable the direct cooperations, similarly affiliates need to have technical capabilities to serve the specific needs of advertisers. The close relationship between advertiser and affiliate allows the two parties to build a cooperation where they serve each other's needs. This kind of cooperation allows there to be mutual growth and helps to develop the relationship from a transactional and case specific one, into a long-standing partnership. Amazon.com has been given credit for launching the first affiliate program on the Internet in 1996 (Libai et al., 2003). There are numerous companies that have followed Amazon's example, helping affiliate marketing become an important channel for acquiring customers (Libai et al., 2003).

In Figure 1 we see the flow for customers acquired through AM when affiliate networks are involved. The process starts with the customer encountering advertisement, such as a banner on a website, email newsletter, social media ad, or paid search ad. When the customer clicks on the link on the ad they are directed to the website of the advertiser where they can familiarise themselves with the product and proceed to purchasing. The affiliate links are provided by the affiliate network, and they carry specific information which is carried throughout the process. This makes it possible for affiliate networks to identify what traffic each affiliate has delivered. When the customer converts at the advertiser's website, the conversion point depends on the agreement, a callback is fired towards the affiliate network so that the conversion is tracked. The tracking allows affiliate networks to know how much they need to invoice the advertisers and how much to pay each affiliate. Customers will have the experience of only interacting with the advertiser throughout this whole process.

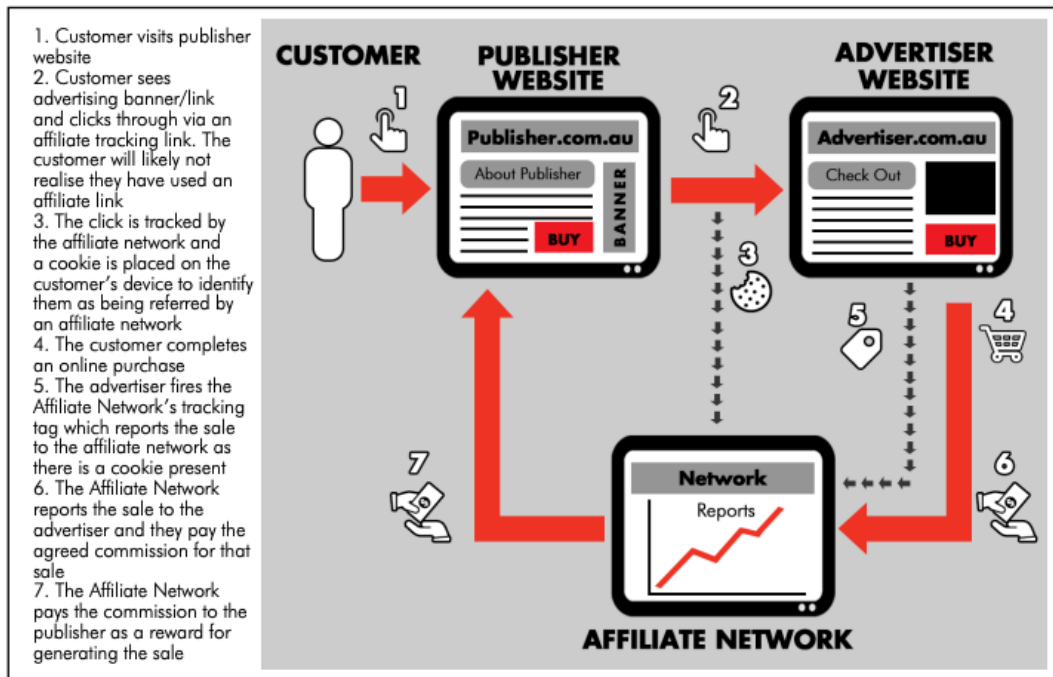


Figure 3. Affiliate Marketing Flow (IAB, 2016)

As mentioned above, there are cases when the affiliates and advertisers partner up and cooperate directly. This requires the advertiser to build or use a third party tracking service where all affiliate tracking is stored and reported transparently. Having an inhouse tracking system allows advertisers to build additional features that can help affiliates improve their performance e.g., LBF's use checks that filter what customers they want to have and what customer not, thus increasing the total revenue and earning per click (EPC) of the affiliate. The closer partnership allows mutual growth between affiliates and advertisers, which increases the relevance of the AM acquisition channel for firms.

2.3 Customer relationship management

Customer relationship management (CRM) is a fundamental part of CLV. The concept of relationship marketing and building relationships that benefit both parties have existed for long (Grönroos, 1994, 1996). There is not a common understanding of what CRM is, which causes issues for researchers since the definitions vary so widely (Payne & Frow, 2005). Based on interviews, Payne & Frown (2005) found out that some executives consider CRM to be a

variety of different things: mail, loyalty programme, a database, customer service or a call centre. The lack of clarity can stem from the fact that in the academia, “relationship marketing” and CRM are often used as synonyms (Parvatiyar & Sheth, 2001). Regardless, CRM is often used to describe technological solutions and therefore has been describe as “information-enabled relationship marketing” (Ryals & Payne, 2001). This shows that CRM has already for a long time been associated to technology in the academic filed. Not only are firms to understand the value there is in communicating to customers using CRM channels but additionally there is a dimension of technology which has to be considered. Utilising technological tools to manage databases, understand customer behaviour and interact with them by using the most efficient channel is fundamental.

This thesis focuses mainly on the relationship marketing actions that aim to develop, maintain, and enhance relationship with customers throughout the lifetime of the relationship (Berger & Bechwati, 2001; Ching et al., 2004). According to Narang et al. (2011), CRM not only allows for stronger relationships with customers but also promotes loyalty, which is crucial for maintaining a competitive edge. Similarly, Siddiqi (2011) discovered that the connection between service quality, customer satisfaction, and loyalty offers valuable learnings for improving services to achieve competitive advantage. Finally, the core objective of relationship marketing is to retain customers (Villanueva & Hanssens, 2007).

LBF’s commonly use email, SMS and telemarketing as the main communication channels for customers already existing in the firm’s databases. Despite the cost of the CRM channels being lower than the acquisition of new customer through SEM or AM, firms should be mindful of using CRM in an efficient way. Firms should be efficient when investing resources in CRM by mainly focusing on customers that have most potential value for the firm (Ma et al., 2008). Efficient CRM operations allow firms to have higher CLV which allows them to invest more in the acquisition of new customers, which in the long term usually increases customer volumes and, in many cases, also increases customer quality, since higher value customers can be targeted at a more expensive cost.

SMS and email communication are reasonably cheap to run, but they are risky since sendout costs are not tied to the revenue. This allows the channels to have high ROI but potentially also negative ROI, if executed badly. Telemarketing results are less risky but have less potential of high ROI, since revenues and cost are usually tied together. The downside of telemarketing is that it requires firms to run a team of telemarketers, which requires a bigger organization. It is

clear, that communicating with existing customers is not free for firms. This is why it is fundamental to identify the most valuable customers, from a CLV perspective, when aiming to enhance customer relationships through CRM activities (Roemer, 2007; Venkatesan & Kumar, 2004).

Additionally, a fundamental part of CRM activities, is the management of churn (Gupta et al., 2004). In LBF's there are various reasons for customers churning and CRM is a key to manage churn and through that optimise the firms CLV. CRM can help firms maintain and enhance the customer relationships, and when done well, it helps lower the churn rate (Dawes & Swailes, 1999). The downside of CRM is that firms can get too greedy with the CRM activities by focusing on the short-term revenues and ROI created by CRM. An aggressive communication strategy will activate more customers and bring an inflow of revenue. The downside is that it will increase the churn rate, thus shorten the customer lifetime duration and simultaneously lower potential CLV.

2.4 From customer acquisition to relationship management

This section aims to connect the chapters above by investigating what the relationship is between customer acquisitions and the management of the relationship, and how they together affect the CLV of CACH's. Not only is it important to acquire potentially high value customers but the key is to get that value extracted by optimising CRM operations.

Companies have been disappointed in CRM as the results yielded do not often match the expected outcome (Rigby et al., 2002; Zablah et al., 2004). This can be due to firms only implementing CRM activities on an organizational or technological level, without any further support from the company (Becker et al., 2009; Reinartz, Werner et al., 2004), which leads to the expected results not being seen on any level of CRM: acquisition, maintenance or retention.

In this thesis, CRM is investigated from a customer-facing level. This means that all interactions between customers and the firm through time and channels are coordinated so that a single view of the customer information is gained (Reinartz, Werner et al., 2004). When a coordinated picture of the customer interaction is available the firm should, with the help of intelligence, manage the customer relationship in the best possible way to maximize the value of each customer through the span of the relationship. In the context of this thesis, LBF's track

and manage all customer contacts by having precise information of when customers interact with the firm's CACH's, brands, and products. This information, when well-coordinated, can be used to optimise CRM actions.

The CRM activities can be divided into three main dimensions. Initiation, maintenance and termination. Reinartz et al. (2004) find that the value of termination is non-existent for firms whilst the CRM activities related to maintenance bring the biggest commercial uplift to firms. The subdimensions of the maintenance stage are retention, up- and cross-selling, and referral management. For LBF's the retention means contacting customers who can be found in the firm's databases due to having used the LBF's services before, but it does not require the customer to have taken a loan through the LBF's services. Additionally, customers who have taken a loan through the LBF's services are valuable target customers for up- and cross-selling of loans and other products such as insurances or credit cards.

According to Reinartz et al. (2004), literature suggests that firms should consider the following four conceptual factors of customer-facing CRM to maximise long-term value: building and managing customer relationships as the core of marketing; the evolution of relationships through distinct phases; the need for firms to adapt interactions at every phase; and the heterogeneous allocation of relationship value to the firm.

The first aspect is to establish and maintain customer relationships, which is fundamental to marketing effectiveness (Morgan & Hunt, 1994). Transaction cost economics suggests firms aim to minimize relationship management costs while maximizing returns (Rindfleisch & Heide, 1997). While beneficial, relationship-building should be strategically aligned with organizational goals, as excessive efforts may not always yield positive outcomes (Reinartz, Werner J. & Kumar, 2000). Factors such as organizational structure, incentives, and technology also influence effectiveness (Niraj et al., 2001).

The second aspect is that customer relationships develop over time rather than as isolated transactions (Dwyer et al., 1987). Phases of evolution impact interaction dynamics, and relationships may end due to changing needs, competition, or service failures (Reinartz et al., 2004). Recognizing these phases enables firms to develop strategies that sustain engagement and optimize resource allocation.

The third aspect is tailoring interactions to relationship stages is crucial (Srivastava et al., 1998). Investments in different actions have varying effects depending on relationship maturity

(Jap & Ganesan, 2000). CRM strategies should proactively nurture relationships through cross-selling and up-selling to enhance customer value (Kamakura et al., 2002).

The fourth and final aspect is that not all customer relationships have the same value, and firms must recognize the heterogeneous distribution of relationship value (Mulhern, 1999; Niraj et al., 2001). Research shows firms often misallocate resources by overspending on marginal customers while neglecting high-value ones (Zeithaml et al., 2001). Effective CRM requires segmenting customers by value and adjusting investment accordingly.

This thesis aims to understand the impact customer acquisition channels have on CLV. The customer journey, from being acquired to having brought the full lifetime value to a firm, is highly dependent on how CRM activities are executed. Therefore, understanding the connection between customer acquisitions and relationship management is fundamental.

3 Research design and methodology

This chapter will describe the research approach, data collection and analysis methods, and verify the reliability and validity of the chosen approach. The purpose of the research is to answer the research questions, “How can loan broker companies use different customer acquisition channels to maximize customer lifetime value?”, “How does customer behaviour differ based on the acquisition channel in loan broker companies?” and “What role does CRM have in managing the lifetime value of customers acquired from different channels”. The research in this thesis will be done from the Nordic loan brokering field. The aim is to answer the research questions, and that way understand the true value popular CACH’s bring to LBF’s. The investigation will rely on qualitative research, where the target is to attain an understanding from various stakeholders related to LBF marketing operations, including marketing specialists within LBF’s, representatives of search engines and affiliate marketers.

3.1 Research approach

This thesis has an exploratory nature since the target is to gather insights on a subject that has not been previously studied. The qualitative research method is most suitable for this purpose, since it allows to gain subjective insights and arguments about the relationship between CACH's and CLV, instead of testing and verifying hypothesis.

There are three main research approaches that can be taken in qualitative research: deductive, inductive and abductive. The deductive research approach relies on having a predefined theoretical framework or set of themes that guide the data analysis. This approach assumes that specific core concepts already exist within the data and are anticipated by the researcher (Bradley et al., 2007; Thomas, 2006). As described by Miles and Huberman (Miles, 1994), researchers apply a "start list" of themes to structure the coding process. The inductive research approach is based on the participants experiences and finding insights directly from the raw data instead of having pre-existing theoretical expectation or imposing prior structures, as in the deductive approach (Bradley et al., 2007; Curry et al., 2009). As Thomas explains, inductive analysis involves detailed readings of data to generate concepts and themes organically (Thomas, 2006). Lastly, the abductive approach combines elements of both deductive and inductive approaches to develop new theories. A common reason for using the abductive research approach is when observations are not aligned with existing theories and thus researchers move back and forth between theory and data (Dubois & Gadde, 2002).

This thesis will use the inductive research approach since the target is to understand the reasoning and nuances of how CACH's affect CLV and therefore the research will focus solely on the data gathered instead of theoretical background. The inductive approach is interesting in the context of empirical-based research and especially so, since much of the research around the topics of CACH's, financial services and CLV are quantitative and focus on how to improve and optimise models. By learning how and why CLV differs between CACH's, it will help guide future research around this topic and additionally help practitioners with decision making, not only based on numbers but also understanding the "why" behind the numbers.

3.2 Data collection methods

The qualitative data collection part of this study is conducted through semi-structured interviews of marketing professionals with experience in the loan brokering field. Using interviews to collect data allows for additional questions and clarifications to get the necessary information to answer the research questions in the best way. In depth answers obtained through semi-structured interviews allow to get a better understanding of the subjective opinions of interviewees when compared to other data collections methods such as questionnaires. Therefore, it is not surprise that the semi-structured data collection method is the most used qualitative data collection method (Alvesson & Deetz, 1999).

Saunders et al. (Saunders, 2009) suggest that semi-structured interviews consist of three phases for the interview to be comprehensive. First, the interviewer should be familiar with the topic of the interview and understand the questions and their purpose. Secondly, the substance obtained from the interview is dependent on the flow and the ability of the interviewer to carry the interview. Third, the interview can have additional questions to fulfil the purpose of the interview, which is to collect data which helps to answer the research questions. In this research all three phases have been considered and put into practice.

The semi-structured interviews are carried out in Finnish or English, depending on which language is stronger for the interviewee. The questions are provided to the interviewees to help them prepare and thus smoothen the interview process. The interviews are conducted in an online format, as it allows better transcription possibilities. Google owned AI tool Gemini is used to transcribe the conversations. The interviews consist of 14 questions (Appendix 1), and the duration varies roughly between 30-60 minute, depending on the answers of the interviewee and the nature of the follow up questions. The interviewees are kept anonymous to protect their privacy and to enhance honesty and transparency of the answers. Table 3 displays the interviewee profiles, including role, date of interview and length of interview.

The interviewees were chosen based on their work experience, with the target of having representation from experts with different roles and experiences. In the list of interviewees there are marketing generalists, SEM experts, affiliates and affiliate managers. This should bring various perspectives and give an interesting data set to analyse. All the interviewees were previously known by the author of the thesis.

Table 3. Interviewee profiles

Interviewee	Current role	Expertise	Experience	Duration of interview
Interviewee A	General Manager	Generalist	>20 years	46 minutes
Interviewee B	Affiliate Manager	AM	>20 years	28 minutes
Interviewee C	Chief Executive Officer	SEM (affiliate)	>10 years	31 minutes
Interviewee D	Chief Marketing Officer	AM	>10 years	55 minutes
Interviewee E	Chief Operations Officer	Generalist	>20 years	40 minutes
Interviewee F	Head of Partner Marketing	AM / SEM	>20 years	54 minutes
Interviewee G	Chief Executive Officer	SEM (affiliate)	>10 years	37 minutes

3.3 Data analysis methods

The qualitative data collected through interviews needs to be processed and analysed for it to have research value. The first step, before analysis can be started, is to transcribe the interviews and make sure the format and language is the same. In this thesis Google’s AI tool, Gemini, is used to transcribe the interviews. Additionally, all meetings are recorded, to have a way to verify the quality of the transcripts. The transcripts are cleaned with the assistance of the AI tool ChatGPT, with the purpose of removing all unnecessary repetition and to better sentence structures. Once checked and cleaned out transcripts are attained, the analysis is started.

In this research thematic analysis is used. Thematic analysis is a suitable method for analysing qualitative data since it is systematic and provides a logical way of processing data in a flexible way (Braun & Clarke, 2006). The goal of this method is to find patterns in the data so that the content can be coded into themes around the patterns. This is done by analysing the content line by line until patterns are found and gathered into clusters, which indicate trends that help to answer the research questions. In Figure 4 Braun and Clarke's (2006) six phases of thematic analysis are displayed. In this thesis ChatGPT is used to support with grammar, sentence structure and ideas, for example in the thematic analysis by suggesting codes and themes based on the transcript texts.

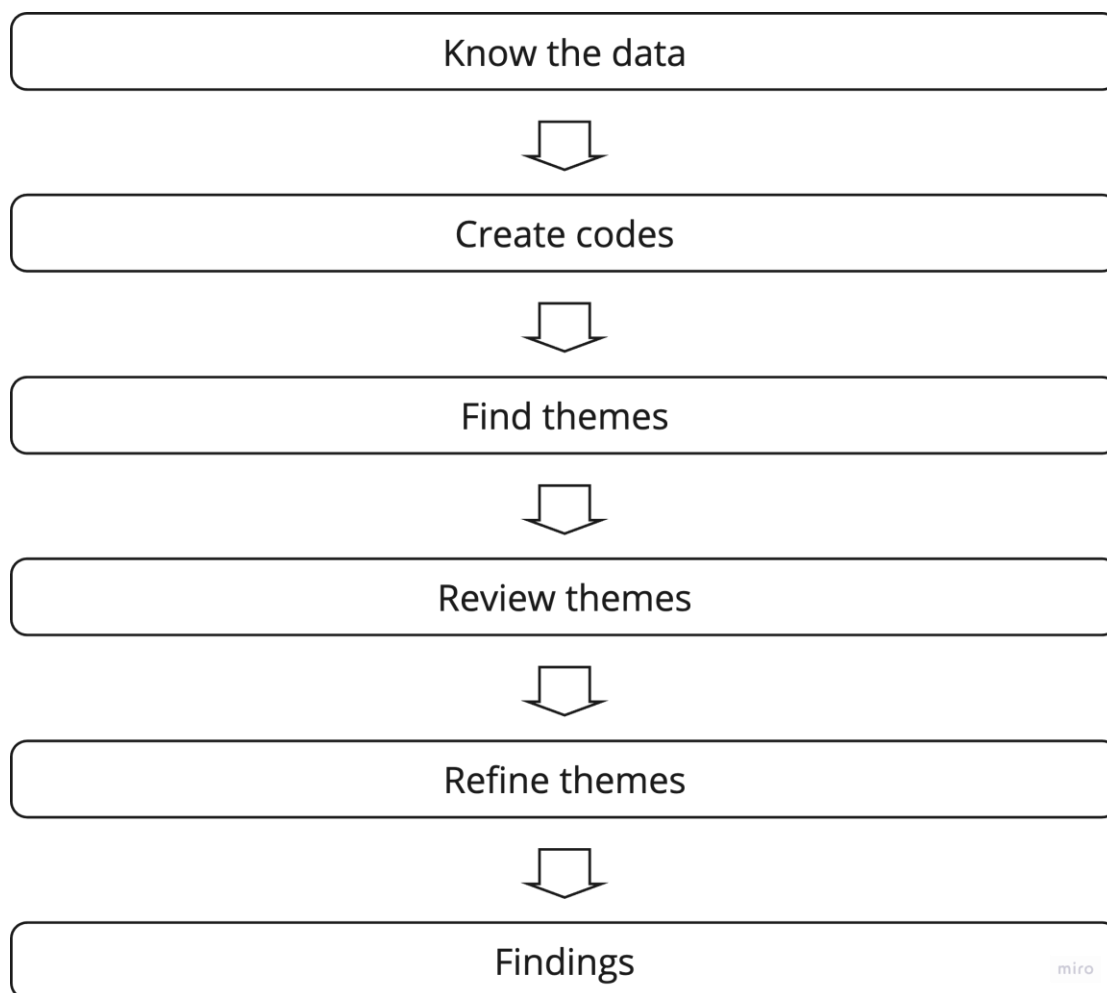


Figure 4. Phases of thematic analysis (Braun & Clarke, 2006)

3.4 Reliability and validity

Verifying that reliability and validity are in place is fundamental to trust academic research. The target is to assess that the research is carried out in a secure and trustworthy way. Generally, the reliability and validity refer to the degree of consistency and generalizability of the research findings (Saunders et al., 2016, p. 201), 202).

Ereaut (Ereaut, 2002) describes reliability as how replicable the finding is or how dependably it will be repeated on another occasion or by another researcher. (Saunders et al., 2016) divided reliability into two layer: internal and external. Internal reliability refers to how consistently the research is done and external reliability refers to how replicable the results are if done by someone else. Ereaut (Ereaut, 2002) describes validity as how well the study is testing the actual measures it has set out to measure and how well it reflects the reality it is trying to represent. (Saunders et al., 2016) also sees validity as an internal and external layer. Internally, validity refers to the causal relationship that can be demonstrated within the study while external validity focuses on how the findings of the research can be generalised into other settings.

In this thesis, reliability and validity have been considered by using a reliable methodological approach in the creation and analysing of research material. The interviewees have been chosen from different firms and departments to attain various points of view and avoid corrupting the results. Additionally, the empirical quantitative data aims to bring an additional layer of context and thus verify any findings made based on the analysis of the qualitative data. The aim is to prevent the data from being corrupted or skewed due to one sided opinion.

4 Empirical findings

This chapter presents the empirical findings of the research based on interviews carried out with seven interviewees. The interviews aim to understand how marketing professionals in the Nordic loan brokering field evaluate different CACH's, especially when focusing on CLV. All

interviewees have extensive experience working with marketing in the Nordic loan brokering and therefore their input should paint a picture of the market sentiment.

The findings are presented using the same structure as was used in the interview. To begin the background of the interviewees are presented. From there CLV is analysed to understand its use cases, strengths and benefits. Next, CACH's and especially AM and SEM are covered. Customer segmentation and behaviour are investigated before moving to the last topic, which is CRM.

4.1 Introducing the interviewees

The interviewees were asked to introduce their professional career and discuss any experience they have with customer acquisition and CLV; the purpose was to have an understanding about their experience since that has an impact on their answers and inclinations. All interviewees that participated in this research were seasoned professionals with over 10 years of experience working with marketing, lending or some other related topic. The interviewees could be roughly divided into three categories based on the roles they have had throughout their career: management positions, marketing positions, and marketing entrepreneurs. Interviewee A and D have worked in management positions both for loan broker companies and lenders.

“I worked at a bank in various roles, including all marketing positions, and later as the CEO of a bank. Then I became the CEO of a broker. Naturally, I oversaw the entire customer lifecycle, and marketing-related issues were on my table.” – Interviewee A

“I spent the first 15, almost 20 years of my finance career on the bank and lender side of the table, and the last nearly 10 years mostly on the broker side. So in that sense, I have experience from both sides of the business.” – Interviewee E

Various interviewees have seen the consumer lending field from various sides of the table but the marketing specialists have also performed various different types of marketing throughout their careers. Having experience with different marketing channels and strategies allows to

have a better understanding of how successful marketing can be conducted in the Nordic consumer loan sector.

“I’ve been in sales and marketing for at least the past 25 years. For almost 15 years, I worked in B2B sales within the media segment, and over the past 10 years, I’ve been involved in affiliate marketing and results-based marketing, holding various positions.”
– Interviewee B

“I must say that I have worked quite broadly with everything related to digital marketing and even some traditional marketing. My tasks have been very wide-ranging, especially in customer acquisition. This has included direct marketing, such as emails, SMS messaging, and mailings. Planning for social media, brand advertising, TV campaign planning, outdoor advertising, radio campaign planning, managing affiliate channels, SEM, and SEO activities — all sorts of things.” – Interviewee D

“From there, I moved over to the network and agency side. After working for some years as a client, I wanted to improve my skills across all areas of digital marketing. So, I joined an agency and worked in agencies for about eight years, focusing heavily on social media, display marketing, SEM, and so on.” – Interviewee F

Interviewees C and G are entrepreneurs working as affiliates for loan brokers. This leads them to have a more focused and hands-on experience about the business. The entrepreneurial aspect brings an added layer of risk and pressure, which is not experienced by the interviewees in employee positions. The risk is especially interesting to consider when discussing customer acquisitions through different CACH’s, since risk management while increasing budgets is key for growth and success.

“I’ve been working in internet marketing for over 10 years... every task I’ve done has been related to customer acquisition, and that’s inherently connected to customer lifetime value.” – Interviewee C

“I run my own business where I primarily compare loan offers in the Nordic markets, focusing on Norway, Finland, Sweden, and Denmark. I operate several different sites

built on loan brokers' backends, with my own frontend on top. So, it's important for me to generate traffic and customers through my loan websites." – Interviewee G

The interviewees have extensive experience from working with marketing activities in the Nordic loan broker field. The categorization into three only helps to understand that the data collected through the interviews come from experienced professionals with varied backgrounds. It also allows to do analyse if there are correlations based on roles or experience.

4.2 Customer lifetime value

Customer lifetime value is described in a similar way by most interviewees. They brought up different perspectives, but the main idea was the same: customer lifetime value is the net value that a customer brings to a firm throughout the relationship.

"For me, CLV represents the absolute value of a customer — meaning the final value you can get from the customer throughout the entire partnership." – Interviewee C

"CLV is basically the net benefit gained during the entire customer relationship — the net benefit accumulated over its duration. This includes individual transactions, potential upsells, all maintenance costs related to the relationship, and marketing costs." – Interviewee D

"It's all the revenue that we we can generate from the customer during the customer staying on our books less all the cost that we have we need to pay during that that period." – Interviewee E

There were various responses related to how the value can be attained from the customer throughout the lifetime relationship. Interviewee B deems that CLV is linked to taking care of the customer while they are in the firms database. Taking care of the customer includes up-selling and cross-selling.

“It means taking care of all the clients you’ve managed to bring into your database and, if possible, reselling new services to them.” – Interviewee B

There was a general consensus what CLV could be used in customer acquisition and marketing. The factor that was mentioned by all interviewees is that CLV can be used for budget allocation or for setting prices.

“It’s one of the most essential metrics to determine at what price or how much you can afford to pay to acquire a customer.” – Interviewee C

“Well, budget allocation is definitely one thing — you invest in the channels that provide the best return in the long run. Prioritizing target groups — selecting segments and channels where you find the most profitable customers.” – Interviewee D

By allocating marketing budgets according to the CLV value, firms can be more competitive as they can invest more in customers that have a higher return. This can help firms steer customer acquisition channel budgets so that are most profitable channels are prioritised. If CLV is not used, companies would have to rely on the earnings at the acquisition stage.

“Then you can also put more focus on those channels that seem to be delivering excellent customer quality. This way, you can allocate your budget and marketing spend more wisely.” – Interviewee E

“The optimization lies in knowing that a customer generated through a particular marketing channel can actually produce much more revenue over several years.” – Interviewee G

Some interviewees mention that by understanding the real value of customers, this means the full lifetime value, firms can pay the right price for them and thus gain a competitive advantage. If firms do not have any way to estimate the future reliably, through a CLV model, they will have to make marketing decisions based on short term results or by guessing how future earning will look like based on current results and data. Naturally, decisions made on gut feeling are risky and seldom outperform good CLV models.

“The benefit is that you can acquire more customers, and you know you are acquiring them at the right price, depending on what your target price is. Essentially, you can acquire the right customers from the right channels.” – Interviewee F

“So if you don’t know the ultimate value of the customer, you can never pay the strategically correct price for acquiring them.” – Interviewee C

The CLV model allows firms to do strategic and long term decisions in their marketing operations. There were also mentions that the competition is not only about whether a CLV model is calculated and used but the competition lies in whose calculations are the most accurate. Better models allow to make more accurate decisions and thus give a competitive advantage that can result in higher profitability.

“This CLV thinking guides you to think strategically — you’re not just focusing on the number of incoming customers but also on how profitable they will be for us in the future.” – Interviewee D

“The better you understand the real value of your customer, the bigger your competitive advantage is. For example, those in the market who better understand the final value can optimize their actions to be so efficient that it can be much more profitable than for others.” – Interviewee C

Using CLV for decision making is not an effortless and easy set-up. As mentioned above, there are different ways to calculate the lifetime value of customers and therefore there are also differences in the results. The end goal of the calculations is always to predict the future results as precisely as possible. If a model that does that well it can be relied on and allows for good strategical decision-making but if a model is unstable or if its predictions are systematically off, it will guide its users to make non-optimal decisions. One of the main challenges mentioned by the interviewees was that creating an accurate model requires a lot of data, while big volumes of data and data from various periods makes modeling more robust, it also can cause the model to be slow and bad at reacting when there are changes in the macro-economic environment. For example customer behaviour can change due to general market trends or lender behaviour changes when new legislation force them to do changes to their services or processes.

“One challenge is that CLV isn’t a static figure. It changes over time depending on the customer’s behavior and external conditions.” – Interviewee D

"Challenges — well, the challenge is of course determining the true value. It can't really be defined beforehand, you have to gather data, analyze it, optimize it, and it's a continuous process." – Interviewee C

Another challenge is to decide how to attribute value in the CLV model. Since customers have various touchpoint with a firm throughout their customer lifetime, there be an internal conflict of interest within firms when deciding who will get the value from a conversion. How value is attributed affects the results of different marketing channels and therefore also defines how marketing budgets are allocated. Getting the attribution right is critical since it can leave whole marketing initiatives, such as branding or the mid-funnel, with almost no revenue.

“The challenge on my side is attribution—should you attribute value equally across all previous acquisitions? Meaning, every time you get value from lifetime value through CRM, should you attribute all of it 100% to the last acquisition? If you do, you might

miss out on mid-funnel marketing, where the focus isn't 100% on acquisition but rather on building brand value and similar long-term impacts." – Interviewee F

Another highlighted challenge is how the CLV model is used and how firms rely on it. Since the model allows to predict or estimate future earnings, they then have to decide how to make decisions based on it. For example if a customer acquisition channel gives negative results at the acquisition stage, but the CLV model predicts that the results will end up bringing the highest uplift in the long-term, how will the firm act on such information. The secure thing is to focus on channels that bring instant results and thus are profitable even in the short term, but by relying on the CLV models and taking a bigger risk, the uplift can be bigger.

"No matter how many cohort analyses you do, there are always so many variables. Anything can happen in any business when you're talking about long timeframes, and that makes it challenging." – Interviewee C

"This means that the more lifetime value you attribute to your acquisition, the greater the risk of macro changes or changes in the product or other factors." – Interviewee F

The risk appetite is something firms have to learn to handle when using CLV models. A prediction is never a guarantee of the future results, especially when looking at a vertical such as consumer lending.

"It's about finding the right balance—how much you are willing to risk in your acquisition strategy in order to grow. That's the biggest challenge when it comes to prediction." – Interviewee F

4.3 Customer acquisition channels

The customer acquisition channels investigated in this thesis are affiliate marketing (AM) and search engine marketing (SEM). The interviewees were asked several questions regarding these CACH's and the findings gathered are written down in this section. In general, the opinions of the interviewees on this topic were aligned but as expected, each one had different highlights. The main topics covered were the payment model and cost of the CACH's, control over marketing and customers acquired, customer quality, channel scalability and the management of the channels.

The payment model used in SEM is CPC (cost per click) and in some cases CPM (cost per mille). Both CPC and CPM conversion points are far from the conversion point of a loan broker, which is the payout of the loan. The most popular commission model used in AM is a CPA (cost per acquisition) model, this means that loan brokers only pay for customers that lenders are willing to give a loan to. This makes AM less risky from commission structures perspective.

“In the affiliate channel, there are different payment models, but at least you receive a lead, a promise, or usually a completed application before you pay anything. In SEM, you essentially pay for clicks, which are not a guarantee of anything.” – Interviewee A

“If you think about it, Google Ads is CPC-based — you pay per click. In some campaigns, it could be CPM-based. With affiliate, it's often CPA — cost per acquisition or action.”
– Interviewee D

There was not unanimity on the cost and profitability of SEM and AM channels but the majority of the interviewees believe that SEM is a more costly channel since there is much competition for the high quality traffic whilst AM is a channel where cost can be easily managed, since the cost are tied to actions.

"In affiliate marketing, you can manage the costs pretty well because the cost is usually tied to some action or conversion." – Interviewee D

"Companies can easily calculate the final cost, as there are clear contract terms between parties. That's it—they know the acquisition cost easily. In comparison, SEM is probably more expensive for acquiring a client than affiliate marketing." – Interviewee B

"SEM is more expensive because there is more competition, and it's more strategic. Whereas affiliate, if it refers to affiliate marketing as a channel, is not as scalable, but the costs and profitability can be managed more effectively." – Interviewee C

As mentioned, there were also opposing opinions, where AM was seen as the more expensive CACH's.

"In the acquisition phase affiliate marketing is quite often more expensive than SEM, but otherwise they're quite similar I would say." – Interviewee F

"The cost per conversion is more expensive when in the affiliate marketing channel." – Interviewee G

There is a difference between CACH's regarding control over marketing and customer ownership. SEM allows loan brokers to have full control over what keywords to buy and what advertisement to use, additionally the strategies, timings and so forth are fully controlled by the loan broker. In AM, the loan broker will set rules and requirements for its affiliate partners, but in the end of the day there will always be another party with its own interests of how to run the marketing, and that needs to be managed.

“The level of control is entirely different. In SEM, you are pretty much in control of the keywords, terms, and what is written in the ads. In affiliate channels, you don’t have the same kind of control, and the monitoring and ability to influence is much more limited.” – Interviewee D

“In affiliate marketing, you can’t simply click a button and acquire traffic. It’s basic relationship management—you need to have the right campaigns, the best campaigns, and be willing to pay enough for your affiliates to actually deliver traffic... It’s extremely difficult. I would say that affiliate marketing is really about relationship management. You need to have good affiliate managers who know the partners very well, who can create value, and who can advise and support affiliates so they can acquire more customers.” – Interviewee F

Not only does AM allow less control over the marketing but it also creates a situation of customer data co-ownership. This is due to the affiliates also collecting marketing permission on their sites before sending customers further to loan brokers. Additionally, lenders also own the customer so there ends up being three layers of customer ownership. When looking into the CLV and the lifetime relationship, the affiliate and loan broker end up competing for the attention of the customer with similar offerings, when it comes to consumer lending services. When marketing is done through SEM there is not a middle man collecting marketing permission so the loan broker has more control over the customer and thus therefore it could be expected that the CLV is higher. Acquiring a customer through SEM does not mean that the customer will not be in the database of any other firm focused on marketing financial products but it is probable that customers acquired through SEM have higher lifetime value for the loan broker.

“One aspect that could explain this is that affiliates and white labels are able to market to the customer every month, and back in the day, we were also advertising to the same customer every month. So you might have had a 50/50 chance of winning the customer. However, customer lifetime value was better when the customer was acquired through SEM.” – Interviewee A

“In SEM, you are directly acquiring the customer yourself, whereas when working with affiliate partners, the affiliate is, in a sense, also acquiring the customer and the customer data.” – Interviewee E

The third major finding from the interviews regarding CACH’s is that there is a difference in the scalability of SEM and AM. This is significant since a low earning channel can be more profitable for a firm than high earning channel if the volumes are big enough. Scalability is not a topic that was touched by many but it was still worth mentioning, interestingly enough the topic was discussed most by the interviewees involved in affiliate marketing and they had opposing opinion on the topic. Interviewee C believes SEM is more scalable whilst interviewee G believes AM is more scalable.

“Whereas affiliate, if it refers to affiliate marketing as a channel, is not as scalable, but the costs and profitability can be managed more effectively...SEM is purely strategic and scalable that’s my view of those channels.” – Interviewee C

“I think it's hard to generate the same amount of volume on on Google and and Facebook because you can't just turn up your your budgets on on those channels when you talk about incremental return.” – Interviewee G

My interpretation is that interviewee C is talking about scalability relating to the control of the marketing channel, referring to that loan brokers can more easily scale down and up their SEM traffic. Whilst I believe interviewee G is talking about scalability as the maximum volume output that a channel can produce. From that perspective AM has the potential to being scaled up to bigger volumes.

“Affiliate marketing offers volume and no-risk payment structures but might sacrifice long-term customer loyalty.” – Interviewee A

“Affiliate marketing fills around 50% of the traffic loan brokers generate” – Interviewee G

4.4 Customer segments and behaviour

In this section the findings related to customer segments and customer behaviour are different between the CACH’s. Most of the interviewees had some comments on customer quality, and they also had a perception of which CACH’s was more efficient in acquiring high quality customers. The term high-quality customer does not have an official description, regardless some interviewees pinpointed the typical customer segments or behaviour of high-quality customers. Interviewee B and D had thoughts on how the demographics differ between CACH’s. The main factors mentioned were age, income and education. Age affects what media and content is consumed and therefore it affects what marketing channels are most effective.

“Age probably plays a significant role in terms of certain age groups favoring certain channels. And I’d say, in terms of gender, it’s pretty evenly distributed.” – Interviewee D

The effect of income and education correlate with interviewee E’s thoughts of financial literacy and its impact on what CACH is used by the consumer. Financial literacy refers to the knowledge and skills needed to make important financial decisions (European Commission, 2025). According to a survey made by OECD in 2020 about half of the EU adult population does not have a good enough understanding of basic financial concepts (OECD, 2020). The issue is especially pronounced among vulnerable segments, who are disproportionately affected. Low-income individuals, women, youth, and the elderly generally demonstrate lower levels of financial literacy compared to the broader population.

“Higher income, highly educated people might search and compare more, avoiding some lesser-known channels.” – Interviewee B

“People with lower financial literacy may be more likely to respond to advertisements that are especially tempting or appealing.” – Interviewee E

Another factor affecting what CACH is used is where the customer is in the decision-making process. Various interviewees referred to this as a factor. A customer searching for their specific need in Google is probably in a different place decision-making wise than a customer who stumbles on advertisement while reading the news or scrolling through social media. The term intent is used to describe where a customer is in the decision making process, how high or low is the intent of the customer to make a purchase decision. Firms, tend to do marketing for customers at different stages of their decision-making journey and therefore marketing channels and marketing messages and content serve different purposes. For example, a keyword can be focused on selling or it can focus on informing customers about services or products. The additional information could then lead to a sale at a later stage, but that is not the purpose at that time.

“Those who come via search engines are usually already quite far along in their decision-making process. They already know what they need.” – Interviewee C

“Social media might trigger more impulsive behavior—you’re relaxing at the summer cottage, scrolling through your feed, thinking about needing a new engine for the boat, and just as you’re posting a nice picture from the shore, a loan ad appears, and you click on it.” – Interviewee D

The example by interviewee D, could be explained by the intent of the customer. The customer might not have any intent of taking a loan, the purpose of clicking is to familiarise themselves with the product. Thus the customer is still very early in the decision-making process. Another option could be that the customer has low financial literacy and therefore big financial decisions are made spontaneously, interviewee E mentions this being an influencing factor.

“People with lower financial literacy might respond more to advertisements that are appealing, tempting, or have a strong call to action and think that, ‘Hey, this might actually save my day.’ – Interviewee E

Brand awareness and loyalty was also brought up in the interviews. Some interviewees argue that loyalty correlates with the customer segments and others argue that stronger brands will always have a better chance of being chosen by customers. There were also arguments saying that customer loyalty does not play a role in the consumer lending field.

“Higher income, highly educated people might search and compare more, avoiding some lesser-known channels.” – Interviewee B

“If you line up four options, people tend to pick the one with the strongest brand recognition.” – Interviewee C

“There is no loyalty in this game...the consumer just wants to save money on the loan. I don't think branding is so so important in this game ” – Interviewee G

Interviewee D mentioned that customers coming through high-intent channels often are lower quality, since they know what they are looking for and have therefore probably applied for a loan before. In the lending business, customers with recurring applications tend to have lower value for lenders, since they are either changing services often, causing churn, or they are not getting the offers they are looking for due to being risky customers from the lenders perspective.

“Customers from high-intent channels (SEM, certain affiliates) have often repeatedly applied for loans... typically lower value.” – Interviewee D

4.5 Customer relationship management and retention

CRM was described by the interviewees as customer relationship management as the term suggests, additionally it was seen as the communication tool to contact existing customers or as the database containing all customer information collected by a firm. The communication

can be done using different channels, according to the interviewees of this thesis they include email, SMS, telemarketing, display and even all kind of brand marketing.

“I think CRM, or customer relationship management, involves engaging with customers at different contact points using various tools. These can include SMS, email, phone calls, or media campaigns—anything that helps attract the customer to return.” – Interviewee A

CRM is the database, or the management of the database collected by a firm. The relevant part here is the knowledge about customers so that the customer relationship can be managed efficiently from the firm’s perspective and the experience is as good as possible for the customer.

“CRM is all the clients we have acquired at any time into our platform to use our service. That’s basically our CRM, the database.” – Interviewee B

“CRM, to put it simply, is the ultimate understanding of the customer’s financial situation and needs” and knowing where the customer currently stands.” – Interviewee C

The purpose of CRM can also be found from the transcripts. Many interviewees believe that the main purpose is reactivation of existing customers by enticing them to return to the service. Another perspective is that customers are contacted to ensure their needs are covered and that they get all the expisting value from the services the firm has to offer. From the firms perspective CRM is used to extract as much value from customers thus increasing the CLV of each and every individual customer.

“CRM is Customer Relationship Management. It’s managing customer relationships and interactions throughout the entire customer lifecycle.” – Interviewee D

“CRM is key to ensuring customers return and use your service or additional services.” – Interviewee A

“The purpose of CRM is to improve the customer experience, boost sales, and enhance customer service.” – Interviewee D

“CRM is the main place to increase CLV... It's what you can control most easily and efficiently.” – Interviewee F

CRM can also be used to build and maintain brand awareness and mindshare. Some interviewees considered even branding initiatives or display marketing as CRM, as long as the target was to manage the experience of existing customers.

“CRM can also include brand advertising. For example, when you see Fazer chocolate on TV, they're not sending you an SMS or email saying 'come buy Fazer chocolate'—but the brand stays in your mind nonetheless.” – Interviewee A

One of the key strengths of using email and SMS channels for customer relationship management purposes is that it is a cost-effective way to engage with customer. This is especially true when firms have a deep knowledge about their customer database and manage to group customers into segments with similar needs. This makes communication more efficient and effective. The effectiveness improves due to three main reasons: message, frequency and channel.

“You have to consider that all activation efforts come with different costs. For example, making a phone call is more expensive than sending an email.” – Interviewee E

“We can put personalized communication into its own category — emails, text messages, automations, targeted offers, and other similar things.” – Interviewee D

“Based on that, you can segment and create more engaging communication” and thereby improve CLV.” – Interviewee C

The interviewees were partly aligned on whether the initial CACH has an impact on the CRM activities done later on. What can be stated is that all believe that CRM has a key role for loan brokers in the Nordics.

“I would say that CRM’s impact plays a key role in all channels. To ensure that all customers receive suitable service and remain satisfied.” – Interviewee D

Anyhow there were relevant points made by interviewees on why firms would not see as good CRM results for customers that have been acquired from AM compared to SEM. The reasoning is based on a phenomenon mentioned earlier, affiliate will have co-ownership of leads, meaning that they will also be retargeting and communicating to the customers. This will create a competitive situation which will cause the CRM results to be lower. Interviewee A and F points out that communication has to be more active for leads acquired through AM due to this phenomenon.

“If a customer comes directly to you, it’s different compared to when they come through a publisher partner, who likely has their own CRM system in place. That affects how your own CRM performs. So, in its purest form, if you acquire a customer but your publisher partner also has that customer in their database, your CRM probably needs to be even more active to maintain engagement.” – Interviewee E

“We target differently if the user came in through brand or affiliate. Brand often leads to better CRM response.” – Interviewee F

Co-ownership is not the only affecting variable. Customers acquired through different CACH tend to have different behaviour. AM customers, according to interviewee D, have a higher tendency to compare. This same tendency, as already mentioned above comes with less brand loyalty, which will even further impact the CRM results negatively.

“For example, in the affiliate channel, where customers are price-conscious and love comparisons” – Interviewee D

5 Discussion and conclusion

This thesis aims to understand how CLV can differ between CACH's for loan brokers in the Nordics. The research focuses on finding out how interviewees, who all have been involved mainly in the consumer lending business in the Nordics, perceive different CACH's in the context of CLV. In this final chapter the research questions and sub-questions presented earlier in the thesis will be answered thoroughly, based on the research carried out. The sub-questions will be answered first, since they lay the foundation for answering the main research question. Additionally, theoretical contributions, managerial implications, and finally limitation and future research will be presented.

Sub-questions 1: How does customer behaviour differ based on the acquisition channel in Nordic loan broker companies?

There are various reasons presented in the research that help answer the first sub-question. The customer segments attracted by the CACH's varies according to some of the interviewees. Since customer behaviour correlates with the customer segments, customers attracted via the same CACH tend to have a somewhat similar behaviour. There were various findings pointing that customer behaviour varies between CACH's. The highest quality customers tend to come via searching engines by searching known brands or expensive keywords. Since the bid price is very high, affiliates struggle to compete for those customers. The result is that most high value customers come through SEM.

The keywords where loan brokers bid at high prices for quality customers is expensive for a reason, the behaviour of the customers is beneficial for the advertisers since customers have high intent and high value. When customers know what they are looking for the probability of them converting after landing on the loan brokers website is high, this makes the customers very interesting prospects. In loan brokering it is key for the customer segment to be ideal, since that has a significant impact on how lenders are willing to give loan offers. Therefore, high value customers refer to customers that lenders are willing to borrow large sums to. This proves the customer behaviour, especially when looking at the highest value segment is related to both customer intent and customer segment.

On the other hand, there are also clear indications that customers that are not able to find the help they need from the first service they test, tend to try various services in the hope of finding some service that can help them. Usually, customers apply first through known brands that are familiar from commercials and that are found easily on the web. It is only later, in many cases, that customers will read blogs and look for more creative solutions. It is the AM channel that captures many of the more desperate customers that are not as interesting customers for the lenders.

Not only is it lower quality customers that use the AM channel, but it is also related to price sensitivity of customers and the content that customers consume. For example, older generations tend to spend more time watching cable TV and radio, whereas younger generations use social media and consume digital content. This impacts the advertisement customers are exposed to and thus impacts CACH's they use to find financial services. Some interviewees argued that younger people are more likely to use AM since they are more exposed to digital platforms where affiliates advertise. On the contrary, older generations are exposed to TV and radio, which are more expensive channels and thus are used more by loan brokers for advertising. Customers seeing brand advertisement through traditional media usually use search engines to enter the loan brokering service.

The younger generation that has a stronger online presence and sees more online content and advertisement from firms, tend to be more price sensitive and thus have less brand loyalty. Older generations and customers who have chosen a service due to the brand tend to have higher brand loyalty. This is also a key behavioural trait which either benefits or complicates things for loan brokers. What is clear is that SEM brings more loyal customers than AM, since a SEM customer always come to the brand site directly from the search engine whereas AM customers come through comparison sites or the affiliates own brand.

Sub-questions 2: What role does CRM have in managing the lifetime value of customers acquired from different channels?

It is clear from the interviews that CRM plays a key role for loan brokers to get the maximum CLV from customers. CRM was seen in a similar way by most interviewees, all of them highlighting the communication to customers through email, SMS and telemarketing. There were also mentions that any action done by a firm that enhances the customer relationship could be considered CRM, this could even include brand advertisement through offline media. The

most important aspect of CRM is that firms can use it to communicate to customers at the right time with the right message and thus manage to keep the customer engaged with the firm. This target is easiest to reach through the direct channels email, SMS and telemarketing. Since the loan brokering services are always fully online, the loan brokers have extensive data about the customers and can thus build customer profiles and learn to understand what communication strategies are most efficient for each profile or segment. This efficiency is impossible to reach through other channels where the targeting capabilities are much smaller, for example through SEM or display advertising.

Consumer lending is a loan product that is not secured, therefore the interest rates are significantly higher than for mortgages or car loans. The product is interesting for lenders since there is much potential for earnings but simultaneously there is a high risk for customers to default, meaning that there is a higher probability that customers are not paying the loans back. Therefore, lenders are taking a risk with this product, but there is also a bigger upside. This risk is minimised by lenders having accurate risk models that predict customer behaviour based on large amounts of data. The nature of this product causes customers to frequently search for better loan terms, with lower interest rates or monthly costs. Simultaneously, lenders know that customers tend to compare offers and are therefore willing to offers as good terms as possible. By having an active and optimised CRM, LBF's can help customers get better terms by them applying for loans various times during the span of the customer relationship. Naturally, there is a conflict of interest between lenders and LBF's, similarly as there is a conflict of interest between affiliates and LBF's.

Even though lending does not have a as reoccurring nature as retail products or gambling services, there is evidence that customers apply for loan numerous times and are active in trying to better their loan terms. CRM is vital for LBF's from a cost perspective. Most CACH's are expensive and very competitive, and result in acquiring customers already existing in the LBF's database. It is close to impossible to prevent buying existing customers as they are free to do as they wish in the web. If a LBF decides to bid on a keyword, it is likely that many of the clicks and website visits are done by customers that have already visited the service before and could have been reached through CRM communication. If CRM operations are optimised many of the customer contacts will happen before the customer has decided to reapply for a new loan or refinance their existing loans. Every customer that interacts with the LBF through CRM activities is beneficial for two reasons. First, the customer has been contacted at a stage where the customer had a real interest, this prevented the customer from starting the search process

from zero risking that the customer would choose a competing product. Secondly, the cost of retaining the customer through CRM communication is a fraction of what it would cost to acquire the customer again through any other CACH. This is why CRM is a vital part of maximising CLV for loan brokers. Additionally, the impact of CRM can be different based on the CACH the customer is originally acquired from.

One of the main findings from this research is that one of the main differences between AM and SEM, from an LBF's perspective, is that the ownership of the customer is shared in AM between the LBF and the affiliate, whilst in SEM the LBF is the only marketer getting the customer ownership for that specific transaction. It is important to note that the lender paying the loan out will naturally also own the customer. Therefore, there can be a case where the lender, LBF and affiliate are all communicating, through CRM activities, to the customer regarding interesting loan offers. Lenders will try to keep customers satisfied with their current loan, whereas LBF's will, as soon as their contract with the lender allows, encourage the customer to get active and try to refinance their loans. Affiliates will, as soon as they are allowed, continue to encourage to compare loans through different brokers and lenders. Due to this phenomenon, CRM has more CLV potential from customers acquired through SEM compared to AM. This is the hypothesis for customers from similar segments. The research shows that the CACH's do attract different segments and customers with different intents and thus it is valuable to have various CACH's active since it allows to grow the total amount of customers reached. LBF's should be cautious about stopping or limiting AM activities, since that could minimise the number of customers they reach and thus have a negative impact on revenue and earnings. Anyhow, it could be beneficial for LBF's to try to optimise their customer acquisition so that customer that can be reached via SEM, are not acquired through AM. In practice, that can be quite a challenge, since the acquisition channels do not have the functionalities needed to be able to optimise in such detail.

Main research-questions: How can Nordic loan broker companies use different customer acquisition channels to maximize customer lifetime value?

This research shows that CLV varies between CACH's. Much of the reasoning is already displayed in the two sub-questions answered above. Therefore, the main research question has been partly answered but, in this section, the aim is to get some final remarks. First, it has become apparent that CACH's and CLV are not always directly proportional. Meaning, that a

CACH will not always bring higher CLV than another CACH, this is due to the variability that exist within CACH and the content. Despite that it is also clear that there are actions that can be done through CACH's that bring higher CLV for firms. One of the most repeated comments in the research results was that CLV modelling is a challenge, this means that for firms to be able to maximise CLV, they also need to have a reliable model that can be trusted throughout time. This is key for firms to be able to start optimising marketing actions that aim at a higher CLV and thus a long-term result.

In the research it is also apparent that CACH's are not fully uniform entities. This means that not all actions within a CACH have the same impact on CLV. Understanding that CACH's have quite large variations within them helps firms prevent losing good business opportunities. The general performance of a CACH could be low, whilst there could be very well performing sub-sections within a CACH. The research also highlights that in most cases the CACH is not the cause for a specific customer profile visiting the LBF service but the content and thus the customer intent is usually the main driver for customer behaviour and therefore that could be a better way to group customers into segments.

It should also be noted that despite optimising marketing budgets between CACH's with the aim to maximise CLV it is also important to note that CLV is not the only relevant KPI for a firm to succeed with customer acquisition. Indeed, high CLV traffic does help firms earn more on customers in the long run, but some traffic sources can be easier to gain high volumes on which can provide firms with higher market shares and even higher earnings. This is just a reminder that optimising customer acquisition operation to maximize CLV should not be the only variable to consider, but it should be a tool to help decide how to allocate marketing budgets in the most efficient way. For example, SEM is affected by the phenomenon of diminishing returns meaning that the gain from each invested dollar diminishes the higher the investment, this only happens once the saturation point is reached. In practice this mean that despite SEM has higher CLV than AM, there comes a point where the impact of increasing SEM budgets becomes less fruitful than investing that budget in AM. Not only are the diminishing returns affecting what CACH to invest in but also the risk and the acquisition costs. Regardless, knowing what the CLV of each channel is helps in decision making.

Lastly, a point that was already brought up when answering the second sub-question is that the CACH's tend to have differences regarding ownership of customers. For LBF's to understand how use different CACH's to maximise CLV it is key to understand that having a co-ownership

of customers between LBF and affiliate will impact the CLV negatively. Regardless of what the process looks like on the LBF's side, if the customer is also owned by an affiliate company, it will be very likely that the potential lifetime earnings for the LBF will decrease. This should be considered when doing marketing budget allocations that aim to maximise earnings in the long-term.

5.1 Theoretical contributions

The findings of this research are mainly aligned with much of the existing research, regardless there are some ideas that do bring new or additional dimensions especially to the impact of CRM on CLV for customers acquired through different channels.

First, it is relevant to highlight that the theory by Kumar and Reinartz explaining the CLV drivers in B2C setting is aligned with the findings of this research (Kumar & Reinartz, 2016). The data shows repeatedly that exchange characteristics play a key role in the value customer can create for an LBF. This can be seen in the mentions made by interviewees regarding the importance customer intent has for the outcome of the customer interaction and CLV. It is also apparent that the CACH that a customer comes through has often a direct relationship with the intent of the customer and thus also with the exchange characteristics. Especially, there has been a highlight on the effect of customer co-ownership that can happen when customers are acquired through AM. The co-ownership aspect has a great impact on the customer behaviour and thus the exchange characteristics.

This research shows that the other part of Kumar and Reinartz's theory, customer heterogeneity, also plays a significant role in the final CLV value of customers. Various interviewees highlighted the age, income and financial literacy as key factors causing a high or low value and thus affecting CLV for an LBF. This helps confirm that regardless of the CACH the key for an LBF is to reach customers that fit the desired profile, as that will create the maximum value for the firm.

There are also new perspectives that this research highlights, especially aspects related to AM, as it is an topic that has not been thoroughly researched. The most relevant theoretical contribution is that CACH's can have substantial impact when setting CRM optimization strategies that aim to contact the most valuable customers. This means that Ma et al.'s,

Roemers's and Venkatesan and Kumar's arguments that highlight the importance of building CRM strategies that aim to maximise a firm's value by optimizing how to contact customers should additionally consider what CACH customers have been acquired through (Ma et al., 2008; Roemer, 2007; Venkatesan & Kumar, 2004). The novel finding here is not that CACH's attract customers with differing needs, intent and value for a firm but the relevant aspect is that customers acquired through different CACH's have different behaviour and value when it comes to CRM activities and thus the CLV also varies. The phenomenon behind this is the co-ownership of customers that can occur when customers are acquired through AM. This phenomenon has an especially big impact on Reinartz et al.'s theory about the dimensions of CRM activities and the conceptual factors related to them (Reinartz et al., 2004). Co-ownership of customers disturbs especially the process of customer relationship maintenance since the evolution of the relationship is not solely in the hands of the LBF, additionally it is more complex to adapt to necessary changes in the relationship if there are other entities carrying the relationship in some direction.

5.2 Managerial implications

This thesis provides support for understanding the strengths and risks of using the researched CACH's, AM and SEM. After reading this thesis one should understand that CACH's affect CLV in different ways, anyhow it is apparent that the CACH's are not the only factor affecting CLV of customers. The marketing content plays a big role in what the CLV of customers is since it can be used to attract customers with similar intent.

This thesis also makes it apparent that for using CLV as a KPI, it is vital to build a good predictive model. In practice it means that firms must invest in acquiring data or leads and having experts building the model. Since this is a topic that all interviewees mentioned, it can be considered a fundamental point for succeeding in increasing CLV through budget allocation in acquisition channels.

It is also highlighted how important CRM is for increasing CLV. This is one of the main purposes of CRM and is therefore nothing new, but the interesting dimension in this thesis is that the impact of CRM on CLV is different based on where the customer was acquired from. A significantly lower CLV can be expected for customers acquired through AM, when

compared with customers acquired through direct channels such as SEM. This is something that should be considered by firms when deciding to allocate marketing budgets. Another perspective is that firms should counter the natural trend where CLV is lower for AM customers since firms compete with affiliates for the attention of the customer. The way to counter would be to have more active and aggressive CRM communication for customers that have been acquired through AM, this approach would strengthen the position of the LBF compared to the affiliate from the customers perspective. The risk is that more active and aggressive communication can easily be seen as spamming. Anyhow, this aspect should be considered by firms since, as shown in this research, AM is still a vital acquisition channel to gain volumes. The ideal situation would be to maintain the AM volumes and learn how to increase the CLV for the customer by using optimised CRM strategies aimed at countering the risk of having co-ownership of customers with affiliates.

Lastly, a point closely related the discussion above, this research proves that AM has a big role to play in marketing and customer acquisition. This phenomenon could be especially pronounced in the Nordic consumer lending vertical but regardless, it highlights a marketing channel where not extensive academic research has been done. AM is a channel that does not fall under the branding nor traditional online marketing categories since it is based on cooperating with third parties. As mentioned earlier in this thesis, AM has been linked to verticals that are not widely approved, such as casino or gaming. The bad reputation has probably exists for a reason, but times have evolved and firms looking to increase customer volumes in an efficient way should consider AM as a very attractive channel.

5.3 Limitations and future research

This research has numerous limitation which need to be taken into consideration. First, only qualitative data was collected, which in a topic closely related to numerical data leaves unanswered questions. The research would have benefited from supporting quantitative research to prove and confirm some of the ideas that were found from the qualitative data. This research could also have been conducted with solely quantitative data, but the nature of the research would in that case have been quite different. Despite there being numerous extensive interviews made for the research, there could have been more, and the key addition could have

been trying to find interviewees with slightly more varied backgrounds, since for this research all interviews were very tightly tied to the same field. The lack of diversity in the interviewees leads to a risk in validity and reliability since there could exist field related bias that is difficult to identify when all interviewees are exposed to it.

The second limitation is that the research area was tightly defined both geographically and topic wise. This leaves questions about whether the phenomenon found in the research are limited to a very niche location and field or if the findings translate to different settings. Therefore, it would be interesting and beneficial to do similar research but broadening the geographical scope and investigating if the effect of CACH's on CLV is similar in other fields.

The third and last limitation is related to how the effects marketing actions were not analysed deeply in the results. This refers to the cross-channels effect, which is commonly seen in marketing activities and to the lack of analysis on the variations there are in marketing activities within different CACH's. The cross-channel effect has a great impact on the results of marketing, when comparing two CACH's there will always be some kind of cross-channel effect. In the case of AM and SEM it would be interesting to understand how they impact each other. In this research CACH's were the research target, but as was mentioned in the research the customer mass coming through each CACH is not homogenous and naturally there are many reasons for it, one of them being that CACH have various ways of reaching customers. This was mentioned but not considered further in this thesis.

Further research would be very interesting to conduct on this topic and there are many questions still unanswered. The main areas that could be researched are the quantitative analysis of this same phenomenon: how do CACH's impact the CLV and can firms thus increase earnings by optimizing what channel marketing budgets are allocated to? Numerical data shows the long-term value of each channel, but still the challenge that has been mentioned by many interviewees will have to be faced, how to build a reliable CLV model and does that model tell the truth. It could be beneficial to carry out research where various models are used and compared.

Another research suggestion is to change the scope of the research, so instead of researching specific CACH's, clearly defined marketing tools, creatives, content or even customer segments could be researched with the same goal of understanding the CLV differences between different variables, groups and segments. The target should stay unchanged, but that same target might be easier reached by looking from a different perspective.

Naturally, it would be beneficial to do further research were the geographical and field limitations are removed or modified to get a better understanding of the phenomenon and findings since this study is limited and thus not that replicable for most real-world cases.

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Appendix 1. Interview questions

Introduction

1. What kind of roles have you had in your career, and how have they related to customer acquisition and CLV?
2. How do you define customer lifetime value (CLV), and how is it used in your work?

Customer Lifetime Value & Acquisition Channels

3. What are the benefits and challenges of using CLV in acquisition decisions?
4. How can CLV be used to optimize customer acquisition strategies?
5. From your experience, how do SEM and affiliate marketing (AM) channels differ for loan broker firms?
6. Have you observed differences in CLV between acquisition channels? If so, what are they?
7. How do customers acquired through SEM and AM differ in terms of cost and profitability?

Customer Segments & Behaviour

8. Are customers generally aware of the acquisition channel through which they engage with loan brokers? Please elaborate.
9. Do certain customer segments tend to prefer or avoid specific acquisition channels?
10. How does customer behaviour differ based on the acquisition channel they come from?
11. In your experience, is there a correlation between customer segments and CLV? Why?

CRM & Customer Retention

12. How would you define CRM in the context of loan broker firms?
13. What role does CRM play in enhancing CLV?
14. Does CRM's impact on CLV vary depending on the acquisition channel?