

I – Infrastructure

D – Diagnosis

O – Optimization

P – Prognosis



# The Good, the bad and the ugly customers. What does your customer look like?

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**ProCogia was approached by a financial institution to segment debit card customers based on their usage behavior**

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## SCENARIO

Client had built up a large customer base in a short duration of time and did not clearly understand the overall variation in population. It had been previously observed that the segments did not differentiate on demographics and usage attributes and that was proving a challenge for the client as it was not able to determine the right product mix for effective marketing efforts.

## KEY OBJECTIVES

- Improve ROI on marketing campaigns
- Identify the appropriate product mix for different segments

## METHODOLOGY

- Analyzed the Customer level and transaction level data. Three pre-requisites for the data were using non – repetitive, non – missing and non – derived data.

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- Selected the following key influencing attributes –
  - Longevity
  - Usage (no of times/month)
  - Spend (dollars /month)
  - Transaction behavior
- Determined optimum number of customer segments based on profile differences & statistical benchmarks using cluster analysis
- Identified homogeneous segments with respect to the profitability drivers, and helped design specific products suited for different segments.

## RESULT

Revenue was increased by **54%** as **ProCogia** helped institutionalize a new data driven segmentation of customers and it is being used to assign all the accounts to one of the segments. The model further helped increase revenue generation by designing appropriate product mix for each segment.

Additionally, the segmentation was leveraged for the new marketing campaigns to increase their effectiveness.