



Business Case Studies: National Retailer

Background

A national electronics retailer, in assessing its revolving credit customer base, found it unable to identify and to stratify the widely divergent customer segments that comprised this base. Retailers traditionally offer credit to a greater risk spectrum of customers and this company felt that it needed a better insight into its multi-million-customer portfolio in order to manage it more effectively.

Some customers were using credit fleetingly for a purchase or two before quietly becoming dormant, while others used their credit accounts consistently and regularly. Still others, would over utilize the products and become higher risk to the retailer.

The challenge for the retailer was to isolate those customers who had the potential to utilize their accounts in increasingly profitable ways and to offer them marketing incentives to do so. This needed to be done, however, only with those customers whose risk profiles were palatable to the company.

SSS Solution

SSS built an analytical marketing data warehouse for the retailer that addressed all of these issues. Initially, predictive models were designed and implemented which scored customers by dormancy likelihood and by attrition likelihood. Quantitative scores were also developed to measure profitability and risk on a customer level.

Next, a data warehouse was designed and deployed which captured all relevant customer information and computed the predictive models and the quantitative scores on a monthly basis. Finally, an intuitive customer user interface was added which made understandable access to the marketing data warehouse's information possible.

Outcome

The retailer's user community has achieved an unparalleled ability to quickly and accurately qualify and quantify various subsets of the customer base, thereby facilitating a broad number of marketing programs aimed at increasingly selective pools of customers.

It can also detect deteriorating risk patterns among specific segments of its customer base earlier and with more accuracy than ever before.