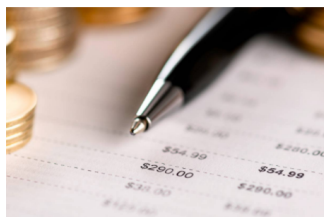


CASE STUDY

An American Multinational Financial Services Company Drastically Improved their Customer Retention Rates with the Help of a Robust Customer Segmentation Strategy



Engagement Summary

Customer segmentation is the process of profiling customers based on common characteristics and features. Grouping/segmenting customers aids in building the right products of each segment, planning out unique product positioning and marketing campaigns for each segment, setting up appropriate distribution channels, all of which lead to an increase in customer engagement, and ultimately, customer loyalty. These customer segments need to be revisited often to enable businesses to refine them per the changing landscape. Like any other organization, a financial organization also requires a robust customer segmentation strategy to gather a deep understanding about their customers, and communicate with and target them accordingly. One such organization, an American multinational financial services company, was looking to leverage Quantzig's expertise in customer segmentation strategy to identify the most profitable customer segment.

The Client

The client is an American multinational [financial services company](#) headquartered in California, with offices spread across the United States. The client is best known for their charge card, credit card, and traveler's cheque services.

Business Challenge

This banking industry giant was facing predicaments with launching new products that fit their customers' requirements and needs. After a dip in their profit margins in FY 2018-19, the client wanted to carry out an exhaustive [customer segmentation and profiling exercise](#) and devise a 360-degree marketing strategy for each segment.

The key challenges faced by the client were:

Problem Statement 1

Establish brand identity – By segmenting their customer base, the client wanted to establish their brand image and make the customers identify with the brand, which would increase their customer engagement rates, goodwill, leading to higher customer loyalty and retention rates.

Problem Statement 2

Better targeting – The client wanted to devise successful marketing strategies unique to each segment to ensure their marketing efforts were successful.

Problem Statement 3

Uncover new opportunities – With Quantzig's customer segmentation strategy, the client wanted to understand the [changing customer landscape](#) and come up with new and better banking services and products better suited to their customers' needs and preferences.

Solution Offered

On embarking on this customer segmentation strategy journey, the client uncovered new opportunities for their brand. Customer segmentation in banking helped the client understand the areas which they were previously not paying enough attention to. On leveraging customer segmentation in strategy, the client was able to identify new and profitable segments which helped them develop product offerings and service packages that met the needs of these segments. The client was able to consider the new segments' emotional and functional needs to curate new value propositions that would resonate with the customers.

Business Outcome

The key business outcomes of this customer segmentation strategy were:

- Identified the most profitable customer segments
- Developed a robust marketing strategy for each segment
- Enhanced customer relationship
- Improved customer retention rates by 12% in a span of 1 year