Example exam questions of CLV models (segmentation, retention and migration models)

THEORY

1. What is the meaning of the RSQ/(1-RSQ) value?
2. Which models can be counted as “gone-for-good” models?
3. Which statistic value in the SAS procedure PROC FASTCLUS output can be interpreted as the error of the segmentation model?
4. What are the properties of the random error variance in the k-means model?
5. What are the assumptions of “always-a-share” models?
6. What are the properties of approximate expected overall R square?
7. What are the consequences of using k-means model for clustering?
8. Which option in PROC FASTCLUS is used to declare the number of clusters?
9. Are the estimates of simple retention model always higher than the estimates of the general retention model?
10. How the results of the tests of the homogeneity of strata can be interpreted?
11. What are the assumptions of the general retention model?
12. Which instruction in PROC FASTCLUS procedure enables conducting the tests of the homogeneity of strata?
13. What are the properties of survival function?
14. What is the probability that a new customer will buy again in the next period (for the buy state as the first one), according to the transition matrix?
15. Which models can be counted as probabilistic models?
16. Which migration model enables the division of active customers into subgroups?
17. Which migration model enables the division of inactive customers into subgroups?
18. What are the properties of “recency-frequency” migration model?
19. What is the probability that an inactive customer will not buy in the next period (for the buy state as the first one), according to the transition matrix?
20. Which models can be counted as deterministic models?

PRACTICE

1. Build a segmentation model with k-means method, according to the given guidelines.
2. Build a retention model, according to the given guidelines.