***Week 1:***

**Notes on Dunia Case Study for class:**

Cross selling strategy limited to users who opted in to receiving promotional offers. Weeding out the disinterested and shrinking the prospecting pool to a more valuable lot of consumers.

Used CC balance information to target consumers for loans.

Empirical relationships must analyze historical data to develop a function that transforms inputs into output feature/s.

Carry over- example: seeing an ad in 2012 and buying a car in 2013.

Launched during the recession. 4 customer segments, deemed as underserved clients.

Created opportunity from crisis. Found their niche when others were faltering around them.

Diverse in culture, 25 nationalities, 31 languages.

Profitable in 30 months.

Lack of unified credit rating services led to some challenges in identifying consumer risk, default rates.

If a visa expired, and the loan was not satisfied, the loan and credit payments could be stuck on the bank.

No social security numbers.

Data centric process- If the data said the a customer demonstrated acceptable usage patterns and past credit history, only then would credit increase incur.

Door to door sales for customer acquisition/prospecting.

Emphasis on cross selling. Increasing the lifetime value of a customer was cheaper than acquiring a new one. Plus, they had behavioral spending patterns on existing customers, so they had a baseline for risk measurement.

***Week 2:***

Clustering:

Kmeans = Finding audiences with similar characteristics. Minimizing distance between members of a cluster, and maximizing distance between cluster centroids. Euclidean distance is used here. K is found by looking at the elbow graph to distinguish when diminishing returns begin to occur. Goal is to minimize the ‘within cluster variance’ and maximize the ‘between cluster variance’. As the # of clusters increase, the ratio of x/y should decrease until a certain point.

CaseStudy: Sticks Kebob – Case Study not until Asynch 3?

*Project checkpoint 1 due on Saturday*

*Homework one due 4/26*