**Choosing the Cluster Solution**

1. We can see that Cluster 4, Cluster 5 and Cluster 6 is satisfying 5% to 40 % of the criteria.

2. Now as multiple clusters are satisfying 5 – 40% criteria, So lets compare 2 clusters -

**a) Cluster 4 vs Cluster 5**

Here segment 4 (distribution – 40%) of cluster 4 is divided into 2 segments of cluster 5 i.e. segment 2 (38%) and segment 3 (7%). Characteristics of segment 4 of cluster 4 is same as segment 2 of cluster 5, But Characteristics of segment 4 of cluster 4 is different from segment 3 of cluster 5.

Hence, We have to select the Cluster 5 n

**Now we will compare Cluster 5 vs Cluster 6**

**b) Cluster 5 vs Cluster 6**

Here Segment 2 (distribution – 38%) of cluster 5 is divided into 2 segments of cluster 6 i.e. segment 1 (distribution – 36%) and segment 6 (distribution – 5%). Characteristics of segment 2 of cluster 5 is same as segment 1 of cluster 6, but characteristics of segment 1 of cluster 5 is different from segment 6 of cluster 6.

**Final Cluster Solution -** Hence we accept **cluster 6** as the optimal cluster solution.

**Segment Discription of Cluster 6 Solution with Offers**

**Segment 1**

The customers in this segment has a low balance hence they have lower credit limits and the purchases made and Advance cash transaction is low. These customers make higher payments to the company then their dues, hence increasing credit limit is not a risk for these customers.

**Offer –** Company can increase their credit limits and can offer some of the promotional coupons or cashbacks that can help increase their spending’s and purchases will also increase. To increase the Advance transactions, decrease the transactional processing fee charged for multiple cash withdrawals from ATM’s

**Segment 2**

The customers falling in this segment has a high balance and high credit limit also, but their purchases are very less, but they have high Advance Cash transaction. These customers make lower payments to the company then their dues, hence increasing credit limit is a risk for these customers.

**Offer –** Company can start card bonus points on purchases or can offer a special discount offers on purchases. This may increase their purchases.

**Segment 3**

The customers falling in this segment has a high balance and high credit limit also, but their purchases are very less. They have high Advance cash transaction. These customers make higher payments to the company then their dues, hence increasing credit limit is not a risk for these customers.

**Offers –** Company can increase the credit limit for purchases only and can offer card bonus points on purchases or can offer a special discount offers on purchases.

**Segment 4**

The customers falling in this segment has a low balance hence they have lower credit limits, they make average purchases, but the Advance cash transaction is low. They have lower dues, but These customers make higher payments to the company then their dues, hence increasing credit limit is not a risk for these customers.

**Offers -** To increase the Advance transactions, increase the credit limit for cash withdrawal for these customers and decrease the transactional processing fee charged for multiple cash withdrawals from ATM’s. Offer some discount coupons and card bonus offers on purchases.

**Segment 5**

The customers falling in this segment have a average balance, but have higher credit limits, they make good purchases, but the Advance Cash transaction is low. They have lower dues, but These customers make higher payments to the company then their dues, hence increasing credit limit is not a risk for these customers.

**Offers -** Company can decrease the transactional processing fee charged for multiple cash withdrawals from ATM’s. Offer some discount coupons and card bonus offers on purchases.

**Segment 6**

The customers falling in this segment are the elite customers of the company. They have high balance and credit limits. They have purchase values and frequency. They have high Advance Cash withdrawals.

**Offers –** To keep the Elite customers continue with the company. They should be offered loyalty cash cards or loyalty bonus or the elite customers special discounts like offers.