

# DEVELOPING A PLATFORM FOR CUSTOMER INSIGHT

*Data & Analytics Case Study*

## CLIENT SITUATION

A leading automotive vendor had a large set of customers that predominantly purchased a single product type: oil. The organization wanted to understand how it could effectively segment these customers to purchase a more diversified set of offerings across other transportation equipment, product, and service categories.

With this goal, the client engaged North Highland to apply its segmentation and predictive analytics methodology towards the development of a behavioral profile of its “oil-only” customers that are likely to upgrade their purchases to mechanical services. Given that 65% of these “oil-only” customers had never purchased this additional service, this segment—coined “the persuadables”—represented a key, untapped opportunity.

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North Highland helped a leading automotive vendor develop a predictive model for customer segmentation to drive a diversified sales mix. The organization pinpointed a segment of customers likely to purchase mechanical services – and deployed a tailored discount offer to encourage this population to purchase those services.

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## OUR APPROACH

North Highland developed a predictive model used to target the persuadables, with the end goal to provide them a differentiated experience that would effectively encourage them to upgrade. In developing the predictive model, the North Highland Advanced Analytics team mined 2,850 customer variables and demographic overlays to determine which customers were most likely to purchase mechanical services.

With this scoring methodology embedded in the client’s data warehouse, a one-time, 20% mechanical service discount coupon generated for those customers scoring the highest. Store associates had visibility to the 85,000+ customers flagged in the client’s system, ensuring those customers received the discount the next time they visited the store.

After tackling the mechanical services conversion challenge, the team then worked with the client to map a full customer segmentation. This segmentation delivered insight into purchase behavior across the broader customer portfolio. North Highland has identified segments such as “Countrified Pragmatics,” “Aspirational Undecideds,” and “Mechanical Converts,” helping to define—and ultimately better serve—the distinct vehicle needs differentiating these groups. The client used these insights to deploy CX/CRM strategies to segments that represented high revenue relative to the percentage of the customer base they represented.

**IN DEVELOPING THE PREDICTIVE MODEL, THE NORTH HIGHLAND ADVANCED ANALYTICS TEAM MINED 2,850 CUSTOMER VARIABLES AND DEMOGRAPHIC OVERLAYS TO DETERMINE WHICH CUSTOMERS WERE MOST LIKELY TO PURCHASE MECHANICAL SERVICES.**

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## VALUE DELIVERED

North Highland's work on the mechanical conversion challenge generated fast and measurable return, with a 7.5-times ROI on the client's net new mechanical services revenue. At the two-month mark, the client had generated 1,955 new conversions and paid off its initial investment (based on EBIT), far exceeding the original goal of a six-month breakeven.

Beyond first-time purchases, North Highland's work also generated material repeat mechanical purchases for the client. 320 of the 1,955 converted customers have re-purchased mechanical services with no discount provided. Given the success of the pilot results, the client deployed the program across all 300 corporate and franchise locations.

Because of rapid and quantifiable results North Highland produced in mechanical services, the client entrusted the team with a comprehensive analysis across its customer base. This segmentation ultimately empowered the client to put its customers first. It generated insight that was applied to CRM strategies—strategies that better serve the needs, and create more relevant, segment-tailored experiences with the capacity to drive long-term customer loyalty and engagement.

## ABOUT NORTH HIGHLAND

North Highland is a global management consulting firm known for helping clients solve their most complex challenges related to **customer experience, performance improvement, technology and digital, and transformation**. We add value and support our clients across the full spectrum of consulting, from strategy through delivery. We bring the big ideas, then we make them real.

North Highland is an employee-owned firm, headquartered in Atlanta, Ga., with more than 3,000 consultants worldwide and 60+ offices around the globe. The firm is a member of [Cordence Worldwide](#), a global management consulting alliance. For more information, visit and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).