

# U.S. EDUCATION PROVIDER APPLIES CUSTOMER VALUE DATA TO OPTIMIZE SPENDING



One of the largest for-profit education providers in the United States needed to understand what attracts high-value students in order to more effectively invest its multi-channel marketing dollars. Working with available customer and advertising data sets, Cardinal Path conducted in-depth analyses and created detailed spend allocation models to highlight over \$100 million in new marketing opportunities. Today, our client has valuable customer insights and predictive data to identify attributes that drive value across multiple media channels.

## Top benefits

Identified attributes that predict high-value customers

Identified marketing channels that could attract high-value customers

Budget allocation models highlight \$100M in new opportunities

New targeting strategy reflects finding that 2/3 of revenue comes from less than 1/3 of customers

## Why it was time to fight diminishing marketing investment returns

Our client needed to know how to better invest in marketing initiatives that would attract the most valuable customers. Knowing that some students are more financially lucrative than others, this client also needed to understand its most valuable prospects and which channels would target and reach them most effectively.

While acquisition initiatives were successfully attracting new students, increasing levels of churn were beginning to erode revenues. Traditional customer retention strategies are somewhat limited in the education space, so the organization was addressing this churn by upping its spending on marketing to new student prospects. This strategy, however, seemed to attract even more students who exhibited higher probabilities of dropping out before completing their programs.

With a decreasing average value per customer, our client needed to know which student attributes were responsible for driving lifetime value and, more importantly, how to adjust marketing initiatives to target prospects that demonstrate a high probability of becoming a valuable student.

## How Cardinal Path identified valuable customers and media channels

Cardinal Path leveraged large customer and advertising data sets to perform the analysis and develop models that would address this client's needs. First, customer value tier segments were used to identify both high- and low-value customers. Customer lifetime value analysis was then performed to establish a better understanding of the customer and to

uncover key attributes that contributed to value or risk. Based on this work, logistic regression and churn models were used to predict lifetime values. Finally, advertising data from active marketing channels was added to the mix.

Leveraging both customer and marketing performance data, Cardinal created additional models to predict the financial impact of budget allocation changes across the active channels, uncovering opportunities to target and attract the highest value prospects.

Armed with an understanding of high-value customer attributes and predictive models for targeting these top prospects, the client can now visually plot lifetime value, conversion, and acquisition volume across all active marketing channels. Modeling potential changes to channel spend allocations has also transformed data into insights – successfully informing critical marketing decisions and working overtime to attract high-value customers.

## About the Client

One of the largest for-profit education providers, offering post-secondary to doctoral degrees in a wide range of subject areas at several campuses located throughout the United States.

## Start benefitting from your organization's digital intelligence. Call Cardinal Path to find out how.

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