Case

# The FLIP Side of Segmentation

By Arun Pereira, Arun Patro, and Gary L. Lilien

1.  Before beginning any case, students should familiarize themselves with the model being used. Marketing Engineering for Excel comes with tutorials that demonstrate the capability of each model. The tutorial can be found under each model within the ME▶XL menu after starting Excel. These tutorials are designed to work with our OfficeStar examples which are located in the My Marketing Engineering directory, usually installed in Public/Shared Documents folder during software installation.

2.  The following data required for this case is located in the **My Marketing Engineering** directory (usually located in with My Documents):

    **Flip Side of Segmentation Data (Segmentation).xls**

## Introduction

"Do we *really* need to conduct a segmentation study of B-school students?" Vikram asked, turning to Anand. "MBA students are concerned about careers and jobs. We can safely assume that they want professional certifications to enhance their job placement prospects. All we need to do is highlight that FLIP certifications are endorsed by the industry and will help them get placed in their preferred areas."

This assertion came in response to Anand's request that Vikram, a management trainee, conduct a survey to see if segmentation was needed to target business school students. Both Anand and Vikram worked for Finitiatives Learning India Pvt Ltd. (FLIP), a recent start-up. The FLIP team was comprised of management graduates from the best business schools in India. All trainees at FLIP worked in the production department for a year, to gain a sound understanding of the FLIP product portfolio, before they had the opportunity to move into general management positions. Vikram was assisting Anand, the Head of Sales and Marketing, as part of his cross-functional training.

"I don't think we can assume all B-school students are the same," warned Anand. "There may be more variance among them than you think, and thus, segmentation may be relevant. We may end up targeting a specific group of students rather than all students." Anand paused before continuing, "Keep the survey short so it isn't too time consuming for respondents, and make sure it is not difficult to administer. I'm sure we can finish this exercise in a week."

# Background

FLIP (www.learnwithflip.com) was incorporated with a vision of becoming India's largest e-training and certification organization in the banking and financial services (BFS) industry. FLIP intended to close a gap in the market for high-quality, focused, large-scale retail education in BFS. Its promoters had more than 15 years of banking experience among them; early angel investors in FLIP also held executive-level positions in various banks and financial institutions, which gave FLIP considerable influence in the industry. These credentials, along with the size of the market that FLIP was attempting to dominate (~$1 billion), explained why the FLIP team was so excited and optimistic about the success of their venture.

FLIP began its operations on April 1, 2009. The 10-person team had worked 12-hour days for the previous five months to meet strict deadlines and ensure their products were ready for market. The atmosphere at FLIP's office was always lively, and tinged by an edge of anticipation, typical of a young start-up firm. For many at FLIP, the possibilities and the potential of the company were limitless.

The first set of courses and certifications were launched in November 2009. FLIP also started signing contracts with leading institutions to serve as Endorsing Partners (EPs), to build legitimacy and strength for the FLIP certification. These EPs agreed to give preference to FLIP-certified professionals in their recruiting efforts. Currently, FLIP has seven EPs, including banks, financial institutions, and its latest partner, an IT company.

# FLIP Courses and Certifications

The FLIP certifications are job and role oriented, and they cater to the typical BFS topic areas. Currently FLIP offers 15 certifications across 7 topics: Retail Banking, Corporate Banking, Treasury and Capital Markets, Wealth Management, Investment Banking, Asset Management, and Risk Management. Three levels of expertise are available (Foundation, Intermediate, Expert).[1]

The courses offered by FLIP were e-learning training courses tied to each certification. These courses were not required for FLIP certifications, but were very valuable in preparing those taking the certification exams. The training courses are authored by industry practitioners with at least five years of specialized experience in the specific area. The training is delivered online as self-paced, interactive, easy-to-understand e-learning content.[2] This e-learning initiative receives backing from regular faculty support, in the form of mail, scheduled online "doubt clearing" sessions (webinars), and audio conferences (phone bridges). Diagnostic tests and quizzes help participants gauge their learning and level of preparation for the FLIP certification exams.

The Foundation courses and certifications are basic in nature, intended for those professionals who want to enter the BFS world at either operational or management levels. The Intermediate courses and certifications are more focused in their attempt to prepare professionals for specialized management roles across various vertical BFS topics. These certifications are ideal for fresh business school graduates and professionals who want to move across fields. For example, they would perfectly suit a MBA graduate working as a Relationship Manager in Wealth Management who wants to move into Corporate Banking and take on new roles, such as Product Manager. The Expert courses and certifications are geared toward helping professionals move up a particular hierarchy.

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[1] See Appendix 1.

[2] Visit www.learnwithflip.com for a demonstration.

Candidates purchase the training courses online and typically complete the training in about three months. After their training, candidates can reserve slots online and sit for the FLIP certification exams in any of FLIP's 22 centers, located across India.

The more than 6,000 current FLIP customers come from both the business (B2B) and customer (B2C) sectors. In the B2B sector, a recent marquee implementation featured Reliance Industries Limited, the flagship company of Reliance Group, India's largest private-sector enterprise. The B2C customers are both working professionals and students. The students are largely from business schools, and although FLIP already has started making inroads into this student group, the question remained: Were there specific segments among students that warranted a different product mix or a new positioning, compared to the status quo?

# Target Segment and Competition

The business school segment has strategic importance for FLIP, considering the growing proportion of MBA students who are opting to specialize in finance and pursue jobs in BFS each year.

Currently, FLIP's offering to this customer segment faces no direct competition in the Indian market. However, some competition does exist in specific vertical topics (e.g., NCFM, which is the National Stock Exchange's Certification in Financial Markets and others, such as the CFA or Chartered Financial Analyst). The prices (in Indian Rupees or INR) for each certification and its associated training courses are around INR2500 each—or INR5000 in total. NCFM certifications are priced between INR1000 and INR2000 but do not offer interactive training courses or faculty assistance. Further, unlike NCFM certifications, FLIP certifications are endorsed by industry members, as described earlier (e.g., EPs).

The strength of the FLIP certifications has also been buoyed by a co-branding relationship with the National Stock Exchange of India (NSE) for capital markets–related certifications. Further, FLIP offers an online recruitment platform that enables candidates to upload their resumes and apply for role-specific jobs posted on the site.

# The Survey

Vikram decided that he would need some assistance structuring the questionnaire and called for a meeting of his colleagues: Preeti, Stefan, Sumana, and Rajat. However, Vikram still had doubts about the exercise. He decided to voice his feelings to the others, to gauge their reactions.

"Frankly, I am still unconvinced about the value of a survey to better understand our student customers," Vikram said. "We can easily segment B-Schools into three tiers. Tier 1 schools—the top ranked schools in India—generally have good job placement, and students might not find FLIP certifications very useful. However, this is not true for India's Tier 2 and Tier 3 schools, and they should be our target segments."

Stefan agreed: "There is no point in segmenting what are natural segments in the market."

After some thought, Sumana volunteered, "But the survey might help us understand which combination of certifications we should market to which students, and help identify the demand for each of our certifications."

"Also, I think there are more implications to segmentation," Preeti chipped in. "I remember reading that segmentation is used not only to determine what to do with the product but also to figure out how to position the product—which

means that segmentation could help us determine the optimal 4Ps for our marketing. That is, there may be value in terms of fine-tuning our product mix, understanding our pricing better, and deciding on distribution methods or ideal promotions for the students."

Strolling by the meeting room, Anand heard the last part of the discussion. "Preeti's right," he noted. "The idea behind this exercise is not demand estimation, but rather, understanding how to position our certifications to the students." Anand further pointed out that though placements might be the primary goal for most students, there could be some students who pursue professional certifications simply to enhance their knowledge. "Given the limited time that students spend in business schools, there is very little that can be accomplished beyond laying a foundation. This is particularly true given the trend of one-year MBA programs. For example, take a topic like credit analysis. Business schools may teach the basics of credit analysis but rarely do they have the time to teach students how to write a credit note. As you know, a credit note is a 30-page document! My friend Suresh, who works as a credit analyst, told me that he needed six months on the job to learn how to create a credit note. Students with work experience often know this, and so they are likely to opt for professional certifications."

Anand went on to emphasize how segmentation helps not just to determine what customers want, but to define who the customers are and how to reach them: "Let's assume that our target customers are the ones who are primarily concerned with on-campus placements. Our survey can probably tell us if such students attend career counseling sessions on campus. If so, career counseling sessions would be an ideal way to create awareness about FLIP certifications."

Vikram nodded, more convinced about the value of a segmentation study. It was clear that the segmentation questionnaire had to be structured to gauge both user preferences and user characteristics. A day and a half later, Vikram had created the questionnaire[3] and immediately started to administer it online.

A few days later, Vikram met Anand to update him on the progress of their data collection. Anand asked to look at the questionnaire, but as he read the first few questions, he began to grow concerned. Would there be difficulties analyzing these data, given the structure of some of the questions?

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[3] See Appendix 2.

# EXERCISES

1.  Read the questionnaire in Appendix 2 carefully. Do you, like Anand, have any concerns? Highlight any potential issues with the construction of the questions and/or the scales used to collect the responses. Recommend changes, if you consider them necessary, to the questionnaire.

2.  Run a cluster analysis (without discriminant analysis) on the encoded data [see Flip Data (Segmentation).xls]. Identify the appropriate number of clusters and name each cluster.

3.  Re-run the cluster analysis using the number of clusters you chose in Exercise 2, together with a discriminant analysis. Using the output from the discriminant analysis, describe each segment.

4.  What are the next steps you would recommend for FLIP?

Note: This case was written by Professor Arun Pereira, Arun Patro, and Professor Gary L. Lilien as a basis for class discussion. This case is based on real events; however, the material and events described are only a small part of a larger research study conducted by the company. The names of the various individuals have been disguised.

# Appendix 1: The Offering

FLIP currently offers the following certifications and related training courses. Users can opt to purchase certification/training alone or a combination package (training + certification).

| | Retail Banking | Corporate Banking | Wealth Mgmt. | Treasury & Capital Markets | Asset Mgmt | Risk Mgmt | Investment Banking |
|---|---|---|---|---|---|---|---|
| **Expert Courses** | | | | Currency & Interest Rate Derivatives | | | |
| **Intermediate Courses** | Branch Banking & Retail Liabilities | Corporate Banking Products, RM & Credit Analysis | Intermediate WM | Intermediate TCM | Fund Management | Intermediate RM | Intermediate IB |
| | Retail Assets | Trade Finance and Cash Management Services | | | | | |
| **Foundation Courses** | Finance & Banking Fundamentals | Finance & Banking Fundamentals | Finance & Banking Fundamentals | Finance & Banking Fundamentals | Finance & Banking Fundamentals | Finance & Banking Fundamentals | Finance & Banking Fundamentals |

Notes: Visit [www.learnwithflip.com](www.learnwithflip.com) for more details.

# Appendix 2: Questionnaire

Have you chosen (are you planning to choose) Finance as your major/minor specialization?

◯ Yes              ◯ No

Do you plan to substantiate your MBA with other professional certifications (NCFM, CFA, etc)?

◯ Yes              ◯ No

*(Continue only if both choices are Yes)*

**Respondent Details**

D1. B-School studying in:

D2. Total Work Experience (No. of months):

D3. Relevant Work Experience (in BFS) (months):

D4. Major Specialization:

D5. Minor Specialization:

D6. Undergraduate Degree:

D7. Ranking in Class:    ◯ Top 10 percentile    ◯ Top 25 percentile    ◯ Neither

**Why do you want to get a professional certification?**

Q1. Professional certifications look good on my resume and showcase my capability.

◯ Strongly disagree ◯ Disagree ◯ Neither ◯ Agree ◯ Strongly Agree

Q2. Such certifications improve my prospects of on-campus placements.

◯ Strongly disagree ◯ Disagree ◯ Neither ◯ Agree ◯ Strongly Agree

Q3. These certifications give practitioner-oriented knowledge and will help me perform better in the industry.

◯ Strongly disagree ◯ Disagree ◯ Neither ◯ Agree ◯ Strongly Agree

Q4. Having such certifications will help me switch jobs in the later stages of my career.

     ○ Strongly disagree   ○ Disagree   ○ Neither   ○ Agree   ○ Strongly Agree

**A little more about you ...**

Q5. I consider how convenient it will be for me to prepare for the test before enrolling.

     ○ Strongly disagree   ○ Disagree   ○ Neither   ○ Agree   ○ Strongly Agree

Q6. I care a lot about how much I have to pay for the test.

     ○ Strongly disagree   ○ Disagree   ○ Neither   ○ Agree   ○ Strongly Agree

Q7. I attend workshops/sessions conducted by the finance club in my B-School.

     ○ Never   ○ Rarely   ○ Sometimes   ○ Mostly   ○ Almost Always

Q8. I attend job talks/career counseling sessions offered in my B-School.

     ○ Never   ○ Rarely   ○ Sometimes   ○ Mostly   ○ Almost Always

Q9. I participate in various intercollegiate contests and cultural festivals.

     ○ Never   ○ Rarely   ○ Sometimes   ○ Mostly   ○ Almost Always

Q10. I prefer reading books to viewing an interactive session on the computer.

     ○ Strongly disagree   ○ Disagree   ○ Neither   ○ Agree   ○ Strongly Agree