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Customer ABCD Segmentation

Product Development - 2026-09-16 - [Major Features](#)

Overview

Review the [Customer ABCD Segmentation Introduction](#) for an overview of ABCD categories and thresholds. This customer profitability categorization method provides insights into customer value across a variety of areas in the Profit Max Platform.

Integration Points

The ABCD column is integrated into the Customer and Document-related grids throughout the PMP application. This feature is available for sorting and provides an additional layer of data analysis.

Filters Clear								
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Customer	Customer Number	ABCD Segment	Customer Class	Created At	Sales (\$)	Sales (#)	Margin (%)	Margin (\$)
Van Weedenburg Camping Adventure	VWCA-1088931	A	NATIONAL_ACCOUNT	9/2/2010	7,416,023	451	93.1	6,902,576
Ibert Golf Performance	IGP-1056928	D	NATIONAL_ACCOUNT	3/2/2013	3,421,105	3,132	43.7	1,496,643
Fan Dinnington	FD-32939	A	NATIONAL_ACCOUNT	3/12/2021	2,137,203	526	47.8	1,022,169
Corrin Racquet Sports	CRS-4071495	A	NATIONAL_ACCOUNT	3/3/2004	1,669,650	211	53.6	895,296
Adran Baseball & Softball	ABS-4010199	A	NATIONAL_ACCOUNT	8/20/2020	1,109,182	14,354	72.9	809,114
Cramp Fishing Pro	CFP-7489417	A	NATIONAL_ACCOUNT	12/2/2021	1,516,456	50	48.1	729,460
Karana Outdoor & Camping	KOC-2090008	A	NATIONAL_ACCOUNT	4/19/2006	1,875,158	220	36.1	677,100

Additional Notes

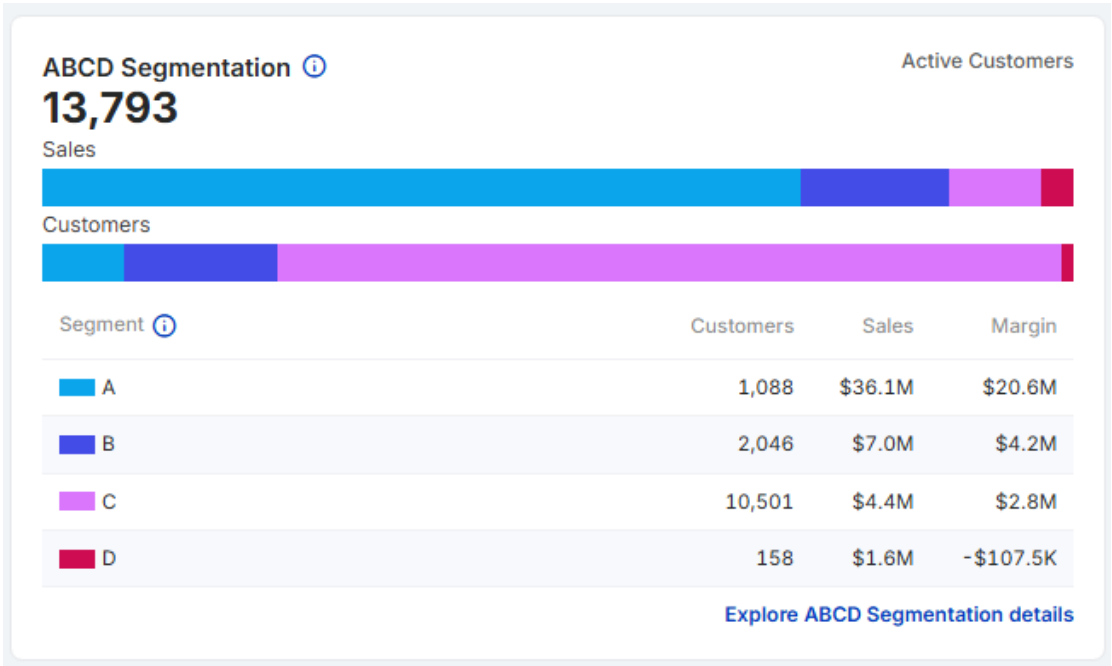
- Margin-based ABCD calculations adhere to configurable cost settings, ensuring alignment with organizational financial strategies.

Available ABCD Segment Metrics

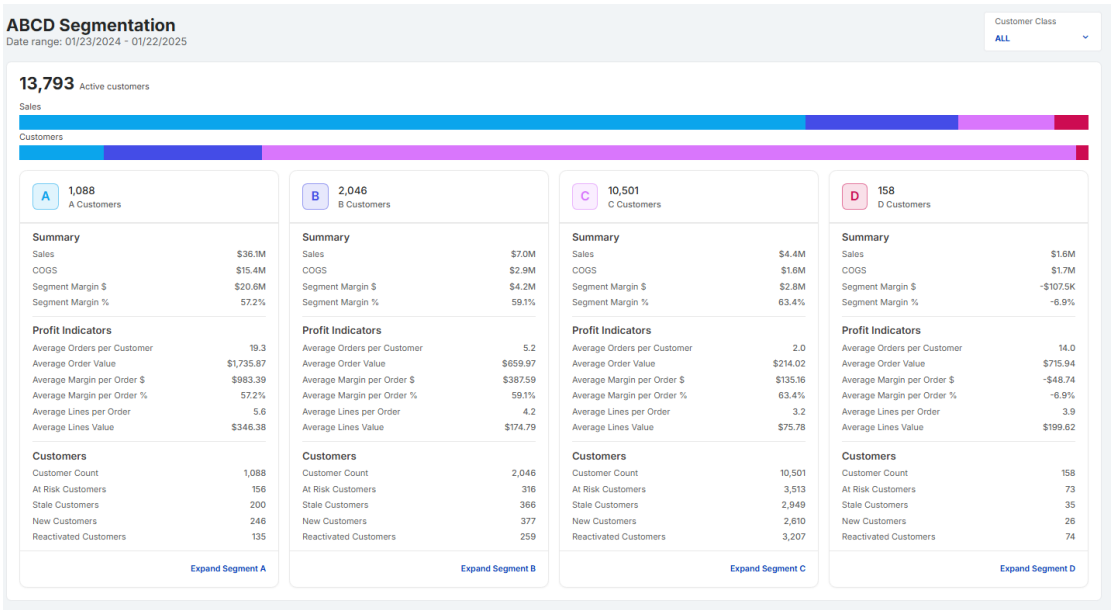
Section	Metric	Description
Summary	Sales	The overall sales \$ for all invoices in the time period for all customers in the segment
	COGS	The overall COGS \$ for all invoices in the time period for all customers in the segment
	Segment Margin \$	The overall margin \$ for all invoices in the time period for all customers in the segment
	Segment Margin %	The overall margin % for all invoices in the time period for all customers in the segment
	Average Orders Per Customer	The average number of invoices customers in the segment had during the time period
Profit Indicators	Average Order Value	The average margin \$ per invoice based on all invoices in the time period for customers in the segment
	Average Margin Per Order (\$)	The average margin \$ per invoice based on all invoices in the time period for customers in the segment
	Average Margin Per Order (%)	The average margin % for all invoices in the time period for all customers in the segment
	Average Line Items Per Order	The average number of lines per invoice based on all invoices in the time period for customers in the segment
	Average Line Value	The average sales \$ per sales line based on all invoices in the time period for customers in the segment
Customers	Customer Count	The count of customers in the segment
	Stale Customers	The count of customers in the segment that are currently flagged as Stale
	At Risk Customers	The count of customers in the segment that are currently flagged as At Risk
	New Customers	The number of customers in the segment that had their first invoice in the time period
	Reactivated Customers	The number of customers in the segment that were churned before the time period began, and reactivated during the time period.

ACBD Screens

ABCD Segmentation Widget



ABCD Segmentation Screen



Segment Detail Screen

Segment Details

Date range: 01/23/2024 - 01/22/2025

Customer Class
ALL

A Customers 1,088 Active customers

A

B

C

D

Summary

Sales\$36.1M

COGS\$15.4M

Segment Margin \$20.6M

Segment Margin %57.2%

Profit Indicators

Average Orders per Customer19.3

Average Order Value\$1,735.87

Average Margin per Order \$983.39

Average Margin per Order %57.2%

Average Lines per Order5.6

Average Lines Value\$346.38

Customers

Customer Count1,088

At Risk Customers156

Stale Customers200

New Customers246

Reactivated Customers135

Filters

Clear

ABCD Segment	Customer	Customer Number	Customer Class	Sales (\$)	Sales (#)	Margin (%)	Margin (\$)	Days Since Last Inv.
A	Van Weedenburg Camping Adventure	VWCA-1088931	NATIONAL_ACCOUNT	2,133,632.92	248	89.2	1,902,812.65	1
A	Fan Dinnington	FD-32939	NATIONAL_ACCOUNT	1,172,760.21	247	46.9	549,937.73	1
A	Vanezis Golfing	VG-7182788	NATIONAL_ACCOUNT	463,935.55	43	100.0	463,935.55	8
A	Adran Baseball & Softball	ABS-4010199	NATIONAL_ACCOUNT	521,636.78	6,454	78.2	397,474.27	1
A	Zecchini Baseball & Softball	ZBS-3912629	NATIONAL_ACCOUNT	799,820.36	25	43.0	343,606.92	17
A	Frants Fitness	FF-9244332	NATIONAL_ACCOUNT	334,756.68	27	96.0	321,425.43	46
A	Karena Outdoor & Camping	KOC-2099008	NATIONAL_ACCOUNT	772,180.91	81	39.2	302,678.57	6
A	Lindsayhaven Extreme Fishing	LEF-8933852	NATIONAL_ACCOUNT	489,709.25	108	60.8	297,588.41	7
A	Kimberlyville Pro Cycling	KPC-4601380	NATIONAL_ACCOUNT	639,179.17	274	45.2	288,603.88	1
A	Sandl Bettenson	SB-9019507	NATIONAL_ACCOUNT	567,060.07	32	47.3	277,730.23	63

Accessing ABCD Segmentation Settings

To configure your ABCD Segmentation settings:

1. Navigate to [Settings](#)in Profit Max Platform
2. Select **ABCD Segmentation** from the settings navigation
3. The ABCD Segmentation Settings page will display

CAVALLO | Settings

Return to application

Settings

Demo Distribution

General

Mission Control

Profit Max Platform

All Settings

ABCD Segmentation

ABCD Segmentation Threshold Customization

Customize your customer segment groups by setting thresholds for each group.

Segmentation Mode

Choose whether to calculate customer segments by sales or margin dollars.

Margin \$

Customer Segment A

*"A" customers contribute the most to your bottom line. By default, this is the customers contributing the top 75% of Total Sales or Margin. It can be changed in increments of 5.

A

75%

0%

100%

Customer Segment B

*"B" customers contribute the second highest amount to your bottom line. By default, this is the customers contributing the next 15% with a minimum value of 5%.

A

75%

B

90%

0%

100%

Customer Segment C

*"C" Customers contribute the remainder of positive Sales or Margin. By default this is 10%. It is calculated based on "A" and "B" segments.

Customer Segment D

*"D" Customers contributing to a negative Margin.

<0

Cancel

Save

Configuring Your Segmentation

Segmentation Mode

Choose the metric that determines how customers are segmented:

- **Sales \$:** Segments customers based on their total sales contribution
- **Margin \$:** Segments customers based on their total margin contribution

Default: Sales \$

Customer Segment Thresholds

Use the interactive sliders to define the percentile thresholds for each customer segment. These settings determine what percentage of your total sales or margin each segment represents.

Customer Segment A

"A" customers contribute the most to your bottom line.

- **Default:** Top 75% of total sales or margin
- **Range:** Adjustable in increments of 5%
- **Description:** These are your most valuable customers who drive the majority of your business

Example: If set to 75%, Group A includes all customers whose combined sales/margin equals the top 75% of your total business.

Customer Segment B

"B" customers contribute the second-highest amount to your bottom line.

- **Default:** Next 15% of total sales or margin
- **Range:** 5% minimum, adjustable in increments of 5%
- **Description:** These are important customers who represent your second tier of value

Note: Segment B represents the percentage of business after Segment A. The Segment B slider will automatically adjust based on your Segment A setting to ensure segments don't overlap.

Customer Segment C

"C" customers are the remaining customers with positive margin.

- **Calculation:** Automatically calculated based on Segments A and B
- **Description:** These customers contribute smaller but positive amounts to your business
- **Formula:** $C = 100\% - (A + B)$

Example: If Segment A is 75% and Segment B is 15%, then Segment C automatically equals 10%.

Customer Segment D

"D" customers contribute negative margin.

- **Calculation:** Automatically determined
 - **Description:** These are unprofitable customers who cost you money
 - **Note:** Segment D is independent of the A, B, and C thresholds and always includes customers with negative margin
-

Using the Sliders

The ABCD Segmentation Settings page features intuitive slider controls that make it easy to adjust your thresholds:

How the Sliders Work:

1. **Segment A Slider:** Drag to adjust the percentage of top customers in Segment A
 - Moving the slider right increases Segment A and decreases the room for Segments B and C
 - Moving the slider left decreases Segment A and increases room for Segments B and C
2. **Segment B Slider:** Drag to adjust the percentage for Segment B
 - The maximum value automatically adjusts based on your Segment A setting
 - Minimum value is 5%
3. **Segment C:** Automatically calculated and displayed (no slider needed)

Slider Constraints:

- All values adjust in increments of 5%
 - Segment A + Segment B + Segment C must equal 100%
 - Segment B has a minimum value of 5%
 - The sliders enforce these rules automatically
-

Visual Representation

The settings page includes a visual bar chart that shows how your customer base is divided across segments:

- **Segment A:** Displayed in the first section of the bar

- **Segment B:** Displayed in the middle section
- **Segment C:** Displayed in the remaining section
- **Segment D:** Shown separately (as it represents negative margin customers)

This visualization updates in real-time as you adjust the sliders, helping you understand the impact of your configuration changes.

Saving Your Settings

To Apply Changes:

1. Adjust the sliders to your desired thresholds
2. Review the visual representation to confirm your segmentation
3. Click **Save** to apply your new settings

Important Notes:

- Changes take effect on the next data sync
- All ABCD Segmentation reports and dashboards will reflect the new thresholds after sync
- You can cancel changes before saving by clicking **Cancel** or navigating away from the page

Discard Changes Warning:

If you attempt to navigate away from the settings page after making changes without saving, you'll be prompted with a "Discard Changes" modal to confirm whether you want to lose your unsaved changes.

Best Practices

Recommended Starting Points:

- **Segment A:** 75% (default) - Captures your core customer base
- **Segment B:** 15% (default) - Identifies your next tier of valuable customers
- **Segment C:** 10% (calculated) - Represents smaller but positive contributors

When to Adjust Settings:

Consider adjusting your ABCD thresholds when:

- Your business model changes (e.g., moving from volume to margin focus)
- You want to focus on a smaller group of top customers (increase Segment A threshold)

- You need to identify more "at-risk" mid-tier customers (adjust Segment B)
- Industry standards or competitive analysis suggests different segmentation

Tips for Optimization:

1. **Start with defaults:** The default settings work well for most businesses
2. **Make incremental changes:** Adjust thresholds gradually and monitor the impact
3. **Align with business strategy:** Choose Sales \$ or Margin \$ mode based on your key priorities
4. **Review regularly:** Periodically assess whether your segmentation reflects current business reality
5. **Consider customer count:** Very high Segment A thresholds may result in too few customers in Segments B and C for meaningful analysis

Understanding Segment Changes

After adjusting your ABCD Segmentation settings, customers may move between segments. This is normal and expected:

- Customers entering Segment A should receive your highest level of service and attention
- Customers dropping from A to B or C may need re-engagement strategies
- Customers in Segment D should be evaluated for profitability improvement or discontinuation

Track these movements over time to understand customer lifecycle patterns and the effectiveness of your retention strategies.

Frequently Asked Questions

Q: How often are ABCD segments recalculated?

A: ABCD segments are recalculated during each data sync cycle based on the configured time period and current settings.

Q: What happens if I set Segment A to 95%?

A: This would create a very large "A" segment that includes most of your customers. While allowed, this may not provide meaningful differentiation between your top and mid-tier customers.

Q: Can Segment B be 0%?

A: No. Segment B has a minimum value of 5% to ensure meaningful segmentation.

Q: Why does Segment D appear separately?

A: Segment D represents customers with negative margin contribution. This segment exists independently of the A/B/C segmentation and can contain any number of customers regardless of your threshold settings.

Q: Which mode should I use - Sales \$ or Margin \$?

A: This depends on your business priorities:

- Use **Sales \$** if revenue volume is your primary metric
 - Use **Margin \$** if profitability is more important than raw sales volume
 - Many businesses find **Margin \$** mode more valuable for strategic decision-making
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Getting Help

For additional assistance with ABCD Segmentation Settings:

- Contact Cavallo Support for questions specific to your configuration
 - Consult with your Customer Success Manager for strategic guidance on optimal settings
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Summary

ABCD Segmentation Settings give you powerful control over how your customers are categorized based on their value to your business. By customizing the threshold percentiles for each segment, you can:

- Focus resources on your most valuable customer relationships
- Identify at-risk customers who need attention
- Make data-driven decisions about customer engagement strategies
- Track customer movement between value tiers over time

Start with the default settings and adjust based on your specific business needs and strategic priorities. Regular review and refinement of your segmentation thresholds will help you maintain an accurate view of your customer base and maximize the value of your customer relationships.