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Customer ABCD Segmentation Introduction

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Introduction to Customer ABCD Segmentation

Customer ABCD segmentation is a structured approach for categorizing customers based on their financial contribution to a company's revenue or margin. This method evaluates customer performance by grouping them into four distinct categories—A, B, C, and D—using defined thresholds. This customer profitability categorization is pivotal for identifying high-value customers, optimizing resource allocation, and tailoring strategies to enhance each customer's value to the business.

- **A Customers:** Top-tier customers contributing to the top 75% (default value) of total revenue or margin
- **B Customers:** Significant customers contributing to the next 15% (default value) of total revenue or margin
- **C Customers:** Remaining customers with positive margin
- **D Customers:** Customers with negative margin

Segmentation calculations can be configured to use either revenue or margin, and the percentage thresholds for A customers (75%) and B customers (15%) are also configurable. Threshold values are recalculated weekly to reflect the latest historical sales data, enabling businesses to monitor and quickly adapt to shifts in customer buying trends.

For more information on how to configure customer ABCD settings, see these profitability metrics in the Profit Max Platform, and review FAQs, check out the in-depth [Customer ABCD Segmentation](#) documentation.