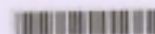


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SECTION – C.A.B.A.M

12. Compulsory Case Study :

(1×15=15)

Capital One Financial Corporation did not become the most profitable credit card company in the United States by accident. They diffuse information technology through all their business strategies and business practices. They call it Information Based Strategy, or IBS. IBS uses a test-and-learn philosophy to differentiate products and services to target market groups. New product ideas are tested on target populations to analyze their reactions to the product or service.

Data are gathered to identify and target specific consumer groups with specific marketing campaigns. Data are used also to set prices on products and interest rates on services. Successful marketing campaigns are tested for multiplication in different regions of the country. Costs are lowered and customer service productivity is enhanced by the use of testing and matching customer service or sales representatives with customers whom they are best trained to serve. When a customer calls, their record is plugged into a database to determine what his needs are and the call is then routed to a representative who is most qualified to serve that customer's needs.

Capital One uses a software application called Global Service Logistics (GSL) by Cisco Systems for call routing. This is only one of the applications used to support IBS. The amount of support required for IBS is immense. Capital One has spent hundreds of millions of dollars building and refining systems for IBS and uses the services of over 1000 IT professionals.

Questions :

- 1) What is the business model of Capital One Financial Corporation ?
- 2) Discuss the factors leading to the success of Capital One.
- 3) Suggest how can Capital One fit into aggregator model ?