



The University of Chicago  
Department of Statistics

Mini-seminars for Second Year Ph.D. Students

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**Hidden Markov Models in Customer Relationship Management**

**TUESDAY, March 6, 2007 at 4:45 PM**  
**110 Eckhart Hall, 5734 S. University Avenue**

**ABSTRACT**

Hidden markov models have been used for decades in numerous applications, but have only recently been applied seriously to marketing applications. In CRM, marketers need to find efficient ways to segment their customer base for effective targeted marketing, but the best segmentations may be based on unobservable customer “states”. We discuss an HMM specifically designed for such purposes and describe estimation techniques.