

Mastering Cross-Selling with Next Best Product Recommendation

Effective cross-selling in financial services requires precisely recommending the next best product or service to existing customers. Success lies in delivering tailored recommendations that enhance customer satisfaction and loyalty while optimising resource allocation.

Case Overview

A financial institution needed expertise in identifying the next best products or services for their existing customers. With limited demographic information and indicators of active subscription to 21 products, they sought recommendations for three other offerings.

Our Approach

Leveraging QUALCO Data-Driven Decision Engine's machine learning capabilities, we built predictive models for each product, calculating the probability of a customer converting upon receiving an offer. Then, we segmented the dataset to tailor our recommendations effectively.



QUALCO D3E IN ACTION

Step 1 Model Development

Using data analysis, QUALCO Data-Driven Decision Engine automatically identified relevant predictive factors such as:



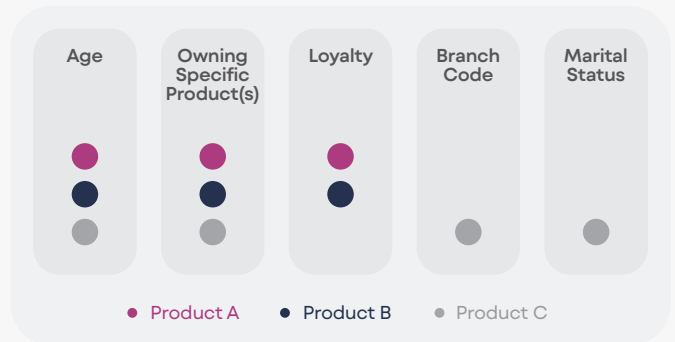
This process tailors the next-best product recommendations, enabling more effective targeted marketing campaigns. Through detailed analysis, the model linked these predictive factors to each product:

○ **Products A & B**

They exhibited significant correlations to age, ownership of specific products, and customer loyalty.

○ **Product C**

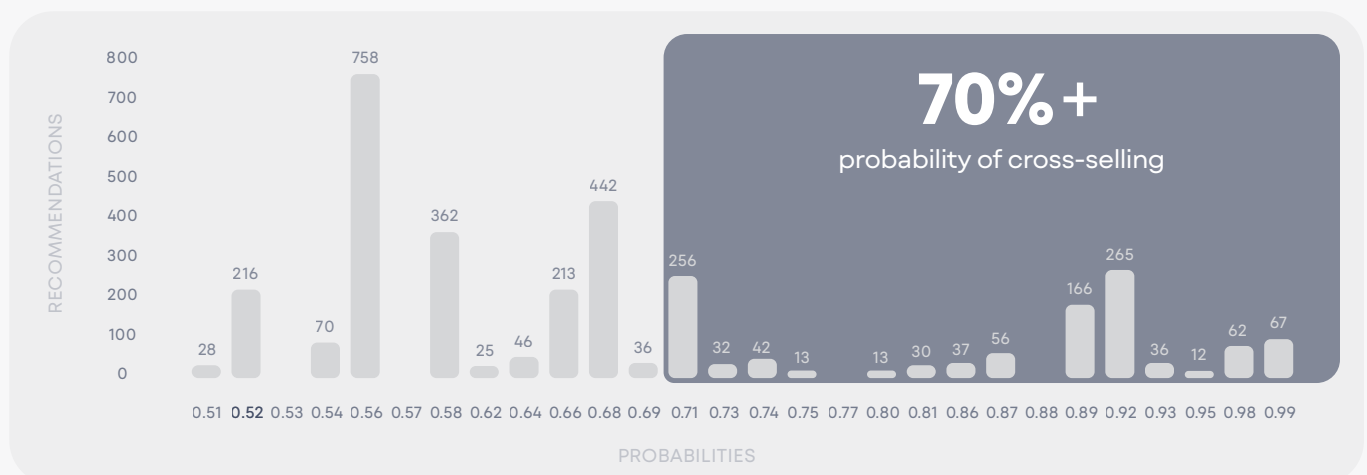
Its dynamics were influenced by age, ownership of specific products, branch code, and marital status.



Overview of predictive factors related to each product

Step 2 Customer Segmentation

We assessed the potential for sales uplift across different products by segmenting customers based on their likelihood to respond positively to cross-selling initiatives. This segmentation strategy allowed the institution to specifically target customers with a **50% or higher** likelihood of conversion, focusing outreach efforts primarily on those with a **70% or higher** probability of success in cross-selling.



Identifying which customers should be contacted first

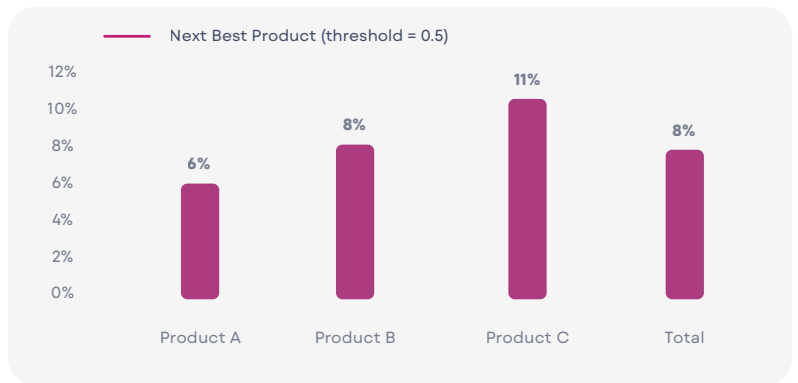
Step 3 Marketing Strategy Formulation

With a refined understanding of customer preferences, we helped design targeted marketing campaigns that maximised conversion rates, resulting in an 8% increase in overall sales uplift.

RESULTS

Increased Sales Uplift

Ensured higher sales uplift for the three products of interest.



Sales Uplift Reported per product

Enhanced Customer Loyalty

Fostered stronger customer relationships through personalised recommendations, increasing loyalty and returns.

Gained Marketing Insights

Unlocked valuable insights into customer behaviour, enabling targeted marketing campaigns tailored to specific segments. Notable strategies include:

- Targeting relatively new clients with a particular product resulted in a **27%** sales uplift in the proposed segment.
- Focusing on relatively new customers aged **30-60** who had previously engaged with another product achieved a **58%** conversion rate when targeted for a subsequent product.



About

QUALCO Data-Driven Decisions Engine

QUALCO Data-Driven Decision Engine is an integrated decision-making platform that automates every stage of the credit portfolio and collections analytics workflow. It empowers:

- **Data Organisation** to keep track of one's portfolio's changes easily
- **Data Processing** to transform and sequence data for analytical insights
- **Machine Learning capabilities** to understand customer behaviours and segments
- **Tailored Treatments** to customise actions for various customer groups, enhancing performance
- **Strategic Insights** to shape treatment strategies and estimate their impact on profitability
- **Regulatory Compliance**, by generating compliance reports based on analysis results

Designed for any business that manages credit, QUALCO Data-Driven Decision Engine equips financial institutions and servicers with the tools to transform raw data into actionable insights. By leveraging advanced analytics and machine learning algorithms, organisations can unlock untapped potential, drive operational efficiency, and deliver exceptional customer value.



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