

White Paper

Accelerating Revenue with Customer Centric Offers

The evolution of customer-centric cross-sell

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May 2012



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About Equifax

Equifax is a global leader in consumer, commercial and workforce information solutions, that provides businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 500 million consumers and 81 million businesses worldwide, and uses advanced analytics and proprietary technology to create and deliver customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 18 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. For more information, please visit www.equifax.com.

Accelerating revenue with customer centric offers

The evolution of customer-centric cross-sell

Banks are facing a cross-sell crisis. According to a 2012 survey from research firm Aite Group, just one in 10 consumers increased the number of products or account balances they have with their primary bank, while 6% decreased balances or accounts, and nearly 10% left their bank altogether. In other words, cross-selling efforts are unsuccessful with about 90% of a bank's customer base.

Fueling this lack of cross-sell success are factors like historically low levels of consumer trust in banks, and regulatory issues that have resulted in new and higher fees on banking products and services.

A new approach to cross-selling

Banks now realize they need to transform their approach from a product-centric focus to a more customer-centric view in order to have more success. Making relevant product offers is key to building successful customer relationships and maintaining a competitive edge. A customer-centric cross-sell approach is built on three principles:

- 1) Better customer insight
- 2) Analytics to translate data into intelligent product offers
- 3) Optimizing business processes

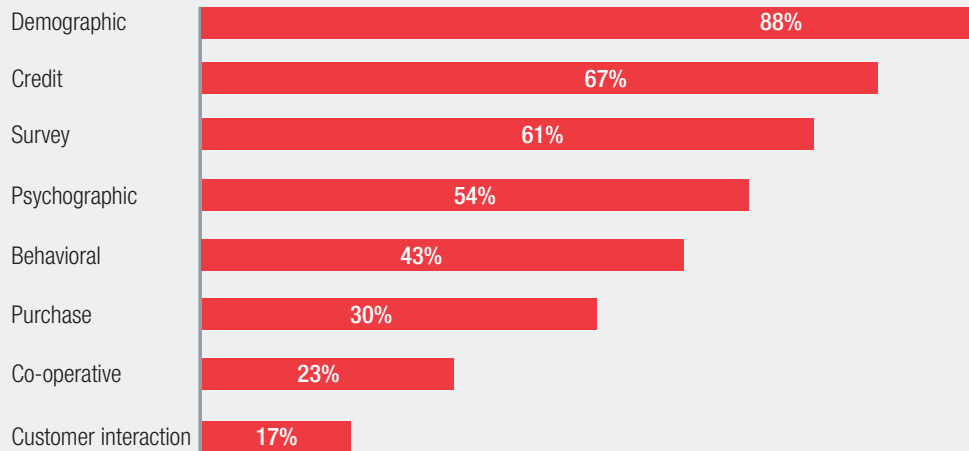
1) Better customer insight

Banks need the right data in order to provide relevant offers. Despite the volume of customer-related data that banks collect, the types of data collected is limited. While nearly nine in 10 banks have demographic data about their customers and prospects, and two-thirds have credit data, only 30% have customers' purchase data available for predictive modeling purposes, and less than one in five use customer interaction data as an input to their cross-selling efforts.

Figure 1.

Many Data Types Are Underutilized

Q. Which of these types of data do you use for marketing models?

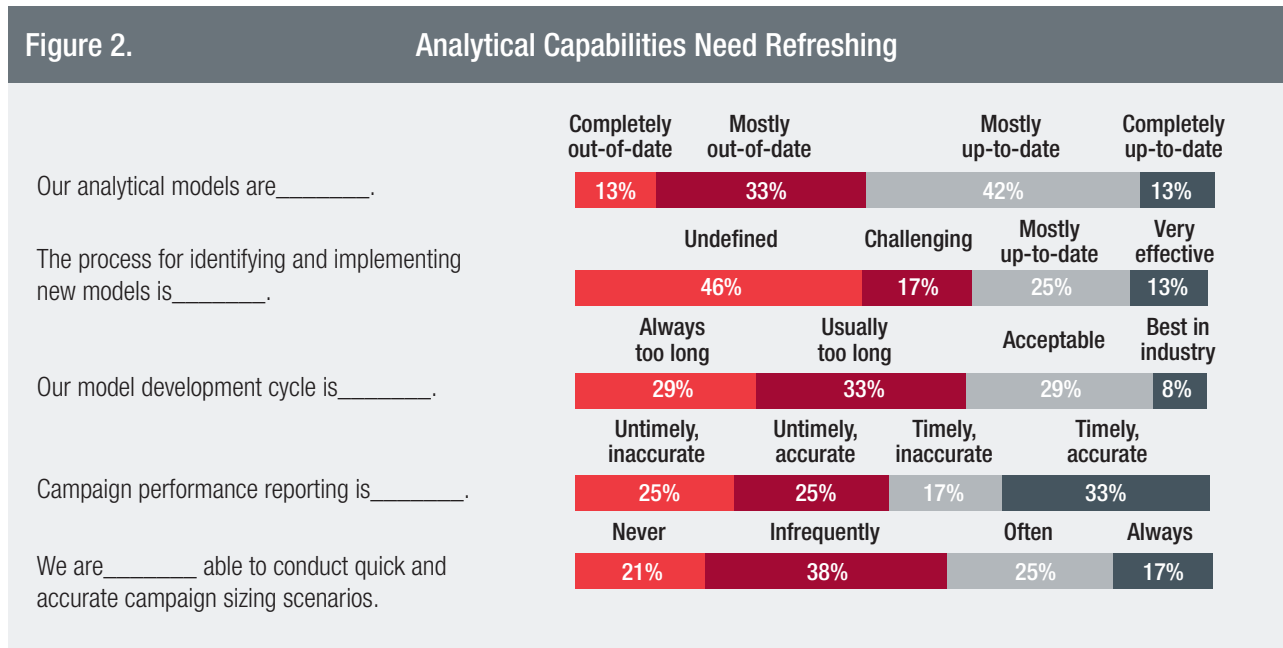


Source: Aite Group report "Marketing Analytics Trends In Retail Financial Services"

Today's data sources for customer insight go far beyond a traditional credit score and demographic data. New data sources such as wealth and income data, and alternative scores for the under-banked and thin-file populations, have increased the insight and complexity of working with external data sources. Transactional information, purchasing behavior and an understanding of how consumers are using their financial assets, also can factor into segmentation for product offers.

2) Analytics to translate data into intelligent product offers

Banks need customer-centric analytics that show purchase propensity and eligibility, combined with consumer risk and profitability. Again, many banks lack these capabilities. Of banks surveyed by Aite Group, nearly half said their analytical models are out of date, and that their process for identifying and implementing new models is broken (see Figure 2).



Source: *Ibid.*

Leveraging analytical techniques and behavioral models gives banks an ability to profile consumers in real-time for better offers. For example, purchase propensity models enable banks to arbitrate between different products, to determine the next-best-offer, based on an individual’s likelihood of acceptance and product profitability. These models are built by analyzing existing cross-sell interactions, and correlating those interactions with actual purchasing characteristics for consumers.

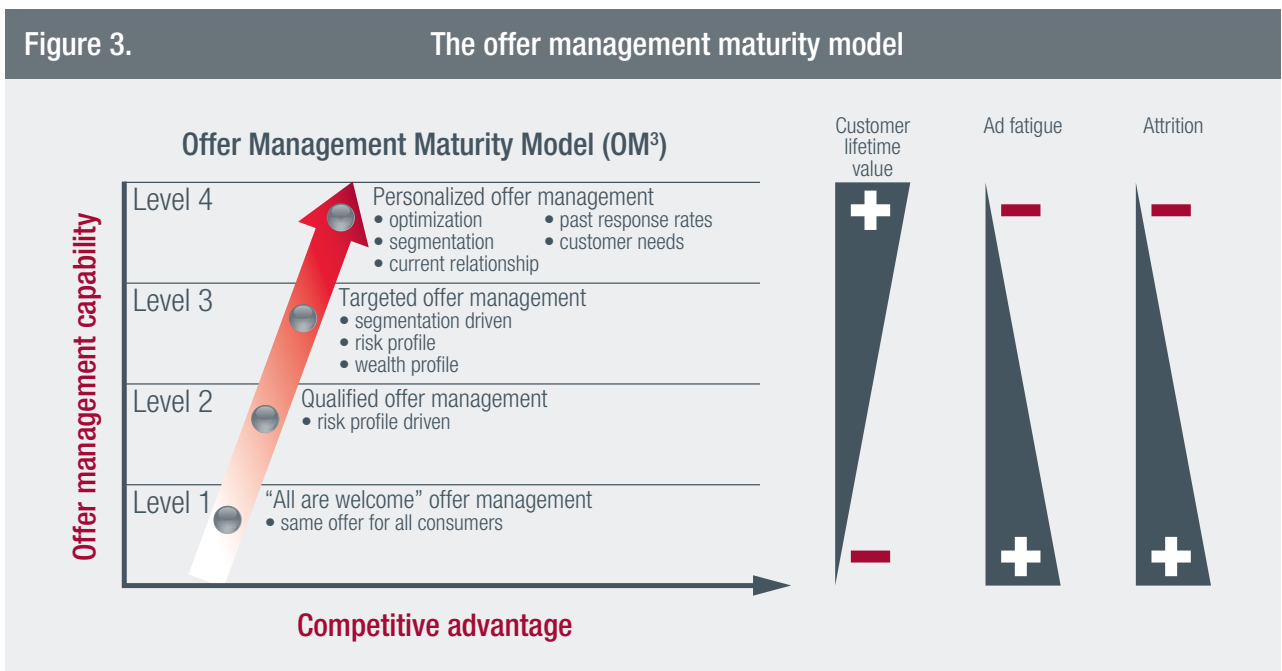
Behavioral analytics help you better digest the wealth of information at your disposal. This enables you to better engage your customers with intelligent offers at the point-of-interaction.

3) Optimizing business processes

A customer-centric cross-sell approach requires orchestration of data, analytics and software that not only identifies the best offer in real-time, but incorporates a “lessons-learned” component so ongoing interactions can be refined and improved over time. These interactions need to be managed in a centralized multi-channel, multi-product decisioning environment that enables banks to engage their customers with consistency, and track ongoing learnings.

Evolving to customer-centric cross-selling

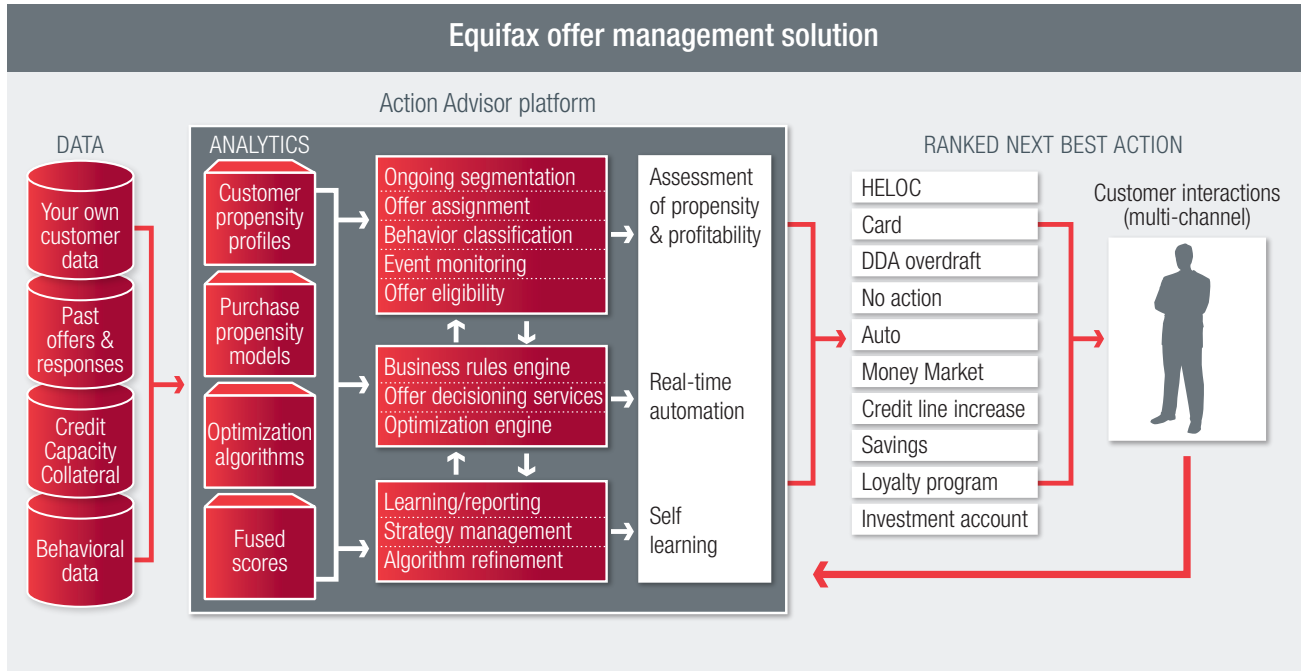
The maturity model below illustrates the evolution of cross-sell from a “one size fits all” product offer strategy through to a customer-centric, personalized offer management approach (see Figure 3).



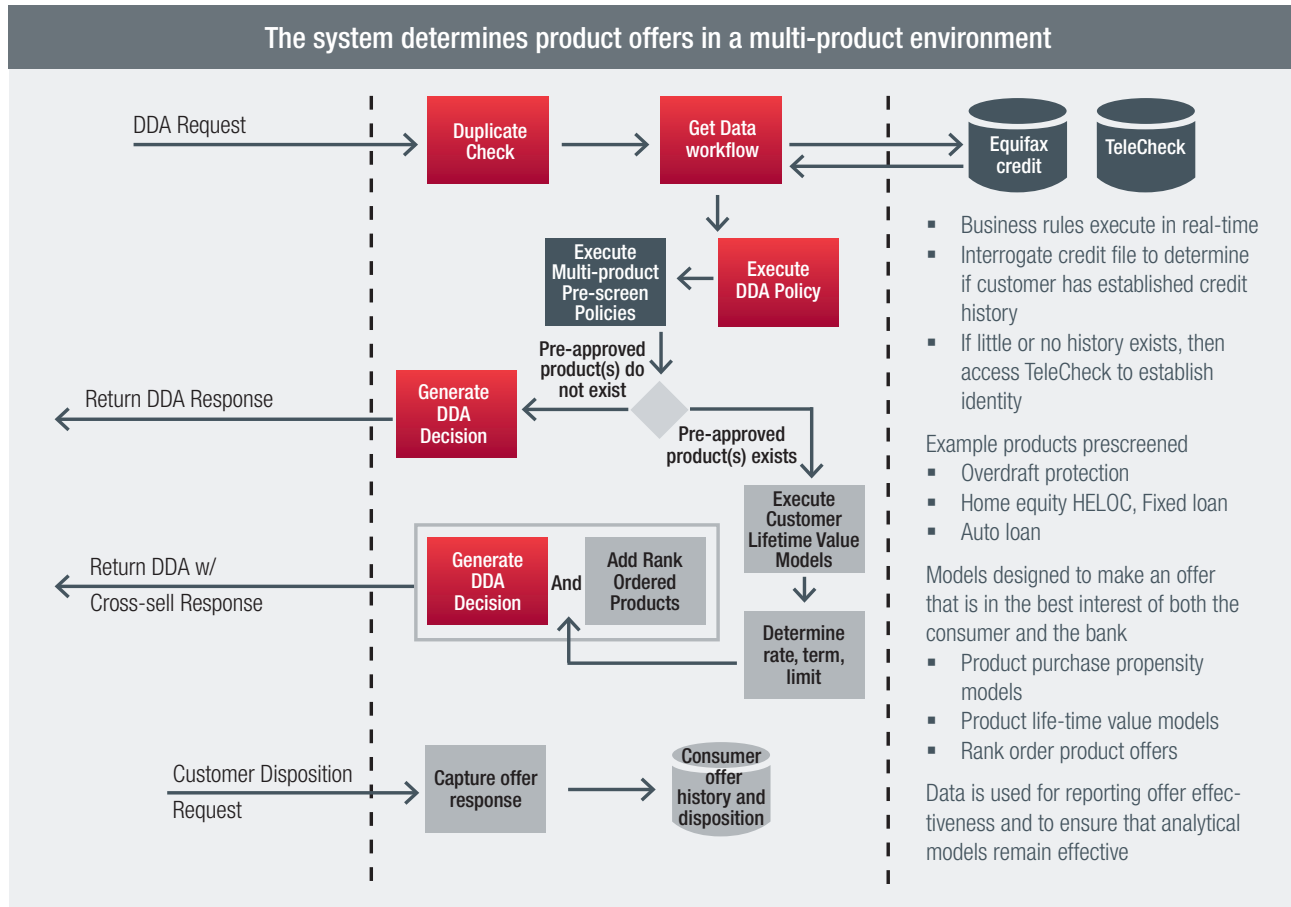
“Level 2”, labeled as “Qualified offer management”, is traditionally known as prescreen-of-one or making offers based on a consumers risk profile. “Level 3” factors in more than just risk; it incorporates other consumer dimensions such as wealth and employment to help with targeting offers through segmentation. Within “Level 4”, banks move towards delivering offers based on more personalized insight such as current banking relationships, offer history, response rates and customer need. As you go up in offer management maturity, you increase competitiveness by maximizing customer lifetime value, minimizing ad-fatigue and reducing attrition.

The Equifax solution

The Equifax offer management solution leverages data, analytics and software to rank order the next-best-action for every customer interaction.



Below is a sample business process that highlights how the system determines product offers in a multi-product environment:



Take the next-best-action and contact Equifax

The evolution of cross-sell gets back to the basic “4P’s” of marketing: product, price, promotion, place. A best practices offer management strategy will offer consumers the right product at the right price, and allow front-line employees, in every channel, to clearly communicate the value proposition around why this is the best offer at this time. The fruits of a customer-centric cross-sell program include higher acceptance rates, greater share of wallet, and happier customers.

Whether you are looking to present the best offer in a single product environment, or the next-best-action in a multi-product environment, Equifax can help.

References

For more information on how you can take your cross-sell program to the next level, please contact Chandresh Modi at 770-740-5330. www.equifax.com/technology/home

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Chandresh Modi has over 12 years of experience in information systems engineering, mostly in the area of customer strategy management, business process management, software architecture and decision support systems. Mr. Modi has worked with several of the top 20 retail banks on projects to maximize customer lifecycle relationships in a multi-product, multi-channel environment. His experience spans both financial services and the telecommunications industry. Prior to joining Equifax, Mr. Modi worked at JP Morgan Chase and Lehman Brothers delivering technology solutions for Private Client Services and Equity Derivatives verticals. Mr. Modi received his Bachelor of Science with honors in Information Systems Engineering from the University of Manchester (U.K.).



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