

Data Analyst:: Cross selling recommendation - Group Project

How to increase cross selling of Banking Products

Team member's details

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Problem description

XYZ Credit union in Latin America is performing very well in selling Banking products (Credit card ,deposit amount, retirement account, safe deposit box),but their existing customer is not buying more than 1 product which means bank is not performing good in cross selling(Banks is not able to sell their other offering to existing customers).XYZ credit union decided to approach ABC analytics to solve their problem.

Business understanding

Cross-selling involves selling complementary products to existing customers. It is one of the highly effective techniques in the marketing industry.

Cross Selling offers benefit to both the ends of marketing cycle i.e. customer and firm.

For the Firm

- Builds customer equity
- Differentiates from competition, enhances market position
- Promotes diversification and innovation
- Stimulates universe expansion and entry into new markets
- Balances growth between new and existing customers, low and high margin products and segments
- Enhance customer profitability
- Discourages customer attrition, improves customer loyalty

For the Customer

- Patronizes the brand
- Broadens choices of product and services
- Offers convenience through one-stop shopping, flexibility, consolidated bill and others
- Increases customer satisfaction
- Lowers price
- Encourages better customer service from relationship marketing

Now,the question is what action bank can take to increase cross selling.

4 steps:

1) Collect and consolidate data

Collect data from various resources like social media insights, demographic and behavioral overlays, consumer ratings, bill payment behavior, etc. The reason for collecting all this data is that you need to know your target audience better than ever. Data drives the cross-selling. Banks must determine which customers are profitable, how their behaviors and preferences have changed over time, and how they stack up against the competition.

2) Use predictive analytics

Past behavior is a reliable predictor of future behavior. Banks use predictive analytics to work out a cross-selling plan in advance. In addition to the next product purchased, bank marketers may want to know the profit potential of a customer over the next two years and which customers are likely to churn.

3) Implement next best action cross-selling

It uses predictive analytics to identify the products or services that customers are most likely to purchase next. The objective of a systematic program is to improve response by providing more relevant offers, which leads to a better customer experience and improved ROI. When a bank applies a test-and-learn approach to cross-selling, actual results feed into the models and the cross-selling improves over time.

4) Create omnichannel messaging

Clients receive personalized communications for relevant products and services based on the results of predictive analytics. Banks engage with customers in an interactive way that seems very natural. Response to generic marketing messages from banks has been declining; therefore, this more targeted approach is both timely and effective.

Project lifecycle along with deadline:

1. Business understanding
2. Data Understanding
3. Data Cleansing and Transformation
4. Exploratory data analysis
5. EDA Recommendation (ppt)
6. Dashboard which should capture type of customer their count, segment wise (VIP, student etc) customer average age and other KPIs which gives better business insight in taking decision.
7. Prepare a final presentation