MACHINE LEARNING APPROACH FOR CUSTOMERS UPSELLING

DANILO LABANCA

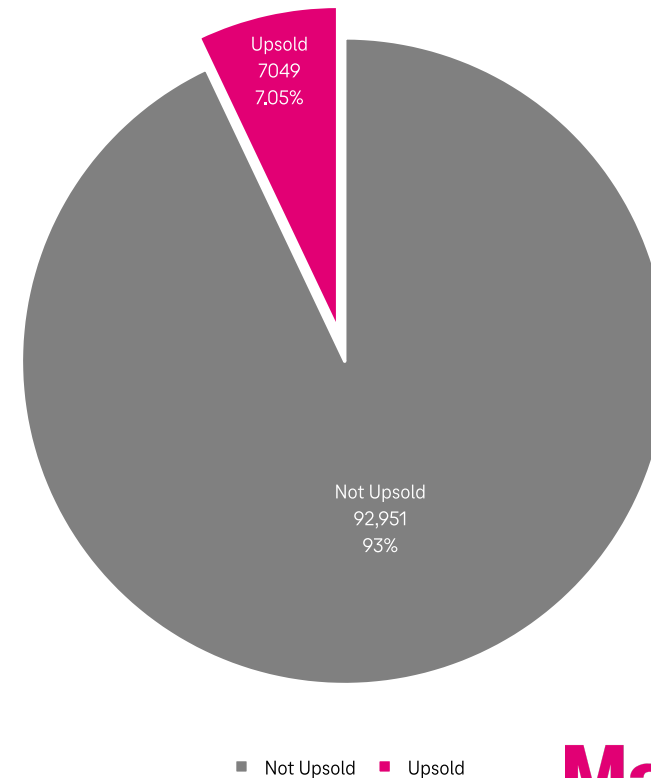**Magenta** ®

AGENDA

- What is the current status?

- Data analysis

- Approach

  - Proposal

  - Data

  - Modeling

- Next steps

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WHAT IS THE CURRENT STATUS?

Only **7% of our customers** have done an upselling in recent periods

Current Upselling Performance

Upsold
7049
7.05%

Not Upsold
92,951
93%
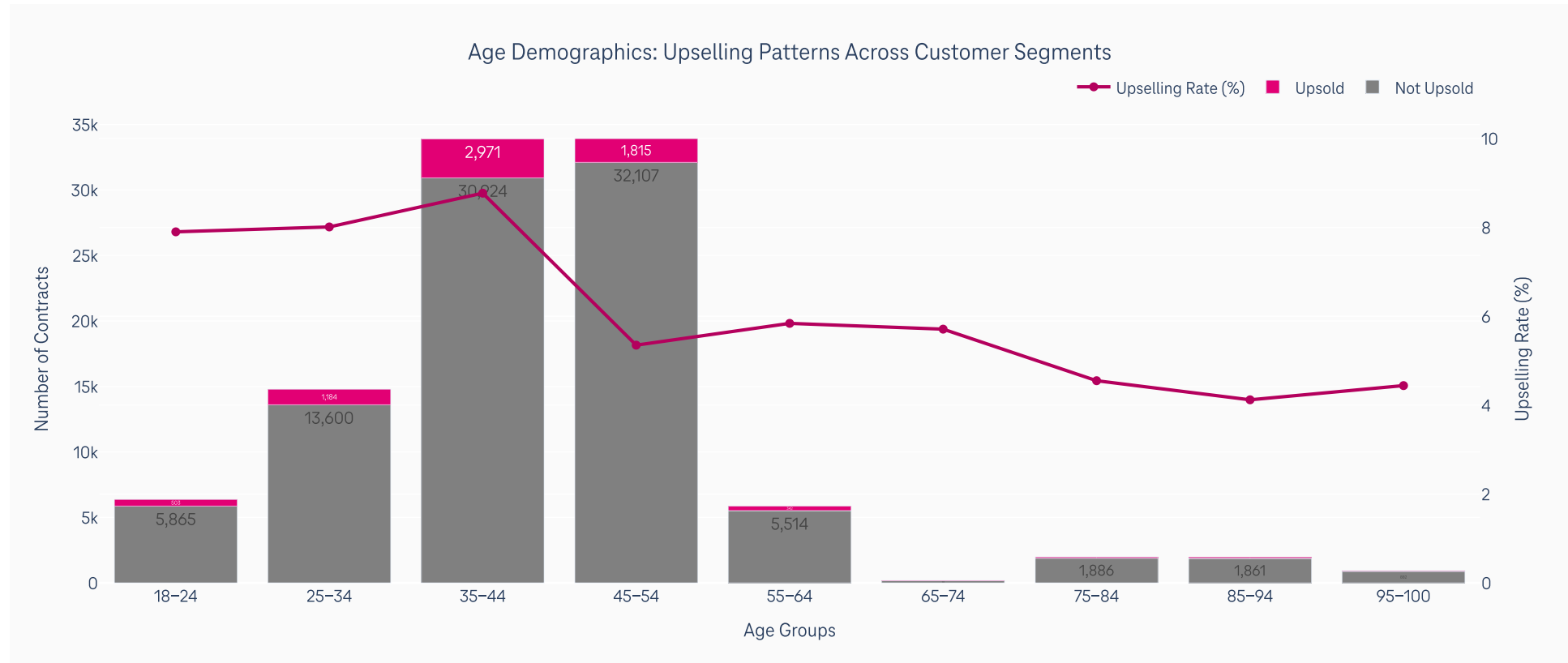
■ Not Upsold ■ Upsold

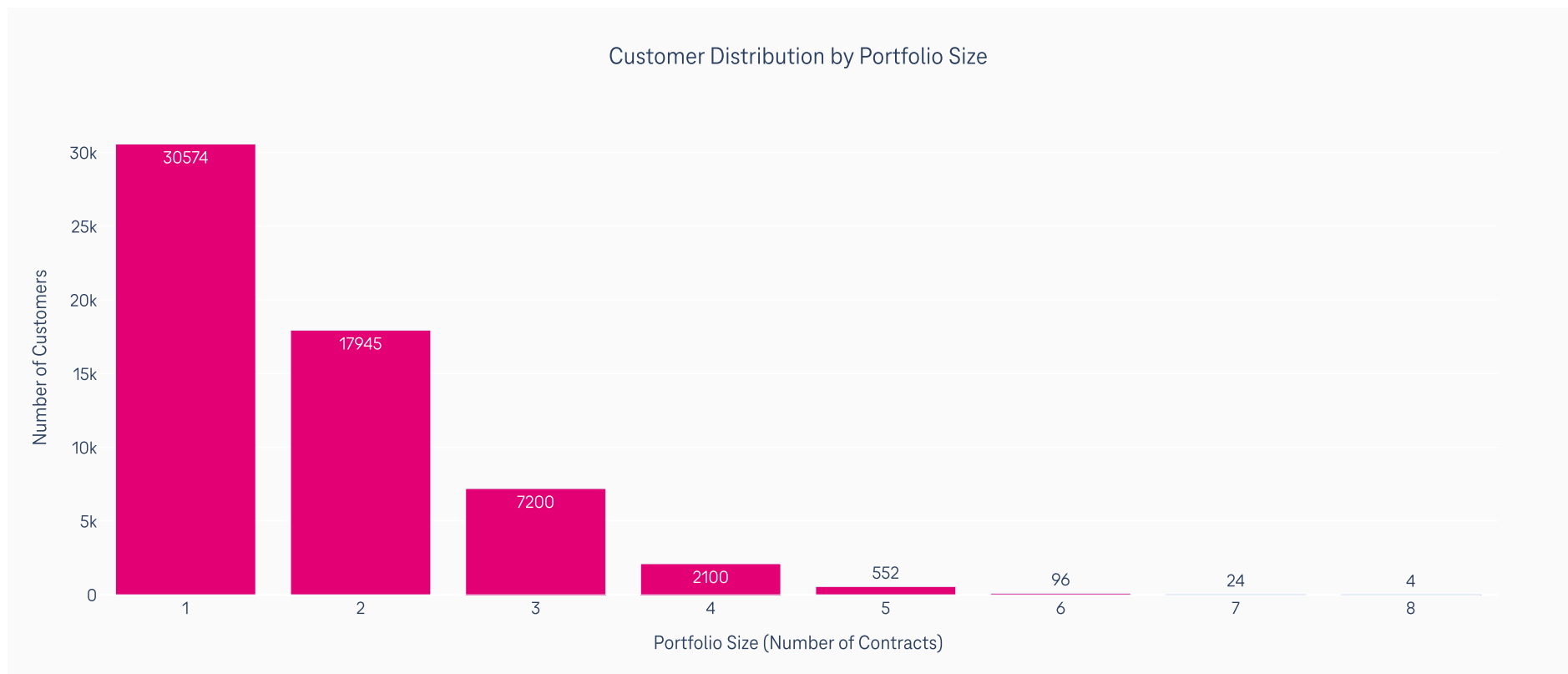**Magenta** ⊤

GROWTH OPPORTUNITY

- **Upselling is more cost-effective** than acquiring new customers (*)

- Each successful upsell generates **€10-20+** additional monthly revenue

- Moving from 7% to just **10-12% upselling rate** would create significant revenue growth
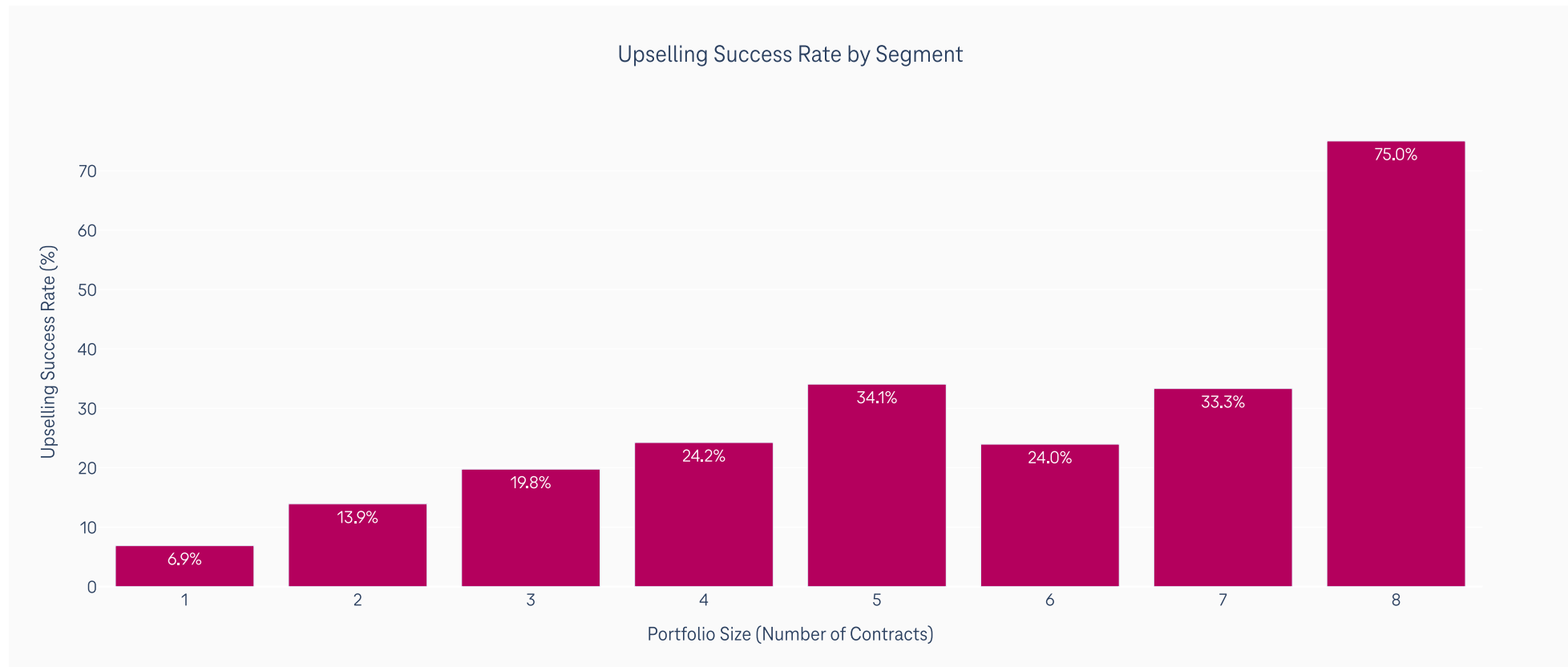
* Forbes

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DEMOGRAPHICS

Age Demographics: Upselling Patterns Across Customer Segments

CUSTOMERS PORTFOLIO SIZE

Customer Distribution by Portfolio Size

Bar chart showing Number of Customers (y-axis) by Portfolio Size (Number of Contracts) (x-axis):

Portfolio Size (Number of Contracts)	Number of Customers
1	30574
2	17945
3	7200
4	2100
5	552
6	96
7	24
8	4

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CONTRACT LIFECYCLE

Contract Lifecycle Analysis

Contract Distribution by Lifetime (Months)

Contract Count — Upselling Rate (%) -- Avg Completion Rate (%)

- 0–6m: 13,321
- 6–13m: 13,644
- 13–19m: 13,801
- 20–26m: 13,797
- 26–33m: 13,753
- 33–39m: 10,206
- 40–46m: 6,929
- 46–53m: 6,806
- 53–59m: 6,871

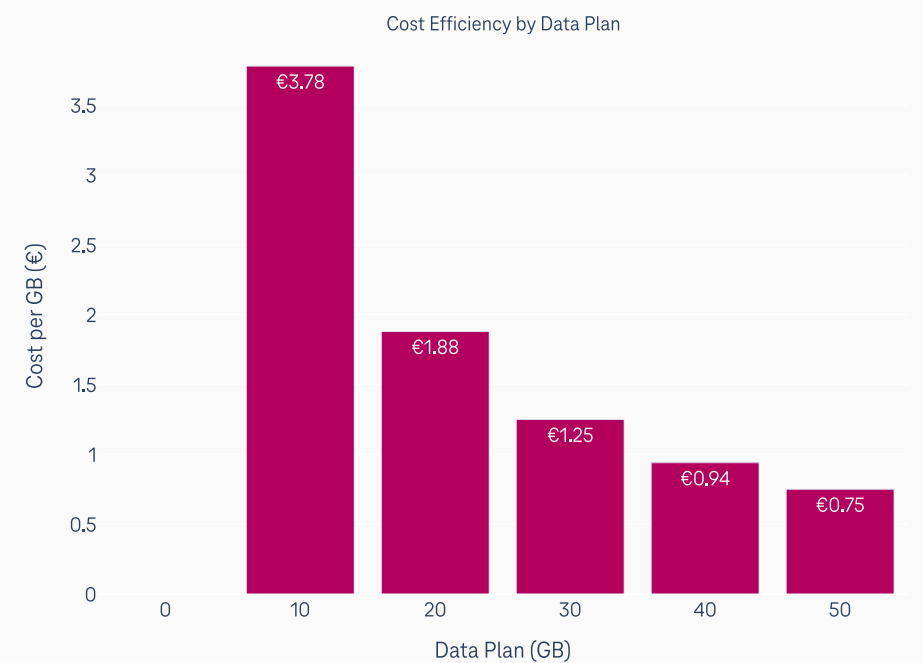### Upselling Success Rate vs Contract Maturity
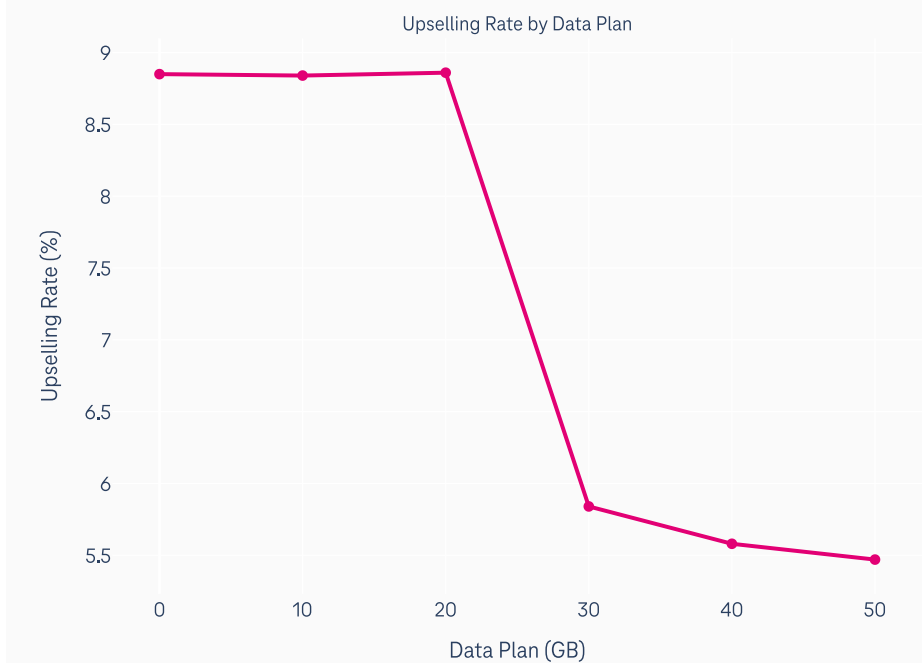
* Average binding time: 2 years

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AVAILABLE DATA

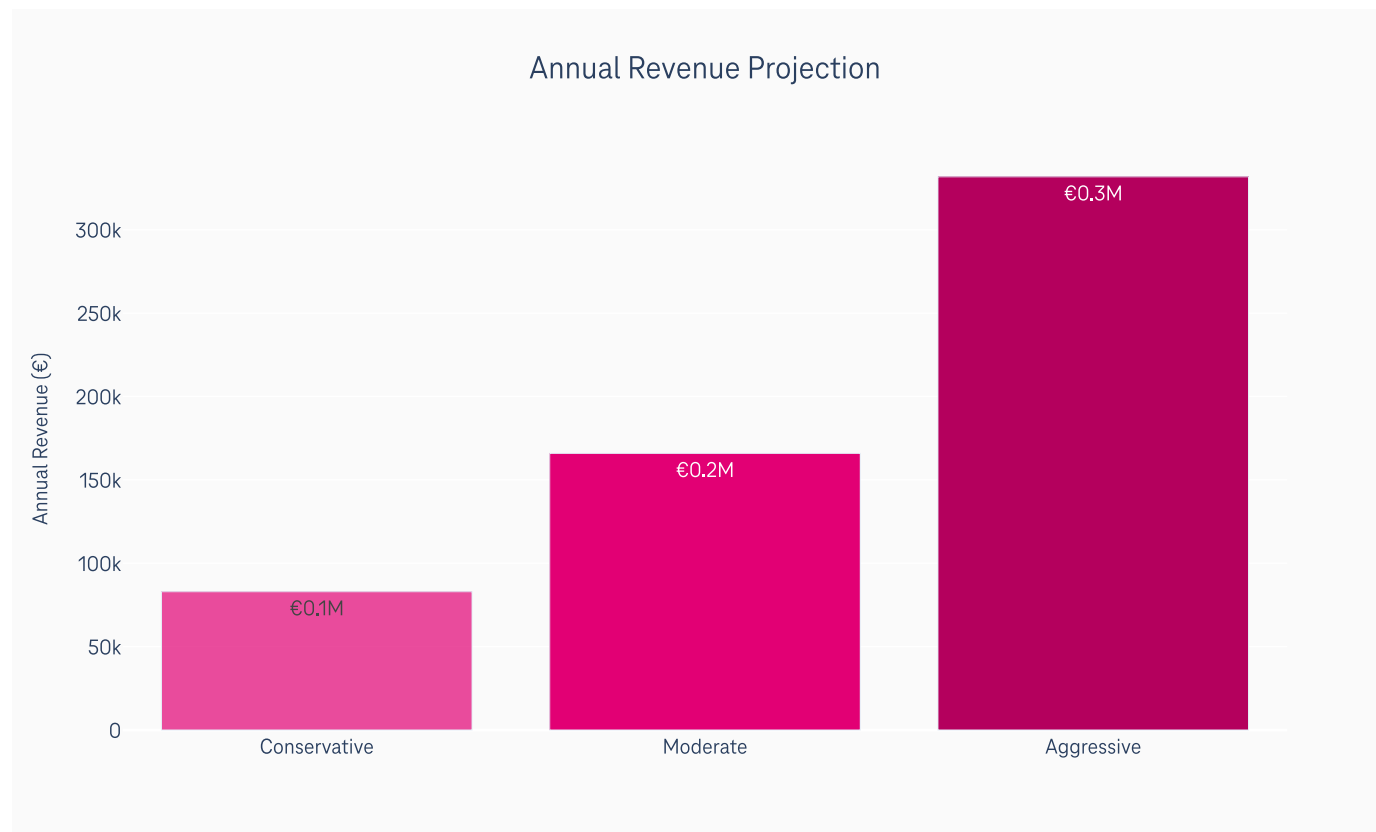Data Plan Analysis: Identifying Upselling Opportunities by Usage Patterns

Upselling Rate by Data Plan

Cost Efficiency by Data Plan

€3.78
€1.88
€1.25
€0.94
€0.75

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CUSTOMER VALUE SEGMENTATION

Customer Value Segmentation Analysis

Bubble size represents number of contracts

Quadrant Analysis:
- Top Right: High Value, High Upselling
- Top Left: Low Value, High Upselling
- Bottom Right: High Value, Low Upselling
- Bottom Left: Low Value, Low Upselling
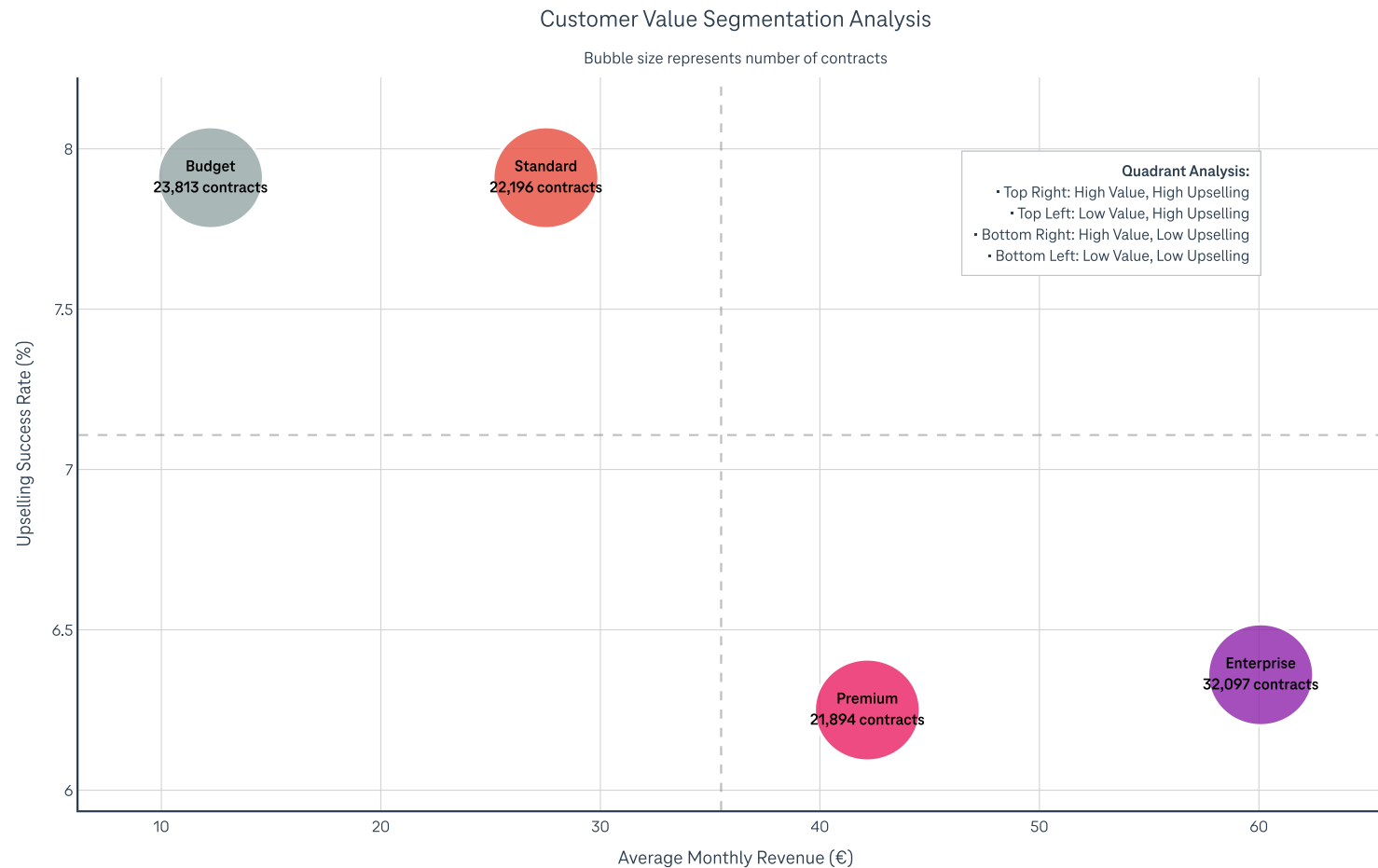
- Budget (€0-20)
- Standard (€20-35)
- Premium (€35-50)
- Enterprise (€50+)

Budget
23,813 contracts

Standard
22,196 contracts

Premium
21,894 contracts

Enterprise
32,097 contracts

Upselling Success Rate (%)

Average Monthly Revenue (€)

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BUSINESS IMPACT PROJECTION

Annual Revenue Projection

* **Conservative** scenario: 50% improvement in upselling rate; **Moderate**: 100%; **Aggressive**: 200%

** Impossible to compute **ROI** with missing information regarding implementation costs and **real data**

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APPROACH: PROPOSAL

- Machine learning model to enhance the stakeholders to target customers more **efficiently** with data-driven insights

- Provide stakeholders not only with which customers to contact but also **why**, and the **probability of customer acceptance**

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APPROACH: DATA

- Current information available:

  - Contracts current status

  - Usage reports

  - Customer context interactions with client support

- Information desired:

  - Contracts historical records

  - Customer interactions channel type and content

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APPROACH: MODELLING

- Target customers based on **contract level**

- Analyze **contract history** to understand when a customer signs a contract and what they switch to

- Analyze **consumption trends** for each customer to identify when they might need a new plan

- Use content and communication type to measure **customer sentiment**

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NEXT STEPS: CONTACT STAKEHOLDERS

- **Marketing team:**

  - Customer segments

  - Targeting strategies (design A/B testing)

  - Campaign alignment

- **Data team:**

  - Data availability

  - Data quality

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THANKS FOR YOUR ATTENTION

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