

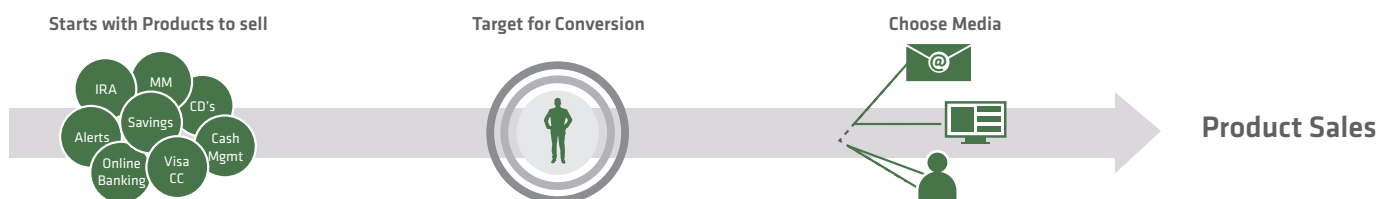
# Customer Cross-Sell and Portfolio Optimization

## Business Challenge

This top-20 regional bank had been performing cross-sell initiatives to its expansive customer base for many years, but had been using a completely product-centric direct marketing cross-sell approach. Starting with a group of potential products to cross-sell, offers would be extended to maximize the number of units sold. However, there was a desire to shift the paradigm, and instead of identifying the best customers to target for a particular product, to start identifying the best products to offer to particular customers. This approach – placing the customer as the central focal point – better optimized contact and offer strategies, producing higher customer portfolio value and satisfaction.

### Historical Approach - Product Driven

Objective: Generate the highest number of accounts sold (by specific product type) at the lowest cost per incremental account



### Desired Approach - Customer Centric

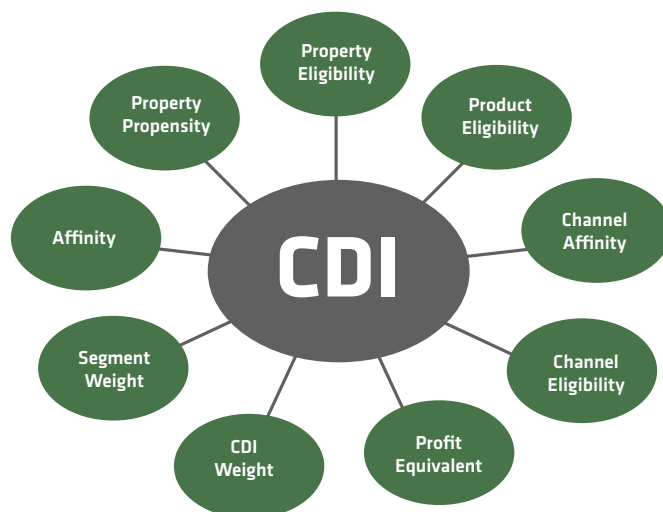
Objective: Focus on customers that have the potential to be the most profitable, and determine how to meet their needs through product and service cross-sell



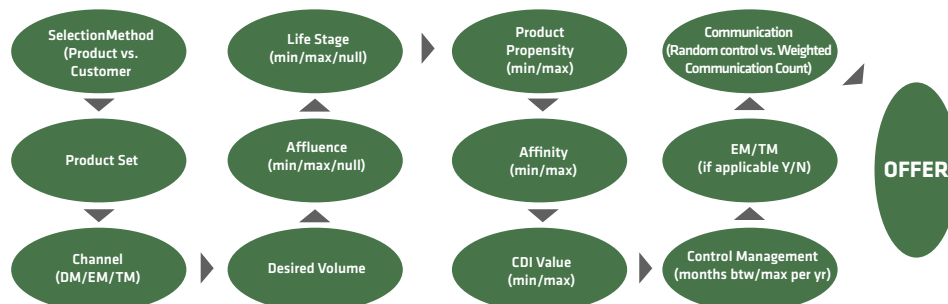
## Approach

Working in partnership with the client's analytics and marketing teams, Merkle was able to:

- Develop a customer data integration (CDI) score – a key component of which was building propensity models to identify the likelihood of specific customer accounts to purchase specific products.



- ▶ With the CDI framework in place, a selection process was developed to select the product to offer to each customer, each month, utilizing product eligibility, product restrictions, channel preference, and contact management rules.



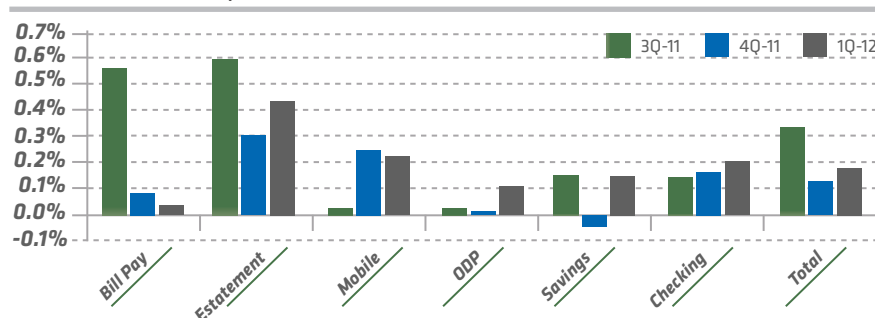
The key to success is the introduction of multiple products into the cross-sell program, with a range of appeal to the entire customer portfolio. Under this new process, the bank is able to realize direct marketing efficiencies as well – planning quarterly, and executing monthly.

## Outcome

The bank was able to realize many benefits after implementing this customer-centric cross-sell model, including:

- ▶ A more consistent and consolidated communication stream
- ▶ Managing the customer experience
- ▶ Focusing investment on households most likely to be profitable to the bank

Incremental Lift by Product



- ▶ Making direct marketing offers based on customer need
- ▶ Implementation of streamlined processes
- ▶ Increased incremental response and overall program ROI

## Looking Ahead

We have an opportunity to expand the cross-sell engine from just outbound selection to an internal “moment of truth” decision tool. We will continue to fine-tune the application to optimize and improve overall product offerings as the client continues its journey toward a customer-centric model.

**MERKLE**

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