

Business Applications

Cross-Selling



Predicting customer behavior is so difficult that companies spend millions inundating – and alienating – customers. Here's a way to crunch the data that makes it possible to offer customers what they want, when they want it.

Knowing What to Sell, When, and to Whom

by V. Kumar, Rajkumar Venkatesan, and Werner Reinartz

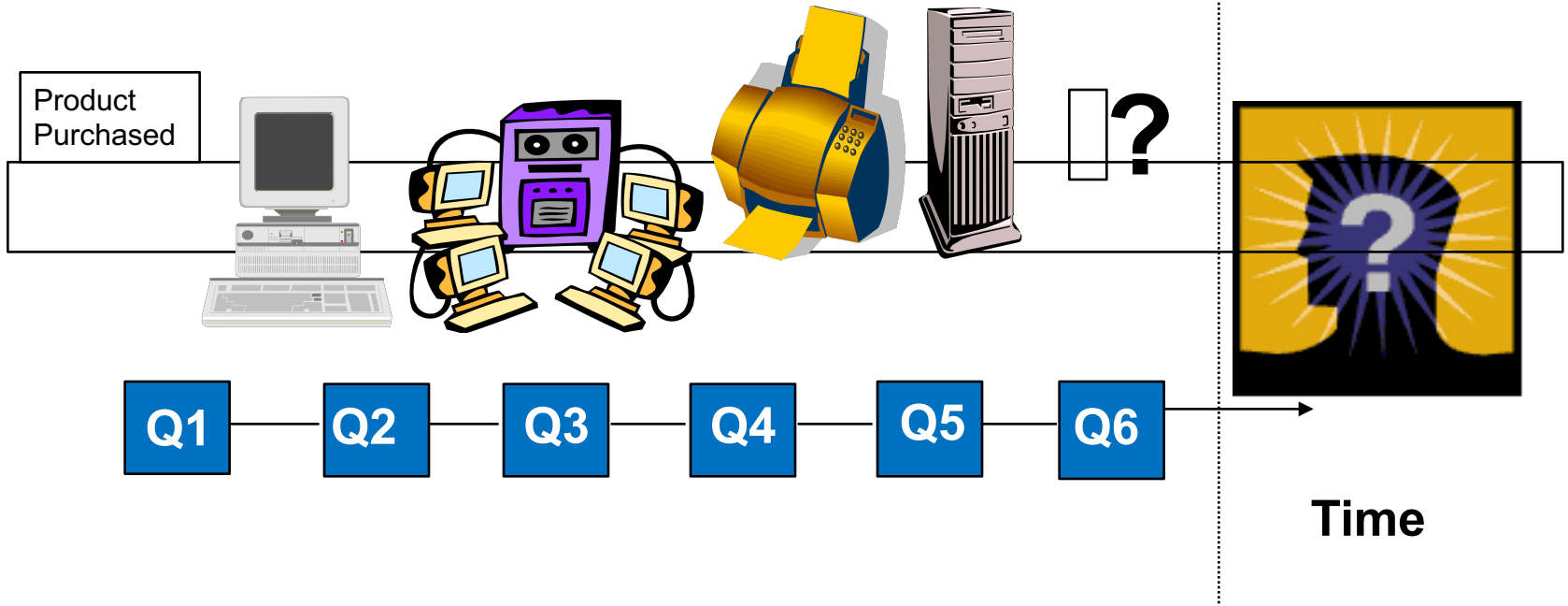
Propensity Modeling for Cross-Selling

- Important to understand when a customer is “ready” for their next purchase.
- Some of this depends on the reality of budget cycles.
- Some of this depends on the complexity of the client’s business.
- But some also depends on some predictable patterns in company behavior that can be modeled.

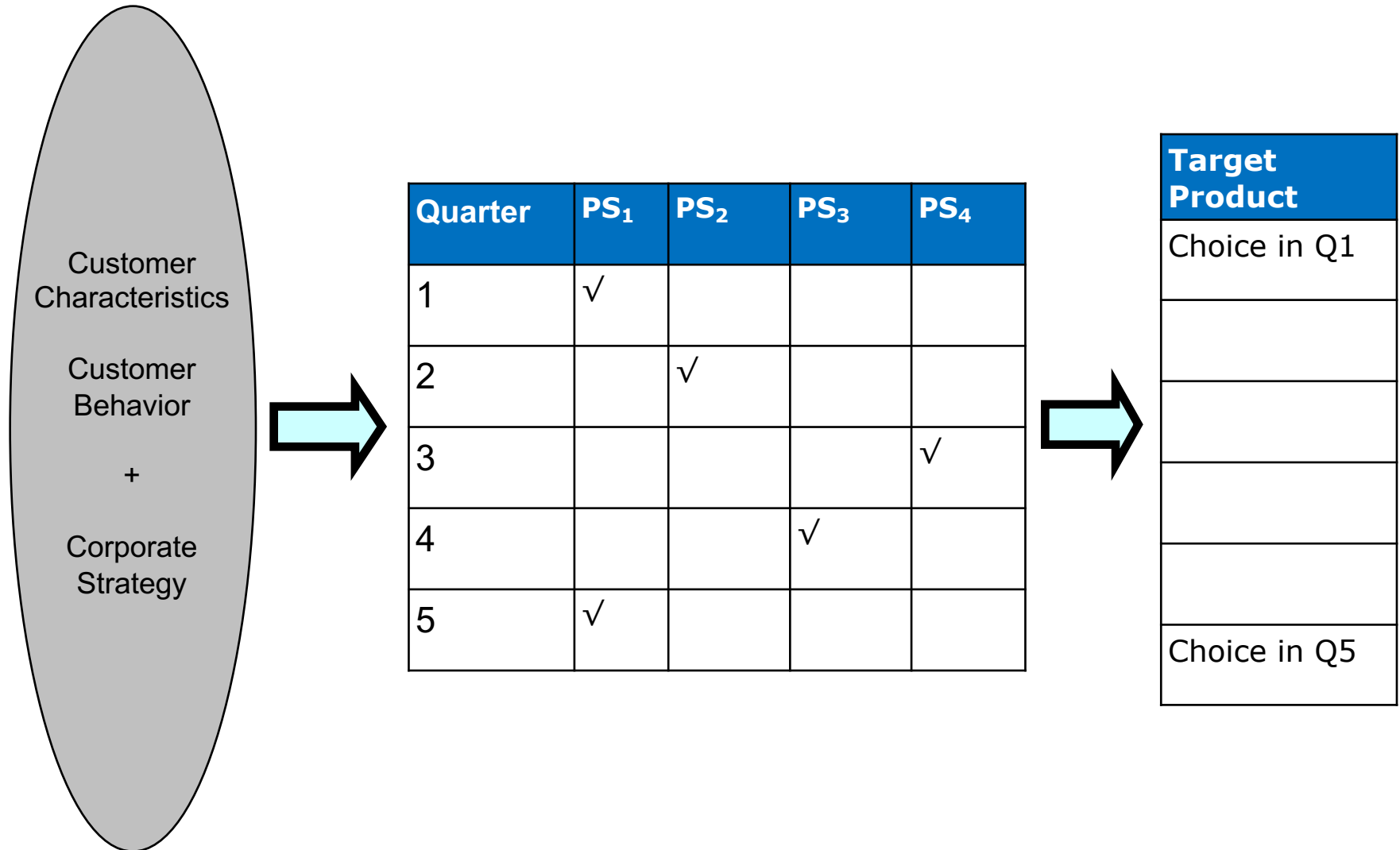
Research Issue: Purchase Sequence

Observed High Technology Industry

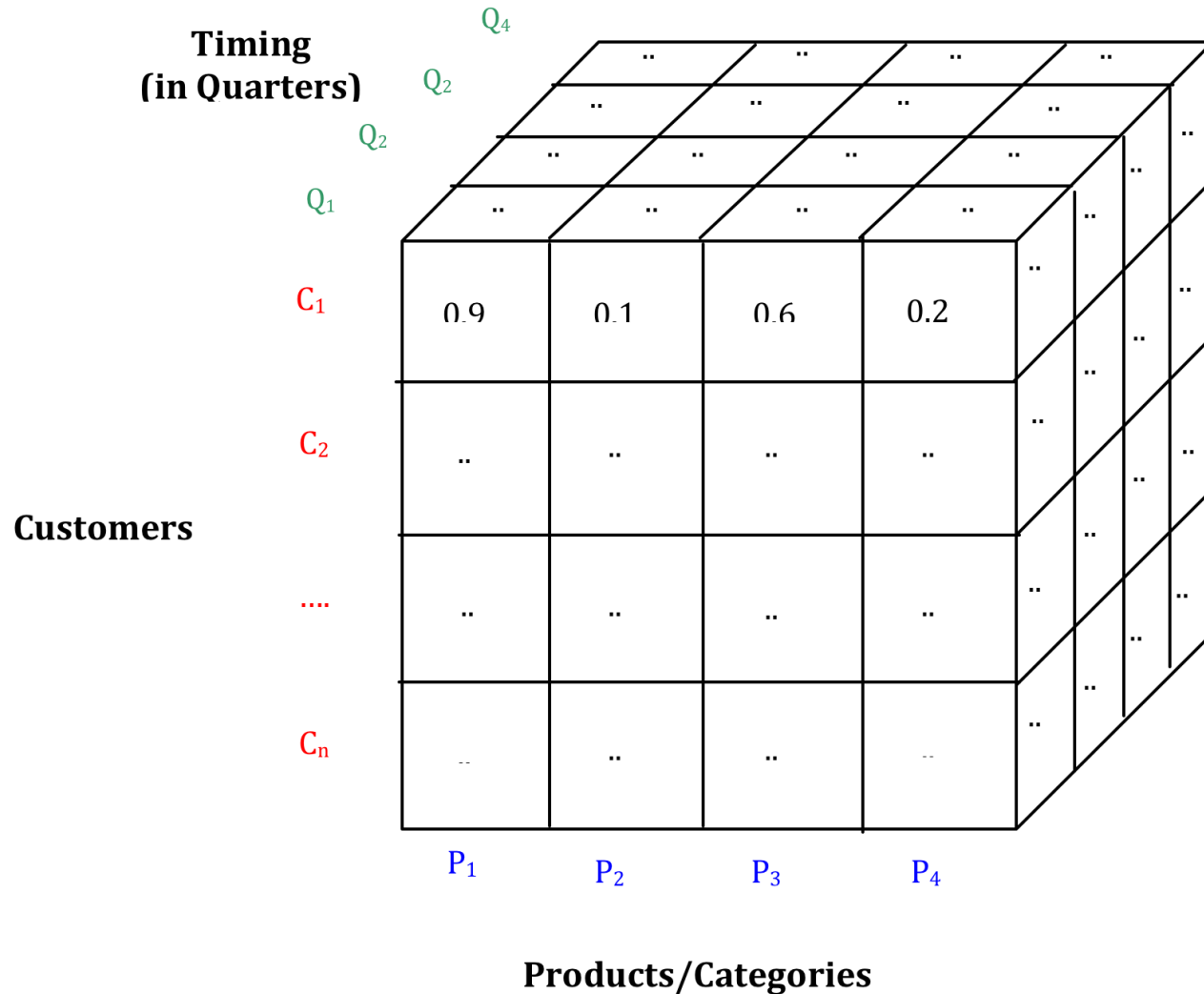
Predicted



Multiple Product Adoption



Customer Profitability Cube



Customer Development—Marketing Sales Interface

Year over Year Changes from Implementing a Customer-Focused Sales Force

	Lift in Test Group	Test Group: Customer-Focused Sales Campaign	Control Group: Product-Focused Sales Campaign
Financial Metrics			
Revenue (\$)	204%	1,828*** (15,710) ^b	898* (15,263)
Number of Contacts before Purchase	-4%	-4** (11)	1 (11)
Profits (\$)	4%	3,734*** (9,519)	890* (8,694)
Return on Investment	1538%	2*** (1.5)	0.13 (1.3)

^b Values in the parentheses represent the levels in the pre-experiment time period.

^c The Relational Metrics are measured in a 10-point interval scale, where 10 represents Completely Agree and 1 represents Completely Disagree.

* Significant at $\alpha = 0.10$, ** Significant at $\alpha = 0.05$, *** Significant at $\alpha = .01$

