

Acquisition Cost Reduction

Fractal helps a leading insurance company reduce cost of acquisition by capturing 78.5% of profit, contacting only 40% of the population

■ The Business Challenge

Our client, a leading insurer wanted to identify profitable customers from third party data to leverage them for a cross-sell initiative via telemarketing

■ The Solution

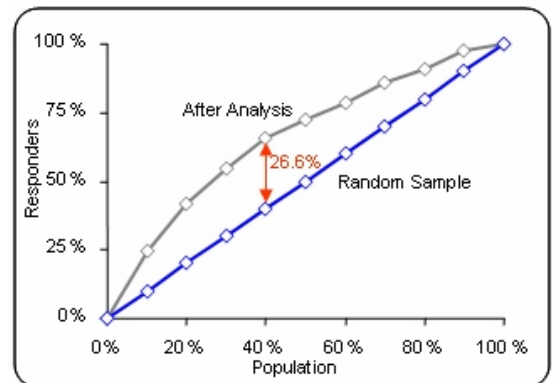
The Fractal team studied the third party data and the applied classification techniques to construct models that could identify customers with “high probability” of responding to the cross-sell campaign. The team used information from a number of credit card systems including billing, transaction and demographics data. The models were then deployed and they assigned response scores and profitability to each customer.

In the above graph on Responders, in normal scenario, if one would randomly reach out to customers for cross-sell or for campaigns, the percentage of total responses one would get would be in proportion to the number of customers to whom the offer is made. This is represented by blue line, which is the theoretical capture of response. However by identifying the right segment of customers using response models, one can acquire higher responses and thereby reduce the marketing cost. The lift that is achieved in focused marketing over random selling is shown by the black curve. Similarly, the Profit graph depicts the lift achieved in profits by deploying Fractal's response models.

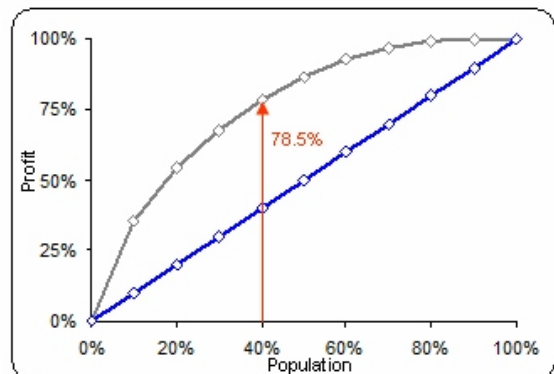
■ Results

Fractal helped the client capture 65% of responders, and 78.5% of profits by contacting 40% of the population thereby tremendously reducing the cost of acquisition of new customers. The client is now using Fractal's response models on a regular basis to improve its telemarketing campaigns.

Responders



Profit



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