

## Maximizing Profitability From Cross Sell Programs

*Fractal helps Citibank achieve high response rates for a Personal Loan Offer at the best price*

### SUMMARY

#### Client

Citibank - Personal Finance Group, one of the largest issuers of credit cards and personal finance products

#### Challenge

To make more efficient the cross-sell of personal loans by enhancing response rates to direct mail solicitation

#### Solution

Fractals' customised response models for cross-sell

#### Result

Citibank was able to enhance response rates by 30%, making the process more efficient and profitable for the bank

Citibank retained Fractal's consulting services to manage its personal loans cross sell program and achieve at least 30% improvement in the response rates. Fractal was also required to arrive at the optimal price point (interest rate) on the personal loan offer that would maximize revenues and profitability for Citibank.

#### The Solution

Fractal quickly integrated data from four independent campaigns conducted in the past by Citibank. Much of this effort involved seamless extraction of such information and consolidation of the right pieces of data for further analysis. The data included the personal offer details, customer demographics, general transaction and relationship details prior to campaign, and also response details post campaign. Key steps included achieving consistency, validation and integrity of the final consolidated data.

Initial analysis of responses by the Fractal team involved discovering underlying patterns of customer behavior, detecting seasonality fluctuations and identifying key factors contributing to high response rates. Subsequently, advanced analytical techniques were used to create predictive response models.

During this stage, Fractal also investigated the spam effect of direct mail and looked into the impact on credit card balances of a given customer, post the loan offer.

#### The Business challenge

Citibank had been conducting several campaigns to cross sell its personal loan product to pre-approved customers from its existing credit card customer base. All such campaigns also involved a follow up in the form of a phone call. The nature and size of these campaigns were constrained by the budgets allocated to these campaigns. The challenge, therefore, lay in targeting the right segment of customers who would most likely respond favorably to such an offer. The goal was also to maximize these response rates at the right price (interest rates).

## ■ Result

Citibank applied the models developed by Fractal and reported significantly successful results on various fronts. As part of the validation process, Citibank verified that the top 30% of respondents (based on probability scores generated by the Fractal model) captured 75% of actual respondents to the offer. This meant Citibank could potentially focus on only 30% of the target market and achieve over 100% improvement in response rates.

The same models were used by Citibank to generate response probability scores on a new set of credit card customers for cross selling personal loans. By focusing on the top 70% of this list as the target market, the response rate improved by over 30%.

The solution from Fractal gave business managers at Citibank the confidence to take critical decisions based on sound and reliable analytics of its customer data. Additional cross sell, up sell campaigns can also use similar data management, modeling and scoring techniques to maximize revenues.

## ➤ About Fractal

*Fractal is a leading provider of customer analytics to consumer banks, credit card issuers, CPG companies and telecom companies. Fractal's analytical solutions have helped companies across the globe enhance profitability by powering their customer management efforts with scientific decision making.*

# TESTIMONIAL

*"Fractal has delivered powerful models that have performed very accurately in live campaigns. Fractal's response models helped us increase response rates by as much as 30%. Fractal also delivered innovative results in the area of pricing, which helped us identify trade-offs between price and response, enabling us to optimize the two business parameters that are so vital for profitability.*

*Fractal brings strong capabilities in analytics combined with an excellent understanding of the banking business, and therefore is able to deliver solutions that solve real business problems effectively. Their professional approach towards managing delivery ensured that our expectations were met and exceeded through out the duration of the engagement."*

**Dr. Sandhya Kuruganti, Ph.D**  
VP and Head,  
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