



DIGILYTICS

Sell different and sell more

Whitepaper



Introduction

There are only two ways to increase sales.

- 1) Find new customers
- 2) Sell more to existing customers

Companies fixated on quick wins and easy growth, are increasingly innovating to sell to existing customers. Cross-selling to a customer is however different from up-selling to a customer.

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Both approaches are excellent ways to increase bottom lines, sell more products and give customers what they want. With the new GDPR requirements coming to the forefront and privacy laws becoming stringent across the world, B2B and B2C sales are undergoing a tectonic shift. The truth is that most successful and the biggest players in the business are adopting data-science strategies to up-sell and cross-sell *and are increasingly relying on customer information to generate insights and yielding more revenue.*

Understanding the business

Big data has helped companies build targeted campaigns for cross-selling and up-selling products. One of the largest e-commerce companies in the world has announced that more than 35% of its annual sales came from cross-sales. Further research has proven that the marginal cost of cultivating an existing customer is far lesser than the cost of acquiring a new one. Post-GDPR with CRM databases getting reduced to 60%, up-selling and cross-selling offers an opportunity to drive sustainable long-term sales.

Other benefits include –

- Higher Annual Recurring Revenue (ARR)
- Growth in customer loyalty, greater customer equity
- Better customer retention; extended lifetime value
- Accelerated innovation via customer engagements
- Enhanced market differentiation
- Sell higher margin products in an industry which is very competitive in terms of pricing



It is simultaneously a win-win situation for the customer who enjoys:

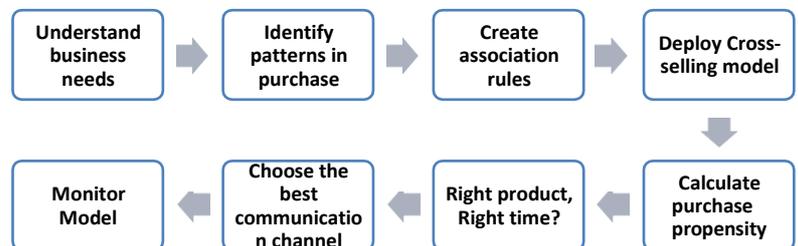
- Diverse choice of product and service
- Convenience and flexibility along with customization
- Lower price or better ROI of services/products
- Better customer service
- Advantage of long-term value of association

Exploring the technology

It is fascinating to explore the big data being used to analyze the customer behavior to suggest the right product to the right customer at the right time. Financial institutions typically use a wide variety of variables – transactional (balance, outstanding payments, transaction type, recency of purchase, month of purchase), demographic (occupation, vintage), others (online activity, type of purchase). In case of fast-moving consumer goods variables like product category, recency of purchase, customer profile and other transactions made by the customer in the past etc. In the past few years, companies have been trying to know more about their customers through several other channels including mobile phones, internet, offline campaigns etc. Variables around customer feedback, satisfaction scores, grievances, product sentiment etc. are being used to compliment the in-house data available.

The Digilytics™ architecture

Digilytics™ offers the expertise, technology and data models that businesses/companies need to design and run effective cross-selling and up-selling strategies. Our service offering consist of a holistic set of features that business need to gather data from any source and in any format, process it, generate specific actionable insights and present it to the end users in a very intuitive manner.



Applying Data Science

A close look into the science behind art of cross-selling and up-selling show that data scientists try to observe a pattern behind the purchases made by *similar customers*. Data can help identify the target audience for such cross-selling and up-selling opportunities. Such efforts should never follow a one-size-fits-all solution and might often yield counterproductive results.

Typically, one starts with segmenting customers to capture unique needs, product and channel preferences. Next is to use advanced data modelling techniques to determine the best targets for various products and services that the company offers. Adding to this is a next-best product algorithm that takes care of the cross-sell/up-sell propensity (of a customer to purchase), as well as business objectives like higher GMV, profit margin, increased retention, and chooses the right channel of communication (SMS, email, calls) with customers.



Being accurate with ReM

Using our flagship product *Digilytics™ ReM* module, we can deliver actionable business-oriented insights that answer questions like –

Is there an opportunity to up-sell/ cross-sell?

1. Which is the most suitable product for a customer, given his/her transaction and behavioral history?
2. What is the propensity of the customer to take up a proposed product? How have similar customers responded to offers in the past? Is this the right time?
3. How profitable is the customer expected to be if he/she takes up the proposed product? Is there a scope to sell a higher-margin-alternative product?
4. Are we sending out too many communications to customer? Will it impact the customer experience?

A few questions focus on the sale turnovers, margin of the product, and others, on the customer experience. If a campaign is designed to target and sell to customers, based only on increasing sales/margins, it might impact customer experience, leading to attrition in the longer run. Leveraging the *Digilytics™* capability can help you create a balance between profitability and customer centricity, an essential part of a well-baked strategy.

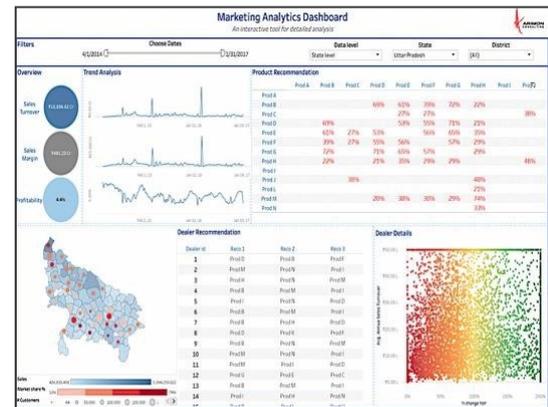
Making insights actionable

Post building an effective cross-selling campaign, the real challenge lies in implementing the same and monitoring its progress. The model can be tracked on its conversion rates, increase in sales, customer retention and customer experience. As an example - leveraging *Digilytics™*, we developed a cross-selling strategy for the retail division (~ 50 million customer base) of a leading fertilizer manufacturer and distributor based in North India. The industry faced neck-to-neck pricing as the product sold was highly subsidized by the government, hence offering very less scope for profitability.

Hence the solution focused on:

- 1) Identifying the next best product (having higher margins) to be sold to a customer
- 2) Identify areas where the customer attrition is more and penetration level is low.

As shown in the image, each customer was targeted with very specific recommendations unique to the customers profile and past purchase behavior. The campaign resulted in a significant jump in sales of the higher margin products by close to 500 basis points.



About Digilytics AI

The Digilytics™ mission is to help clients achieve profitable growth and deliver excellence, through the intelligent use of the rapidly expanding universe of data that they operate in.

We aim to drive business value leveraging our platform. In an ever-crowded world of clever technology solutions looking for a problem to solve, our solutions start with a keen understanding of what creates and what destroys value in your business.

Our platform is a **close loop AI-enabled cloud hosted solution**, that is capable of ingesting data of any variety, at any velocity

and of any volume, and generating real-time and visual and conversational insights.



Raghunath Babu

Ex Digilytics AI, Raghunath Babu, an MBA grad from IIM-A, has over 5 years of experience in Analytics across Banking, Supply Chain handling projects of strategy development, customer experience, improving profitability and cross-selling at organizations like Axis Bank, P&G and Myntra.



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