

Boire Filler Group



Case Study Library

Member Cross-Sell Program

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Company profile

The Client is a regional branch of a national Canadian consumer advocacy organization. In addition to advocacy and support services, the organization offers a variety of retail and financial services (including Home and Auto insurance) to its large Member base.

Business challenge/situation

This organization is a strong believer in CRM, and understands that the sale of ancillary products and services enriches the relationship Members have with the organization. An added benefit is that revenues from the sale of other products and services help to offset the expense of core Member services. Seeking to maximize the penetration of Home and Auto insurance among its Members, an ongoing marketing challenge for the organization is to optimize the cost of selling insurance to its Members. Auto insurance is a highly competitive industry, with very little differentiation in the product offered.

To be most cost effective in the sale of this product, the Client needed to identify those Members that are most likely to purchase an Auto insurance policy.

Solution

With a rich source of Member information (e.g. Age, Tenure, Address, etc) and product purchase history, BFG proposed the development of an Auto insurance acquisition tool. Predictive modeling techniques would be used to assign a measure (score) for each Member representing the likelihood that the Member would purchase Auto insurance.

The model created by BFG effectively identified Members that were most likely to purchase insurance. There was significant opportunity for the organization to maximize the benefit from its marketing investment by targeting only those members that were most likely to buy:

Model Rank (Decile)	% of Members	% Insured Rate	Cumulative % Insured	Interval Lift in Ins. Rate	Cumulative Cost/Insured
1	10%	10.07%	45.6%	455.8%	\$7.25
2	20%	3.16%	59.9%	143.1%	\$11.03
3	30%	2.26%	70.1%	102.4%	\$14.13
4	40%	1.53%	77.1%	69.3%	\$17.15
5	50%	1.24%	82.7%	56.2%	\$19.98
6	60%	1.04%	87.4%	46.9%	\$22.68
7	70%	0.66%	90.4%	30.0%	\$25.58
8	80%	0.65%	93.3%	29.2%	\$28.32
9	90%	0.56%	95.8%	25.4%	\$31.02
10	100%	0.92%	100.0%	41.6%	\$33.03
Total		2.21%			

Members in the top 3 deciles or those with **the top 30%** of scores represented **70%** of Members likely to buy auto insurance from the organization. Further, the cumulative

cost of acquiring those policies was expected to be more than 50% **less** than if Members were selected for the offer at random.

Key Benefits

The results for these new targeting tools met client expectations:

- ... Upon implementation, sales among targeted Members was 40% higher than a random selection (control group) of Members
- ... More Members were targeted with an offer that was relevant to them
- ... An additional \$2 in revenue was generated for each \$1 investment in the targeting tool