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Bundling Models
in Retail Banking Sector /in Slovakia/

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presentation:overview

goals_of_study

structure_of_study

principles_of_bundling

application_in_retail_banking

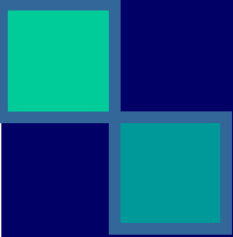examples_of_construction

summary_of_phase#1

agenda_of_phase#2

study:goals

decision.for.this.topic
_banking sector employee (HR 1yr,CRM 2yrs)
_not only a summary of topic already explored
_usage as wide spectrum of skills as possible
_connection between academic and business

goals.of.study
_share knowledge and experience of author
_provide a guide for bundle construction
_overview of relevant knowledge base
_inspiration for more research in this area

study:structure

principles.of.study
_not a part, but a whole process
(bundle structure,testing,appraisal)
_both point of view (seller=bank,buyer=client)
/pros&cons,risk,relationships,paradox/
_common principles /not only for a banking/

process.of.study
1_needs and motivation of partners
2_definitions and exploration of models
3_bundle structure,content and parameters
4_analyses /pre-launch, after-launch/

study:structure

phase#1.business
1_business models
2_definition of process and milestones/outputs (what we need)

phase#2.science
1_methods for reaching business needs (how to get what we need)

phase#3.SR.application
1_performing /simulating, calculating/ (application)

study:bundling.principles#1

bundle.of.products /price bundle/
_products sold together at one special price
_drives: tie-in,block-booking,discount,adding-
on,loyalty,cross-selling

consequences.of.price.bundling
_cost cutting /volume,transaction,time/
_extra revenue /synergy effect,price
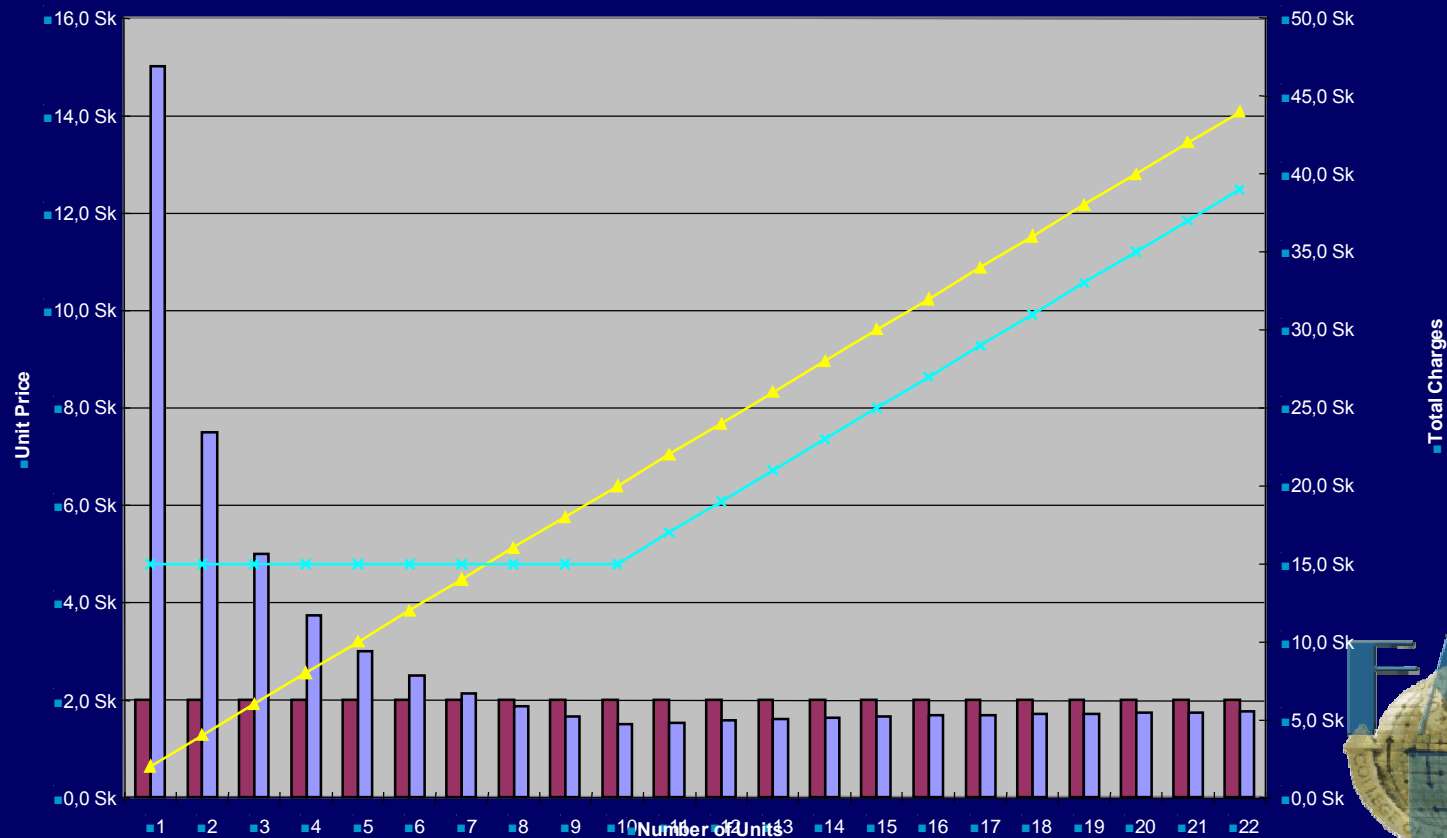discrimination,full service for customer/
_strategy /differentiation,new product
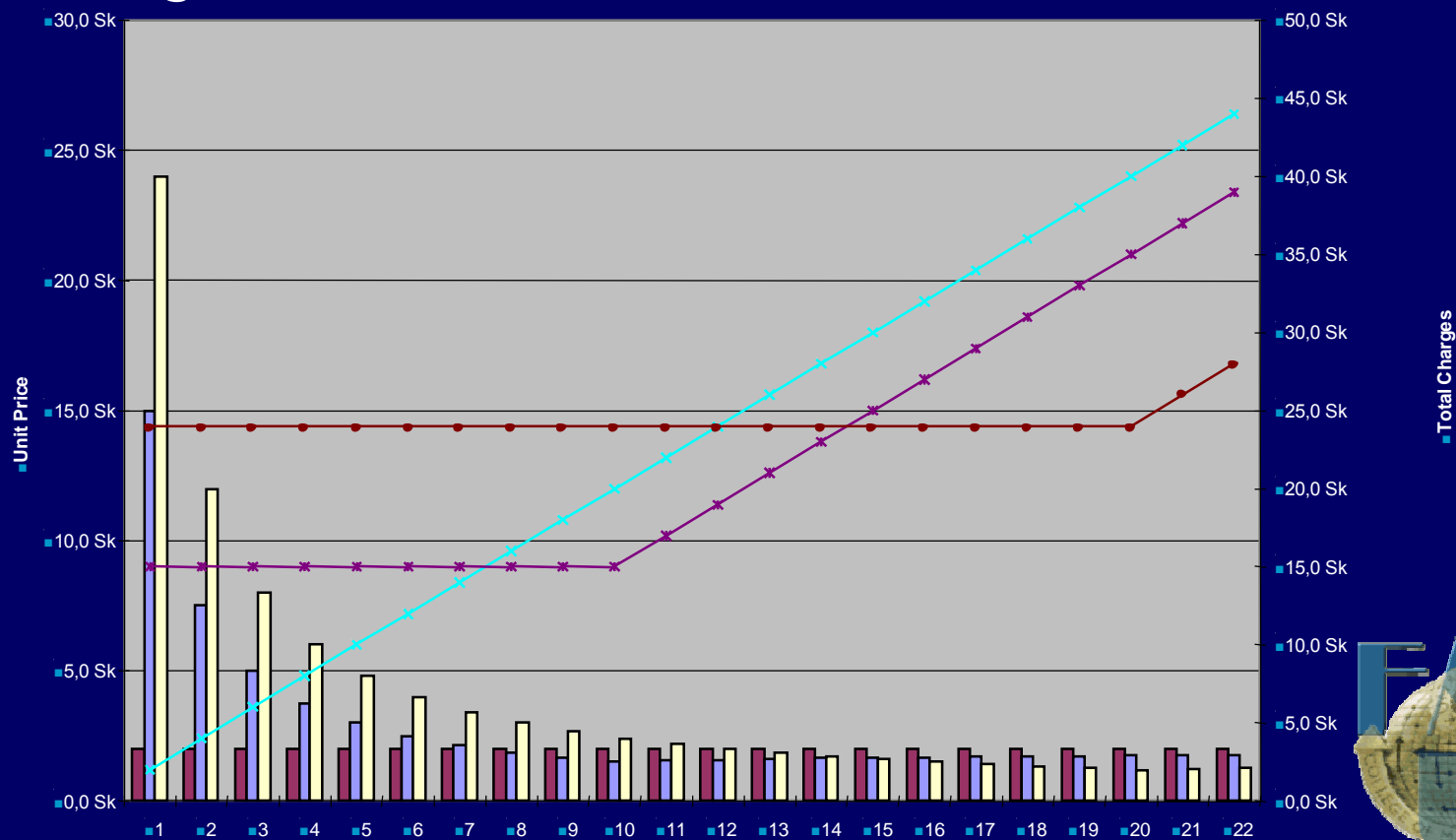 supported with old well known products/

study:bundling.principles#2

break-even.point /minimum % of usage of prepaid service for customer /
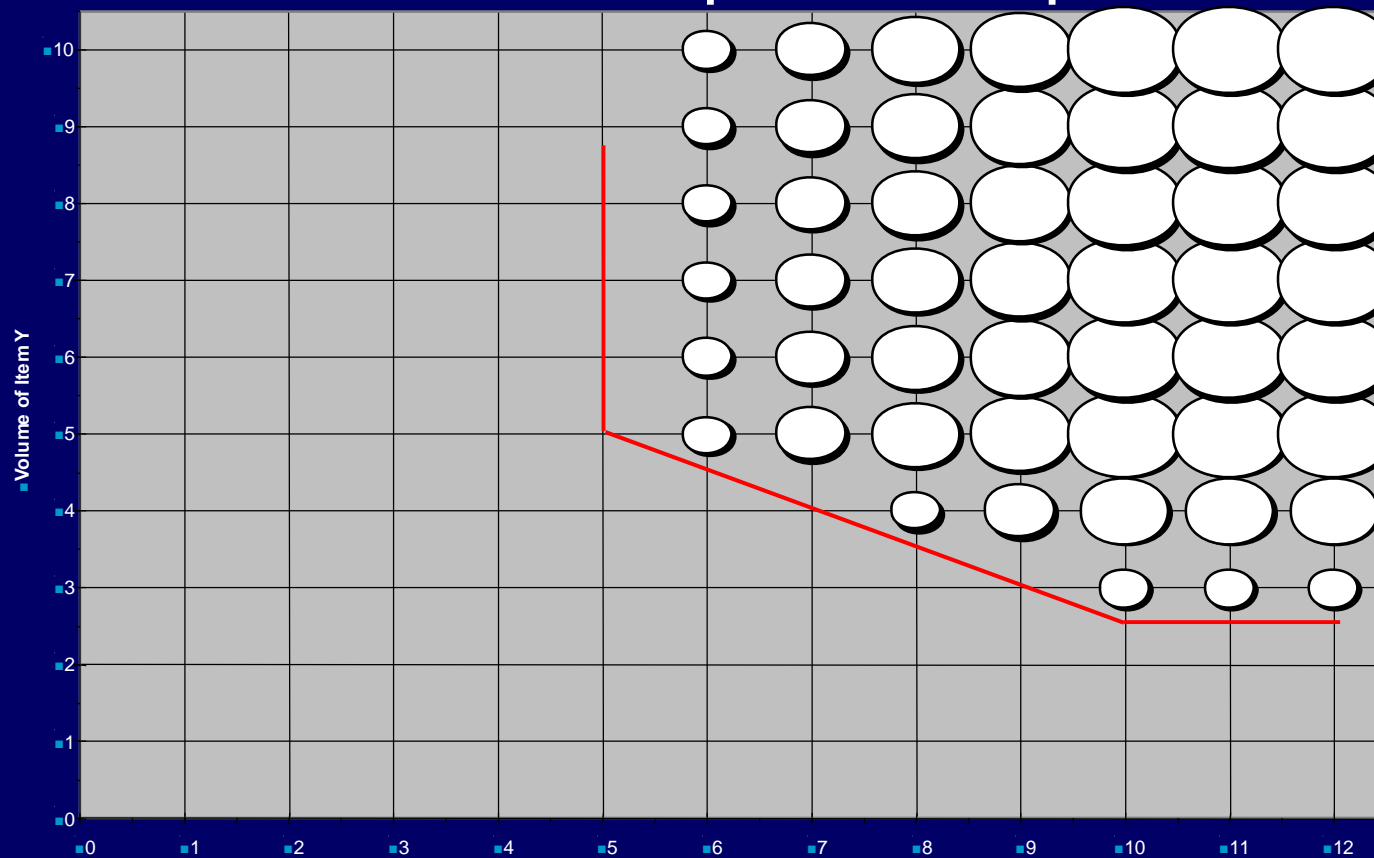
study:bundling.principles#3

up-selling.to.upper.bundle /for the same total charge= lower unit price/

study:bundling.principles#4

break-even.point /multi product bundle – structure of consumption is important/
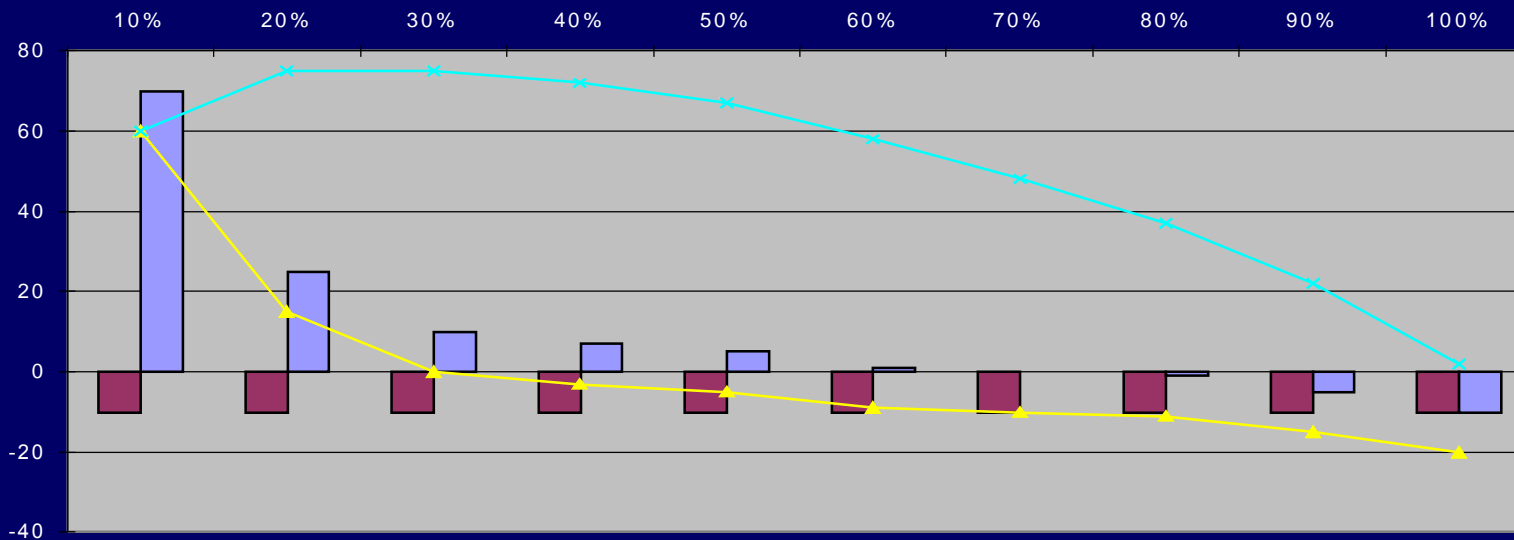
study:application#1

point.of.view.of.seller /bank/
_high and stable fixed costs
_income:lower interest margin=>higher charges
_20% of customers=100% profit/not revenue/
_acquisition, up&cross-selling

study:application#2

benefits.for.seller /bank/

_stable+higher income, guarantee of load
_administration cost cutting,simple marketing
_tie through the account /retention,loyalty/
_up&cross-selling /sell-out, launching/

benefits.for.buyer /customer/

_opportunity to choose /according cust. needs/
_charges cutting /lower unit price/
_bonuses in bundles /education/
_all-in-one /optimal combination/

study:example.of.construction#1

crucial.processes.before.construction
_definition of target customer /strategy/
_definition of customer needs /survey/
_customer segmentation /history/

analyses.before.building.new.bundles
_optimal choice for customer /min.charges/
_optimal choice for bank /max.charges/
_predicted choice /clever ratio/

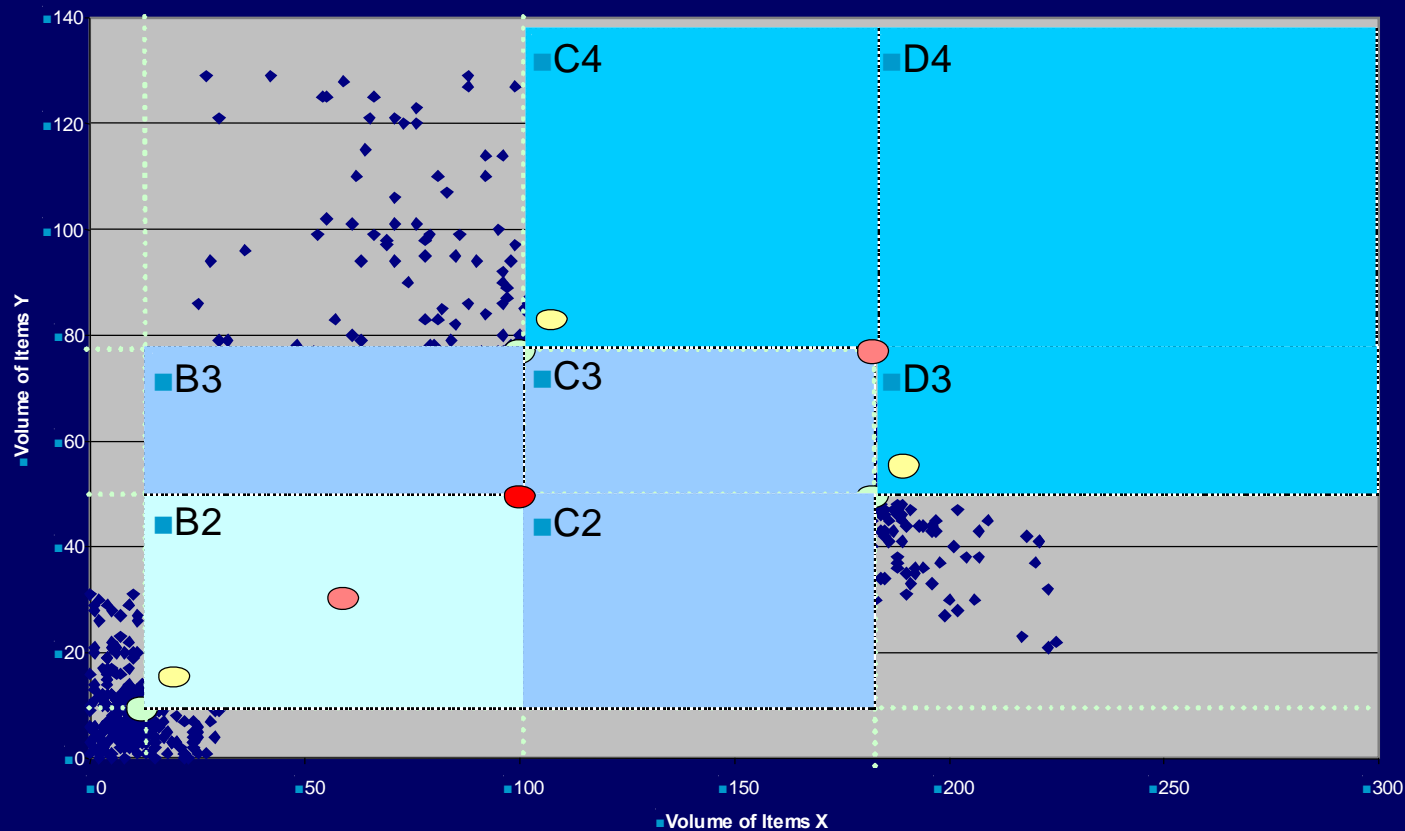## analyses.after.launch.of.new.bundles
_profitability of bundles
_structure and reasons of profitability
_profitability of each item in bundles

study:example.of.construction#2
count.and.content.of.bundles /optimalization/

study:summary.of.phase#1

_benefits: variable costs reduction, stable+higher income, CRM improvement
_competitive advantage /not easy copied/
_bilateral business: potential extra profit or lost (at fair price)

_paradox: bundles offer extra save for customer, but generate extra profit for bank**, hand in hand with higher customer satisfaction** /well-built bundles + bounded-rationality decision making of customer/
_banks: marketing instead of calculations

study:agenda.of.phase#2

_definition of **social science** need will be done in phase#1

_**challenge for non-social** (technical) **science** to deliver methods for reaching business needs

THANK YOU!