CASE STUDY

Enabling **The Very Group** to get closer to their customers, improve decisioning and take action sooner

CASE STUDY: **THE VERY GROUP**

The Very Group is the UK's largest digital retailer and financial provider, with annual sales of £2 billion and more than 1.9 million website visits every day.

Its brands are Very.co.uk, Littlewoods.com and LittlewoodsIreland.ie.

The company sells more than 1,900 famous brands, has 4 million customers and delivers 49 million products every year.

Their purpose is **'to make good things easily accessible to more people'** by providing customers with:

Access to the latest brands and products

Easy, enjoyable and personalised shopping experiences

Revolving credit so customers can spread the cost of their purchases in unique ways with convenient terms and affordable repayments

The Challenge

Always striving to deliver superior customer service, The Very Group sought to enhance their responsible lending practices. Their aim was to ultimately further improve their customer outcomes, reduce revenue losses and minimise the number of customers falling into difficulty.

Their three core areas of focus were:

1 Deepen their understanding of their customers' behaviours and changing circumstances within their brands — as well as in a wider financial context

2 Continue to improve customer outcomes

3 Prevent their customers from falling into bad debt

They approached TransUnion to help them achieve their goals.

TransUnion's Approach

At TransUnion, we understand every client has unique challenges. We work collaboratively at every stage to create tailored applications of our solutions — ensuring the best possible outcomes are generated to address these challenges.

THE APPROACH WE TOOK WITH THE VERY GROUP:

1 **To gain an in-depth view of The Very Group's customers we ran the CallMonitor solution retrospectively over a 12-month* period.** This provided a broader understanding of what behaviours customers exhibited during the time frame and highlighted patterns that could be used to predict how they would act in the future.

2 **Analysed customers at both extremes of the customer journey:** customers who defaulted on repayments and model customers who continuously made payments.

3 **Utilised CallMonitor's scoring abilities** to predict which customers were likely to fall into difficulty and what behaviour they exhibited beforehand.

4 **Deployed an additional score, Cure Score,** to identify customers in arrears who were capable of rehabilitation.

*12-month period October 2017-2018

CallMonitor:
Why and how it works

Choose the right action for your customers

Cure and Delinquency Scores tell you whether an account will be in a better or worse position in three months' time.

Make smarter, more responsible lending decisions.

CallMonitor, via daily alerts, gives you up-to-the-minute information on your customers' ability to pay.

Take action sooner.

CallMonitor provides alerts up to six weeks in advance of traditional bureau calls.

FINDINGS:

CallMonitor retrospective analysis

1

Almost 50% of all The Very Group's customers had an alert associated with them, revealing they had being engaging in significant credit activity, and/or had experienced a change in circumstances within the 12-month period.

This insight provided The Very Group with a deeper understanding of their customers' behaviours which they could utilise in their customer management strategies — from credit limit reductions and account freezing to next best action contact strategies.

2

Customers triggering severe alerts, such as insolvency, were linked to higher bad rates.

This suggested customers with these alerts needed quick action to prevent them from falling into further financial difficulty.

3

Interestingly, it revealed some customers flagged as increasing credit utilisation and shifting their credit balances between providers were more likely to fall into arrears then the rest of the customer base.

Taking action to reduce customer lending limits when these behaviours are present reduces the risk of them borrowing above their means, and allows them to manage current financial commitments without taking out further credit and adding to the problem.

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Findings:

Predelinquency Scoring analysis

Early detection and real-time action prevents customers falling deeper into debt and generates profit.

CallMonitor's Predelinquency Score flags those customers who are showing credit behaviours likely to result in default in the near future.

1 The score is typically used across high-volume, mild alerts to identify the best signals in the data. Against a portfolio, the Delinquency Score was highly discriminatory and identified low-volume segments with higher bad rates.

2 Where customers displayed a high increase in their Predelinquency score, a significant number of customers then showed a pattern of taking out further credit in the next couple of months, suggesting credit was taken when the customer was already starting to show signs of financial difficulty.

By using the Predelinquency score alone, as part of an exposure management strategy, you could prevent customers from having further financial problems by protecting them from unaffordable debt, and the business from financial loss.

Findings:

Cure Score and collections strategies

CallMonitor Alerts and Cure Score can improve your collections performance and help you focus on those customers who will get back on track. Cure Score gives Collections and Recovery teams the insight they need to help them prioritise their efforts for the best returns.

We found a number of positive alerts linked to higher cure rates on a collections and recovery base. Customers who were opening new accounts with other providers and displayed balance changes in their credit file were 1.5 times more likely to get back on track than other customers.

The Cure score deployed using positive triggers proved highly predictive for account curing. The top 20% of customers had a cure rate of over 50%; the top 10% curing over 70%.

Combining the Cure Score with the collections process allows you to segment your debt book in a highly efficient and strategic way, optimising both internal resources and liquidation rates.

Outcome

Analysis of the proof of concept provided The Very Group with the confidence to implement CallMonitor across their entire customer base. This enabled them to gain deeper insight into their customers' behaviours and take a proactive approach to customer management, improving their experience and advancing Very's decisioning to help prevent bad debt.

"Working in partnership with TransUnion helped us strengthen existing management strategies for the 50% of customers who have experienced a change in their credit profile over the 12-month period."

"Since implementing CallMonitor into a live environment, the product has been performing as the retro analysis predicted and is set to generate a good Return on Investment."

Mark Harrison-North,
Director of Credit Risk,
The Very Group

"As a customer-centric business that puts innovation at the heart of everything they do, we're proud to have worked with Very. We've deployed a unique solution that enables them to better understand their customers, protect them from debt and enhance their journey."

Joe Bolser, Head of Product,
TransUnion

Final thoughts

- ☑ CallMonitor is an alerts-based service that enables brands to get closer to their customers.

- ☑ In-built scoring makes behavioural patterns easy to identify and combine with contact strategies.

- ☑ Taking action proactively provides better customer and business outcomes.

- ☑ TransUnion's team of expert analysts work with individual businesses to determine what signals and actions would be of the greatest benefit to them, and then help to implement a strategy that delivers results.

**Get in touch by calling 0113 868 2600 or visit:
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