

Insurance marketers too focussed on acquisition

PALO ALTO, US: Insurance marketers are too focused on acquisition, missing ways to monetise existing policy holders, reports CMO Council. A new study shows consumers are open to consolidating policies with insurers and buying additional products if marketers focused more on retention, cross-selling and up-selling.



Customer analytics can be very revealing, particularly when it comes to selling more insurance products to the same household or customer. A new study by the Chief Marketing Officer (CMO) Council has found that while some insurance providers do this well, many are overlooking opportunities to multiply their business with existing customers rather than just focusing on acquiring or poaching new accounts.

According to the findings of *What's Critical in the Insurance Vertical*, over 55% of consumers polled have held their existing insurance policies for more than five years and are open to receiving information from their trusted providers on new or complimentary services. And an impressive 21% of consumers purchased or increased the value of their existing policies after receiving communications. Unfortunately, only 7% of marketers in the insurance vertical value up-sell and cross sell tactics as critical to route to revenue.

A tremendous opportunity to increase lifetime value, but...

The report, sponsored by InfoPrint Solutions Company, reveals that marketers in the insurance space have a tremendous opportunity to increase customer lifetime value by executing data-driven, targeted retention marketing strategies. Yet many feel they must focus on acquisition strategies or servicing the needs of top performing or strategic accounts.

Among other key findings, the new report benchmarks the critical drivers to customer engagement in the Insurance vertical. Over 100 insurance marketers provided insights on how they market and sell insurance while over 1100 consumers provided feedback on their experiences shopping for insurance and selecting providers. The insurance industry's net premiums total more than US\$1 trillion (about R7 trillion) annually. There are more than 2700 property/casualty insurers and more than 1100 life/health insurers in the US (Insurance Information Institute).

In the case of marketers, there is a sense of frustration over budgetary constraints that have stalled investment in data analytics programs, which in reality could help jump start robust lead flow through more targeted and engaged prospect and client opportunities.

"Without a doubt, marketing is being called upon to deliver greater value and return, but there are still those marketers who focus on the top strata of accounts and ask what can be done to squeeze more loyalty from these large accounts. However, they are overlooking the gold mine that resides just below that key account line," said Donovan Neale-May, executive director of the CMO Council.

"Insurance marketers must refrain from just looking at the surface measures of policy size and key account

as the exclusive for retention marketing and reactivation strategy. The greatest opportunity to grow business resides within their own policy holder and agent channel base."

When looking into their existing customer pool, 22% of marketers are looking at customer lifetime spend and loyalty to the company, potentially missing an opportunity to look at lifetime value and opportunity. This tendency to overlook up-sell and cross-sell opportunities are further punctuated as only 9% of respondents are leveraging communications to existing customers to up-sell or cross sell as part of a retention marketing strategy. Instead, marketers are looking to strategic account reviews that tend to only focus on the most profitable customers with the biggest portfolios, almost completely ignoring dormant, departed or disaffected customers.

"Insurance marketers have the opportunity to break the cycle of data paralysis as their customers are open to engaging and deepening relationships with providers they trust and depend on," said Sandra Zoratti, vice president of Global Solutions Marketing at InfoPrint Solutions Company. "It is a rare occurrence where loyal customers indicate that, if an offer is relevant and meaningful, they will buy and consolidate services and grow the overall value of their engagement. While it is hard to do, this invitation to retention is a call to action to get started."

The consumer policy perspective

According to 42% of insurance marketers, their customers are going online and are demanding more self-service and always-on options. However, when asked, consumers indicate that the online solutions are a convenience they appreciate; they still value easy to understand policies, statements and contracts more. In fact, as marketers focus on self-service and online applications, only 27% value online payment and 16% value self-service online tools, while 40% value easy to understand policies, statements and contracts.

For the most part, consumers are happy with their insurance experience, but some feel that insurance companies are merely fair-weather friends as 12% of consumers resent not hearing from companies until it is time to pay the bill. The biggest communications oversight seems to be silence on the part of the insurance companies.

- 37% of customers have NOT been informed about other policies or products offered by their existing providers
- 10% wish they did know about other opportunities
- 13% doubt their provider has a product that they need...but aren't sure
- 6% only seem to get information about policies they already have.

"The key here is that marketers must start...and start today," said Zoratti. "We cannot afford to wait until the data programs are cleaned and perfect, or until we get budget to implement a massive analytics program. We must leverage the invitation being issued by customers and target relevant offers, information and content to them in order to extract every ounce of value from the relationship."

The complete results of *What's Critical in the Insurance Vertical* can be accessed through the Precision Promotion portal, where readers will also find information and resources on how thought leaders are crafting more timely, targeted, relevant engagements with customers. The 25 page paper also includes interviews with insurance marketing leaders and complete detailed findings of the survey. To access the report, go to www.cmocouncil.org/resources/form-critical-vertical.asp.

About InfoPrint Solutions Company

InfoPrint Solutions Company (InfoPrint) is a leading provider of Precision Marketing Services which aims to deliver the right message, to the right person, at the right time. This data-driven marketing approach produces highly targeted and relevant customer communication resulting in improved ROI. The company works with the world's leading brands in retail, financial services, insurance, banking, travel and hospitality industries. Precision Marketing Services provided include customer strategy, retention data analytics, campaign design and delivery, and campaign measurement services.

The company was created in 2007 through a joint venture between Ricoh and IBM's Printing Systems Division. On 1 July 2010 evolved into a fully owned subsidiary of Ricoh and a strategic member of the Ricoh Family Group. Today, InfoPrint is a global company that currently has more than 2500 employees working across many countries. Its worldwide headquarters are located in Boulder, Colorado. More information is available at www.infoprint.com/precisionmarketing and www.profitwithloyalty.com.

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