

Engagement
Marketing in
Insurance:
Cultivating
customer loyalty

High performance. Delivered.



Through the Internet and other channels, insurance customers enjoy abundant access to information and choice of providers. But choices made are hardly carved in stone; access to information and the availability of new technology make it easy for consumers to switch providers with a few clicks on the keyboard or swipes on their phone. Welcome to what Accenture calls the "switching economy"—worth an estimated \$470 billion annually in premiums.

Accenture research has found that 71 percent of customers are willing to purchase insurance online, and that almost half (48 percent) depend on comments on social media to make their insurance-buying decisions. Forty-six percent of customers with tablets and 37 percent of those with mobile phones have used these devices to interact with their insurers. In addition, customers are increasingly willing to purchase insurance from non-traditional providers, notably online service providers like Amazon and Google.¹

Despite this fundamental shift in buyer behavior and preferences, insurance companies have responded—at least in part—with traditional techniques: by increasing their marketing and advertising budgets. For example, in 2013, GEICO, State Farm and Progressive spent \$2.6 billion in traditional advertising,² and \$110 million on Google keyword advertising for auto insurance alone.³

We believe that marketing organizations must look to new sources of differentiation. Research has confirmed what many carriers have realized: the customer experience is the next battlefield. For example, Accenture research found that 74 percent of insurance chief marketing officers (CMOs) believe it is essential or very important to deliver an effective customer experience—but only 64 percent think they're doing a good job.

And when we surveyed marketers across ten industries, two classes of companies emerged: high-growth companies and low-growth companies. Notably, 89 percent of high-growth companies are focused on the customer experience, compared to 60 percent of low-growth companies.⁴

Insurance companies and their agents must be prepared to thrive in this new world by providing a consistent, differentiated customer experience that gives existing customers more reasons to remain loyal and gains new customers who seek more than their providers can offer. How do companies win in this dynamic, customer-driven world?

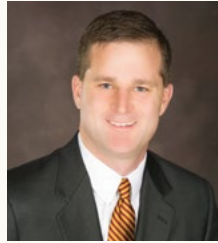
Through engagement marketing: connecting with individuals, creating meaningful interactions based on customer preferences and behaviors, and interacting continually with them over time. To do so, insurers will need to establish an effective engagement marketing strategy, develop data and analytics capabilities to derive the necessary customer insights, and support agents as they foster ongoing customer dialogue. Winning companies will be those that shift from marketing *at* customers to engaging *with* them to build meaningful and lifelong personal relationships.

About the Authors



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"When an insurer empowers a service-oriented, strategic workforce with data, analytics and marketing automation tools, that's the sweet spot for engagement marketing and the benefits it can bring."



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"Many insurers are realizing that they need better insight into customers, and to build more personalized and meaningful relationships—these are the cornerstones of engagement marketing."



Larry Jackson is a senior manager in Accenture's Insurance Distribution and Marketing Services in North America. He helps insurers optimize insurance sales through the use of analytics, diagnosing challenges and identifying process and system improvements. Contact him at larry.s.jackson@accenture.com.

"Engagement marketing is an opportunity to infuse creative vision with data-driven strategy—for insurance marketers to create and execute innovative campaigns, assess their impact and improve future campaigns in a culture of continuous learning."



A woman with blonde hair tied back, wearing a light-colored top and a grey cardigan, is smiling and shaking hands with a man in a white shirt. They are standing in front of a window with blinds. The background is bright and slightly out of focus.

Accenture is pleased to be allying with Marketo, one of the leaders in marketing automation software.

Accenture and Marketo team to provide marketing solutions

Customer experience has become the new battleground in many industries, and the financial services sector is no exception. Yet, many companies often deal with silos between sales and marketing that inhibit enterprise-wide lead nurturing strategies, and fragmented marketing capabilities that are out of sync with customer expectations for omni-channel interactions.

For more than 30 years, Accenture has worked closely with many of the world's leading financial services organizations to help them plan and implement the complex business and operational changes needed to achieve high performance in a volatile market. Accenture is pleased to be allying with Marketo, one of the leaders in marketing automation software. Marketo provides a platform and capabilities to support marketing operations—by helping businesses track, generate, and measure leads throughout the buying cycle.

Accenture and Marketo can help financial services companies:

- Track, nurture and improve conversions for customers who require some time to make a buying decision
- Improve digital platforms to drive customer engagement and enhance the buying experience
- Enhance customer relationships across the enterprise, especially by improving lead management capabilities across sales and marketing
- Establish marketing automation strategies and capabilities within their organization
- Replace or update legacy marketing platforms

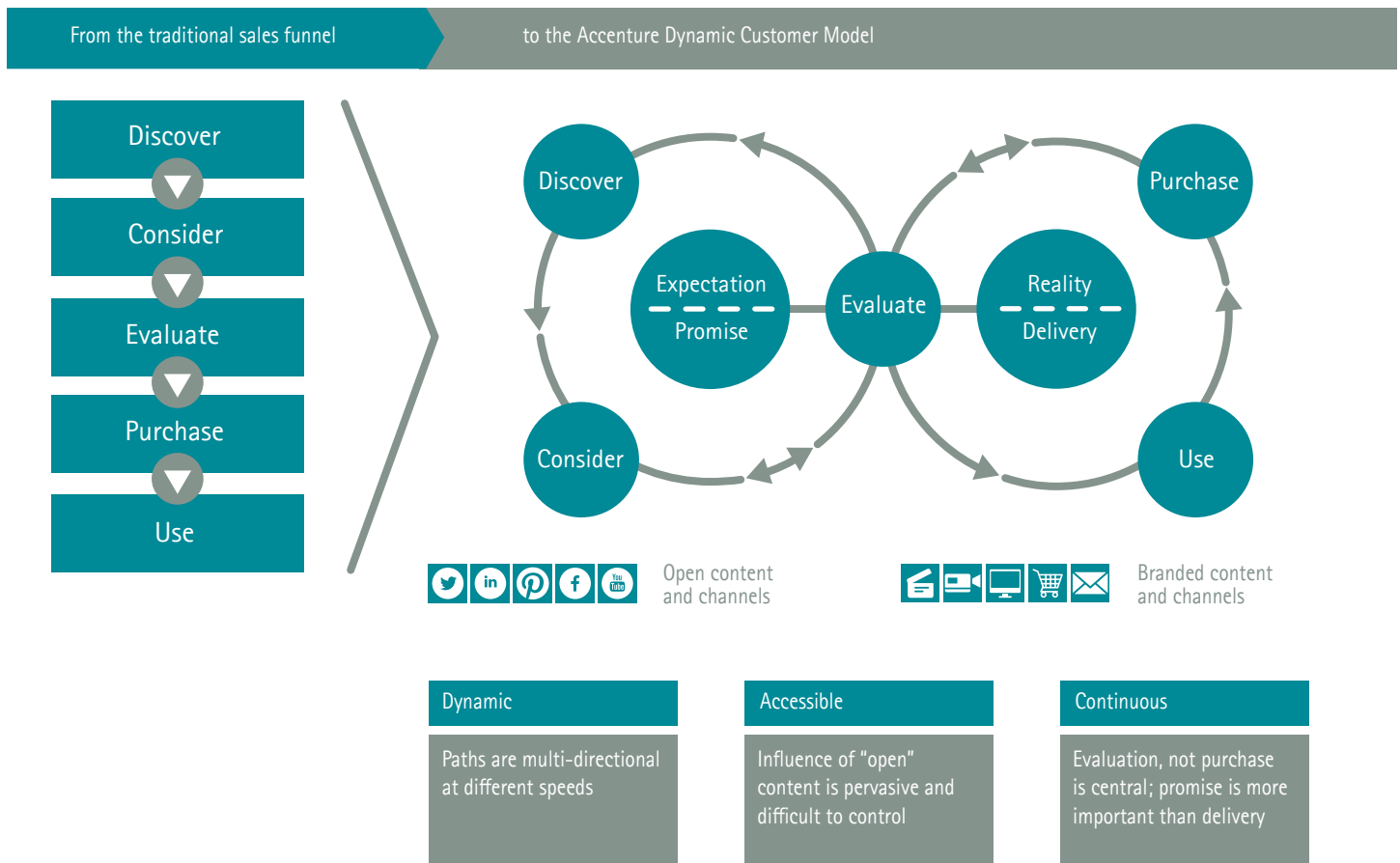
This alliance, when underpinned by the appropriate data and analytics capabilities, can help an insurer to achieve engagement marketing—to offer personalized service to individual customers—at scale, across the enterprise.

Anatomy of an effective engagement marketing strategy

Marketers have much to gain from the wealth of digital tools and capabilities that have emerged in recent years. Social media, advanced data and analytics, mobile platforms and connected devices enabled through the Internet of Things provide ample opportunity to target and reach customers more precisely and efficiently. Yet, many insurers' marketing strategies are still focused on the traditional sales funnel, with its emphasis on reaching as many people as possible—including many who may never become customers—rather than a more dynamic model that is better suited to the way today's customers buy (Figure 1).

In contrast, engagement marketing is about businesses connecting with individuals—understanding a customer's intent, needs, preferences, interactions and behavior; offering a customer experience that aligns with those characteristics; and evolving the customer dialogue over time. Engagement marketing combines both creative vision and data-driven strategy, and it enables insurers to move quickly to create higher quality programs. Perhaps most important, engagement marketing represents a shift from one-off, wide-net campaigns toward targeted, continual interactions that drive long-term loyalty.

Figure 1. The customer's path to purchase has changed from linear to dynamic, accessible and continuous



Being relevant to a target customer requires the ability to understand what experiences appeal to an individual, and to enable the right processes and interactions to delight those individuals. To begin the journey toward effective engagement marketing, insurers should assess their capabilities across three key dimensions:

1. Know the Customer:

Who is your desired customer?

Effective engagement marketing depends on insurers understanding their customers with a high degree of certainty. Most insurers already classify customers according to key demographic attributes, such as age, occupation and zip code. However, engagement marketing requires a more nuanced understanding of a customer that can be achieved with advanced data and analytics.

In addition, insurers must understand their customer's definition of value. Price is just one motivator. For example, the Accenture Consumer-Driven Innovation Survey found that 92 percent of insurance customers believe it is important for their provider to not only insure risk, but also to offer advice to better manage risk. Furthermore, 40 percent are willing to pay more for personalized advice when purchasing insurance—on average, 9.6 percent more than they currently pay. To the right customer, convenience, customer service and the claims experience may be worth paying a slightly higher premium.

2. Reach the Customer:

How do you reach your target customers? What are your key messages?

Many insurers already personalize their communications and messaging—for example, carriers that have a moderate level of customer information may send a general life insurance offer based on knowledge of the customer's family, occupation and current assets (home and automobiles). Engagement marketing goes beyond this to identify specific customer segments, and develop targeted campaigns and messaging to reach these segments and foster an ongoing, two-way customer dialogue.

For example, consider Michael and David, two customers with similar demographics who both live in different units of a new housing development. As part of their welcome packages, they receive brochures for home insurance; both obtain an online quote but neither makes a purchase. Both ask to receive their quotes by email. However, the insurer notes that while on the site, Michael looked at vacation property insurance and David

clicked to see a list of agents in his area. A few months later, the insurer initiates a campaign targeted at leads that did not convert. Both customers receive an email with a reminder of their online quote and tips for winterizing their home. In addition, Michael's email features an article on travel safety, while David's includes a blurb about a local agent who just won a customer service award—with the option to set up an appointment.

3. Deliver the Customer Experience: How do you create a differentiated customer experience?

Since each customer segment will have different preferences, behaviors and values, insurers must create a distinctive customer experience for each segment. In addition to tailoring marketing messages, insurers should enable a consistent omni-channel customer experience, because today's customers expect to be able to interact with a business via one channel, and then re-establish a connection through another, with seamless transitions at all times.

For example, when Michael contacts a call center agent, that agent should be equipped with the information provided on the initial quote, as well as any additional demographic or behavioral information that might be relevant. The same is true for when David decides to purchase insurance—whether through the award-winning agent or a direct channel.

Having established a strategy for enabling relevant, personalized interactions with target segments, insurers must also use data and analytics to measure and track marketing effectiveness—especially with respect to products, price points and channel selection. This is particularly important for helping insurers adapt to changing customer needs and preferences.

Finally, insurance leaders must support employees and agents in shifting their behavior, values and skill sets to foster stronger customer relationships. This includes sharing the principles of engagement marketing, empowering front-line workers to build trust-based relationships and making customer insights available to those who need it.



The importance of marketing data and analytics

To be clear, engagement marketing requires insurers to shift from the many to the one, but engagement marketing can—and should—be executed at scale, with the help of marketing automation tools. Making optimal use of such tools requires that insurers have the capabilities to leverage data and analytics to derive the required customer insights. Indeed, according to Accenture research, 43 percent of CMOs expect marketing analytics to be a core competency of marketing over the next five years.⁵

Insurers should begin by aggregating existing internal data across departments to create a complete 360-degree view of the customer and understand each customer's lifetime value. This includes identifying all the products a customer owns, having a clear record of all customer interactions and

recognizing other sales opportunities. With this insight as the foundation, insurance marketers can develop more personalized, relevant offers to proactively target existing customers for cross- and up-sell opportunities. In addition, this insight can help insurers provide continuity between customer interactions, relevant customer service conversations and seamless omni-channel experiences.

From there, insurers may choose to augment their internal data with external information to expand the scope of relevant content for marketing. Third-party data sets can be acquired to provide insight into a variety of areas, including household income, the presence of children and social media patterns. For example, an insurer may supplement an existing customer's profile

with household income information to learn more about the customer's long-term financial planning needs. Currently, that customer may only hold auto insurance. However, with additional insight the insurer can send targeted messages to initiate a dialogue that may lead to the cross-selling of other products, like life insurance or an annuity—effectively increasing that customer's lifetime value to the business.

Establishing a customer-centric data environment

Traditionally, insurers had a product-centric focus and used wide-net marketing tactics. Today, changing customer needs have many insurers striving to become more customer-centric, with the flexibility and adaptability needed to compete in today's dynamic market. Accordingly, engagement marketing can help insurers become more customer-centric by fostering ongoing customer relationships for the long term.

In order to prepare a supporting data environment for effective engagement marketing, an insurer must assess its current data environment and needs, identify gaps, and establish a plan to obtain the capabilities and supporting infrastructure necessary to provide optimal business value.

It starts with gaining a thorough understanding of the current data environment. This includes identifying the relevant internal and external data available to create the 360-degree view

of the customer, and examining how data sources are currently integrated.

With this baseline information in hand, carriers can identify gaps—in both internal and external data needs—relative to their desired future-state customer-centric environment. In fact, key questions will need to be asked and answered including:

- What are the key challenges in creating a new data environment?
- What are the data requirements of the new environment?
- What technology and core capabilities are needed to support the desired state?

In addition, insurers should also determine the frequency with which data updates are needed. For example, some data may need to be obtained in real-time because it is valuable and changes frequently,

while other data may only need to be acquired or updated on a quarterly basis.

Finally, it should be noted that the journey to realizing a truly customer-centric data environment is complex and will take time to complete. As a result, a well-defined business case and supporting program roadmap should be created to guide the way. This analysis will enable an insurer to prioritize new developments and enhancements based on the value for the business and its customers.

Preparing agents for success: Lead nurturing and the ongoing customer dialogue

Insurers can establish an exceptional engagement marketing strategy, but given that the agent distribution channel still dominates the US property and casualty market, achieving success depends heavily on having the right people, skills and tools in place within agencies.

For agents in particular, a critical piece of engagement marketing is the ability to nurture customers who are not yet ready to purchase. As a general rule, only 20 percent of customers are sales-ready when they first enter an agent's office. This means that agents need a consistent, disciplined process—known as lead nurturing—to develop qualified leads until they are sales-ready. Executed properly, lead nurturing can result in 50 percent more sales leads at one-third the cost per lead.⁶

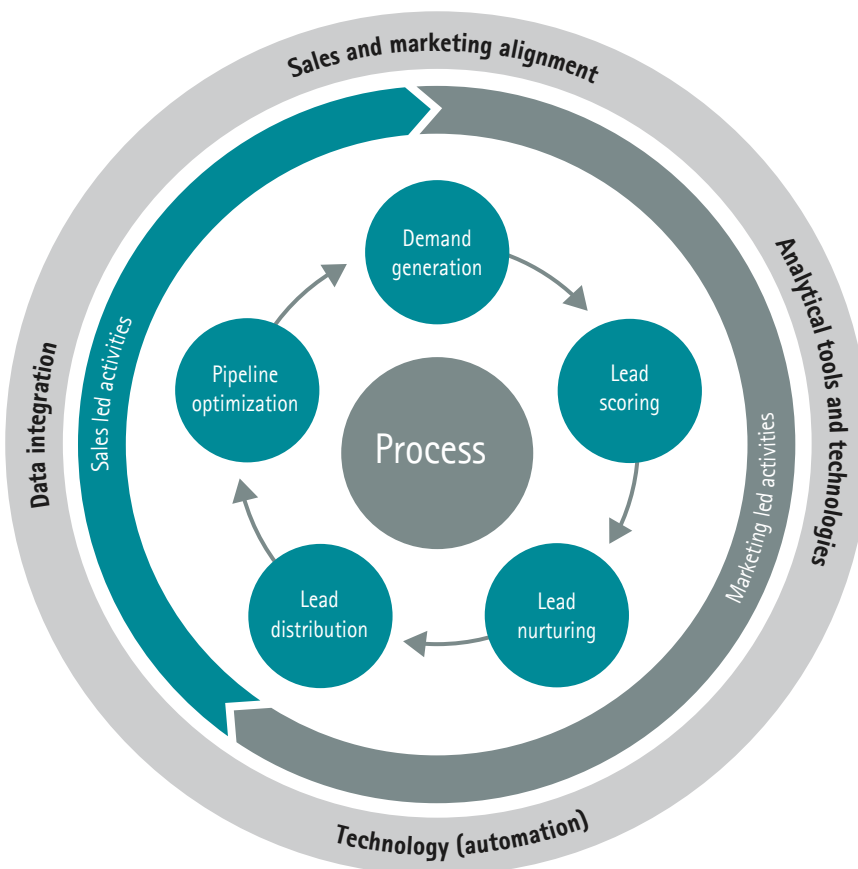
The principles of lead nurturing align well with those of engagement marketing. In order to maximize the value of a lead, agents need customer insights that will enable them to develop a personalized relationship that drives the initial transaction. Marketing automation tools can help agents nurture relationships with leads who aren't yet ready to buy—for example, by sending a follow-up email with a targeted message or offer. Automated triggers can help agents deliver subsequent messages at set intervals to maintain an ongoing dialogue. Similarly, effective, targeted messaging can drive cross- and up-sell opportunities with existing customers and increase their lifetime value.

Just as marketing analytics is quickly becoming a core competency for insurers, agents must be trained and must develop

the skills to analyze lead conversion data to determine the most effective messages and processes, and to optimize sales results over time. As indicated in the Accenture Lead Management Cycle (Figure 2), demand generation, lead scoring, lead nurturing, lead distribution and pipeline optimization are all part of a continuous, integrated cycle that agents must proactively manage to drive sales performance.

In addition to helping agents improve individual sales performance, detailed lead conversion data has tremendous value to an insurer's marketing organization. Given the changing nature of customer expectations and behavior, it is important that insurers enable a consistent, seamless process to close the lead management loop and optimize subsequent engagement marketing campaigns.

Figure 2. Accenture Lead Management Cycle: Optimization through data analysis



Lead Management is a closed-loop process between marketing and sales which accelerates organic growth among new, existing or former customers through:

- Demand generation
- Lead scoring
- Lead nurturing
- Lead distribution
- Pipeline optimization of opportunities for sales conversion

Lead Management outcomes can be enhanced through the application of advanced analytical tools and technologies.

Ensuring agent success

While insurance companies may have the knowledge and skills required to analyze and respond to sales data, insurers must be aware that not all agents have such abilities. Particularly for insurers with captive agents, it is important to clearly understand an agent's skills, processes and sales strategies, and provide a structured approach to train and equip agents to achieve high performance.

First, sales leaders should establish a recurring process to work with their agents to complete sales plans and to regularly monitor actual sales. In addition, it is important to coach agents to use a structured, data-driven approach to analyze sales results, identifying the specific campaigns and activities that have the biggest impact on sales. Agents can leverage this information to refine processes and future activities and help optimize sales. This is an important part of the Accenture Lead Management Cycle.

In between coaching sessions, insurers should continually engage their agents by providing value-added information. Similar to engagement marketing with customers, insurers can reinforce the insurer-agent relationship with ongoing contact to:

- Provide regular value-added information and context for managing customers
- Focus on outcome-oriented sales to offer long-term customer value
- Better understand the changing customer landscape
- Reinforce the use and importance of data driven decision-making
- Share sales and service best practices and lessons learned

Engagement marketing: The road ahead

Shifts in the insurance landscape, from customer expectations to channel choice to digital technologies, have changed the way that insurance marketers must reach their customers. Casting a wide net is neither efficient nor effective—instead, insurers must offer personalized, relevant messages to target customer segments on a continual basis.

The strategy of engagement marketing requires insurers to understand their customers' behaviors, needs and wants, and to define a data environment capable of collecting information from disparate sources to develop a 360-degree view of the customer. Because many insurers depend on the agent channel for distribution and sales, it is critical for insurers to empower and support their agent workforce to foster strong, enduring customer relationships.

Insurance CMOs must come to terms with a digital future focused on engagement marketing to drive differentiation through the customer experience. Driving a single integrated view of the customer through aggregated data continues to be a barrier to overcome, as most insurers' data sits in product-based silos. Only by aggregating

and leveraging these pools of data, can marketing leaders start on this engagement journey to gain solid measurable results.

Many insurers are starting this complex journey to develop better insight into customers and to build personalized and meaningful relationships. Marketing leaders who understand their brand, their customers and their products better than others will have a strategic and competitive advantage in this dynamic business environment.

Accenture and Marketo, through their alliance relationship, can provide insurers with the industry experience and technology required to help companies navigate this important and complex journey. Contact us to learn more about how we can help your business develop an engagement marketing solution.

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About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 358,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$31.0 billion for the fiscal year ended Aug. 31, 2015. Its home page is www.accenture.com.

About Marketo

Marketo (NASDAQ: MKTO) provides the leading marketing software and solutions designed to help marketers master the art and science of digital marketing. Through a unique combination of innovation and expertise, Marketo is focused solely on helping marketers keep pace in an ever-changing digital world. Headquartered in San Mateo, CA with offices in Europe, Australia and Japan, Marketo serves as a strategic marketing partner to more than 3,750 large enterprises and fast-growing small companies across a wide variety of industries. For more information, visit www.marketo.com.

Footnotes

1. Accenture Consumer-Driven Innovation Survey, 2013: <https://www.accenture.com/us-en/insight-consumer-driven-innovation-survey-2013>
2. A.M. Best data
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4. Accenture CMO Insights Survey, 2014: <https://www.accenture.com/us-en/insight-2014-insurance-cmo-insights-survey>
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