

How One Insurance/Travel Services Firm Met Their New Acquisition & Cross-selling Objectives

Situation

A large Midwestern firm which markets insurance products and travel services wanted to significantly improve its return on investment for marketing expenditures. This firm actively used compiled lists for prospecting in combination with direct response and field sales.

Marketing Objectives

The client had three specific objectives:

1. Gain a better understanding of its customer base and to specifically identify those customers most likely to consume insurance products and respond to cross-selling offers.
2. Develop a model of the customers who responded to direct mail solicitations for travel services membership and understand the unique characteristics of these customers as compared to their general customer profile.
3. Develop a model of the travel services customers who would be responsive to cross-selling offers of insurance products so that they could identify the best candidates to receive cross-selling offers for their existing and future customers.

The Solution

The firm's objectives called for Smart Targeting Tools – a turnkey segmentation product that can be customized to meet specific client objectives. Cooperatively developed by Experian and Ruf Strategic Solutions, Smart Targeting Tools provides a household-based segmentation to help marketers gain a better understanding of their customers' demographics, lifestyles and behaviors. The resulting profile provides actionable intelligence that allow marketers to build relationships with their best customers, target prospects more effectively, increase the relevancy of their offers, and significantly improve the return on investment.

Three Smart Profiles were created, one for each of the company's objectives:

1. A Smart Profile identified households with high propensity to become customers. Because the client was interested in understanding product usage, the profile reports were customized to include information about the specific usage of the firm's variety of product categories.
2. A Smart Profile identified households with a propensity for non-customers to respond to a direct mail solicitation for travel services. Because the client wanted to understand the differences between the profile of responders and their general customer profile, a custom cross-index tabulation was created to compare the two profiles. This identified households with a high propensity for both response and membership.
3. A Smart Profile showed a propensity for current customer households to respond to a cross-sell offer for a specific insurance product. Because closure rates after response were also of interest, a tabulation of closure rates by Smart Household cluster was provided.



The Results

Experian and Smart Targeting Tools allowed the firm to identify and evaluate both current and prospective customers against several metrics to help guide their direct communications. The firm appended Smart Household Clusters directly to its 1.5 million customer database records, allowing them to segment current customers and to isolate the best candidates for cross-selling efforts as identified in the Smart Profiles.

They have also initiated a direct marketing campaign for travel service membership and insurance sales to new prospects selected from Experian's Smart Targeting Tools database of consumer households. Candidates for the campaign were selected by choosing Smart Household Clusters identified as top performers in the Smart Profiles for response and multiple product category usage.

And because the Smart Profiles identified key characteristics describing the best prospects, the firm was able to tailor its offer based on a deeper understanding of the prospect demographics and lifestyles.

The Benefits

The firm now has the tools necessary to make decisions about specific marketing tactics and can evaluate their return on investments in direct marketing tactics with a precision never before possible. The firm can also identify the optimal level of acquisition and cross-selling investment to apply to each segment of their customer or prospect universe.

