

Case studies

We begin our coverage of the best of the case histories from the 2005 Financial Service Forum Awards for Marketing Effectiveness with the winning entries from Cheltenham & Gloucester and from Saga Services.



Winner

Most effective direct marketing campaign

CHEL TENHAM & GLOUCESTER

The business challenge

Fixed-rate bonds are a popular choice amongst C&G's traditional customer base. The company has had considerable success in attracting savers seeking a guaranteed return over terms of one, two or three years.

The challenge faced by C&G came as each tranche of bond funds reached maturity. Before the introduction of the enhanced fixed-rate bond maturity mailing, customer balance retention was disappointing. Two key factors were identified:

- **Mailing positioning:** as the maturity date approached, customers received a mailing pack outlining the options available to them. It explained that, if no action was taken by the customer, the funds would default into an instant-access account.
- **Customer reaction:** customers purchasing bonds are known to be heavily influenced by the rate offered, but this was not adequately addressed in the mailing pack.

Retention of savings business, including fixed-rate bonds, had already been identified as a key priority. With bond maturities leading to lost customer balances each month, C&G needed a solution – and quickly. To address this, the following objectives were set:

1. Enhance customers' lifetime value.
 - Increase customer balance retention to a minimum of 60%.

2. Control operating costs.
 - Maintain profitable margins.
 - Contain mailing and fulfilment costs.
3. Improve customer feedback.
 - Counter negative customer feedback about a cumbersome bond re-investment process and improve customer satisfaction significantly.
4. Increase staff engagement.
 - Involve and enthuse branch staff to build stronger relationships with customers.

The marketing solution

The one-off transactional nature of a fixed-rate bond meant there was just a single clear opportunity to influence behaviour and enhance retention – the mailing to notify the bond-holder of impending maturity.

This mailing was the focus for resolving this business problem. From September 2004, C&G's strategy was to:

- Change the emphasis in the mailing to include sales as well as service messages, and to increase the profile of the new bond offer.
- Rethink the customer proposition in response to strong customer feedback by:
 - Making the preferred option of a new bond clearer.
 - Introducing a streamlined re-investment process to replace the full application form.

- Issue mailing data to branches for follow-up sales activity, and to utilize outbound calling to help track customer care.
- Introduce reporting and measurement procedures that would enable C&G to learn and thus improve the performance and realize the full potential of future mailings.

Valuable insight

- Insight on fund activity gained from management information was unequivocal – there was a sustained outflow of funds from C&G’s fixed-rate bonds at maturity.
- Analysis tracking balance activity also revealed the “hidden attrition” of funds that transferred into the default instant-access account rather than being encouraged into another bond. Although it appeared superficially that these balances had been retained at maturity, the data showed that half of these funds were lost in the following six months. Bonds, by comparison, lost just a fraction of balances over the same period, because the customers were in effect tied in.
- Feedback to C&G’s operations centre indicated that many customers thought that the maturity process could be more straightforward, and that the mailing pack should have included details of the new bond offer. It also showed that customers would have preferred to mature by default into a similar account rather than an instant access account.
- To enhance understanding, improve response rates and control pack costs, C&G sought the advice of Royal Mail when refining the creative content of the mailing.

Effective measurement

The ring-fenced nature of the bond maturity process enabled reliable and controllable measurement of the effectiveness of the solution. A variety of controls were put in place during the campaign period to measure against the four key objectives, including:

- Use of existing customer satisfaction analyses.
- Improvements to the centralized management information, to indicate clearly performance against the company’s key cost and customer value objectives.
- New logs for branch sales teams to record results.

C&G discounted the use of a control group, because low mailing volumes and complexities in the mailing process would have made it impractical to implement.

Quantifiable results

- Customer balance retention has increased three-fold, and has exceeded the target level.



- C&G’s bond pricing has always been consistently in the top quartile, but with the various improvements explained here the company has been able to enhance retention without using higher rates as a tool.
- Customer satisfaction analysis over the mailing period clearly illustrates an improvement of 7%.
- Staff feedback shows positive engagement in this process.

Added value

- Margins have been maintained.
- The process has proved to be transferable, with positive benefits when scaled up and applied to other product lines, for example fixed-rate ISA maturities.
- Balances of reinvested bonds have grown, unlocking new money as well.
- The success of this initiative has given staff an appetite for other change and growth activities that are part of C&G’s strategic plans.

Judges comments

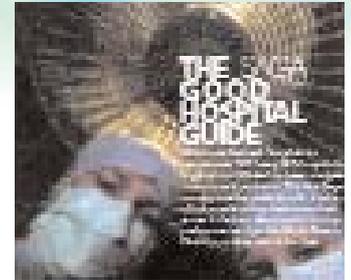
This campaign had all the key elements: an early identification of the problem; an objective analysis of the challenge; good use of market insight; relevant measurement processes in place – and a solution that worked!

A worthy winner.



Joint winner

Most effective public relations campaign



SAGA GOOD HOSPITALS

The challenge facing the business

Saga has used PR for many years to promote its products within the personal finance media but identified an additional opportunity for an on-going, thought-leadership corporate campaign to achieve branding and better awareness of Saga in the consumer press, alongside the day-to-day product-focused remit.

PR and business objectives for this campaign were:

- To raise awareness of Saga as an organization that understands the needs and issues of the over-50s.
- To reach an over-50s audience, by talking about the broader issues that affect this target market – primarily by creating ownership of these themes for Saga.
- To achieve widespread editorial coverage in a variety of media at the launch of the campaign, beyond the normal personal finance targets.

The strategy

Four strategic themes – work, health, family and money – were developed, and *The Saga Census*, a study of the issues affecting people aged 50 and over in Britain, was born. For the second theme, a campaign called *Saga Good Hospitals*, an investigation into the best-performing hospitals for the over-50s, was developed and was rolled out in the latter half of 2004.

The idea was to develop a positive campaign linking Saga with the “health” theme, and therefore with health insurance, and to position the company as a source of advice and impartial expertise.

Following joint brainstorming and planning sessions between the company and its PR agency, a leading independent authority on healthcare quality in Britain – Dr Foster – was identified and secured as the most suitable research partner to help develop *Saga Good*

Hospitals. This would be a completely new and innovative research project that analysed every NHS hospital in England and Wales (232 in total) and rated them against the key factors most valued by the over-50s. The research looked, in particular, at:

- Speed of diagnosis and length of waiting-lists for treatment.
- Patients’ experience in hospital – whether they were treated with respect and dignity, and the quality of the hospital environment.
- Success of the medical treatment.

As the research involved an in-depth analysis of regional variations, a free guide was commissioned detailing the findings and showing how to get the best out of the NHS. This guide was tailored for each TV region in England and Wales, documenting the highest-scoring hospitals in each area.

The media strategy had a regional focus, but was designed to make national news as well. The media sell-in was co-ordinated with *Saga Magazine*, which also ran an eight-page piece on the research findings. The plan was to secure the first wave of broadcast and print coverage on the day that the magazine dropped on readers’ doormats.

Under embargo, the team sold in the findings to the healthcare correspondent at the Press Association, and then with national print media and on-line outlets. On a region-by-region basis, the agency worked with each of the highly-rated hospitals to target regional broadcasts (via the BBC and IRN networks) and print media with individually-packaged material based on the local research findings. The media were encouraged to include the hotline and website details.

The customer insight

It was recognized that the socio-political climate

was primed for research into the NHS and hospital performance, as in the run-up to the general election both the government and opposition were pushing the idea of giving people more choice over where they get their treatment. This was also a particularly topical time for patient care stories, as in August 2004 patients who had been on a waiting list for more than six months were given the right to choose where (within the same region) they were treated. And it had also been announced that, from the end of 2005, patients would have the right to choose where they were treated on referral by their GP.

From analysis of previous thought-leadership campaigns, and specifically Saga's *Work and Retirement* campaign, the company knew that it could do well in the news pages as long as the subject was seen to be aligned with the brand. The work and retirement story had achieved twenty-one pieces of print coverage, twenty-four broadcast items and seven on-line mentions in September 2003.

Historical data suggested that free guides produced by Saga across a variety of subjects (home security and winter motoring, for example) generally had a good take-up, and this helped to secure acceptance of the plan.

Controls to measure effectiveness

All coverage was collated by a press and broadcast monitoring agency, and was used by an independent evaluation agency to assess the entire campaign and give feedback on key messages, target audience penetration, opportunities-to-see (OTS) and overall PR value.

As members of the public would only request the free guide as a result of the media coverage, a simple tally of the number of calls received gave a direct indication of positive reaction to the coverage.

Proof that the strategy solved the challenge

Raising awareness: Eighty-three items of coverage resulted from the campaign – fifty-seven print articles, including five national, and twenty-six broadcast. The key message that “Saga understands the needs and issues of the over-50s” was delivered in all but one of these.

Reaching an over-50s audience: Coverage of more than 9m OTS was achieved in the target market. Saga also received over 5,000 requests for regional guides in the three months after the campaign launch, and significant follow-on interest in its private medical insurance (PMI) policies. “Next generation” Saga customers were also reached, with £11,000 of PR value identified amongst 45–54s.

Achieving widespread non-personal-finance coverage: All of the coverage was outside the personal finance pages and programmes.

Other key evaluation statistics:

- Total PR value of £87,000.
- 26.8m OTS in total.
- Splitting the audience reached according to age bracket, the majority of coverage in terms of both PR value and OTS related to the 65+ group (£26,000 PR value and almost 5.6m OTS). The PR value in the 55–64 age group was £17,000, with just under 4.1m OTS.

Value added to the business

The two main factors that really added value to Saga's business objectives were:

- In the three months after campaign launch, Saga received over 5,000 requests for regional guides.
- The significant follow-on interest in Saga's PMI policies.

Saga's internal post-implementation review noted that:

Saga Good Hospitals was phenomenally successful from an overall brand-raising perspective. Although it was not designed to be a formal lead generator for Saga's PMI offering, the project did create considerable interest in the company's healthcare products and generated a significant number of requests for policies. The handling of the media's interest went very well, and the evaluation of the coverage speaks for itself – an exciting, creative and well-executed campaign which exceeded our objectives and expectations.

This was a totally unique research project which had never been done before, and in essence could only have been done by Saga and its independent expert, because of the combined insights into the NHS and the over-50s market. Together Saga, its PR agency and Dr Foster found an area of interest and concern for the target market, and then built an authoritative commentary on it. The demand for Saga's views was significant, and the campaign helped the organization connect with its key potential customer base.

Judges comments

The “free guide” approach to PR is very common these days, but too often the content and the associated “research” is stunningly uninteresting. Saga avoided this pitfall, and produced a campaign that added real value to its business.