

Case studies

COMMENDED

Most Effective Integrated Campaign

Hiscox Home Insurance

**The Market Challenge**

Home insurance is a fiercely competitive, price driven market with dominant players routinely following discount pricing policies. As a specialist insurer Hiscox offers a level of cover and service that standard insurers don't match. This shapes our entire marketing strategy – not price. This is a very different proposition to the rest of the market, and as well as seeking to change consumer perceptions of home insurance, Hiscox has the added challenge of being an unknown consumer brand, despite being around since 1901.

We also have to compete with other dominant home insurers that routinely spend in excess of £30m on advertising per year. With relatively low budgets, Hiscox has to punch well above its weight to stand out. And we have a limited window of opportunity to establish the brand before competitors target the same segments.

Business Challenge

- To double our customer base every year for the next five years.
- To be seen as the leading quality home insurance provider.
- To challenge the conventional approach of competing on price alone by highlighting the importance of having good quality cover.
- To develop a clearly differentiated proposition that resonates with our target audience.

The proposed strategy

Hiscox offers its customers complete confidence that their homes are properly covered. This is backed up by a 5-star rating from Defaqto, independent research analysts, and the fact that nearly half of Hiscox's claims would not have been covered by a standard insurance policy.

- With 2.8 million Medium Net Worth and High Net Worth households in the UK of whom only 25% have a specialist home insurance policy, this represents huge business potential for Hiscox.
- Using customer knowledge and industry research,

a broad audience of AB adults was identified with further segmentation undertaken by media.

- An integrated campaign was devised to launch the Hiscox consumer brand in May 2006 to a wider audience and maximise impact despite budget constraints.
- TV was selected as the dominant brand building medium, backed up with national press, direct mail, door to door and online to drive enquiries and sales.
- The website was streamlined to simplify quotes and online purchasing.
- Call centre staff received training to ensure they understood the product and could explain the unique benefits.
- Pricing was reviewed to ensure premiums were as competitive as possible.
- Post sales material was redesigned to support and enhance the proposition.
- Broker channel communication was revised to help capture the benefits of greater consumer awareness.

Consumer insight and execution of strategy**Customer Insight**

- Consumer research revealed high levels of underinsurance and low awareness of specialist products.
- Marketplace research made it clear that no other insurer offered a similar proposition.
- Experience of affinity schemes with the Law Society and Institute of Directors showed potential demand from professionals.
- We gained the insight that target consumers are time-poor professionals needing peace of mind that their possessions are properly protected.
- Learnings from previous national press, direct mail and door-to-door activity underpinned the strategy.
- The development of a data pool enabled the flexibility to consider a greater number of variables in selecting prospects.
- Pre-testing of the creative was undertaken to make sure that it engaged with the target audience.

- Understanding of behaviour and media consumption was informed by industry research*.

Execution of the Strategy

- TV was selected as lead medium and a programme-led strategy identified as the only way to deliver traditionally light TV viewers.
- Quality national press titles were used throughout May to reach AB audiences with direct response messages.
- Quality Sunday supplements were added to support the branding effort.
- 140,000 Direct Mail prospects derived from profiled lifestyle data were mailed with a comprehensive pack explaining the proposition in detail.
- 500,000 Royal Mail Door Drops using customer profiling and geo-demographic targeting were sent to additional households matching the profile.
- PPC, CPM and e-mail activity was optimised and increased during the campaign.
- Internal communication included a launch of the TV creative and outline of the campaign at The Tower of London.

Controls to measure effectiveness

- Clear campaign objectives were set with overall targets for quotes and sales volumes, overall revenue targets and Cost Per Response and Cost Per Sale by medium.
- A bespoke tracking system was created to view quotes and sales by media channel and region in relation to marketing effort using retrospective and ongoing data to enable trends to be identified.
- Pre and post campaign brand tracking was undertaken to measure brand awareness and effectiveness of the creative.
- TV and national press will be audited by Billets to ensure that the best value was obtained under the constraints of targeting the specific audience.

Proving that it worked

May '05 vs. May '06 Comparisons:

- The Cost Per Sale has reduced by a massive 47%.
- 114% increase in call centre quotes, 357% increase in online quotes
- 233% increase in call centre sales, 322% increase in online sales
- 225% increase in quotes generated by direct mail, with sales up by 516% and conversion rates up by 89%, with only a 40% increase in the volume mailed
- A 47% increase in searches on the Hiscox name has been recorded via search engines (April 06 – May 06)

Results of the pre and post brand tracking study by Hall & Partners shows:

- Prompted awareness improved by a full 10%
- 56% said that creative stands out as being different
- A programme led TV buying strategy allowed Hiscox to use the best of broadcast, targeted to deliver key upscale audiences. The campaign achieved 15% more AB adults than 'natural delivery'.
- The TV buying review revealed that the programme led strategy delivered higher numbers of AB adults than anticipated, producing a dominant share of voice in the targeted AB adult market.

Adding Value

- Compared with the same period in 2005, gross written premiums have increased by 212% since the launch of the campaign in May.
- Customer numbers have also grown by 8% in the same period - a 100% increase compared with the growth experienced in April 2006.
- The average conversion rate has increased indicating that consumers understand the difference between Hiscox and standard insurers.
- Learnings from the effectiveness of different media channels are being taken forward to future campaigns.
- The bespoke tracking system enabled us to see improvements in other areas of the Hiscox business including affinity, commercial and broker business. For example, affinity sales are up 175% and the cost per sale down 38%. Broker sales are up 68% and commercial sales up 41% (May '05 vs. May '06).
- The PR Campaign achieved a reach of 6 million via 45 different outlets, including national press, radio and the trade media.

Summary

Our business objectives have been met by planning and implementing a truly integrated campaign that has delivered both brand building and response.

Tools used: TGI, NRS, Mintel, BARB.

Judges' comments:

Although this entry did not win the award category, the judges felt that it clearly showed how each part of the campaign integrated with each other. Clear consumer insight, control measurements and analysis. Highly commended.

WINNER

New product service or innovation

Scottish Widows, P2, Portfolio Planner

The challenge

The IFA market has undergone considerable change in recent years and continues to evolve with further significant change, particularly to the pensions landscape. The demise of with-profits investments and the earlier collapse in investor comfort has forced advisers to have a greater appreciation of the investment characteristics of a portfolio, and in turn to understand the relative merits of following different investment strategies. Recommending a diversified portfolio across all asset classes is now regarded as the best approach to long-term investment planning. The increased investment choice available to advisers has brought, and will continue to bring, a greater degree of complexity to portfolio planning.

The last couple of years have seen the emergence of stochastic modelling tools that seek to integrate the financial planning process with an analysis of the potential performance paths that might be followed by the investments associated with certain asset allocation models.

This increase in complexity has brought about an increased demand from intermediaries for portfolio planning tools (PPTs), which offer a technology-based solution to help them create suitable portfolios for their clients.

PPTs have become a hygiene factor and Scottish Widows knew they would have to provide one. The key question at this stage was whether to create a 'me too' product or to create some real added value.

After extensive research it was obvious that a 'me too' product would have limited impact and create no cut-through in what was a very competitive market. By identifying the many frustrations of existing tools and IFA barriers to use, it quickly became clear that the current range of PPTs had limited use as they were restricted to the proprietary companies' own range of funds. This meant for any given investment the IFA would have to use multiple tools instead of just one. This didn't follow the IFA sales process and actually worked against it.



Two key objectives became very clear. To create cut through, we would need to:

1. Offer the ability to review current investments – regardless of where the business was currently written.
2. Provide full access to the entire UK life, pension and mutual funds universe - no mean feat.

Having established our key requirements we then set two simple objectives:

1. Create a PPT that could be used by all IFAs for all types of business, i.e. be the only planning tool IFAs would need to use.
2. Within 6 months, achieve a 10% penetration rate which would position us 3rd in the market from a standing start with a long-term aim to achieve top spot.

The proposed strategy

Extensive research was undertaken in a number of areas such as, IFA views of PPTs, tools provided by competitors, and the assessment of planning application tools available for us to develop. We rejected the option of an 'off the shelf' tool, and instead worked closely with Barrie & Hibbert (consulting actuaries) to develop our own unique PPT – P2 – utilising their stochastic modelling tool. Our key proposition was 'to be the only PPT that IFAs would ever need to use again'.

P2 is the only PPT in the market that offers IFAs access to the whole of the UK life, pension and mutual funds markets when selecting funds to build their clients' investment portfolios. Whilst other competitor

tools offer some of the same features as ours (such as risk profiling), they restrict fund selection to their own fund choice. IFAs prefer to have the option of spreading their client's money across providers, especially where large investments are involved. P2 allows them to do this through one tool where previously they would be required to use multiple tools to cut and paste to achieve a final result.

A further advantage of P2 is that it provides the IFA with a non-branded client report, allowing them to download this into their own report template. Many competitors' tools produce branded reports which our research tells us is something that IFAs don't like.

P2 also offers the added functionality of a with-profits calculator. Previously a very popular investment, with-profits has declined in popularity recently and many IFAs are now reviewing clients who hold with-profits investments with a view to moving them out. Our calculator allows them to search the whole of market for with-profits funds and get a breakdown of the asset split of the fund. It then suggests an alternative portfolio that could be more suitable for the client.

Consumer insight and execution of strategy

Whilst we were not the first to market this type of tool, we did have the advantage of a significant amount of adviser research. We conducted quantitative and qualitative research with a number of IFAs, as well as reviewing and assessing competitors' tools.

Our research pointed to the fact that the range of tools available at that time did not fit with the way IFAs conducted business and actually worked against their sales process. By entering the market later, we were able to develop a tool that fitted with their sales process, allowing us to learn from the mistakes of earlier entrants and gain from advancements in vendor developments.

We visited 11 adviser offices speaking to an average of three people per branch – usually a registered Intermediary, paraplanner and an adviser assistant. Further qualitative research was done by a research agency where 19 firms were contacted for in-depth telephone reviews. Finally, an omnibus questionnaire was issued to 200 named IFA individuals to complete. Only once all this research was finalised did we start to work up the proposed strategy.

Controls to measure effectiveness

In order to measure the success of P2 we:

- monitor which IFAs are using P2 and subsequently how much business they are placing with us. Our internal MI systems provide us with this information.
- track new business by monitoring the 'Default

Solution Fund' options offered by P2, a new offering to the IFA sector.

- track the number of major accounts endorsing P2 for national use.
- monitor Scottish Widows branch and consultant use of P2.

Proving that it worked

Key success factors:

- Full engagement with and buy in from our salesforce, including a tailored training programme specifically for them
- National seminars held over a four week period with key IFAs to launch P2
- Effective communication programme across the business and with IFAs
- Four months after launch, P2 has been awarded a 'eee' rating by the Financial Technology Research Centre and described as 'leader in its class'.
- Figures from end of January 2006 to May 2006 show that P2 has achieved a penetration of 19% of IFA firms.
- Of the IFA firms that confirmed they use PPTs, this equates to 35% penetration putting us firmly in second place.

Adding value

P2, combined with other value-adding solutions we have recently launched, has allowed us to move away from a purely price led approach on our investment bond product.

Launching P2 gives us a platform to support our longer term e-commerce strategy and a further step on this road has been achieved with the launch of functionality that will enable IFAs to obtain quotes and apply for our investment bond online.

The ultimate aim is that all of these technology elements will link together seamlessly to offer IFAs a smooth, professional and efficient service. This will help save IFAs time and money and allow them to focus on the elements that add value to their business. For Scottish Widows, it will allow us to reduce our servicing costs as this business will be processed straight through our systems without the need for manual processing. As a result, these cost savings will allow us to provide even more competitive solutions for customers going forward.

Judges' comments:

This was an enormous task, helping customers think about an important problem. The campaign had clear insight from a market that is normally difficult to research. They also recognised that the first to the market is the one who first succeeds. A campaign that added real value to the business.