

The Actuarial Profession
making financial sense of the future

Health and Care Conference 2012
Mick James, Business Development Manager, RGA
<http://www.youtube.com/watch?v=Qhm7-LEBznk>



Customer Segmentation and Marketing

1 May 2012

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Customer segmentation and marketing - laying the foundations for success

- Marketing what's it all about and why should we bother?
 - The basics - never forget the P's
 - learning from everyday life
 - global best practice and financial services
- An examination of the main types of customer segmentation:
 - key uses
 - UK and Global examples and what we learn from them
 - What does success look like and where are the bear traps?

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The Basics – 7 P's

- Product
- Price
- Place
- Promotion
- People
- Process
- Physical Evidence.

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The Basics – Product

- Does anyone want to buy what you are proposing to sell now?
- Are you developing a product for people who have not yet understood that they need it?
- What value does the product have for the customer – what value do they attach to it (not what we think they should attach)
- Are you over engineering it?
- How will you check that the product continues to meet customer needs?

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The worst product I ever bought...

- “Used to drink this stuff solely because of the awesome advert.

..then of course I realised it tasted like ar\$e.”

[mrflibblesthecat](#)

- <http://www.youtube.com/watch?v=qvEOjDeLWkA&feature=related>

The Basics – Price

- What are customers prepared to pay?
- Value added – can it work?
- Price = quality ...discuss....
- Price sensitivity and inertia.

The Basics – Price



payingtoomuch.com

Friday, April 27, 2012 9:28:21

Insurance Life Insurance Life Insurance Quotes

1 About You 2 Processing Quote 3 Your Results 4 Your Application

Your Results

Policy Type	Whole of Life Insurance	Amount of Cover	£25,000
Insurance Company	Monthly Premium	Policy Features	Why are we so competitive?
TRIPROTECT	£14.15 Guaranteed	<ul style="list-style-type: none"> Free cover during your application Fast track underwriting Pays on diagnosis of terminal illness Help to place the plan in Trust Life cover from the day the plan starts 	<p>Proceed</p> <p>what happens next?</p>
ZURICH	£27.63 Guaranteed	<ul style="list-style-type: none"> Free cover during your application Fast track underwriting Pays on diagnosis of terminal illness Help to place the plan in Trust 	<p>Proceed</p>

Amend Quote

Policy Type: Whole of Life

Amount of Cover: £ 25000

Proceed

What is your budget?

How much do you want to pay? £ 15 p/m

Proceed

Customer Reviews

Excellent



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The Basics – Place





- Where do customers buy your product?
- Is your product available at the place where customers buy?
- Is your product placed on display where the customer groups you want to attract can see it?

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Place - Hollard sell FIB and Funeral Policies



Sum Assured	
R7,500/ £700	R12,500/ £1100
R40/£3.59	R60/£5.43
	
R50/£4.49	R70/£6.28
	

FIB of
R500/£44.88 pm
for a year, for
R20/£1.79



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Age

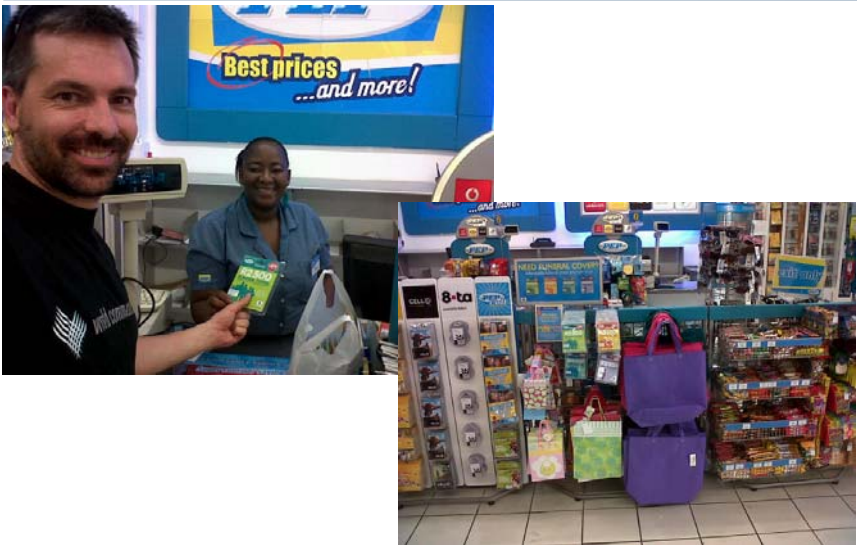
16-65
Policyholder
+
Partner
+
5 kids

65-75
Policyholder

8

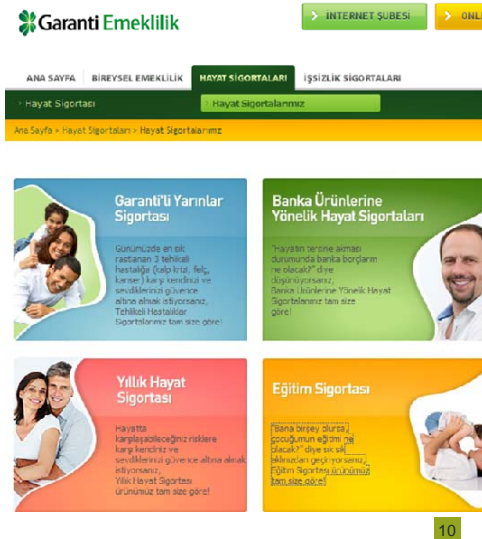
http://www.pepstores.com/cms/resources/35022%20NL%20Insur%20Prod%20L_fletX.pdf

Place – Hollard selling in PEP stores



Place – look to the future?

- A pop-up screen appears when drawing money
- No more than 2 follow
- Clever use of buttons
- Cover = €5000
- No underwriting
- Clever segmentation and customer profiling
- 5-10% take-up



Place – look to the future?

- Computer vs. Phone?
- ATM – use now vs. future ?
- African use of the phone.



The Basics – Promotion

- How do you communicate with customers?
- How do you show customers the benefits of your product?
- How do you grab your customers attention?
- How do you ensure that your business is onside with your messages?

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Promotion - meet the competition....

sky



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Promotion - look at what we do



Promotion – building trust – Mi Way

miway
rewards your way
0860 64 64 64

Car Insurance Home Insurance Contact MiWay In the News Your Comments

3 cheers to you, MiWay clients!

MiWay has been awarded the prestigious Ask Afrika Orange Index Service Excellence Award!

Currently in its 11th year, the Orange Index is South Africa's largest service excellence benchmark, identifying the country's top service-oriented companies.

Ask Afrika's research provides unparalleled insight into the views of South Africa service delivery; the gap between customer expectations and actual experience identification of specific performance areas ranging from excellent to incompetent.

Thanks so much to all MiWay clients for your vote of confidence!

For more reasons why so many people are choosing MiWay, please read below!

How transparent are we?

Each and every comment (bad or good) is published here without prejudice and forwarded to our management team. Put us to the test!

Don't need to submit a Compliment or Complaint just yet?

Are you looking ...

- For "Do Not Tow" stickers?
- For your policy documents to be emailed to you?
- To amend your policy?
- For an answer to a query on your policy?

For any of the above, please click [here](#) to notify our Client Services department directly.

9,144 Comments and counting ...

I would just like to place a word of great Thanks for Zanele Dlamini, some time ago I queried my payment of my excess due to a car accident in 2009 and was told that it would take a long time as the person who caused the accident was only paying back a R300.00 per month. I basically in my mind wrote the money off to my surprise I received a phone call from Zanele who gave me the good news that I was getting part of my excess back today. She was friendly and very helpful. Zanele Dlamini "Thank you" and the best move I ever made was to join Miway.

Larry
MiWay's response on 15.11.2011

What makes the business so unique?

1. Awesome Service

At MiWay we are fanatical about delivering an awesome customer experience. We view this as a real differentiator and are passionately committed to make sure that we always keep our promises, always phone clients back and deliver the type of service that our customers deserve.

To ensure that we deliver great service and do so in an open and transparent manner, we developed a dedicated page on our website for clients to be able to openly comment on their MiWay experiences – good and bad. This transparent Compliments & Complaints forum is the first of its kind in South Africa where an insurer actively encourages its clients to speak out about their service experiences. Customers can tell us what's making them happy and where we need to improve, secure in the knowledge that their comments are taken seriously and that their feedback, good or bad, is appreciated. To read more about our service delivery – [click here!](#)

League Table Check out the table below to compare our company against the industry average.

	Conversion rate
MiWay	50%
INDUSTRY AVG	41%

	Complaints rate
MiWay	41%
INDUSTRY AVG	42%

	Complaints rate
MiWay	41%
INDUSTRY AVG	42%

Service Heroes

Sharon - Client Services

MiWay is really my Number 1 home and I never thought that I would ever fall so in love with my work! Being here fulfils me and always lets me go home with a smile on my face. What makes it worthwhile are the people around me and my clients. I love...

Promotion building trust – Hello Peter

How hellopeter.com works

As a customer...

Report good and bad service from any supplier - anywhere.
Click on [Write a Report](#) and [register](#)

When you report the service of a Company Who Responds, 24 hours after submitting your report, we will ask you to rate the supplier's response to you. You will also be asked if you would like to change your Complaint into a Compliment.

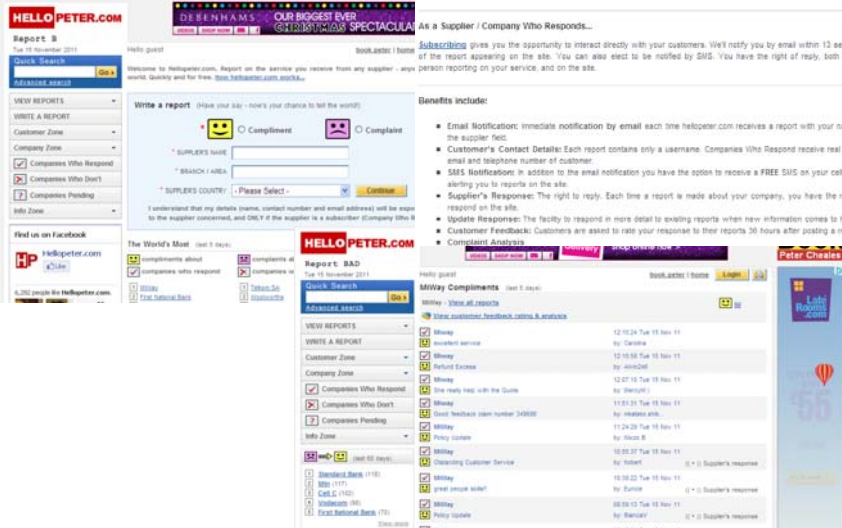
As a customer, you make this site work, so everything you do on the site is FREE. [Writing Reports](#), [browsing](#) other people's reports and [searching](#) for reports about a particular supplier or industry.

As a Supplier / Company Who Responds...

Subscribing gives you the opportunity to interact directly with your customers. We'll notify you by email within 12 seconds of the report appearing on the site. You can also elect to be notified by SMS. You have the right of reply, both to the person reporting on your service, and on the site.

Benefits include:

- Email Notification: Immediate notification by email each time hellopeter.com receives a report with your name in the supplier field.
- Customer's Contact Details: Each report contains only a username. Companies Who Respond receive real name, email and telephone number of customer.
- SMS Notifications: In addition to the email notification you have the option to receive a FREE SMS on your cellphone alerting you to reports on the site.
- Supplier's Responses: The right to reply. Each time a report is made about your company, you have the right to respond on the site.
- Update Responses: The facility to respond in more detail to existing reports when new information comes to hand.
- Customer Feedbacks: Customers are asked to rate your response to their reports 36 hours after posting a report.
- Complaint Analysis.



The screenshot shows the Hello Peter website interface. At the top, there's a navigation bar with 'Report & Search', 'Write a Report', and 'Find us on Facebook'. The main content area is divided into sections: 'Write a report' (with a form for 'Compliment' or 'Complain'), 'Benefits include' (listing various features like email notifications, contact details, SMS, etc.), and 'The World's Most' (with a list of reports). The 'Write a report' form has fields for 'SUPPLIER'S NAME', 'BRANCH / AREA', and 'SUPPLIER'S COUNTRY'. The 'The World's Most' section shows a list of reports with columns for 'Report & Search', 'Write a Report', and 'Find us on Facebook'. The 'Write a Report' section shows a list of reports with columns for 'Report & Search', 'Write a Report', and 'Find us on Facebook'. The 'Find us on Facebook' section shows a list of reports with columns for 'Report & Search', 'Write a Report', and 'Find us on Facebook'.

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The Basics – People

- When your employees 'touch' a customer they are the living reflection of your brand – how happy are you about the way your people behave?
- When a customer touches us for Life Insurance it is not usually because they are having a great day.
- **ALSO...**
- Who in the room earns £24,000 p.a. ?

The Basics – Process

- Usually only considered for service industries and B2B
- Customers only care about the fact that your system works
- Do customers have to wait, are they kept informed, are you helpful?
- Ask yourself – “When was the last time I bought something that we sell, and how did it feel?”

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The Basics – Physical Evidence

- Usually only considered for service industries and B2B
- Are you selling an intangible?
- How do you demonstrate that your organisation will keep its promises?
- Does your physical setting match the customers expectations?

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Physical Evidence

- Congratulations you just bought peace of mind for your family you are the best dad in the world
- A box, a certificate, a scroll or a mug?



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Learning from everyday life

- **Gender Directive.....Creating a proposition for women**
- Look around, be alive to life
- Who are your target group?
- How will you put a proposition in front of them at a time when they might be receptive?
- How will you create standout for your offer?

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Learning from everyday life

- Costa Mums / Zumba Mums
- Race for Life
- Anti natal classes
- Where do women go?
- Why would we know when we are (a.) male and (b.) at work.



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Achieving Cut Through and creating a Genuine Transaction

home
about us
products
services
cancer info
news
testimonials
graduates
contact us

PLATINUM LIFE

Welcome to Platinum Life

Welcome to Platinum Life's official website!

Check out our *NEW Testimonials* page for some inspiring true life stories!

Platinum Life specialises in offering top-class insurance services through professional and expert telephone marketing and service delivery. Our company is a "referral only" insurer, and our success depends exclusively on referrals from our clients. We believe that it is this selection that enables us to cater for everyone's specific needs, and the personal touch our clients experience will testify to this.

At Platinum Life, we value our clients, and they are our top priority.

We operate with absolute integrity at all times, taking pride in the total product and service which we provide. We do not take any risks which can be considered unduly large and which could be significant relative to the business as a whole.

Throughout this website, we will introduce you to our company and products, our reinsurers and underwriters, as well as the charities we support. If you have any questions related to your policy, please contact our Customer Care Department on (011) 890 0551, or email us at info@platinumlife.co.za. Should you have any comments or suggestions regarding this website, please email us at feedback@platinumlife.co.za.

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Million Dollar Woman

- Day-to-day living expenses cover for housemakers
- 14 day waiting period – 13 week benefit period
- Regular payments of \$500 or \$750 per week
- Bill booster option – increase by \$150 per week
- Multiple claims – up to \$25,000
- Direct to Consumer – internet and call centre fulfilment
- Trigger is accident (injury) or sickness that results in not being able to do two or more of the following:
 - Cooking - Cleaning
 - Washing - Shopping, or
 - Looking after children under the age of 12
- “One-and-done” model – underwritten, offer, purchase, and on risk in one go!
- Cover from around \$1.50 per day!
- Use of e-underwriting technology
- No bloods or medicals



Financial Ideas for Women



Being a mum is a million professions in one!



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Achieving Cut Through and creating a Genuine Transaction

- I have millions of sites to surf and not much time so why would I come to yours and what will you give me if I do?
- 2 broad groups of models :
 - Reactive
 - Proactive.

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Mint – being pro-active



<http://www.youtube.com/watch?v=rK6WLHNYjwM>

Personal Capital launched in September 2011 with around 40 staff and \$27 million of capital this is a serious play to attract a wealthy segment of the US market.

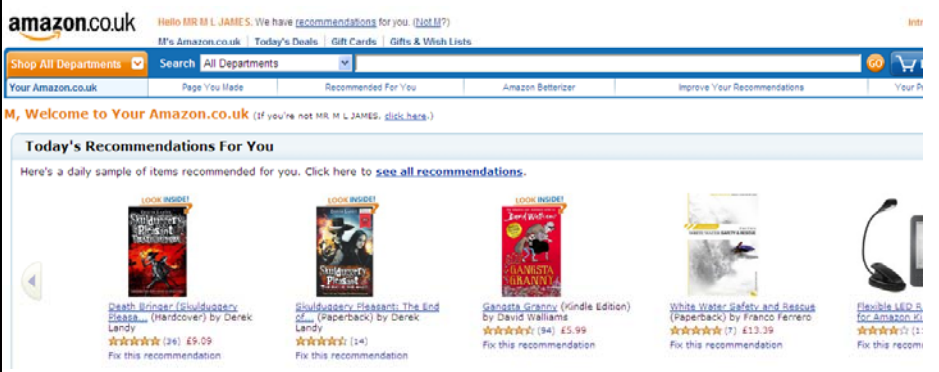
<https://www.personalcapital.com/how-it-works/>



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I think you might like this Mick...



amazon.co.uk Hello MR M L JAMES. We have recommendations for you. (Not??)






Shop All Departments Search All Departments

Your Amazon.co.uk Page You Made Recommended For You Amazon Betterizer Improve Your Recommendations Your P

M, Welcome to Your Amazon.co.uk (If you're not MR M L JAMES, click here.)

Today's Recommendations For You

Here's a daily sample of items recommended for you. Click here to [see all recommendations](#).

 <p>Death Bringer (Hardcover) by Derek Landy ★★★★★ (26) £9.09 Fix this recommendation</p>	 <p>Bloodsucker (Paperback) by Derek Landy ★★★★★ (14) Fix this recommendation</p>	 <p>Gangster Granny (Kindle Edition) by David Williams ★★★★★ (94) £5.99 Fix this recommendation</p>	 <p>White Water Safety and Rescue (Paperback) by Franco Ferrero ★★★★★ (7) £13.39 Fix this recommendation</p>	 <p>Flexible LED B for Amazon K ★★★★★ (1) Fix this recom</p>
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Cut through



KICK A MIGRANT

In 2008, Australia will say G'day to **152,800** new migrants. Some people think that migrants are taking Australian jobs and destroying our way of life. So what would happen if we booted them back to where they came from?

Here is your chance to decide: 'Kick a Migrant' and see if it works out.

GRAB & TOSS A MIGRANT AS FAR AS YOU CAN!

ARE YOU MIGRANT FRIENDLY?

TAKE THE TEST

KICK A MIGRANT THE GAME

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<http://www.kickamigrant.com/>

An examination of the main types of customer segmentation:

- Behavioural
- Attitudinal
- How and where you can apply it
- Lessons to learn.

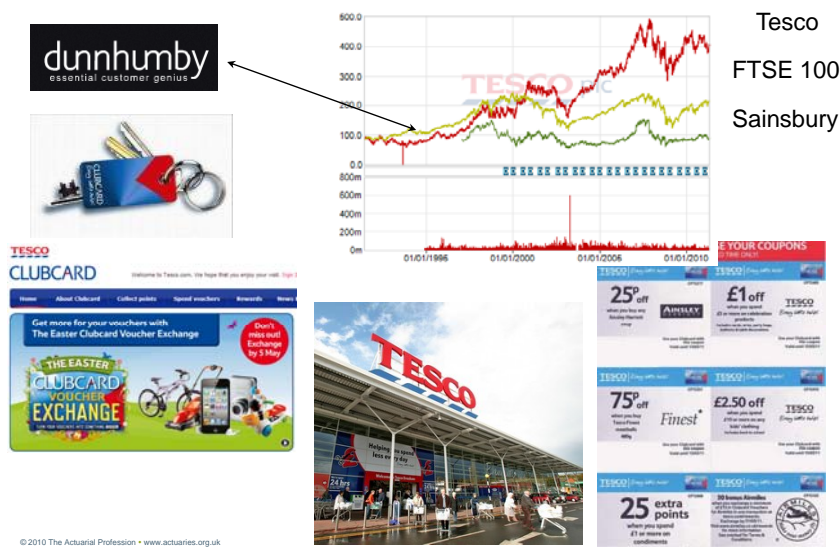
Characteristics of Behavioral Segmentation

- Behavioural
- Typically heavy on data to start with – often using hundreds of variables
- Built with cluster analysis techniques
- Boiled down to smaller numbers of significant variables which predict which groups people fall into
- Built using the facts we know about all our customers
- Can be bought as off the shelf packages e.g. CACI's Fresco, Experian's Financial Strategy Segments – often referred to as geodemographic segmentations.

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Case Study - Behavioral Segmentation at work



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Attitudinal Segmentations

- Behavioural
- Typically built using primary market research – normally focus groups to start with
- People categorised by their thoughts and their beliefs
- 2 or 3 'Killer questions' devised to determine how to put people into groups
- This is more difficult to 'tag' people on a database.

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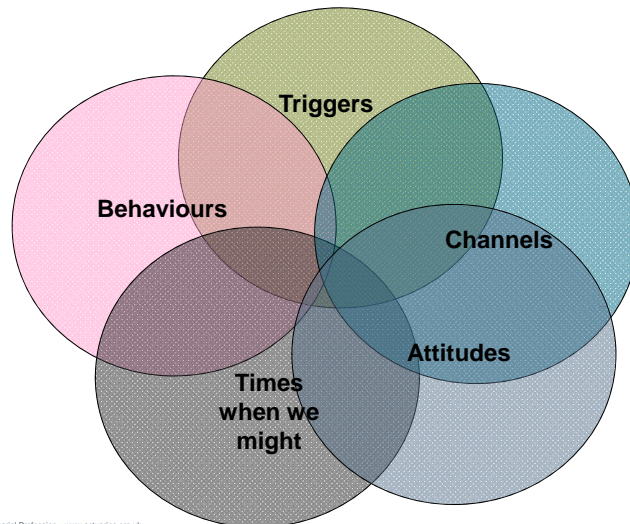
Case study – UK Financial Services Company

- Same basic product
- Packaged to appeal to different groups
- Call centres use scripts and filters to identify which product to offer to each different, specific customer
- Quality vs. Right Price.

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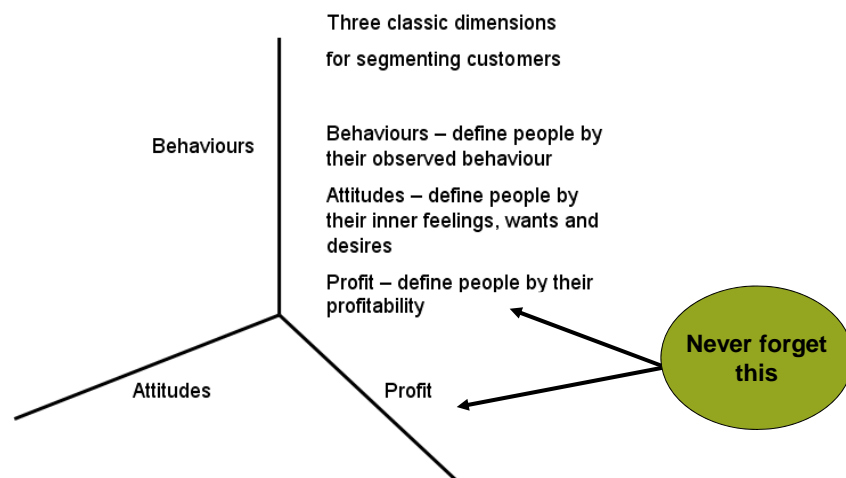
Layers of Complexity



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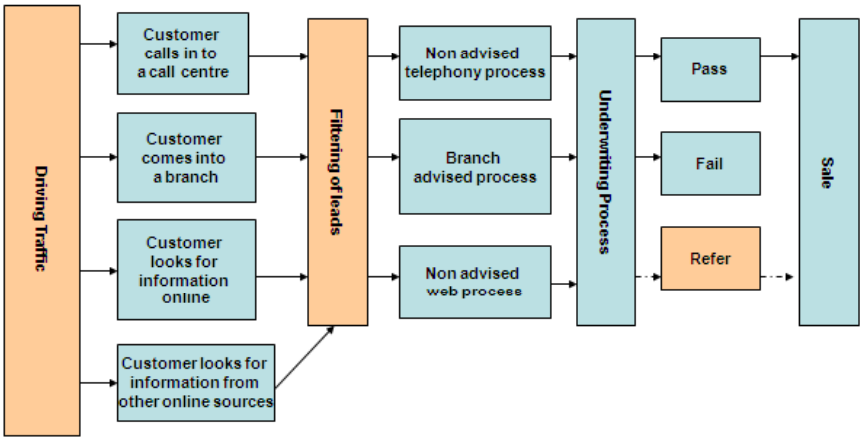
Segmentation Dimensions



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Areas where Segmentation could help



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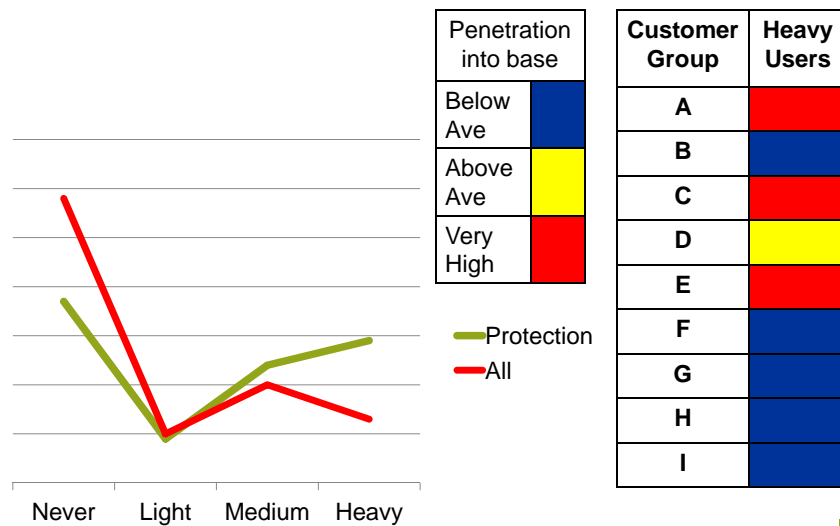
Learning from your brands

Customer Group	Brand A WoL	Brand B WoL	Brand A Protection	Brand B Protection	Penetration into base	
A					Below Ave	
B					Above Ave	
C					Very High	
D						
E						
F						
G						
H						
I						

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Getting to your Target Groups



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Segmentation – success and failure

- Your customers are unlikely to be homogeneous
- Try different treatments
- Test and learn
- Keep testing and keep learning
- Even simple things can save you / make you money
- Big Bangs are usually a fiasco.

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Conclusions

- If Marketing and segmentation is such a waste of time why do I keep buying what Amazon offer to me?
- Be alive to life – it's normal people who buy our products – we are not normal people
- Take the bus / listen to focus groups / buy your products
- If we continue to do what we do now then our market will not grow ever, we must create engagement with customers
- Take a chance, be creative.

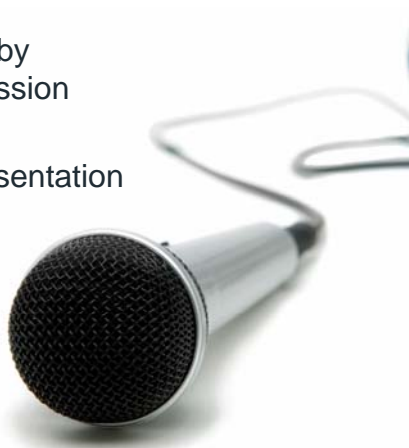
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Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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