

Good afternoon ladies and gentleman.

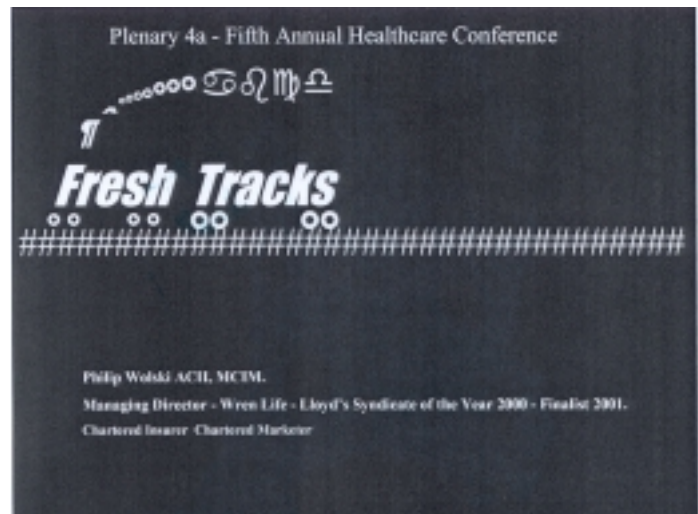
This session is about making “Fresh Tracks”.

I suppose that I probably got this session because Wren Life is just about the newest product provider in the health related sector - and we have got off to a pretty good start - far surpassing business plan and winning some industry awards along the way.

I always seem to get this type of session because conference organisers inevitably want somebody bold enough to do some “blue sky stuff”. I intend to present some visionary ideas that might change your perspective about future customer relationships and communications.

I want to explore a brand new world of opportunity - but are you bold enough to enter it? It is a world where truly who dares wins - and where skilled marketers will create sustainable change to the distribution paradigm.

So what is currently happening to business in the United Kingdom?



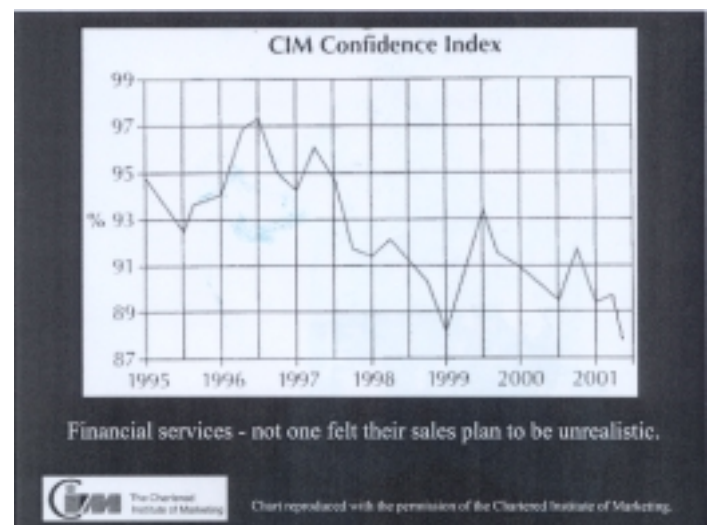
Lots of economic gloom about if you listen to the TV. The latest Chartered Institute of Marketing Trends Survey covering all business sectors shows a spectacular downward revision in planned sales growth. Indeed, the worst in six years.

Most business sectors are predicting only modest sales growth and in some cases, a severe downturn. A multi-speed economy evidently exists today. The UK consumer and retail sectors have been fairly buoyant but largely fuelled by a quite worrying increase in consumer borrowing. I supposed that factor is actually good news for financial services products in the short term.

By contrast, most other sectors are predicting negligible or even negative sales growth. Some, like utilities are completely bombed out. The only sector seemingly bucking this trend - is financial services. Figures for the previous year show sales growth of circa 8.9% (the highest of all sectors) and our sector respondents are largely still predicting double-digit sales growth at 10.4%.

The respondents to this broad UK business survey are not especially confident that they can achieve even these downward revised plans as we can see from looking at the CIM Confidence Index. This plot is now at its historically lowest level. Only 3% of all respondents now expect to over achieve business plans. In some sectors like vehicles, chemicals, utilities, business and property services the situation looks absolutely dire. The sector most optimistic about hitting sales plans - you guessed it – financial services.

Taking the results of the Summer survey; In our sector, 50% of respondents felt they would comfortably exceed sales plans - whilst the other 50% did think their plans challenging but should be achievable. Not one single respondent from our sector felt their sales plan to be unrealistic. OK, I guess there might be some in this room saying - had the CIM asked me it might be different, but the sample was sufficiently statistically significant to suggest that financial services does seem to be doing relatively OK.





If we now look at planned growth in marketing spend - UK business is evidently battenning down the hatches, trimming its sales forecasts and reducing planned levels of expenditure. Clearly the decline in stock markets and foot and mouth are creating concerns that are translating into business targets. We also know that the advertising industry has taken real a battering of late. But isn't it true that our sector traditionally seems to be quite resilient when the rest of the economy is in recession? Isn't it true that focus on effective business and personal financial management usually increases in times like this? We also have an over-burdened NHS and a growing public acceptance that self provision is desirable - and buoyant housing market. I think that there is some justification for the optimism in our sector. The Government's planned rapid growth in spending - whilst possibly imprudent over the longer term will also provide a boost. The Monetary Committee also seems prepared to err on the side of cutting interest rates when necessary. My reason for showing you this data is that I believe that there is real danger of a self fulfilling prophesy if reported falling general business confidence causes financial services businesses to cut marketing spending and hence retrospectively justify any pessimism. I also believe that success comes only from being bold and adventurous - and being prepared for rapid change. However, how you channel available marketing spend might well need to be different.

I am not suggesting that this is right or wrong - except it was right for Wren Life. We took some pretty bold decisions prior to our launch. I use this simply to demonstrate a concept and the need for our business leaders to be prepared to try new things. We decided; To be IFA based; Pay a maximum of 100% Lautro indemnity commission; And have no sales force or branches. To rely only on the Internet and call centre technology. The idea was simply to shorten the communication chain, put only decision makers on the 'phone and give IFA's what our research said they wanted in respect of our product range - instant decisions - while reducing our costs to rock bottom and hence optimising our competitive position and value to the consumer. Using pioneering Windows DNA technology we have achieved one holy grail. Fully automated initial underwriting - our machine has an almost artificial intelligence and can constantly learn new parameters. Backed up by fully automated customer correspondence that operates "cradle to grave" - we aim to give the IFA an entirely new experience.

Notice that I used the word "experience" rather than "service". As I would like to now introduce you to the new Experience Economy. There is a new dimension of economic value.

1. IFA based.
2. 100% maximum Lautro indemnity commission.
3. NO Branches and NO salesforce.
4. Internet and Call Centre based.
5. Fully automated processes including underwriting

Welcome to the "experience economy".

"As goods and services become commoditised, the customer experiences that companies create will matter most".

"Goods are tangible, services intangible, but only experiences are memorable".

If you take nothing else away from my session - remember these two phrases;.

"As goods and services become commoditised, the customer experiences that companies create will matter most".

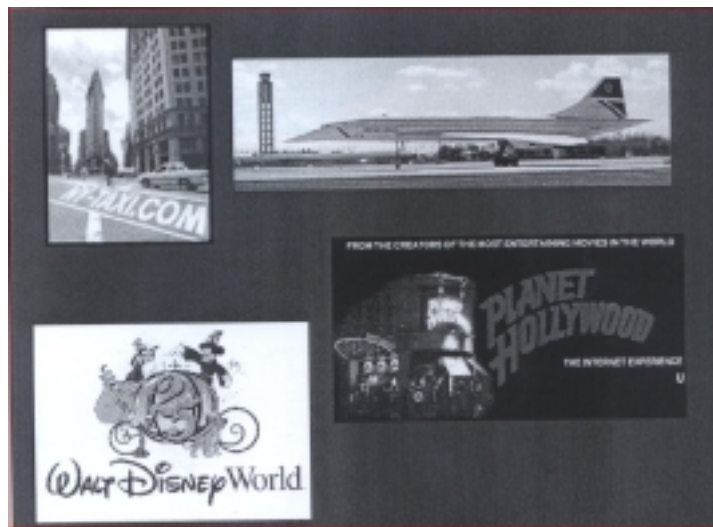
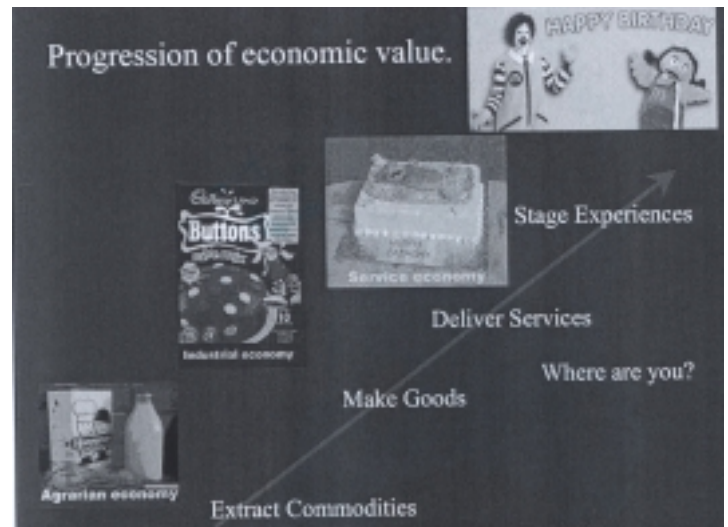
"Goods are tangible, services intangible, but only experiences are memorable".

So what do we mean by an experience and the new Experience Economy?

It can be summed up in the four stages of the evolution of the birthday cake

Mothers once made birthday cakes from scratch for a few pence using eggs, flour and milk. This was in the agrarian economy. As the industrial economy advanced, mums paid ten times the price of the basic ingredients to buy pre-mixed recipes. We then entered the service economy and busy parents with no time to bake ordered the cakes from a bakery at 100 times the price of the basic ingredients. Now they outsource the whole lot to McDonalds or TGI Fridays or somebody else prepared to stage a memorable event -they now pay perhaps 1000 times the cost of the basic ingredients - and the cake is thrown in free.

It is a simple and logical economic progression. Extract commodities. Make goods. Deliver services. Stage experiences. So where are you on this chart? My guess is that many are still focused largely on product manufacture and price and differentiate your value proposition only in that way. Some will have added the delivery of services. But how many have yet entered the Experience Economy?



Wren Life staged a very different experience for IFA's at its launch. We produced a simple mailer timed to arrive on a Monday morning. Just insert this neat CD-ROM in your PC – but its rectangular? It breaks all convention? Surely it won't work in my CD player that takes round disks– yes it does! It was all designed to produce an entirely different experience for IFA's using new media – it was deliberately tongue in cheek too.

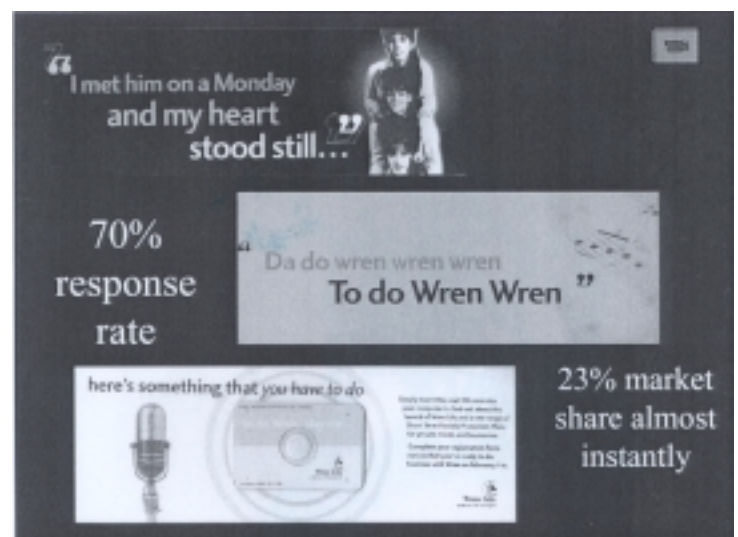
Sadly, we could not use the original Crystals hit because of copyright reasons. So let's look at its use of multi-media. (run multimedia). We wanted a powerful message – a link to the sixties (when we first launched the syndicate) and a truly naggingly annoying hence memorable jingle. Simple, uncomplicated messages. Coming to a letterbox near you - Act now.

Can you imagine how this was first received in the stuffy Lloyd's market? The blue striped suit brigade thought me absolutely mad until they saw the results. We received signed terms of business covering 70% of the market in just three weeks. We believe this to be an all time record direct mail response - probably world-wide. We reached a 23% weekly share of our specialist niche within ten weeks. Remember achieved with no branches, no sales force and using only Internet and call centre technology – plus innovative marketing – and new media previously unexploited in our sector.

We simply took the latest technology then available and gave IFA's a first experience of Wren Life that they will probably never forget. It was corny but compelling. It was brash but it was clever. It even set a challenge – because the CD-ROM was rectangular – they simply had to play it. I have lost count of the number of IFA's that jokingly say that they will never forgive us - as they feel compelled to sing the "Do Wren Wren" every time they see Wren Life.

We staged a memorable experience – and only experiences are ever memorable. It worked with distributors – and such techniques can work with direct customers too. However, in less than two years since our retail launch, CD-ROM has already become dated and overworked technology.

To understand the difference between a service and an experience, cast your mind back to the TV series Taxi. Iggy decided to be the best taxi driver in the world and offered sandwiches, sang Sinatra songs, and conducted tours of the City. He gave his customers a distinctly different economic offering. Iggy's customers responded by bigger tips and more frequently used his services than others. British Airways aim to go beyond the function and compete on the basis of providing an experience rather than the lowest prices - emphasising in its advertising its attempts to transform air travel into a respite from the travellers usual misery. It has its Executive Club and pitches this travel experience at business and upper class travellers. Go to Planet Hollywood or the Hard Rock Café for an "eater-tainment" experience. You get more than a meal, it's a complete experience complete even with souvenirs and memorabilia. Remember that word memorabilia – I will use it later. The masters of this - are of course Disney Corporation. Staging experiences that sell is comparatively easy in fields like travel, restaurants and the entertainment industry. It can be a mighty challenge in financial services. However, think about some of the opportunities that will no doubt be discussed during the course of this conference. I am sure that others will have, or will later talk about managed care, preventative healthcare and diagnostic services and other ways to enhance the overall customer experience. I intend to focus only upon generic marketing issues.



Our web-site was developed with an objective of staging even more experiences.

Firstly – it is structured simply in a way that tells an IFA exactly what lies beneath. Yes, all the usual, such as online rates, download stuff – uncluttered – and no pictures to slow it down. We even added a Solutions Finder with artificial intelligence.

Ask it what our underwriting attitude is to a bisexual customer and it will give you an answer, or invite you to E-mail your question if an answer is not in its database. Answer always back within one hour – and if the question was good enough it gets added to the database.

We then added complete set of PowerPoint point of sale and training presentations under tools on the menu..

We are also saving a fortune because IFA's like the ability to get answers, download documents and practical business solutions including reasons why letter text etc. 24 hours a day world-wide.

We even added the Wren Life IFA stress buster pinball game to the site. Now its probably more popular than Windows solitaire in IFA's offices and surely beats your mouse-mat give-aways and coffee coasters as memorabilia.

So review your web-sites (and your corporate brochures) and get rid of the corporate information and pictures of the Board and look to create new experiences using multi-media.

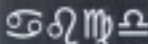
Use the power of technology to deliver real benefits, enhance your marketing through technology – and be bold

The key to better staging experiences though is through customer relationship management.

Why Customer Relationship Management

It's a challenging market place.

- Aggressive and varied competition
- More knowledgeable customers
- More discerning customers
- Increasing channels to market
- Increase in customer choice
- YOUR costs of acquisition rising.

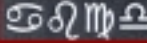


Why Customer Relationship Management

The real issues;

- Acquiring the right customers at the right cost.
- Keeping those customers for longer.
- Getting them to spend more
- Winning back lost customers.

Having the right processes and offer in place to do all of these

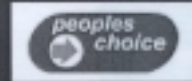


Use Data to create competitive advantage

1. Understand customer behaviour and value.
2. Establish unique needs by customer segmentation.
3. Understand the potential value of each customer.
4. Target customers to increase their value.
5. Drive down acquisition costs by better use of data.
6. Improve your proposition.
7. Enhance the customer experience.

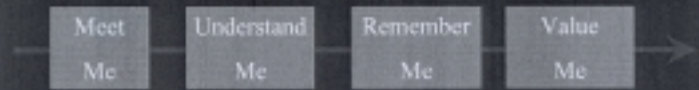
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Customer Relationship Management



Another member of BRIT Group.

A call centre adviser instantly sees full customer history, site visit record, customer segment, past services delivered, so "it's script X"



MURV ...The ideal customer experience model?

We won't be allowed to ignore technology....



The World's richest couple

© 2000

CRM is basically all about meeting the customer, understanding the customer, remembering him and valuing him. Also after the first sale, how do you get the next - and the renewal.

You all have web-sites don't you? Many of you probably still wonder what real value they are adding? We also know that what were once called Dot.coms have in many instances become Dot.gones.

However - we can't ignore how technology is changing our lives - often against the best wishes of many of us. Too many dark forces are at work for us to be complacent.

It's very true isn't it - resistance is futile

Like Bill Gates, most of us do believe in the potential of the Internet, but how can we best unleash it? We all know the power of TV - moving pictures delivered into the home - but TV is impersonal, and we also know the expense. Does the Internet offer an alternative - maybe deliver personalised movies down a 'phone line?

Earlier, I showed you simple CD-ROM technology delivering a new experience to IFA's at Wren Lifes launch. Websites can also deliver a new multi-media experience to direct customers.

The real trouble with web-sites and Internet marketing is that it costs a fortune to first get your customer to visit your site. Using portals is fine, but when there are 600 providers on a portal and you are as alphabetically challenged as Wren - at the bottom of the list - it then costs more to add banner advertising, and other means to enhance ones profile. You are still reliant upon the customer first coming to you.

Remember what I said when we looked at CRM

Target customers better to increase their value.

Drive down costs by better use of data.

Seek to enhance the customer experience.

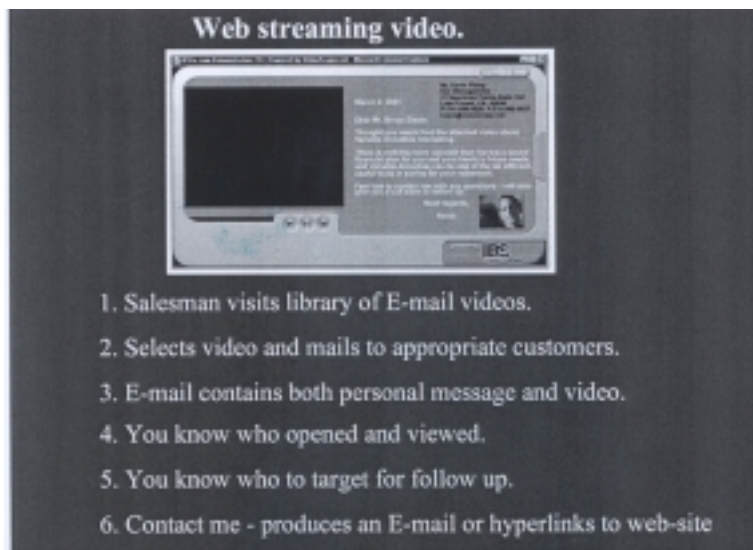
Using technology better in marketing?

1. How can we use the Internet better?
2. How can we get customers to visit our web-sites?
3. Can it be done more cheaply?
4. How will broadband communications impact on marketing?
5. Web-streaming video?

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Multi-media Demo - web streaming video.
To view more US demos' - visit www.ibstv.com



The answer perhaps lies in web-streaming video. The ability to deliver moving pictures in real time with no bandwidth lag.

Let me show you something that should excite you – it is called E-Mail video.

This already available technique is predicted to be generating 11Bn financial services revenue in the US by 2003. Let's watch this brief video from one of the current suppliers – IBSTV.com. I believe that there are currently two US suppliers - but IBSTV do specialise in our sector.

This demo does show a US financial services product and US actress. UK versions are in production now for a number of UK providers.

So let's see how this works (Multi-media demo).

The IFA or your salesman visits an online library of videos. These could be your own videos, or generic. Believe it or not, it costs only about \$4,000 to make a video to this quality. Selects video and sends to customer. It costs less than \$1 to send a video E-mail to each customer in the US. You cannot send a letter or brochure for that sum. That E-mail can also contain a personal message. For example, here it even shows the salesman's address and photograph – no extra charge for such customisation.

If you send out 20,000 direct mailers, you don't know who trashed them. This technology instantly feeds back to the sender not only who opened and who viewed – but for how long. You hence know exactly who to target for follow up. Remember what I said about CRM. Notice the contact me button . This can be programmed to send an E-mail back to the sender. Alternatively, it can be programmed to take the sender back to your web-site to buy. Is this the holy grail for Internet based marketing? Taking your web-site to the customer and luring him back?

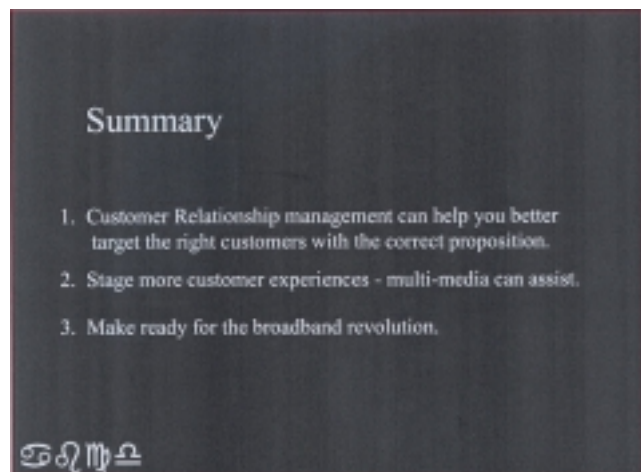
Buick Corporation recently sent out 100,000 such E-mail videos on behalf of its US car dealerships. A staggering 12.8% watched the video and many clicked onto the web-site to learn more. In a world of 2% responses for direct mail that is staggering.

Another major buyer of this product is a healthcare company delivering E-mail videos that focus on lowering cholesterol, managing diabetes and coronary heart disease. You will see how this might have application in numerous environments.

You see, we are about to enter the world of broadband communications. Today, web-streaming video can be little slow on UK PC's. However, as BT and others roll out ADSL, this method of marketing will fast take off. In the meanwhile, alternatives such as Macromedia Flash already exist – and there are 360M people already flash enabled - resolving current bandwidth issues.

Now lets take this to the next level beyond marketing. From your web-site- information of all types could be delivered using this technology. You could deliver corporate messages – product information - or even training and compliance videos available on demand for your sales force – or mailed to them.

The still unused power of the Internet is that it is an efficient, effective, and cost effective way to do one on one personalised marketing to many. Instead of costly advertising to try to get customers and prospects to come to you or your web site now you can go get them and direct them. Email Video is an excellent example of that. Also, cross selling is a terrific first use of Email video and the Internet because it is most likely that recipients will open email from someone they know (result 50% or higher open rates) and it is far easier and cheaper to sell the second product or service to someone than the first. Imagine if you could get 10% more out of your customer base at 40-50% of the first sale cost.



So there is a different way – and one affordable by product providers that shy away from TV. For those seeking to expand volumes by cross-selling, E-mail video is probably the most exciting thing to hit direct mail since printed postal impressions.

Whatever the ultimate hardware, broadband and the delivery of fast streaming communications will change marketing forever

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