

MARKETING EXCELLENCE 2

More Th>n

Profiting from a more
personal service



MARKETING
SOCIETY

**AWARDS FOR
EXCELLENCE**

in association with
Marketing

About The Marketing Society



INSPIRING BOLDER MARKETING LEADERSHIP

The Marketing Society is a not-for-profit organisation owned by its members, with over 2500 senior marketers. Over the past 50 years it has emerged as one of the most influential drivers of marketing in the UK business community.

The Society challenges its members to think differently and to be bolder marketing leaders by supporting the development of leading-edge thinking, and promoting the evidence of effective marketing. The Society does this through the Marketing Society Awards for Excellence; its publications Market Leader, Our Week and rich online Knowledge Zone; a national programme of world-class events; innovative professional development, such as the annual Marketing Leaders Programme; and extensive on-and-offline networking opportunities.

www.marketing-society.org.uk

Foreword

By Roisin Donnelly,
President of The Marketing Society

What is marketing excellence?



Roisin Donnelly
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Corporate Marketing
Director and Head of
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Gamble UK and Ireland

Marketing excellence can drive breakthrough business results for the short and long term. Marketing excellence requires great strategic thinking, great creative thinking and perfect execution.

But how do we assess *marketing* excellence? First we choose brilliant industry judges who are all experienced and successful practitioners of excellence and we ask them to pick out the cases which they see as remarkable. We ask them to look for two key qualities from our winners: creativity and effectiveness.

But marketing continuously changes and evolves, as consumers become more sophisticated and demanding and the media for communicating with them ever more diverse. So the standards for marketing excellence change and in turn become more demanding.

We believe that The Marketing Society Awards for Excellence in association with *Marketing* set the standard of marketing excellence in the UK. They have established this reputation over a period of

more than 25 years, and they have always been based on the principle of searching out the best examples of different marketing techniques in action, that showcase great strategic thinking, great creativity and perfect execution.

In order to be a winner of one of the Society's Awards, marketers have to demonstrate that what they have done is outstanding in comparison with marketing in all industries not just their own particular sector.

If a marketing story has been good enough to impress our judges, then all marketers can learn from it – however senior they have become. The collection of case histories brought together in this book is the best of the best from the past four years of our Awards, and I am confident that it truly demonstrates *marketing excellence*. I have been truly inspired by these case studies and I hope you will be too.

More Th>n

Profiting from a more personal service

Snapshot

More Th>n enjoyed a resurgence in loyalty when it offered customers their own personal contact manager.

Key insights

- In a commoditised market More Th>n decided to buck the industry trend by putting a personalised service at the heart of its customer relationship management as a source of competitive edge.
- Once a pilot programme proved the worth of creating customer managers, the programme was rolled out across the company and saw satisfaction, retention and cross-selling rates rise markedly.
- It had the added benefit of enhancing staff motivation by empowering front-line employees to take ownership of customer relationships.

Summary

More Th>n is the direct arm of RSA, one of the world's leading insurance groups. It launched in June 2001, offering financial services via the internet and telephone. It provides over two million customers with access to an extensive product range including home, motor, pet and travel insurance.

The company wanted a customer relationship programme that would maintain a two-way dialogue with its customers. The result was an initiative which offered every one of them the opportunity to have a personal contact manager within the customer service team who could deal with their queries and requirements. Each manager would have a direct line and personal email address which they supplied to their customer contacts.

It proved to be a huge challenge and demanded great commitment from stakeholders across the business. But the effort paid off in full: a pilot programme delivered double-figure improvements in retention rates and led to the programme becoming part of the core offering in the marketing mix to key segments. Rising retention rates and sales, as well as a boost in staff motivation, have reflected its continuing success.

A cluttered and commoditised market

Over the last few years the insurance market has become hugely competitive, with consumers able to choose between nearly 400 providers and an explosion of the aggregators. This has led to heightened promiscuity among customers who are savvy enough to know they get the cheapest deals by moving policy every year.

Because there is a perception of very limited product differentiation and with low customer engagement (even during the purchase process) price often dictates who people insure with. That's why the sector spends over £200 million a year on media, battling it out to create switchers in order to acquire new customers. It then relies on retention and cross-selling to drive profitability.

From its very conception in 2001 the More Th>n brand set out to give a better offering in the insurance market (Figure 1). The development of a 'price plus' strategy had seen it grow into one of the top providers in the country. However, in a market that adapts very quickly, it couldn't afford to be complacent. So it had to be continuously striving to keep ahead of the pack by creating new sources of competitive advantage based on its brand philosophy that 'We do more'.

MORE TH>N[®]
WE DO MORE

Figure 1

A framework for encouraging dialogue

The company's qualitative research had given it two very powerful insights:

- Customers hated 'call-centres'. A quarter of respondents found dealing with people in call centres one of the most infuriating aspects of their day-to-day lives. Long waiting times, slow callbacks and the frustration of having to repeat their problem to numerous call handlers who were based in foreign countries were often cited by consumers as reasons why they disliked dealing with large organisations in this way.
- They wanted to be treated differently as existing customers. Many of them mentioned their annoyance that they didn't feel they benefited or were rewarded for their custom, often feeling that new sales were given priority over servicing existing customers. Some canny individuals would even resort to calling sales lines to be transferred to customer services as they knew it would be quicker.

The company decided to tackle these insights head on. It developed a pioneering and ambitious new customer service initiative whereby every customer would have the opportunity to have a named contact within the customer service team who could deal with their queries and requirements. This would encourage a two-way dialogue with customers, with an emphasis on service and satisfaction to increase profitability, rather than purely pushing products outwards.

The key objectives were:

- To create competitive advantage by building a strong service ethos in an otherwise commoditised market.
- To increase customer satisfaction and thus loyalty.
- To increase value by customer.
- To increase motivation levels among sales staff.

Making the commitment

The programme began with a pilot scheme at the end of 2006/beginning of 2007, where 60,000 motor and home insurance customers were contacted by email and offered a personal named contact in More Th>n, known as their 'personal customer manager' (PCM). It was so successful that the programme was eventually rolled out to the entire customer base.

But the scale of the task was huge and demanded great commitment from stakeholders across the business because:

- PCMs needed to be selected, trained and monitored.
- The company had to undertake the biggest single communication campaign since brand launch.
- It had to re-engineer its customer communications plan and service delivery model to incorporate one-to-one interaction with the PCM.

The PCMs were specially selected to be able to handle customer enquiries on the full range of More Th>n products and services. Customers could contact their PCM via a direct telephone line or email with any insurance query from a simple policy change to checking on the progress of a claim.

Each PCM was empowered to build personal customer relationships through this new contact approach. Where a PCM was personally unable

to handle a particular issue — for example, an accounting error — they would still 'own' that customer experience from beginning to end to ensure timely and appropriate resolution for the customer and provide regular communications.

In providing this closer, more personal, relationship More Th>n found that customers were more likely to purchase additional services as well as increasing the likelihood of them remaining with More Th>n across each renewal cycle.

Covering every base

A key consideration for the company was its ability to deliver this initiative without affecting either the profitability of its products or the premium paid by the customer. So the goal was to make this a no-cost option while still meeting the brand promise — and to do so without any negative impact on service delivery to other areas of the business.

An audit of UK call centre capabilities was carried out, followed by the creation of teams of high-performing consultants who could become PCMs. Workshops were run with the teams to explain the strategy and further training was provided so that they were fully committed to their roles and responsibilities.

It was notable that motivation levels within these teams increased dramatically as a sense of ownership of the customers developed. This resulted in a pronounced reduction in sickness and absenteeism and saw sales success by individuals increase. It also created a new performance level with the customer services teams which other employees could aspire to achieve.

The key element was that customers always had a contact they could approach directly. So the company emailed or wrote to customers to notify them of any changes to the person responsible for their account.

Since generating sales was integral to the programme, the company designed the marketing communications to come from the PCM personally wherever possible. This included news on the latest offers and product enhancements, to softer messages such as a card at Christmas or the offer a free winter health check for their car.

A more than positive outcome

Measurability was a critical factor. The company needed to prove to its sponsors within the business that this new approach would have a positive impact on the bottom line. All customer activity was thus tracked in two groups: customers who had opted in to the service either actively or through automatic allocation, and those who hadn't.

The results showed a significant uplift in renewal rates among those registered for the service indexed against those who had not, as Table 1 shows. It also proved that cross-selling was at much higher levels through the PCM relationships than those with the control group (Table 2). These were primary objectives for the scheme, adding millions to the balance sheet in premium income.

Table 1 Renewal rate comparison

	Motor renewal rate	Home renewal rate
Index	120%	105%

Table 2 Cross-sell rate comparison

Segment	Cross-sell rate
Registered for the PCM service	6.85%
Not registered for PCM service	4.07%
Index	168%

The analysis also revealed that the service had a positive effect on mid-term cancellation rates. For these purposes this was defined as a cancellation that took place more than 15 days before or after the renewal date. Table 3 compares cancellation rates between those customers who had registered for the service and those who had not.

Table 3 Mid-term cancellation comparison

Segment	Mid-term cancellation rate
Registered for PCM service	0.14%
Not registered for PCM service	0.55%
Index	393%

Strengthening the customer bonds

Research following the pilot also showed that users of the PCM service were significantly more likely to say that the initiative had raised their opinion of More Th>n's customer service in general. They were also significantly more likely to be completely satisfied with More Th>n's customer service.

Other key findings from the research included:

- 57% of the pilot customers researched said that having a PCM would make them more likely to take out other More Th>n policies.
- 71% said they were now more likely to recommend More Th>n than before.
- 61% said that having a PCM would encourage them to remain as a More Th>n customer for longer.
- 65% said they would use the service again.

An added bonus was that the introduction of the PCM service brought More Th>n unprecedented amounts of media coverage in consumer titles and the national press. While it is very difficult to quantify the value of this, positive endorsement in influential media delivered great benefit in terms of new business generation, customer retention rates and staff satisfaction.

Continually refining the offer

PCM has now become a core part of the offering in More Th>n's value-based segmentation programme. The segmentation model was built on a multitude of variables and was able to classify groups by their value based on their likelihood of buying other products as well as their premium, claims and loyalty ratings.

Findings from research found that the company's most profitable segments ('prudent and proud' and 'discerning discoverers') were also the very same people who placed an increased importance in customer service relationships. Because of this, the company could prioritise the automatic allocation of PCMs to these two segments while less valuable and price-focused segments could be offered the service on an opt-in basis. This enabled the company to be operationally adept with its resources to ensure those that benefited from the service were those that offered most commercial return to More Th>n.

In 2008 in the biggest single campaign since the launch of the brand, over 1.3 million More Th>n customers were mailed or emailed to invite them to register for a PCM (Figure 2). Customers who were mailed could complete and return a coupon to register for the service or, like email customers, could choose to register themselves for the service online using a dedicated page on the More Th>n website.

The customers were then allocated to their named contact and a letter or email sent from the personal customer manager introducing themselves and providing their direct contact details.

After launching to existing customers, More Th>n then placed the PCM service at the heart of its 'MORE is...' brand campaign by advertising the service to new customers on television, within mailing packs, online and in fulfilment literature (Figure 3).



Figure 2. Invitation letter

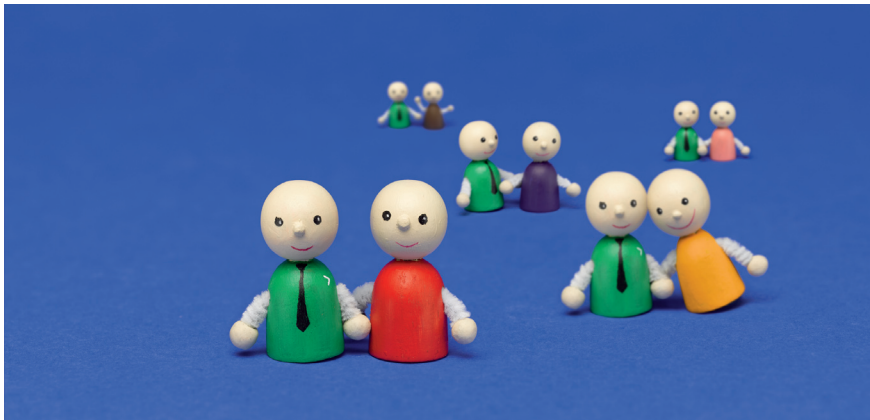


Figure 3. A still from the brand TV campaign

Going the extra mile

One of More Th>n's customers wanted to give his wife a Christmas to remember with a brand new car. The only problem was that he needed an insurance certificate to drive it off the forecourt at a time of year when everything slowed down.

His personal customer manager liaised with the office nearest to the customer's home and arranged for the documentation to be printed locally. The manager then sent the customer a route planner to show him the way to the office. The Tuesday after Christmas, the company received a phone call saying thank-you from his grateful wife. They subsequently took out home, pet and travel insurance with the company.

The company's decision to concentrate on offering customers a highly-improved value proposition thus not only paid off in higher levels of customer satisfaction and ultimately the bottom line, but it also motivated front-line staff by empowering them to take greater ownership of and accountability for their customers.

Sponsors

Aviva - 300 Years of Insight

We're the world's sixth-largest insurance group and the biggest in the UK, with 46,000 employees that everyday serve 53 million customers worldwide.

We are committed to delivering one distinctive experience for our customers. Wherever they are, we want them each to feel that "no one recognises me like Aviva". Our global consumer research reveals that most of our competitors are particularly bad at recognising people's individual significance. This research also tells us that small human touches can make a huge difference to a customer's experience. Our aim is to make recognition the familiar quality that distinguishes Aviva from our competitors - just as Apple means user-friendliness and FedEx means reliability.

BT operates in over 170 countries and is one of the world's leading communications services companies. BT is a major supplier of networked IT services to government departments and multinational companies. It's the UK's largest communications service provider to consumer and business markets and is made up primarily of four customer-facing lines of business: BT Retail, BT Global Services, Openreach, and BT Wholesale.

BT operates in a thriving, multi-trillion pound industry that spans the whole world. In recent years the global communications market has been focused on convergence, whereby the boundaries between telcos, IT companies, software businesses, hardware manufacturers and broadcasters have become intertwined to create a new communications industry.

BT has evolved from being a supplier of telephony services to become a



"We know insurance isn't just about policies' and pensions; it's about people. That's why we're making our customers the big picture, putting a spotlight on them and our people. Putting customers at the heart of everything not only makes sense for them, it makes good commercial sense too." (Amanda Mackenzie, Aviva's chief marketing and communications officer)

We are working hard every day to build the company around what our customers want from us. That's why Aviva now ranks among the UK's top ten most valuable brands, according to the 2010 Brand Finance Global 500 survey and that success is something we are looking to replicate across the world.



leading provider of innovative communications products, services, solutions and entertainment products. BT's business customers range from multinational, multi-site corporations to SMEs and start-ups.

More than 80 per cent of the FTSE 100 and 40 per cent of Fortune 500 companies rely on BT for networking, applications and system integration. The National Health Service, Procter & Gamble, PepsiCo, BMW, Emirates, Fiat, Microsoft, Philips, and Unilever are just some of the organisations working with BT.

BT has been a driving force behind the success of 'Broadband Britain'. Thanks to the company's investment, nearly every home in Britain now has access to broadband and in September 2009, BT announced plans to more than double the availability of its fastest fibre broadband service.

MARKETING EXCELLENCE 2

“A treasure trove of examples covering the whole waterfront, from launching new brands to revitalising, sustaining and extending established ones, and from insights to advertising and sustainability. Whatever your business, it should make you proud to be a marketer, shake up your thinking and inspire you to go the extra mile.”

Professor Patrick Barwise, London Business School, Chairman of Which?

“This exciting book demonstrates how great marketing can solve the most difficult problems, through analysis, teamwork and creativity.

It contains 34 fascinating case studies, selected from hundreds of high quality entries to The Marketing Society Awards for Excellence. Those involved had the determination to win, and the courage to think differently. An inspiring read.”

Professor Hugh Davidson, Co-Founder, Oxford Strategic Marketing

“This is the textbook, the toolkit and the manual for marketing excellence.”

Cilla Snowball, Chairman, AMV BBDO

“These cases are a great source to stimulate your thinking. Some will stimulate new thoughts, some will unlock ideas from the back of your memory. All of them however are great fuel for growth.”

Keith Weed, Chief Marketing and Communication Officer, Unilever

Featuring 34 award-winning case studies from some of the world’s leading brands:

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