

The Insurer's Customer Acquisition Playbook

Why a data-centric approach to acquisition is a winning strategy for insurance companies

Introduction

While health, life, and P&C insurance companies experience unique challenges in their marketplaces, one business need remains consistent across all insurance types: a successful customer acquisition program. Acquisition has become even more crucial as the insurance industry grapples with changing consumer needs and market disruptions. Yet, it's a costly endeavor; the average cost per acquisition for insurance carriers are some of the highest across industries and are typically in the \$300-\$800 range.¹ A recent study revealed that 43% of senior decision makers from insurance companies felt that their current data sources were insufficient in helping them identify prospects and programs that drive the greatest profit opportunities.²

We developed this guide to help health, life, and P&C insurance marketers build or improve a data-centric acquisition program – one that eliminates wasteful spending, attracts high lifetime-value customers, and is aligned with business priorities to drive growth.

The Four Phases of Program Development

Phase 1: Establish a Baseline and Define Objectives

Phase 2: Define Your Audience

Phase 3: Identify Your Audience's Needs, Motivations, and Preferences

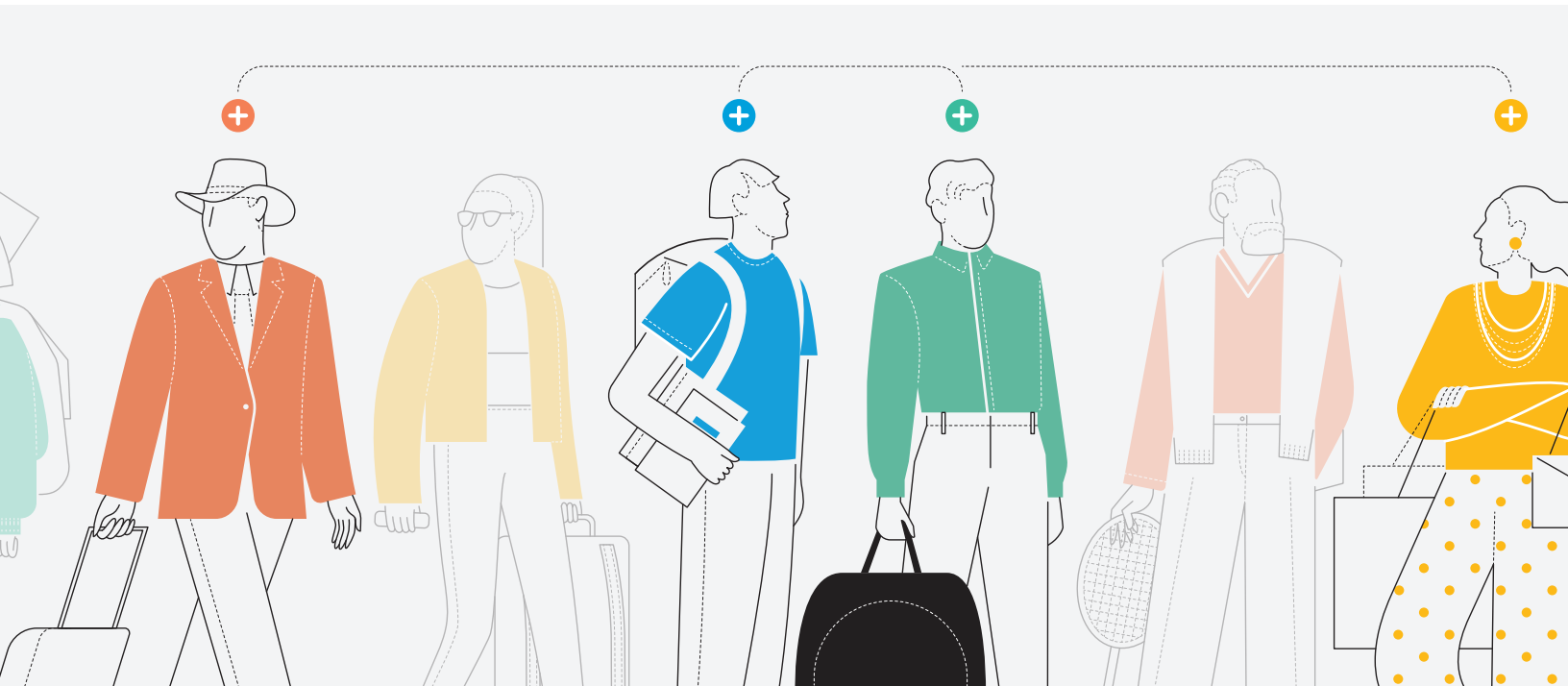
Phase 4: Put Your Go-to-Market Plan into Action



Phase 1

Establish a Baseline and Define Objectives

To design a comprehensive customer acquisition program, insurance companies should begin with a high-level approach to planning. This includes understanding where your organization is today, setting marketing objectives, establishing criteria for success, and engaging key stakeholders across the organization.



A successful acquisition strategy:

- Supports business objectives
- Is data-informed
- Is people-vetted
- Represents a shared vision by all stakeholders and business leaders

The process begins with a deep analysis of past performance, current key performance indicators (KPIs), and acquisition needs across business units. This will ensure that the overarching acquisition strategy meets business goals and provides clear direction to all teams.

What key insights should guide you?

As a key first step, it's important to perform an analysis to understand the "why" behind your acquisition program and uncover insights to help you focus your efforts. For example, you may analyze your financials and find that your attrition levels are too high to meet revenue targets, or that you are not attracting enough younger policyholders, or that your most profitable product line is used by fewer customers than a low-margin product. Insights like these will help you shift efforts toward the biggest potential revenue generators.



BRAND EXAMPLE

John Hancock

To boost enrollments, enhance customer loyalty, and attract younger audiences, John Hancock created a new offering, John Hancock Vitality, which combined a technology-based wellness program with life insurance through an easy digital enrollment process.

Brooks Tingle, CEO of John Hancock Insurance, explained the insights behind the decision to create a new offering. *"In today's highly competitive marketplace, delivering best-in-class customer experiences is more important than ever,"*

Tingle said. *"In our industry, that means making life insurance significantly easier to buy and fun to own.... Historically that has not been the case. The life insurance buying process has been cumbersome, invasive, and long, and policy owners had about two less-than-exciting interactions with their insurers a year — receiving a privacy notice and a bill."*³

Craig Bromley, President of John Hancock Financial, added, *"We believe this offering will make life insurance relevant for new generations of consumers and reinvigorate the entire category."*⁴

According to Brooks Tingle, the effort has paid off. *"With John Hancock Vitality, we're having an average of 23 positive interactions with customers a month — from a paradigm that was one or two administrative interactions a year,"* Tingle noted.⁵





What are your goals?

After identifying insights about your organizational needs and the reasons why acquisition is important to your business, you can build a business case and seek buy-in from across the organization by tying estimated outcomes to specific goals. Common goals might include:



Offsetting attrition



Growing your customer base



Hitting sales or lead goals



Expanding into new territories



Re-engaging previous policyholders

How will you measure success?

Next, you'll want to identify which KPIs and engagement metrics are important to every level of your business. For example, high-level acquisition KPIs could include cost per acquisition (CPA), return on advertising spend (ROAS), and the number of new members acquired. Consider which KPIs matter most to your senior leadership, your finance team, your marketing team, and your underwriters. By identifying the KPIs that matter to key stakeholders now, you can ensure you're planning in advance for how to measure against them and report back on progress. In addition, insurers should establish which benchmarks will represent "success" for the acquisition program.

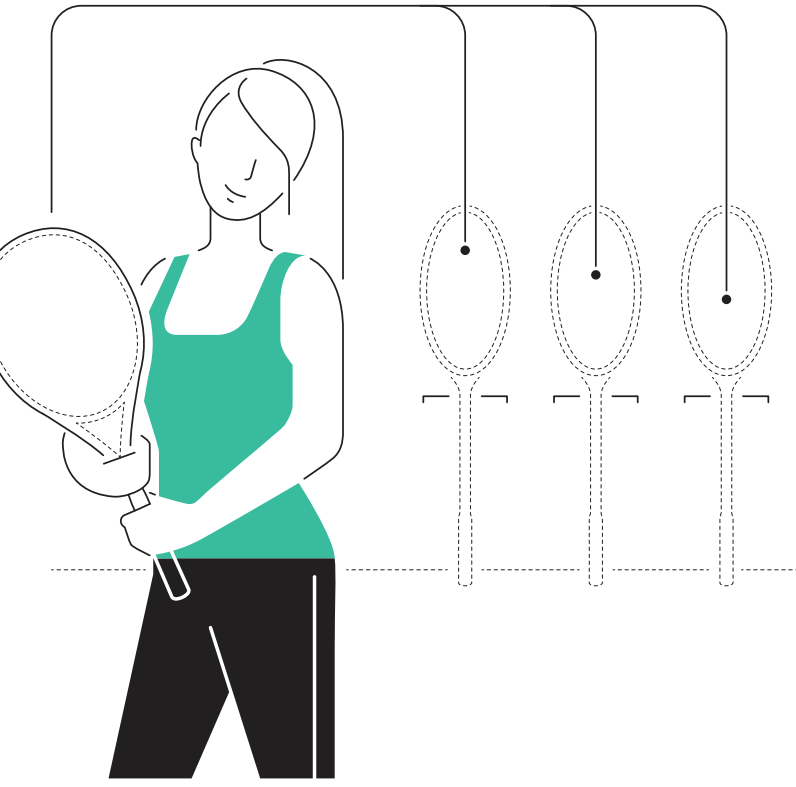
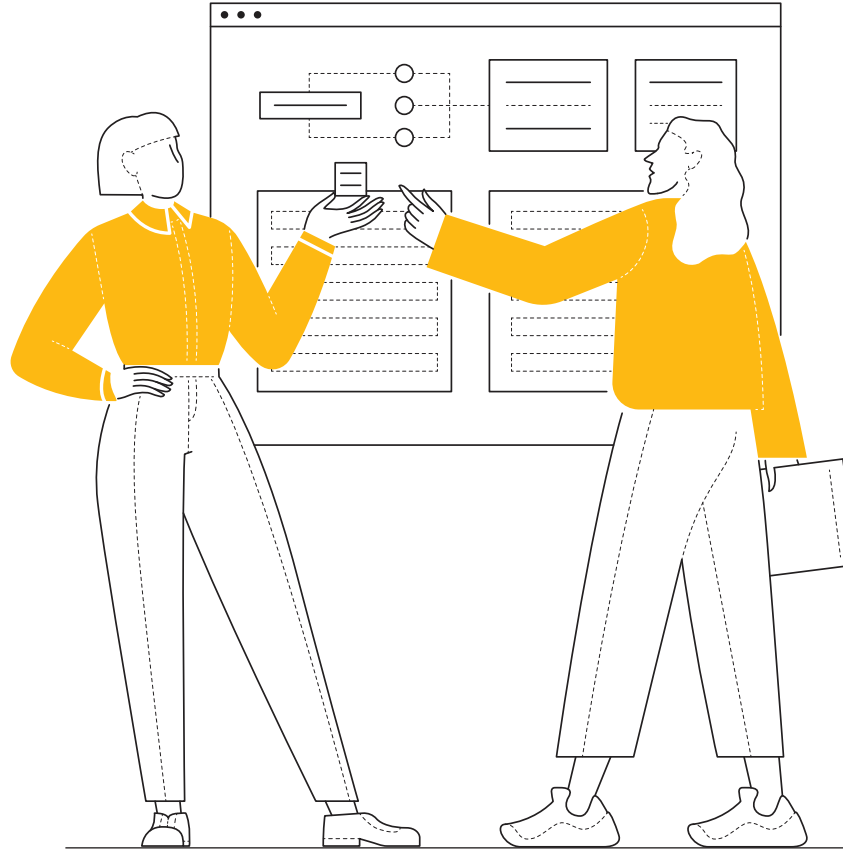
What can you learn from past performance?

Unless your business is a start-up, chances are you've done some acquisition campaigns already. Reviewing past performance is a key step often missed when laying the groundwork for an improved acquisition program. Insurance companies should analyze previous efforts to understand what worked (and what did not) and leverage recent learnings to make informed decisions going forward. For example, an analysis of past campaign metrics and results can help identify reasonable KPI benchmarks, allowing you to set expectations and goals for performance before you begin. Likewise, a channel analysis can help you determine which platforms and channels were the most successful in previous efforts.



How can you build alignment across teams?

A recent survey of senior decision-makers at insurance carriers revealed that only 18% of marketers listed obtaining an “optimum spread of loss exposures” as a key business goal; however, 43% of underwriters and product managers cited it as a key business goal.⁶ To increase alignment on such matters, insurers should involve team members across all departments early in the process to ensure stakeholders agree on key insights and roles/responsibilities for their acquisition program. Negotiating disagreements before the plan is put into place can help avoid frustration and missed opportunities later. In addition, solidarity across teams will make it easier to get budget and resources allocated to the project.



What is your plan for retention?

Once your company has acquired new customers, how will you drive long-term value? Given the high acquisition costs in the insurance industry, it's essential to have procedures in place (like [welcome and registration programs](#)) that will convert customers from new policyholders to repeat policyholders to loyal advocates. If your new customer onboarding or welcome program needs an update, make sure that it is part of your planning. To ensure your company is set up to realize the full value of new acquisitions, you should also review retention strategies designed to keep policy-switchers around for the long haul.



Build customer profiles

Insurance marketers should analyze their databases and segment existing customers into unique groups to better understand their needs and purchase behaviors. By combining multiple types of consumer data – from zero-party data such as surveys, to first-party data on customer interactions and purchasing behaviors, to third-party data on demographics and life events – marketers can segment their customers based on their goals and defining attributes.

Sample health insurance customer profile from Forrester based on a survey of U.S. health insurance customers.⁸

Healthcare Segmentation



Fitness Trackers:
Young and use wearable devices



Invested and Informed:
High income and willing to pay more for better care



Corporate and Content:
High income, but not willing to pay more for a health plan with better benefits



Healthy and Subsidized:
Mostly covered through the government; 1/4 pay all costs out of pocket



Apathetics:
Uninsured and healthy. They are generally uneducated about their options



Frugal Patients:
Suffer from a serious or chronic condition



Use personas to paint a picture of your customers

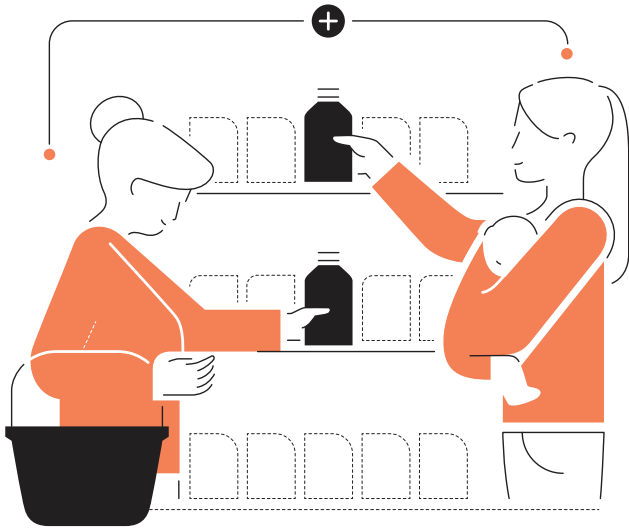
[Personas](#) are fictional characters used to represent specific types of customers. Insurance companies can use personas to understand their customers in a way that is rich in detail, actionable, and easily understood by all teams within the organization. Having well-defined personas can also help you develop more-effective personalized messaging and creative.





Assess customer engagement and satisfaction

By analyzing available data – such as Net Promoter Score (NPS), Customer Satisfaction Score (CSAT), campaign interactions, site visits, and purchase frequency – insurers can evaluate how loyal, engaged, and satisfied their customers are. This analysis can uncover which channels generate the most activity and conversions, allowing the insurer to understand customer perceptions and have a more complete view of what is important to them.



Understand why they chose your company

It's important to identify what matters most to your customers. Why do they choose you over competitors? Why did they become a customer in the first place? Was it your reputation for fair claim resolution? Your policy pricing? Ease of getting a quote? Understanding the answers to these questions can help you identify the aspects of your company that are most attractive to your prospective audience

Appraise their value to your business

Most marketers know that 80% of your revenue comes from 20% of your customers. Identify your highest value customer groups by analyzing how each segment aligns with overall sales. This can help you prioritize marketing budgets. Analysis of customer and sales data (using the RFM model built on recency, frequency, and monetary value) can help insurers identify their most valuable customers based on their past purchasing habits.

Quantify your lapsed and lost customers

Performing an analysis of lost and lapsed customers can help you understand who you're trying to replace and ideally why they left. This step is particularly important if attrition is a challenge for your organization.

Who do you want?

A key part of defining your audience entails asking who you should target in order to attain the business goals your organization laid out in Phase 1.

Ask yourself:

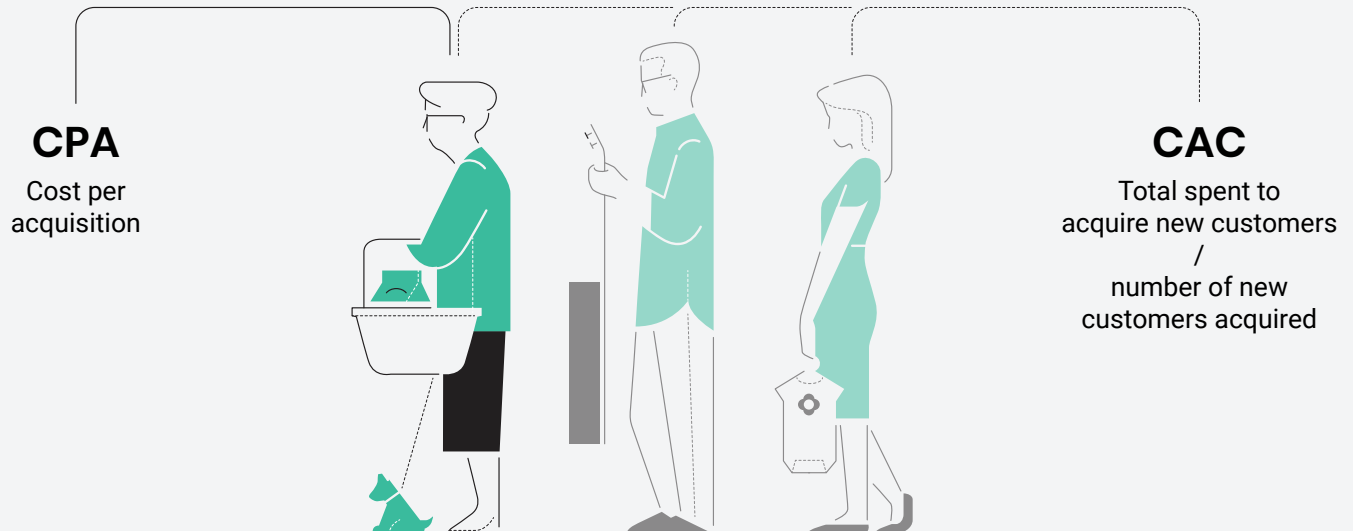
- Do you want more of your highest-value customers?
- Are you looking to reach a new customer segment?
- Do you need customers who purchase specific products or services?
- Are you hoping to attract consumers in a new geographic territory?

The more clearly an insurance company identifies who they want to attract, the stronger their acquisition strategy will be.



How much are you willing to pay to acquire them?

Marketers often decide what to spend on acquiring new customers by performing an analysis of how much revenue the brand currently receives from newly acquired customers. They then determine an optimal budget by estimating the customer acquisition costs from previous efforts.



Insurance companies should calculate longer-term metrics, like average customer lifetime value and revenue per policyholder, to help inform how much they're willing to spend on new acquisitions. In industries with high lifetime customer values and higher retention rates (like the insurance industry), marketers may be willing to pay more for a new customer than, say, a retail brand; in insurance, it makes sense to weigh acquisition cost decisions more heavily on lifetime value than initial revenue from an acquisition. Keep in mind that as you hone your acquisition strategy, results will improve, which means your acquisition costs should decrease over time.



BRAND EXAMPLE A top 5 largest national insurer

One of the 5 largest national insurance companies in the US was using direct mail to drive new enrollments for multiple product lines. Faced with a lower marketing budget, they worked with Data Axle to tighten their targeting and reduce acquisition costs by:

- Analyzing their current customer data file
- Creating personas for each product line
- Using Data Axle's [transactional database](#) to identify and target prospects with similar interests and buying patterns to their current best customers

With this data-driven method, the company reduced costs on acquisition campaigns and generated a **15% lift in responses** over the average prospecting effort.





How can you identify your prospects?

Having a clearly defined target is extremely important because identifying the **right** prospects (those who provide the highest value and are most likely to convert) can reduce customer acquisition costs and decrease wasted spend. While insurers in some product lines (e.g., homeowners and mortgage coverage) may be limited by regulations or ad platform rules,⁹ insurance marketers can use various acquisition models and methods to identify which prospects to target.

Some examples include:

Look alike models

Use demographics (e.g., age, gender, income) and psychographic attributes (e.g., interests, hobbies, values) to identify prospects with characteristics that are similar to those of your best customers. [Lookalike models](#) are one of the most popular methods to identify acquisition audiences. In fact, according to Google, companies that use their Similar Audiences feature (Google's version of lookalikes) generate 60% more impressions, 48% more clicks, and 41% more conversions.¹⁰

Response models

Help discover the prospects who are [most likely to respond](#) with actions that align to specific marketing objectives (making a purchase, clicking an ad, submitting a form, etc.).

Prospect valuation models

Identify prospects with the highest predicted future value.

Custom audiences

Involve a direct integration between digital advertising platforms and the advertiser's data management platform (DMP). For example, Microsoft Bing, Google, and Facebook all offer the ability to create [custom audiences](#) using your own first-party data.

Intent data

Helps insurance companies with B2B products identify targets exhibiting [specific behaviors and signals](#) that indicate they are in the market for a certain type of insurance product.

Lost and lapsed customer data

Can help you identify valuable audience members to reacquire through win-back campaigns.



Phase 3

Identify Your Audience's Needs, Motivations, and Preferences

Once the insurer has completed an analysis to identify their target audience, they can focus on connecting with them. This process involves asking:

- What problem are prospects trying to solve?
- When do they need your product/service?
- Where can you reach them?
- What messaging will motivate them?

What problem are they trying to solve?

Understanding your audience and focusing on their needs instead of simply pushing your products is the key to successful engagement. Most consumers aren't looking to buy insurance; they are looking to fill a need – peace of mind, financial security, or maybe healthy living. For each customer segment, insurance marketers should:

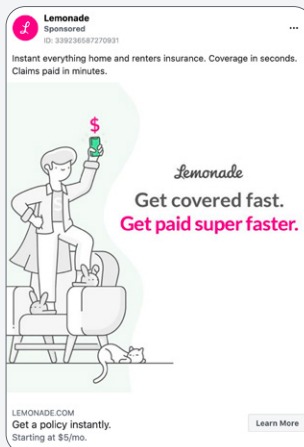
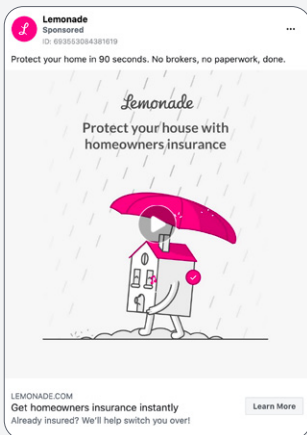
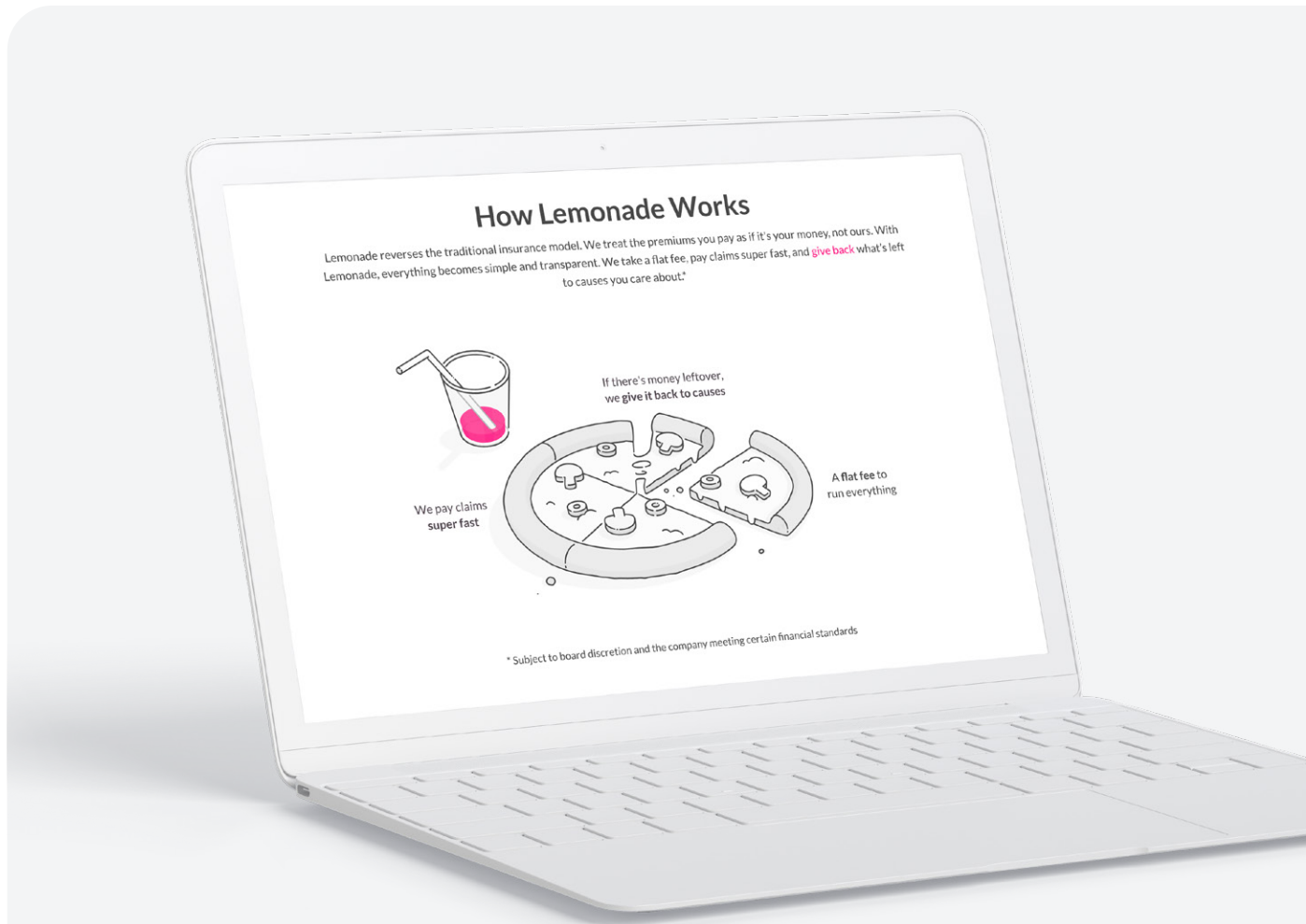
- Collect data (through surveys and other methods) about what problems their audience is trying to solve
- Analyze how their company addresses the needs of each customer group
- Examine how their company answers the need in a way that their competitors do not: understanding why consumers choose your company instead of the competition allows you to develop informed marketing strategies that emphasize these differences.





BRAND EXAMPLE Lemonade

Insurance industry disruptor Lemonade has built their entire business model around solving problems for consumers. As a peer-to-peer provider, their messaging frequently focuses on how their business model sets the brand apart from competitors. Lemonade's acquisition campaigns tout how they help consumers avoid red tape and long wait times that are frequently a problem for policyholders, and how consumers can help give back to worthy causes by getting their insurance with Lemonade.





When do your customers need your product or service?

Successful acquisition programs depend on reaching consumers at the right time. Insurers can perform an analysis based on what they know about their customers to uncover trends and pinpoint when consumers are looking for a certain product or service. Understanding what is driving the customer's need can help identify when they may be looking for information and how long their research and consideration phase may be.

"When" a consumer is receptive to your message can be influenced by a variety of factors. For example, consumers' needs for a product/service might be motivated by:

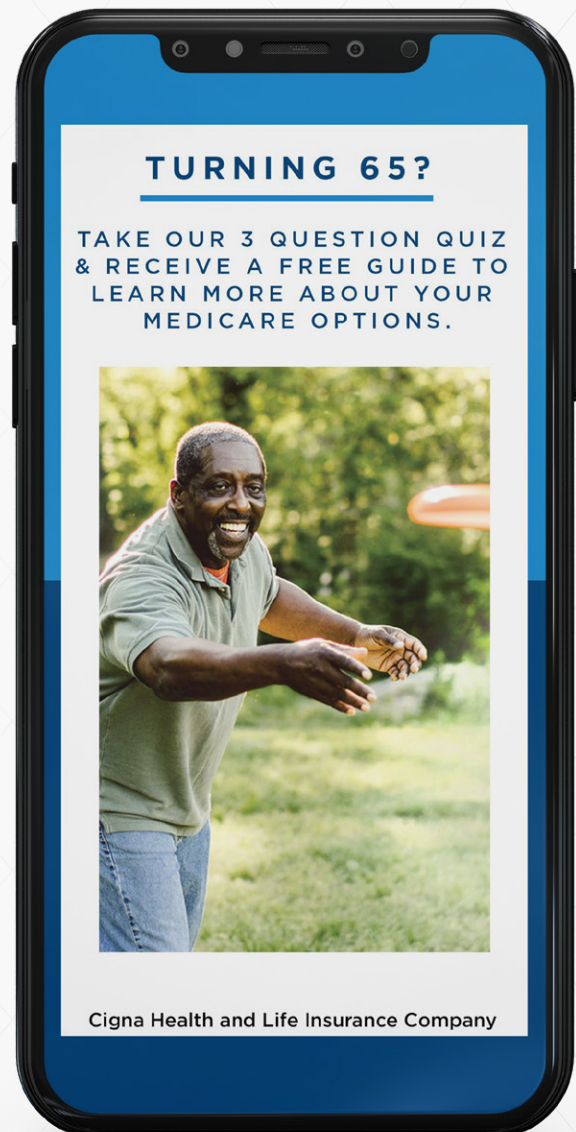
- The time of year (e.g., open enrollment)
- Where a consumer is in their lifecycle journey (e.g., ready for cross-sell or up-sell, up for renewal)
- [Life events](#) (e.g., just moved, recently married, became a new homeowner, retired, had a baby)



BRAND EXAMPLE **Cigna Insurance**

Cigna Insurance targets consumers who are turning 65 (and will soon qualify for Medicare) with a series of ads on Facebook.

The ads drive consumers to a quiz that assesses their Medicare coverage and offers a free educational guide on Cigna's Medicare coverage, as well as a checklist and comparison tools to help consumers understand what is covered under standard Medicare coverage vs. supplemental options.





BRAND EXAMPLE

Bestow Insurance

Bestow targeted women in the 23-34 and 35-44 age brackets with a Facebook ad that challenged some myths about pregnancy and life insurance. Since life events like having a child are key moments when consumers consider adding to or changing their coverage, it's a smart time to connect with them. To extend this strategy further, Bestow could create targeted campaigns specifically for those who are expecting or have a [new baby](#).



Bestow
Sponsored

ID: 437219446701246

Myth #1: Pregnant women aren't eligible for life insurance.

Unfortunately, word of this has gotten around and made women delay purchasing life insurance altogether. So, let's bust this myth.



HELLOBESTOW.COM

Can You Buy Life Insurance If You're Pregnant?

There's a lot of misinformation about buying term life insurance while pregnant. The truth is expecting mothers can buy it. Here's what you...



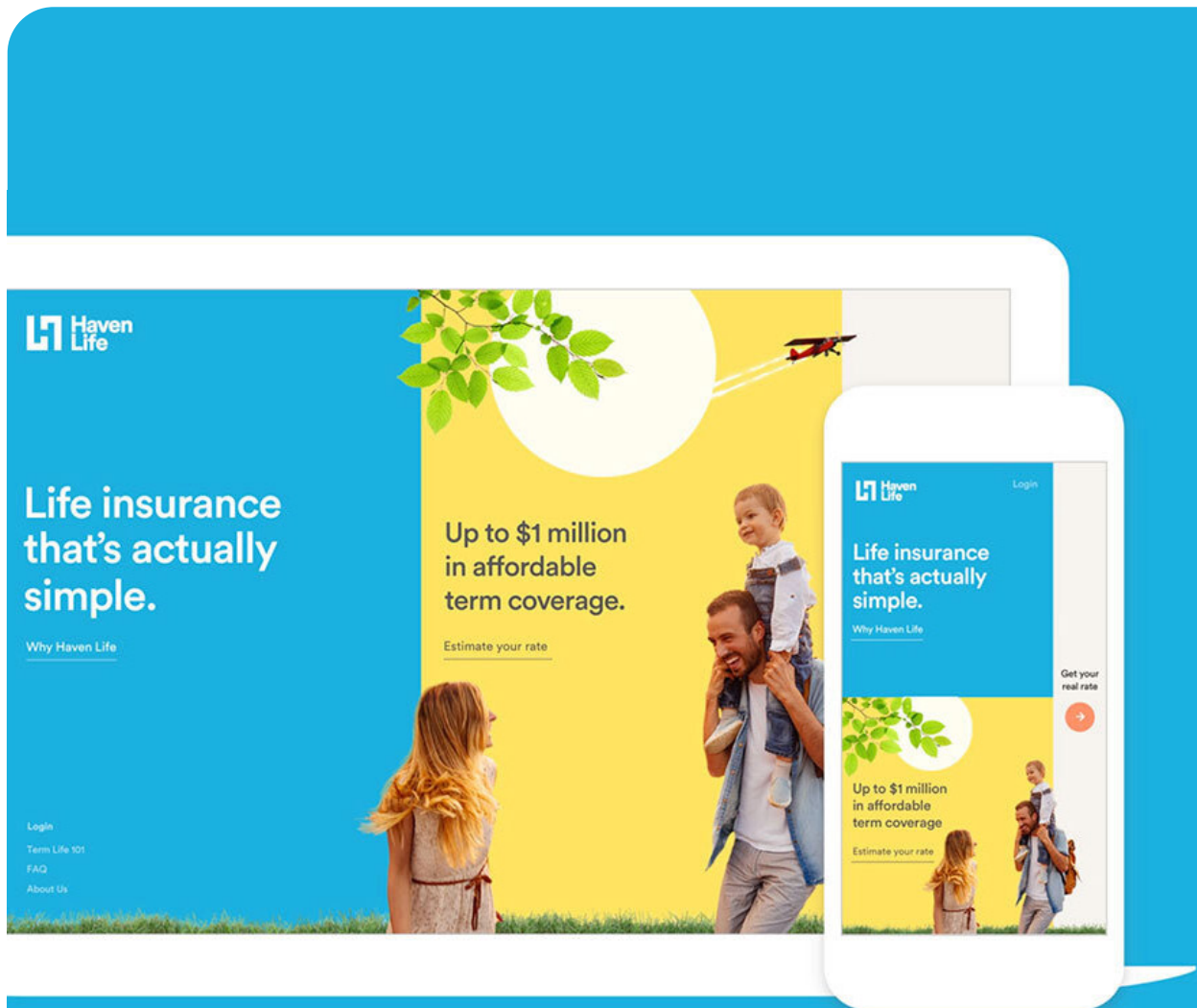
Where can you reach them?

Through an analysis of past acquisition campaigns, cross-referenced with customer data, insurance companies can predict which channels will be the most effective for new acquisition efforts. For example, if you are hoping to attract more customers who purchase specific products, an analysis of your campaign results might provide some insight into where to focus your marketing budget. Similarly, analyzing your current customers who purchased a specific product might reveal that the product is popular with young consumers, leading your company to choose marketing channels that appeal to a younger demographic.



BRAND EXAMPLE Haven Life

Haven Life used a targeted media strategy to increase acquisitions and improve marketing ROI through a campaign designed to attract and improve brand perception among a younger audience – a key target for the company. The brand mapped customer data and life events to media in a way that prioritized the best channels and platforms to reach various prospective customers. With high-impact creative and a targeted approach that maximized their budget, Haven Life achieved a 20% brand lift (increase in interactions) and reduced their cost per conversion by 50%.¹¹





What messaging resonates with them?

Powerful creative is vital to reaching and enticing consumers. Starting at the highest level and taking a data-driven approach ensures messaging, imagery, and final creative are aligned across all media and consumer touchpoints for a cohesive experience.

Tools to develop messaging that resonates with your audience include:

Consumer research

Insurance companies can tap into existing research to help them understand the consumer challenge they are addressing. For example, your product marketing or market intelligence teams may have research that informed decision making when a product was first developed. Alternately, you can develop new research and surveys to help guide messaging development.

Creative ideation/brainstorming

Marketing teams can hold brainstorming and creative ideation sessions, either internally or with a [creative partner](#), to explore how they might bring their message to life for the consumer.

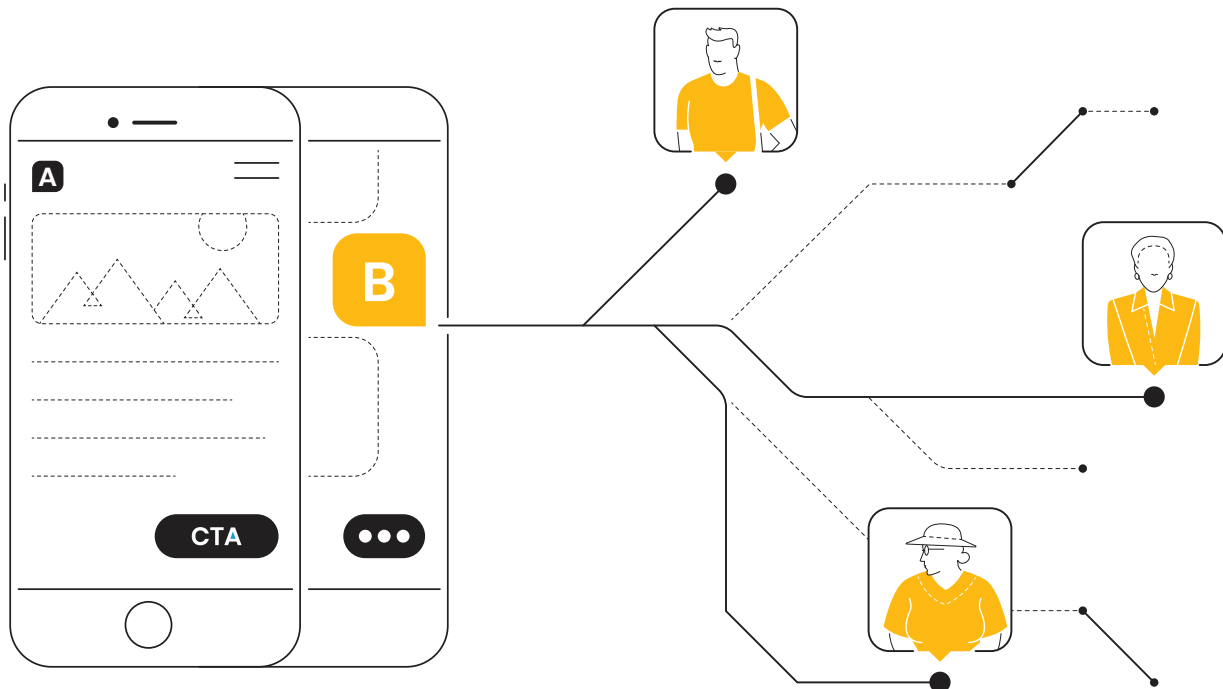
Concept testing

Conducting consumer focus groups or test panels can help evaluate creative concepts and ideas to understand consumer reactions. As an outcome of this process, you might want to look to identify one champion piece of creative and one challenger piece of creative to put into market.

A/B market testing

Insurers can release [multiple creatives](#) to the market and conduct a champion/challenger(s) test to pinpoint the top-performing campaign messaging. When possible:

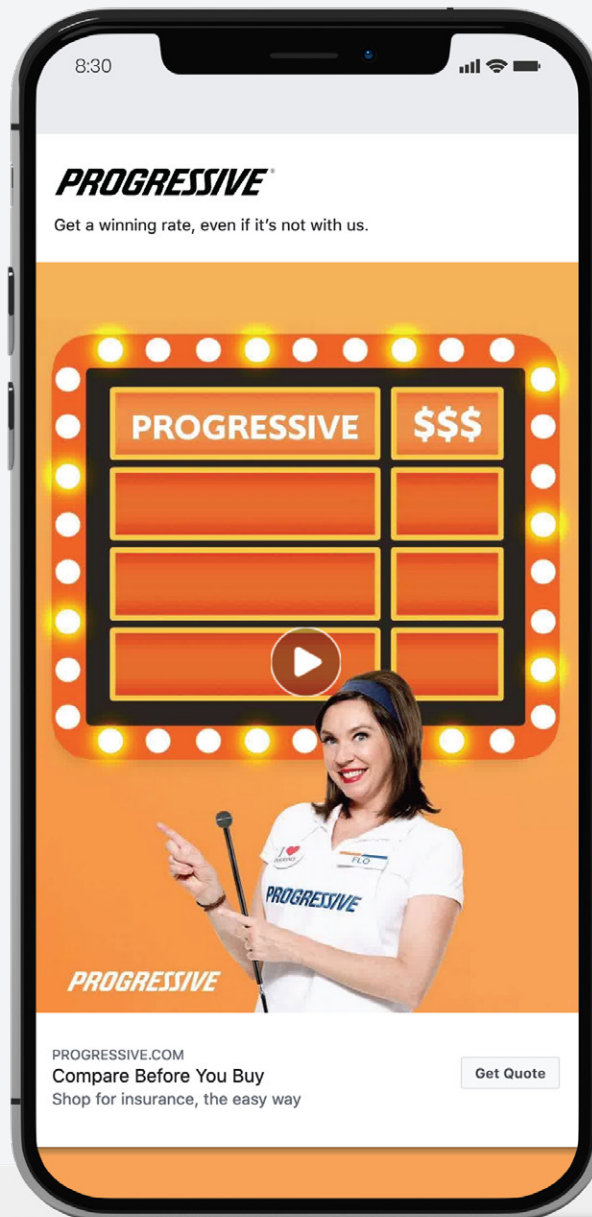
- Use testing tools to conduct a head-to-head matchup of both creatives to determine a winner. Insurance companies should strive to understand which concept resonates best, both overall and by segment.
- Continue the A/B challenger approach to refine messaging to achieve optimal results. – Testing should be an “always-on” process.





BRAND EXAMPLE **Progressive**

Saving money is frequently a consumer goal when choosing a new insurance provider; in fact, 69% of consumers compare prices when their auto insurance policy is up for renewal.¹² While many insurers claim a consumer can save by switching to their company, Progressive takes a unique approach by positioning themselves as a resource to help consumers find the best rate, even if it is not with them. This tactic helps Progressive ensure that price-conscious consumers consider reaching out for a quote.





Phase 4

Put Your Go-to-Market Plan into Action

Phase 4 of enacting a customer acquisition program moves the strategy from concept to action by finalizing internal processes (i.e., how your team will work together), platforms needed to achieve your acquisition goals, and plans for performance optimization.

What process will work for your team and deliver results?

In a recent survey, 94% of senior decision-makers within the top 50 insurance carriers agreed that greater cross-functional collaboration is important. Yet, only four in 10 respondents said that their marketing, product management, and underwriting teams work together to build their acquisition and retention strategies.¹³ Brands can boost acquisition program results by focusing on tactical coordination when it is time to go-to-market.

Specifically:

Team alignment

Finalize which teams, both internal and external, will be involved. Clearly outline expectations and timing so teams can plan and resource appropriately.

Creative

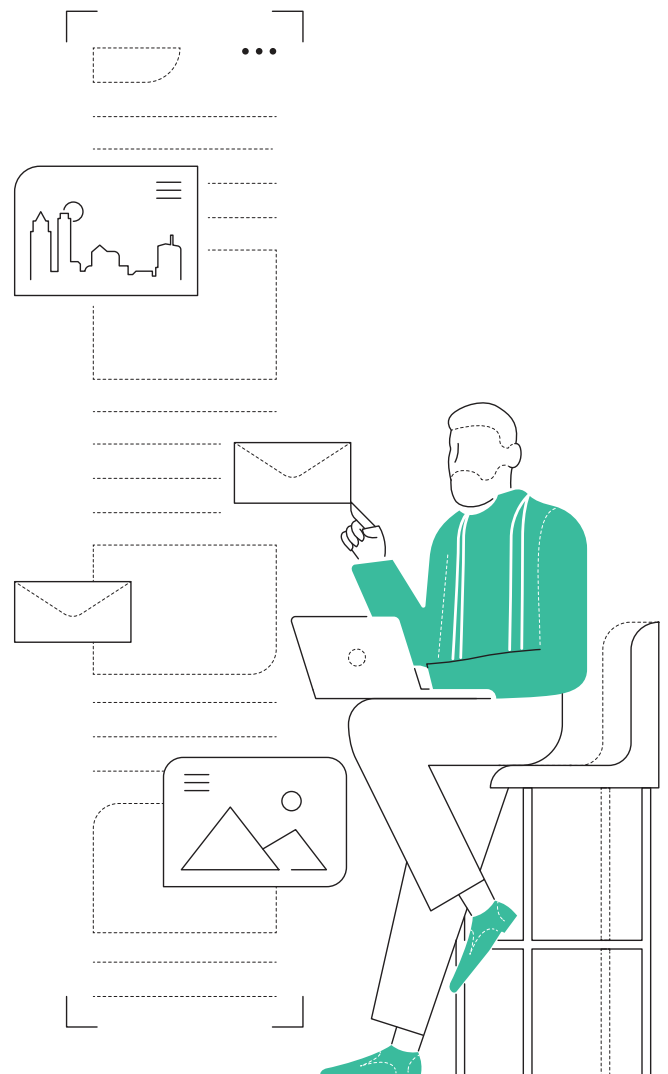
Ensure there is enough time for creative research, review, revisions, and testing before launch. Getting the message right is critical to the success of any acquisition campaign.

Media process

Identify which channels you are going to include in your marketing mix. Align all teams who manage these channels, including any external vendors, with an all-hands kick-off meeting to review the plan and confirm your ability to execute. Establish regular checkpoints and a central owner of the campaign to coordinate across parties.

Reporting and measurement definition

Clearly document all required KPIs and ensure the ability to track and report on them ahead of the campaign launch. Set expectations around frequency and granularity of reporting for each group/stakeholder to ensure there are no surprises when you deliver reporting as the campaign goes into market.





BRAND EXAMPLE

Northwestern Mutual

Northwestern Mutual's acquisition of LearnVest, a personal finance tracking start-up with design and marketing expertise, opened-up new opportunities to hone the 160-year-old company's approach to acquisition and digital marketing. During the initiative to revamp their programs, the brand relied heavily on cross-functional collaboration and a data-centric approach to drive the process forward.



Kimberly Tzeng, a product manager at LearnVest, explained, ***"We had to reach out to all these different groups, including marketing, communications, investments, insurance, customer service, and careers. We set up meetings from the beginning to align everyone with the mission."***

Throughout the process, the insurer focused heavily on data-driven decision making, providing research and data to stakeholders to prove the strategic direction and then testing and modifying the approach where needed.¹⁴

The new approach to digital marketing paid off. ***"We're getting a lot of quality digital leads,"*** Tzeng said. ***"That wasn't the case in the past."*** In addition, their improvements to digital marketing and commitment to a data-centric approach have boosted marketing efficiency.

Charles Worman, the company's product director, explained, ***"[The changes are] helping us do things like improve our marketing spend. We can start investing in channels that we know have a higher conversion rate, instead of a spray-and-pray model."***



What platforms are best suited to delivering on your goals?

Sixty-two percent of insurers say legacy systems are their biggest challenge when it comes to customer acquisition.¹⁵ To set your company up for a successful [acquisition program](#), you need to select the right technology platforms and partners to meet your business objectives. Potential platforms include:

- Email service providers
- [Data service providers](#)
- [Acquisition platforms](#)
- Walled gardens (e.g., Facebook)
- [Direct mail/media planning solutions](#)
- Partner-based marketing solutions (also known as [B2C lead generation](#))
- Affiliate marketing platforms

Insurers can engage platform partners to ensure support and ongoing success. For example, platform partners can advise which technical capabilities might help you reach your acquisition goals; they can also help you understand how to leverage connections between your systems and how to automate processes to maximize ROI. You can also work with providers to enact a plan for how to manage platforms and test new features, particularly if you plan to add new tech products or capabilities as part of the program launch. Enlisting the help of platform partners can help you discover innovative approaches that might not have otherwise been considered.



BRAND EXAMPLE

Aetna

Aetna sells a wide range of products for both B2B and B2C audiences. Product offerings vary in each region, making it extremely difficult to have a coordinated approach to marketing and acquisition. They worked with Data Axle to leverage technologies and data strategies to boost acquisition efforts and unify data after the brand's merger with CVS Health.

Using Data Axle's [database services](#), technology, and data, Aetna enhanced their database with additional consumer attributes to better understand their customers and improve targeting for acquisition programs.

As a result, Aetna was able to develop geo-targeted acquisition campaigns that combined location data with demographic attributes, such as age and occupation, to target consumers with the products that served their unique needs and were available in their area. The overall program drove a **4% to 8.2% lift in acquisition rate** for Aetna's target audiences.





How will you measure performance for optimization purposes?

An essential task in your go-to-market strategy will be to finalize the process and tools needed to monitor your program's performance. Developing a reporting framework ahead of launch ensures that all stakeholders can see and approve the plan, making the process smoother in the long run. These steps include:

- For each platform involved in the acquisition program, establish regular reporting and finalize any platform integrations needed to allow you to roll up individual results into the overarching reporting and measurements required for the campaign.
- Automate and consolidate reporting wherever possible to allow more time for insights and optimization and avoid wasting time on manual work.
- Develop a comprehensive set of reporting dashboards that meet the stakeholder requirements outlined in Phase 1. Dashboards should account for KPIs and what is possible from each platform selected.
- Establish timing for delivery of reporting and how weeks are tracked (e.g., Sun-Sat, Mon-Sun).
- Establish a central owner to traffic all platform reporting and build reports in the dashboards.
- Establish responsibilities for data analysis and optimization recommendations.
- Ensure that you have a high-level analysis that gives you a clear picture of the entire acquisition program.



BRAND EXAMPLE Esurance

Sometimes performance analysis on acquisition efforts can lead to a small tweak that makes a big impact. When Esurance assessed the performance of their Google Ads, they saw an opportunity to boost results and make things easier for consumers. The brand added a call extension to their Google Ads to activate a click-to-call functionality. This small change to their acquisition strategy generated a 200% increase in mobile traffic, tripled their acquisitions from mobile in a year, and decreased cost per acquisition by 30%.¹⁶





Bring it all together with the right people

A stellar acquisition plan without the right people to make it happen isn't worth much. Once an insurer has defined all elements in their acquisition program, including campaigns and go-to-market strategy, they must also ensure they have the right resources to execute on their vision. In taking this step, be realistic and conservative in your estimate. Develop a plan for how your company will find additional resources if needed, whether through hiring, contracting, or outsourcing to partners.

Data Axle offers resources in the following areas to supplement your internal expertise:

Lead Generation

Data processing and hygiene

Database services

Creative

Data Science

Project management and
campaign execution

Media Planning



Conclusion

By taking a collaborative and analytical approach to customer acquisition while using consumer insights to guide targeting and message development, insurance companies can build an efficient path to growth while reducing costs and maximizing marketing budget.

Does your acquisition program need a lift?

Connect with one of our experts for advice.

SOURCES

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|---|---|---|--|
| 1 cbinsights.com | 5 cmswire.com | 9 thefinancialbrand.com | 13 prnewswire.com |
| 2 prnewswire.com | 6 prnewswire.com | 10 thinkwithgoogle.com | 14 alphahq.com |
| 3 cmswire.com | 7 prnewswire.com | 11 wit-media.com | 15 boltinc.com |
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