

Direct Mail Case Study

Tower Insurance: More Insurance Worries Hanging About?



Sector & Brand: Finance & Insurance, Tower Insurance
Country: New Zealand
Campaign Date: 2004

Background

Who was the advertiser?

Tower is a leader in the insurance market, offering insurance for home, contents, income, health, life and more.

What was the challenge?

By analysing their customer base, in 2003-04 Tower was able to accurately target existing customers and cross-sell other Tower insurance products.

What are the objectives of the campaign?

- » Develop an effective cross-sell strategy that made the most of available information to target Tower customers most likely to take on additional policies, offering them the right products to meet their needs.
- » Develop compelling creative offer to get them to take out additional policies.
- » Track responses and fine-tune strategies and creative on an ongoing basis.
- » Increase the average number of policies held by each Tower customer.

Who was the target group?

Existing customers (with one or two insurance policies) and prospects

The campaign in detail

Which media were used?

The campaign was direct mail only.

What was the mailing approach?

First customers with only one Tower insurance policy were targeted, followed by those with two policies. Of those single policy holders were the strongest because they had the most potential to take up additional policies, and they would make the largest potential savings from package discounts.

Also new Tower customers were targeted. These policy holders were proven to have a higher propensity to take up another policy than long-time customers.

A warm-hot ranking was developed, depending on what policies customers could potentially take up, because some insurance, such as vehicle, is more difficult to cross-sell than others.

Other profiling parameters such as age, income and home ownership were noted and added to the propensity model.

What was the creative concept?

A creative concept was developed to match the profiling. Test variables included format, timing and special offers.

Offers reflecting the creative concept were developed, for example, the chance to win a \$1000 worry-free day, a free car cleaning kit.

The results

- » Average rate of taking up an additional policy was 5.6 percent
- » Average number of policies held by each target Tower customer increased from 2.1 to 3.2
- » ROI for the campaign was 275 percent in the first year of the new policy alone

