Executive Summary
In their quest to become more customer-centric, property and casualty (P&C) insurers are increasingly investing in digital technologies that help predict customer behaviors and engage with them on their terms. The chief marketing officer (CMO) is at the center of the action, a role that has grown to become one of the most complex and challenging in a carrier’s organization.

Already, the noise is deafening. According to industry estimates, insurers spend over $6 billion on advertising per year, with carriers battling each other across channels, from television and radio, to Web advertisements and social media. According to a study by market intelligence company SNL Financial, the marketing spend by the insurance industry outstrips every other U.S. industry by nearly 8%.

In fact, you can’t go anywhere these days, online or offline, without hearing or seeing marketing messages from the likes of GEICO, Progressive, State Farm and Liberty Mutual. Insurers have focused their messaging on memorable slogans and comical characters (i.e., Gecko, Flo and Mayhem) to build customer recall, increase mindshare and gain market share. The question is: at what cost?

The biggest spenders doled out a cumulative marketing outlay of approximately $3 billion in 2015 (see Figure 1). GEICO’s marketing expenditure stands at about $1.1 billion, about $600 million more than its closest competitor State Farm. Measured against revenue, GEICO spends about $4 for every $100 in premium revenue earned, while Progressive spends $2 per every $100 in premiums, and Allstate and State Farm spend approximately $1 per every $100 in premiums (see Figure 2).

Such expenditures may have allowed carriers to increase customer mindshare, but the impact on the business is mixed. Based on a 2015 survey by insurance analytics technology provider Rocket Fuel, GEICO leads in “top-of-mind awareness” among customers, with State Farm, Allstate and Progressive close behind. Correlation exists
between spend, mindshare and revenue, according to this assessment, as the same companies lead the pack in terms of direct written premiums. However, certain companies (e.g., State Farm) appear to be gaining more from their investment than others.

This white paper explores the ever expanding role of digital for marketing, as savvy insurance marketers increasingly use digital channels and solutions to sidestep the confines of traditional outreach efforts, while striving to build active and productive relationships with customers that are contextually relevant and that result in quantifiable business benefits.

The Role of Digital in the Overall Marketing Mix

“As customers opt for digitally led experiences, digital marketing stops being a discrete discipline and instead becomes the context for all marketing. Digital marketing is now marketing in a digital world.”

Digital has affected all parts of the organization, and the way insurers market and sell to customers is no exception. The customer journey today is no longer linear, driven by exclusive channels and chronological steps; as such, marketing has shifted from a traditional sales funnel to a dynamic customer model. Consumers display distinct channel preferences across and within stages (e.g., obtaining a quote both online and through an agent). A recent McKinsey study noted that a personal auto insurance shopper considers an average of 4.5 carriers initially, with one carrier added later (representing non-linearity in the process), and generates an average of about 3.1 quotes, across online and offline channels.

Given this non-linear customer journey and a crowded carrier landscape, it is evident that more factors than “top-of-mind awareness” play a role in insurance purchases. This means insurers must focus not just on the first stage of creating awareness, but across all stages, as well – through research, quote, purchase and use.
Carriers have already made great strides in adopting new digital advertising tactics, but that is only one piece of the puzzle. Based on Google statistics, the largest vertical in Google’s AdWords revenue is auto insurance, with State Farm, Progressive and GEICO accounting for $110 million in keyword ad purchases in 2014. Allstate has shifted about 20% of its TV ad dollars (from 2012 to 2015) to digital media. Based on the Rocket Fuel survey, auto and life insurers can generate better ROI from their marketing programs by shifting budget into digital, which is currently under-utilized by most providers.

The point of contention however, centers not on “traditional marketing” vs. “digital marketing,” but on creating the right marketing strategy and mix, and ensuring that different channels work together cohesively. While traditional marketing is highly effective in reaching a large audience, digital marketing is better for creating a relationship with consumers that has depth and relevance. Television ads, for example, can offer a wide reach that can then be coupled with digital “calls to action,” such as an invitation to download the carrier’s mobile application, join the company’s Facebook page, etc. This turns passive engagement (which lasts about 30 seconds) into active interaction that is repeatable.

Additionally, as channels converge and technology advances, television and radio could eventually be open to programmatic marketing approaches (i.e., campaigns delivered on traditional channels such as television and radio, using algorithms that are based on individual customer/persona data, not unlike how online ads are pushed to consumers). Carriers and marketing executives must understand how digital marketing integrates with other channels to deliver customer-centric engagement. This requires the joining together of multiple teams and leads in defining how channels and processes will integrate, as well as understanding of the transformation needed with respect to people, processes, metrics and technology.

The Age of the Chief Marketing Officer

Many CMOs operate in a data-driven, highly segmented, customer-centric and multi-channel world, as pioneered by leading retailers and banking institutions. The CMO’s role is undergoing a renaissance; the role increasingly demands wider involvement across the value chain and organizational functions (see Figure 3). As a result, insurers’ marketing teams are experiencing a proliferation of new roles, such as chief digital officer, chief customer experience manager, customer success lead, etc. This reflects the touchpoints and the deep customer engagement required today to succeed.

To adjust to new responsibilities and deliver better results, CMOs are partnering with other C-level execs, namely the CIO and CFO. Digital activities – such as product experience, customer journey analysis and analytics – fall somewhere in between all these roles; the marketing team is working to bring all these together. When insurance giant USAA increased collaboration among its CMO, CFO and chief data analytics officer, the company claimed the partnership resulted in better business intelligence.

Marketing’s Evolving Role

![Diagram](image-url)
Marketing is increasingly becoming technology-driven (a science almost), supported by niche technologies across the digital marketing landscape, from ad exchanges to content marketing platforms and marketing automation tools (see Figure 4). As marketing teams increasingly rely on technology, a tighter integration with the CIO organization can help them understand which technology solutions will be a best fit with the business’s IT architecture. The IT organization also serves as a valuable partner in implementing, analyzing and executing on marketing goals.

While already large, the marketing technology landscape is expanding every day, and the alignment of CIO/CMO/CFO objectives is crucial for driving these initiatives forward. While carriers have made isolated efforts in various components of the marketing technology landscape, integration is slowly emerging as the most desirable feature of this technology. According to research by cross-channel marketing company Signal, 96% of marketers said a fully integrated marketing technology platform would help them reach their goals; 88% said it was crucial for driving innovation.10

Top Focus Areas for Digital Marketers

Business transformation calls for vast and enduring change, which may require a complete overhaul of the way marketing is conceptualized and executed. To be effective at digital marketing, carriers need to do more than re-budget or re-allocate funds; they need to focus on how they can better reach the right customers at the right moment with a message contextualized to them. While everyone agrees that a one-size-fits-all approach is outdated, even traditional segmentation and categorization approaches often fall short.

To enjoy marketing success, carrier efforts often need to be tailored to individuals rather than segments defined by demography or life stage. For example, two similar-aged new parents may take a completely different approach to researching and buying life insurance for their families.

As digital marketers strive to create and drive hyper-personalized campaigns, the following can help them deliver top- and bottom-line growth:

1. **Build a brand that resonates with customers, invokes positive associations and turns customers into strong brand advocates.**

Building a strong brand and driving a consistent message becomes especially challenging in insurance, an industry characterized by non-organic growth, siloed business units and reliance on intermediaries for distribution. Often, these intermediaries fail to consider the larger picture of corporate branding, leading to highly fragmented and diluted market positioning. The challenge for carriers is to unite these divisions to deliver a clear and consistent brand with appeal to its target audience. Our recommendations include:

- **Leverage insights derived from new and varied data sources (including non-traditional external data, such as social, demographic and behavioral) to deepen understanding of the target customer and deliver a message that aligns with the insurer’s vision.**
- **Design and deliver holistic and integrated experiences, across channels and platforms, proving brand allegiance to customers (rather than asking for the reverse).**
- **Be a curator rather than a content creator, increasingly relying on brand advocates/customers to create content (e.g., through social media).**

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**Digital Marketing Technology Landscape**

![Diagram showing the digital marketing technology landscape including Data Management Platforms, Content Marketing Platform, Publishing and Engagement, Social Marketing - listening and analytics, Predictive Analytics, Marketing Automation, and PR Database.](Figure 4)
Humanizing the Brand: American Family Insurance

While many insurers and their marketing agencies increasingly focus on creating witty ads that inject humor into the concept of insurance and its role in people’s lives, American Family Insurance (AmFam) is taking a different approach. It has worked to build a brand that embraces its tagline, “Insure Carefully, Dream Fearlessly.” The company is striving to elicit strong mindshare among consumers and encourage members to become content creators, with AmFam playing the role of curator. The insurer’s more successful campaigns include:

- **The 2015 “Signs of Support” campaign, delivered through digital, social, print and TV media:** The campaign showcased brand ambassadors and NFL players J.J. Watt and Kevin Durant paying surprise visits to fans. The campaign was created as a follow-up to consumer research that found people often don’t pursue their dreams because they don’t receive encouragement from friends or family. In the second phase of the campaign, the insurer elicited user participation (through social media), asking consumers to use the AmFam “Dream Fearlessly” brand hub to personalize messages and show their own support. These messages of encouragement were then tweeted by AmFam. Support signs were also showcased on the hub.

- **The 2014 “Get to the Game” campaign delivered through digital media:** This campaign, which ran throughout the high school football season, covered stories of select student athletes who embodied focus, both on and off the field, to achieve their goals. The campaign included brief interviews with the athletes, their parents and the coaches who supported them through the journey.

AmFam has won numerous awards for its strong marketing and advertisement efforts, such as for best social media campaign and best integrated ad campaign as part of the annual Internet Advertising Competition (IAC) Awards.

Humanizing the Brand:

2. Enter new markets, and capture new customer segments.

With their strong legacy, insurers have long focused on particular market segments. As a result, change comes hard for many of these companies. Digital marketing can help carriers alter their attitudes and behaviors and re-invent the legacy brand, at a pace, scale and cost that outperforms traditional channels. Our recommendations:

- **Design integrated experiences across the entire customer journey and across channels (intermediaries and direct).** Design thinking and customer journey analysis can help carriers better contextualize customer needs, wants and desires, and build effective messaging and engagement with them.

- **Identify content that resonates with prospects and target customer segments, and contextualize interactions across customers’ preferred channels with appropriate cadence.”**
Quick Take

Making Like Benjamin Button: State Farm Rejuvenates Its Brand

State Farm has a strong legacy. This 100-year old brand has a traditional agent model and is the top P&C insurance carrier in North America, in terms of written premiums. The insurer has maintained this position by stealthily investing in new market segments led by millennials. To reach this segment, State Farm’s focus has been on building conversations with young adults, across multiple channels and touchpoints throughout the journey. This includes numerous initiatives delivered in a multi-platform campaign:

- The insurer first designed a set of ads targeted at youth culture, delivered across various media. The ads could be viewed on Facebook and social media pages, where interaction allowed consumers to explore alternative endings and vote on their favorites.
- Additionally, it embedded games in online media banners to attract a youthful demographic.
- The company also made smart use of YouTube, embracing pop culture and even participating in commercial parodies of its own commercials.
- It also used social media, through a partnership with indie band Weezer, asking viewers to post videos posing questions to the band as they toured.

These campaigns have performed well for State Farm, according to Rocket Fuel research, which revealed a continuous upward trend in top-of-mind awareness for State Farm among auto customers during the ad’s run (2013 to 2015). This is in spite of the carrier’s flat spend on advertising. State Farm’s success is mainly attributed to its focus on millennials, with nearly one in three (27%) adults aged 18 to 24 listing State Farm as their top-of-mind auto insurer, compared with only 13% for Allstate, 12% for GEICO and 9% for Progressive, according to Rocket Fuel.
3. Improve lead conversion, drive cross-sell/upsell (and increase market share).

A 2015 general insurance consumer survey by financial services-focused information provider Verdict Financial revealed a significant opportunity missed by many carriers: Only 21.2% of car insurance customers also purchase home coverage from the same insurance provider. The findings highlight the opportunity that exists for carriers to expand the value of existing customers who have already bought into the brand offering. As insurer product teams become less siloed, and begin to embrace the value of a 360-degree customer view, digital marketing can help to effectively pursue this incremental customer value. Other data substantiates this trend:

- **Leaders in cross-selling have higher net promoter scores (NPS), longer customer tenures and favorable demographics, according to Bain & Co; numerous factors – not just marketing – can help carriers drive cross-sell/upsell efforts.**

- **Consumers increasingly demand personalization when purchasing products, while also seeking the convenience of managing multiple policies under one roof.**
Quick Take

USAA Succeeds with Cross-Sell Efforts

USAA mines customer data to inform its targeted marketing efforts, which may be triggered by a life event, such as offering additional auto insurance to a family when a child turns age 16. The insurer does this by using predictive models that mine demographic, behavioral and other data to build models that improve the accuracy of matching tailored products to target segments.


With insurers’ many customer touchpoints, it is vital for carriers to create strong customer engagement to help build loyalty, increase brand association and improve sales. The focus is moving to customer engagement, with the goal of building strong relationships, and establishing customers as brand advocates and increasing lead conversion. Our recommendations:

- To realize superior customer engagement, marketers must be able to integrate multiple, often siloed groups (across intermediaries and internal teams). This requires marketers to manage multiple moving parts and bring them together.

- New digital channels, driven by customer preferences and usage patterns, need to be leveraged to drive customer engagement. This includes channels such as interactive video, as well as technologies such as virtual reality and Internet of Things (IoT).
Quick Take

Interactive Videos: American Family Insurance and Security First Insurance

As insurance companies look for new ways to engage with customers, a few have delved into personalized and interactive video communications. Through an interactive video service, Security First Insurance allows policyholders to understand policy details and interact with the video to answer key questions. Additionally, American Family Insurance uses interactive videos to send new policy and renewal details to customers, allowing them to self-navigate through the video communication.

In addition to improving customer engagement, the approach can also help carriers answer questions, reduce call center queries and create opportunities for cross-sell/upsell.

Modern marketing (converging traditional and digital marketing) can deliver a range of benefits to carriers, from increased brand perception and loyalty, to improved customer NPS and market share (see Figure 5).

While return on investment (ROI) has traditionally been the most actively tracked metric, this may be too narrow of a measurement criterion in today’s digital age. New metrics, such as return on engagement and return on experience, may be more relevant as carriers look to track the effectiveness of marketing campaigns and their impact on customer relationships.

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Figure 5
Looking Ahead

The complexity of the marketing discipline will undoubtedly increase, fueled by the proliferation of new digital technologies that will keep marketing organizations on their toes and offer them a reason to retool their skills and revamp their strategies. While this poses a challenge, it’s a good problem to have, as it will lead to larger revenues, stronger customer loyalty and better customer engagement.

Marketing organizations that embrace new technologies and keep current with industry trends will drive the market and become front-runners in the digital age. These leaders will win by understanding their customers, making decisions in real-time and adapting quickly as individual customers’ needs change. Insurers that don’t make this shift may be rendered irrelevant and struggle to stay top-of-mind with customers.

Note: All company names, trade names, trademarks, trade dress, designs/logos, copyrights, images and products referenced in this white paper are the property of their respective owners.

Footnotes

About the Author

Aditi Saraf is a Senior Manager within Cognizant’s Insurance Digital Group. She has eight-plus years of insurance industry experience across business development, product management and consulting. Aditi’s experience includes business process redesign, solution design and execution, and functional and digital consulting for U.S.-based P&C insurers. Aditi holds a post-graduate degree in management from Great Lakes Institute of Management, specializing in finance, as well as insurance certifications from AICPCU. She can be reached at Aditi.Saraf@cognizant.com.

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