



CASUALTY ACTUARIAL SOCIETY

Ratemaking, Product, and Modeling Seminar



Banking & Insurance Group®

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2018 RATEMAKING, PRODUCT AND MODELING SEMINAR  
**PRODUCT MANAGEMENT WORKSHOP**

# Part 8: Marketing

Donald Hendriks, ACAS, ASA  
CARFAX Banking & Insurance Group

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# CASUALTY ACTUARIAL SOCIETY

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It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.

# Outline

- What is Marketing?
- Brand Recognition
- The Four P's of Marketing
- Pitfalls
- Group Discussion



# Marketing

**Marketing** is the process of teaching consumers why they should choose your product or service over your competitors'. If you're not doing that, you aren't marketing.

- Laura Lake

- Build brand awareness
- Let your customers know what your product does for them
- Impact the value proposition

# Brand Awareness

- Not the same as name recognition
  - Have you ever heard of CARFAX?
  - Did you know CARFAX has a Banking & Insurance Group?
  - Typically need 4-5 touches to build brand awareness
- Let your customers know you offer the product
- Build brand value
  - New products: Show your customers why this product is of value
  - Existing Products: Show your customers why this product is of more value to them than similar products offered by competitors

# The Four P's of Marketing

PRODUCT

PROMOTION

PRICE

PLACEMENT



# The Four P's: Product

## What we've been talking about all day

- Meets a need in the market
- Designed with the user in mind
- Ready for the marketplace



# The Four P's: Price

- Must be low enough to be seen as a value
- Must be high enough to cover losses and expenses
- Price can change perception of quality
- Can be impacted by exogenous factors
  - Regulatory and legal requirements
  - Competition and the underwriting cycle
  - Recent events
  - Seasonality
  - Location





# The Four P's: Promotion

## What people usually think of when they think of 'Marketing'

- Often most complex and expensive part of a marketing campaign
- Making potential customers aware of a product that suits their needs or wants
- Generating a higher perceived value
- Defines a brand or a brand image
- Several approaches can be used

## APPROACHES TO PROMOTION

ADVERTISING

SOCIAL MEDIA

TRAINING

SALES

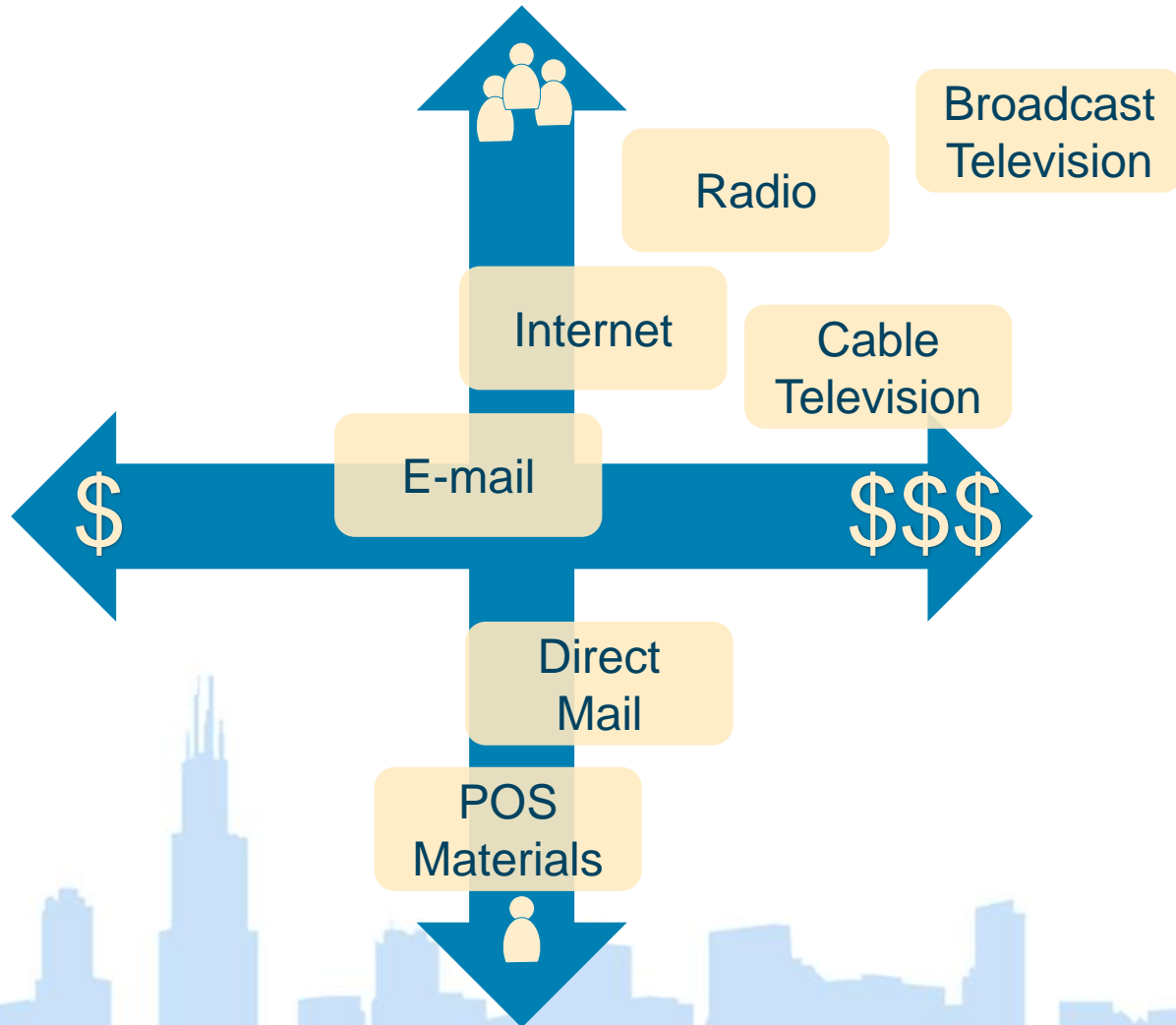
PUBLIC  
RELATIONS

EDUCATION

SPONSORSHIP

COMMUNITY  
INVOLVEMENT

# Promotion: Advertising



- Can change brand identity quickly and effectively
- Tends to be expensive
  - Significant up-front production costs
  - Significant ongoing distribution costs
- Significant tradeoff in audience size as price drops
- Mail and internet can be targeted with precision

# Promotion: Social Media

- Communications can be targeted
- Allows direct engagement with customers
- Easier to monitor success rates
- Much less expensive than traditional advertising
- Negative comments can be controlled or managed



# Promotion: Direct Marketing

- Marketing directly to existing customers
- May Require Disclosures
  - Notification requirements
  - Changes in terms and conditions
- Frequency
  - How much is enough?
  - How much is too much?
- Database Security and Management
  - Opt-out
  - No-Call Lists



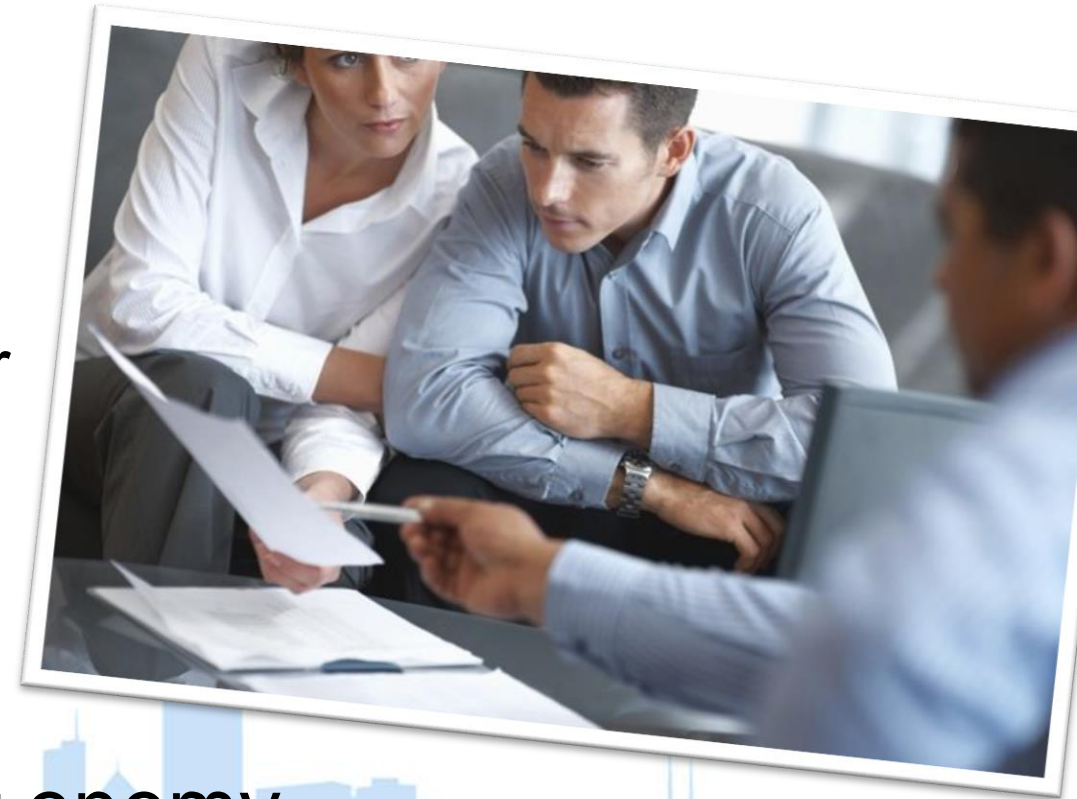
# Promotion: Training

- Particularly effective for Agency channel
- Gives seller of your product the knowledge they need to create value perception
- Builds relationships with sellers and brand identity with customers
- Moderate up-front costs and little maintenance cost



# Promotion: Sales

- Sales team is the eyes and ears of your product
  - Direct contact with customers
  - Know all the reasons your product is stands out
  - Know what customers are looking for
- Aimed directly at your target
- Best handled through relationship-building and training
- Can be your biggest ally – or worst enemy



# Promotion: Trade Shows and Education

- Shows company as a thought leader
- Communicate your product to a captive audience
  - Conferences
  - Webinars
  - Trade shows
  - Charity Events
  - Symposia
  - Product Management Workshops



# Promotion: Sponsorship and Public Relations

- Can be have a broad or narrow target
- Lots of opportunities
  - Charity events
  - Non-profits
  - Trade associations
  - School or community events
- **BE CAREFUL:** Sponsorships can backfire!





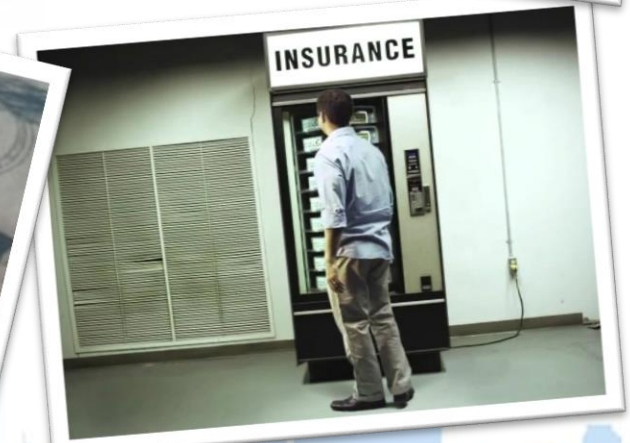
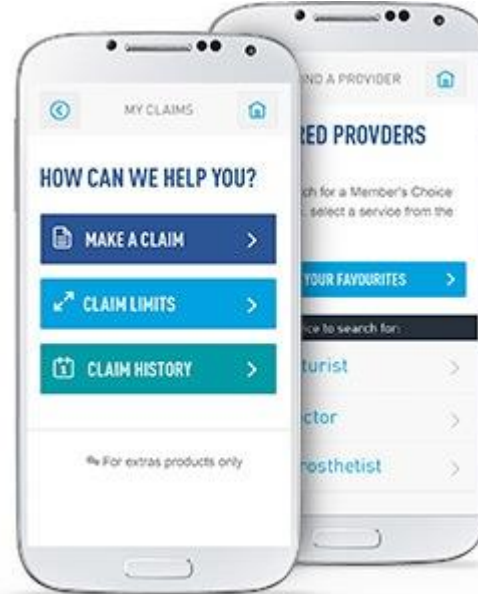
# Promotion: Stealth Marketing

- Promotion without the promotion
  - Community service
  - Magazine or newspaper articles
  - Public interviews
- Can be in conjunction with other corporate activities
- Can be highly effective in building brand recognition
- Highly targeted
- Require creative approaches



# The Four P's: Placement

- How will the product be sold?
  - Roll-on
  - Face-to-Face
  - Internet or Phone App
  - Retail setting
- How to get the product to the customer
  - Delivery of services can be complex
  - Customer must know how to access the product



# The fifth P: Pitfalls

- Missing your target
  - Sending the wrong message
    - Overpromising
    - Sending conflicting messages
  - Sending the message to the wrong audience
  - Getting lost in the shuffle
  - Not sending the message at all
- Cost
  - Overspending
  - Underspending
- Underestimating the market
  - Competition
  - Underwriting Cycle





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**YOUR NEW PRODUCT**



1. What is your overall marketing strategy?
2. How will you use each of the following to build brand recognition:
  - Product
  - Promotion
  - Price
  - Placement
3. What are some potential pitfalls? How will you avoid them?

