

Focus on Customers in Changing Times

Best practice from Romania

27 May 2009

FIAR, Sinaia

Structure

- Context
- Opportunity
- Action
- Examples
- Some suggestions

Context

- “Feel-bad” market sentiment
- Empty pension accounts
- Cancellations, downgraded and lapsed business across life, health, travel, car etc
- Operational costs cuts
- Pressures from all directions....

Opportunity

- Insurers planning to prosper through the downturn need something ***new, solid, and immediately actionable***
- Consumer & household-specific data is crucial in accurately assessing where shifting attitudes are leading to altered behaviour. When combined, the two data inputs offer a source of exceptional clarification of how Romania is reacting to new, challenging and changing times
- **If you get to know your customers better you will be able to -**
 - Retain and loyalise
 - Predict behaviour
 - Mitigate churn risk
 - Maximise their value to your business

Your customer data

- *“I don’t have time to worry about the customer data. My job is to increase brand awareness and lead generation. I don’t have the time to go through our data, and our CRM is not yet a resource to use. I have targets to meet, somebody else should take this (data) responsibility”.*
 - Understand the data you have
 - Take it a step at a time
 - Focus on the key areas



Data is a source of value rather than cost

Being compliant

- *“There are so many rules and regulations to abide these days. Even keeping up to speed is challenging and ticking all the compliance boxes is so time consuming”...*
 - Understand the regulations important to you
 - Get to grips with the principles
 - Devise an action plan

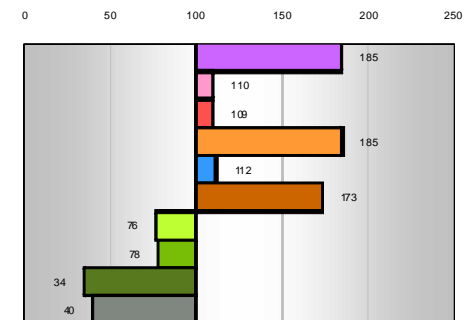
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***Start with a clean address database to
save money***

Cutting budgets

- *“Why is my budget for marketing the first to go? Marketing is seen as money wasted on TV adverts rather than a lead generating company resources. Our Directors don’t know what we have got until it is gone!”*
- Track your activity to prove ROI
- Reduce waste to save valuable budget
- **Profile for better targeted marketing**

Mosaic Lifestyle Groups	Target	%	Base	%	Pen. %	Index
A Symbols of Success	4,136	4.88	437,644	2.64	0.95	185
B Thriving Enterprise	2,783	3.28	495,898	2.99	0.56	110
C Regional Prosperity	4,769	5.62	853,303	5.15	0.56	109
D Backbone of Romania	11,439	13.49	1,208,721	7.29	0.95	185
E Industrious Life	18,159	21.41	3,179,151	19.17	0.57	112
F Provincial Make-do	24,537	28.93	2,771,547	16.72	0.89	173
G Life in the Country	6,485	7.65	1,657,843	10.00	0.39	76
H Struggling Village Life	2,301	2.71	578,651	3.49	0.40	78
I Old and Poor	4,777	5.63	2,715,848	16.38	0.18	34
J Lowest Horizons	5,424	6.40	2,682,152	16.18	0.20	40
Total	84,810	100	16,580,758	100	0.51	100



E20 – Educated Service Workers

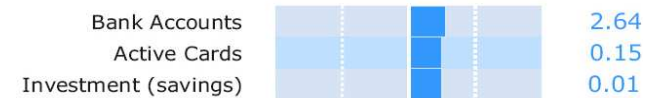
Type E20

- Solid working age
- Small families
- Good education
- Educated skilled blue collar
- Modest housing
- Modest incomes
- Respected in the community
- Middle class family values

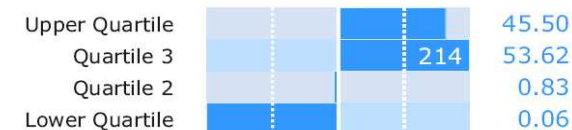


- Rank 1st for Study Cover
- Rank 3rd for all other products including Pensions
- They tend to have bank deposits
- Are a good target for Insurance
- **Change path: upwardly mobile**

Personal Banking



Purchasing Power Index

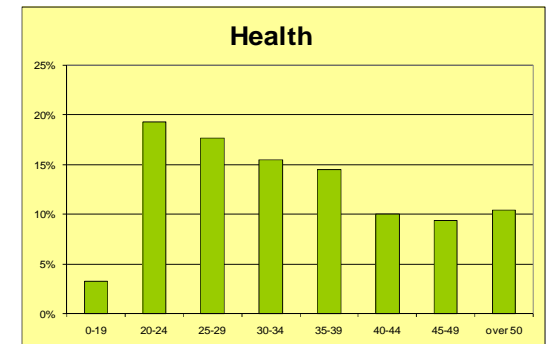
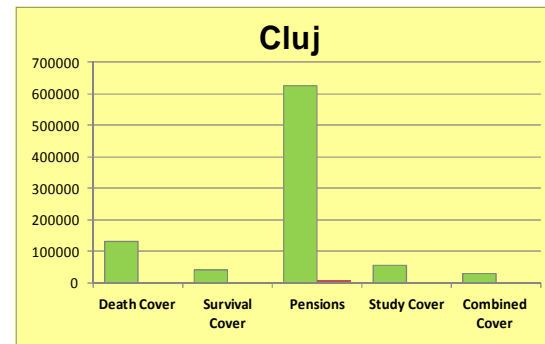
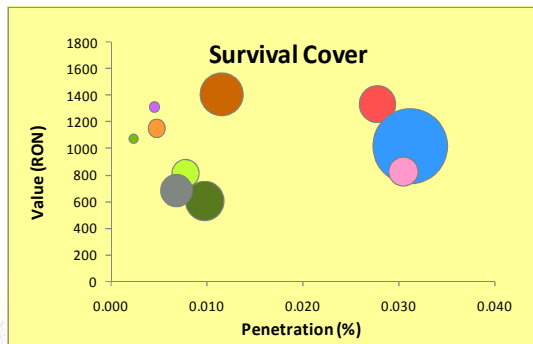


Social Grade

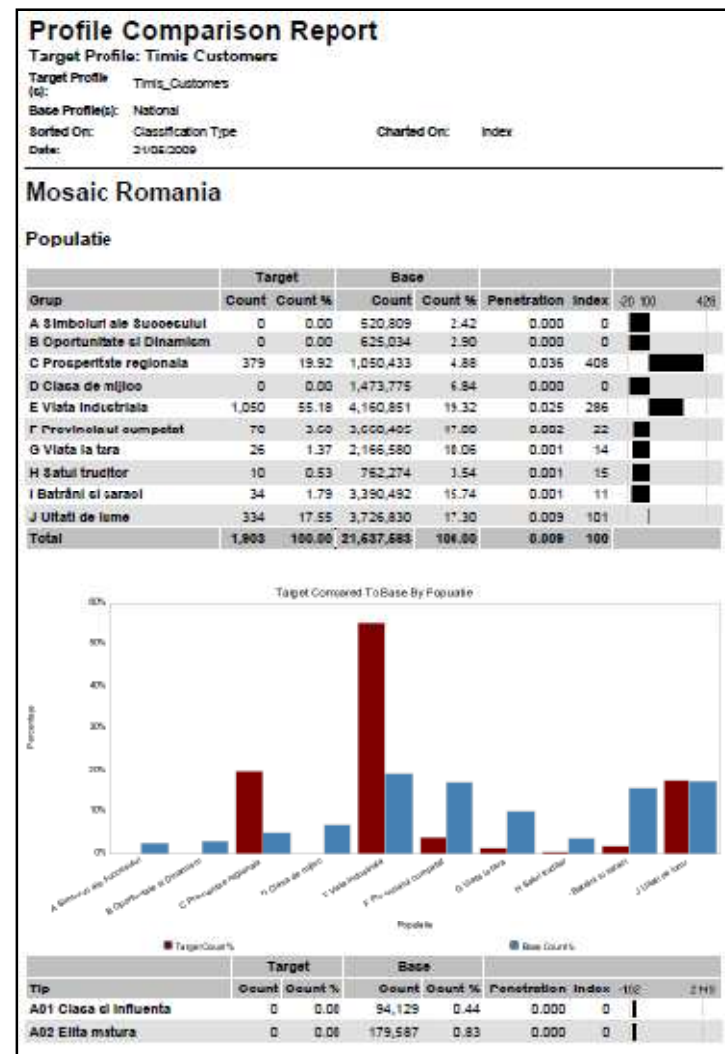
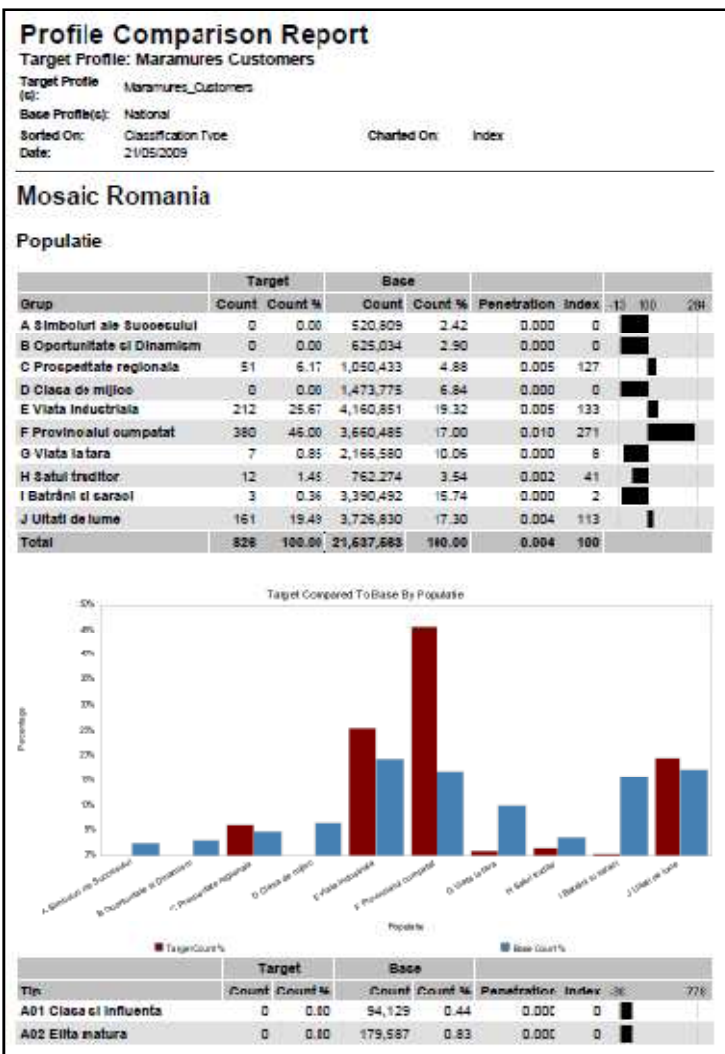


Changing strategies

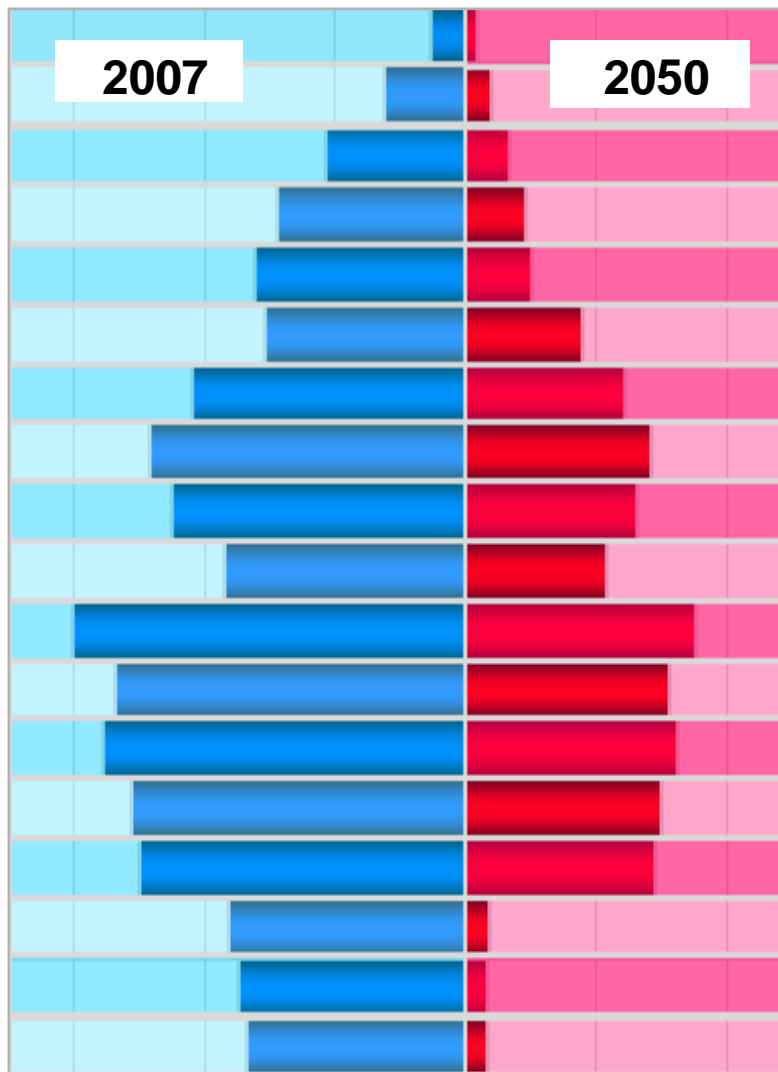
- *“Previous years have been about acquisition, now it is retention. The economy is turned upside down and so has our strategy. Our Board expect us to change our strategy, tactics and plans overnight. Are there any quick wins here?”*
 - Identify your valuable customers
 - Love your profitable customers
 - Treat your customers differently



Measure & improve



Demographic time-bomb



We all have to plan for the future which is arriving one day every 24 hours!

Customers need confidence and knowledge to plan insuring their future.

Confidence means trust, respect and education.

An on-going responsibility for all players.

Mosaic Romania Groups

	Group A	<i>Symbols of Success</i>	<i>Simboluri ale succesului</i>
	Group B	<i>Thriving Enterprise</i>	<i>Oportunitate și dinamism</i>
	Group C	<i>Regional Prosperity</i>	<i>Prosperitate regională</i>
	Group D	<i>Backbone of Romania</i>	<i>Clasa de mijloc</i>
	Group E	<i>Industrious Life</i>	<i>Viața industrială</i>
	Group F	<i>Provincial Make-do</i>	<i>Provincialul cumpătat</i>
	Group G	<i>Life in the Country</i>	<i>Viața la țară</i>
	Group H	<i>Struggling Village Life</i>	<i>Satul truditor</i>
	Group I	<i>Old and Poor</i>	<i>Bătrâni și săraci</i>
	Group J	<i>Lowest Horizons</i>	<i>Uitați de lume</i>

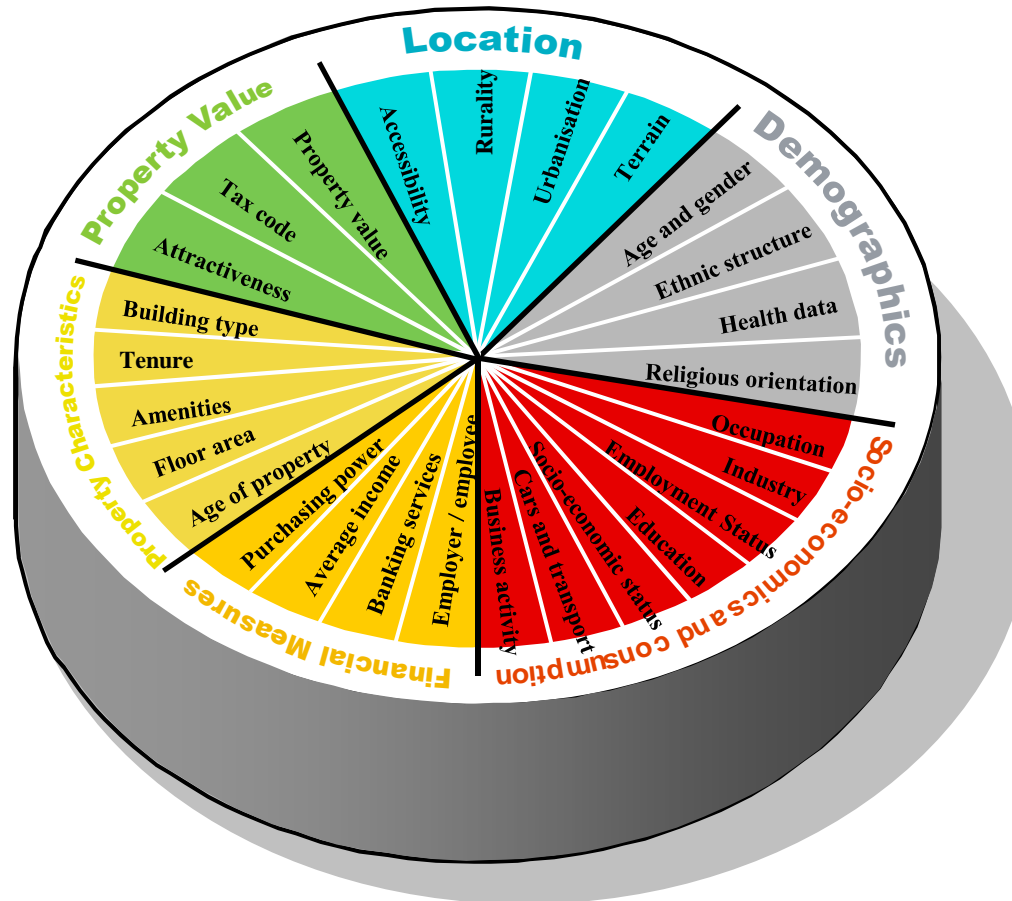
The Mosaic Groups are sub-divided into 45 different Types

Mosaic Romania

Group	Mosaic Group Description	% Households	Type	Mosaic Type Description	% Households
A	Symbols of Success	2.59	A01	Influence and Leadership	0.53
			A02	Mature Elite	0.96
			A03	Corporate High-flyers	1.10
B	Thriving Enterprise	4.42	B04	Restless Traders	1.03
			B05	Touristic Heritage	0.46
			B06	Suburban Ambition	2.09
			B07	High-growth Logistics	0.84
			C08	Academic Success	0.69
C	Regional Prosperity	5.61	C09	Educated Professionals	0.95
			C10	City Entrepreneurs	2.92
			C11	New-wave Energy	1.05
D	Backbone of Romania	7.20	D12	Educated Middle Class	1.81
			D13	Settled Families	0.30
			D14	Office Managers	1.58
			D15	Modest Public Sector	0.86
			D16	Solid Middle Class	1.45
			D17	City-edge Artisans	0.77
			D18	Peripheral Traders	0.43
			E19	Skilled Blue Collar	3.17
E	Industrious Life	18.46	E20	Educated Service Workers	5.01
			E21	Settled Provincial Life	2.83
			E22	Industrial Suburbs	0.60
			E23	Provincial Service Support	2.98
			E24	Declining Industry	3.87
F	Provincial Make-do	15.84	F25	Small Provincial Enterprise	3.16
			F26	Modest Hospitality	0.95
			F27	Small-town Life	5.67
			F28	Daily Grind	4.50
			F29	Mining Strugglers	1.56
G	Life in the Country	9.24	G30	Tidy Villages	5.44
			G31	Grey Old Age	3.30
			G32	Marginal and Needy	0.50
H	Struggling Village Life	3.58	H33	Striving Families	1.14
			H34	Austere Living	1.37
			H35	Edge of the Forest	1.07
I	Old and Poor	17.53	I36	Defence Villages	0.55
			I37	Needy Grandparents	5.42
			I38	Slow Villages	2.23
			I39	Old, Lonely and Poor	3.03
			I40	Painful Poverty	6.30
J	Lowest Horizons	15.54	J41	Marginal but Hopeful	5.98
			J42	Traditional and Multi-cultural	1.85
			J43	Young Roma	2.03
			J44	Burdened Poverty	0.86
			J45	Poorest of the Poor	4.82

- Mosaic is a 'Currency' used in over 25 countries, for over 1 Bn people worldwide to classify consumers by their lifestyle and area where they live
- Every Mosaic Type is a stereotype for ~ 60 households in Bucharest and ~ 200 in the country

Key Variables - Mosaic Romania Geo Strategies



196 Neighbourhood Characteristics

Where do they live?



Recommendations

- Focus on retaining and growing existing customers
- Get your data cleaned and enhanced
- Analyse and segment so that you are proactive in understanding emerging behaviour
- Profile, target, measure and report performance vs potential by area
- Develop a data analytical & insight capability; this is fundamental for strategy, sales and effective 1:1 marketing
- Support papers:
 - Succes in Marketing in timpuri dificile
 - Pastrarea si maximizarea valorii clientilor
 - Business Intelligence for Insurers
 - *More on www.mosaic.geo-strategies.com*

Make the most of your data to grow profitably even in changing times!

Geo Strategies



Daniela Florea
Geo Strategies Ltd
St John's Innovation Centre
Cowley Road
Cambridge CB4 0WS
United Kingdom
D: +44 (0)1223 205080
M: +44 (0)778 0660 763
E: daniela.florea@geo-strategies.com
W: www.mosaic.geo-strategies.com