

Case Study: RIAS

Specialist home and motor insurer for the over 50s undergoes data overhaul with dramatic effect

Following a comprehensive shake up of its entire data universe, RIAS Insurance for the over 50s is celebrating a happy ever after ending, all of its own. Driven by an initiative to better understand all of the company's home and motor insurance customers and prospects, RIAS has reduced its data costs by £400,000 per year, increased inbound sales by 55% and dramatically improved business efficiency – and managed to further increase its call centre staff motivation. How? Using Flexpoint™ from Marketing Improvement.

Background

Established in 1992, RIAS attributes much of its early success to affinity relationships with organisations such as B&Q, PDSA, JD Williams, News International, Candis and others. The company employs a 400-strong call centre team in Bournemouth, Dorset to conduct outbound telemarketing to the customers and members of its affinity partners. Cross selling its insurance policies under other big brand names was not only very innovative in the early nineties, but also very popular with customers. The retention rate of its policy holders is high, with between 80% and 85% choosing to remain with RIAS every year.

It was in 2002 that the organisation re-branded itself from the Retirement Insurance Advisory Service to RIAS Insurance for the Over 50s, to support its strategic focus specifically on that market place. The size, lifestyle and spending power of the over 50s insurance market proved very lucrative for RIAS, whose expansion ever since has mushroomed at the rate of 33% year on year.



RIAS aligns that success with a clear strategic direction and strong internal vision coupled with the company's unquestionable expertise and credentials in its field. That winning formula was consolidated by the marketing team with off-the-page advertising, door drops and magazine inserts. However the company's exponential growth created several new issues.

The Challenges

Like many other organisations, RIAS had in recent

years, felt the impact of the Data Protection Act (DPA), the preference services, rising X-Directory listings, poor auto-dialling practices by other organisations and questionable service from overseas call centres. The company needs to make 3.5 million connected sales calls per year, which was becoming a challenge against a trend of dwindling prospects.

Consequently, RIAS was spending too much on buying in data. The data team became pressured to create a file each day to load into the auto-dialler in order to keep the telemarketing agents busy. RIAS was eventually buying one million records each month at market rate, because it simply needed such large volumes of it to satisfy the sales process. This became not only unacceptably expensive, but led to the outbound telemarketers 'cherry picking' the calls they wanted to make. Whilst the call centre operators knew that their quotes were genuinely competitive, they questioned the quality of some of contacts available to them, discarded them and consequently began to burn through the database far too quickly.

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Emma Inston, the Marketing Director at RIAS explained, "I joined RIAS at a really interesting point in its growth. It was clear that we needed a much greater understanding of our total customer universe," she continued. "Our ideal was to hold the names and addresses of all 11 million relevant households in the UK, and to know how to best reach out to the occupants. We already owned around four million through purchased survey data, as well as another four million gleaned from our direct response media. According to the National Office for Statistics, that left us with a prospect data gap of two-three million households," added Inston.

The Data Grail

As one of the most expensive tools in the marketing mix, Inston was keen to ensure that the company's outbound telemarketing was used to optimum efficiency, and that the call centre staff remained moti-

vated. She continued, “Our Holy Grail was to achieve the perfect mix between outbound and inbound marketing, using each of the marketing tools to their specific strengths. For example, the customer records we hold that have no policy renewal dates data, will get door drops from us rather than a phone call.”

RIAS also set out to regain a high level of quality, particularly for its affinity partners, and wanted to halt the incidence of buying data that it already owned. “We wanted to know the true cost of customer acquisition,” Inston elaborated. “Prior to that point our analysis was being skewed by quote rates that weren’t actually being converted into policies.”

Painless Process

RIAS dismissed the idea of a CRM system as likely to prove too costly and ineffective. The company was also conscious that its own IT department was already very busy with mission critical operations, and would have needed additional resource and significant financial investment for such a project.

Instead, they turned to Paul Schulz, Data Insight & Strategy Director at specialist agency, Atrium Group. They used Equifax data to build a universe of everyone over 50 in the UK – a total of 17 million contacts in 11 million households, including 12 million telephone numbers. That equates to approximately 95% of the total available over 50 population in the UK. Using Schulz’s unique FlexPoint solution, RIAS was able to identify customer groups where cost of sale is higher than the profit margin. In other words, the customers that are having a negative effect on profits and that should be removed from outbound marketing activity. “It’s another form of segmentation,” explained Schulz, “But, the difference is that Flexpoint is based on how people actually behave in relation to your product or service. Not someone’s theory of how they *might* behave.”

The project got underway by using the results of the company’s past direct marketing to group all the contacts in its database by the relative cost of generating a response and/or sale. As it used the actual cost of that outbound marketing effort, it clearly showed where the best opportunities lay. Schulz continued, “Think of it like this: every time you undertake any direct marketing you are asking people to ‘vote’ for your campaign. By looking at that pattern of voting over time, and the demographics of the people you have marketed to, Flexpoint identifies the ‘floating voters’. It marries Ken Arrow’s Nobel Prize winning Theory of Social Choice

and a series of practical algorithms and methodologies.”

Using Flexpoint, RIAS ranked each contact in its database on their propensity to buy, which meant segmenting its data in more than 600 ways.

Happy Ever After

The outcome reads like a work of fiction. The RIAS data universe project was delivered on time, on spec and on budget. Inston continued, “The project has paid for itself without a doubt. In fact, we’d recouped our expenditure within two months - even before we’d started using the propensity modelling,” she added. “It’s had a



very positive effect on our cost per sale and on business performance in general. The cost of buying and processing data is much lower, and our call centre management is now armed with a powerful tool for team motivation and rewards.”

RIAS reports that inbound sales have risen from around 5% to 60% over the last two months, and that profitability has also climbed. The cost of data acquisition has fallen by more than £400,000 per year.

Inston summarised, “It was a good decision to use specialists. I think it’s particularly important when you want to create such an enormous thing to follow best practice.”

Next Steps

To find out more about how FlexPoint can transform your sales and marketing, call us now on +44 (0) 1189 880 321. Or visit our website at www.atriumgroup.com