

Targeting the Bottom Line: Insurance Giant, AEGON SMG Develops Profitable Relationships Through CRM

Traditional insurance companies are facing more competition than ever because of deregulation. In the same ring contending for business are financial services companies, online insurers and, most recently, traditional and e-banks.

Rising to the competition, many insurance companies are shifting their focus from product to customer, paying more attention to finding and retaining profitable customers than on trying to get as many customers as possible to increase market share. Establishing a unique, one-to-one relationship with customers is a primary goal.

On the leading edge of this new customer-focused paradigm is insurance-giant AEGON Special Markets Group, Inc. (SMG), one of the world's ten largest insurance groups ranked by market capitalization, assets and net income. AEGON Special Markets Group, Inc. is the direct marketing arm of AEGON U.S.A., the U.S. subsidiary of AEGON N.V., based in the Netherlands. Most of AEGON SMG's business is in life insurance, pensions and related savings and investment products, with major operations in the United States, the Netherlands, the United Kingdom, Hungary and Spain.

Since 1998, AEGON SMG has been using the campaign management software Producer™ by Protagona Worldwide (formally Recognition Systems), to implement its marketing strategy. Producer analyses customer data to deliver unique customer experiences consistently across all marketing channels, including direct mail, call centers, direct sales, and the Web.

"Producer ended up paying for itself within the first three months of use," says Karen Maseroni, vice president of marketing support for AEGON SMG, who now has been using the software for almost two years. "It gives us more control and flexibility and has delivered on its promise to be cost-effective."

By using Producer to implement a marketing strategy, AEGON SMG is able to deliver influential messages and consistent customer experiences, resulting in a high rate of financial return and increased customer loyalty.

An integrated, streamlined solution

Prior to implementing Producer, AEGON SMG outsourced its marketing process to several vendors, which resulted in more time-consuming and costly marketing campaigns. The company was looking for a way to streamline the process.

"By bringing campaign management in-house with Producer, AEGON SMG has reduced the amount of time it takes to execute campaigns, gained more flexibility and control of the marketing process and reduced campaign costs," says Maseroni.

"With the old system, it took up to six weeks to execute a campaign, mainly due to having to work with several vendors. Now," Maseroni says, "campaigns can be executed in three to five days, from start to finish, and the cost for a targeted campaign is reduced by 30 to 50 percent."



Producer has centralized control over the entire campaign process. It also effectively integrates with other systems in AEGON SMG's marketing architecture.

"We chose Producer because it was the only system we found that integrated modeling, scoring and campaign management into one application, and this is what we were looking for," says Maseroni.

Additionally, Maseroni is pleased with the usability of Producer. "It delivers a user interface that is intuitive and easy to navigate, enabling marketers to be very productive – and not have to rely on the IT department."

Smart marketing

AEGON SMG has a large, sophisticated database of policyholders and prospects and conducts more than 150 campaigns every year, focusing primarily on outbound telemarketing and direct mail. The average direct mail campaign involves around one million pieces.

As customers become more bombarded with marketing messages from all types of businesses, it is critical for AEGON SMG to get the maximum value from each customer contact. Each interaction, or "touch point," with the customer generates data to enhance the insurer's knowledge of its customer base. This knowledge is used to shape subsequent interactions according to the needs of the policyholder.

With Producer's modeling tool, AEGON SMG can set up campaign management "rules" to ensure prospects are not over-promoted. Limits can be set on the number and frequency of offers a prospect receives and a ranking tool helps identify the best product and/or offer for a particular customer. Marketing operation groups are then able to control the sequence of promotions, or "campaign streams," for specific marketing segments.

AEGON SMG marketing groups have a wide range of flexibility and can construct campaigns using any element in their extensive customer database, according to Maseroni. Producer allows the company to effectively cross-sell and up-sell to its best and most profitable customers while searching for new customers. This information can then be communicated within the organization to the groups responsible for customer service. The customer service reps are then aware of any number of campaigns a customer may have received and are able to individually help that customer. This is the beginning of the one-to-one customer experience.

For example, a life insurance policyholder receives a direct mail piece with a customized offer for another good or service. When the policyholder phones a call center representative to express interest in the offer, the telerep can suggest a sale that is an up-sell or cross-sell, based on recommendations provided by Producer – which models the customer's anticipated behavior based on criteria established by the company.

After a given campaign, AEGON SMG can track its results and create reports to determine the campaign's effectiveness.

"We have seen increasing response rates to our insurance promotions using Producer," says Maseroni, who explains this has a direct impact on marketing costs. "More effective campaigns mean we are getting a better return on our marketing dollars."

