
Control your customer assets

Your agency may depend on it

By Alan Goldstein

The most valuable sales and marketing-related asset of a professional insurance agency is almost always its client base. Yet, how many agencies systematically look for opportunities to exploit—and defend—this important asset?

By developing a centralized marketing database containing intelligence on the agency's customers and prospects, managers, producers and customer service representatives can do a far better job on both defense and offense.

Where is your data now?

Before you build a marketing database, you have to identify from where the data will come.

Customer information.

Most agencies today use an agency management system to store core data about their accounts, which in turn makes it much easier to establish a marketing database. However, the AMS rarely has all of the data essential for effective marketing. For example, detailed information about individuals within a customer organization may reside only on business cards sitting on a producer's desk.

Prospect information. Agencies sometimes store information on prospects in their AMS, but it will generally only be those prospects that have received quotes. Few, if any, will store information on their complete universe of potential accounts.

Unless you already have constructed a comprehensive list of prospects, you should consider the purchase of prospect data from commercial sources, and that



demands a careful definition of your target markets—we will examine this issue a little later in this article.

Where are you heading?

For a marketing database to be truly effective, you should start by thinking about how you will use it. That may prompt a strategic review of your business, starting with the kind of agency you are now and what kind of agency you would like to build. This conversation will lead you to think about two courses of action.

Defend. While some business loss is hard to avoid, you won't make significant forward progress if you are replacing lost accounts constantly. Your marketing program should therefore include defensive measures to ensure that you do not lose accounts to competitors.

Exploit. Focus on the opportunities, in both new and in existing accounts, that will help you best realize your long-term objectives including growth, profitability and desired customer and business profiles.

Once your objectives have been established, you can better define your markets, including your targeted industries and coverages, along with the company size and geographic profiles that you wish to pursue.

Since your database will include both prospects and existing accounts, you will have an opportunity to make some interesting discoveries. For example, with a reasonably complete list of accounts and prospects in your target markets, you can develop a penetration analysis by market segment. This will help you quantify your previous successes, and better understand the growth potential of each market segment.

Acquiring prospect data

There are numerous commercial-data sources covering both business and consumer markets, but the prospect portion of your database generally will be limited to business accounts. Bear in mind that purchasing data does not convey ownership, but rather a license to use the data for specific purposes.

Make sure any data you purchase includes an unlimited-use license for the specific uses (i.e., telemarketing, mailing and so forth), for which you plan to use the data.

Gathering account data

If your AMS has an export capability, you can use this data as a starting point for your marketing database. Also, ask your staff to gather business cards, paper files and computer files with relevant information on your accounts, but do not allow that effort to interfere with the creation of your database. Generally, this information can be entered item by item after the core database is assembled.

Applications of your marketing database

Once assembled, the database will have potential applications in many departments. Decide early on how you plan to use the database, so you do not spend time collecting the wrong data at the expense of data that can really drive your success.

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Some typical applications include:

Strategic planning

- Use the intelligence in your database to profile your customers and prospects, so that you can plan your business around the composition and needs of your markets.

Marketing

- Profile your customers and prospects, to determine how many are likely to be responsive to a given campaign, to determine if said campaign is worthwhile; and

- Use the database selectively to target customers and prospects with for a particular promotion (this is particularly important for more costly media, such as direct mail and telemarketing).

Producers

- Profile your customers to identify your best markets;

- Use your database to contact systematically the accounts in your territory that are ideal targets for a specific product;

- Manage your calls and follow-up; and

- Search for reference accounts for a particular product or market segment.

CSRs

- Record customer interactions, so that you have a contact history at your fingertips when talking to the customer; and

- Identify cross-selling opportunities within specific accounts.

The outbound-marketing program

The final step in developing your marketing database is determining the outbound-marketing methods, such as e-mail and direct mail that will use the data. When you select a technology platform, one of your primary criteria should be robust support of those methods.

None of the marketing methods discussed here is uniformly superior for all applications. Each has advantages and disadvantages, and is best suited to certain applications. Let's consider how each of these methods might be

used alone, and in conjunction with other methods.

Direct mail. Postal mail has long been one of the most reliable means of generating sales leads. However, there are two issues that may impact its potential success in your marketing program.

First, because it requires the creation and delivery of a physical mail-piece, the unit cost of an advertising exposure is relatively high. In addition, the cost of postage has outpaced inflation, placing a high floor on the cost of any mailing.

Secondly, direct mail works best with a highly targeted audience, such as companies within a specific industry segment. Often, it will be difficult for an agency to recoup their mailing costs with a program targeted to an amorphous general consumer or business audience.

E-mail. E-mail has the overwhelming advantage of a low potential cost per exposure, since it does not depend on the creation or delivery of a physical entity. And, therein is the Achilles heel of e-mail.

Criminal spammers send out millions of e-mails to promote scams

such as identity theft and the sale of fraudulent or dangerous products. E-mail from legitimate businesses is often lumped together with these fraudulent e-mails in the minds of recipients, who may not have the knowledge to tell the difference. As a result, cautious prospects may only respond to an e-mail if they already know your agency.

There are several ways to take full advantage of the low unit cost of e-mail, they are:

- to reach existing customers;
- to reach prospects who are already familiar with your company; and
- in conjunction with other marketing efforts, such as direct mail, print advertising or sales representative contact.

In these situations, e-mail can allow you to increase dramatically your frequency of contact while remaining within a budget that you can afford.

Telemarketing and Sales.

Telemarketers are usually distinguished from sales representatives in that their conversations are scripted. Telemarketing has become popular for lead generation,

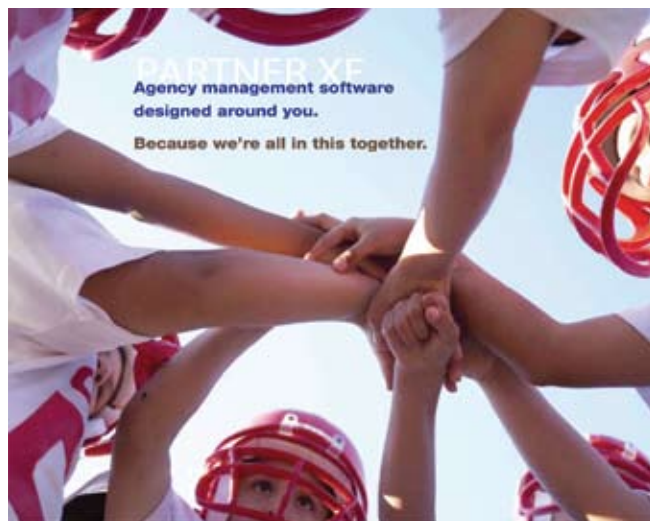


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with company sales staff performing follow-up on leads generated by telemarketers. Telemarketers may either be employed directly by your agency, or by an outside telemarketing firm.

Print and other mass advertising.

Print gives you broad exposure at a reasonably low unit cost, but it is not usually as effective as postal mail for lead generation. The primary issues in using print are the availability of suitable media targeted to your desired audience; the percentage of the readership with suitable profiles; and high minimum costs, since you are forced to advertise to the entire circulation of the publication.

Your Web site. Unlike the other marketing tools, this is primarily an inbound medium. The reason that the Web site is included in this discussion is that most other (outbound) media won't work nearly as well without a properly functioning, attractive and information-rich Web site optimized to enhance your outbound marketing efforts.

The technology platform

There are a number of different technology platforms that can be used to build a marketing database:

Agency management system.

Many systems include features designed to support marketing. However, the primary purpose of an AMS is to support accounting, so this is generally not a good platform to drive your marketing ventures, as it probably lacks effective tools for critical functions such as profiling accounts and managing the creative content of a campaign.

PC-based contact managers, including workgroup editions.

The best of these systems are quite good at managing contacts. They typically are better at managing individual prospects than connecting together individuals within a company, so they may not be your best choice if you target mid sized or greater businesses. PC-based contact managers generally have limited tools for managing the creative content of an e-mail campaign.

Enterprise customer relationship management systems. While these systems address some of the limitations of PC-based contact managers, generally they are priced for large corporations with hundreds or thousands of users. They are almost always customized around the customers' workflow, resulting in costly implementation cycles lasting from several months to several years.

Web-based sales and customer relationship management systems.

This software category, sometimes referred to as SaaS (software as a service), has several advantages for the typical insurance agency, including relatively tiny startup costs, fast implementation and accessibility from any location with Internet access. This is particularly important for a producer who spends a significant portion of his or her time outside of the office.

The one benefit that all marketing database platforms have in common is that properly applied, they allow you to apply structure to your marketing and sales efforts. This in turn will result in higher productivity from your sales staff, more effective use of your marketing budget and most importantly, a consistently high mindshare among members of your target audience. ■

Goldstein is president of The Computer Studio, a Yonkers, N.Y.-based software and Web developer. He works with carriers, wholesalers and retail agencies in formulating their online strategies, designing their corporate Web sites and information portals, and implementing Web-based systems for customer service, sales, marketing and Web site content management. Goldstein can be reached at AJG@WebBusConnect.com.



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