



## Corona Direct

*Insurance company increases long-term customer profitability by 20 percent*

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### Overview

#### Business Challenge

Corona Direct is Belgium's second largest direct insurance company. To sustain its current level of growth, Corona Direct's customer acquisition campaigns needed to be profitable. Historically, the cost of securing new customers exceeded first-year revenues by almost 50 percent.

#### Solution

The company turned to IBM SPSS predictive analytics software solutions to efficiently create, optimize and execute their outbound marketing campaigns. Campaign costs were reduced by 30 percent – making them profitable. Additionally, long-term customer profitability increased by 20 percent, product sales rose significantly and payback for the cost of the implementation was achieved within six months.

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### Situation

Founded in 1931, Corona Direct is Belgium's second largest direct insurance company, employing 150 people and generating revenues of \$69.3 million in 2009. A subsidiary of the Belgian-French banking and insurance company DEXIA, Corona Direct provides customers with products such as car, fire, and property insurance.

Corona Direct markets to prospects and customers through four channels:

- Direct marketing
- Call center
- Website
- Affinity insurance writing (through which it underwrites insurance programs for third-party vendors)

### Critical issue

Corona Direct has been growing rapidly. Direct marketing campaigns play a key role in this growth, enabling Corona Direct to acquire new customers by offering attractively priced insurance products. To sustain its current level of growth, Corona Direct's customer acquisition campaigns need to be profitable – that is, first-year revenues generated from new insurance policies should pay for the cost of the acquisition campaign. However, in the past, the cost of securing new customers exceeded first-year revenues by almost 50 percent, putting Corona Direct's growth strategy at risk.



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*“Two years ago we were mailing four million letters annually at an average cost of \$.50 per letter. We decided on a strategy that would help us mail less while maintaining our prospect conversion rate, so we looked for software that would allow us to achieve this goal. After modeling using IBM SPSS software and then fine-tuning our prospect mailings, we were able to reduce our costs by 30 percent while maintaining new customer conversion rates.”*

— Philippe Neyt, Commercial Director,  
Corona Direct

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### **Solution**

To turn its unprofitable acquisition strategy into a profitable one, Corona Direct turned to IBM SPSS predictive analytics software solutions. The software enables Corona Direct’s marketers to efficiently create, optimize and execute their outbound marketing campaigns. By using predictive analytics, Corona Direct automatically identifies groups that are likely to respond to a campaign. The company can then perform a sophisticated profit-cost analysis – balancing growth targets against profit margins. With this dual focus on likelihood of response and expected profitability, Corona Direct is able to optimize its potential for growth.

### **Results**

As a result of using IBM SPSS predictive analytics software solutions, the company’s acquisition campaigns are now profitable. First-year revenues cover campaign costs, enabling Corona Direct to sustain its growth strategy.

In addition:

- Campaign costs have been reduced by 30 percent
- Long-term customer profitability has increased by 20 percent
- Product sales have risen significantly
- Payback for the cost of the implementation was achieved within six months



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*“IBM SPSS predictive analytic software has exceeded our expectations. The results we obtained in successive mail campaigns during the pilot phase were very good. For Corona Direct, this is only the beginning. We are convinced that our success in cross-selling will be much higher, as our database managers gain more experience with the analytical software and build up a richer knowledge of customer needs. With additional data and cross-selling, we are expecting improvements of 50 percent and more.”*

— Philippe Neyt, Commercial Director,  
Corona Direct

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“Using IBM SPSS software solutions to gain a better understanding of our customers and market opportunities have enabled us to outperform the competition in both growth and profitability,” explains Philippe Neyt, commercial director, Corona Direct. “Predicting the needs and profitability of individual customers and prospects is key to this growth. However, creating a profitable acquisition strategy is only the first step. We expect to increase our success rate by 50 percent or more for targeted cross-selling and retention strategies.”

Next, Corona Direct plans to use predictive analytics to increase cross-selling within its call centers and to create profitable retention campaigns that focus on high-value customers. Corona Direct also plans to use predictive analytics to analyze and model historical data to detect fraudulent claims, reduce the costs currently associated with false claim requests and increase profits.

### **About IBM Business Analytics**

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, predictive analytics, financial performance and strategy management, and analytic applications provides clear, immediate and actionable insights into current performance and the ability to predict future outcomes. Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest productivity, confidently automate decisions and deliver better results.

As part of this portfolio, IBM SPSS Predictive Analytics software helps organizations predict future events and proactively act upon that insight to drive better business outcomes. Commercial, government and academic customers worldwide rely on IBM SPSS technology as a competitive advantage in attracting, retaining and growing customers, while reducing fraud and mitigating risk. By incorporating IBM SPSS software into their daily operations, organizations become predictive enterprises – able to direct and automate decisions to meet business goals and achieve measurable competitive advantage. For further information or to reach a representative visit [www.ibm.com/spss](http://www.ibm.com/spss).



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Route 100  
Somers, NY 10589

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