

IBM SPSS Insurance Customer Retention and Growth

Retain more profitable customers and increase revenue through more effective customer growth strategies. Understand key at-risk customers to prevent churn and plan for and analyze campaigns to maximize success.

Overview

In the ever more competitive world of Insurance, policyholders are demanding better communications, higher levels of service and competitive pricing. At the same time, Insurance companies are faced with the challenges of underwriting to a profit, identifying the ideal customer and avoiding adverse selection all while providing good claims and supporting services. Bottom line, this highly competitive market place leaves little room for error, let alone selecting the wrong customer or losing good customers at renewal time.

In order to meet these expectations, it is essential to understand customer needs and preferences. By applying customer analytics and optimization to the vast amount of customer data within an Insurance organization, companies can more effectively manage their customer relationships and do it in a proactive manner.

Predictive analytics is paving the way for Insurance companies to become more intelligent about which customers they want to retain and how best to retain them. Business Intelligence has played a valuable role in allowing insurers to slice and dice information, but retention strategies are taken to the next level when Marketing departments can proactively identify customers who are likely to attrite for a competitor and tailor specific efforts to save that customer based upon their unique characteristics. In contrast, there are some customers that aren't worth keeping and predictive analytics can help you identify those unprofitable customers as well. By combining BI and predictive analytics Insurance companies reach the next level of maturity and thus competitive advantage.

Because customer acquisition cost is high and the market demands increased profits, Marketing departments are continuously

challenged to grow the wallet share of their existing customer base. Predictive analytics transforms how Insurance organizations identify who is best to be cross sold additional products and services by taking a data driven approach to identifying those customers and products. It unlocks the hidden patterns within your disparate data and uncovers relationships that enable you to make recommendations that are highly targeted to each unique customer.

Ultimately, predictive analytics helps to serve your customers in the most meaningful and appropriate manner and helps to deliver profitable and sustainable revenue growth to the organization.

Solution description

Using all relevant data to understand your customer's behavior in all its facets
As customers interact with you through the weeks, months and years, they leave behind a wealth of information

about themselves. By combining the following types of information, the IBM SPSS solution lets you construct a comprehensive view of each individual customer:

- **Descriptive** information that tells you who they are, such as demographics
- **Behavioral** information that summarize what they do, such as summaries of account activity, payment preferences and product holdings
- **Interaction** information that describes how they interact with you, such as claim activity, channel usage, information requests, complaints, service requests and online activity
- **Attitudinal** information that describes why they do what they do, such as satisfaction scores or opinions expressed in interactions with you

This customer view is highly unique to your relationship with them and cannot feasibly be replicated by competitors.

Apply predictive models to identify what the most appropriate offer is for each individual customer

Leveraging historical customer information and previous campaign history, the IBM SPSS solution can

create predictive models that will accurately determine which customers have a high likelihood of accepting an offer. You will also have the added benefit of being able to create these models in a timely manner so that Marketing initiatives are not delayed as a result of your predictive analytic initiatives.

In addition to creating marketing response models, the IBM SPSS solution can utilize the same historical data to model customers who are likely to churn based upon customers who have churned in the past. These models will provide the foundation for creating retention strategies to proactively save your most valuable customers.

With these predictive models in hand, you can now assess each of your current customers to identify which offers, if any, are the most likely for each individual person.

Deploy that intelligence to your outbound marketing processes and systems

Knowing the best offer to make is only useful if you can act on these insights. The IBM SPSS solution lets you easily make these insights available in the operational processes and systems where your customer contacts are handled.

For example, you could:

- Deploy the next-best-actions to your outbound campaign management system so your campaign managers can use them to create highly targeted campaign selections
- Personalize monthly statements by embedding targeted offers as part of the statement.
- Provide prioritized leads to your field staff and telemarketing department

Close the loop for continuous improvement and results analysis

As your marketing campaigns are executed, more detailed information from your customers will flow back: Who responded by requesting documentation? Who spoke to their agent or advisor? Who opened the new account or started the service?

The IBM SPSS solution allows you capture this information so you can continuously:

- Monitor predicted results versus actual results
- Refine your predictive models with the latest real-world evidence
- Update customer information for each contacted person

*Automate the process for
maximum efficiency*

Lastly, the IBM SPSS solution lets you automate as much of this process as possible, which is essential because it allows organizations to scale their analytic objectives and lessons the resource requirements to maintain the solution. For example, you can:

- Refresh existing predictive models to maintain their freshness
- Periodically rescore all customers to re-assess the next best actions

Benefits

- Increase share of wallet
- Increase campaign profitability
- Increase loyalty
- Reduce marketing expenses
- Reduce customer churn

Summary

IBM Insurance Analytics and Performance Management offer a unique combination of the strengths of business intelligence and the power of advanced analytics. We invite you to learn more. Can you afford not too?

About SPSS, an IBM Company

SPSS, an IBM Company, is a leading global provider of predictive analytics software and solutions.

The company's complete portfolio of products – data collection, statistics, modeling and deployment – captures people's attitudes and opinions, predicts outcomes of future customer interactions, and then acts on these insights by embedding analytics into business processes. IBM SPSS solutions address interconnected business objectives across an entire organization by focusing on the convergence of analytics, IT architecture and business process. 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. SPSS was acquired by IBM in October 2009. For further information, or to reach a representative, visit <http://www-01.ibm.com/software/data/>



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