



## ■ Business Impact

“We can now make more sophisticated decisions that improve the ROI on our direct mail strategy. And the incremental impact on our internal rate of return on the direct mail has been 14 percent.”

**Murli Buluswar**  
Vice President of Insight and Innovation  
Farmers Insurance Group

## ■ Challenges

- **No single view of the customer.** Multiple disparate legacy systems across different lines of business, resulting in conflicting and inconsistent customer views.
- **High acquisition costs.** Early withdrawals and low retention rates jeopardize the opportunities for insurers to recover acquisition expenses over policy terms.
- **Increased competition.** Banks and other financial services companies are competing increasingly for customer wallet share.
- **Ineffective segmentation/profiling.** Inconsistent and incomplete customer information and lack of collaboration across departments make it difficult to build effective behavioral models.
- **Inability to predict customer behavior.** Without customer insight, it's often impossible to forecast whether a customer will be profitable over the policy term, let alone over an extended period (e.g., five to 10 years).

## How can we attract new, profitable customers and retain our existing ones?

### YOUR GOAL: Grow customer base and increase profitability

The insurance industry is facing an unprecedented number of business challenges brought on by a volatile economy, diminishing investment returns, increasing claims fraud and greater agent expectations. Intense competition and declining loyalty are continually eroding insurers' profitability.

In this turbulent world, it is essential for insurance companies to acquire new customers and retain existing ones. But that alone won't be enough. Insurers must consider customer lifetime value (CLV) when seeking to attract or retain customers. After all, not all customers are profitable ones.

It's essential for insurers to identify which customers are truly the most valuable by forecasting their value or profitability over an extended time frame – for example, five to 10 years. An accurate estimation of CLV is critical for ensuring future success.

### OUR APPROACH

Understanding the customer is more important than ever. The key to improved customer profitability is to develop effective pricing and marketing strategies by analyzing *all* your customer and operational data to maximize customer lifetime value over a defined time period. We approach the problem by delivering software and services that help you:

- **Create a single view of the customer** by consolidating all data, regardless of source, in one place and then transforming it into a complete picture of an entire customer relationship.
- **Ensure clean, accurate, up-to-date data throughout the analytical and marketing process** with SAS' embedded data quality routines.
- **Forecast customer behavior** using predictive analytics to calculate CLV by combining the key measures of acquisition costs, retention rates, cross-sell/up-sell opportunities and claims experience over a defined time horizon.
- **Connect offers to the right customers** using segmentation based on demographic, geographic, attitudinal and behavioral data from across the enterprise.

Ultimately, this approach – with a focus on data quality, consolidation and predictive analytics – will help you retain your most valuable customers, acquire more like them and improve your overall profitability.



## THE SAS® DIFFERENCE: Increase acquisition, improve retention, grow profitability

SAS gives you a complete picture of customer behavior at every touch point, including acquisition and renewal, to maximize profitability throughout the customer life cycle.

Only SAS delivers:

- **Superior data integration capabilities.** Pull data from nearly any source and transform it to identify valuable (and potentially valuable) customers with the highest risk of attrition.
- **The most powerful predictive analytics available.** SAS is the only vendor that enables you to analyze data for trends and establish event triggers that give you early-warning alerts when a key customer's behavior is about to change.
- **Automated campaign planning.** Pull more relevant, intelligent, predictive lists, so you can send the right offer to the right person.
- **Intuitive, Web-based reporting.** Easily communicate critical customer-value information to the right people within your organization.

SAS offers everything you need to identify, acquire and retain valuable, loyal customers. With integrated data, forecasting and predictive behavior models, you'll know which factors influence your customers' buying decisions and determine profitability over an extended time frame.

### CASE STUDY: Farmers Insurance

The company needed a way to analyze and model customer lifetime loyalty and profitability, determine distribution and marketing strategies, and identify customer experience investments.

#### ■ Solution

SAS delivered a solution that included:

- Data integration capabilities to combine duplicate data records to create a holistic view of the customer.
- Advanced analytics that provide the ability to analyze and calculate a customer lifetime value score.

#### ■ Results

- Increased ROI by 14 percent in its direct marketing efforts and developed a holistic approach to driving sustainable growth.
- Improved agent performance based on customer lifetime analysis.

#### ■ The Vision

##### Gain a single view of the customer

What if you could gather all your data into a single customer view, thus alleviating the challenges associated with viewing, tracking and measuring the results of customer communications?

##### Ensure data integrity

What if your data was cleansed as part of the data integration process so that you could be confident in its integrity throughout every step?

##### Employ advanced, predictive analytics

What if you could target profitable prospects by creating customer segments that go far beyond traditional criteria to incorporate attitudes, predicted preferences and potential profitability?

##### Share information with embedded query and reporting

What if you could ensure that detailed, consolidated, accurate knowledge was available for use across your company, so you could accurately predict and offer what customers want to buy next?

##### Measure lifetime value

What if you could forecast the profitability of a customer over a defined time frame?

### SAS FACTS

- More than 1,000 insurance companies worldwide are SAS customers.
- SAS has more than three decades of experience working with insurance companies across the globe.
- SAS solutions are used at more than 45,000 sites in over 100 countries – including 92 of the top 100 FORTUNE Global 500® companies.

Learn more about SAS software and services for insurance at:  
[www.sas.com/industry/insurance](http://www.sas.com/industry/insurance)



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