Insurtech II: How Established Brands Can Compete

NBCUniversal
Purpose

1. Explain how insurtechs are disrupting insurance consumer behavior

2. Identify the distinct advantages of established insurers and insurtechs – present and future

3. Explore media solutions for established insurers to best compete against insurtech
The rise of insurtechs has profoundly shaken up the insurance marketplace.

The North America Insurtech Market is growing at a CAGR of 13% over the next 5 years.

**DISRUPTION**

Disruption in product offerings is shifting traditional mindsets, fueled largely by smaller firms offering more customization and simplified solutions based on a customer’s past behavior or data.

**NEW VALUE**

Today, 25% of premium volume from offerings was not available five years ago (e.g. roadside assistance, cyber security education, investment info that can be bundled with insurance), and these numbers are only projected to grow.

**NEW EXPECTATIONS**

As disrupters give customers a more personalized and convenient experience, established firms are feeling pressure to update their own product and service portfolios to meet these new expectations.

Sources: 1. Mordor Intelligence; 2. Deloitte
And while some insurtechs have recently struggled with profitability due to business model...

After a buzz filled year following its IPO, Lemonade has seen:

- **Stock underperformance** compared to the market, falling 71% since its IPO price

- **Net losses** grow $55.6 million from $21 million in the year-earlier period, as sales, marketing, technology and administrative costs swelled.

- Statements cautioning it has "a history of losses and may not achieve or maintain profitability in the future," and its "limited operating history makes it difficult to evaluate our current business performance, implementation of our business model, and our future prospects."

Valuations of insurtech companies are "overly inflated" after investors got "hyped up" by Lemonade's IPO, but the market reception on insurtech has started trending down.

Sources: 1. WSJ 2. SPGlobal
...they continue to change consumer expectations of insurance, creating a challenge for established insurers

**Insurtechs are:**

<table>
<thead>
<tr>
<th>Finding Untapped Markets</th>
<th>Attracting Digital Natives</th>
<th>Evolving Consumer Behavior</th>
<th>Growing Churn</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Insurtechs clearly represent a market risk for incumbents. With their nimble operating model and digital innovations, they will initially target attractive profit pools unlocked by digital and capture share among certain customer segments.” – McKinsey</td>
<td>“Customer intent to buy insurance rose by 7% since the pandemic began, but incumbents’ shortcomings—like limited digital capabilities and a dearth of proactive outreach—harmed customer relationships.” – eMarketer</td>
<td>“Customer expectations of instant digital transactions sustained seamlessly across digital channels are increasingly the norm.” – McKinsey</td>
<td>“The pandemic created the right conditions for innovative tech firms to rise up as viable alternatives: 50% of customers are now open to getting coverage from insurtech startups or Big Tech.” – eMarketer</td>
</tr>
<tr>
<td>“Insurtech start-ups have only begun to address the potential value pools; insurtech is still in its infancy, but already beginning to have an impact on the industry.” – McKinsey</td>
<td>“US small business insurance satisfaction declines further due to lack of support.” – emarketer</td>
<td>“Insurance CEOs most concerned about changing consumer behavior (77%) and new market entrants (60%).” – PwC</td>
<td>“Lemonade’s creative use of technology has been especially appealing to young people. About 70% of its current customers are under age 35. The company had about 1.2 million customers as of June 30, up by nearly 50% from the year-earlier quarter.” – WSJ</td>
</tr>
</tbody>
</table>
Future innovations and investments will continue to shape this competition

**Big Data, AI, & Internet of Things**
As the web of smart devices grows, more data on consumer behaviors and faster interactions will accelerate and simplify underwriting / claims processing, minimize risk, and create more personalized products and offerings.

**Embedded Insurance**
The growing trend of bundling insurance within the sale of complimentary items such as cars or homes will fundamentally evolve the insurance consumer journey.

**Sharing Economy**
The trend of shared homes and cars will grow through peer-to-peer ride pooling, crowdsourced last-mile delivery services, micro-rentals, integrated mobility planners, and combining motor loss notification with ride-hailing.

**Electric Vehicles (EVs)**
EVs will create new business opportunities such as charger aggregators, e-mobility retailers selling e-charging on subscription-based services, battery swapping, floating charge through on-demand portable fast-charging.
While increasingly competing for the same pool of consumers, established and insurtech each have competitive advantages

**Established Insurers**

- **Human Face**
  - People prefer agents to bots. 64% of millennials and 54% of Gen Z consumers plan to utilize insurance agents.

- **Brand Trust**
  - Established insurers have invested heavily in brand, ensuring that consumers recognize their mascots and offerings.

- **Better Payouts**
  - 80% of consumers (including 70% of 18-24yo’s) trust the policy pricing capabilities of legacy over insurtech.

- **Diversity of Products**
  - Established brands are expanding their products to include new offerings such as travel, WFH, pet, disaster insurance and more, offering bundling opportunities.

**Insurtech**

- **Built on Data & Personalization**
  - Insurtechs can provide more bespoke policies, as early adopters of big-data tech to tailor price to usage.

- **Lower Price**
  - Insurtechs can often offer more competitive rates as they have digital-first and have lower overhead costs.

- **Niche Products**
  - Insurtechs can focus on new value pools, finding and focusing on niche products and consumers segments rather than mass market products.

- **Convenience**
  - Consumers want easy-to-use, digital experiences. 41% of consumers are likely to switch their insurance companies in favor of a more digitized one.

Sources: Agentero, PwC, eMarketer
Innovations will allow established brands to compete where insurtech is currently dominant, though there are limits.

- **Playing Offense**
  Legacy’s current and future investments in technology allow them to compete in these domains.

- **Playing Defense**
  Business models limitations will make certain domains such as price difficult for legacy to compete in.

**Established Advantage**
- Human Face
- Brand Trust
- Better Payouts
- Diversity of Products

**Insurtech Advantage**
- Built on Data & Personalization
- Convenience
- Niche Products
- Low Price
Our mass media partnership has helped established brands maintain their historical strengths, reminding consumers of their:

- **Human Face**
  - "Like a good neighbor…"

- **Brand Trust**
  - "…on your side."

- **Better Payouts**
  - "Hall of Claims…"

- **Diversity of Products**
  - “Bundle home and auto…”

**State Farm brings back iconic elements of the new brand campaign**

“State Farm did almost six months of consumer research that showed the old tagline had high trust, recognition and favorability across age groups, Morris said. Ninety percent of respondents recognized the tagline and associated it with State Farm.”
Now, let’s go further, and partner together to:

1. Compete where established brands are growing more competitive
   - Built on Data & Personalization
   - Convenience
   - Niche Products

2. Mitigate the effects where challenges remain
   - Low Price
Positioning Your Brand for the Future

Personalizing Insurance through Data

 Competing Now

Audience-based buying approaches to target key consumer groups across platforms for personalized offerings at scale through macro and microtargeting.

 Competing in the Future

Enterprise-level data partnerships to not only identify who is in market for insurance but also key targets for services, preventative offerings, and to better personalize offerings.

Working with NBCU

Combine your data with ours and leverage first-party identity platforms to increase consumer touchpoints and uncover audience insights at scale.

Target the right consumers across our portfolio, driving awareness and consideration of personalized offerings.

Extract enhanced campaign insights across a diverse set of measurement offerings.
Positioning Your Brand for the Future
Marketing for Convenience

Competing Now
Creative focusing on the convenience of bundling and diverse offerings
Commerce media to drive consumers to sign-up/app

Competing in the Future
Become as accessible as possible through embedded insurance touchpoints

Working with NBCU
Reach insurance consumers directly on mobile; tap-to-download/quote via iOS capabilities
Partner to embed insurance touchpoints within our ecosystem (e.g. homeowners in Xfinity internet package, Peacock subscription; travel insurance in Universal parks)
Positioning Your Brand for the Future
Targeting for Niche Products

Competing Now
Targeting current customers for niche product bundling
Tailoring activation to product (travel, WFH insurance)

Competing in the Future
Better targeting, audience insights through data clean room
Focusing creative on growing revenue sources (e.g. roadside, EVs)

Working with NBCU
Target niche insurance consumers to drive awareness of relevant offerings
Target travelers for niche products like travel insurance
Use key touchpoints in our ecosystem to go after niche consumers (pet, WFH, disaster, etc.)
Positioning Your Brand for the Future

Building Brand to Offset Price

Competing Now

Brand building on emerging platforms to reach price-sensitive younger audience

Focus creative on trusted accurate payouts to offset price concerns

Competing in the Future

Utilize media partner creative resources and talent to drive creative breakthrough across platforms, as insurance creative increasingly follows Hollywood trends

Working with NBCU

Meet the future generation where they are through our partnerships in gaming and social media

Produce custom creatives on brand safe media to build trust
Positioning Your Brand for the Future

Compete where you are competitive and mitigate risk in areas you are not.

**Built on Data & Personalization**
- Audience-based buying approaches to target key consumer groups for personalized offerings at scale through macro and microtargeting.
- Enterprise-level data partnerships to not only identify who is in market for insurance but also key targets for services, preventative offerings, and to better personalize offerings.

**Playing Offense**
- Creative focusing on the convenience of bundling and diverse offerings.
- Leveraging commerce media to drive consumers to sign-up/app.
- Presence on new platforms (e.g., gaming) to drive to app.
- Embedded insurance (e.g., homeowners + Comcast internet).

**Playing Defense**
- Targeting current customers for niche product bundling.
- Tailoring activation to product (travel, WFH insurance).
- Better targeting, audience insights through data clean room.
- Focusing creative on growing revenue sources (e.g., roadside, EVs).

**Convenience**
- Prescience on new platforms (e.g., gaming) to drive to app.
- Embedded insurance (e.g., homeowners + Comcast internet).

**Niche Products**
- Targeting current customers for niche product bundling.
- Tailoring activation to product (travel, WFH insurance).
- Better targeting, audience insights through data clean room.
- Focusing creative on growing revenue sources (e.g., roadside, EVs).

**Lower Price**
- Brand building on emerging platforms to reach price-sensitive younger audience.
- Focus creative on trusted accurate payouts to offset price concerns.

Utilize media partner creative resources and talent to drive creative breakthrough across platforms, as insurance creative increasingly follows Hollywood trends.
Working with NBCU: Case Studies

- Personalizing Insurance through Data
- Marketing for Convenience
- Targeting for Niche Products
- Building Brand to Offset Price
Personalizing Insurance through Data
The challenge

Drive perception & consideration
A leading insurance company wanted to leverage advanced targeting on linear TV to drive perception and consideration for life insurance among existing customers.

The insight

Encourage policy bundling
Policy bundling is an essential strategy for insurance companies to increase customer lifetime value, and advanced targeting is a great way to cross-sell existing customers.

The solution

Target insurance customers via national TV
We partnered with the client to run an AdSmart national TV campaign optimized across our portfolio to reach their existing insurance customers instead of a traditional Nielsen demo.
**The approach**

Advanced TV targeting to reach the right consumers across NBCU’s linear portfolio.

**The results**

NBCU commissioned a custom Kantar Millward Brown study to measure the impact of AdSmart campaign on driving perception and consideration for the client.

AdSmart exposure drove brand impact, especially among target HHs

- **+20%** ad recall lift among target HHs exposed to AdSmart campaign vs. unexposed
- **+54%** higher ad recall lift among target HHs exposed to AdSmart campaign vs. non-target unexposed
- **+34%** message recall among target HHs exposed to AdSmart campaign vs. non-target unexposed
- **+182%** higher message recall among target HHs exposed to AdSmart campaign vs. non-target
- **+5%** purchase consideration lift among target HHs exposed to AdSmart campaign vs. unexposed
- **+89%** higher purchase consideration among target HHs exposed to AdSmart campaign vs. non-target
Marketing for Convenience
Farmers 'Hall of Claims'
Brand Channel

**Objective**
Farmers Insurance is known for their playful sense-of-humor. Through their Hall of Claims content series, they profile the most unbelievable, but true claims they have received over the years. This campaign focus was to reinforce that no matter how unbelievable the claim, Farmer’s has you covered.

**Solution**
- Over a two-year campaign, we published 16 articles from Hall of Claims content series. NBCU customized the articles for Apple News to drive engagement and affinity for the Farmers brand.
Targeting for Niche Products
The challenge

**Drive customer acquisition at scale**
A direct-to-consumer financial technology company that built its customer base largely through digital and social channels wanted to reach a larger prospective audience to maintain their base and drive new adopters.

The insight

**Multi-platform maximizes full-funnel impact**
Although digital and social channels can drive efficient customer acquisition, they lack the scale and engagement of NBCU’s reach through premium content on every screen. Employing a targeted multi-platform media strategy with NBCU drives full-funnel impact, from awareness to action to acquisition at scale.

The solution

**Target customers across platforms**
We used the client’s first-party data to create a scalable target audience, which we activated across NBCU’s premium national linear TV, desktop & mobile video, and display content.
The approach
Advanced targeting to reach customers across the NBCU portfolio on every screen.

The results
To measure the full-funnel impact of the campaign, we leveraged YouGov for pre- vs. post-campaign brand metrics and partnered with Data Plus Math for direct web attribution.

Brand metrics increased significantly vs. pre-campaign

<table>
<thead>
<tr>
<th>Metric</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>lift in brand awareness</td>
<td>+9%</td>
</tr>
<tr>
<td>lift in brand opinion</td>
<td>+33%</td>
</tr>
<tr>
<td>lift in brand purchase intent</td>
<td>+30%</td>
</tr>
</tbody>
</table>

AdSmart campaign exposure drove double-digit lift in site visits & app installs

<table>
<thead>
<tr>
<th>Metric</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>lift in website visits</td>
<td>+28%</td>
</tr>
<tr>
<td>lift in home page visits</td>
<td>+52%</td>
</tr>
<tr>
<td>lift in mobile app installs</td>
<td>+27%</td>
</tr>
</tbody>
</table>

AdSmart campaign exposure drove double-digit lift in sign-ups & completed registrations

<table>
<thead>
<tr>
<th>Metric</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>lift in web sign-ups</td>
<td>+27%</td>
</tr>
<tr>
<td>lift in mobile app sign-ups</td>
<td>+25%</td>
</tr>
<tr>
<td>lift in completed web registrations</td>
<td>+24%</td>
</tr>
<tr>
<td>lift in completed mobile app registrations</td>
<td>+33%</td>
</tr>
</tbody>
</table>
Building Brand to Offset Price
Case Study: Custom Integrations with Creative

Set in modern-day America, Peacock’s highly anticipated drama series *Bel-Air* reimagines the beloved sitcom *The Fresh Prince of Bel-Air* through a new, dramatic take on Will’s complicated journey from the streets of West Philly to the gated mansions of Bel-Air.

Peacock partners amplified the series debut with custom *Bel-Air* creative including integrations, co-promotional spots, ad products, and experiential activations.