WARC

Direct Line Group: They went short. We went long

20 min read

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IPA

Institute of Practitioners in Advertising, Gold, IPA Effectiveness Awards, 2018

Summary

Direct Line Group (DLG), a British insurance company, measured the impact of marketing in both the short and long term to provide a holistic view of how brand acquisition and investment influence consumers.

- A highly competitive market, the insurance sector faces severe budget restrictions with DLG's competitors responding by cutting brand advertising and shifting into short-term acquisition marketing.
- DLG questioned whether the industry's preferred short term approach was the most effective solution and it invested in mass reach, above-the-line, brand-building media lines.
- DLG's research indicated that a small nudge from brand preference can have a disproportionately large effect as this slight preference means that thousands of marginal decisions go its way, ultimately delivering 37% of sales in the PCW environment.
- As a result of brand advertisement two of DLG's brand are in the top three insurance brands in the market – an outcome that it argues could only be achieved with a long-termist approach to brand measurement, management and investment.

Campaign details

Brand: Direct Line Group
Advertiser: Direct Line Group
Agency: Direct Line Group; Ebiquity

Summary

Direct Line Group (DLG) had to demonstrate the business case for marketing its multiple insurance brands: Direct Line, Churchill and Privilege. The company analysed what factors drove sales at each brand, measuring the contribution of brand and acquisition activity over the short term and the long term. It used the learnings to set investment priorities across its portfolio, including more focus on brand-building TV, improving propositions and customer service. Brand preference and consideration rose across the portfolio. Total customers increased, led by Direct Line. This case estimates DLG brands contributed £46m profit to its home and motor insurance businesses.

Editor's comment

The judges thought that this was an excellent case of an organisation adopting a systematic approach to effectiveness, using this to help manage its portfolio of brands, model brand equity and communications spend both in the short and long term. Something for everyone to learn from.

Client comment

This project was a huge undertaking for marketing, spearheaded by the marketing effectiveness team. It required patience and perseverance. What we built is knotty in the extreme, but has become a key platform to cement the confidence, capability and credibility of marketing within the business.

Coincidentally at the time of writing we are responding to a cost challenge. However, we are not panicking since we have the finance community saying that marketing 'is the last place we want to have to take from'. There is no greater accolade for the team than moving us from the front of the 'cuts queue' three years ago to the back of the queue today. Because we are able to articulate precisely the short- and long-term impacts of our marketing investment decisions we have changed the tone of conversation with the business. This empowers us to do the right things for our brands with a very explicit long-term perspective in mind.

This backdrop has also provided a context for genuine creativity in our communication as evidenced by bold projects such as 'Fleetlights' and 'Smart crossing' which were unimaginable a few years ago. Implicit to this we have been able to 'prove it' i.e. acceptance across the business that the art of long-term brand building is alive and well. Seemingly the more things change, the more they stay the same!

We are proud that we went long when others went short. It was painful at times given that we were moving against popular opinion. However, there is a restless ambition in the team so this journey represents how we constantly aim higher to bolster our brands and drive towards a customer-first business.

Mark Evans, Marketing Director, Direct Line Group

Introduction

Every marketing professional deals with them at some point in their working life. Cost challenges.

'The business needs £5m to pull out of 2016 ... can you get back to me by the end of the week with your suggestions.'

Cost challenges are a fact of life, but they have been the everyday norm in the insurance sector for the last ten years. Insurance is ultra-competitive; it is as close to perfect competition as you can get. Consumers can enter their details on one price comparison website and instantly get hundreds of quotes back from across the marketplace. This is an unforgiving environment, where every pound spent on marketing needs to pay for itself.

Most direct insurers have responded to budget challenges by cutting brand advertising and shifting into short-term acquisition marketing, trying against all odds to boost short-term efficiency.

At DLG, we chose a different path. We zigged when the rest of the market zagged; we continued to invest in mass-reach above-the-line brand-building media lines when others did not. Why?

We subscribe to the philosophy that we have a duty to invest responsibly. At DLG we work with brands that have been built up through long-term investment over the last 30 years; they are assets and we see ourselves as their current guardians.

To ensure that we continue to make the right decisions for the brand, for shareholders and for our business, we set up a two-year joint marketing insight and effectiveness workstream called the Brand Equity Analysis Programme. This programme has helped us identify c. £46m of previously unmeasured profit contribution per year.

In this paper we present three case studies that together create a strong commercial argument for long-termism in the management of brands in the financial sector and beyond.

Case Study 1: The Brand Glide Path – Privilege Insurance

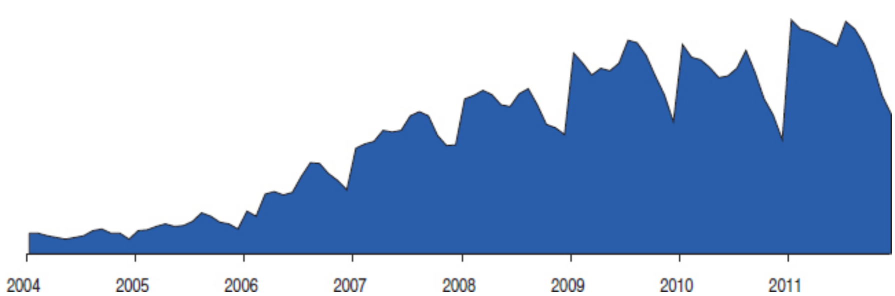
For our first study we asked the question ... what happens when we 'turn off the tap' and completely stop brand investment?

Privilege was launched in 1994 as a brand for higher-risk consumers, but soon evolved into a mass-market brand. Between 2004 and 2006 Privilege enjoyed high levels of above-the-line marketing support, featuring the slogan 'you don't have to be posh to be privileged' made famous in the UK by Joanna Lumley.

Around 2006 the insurance market was disrupted by the growth of price comparison websites, or PCWs (illustrated in Figure 1 using Google search volume[1]).

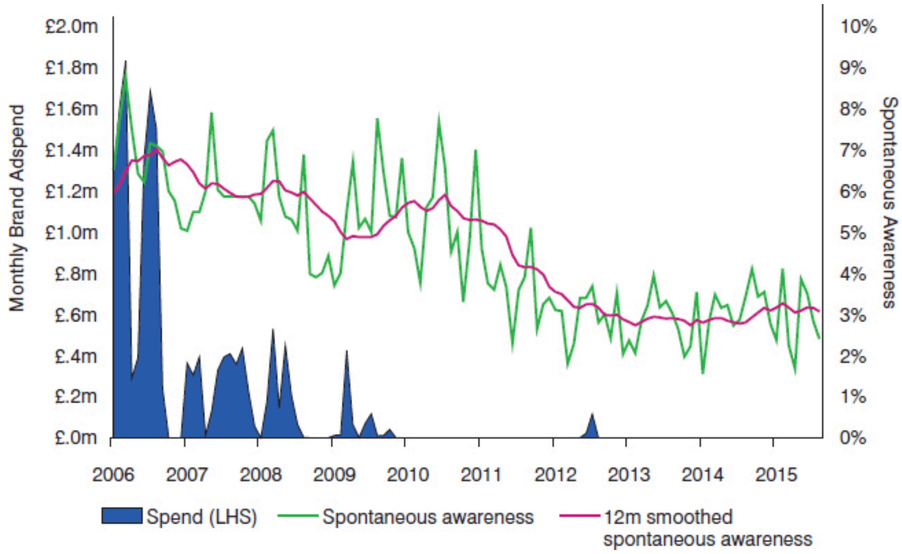
PCWs changed the existing commercial logic of insurance marketing by offering a commission-based model that was cheaper than media acquisition. Media cost per sale climbed as the size of the direct market shrank. Furthermore, on PCWs, brands that carry large marketing overheads are at a pricing disadvantage. After a portfolio review, we identified that DLG needed a 'pure PCW' brand. Privilege was given a new strategic position – it carries no marketing overhead and is priced as keenly as possible. The brand outcome of this natural experiment is shown in Figure 2.

Figure 1: Growth of price comparison sites



Source: Indexed Google Trends for top four brands

Figure 2: Privilege Insurance the brand glide path



Case study 1: What did we learn?

First, when marketing investment is reduced, brand metrics such as spontaneous awareness[2] do not decline immediately. It took about three years for the brand to level off at *c.* 2-3%, where it stabilised. Second, in the period between 2007 and 2009, although the level of investment[3] was greatly reduced, even a little spend seemed to provide some 'maintenance' support.

This case study gives us a measure of what 'glide path' we should expect as a consequence of reducing marketing investment for any of our brands.

Case Study 2: Brand Advantage on Price Comparison Websites -Churchill Motor

Measurement of marketing effectiveness on direct channels (like phone or web) is relatively easy, but understanding the influence of brand marketing in a PCW environment is much more difficult. Churchill's challenge is that it is both a direct brand[4] as well as a PCW brand.

Above-the-line advertising relies on a small percentage of the audience responding via website or contact centre. Measured this way, on a direct cost per sale basis,[5] Churchill brand advertising is below breakeven and looks unsustainable versus Direct Line (Figure 3).

Figure 3: Motor insurance direct cost per sale (indexed Churchill vs. Direct Line)

To understand the full picture though we need to know how brand equity influences consumers in the PCW environment. The consumer journey is fundamentally different on PCWs. When consumers start shopping they may not have your brand in mind at all. Once they submit their details they will be confronted with numerous options, mostly comparable in quality, and all bunched together around a similar price point.

What makes the consumer select one brand over the other? Competitiveness is tremendously important, but contrary to popular belief consumers do not always choose the cheapest brand.[6] For DLG, roughly half the sales volume on PCWs come from quotes that were not in fact the cheapest result shown to the consumer (Figure 4).

Familiarity may provide a nudge that swings consumers towards one brand rather than the rest. This dynamic is particularly apparent for insurance brands. Insurance is about trust. Consumers are anxious about poor claims handling, refusal to pay out or financial insecurity. Many will automatically exclude any unknown brand.

> *'I've never heard of these brands ... I don't want to make a mistake. I know legally an unknown brand would have to pay out, but a known brand would provide me with more reassurance.'*
>
> Andrea, Manchester

Once the consideration set is narrowed, consumers will look for a 'better brand' and are willing to pay a small price premium if necessary. Our survey data suggests that recognisable brands are also likelier to be trusted and selected.[7] This mechanism is subtle, but as we will show it's ultimately very effective (Figure 5).

Figure 4: PCW motor insurance sales by position in results (total DLG, Churchill and Privilege)

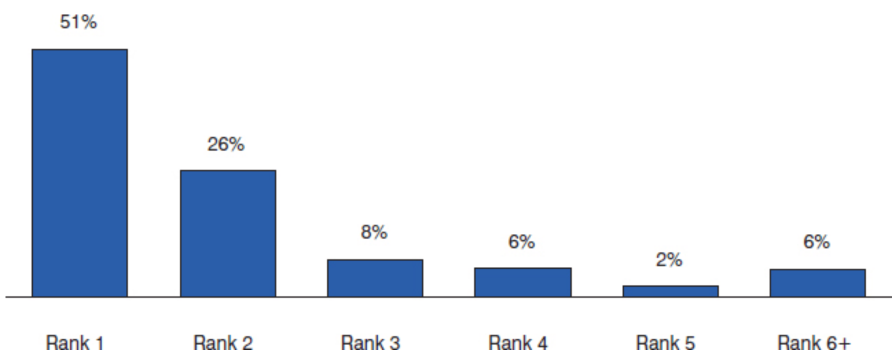
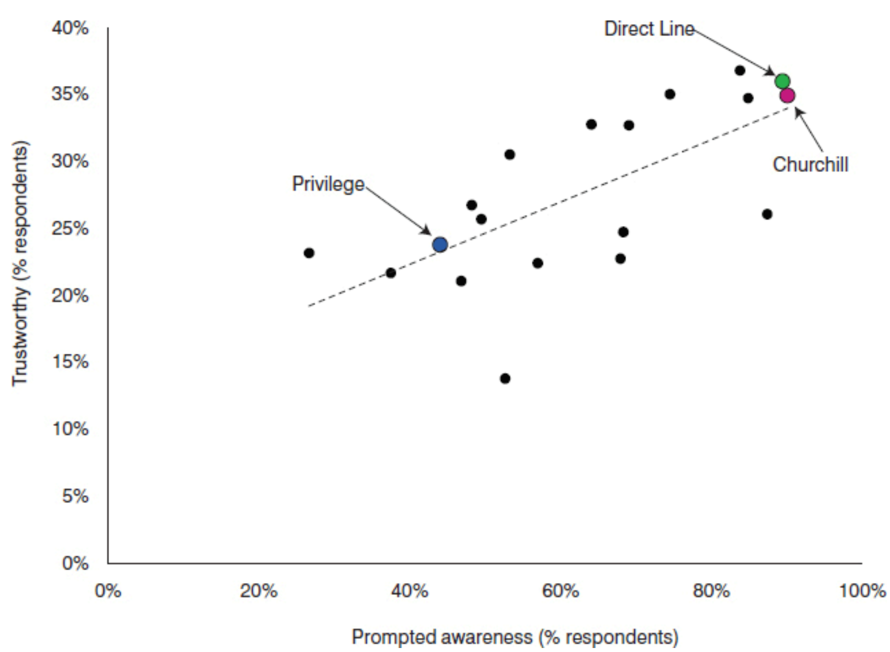


Figure 5: General insurance awareness drives trust



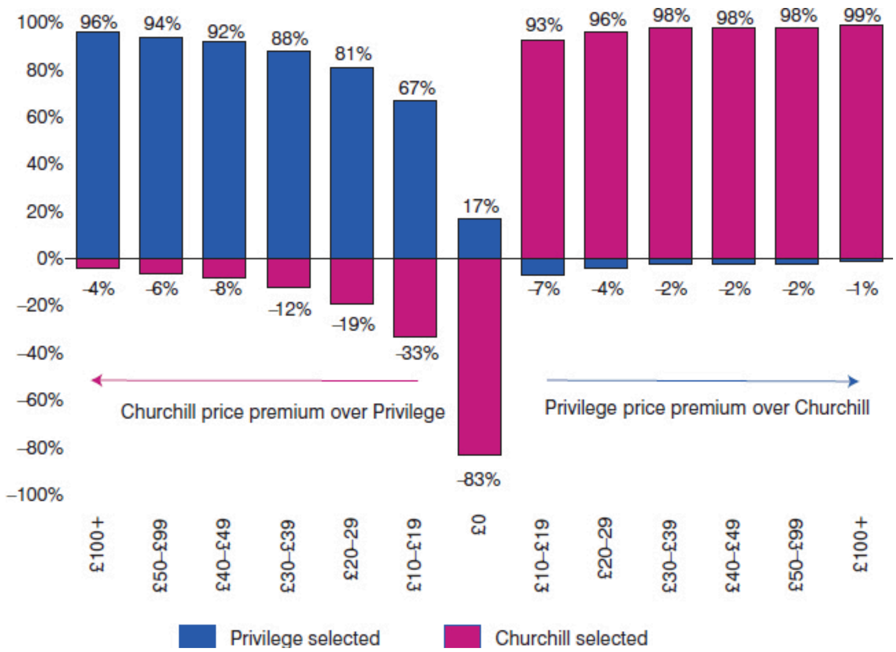
Measurement approach

We found that if a consumer is served an identical price for both brands, *c.* 83% of consumers chose Churchill. If however, Churchill has a higher price we would still see a certain proportion of consumers selecting Churchill as their preferred brand.

For example, as shown below, at a price premium in the £10—£19 range, we would still see c. 33% of consumers choose Churchill.

This is a well-behaved relationship that is predictable and consistent in the data -the greater the price premium, the greater the switching rate (Figure 6).

Figure 6: Motor insurance preference Churchill vs. Privilege by price comparison



This analysis can be extended. We were able to quantify Churchill's brand advantage by matching PCW[8] data to internal data on clicks, quotes, sales and customer demographics; then we used Privilege as a 'low brand equity' reference point.

To understand the volume advantage conferred by Churchill's stronger brand equity we need to look at the click-through rate, an important metric in the PCW environment.

On a PCW, a click-through is intermediate between a quote and a sale. If a quote is more competitive it will gain a better rank position, which will improve the click-through rate.

However, because competitiveness is so important, we cannot compare click-through rate directly between Churchill and Privilege without first banding into rank. What this shows is that Churchill enjoys better click-through rates for any given rank (Figures 7 and 8).[9]

Figure 7: Click-through rate by brand and rank

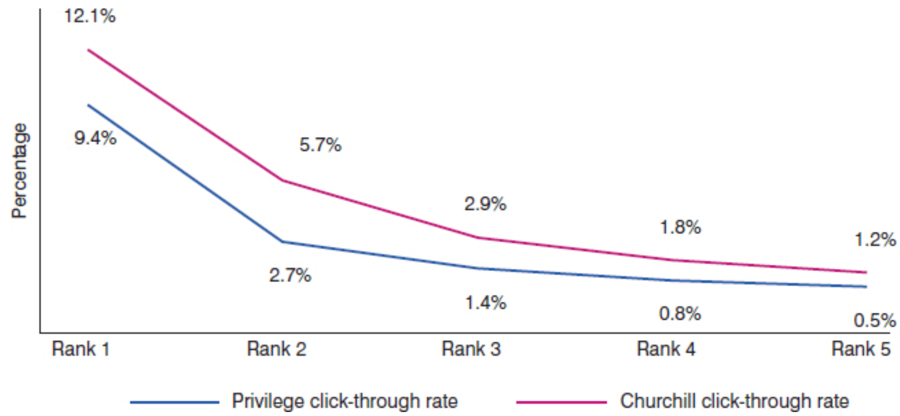
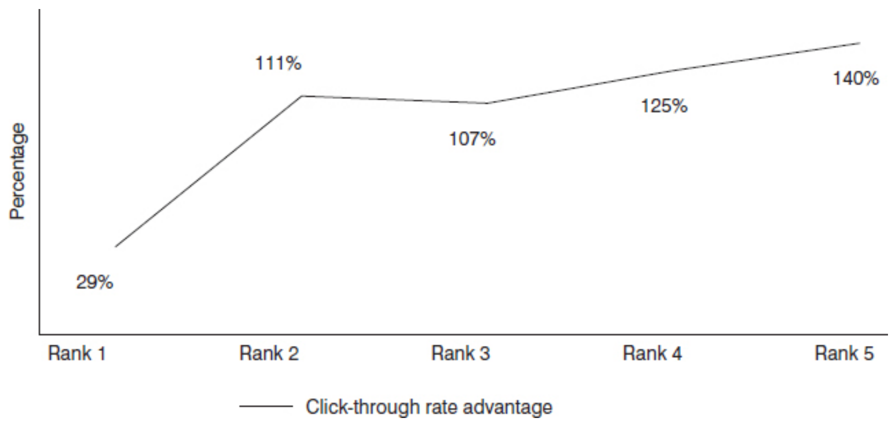


Figure 8: Click-through rate advantage Churchill vs. Privilege



Why do consumers seem to have a preference for Churchill? More to the point, why are some consumers willing to pay a premium to be covered by Churchill? It is not service levels. Churchill and Privilege are supported by the same contact centres and claims handlers and have similar satisfaction and complaint rates.[10]

The explanation is that Churchill has enjoyed much higher brand advertising investment over the last ten years[11] which has driven its advantage. Regardless of metric, it is clear that Churchill is ahead of Privilege (Figure 9 and 10).[12]

Figure 9: Ad spend 2008-2016

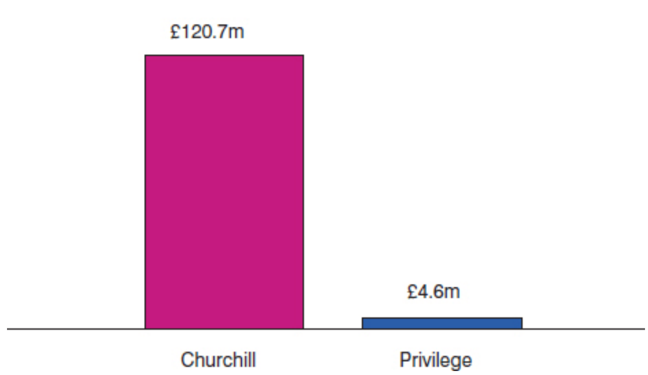
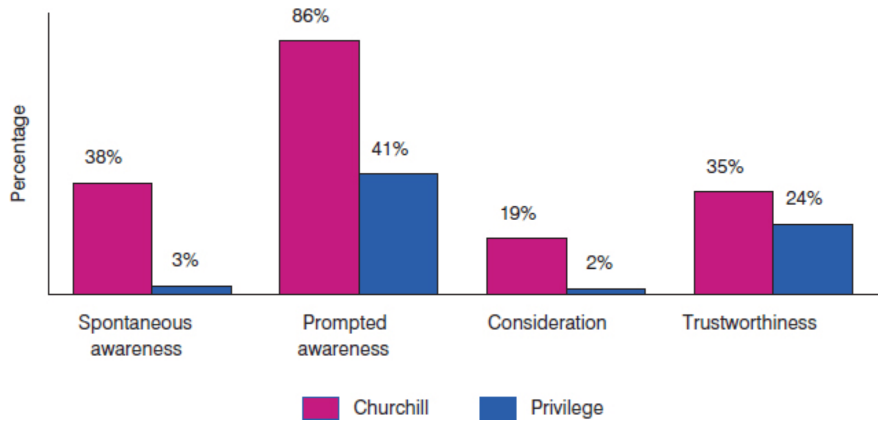


Figure 10: Brand metrics 2016



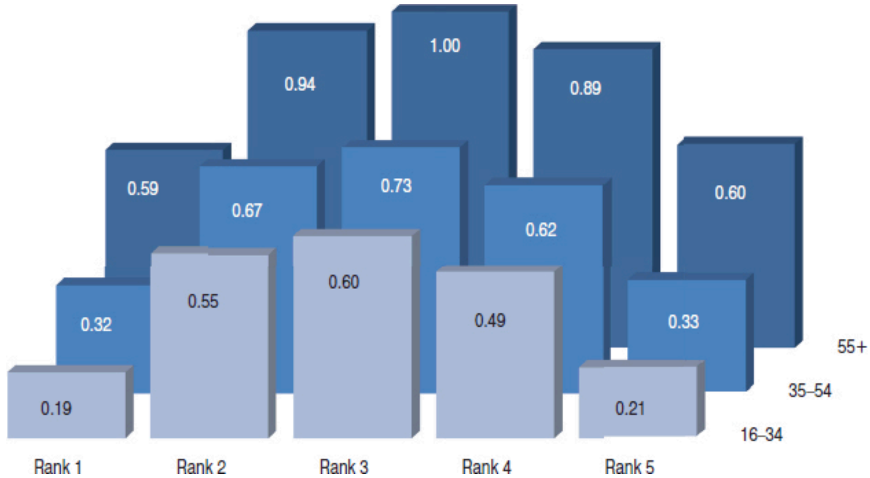
The dependent variable in our models is click-through rate for each age band and rank. Robust quantification of the size of the brand effect requires further controls which are implemented in a time-series multiple regression framework. Specifically:

- **Age banding:** splitting the data into age bands helps control for composition effects. Three groups were used: 16-34, 35-54, 55 + ;
- **Price point:** beyond grouping data by rank we also control for price competitiveness in both absolute and relative terms;
- **Propositions:** there were periods when either Privilege or Churchill benefitted from special offers such as free breakdown, free toys or telematics;[13]
- **Media:** time-series analysis is required to quantify the short-term benefit of marketing investment, which is a significant factor even if it is much smaller than the long-term benefits.

Our model is set up within a system[14] that includes both Churchill and Privilege data. Any difference that cannot be explained by the factors above are absorbed by differences in brand equity.[15]

This modelling approach helped us establish under what circumstances Churchill's enhanced brand equity delivers the greatest benefit. We found that brand equity gives us a bigger advantage if our price is within an acceptable range (ideally in rank 2-4) and that we are more likely to 'swing the vote' of older consumers (Figure 11).

Figure 11: Standardised impact on click-through rate Churchill brand advantage (by age and position in results)



A fascinating result! But what is this worth in commercial terms?

Case study 2: What did we learn?

Of Churchill's PCW sales, 37% can be attributed to our brand advantage and a further 5% can be attributed to short-term impact of above-the-line marketing (Figure 12).

A small nudge from brand preference can have a disproportionately large effect. Our analysis suggests that if a consumer is willing to pay a premium for a brand, the most they will tolerate is typically in the £10-£20 range.[16] But even if the consumer's attachment to our brand is slight, thousands of marginal decisions go our way, ultimately delivering 37% of Churchill's sales in the PCW environment.

By isolating this impact we quantified *c.* £5.5m of previously unmeasured profit contribution (Figure 13).[17]

Figure 12: Churchill weekly sales decomposition

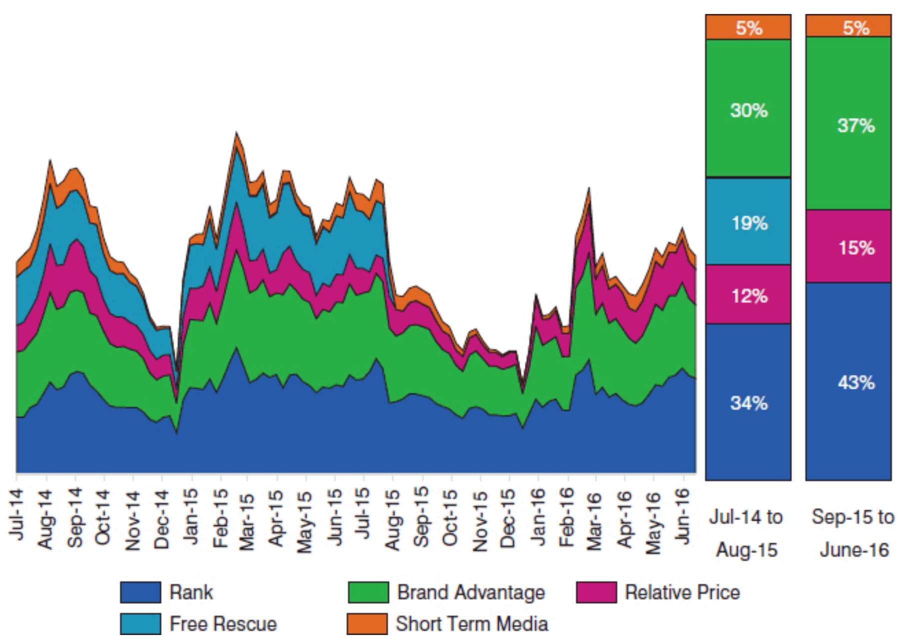
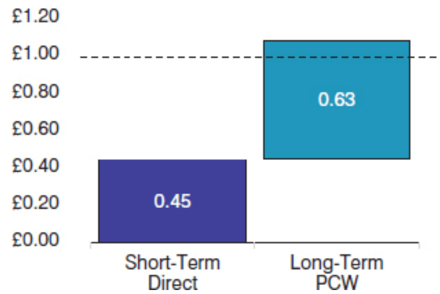


Figure 13: Churchill motor media ROI (52 weeks to March 2017)



Over the same period the short-term profit contribution from brand media[18] lines was c. £2.9m at an ROI of £0.45. If we made budget decisions on a pure short-term basis we would have disinvested at this point. Having measured the long-term contribution on PCWs we get an additional ROI of £0.63.

This takes us to an ROI £1.08, which we consider commercially sustainable to continue supporting the brand.

Strategically, we could not replicate this outcome by reducing our marketing overhead and lowering our price point; our competitive set can (and do) respond to price changes almost instantly. The Churchill brand legacy is based on long-term investment and a tremendous creative asset; this builds a consumer affinity that acts as a kind of soft 'barrier to entry' that low-cost insurers cannot match.

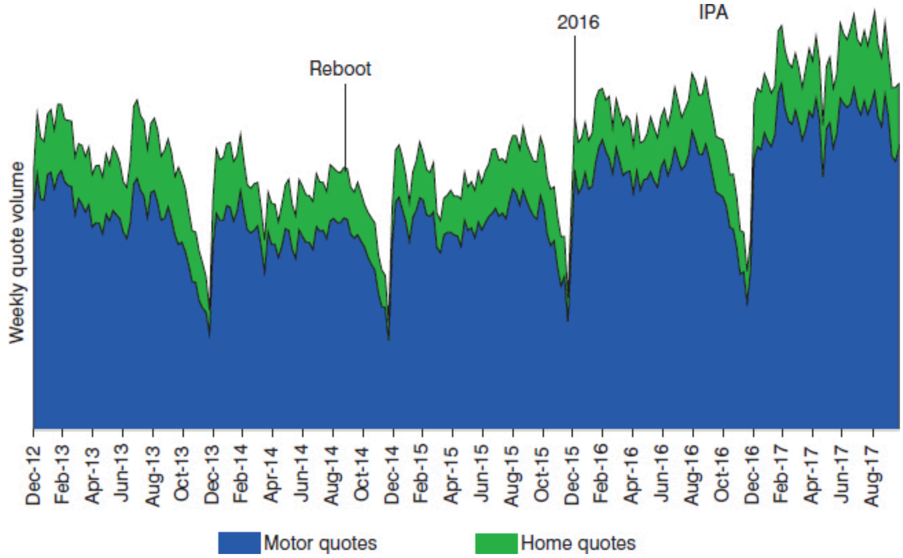
Case Study 3: Pathways to Consideration – Direct Line Insurance

Our third case study is about finding the balance between brand and acquisition media lines.[19]

It is worth recapping some of Direct Line's achievements. In 2014, after four years of decline, we rebooted the brand with the 'Fixer' campaign led by Harvey Keitel. The use of a character from a Tarantino film to represent our brand was a bold choice, but we were confident that the humour and the promise of straightforward convenient insurance would resonate with our target market. Initial results were excellent. In 2016 we submitted an IPA paper that showcased early signs of success from the reboot.

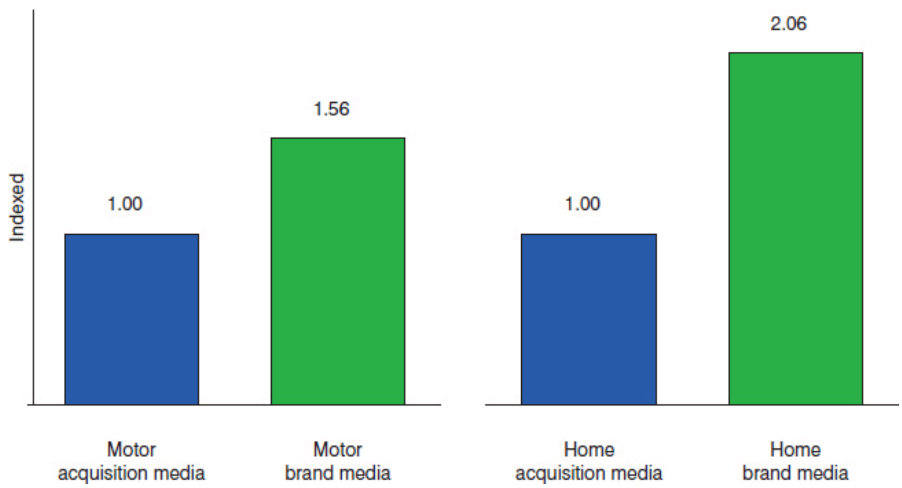
The *IPA Advertising Works*[20] editor commented that '*... this case documented an extremely well-considered comeback that transformed the business from inside out*'. Since then, we have indeed gone from strength to strength.[21] We know that market trends and improved short-term media ROI is part of this success story, but we also believed that there was a brand element that we were failing to capture (Figure 14).

Figure 14: Direct Line motor and home quotes



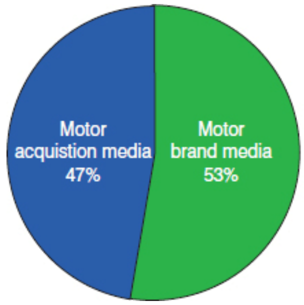
Understanding the true drivers of our growth is critical for our commercial planning. Our challenge is that, despite our growth since reboot, the short-term acquisition costs of brand media lines[22] are still much higher than we see for acquisition media lines (PPC, affiliates or DM). The cost per sale of brand media is shown indexed versus acquisition media in Figures 15 and 16.

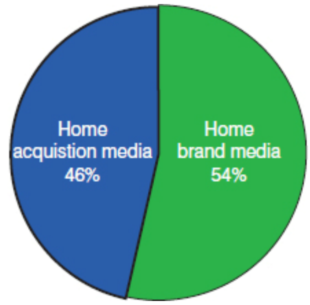
Figure 15: Direct Line cost per sale - motor and home



It is a fair challenge to ask whether putting c. 45-50% of our Direct Line marketing budget into what apparently looks like a less-efficient media line is the right decision for DLG. To address this we created a new measurement approach that allows us to better understand the impact of our marketing investments on long-term dynamics (Figure 16).

Figure 16: Direct Line motor spend percentage - motor and home (52 weeks to October 2017)



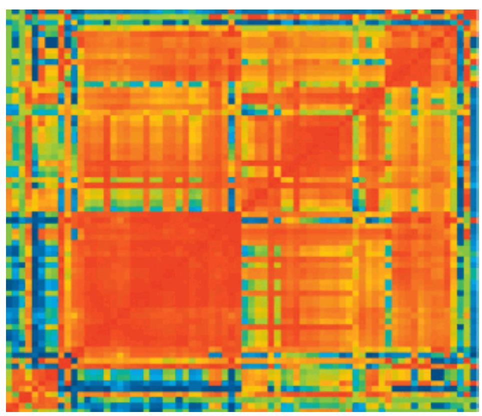


Measurement approach

The defining problem of modern commercial analysis is not that there is not enough information, but that there is too much. Brand survey data gives us an abundance of information - hundreds of metrics that can be split hundreds of ways. This creates an analytic challenge; how can we identify what element drives commercial growth? Individually, many brand measures are statistically noisy making it hard to draw meaningful conclusions about what individual factor is driving success.

The correlation heat map shown in Figure 17 represents a subset of 72 brand metrics available for Direct Line. Red data points indicate highly correlated metrics, blue data points represent negatively correlated metrics.

Figure 17: Direct Line brand metrics correlation



This graphic illustrates two things: a) there are large red blocks of metrics that all move together and seem to be measuring some underlying factor and b) there is too much data for meaningful interpretation.

In order to make sense of the information it is necessary to reduce the number of factors we look at. This can be done using techniques such as factor analysis, principal components analysis or cluster analysis (as shown in dendrogram in Figure 18).

Reducing the dimensions of the brand dataset gives us a more natural way of thinking about human attitudes so we can identify the pathways that drive commercial growth; either directly or indirectly.

For DLG brands, the exact aggregation differs for new and existing customers, for home and motor and by period. However, the factor groupings shown in Table 1 highlight common themes that were found to be most representative across the portfolio.

The extended brand health dataset[23] could not be tested in an econometric framework.[24] The reduced factor set, however, can then be tested.

The first stage of the analysis is a 'traditional' econometric model which we use to strip out drivers like PPC, DM and the short-term impact of above-the-line media. For Direct Line motor insurance this accounts for about 41% of sales. For home insurance this accounts for 48%.

But what about the remainder? Typically this is described as 'base' sales and it would include factors such as the market, the regulatory environment and brand equity (which we believe would determine market share in the absence of price and short-term marketing).

The mechanism through which brand investment drives base evolution is not straightforward, but rather relies on both direct and indirect pathways. One fundamental finding is that consideration is directly linked to base sales, which confirms a rather classical view of how the marketing funnel works (Figures 19 and 20).

Figure 18: Dendrogram cluster analysis of brand values

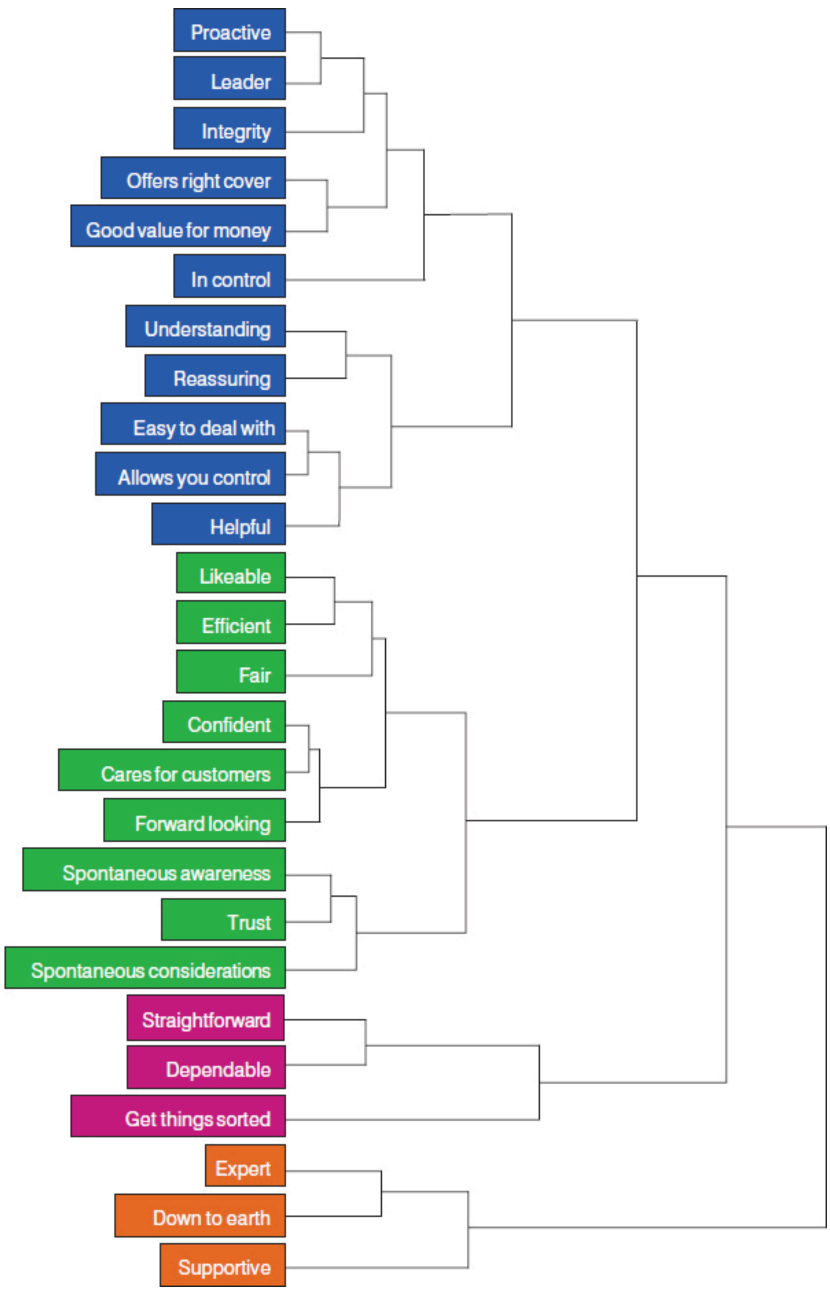


Table 1: Factor groupings

Factor group	Motor	Home
Top of mind	Spontaneous awareness	Spontaneous awareness
	Spontaneous consideration	Spontaneous consideration
	Positive buzz	Positive buzz
Straightforward reliability	Straightforward	Straightforward
	Trustworthy	Dependable
	Dependable	Trustworthy
	Forward looking	Fair
	Proactive	
Perceptions of customer service	Easy to deal with	Easy to deal with
	Good value for money	Good value for money
	Allows you to be in control	Allows you to be in control
	Cares for customers	Cares for customers
	Integrity	Integrity
	Likeability	Likeability
	Gets things sorted	Gets things sorted
	Helpful	Helpful
	Leader	Leader
	Reassuring	Reassuring
	Understanding	Understanding
Will do the right thing		Get things sorted
		Integrity
		Good value for money
		Offers the right cover
Other factors	Customer net promotor score	Customer net promotor score
	Complaints	Complaints

Figure 19: Pathways of influence - motor

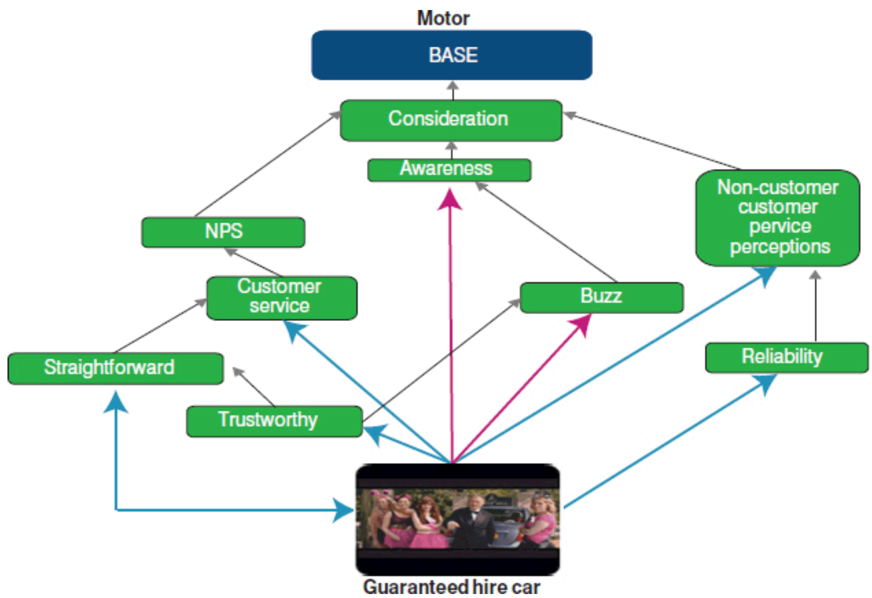
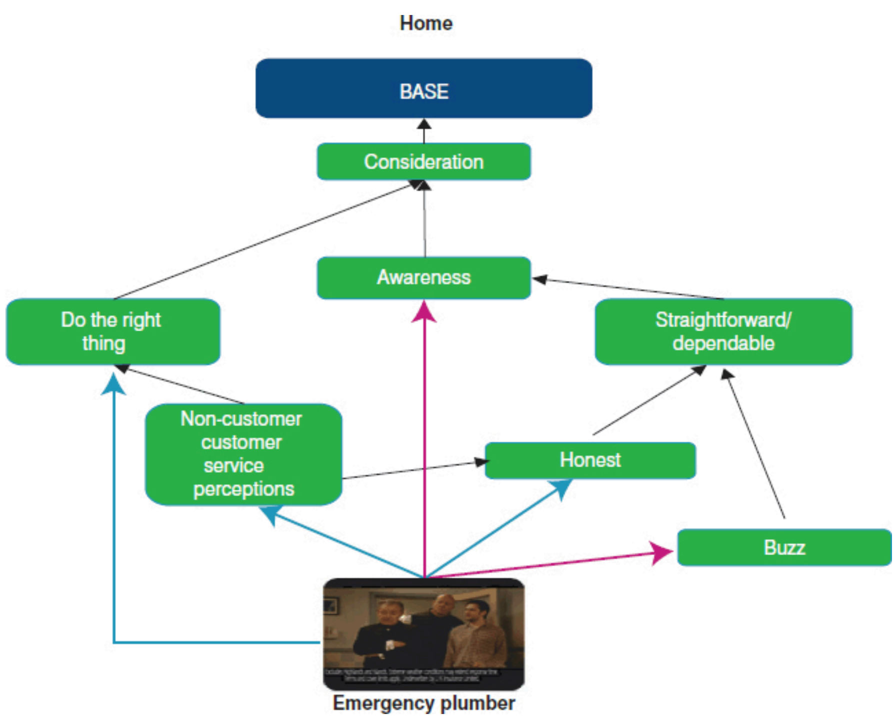


Figure 20: Pathways of influence - home



These diagrams illustrate how these pathways of direct and indirect effects drive consideration and ultimately help us explain base evolution.

Top-of-mind factors are shown with the pink arrows. For motor insurance we found that the 'Guaranteed hire car' campaign drove awareness which in turn drove consideration and base sales. Similarly we found that buzz drives awareness.

Brand-perception factors are shown in blue. The 'Guaranteed hire car' campaign directly improved perceptions of straightforwardness, trustworthiness, and customer service. These in turn helped improve the net promotor score (NPS), either directly or indirectly, which feeds into consideration. Similarly, reliability and non-customer service perceptions are positively associated with awareness.

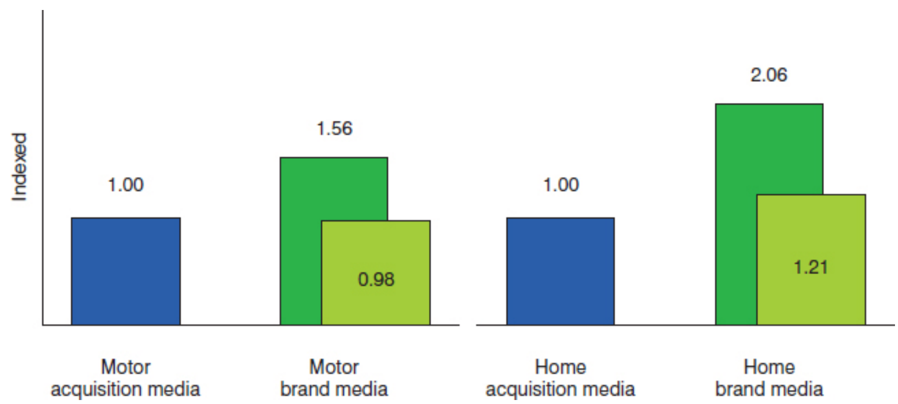
For the 'Emergency plumber' home insurance campaign shown in Figure 22 we saw similar patterns emerge. The campaign drove positive brand perceptions on customer service, honesty and 'doing the right thing' as well as top-of-mind factors such as buzz and awareness. All of which ultimately improved base sales via consideration ... the value of which is quantified in the next section.

Case study 3: What did we learn?

First, as a result of this work we now know with much greater rigour that consideration and awareness are key drivers of our base, but more importantly we have identified the levers we need to pull to move them and we know which media channels can influence our base evolution.

Second, we have identified specific long-term multipliers for Direct Line of *1.60* for motor and *1.70* for home. These are not nebulous 'industry norms' but are derived by linking our tracking data to our own commercial performance. After factoring these into our commercial planning we see that the effective cost per sale of acquisition and brand media is much more evenly balanced (Figure 21).

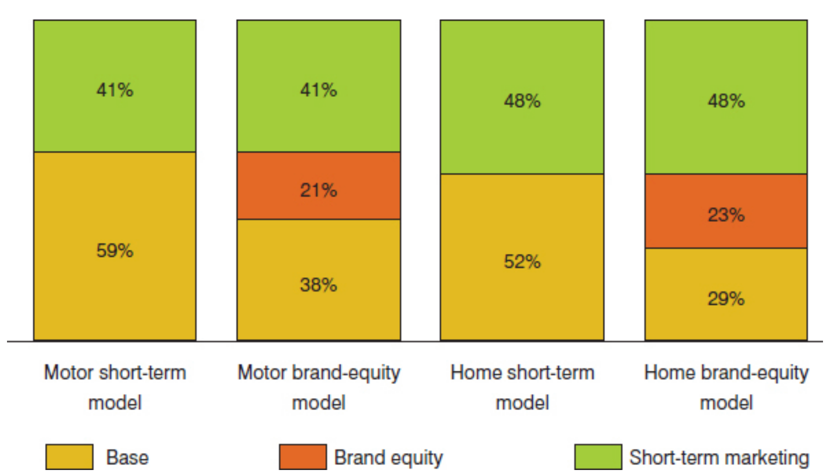
Figure 21: Direct Line cost per sale – motor and home (econometrics 52 weeks to October 2017)



Finally, our analysis allowed us to further decompose the base and identify the contribution of brand equity. We already knew that on a short-term basis, marketing delivers around 40-50% of our sales (see below).[25] What we now know is that brand equity accounts for c. 20-25%.

Before even considering the long-term contribution, our marketing ROI[26] on Direct Line is excellent. We delivered a short-term return of £2.39 in the 52 weeks to March 2017 across home and motor (Figure 22).

Figure 22: Short-term vs. brand equity share



But what we found truly stunning was that the previously unmeasured profit contribution is worth c. £40.5m on a five-year NPV basis. To put this in perspective, that number alone represents about 9% of DLG's average annual profit.[27]

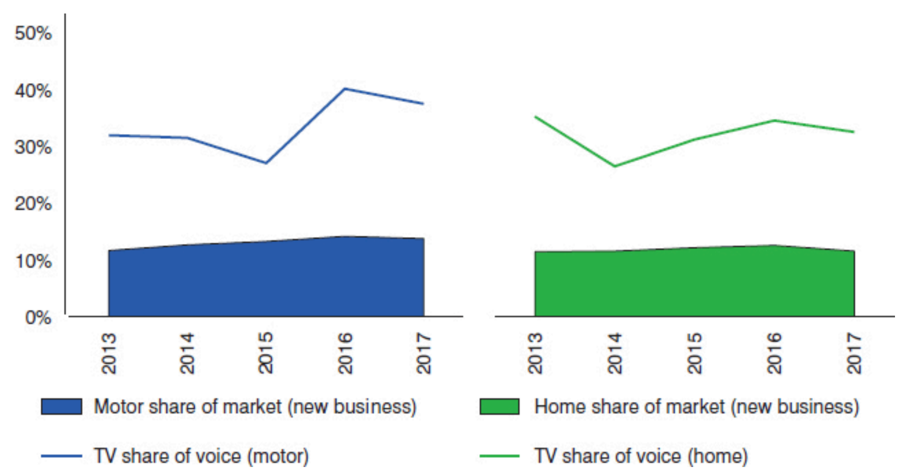
Implications: What We Did Differently

Taking the three case studies as a whole, here are four things we did differently as a result of our cumulative learnings.

We doubled down on brand-led TV marketing

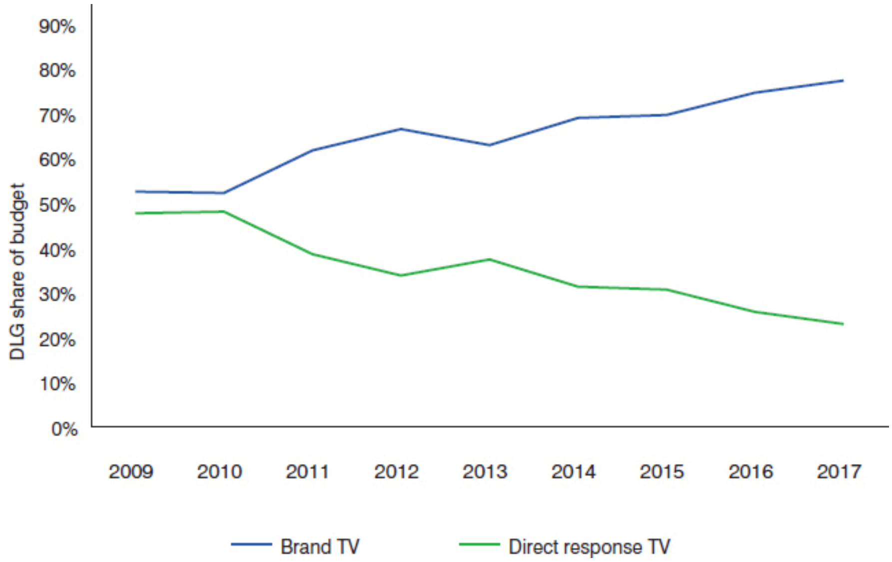
As PCWs became the primary shopping channel, most insurance brands reduced investment in TV advertising. DLG didn't follow the trend. We kept TV at the heart of our media plan because we knew that it is an effective driver of brand equity in general and awareness, buzz and consideration in particular. As of 2017 our share of TV spend was twice our market share for motor, and three times for home (Figure 23).

Figure 23: TV share of voice vs. share of market - motor and home



Within TV planning our strategy also changed. Historically, about half of the budget was brand (BRTV) which predominantly airs in more premium peak programming. The other half was direct response (DRTV), which is typically aired during the daytime. With a renewed focus on brand building, the balance has shifted towards BRTV As of 2017 almost 80% of our TV budget is brand focused (Figure 24).

Figure 24: DLG TV shore by brand vs. direct response TV



We are digital conservatives

Until very recently, the marketing orthodoxy has been that more targeting (and more digital media) is always and unambiguously a good thing, not with us! Between 2013 and 2017 we substantially reduced investment in digital display[28] and programmatic online video, both compared to previous years and compared to our competitor peer group.

What informed our divergent thinking? We devised a geotesting[29] programme to understand the incremental impact of digital. A series of tests gave us evidence of poor performance (despite excellent efficiencies being reported on a post-impression basis).

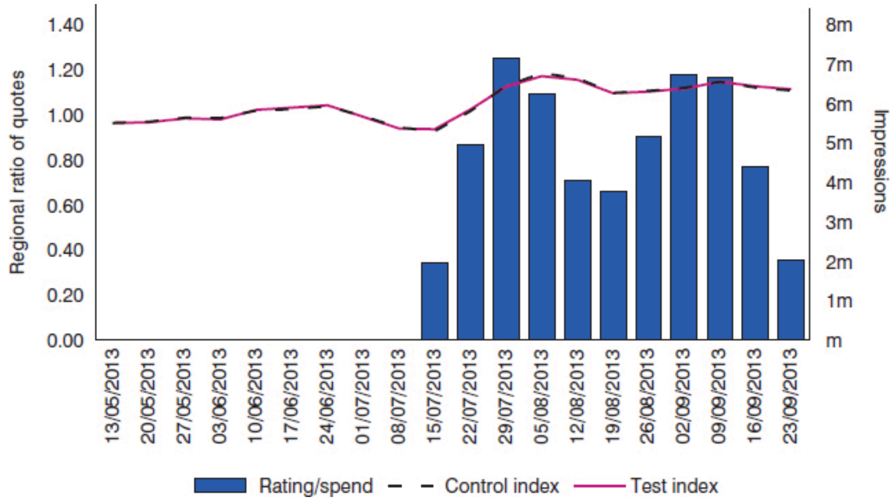
These results put us ahead of the curve. The world of marketing was shaken in 2017 when Marc Pritchard of P&G shone a light on the lack of transparency and poor efficiency of many programmatic media lines - but this was not new news at DLG.

We call ourselves digital conservatives but we are not anti-digital. We favour new, innovative and targetable media if it is cost-effective. Whatever the media line, cost-effective reach has become our imperative for all marketing investment decisions across the brand portfolio.

We could find compelling evidence for both the long-term and short-term effectiveness of media lines such as TV and radio. By contrast, our research did not support continued investment in a number of programmatic digital media lines even on a short-term basis.

The line chart in Figure 25 shows the non-response of our home and motor quote volume during an aggressive upweight of display spend across half the UK while the other half was 'dark'. Blue bars represent delivered impressions.

Figure 25: DLG digital display test number 1



On the back of this test we reduced our display spend across the portfolio from approx. £3.5m in 2013 to no BAU[30] display spend in 2017. These savings have contributed the most to our post-IPO budget challenges and helped us defend brand budgets.

We improved our propositions and customer experience

The Brand Equity Analysis Programme demonstrated to us that our complaints, customer service perceptions and net promoter scores are all important pathways on the way to consideration.

If customers have a sub-par experience with our brands, we know that this will put our brand equity at risk, regardless of how much we invest in advertising. To protect our brand assets, we put together a programme that improved the customer experience and our propositions across the portfolio. What kind of improvements were implemented?

We reduced our reliance on discount-led advertising and strengthened our execution of the 'Fixer' positioning with a string of market-leading propositions (Figure 26).

Figure 26: Direct Line 'Fixer' campaign

Against conventional thinking for an insurer we cancelled policy-amendment fees for Direct Line despite the commercial risks (and an annual cost of c. £7m[31]). We improved car repair turnaround time through a partnership programme with garages. The proof is in the numbers: our complaints rate fell by 48% between 2014 and 2017 (Figure 27).

We saved the dog! We continue to support a portfolio of brands

We have evidence that we should continue to support investment in the Churchill brand (Figure 28). From a short-term perspective, this investment decision would previously have been indefensible. More broadly, we understand that while there may be cost advantages to reducing the number of brands we support, we would lose out on the benefits of a 'diversified portfolio'. Our portfolio strategy is underpinned by a needs-based behavioural segmentation model.

Figure 27: Personal lines complaints rate (Direct Line, Churchill, Privilege)

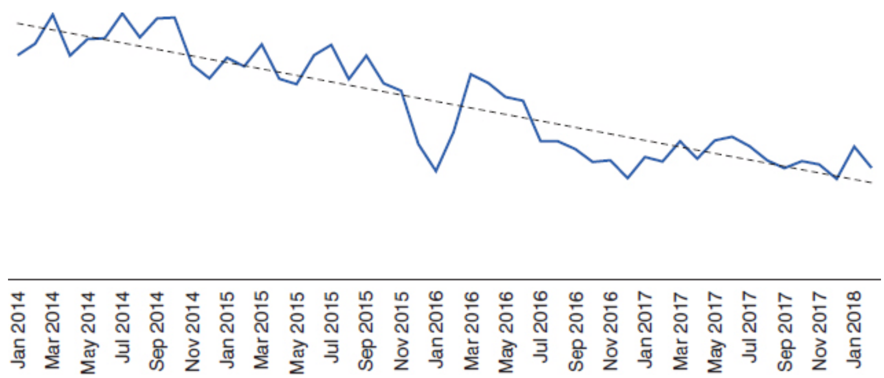


Figure 28: The Churchill bulldog and Green Flag

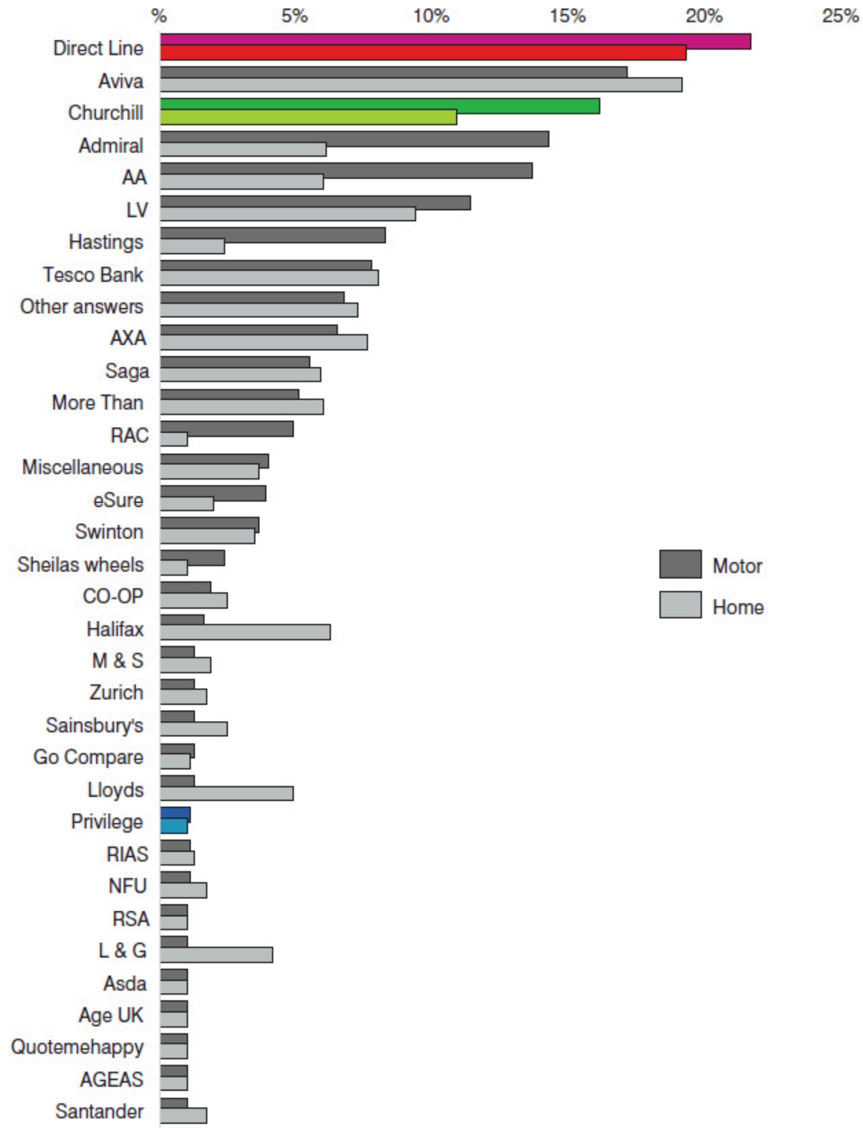
This has helped us reach consumers with different values and needs: we are able to reach customers who just want the best possible price point (Privilege); consumers who are willing to pay a premium for a brand they know and trust (Churchill); as well as consumers who simply want the best possible product and who value straightforward convenience.

Conclusion: Performance of Our Brand Portfolio (2013-2017)

Was it successful? Unequivocally yes!

Because we have played the long game and sustained brand investment over the years, Direct Line and Churchill enjoy some of the strongest spontaneous consideration scores in the marketplace.[32] We own two of the top three insurance brands in the market - an outcome that could only be achieved with a long-termist approach to brand measurement, management and investment (Figure 29).

Figure 29: Spontaneous brand consideration



We also enjoy excellent preference[33] scores across general insurance. Again, this is the long-term payoff for ongoing brand investment and our focus on improving the customer experience (Figure 30).

Figure 30: Preference home and motor

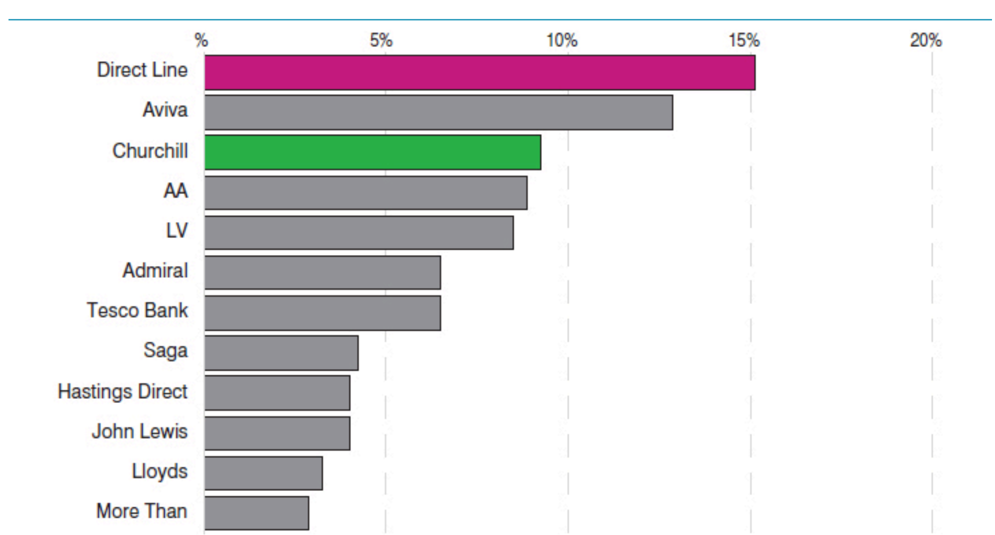
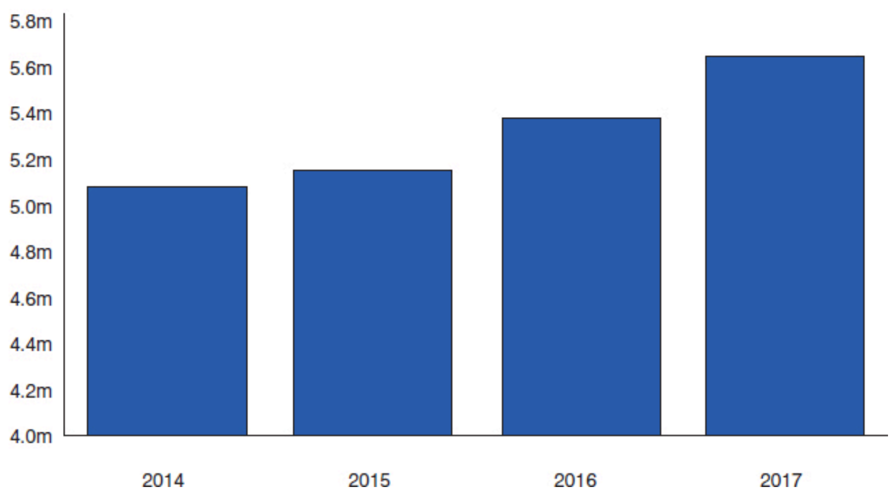
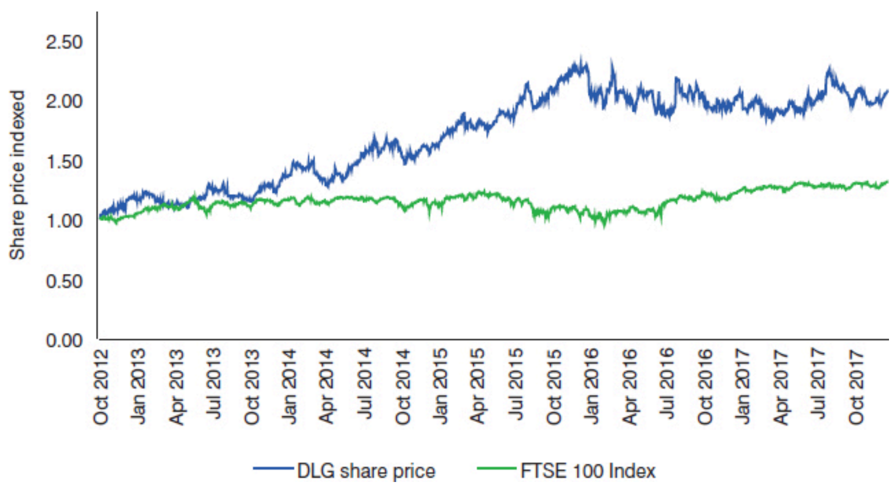


Figure 31: Total DLG in-force policies



We have also seen gains in the DLG share price since our IPO - significantly ahead oftheFTSE 100 (Figure 32).

Figure 32: DLG share price vs. FTSE 100 (indexed October 2012)



Three years ago we set out on a journey to understand whether our brand-led strategy was right for DLG when it seemed that so many of our competitors were travelling in the opposite direction.

The results are phenomenal! This paper has outlined how improved measurement has enabled us to quantify £46m previously unmeasured profit contribution on home and motor alone[35].

Proper measurement of the contribution of brand equity has fundamentally altered the strategic thinking of the business.

Through this piece of work we have been able to educate the organisation and we now have a better appreciation of the value of our brands.

When the inevitable costs challenges do come around we can explicitly quantify the long-term impact of our short-term decisions.

To put it simply, what we learned has allowed us to play the long game when others could not.

Notes

1. Source: Google Trends, 2004-2016.
2. Source: Spontaneous awareness data is based on survey based brand tracking from a number of providers. TNS 2004-2017, Nunwood 2008-2013, Hall & Partners 2013-2016.
3. Source: Spend based on internal records.
4. By 'direct' we mean that the customers gets a quote either with the contact centre over the phone, or directly on the website. Churchill's motor sales split is *c.* 40% direct to 60% PCW
5. Source: Ebiquity short-term econometrics. Media lines include TV, radio, press, OOH, social, display and cinema. Period: 52 weeks to October 2017.
6. Source: Internal data and a leading PCW Period March 2014 to September 2016.
7. Source: Box-Clever. Survey Date: March 2017. Sample Size: 3036.
8. The PCW data used was sourced from one of our PCW partners and has a number of limitations in place. Information was only provided on the top five positions of each query and both brand and consumer were anonymised. Exact quoted premium were provided for each position. Period: July 2014 to June 2016.
9. An implicit assumption here is that Privilege is a kind of 'non-brand' with zero equity. Clearly this is false as many of us lovingly remember the Joanna Lumley adverts that ran in the early 2000s. This is a valid criticism, but it should be noted that this will bias the results of our analysis downwards, not upwards.
10. Source: Internal data.
11. Source: Advertising spend from Ebiquity Portfolio 2008 to 2017. Media lines include estimated spend for TV, Radio, Press, Cinema and Outdoor.
12. Source: Hall & Partners. 2016.
13. Black-box devices that measure driving characteristics and feed into (hopefully) cheaper insurance premiums. Our model suggests consumers see Telematics as a 'slight negative' after adjusting for its pricing benefits.
14. Specifically we used an ordinary least squares fixed-effects panel model.
15. Technical note: the brand equity variable shares a common coefficient across Churchill and Privilege.
16. This £10-£20 figure can be derived from the hanging-bars analysis and has been corroborate by conjoint analysis conducted in 2014 by Hall & Partners.
17. Based on the last 52 weeks of the model to June 2016.
18. Including TV, radio, sponsorship and VOD.
19. You could argue that this is a false dichotomy but for the purposes of this paper we are treating brand building media lines such as TV, radio, cinema, OOH and press as 'brand' and demand- harvesting media lines such as DM, door drops, PPC and SEO as 'acquisition'.
20. *IPA Advertising Works* Volume 23, 2016.
21. Source: Internal data. Period: December 2012 to September 2017.
22. Source: Based on econometric measurement of short-term advertising effects 52 weeks to September 2017.
23. Customer Net Promotor score and complaints data sourced from DLG. Positive Buzz sourced from YouGov. All other survey data for this study was provided by Hall & Partners. Period: Jan 2013- March 2017. Sample: n = 1000.
24. To do so would be committing the crime of 'over-fitting' the data.
25. Based on econometric analysis.
26. ROI calculated using a five-year net present value for each acquisition. Breakeven ROI is *c.* £1.00.
27. Source: DLG Annual Report 2017. Average declared profit before tax 2016 and 2017.
28. This includes prospecting and retargeting.

29. Implemented in partnership with Ebiquity.
30. Digital display spend is currently confined to our media testing budget (based on 2017 and 2018 plans).
31. Source: Internal data. Period: January 2014 to January 2018.
32. Our brand tracking was recently moved to a new provider and as such we cannot offer a multi- year time series view. Period: Monthly average for the period July 2017 to February 2018. Source: Kantar Millward Brown. Sample size: 1000. Question: '*Thinking about the next time you need to renew your motor! home insurance policy, which providers would you consider?*'
33. Source: Kantar Millward Brown. Period: Monthly average for the period July 2017 to February 2018. Sample size: 1000. Question: *Tf price was equal, which home and/or car insurance provider would you prefer to use?*'
34. Based on consumer panel data provided by insurance specialist Consumer Intelligence.
35. On an annual basis. This is £5.5m on Churchill motor and £40.5m on Direct Line motor and home. This is a conservative estimate as it does not include many of our other lines such as Churchill Home, Direct Line for Business, Green Flag or Privilege.

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Anusol, a brand of haemorrhoid treatments, created a TV advertisement challenging the taboos surrounding haemorrhoids in the UK to encourage sufferers to seek treatment with its products to grow sales.

four weeks of a national lockdown in New Zealand.

competition rather than knocking them.