

COLEY
PORTER
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SECTOR PERSPECTIVES

Insurance

March 2024



Hello,
I'd like to talk
to you about
your insurance.

Wait, come back!
This'll be extremely
interesting,
I promise!

And there we have the problem. A vital service – one that mends our crashed cars, pays for the cat's outrageous vet bills, and can quite literally keep the roof over our heads – is something we don't really want to engage with.

It's also huge. In the US, the property and casualty insurance industry wrote a total of approximately \$720 billion in net written premiums during 2021. In the UK, new sales for domestic motor insurance volumes rose to 28.1 million in 2022.*

It's big business with hugely valuable brands. And it's important to people's lives. So why – when I asked around for quotes – did this one so precisely capture the feelings of many?

"It's a necessary evil." Peter

Insurance brands have an unenviable task. Roll up roll up! You Sir, yes you. How would you like to spend fifty years paying for a product that you will (probably) never use! Of course you do. No? Ah I'm sorry Sir, but you're legally obliged to buy it...

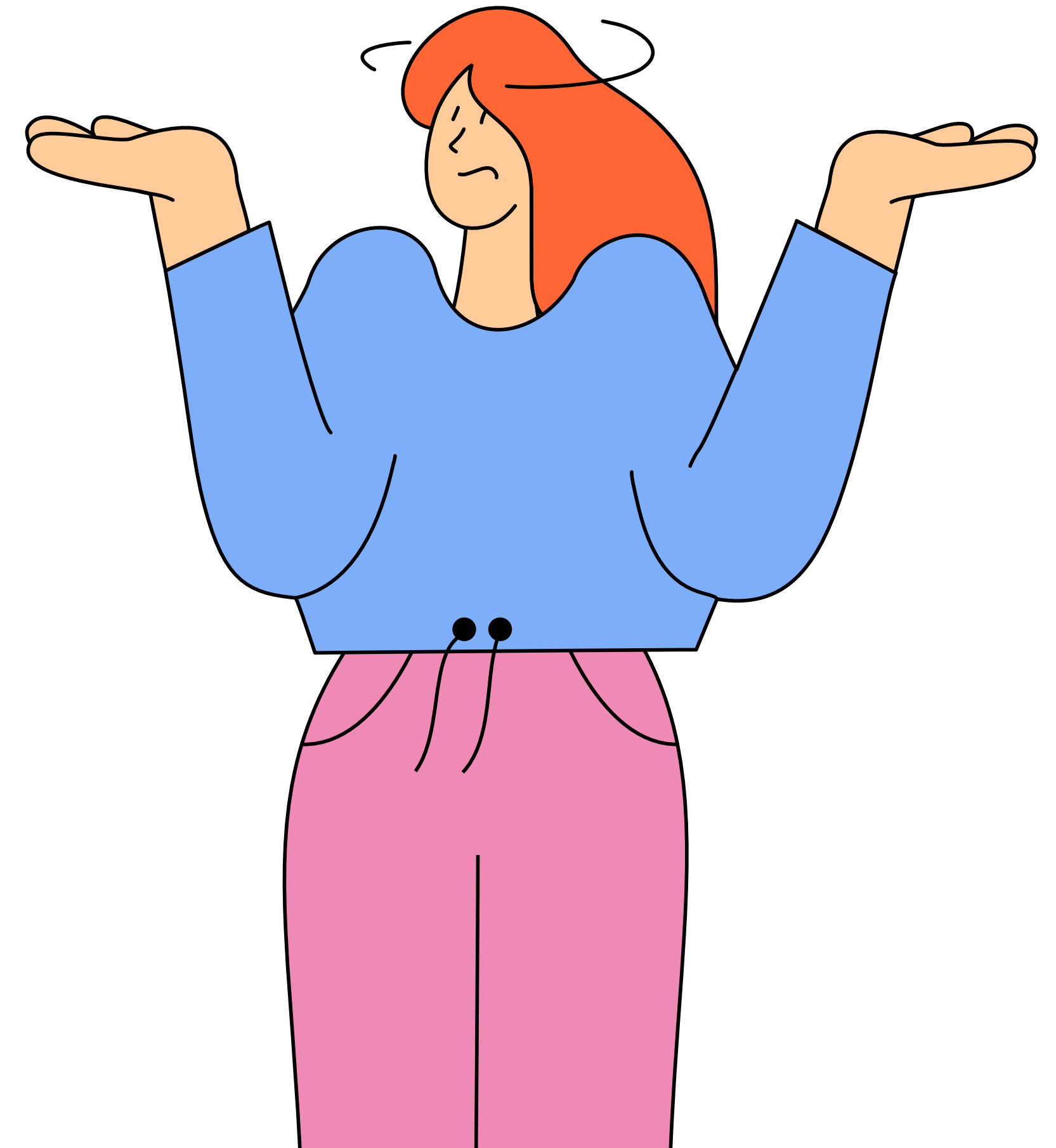
It's an emotional tightrope for brands. They need to simultaneously make us anxious (by gently alerting us to potential disaster), at the same time as stalwartly reassuring that they'll look after us (if said disaster occurs). All of which leaves

insurance brands in a difficult spot. How do you brand something that everybody needs, but nobody wants?

This branding dilemma was inadvertently summarized by a colleague:

"Why do I have to call them to get my loyalty bonus, after I've spent ages looking for something cheaper?" - Joe

How do you brand something that everybody needs, but nobody wants?



Here's your brief:

Brand Objective

Develop a distinctive and compelling brand that is sticky, encourages cross-selling, stays top of mind, feels authentic in diverse cultures across the world, is at home in the digital-first world, and makes our employees proud.

The Category

This is a very low interest category, that your consumer can actively resent spending money on. It has an overwhelming singular emotional benefit – 'peace-of-mind'. The product looks suspiciously like it might be commoditized. And it's invisible. You must look empathetic and sympathetic – but not too much or people think you're soft. You need to look like a big business, as insurance is founded on spreading risk, but you must also look personal and intimate.

You also need to navigate a complex ecosystem of consumers, brands, brokers, aggregators, and businesses. Your brand needs to speak to audiences here, there, and everywhere; from indolent consumers, to price warriors, to gnarled procurement managers.

You have until Tuesday.

Sounds impossible, but the good news for insurance brands is that their category isn't alone. Also slumped in the forgotten brand box are the telco, credit card and energy categories. All suffer from perceived commodification, a heavy focus on pricing, and waning consumer interest. None of which has stopped Amex and AT&T from being hugely successful brands. Distinctiveness just demands a little more creative courage.

Over the years, some clear patterns have emerged as the category responds to its particular challenges, which are summarized in this statistically dubious pie chart:

Insurance Positioning



- Friendlification
- Trust
- MeSpoke

Distinctiveness just demands a little more creative courage.

Trust, MeSpoke and Friendlification are the three big slices of pie. Of these, trust (20%) is where you start, because without it nothing can or will happen. But with Trust established, MeSpoke and Friendlification take over. MeSpoke is the modern combination of applied data, a simplified experience, and a personalized relationship. And Friendlification is where and how brands try to emotionally connect with their audiences by building layers of personality and expression.

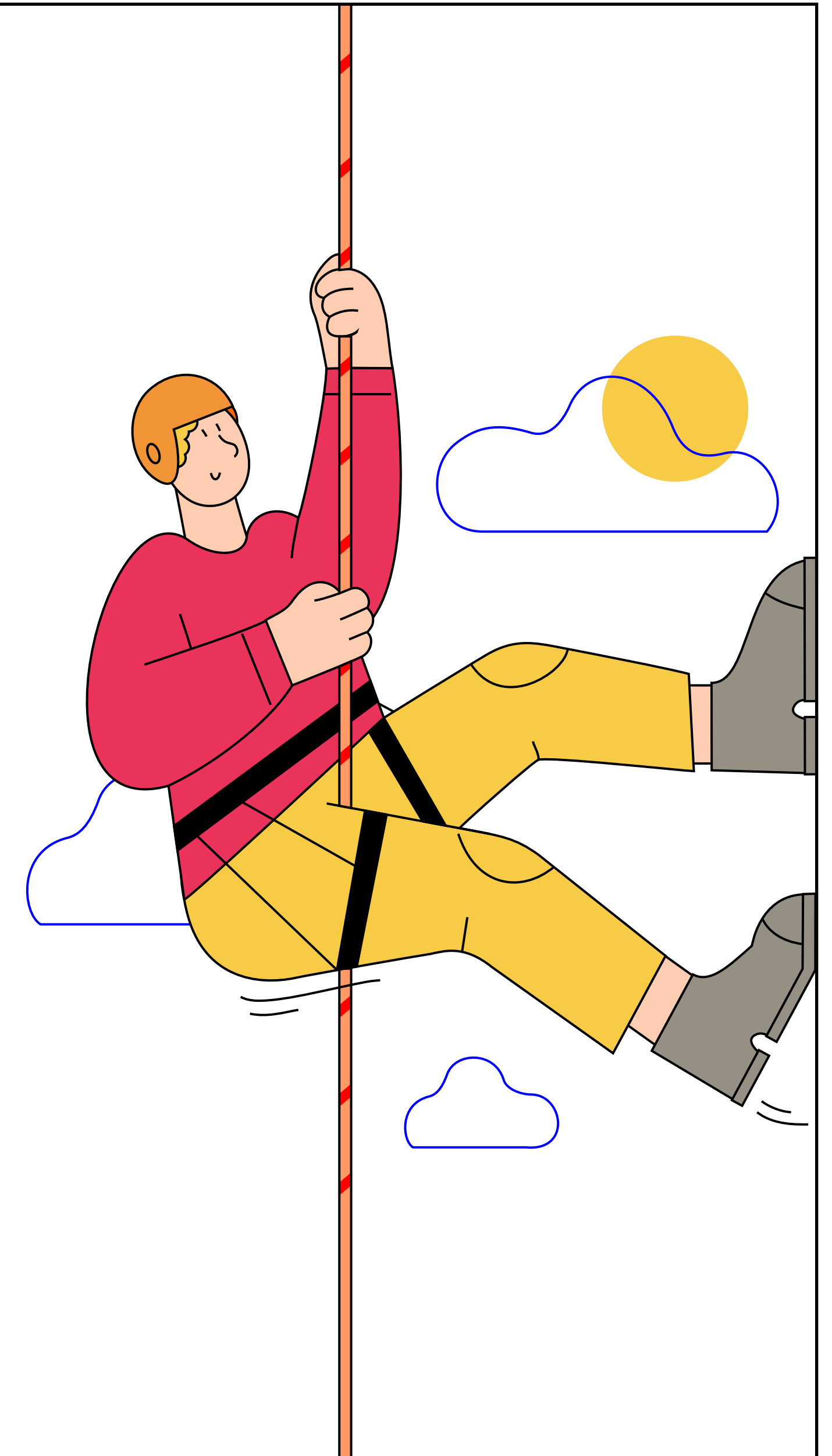
Trust me, I'm an
Insurer.

“Trust” is the foundation upon which all brands are built. Will you actually do what you promised you would do? This is true of all categories, but for most brands the immediacy and physicality of their products or service answers the question. If you’ve been promised the finest driving experience and the car won’t start, you can feel pretty confident that’s not a brand to trust.

That’s tougher for insurance brands, with their will-o’-the-wisp ethereality. The reaction is often a recourse to hard, solid numbers. It’s reassuring to know that Aviva has been helping customers for 325 years, Alliance is in over 70 countries, Travelers has over 12,000 claims employees, and Prudential has over 200 bank partners. These numbers are often supplemented by blogs, research publications and magazines that radiate knowledge and expertise. Trust silently accretes with every gentle snowflake of proof.

Of course, if quietly isn’t your brand, there is the option to stick your hand up and frantically wave it around like the know-it-all kid in math class. Perhaps you could sponsor an enormous global sports brand, like AXA and Liverpool Football Club?

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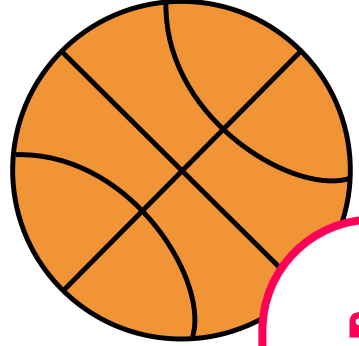
Likewise, the State Farm Arena hosts the Atlanta Hawks, immersing NBA fans in the brand; and Allstate has provided long term support to soccer.



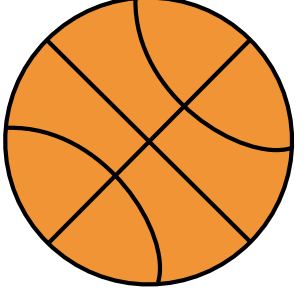
Sponsorships of this type have multiple benefits. Most obviously, lots of people see your brand. If they're fans, they get to see it every week. Couple that with a cheeky fan's discount, and you should at least make it to the consideration set.

More subtly, big name sponsorship also reinforces trust. The fact that a brand has the confidence and organization to make such a large and public commitment is an implicit indication that they will have the requisite resources to take care of your needs as well. The same is true of splashy advertising campaigns.

Empathy is a crucial component of trust. Do you feel like the brand knows you, understands you? Or is it an anonymous algobot looking for sweet revenge on its human masters? Sponsorship of beloved institutions, integration into local cultures, and a tone of voice that speaks their language, all help to build a connection with your audience. Many empathetic insurance brands derive their names from their community origins. There's a clue in the name of the UK's countryside specialists NFU – the National Farmers Union:



“They’re a rural brand, so when I called and told them the car had been hit by a pheasant, they didn’t even blink.” Rob



Sponsorship's a form of borrowed equity, and another way insurance brands can gain that is through people. This adds a human face to otherwise anonymous brands. As insurance CEOs don't tend towards the Jobsian flamboyance end of the corporate personality spectrum, spokespeople can draw some attention to the brand. Peyton Manning and Brad Paisley's long-running double act for Nationwide prompts an appropriately gentle chuckle, dovetailing perfectly with the brand's message of hometown care.

Sponsorship and advertising also have a third benefit. Anyone can do it. Much of the equity in the trust area is associated with longevity and heritage. Venerability provides the veneer of respectability. Time gives you a chance to accumulate members, complete successful case studies, and expand into new markets – the things that provide those granite-chiselled numerals. So newer brands have to work harder – and differently – to stand out. Which conveniently brings us to our next slice of yummy insurance pie.

Having assured, reassured, and assured again, brands have permission to move forward into the consideration set, and tackle the 30% of the pie covered by MeSpoke. Insurance can be detailed, confusing, and intimidating. It's a lethal combination of stressful and dull, with complexities that can challenge the most Holmesian mind. And sometimes – the more gimlet-eyed consumer suspects – this complexity is there accidentally on purpose (see trust, lack thereof).

Insurance can be detailed, confusing, and intimidating.



Its all about
me me me.

Consequently it's no surprise that in more recent times, brands have fallen over themselves to persuade us that they are all about you. That insurance has ceased to be a mass participation sport, and is now snugly wrapped around the individual me. And they've cunningly used technology to help them achieve it.

In 1985 Direct Line launched in the UK. Offering car insurance over the phone, the brand provided a speedy and personal service that contrasted with its slower, paper-shuffling competitors. Since then, the digital revolution has swept all before it, creating the omnichannel world we're all living in – and huge opportunities for insurance brands to combine a bespoke front end with the traditional big number pointy-headed maths safely tucked away around the back.

Tutting at our slovenly habits like a disapproving Victorian aunt.

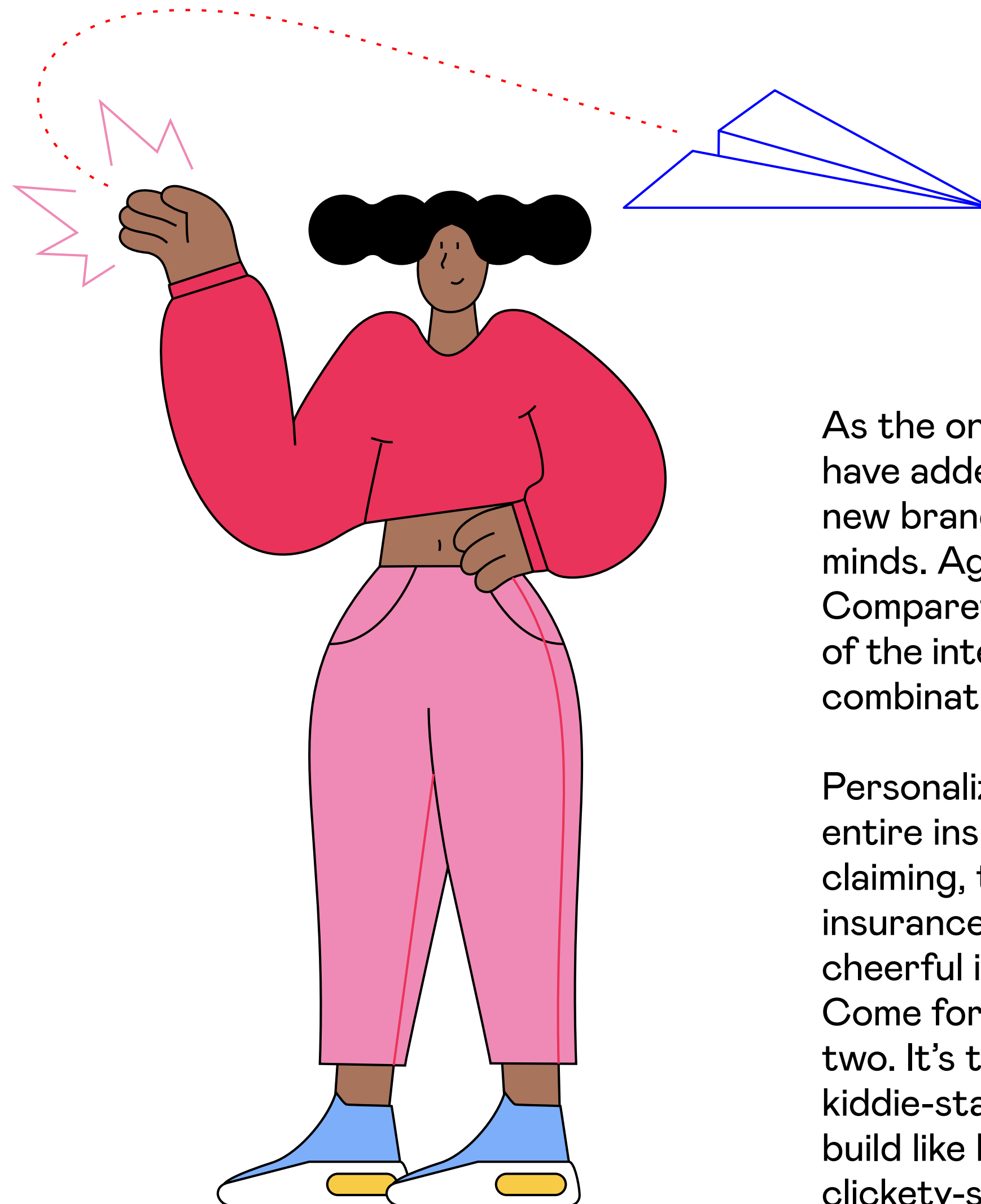
For the insurance brands, we're all essentially walking data nodes. Wearables, trackers, mobiles, and connected cars are all constantly monitoring, measuring and generally tutting at our slovenly habits like a disapproving Victorian aunt. And all this data has made it simpler and more cost-effective to offer bespoke deals that benefit both brand and purchaser.

The insurance category is founded on information, so this leap in accuracy – and objectivity – has been eagerly embraced by brands. Car telematics are an obvious application, but it takes some imagination to link teeth with insurance. Not to Beam, whose smart brush gives you points towards dental insurance.

For new brands, digitization has provided a way to slice through the thicket of existing relationships, brokers, and costs, to go, well, direct. This is especially attractive if you're targeting the younger generation of digital natives like Zhong An, China's first online only 'insuretech' brand. Founded in 2013, by the end of June 2023 the brand had issued about 57.4 billion insurance policies. That's more than the number of stars in some galaxies. So it's probably safe to assume they're onto something.

Or take a brand like Lemonade, which couples slick UX with a cute category-busting name, evoking selling 1 Cent sodas over a white picket fence. All done through their app in minutes. Hence their proud declaration that you can “Forget everything you know about insurance”.

Personalization has flowed like water through the entire insurance UX process.



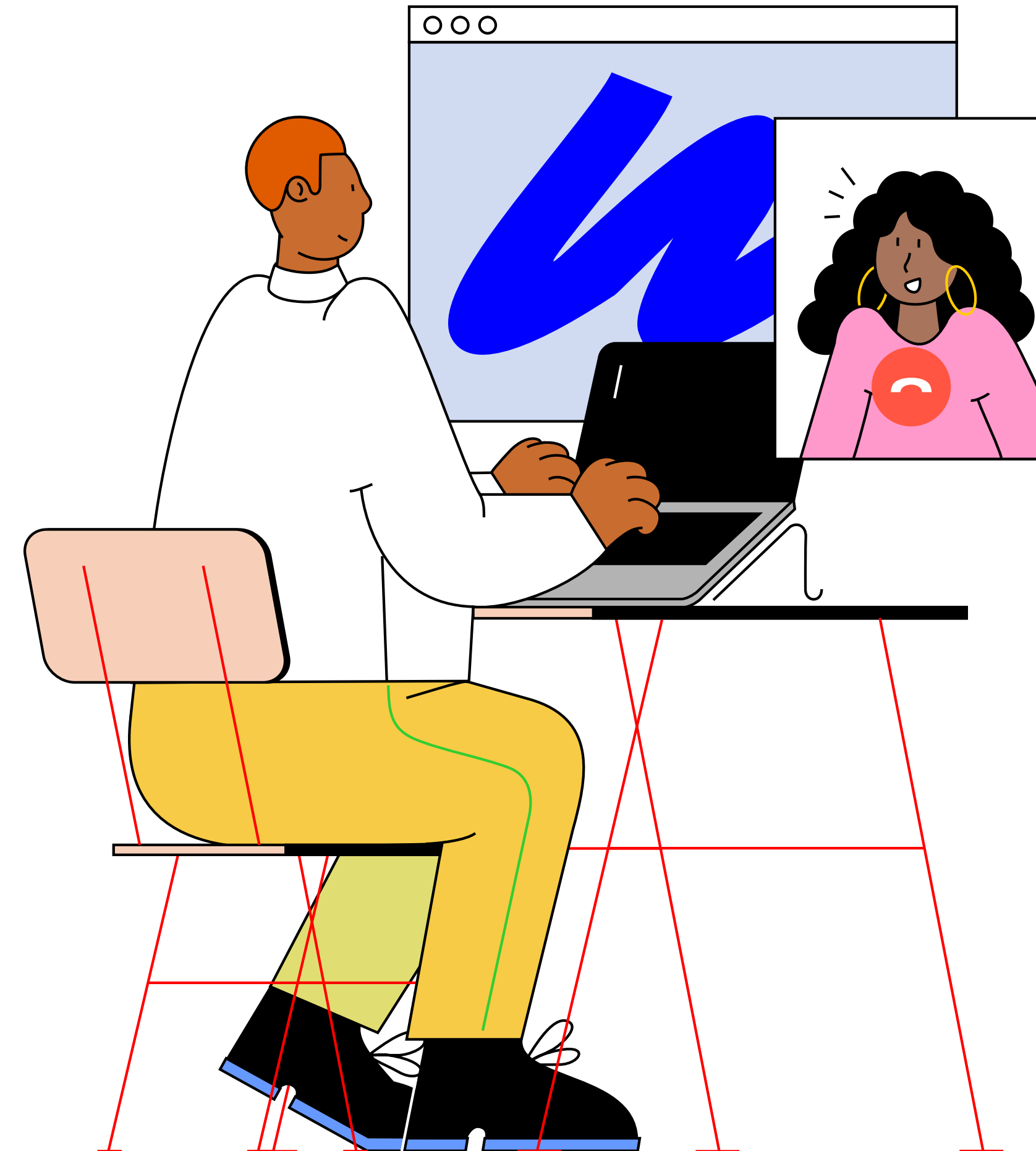
As the online channel has matured, older brands have added digital to their existing offer, while new brands have offered to ease our troubled minds. Aggregators such as Confused.com and Comparethemarket.com both take full advantage of the internet’s unparalleled ability to offer a winning combination of ease, consolidation and low prices.

Personalization has flowed like water through the entire insurance UX process, reconfiguring buying, claiming, tone of voice and identity. Rare is an insurance web site that doesn’t sport a row of cheerful icons for its car, pet, home, and life offers. Come for one, take advantage of the discounts for two. It’s time to bundle up. Start with the insurance kiddie-stabilizer wheels that is car insurance, then build like Lego bricks. Once the trust is there it’s clickety-split.

Technology has nudged insurance from the bane of trees towards the marketing nirvana of simple, bespoke experiences. And there's more to come, as AI drives deeper insight and process revisions. We're living in a world where it's possible to monitor and build a unique insurance solution for, well, everyone.

But branding is an ungrateful and permanently ravenous beast. Today's digital innovations will become tomorrow's expected features. When MeSpoke solutions become common to all brands, distinctiveness dulls once more. That's why our final segment of pie is the highest at 50%. Because it has the most potential for that elusive ongoing originality.

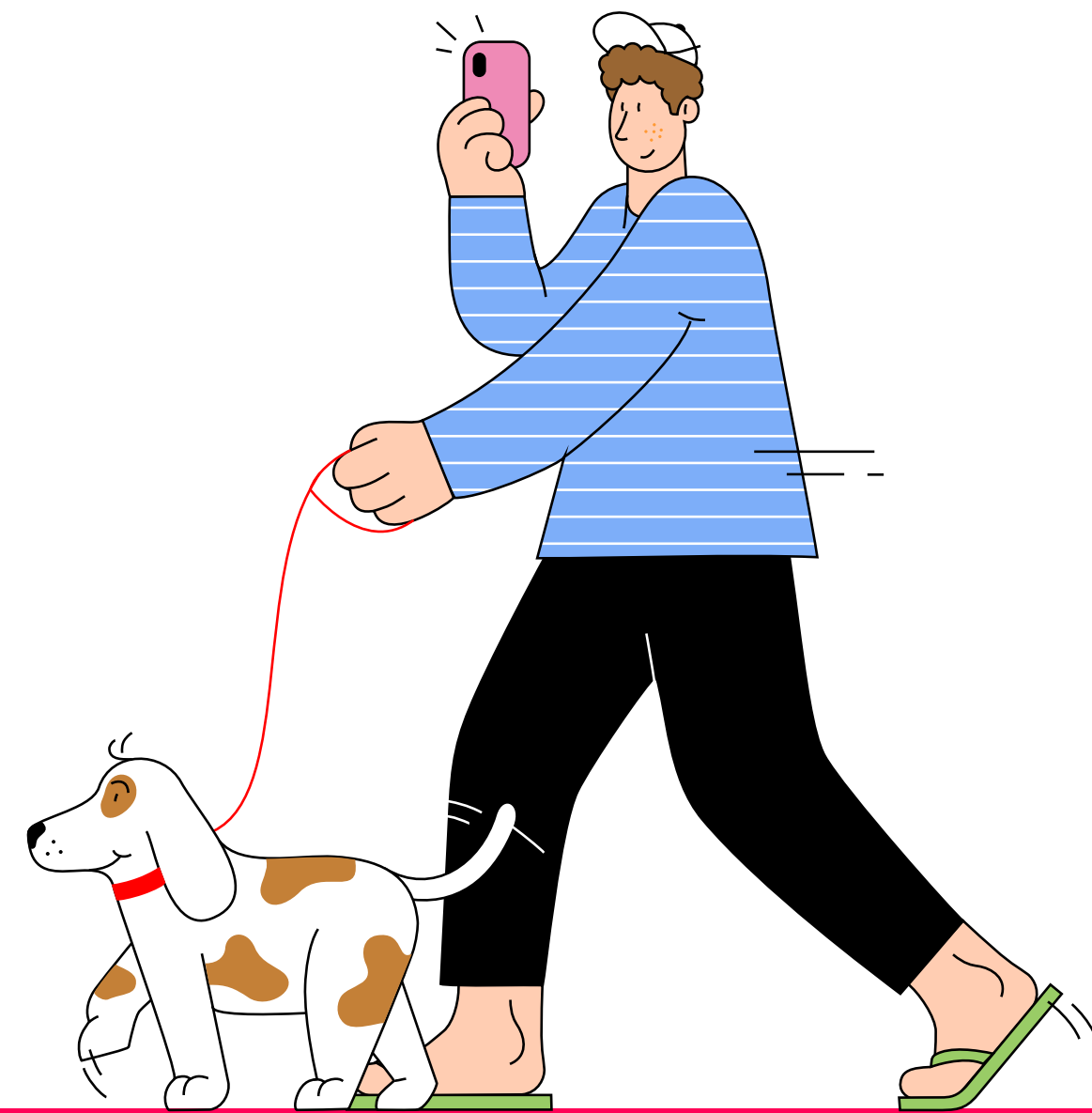
Today's digital innovations will become tomorrow's expected features.



Hi there. Can we
be friends?

Through your brand's efforts in Trust and MeSpoke, you've persuaded potential customers you're loyal, here for the long run, easy-going, and always by their side. Essentially that you're a Labrador. Which would be appropriate, as our final slice of the pie is all about Friendlification.

Friendlification is where brands can really build distinctiveness. This completely made-up word covers a range of techniques designed to provide memorable, friendly faces for insurance brands. And it's notable that many of those faces are furry.



Friendlification. This completely made up word covers a range of techniques designed to provide memorable, friendly faces for brands.

Churchill's icon is not a gruff World War Two leader, but a faithful and friendly nodding hound imaginatively named "Churchie". Over the years he's manifested as a real dog, and a puppet.

Dogs feature for Admiral, who've also softened a martial name with friendlification. The brand's used a female Admiral, animation, and exaggerated humour to visualize challenging insurance scenarios like damage to cars and homes. The brand taps into its local British culture, with a wit and irony redolent of the popular Wallace and Gromit animations.

In the aggregator space, the UK's Comparethemarket.com has gone further, building an entire world around the musings of the Meerkat, Aleksandr Orlov. The campaign started in 2009, with a peeved Orlov complaining people were confusing his family web site compare the meerkat, with compare the market. Today, the Meerkats continue to be the furry face of the brand, building on the story through advertising and promotions such as Meerkat Movies. His catchphrase, naturally, is "simples".

Moving away from the rather predictable pack of dogs and dogish Meerkats, Geico's long-standing icon is a gecko. In a triumph for the phonetic approach to spelling, the brand's managed to achieve an improbable level of friendliness from an animal more renown for sunbathing, than family-friendly long walks and belly rubs. But improbability is the wellspring of originality, and Geico have developed a distinctive icon that has endured and become a brand asset.

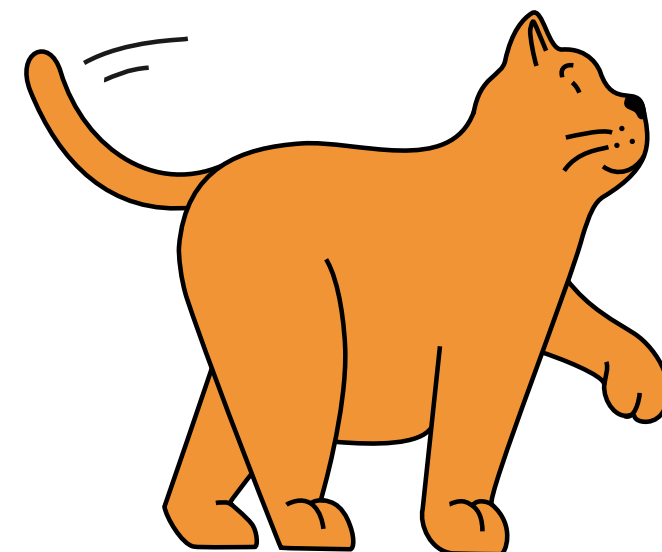
These animal icons are intended to increase memorability by evoking a sticky emotional attachment. Another approach often utilized by the more traditional brand is the graphic icon.

Both Travelers and Legal & General have plumped for the shelter of umbrella icons. This has the advantage of clarity for everyone who's tried to shelter from a proverbial gale. The challenge is making such symbols original and ownable.

These animal icons are intended to increase memorability by evoking a sticky emotional attachment.



Lazy stock imagery rapidly degrades original ideas into banality. Brands look as authentic as a \$5 Rolex.



Humor can be a very effective part of friendlification. Something State Farm's latest Superbowl ad nails with aplomb. Silently slipping their message of being a good neighbor into your synapses with the help of Arnold Schwarzenegger and Danny DeVito. A dash of self-deprecation from megastars provides a giant wallop of humanization for the brand.

The final part of friendlification is homeliness. As the ultimate symbol of security, warmth and positivity, happy homes feature prominently across all brands. Swaths of perfect houses with smiling parents floating across a bowling green lawn; candy-pushing overindulgent grandparents with gummily munificent smiles; and naturally many many dogs, with just the right degree of shagginess to indicate that they're roguishly adorable. It's insurance as lifestyle purchasing.

It's all highly improbable, and the result is that this is frequently where brands fall flat. Lazy stock imagery rapidly degrades original ideas into banality. Brands look as authentic as a \$5 Rolex. Your brand should reflect your consumers – surely your tribe is sufficiently different to your competitors to warrant their own art direction?

Final thoughts.

Trust + MeSpoke + Friendlification. Simples. Follow this formula and you will have an insurance brand. But you won't necessarily have the distinctive and compelling brand the brief demanded.

Mere presence in all three sections isn't enough. You need to be distinctive in each area as well. The examples we've looked at throughout this paper – whether it's Meerkats, sponsorship, size or slick UX – all stand out because they are unique and ownable.

Data from WPP's BAV** studies backs this up.*** The most differentiating and relevant drivers in the insurance category drivers for UK and US adults in 2022 were “different”. “Innovative”, “fun” and “dynamic”.

As ever, the choice of positioning depends on the strengths of the individual brand. More established brands can lean into trust. Digital brands can focus on their capacity for simplicity and personalization. Young brands with deep pockets can consider the sponsorship and endorsement route. Often the opportunity for brands is in the Friendlification space, using emotion to attract attention, form a connection, and build distinctive assets.

That isn't to say that positioning in one segment means that a brand can ignore the others. New brands still need to establish trust. Established brands benefit from building layers of personalization. The strongest brands combine all three pieces of the pie in a way that's unique to them.

Easy thing to say, but not so simples to do. It requires a deep understanding of your brand's strengths, plus your consumer's needs, wants and frustrations. In this category that could be a general macro feeling – utter befuddlement, or a micro specific need – cat vs. dog conflict insurance.



From the insight the challenge is to develop the idea that drives the brand. This requires stirring an alchemy of the insights, drivers, statistics, vision, heritage, preferences, and strengths you've uncovered; filter them through creative and experienced minds, to arrive at something we call Unordinary Ideas. Unordinary Ideas are fresh and unexpected, breaking through all those bland category norms.

The good news is that consumers are looking for creativity. Originality attracts, trust reassures, experience retains. So get your Meerkat on a bike, and start peddling.



Unordinary Ideas are fresh and unexpected, breaking through all those bland category norms.

LinkedIn
Instagram
X

Thank you.

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Appendix.

*Mintel Property and Casualty Insurance - US – 2023. Mintel Motor insurance – UK - 2023

**BAV (BrandAsset® Valuator), is a WPP proprietary brand management tool and global database of consumer perceptions surrounding brands. BAV informs strategic and creative solutions that drive brand and business results. Over 27 years, BAV has captured data and consumer insights on more than 60,000 brands in 50 + countries around the world, evaluating 75 brand image and equity dimensions that matter.

***BAV category drivers. 2022 USA all adults. Other insurance (not life or health)

***BAV category drivers. 2022 UK all adults. Insurance companies