Technology

Part 2 in a 2-Part Series

Get on Board

Online advertising by insurers is growing and consumers are setting the pace.

by Jaimie Pickles and Candace Thornton

STATISTICS

Did You Know?

General Online Consumers:

57% are female

70% are married

38% have children

80% own their residence

Mean age is 47

Mean income is $79K

Source: Nielsen Online, Fall 2008, 36,000 U.S. 18+ online respondents

Personal lines property/casualty insurers spent an estimated $387 million on Internet advertising in 2008. The majority of ad dollars—61%—was allocated to paid search. Display ads and online leads were the other two big categories, with a 26% and 13% share respectively. Many insurance marketers are asking: "How do I justify an online advertising strategy?"

Seventy-eight percent of American households are online and 96% of those online will access the Internet for personal use from home. Almost three-quarters of all American households are researching online for products they want to buy, according to consumer research company Nielsen Claritas.

So, even if consumers aren't researching insurance, they are out there, scanning all types of Web sites, being exposed to online display ads, keying in search words, registering to request information, visiting communities, reading blogs, creating consumer generated media, downloading podcasts and streaming video. With such large volumes, it makes sense to connect with consumers where they are and through numerous touch points such as online display ads, paid search, online leads, online videos and social media marketing.

"Consumer generated sites, blogs and online chat rooms are extremely important to the success of any online advertising or marketing initiative and it is equally important to monitor," said Mark Gibson, assistant vice president of advertising for State Farm. "The opinions of the consumer and how they are voiced can have a direct impact on the objectives of the campaign," he said.

Consumers are comfortable with performing financial industry transactions online. Almost 52 million U.S. adult consumers managed their credit card accounts online in the past six months, according to Nielsen Online's winter 2008/2009 survey of approximately 36,000 U.S. Internet users 18 and older. In home banking, 50 million purchased or transacted (opened and account, paid a bill, checked a statement) in the past six months.

For the insurance industry, 16.4 million transacted business online in the past six months. Think about the cross-selling potential across these products. These consumers are already engaging financial services online.

Visitors to insurance sites are growing at an enormous rate. Using the Nielsen Online behavioral tracking data of persons ages 2+, the average monthly unique visitors (transactors plus non-transactors) to insurance Web sites increased 14% year-over-year, growing from an average monthly unique audience of 24 million in 2007 to 27 million in 2008. This is 10 percentage points higher than the overall Internet population growth, which was 4% in 2008.

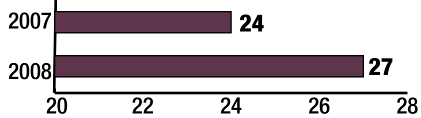
▶ **The Situation:** Many insurers may question their need to advertise online.

▶ **The Trend:** The average number of monthly unique visitors to insurance Web sites increased 14% in the past two years.

▶ **Watch For:** Insurers' ad budgets to shrink; however, their spending on online display ads is expected to grow 10%.

Average Monthly Unique Visitors to Insurance Web Sites

(Millions)



Not only are more people visiting insurance Web sites, but they are also going to them more often. Total visits or sessions increased 11% year-over-year, growing from a total of 821 million in 2007 to 911 million in 2008.

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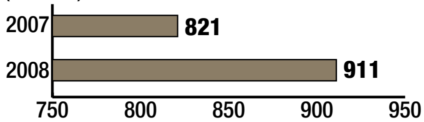
Total Visits to Insurance Web Sites
(Millions)



The consumer demographics are consistent. Who are the consumers visiting insurance sites? Month after month, the top two age ranges are dominated first by Generation X (35-49) closely followed by the baby boomers (50-64); for December alone, their percent compositions were 39% and 34.6% respectively. Similar to the general online consumer, there are also more females (54%) than males (46%) online at insurance Web sites. For income, although 22% consistently fall in the $25,000-$50,000 income bracket, and 24% usually fall in the $50,000-$75,000 range, approximately 45% always tend to have incomes of $75,000 or more.

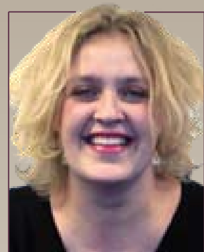
Justification Pulse

With information available now that can tell us who is visiting insurance Web sites and where else they go online, why wouldn't online advertising be in the mix? Strategic marketers can easily find the online places where their desired targets

The New Buzz Machine

If you haven't thrown away your Marketing 101 textbook yet, the whole notion of social media marketing may prompt you. Companies no longer control all of the messaging aimed at prospective consumers and customers. Many merely cling to an illusion of control. Wikis, blogs, social annotations and social networks have unleashed the consumer and provided a vehicle for conversations about your company with friends, family and others that hold a similar interest.

"With the changing dynamic of the marketplace, the very competitive nature of insurance and the fact that consumers want information immediately and accurately, social media is an area in which you have to be very strategic and relevant," said State Farm's Assistant Vice President of Marketing Mark Gibson.


Kristin Brewe

So just what is social media marketing? There are many definitions. Jon Gibs, vice president of media/insights at Nielsen, said: "There are two broad ways to look at SMM: contextual marketing using display advertising within blogs, wikis and social networks; and the concept of using social media itself as a form of advertising, thus allowing individuals and/or groups to interact with a company's brand."

The former way is simple display advertising that was covered in Part 1 (*Best's Review,* April 2009) of this article; however, the latter is more complicated. "A viral campaign is not necessarily a social media campaign. In a viral campaign, a company creates a microsite with some interesting content, hoping the user will pass it on to friends. In a social media campaign, there is something about the creative itself that encourages the individual to interact with the site and brand and then pass it along to friends," Gibs said. "At the end of the day, if no new policies are sold as a result, then the initiative is a failure."

Many may think that the insurance industry has nothing to gain by social media marketing. "In the insurance industry, some companies are better positioned than others. The brand-challenged companies will have more difficulty," Gibs said. There is ample evidence that strongly branded, Internet-savvy companies such as Geico (*cavemanscrib.com, mygreatrides.com*), Progressive (pet gallery, Facebook page) and Esurance (Talent Search, Cloud Cult) have all established social media marketing campaigns.

However, Mike Wise, vice president of Web solutions provider IdeaStar, offered an alternative view and suggested that social media marketing is not just for well-known brands. "For one piece of effort, on a blog, social network or YouTube, a company of any size has the potential to see exponential marketing touch points," he said. "For example, we helped an agency convert its newsletters and articles into a blog, and it has been very impactful over time."

Kristin Brewe, director of brand and public relations at Esurance, explains why she believes social media has become important. "There are conversations about your advertising and your company going on every day," she said. "The Internet facilitates these conversations. We try to initiate the process by putting interesting things out there that we hope people will talk about. If you don't pay attention and play a part in these conversations, you're not in the game. You will be invisible or not involved at all. I can't think of a worse situation."

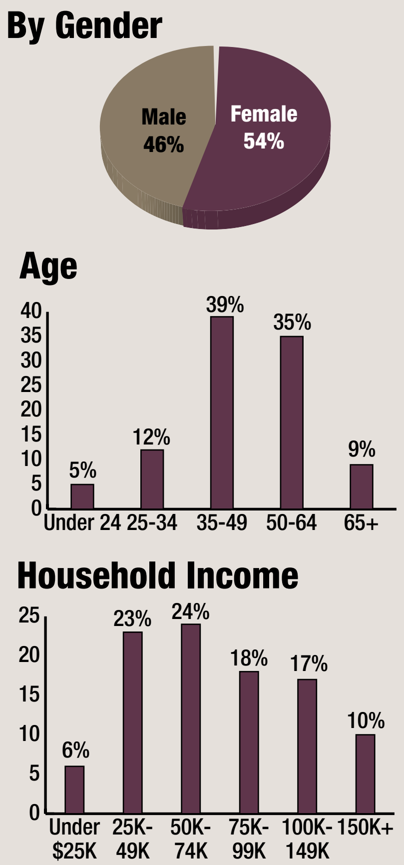
It may be some time before anyone attempts to quantify how much the insurance industry spends on social media marketing. Maybe a "not much" will have to suffice for now. As for the return on investment, methods do exist to help a company measure its "buzz."

According to Brian Schlessinger, vice president of Financial Services at Nielsen Online, consumer-generated media resulting from SMM encompasses message board discussions, blog entries, Internet forum comments, consumer ratings and reviews, and emerging platforms such as Twitter, Facebook and others.

"Because it is posted on the Internet, this online content creates a digital 'trail' that can be measured and analyzed rigorously," he said. And that's good news for justification up front or measurement on the back end.

Technology

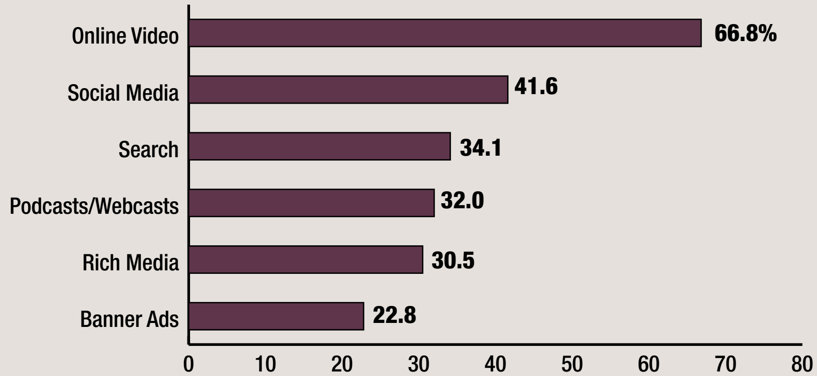
Unique Visitors to Insurance Web Sites



Source: Nielsen Online, Winter 2008, 30,000+ monitored online persons aged 2+, insurance category

U.S. Digital Marketing Focus in 2009

(% of respondents; multiple responses)



Source: PermissionTV, Dec. 2008 online survey results

are and craft an online advertising strategy to engage them. That's efficient targeted marketing.

Plus, other industries are already conquering the technology, making our ramp up time faster.

And, although Part 1 of this article (*Best's Review*, April 2009) covered benchmark expenditures by the various online advertising methods, it isn't necessary to spend the most to be effective. But you do have to be in the game.

This medium is not passive. It's interactive and immediate; consumers are dictating the pace and all signs are positive.

2009 and Beyond

In 2009, overall advertising for the insurance group will most likely follow the lead of all advertisers and drop this year as budgets shrink, and

ads will be expected to "work harder" to accomplish more with less. Even so, online ad spending by insurers is expected to increase year-over-year, which is a trend consistent with all advertisers.

Already, more insurers are participating in the display arena and more inventory for such ads should be available, so expect 10% growth for this genre. Broadly, consumers will drive paid search numbers to new highs—an estimated 15% increase according to eMarketer. With the increased competition in the insurance category and record search volume on insurance terms in the first two months of 2009, it's estimated that search spending by insurers will increase by at least 20%.

Growth in online lead spending will be fueled by carriers allocating more dollars to individual agent and call-center lead purchasing efforts. And, as more agency carriers begin contributing, expect at least a 15% jump in online lead spending.

As for beyond 2009, keep an eye on where venture capitalists place their chips. With fewer dollars to allocate to early- and expansion-stage companies, venture capital firms are providing fresh capital to companies such as Enquisite (search advertising), Social Media Networks (social media advertising), RipCode (online video technology), and LiveRail (online video advertising). These "surer bets," along with the current momentum, reinforce a bright future for the search, social media marketing and online video categories.

Online video ad spending will ultimately take off and be one of the largest contributors to the overall online ad spending number. The 2009 expenditure by insurers will no longer be perceived as a drop in the bucket—that figure is estimated to reach $15 million.

A survey conducted by online video solutions provider PermissionTV confirmed that, overall, marketers will focus digital marketing attention more toward online video in 2009.

However, until the online video industry figures out the best standards for all advertisers, insurance marketers will not only be asking "how do I justify that?" but also "how do I do that?" BR