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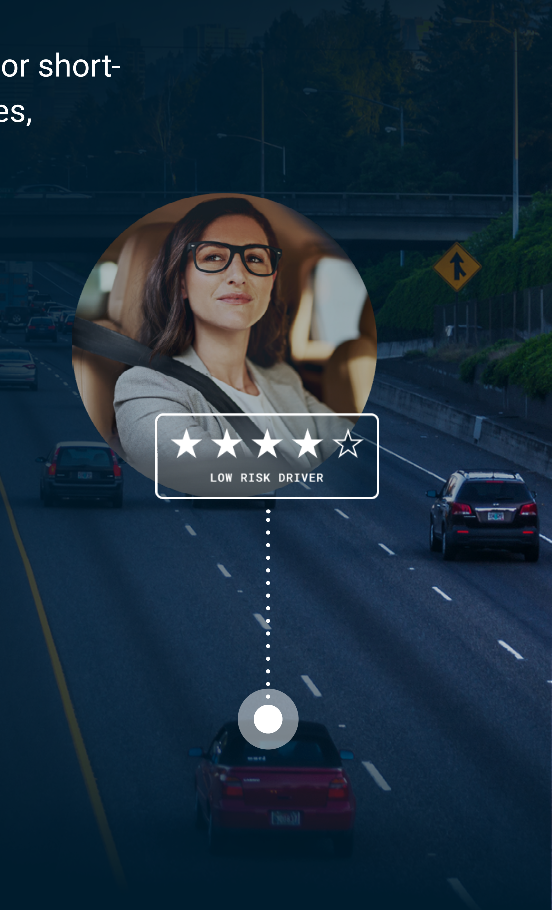
Reach the right auto insurance customers for greater lifetime value

Metrics used to measure success in insurance marketing typically favor short-term wins. Insurance marketers often celebrate high click-through rates, quote requests and conversions — but are these successes enough?



While these KPIs are important, they don't tell the full story of the value of every customer relationship. Without a more complete view of each driver's behavior on the road, like driving risk factors, mileage, commuting habits and more, determining the actual long-term value of each relationship is almost impossible. By simply relying on traditional marketing metrics, you may miss significant opportunities — and major red flags — throughout your relationship with a customer.

Conversely, there's a lot to gain by adjusting marketing strategies to target customers based on their lifetime value (LTV). Increased profitability, decreased operational risk and safer roadways are possible when you exchange a focus on short-term marketing wins for a strategy that targets long-term value.

Which drivers are most risk-prone — and do you insure them?

Risks like major accidents, fender benders and speeding tickets exist for all drivers. But some drivers experience them more frequently than others. Driving behavior, the state they live in, the type of vehicle they drive and other factors are all examples of data points that can determine a driver's likelihood of getting into an accident.

Risk-prone customers — no matter what makes them more likely to experience accidents or consequences for bad driving — are easier for marketers to convert. They frequently shop for cheaper, more accessible deals on insurance policies. However, these relationships are also likely to deliver low LTV.

Consider a hypothetical customer who quickly signed a new policy after seeing a marketing campaign touting low rates for new customers. It's counted as a win — but the KPIs don't factor in the risky and sometimes costly behaviors that this new customer might bring, including:

- **Distracted driving**
- **Braking hard**
- **Sudden acceleration**
- **Speeding**

It's not that marketers won't consider these factors, it's that most marketers don't have the data to do so. But with Arity's billions of miles of driving data on millions of U.S. drivers, marketers can create campaigns that reach only the best drivers — ones with the potential to have **5X the lifetime value** of the average driver.

Insurance marketers must shift their outreach toward customers whose behind-the-wheel behaviors generate LTV, and rethink how they measure marketing success to match. With Arity insights, insurers can build campaigns that reach the safest drivers and deliver the most valuable outcomes.

Steps to establish a LTV-focused marketing campaign

With Arity, it's possible to re-think your marketing metrics in less than a year. **Here's our six-month plan**, and what it takes to get started:

Pre-work

Before integrating telematics into the marketing mix, it's important to understand your existing ad campaign metrics, including:

: **Cost Per Quote Start (CPQS)**

: **Cost Per Quote Complete (CPQC)**

: **Cost Per Bind (CPB)**

: **Average CLTV stemming from campaign-driven binds**

Document these metrics and performance to use as baselines later on. You'll be able to make clear comparisons and track improvements once you've introduced telematics data over the coming months.

MONTH 1

Define

The real work begins with creating a new baseline. Establish new KPIs that factor in telematics-based audiences. As a first step, carve out **15% of your programmatic budget across all channels** to spend on driving behavior audiences such as Arity Audiences, which can be found in your DSP, the Arity PMP or the LiveRamp Data Marketplace.

Run campaigns targeting these audiences and monitor results for four weeks. Over this month, measure KPIs segmented by audience, including:

: Spend

: Quotes (started and completed)

: Binds

: CPQS

: CPQC

: CPB

: CLTV

MONTHS 2–5

Refine

Once tracking for new metrics is firmly in place, it's time to analyze and optimize.

1. Increase budget
Start allocating 30% of your programmatic spending budget across channels to target audiences built from driving behavior data.

2. Collect data
Monitor campaign flights and optimize third-party data spend toward the KPIs listed above, broken out by audience.

3. Compare insights
Keep all additional data elements consistent across your campaigns for future comparison, to isolate the impact of the telematics data on your metrics and spend.

MONTHS 6 & BEYOND

Scale

With the mechanics in place, you're primed to achieve ongoing optimization at scale.

Allocate **40% of your programmatic spending budget** across channels to driving behavior audiences. Continue to test and learn at scale while measuring the KPIs listed above.

Forging more valuable lifetime auto insurance relationships

Traditional marketing tactics leave a lot on the table. But it's possible to get a better measure of customer value, and target safer drivers who cost less over a lifetime. With telematics and better data, you could be just six months away from defining, refining and scaling the kind of campaigns that will capture customers with a higher LTV.

Truly successful insurance marketing begins with the right partner and insights. Learn how Arity data can help you target more valuable audiences.

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