**SOCIETAL AND SOCIAL MARKETING**

**Learning Outcome 2: ACTIVITY 3**

**PAIRS ACTIVITY**

**Looking at who buys – personal car insurance**

**Read the information below and answer the questions that follow.**

The client, a national property/casualty insurer, distributes/sells its personal and small commercial products through independent agents. This study was part of a re-evaluation of its strategies, designed to determine:

* Whether its market share might be increased by direct marketing to some households.
* Whether doing so would conflict with agent activities.
* Marketing themes and product features that could be used to differentiate it in different market segments.
* The potential profitability of different segments.

Attitudinal, behavioural, and demographic data were gathered using a mail panel survey of 2000 U.S. households that own auto insurance. Geo-demographic and credit information supplemented the survey responses.

**Segments Identified:**

The study identified five segments, each making up 17% to 22% of the market.

* "Non-Traditionals" were most interested in using the Internet and/or buying insurance at work.
* Direct Buyers were more interested than others were in buying via direct mail or telephone.
* "Budget Conscious" consumers were differentiated, primarily, by their interest in minimal coverage and their determination to find the best deal.
* "Agent Loyals" expressed strong loyalty to their agents and interest in high levels of personal service.
* "Hassle-Free" consumers were similar to "Agent Loyals," except that they were much less interested in high levels of face to-face service.

Attitudes toward distribution and service needs were key factors differentiating the segments. The segments also differed in other attitudes and in their potential profitability, as measured by total auto insurance premiums, other insurance products owned, and loyalty to their insurers.

Working in pairs:

* Using the information above, which segments should the client target for distribution, without agents?
* What decision do you think the client should make whether to proceed with this potential new venture?
* What reasons do you have for this?