

SUCCESS STORY

DEVK

DEVK Versicherungen optimize direct marketing by using Statistica Data Miner



Improved response rates and budget

BACKGROUND

The DEVK Versicherungen (insurance companies) send out several million customer letters each year to provide information on new products and with offers to supplement existing insurance cover.

In order to increase efficiency, in addition to optimizing content, the identification of different customer groups for a targeted approach is very important. Several years ago, after a successful test, it was decided to purchase a data mining tool for this purpose. The main criteria for the tool selection were not only the price/performance ratio and the ease of learning and operation, but also the simple installation and maintenance of the program in the specialist area. Statistica Data Miner fulfilled all the criteria best.

IMPLEMENTATION

Statistica Data Miner was procured and installed on a workstation. The customer data for direct marketing is also managed on the workstation. Statistica Data Miner is most commonly used to select customers for a mailing campaign. The existing customer data is usually categorized and imported as a table. With the help of simple descriptive statistics, the distribution of values for each individual characteristic can be presented very quickly and in a clear form.

Read below about the implementation of a concrete campaign:

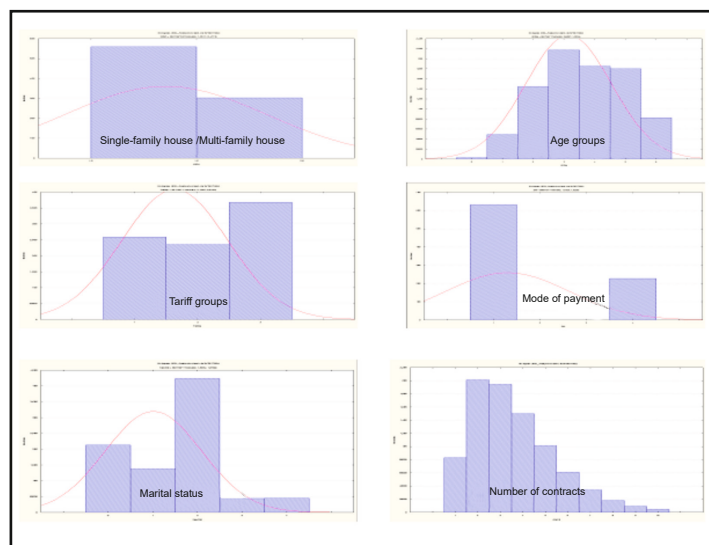


Figure (1)

DETAILS

A remarkable result was established at the beginning of the analysis: Using C&RT, it became clear that the characteristic „Dima“, which reflects the previous direct marketing affinity, does not allow for differentiation. The value „0 = no information available so far“ occurred too often. This had already been suspected after data exploration using histograms.

The further analysis showed that the payment method (PM) characteristic is dominant in terms of settlement behaviour. For PM not equal to „1“, a relatively low response probability is determined and the other characteristics do not allow further differentiation.

The closer analysis confirmed the result for this characteristic: The number of cases with no prospect of success outweighs or is almost equal to the number with prospects of success. On the other hand, for the group with PM equal to „1“, the characteristics AnzVtr and AltGrp still show clear differences.

SECURE KNOWLEDGE AND NEW INSIGHTS

The translation of the results into statements about the effect of the individual characteristic expressions brought the confirmation partly of presumed facts, but also new findings. The fact that, for example, the payment method (PM) is the dominant parameter for response behaviour in this case was an interesting fact that has already been established for additional products. It is obviously easier to communicate a supplement to the insurance cover „for 3 Euro a month“ than „for 36 Euro a year“.

It was also known that customers with several existing contracts tend to conclude contracts much more frequently than those with few contracts. What was unknown, however, was the fact that in the latter case older customers are more likely to conclude a contract than younger customers. Obviously, younger customers with existing broad basic protection have already decided which products they do not or do not yet need

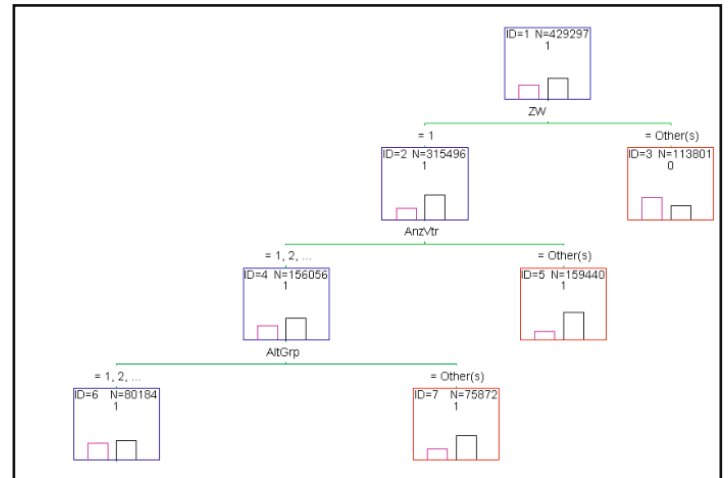


Figure (2)

OPTIMISED RESPONSE QUOTA

The differentiation of the characteristic values was converted into a common score value for the response probability. From a total of around 330,000 customers, the 95,000 with the highest response probability were selected.

The predictions were checked on the basis of the returns: In comparison with the mailing carried out in the previous year (same clientele, no repeat letter), the response rate was 41pc higher. Among the customers contacted, the ratio of customers with the lowest score is about 20 pc below the ratio of customers with the highest score.

RETURN ON INVESTMENT

The use of data mining was also very rewarding from an economic point of view. The number of letters sent was significantly lower than in the previous year with almost the same response volume. The savings at DEVK amount to more than the licence costs for Statistica Data Miner for several years in case of a single campaign only. The result of the action is not significantly diminished.



„The rapid operational readiness and operation of Statistica Data Miner by the specialist department enabled us to carry out a lean project procedure.“

Bruno Küpper, Communications Technology Specialist in Customer Loyalty and Dialogue Marketing

ABOUT DEVK VERSICHERUNGEN

Almost 4 million customers with around 12 million risks place their trust in DEVK. The fact that DEVK customers are particularly loyal customers depends not least on personal proximity. 1,100 advice centres, around 2,100 full-time brokers and over 8,000 part-time brokers look after customers. Today DEVK is Germany's third largest household insurer and fifth largest liability and car insurer.

More information: www.devk.de

StatSoft (Europe) GmbH is your partner for data analysis. Customers have trusted our software products and services for over 30 years. Our experts advise you, implement solutions, accompany analyses and train your employees. With Statistica, we offer you a software suite that has been tried and tested worldwide for decades. Statistica includes general and specialized solutions for statistical and graphical data analysis in all industries and business areas.