

Tesco Bank

The logo for Tesco Bank, featuring the word "TESCO" in red and "Bank" in blue, with three blue diagonal lines underneath.

Challenge:

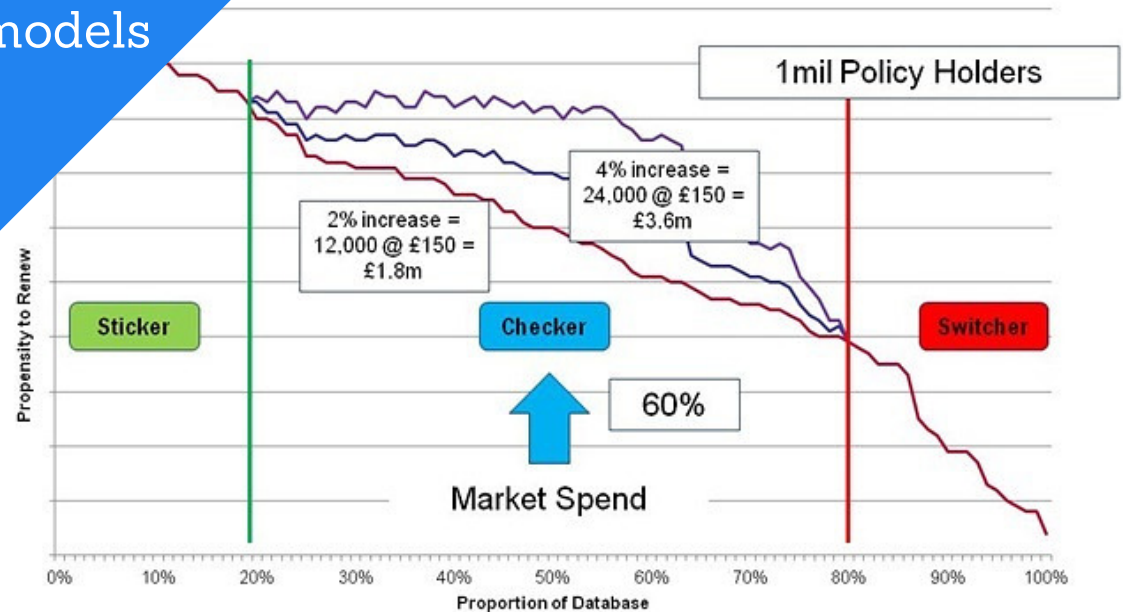
Tesco Bank wanted to increase the effectiveness of its motor insurance retention programme, as motor retention rates were falling.



What we did: CRM Optimisation

It was recognised that not all policyholders' renewal decisions could be affected, moreover there was only a finite budget so a way of optimising spend was needed.

We developed a set of renewal models to identify each policyholder's likelihood of switching. The models were applied to the base and ranked by propensity to switch.



Propensity Ranking

STICKERS

Likely to stick and brand engaged.

Should be rewarded for their loyalty.

CHECKERS

Are open to leaving, if they think it's worth it (and vice versa for staying)

Marketing effort likely to reap greatest reward here

SWITCHERS

Price promiscuous.

Will stay for deep offer but this is a potentially profit eroding approach.

Taking it a Step Further

An initial model was developed to be used at year one renewal.

However, a policyholder's renewal intent or likelihood of renewing changes during tenure. It was decided to categorise policyholders switching intention at 3 key tenure points, building a model for each.

The amount of data available to predict behaviour also changes during tenure.

MONTH 1

Policy details, geo-dem/
demographics, other product
holdings and recruitment
channel

MONTH 10

+ Transactional data and
policy changes

MONTH 22

+ Renewal behaviour
from first renewal

Outcome:

The results were stunning, an additional 11,000 plus policy holders were saved resulting in over £5 million worth of premium.

£5 million
worth of
premium

Additional
11,000
policy
holders