

# Liverpool victoria

Business



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Company: Innovative Systems  
Customer: Liverpool Victoria  
Submitted by:  
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In order to better understand its customers and more intelligently market to them, UK Mutual Society Liverpool Victoria wanted an accurate source of information about customers both as individuals and more especially and innovatively, as members of households.

Working with Innovative Systems, a customer information quality specialist for CRM, the company has gained these marketing advantages – significantly cutting the costs of the marketing budget in the first three years. With over two million customers, Liverpool Victoria Group is the largest UK Friendly Society. One of the oldest types of financial institution, Friendly Societies began in the 16th century as self-help groups in which all the members contributed, and in times of trouble could take benefits. It may have moved on, but Liverpool Victoria's role as a contributor to the well being of its customers remains unchanged. Liverpool Victoria is not only focused on

managing its customers' money in order to benefit them in later life, but as a mutual, it is owned by its customers, and all of its profits go to customers.

Aided by the acquisitions of Landmark Insurance at the end of 1997 and Frizzell Financial Services in 1996, Liverpool Victoria now offers a wide range of financial service products from insurance to credit cards. In order to remain competitive, and build long-term relationships with customers, Liverpool Victoria has begun to make intensive use of customer relationship management strategies and technologies. To this end, it has employed tools from Innovative Systems Incorporated (ISI) to ensure that its customer information is of the highest quality and that it values customers as far more than just individuals.

### **A need for improved CRM**

Following changes in the regulation of Friendly Societies in 1996, Liverpool Victoria wanted to compete across the widest range of financial services and to better develop its marketing and customer service. It began its move to better management of customer relationships with the goal of establishing a new call centre and a marketing data mart; both supported by a central source of customer information. However, achieving this single source of customer information was not trivial.

In common with many organisations, Liverpool Victoria's legacy information systems were 'product-centric' systems that stored customer's details in relation to which products customers purchased, rather than who customers were. And coupled with this, the company's acquisition of Frizzell Financial Services had brought a new set of customers, products and information

systems. There was a serious risk of duplicated customer details occurring throughout the new system.

### **Seeking the household view**

Considering customers' not only as individuals, but also in terms of their relationships with family members can radically change a company's idea of which customers it thinks are most valuable. It can also be used to maximise the profitability of customers by giving a clearer view of the collective value of the household, as well as the relative value of each household member.

Early on in the project's analysis stages, Liverpool Victoria decided it wanted the ability to view its customers in terms of the household to which they belong. As Marketing Manager Alan Gravett explained, as a mutual society, Liverpool Victoria's relationship with customers has tended to be long term, and the way products have been purchased is quite different from traditional financial services institutions:" For example, our savings products are often purchased by parents or grandparents who very often set them up for their children or grandchildren. The issue here is who is the customer, the beneficiary or the person who pays? We wanted to investigate these household relationships that people have with Liverpool Victoria in order to see if there was any value for us in developing them further."

### **ISI provides the answer**

For both data quality and its ' household' requirements, Liverpool Victoria chose solutions from Innovative Systems Incorporated (ISI)." We evaluated all the main players in the data integrity market including companies like Trillium," said Group Data Warehouse BI Support Analyst Ian Clark. " No-one

else in the market was doing householding, so in that sense the choice of Innovative Systems – who could fill both our data quality and householding requirements was easy, and from our perspective it has been a very good partnership ever since.

“ Liverpool Victoria constructed its new repository of customer information with the aid of several ISI products: With Innovative Dictionary, it translated all variations of title, address and other data into one standard whilst Innovative Match enabled all names and address duplicates to be resolved automatically. In a further step, Liverpool Victoria employed Innovative Household in order to compare customer information using data such as house numbers, postcodes, last names, products and accounts and then link these together into ‘ households’.

### **Acquisition target’s customer base evaluated**

These sophisticated data correlation tools were put to very good use when the company acquired Landmark Insurance in 1997, enabling the company to prove very quickly that Landmark did indeed have 1.3 million customers, and that there was less than 1 per cent overlap with Liverpool Victoria’s existing customer base. Crucially, it was able to complete this analysis prior to the sale being formally agreed.

And the company was able to use the new prospect information rapidly and be sure that it was accurate. The Landmark customer information was received in March 1998, and with the use of the ISI tools, the company was able to use this data in an accurate form for a mailing in April.

## **Focusing on the household**

Liverpool Victoria's ability to guarantee the integrity of customer information means that all marketing analysis, profiling and targeting of customers uses a central, accurate repository of information. But even before any sophisticated customer modelling is performed on the information, Liverpool Victoria is winning additional value from it by using Innovative Household to identify those customers that live together in households. Grouping customers in this way means that Liverpool Victoria no longer needs to blanket an entire household with mailings, instead, it can measure the response, from household members in order to discover who is most valuable and concentrate just on them. This approach has brought significant savings by both reducing the cost of direct mailing and helping the company to win better customer response rates (although for competitive reasons, it will not disclose these publicly).

“ Across the board there has been a significant improvement in customer take-up rates, said Gravett. “ This is partly because we are being more targeted, and also because Innovative Household has given us a much greater understanding of the people that we are writing to. It has helped us to develop new approaches in our communications to our members, and from an internal perspective it has made us more realistic about the potential response to our marketing campaigns.”

## **Costs cut through efficiency gains!**

“ The data mart project has brought Liverpool Victoria significant savings through more accurate targeting of customers,” said Gravett. By pursuing a better understanding of its customers, Liverpool Victoria returns improved

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benefit to them. It can develop products which are better focused to customer wants and needs.

(Indeed many products have frequently been quoted in consumer finance magazines as the ' best buys'). The goal is a single, instantly up to date source of all customer information accessible by all points of customer service. At its core will be tools from Innovative Systems, operating in real time, to ensure quality data and provide the household view of customers. Although this future will no doubt involve even more sophisticated customer analysis, Liverpool Victoria's use of tools from Innovative Systems has ensured that the company gets maximum value from its customer information source even before beginning any sophisticated analysis." Obviously we do additional customer profiling and modelling, and we will continue to do this," said Clark.

" But using tools from Innovative Systems to organise our customer information means that we have been able to glean an unbelievable amount of knowledge out of a very small amount of information."