

# Helping to create a meaningful definition of SMEs for the DLG Group

direct line®

## *Robust and precise*

Having previously bought Decision Architects syndicated SME insurance research in 2011 and 2012 – following a strategy review in 2014 the DLG marketing team identified new questions to address in order to strengthen their understanding of the SME market and potential opportunity within this sector for their brand portfolio.

During the process, they realised they needed to gain a better understanding of the UK based SME customer – particularly who are they; what do they want; and how do we reach them (which distribution channel/brand)? The project supported practical business choices regarding channel management and prioritisation; product development and innovation; and SME Communications ... and drove internal engagement around the SME market (with a robust fact-base).

## *Where to play*

The project included both qualitative and quantitative (telephone, face to face and online) research amongst SMEs with an annual revenue cap of £25 million, and 2 – 250 employees.

Building on the research we ran consulting workshops to address key business questions and to start the process of embedding and socialising the outputs. In addressing the key 'where to play' questions we explored issues around what different segments exist and how has the market evolved, how will it evolve in the future and which business sectors are growing / shrinking. We also looked for new, emerging business sectors. An early output was agreeing relevant boundaries of the SME market for DLG – what is the 'right' definition of an SME for their business.

## *How to win*

In identifying an actionable framework, we explored how business needs varied by segments and specifically, what were their insurance needs, expectations and behaviours...niche needs versus mass; covers needed; buying behaviours; attitude towards insurance; service & relationship expectations (broker or insurer) and any wider noninsurance propositions?

The work addressed how do we best reach and serve these different groups: which channels should be prioritised and what were the channel limitations. The outputs highlighted what distribution or channel strategy will have most impact with priority segments, what DLG brands can most credibly meet these needs – and how – as well as identifying the messages that should be emphasised with different priority segments to best influence behaviour.

## *Clarity on strategy*

The study's outputs focused on learnings for the business overall and for each brand in the portfolio allowing DLG to focus its marketing budget on the biggest opportunities and those areas of greatest impact.

Outputs included coordinated packages for specific segments, reflecting their specific needs and expectations and recognising their value to DLG as a business. There were also specific recommendations in the broker and direct channels, as well as input on key points of brand differentiation to be highlighted through communications. The work informed pricing, NPD and new brand development as well as developing customer loyalty across the most attractive customer segments. SMEs know you can't be everything to everyone, so be clear on your offer and make sure that's what you a) communicate and b) consistently reinforce in all your actions.

Formed in 2012 after the divestment of RBS' insurance division, Direct Line Insurance Group is a UK based insurer which owns a number of general insurance brands operating in the UK, Italy and Germany – including Direct Line, Churchill, Privilege and Green Flag. We helped inform their SME insurance strategy and create a customer centric business.