Salesforce Report Makes Case for Greater Marketing Investment

Effective customer experience (CX) relies on a greater marketing investment.

Need case-building ammunition when convincing the C-Suite to boost its marketing investment? Check out Salesforce's 2016 State of Marketing report.

According to the report, high-performing marketing teams focus on improving customer experience (CX), i.e. "keeping pace with customers" while those with moderate or underperforming marketing teams share "budget constraints" as their top concern (see page 11). Customer experience (CX) supports omni-channel communication, allowing customers to choose how they want to digitally hear from a company.

Common sense and previously published studies insist that it's more cost-effective to keep customers than to acquire new ones. Other studies show that customers want to hear from companies that provide useful information at the right time. Since customer expectations are growing along with digital communication, companies should ensure their marketing and communications practices are truly customer centric.

Companies that focus on CX throughout the customer journey are seeing greater returns. "High-performing marketing teams," according to the report, "are 8.8x more likely than underperformers to strongly agree that they've adopted a customer journey strategy as part of their overall business strategy"(see page 14).

The customer journey approach to knowing customers provides more specific insight necessary for reaching them across communication channels.

Companies that focus on CX throughout the customer journey are seeing greater returns.

I help clients develop customer journeys in the insurance industry. The customer journey is more than how a potential customer purchases a product or service. Developing a customer journey does include sales-enhancing insight, but customer retention is the focus. Customer journey research also identifies customer pain points and those “keep in touch” moments when customers should receive a useful (read: hypeless) brand-enhancing content.

Companies with generous budgets are using predictive modeling to learn more about customers. For tight marketing budgets, however, tried-and-true approaches are still effective. They include:

- “listening” to customers on social media;
- conducting focus groups;
- interviewing customers;
- offering customer satisfaction surveys; and,
- tracking customer feedback.

Other Useful Insights

The report offers strategies worthy of greater marketing investment. Here are three:

Email is an effective strategy for reaching customers. Clients often find this hard to believe. Here’s the proof: Seventy-nine percent of respondents said email generated a return on investment (ROI), up from 54 percent in the 2015 report (see page 35). “Intelligent” email based on predictive modeling works even better (see page 34).

Social media works (see page 38). Top performers respond in a timely manner. They also “listen” carefully. Companies are investing more in social media advertising as well

Content marketing is now a primary business tool (see page 42). However, producing unique, original content is the #2 concern of high-performing marketing teams (see page 11). This is not a great surprise. Internet content saturation is a real problem. To produce quality and meaningful content, enlist a writer/editor who understands your customers and your business.

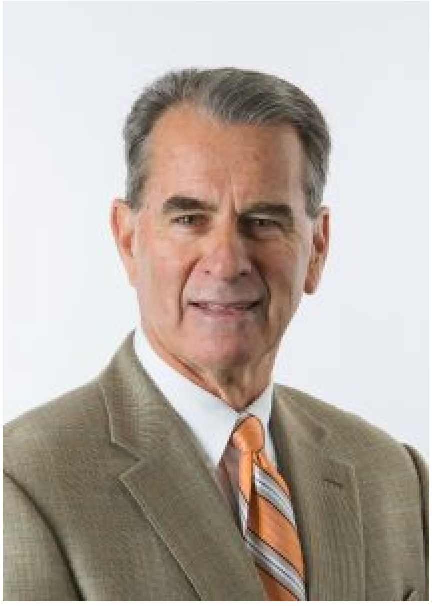
Final Thoughts

On a basic level, effective marketing and communicating has always been about knowing customers well enough to reach them. Now, the key is to understand customer needs well enough to connect with them with the right brand-enhancing message at the right time with the right tool.

As a result, convincing the C-Suite to make a greater marketing investment is more important than ever.

Do you believe companies are as customer-centric as they assume?

Dr. Thomas Parry, Integrated Benefits Visionary, Retires



Dr. Thomas Parry, Integrated Benefits Institute Visionary

Dr. Thomas Parry, integrated benefits visionary and president of the Integrated Benefits Institute (IBI), will be retiring on April 1. IBI's new president will be Chris McSwain.

I got to know Tom in 1995 when he and Bill Molmen left the California Workers Compensation Institute (a forerunner to the Workers' Compensation Research Institute) to start IBI. As a national, full-time workers' compensation reporter, I found IBI fun to cover due to its refreshing thought leadership.

To appreciate the impact of IBI, it's important to understand what was taking place when it began. In the mid-1990s, employers and insurers had not yet realized that managed care was not saving money nor effectively helping people heal faster. IBI started soon after lawmakers rejected President Bill Clinton's "24-Hour" health care coverage.

Since lawmakers lacked the appetite for 24-Hour coverage, Tom and Bill had a different idea: why not encourage employers to voluntarily integrate benefits, such as workers' compensation, non-occupational disability coverage and group health? After all, the challenges were the same: when an employee was absent, employers faced productivity challenges. Further, employees are better off financially when they heal more quickly.

The idea made a lot of sense. As Tom explained to me, the human body needs the best treatment regardless of why an injury occurred, so why should siloed benefit structures get in the way?

Tom had the vision to change the way employers think about health care and disability and the courage to start an organization to get the ball rolling. IBI conducted some groundbreaking research in the mid-1990s offering conclusions now taken for granted. One of my favorite studies showed that people with the same injuries were treated differently on workers' comp compared to group health insurance. Since workers' compensation is concerned with disability costs and return-to-work, it offers a sports medicine approach to hasten recovery. This was certainly not the case for group health insurance.

It has been my pleasure to witness not only the growth of IBI, but also its sphere of influence. Since its inception, progressive integrated benefit experimentation has evolved into employer best practices. Benefit integration still has a way to go, but if it were not for Tom and Bill, it might have never gained traction. Today, IBI has 1,240 corporate sponsors and two-thirds of them are Fortune 100 employers.

Annmarie: Please share some personal info people do not know about you.

Tom: I have been married for 37 years and have two sons: one is responsible for all of IBI benchmarking data and programs, and the other has his Ph.D. in biochemistry/molecular biology and works at a large law firm in their intellectual property group. I have been an avid fly fisherman since my early teenage years and have had the opportunity fish all over the western United States and the world, including Russia, New Zealand, Chile, Argentina and Canada. I recently got back from Tanzania where my wife and I went on a two-week wildlife safari.

Annmarie: Why did you start IBI?

Tom: Alex Swedlow, now the President of CWCI, Bill, who was the organization's general counsel and I did some of the early work comparing medical delivery in group health and workers' compensation in California. We found that medical care delivery differs depending on if the injury or illness occurred at work or not.

That made no sense to me since, to both employers and employees, it is important to get the best care and get back to work expeditiously. At that point, my interests broadened. I wanted to address the question, "What are the best strategies to get employees care and return to work, regardless of where their condition occurs?" That led to the founding of IBI.

Annmarie: How have integrated benefits grown and evolved since you started IBI?

Tom: In the early days, the focus was on the integration of disability across occupational and non-occupational settings. From there, the conversation broadened into total absence management. Then the question of how group health fit into the equation emerged and employee "health and productivity" became the focus.

Today, much of IBI's work focuses on the relationship between workforce health and business performance — analyzing both the total bottom-line costs and the top-line value of health.

Annmarie: What challenges do employers still face when pursuing integrated benefits? How common has benefit integration become?

Tom: Initially, the discussion was about creating a single organizational unit to manage all health related benefits. Not surprisingly, there were significant roadblocks with that approach. Not the least of which was the organizational politics across programs and the very different risk financing mechanisms for each. Today the focus is far more on the integration of data and looking for leverage points to improve experience.

For example, those in risk management have always utilized safety and return to work as their leverage points to improve workers' compensation experience. However, a growing body of research tells us that the underlying health status of the employee influences incidence, duration and cost. At the same time, on the benefits side of the house, people managing wellness are looking for the payoff of what they do beyond medical care expense. They are finding that healthier employees miss less work and have fewer disability incidents.

Annmarie: What are your retirement plans?

Tom: I am blessed to have a new (and first) granddaughter; my wife and I will help take care of her on a part- time basis (at one point in my younger life I thought I might become a pediatrician, so this is perfect). I also will participate in a program sponsored by our church to tutor low-income students in the Oakland school system in reading and math. I will travel and try to get in some more fly-fishing time along the way.

Annmarie: Anything else you would like to add?

Tom: Never in my wildest dreams, when Bill Molmen and I walked into 525 Market Street in San Francisco on the first day of IBI in 1995, did I think 22 years later I would be still running this organization and have the great fortune of working with so many thought-leading companies and people. I'm proud of what we have accomplished at IBI over these decades but nothing can replace the wonderful people I have worked with and the great friends I have made over the years.

Annmarie: Thanks so much!

Tom: Thanks for all of your work over the years on our issue. You have been a great supporter.

[For Insurance, Predictive Modeling Will Surpass Human Judgment]()

Predictive modeling will surpass human judgment.

Predictive modeling will surpass human judgment and lead insurers to adapt a data and analytics insurance business model. This is according to sources in my recently published covering the latest in predictive modeling.

Published in the March/April issue of *Actuarial Review*, Predictive Prudence, also covers how the new business model works, impediments limiting predictive modeling to reach full potential and data ethics.

Despite continual issues with data quality, information accessibility and regulatory considerations, predictive modeling is already demonstrating its power for guiding executive decision making, sources explain. As property-casualty insurance companies grow smarter in addressing predictive modeling barriers, some forward-moving carriers are already finding that predictive modeling can provide probability insight for decision-making and encourage measurable accountability.

Transitioning from a human judgment-based decision making to one based on models is not easy. The idea that predictive modeling will surpass human judgment is a threat to employees comfortable with traditional approaches. It is not surprising that internal pushback is a major reason why many insurance companies struggle to adapt to the new business model to remain competitive.

The idea that predictive modeling will surpass human judgment is a threat…

This article is part III in my series on the latest in predictive modeling. I am thrilled to see it spur discussion on Actuarial Outpost. The intent of three part series was to update actuaries on predictive modeling applications for varying lines and purposes. The first article covers growing data availability. The second one discusses the great modeling experimentation taking place for applications.

Here’s the summary of the three articles:

1. **More data is available.** Ensuring data quality and obtaining enough of the right data to answer a question continues to be a growth area, especially for some commercial lines. Additional data is still needed.
2. **There are hundreds of potential models.** Actuaries and other quantitative professionals are experimenting with different ones to determine which will provide the most insight.
3. **Classic predictive modeling** through generalized linear modeling and decision trees are finding new applications. Concurrently, models beyond those, such as neural networks and gradient boosting, remain in the experimentation phase. There are traces of evidence that such models are being used in the real world.
4. **Predictive modeling will surpass human judgement** as it moves from specific, functional applications. Four years ago, I saw this potential and called it “integrated predictive modeling” in an article I wrote for the American Academy of Actuaries’ *Contingencies* magazine.

Modeling Nomenclature

As a professional communicator who writes about actuarial topics and has worked with actuaries for 25 years, I urge the actuarial community to develop and adopt consistent nomenclature. Common nomenclature is unifying and quite practical. It is cumbersome to define terms just to have a conversation.

For example, I reluctantly choose to use the term “advanced modeling” to describe models beyond GLMs and decision trees because other terms are clunky. It’s not a perfect term, I know.

Agreeing upon nomenclature will not only improve communication among actuaries, but the lay professionals that hire and depend on actuaries. Further, classifying models by type or family would also aid discussion.

Another Article Coming!

In the coming months, I will also be publishing a piece in *Actuarial Review* describing how actuaries are addressing cyber insurance.

Question: Do you think predictive modeling will surpass human judgment for insurance decision-making? Please let me know by commenting below.