

STAR Insurance Agency Strategic Marketing Communications Plan

An Honors Thesis (HONR 499)

By

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Abstract

I began working at STAR Insurance Agency, a branch of STAR Financial Group, in May 2015. As a marketing major, I was able to thoroughly analyze how I felt the firm was doing in its marketing activities. Times are changing, and new trends and technologies are influencing nearly every industry, insurance is no exception. As the millennial generation continues to grow and develop, their need for insurance will expand. It is essential that STAR Insurance Agency make the changes necessary to compete in this evolving industry, or risk being left behind. I analyzed STAR's marketing strategy and put together a strategic marketing communications plan with recommendations for the agency.

Acknowledgements

I would like to thank a few people for their aid in helping me complete this project. I would first like to thank several of my coworkers at STAR for their expertise and input. Whenever I had a question regarding the complex insurance industry, they were able to help me gain an understanding. I would also like to thank my advisor, Scott Inks. His assistance helped me express my thoughts fluently and coherently.

Table of Contents

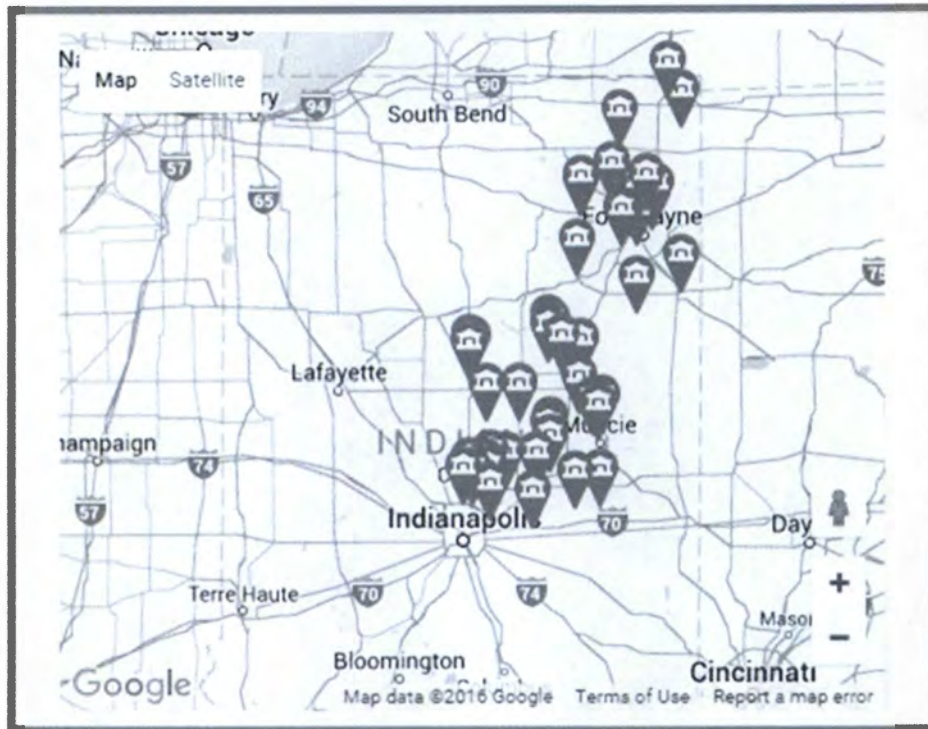
Company Background	1
The Marketing Mix	2
Brand Characteristics	4
Target Market.....	6
Competition.....	8
Problem	9
Strategic Marketing Communications Solutions	10
Conclusion	18
Works Cited	19

Company Background

STAR Financial Group is the parent company of STAR Financial Bank, STAR Wealth Management, and STAR Insurance Agency. The organization offers personalized banking solutions, licensed professional services in financial planning, and insurance services to consumers. This Indiana-based company is known for its culture of delivering quality service with a small town feel. The business was publicly disclosed in 1985, and the name was derived from the first names of four early heads of the company; Selah Wright, Thomas Marcuccilli, Arthur Hodson, and Ralph Marcuccilli. STAR Financial Group has grown to employ over 550 employees, possess \$1.75 billion in assets, and hold forty-seven locations in Northeast and Central Indiana (StarFinancial.com). Branch locations can be seen in Figure 1.

Figure 1- STAR Branch

Branch Locations



The Marketing Mix

Product

STAR Insurance Agency can write several different types of policies for their clients, including commercial and personal property & casualty, life, health, and employee benefits. These policies help clients protect their financial investments, including their residence, vehicles, even their own life and future earnings. In addition, supplemental coverages can be added to all of these policies, including boat coverage, flood coverage, and all-encompassing umbrella policies. STAR Insurance Agency can provide nearly every insurance product the average consumer needs. As far as customer service, STAR is second to none. The agency treats its clients like family, and does everything it can to make its processes as enjoyable as possible.

Branch locations are exceedingly welcoming, and offer a comforting small town feeling. The agency does not currently offer online services.

Price

STAR insurance is an independent insurance agency. This means that the agency can write insurance with hundreds of different companies. This is beneficial for both the agency and the customer, allowing for the agent to gather a variety of quotes to find one that offers the client the best value. Additionally, STAR has a great relationship with many of companies which with it writes. The positive connection with these companies creates leverage for STAR when quoting in certain cases, allowing them to negotiate prices for many policies. The positive relationships that STAR possesses and the fact that they can write with many companies combine to give the company a pricing advantage in the marketplace.

Place

STAR is located throughout the Northeast and Central region of Indiana. There are forty-seven branch locations ranging as south as Indianapolis and as north as Angola. There are three distinct types of branches for the company, Bank-only locations, locations incorporating both Bank and Insurance, and Insurance-only locations. Of the forty-seven, STAR Insurance Agency operates out of fourteen branches. Of these, there are four Insurance-only branches, which are located in Churubusco, Bluffton, Decatur, and Huntington respectively. STAR also has ATM's located throughout the area, having twenty-two ATMs total. The company has strong web offerings for the bank side of the business. With an easy to use site and online banking features, it is easy for customers to use STAR banking services online. The same cannot be said for STAR's insurance services, as their online presence is nearly nonexistent. STAR's overall headquarters is located at 127 W. Berry Street Fort Wayne, IN.

Promotion

Being an independent insurance agency, STAR does not directly benefit from general marketing activities done by the parent company, and generally has to promote itself. Because of this, many agents feel it is their responsibility to personally market themselves as insurance agents in the area. Many other insurance companies offer co-pay advertising programs in which the independent agent pays a portion of the advertising fee in exchange for a plug in the ad. This exposure benefits both the parent company and the agency. STAR does not currently take part in any such promotional activities. They also do not have a major role in any of STAR Financial's promotions as a whole. Nearly all of these advertisement opportunities go to STAR Financial Bank. STAR Insurance Agency is clearly under-marketed.

Brand Characteristics

According to StarFinancial.com, STAR has nine core values. These values are:

- Remain Independent
- Honesty and Integrity
- Respect for All
- Commitment to Lifelong Learning
- Celebrate Success
- Accountability
- Do What's Right
- Community Leadership
- Be Progressive

The STAR brand projects a feeling of superior value with personal community-based values. The company competes in mainly rural locations, so the personal small town feeling the brand embraces is particularly effective. The brand allows STAR to appear skilled and professional but remain personal and approachable. The agency thrives on an image of superior

service, and customers feel as though their insurance agent truly has their best interest in mind. Additionally, the company's mission statement is "Growing by Serving."

STAR Financial's logo encompasses both the image of a star and the company name. These are featured prominently in the logo as they are important for brand recognition. The bottom of the logo lists the three branches of the company; bank, insurance, and private advisory. Accordingly, there are three sub logos for each branch. These logos are used for materials that are specific to each branch. The logos are presented below in Figure 2.

The company is very careful in ensuring the brand is portrayed in a consistent and efficient manor across all mediums. The brands fonts, color schemes, and capitalization of 'STAR' are used consistently across the board for all of the company's internal and external communications. Continuity of brand characteristics eliminates confusion and promotes a professional and stabile image for STAR. STAR's brand image allows the company to manage perceptions of their brand and shape how consumers view the organization. Overall, STAR Financial possesses a positive brand image, and should continue to take advantage of the current consumer perception.

Figure 2 – STAR Financial Logos

Primary Logo



Secondary Logos

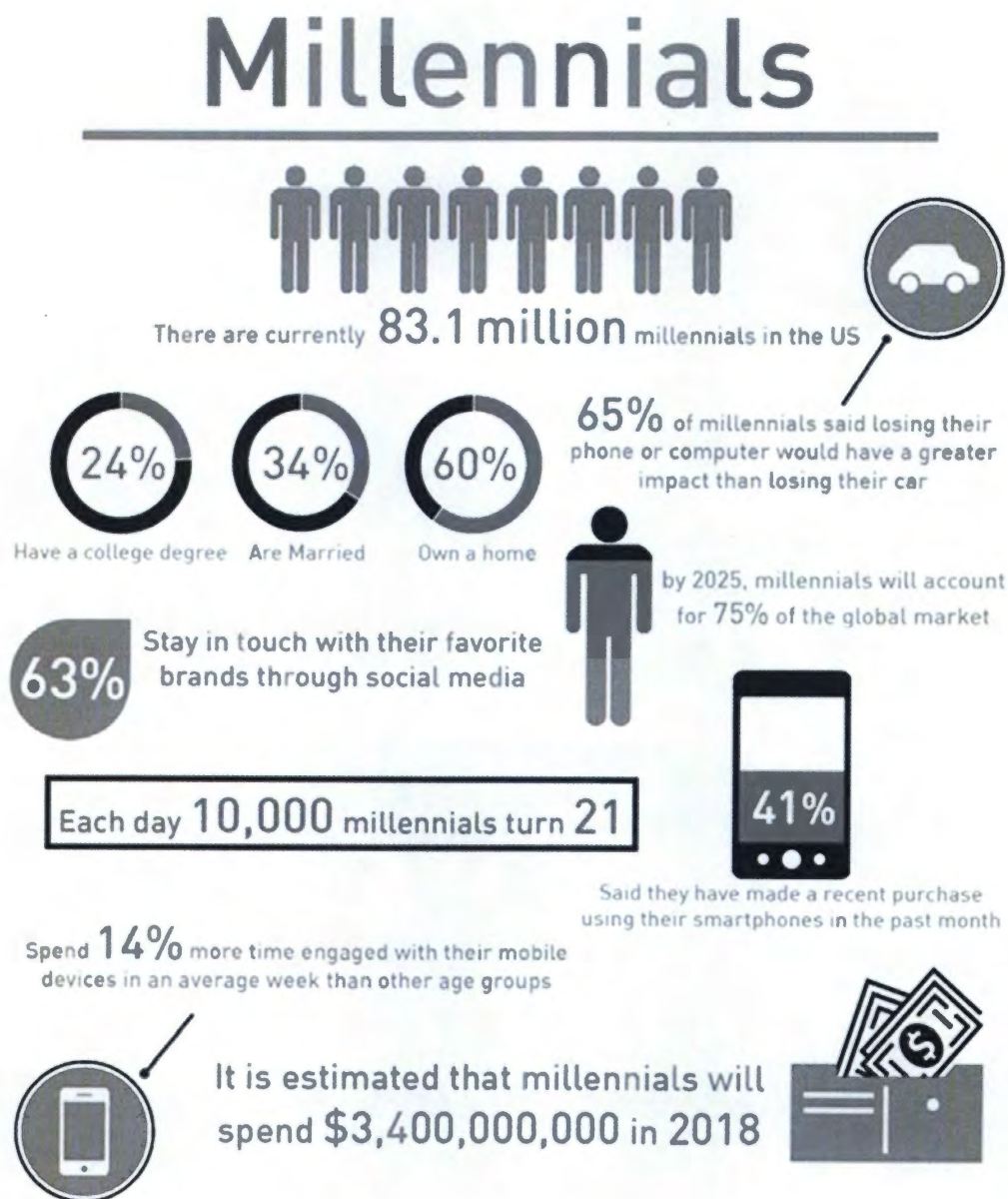


Target Market

In order to achieve long-term success, STAR insurance agency must attract and retain the millennials. This generation is especially important because they are the generation with the greatest growth in terms of net worth and related investment and insurance product needs. This generation will undoubtedly be a driving force in our economy in the coming decades. They will possess a tremendous amount of purchasing power in the foreseeable future, so catering to their trends and tendencies is critical. These are exactly the people that require the services of a company like STAR. The size and power of the millennials can't be overlooked, capturing and keeping these consumers for life is vital.

According to Brent Kelly, “Millennials are those born in the early 1980’s to the late 1990’s. That means, that as of 2015, most millennials fall into the 18-34 age demographic. Millennials have never known a world where they haven’t been connected through technology” (AgencyNation.com). As seen in the infographic in Figure 3, a recent study found the following trends on millennial habits.

Figure 3- Millennial Infographic



These statistics provide crucial insight into understanding the mindset of this complex group. Unlike previous generations, the millennial generation doesn't respond well to traditional advertisements located in print or television commercials. They are, however, drawn toward social and mobile driven media. Millennials are obsessed with social media content. It is not uncommon for them to spend hours per day scrolling through apps like Facebook, Twitter, and Instagram. Their attention is attracted to computer screens, mobile phones, wearable technology, and tablets. Without a presence on social media, the millennial generation is extremely difficult to reach.

Competition

STAR insurance agency has two main forms of competition. The first, direct writers, can only write business with their own specific company and mainly focus on personal lines and life insurance. This serves as both a positive and negative for these competitors of STAR. Only selling policies from one company creates a simple structure, therefore creating increased profitability. On the other hand, these competitors can only offer one quote for coverage, and are not able to offer a variety of insurance company choices to prospective customers.

The other main form of competition to STAR Insurance Agency is other locally owned independent insurance agencies. These firms have the ability to write with many of the same companies that STAR does, and generally write the same type of policies. Since both agencies are essentially selling the same thing, the buying decision is primarily influenced by the selling ability of the agent, and the service received upon purchasing. These competitors offer products similar STAR, therefore great service and convenience is the main means of differentiation.

Problem

STAR Financial has significant marketing problems. Though the overall company possesses strong brand recognition and a favorable position in the market, consumers are not aware of all the services the company can offer. Marketing efforts for services offered overwhelmingly favor the bank side of the business and completely overshadow those of the insurance agency. This inconsistency ultimately undermines the great array of insurance services offered by the company. Many consumers may not even be aware that they can purchase insurance from STAR. As an employee, telling someone I work for STAR Financial often leads them to assume that I am a bank teller or a financial advisor. Most people are uninformed about the diverse insurance products the company provides.

STAR Financial should be viewed as a one-stop-shop for all banking, insurance, and financial advising needs. This should be viewed as the norm by STAR's customer base, making it seem unusual for a STAR customer to use one line of the business but not another. This type of mindset could increase the profitability and efficiency of STAR insurance agency immensely.

Times are changing; advanced mobile and internet technology have been altering business models in recent years. In the highly connected world in which we live, a great customer experience is vital, not just something that is nice to have. Consumers now want to do things on their own rather than meet with a person face-to-face. This trend affects how people buy products and services, and has the potential to disrupt the buying habits in the insurance industry as well. Service models must adapt to rising expectations created by the convenience of new technology. Compared to its competitors, STAR Insurance agency has a relatively limited online presence. In fact, the only place the agency can be found online is one tab on the StarFinancial.com website. While STAR Financial Bank has a social media presence, the

insurance branch of the company does not have content on any social media site. Not having a social media presence for your service in this day and age is practically unheard of. New technology creates new considerations, and it is up to STAR to capitalize on these emerging social media trends.

Strategic Marketing Communications Solutions

I feel that to succeed, the company should incorporate Insurance into their social media presence. By making this change, STAR insurance agency will be able to build their brand rather than remain hidden behind STAR Financial Bank. If the insurance agency's image continues to be transparent online, it will continue to be overlooked by millennials entirely. Social media will allow for increased customer service, brand building, and provide promotion for the company.

Additionally, I believe STAR Financial should expand their mobile capabilities into the insurance field by creating a mobile insurance application for their customers. Mobile services are increasingly vital trend in today in nearly every market. With advancements in mobile technology, being able to access anything you need whenever you need it is the new norm. From smartphones to tablets, consumers continue to mobilize their spending and management practices in everyday life. Offering STAR insurance services mobility would be perfect for the greatest emerging market currently, the millennials. Millennials don't like to make phone calls, be put on hold, or email back in forth. These small inconveniences are seen as annoying and unnecessary. Customers now want their info in their hands instantly whenever they need it. This is exactly what expanded mobile capabilities would provide. A mobile app would offer blended services combining the traditional channel of face-to-face contact with an agent and the innovative mobile channel. This convenience, coupled with value adding service from their agent, would

provide digitally driven customers with a seamless experience across all of their devices. This change could attract new customers whose needs require more mobile self-service options, while also revamping customer service tools. These changes could increase the satisfaction of both the client and the agent. The following section will discuss the specifics of the application.

Being that STAR operates in rural areas, it could utilize this technology to provide service to consumers who may not be in close proximity to the STAR branches containing insurance offices. This combination of mobile convenience and personal small town feeling will provide the company with a huge competitive advantage. Failure to adapt to this trend could cause STAR to miss out on current trends and ultimately get left behind in the industry.

STAR Mobile Insurance Application

Many major insurance companies already offer mobile apps for easy access to policyholder information and helpful tools. In order to determine what a STAR mobile insurance application should entail, it is important to observe what these successful companies are doing. After researching the market, the competitors with the greatest mobile capabilities are Geico, Esurance, and Progressive. Each of these companies holds over a four out of five star rating on the Android Play Store marketplace. These apps are very well liked by consumers and nearly all of their written reviews display strongly favorable disposition towards the application.

When analyzing these applications, it is important to consider what the consumer's needs are in using such an app. After analyzing consumer reviews of these successful mobile apps, there were a few key components and features that tended to stand out, including viewable ID cards, the ability to make small changes, the ability to make payments, and the ability to file claims. Reviewers liked the fact that these apps were extremely convenient and lessened their

need to contact their agent. Figure 4 below shows a few examples of the overwhelmingly positive reviews for these applications (Google Play).

Figure 4- Insurance Mobile Application Reviews

Insurance Mobile Application Reviews



STAR Insurance Agency would need to ensure that the mobile service would provide the core functionality their customers would want. If users were to decide that the application doesn't meet their needs, as ineffective and go unused. This would be an unfortunate error as developing the app would be expensive. Because of this, STAR would want the app to be used by as many customers as possible in order to make the investment worthwhile.

By looking at what competitors are doing, and identifying consumer needs, I was able to come up with my recommendation for a STAR Insurance Agency mobile application. The app I created has a top portion of the application containing the logo for the company, as well as three

main buttons. These buttons would be to access the customers Auto policy, Homeowners policy, and a help button to assist users who may be confused.

The remainder of the screen contains six categories to help the consumer manage their insurance policy. These categories are clearly labeled and offer a large corresponding image to help limit confusion. An example of what the prospective app would look like is shown in

Figure 5- Sample Mobile Application

Sample Mobile Application

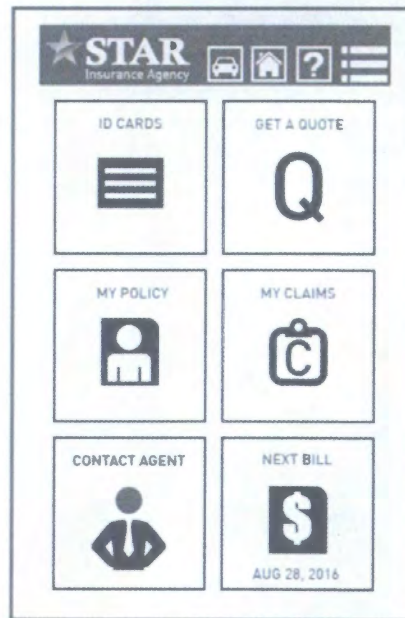


Figure 5.

The prospective beneficial categories are as follows:

ID Cards

This category would allow clients to produce insurance information easily whenever and wherever they need it. With this feature, customers no longer have the need to fumble through their glovebox for their insurance information if pulled over or in an accident.

Get a Quote

The 'Get a Quote' selection permits a prospective customer to get a quote for coverage from STAR. Furthermore, this selection allows a current customer to quote other types of coverage they do not currently have through STAR. This makes buying a policy from STAR easier for consumers, while also making it easier for the agent to sell additional policies.

My Policy

The 'My Policy' page allows customers to view any policies they currently have in effect. This enables policyholders to better understand their documents, and see if anything in their policy needs changed. If they do need to make a change, such as adding a vehicle or driver to the policy, they can do it straight from this page. This gives the client the ability to make these alterations without having to make a phone call or coming into the office.

My Claims

This category provides the user a means of examining all of their claim information. It makes it easy for the customer to file a claim after an accident. This is often a troubling time, so the easier this process is for the client the better. This page would also allow users to view the status of outstanding claims, keeping them as up to date as possible.

Contact Agent

This selection allows clients to message their agent. It also provides immediate contact information such as phone number, email address, and office address. This negates any need to memorize this type of information as it is only a few clicks away at all times.

Next Bill

The 'Next Bill' page makes viewing and paying a bill convenient and easy. It also provides a constant reminder of the due date of the bill, which helps the client to remember to pay on time. This cuts down on lapsed policies and ultimately saves both the insured and the agent a lot of hassle.

With STAR's current user friendly and successful banking app, the idea of an insurance app seems completely feasible. Some features may be harder to employ than others, so STAR would have to determine which attributes to incorporate into a mobile application. The ability to quote coverage, contact an agent, and pay your bill would likely be the easiest for the agency to develop. These are relatively standard capabilities of a mobile application. Other features, such as ID Cards, My Policy, and My Claims, may be complicated due to the fact that STAR writes with many different companies. It may be difficult to incorporate information from all of these different companies into one single application. These are factors that STAR should take into account when considering what to incorporate into a mobile application offering.

Incorporating Insurance into Social Media Efforts

After taking an intensive look at STAR Financial's social media, there are many things that need to happen to incorporate the STAR insurance brand. STAR Financial Bank possesses well managed Facebook and Twitter accounts. Facebook posts mainly focus on bank promotions, educating consumers about financial principles, and displaying charitable actions by the company. The page has nearly 1,900 likes and is fairly successful in garnering interactions with customers. The Bank also uses a Twitter page in their social media efforts. The company's Twitter page seems to have less of a presence (less than 200 followers) but is still operated well. The Twitter account posts the same content as the Facebook page, and is used to interact with customers and other users who have problems or questions.

Insurance content on STAR's social media profiles is nearly nonexistent. In fact, I had to go back over fifty posts on the company's Facebook page to see one piece of content that mentioned insurance. This is unacceptable for a company that offers insurance services. If a consumer was to search for insurance services through social media, he/she would have no idea

that STAR sold insurance. Now more than ever, consumers search the internet and social media for all of their information. There is potential for danger if STAR fails to give proper attention to the threats posed by this emerging trend. For this reason, I recommend STAR incorporate their insurance services into their social media efforts.

This task could be completed by creating a separate page for the insurance agency, or incorporating insurance content into the already established STAR Financial Bank page. If creating an entirely separate page, the company could use the STAR Financial Bank page to promote it. This could include incentives and giveaways, for example, such as notifying followers that if they like the new STAR Insurance Agency page they will be entered to win prizes or cash giveaways. Whether regarding bank or insurance content, all posts would encompass the entire Star logo and brand. This way, no matter what a post is regarding, it will promote the company as a whole. Rather than dilute the STAR Financial brand, this additional exposure will be a positive display of the complete array of financial services that the company provides.

Whether posted on the bank's page or its own separate page, this insurance content would be used to build awareness of product offerings and promote local agents in each market. Additionally, these posts would educate consumers about their insurance needs, and provide a call to action. This could involve insurance tips and tricks, and things that the average person may not know about their policy. This type of content would get people mentally invested in their current insurance situation, either causing them to worry about their existing coverage or interested in additional coverage. Figure 6 displays what one of these posts could look like.

Figure 6- Sample Facebook Post

Sample Facebook Post



As you can see, this type of post identifies a potential problem many customers may not be aware of, and provides a call to action if they have a need. The internet and social media are evolving from being just one of the many channels to acquire purchase decision information, to the primary channel. This critical issue cannot be ignored, STAR Insurance Agency must establish a social media presence.

Conclusion

STAR Insurance Agency competes in an industry where many competitors offer identical products. Therefore, increased brand awareness is necessary for the agency. If a customer can go to many businesses for insurance products, they will likely go to one that is at the top of their mind. Accordingly, prominent brand awareness has become increasingly important with the new trends regarding the internet and mobile technology. Consumers are now, more than ever, easily able to search for potential products and services to fulfill their needs. Without an online or social media presence, STAR Insurance Agency is at a huge disadvantage. Consumers should have STAR initially come to mind when they need to make an insurance purchase. This is why STAR Insurance Agency should increase their promotional efforts and establish a social media presence.

Additionally, the meaning of customer service is constantly evolving. Clients now need constant assistance, and want at their fingertips whenever needed. The proposed changes to STAR's mobile capabilities would allow them to offer the best customer service regardless of a preferred channel. It is up to STAR to meet these changing consumer needs. If STAR can capitalize on the opportunity these mobility trends present by incorporating relevant processes and programs into their current business model, the company could easily outperform competition in their market.

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