

Progressive Mounts Direct Challenge to GEICO

by MediaPost

NEARLY ONE-QUARTER OF ALL AUTO insurance policies are purchased online, and that number is expected to grow exponentially as consumers grow more accustomed to researching and buying that way.

In its new marketing campaign for the nation's third-largest direct-to-consumer auto insurer, agency Arnold Worldwide must differentiate the Progressive Direct brand in the consumer's mind, while selling the process of buying car insurance via the phone or Web.

"Progressive's challenge has nothing to do with market statistics. The fact is they have never been good creatively. They absolutely do everything really well, except for one thing--and that's advertising," says Brian Sullivan, editor of the Auto Insurance Reporter. "GEICO is really good at it, and Allstate is pretty good at it, but they're all looking at the same customers. [The ones] who just might be willing to buy insurance over the phone or on the Internet."

The leading direct-to-consumer auto insurer is GEICO, trailed by Allstate.

"We fully intend to give GEICO a run for its money," says Arnold president Pam Hamlin. Elements of the new creative will include broadcast and much more aggressive online marketing. "Our consumers are buying online, and we want to be online with them."

Brand Development Officer Alex Ho wouldn't break down spending, but noted that Progressive Direct's advertising in both traditional and nontraditional media was up 14 percent in 2005. Arnold landed the creative portion of Progressive Direct's estimated \$150-million account this week by having "the right combination of strategy, creativity and culture that we were looking for," Ho said.

But persuading more consumers to buy auto insurance online or over the phone is only part of the challenge. To better inform their pitch, Arnold looked at consumer adoption rates in other categories--studying, for example, Expedia and Travelocity.

Sean Cheyney, vp of marketing at AccuQuote in Wheeling, Ill., says Progressive Direct must also educate consumers on the value of buying products like insurance direct, rather than through an agent. AccuQuote offers policies from a variety of life-insurance companies that allow customers to compare plan details and prices. Unlike car insurance, which can be purchased in a completely electronic transaction, life-insurance sales must be closed by a telephone agent. Even so, AccuQuote's experience is instructive.

On the Internet, Cheyney said, Progressive shares Accuquote's challenge.

"They must acquire high-quality leads at a price point that makes sense and convert that lead into a customer in a positive ROI," Cheyney says, describing a classic direct-marketing scenario. "That requires not just qualified leads, but skilled telephone agents who are capable of building the same kind of rapport with a customer over the phone as an agent sitting in your kitchen and looking at you face to face."

Online and offline media planning and buying will remain in-house at Progressive. Also staying put is direct-response cable TV buying handled by WPP's Mediaedge, Ho said.

by Judy Warner

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