

Exponent Marketing

Presents:



University of Farmers Case Study

Foster College of Business
Marketing 405: Strategic Advertising Cases

By:

Taylor Stephens

Brie Karls

Mike Rimmele

A.J. D'Ortenzio

Submission Date: December, 1 2014

Table of Contents

Title Page	1
Table of Contents	2
Executive Summary	3-4
Problem Statement	5
Target Profile	6
Objectives	7
Advertising/Creative Strategy	8
Campaign Flowchart	9
Advertising Execution	10-11
Budget	12
Measurement/Evaluation	12
Conclusion	13
Resources	14-15



Executive Summary

Theme & Slogan

“At Farmers Insurance, we make you smarter about insurance because what you don’t know, can hurt you.”

“We’ve been there, Let’s grow together.”

Represents a hometown feel, that’s willing to help and educate its customers.

Company & Product – Brand personality/image

The company is Farmers Insurance is known for reliability, being helpful/educational, family-oriented and sensible.

-Brand purpose: To have lower rights and highly educated agents

-Brand values: innovation, operational excellence, and best value

Farmers is all about knowledge of the insurance industry and their policies. They pride themselves on trying to educate their customers and getting them the best value available.

Campaign Objectives

Overall, to increase awareness and market share percentages within the insurance industry and among competitors.

Considerations:

- Profit- Increase total profit from 1,686 million in 2010 by 3% by the completion of the first run of the campaign.
- Increase reach of Farmers message by 5% across North America by the end of the first run of the campaign.
- Campaign should change consumer decision making by putting the Farmers brand in front of them as a serious contender for their insurance needs.

Creative Brief

The creative idea for the campaign was to show Farmers’ knowledge in the insurance field while making the ads memorable and humorous. They decided to do a play on their actual Farmers Insurance University by having a likable professor teach agents all about important insurance things that they could then teach to their customers. The ad has evolved over the year to now having the professor directly speaking to customers and bringing them through scenarios that they should be aware of and then directing people toward talking to their local agent. The whole point is to show that customers can trust their farmer agent and gain knowledge to help them save money.

Campaign Strategy

The main strategy for this campaign was to convey trust and knowledge to the audience. Farmers' target audience for this campaign is people just starting their careers or in college and so in order to gain their attention, they had to have a campaign that would show how a customer could save money while also being entertaining and funny. They did that through the scenarios they used and humor they portrayed.

Major Target Audience

The campaign is people looking to buy car insurance for themselves for the first time, ages 18-26. Members of these generations include people that are part of the X, Y and millennial generations

They are:

- Extroverted and active
- Follow trends and fads
- Always connected: tech-engaged & tech-enabled
- Multi-taskers who blend work and leisure

Time Period

The "University of Farmers" campaign is a multi-year national marketing campaign. The campaign has been used since 2011 and changed multiple times to reflect what the company wanted to come out of it. They used different variations of the same concept because they've seen its worked and done well for them.

Overall Budget

Farmers had strong financial health in 2010 of \$67.85 billion, with profits reaching \$3.434 billion in revenue that allowed them to ramp up their advertising budget and start the new campaign. In 2011, Farmer's insurance spent 464.2 million dollars on advertising. Their proposed budget was that of media spending on the new campaign will be \$47 million in the first 11 months of the campaign. They focused on TV advertisements, some traditional, and digital marketing.

Evaluation Program

Overall, the Farmers Insurance campaign has been successful for the company. Their social media has increased immensely and so have their followers. Their agent-training program is very successful and highly trusted so making that the subject of their ads has been a great pay-off for them. Most importantly, the campaign has brought the awareness and exposure they were hoping for with an increase in business.

Problem Statement

Farmers Insurance lacked brand awareness among consumers compared to the top ten insurance companies in the industry. That is, until their advertising campaign, University of Farmers in 2011. The University of Farmers commercials starring actor J.K. Simmons are one of the most recognizable commercials on TV and among insurance commercials. In recent years, car insurance companies are spending more and more money on their advertising campaigns. Farmers is number five on the list of car insurance companies in terms of their ad spending because they don't have as much to spend. In 2011, they spent \$464.2 million compared to number one, Geico that spent \$993.8 million. Because so many insurance companies are becoming more competitive with their ad spending and creativity, Farmers saw that they were in danger of losing their market share to competitors. They had to spend more and become more creative with their advertising in order stay where they were at and potentially gain more market share.

Target Profile

Currently, Farmers has a market of consumers who are adults in their mid to late thirties with families. Most of the ads in the Farmers previous campaigns are targeted to this demographic. The 2011 campaign University of Farmers was established to reach a wider target market in order for the company to build brand awareness and increase market share in the highly competitive industry. However, in order to gain more market share among their competitors Farmers needs to expand its target audience. The new campaign tries to target a younger group ages 18 to 28 (Schuster, 2011).

Profile of current consumer base:

Lifestyle Characteristics

- Career and family oriented
- Formal social relations
- Avoids excess stimulation
- Work over recreation time
- Politically conservative

Psychological Characteristics

- Goal oriented
- Likes to be in control
- Moderate; doesn't live in extremes

- Family driving most decisions

Consumer Characteristics

- Premium products
- Moderate TV watchers
- Keeps up with business and news regularly
- Likes to try new products
- Focus on children's needs

Profile of prospective consumer base:

Lifestyle Characteristics

- Likes new, eccentric and offbeat
- Likes socializing, outdoors, sports
- Admire wealth, power and fame
- Social media driven
- Politically apathetic

Psychological Characteristics

- Extroverted
- Active and energetic
- Passionate
- Impulsive
- Unconventional

Consumer Characteristics

- Follow trends and fads
- Disposable income spent on socializing and entertainment
- Impulse buyers
- Attentive to advertising/marketing

The University of Farmers campaign is about the training program that Farmers agents go through in order to become well versed in insurance knowledge. This is a unique selling proposition for Farmers because they are highlighting to consumer their extensive knowledge of the industry in order to save customers money. Price is a big point in most insurance campaign's because it is an unsought good. Farmers is saying we are saving you money because we are the best trained agents in the industry and we know the coverage policies inside out. This is going to be important to a younger generation who hasn't had as much experience with insurance and doesn't know exactly what they need for policies. Farmers is providing value for this target market in the form of expertise and guidance.

Objectives

- **Financial Objectives-** Farmers measured media spending on the new campaign will be \$47 million in the first 11 months of the campaign.
 - Sales Volume- Increase sales volume of auto and home insurance by 3% by the end of the first 11 month run of the campaign.
 - Sales Revenue- Increase sales revenues of auto and home insurance from 321 million in 2010 by 3% by the end of the first run of the campaign.
 - Profit- Increase total profit from 1,686 million in 2010 by 3% by the completion of the first run of the campaign.
 - Farmers Field in downtown Los Angeles will be finished by 2016 and we need the \$700 million spent to produce a ROI of 5% in the first year.

- **Market Objectives**
 - Current Farmers market share is 6.4%, increase this 3% by the end of the first run of the campaign.
 - 2010 Competitors Market Share:
 - State Farm- 18.6%
 - Allstate- 10.5%
 - Geico- 8.2%
 - Progressive- 7.5%
 - Increase reach of Farmers message by 5% across North America by the end of the first run of the campaign.

- **Communications Objectives**
 - Increase consumer awareness of Farmers brand by 15% by the end of the first run of the campaign.
 - Increase consumer retention by 10% by the end of the first run of the campaign.
 - Desired audience response is to seek out a Farmers Agent to get a new quote on their current insurance policy or for first time consumers of insurance pick Farmers over competitors.
 - Campaign should change consumer decision making by putting the Farmers brand in front of them as a serious contender for their insurance needs.
 - Messages need to be clear, concise and attention getting with a focus on our USP: Farmers Agents

Advertising & Creative Strategy

The target audience that Farmer's Insurance is trying to capture is the specific segment known as Experiencers. The demographics of this segment is between the ages of 18-26 and are both male and female.

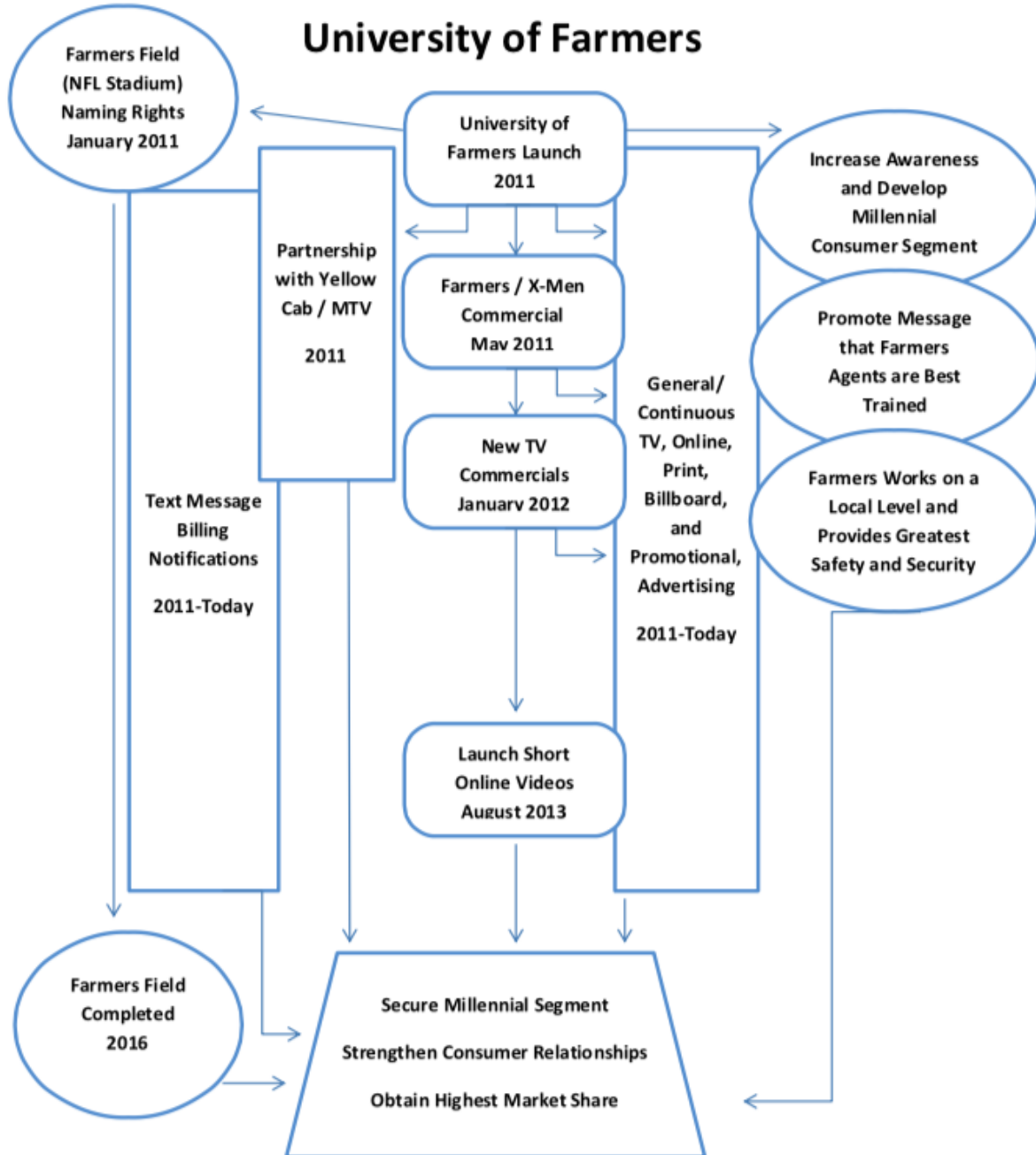
The important and unique selling proposition that Farmer's is trying to convey to the target audience is the ability and skill of their agents over their competitors. The campaign is based in truth—there is a real University of Farmers in Agoura Hills, Calif., where agents do get in-depth training. Farmers was recently rated the top training organization in the world by Training magazine (Nudd, 2011). This sets them apart from their competitors, and appeals to this audience. In order to convey the unique selling proposition effectively, the single most important thing that Farmer's can say is that they are a company that you can trust and that they will work with you on a local level.

The reasons to believe them is based on the "University of Farmers" educating their agents to be more knowledgeable to help the customers, especially opposed to some of their competition. The supporting emotional and cognitive aspects are that they relate to the customer's with celebrities and appeals. The tone of campaign appeals to humor and rational aspects in the target audience's personality. They want the campaign to be relatable and realistic in order to connect with the audience.

We want the advertising to appeal to them in an educational, realistic, and humoristic way. This is in order to show how Farmer's agent support differs from other insurance companies. They were looking for an increase in awareness of the brand to the new and younger generation, and are looking for a response from them. This can be down through multiple avenues such as TV commercial, an Internet site (universityoffarmers.com), and social media support. We want the consumer to trust Farmers and to use the agents to the full capacity and ability. They wanted the overall satisfaction to be higher and to obtain a higher ranking among their competitors.

Farmers wants people to feel that they can trust the agents and that the company is looking out for the customer. They want them to have a relationship with the customer at a younger age and build that relationship in order to retain the customers for a long period of time.

Campaign Flowchart University of Farmers



Advertising Execution

The message tone of the University of Farmers campaign is in the form of an informational rational appeal. The ads also utilize realistic, and optimistic tones with an underlining humorous base. Televised commercials focus on exaggerated insurance related problems, then assure potential clients that highly trained farmers agents can rectify these situation and offer tips for reducing their likelihood. The professor character Nathaniel Burke is portrayed as a confident, sarcastic teacher charged with educating agents on diverse scenarios. The ultimate message to clients is that agents are highly skilled and can communicate safeguarding techniques to consumers (Case, Davis, 2011).

The 2011 campaign try to competitively position itself with millennials by using a university theme in place of the past ads which focused on real life emotional appeals. Competitively, Farmers is behind Allstate, State Farm, Geico and Progressive, but they have successfully been closing this gap. Their strengths lie in their variety of discounts and safe driving incentives. Their weaknesses are their past record for claims and payments, low ranking financial department, and a small quantity of customer reviews. Their opportunities include their vast improvement in the past 5 years, their sister company 21st century, partnerships with yellow cab and MTV, and their applauded University of Farmer campaign. Threats to Farmers are the 5th place ranking among insurance providers, a smaller market visibility, and an ineffective SEO (Case, Davis, 2011).

The University of Farmers campaign is majorly television based with many ads featuring Nathaniel Burke rolling out since 2011. One of these TV ads co branded a joint commercial with the movie X Men First Class. The campaign has incorporated several high gloss print ads depicting Farmers professors in classroom environments, and similar online banner ads (Baron 2011). RPA advertising created an interactive University of Farmers website in 2011 which is now out of service. In 2013 RPA began producing 15 second long online shorts, similar to a Vine format. They use diverse styles, and they all end with a texted message from Professor Burke (RPA about, 2014). The campaign employes sever billboards that relay useful tips to remember while driving. Specialty advertising has been done for the campaign in the form of a University of Farmers coloring book. In 2012 a creative mobile billboard was built in the form of a rose parade float, depicting many elements from Farmers commercials in a visually chaotic manner (Cook, 2012). Lastly, Farmers has purchased the naming rights to a future environmentally friendly L.A. NFL stadium and convention center, now called Farmers Field (Case, Davis, 2011).

Farmers uses a direct channel to market and sell their insurance. This means that at some point consumers must seek out Farmers to initiate the purchase process. One

positive message factor in this campaign is the subtle familiarity of spokesperson J.K. Simmons. Many viewers may be familiar with the actor, but his persona does not overshadow the message. Another positive attribute is the gradually changing setting of the TV ads. In 2011 they take place at the “Farmers University”, but transition to the everyday world in later years. One negative message factor, is the lack of a Nathaniel Burke Twitter and Facebook page. Many competing insurance spokespeople have these social media devices.

Farmers has been successful in reaching a family oriented clientele base, but its new target market in development is millennials or “experiencers”. Thus far Farmers’ message has been heard by experiencers through TV commercials, and their new 15 second online spots effectively reach this audience online. Farmers goal is to position itself as the best trained agency giving excellent service on a local level. Through these strengths Farmers will provide its clients greater safety and security.

The national University of Farmers campaign has created extensive geographic coverage in the United States, although at its launch in 2011 Farmers insurance only cover 41 states (Case, Davis, 2011).

Over the last few years Farmers has used a pulsing promotional scheduling program, creating new ads and promotional elements. One large aspect from 2011 was their X-Men commercial. In the same year Farmers signed the L.A. stadium naming rights and planned on construction to be completed by 2016 (Case, Davis, 2011). On January 9th 2012, Farmers released 6 new Television commercials (RPA, 2014). On August 12th 2013, Farmers launched its 15 second online videos (Irwin, 2013). In all the time between these events, Farmers commercials have been visible in the public eye. Having this wide reach and constant frequency is one of the main reasons for farmers rising notoriety and image in the start of this decade.

As mentioned earlier, RPA is the agency responsible for creating the University of Farmers campaign. The campaign personality they have cultivated is one with a comedic, rational, confident, happy, optimistic, informative and realistic voice. They have used the University setting to relate to millennials and forge a common bond. They have also partnered with Yellow Cab to promote sober driving, MTV for age specific marketing, and incorporated text notifications for client billing reminders.

Farmers’ strategy is highly flexible. Their message is one of knowledge and it is not susceptible to getting backed into corners. If Farmers decided to raise its prices and focus on higher quality, aside from a few tweaks, this paradigm would not conflict with their current marketing. The same would be true if they switch to a competitive low cost strategy. Their creative idea of providing the public with useful knowledge within ads also has great depth. There is a large pool to draw content from and this information can increase the commercials perceived value.

Budget Considerations

The financial health of Farmers in 2010 resulted in \$67.85 billion in revenue, with profits reaching \$3.434 billion. This allows Farmers to ramp up their advertising and try and gain back market share that they have lost, and have the possibility to lose.

In 2011, Farmer's insurance spent 464.2 million dollars on advertising. The ratio of advertising to premium is 3.18% for their advertising spend. This does not include the \$700 million they spent for the naming rights for Farmer's Field in Los Angeles which is expected to be finished in 2016. With the possibility to lose their market share, they spent quite a bit on trying to recapture it in the younger demographics.

Their proposed budget was that of media spending on the new campaign will be \$47 million in the first 11 months of the campaign. They focused on TV advertisements, some traditional, and digital marketing. They focused the majority of the budget on having a source, JK Simmons, and supporting the campaign with humorous commercials. The TV budget is what took most of the budget they had set aside to this campaign. They also went to Social Media and Digital Marketing to capture their audience. The digital and social media budget was not as focused on because the mediums were not, by nature, as expensive as the traditional forms of marketing that they used in the campaign.

Measurement & Evaluation

Farmer's aim was to help make Farmer's more important to the consumer and to grab market share, and one of the ways to accomplish it was to educate customers and build awareness, and we view believe that the campaign accomplished this.

By terms of social media they have increased quite immensely. They had no social media presence whatsoever prior to these campaigns, making them late to the game to begin with, however now they support their ad campaigns with social media. They grew their accounts to now over 31,000 followers on Twitter, and 2,251,577 likes on Facebook.

In terms of their actual University of Farmers insurance training program, it has been "rated the No. 1 training program in the insurance category... A well-educated insurance agent will get you the best insurance policy for your needs and more than likely save you money in the process" (Macleod, 2010). This shows that what they are preaching in the campaign is actually true. They support the customer through their agents and gives the customer a different experience versus other companies.

The campaign was also successful by building awareness for the company. As John Ingersoll, VP of advertising at Farmers said, "We've found that consumers are remembering the University of Farmers campaign and it is bringing the brand to life... Consumer response to the icon, Professor Nathaniel Burke, has been very strong. They like him from his other film and TV roles but also feel his character is a good fit for the brand"(RPA, 2011). This shows that the success of the campaign can be seen and measured by the company itself, and shows that the choice of Burke/Simmons was the perfect choice for the company. This shows that the source that was picked to convey the message was good.

Based off of the insurance industry's "buzz index" which helps to understand awareness, market share, and popularity of companies and brands, the increase of Farmer's score indicates the success of the campaign. "Farmers Insurance has risen on the buzz index since it debuted its "University of Farmers" campaign... Farmers was averaging around 6 until it began to improve in late January 2010, moving from 5 score up to its present 13 score, right along with Progressive" (Simpson, 2012). When the industry average is 9.7, Farmers being above this mark is very substantial. This explains that the leaps in awareness and conveying the unique selling proposition of Farmers the campaign was trying to obtain worked and shows it's success.

Conclusion

This campaign has shown to be very effective for Farmer's. They raised their buzz index, market share, and awareness to a higher level than they were at prior to the campaign. They accomplished the goals they set out to reach. They increased their social media presence, where their target audience tends to spend their time, and they created engaging commercials that educated the audience while creating humor to keep their attention.

Along with this, they highlighted their own their knowledge by referencing the actual University of Farmers where they educate their employees and agents. Doing this gives a unique advantage in informing their agents, and giving value to the customers.

The campaign included purchasing a stadium and it is set to get returns on the initial investment, as well as bringing in branding advantages for the company. Their name becomes more recognizable and they receive notoriety in markets that they were not in previously, allowing them to reach a wider audience.

Through partnering with other companies, such as Yellow Cab and MTV, they were able to reach and speak to their target audience in an easier, different, and more effective way. Incorporating text messaging and these partners in the campaign set up Farmers in a direction focusing on the future and company improvement.

Some suggestions and recommendations we would have for Farmer's and the campaign is to create a twitter page specifically for Professor Burke. This adds even more to the character and it can enhance the Farmer's message in a different way than just a company Twitter page. This is shown to be effective with this type of a spokesperson, and has worked for characters like the Geico gecko, Flo, and Mr. Mayhem.

Another suggestion would be to try and create more events on college campuses. This is where their target audience comes from, and it is extremely fitting with their overall theme. Farmers could present informative insurance seminars and recruit new agents at job fairs. By doing this they could find new customers and employees in a prime target market location.

Resources Cited

Baron, R. (2011). At Farmers University, We All Know Prof Burke. Don't We? Then Who's Prof Allen? Signal Writer. Retrieved from <http://signalwriter.blogspot.com/2011/12/at-farmers-university-we-all-know-prof.html>

Case, V., Davis, J., Miller, P., Pembroke, E., Polatas, P., Schuster, B., Walter, T. (2011). We've been there, Let's grow together. Slideshare. Retrieved from <http://www.slideshare.net/brandonschuster/farmers-insurance-adv-3008-final-group-presentation>

Cook, S. (2012). Happy New Year! Scott Cook. Retrieved from <http://cooknco.blogspot.com/>

Egotist Staff. (2011, March 28). We Are Farmers. Bum Budum Bum Bum Bum Bum. Retrieved November 30, 2014, from <http://www.thelaegotist.com/news/local/2011/march/28/we-are-farmers-bum-budum-bum-bum-bum-bum>

Irwin, T. (2013). Farmers Insurance Launches Zany Videos. Media Post. Retrieved from www.mediapost.com/publications/article/206068/farmers-insurance-launches-zany-videos.html

MACLEOD, D. (2010, October 22). University of Farmers Insurance - The Inspiration Room. Retrieved December 1, 2014, from

<http://theinspirationroom.com/daily/2010/university-of-farmers-insurance/>

Nudd, T. (2011, March 24). Farmers Insurance, "Dryer Fire" Retrieved November 30, 2014, from

<http://www.adweek.com/news/advertising-branding/farmers-insurance-dryer-fire-130501>

(2014). RPA about. RPA. Retrieved from <http://www.rpa.com/about/>

Schuster, B. (2011, November 29). Farmers Insurance - ADV 3008 Final Group Presentation. Retrieved November 30, 2014, from

<http://www.slideshare.net/brandonschuster/farmers-insurance-adv-3008-final-group-presentation>

Simpson, A. (2012, April 16). Look Out Gecko and Flo, 'Mayhem' Man, QB and Professor Are Gaining On You! Retrieved December 1, 2014, from

<http://www.claimsjournal.com/news/national/2012/04/16/205021.htm>