

GOING “CHANNEL-LESS”:

Creating Differentiation in the Insurance Market Through Digital Transformation and Seamless Customer Engagement

INTRODUCTION

The last decade or so has seen insurance customers move away from predominantly in-person relationships with their brokers and, mirroring broader consumer behavior trends, toward largely online and digital interactions. Concurrently, and somewhat consequently, the insurance industry has seen its products become more commoditized and consumer behavior more price-driven in the market. Though convenient, online sign-ups and account management often lack the personal touch—and that factor, combined with the low cost of switching to a competitor, has served to limit the opportunity for insurers to differentiate themselves in avenues other than price. As a result, customer retention continues to be a challenge, and insurers are looking to digitally transform to improve customer experience and regain their service-driven points of differentiation.

Underscoring the imperative to digitally transform are two factors. One is that doing nothing opens up the possibility of disruption or loss of market share to competitors, and the other is that consumers are being passively trained to expect the best from their online experiences, where a great digital experience with one brand raises the bar for all others. Like companies in other industries, insurers are increasingly using emerging channels like chatbots in Facebook Messenger and WhatsApp to service customers, as well as in existing channels like apps, email and phone. The end goal of digital transformation, says Christopher Hall, vice president of product management at Pitney Bowes, is to make engagement through this mesh of options so seamless as to be “channel-less.”

However, achieving that requires an effort grounded in data and a comprehensive single view of the customer, which facilitates hand-offs to different channels as the customers’ needs change. With potentially complex insurance quotes or policy issuances, the likelihood is high that customers may need to utilize multiple channels—from apps to chatbots to telephone representatives—for a single engagement. To facilitate this, it is necessary that technology supports the engagement across those channels, associates are furnished with the relevant information and the transition between channels is smoothed. “It’s really about putting insurers in the shoes of their customers to better navigate the experience they’re trying to provide,” explains Hall.

This briefing discusses the role of data and the single customer view in laying the foundations of digital transformation, and interactive personalized video as an example of the strategy in practice.



A FOUNDATION FOR DIGITAL ENGAGEMENT

Just as data about location, home-type construction and driving history informs insurers about the risk associated with covering property and people, data about customers' online behavior, preferences and communications history can inform insurers about how to best engage with them. The challenge is that the data is often stored in disparate databases and repositories, and before it can be used in any meaningful way, it needs to be unified, accessible and reliable. That's where the single customer view comes in, pulling data from the places it already lives—wherever that is—to present a unified record, a kind of snapshot of what is known internally about each customer, without the need to replace existing databases. Using technology like graph databases, the data can be mapped to draw relationships—even where none were previously known—that can enhance understanding of customers' real-world relationships.

Once the view is established, third-party data can be brought in to supplement understanding—whether that's about customers' physical location or digital footprint, their demographics or social media activity—and using that to better serve their needs. This, in turn, provides a foundation for engagement efforts across channels and entry into new ones.



CHRISTOPHER HALL
VP OF PRODUCT
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Knowing and then connecting everything you know about a customer and their environment is paramount to digital transformation.”

ENGAGEMENT IN ACTION: INTERACTIVE, PERSONALIZED VIDEO

Insurance policies are typically dense documents full of technical language and legalese—necessary, but hardly user-friendly. This creates challenges for insurers, whose customers rarely read or understand their policies, resulting in unpleasant surprises during a claims process that can be emotionally fraught. It stands to reason that improving customer understanding of policies and coverage up front will only improve overall experience and engagement. In an effort to address this, some insurance companies have embraced interactive, personalized video as part of their digital engagement strategies.

These videos are essentially data-driven video segments that are assembled and personalized dynamically in a way that is unique and relevant to each individual customer and, because of that, they are ideal for communicating complex information like policies. Grounded in good-quality customer data, the videos may use the customer's name and then point out the relevant and important parts of the policy, and direct them to appropriate channels for further information.

Significantly, the videos also bring an element of personality back to the process. That was a benefit noted by Geoffrey Insurance Services, a UK-based auto insurer, which implemented personalized videos in 2016 to address the nearly 70% of new customers that signed up online. "We needed to get that personalized service, that you'd receive on the phone, across in a more digital world," says Geoffrey's direct operations manager, Russell Wilson.¹ One of the company's challenges was that online customers were not as well informed about their policies—failing to understand key coverage points, they were often inadequately insured for their needs and tended to miss filing the proper documents, resulting in failed payments and other issues.

To combat that, customers that sign up for new policies online are now emailed a three-minute video in which a host greets them by name and points out important information, like the payment schedule, missing documentation, coverage terms and complementary products. Wrapping in that "channel-less" element of responsiveness, customers who need further assistance are able to initiate a chat session with a representative online or request a callback.

As a result, not only has the company seen successful results on engagement—finding that 74% of customers said the videos made them feel as if Geoffrey cares about them, and 84% said the videos helped them understand their policy—but there also has been a 12% uptick in retention among customers who viewed the videos.



SEAMLESS ENGAGEMENT

In an increasingly competitive and price-driven marketplace, insurance companies can meet customers' rising expectations around digital experiences by taking a "channel-less" approach to engagement, spanning and connecting digital and physical touchpoints. Whether interactions occur through chatbots, personalized videos, over the phone, in-person or through a combination of these, digital engagement requires a solid foundation of data and a single customer view to collate internal knowledge with third-party contextual data. The onus is on insurers to implement these strategies or face the risk that their competitors do so first.

¹ EngageOne Video, Geoffrey Insurance Case Study. (n.d.). Retrieved August 31, 2017, from <http://www.pitneybowes.com/uk/customer-engagement-marketing/case-studies/geoffrey-insurance.html>

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