

EARNING CUSTOMERS FOR LIFE

By Tammy McInturff Appel

Providing an excellent customer experience is more important than ever as a strategic differentiator for insurance companies. Here's what it takes to provide a customer experience that leads to brand insistence.

Customer Experience is the sum of all experiences that a customer has with a company over the duration of their relationship with that company. This customer experience is at the center of the target and is the ultimate bullseye your company should strive to hit.

It is no longer enough to provide good customer service; it is imperative to provide a top-class customer experience. At LOMA's 2017 Customer Experience Conference, attendees learned about opportunities to enhance customers' experiences and hit the bullseye every time, earning you customers for life.

Achieving great customer experience starts with your company's vision, culture and commitment to getting everyone moving toward the common goal of service excellence.

Shifting Expectations of Consumers

New tools exist that can increase the quality of customer interactions and deepen customer relationships. Organizations today rely on technology more and more to enable customer service and enhance the customer experience. Colleen Risk, Senior Analyst, North America Life, Annuity, Health, Celent and Karen Monks, Analyst, North America Life, Annuity,

Health, Celent, discussed the outcome of a recent survey of life insurance carriers regarding current and future customer service trends and their strategy for using technology in customer service.

Improving the customer experience is a top priority for insurers right now. "In 2016, customer experience was one of the top three initiatives that was undertaken by insurance companies, with about 85 percent of insurer CIOs spending money on it," said Risk. "We have all been working to create a positive customer experience forever but the importance of having a positive and meaningful interaction with the customer has become more important than ever. The experience that consumers are having with external entities like the Internet and mobile are moving people in the direction of expecting things that are a little different from their insurance companies as well. Customers value a company that knows them and is able to provide them with relevant information."

Celent surveyed 1,800 consumers, asking them how innovative they feel that online retailers, banking, insurance and government have been over the past five years. "Online retailers led the list, followed by banking," Risk said. "Insurance scored slightly higher than the government. Ten percent of the consumers surveyed said they thought that insurers were extremely innovative and overall, 60 percent of the people surveyed said that they thought that there was at least some innovation going on in insurance. However, only about 28 percent of insureds are satisfied with their current experience with their insurance company and only 16 percent are sure to buy insurance from their current provider. That is a sobering statistic. Net Promoter Scores for insurance companies are only slightly better than telecoms and airlines. We need to move things in a different direction."

The Push for Digital

Are our customers more ready than we are to be digital and to have a different customer experience? In its survey, Celent asked 1,800 people to identify which of 14 digital activities they performed regularly—using a fitness tracker, Bluetooth devices, online shopping, using a doctor's portal, online banking on mobile devices, reading digital books or using GPS to find a destination. Celent found the most commonly used digital activity was using GPS to find a destination, with 64 percent of the people surveyed saying they often used it. "Fifty-six percent of the people we surveyed reported that they conduct research into health conditions online; 53 percent of the people we surveyed said they use online banking tools on their mobile device; 48 percent purchase clothing online and 14 percent of the people said they use it to get policy quotes," Risk said. "Only eight percent of the people we surveyed said that they do not do any of these activities."

Insurers need to understand that they are not going to interact the same way with all of their customers. “We need to understand who our customers are,” Risk said. “We looked at the responses from the survey and segmented our respondents. Anyone who is using three or fewer of these digital activities we considered analog because they have not yet fully joined the digital world. People who were using four to six of these technologies we grouped as newly digital. If they use seven or more we grouped them as highly digital. Twenty-two percent of the people that we surveyed were highly digital, 36 percent were newly digital and 42 percent were analog. Understanding how digital your customers are is a real stepping off plate for setting up customer expectations. You want to segment it by digital savviness, age and wealth. Our research has shown that the people who are the most digitally savvy are those who are in their 30s or 40s; these are people who are in our target market. This is the underinsured group so we want to try and create an experience for them that is digital and that allows them to get online and self-serve.”



digital standpoint. We have a lot of room for growth. We are at a point where we need to start moving forward in order to not be left behind.” Customers are demanding a different relationship model from their insurers. “Customers want more transparency and simplicity,” Risk said. “They want to be able to go online and see easy to understand language and if the language is difficult to understand they want a glossary. Consumers want to be able to understand what they are reading. We have become so insular in our communication that we forget that we are using words that may not be common to other people. We also need to have simpler contracts. It should not be difficult to put together an insurance contract that tells me what my options are and what my exclusions are. We shouldn’t need a 40 page document to do that. Hopefully in the future we will see our legal departments and compliance departments going back and rethinking the contracts that we are sending now.”

“We are definitely at the opportunity of the century.”

– Colleen Risk

Consumers also want recommendations with clear explanations, tailored to themselves. “If customers are buying online they want to do self-serve and see all of the options that are available and know what kind of riders are available and what those riders mean,” Risk said. “People are becoming increasingly self-directed. They may not necessarily want to talk one on one with an agent. People are becoming researchers; they want to look for information and be able to easily contact insurers. We need to have a web chat. Customers today are also more financially literate. Twenty-five years ago, we had pension plans with our employers taking care of our money for us. We didn’t have the same requirements to be financially literate.”

Risk said that insurers need to make the process much easier for customers from the very beginning of the process. “We need to make it easy for consumers to compare products and carriers and be able to look at multiple options at once,” she said. “Customers don’t want to have to put their information in. They want to be able to look at the options and then if they are interested in that product they will then share their information. The expectation is that by sharing their information with you, they are going to get something back.

There is a demand for increasing participation with the client through all aspects of the buying process. Insurers also need to increase the speed, decision, and communications. Give customers the option to buy now with a product that may not be fully underwritten.”

Looking at Other Industries

Customer expectations are increasing and it is being driven by the experiences in other industries. “If we look at some of the exceptional experiences that consumers are having in other industries, we can try to emulate that,” Risk said. “One service expectation that consumers have today is instant information availability. Customers want instant access to information without long waits on the phone or in line. Consumers also want updates and notifications on events that may be unseen by them. For example, think about how Domino’s Pizza now has a pizza tracker so that customers can know exactly where their pizza is and when it is going to be delivered.”

Customers also want the ability to have ubiquitous access across channels. “Customers want to be able to connect to a merchant via any channel and the ability to complete most functions across each channel and to pick up where they left off in the prior one,” Risk said. “Today, customers want personalized service. They want you to recognize who they are and have products and services tailored to them. Consumers also want solutions to come to them rather than have to search for the answer. Think about how Amazon tailors the online shopping experience to each customer and offers helpful suggestions according to what the shopper is searching for or buying.”

Consumers want direct control over the process. “They want to feel that they have the ability to choose amongst differing value propositions,” Risk said. “Customers want the flexibility to change purchases and services with minimal hassle. Information for decision support is also important for customers today. They want transparency on products and services provided by a trusted source.”

“Ninety-five percent of insurers believe that customer experience is important and 85 percent of insurers are spending money on it,” Risk added. “Eighty percent of insurers believe that they are delivering a great customer experience but only eight percent of customers agree. We are definitely at the opportunity of the century. On our survey we asked who the participants believe is delivering an excellent customer experience in the insurance world and the most common answer was no one, by 15 percent of the people. This is a great opportunity for a company to step up and really differentiate themselves by creating a great customer experience.”

“The real formula for success in this business is persistence, dedication and leadership on behalf of the good of others.”

– Joseph Michelli

Path to Excellent Customer Experience

“The secret to creating profitable organic growth is delivering a customer experience that your competitors cannot match,” Risk said. “We define customer experience as the practices of delighting customers, and driving growth opportunities by taking a broader view of their lives and context in which they are interacting with your brand and then delivering unexpected signature moments across a broader expanse of experiences.”

Risk gave an example of a company in the UK and Australia called comparethemarket.com that uses a meerkat in its commercials and advertisements. If you buy insurance through their comparison, you get a stuffed animal meerkat. “It has been so popular that they had to cut back on the number of stuffed animals you can receive in a year,” Risk said. “This is definitely outside of the box thinking, and it is working. John Hancock’s Vitality product is another example of thinking outside the box. They allow you to have discounts for buying exercise equipment or for going to the gym. They have even expanded the program so now if you buy healthy foods you can get discounts on those foods and they count points towards your bonuses.”

“Think about when you send out your privacy notice,” Risk said. “What could you send out to somebody that would allow them to feel valued by you? There is nothing personal in a privacy notice; it is a piece of paper that doesn’t even have my name on it. Insurers are sending those out every year; why not send something with them that makes you stand out from your competition. Insurers are continually missing opportunities to cross sell and resell.”

Customer Engagement

Where do you want to engage with your client and what signature experiences do you need to deliver? “Think about how banks allow customers to deposit a check by taking a picture of it,” Risk said. “That is a delightful experience. Why can’t we do something similar to that for insurance? What improvement can we make to the billing process?” According to Risk, there are many opportunities for insurers to innovate and engage with the customer from policy delivery, billing, claims and risk management.

Celent’s research found that customers have different preferences when it comes to how they interact with a carrier. “We found that 66 percent of people want to self-serve when it comes to simple transactions and 33 percent of people want to self-serve when it comes to complex transactions,”

Risk said. “We found that 24 percent prefer talking to someone one the phone for complex transactions and 21 percent prefer talking to someone on the phone for simple transactions. Twelve percent of the people we surveyed wanted a hybrid approach for complex transactions and eight percent wanted a hybrid approach for simple transactions. We also found that 32 percent prefer face-to-face interactions for complex transactions and five percent of the people we surveyed still want a face-to-face interaction for simple transactions.

That means we should give people the opportunity on our websites and portals to be able to contact an agent because they may want to have that handholding as they go through their transactions.”

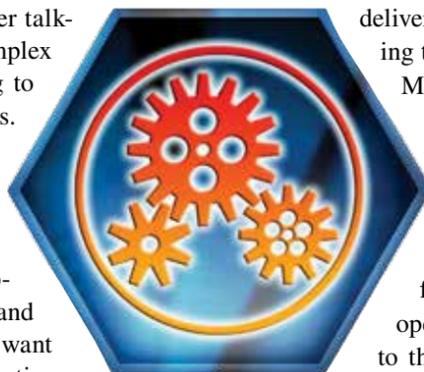
Regardless of preference, technology will do more of the work going forward and customers expect this. “They want us to be proactive with our technology,” Risk said. “The best way to provide an outstanding customer experience is to be consistent, to know who your customers are and what they need and to reach out proactively with information they need before they need to know it.”

Automation in Insurance

Automation can increase customer satisfaction and reduce the long-term operational costs. According to Celent’s research, 72 percent of life insurers feel that customer service is critical to the success of their business. “However, customer service is not receiving its fair share from the IT investment dollars that are spent by insurers,” Monks said. “Ninety-three percent of insurers believe there is room for improvement in their customer service technology. Business operations are driving technology investment either jointly or independently in 86 percent of the companies we surveyed.”

Insurers are acutely aware of the need to invest in digitizing customer service. Celent asked insurers very specifically about the customer service strategies they were using, where they were technologically related to customer service, and how much value they thought they were getting out of the technologies used. “Approximately 70 percent of insurers are using policyholder portals and they are getting at least some value out of it,” Monks said. “The highest level of value is obtained from a portal with self-service capabilities. Probably many of the portals are not offering the ability to do transactions and if you can do transactions, they are probably not ones that can flow through to the back office. That means that customers probably have to wait a day or two to see if their change actually happened.”

Celent’s research found that call centers are the primary means of delivering service and most companies have multiple methods of dividing how the service is delivered, but not all



deliver value evenly. “Social media is providing the least value to insurers in their mind,”

Monks said. “It is probably because they have the social media site but they don’t know how to mine the chatter. Almost 80 percent of the insurers we surveyed are using social media, but only 30 percent believe they are getting value from it. One of the biggest things that opened our eyes is that instant messaging to the policyholder or to the agent, or even something like the chatbot, is not used or even

being considered. That is not a good viewpoint for where we are going forward with digital. Today, banks and other financial institutions are using chatbots. If other areas within the financial services industry are using this technology, we should be thinking about.”

Measuring Customer Satisfaction

Insurers aren’t asking their customers about the value that they are receiving when it comes to customer service. Monks said insurers can’t fix what they don’t measure. “Our research found that only 14 percent of insurers had a formal mechanism for measuring customer satisfaction,” she said. “The lack of formal feedback from the customer can result in inside-out thinking which may diminish the value provided to the customers. You need an ongoing relationship to understand the journey that these customers are taking with you as policyholders.”

Celent created a capability matrix for insurers to measure the level of automation that they currently have related to certain areas. Carriers were asked to rate themselves based on the matrix as minimally automated, moderately automated, or highly automated. Carriers were segmented by size to better compare the response. “Our research found that the call center is the most automated means of communications,” Monks said. “The least automated communications is to policyholders. Forty-three percent of insurers reported that most communication is done via traditional mail. All size insurers communicate to agents via email and portals as well as traditional mail. We found that that a real-time, highly automated relationship didn’t exist as much as we had hoped.”

How automated are policy services? “Our research found that only seven percent of insurers report having the ability to provide broad transactional capabilities on a portal such as payments, address changes, and beneficiary changes,” Monks said. “The majority of insurers (66 percent) provide the ability to view the policies on the portal. Policy issuance is moderately automated for all size insurers meaning there is some manual intervention to attach forms or approve the policy. Forty-three percent of all insurers said that all communications were through traditional mail.”

Next Steps

How do we change where we are today? “Insurers have to consider their typical ways of customer engagement today,” Risk said. “Today insurers are still using traditional mail and paper based communications, preprinted marketing materials, paper bills sent through the mail, and policy documents sent through the mail. There is no proactive communication. How do we start to move forward? One way to move forward is to implement online self-service and policy inquiry, to adopt electronic bill presentment and to have standard automated communications via text or email. What is really cool though and what we see coming next is having mobile applications, implemented automated “push” communications via text, phone or email, have interactive personalized video, using customized marketing materials for one and implementing gamification. We need to look at what other industries are doing, and we need to look from the outside in to improve the customer experience.”

“In the end, creating an excellent customer experience and working to digitize the process is definitely worth the work,” Risk added. “You will get customer retention and referral, new growth and lower cost to serve. You have to think about the whole picture and understand exactly where the benefits are, not only to you as the insurer but also to the policyholder,” she concluded.

Customer Experience Excellence

In another session, internationally renowned speaker, author and organizational consultant, Joseph Michelli, Ph.D, C.S.P., discussed customer experience excellence. “Being dedicated and passionate about customer experience is a great thing,” said Michelli. “But doing it because you care about other people is even a better thing. The real formula for success in this business is persistence, dedication and leadership on behalf of the good of others. Greatness comes when we are passionate and dedicated to lifting up the lives of those we serve.”

Everybody wants to deliver a differentiated customer experience. “Ninety-two percent of corporate leadership teams in the United States have as a strategic objective to improve the customer experience,” Michelli said. “It is perceived as the great differentiator. There is only so much we can do with product and once you differentiate yourself as much as possible on the product side, then you had better figure out how to get that product in the hands of the consumer in a way that changes the way the consumer looks at the relationship with your brand. The reason we have to be so incredibly dedicated is because at this point in history we are at a nine year low on the American consumer satisfaction index for delivered experience by brands. The reality is we are not executing consistently.”

Michelli discussed the challenges that we face and some brands that are executing effectively. “The experience challenge that companies are faced with today is providing colleagues, prospects and customers with what they want, when they want it, where they want it as effortlessly, immediately, consistently, personally and memorably as possible,” he said. “The reality is that is unreasonable. It seems so wrong to expect that level of service when we are the providers. A couple of minutes later when we are the consumer that is so reasonable. We have conditioned ourselves, because of technologies that we have at our fingertips, to expect more and to demand more. Customers are always just a click on a screen away from choosing a different provider.”

“When you wow your customer, you can build brand insistence.”

– Marilyn Sherman

Everything Matters

“In my first book about customer service, one of my key principles was ‘everything matters,’ Michelli said. “At some point, everything does matter but where do you get your gravity on what matters most and how to prioritize with limited resources and assets what to do. If we narrow this down, it is all perception; we are in the perception business. Every single day we are changing the perceptions of human beings either favorably or less favorably to us. So to the degree that we can manage perceptions to the way we want those perceptions to go based on what we want to deliver through our brand we create branded experiences that match up to perceptions. I’ve often said that brands are nothing more than what people say about us when we are not around. Therefore, our goal is to manage perceptions and to try to get alignment between what we want said and what is actually said after people interact with us.”

“We think about interactions typically in a human way but truly interactions are occurring every time there is a contact point between the brand and the consumer so to the degree that those interactions can be virtual, with regard to mobile assets, they can be things that look at a website,” Michelli said. “They are also the quality of the technologies that interface with our customers. Every single part of your service process that interacts with the customer, that shapes a perception is the world of customer experience. So we are trying to manage perceptions across interactions leveraging three things—people, process and technology.”

Building Relationships

“Brands that ultimately focus on relationships as opposed to transactions tend to be doing a better job with creating a great customer experience,” Michelli said. “Transactional brands tend to focus more on satisfaction within a silo. Relational brands look for satisfaction and key moments of truth and then average that across a relationship metric like Net Promoter Scores. They tend to design around the customer so they spend time looking at things like the art of experience design and how to improve design. They tend to realize that operational success is going to drive satisfaction. They look at emotional engagement and understand that they need to deliver emotional value alongside of practical value so that they can get engagement and loyalty.”

Michelli talked about why leadership matters for customer experience success. “Leaders create culture, drive engagement, fuel performance and leave a lasting impact,” he said. “Think about the culture at a company like Zappos. Zappos has an interesting collection of values including, to deliver wow through service, create fun and a little weirdness and be humble. From a leadership perspective every time we select people who do not have in their DNA service competence we pay mercifully for it. Being slow to hire and quick to encourage people to move on to other jobs is an important part of leadership.”

Michelli talked about how some great brands like The Ritz-Carlton, Starbucks, Zappos, Mercedes-Benz and Godiva have created a long-term commitment to service excellence. “Mercedes-Benz has worked hard to set a true north for its company,” he said. “This company is seeking to be at the top end of luxury experiences. They have all kinds of tactical action plans to get them to where we need to be. They not only communicated their vision, they also created a visual map that they could talk through with their employees. They have invested in a number of initiatives to assure that representatives of the brand have opportunities to fully appreciate and experience the safety, innovations and history of the brand. They also developed a program called Drive a Star Home (DaSH) to allow employees the opportunity to drive a Mercedes-Benz for an extended amount of time. The goal is to help its employees be able to better relate to their customers.”

Call to Action

“When it comes down to it, every single human being just needs to do four things to deliver a great experience—listen, empathize, add value, and delight,” said Michelli. “A service culture that delivers a great experience really only focuses on providing a flawless product delivered exactly as the customers



want in an environment of caring. What can you do to lead product quality, effect execution on staff/customer-centric delivery and elevate caring to a lofty level of service professionalism?”

Developing a Vision

Popular motivational keynote speaker and author, Marilyn Sherman discussed how to develop a vision, achieve your goals and employ a no more excuses mindset. “I believe that life is one big venue and we have choices as to where we sit in this venue of life—the balcony, general admission or the front row,” Sherman said. “Balcony seats are not good seats. People are in balcony relationships, balcony jobs, and have balcony attitudes. These people are not fully engaged. The general admission seat is where most people sit. General admission people are living life in their comfort zone. Everything is sort of going fine, things are not bad but they are not great either. If you live and work in a place of general admission, then you will find yourself in a rut and you don’t even know it. None of us can afford to live anywhere near mediocrity because our competition will pass us right by.”

Sherman said that successful “front row” people are curious. “Front row people are constantly learning because they are curious,” Sherman said. “Be sincere about your curiosity about other people, who they are and what their needs are. Also having an optimistic attitude is important. People do business with people that they like and people like people who have an optimistic attitude.”

“Living life in the front row also means that you have to invest in yourself,” said Sherman. “Everyone has many different areas in their life or as I like to call them chairs, you have your work chair, your health chair, your relationship chair, friendship chair, faith chair, attitude chair, etc. Take a look at each of these chairs that you sit in every day and ask yourself, am I living to the fullest? Am I living in a way that I would describe as the front row? Only you can determine that and it is all about the choices that you and I make every day.”

Sherman gave the example of a nine-year-old boy, Lin Hao who saved two of his classmates by going back in the school and carrying them out after an earthquake damaged their school. Then he led his classmates in songs to keep them calm until the adults arrived. “It was unbelievable leadership from a nine-year-old boy,” she said. “When he was later interviewed by reporters they asked why he went back into the school to save his classmates and he said, ‘I was the hall monitor, it was my job to look after my classmates...’ He took his job seriously. He didn’t wait for a committee or for someone to tell him what to do he just did his job. Today we need to nurture and cultivate relationships; make phone calls and follow up with people.”

“Fear prevents people from sitting in the front row,” Sherman said. “It is ok to have fear, just work through it. Confidence comes from competence and competence comes from practice. In order to have competence and practice get over your fear and do something.”

Strategies for Success

Sherman offered six strategies to help you get in the front row seat of your life. “Create a vision and then act on it,” she said. “Where do you see yourself, next week, next month or next year? There are four ‘musts’ in doing this first is be outrageous. Write down 101 goals, think of what you would do if you had no obstacles,” she said. “Be specific when you are setting your goals and your vision and write them down. Make sure that when you make goals and visions that they are believable to you because there are some negative people in the world that when you open your heart to what your intentions are these people they will do everything to bring you down.”

According to Sherman, the second strategy is to invest in your personal and professional development. “Continue your learning and growth,” she said. “Do what you do so well that people can’t help but talk about you. The third strategy is to stop and appreciate the seat that you are in right

now in your relationship, health, work, etc.” Sherman gave a personal example of a rough travel day that she had where she was wearing uncomfortable shoes while flying. During a layover she had to walk an incredible amount because she left her book at one gate and her purse at another gate. With throbbing feet, she sat at her final gate admittedly wallowing in self-pity when she noticed a crowd gathered silently looking out of a window. They were all watching a flag draped casket being pulled out from an aircraft while the airport grounds crew stood saluting it. Sherman said at that moment she felt an enormous amount of gratitude for the fallen soldier that she had never met. She also realized how small her problems were that day and in that moment her feet no longer hurt. “When you shift your perspective it shifts everything,” she said. “You can’t walk in gratitude and sit in self-pity at the same time. If there is anything that you are experiencing that does not serve you—anger, frustration, jealousy, resentment, all of those things that do not serve you or your customers find a way to get gratitude.”

Strategy number four is to learn to handle conflict with grace and confidence. “It is an inevitable part of your lives that we are going to have situations where we find ourselves in conflict but it doesn’t mean that we need to exasperate that conflict by making it worse,” Sherman said. “Find a way to handle it with grace and to confidently have a conversation around conflict and move toward resolution sooner as opposed to playing the blame game in the moment it happened.”

The fifth strategy is to be of service. “Go the extra mile to wow your customers,” Sherman added. “She gave an example of how the Ritz Carlton hotel chain has the philosophy that they are ladies and gentleman serving ladies and gentleman. One particular family was wowed by their service at the Ritz Carlton after the child forgot his favorite stuffed toy. The dad called the hotel to try to locate the toy. Not only did the hotel locate the toy, an employee took pictures of it getting a massage and lounging by the pool and sent them to the dad. He was then able to show the pictures to his son and tell him that the toy was just extending his vacation. It didn’t cost a lot of money for the Ritz Carlton to do this but it wowed the customer. “The Ritz Carlton has created a culture where its employees feel empowered to do whatever they can to make their guests feel welcomed,” Sherman said.

Sherman reminded attendees that there is brand awareness, brand preference and brand insistence. “When you wow your customer, you can build brand insistence,” she added. “We also need to lighten up. We need to take our job seriously but take ourselves lightly.” Sherman said we should make it an ultimate goal to be like an usher. “It doesn’t matter which show you go to, I guarantee you that show will have an usher with a flashlight and knowledge of every seat in the venue,” she explained. “Ushers know the most direct path to lead you to your seat. That should be the ultimate goal for you because your customers need you. They need navigation. They need insurance. They need the products that you sell. Your job is to usher them to their front row but first and foremost you need to know what their front row is.” ❖

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