

## What Life Insurance Companies Can Learn from Apple's Packaging

Those of us with kids of a certain age may recall the hysteria that ensued following the release of the latest versions of the Xbox 360, Playstation 3, and the Wii video game consoles. Demand often outstripped supply resulting in an abundance of very disappointed and impatient kids. In response, the lucky few who were able to garner a game began the unusual tradition of videotaping themselves opening the box containing their new prize for the very first time. Surprisingly, this wasn't an attempt to gloat; it was inspired by the desire to share the joy that came from the fulfillment of such tremendous anticipation. Even more surprising was how viral these videos became. It seems that experiencing something vicariously through video was indeed a suitable albeit temporary substitute for the real thing.

Fortunately, in the life insurance business we sell an intangible product. Demand only outstrips supply if we run out of capital and there's always enough paper to spit out a policy filled with legal jargon and numbers that no one is going to read anyway. In fact, after making the heroic and emotional decision to purchase a policy and enduring the prodding and intrusive underwriting process, the eventual receipt of a policy is a relative non-event – the hardest part is figuring out where to store it so your heirs will be able to find it again.

What a letdown!

Doesn't this unselfish decision deserve a more fitting acknowledgment than just the privilege of paying premiums? Is it possible that although our product is intangible, our physical policies are not? Doesn't it make sense to put some thought into the design of the only physical evidence our customers will receive that confirms what is arguably one of the most important decisions they will ever make?

I have heard of agents delivering the policies for their best customers in velvet bags. They wanted something elegant and impressive that would reinforce and reward the sentiments that inspired the purchasing decision. I always thought that was a great idea and in my previous career set out to see if my company could accomplish something similar. We pushed them to develop a new policy form with stylish fonts, gold print, and high quality paper. We envisioned an elegant folder with ample room to hold multiple policies as well as other important legal papers so that everything could be kept together in one place. We anticipated turning a boring legal document into an impressive and useful product that would be valued by our customers and make our competitors look cheap and shoddy in comparison.

What we didn't anticipate was the logistical, administrative, and regulatory nightmare that this request would evoke. We also didn't foresee how expensive this would be. To my company's credit, they tried their best to accommodate our strange request but the end result was so watered down by necessary compromise that it ultimately didn't serve anyone's purpose.

I had relegated this experience to yet another one of the many failed and flawed "brilliant" ideas over my professional career and promptly forgot about it – until I learned about a new book by Adam Lashinsky titled *Inside Apple*.

In a blog by Yoni Heisler <http://www.networkworld.com/community/node/79642> about Lashinsky's book, he focuses on a rarely discussed aspect of Apple's products – their packaging. In his article titled "Inside Apple's Secret Packaging Room" he writes "is it any surprise that Apple, in addition to its slew of technical and design patents, also has a number of patents pertaining to package design? One of the more interesting anecdotes in Lashinsky's book reveals the existence of a secretive packaging room

within Apple HQ that is only accessible to a select few with the requisite security badges. To fully grasp how seriously Apple executives sweat the small stuff, consider this: for months, a packaging designer was holed up in his room performing the most mundane of tasks – opening boxes.”

What sort of company obsesses over the box they place their product in? A successful company.

More than any other factor, this obsessive attention to even the most mundane detail is a common theme among many of our most adored brands. For further evidence, consider an article I wrote in 2009 about Pixar [http://www.loma.org/content/public/documents/lic/licarticle\\_sep09.pdf#zoom=100](http://www.loma.org/content/public/documents/lic/licarticle_sep09.pdf#zoom=100) .

Anyone who has ever had the privilege of working with an actuarial pricing model knows that the life insurance industry is very detailed oriented, too. Beyond the sheer complexity of our products, we also have embraced Six Sigma to streamline our operational practices. We utilize sophisticated workflow management software to manage our processes. We install sophisticated phone systems to maximize our call centers. We launch ERM initiatives to prepare for every conceivable threat to our business. And we obsess over strict compliance oversight to ensure adherence to numerous regulatory rules.

But our obsessions center around efficiency, cost savings, and risk management. Apple’s engineers weren’t opening hundreds of boxes in order to determine the design that minimized material or meshed most efficiently with their shipping department’s processes – and the temptation to do so must have been overwhelming. I can imagine Apple’s bean counters (apple counters?) who would rightfully point out that when you’re shipping millions of units each year, the additional profits available from shaving off a few cents or a few seconds is significant. And people love Apple’s products – would they even care if they came in a corrugated cardboard container?

As we pointed out in last month’s article about Steve Jobs’ washing machine [http://www.loma.org/content/public/documents/lic/Jobs\\_Nov2011LICBullet.pdf#zoom=100](http://www.loma.org/content/public/documents/lic/Jobs_Nov2011LICBullet.pdf#zoom=100) Apple’s obsession with detail is centered around their focus on maximizing the consumer experience. In this context it makes sense that the act of opening one of their boxes would be an important part of their fulfillment process. It also explains the number of YouTube videos of happy consumers unwrapping their new iPhones.

Apple is an emotional brand. People connect to their products and their company in a manner that goes beyond mere satisfaction with their widgets. It’s easy to understand why consumers would thrill more to sleek, shiny gadgets that make them look cool than they would to complex financial products that no one ever talks about. Yet the purchasing process for life insurance requires a far more emotional motivation than the decision to buy a phone.

What happens after that endorphin inspired moment when someone is motivated to sign an application for life insurance? Risk assessment, credit checks, and phone interviews happen. Billing notices, annual statements, and privacy notices happen. Financial ratings, assets and surplus, and interest rates happen. Our customers connect with our products initially with their hearts, but this very quickly turns into a relationship of the mind and the wallet. As relationships go, ours with our consumers quickly become loveless.

Would a cleverly designed life insurance policy delivered in an elegant velvet wrapper be enough to maintain that initial emotional connection that people have with our products? Probably no more than a cute animal mascot, a Facebook page, or celebrity spokesman would – although none of these

strategies hurt. However, it's meaningful to consider what your own company is obsessing over. Although it may not be a fair comparison, it's still worthwhile to question how successful Apple would be if their primary focus was on compliance, procedures, and workflow rather than on consumer experience. And the two don't have to be mutually exclusive.

I acknowledge that it's too much to expect that one day YouTube will be populated with viral videos of people gleefully opening the envelope containing their new life insurance policies. However, it takes no stretch of the imagination to envision an even more powerful and compelling experience when a beneficiary receives their claim check. I would match the resulting relief and anticipation from that experience over any consumer product currently sold. The fact is, our products already possess all of the emotional elements that embody even the most satisfactory consumer experience – we just have to get better at obsessing over it.