Smart Communications SMARTCOMM™ GUIDEWIRE

Enhancing Customer Engagement in Personal Lines Post Report discussion

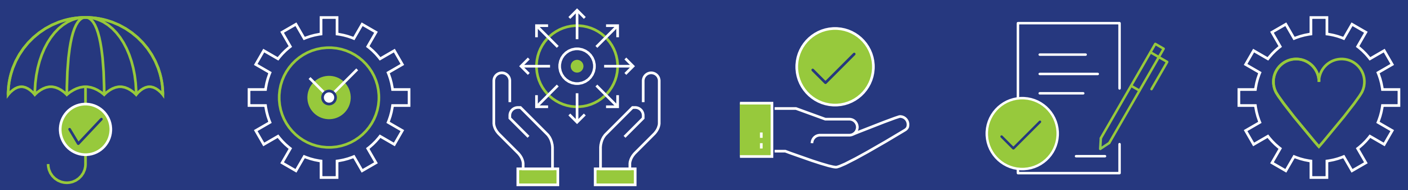
We started the virtual round table discussion on enhancing customer engagement by asking Chris Thompson, Global Head of Mobile & Head of Public Websites at Aviva, René Schoenauer, Director EMEA Product Marketing at Guidewire Software and Chris Childs, Account Director at Smart Communications to share some experiences and thoughts around how customer expectations in personal lines have changed over the course of the pandemic. Perhaps surprisingly, the initial answer from Chris Thompson at Aviva was "fundamentally they haven't". Unpicking that answer, and the implications of it, led to a fascinating conversation about not just shifting customer expectations, but also shifting customer sentiment and the challenge for insurers of keeping pace and responding to those shifts – and ultimately, if possible, anticipating potential future shifts in customer expectations and behaviours.

Chris Thompson's point was that the customer's basic expectation of insurance has not changed: they want to be able to buy and service an insurance policy that meets their needs in a timely and convenient way that suits them and the way they live their lives. What has radically changed, and changed dramatically over the last 9 months, are the channels and mediums through which they expect these services to be delivered, and it became apparent as the conversation developed, their patience with those that cannot service them through their channel of choice is growing increasingly thin.

At the beginning of the lockdown, there was what one participant described as a 'honeymoon' period, where customers were patient and had a high degree of tolerance for service gaps and frustrations caused by their insurers having to respond to working from home, in line with the "we're all in this together" mindset that was prevalent in the early days and weeks of lockdown. Chris spoke for the whole group when he described some of the challenges of struggling to meet demand through all channels during this time and the difficulties of serving customers who dropped out of digital processes. In general however, it seems that companies managed the transition and managed to maintain what was perceived to be an acceptable service level – but that perception was helped by a very forgiving attitude on behalf of the customer at the beginning of Lockdown 1.0 as the whole world adapted to life with the virus.

The customer in Lockdown 2.0 is less forgiving. They have become accustomed to interacting with all their service providers through digital channels, and are increasingly bringing expectations of service levels to their interactions with their insurance providers set by the experiences with other sectors – in what Chris Childs at Smart Communications described as the 'Amazon effect'. So customers' expectations have escalated, but crucially their patience with companies who have failed in their pivot to digital has evaporated at the same time, in what one participant described as a "kickback": "if other people can do it, why can't you?" and "you've had 9 months to sort this out, why isn't it working" were two ways in which participants summarised this sentiment. Several participants mentioned that people's individual pressures and the stress caused by the extended lockdown have exacerbated this impatience – consumer sentiment is turning against companies who have not met the challenge of delivering digitally. It seems that in Lockdown 2.0, tempers are shorter, patience is thinner, and customers' inherent lack of trust in insurers, and the perception we are inclined not to pay is resurfacing. René Schoenauer at Guidewire Software discussed the importance of using the right language to describe insurance and set customer expectations in this context. René shared the example of the German commercial insurance market where in many cases customer expectations of business interruption insurance had not been met: pandemics were covered by many policies, but not pandemics like COVID-19 (this may sound familiar to some in the UK market). The problem is around clear, understandable language, expectations and reputation.

So it seems the challenge facing insurers in the here and now is twofold: deliver the basics of the insurance promise in a timely manner across all channels, and do so in a way that you match the service levels delivered by other sectors. It's worth taking a look at both of those points in a bit more detail. To define those base-level expectation, one participant very helpfully set out 6 key basic expectations derived from a customer survey:



1

"Tell me I'm covered"

2

Show me you are efficient (don't ask me to wait while you "switch between systems" or "copy that data across for you")

3

"Be empathetic" (regardless of channel!)

4

Take the burden off me (don't ask me to do things I think you should be doing for me because I am paying you)

5

Deliver on your promises, especially when I claim (and if you don't, don't expect me to believe your next promise)

6

Do something else for me, or do something better or special for me

If we can meet expectations 1 to 5 we have the basics covered – the reality is that for many insurers they are struggling to meet expectations 1 to 5, and meeting number 6 remains an ambition. But it is here that future battles for customer engagement will be fought.

A representative from one of the large insurers shared that they have managed to meet the first part of this challenge – delivering the basics – through a combination of email, live chat and a call centre resource still working from home (WFH) to a significant degree. They have had to do some work around what they called "signposting" – getting people to the right places (especially those people not accustomed to digital channels) and have had to realign resources to respond to shifts in demand across channels (for example live chat has grown exponentially – see below). They now feel they are able to handle most customers through those channels, but they are also actively looking into, and trialling, new ways to serve the customer which seek to address the second part of the current challenge facing insurers - delivering and matching the service expectations set by other sectors – and this is where a lot of investment in front end digital technology is taking place.

All participants agreed, however, that there has been too much of this investment into technologies or functionalities that don't address those basic expectations, and simply do not engage the customer. One example of this was a virtual reality walkthrough a customer's home in order to point out damage – expensive, feature-rich functionality offering a service customers simply weren't ready for. Conversely, asynchronous chat was given as an example of something that absolutely did enhance engagement and allow for the basics to be delivered via the customers' channel of choice. The expectation was that customers would want and expect an instant response to a chat function via web or mobile, and that they would be disappointed and feel underserved if they didn't get one. The reality is that the prevalence of apps like WhatsApp, messenger etc. have conditioned many people to enjoy this kind of communication. As long as their queries are dealt with promptly (not necessarily instantly) they are happy – because that's where a lot of their discourse takes place. It is also true for the workforce, and especially true for the 18 to 28 year old age range who generally work in call centres – so consequently they welcomed the introduction of the functionality precisely because it means they don't have to make/take phone calls (despite working in a call centre!). They took the technology route because, like their customers, it reflects how they live their lives.

The concept called “experience debt” was also introduced, a concept often discussed in the start-up environment, but perhaps not enough by the big incumbents. This is a useful lens through which to look at the challenge of implementing change to enable multi-channel engagement and improve CX without negatively impacting the customer experience that change can cause. If you experiment with new digital service offerings and if you adopt the kind of agile, learn fast-fail fast approach which involves launching most viable products (MVPs) and different iterations of offerings, you are inevitably going to take short cuts – and these shortcuts lead to poor customer experiences. You need to bear this in mind as potential ‘collateral damage’ on your path to digital, and to address the gaps in service that make up your experience debt in subsequent development phases or iterations of your offerings.

For many insurers, the mobile channel has rightly been the first place to look for quick wins in adding value to the digital customer journey over the last few years. They have been designing and delivering strategies to leverage mobile to enhance and extend customer engagement, making sure it integrates with other customer communication channels, whether digital or not. The need to achieve this has been made more acute as mobile has become the first channel of choice for the majority, even more so during the crisis. Whether through a dedicated app or by accessing the insurer’s websites via their mobile. There are many benefits of mobile – to the insurer as well as the customer. You can try new things and launch new services much more quickly than other channels. One company explained how their team can launch two or three new things in a week, in a very iterative approach: mobile allows for this rapid test and learn approach, experience debt notwithstanding!

Meeting the challenge of the 6th expectation – “do something else for me or do something better, or special for me” – involves leveraging the data we already have on our customers. Chris Childs made the point that customers are now sophisticated enough to know that we have their data, and other service providers (yes, like Amazon!) have shown them what can be done with it: they have trusted you enough to give you that information – they now want you to proactively take that information and do something of value with it. The 6th expectation is now around proactive service and communication: customers expect us go beyond the basic services described above and show them that you know them well enough to anticipate their needs, whether that is anticipating questions they might have or using third-party systems to highlight a potential risk and bring it to the customers’ attention – extreme weather events, local flood threats and cyber risks for example.

Another quick win is to look to add value when the customer is interacting with you.– Anticipate their needs and offer to meet them when they are interacting with you or their policy. An example was cited in the pensions sector where policyholders were checking their pensions and looking at their ISA balance on their app up to fifteen times a month. This is fifteen opportunities a month to engage the customer and offer to do something else for them – for example, offer travel insurance in the early summer months. In another example, delays in MOTs have given motor insurers the opportunity to add further value: if a customer needs to repair their car, the insurer can remind them that their MOT is due, and you could get it done at the same time. In a home environment, this applies to things like boiler servicing – a timely reminder from your insurer adds real value.

Chris Childs shared some outputs of the Smart Communications annual financial services benchmarking survey which very much underscored the point that insurers need to be 'humble' and have a laser focus on customer needs: insurers need to take this humble approach to meeting customer expectations, in that we shouldn't assume to know what our customers want, we should ask them, and thereby avoid the mistake of trying to meet expectations that customers simply don't have. The survey showed that 86% of consumers wanted digital communications ahead of other forms of correspondence, with mobile and email the most popular channels. However, the survey also highlighted a disparity between what experiences businesses think they deliver, and what they actually deliver (in the eyes of the customer). In the insurance industry, this gap was especially large: 55% of insurers felt their digital communication was "on point" but only 33% of consumers agreed. Personalisation was talked about in this context: there is a lot of 'buzz' in the industry about this, increased access to data and technology really empowers the potential to 'personalise' communications and this works best if the personalisation is in context to the customer objective. if it doesn't add value to the customer or the objective they have within that interaction, then think carefully if the investment delivers the desired result.

Chris Thompson at Aviva, Chris Childs at Smart Communications and René Schoenauer at Guidewire Software all emphasised the importance of maintaining the emotional connection in the customer journey, even as we enhance the technology behind our digital channels, especially in the context of the hardening of sentiment and heightening of expectations that everyone in the group recognised as characteristic of Lockdown 2. Indeed, it is by leveraging the data we already have, and the ability of technology to enhance that emotional connection that insurers can really start to engage their customers. As we move into the next phase of the pandemic, and a new normal there is little question that digital channels will play a much bigger part in everyone's lives. It will be those insurers that can meet these new expectations and accommodate new customer behaviours through proactive communications that anticipate need and can engage customers on a new level that will drive growth and retention.

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It's time for the next generation of customer communications. It's time to scale the conversation. Contact us today to learn more.

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