

Reigniting Business Growth in Insurance through Relevant Digital Consumer Interactions

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Executive summary

A man in a green t-shirt is sitting on a light-colored couch, holding a baby in his arms. He is looking down at a laptop computer that is open on his lap. The baby is looking towards the camera. The background is a bright, slightly blurred indoor setting.

Digital technologies have changed the way consumers go about shopping for and purchasing insurance products and services. Consider that 43 percent of consumers, who plan to acquire an insurance product in the next 12 months, intend to do it online.¹

In responding to this shift in consumer behavior, traditional carriers will need to address the traditional conflict between the direct digital channel and more traditional agency channels, as well as acquire new digital capabilities and technologies.

Some agent-based carriers have reignited growth across all channels, direct and indirect, by deploying a digital ecosystem that enables relevant consumer interactions at key moments of truth throughout the purchasing process—generating more leads, allocating those leads to the right channels and enhancing close rates within each channel. Traditional carriers can deploy such an ecosystem in a test-and-learn fashion, galvanizing support among rank and file agents and employees. By cultivating a relevant, robust digital ecosystem of skill, technology and infrastructure, a carrier can gain new and enhanced capabilities and customer approaches that lead to high performance.

The changing behavior of insurance consumers

Inconceivable 10 years ago, the Internet and social media have morphed into a dynamic, booming marketplace of some two billion people. They are generating some 50 million Tweets per day and 34,000 Google searches per second.² In the U.S., 71 percent of households are online³, and nearly 155 million Internet users will consume some form of user-created content by 2013.⁴

Beyond the sheer volumes, digital technologies have utterly and fundamentally changed the way people interact, buy and consume information. Consider that one in three people would rather talk on Facebook and Twitter than in person.⁵ Fifty-one percent of consumers search the Internet before making a high-value in-store purchase.⁶ More than one in four college students take courses online.⁷ To demonstrate how ingrained Internet usage has become, one in five new relationships now begins on an online dating site.⁸

53 percent of Twitter users recommend companies and/or products in their Tweets; 48 percent of them deliver on their intention to buy the product⁹.

The digital revolution is giving consumers more information, more choice and more power. And, the impact has extended to the relationship-dependent business of insurance.

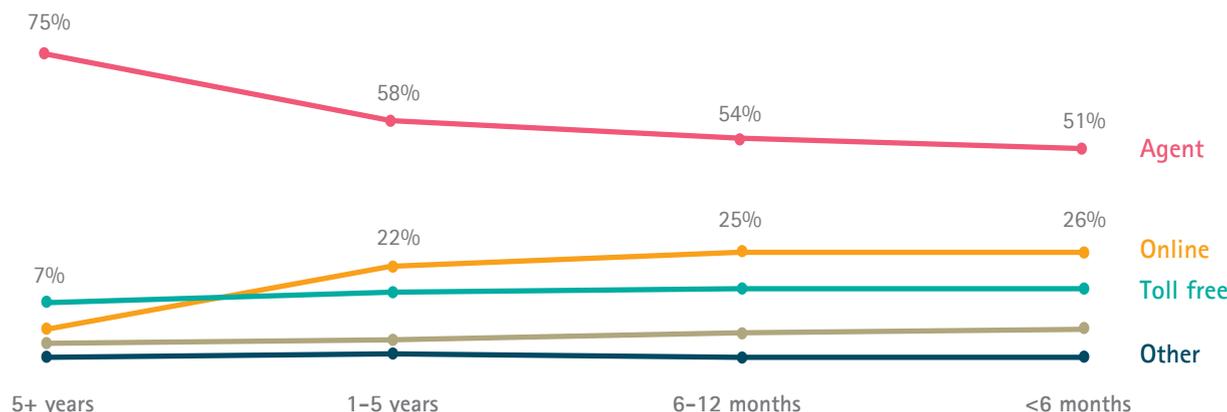
Today, insurers' relationship with consumers increasingly begins online. Thanks to digital media—the Internet, social networking, blogs, video, smart phones and others—consumers have broad and convenient access to a wealth of information. They are using that access to search for, learn about and get advice on products, services and providers. More Americans now use the Web to engage with insurance companies than use telephones.¹⁰ In essence, digital channels are becoming the first go-to source in determining which products and services to buy.

Consider that in the \$158 billion U.S. auto insurance segment (one of the largest in the industry):

- 72 percent of consumers use the Internet to learn about auto insurance¹¹
- 67 percent of consumers who shopped 'within the past 12 months' received a quote online (Figure 1)¹², helping to generate 38.8 million quotes in 2009 in the US alone¹³
- A small but rapidly growing critical mass of U.S. consumers now purchase their auto insurance policies online, driving a record 2.8 million online policies in 2009¹⁴.

Figure 1. How consumers originally purchased their auto insurance policy

Q: How did you originally purchase your current auto insurance policy? (crossed with length on time with current insurer)



Source: comScore Auto Insurance Survey; March 2010, n=2,000

Furthermore, Accenture research shows that 67 percent of consumers who are planning to purchase insurance "in the next 12 months" intend to renew or buy insurance through agents, with 43 percent¹⁵ intending to buy online.¹⁶

This shift in consumer behavior has transformed the digital channel into the primary ground for influencing customer choice. Direct carriers who noticed this shift and became digital leaders doubled their market share over the past decade. According to the Independent Insurance Agents & Brokers of America, direct response writers have expanded their share of personal auto to nearly 16 percent with each point of share worth hundreds of millions of premium revenue. In 2009, while others saw their premiums decline, direct writers actually grew premiums by \$2.3 billion—on top of \$1 billion growth in 2008.¹⁷

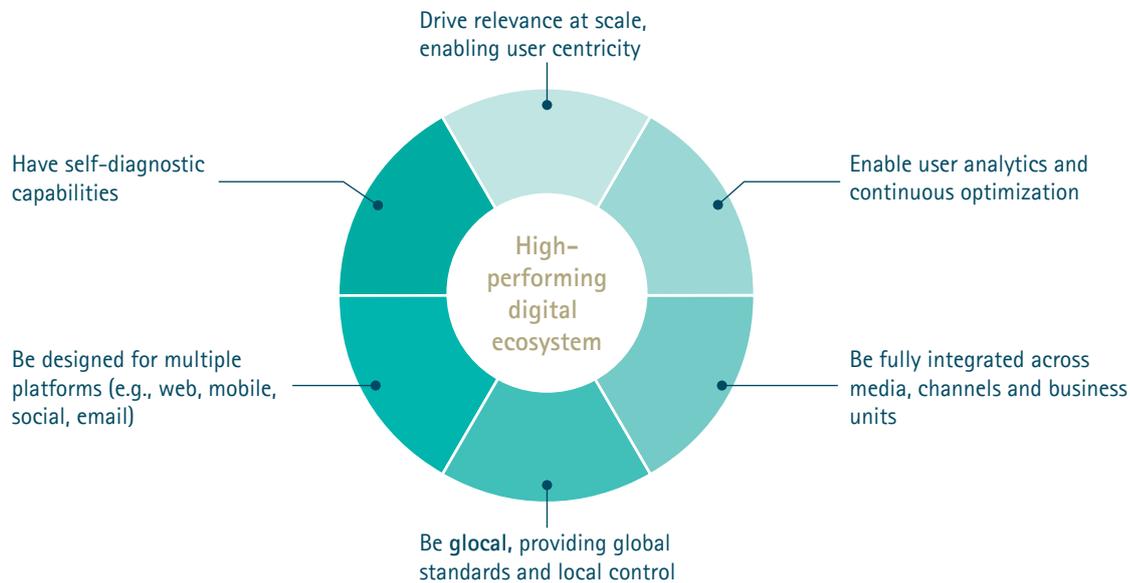
50 percent of insurers believe that new customer acquisition, rather than cross- and up-selling, would drive more organic growth.¹⁸

Despite their increased reliance on the digital channel, online consumers still prefer to buy insurance from an agent or broker (Figure 1). This preference is creating a new class of consumers that exhibits a hybrid behavior (shopping online and purchasing offline) and generating a significant opportunity for traditional agent-based carriers as direct competitors struggle to offer a face-to-face, agent-driven purchasing experience. This new class of consumers seeks and rewards seamless, relevant multi-channel interactions which traditional carriers, with their large agent networks, are better positioned than direct carriers to provide.

Thus, the key question for agent-based carriers is: how do we win the battle for customer choice in the digital space and re-ignite growth across the agent, digital and call center channels?

Seizing the digital opportunity

Figure 2. Key features of a high-performing digital ecosystem



Capitalizing on this opportunity requires a digital ecosystem that helps carriers effectively influence consumer choice in the digital space and resolves the conflict between digital and agent channels, integrating them in a way that enables a consistent and relevant multi-channel shopping and purchasing experience. This digital ecosystem will:

- **Generate more leads.** Driving more leads is a direct function of providing relevant content, product offers and experiences at key moments of truth throughout the customer buying process.

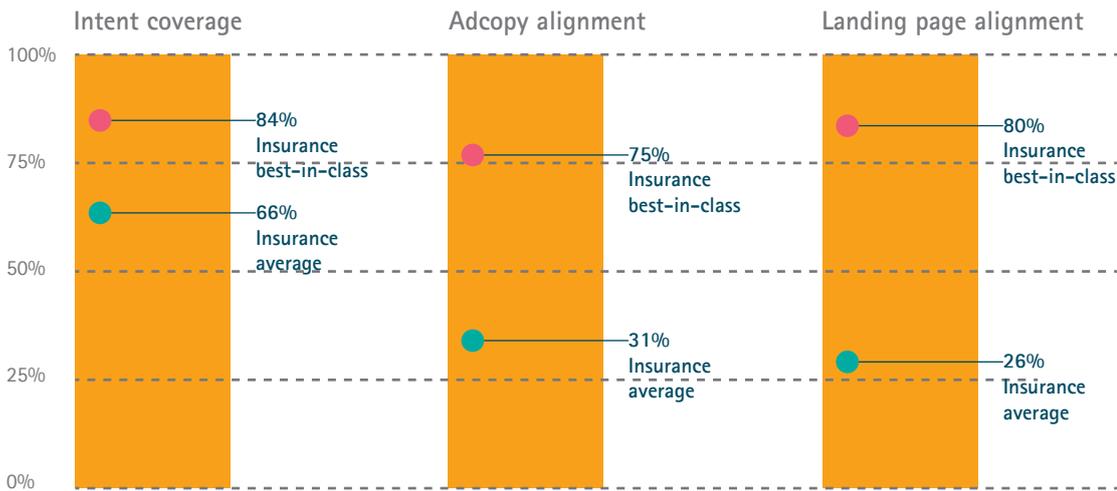
- **Allocate leads to the right channels.** Using rich consumer profiles and advanced analytics, a robust digital ecosystem will infer a consumer's channel preference and allocate that lead to the right channel. In addition and within the agent channel, it will apply match.com-like analytical capabilities to find a better match between prospects and agents.
- **Increase close rates and retention rates.** Enhancing the consumer experience and continuously testing new experiences across all channels, the digital ecosystem will drive close rates and retention rates.

A digital ecosystem that provides for high performance exhibits six defining features: relevance at scale, continuous optimization, full integration, global standards, support for multiple platforms and self-diagnostics (Figure 2).

Relevance at scale

At the heart of an effective digital ecosystem is the ability to understand a visitor's intent and profile, and use this information to assemble meaningful, digital experiences that resonate with the visitor, drive engagement and increase conversions. Accenture's experience suggests that most carriers deliver one-size-fits-all experiences in online search, one of several channels through which visitors express intent. Though carriers today cover a good portion of visitors' search intents (Figure 3), they are presenting generic advertising copy and landing pages which equate to missed opportunities to drive relevant interactions at two key moments of truth.

Figure 3. Current alignment to insurance online visitors' search intent



Source: Insurance average includes: GEICO, Progressive, Allstate, Liberty Mutual, Nationwide, Farmers, Travelers, Metlife, New York Life, ING, Prudential, State Farm, American General and Mass Mutual. Aggregators not included. Insurance best-in-class taken from aggregated P&C and life segments. Benchmarking only include 65 high-traffic key words and key word combinations.

The average-performing carrier (represented by the blue circles in Figure 4) responds to very specific online visitor intent with generic advertising copy that leads to a generic landing page (Figure 4).

In contrast, high performers deliver meaningful advertising copy and landing pages in similar online situations which helps them to outpace the industry. Figure 5 illustrates a set of relevant interactions in search and landing pages.

Delivering this type of relevant interaction is relatively straight forward for a handful of key search terms. However, consumers express intents in many different ways. Thanks to the free-form nature of online searches, consumers use thousands of keyword combinations to search for insurance. An effective digital ecosystem uses analytics and software to catalogue

the wide range of intents expressed in the search channel and other channels. It also takes advantage of first- and third-party data sources to build rich visitor profiles that include contextual, environmental, behavioral, demographic and CRM-type data, among others. The combination of visitor intent and profile fuels the ability of the digital ecosystem to deliver relevant interactions at scale and in real time.

Continuous optimization

Once relevance at scale is achieved, the digital ecosystem sustains it over time through a process of continuous optimization. Continuous optimization acknowledges the fact that visitor preferences evolve over time and that yesterday's optimal digital experiences might not be relevant today. Continuous optimization differs from multivariate testing (MVT) and A/B testing in at

least two aspects. First, MVT and A/B testing take significantly longer to setup, run and draw conclusions than continuous optimization. Accenture's experience suggests that it takes at least three months to run an MVT or A/B test while continuous optimization allows changes to the user experience as warranted. Second, while MVT and A/B testing does provide the ability to segment traffic, the segmentation is typically focused on time of day, day of week and traffic source type parameters. Continuous optimization, on the other hand, builds upon rich visitor profiles and intent to drive optimization to the visitor level of detail, enabling sustained relevance, at scale, over time.

Figure 4. Average carrier response to specific online visitor intent

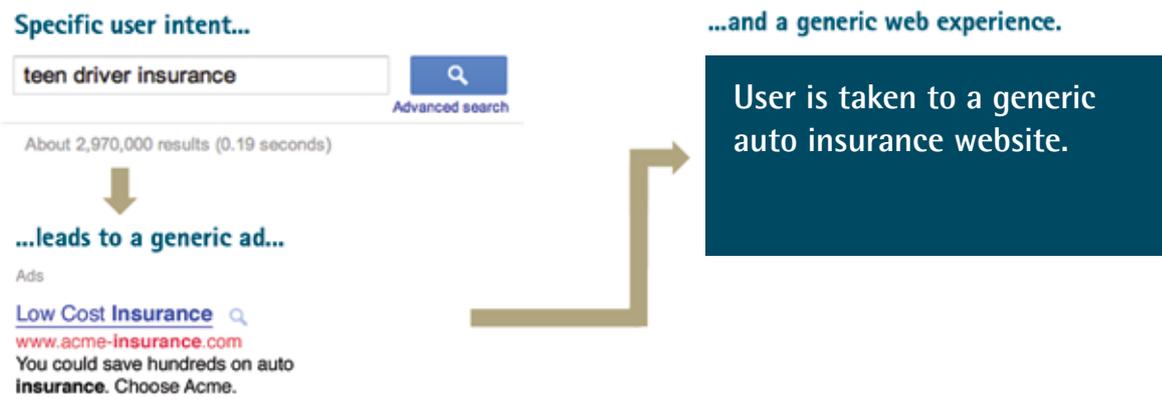
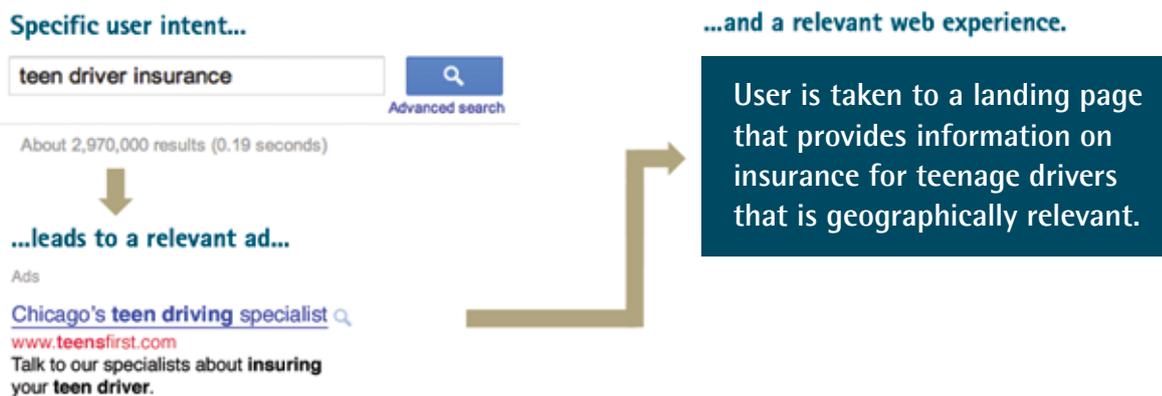


Figure 5. Set of relevant interactions in insurance online search and landing pages



Full integration

An effective digital ecosystem integrates upstream into the media cloud (e.g., social, mobile, display, search and so forth) and downstream into the agent and contact center channel. Upstream and downstream integration enables relevant interactions consistently throughout the entire customer buying process. From the time the visitor is exposed to an advertisement, through the quoting process, and to the moment of binding, the customer maintains a consistent experience, be that online or through an agent. Downstream integration includes the use of advanced analytics to infer a visitor's preferred channel and allocate the lead to the best channel. Within the agent channel, advanced analytics are used to match the lead to an agent who shares an affinity or interest, providing a greater chance for the agent to build a relationship with the lead.

Global standards

An effective digital ecosystem is "glocal," providing global standards with local control. It is delivered through a single, integrated technology platform, which allows for the creation and enforcement of standards and lowers total cost of ownership. At the same time, the ecosystem is local in that it allows local regional managers to use pre-approved creative marketing assets to adjust the visitor experience with the touch of a button in a way that more closely responds to local conditions.

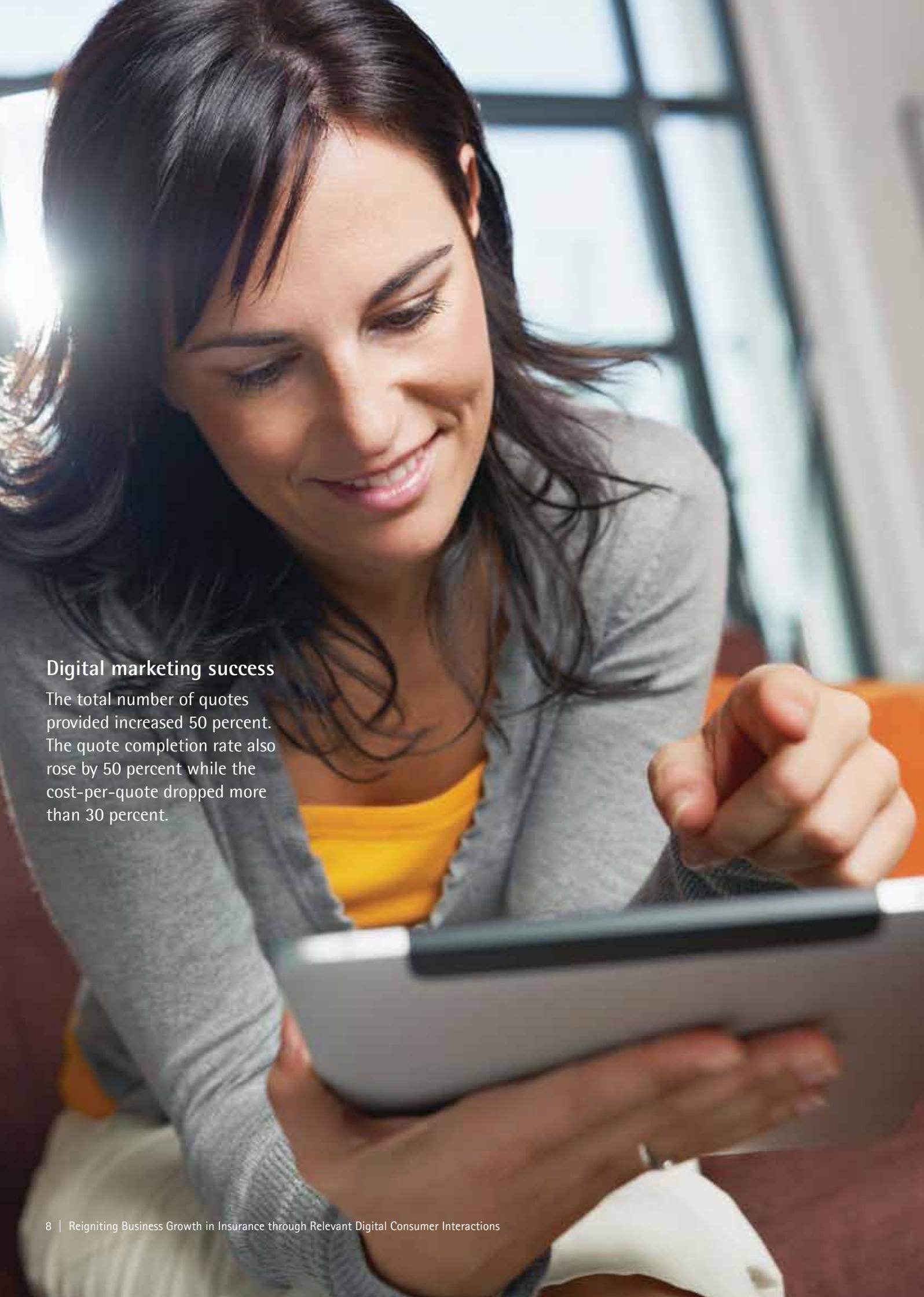
Support for multiple platforms

The digital ecosystem that fuels high performance takes a holistic approach to digital. It goes beyond the web and includes mobile and social platforms. In doing so, it enables visitors to have a seamless experience across all digital channels and provides multi-channel

transaction processing. To this end, the ecosystem uses a single customer data repository, multichannel processes and session management technology, among other capabilities.

Self-diagnostics

Because an effective digital ecosystem is designed to constantly evolve, it may experience implementation problems occasionally as multiple individuals in the organization make updates and changes to it. Self-diagnostic capabilities enable the ecosystem to constantly scan itself, find issues (such as broken links, faulty tags (e.g., traffic and advertising), malfunctioning forms and others) and generate a prioritized set of corrective actions.



Digital marketing success

The total number of quotes provided increased 50 percent. The quote completion rate also rose by 50 percent while the cost-per-quote dropped more than 30 percent.

Digital innovation at North American Insurer reaps compelling early results

Accenture worked with a large North American insurer to assemble and deliver relevant digital experiences at scale. The carrier had previously implemented a set of best-of-breed point solutions to support the paid search and landing page aspects of its digital ecosystem. It also was working with a prominent agency on paid search strategy and management, deploying a popular multivariate testing technology to test many changes simultaneously on its landing pages. The carrier was bidding on approximately 6,000 keywords (to win a particular ad spot as part of a search engine results page), had about 150 variations on its advertising copy and managed a single landing page.

Working with the client and its agency, Accenture designed a program that enabled relevant interactions with visitors to its website. In less than six weeks, the team deployed the program. Just five months later, the carrier was able to log compelling results. The total number of quotes provided increased 50 percent. The quote completion rate also rose by 50 percent while the cost-per-quote dropped more than 30 percent.

To deliver these gains, Accenture helped the insurance company:

- Create and take advantage of intent-driven audience segmentation.
- Connect to third-party data sources to build and use rich visitor profiles.

- Expand the number of bid-based keywords from 6,000 to over 50,000, without affecting the paid search advertising budget.
- Increase the number of advertising copy variations from about 150 to more than 12,000.
- Deliver highly relevant landing pages that offered more than 100,000 dynamically-built unique landing page variations.

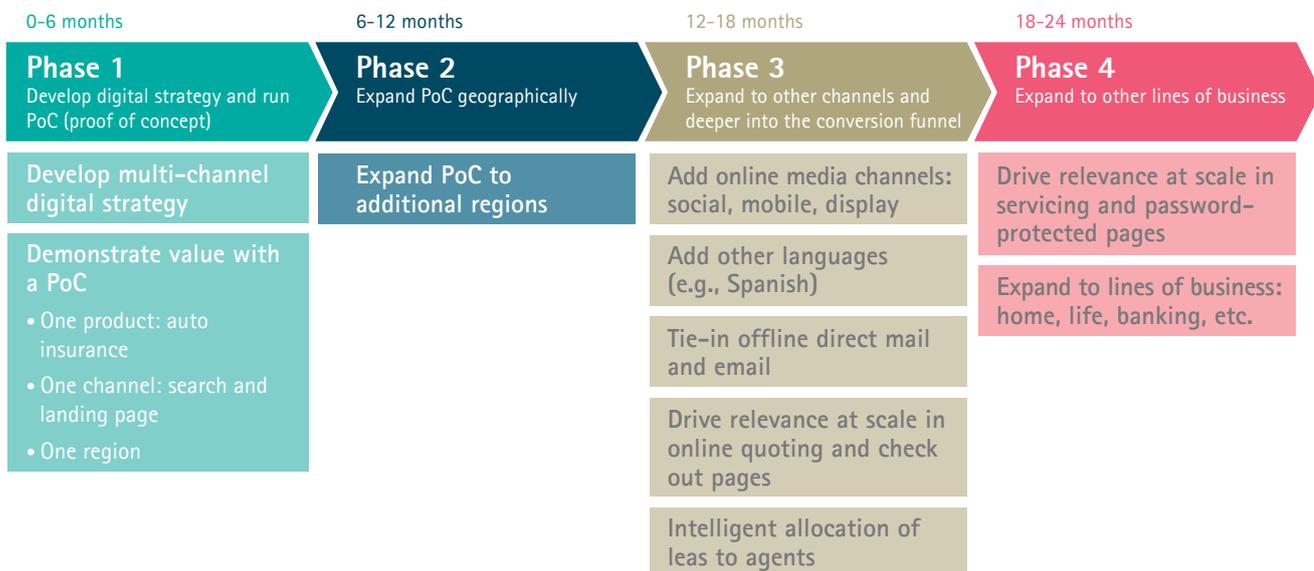
Deploying digital ecosystems for high performance

Relevant digital interactions with consumers and existing customers will continue to be fertile ground for insurers to increase wallet share and revenue. Carriers that work to bring agility and intelligence to their digital ecosystems can expect significant and measurable results—from better conversion rates and lower cost to growth in customers and revenue.

Deploying a high-performance digital ecosystem cannot be accomplished overnight. It requires sustained support from multiple stakeholders across multiple budget and planning periods. Accenture experience suggests that a phased, incremental approach to implementation is most successful. Such an approach uses pilot programs and campaigns to test new capabilities and gain internal support before rolling them out across the entire enterprise (see Figure 6).

Digital technologies have fundamentally transformed consumer behavior across many industries, including insurance, creating both a challenge and a tremendous growth opportunity. Despite the opportunities, few agent-based carriers have capitalized on the power of the digital realm. Those insurers who take action and begin delivering relevant cross-channel consumer experiences at scale are likely to leapfrog their competitors, grow their business and drive unprecedented levels of customer intimacy—creating a durable competitive advantage for the digital age.

Figure 6. Phased approach



End notes

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