



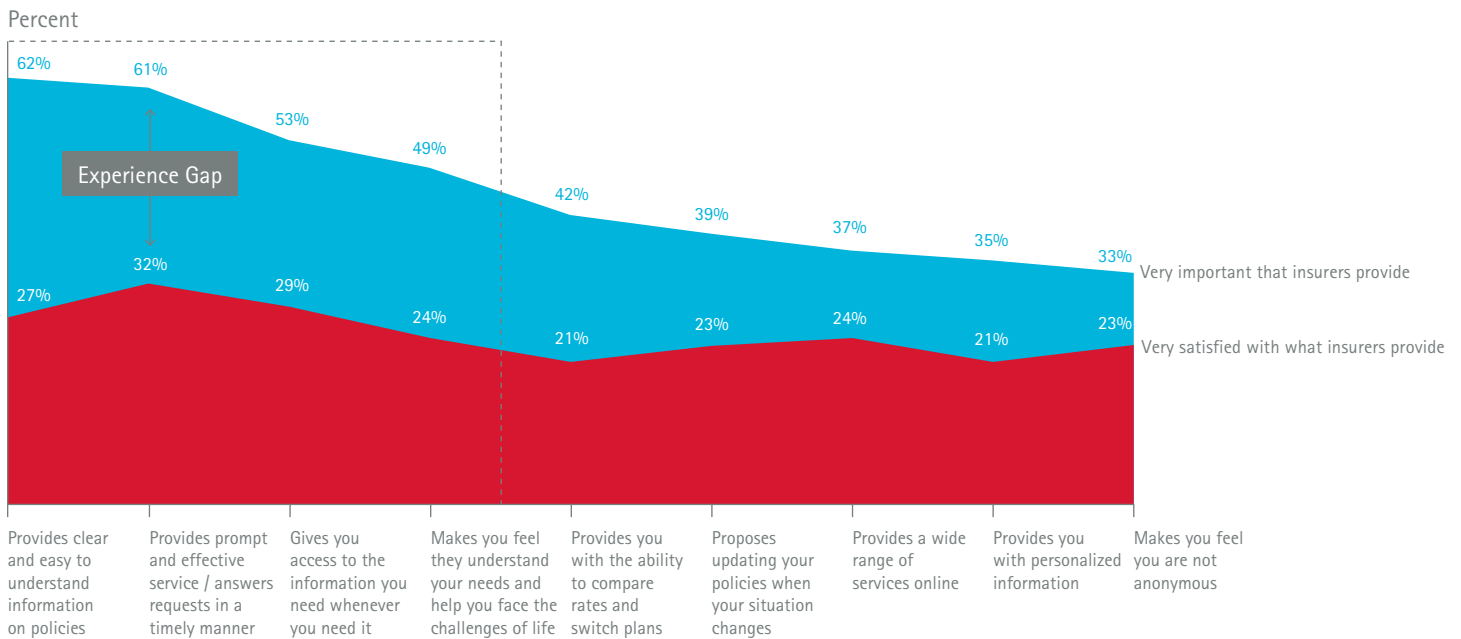
High performance. Delivered.

The Digital Insurer:

Delivering Exceptional  
Customer Experiences

In today's insurance environment, where features and price can be quickly matched by competitors, customer experience is becoming one of the primary drivers of differentiation and, ultimately, high performance.

Figure 1. Gaps in insurance customer experience



Source: Accenture Consumer-driven Innovation Survey, 2011

In today's insurance environment, where features and price can be quickly matched by competitors, customer experience is becoming one of the primary drivers of differentiation and, ultimately, high performance. Additionally, evolving technology is pushing distinctive customer experience even further, providing more relevant ways for customers to interact with insurers when and how they want—whether it's mobile-based policyholder servicing and claims, instant expert advice online or participating in product development through social media platforms.

Still, customer experience in insurance falls short of expectations. Gaps exist between what customers expect of insurers and what they believe they receive (figure 1). For example, nearly two-thirds of customers Accenture surveyed said it was very important for their insurer to provide clear and easy-to-understand information on their policies, but only 27 percent of respondents said they were very satisfied with their insurers' efforts to do so.<sup>1</sup>

Most insurers struggle with how best to create exceptional customer experiences while also tackling increased product and service complexity and the need for integration across a growing number of distribution channels. A select few are shifting their operational view from product to customer and, in the process, growing their business.

# Standing still is not an option

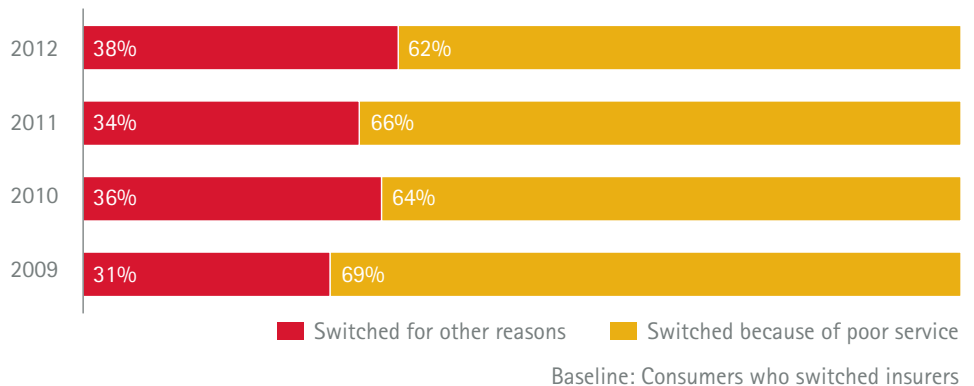
Accenture research shows that of those customers who switched insurers in 2012, 62 percent left their carrier as a result of poor customer service (figure 2).<sup>2</sup> This pattern is consistent with previous research findings.

The primary reason consumers consider switching is a "broken promise": 63 percent of consumers said it's extremely frustrating when, as part of a service experience, a company delivers something different from what they promised upfront (figure 3).<sup>3</sup> Also, 24 percent of consumers surveyed said they don't believe their provider delivers a tailored experience, and 47 percent find it frustrating when a provider is not using the information it already has about them to make interactions and offers more relevant to their individual contexts.<sup>4</sup>

Carriers that fail to respond, risk more than just customer retention. They are likely to incur costs associated with an increase in customer complaints, complex problem resolution and damage to the company's brand and reputation.

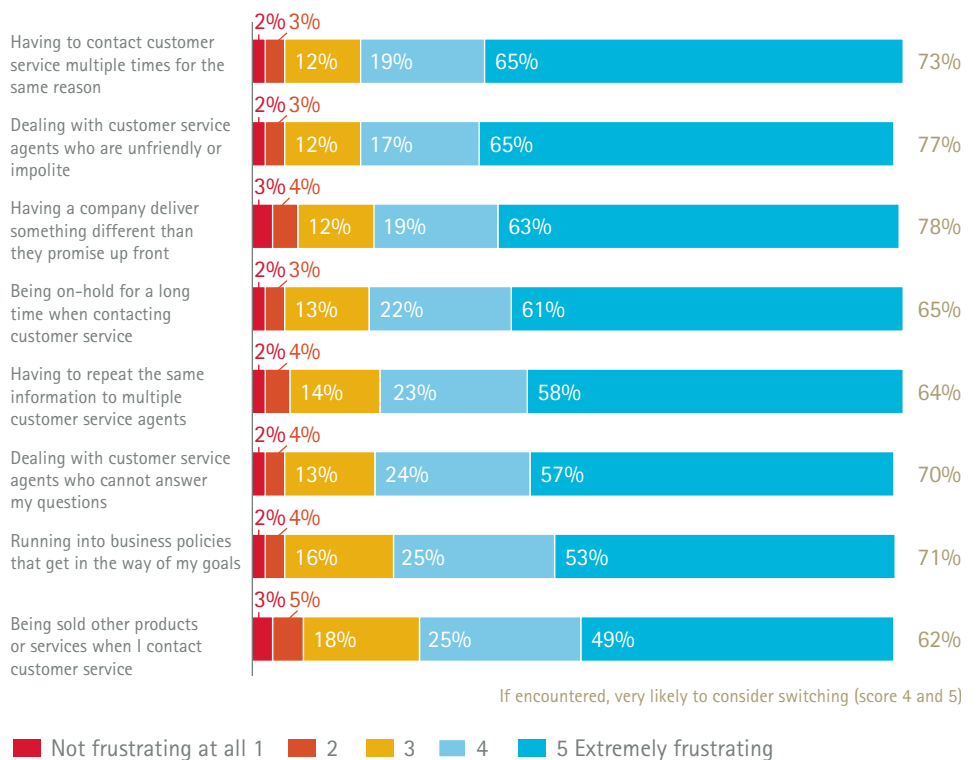
Only 26 percent of Chief Marketing Officers (CMO) believe they are building rich, long-lasting customer relationships.<sup>5</sup>

Figure 2. Poor customer experience fosters switching



Source: Accenture Global Consumer Pulse Research, 2012

Figure 3. Consumers' frustration regarding customer experience



Source: Accenture Global Consumer Pulse Research, 2012

# There is much to gain

Alternatively, an exceptional and unique customer experience—one that is personal, holistic and sustainable—improves profitability by reducing costs, increasing retention and achieving a higher share of wallet. For example, improved customer experience helped a telecommunications company reduce churn within its high-value customer segment by 12 percent, creating a \$120 million revenue benefit. A government agency used customer experience initiatives to triple its sales from \$250 million to more than \$750 million and cut its costs in half over three years.

The addition of incremental customer-focused products and services may increase customer satisfaction by up to five basis points and possibly double retention.<sup>6</sup>

# Shift to a customer-centric viewpoint

Creating the kind of customer experience in insurance that lifts growth and improves profitability requires carriers to shift their operational viewpoint from products to customers.

Decades ago, a few products met the needs of most customers. Smaller, regional carriers who sold relatively simple policies served customers based on relationships. Today's insurance distribution is characterized by mass audiences, self-service and agents who play an advisory role. With commoditization of insurance products and buyers demanding extremely customized products and services, product-centricity is no longer the focal point for future insurance success. One product does not fit most.

A product centric approach is more costly to maintain, as each product needs its own multi-channel marketing program to reach a highly segmented audience. Coupled with low-to-no cross-channel coordination and fragmented data and reporting, a product-based organization is the most likely culprit for poor insurance customer experience.

Centering marketing and operations on the customer's needs and wants is a profit-enhancing stance for insurance providers. It aligns with the traits and trends of today's business environment and enhances investment returns (figure 4). The goal is to provide high quality interactions consistently across all channels, delivering what the customer perceives as one exceptional experience. It is also about taking an "outside-in" perspective when providing products and services to customers. For example, a customer purchasing a new home probably needs more than just new home owners' insurance. The home purchase experience likely prompts many different

changes in the consumer's life—new address, larger family, added vehicle, debt consolidation and so on—that create the need for multiple services, such as new auto insurance, new umbrella insurance, relocation service, legal support, loans and so forth. Insurers that view service through the customer's lens can better spot opportunities to provide a range of services, deliver an exceptionally tailored experience for the customer and increase its share of customer wallet.

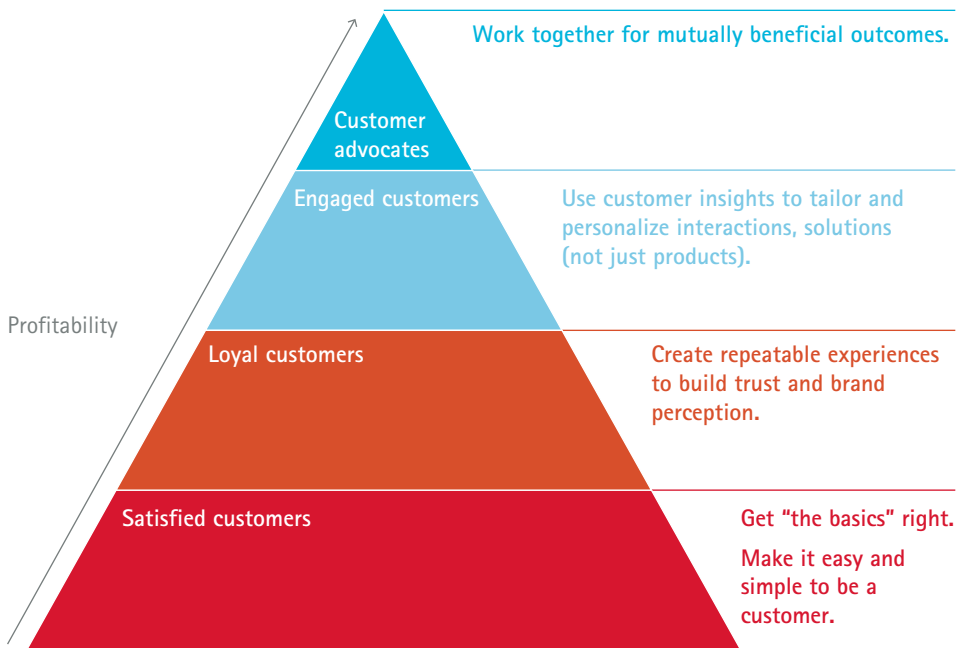
To achieve this goal, the customer-centric insurer adopts customer experience management as a formal business process, focused on developing deep, broad, long-term customer relationships throughout the customer journey—from cradle to grave. Doing so positions the carrier to:

- Personalize treatments and offers using big data and advanced analytics to segment customers according to their behaviors, values, preferences and needs, then tailoring solutions to that segment.
- Enhance operational excellence with process simplification and automation for fast, efficient transactions.
- Speak, act and serve customers as one company, regardless of the channel or product engaged by a customer—inbound or outbound.
- Adopt an organizational model that takes advantage of new digital channels (online, mobile, and social media) in moving its profit and loss perspective from products to customer-centric experience.
- Nurture customers into becoming advocates on their behalf.

## Customer Experience Management helps carriers:

- Identify and track prospects and customers across all channels
- Designate them to dynamically evolving segments
- Predict and model optimal interactions and lifetime value
- Create and deliver a continuum of highly relevant experiences

Figure 4. Customer-centricity drives customer experience and return on investment



Source: Accenture Consumer Research, 2010 – 2012

## Exceptional Customer Experience: Next Door State Farm

State Farm Insurance opened Next Door in 2011 as a community café and financial learning space. It sells coffee and offers free financial coaching, life classes, fun events, semi-private and private spaces, and Internet access. Financial coaches at Next Door Chicago, the pilot

site, are prohibited from soliciting products or services. The concept aims to help State Farm become an integrated part of local communities, building consumers' confidence about their financial future through a fun, creative and collaborative experience.

## Banking on Trigger-based Marketing

A global investment bank recognized that its decrease in cross-sell ratios was due to an inconsistent, less-than-stellar customer experience across its channels. The company's inability to capture contextual customer dialogue meant that the bank was unable to capitalize on its interactions with the customer to grow its business. In fact, the bank used less than 10 percent of these interactions for sales and marketing purposes. Continuous duplication of target group selections and customer communications prevented the bank from achieving closed-loop marketing—extracting insight from every interaction to improve future interactions.

Accenture helped the bank implement trigger-based marketing capabilities to make information gathered from all inbound and outbound customer contacts available for sales and marketing programs. Data-oriented components of the solution, including a decision manager and data warehouse, identified customer segments and moments of truth that helped define tailored experiences. With the solution, the bank:

- Grew sales revenue by \$9.7 million within four months of the solution going live.
- Boosted average revenue per sale by \$76.
- Created consistent customer experience that increased customer loyalty and offer acceptance rates.
- Exceeded contact center appointment target by 20 percent through fast time-to-market for new customer contact campaigns.



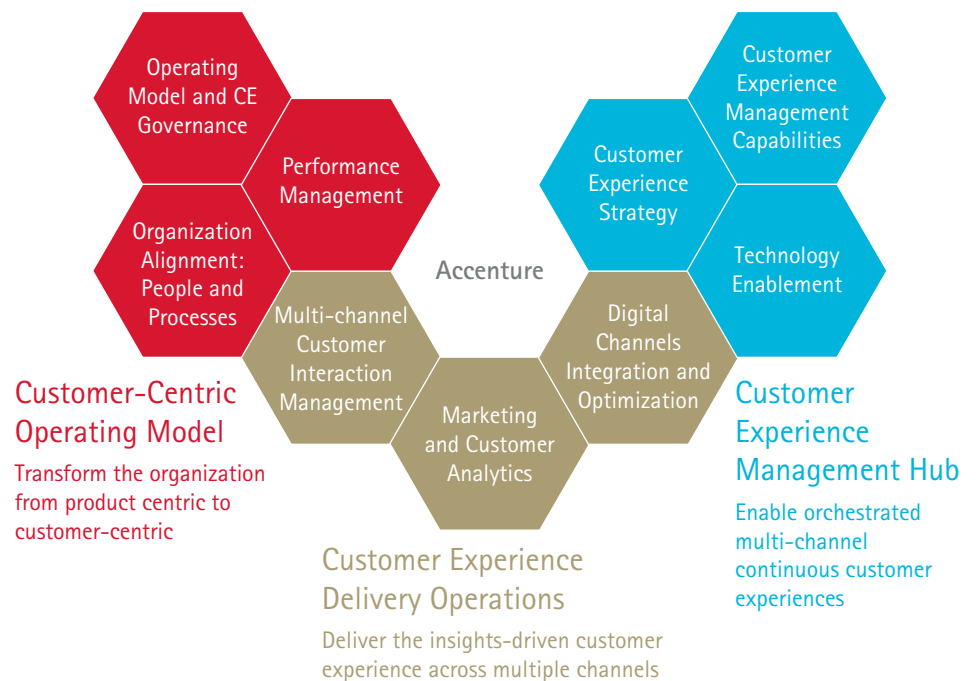


# Three-pronged approach to deliver exceptional customer experience at scale

Few insurance executives argue the merits of enabling, managing and delivering an exceptional customer experience. The problem is how to execute it when a number of challenges—from changing customer demographics and expanding distribution channels to a product-based focus and narrow execution bandwidth—stand in the way.

Drawing on our insurance industry and customer experience management knowledge, Accenture has devised a three-pronged approach to help insurers overcome the challenges in an effective, affordable way: establish the customer-centric operating model, develop a customer experience management hub, and build the experience delivery operations (figure 5).

Figure 5. Accenture Customer Experience Management Approach



## Customer-Centric Operating Model

This phase establishes the organizational structure required to execute and manage the customer experience profitably, and sets the path for transitioning from a product-driven to a customer-centric organization. Fundamentally, this involves:

- Defining the new operating model and governance for the targeted customer experience.
- Redefining, aligning and improving performance management to relevant customer experience and satisfaction metrics.
- Aligning people and processes to facilitate customer centricity.

## Customer Experience Management Hub

The Customer Experience Management Hub implements and matures the targeted customer experience to an operational state by:

- Developing and refining a customer experience strategy that identifies key customer lifecycle milestones and "moments of truth" opportunities to delight the customer.
- Building core customer experience capabilities, particularly those supporting multi-channel, digital channel, analytics and "next best action" decision-making initiatives.
- Implementing technologies to execute, deliver, monitor and continuously improve the customer experience in real time.

## Customer Experience Delivery Operations

This phase structures how insurers deliver their customer experience efficiently across multiple channels. It covers notably:

- Multi-channel customer interaction management, infusing greater flexibility and scalability through industrialized business process automation into Customer Experience Management functions.
- Marketing and customer analytics, providing the insight critical to reduce complexity of customer treatments across channels.
- Digital channel integration and optimization, using rich data and content to understand customers' needs, behaviors, expectations and profiles, and to deliver the most relevant customer experiences at scale.

## Exceptional Customer Experience: Leading US Insurer Mobile App

To help its agents improve experiences for customers, a leading US insurer deployed a new tablet-based mobile application. The Accenture-delivered solution enabled the company to translate a 20-page, paper-based data-gathering tool into an intuitive electronic fact finder which:

- Allows the agent to capture handwritten notes with a stylus.

- Includes a "Twitter-like" user interface that follows the conversation with three level views.
- Provides context-sensitive feedback using images, charts and screenshots.
- Consists of 30 screens and stores information across more than 800 data fields.

The new app—the insurer's first foray into the mobile space—is helping to improve communications between customers and their agents, from the very first point of interaction. The solution incorporates a web service that integrates with the insurer's back-end systems, increasing sales efficiency and effectiveness.

Accenture brings a wide range of capabilities to help insurers execute phases of the Customer Experience Management Approach successfully and transform their customer experience:

### Insurance and cross-industry experience

More than 4,000 Accenture professionals around the world delivering customer experience management consulting, technology and outsourcing services.

### Proprietary assets

Tools that support the approach, including Multichannel Customer Interaction Management Platform, Next Best Action methodology and accelerators and Digital Interaction Management platform.

### Customer Innovation Network

A place where companies experience the emerging consumer experience in a live, interactive environment and connect with experts around the globe to understand the best ways to operationalize customer-centric strategies.

### Managed services

Flexible options for access to on-shore and off-shore Customer Experience resources.

### Technology alliances

A network of alliances for enabling technology, including SAS, Oracle, Salesforce, Pega, Microsoft and Accenture Software.

New technologies continue to raise customers' expectations for experiences that delight them. As such, it is time insurance providers transform their customer experience into an essential path to high performance.

## References

- <sup>1</sup> Accenture Insurance Customer Satisfaction Survey, 2011
- <sup>2</sup> Accenture Global Consumer Pulse Research, 2012
- <sup>3</sup> Accenture Global Consumer Pulse Research, 2012
- <sup>4</sup> Accenture Global Consumer Pulse Research, 2012
- <sup>5</sup> Accenture Interactive CMO Insights Survey, 2012
- <sup>6</sup> Accenture Consumer Research, 2010–2012

## About the series

The Digital Insurer is an Accenture series that provides insights on how insurers can achieve high performance in the digital age. Digital is not simply a new distribution channel—it offers an entirely new way of doing business. Leading insurers are learning how to provide significantly easier access to a wider range of more relevant products and services at a lower cost. With these goals in mind, this series presents pragmatic and visionary discussions on analytics, back-office digitization, marketing, mobility, social media and more. For more information about this series, please visit [www.accenture.com/digitalinsurer](http://www.accenture.com/digitalinsurer)

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Accenture Interactive helps the world's leading brands drive superior marketing performance across the full multichannel customer experience. Working with over 4,000 Accenture professionals dedicated to serving the marketing function, Accenture Interactive offers integrated, industrialized and industry-driven marketing solutions and services across consulting, technology and outsourcing powered by analytics. Follow @AccentureSocial or visit [accenture.com/interactive](http://accenture.com/interactive).

## About Accenture

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