

Customers' expectations are evolving – fast

asset

experience

ownership

usage

whole

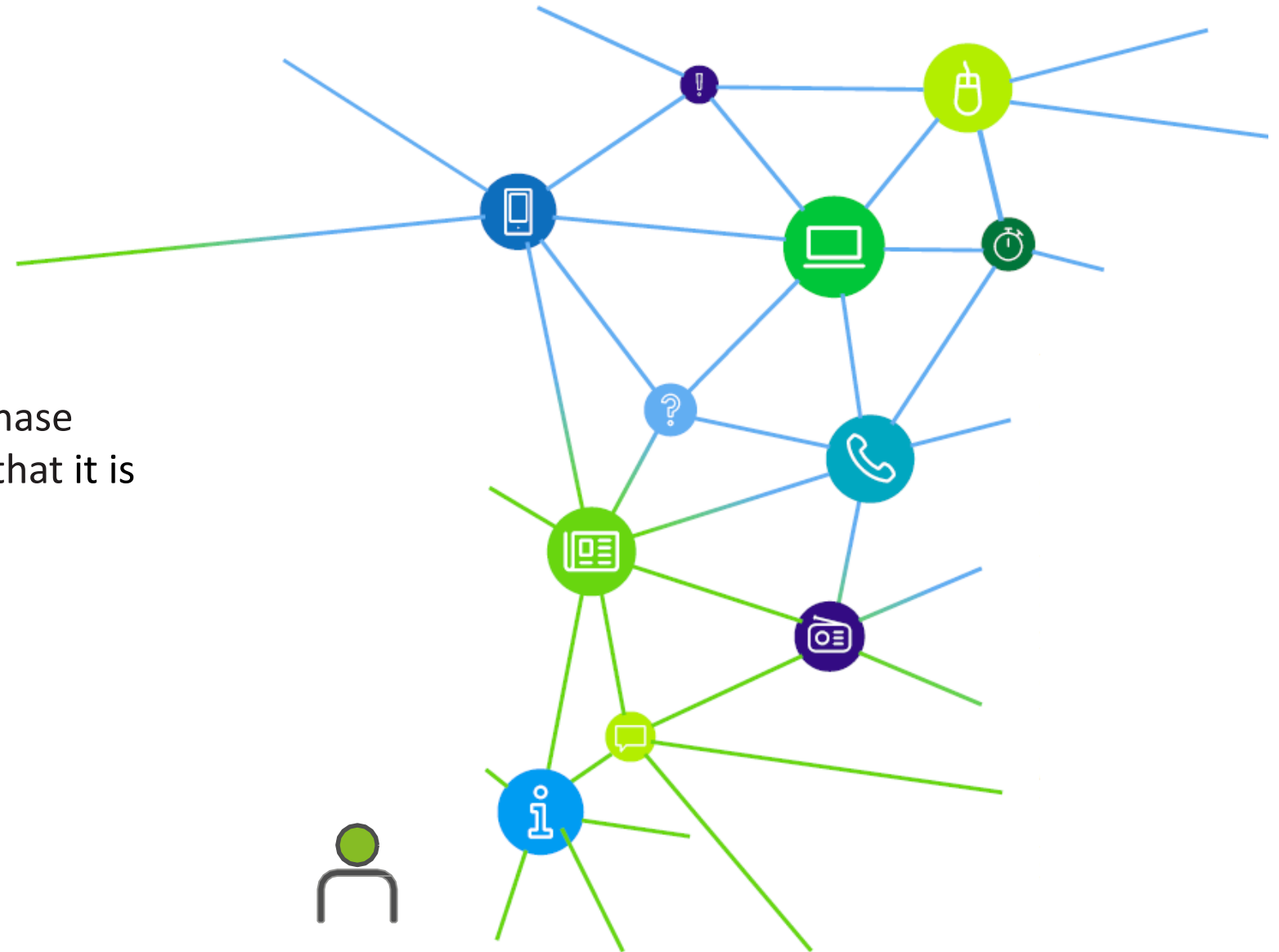
part

individual

network

The path to purchase is no longer linear

What makes today's path to purchase interesting—and challenging—is that it is **not a one-size-fits-all model.**



As service providers, when looking to the market for best-in-class examples of customer service, *retailers* are top of mind.

Retailers continue to shape new and innovative customer experiences

Amazon Moves to Cut Checkout Line, Promoting Grab-and-Go Experience

“...a smartphone app and various other types of technology in the store have eliminated the usual bottleneck of cashiers and registers that typically stand between shoppers and the store exit.”

Frictionless

Convenience

Walmart is rolling out giant vending machines for online pickup orders



Experiential

Omni-channel

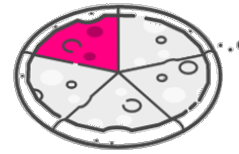
Having grown accustomed to innovative and seamless customer service, these consumer expectations have extended *beyond retail*, and permeated to banks and insurance companies.

The shift to retailization is underway, with a few innovators and progressive incumbents engaging customers through modern methods

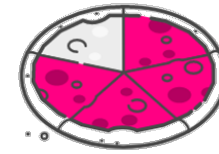
Submit a Selfie,
Get a Quote!



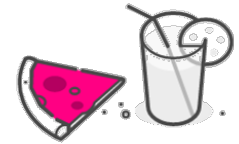
Lemonade



A transparent 20% fee to run everything



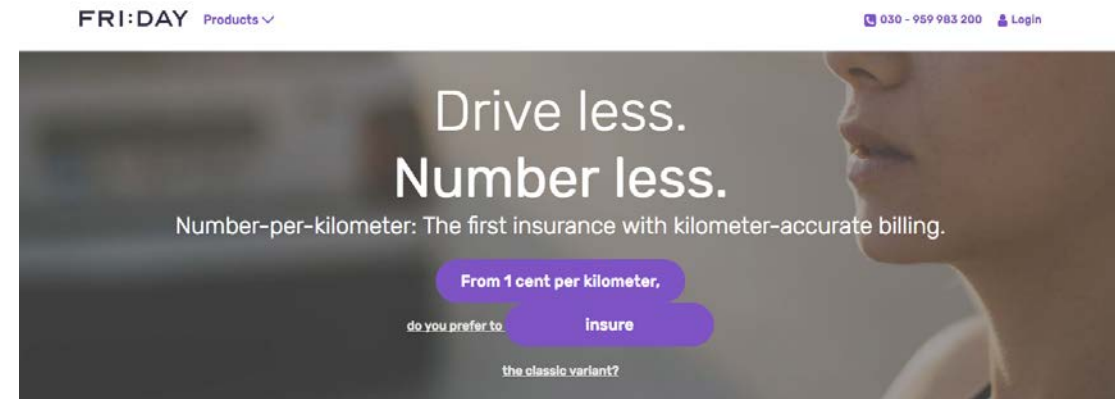
We pay claims super fast



If there's money leftover, we give it back to causes

sonnet™

Fast. Fair. Clear.



WeChat's latest viral hit in China: health insurance

"A collaboration between Tencent and Taikang Life Insurance allows WeChat users to receive various amounts of health insurance protection"

However, most insurance providers continue to fall short of customer expectations, and suffer a trust deficit relative to other businesses



*“I am always scared that I am not properly covered. **Transparency up front** would help a lot with this.”*

*“I don’t get enough information from my insurance company, it **would be great to get more help**, or even if they sounded happier on the phone.”*

*“I always speak to a representative last because I **know they are going to try and sell me on something**. I have to sift through their comments using what I know from research.”*

Forrester’s Customer Experience Index, 2017

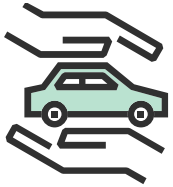
*Among auto and home insurance providers, **47% of brands’ customer experience ratings rose and then fell back** – these brands are considered “lapsers”. This is the second highest percentage of lapsers, indicating the industry’s inability to create positive, and sustainable, change.*

So, how do P&C insurance providers successfully *transform* into a modern provider to meet the needs of “retailized” consumers?

In our most recent study...

We sought to provide a clearer picture of how customer expectations have evolved, to articulate a set of **guiding imperatives** that insurers may use to transform their organizations.

We identified five guiding principles to activate customer-led change



Predictability

Provide a 'no surprises' experience to every customer.



Consistency

Do what you say you will do, every time.



Advice

Offer easy-to-understand explanations – be customers' trusted advisor.



Options

Allow customers the ability to choose.



Value-add

Never take baseline trust for granted – build on it carefully with tailored services.

These principles were predicated on the expectations and preferences of the modern, “retailized” insurance customer, as defined by our customer research...

“Retailized” customers are accustomed to information on demand

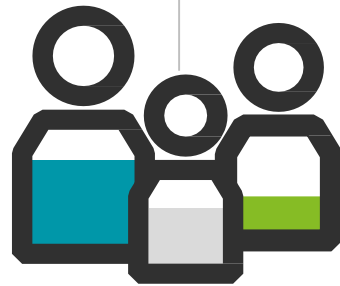
66%

compare 2-3
insurance companies

Nearly

40%

ask friends and family
for advice, too



85%

say the ability to easily get
information and advice in the way
they prefer (email, message, etc.)
is important

*Insurance buyers expect to have the same depth of information/ advice available through multiple channels – insurers that **make it easy** for consumers to access information in the **channel of their choice**, will be the ones to succeed*

Of course price matters, but so does an insurer's brand



32%

take brand into account, in addition to getting a “good deal”

from among non-insurance brands,



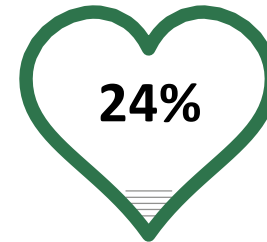
35%

said they'd be most interested in buying from a membership-based retailer

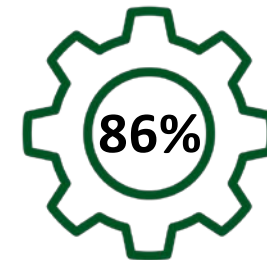
*Non-insurance brands that hold a **high degree of trust** could appeal to insurance customers – at the right price*

When buying insurance, modern customers appreciate optionality...

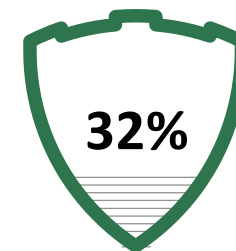
*Today's empowered consumers **crave options**, and are more open to non-traditional methods of purchase – the ability to offer the right product at the right time is critical*



indicated an interest in buying **pre-packaged insurance**; the majority of whom were under the age of fifty-five



told us the **ability to easily customize their policy** and make updates post-purchase is important

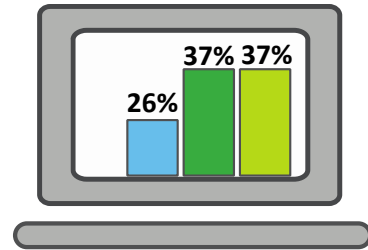


of surveyed consumers indicated **interested in buying insurance directly** from an insurer's website

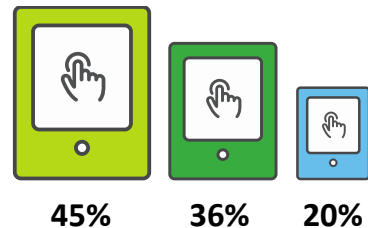
...and are open to purchasing through digital means



As many consumers aged **35-54** as those aged **18-34** are willing to buy insurance online



Almost as many consumers aged **35-54** as those aged **18-34** are willing to buy insurance via mobile



*The widening demographic of technologically comfortable customers implies that insurance providers should **shelve any lingering assumptions** that digital channels are only intended for, and most appealing to, the millennial generation*

■ 18-34 ■ 35-54 ■ 55+

Customers are open to being further engaged by their insurers...

...conditional on them being able to **control the content and cadence** of interaction

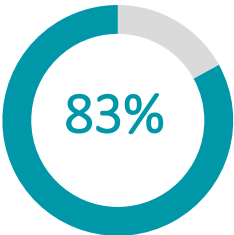
Without any control of when, how, or what the insurer communicates to them:



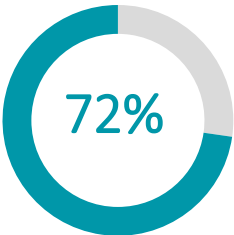
52%

of consumers would consider any communication that is not specifically about their policy, **spam**

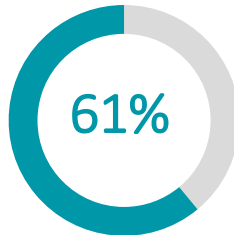
When given control over the method of communication:



would be open to receiving information on policy renewal



would be open to information on payments and billing

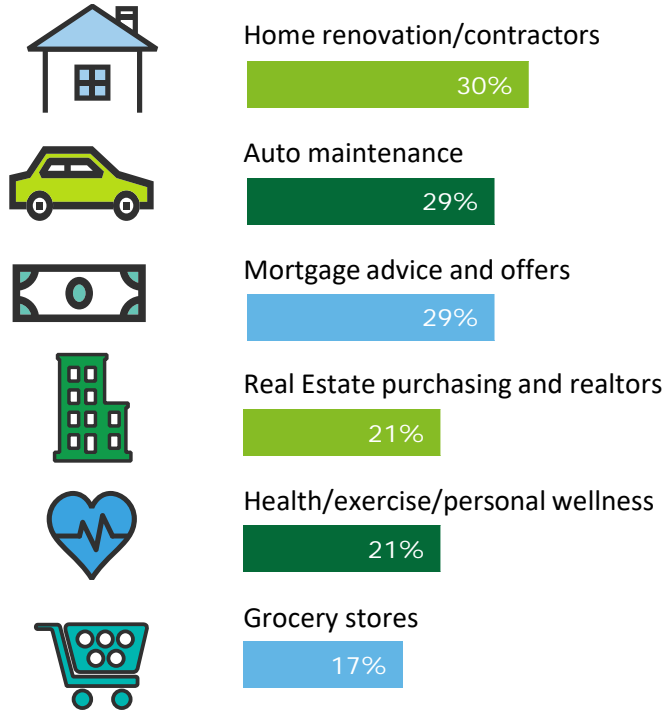


would be open to learning about new product offers or relevant coverage options

Specifically with respect to learning about adjacent products and services...

*Engaging customers past the point of purchase with value-added services is an avenue for insurers to **build trust**, however, **utility is still top-of-mind** for insurance customers*

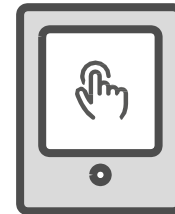
When the survey participants were asked which adjacent products or services would be of interest:



...and when doing so through mobile channels

*There is an opportunity for insurers to increase their engagement with consumers through mobile by providing **more relevant services***

Customers said the **most useful** mobile insurance features are:



78%

track and make changes to policy



69%

buy more or adjust current coverage



67%

check coverage, typical payout for specific events



63%

chat via call or message with an agent

4 keys to success

- ① Get the basics right
- ② Aim for a frictionless experience
- ③ Allow for daily disruptions
- ④ Operate with integrity

5 enabling capabilities



User-centered design



Data and analytics



*Omni-channel sales,
servicing and
engagement*



*Sophisticated
marketing mix and
metrics*



Agile delivery

What will you do today to accelerate customer centricity in your business?

Get closer to customers

Engage with customers and your offerings directly – invest time in customer environments, on the front lines and in the contact centre

Share customer insights

Socialize real customer stories in the boardroom, early and often, to drive greater awareness and bias towards action

Catalyze cultural shift

Relentlessly bring the customer perspective into business decisions and performance metrics

Stay Connected



Mukul Ahuja

Strategy & Innovation

mukulahuja@deloitte.ca

416-874-4284



Ratan Ralliarum

Audit & Assurance

rralliarum@deloitte.ca

416-302-3386

Read more on the ‘Retailization’ of insurance, and other emerging topics, here:

www.deloitte.ca/insurance