INSURANCE

2015 Eptica Multichannel Customer Experience Study

Eptica®

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INSURANCE MULTICHANNEL CUSTOMER EXPERIENCE SNAPSHOT:

Web questions answered:

? 6/10 *questions answered online (One company) - Highest score*

? 0/10 *questions answered online (One company) - Lowest score*

Twitter response:

3/10 *companies successfully responded on Twitter*

Fastest correct response:
9 min

Slowest correct response:
43 hrs 27 min

Successful email:

@ 5/10 *companies successfully responded to email*

Fastest response
00 57
HOURS   MIN

Slowest response
70 04
HOURS   MIN

One company made chat available, with 100% success

2

The insurance market in the UK is changing rapidly, moving to a digital-led, multichannel world. Price comparison sites drive lower margins and enable greater customer choice while consumers continually demand more, for less. Previously loyal policyholders now shop around as a matter of course, and are demanding a better experience across an expanding range of channels if they are to renew with an insurer.

How are the UK's top insurers coping with these challenges? To find out the Eptica Multichannel Customer Experience Study evaluated them on their ability to provide answers to ten routine questions via the web as well as their speed and accuracy when responding to a question sent via email, Twitter and web chat. Part of a larger, multi-sector study of 100 major UK brands, it builds on research carried out over the past five years.

The study paints a picture of a sector struggling to cope, and slipping further behind other industries. Only 40% of questions were answered online – less than half the score of banks, and 17% lower than in 2014. Email had improved, answering 50% of questions, with response times halving to 20 hours. However this still means that half of all questions go unanswered. While email improved Twitter showed little improvement since 2014, with just three insurers answering questions successfully, and one of these taking nearly 43.5 hours to respond.

What can be done to change this picture?

This guide sets out to help insurers better embrace multichannel, providing more information on the Eptica Multichannel Customer Experience Study results, the business drivers impacting the insurance market and key takeaways to improving the experience for customers.
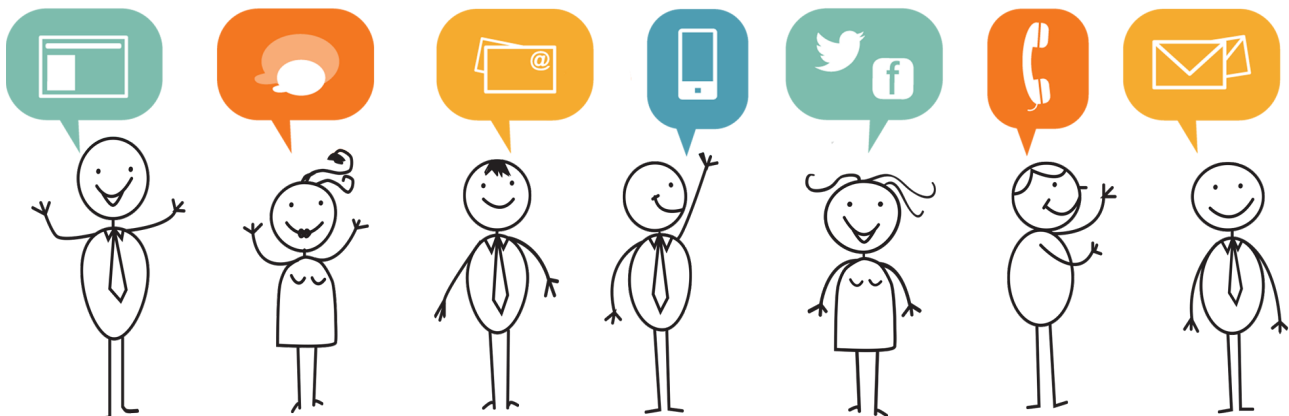
The insurance industry is in the midst of a major transformation. The rise of digital channels such as the internet has radically changed how insurance is researched and purchased, with price comparison websites putting unprecedented pressure on margins. Previously loyal customers are deserting to competitors that can offer cheaper prices and a better customer experience. At the same time costs and regulation are both increasing, meaning that insurers have to find ways to become more efficient if they are to remain in business.

Further down the line, new technologies such as driverless cars, real-time monitoring (such as through in-car telematics) and the Internet of Things provide new challenges and opportunities. No wonder that Accenture's 2014 Digital Innovation survey[1] found that insurers were split about whether digital disruption provided more of a threat or a business opportunity. 83% agreed that digital would change how they interacted with customers – and 59% worried that online players such as Google and Amazon would enter the market. Just 51% believed digital offered more opportunities than challenges – 49% took the opposite view.

Insurers need to act now if they are to both meet short-term customer needs and be ready for the digital future. As an industry that had previously relied on paper-intensive, manual processes and siloed operations, modernisation is crucial. These challenges are driving three business imperatives:

1 REDUCE COSTS

Insurers understand that they need to increase efficiency if they are to compete effectively, now and in the future. Companies need to look at how technology can help sweep away silos (such as between front and back office systems), and encourage customers to move from paper-based to digital channels such as the internet in order to reduce costs. This enables more efficient operations that directly translates into lower prices for customers, increasing revenues.

2 INCREASE CUSTOMER LOYALTY

Nearly 4 out of 10 Britons switched motor insurance provider at their last renewal[2]. While much of this was driven by price, providing a personalised, seamless customer experience encourages loyalty and repeat business. Therefore increased efficiency cannot be at the expense of customer service, as this will simply mean customers leave. Insurers need to introduce technologies such as web self-service and chat that can reduce costs, while increasing loyalty.

3 BECOME DIGITAL FIRST

The insurance industry has changed radically due to the internet. However digital transformation has arguably only just begun. Access to real-time data, such as from in-car telematics, wearable technology and sensors within homes gives unprecedented information that can be used to calculate premiums – and can underpin new models such as usage-based charging. Combine this with the enormous amount of information available on the internet and social media, and powerful analytics tools can deliver personalised insurance to meet individual needs. But before this can happen, insurers need to ensure that they have put in place the digital basics, providing a seamless online experience that is intuitive, fast and compares well against leaders in other sectors.
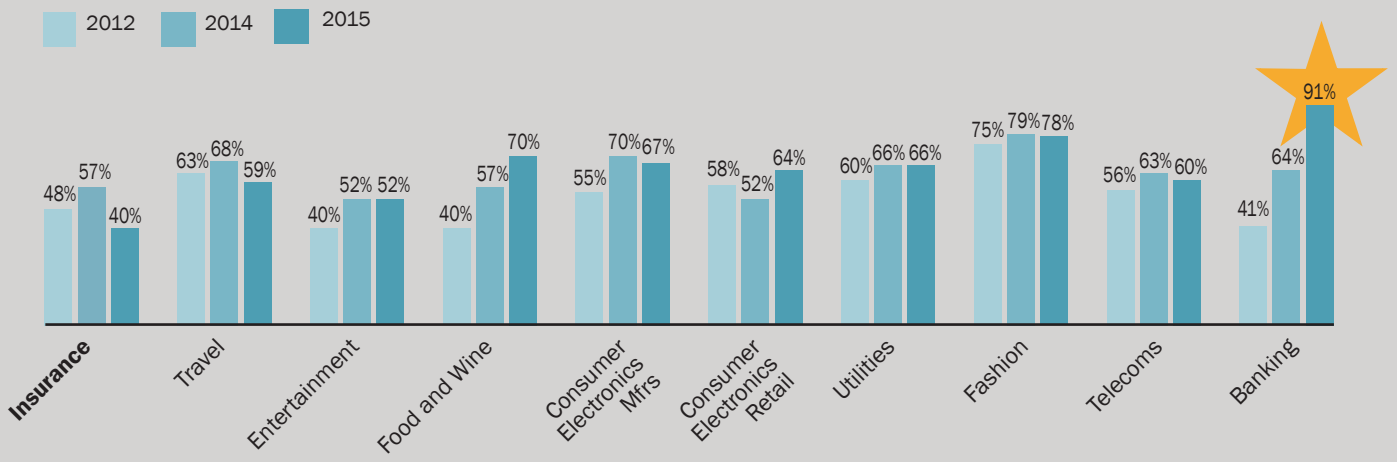
Web performance by sector

2012 2014 2015

Sector	2012	2014	2015
Insurance	48%	57%	40%
Travel	63%	68%	59%
Entertainment	40%	52%	52%
Food and Wine	40%	57%	70%
Consumer Electronics Mfrs	55%	70%	67%
Consumer Electronics Retail	58%	52%	64%
Utilities	60%	66%	66%
Fashion	75%	79%	78%
Telecoms	56%	63%	60%
Banking	41%	64%	91%

Email successful answers

2012 2014 2015

Sector	2012	2014	2015
Insurance	30%	30%	50%
Travel	30%	20%	10%
Entertainment	20%	30%	40%
Food and Wine	70%	70%	60%
Consumer Electronics Mfrs	20%	30%	40%
Consumer Electronics Retail	40%	80%	80%
Utilities	60%	40%	30%
Fashion	60%	70%	50%
Telecoms	20%	10%	20%
Banking	40%	30%	10%

Twitter response rates for successful answers (out of 10)

2014 2015

Sector	2014	2015
Insurance	3	3
Travel	6	4
Entertainment	1	1
Food and Wine	2.5	5
Consumer Electronics Mfrs	3	3
Consumer Electronics Retail	3	6
Utilities	5	4
Fashion	6.5	5
Telecoms	6	6
Banking	3	4
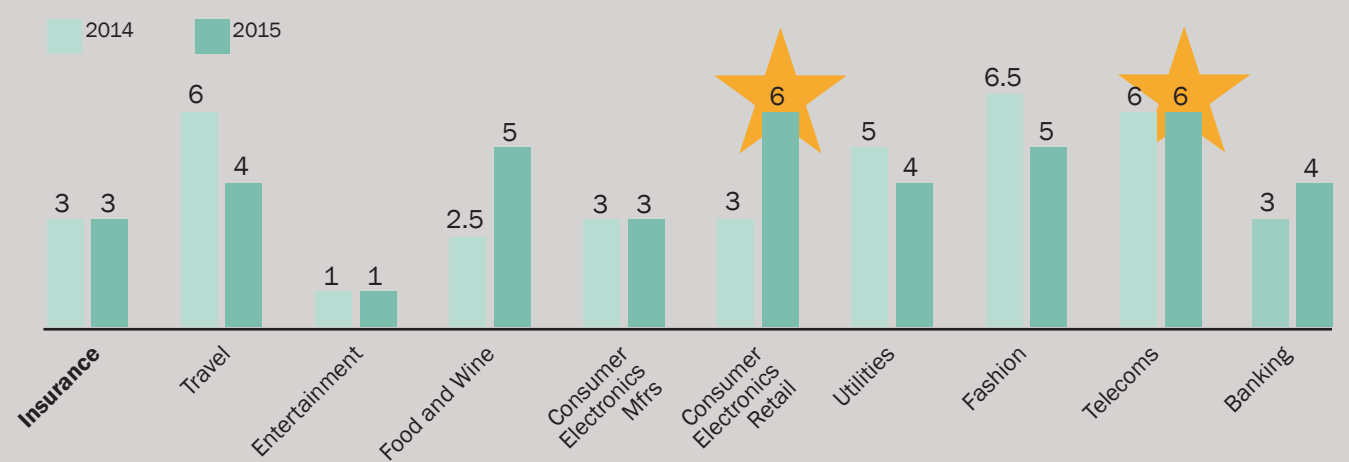
FAILING TO CLICK

In order to better understand the state of customer service within the UK insurance industry, Eptica researched the sector from the perspective of consumers. The Eptica Multichannel Customer Experience Study evaluated ten leading UK insurers, replicating consumer behaviour by measuring them on their ability to provide answers to ten routine questions via the web as well as their speed and accuracy when responding to single questions asked via email, Twitter and web chat. General, home, pet and motor insurers were surveyed. Sample questions included:

- What is your cancellation policy?
- Do you offer a loyalty discount if I take out more than one type of insurance policy with you?
- What is your maximum no claims discount?

It found that performance was mixed – with many companies delivering a worse service than when the same questions were asked 12 months ago. Overall, across the web, email and Twitter channels insurers successfully answered 40% of all questions – exactly the same total as in 2014.

ON THE WEB

In 2014, insurance was in the bottom four sectors when it came to answering questions via the web, scoring 57%, over 20% less than the fashion retail sector. Performance has significantly worsened since then, with insurance now bottom for online responses. Its score of 40% meant it had dropped 17% since last year. The highest web score was 6 out of 10, with one insurer failing to answer any questions at all.

EMAIL

On the positive side, email did show some improvement from 2014. 50% of questions were answered successfully (up from 30% last year), and the average response speed for the sector halved from 40 to 20 hours. Time taken to answer varied wildly – one insurer responded in 57 minutes, another took over 70 hours.

However only 7 out of 10 companies offered email to non-customers, down from 9 in 2014. Clearly some insurers have switched off the email channel in a bid to better manage resources, but this is a retrograde step, essentially shutting the door on new business.

Dramatically faster email responses

2014   2015

50%
Improvement

TWITTER:

As in 2014, 50% of companies were on Twitter, and all of these responded to a question tweeted to their official handle. However just 30% of companies provided a response that answered the question - an identical result to last year.

There was a wide range of response times however, with one company answering in 9 minutes and another taking over 43 hours. This led to an average time of 8 hours 52 minutes, much worse than 2014's 37 minutes, and well below other sectors such as entertainment and banking.

CHAT:

Web chat provides a straightforward way for consumers to find out answers to their questions, and is particularly suited to a complex, highly regulated market such as insurance, as it provides a written audit trail of a conversation. It is also more efficient than the telephone channel as agents can manage multiple chats at the same time.

However, insurers seem to be slow to adopt it – just two claimed to offer it, and only one had it working when the research was carried out.

CONSISTENCY:

The research also analysed the number of channels that insurers offered, and how consistent responses were between different channels. No insurer was able to answer on all three channels (email, Twitter and web chat), and 20% of companies failed to provide an answer at all on any of them. In a competitive market essentially ignoring customers will be punished by them taking their business elsewhere. On a positive note 40% of companies successfully answered on both email and Twitter, double the findings of 2014.

Overall, big discrepancies between companies shows that much needs to be done to ensure insurance becomes truly multichannel. Some businesses are moving ahead, but the majority still have a long way to go if they are to meet changing customer needs and increase loyalty.

0% *of companies offered email, Twitter and chat*

40% *of companies gave the same answers on both email and Twitter*

Seamless, high quality customer experience is vital if insurers are to win and retain the business of increasingly demanding customers. At the same time they need to reduce costs if they are to compete against rivals on price. The rise of digital channels have further added to the challenge – insurers now need to answer more questions across more channels than ever before.

Given their long list of priorities, where should insurers start? The following five key areas are critical if they want to improve customer experience and boost revenues:

1 PUT THE CUSTOMER FIRST

Customers are looking for seamless, simple ways of interacting with companies, whether they are researching, buying or updating policies. For the majority of consumers, particularly in the motor or buildings sector, insurance is a grudge purchase rather than something they want to buy. Therefore make the customer journey and experience as straightforward and fast as possible, ensuring you respond quickly to emails and tweets and give all the information that consumers want on your website.

Design processes around the consumer, rather than your own systems, and challenge yourself to achieve the targets customers set, rather than meeting internal metrics.

2 EMBRACE DIGITAL

Effective knowledge management is at the heart of good customer service. Make sure that you centralise information and make it available across every channel. The same knowledge can power web self-service systems and be available to agents answering email, web chat and social media enquiries.

A self-learning knowledgebase, that is easy to update with agent and customer feedback, will underpin the customer experience, bring down answer times and increase agent productivity.

3 TEST, TEST AND TEST AGAIN

Customers are increasingly demanding, meaning that what is considered acceptable or even market leading customer service now, will be seen as average or poor very quickly. Therefore insurers need to benchmark themselves, continually testing their processes from the viewpoint of customers and acting on their findings. As well as comparing against direct competitors look further afield, and see how you compare to organisations from other sectors that are renowned for their customer service.

This will uncover new ideas that you can use to improve the experience, while enabling your business to differentiate itself from rivals.

4 **USE TECHNOLOGY TO INCREASE EFFICIENCY**

With falling margins and increasing competition, insurers need to deliver customer service efficiently and, where possible, to reduce costs without impacting the customer experience. This requires a centralised approach which replaces departmental silos and automates as much of the customer journey and processing as possible. Make it easy for customers to help themselves through web self-service systems that allow them to find information, update basic details and make policy details without needing to contact you.

Use advanced linguistic analysis to understand incoming emails or tweets, forward them to the best available agent and provide them with more relevant answers based on an understanding of language and context. This approach will make customer service more efficient and bring down costs.

5 **ENGAGE WITH YOUR CUSTOMERS**

If they want customers to remain loyal insurers need to build a strong understanding of their individual expectations and needs, and use this to provide the right products, at the right price. At a time of major change in the insurance market, the companies that thrive will be those that engage with customers, deliver what they are demanding and use data to drive insight.

Use technology such as linguistics to analyse what customers are asking, the context and their tone. This can then power decision making, such as changing processes, updating products or investing in more training for staff working in particular areas.

6/ ABOUT EPTICA

Eptica is the European leader in multichannel and multilingual customer interaction management software, covering the email, web, social media, web chat and agent channels. Available on premise or as a Software as a Service (SaaS) solution, the Eptica Customer Engagement suite enables organisations to improve engagement with customers, increase efficiency and drive sales by delivering fast, consistent and personalised responses to their queries, through their channel of choice.

The Eptica customer engagement platform is designed around a central knowledgebase, powerful workflow and Eptica Linguistic Services™, advanced linguistic capabilities that enable organisations to quickly understand the tone, sentiment and context of digital interactions and automatically deliver personalised service.

Today, more than 400 organisations across all industries and in 15 countries rely on the power of Eptica's platform. They include AXA, Dixons Carphone, Domestic & General, AirAsia, Hastings Direct, L'Occitane, TUI, Debenhams, Capita and Ageas Insurance Solutions. Eptica's continuing innovation and strong performance has resulted in the company's inclusion in Gartner Magic Quadrants for the last four years.

For more information visit www.eptica.com, connect with us on LinkedIn, follow us on Twitter, Facebook or read our blog.

APPENDIX: METHODOLOGY

The 2015 Eptica Multichannel Customer Experience Study evaluated the customer service capabilities of 100 leading UK companies in four ways – through the web, email, social media and chat. The aim was to replicate the actual consumer experience to provide effective, meaningful results across each channel.

INSURANCE COMPANIES SURVEYED: (in alphabetical order)

Aviva, Axa, Churchill, Esure, First Direct, Legal & General, Liverpool Victoria (LV), More Than, NFU Mutual and Zurich.

WEBSITE METHODOLOGY:

1. Visit each website and look for answers for each of the ten sector-specific questions

2. Use the following order to look for information:
   - Begin with the home page and scan for the answer
   - Look for the most obvious search box and ask the question
   - Look for the help/FAQ section and search under this area
   - Record the answer – score 1 for a complete answer, 0 for not found or ½ for partial answer
   - Work to a time limit of 2 minutes per question – stop searching when limit reached

EMAIL METHODOLOGY:

1. Visit each website, search for email option

2. Email 1 sector-specific question if possible, note down if no email option

3. Record if auto-response email received

4. Record if auto-response provides a time frame within which the question will be answered

5. Record the time taken to respond – was it within the promised timeframe?

6. Did the response answer the question - score 1 for a complete answer, 0 for not found or ½ for partial answer

APPENDIX: METHODOLOGY

SOCIAL MEDIA/TWITTER METHODOLOGY:

1. Visit each website

2. Record if there is a user forum on the site

3. Record if there is a link to the company Facebook page

4. Record if there is a link to the company presence on Twitter

5. Note down if there is a specific customer service Twitter handle for the company

6. Record if there is a link from the self-service section of the website to the user forum and/or social media as part of the answering process

7. Go to Twitter and tweet the company directly with the sector specific question

8. Record the time taken to get a response

9. Did the response answer the question - score 1 for a complete answer, 0 for not found or ½ for partial answer

10. Did you have to ask a follow up question? Yes/No

11. Time the session from first tweet to end

12. Compare the Twitter answer with those received via chat and email. Were they consistent? Score 3 if consistent across all three channels, 2 for two channels and 0 if all three answers are different.

CHAT METHODOLOGY:

1. Visit each website, search for web chat option

2. Note down if there is web chat or not

3. Start chat session and ask sector-specific question

4. Time the session from initiation of conversation to end

5. Record whether you were given the option to have the conversation emailed to you. If so, request this

6. Did the response answer the question? Score 1 for a complete answer, 0 for no or ½ for partial answer

7. Compare the web chat answer with those received via Twitter and email. Were they consistent? Score 3 if consistent across all three channels, 2 for two channels and 0 if all three answers are different.

The research across all four channels was carried out in Q1 2015.

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