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How PwC
can help



Playing for keeps:
How insurers can win customers,
one at a time

pwc

Executive summary

For P&C and life insurance companies, growth options are limited. One promising strategy: put customers at the center of your business model.

81%

of insurers plan to implement customer experience initiatives over the next three years as part of their business model innovations.¹

—PwC's 2013 Global Innovation Study

Insurance companies face serious obstacles to growth.

In the P&C sector, gaining market share is an uphill battle—particularly in the saturated auto insurance marketplace. In the life insurance sector, the market is shrinking as fewer consumers purchase policies.

Over the last decade, insurance companies have struggled to meet customers' rising expectations—influenced by their experiences with retail and other industries—for greater price transparency, top-notch customer ratings and reviews, real-time response to service requests 24/7, and more.

Why are carriers struggling to improve the customer experience?

Three obstacles are making it difficult for insurance companies to implement customer experience initiatives:

- Insurers know little about their end customers, because historically they viewed producers as their customers.
- A growing number of customers want to self-serve, but product and process complexity (unfamiliar language and too many product options) makes this difficult.
- Insurance carriers' fragmented operating models lead to inconsistent customer experiences. And they make it difficult for carriers to gain the complete view of customers that is needed to design tailored solutions.

To succeed today, insurance companies need to put customers at the center.

Rather than focusing their business around products and agents, it's time for insurance companies to put customers at the center of their business models. There are three dimensions to customer centricity:

- 1. Customer insights.** Carriers should mine the wealth of available data about their customers to gain insights into their needs and behaviors so they can deliver the experiences and products customers want.
- 2. Customer experience.** All interactions with the customer should be consistent and streamlined, and they should match each customer's needs and preferences during "moments of truth."
- 3. Customer-centric operating model.** The carrier's structures, systems, and processes should all be designed with one goal in mind—delivering quality customer experiences efficiently and at a reasonable cost.

By adopting a customer-centric approach, P&C and life insurance companies can win new business, increase sales to existing customers, and build brand loyalty. Customer centricity yields other benefits, as well, from increased operational efficiency and reduced costs to more predictable, data-driven business results.

¹ PwC, "What sets breakthrough innovators apart: PwC's Global Innovation Survey," September 2013, www.pwc.com.

Point of view

Customers' expectations are shaped by influences outside of our industry. For the past decade, insurance companies have struggled to meet evolving customer needs and expectations.

Carriers are feeling the impact.

- **Shrinking market:** Ownership of life insurance has reached a 50-year low, as the total number of covered lives has declined by 10.5% since 2003.¹
- **More customers are “shopping and switching”:** Shopping for auto insurance increased from 27% in 2009 to 30% in 2013, and switching increased from 33% in 2010 to 36% in 2013.²

Today, customers expect both competitive pricing and a good customer experience.

Although price is the main driver behind shopping-and-switching behaviors, a growing number of customers will switch carriers when they have an unsatisfactory experience.

But what exactly does a “good customer experience” mean?

Both P&C and life insurance companies have made investments in customer insights, customer experience, and customer-centric operating model initiatives. Despite these investments, many carriers don't clearly understand what “customer experience” means. Even fewer have set themselves up in a way to execute customer initiatives effectively.

The result? Customer initiatives are often treated as isolated experiments—and consumers continue to feel frustrated by hard-to-understand products, lack of reliable advice, and time-consuming claims processes.

Three key obstacles are preventing carriers from translating customer experience initiatives into tangible financial outcomes.

Enhancing the customer experience should be an enterprise-wide strategic priority, but three obstacles stand in the way:

- Carriers don't know much about their end customers, largely because intermediated distribution has kept them at arm's length.
- Complex products are difficult for self-service customers to understand.
- Fragmented operating models, as well as legacy systems and processes, limit insurers' ability to develop integrated customer-centric products and services.

As a result of these challenges, carriers struggle to meet customers' evolving needs, and they face declining customer retention rates, as well as loss of market share.

1 Conning Research and Consulting, “2012 Opportunities in Reaching the Middle Market with Life Insurance-New Pathways to Growth,” March 2012.

2 J.D. Power, “2014 US Insurance Shopping Study,” www.jdpower.com, accessed June 26, 2014.

Carriers are recognizing that they know little about their end customers, because historically they have viewed producers as their customers. But the rise of self-service is leading carriers to seek an integrated experience that lets customers move seamlessly between channels.

The producer is no longer the only source of interactions with customers.

Producers have traditionally owned the entire customer experience—from understanding customer needs to navigating product complexities and selecting the right product mix to dealing with carriers' systems.

But an increasing number of customers—particularly Gen X and Millennial customers—are relying on self-service channels to perform complex insurance tasks. With the rise of self-service, insurance shoppers are using multiple information channels—11.7 sources, on average, before making a purchase decision.¹

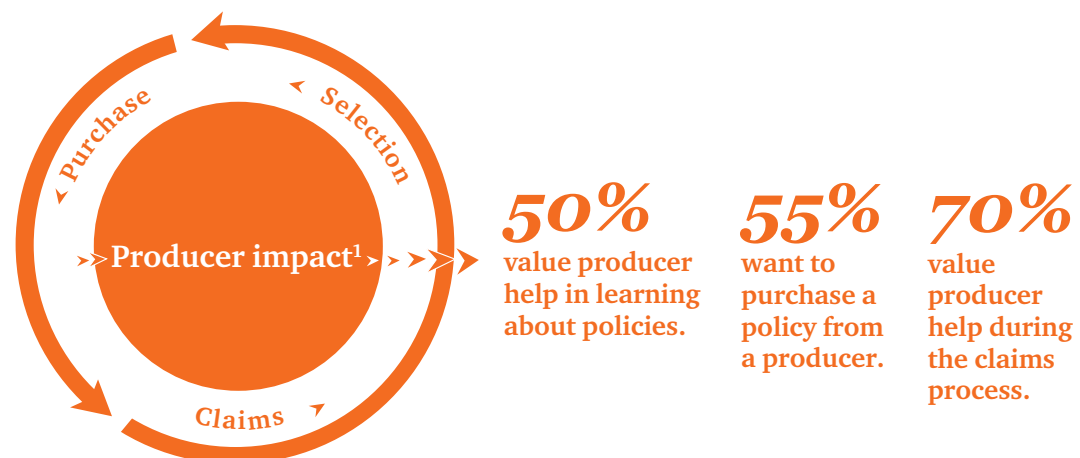
Although self-service tools are valuable, they haven't replaced the wealth of insights that producers gain by developing personal relationships with customers.

Personal interactions let producers understand customers deeply. As a result, producers are able to solidify relationships and find opportunities to further serve customers.

Leading carriers give customers the tools to serve themselves, while offering seamless integration with producers when assistance is needed.

Carriers face the challenge of “knowing” customers and serving their needs directly through a wide array of channels, without either displacing the agent, damaging the brand, or reducing loyalty.

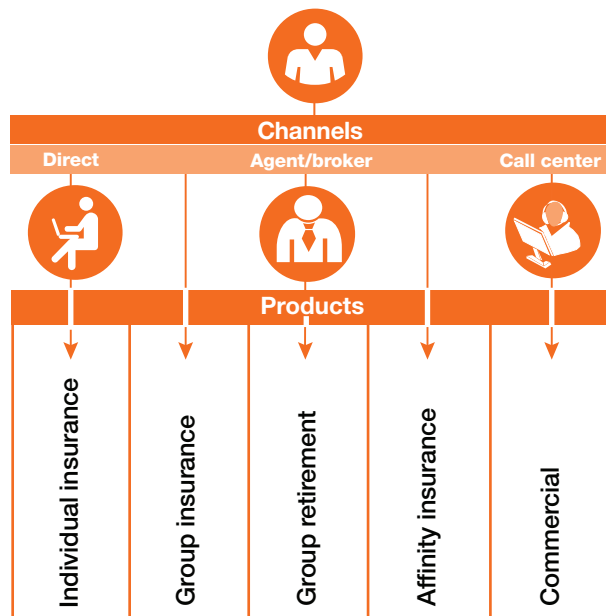
Leading carriers provide their customers what they value most throughout the selection and purchase journey. Self-service resources are intuitive to use, and transitions happen seamlessly across and between digital channels and the producer when assistance is needed.



¹ PwC Experience Radar analysis.

The other two big obstacles—product complexity and fragmented operating models—make it difficult for carriers to deliver seamless customer experiences.

Figure 1: Product, function, and channel silos limit the ability to identify and address all of the customer's needs.



Insurance products are hard to understand, which significantly reduces customers' ability to self-serve.

In a PwC survey of consumers, 46% indicated that they prefer a quicker policy selection process, using online tools vs. a producer.¹ But the number and complexity of insurance products offered, along with unfamiliar terminology, make it difficult for the average consumer to compare and choose the most appropriate option.

In fact, our P&C Experience Radar study showed that half of self-directed customers eventually contact an agent to help them select the right coverage. In addition, customers are willing to pay an average of 21% more for support to clarify policies and choose the right options.²

All of which reinforces our belief that carriers should view self-service channels as supplements to producers, not replacements for them.

Meanwhile, most carriers are still managing their business units and technology independently—giving customers a very disjointed and inconsistent experience.

Traditionally, carriers have organized their operating models and technology as product-centric business units. This means that customer experience initiatives are often implemented independently within divisions or product lines.

Further, legacy systems and processes make it difficult for insurers to develop integrated, customer-centric products and services. Many insurance carriers have grown by M&A, and they now have to deal with a variety of legacy systems and processes that have not been integrated. Because of this, their data is often inconsistent. These carriers often find it difficult to gain a single view of the customer.

Such piecemeal solutions lead to conflicting priorities and overinvestment without significant long-term results—and they don't add up to a positive customer experience.

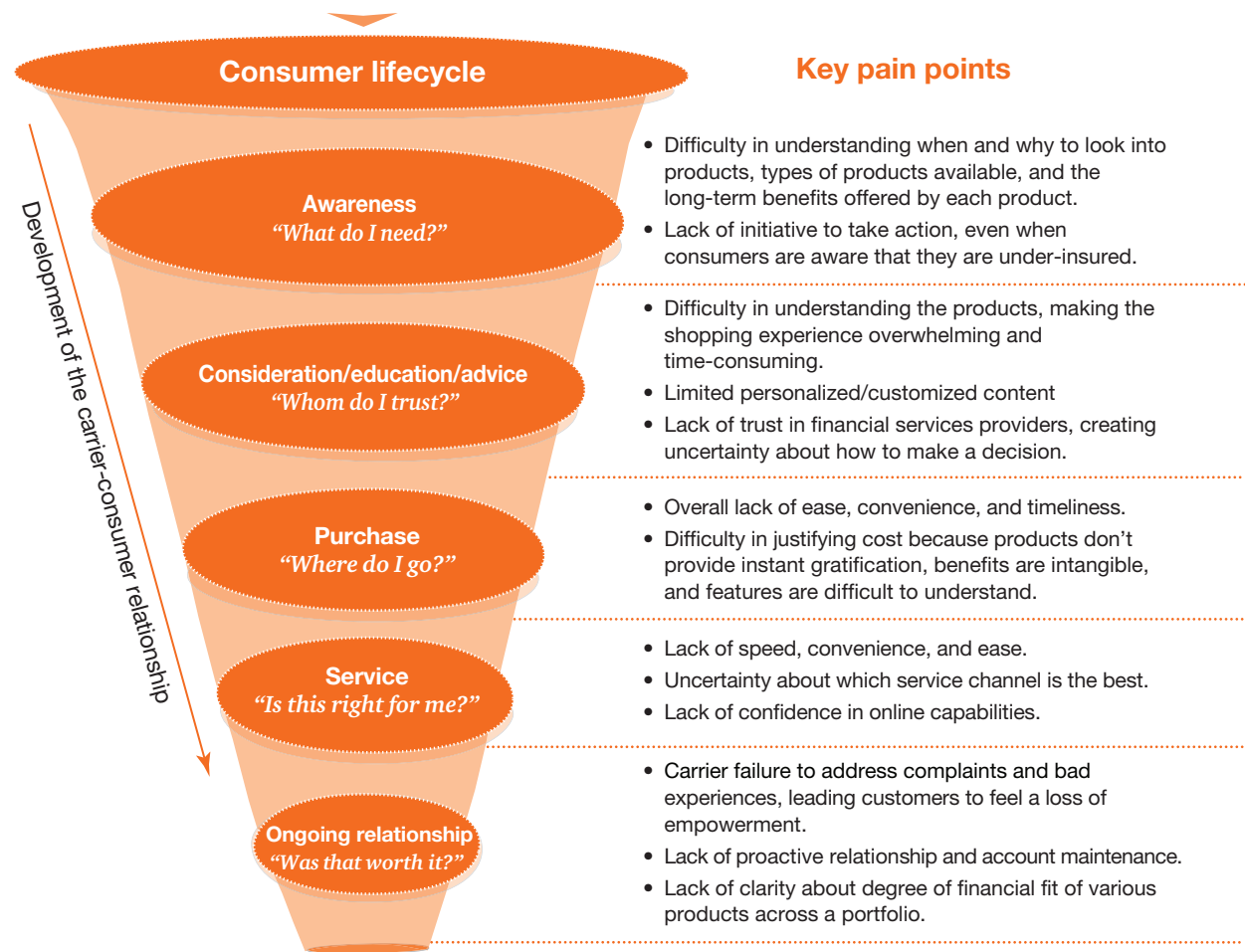
¹ PwC Experience Radar analysis

² Ibid.

**The result of these issues?
Customers are feeling
the pain and carriers are
losing out on opportunities
to acquire and retain
customers.**

Customers continue to feel frustrated throughout the consumer lifecycle.

They are overwhelmed by the number of options, hesitant about whom to trust and how to make a decision, and annoyed by the lack of speed and convenience across channels.



To win in today's challenging environment, carriers should evolve from being product- and agent-centric to being customer-centric. This requires coordinating investments across the three dimensions of customer centricity.

How is being customer centric different today?

The idea of customer centricity is not new to the industry. Many carriers have been working to improve the customer experience for a decade or more—some have installed customer experience officers, and others have collected data in an effort to better understand their customers' needs.

But most of our clients continue to struggle with delivering a good customer experience. And customers continue to face an inconsistent experience that varies with how and when they interact with their carriers.

Coordination is key.

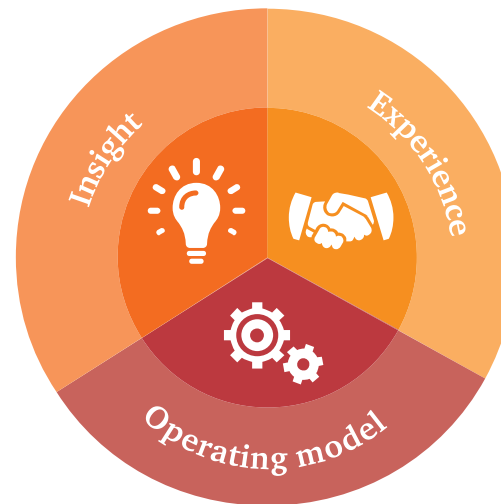
Our work with clients tells us that having a customer-centric operating model is a cornerstone that helps translate customer insights into experience. By coordinating efforts across the three dimensions of customer centricity—insight, experience, and operating model—carriers can be more successful in reaching their customer targets in an efficient, cost-effective way.

Customer insight

Gain a deep understanding of customers' needs, and translate these insights into differentiated product and service offerings.

Customer-centric operating model

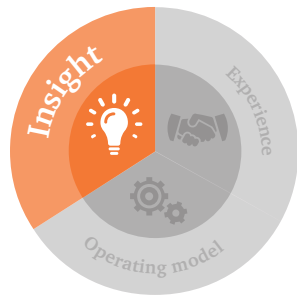
Design organizational structures, systems, and processes that put the customer in the center of the carrier's operating model.



Customer experience

Synchronize all customer touchpoints so that customer interactions are consistent and streamlined.

Carriers have access to more data and analytical capabilities than ever before. Mining that data to understand the drivers of customer behavior is one of the most important functions of a customer-centric organization—and the key to providing a superior customer experience.



Matching customers with the right experience requires customer insight.

With the ability to gather and link data to individual customers, carriers can segment customers based on not only their demographic and financial makeup but also their psychographic preferences (attitudinal and behavioral patterns). Such insights help carriers guide customers to the right channels and deliver the right experiences and interactions.

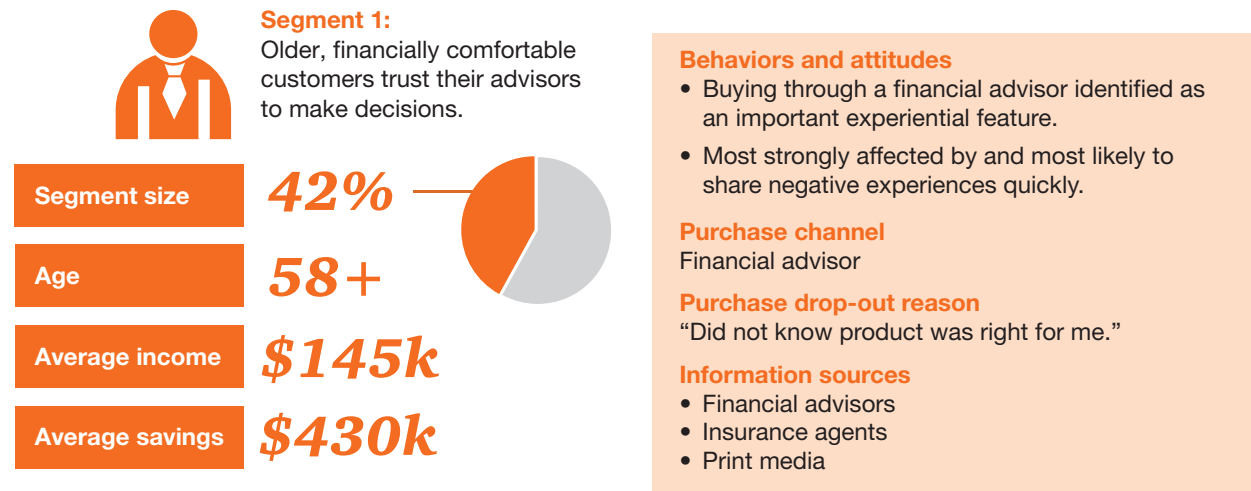
Identifying and improving moments of truth during the customer lifecycle drives better outcomes.

Carriers can take advantage of behavioral economics principles to design “moments of truth” and to test new capabilities using simulation modeling.

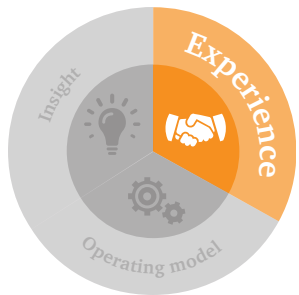
For instance, carriers can cross-analyze customers’ personal information (demographics, psychographics, life circumstances, etc.) and past behavior to understand when a given type of customer is most likely to make a purchase, in addition to the specific interactions that would make that customer feel comfortable in making a purchase decision.

Figure 2: Illustrative customer segmentation

Carriers can win more customers and brand loyalty by analyzing data to segment them and deliver the right experience based on each customer’s needs, preferences, and behaviors.



The customer experience dimension encompasses efforts to synchronize all customer touchpoints, so that every interaction with the carrier is consistent and streamlined.



By assessing how well their touchpoints—people, products, and services—align to meet customer expectations, carriers can identify the critical points or “moments of truth” that make or break a customer experience. This information can be used to decide where to invest. It can also be used to identify opportunities for the carrier to differentiate itself from the competition.

It’s important to understand four areas when designing the customer experience:

- Customers and distributors.
- Touchpoints.
- Interactions.
- Moments of truth.



Customers and distributors

The different players who interact with carriers, including:

- Producers (captive and independent agents, brokers, MGAs, RIAs, advisors, planners)
- Employers (plan sponsors, group administrators)
- Consumers (policyholders, annuitant/contract owners, members, participants)

Touchpoints

The people, systems, and apps through which carriers interact with customers, including:

- Agents
- Call center representatives
- Automated answering systems
- Claims adjustors
- Websites and smartphone apps

Interactions

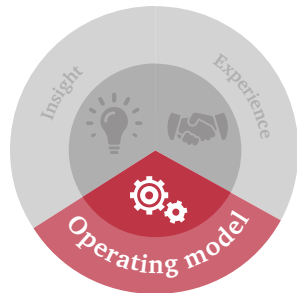
When a customer contacts a carrier with a goal in mind, such as:

- Requesting information
- Receiving or comparing a quote
- Submitting a claim
- Making a payment

Moments of truth

Highly emotional interactions/attributes that “make or break” the customer experience.

The customer-centric operating model includes the systems, processes, and organizational structures that help carriers deliver high-quality customer experiences—efficiently and at a reasonable cost.



Before carriers can create a customer-centric operating model, they need to understand who their customers are and how their business models stand out from competitors.

Customer-centric organizations:

- Understand who “shops with them”—how customers and their needs differ, and what each is seeking.
- Design and offer the right services, products, and experiences to the right customers.
- Are structured around customer segments rather than product lines, functional specialty, or geographic location.
- Identify core customer activities and design customer-centric processes to simplify and enhance customer experiences. These organizations see that the customer experience is consistent across channels and touchpoints.
- Have clearly defined target customer engagement models.
- Empower and educate frontline staff to deliver a differentiated customer experience.

Figure 3: Customer-centric operating models start with a customer-focused strategy.



What do carriers gain by adopting a customer-centric approach? What are the risks of failing to embrace customer centricity?

Benefits of investing in customer centricity.

A customer-centric approach enables carriers to sell more to existing customers, target new customers more effectively, and build a loyal customer base.

Better traction with customers:

- Improved close ratios.
- Higher up-sell and cross-sell rates.
- Greater ability to attract customers.

Stronger customer relationships and brand loyalty:

- Ability to command price premiums.
- Ability to differentiate beyond price.

Better customer targeting and, as a result, operational efficiency:

- Cost savings due to more targeted investments in channels.
- Increased adaptability to meet customers' changing needs.
- More predictable business results, based on better data.
- Lower organizational risk profile.

Risks of not investing in customer centricity.

Carriers that fail to adopt a customer-centric approach can lose existing customers and potential sales, as well as jeopardize their ability to grow.

Loss of customers and business:

- Missed opportunities to up-sell and cross-sell.
- Loss of trust in the carrier's brand.
- Lower levels of customer satisfaction.
- More dissatisfaction expressed on social media, making it harder to attract new customers.
- Lower retention rates.

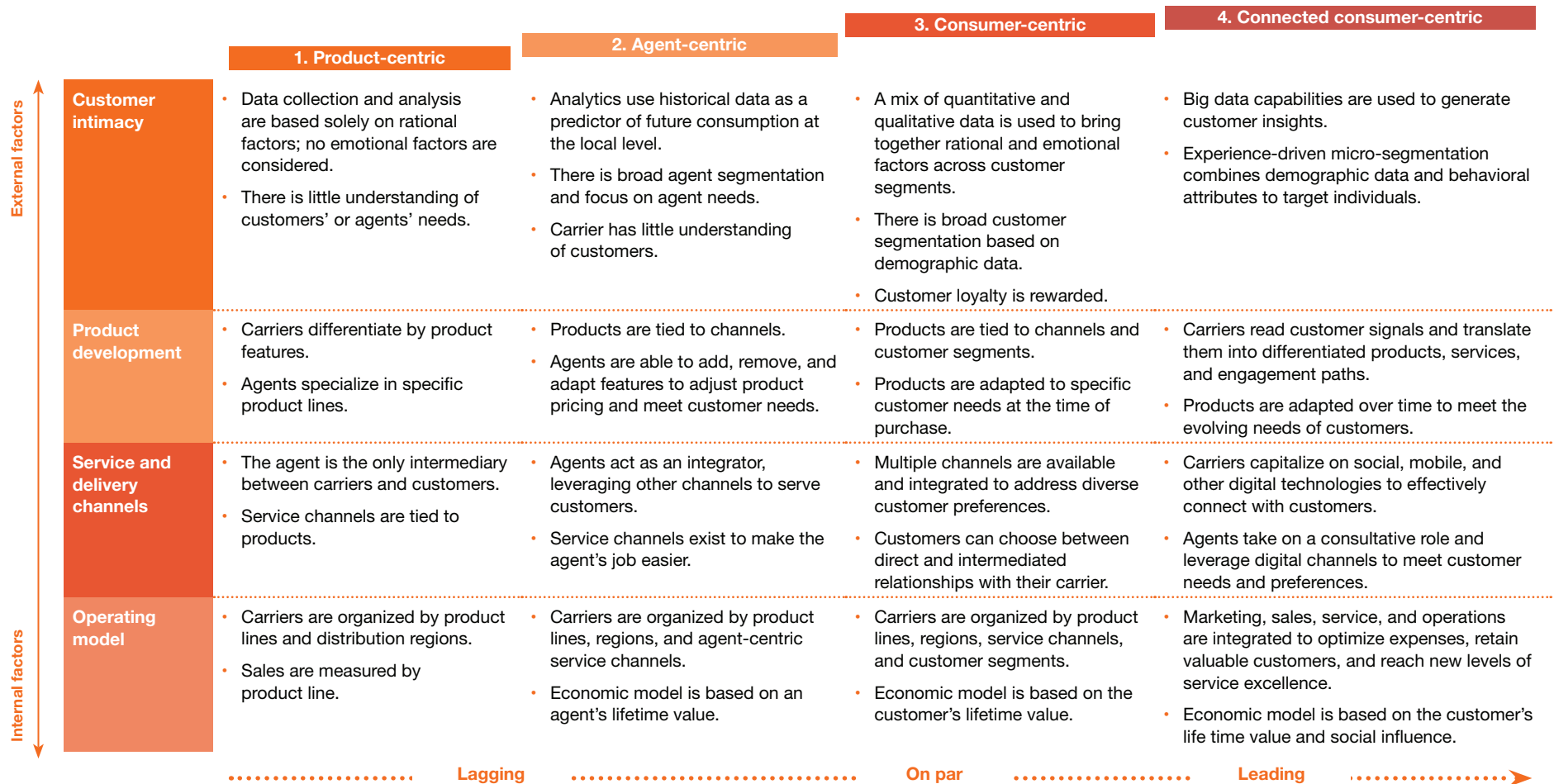
Inability to adapt to customer needs and meet growth goals:

- More uncertainty in business decisions and less predictable outcomes.
- Increased marketing and service costs due to redundant investments across product groups.
- Limited cross-product improvements in the customer experience.
- Ineffective R&D.

















Competitive intelligence




*Our observations of
industry practices.*

Over the past two decades, the customer experience has evolved from product-centric to focus on connected consumers. The framework below highlights how organizations progress along this continuum.



















Customer experience initiatives have been implemented successfully by a number of P&C insurance carriers.

Focus area	P&C insurer A	P&C insurer B	P&C insurer C	P&C insurer D
Customer intimacy	 Uses demographic, psychographic, and behavioral data to effectively generate insights. Uses competitive intelligence and customer insights to enhance the customer experience.	 Displays customized marketing/ cross-sell messages and experience based on demographics, visit type (new quote, retrieval, prior visitor), origin of the quote, etc.	 Has fewer capabilities. Relies on agents to gain information about customers.	 Uses data from behavioral and social media interactions to generate customer insights. Rewards customers for loyalty.
Product development	 Product innovations are designed to cater to evolving customer needs (bundling, ability to choose coverage levels at the desired price point, personalized rates based on usage).	 Innovating in the area of elastic pricing; considered to be the market leader.	 Agents are able to add, remove, and adapt features to adjust product pricing and meet customer needs.	 Maintains a competitive, broad set of product offerings for target customer segments.
Service and delivery channels	 Multiple channels with seamless transition and interaction integration. Effective use of collaboration tools to assist prospects during online quote creation. Use of policy logs to track transactions across channels.	 Aids seamless movement among channels, with “hot alerts” based on customer web activity. Opening up storefronts for customers who need personal interaction.	 Capabilities are more geared toward high-touch customers. Maintains a vast network of agents. Online quoting is a lead generator for agents.	 Highly regimented, customer-centric channel management strategy lets the company earn high customer satisfaction marks. Offers seamless integration across channels.
Operating model	 The consolidation of products across channels and maturation of the direct channel forced the company to revamp its operating model. The new model integrates both direct and agency channels.	 Operating model lets the company compete aggressively on price while maintaining profitability via low overhead and a granular underwriting model.	 Agency-based operating model. Building capabilities to complement its relationship-based advice model.	 Preferred customers base has been shrinking, so the company’s criteria have been loosened to target a less-preferred pool to keep revenues stable.

 Leading
  On par
  Lagging

Customer experience initiatives have been implemented successfully by several life insurance carriers.

Focus area	Life insurer A	Life insurer B	Life insurer C	Life insurer D
Customer intimacy	 Uses “voice of the customer” to enhance the customer experience. Utilizes high-level customer segments based on attitudes. Needs additional analytics to associate segments with profitability and desired customer experience attributes.	 Uses “voice of the customer” to generate insights. Utilizes segment analysis to recognize the unique needs of customers. Has established key customer metrics.	 Recruits multilingual producers, college graduates, and women to target under-represented market segments.	 Publishes industry trend reports. Performs extensive research into customer behavior, attitudes, and trends.
Product development	 Develops products to reach under-served markets. Needs to explicitly link customer attitudes to desired features.	 Develops products with greater focus on under-served markets. Experiments with new products and distribution channels to meet customer needs.	 Provides all major life insurance product types. Offers a variety of options and the flexibility to meet the needs of different customers.	 Provides value-added services and new products to address customer needs. Uses five-point gauge to develop products (net promoter score, customer complaints, welcome call analysis, policy persistency rate, agent turnover rate).
Service and delivery channels	 Has limited self-service capability and lacks service/delivery consistency across products. Lacks a mobile service capability.	 Has customer experience embedded in all channels, but movement across channels needs to be improved to make it more seamless.	 Has a vast network of agents. Uses multichannel support as a lead generator for agents. Recently redesigned consumer website increases ease of use and facilitates broker-customer relationships via social media platforms.	 Provides products and services through multiple distribution channels.
Operating model	 Model supports customer executive leadership and customer experience initiatives. Working toward creating a single view of the customer.	 Customer experience champion established for each business area and geography. Model aids in sharing best practices across geographies.	 Focuses on high-quality customer service and its reputation for financial strength and stability. Provides top-rated ease of access to call center and online support. Offers flexible service options (for example, social media, click to call, click to chat, and self-service materials).	 Focuses on customer centricity and sustainability. Has accelerated its transformation program to improve processes, update legacy systems, and reduce expenses.

 Leading

 On par

 Lagging

A framework for response

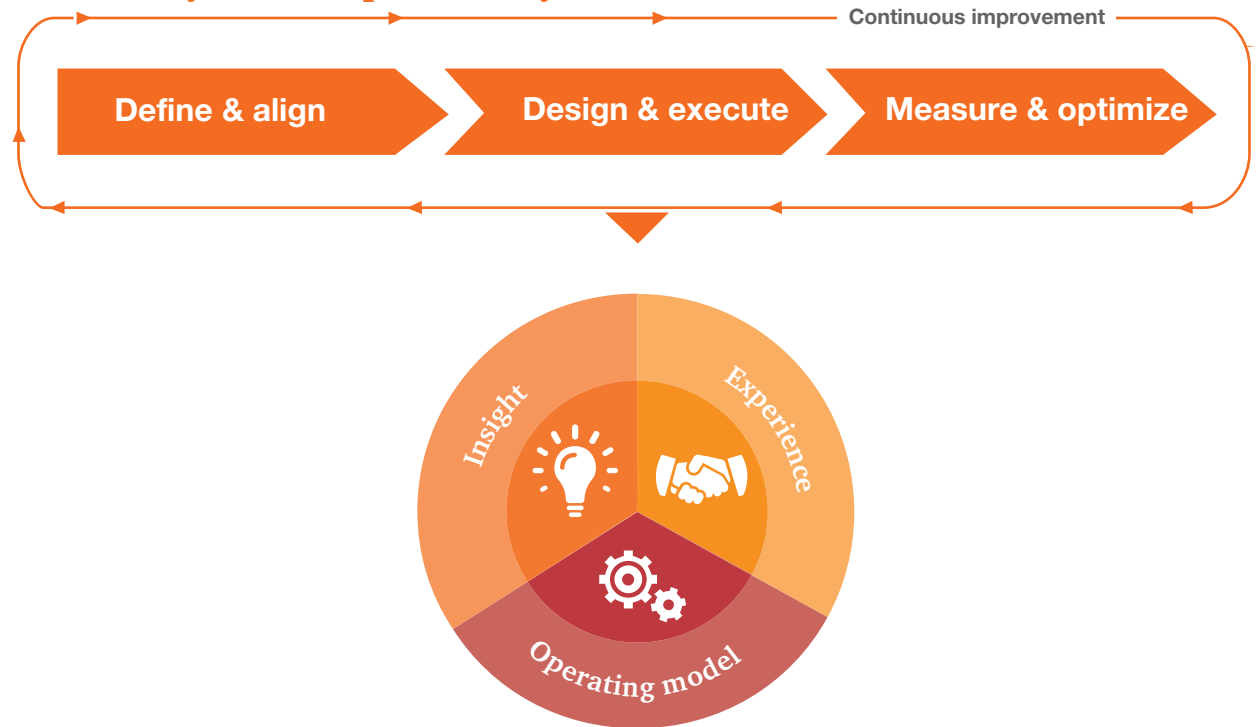
*Our recommended approach
to the issue.*

By developing customer-focused strategies that are shared throughout the organization, carriers can evolve from product- and agent-centric to focus on socially connected consumers.

As noted earlier, one of the biggest obstacles many carriers face is the lack of a single, common vision of the customer experience. Instead, each business or channel drives a different vision. Without communication and alignment among business units, customer investments are often conflicting, redundant, and inefficient.

For this reason it is critical, in our view, to start with a top-down approach that defines a common understanding of customer centricity and the organization's strategic vision. With this shared understanding, it is easier to define the roadmap, to design and execute the required initiatives, to measure their impact, and to continuously refine the program.

Customer-focused improvement framework



How to get started in building the experience your customers want.

Our three-stage approach to developing a more customer-centric organization addresses the common obstacles that organizations face. It calls for continuous improvement to support sustainable results.

Customer-focused improvement framework



Key objectives

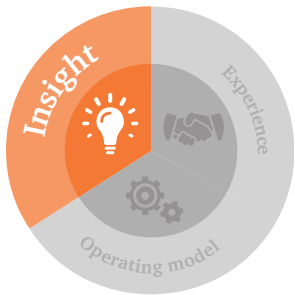
- Agree on a common definition of customer centricity, and understand its implications for the operating model.
- Define a customer-centric vision of the future, and develop a roadmap to achieve the vision.
- Detail the business and technology capabilities required to enable a customer-centric strategy.
- Design future- and interim-state architectures.
- Refine roadmap initiatives and estimates.
- Staff and launch key roadmap projects, and implement a governance model.
- Execute a customer-centric roadmap in coordination with key programs throughout the organization.
- Manage and monitor roadmap deployments to drive achievement of targeted business outcomes.
- Continuously measure changes in customer behavior and the business impact.
- Refresh strategy if needed based on changes in customer behavior and business outcomes.
- Re-align roadmap execution and in-flight initiatives to modified strategy.

Key challenges and considerations

- Integrating the customer experience roadmap with related in-flight programs often occurs late in the strategic planning process. The result is conflicting initiatives and reduced accuracy of cost and schedule estimates.
- To avoid this, align the roadmap with key programs, and provide cross-program monitoring and analysis of key dependencies.
- Traditional roadmaps frontload foundational investment and do not realize benefits until late in the program lifecycle. Prioritizing pilots and quick hits can produce value early, which helps build confidence in the program.
- A governance structure that helps support the roadmap can improve visibility into internal/external dependencies and manage the timeline.
- Define measurable links between roadmap initiatives and business outcomes. This builds trust in the program by demonstrating that it is realizing expected results.
- Sustain results by measuring impact and making continuous improvements to the program.
- Incentives often reward business-as-usual rather than innovation. Meaningful customer-focused incentives should apply to all employees, not just sales staff.

Customer insight

Use data across systems and channels to create a single view of the customer and to tailor customer experiences across segments.



Beyond demographics.

Many carriers perform subjective, rather than data-driven, customer segmentation. Subjective segmentation leads carriers to mistakenly emphasize demographic, rather than psychographic (attitudinal and behavioral), variables. For instance, they may assume that customers of a certain age and income bracket are not comfortable interacting online, while behavioral research might show that, in fact, this segment does extensive online research before making a purchase decision.

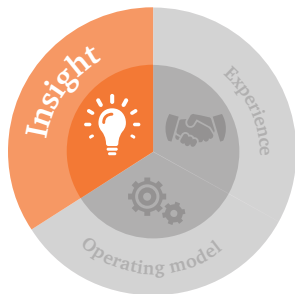
Leading carriers develop actionable consumer segmentation schemes that incorporate multiple data sources to create a much richer understanding of consumers' psychographic profiles, as well as their demographics.

What does it take to develop meaningful customer insights?

- **Data integration** across functional systems and third-party data sources to create a single view of the customer.
- **Big data capabilities** to facilitate analytics across large sets of historical data.
- **Micro-segmentation based on data and experience**, combining demographic data and behavioral attributes to target individuals.
- **Strong analytics resources** with experience in predictive analytics, simulation modeling, and machine learning, as well as the business knowledge to apply their skills effectively.
- **A test environment** to pilot changes with small groups of customers. This can quickly identify winning ideas before significant investments are made to roll out changes more broadly.

Customer insight

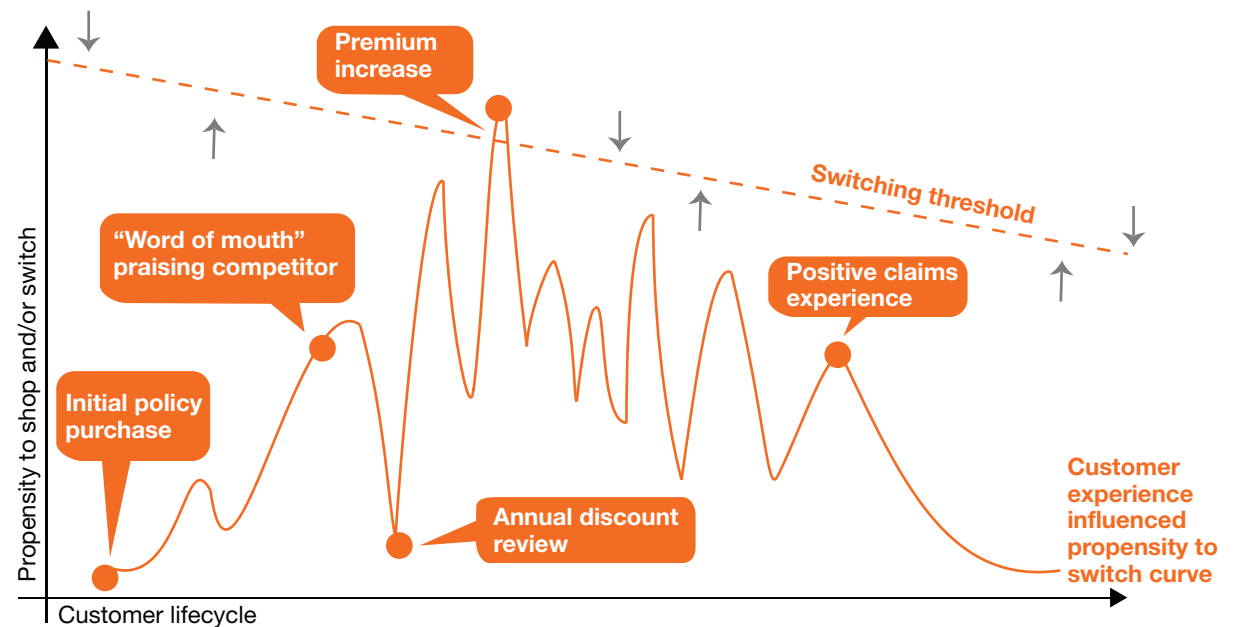
How do leading carriers use customer insight to their advantage?



Data-driven customer insights are helping leaders create value, both internally and externally.

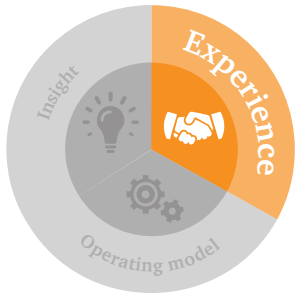
- **Improve customer experience design**—Segment customers based on behavioral patterns and preferences, and design targeted experiences at all stages of the customer lifecycle.
- **Raise productivity**—Analyze which producers are the most effective with different customer segments and route leads to them, increasing their ability to close sales.
- **Retain customers**—Understand the triggers for shopping and switching, and proactively address these issues with targeted messaging and offers.
- **Improve claims flow**—Adopt a data-driven approach to the claims process to improve customer satisfaction. For instance, use customer segmentation and behavioral analytics data to determine how a customer would prefer to submit a claim and to communicate with the organization throughout the claims adjudication process.

Figure 4: Analytics are helping carriers retain customers by showing them why customers switch.



Customer experience

Leading carriers know what interactions matter most to each target segment.



Leaders deliver best-in-class interactions that match customer needs and preferences during key moments of truth. How do they do it?

Leverage every opportunity.

Leading carriers leverage each touchpoint to attract and interact with customers and to build lasting relationships. They identify “moments of truth”—the few interactions during which customers invest a high amount of emotional energy in the outcome—to exceed customer expectations.

Deliver customized experiences.

Recognize that customers differ in their needs, interactions, and preferences based on factors such as:

- **Role**—for example, a group benefits administrator representing her company’s employees or a father looking at coverage for his family.
- **Relationship with the carrier**—for example, is this a new customer or a longstanding one with multiple products?
- **Preferences**—for example, a customer may wish to perform account management online but submit claims by phone.

These insights can be used to deliver tailored experiences, reduce variability of service, and raise overall levels of customer satisfaction.

Integrate service channels.

Integrate self-service and guided channels to provide continuity of information and to minimize duplication of effort for both customers and the carrier.

Continually balance cost and value.

To extract the most benefit from dollars invested, eliminate underutilized services, reduce abuse of services, and target the highest levels of service to the most valuable customer segments.

Approach customers in innovative ways.

Explore new and creative ways of engaging customers that may improve intimacy or make servicing customers more economical. Target new products and services to micro-segments, and address pain points that affect loyalty.

Customer experience

How do leaders design experiences that delight their customers?

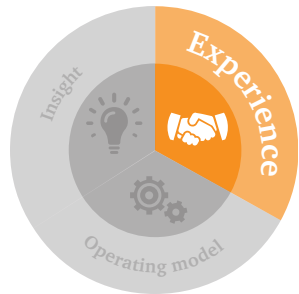
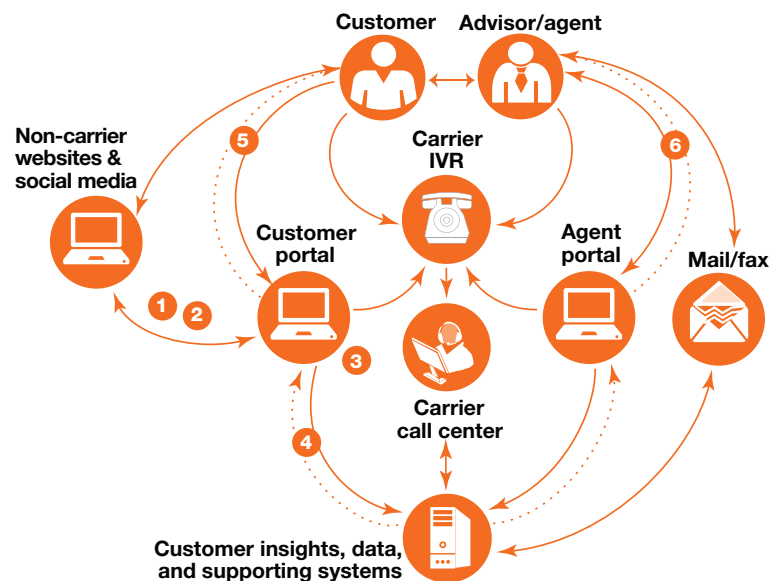


Figure 5: Interaction scenarios can help carriers design customized, brand-defining experiences for their customers.



How to create brand-defining moments.

One of the biggest mistakes we see carriers make is adopting a one-size-fits-all approach to customer experience design and viewing the design process as a technical task rather than a brand-defining opportunity. Leading carriers develop multiple interaction scenarios, driven by customer insights, to help them understand the different paths and contacts customers might encounter as they do business with the organization. The resulting customer experience designs are tested with customer focus groups before being implemented.

Background

Persona 1 is about to get married and is starting to think about the future. With little financial experience, she's not fully aware of her needs and doesn't know the best way to seek information. This scenario shows how a well-designed online presence helps Persona 1 move from awareness to consideration to advice based on her needs and preferences for interaction.

- 1 Persona 1, browsing popular websites with "wedding checklists," is informed of a simple insurance tool that will help her financially plan for a major life event like marriage.
- 2 Persona 1 sees that her best friend "just had a conversation about her future" with the carrier through social media.

Needs identification

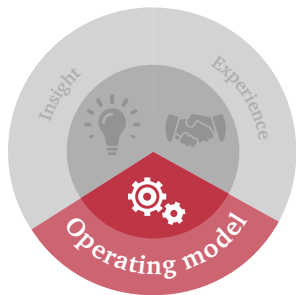
- 3 Once on the homepage, persona 1 is provided with potential options, conveyed in simple language that is easy to identify with.
- 4 Tracked browsing patterns and analytics trigger a personalized presentation with relevant information, advice, and content.
- 5 To aid in the search, persona 1 can quickly access an ever-present "People like me" tool. This tool uses simple questions to identify her needs, so she can learn what others like her are considering.

Advice

- 6 "Ask me now" features provide immediate access to knowledgeable professionals with expertise in persona 1's needs.

Customer-centric operating model

Align the organization, culture, governance, infrastructure, and metrics with customer needs.



Perhaps the biggest challenge we've seen clients struggle with is how to translate strategic objectives into operational processes and technology requirements. The future-state blueprint should be detailed enough to provide a shared vision of the operational, IT, organizational, and cultural changes needed. It's also important to involve both business and IT leadership early on, to facilitate organizational buy-in, and to avoid potential oversights—and costly mistakes.

Develop a single view of the customer.¹

Implement technology and processes that will enable the company to gain a single, integrated view of the customer, so that it's possible to recognize each customer as a person and not just a policy.

Align the organization and its culture.

Develop compensation and incentive programs for managers across the company that emphasize customer satisfaction and retention, while establishing the communication channels required for collaboration with the customer service function.

Establish a governance framework.

Implement a cross-organizational governance framework (for example, governance committee, process templates, and facilitating technology) and develop a common understanding of roles, responsibilities, consumer experience metrics, and interfaces that facilitate tracking integrated customer experience priorities and decision-making.

Develop supporting infrastructure.

Align technology and processes¹ to deliver a customized experience for different customer segments, enabling world-class performance on key customer service metrics.

Implement metrics and reporting.

Use metrics to track and report on service quality (for example, wait times, length of calls, and ability to quickly access requested information), balancing the desire for both efficient operations and a high level of customer satisfaction.

¹ PwC, "If they're happy, do you know it? The CIO's agenda in improving customer centricity at financial institutions," March 2012, www.pwc.com/fsi.

Customer-centric operating model

In companies with customer-centric operating models, all functions share a single view of the customers.

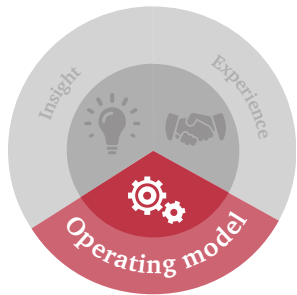
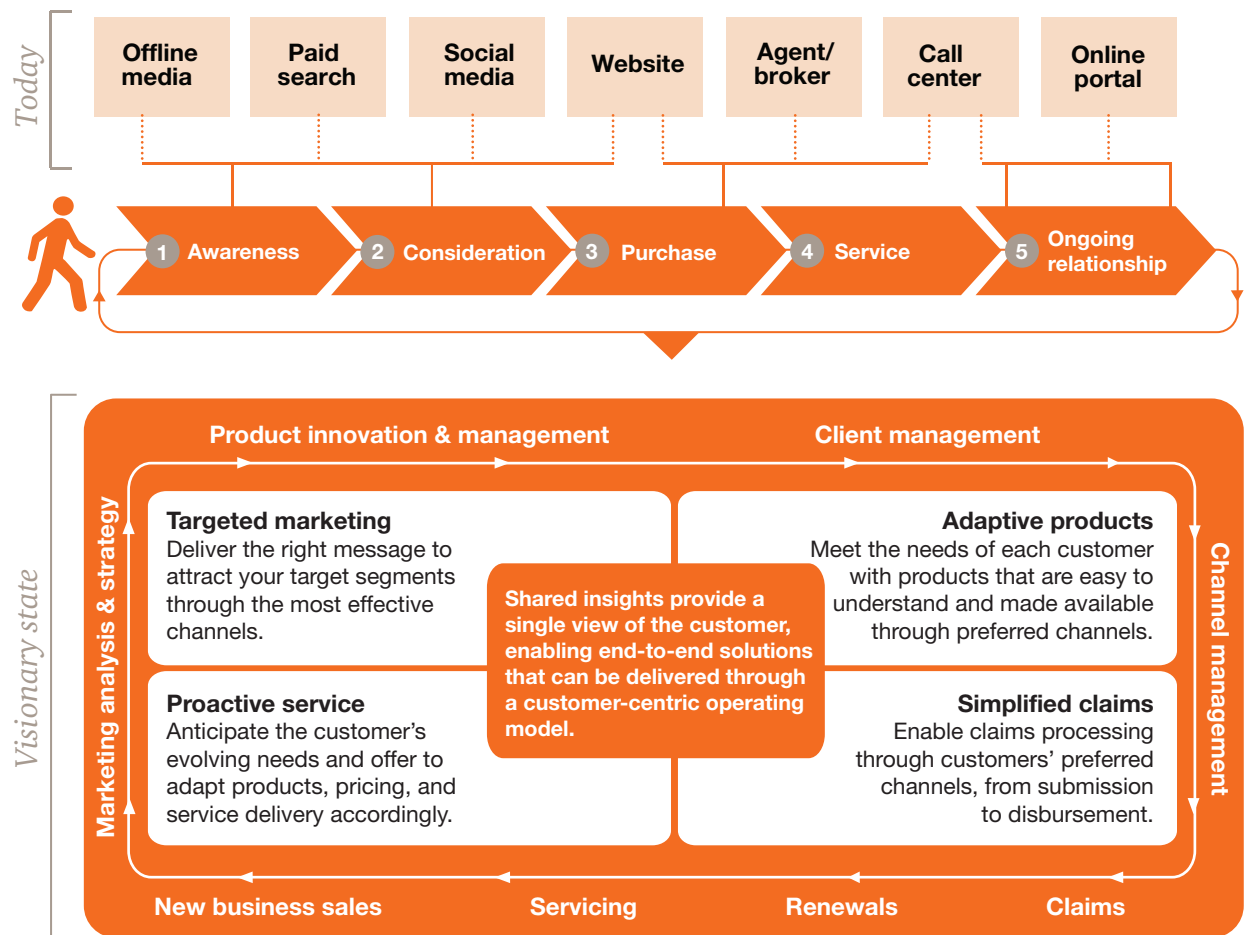


Figure 6: A single view of the customer helps you define meaningful customer segments. It also helps you design the right customer experience for each segment throughout the lifecycle.



How PwC can help

*Our capabilities and
tailored approach.*

Why PwC?

PwC's Customer Impact offering helps insurers develop and understand the effectiveness of customer-facing strategies.

We can take you far beyond the design of good interactions to help you deliver a differentiated customer experience. We start by understanding how your goals fit within your company's strategy. Then we work with you to design and deliver customer experiences that set you apart from the competition and reinvent your company to put the customer at the very center.

Analytical insight

- Adoption.
- Brand.
- Behavior and engagement.
- Voice of the customer and agent.
- Products and innovation.

Experience design

- Behavioral economics.
- Concept visualization.
- Human-centered design.
- Investment appraisal.
- Journey analysis and design.
- Real-time decision-making.
- Social-mobile-local-commercial (SOMOLOCO).

Digital engagement

- Mobility and social media.
- Web/mobile design and branding.
- Client operating model governance.
- Cloud.
- Content management and workflow.
- Customer digital data.
- Digital alliances and forensics.
- Identity management.

Customer-centered strategy

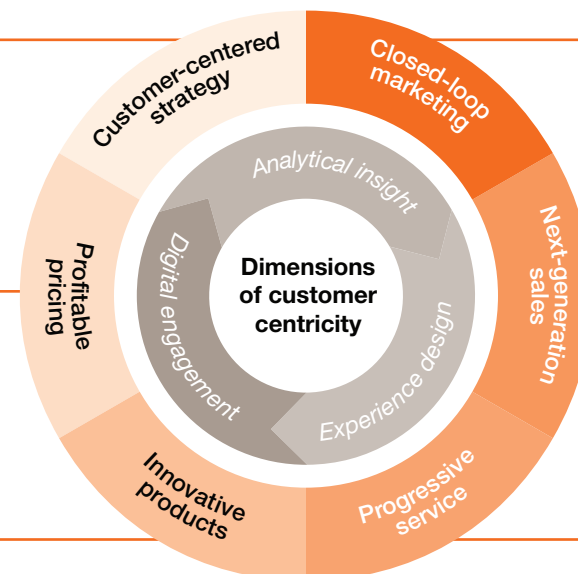
- Customer insight and value analysis.
- Segmentation strategy.
- Customer-centric operating model.
- Market and organic growth strategy.
- Channel and partner strategy.
- Value proposition development.

Profitable pricing and risk management

- Pricing strategy and operations.
- Customer, product, and channel profitability.
- Tactical pricing/offers.
- Underwriting and risk management.
- Loss trends and rate-making.
- Rate integrity.

Innovative products

- Ecosystem and partner management.
- Idea/portfolio management and complexity reduction.
- Product/service definition, development, release.
- Products-to-solutions expansion.
- Next generation (convergence, telematics, usage-based).
- Customer behavior modification (loss prevention).



Closed-loop marketing

- Sales and marketing measurement.
- Loyalty and retention.
- Marketing operations transformation.
- Media/trade spend effectiveness.
- Customer acquisition cost effectiveness.
- Prospect and lead management.
- Brand investment.

Next-generation sales

- Sales channel strategy.
- Sales organization design and operations.
- Sales process optimization.
- Sales force effectiveness.
- Sales technology alignment.
- Multichannel capabilities and alignment.
- Quote/buy/fulfillment experience.

Progressive service and claims

- Integrated customer service strategy.
- Contact center optimization.
- Field service/field mobility transformation.
- Customer service omnichannel experience.
- Claims operations and fraud management.
- Loss reserving.
- Endorsements, risk/coverage review.

Select qualifications

Project and client	Issues	Approach	Benefits
Customer experience strategy— Mutual life insurance & annuity company	<p>A large mutual life insurance company kicked off a project to refresh its customer experience strategy. The goal was to better understand consumers' changing behaviors and attitudes toward financial services products.</p> <p>But the company lacked insight into the consumer market beyond its customer base. It did not understand the demographics, psychographics (attitudes), and behaviors that influence consumers' shopping and purchasing choices.</p>	<p>PwC collaborated with the client to conduct primary research into financial consumers' behaviors and attitudes to:</p> <ul style="list-style-type: none"> • Segment the market. • Model consumer purchase behavior. • Develop a business case for new customer experience initiatives. <p>PwC's proprietary Experience Navigator™ was used to simulate the consumer purchase process for financial products. We helped assess the potential business impact of the company's customer experience initiatives across channel, marketing, product, and distribution functions.</p>	<p>The company used the research results to design and prioritize future initiatives to target underserved, but high-potential consumer segments.</p>
Strategy mobilization— P&C insurance company	<p>A large P&C insurer's customer strategy lacked clarity and detail. The company's operations were carried out in silos, with each business unit functioning independently and multiple areas competing for limited resources. Little attention was given to addressing foundational IT and operational issues, keeping the organization from achieving its future-state vision.</p>	<p>PwC helped the carrier develop a plan to transform the company into a customer-centric organization.</p> <p>PwC worked with the company to evaluate key components of the business, identify the organization's pain points, and define the initiatives needed to deliver value and align with organizational goals.</p>	<p>The insurer's business and IT leadership came to an agreement on the organization's customer strategy. This improved the CEO's ability to make trade-off decisions based on a top-down view of the organization's operations.</p>
Digital business strategy— US insurance and investment management company	<p>A large US insurance and investment management company needed help in conducting user experience research and analysis to shape the design of its customer-facing web portal. The goal was to help the company better address the needs of stakeholders within one of its key distribution channels.</p>	<p>PwC helped the client conduct over 40 interviews and launch web surveys to better understand the various user roles, web objectives, and current satisfaction with the portal. User research identified 14 unique personas/roles across internal and external audiences and, through further analysis, identified high-level user requirements for the various roles.</p>	<p>The insurer used the research findings to obtain detailed insight into users and their expectations for the web. The research also helped the organization redesign the customer online experience.</p>

www.pwc.com/fsi

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About our Financial Services practice

PwC serves multinational financial institutions across banking and capital markets, insurance, asset management, hedge funds, private equity, payments, and financial technology. As a result, PwC has the extensive experience needed to advise on the portfolio of business issues that affect the industry, and we apply that knowledge to our clients' individual circumstances. We help address business issues from client impact to product design, and from go-to-market strategy to operating models, across all dimensions of the organization.

PwC US helps organizations and individuals create the value they're looking for. We're a member of the PwC network of firms in 157 countries with more than 184,000 people. We're committed to delivering quality in assurance, tax, and advisory services.

Gain customized access to our insights by downloading our thought leadership app: PwC's 365™ Advancing business thinking every day.



"Playing for keeps: How insurers can win customers, one at a time."
PwC FS Viewpoint, July 2014, www.pwc.com/fsi.

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