Moving to a user-first, omnichannel approach

January 7, 2021 | Article

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As new digital players and ecosystems converge to offer basic insurance products, carriers need to evolve their digital capabilities and online user experiences to remain relevant and competitive.

Today, about one in four motor insurance policies in Germany is sold online,[1] and other property- and personal-insurance products are increasingly being purchased through digital channels. These trends have been further strengthened since the outset of the COVID-19 pandemic, which has increased customers' comfort with digital- and remote-interaction models and tools. In an October 2019 survey of more than 3,000 individuals across Europe, 38 percent reported that their preferred sales channel for life insurance is digital. After the first few weeks of the lockdown, this share rose to 54 percent.[2]

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Established insurers are investing heavily in digitizing their customer journeys and processes, and numerous new, purely digital insurers, or insurtechs, have entered the market. Traditional insurers are well aware of how their peers in the banking industry partially lost the customer interface to new entrants such as PayPal, TransferWise, or N26. Moreover, large technology groups also show clear interest in the insurance market, even if they refrain from taking risks onto their own balance sheets. All of these developments have raised the stakes across key dimensions of the business model.

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> Established insurers are investing heavily in digitizing their customer journeys and processes, and numerous new, purely digital insurers, or insurtechs, have entered the market.

To remain competitive, traditional insurers in Germany will need to quickly move to a user-first, omnichannel strategy. The most successful carriers in the post-coronavirus digital age are integrating this approach by prioritizing three elements: availability of online purchasing capability, ease of navigating online customer journeys, and seamless integration of sales support and advice capabilities. To implement this strategy effectively, insurers must first lay a foundation focused on the customer

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marketing funnel. Each player was scored from one (nascent) to four (distinctive).

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Exhibit 1

Direct insurers lead in customer-journey quality, while omnichannel players are

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Our analysis reveals the large majority of carriers has at least

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Insurers focused on direct channels earned much more competitive

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Availability of online-purchasing capability: Traditional insurers do

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—offers all its products online.[5]

At the product level, more than 90 percent of multichannel insurers provide online

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respective levels of digital enablement (Exhibit 2). The reason: complex insurance products typically require a more deliberate effort from insurers to bridge the

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Possibility to purchase products online with top-10 insurance groups

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for mortgages or signing up for brokerage accounts or investment advisory services.

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Site-speed. There is a strong correlation between site speed and bounce and conversion rates (Exhibit 3). If the loading time takes longer than three seconds, 53

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Both site speed and the quality of landing pages of German insurance websites have significant potential for improvement.

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famously cut the purchasing journey to one click for preregistered users. In recent years, aggregators have started to radically rebuild and simplify insurance purchasing

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non-digital cannot continue their journeys online

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channels in converting leads into sales. One German insurer was able to increase the efficiency of its sales conversions by a factor of six by providing customers with the option to request a callback number, look up agent offices, or simply enter their data to

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hotlines into the online journey to increase conversion rates—but without actually leveraging their intermediaries. So far, traditional insurers are missing out on fully

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when and where customers request it—such as through their computers or smartphones. If done right, this will result in a positive self-selection of customers

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Implementing a user-first, omnichannel approach has far-reaching effects on an

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Moving to a user-first, omnichannel approach is a three-step process supported by four organizational and technical enablers.

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and increase conversion rates
Organizational and technical enablers

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Key prerequisites of the implementation process

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Based on this data, insurers can correctly attribute the impact that each of their

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To excel at converting customers online, insurers need first to ensure the technical prerequisites for online purchasing are in place. Second, they must regularly verify that

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3. Orchestrate advice capabilities. Digital journeys will not eliminate the need for in-person advice anytime soon. However, customers may need advice to clarify a certain

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drop-off rates are high or a large number of customers bounce off their customer journey, carriers should display options for advice. Second, insurers should aim to

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digital marketing system where machine-learning algorithms can be used to optimize online sales activities (data activation) to find similar customer profiles. In addition, tools and processes need to be implemented that facilitate and ensure continuous

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designers, data scientists, and agile experts.

Modern, flexible technology infrastructure. A modern, scalable technological

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seamless journey across touchpoints requires intermediaries to change their role. To help make this happen, insurers need to measure and incentivize intermediaries not only regarding their actual closing of insurance contracts but also for contributing to

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digitization, and a widely expected further shift in channel mix to digital- and remote-interaction models and tools—are ready to be leveraged and scaled.

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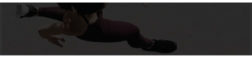

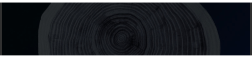

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