Insurance Study

2017 Insurance Customer Conversations

The State of UK Insurance Digital Customer Experience

eptica
MEANINGFUL CONVERSATIONS

Contents

Introduction

Not covering customer needs?

The UK insurance market is at a crossroads. Downwards pressure on prices continues, hitting margins, while consumers are becoming more and more demanding and less and less loyal. They increasingly rely on digital channels to research and buy their policies, particularly through comparison sites, and want fast, personalised service whenever and however they interact.

Insurers therefore need to embrace digitisation and focus on the customer experience, but in many cases they are held back by existing systems and silo-based ways of working.

How are UK insurers coping with these challenges? To find out, Eptica evaluated the experience provided by 20 leading insurance companies, mirroring consumer behaviour by asking routine questions via the web, email, social media and chat.

68% of all queries across email, the web, social media and chat were not answered accurately

Building on studies carried out since 2011, this year the Eptica Insurance Conversation Study looked in more depth at the experience and expectations of consumers. Responses were graded not just on speed and relevance, but also **on key factors such as understanding the context of a query, personalisation of the answer and demonstrating empathy when replying**. The Study also surveyed consumers to get their perspective – and to find out if their expectations are being met.

Sadly, the research found that insurers are failing to provide the level of experience that consumers are now demanding. **68% of all queries across email, the web, social media and chat were not answered accurately – a dramatic rise from 2015's figure of 47%.**

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Introduction

This poor experience will have a major impact on insurers' bottom lines – 91% of consumers say that good service makes them more likely to stay loyal, yet this is not being delivered. No wonder that **just 15% said that they were happier with the insurance customer experience today, compared to 5 years ago**.

	2017		2016
Overall	68%	👎	47%
Web	48%	👍	55%
Email	77%	👎	20%
Facebook	70%	👎	60%
Twitter	75%	👎	50%

Percentage of questions that did not receive an accurate response

91% of consumers say that good service makes them more likely to stay loyal

The report therefore not only outlines the Study findings, but highlights how insurers can adapt, embracing new technologies such as artificial intelligence to enable more meaningful conversations with consumers, boosting engagement, efficiency and the bottom line.

Introduction

The Market Challenge

Insurance is a grudge purchase – something that has to be bought, but that consumers hope will never be needed. **They therefore want to spend the minimum amount of time and effort required to get a good deal.** This is one of the reasons that digital is increasingly used as part of the insurance customer journey – nearly 80% of consumers want to use digital channels according to Bain[1].

Digitisation is also bringing greater competition, both from existing insurers and from price comparison sites that impact margins. Loyalty is in short supply, in fact, a fifth of European consumers say they'd be happy to move away from traditional insurers completely and buy policies from tech brands such as Google and Facebook[2].

Amid these challenges, one fact is clear – good service drives sales and improves the bottom line. McKinsey estimates that CX leaders in the insurance market are 80% more likely to retain customers, and have been able to grow sales at double the rate of CX laggards[3].

UK consumers surveyed by Eptica agree - **91% say a good experience will help them remain loyal, yet 38% don't get an accurate answer to their query every time**.

However, insurers need to balance the experience they deliver with the resources at their disposal, to provide service that is efficient as well as engaging. They need to have meaningful conversations with consumers that are personalised and based on understanding as well as being rapid and accurate. Only then will they be able to thrive in such a competitive market.

1. Source: Bain Global Digital Insurance Benchmarking Report, July 2015
2. Source: Fujitsu research, Computer Weekly, May 2016
3. Source: McKinsey The growth engine: Superior customer experience in insurance, April 2016

5 Key Findings
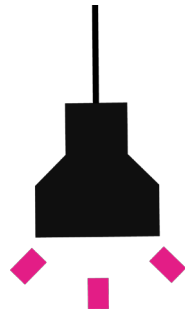
1 - Failing to cope

2 - Unichannel, not multichannel

3 - Social media beats email

4 - The growing importance of quality conversations

5 - The widening gap between best and worst

5 Key Findings

1 - Failing to cope

Overall, the Study points to a sector that seems to be unable to cope with the volume and complexity of today's consumer expectations. **Nearly 7 in 10 (68%) of queries were not an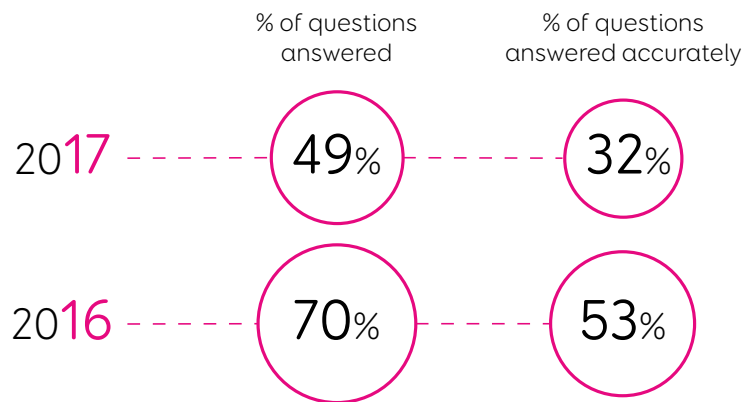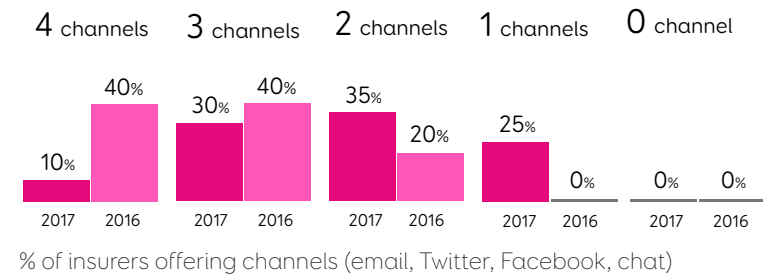swered, or answered inaccurately - a large rise compared to 47% in 2016**. However some channels, such as the web and chat, made major steps forward, showing that investment in customer experience does bring dividends.

% of questions answered   % of questions answered accurately

2017   49%   32%

2016   70%   53%

Number of responses, and number of correct responses across the web, email, Twitter, Facebook and chat

2 - Unichannel, not multichannel

78% of consumers expect to be able to make contact on one channel and then switch to another. However, that is easier said than done, with many insurers seeming to neglect particular channels, either not responding on them or not making them available to non-customers. For example, while 100% of insurers gave consumers the ability to email them in 2016, this had dropped to just 60% in 2017. **The result? Frustrated consumers who are forced to switch channel if they want to make contact.**

4 channels		3 channels		2 channels		1 channels		0 channel	
10%	40%	30%	40%	35%	20%	25%	0%	0%	0%
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016

% of insurers offering channels (email, Twitter, Facebook, chat)

5 Key Findings

	4 channels	3 channels	2 channels	1 channels	0 channels
2017	0%	10%	45%	35%	10%
2016	10%	40%	30%	0%	20%

% of insurers answering on channels (email, Twitter, Facebook, chat)
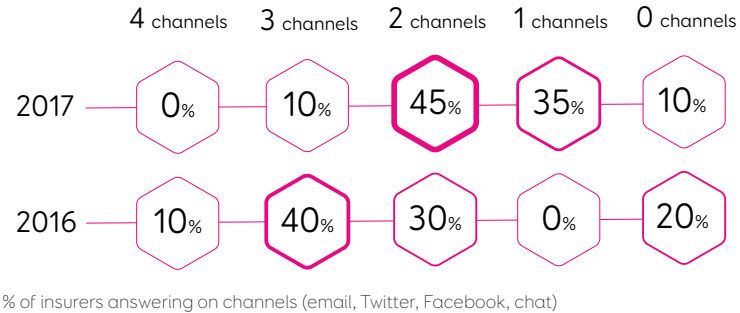
3 - Social media beats email

In 2016, email was the best channel to get an accurate response, with 80% of insurers successfully replying on it. In 2017 this changed dramatically, with just 23% answering queries, and responding much more slowly than 12 months ago. **Average reply times rose from 28 hours 4 minutes in 2016 to 40 hours 25 minutes in 2017.** While performance on Twitter and Facebook also deteriorated, it was to a lesser degree, meaning these channels now beat email when it comes to speed and accuracy.

	✉	🐦	f
2017 ↓	23%	25%	30%
2016	80%	50%	40%

% of questions successfully answered by channel
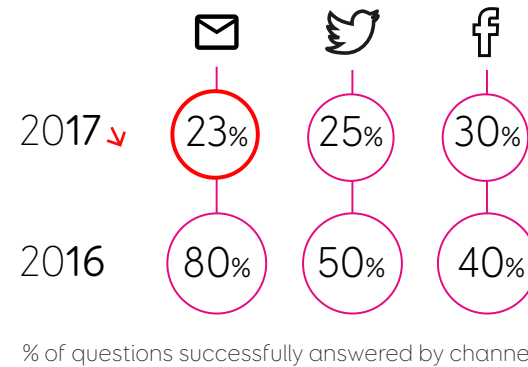
4 - The growing importance of quality conversations

Nearly three quarters (72%) of consumers say that their expectations are continually rising.
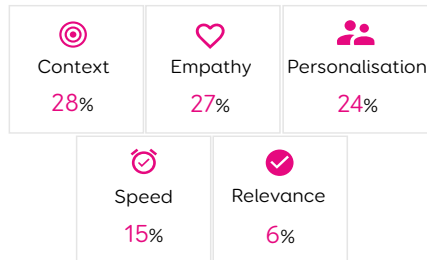This is particularly evident when it comes to the quality of the conversation that they expect from insurers. When asked what was now the most important factor when talking to insurers, context, empathy and personalisation were listed above speed and relevance – consumers simply expect these as standard.
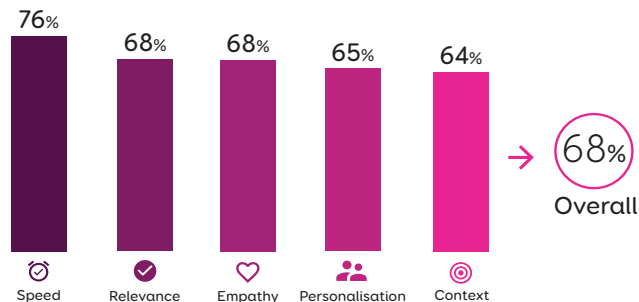
5 Key Findings

However while some insurers show themselves capable of having a high quality conversation, many more do not. The Study assessed responses against set criteria for speed, relevance, context, personalisation and empathy – with individual scores ranging from 44% to 96%.
No wonder that 39% of consumers say they need to send follow-up communications as they are not understood first time.

What is the most important factor when talking to insurers through digital channels?

Context **28**%	Empathy **27**%	Personalisation **24**%
Speed **15**%	Relevance **6**%	

Quality of insurance conversations across all channels

76% Speed
68% Relevance
68% Empathy
65% Personalisation
64% Context
→ **68**% Overall

Every response received via email, social media and chat marked against set criteria

5 - The widening gap between best and worst

The poor overall figures mask a key trend – the performance of insurers is polarising. The best are getting better, while laggards are dropping further behind. For example one insurer responded on Facebook in 3 minutes, while another took nearly a day. 10% failed to answer on any channel at all out of email, Facebook, Twitter and chat, while 40% of insurers scored 4 out of 10 or less. **Given that 86% of consumers say they'll choose a supplier that gives a fast, accurate and helpful response poor service will have a direct impact on the bottom line.**

**The fastest response on email was 54 minutes.
The slowest was over 5 days.**

Detailed Analysis

1 - Insurance Conversations on the Web

2 - Insurance Conversations through Email

3 - Insurance Conversations on Social Media

4 - Insurance Conversations on Chat

5 - Multichannel, Consistent Insurance Conversations

6 - Quality of Insurance Conversations
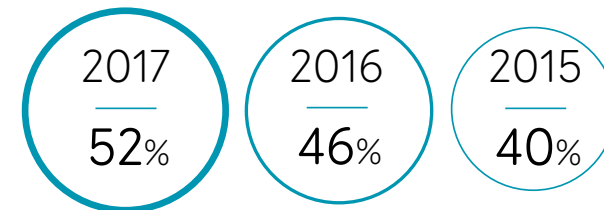
Detailed Analysis

1 - Insurance Conversations on the Web

Nearly three quarters (74%) of British consumers <u>have bought policies or switched insurance providers online</u> – and fast access to the right information is central to their buying decisions. **46% of consumers surveyed will only spend 5 minutes looking for information on a company website before moving elsewhere** and 71% will leave if they can't locate answers within 15 minutes.

This demonstrates the vital importance of the web to insurers and is reflected in the growing number of questions that companies are now able to answer online – **up from 40% in 2015 to 52% in 2017**. It is likely that this is driven by the growing adoption of web self-service systems, that analyse the context of a search question in order to provide a fast, accurate response. However, this still means that nearly half of questions are left unanswered, meaning many websites are simply not providing sufficiently detailed information for consumers to make informed choices.

There was also a wide range of scores – **while one insurer provided answers to 90% of questions, 40% scored 4 or less, with one able to answer none at all**. Failure to provide the routine information that consumers want to know when researching policies is likely to mean they move elsewhere, hitting retention and conversion rates at those insurers that lag behind.

2017 52%   2016 46%   2015 40%

Average % of questions answered online

Detailed Analysis

2 - Insurance Conversations through Email

In 2016, the insurance sector delivered an extremely strong performance on email, with every company offering non-customers the chance to use the channel, and insurers successfully answering 80% of queries sent via the channel.

The picture in 2017 was very different, with many insurers switching off email options for non-customers. **Just 60% of companies provided email, and just 23% answered successfully.** Whether they are removing email for resource reasons or to try and switch consumers to other channels, such as the phone, insurers that fail to offer email are likely to miss out on potential business as people buy elsewhere.

Speed of response had also worsened, with the average time to get an answer rising by 12 hours from 28 hours 4 minutes in 2016, to 40 hour 25 minutes in 2016. On the plus side 75% of those that gave a timeframe in which they would respond did meet this deadline, above 2016.

However as these ranged from 24 hours to 5 days this was not a major achievement, particularly as **62% of consumers said they wanted an answer within 2 hours**. Only 10% of companies met this target. The growing gap between service and expectations explains why over a third (36%) of consumers said that insurers didn't keep their promises when it came to responding.

| ✉	2017	2016
Offered email	60%	100%
Acknowledged email	30%	70%
Gave expected time to reply	30%	70%
Answered	50%	90%
Successfully answered question	23%	80%
Answered by own deadline	75%	43%
Answered within 2 hours	10%	20%

Detailed Analysis

3 - Insurance Conversations on Social Media

The use of Facebook and Twitter for insurance customer service is growing, but insurers seem to be struggling to resource these channels. **80% of companies had Twitter handles in 2017, down from 100% in 2016**, and while more offered Facebook (70% compared to 60%), response rates were lower.

		2017	2016
f	Offered	70%	60%
	Answered	50%	60%
	Responded succesfully	30%	40%
🐦	Offered	80%	100%
	Answered	40%	80%
	Responded succesfully	25%	50%

This meant that while social media beat email for speed and accuracy, performance was still not strong enough. **Just 30% of questions were answered successfully on Facebook and 25% on Twitter.** That means the vast majority of queries are simply not receiving an accurate reply. Given the public nature of social media this not only impacts individual consumer perceptions, but can drive wider damage to brands if frustrations are shared.

When it comes to social media, people expect a fast response. A third (33%) of consumers wanted an answer on Twitter within 15 minutes and 61% in an hour. While the average of 49 minutes was within that timeframe, there were wide discrepancies between companies. **One insurer answered in 3 minutes, another took 3 hours.** Facebook painted a similar picture -44% of consumers want a response in 30 minutes, yet the average time to reply was an enormous 3 hours 45 minutes, not helped by one company taking nearly 24 hours to answer. **No wonder that 49% of consumers are unhappy with the level of service they receive on social media from insurers.**

	Average	Slowest	Fastest
✉	40h25m	5days 22h45m	54m
f	3h45m	23h2m	3m
🐦	49m	3h1m	3m
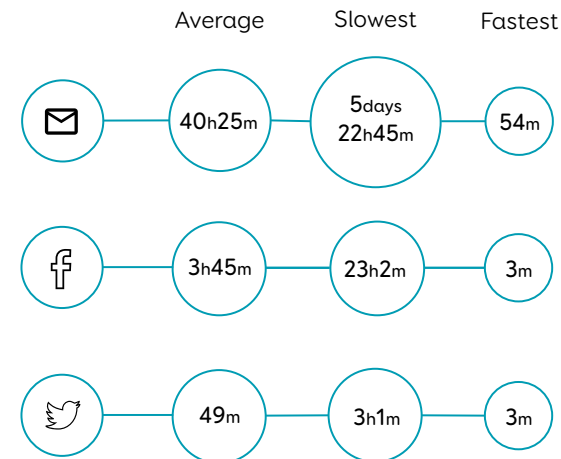
Detailed Analysis

4 - Insurance Conversations on Chat

Telephone is one of the key channels for the insurance industry, with many companies seeming keen to get consumers to pick up the phone, as it allows them to deliver personalised service and increase sales. However, the phone is expensive and often disrupts the customer journey as consumers have to move away from digital channels to an analogue one.

Chat provides the perfect alternative, bringing together the efficiency of digital with the personalisation, empathy and context of the phone. This is reflected in the major growth in the channel between 2016 and 2017, **with the number of companies having chat available trebling over the last 12 months**. That meant that 15% of insurers provided chat, although there is still work to do. 35% said they had chat, but in 20% of cases this was not working when tested, normally due to a lack of resources. **61% of consumers were happy with the service they received on chat**, below that of the phone (71%), but 20% higher than on social media.

Given the success rate of chat, with **83% of questions answered (up from 50% in 2016)**, an average chat session time of 5 minutes and high customer satisfaction, it is therefore time for more insurers to invest in the channel.

|	2017	2016	2015
Advertised chat	35%	40%	20%
Had chat working when tested	15%	10%	10%
Sucess rate	83%	50%	100%

Detailed Analysis

5 - Multichannel, Consistent Insurance Conversations

Delivering consistent responses across multiple channels is vital in regulated industries such as insurance. Companies have a duty to deliver the same answers however consumers make contact, **yet many provided radically different responses to routine questions across different channels**. This not only increases inefficiency but will confuse consumers and cause them to move elsewhere.

Many companies seem to lack the resources to provide full, multichannel service at all. A large number of insurers were slower than in 2016 at replying – or didn't even provide an answer. **None answered on all four channels (email, chat, Twitter and Facebook), down from 10% in 2016, and just 10% replied on three channels, compared to 40% in 2016.** 10% of insurers didn't answer on any channel at all. This approach is not popular with consumers – 78% expect to be able to make contact on one channel and then switch to another, but 47% said it was hard to do so. **Just 12% strongly agreed that they received the same level of service, irrespective of channel.**

As well as not responding on multiple channels, many insurers were woefully inconsistent, both in terms of speed and the answers they gave. One company answered on Facebook in 25 minutes, yet took over 5 days to answer an email. Several companies gave diametrically opposed answers on different channels – no wonder that over a third (36%) of consumers complained of inconsistency. **70% of companies were completely inconsistent, with no matching answers across channels, and just 5% consistent on three channels.**

	4 channels	3 channels	2 channels	1 channels	0 channel
2017	0%	5%	25%	0%	70%
2016	0%	30%	20%	0%	50%
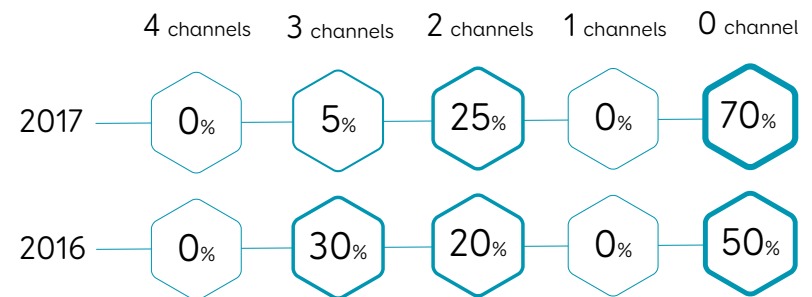
Consistency of answers across email, Twitter, Facebook and chat

Detailed Analysis

6 -Quality of Insurance Conversations

When it comes to the customer experience, consumers are now looking beyond the simple metrics of speed and accuracy, demanding greater empathy, personalisation and understanding of the context of their request. Essentially, they want to have a high-quality conversation with insurers. When asked, **28% listed context as the most important factor in these conversations, followed by empathy (27%) and personalisation (24%)**. 91% expect a response that is fast and accurate as standard.
To measure the quality of conversations this year the Eptica Study evaluated responses on email, social media and chat against five key criteria:

- **Speed** – how quickly was it provided, with higher marks awarded for faster responses
- **Relevance** – how relevant was the response and did it answer the question?
- **Context** – did it show understanding of the whole question or respond solely to part of it?

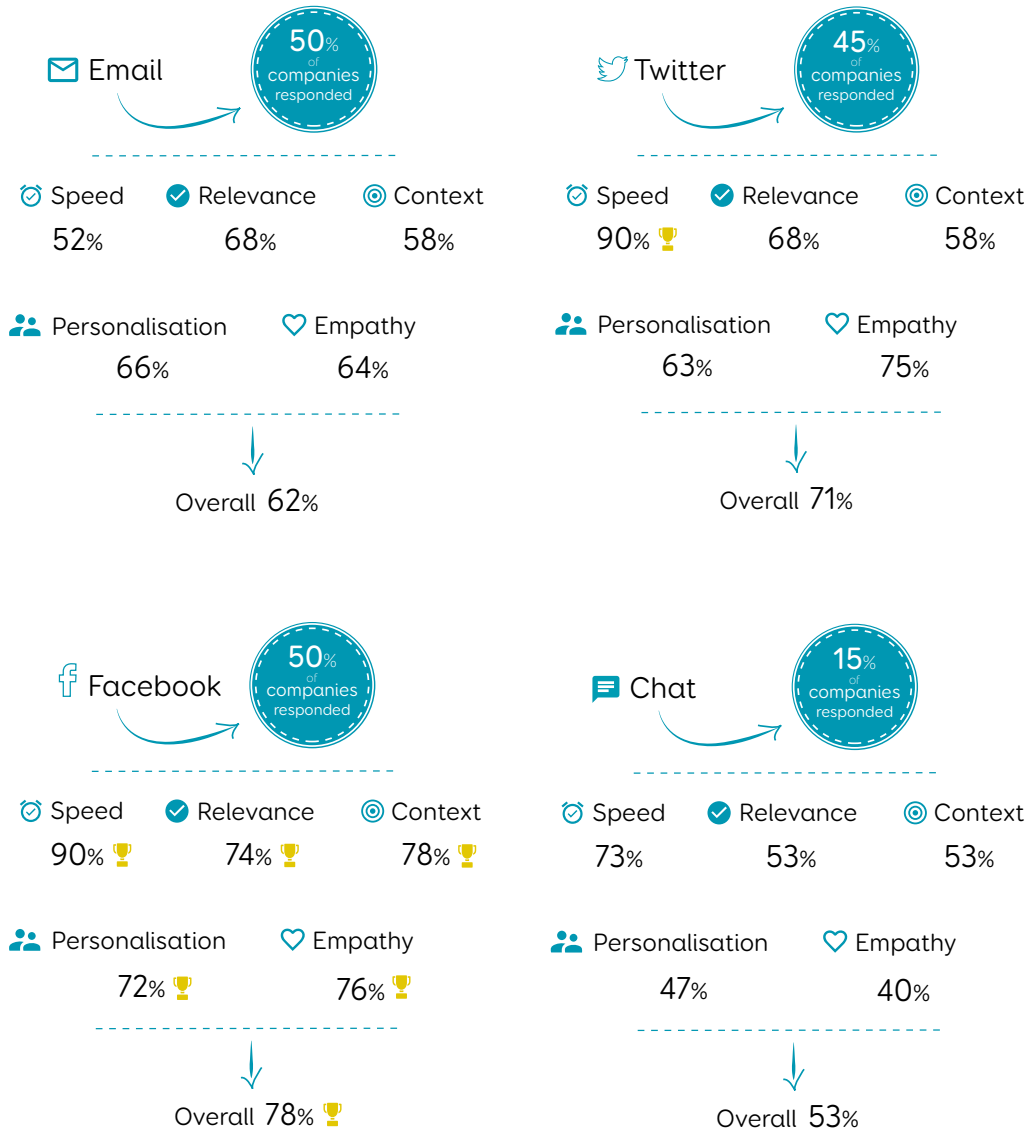- **Personalisation** – was it personalised to the respondent?
- **Empathy** – did it show real empathy with the consumer's needs?

Each response was scored on a scale of 0-5 for each criteria. For example, to receive 5 out of 5 (100%) for relevance it had to provide a full reply that successfully answered the question, without a consumer having to send a follow-up message or visit another channel. Results were then aggregated and expressed as a percentage, measuring responses against the criteria.

Given that **just 40% of all questions were answered on chat, Twitter, Facebook and email**, analysing responses only provides a partial picture, particularly as no companies responded on all four channels. However, it does show that some insurers are embracing factors such as personalisation and empathy, while others are lagging behind. Certain channels, notably social media, scored more highly, with Facebook (78%) and Twitter (71%) achieving the highest overall ratings.

Detailed Analysis

Email
50% of companies responded

⏰ Speed	✅ Relevance	◎ Context
52%	68%	58%

👥 Personalisation	♡ Empathy
66%	64%

Overall **62%**

Twitter
45% of companies responded

⏰ Speed	✅ Relevance	◎ Context
90% 🏆	68%	58%

👥 Personalisation	♡ Empathy
63%	75%

Overall **71%**

Facebook
50% of companies responded

⏰ Speed	✅ Relevance	◎ Context
90% 🏆	74% 🏆	78% 🏆

👥 Personalisation	♡ Empathy
72% 🏆	76% 🏆

Overall **78%** 🏆

Chat
15% of companies responded

⏰ Speed	✅ Relevance	◎ Context
73%	53%	53%

👥 Personalisation	♡ Empathy
47%	40%

Overall **53%**

Quality of Insurance Conversations across all channels

⏰ Speed	✅ Relevance	◎ Context
76%	68%	64%

👥 Personalisation	♡ Empathy
65%	68%

Overall **68%**

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Conclusion

Despite progress on channels such as chat and the web, the insurance sector seems to be struggling to meet increasing consumer expectations and growing volumes of digital interactions.

Some insurers are pulling ahead, investing in the customer experience to deliver superior service that goes beyond speed and relevance to focus on areas such as empathy, personalisation and context. **They are enabling meaningful conversations between themselves and consumers, allowing an ongoing dialogue that boosts loyalty, sales and creates brand advocates.**

However, others are slipping behind, unable to provide answers to routine questions on the channels that consumers use most regularly. This gulf will **ultimately hit the bottom line of these laggards**, as consumers switch to those that offer the fast, relevant service that they expect and demand.

To succeed insurers need to look at how technology can help support the customer experience. Solutions **built on artificial intelligence and natural language processing allow insurers to better understand what customers are asking**, automatically provide relevant, consistent answers from a centralised knowledge base and empower their agents with the tools and information they need to do their jobs more productively.

The insurance market is already highly competitive, and competition is only going to increase. To deliver the experience that consumers demand, while still operating efficiently, insurers need to benchmark their performance and invest in technology to augment their capabilities if they want to survive in the new digital world.

Methodology and companies surveyed

The 2017 Eptica Insurance Conversation Study evaluated the customer service capabilities of **20 leading UK insurers in five ways - through the web, email, Twitter, Facebook and chat**. It also questioned 1,000 consumers on their views and satisfaction levels with the customer experience provided by insurance companies. Research was completed in Q2 2017.

The aim was to replicate the actual consumer experience to provide effective, meaningful results across each channel:

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

✓ Send 1 sector-specific question via email, Twitter and company Facebook page.

✓ Record if channel unavailable and measure length to time to receive a response.

✓ Check if response answered the question - score 1 for a complete answer, 0 for not found or ½ for partial answer.

✓ Visit each website, search for chat option. If available start chat session and ask insurance specific question.

✓ Time the session from initiation of conversation to end.

✓ Did the response answer the question? Score1 for a complete answer, 0 for no or ½ for partial answer.

✓ Compare the answers received via Twitter, Facebook and chat and email. Were they consistent?

Methodology and companies surveyed

✓ Evaluate the answers given on chat, email and social media against five set criteria for speed, relevance, context, personalisation and empathy. Each response was scored on a scale of 0-5 for each criteria , with 5 being the highest score.For example, to receive 5 out of 5 (100%) for speed on Twitter the response had to be received within 30 minutes.

⏰ **Speed** – how quickly was it provided, with higher marks awarded for faster responses

✓ **Relevance** – how relevant was the response and did it answer the question?

◎ **Context** – did it show understanding of the whole question or respond solely to part of it?

👥 **Personalisation** – was it personalised to the respondent?

♡ **Empathy** – did it show real empathy with the consumer's needs?

✓ Ask 1,000 UK consumers for their level of satisfaction with the customer experience received across individual channels and their views and expectations of insurance customer service.

Questions included:

- Do I get a discount if I take out multiple policies with you?
- What is your cancellation policy?
- Does my car insurance cover me to drive in Europe?
- Is cash covered under my household policy?

Insurers surveyed (in alphabetical order):

- 1st Central
- Admiral
- Aviva
- Axa
- Churchill
- Co-op
- Covea
- Direct Line
- Esure
- Hastings
- Legal & General
- Liverpool Victoria
- More Than
- NFU Mutual
- RIAS
- Sabre
- Saga
- The AA
- Zenith Insurance
- Zurich

About Eptica

Eptica is a leading **European technology company** specialising in **intelligent platforms for digital customer experience.** Eptica provides **conversational and collaborative solutions** powered by AI.

Founded 16 years ago by Olivier Njamfa, Eptica supports brands to make digital **CX the key link in the value chain**, ensuring their customer service delivers value to consumers and across their business.

Globally, more than **450 organisations across all industries** rely on our solutions on all digital channels, including **self service & knowledge base, email, chat and social media. We enable millions of individuals to engage in meaningful conversations with brands improving daily lives for everyone.** Customers include AXA, L'Occitane, Dixons Carphone, Crédit Agricole, Domestic & General, AirAsia, Hastings Direct, TUI, Debenhams, Capita and Ageas Insurance Solutions.

Specialising in **Natural Language Processing** (NLP), Eptica makes **the best use of AI and cognitive technologies for CX**, enabling brands to improve:

1 - Customer satisfaction

2 - Competitiveness: equipping organizations with bots that automate simple tasks and provide decision support tools to enhance agents, generating greater productivity and allowing agents to focus on more complex conversations and enabling sales

3 - Customer knowledge: generating insights that guide brands and their operations.

Eptica has offices in Paris, London, Boston and Singapore. Follow us on Twitter: @Eptica. Discover our news and opinions on the market in our blog.

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MEANINGFUL CONVERSATIONS

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