

The Role of DCTs in Customer Journeys

Prof. Dr. Peter Maas

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Institute of Insurance Economics (I.VW) – Quick Facts

I.VW



Founded in 1949; ~25 employees
International knowledge broker with a focus on risk and insurance management



University of St. Gallen

The Four Pillars of the I.VW



Research
Financial risk mgmt | Customer value | Retirement plans



Education
on Bachelor, Master and PhD-level



Executive Education
Open management seminars | In-house programs



Projects
Trend monitoring | Innovative models, ideas & studies

Customer Journeys – A New Way of Looking at Customer Experience

Touchpoints

- interaction partners
- means of interaction
- phases / situations
- increasing variety of options

Trustpoints

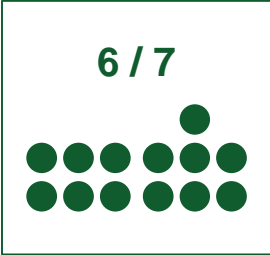
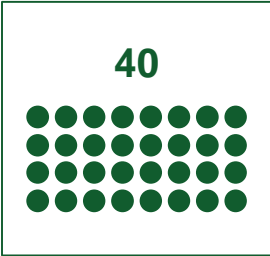
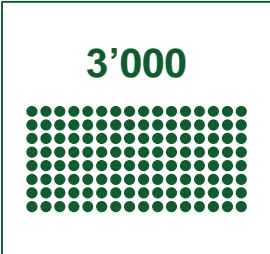
- making customer experience tangible
- influencing emotionality

Main research questions:

How do customers behave along their insurance customer journeys?

- Defines the **customer experience**
- Allows a **deeper understanding of customers** and their requirements
- Provides **opportunities for influencing** customer perceptions, desires, ...

How did We Approach the Empirical Process of Gaining Knowledge?

	Sample	Methodology	Insight
1	6 / 7 	Focus Groups	<ul style="list-style-type: none">▪ Conceptual structure▪ Trends and expectations
2	40 	Interviews	<ul style="list-style-type: none">▪ Detail understanding of customer behavior▪ Definition of the overall concept and the quantifiable questions
3	3'000 	Panel Surveys	<ul style="list-style-type: none">▪ Quantification of correlations▪ Multidimensional statistical analysis▪ Representative of the basic population



**Valid and representative results based on a broad foundation
and with a unique level of detail**

What are the Results?

A Customer Journeys in the Status Quo

- Individuality
- Interaction choice and switching behavior
- Influencing Factors



B Transforming Customer Journeys

- Customer Perception
- Digitalization, Individualization, Emotionalization
- Evolution of technologies and offerings



- Necessity
- Characteristics
- Behavior and preferences

C Segmentation

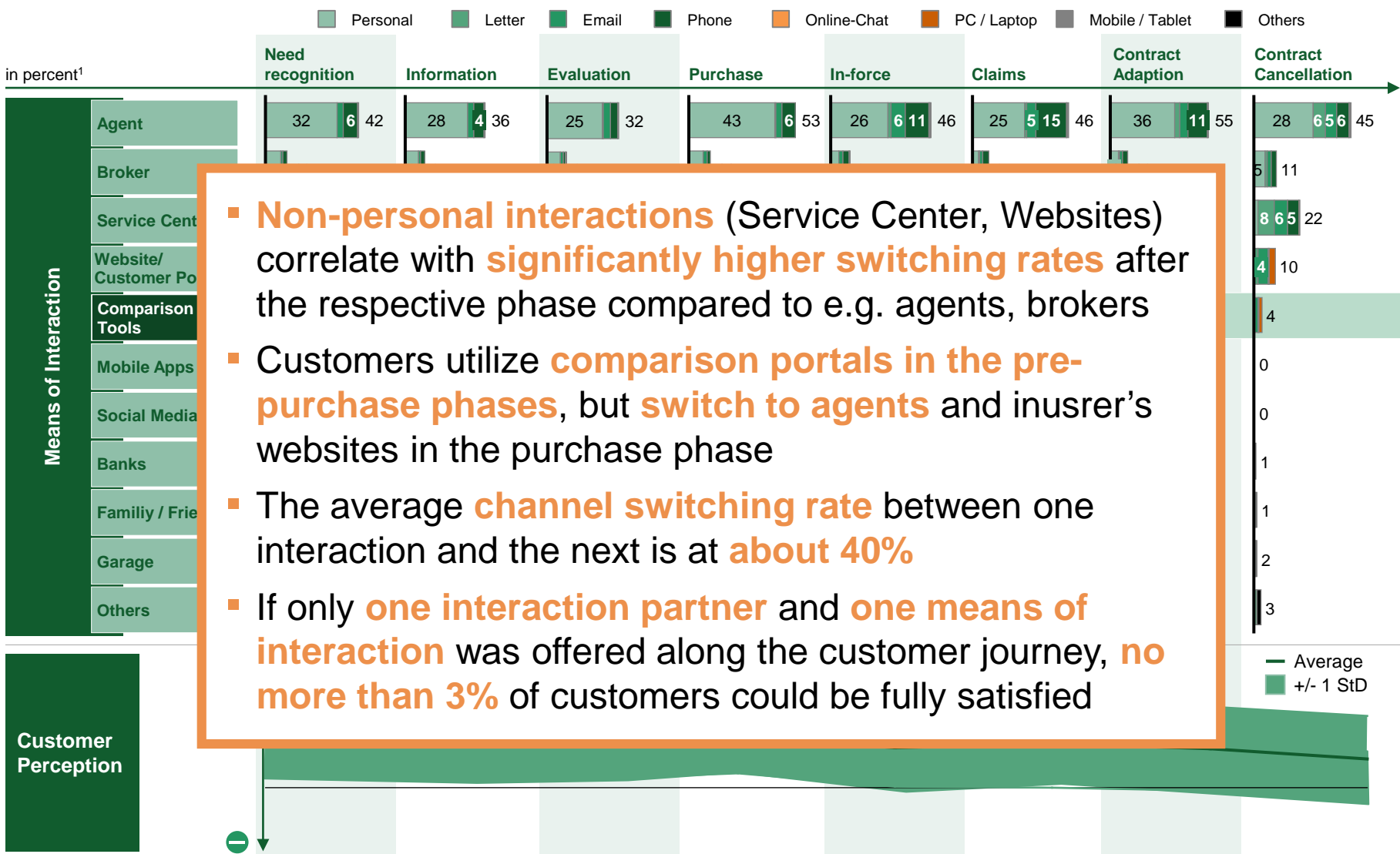


D Recommendations for Action

- Customer ownership
- Channel cooperations
- Lower switching barriers and thinking beyond channels



A Agents are being Contacted Most Frequently – However, Digital Means of Interaction incl. Comparison Tools are Gaining Traction



- **Non-personal interactions** (Service Center, Websites) correlate with **significantly higher switching rates** after the respective phase compared to e.g. agents, brokers
- Customers utilize **comparison portals in the pre-purchase phases**, but **switch to agents** and insurer's websites in the purchase phase
- The average **channel switching rate** between one interaction and the next is at **about 40%**
- If only **one interaction partner** and **one means of interaction** was offered along the customer journey, **no more than 3%** of customers could be fully satisfied

Customer Perception

© A New Segmentation Approach is Required to Address the Right Customers in the Right Way

Utilitarian

Optimizes the perceived utility in each phase and accordingly is highly opportunistic in making choices

Hedonist

Is committed and interested in the topic and knows it relatively well

Cost Minimizer

Minimizes the monetary and non-monetary (time, effort, ...)
cost

Relational Type

Prefers bonding with people on a personal level

**DCTs are of relevance to all segments except for relational types.
... so everything is fine?**

There Are Some Critical Voices Regarding DCTs

Moneysupermarket TV ad draws complaints as trust in comparison sites slips



Press release
CMA steps in to give people a better deal on comparison sites

News > Business > Business News
Price comparison sites accused of best energy deal

The Big Deal has accused of commission

Simon Read | @simonread | Monday

26.10.2017 | Recht
Check24 startet Frontalangriff auf Personal Insurance
Der Bundesverband Deutscher Versicherungs...
Ordnungsmittelantrag vor Gericht eingereicht
Auflagen des Urteils vom April hält...
bei BVK-Vermittlern.

Price comparison websites are far from epic

Many users believe these services are unbiased — they are sadly deluded

How Customer-Centric are Comparison Sites?

Household Insurance @ Comparison Site give customers a good first overview....

...but do they actually reflect customer value?

Preis-Leistungs-Empfehlung

29,07 € jährlich

asspari
asspario best select

CHECK24
1,2
Tarifnote
sehr gut

- ✓ Versicherungssumme: 32.500 €
- ✓ Wertsachen: 9.750 €
- ✓ Grobe Fahrlässigkeit: 32.500 €
- ✓ Diebstahl aus Kfz: 1.500 €

Vertragsunterlagen online/digital
Flexibel Täglich kündbar

[Online Antrag »](#)
[Angebot »](#)

Tarif vergleichen 69 Bewertungen ★★★★★ Details anzeigen

Leistungs-Empfehlung

30,20 € jährlich

die Bayerische
die Bayerische Prestige

CHECK24
1,0
Tarifnote
exzellente

- ✓ Versicherungssumme: 33.000 €
- ✓ Wertsachen: 13.200 €
- ✓ Grobe Fahrlässigkeit: 33.000 €
- ✓ Diebstahl aus Kfz: 2.500 €

Hotelkosten: 365 Tage
3 Jahre ohne Vorschaden

Flexibel Täglich kündbar

[Online Antrag »](#)
[Angebot »](#)

Tarif vergleichen 760 Bewertungen ★★★★★ Details anzeigen

Berechnung der Tarifnote 1,0 (exzellente)

Der Tarif erreicht die Gesamtpunktzahl 139 von 143

Versicherte Sachen	24 von 24
Einrichtung, Kleidung, Haushaltsgeräte	✓ 16 von 16
Wertsachen	✓ 8 von 8
Besonderheiten	6 von 6
Schäden durch grobe Fahrlässigkeit	✓ 6 von 6
Versicherte Gefahren	60 von 62
Leistung bei Feuer	✓ 20 von 20
Leistung bei Einbruchdiebstahl	✓ 20 von 20
Leistung bei Leitungswasserschäden	✓ 12 von 12
Leistung bei Sturm- und Hagelschäden	✓ 8 von 10
Wo ist Ihr Hausrat versichert?	25 von 25
Hausrat in Wohnung oder Haus	✓ 16 von 16
Hausrat in Garagen auf dem versicherten Grundstück	✓ 4 von 4
Außenversicherung	✓ 5 von 5
Versicherte Kosten nach Schadensfall	6 von 6
Gebäudereparaturkosten nach Einbruch	✓ 2 von 2
Transport- und Einlagerungskosten	✓ 2 von 2
Hotelkosten	✓ 2 von 2
Versicherungsgesellschaft	17 von 20
Kundenbewertungen	✓ 3 von 6
Servicebewertung (Dauer bis Versicherungsschein im Briefkasten, Erreichbarkeit Service Hotline, etc.)	✓ 14 von 14

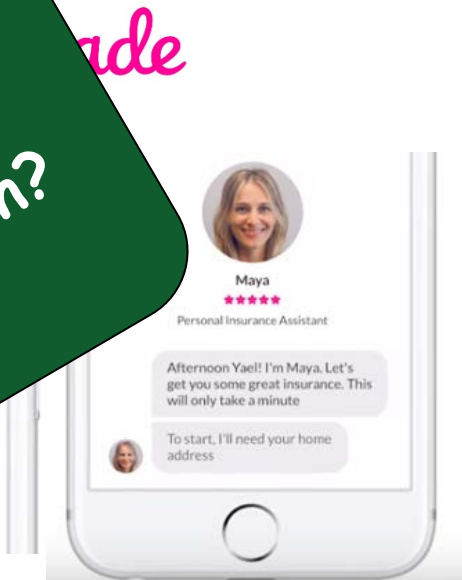
✓ gut
✓ durchschnittlich
✗ unterdurchschnittlich

- ✓ Compare price and basic coverage info
- ✓ Some additional info regarding termination flexibility & special conditions
- ✓ Performance rating generated by the comparison site

Can Comparison Portals Consider Unconventional Business Models?

Household Insurance @ Comparison Site
 give customers a good first overview....

...but can they evaluate new business models?



Do you want to compare a product or a value proposition?

- ✓ Compare price and
- ✓ Some additional info
 termination flexibility
 conditions
- ✓ Performance rating generated by the
 comparison site

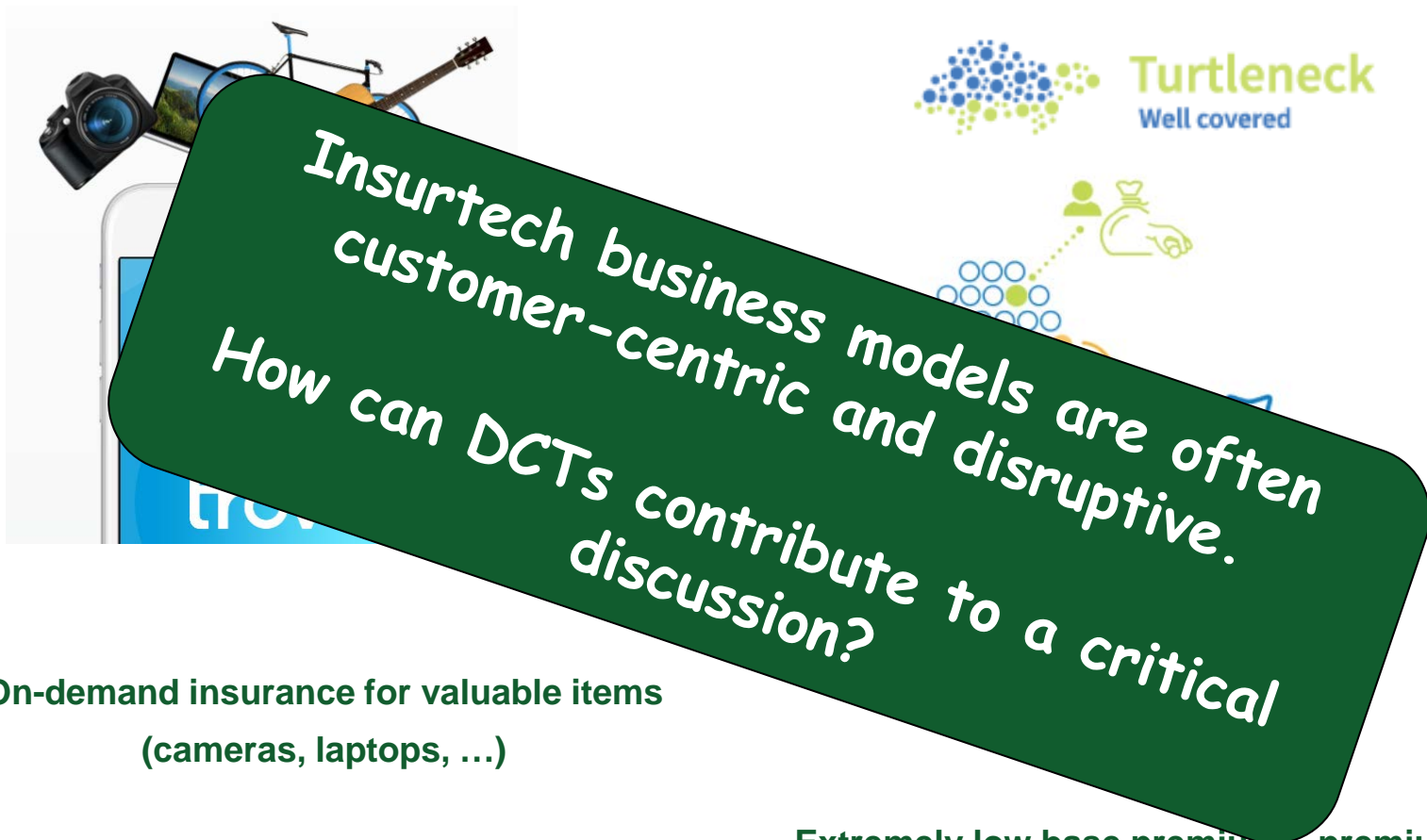
- ✓ Online contract
- ✓ Transparent peer group based
 insurance
- ✓ Extremely fast claim payments
- ✓ Giving back to charitable
 causes

Financial Services are Changing Quickly. Can DCTs Keep Up?



Until all aspects of an insurance are truly made comparable, do comparison sites do more harm than good?

Insurtechs Often Introduce Completely New Business Models



On-demand insurance for valuable items
(cameras, laptops, ...)

Daily premiums, protection can be turned
on or off spontaneously via app

Extremely low base premiums, premiums
dependent on # of death incidents
→ flexible cost structure!

The Road Ahead - Opportunities and Challenges from a Customer (Journey) Perspective

Inside perspective

- High prevalence in pre-purchase phases provides an interesting entry point
- Utilized by majority of customers at some point
- DCTs offer a service people can find nowhere else

- Move from offer comparison tools to systems providing integrated customer value
- Avoid customers switching to other interaction partners by addressing all stages of the journey
- Address customer segments with a less opportunistic focus

Opportunities

Challenges

Outside Perspective

- Higher customer trust in what they perceive as independent entities as compared to financial services providers

- Dealing with pseudo-transparency – how can innovative products be considered?
- Ensure real independence - stepping up to legislation in the broker / intermediary debate
- Becoming a force against the market's information asymmetry

Thank you!

