Breaking down the barriers –

Market Research in insurance: demonstrating customer understanding & satisfaction, satisfying the Regulator

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FSF, 6th September 2016

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INTRODUCTION

AGENDA

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- Introduction
  - TCF, ICOBS, Insurance Act, etc
  - Requirements on companies
- I. Satisfying the demands of the regulator
  - Mystery shopping of business partners' sales channels
  - Family LEI communications suite testing
  - NPS testing (generic)
- II. Shaping customer journey
  - The Sales Customer Journey (Behavioural economics)
  - The Claims Customer Journey (NPS in claims context)
  - Towards Customer excellence

THE REGULATORY ENVIRONMENT

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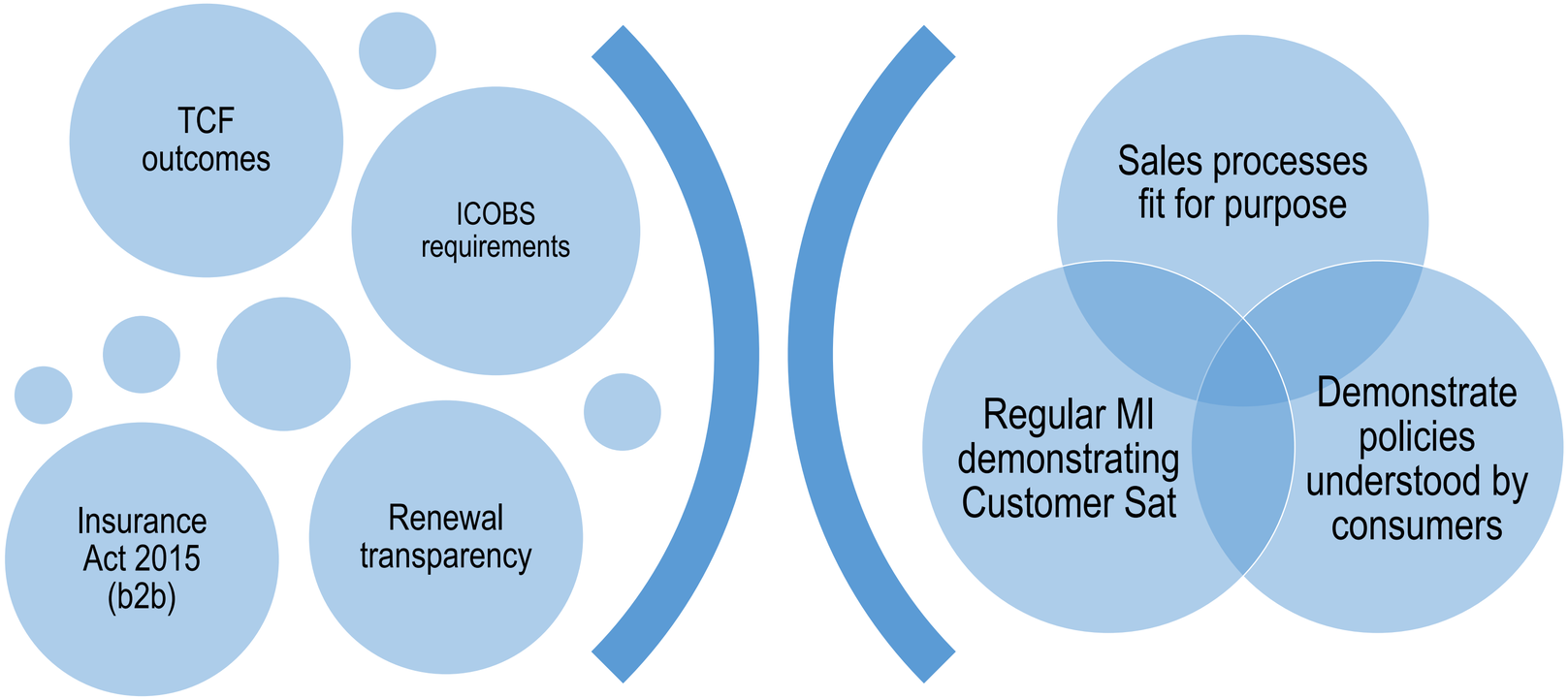

Regulation

Requirements on companies

INSURERS RESPONSE

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Possible research approaches

Gain a better understanding of distributor sales	Mystery shopping case study
Standards testing of all new products and literature	Communications testing of Family Legal Protection case study
TCF outcome to demonstrate customer satisfaction	NPS Benchmarking among brokers and customers
Sales Customer journey	Behavioural economics

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MYSTERY SHOPPING CASE STUDY

MYSTERY SHOPPING CASE STUDY OBJECTIVES

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Business objective

- Developing practices that regularly check how effectively DAS' business partners (BP) are selling DAS LEI product.

Method

- Observation of customer journey using Mystery shopping; underused technique
- Pilot comprised 270 mystery shops via in-branch f2f, telephone and on-line.
- Shoppers used marking sheets covering 7 sections e.g. advisor knowledge/ speed of quote, etc rated on min-max scale post shop

Key research objectives; To understand:

- DAS business partners' LEI sales channels and processes; and if differences exist between
- How and when LEI is introduced during the sales process;
- What information partners provide to end consumers at the point of sale;
- The quality of understanding of the LEI add-on by the sales representative
- If mystery shopping an **add-on** is feasible

CASE STUDY RESEARCH CHALLENGES

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Known in advance

- LEI is an add-on, home insurance is core reason for sales inquiry;
- Different versions sold via the same sales channel;
- Ensuring shoppers use genuine information; e.g. claims register checks;
- To obtain documentation, necessary to buy cover/cancel within 14 days;
- Avoiding detection - sufficient scenarios/ shoppers;
- MRS rule 45 - employees are not recorded and their identities are not revealed.

Trial and Error

- Impact of recent flooding on willingness to quote;
- Insurers ‘no quoting’ home for unspecified reasons;
- Expected length of enquiry versus reality impacting strike rates;
- F2F in branch requiring appointments often weeks in advance;
- Different BPs cover explanations of exclusions in different ways – video vs policy wording vs WOM.

OUTCOMES OF MYSTERY SHOPPING RESEARCH

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Results

- Significant variation exists between:
  - Sales channels: F2F in branch, Telephone, remote on-line
  - Different types of BPs - banks, building societies, insurers
  - Sales channels within the same BP

- Red flags for Regulator where accepted policy is not adopted e.g.
  - Adviser told shopper LEI integral when separate add-on
  - When shopper asks what is excluded told to *"look it up on-line"!*

Enabling the insight to be used….

- To demonstrate to FCA that add-ons are being understood by consumers, and where they are not that steps are being taken to improve BP training;
- To discuss individual BP performance and tailor training needs accordingly, and
- To develop a future mystery shopping tracker across a range of sales channels.

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COMMS TESTING CASE STUDY

BACKGROUND TO COMMS TESTING CASE STUDY

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DAS' business objective

- Ensure that new products and new literature are tested with end-customers post-development but pre-launch;

Key research objectives

- To build & refine the required set of testing standards and question bank to ensure they are compliant;
- Understand if an online quantitative approach would work
- Test sample range of DAS communications against the relevant standards to validate if fit for launch

Pilot methodology

- Online quantitative research [6X100 consumer interviews];
- 10 -20 minute scripts using Decipher
- Plus a range of qualitative deep dive techniques
- Quick, efficient, cost-effective while allowing real-life engagement and flexibility of format/ medium.

THE COMMS TO BE TESTED

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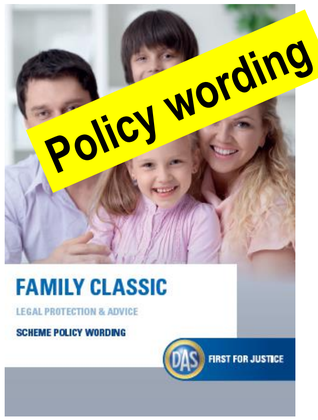
Testing six Family LEI communications



- Each communication was tested across five broad criteria: **Usability, Understanding, Purpose , Tone of Voice and Brand** amongst a nationally representative group of 100 target consumers
- Respondent can refer back to the communication ***at all times***
- Initial pilot standards for each were set at:
  - **Understanding, Purpose, Tone of Voice and Brand:** Red = 0-59% agreement, Amber = 60-69% and Green = 70% plus.
  - **Usability:** Red = 25% and over who could not find information, Amber = 16-24% and Green = 15% or less
- Each communication was given a traffic light rating for the five criteria (where possible) based upon the average score given

ILLUSTRATIVE DASHBOARD REPORTING

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- In the example, all communications found to be above the set standards for Understanding, Purpose and Brand;
- If say, some consumers had difficulty in pinpointing specific information in a communication, then usability is easily rectified.

TARGET	Usability	Understanding	Purpose	Tone of Voice	Brand
	Red ≥ 25% could not find info Amber = 16-24% and Green ≤15%	Red = 0-59% agreement, Amber = 60-69% and Green = 70%+			
Flyer					
Key Facts					
Policy Wording			*NA*		
Prospects of Success video	*NA*				
Webpages 1 & 2					
Webpages 3 & 4					

COMMS TESTING PILOT LEARNING

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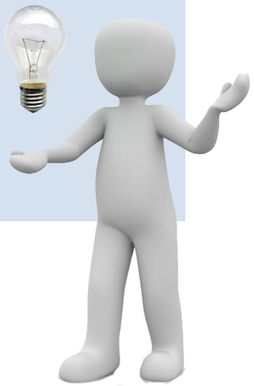
Delivered insights:

- Consumer journey to access information;
- All comms tested fulfil their core purpose;
- Any underperforming parts of the communication.



Outcomes:

- DAS able to judge whether comms are fit for launch;
- Ability to amend standards for benchmarks;
- Ability to demonstrate to FCA process undertaken to meet requirements.

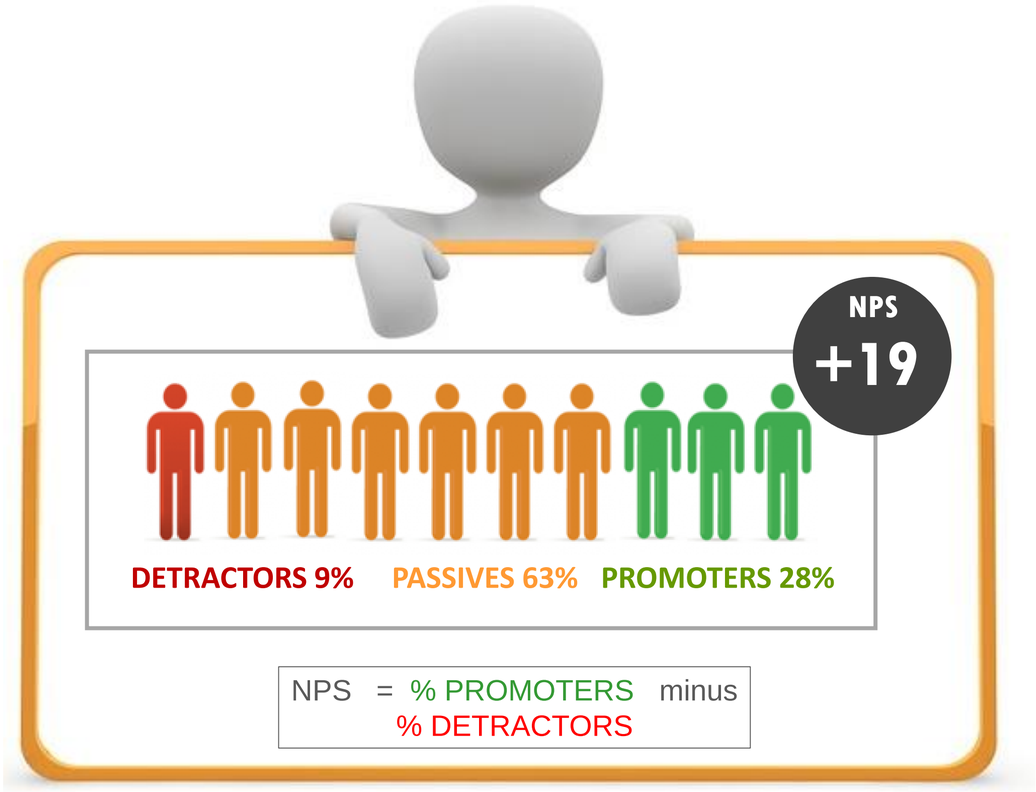
Things that work better with this technology:

- Quantifiable measure against key criteria;
- Quick to get feedback and create dashboards;
- Highlighting facility within software engages well but outcomes can be hard to evaluate;
- O/e verbatims crucial in supporting raw scores.

Things work less well:

- Longer questionnaire than ideal online length / complex scripting of survey;

NPS


NPS
+19
DETRACTORS 9%
PASSIVES 63%
PROMOTERS 28%
NPS = % PROMOTERS minus
% DETRACTORS

15

NPS TESTING – THE BASICS

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What is NPS?

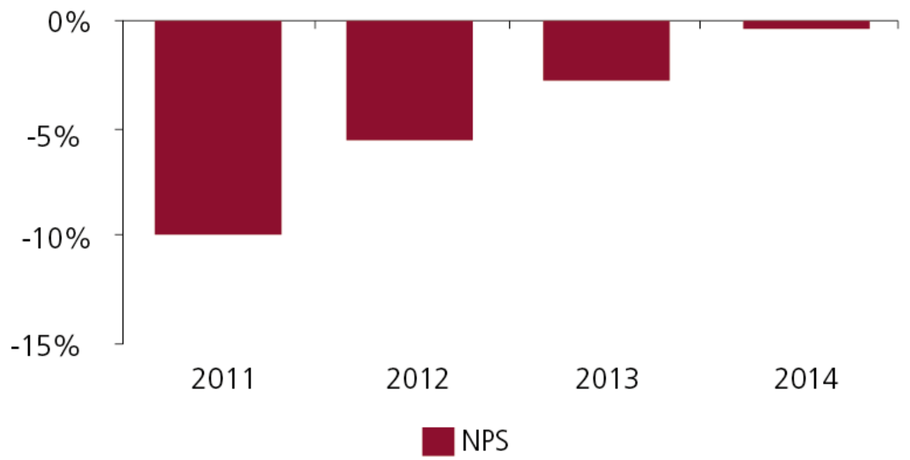
- Net Promoter Score (NPS) measures willingness of customers to recommend products or services;
- It's a loyalty index that has become a substitute for gauging overall satisfaction;
- Shows the proportion of 'promoters' (customers who say they would recommend the firm) minus the proportion of 'detractors'.

Why such appeal?

- Gets boards to hear the VOC; ubiquitous
- Research can be streamlined and therefore budgets too;
- Simplicity & transparency – "ultimate" question; benchmarking against cohort;
- Rightly or wrongly - it's here to stay.

Link with regulator/TCF outcomes

- Regular MI feedback to demonstrate customer satisfaction is a TCF outcome
- FCA annual report: *"FCA uses NPS as an outcome indicator of better service. Net Promoter Score (NPS) is used as a proxy for gauging overall satisfaction with firms' products or services";*
- Report shows continuing improvement: customers are becoming more satisfied with the services they receive from FS firms, as shown below…..



NPS BROKER BENCHMARKING

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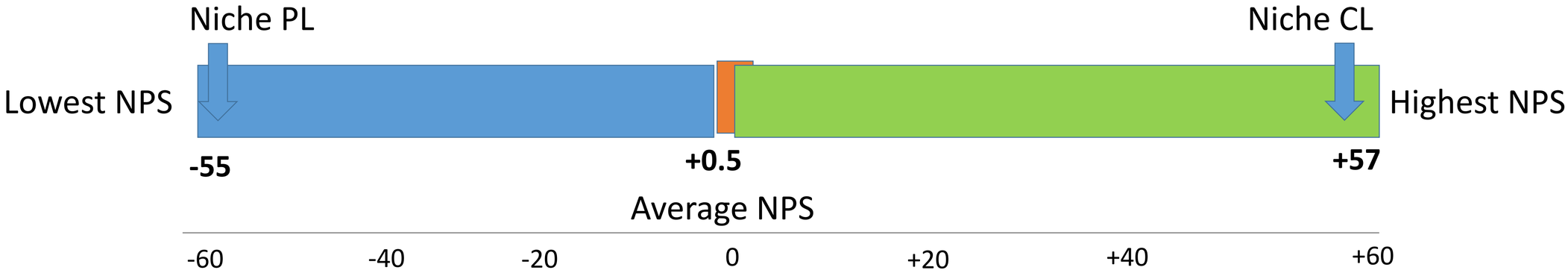
- GI market heavily intermediated so we often ask NPS among insurance brokers;
- Analysis of GI providers from 65 separate measures among 4000 broker interviews using FWD's Broking Now panel taken between 2012 and 2016 shows in range of -55 to +57, average of +0.5;
- Close to FCA measure of all FS companies but marginally higher



GETTING MORE FROM NPS

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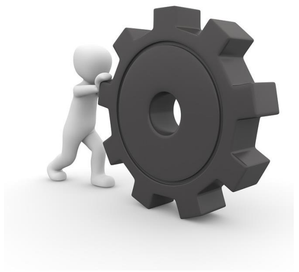
- How the serious marketeer can get more out of NPS:



- Understand importance of drivers of satisfaction: why the score is what it is and *how* it can be improved.
- If your target is the customer relationship and loyalty, NPS always will be a viable approach for consideration but use it as one of several measures, e.g. overall satisfaction

- Ask reasons “why?” of detractors and follow up red flags; why do passives like but not love you?
- Weigh the pros and cons of NPS and other approaches with a critical eye. Carefully consider your company and business model. Keep in mind the ultimate business objective: boosting customer loyalty as a path to improving customer profitability.

CONSUMERS' DRIVERS OF RECOMMENDATION

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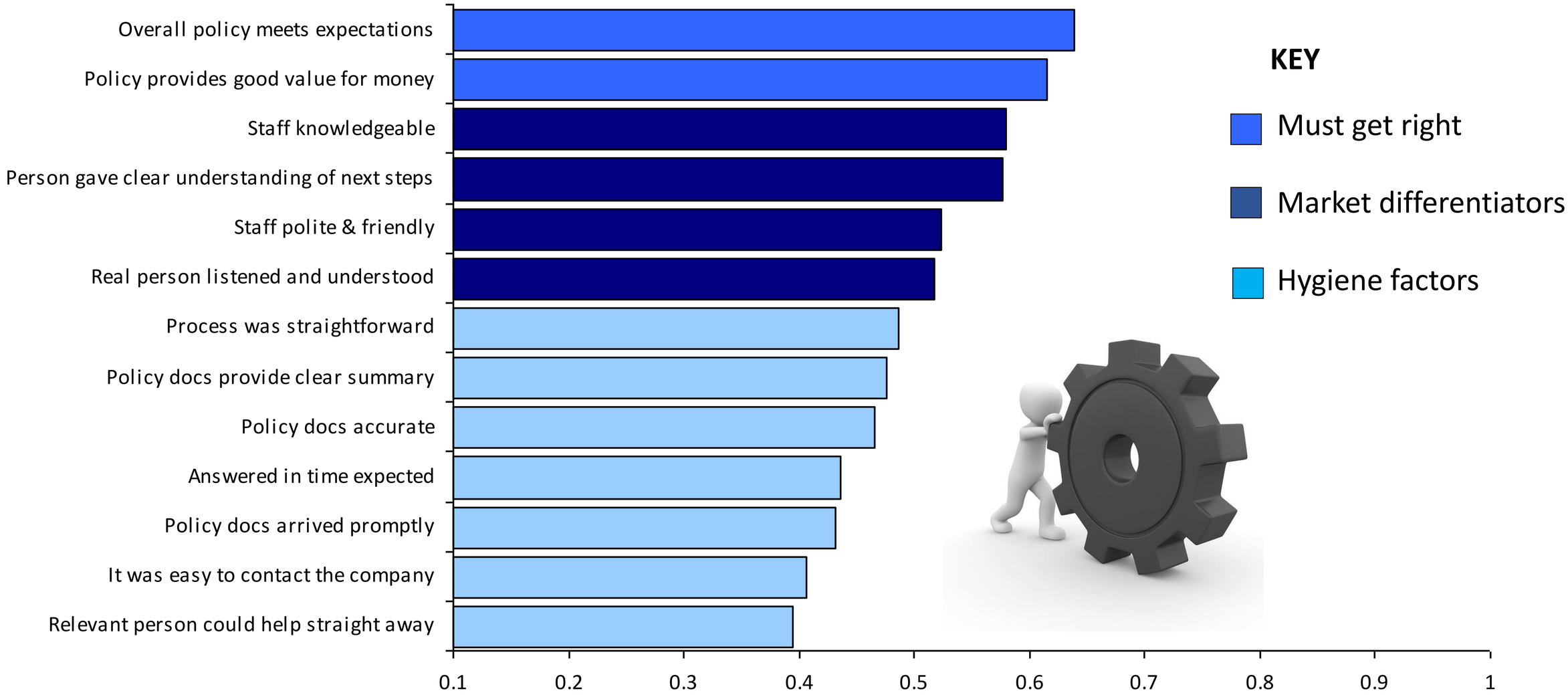

Influence of each attribute on likelihood to recommend a brand for future insurance needs

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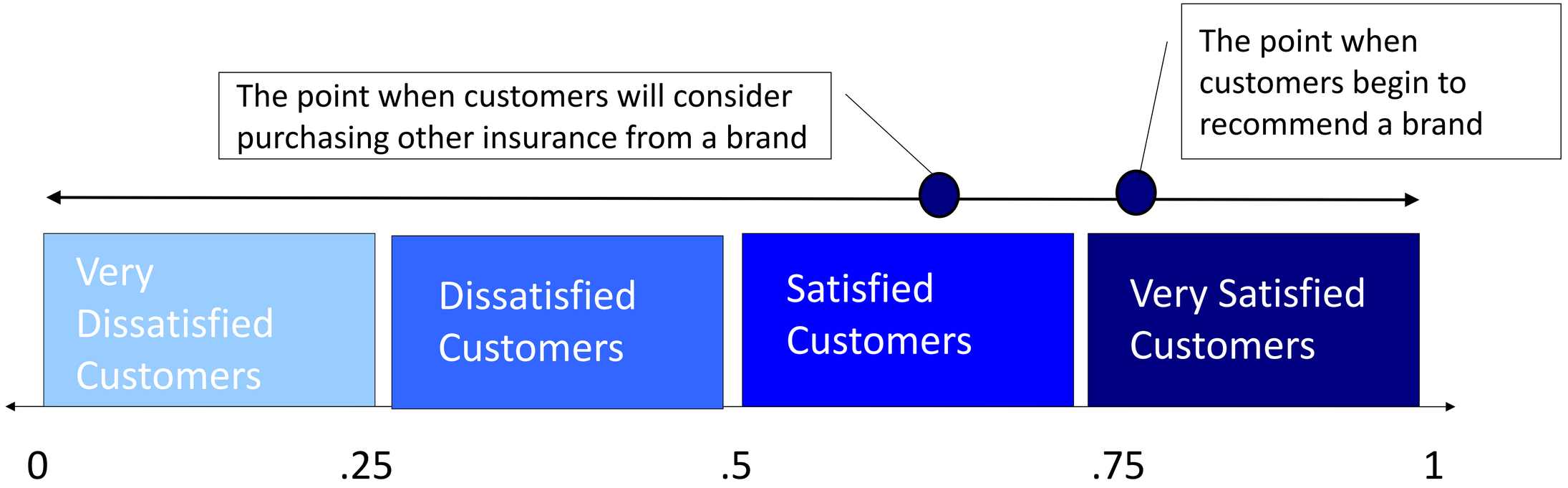
- Our survey data has, over time, proved that customer's satisfaction is highly correlated with their likelihood to recommend a brand (c0.8) and purchase other products from a brand
- In simple terms – the more satisfied a customer the more likely they are to recommend a brand or purchase more products from the brand



CONCLUSIONS

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- Regulator does expect more from insurers: boils down to general insurers need to demonstrate their policies and processes are fit for purpose and understood by consumers
- While undoubtedly presenting a challenge, requirements on companies need not present a barrier to marketeers/ researchers but should be embraced
- Don’t be frightened of embracing or adapting new research techniques and tweaking as you go along
- While getting them to hear VOC, challenge Board’s expectations to dive deeper and get more out of data than just top line
- Leave a documented audit trail to prove compliance/ customer understanding……
- Should all help to ***break down the barriers.***

THANK YOU

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