

Summary

There have been many articles written about companies “going Digital”. However, the definition of digital is often vague or has different meanings depending on the interpretation of what it means to be a digital enterprise. For many executives, it is about a technology solution set, but for others such as the Life and Annuity distribution channel, digital is a new way of engaging with customers. Companies who pursue digital channels are looking for more modern ways of changing their business model. For all executives in the organization, both technology and business, it is important to be unified on what digital means, the objectives of a digital strategy, and the impact to the existing business model.

This report is a 5-part series looking at the digital enterprise from different perspectives: the definition of Digital, the Consumer Perspective, the Agent Perspective, the Digital Ecosystem, and what we call The Digital Touch.

Part 5: The Digital Touch

This report is the final of a 5-part series on *the digital enterprise*. Our report provides a perspective we call *the Digital Touch*, the concept whereby insurance companies keep the dialog going, post-sale, and attempt to add value to existing customer relationships through a wide variety of avenues. We believe that Digital technology is having far-reaching consequences that go beyond the scope allowed by previous strategies.

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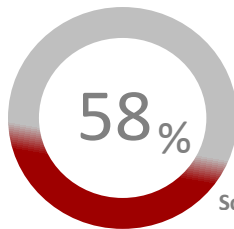
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Introduction

It is no secret that loyal customers are highly valued to businesses. They represent a huge lifetime value with respect to their repeat purchases and loyalty referrals. In fact, according to the White House Office of Consumer Affairs, on average *loyal customers are worth up to 10 times as much as their first purchase*.

Digital marketing allows companies to communicate directly with these customers. To keep the dialog going and attempting to add value to existing customers, companies provide access to their content and value propositions through a wide variety of avenues. This is normally done via sources such as website comments, direct messages, and social media posts (see figure 1). Importantly, these interactions can be related to potential new business sales or items completely unrelated to buying a new product. This digital touch demonstrates to customers that the company cares and is attempting to bring value in ways related to or unrelated to sales.

Our report looks at *the digital enterprise*, focusing on what happens after the sale.



customers expect an ongoing dialog

smartphone users feel more favorable towards companies whose mobile sites or apps remember who they are and their past behavior

Source: Hubspot

After the Sale

Gaining and retaining customer trust after the sale is vitally important when building customer loyalty. Client retention strategies indicate that businesses need to view a sale as the beginning of a relationship, and not just the consummation of a marketing sales strategy. Most businesses focus on optimizing the pre-sale to conversion rate, but it is just as important to spend time focusing on what happens after the sale, particularly customer retention metrics.

How does increased digitization support after-sale activities? Communication avenues are available via phone (inbound and outbound), directed email, banners on websites or mobile apps, and social media in the *digital world*. Communication can be used in many activities; in fact, the possibilities are endless, but the media types need to be prioritized to have the greatest impact, depending on the activity.

The first and probably most important after sale experience is customer service. Unfortunately, many companies have large holes in their customer service experience. A study by *Mattersight* reveals that just one bad service experience caused almost 70% of consumers not to buy from that company again.



While many articles talk about the key points of service focusing on great listening skills (especially letting the customer finish their story without interruption), showing empathy, apologizing, and obtaining a fast response, it's very difficult to display those qualities without digitization of company processes and data. Using the newer online channels for service also requires this same emphasis on data availability and process. This is not a new concept. Seamless integration between service technologies and channels, use of newer technologies such as online chat, online document signatures, and *telemed* as well the long touted requirement for easily accessible product information, customer transaction history, and customer service interaction data are critical for any service channel in order to provide excellent service. Yet there are still major holes in customer service; why is that?

Many companies have been on the *customer relationship management* (CRM) journey for quite some time. However, the existence of multiple legacy systems, repeated failed attempts at modernization efforts, the lack of data strategy that effectively supports service, analytics, as well as *continuous improvement* (CI) attempts targeted at cost reduction vs. process improvement driven by customer service journey, are major factors affecting a good customer service experience.

In the digital world there is access to an abundance of companies selling the same product or service. Consumers have many to choose from. A company that stands out with *integrity* and *excellent customer service* connects with the consumer and the business resonates with them. That has never been more important or more evident than in the current social and political environment.

While outstanding service interactions is the number one objective, constant and consistent communication is also a crucial step in building and keeping loyalty. Digital capabilities can easily support these efforts when used properly.

- Staying in touch with customers on an on-going basis does not mean an endless sales cycle for products though. It does however, mean follow-up with customers after sales or service events to **determine satisfaction** with the product or service
- Using customer **testimonials**, including experiences where issues occurred but were resolved as topics in newsletters, reflects to customers that the company has been listening and demonstrates the continued commitment to customer service
- A form of positive communication and an enticement for customers to engage with the company is the offer of **educational materials**. Engagement increases dramatically when companies offer educational opportunities via **webinars** and **other digital media** where the intent is clearly to impart information with no emphasis on new sales; it is a method of becoming a trusted advisor
- Giving something to the customer other than education is also a great way to keep customers engaged. Companies with **charitable foundations** can offer customers the chance to obtain contributions for their favorite charities from approved lists, for participating in **online gaming events** on their websites, or participating in surveys

Figure 1: What are the primary forms of media used in your content strategy?



Source: HubSpot Research, Global Survey, Nov - Dec 2019

Life Events

Nothing is more effective than personalized contact and nothing is more personal than life events. Information about the life events of customers such as job changes, home purchases, marriage, and the birth of children is information that is readily available.

Companies should be acquiring this information and using it to communicate in a highly personalized way with their current customers. While it is an opportunity to effectively cross-sell, it should be done in a very respectful manner and creating an impression of *communication* and support rather than just a *new sales opportunity*. Customers will be much more likely to open emails and engage if they understand that the company wants to have a relationship, and not just *another sale*.

Social Media

Social media is the strongest tool in the digital world for informing and maintaining customer relationships and loyalty. It is reflective of the current social and political environment and trends and allows two-way communication in both a business and personal environment. It can be used and is effective in many ways.

Personal sites such as Facebook and business sites such as Indeed or LinkedIn reflect customer's life events as well as their views and concerns. This content can be harvested and used in customer engagement.



Customer posts on certain topics can be reposted with supporting comments from the company, even noting what actions the company has taken on that topic. Companies with their own account on personal and business social media platforms can present their view on certain topics, awards they have won for service, community involvement, and special programs they are offering.

The discussion of personal and societal situations and concerns on social media means that social media can often serve as a predictor of future needs.

The Future

This series has presented a great deal of information on *digitalization* and its effect on the life insurance and annuity business. The information can be a little overwhelming especially when thinking about the *super platform ecosystem* (discussed in Part 4: *The Digital Ecosystem*). It is important to note that while not all businesses will be part of a super platform ecosystem, all companies must make significant progress on a *digitalization* journey of their own. Being able to operate effectively in a digital environment provides companies with more options to expand products and services, as well as to move up and down or across their value chain.

Success in the **digitalization** journey depends on several factors, some are more obvious than others.

- Just as there are new ways to use **data**, there are new ways (products, services and processes) that allow companies to obtain critical data, such as email addresses, providing more flexibility and cost effectiveness in on-going customer communication and interaction
- The recent pandemic has proved that work, communications, and events can happen via **digital communication methods**. Think out of the box; how could products like Zoom, Webex, Skype, or Facetime be used in customer communications?
- What improvements are there in the digital world to support **non-invasive gathering of medical information**? Or, how might companies look at the medical risk for individual policies differently (similar to what is done for groups) by restructuring their risk and pricing based on groups being underwritten once for all policies
- Nothing happens without the underlying data and **optimized business processes**; processes need optimization from a customer viewpoint, not just an 'internal process cost reduction' view. They are not mutually exclusive, and both should be considered in any CI or other process optimization efforts
- Companies with vast business on **legacy platforms** must find a way to quickly and cost effectively make that data available for digital consumption to compete with "greenfield companies" and to obtain the most value from current customers
- Greenfield companies have a great opportunity and need to develop their systems and platforms with a highly defined and **integrated data strategy** that allows both operational and analytical use of data with optimized processes

About the Authors



Linda Marr is a former insurance industry executive, guest author and delivery expert for Mantissa Group LLC, a strategy consulting firm serving the CIO executive and their extended leadership teams. Linda is the primary contributor to this report and a leading expert on wide variety of strategic matters affecting the CIO and their leadership teams. She also serves on the Mantissa Group advisory board. Linda is a key contributor to delivery efforts including **technology strategic plans, leadership development & coaching, and culture.**



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About Mantissa



Mantissa Group provides business and technology strategic consulting services. Mantissa supports the Chief Information Officer executive and their leadership teams, with a focus on CIO engagement as a business leader. Mantissa has practical experiences supporting leaders with **technology strategy, executive coaching, leadership development**, and relevant **research** for technology organizations.