Customer experience and your bottom line

Executive summary for the insurance industry

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Quantifying the customer experience

It should come as no surprise that companies that have a digital customer experience strategy tend to outperform those who do not. A quick search on social media for hashtags like "#CX" will provide many examples of how a focused approach to the digital customer delivers ample results. But what does the research say? Is there any hard proof to back this up?

Until now, quantifying the value of a customer experience strategy was next to impossible. Very few research driven reports existed. This lack of insight is why Avanade and Sitecore® teamed up with a third-party research team, Vanson Bourne, to survey hundreds of high-level decision makers in enterprises across industries and countries to get answers. Our results confirmed that progressive organizations are realizing quantifiable results and also exposed the extent to which organizations are struggling to stay ahead of customer expectations.

This report explores in more detail the insights captured from respondents working in the insurance sector and their relation to global and other vertical data.

For the full story and statistics, continue reading the summary below, or download the entire report at www.avanade.com/cxresults and www.sitecore.net/cxresults.

Just how valuable is customer experience for insurers?

Not only do those insurance organizations who invest see meaningful financial returns, they also experience significant intangible benefits across all aspects of the business: from customer satisfaction, to customer loyalty, to increased retention, revenues and improved sales cycles. The biggest improvements come in the form of customer focused benefits. The top examples are: a 31% improvement in customer loyalty and a 28% improvement in both the lifetime value of customers and the retention and acquisition of customers. (Figure 1).

Investing in customer experience strategy pays.

Respondents working in the insurance sector indicated that they see a return of US $3 for every US $1 spent on developing customer experience strategies, in line with the global return.

Achieved benefits from a CX focus over the last 12 months

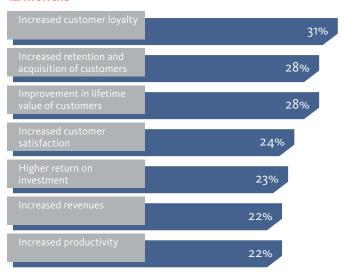| Increased customer loyalty | 31% |
Increased retention and acquisition of customers	28%
Improvement in lifetime value of customers	28%
Increased customer satisfaction	24%
Higher return on investment	23%
Increased revenues	22%
Increased productivity	22%

Figure 1: Analysis showing the average percentage increase of each realized benefit, asked to respondents in the insurance sector whose organization has seen at least one benefit to prioritizing the customer experience, respondents only saw those benefits they say have been realized (7-18 respondents).

Falling behind: only 12% of insurers are hitting the mark

98% of respondents from insurance organizations said that they have, or are developing, a formal customer experience strategy. Alarmingly though, just 12% say that they are one step ahead of customer expectations. That means that most insurers are, in fact, moving along with the crowd, with only a few actually ahead of the game.

The obstacles to getting there

So why are so few insurance businesses moving ahead with customer experience? 93% of respondents from insurance organizations say that they face obstacles to delivering a good customer experience. One explanation might be the sheer size of the challenge facing these businesses; more than eight in ten respondents say that they require improvements across the entire customer experience lifecycle, from building, developing and implementing systems and programs to managing and maintaining them. And 91% responded that improvements were needed when actually building out the strategy for the connected experience.

Three ways businesses can unlock customer experience value

Many businesses realizing the benefits of a customer focused experience strategy do so in three simple ways:
1. Invest in modern marketing technology.
2. Augment their expertise with a third party partner or by upgrading their skills.
3. Invest in a seamless customer experience management system.

Eight in ten (80%) respondents in insurance organizations said that they achieved their customer experience gains by upgrading and/or adopting a marketing technology platform. Over half (54%) said that their gains were thanks to enlisting a trusted, third-party partner, and/or investing more in upgrading the skills of their resources (Figure 2).

Additionally, 65% report that their organization is likely to invest in customer experience management over the next year; with those who do expecting an 11% increase in revenue as a result.

The reason these three tactics are powerful is simple. They provide the ability to offer customers personalized, relevant information at the right time, in the right context. It is this "frictionless" cross channel delivery of touchpoints that go hand in hand with happier customers and better results.

How benefits have been achieved

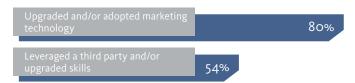|	
Upgraded and/or adopted marketing technology	80%
Leveraged a third party and/or upgraded skills	54%

Figure 2: Analysis showing the percentage of respondents from insurance organizations who have adopted the above methods to achieve the benefits they have seen in the last 12 months, asked to respondents whose organization has seen at least one benefit in the last 12 months as a result of prioritizing the holistic customer experience (35 respondents).

In summary

We live in an era where a high quality digital customer experience is expected. Until how, however, very little quantifiable data was available to show just how valuable it is. Avanade and Sitecore's joint report reveals an important truth. In insurance organizations, customer experience strategies generate huge returns – US $3 for every US $1 spent – and an overall increase of 31% in customer loyalty. But despite the high level of importance insurers are placing on customer experience, only 12% feel they are staying ahead of customer expectations, leaving plenty of room for insurers who can take the lead in developing strategies that really work.

Three actions can help turn your business into a winner:
1. Invest in your people and expertise
2. Implement innovative marketing technology
3. Introduce a seamless customer experience management system.

About the research

In February and March of 2016, a third party research firm, Vanson Bourne, interviewed 880 influential business decision makers across six countries and 14 industries. 57 of these came from organizations in the insurance sector. Respondents came from businesses larger than US $500 million in annual revenues.

Respondents were interviewed using an online methodology and a robust multi-level screening process was used to ensure only appropriate respondents participated in the project.

Want more insight on the importance of building a customer experience strategy?

Download the full report at www.avanade.com/cxresults and www.sitecore.net/cxresults.

About Avanade

Avanade leads in providing innovative digital services, business solutions and design-led experiences for its clients, delivered through the power of people and the Microsoft ecosystem. Our professionals combine technology, business and industry expertise to build and deploy solutions to realize results for clients and their customers. Avanade has 28,000 digitally connected people across 23 countries, bringing clients the best thinking through a collaborative culture that honors diversity and reflects the communities in which we operate. Majority owned by Accenture, Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation. Learn more at www.avanade.com.

About Sitecore

Sitecore is the global leader in experience management software that enables context marketing. The Sitecore® Experience Platform™ manages content, supplies contextual intelligence, and automates communications, at scale. It empowers marketers to deliver content in context of how customers have engaged with their brand, across every channel, in real time. More than 4,600 customers—including American Express, Carnival Cruise Lines, easyJet, and L'Oréal—trust Sitecore for context marketing to deliver the personalized interactions that delight audiences, build loyalty, and drive revenue. For more information, follow us at @sitecore or visit www.sitecore.net.

About Vanson Bourne

Vanson Bourne is an independent specialist in market research for the technology sector. Our reputation for robust and credible research-based analysis is founded upon rigorous research principles and our ability to seek the opinions of senior decision makers across technical and business functions, in all business sectors and all major markets. For more information, visit www.vansonbourne.com.

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