How putting the customer first transformed Zurich Insurance

ZURICH | Medallia

Synopsis

In this exclusive interview with Zurich Insurance's Global Head of Customer & Digital Office Monika Schulze and Global Head of Customer Insights & Analytics Clairy Moraitou, you'll get an in-depth look at their predictions for influential industry trends, the evolution of Zurich's experience management journey, the impact of customer centricity on the organization's business results and ability to innovate, and much more.

Insurance trends

Q.

What are the most influential trends shaping the insurance industry in 2019 and beyond?

The insurance industry continues to face fundamental changes

Focusing on better engagement with customers for increased satisfaction is a major trend. It's a deciding factor in whether an insurance company grows and generates profits while simultaneously improving underlying business performance.

A customer-centric insurance provider not only benefits from enhanced engagement with their customers for improved cross-sell and retention, but also fosters loyalty and builds sustainable growth without having to focus on the market's lowest price levels.

Simplifying the customer experience is essential if insurers are to drive higher engagement and meet the expectations that consumers have developed with other sectors such as retail, entertainment, travel, and banking. They want to receive service anytime, anywhere, through any channel, on any device they choose.

Doing business needs to be easy for customers, who need to believe they can rely on their insurer when things go wrong. Here are some key areas in which insurers can work to improve the customer experience.

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Simplify through digitization

In an increasingly digital world, digitizing the customer experience is key. Customers expect frictionless, connected services that are easy to interact with. They are embracing digital channels and technologies such as connected cars and smart home solutions.

Insurtech companies with pure-play digital business models, such as Lemonade for private customers or CoverWallet for small businesses in the US, are using digital applications to turn the process of buying a policy or filing a claim into a fast, simple and satisfying experience.

Insurtechs are leading the way by rethinking, streamlining and simplifying the entire customer experience. Many big insurance players are partnering with those start-ups to develop more agile and innovative digital propositions.

Master the customer journey

A key cultural barrier to achieving customer centricity is the silo mentality that tends to set in in many bigger companies. It often makes it impossible to achieve a single view of the customer and maximize satisfaction and profitability.

It is essential to think about the customer's journey from an end-to-end perspective, whether that's taking out a policy or renewing or making a claim. By considering more dimensions of the customer experience, companies can identify important pain points that cause frustration and erode customer satisfaction. A customer-centric organization has its ear to the ground to continuously improve customer experiences for all of the core journeys.

See your employee as your customer

Staff buy-in to customer centricity is important, so it's vital that employees stay motivated and supported. If they aren't, this will come across to customers and service will suffer.

And don't forget: employees are customers too. They interact with companies that deliver great customer experience like Amazon and Uber. When they come to work and don't find this same great experience from their company's service desk, it will jeopardize their productivity and overall work satisfaction. Poor productivity leads to frustration, which is often projected onto customers.

Q.

How do these trends inform Zurich's approach to experience management?

Here at Zurich in 2016, we decided to make customer focus one of the fundamental elements of our strategy, together with simplification and innovation

In fact, we declared customer focus as part of our purpose and values, too. And since then we have moved on and our aspiration is to be the first customer-led insurer.

We want to put customers at the heart of our decision making, from the design of new products to building systems and communications tools. We are carefully and constantly listening for emerging wants and needs from our customers. And we react to feedback by leveraging technology to make the most of digital developments to better service customers across all business lines and life stages.

Evolution of Zurich

Q.

In 2016, Zurich made an explicit commitment to becoming a truly customer-centric company. What's changed since then and how has your CX maturity evolved over the past three years?

We are all taking customer centricity more seriously than we did three years ago

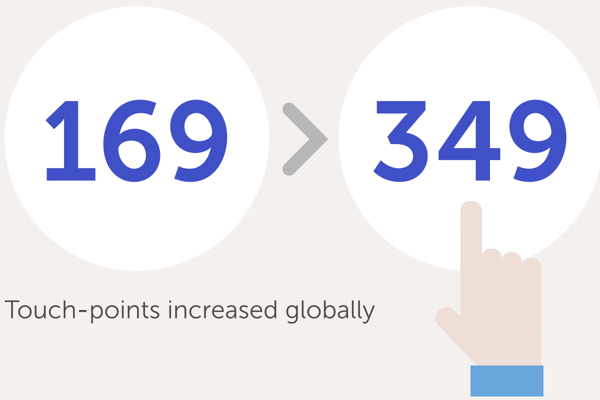
For example, we've started conducting Close the Loop calls with our customers to get a first-hand account of their pain points. And in many cases, we also get positive feedback. These calls serve as a core element of our NPS programs and allow us to identify root causes, instill customer-centric behavior, and make improvements based on the concerns surfaced.

We've also managed to raise awareness around the fact that focusing on customer relationships helps prevent expensive churn and increases share of wallet, retention, and loyalty. In other words: it has a measurable impact on our business results. For example, we've found a relationship between higher NPS and growth in the customer base, and we've correlated NPS and retention. In some countries, we've also seen a connection between eNPS and customer satisfaction. So we are now able to show actual cases that demonstrate the value of being a customer-led company.

To get to this level of maturity, we've implemented some key pillars in all the countries we serve around the world:

- We used the NPS program as a change management vehicle towards customer centricity and extended the scope from 18 countries at the end of 2017 and 23 countries at the end 2018, to 25 countries in the first half of 2019.
- To get up and running quickly and have a common language, we chose to use a single customer experience management platform, and decided on Medallia.

We significantly increased our touch-points globally from 169 to 349 to measure the journey end to end



Touch-points increased globally

- NPS has been part of our incentive system since 2018. This has been pivotal in driving change and overcoming resistance.
- We introduced a methodology based on the customer journey to encourage cross-functional working and a holistic way of interacting with customers. We significantly increased our touch-points globally from 169 touchpoints at the end of 2017 to 349 touchpoints at the end of 2018.
- We traditionally have been a company working in silos, but now we review customer feedback in cross-functional teams, come up with joint initiatives, prioritize them, and table them for investment approval. For example, in a number of countries our customers were asking for a claims tracker, a way to know what the status of their claim was through the claims approval/payment process. The respective cross-functional teams across the world worked together to make this work in a customer-friendly way. This was not only a claims team initiative, but also involved Customer Experience, Marketing, Communications, IT, and Operations to mention a few.
- We complement our customer data with employee data, so we can also learn from our people how to improve.

We've communicated every small success and shared specific examples among countries. We've created a digital book presenting examples of how we increased NPS results; for example, how improving communication in premium increased our Renewal touchpoint TNPS by 34 points in Australia, how matching the replacement car with the insured car brand/type of the customer increased our Car Claims touchpoint TNPS by 13 points in Turkey. We also encourage our customers to tell stories about how we helped them. For example, we've spread internally and externally the story of an elderly customer in the UK who used our Chatbot to file her claim, and gave us very positive feedback.

Q.

What are some of the most surprising or unexpected outcomes that this transformation has driven?

> We have high levels of engagement in close-the-loop calls not only by front line employees, but also leadership teams. A lot of colleagues were initially reluctant to talk to customers, but afterwards were surprisingly enthusiastic about it

The transformation has driven a widespread culture shift

It was good to see that we could improve our scores significantly in most of our countries in just a year. So we are very proud of the program and how far many countries have come. They are now in the driver's seat of growth.

We have high levels of engagement in close-the-loop calls not only by front line employees, but also leadership teams. A lot of colleagues were initially reluctant to talk to customers, but afterwards were surprisingly enthusiastic about it.

For example, one CEO of a particular office didn't really understand the connection between customer experience and business results. But once he started reaching out to customers, he couldn't get enough of it. One day he was approached by a customer right before she was about to go into surgery, which deeply touched this formerly skeptical CEO. Stories like this show me that we've managed to create a real culture shift in terms of customer experience.

We also received a lot of customer awards at the country level. The best achievement and biggest surprise was in the UK, where we were named one of the top 20 companies for customer satisfaction across industries, in the same league as Amazon and John Lewis. We jumped from 188th place in January 2018 to 12th place in January 2019 – a huge achievement for the program.

Challenges and achievements

Q.

The complexity of managing experiences at Zurich's global scale cannot be overstated. What are some of the practices you've instituted to ensure organizational alignment and execute on customer experience across markets?

> Having one language – our NPS methodology – helps, while celebrating success is also important to drive change and continuously motivate everybody

We have created a global framework and single platform to align the business worldwide

For us it was vital to maintain a global framework with basic principles and best practice methodologies, e.g., matching NPS feedback with end-to-end customer journey work, closing the loop with (at least) Detractors, forming cross-functional teams to review feedback and identify initiatives, embarking in analytics to identify CX impact on business and financial KPIs, as well as globally use a single platform – and then allow for freedom within the framework.

We conducted workshops in each country to get everybody on board and established frequent touch-points and communications with the CEOs and program leaders of the countries.

Having one language – our NPS methodology – helps, while celebrating success is also important to drive change and continuously motivate everybody.

Q.

The pace of innovation in the insurance industry is unprecedented. At Zurich you've recently concluded your inaugural insurtech competition. What innovations are you most excited about adopting to improve the customer experience?

Our latest exciting innovations are based on our customer journey and NPS feedback

One of the exciting initiatives is the Zurich Innovation World Championship, a global start-up competition seeking best-in-class customer solution innovations.

The competition is a further step in Zurich's aim to transform the insurance industry. Running in more than 20 countries worldwide, the championship is looking for start-ups in the fields of mobility, smart homes and buildings, digital health, and financial planning.

We have recently announced the winners. Toronto-based start-up Chisel AI took the top spot for its artificial intelligence (AI) solution that aims to improve the processing of unstructured data sources in insurance policy submissions. The silver award went to Zesty.ai for its AI-powered property analytics solution, while start-ups LifeNome and Soldier.ly both came in third.

I am also excited about all the innovative steps we have launched based on our customer journey and NPS feedback. Here are some examples:

- In the UK we launched Zara, a chatbot that makes it easy to activate a claim.
- We initiated a partnership with Apple to develop an app called MyCustomer that facilitates a seamless relationship between agents and customers.
- In Spain we launched an online platform to make it efficient and convenient for small business owners to be insured.
- Our communications material has been adjusted in many countries to become more readable and focused on branding.

Q.

What was the biggest hurdle to overcome since taking the reins as Zurich's Experience Management leader?

Challenging the belief that customer focus isn't related to the business

The biggest hurdle has been culture and moving away from the traditional way of doing business. For example:

- Customer focus was often completely decoupled from "real business." We heard statements like, "Love the idea about customers, but can we now get back to the real business?"
- There was a belief that we were so far from Amazon and Apple, so why even bother comparing ourselves with these companies?
- There was also a belief that the intermediary is the customer and that everything depends on the intermediary, so it is them that we need to keep happy and not the end users.
- We needed to move away from a focus on product specifications and risk profiles to take a holistic approach to servicing customers and catering to their actual needs.
- Our approach of optimizing within a functional silo often put informational barriers between different teams, which prevented collaboration and made it impossible to achieve a single view of the customer, understand their "journey," and maximize their satisfaction and profitability.

Q.

Zurich’s focus on experience management is not limited only to the customer. What connection is there between employee experience and customer experience, and how does Zurich continually improve the employee experience?

Happy employees make happy customers

At Zurich, in parallel with embarking on our customer-focused strategy, we have also been focusing a lot on improving employee experience. In fact, we have been measuring eNPS since 2017 and started initiatives driven by eNPS feedback. These initiatives have been on both a local and global level:

- Analyzing employee journeys, identifying pain points and launching initiatives to address these pain points. For example, redesigning our performance appraisal framework to allow for more simplicity and transparency, or concentrating all group-wide vacancies in one place on our intranet
- Launching mentorship and coaching programs
- Promoting diversity and inclusion
- Redesigning our performance management structure
- Allowing for transparency in recruitment

We have also demonstrated a very strong correlation between eNPS and rNPS (our relationship NPS) for the majority of our countries in the group.

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About Medallia

Medallia is the pioneer and market leader in Experience Management. Medallia's award-winning SaaS platform, the Medallia Experience Cloud, leads the market in the understanding and management of experience for customers, employees and citizens. Medallia captures experience signals created on daily journeys in person, digital and IoT interactions and applies proprietary AI technology to reveal personalized and predictive insights that can drive action with tremendous business results. Using Medallia Experience Cloud, customers can reduce churn, turn detractors into promoters and buyers, and create in-the-moment cross-sell and up-sell opportunities, providing clear and potent returns on investment. Medallia has offices worldwide, including Silicon Valley, Buenos Aires, London, New York, Tel Aviv and McLean, Virginia. Learn more at www.medallia.com.

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