

# Welcoming the Omnichannel Insurer's Arrival: A Look at the Insurance Industry's Next Digital Move

Omnichannel is no longer just a tech industry buzzword. Insurers are increasingly turning to personalized and omnichannel experiences—providing customers with a seamless experience across any channel they use to communicate: from in-office visits and phone calls, to website visits, applications on mobile devices and more. To attract and retain digital-savvy consumers, insurers must be able to combine omnichannel experiences with customer service best practices. Quality customer service should be experienced across all points of contact so as to create a sense of consistency and reliability.

Some sectors, such as retail, have long been reaping the benefits of an omnichannel presence. Their foray into this realm of sales and brand presence has heightened the consumer's awareness—and it's time for the insurance sector to meet the rising challenge. There are two main factors motivating this omnichannel trend: the necessity to improve efficiency and distribution, as well as consumer's digital expectations.

## Necessary to Improve Efficiency and Distribution

Due to high overhead costs such as offices and staff, insurers need to maximize their digital channels and, at the same time, use customer data to increase conversions and grow their business. Companies whose omnichannel approach focuses on the customer experience see higher and faster growth levels than those that do not.<sup>1</sup> To provide consumers with a solid omnichannel experience requires a commitment to regularly training employees, properly managing data arriving from various channels and maintaining effective communication.

Economic factors also play into the growth challenges insurers face, meaning that insurers are looking for new ways to generate income. Maximizing the profitability of channels through smarter marketing and sales policies should lead to a higher conversion rate. Automation and digitization will be increasingly important to achieve improved sales efficiency ratings. Technologies related to data analysis, as well as the influence of social networks and mobile technologies, will drive the future of transactions.

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<sup>1</sup> The Growth Engine: Superior Customer Experience in Insurance

# Omnichannel is a Consumer Expectation, not Option

Demographic changes are a major motivating factor in this shift. Millennials represent the future of insurance and have grown up in a world that allows them to buy products and services instantly through any channel or device. According to a Pew Research Center survey,<sup>2</sup> 51% of U.S. adults have used their mobile device to make an online purchase, and 45% “have used their phones while inside a store to look up online reviews or to try and find a better price online for something they are thinking of purchasing.” This is the new normal for carrying out transactions with any type of company.

If insurers are not able to offer their clients an ideal digital experience when it comes to accessing and managing their policies, many will go to companies that pay more attention to customer experience. A recent report highlights that millennials contact their insurers up to 2.5 times more than other customers through social networks and two times more through mobile.<sup>3</sup> However, these interactions do not necessarily translate into positive experiences. In fact, the satisfaction rating that the millennial generation notes of its experience with insurers is typically lower than that of other clients, which suggests that this generation has higher expectations about the quality of service expected through digital channels.

**A robust omnichannel model equates to a customer-centric strategy, providing consistent experiences across all channels and offering proposals that customers are more likely to accept.**

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<sup>2</sup> Online Shopping and Purchasing Preferences

<sup>3</sup> The Insurance Industry Faces the Challenge of the ‘Internet of Things’ and Millennials

## What Omnichannel is—and is Not

Migrating to an omnichannel model is not simple, but it is necessary. It requires not only a shift in technology, but also a change in the traditional approach of the insurance world, moving from an operational model focused on products to a new model focused on customers. Each office in the network will need access to customer data because a customer's information must be consistent across all channels, be it mobile, web, in-office, by telephone—or even via their smartwatch. Oftentimes cross-channel, multi-channel and omnichannel are used interchangeably, but each has unique attributes and creates a different consumer experience.

**Cross-channel** means that a consumer can use two channels to achieve a goal. For example, they can use their mobile device to research a company's car insurance offerings and then visit an office to start their policy.

**Multi-channel** refers to having multiple channels for interaction, but they are not integrated. For example, an insurer has a mobile app, online portal and offices; but the mobile app does not allow consumers to do the same things as possible on the website, and the website doesn't allow for the same tasks as in-office. Although fragmented and potentially frustrating for consumers, this is a step towards omnichannel.

**Omnichannel** offers the consumer an integrated and seamless experience across all channels. The omnichannel insurer offers clients access to insurance services across multiple platforms and provides consistent interactions no matter the channel being used.

## Three elements of an Omnichannel Experience

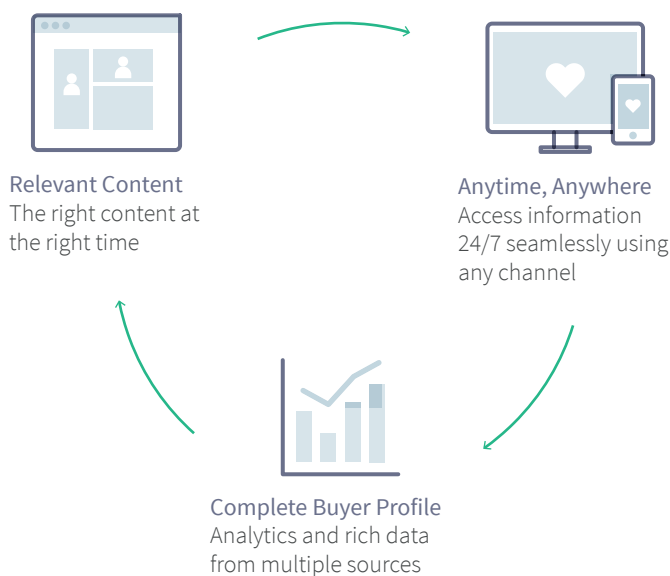


Fig. 1

# The Right Investment for Insurers

## Growth Potential through Omnichannel

The step to omnichannel presents many opportunities and provides competitive advantages. By analyzing the information from each channel, insurers can adjust the customer's experience and offer content based on purchases and information searches. The insurer can also accumulate a detailed and accurate picture of the preferences, habits and behavior of each customer. For its part, the insurer's personnel will also have a complete view—which will lead to greater and more positive engagement, which in turn will result in an increase in sales.

An example of this would be an administrator with access to a portal that shows the latest online activities of a customer. If the mediator sees that the customer has been researching an international trip and looking for information on travel insurance, the mediator can offer information about suitable products. Without an omnichannel model, the client may have only ever received information about some of the insurer's flagship products (such as home or auto insurance) that may not be of interest at this time.

While it is clear that the insurance industry needs to evolve towards a customer-centric omnichannel model, it is also true that it will be necessary to invest in technology, resources and employee training. At its core this will cause the insurer to operate differently and silos at the operational and organizational levels will need to be eliminated. The continuous education of employees will also be necessary to overcome models centered on the product rather than the customer.

## Loyalty and customer retention

Omnichannel offerings may not be relevant to all customers, but they are valuable enough that if an insurer does not offer their customers a personalized experience, they are likely to go to another company. If we take into account that 65% of consumers get auto quotes online and more than 40% do so on mobile devices,<sup>4</sup> then the need to create the best possible digital experience for customers is made clear. This is especially true for those of the millennial generation who are more demanding of positive digital experiences and are willing to buy policies from new players—such as insurtech companies and start-ups—instead of a traditional firm. Insurers that offer what the next generations demands will have a clear and longstanding competitive advantage.

This is also important because customers who use multiple channels have a lifetime value—that is, the income they generate during their relationship with the insurer is as much as 30% higher.<sup>5</sup> In fact, user experience is a key factor for the level of trust that customers have in a brand. A recent study showed that four out of five clients consider alternatives to personal contact,<sup>6</sup> reinforcing the need to have profitable omnichannel strategies. Consistency makes customers happier, resulting in a higher level of retention. Insurers can differentiate themselves by providing consistent and personalized solutions.

Creating an omnichannel experience for insurance clients is not a matter of “yes or no”, but of “when.” Smartphone ownership is increasingly prevalent, with 77% of U.S. adults reporting ownership.<sup>7</sup> The experience consumers expect to have while connecting with brands via these prolific mobile devices are used is changing, too. According to a recent study,<sup>8</sup> “roughly two-thirds of U.S. digital shoppers said they want to get a consistent level of service regardless if they’re

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<sup>4</sup> 7 Eye-Opening Statistics on Digital Insurance Marketing

<sup>5</sup> Omnichannel Shoppers: An Emerging Retail Reality

<sup>6</sup> World Insurance Report

<sup>7</sup> 10 Facts About Smartphones as the iPhone Turns 10

<sup>8</sup> For Many Shoppers, Consistency is Key



## Millennials and the Traditional Insurer



**2.5 times**

more likely to contact their insurers through social networks



**2 times**

more contacts by mobile



**22.1%**

are happy with their insurer



**25%**

say they are willing to buy a policy from insurtechs and start-ups

[Source: The Insurance Industry Faces the Challenges of the 'Internet of Things' and the 'Millennials']

shopping at a physical location or through a digital channel. And almost as many respondents (55%) said they want ‘a frictionless flow of information between multiple channels.’”

As the increasingly digital-savvy generations come of age, insurers need to speak their language so as not to be irrelevant. Innovation is critical.

## Understanding the Connected User

Today, many insurers operate under a multi-channel model. While similar to omnichannel, this model is fragmented and can be frustrating for customers. For example: a customer is in a car accident and wants to file the claim from his mobile device as soon as possible, but the application doesn’t support the attachment of necessary documents—such as pictures of the damage. Instead, he has to upload those pictures to the website or share them via email. With an omnichannel model, the client could file the claim and attach the necessary documentation regardless of the channel used. As well, when he follows up on the claim via the website or with a phone call, the documentation is readily available.

Customers expect consistent experiences across all channels that allow them to manage their policies and information when and where they want. Knowing that customers move fluidly between different points of contact each day, it is imperative to understand the buyer’s journey. Insurers should ask themselves:

- Does the customer need to combine multiple channels (such as the website, mobile and an office visit) to access their policies, take actions and make decisions?
- Which channel do they use first?
- Which channel offers more conversions?
- How often is each channel accessed?



## The Omnichannel Experience

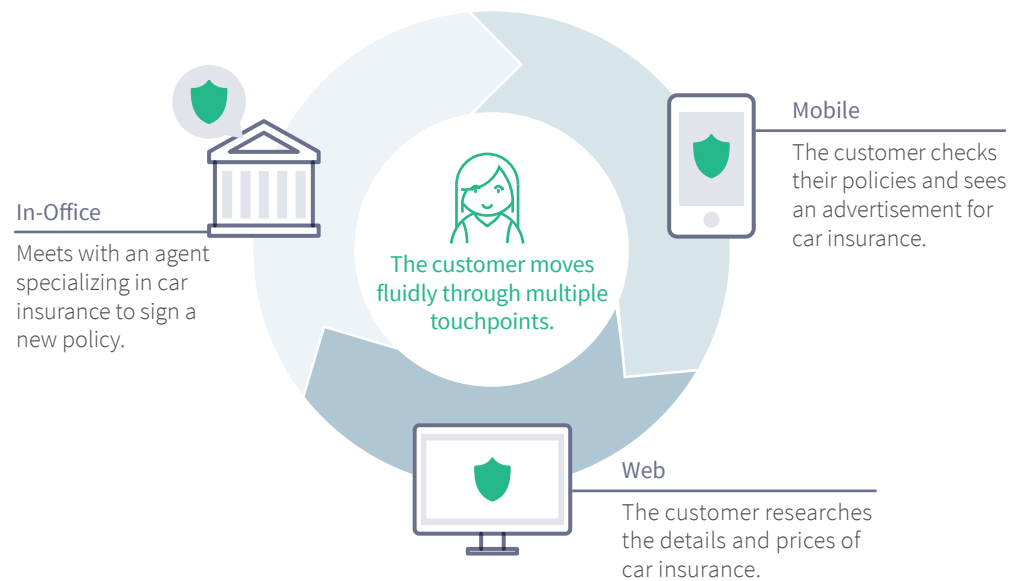


Fig. 2

For home or car insurance, customers expect to be able to use mobile applications to file claims, with intuitive tools to send information (such as photos of the damage) or receive notifications regarding the status of the claim. Here is what an omnichannel model could look like across three main channels:

### Mobile

Through their mobile devices, users will have access to all their policy information. Not only can they access current policies, but also other products such as investment products, savings or pensions. Mobile apps offer a control panel that can be customized, allowing customers to quickly see what interests them most. In addition, pricing tools are available to generate quotes and users can file a claim or receive alerts. While the app allows users to do nearly everything, if the customer wants to meet with an agent they can schedule an in-person appointment with ease.

### Web Experience

Website and mobile experiences are similar, with the main difference being that mobile data must be optimized for a smaller screen. A website will allow access to multiple products, a control panel, appointment scheduling and other tools.

Users will be able to see information about expiration of policies, rewards, payment information, control their retirement account and more. The user could start their journey on mobile and then go to the web to complete an action. It is important that messages and content are consistent.

## In-Office

The omnichannel model allows insurers to optimize the office experience. However, where mobile and web have already converged, the office is often a silo. An omnichannel approach will integrate the physical experience—requiring for office staff to have access to a customer’s full profile. With this data, insurers can provide a personal touch and adapt in-person conversations to suit the customer’s needs, which will result in greater profitability.

# Technology’s Role in Achieving Omnichannel Goals

The omnichannel experience is driven and supported by technology. To provide personalized experiences, technical changes will be necessary. The IT team will have to be very involved, as it will need to integrate backend systems to provide personalized information across all the channels while also providing analytics.

The omnichannel model refers to integrating disparate channels into a single, unified experience. Insurers have fragmented sources of information, and many times each department operates independently—such as the home insurance department using a different system from that of other business units. By integrating all of its channels, the insurer will be able to operate more efficiently and with a clearer customer image. It is not difficult to imagine the importance of a business understanding a customer’s lifestyle, or the possible benefits. Removing barriers between departments means that an insurer’s life insurance personnel can see a customer’s history of claims on their car insurance, as well as policies for health or travel, thus helping the insurer make a more informed decision regarding policy offerings.

**Integrating systems improves the customer experience and leads to more closed transactions. For example, a customer could initiate a request in an aggregator on the website and, at another time, complete the application in a local office.**

One of the strengths of using an integrated platform is its ability to offer the customer highly personalized experiences through multiple channels, with a coherent and consistent user experience. This model also acts as an integration framework so that all channels can talk to each other, which guarantees consistency in information and process—such as registration, login, access to activity history and document management—regardless of the interfaces the customer uses to interact with the company. An integrated platform makes digital content dynamic and can be customized based on customer profiles. For example, a company can submit suggestions for what “customers like you” have purchased.

These platforms also include workflow management tools and business processes to define procedures for various steps or stages of the buyer’s journey. For example, events (also known as triggers) can be programmed to facilitate the service, depending on the client’s actions or criteria. The action may be to start the delivery of content, or initiate a personal call from a representative when there is a conversion opportunity. All of this is essential for customer retention and loyalty.

### Technology Stack for the Omnichannel Model

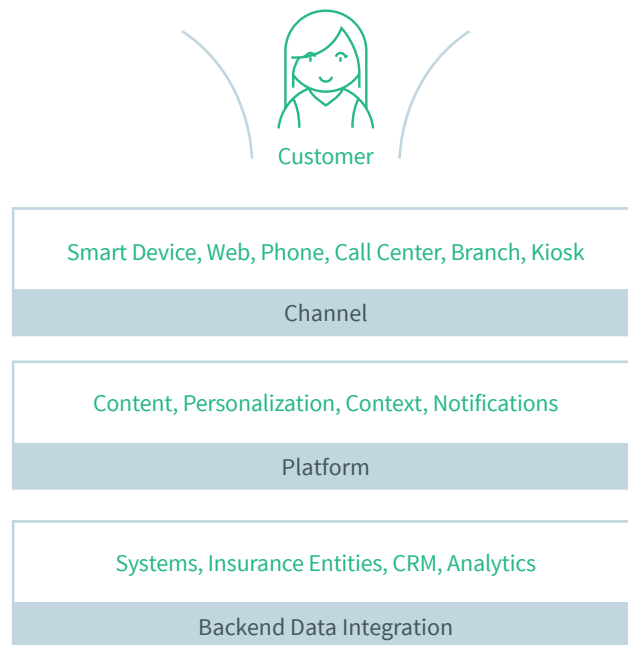


Fig. 3

As described above, customers expect to use several channels, and expect to do so fluidly, with rich functionalities. The omnichannel model allows the company to eliminate information silos and integrate data for more effective use, regardless of the point-of-contact channel. This is not an easy task. These four strategies can help:

1. Accelerate innovation and transform processes by putting yourself in the customer's role. Instead of reacting to customers' expectations, get a step ahead. Recognizing that customers demand a comfortable mobile experience is a good starting point for immediate results, but it is important to go further—ensuring that all channels are optimized according to the preferences and needs of the user. If the experience in an office or with a call center is poor, the customer is likely to look elsewhere, even if the mobile application is good.

To this must be added the ability to accelerate developments to compete with new startups and insurtech companies. Customers are increasingly interested in using mobile services and the Internet, but the slow development and transformation of services by traditional insurers forces many consumers to seek other solutions. Strengthening a company-wide commitment to innovation and having the right tools to face the coming changes is essential for responding quickly to the shifting markets and the connected customer.

2. Optimize sales efficiency through analysis of customer experience. Through a deep understanding of customer experience on all channels, insurers can achieve greater efficiency and grow customer loyalty. Managing and processing information obtained from the different channels allows for the creation of a detailed and accurate image of customer's preferences, habits and behavior—which when paired with selective communication can lead to better margins. Data on a customer's past experiences can have a competitive value when intelligently managed. This information should be available to all personnel no matter the offices or department, so that each customer interaction can be insightfully managed.
3. Lean on the competitive advantage of platforms that unify systems. Integrating information silos and internal management processes is the first step in transforming to omnichannel insurance services. The same value of a single platform approach that allows for the integration of systems and customer data must also be reflected in how personnel are able to operate. Collaborative environments in which people can easily partner on projects and share knowledge is key for cultivating a united approach to customer experience.

4. Advocate for intentional internal cultural change. Creating an omnichannel model is inevitable, but it's more than a technology change. It calls for change to an insurer's otherwise traditional approach of the insurance business itself, moving from an operational model focused on the products to a more innovative, customer-focused model. While the change obviously requires an investment in technology, it also requires employee training as to how these new models will benefit the company and help overcome obstacles.





## Conclusion

The behaviors of customers are changing. The use of multiple channels to make a single purchase is quickly becoming the norm and it's important that insurance companies innovate to meet this new culture. Although digital disruption is already being experienced, the traditional insurance sector must prioritize meeting the expectations of new, digital-savvy customers. The use of a unifying platform as a basis to manage customer experiences under an omnichannel model will allow the insurer to maintain its competitiveness, retain its customers and facilitate growth. Start now, as the demand for omnichannel experiences will be even greater as the millennial generation continues to age into insurance needs.

## Going Forward

Learn how Liferay enables insurers to meet current customer demands and how Liferay's digital experience platform can help you create exceptional, consistent experiences across all of your channels. Visit [liferay.com/solutions/industries/insurance](https://liferay.com/solutions/industries/insurance)





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