

Carrier Management

Building Customer Loyalty: It's About Emotions, Not Just Fast-Food Delivery Times

June 8, 2015

“People may forget what you said. People may forget what you did. But they will never forget how you made them feel.”

Harley Manning cited the words credited to renowned poet Maya Angelou in a presentation on customer experience at last month's [Property Innovation Summit](#) in Boston. An analyst with Forrester Research, Manning is co-author of *Outside In: the Power of Putting Customers at the Center of Your Business*.

The concept behind this popular book involves the “customer experience ecosystem,” which stresses the importance of involving everyone in the organization, not just the sales staff, as customer advocates. “Getting customer experience right is hard. Mastery of the customer experience disciplines sets your company apart from its competitors,” he writes in the book's introduction.

The topic of customer experience is at the heart of all insurers today as they grapple with customer expectations that have risen to unprecedented heights with the always-on, always connected digital age, Jon McNeill is CEO of Enservio, a provider of contents claim software and services. Enservio hosted the Property Innovation Summit. “Tech has made everyone distracted and impatient,” he said.

According to McNeill, consumers today fully expect:

- Fast food-like service delivery
- 24-hour turnaround response times
- Easy to navigate web and mobile app experience, and
- Friendly customer service at a low price point.

Meeting these high expectations, coupled with the ability for consumers to easily comparison shop, presents a difficult challenge for insurers of all stripes. To retain these consumers, insurers need to develop strategies to improve loyalty.

In his presentation Manning classified loyalty into three separate areas. According to Manning, creating an excellent customer experience directly translates to “retention loyalty,” the kind of loyalty most people recognize. The second is “enrichment loyalty,” where happy consumers buy more goods and services from the provider. The third category Manning called “advocacy loyalty,” where consumers pass on their positive experiences to friends and families, generating highly desirable (potentially priceless) word-of-mouth recommendations that can last for years.

“All our data science surveys and regression analytics bears this out: great customer experience is great for business,” said Manning.

He further identified three “core dimensions” that drive a quality customer experience.

1. Make customers feel valued. Take the time to listen and understand customers.
2. Resolve customer problems quickly. We live at the speed of Internet; expectations run higher than ever before.
3. Talk to customers in plain language. Everyone is overwhelmed with information; too much complexity and too many choices can cause “option paralysis.” Look at your written materials from the customer’s perspective.

Among all the criteria that governs a positive experience, “emotion” plays the largest role and outweighs all other considerations. Emotion determines whether the customer is a short- or long-term prospect. Manning claims emotion carries more value than efficiency and the ease of doing business. “Your business is driven emotionally by what customers think of you.”

Filing a claim from a theft loss, house fire, flood, or severe weather peril, where contents of sentimental value have been damaged or lost, comes with a load of emotional weight that no other service industry apart from healthcare, has to cope with.

Bruce Temkin, managing partner at the Temkin Group, agrees. In his view, customer experience in the insurance industry has not gained momentum since 2012. According to his Customer Experience Ratings, the insurance industry was one of 14 in decline, ranking seventh overall with an average 66 percent rating.

“We continue to see on average, across the board, customer experience is mediocre,” Temkin says. “Looking at the 20 industries collectively, what’s particularly interesting is it’s the first year in five years that we’ve seen more companies and more industries decline than improve.”

When “emotion” inevitably comes into play during the inventory and settlement process, customers feel vulnerable. It takes a skilled adjuster to know how best to handle a claimant on a day that could very well be the worst in their life.

“If I’m making a claim, it’s probably because something happened to me that made me emotional—whether it’s something happened to my house, I got into a car accident or it’s a life insurance policy and a loved one passed away,” Temkin says. “In all those cases, I have an emotional situation going on and the faster you can resolve my claim, tell me what you’re going to do and how we’re going to deal with it, the less emotional strain I have.”



Jon McNeill, Enservio CEO

Finding opportunities to engage with clients during less emotional times, well before a catastrophe occurs or a claim is made, will pay dividends in the long run.

For insurers, finding opportunities to engage with clients during less emotional times, well before a catastrophe occurs or a claim is made, will pay dividends in the long run, Enservio’s McNeill says. This is related to finding a “sense of alignment” with consumers, where customers feel the company cares for their welfare.

He also lists these other strategies to keep in mind for improving loyalty and retention:

- Bake customer experience into the company mission statement
- Make customers feel smart and highly valued
- Develop a happy workplace culture; happy employees equal happy customers
- Align your customer experience efforts to business-relevant results

- Find ways to increase interaction with policyholders beyond claim time
- Create a toolkit to guide customers step-by-step through the claims process
- To attract new customers, positively re-engage with existing ones
- Embed a customer-first culture across all business lines and departments