

Trust, transparency and technology

European customers'
perspectives on insurance
and innovation

Insurance

In association with

Institute of Insurance Economics



University of St.Gallen

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Trust, transparency and technology

European customers' perspectives on insurance and innovation

By Peter Maas, Albert Graf and Christian Bieck

Insurance value propositions usually focus on a product-oriented view. But what do buyers of insurance really value in insurance? By surveying 2,400 customers across six European countries, we found that THE insurance customer and THE customer value do not exist anymore, if they ever did. Insurers who take into account the varied attitudes, values and resulting actions found in today's markets will have an edge in reaching tomorrow's customers – and retaining them, despite ever fiercer competition. To achieve this, insurers will need to master trust, transparency and technology...

Introduction

In the insurance industry, "customer value" is often used as a synonym for "customer equity," taken to mean the value a person or group brings to the company. Despite all talk about customer centricity, the true sense of customer value – the benefits of a product, service or relationship as perceived by the customer – and its importance to the industry are seldom realized.

In the study "Insurance 2020: Innovating Beyond Old Models," we described the customer of the future as active, well informed, and willing to reward insurance market players who develop new product designs and models of operation.¹ But how do we know? Where are the indicators that point in this direction?

To prove (or disprove) the point, we asked the customers themselves. Concentrating on six European markets, we surveyed a broad sample of insurance customers on their attitudes, experiences, values and resulting actions toward and with insurance. The results show three success factors that are crucial for the relationship between customer and insurance company: trust, transparency and technology.

- It seems obvious that in an industry dealing with intangibles such as risk and financial security, *trust* is essential. Still, customers' perceptions of necessary and desirable trustworthiness and what insurers actually do to engender trust – both in the industry as a whole and in its individual players – are

far apart. Closing that gap (or as a recently published United States study on financial advisor-client relationships states, “bridging the trust divide”), will be important for the industry to reach and retain customers.²

- The demand for more *transparency* is a much-used and -abused call in the ongoing discussion of financial services industry regulation regarding consumer rights and protections. Whether we look at the EU Insurance Mediation Directive, Solvency II or MiFID, transparency is always among the main drivers. And our results show that customers actually do care about transparency in their dealings with the industry – it is about clear language, knowing what value they will receive and an open and transparent relationship.

- Finally, *technology* facilitates and focuses possible strategies to achieve trust and transparency, whether used as information or communication facilitator, in the value a product provides, or for increased interaction with the active and informed customers of today and tomorrow.

Our data clearly shows: *the customer does not exist*. Customer segmentation based on purely socio-economic criteria only shows part of the picture and a single European marketing strategy is likely to fail. To be successful in the long term, insurers will have to really listen to their markets and take a good look at customers’ attitudes and values.

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How customers “think” insurance

Contrary to other services where customers enjoy positive functions – like accommodations in a luxury hotel or a flight to the Caribbean – the value of insurance lies in the prevention of negative impacts: “they protect, preserve, distribute, save, or provide

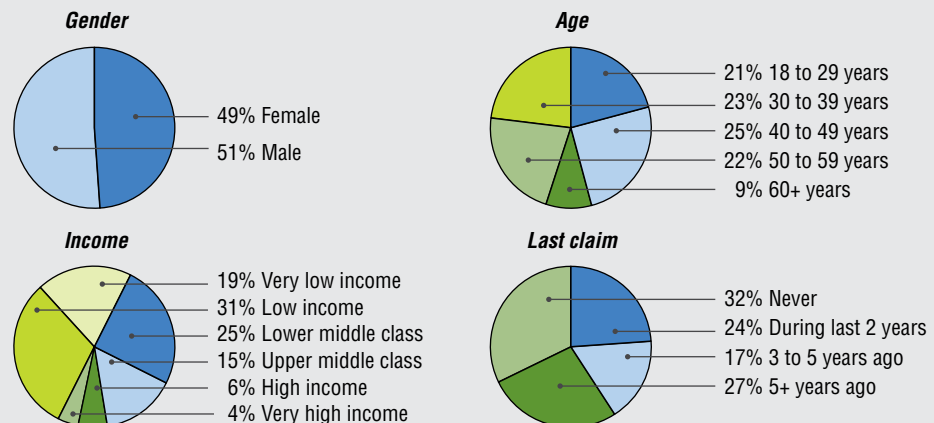
precautions.”³ Insurance products are highly intangible and based on statistical probabilities that most people do not understand – it takes the “moment of truth” for customers to see whether they bought the right product, dealt with the right carrier or purchased enough protection.

Research methodology

To gather the necessary quantitative data, the IBM Institute for Business Value and the I.VW Institute of Insurance Economics of the University of St. Gallen, Switzerland, developed an online questionnaire. This was distributed through affiliated market researchers in the UK, Germany, France, Switzerland, the Netherlands and Denmark; achieved relevant return was approximately 400 respondents per country. To test the content topics and to gather qualitative data, three focus group discussions were performed in Zurich, Paris and London with local participants.

To simulate the “customer of the future,” an “Internet affinity” filter was applied to gain desired questionnaire participants. The demographical breakdown of respondents corresponds roughly to the actual population (see Figure 1). Assuming Internet affinity to be described by the percentage of people who use the Internet regularly and who shop online, our sample is representative for approximately 40 to 50 percent of the population.⁴

FIGURE 1.
Demographic breakdown of respondents.



Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

Reducing customer needs to a low price might work in the retail business, but for insurers, using a pure pricing strategy to differentiate is dangerous or worse.

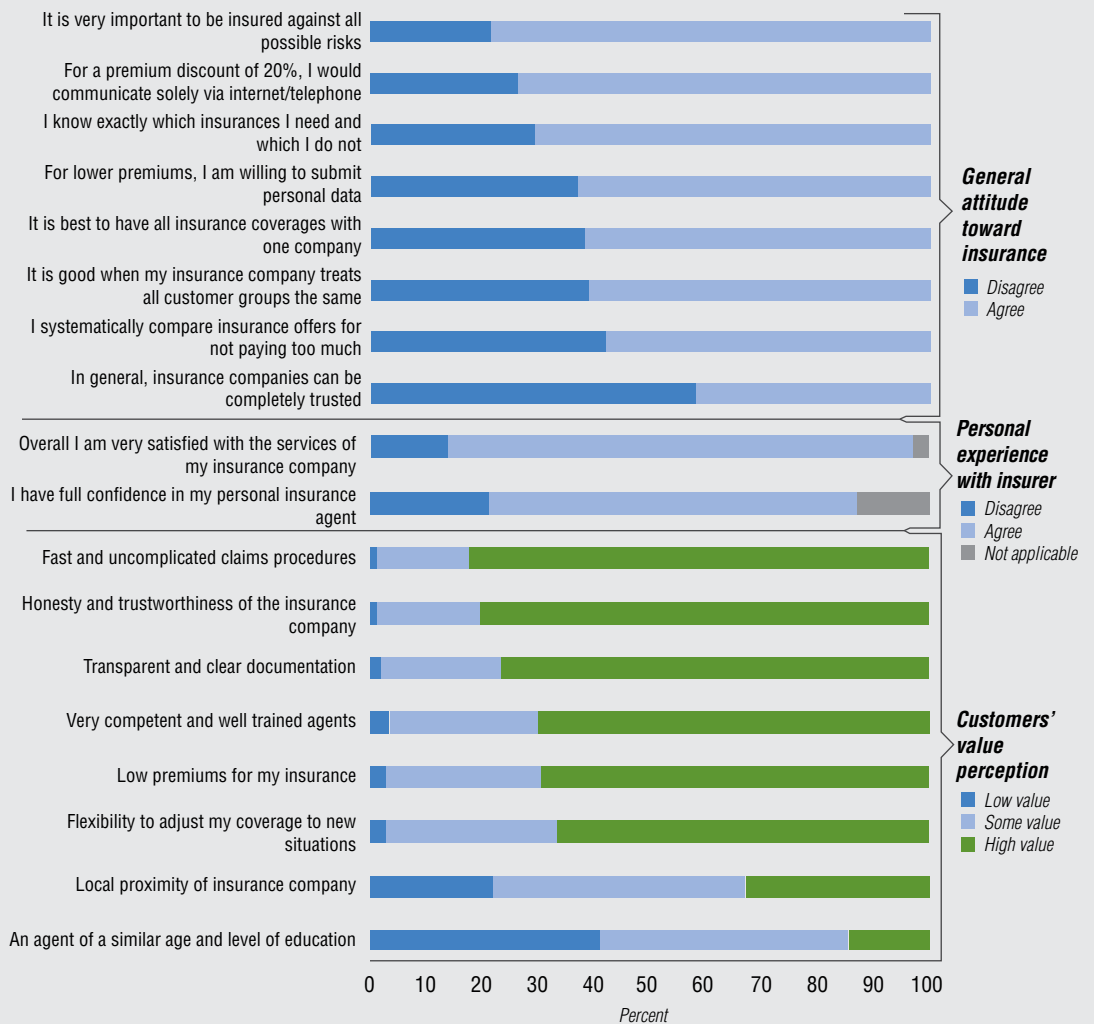
Price is not equal to value

Insurance is seen mostly as a “necessary evil.” Customers perceive premiums to be high and are seeking ways to reduce them. Most customers surveyed systematically compare insurance quotes to be certain that they are not paying too much (see Figure 2). Price consciousness is also shown in the willingness to reduce, or even to give up, personal contact or privacy. For a 20 percent discount, 74

percent of respondents would exclusively communicate via the Internet or telephone. Sixty-three percent would agree to regularly submit personal data to their insurance company to receive lower premiums.

Conventional wisdom says that these financial aspects dominate customer thinking regarding insurance, but customer decisions often do not center on price. Fifty-five percent believe

FIGURE 2. Customer attitudes, experiences and value perceptions.



Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

they could get their insurance coverage for less money in the market by shopping for a better rate; however, more than 80 percent agree that they are very satisfied with *their* insurance company. They acknowledge the high importance of being insured against all possible risks to reduce uncertainty.

A good and trustworthy relationship with an insurance agent, an insurance company which offers convenience and simplicity with its services and products, and agents or brokers who assume caretaker functions for customers: these are all benefits which create non-financial value that compensates or even outperforms financial aspects. Reducing customer needs to a low price might work in the retail business – for insurers, a pure pricing strategy to differentiate is dangerous or worse.

Insurance has an image problem

While trust is needed to build a good relationship between the customer and his financial services provider, it is particularly significant under the insurance-typical conditions of risk and uncertainty.⁵ Unfortunately for the industry, our data show what appears to be a severe animosity issue: as Figure 2 depicts, only a minority of respondents agreed with the statement that “insurance companies can be completely trusted” (58 percent distrust compared to 42 percent trust).

While customers highly appreciate “transparent and clear documentation” (77 percent), most miss the required level of transparency, both in insurance quotes and in the contract details of insurance policies. They find it difficult to evaluate the advantages and disadvantages of offers and thus compare them without enough relevant information

being provided. In contracts, customers would prefer brief and clear information in their own language, not industry jargon. On an abstract level, customers know what they want and need from insurance (71 percent) – in detail, however, the subject is far too complex to find the personally optimal solution among the packages that insurers offer. They doubt whether agents and brokers in general, incentivized through commissions, can really act customer-oriented – even though most customers (66 percent) trust their own personal advisors.

“Agents sell the products with the highest profits for themselves and not what customers really need.”

– Zurich focus group participant

Insurance is, by nature, not a “sexy” product. Insurers see themselves as a boring industry with low involvement and low customer interest.⁶ But people care a lot about insurance subjects like health, financial security or risk coverage. Is the industry’s insistence on insurance products being “push only” a self-fulfilling prophecy?

What customers value

Traditionally, insurers maintain product centrality, where product characteristics and price are the drivers to reach a unique selling proposition. For customers, product is only one dimension of a multidimensional value perception.⁷ They value the relationship and therefore, the emotional aspects more.

As seen in Figure 2, over 75 percent of customers attach high value to fast and uncomplicated claims procedures, honesty and trustworthiness of the insurance company,

Five types of insurance customers – support-seeking individualists, product optimizers, uninterested minimalists, price-sensitive analyzers and relationship-oriented traditionalists – perceive value differently and therefore, present different requirements to insurers.

and transparent and clear documentation. (Compare this to the 42 percent who say they actually do trust insurance.) Low premiums rank fifth in customer value at 69 percent. Honesty, trust and transparency turn out to be the key value drivers that influence customer expectations toward insurers.

Other drivers have less direct importance. They could serve as differentiators among competing insurance providers, especially in the early stages of the relationship.

Insurers must pay attention to the multidimensionality of customer value. The key question in a customer centric approach is not how valuable a customer is for the insurance company, but what value customers believe they get from an insurance relationship.

How customers differ

Twenty years ago, heavy regulation in European insurance created a vast middle market of insurance customers. Today's customers are harder to grasp.⁸ Does the average customer even exist?

Customers "think" insurance differently and want to be treated in different ways. Insurers have been trying to cope with this diversity by using specific marketing campaigns to target select customer segments, based mainly on socio-economic parameters like age or income. Our analysis of customer attitudes and values shows: whether someone hunts for the cheapest offer, or looks for convenience and service, or is open to usage-based insurance (UBI) offerings does not depend on demographics, but on his or her specific patterns of attitudes and value perceptions. The overall spread of these patterns is determined by cultural and national differences.

The five customer types

Customers can be grouped into five different segments or types of customers, depending on their general attitudes and value drivers: support-seeking individualists, product optimizers, uninterested minimalists, price-sensitive analyzers or relationship-oriented traditionalists (see Figure 3).⁹ Some need an advisor whom they can trust, like the individualists and traditionalists; others primarily look for excellent products (optimizers) or hunt for good prices (analyzers).

These customer types do not just represent the wide range of different value *perceptions* in the market, they also give a clear indication of the required corresponding success factors for the value *propositions* insurers should supply. For example, price-sensitive analyzers expect – apart from the best value for the money – to find a high level of transparency, as well as the relatively sophisticated use of technology to achieve this transparency.

The meaning and use of each single success factor – trust, transparency and technology – differ by customer type. Minimalists expect technology to allow them quick and infrequent touch points with insurers, while analyzers have a tendency to see it as a means for comparing and doing cost-efficient business.

Optimizers, on the other hand, are more willing to have insurers use technology in the actual product, for example, data submission as part of a usage-based insurance offering. Similar distinctions also apply for trust and transparency: for individualists and traditionalists the focus is on *personal* trust, while optimizers need trust in the *product* and the *institution* that offers this product.

FIGURE 3.
The five customer types.

Cluster	Support-seeking individualists	Product optimizers	Uninterested minimalists	Price-sensitive analyzers	Relationship-oriented traditionalists
Percentage of total	20.3%	26.7%	8.2%	17.6%	27.1%
Key theme	"I want competent help for my personal needs"	"I want a great product"	"I want to be left alone"	"I want the best bargain"	"I want somebody I can trust"
What do they seek from and see in insurance?	<ul style="list-style-type: none"> • Rely on external expertise to find out what they need • Trust in people, not in the institution • Want transparent, uncomplicated, personalized products and services and are willing to shop around for them 	<ul style="list-style-type: none"> • Want to have their special needs met • Are willing to pay both in price and privacy to receive convenience and quality • Need a strong institution behind the product 	<ul style="list-style-type: none"> • Require as little contact as possible • Need insurance to be low-priced, quick and transparent 	<ul style="list-style-type: none"> • Know what they need • Seek information, not advice • Shop for the best value for their money • Are willing to buy standardized products 	<ul style="list-style-type: none"> • Rely on external expertise to find out what they need • Want transparent and uncomplicated services • Want to know they are covered well, preferably from one source • Value solidarity
Success factors	Trust Transparency	Trust Technology	Transparency Technology	Transparency Technology	Trust Transparency

Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

Cultural differences

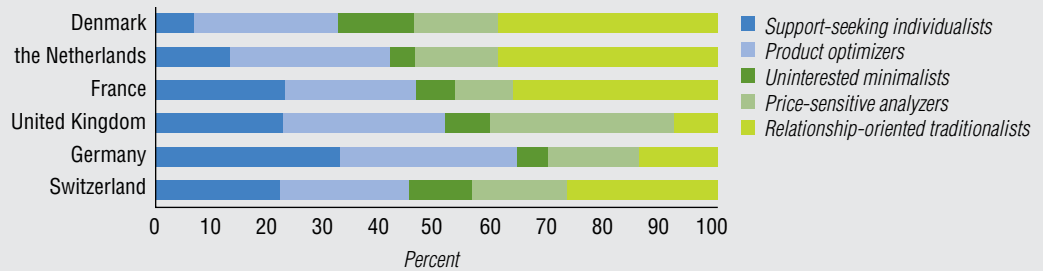
Our empirical results support current economic and sociological research, which concludes that cultural differences lead to different consumer responses across countries.¹⁰ Differences in values and norms shape images and perceptions. A country like the UK, which is considered to be more individualistic, emphasizes *solidarity* and *community of risk* aspects much less than France or Denmark.¹¹ For example, a minority of British customers (45 percent) agrees with the notion that all customer groups (young/old, smoker/non-smoker and so on) should be treated in the same way, yet French (70 percent) and Danish (69 percent) customers strongly support it.

The trust that customers have in insurers in general and in their personal insurance advisors differs widely in Europe. Especially in

the UK, trust in insurance agents and brokers is low compared to the Netherlands which has a similar market setup, and also when compared to Denmark, Switzerland or Germany.

On the aggregated level of the five customer types, the impact of cultural differences across nations is more obvious (see Figure 4). Whereas in France, Netherlands and Denmark, the "service- and trust-oriented customers" (traditionalists) constitute the largest segment, it is the smallest UK segment. There, the majority of customers look for the best bargain (analyzers). These major differences in customer type distribution explain why some marketing strategies fail in certain countries and succeed in others. Facing widely different customer attitudes and values throughout Europe, it seems quite unrealistic that a general success model exists.

FIGURE 4.
Spread of customer types by country.



Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

Our survey results underscored the limited trust customers have in the insurance industry, as well as the need for truly independent advice and for transparency that is enabled through technology (like the Internet).

Trends in customer behavior

Different customer types have different interpretations of what constitutes value in an insurance offering. In detail, the main questions are:

- *Where and how do the different customer types search for information?*
- *What functions do customers assign to insurers?*
- *Why do or don't customers interact with insurers?*
- *What kind of flexibility do insurance customers want?*

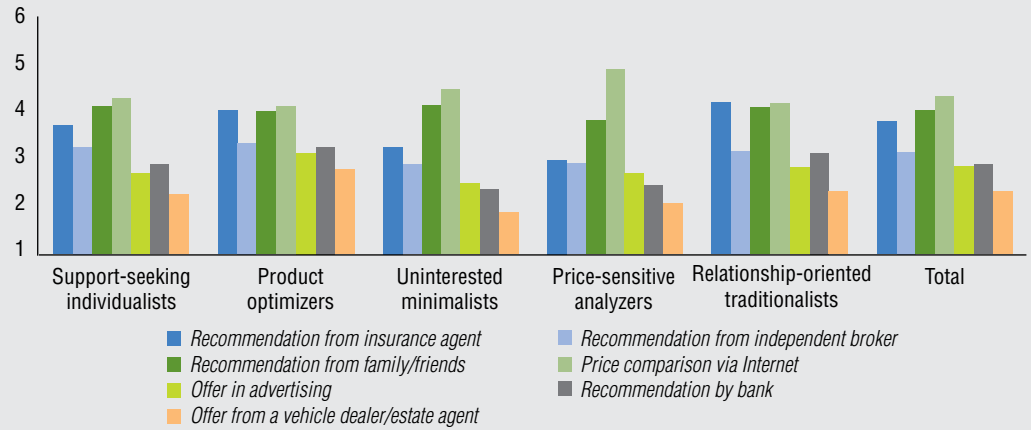
Information seeking

When customers look for insurance coverage, they develop different strategies to find the best personal solution. They use a mix of various information sources according to their basic needs and attitudes (see Figure 5). We found that the Internet as a comparison tool (mainly on price) has the highest relevance of all information sources, almost regardless of customer type.

Personal recommendations from family and/or friends (peer groups) follow – on average, these experiences and tips have a higher weight than professional advice from personal agents, and a much higher weight than that of brokers and banks, which are all perceived as self-serving. Looking at the data per country, this is even true in the broker-/IFA-dominated UK market; the Netherlands is the only country in the survey where the importance of agent's and broker's advice are ranked as equal to "private" advice.

The results once more reflect the limited trust customers have in insurance players, the need for *truly* independent advice and for transparency with the help of technology (such as the Internet). Insurance market players should spend their investment Euros wisely, as the relative unimportance of advertising clearly shows.

FIGURE 5.
Importance of information resources by customer type.



Note: On a scale from 1 = not important to 6 = very important.
Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

The function of insurance

From a customer perspective, what is insurance for? Is it all about claims, or would customers prefer higher-value risk services like risk assessments, mitigation and prevention, or help centers and counseling?

“Insurance is something that you have to have and hopefully never have to call on”

– Zurich focus group participant

Overall, a full 68 percent of surveyed customers see insurers primarily in the role of claims managers; 32 percent of customers vote for the risk solution provider. From a national perspective, the UK has been facing a much stronger commoditization of insurance

products than other European countries and scores at 80 percent for claims manager. France has an almost even distribution (54 percent claims to 46 percent risk) and the others are near the average.

Trust seems to be the limiting factor for high-value services. Fifty-one percent of customers who completely agree that insurance companies deserve full trust (score 6 of 6) would use the insurer as a “risk manager,” and satisfaction with the current insurance provider correlates with propensity to choose risk services. The optimal way for an insurance company to position itself as a comprehensive service provider is to keep customers satisfied – not with the best prices, but with the best value for the money and a trust-based relationship.

Customer interaction: The privacy trade-off

With the advent of new communication technologies and changing behavioral patterns, new forms of customer involvement have emerged in all industries; customers adopt interactive and multidimensional roles.¹² Interaction in the insurance context can mean that customers provide personal information about their behavioral patterns and usage of insured objects (that is, usage-based insurance, or UBI) in return for high-value services or new pricing models.

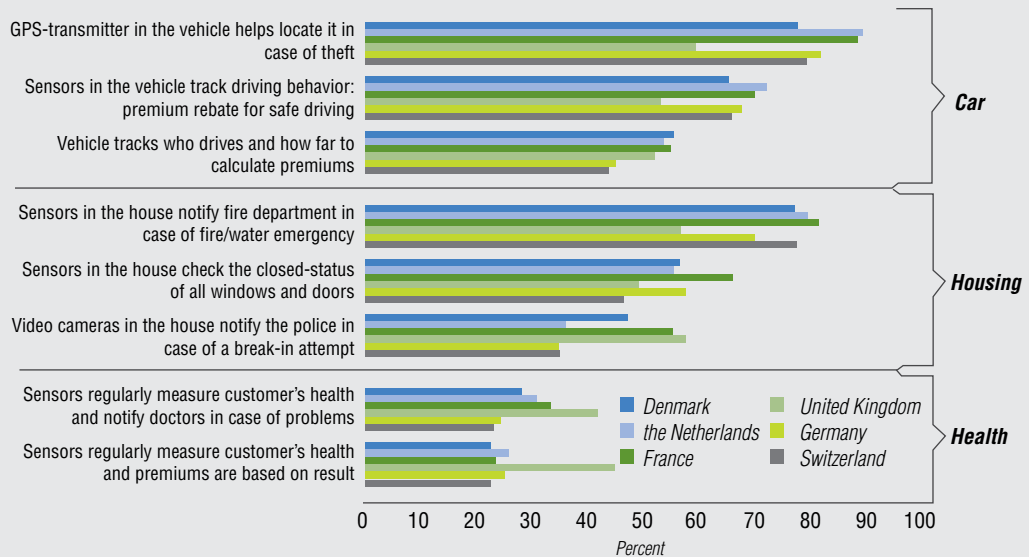
Overall, a remarkable number of customers are willing to trade privacy for convenience. However, this highly depends on the area of life concerned. The more that the exchanged data can be linked to the individual person, the fewer customers are willing to “invest” their privacy.

We presented several suggestions where insurance companies could support and monitor safer living and risk mitigation. For motor and household insurance scenarios, the acceptance rate was 50 percent or higher, whereas providing information about state of health is less popular (see Figure 6). These answers vary little by customer type; national context dominates variance – a reflection of the general “data protection climate” per country.

In a related section of questions, we presented a UBI versus a traditional insurance product. Almost half (48 percent) of the customers would favor a UBI model – an astonishing result that contrasts with industry statements that show little interest in such models.

FIGURE 6.

Acceptance of ideas regarding how insurance companies could create customer value.



Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

We identified two main contributing factors. The obvious one is cost: the less they drive per year, the more respondents appreciate the UBI model. The second factor, transparency/fairness, differentiates the picture. Fifty-nine percent of those choosing the UBI model cited as one of the main reasons, “I think it is good that I can influence my premium through my driving behavior.” On the other hand, reasons for choosing the traditional model are higher cost transparency and the ease of understanding how premiums are calculated (see Figure 7 for further breakdown).

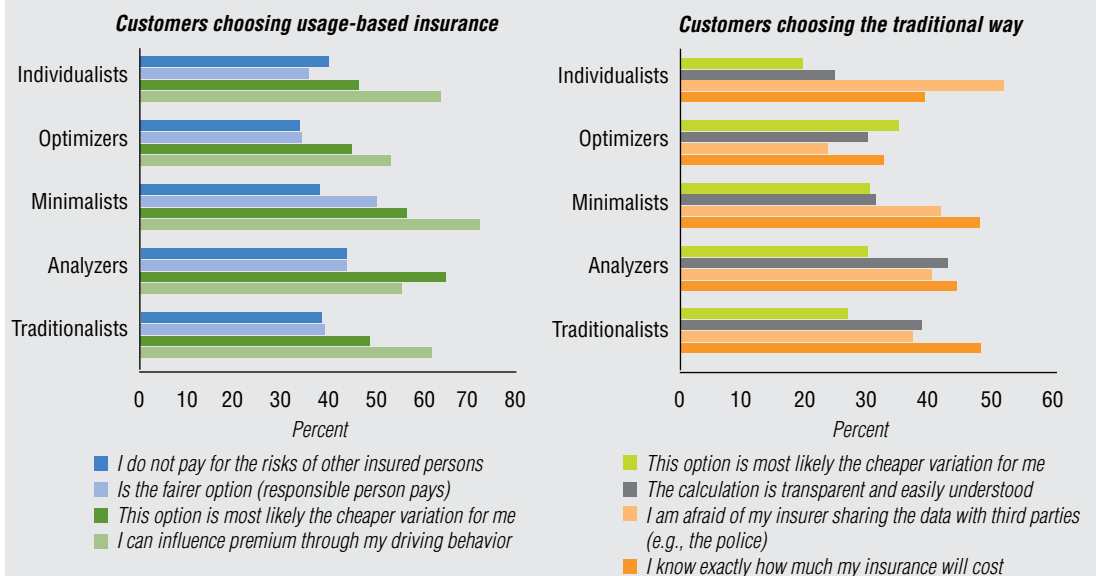
Contrary to expectation, optimizers and traditionalists are less likely to accept a UBI model, even though both types have higher willingness to relinquish personal data and

higher general trust in the insurance industry. This shows the two-edged sword of new technologies as enablers of transparency and fairness: for many customers, UBI increases the already existing intransparency and complexity, as calculation of premiums are perceived as more complicated and costly.

Testing ideas for flexibility

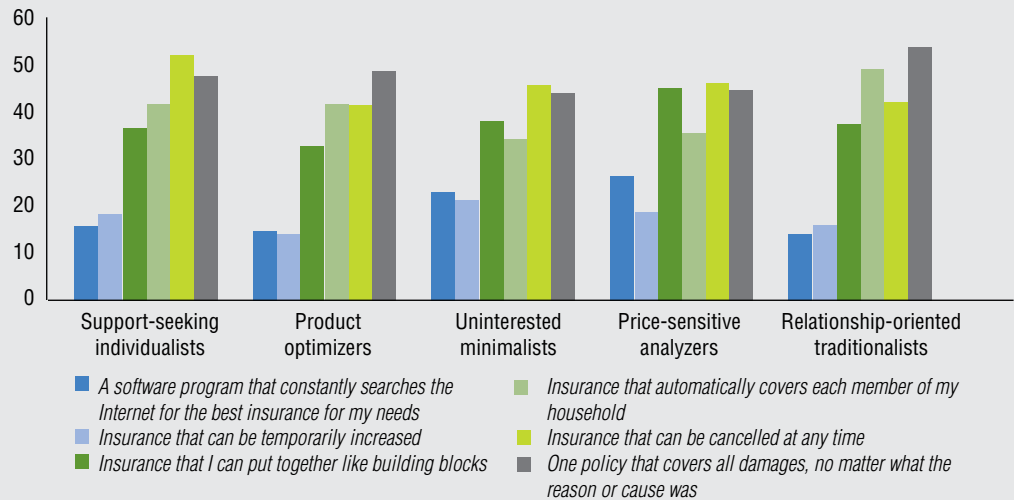
Customers value flexibility in adjusting their coverage to new situations (90 percent positive, see Figure 2). This could be implemented through technical solutions, process solutions or goodwill (in case of a claim). When asked to rate flexibility, the following aspects predominate (40 to 50 percent overall, see Figure 8):

FIGURE 7.
Most important reasons for choosing one of two options of premium calculation for motor insurance.



Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

FIGURE 8.
Most desired aspects of flexibility from insurance companies.



Source: IBM Institute for Business Value and I.VW University of St. Gallen 2007 Insurance Study.

- Cancellation of insurance contracts should be possible at any time. Individualists, as a result of lacking trust, particularly value cancellation flexibility.
- A product that covers all damages is desired. Especially relationship-oriented customers would appreciate not having to buy a variety of insurance coverages with different contractual details.
- Household members should be included automatically. Again, this shows the need to be insured against all possible risks in order to reduce uncertainty.

In sum, these results indicate a high potential to create more customer value by increasing trust and transparency.

How customer behavior is changing market dynamics

In summary, our data show that the uniform picture of customers is dissolving and becoming multi-faceted. The statement, “Our customers will not change in the near future,” by a sales executive of a major European insurer in our “Insurance 2020” study, is flatly wrong.¹³ Why would insurance customers stay the same when every other industry faces a changing market?

The market spectrum is becoming much broader and the customer side far more complex. Customers of all types are willing to accept innovative insurance solutions if they see a clear advantage.

For each key success factor – trust, transparency and technology – there are gaps between desired value and what is delivered. Reliability, fairness and innovation, respectively, allow insurers to narrow those gaps.

As key success factors, we identified trust, transparency and technology, which are interpreted and valued in different ways by the customer types. For each factor, there is a noticeable gap between desired and delivered value. They are connected and influence each other; still, each of them on its own brings a force to bear on the insurance market: forces for reliability, fairness and innovativeness.

Overcoming the trust gap: Customers reward reliability

From this and past research, we can distinguish three types of trust: general, reputational and experience-based.¹⁴ The lack of general trust – the “animosity issue” – affects the entire insurance industry, so it has to be tackled by the industry as a whole.

Insurance products are intangible, complex and in many cases mandatory, but they do reduce uncertainty: a trait that customers value and that the industry has failed to market well, instead creating the image of resisting change to protect margins.

Reputational trust is company specific and key in the sales process. This is where insurers today are doing the best job, but the strong brand that many insurance companies have built will not be enough if interlopers from other industries use the animosity issue to attract customers to their substitution products.

“In life, something’s bound to happen, so people should be able to rely on their insurance.”

– Paris focus group participant

By its very nature, the insurance industry has only a few opportunities to generate experience-based trust. Insurers should think about enhancing the customer experience, showing reliability at these rare touch points and creating new ones.

Measures for gaining (or regaining) trust have to be differentiated by customer type. Relationship-oriented traditionalists and support-seeking individualists are attracted by personal reliability, based on advice, competence and a good relationship. For these groups, keeping strong advisors will be essential. This is even true for the product optimizers, who have a more balanced approach to buying insurance. For the remaining two groups, trust is not connected to a person – they trust what they personally know more than what others tell them – and so centers around transparency. Using UBI and other interaction-rich models, insurers can build multiple new touch points, personal and virtual, to enhance trust in all customer types.

Overcoming the transparency gap: Customers reward fairness

Fairness has many facets. Most of the current public transparency and fairness discussions center on price transparency, and which parts of the premium go to the sales process and which to actual coverage. This is important, but for customers price is only a part of the equation – behind the need for transparent and clear documents. That insurance contracts can work without excessive “legalese” has been shown by one of the leading Dutch insurers, Interpolis, which even promotes itself with the slogan “Crystal Clear.”¹⁵

Whether customers favor UBI or the traditional insurance model, *both groups* cited transparency and fairness as the main reason for selecting their option. Those preferring UBI appreciated the fairness of influencing premium by one's own habits, the others valued the predictability independent of those habits.

Several insurers in Europe have implemented or are implementing a usage-based model for motor insurance. Success will depend on clear, simple and transparent rules, otherwise the "fairness advantage" those customers perceive will quickly evaporate.

Transparency includes being able to gather the necessary information on products and services whenever needed, and without obligatory inclusion of an expert or intermediary. Many insurers are partly providing this (otherwise the Internet would not be the number one information source), but more should happen in that area – and technology can and will help.

As customers are gaining support in their need for transparency from powerful advocates in politics, fair customer treatment is becoming a top issue in the EU and at the individual country level. From a provider perspective, this is perceived as a threat. Take the UK FSA's initiative on "treating customers fairly": the results "achieved" by UK insurers so far (as reported by the FSA in November 2007) are consistent with our study data that show UK with the lowest scores on transparency (and trust) issues.¹⁶ UK providers that take the opportunity to create added

customer value and are quicker to implement the fair treatment program will likely face a tremendous competitive advantage – if they can transparently and believably communicate this to the market.

Overcoming the technology gap: Customers reward innovation

In the insurance context, technology is unlikely to generate value on its own. While it is not inconceivable that clever marketing could attach a "hipness" factor to a gadget related to insurance, innovation is primarily an enabler for increasing trust or transparency.

Technology has always been an important internal resource for insurance companies. With increasing need for transparency and interaction, the relevance of decentralized technology on the customer side that exchanges information with the insurer is growing.

Innovation can have an outward-facing or an internal focus. Customers will only care about internal innovation if an increase in transparency – or other desired value drivers – becomes visible.

Most single outward-facing innovations will not reach the whole market, since each customer type has different needs. Each customer type is a large enough segment to reach critical mass, that is, to make experimentation worthwhile, alone or in partnerships, even though insurers will have to cope with increased technological complexity (for example, deployment, update and maintenance of devices that need synchronization).

Several traits are important for success in the increasingly customer-centric insurance environment: greater flexibility, personalized customer experiences, willingness to experiment and fostering a sense of community.

The use of new technologies creates the opportunity to develop new forms of interaction with customers. Some insurers are indeed experimenting, mainly around prevention and making insurance tangible – Basler Insurance in Austria is one company enacting “guardian angel” concepts that use security information and small, non-networked devices to include risk mitigation services into the range of available products.¹⁷

For the customer of the future, interaction and integration mean more than “customer as source of information.” They mean that all market players become part of a real industry community, and customers take on the roles of innovators and advocates who pool knowledge and resources.¹⁸ Retail banks are starting to experiment in those areas today – but so far, the insurance industry is nowhere to be seen.

This is unfortunate. We believe that in the long run, the customer won’t care whether the supplier is an insurance company or another provider like a bank, a retailer, a car manufacturer or a software company – as long as the perceived added value of innovative solutions is just high enough.

Looking forward: The next steps

Despite all globalization, the customers of the future remain nationally diverse and multi-dimensional. On one hand, single strategies for insurers are not likely to work; on the other, this will provide opportunities for many market players to operate profitably. From the presented facts, we can show some traits that should be developed today to succeed in tomorrow’s customer-centric environment:

- **Flexibility:** No matter what customer type or mix an insurer intends to target, the underlying ability to tailor products, processes and organization to that clientele’s specific needs is essential. Trust, once lost, is difficult to win back. Even for insurers who see themselves as followers, early or otherwise, agility is the safer bet to allow room for errors. Start early; increasing flexibility is a long process.
- **Personalization:** Customers need to feel that they matter, so insurers should create meaningful touch points to generate positive experience. For some customers, that can mean new devices, tools or software, others prefer people as touch points. Insurers should think carefully before cutting back on the agent channel – they might be turning off exactly those customer types they want to court.
- **Experimentation:** In all industries, successful companies are those that are willing and able to think “out of the box.” The very definition of experimentation is “to do something to see what happens.” A paradox of the insurance culture is that insurers are generally afraid of taking risks and failing, even though knowing and managing risk is its core business. Still, some insurers are experimenting with a presence in Second Life, though they cannot measure any success yet – but at least they are trying and so gaining an edge.
- **Community:** The general animosity that people feel toward the insurance industry needs to be actively reduced. To this end, the spectrum of people with common attitudes needs to be explored and each leveraged appropriately. For example, social computing can facilitate the creation of communities and foster communications

that can not only provide companies with invaluable information about their customers, but also provide customers with the transparency and information they crave.

To once again quote the Insurance 2020 study, “Active and informed consumers across demographic groups reward non-traditional operators.” They know what they value and are looking for operators that know this, too. Being non-traditional means not relying on conventional wisdom, but listening to the market – and mastering trust, transparency and technology.

To learn more about this IBM Institute for Business Value study, please contact us at iibv@us.ibm.com. For a full catalog of our research, visit:

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With business experts in more than 160 countries, IBM Global Business Services provides clients with deep business process and industry expertise across 17 industries, using innovation to identify, create and deliver value faster. We draw on the full breadth of IBM capabilities, standing behind our advice to help clients implement solutions designed to deliver business outcomes with far-reaching impact and sustainable results.

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Route 100
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U.S.A.

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01-08
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