



# *The Empowered Customer*

Thanks to new technologies, today's consumers are more connected than ever and want to interact with companies in new ways. It's changing the delivery of service.

By Ron Clark

In today's fast-changing world, customers are more empowered than ever, thanks to the ongoing technological revolution. Technology advances make it possible for consumers to do considerable research on companies and to interact with those companies in a wide variety of ways.

These new technologies are transforming the insurance and financial services industry. Companies are finding that to stay competitive, they have to offer service the way the customer wants—and the service has to be fast. It does not matter if an insurer considers the customer to be the policyowner or the agent—both demand fast service through new technology platforms such as smart phones and tablets.

Adding to this is the impact of social media and news blogs. Consider this observation from an article in the Conference Board *Spring Review*: “In a harsh, unforgiving era that has consolidated and unleashed the awesome powers of social media and a twenty-four-hour news cycle, the public penalty for a blunder that incites a customer revolt has multiplied exponentially. The kind of business move that used to generate mild grumbling and then grudging acceptance now brings immediate denunciations, viral social-media protests, front-page headlines, and the worst fate of all: being made an example of, as a cautionary tale.”

Jon Picoult, Founder & Principal of Watermark Consulting, a customer experience consultancy specializing in the financial services industry, said, “Many companies and their executive management have become tone-deaf to customers. And to an extent, that’s an issue that a lot of companies have struggled with through the ages. What’s different now is that it has become more pronounced as a challenge, because the balance of power between companies and consumers has shifted as a result of the power of the Internet and social media.” Watermark may be found at [www.watermarkconsult.net](http://www.watermarkconsult.net).

Today, it’s all about the empowered customer. And to serve those customers, it takes a commitment from the company and a desire to build a quality service structure, experts say.

*Resource* has gathered information on top service-related topics this year for inclusion in this special report. Let’s start with building service excellence, and then take a look at technological transformations and studies showing how technology empowers consumers. We’ll end with some examples of apps and other innovations from insurers.



## Commitment to Excellence

At the LOMA Customer Service Conference earlier this year, speakers discussed building a commitment to excellent service and the impact of social media and other technologies.

To build a world-class customer service experience, companies need to do four things, according to Joseph Michelli, Ph.D., internationally known author and organizational consultant who opened the conference: “Define the desired service experience, make culture a verb, obsess about values, and envision audaciously.”

Michelli presented statistics from one study that found companies that successfully execute a high-service-value strategy enjoyed annual growth rates of 20 to 40 percent. And companies that effectively made improvements in customer experience leading to a five percent increase in loyalty enjoyed profit increases greater than 25 percent.

Michelli discussed examples of several companies known for world-class service, such as Zappos and Starbucks.

The first step in the process is for a company to establish what is the desired service experience. At Starbucks, it is “create the living room of the community.” At Ritz-Carlton,

it is “create the home of a loving parent.” Zappos wants to deliver “wow-ful happiness” service.

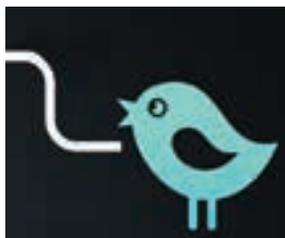
Discussing the importance of values, Michelli listed the values of Zappos, the first of which is to deliver WOW through service. Others include embrace and drive change;

create fun; be adventurous; pursue growth and learning; build open and honest relationships with communication; build a positive team and family spirit.

Michelli explained how Zappos makes an effort to wow the customer with an unexpected perk, which helps build an ongoing relationship.

Brad Cleveland told the Customer Service Conference attendees how to shape their customer access strategy for social media. Cleveland, a respected thought leader on customer interaction, said we are going through more change in service than at any other time—it’s “amazing change, we’re more connected than ever.”

Social media impacts service, Cleveland said, because customers can share their stories (bad or good) immediately. Social media is not a fad, he said.



Cleveland discussed five steps to get started with harnessing social media for better service:

1. Join the conversation. Start by monitoring social sites.
2. Harness the contact center. There is much about social media that the contact center can handle, he said.
3. Reshape customer access strategy. Have many channels.
4. Build all interactions into plans and processes. Deal with social interaction just like any other contact. Such interactions can be predicted and you can have staff in place to handle them, he said.
5. Once the contact center is handling this work it can create strategic value, Cleveland said.

## Technological Transformation

The impact of technology on service is emphasized by a study done by CSC this year. The CSC Leading Edge Forum released a report that explores how a technological revolution is transforming the financial services industry by empowering consumers to connect with financial institutions and with each other in new ways. This revolution is driving opportunities around the world, CSC said, especially for lower income consumers with limited access to services.

The report, titled *Connected Consumer and the Future of Financial Services*, identifies four major technological drivers of change: the rapid uptake of mobile devices, the growth of microfinance, the widespread adoption of new media, and the opportunities from mining both structured and unstructured data. These factors are connecting people to each other on a massive scale, breaking down barriers, bringing financial services to people regardless of income level or location, and providing rich insights about consumer behavior and sentiment:



■ **Mobile:** Mobility is bringing more services to more people with more convenience. Mobile phones, tablets and cards are revolutionizing both payments and financial processes such as insurance claims. Mobile money, notably in Africa, is a driving force behind how financial services are being delivered. As many as two billion people worldwide do not have a bank account but have a mobile phone, making mobile phones the primary financial enabler for a significant portion of the world's unbanked.

■ **Micro:** Microfinance products, such as those available via smart cards and mobile phones, are playing a lead role in bringing financial services to lower-income consumers. The use of cards for insurance and microsavings, for example, allows lower-income consumers to have easy access to financial services that were previously not available to them. Overall, micro is about bringing specialized financial products such as loans, insurance, and savings programs to all people.

■ **Media:** New media are transforming how consumers manage their financial worlds and how they transact business. Social media amplifies the voices of consumers, giving them more influence over financial services firms, while peer-to-peer payments and lending over the Internet enable more frictionless transactions that do not require financial services firms to mediate.

■ **Mining:** The explosion in consumer connections is creating unimaginable volumes of data. The challenge is to mine this social data in conjunction with traditional financial data to unlock new insights for developing products and expanding into new markets. Leveraging big data in this way could fundamentally alter our understanding of risk and of financial services itself.

“Even consumers who would have once been considered high-risk are now finding a range of new financial options,” said Patrick Molineux, chief strategy officer of CSC’s Financial Services Group and lead author of the report. “Technology has fueled the evolution of the financial services sector at such a rapid rate, from mobile Visa payments to insurance for rural farmers, we’re seeing possibilities for lower-income consumers that would have been unimaginable just 20 years ago.

“In a highly connected world, consumers across the economic landscape are empowered to not only shape their own fiscal futures but ultimately play powerful roles in revolutionizing financial services. All organizations need to understand these trends and prepare for the potential disruptions and opportunities coming from connected consumers.” To download the report for free, visit [www.csc.com/connectedconsumer](http://www.csc.com/connectedconsumer).

## Empowered Consumers

Another study this year emphasized the way technology empowers consumers. NICE Systems, which provides intent-based solutions that capture and analyze interactions and transactions, conducted a study confirming that consumers are more empowered than ever before, as they are communicating more often and using multiple channels to contact an enter-

prise. Consumers indicated that on average they are using six different channels for contacting service providers, while 86 percent note that on average, they are communicating more often, or at the same level, with businesses over all channels.

While the Web continues to be the most popular and growing self-service channel, the NICE study found that smart phone applications and social networks have grown in popularity with more than 40 percent of respondents noting that they have increased their use of these channels.

Almost half of the respondents noted that if they are unable to accomplish a task on a company website, they will then turn to the contact center to resolve their issue. This is often due to the fact that respondents find complex tasks difficult to complete via the Web self-service channel. As self-service channels are more often used for easier tasks, the contact center continues to evolve to "Tier 2" status, for taking care of escalated service requests.

Customer expectations are high as 40 percent of respondents want the live representative to already know about their experience before beginning their conversation in order to bring the issue to a quick and successful conclusion.

This trend reinforces the importance for the contact center organization to be able to understand and shape a customer interaction in real time. This is achieved by providing customer-facing employees with the context of the interaction, such as the customer's cross-channel journey, including their most recent activities, analyzing the voice of the customer (VoC) in real time, then using the insights from the VoC and work force performance to drive the next-best-action and execute it in the most efficient manner.

"The empowered customer who uses more channels, more often, is in effect creating a big data challenge and opportunity for businesses," said Benny Einhorn, chief marketing officer at NICE. "To maximize the value of these interactions, organizations need to Own the Decisive Moment™ by shaping the interaction as it happens. Service organizations that can impact that moment consistently across countless interactions and continuously throughout the lifetime of customer relationships will not only survive the rising tide of customer interactions—they'll thrive."

The survey, conducted in November 2011, polled around 2,000 people, between the ages of 18 and 65, living in major metropolitan areas in the United States, United Kingdom



and Australia. Questions regarding channel preference when contacting organizations were categorized according to the following industries: financial services, telecommunications, travel/hospitality, insurance and healthcare.

Other key findings include:

- Within financial services, only 50 percent of customers indicated satisfaction in their interactions with a live phone representative. However, greater satisfaction was reported among respondents in the other verticals—here, 81 percent expressed satisfaction with the live rep channel.
- The use of all interaction channels is growing, especially in the travel/hospitality and insurance sector. The health-care industry lags behind in multi-channel service, and many of the advanced channels (e.g., social networks, smart phone applications) are still not prevalent. Healthcare customers prefer to use service centers (85 percent).
- The use of smart phone apps and SMS is on the rise (34 percent), with the strongest growth in the financial services sector (46 percent) and the travel sector (38 percent). FSI customers are substantially more successful (52 percent) and satisfied with smart phone apps than users in other industries (34 percent use this channel successfully).
- The role of interactive voice response (IVR) remains unclear; survey results indicate a failure to contain interactions and a significant negative impact on customer satisfaction and loyalty. One of the biggest motivators to use IVR is to get to a live representative who is aware of their IVR journey, or to use the callback option. Regardless of the vertical, around 60 percent of the respondents indicated that they try to bypass the IVR to get to a live representative.



**All organizations need to prepare for the potential disruptions and opportunities coming from connected consumers.**





A white paper summarizing the main points of the survey is available at [www.nice.com/summit/2012\\_Consumer\\_Channel\\_Preference\\_Survey](http://www.nice.com/summit/2012_Consumer_Channel_Preference_Survey).

Also earlier this year, Deloitte published a technology report mention-

ing the role of social media in service. The report said, “Beyond social monitoring and listening posts, leading insurers should be establishing command centers to interact with consumers and the marketplace through the social sphere. Some interactions are transactional, such as customer relationship management or claims management, while others seek to drive loyalty and brand activation. For example, property and casualty or life insurers can provide easy-to-digest information about products and services on social media channels to help create a more educated consumer and a potential pipeline of leads. They can then use analytics to measure any uptick in interest from consumers and also tweak their messaging in real time based on feedback. Likewise, consumers can periodically check in with their property and casualty insurers in much the same way that they may check their bank balances—with links to social resources that nurture a sense of community and belonging.”

The comments were in the Deloitte report, *Insurance Tech Trends 2012*. The report is on the Deloitte website, [www.deloitte.com](http://www.deloitte.com).

## Insurer Examples

Many insurers are introducing apps, games and other social media innovations to help their policyholders and agents. Here are just a few examples of what insurers are doing to empower customers, agents and producers:

**Ameritas Investment Corp.** (AIC), which offers a wide range of investment products and services, recently started an initiative to unlock the power of social media for its registered representatives. Working with Socialware, a leader in social media compliance and engagement, AIC advisors will be able to confidently and effectively build valuable relationships and exchange information via social networks, such as Facebook, LinkedIn and Twitter, while remaining compliant with industry regulations.

“Particularly in the financial services industry, building valuable and trusted relationships with clients is critical to providing exceptional service,” said Chad Bockius, CEO of Socialware.

“Social networks are where many relationships are developed today. AIC has made the smart decision to proactively support its advisors and ensure social media initiatives are successful for its advisors and have a positive impact on the company.”

As consumers turn to social networks to discuss topics they have interest in, investment firms are seeking ways to leverage channels to continue the important relationship building that was traditionally conducted offline. AIC, working with Socialware, is providing social engagement support to all of its advisors.

“At AIC, our top priority is to provide advisors with the tools for success. An internal survey indicated the vast majority of our advisors were eager to use sites like LinkedIn and Facebook to build business,” said Salene Hitchcock-Gear, president and CEO of Ameritas Investment Corp.

**American General Life Companies** recently made enhancements to AG Quick Ticket<sup>SM</sup>, its Web-based life insurance application tool that allows producers to complete and submit applications electronically and ensures fast turnaround times for the interview, exam and submission of the full application to American General.

Recent enhancements to AG Quick Ticket include status notifications to the writing agent’s upline and the ability to submit replacements through the tool. In addition, producers now can enter AG Quick Ticket through popular illustration and quoting tools, such as WinFlex and Vital Term, as well as through agency websites.

“We continue to develop AG Quick Ticket based on valuable feedback from our distribution partners,” said John Deremo, executive vice president and chief distribution officer of American General. “Our goal is to offer a best-in-class solution to help our producers go from submission to commission as quickly and easily as possible.”

American General partnered with Ebix, Inc. and ExamOne to develop AG Quick Ticket. In addition to the new access





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points described above, producers can access and complete the online application through single sign-on to [www.agquickticket.com](http://www.agquickticket.com) or through American General's eStation producer business resource center website, which provides access to a wealth of product and client information. Once a producer submits an online ticket application using AG Quick Ticket, ExamOne will contact the client to conduct the interview, complete health information and schedule the required paramedical exams.

Producers can check an application's status at all stages, 24 hours a day, via eStation or ExamOne's website.

A number of life insurance products are currently offered through AG Quick Ticket, including AG Secure Lifetime GUL®, AG Select-a-Term®, and AG ROP Select-a-Term®.

American General Life Companies, [www.americangeneral.com](http://www.americangeneral.com), is the marketing name for a group of affiliated domestic life insurers including AGL and USL. American General Life Companies insurers offer a broad spectrum of life insurance, fixed annuities, accident & health products and worksite benefits to serve the financial and estate planning needs of its customers throughout the United States.

### **American General Structured Settlements,**

a division of American General Life Companies, recently initiated a mobile structured settlements quoting application: American General Structured Settlements Quick Quote. The new state-of-the-art "app," optimized for iPhone® and Android™ smart phones, and available for iPad, gives appointed producers on-the-go ability to quickly quote future monthly payments from a structured settlement annuity.

"American General Structured Settlements Quick Quote is yet another innovative mobile tool that American General has created for our valued distribution partners," said Mary Jane Fortin, president and CEO of American General Life Companies. "This new app reflects our ongoing commitment to providing our producers with resources designed to help effectively serve their customers, anytime, anywhere."

Mike Wostoupal, vice president of American General Structured Settlements, said, "We developed Quick Quote to meet the needs of our producers for technology on the move. They often close business literally on the courthouse steps involving legal disputes—and this app, developed based on their feedback, enables them to generate single line quotes much faster than ever before. With this mobile tool, there's no need to power

on a laptop and log in to full-service quoting software just to produce a single-line benefit."

In addition to generating immediate quotes, the app provides one-touch calling to the American General Structured Settlements support team.

**Northwestern Mutual** is launching Hearsay Social's enterprise social marketing platform, simplifying the way in which Northwestern Mutual's more than 6,000 financial representatives are able to build relationships and share information on social networks like Facebook and LinkedIn.

"This new tool will make it even easier for our financial representatives to build relationships with clients through social networks," said Neal Linkon, Northwestern Mutual assistant director of Internet Marketing. "When we build strong relationships, we're able to create more personalized and more powerful financial plans for clients."

Insurance and investment industry regulators require that financial representatives' conversations on social networks are supervised by their firms, which can present challenges for some companies. Hearsay Social's social media tool can capture, monitor and archive social communications, helping enable Northwestern Mutual financial representatives to network with clients online, and comply with applicable regulations.

"Hearsay Social and Northwestern Mutual share a vision for the transformational power of social media for relationship-building," said Hearsay Social CEO Clara Shih. "Supported by Hearsay Social's FINRA/SEC compliance capabilities and empowered by our easy-to-use social marketing platform, the company's financial representatives can more fully embrace social networks."

In 2008, Northwestern Mutual was among the first in its industry to establish parameters which enabled its financial representatives to use Facebook and LinkedIn.

Northwestern Mutual's "Lifespan Calculator" Facebook application was named "Best in Show" in 2009 by the Insurance & Financial Communicators Association in the Social Media awards category. In 2011, more than four million Americans used the fun, interactive tool—which considers 13 lifestyle factors to estimate a person's life expectancy.

The company is a member of [SocialMedia.org](http://SocialMedia.org), a community of social media leaders at the world's largest brands.





Also, Northwestern Mutual has launched the “Get Your Financial Security Score” game. The game is a mobile tool that customizes financial tips for users and awards them with a score based on their responses to a variety of personal finance-related statements.

Statements range from financial planning acumen and investment strategy, to inclination to save and prepare for the unexpected. After reviewing each statement, users provide their answers on a spectrum of “agree” to “disagree” by swiping their finger across a digital dial. A running tally of the user’s score appears after each question is answered, and at the end of the game, users receive their total financial security score—out of a possible 100 points—as well as tips on ways they can enhance their overall financial security.

“We all do things differently when it comes to financial planning, and it is important for each of us to have a sense for our level of financial security based on the choices and decisions we make,” said John Grogan, senior vice president at Northwestern Mutual. “Our ‘Get Your Financial Security Score’ tool illustrates this reality. By considering the financial tips that the game displays and working with a trusted advisor, we’re hopeful more individuals will get on the path to financial security.”

The “Get Your Financial Security Score” tool is available free on the homepage of the Northwestern Mutual mobile site, which is accessible on most iPhone, Android and Blackberry browsers. Northwestern Mutual’s mobile site features information about the company, its products and services, career opportuni-

ties, and the ability for users to locate the Northwestern Mutual office and financial representative closest to their area. The tool is also available on Northwestern Mutual’s Facebook page.

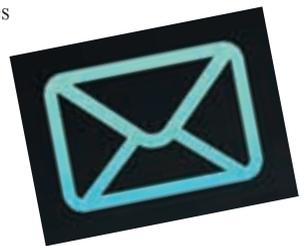
**Jackson National Life Insurance Co.** recently launched the Elite Access iPad application, which provides the company’s wholesalers with easy mobile access to information on Jackson’s newest product offering. The app is designed to help Jackson’s wholesalers educate financial advisers on Elite Access and alternative investment strategies.

The app is the next stage in Jackson’s Elite Access educational campaign, which kicked off in March and aims to meet increasing adviser demand for information on potential utilization of alternative investments within client portfolios. The campaign also includes a Web presence ([www.Elite-Access.com](http://www.Elite-Access.com)), regional seminars, webcasts, training programs, multimedia marketing materials and an upgrade to Jackson’s Portfolio Construction Tool to include alternative asset classes and correlation analysis.

The Elite Access iPad app includes information on Jackson’s money manager partners, as well as the lineup of alternative investments options available within the new product. In addition to information on the tax deferred structure of an annuity contract, the app also provides background on the packaged strategies included in the Elite Access product.

“Jackson understands the importance of providing our sales force with fast, convenient and comprehensive mobile resources so they can introduce advisers to alternative investing strategies,” said Luis Gomez, vice president of marketing strategy for Jackson. “The iPad app equips wholesalers with a one-stop shop to instantly customize sales presentations using all available marketing assets to meet each adviser’s unique needs, as well as demonstrate Jackson’s robust technology capabilities.”

Elite Access is a variable annuity designed to provide the opportunity for greater portfolio diversification by utilizing alternative asset classes. The product combines alternative investments, risk management strategies and tactical management strategies to deliver a unique approach to managing market volatility while seeking higher returns and less risk.



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“Jackson’s new iPad app is designed to support our team of more than 500 wholesalers as they work to outline the opportunity presented by alternative investing strategies,” said Clifford Jack, executive vice president and head of retail for Jackson. “As an organization, Jackson is committed to educating advisers on the importance of alternative investing strategies, given continued volatility and increased correlations in the traditional equity market. Utilizing alternative asset classes can help advisers construct counter-correlated portfolios, which helps address market fluctuations and provides the potential for greater returns.”

### Transamerica Retirement Services

has introduced “Stash & Dash,” a retirement savings game for users of Facebook. Stash & Dash allows players to enjoy a lighthearted game about saving for retirement. The goal of Stash & Dash is to navigate your piggy bank player around obstacles and collect as many coins as you can by the end of the game. The player controls the piggy bank to collect coins representing different ways of earning income, which then must be deposited along the way to earn interest. Throughout the game, players encounter and can escape “money trolls,” symbolizing monetary setbacks that can impact savings. Players can invite friends to try and beat their scores and have the ability to post their scores on their Facebook wall.

Stash & Dash is available online at [www.Facebook.com/TransamericaRetirementReadiness](http://www.Facebook.com/TransamericaRetirementReadiness) and in the Apple iTunes store for iPad tablets.

“Transamerica helps empower savers to make educated decisions about saving for retirement,” said David Shute, vice president of marketing for Transamerica Retirement Services. “We know that people love playing games on social media sites and Stash & Dash is designed for entertainment. By ‘liking’ our page on Facebook, people can enjoy a fun game and access interesting and impactful content about retirement readiness from Transamerica and other well-known sources. Our Face-

book page has a wealth of content to help savers prepare for retirement, and we hope Stash & Dash will attract Facebook users to check out the educational resources we offer.”

In addition, Transamerica Retirement Services received DALBAR’s Seal of Excellence for its plan sponsor and participant websites for the eighth consecutive year. “Transamerica excels at providing the best online experience in the most accessible and effective way possible,” said Stig Nybo, president of Transamerica Retirement Services. “DALBAR’s recognition shows that we are harnessing today’s technology to develop industry-leading tools that offer added value to our clients.”



**State Farm** recently released a new version of its core mobile application, Pocket Agent®. The most recent enhancements include a fresh new look and feel and improved navigation. In addition to leveraging state-of-the-art design for iOS® and Android™ smart phones, the update enhanced Pocket Agent making

it available for the iPad®, and Android tablet devices. These improvements come on the heels of State Farm introducing a redesign of its top-ranked mobile website in April of this year.

The introduction of a Pocket Agent app optimized for use on a tablet device provides consumers with an additional access point to connect with State Farm. Tablet users can now utilize much of the same useful functionality they are accustomed to seeing from the company on their mobile device, as well as a few additional features such as interactive and educational content to take advantage of larger screen sizes.

“We take the thoughts and insights we receive from users very seriously. A lot of what you will see in the most recent version of Pocket Agent was heavily influenced by consumer research and customer feedback,” said Patty Gaumont, vice president of Enterprise Internet Solutions at State Farm. “As more consumers use mobile access points to connect with us, and new devices are introduced, we must continue to focus on enhancing the customer experience across all of our platforms.”

Pocket Agent is a convenient way for registered State Farm customers to access all of their information in one place. Customers can view policy, mutual funds and financial information on the go, as well as file or check the status of a claim. State Farm Bank® customers enjoy features like MyTime Deposit® to deposit checks on the go, pay bills, transfer funds, and access their financial services.

Pocket Agent is just one of the many tools State Farm features in its suite of mobile offerings. The company also provides its Driver Feedback™ and Steer Clear® Mobile applications on both Android and iOS (Apple®) smartphones, as well as its MoveTools® app for iPad users, free of charge. ♦



State Farm's Pocket Agent