Driving the Adoption of Social CRM for Insurers

Understanding customer expectations through social media and charting out suitable customer relationship management strategies can help insurers win customers’ loyalty and trust and thus drive sustainable growth.

Executive Summary

Traditional customer relationship management (CRM) systems have relied on maintaining a customer contact base and pushing sales information. Customers took note of what companies had to offer and then made purchase decisions.

Customer behavior has, however, changed drastically in the recent past. Well connected through social media, today’s customers expect brands to engage in two-way conversations and rely on trusted recommendations from their social networking contacts. This has given rise to social CRM in which customers drive the processes, decide on the channels of engagement and define the rules of the relationship. Organizations are compelled to listen and engage in these conversations to build stronger bonds. Gartner predicts that by 2013, corporate spending on social CRM systems to support sales, marketing and customer service processes will exceed $1 billion worldwide. According to the report, 30% of companies will extend their social networking efforts to social CRM processes. While adoption has been highest among business-to-consumer (B2C) organizations, business-to-business (B2B) companies have also begun to aggressively invest in social. By end-2013, B2B organizations using social CRM applications will represent 25% of all projects worldwide from less than 10% in 2011.

This white paper examines the need for adoption of social CRM in the insurance industry and provides insights about the areas where insurers can potentially benefit through social CRM investments.

Social CRM for Insurers

Some early adopters from the insurance industry such as Farmers, Thrivent and Northwestern Mutual have embraced social CRM to tap the potential of customer conversations in order to strengthen their relationships with customers. “We get great data out of social CRM and it helps along multiple fronts. We are driving growth and new business, as well as customer retention. We also gain product knowledge and service. We are able to determine whether there’s a need in the market that we are not meeting,” asserts the VP of e-business at Farmers Insurance.

Social CRM offers several opportunities for insurers who integrate social data into their CRM ecosystem. Apart from strengthening marketing,
sales, service and support, an effective social CRM system helps improve overall customer satisfaction and provides a continuous feedback loop about products and services. It also helps alert local agents or field officers to engage with customers. Figure 1 depicts the dimensions in which social CRM can be leveraged by insurance carriers.

Marketing Campaign Effectiveness

Of late, businesses worldwide have begun to shift away from traditional marketing toward digital marketing. According to Forrester Research, broadcast and cable television still command the lion’s share of marketers’ media budgets. However, digital video advertisement spending in the U.S. is projected to balloon by more than 250%, from $2 billion in 2011 to $5.4 billion by 2016. This is primarily driven by the fact that today's customers spend most of their time online.

There are multitudes of online channels distributing a wealth of information, and unless the advertising campaign is personalized and contextualized it fails to catch customers’ attention. Unlike in traditional marketing where personalization and contextualization is not viable, digital marketing resources can target customers’ specific interests.

Insurance carriers must wake up to the fact that demographics-based targeting and personalization of services can prove to be extremely effective in marketing their products and services. In order to come up with personalized digital marketing campaigns, carriers have to understand their customers better. By listening to customer conversations, carriers can understand the market’s perception about their products. They can gauge popular sentiment about their products and accordingly tailor their marketing campaigns to the target audience. San Francisco-based data mining firm Rapleaf says it can help predict which advertisements customers will pay attention to by looking at their social profiles.

Some insurers are employing innovative digital marketing strategies to maximize returns. For instance, GEICO launches commercials with humor and entertainment that are a hit among younger customers. USAA tracks customer reviews of its product offerings and uses that information to drive product improvements, improve Web site conversion and increase interactive marketing effectiveness. American Family Insurance has created a social game in an effort to reach its main demographic – active users in the gaming space. The game contains real-time elements that make it relevant to customers’ daily lives. For example, if there is a hailstorm in the real world where the customer is located, the game reflects this. If a user buys a virtual car but not insurance, in the event of damage the game illustrates that the user has to pay out of pocket.

To contextualize, capitalize and monetize such innovative digital marketing initiatives, social CRM systems allow carriers to create and distribute marketing content templates that can be personalized and posted by agents on Facebook, Twitter, etc. These tools then allow the carrier to...
measure the effectiveness of these campaigns in terms of meaningful key performance indicators (KPI). This could involve, for example, tracking the engagement levels based on region or agent. A recent study indicated that locally created Facebook fan pages specific to the region deliver five times more marketing reach than a corporate Facebook fan page.

**Prospect/Customer Contact Management**

Typically, CRM systems maintain information about prospects with details such as their contact information that includes location address, phone number and e-mail address. In addition, social CRM systems scan the Facebook, Twitter and social media profile of the prospect, thereby creating a unified customer view. These conversations can be imported into the CRM system and monitored to spot avenues for further engagement. Alerts can be triggered to agents in nearby locations. The alert can either indicate direct purchase opportunities or milestone events that can present potential future opportunities. Farmers has enabled its agents to use Facebook fan pages effectively to qualify leads. The company claims that it can determine the number of policies and associated revenue that result from Facebook engagements since data is procedurally captured in the CRM system.

**Demand Generation**

The imported conversations of the new prospect or an existing customer can provide insights on lifestyle-changing events that may present multiple opportunities. For instance, if a Twitter conversation by one of the prospects indicates that he or she has had a baby, a child plan can be suggested by a life insurance advisor or sales representative. If a customer posts on Facebook about a short-term travel trip along with friends (tagged in Facebook) to a specific region, appropriate travel insurance options can be suggested. This can be queued up as a follow-up task for the travel insurance agent in that region. Multiple lead opportunities could branch out from this single lead as there is a possibility of the co-travellers purchasing similar coverage. Their contact information can be obtained through Facebook (assuming it has been made public) and logged back as prospects in the CRM system for further follow-ups. Similarly, cross-sell and up-sell opportunities from social media channels can be identified and tracked back to closure through integration with the CRM systems.

Innovation is key for insurers to gain a strong foothold. Generali in France has developed a concept called Kontsurnous, a group insurance scheme where groups of up to 15 buddies including family, friends or colleagues join together. For each policy sold in the group, the group earns points. These points can be redeemed for lower premiums or for reducing the deductible in the event of a loss. This concept has allowed Generali to increase its customer base while reducing its acquisition costs. A similar scheme can be worked out for other groups such as shopkeepers who operate from a single, large shopping mall.

**Customer Service and Support**

Through the usage of social CRM tools, customer service requests from social media channels that deserve immediate attention can be prioritized for immediate resolution. The tools can provide additional insights on influential customers who direct the buying behavior of other customers. A negative sentiment expressed by an influential customer needs to be addressed at the earliest. Recently, Progressive Insurance faced criticism for its handling of a customer’s accident liability case in court. A post by the customer’s sibling went viral overnight and a Progressive claims manager had to immediately offer justification at the carrier’s official blog site and clarify the case proceedings. Social CRM can speed up responses to avoid negative chatter on social media platforms. For example, a customer’s query about auto insurance following the purchase of his new car can be routed to the local agent quickly. Given the nature of compliance considerations in the insurance sector, a workflow can be set up for a supervisor to approve responses of a critical nature before they are posted on social media channels. Since the social media plug-ins seamlessly integrate into the CRM system, all the conversations that happen between a customer and support personnel can be posted, managed.
with the workflow, tracked and archived in the CRM system for ease of usage and for deriving deeper insights.

**Analytics**

Social CRM tools enable mining of valuable insights from social media conversations that are imported into a CRM system. By harnessing the power of analytics, carriers can launch effective marketing campaigns, identify influencers and figure out key demographics. Excavating these deeper insights will aid in engaging better with customers by understanding their specific needs and interests.

For example, a P&C carrier specializing in personal lines can gauge the overall customer sentiment about its brand, and drill down into sentiment across products such as auto, home, renters insurance, etc. The carrier can find out what its customers think about its service, their claims settlement experience and agents’ responsiveness. The company can get instant feedback about new products, and discover influential customers on social media channels such as Twitter, blogs, etc. who could potentially become its brand ambassadors. These insights will help it realign its strategies and launch innovative products catering to specific market segments. For example, a Fortune 100 insurance provider discovered that the majority of negative sentiment expressed by its customers toward property claims were related to policy coverage, while complaints regarding auto claims related to appraisal accuracy. Insurance providers can measure positive and negative sentiment and drill down into the specific issues driving that sentiment. They can also accelerate follow-up by tracking the identified pain points of customers to closure.

**Challenges**

Insurers have a few reservations about taking the big leap into social CRM. The lack of a comprehensive strategy at the enterprise level, the lack of methodologies to measure results and compliance-related concerns about content shared by their employees or agents in social media cause them to stay noncommittal.

However, beyond these challenges lie opportunities that few insurers have exploited. Farmers Insurance suggests, “Try to strike the right balance between legal department review of content, and being more aggressive in listening to customers and communicating with them. If you are too conservative with it, it simply won't work. You have to be on it 24*7 and you have to be able to respond to it quickly.” Northwestern Mutual states that social CRM enables it to create more personalized and more powerful financial plans for customers. While building strong relationships through social CRM systems, the company ensures regulation-compliant use of social media by its employees.

**Looking Ahead**

Social CRM does not replace traditional CRM; it augments traditional CRM by providing additional insights that blend seamlessly into the existing CRM processes. Thus it focuses on engaging the customer in a collaborative mode. When insurance organizations look to build strong customer relationships, their agents, sales representatives, call center representatives, marketing personnel, field officers and claims representatives should engage in meaningful interactions with customers in the social web. This interaction, when integrated into the existing CRM system, paves the way for an insurer to measure the results. Social CRM systems provide insurers with a 360-degree view of their customers, enable generation of leads, effectively manage customer expectations and win their trust. They enable insurers to track KPIs and deliver business value by reducing overall costs in the long run without compromising on regulatory and compliance considerations.

**Footnotes**


Social CRM does not replace traditional CRM; it augments traditional CRM by providing additional insights that blend seamlessly into the existing CRM processes.
About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 150,400 employees as of September 30, 2012, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at www.cognizant.com or follow us on Twitter: Cognizant.

About the Authors

Akila Narayanan is a Manager with the Insurance Future of Work Group within Cognizant’s Insurance Practice. She is a social business enthusiast and evangelist. Akila has vast experience in managing complex and strategic projects for insurers. She is an avid blogger and specializes in enabling social business for insurers. Akila is an electronics and communications engineer from the University of Madras and holds a PMP, Associate in general insurance credentials. She can be reached at Akila.Narayanan@cognizant.com.

Shyam Sundar Nagarajan is a Principal Architect with the Insurance Future of Work Group within Cognizant’s Insurance Practice. He has vast experience in architecting and executing enterprise legacy modernization projects for insurance carriers. Shyam’s areas of interest include application architecture, legacy modernization, Agile methodologies, SOA, GIS, LBS, LI, mobility and social. His current focus areas include envisioning future of work for insurers with redefined application architecture. Shyam holds a B.Tech degree from the Indian Institute of Technology – Banaras Hindu University and a master's degree in software systems from Birla Institute of Technology and Science, Pilani. He is an IBM-certified Service Oriented Architecture Associate and TOGAF 8 Certified Enterprise Architect. He can be reached at ShyamSundar.Nagarajan@cognizant.com.

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world’s leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 150,400 employees as of September 30, 2012, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at www.cognizant.com or follow us on Twitter: Cognizant.

© Copyright 2013, Cognizant. All rights reserved. No part of this document may be reproduced, stored in a retrieval system, transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the express written permission from Cognizant. The information contained herein is subject to change without notice. All other trademarks mentioned herein are the property of their respective owners.