Insurance CCX Case Study

July 2020

PHOENIX

Table of Contents

What is CCX?

- Competitive customer experience (CCX) is a unique approach to understanding customers' experience – assessing the impact of Brand and Interaction experience on likelihood to recommend.

- It looks both within category and across Best in Class Brands from all categories to enable our CX to be benchmarked against the best brands.

TARGET GREAT, NOT GOOD!

GOOD
"I want scores to improve on my internal CX measurement. I need to be on target"

BETTER
"I want to do great and be able to differentiate in my sector on the things that matter to customers"

BEST
"I want people who interact with my brand to get an experience like the best brands deliver, no matter what sector"

In an evolving world where consumers interact with many brands and are exposed to even more brand promises, they naturally expect more from their interactions.

Staying in front of this new norm will make for great brand experiences that generate higher ROI.

To understand true brand position, we measure competitive customer experiences *inside and outside* the category:

- Traditional CX benchmarking tells you how well you're doing relative to direct competitors

- Non-category benchmarking provides the opportunity to understand CX in a more realistic consumer context

Maximizing open end data:

- One of the unique aspects of CCX is the ability to fully utilize open-ended data by coding them into meaningful categories.

- This gives a shorter interview and enables us to understand the customer's issues and agenda, rather than our own.

- The codeframe is built and refined by an analyst to build a tailor-made model that subsequently autocodes – making the most of the data in a fast, inexpensive way:

  - The analyst can take study objectives into account to create customized lists and definitions
  - Coded data are used alongside close-ended data to give powerful modelling

Analyst-guided Autocoding

Analyst manually codes a portion of OEs to 'train' the model

A random forest model identifies why codes are assigned to a category and applies to the rest

All OEs are analysed to determine probability of being assigned to a category

Training file remains consistent over time but can be further refined
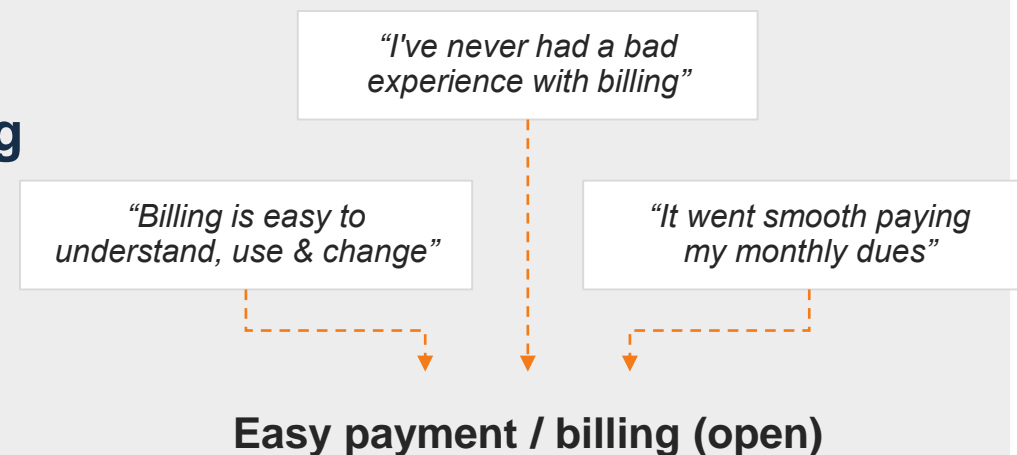
Looking at Data Differently

1. **We're able to create a model to autocode open-ended data.**

2. **Modeling can be done incorporating the open ends with scaled data to help address key objectives.**

Understand drivers of recommendation without an exhaustive/exhausting battery of attributes

Transparent model – no black boxes

OE Autocoding

"I've never had a bad experience with billing"

"Billing is easy to understand, use & change"

"It went smooth paying my monthly dues"

Easy payment / billing (open)

Step 2.

Modelling

Top Drivers of X:
Offers high quality products/services
Has a strong reputation
Easy payment / billing (open)
Meets my needs

Illustrative only: simplified and not exhaustive

Objectives

This study was designed to demonstrate applications of competitive customer experience research.

CCX is relevant across all categories where direct customer interactions form a part of their experience, and in this report we focus on auto insurance brands.

Methodology

With our sample partners, a 5 minute online survey was fielded pre-Covid, in early 2020. All brands covered each have n100 or higher.

Insurance Brands
USAA GEICO
PROGRESSIVE AAA
StateFarm Liberty Mutual

Over-the-top media Brands
Roku hulu
HBO NOW Disney+ ESPN+
CBS ALL ACCESS sling NETFLIX

Outside Category Brands
amazon AMERICAN EXPRESS STARBUCKS COFFEE Uber
NETFLIX DELTA MARRIOTT Apple TOYOTA

Methodology

We were able to create a model to autocode the open-ended data for this study.

A driver analysis was then conducted across open end and scaled data to see what factors had the biggest influence on whether a brand was recommended or not.

By using regression analysis and looking at the data holistically, we were able to see how different aspects affect recommendation – is brand a stronger predictor, or do transactional experiences matter more?

We discovered the importance of Brand and Touchpoint Experience differ by category.

How we analyzed the data:

Survey Questions:

Scaled Brand attributes
Leading the way
Brand I trust
Offers high quality products /services

Coded open ends
Like X feature
Helpful / friendly service
Waited / Slow response

Brand interactions
Visited the website
Used the app
Contacted customer service

Analysis Groupings:

Brand impressions
Leading the way
Brand I trust

Interactions / Customer exp.
Visited the website
Used the app
Contacted customer service
Helpful / friendly service
Waited / Slow response

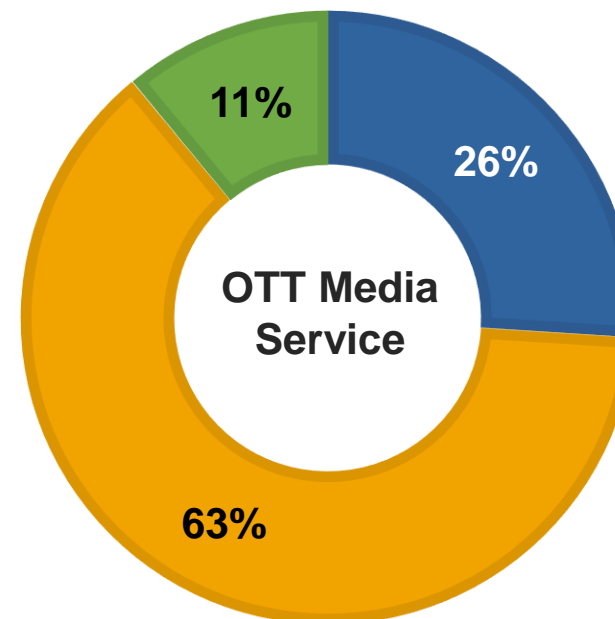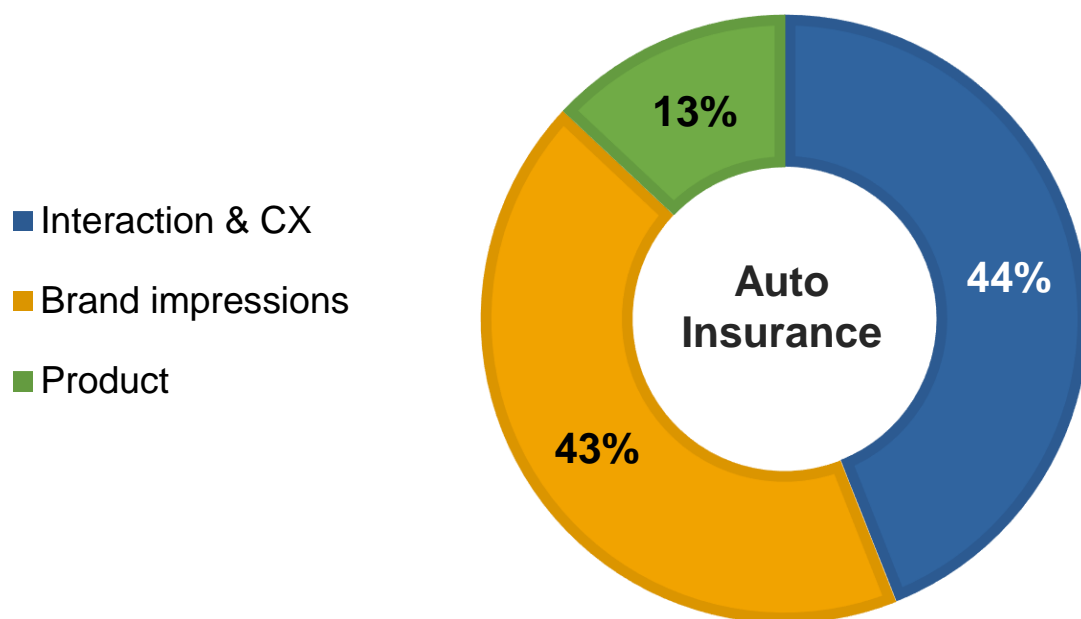| Product |
| --- |
| Offers high quality products /services |
| Like X feature |

Illustrative only: simplified and not exhaustive

Cross-category Learnings

- Brand & Interaction Experience are both very important, even in a more functionally driven category such as Insurance
- Focusing only on optimizing the interaction at the expense of brand will not deliver levels of recommendation
- In a category with more limited customer interactions, like OTT, Brand impression drives levels of Recommendation.

Factors Influencing Likelihood to Recommend

Legend:
- Interaction & CX
- Brand impressions
- Product

Auto Insurance
- 44% (Interaction & CX)
- 43% (Brand impressions)
- 13% (Product)

OTT Media Service
- 26% (Interaction & CX)
- 63% (Brand impressions)
- 11% (Product)

NB. In OTT, Brand & Product (i.e. programming) are likely to be indistinguishable to consumers.

Regression analysis using Likelihood to recommend x Brand, Interaction, Brand variables, Open ends.
% reflect the extent the variation of one grouping e.g. Interaction & Customer experience explains the variance of Likelihood to recommend

How Good is Good?

Auto Insurance

Insurance – Key measures

- Generally the category is split into 3 categories – USAA as BIC, GEICO & State Farm are average and the remaining below average.

% Top box	Avg.	USAA	GEICO	State Farm	Liberty Mutual	AAA	PROGRESSIVE
Satisfaction	62	85	65	63	56	55	47
Trust	60	87	55	61	60	56	45
Ease	65	85	64	66	56	60	58

Q1. Overall, how satisfied are you with BRAND? / Q2. BRAND is a brand I can always trust / Q3. Based on your overall exp with BRAND, how much do you agree they are easy to do business with?
Base: Brand users

Outside category – Key measures

- Out of category there are some strong performers, but Amex is the only company consistently above average across the board.
- Toyota excels in Satisfaction and Trust but is average for Ease.

% Top box	Avg	amazon	AMERICAN EXPRESS	DELTA	MARRIOTT	STARBUCKS COFFEE	Apple	TOYOTA	Uber	NETFLIX
Satisfaction	62	62	67	56	56	63	66	78	44	65
Trust	61	58	67	50	61	65	59	75	40	61
Ease	64	68	77	51	65	72	60	66	53	65

Q1. Overall, how satisfied are you with BRAND? / Q2. BRAND is a brand I can always trust / Q3. Based on your overall exp with BRAND, how much do you agree they are easy to do business with?
Base: Brand users

Overall Satisfaction

- USAA is the clear leader when it comes to auto insurance satisfaction.

- GEICO and State Farm have the largest market share, and have similar levels of customer satisfaction.

- Progressive lags behind.

20%   50%   90%

62%

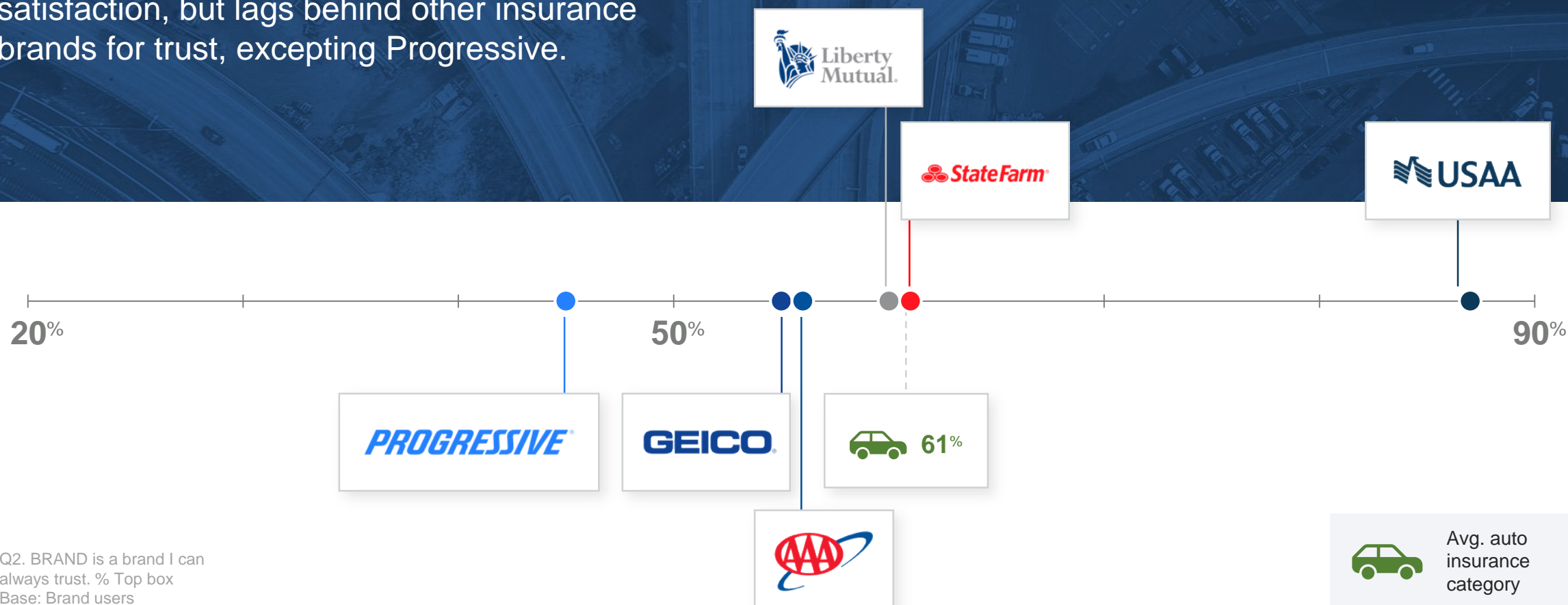Avg. auto insurance category
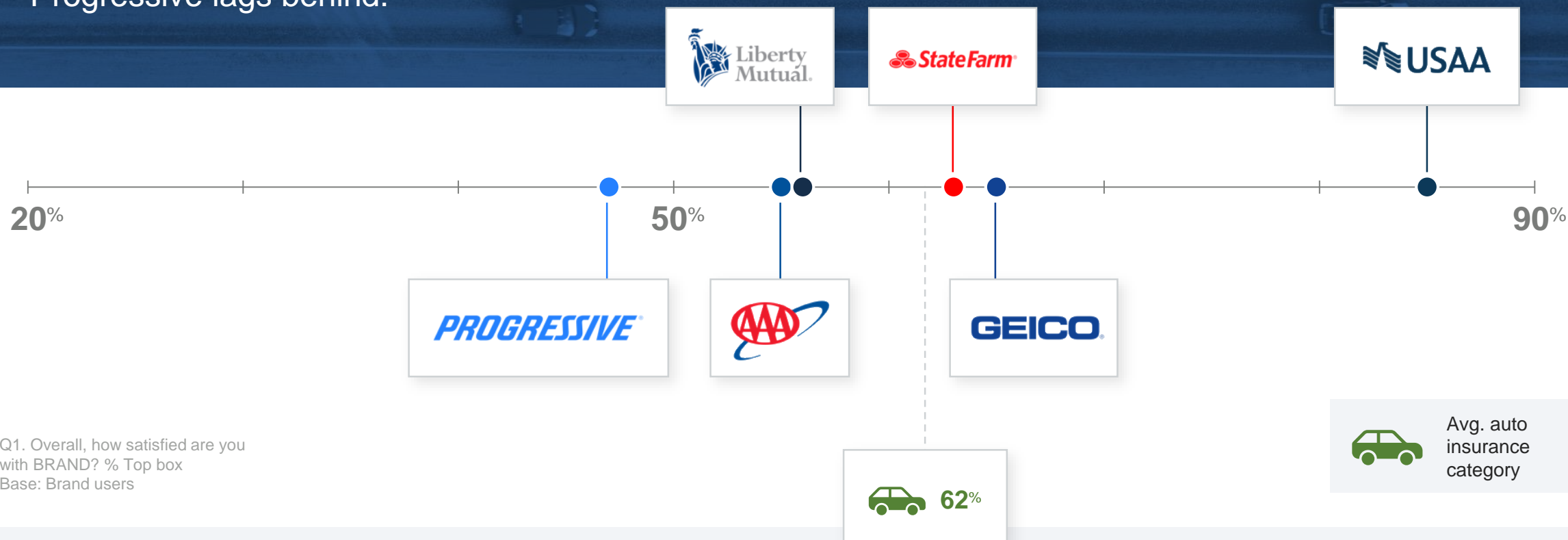
Overall Satisfaction - Non-category Benchmarks

- Toyota is ahead in the context non-category competition, though still behind USAA.
- Insurance category satisfaction generally sits in amongst other brands.

Q1. Overall, how satisfied are you with BRAND? % Top box
Base: Brand users

Avg. auto insurance category — 62%

Avg. non-category benchmark — 62%

20%   50%   90%

Brand Trust

But satisfied customers doesn't necessarily translate to trust. GEICO performs well on satisfaction, but lags behind other insurance brands for trust, excepting Progressive.

Liberty Mutual

State Farm

USAA

20%   50%   90%
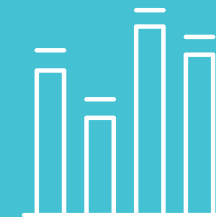
PROGRESSIVE

GEICO

🚗 61%

AAA

🚗 Avg. auto insurance category

Brand Trust – Non-category Benchmarks

Generally non-category brands are more trusted than insurance category, with the exception of USAA.

20%   50%   90%

Liberty Mutual · State Farm · Marriott · Netflix · USAA · Uber · Delta · Apple · Geico · AAA · Amazon · Progressive · American Express · Starbucks · Toyota

61% — Avg. auto insurance category

61% — Avg. non-category benchmark

Q2. BRAND is a brand I can always trust. % Top box
Base: Brand users

Brand Ease

GEICO remains competitive with State Farm in ease of doing business with them, though there is some way to go to catch up to USAA.
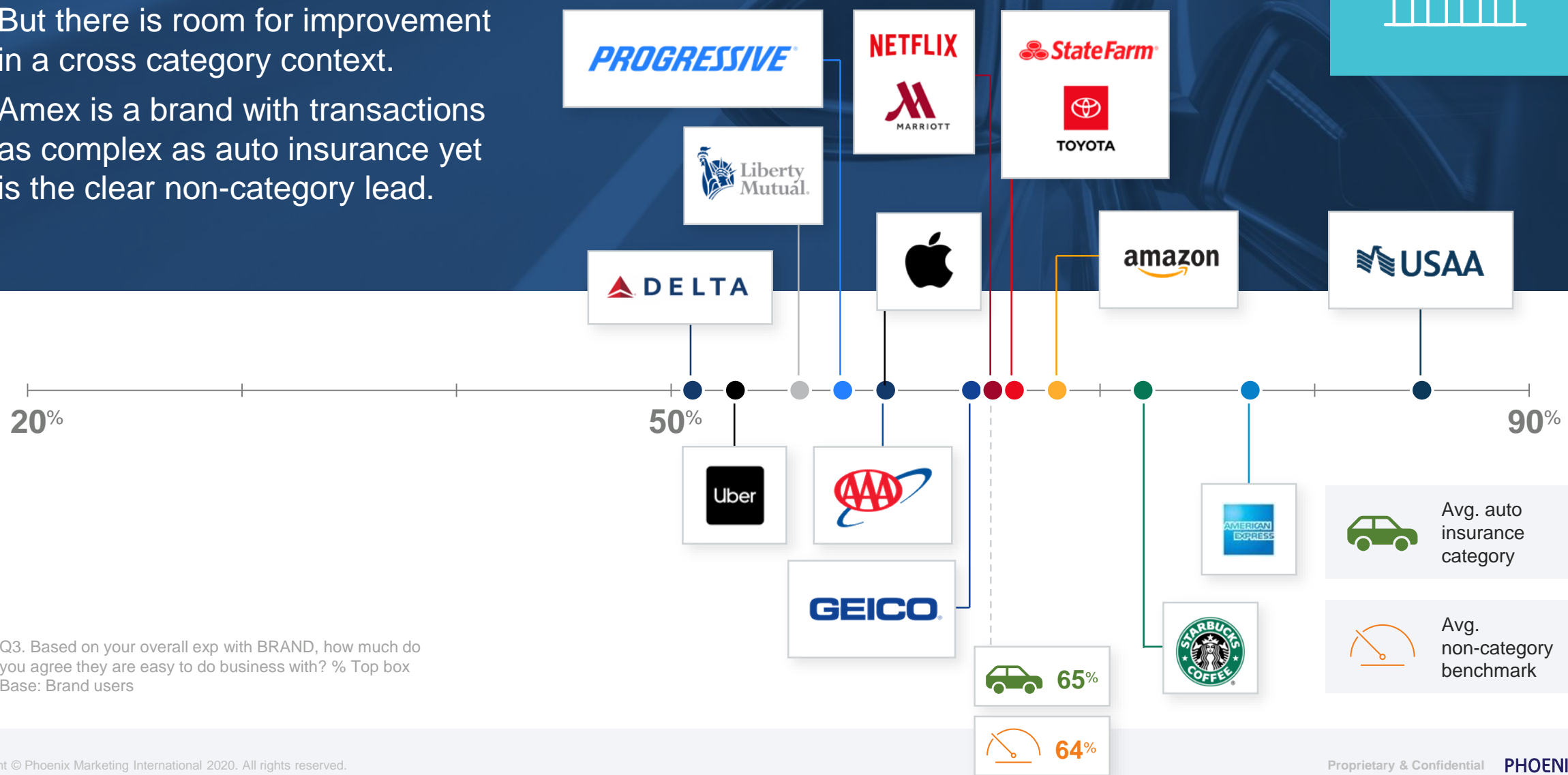

GEICO

Liberty Mutual.

State Farm

USAA

20%   50%   90%

PROGRESSIVE

🚗 65%

AAA

🚗 Avg. auto insurance category

Proprietary & Confidential PHOENIX **16**

Brand Ease – Non-category Benchmarks

But there is room for improvement in a cross category context.

Amex is a brand with transactions as complex as auto insurance yet is the clear non-category lead.

20%   50%   90%

65% Avg. auto insurance category

64% Avg. non-category benchmark

USAA seems to be the gold standard in auto insurance

Aside from being a membership organization, it functions well, delivering across touchpoints

The **website is so easy to use** that it doesn't usually leave us with many questions. If we do have to phone customer service, they are as **friendly, helpful, and efficient as can be**.

USAA is definitely giving their clients crème de la crème service. **Their representatives are highly skilled giving clients the best service**.

All contact with USAA has been pleasant. Their people are well versed in the services they provide, they're always courteous and professional. Questions are answered to the fullest.

The company is amazing and the **mobile app is very easy to negotiate**. I use the app for my banking, auto, and homeowner's insurance **all in one place**.

USAA has **always been a company I'm able to trust** with my finances & insurance needs. They're very helpful & getting them on the phone is exceptionally easy.
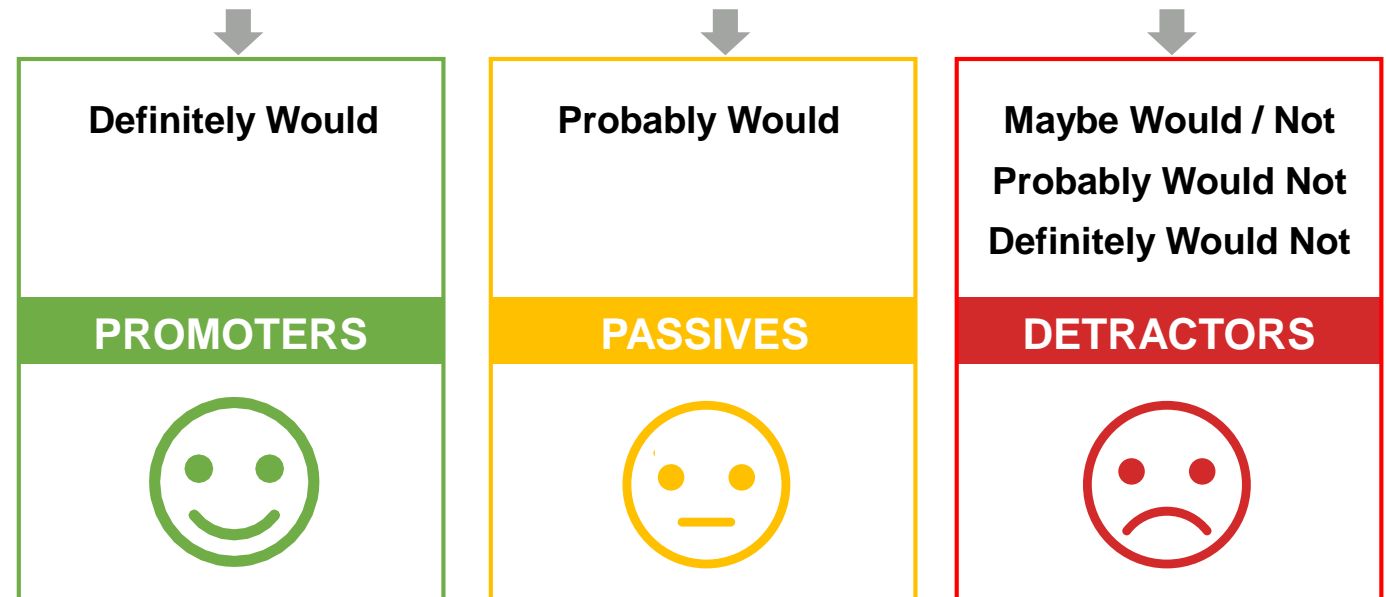
Net Promoter Score (NPS) breakdown

NPS (**Net Promoter Score)**
aggregates respondents into 3 groups
based on the recommend question

"How likely would you be to recommend [BRAND] to others?"

How likely would you be to recommend [BRAND] to others?

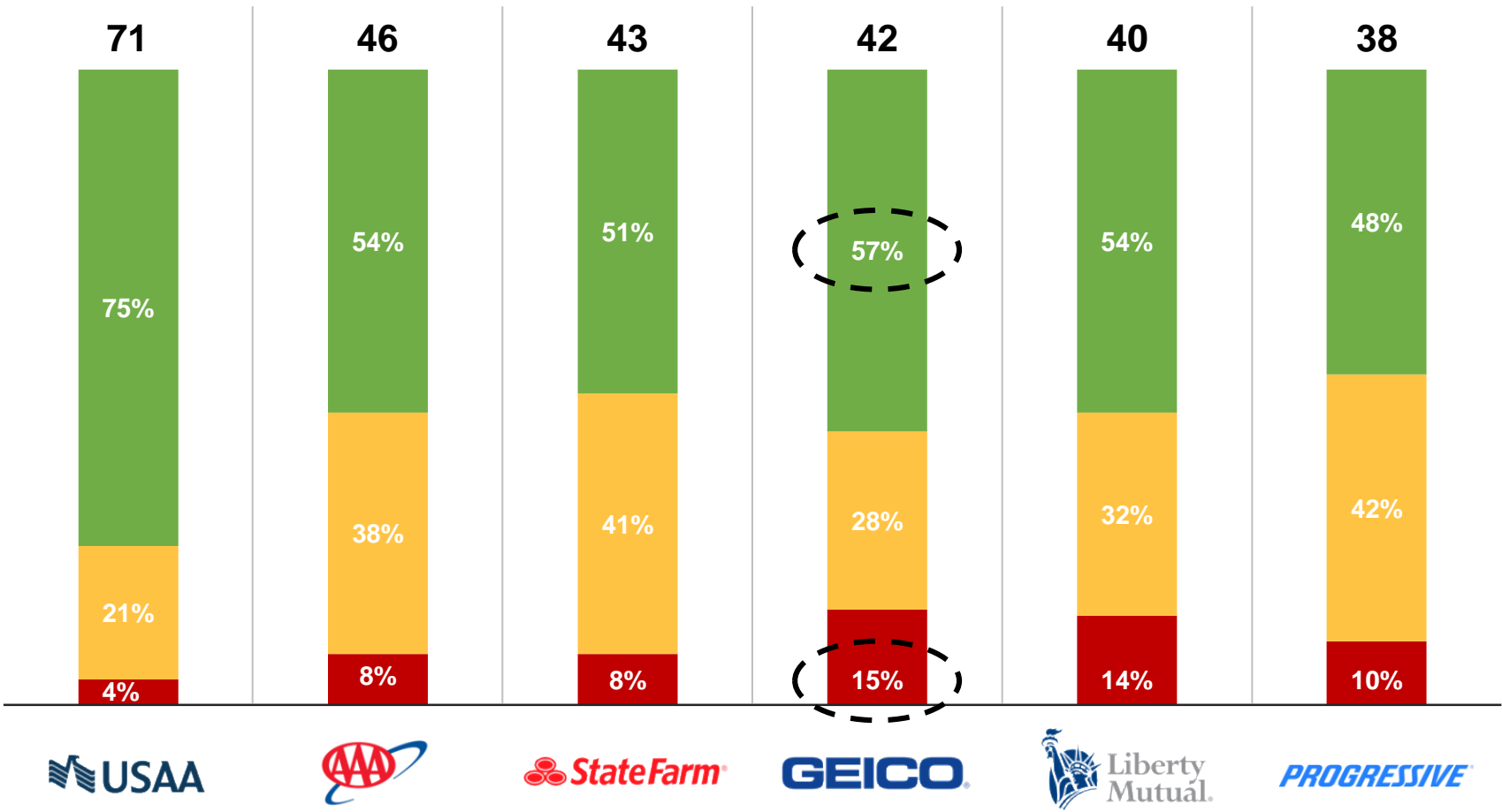| Definitely Would	Probably Would	Maybe Would / Not Probably Would Not Definitely Would Not
PROMOTERS	**PASSIVES**	**DETRACTORS**
☺	😐	☹

NPS = %Promoters - %Detractors

Net Promoter Score (NPS) breakdown

Gold standard translates into a strong NPS score for USAA, where the majority of customers are strongly positive.

GEICO customers are equally decisive about their brand, which is second in Promoters but while more GEICO customers are likely to recommend to others, they have the most Detractors too.

■ Promoters ■ Passives ■ Detractors

	71	46	43	42	40	38
Promoters	75%	54%	51%	57%	54%	48%
Passives	21%	38%	41%	28%	32%	42%
Detractors	4%	8%	8%	15%	14%	10%
	USAA	AAA	StateFarm	GEICO	Liberty Mutual	PROGRESSIVE

Q2. Based on your overall exp with BRAND, how likely are you to recommend BRAND to others?
Base: Brand users

GEICO®

Almost half of GEICO brand Promoters used the app

The GEICO app is smooth and intuitive, as well as having perks unique to them in Auto insurance, resulting in positive feedback

*The mobile app is **user friendly and easy to navigate.***

*Very easy to use, **was able to do everything without even talking to an agent.***

***It is extremely easy to use the mobile app** for GEICO in my personal opinion. It is very simple.*

*GEICO's insurance policy is great and the mobile app is **extremely easy to use and requires very little actual effort.***

*When I use the mobile app, it's all set up with Face ID so I just use my face & then I'm in! **It's super easy and convenient.***
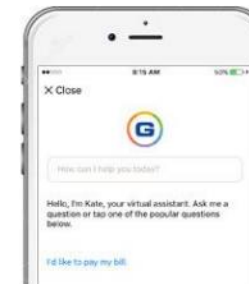
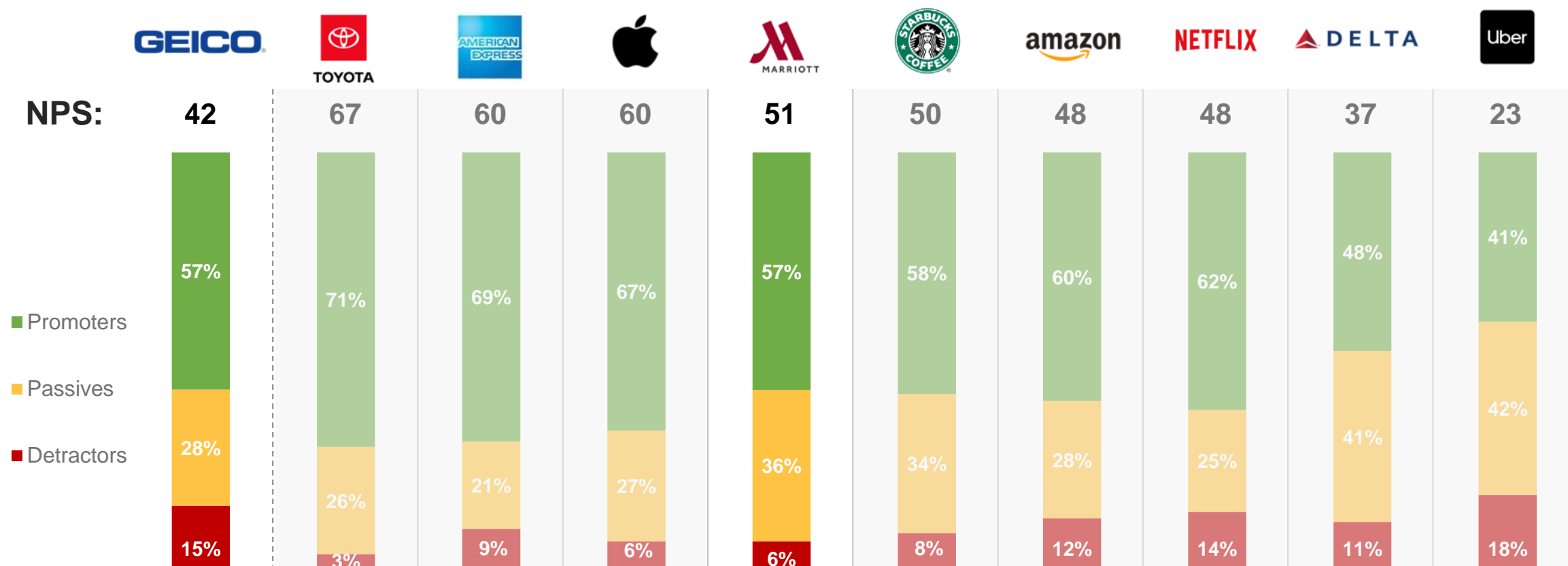| Digital Insurance ID Card | Roadside Assistance | Virtual Assistant | Vehicle Maintenance Feature |

NPS in Context

But the high proportion of Detractors brings GEICO's NPS down to near the bottom of the pack

20   50   90

Brands shown on scale: Uber, Progressive, Delta, Liberty Mutual, State Farm, AAA, GEICO, amazon/Netflix, Starbucks Coffee, Marriott, Apple, American Express, Toyota, USAA

Avg. auto insurance category: **47**

Avg. non-category benchmark: **49**

Q2. Based on your overall exp with BRAND, how likely are you to recommend BRAND to others? Base: Brand users

NPS breakdown - Non-category Benchmarks

When comparing GEICO across different categories, its breakdown compares to that of Marriott except the latter has more Passives and less Detractors

	GEICO	TOYOTA	AMERICAN EXPRESS	Apple	MARRIOTT	STARBUCKS COFFEE	amazon	NETFLIX	DELTA	Uber
NPS:	**42**	67	60	60	**51**	50	48	48	37	23
Promoters	57%	71%	69%	67%	57%	58%	60%	62%	48%	41%
Passives	28%	26%	21%	27%	36%	34%	28%	25%	41%	42%
Detractors	15%	3%	9%	6%	6%	8%	12%	14%	11%	18%

Q2. Based on your overall exp with BRAND, how likely are you to recommend BRAND to others?
Base: Brand users

GEICO

Does fairly well within insurance but there are issues relating to call centers causing problems

- An opportunity for improvement is being more contactable on the phone
- Company representation via phone could also be more consistent – some customers receive great service while others less so.

Had to call several times…each time talking to a new agent. *In the meantime I got a flyer in the mail from another agent in the same office - a bit confusing.*

(sales inquiry)

Insurance has gone up due to identity theft. They referred me to an outside company and then a while to clear it up because they was terrible. I finally just paid and because of the issue they were trying to charge me lots. Eventually resolved but **they treated me like I was trying to roll them the whole time.**

(billing inquiry)

I wasn't happy that I **had to call four times** *to talk to someone. When I finally did they were impolite,* **downright rude and unhelpful.** *I resolved the issue myself online.*

(billing inquiry)

I am somewhat satisfied with GEICO as ins company but I had to call several times a day to get info from adjuster regarding our claim and he didn't return my calls until I called main ins company.

(accident claim)

Just cause it is a good one but **hard to contact.**

(renewal)

MARRIOTT®

Succeeds in providing a consistently good experience and customers know what to expect

*Marriott is a higher end hotel in my opinion **where I can know if I'm staying with them, I'll always have a clean room and great experience with staff.***

Easy to book with them and can always find a Marriott near where I need to go. They have good service and hotels.
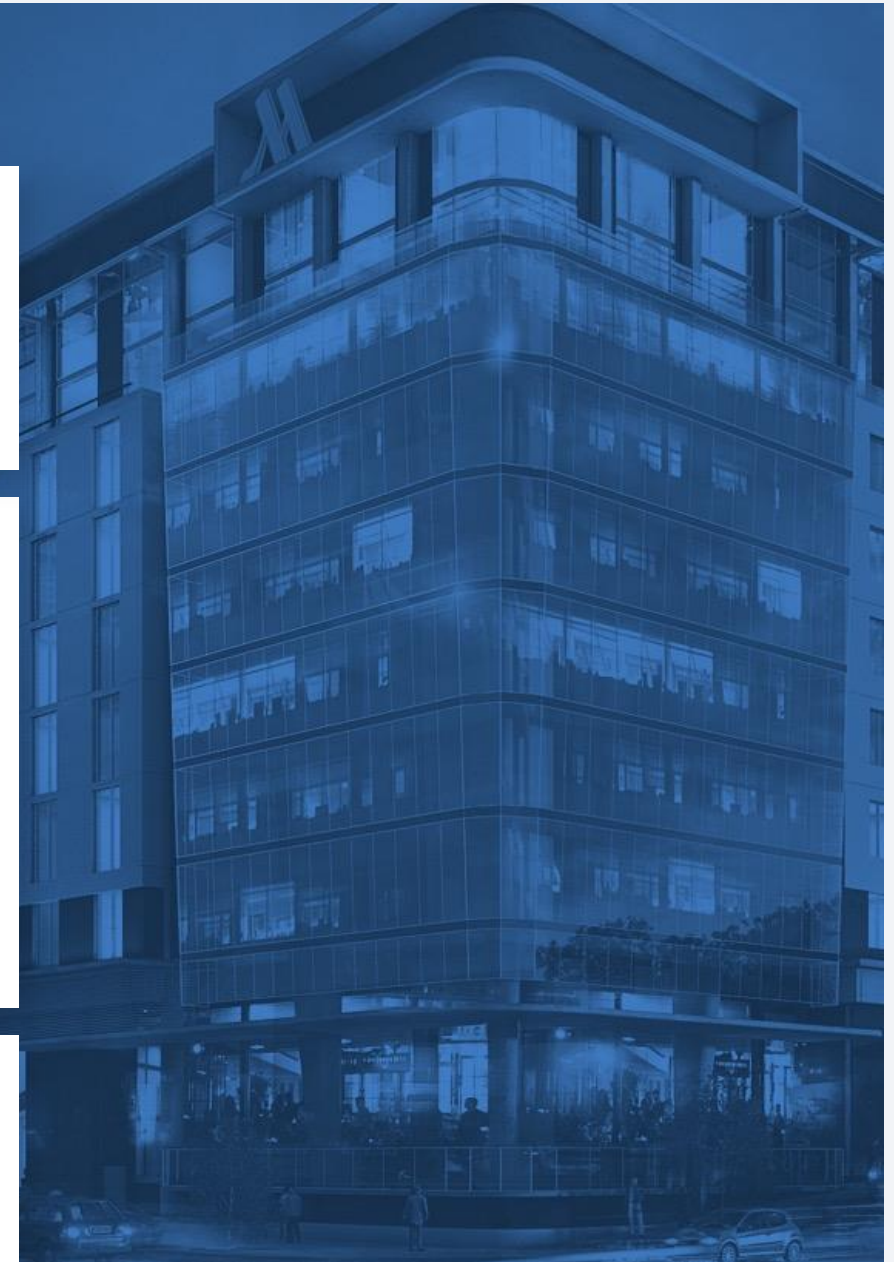
*The quality of the rooms is very good and that's **consistent with all their hotels** that I've stayed at.*

*I've gone to the Marriott for many years **always great customer service always treated me good**, up-to-date clean rooms and they have lots of things to do the Rewards program is very good.*
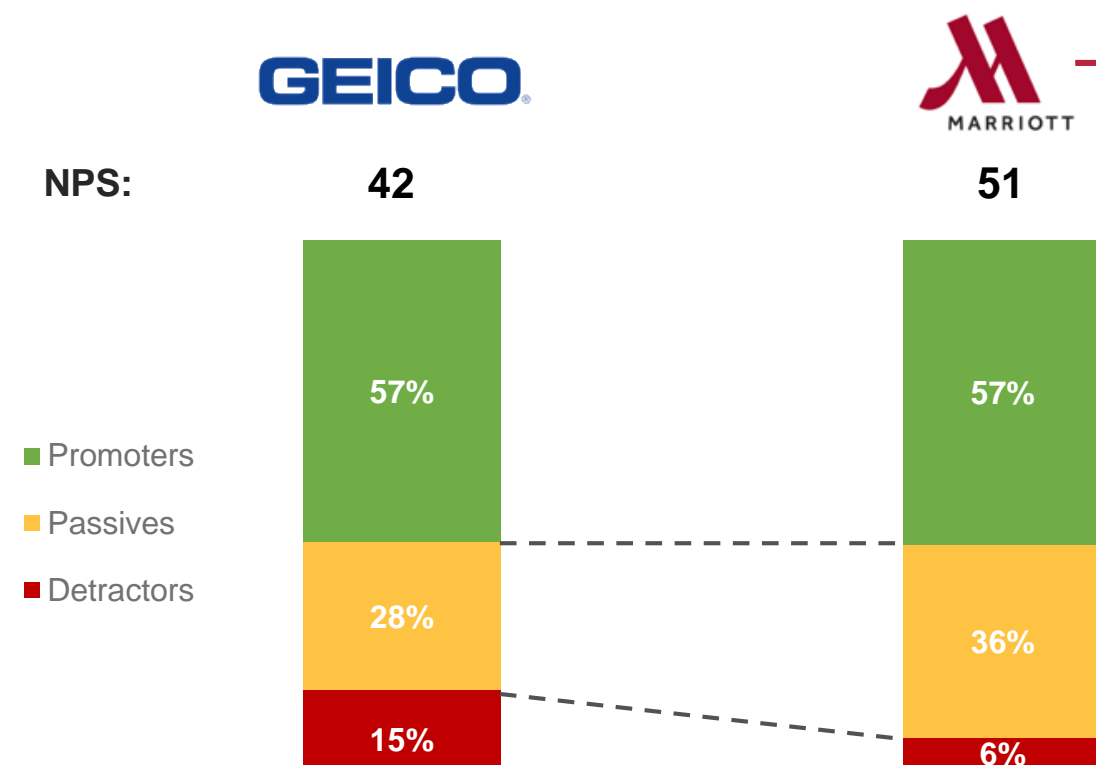
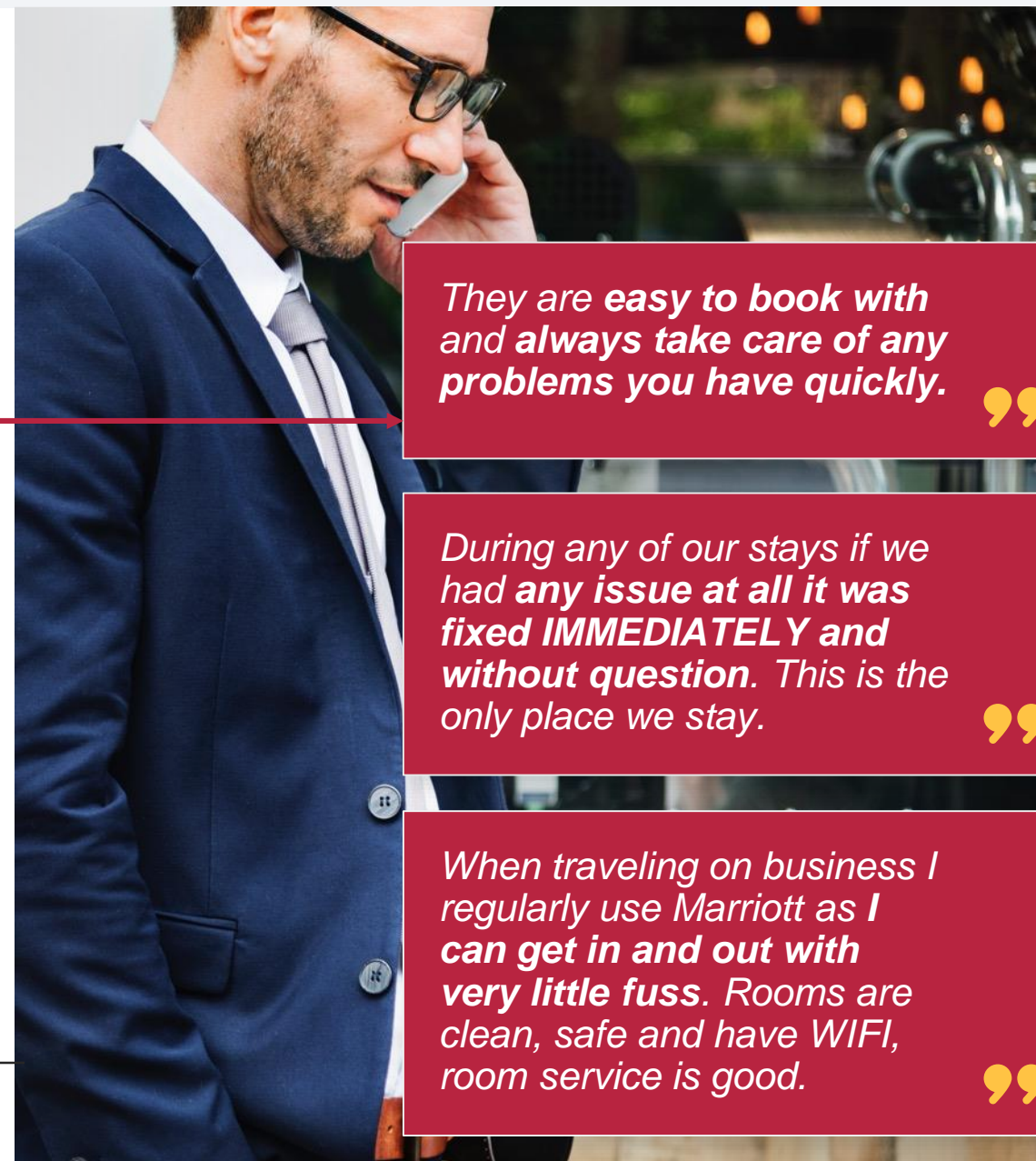*I have never experienced a problem here, always friendly and secure environment.*

Out-of-category Learnings

It's not that Marriott customers do not encounter problems; they are just good at fixing problems when they do occur. It could provide an indication in converting Detractors up to Passives.

GEICO

MARRIOTT

NPS: **42**   **51**

	GEICO	Marriott
Promoters	57%	57%
Passives	28%	36%
Detractors	15%	6%

- ■ Promoters
- ■ Passives
- ■ Detractors

*They are **easy to book with** and **always take care of any problems you have quickly.*** ❞

*During any of our stays if we had **any issue at all it was fixed IMMEDIATELY and without question**. This is the only place we stay.* ❞

*When traveling on business I regularly use Marriott as **I can get in and out with very little fuss**. Rooms are clean, safe and have WIFI, room service is good.* ❞

Q2. Based on your overall exp with BRAND, how likely are you to recommend BRAND to others?
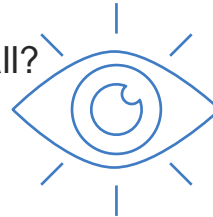Base: Brand users

How do individual transactions come into play?

# Do Individual Interactions Impact on a Brand Level?

Given interactions / service are crucial in this category, we want to see if each interaction can be linked back to how we perceive the brand overall?

A driver analysis was conducted to see what aspects (incl. interaction) most impact the likelihood to recommend a brand. We use a combination of brand attributes plus open end responses to find this out.
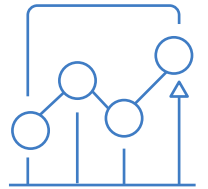
The open end responses about customer's interactions have been coded into quantitative variables. Then regression analysis was conducted using the brand attributes in isolation and using the open ends in isolation.
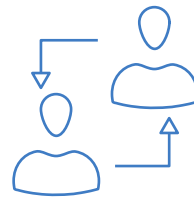
We found the strongest relationships when using both brand and open end responses on whether a customer recommended a brand to others or not.

The Value of an Interaction

Generally customers who actively engage with a brand are more likely to affect whether or not a recommendation is made beyond simply buying a policy – the brand promise is only fulfilled once people need to interact with the brand

Effect of Interaction on Recommendation: Regression score

Regression analysis using Likelihood to recommend x Interaction with brand.
The adjusted R² represents the extent the variation of one variable e.g. a Billing inquiry interaction explains the variance of Likelihood to recommend

Early Engagement with Customers

At this stage a straightforward, trouble-free experience are the key motivators for recommendation

Bought a Policy

High Satisfaction	Low Effort	% Recommending
69%	**40%**	**61%**

Attributes Driving Recommendation:

Easy to use / navigate (open)

Is current / up-to-date

Effortless / Automatically done (open)

> *I called my [BRAND] rep to purchase a policy. He returned my call within the hour and took all of my information. Within an hour of that, including my payment, I received my email with my new policy.* "

> *The online system for obtaining a quote is very easy to use. It quickly allowed me to see options based on my needs and make adjustments based on my budget.* "

Satisfaction (Completely satisfied), Effort (Not a lot), Recommendation (9-10)

Everyday Maintenance

In day-to-day interactions with a company via app or website, trust and ease of accomplishing the task are key; and being able to do so without waiting.

Used mobile app

| High Satisfaction | **73%** | Low Effort | **60%** | % Recommending | **62%** |

Attributes Driving Recommendation:

Un-cooperative/unsympathetic (open)

Is a brand I trust

Long wait (open)

Easy to use / navigate (open)

Is leading the way

Cares about the same things I do

Is easy to do business with

> *The mobile app is very easy to negotiate. I use the app for my banking, auto, and homeowner's insurance all in one place.*

> *The mobile app is very fast and the links to all the most important things are found on opening the app.*

Visited website

| High Satisfaction | **67%** | Low Effort | **45%** | % Recommending | **58%** |

Attributes Driving Recommendation:

Long wait (open)

Offers high quality products/services

Confusing / difficult (open)

Values its customers

Has a strong reputation

Trustworthy (open)

> *Website is a little hard to navigate through. I had to put in a little effort to find what I was looking for.*

> *I wanted to see how much my rates were increasing. It was easy to see the new upcoming rate, but took a lot of digging to find the present rate.*

Satisfaction (Completely satisfied), Effort (Not a lot), Recommendation (9-10)

Problem-solving / Claims handling

When there is a need to reach out for something, function and not having to wait are still key drivers.

In claims resolution there is still the need for things to be easy, but feeling valued and taken care of also come forward – delivering on the brand promises made at purchase is vital.

Contacted customer service

| High Satisfaction | **76%** | Low Effort | **50%** | % Recommending | **64%** |

Attributes Driving Recommendation:

Good value for money

Long wait (open)

Is leading the way

Meets my needs

Is current / up-to-date

A brand I want to be associated with

Un-cooperative/unsympathetic (open)

Easy to use / navigate (open)

Offers high quality products/services

A brand I trust

Agent was slow to respond after several attempts. "

Has the best customer service of any business in any industry. I have always been treated extremely well and they honestly make you feel like a valued customer. They always address, fix and follow through on any issues. I cannot say enough good things about their customer service. "

Had accident claim

| High Satisfaction | **70%** | Low Effort | **27%** | % Recommending | **61%** |

Attributes Driving Recommendation:

Values its customers

Offers high quality products/services

Effortless / Automatically done (open)

Cares about the same things I do

Confusing / difficult (open)

They were asking us if we were ok and took everything professionally and handled it very well. I broke my ankle in the accident and they were very caring and always asked how I was doing. "

The car part of the claim was quick and easy to resolve, but the medical part has dragged out almost a year. I don't feel like I've had the support of my agents, I keep getting forms to fill out and I'm not sure what to do. "

Billing / Renewal

When reaching out for a billing query, low effort is a key expectation.

Finally when it comes to renewal, a good rate is vital to feeling appreciated as a customer.

Had billing inquiry

High Satisfaction	56%	Low Effort	27%	% Recommending	41%

Attributes Driving Recommendation:

Easy to do business with

Effortless / Automatically done (open)

When I got a new car our bill changed and we didn't know about the payout for the rest of our insurance and when we called they explained everything very well. 🟧

It was not as smooth as I wanted. And they didn't offer any rate discount despite my perfect driving record over the years. 🟧

Renewed insurance

High Satisfaction	68%	Low Effort	63%	% Recommending	55%

Attributes Driving Recommendation:

Un-cooperative/unsympathetic (open)

Cares about the same things I do

Long wait (open)

Good value for money

Values its customers

Price (open)

Is current / up-to-date

Had to make multiple calls (open)

Great company (open)

Way too overpriced, compared to other companies. I don't think they appreciate long term customers. 🟧

I do feel that I am not getting all that I can out of my insurance and my price should be lower. But I just don't have the time to put the effort into looking and comparing. 🟧

THANK YOU

For more information, contact:

Mark Willard

Mark.Willard@phoenixmi.com

Sarah Morrow

Sarah.Morrow@phoenixmi.com

Heather Danks

Heather.Danks@phoenixmi.com