

MANTRA LABS

ELEVATING CONVERSATIONAL CX IN INSURANCE

RESEARCH INSIGHTS



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Key Takeaways

Our latest research uncovers five key insights for the Future of Conversational CX in Insurance:

Conversational commerce is the future of e-commerce

Carriers that successfully initiate conversations, advise, engage and then close over multiple channels can potentially **retain up to 7X more customers.**

Messaging platforms are the most preferred communication medium for interacting with Insurance brands.



84% of Gen Z customers



76% of Millennial customers

Conversational Intelligence empowers front & back-office teams

4X more cost-efficient to focus on routine processes that support retention, like billing & renewal.



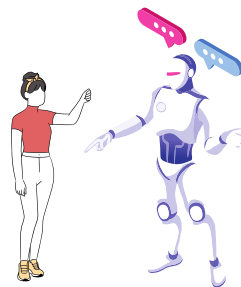
71% of Insurance customers prefer being engaged by chat rather than call.

Conversations create convenience convenience leads to conversion

88% of Insurance customers prefer personalised interactions to static responses.

2 in 3 customers prefer to request information via intuitive conversational interfaces

It helps them search knowledge bases faster and know product features more easily.



85% of Insurers believe CX drives consumer purchasing decisions.

Yet, only 40% of insurance executives have deployed an advanced enterprise-wide CX strategy

Most insurers today accept the central role of CX in selling products and maintaining the loyalty of both policyholders and agents. However, Insurers typically struggle to elevate their CX due to its low-touch engagement nature, channel complexity, and price sensitivity.

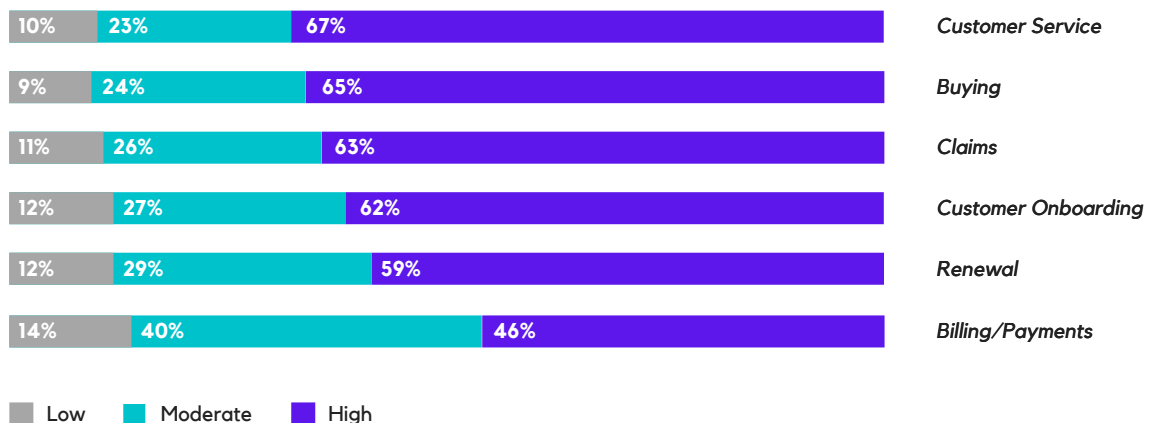
Adopting CX technologies allows Insurance enterprises to enable scale & speed, engineer new experiences, and analyze

behavioral data. Within this rubric is the convergence of CX-specific tools that help understand how customer groups think & behave, and the experience of individuals.

CX tools & solutions form a critical starting point for transforming simple touchpoints into connected experiences.

Figure 1

Value Chain areas that receive 'Experience Focus'



What areas of the customer journey receives the most deployment of CX initiatives for your LoB?

Digital self-service receives the highest share of CX investments

82% of Carriers feel self-service tools can bring in the most value to the front-line against future disruptions.

The new omni-channel reality, urged on by the Pandemic, must include dynamic transaction, data sharing, communication and workflow management capabilities.

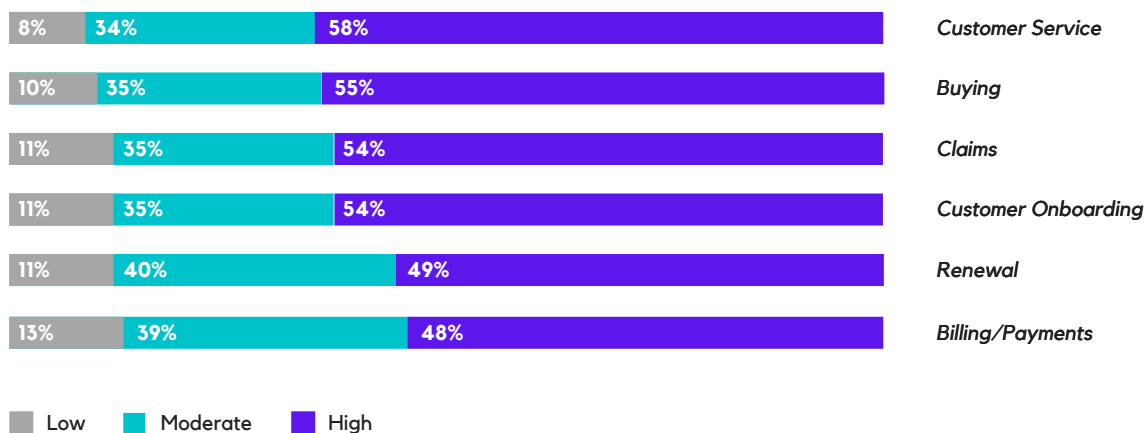
Investment in self-service CX tools to broaden channels & offer hybrid experiences will rapidly rise, from 1.1% of GWP in 2018 to 1.5% of GWP in 2022, an increase of 36%, according to an IBM report.

Carriers will need to harness CX strategies for enabling omnichannel shift via chatbot, web and email; enhanced customer view through behavioural data to drive efficiency; and decisioning platforms that enable real-time, automated analysis and action.

These outcomes can boost customer satisfaction and net promoter scores – across existing and new business.

Figure 2

Digital Self-Service levels across the Value Chain



To what extent does your LoB deploy CX initiatives that addresses digital self-service across the customer journey?

Conversational CX leads the pack among 'tactical investment strategies' for Insurers

Cyber/Data Security and Agile Cloud Computing are the other resilience-focused transformations

Conversational CX touches all parts of digital insurance journeys. It extends across the entire the value chain, not just the upfront sales and onboarding process.

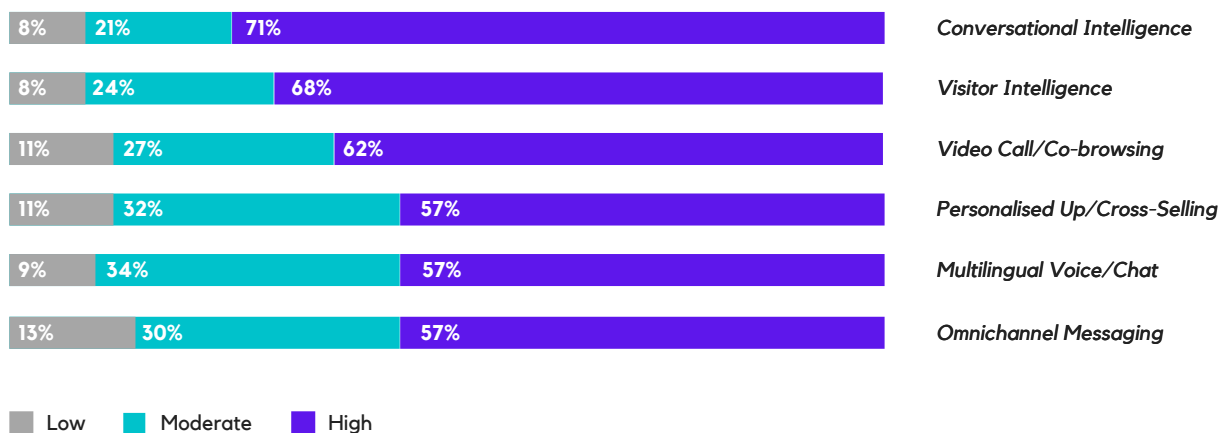
The conversational commerce ecosystem is driven by Chatbots, Smart Speakers/Digital Voice Assistants, Social Messengers and RCS Messaging platforms (an upgraded form of SMS with rich multimedia capabilities & features).

With an addressable user base of nearly 2.3 billion in 2021, chatbot commerce is the fastest growing segment, according to Juniper research.

The ability to offer conversational commerce as part of an omnichannel strategy will propel insurance organizations to expand their reach and boost channel confidence.

Figure 3

Tactical Investment Areas within Conversational CX



To what extent does your LoB invest or plan to invest in the following Conversational CX capabilities?

Only 35% of insurance executives actively prioritize retaining customers as more important than new business

Research shows customer retention is at least four times as cost-efficient as pursuing new business.

Customer acquisition expenses have been rising and are set to further rise from 15.8% of GWP in 2018, to 16.6% in 2020, and up to 17.9% in 2022.

Instead of pursuing an omnichannel approach for retention, many Insurers continue to engage customers primarily by call and traditional mail.

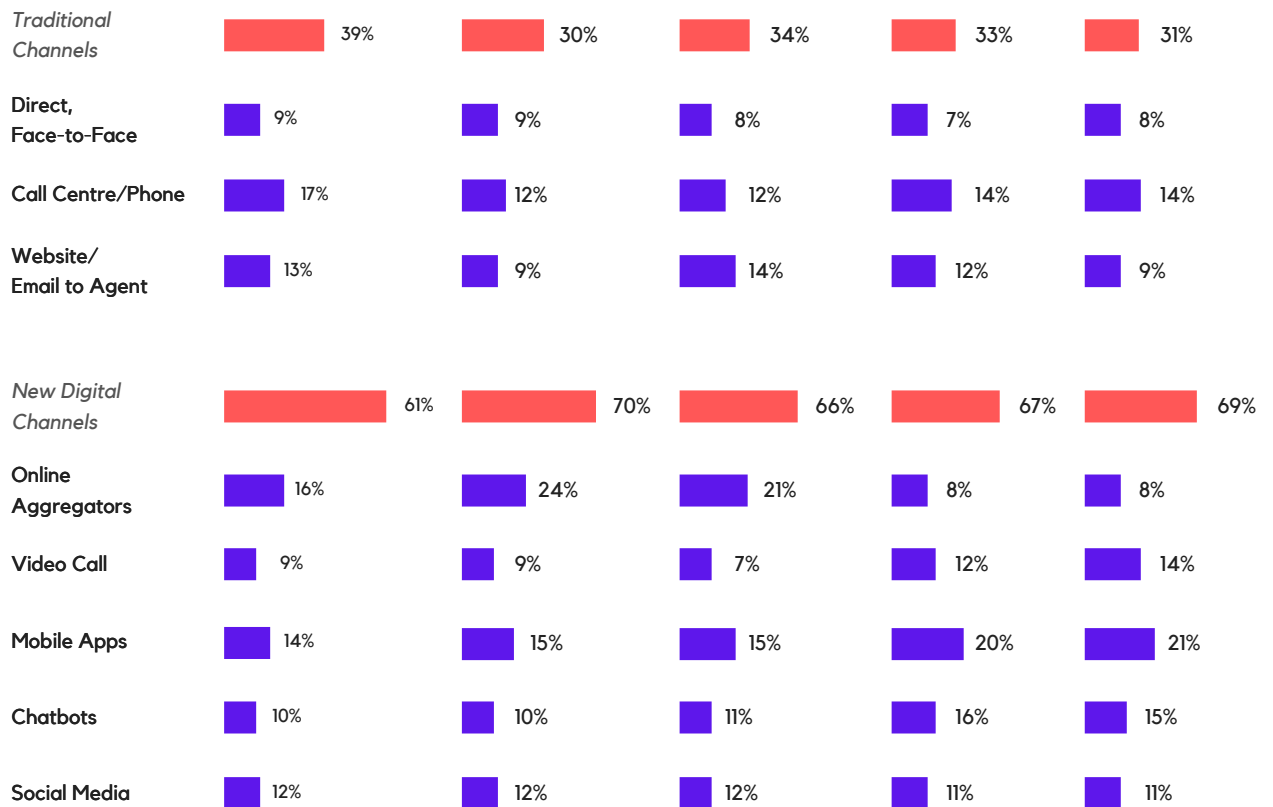
The latter is relatively expensive and makes seamless integration difficult, requiring several steps to digitize, analyze, and integrate communications.

Carriers who prioritized CX before the pandemic have already gained an early advantage. Mature CX organizations are more than six times as likely to exceed their customer retention goals.

Investments in digital front-office transformation would better align Carriers with their customers' engagement needs and improve cost efficiency.

39% of Millennial customers prefer social media as their primary mode of receiving insurance advice.

Insurance Customer Journey Channel Preferences



What is your channel of choice, in the future, for the following insurance stages – information gathering, seeking advice, buying a policy, support, and making a claim?

Customers feel messaging platforms offer the most digital self-service convenience

40% of Carriers view private messaging channels as the biggest disrupter in the next 12 months

84% of Gen Z, and 76% of Millennial customers say they would prefer to use conversational chatbots that offer 'convenient experiences' as their primary mode of interacting with an insurance brand.

During the last twelve months, 63% of consumers have used a private messaging channel - such as Facebook Messenger, Twitter DM, WhatsApp, iMessage, SMS - to engage with an insurance brand.

Enterprises with best-in class CX results are at least 1.5 times more likely to use messaging as the primary means of engaging customers, according to a Zendesk report.

The volume of messages exchanged through social messenger apps

has seen a 50% spike, in the last twelve months.

Clearly, messaging is the medium of choice for customers, but Insurance organizations have made slow progress to facilitate customer communication through these platforms.

On the other hand, Carriers that do embrace digital messaging channels, have missed out on the conversational value of these platforms. In turn, 90% of customers who have bad experiences with virtual agents, are more than likely to stop engaging with that brand.

Insurers, will need to embrace **conversational design** in order to raise their competitive bar, and recapture lost opportunities.

Scaling CX with Conversational AI Platforms

Convenience leads to conversation. That's the *whole point*.

From underwriting to fraud detection, Conversational AI enables the Intelligent Insurance enterprise. Mantra's four guiding principles for creating Conversational CX:

Conversate

Chatbots are perfect augments to human support, and can bring 1:1 communications to scale.

Customers hate being made to repeat themselves to multiple agents for the same issue. Instead, being able to engage in a human-like back-and-forth exchange increases the likelihood of completing a purchase by as much as 45%.

Combining NLP with self-learning models and large training sets can help imitate human interactions, recognize speech & text inputs, and translate meanings into any local vernacular.

Channelise

A deeper omnichannel messaging approach should always bring responsive support first to the customer, i.e., finding the customer before they look for you.

60% of repetitive queries across all messaging platforms can be automated, and reduces time to response by 95%.

Carriers can optimize support staffing costs by front-lining their bots through intelligent self-service automation.

36% of Gen Z customers feel comfortable talking to an agent via video call for advice/service.

A Superior Conversational support model can win you 3X more customers with 35% more cost-efficiency

Contextualise

Carriers handle at least 3X more data than they did five years before.

To capture context from this data is crucial for transforming simple interactions into natural conversations that bring out winning outcomes.

Customers, especially value being able to pick up with an Insurer where they left off, and appreciate when that Insurer recognizes that it's dealt with them before.

Customise

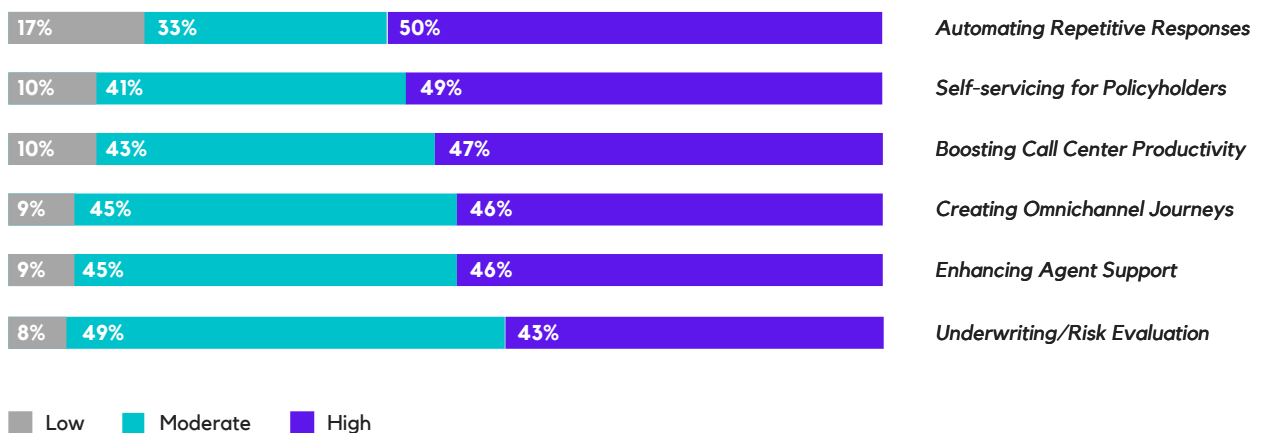
Conversational AI enables personalisation through NLP processing speed, machine learning models and data availability.

AI brings the added ability to leverage predictive real-time, actionable insights for driving intelligent customer engagement.

A proactive approach to tailoring the customer's journey means your teams spends less time channel planning and more in audience planning.

Figure 4

Priority Use Cases for Conversational AI



To what extent does your LoB deploy CX initiatives that addresses the following applications of Conversational AI?

AI-aided Super Agents can 'engage to win' customers with 63% more success

57% of Agents rate collaboration tools with real-time video & audio capabilities as a critical sales conversation enabler

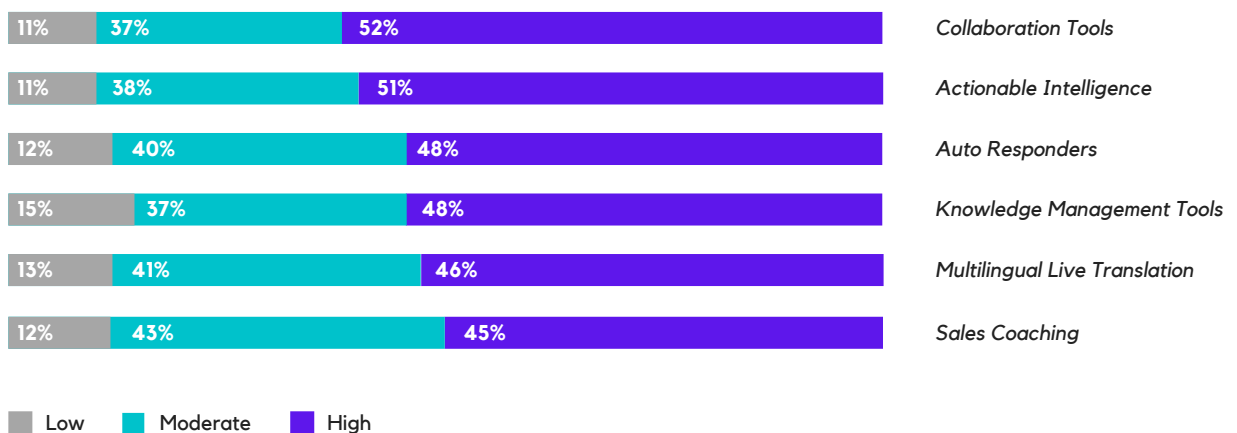
Though AI saw adoption rates jump 50% in 2020, usage rates remain low. This gap presents an opportunity for businesses to make AI a better partner to agents.

High-performing teams across other industries are 93% more likely to have agents working across multiple channels, and have three times more agents doing so.

Only 47% of agents believe they have tools to succeed in a post-pandemic world. AI remains an underutilized tool, despite the adoption boost, among larger carriers.

Agents empowered by AI can increase productivity and boost sales performance with contextual insights — like the customer’s email, order history, or why they last reached out.

Figure 5
Enabling Super Agents with Conversational AI



To what extent does your LoB deploy CX initiatives that enhances Agent productivity specifically enabled by Conversational CX?

Four Steps to a Conversational CX-driven Insurance Enterprise

- **Identify data sources, pipeline, security & privacy concerns**

Leverage in-house data first to set the foundational base for an open data platform and governance that supports customer-centric analytics. This will enable Carriers to pilot use cases in isolation along the business value chain to extend capabilities.

- **Explore setting up CX-supporting systems**

Most carriers get stuck in an endless loop of proof-of-concepts or off-the-shelf tools, but do not move towards transforming how they operate or how their customers perceive them. Setting up a supporting system first, like a customer analytics platform, allows Carriers to utilise a data-driven approach to Conversational CX.

- **Optimise & build around digital customers & agents first**

Consider the business problems you're trying to solve for, and how replacing or opening up new channels can solve operational challenges. Carriers can effectively learning from interactions, to allow contextual conversations to happen where the customer is.

- **Scale & evolve from coverage provider to trusted risk advisor**

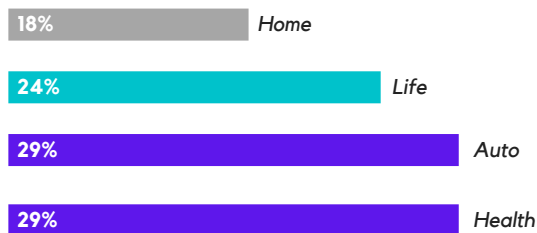
Adapt Conversational CX across business units that allows Carriers to be less siloed-working and more synchronised. Build relevance in your interactions through contextual engagement based on the customer's life stage needs, matched to on-demand products and experiences.

Research Methodology

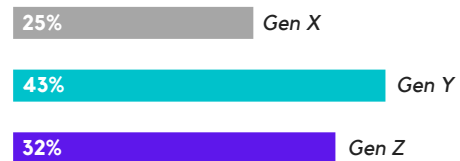
To better understand the CX pulse of the industry, Mantra Labs interviewed 150 insurance executives in six countries within the APAC region regarding their CX initiatives and corresponding key performance indicators (KPIs). We augmented this data with a survey of more than 300 insurance consumers to hear their side of the story.

Both surveys were conducted in Q2'21, and reflect the specific experiences in these times. In this whitepaper, we discuss how insurance CX initiatives stack up against their customer's expectations. Then, we highlight areas of interest and make suggestions for the way forward.

Share of executives by Insurance LoB



Share of consumers by age group



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About Mantra Labs

Mantra Labs is a global technology development company that builds & designs world class customer-first products through experience strategy consulting, deep tech & engineering services for evolving enterprises. With a team of 250+ technology tinkerers and experimenters, Mantra is building the Future of Intelligent Experiences, and solves the most pressing front & back-office challenges for leading insurance enterprises like SBI General, Care Health, Pramerica, AIA Hong Kong & Aditya Birla Capital, among others.

Mantra Labs is also a recognized InsurTech100 company deeply involved in developing technology solutions for business-specific problems with several strategic technology partnerships including MongoDB, IBM Watson and Nvidia.

Mantra Research explores evolving market, business & technology trends shaping the future of work. Our insights examine present and forward-facing opportunities across any industry enterprise through compelling expert opinions & thought leadership.

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