Networking Reinvented

Achieving High Performance in Insurance Through Social Media

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More than any other industry, insurance built its roots through networking and reputation. As a result, the potential value of social media to insurers should be quite extraordinary. On the other hand, social media are still maturing, and the risks to insurers are more significant than they are to many other industries.

This paper examines the trends in social media that insurers seeking high performance should consider within their customer, channel and workforce strategies, then describes a comprehensive approach for insurers to thoughtfully and reliably utilize social media to enable the next generation of those strategies in marketing, sales, services and recruiting.

A Powerful and Disruptive Force

Social media have passed the experimentation stage and are now a significant communications phenomenon. In 2010, Facebook[1] passed Google[2] as the top source of traffic to major portals such as Yahoo![3] and MSN,[4] and Facebook is among the lead sources of traffic to other sites.[5] Social networks and blogs are the most popular online category when ranked by average time spent per consumer,[6] and the most important decisions that customers or candidates make about any company increasingly occur within social media. For example, 60 percent of Facebook fans and 79 percent of Twitter[7] followers **say they are more likely to buy and recommend a brand than before they were a fan or follower.**[8]

While most of us have sent a message to hundreds of friends at once via Facebook, or instantly accessed the experiences of strangers via ratings on Amazon.com, such features are only the beginning of social media impacting our lives. Insurance agents are being rated on Angie's List,[9] and Google Sidewiki[10] lets anyone with a web browser attach notes to a website for any other visitor to access. Unless you monitor Sidewiki actively, you will not even know the activity is occurring. Sites such as GlassDoor.com[11] let job candidates learn about a company's compensation, culture and other matters when evaluating it as a potential employer, and LinkedIn[12] is becoming an important sales tool and source of new candidates across industries.

In each of those examples, insurers have almost no ability to edit the content that describes their brand; the content is created by customers, employees or others. As of July 2009, approximately sixty-six percent of brand touchpoints were generated by customers.[13] If you worry about losing control in the age of social media, stop. It has already happened—you no longer control the majority of the information that people hear or trust about your brand.

Why Is This Happening?

First, social media make it easier for us to find information from people we trust. As the web continues to grow, and marketers bombard us with more advertisements every day, consumers are unsure about whom to believe. Social media help us to filter the high volume of information because we trust the experiences and reviews of friends or like-minded individuals. According to a global survey by Edelman, the most credible spokesperson a company can have is a "person like me". Further, the share of people who trust "a person like me" more than they trust brands or organizations is increasing globally each year.[14]

Second, more people are using social media to decide which products to buy, and to answer their questions after they purchase a company's services. In 2009, Nielsen reported that nearly 20 percent of social consumers use social networks as their "core navigation" tool.[15] Rather than relying on search engines or portals, these consumers start with their online networks. In addition, social media allow people to reveal their preferences to marketers such that the marketer is better able to give people only the information that they want.

Because your customers and employees can easily tell the world what they think of you or how they solved a problem with your product, the things that your customer support agents, marketers, PR staff and recruiters say about you matter less and less than the things that your customers and employees say about you. In fact, the major search engines have acknowledged the trend and now incorporate content from Facebook and Twitter in their search results and algorithms.

Third, social media are being adopted by all age groups and income levels. More than 80 percent of adults on the web engage with one to three social networks, and 40 percent of online adults participate in at least two social networks.[16] As of April 2010, 61 percent of 35-54 year-olds had a Facebook account, and almost half of adults age 55 and older participated in Facebook.[17]

What Does This Mean for Insurers?

Because we create the content that allows these services to exist, they are inherently woven into our personal and professional lives. As a result, businesses and consumers rely more on social media every day. In turn, companies are investing significantly to develop social media capabilities that let customers communicate with their brands how they want and when they want. In their 2010 survey of 500 chief marketing officers, the Duke Fuqua School of Business and American Marketing Association found that CMOs expect social media spending to increase from 6 percent of their budgets in 2009 to 20 percent of their budgets over the next five years.[18]

For insurers, the implications are enormous. The entire industry is driven by customers' trust in their advisors or agents, and social media increasingly determine whom customers trust. Social media are where customers express the feelings of security that are so important to an insurer's customer relationships.

In addition, social media help insurers maintain a presence in their customers' minds during those long periods of time when their customers prefer to think about other things. For example, most insurance customers think about their insurance only when they experience a significant life event, change their address, or renew their policy. Social media provide a place where customers hear stories that remind them of the protection and the value that insurers give them every day.

In particular, social media create significant opportunities, threats and risks for insurers in five critical areas:

1. Dramatically decreasing costs of establishing a new brand;

2. "Major evolution of Customer Experience Management" – a greater integration of sales, marketing and service, as well as the need for new capabilities and skills required to support the proliferation of online and mobile customer touchpoints;

3. Innovative product development applications that affect product launch, customer education, and

feedback from customers on new offers;

4. Increasing precision and improved economics in recruiting, on-boarding, training and development;

5. Operating model enhancements based on improved internal communication and collaboration.

Ultimately, the powerful agents of tomorrow will likely use social media to build their networks and could have very different skills than they do today. In some cases, the viral and real-time nature of social media could help new insurers achieve scale in insurance sales and service more quickly than direct online insurers did in the past few years.

To be sure, insurers have a huge opportunity to re-invent their relationships with their customers; open new or underserved markets (e.g., young or single individuals); and explore new avenues for finding, developing and retaining talent. High-performing insurers are examining all of these avenues holistically.

Of course, the regulatory web that governs insurer use of social media can be quite complex, and the propensity of younger generations to share more of their personal information online only makes it more difficult for regulators to protect customers from fraud and scams that can damage the industry as a whole. For example, RSA recently surveyed 1,000 young adults between the ages of 18—24 and found that 64 percent have been a victim of identity theft, lost or stolen computing device, compromised email or social network account, or personal information ending up online without their knowledge.[19]

Any social media strategy in insurance should take into account the relevant regulations across jurisdictions. The good news is that leading practices are emerging (**see Figure 1: Examples of regulations impacting insurer use of social media and emerging leading practices**).

In order to manage regulatory compliance and the significant brand risk involved in social media, insurers are developing innovative tools and

practices. For example, at least one insurer has developed policies and training to guide agents and brokers in their direct communications with the public via social media. In addition, high-performing insurers monitor online conversations with customers and prospects, correct misstatements by agents or employees, and make sure that third-party content is neither attributable to the insurer nor presented in such a way as to imply endorsement by the firm. Further, solutions are emerging that enable insurers to provide employees access to social media, while limiting the features they can access and ensuring that all interactions within social media are monitored and archived for regulatory compliance.

Even so, only 20 percent of insurers use social media today and more than 50 percent of life carriers do not have policies and procedures established for social media.[20] Those insurers who do use social media today tend to focus on listening and branding activities, which means that significant opportunities remain for most insurers in the domains of marketing, sales, service, recruiting and agent development.

The key elements that insurers need to address include:

1. Creating an overall social media policy, with written procedures and processes to show evidence of compliance, that can be rolled out to all distribution and service people;

2. Designing processes and procedures for producers from registration, training, ongoing monitoring and approval;

3. Designing content templates including risk profile capture, product overview, and prospectuses, possibly with a real-time approval flow;

4. Creating an ongoing monitoring capability—to be used by the company's registered principals or its compliance department—to track producers' social content information for non-compliant sales practices.

Figure 1: Examples of U.S. Regulations Affecting Insurer Use of Social Media

FINRA Regulatory Notice 10–06

- Internet and social media sites are treated the same as written and in-person communication, including the following impacts:
  - Publicly available websites can be considered advertisements
  - Use of email, instant messaging and password-protected websites can be deemed sales literature or correspondence
  - Chat room discussions are considered public appearances
- Adopt appropriate supervisory policies, procedures for members who participate in media sites for business purposes
- Members require training and background to engage in social media
- Must not present undue risks to investors
- Suggest prohibiting or restricting members who were past compliance risks
- Disciplinary action required if policies are violated

FINRA Rule 2310

- Security recommendations to an individual through a site require the broker dealer to ensure suitability for the individual

FINRA Rule 3110

- Retention of advertising and sales literature, and electronic communications

FINRA Rule 2210 – Communications with the Public

- Certain advertisements and sales literature require filing for FINRA review
- Principal review and approval for advertisements and sales literature posted on sites
- Chat rooms and seminars included
- Blogs used in real time and interactive communications require supervision
- Third-party content is not subject to approval, content or filing requirements
- Customer complaints must receive firm acknowledgement within 15 business days
- Identification and prior written approval of every order error and other account designation change

FINRA Rule 3010

- Principal review of all transactions
- Research reports must be reviewed by legal and compliance departments
- Supervisory system including written procedures
- Correspondence retention

FTC Endorsement Guides

- Companies are liable when employees or agencies fail to disclose the nature of their relationship to a mentioned product or brand
- Demonstrated policy and audit trail required

Consumer Privacy

- Restrictions on use and protection of personal and credit information

Examples of Leading Practices for U.S. Insurers

- Publish explicit social media policies
  - Business versus personal use
  - Approved websites
  - Permitted transactions and interactions
- Monitor conversations actively
  - Correct misstatements
  - Automatically route messages for review
  - Create audit trail for record retention
  - Web content management with automated content audits
  - Reporting capability with closed loop review process
- Implement robust voice-of-the-customer capabilities including aggregation, text data mining, analytics, reporting and management processes
- Attach disclaimers to third-party content
  - Ensure that third-party content is not attributable to the firm or implies firm endorsement
  - Automated compliance solutions (e.g., CMP.ly and Socialware)
  - Approved templates easily available (risk profile capture, product overview, prospectuses)
- Require training before business use
- Prevent use by previous compliance offenders, systematically

Insurers Are Using Social Media, But Can Do More

Some insurers are taking significant steps to integrate social media into existing business capabilities. One major insurer, for instance, identifies and aggregates leads generated by webcasts, email, paid search, website banner advertising and search engine optimization, then nurtures such leads with white papers and industry news. The prospect information is sent to brokers who then contact the leads, provide quotes and compete for the business. The cost per lead is actively tracked and managed, and the number of prospects yielded from such digital marketing initiatives now equals the number submitted by agents.

Another insurer aggregates, analyzes and acts upon customer information derived from online surveys, call center records, Twitter, Facebook and blogs to design and manage the customer experience on multiple channels while identifying future product and service needs. Many leading insurers, as well, use Facebook and Twitter to communicate directly with customers and prospects.

Establishing Listening Posts

Customers continually broadcast their life events within social media. Examples include announcing the birth of their child, moving to a new city and marriage. As a result, anyone providing services that are impacted by customer life events should establish proactive listening posts throughout the social media used by their customers.

Naturally, this requires insurers to understand where their customers and prospects use social media in the context of their products, and to identify their customers or prospects based on social media identities. That may require insurers to expand the structure of their customer records to include Twitter and Facebook IDs, just like they worked to include customer emails over the past few years. In addition, insurers will want to consider the potential value of emerging social data enrichment services, such as RapLeaf[21] and Flowtown.[22] These

emerging data providers crawl the social web, integrate information about individuals, then sell the data and related insights.

Effective listening posts will also require real-time integration into legacy customer relationship management (CRM) systems, using tools such as Attivio,[23] which provides real-time, unified access to information across internal systems and external online or social media.

Insurers who fully utilize the insights available from their customers' social media should realize significantly improved alignment of customers, offers and channels, and may find material opportunities to refine their segmentation, the cross-channel customer experience and market coverage.

Engaging Customers Through Inbound Marketing

Marketers who thoughtfully incorporate social media into an inbound marketing mix tend to spend 60 percent less per lead on average, compared to organizations focused more on traditional marketing methods.[24] However, with customers exploring new ways of finding and considering products and services, insurers must actively curate the internal and external means by which customers find and understand their products. To be sure, marketing is becoming a program of continuous content development, rather than a series of campaigns, and insurers must work harder than ever to establish credibility and trust among current and potential customers. As a result, developing credibility in social spaces requires diligent work and a long-term perspective.

To accomplish this, it is essential to determine where customers utilize social media in the context of your products, and to create content that helps to solve those needs which are relevant to your product domain. In addition, when you no longer control all the content that affects your brand, it is vital to implement automated solutions, as well as processes, standards and metrics that will help ensure accurate, compliant content in the environments that can be controlled. The chosen solution should deliver five imperatives:

- Complete site discovery: Reliable quality and compliance management and control, whether for verification of tags, privacy protection, accessibility, usability, links, content, etc, requires a complete scan of the entire website (or targeted portion thereof), and not just an arbitrary subset.

- Full functional verification: Many sites today use page tagging solutions to capture visitor activity. Errors can (and do) creep into the implementation. These errors include syntax errors that cause script execution failures, inaccurate or inappropriate variables, and faulty or missing beacon parameters. Full functional verification is essential to accurate and reliable visitor traffic data.

- Multi-attribute analytics: On-demand, multi-variant and integrated assessment of interdependent site structural factors including SEO, accessibility, form security, visitor analytic inputs, content quality and page performance.

- Fast and flexible customization: Because websites are increasingly dynamic and ever changing, and because the regulatory environment is continually evolving, and because business priorities, requirements and standards are ever changing, change is the only constant.

- Dynamic reporting with integrated issue management: Problem identification should be combined with integrated object level and aggregate issue management to fully enable core issue management functions. This equips the organization with both the ability to identify and prioritize performance-limiting issues, and the ability to track progress on issue remediation.

Finally, to realize the full potential of social media in marketing, it will be necessary to select one of the emerging technologies that help to ensure scalable compliance with Federal Trade Commission requirements for disclosures and audit trails in campaigns that include social media content.

Social Media in the Insurance Sales Process

Insurers rely on agents or customers to tell their story every day. In the past, selling insurance required agents to personally network within a defined geographic territory or with friends and family. People only buy from agents they trust, and developing that trust has usually required face-to-face interaction. As a result, the agents handled the full sales cycle, from qualifying leads to maintaining customer relationships over time.

In the future, as people grow more accustomed to trusting relationships developed via video, audio and text over the web, agents who excel at developing relationships online will no longer be limited by the physical boundaries of face-to-face communications. Social media offer an opportunity to dramatically change the scale and leverage of how their story gets told through the producer channel. Further, social media could effectively replace some of the steps involved in building the trust that leads to an insurance sale, as key influencers grow easier to develop, and as each individual consumer wields greater potential influence through social media. As a result, the next generation of insurance agents will use social media to give customers a 24/7 "kitchen table" where customers can build a relationship on their own terms, and buy what they need when they need it. In the long run, some insurers will use social media to execute selected areas of the sales and marketing funnel more directly with customers.

In order to support that kind of evolution, talent managers and customer experience managers must develop the ability to match the agents who connect this way with people who buy this way. (See also the section entitled Next-Generation Agent Recruitment and Development.) In addition, sales and marketing organizations will need to evolve, along with compensation structures wherein insurers may pay one person for leads and network access, and another to close deals.

Next-Generation Agent Recruitment and Development

In customer service agent recruitment and development, the most innovative firms, such as Zappos, actively identify and connect to candidates on Twitter, Facebook and LinkedIn. Further, the University of Massachusetts Dartmouth surveyed Inc. 500 companies and found that 53 percent use social media in their hiring processes. The connections usually occur when a candidate mentions a brand or a desire to work for a company, so the companies often find that candidates sourced through social media tend to have done their research, know more about the company, and are more engaged with the brand when compared to candidates sourced through job boards and other traditional channels.

In the recruiting domain, sites such as LinkedIn provide 24/7 professional networking environments that can complement the insurer's own employee portal. By using these and other techniques, including web analytics to determine the best sources of talent, insurers can locate, select and develop agents who, in addition to possessing basic sales skills, will be able to leverage social media to drive trust and sales.

Within the firewall, collaborative technologies can be used to foster mentoring and development by eliminating geographic barriers to agent collaboration, transferring knowledge from experienced to junior agents, and forming internal communities that use positive anecdotes and recognition to support performance goals. In the public domain, sites such as Stack Overflow[25] have proven the potential for professionals to advance the common good within highly technical domains. Of course, creating and sustaining participation in professional online communities is very challenging and must be tailored to the culture of the participants.

Opportunities for All

While each insurer should consider the opportunities that are unique to it's operations and customers, all insurers should examine the opportunity to develop capabilities in the following areas:

1. **Social Experience Optimization**: First, ensure that your online properties integrate with the social web in the ways that your customers, prospects and potential employees expect or desire. Identify the social utilities[26] where your target audiences spend their time in the context of your products, and then utilize the supporting application programming interfaces (APIs) and communities to make yourself a part of their online lives. Second, think about the experiences that you are delivering and consider opportunities to streamline or simplify sharing, discovery and collaboration. Finally, examine opportunities to improve the data you capture, the insights that you glean from them, and innovative ways to improve the online experience through creative use of data.

2. **Social Voice of the Customer**: Organizations that actively listen to customer conversations in social media quickly realize that some of their roles, responsibilities and organizational design need to change in order to gain real benefit from their listening investments. For the purposes of listening and developing insights from social media, you probably only need one team with one toolset. That team and their tools should be able to automatically categorize, prioritize and route the most important content to the right internal organizations as appropriate. Examples include routing product feedback to the product team so they can shape future products and clarify existing products. Such a team will greatly benefit when you blend classic contact center skills with new media savvy, and bring together call center, email, chat, technical support, and social CRM players. In addition, technologies are available today for insurers to automate their social media listening, and integrate the information from those conversations into regulatory compliance, knowledge management and CRM systems throughout the enterprise.

3. **Social Media Policies and Governance**: If you do not have a set of social media policies for your employees, engage the right subject matter experts to help you craft them immediately. In so doing, examine the opportunities to use your policies to educate your employees to protect themselves, as well as your organization, and consider the potential for empowering selected employees with appropriate accountability. In addition, you will need to ensure a common process and toolset for gathering, developing and using customer data from social media throughout your organization.

A Framework for Success

Most insurers can find one or more teams in their organization using social media with customers or agents today. Because many social media tools are low cost (or free) and hosted outside of the corporate firewall, it has been easy for one or a handful of people to engage in social media at small scale, but significant complexity remains for large insurers wishing to utilize social media reliably and at large scale. In fact, a 2010 survey of 43 insurers by LIMRA found that the biggest challenges faced by insurers using social media are:

- Compliance management
- Content creation and management
- Measurement
- PR concerns
- Reaching the right audience

These challenges exist because existing bottoms-up, fragmented approaches to social media simply do not permit large organizations to operate social media at scale, with appropriate controls and consistency across the enterprise. As a result, insurers who take a fragmented, bottoms-up approach to social media are unlikely to realize their full potential. Fragmented approaches to social media also create significant additional risks for insurers, including:

- Inability to ensure regulatory compliance across business units and regulatory jurisdictions
- Inconsistent customer experiences across products
- Redundant investments in technologies and human resources
- Inability to consolidate the voice of the customer across channels, products and segments
- Fragmented or missing customer data

Accenture believes a comprehensive approach, designed to ensure consistent customer experiences, reliable content creation, compelling insights through analytics, appropriate data governance and sufficient regulatory compliance, can help insurers achieve high performance in using social media.

In order to help insurers chart a path through the opportunities, threats and risks of social media, Accenture developed a comprehensive set of capabilities and leading practices called the *Social Media Management Framework* (see Figure 2). This framework helps our clients to create or align a social media strategy that ensures significantly greater impact from social media, and delivers a prioritized road map for effective implementation and operation of process, technological, organizational and cultural changes required to achieve the strategy.

Figure 2: Accenture Social Media Management Framework

Culture
- Habits and behaviors
- Ways of working
- Subcultures

Context
- Business environment and objectives
- Regulatory environment

Process
- **Leadership:** Degree to which leadership for social media decisions is formalized and accountability for business outcomes is clear
- **Alignment:** Degree of alignment between various agendas to ensure resources and funds are appropriately allocated

People
- **Training and Development:** Adequacy and accessibility of training and professional development
- **Leverage:** Extent to which best practices are identified, shared and utilized
- **Roles:** Clarity and adequacy of roles and responsibilities

Policies
- **Clarity:** Degree to which policies clarify boundaries for employees
- **Empowerment:** Degree to which policies empower employees to achieve business outcomes, consistent with the cultural, regulatory and business realities
- **Differentiation:** Degree to which policies support differentiation of the organization in the market

Metrics
- **Resource Management:** Level of visibility into the efficient utilization of social media assets (people and technology) and level of efficiency achieved
- **Performance Management:** Degree to which results are measured and behavior rewarded for success or failure in achieving performance targets
- **Financial Management:** Level to which costs are tracked and controlled, and the degree of ownership by the business for social media costs

The Road Ahead

Most insurers can find someone in their organization using social media with customers or agents today. The challenge lies in evolving such efforts from experimental silos into enterprise-scale capabilities. Insurers who include social media in their customer relationship strategies; who empower employees and teams to utilize social media at scale; who ensure appropriate brand consistency within social spaces; and who measure the performance of social media investments to ensure business value over time will enjoy significant advantages over carriers who adopt a less focused, more ad hoc approach. The Accenture *Social Media Management Framework* (see Figure 2) provides a proven approach for helping carriers to define and execute social media strategies that achieve their greatest impact.

A thoughtful, well-designed approach to adapting social media can be a tremendous opportunity for differentiation and growth for insurers. Companies willing to innovate within a structured framework will be able to attract new customers, strengthen customer loyalty and build stronger agent networks. Through its work across industries, Accenture has developed the tools and resources to help insurers achieve high performance by addressing the challenges posed by social media and harnessing the power of this significant new communications channel.

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