



# The Evolution of Benefits in Western Europe:

From Transactional to Transformational  
Western Europe insights from the Willis Towers  
Watson 2019/2020 Benefit Trends Survey

# About the survey

Employee expectations are rising, workforce demographics are changing, benefits provision is evolving, and in an uncertain economic environment, corporate objectives are under constant review. Against this backdrop, complacency in the employee benefits arena cannot be an option.

The Willis Towers Watson Benefit Trends Survey takes the pulse of current employer perspectives and strategies, exploring the programmes they have in place, their priorities and the key challenges they face over the coming years.

Globally, the study was conducted among 4,300 companies in 88 markets, covering more than 22 million employees.

The following executive summary for the Western European market shines a light

on the findings from 698 companies, employing a total workforce of 6.6 million across a wide range of industries – from manufacturing, financial services and IT and telecom, to healthcare, general services, energy and utilities and wholesale and retail.

Differing wants and needs of a multi-generational workforce and rising benefits costs are the primary challenges employers face today.

Employers still struggle to connect with employees and to engage employees with their benefits. Traditionally employers have focused on administration and operations, but now they are looking to place a much greater emphasis on employee wellbeing, a broader benefits portfolio and talent experience, and analytics and reporting.

## The report focuses on the following core strategic areas of benefits strategy:

- **Benefits portfolio:** optimal alignment of benefits
- **Financing:** cost and risk efficiencies
- **Talent experience:** employee engagement
- **Administration and operations:** operational efficiencies
- **Analytics, insights and reporting:** data-driven decisions

# Western Europe

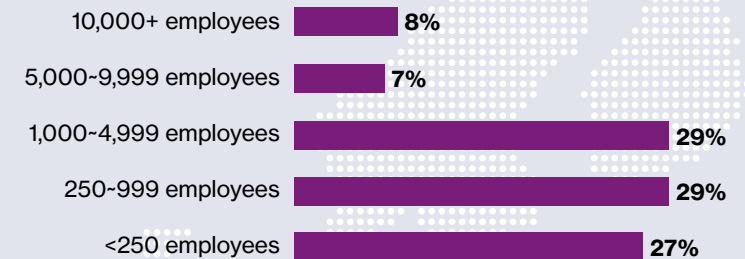
**698**  
employers  
responded to  
the survey

**6.6m**  
employees  
in Western  
Europe

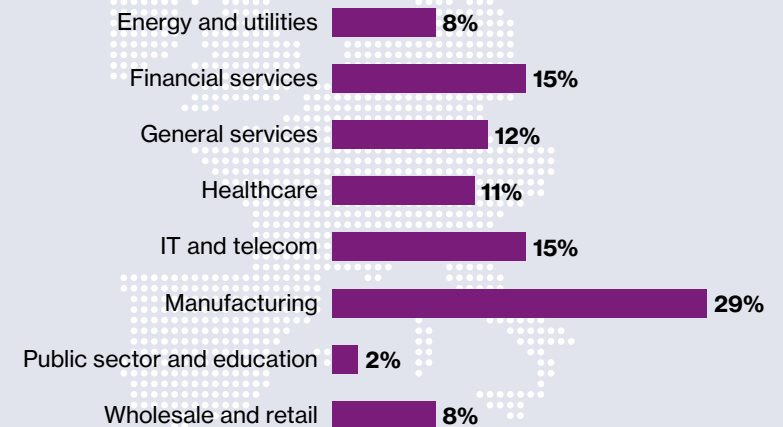
**76%**  
multinational  
companies

**14%**  
average % of  
payroll spent  
on benefits

## Employer size

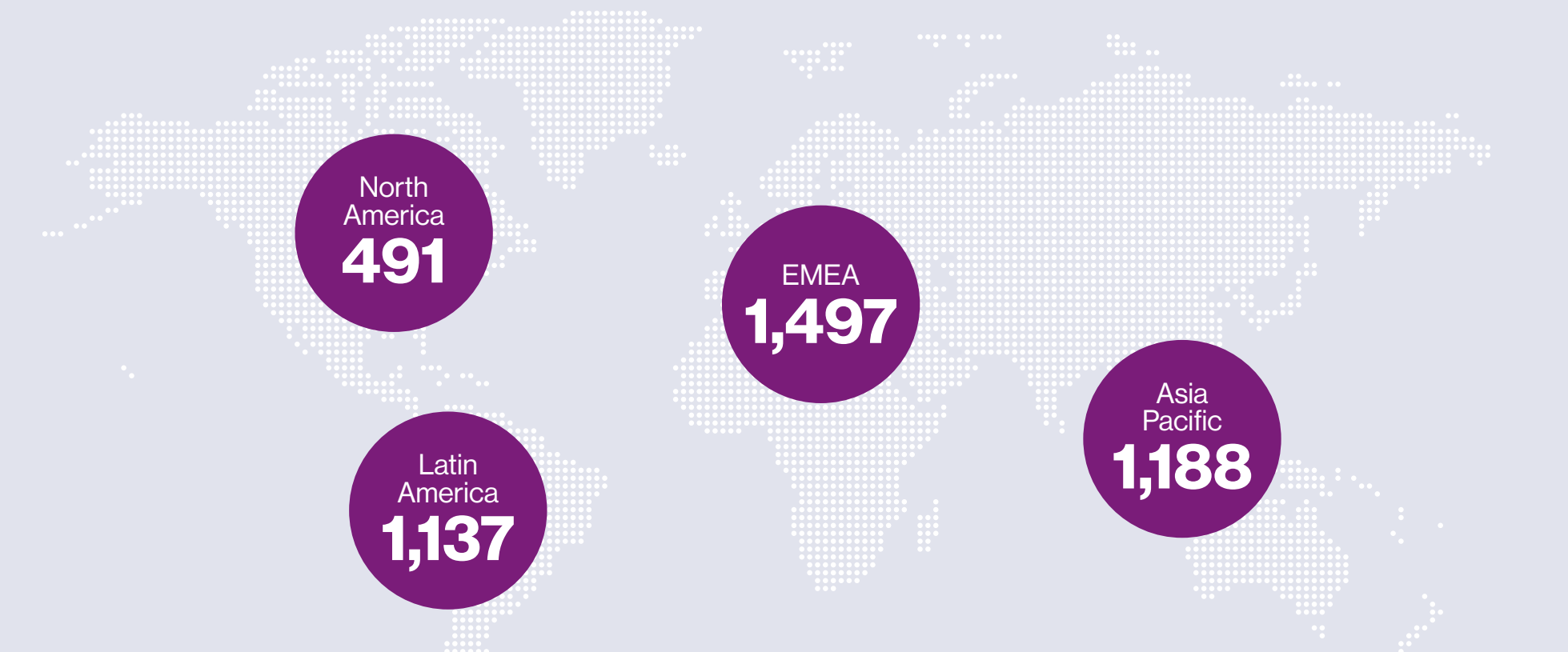


## Industry



## Over 4,300 companies interviewed in 88 markets

The 2019/2020 Benefit Trends Survey includes responses from over 4,300 companies in 88 markets around the world, covering over 22 million employees.



### North America

Canada  
United States

### Latin America

Argentina	El Salvador	Uruguay
Bolivia	Guatemala	Venezuela
Brazil	Honduras	
Chile	Mexico	
Colombia	Nicaragua	
Costa Rica	Panama	
Dominican Republic	Paraguay	
Ecuador	Peru	
	Puerto Rico	

### EMEA

Algeria	Czech Republic	Hungary	Mozambique	Russia	Tunisia
Austria	Denmark	Ireland	Netherlands	Saudi Arabia	Turkey
Belgium	Egypt	Israel	Niger	Senegal	Uganda
Benin	Finland	Italy	Nigeria	Slovakia	United Arab Emirates
Bulgaria	France	Kenya	Norway	South Africa	United Kingdom
Cameroon	Germany	Lebanon	Oman	Spain	Ukraine
Congo (DRC)	Ghana	Lithuania	Poland	Sweden	
Côte d'Ivoire	Greece	Madagascar	Portugal	Switzerland	
Croatia	Guinea	Morocco	Romania	Togo	

### Asia Pacific

Australia	Pakistan
Cambodia	Philippines
China	Singapore
Hong Kong	South Korea
India	Taiwan
Indonesia	Thailand
Japan	Vietnam
Malaysia	
New Zealand	



# Benefits strategy

## A spotlight on success

Establishing a successful, future-proofed benefits strategy calls for balancing evolving employee needs with effective engagement, developments in the benefits marketplace, corporate and cultural objectives, benchmarking data, pay scale structures, administrative requirements, budgets and cost management.

This is no easy task – but faced with such a complex undertaking, how is Western Europe faring?

Businesses have certainly recognised a need to raise their game. The survey found that only 27% regard themselves as ‘highly effective’ in all areas of benefits strategy.

A failure in using digital tools to drive engagement emerged as a notable area concern – cited as being effective by just 19% of respondents. Just over one in four (27%), meanwhile, effectively differentiate their benefits from their competitors.

Furthermore, just 32% have effectively tailored their benefits portfolio to meet their workforce needs. This despite two-thirds (66%) claiming they understand their requirements.

Considering these revelations, it should come as little surprise that only a quarter (24%) of businesses would strongly recommend their company as a place to work, based on their benefits package.

### Organisational effectiveness in core areas of benefits strategy



#### Benefits portfolio

29%



#### Financing

29%



#### Talent experience

22%



#### Administration and operations

26%



#### Analytics, insights and reporting

29%

# Priority objectives – new directions

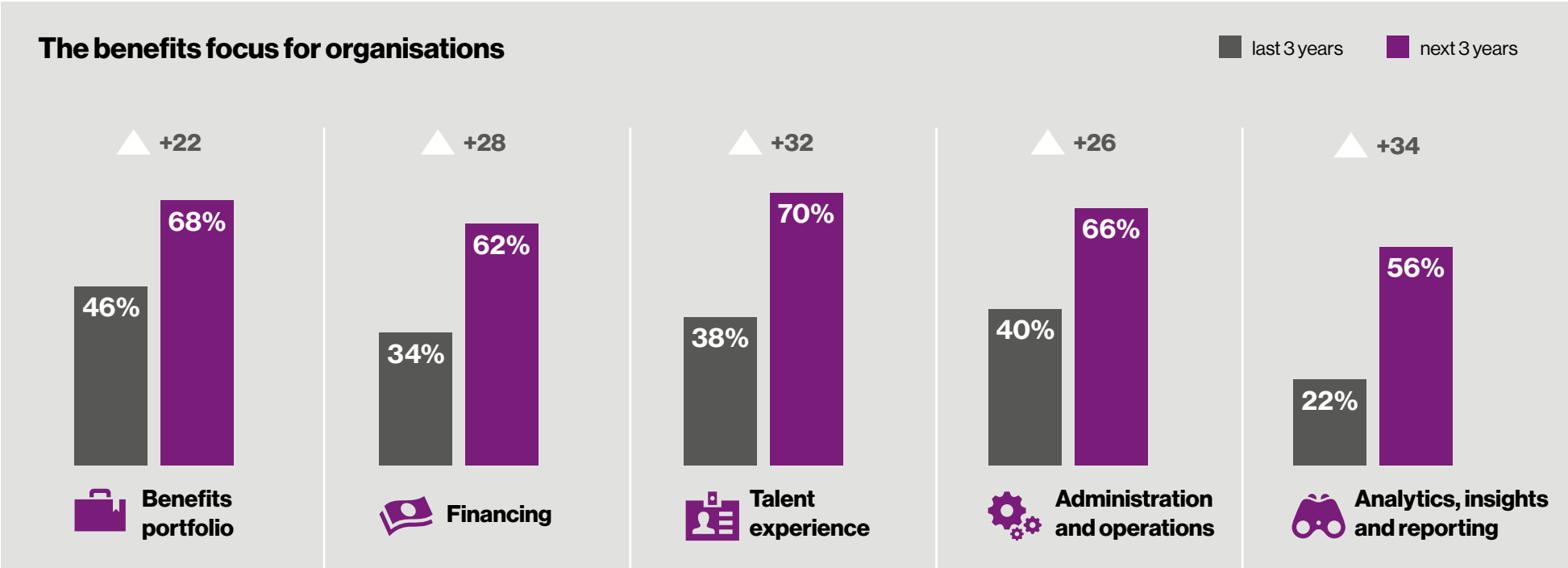
The biggest area of focus for companies over the past three years has been their benefits portfolios, closely followed by their administration and operations – cited by 46% and 40% respectively.

However, we are now anticipating a shifting trend. While the benefits portfolio is set to remain a priority, the talent experience topped the agenda

for the coming three years with 70% of businesses planning to focus on the effective delivery of benefits to employees.

Indeed, the importance of this should not be underestimated in the bid to attract and retain talent.

We can also expect to see a renewed emphasis on other key ingredients to a modern benefit programme – effective benefits financing and analytics (a focus for 62% and 56% of businesses respectively).





## The multi-generational challenge

For the first time in history, today's modern workplace may see up to five generations working side-by-side – from the silent generation through to their youngest, Gen Z colleagues – and each brings with it a different set of expectations, risks and requirements.

While this divergent demographic has the potential to bring far-reaching skills and experiences to the table, managing the differing wants and needs of such a multi-generational workforce was deemed the number one challenge facing Western European employers.

This recognition, among 55% of survey respondents, should be welcomed, opening the door to establishing strategies that will address this emerging issue.

Hot on the heels came the perennial challenge of rising benefits costs, a key area of concern for 50% over the next three years.

### Benefits strategy challenges over the next three years

Differing wants and needs of a multi-generational workforce

55%

Rising benefits costs

50%

Challenges communicating around benefits choices

48%

Impact of regulatory changes/changes to statutory benefits

39%

Lack of budget to deliver effective communication strategy

36%

Lack of appropriate technology to effectively deliver company's benefit programmes

34%

Lack of employee engagement with benefit programmes

34%

Lack of data to measure plan outcomes or changes in member behaviour

34%

Fragmentation of vendors/providers and lack of integrated tools

33%

Unions/collective labour agreements

25%

# Five dimensions to drive a more modern benefit programme

## The benefits portfolio

### Wider provision, choice and wellbeing

A compendium of socioeconomic and workplace forces continues to shape employee expectations and the evolution of the health and benefits landscape. The impact on employer provision is writ large in the survey findings.

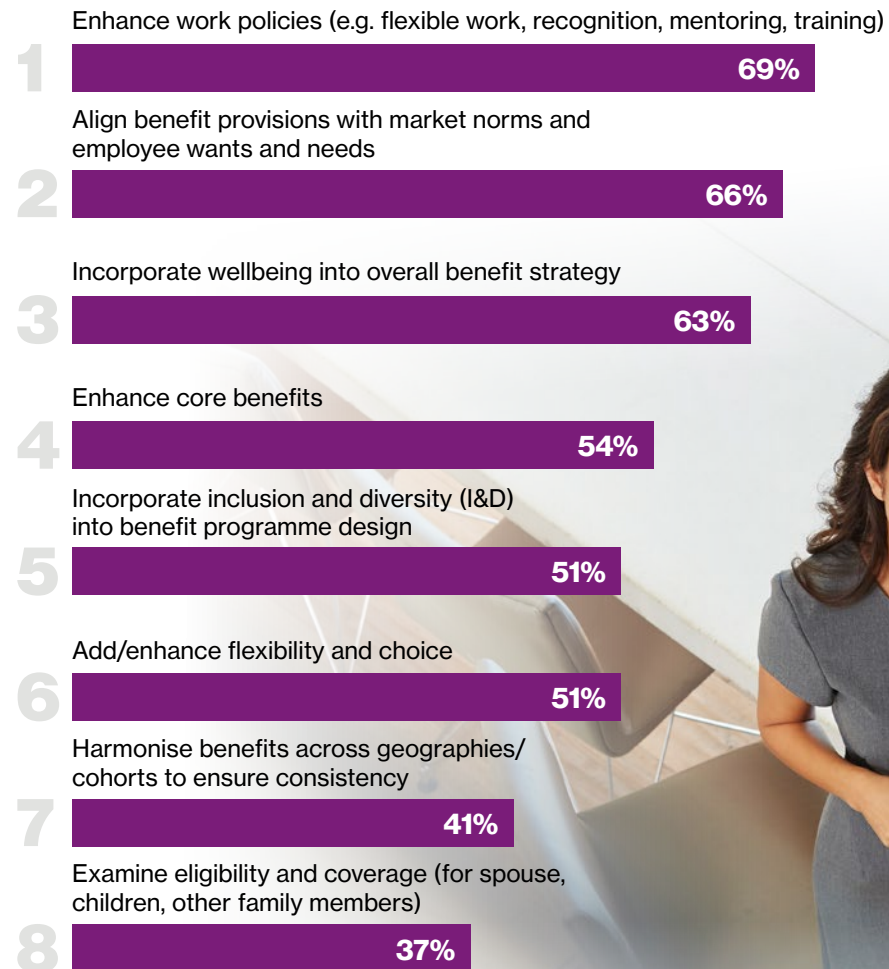
More than two-thirds (69%) of businesses plan to enhance their work policies, 66% are looking to align their benefits provisions with market norms and employee wants and needs, 63% plan to incorporate wellbeing into their overall benefits strategies, while 54% aim to enhance their core benefits.

The improved business outcomes arising from meaningful employee wellbeing initiatives have been widely acknowledged – from increases in productivity and staff retention to reductions in sickness absence rates.

Financial and social wellbeing, it appears, will become the principle emerging areas of focus, for 25% and 24% of businesses respectively. Stress and resilience management programmes meanwhile top the list of the specific initiatives planned to tackle mental health issues, set to be introduced by 26% of survey respondents.

Interestingly, the organisations with the most effective benefit strategies already in place were found to be the ones most likely to further enhance both their core and broader benefit programmes.

### Priorities for employers' benefit programmes



# Benefits financing

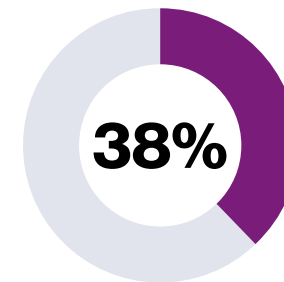
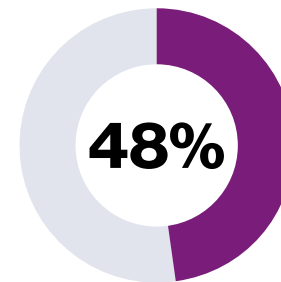
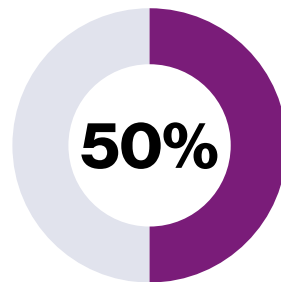
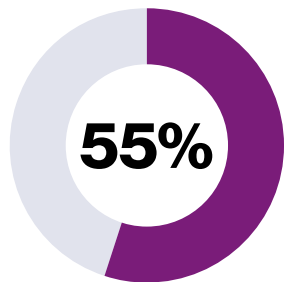
## Costs under the microscope

Spiralling healthcare costs and an ageing population mean the business bottom line is rarely far from any employee benefits discussion.

According to Willis Towers Watson's 2019 Global Medical Trends Survey, medical insurance cost increases in Europe are projected to hit 5% this year.

With this in mind, maximising return on investment from benefit spend (ROI), was the top priority, cited by 55% of employers, followed by managing programme operating costs (50%).

## Top priorities for financing benefit programmes





# Talent experience

## Raising the bar in delivery and communication

Maximising the Talent Value Proposition (TVP) and the ROI on employee benefit programmes calls for effective processes for delivery and communication.

Indeed, four in five (80%) businesses are looking to enhance the communication of benefits to employees.

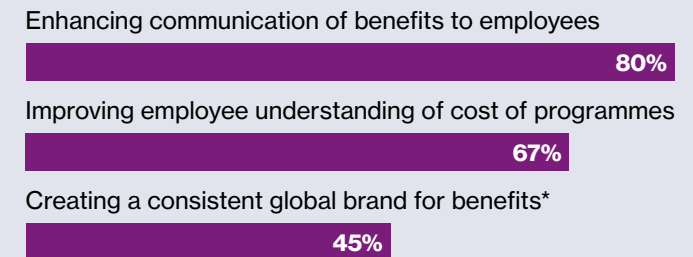
In the wake of developments in benefits technologies, which have created opportunities to improve the employee experience and the administration of benefit plans, 68% are now set to prioritise their focus on online portals or apps, while almost two-thirds (65%) will implement or enhance employee self-service.

In addition, as the consumerisation of benefits gains traction, 43% intend to create a shopping experience for members when they sign up for benefits, in the next three years.

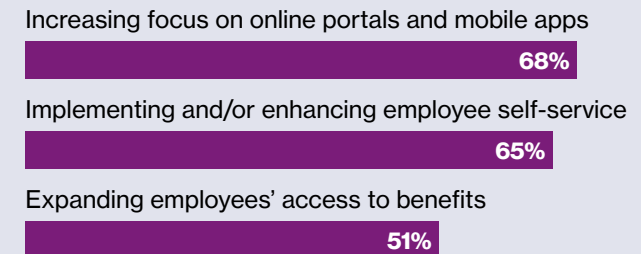
## Priorities for benefits delivery to employees



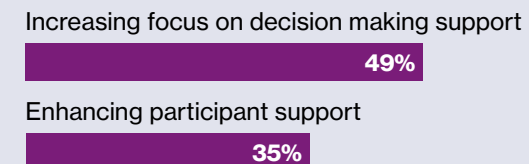
### Communications



### Enhanced tools and technology



### Decision support



**Note:** Percentages indicate "To a great extent" or "To a very great extent".

\*Only for multinational companies.

# Administration and operations

In the throes of the third industrial revolution and a brave new world of connectivity, more than half of employers (56%) are considering integrating benefits administration with other HR systems, while 26% are moving or have planned to move to cloud-based solutions for online benefits.

The challenges of handling 'big data' however,

extend beyond streamlining processes. The General Data Protection Regulation (GDPR) came into force last year to harmonise data privacy laws and to help ensure the protection of personal data.

Data management and security matters were consequently very much front of mind as businesses took steps to ensure compliance

– and for 72% of companies, from a benefits administration perspective, they have remained a key priority. Almost three quarters (71%) are also prioritising, intrinsically linked, legal and regulatory compliance issues.

## Priorities for benefits administration and operations

**72%**

Data  
management  
and security



**71%**

Legal and  
regulatory  
compliance



**59%**

Focus on  
technology and  
automation  
in benefits  
administration



**56%**

Integration  
of benefits  
administration  
with other HR  
systems





# Analytics, insights and reporting

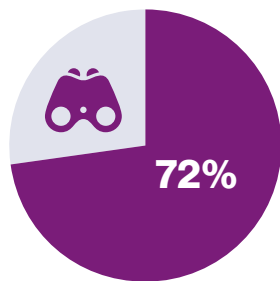
When it comes to the strategic approach behind the design of benefit programmes, budgeting and planning (68%) and analysis of employee requirements (65%) were found to be key drivers, but competitor benchmarking and market insights were considered the most important factors (72%).

As a measure of business outcomes, the popularity of a value-on-investment (VOI)

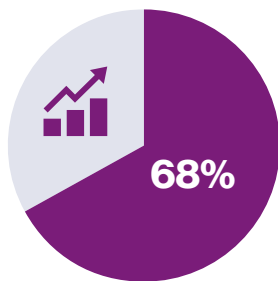
approach (that extends beyond financial ROI) is on the rise. Two-fifths of employers (38%) have earmarked the measure as an evaluation tool over the next three years.

VOI may include metrics ranging from engagement and workforce retention rates to resilience and productivity – all offering a potentially important gauge of programme success.

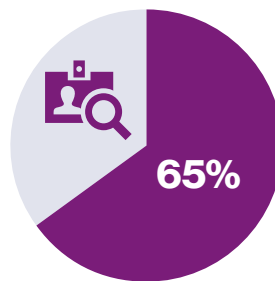
## Top priorities for organisations' benefits strategies



**1** Benchmarking and market insights



**2** Budgeting and planning



**3** Analyse employees wants and needs





If you want to understand how your employee benefits priorities and challenges compare to other industries and geographies, or would like a **Benefits Strategy Assessment**, please contact your Willis Towers Watson consultant, or:

**Alejandra Velez**

**Willis Towers Watson**

**T:** +34 918238813

**E:** [alejandra.velez@willistowerswatson.com](mailto:alejandra.velez@willistowerswatson.com)

**W:** [www.willistowerswatson.com](http://www.willistowerswatson.com)

Willis Towers Watson, Calle Martínez Villergas, 52  
5ª Planta, 28027 Madrid

[willistowerswatson.com](http://willistowerswatson.com)

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