

# Digitalisation Beyond the Core Business: Optimising Customer Experience (CX)



**The momentum of fast digital transformation needs to be carried across all value-added services including Affinity insurance.**

Rapidly changing customer demands combined with the deep disruption brought about by COVID-19 has put the world on the fast track to wholesale adoption of digital technologies. Insurance, whether as part of a firm's core business or a value-added service, is no exception.

A steady upward trend towards increased digitalisation in recent years has now catapulted to new heights as a result of the coronavirus pandemic. The rise in digital adoption in Europe during the pandemic was equivalent to a rise that would have taken two to three years in most industries at pre-pandemic growth rates<sup>1</sup>.

## Digitalisation or obsolescence

The pronounced shift in consumer behaviour, which will continue to evolve for months and years to come, has already left a significant impact on the industry. Off the back of increased connectivity, consumers are now more informed and demanding in the way they expect to interact with companies<sup>2</sup>. Firms across multiple industries are therefore now grappling with ways to meet this digital demand across all their consumer touchpoints.

According to a recent report by Euromonitor International<sup>3</sup>, one of the top digital consumer

trends in 2021 is 'the digital balancing act' as firms attempt to simultaneously meet the needs of both the highly sophisticated digital consumer and those coming online for the first time. The challenge for firms to obtain the optimum degree of digital sophistication and simplicity across multiple touch points within their business is significant, both when it comes to their core products and value-added services, such as Affinity (or embedded) insurance.

As many as 65% of new digital insurance adopters plan to continue using digital services to the same degree or more

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post-pandemic, according to McKinsey's Europe's digital migration during COVID-19 survey<sup>4</sup>. Positive news for the industry, but it's important to note that even with sentiment to continue using online services, it does not mean that consumers will continue to use the same provider.

Poor user experience, such as encountering a hard-to-use website or limited product availability, is a major cause of dissatisfaction and customer churn. With digitalisation now skyrocketing, ineffective online purchasing channels are no longer acceptable<sup>5</sup>. Instead, high quality technology-enabled solutions are imperative in order to ensure the customer purchasing process is as intuitive and seamless as possible.

Companies that sell insurance alongside their core products must focus on reimagining insurance solutions for the post-pandemic world. Rethinking outdated product-led approaches and moving towards a more customer-centric approach will require accelerating investments in digital and analytics strategies and, for many, swift upgrades to technology platforms will be integral to the transformation.

## The omnichannel approach

While digital transformation is key to remaining competitive, it is important for firms to understand that digital channels are not a replacement for traditional channels. Recognising that customers still hold a

preference for omnichannel communication (both traditional and digital channels) as part of the overall CX will determine success.

A substantial 75% of customers said they would switch provider if seamless, omnichannel policy servicing options were not available to them<sup>6</sup>. As a result, firms can no longer view online and offline customer touchpoints in isolation. To ensure customer satisfaction, every touchpoint must be identified as part of a seamless customer journey. Furthermore, research shows revenue growth for those already leading in digitalisation is on average four times that of companies with disjointed approaches<sup>7</sup>. Being able to switch seamlessly between traditional and digital engagement strategies, depending on customer preference, is essential.

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## Enabling digitalisation with technology-driven insurance solutions

The upsurge in digitally savvy consumers with increasingly high demands presents an opportunity for organisations to offer customers an exceptional user experience while prioritising digitalisation initiatives. Undoubtedly for Affinity insurance, an agile, digitally delivered approach, enabled by data and analytics, that also puts customer needs at the heart of the offering, will enable businesses to stay relevant.

Technology-driven insurance solutions are the key to connecting the dots between insurers, clients, channels, end-consumers

and a changing world, to make sure an effective solution is always available, remains relevant to the end-consumer and is ultimately profitable.

Willis Towers Watson Affinity consults with organisations to ensure that their insurance programmes serve as a valuable and credible extension of their business whilst improving customer satisfaction and driving long-term customer retention.



### Sources

- <sup>1</sup>McKinsey & Company, 2020. COVID-19 Digital Sentiment Insights Survey.
- <sup>2</sup>McKinsey & Company, 2020. Adapting customer experience in the time of coronavirus.
- <sup>3</sup>Euromonitor International, 2021. Top Five Digital Consumer Trends in 2021.
- <sup>4</sup>McKinsey & Company, 2020. Europe's digital migration during COVID-19: Getting past the broad trends and averages.
- <sup>5</sup>Finaccord, 2019. Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Selected Global Markets.
- <sup>6</sup>Capgemini Research Institute and EY, 2020. World Insurance Report 2020.
- <sup>7</sup>McKinsey & Company, 2020. The Next Normal. The Recovery will be Digital.

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