Workshop A2:
How is big data changing distribution models

Where have all the customers gone?
How data is disrupting distribution strategies

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Key considerations

Customers are looking for **different things** at **different times** delivered in **different ways**: the common threads are that they are looking for both ‘value’ and ‘value for money’

Customers want broader ‘**money world**’ relationships – do you know your customers well enough to deliver this?

“I want a company that helps me spot my roof needs fixing, not just a company who will help me pay to mop up the water from the floor”

**GDPR**: Friend or Foe?
1. Data Savvy Consumers

Legislative change is driving the opening and democratisation of data to the **rightful owners** and is propelling customers into the centre of markets.

Pre-populated ‘data passports’ will **empower the customer** to leverage the value of their aggregated personal data.

Consent is key: **immediate** value exchange triggers consent.
2. Challenger organisations

Remember what Richard Burton said ‘they watched our world with envious eyes… slowly and surely they drew their plans against us’

Data is being used as a strategic asset and will enable market entry

Understand that those that have the most consumer trust will win
3. Changing consumer perspectives

What **new risks** are consumers worried about or should be worried about?

**All risks** policies are becoming less popular.

Please let me live in **North Korea**!!
Next Generation Distribution
Key deliverables
Is this the model of the future?

• The answer… it is not far off!
  – Convenience
  – Completely personalised delivery of a broad portfolio of products and services
  – A relationship of trust
  – Feeling part of a neighbourhood

• Technology will solve the one remaining problem – scalability!
Is this the model of the future?

Data & Engagement Strategy

Channel Options:
- Face to Face
- Remote
- Online
- Digital Assistants
- All of the above

Service Options:
- Information
- Guidance/Help
- Advice
- Buy
- Compare
- Value Add

Relationship Controller:
- Direct
- Partnership
- Complementor

Underpinned by Product & Pricing
Is this the model of the future?

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Underpinned by Product & Pricing
Your data strategy

• Where is your data?
• How clean is your data?
• Do you have a single customer view to ensure you can attach historical customer data to future customer data?
• Do you have the ability to aggregate your data with other sources of consented customer data to get a clear picture of your customer's financial and lifestyle profile?
• Do you have the digital engagement capability to begin and maintain the conversation with customers?
• New powerful data sets are disrupting markets such as Life & Pensions
Life & Health Providers

- Affordability: Can the customer afford the premium?
- What do they need? Can we calculate likely minimum cover requirements based on existing cover and life circumstances?
- Propensity to cancel or switch: Can we model the likely behavior of the customer as being one more or less likely to cancel or switch the policy once in force?
- Propensity to claim: Can we model the likely behavior of the customer as being one more or less likely to claim on the policy?

Pension & Investment Providers

- Affordability: Can the customer afford the premium (if regular contribution)?
- What other assets do they have in order to target the levels of contribution opportunity?
- Propensity to cancel or switch: Can we model the likely behavior of the customer as being one more or less likely to cancel or switch the policy once in force?
- Propensity to invest: Can we model the likely behavior of the customer as being one more or less likely to invest more money into their existing investment?
- Cash in: Can we see other customer assets to assess the likelihood of the customer cashing in their investment?
Engagement strategy fundamentals

- The engagement model must seek to be able to replicate face to face interaction through the initiation of highly relevant client interactions on a scalable basis: its no longer ‘people like you’ its just ‘you’

- Using data analytics your engagement strategy should be able to predict customer behaviours:
  - What does the customer like to buy?
  - When would they like to buy?
  - At what price will they buy?
  - What channel would they prefer to buy?
  - Why do they buy?

- Enable frictionless on-boarding to certify your brand quality and establish a meaningful digital relationship between your firm and customer
Ongoing engagement

• Should be robust enough to allow your business the confidence to extend the actuarial assumptions on customer retention to the extent where additional long term embedded value can be calculated

• Delivery of a slick digital customer experience increases engagement and delivers:
  – Upsell and cross-sell opportunities
  – Reduced manual and swivel chair weak points in customer journeys
  – Streamlined paper document exchange
  – Facilitates digital self-serve on the most common customer update requests EG/ Change of address
  – Reduces direct costs such as postage, through implementation of customer accepted digital alternatives
  – Reduced number of ‘goneaway’ customers
Ongoing engagement

- Protect your customers from cyber crime, scams and fraud targeting by utilising:
  - Digital Identification
  - Device recognition
  - Biometric data

- Using data analytics to establish:
  - Pre-cancellation behaviour
  - Price or contribution elasticity
  - Pre qualified affordability
5 key takeaways

Without customers how important is pricing?

Channel strategies will need to broaden

Customers hold the power

The logical first step is to review your data & customer engagement strategy

The next phase of disruption is here