

Executive Summary

Evaluating Customer Experience Management in the Insurance Industry – Empirical Studies of Company and Customer Perspectives

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Today's highly competitive insurance market is characterized by largely exhausted opportunities for differentiation at the product and service level (Theis and Wiener 2018). Thus, companies are faced with the challenge of offering high-quality customer experiences beyond competent service to stand out from competition (Gao et al. 2020). Across industries, research and practice consider customer experience management (CEM) the most promising management approach to overcome this and further recent challenges (e.g., digitalization, changed and increased customer demands), as it aims to optimize all customer experiences at all touchpoints along the customer journey (Homburg et al. 2017; Schmitt 2003). Although insurance companies attach great importance to CEM as well (Klopfer et al. 2022), its investigation within the industry is still at an early stage and needs further research. Therefore, this paper examines CEM in the insurance industry from both a company and a customer perspective and answers the following research questions:

- (1) *How mature are insurance companies in terms of CEM?*
- (2) *How is the success of CEM activities measured in the insurance industry?*
- (3) *How do customers perceive their experiences with their insurer? How do effective customer journey design and brand experience influence psychological (i.e., customer satisfaction) and behavioral (i.e., customer loyalty) outcomes in the insurance industry?*

The first two research questions concern the company's perspective and are addressed through an online survey among insurance companies. Based on the survey data, a four-stage maturity model for CEM in the insurance industry is developed. The surveyed insurance companies are in the middle of implementing the management approach, but have already laid an important foundation for the success of their CEM by adapting their corporate culture towards greater customer orientation. In particular, the importance of the customer perspective and the

individual touchpoints along the customer journey were recognized by all companies. The majority of the insurers are well advanced with their CEM efforts (maturity level 3 out of 4), which is why it is assumed that the companies are currently working on their strategic orientation for designing customer experiences (i.e., context sensitivity and thematic cohesion of the touchpoints) as well as on the company's ability to continuously optimize and renew the CE (i.e., by monitoring and designing the customer journey). To evaluate their CEM activities at the customer level, insurers primarily measure customer satisfaction and various loyalty indicators, and are already seeing initial successes.

The third research question focuses on the customer's perspective and is answered by conducting an online survey among insurance customers. The results show that an effective customer journey design in the sense of a thematically coherent, consistent and context-sensitive design of multiple touchpoints along the customer journey increases customer satisfaction and consequently customer loyalty. The effect of an effective customer journey design on customer satisfaction is stronger if customers perceive the attractiveness of alternative insurance companies as high. In addition, brand experience as further value driver of the customer experience has a positive influence on customer loyalty, which is even more pronounced when customers have a low level of involvement with the insurance brand.

In sum, this article provides empirical evidence for the impact and success of CEM in the insurance industry, especially concerning performance measurement indicators, thus verifying the practice-driven "gut feelings" prevalent in the insurance practice. The maturity model developed for CEM in the insurance industry can help executives make more informed investment decisions regarding CEM implementation and optimization. The findings of the customer survey further underline, that policyholders value a smooth customer journey when interacting with their insurers (e.g., competent advice, empathy of employees, fast and appropriate payout during a claim process).