

# Mobile technology in insurance

Performance measurement methodology

A hand holding a smartphone is the central focus, with a yellow diagonal graphic element cutting across the lower right. In the bottom left corner, there is a white graphic consisting of vertical lines of varying heights, resembling a bar chart.

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# Executive summary

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As mobile technology becomes the dominant mechanism for information and web access, insurers need to invest in mobile technology as a channel to leverage integrated multi-distribution and implementation strategies. Mobile technology provides unprecedented channel access capability, extending internet and social media to an organization's employees, customers and partners and bringing communication, anytime and anywhere, to the forefront.

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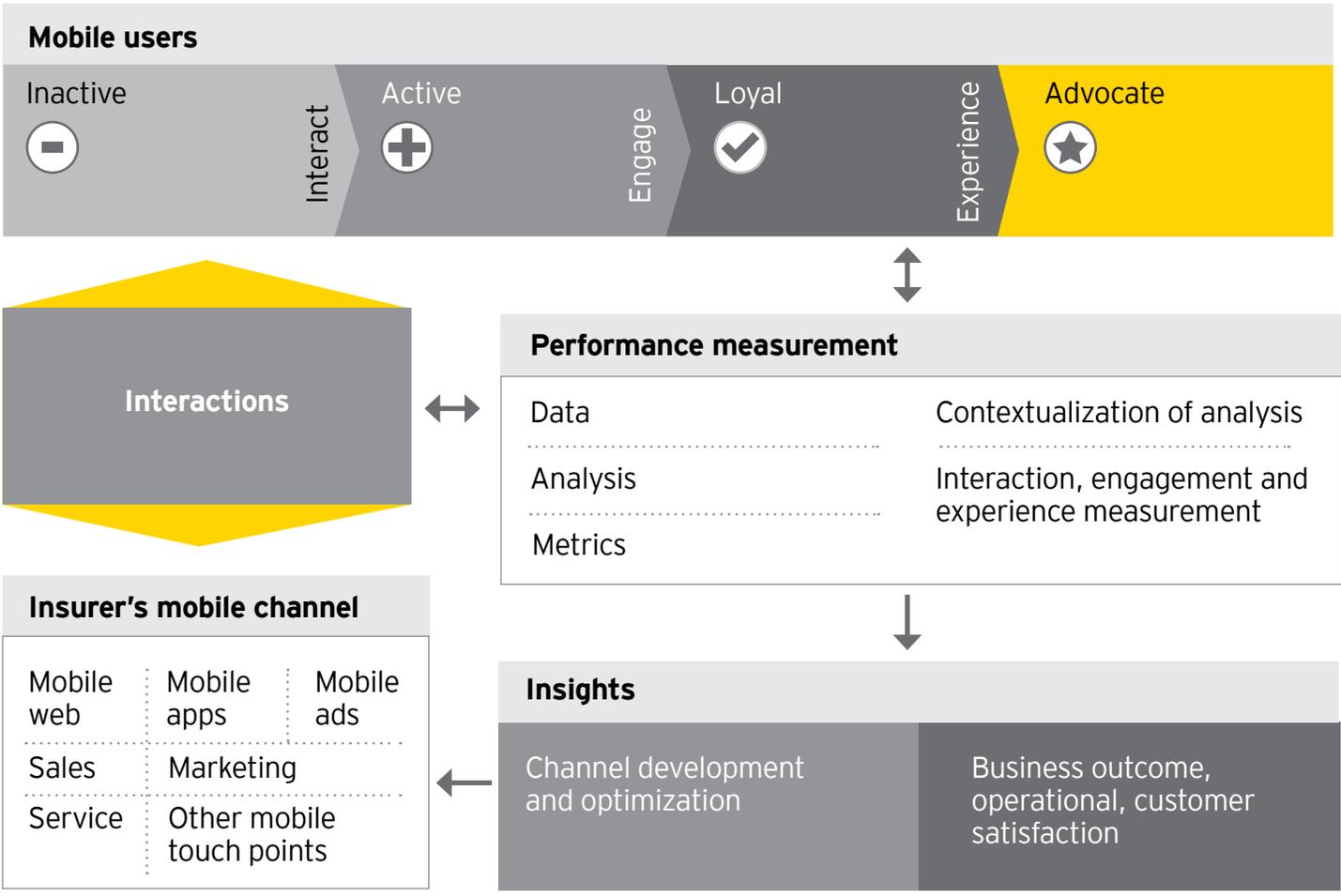


## **The core reasons insurers are embracing mobile technology solutions are to:**

- ▶ Extend business services to the mobile channel
- ▶ Attract new customers who need more self-service options
- ▶ Modernize customer service tools to increase agent and policyholder satisfaction

There is tremendous promise for business strategy mobility and an imperative for insurers to embrace it. In this paper, we address parameters for an organization to use as a benchmark to measure the impact of mobility. We focus on enhanced benefits and the strategic direction of mobile enablement, highlighting actions insurers need to take to justify current activity and validate future investment.

# Mobile effectiveness lifecycle



# Why measure?

Metrics and measurement play a critical role in aligning performance with key objectives and enabling companies to stay on course and achieve mobile business goals.

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Insurers are providing a wide range of mobile features for consumers, agents and brokers. However, in spite of significant interest in mobile insurance, actual usage has been low. The push to adopt mobile insurance may need substantial structured efforts, considering the limited number of interactions between insurers and consumers and the complexity of multiple mobility channels and platforms.

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Moreover, insurers have high expectations to grow their businesses, increase self-service, reduce business risk, lower operational costs and enhance productivity. In order to generate additional investments, mobile insurance teams must connect the dots with definitive metrics, such as sales, loyalty and customer satisfaction, that prove the business impact.

With increased mobile channel investments, subsequent higher adoption and customer engagement, there is a greater need to define measurement strategies. These must have the ability to withstand management's scrutiny about total cost of ownership and return on investment (ROI). Measurement is the key to building a future-ready mobile insurance solution.



# What to measure?

The key is to identify priority areas where metrics can be established to measure the effectiveness of mobile touch points for customer connections and business outcomes.

Important considerations for measurement effectiveness include the following.

## **Business outcomes versus investment**

Insurers' ROI depends on their ability to perform environment analysis (i.e., analyze the mobile activity of current customers to determine the level of feature adoption and use among target policyholders). Viewing the mobile channel as a long-term investment will require tracking results, such as customer experience, multichannel servicing enablement, customer retention, demand generation from younger customers and claims processing costs.

## **Mobile channel impact and efficiency**

Mobile insurance teams and business leaders need to understand and quantify the effect of mobile initiatives on customer and agent relationships and business performance. To measure the impact, it will be essential to identify active mobile customers and their behavioral changes across a range of metrics, such as call center interactions, spending patterns and electronic bill paying. Behavior should be measured before and after adoption, rather than simply comparing mobile users with customers who do not use any mobile insurance function. It is important to measure how these initiatives have changed behavior, not simply how mobile insurance users differ from other customers.

## **Value enhancement for the customer**

Consumers increasingly prefer insurance products that are targeted, simplified, affordable and personalized to meet their needs. Mobile self-service applications for quotes, policy renewals and claims processing enable insurers to offer customers a convenient and differentiated experience in a shorter time frame. The key would be to create measures to identify customer preferences for targeted products and features. This would generate new revenue streams, strengthen the value proposition and differentiate the insurer in a highly competitive market.

## **Effectiveness of the customer engagement**

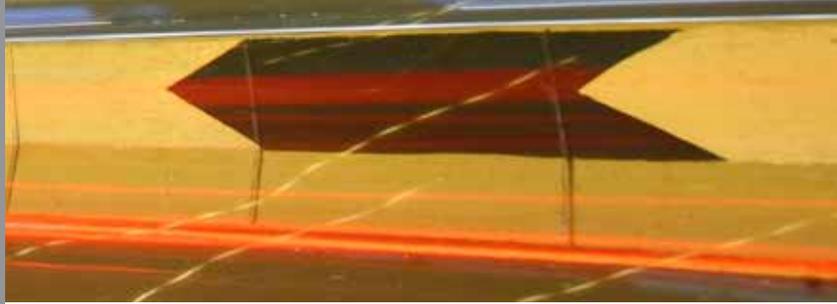
In the current business environment, acquiring and retaining customers necessitates engagement and ongoing dialogue. Measurement should connect with the brand, improve two-way communication and strengthen long-term relationships.

## **Application and feature preferences**

The current mobile landscape is driven more by the need to match competition than by customer and agent demand. However, important factors to consider are how the customers are using mobile devices and what features they value most. Key measures include customer loyalty to various apps and features, time spent and depth of usage, and most downloaded apps.

# How to measure?

A step-by-step guide for an effective mobile performance measurement methodology.



Insurance companies will benefit by pursuing a four-phased approach to prepare, identify, implement and monitor mobile performance. This process will help to set parameters for the organization to use as a benchmark for future strategic direction.



## Prepare

Determine what can be measured

- ▶ Business outcome
- ▶ Increased revenue
- ▶ Efficiency
- ▶ Customer satisfaction



## Identify

Define what needs to be measured

- ▶ Key mobile app metrics
- ▶ Key mobile advertising metrics
- ▶ Key mobile web metrics



## Implement

Create an effective data collection mechanism

- ▶ Prioritize apps
- ▶ Phased approach
- ▶ Identification and update of PII data-related information policy
- ▶ Implementation
- ▶ QA



## Monitor

Evaluate in the defined perspective paradigm

- ▶ Data analysis across various dimensions
- ▶ Management dashboards and reports
- ▶ Contextual analysis forecast and results
- ▶ Comparison with other channels and competition

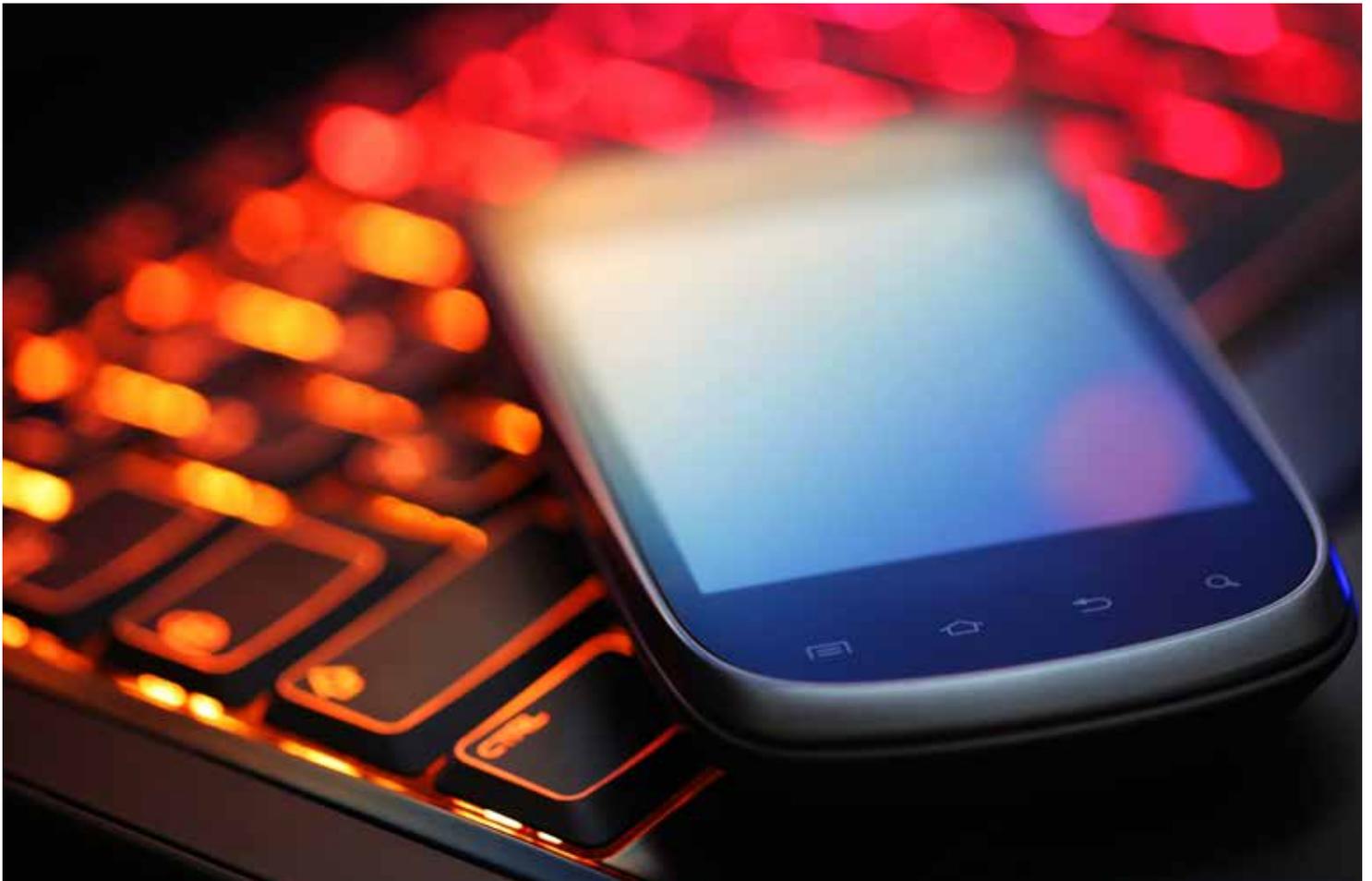
### **Prepare: determine what can be measured**

The prepare phase focuses on effectively establishing the context and scope of measurement for mobile ROI. Setting the context requires performing research and aligning the perspectives of various stakeholders across the business. Capturing such information and creating a consensus in the prepare phase is key for identifying what needs to be measured and the right sources to feed information to the metrics.

Important considerations are the business outcomes and potential to increase revenues, as well as reduce costs and improve efficiency. Customer, agent and agency outcomes should be a focal point, with a goal to enhance customer satisfaction.

### **Identify: what needs to be measured**

Determine in detail what metrics are relevant and would offer a good measure in aligning outcomes with identified business and customer priorities. This phase begins by listing various customer touch points supporting mobile technology. Not all are relevant to every insurer. To achieve the right measures, it is imperative to develop a focused outlook around these touch and consideration points, including the mobile website, apps and advertising.



## Measuring mobile apps key metrics

Metric	Benefit
<b>Session time:</b> the average amount of time spent on a mobile site	Helps determine if the website is meeting established goals. This metric measures network traffic for mobile apps and usage from existing customers. Is the goal to provide information customers need in the least amount of time, send them to a different website or engage them with content so they stay on the website as long as possible?
<b>Depth of visit:</b> average number of screens viewed compared to number of visits	Shows how engaged customers are with the site. It is critical for measuring effectiveness of specific pages that have a defined purpose (e.g., content campaigns or transactions). For example, your website is launching an awareness campaign with key content on the home page. Because visitors can view multiple pages within the same visit (e.g., home page and others), it is essential to know how much time was devoted to each visited page to measure effectiveness.
<b>Frequency of visit:</b> ratio of the number of visits to the number of users over a period of time	Identifies the frequency of visits to a mobile website and measures user loyalty. This is the most universal, fundamental and accurate way to measure traffic volume, and the most popular and widely reported metric for cross-comparing traffic from various websites.
<b>Bounce rate:</b> ratio of number of user visits with a single view event to total number of visits	Measures the percentage of users that come to the website and instantly leave, which is invaluable in determining website performance. For example, a directional site may be looking for a high bounce rate to direct visitors from an external site. For content-heavy sites, if the bounce rate is high, the website may not be appealing or interesting, and visitors will leave without opening another page. This shows how comfortable a customer is with mobile technology and the relevancy of the content and features.
<b>Total downloads:</b> number of times your app is downloaded from an app store	Demonstrates the amount of interest in an app. Counting the number of times an app is downloaded from an app store will provide the highest range of active users that may visit the site at any one time.
<b>App users:</b> number of unique app users over a period of time	Tracks how many people actually use the app after downloading.
<b>Active user rate:</b> ratio of the number of app users to the total downloads	Helps explain the gain or loss of audience over time.
<b>New users:</b> first time app users during a specified period of time	Compares the rates of new and active users to stay ahead of the customer attrition curve.
<b>Retention rate:</b> a real-time view of actual usage	Provides a sense of whether an app is engaging users over the short and long term.
<b>Usage rate:</b> how many people are using the site over a period of time	Uses mobile website metrics to determine the effectiveness and ease of use of the mobile app and to measure the level of interest.

## Mobile advertising key metrics

Metric	Benefit
<b>Impressions:</b> number of times a specific ad has been accessed or viewed by a user	Cross-compares traffic from other ads posted on various sites.
<b>Clicks:</b> number of times a specific ad has been clicked on after being accessed or viewed by a user	Shows the high correlation between clicks and time-on-task, which is probably a better measure of efficiency; the first click can be a strong indicator of a task success or failure.
<b>Click-through rate:</b> the number of clicks divided by impressions	Measures the success of an online or mobile campaign for a particular website or advertisement.
<b>User acquisition cost:</b> business cost to acquire a new user	Helps track the effectiveness of mobile advertising and marketing efforts.
<b>Average revenue per user:</b> total revenue divided by the number of users	Compares the average revenue per user with user acquisition cost to determine the profitability of the app.
<b>Conversion rate:</b> the rate at which users are converting on the mobile site or app	Captures critical aspects of a website – user design, usability, performance, convenience, advertising effectiveness, net promoter score, customer satisfaction – all in a single measurement.

## **Implement: data collection**

The implementation phase involves putting an effective data collection mechanism in place to collect real-time, detailed, page-level performance data. A common tag will collect these metrics and supplement existing metrics applications, often as a stand-alone solution.

Here are some recommendations to help insurers collect and analyze the mobile performance metrics.

### **Determine feasibility and resources**

Insurers should start now to identify who will take the lead on the mobile insurance team and the scope of work to implement a script-based tag on a mobile channel. Initially, this involves performing a feasibility check to compare and contrast log file analysis and page tagging and identify the efficient one. This information will help to determine the infrastructure, expertise and resources required to implement a script-based tag to gather metrics.

### **Update mobile policies**

As mobile technology continues to evolve, it is crucial to work with an agency privacy officer to update site policies. Customers and agents need to be informed about how tag-based analytics on the mobile channel are used to collect non-PII data.

### **Decide what to implement**

It is important to prioritize applications and features where the tag would be implemented across the mobile channel. Consider a phased approach that begins with high-priority sites, customer top tasks and most visited pages and be prepared to explain full implementation over time. Focus on areas that measure technical fitness of the app, level of user engagement and business results.

## **Identify a method to add codes**

With a content management system (CMS), it may be fairly straightforward to add the code to all pages, with an option for automated handling. Many non-CMS websites include a servicer side to manage common elements across many pages of domain (e.g., to maintain a common header or footer). The code can be integrated into existing common elements such as those in use across the site. Alternatively, bulk edit operations can be performed across large volumes of html files to insert a common snippet into a consistent location within the source code.

### **Embed the script-based tag**

The most efficient and consistent way for agencies to collect common performance metrics is to add an analytics app and page tag to their mobile channel. Such real-time tagging is now the industry standard. A common tag will collect the required metrics easily (at minimum cost to insurers) and enable data aggregation for robust analytics. Page tagging can supplement existing metrics and report on events, such as interactions within apps, partial form completion and touch screens, which do not involve server interaction.

### **Perform quality assurance testing**

Implementation must be audited to make sure that data is collected accurately. The analytics engine will enable a ready view of the pages that are reporting traffic and allow for analysis of those that were missed.

### **Analyze data across various dimensions**

While mobile metrics are the foundation for measuring performance, the true insights come from being able to “slice and dice” the data across various dimensions (time, content, marketing, technology and demographics) with the common baseline mobile metrics to gather crucial information. These will give a comprehensive and holistic picture of how mobile technology is performing and where improvements need to be made.

This is a breakdown of recommended dimensions and the types of insights each would add to mobile metrics reports:

- ▶ **Time:** 24 hours per day, week, month and year
- ▶ **Content:** pages, apps, downloaded files, off-site links and on-site search queries
- ▶ **Marketing:** referring domains, sites, apps, pages and referring search keywords and phrases
- ▶ **Technology:** browser - web and mobile; app and browser - version, platform, mobile devices, screen size
- ▶ **Demographics:** network, ISP, organization, country, state and city

#### **Use a variety of data to tell a complete story**

The intent of measuring is not to collect isolated, raw data. The purpose is to collect a diverse set of data that is analyzed holistically, enabling connections that tell a story about how people are engaging with the mobile channel.

#### **Prioritize resource needs and improvements**

In addition to measuring performance and satisfaction, metrics (such as total page views) will help determine which content is most heavily used by customers. It can also identify and prioritize customers' top tasks so that improvements to that content can be made first. In many cases, websites follow a "long tail" pattern, where a few of the most popular web pages garner the most traffic. Making improvements on those pages first may afford the biggest ROI and impact on overall customer experience.

#### **Monitor: ask the right questions**

It is not enough to identify and collect mobile insurance metrics. To fulfill the promise of mobile business strategy, information gathered must be analyzed and acted upon. It is imperative to effectively share the generated insights with the business in the right format via dashboards and drill down reports. The data needs to be analyzed in a contextual way by asking the right questions around forecasts, goals and comparisons with other channels and competition.





# What after the analysis?

The “what after” analysis helps insurers use the outcomes from measurements to correctly align or modify the future direction of the mobile technology investment.

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**What after analysis needs to be critically aligned around the business and customer-related goals for mobile investments. It is important to go beyond establishing metrics and collecting data. Action needs to be taken based on what the metrics portray.**

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EY recommends a definitive schedule with a mobile insurance roadmap to assess progress and success. This includes involving diverse stakeholders (employees, customers, agents, brokers and partners) and working with analytics' experts to measure the impact of mobility.

“Business on the run” needs a comprehensive methodology to effectively measure the benefits. This is the key to generating insights that will justify current mobile investments and validate future ones.

The mobile technology strategy must align well with the business to deliver maximum ROI. A well-attuned methodology for measuring the mobility impact will help identify the services that add the most value over the mobile channel. A continuous and evolving process that refines the mobility strategy based on its impact measurement would transform an administrative, transactional function to a true strategic business partner.

# How EY can help



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EY can help you analyze your spend, identify the impact of mobility for the spend and facilitate optimization. Subject matter resources in insurance, technology, mobility and analytics can help you with mobility solutions, including defining a comprehensive mobile measurement strategy, implementation of measurement solutions and relevant analytics.

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## **EY recommendations on action steps:**

- ▶ **Understand target customers:** Segment customers based on trends and usage patterns and develop customer personas for priority target segments.
- ▶ **Focus on customer experience:** Identify customer behavior, retention and loyalty factors.
- ▶ **Understand features:** Determine those that will support the functionality necessary to deliver a strong user experience; target the features for a specific mobile phone and/or tablet.
- ▶ **Identify technology pain points:** Assess the current state environment to determine which changes are necessary in order to interface legacy systems with mobile applications.
- ▶ **Bridge the gaps:** Identify initiatives necessary to bridge the gap between current and desired future state capabilities.
- ▶ **Continuous mobile improvement:** Make optimizing the mobile strategy an ongoing process throughout the organization.
- ▶ **Governance:** Implement a mobile governance framework to ensure business strategy alignment. In addition, create a multifunctional governing body for the mobile channel that is responsible for decision-making, including which types of applications to release, when to release them and the most effective paths for implementation.



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