

COGNIZANT



Cognizant

Advice Made Social

To remain relevant to today's customers of insurance and retirement services, producers need to embrace social business practices that empower consumers, provide more personalized and meaningful interactions and result in more fruitful transactions.

KEEP CHALLENGING™

Executive Summary

Social media is no longer simply #trending. It's now the way that many people, digitally born and otherwise, communicate with one another.

Unless they have insurance and retirement services needs, that is.

Currently, industry regulations and compliance departments impede producers from making the most of social media. While consumers regularly communicate the details of their lives and financial investments on social networks, insurance and retirement services producers are prohibited from tapping those connections naturally and efficiently – and gaining deeper customer context for more accurate recommendations and advice.

Ask yourself: How do you identify your target customers, and do you have an environment that lets you connect with them? Historically, producers asked customers for references at the conclusion of application forms. But imagine a world in which producers could connect, understand and advise customers through social media. In this scenario, the social platform transforms producers into coaches, and social networks become the vehicle through which they generate leads, engage and educate customers, and create tailored, relevant offerings.

Producers today can ask customers to connect through social channels such as Facebook, Twitter, Google+ and LinkedIn. In fact, it's becoming a competitive necessity. Clients and prospects are accustomed to being asked to connect online, and failing to do so means risking being outmaneuvered by a more socially-minded competitor.

Other industries are already creating communities and building their brands online, and it can happen in insurance and retirement services, too. This white paper reveals how producers can consider entering the social world without the shackles of regulatory compliance, and utilize social business tactics for competitive advantage through purposeful blogging, tweeting and professional networking.



Always the Wallflower

True to form, the insurance and retirement services industries are late-comers to social media. There are several reasons for their wallflower status. For one, the industries are heavily regulated, and for another, attracting young producers remains a challenge: Insurance ranks 97th among the 100 least-desirable industries for college grads.¹ With few digital natives among its ranks pushing for change, is it any surprise that millennials are underinsured in discretionary protection products, including life insurance, and have lower participation rates in retirement plans compared with previous generations?

Small wonder, then, that the industry workforce is graying, with 60% of insurance industry professionals aged 45 and older, according to a study from the Independent Agents & Brokers of America.² Life insurance agents' median age is 56, LIMRA reports.³

As insurance's hiring woes collide with its aging ranks, the industry's old models of work have similarly hit a wall, as consumers armed with smartphones and tablets have transformed sales from "push" models to "pull." Today's customers control how and when they receive information. The socio-digital world is now a comfort zone for many, and social media is at its heart.

The result? The insurance industry and its producers require new ways to be more effective and offer advice.

Building Brands and Online Community

While insurance producers have been slow to adapt – 45% of companies say their agents don't use social media, according to research by Celent⁴ – plenty of other industries are reaping the benefits of social selling. They have followed the "pull" model to a new role, serving as consumer coaches who harness social media to work more efficiently – and at scale – with more and more customers and prospects.

E-commerce retailer Zappos, for example, is piloting an Instagram-based personal-shopping service. Consumers who post "selfies" with the hashtag #nextOOTD – short for Next Outfit of the Day – receive personalized shopping recommendations from Zappos stylists based on reviews of their Instagram history.⁵

Airlines JetBlue and Delta use dedicated Twitter teams to assist passengers in rebooking canceled flights. Single agents serve multiple passengers at once, boosting their productivity – and freeing customers from the headaches of navigating long call hold times and slow-moving lines.⁶

Once a digital taboo, personal financial information is going online, too. Consumers have grown comfortable using Web-based tools to manage their finances and share their personal investment choices. Mint.com broke ground by wooing consumers to hand over their personal financial information in exchange for a strong product and great online content. Now, online investment service SigFig has attracted more than half a million investors with \$200 billion in assets, who freely share their investment choices and portfolio allocations.⁷ The related behaviors and habits of those SigFig investors are published daily, along with trends in their portfolios, in *USA Today*. For social producers, the availability of personal data is important, but so is the richness of it (see sidebar, next page).

Quick Take

How Social Producers Can Compete Using Code Halos

Every consumer click, swipe and post through a digital channel – whether social media or devices such as the Fitbit or Nike FuelBand health tracker – creates a unique virtual identity that we call a Code Halo™. Managing Code Halo thinking is vital to digital transformation. (For more on Code Halos, download and read “Code Rules: A Playbook for Managing at the Crossroads.”)

For producers, representing top products and strong carriers is still essential. But smart application of Code Halos – that is, the information and patterns they spot among prospects, clients, friends and followers – offers the potential to deepen customer relationships and community ties.

Code Halos and social media provide producers with new and rich context regarding an individual’s financial personality, life events and personal P&Ls. They enable customer interactions to advance quickly and more effectively, even before the first meeting. For example, reading a customer’s post on Facebook about his son leaving for college may signal changing financial needs for the family.

Here are examples of how agents can use Code Halo thinking to innovate and revitalize their industry.

- **Virtual needs analysis.** Armed with data on a client’s life event status and financial personality from social chan-

nels, the agent performs a virtual needs analysis prior to a first meeting. The upshot? The agent arrives for the meeting ready to advise the client on changing a defined contribution plan that will allow him to retire based on the lifestyle desires he has shared multiple times on those social channels. In addition, the agent determines that the client’s current protection plan is insufficient for the nature of his job and recommends a more suitable plan to cover his income in the event of injury.

- **Monitoring social streams.** When social media posts indicate a client’s recent job promotion and wedding engagement, an agent sends off a congratulatory message. Based on the individual’s mention of the promotion and changing marital status, the agent also encourages upgrades of life insurance and retirement plans to reflect the likely increases in discretionary income – all done quickly and efficiently, without leaving the office.

Social media sites such as Facebook and Twitter are just the start. Imagine, for example, that producers hold client meetings over Skype. Or that customers already using Mint.com could briefly share a more complete “digital P&L” from the personal finance management service with producers through SnapChat, the popular photo messaging app. Producers would be in a much stronger position and have a much more efficient way to collect and interpret data and provide advice.



Financial advisors increasingly follow their customers online. At wealth advisory firm Harris Financial Group, managing partner Jamie Cox is a social media standout, amassing 15,000 Twitter followers, 1,000 Facebook likes and more than 500 LinkedIn connections, according to consultancy firm Financial Social Media.⁸ He converts his LinkedIn connections into tangible leads by directing targeted messages to them and using multiple ad campaigns to get in front of different demographics. Each ad links to a dedicated landing page on Cox's Web site.

At the moment, Cox's social networking success is the exception among advisors. But what if all producers could similarly use social media to generate leads, build their brands and manage client relationships? How might being part of the social flow let them showcase their expertise and enhance sales?

For producers, it's time to "youth up" and establish the next generation of insurance and retirement advice through social media.

Customers are online – and waiting to connect. In addition to tapping into the current pool of prospects and customers, insurance and retirement services producers have their eyes on a substantial prize in the near future: Observers estimate a \$4 trillion wealth transfer is on the horizon as baby boomers pass on their assets. For producers, it's time to "youth up" and establish the next generation of insurance and retirement advice through social media.

A Digital Return to Basics

Truth is, one reason social networking is immensely popular is that it embodies the same personalized touch that insurance customers once enjoyed when producers sold insurance door-to-door and served as community leaders through local charities and chambers of commerce. The setting is different, but the feel is surprisingly similar.

Social media holds great potential for insurance agents, allowing them to shed their digital wallflower status, resume their community leadership and be their naturally social selves.

What's more, social media provides producers with perhaps even greater awareness than traditional selling techniques into targeted customers' "big three:" financial personality, life events and personal P&L. The best producers effectively collect and leverage the context of these three customer attributes to tailor more relevant advice and solutions. Traditional selling and advisory techniques require hours and sometimes years of interactions to properly collect and understand. Powered by social media, producers can now collect, interpret and leverage this context instantly, and in real time, as client circumstances change.

Equally important, social offers scale. Social networking lets producers broaden their lead-generation and brand-building to reach many more prospects. Social selling offers producers a role similar to a fitness coach: Helping clients meet their needs and keeping them going through each step of the process. (To see how the fitness coach analogy plays out in the purchase of retirement services using social media technology, view our video, "[The Future of Retirement Services.](#)")

A Day in the Life of a Social Producer

Social media changes producers' roles forever by enabling more frequent and relevant communications. How might the workday look if producers put social media to work for them and faced fewer compliance restrictions? In a world where many prospects begin their day with a cup of coffee and a quick scan of their smartphone and other electronic devices, how might agents engage differently and create stickiness?

Some producers have begun building their brands socially with Facebook fan pages and LinkedIn accounts. Those steps are helpful – but just the beginning of social selling. Here's how producers can build and scale their brands socially to generate leads, stay in touch with clients and leverage their networks.

- **Blog with a purpose.** In the past, insurance producers joined chambers of commerce and coached softball to connect with prospects. They also organized charitable events and religious activities. Blogging establishes similarly deep roots in the digital community. Even better, it lets you tell your story more effectively and regularly to many more people. In addition to scaling efforts, blogging helps automate them.

Regular posts help you develop credibility within the financial industry. As a forum for helpful, practical information, your blog also gives customers and prospects a sense of who you are and how you do business.

Choose topics that promote your expertise. For example, are you a specialist in college planning? Then 529 plans and public-vs.-private education options are natural topics for you.

Ask yourself what you want to be known for, and let your answer guide your blog topics. Certified financial planner Roger Wohlner, for example, writes a top-rated blog on which he regularly posts on investing, insurance and retirement plans and provides links to other online resources.

Social media is nothing if not flexible. In addition to original content, your blog is the ideal place to link to content that others have produced. Curating content provides an opportunity to share news on trends and developments, and also to interpret it.

Ask yourself what you want to be known for, and let your answer guide your blog topics.

Easily installed add-ins – known as widgets – can increase your blog's educational value for visitors and make it more convenient to contact you. Here are two examples of useful add-ins:

- > **Answer tips.** Display definitions from Answers.com for various terms on your blog. Definitions are shown in bubbles, which are activated with a double click.
- > **Skype button.** Display your Skype online/offline status so you can leverage your brand 24x7 and be available as often as you choose to be.
- **Pair Twitter and your blog.** If social networking is a valuable tool for driving traffic to your blog posts, then Twitter is its expressway. The micro-blogging site's 140-character limit lets you capture your followers' attention by tweeting links and interesting tidbits of information.

Connecting with Customers through Tweets



Figure 1

A mix of tweets and posts helps producers connect more deeply with customers and prospects. For example, after reading LIMRA's newest statistic on health insurance know-how, you might re-tweet it on Twitter (see Figure 1). (A phrase preceded by a pound sign is called a hashtag. Hashtags are categories and enable tweets to be both searchable and grouped with like-minded comments.)

Sharing newsworthy developments is helpful, but going a step further by interpreting them makes you a valued resource. For example, you might follow up the LIMRA tweet with a blog post that details the ramifications for policyholders who don't fully understand their health insurance policies or options. Then, tweet your blog post.

Tip: Bitly, the URL-shortening service so popular on character-sensitive Twitter, includes analytics on how many readers click on one of its shortened links and other targeted demographic information. The metrics measure the effectiveness of the conversation and your brand's connection to it.

- **Network with influencers via Twitter and LinkedIn.** To make the most of social media, you also want to find and connect with influencers.

Twitter lets you identify influencers and gather them into lists. Through HootSuite, a social media management tool, you can track and monitor your lists, including filtering them by Klout score, which rates individuals' social media power rankings. In addition, Twitter's #Discover section identifies influential members to follow.

LinkedIn Pulse is a popular newsreader app that lets LinkedIn members find influencers based on elements such as interest areas, professional associations and industries. Pulse is one of the best ways for agents to identify influencers and get connected.

- **Cross-promote your blog.** If no one knows about the helpful posts you're writing, then the content can't do its job. Building your social brand includes cross-promoting your content on the social media outlets where you're developing a presence. Checklists can help you organize your marketing efforts, including the productivity app Evernote (see Figure 2).

HootSuite also gathers all of your social networks in one place. Its dashboard supports Twitter, Facebook, LinkedIn, Google+ and Foursquare, as well as many apps and the blogging platform Wordpress. Producers can monitor multiple social networks and post simultaneously to each.

- **Add video to your cross-promotional strategies.** Apps such as Instagram and Vine let you promote your blog posts with a personalized, face-to-face component. In "people" businesses like insurance and retirement services sales, that can be a key advantage.

Fear not if you're camera-shy: Instagram videos range from just three to 15 seconds; Vines cap at six seconds. Your on-screen time is just long enough to cue viewers in to the personable touch they can expect. Use the videos to tell your

Productivity Apps Organize Social Efforts

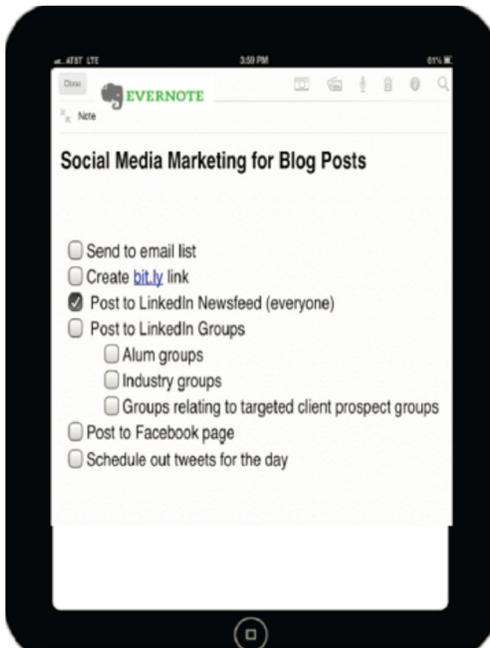


Figure 2

followers what's in your post for the week, just as you use Twitter. Here's a sample video caption:

➤ **"Mo' Money, Mo Problems. What to do now that I am actually making money?" #grownupproblems #nofilter #financialproducer #SOS bit.ly/1bmkhq0**

- **Develop social CRM muscles.** As producers build new connections and prospects more effectively, they want to leverage their networks by monitoring the conversations in one place. Social media platforms such as DataSift and Gnip, which Twitter recently acquired, access streams of real-time social data from multiple social channels to provide business-critical social data on-demand.⁹ The tools can help producers by providing greater insight into who is engaging with them and who is sharing the information they post.

Producers aren't out in the community like they used to be because the community is now virtual, if not ubiquitous. Social media lets them tune their antennas to the new digital communities and to listen more attentively so they are in a better position to respond.

Sprout Social is a social media content management system that provides insurance producers with a host of helpful analytics. Like Hootsuite, it lets you systematize your communications across multiple social networks. It also offers advanced analytics that can be useful for insurance producers. Its CRM features include:

- An ability to archive all historical conversations across social platforms.
- Social CRM tools with shared customer records.
- A unified inbox to monitor all messages for social channels.

Producers can also use Sprout Social to collaborate with other financial producers. Its collaboration feature is useful even for advisory firms that don't adhere to a team structure, creating an avenue for younger producers to seek seasoned producers' guidance and expertise. Producers can also create tasks to inform each other of potential leads.

Looking Ahead

Social media is a critical component in remaking the producer's role into an attractive career. Social tools are pervasive across industries, and now it's your turn. The industry is at a critical moment. Opportunities to attract young people and scale business quickly and easily should spark a fire under brokers and producers, alike. Insurance and retirement services can change. Re-evaluating routes to market, as well as the roles of producers and customers, presents a wealth of opportunity for the industry.

Social media has emerged as an efficient way for producers to offer advice and differentiate themselves. Traditionally, the producer was involved in all six phases of custom acquisition (engage, learn, tailor, evaluate, buy and adjust). Leveraging social tools, a producer can empower the consumer to participate and lead many of these phases. For example, social tools allow consumers to better drive the first two phases (engage and learn), while providing producers with more efficient ways to stay connected with a greater number of prospects and customers. This enables them to focus their skills on the tailor and adjust phases of the buying cycle.

Re-evaluating routes to market, as well as the roles of producers and customers, presents a wealth of opportunity for the industry.

Bottom line, social enables carriers and providers to:

- Create more frequent dialogues with customers through an expanded number of channels.
- Improve the engagement, ownership and understanding from customers of insurance and retirement solutions – creating additional leverage for the producer to serve more customers.
- Improve the relevance of advice and proposed solutions.
- Leverage the “wisdom of crowds” to accelerate and scale the business results and impact of the producer (as Amazon does).

Yet structural and organizational impediments must be overcome. For example, given the traditional insurance and retirement buying cycle, and the particular customer segments on which companies want to focus, they must address the following questions:

- Where should producers best be used?
- How and where should producers be compensated for their help and skills going forward?
- Which socio-digital channels complement which traditional producer roles at what point in the buying cycle?

Nevertheless, it's time for producers to create a “wow” for customers – and meet customers wherever they are in the buying cycle.

Footnotes

- ¹ "The Next Generation," *Insurance Journal*, April 8, 2013, <http://www.insurancejournal.com/magazines/features/2013/04/08/286902.htm>.
- ² "A Look at the Next Generation of Brokers," BenefitsPro, July 2011, <http://www.benefitspro.com/2011/07/13/a-look-at-the-next-generation-of-brokers>.
- ³ "Facing Up to an Aging Producer Workforce," LifeHealthPro, July 1, 2012, <http://www.lifehealthpro.com/2012/07/01/facing-up-to-an-aging-producer-workforce>.
- ⁴ "Social Media Use in North American Insurers," Celent, 2013, http://www.celent.com/system/files/social_media_ii_infographic.pdf.
- ⁵ "Zappos Offers Stylist Tips Based on Your Instagram Selfies," *FastCompany*, March 21, 2014, <http://www.fastcodesign.com/3028015/zappos-offers-stylist-tips-based-on-your-instagram-selfies>.
- ⁶ Michelle Higgins, "How to Fight Back When Your Flight Is Canceled," *The New York Times*, Jan. 25, 2011, <http://www.nytimes.com/2011/01/30/travel/30prac-flightright.html>.
- ⁷ "Now Tracking \$200B in Assets, SigFig Finds Success with Automated Portfolio Management," Pando Daily, March 14, 2014, <http://pando.com/2014/03/14/now-tracking-200b-in-assets-sigfig-finds-success-with-automated-portfolio-management/>.
- ⁸ "Successful Advisors on Social Media," Financial Social Media, Oct. 3, 2013, <http://financialsocialmedia.com/successful-advisors-on-social-media-follow-the-leaders/>.
- ⁹ "Two Great Social Data Platforms: How DataSift and Gnip Stack Up," ProgrammableWeb, Feb. 10, 2014, <http://blog.programmableweb.com/2014/02/10/two-great-social-data-platforms-how-datasift-and-gnip-stack-up/>.

Code Halo™ is a pending trademark of Cognizant Technology Solutions.

Note: The logos and company names presented throughout this white paper are the property of their respective trademark owners, are not affiliated with Cognizant Technology Solutions, and are displayed for illustrative purposes only. Use of the logo does not imply endorsement of the organization by Cognizant, nor vice versa.

About the Authors

Kevin Kraft is an Insurance Practice Lead with Cognizant Business Consulting, where he is responsible for the life, annuity and retirement services market teams. Kevin has over 25 years of experience designing and executing growth, customer and distribution strategies for insurance, financial services and healthcare companies. Kevin can be reached at Kevin.Kraft@cognizant.com | LinkedIn: www.linkedin.com/in/kevinjkraft.



Sandeep Artham is a Senior Researcher with Cognizant Business Consulting's Insurance Practice. With 10 years of experience in financial research, market research, consulting and business development, Sandeep manages research and consulting projects involving metric analysis, spend analysis, market entry strategies, competitive intelligence, customer segments and market sizing. Prior to joining Cognizant, he worked at UBS and Infiniti Research. Sandeep earned his M.B.A. at SDM-IMD, Mysore, and is a certified wealth management advisor. He can be reached at Sandeep.Artham@cognizant.com | LinkedIn: <http://www.linkedin.com/in/artham>.



COGNIZANT

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 75 development and delivery centers worldwide and approximately 178,600 employees as of March 31, 2014, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at www.cognizant.com or follow us on Twitter: Cognizant.

World Headquarters

500 Frank W. Burr Blvd.
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277
inquiry@cognizant.com

European Headquarters

1 Kingdom Street
Paddington Central
London W2 6BD
Phone: +44 (0) 207 297 7600
Fax: +44 (0) 207 121 0102
infouk@cognizant.com

India Operations Headquarters

#5/535, Old Mahabalipuram Road
Okkiyam Pettai, Thoraipakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000
Fax: +91 (0) 44 4209 6060
inquiryindia@cognizant.com



Cognizant