

Customer-agent-relationship in the German insurance industry within augmenting digitalization of its society

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About myself



Stefan Schnichels

... **based in Munich** - born in Cologne

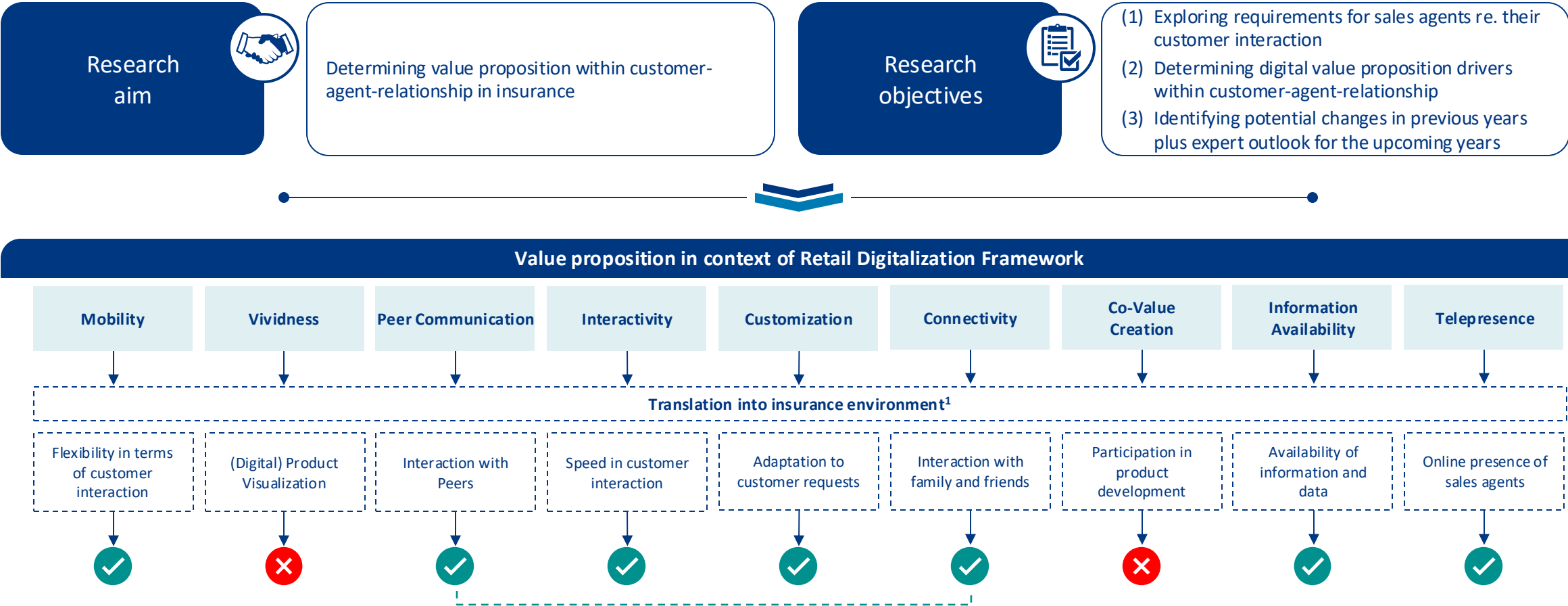
... **DBA start** in September **2020**

... works in **insurance industry** for **10+ years**

... **Engagement Manager** at **Allianz Consulting**

... topic focus on **Sales & Distribution Excellence**

Adaptation of Retail Digitalization Framework within insurance sector is research aim



Systematic review of digital value propositions in the retail sector: New approach for digital experience study [Ziaie, ShamiZanjani, Manian - Electronic Commerce Research and Applications (2021)]

¹ Based on industry insights and practical observations

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Critical realism-oriented research approach to conceptualize transformation of customer-agent-relationship in insurance

Rationale for critical realism approach



- The author personally believes in a world of meanings which is shaped by individual people
- Behavioural and motivation patterns of individuals are the primary data source for the project
- Systematic structure for looking deeper into the underlying mechanisms exists which is provided by the RDF
- Critical realist epistemological position is commonly applied in organizational/ business studies
- Abductive approach to theory development is applied - using evidence is tested by new data and adjusted

Study set-up

- **Methodology** - Semi-structured interviews
- **Target group** - 20 interviews with insurance sales agents & brokers
- **Duration** - ~ 45 min.
- **Interview type** - Visual, electronic interviews via Cisco WebEx or Microsoft Teams
- **Interview recording** - Audio recording plus application of transcription software



Semi-structured interview questions

- Background information on the interviewee (e.g. sales experiences, product focus etc.)
- Influence factors for customers going to insurance sales agents
- Perspectives on pre-defined (digital) value proposition driver
- Perceived changes of value proposition driver within last couple of years
- View on evolvement of value proposition driver within upcoming years

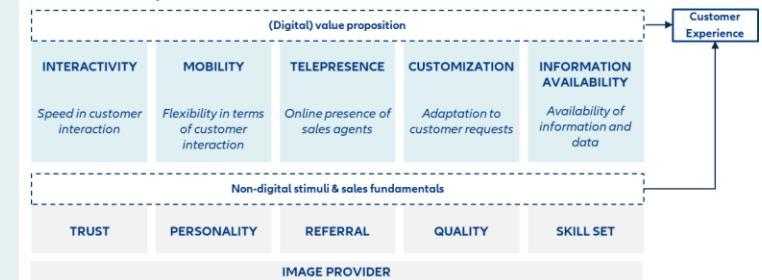
Analysis and key observations out of sales experts' interviews



Sales fundamentals & non-digital stimuli:

- **Trust:** Human intuition and having a dedicated contact person are primary elements
- **Personality:** Empathy and authenticity are key requirements for sales agents
- **Referral:** Recommendations & online references are central for customer acquisition
- **Quality:** Professionalism in advisory of importance - usage of digital tools is expected
- **Skill-set:** Wider knowledge base compared to past & continuous education required
- **Image of provider** is an important supporting vehicle for sales agents

Proposed value proposition framework for customer-agent-relationship in insurance



Sales experts view on digital value proposition in insurance environment

Mobility	Peer Communication	Interactivity	Customization	Information Availability	Telepresence	Additional views:
<ul style="list-style-type: none"> • Mobility from utmost importance • Development towards "24/7"-availability • Customer determines usage of comms. channel 	<ul style="list-style-type: none"> • Interaction with peers is less relevant criteria • Customers tend to share experiences • Agents with limited possibilities to affect peer comms. 	<ul style="list-style-type: none"> • Speed is very relevant criteria • High customer expectations re. response times • Active mgmt. of customer expectations is key 	<ul style="list-style-type: none"> • Individualisation of solutions and comms. is central • Often in contradiction to corporate strategy • Data analytics is potential lever 	<ul style="list-style-type: none"> • Fast "to-the-point" delivery is requirement • Transparency from importance • Required info. level depends on customer type 	<ul style="list-style-type: none"> • Digital presence in advisory is relevant driver • Professionalism in social media presence is key • Relevance depends on target group 	<ul style="list-style-type: none"> • Sales agents develop to sales consultants • Wider knowledge base required • Personality of agent augments in importance • Professionalism in appearance is key • Specialization tendencies to address complexity

Views on changes of value proposition within last years and expert outlook for upcoming years

Changes of value proposition within last years

- **Mobility** has become more important due to increase in channel variety (online/ offline)
- **Speed of interaction** is more relevant - higher customer expectations re. reaction times
- Higher expectations re. fast, simple and intuitive **availability of key information and data**
- Continuous development of **digital presence and communication** (also via social media)
- Enhanced customer requirements for “**tailor-made**” solutions
- **Sales fundamentals & non-digital stimuli** without major changes

Evolution of value proposition in next years

- Expectations towards **mobility** will further increase - however, dependent on customer type
- Potentially even higher requirements on **speed** - however, difficult to handle for most agents
- **Customization** will be more important - need for individual solutions will further increase
- Further shift towards **digital presence** - successive increase of digital tools in advisory
- No additional requirements re. **delivery of information and data** expected
- **Sales fundamentals** will stay as basis - more “digital mindset” and wider skills required

Selected quotes of sales experts

Mobility

"One must now be more flexible, whether it be in terms of time or generally in customer contact"

"The choice of medium often depends on the expectations of the customer"

Interactivity

"Customers expect, when they send an email, to receive a response just two minutes later"

"It's a big challenge - but I think that you can bring your customers up to your pace"

Customization

"Individuality, a comprehensive understanding of customer desires is important"

"Customization costs money and one must check whether the effort is worthwhile"

Information Availability

"He does not want to know everything in detail, but rather to focus on the essentials"

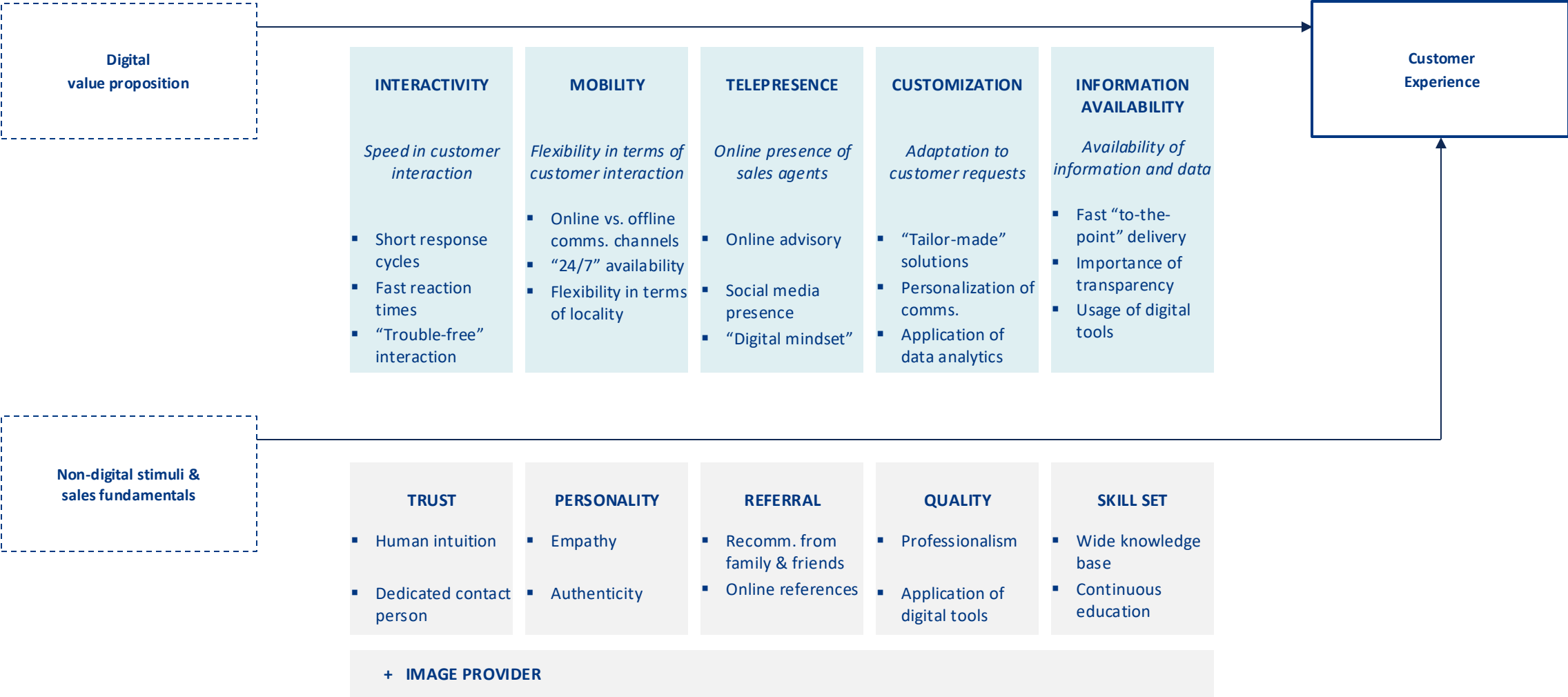
"I think that creates trust, gives the customer the feeling that he is not being kept in the dark"

Telepresence

"Yes, digital presence including offering online advisory is simply crucial nowadays"

"This means that one must post something every day - one cannot just take a vacation"

Proposed value proposition framework for customer-agent-relationship in insurance



Discussion and interpretation of study results

Conclusion

- Proposed **value proposition framework for customer-agent-relationship** in insurance provides **holistic overview concerning enablers for insurance customers experience patterns** in a digital epoch.
- It defines the **building blocks for customer-centric strategies** in insurance distribution.
- The **customer experience** is shaped by both **digital value proposition and non-digital stimuli**.
- **Digital value proposition** for customer-agent-relationship in insurance emphasizes **critical success factors in digital era**.
- **Sales fundamentals and non-digital stimuli** is the other essential dimension that influences the customer experience.
- **Extent of value proposition drivers successively increased** in previous years - **further evolvement** within upcoming years expected.

Contribution to knowledge

Academic contribution:

- (1) Proposed value proposition framework for customer-agent-relationship in insurance **adds on RDF-based recommendation to extend research towards further industries**.
- (2) Contribution to existing literature around the **nature and impact of value propositions**.
- (3) Adding on evaluation of **customers' expectations & needs in the digital age**.
- (4) Research contribution to literature pieces concerning **sales model transformation in insurance**.

Managerial implications:

- (1) Substantial knowledge for decision makers in insurance sales units **to steer distribution activities closer to customer requirements**.
- (2) **Better customer-oriented prioritization of resources and capacities** based on principles of insurance value proposition framework.

Limitations & emerging research

Limitations:

- (1) **Evaluation of customer perspective** to validate digital value proposition from another angle.
- (2) **Verification of results with a quantitative-driven approach** incl. consideration of higher sample-size.

Emerging research:

- (1) **Operationalization of strategic approach** based on insurance value proposition framework.
- (2) **Effects of individual digital applications on digital value proposition** in insurance context.
- (3) Suggestion to **test insurance value proposition framework in further insurance markets**.
- (4) **Extension of insurance value proposition framework to further areas** within financial services.