

Engaged Management Scholarship (EMS)

Conference 2024

hosted by EDBAC

Submission for Doctoral Consortium Presentation

Doctor of Business Administration (DBA) Program

at Sheffield Hallam University

in collaboration with Munich Business School

DBA Thesis:

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

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Progress in DBA journey: Study completed - in final review cycle; official submission as next step

Abstract

The purpose of this research is to obtain a better understanding of the digital value proposition for customer-agent-relationship within insurance. Leveraging on the sheer endless opportunities of digitalization, the quality of services and of customer interaction have been brought to a different level (Schneider, 2015). Recently published statistics emphasize strong indications for changes concerning customer interaction and behavioural patterns in insurance (YouGov, 2023). Nonetheless, approximately 90% of the insurance products in Germany are still sold via physical sales channels (Gesamtverband der Versicherer, 2023, p. 18). Subsequently, sales representatives can be assessed as of the utmost significance within the insurance sphere in Germany. This primarily is due to cultural-related causes as well as a high degree of complexity and diversity concerning the insurance product portfolio in Germany. However, there exist strong assumptions regarding significant changes in the advisory and sales process due to the continuously growing digitalization of our society. Accordingly, the value proposition for a sustainable customer-agent-relationship may have evolved.

The question concerning the current value proposition drivers is from fundamental relevance for leading and managing organizations within the insurance industry - in particular, if assessing the parameter in context of a continuously growing digitalization of our society. Despite physical sales channels are still almost entirely responsible for sales of insurance products in Germany, indications for a transformation regarding the customer-agent-relationship as well as interaction patterns exist. If the value proposition drivers concerning the interaction with a customer in the insurance environment are well defined, consumer behaviour may be better addressed by the management of insurance enterprises. Thus, a reallocation of resources and capacities may be required to better address the changing needs of customers. Eckert, Eckert & Zitzmann, 2021, p. 135, evaluate the effects of digital transformation on sales and distribution within insurance as enormous. Subsequently, the research aim in this doctoral thesis is a determination and evaluation of the digital value proposition within the mentioned relationship in light of a continuously increasing digitalization of our society. Based on an extensive literature review, the following research objectives were deviated:

- An exploration of the requirements for sales representatives with regards to their interaction with customers nowadays (Research Objective 1)
- A determination of the digital value proposition drivers regarding the customer-agent-relationship within the German insurance industry (Research Objective 2)

- The identification of potential changes within the customer-agent-relationship in the insurance environment in previous years as well as an outlook for the upcoming years (Research Objective 3a/b)

Meanwhile, the Retail Digitalization Framework (RDF) acts as underlying academic model for that study undertaking. It contributes to the question on how digital technologies shape the transformation of the retail customer experience (Ziaie, Shami-Zanjani & Manian, 2021). Moreover, it helps retail managers as well as scholars to obtain a better understanding of customer experience management in the context of digitalization. In addition to that, it contains nine digital value proposition drivers to be evaluated as enablers for an evolution of the customer experience. The framework is derived based on a comprehensive and systematic review of 141 journal papers and illustrates how digital technologies create customer-centric value.

The RDF was assessed as a suitable anchor for the study as it summarizes the requirements for a modern value proposition considering the effects and impacts of a continuously augmenting digitalization of our society. By taking the perspective of critical realism, the collection of data via 20 semi-structured expert interviews with insurance sales experts is followed by the Reflexive Thematic Analysis (RTA) approach in context of data analysis. Ultimately, the research adds to the body of existing literature around value propositions these days by extending the concept of the Retail Digitalization Framework towards the insurance sector. Parvinen & Kaptein (2015) highlight the significance of value propositions in order to generate value for the customer.

A critical realism-oriented research approach to conceptualize sales transformation in insurance was chosen for that study undertaking. According to Miller & Tsang (2010, p. 144), critical realists are convinced that the knowledge of researchers is generated based on social interaction and behaviour patterns. Belfrage & Hauf (2017, p. 9) refer to the existence of generative models though despite all perspectives and meanings are socially developed. However, behavioural and motivation patterns of individuals were the primary data source for the project. On the other hand, a systematic structure for looking deeper into the underlying mechanisms existed which is provided by the RDF. Furthermore, the author personally believes in a world of meanings which is shaped by individual people. Blaikie (1993) emphasizes that the critical realist epistemological position is commonly used for organizational studies.

The proposed value proposition framework for customer-agent-relationship in insurance is the primary research contribution of that study. It provides a holistic overview concerning the enablers for insurance customers experience patterns in a digital epoch. Meanwhile, the customer experience is shaped by both digital value proposition and non-digital stimuli. Both dimensions are almost equally essential with regards to their relevance. Hence, the non-digital stimuli are assessed as the fundamentals. Consequently, insurance sales representatives must perform according to modern and digitally enabled customer requirements while traditional sales competencies continue to be the pre-requisite. Meanwhile, the five digital value proposition drivers relevant for a customer-agent-relationship in an insurance setting are interactivity (speed in customer interaction), mobility (flexibility in terms of customer interaction), telepresence (online presence of sales agents), customization (adaptation to customer requests) and information availability (availability of information and data). The six non-digital stimuli are trust, personality, referral, quality, skill set as well as image of the provider.

However, the proposed value proposition framework for customer-agent-relationship in insurance as central research contribution adds on the RDF based recommendation to extend the research towards further industries. Furthermore, the research contributes to existing literature around the nature and impact of value propositions. Meanwhile, adding knowledge to the evaluation of customers' expectations and needs in the digital age can be recognized as another contribution to theory. Lastly, the study adds to literature with regards to sales model transformation in insurance.

The managerial implications due to the obtained research evidence focus on two dimensions. Firstly, substantial knowledge for decision makers in insurance sales units to steer their distribution activities closer to customer requirements is generated. Secondly, a more customer-oriented prioritization of resources and capacities based on the principles of the insurance value proposition framework can be undertaken.

Moreover, four paths for future research are suggested, such as a study with a focus on possibilities for operationalizing a strategic approach based on the suggested insurance value proposition framework. A further research area is seen on investigating the effects of individual technological applications on the derived digital value proposition.

Appendix I: Key literature with regards to research objectives and research questions

Meanwhile, the Research Objective 1: An exploration of the requirements for sales representatives with regards to their interaction with customers nowadays was derived on an extensive literature review on the topic pattern of insurance sales model transformation. Some key evidence is illustrated below:

- Intermediaries are of the utmost relevance and provide a wide range of services to their customers in the German insurance market (Beenken, Bruehl & Wende, 2010)
- Sales transformation as a multidimensional concept which contains the four high-level dimensions of people, digitalization, integration as well as acceleration (Corsaro & Maggioni, 2022)
- Digital transformation fundamentally impacts the conventional ways of selling insurance products (Eckert, Eckert & Zitzmann, 2021)
- More and more digital tools are applied in the advisory process of insurance intermediaries while a rise in terms of client demand for digital self-services can be observed (Kaesler, Leo, Varney & Young, 2020)
- Central stakeholders within the insurance industry anticipate a comprehensive change concerning value creation approaches including new paths for customer interaction (Eling & Lehmann, 2018)

However, the Research Objective 2: A determination of the digital value proposition drivers regarding the customer-agent-relationship within the German insurance industry can be seen as the focal one. It leverages on the architecture of the RDF and strongly takes into consideration its respective value proposition drivers. Some takeaways are shown in the following:

- RDF as compendium of requirements for a modern value proposition in retail sector considering the effects and impacts of a continuously augmenting digitalization of our society (Ziaie, Shami-Zanjani & Manian, 2021)
- Mobility - Importance of flexibility in terms of customer interaction (Vrontis, Thrassou & Amirkhanpour, 2017)
- Vividness - Relevance of digital product visualization (Vazquez, Dennis & Zhang, 2017)
- Peer communication - Significance of interaction with peers (Bianchi & Andrews, 2018)
- Interactivity - Importance of speed in customer interaction (Pantano, Rese & Baier, 2017)

- Customization - Relevance of adaptation to customer requests (Lin & Hsieh, 2011)
- Connectivity - Significance of interaction with family and friends (Van Tonder, Saunders, Lisita & De Beer, 2018)
- Value co-creation - Importance of participation in product development (Jafari, Nyberg, Osnes & Schmitz, 2015)
- Information availability - Relevance of availability of information and data (Saghiri, Wilding, Mena & Bourlakis, 2017)
- Telepresence - Significance of online or digital presence (Cowan & Ketron, 2019)

Furthermore, the Research Objective 3a/b: The identification of potential changes within the customer-agent-relationship in the insurance environment in previous years as well as an outlook for the upcoming years is based on substantial literature pieces around digitalization of the customer experience. Some derivations are stated below:

- Customers interact and communicate with firms through a plethora of online as well as offline channels and touchpoints nowadays (Weber & Chatzopoulos, 2019)
- A continuous augmentation in technology acceptance and adoption by customers as well as firms as a societal phenomenon of our time (Koya, Jones & Consultants, 2021)
- Based on customer experience management, strategic directions for the design of customer experiences and for firms' capabilities to renew customer experience approaches are derived (Homburg, Jozic & Kuehnl, 2015)
- Service sector is characterized by a rather intangible, inseparable and heterogenous nature which further increases uncertainty for customers (Mendez-Aparicio, Izquierdo-Yusta & Jimenez-Zarco, 2017)
- Influence of digital technology on service quality to enhance perceived customer value as one of the most significant questions considering the challenges given the current digital era (Nguyen, Nguyen, Suseno & Quang, 2020)



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

