

## Shattered Loyalty

**I have been a truly loyal customer to my insurance company. I don't even want to count the years. I am so loyal, that a colleague of mine once was astounded when he learned that I don't even compare prices for insurance. I simply stay with my company.**

**I must be a dream customer for them. While I have had a few claims, their net profit from me would be an aspiration for all their insured's. I have been one of those customers to whom they couldn't sell enough products. I have homeowner's insurance, car insurance, umbrella liability insurance, life insurance, and once had earthquake insurance until they got out of that business. Within these product lines, I have multiple policies.**

The company to which I have been truly loyal is one that would position itself as always there for me, with agents who provide very personalized service, looking out for my interests. I frankly would not have been interested in the many firms now warring over who has the greatest discount. I was not their target customer. But "was" is the operative word.

I recently moved from one state to another. When I was at my previous location, my agent would periodically come visit my home, review my coverage, and make suggestions. When I asked if I should increase some coverage, he would sometimes say, "No, you are fine with what you have." This is the type of honest advice that earns respect and trust. I bought everything I currently hold from him. I had some claims, and dealt with a claims representative who handled everything. One claim was for a chipped windshield. My comprehensive insurance covered it, but when I asked the claim rep where I had to go for

repair. She said, "Not a problem, we'll send someone out to your home and it can be replaced right in your driveway." I thought that was pretty cool.

But, I moved. I asked my realtor for a recommendation for an insurance agent (she dealt with the same insurance company). I transferred all my policies to this new agent. I have now lived here one year. I have never seen my agent, never talked to him on the phone. Would it be wrong to expect that he might visit me at my home? After all, I must be one of his higher revenue customers. No visit, no phone call, no hand written letter, no email with a welcome and thank you. Nada.

Then I had a claim for a totaled car. It was legally parked on a street and an allegedly DUI 19 year-old who was texting ran into it. She was OK, fortunately. But the car was a goner. Here's where the plot thickens. I alerted my insurance company immediately. Days passed. No word back. Finally,

I called them and inquired about the status of what was happening with my car and the claims process. Don't miss the point – I had to call them.

They assigned me to a claims team, number 4, as it were. Whenever I called the team, and rest assured it was repeatedly due to not hearing from them, I got a different person who was obviously reading his/her CRM screen as fast as he or she could to act knowledgeable about my claim.

When it finally came time to establish the vehicle loss estimate, I was handed off to three people. One person started it, and provided a rough estimate, but then handed it off to another person in another state. This second person went into his comparable vehicle data base and gave me a settlement number over the phone. The number was way low. He had mixed my car in with lower priced models to arrive at a composite number. There were 35 cars in his data base that he claimed were comparable. I reviewed his list – there were only three that were comparable, meaning same model as mine (which was a lot more expensive model). So, I had to do my own research of local dealers, analyze his erroneous data base, and submit my case for the value of what the car should be. My case was referred to yet another adjuster. I should have added in the cost of my time in doing this. Fortunately, the new and last adjuster had some presence of mind and readily saw the error of their prior estimate. We agreed on a price and I received the check shortly thereafter.

Why is any of this story relevant to you and your company? I think this story is but one of many that consumers have that should serve as wakeup calls for companies that profess any desire to build customer loyalty. I may stay with my current insurance firm, for a while at least (because of the hassle of switching, and the unknown about the quality of others), but I no longer have any positive emotions about them. If someone asked me who they should insure with, I would say, beats me. My loyalty is shattered.

We think about how to create loyalty. That is fine. But we also need to think about how we destroy loyalty. Sometimes the trick is not to delight or exceed expectations, sometimes the task is to do no harm. What is your firm doing to ensure you are not destroying loyalty? This is a different perspective than building loyalty. Have you ever chartered teams to go through your organization to uncover where, how, and why loyalty is being destroyed in your processes and people's behavior? Do you care?

Pause before you answer whether you care. Think about my insurance company. Do you think that if we talked to the CEO that the answer would be "I don't care"? Do you think if we talked to the head of their Claims Center, that the answer would be, "I don't care"? But, their actions speak otherwise. They have moved away from personalized service to a call center approach where one talks always to a different person. Of course we know this is cost control, but it also flies in the face of what I thought was their brand

positioning – always there for you with personalized service. Did they consider that they have now sabotaged their brand position? Did they consider that they are now by default placing themselves squarely in the camp of commodity insurance, with the only recourse to play the discount game?

Do they no longer have a process in place for agents to personally meet with new customers? Do they have no training for adjusters so they know the difference between high priced and low priced model vehicles – or, worse, is this a game to negotiate lowest value? I shudder to think that was the case, but I have a lurking suspicion. If their brand ever stood for customer focus, they have lost it. Maybe that's what they want. Clients I work with complain about their industry being under increasing commodity pressure. What is not realized is that some of this pressure is self-imposed, through brand destroying activity.

In working with executives, we at Hansa often make the point that the brand and customer experience

strategy needs to be in synch with the business model. In this case, the insurance company business model just sabotaged the brand strategy. Either that or they don't care.

If any of this sounds familiar in your own organization, I encourage you to pause and ask not just how you are building brand value, but how you might be destroying it? Both perspectives are needed.

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