



Impact of Social Media & Big Data on Distribution

Prepared for the General Insurance Agents Convention 2016

August 2016

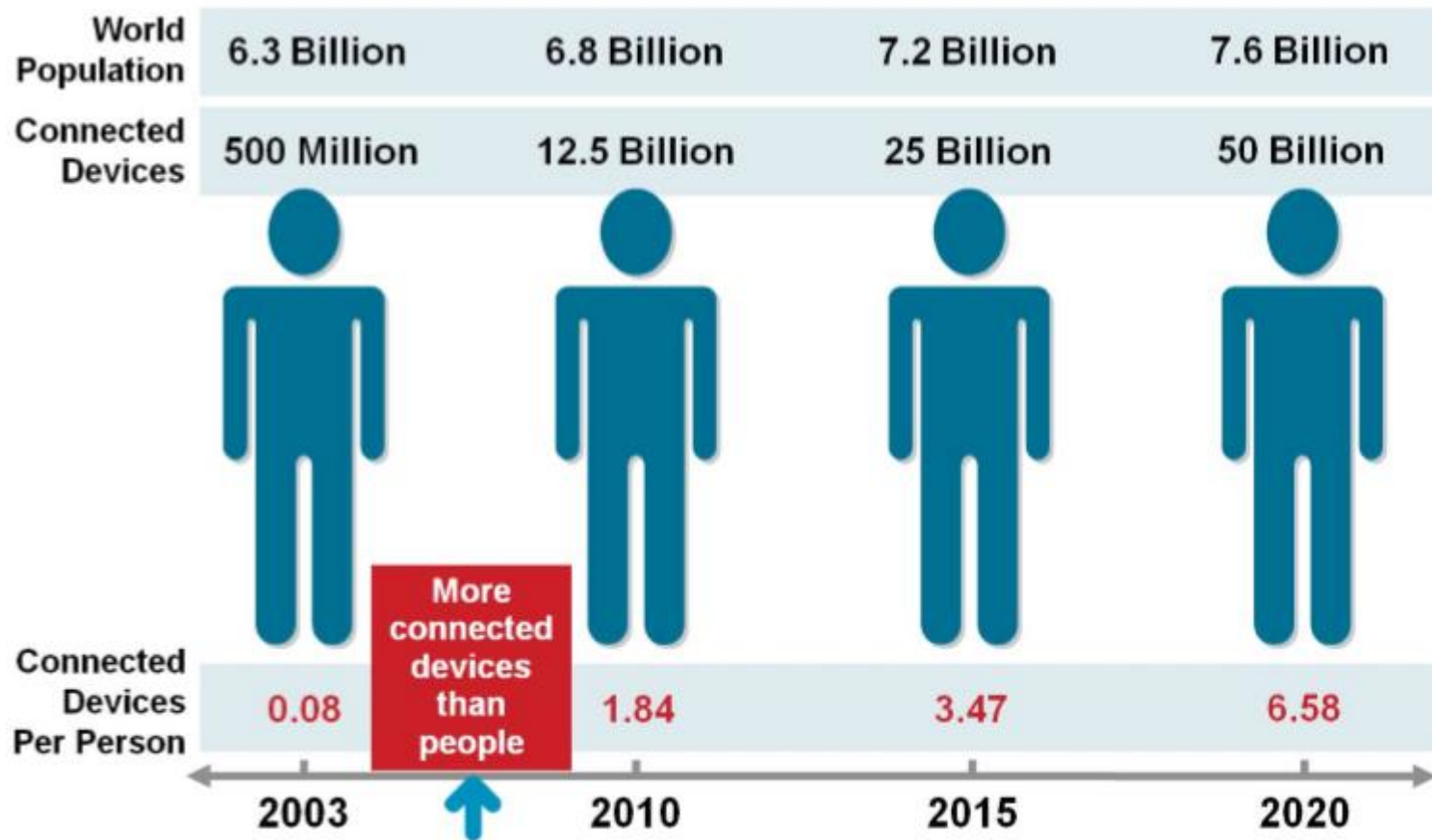
The world is changing...

The IBM Model 350 disk file with storage space of 5MB from 1956...



...and a contemporary Micro SD Card with 128GB of space.

A connected world...



Malaysia today...

Malaysia population ~28,250,000

No. of mobile phones ~30,379,000

> 100% penetration

143.8 connections/100 citizens



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Highly connected Millennials



90%

conduct online research



67%

receive their news online



64%

send instant messages



60%

send & receive text messages



56%

download music



52%


read blogs




43%

play online games

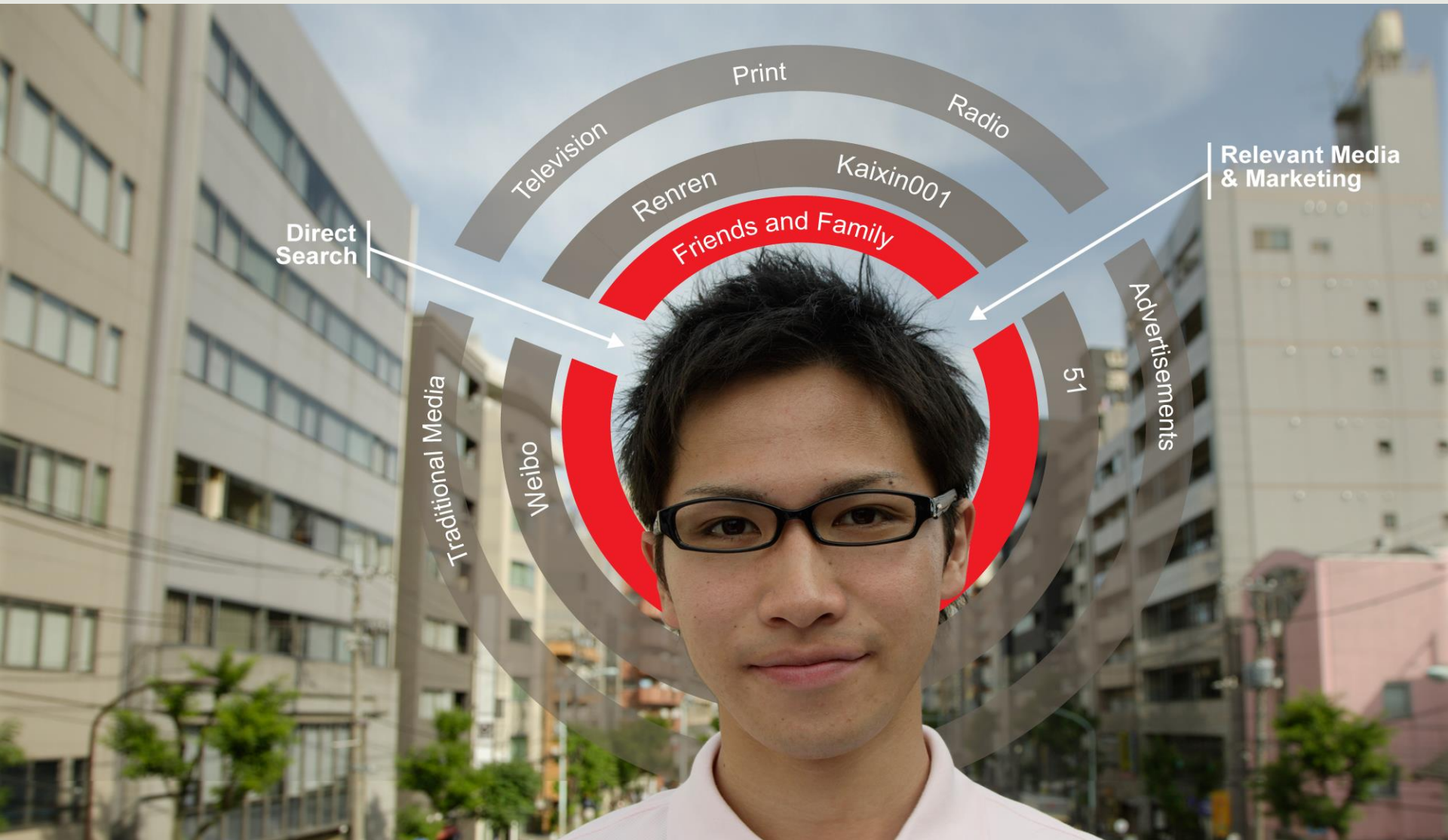
They also

 ...read **2300** web pages

 ...read **1881** Facebook profiles

 ...write **500** pages of email

The personal data shield



Source: Extracts from the Ogilvy SAS presentation 2013

The personal data shield

85% of internet users use search to find products. **~50%** used search to find recommendations from other people

The top trusted sources for recommendations in Hong Kong are family (**~75%**) and friends (**~50%**) and online product reviews (**~50%**)

Brands that use **Social Media** well, can deliver value across their business and pass through the Personal Message Shield...

Social Media drives value in four key ways



Unlocking value is hard...

56% Inc 500 companies say **Social Media** very important to business...

And while **69%** of executives report measurable business benefits from **Social Media**...

Just **20%** of businesses received **80%** of the benefits from **Social Media**.

It requires change...

Increasing collaboration between marketing, communications, legal, HR and customer service...

Putting a **value on customer and stakeholder advocacy**, not just, sales...

Preparing **employees as ambassadors**, not just, as a workforce...

Integrating Social Media across the business.

So how can your business do it?

Social Media
marketing &
communications

Social customer
care

Social CRM

So how can your business do it?

Social Media
marketing &
communications

Social customer
care

Social CRM

Case study: AIA



Building advocacy for AIA

**Choose Healthy.
Be Rewarded.**

AIA
THE REAL LIFE COMPANY

AIA Malaysia
@AIAMalaysia

Sign Up Like Message

Home About Photos House Rules More

Business services · Kuala Lumpur, Malaysia
OPEN

Search for posts on this Page

231,665 people like this
Jorge Noronha

Status Photo/Video

Write something on this Page...

AIA Malaysia
1 hr ·

Building advocacy for AIA

Facebook post showing engagement metrics: 3.8k reactions (likes, hearts, wow) and 521 shares. The post includes a comment from Flora Choo asking about fitness points, a reply from AIA Malaysia providing app recommendations and a website link, and another comment from Sharifah Puteri Chishty Herklots asking about insurance. AIA Malaysia's reply explains the AIA Vitality program.

3.8k reactions (likes, hearts, wow) | Top comments ▾

521 shares

Write a comment... [camera icon] [smiley face icon]

Flora Choo I have to spend few hundreds ringgit to buy the Fitbit to earn the vitality points ?
Like · Reply · 2 · 13 July at 18:31

AIA Malaysia Hi Flora Choo, There are free fitness applications that you can download at Google Play Store and iPhone App store. To name a few fitness apps:- Moves, Runkeeper or Strava or visit our website at <https://www.livingvitality.aiavitality.com.my/.../fitness...> for the complete list of our fitness devices and applications. Thank you
Like · Reply · 1 · Yesterday at 10:14 · Edited

Sharifah Puteri Chishty Herklots What's this insurance about?
Like · Reply · 3 · 14 June at 20:zz

AIA Malaysia Hi Sharifah Puteri Chishty Herklots, AIA Vitality is a unique insurance and health programme that actively supports and rewards you for making healthy choices every day so you can live a healthier, longer and better life.
Like · Reply · 1 · 15 June at 17:21

View more replies

View 35 more comments

What's this insurance about?

What's this insurance about?

Hi Sharifah Puteri Chishty Herklots, AIA Vitality is a unique insurance and health programme that actively supports and rewards you for making healthy choices every day so you can live a healthier, longer and better life.

Hi Sharifah Puteri Chishty Herklots, AIA Vitality is a unique insurance and health programme that actively supports and rewards you for making healthy choices every day so you can live a healthier, longer and better life.

So how can your business do it?

Social Media
marketing &
communications

Social customer
care

Social CRM

People use Social Media to amplify their dissatisfaction

George Abdul on Mar 24, 2016 at 8:33 am

This's a SCAM from MIT in Malaysia, Malaysia car price are sky high yet Government helping AP cronies to "increase the price more'???" by premium the insurance...

intermilan on Mar 23, 2016 at 10:13 pm

After 1 July for sure insurance premium will go up up up!

WT Fuchhh on Mar 24, 2016 at 11:11 am

More ingenious ways of sucking money from the poor rakyat.

Semi-Value (Member) on Mar 23, 2016 at 10:24 pm

more nonsense by insurance companies to earn more

Jeï Han on Mar 23, 2016 at 10:06 pm

"Gradual adjustments to tariff rates for Motor Third Party for identified vehicle classes" – makes you wonder if this is a way for Malaysia Automotive Institute (MAI) to fast-track their car scrappage programme, by making it financially difficult to insure classic cars.

wacko on Mar 23, 2016 at 9:47 pm

must buy expensive cars before July... that's for sure. correct move anyway as our cars

insurance premium among the lowest in the region, but motor insurance claims among the world highest!!!!

aizu on Mar 24, 2016 at 9:15 am

I believe there will be a price war n rates will go down

Mike on Mar 23, 2016 at 11:49 pm

I believe even the lowest risker will pay more premium than nowadays premium.another strategy to suck citizen money....

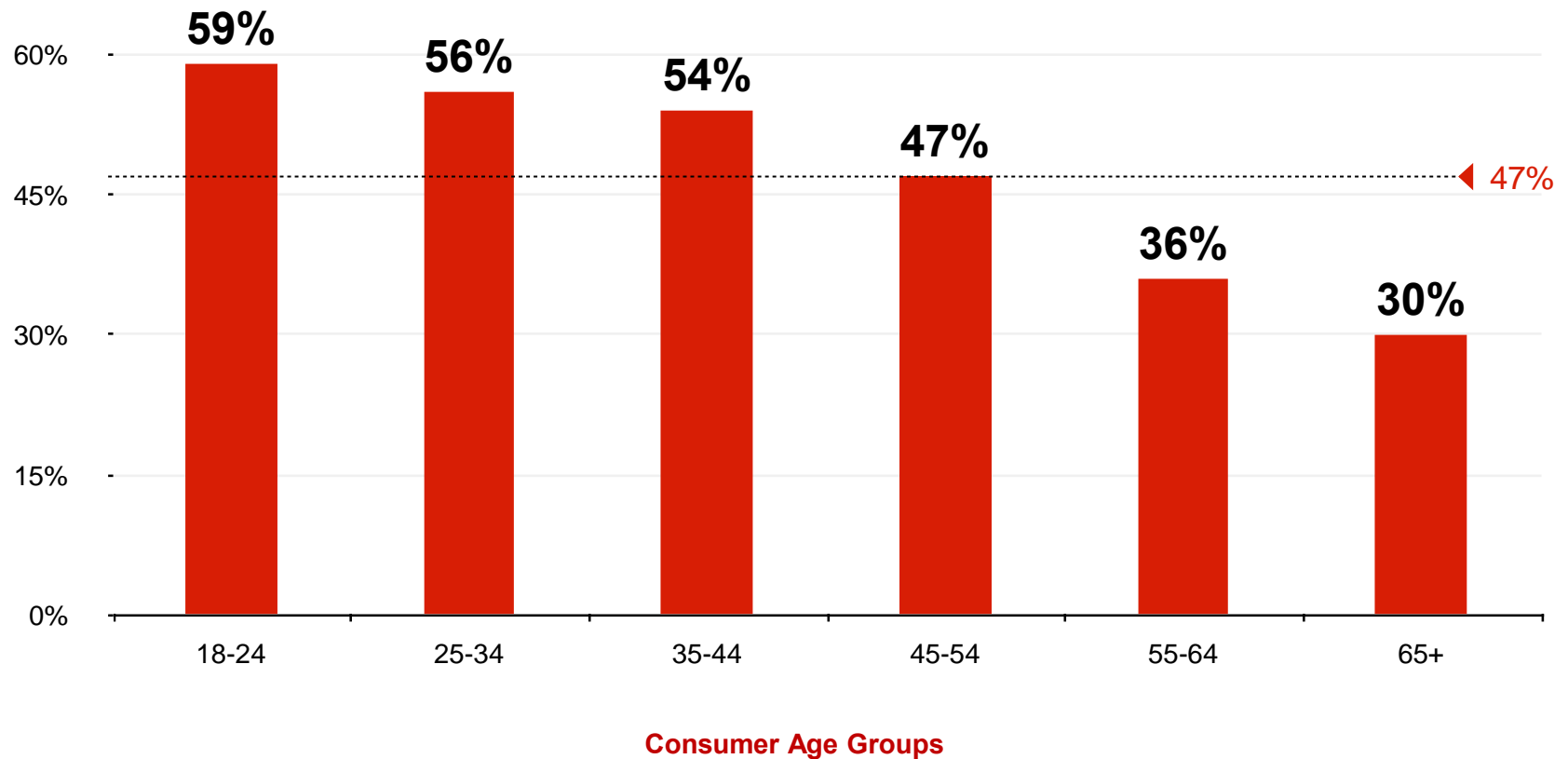
jojo on Mar 24, 2016 at 12:31 am

maybe in a market with many players you could probably expect lower rates but in malaysia, it just be a cartel fixing up prices so they could slaughter us nicely. hopeful but in doubt

Close to 50% of all social media users have used social care

Social Care use by age

% of social media users

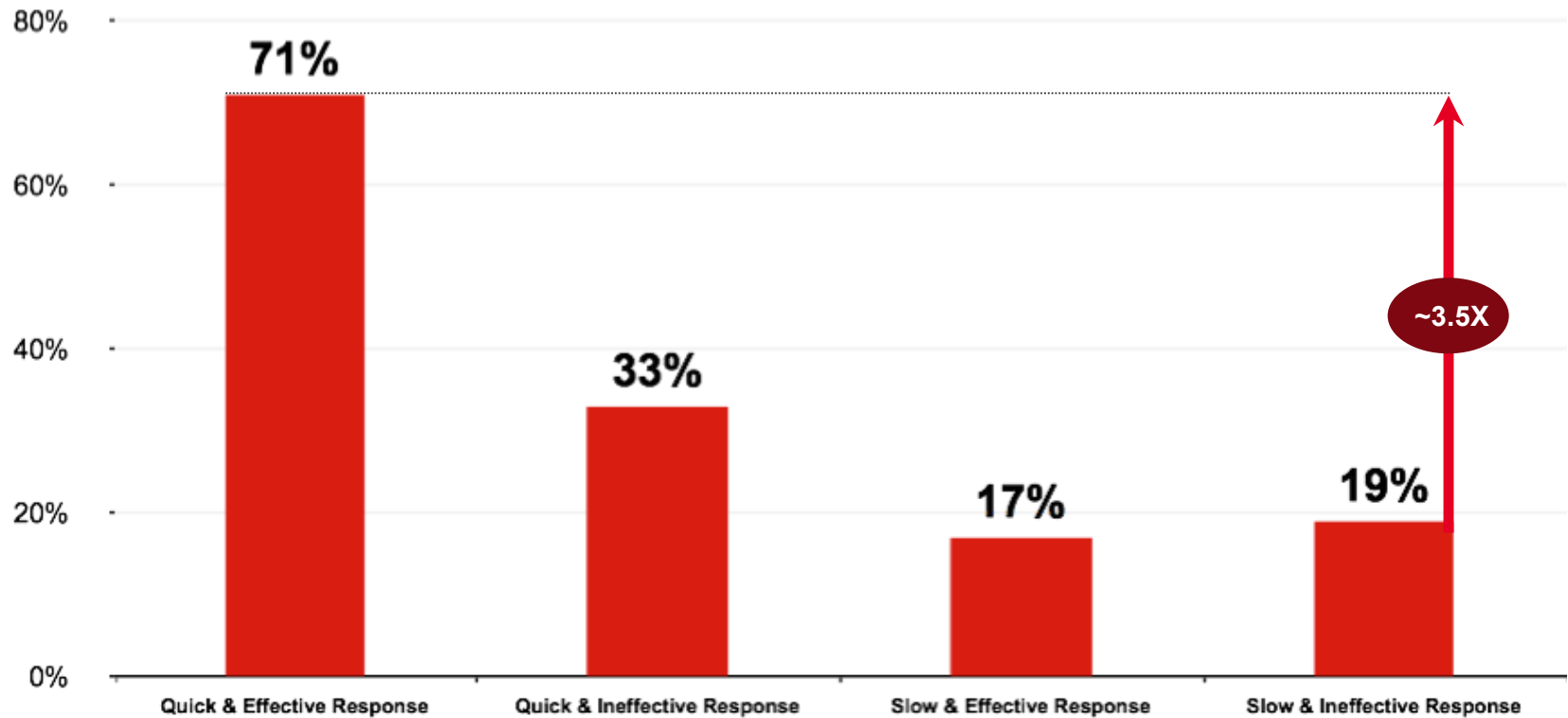


Source: Extracts from the Ogilvy SAS presentation 2013 based on the NM Incite Social Care Survey 2012

Customers with positive experience 3x more likely to recommend

Likelihood to recommend to others

% likely to recommend company/brand based on social care experience



Source: Extracts from the Ogilvy SAS presentation 2013 based on the NM Incite Social Care Survey 2012

Lessons in customer care



Nora Fareed

How do i terminate a policy?can i do it at tampines branch?

1. Be prompt

October 16, 2012 at 8:02pm · Like



Write a comment...



Alvan Koh

2. Respond to the question

We have forwarded your appeal to our Claims Department for their review. They will reply to you upon completion of the

3. Always maintain a respectful attitude

3 people like this.

View 2 more comments

Alvan Koh Update: the claims department has replied to me

4. Sometimes take it offline

November 20, 2012 at 12:33pm · Like



Write a comment...

So how can your business do it?

Social Media
marketing &
communications

Social customer
care

Social CRM

Traditionally CRM looked at the transaction value of customers

Amy:
\$6,000 monthly

Caroline:
\$2,000 monthly

Meet Amy

35 years,
Working,
married,
no children

Savings, Credit
Card, insurance



Meet Caroline

40 years,
housewife, 2 kids

Savings, Credit
Card, insurance,
home loan



Social Media provides another dimension of value...

Amy:

Caroline:

Brand switcher

Low social media
influence, but
active

Unwilling to
collaborate



Less inclined to
brand switch

Influencer, has
1,500 active
followers +
friends, has
relevant
conversations

Willing to co-
create with
brands



Traditionally CRM looked at the transaction value of customers

Amy:

\$6,000 with another \$1,000 spend potential based on social data

Caroline:

\$2,000 with another \$8,000 advocacy potential based on social engagement

Opportunity: Use social data to increase individual spend



Opportunity: Use social advocacy to increase network spend

The “Total Customer Contribution”

Transaction value: \$s for a specific purchase

Lifetime value: Transaction x Frequency x Tenure

Advocacy value (influence of purchase of others):

of people influenced x probability of changing their purchase behavior x value of purchase

Collaboration:

Custom designed by category – customers who act as “innovation advisors” or “helpers”.

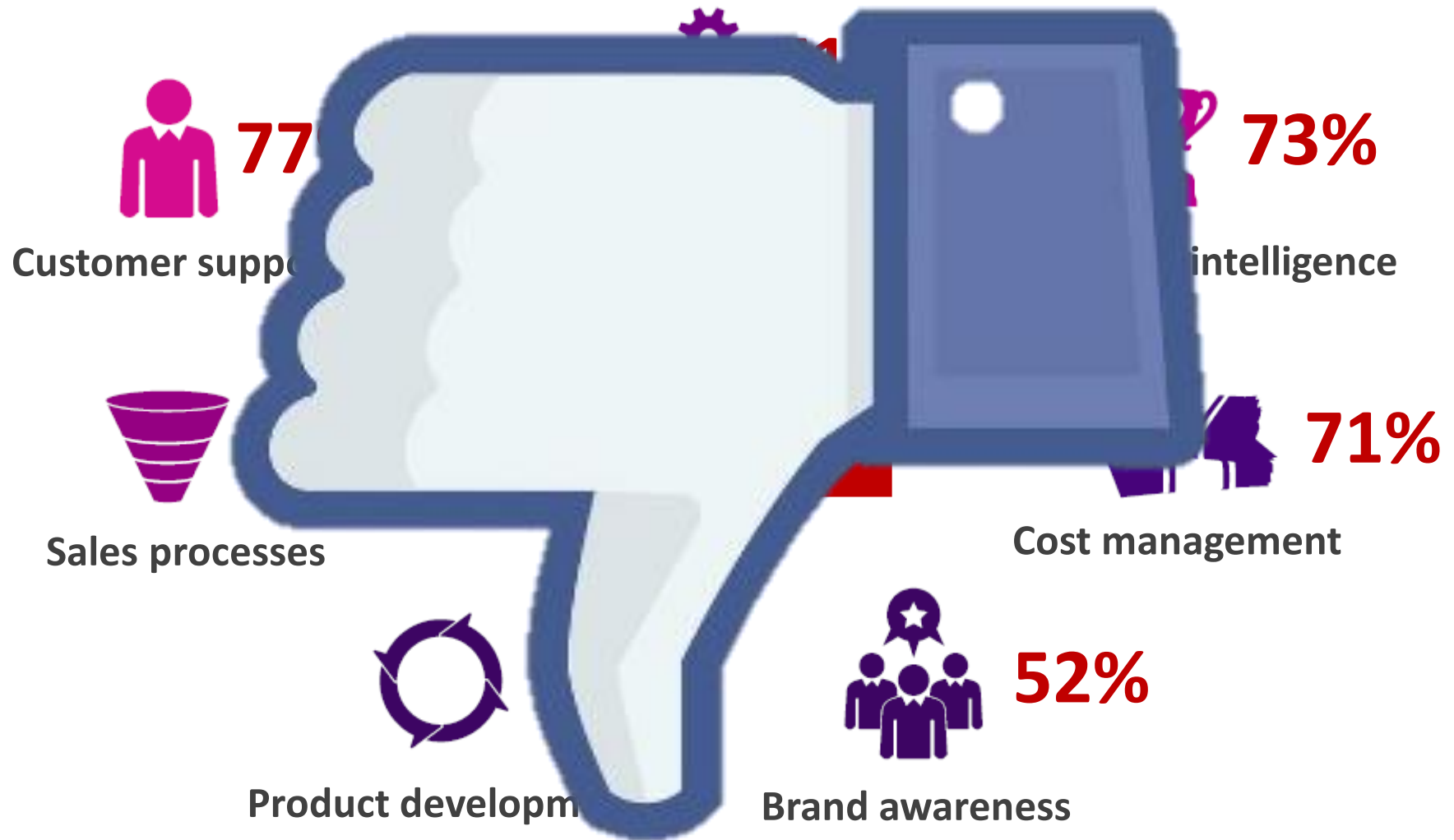
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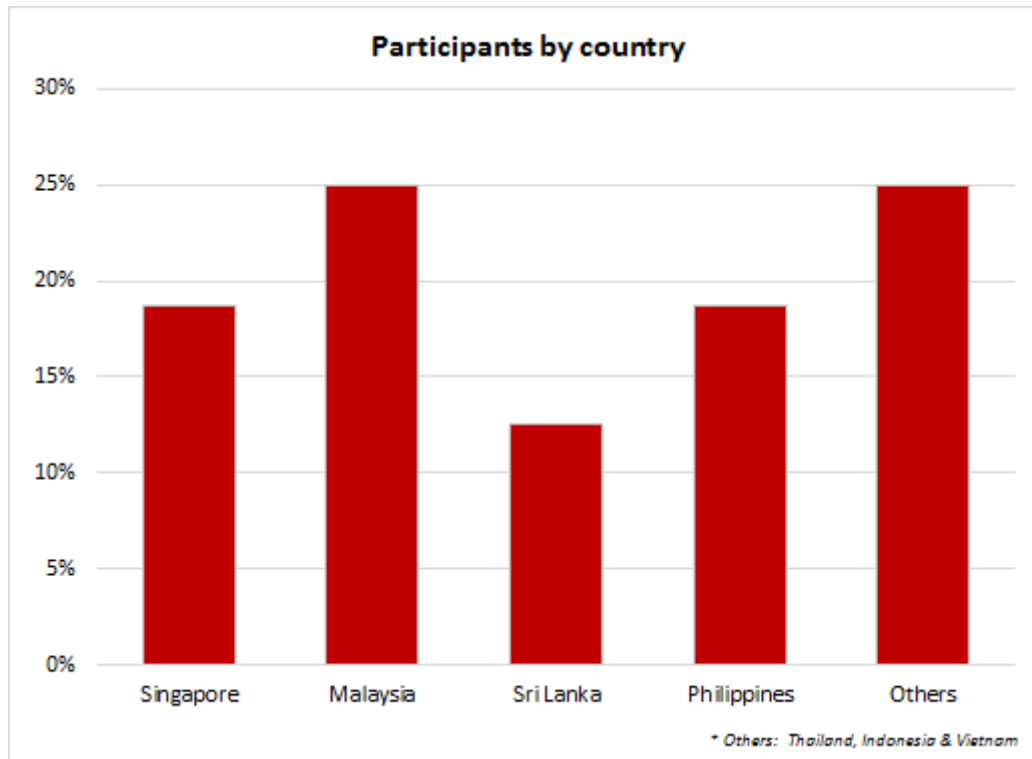
The value of data (according to The Economist)



Statistics from The Economist Intelligence Unit's *Levelling the playing field: How companies use data for competitive advantage* paper.

NMG's analytics survey...

A short survey relating to the **use of analytics** within the business was conducted across a number of insurance and reinsurance companies (conventional and takaful operators) in the region.



Participants were asked various questions relating to the following areas:

Availability of data

Quality of data

Accessibility to data

Management information tools

Culture of analytics

Value of analytics

How “analytics-driven” are companies?

53% of the respondents believe their company has the necessary data available for useful insights.

While data is regularly updated from trusted sources, only **31%** believe their data is consistent over time, while **69%** have issues in integrating data from various sources.

47% have easy access to data and **56%** have difficulties in using the data for their analysis.

Of the **84%** currently using some form of analytical tool, **42%** have doubts about its usefulness in addressing their business needs.

How “analytics-driven” are companies?

68%

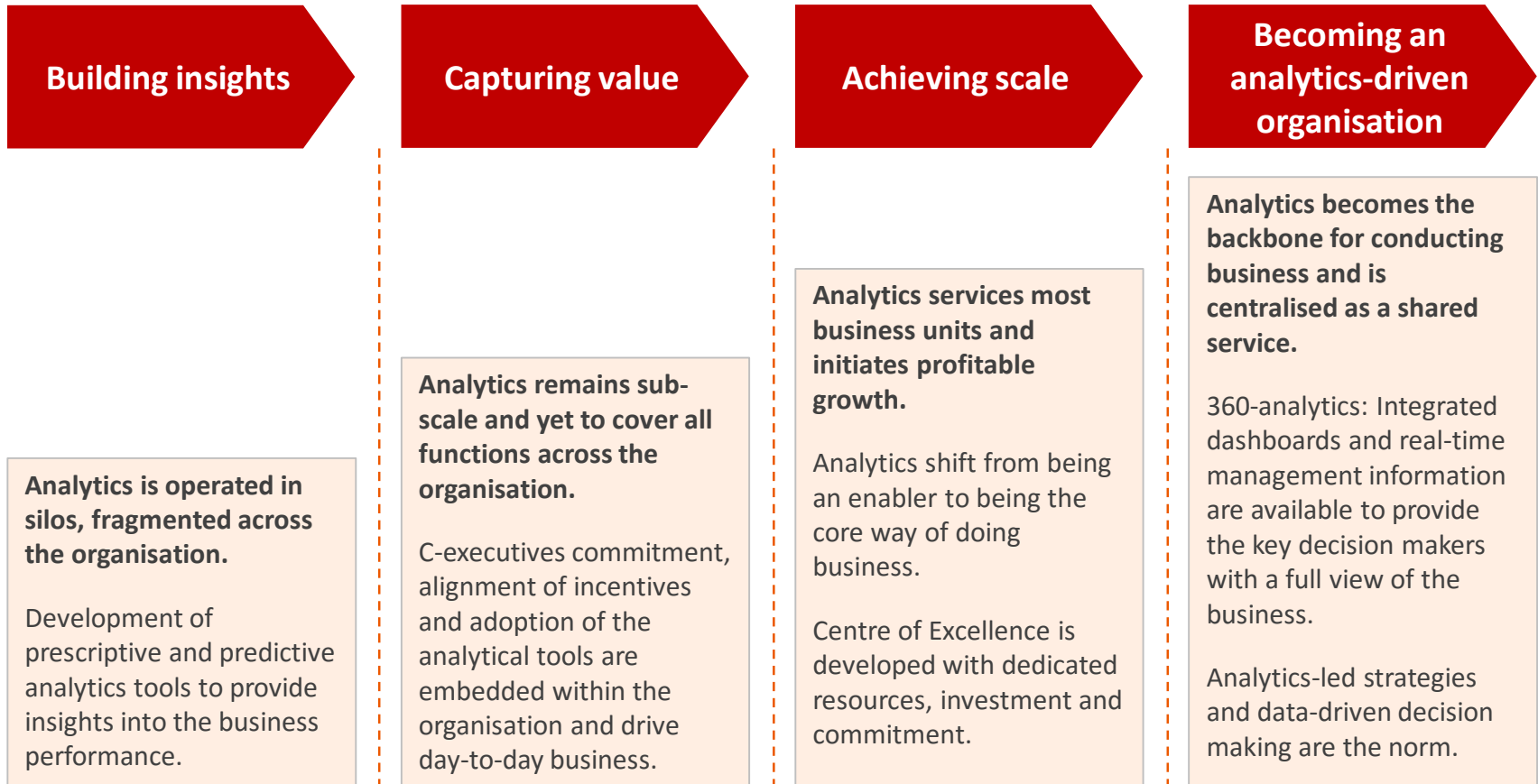
of the respondents say that the senior management team actively engage analytics in their strategic decisions.

So how to we go about developing an analytics-driven company?



The four-stage journey...

The best practices to adopt advanced analytics are typically conducted in *four phases**.



*The *four phases* approach is retrieved from Chester, A., Clarke R., Libarikian, A. (February 2016). *Transforming into an analytics-driven insurance carrier*. <http://www.mckinsey.com/industries/financial-services/our-insights/transforming-into-an-analytics-driven-insurance-carrier>

Becoming an analytics-driven company

Instead of static reports, all decisions are analytics enabled with **visualised** key trends, predicting **insightful** outcomes and prescribing **relevant** actions

360-degree analytics provide **integrated** dashboards, inclusive of distribution funnel, portfolio performance, pricing decisions, and drivers of losses and claims. The COE is **embedded** within the business.

Analytics-driven insurance company

The financial impact of analytics is **blended** with price metrics, new-business growth or in-force lapse. The business metrics themselves are the **markers of success**

The human resource adopts analytics in its **talent strategy** via performance review, expectation management, leadership recruitment and retention

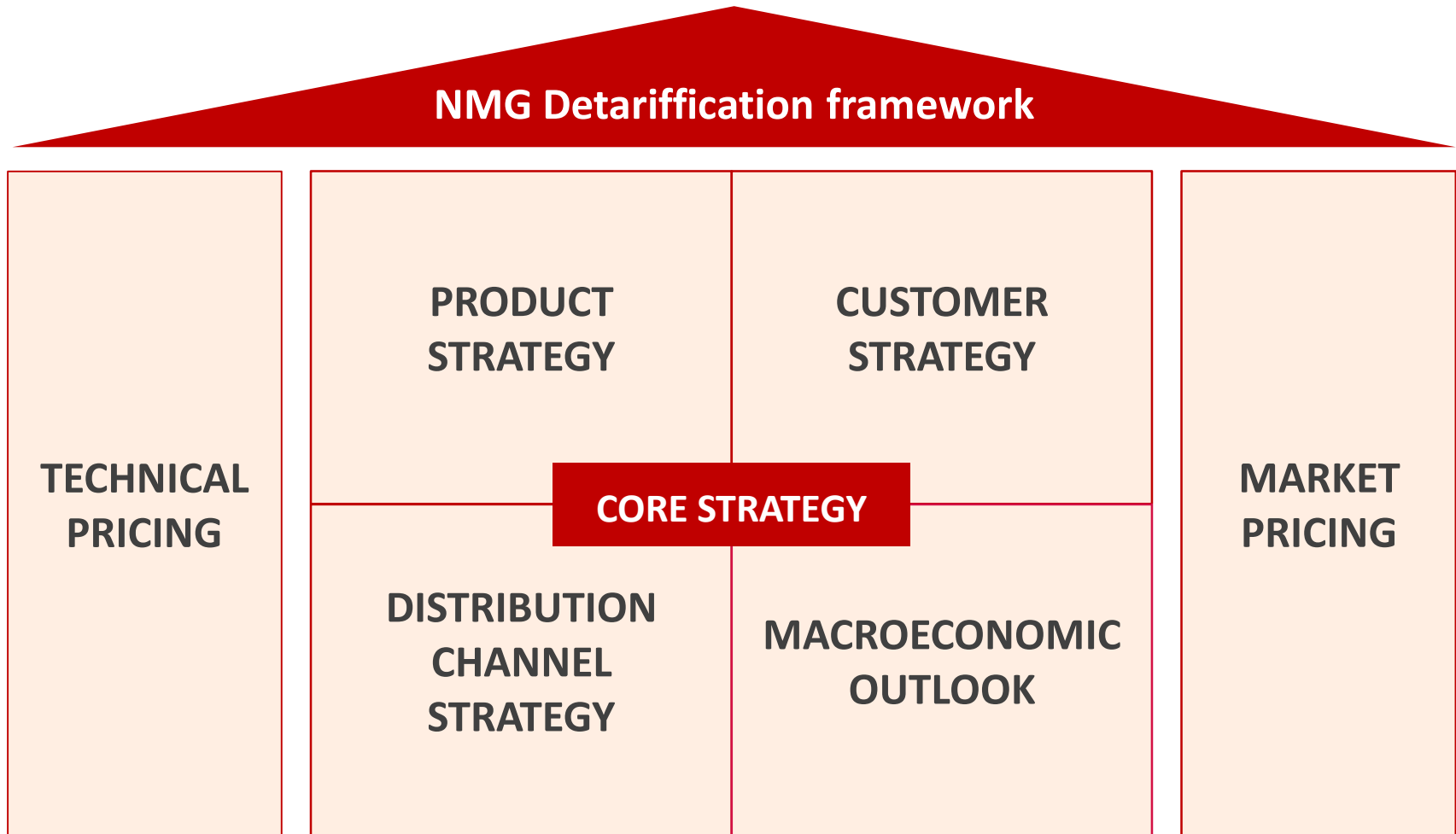
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A single source of truth...

47% of the respondents say that there is a centralised function in the company to provide analytics support.

Yet, almost **86%** of these companies face issues with consistent and/or well-integrated data.

A practical example in a detariffication strategy framework



The insurance industry is embracing analytics



A success story of a leading UK-based general insurer, who specialises in commercial and niche sectors in personal motor insurance.

Challenges

Capacity, Storage
and Traffic
Restrictions

Data Management &
Analysis done in silos

Limited visibility in
analysis

The Cloudera logo is written in a blue, lowercase, sans-serif font.



The SAS logo consists of a blue stylized 'S' followed by the text "sas" in a lowercase, sans-serif font. To the right of the logo is the tagline "THE POWER TO KNOW." in a smaller, uppercase, sans-serif font.

Increased policy count by **120%** in 18 months.

50% reduction in customer cancellation rates.

£5m savings in claims through real-time fraud detection.

Savings in annual operational costs in rate updates by **20%**.

Source: Cloudera's case study on Markerstudy

The wish-list

Improved data quality

**People with the right
mind-set and skills**

**More sophisticated
analytical tools**

Single source of truth

Don't be afraid to start now...

What we want to do

VS

What we practically can do

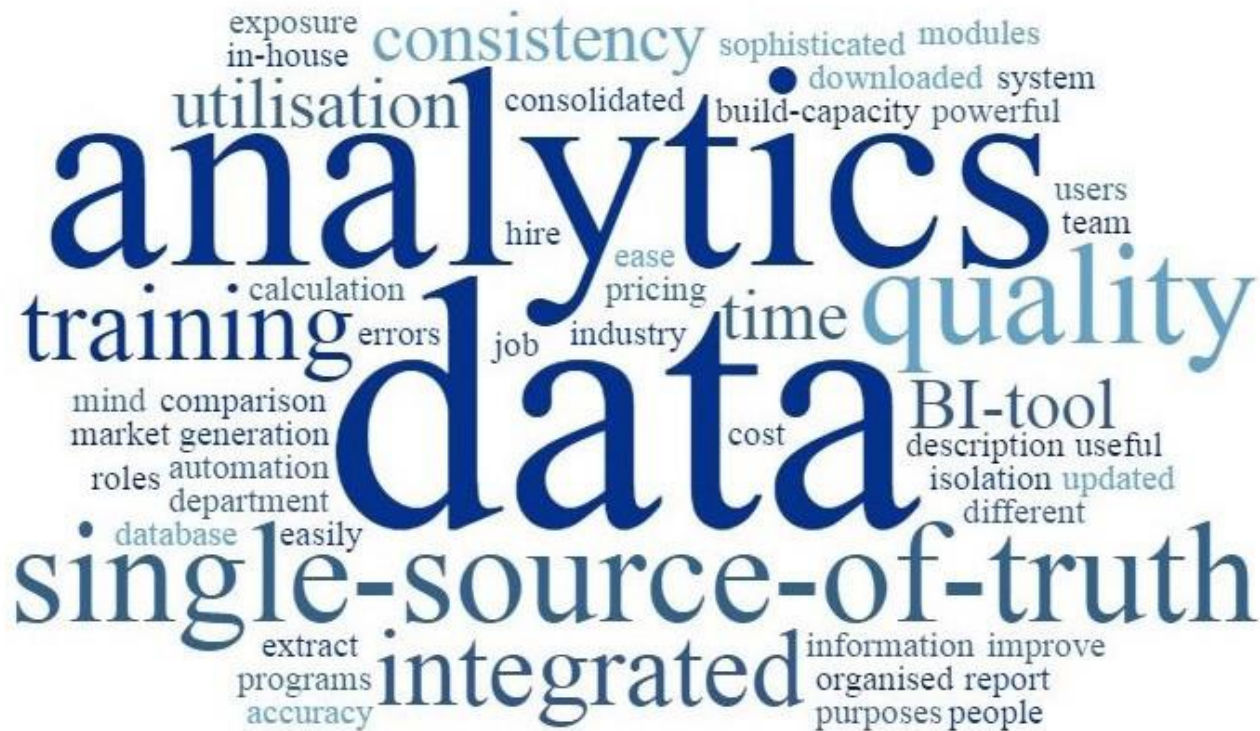
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Buzzwords...



The insurance industry is lagging...

Management practice (select examples)

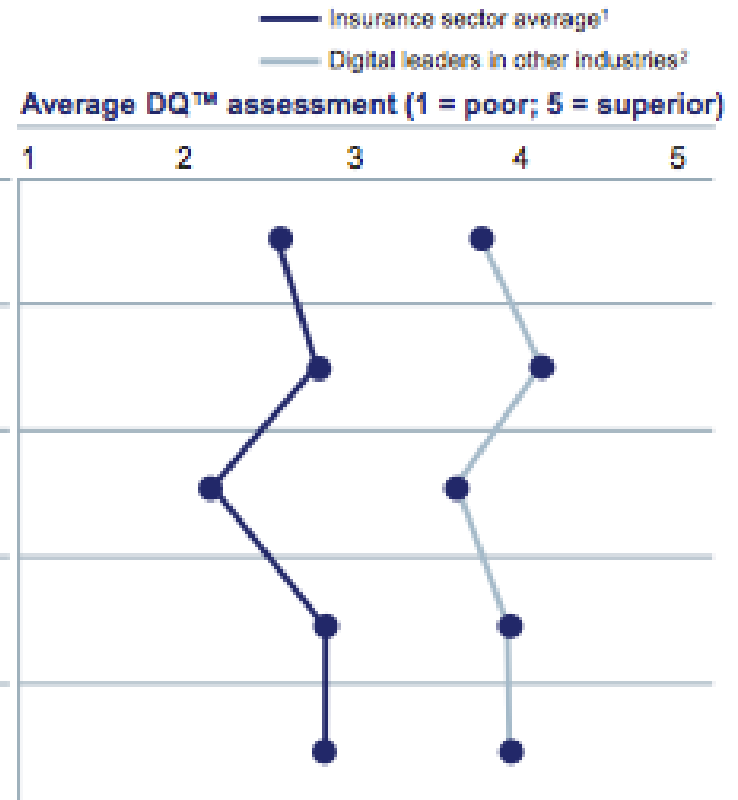
External digital experience and talent (e.g., what percentage of your employees who have digital-related roles have previous digital experience outside the company?)

Senior management KPIs (e.g., what percentage of your senior managers can articulate the main digital KPIs?)

Digital ROI measurement (e.g., how is your company measuring the return on its digital investments?)

KPI tracking and communication (e.g., how effective is your company in balancing in-house capabilities with external partnerships?)

Risk appetite (e.g., what is your company's level of comfort in taking risks regarding digital initiatives?)



The increasingly complex buying journey for insurance



Case study: ServisHero

