



Play to Win Participation. Engagement. Loyalty.

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Productization of insurance services, coupled with stronger intermediaries, is forcing insurers to think out of the box and innovate. Insurance products, particularly the personal Lines of Business are increasingly perceived as standard products, with little difference between the products offered by

competing insurers. The competition in insurance market is further accentuated by price comparison websites. Today, insurers need to push the limits to meet the conflicting objectives of remaining price competitive in the market and maintaining a healthy bottom line.

Introduction

Whenever we think of applying for insurance, the next thought is of elaborate forms in fine print and language that only insurance agents understand. Luckily, this situation is now changing and the insurance industry has been working hard at becoming more relatable to customers. CRM has become a top priority for the insurance CEO, with digitalization and gamification getting maximum attention across the board.

Enterprise gamification is not a new concept, though its adoption has been faster with product companies than services. Many insurance firms have been experimenting with gamification, involving both their employees and customers as

players. While some insurance companies did see active adoption by their target audience – such as Farmville which increased customer awareness of the company's offerings - some others had to stop midway due to poor or no returns, high maintenance costs, and a higher need to focus on other opportunities.

Gamification is similar to Change Management – the business understands its useful, but does not make it an integral part of project lifecycle. To meet business objectives in any industry, gamification initiatives require thoughtful and thorough planning and design.

Industry Overview

As we moved from the generation of Baby Boomers to Generation X to the Millennials, consumer requirements also kept changing. Today, we are exposed to an overdose of technology at home, school and at work. The exposure is so severe that technology has even started to influence the way people think. To engage such a generation the business has to reinvent itself. Wiki defines gamification as the use of game thinking and game mechanics in a non-game context to engage users and increasing users self-contributions. Gamification is an empathy-based approach improving customer engagement and the understanding of customer's wants and preferences.

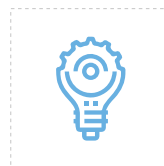
For insurers, gamification is a vital part of their larger digital transformation strategy, because they have realized that digitalization is not just about implementing new technology or digital capability. Being active on social media or introducing augmented reality to improve customer experience is no longer enough. For lasting business value and true ROI on digital efforts, there needs to be collaboration among actively engaged employees, smarter decision-making, and a sustained behavioral change.

Gamification helps insurers in engaging with agents, customers and partners. It can support changes to the business-operating model and is a powerful way to drive meaningful digitally enabled business transformation. Here are some

examples of successful gamification examples from different industries:



Khan Academy offers a gamified educational resource to inspire millions of learners to master subjects.



Quirky "gamifies" product development by engaging a community of several hundred thousands to collaborate in creating innovative product ideas and taking them to market.



Salesforce uses gamification to motivate its sales teams through simple techniques such as a sales app that displays a team leaderboard, featured challenges, progress update and so on.

How to Execute: Gamification Process and Mechanics

To gamify one has to use one or more Game Mechanics, which essentially are components of games such as Progression, Quest and Rewards used to engage players. Game Mechanics has already started percolating into our daily life even without us realizing it. When you take that morning jog you will most likely use an app in your smart phone to track your progress in terms of distance covered, time spent or calories burnt and compare it against your goals and prior data. Your regular morning jog has been gamified!

Game Mechanics play a critical part in identifying key game features and how the game will respond to a player's achievements. These include actions, processes, tasks and awards related to each level of the game. There are multiple game components to choose from such as badges, leaderboards, points, and contests, depending on the nature of the game.

The very first step in the gamification journey is to define the business benefits one aims to achieve. It is imperative to ensure that the game, player roles and goals are aligned with the defined business objectives. How the game will recognize and respond to player's emotions will be a critical factor in defining key game features. A good understanding of the players will ensure a deeper connection with them. Using appropriate game mechanics is critical for establishing a strong bond with the players and for gamification success.

If the players are employees/ insurance agents, collaboration points can be awarded for providing leads, insights, or for assistance in cross-selling. Similarly, the game could encourage competition and recognize those who come up with the best solution to a challenge. For instance, wearable fitness devices can enhance the gamification experience. Insurers can invite customers to use their digital fitness wristbands to participate in

real-time challenges with their peer groups. This can improve customer engagement, encourage competition, and promote good health.

The following figure lists a few game mechanics that can be employed in non-game contexts to achieve gamification. The interaction of these game mechanics determines the complexity of the game and the level of player interaction.



Benefits of Gamification for Businesses

Human beings are often thrilled at the thought of earning a reward and if the reward coincides with what they need or what they desire, their motivation turns very strong. Businesses use game methods to leverage this psychological inclination of human beings. Historically industries such as airlines and credit card have been using the game mechanics of accumulating points for accomplishments for long time, but it is only in the recent past other industries have increasingly adopted these game mechanics.

Gamification can be applied to an insurer's business internally (to improve organizational efficiency) and externally (to increase customer engagement) across various areas of the industry value chain, as explained below:

Enterprise Level Initiatives

- Crowdsourcing ideas for product design changes from agents, customers and partners
- Employee onboarding and training

Pre-Purchase

- Marketing campaigns
- Financial needs analysis
- Market research
- Contact center representative productivity

New Business

- Quote generation
- Policy referrals
- Customer profiles

Underwriting

- Motivating customers to disclose lifestyle information
- Customer behavioral modification for risk containment
- Knowledge management for underwriting

Policy Admin

- Document management and reporting
- Self-service capabilities
- Reminders & notifications

Billing

- Electronic bill payment
- Prompt payment

Here are few success stories where Game Mechanics has been used to drive adoption and boost customer engagement:



Nike built a game of running where users could earn fuel points. The membership went up from 500,000 to 11 million in six years, and Nike's share in the running shoe market increased from 47% to 61% in three years.



In four years since the launch of its loyalty program and mobile app Starbucks could rope in six million customers. The loyalty program was ranked as one of the most popular programs in existence by "Bigdoor". The fun and uniqueness of the approach were one of the main reasons for success of the program.



Visa developed a gamification app called Financial Football, a fast paced, multiple choice question game designed to educate consumers on money and credit. The game had three distinct age levels- Amateur, Semi Pro and World Class. It had high-resolution arcade quality graphics that pause to ask question related to financial topic. A correct answer could continue the play of game while an incorrect response would result in opposing team steal the ball. Consecutive correct answers provide players opportunity to score goal.

Relevance for Insurance Industry

Customers find insurance to be one of the most complex financial services they consume. Traditionally insurers have struggled to actively engage their customers. These make insurance an ideal candidate to employ gamification strategies. Gamification can be used by insurers to encourage agents and its customers explore various products and options available. Through these self-learning exercises the customer is most likely to understand the products better and appreciate the intangible benefits they enjoy through insurance.

Insurance agents can experience gamification through agent engagement initiatives that offer rewards for selling offerings that go beyond traditional competitions. The nuances of different insurance policies and products can be quite complex, and gameplay is one way to help agents become more knowledgeable. Boosting their familiarity with their product portfolio will hone their sales capabilities and increase profits. Insurance firms can also offer incentives for delivering product education, issuing policies faster, updating customer data frequently, creating detailed reports or for complying with new policies.

Additionally, agents can leverage gamification to engage with their customers. This combination provides insurance firms and their agents with the right gamification approach, on the right device, at the right time. This will help them to improve internal processes and engage more proactively with customers.

Why Gamification Matters

For the insurance industry, gamification offers the greatest opportunity to engage customers. Early adopters of gamification have introduced features such as:

- Transforming ordinary tasks into interesting and fun experiences that keep users coming back.
- Educating customers about product suitability and guiding them to purchase.
- Motivating customers to act in areas such as health and wellness, safe driving, financial planning and sustainability.

This allows agents to build more strategic and lasting relationships with their customers. Applications, policy renewal forms and information updates are some tasks where gamification can help agents provide a better experience for their customers. Millennials have typically not shown active interest in purchasing. Moreover, they prefer a rich digital experience and frequent interactions with the brand. Gamification allows insurers to demonstrate their understanding of millennials' preferences and can deliver a more vibrant and dynamic experience. Gaming experiences must be fun and motivating, with both extrinsic and intrinsic rewards.

Gamification in Action

Early adopters point to the many viable applications of gamification. A global insurer has built a comprehensive online wellness program around gamification, with personal challenges around preventive care or disease management, which has increased customer retention, generated valuable risk and behavior data. A Canadian insurer has significantly increased customer engagement with a younger customer segment through a gamified app that requires players to demonstrate knowledge of investment and retirement planning principles.

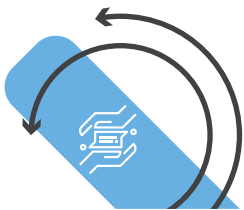
Insurers and agents should also explore opportunities to leverage and share the data that gamification will produce. Agents should use that data to improve processes and customer relationships. Insurers should leverage that same data to develop an accurate view of agents' and policyholders' behaviors, continuing to tailor their gamification approach to make it more effective.

Here are some examples of potential business benefits from different gamification strategies:



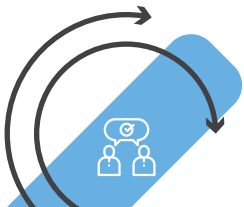
Online competition among sales team

- Motivation of sales team
- Increased Revenue
- Influencing Product Mix
- Rewards less expensive than raising commissions



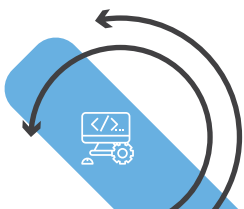
Rewarding customers for using self-service options

- Increased Customer Engagement
- Increased Customer Satisfaction
- Improved Customer Experience
- Faster adoption of new self service functions
- Encouraging exploration of different self service functions



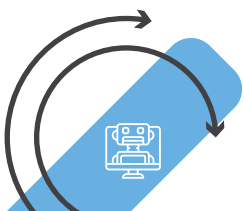
Rewarding participants answer queries posted online

- Increased collaboration
- Improved onboarding of new members
- Leveraging experienced resources



Role play games educating risk management techniques and stimulating adverse scenarios

- Increased customer satisfaction
- Cross Sell & Up Sell
- Education on risk mitigation and risk management
- Redesigning existing products
- Improved underwriting



Interactive virtual character to collect information from prospects

- Improved quote completion
- Improved conversion
- Encourage adoption of digital medium by customer

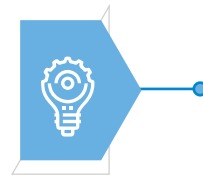
Few points that should be considered in a Gamification initiative for a better customer engagement:

There should be a mix of virtual and tangible rewards to the players. The tangible rewards can be in the form of increased coverages, additional discounts, cash back etc.



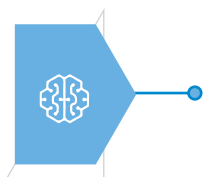
Personalization of game play and rewards enable a better connect and improved bonding between the enterprise and the player.

The gamification idea should be novel enough to hold interest of the user. Stickiness of the game is a very important factor for a game to go viral.



Gamification cannot substitute a deficient product or service provided by the business. Analysis of the data collected through gamification should result in improving the business process.

If done incorrectly gamification would fall flat on face. It has to be strategically planned, quickly adapted based on explicit and implicit feedbacks and should have backing of leadership.



Evaluating success of a gamification initiative should not be restricted to quantification of short term monetary benefits but should take into account the long term benefits of more engaged and loyal customers.

Conclusion

The significant penetration of smart phones and tablets has transformed how people think and use technology. These smart devices enable much more than traditional modes of communication. The high penetration of these smart devices and psychological desire for elements of fun in tasks performed lay down ideal platform for explosive growth of Gamification. Gamification provides a very strong tool for businesses to improve their engagement of customers and in process strengthen customer loyalty.

Unlike other industries Insurers have been late in adopting this new age thought. The initial success of gamification has ensured the momentum

generated continues translating into faster adoption and transformation of traditional processes. Though challenges such as user engagement, interest and participation remain, gamification can resolve some of these problems.

The key is to ensure that game mechanics, game dynamics and the objective of the gamification effort are aligned, and that the organization captures, analyzes, and applies data gained from usage patterns and user feedback.

About the Author



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Senthil is a Principal consultant with Insurance Consulting Practice at LTIMindtree.

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