




Knowledge Area Review (KAR 022)

Lead Conversion Best Practices in Health Insurance – Product Brochure

June 2015

KAR 022 – Lead Conversion Best Practices in Health Insurance

A1. Australian Health Insurance Overview – Customer penetration
Approximately 50% of Australians hold PHI, with age and affordability being the key influencers of customer participation rates

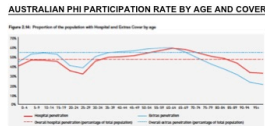


AUSTRALIAN PHI PARTICIPATION RATE OVER TIME

DESCRIPTION


- The proportion of the Australian population covered by PHI Hospital Cover has been stable since 2000 at ~50%.
- Due to the significance of PHI in the funding of healthcare services, a number of Australian Government initiatives are in place to incentivise Australians to obtain and maintain PHI in order to maintain a balance between public and private healthcare funding, e.g. Medicare Levy Surcharge (MLS), Lifetime Health Cover (LHC), and the Private Health Insurance (PHI) rebate. Recent adjustments to the PHI rebate regime have not reduced overall participation rates.
- PHI participation rates are influenced by age and affordability, while individual decisions to obtain or maintain PHI often relate to milestones such as establishing households, having children and retirement.
- PHI participation is lowest among the 20 to 29 age group, when cover under family PHI policies generally ceases, LHC loadings do not yet take effect and the MLS may have limited application (due to lower income levels).
- Participation tends to increase strongly in the 30 to 34 and 34 to 39 age groups once the LHC loadings and tax incentives take effect, and due to family and lifestyle.
- PHI participation rates decline thereafter, possibly due to the retirement of the older population, which decreases income and may impact affordability.

AUSTRALIAN PHI PARTICIPATION RATE BY AGE AND COVER



INTERNAL CONSULTING GROUP 2015 KNOWLEDGE AREA REVIEW – COMMERCIAL IN CONFIDENCE

E1. Skills – Case Study: Teachers Health Customer Service award winner



KEY POINTS

- Teachers Health Fund is being named National Contact Centre of the Year (less than 30 full-time employees) at the 2013 Australian Telecommunications Association (ATA) awards
- Building on earlier successes as State Contact Centre of the Year (less than 30 full-time employees) in 2012 and 2013, Teachers Health Fund was awarded the national title at the awards which aim to recognise and celebrate excellence, leadership and innovation
- Teachers Health Fund CEO Brad Joyce said the recognition by the ATA was the icing on the cake after being awarded Private Insurer of the Month for five successive months from April to August 2013 by Roy Morgan, based on members' high customer satisfaction rating
- The ATA is a national association which provides comprehensive and independent professional development and accreditation for Australian contact centres. The ATA promotes best practice in contact centre operations and defines and recognises excellence through benchmarks and direction.
- The ATA National Awards are recognised within the contact centre industry as being the pre-eminent awards program, rewarding achievement at the highest level.

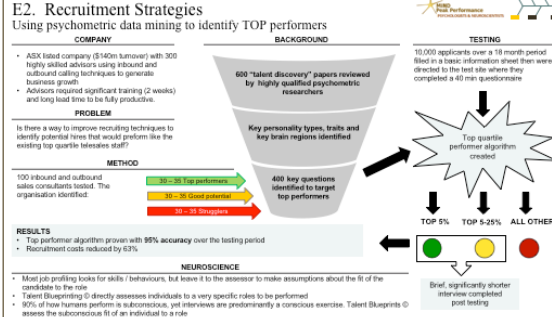
"Our contact centre is the face of Teachers Health Fund and the main point of contact for most of our members, so it is great to know that we are growing our members with the best possible, industry-leading service. The Teachers Health Fund contact centre is incredibly dedicated to servicing the needs of our members, and we are extremely proud to have the hard work of our team recognised by this award from such a highly respected organisation for the second year running. Combined with the Roy Morgan awards and recent CHOICE ratings which found that a Teachers Health Fund premium policy offers the same level of cover compared to other funds but at a lower cost, members can be pleased they have made the right choice with Teachers Health Fund. Teachers Health Fund is now the seventh largest health fund in Australia and the largest restricted access fund, available only to members of the education community and their families, including teachers, support and admin staff as well as university and TAFE employees."

Brad Joyce, Teachers Health Fund CEO

From Kenus, ATA CEO

INTERNAL CONSULTING GROUP 2013 KNOWLEDGE AREA REVIEW – COMMERCIAL IN CONFIDENCE

E2. Recruitment Strategies
Using psychometric data mining to identify TOP performers



COMPANY

- ADK listed company (\$40m turnover) with 300 highly skilled advisors using inbound and outbound calling techniques to generate business growth
- Advisors required significant training (2 weeks) and long lead time to be fully productive.

PROBLEM

Is there a way to improve recruiting techniques to identify potential hires that would perform like the existing top quartile sales staff?

METHOD

- 100 inbound and outbound sales consultants tested. The organisation identified:
- 30-35 Top performers
- 10-15 Low performers
- 30-35 Others

RESULTS

- Top performer algorithm proven with 95% accuracy over the testing period
- Recruitment costs reduced by 63%

NEUROSCIENCE

- Most job profiling looks for skills / behaviours, but leave it to the assessor to make assumptions about the fit of the candidate to the role
- Talent Blueprinting © directly assesses individuals to a very specific role to be performed
- 95% of how humans perform is subconscious, yet interviews are predominantly a conscious exercise. Talent Blueprints © assess the subconscious fit of an individual to a role
- In the case study above, an individual, who's previous role was a bricklayer, and scored a green traffic light in the testing has performed very well since hired. Another candidate with a great resume was rated with a red traffic light, but was hired anyway. The red light candidate subsequently left the team due to underperformance.

INTERNAL CONSULTING GROUP 2013 KNOWLEDGE AREA REVIEW – COMMERCIAL IN CONFIDENCE

PRODUCT SAMPLE: LEAD CONVERSION BEST PRACTICES IN HEALTH INSURANCE (total of 164 pages)

KAR 022 is a companion resource to our monthly global periodical The Insights Review (TIR), deeper full dives on a specific topic – our Certified Case Study (CCS) and DKS – unique highly distilled synthesis of the newest thinking in an industry, sub sector or function

To purchase this KAR, contact your preferred ICG affiliate or local ICG office.

The KAR022 (Knowledge Area Review) on Lead Conversion Best Practices in Health Insurance is a document containing information rich slides which comprehensively describe the major trends around lead conversion in Health Insurance and is certified by ICG to be based on publicly and externally sourced information only, together with the authors industry insights.

It comprises 164 pages of power point slides that contain:

- A peerless synthesis of available information (public sources, applied science journals, research databases, public company records)
- Uniquely blends knowledge and insights from across the consulting industry, large and specialist, avoiding bias and NIH (not invented here) issues on your projects
- Several relevant case study descriptions, including background information and key insights
- Several frameworks describing the trends in Health Insurance.

Executive Summary (1/2)

We have summarised the key insights for each driver of Lead Conversion Best Practices in Health Insurance

SUMMARY

Industry Dynamics

Several key industry characteristics, innovations and trends at play:

- Approximately 50% of Australians hold Private Health Insurance and overall spend levels are increasing
- Other trends include consolidation, margin pressure and impact of technology
- On consolidation, not-for-profit and mutual health insurers are gaining steam to take on the 'Big 2'
- Health Insurer capabilities need to evolve to reflect 'Retail' lessons learned (e.g. multi-channel, service focus)
- Innovation in business models will also be required as competition intensifies and technology-driven disruption becomes more prevalent
- Growth of corporate wellness programs is driven by a number of key factors
- The convergence of health and wealth is another powerful trend at play

Strategic Themes

Multi-channel being embraced by more and more insurers

- Consumers move through a journey that involves gathering information, quoting and purchasing
- The above covers multiple channels, often multiple times each, in ways that differ from historical behaviours (becoming less linear)
- Complex products are difficult for self-directed customers to engage with
- Increasing shift towards multi-channel is seen in other industries (e.g. telco, retail and technology)

Customer Centricity & the Customer Journey is another critical strategic theme

- Insurers (health, life) typically struggle to deliver experiences that gain customer trust; fragmented operation models are often the culprit
- Recovery after a poor experience can be a critical turning point for customer loyalty
- Bupa is doing a good job by leveraging new store formats, digital experiences and overall customer experience; health.com.au is another example

Cross-sell is the third strategic theme

- Teachers Health & nib are good examples where this is gaining traction

Lead Generation & Quality

- Demographic, product and channel segmentation methodologies tend to prevail in the health insurance industry in Australia and the US
- Some Health Insurers are adopting more sophisticated segmentation methods to gain deeper insights into their existing and potential plan members, including the use of attitudinal customer segmentation
- Advertising spend in the Australian health insurance industry continues to increase
- Content Marketing is another key lever to pull when driving lead generation
- Bupa is a pioneer in leveraging paid search as a key medium in driving product awareness and sales leads, then using analytics to optimise
- Channel Integration is another key lever (e.g. email, social, blogs, SEO, mobile etc.)

Executive Summary (2/2)

We have summarised the key insights for each driver of Lead Conversion Best Practices in Health Insurance

SUMMARY

Sales Process

- Six channels typically used by Australian Health Insurers are: retail locations, telephone, online, comparison websites, corporate distribution and partnerships
- Retail locations still drive 1/3 of sales; however are in decline overall (and typically used to focus on an older demographic)
- The internet is increasingly becoming a trusted source of advice
- Integrating the middle office process for multi-product customers eliminates a lot of their frustrations
- Consumers still use the phone as the channel they rely on most when they have queries, particularly when trying to resolve complex problems
- B2B marketers typically use telemarketing for lead generation
- Some research suggests that field sales teams will gradually be replaced by inside sales forces; on the other hand, Teachers Health employs a BDM team
- Have identified a number of sales effectiveness best practices (e.g. authentic storytelling, use of content) and also the importance of A/B testing

Human Capital

- As organizations transform to adopt customer experience management (CEM) into their business, ~~the~~ contact center agents need both the will and the skill to serve as an engine for CEM (e.g. Teachers Health provides such an award winning experience)
- In some instances, telesales capabilities are being lifted (e.g. qualified bankers on the phone) to drive more of a revenue generation agenda
- Health Insurers must invest in developing advanced retail capabilities to effectively respond to rising consumer expectations
- Within Product and Pricing, consumer and market analytics were identified as priority investment areas
- Top Consumer Experience investments include segmentation analytics and the use of technology to enhance consumer touch points
- Insurers plan to invest in Distribution, Enrollment, and Renewal capabilities to leverage deeper consumer understanding for channel design and strengthen retention
- Branding and Marketing investments are planned in personalized, analytics-driven marketing, and building a strong digital presence

Enabling Technologies

- By 2017 a new breed of customer will dominate, the so called “digital natives”
- Digital is revolutionizing consumers’ relationships with insurance providers, who in response seek to fuse the best of both digital and physical worlds
- Technology investments in cost transparency, mobility, and CRM will likely become table stakes in the future; however, data analytics, consumer engagement tools and “single source of truth” data are emerging differentiators
- Social and Mobile are key technological levers impacting the customer experience
- ‘Gamification’ is rapidly emerging as important mechanism to improve customer engagement in health insurance
- Sales Enablement & Marketing Automation tools (e.g. live chat, inbound marketing, automation) are becoming increasingly important in lead quality

Metrics / Measurement

- Annual survey (172 companies with \$0.5 - \$15bn revenue) was leveraged to test the claim that the act of selling was getting more difficult
- Ability to convert the sales pipeline continues to decline
- While there has generally been an increase in sales lead progressing to calls / appointments, the ability to convert those interactions to offers and to convert those offers to sales has dropped significantly since 11/12
- Retention (lapse and churn) is an industry problem
- Customer Lifetime Value can be a useful metric by which to define and measure success

KAR 022 – Lead Conversion Best Practices in Health Insurance

The framework below outlines 7 key drivers for optimal lead conversion

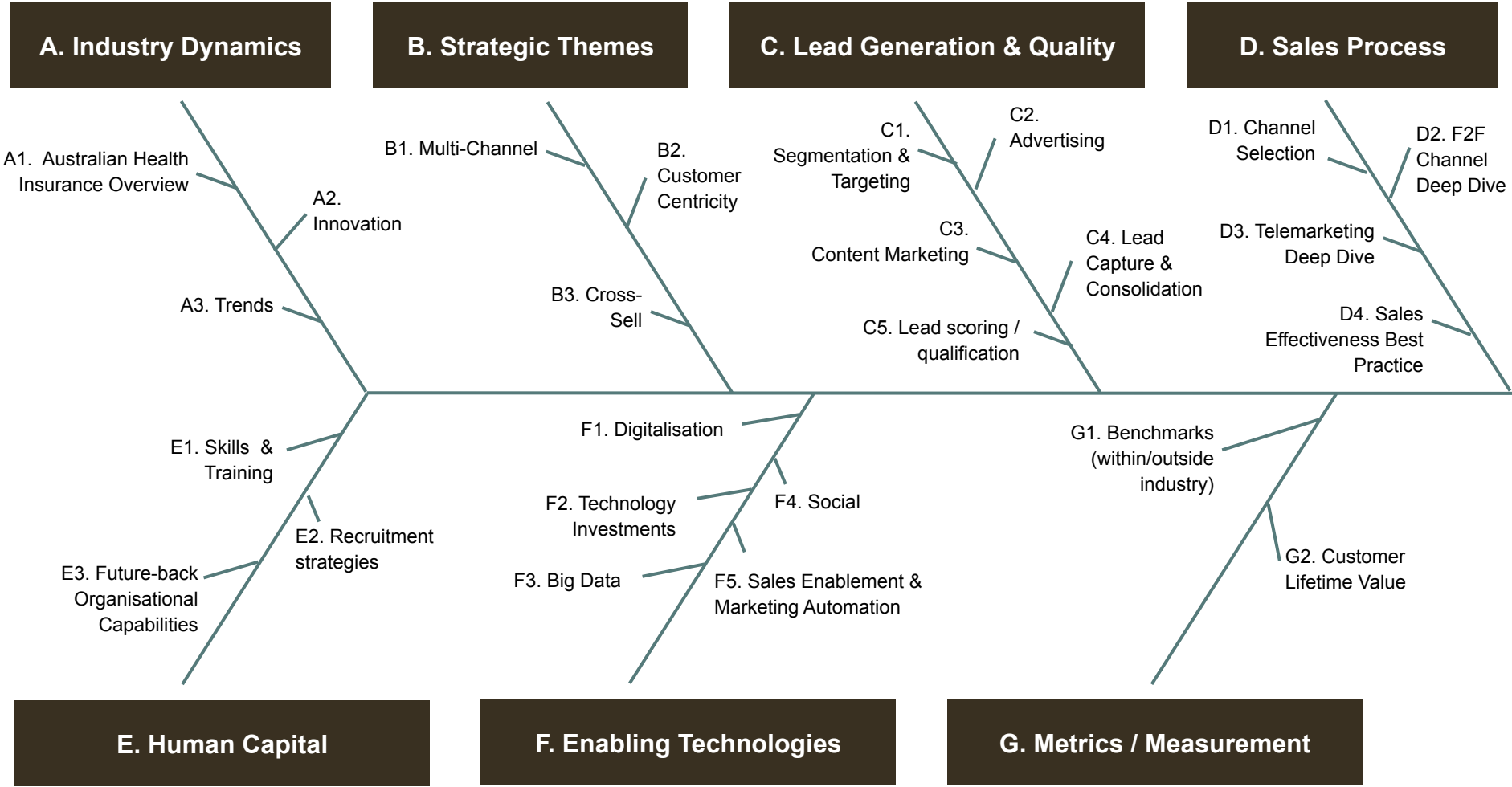
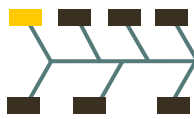


Table of Contents

Section	Component	Description
1	Executive Summary	Overview of our research and findings
2	Lead Conversion Best Practices in Health Insurance	A global review of global best practices in lead conversion
A	Industry Dynamics	<p>For each dimension:</p> <ul style="list-style-type: none"> • The key thinking from consulting firms, journals, and academia as to what constitutes best practice • Examples of this best practice deployed across different firms and industries.
B	Strategic Themes	
C	Lead Generation & Quality	
D	Sales Process	
E	Human Capital	
F	Enabling Technologies	
G	Metrics / Measurement	
3	Case Studies	Selection of best practices cases around the globe
4	Knowledge Sources	Relevant published materials for further reading

Sample 1 - Australian Health Insurance Overview – Consolidation Underway

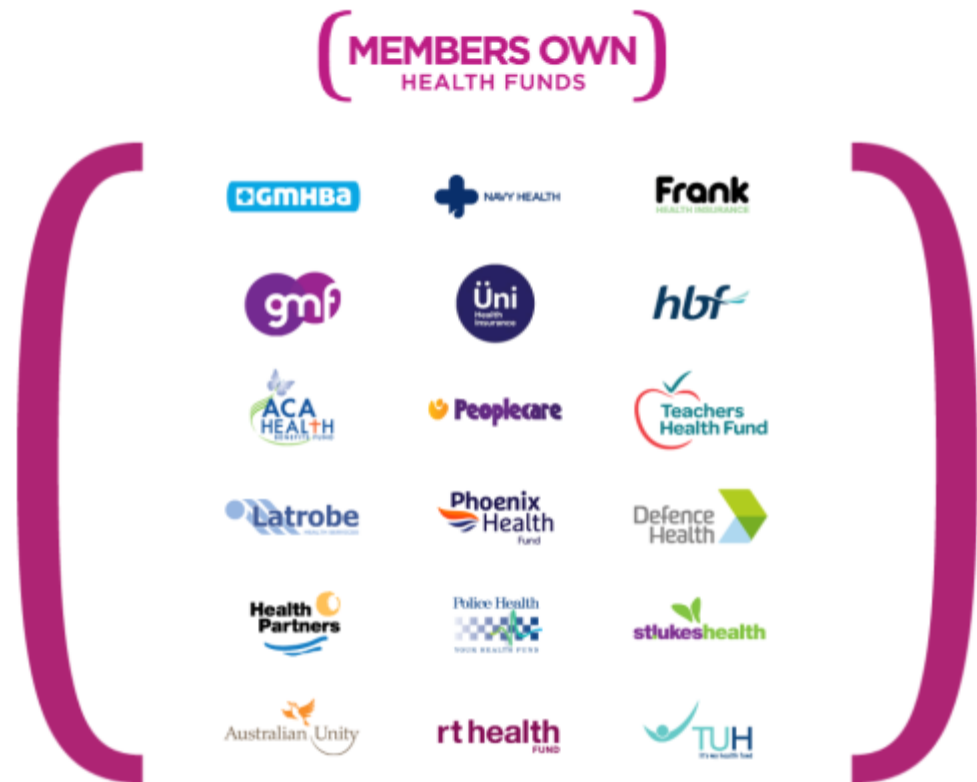


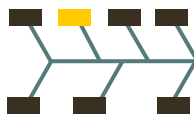
Fifteen not-for-profit and mutual health funds have come together to launch Members Own Health Funds

KEY POINTS

- Not-for-profit and mutual health funds, making up more than a third of funds in the Australian health insurance market, have joined forces to tackle the 'big two' - Medibank Private and BUPA - head-on
- Fifteen not-for-profit and mutual health funds (representing 18 brands) have come together to launch Members Own Health Funds
- Over the past five years, on average Members Own health funds have collectively given more back to their members than the comparative group of Medibank Private, BUPA, NIB and AHM collectively
- Members Own health funds have collectively delivered better service than the comparative group collectively
- Higher member satisfaction and loyalty, and dramatically lower relative rates of member complaints to the Ombudsman than the comparative group collectively

MEMBERS OWN HEALTH FUNDS INCLUDE





Sample 2 - Multi-Channel – There has been a significant transformation to multiple channels in the buyers' search for information

The pace of change in the way we live, learn and shop is accelerating. There has been a massive transformation between generations in the last ten years in how they search for information. The key tools for information gathering of the old generation was phone, mail, newspaper and TV. Now there is an explosion of multiple channels for buyer information gathering.

OLD GENERATION GENERALISED INFORMATION GATHERING



NEW GENERATION MULTI-CHANNEL PERSONALISED INFORMATION GATHERING



Sample 3 - Customer Centricity

Bupa is focusing on customer centricity with its new stores and digital platform

KEY POINTS

- The introduction of Net Promoter Score is helping the health insurance business better understand and consistently meet customer expectations.
- In the first year of measurement our score increased by around four percentage points
- This increase has been underpinned by a number of initiatives such as 'Find a Provider' and 'Effective Payment Options', which have improved the customer experience, made claiming simpler and enabled customers to make more informed choices in health service providers.
- The new customer centric designed digital platform (different applications) and stores helped increasing the score

CUSTOMER-CENTRED STORES



“Our new design offers an interactive and inviting environment where customers feel welcome and enjoy personalised service and advice.”

Nigel Ivanovic,
National In-store Experience and Operations
Manager, Bupa Australia

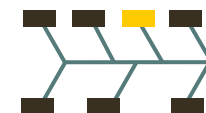


CUSTOMER-CENTRED STORES LEADING THE WAY

In 2013, our first 'Health Experience' store won a Melbourne Design Award for Best Interior Design (Retail). The store is the first of its kind in Australia. The retail space brings under one roof a range of services, including an optical store, corporate medical suite, consultation rooms, an experiential zone and health-related merchandise.

Sample 4 - Lead Capture at Bupa

Bupa is a pioneer in leveraging paid search as a key medium in driving product awareness and sales leads, then using analytics to optimise



LEVERAGING ANALYTICS

- Bupa spent the past year building a deeper understanding of the reasons why consumers choose to leave using data and research
- Used data to develop firmer segment-level propositions for each of Bupa's target markets, such as youth and elderly consumers
- Uncovered sizable insights and pieces of information from which to draw conclusions on key issues, e.g. improving satisfaction, increasing customer service, putting something new into the market, or an untapped opportunity
- Business units worked with analytics team in a client-supplier model; analysts then fed their data outputs into the strategy team, responsible for collating those into actionable insights
- Bupa ultimately developed a strategy around multi-digital channels for a simplified customer conversion funnel (awareness, interest and purchase), with the aim to not only engage a much broader base of audience, who are scattered across channels, but also influence customer preference along the funnel to increase the likelihood to convert

KEY STRATEGIC ACTIONS

Wider reach of audience

More relevant messaging to cater to channel-specific behaviour

Cost efficiency

Create a sense of trustworthiness

Long-tail strategy and in-depth keyword diagnosis

Creative adaptation to mobile environment

Wide selection of local forums and customised topics



Internal Consulting Group

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