

CREATING A BETTER CUSTOMER CALL EXPERIENCE IN TOTAL LOSS CLAIMS

BE*works* CASE STUDIES / FINANCIAL SERVICES



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Background

Customer experience can make or break a relationship between a brand and its customers.

Take this example.

It's your first time getting a cavity filled and you're at the dentist's office waiting for your name to be called by the receptionist. The dental hygienist says it will be a simple procedure, so you're not worried. Once you're called in, you open your mouth wide while the dentist pokes your teeth with metal instruments and tries to make small talk with you even though he knows you can't really respond with all the apparatus in your mouth.

Suddenly, out of the corner of your eye, you see the dentist pull out a syringe the size of a wine bottle. "Let's get that cavity filled," he says calmly, but you are far from calm. It's your very first time getting a cavity filled, and you have so many questions!

For starters, what's this about a needle?! Will it hurt? How long will it take? How much will it cost? You realize you should have filled in the blanks before walking into the office that day or asked that nice receptionist to explain the procedure. As you walk back to your car with a numb mouth and a mini-toothpaste-filled goody bag, you tell yourself that you won't be coming back to see *that* dentist again after such a stressful experience.

We've all been in a situation in which we've had a negative customer experience, be it at the dentist or a long customer call wait. To understand why customer relationships turn out badly, we need to understand them in context. In cases where uncertainty, fear, anxiety, and stress are prevalent, such as getting a cavity filled or filing a car theft report, customer representatives can benefit from being clear and transparent about what the process will look like. Being sympathetic and communicating relevant information about the steps in a given process can reap significant benefits, such as creating a better customer experience, increasing employee well-being, and improving a brand's overall image.

When it comes to customer experience, going above and beyond can improve customer retention and brand reputation. In fact, studies find that customers are willing to pay 58% more for a brand or service that provides good customer experience¹ and 32% of customers say they will walk away from a brand they love after just one bad experience.²

With the advent of the internet, it is now easier for customers to switch from one brand to another, posing a threat to customer loyalty. It is through customer experience that brands can distinguish themselves and truly resonate with the customer. Yet providing an exceptional customer experience that is memorable

1 Hyken, S. (2022, April 24). 58% of customers will pay more for better customer service. *Forbes*. <https://www.forbes.com/sites/shephyken/2022/04/24/fifty-eight-percent-of-customers-will-pay-more-for-better-customer-service/?sh=2ce4cce613f1>

2 Puthiyamadham, T. A. (2018). Experience is everything: Here's how to get it right. *PwC*. <https://www.pwc.com/us/en/zz-test/assets/pwc-consumer-intelligence-series-customer-experience.pdf>

and evokes positive reactions takes more than just being nice over the phone—it requires an in-depth understanding of a company’s particular client subset and their **emotional** needs. To develop a successful customer approach strategy, companies must put themselves in their customers’ shoes.

Creating a symbiotic relationship between advisor and customer can improve employee well-being while increasing profits too. As most customer service-centered companies know, more tenured employees tend to generate more positive customer service and higher sales; investing in activities that increase retention should therefore be a key priority. One study by *Harvard Business Review* found that improving employee experience could increase an average store’s profit from \$41/hour per person worked to \$59/hour.³ There are many benefits tied to improved customer experience, but central to the potential for boundless business growth is understanding the customer as a human.



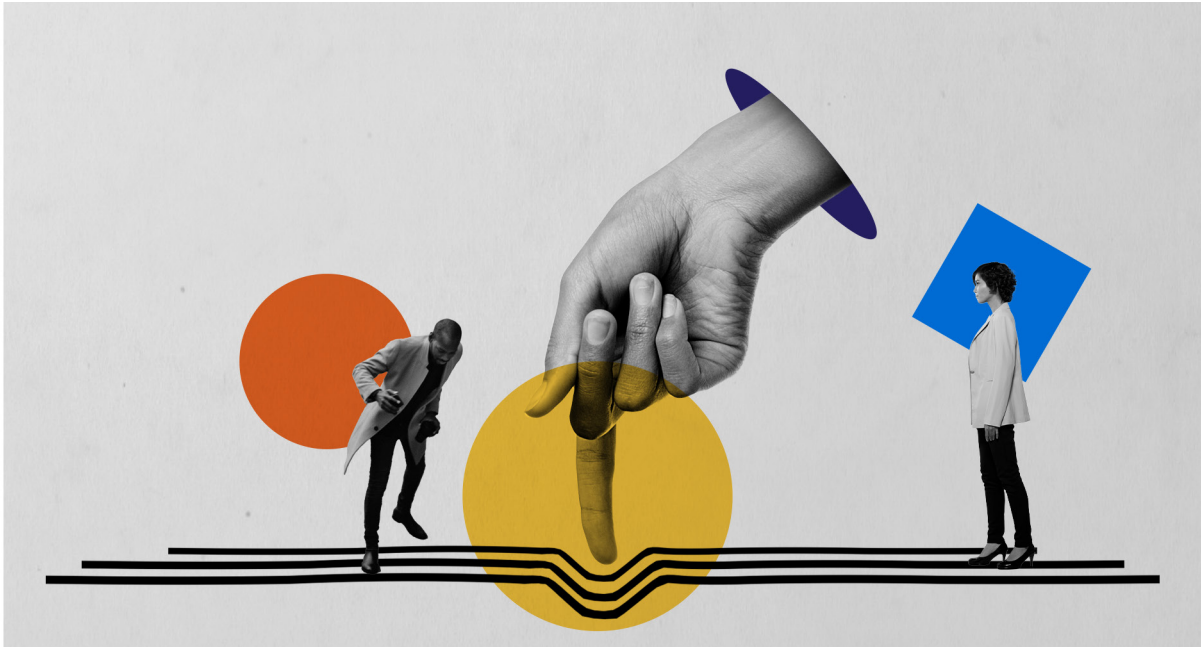
3 Gautier, K., Bova, T., Chen, K., & Munasinghe, L. (2022, March 22). Research: Experience impacts your bottom line. *Harvard Business Review*. <https://hbr.org/2022/03/research-how-employee-experience-impacts-your-bottom-line>

Challenge

Our client, a North American insurance company providing auto, home, and life insurance to customers, wanted to get to the root of the large number of phone calls its workforce was managing. They were concerned by the multiple calls they were receiving from customers regarding their total loss auto claims. They were also alarmed by the high number of customers rejecting the initial settlement offer for these claims. Most were distrustful of the valuation process going into the first offer and attempted to get a better deal through negotiation, which was a misplaced effort since the insurance company itself does not handle the valuation process. Instead, an independent third party handles the valuations, which often change little, if at all, despite customers' expectations.

This challenge was causing frustration for customers and putting undue stress on claims advisors. Our client was interested in finding ways to make the claims process smoother and to correct customers' expectations so that the first offer was more likely to be accepted.





Our Approach

We tackled this challenge by understanding *how* these calls were being conducted and listening to *what* was being said, to discover behavioral patterns and possible points of conflict or misunderstanding for both advisors and customers.

During our primary research, we discovered two main barriers to the successful acceptance of first offers by customers.

1. There was a lack of knowledge about the total loss claims process.

Filing a total loss claim is a first-time experience for most customers, and filing one shortly after being in a car accident or after experiencing extreme damage/theft of one's vehicle is an especially daunting task.

We found that customers had blind spots about the claims process and that these gaps were not addressed in a clear way. Blind spots included lack of knowledge about:

- the steps in the claims process
- the length of time from claim to settlement offer
- the advisor's role
- the customer's role

And perhaps most importantly, *how the settlement offer is calculated and by whom.*

2. Customers were highly distrustful of insurance companies.

People tend to be skeptical about insurance companies in the best of times. Lacking an understanding of the claims process only compounded this issue, meaning that many of the customers who called were defensive from the get-go, with the intention to fight for a higher second offer, which would be denied by default.

Solution

To create a better total loss claims experience for both customers and advisors, and to increase the first offer acceptance rate, we focused on three main pillars for improvement.

1. **Set expectations early about the claims experience.**
2. **Provide transparency on how the offer is calculated and by whom.**
3. **Create common goals to get the right information for the third-party appraiser.**

To create a better total loss claims experience for both customers and advisors, BEworks developed a new and improved call guide for claims advisors to enhance customer experience, and we trained advisors on how best to apply it. We created a set of tailored messages that claims advisors could use in their conversations with customers. We trained advisors to use these messages and provided materials to help them integrate evidence-based psychological tactics into their calls. The tactics we integrated into the customer call guide included:

Setting expectations through operational transparency

Before creating the guide, we ran a study to find out what the exact gaps in information were so that advisors could set clear expectations with customers early in the claims process. This guarded against advisors providing information that customers already had, as opposed to information that was missing and contributing to the problem.

To effectively communicate the operations process, we leveraged the labor illusion, a psychological phenomenon in which people view a product or service more favorably when they are aware of the effort put into it.⁴

Creating pricing transparency

In order for customers to have more confidence in the valuation process and improve their concept of fairness, we provided detailed information in our call guide about the inputs and formulas used to calculate the offer amount. We also made clear that the offer was being prepared by a third party, not the insurance company itself. Additionally, we provided information on what specific factors do and do not contribute to the valuation.

Implementing shared goals

In the guide, we took care in choosing language that emphasized that the customer and the claims advisor were a *team working together* toward a common goal. This goal was to provide the third-party valuator with accurate information regarding the customer's vehicle and insurance policy to ensure a smoother, faster collections process.



4 Buell, R. & Norton, M. (2011). The labor illusion: How operational transparency increases perceived value. *Management Science*, 57(9), 1564–1579. <https://www.hbs.edu/faculty/Pages/item.aspx?num=40158#:~:text=Conventional%20wisdom%20and%20operations%20theory,prefer%20websites%20with%20longer%20waits>

Did it work?

We ran a field experiment with the company's claims advisors in real life, to compare the claims processing time and acceptance rate of first offers when advisors used our BEworks customer call guide versus when they did not.

We found that the new and improved BEworks call guide helped advisors and customers complete the claims process faster, and that customers were more likely to accept the first offer (an increase of 1.2%). In the instances in which customers did see their initial offers adjusted, those who interacted with advisors using the new call guide had a better understanding of the claims process and accepted adjustments of, on average, \$800 less than customers who did not have the same level of transparency in the claims process.



Real-world Applications

Customer experience is fundamentally about relationships. And successful relationships are built on mutual understanding, which becomes all the more difficult when customers are facing a new and stressful life circumstance, such as an insurance claim. By integrating evidence-based psychological approaches in ways that are unique to your company and testing them out in the real world, BEworks can help you succeed with your customer experience goals.

Our integrative approach allows companies to determine what the missing ingredients are in the communication between their workforces and customers, in order to develop fruitful and enduring relationships. This ultimately has meaningful business impacts, such as shortening call *times*, lowering call *volumes*, and reducing call *backs*. Companies with healthy customer experiences will also improve their employee experiences, in the form of greater satisfaction, productivity, and retention.

Interested in how BEworks can help you?

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