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Aon fights churn with 'customer experience' software

Insurance firm focuses retention strategy around policy renewals

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by Vawn Himmelsbach



Insurance broker [Aon Reed Stenhouse](#) didn't know if its customers were happy, so it turned to CEM - or customer experience management - to find out.

In today's world, a lot of companies look and sound the same, said Christine Tang, director of marketing with [ResponseTek](#), which offered its CEM software to Aon. "The smarter ones talk about being customer-centric organizations," she said. "The question is, how do they take it to the next step?"

The concept behind CEM is to monitor customer touch points and interactions to build loyalty and improve retention. It also ensures that customer service representatives are consistent in what they tell the customer.

"Aon services very high-end clients and they want to make sure they keep them," said Tang.

The insurance business is cyclical, with hard and soft markets. A few years ago, Aon Reed Stenhouse, which provides personal and commercial insurance as well as risk management solutions, was coming off a hard market.

"We knew when that shift started to (happen), premiums were going to come down and competition was going to pick up," said David Cliche, national manager of communications and marketing with Aon Reed Stenhouse, the Canadian arm of Aon, one of North America's top three insurance brokerages with 500 offices in 120 countries.

The company started to address the issue of client retention. "We already had processes in place but we found we weren't getting as close to our customers as we needed to," he said. "We didn't know our customers as well as we thought."

Aon's most important interaction with a client is during its annual policy renewal. But at that point, it's often too late to fix problems. Aon wanted the ability to pick up on trends and even look at a particular industry segment before problems had a chance to escalate.

It signed up Vancouver-based ResponseTek to provide CEM as a hosted solution. During a pilot, Aon was able to save three or four accounts that were on their way out. It launched the solution in November 2004, and is now providing CEM to all of its mid-size and large clients.

While CRM is about collecting customer data for segmentation or stratification, said Cliche, CEM provides a much straighter line to a company's customer base.

"One of the differences between a CRM and CEM approach (is) you're not taking a once-a-year snapshot of what you think your clients are thinking," he said. "You're actually letting your customers drive that and it's very specific to a particular experience."

CRM is a company's ability to look at its client base, but at the end of the day they don't really know if their clients are satisfied with their services, said Tang. "So when they're trying to calculate with all of their customer intelligence tools the likelihood that you'll give them repeat business, it's really a crap shoot."

Aon sends a survey to clients 90 days in advance of their renewal, which allows them to comment on Aon's service levels, product knowledge and communication skills. Aon then follows up 30 days after the renewal.

ResponseTek also provides dashboards and trend analysis, which allow managers to view customer experiences on a daily basis across segments and geography. A red/green alerting system flags dissatisfied or "at risk" customers and newly identified problems.

"You can respond to an individual immediately and track all the comments," said Tang. "The whole point is to help companies reduce churn - it's more cost-effective to keep customers than it is to acquire new customers." At the end of the day, churn affects a company's bottom line, she added.

"It's paramount we don't take for granted those existing relationships," said Cliche. Aon is now looking at other areas of its business that can take advantage of CEM, such as its claims and sales departments, as well as its own employee base.

A lot of companies are starting to find value with CRM, said Tang. "But in a world where everyone is trying to be more customer-centric, do you really know how happy your clients are?" Involve your customers by listening to them, she said, and integrate their insights into your business strategy.

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