MARKETS

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How Liquid Expectations Shape the Customer Experience

Many of us regularly hear the premise that customers' experiences in any product category shape their expectations for interactions with all other types of companies. Typically, the examples cited to support this notion include the likes of Amazon® and Uber. If Amazon can recommend books I might like to read and provide next-day delivery of any product, shouldn't others I do business with be able to do the same? If Uber can make paying for their services totally seamless (not even requiring me to take my wallet out of my pocket), why wouldn't I expect other services to handle payments as easily?

In an effort to understand more about these changing expectations and their potential implications for financial services companies, I learned there actually is a term for them, coined by Accenture.[1] *Liquid expectations* represents the idea that customer experiences seep from one industry to totally different industries. Accenture suggests that this drastically changes the competitive landscape. They contend that companies' direct competitors, those that offer similar products and services, are only one consideration when formulating competitive strategy. In addition, today's companies need to attend to experiential competitors (those offering experiences that effectively replace theirs) and perceptual competitors (those providing experiences that shape expectations for all product categories).

Consumer expectations have changed in myriad ways. For example, today people expect to be able to transact business quickly, when they want (24/7 access), how they want (omnichannel), in a personalized and transparent manner. For financial services companies, this "raising of the bar" certainly has created some considerable challenges.

Consumers' expectations for transparency provide an interesting example of how liquid expectations are touching our industry. The question: What might a pizza company (Domino's®) and a life carrier have in common? In recent years, the company has reinvented itself — transitioning from the target of bad-food jokes (with a stock price of less than $9 per share in 2010) to the second-largest pizza chain in the world (with a current share price of more than $210).

A key component of this success is staying closely in tune with customers. One franchisee, realizing a significant percentage of customers called his shop to confirm the status of their online order, developed the Domino's Tracker®. With the tracker, customers can log into an app and follow the status of their pizza at every step (order placed, prepped, baked, boxed, and delivered). Needless to say, the Pizza Tracker has been hugely popular — largely because it makes the process of ordering pizza more transparent.

What does any of this have to do with a life insurance policy? Some executives in our industry — at Protective Life — actually drew an analogy between the process of making a pizza and the process of issuing a life policy. It's no secret that a perpetual challenge for the life industry is keeping applicants informed of their status.

As a result of this thinking and an interest in optimizing the customer experience, the company introduced the Protective Application Tracker, which they describe on their website as follows:

> *Protective Application Tracker allows you to view the progress of your life insurance application from the initial application submission through the decision. Once your application is approved and active, you can use the same user registration to manage your policy via the Online Customer Service portal.*

I have no doubt that customer expectations will continue to evolve — and continue to raise the bar for all companies. As insurance carriers strive to provide contemporary and positive experiences, they must remember to monitor those perceptual competitors across all industries. They will likely play a major role in shaping the future for all of us.

[1] *The Era of Living Services*, Fjord and Accenture Digital, 2015.