

I want it and I want it Now!

*How 'Buy Now' is likely to influence the future of placing
Protection Business*

'Buy Now' – The Customer Experience

It was 2004 and it had been a tough few months, it was time for a break, to get away from it all, just a couple of days should do – it was just a case of finding a destination, somewhere of interest, lively yet relaxing, so Venice it was.

Getting the flight was straightforward, there were a number of low cost airlines to choose from and we were able to purchase tickets on-line in minutes with 'speedy boarding' to avoid any unwanted aggravation. So it was now simply a case of finding a three or four star hotel, ideally near a canal. We went on-line and located two or three hotels and having picked our favourite it was now just a matter of entering our details and preferences - arrival and departure dates, en-suite bedroom, half board with canal view....

*Please press **confirm** to confirm booking request*

I pressed **confirm**

'Thank you for your request' we will check on availability and process your request in the next 24 to 48 hours'. We will inform you by e-mail whether your request has been successful. If it is we will automatically deduct from your credit card.

48 hours! But I need to know now, what if the room of choice is not available, worse still what if the hotel is full? I'll try another hotel – but I can't, they might take a payment and I don't need two hotels.

....48 hours later an e-mail returns.

We are please to inform you that your room has been confirmed

Fantastic news, my patience has paid off

...we must however warn you that building work is taking place

Building work?

..... the Building work is away from the hotel

Phew, that sounds OK

.....the canals are being dredged and you may experience an unpleasant odourand there will be no water in the canal.

What! I go back on-line

*Please press **confirm** to cancel booking request, please be aware a booking fee may be charged.*

... after 24 hours the request is cancelled – ten days to go, time-off booked, flights booked, car park booked, all we need is a roof over our heads. Time to try the second choice hotel,

*Please press **confirm** to confirm booking request*

.....24 hours later e-mail returns

Unfortunately all rooms have now been taken in this hotel

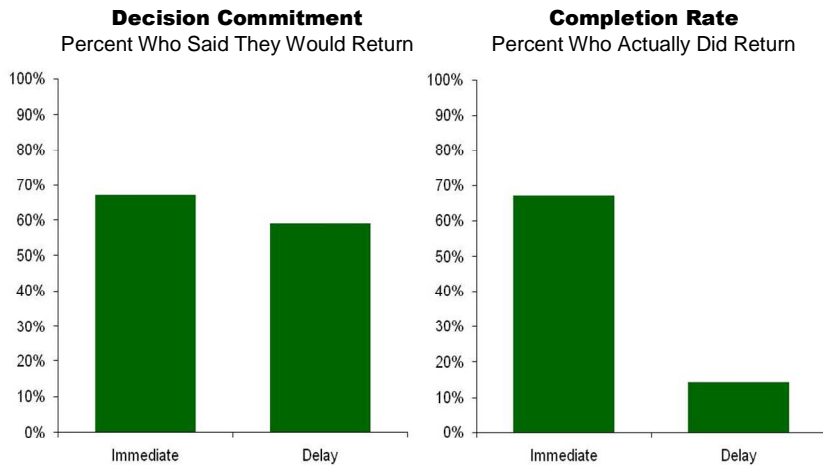
We did eventually find a hotel – it was booked over the phone!

Fortunately booking hotel accommodation has improved over the last couple of years but we cannot escape the fact that our customers are becoming more demanding – they are expecting us to serve them honestly, accurately and at speed....and why shouldn't they, because as customers ourselves this is how we expect to be served.

'Buy Now' – the Lost Opportunity

Earlier this year AXA UK carried out research in to buyer behaviour. A sample of volunteers were given the terms of 5 credit cards after which they had to a) decide if they wanted to switch to one of the 5 cards and if so b) complete the 'switch' transaction. The sample were split into two groups, the first group (the 'buy now' group) were able to conclude the transaction immediately, the second group (the 'delayed' group) were forced into a 4 hour delay before being allowed to complete the transaction.

SAYING ISN'T DOING: PEOPLE WHO COMMIT TO TAKING FUTURE ACTION USUALLY DON'T THEN FOLLOW THROUGH



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Of those who could 'Buy Now' 69% of the sample made the decision to switch and all 69% concluded the transaction immediately. Of those in the 'delayed' group only 60% made the decision to switch and after a 4 hour delay only one quarter of the original 60% went on to conclude the transaction, i.e. less than 15% compared with 69% from the 'buy now' group - an opportunity cost of over 75%.

'Buy Now' in the Protection Market

So how could 'Buy Now' work at Point of Sale in the Protection Market?

For those customers and advisers looking to place business with immediate effect we need to look at alternative ways that will allow the needs of the customer to be met. So how can we avoid the aggravation from the delays in seeking further evidence for those customers who genuinely want to 'Buy Now'.

Traditionally as providers we tend to underwrite the terms requested originally by the customer or the adviser working on their behalf. From a 'Buy Now' perspective this is fine if the case is likely to be clean or the sum assured low but otherwise this could be an issue. The good news is there are a number of steps Life Companies can take to increase Business by improving 'Buy Now' opportunities at Point of Sale.

These include:-

- For rated cases allowing the Customer or their Advisers the choice of accepting ratings and/or exclusions, to best suit the customer's needs.

- Allowing Customers or their Advisers to amend the benefit basis e.g. sum assured, deferment period, without the need for further underwriting, to meet premium or cover expectations.
- Give the customer the option of by-passing underwriting altogether by offering alternative benefit bases that would allow the case to go on risk immediately.

For Income Protection Business in particular 'Buy Now' becomes a real opportunity so do not be surprised to see the IP specialists moving quickly in this area.

'Buy Now' – A Note of Caution

The key to making 'Buy Now' work is ensuring decision quality is not compromised, given the decision is being made in a shorter time span. In fact the AXA research showed that whilst there was some decision degradation this was not significant.

This decision risk can be mitigated by providing our customers and their advisers with all information available (without compromising customer confidentiality) to enable an informed decision to be made.

It has been questioned whether the 'Buy Now' concept is TCF as it allows bases and terms to be changed post Point of Sale (and Manual) underwriting assessment and therefore result in a change to the original recommendation. Yet this happens today each time a premium is loaded, an exclusion applied or a sum assured reduced. Yes 'Buy Now' means the advice process continues beyond underwriting process, but then again this has always been the case.

As a customer, I know I prefer to be offered choice rather than having an outcome imposed on me, and if this choice allows me or my adviser to 'buy' the cover that best meets my needs, this is what I want.

The Future of 'Buy Now'

As a concept 'Buy Now' is already in our lives, whether it's booking a flight, hiring a car, or buying a Wii for Christmas.

So the question is when will 'Buy Now' arrive in our industry?

Perhaps sooner than we think. There are solutions already on the market that offer a full range of 'Buy Now' capabilities and with 'Buy Now':-

- offering the Customer Choice
- allowing the Adviser to Advise
- and the provider the opportunity to increase business

'Buy Now' is not only here today, it's here to stay.