Mindtree

Welcome to possible

Social media analytics in the insurance industry

Introduction

Insurance is a high involvement product, as it is an expense. Consumers obtain information about insurance from advertisements, salespeople, family, friends, neighbors and acquaintances. They perceive little difference among brands. However, most buyers today have access to a more trusted experiential source of information in the form of social networking sites. Here, buyers share their brand experience, which is then accessible to a larger audience.

In the traditional contact-centered world, customers are routed to agents on the basis of their perceived business value, purchase history and status. Online social networks provide a larger platform to socialize and exchange information and opinions. This renders the traditional method of market segmentation almost meaningless. Social analytics integrate, analyze and enable enterprises to act on intelligence gathered from online conversations occurring across professional and consumer-generated media sites. It helps and enables enterprises to attribute online conversations to specific parts of their business. Enterprises can extract important insights, sentiments, hidden patterns, trends and unknown correlations from customer-centric conversations and proactively act upon them to drive business outcome.

This white paper aims at highlighting the need for social analytics in the insurance sector and some use cases where it can be applied.

To understand the need for social analytics we need to understand the social transformation journey of an enterprise.

Significant business potential linked to social media has been the catalyst for extensive experimentation and some notable implementations by leading insurers. However, social transformation in the insurance sector is at a nascent stage. Enterprises in this sector predominantly use social media to improve brand awareness and presence, using them in some cases to address specific concerns before they go viral.

The progress towards realizing the full potential that social media holds for the industry is hindered by a set of challenges.

Insurers first try to determine how to track all online activity. While there are many tools for web analytics and social media tracking, the challenge is to determine what activity to track and how to track it in a holistic manner.
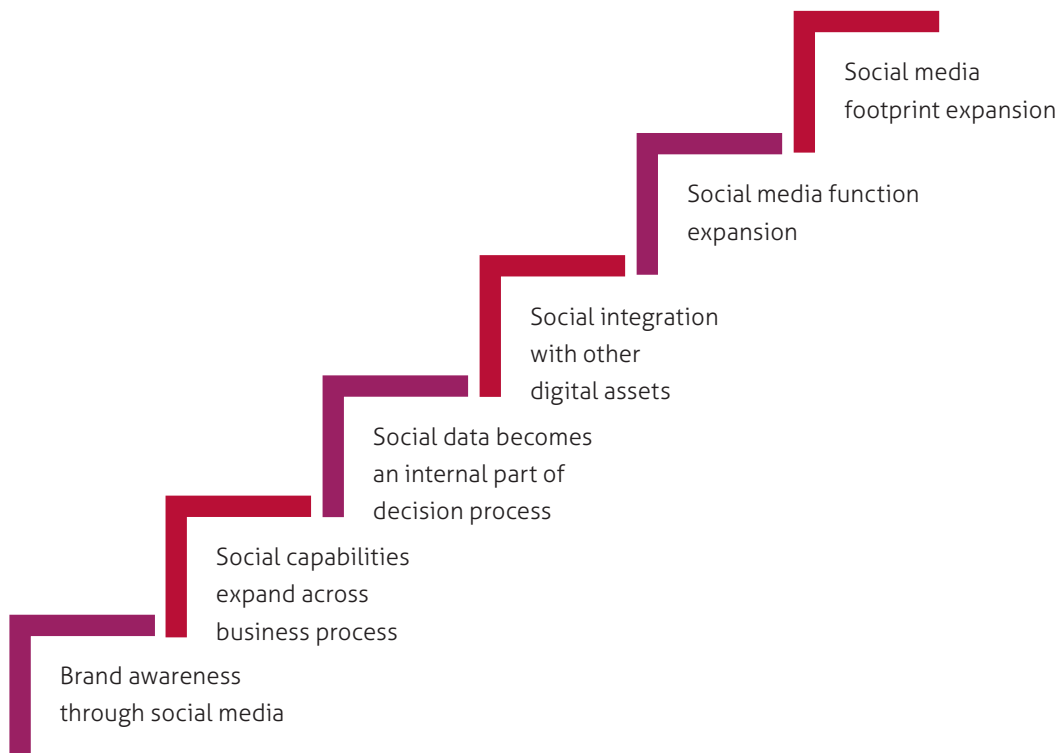

Figure 1: Social media spread.

When the insurers decide the activities to track, they must determine the KPIs to measure. It is useful to have many KPIs and frameworks, but they must be connected to the underlying business. Ultimately the challenge is defining and measuring the real value that social media can bring to the business.

The key for any insurance enterprise is to build a streamlined process for analyzing social media data and utilizing it for making strategic or tactical decisions. We propose the following process for analysis and decision making:
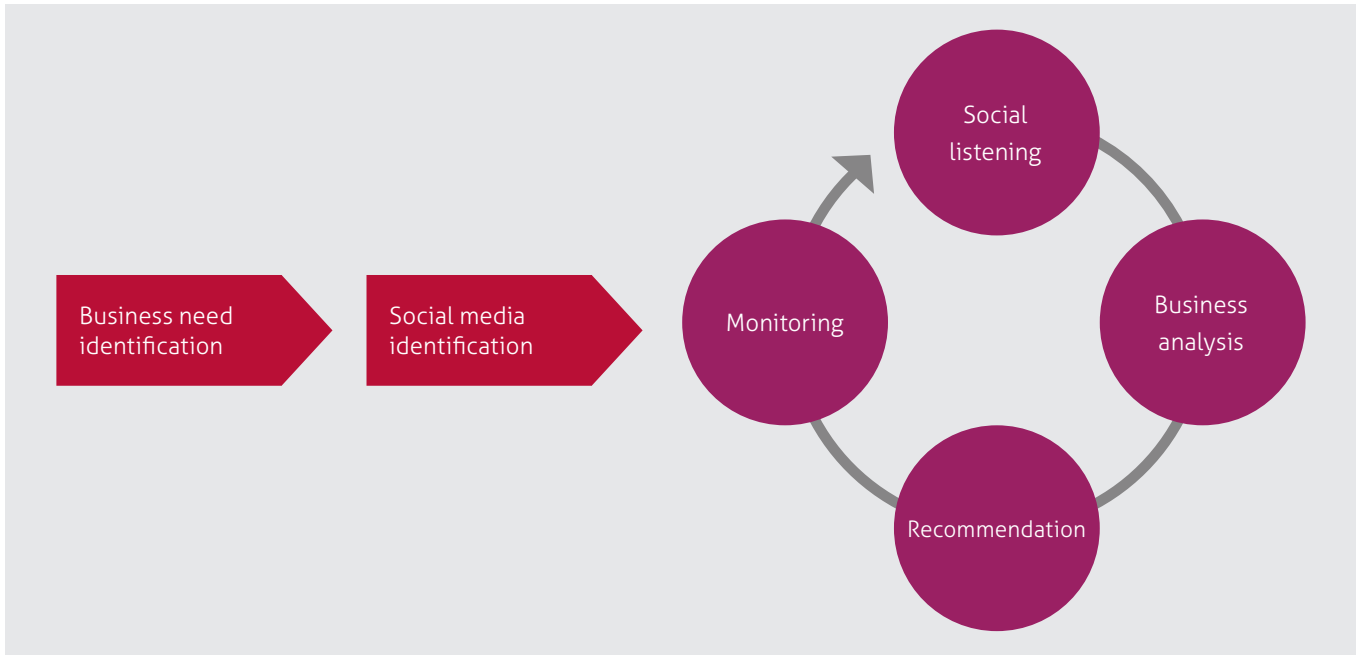

Figure 2: Social media strategy.

This process helps enterprises identify what they want from the various social media and how they can monitor and measure its success as a medium of communication.
The key areas of this process are:

Social listening
Listening is the essence, especially when one is monitoring social media. It even plays a role in public safety. The Department of Justice in the Australian state of Victoria, for example, monitors a portfolio of issues via social media, including water safety and bushfire preparedness.

Often enterprises fail to read the signals from social media, resulting in huge reputation / PR issues.

Social media analysis gives us key insights about:
- Positive or negative sentiments around the brand
- Loyal customers
- Customer complaints
- Competitor analysis

Business analysis

Predominantly, social media provides insights on consumer behavior, informing us of their likes, dislikes, problems, concerns and peer influences. Investing in this customer data and analyzing consumer behavior not only helps enterprises improve their communication and targeting, but also their profits. Social media analytics follows the lifecycle as shown in figure 3.

It is imperative for the business to understand where they would like to start and how they would like to use these insights. There are tools that analyze and collate social media to give us an overview of consumer sentiments, the buzz round the products and so on. Yet, to actually use the data effectively for actual business recommendations, focused KPIs are required. The KPIs further help monitor the decisions taken.
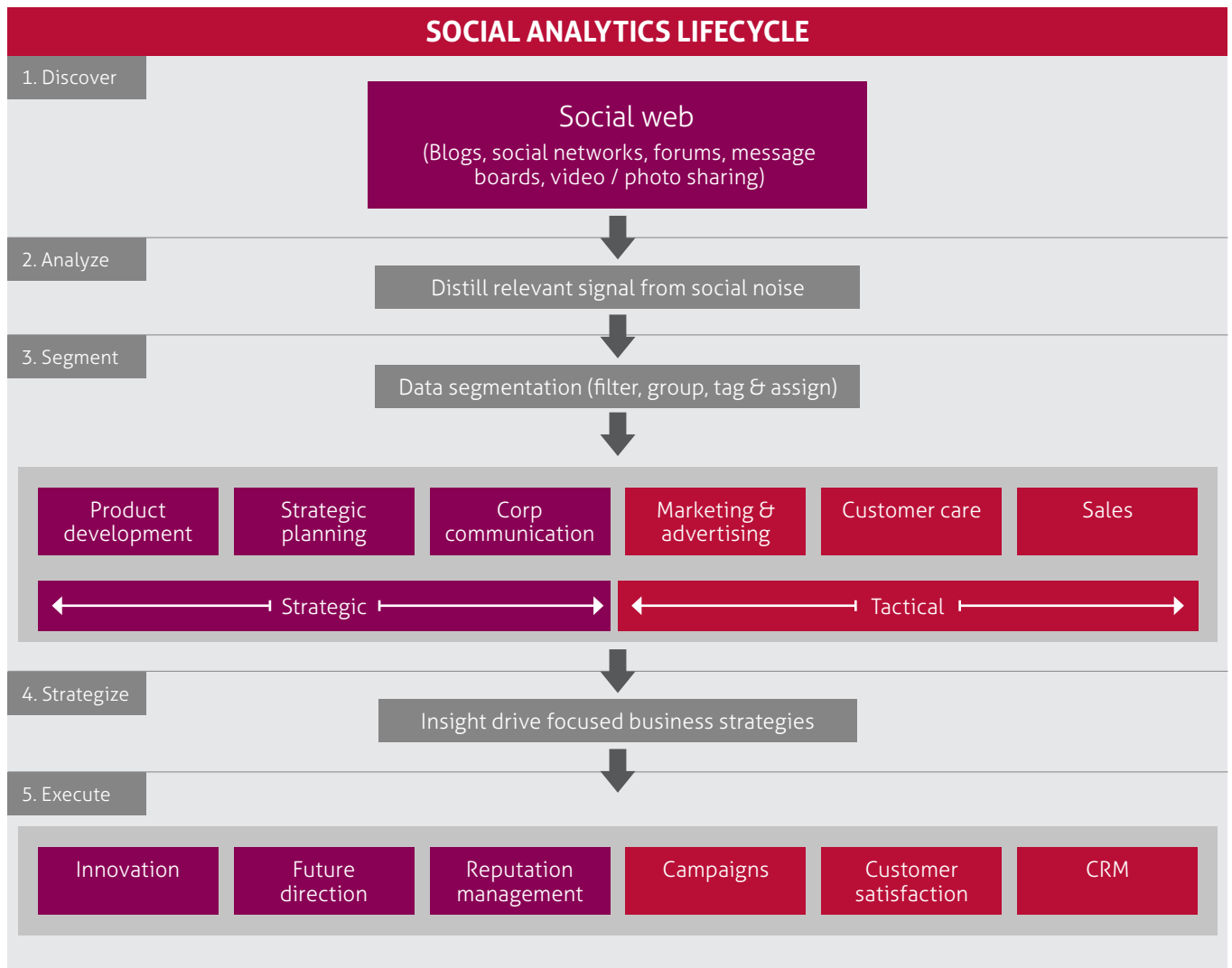
SOCIAL ANALYTICS LIFECYCLE

1. Discover	**Social web** (Blogs, social networks, forums, message boards, video / photo sharing)
2. Analyze	Distill relevant signal from social noise
3. Segment	Data segmentation (filter, group, tag & assign)

Product development	Strategic planning	Corp communication	Marketing & advertising	Customer care	Sales
← Strategic →			← Tactical →		

4. Strategize	Insight drive focused business strategies

5. Execute	

Innovation	Future direction	Reputation management	Campaigns	Customer satisfaction	CRM

Figure 3: Social analytics lifecycle.

What can be measured?

SAMPLE KPIs	
Brand awareness and reputation	**Marketing program effectiveness**
▪ Share of voice – Number of conversations mentioning our brand / total number of industry conversations ▪ Sentiment analysis – positive, negative & neutral ▪ Social engagement – Number of people who are talking about the product / total number of people who are talking about all similar products	▪ Social reach – Total number of followers across all social platforms ▪ Growth – Monthly & Quarterly ▪ Engagement – (Number of Likes + number of shares + number of blog comments) / number of published posts ▪ Engagement per social platform ▪ Cost benefit analysis – ROI of social campaign / ROI of traditional market campaign
Customer behavior	**Sales**
▪ Social sentiment – Number of likes for the product / number of likes for all the similar products ▪ Social interest generated – Number of likes and comments for the product / number of likes and comments for all the similar products	▪ Effectiveness – Number of new leads through social channel / total number of leads ▪ Social sales – Number of sales coming from social channel / total number of sales

Figure 4: Sample KPIs that can be measured.

Two advanced metrics that can help insurance enterprises leverage social media as a channel are influence and amplification. This is not just for communication but for marketing as well.

Influence: In order to better leverage social media, insurance enterprises need to retool their customer segmentation strategy on the basis of online avatars that are super influencers and have a large following on sites like Twitter and Facebook. An influencer with blogs that have large audiences and frequent comments about products on social networking sites, is more likely to influence others to buy a particular product.

Performance indicators for influence:
1. Share of the influencer's voice = the number of brand mentions by the influencer / total number of relevant mentions
2. Influencer engagement = influencers aware of the brand / total number of influencers

Amplification: This describes the rate at which followers take the content and share it through their network.

Performance indicators for amplification:
Amplification = number of shares per post

These KPI's can be used in the following customer management scenarios for insurance sectors.

Social graph: A social graph depicts each user as a node connected by arrows with other nodes. These arrows represent their online relationship. As more and more users get connected over Facebook, its social graph becomes wider and can potentially be a rich source of information for marketers. Any node can be selected and online relationships between people can be analyzed to decipher information useful for marketing insurance products. This can be used to identify super influencers, the frequency with which these influencers post comments on products, and whether the comments are positive or negative. High density implies a closely packed network and the potential to spread the word quickly. This provides an ideal target for marketing. The questions that can be answered through this analysis are:
▪ How strong is the network?
▪ What is the network profile?
▪ Is it a strong influential network or are there specific individuals who influence the rest in the network?

- Are there clusters within the network?
- What are the key interests, issues in the network?

Hotspot profiling: In the insurance industry, agents become a layer in between, hindering visibility or direct reach for the insurer. Moreover, customer profiling is very critical in determining premium rates. Hence, creating an open collaboration social platform with all stakeholders as communities will remove the barriers. However, analyzing the information completely on a social platform is not feasible, since the number of variables is normally large. Hotspot profiling analyzes social data systematically. It deciphers important relationships, interactions, dependencies and associations amongst many variables and values accurately. It uses artificial intelligence techniques and profiles of most valuable segments. This can be used to target customers with customized products through the stakeholder collaboration social platform. This method can be further applied to customer data to find profiles of most (or least) responsive segments that can be used to develop marketing plans. This can also be used to target the social media sites for marketing. These activities have a better hit ratio than traditional marketing, which is more of a blind broadcast.

Benefits
- Improved brand and enterprises image as influencers can effectively engage audiences to correct false impressions and communicate services and support
- Reduced marketing and sales overheads
- Greater reach and visibility
- Improved customer relationship leading to an increased percentage of renewals
- Improved targeted marketing for better conversions

Conclusion

The ability to capture, decipher and act in real-time based on data from social media in the context of other enterprise data will become a tremendous competitive advantage over time. As the enterprise becomes more dependent on external signals to influence decisions and take action, the ability to 'speak data' will become a critical skill for anyone who works within the social and adaptive business. The above KPIs are powerful for the enterprise to measure, analyze and interpret data from social media to cater business decisions, to develop the product, to understand the market and to influence consumers.

Social media considerations should play a significant role in the insurance enterprises overall business strategy. They need to be a key part of the decisions that guide tactical directions and operations. Firstly, goals ought to be set and enterprise-wide guidelines for social media should be established. Insurers should be motivated to develop a plan for how social media can work for them and how they can best manage it. The strategic plan should be guided by a comprehensive set of capabilities to analyze and predict social media activity. Eventually, social media will become just another data and distribution channel. Finally, the areas that hold most promise for the insurance industry are:

1. **Modeling, segmentation and profiling:** Utilizing social media to identify marketplace opportunity.
2. **Campaign management**: Executing plans to capitalize on social media opportunity.
3. **Managing the brand in cyberspace:** Understanding positive and negative sentiments.