

nib health funds: Checking Up On Customer Loyalty



Case Study: nib health funds

nib health funds is one of Australia's fastest growing health funds, providing health cover to more than 850,000 people nationwide. Established in 1952, the Hunter-based company has achieved significant market growth in recent years, expanding its footprint into Victoria, Queensland, and more recently Western Australia, to become the country's fifth largest health insurer.

Starting Out with Net Promoter

Celebrating its 60th anniversary in 2012, nib has always positioned itself as a customer-centric organisation. In 2007, nib launched an aggressive organic growth strategy, which has seen the company expand its customer base by more than 40% in just five years.

To ensure the company's rapid customer growth had not been at the expense of customer service, in early 2010 nib sought a method of placing a renewed focus on the individual customer experience – a way that would personalise the customer experience for the benefit of customer-facing agents, team leaders, and executives. This was considered particularly important for senior-level employees whose roles do not necessarily bring them into face-to-face contact with customers on a daily basis.

According to nib's Customer Intelligence Manager, Renee Farnham, while other forms of research may uncover difficulties experienced by customers, nib wanted a research tool which would draw out customer

feedback from nib policyholders outlining their experience at various customer touch points with the health fund. Renee adds: *"When you have almost 900,000 customers it's difficult to see things from an individual customer's point of view."*

Though the company chose Net Promoter for a number of reasons, the single most important factor was its ability to help the company see itself from the individual customer's point of view.

Choosing Partners – CustomerGauge and Genroe

nib did not work with external consultants in the early phase. Initially, nib's Sales and Marketing team, (which made the decision to adopt Net Promoter) implemented the survey internally. The company began Transactional Surveys for its customers across its Customer Care Centre and Retail Centres in February 2010.

After a period of implementing its own surveys, nib had approximately 10,000 responses in its database. However, despite the considerable amount of data the company had accrued, it came to a point where the Sales and Marketing team could not effectively analyse the data and summarize it into actionable insights.

nib connected with Genroe and CustomerGauge while researching best practices on how to analyse the data. The company made the decision to partner with these organisations based on two key reasons:

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- Renee Farnham

NIB Case Study

- The advantages of using a system that integrated software, analytics, implementation and reporting – allowing nib to spend considerably less time sifting through data; and
- On a survey level, working with the CustomerGauge software opened up the possibility of allowing customers to self-select and comment on which issues were of most importance to them individually. This very useful mechanism was felt to be a great driver to encouraging customers to give relevant, targeted feedback.

Says Renee: *“Genroe and CustomerGauge really helped us put our data into a format where we can pull out segments of our Net Promoter Score and really understand what’s driving it and how it’s developing over time.”*

Rollout Challenges and Specifics

Following contact with nib’s Customer Care Centre or Retail Centre, a customer may receive a follow-up survey email to enquire what they thought of the company and their experience, and whether they would like to provide any feedback. To ensure they are not bombarded with repeat emails, rules are in place that monitor customer sends.

While this sounds fairly non-intrusive from a customer perspective, the rollout did pose a challenge internally. There was a concern that in a large business such as nib, the move may be perceived on an individual employee level as an overbearing attempt by the company to watch every interaction they had with each customer.

To reduce this risk, nib decided on a strategy of absolute transparency with regards to the rollout. In practice, this has meant that frontline employees (Customer Care Centre Consultants and Retail Centre employees) have always been able to see their own scores – providing the added benefit of them being able to find out what their customer’s concerns may be and the ability to take steps to change it for the better.

Renee says *“We’ve found that our frontline employees are very comfortable using Net Promoter because they have always been able to see their own scores – providing them with a personal benchmark.”*

Fact Box: nib

- One of Australia’s fastest growing health funds
- Provides health cover to more than 850,000 people nationwide.
- Based Newcastle, NSW

Recently nib has adopted digital displays throughout its head office allowing all employees to see its rolling Net Promoter Scores (NPS) and customer comments (with employee and customer details de-identified). This has triggered further interest and discussion internally regarding customer retention and customer loyalty initiatives.

The Impact of NPS

nib has experienced a 10% survey response rate that has remained relatively stable over the time the company has been surveying its customers, which is a generally accepted standard for similar surveys in Australia. In the first year, nib’s NPS averaged +11, with the result increasing

to an average of +12 over the course of the last year.

Of particular interest is that nib’s scores go through highs and lows that closely correspond with business activity. For example, in Australia private health insurance companies are only permitted to change their premiums once a year, in a window between March and April. nib has found that there is a corresponding drop in NPS during this period – but this typically returns to its previous level after a few months. While the company has never recorded an average below zero (which actually is not unusual in the insurance industry), its scores rise and fall throughout the year in tune with external factors.

The company uses daily feedback from its NPS survey to coach Customer Care Centre consultants, perform service recovery and drive improvement in products. Weekly NPS reports are also distributed to nib’s executive and senior management teams.

Based on the customer feedback, nib has implemented the following specific changes to its claims processes in order to improve the customer experience:

1. Faster processing and payment of customer claims. Claims are also now paid directly into a customer’s account.
2. Simplification and streamlining of Orthodontia claims processes.
3. Simplification of online claiming through the improvement of internal processes.
4. Improved communication by consultants to customers about items covered under

- individual policies to help reduce confusion surrounding hospital out-of-pocket expenses
5. Instantaneous delivery of key paperwork, allowing customers to receive and discuss such items during the course of a call with a consultant. This has had a significant positive effect on customer satisfaction and nib's goal to answer customer queries at the first point of contact.

Investment and Project Costs

The decision to partner with Genroe and CustomerGauge brought with it a number of investment benefits that offset some of the external costs and also provided new tools and insights to improve customer service more effectively.

These included:

- Faster and more effective data analysis that comes from working with customer loyalty professionals and specialised software;
- The advantages of using industry-leading solutions to help identify new ways of improving customer service, creating new products and services as a result; and
- Allowing the nib Sales and Marketing team to focus on core competencies, rather than diverting attention to survey implementation and data analysis.

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- Renee Farnham

The Future

nib is now focused on consistently improving its NPS, further improving internal communication and transparency, and further optimising data analysis for greater efficiency and insights.

The company is also considering other ways of becoming even more proactive in improving its customer service. One potential way to do this is adopting the CustomerGauge API (Application Programming Interface), which would enable the company to distribute customer comments in real time. The advantage here is that as a customer makes a call, consultants simply need to type in the

customer number in order to see whether he or she had previously given feedback, their last NPS and comments, and if any follow up and resolution was needed or a closed loop process was followed. This may potentially be of great benefit to frontline employees as they try to improve the customer experience, and have a net positive effect on the company's overall NPS.

Renee Farnham has the last word: *"We are often asked what a good NPS is for a private health insurer, but for us the goal is not necessarily to get a 'good' score – it's to consistently build on earlier successes and provide better products and services to our customers."*

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