Millennials: Innovation Engine
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Key Messages

- Your assumptions about millennials **May not be Correct**

- **True Digital Natives**…the key characteristic that is universal about millennials

- **Eliminate Customer Friction**
  - Shift to a mobile first strategy
  - Mobile first must also include SMS ("texting") with millennials
  - Start with new business (remove customer friction)

- Key **technology trends that are aligned with millennial** buying behavior:
  - Omni-channel
  - Artificial Intelligence (Machine Learning)

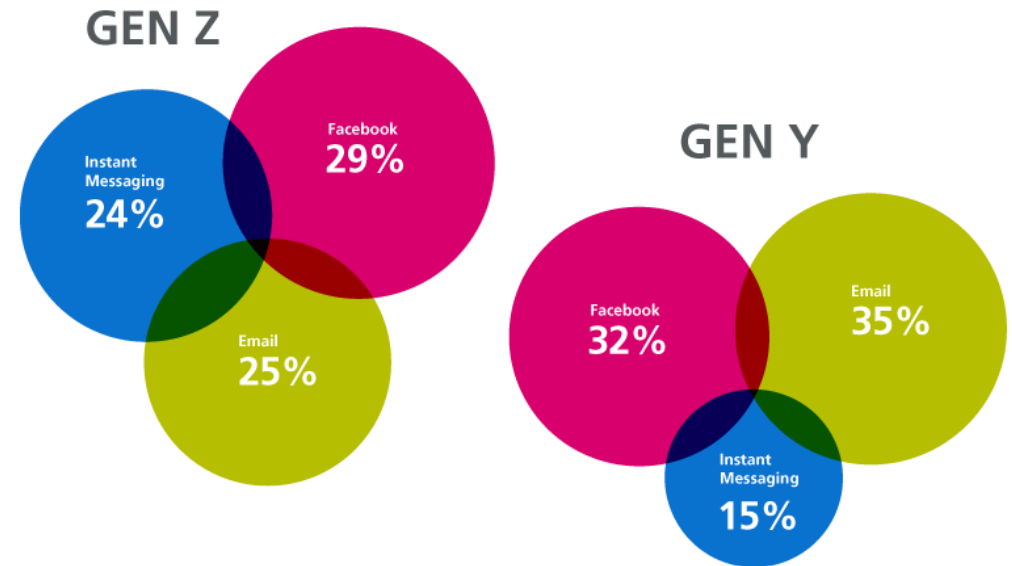# Understanding Buying Habits of "Generations"

- A **generation** is a group of people born and living during the same time period (historically 30 years):

  - **Silent Generation:**   1925-1945
  - **Baby Boomers**   1946-1964
  - **Gen X (Baby Bust)**   1965-1979
  - **Gen Y (Millennials)**   1980-2000
  - **Gen Z**   2001-today

Classifying generational **characteristics** is used to understand needs and buying behaviors.

What technology tools are your biggest distractions from getting work done?

GEN Z
- Instant Messaging 24%
- Facebook 29%
- Email 25%

GEN Y
- Facebook 32%
- Email 35%
- Instant Messaging 15%

Millennial Characteristics

Some Characteristics are Not Correct About All Millennials

- Not Competitive—Everyone Gets an Award

  - There are large segments of the millennial population that are very competitive

Significant increase in college and "club/travel" sports teams

Half-million students compete in sports-style robotics competitions
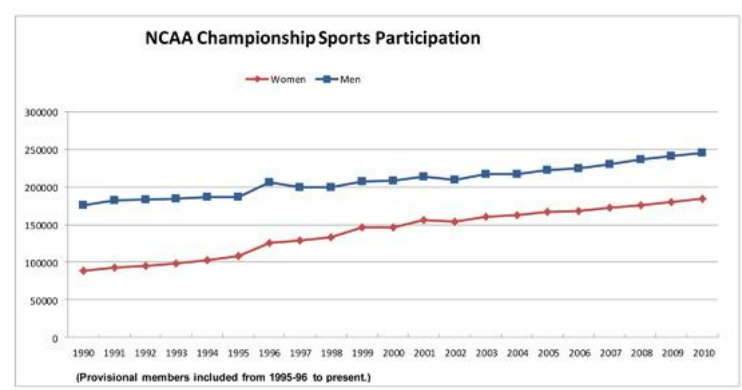
Millennial Characteristics
Some Characteristics will Change Over Time

True Digital Natives

Value Experience over Asset Ownership

Diverse

Less Money to Spend

Delaying Home Purchase

Wellness Focused

Google It

Rule Conscious

Highly Educated

Multitaskers

Marketing Skeptical

Living with Parents

Instant Access to Information

Gamers

Collaborative

No Tolerance for Delays

Encumbered with Debt

Buy Socially Aware Brands

Very Confident

Online Product Reviews Impact Purchasing

Living with Parents

Use Multiple Social Media Channels

Learning by Doing

Not Competitive— Everyone Gets an Award

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Understanding Millennials

Some Characteristics will Change Over Time

"Less money to spend"

THE MILLENNIAL SHOPPER

105 MILLION Millennials are in the market today.

46% According to the Bureau of Labor Statistics, by 2020, Millennials will comprise **46%** of the United States workforce—skyrocketing to **75%** by 2025.

40% of male Millennials
33% of female Millennials

SAY THEY WOULD BUY **EVERYTHING ONLINE** IF THEY COULD.

MILLENNIALS CARRY $200 BILLION IN ANNUAL BUYING POWER.

$30 Trillion in assets will pass to Millennials in the next 20-40 years
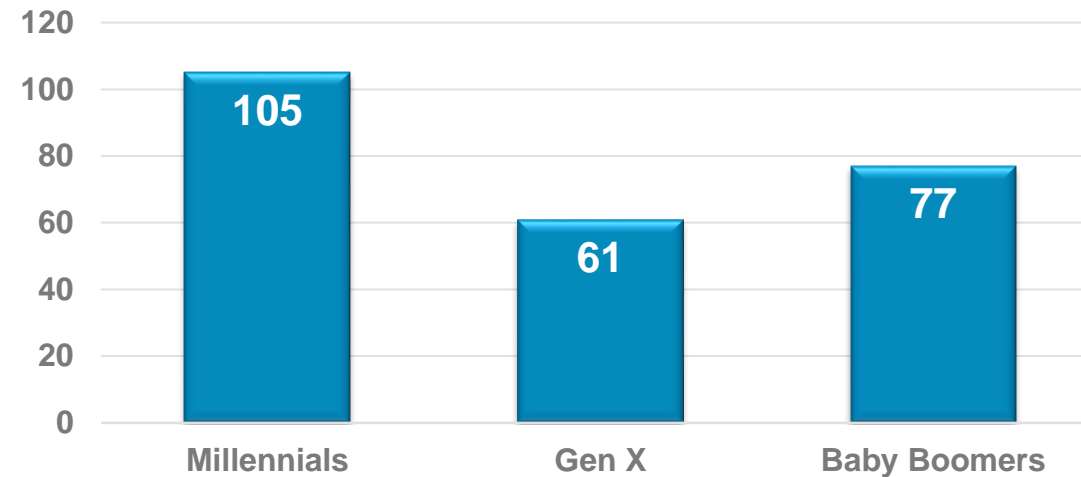
Kalu Yala Panama (JungleTown) – Baby Boomers are spending $5,000 to send their millennial kids to the jungle for 10 weeks.

Millennial Characteristics

Difficult to Define Millennials

- **Millennials are the largest and most diverse generation**
  - 44% of US millennials are not white

The size and diversity of this generation will make it difficult to make general assumptions about what they like to buy and how they like to buy

Millennial Characteristics

Some Characteristics Will Drive Your IT Strategy

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9

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Understanding Millennials
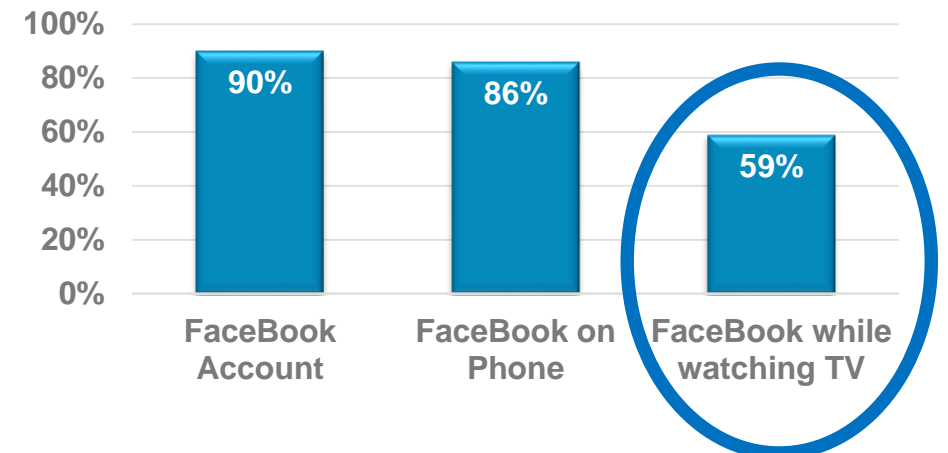
Focus on How Millennials Buy

Millennial characteristics that must influence how you engage:

- The most educated generation and the first **True Digital Natives** (mobile devices, Internet, instant access to information, anywhere, anytime)

- **Buy online** (Amazon) and use **pricing comparison** tools

- **Online reviews and ratings** influence buying decisions

- Financial services brand decision **influenced by parents (family)**

- This is the **mobile generation** that engaged with their electronic devices
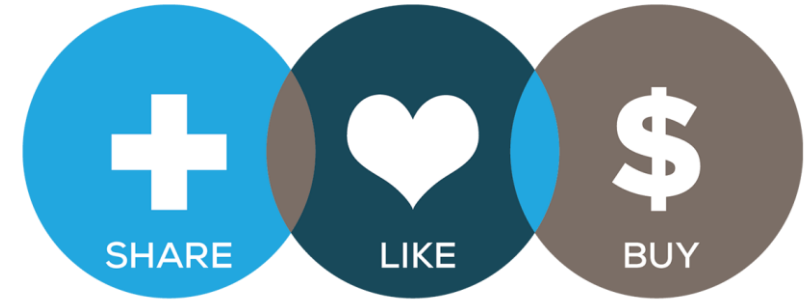
MARKETING + MILLENNIALS

Lat Am Facebook Use

90%	86%	59%
FaceBook Account	FaceBook on Phone	FaceBook while watching TV

Focus on How Millennials Buy

Agents are old, out of touch, & inconvenient

Millennial Insurance Behavior

Why do I need to wait more than a few minutes to get an insurance price/quote?

Why should I go to the office to sign paper?

Why do I need to talk to a person?

Why do I need to wait until business hours?

Insurance Tech Implications

Real-time underwriting

Electronic signature everywhere

Omni-channel capability

24x7 Omni-channel transactions

Millennial Digital Strategy

Customer Experience Starts with the Search Engine

- Millennials do not use Bookmarks…**They Google it**

- Do not just direct them to your home page

- **Direct them to an "actionable" web page** that is relevant to the topic being searched.

- **Improving search results in the first step** in removing customer friction

- *Tech Tip: Make sure your SEO team understands Google's search algorithm updates (Fred, Possum, Penguin, Panda, etc.)*
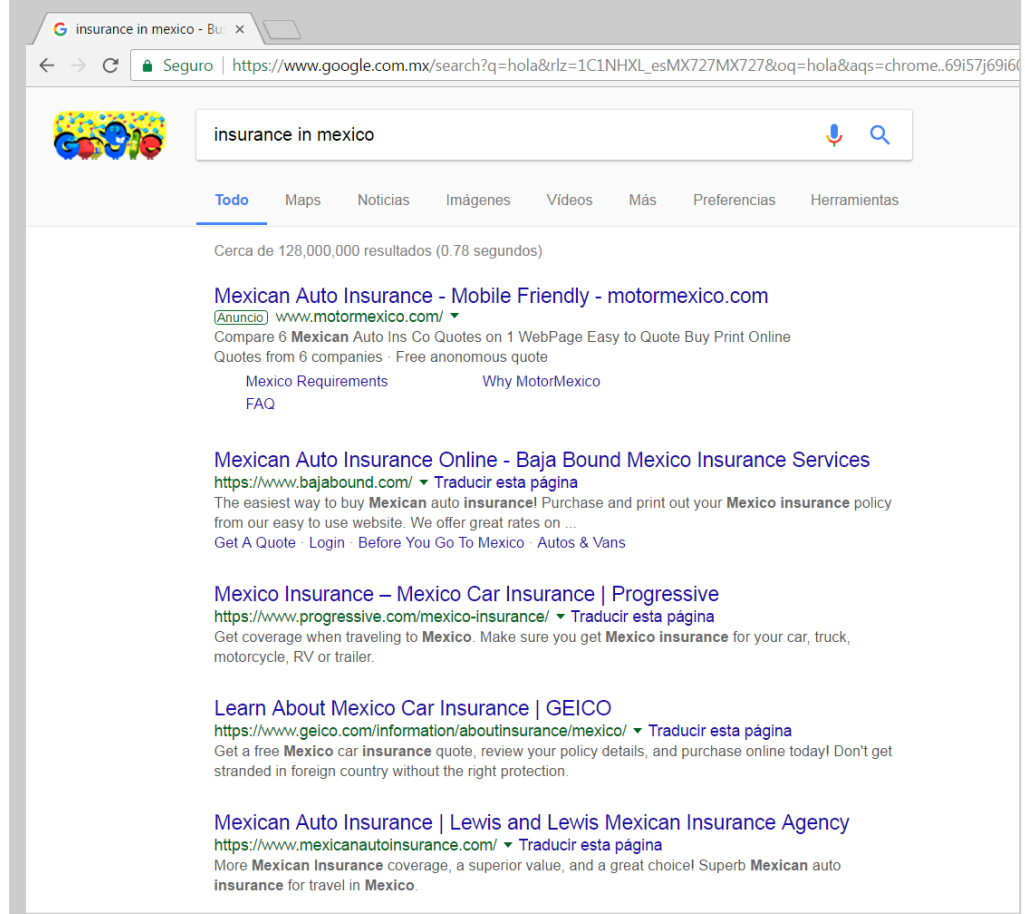
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Millennial Digital Strategy

Reduce Customer Friction

55%

of U.S. online adults are likely to **abandon** their transaction if they cannot find a quick answer to their question or problem

**…reduce customer friction points to eliminate delays and engage millennials**

- Customer Friction is any aspect of customer interaction that **has a negative impact on the customer's experience**

- The less friction a customer encounters, the more likely they will continue do business with your company

- Millennials **will consider all non-digital interactions as friction**

- Determine Customer Friction points across each of your critical customer touch points
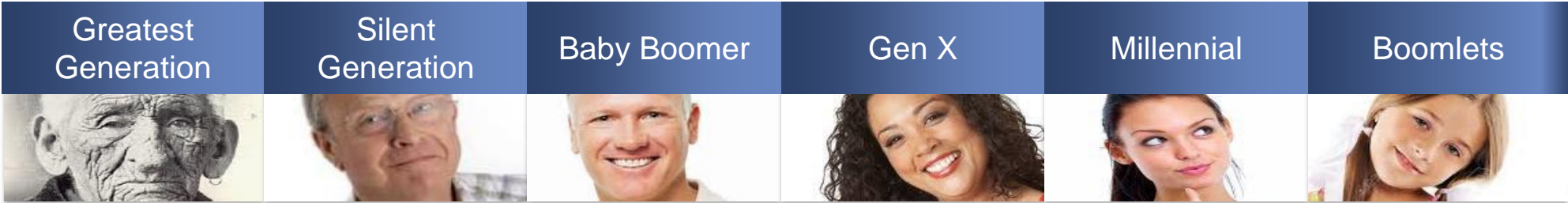
| Distribution | Underwriting | Servicing | Claims |

Millennial Digital Strategy

Why is Customer Friction Important?

- Among top hotel brands, those with the lowest customer friction score were **twice as profitable** as those with higher scores

- Among top retail organizations, those with the lowest customer friction score **grew 4 times faster** than those with higher scores

Profit

$3.55

$1.72

Customer Friction Score

Average CAGR

31.9%

7.5%

Customer Friction Score
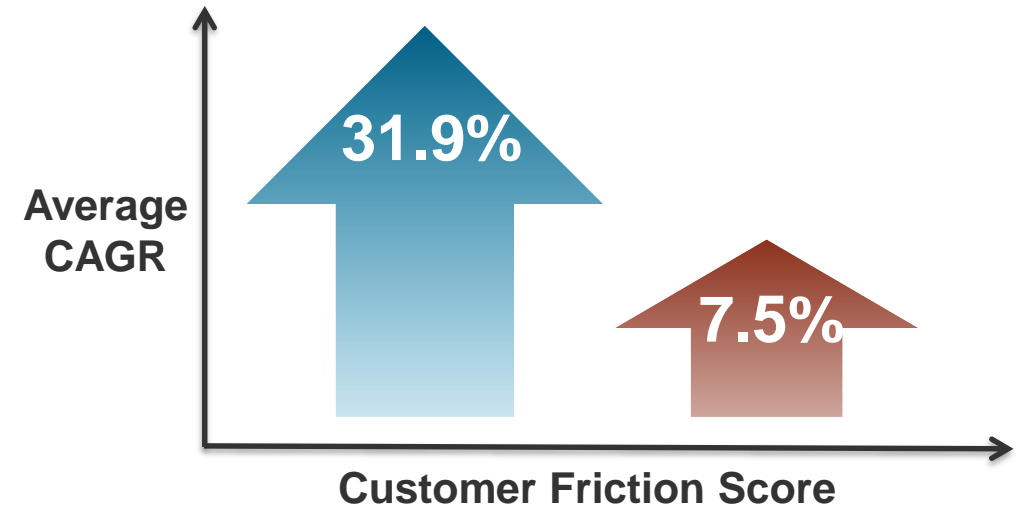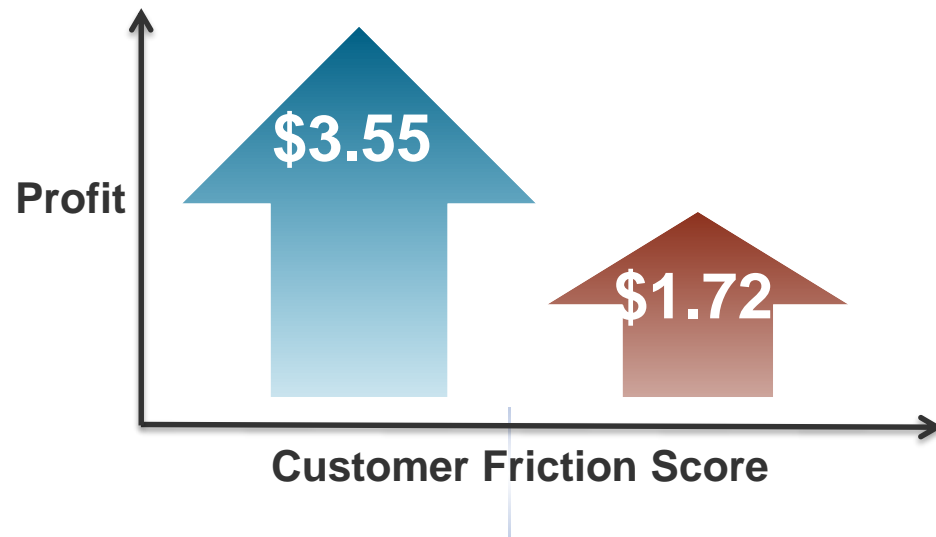
Generation Customer Friction Factor Scoring

Greatest Generation	Silent Generation	Baby Boomer	Gen X	Millennial	Boomlets

Customer Friction varies based on generation
Channels need to vary based on generation

Engagement

Preferred Channel	Come See Me In Person	Call Me	Email Me	I'm Online	Text Me	I'm Mobile

Disliked Channel	Don't make me go online	Don't make me go online	Don't make me come over there	Don't make me come over there	Don't call me. Ever.	Don't call me. Ever.

Mobile First Strategy

Omni-Channel

Shift to a Mobile First Strategy

- Millennials will assume they can perform transactions with your company on their **mobile device**

- To engage millennials, your Omni-channel strategy must be driven from a "**mobile first**" approach
  - Millennials must be able to engage with your business as they need, where they want, and when they want with no difference in the experience across all channels

- A mobile first strategy should include enabling **SMS ("text") based customer interactions**
  - Use SMS to reminder them about upcoming payment, opportunities to reduce cost, or obtain answers to simple questions

- *Tech Tip: Do not under estimate the importance of software performance (slow applications lose customers)*

- *Tech Tip: Focus on Responsive Design frameworks such as AngularJS, Bootstrap, etc.*

Straight Through Processing

Reduce Customer/Agent Friction in Your Sales Channel

- **Automated Underwriting** has improved significantly over the last 10-20 years:

  - Use configurable **rules to manage and automate the new business process**

  - Automate the determination and ordering of external information

  - Straight Through Processing of insurance applications

- Current levels of **new business automation will not be enough** to attract and engage millennial buyers

  1. True Digital Natives

  2. Why do I need to wait more than a few minutes to get an insurance price/quote?

  3. No Tolerance for Delays

Next Generation New Business Solutions

Reduce Customer/Agent Friction in Your Sales Channel

- Combination of **simplified product and machine learning solutions will engage millennials..**

  - Lead management applications that evaluate and engage prospective customers

  - **Virtual agents** to guide product configuration

  - Machine learning new business platforms that evolve product **rules based on experience as you train the engine**

  - Electronic policy delivery

- *Tech Tip: AI has become the latest IT buzz word that software vendors are using to label their products. Many are not real learning systems.*


Lead Mgt.

Engage

Product Design

Classification Representation Associations

Guided Selection

Admin

Issue

Quoting

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Millennials: Innovation Engine

Take Out Summary

- Your assumptions about millennials may not be correct…**Largest and most diverse generation**

- Implication of the most important millennial characteristics:

  - **True Digital Natives**

  - **Shift to a mobile first strategy**

  - **Start with new business**

- **Eliminate Customer Friction**
  - Start with the search engine
  - Evolve to a mobile first strategy
  - Mobile first must also include SMS ("texting") with millennials

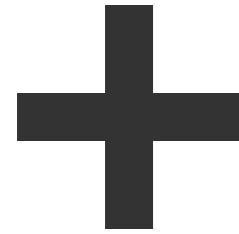- Leverage next generation technology platforms

Additional Information

- For additional information go to the following website:
http://www.transforminginsurance.com/
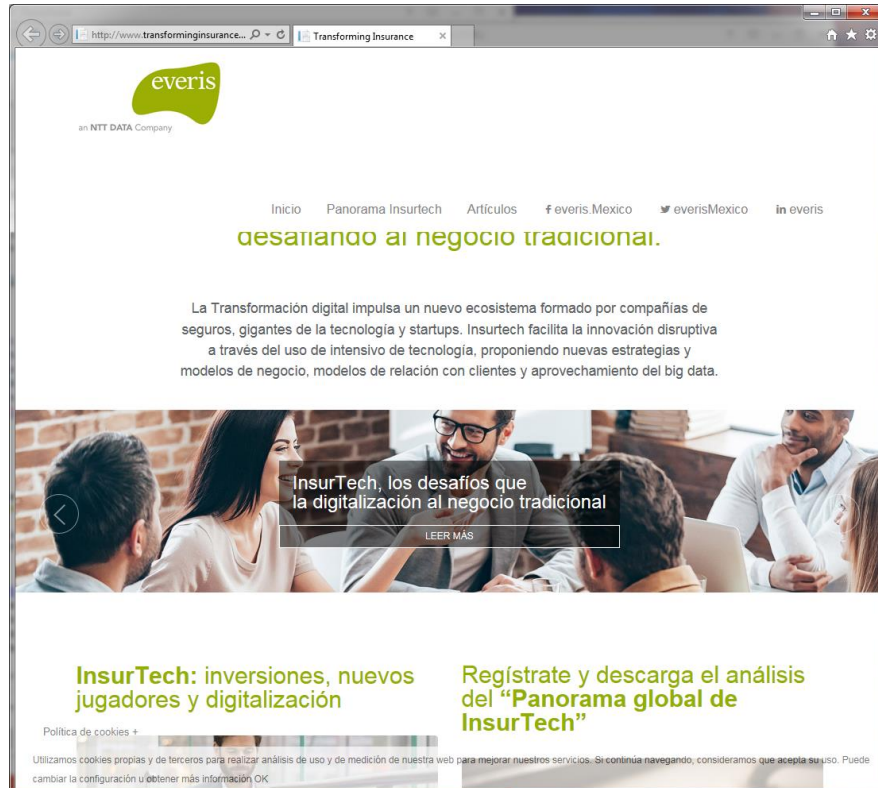
- Sources
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  - CNBC.com
  - Pew Research Center
  - Agency Nation
  - Gallup
  - Search Engine Land
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