

2009 Voice Of The Customer Award Nomination Form

This form must be fully completed and the entire form can not exceed five pages. Nominees can also send up to five PowerPoint slides along within this form. Nominations should be emailed to voc@forrester.com by Friday, May 22nd. Winners will be notified on or before June 19th.

Background Information

Please provide the following contact information for someone in the submitting organization.

Company:	The Progressive Group of Insurance Companies
Division/organization:	
Contact Name:	Leah Knapp
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Nomination Details

Please answer all of the following questions.

What voice of the customer activities are you submitting for consideration?

Describe how your organization listens to your customers, interprets their feedback, and then takes action based on those insights. This will likely be the largest portion of the nomination form.

Everyone's goals at Progressive are aligned to our Personal Lines Vision Statement which reads, "We seek to be consumers' number one choice for personal vehicle insurance by offering competitive products and rates that meet drivers' needs throughout their lifetimes and by providing superior online and in-person customer service." Listening, interpreting, responding, and acting upon our customers' feedback is absolutely critical to sustaining this vision.

We apply our customer care standards to anyone who has an interaction with us including:

1. Policyholders (customers)
2. People who shop with us but don't buy (potential customers)
3. Anyone who has a claim with us (claimants)
4. Agents (distributors of our product)

We use a number of listening tools to collect customer feedback including:



Headquarters

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- Loyalty Survey – This tool measures our Net Promoter® Score, which we began using in 2006, and gathers top-of-mind customer feedback after a customer has an interaction with us. Each day, surveys are sent to a random sample of customers so that we can obtain real-time, continuous feedback. During the 4th quarter of 2008, we received our one millionth response to this survey.
- Transactional Surveys
 - Claims Survey – A customer’s claim experience is arguably the ultimate moment-of-truth for any insurance company. This survey is sent to our customers and claimants immediately after completing a claim with our company. NPS is also measured on these interactions, which enables us to collect feedback on our overall claims experience.
 - Quote Satisfaction Survey – A potential customer’s initial quote with us is their first interaction with us and our first opportunity to make a good impression. This tool solicits feedback on the quoting process from online users who do and don’t purchase policies from us.
 - Online Transactional Surveys – We pride ourselves on our award-winning Web site and believe that “e-communication” will only increase as a means for customers to transact business. As such, customers can give us feedback on any Web page they visit and at the end of each session, provide general feedback on our overall site.
- Employee/Agent Feedback – At Progressive, “tasting your own cooking” is strongly encouraged. Other internal surveys and posted links on our Intranet allow employees to submit feedback based on their own experiences as a customer or based on patterns they observe when dealing with customers. In addition, periodic surveys and focus groups with members of our 30,000+ independent insurance agencies, including a select group which make up our Agency Council, allows us to receive input from the front lines of our largest distribution channel.
- Customer Service – Our 24/7 customer and claim service allows customers to reach us anytime from anywhere with concerns and questions. We want to make our products available to customers in anyway they want to buy them, so we also offer customers a wide variety of tools to communicate with us including phone, online “talk to me functionality,” through various surveys described above, and through e-mail where we respond to customers within 24 hours.
- Exit Surveys – Although we take great pride in trying to retain our customers and creating loyalty with our brand, losing customers does occur. We use these times as key learning opportunities. Our exit survey gathers additional feedback from our customers, namely: why they are leaving and what it would take to get them back?
- Market Research – Our internal market research team is critical to our efforts to innovate and obtain more funneled feedback on new product ideas and processes. Our market research team uses a customer panel of 15,000 people to test new product ideas and obtain feedback on specific experience initiatives. For example, the panel recently gave feedback on the look and feel of newly designed insurance ID cards including the ease of perforations. The market research group will also hold quantitative and/or qualitative tests to gather insights on brand, customer acquisition, and customer retention efforts.
- Social media – As technology changes, so too does the way customers share their feedback. Efforts are underway to collect, summarize, and formulate a responsive strategy to customers and claimants who discuss Progressive through social media.
- External research – We gather analyses from various external research companies to complement our internal efforts. A listing of these vendors can be found in a later section of this entry.

Once data and customer feedback is gathered, the next important step of interpreting and responding begins. This is where transforming feedback into products and process improvements that we believe increase shareholder value begins.

- Measurement of Feedback – We apply our skills in pricing segmentation to NPS and other customer satisfaction scores, which are broken down by every segment we can think of. This data is available to the entire company in an internally developed Web-based dashboard. In addition, various data cubes, data warehouses, and Excel spreadsheet models have been created to assist with analyzing survey results and trends.
- Goal Setting – Companywide goals are created annually based on NPS and customer retention. Customer loyalty improvement is also measured at a product manager, agent, customer service representative, and claims representative level. Representatives can view real-time feedback from customers with whom they recently interacted. Supervisors and coaches also use this feedback for coaching. Progressive’s Gainshare target (similar to profit sharing) also uses customer retention as its most heavily weighted metric.
- Accountability – At Progressive, it is everyone’s responsibility to positively influence customer loyalty and retention. All of the feedback and comments received from customers are categorized and employees are assigned responsibility for these categories. Feedback is sent to employees regularly. Employees are responsible for using the feedback to gauge areas of opportunity to develop new products and improve existing processes.
- Action – Some feedback received from customers deserves an immediate response. That feedback is sent to managers who may reach out to customers or to a team of specially trained customer service reps on our outbound customer care team who respond with a phone call or e-mail. In addition to the short-term response, feedback is also translated into long-term strategies and process improvements. Examples of the success of this strategy follow in a later section.

How has this activity improved your organization’s business results? Please be as specific as possible about business benefits like increased revenue, decreased cost, increased customer satisfaction, or decreased customer complaints.

Our highest priority is to grow as fast as we can in a profitable way. We believe this goal can only be sustained by being drivers’ number one choice for car insurance. As such, we have seen a great deal of success in efforts that reflect our focus on improving customer loyalty and satisfaction.

- Retaining customers has been a significant focus of ours for some years now and last year we saw an increase in customer retention of about 11 percent.
- Our first quarter 2009 loyalty NPS is 8.5 percent higher than two years ago.
- Our first quarter 2009 claims NPS is up 15 percent from two year ago as well.
- The JD Power and Associates 2008 Auto Claims Survey saw Progressive’s Customer Satisfaction Index rise a whopping 28 points, one of the highest increases of any insurance company.
- According to JD Power and Associates’ 2009 Retention Study, Progressive had the largest increase in annual retention rates when compared to the industry average and our four largest competitors.

How has this activity improved your customers’ experiences? Please be as specific as possible about how your activity improved the perceived quality of the experience your customers have when interacting with your organization. For example, do you better meet their needs, make it easier to do business with you, or make it more enjoyable to do business with you?

The feedback from our customers has helped us offer products that better meet our customer’s needs and refine processes to improve the overall customer experience. Examples include:

- Homeowner Insurance – A partnership with Homesite Insurance Company to offer our customers a homeowner/rental insurance product that enables customers to “bundle” their insurance and enjoy additional savings – a major frequent theme from our customers.

- Umbrella Insurance – We developed an Umbrella product to meet the needs of customers who may need more protection than what a standard policy offers.
- Rate Stability – Our rate stability program gives us the opportunity to explain rate changes to customers in a more efficient and well-understood way.
- Integrated Product – Our new “integrated” product more closely aligns how our product is designed in our different distribution channels (Direct and Agency) and provides discounts for some customers at various points during their tenure with us – a frequent desire of our most loyal customers. The most frequently requested discount from our customers is a “good student discount.” Our integrated product introduces this feature this year as well!
- Pet Injury Insurance – Our pet injury coverage is a direct response to the more personal needs of some of our customers. In this case, a response the needs of our pet loving customers!

In addition, we’ve refined our processes in a number of ways to improve the customer experience:

- Errors have been found on our post-buy, follow-up process based on customer feedback. Specific examples include documents not being sent to customers and technical difficulty errors for customers “e-signing” some forms.
- The capability of our customers to choose the due date of their electronic funds transfer payments to match their cash flow is directly attributable to customer feedback.
- A loyalty program is being piloted now to reward customers for staying Progressive customers.
- Our paperless program allows customers to receive electronic communications from us rather than printing and mailing costly paper documents.
- We recently launched technology to enable customers to e-mail us documents we need to complete their purchase.

What technology vendors or service providers are critical to your success? Please highlight any vendors that have been particularly important to the success of this specific effort, and describe how they helped you succeed.

The first and most critical component of our success is our employees. For example, our talented IT department has developed many of our tools in-house, which shows Progressive’s willingness to invest capital in the customer experience architecture. But, we also need to recognize other external research firms and providers who have aided us in our quest to become consumers’ number one choice for auto insurance. They include:

- Bain and Company and Satmetrix for the NPS concept.
- JD Power and Associates and the Customer Council Institute for producing various studies that allow Progressive to benchmark ourselves against our competitors and the industry.
- A Radian6 tool produced by Radian6 Technologies Inc. for helping us listen and summarize social media content.
- Microsoft’s SharePoint for its interfaces that allow us to interact with survey data.

What are the most innovative characteristics of your activities? Please highlight the specific activities or processes that stand out from those of your competitors. How does your effort set you apart?

Our internal architecture which supports our efforts to listen and respond to customers is truly innovative. For example, our dashboard tools scroll through and provide real-time feedback from customers similar to a real-time stock market update.

Although this infrastructure is important, it is really the innovation that has come from listening to the needs of our customers that allows us to create a positive ROI. Some examples of this innovation directly attributable to customer feedback include:

- MyRate® is a usage-based insurance program that lets drivers get a customized rate based on how, how much and when they drive. New customers earn an immediate first-term discount of up to 10 percent just for signing up. Then, when they renew their policy, their rate could go down by up to 25 percent or more or up by 9 percent based on their driving habits. Customers can log on to a secure Web site to review their driving data and, if necessary, make behavioral changes that can lead to real savings. To learn more about MyRate, visit www.progressive.com/myrate.
- Name Your Price® is an online tool that enables car insurance shoppers to tell Progressive the price they want to pay for insurance. It lets customers choose the coverages they want and need at a price that fits their budget. When shoppers go to progressive.com for a quote, they tell us how much they want to pay for car insurance. The Web site displays the closest available package of coverages, limits and deductibles offered based on the price they've entered. To learn more about Name Your Price, visit www.progressive.com/nameyourprice.
- We offer customers free vehicle information like retail value, manufacturer recalls and technical service bulletins.
- Our customers can receive mobile alerts and e-mails for things like payment reminders.
- Progressive was the first auto insurance group to introduce a wireless application protocol, which allows consumers to access information about the company, find an independent agent and more by using their Web-enabled personal digital assistants or Web-enabled phones.
- Progressive was the first auto insurance group to offer an online chat function for insurance questions.
- Progressive was the first auto insurance group to receive a wireless payment from a customer using a personal digital assistant.
- Progressive had the first auto insurance Web site available on the Sprint PCS Wireless Web. Progressive also launched a payment by Web-enabled cell phone functionality.
- Progressive Direct was the first major auto insurance group to make Voice Over Internet Protocol (VoIP) technology available to consumers, allowing customers to make telephone calls using an Internet connection instead of a regular phone line
- Progressive was the first in the industry to unveil a Web 2.0 site. The new site moved from publishing to participation by letting users get more from their visits; share their experiences; and have their progressive.com experience delivered to them in blogs, RSS readers and personal home pages
- Both our Agency and Direct channels use e-signature and e-fulfillment as an efficient means to complete a sales transaction.

What lessons have you learned that would be most valuable for other firms? Please be as specific as possible about the advice you would give to others facing a similar situation.

- When a company begins to truly begin to listen to and act upon the voice of the customer, it is critical that everyone at all levels of the organization work toward that goal. Similarly, it is just as vital that there is accountability for responding to the needs of customers at all layers of the organization.
- Sometimes, loyalty and satisfaction scores are heavily influenced by who you are rather than what has really happened to you. Therefore, we have found the open ended feedback from customer surveys to be even more vital to our actions than the analysis of the scores themselves. It is this feedback that gets to the core of the voice of customer and provides the “why” to the “what” (the score itself).
- The most important tenet when addressing customers’ needs is to just obey the golden rule: Treat others as you would like to be treated. Investing in relationships, which is really what the “voice of the customer” is all about, can have as high a return on investment than pricing or investments. It will be those companies most able to effectively and efficiently listen to and meet the needs of their customers that will determine success or failure into the next decade and beyond.