

USERS IN THE DRIVER'S SEAT STEERING AN EFFICIENT, COMPELLING USER EXPERIENCE IN ONLINE AUTO INSURANCE

Name Your Price – Now That's Progressive!

It's hard to turn on the TV without seeing a commercial for auto insurance. In addition to the old stand-bys like Allstate and State Farm, there are GEICO's ever-entertaining gecko and cave man, and Progressive's likable, perky Flo to guide you through their insurance store. It's no wonder so many marketing dollars are being spent, with some US\$185 billion in premiums at stake for private passenger and commercial auto policies (2007). Increasingly, the competition for customers is happening online. Benchmark spoke with Progressive's Acquisition Leader Toby Alfred to find out how Progressive.com is making it easy and attractive for drivers to buy auto insurance at their online store.

Benchmark: Obviously, the economy is a topic on everyone's mind these days. And everyone is having to respond to it in some way. Have you seen any changes in your traffic and your conversion rate because of the economic times we're in?

Toby Alfred: We are certainly seeing more traffic and more shopping. Traffic's increased. One could attribute it to the economy, or one could attribute it to more effective advertising. In general we're seeing more people who are shopping.

Benchmark: And have you noticed any changes to how people are using the site? Are they spending more time poking around? Is your conversion rate holding up with your shopping?

Toby Alfred: People are spending a little bit more time on the site. But people are interested in quoting. They're looking for the answer to 'how can I save money in this economy?' If you get the message thrown at you over and over again in the media, 'look for ways to save money' – it's resonating with people.

Benchmark: Do you actually notice visitors spending more with the rate portion of the site, the quote portion, trying to see if they can get a lower price?

Toby Alfred: We're not really seeing that much more 'gaming' as I would call it. We're not seeing that much difference in looking for lower premiums, per se. We're seeing about the same level of activity that we had seen in the quote process.

Benchmark: Keynote did an extensive user study on the online

insurance industry this past June, and Progressive and Geico rank consistently among the top slots in almost every metric studied. There was a bit of negative slippage for Progressive, though, in consumer ranking of visual design. Have you made any significant visual design changes to the site in the past 12 months?

Toby Alfred: We're always doing something. The big change that we've done is making Flo part of our site. Flo is our character in our television commercials. We've been using a lot more of the advertising imagery throughout the site. But nothing that I would consider major. We still have our value propositions there on the right side of the page. We still have the logins at the top. A little bit of rearrangement in categories, and a little bit of an expanded footer now.

Benchmark: On the quote page, you have a 'How much do I want to pay?' function with a sliding button that lets the user adjust the coverage and price for their personalized package. Is that new and has it been rolled out nationwide?

Toby Alfred: The world of auto insurance is full of state-by-state differences, unfortunately. We are rolled out in about 30 states, which represents about 80% of the quoting population.

Benchmark: And how well has it been received?

Toby Alfred: It's something that gets a fair amount of usage. We're pleased with it. It helps people shop and buy auto insurance and understand what their trade-offs are. We rolled it out late last summer and throughout the first half of 2009.

Benchmark: Has it had an impact on conversion rates or average policy?

Toby Alfred: We've seen a 5% improvement in conversion.

Benchmark: That's significant.

Toby Alfred: Right. But our goal with the tool continues to be what Progressive has focused on: to make car insurance easy to shop for, buy, and own. And the 'name your price' tool really is just one example of that.

Benchmark: The key driver in online insurance marketplace, as indicated in the Keynote study, is high value — getting a great price, getting a great policy. Again, Progressive and Geico are the leaders in this area. Are there any things that you are doing on the site specifically to get across the idea that you're the best value?

Toby Alfred: One thing is how the site supports the commercials. Part of the commercials is about connoting high value, because you want to try to avoid being commoditized as much as possible, in a commodity-based business. So what we do is try to tie that to the site. We have value propositions scattered around the site, on the right-hand side of many pages throughout the site. And those all just reinforce what we have and what we do on a regular basis. If you click on car and vehicle insurance, you'll see that there's a home owner's insurance offering, and you can see customer reviews — and customers are telling us that they've received excellent service. And then the offering of personal umbrellas. And then there are the pet coverages scattered through the site. It's things like that — we continually keep telling people about what we are and what we can do for them.

Benchmark: The principal driver for conversion is the whole process of getting your quote. Obviously, the 'how much do you want to pay?' slider function is an important part of what you're doing now with that. What other things have you done and what other principles do you follow to try to make that process simple, smooth and painless for people?

Toby Alfred: As we've migrated to Flash-based quoting, it's made it easier for people to understand. Again, it's what Progressive focuses on continually — ease of use and how do we make it so that people understand as they're going through the quote process that they can get their questions answered effectively and accurately, and proceed through and buy insurance with an understanding of what they've purchased.

Benchmark: How does the Flash functionality help that?

Toby Alfred: It provides you the ability to use windows that open and shut easily. It provides you the ability to focus in — to focus people's eyes on information that you want to give them.

Benchmark: There's somewhat of a balancing act if you're going to try and keep the quote process quick and relatively painless in terms of how much information you gather. In the quoting section, you're asking for pretty basic information — there aren't a whole lot of questions. But when you get to your 'compare rates' feature, a lot more questions get asked. Why is that?

Toby Alfred: The number of questions that we ask in the Progressive interview is what Progressive needs to create an accurate rate for that person. So we are able to streamline the

quote. When you go onto the comparison rates, some of our competitors ask a lot more questions. So that's why we're asking the additional questions — their rating model uses some other variables that the Progressive rating model does not use.

Benchmark: So you rate on basic information and that's all you need to ask for unless someone wants to compare rates.

Toby Alfred: That's correct. We ask it in the most efficient manner possible.

Benchmark: On the performance side of the equation — there were two studies that Keynote conducted. One was the customer experience rankings, with the customer panels that actually went through the sites. The other was an automated study of site availability and performance. Progressive did very well in the technical performance study, but in the customer experience study, visitors subjectively ranked the performance lower than it actually tested at. Do you have any theories to explain that?

Toby Alfred: I'll be honest with you, I am very surprised with this. Some of this might be just the view that they might not have received the price that they liked. If you look at our e-mails that we receive or our NPS (Net Promoter) scores, the price affects it a lot.

Benchmark: That would make sense. And no doubt, you have a very robust performance monitoring regimen in place.

Toby Alfred: Oh, yes. You name a metric, we look at it. We're very focused on speed of pages — page loads. We look at overall quote time in terms of availability. We do look at the number of tech difficulties, and those are monitored and mined so that we can fix any issues that are popping up. We deal with these as quickly as possible. But in general, we're doing a lot of monitoring all the time. We monitor across the site as well as at state levels for quoting activity.

Benchmark: And what kind of systems do you have in place for doing that monitoring?

Toby Alfred: Much of it is homegrown, but we do use Keynote for some of the speed information — beyond the firewall performance monitoring on a variety of transactions to supplement our internal monitoring.

Benchmark: If you could change one thing about Progressive.com overnight, what would it be?

Toby Alfred: That's a really hard one to answer. I'd say we're fairly pleased with the way the site is operating. We are working on some touch-ups on the site, and working on exposing our other products to consumers more easily — that's probably what I would

like to do the most — exposing the other products so that people understood what was available easier.

Benchmark: What sites in other industries besides insurance do you most admire and why, and do you think there are any lessons to be learned from them?

Toby Alfred: I'm all over the Internet because what we want to be doing is making Progressive a world class site. I obviously travel a lot. I spend a lot of time on Expedia I'm very pleased with the way they deliver information. And I will say that I spend a lot of time on retail sites, because they're trying to deliver an awful lot of information quickly. Gap and Banana Republic have been leaders in certain pieces of functionality that I look at. I look at Fidelity — an excellent site. They are trying to do a lot on it, and their recent redesign provides a lot more information. They're trying to serve a lot of different user communities, which is challenging, so it's a good thing to watch and see how they're trying to master it. But often I look at retail sites to be edgier — it gives you a view on new types of functionality. There's a lot to be learned just from not thinking about insurance, but trying to draw the box outside of insurance.

Benchmark: Coming back to insurance, what do you see in the future for online insurance marketing? Any new technologies that you've noticed that you think will port over? Any ways that you think the experience will change?

Toby Alfred: I think the experience is always going to change, but being specific about that one is really hard. I think it's an ever-developing world. Simplicity, trying to be lean, is something that's not necessarily new technology, but is adaptive to how we do business. Clearly, for us I think Flash matters, and you see different adaptations of that. But using a more interactive design is helpful. It's about using a rich interface.

Benchmark: The other thing that is the perennial topic these days is of course social media, and we've noticed that you've integrated some functionality on your site there — Facebook, the blogs, etc. How does that fit your overall strategy, how are you trying to leverage it, what role do you see it playing in the future?

Toby Alfred: Well with social media, it's where people are and you might not be able to get them necessarily to your site, but

are there elements that you can bring to them? So that's one of the things that we're focusing on. Obviously, what we want to do is respond to people as well who are out in the blogosphere, that are out on Twitter, and respond to them quickly and easily and get them help or get them more specific information if that's appropriate. So the strategy is somewhat about popularizing Progressive, but making sure that we're using an audience that already exists and bringing information to them versus necessarily having them come to us.

Benchmark: So, you're doing some monitoring and then responding when you see the opportunity?

Toby Alfred: Yes, as I think many companies are.

Benchmark: Is there anything else new and noteworthy? Anything exciting that we should be watching for with Progressive?

Toby Alfred: I think 'Name your price' is really our exciting piece. We have filed a patent for it. It's something that's very exciting to us and again, it's really about making it easier for people to quote and buy auto insurance.



Toby Alfred
Acquisition Leader
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Toby Alfred is the Acquisition Leader for Progressive Insurance. She is responsible for demand generation, management of Progressive's Web properties, and acquisition experience on the Internet and in the call centers. Additionally, Ms. Alfred manages the comparison rating team that provides comparison rates to consumers on the Internet and via phone. Ms. Alfred joined Progressive in 1997 as the Internet Product Manager and was instrumental in establishing Progressive as the first in the world to sell an auto insurance policy online. She went on to become the Internet Site General Manager responsible for all functionality and e-marketing, and in 2003 became the Experience General Manager for Progressive Direct. She assumed her current role as Acquisition Leader in 2007. Ms. Alfred has a B.S. from Carnegie Mellon University in administration and management science and her M.B.A. from the University of Chicago.