



The influence of digital transformation on the customer experience: A case on the insurance industry

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Declaration

I, Eugene T.N. Mutuwa , hereby declare that:

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Abstract

This study investigates the influence of digital transformation on the customer experience within the South African insurance industry, emphasizing the role of insurtech companies. As digital transformation and innovation reshapes traditional insurance practices, insurtech firms harness technology to deliver personalised customer-centric solutions, enhancing both operational efficiency and customer satisfaction. Despite their innovative approaches these insurers face a number of challenges including building consumer trust, demonstrating relevance and maintaining customer loyalty in an ever changing market.

The research examines how insurtech companies have disrupted the insurance market, the digital strategies employed by traditional insurers and the resulting customer experiences. Through qualitative research including interviews with industry experts and customers, the study identifies key factors that influence customer expectations and satisfaction as well as the challenges associated with digital platforms.

Findings from the study offer valuable insights for both traditional insurers and insurtech companies, highlighting the importance of a customer centric approach in digital transformation efforts. The study also provides recommendations for improving customer experiences, addressing current challenges and anticipating emerging trends in the insurance industry. This research contributes to a deeper understanding of the interplay between technology adoption and the customer experience in the context of the South African market.

Key Terms: Digital Transformation, Digital Strategy, Insurtech, Customer Experience, Artificial Intelligence(AI), Big Data Analytics, Legacy Systems, Data Security, Customer Retention, Insurance Value Chain, Traditional Insurers

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Chapter 1

1. Introduction

1.1 Purpose of the study

Insurtech encompasses early-stage technology-driven companies that have harnessed innovation and technology to overcome limitations previously experienced by traditional insurers across the entire insurance value chain (McKinsey & Company, 2017). The solutions offered by insurtechs are either customer-oriented or data-driven (Xu and Zweifel, 2020, p307), continuing to reshape the insurance industry as they propel digital transformation.

The rise of digital transformation poses challenges for insurtech companies, such as competing consumer spending priorities and the difficulty of demonstrating immediate value based on product relevance, trust establishment, user-friendliness, comprehension, and customer retention (The Baobab Network, 2019). The researcher sought to understand how this digital transformation shapes the customer experience, encapsulating everything a business does to put the customer first.

This study analysed the customer experience related to digital services, personalised offerings and technology-driven innovations offered by insurtech companies. It aims to provide valuable insights that will empower insurtech companies to gain a deeper understanding of their customer base and, in turn, make well-informed decisions regarding their digital transformation initiatives. This strategic approach will enhance customer retention, streamline operational efficiency, and foster revenue growth for these providers. The findings will also interest traditional insurance providers and fellow insurtech companies.

1.2 Context of the Study

In a rapidly changing global environment where companies can forfeit their competitive advantage, it has become imperative to prioritise agility and adaptability over the traditional approach of relying on a single long-term strategy as frequent disruptions, innovations and market shifts are occurring. Through digital innovation (developing and implementing new digital products, services and business models), companies

can continuously experiment with new ideas and technologies to create customer value (George, 2023). Although the insurance industry has been resistant to technological changes, the impact of digitisation is gradually becoming more visible, benefitting both consumers and short-term insurance companies (Walburg, 2021). Thus, a shift from analogue to digital technologies, known as digital transformation, is now essential for insurance companies to succeed and maintain their competitive advantage (Ramalisa, 2022).

The global insurtech market revenue was valued at \$5.48 billion in 2019 and is expected to reach 10 billion \$14 billion by 2025, indicating an annual growth rate (CAGR) of 10.8% during this period (Harris-Ferrante, 2021,p2). Unfortunately, the insurance industry and insurtech companies in South Africa lag behind much of the developed world due to limited infrastructure and high data costs, which slows the process of innovation (LittleJohns, 2019). Africa's total premiums written in 2019 was \$68.15 billion, which accounts for only 1.08% of global insurance premiums; of the 1.08%, South Africa has the highest penetration rate within the African market, accounting for 58.8% of total premiums (Bah and Abila,2022, p5).

According to Todd (2022), financial services are the most dominant sector in the economy, contributing around 20% of GDP each year. This highlights the need for the insurance industry to do more amidst the various challenges experienced within the country. Some challenges that hamper insurance accessibility in South Africa are the weak economy and political unrest, which collectively render insurance less affordable for many citizens and businesses. In July 2021, the South African Special Risk Insurance Association suffered losses of approximately R33.8 billion due to the unrest in KwaZulu-Natal and Gauteng after businesses were looted and damaged; devastating floods in KwaZulu-Natal in April 2022 followed these events, which was referred to as one of the worst natural disasters within the country where a further R35 billion in losses occurred (AON,2022,p 4). Such occurrences increase the vulnerability of individuals and companies, making it essential for insurance providers to adopt a more client-centric approach, offering tailored insurance services to meet the specific needs of their customers (Santam Insurance Barometer Report 2021;5). In addition, the demands of South African consumers have evolved, with a growing preference for

simple and easily understandable insurance products that offer transparent pricing and can be customised to their specific requirements (Insight Survey,2023).

Insurtech offers a more engaged relationship between an insurer and its customers, with more touchpoints, a greater flow, and increased flexibility (LSE,2023). Insurtech companies disrupted the short-term insurance industry in South Africa by capitalising on the technology available to revolutionise customer experiences, enhance operational efficiency and introduce innovative products (Ventures Africa, 2023). Among the key players leading this transformation are Pineapple, Yalu, Naked, Click2sure and Jasure, which have merged as the leading start-ups offering transparent, personalised, and affordable insurance products (Ventures Africa, 2023). Their approach has challenged traditional brick-and-mortar insurance institutions, compelling them to adapt and innovate to remain competitive.

To effectively implement digital transformation and secure a competitive edge, insurtech companies must thoroughly comprehend consumers' perceptions, experiences and expectations when selecting an insurance provider. This entails gaining insights into customers' essential factors, including their interactions with industry service providers. By gaining this deep understanding of these elements, insurance companies can develop digital transformation strategies that align with the customer's needs and expectations, thus achieving customer satisfaction.

1.3 Problem Statement

1.3.1 Main Research Problem

The insurance industry's slow adoption of changes in the market has led to the emergence of innovative technology-driven start-up companies known as Insurtech. These insurtech companies continue revolutionising the insurance industry by delivering products and services that use big data, artificial intelligence, chatbots and process automation. Although these technologies hold the potential to optimise operational efficiency and enhance the customer experience across the entire insurance value chain, a critical gap exists in creating a superior customer experience throughout the customer's journey from purchase, onboarding, claims processing, and customer support.

Insurtech companies struggle to gain trust, prove relevance, and retain customers. Customers are reluctant to switch from traditional companies, believing insurtech companies are less established and unreliable. The researcher explored strategies and solutions to bridge this gap and enhance the customer experience by digitising insurance services and products.

1.3.2 Secondary Research Problems

- i) How have insurtech companies disrupted and transformed the insurance market and landscape?
- ii) What digital transformation strategies have insurance firms adopted in response to the rise of insurtech companies in the insurance industry?
- iii) How can insurance companies enhance the customer's experience?

1.3.3 Research Objectives

- i) To analyse and comprehensively describe the various ways in which insurtech companies have disrupted the insurance industry.
- ii) To understand customer expectations from digital products and services in the insurance industry and, more specifically, from insurtech.
- iii) Provide recommendations on how to improve the customer experience through leveraging new technologies.

1.4 Significance of the study

The research will contribute to the knowledge related to digital transformation and the customer experience in the insurance sector, focusing on insurtech companies. The study will inform academia about the implications of digital transformation on customer experiences, thus fostering a better understanding of the dynamic interplay between technology adoption and customer centricity within the insurance landscape.

1.5 Delimitations and Limitations

1.5.1 Delimitation

- The study focused on the insurtech companies in South Africa.
- The study considered both traditional and new insurtech companies.

- The study used a qualitative research methodology, including interviews with a small sample of industry experts and insurance customers.
- The study was limited to the Gauteng Province.

1.5.2 Limitations of the study

- The small sample size limited the population in the insurance industry.
- The study was qualitative, and its findings were based on subjective experiences, thus making it difficult to generalise the findings to a broader population.
- Given the dynamic nature of the environment, it was essential to acknowledge that customer viewpoints obtained from secondary data may have changed over a brief period, thus not accurately representing current perspectives.

Chapter 2: Literature Review

2.1 Introduction

This literature review will explore the impact of digitisation on the customer experience within the insurance industry, focusing on insurtech companies that have emerged and disrupted the market. The researcher analysed various literature and established an academic basis for the research, providing in-depth insight into recently published theories and schools of thought about the research topic.

This comprehensive literature review is divided into three segments. Firstly, the researcher analysed the existing literature on the insurance sector's offerings, providing insights into the industry and discussing recent disruptions caused by insurtech companies. This literature examination also includes a historical perspective on the sector and its changing dynamics.

The subsequent section will explore the realm of digital transformation and the prevailing schools of thought, where definitions and ongoing debates from different authors are considered. The researcher also explored how digital transformation has been applied across different industries, enabling the identification of best practices for strategy development and implementation.

Furthermore, the researcher deemed reviewing the customer experience in the insurance landscape as a pivotal element to include in this study. This encompassed the decision-making process that guides customers in selecting a service provider aligned with their specific needs and exploring the post-onboarding experience.

2.2 Defining Insurtech Companies

Insurtech companies are the disruptors of the insurance industry, which has been previously identified as a large, rich, unpopular, and impersonal industry whose products are bought without enthusiasm or affection, often in response to legal or financial pressure by customers whose brand loyalty is just inertia (McFall and Moor, 2018, p 193). Gomez and Pineda (2023) stated that the term insurtech had been applied in several business contexts inconsistently, thus the need for a more centralised definition; insurtech is any innovation driven by technology in the insurance

sector, which can refer to software, any application platform as well as products and services. Susanto (2022) defined insurtech as companies that are driven by innovation with the aim to benefit both customers and insurance providers by integrating technological systems and services to solve customer and industry problems within insurance.

Neale et al. (2020) classified insurtech companies into three types: disruptors, disintermediaries and enablers.

- The disrupter is typically a start-up creating technology concerned with changing an element of the insurance operations or services.
- Disintermediaries are companies that compress the distribution chain, bypassing one or more parties in the insurance transaction; an example would be primary insurers with a digital agency that bypasses retail agents.
- Enablers represent the majority of insurtech firms and support traditional incumbent insurance companies. They offer products or services that assist the insurer's operations but do not compete directly against insurers.

The rise of insurtech companies presents a transformative force in the insurance industry, challenging established practices and reshaping how insurance products and services are developed, delivered, and experienced by customers. As the industry evolves, stakeholders need to adapt to the changing landscape and leverage technological innovations to meet customer's needs and expectations in the current era of insurance.

2.2.2 The Role of Insurtech

The World Insurance Report, published in 2017 by Capgemini, introduced insurtech as a new buzzword, identifying Generation Y (millennials) as the sought-after segment in terms of insurance needs. Through its digital interactions, this segment is recognised as tech-savvy and more likely to purchase a product if it is technology-enabled (Sahore,2018, p 38). Insurtech companies have fewer barriers, making it easier to seize a market by meeting its demands as they are agile and radical in their innovation (Harris-Ferrante, 2021,p5). Within the African market, communicating the right message to the potential market is only part of the issue as the price of insurance

often puts consumers off and as observed, the retention rate is low across the microinsurance industry, which could be due to consumer spending priorities changing and consumers failing to see immediate value (The Baobab network, 2019, p4).

Based on the literature, digital transformation is a critical priority in various industries. Within the insurance industry, it involves a comprehensive overhaul of traditional processes, encompassing the shift from analogue to digital technologies. This transition has been triggered by the increasing integration of information technology into our daily lives. For companies to navigate this transformation, a well-crafted digital strategy is essential to unlock the full potential of technology-driven adoption and profitability. The developed strategy should be grounded in a deep understanding of the digital tipping point to address industry disruptions effectively. These disruptions have predominantly manifested as insurtech companies reshaping the insurance landscape, particularly for tech-savvy millennials. However, in the South African market, these insurtech companies still need help with communication, pricing concerns and low retention rates due to shifting consumer priorities.

2.2.3 Overview of insurtech dynamics

As innovative insurance industry disruptors, insurtech companies bring a novel perspective to an industry that needs more customer engagement. Insurtechs continue to harness technology-driven innovations to transform aspects of the insurance sector, including software, applications, products, and services across the entire insurance value chain. Fueled by rapid technology advancements and rising adoption, insurtechs thrive on enhanced connectivity and modern digitisation, resulting in the generation of mass data that empowers the development of personalised and data-driven solutions (Quan et al., 2024). These Insurtech companies have become key players in the insurance industry, catering mainly for the tech-savvy segment of millennials who prioritise technology-enabled products. The key question within the South African market is how can insurtech companies address communication, pricing, and customer retention challenges among their customers.

2.2.4 Questioning insurtech disruption

For Susanto (2022), insurtechs are forward-looking, innovation-driven companies whose vision is to deliver value to customers through involving technology to deliver and solve problems across the entire insurance value chain. These companies face challenges in the South African market, which include pricing and customer retention. The question that needs to be answered is how the various product offerings and innovations introduced by different insurtech have disrupted the market.

2.3. The need for digital transformation

Insurance is a valuable and effective tool for mitigating the negative impact of unexpected events. However, traditional insurance companies have struggled to enter specific markets due to affordability, accessibility, low levels of literacy, and distrust of insurance companies (Deloitte, 2017). To be successful, insurers must implement innovative technology and digitisation efforts across their entire value chain. This has led to the emergence of new technology-driven companies that are disrupting the insurance industry. These companies, known as insurtechs, are in their early stages of operation and are driving innovation across the insurance value chain by leveraging new technologies, user interfaces, business processes, or business models (Harris-Ferrante, 2021, p.2). They offer the potential for a more engaged relationship between insurers and their customers, with more touchpoints, information flow and flexibility (Cullen, 2016, p2).

The rapidly evolving landscape demands a thorough investigation of the impact of digital transformation on the customer experience. This begins with exploring the essence of digital transformation, followed by examining customer expectations and experiences within the insurance market in South Africa, specifically focusing on insurtech. This will provide a deeper understanding of insurtech and, most importantly, the dynamic interplay between technology and customer-centricity.

2.3.2 Digital Transformation

Digital transformation is a holistic effort to revise core processes and services beyond traditional digitisation efforts. It evolves around the transition from analogue to digital to a comprehensive review of policies, processes, and the creation of new digital

services (Masoud and Basahel, 2023, p111). Information technology is becoming increasingly blended and embedded in people's daily lives, with the extant nature of information technology an undeniable reality of everyday existence (Bloomington and Fors, 2004, p 690). Thus, digital transformation has become one of the main priorities for organisations; adopting digital technology transforms services or businesses by replacing non-digital or manual processes with digital processes or replacing older digital technology with newer digital technology (Li, 2021, p2).

Digital transformation leads to the transformation of critical business operations. It affects organisational products, processes, and structures and combines information, computing, communication, and connectivity technologies (Hausberg et al., 2019, p934). It is the process of developing organisational and technology-based capabilities that allow a company to continuously improve its customer experience, lower its unit costs, and, over time, sustain a competitive advantage (McKinsey & Company, 2023, p2). Companies across the globe are facing challenges in the undertaking of digital transformation as they venture into new and unfamiliar territory, simultaneously lacking a clear strategy to achieve the desired outcomes of the digital transformation, possibly due to insufficient reference to the full possibilities of what may be achieved through digital transformation (Mapingire et al., 2022, p437).

Based on a survey conducted by Google and Bain Consulting jointly, using digital solutions by implementing digital transformation may increase insurer earnings by 28% and reduce the cost of claims and damages by up to 19%, with the administrative costs of contracting insurance policies also being significantly reduced by 72% (Henrik et al., 2020). Several executives have shared their concerns and potential challenges with digital transformation in their organisations. According to Barsky (2023), executives ranked people problems as the major challenge in successfully implementing digital transformation; inadequate technology function leadership, poor cross-departmental coordination, talent gaps, and stubborn work cultures are priorities for companies to resolve. If they are unable to do this, very little will be left for technology to transform.

Considering the far-reaching impact of digital transformation, including the required resources, commitment to implementing digital transformation initiatives is usually

driven by the C-suite level, which includes the Chief Information Officer and the Chief Executive officer, who, unfortunately, often admit to having a superficial understanding of the challenges (Philippart,2002, p2). As per the KPMG Survey (2023), the majority of businesses still experience increased performance and profitability through the implementation of digital transformation. IT leaders pitched this, and the current outcome is not what Chief Financial Officers want to see. Furthermore, the key findings of the report highlighted the following findings from executives:

- Executives are still entrenched in compliance mindsets where regulatory obligations and security concerns are prioritised. A total of 66% of the respondents in the survey reported that complex regulatory developments made them less confident in investing in new technology.
- With rising inflation and increases in interest rates, corporate IT spending across companies has reduced with companies tightening their spending. Economic uncertainty, growing cyber attacks, and questionable technology yields have resulted in departments expected to do more with less.
- The lack of workplace trust and agility also emerged as a point of contention. Approximately 57% of the respondents in the study indicated that employee sentiment towards technology, which is usually their resistance to change, affects investment decisions.
- Another major concern was a lack of coordination and governance to support new initiatives.

For years, traditional insurance models have been resilient. Still, the digital landscape has forced the industry to adjust, which, through the digital transformation of insurance operations, is reshaping the current and future state of the industry (Yundt,2023). Digital transformation, therefore, must address the rising competition, legacy IT systems, changing regulations, and low consumer trust (Chambourdon, 2023). The implementation of digital transformation within the insurance industry is based on technologies that were actually developed in other fields of activity but were later adjusted to meet the requirements of the insurance industry.

Eling and Martin (2018, p359) indicated that although digital transformation has substantially changed other industries, the insurance industry needs to adopt and

exploit the full potential of digital technologies. Insurers' challenges through digital transformation may be categorised into shifting the product mindset, seeking technology partnerships, addressing backend processes, and creating a culture of innovation.

2.3.4 Developing and implementing a digital strategy

In order to promote digital transformation, it is crucial to develop a digital strategy that can improve profits (Yamamoto, 2020, p464). To successfully achieve digital transformation, insurers need to plan, develop, and implement a well-crafted digital strategy. The strategy will serve as the blueprint that insurers and insurtech companies must follow to unleash the full potential of technology-driven adoption. Unfortunately, few insurers have defined a comprehensive digital strategy to understand the source of disruption (McKinsey, 2017, p19).

In insurance, as in any other industry, it takes a while for customers and companies to embrace digital technology. However, as the pace accelerates, incumbents' scope to adapt diminishes. This is the tipping point where those who have yet to adapt their strategies gradually disappear. Insurers need to focus on the nature of the disruption rather than on the would-be disruptors. Thus, insurers must understand what is happening and why it is happening; only then will they be able to respond to changes in the market. Based on Figure 1, digital technology can disrupt in four mutually exclusive ways:

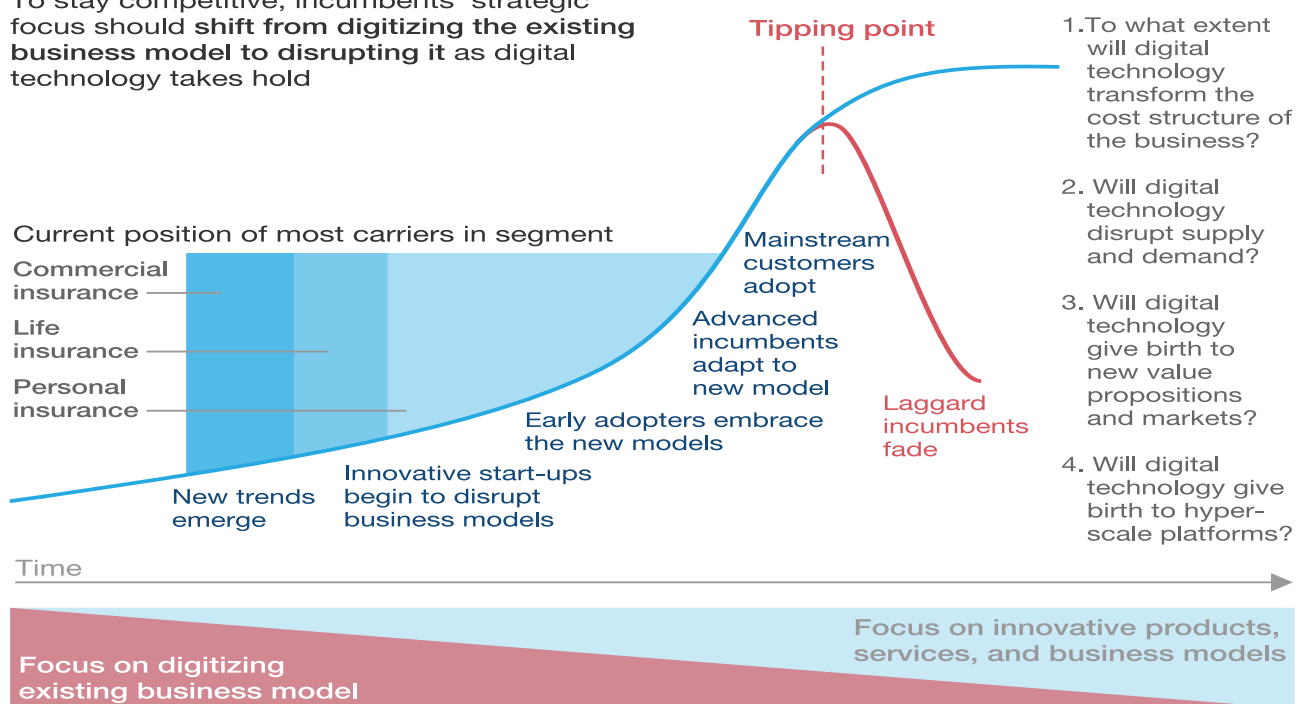
- **The cost structure of the business:** The disruptions of previously manual processes in traditional insurance companies can be automated. This change would be from reliance on agents with commissions to automated advisory processes and applying advanced analytics to improve pricing and underwriting.
- **Supply and demand:** Digital technology can cater more precisely for customer demands, which within the insurance industry could be customers naming their price and choosing elements of a policy that fits their budget and needs. Technology has the potential to unleash supply. As access into the industry is heavily regulated, technology provides simplified access, with start-ups being able to provide targeted products for a niche market.

- **The creation of new value propositions:** This would include making the purchasing process simpler and faster, adding fresh elements to a product or service, using data and analytics to make products more relevant or removing costs incurred by intermediaries.
- **Markets and hyper-scale platforms:** Based on the data, insurance companies can amass through digital platforms, enabling hyper-scaling and expanding operations into other industries.

Figure 1 illustrates how insurers must understand the digital tipping point to remain competitive.

The digital tipping point

To stay competitive, incumbents' strategic focus should shift from **digitizing the existing business model** to **disrupting it** as digital technology takes hold



McKinsey&Company

Figure 1: The Digital tipping point (McKinsey, 2017, p21)

2.3.5 Critical Challenges and Success Factors of Digital Transformation

As organisations modernise their business methods and operational processes through digital transformation, the question remains among the C-suite executives: What success will be achieved and what challenges will be experienced in pursuing

the success that comes through digital transformation? Mukherjee (2023) identified several challenges that can be expected when implementing digital transformation:

- Sophisticated technology and software are complex, require training and are time-consuming. It impedes business operations as teams must learn to integrate and use the new technology. Leadership needs to consider onboarding times and implementation times.
- Inadequate digital transformation strategy where the organisation lacks a clear strategy for transitioning from conventional, outdated systems to modern technological systems. The lack of these systems creates complications and inevitable failure in an organisation's digital transformation.
- Data management breaches are a possibility and challenge as sensitive customer and company data must be stored safely in compliance with national legislative acts. Data transfers from old legacy systems to new systems are usually complex and complicated procedures.

The challenges of digital transformation are not only limited to those mentioned by Mukherjee. Guida (2023) identified the following:

- Change resistance is one of the most significant challenges with teams across an organisation. It includes management resisting digital transformation as it changes established workflows.
- Evolving customer needs should also be addressed. Thus, companies must consider the needs of customers when selecting and implementing digital channels to ensure a seamless customer experience online, on mobile, or through social media. Investing in the right technologies and strategies that provide flexibility and agility is necessary to deal with an ever-changing consumer landscape.

Achieving a successful digital transformation requires commitment from C-suite executives, ongoing collaboration with business units and financial support. A straightforward, compelling narrative is essential to guide the organisation's response towards success. Leadership must dedicate time and effort to driving the transformation forward. When increased time is allocated to the process, the probability of achieving success significantly rises. In the current environment, the

question has shifted from whether companies need digital transformation to how companies can implement digital transformation successfully. According to Publicis Sapient (2023), it is evident that the pace of technological change has never been higher as several established companies struggle to keep up with the rate of change. In this regard, ten success factors for digital transformation have been identified:

- Setting clear goals that are not solely focused on technology. Organisations are embodied by their people; thus, clarity is needed when making decisions across different departments and teams focusing on cultural behaviours.
- Align teams around a shared vision, as transformation will not occur through an individual effort. From the CEO to lower-level employees, teams must be aligned on the vision and expected outcomes of transformation.
- Have C-level buy-in where clear sponsorship and support are evident. In the early months of transformation, C-suite executives must help build momentum, drive accountability, and create visibility around the transformation.
- Transparency with shared outcomes is an essential component of successful transformation. In most cases where transformation fails, it is for reasons that include the lack of accountability. There is a need for co-creation, and leadership must embody the change they want to see.
- Seize quick wins and communicate as it encourages operational progress and shows how each team member contributes to the transformation's overall success.
- Move fast where teams show their transformation. This approach enables teams to conduct rapid experiments and see how they translate in real life.
- Make thoughtful governance choices where there is a balance between critical expertise and belief in the vision.
- Choose partners who are fit for the team, where a partner ecosystem comprises partners who fill capability gaps and co-create.
- Keep teams small and cross-functional, thus breaking through operational silos and enabling teams to create and work faster.
- Consider new approaches to funding because of the requirements of digital sophistication and the need for faster movements in implementation and adoption. Programmes cannot pause until annual budget cycles have been completed. They likely need to move more quickly than quarterly. Instead of

making one large stake available, the budget can enable teams to make a series of smaller stakes.

In South Africa, insurers are not only watching from the sidelines and letting digital disruption through insurtech companies take over their industry; they are actively embracing innovation through partnering with insurtechs and developing their own digital capabilities. With a large capital base, insurers actively invest and acquire insurtech to accelerate their digital evolution within the landscape. An example would be Santam, a prominent South African insurer who has invested in and partnered with JaSure. This insurtech company offers on-demand insurance to clients, allowing them to purchase instant insurance for an individual asset with the option to switch the cover on and off based on their needs, an offering that Santam did not previously offer. (Jackson, 2022). As Santam grows and seeks to increase the value offered to its clients through its digital offerings, it eventually acquired over 51% of JaSure's share (Ramalisa, 2023).

According to Ramalisa (2023), the primary rationale behind the accelerated acquisition strategy and its alignment with insurers' strategies can be attributed to six key factors: (1) enhanced operations, (2) improved customer experience, (3) data and analytics, (4) ecosystem collaboration, (5) agility and innovation, and (6) scalability. Due to this trend, we frequently witness insurtech companies being acquired or forming partnerships with traditional insurance firms. Some examples (Littlejohns, 2019) include the following:

- Take Control (CTRL) Insurance allows customers to add specific assets to their insurance, including the ability to compare different service provider quotations from the comfort of their homes. Santam, an insurance giant within South Africa, became a minority stakeholder in Take Control, highlighting that innovation is central to its operations and viewing this as an opportunity for a new distribution channel that aligns with its digital transformation strategy.
- Naked, which enables users to purchase insurance at lower rates than traditional insurers offer, is partnered and underwritten by Hollard Insurance, which is continuously looking for ways to accelerate its digital trajectory and adopt innovative ways to disrupt existing insurance models.

- Pineapple Insurance leverages artificial intelligence to replace traditional advice agents with machine learning and chatbots. Old Mutual Iwyze underwrites Pineapple as they seek to leverage innovation in their customer experience and use quality data and analytics to ensure greater accuracy in insurance pricing.
- Yalu offers an alternative route to customers to pay for their debt when they have lost their source of income due to retrenchment, disability, or death. Old Mutual, another large incumbent insurance company, backs Yalu.
- Lumkani offers insurance to help communities develop, including a fire detection device that alerts each household when smoke or fire is detected. Hollard Insurance underwrites Lumkani.

It is evident that traditional insurance providers are partnering with and purchasing insurtech companies that have disrupted the market, leveraging their existing innovations for their benefit. Insurers must keep in mind that to implement a digital strategy, they must adopt practices akin to traditional business strategy, which involves making prudent investment decisions aimed at maximising competitive advantage, growth and profitability and then executing these decisions with discipline (Wald, De Laubier and Charanya, 2019).

2.3.6 Embracing digital transformation

The literature indicates that digital transformation is essential for the insurance industry and companies to remain competitive in an ever-changing marketplace. Due to the slow pace of digital adoption by traditional insurers, a gap in the market was created and filled by disruptive, technology-driven companies known as insurtech. These companies offer new products and services that are more affordable, accessible, and convenient for customers. This is a clear indication that embracing digital transformation will enable insurance companies to position themselves for success in the future.

2.3.7 Strategies and implications

Harris-Ferrante (2021) predicts that few insurtech companies will reach scale. Still, those that do will be well positioned in the digital marketplace, where they are most

likely to be acquired by traditional insurers, making them a more significant threat as they incorporate digital products and innovations into their companies. When implementing the strategy, insurers must adopt practices similar to traditional business strategies to maximise growth and profitability (Wald, De Laubier and Charanya, 2019). This leads to the question of what insurance companies have implemented as digital strategies amid digital transformation and disruption caused by insurtech.

2.4 The customer experience in the insurance industry

Customer experience is the aggregate of feelings, perceptions and attitudes formed during the entire process of decision-making and consumption chain involving an integrated series of interactions with people, objects, processes, and environments leading to cognitive, emotional, and sensorial behavioural responses (Masoud and Basahel, 2023 p111). In terms of the customer experience, digitisation has excellent potential to increase customer value by offering better products at lower prices. However, to deliver this service, insurers need to consult their customers (Eling and Lehmann, 2017, p.375). In the new interconnected socioeconomic context, the role of consumers has changed substantially, and consumer participation has become crucial to the development of products and services of mutual value (Mendez-Aparicio et al., 2020, p2).

Insurance is not a product but a service that provides the customer with an experience of a lifetime. This experience is usually created by how the insurance is marketed, sold, delivered, and executed when claims arise (Sahore, 2018, p.36). Compared to traditional insurers, Wiener and Thesis argue that insurtechs have systematic advantages as they use the latest technology and are more flexible. Thus, insurtech can be divided into three categories in terms of product and service offerings (Eling and Lehmann, 2018, p371):

- Customer experience: They take advantage of the analogue interactions between insurers and customers.
- Business process: Insurtech platforms serve as aggregators that create more transparency, with the primary driver of profit being customers making purchases on their websites. In terms of claims, insurtech supports the customer throughout the claims process.

- For new products, insurtech usually focuses on single products and does not offer the full spectrum of services, allowing them to innovate for a niche market per customer needs.

2.4.1 Challenges in the insurtech landscape

While insurtech enjoys certain perceived advantages, they also face a range of challenges that require attention, as outlined by Baobab Network (2019):

- Product relevance is a challenge that arises when consumers perceive insurance products as irrelevant or not priced appropriately for their needs.
- Trust issues emerge when consumers experience prolonged delays in receiving payments or encounter discrepancies between what was promised and what was delivered, leading to feelings of deception.
- Complexity makes it difficult for customers to grasp their intricacies and fully understand how they work.
- Insurers often need help clarifying the scope of coverage due to the overwhelming level of detail found in policy documents. Thus, they must understand the exact scope of the cover.
- Distribution models are expensive as associated costs stem from the need for more infrastructure and personnel, posing a significant challenge to insurers in this sector.

Addressing the above challenges and enhancing the customer experience is paramount for insurtech companies and traditional short-term insurers. Gronholdt et al. (2015) noted that the customer experience is closely linked to financial success. Pine et al. (1999) also argued that an organisation's ability to generate and increase revenue hinges on its capacity to deliver memorable experiences to the customer.

2.4.2 Unlocking customer value

In the current landscape, customers perceive technology as a necessity rather than a mere convenience (Businesswire,2018). Therefore, insurers must meet and exceed consumer expectations, including providing insurance services where, when, and how customers prefer. By bridging this gap and enhancing their digital services and

platforms, insurtech and insurance companies can ensure a quality customer experience, leading to the overall success of an organisation.

The ability of insurtech companies to address the disparity between the customer expectations and digital offerings can ensure a customer-centric experience that ultimately leads to the overall success of each company. In a continuously changing market, the ability to adapt and innovate in response to changing customer needs will be a key determinant of success in the insurance industry.

Digital transformation has the potential to increase customer value by offering products at a lower price, including enabling insurtech companies to provide a customer-centric customer experience; thus, to deliver insurance services and products, insurers need to consult their customers (Eling and Lehmann, 2017: p. 375). This leads to the question of the digital expectations from customers about the delivery of insurance products and services.

2.5 Conclusion of Literature Review

This comprehensive literature review has provided a deep understanding of digital transformation's impact on the insurance industry's customer experience. The emergence of disruptive entities known as insurtech companies has transformed traditional insurance operations, reshaping the landscape and challenging established practices.

Insurtech companies have emerged as pivotal disruptors in the insurance industry, traditionally characterised by slow-to-change practices. The insurtech companies have introduced innovations that have altered how insurance products and services are developed, delivered and experienced. This resulted in categorising insurtech companies into disruptors, dis-intermediaries and enablers, thus demonstrating how they are reshaping the insurance industry.

As insurtech companies market share has increased, traditional insurers have undergone digital transformation initiatives to maintain their market dominance and competitive advantage. This digital transformation involves not merely adopting new technologies but a comprehensive overhaul of traditional processes. The literature

emphasised the importance of developing agile strategies led by strong leadership and supported by an organisational culture that embraces change internally and externally. When successfully implemented, the result is increased profitability, reduced costs and an enhanced customer experience throughout the insurance value chain.

Within the South African market, insurtech companies face unique communication, pricing and customer retention challenges. Despite these challenges, the partnerships between traditional insurers and insurtech firms illustrate a proactive approach to embracing innovation and enhancing the insurance industry's customer experience and insurance offering. These collaborations aim to leverage the strengths of both parties to improve customer offerings and operational efficiency.

The customer experience is at the heart of the digital transformation journey within the insurance industry. The introduction of new technologies that enable companies to leverage data and offer automated self-serve services has been a key driver of the transformation and focus on enhancing the customer experience. However, the insurance industry faces several challenges, including product relevance, customer trust, and understanding and navigating insurance products. Addressing these challenges is crucial for both traditional and insurtech service providers to ensure improvements in the insurance industry's customer experience. The ongoing collaboration between traditional insurers and insurtech companies will likely play a crucial role in shaping the future landscape of the industry.

As the insurance industry continues to evolve, the ability to adapt and innovate in response to changing customer needs will be a key determinant in maintaining competitive advantage and the success of any company. Insurers must adopt digital technologies and create a customer-centric experience that bridges the gap between consumer expectations and service delivery.

Insurers are actively embracing digital transformation, with some partnering with or acquiring insurtech companies to accelerate their digital evolution. These strategic moves aim to enhance operations, improve customer experiences, leverage data and

analytics, foster ecosystem collaboration, and promote agility and innovation to achieve scalability.

The literature review emphasised the pivotal role of digital transformation and insurtech companies in shaping the insurance industry's future. By embracing digital transformation and prioritising the customer experience, insurers can position themselves for sustained growth and competitiveness in an increasingly digital world.

Chapter 3

3.1. Research Methodology

Qualitative research is defined as the study of the nature of a phenomenon, including its quality, different manifestations, the context in which they appear or the perspectives in which they can be perceived, but excluding their range, frequency and place in an objectively determined chain of cause and effect, an indication that qualitative research uses data in the form of words instead of numbers (Busetto et al., (2020).

Borrego (2009,55) defined qualitative research as the gathering and analysis of textual data through interviews, surveys, observation and primarily the context in which the study occurs. This enables the researcher to gain in-depth insights into customer behaviour and expectations per the industry experts' perceptions. As this research aimed to investigate the impact of digital transformation on the customer experience, the research methodology was qualitative in nature, focusing on semi-structured interviews and the use of secondary data published in the public domain. Using words to understand the context and interpret research findings is at the core of qualitative research. In this research, the qualitative component did not rely on statistical procedures to obtain results; instead, it adopted an interpretive and naturalistic approach to obtain descriptive outcomes to reveal research findings (Yilmaz, 2013,146).

Table 2 shows why the researcher has selected qualitative research instead of quantitative research for the proposed study.

Table 2: Comparison of Research Methods (Mack et al., 3, 2005)

	Qualitative Research	Quantitative Research
Focus	Exploring ideas or formulating theories	Testing hypothesis or theories
Analysis	Summarising, categorising, interpreting	Math and statistical analysis
Expressed In	Words	Numbers, graphs, tables, fewer words
Sample	Few respondents	Many respondents
Questions	Open-ended	Close-ended or multiple choice
Characterised by	Understanding context	Testing, measurement, objectivity, replicability

The utilisation of a qualitative research approach and methodology enabled the researcher to gain comprehensive insights into how customers are currently engaging with insurtech products and services, which is a depth that quantitative data alone would not have been able to fully provide. This approach facilitated the researcher's understanding of the factors digital transformation has enabled, including how insurtech companies are developing an understanding of customer expectations and needs. Through semi-structured interviews with experts within the insurance industry, the researcher was informed of the intricacies involved in developing trust, transparency and adapting to digital transformation in an ever-evolving landscape within the insurance industry.

3.2. Research Design

A research design is a blueprint for answering research questions and controlling variance (Dulock,1993, p154). This study aimed to understand the ramifications of digital transformation on the customer experience and the factors that contribute to the positive and negative experiences within insurtech companies. Thus, this study employed semi-structured interviews, collecting and analysing secondary data on digital transformation, the customer experience and insurtech.

For Kakilla (2021, p2), semi-structured interviews are a practical method for conducting in-depth conversations. Through semi-structured interviews, the researcher can critically scrutinise the conversations and follow up on all verbal and non-verbal responses to arrive at multi-layered conclusions. In this study, it enabled the researcher to ask open-ended questions and gain feedback on the customer experience from awareness, acquisition, onboarding and claims processing. The feedback was used to develop recommendations for insurtech companies on improving customer experiences through digitisation, enabling them to implement strategies that create a competitive advantage in the South African market.

Semi-structured interviews can be time-consuming to conduct and transcribe, and data analysis can be subjective, as it relies on the researcher's interpretation of the participants' responses. Additionally, the findings may not be generalisable to a larger population, limiting external validity.

This study extensively analysed publicly available secondary data to reduce these limitations. This provided a broader perspective on digital transformation's key drivers and consequences on the customer experience. However, the researcher remained conscious that secondary data could vary in reliability and quality as there is no control over the data collection process, which might affect the validity of the findings.

The combination of semi-structured interviews and secondary data provided a broader perspective on the key drivers and consequences of digital transformation on the customer experience. The researcher leveraged the strengths of both methods and implemented measures to mitigate the risks and limitations experienced when gathering and analysing the data.

3.3. Population and sample

3.3.1 Population

The research focused on 12 participants comprising experts and insurtech customers in South Africa's Gauteng Province. The experts were chosen for their exceptional knowledge and extensive experience in the rapidly evolving domains of digital

transformation, customer experience and insurtech. Regarding customers, the study included working professionals who currently utilise insurtech services and products located within the Gauteng Province.

3.3.2 Sample

The study used a sample size evenly divided between industry experts and insurtech customers. This enabled the researcher to understand digital transformation strategies and insurtech products and services from the industry experts and the customer experience, from presales and onboarding to the customer experience when processing claims.

The researcher used convenience sampling to select participants who are experts and existing insurtech customers in the Gauteng Province. Convenience sampling is a kind of non-probability or non-random sampling by which members of a target population are selected for the study if they meet specific practical criteria such as geographical proximity, availability at a particular time and easily accessible (Farrokhi,2012, 785).

3.3.3 Recruitment Strategy

Researchers can leverage new and innovative techniques for recruiting research participants in the current digital era. Through the utilisation of social media platforms, web applications and mobile devices, researchers are now able to engage directly with their target communities for research recruitment purposes. Consequently, social media has emerged as a crucial avenue for facilitating the researcher's work (Darko & Olson, 2022). To effectively reach the target population for the research, the researcher employed convenience sampling, subsequently accessing LinkedIn, a social media platform for professionals to connect and engage with experts and individuals closely aligned with the desired demographic.

The researcher focused mainly on LinkedIn discussion groups as a source for recruitment within the social media platform. LinkedIn discussion groups serve as a dynamic platform where subject matter experts actively engage and exchange insights on best practices and experiences in digital transformation, customer experience, and

the insurance industry. Through active participation in the discussion groups, the researcher was able to:

- Identify relevant experts by observing and participating in discussions within these groups. These individuals often shared valuable insights and best practices relevant to the research objectives. In addition, their profiles highlighted their professional experience and area of expertise with easily accessible references.
- The researcher also used their existing network of industry leaders who had experience and successfully navigated digital transformation within their organisations.
- The researcher engaged with various contributors on LinkedIn who had shared their experience with insurance service providers and, most importantly, insurtech companies. The researcher was able to build credibility and trust, thus ensuring a greater chance for positive feedback when requesting participation from a prospective participant.

After establishing connections, which entailed sending an individualised “connection request” directly to each potential participant, the researcher engaged directly with them after they accepted the connection request. The engagement occurred through sending direct messages clearly articulating the purpose and objective of the research study. After their acceptance, the researcher sent them the consent form, including the Protection of Information Act 4 of 2013. This approach ensured that the researcher could access a pool of experts and individuals who would share valuable contributions to the research study while ensuring ethical guidelines were followed.

3.3.4 Inclusion and Exclusion Criteria

When conducting high-quality research, inclusion and exclusion criteria must be established. Inclusion criteria refers to the key features of the selected target population that the investigator will use to answer the research question, while the exclusion criteria are features of the potential participants who meet the inclusion criteria but present additional characteristics that could interfere with the success of the study or increase the risk of an unfavourable outcome (Patino and Ferreira, 2018).

The selected participants had to meet the following inclusion criteria to be selected for the research:

- Expertise in their fields: The participants should be experts in digital transformation, customer experience or the insurance industry.
- Customers: The participants should be working professionals who are existing customers of insurtech companies paying a monthly premium to an insurtech company.
- Geographical location: The participants should be based in the Gauteng Province as they will understand market challenges and trends.
- Availability to participate in the in-depth interviews: Participants should be available and willing to participate in the interviews.

The exclusion criteria for the research comprised the following:

- The lack of expertise: Participants lacking knowledge and expertise pertaining to digital transformation, customer experience or the insurance industry were excluded.
- Noncustomers of insurtech companies: Non-premium paying customers of an insurtech company were excluded from the study.
- Geographical location: Individuals and experts residing outside the Gauteng Province were excluded from participation.
- Unavailability to participate: Individuals unwilling or unavailable to participate in the semi-structured interviews were excluded from the study.

Based on the mentioned inclusion and exclusion criteria, only participants who were experts in their respective fields and actively engaged as customers of insurtech companies, who were well acquainted with the Gauteng market and were within the mentioned age range, participated in the study. This approach ensured a valuable historical perspective, including enabling a comparison between traditional insurance practices and the influence of digital transformation on the delivery of insurance products and services.

Table 3: List of Respondents

Respondent	Respondent expertise and experience
Respondent 1: Insurtech Company Co-founder	Chartered Financial Analyst with experience in the banking industry with a focus on client innovation and the co-founder of an insurtech company.
Respondent 2: Insurtech Venture Capital Expert	An economist with management consulting experience and shifted focus to venture capital investment in insurtech companies.
Respondent 3: Vice-President of Sales in the insurance industry	C-level sales executive with vast experience across the insurance industry. Background in marketing and sales.
Respondent 4: Digital Transformation Executive	Senior business executive in the insurance industry driving digital transformation within a large multinational insurance company. A background in change management.
Respondent 5: Head of Communications in the insurance industry	Senior executive at a large insurer that has acquired an insurtech company. A background in Communication Management.
Respondent 6: Insurtech Customer Success Expert	Director at an insurtech company with a focus on customer experience and success. Background in business development and customer experience.
Respondent 7: Insurtech customer	A previous traditional insurance customer switched personal vehicle insurance to an insurtech company.
Respondent 8: Insurtech customer	An insurance customer subscribed to a traditional insurance provider and an insurtech company.
Respondent 9: Insurance customer	A former insurtech customer who switched to a traditional insurance provider.
Respondent 10: Insurance customer	A former insurtech customer who switched to a traditional insurance provider.
Respondent 11: Insurtech customer	Insurtech customer with all insurance services and products provided by insurtech.
Respondent 12: Insurtech customer	Insurtech customer with all insurance services and products provided by insurtech.

3.4 Data Collection

The data collected for the research is divided into primary and secondary data sources to provide a comprehensive understanding of insurtech, digital transformation and the customer experience.

3.4.1. Primary Data Collection

Semi-structured interviews

Semi-structured interviews were conducted conversationally with one respondent at a time; the semi-structured interview employed closed and open-ended questions accompanied by follow-up why and how questions (Adams,2015, p493). This formed an essential component of the research, enabling the researcher to interact directly with the experts who develop digital transformation, the customer experience and

insurtech. It also enabled the researcher to understand the customer experience, from becoming aware of the products and services to the subscription, onboarding, usage and claims processing through an insurtech company. These interviews were conducted using video conferencing platforms such as Zoom and Google Meet, thus ensuring flexibility for participants. Predetermined questions were asked in a conversational format, enabling participants to share in-depth insights into their preferences and challenges.

3.4.2 Data Collection Instrument

The collection instrument was designed to ensure that both industry experts and insurtech customers could provide valuable insights into the impact of digital transformation on the customer experience with a focus on insurtech companies. The combination of open-ended questions and close-ended questions enabled a comprehensive exploration of the research. Conducting the interviews using video conferencing enhanced the accessibility and convenience for the participants, simultaneously enabling the recording and ease of transcription. In summary, the researcher conducted individual semi-structured interviews in a conversation-like style employing closed- and open-ended questions, which allowed probing in some instances, using video conferencing (Zoom or Google Meet), enabling the recording and automatic transcription of all recordings.

3.4.2.1 Data Saturation

Data saturation entails building rich data within the inquiry process by attending to scope and replication, thereby building theoretical aspects of inquiry (Morse, 2015: p587). Thus, in collecting qualitative data, the researcher must reach a point where they must decide that sufficient data has been collected, known as the point of data saturation. This saturation assures the validity and credibility of the information for the study, saving the researcher the time of collecting the same information (Mwita, 2022: p 417). When conducting interviews in research, Hennik and Kaiser (2022) noted that saturation is often reached between the ninth and seventeenth interviews. This is where the researcher often finds repetition of the same information; thus, saturation has been reached. Mwita (2022) added that the length of the data collection session helps the researcher achieve saturation, with each interview session needing to range

between a minimum of 15 minutes to a maximum of 60 minutes. For any research study, the information must be well written with confidence and competence, resulting in comprehensive descriptions of each concept with pertinent examples of the theory linked to the literature and findings (Morse, 2015: p 588).

The researcher conducted interviews with a total of 12 participants equally divided into two groups: six industry experts and six customers. The interview sessions for the industry experts were conducted between 45 to 60 minutes, and for the customers, between 15 to 30 minutes per session. These participants were chosen from a diverse pool to encompass various perspectives within the target population, ensuring a broad spectrum of experiences and insights regarding the influence of digital transformation on the customer experience were collected.

Through semi-structured interviews, the researcher was able to employ flexibility in questioning and responses while maintaining consistency across the interviews. This approach enabled the researcher to explore each theme, facilitating data saturation. In addition, the researcher incorporated data from secondary sources, including reports and academic papers triangulated with the interview findings, resulting in an in-depth analysis with richness, thus contributing to the saturation of the data.

The comprehensive approach used by the researcher resulted in the identification of recurring patterns and insights, resulting in a thorough coverage of the research topic and achieving data saturation.

3.4.3 Interview questionnaire

Table 4: Research Interview Questions

Industry Experts	Customers
<p>Theme 1: Insurtech disruption and implications for insurance providers:</p> <ul style="list-style-type: none"> • How are insurtech companies disrupting the traditional insurance industry? • What are the key challenges that traditional insurance providers face in the face of insurtech disruption? • What are the implications of insurtech disruption for the insurance industry? 	<p>Theme 1: Awareness and selection of service provider:</p> <ul style="list-style-type: none"> • How did you first learn about your insurtech provider? • What were the most important factors when choosing an insurtech company?
<p>Theme 2: Digital transformation strategies</p> <ul style="list-style-type: none"> • What are some of the innovative digital transformation strategies that traditional insurers have adopted to maintain their competitive advantage? • What are the key drivers of digital transformation in the insurance industry? 	<p>Theme 2: Challenges experienced when using a digital platform provided by insurtech companies:</p> <ul style="list-style-type: none"> • What are some of the challenges you have experienced when using your insurer’s digital platform? • How could your insurtech provider improve its digital platform?
<p>Theme 3: Customer expectations from insurtech companies:</p> <ul style="list-style-type: none"> • Based on customer feedback, what are the digital offerings and products that customers expect from insurtech companies? • What key factors influence customer expectations? 	<p>Theme 3: Concerns with interactions and processing of claims:</p> <ul style="list-style-type: none"> • What concerns do you currently have with using digital platforms to process insurance claims? • What can your insurtech company do to address these concerns?
<p>Theme 4: Insurtech strategies to enhance customer experience:</p> <ul style="list-style-type: none"> • What strategies can insurtech companies employ to enhance the customer experience? • How can insurtech leverage technology to improve customer engagement? 	<p>Theme 4: The importance of human interaction when utilising digital services and products:</p> <ul style="list-style-type: none"> • How important is human interaction when using a digital product or service? • At what stage is human interaction important for insurtech companies?
<p>Theme 5: Trends in insurtech:</p> <ul style="list-style-type: none"> • What are some of the key trends that are expected to emerge in the insurtech and insurance industry over the next five years? 	<p>Them 5: Area of insurtech improvements for the customer experience:</p> <ul style="list-style-type: none"> • What are some of the ways your insurtech company can improve to ensure a better customer experience?

3.4.2 Secondary Data Source

Secondary data complements the primary data by offering a broader context and historical perspective on insurtech trends and customer behaviour. This data was collected from existing literature, reports, academic papers, and organisational publications. See Appendix A for the data collection schedule.

3.5 Data analysis and interpretation

The analysis of qualitative data is a pivotal stage within the qualitative research process as it assists researchers in making sense of their data in a labour-intensive and time-consuming manner. This is partially because qualitative data produces much contextually laden, subjective, and richly detailed data (Byrne, 2001, p904). Qualitative data analysis transforms raw data by searching, evaluating, recognising, coding, mapping, exploring, and describing patterns, trends, themes and categories in the raw data to interpret them and provide their underlying meaning (Ngulube,2015, p1).

3.6 Validity and reliability

The research findings assess the validity and reliability of the study by considering both external and internal validity. When scrutinising internal validity, the researcher's experimental design and methods are used to ensure the robustness of the scientific conclusions. The external validity delves into the applicability and generalisation of the findings beyond a controlled setting, questioning where a similar outcome can be anticipated in real-world scenarios (Frost, 2023).

3.6.1 External Validity

The research relied on qualitative methods, limiting the external validity due to the challenges in generalising the research findings and using convenience sampling. Convenience sampling highlighted the study's geographical limitation as only participants in the Gauteng Province were recruited to participate, thus not necessarily representing the broader population's views. Therefore, the findings may not apply to the wider national population. Exploring wider geographical parameters and using broader sampling techniques may have bolstered the external validity. This should include implementing measures to minimise subjectivity in data analysis through well-defined coding procedures.

3.6.2 Internal Validity

The use of semi-structured interviews with experts and secondary data analysis raised the concern of internal validity as the interpretation of research questions was

susceptible to researcher bias. Although the combination of primary and secondary data may enhance a study, the risk is in terms of the quality and reliability of secondary data, which may affect the internal validity of the research. Using credibility checks and peer debriefing helps with the validation and interpretation.

3.6.3 Reliability

As reliability is about minimising error and increasing consistency in the research process, the following aspects must be addressed to ensure reliability:

- In data collection, the questions used for all interviews should be consistent, and the interview process should be standardised.
- Qualitative research can be vulnerable to inconsistencies. In order to mitigate inconsistencies, all data must be treated with consistency.
- The researcher must document any data collection or analysis changes to ensure transparency and to enable the ability to retrace steps if needed.
- Conduct credibility checks, which may include expert consultation to help interpret the findings, ensuring an additional layer of reliability.
- An external review entails an external researcher reviewing the process and findings to provide an additional layer of reliability.
- The researcher should ensure consistency in sampling when using random sampling to ensure adherence to a well-defined process.

3.7 Risk/Benefit Analysis

The qualitative research approach used for this study presented various benefits:

- Comprehensive insights: The study employed a qualitative methodology that offered comprehensive insights and established a deeper understanding of the influence of digital transformation on the customer experience. This approach effectively navigated the complexities that quantitative methods may not adequately address.
- Flexibility in data collection: Using semi-structured interviews in the data collection process, the researcher was able to adapt questions based on responses received, which facilitated a more natural and in-depth conversation with participants, resulting in richer data being collected.

- In-depth exploration: The qualitative approach, asking industry experts and customers open-ended questions, allowed the researcher to delve into seemingly complex aspects of digital transformation and the customer experience.
- Complimentary analysis: Primary data from interviews and secondary data from reports and academic literature were combined. This allowed the researcher to comprehensively analyse data from multiple sources, enhancing the credibility of the findings.

However, there were also risks associated with the study:

- Subjectivity in data analysis: The researcher relied on the interpretation of data, thus introducing the risk of subjectivity. The researcher's biases could have influenced data analysis and interpretation.
- Limited generalisability: Convenience sampling and the focus on a specific geographic area (Gauteng Province) could have limited the generalisability of the findings. As a result, the research findings may not be representative of the broader population or applicable to other regions, reducing the study's external validity.
- Reliability of secondary data: The quality and reliability of secondary data sources such as literature and reports may vary. Unfortunately, the researcher had limited control over the data collection processes of secondary sources, potentially affecting the validity of the findings.
- Time-consuming data collection: Semi-structured interviews and qualitative data analysis presented a time-consuming process that required the transcription of interviews, analysing qualitative data, and ensuring data saturation, which required time and resources.

The overall benefits of conducting the research outweighed the associated risks, particularly when appropriate measures were taken to minimise harm to participants and maximise the value of the research outcomes. The research had the potential to generate positive outcomes for both individuals and companies within the insurance industry.

3.8 Ethical Considerations

Ensuring the safeguarding of human participants by adhering to suitable ethical standards holds significance in all research endeavours, particularly in qualitative studies, owing to the comprehensive nature of the investigative process (Afrin, 2018: pg. 30). When research is conducted unethically, it often leaves participants and the researcher feeling vulnerable and exposed (Cacciattolo, 2015: pg 15). In conducting this research, the researcher considered various factors to guarantee the integrity of the study. This included obtaining approval from the University of the Free State Research and Ethics Committee, where the research commenced in accordance with the approved guidelines upon receiving clearance. In addition, there were additional guidelines to adhere to and consider:

- **Informed Consent:** This included voluntary participation. Each participant received a comprehensive overview and was thoroughly informed about the study's objectives and procedures, which enabled them to make an informed decision regarding participation. This process was initiated individually through direct messages sent to each participant via LinkedIn inbox. Upon agreement to participate, each participant was required to complete and sign a shared consent form. In addition, the researcher emphasised the participants' right to withdraw from the study at any point.
- **Anonymity and confidentiality:** The identities of participants were maintained anonymously throughout the data collection and analysis process. In order to guarantee privacy, interviews were conducted via Zoom or Google Meet, which are video conferencing tools. Participants were required to enter a unique code shared with them to access the conference room. This measure ensured that only the researcher and participants were present on the video call, upholding privacy during data gathering, analysis and interpretation.
- **Minimising harm:** The researcher deliberately tried to mitigate potential discomfort during the interview process. This involved thoughtfully crafting questions to foster a relaxed atmosphere, which allowed respondents to express themselves freely. Interviews were primarily scheduled for the morning to avoid fatigue from daily activities hindering participation and engagement.
- **Data analysis and reporting:** The transcription of interviews took place in a secure, private location and was saved onto a password-protected hard drive.

During the transcription processes, all participant identities were kept anonymous, with individuals being referred to by their pseudonyms, thus ensuring confidentiality.

- Conflict of interest: The researcher addressed potential risks of conflict of interest by ensuring independence from the companies represented by participants and maintaining a professional distance from all individuals involved in the study. This mitigated the risk of undue influence or bias in the research process.
- Participation in the research was entirely voluntary, and informed consent was obtained from all participants prior to their involvement. In addition, the researcher had no prior connection to the participants, ensuring an unbiased approach to data collection.

By adhering to these ethical guidelines and implementing rigorous protocols, the researcher strived to conduct the study with integrity, transparency, and respect for all parties involved. This ensured that research contributed to advancing knowledge in an ethical and responsible manner.

Chapter 4: Data Analysis and Interpretation

This chapter presents the research study's findings, where data was collected through a series of semi-structured interviews conducted with industry experts and customers within the Gauteng Province. The study engaged six industry experts who provided valuable insights into insurtech, digital transformation and emerging trends within the insurance industry. Through their extensive experience and knowledge, the experts shared valuable insights highlighting how digital transformation has influenced operational practices and reshaped the industry's customer experience.

Additionally, the study focused on six customers who subscribed to an insurance service provider to uncover the reasons behind their choice of service providers, their expectations during the onboarding and claims process, and the stages where human interaction is deemed essential within the entire insurance value chain. By examining these dual perspectives, the chapter aims to provide a comprehensive understanding of the influence of digital transformation on the customer experience, highlighting challenges and opportunities.

4.1 Research results analysis

The research analysis was derived from semi-structured interviews with industry experts and customers. The interview questions focused on five key themes for each group, offering balanced insights into the influence of digital transformation on the customer experience based on their responses.

For the industry experts, the themes focused on the following:

- The disruption caused by insurtech and the implications on the insurance industry
- Digital transformation strategies adopted and implemented by the industry
- Customer expectations from insurtech companies
- Insurtech strategies to enhance the customer experience
- Upcoming trends within the insurance industry

For the customers, the themes focused on the following:

- Awareness and selection of a service provider
- Challenges experienced when using a digital platform

- Concerns with interactions and processing of claims
- The importance of human interaction when utilising digital services and products
- Areas of insurtech improvements for the customer experience

4.1.1 Profile of the participants

Table 6: Profile of participants

Respondent	Respondent expertise and experience
Respondent 1: Insurtech Company Co-founder	Chartered Financial Analyst. Banking industry experience. Client innovation focus. Co-founder of an insurtech company.
Respondent 2: Insurtech Venture Capital Expert	Economist. Management consulting experience. Focus: Venture capital investment in insurtech companies.
Respondent 3: Vice-President of Sales in the insurance industry	C-level sales executive. Experience across the insurance industry.
Respondent 4: Digital Transformation Executive	Senior business executive. Driving digital transformation within a large multinational insurance company.
Respondent 5: Head of Communications in the insurance industry	Senior executive at a large insurer that has acquired an insurtech company.
Respondent 6: Insurtech Customer Success Expert	Director at an insurtech company. Focus: Customer experience and success.
Respondent 7: Insurtech customer	A previous traditional insurance customer switched personal vehicle insurance to an insurtech company.
Respondent 8: Insurtech customer	An insurance customer subscribed to a traditional insurance provider and an insurtech company.
Respondent 9 and 10: Insurance customer	A former insurtech customer who switched to a traditional insurance provider.
Respondent 11 and 12: Insurtech customer	Insurtech customer with all insurance services and products provided by insurtech.

4.2. The disruption caused by insurtech companies and the implications on the insurance industry

The researcher asked several questions to understand the disruption caused by insurtech companies and their implications on the insurance industry. These questions focused on how insurtech companies are disrupting traditional insurance providers and the challenges that have arisen for traditional insurance providers as a result of

this disruption. The experts' responses to these questions also highlighted the broader implications of these disruptions on the industry.

Most experts agreed that convenience is a significant factor in the disruption caused by insurtech companies. Faster turnaround times and seamless service make it easier for prospective and new customers to receive quotes and activate their insurance policies compared to traditional providers, whose processes can take days and involve lengthy onboarding procedures. Respondent 6 mentioned:

"Insurtech companies are disrupting the traditional insurance industry by leveraging technology to enhance the customer experience, streamline operations and reduce costs. Traditional insurance providers often rely on cumbersome processes that function through call centres and in-person visits, which lag behind modern rules of engagement with clients."

Respondent 2 added:

"Ease of navigation on mobile applications and online platforms enable a simplified gateway into an insurtechs ecosystem including the ease in managing policies, file claims and quotations. This stands in contrast to the bureaucratic processes of traditional insurers. As a result, insurtechs continue to be viewed as the enhanced insurance option that is affordable and accessible to all."

Respondent 7 stated:

"Traditional insurers, often compared to the Titanic for their size and inflexibility, struggle to compete with the agility and speed of insurtechs, which are likened to speedboats. This agility allows insurtechs to quickly adapt to market changes and customer needs where traditional insurers face bureaucratic hurdles that slow their ability to implement changes."

4.2.2 Challenges that traditional insurance providers face in the face of insurtech disruption

Traditional insurers rely on outdated legacy systems. These systems are costly to maintain and hinder the integration of new technologies. Insurtechs benefit from modern infrastructure that supports innovation and efficiency. In this regard, Respondent 6 mentioned:

"Customers now expect convenience, efficiency and personalised services, which insurtechs provide through mobile applications leveraging artificial intelligence (AI) for customer service and blockchain streamlines claims processes."

4.2.3 What are the implications of insurtech disruption for the insurance industry?

The disruption for the insurance industry implies that insurtechs are making insurance more accessible, particularly to segments of the population that have traditionally been underserved. This includes low-income individuals and those in remote areas who can now access insurance products tailored to their needs. Respondent 5 stated:

"The industry is seeing a shift towards customer-centric innovations with insurtechs focusing on creating personalised and convenient experiences using technologies that include artificial intelligence (AI) for customer service to improve service delivery and customer satisfaction."

The industry experts agreed that insurtech companies are driving significant changes in the insurance industry by offering more accessible, efficient, and customer-focused services. To stay competitive, traditional insurers must adapt to these changes by embracing digital transformation and focusing on customer needs. Continuous technological advancements and evolving customer expectations will likely shape the industry's future.

4.3 Awareness and selection of service provider

Having gained insights from industry experts on the disruptions and implications for insurance service providers, the researcher asked existing insurance industry customers how they learned about their current insurance provider and the factors that influenced their decision-making. Awareness of an insurance provider is generated through diverse channels, and customers prioritise various aspects, collectively shaping their decision-making process. This process guides consumers towards insurtech solutions that best meet their needs and preferences. Each respondent had a unique way of discovering their provider, reflecting the diverse marketing strategies in the insurance industry. Respondent 7 mentioned:

“... through Facebook, emphasising the role of targeted social media advertisements in raising awareness of their current service provider.”

Respondent 8 reported:

“... through a referral as friends shared their positive experiences.”

Respondent 9 found their service provider through billboard advertisements and a referral programme, indicating the relevance of traditional marketing methods. Respondents 10 and 11 shared similar experiences, discovering their service providers through personal research and the use of comparison tools and websites. Respondent 12 learned about their service provider through a different service provider that offered vehicle tracking services. They were informed about a package deal that would be available if they proceeded with the insurer and the vehicle tracking company.

As per the response from the customers, what is evident is that awareness and decision-making when choosing an insurance provider are influenced by various marketing channels and personal factors. This highlights the importance of multi-faceted marketing strategies in the insurance industry.

4.3.2 Important factors when selecting an insurance provider

Participants mentioned the ease of use and convenience. Respondent 7 reported:

"I prefer a user-friendly digital platform where ease of use in the application process was the key driver in my decision-making process as I did not have to physically visit an office building."

Respondents 8, 11 and 12 shared similar sentiments, stating that pricing was the initial factor they looked at, as affordability was key in determining the value of the insurance coverage. Only after the pricing did these participants consider the online reviews, with Respondent 11 stating as follows:

"Customer reviews with a focus on how existing customers' claims have been handled were aspects that I looked at."

Additional benefits and features were important for the tech-savvy Respondent 9, who mentioned that he was attracted to his current service provider due to their comprehensive ecosystem, which included health benefits and a point system that incentivised him through active gym membership rewards. For Respondent 10, quick response time and efficient customer service were critical, and they noted as follows:

"The response time was key in their decision-making process as prompt service instils confidence in a provider's reliability."

The responses highlighted the necessity for insurance providers to employ diverse and robust marketing strategies that cater to various customer needs and preferences to remain competitive in the evolving market landscape.

4.4 Digital transformation strategies in the insurance industry

As the insurance industry undergoes a significant transformation driven by digital technologies, traditional insurers are focusing on digital solutions to enhance customer interactions with certain providers, now enabling policy initiation through social media

platforms such as WhatsApp, thus reducing the need for lengthy processes and improving customer satisfaction. Respondent 2 deemed this a significant positive aspect. Respondent 3 added:

"Insurers are now adopting new age marketing strategies such as social media ads and algorithms on platforms like YouTube and TikTok to maintain visibility and relevance, a shift which allows insurers to reach a broader audience with short, impactful ads tailored to modern consumers reduced attention spans."

The experts agreed on the need for a channel communication platform which enables insurers to engage with customers through their preferred channels, such as chatbots and mobile applications. This approach improves convenience and enhances data collection for personalised services. It is crucial to continuously identify key digital transformation drives within the industry. Respondent 1 emphasised:

"The rapid pace of technological advancements, particularly in AI, blockchain, and big data analytics, is a significant driver of digital transformation. These technologies should not be addressed in isolation but rather leveraged together to predict customer needs and streamline processes across the insurance value chain."

Respondents 3 and 6 agreed that modern consumer expectations are continuously evolving. Consumers now expect seamless, personalised, and efficient services, and younger generations prefer a digital approach to handling insurance matters. This often involves using mobile applications or specific web services to avoid lengthy phone calls and face-to-face meetings. With increased regulations within the industry, Respondent 5 mentioned:

"The regulations continuously introduced to protect consumer interests are driving digital transformation. They require insurers to simplify communication and present information transparently."

The experts agreed that the insurance industry must adapt to technological advancements, evolving consumer expectations and regulatory demands to drive digital transformation. Insurers can streamline processes and create more efficient, customer-centric services by leveraging artificial intelligence, blockchain, and big data analytics. Continuous innovation and adaptation are essential for maintaining a competitive advantage in this rapidly evolving landscape.

4.5 Challenges experienced when using digital platforms provided by insurance companies

Several respondents noted that the lack of a personal touch when interacting with digital platforms provided by their insurance providers was an aspect that needed improving. Respondent 11 highlighted the frustration of dealing with multiple agents and explaining or reconfirming details at each point;

"The process is repetitive and could be streamlined by improving data capture to make interactions with the system and agents more seamless."

Respondent 10 highlighted navigation issues:

"The interface and specific information often require that I go through multiple pages, which is frustrating and inefficient as technology is expected to simplify this process."

A similar sentiment was shared by Respondent 9:

" While the website is generally informative, there is a lack of transparency with product comparison being presented in a manner that forces me to manually cross-reference information."

Respondents also shared concerns about their information security, with Respondents 7, 11 and 12 mentioning the concern with hacking and the misuse of their personal

data. They stressed the importance of adequate security measures that assure users that their data is protected and will not be shared with third parties.

There was insufficient support when assistance was required. Respondent 8 explained:

"When I experienced problems with the applications in insuring my mobile device as the application would stop functioning at a specific stage, there was no one to speak with or a support team to contact and receive support. I did not want to wait two days before receiving a response."

All respondents agreed that while robotic chats were efficient, they lacked empathy and understanding, which are crucial during stressful times like processing a claim after an incident.

4.5.2 How can your provider improve their digital platform and service offering?

The respondents shared suggestions that may aid in improving their current experiences. The first was improving the data capture process to ensure that information is shared seamlessly across interactions with different agents. This can help reduce repetitive and frustrating customer experiences.

Respondents 11 and 12 stated that streamlining the user interface to make navigation intuitive and straightforward would help users find the information they need more efficiently. Ensuring essential information is easily accessible without multiple steps would enhance user satisfaction. Security concerns would be resolved through strengthening security measures. Respondent 10 mentioned:

"They need to provide clear instructions on security practices and ensure that our data is protected from potential breaches and sharing with third parties."

Other respondents felt that human interaction and support during critical processes such as onboarding and claims would significantly improve the customer experience. Respondent 7 highlighted:

"There needs to be a dedicated call centre or support line where users can quickly get help from a real person who can address the frustrations that we sometimes incur instead of receiving generic responses from a chatbot."

While digital platforms provided by insurance companies offer convenience and efficiency, there are several areas where improvements are needed. Addressing issues such as a lack of a personal touch, navigation difficulties, security concerns, and inadequate support can enhance the overall user experience.

4.6 Customer expectations from insurtech and insurance companies

Based on their experience and implemented strategies, the industry experts identified omnichannel communication, self-serve options, convenience and simplicity, personalised experiences and data integration as elements that customers expect from insurance service providers. Respondent 1 stated:

"Customers expect insurtech companies to provide multiple channels for interaction, such as mobile applications, social media and chatbots, allowing them to choose their preferred method of communication."

Regarding the self-serve options, Respondents 3 and 5 shared similar thoughts that customers desire self-services capable of processing claims, adding packages and making payments for monthly subscriptions without needing to interact with an agent or visit an office. This addition would ensure convenience and simplicity, which was mentioned by Respondent 2:

"Digital offerings should be easy to use and navigate, thus ensuring quick response times and a seamless user experience."

Respondent 6 highlighted:

"Customers expect tailored products that meet their specific needs, including personalised insurance packages and communication that feels empathetic and relevant to their life stage."

Respondent 1 stated:

"Customers want integrated data platforms where they can view all their insurance details in one place, providing a holistic overview of their policies and assets."

4.6.2 Factors that influence customer expectations

Identifying customer expectations and being able to continuously keep abreast of their needs requires the ability to identify key factors that influence customer expectations.

Respondent 3 mentioned:

"The rapid development and adoption of artificial intelligence, machine learning, and mobile technology shape customer expectations for more efficient and intelligent service delivery. The broader trend of digital transformation in various industries influences customers to expect similar advancements in insurance, such as the use of blockchain technology and AI-driven solutions."

Respondents 1, 2 and 4 highlighted the generational shift in the customer base, with Gen Z and millennials being more tech-savvy and expecting digital solutions that offer convenience and efficiency, which is a demographic shift that drives demand for digital-first solutions in products and services. Respondent 6 added:

"The transparency involved in customer feedback and their experiences and tooling through CSAT survey and NPS scores highlights the importance of quick turnaround times, personalised service and reduced hold times directly influencing the expectations from insurance companies."

All experts agreed on the economic factor, with the cost of living and financial constraints across the globe leading customers to seek affordable and flexible insurance options. Insurtech companies have been the market leaders in offering these flexible and customisable options in certain instances in usage-based insurance products, thus catering to a wider range of financial needs.

4.7 Concerns with the use of digital platforms to process insurance claims

Based on the interview feedback, several concerns were raised regarding using digital platforms for processing insurance claims. The customers raised issues regarding the lack of a personal touch, data security, difficulty in platform navigation, delayed response times and a lack of human interaction.

Respondents 8, 9, and 12 mentioned that they felt that current digital platforms lack the personal touch necessary to effectively handle their claims. The result has been dealing with multiple agents and repeatedly explaining and reconfirming details with each interaction. Respondent 7 felt that data security was a concern, stating as follows:

"My data is important to me, and I worry that it is being shared with third-party providers who end up contacting me. I worry if my data will be safe from data breaches."

All customers stated the importance of human interaction at some stage within the value chain and their life cycle with the insurance provider. There is a need to have that human touch as it delays responses when processing a claim or during the onboarding process. Respondent 10 elaborated:

"Should insurers want to reduce their touchpoints, there is a need to reduce the complexity of navigating these platforms, which ensures simplicity and efficiency."

By addressing these concerns, the respondents felt insurance companies could significantly improve the customer experience on their digital platforms, making handling insurance claims more efficient and user-friendly.

4.8 Strategies insurance companies can employ to enhance the customer experience

The interviews showcased several strategies insurance companies can use to enhance the customer experience. The experts agreed that personalised customer journeys through artificial intelligence and machine learning to create personalised customer experiences will significantly improve customer satisfaction. Tailoring products and services to individual needs and preferences ensures customers feel valued and understood. Respondent 6 stated:

"There is a need for using an omnichannel approach and strategy in communicating with customers. When implemented correctly, companies can meet customers where they are most comfortable and provide timely responses to inquiries and claims."

Respondent 1 shared their current strategy:

"We streamline processes through automation to enhance the customer experience, and we have seen a paperwork reduction simplifies the acquisition and onboarding process, resulting in customers enjoying faster and more efficient service delivery."

Respondent 4 focused on customer support:

"By providing robust customer support to the industry through chatbots and an improvement in their machine learning, they may maintain a balance between automation and human support to address customer needs effectively and efficiently."

Respondent 3 reported:

"Blockchain technology can improve transparency and trust in the insurance process. By providing a secure and immutable ledger of transactions, customers can have confidence in the accuracy and security of their insurance records, which can streamline claims processing and reduce fraud."

4.9 Importance of Human Interaction

Human interaction is crucial when using a digital product or service as it enhances the user experience, particularly during the onboarding and claims processes and when resolving queries. Respondent 8 felt human interaction was important during the onboarding phase, stating as follows:

"The technical details required during the onboarding phase are usually confusing, and having someone briefly explain and guide you through this can make the process smoother and more efficient."

Respondent 11 added:

"Talking to someone during the onboarding builds trust as I feel a human can understand the reasons and necessities for needing to ensure particular items."

Respondent 9 felt that once onboarded onto the product, there is a need for human interaction:

"While onboarding queries can be handled digitally, resolving queries requires a human touch to ensure that the issues are understood and resolved effectively."

Respondent 12 felt differently about this, stating as follows:

"For tech-savvy individuals, human interaction is not necessary; as long as the system is set up correctly and queries are resolved in a timely manner, there is no need to interact with a human."

When asked at what stage the human interaction was important, the responses varied: Respondents 8 and 11 felt during the onboarding process, Respondents 9 and 12 felt during the claims process, and Respondents 7 and 10 felt general interaction at any stage would be important to provide assurance.

4.10 Insurance trends are expected to emerge in the next five years

Several trends are expected to emerge in the coming years as per the feedback from the interviews with the industry experts, mentioning increased use of artificial intelligence and machine learning, big data and predictive analytics, blockchain technology, customer experience personalisation, digital automation, integration and ecosystem development and collaboration and partnership between traditional insurers and emerging insurtech start-up companies. Respondent 1 stated:

"The trend of the industry moving towards greater digital transformation will continue focusing on automating as many processes as possible. This includes the shift from traditional call centres to AI-driven customer service where onboarding and claims will be processed solely through digital platforms with less human interaction."

Respondent 2 highlighted:

"There will be a move towards creating integrated ecosystems where all insurance-related information and services are consolidated on a single platform, enabling customers to manage claims, onboarding and policies from one interface, thus enhancing the user experience."

Respondent 3 felt there would be a growing trend of insurtechs being acquired by traditional insurers, stating as follows:

"Traditional insurers will leverage existing insurtech company technologies to strengthen their product offering and innovative capabilities."

Respondent 4 emphasised:

"Through blockchain technology, which will gain traction for its ability to secure, transparent and efficient transaction processing, it will become of greater use across the insurance industry in maintaining records, thereby reducing fraud and increasing trust in the system."

Respondent 5, a believer in focus on the customer experience, believes that the customer experience will remain the central focus, stating as follows:

"Insurance companies will strive to provide highly personalised services that cater to individual customer needs, utilising big data to anticipate and meet customer demands. Hyper personalisation is product offerings will become the key differentiator."

Respondent 6 expects big data and predictive analytics to be used to understand and determine critical behaviour.

"Companies will leverage big data to offer personalised insurance products and services helping predict future needs and risks more accurately."

All experts shared similar technology-led trends, highlighting the shift towards a more technology-driven, customer-centric approach in the insurance industry driven by advancements in big data, machine learning, and artificial intelligence.

4.11 Ways your insurance provider can improve and ensure a better customer experience

From the customer experiences, suggestions were shared on what they expect their providers to implement to improve service delivery and provide a better customer experience. Respondents 7, 9 and 12 highlighted the need for human interaction during their onboarding and claims processes to ensure clarity and provide a sense of security. Respondent 11 highlighted:

"There must be follow-ups with customers through a human representative on how their experience is coming along, including questions if assistance is needed."

Respondents 7 and 11 felt there must be an improvement in the existing digital platform navigation and functionality where simple, easy-to-use interfaces are presented. Respondent 8 added:

"When there is ease in use and navigation, a sense of trust is built with clear guidelines on how the provider will protect our customer data."

Respondent 12 requested that the feedback speed be improved as critical matters are directed towards the same ticketing system as for product-related inquiries, which may not be as urgent, stating as follows:

"There is a need for improved resolution times related to claims."

All customers unanimously agreed that the pricing models need to be improved, with respondents stating as follows:

"Implementing dynamic pricing models that adjust based on set criteria, which may transparently include usage and risk profile, will significantly improve the likelihood of new customers coming."

4.12 Conclusion

Based on the feedback from industry experts and insurance customers, it is evident that insurtech companies are significantly disrupting the traditional insurance industry. By leveraging technologies such as artificial intelligence, blockchain, and big data analytics, insurtechs offer faster and more convenient services that attract a broader pool of customers. This contrasts the traditional insurers' lengthy and cumbersome processes, which are increasingly seen as outdated. Experts agreed that the efficiency and ease of use provided by insurtechs set new industry standards and challenge traditional models.

Traditional insurers face considerable hurdles in adapting to this new landscape. Their outdated systems hinder technological integration, and their large organisational structures contribute to a slow pace of change, making it difficult for them to compete with the agility of insurtech companies. Customers now demand personalised and efficient services, which insurtechs deliver through their advanced technological capabilities. The customer feedback supports this shift, highlighting the importance of quick response times, user-friendly digital platforms and the need for human interaction during complex processes like onboarding and claims handling. Additionally, concerns over personal data usage and the impersonal nature of digital interactions emphasise the necessity for insurers to balance technology with human support.

To remain competitive, traditional insurers must undergo a digital transformation. However this journey is often hindered by outdated legacy systems, regulatory constraints and the complexities of modernising long established processes. Larger financial institutions have layers of compliance and risk management rules that create significant red tape that stifles internal innovation. Consequently, adoption of innovative systems is delayed until proven within the market. Once proven the innovative start up companies may be ultimately acquired. This strategy creates a win-win scenario for the both parties as this aligns with the goals of tech entrepreneurs and is a preferred pathway for large organisations to rapidly intergrate the solution.

The future of the insurance industry will be shaped by the emerging trends within the insurtech and global technological environment, which will include improved machine learning models, artificial intelligence-driven analytics, blockchain for smart contracts, intuitive chatbots and smart devices that provide larger data points, which may be used for a product personalisation and fraud prevention. Insurers must adapt to these trends to avoid further marginalisation and loss in market share. Continuous improvement, integrating tools with personal service and cultivating a customer-first culture that integrates digital tools with personal service will be crucial for traditional insurers to thrive in this dynamic environment.

Chapter 5: Discussion, Recommendations and Conclusions

This chapter discusses the findings from the research interviews in the previous chapter and draws connections between the data gathered and the literature reviewed in Chapter 2. Also, it provides a conclusion on the research objectives, highlights the implications of the findings, and suggests solutions for the insurance industry, thus enabling service providers to improve their customer experience.

5.2 Summary of the findings

The study investigated the influence of digital transformation on the customer experience, focusing on the insurance industry. Several key themes were also explored, which included the disruption caused by insurtech companies, digital transformation and the strategies adopted by insurance providers, customer expectations and the challenges and opportunities presented by digital platforms.

5.3.1 Disruption by insurtech companies

The disruption caused by insurtech companies in the insurance industry has been profound and multifaceted, subsequently reshaping how insurance services are delivered and consumed. These companies, known as, insurtechs have leveraged technology to provide more accessible, efficient and user-friendly services, which are in contrast with what traditional insurers previously provided. Traditional insurers previously relied on outdated systems and cumbersome processes that created barriers to insurance access for those with lower incomes. The disruption brought by insurtechs has increased accessibility and affordability to all customers.

The agility of insurtech firms allows them to adapt to market changes and customer needs, positioning them as a more attractive option for modern consumers who value convenience and efficiency. In contrast, traditional insurers are burdened with legacy systems and bureaucratic processes, resulting in them playing catch up and struggling to integrate new technologies and streamline operations.

The industry experts highlighted that in order to remain competitive and maintain their dominant market share, traditional insurance companies must embrace digital transformation, focusing on customer-centric innovations where new technologies such as artificial intelligence, blockchain and digital applications are leveraged to improve service delivery and customer satisfaction. With the insurance landscape continuing to evolve, the insurance industry is poised for significant changes that enhance the customer experience and operational efficiency.

5.3.2 Digital Transformation Strategies

The insurance industry is embracing digital transformation to meet the continuously changing customer expectations and regulatory requirements. Traditional methods are being replaced by digital solutions to enhance customer interactions, such as initiating policies through social media platforms like WhatsApp, which streamline processes and improve customer satisfaction. In addition, insurers are leveraging new-age marketing strategies, such as social media advertisements being deployed across different channels (Facebook, Instagram, YouTube, and TikTok) to reach a broader audience.

The digital transformation strategies have been focused on creating product awareness and have included integrating technologies such as artificial intelligence, blockchain, and big data analytics, which have been pivotal in developing machine learning models that predict consumer needs and optimise the insurance value chain. Moreover, the adoption of channel communication platforms enables insurers to interact with customers via their preferred channels and through chatbots that are continuously improving; service response times have become faster, thus enhancing convenience and personalisation of services. Continuous adaptation to these digital avenues is essential for insurers to maintain relevance and competitiveness in a rapidly changing environment.

5.3.3 Customer Expectations

When selecting an insurance provider, customers prioritise ease of use, affordability and reliable customer service as critical factors in their decision-making process.

Awareness of insurance options is cultivated through multiple channels, such as social media, referrals, traditional advertisements and additional services offered by other providers. Each customer has a unique journey in discovering their insurance provider, reflecting the diverse marketing strategies employed in the industry. Customers emphasise the importance of user-friendly digital platforms, cost-effectiveness, positive online reviews, and quick response times as critical to their decision-making. Additional benefits and features such as health benefits and reward systems also play a significant role for some customers, particularly tech-savvy ones.

5.3.4 Challenges with existing digital platforms

Significant improvement may substantially enhance user satisfaction and efficiency in several challenges and areas. These include the need for a more significant personal touch in digital interactions to make users feel more connected and supported. Issues such as repetitive processes and inefficient navigation through the various digital platforms suggest a substantial need for streamlining data capture and simplifying the user interface. Transparency in product comparisons and security concerns about personal data also emerged as critical issues, with users demanding more precise information and robust data protection measures. Furthermore, the lack of timely and empathetic support during technical problems or while processing claims points to a crucial gap in customer service that needs addressing. Chatbots, although efficient, need to deliver the empathy and understanding required during stressful interactions. These challenges highlighted the need for insurance providers to improve their digital offerings and create more user-friendly, secure and responsive platforms, ensuring a better overall customer experience.

5.3.5 Implications and emerging trends for the insurance industry

There was an indication of a dynamic shift in the insurance industry towards a more integrated, technology-driven approach while maintaining essential human interaction to enhance the customer experience. Key implications for the insurance industry included the following:

- Personalisation through technology encompasses companies that focus on leveraging artificial intelligence and machine learning to create a highly

personalised customer experience. This ensures that products and services are tailored to individual preferences, significantly boosting customer satisfaction.

- Enhanced communication through an omnichannel approach, where implementing an omnichannel strategy allows insurers to meet customers in their preferred environments and facilitates timely and effective communication.
- Streamlining operations with automation is pivotal in reducing paperwork and simplifying processes like acquisition and onboarding, making service delivery faster and more efficient.
- Blockchain for trust and security promises enhanced transparency and security, instilling greater customer confidence regarding the accuracy and protection of their insurance records.
- Human interaction remains crucial; despite technological advancements, human interaction is still considered vital to ensure clarity and build trust, particularly for onboarding and claims processes.

Several emerging trends are poised to redefine the insurance landscape, driving innovation and enhancing customer engagement. These trends include the following:

- Digital transformation refers to the continuous shift towards digitisation, with traditional service processes replaced by artificial intelligence (AI) driven solutions that minimise human intervention in routine tasks.
- Integrated ecosystems that will consolidate all insurance-related services, enhancing the overall user experience.
- Collaboration with insurtechs: Traditional insurers are actively increasing their partnerships with insurtech start-ups and, in certain circumstances, acquiring the insurtechs to leverage cutting-edge technologies and fortify their offerings.
- With the increasing use of big data, these technologies are set to become more prevalent in their roles, reducing fraud, enhancing transactional security, and enabling the personalisation of products based on predictive analytics.
- Customer-centric approaches with insurers focusing on hyper-personalisation of services using big data to anticipate customer needs and tailor offerings accordingly.

5.4. Recommendations

The findings revealed that both insurtech companies and traditional insurers are operating in a rapidly evolving landscape that demands agility, technological integration and customer-centric approaches to remain competitive. This section outlines key recommendations for insurtech and traditional insurers, focusing on leveraging advanced technologies, enhancing user experiences, strengthening cyber security and fostering innovation through strategic partnerships. The recommendations will guide insurers in developing strategies that improve their service offerings and drive sustainable growth and resilience in an increasingly competitive market.

The following recommendations are proposed for insurtech companies and traditional insurers aiming to improve their digital transformation efforts and enhance the customer experience:

- **Adopting a customer-centric model:** Insurers should shift towards a more customer-centric approach where technology is harnessed to enhance accessibility and foster collaboration. This strategic move is poised to significantly improve the overall customer experience and drive operational efficiency. In order to achieve this, there is a need to focus on leveraging digital customer footprints, which involve collecting and analysing customer data to understand trends, preferences and behaviours. The implementation of an efficient data management experience will enable insurers to deliver a personalised customer experience that meets the unique needs of their clients. When the gathered insights are utilised correctly, insurers can tailor policies to individual customer profiles and develop targeted campaigns, as well as offers that are more likely to resonate with specific segments, thus enhancing the customer experience and building long-term customer loyalty.
- **Improved User Interface (UI) and User Experience (UX) in Applications:** As insurers increasingly adopt digital platforms and mobile applications, it is crucial to prioritise the enhancement of user interfaces and user experience to meet customers' evolving expectations. In an environment where the number of service providers is growing, and switching costs are decreasing, providing

a seamless, intuitive and efficient user experience becomes a competitive necessity.

There is a need to focus on delivering convenience and ease of use through applications provided to customers. This involves ensuring smooth navigation, automated workflows and personalised experiences that function effectively across various platforms and devices. Customers expect a “one-stop” solution where they can easily onboard, sign documentation, and access a range of services within a single application.

In addition, integrating machine learning and predictive analytics into the insurer’s applications is essential. This technology can analyse customer behaviour, leading to more efficient and customised product offerings. It also plays a critical role in reducing fraudulent activity and claims by identifying patterns and anomalies in real-time.

- **Embracing an omnichannel approach:** Insurers should adopt an omnichannel approach that integrates various channels such as telephone, mobile, digital platforms, social media, and in-person interactions into their strategic planning and implementation. This approach aims to significantly enhance customer engagement throughout the insurance value chain.

Given the rapidly changing market dynamics, insurers need to leverage new technologies to improve their reach and communication with customers. An omnichannel strategy will effectively address fragmented customer journeys by uniting previously disjointed processes such as onboarding and claims processing. This may be achieved through a thoughtful balance of human interaction and a seamless digital self-service experience.

Insurers should consider incorporating advanced technologies like artificial intelligence (AI). Enhanced AI-powered chatbots and tailored presentations of products and services can provide more meaningful and efficient customer interactions. When implemented effectively, insurers can navigate a saturated marketplace where advertisements are omnipresent, and consumer attention spans are shorter than ever. This increases customer satisfaction and fosters long-term loyalty by delivering a consistent and personalised experience across all customer touchpoints.

- **Advancing digitisation across the insurance value chain:** Insurers should continue digitising the entire value chain by adopting technologies such as telematics, smart devices, blockchain and machine learning. These advancements will be crucial in enhancing operational efficiency, risk assessment, and delivering a better customer experience.

Insurers can collect real-time data through telematics in vehicles and smart devices like wearable devices and home sensors. This data may be used for dynamic risk assessment and premium adjustments, thus encouraging safer behaviour among policyholders. In addition, these technologies enable insurers to regulate, resolve and process claims more swiftly, providing immediate support to customers during incidents.

The use of blockchain should be prioritised to execute smart contracts based on predefined conditions, enhancing transparency and reducing reliance on intermediaries. Blockchain offers a secure, transparent and efficient way to manage insurance data, ultimately increasing trust and reducing fraud.

As digitisation increases the volume of data collected, insurers should implement machine learning algorithms to conduct in-depth analyses of large data sets. This will improve data interpretation, aid in developing more accurate risk models, and support better decision-making processes.

- **Investing in AI-powered chatbots for an enhanced customer experience:** As technological advancements evolve, AI-powered chatbots and virtual assistants will play an increasingly crucial role in the insurance industry. Insurers need to proactively invest in the research and development of these tools to meet the rising customer expectations for immediate and efficient service.

AI-powered chatbots have the potential to significantly reduce wait times by providing instant, around-the-clock assistance for routine inquiries and tasks. By automating these interactions, insurers can offer a seamless and responsive customer experience that addresses common issues without the need for human intervention. This enhances customer satisfaction and allows human staff members to focus on more complex and sensitive matters that require human interaction.

As the chatbots continue to evolve and become increasingly adept at personalising interactions through leveraging collected customer data from the various data points, insurers will be able to tailor their responses to meet the unique needs and preferences of each customer, which will strengthen customer relationships, increase loyalty and evidently improve the overall customer experience.

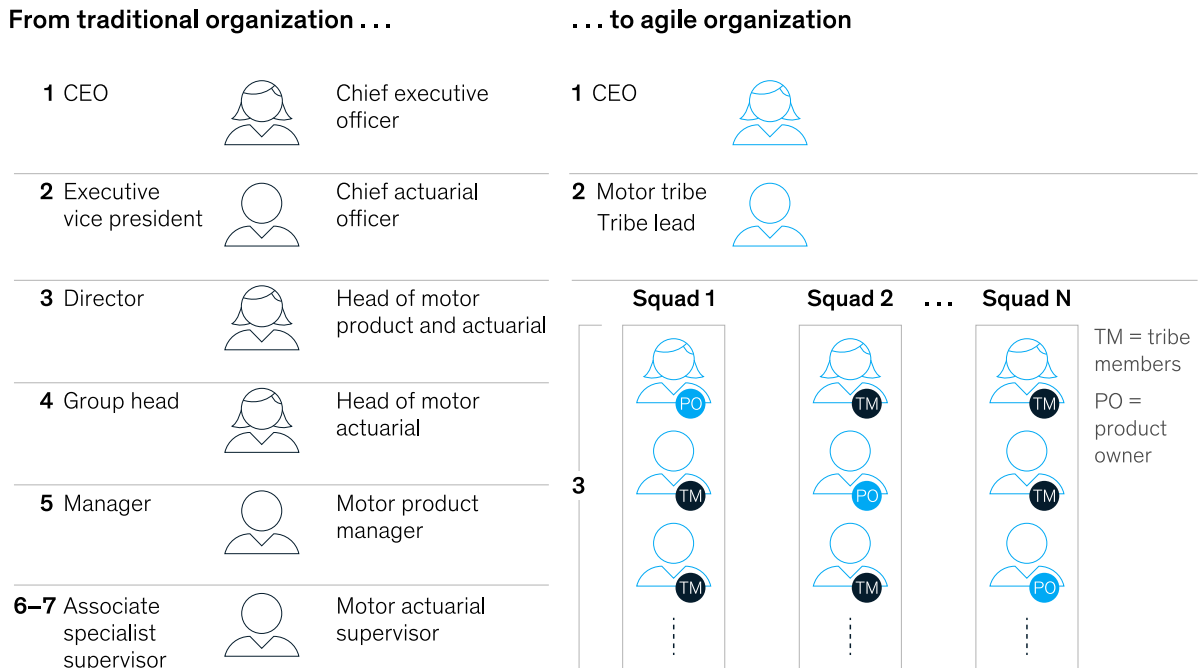
The investment in technology will position traditional insurers to compete more effectively with insurtechs already leveraging AI-driven technology to deliver superior service.

- **Adopting agile methodologies for enhanced organisational agility and innovation:** Traditional insurers must embrace agile methodologies to remain competitive and responsive to the changes within the market and the evolving needs of their customers. Agile practices such as forming cross-functional teams enable insurers to continuously innovate and refine their digital offerings, thus making them more aligned with customer expectations. Insurers can optimise processes across the entire insurance value chain by structuring smaller cross-functional teams comprising members with expertise in marketing, data analysis, actuarial sciences, client journey mapping, and product development. This collaborative approach enhances the efficiency of operations and promotes the ongoing improvement of insurance products and services.

Adopting enterprise-wide agility, a strategy employed by the leading global technological companies, insurers will significantly transform their companies, resulting in faster, leaner and more effective teams. This shift enhances the insurer's ability to respond to market dynamics and customer demands faster and more precisely (Lorenz et al., 2020). McKinsey and Company has depicted this evolution from a traditional organisational structure to an agile framework, as shown in Table 7 below.

Table 7: Agile organisational structure

Organizational delayering is one result of an agile transformation.



McKinsey & Company

To thrive in digital transformation, insurtech and traditional insurers should embrace advanced technologies such as artificial intelligence, machine learning, blockchain and big data to enhance efficiency and personalisation. Streamlining user interfaces and ensuring robust cybersecurity are critical for improving customer satisfaction and trust. In addition, it is imperative to blend digital with human interaction in crucial processes and use data-driven insights for service personalisation. Educating customers through omnichannel methods and implementing feedback mechanisms, combined with agile practices, will help insurers stay responsive to market and customer demands, driving continuous innovation.

5.5 Limitations of the study and suggestions for future research

The study was conducted using a small sample of industry experts and customers located in the Gauteng Province, which may not represent the sentiments shared

across the country or by other experts and customers. This limitation restricted the ability to generalise the findings to a broader population within the insurance industry, both nationally and internationally.

Future studies should aim to include a larger and more diverse sample across regions to enhance the generalisability of findings. There is a need to expand the study to include other provinces in South Africa and eventually international markets, which will provide a more comprehensive understanding of the influence of digital transformation on the customer experience.

The dynamic nature of the insurance industry, as it is rapidly evolving, presents a limitation as the data collected represents a specific point in time and may not capture ongoing changes and emerging trends. A longitudinal study for future studies or periodic follow-up research may help capture dynamic changes within the industry. In addition, the incorporation of real-time data analytics and trend analysis can provide insights into digital transformation and its continuous evolution.

5.6 Conclusion

The study demonstrated the influence of digital transformation on the customer experience within the insurance industry, driven by innovations introduced by insurtech companies. These companies have utilised cutting-edge technologies to render insurance services more accessible and user-friendly, democratising access to insurance for a broader range of consumers. This shift has pressured traditional insurers to revamp their outdated systems and adopt new technologies to stay competitive. The research emphasises that for traditional insurers to thrive, they must embrace digital transformation, focusing on customer-centric innovations and leveraging technologies such as artificial intelligence and blockchain to enhance service delivery and customer satisfaction.

The findings further highlighted that customer expectations now centre on usability, affordability and responsive customer service. Modern consumers demand efficient digital platforms that offer security and ease of navigation, suggesting that a significant gap exists that insurers need to address. The insurance sector is encouraged to

enhance its digital interfaces and ensure robust security measures to foster trust and improve user engagement. As the industry moves forward, it is expected to adopt a more integrated and technologically advanced approach while maintaining crucial human interactions that enhance the customer experience. To adapt to this evolving landscape, insurers should continue to invest in technology, strengthen cybersecurity, and ensure that human interactions are integrated during essential customer journey points to provide a comprehensive and satisfying customer experience.

Appendix A

Interview Schedule

Week 1-2:

- Identify and recruit participants for the semi-structured interviews.
- Contact potential participants to secure their participation.
- Schedule and confirm interview appointments.

Week 2-4

- Conduct semi-structured interviews with participants.
- Transcribe the interviews.

Week 5-6

- Code and analyse the interview data.
- Identify key themes, insights and gaps.

Weeks 7-8

- Collect secondary data from publicly available sources.
- Analyse the secondary data.

Week 9-10

- Complete data analysis and draw conclusions from primary and secondary data.
- Synthesise the findings from semi-structured interviews and secondary data analysis and provide recommendations.

Appendix B: Questionnaire for customers



Principal Researcher: Eugene Mutuwa

Faculty: Economic Management Sciences

Department: UFS Business School

Research Interview Questionnaire: Customers

Theme 1: Awareness and selection of Service provider:

- How did you first learn about your insurtech provider?
- What were the most important factors when choosing an insurtech company?

Theme 2: Challenges experienced when using a digital platform provided by insurtech companies:

- What are some of the challenges you have experienced when using your insurers digital platform?
- How could your insurtech provider improve its digital platform?

Theme 3: Concerns with interactions and processing of claims:

- What concerns do you currently have with the use of digital platforms to process insurance claims?
- What can your insurtech company do to address these concerns?

Theme 4: The importance of human interaction when utilising digital services and products:

- How important is human interaction when using a digital product or service?
- At what stage is human interaction important for insurtech companies?

Theme 5: Area of insurtech improvements for the customer experience:

- What are some of the ways your insurtech company can improve to ensure a better customer experience?

Appendix C : Questionnaire Industry Experts



Principal Researcher: Eugene Mutuwa

Faculty: Economic Management Sciences

Department: UFS Business School

Research Interview Questionnaire: Industry Experts

Theme 1: Insurtech disruption and implications for insurance providers:

- How are insurtech companies disrupting the traditional insurance industry?
- What are the key challenges that traditional insurance providers face in the face of insurtech disruption?
- What are the implications of insurtech disruption for the insurance industry?

Theme 2: Digital transformation strategies

- What are some of the innovative digital transformation strategies that traditional insurers have adopted to maintain their competitive advantage?
- What are the key drivers of digital transformation in the insurance industry?

Theme 3: Customer expectations from insurtech companies:

- Based on customer feedback, what are the digital offerings and products that customers expect from insurtech companies?
- What key factors influence customer expectations?

Theme 4: Insurtech strategies to enhance customer experience:

- What strategies can insurtech companies employ to enhance the customer experience?
- How can insurtech leverage technology to improve customer engagement?

Theme 5: Trends in Insurtech

- What are some of the key trends that are expected to emerge in the insurtech and insurance industry over the next 5 years?

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