



Payment Innovation Strategy for Geico

- choose the right innovative payment solutions that both propel business growth and fulfill customer requirements-

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Executive summary:

- For short-term gains with high business value and low development costs, prioritize projects like **mobile wallet payment and digital UX enhancement solutions for immediate results.**
- Opportunities with moderate to high business impact and distinctive benefits for Geico, such as **new business models, IoT data-driven personalized pricing, social media platform solutions, AI/ML-powered solutions, and blockchain-based payment processes**, should be the **primary focus for near to mid-term development.** These initiatives offer long-term business benefits, revenue growth, and capture growing niche market segmentation for Geico, while also boosting its competitive edge.
- Initiatives with lower business impact, like cryptocurrency payments, should be monitored but not immediately prioritized.

This outlined strategy ensures Geico selects payment solutions that are tailored to the specific needs of its target customer segments. This approach will significantly drive business impact, creating new revenue streams and capturing emerging niche markets effectively.

Below you will find my detail thinking process and analysis

Note: All information and data presented are sourced from publicly available online resources

Assumptions:

The payment scenario here in the prompt question pertains to customers paying their auto insurance premiums to Geico

Overall thinking process:

To determine the optimal new payment solutions for Geico, a holistic and comprehensive analysis is essential. This encompasses a full-circle assessment of the customer experience and processes involved, as payment is not an isolated experience and payment solutions are integral to the entire insurance journey. In identifying potential payment options, it's crucial to conduct a thorough evaluation of the entire customer interaction pathway. This enables the selection of solutions that not only enhance business outcomes but are also specifically designed to meet the needs of Geico's target customers. The following outlines the key steps I will undertake to address this question.

- **Overview of Geico business:** this helps us to know the scope of business and insurance products
- **Geico's target market and customer:** understand the Geico's customer and their needs attitude toward buying insurance and the preference of payment
- **Customer experience journey mapping:** we can aggregate all the customer pain points, their needs into one big blue print so we can have a holistic view of Geico's customer experience. This will help us to further evaluate and identify the right payment solutions tailored to the custom needs
- **Prioritize the needs or opportunity:** we need to identify the right problems to solve or the right opportunities to address before we propose a solution
- **Payment innovation in the insurance market:** Provide an overview about my research on the current innovative payment solutions in the market
- **Evaluate and prioritize the solutions:** Propose a framework to evaluate each innovative payment solutions by using a two-dimension framework to positioning the solution
- **Analysis from this positioning framework and the answer to the prompt:** analyze the positioning of each payment solutions evaluate and identify the right solutions to recommend. Further propose the timeline to implement. This is a key part of my analysis and provide the answer to the prompt question
- **Risk and mitigation:** This will take a further step to analyze the risk and propose the mitigation approach
- **Product roadmap:** Propose a product road map to implement recommend solutions in a two year project timeline
- **Next steps:** Suggest the next step action plan to further to gather further information and from there to build a solid plan

Overview of Geico business

Geico is the second-largest auto insurer in the United States, trailing only State Farm. As a wholly-owned subsidiary of Berkshire Hathaway, GEICO provides coverage for over 24 million motor vehicles owned by more than 15 million policyholders as of 2017. GEICO offers its services across all 50 U.S. states and the District of Columbia, selling policies through local agents, over the phone, and via its website.

In addition to auto insurance, GEICO also offers property insurance and umbrella coverage. However, the risks on these policies are transferred to third-party companies, with GEICO managing them as the "insurance agent" and maintaining a separate customer care team for these policies.

Expanding its services, GEICO started providing coverage for drivers of ridesharing companies in select states in 2015. This move into the rideshare insurance market has been well received and has established GEICO as a major insurance provider for ridesharing company drivers.

Geico's target market and customer

GEICO primarily targets adults aged 25-49 with a household income (HHI) of \$30,000 and above. This demographic is likely chosen for their established earning potential and likelihood to own a vehicle and require auto insurance, which is GEICO's core product offering.

In terms of generation, GEICO's target customers span across multiple generations, but **primary focus is on adults aged 25-49**, which includes the **younger segment of Generation X and older Millennials**. This demographic is targeted due to their likelihood of having a steady income and the potential need for multiple insurance products, such as auto, homeowners, and renters insurance.

To better tailor our payment strategy and identify the right innovative payment solutions, it's crucial to delve into the personas of our two key target generations. This involves gaining insights into their lifestyles, technological proficiency, attitudes towards insurance purchasing, and preferred payment methods. Understanding these aspects is vital for formulating a payment strategy that aligns with their specific needs and preferences.

Persona

Lifestyle:

Older Millennials are often balancing career growth with family life. They value experiences and prioritize travel, wellness, and personal development. Socially and environmentally conscious, they prefer brands that align with their values and are often involved in community and social causes.

Tech Savviness:

As digital natives, older Millennials are highly adept with technology, frequently using it for both work and personal life. They are comfortable with a wide range of digital platforms and are early adopters of new tech trends, valuing integration and efficiency.

Older Millennials



Attitude Toward Buying Insurance:

This group approaches insurance with a mix of caution and pragmatism. They seek transparency, value, and flexibility in insurance products, often researching extensively online before purchasing. They are interested in customizable insurance options that adapt to their changing lifestyles.

Payment Preference:

Older Millennials are inclined toward digital payment methods, favoring convenience and speed. They are comfortable with mobile banking, online transactions, and peer-to-peer payment platforms. While open to new payment technologies, they also appreciate the security of traditional methods.

Persona

Lifestyle:

Members of Generation X value stability, family, and work-life balance. They are often in mid-to-senior career stages and are financially focused on saving for retirement and children's education. Preferring quality over quantity, they invest in experiences and products that offer long-term value.

Tech Savviness:

While not digital natives, Generation X is quite comfortable with technology. They adapt well to new digital tools but prefer user-friendly and practical tech solutions. They use technology mainly for communication, information, and convenience in daily tasks.

Younger Generation X



Attitude Toward Buying Insurance:

Generation X takes a pragmatic approach to insurance, seeing it as a necessary aspect of financial planning. They prefer comprehensive, straightforward policies and value customer service and reliability over trendy offerings. They research thoroughly before purchasing and often stick with trusted providers.

Payment Preference:

This generation is adaptable in terms of payment methods but tends to prefer secure and established payment options like credit cards, online banking, and checks. They are less inclined to use newer payment technologies like cryptocurrencies but are open to convenient digital payment solutions.

The detailed information of those persona will help us to screen the right innovative payment solutions.

Customer experience journey mapping

Before we think about the new payment solution, we should first identify the right problem, challenges and customer needs to solve. we should not adopt the new payment solutions for sake of new payment solutions.

To build a customer experience journey mapping, we can take the following approaches:

- Work with market research to conduct member experience research including panel study, survey etc., to learn first hand customer insight about their pain points and needs with respect to payment
- Work with customer support team to gather customer complaints about payment
- Work with business team/sales team (for B2B clients) to gather clients' aggregated insight
- Work with Business intelligence team to have in-depth web/mobile analytics data and conduct funnel analysis on payment process

By doing this we will have a 360-degree overview of end-to-end customer experience. From this we can build the customer experience journey mapping.

By leveraging my research and my experience with Allstate Digital Life insurance team, I draw the following Geico customer experience journey mapping with 8 key touch points (based on some reasonable assumptions)

Geico Customer Payment Experience Journey (part 1)

Phase of journey	1. Policy Selection	2. Premium Calculation	3. Policy Customization:	4. Payment Options Selection	5. Payment Processing & Confirmation
Interactions (front end /Backoffice)	<ul style="list-style-type: none"> Customers explore different insurance policies, often comparing coverage, premiums, and terms. 	<ul style="list-style-type: none"> Based on the customer's details and chosen coverage, the insurer provides a quote for the insurance premium. 	<ul style="list-style-type: none"> Customers tailor their policies with add-ons or adjustments to coverage. 	<ul style="list-style-type: none"> Customers choose a payment method (e.g., credit/debit card, direct bank transfer, online wallets). 	<ul style="list-style-type: none"> Execution of the payment transaction. Confirmation of successful payment, often with a digital receipt or confirmation email.
Pain Points	<ul style="list-style-type: none"> Difficulty in understanding complex policy details and determining the best fit. 	<ul style="list-style-type: none"> Lack of transparency in how premiums are calculated. 	<ul style="list-style-type: none"> Balancing desired coverage with affordable premiums. 	<ul style="list-style-type: none"> Limited payment methods, concerns over payment security. 	<ul style="list-style-type: none"> Slow processing, technical glitches, unclear payment status. Delay in receiving confirmation, unclear details in the confirmation message.
Needs	<ul style="list-style-type: none"> Clear, concise information; comparison tools; and personalized advice 	<ul style="list-style-type: none"> Simple explanations of factors affecting premium costs 	<ul style="list-style-type: none"> Flexible policy options clear information about the implications of each choice. 	<ul style="list-style-type: none"> flexibility in payment plans and business models Needs varies for different segment of customers (e.g. Tesla user) 	<ul style="list-style-type: none"> Quick, reliable processing with real-time updates on payment status. Immediate, clear confirmation of payment with details of the transaction.

Geico Customer Payment Experience Journey (part 2)

Phase of journey	6. Policy Issuance and Access	7. Ongoing Communication and Updates:	8. Renewals and Updates	9. Claims and Payouts	10. Customer Support
Interactions (front end /Backoffice)	<ul style="list-style-type: none"> Issuance of the insurance policy document following payment. 	<ul style="list-style-type: none"> Regular updates regarding policy status, renewals, and any changes in terms. 	<ul style="list-style-type: none"> Renewing the policy or updating payment information when required 	<ul style="list-style-type: none"> Filing claims and receiving payouts. 	<ul style="list-style-type: none"> Post-payment support for any queries or issues.
Pain Points	<ul style="list-style-type: none"> Delay in policy issuance, difficulties in accessing policy documents. 	<ul style="list-style-type: none"> Lack of proactive communication; confusing policy updates. 	<ul style="list-style-type: none"> Complicated renewal process, difficulties in updating payment methods 	<ul style="list-style-type: none"> Complexity in filing claims; delays in payouts 	<ul style="list-style-type: none"> Inadequate support; long wait times
Needs	<ul style="list-style-type: none"> Quick issuance, easy digital access to policy documents, and options for physical copies. 	<ul style="list-style-type: none"> Clear, consistent communication Easy process for updating personal and payment information.. (Geico) Identify potential delayed/missed payment 	<ul style="list-style-type: none"> Simple, intuitive renewal process easy updating of payment and policy details. (Geico) better manage churn 	<ul style="list-style-type: none"> Streamlined claims process; prompt, transparent handling of claims and payouts. 	<ul style="list-style-type: none"> Prompt, helpful customer support through multiple channels (phone, email, chat). Pay by phone if needed

Prioritize the needs (i. e opportunities)

To advance our strategy, we must first prioritize customer needs. The approach I adopt evaluates the following:

- Business Impacts: Assessing the potential effects on revenue and cost savings.
- Customer Impact: Gauging the influence on customer experience and satisfaction.

Within the eight identified touchpoints, Payment Options Selection (4), Payment Processing & Confirmation (5), and Renewals and Updates (8) are key due to their significant effect on conversion rates and revenue. Ongoing Communication and Updates (7), and Customer Support (10) also notably influence these factors. The table below categorizes the needs of these five touchpoints, analyzing their business and customer experience impacts, and **ranks them into three priority levels, each represented by different colors in the table**

Evaluate the priority of the needs

Needs	Stage	Business impact	Customer Experience Impact	
flexibility in payment plans and business models	4. Payment Options Selection	H	H	High Priority
Multiple secure payment options, Varied payment needs for different segment of customers (e.g. smart home customer, EV customer, Millennials, Generation Z etc)	4. Payment Options Selection	H	H	
Simple, intuitive renewal process	8. Renewals and Updates	H	H	
Quick, reliable processing with real-time updates on payment status.	5. Payment Processing &Confirmation	M	H	Medium priority
Immediate, clear confirmation of payment with details of the transaction.	5. Payment Processing &Confirmation	M	H	
(Geico) better manage churn	8. Renewals and Updates	H	L	
(Geico) Identify potential delayed/missed payment	7. Ongoing Communication and Updates	H	L	
easy updating of payment and policy details.	8. Renewals and Updates	M	M	Low Priority
Easy process for updating personal and payment information..	7. Ongoing Communication and Updates	M	M	
Prompt, helpful customer support through multiple channels (phone, email, chat).	10. Customer Support	M	M	

Payment innovation in the insurance market:

Below is the list of current Payment innovation in the insurance market and analysis

Digital and Mobile Wallets: Digital wallets like Apple Pay, Google Pay, and Samsung Pay are increasingly popular. They enable users to store card information on their devices and make contactless payments, enhancing convenience and security.

Cryptocurrency Payments: Cryptocurrencies such as Bitcoin, Ethereum, and various stablecoins are becoming more mainstream in transactions. They offer advantages like lower transaction fees and decentralized control, although they also come with volatility and regulatory challenges.

Blockchain-based smart contract Solutions: Beyond cryptocurrencies, blockchain technology is being used for its security, transparency, and efficiency in processing transactions. Potential opportunities to facilitate payment with B2B customers like car sharing service. Blockchain technology offers a fast and secure way to create a binding financial agreement in the form of a smart contract.

Social media payment platform: Social media payment solutions refer to the methods by which users can make financial transactions directly through social media platforms. These solutions have grown in popularity due to the massive user base of social media and the convenience they offer. Top payment solutions include: Facebook and Messenger, Instagram checkout, snapchat's snapcash, twitter, Tiktok, Pinterest etc. Social media payment solutions meet the needs of users who value convenience, speed, and the integration of financial transactions into their daily social media use.

IOT based payment: this includes

- connected car's behavior-based payment for EV car users.
- A smart home data-based property insurance based on the connected sensor data (humidity, temperature, HVAC data etc)
- leverage wearable fitness trackers data for life insurance
- Commercial auto and property Insurance that leverage smart building technology or fleet management systems

New business models:

- Usage-Based Insurance (UBI): Particularly prevalent in auto insurance, UBI adjusts premiums based on actual usage and driving behavior. Telematics devices or smartphone apps are used to monitor factors like mileage, speed, and driving style, allowing insurers to offer personalized rates.
- On-Demand Insurance: This model allows customers to activate and deactivate insurance coverage instantly through an app, based on their immediate needs. This is particularly popular in travel, gadget, and short-term property rentals.
- bundles subscription-based insurance: customer can change the bundle of insurance annually when pay a subscription premium

Additionally, enhancing the customer payment experience should encompass the entire end-to-end journey, as each touchpoint is interconnected. Implementing **AI/ML-driven solutions** or **digital enhancements** to both the front-end user experience and back-end workflows can have a significant impact as well

Since we already identified the right needs/opportunities to work on, now can we further propose solutions that tailored to needs/opportunities in high priority category and medium priority category.

Needs	Priority	Proposed Solutions
flexibility in payment plans and business models	High	New business models: <ul style="list-style-type: none"> • Pay-as-you-go (usage based) • On-demand insurance • Bundled Subscription models
Multiple secure payment options, Varied payment needs for different segment of customers (e.g. smart home customer, EV customer, Millennials, Generation Z etc.)	High	<ul style="list-style-type: none"> • IOT data driven personalized pricing: leverage the connected IOT data for EV customers for auto insurance customer (behavior based)and smart home customer for home insurance • Social platform payment for generation Z and some millennials • Mobile payment (Appy pay, Google wallet) • Leverage blockchain based payment process to ensure transparency, security and auto pay (for B2B customers) • Crypto payment for tech investment enthusiasts
Simple, intuitive renewal process	High	<ul style="list-style-type: none"> • UX digital solutions: Auto pay (Geico web sites shows this is an existing feature)
Quick, reliable processing with real-time updates on payment status.	Medium	<ul style="list-style-type: none"> • UX digital solutions: Build connected personalized communication with customer
Immediate, clear confirmation of payment with details of the transaction.	Medium	<ul style="list-style-type: none"> • UX digital solutions: send timely communication to customer through multiple channels depends on customer preference
(Geico) better manage churn	Medium	<ul style="list-style-type: none"> • AI/ML powered solutions: use customer payment data and customer demographic data and digital channel engagement data to build AI/ML model to identify the potential churn in renewal
(Geico) Identify potential delayed/missed payment	Medium	<ul style="list-style-type: none"> • AI/ML powered solutions: use customer payment data and customer demographic data and digital channel engagement data to build AI/ML model to predicate which customer is more likely to delay or miss the payment

Evaluate and prioritize the solutions:

Now it is time we need to evaluate and prioritize these proposed solutions and answer the prompt.

There are many frameworks to evaluate the solutions such as Kano model, MoSCoW Method, RICE Scoring Model and Product tree etc. Given the scenario from the prompt, here I would like to propose to evaluate and prioritize those payment solutions based on 4 key aspects:

Business and customer impact: this is about revenue and customer experience

Level of differentiation: this is about how Geico could differentiate its product offering if adopt this payment solution and be more attractive to customers.

Cost to build: overall cost include engineering cost, technology vendor cost, partnership cost,etc,.

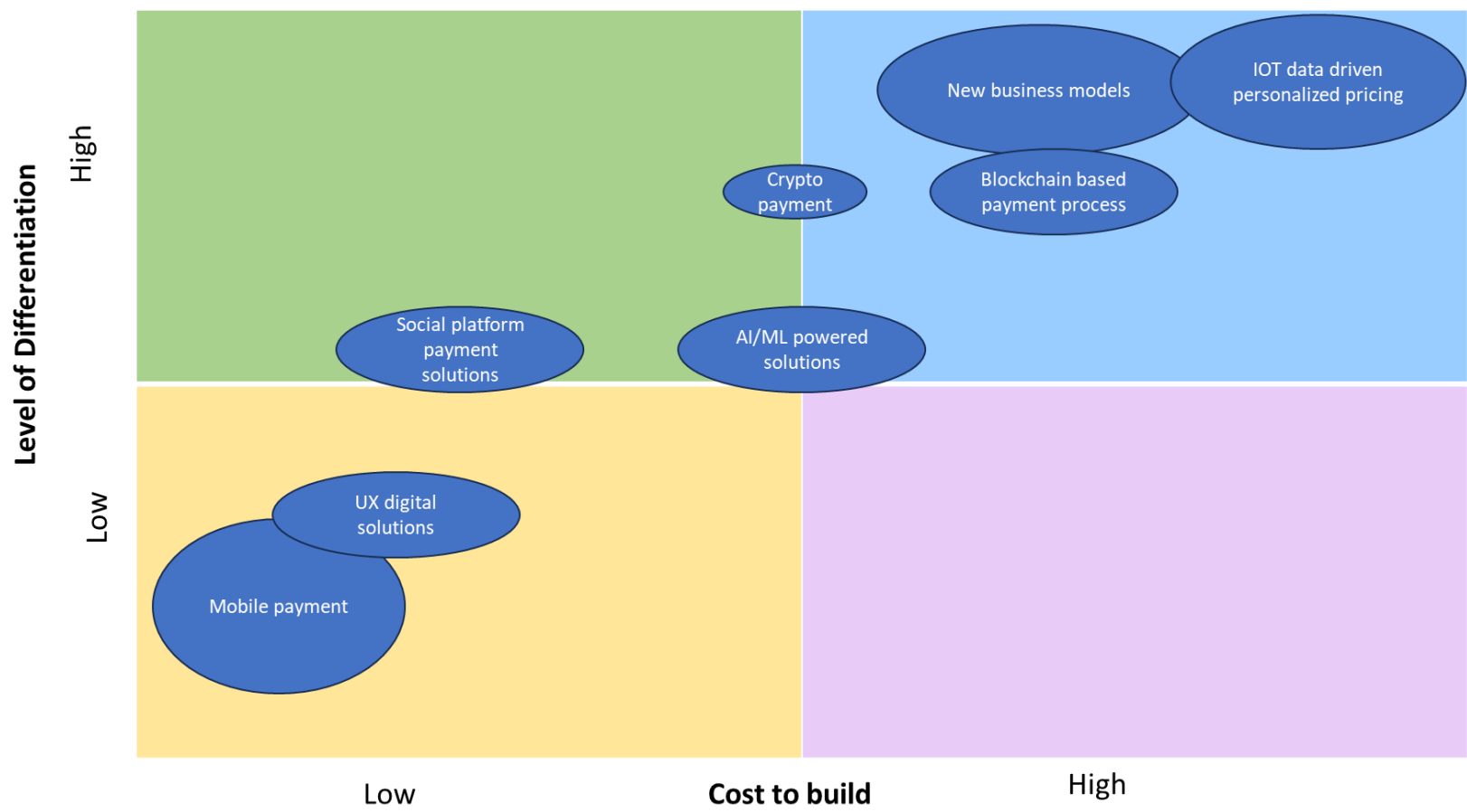
Time to implement: how long will it take to build the product

Below you will find the evaluation

Solutions	Business and customer Impact	Level of differentiation	Cost to build	Time to implement	Analysis Note
New business models	High	High	high	long	Geico's target customer segments are adapt to new ideas and changes that technologies to make their life easy
IOT data driven personalized pricing	High	High	high	Long	Geico's target customer segments are tech savvy and like to use new technologies to make their life better. Smart home and connected car fall into this category
Mobile payment	High	Low	low	Short	A must have for Geico's target customer segments
Crypto payment	Low	High	medium	Medium	Potential opportunity to watch
Blockchain based payment process	medium	High	High	Long	This is great opportunities for Geico to better serve B2B clients to manage a feet of cars with auto sharing service.
Social platform payment solutions	Medium to High	medium	Low to medium	medium	Particularity important for Geico since this is the channel that Geico's target customer segment like to use and more frequently engage with
UX digital solutions	medium	Low	Low	Short	Quick wins
AI/ML powered solutions	medium	medium	Medium	Medium	Quick wins

To help prioritize the solutions, I use the following two-dimension framework to position each solution, the size of the oval size represent the size of the business impact

Positioning Analysis of Payment Solutions



Analysis from this positioning framework and the answer to the prompt:

- For short-term gains with high business value and low development costs, prioritize projects like **mobile payment and digital UX enhancement solutions for immediate results.**
- Opportunities with moderate to high business impact and distinctive benefits for Geico, such as **new business models, IoT data-driven personalized pricing, social media platform solutions, AI/ML-powered solutions, and blockchain-based payment processes**, should be the **primary focus for near to mid-term development.** These initiatives offer long-term business benefits, revenue growth, and capture the growing niche market segmentation for Geico, while also boosting its competitive edge.
- Initiatives with lower business impact, like cryptocurrency payments, should be monitored but not immediately prioritized.

This outlined strategy ensures Geico selects payment solutions that are tailored to the specific needs of its target customer segments. This approach will significantly drive business impact, creating new revenue streams and capturing emerging niche markets effectively.

Risk and mitigation:

I provide the analysis of potential risks and suggested mitigations as below:

Solutions	Risks	Mitigation
New business models	<ul style="list-style-type: none">Adoption rate could be lowROI may not work	<ul style="list-style-type: none">Conduct thorough market research and business case studyBuild prototype and has a trial before commercialization
IOT data driven personalized pricing	<ul style="list-style-type: none">Need a lot of technology investment in IOT platform and data	<ul style="list-style-type: none">Build porotype and testSource and identify the right technology vendor
Mobile payment	<ul style="list-style-type: none">Low risk	<ul style="list-style-type: none">N/A
Crypto payment	<ul style="list-style-type: none">Technology riskAdoption rate	<ul style="list-style-type: none">Conduct study about market sizeBuild proof of concept
Blockchain based payment process	<ul style="list-style-type: none">Technology riskAdoption rate	<ul style="list-style-type: none">Source and identify the right blockchain technology and vendorMarketing plan to B2B customers
Social platform payment solutions	<ul style="list-style-type: none">Concern about security	<ul style="list-style-type: none">Implement security technology and processAdvocate to customers
UX digital solutions	<ul style="list-style-type: none">Customer experience	<ul style="list-style-type: none">Conduct customer experience research to build UX strategy
AI/ML powered solutions	<ul style="list-style-type: none">Quality of dataImplementation with operation team	<ul style="list-style-type: none">work with data engineering on data literacy earlyHeld education sessions with operation team

Product roadmap:

Based on the product strategy and time to build, here I propose the following roadmap for Geico to take for 2024 and 2025

Solutions	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
UX digital solutions								
Mobile payment								
AI/ML powered solutions								
New business models								
IOT data driven personalized pricing								
Social platform payment solutions								
Blockchain based payment process								

Next Steps:

- Work with business team and engineering team to quantify the business impact (revenue) and cost to build. From there to conduct cost benefit analysis with a business case. This can also help estimate the budget to seek funding
- Start to source the technology vendors of those payment solutions, Evaluate and identify the partnership
- get funding to build Proof of Concept for new payment solutions
- conduct member experience research such as panel study, focus group and survey to get in-depth customer insights