



LegacyShield®

How to Growth Hack Your Business

Why Client Engagement and Personal Referrals
Are More Important Than Ever

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Introduction

How can an independent insurance advisor like you profitably grow your business with the new rules of engagement and expectation?

I believe I have the solution you need.

I, too, am an independent businessperson—an entrepreneur. I also have a background in insurance. I am interested in technology and its potential for improving our personal and business lives. My experience and interest in these areas have allowed me to develop a long-view perspective on where the insurance industry may be heading.

Like you, I've seen major changes in both how business is done and how these changes are affecting the insurance industry. And, like you, I know that how business is done today is not how it was done just a few years ago.

That's why I want to share some observations and discuss some solutions to help you grow your business in today's rapidly evolving world.

Trust me—the rules of the game may have changed, but consumers still want and need advice. That's where you have an advantage over some of the insurtech companies entering the insurance playing field. Unlike these newcomers, you bring your expertise and your human touch to the equation.

You can also take steps to differentiate yourself from other independent advisors who are unwilling to see the potential in exploring new partnerships and synergies or the independent agents who are leaving the industry or being forced out by the difficulty of finding new leads. There is also the increased competition from highly funded fintechs now becoming insurtechs and competing for the same clients, making it harder to compete, especially for those price-driven sales. Also, today's client requires agents to bring different elements and solutions to a customer's needs, which old-style or more traditional agents cannot do.

By understanding what clients want, expect and demand, you can raise your competitive game and reach the levels of success you're aiming for. The following information is geared toward helping you do just that.

If you're ready to grow your business in an organic, cost-effective way, then dive in.

How Technology Has Changed Client Expectations

The Internet, smartphones and mobile apps have changed the way we communicate. It's no surprise, then, that these technologies have also changed the way clients do business and their expectations of what constitutes an outstanding experience.

The insurance industry is no exception to the universal need to change. Unfortunately, until recently, it has been seriously lagging behind.

Based on studies by Agency Revolution, here are just some of the ways technology has changed the insurance client:

- 81% of all consumers now do online research before they buy; even Baby Boomers spend an average of 15 hours a week online.
- 84% of insurance clients do NOT want a call from their insurance provider.
- 91% check their email daily; Millennials check their smartphones an incredible 43 times per day.

And there is more change based on evolving technologies.

It took a while, but the fintech technology that disrupted the banking industry has now become insuretech and is moving into the insurance industry, aiming to change the way insurance is sold.

These new insurance players are designed to go directly to the consumer, eliminating the agent entirely. They also are able to provide more digital touch points and personalization than the traditional insurance models of selling. These are important elements that clients are seeking from the insurance industry to match the digitalization and personalization they experience in their personal lives.

And they are having an impact. According to the 2017 World Insurance Report, nearly one-third of clients relied on insuretech technology either exclusively or in conjunction with a traditional agent/carrier relationship.

However, there is good news for the independent agent.

More than 40% of surveyed insurance clients said they trusted mainstream insurers more than the insuretech companies.

This represents an area of vulnerability for the insuretechs and an area of potential growth for the agent who is willing to partner with a reliable company to provide touch points and personalization while at the same time connecting the client with insurance from trusted carrier brands.

There is something else that the modern insurance client wants that may surprise you: They want relationships.

Your clients don't want you calling them or showing up at their kid's soccer game. But they also don't want you disappearing after the premium has been paid.

You can build a relationship with your customers by periodically reaching out to them with information that is relevant to them. They want to feel that you have listened to them and understand their needs. Today's customers also don't want to have to go to multiple locations (channels) to find certain information. You can help them aggregate their important information in one, secure location. In other words, you can do business with them on their terms. In this way, you'll create that relationship they're seeking and build loyalty.

What are the benefits to you of building this relationship?

Loyal customers will

- Renew or repurchase from you (97%)
- Upgrade or purchase more insurance (25%)
- Refer family members and/or friends (2.5 referrals, which can increase with the right referral strategy. This will be discussed later.)

What Clients Expect Now

It used to be that client expectations were much simpler. They expected basics such as fair, competitive pricing and quality service. Today's clients expect much more.

In a survey by Salesforce, 76% of clients recognized that it is now very easy to take their business elsewhere. These respondents had no problem saying they would switch from brand to brand in search of an experience that would match their expectations.

They were also clear on what they expected from a person or company with which they did business. Those expectations were primarily...

- Providing a connected process and seamless transition between channels,
- Customizing and personalizing interactions based on past engagement, and
- Being treated as a person, not a number.

The individuals surveyed also said understanding how they use products and services was very important. This knowledge helps underpin targeted, customized solutions.

Another important change in client expectations is ongoing innovation. They expect companies to keep pushing the limits in positive ways. They look for new products and services based on their needs and on new technology. They also expect these product and service launches to happen more frequently.

Meeting some of these expectations requires the use of data. Unfortunately, more than half of the consumer population is more concerned with information security than they were just a few years ago. Much of this can be attributed to some of the major security breaches recently exposed at prominent companies.

However, it goes deeper. Again, more than half of the individuals surveyed are uncertain of how companies use their data in the first place. The surveyed clients generally didn't believe the companies have their best interests in mind. They felt that the companies, particularly Facebook and Google, were selling the data to third-party marketers and advertisers.

Earning a client's trust is critical. Providing high-grade security and being transparent about how data are collected and used are important elements in garnering their trust.

If you can show how their information can provide them with a better experience, clients are willing to share relevant information for the following:

- Consistent interactions across every channel
- Personalized offers or discounts
- Personalized product recommendations
- Proactive customer service
- More consultative help in meeting their needs

And this willingness to share information in exchange for relevant contact is not limited to Millennials. A study by the Columbia Business School on data sharing included Baby Boomers, Gen Xers and members of the Silent Generation (those born before and during World War II). 75% of the individuals surveyed said they were willing to share personal information—address, mobile phone number, name and date of birth—in exchange for a product or service they valued and a brand they trusted. The number went up to 80% when sharing the information meant receiving information on product recommendations.

The study also found that there was a higher comfort level for sharing information with companies within the financial services industry. The respondents felt that these companies were more likely to be protective of data than other industries.

The Rising Importance of Client Referrals

Word-of-mouth advertising has always been an important factor in any marketing and sales plan. It can be the primary factor in up to 50% of all buying decisions. Under the umbrella of word-of-mouth advertising is the customer or client referral. Rather than an organic, passive way of spreading the word about your product or service, a client referral is a direct, more proactive link to a potential client.

A Nielsen Study found that 92% of the consumer public is more apt to believe a referral from a friend or family member than from any form of advertising.

There is also a direct connection between a referral and an increased closing rate for a product or service. According to the Huffington Post, reaching out to a potential client through a referral increased the closing rate by 80%.

Here are some more qualitative reasons client referrals are so vital to growing your business:

- You've already earned trust and credibility with your prospect.
- You can convert prospects to clients with less work because your leads are qualified.
- Your prospects are primed to trust you and your credibility.

Referred clients also tend to be more loyal. They will know that you are more likely to have the right product or service and quality experience in keeping with their wants and needs. As much as a client referral is prequalified, you are also prequalified to the referred client.

In addition to costing less to acquire, a referred client also has a 16% higher lifetime value than a non-referred client according to the Wharton School of Business.

Some of this higher lifetime value can be directly attributed to the quality of the referral. According to a study by the Harvard Business Review, clients who make referrals are generally good at matchmaking, which means the referrals are

- More likely to quickly find features they like and are willing to pay for,
- Less likely to require additional marketing so they generate more revenue at a lower cost, and
- More likely to refer new clients themselves.