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The Customer Is in Control

By Troy Korsgaden | January 7, 2019



It's Time to Get Out in Front and Not Fight

Gone are the days of carriers leading the entire purchasing cycle of insurance products and financial services. In an environment of unprecedented change in our industry, today the customer is in control.

To remain competitive, agents, advisors and brokers must become the local gateway to every potential option. This is a positive change for our industry. Instead of running our businesses in a way that focuses on our needs, now providers are shifting our focus to customers. And that's the way it should be.

Traditionally, customers buying property/casualty protection, life insurance, other insurance products and financial services have had little or no voice in the purchasing cycle. Up until now, this approach has enabled carriers to retain business, despite the plethora of offerings in the marketplace. Some well-established and well-run agencies have offered differentiators, but nothing radical enough to flip the industry upside-down.

These agencies have enjoyed increased business as they've added a few other lines of insurance, but their dream of representing all products and services in their clients' households has never materialized. The pricing might be great in one area, but not in another. Price seems to have been the only real driver, other than local or high-touch service. It was never enough to win the day — to have customers purchase every one of their products for property/casualty, life insurance, financial services, etc., under one roof.

The industry had hoped to become a one-stop shop using local distributors. Many of the best agents blamed their distribution for this unfulfilled dream, but they never took an inward look at what they were providing customers holistically. Today, the marketplace is changing rapidly. We are experiencing a tsunami of change.

All agents seem to be committed to giving great customer service and offering quality products at reasonable prices. Consumers are brand-loyal on certain products, but they never seem to be

brand-loyal without some type of consideration of pricing, delivery of additional products and other factors. To win customers' loyalty in this new environment, we must evolve by offering customers more options and easier access to them.

Amazon Will Never Be the Local Gateway

Enter the new age of the customer. Customers are demanding more today than ever before. This expectation first affected retail and other consumer services. It's easy for everyone to point to Amazon as the gold standard in responding to such demand. Amazon certainly excels in customer service and in providing the many products it carries, and the online behemoth is even attempting to enter the financial services sector, offering consumers loans, insurance and checking accounts. But these efforts are aimed mainly at increasing participation in the Amazon ecosystem, not replacing the agency system, according to CB Insights. Amazon will never be the gold standard when it comes to being a local provider who offers customized personal service and every possible insurance and financial services product that households and businesses need.

4 Ways to Provide Optimum Service Amid the Tsunami of Change

1. Have a 360-degree view of the consumer.

The winners and long-term players will have a true 360-degree view of the customer. This will involve some type of local representation or position for the agent who delivers these products and services. Why? Because "big data" is going to improve, and artificial intelligence is going to make data more usable and enable it to be delivered to the marketplace more quickly.

To win customers' loyalty in this new environment, we must evolve by offering customers more options and easier access to them.

As the agent who serves your local community and interacts with your customers regularly, you will always know more than the computer. The computer can't tell you when someone is possibly going through a divorce, when there has been an illness or when a huge life change is imminent, like a marriage or the arrival of a baby as a new addition to the family.

Local representation is and will forever be superior to a computer or a 1-800 number selling products. People will always buy from people they know and trust. People will always want

someone to hold their hand through the maze of madness. This is the superior value you bring to the table.

Today's consumer needs agents who can handle everything. That means being a discussion partner — a knowledgeable, caring provider who has access to information to give, information that can be gathered, and the ability to look holistically at the consumer's needs from a 360-degree view and provide products based on product suitability, reasonable pricing and the best coverage contracts that are available.

2. Constantly add new features to your customer service platform.

Carriers are in an arms race to get their technology into place to communicate from product to product and to provide delivery systems that make clients feel secure and enjoy smooth, easy business transactions.

Google has referred to this as “a single pane of glass” – a complete 360-degree view of clients. We must always abide by the privacy laws in each specific state and marketplace, protect our clients' data and deliver a seamless product suite.

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Technology is evolving so fast that we can't possibly keep up by buying new platforms and computer systems all the time. Instead, bolting on new technology features to our existing systems at a rapid pace will win the day. I have not seen one particular technology that ties it all together at this point.

The arms race for technology will eventually lead to one integrated system that carriers, clients and agents can all use to ensure they are singing off the same page in the songbook, at all times.

For now, we can add features as they become available, such as lead management, analytics or a claims tool, for example. The goal is to equip your existing system with all the features that will benefit your clients and the team members in your agency. Ask yourself, “What are the capabilities we don't have?” and then add them to your system.

3. Improve all distribution systems, including local distribution.

There are many small businesses representing agents and products in the financial services marketplace. Customer loyalty means being loyal to your customer, not being loyal to yourself. You can provide unrivaled service by upgrading and retooling your distribution system at the service level.

4. Partner with other specialists to expand your offerings.

Whether your agents are employees, brokers or managers of firms that have special agreements with others, nirvana is offering all products and advice engaging specialist advisors in joint work. I don't mean that we should refer clients over to other experts and then disengage. Rather, we should refer our clients to another specialist and be a part of the conversation.

For example, let's say an agent doesn't have a second-to-die policy, but she has a relationship with someone who does, so she provides that product and service to the client through that other expert. She might not get a commission on that referral, but because she was in the conversation from start to finish, her client will look to her as the gateway to all insurance products and financial services.

Agents who expand their offerings by partnering with other specialists win because they have more opportunity to sell additional products and services, certainly much deeper than before.

Today, clients have a more transparent view into what they are buying holistically. Agents who expand their offerings by partnering with other specialists win because they have more opportunity to sell additional products and services, certainly much deeper than before. And although we might not be competitive today, our distribution will place business when it is in the client's best interest, and the carrier can provide the coverage and reasonable pricing.

Conclusion

Now that the customer is in control, it's important to put your customers at the center of every decision you make as an agent, whether it's about the products you offer, your pricing or your overall advice. Get out in front of this reality, and don't fight it.

Robo-advisors, digital platforms and lower-cost delivery options will have a place in the industry and will gain a big market share, but the real money is in providing it all through one gateway. That gateway is the true omnichannel experience. We can become that gateway by optimizing our offerings and tailoring them to our customers' needs.

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