

BEST PRACTICE

Best Practice Series



SYSTEMATIC COMMUNICATIONS,
MIXED DELIVERY MEDIUMS, ARE
THE KEY TO CUSTOMER VALUE

Communications and Customer Development

Customer development is really just a fancy way of saying we want to make as much money as possible through our customer relationships. That may seem harsh and greedy, and in a short term, customer development can be one-sided. But long term

business success depends on customer satisfaction, so any customer development approach that does not serve customer needs - and serve them well - is doomed to failure. Communication is at the heart of any customer development

program. Educating customers about new products, services, issues, and discounts are common themes in development communications. Dentists, doctors, restauranteurs, retailers (and insurance agents) have long extended the simple



THE TELEPHONE IS NOT DEAD



SNAIL MAIL STILL DELIVERS



...MIX IN THE WEB AND EMAIL

The medium is not the message, but it matters

happy birthday or holiday wish as a way to personalize a business or professional relationship.

More Ways to Communicate

For years, businesses had three communication options for customer development: send mail, make a phone call, or drop by for a visit. Today, text alerts, email, Facebook, Twitter, YouTube, and web portals are but a few of the communication options available to every business. It's a bit like the changing of the guard, when cable networks challenged the big three TV networks near total control of all broadcast media. All of a sudden, audiences splintered and were harder to 'broadcast' to.

The good news is that many new communication mediums allow for a lot more contacts, and often higher quality contacts, without increasing communication costs. But the sheer range of choices can be dizzying, and can introduce a paralyzing level of complexity.

A communications professional that I worked with over a period of years, and learned a lot from, once said that people need to hear things four or five times, and through several different mediums, to maximize the likelihood a given message will stick. And that's a good way for insurance agents to think about customer development communication - use different media to maximize the 'stickiness' of your messages.

Here's a quick rundown of some options that I'm lumping into two broad groups, Essential, and Emerging (i.e., Optional):

Essential Mediums

Every agency should be including a mix of these delivery vehicles because of cost, acceptance, and ingrained customer behaviors.

Email - This is still the low cost king of communication. Email also allows you to include links back to your website for expanded and enriched messaging like video.

Website - Face it, whether or not you encourage customers to bookmark and use your website, many will do so just the same. Rotate your home page and include



special landing pages as another way to get your message across. A lot of your customers will see it; and as a bonus, the search engines look favorably on websites with fresh content.

Mail - Email, website, and other communication options allow us to cut back on this medium, but cutting it out altogether may not be the best way to go. Occasional print mail pieces are a good supplement to your electronic communications.

Phone - There are really multiple facets to phone communications: your on-hold message, outbound calls, and voice broadcasting. A brief on-hold message should support monthly mail and email messages; outbound calls may be appropriate for higher value or at

risk customers; and voice broadcasting can be an effective way to let customer know you need them to check their in-box for an important email update (just make sure it is important). Customers not receiving your email can be encouraged to update their contact information using a web form, or by calling or emailing your office.

Face-to-Face - Important and high value customers merit more time and attention because they are so important to agency income and profit, because you don't want to lose them, and because these are precisely the customers from whom you want referrals.

Emerging and Optional Mediums

There are a number of interesting, and sometimes well hyped communication mediums for our consideration. The amount of time you spend leveraging these mediums should be tempered by the extent to which you have already tackled Essential Mediums. Put another way, if you only have 10% of your customer's email addresses, and are not sending anything to them, you probably shouldn't commit to starting a blog.

Web Events - These are widely accepted, extremely low cost, convenient, and can be recorded and served up again and again via a web page.

Video - YouTube is the most well known distribution for video on the web. It's free, can promote traffic back to your website, and videos you post (or even videos posted by someone else) can be 'embedded' on your website, blog, or Facebook page. Video email, from services like Oovoo and Eyejot, are extremely low cost, and make one-

Segment by customer needs and business goals

to-one emails forceful and distinctive.

*Facebook*¹- Setting up a Facebook page for your agency is easy, delivering business results is a little trickier. But it is something every insurance agency trying to learn about social media marketing should be experimenting with.

Linked In - This fast growing network service connects more business people than almost any other. Join up, set up a profile for your agency, join a few groups, and who knows?

Blogs - Short for web log, blogs can be free (Blogger, WordPress), are often easy to set up, and they are certainly intriguing. Blogs allow you to establish an open dialog with a community of your customers (and others), and can establish you and your agency as a thought leader. But successful blogs, like so many other social network initiatives, require a significant time commitment. Rather than starting a blog, a good place to start would be monitoring the blogs of others. Once you have a feel for the tone of blog posts and comments and the sensibilities of the blog community, start to post your own comments.

Twitter - 'Microblogging' is all the rage. It wouldn't hurt to dabble in Twitter by setting up a profile and launching an occasional tweet. But most likely this is a tool that will fit a future mix - the Essential Mediums should be maximized before spending a lot of time tweeting.

Frequency

Some of us will put up with daily email or other updates,² but insurance agencies - and insurance providers in general - probably can't get away with daily, or even weekly emails. Quarterly may not be enough to keep your agency top of mind, monthly contacts should do the trick. And since you have access to virtually cost free mediums like email, there is no reason not to have some customer contact each month.



Segmentation by Business Objectives and Customer Needs³

Every individual communication should have purpose, and ideally, each email, voice broadcast, and newsletter update will contain information that resonates with each individual customer.

Communication purposes should correspond to business objectives, and those generally break down into three areas:

- Keeping your customer (retention)
- Doing even more business with your customer (account or cross selling)
- Getting your customer to bring you new customers (referrals)

Generic communications are better than no communications (e.g., canned newsletters), but beyond line of business segmentation, generalized communications often

do not match your message with a specific purpose. For instance, your goal with the \$10,000, ten policy personal lines account is to defend the account, and to get that customer to refer friends and associates. Your objective with the auto only personal lines account is to develop more policy relationships. Your communications to those two customer types, if they reflect those differing objectives, will differ as well.

If you want your communications to be read and not tossed aside, then you need to target your messages to customer needs. Business customers have different concerns than personal lines customers (or do they?), and customers with a start up business will have different concerns than the multi-location business contemplating international operations.

Segmenting customers by need and objective can seem like a daunting task, but it won't be if you start small and refine your segmentation incrementally, over time. A simple, manageable segmentation to start with would be your top-half revenue customers and bottom-half revenue customers.

Summary - Start Small and Build

Most agencies have tremendous revenue growth opportunities within their own books of business. Average small businesses need 5 - 7 insurance policies, average personal insurance customers own a similar number of policies. Systematic customer development, through a mix of communications, is the way to unlock that potential. Pick a couple of communication mediums, do a basic 50/50 segmentation by line of business, and put together a simple schedule of communications (see the sample

...in Summary

editorial schedule at www.confluencysolutions.com).

Measure the results against the objectives you set and add to your customer development program as you achieve successes.

1. Most agencies (and other businesses) should be familiarizing themselves with social media; significant results through social media requires a well thought out strategy and real work. Devoting 30 - 60 minutes a week to using and learning about social networks is a good place to start. Before you decide where to spend time, find out where your customers are hanging out (Facebook, LinkedIn, etc.).
 2. Woot.com is a great example of a business that could get away with daily updates. The Woot model - deep discounts on one product, for one day, until the product is gone - begs for daily updates. The farther away from these attributes you get - great deals, limited time offers, and fun consumer products - the less likely a high frequency email update is to be welcomed to a customer in box.
 3. For more on segmentation, see the PDF download at <http://www.confluencysolutions.com/best-practice/communication-customer-development>.
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