What do Customers Want?
By Chris Burand

According to a poll by Ebix, an Internet insurance portal (with links to thousands of agencies), "56% of the respondents cited paying too much as their top concern." "In a related poll, 47% said they shop for cheaper rates" at each renewal and 66% use their current premium as a benchmark for buying insurance from a different source (Press Release, February 9, 2000).

These polls make it sound as though about half the population wants low prices with little concern for anything else. These results are quite different from those found in many other recent surveys that suggest price is not quite so important. Therefore, it appears these results may only be applicable to a specific set of consumers. I have noticed what appears to be selective polling with regard to various e-retailers (which an insurance portal is). The demographics of the people polled appear to be known beforehand and therefore, the probable answers to specific questions are also known beforehand. Another possibility is that they phrase the questions in such a way to elicit specific answers. This is very smart marketing (something independent agents could use) because the results can make powerful advertising.

Based on the results of the Ebix survey though, do you really want these consumers to be your customers? I wouldn't! Pure price shoppers make poor customers because independent agencies know they will not represent the lowest priced carrier year after year and because we know these people are going to be shopping, we can be pretty confident they will probably go elsewhere before we can make a profit.

They also do not care about coverages or claims service until it is too late. Then they become your worst nightmare. A nightmare so bad, you would rather have Freddy Krueger as your client. In fact, the same poll showed 90% of the respondents said they did not want "advice from their agent when it's time to renew their policies." (Before taking this to heart, remember these respondents are likely not representative of a pure sample.)

Another interesting result of this poll is that "21% were most troubled because they did not understand what is/isn't covered . . . " and 15% worry they do not have enough insurance. Only 10% want to hear from their agent at renewal yet 21% do not know what they bought and 15% worry they do not have enough coverage!

What can we learn from this poll?

First, independent agencies should work to funnel these consumers to other agencies and distributors of insurance by not advertising in the yellow pages, not doing phone quotes, and not soliciting business from strangers over the Internet (using the Internet for sales though is another story).

Second, after avoiding these people, recognize who wants your advice and make sure you provide it. These are very valuable customers. They are not as numerous but they are more profitable.

Third, recognize that almost all customers want a good price and they associate having a choice of companies as guaranteeing them the best price (regardless of whether it does or not). This is why Progressive's TV adds have been so successful. Progressive touts, "If you call Progressive for a quote, we will quote you three other companies too and tell you who has the best rate—even if it is not Progressive!" The choice of companies also explains why people are so drawn to buying insurance over the Web. They can get quotes from a bunch of companies and then choose the lowest rate. Independent agencies have had this ability for a century and yet when surveyed, less than half of independent agencies' own customers knew their agent represented multiple companies. Independent agencies have failed to capitalize on the one benefit so many customers desire. Do not wait any longer. Do it now!

Fourth, most consumers obviously do not know that differences exist between insurance companies other than price. While some do not care, and will never care, others will be grateful to find out. Let your customers know differences exist in claims practices and services. After-market auto parts is a great example.

Fifth, as difficult as it may be, teach your customers the importance of periodic coverage reviews. Accounts change with time, usually resulting in inadequate insurance. Think of all the stories you have experienced with customers forgetting to tell you about tractors, cars, jewelry, art, buildings, and building additions. Let your clients know the risk associated with not being adequately covered.

Sixth, insurance is complex. I think 99%, rather than 21%, of consumers should be troubled about understanding what is/isn't covered in their policies. Many years ago I calculated that at least 30,000,000 combinations of homeowners endorsements existed using straight ISO forms. People that think they do not need assistance buying insurance either have had lousy agents in the past that did not provide adequate advice (think about whether your CSRs and producers fall into this trap) or they are truly overconfident.

For independent agencies, the keys are to not bother with customers that only want a low price. Next, service the other customers very well. Provide advice, educate them about the differences between companies, help them understand what coverages are important, and make sure they know you will quote them with multiple companies. Also, let them know you will even read the fine print for them so they do not have to do it and make sure they know you will do their shopping for them, saving them time and money!

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