

Who are your Customers?

By Chris Burand

Playboy magazine aims to make one of five subscribers a female. I do not understand the logic here but at least they are thinking about who they want as customers.

A few smart insurance companies are also realizing that segmenting customers is important. For example, a few are segmenting customers into categories such as “How do they like to buy insurance” and “How much service do they want.” For those customers that like personal and professional service, these companies are using independent agents. For customers that like to avoid insurance salespeople (at their own risk), these companies offer insurance through 800#'s and the Internet.

Agencies too must think about whom they want for their customers. The time has long passed when every breathing human should be considered a prospect. Most agencies' customers are people who value the professional services independent agencies provide. Beyond that most agencies only segment their markets by size and account type, such as personal lines, small commercial, middle market, truckers, high-end personal lines, contractors, and so forth. These delineations still apply but more important divisions exist. For example, it is important to consider how much service an account desires, how much service an account requires (a critical difference exists between desired and required), the preferred purchase method whether it be through an agency or another source, and customer age group, socio-economic status, lifestyle, and personality such as analytical, impulsive, and so forth. Consider these factors along with the traditional means of account size and type to identify your best prospects based on your agency's personality and abilities. Also consider these factors to learn how to best win their business and service their accounts.

For example, one razor company has defined their target very well even though only subtle differences exist in their market. They go beyond the usual, “Our razor gives you the closest shave you've ever had and the women will love you if you use it!” This company specifically aims at teenagers and their parents as they buy the boy's first razor. They advertise mostly at Christmas and on very limited television programs. They are quite successful even though they never tell the audience anything about their target audience. By limiting their advertisements to only their target audience, they cut costs, achieve a higher penetration of their target market, and make more money.

Think about your target market. With which groups are you most successful? Young people; old people; educated people; people that desire lots of service; people that require very little service; or people that want an agent's involvement but also want to get certificates and make changes on the Web? I've seen agencies make a lot of sales by targeting every breathing hominid in their county, but I've never seen one do that and make exceptionally high profits. Make more profits for less work and have more fun because your hit ratio will be higher by selling to those that desire your services and to those you desire to serve.

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