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Customer loyalty—going, going, gone?

SERVICES

Generally, business owners, agency owners, and business leaders have several critical success factors to consider as they manage and grow their businesses. Some essential success factors are apparent (e.g., profitability, providing a good product or service or employee development). However—by working with companies around the United States in different industry verticals—we still see that leadership teams need to consider creating and maintaining loyal customer relationships, which is a critical success factor.

Studies show that the longer your customers are loyal, the more profitable your business will be. Why? The answer has to do with what are known as the three Rs of customer loyalty: retention, related sales and referrals. However, the customer experience has slowly but ever so gradually changed, and this will impact your ability to create and maintain loyal customers. Since the change is slow, it can be unnoticeable until it is too late.

By changing your customer experience, you change your customers' expectations without realizing it. When engagement changes, it will impact the characteristics your customers will use to define their loyalty to your product or service. What do those changes look like? Here are some examples:

Example No. 1: The banking and credit union world is starting to establish new branches that are teller-free. You can walk into the lobby or go through the drive-thru and conduct your transactions without teller interaction. In the lobby, there is a guide to help you if you need it. There was a day when you did your banking in person; you had a relationship with several tellers and perhaps even the bank manager. You relied on those folks when you had a question, or needed to conduct a more complicated transaction. The teller you interacted with often offered your child a lollipop or your dog a treat. How will that environment foster retention or referrals when there is no human connection?

Example No. 2: Retail grocery chains are shifting to a model in which self-checkout opportunities and the supporting equipment outnumber a personal checkout experience. In our local area, the grocery store opens at 7 a.m., but the customer service desk opens at 10 a.m. Why would someone who frequents that store refer it to someone new to the area when the environment communicates that this is a self-serve store?

Example No. 3: Organizations with employees and health care benefits usually partner with a health care broker to help them navigate the ever-changing world of health care and their yearly renewal process. We have been using the same broker for 25 years. Our annual renewal process used to be

a face-to-face meeting to evaluate our options so we could make an educated decision on what was best for the employees and the company. In 2015, our broker purchased the entire agency, and he turned us over to a new agent—we clearly understood that his role would change as he became the new owner. The last year we had a face-to-face meeting was 2016. Now, we receive an email with instructions on when to submit our employee census and a list of renewal options. If we have questions and want to speak to someone about our options, we (the client) must initiate the conversation.

Consider your experience

As a leader in your organization, have you and your team strategically considered how changing your customer experience and engagement can impact the long-term success of creating and maintaining loyal customers? It should be considered a critical success factor similar to profitability. We live in a world in which technology and artificial intelligence are a big part of what businesses use to create efficiency, save costs and make things easier. Still, they also add to future expenses and customer loss if you are not careful.

Think of how you would react to the examples listed previously: Would

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2405-D-2023

you go to a different bank to discuss a loan because your regular bank has no tellers? If three grocery chains in your area have the same self-serve experience and comparable pricing, why does it matter which one you frequent? Would you be interested in finding a health care broker who is more proactive? Your answers probably mirror those of your insureds.

These subtle changes in customer experience will snowball into financially measurable and undesirable challenges for your organization.

Yes, different customers want different experiences. This is why you need to divide your audience into age groups and evaluate what customer interaction is best for each demographic. For example:

Generation Z (adults born 1997-2010) grew up with technology and they have never known a world without it. They are tech-savvy, quick learners and they expect instant communication through various digital channels.

Communication through technology is key for **Generation Y (adults born 1981-96)**. They prefer that their communications be accessible and convenient through texting, social media and websites.

Generation X (adults born 1965-80) often are seen as adaptable and self-reliant. They prefer efficient communication that respects their time. Generation X prefers straightforward and concise communications. They appreciate emails and face-to-face interactions.

Boomers (adults born 1946-64) appreciate direct and face-to-face communication, organizational hierarchy, and clearly understood processes and structure. They also appreciate phone calls, meetings and memos.

So here are some action steps to consider so your loyal customers continue to grow and stay strong:

No. 1: Consider impacts. As you employ and implement technology and artificial intelligence, consider how those decisions will impact your insureds' experience.

No. 2: Garner feedback. Ask a group of insureds or your customer service representatives what they think of your agency's changes and improvements, and see how those changes will increase their loyalty to your product or service.

No. 3: Take the time. Take the time to create a customer experience that will impact the four generations that make up your customer pool in a positive way. It probably should not be a one-size-fits-all solution.

No. 4: Keep track of your success factors. Most importantly, keep customer loyalty one of your top three critical success factors as a business or agency. Customer loyalty means future business! 📈

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