

## HOW TO UNDERSTAND YOUR CUSTOMERS

# DO YOUR TEAMS UNDERSTAND WHAT YOUR CUSTOMERS REALLY VALUE?

As a broker you will clearly understand the insurable and non-insurable risks a client faces, but do you really appreciate what they value?

If you don't appreciate what your clients value, there's a real danger they'll move to a broker who has taken the time to build their service around exceeding customer's expectations.

This guide describes the steps insurance brokers can follow to understand what makes their customers tick, so they can deliver a customer

experience that truly sets them apart from the competition.

### **The benefits of understanding your customers**

Without a sound understanding of your customers, you'll make critical business decisions based on what you think your customers need rather than

what they actually want and value. At the very least getting this wrong is likely to lead to customer apathy. But the danger is it can lead to customer dissatisfaction where you lose hard-won clients to competitors who are willing to go the extra mile for their customers because they respond to what they value.

By having a strong understanding of your customers, you can focus your proposition on satisfying their needs and values. Having happy customers will bring obvious benefits to your company:

- **Retention** - it costs far more to win new customers than it does retain existing.
- **Crosssales** - happy customers are more likely to buy additional insurance cover, products and services.
- **Referrals** - enthusiastic customers will happily refer you to their colleagues and recommend your services. Unsolicited customer advocacy is marketing dynamite.

Therefore, it makes sense to invest the time to understand what your customers really want.

# 6 things you need to know about your customers

As an insurance broker providing advice to your customers, you will already have a firm understanding of who your clients are and what they do. These questions will help you go a step further and help you understand what influences and motivates your customer when they buy from you.

## 1. **When do they make their buying decision?**

Some clients will only make their decision to buy as renewal approaches, while others will make their buying decision over an extended period.

## 2. **How do they prefer to buy?**

Some clients will want a quick online purchase, while other clients will expect to be guided through the purchase at a face-to-face meeting.

## 3. **What makes them feel good about buying?**

Are they looking for reassurance that their business is covered should the worst happen or are they simply looking to meet their legal requirement to have insurance?

## 4. **What do they think about your business?**

If your customers enjoy dealing with you, they're likely to buy more.

## 5. **What do they expect from your service?**

For example, if your customers expect reliable delivery and you don't disappoint them, you stand to gain repeat business.

## 6. **What do they think about your competitors?**

If you know how your customers view your competition, you stand a much better chance of staying ahead of your rivals.

You can answer these questions by following these steps:

- Putting yourself in your customer's shoes;
- Asking customers what they think;
- Observing competitor behaviour.

# Putting yourself in your customers' shoes

If you can identify and empathise with the most pressing issues your customers face, you can build your service around easing some of those challenges. The following techniques can help you see the world from your customer's perspective:

- **Read their industry/sector news** - this will give you valuable insight into trends and issues within key markets you engage.
- **Listen to your sales teams** - they are in direct contact with multiple customers, so they are ideally placed to observe common issues sectors face. Share knowledge within teams.
- **Listen to your customers** - ask your customers outright about what keeps them up at night.

## Customer journey mapping

Customer journey mapping involves listing all the critical touchpoints your customers have with your business. These touchpoints should be both

before and after purchase. This process will help you identify the areas where you could create dissatisfaction if you don't fully understand your customers' expectations.

These interactions can include everything from your digital shop window through to the physical appearance of your team, or the office environment, or quality of your printed material, email engagement or even how quickly phone calls are answered. When reviewing these interactions, confirm that they are as seamless as possible for your customers and meet their expectations.



# Asking customers what they think

Not everyone complains when they are dissatisfied. Unless you proactively ask your customers what they think you'll never know when things are going wrong. All clients must be given the opportunity to feedback to you on your service before they tell their friends and colleagues of their bad experiences.

## Customer Surveys

Customer satisfaction surveys are excellent ways of understanding your customers and making them feel valued. Online tools make it easy for your customers to complete the surveys and easy for you to collect the data.

- **Keep your surveys short** - they need to be as easy to complete as you can make them, so remove any unnecessary questions.
- **Avoid leading questions** - be careful how you ask questions. "Tell us what you think of our excellent service" won't lead to impartial and honest responses.
- **Make rating scales consistent** - this avoids confusing the respondee while giving you a reliable way of comparing answers to different questions.
- **Ask some open-end questions, too** - some of the most valuable insights come when customers are allowed to add comments on their experiences.

But remember, it's crucial that you act on the feedback you receive as ignoring your customer's frustrations will only frustrate them even more.

## Net Promoter Score

Net Promoter Score® or NPS is a commonly used measure of customer experience. NPS is calculated by asking customers a fundamental question: "using a 0-10 scale: How likely is it that you would recommend this company to a friend or colleague?".

You assign all respondents to one of three groups:

- **Promoters (score 9-10)** are a loyal customer who will refer others.
- **Passives (score 7-8)** are unenthusiastic customers who may be more vulnerable to competitors. Addressing customer apathy is key to creating advocacy.
- **Detractors (score 0-6)** are unhappy customers who can also damage your reputation through negative word-of-mouth.

You then calculate your Net Promoter Score by subtracting the percentage of Detractors from the percentage of Promoters. Many online survey tools have NPS tools built into their functionality to help with this process.

NPS provides a great way to track performance over time. You can also compare the performance of different teams across your business.

# Competitor behaviour

Your competitors' behaviour will affect your customers' expectations of what an insurance broker should deliver. Therefore, it's essential that you keep an eye on what your competitors are doing on an ongoing basis and importantly, understand what customers think about their offering.

Here are some pointers on how you can gather information for a competitor analysis:

- **New costumers** - Find out why your new wins were dissatisfied with their previous broker's service, and don't repeat their mistakes.
- **Lost customers** - Establish what they preferred about your competitor's offering and fix any service issues before you lose any more dissatisfied customers.
- **Social media** - watch your competitors' social media channels. It will give you valuable insight into how they promote themselves and handle service complaints.
- **Look at reviews** - are there any reviews on your competitors online? If so, what do their clients say about their offering?
- **Industry awards** - which brokers are winning industry awards for service and what is it that sets them apart?

Once you have a good understanding of your competitors' offering you can find ways to improve your service and differentiate your business in the minds of your customers.



# Segmentation and personas

Not all of your customers are equal. Remember the 80/20 rule - a large proportion of your income will come from a small portion of clients. Therefore, it's important that you identify who these top clients are, understand their needs and deliver a high-quality service to them.

Catering for all the individual needs of your clients on an individual basis is impossible. By grouping your client base into segments that share common criteria you can better predict customer behaviour and needs.

Typically insurance brokers have based their customer segments on criteria such as:

- Business size (turnover or employee numbers)
- Location
- Industry

However, just because a customer is a large Widget manufacturer in Birmingham doesn't mean that they have the same needs as their competitor down the road.



You can widen your segmentation criteria to include criteria such as:

- **Levels of interaction** - are they regularly in touch, or do you only hear from them at renewal?
- **Buyer sophistication** - how knowledgeable are they about insurance?
- **The types of insurance cover they need.**

## Creating customer personas

Having established your segments, you can apply personas to them to help everyone in your business understand what they look like, how they behave and what they expect from your service.

Personas create fictional characters that represent the key traits of the clients in each segment. Personas help everyone in your business to understand the needs of clients in each of your segments, so they know how to solve them.

Your personas could include:

- Typical Job title / level of experience
- What their typical day looks like
- Their pain points – what issues/trends are keeping them awake at night
- Their buying decision criteria

Once you start to see your client book in terms of personas, you can focus on catering for their specific needs and respond to key customer values. This will quickly move you away from making assumptions based on what you think they want.



# About Ignition

At Ignition, we've built a reputation as the marketing specialist and digital technology experts for insurance brokers.

Our success starts with us taking the time to understand what each broker is aiming to achieve and why. From creating professional leave behind brochures to revitalising your brand or website, from building web and mobile applications to detailed marketing consultancy projects, Ignition offers a wide range of cost-effective marketing and development solutions to help Insurance brokers win and retain business.