

A white paper to help you grow your business

Exceptional customer service: Building customer loyalty, not just customer satisfaction

The days of doing just enough to satisfy a client and still retain them are over (did they ever really exist?). In today's tough economic climate, a good defense alone will only get you so far. Reviewing a study by Eastbridge on the factors brokers deem most important in selecting a voluntary benefits carrier, *Benefits Selling* magazine noted that poor performance was clearly a competitive negative, but the factors of superior performance were virtually invisible in the responses. By becoming safer in their approach to service it appears benefit brokers may also be at risk of becoming less competitive.

Today, any benefits provider worth its salt has to have a solid service strategy to keep business on the books. Employers are demanding more than just the lowest price when they purchase group benefits. They want the complete package:

- The latest innovations in benefits technologies – compatible with their own or their administrator's HRIS platform
- Personalized enrollment materials (but not if that means higher plan implementation costs)
- Exceptional service – not just rapid response to requests, but a proactive approach for anticipating and addressing customers' needs, often before they are voiced.

In other words, customer satisfaction doesn't necessarily equate with customer loyalty. A client may be satisfied over getting a good price. Loyalty is a far more elusive goal. Indeed, a recent study in the automotive industry, for example, found that while 90 percent of customers are satisfied, only 45 percent return to buy the same car the next time around.¹

To garner the ultimate prize of customer allegiance, you have to deliver something unique. Those benefits producers who do not recognize the new customer-as-king imperatives will see clients defect to other, more client-centric firms – and watch their income evaporate. But those who are able to define themselves in their clients' minds as service specialists stand to reap the reward of steady growth in their business. They've won their customers' loyalty, not simply their satisfaction.

The bottom line is that extraordinary customer services can give you a unique competitive advantage.

Know the rules

The question then becomes, “How do you turn satisfied customers into loyal customers, and multiply them into additional loyal customers?” The bottom line is that extraordinary customer service can give you a unique competitive advantage. You have real opportunities to provide exceptional service when you live by the following five rules:

1. Calculate the value of client retention
2. Know how your clients define superior service
3. Become a resource
4. Build long-term relationships to weather the inevitable storms
5. Partner with the best

Rule #1: Calculate the value of client retention

There’s one thing that is absolutely indisputable: Repeat customers grow a company’s revenues and earnings. And it’s a lot less expensive to keep on satisfying existing customers than to mine for new ones. The hard evidence supports the “customer loyalty” concept. The metrics of customer loyalty speak for themselves:

- A five percent increase in retention can create a 145 percent increase in profit
- A 10 percent increase in loyalty can translate into a 20 percent increase in sales
- Extending customer life cycles by three years can triple profits per customer²

Rule # 2: Know how your clients define superior service

Only when you understand what clients are looking for can you establish the processes and the mindset necessary for delivering exceptional service. In a 2009 survey of its group life insurance clients³, Minnesota Life discovered four drivers of client satisfaction. But remember, these characteristics are dynamic, not static. The four key elements of satisfaction were:

- Being easy to do business with
This element encompasses a host of attributes, from administering plans as agreed upon to consistently providing accurate information to customers, to taking ownership of customer issues and responding to calls and e-mail in a timely manner.
- Promoting a high level of trust
- Operating as a valued partner
- Safeguarding confidential information

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Rule #3: Become a resource

Faced with cuts to benefits staff, employers are increasingly looking to intermediaries to step up and provide a host of critical services, to in effect, become an extension of their human resources department. Little wonder that Minnesota Life's 2010 survey of benefits brokers found a whopping 73 percent have high interest in learning more about legislative changes affecting benefits and group insurance⁴.

Clearly, that's your cue to become a go-to source of information on benefits trends, program enhancements, industry benchmarking, regulatory issues, technology innovations and anything else the client needs. In the role of trusted advisor, you can take on any number of tasks your clients cannot manage on their own⁵, or partner with a service-oriented carrier-partner to provide them top-notch solutions.

- **Offer creative, long-term strategies to help clients manage benefit costs**, while giving employees voluntary choices to help fill gaps in coverage.
- **Help benefit administrators** navigate the increasingly complex legal and regulatory environment by offering seminars on HIPAA, FMLA, ERISA and Health Care Reform. When they turn to you to answer their questions, it's another chance to uncover a potential need and an opportunity to provide an additional solution.
- **Provide employers** with enrollment data, billing capabilities and administrative processes that work seamlessly with their systems or their TPAs.
- **Provide professional, easy to read benefit communications materials** that help clients inform their employees about the value of their benefits plan, explain their different coverage options and motivate them to enroll. In addition, employers want a wide variety of enrollment capabilities – the flexibility to conduct enrollment through one-on-one benefits sessions, group meetings, call centers and online self-enrollment.
- **Arrange and conduct on-site benefit fairs** to give employees face time with benefit providers to get their questions answered – thus taking a huge burden off the shoulders of the benefits administrator.
- Above all, **anticipate customer needs**. Every client wants their needs to be taken care of before they develop into problems. By becoming known as a headache-remover, you can differentiate yourself from the competition.

Rule #4: Build long-term relationships to weather the inevitable storms

Clients still value strong broker relationships as an avenue to adding value and solving problems⁵.

One way to forge lasting bonds is to share your knowledge. According to a report published by PricewaterhouseCoopers LLP and the Economist Intelligence Unit, when striving to meet your clients' needs, it's wise to:

- Share data across product lines and eliminate product silos

- Gain an understanding of your customers' unique needs (every customer's needs are unique!) and tailor your solutions to meet them
- Train and motivate your staff to offer custom-tailored solutions, not pat responses

What to do right when things go wrong

Building a client's trust will serve you well during those times when things don't run completely smoothly.

First, take a realistic look at what can go wrong. We've all been there: A client is not happy with you or the benefit program purchased through you. Typically, dissatisfaction arises when clients:

- Don't receive – or perceive that they didn't receive – what they expected or were promised
- Experience what they consider to be unreasonable delays
- Interact with someone who comes across as rude, patronizing or indifferent
- Feel they're getting the brush-off or the runaround
- Are told a rule or policy is a reason for inaction

What makes the difference in turning around a difficult situation is not that the problem occurred, but how you respond. A problem handled promptly and with finesse can often result in the original mistake being forgotten, perhaps entirely forgiven.

The approach you take to remedy the situation will be what sticks in your customer's mind. In fact, when treated well, a once-dissatisfied customer can become your best ambassador. Furthermore, problems don't always end in dissatisfaction: a speedy response to a problem can add 25 percent to customer loyalty⁶.

Here are some proven methods for building service recovery into your firm's mindset.

- **Acknowledge errors.** Let the customer know you're sorry for the mistake and build their confidence that it won't happen again. An apology often results in a relationship being stronger than it was before the mistake occurred.
- **Respond quickly.** Quick, courteous responses keep a problem from escalating and help enhance customer loyalty longer term.
- **Get it right the first time.** Resolve complaints on the first contact. Research confirms that resolving a complaint on the first contact builds customer confidence and reduces the cost by at least 50 percent⁷.
- **Take advantage of technology.** Technology is your friend when it comes to handling complaints. Develop a database of complaints to alert you to service issues or negative trends.
- **Hire the best.** Recruit and hire people with track records in complaint resolution for customer service jobs.

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- **Seek feedback.** The best service companies make it easy for customers to voice their views. Ask for feedback and you'll get it. Act upon it and you'll enjoy customers for life.

Rule #5: Partner with the best

Working with a carrier that can handle administrative and technological details with no worries or surprises frees you to nurture your relationship with your clients. That's why it's important to team up with a carrier whom you can trust. Prompt claims-paying ability is a table stakes prerequisite for doing business. Savvy carriers go a step beyond to take an active role in helping you do your best for your clients.

In addition to offering products that are competitive both in costs and features, the best of the best carriers demonstrate these guidelines:

- Tailor benefits to your clients' needs. Instead of saying, "We don't..." or "We can't...", they say, "That's an interesting issue; let's work together to figure out a solution."
- Show genuine interest in helping you grow your business by consistently offering meaningful information and research on key industry topics or business best practices.
- Carry the highest financial ratings and hold financial integrity and strength as a fundamental value to back up their promises, even in uncertain economic times.
- Demonstrate a strong service culture where every client request is considered special.
- Offer new technologies and services to all clients, not just new clients.
- Have a clear policy and documented protocol for securing data and maintaining the confidentiality of private information.

We believe exceptional service shouldn't be an exception

Minnesota Life and New York-admitted insurer, Securian Life, have a history of treating customers well. We carry the highest client retention rate in the group life insurance industry – an impressive 99%*. In our most recent satisfaction survey, 98%** of clients said they would recommend Minnesota Life to others – a result that translates into an impressive Net Promoter® score of 82%.

To learn more, contact the group sales manager in your region or call our national sales office at 1-800-606-LIFE (5433) or visit www.LifeBenefits.com.

* Five year average, 2004-2008, Exhibit of Life insurance, page 25 of Annual Statement

** Independent satisfaction survey, Gestalt, Inc. 2009

NetPromoter is a registered trademark of Satmetrix Systems, Inc., Bain & Company, and Fred Reichheld.

Customer service basics worth remembering:

- **Walk in their shoes.** Try to see the customer's problem as though it were your own.
- **Disregard outrageous claims or expressions of frustration.** Keep focused on the central issue(s).
- **Acknowledge your customer's distress and apologize for it (even if it's not your fault).**
- **Respond as quickly and as briefly as you can.**
- **Offer a settlement, a compromise, a goodwill gesture or other options.** Never dig in your heels.

Addendum

A measure of loyalty: The NetPromoter® Score

Studies show that loyal customers not only make a company their preferred provider, but they also regularly refer others to that company. In his book, *The Ultimate Questions: Driving Good Profits and True Growth*, customer loyalty expert and Director Emeritus at Bain & Company, Fred Reichheld, suggests companies ask their customers one simple question: “How likely would you be to recommend our company to a friend?” Regardless of industry, the answer to this question – expressed in what Reichheld calls the NetPromoter Score – has proven to be the single most reliable indicator of a company’s ability to grow.

Derived by subtracting the total number of customers who would not recommend the firm (Detractors or Non-Promoters) from the total number of customers who would (Promoters), the score has proven to be an accurate gauge not only of customer retention, but also of the likelihood of customer base expansion. Quite logically, promoters tell colleagues about a preferred company at luncheons, seminars, conventions or blogs, and that action translates into more customers. Less than rave reviews, on the other hand, may mean the loss of an existing customer and the loss of potential new customers as well.

¹ Predictive Consulting Group, July 2009.

² *Serving the American Public: Best Practices in Resolving Customer Complaints*, Federal Benchmarking Consortium Study Report (<http://govinfo.library.unt.edu/npr/library/papers/benchmrk/bstprac.html>).

³ Independent study, Gestalt, Inc., 2009.

⁴ Broker survey, conducted by Employee Benefits Advisor for Minnesota Life, January 2010.

⁵ Tom Martorana, “Is good customer service good enough?” *Benefits Selling*, April 2006.

⁶ *CRM Today*, “Customer Service Falling Short at Financial Institutions,” June 2006, based on the report, “Winning the Battle for Growth: Building the Customer-Centric Financial Institution,” PricewaterhouseCoopers and the Economist Intelligence Unit (EIU).

⁷ *Ibid.*

Sources:

Bonnie Brazzell and Gil Lowerre, “Build with Boldness,” *Benefits Selling*, February 2010.

Minnesota Life Insurance Company
A Securian Company

Securian Life Insurance Company
A New York admitted insurer

Group Insurance
www.LifeBenefits.com

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York admitted insurer. Both companies are headquartered in Saint Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.
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400 Robert Street North
St. Paul, MN 55101-2098
1-800-606-LIFE (5433)
651-665-7898 Fax