

Building Bridges - Newsletter

Cross Selling Tips from the Cross Selling Experts

Volume 9, Issue 3

Cross Selling – A Strategy to Increase Client Loyalty



"It's a rare generic defect. To put it bluntly, you have no brand loyalty."

Cross Selling a Strategy to Increase Client Loyalty

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Ever wonder why Costco and Sam's Club sells such diverse items as flat-screen TVs and Morningstar vegetarian sausage patties? Flowers and sunglasses? Kitchen blinds and shrimp trays? Or travel services and automobile tires? At first glance it seems an almost impossible mishmash of products that have nothing in common.

But they do have something in common, and the key to the giant warehouse retailer's success is that they figured out what it is. Perhaps the same logic can apply to your business.

What do they have in common? Simply this—people like convenience. Period. In an incredibly complex world they like individuals, companies, and services that simplify their life. Thus, in one location, a customer can purchase many of the consumer goods they desire in a convenient fashion. Even better, the price is usually lower than at other stores. But not always—sometimes you pay more at Costco than you would at your local grocery store (particularly if you end up buying a greater quantity than you really need). But people put it in the Costco shopping cart nonetheless because it saves them a trip.

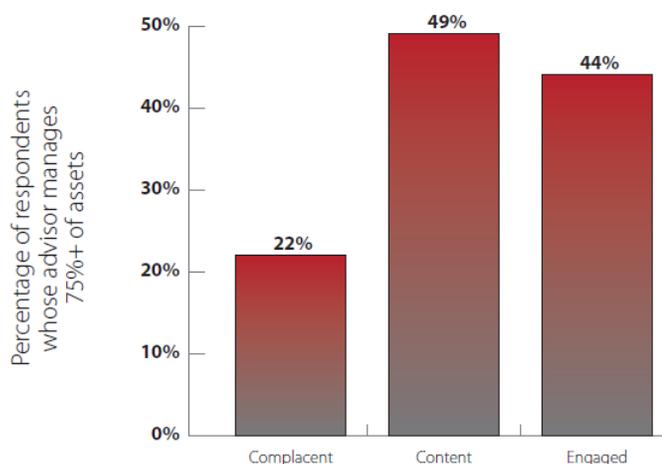
So what does that have to do with financial services? Certainly we're not like Costco! In a very real sense that's true, in that we meet with people one-on-one, rather than by the thousands. Our service commitment is much higher. But in another sense we should be like them. We ought to offer the products and services they need to solve a variety of financial problems. Studies have consistently shown that:

- If a client purchases just one product from you, like a term insurance policy, they have very little brand loyalty and will switch to another agent who calls them before you do. They may not even remember your name when he or she calls.
- If they have multiple life products with you, they are less inclined to change, if only because it becomes a hassle to keep track of two different agents when they need service.
- If you help them with their life insurance, as well as an IRA, a Section 529 Educational Savings Plan, and a tax-deferred annuity for retirement income the chances of them ever changing diminish dramatically.

People like convenience. Period. In an incredibly complex world they like individuals, companies, and services that simplify their life.

In fact, a recent study of 1000 Americans aged 18 years or older who currently work with a financial advisor was conducted in 2008 by Advisor Impact. The research shows the satisfaction and loyalty scores of the typical client, compared to the client whose advisor services more than 75% of their business. You will note that the in the sample group nearly 17% were disgruntled and another 19% were complacent.

The cluster	Percentage of sample
Disgruntled clients	17%
Complacent clients	19%
Content clients	31%
Engaged clients	33%



When looking at these separate groups, it was discovered that 44% of the Engaged clients and 49% of the content clients had more than 75% of their assets with their advisor. No one in the disgruntled group had 75% or more of their assets with their advisor.

It's almost self-evident that cross-selling is a great way to build client loyalty while making new sales. But what if you are not expert in all the areas where your client needs help? Many agents solve that problem by forming partnerships or alliances to give full service within the group, if not individually.

Hopefully this will prompt you to think about the clients in your book of business who ought to take a look at the full range of products and services that you offer. Then develop a strategy to contact those clients to let them know how you can be of service. Ultimately, your very best source of new business is the word-of-mouth referrals that come from satisfied customers who find you easy and convenient to do business with.