

## Multi-Channel Strategies: Harmony or Headache?

by Dan Logan

“The distribution side of selling life insurance and mutual fund investments is what drives the business....Product advantage is not sustainable—we all look at each other’s regulatory filings and reverse-engineer each other’s products. The whole game is who can build the best distribution capacity.”

– John DesPrez III, CEO, John Hancock, *Boston Business Journal*, May 16, 2008

Whether you agree with the above quote or not, if you’re in the business of selling insurance or financial services you know a big key to success lays in how you reach your customer. And you probably also know there are almost too many ways to do it. You can market to them directly. You can build your own retail network. You can get on the menu of banks or you can reach out to independent financial advisors, hoping they’ll recommend you to their clients.

For many companies, these choices can be a bit overwhelming. But in an industry where it’s hard to differentiate your product for very long, your competitive advantage is less about what you sell than how you sell it. Understanding the pros and cons of these distribution channels, and how to interact with them, becomes crucial. Some channels—like the ones you can control such as direct, online or a captive sales force—are fairly straightforward. But for most financial services companies a lot of sales are made through a third party and managing the relationship becomes key to success.

The first thing to remember is, often, the customers you want to reach have a deeper relationship with their advisor, broker or banker than they ever will with you. To get that advisor or bank to recommend your product you must understand that referrals are a personal endorsement and making a recommendation puts their reputation on the line. That is why it is critical to earn their trust. They need to feel comfortable with what you’re selling before they’ll sell it on your behalf. This means a few things:

- Treat them as a partner, or even as a client, because that’s exactly what they are.
- Be easy to do business with. Ask the advisor what you can do to help them. Give them all the support and materials they need to close the sale, and afterwards, follow through on everything you promise the end customer. You can’t risk undermining an advisor’s integrity, or make their job more difficult than it needs to be, because they’ll go elsewhere and take their clients with them.
- Be prepared to take a back seat; don’t let your branding and messaging overwhelm theirs. The people who buy financial services through an independent advisor do so because they trust that advisor’s independence. They’re likely more interested in what their advisor has to say about your product than what you do. Respect that, and let the advisor do the talking.



trinity

trinity communications  
399 boylston street  
boston, ma 02116

t: 617.292.7300  
f: 617.292.7400

[www.trinitynet.com](http://www.trinitynet.com)

Another thing to remember is that these channels compete with one another, and you need to be as open and transparent with each of them as possible. If you play favorites, or are perceived as playing favorites, you could find doors being closed to you. Also remember that different kinds of channels take different approaches to win customers' business. Banks often focus on helping customers manage or minimize credit risk. Insurers think about renewable premiums as well as risk management. For fund companies, the game is increasing assets. You likely have products that fit each of these approaches, the challenge is in fine-tuning your communications to speak the right language to each channel. This is as much an internal challenge as anything else, making sure your own people understand the differences between the different channels, and the importance of having a well-defined approach to each.

Sound like a lot of work? It is. But it can provide a lot of payoff, too. The reason to take a multi-channel approach in the first place is because different customers will buy their financial services and insurance in different ways, and you want to be wherever they are.

Sure, some people will just go online and buy what they're looking for off of a website, but many won't. Perhaps they'll look for financial services through their bank, with whom they already have a strong relationship. Or they trust an advisor, who helps them manage an entire portfolio. And they'll base this decision more on the particulars of their own life than on any product you or your competitors are selling. So you want to be available in each of these channels and do what it takes to succeed there.