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How DTC and Adviser Channels Can Get Along

By Wade Seward

The instinctive tension that advisers feel when they learn that the carrier they represent is pursuing direct-to-consumer (DTC) channels is certainly understandable. The natural concern is that they may lose clients and, therefore, compensation to the direct channel. They may also feel betrayed, like the company no longer values their talents and importance.

Carriers need to be mindful of these concerns and feelings but must balance this perspective with policyowners' and potential policyowners' needs and interests.

It is no secret that today's consumers expect more. Increasingly, they want to drive the rules of engagement. The way they prefer to interact with companies and individuals is extremely diverse. "Omni-channel" is not just a buzzword—it is a prerequisite for carriers who see their role in society as making life insurance accessible and available to as many individuals, families and businesses as possible. In that context, it is imperative to offer customer solutions for do-it-yourselfers, high-touch advice seekers, and every variation in between.

Given this, a relentless focus on the consumer's diverse needs should be the guiding light for any omni-channel strategy. With this point of focus as the guide, communication, shared benefits and flexibility become key cornerstones to success.

COMMUNICATION

While this seems obvious, it is critically important to communicate openly and frequently with advisers about the company's DTC strategy. It is quite likely that if there is a failure to communicate, it will be interpreted that the DTC strategy is designed to replace them and not to supplement them. And written communication is not likely to be sufficient. Emails or field bulletins are fine but not enough. If possible, in-person discussions with opportunities for questions is the preferred approach. In those cases where an in-person discussion is not possible, interactive conference calls are a must.

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SHARED BENEFITS

Wherever possible, carriers should identify potential benefits that advisers may realize through an omni-channel strategy. For example, technology that is developed to make it easier and more intuitive for consumers to purchase insurance on their own may have to potential to be redeployed in the adviser channel, thereby making advisers more efficient and improving their clients' experience through the purchasing process. Accelerated underwriting programs can be rolled out in a DTC channel and fine-tuned before being rolled out to the adviser channel. Learnings about consumer behavior in the direct purchasing process can be shared with advisers. In some cases, leads may come from the direct channel as consumers seek more complex products and solutions. It's important to be genuine, but adviser benefits can exist, and they should be identified, pursued and communicated.

FLEXIBILITY

In the perfect world, omni-channel doesn't mean the customer must choose between two distinct paths. Ideally, customers can dial up or down the level of personal involvement they are seeking. Compensation plans and product pricing should be built with this in mind. Ideally, customers who start on the website but decide they want an adviser involved should be able to make that transition without having to start over. Advisers should feel confident that the products they offer provide the same consumer value as the products available through the direct channel.

If a carrier does decide to offer differentiated product pricing in the direct model, there should be a corresponding tradeoff in features and functionality (e.g., no future convertibility). It may be best in those scenarios where the pricing and features are different to utilize a distinct brand name for the direct business to avoid marketplace confusion. Otherwise, the adviser could be placed in a professional dilemma when determining what is most appropriate for the client or challenged by the client on the recommended product selection.

SUMMARY

In the end, the omni-channel strategy must be grounded in a philosophy of abundance. Many, many consumers are not being effectively served today—certainly enough to keep all channels relevant and active. Collectively, the adviser channel and the direct channel can work together to reach each individual consumer the way the consumer prefers to be reached. All boats rise in this scenario. But carriers must be diligent in their efforts to communicate the strategy with advisers. In the absence of information, advisers will assume the worst. Programs should be built that identify, develop and deliver shared benefits across channels. And flexibility in approach creates a world that is less adversarial across channels. The key to it all is maintaining a genuine and relentless focus on consumers' diverse needs as the overarching guiding light for all strategies, decisions and activities.

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