

YOUR BUSINESS

How to improve customer retention

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With commission structures changing customer retention is about to get a lot more important, writes Nigel Bowen.



Come January 1, a three-year process will start that will see upfront commissions progressively reduced to 60 per cent by January 1, 2020. Trail commissions will be doubled from 10 to 20 per cent. Among other things, that will result in advisers needing to invest more time in retaining existing customers.

As part of its efforts to provide advisers with the information and tools required to prosper in a transforming industry, ANZ has created an [online hub](#) and will be supporting advisers with a series of webinars. Below, Mark Neil, National Risk Specialist at ANZ Wealth, and sales guru Julie Watson provide some background on the 'How to keep your clients coming back' webinar.

The magnificent seven

“As I explain in detail in the webinar, there are seven ingredients involved in providing excellent customer service,” Watson says. “They are:

- 1) Rapport
- 2) Understanding real needs
- 3) Value
- 4) Ease
- 5) Choice
- 7) Feeling the love”

Service providers involved in short-term transactional relationships can get away with only a few of those ingredients. But Watson warns that those wanting repeat business should avoid the temptation to skimp on components. “If a customer is going to keep giving you their business they are usually going to want to believe you enjoy interacting with them, you understand their needs -including the deeper, emotional ones they may not articulate, you’re providing them with something of value and you’re easy to deal with throughout their customer journey. Plus you provide them with choices that allow them to feel in control, that you’re trustworthy and that you care for them as a person and don’t just see them as a source of revenue.”

That all may sound self-evident – who doesn’t realise it’s important to have a good rapport with customers? – but Watson points out knowing and doing are two separate things. “I find even the strongest performers benefit from a refresher course,” she says. “Often people will say they are ticking all the boxes. Then I’ll ask them, ‘Are you sure that you’re building rapport with your customers rather than just having a pleasant but shallow interaction with them? Do your customers really feel they have a close relationship with you? That you understand their hopes and fears?’ Often the service provider will then realise there’s room for improvement.”

Immediate pain, longer-term gain

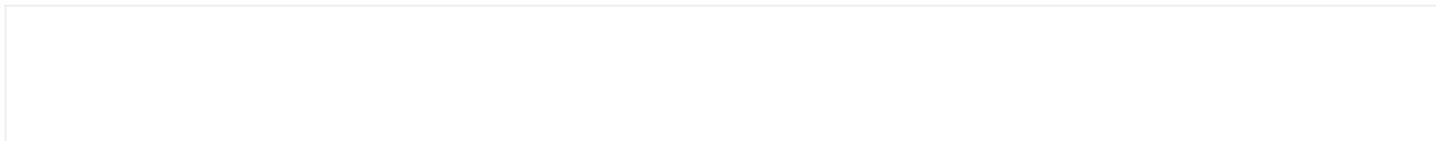
“Advisers are going to feel the pain of lower upfront commissions and consider introducing fee for service long before the benefits of trail commission being doubled begin to flow through,” Neil says. “Nonetheless, the LIF reforms will provide advisers and the businesses they work for with a steadier and more sustainable revenue stream.” Assuming they manage to hold onto those customers, that is.

“Advisers and the businesses they work for are going to have to put more thought and effort into customer-retention strategies,” Neil says. “But it’s not difficult to, for example, set up a Facebook page and invite customers to like it. Then you invest a small amount of effort to highlighting the personality of your business e.g. pictures of a morning tea held for a staff member going on maternity leave so customers feel they’re part of your advice business.”

Turn customers into fans

“There are many benefits to having better relationships with customers,” Watson says. “An obvious one is that those customers will be passionate about recommending you to their friends and family members.”

“Word of mouth advertising remains the most powerful kind,” adds Neil. “If an adviser wants to attract lots of new clients, one of the best ways to go about that is exceeding the expectations of his or her existing ones.”



Supporting you through the LIF changes

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