

Do you know when you've been Googled? – Money Marketing – October 2004

The way consumers buy 'things' is changing for ever and like other distribution outlets, if we choose to ignore the realities of consumer trends and buying habits then we do so at our peril.

Every day more and more people are buying things, or at least committing to buy things online, but for businesses simply having a presence online in itself is not an answer, online propositions have to be, and are expected to be, different from those in the 'high street'.

To encourage customers to buy online many businesses have aggressively marketed 'special' or 'discounted' terms to the extent that now everyone expects buying online to be cheaper than buying offline. However more and more customers have started to, what I call, 'Google' a lot of things that they buy online. By Googling I mean that before they buy they go to all the usual sales outlets for the 'things' they want, they get all the usual sale banter, but they also get the facts that they need to help them to refine their requirements and adjust their purchasing decisions. Then they connect to the web and key the details of the 'thing' that they are about to buy into Google to see what other retailers/distributors are prepared to sell that 'thing' for.

The people that I have spoken to who buy like this say that they always get the 'thing' they want at a better price. They also tell me that they never go back to the original retailer that wanted to charge them more, because "They've had their chance". As a group they also say that they tend not to trust the people that market themselves as prepared to beat any better price you find, they say it smacks of "Well if I'd known you were a smart customer I would never have tried to charge you so much".

Of course it isn't possible to Google every purchase, some items are too low in cost to bother and other purchases are convenience 'here & now' buys, others are emotionally driven but it is a fact that a good number of 'financial services' products are a good fit for Googling. Regulation and/or the regimentation required by comparison and quotation engines has resulted in the majority of FS products being very well defined and this is particularly so for protection products.

There will always be those that say these products are too complicated for customers to buy and that somehow customers are mis-buying, however most customers can just as easily key in Male, 06/11/1964, non-smoker, £150,000, level term, no waiver and 25 years into a website (having been advised this is what they should have) as easily as they can VW Golf, 1.6, GTI, leather interior, alloy wheels with air con and blue. Thereafter it all comes down to price where the lowest bid secures the customer.

The web has opened up the world to make our commercial activities far more comparable with others with many businesses now simply positioning themselves as 'transactional vehicles' for knowledgeable customers. Of course the doomsday scenario is that this change in consumer behaviour will demolish traditional advice based businesses and eventually this will lead to less knowledgeable customers – then where will they go to for advice before buying?

Big companies argue that 'brand' can play an important role and I believe that it can but as I look around me I do not see an 'IFA' intermediary brand that consumers across the UK recognise and trust (and I do mean brand not simply a familiar names or logos). In fact I see companies like Tesco applying their brand values to our markets and proving to be very successful.

Personally I am not so sure that there is very much that local advisers can really do about the habits of customers, although I am confident there remain one or two products areas where customers can not easily distinguish between the terms that are offered, the main one being mortgages. With the vast majority of protection products being sold as part of a house buying or re-financing package there remains a degree of hope for some advisers – as for the specialist protection writers – you will just have to build a UK wide brand with understandable consumer values or accept that you will always have to be the cheapest if you really want to survive the bubble.

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