

## One size does not fit all – Money Marketing – February 2008

Every now and then the debate around pricing and the commoditisation of our products seems to come around and when it does it helps to illustrate how polarised the views held within the industry are. All of which is fine, but recently I have become disappointed by the quality of the debate and in particular the way some parties seem to be ‘dumbing’ down the issues to such an extent that the arguments they use are misleading.

As I read and re-read the arguments raised in the debate I can’t help but wonder if our industry suffers disproportionately from myopia (n. lack of foresight or discernment; obtuseness, narrow-mindedness; intolerance). Too many people appear to believe that one size fits all and that all consumers demands & needs can somehow only be serviced by their solution. ‘Advice not price’ doesn’t make sense, the two are not mutually exclusive and the sooner some people realise that the better.

There is no doubt in my mind that in this stagnating market of ours there is a place for providers with price lead product strategies and also for those who’s product strategy is based on differentiation, indeed the creative tensions brought about by having both strategies in play at the same time work in all our favour by improving adviser and consumer choice and access.

So, at the very least this week I want to call upon those involved in the debate to raise the quality, including the breadth and depth of the points used in their arguments, and in so doing stop insulting the intelligence of the engaged spectators.

The views being expressed by providers and distributors of course support their own business models and there is nothing inherently wrong in that. What is disturbing however is the increasing use of the three letter acronym ‘TCF’ as somehow an argument against competitor’s product strategies. Those dropping ‘TCF’ into their arguments are not using ‘Treating Customers Fairly’ in detail, to uncover or unpick unfairness in others products or strategies. Rather they just use the initials as some kind of all consuming, argument winning, verbal grenade which simply by its use attaches some kind of moral authority to the user, which of course it does not.

When will people learn that misusing TCF to criticise valid and valuable product structures debases their argument, annoys the target audience and works to devalue the core principles upon which Treating Customers Fairly is built. Perhaps such uses indicate a shallow understanding of Treating Customers Fairly by the user, to help understanding I would urge any commentator to get to grips with ‘Treating customers fairly: measuring outcomes’ published by the FSA and available from their website.

For advisers incorporating the various product structures available into successful business plans isn’t easy but perhaps one way to start is to ask yourself this - Why would consumers act differently when buying our products to when they make any other significant purchase, which is to work out exactly what they want and then find it at the lowest possible cost? When you can answer that question confidently, starting with the word ‘Because’ then you have the makings of a plan that might just work- if you are right.

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