

“Price Vs Trusted Value” : The Price Buyer

In the last article, you were challenged to choose; the Trusted Value buyer or the Price Buyer, and the three fundamental offerings; Lowest Price, Highest Quality, and Superior Service. You can only offer two of the three.

In the insurance industry, service levels are the ticket to the game, quality is generally perceived as a given with so many policy forms standardized, and the price can be all over the place and unpredictable.

We can market to those respecting service and quality **along** with a “competitive price”, or the one who values price over all others; the “Price Buyer”.

From the start, the Price Buyer will tell you to win requires the lowest price. And, these guys mean it. This buyer is commonly found in smaller accounts where the transaction is a small percentage of the P&L, and they have never had a claim, therefore do not see much value.

I know agencies making a fortune at writing Price Buyers, and market directly to them with web copy like, “Lowest rates in the State”, or “Free quotes, delivered in minutes.” Their carriers are designed for low price, automation is king, and back end service is outsourced to the carrier.

But what about the larger account with a Price Buyer? The deal is important to them, but insist “low quote wins.” Many look at these buyers in a bad light:

“They are just a price buyer.”

“All they do is grind you.”

“They don’t care about coverage, or our service, all they want is low price.”

If you are a retail Producer, agency principal, or company underwriter, you have either heard this sentiment or said it YOURSELF! Particularly when you LOSE!

We never say that when we **win!** We are happy to win by price, but malign the buyer who ignores our obvious **superior value worth paying for;** when we lose.

Some Producers feel this way to their core. They **MUST** offer the lowest price possible or they are not doing their job; even if it provides less coverage or quality.

The core cause of “price buying” behavior is the Producer has not explained the **value** of their differentiators, or the buyer has been “sold at” by our industry and they see every agent, insurance company, and policy as being the **SAME**.

If this is the case there is only **ONE WAY** to make the buying decision, and that is price.

And here is a little secret.....most Producers who **MUST** present the lowest price possible in every case, do not perceive value in their differentiators themselves!

Price and **perceived** value go hand in hand; always.

The key to successfully winning with the Price Buyer is understanding their position, and believing in your differentiators. Here’s what you can do:

- List your true differentiators. (If you don’t know them, ask your favorite clients.)
- Quantify the dollar value of each of them.
- Provide stories (uncovered claims, etc.) that come from cutting corners
- Provide reference list of clients of yours who have made the “right” decision.
- Go through the quantified list with the prospect **BEFORE** the quotes come out
- Have them agree up front, that if you can bring in these things at a “competitive” price, you will win, also predicting that a lower, less valuable one might be presented by your competition.

This may allow you to defend against a competitor who is just floating a number, but may be missing key benefits. Only you can drive this conversion. It will take all your skills, and a deep belief that you are in fact different.

If you are NOT different, then become so. If you don't, then the Price Buyer is right and you will win or lose based on the whim of the market, and that is not in your control.

Become the best, prove it, and create the trust it takes to win because of who you are, and not just.....your price.

Good Hunting!