

Catch a DIGITAL WAVE

Technology can transform relationships between financial advisers and their Web-savvy clients.

by David Macchia

When Apple Computer Chief Executive Officer Steve Jobs introduced the iPhone at the 2007 Macworld Conference & Expo, he called it the reinvention of the cell phone. Time will tell if millions of happy iPod owners will find the iPhone equally indispensable. My own experience with it tells me they probably will.

As you may know, YouTube.com was purchased by Google for \$1.6 billion. The Web site caught the wave of society's transition to video-centricity, with 3 billion videos being watched by consumers each month.

The continuing development of technology innovations, such as the iPhone, YouTube, on-demand movie downloads and high-definition DVDs, should send a message to financial advisers that their clients and prospects are consuming more technology and media content than ever before. And, those clients and prospects increasingly want to learn by watching, rather than reading. An Associated Press-Ipos poll released Aug. 21 found that 27% of Americans read no books at all in the past year. At the same time, broadband con-

nectivity continued to expand, with penetration rates as high as 75% in some cities.

If you want to sell financial products successfully, recognize that there is a fundamental shift underway in how prospects learn in communications and make a commitment to reinvent how you present yourself to consumers. You must "catch the digital wave" or run the risk of losing your connection with technology-savvy customers and prospects.

Misplaced Emphasis

The financial services industry appears largely to have ignored the fact that widespread adoption of broadband has transformed Internet usage habits.

Videos delivered to Web browsers have shaken traditional information delivery structures. Television networks have migrated programming to the Web (yes, you can catch that missed episode of *Ugly Betty* on ABC.com), and while newspaper readership is in decline, video-based news delivery is growing dramatically. Newspaper publishers see future growth not from delivering more newspapers to subscribers' front lawns, but rather from delivering more news content to people's Web browsers.

A similar insight needs to pene-

► **The Big Picture:** Consumers want to learn by watching rather than reading.

► **What Needs to Happen:** Agents must use technology-based marketing techniques, such as online videos, to reach out to customers.

► **The Significance:** Future business growth depends on agents realizing that customer communication is becoming more technological.

trate the financial services industry. Future growth for insurers, investment companies, broker/dealers and banks will be kindled by the delivery of compliant, engaging educational content to Web browsers.

Does this spell the demise of advisers? Hardly. Instead, it signals the beginning of a period of increased adviser productivity made possible by the realization that Web-based technology is the key to capitalizing on future opportunities for growth.

Why is our industry years behind in providing engaging media experiences that other large industries routinely deliver via the Web? It's because of a misunderstanding of what "relationship business" means. Relationship business no longer means business as usual—where a product provider hangs back to avoid direct communications with customers. It no longer means companies should defer to their intermediaries on all matters

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Auto Insurance Quiz



Web Video: Are you ready for retirement?



> [Play Video](#)

LINKING UP: Many agents are adding multimedia content to their Web sites by picking up videos from the Insurance Information Institute's site, www.iii.org. The videos feature people talking about insurance topics, such as retirement planning and fixed versus variable annuities. III said agents may put the link onto their own sites. However, the institute doesn't offer tech support and expects III to be credited.

related to the intermediaries' product distribution strategies. And, it is no longer a justification for not taking bold steps to transform the manner in which advisers communicate with their clients. Adhering to the old definition of the term is a formula for missed business opportunities, declining market share and potential marginalization.

The definition of "relationship business" must change because the relationship itself is changing. If the basis of communication is becoming more technological, then the relationship will be transformed. In the future, a relationship business will

recognize adviser-centric, consumer-facing communications strategies that encompass Web-based educational content, video product presentations, electronic brochures and single product/concept-focused microsites as well as product or solution "commercials" sent to cell phones and other hand-held devices.

These innovations will dramatically enhance the adviser's relationship with his or her clients and will retain the adviser's personal identity and brand. However, failure to move toward technology in this manner isn't an option if business growth is to be realized. Here are three tips to

prepare yourself to best serve tech-savvy clients:

Tip 1: Kill Your Web Site; Bring On Microsites

Tomorrow's most successful advisers won't rely on a Web site. They'll rely on, perhaps, 30 Web sites. Or, more accurately, 30 microsites, each designed to deliver a particular, compliant educational message. Each microsite is more focused, far more strategic and far more targeted to a client's unique needs than a run-of-the-mill Web site. Why should all clients be sent to exactly the same Web site, where they encounter too much irrelevant information?

You may think that having 30 microsites sounds ridiculous, but a typical agent's supply room probably has 30 or more different brochures in stock. Think of the microsite as a tool designed to meet a specific marketing communications task. It's tomorrow's brochure, only it's capable of delivering an impact no brochure can match.

Here's an example: One of your clients is a 65-year-old man who is about to retire. You decide that this client would benefit from learning about a particular variable annuity offering

Make the Most of Your Web Presence

Make no mistake, your best customers are online. According to Pew's Internet in American Life Project, 72% of people 51 to 59 years old, and 51% of people aged 61 to 69 are online. Moreover, 75% of all households with annual incomes of at least \$50,000 are online. In many places, broadband connections are the rule rather than the exception, and in cities from San Diego to Boston, three-quarters of consumers use broadband connections.

Here are several tips for advisers who decide to enhance the Web experience for their clientele:

- Focus Web site content on financial concerns facing your clients, not on your bio, and then deliver ideas for solutions that address those concerns.

- Use multimedia (compliance-approved) customer presentations to deliver your message.



- Make sure the information presented is customer friendly, easy to understand and educational.

- Refer clients and prospects to your Web site and the appropriate multimedia presentation prior to face-to-face meetings.

- Once your client has viewed the presentation, review the financial challenge in more detail and offer personalized solutions.

Advisers who follow these steps have found they are educating clients more thoroughly. One result is they save time in the sales and planning process, because clients are now familiar with the issues and the solutions, giving the adviser a head start in developing the appropriate approach for that client. Plus, the client can access the materials 24/7, and advisers using this strategy can position them-

selves in a much more effective and distinct way from advisers who follow the same old pattern.

with lifetime income options. Rather than a brochure, you provide him with the URL to your variable annuity microsite. There, he watches an engaging, customer compliant video presentation that explains the product's value. The video includes examples of how the annuity can be used and the financial need it addresses in a scenario very similar to the one your client currently faces.

After watching the video, your client sends you an e-mail or calls to say he wants to know more about the product concept. This leads to a personal meeting and another sale closed or a financial plan put in place. You've intelligently leveraged Web-based technology and video content to help you educate and market in a needs-based manner.

This example gets even more exciting when the video's topic addresses a product or solution that you do not routinely offer, but for which your clients are good prospects to own. Why? The video makes a competent, compliant and effective sales presentation 100% of the time. It's the key to opening up new opportunities for you to service your clients. And delivery of video content to the Web browser requires no print-

ing, handling or postage. It's a classic example of being able to deliver more for less.

Tip 2: Use Technology to Transform Communications

To transform your client and prospect communications, start with an examination of your existing Web site. If it's little more than an online brochure, it should be replaced quickly. The insurance industry is notable for some of the sleepest Web sites imaginable. According to the Consumer Respect Group's 2006 *Cross-Industry Ranking of Web Sites*, "...life insurance companies' Web sites provide a poor customer experience."

Focus your site on financial issues and solutions that your prospects and clients will find interesting. With retirement income planning such a major concern for baby boomers, consider creating a site that discusses a limited number of financial challenges and the concepts that solve the need. Build a site that not only educates clients and prospects, but also engages them in compelling stories about creating long-term financial security.

If you don't want to completely abandon the "brochure-ware" template of your current Web site, but still want to enhance it, add a series

of engaging multimedia presentations on major financial issues.

Tip 3: Create Multimedia Movies With Marketing Muscle

Thankfully, Internet technology makes it possible to create the kind of dynamic video and motion graphics "movies" that clients and prospects now are accustomed to viewing. A dynamic and educational multimedia consumer sales presentation will establish a distinct connection between the individual and his/her financial risks, allowing the individual to assess the problem in personal terms. Multimedia movies reach prospects at a different emotional level than typical, read-only financial services content. These movies create an urgency to act, with the adviser positioned as central to resolving the problem.

Also important is the compliance and suitability component of using multimedia movies as a marketing and education tool. There are now choices in the marketplace for accessing compliant, customer-centric Web-based tools. The challenge is to find a provider with the financial know-how to create original, compliance-approved content combined with cutting-edge Internet technology and

So Many Prospects, So Little Time

Because there will be too many prospects to serve and too few advisers to serve them, you need to connect to more prospects and clients than ever.

New research from the Retirement Income Industry Association's 2006 *Retirement Typology* report classifies all U.S. households into 16 categories. RIIA's research reveals that:

- 15.6 million households are classified as "Mass Pre-Retired" (ages 50-64)
- 13.3 million households are classified as "Mass Retired" (age 65+)
- 4.7 million households are termed "Affluent Pre-Retired"
- 3.9 million are termed "Affluent Retired"

All told, that's more than 36 million households. What's more, these categories don't even count "wealthy" households, which represents the top 5% of all households in terms of financial assets held.

By any standard, this shows us there are millions of good prospects for you to serve, but will there be



enough advisers to serve them? Recent research from Rydex (2006 *Adviser-Benchmarking Study*) indicates 76% of registered investment advisers intend to retire in 10 years. That's a remarkably high percentage, and it signifies a very real need for experienced advisers and those who are just coming into the business to employ innovative communications technologies to effectively and compliantly reach a wealth of prospects.

Advisers need to start today to put in place the client management databases and the Internet-based communications strategies that will make building client relationships and maintaining them seamless. This is especially vital if you are to provide guidance for your clients' long-term retirement income for several decades.

Technology

motion graphics expertise. Traditional video companies may not be the right answer, because financial industry knowledge is the key to creating that emotional and educational connection with consumers.

By incorporating multimedia movies, you can use your Web site as a virtual sales assistant to do the heavy lifting of educating clients and prospects. A virtual sales assistant never tires; works 24/7; is always competent and compliant; and requires no salary or benefits. As long as the focus is on solving the financial problem, advisers who adopt this approach of leveraging Web-based technology and engaging video content will retain competitive advantage over advisers

who follow the same old path.

Call to Action

In the not-too-distant future, video content and communications technology will become the most significant points of differentiation for financial services companies. The industry has both the incentive (including enhanced compliance and increased market share) and the financial muscle to deliver the Web-based communications technology advisers need to maximize their success. As I often say, the battle for boomer retirement assets will be a communications-based challenge more than a products-based challenge.

There's a genuine risk that advisers

will not respond quickly enough to the changing habits of their clients in terms of Web-based technology and communications strategies. One unsatisfying visit to a Web site may turn off a potential client interested in investing a \$1 million rollover. In the past, a Web site visit wasn't a relevant action in evaluating a potential relationship. Today it is.

It's time for product providers and financial advisers to come together in a new partnership designed to deliver the technology, multimedia content and compliant delivery strategies required to ensure tomorrow's success, because in terms of how our customers are learning, tomorrow's already here. **BR**