Marketing of voluntary benefits will require fresh approach to answer employees' questions

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Although the voluntary benefits market is still growing, the value propositions and sales approaches used in the past will probably fall short of tapping the market's potential, according to a new study.

The study, by Avon, Conn.-based Eastbridge Consulting Group, found that 64 percent of all employers with a minimum of 10 employees offer at least one voluntary benefit — an increase over earlier studies by LIMRA and Eastbridge in 1998 and 1999.

Because so many employers are either offering or have offered voluntary products to their employees, fewer are asking "why" voluntary benefits -- and more are asking "which specific program" and "from whom." "Today's employers don't want to hear about all the 'generic' advantages of voluntary benefits," says Bonnie Brazzell, vice president for Eastbridge and project manager for the study. "Rather, they want to know that they'll be partnering with a company that offers a vast portfolio of products that their employees need -- and want -- and that can assure hassle-free benefits administration."

According to Gilbert Lowerre, president of Eastbridge, with fewer employers offering voluntary benefits for the first time, marketing to employers also requires different approaches.

"Today's sales are either 'take away sales' where a company replaces an existing product, or sales of additional voluntary products," says Lowerre.

'Take Away Sales'

With take away sales, a carrier/producer must present a convincing argument for why its product is a better value for the employer and employee (keeping in mind replacement regulations and requirements). With any take away marketing, the value of the new product must outweigh the "switching costs" or the carrier is not likely to be successful.

But Lowerre adds that convincing an employer to add a new voluntary product calls for different approaches.

"Often the key is to convince the employer that their employees want the product and that dealing with another (new) carrier isn't going to be more trouble than the product is worth."

Industry surveys, quotes from trade presses, or even a quick survey of the account's employees are all good ways to measure employee interest, he advises.

In addition to these "different" approaches, the study found that carriers should be mindful of the way they're handling other aspects of worksite business. For example, carriers must make sure that their administrative processes are easy for benefit managers and plan administrators to handle and that they deliver on their promises.

Change with the Company

Carriers should also let employers know that they will -- and can -- change with their company. As employee needs change, they will be able to offer new and different products and services that can change with the employees.

"Ultimately, carriers should look for ways to distinguish their company as one that cares about the employer (benefit manger) and the employees -- today and tomorrow," says Brazzell.

"But this means that carriers, as well as producers, will need to re-examine their marketing strategies in order to succeed in the future." ❐