



Espresso SHOT

Quick Ideas and Tips for Agents



**Client Acquisition
Costs**

How profitable
are you?



Client Acquisition Costs

How profitable are you?

Many agents strictly look at their commission statements as their income. This is a great way to show them what their gross income is, but they never look at their net income.

Gross vs. Net

Gross income, or commissions in this case, will tell an agent what their income is BEFORE any deductions, such as marketing costs, time and other miscellaneous expenses an agent may occur.

Net income will show agents what their actual income is. Without looking at your net income, it is very difficult to determine the return on investment (ROI) of their efforts in acquiring a new client.

GET YOUR COPY OF THE
CLIENT ACQUISITION
COST WORKSHEET

[CLICK HERE](#)



Mailers

Mailers are a very common marketing tool for insurance agents. While “snail mail” may seem like a thing of the past, their results can be very profitable for agents.

As you can see from the sample below, once you consider your time (factored at \$30 per hour) you can get a better understanding of the net costs of acquiring a client.

Marketing (Mail Drop)							
Number Dropped	Cost	Return Rate	Total Returned Leads	Cost per lead	Appointments Set	Sales	Cost per sale
1,000	\$485	1.50%	15	\$32	8	3	\$162

Cost of Time (In Hours)					
Appointment length	Drive Time	Post Appointment Activites	Total Time	Hourly Rate	Total Cost
1	0.5	0.5	2	\$30	\$60

TOTAL CLIENT ACQUISITION COST (CAC) \$222

To further the example, if you were to generate \$400 in commissions from the product(s) you sold at one of the example appointments factored above, you would have actually netted \$178, not \$400 like most agents would consider.

Of course, your numbers will vary, depending on your marketing costs and closing ratios.

Other Marketing Costs

You can use similar methods to factor your CAC with other types of marketing.

Door to Door Marketing:

Door to Door							
Total Field Time	Appoint.	Sales	Hourly Rate	Total	Cost Per Sale	Cost of Time	CAC
5	3	1	\$30	\$150	\$150	\$60	\$210

Cold Calling:

Cold Calling							
Total Time Calling	Appoint.	Sales	Hourly Rate	Total	Cost Per Sale	Cost of Time	CAC
6	4	1	\$30	\$180	\$180	\$60	\$240

While these numbers may not be exact, it is still better to have a rough estimate on these costs so you can focus on what is more profitable, or yielding in a higher net earning, to help maximize your ROI.

If you are not tracking your costs, you may realize you are working harder than you have to when it comes to getting new clients.

RETAINING CURRENT CLIENTS IS 6-7X'S LESS COSTLY THAN ACQUIRING NEW ONES

SOURCE: BAIN & COMPANY

Maximize Your ROI

Successful agents do what works for them. There are three factors that will truly maximize your ROI:

1. What works for you
2. Increase your closing ratio
3. Cross selling

What Works for You:

You may find you have better success rates when you go door to door vs. cold calling. Figure out what marketing efforts you enjoy and give you the most return and focus on them.

Most successful agents I know have at least 3 campaigns going at any given time. This is to make sure if you run into a dry spell with one method, there are others to pick up the slack.

This also helps prevent “burn out” or getting exhausted performing the same task over and over.

Increase Your Closing Ratio:

Closing more sales can greatly reduce your CAC. This can be done by becoming a student of sales and becoming better at identifying your clients concerns and enrolling them into plans that meet or exceed their needs.

Cross Selling

Cross Selling:

Cross selling (selling more than one policy at an appointment) can also greatly reduce your CAC. This also will help address your client's concerns as well as increase client retention.

There are some products that cross sell more natural, such as Medicare Advantage plans and hospital indemnity. Other agents have really focused on Medicare Supplements and final expense plans.

Starting to address all your client's needs and showing them there are solutions they may not be aware of is key to effective cross selling.



“Measuring your marketing ROI is like using a map. Without it, you don't know where you're going and don't know if you're moving in the right direction. It's key to any marketing initiative and should be a high priority for every marketer.” — Matt Gratt



Medicare Café

Where agents drink java and talk shop

Tuesdays at 10:00am (CST)

[CLICK HERE FOR MORE](#)

[LIKE US on FACEBOOK!](#)