

The Evolution of Channel: The Impact of Life Stage on Channel Preference

### The Insurance World is Changing...





Quote Hotline 800-294-454
Free Term Life Insurance Informatic

accuquote saving you money for life

Questions? 800.654.2079

#### Over 60 Million People Worldwide Rely on AIG Companies for Insurance











(AP Photo/Paul Sakuma)

Signs are increasingly starting to point to the lower-income and even some of the middle-market end of the life insurance market going direct, and momentum in that direction seems to be building with a number of recent developments.

As life insurance agents continue to gravitate toward wealthy consumers, many carriers are ramping up their direct sales efforts and introducing new

programs designed to reach the lower and middle markets. You've probably heard about MetLife's Walmart pilot program. The company now has kiosks in about 200 Walmart stores in South Carolina and Georgia — and will likely expand into Pennsylvania soon, as well. Based on what I've heard at various industry conferences so far this year, I'd be shocked if we didn't hear about at least a couple more partnerships between carriers and retailers — big box or

#### What we did...



- 500 online interviews with US consumers, 25-64
- Balanced by age, gender, and income







- Have at least one insurance product among health, life, auto, and home
  - 284 have life insurance
- In-depth phone interviews with six agents/brokers
- Thanks to our partners:









### How we defined various channels...





Direct through the insurance company via telephone OR
 Direct through the insurance company website



■ Through an insurance agent/broker



 Online through a non-insurance company website (e.g. Google Compare, Overstock.com, etc.)



Through a retail store(e.g. Wal-Mart, Costco, CVS, etc.)



Through a private exchange (this is an exchange set up through an insurance company or third party company, and can be sold on its own or through an employer)



Through your or your spouse's or parent's employer but NOT through an exchange



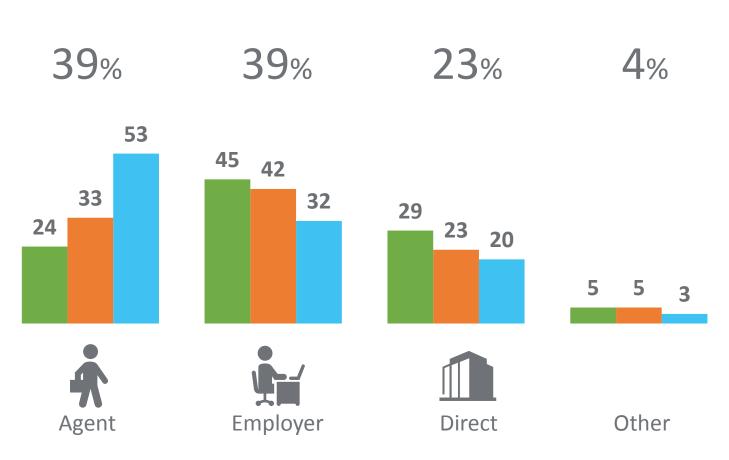
## Channel Usage, Familiarity and Consideration



### How Have You Purchased Life Insurance?











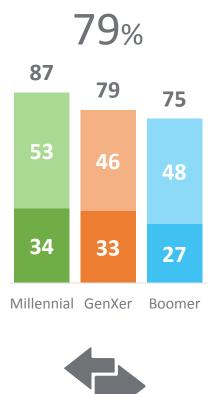




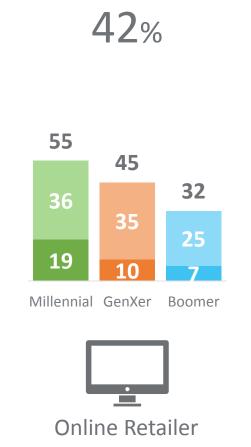
### Familiarity with Emerging Channels



At Least Heard of Channel for Insurance...





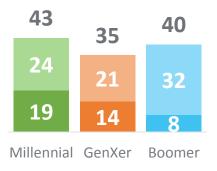














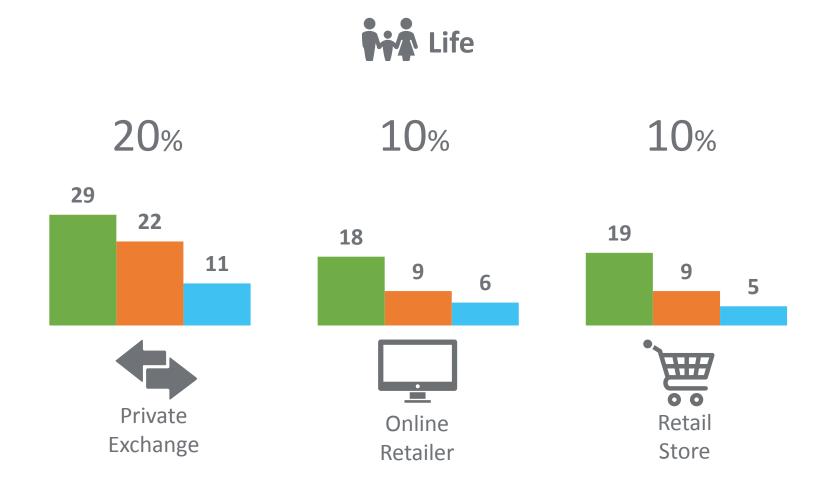
**Retail Store** 



### **Emerging Channel Consideration**

(Top 2 Box on 7-Point Scale)







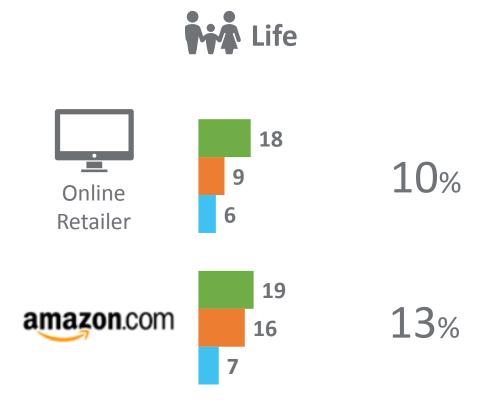






### Amazon?















### **Online Retailers**



### A word on methodology...





- Zeldis partnered with VoxPopMe to gather video input within our quantitative survey.
  - When presented open-ended question, respondents are given option to upload a video response OR type in their response
  - We capped the videos at 50 per question (for two questions)
    - About 50% of videos were considered high quality (lighting, sound, content)

Willing to upload 1<sup>st</sup> video:

**17% 13% 10%** 

Willing to upload 2<sup>nd</sup> video:

14% 14% 12%

00:38

13% Overall



### A word on methodology...







- Yields 6x more content and 65% more themes
- May need to offer an incentive with B2B or difficult populations
- Online portal where videos are screened, transcribed, sorted, and coded









VIEW ALL

Responses

rst ( 1 2 ) I

Additional Data show - HIDE

26/26 Responses 🔞



218643 Jul 15, 2015 6:30:39 PM

I feel that purchasing insurance from Overstock or Google are places that I don't think that I would feel comfortable purchasing insurance. I think it would depend on the type of insurance that I would purchase. I do not think I would purchase life insurance through an Overstock.com or Google or those type of agencies. I think I would, however, consider purchasing auto insurance, maybe homeowners. I don't think life or health insurance would be one of the type of insurances that I would use, or purchase, through those types of vendors.

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216664 Jul 11, 2015 4:23:36 PM

I'm not really sure how I feel about buying insurance from places like Google or Overstock.com. I would really have to read reviews on what people thought about it once they purchased it. It's not something I'd really like to do. I'd rather talk to an agent.

er apa



## Voice of the Consumer Online Retailers













## Unaided Perceptions about Online Retailers





General Reaction

Positive 25

Neutral 19 Negative 60

**Benefits** 



- Save money/ better rates (23%)
- Convenient/ saves time (23%)
- Ability to compare companies/rates (17%)
- Selection/ choice (7%)

**Drawbacks** 



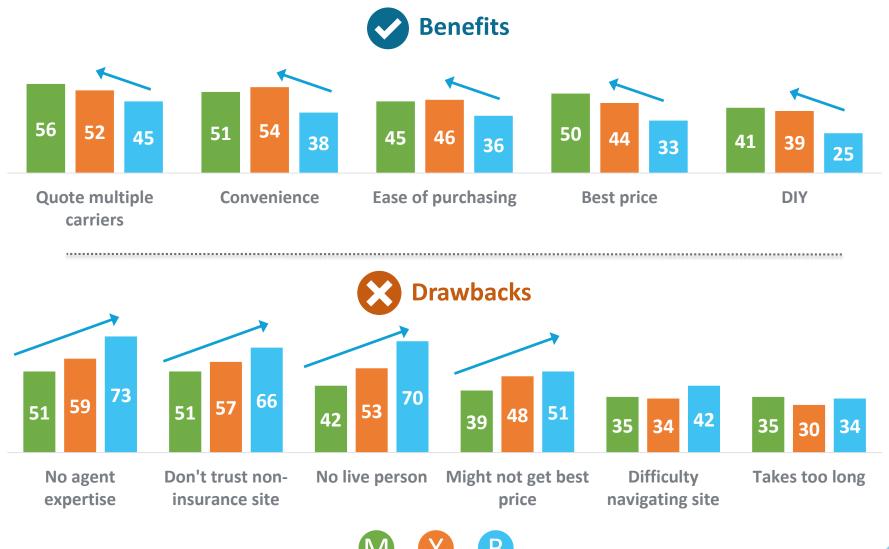
- Trust/ safety/ security (24%)
- Not qualified/ lacks expertise (18%)
- No one to answer questions/ customer support (14%)
- Can't deal with carrier directly (9%)
- May not get correct coverage (8%)
- More expensive (6%)



## Aided Perceptions about Online Retailers (Top 2 Box on 7-Point Scale)

















### **Retail Stores**

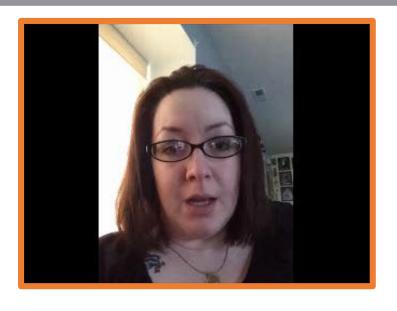


## Voice of the Consumer Retail Stores













## Unaided Perceptions about Retail Stores





General Reaction

Positive 23

Neutral 19 Negative 60

#### **Benefits**



- One-stop shopping (31%)
- Save money/ better rates (25%)
- Ability to ask questions/ talk to person (4%)
- Selection/ choice (4%)
- Good way to compare (4%)

#### **Drawbacks**



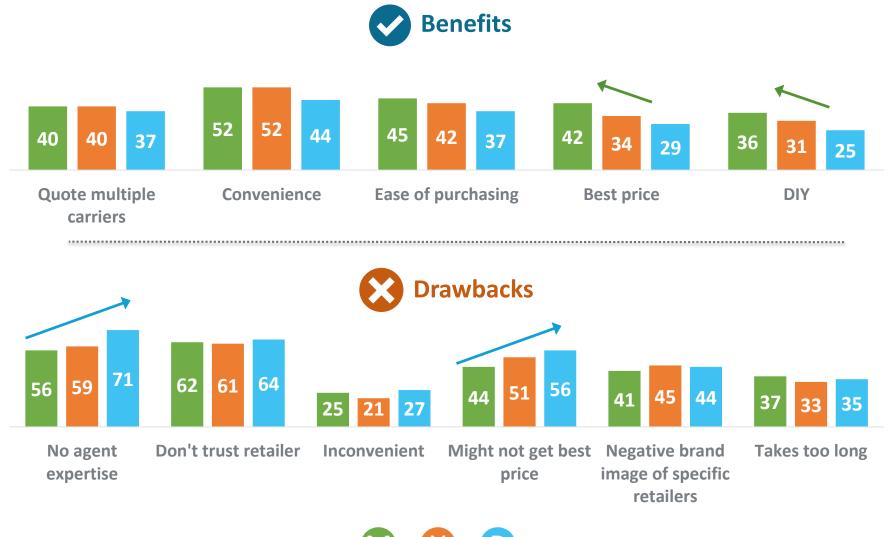
- Not qualified/ lacks expertise (28%)
- Trust/ safety/ security (15%)
- No Agent to answer questions/ customer support (13%)
- More expensive (8%)
- May not get correct coverage (7%)



## Aided Perceptions about Retail Stores













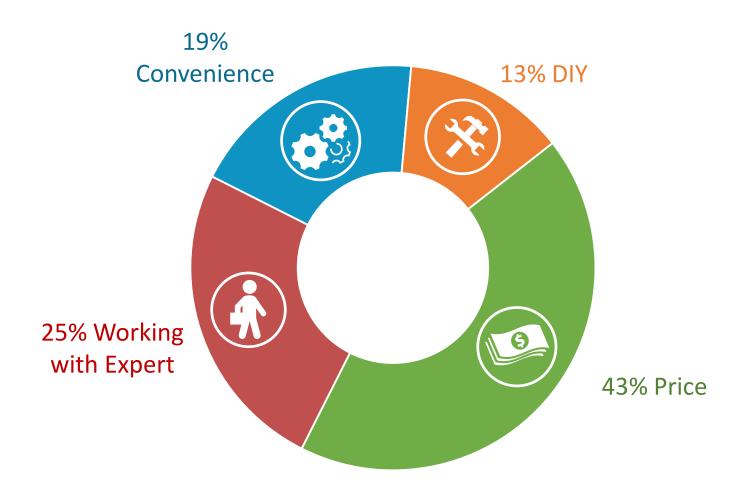


### **Purchase Drivers**



### Priorities in Purchasing Insurance

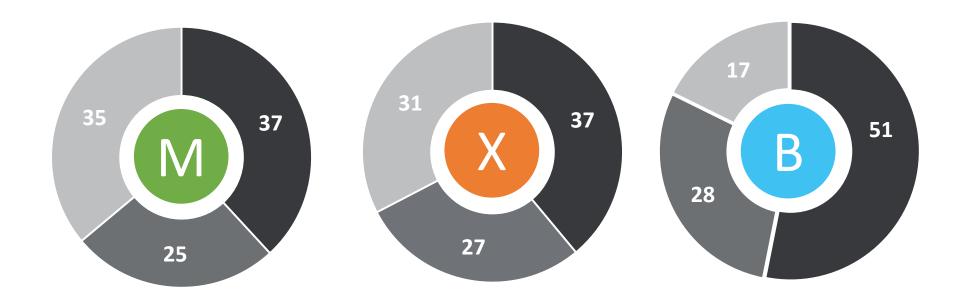






### Which Provides the Best Price?







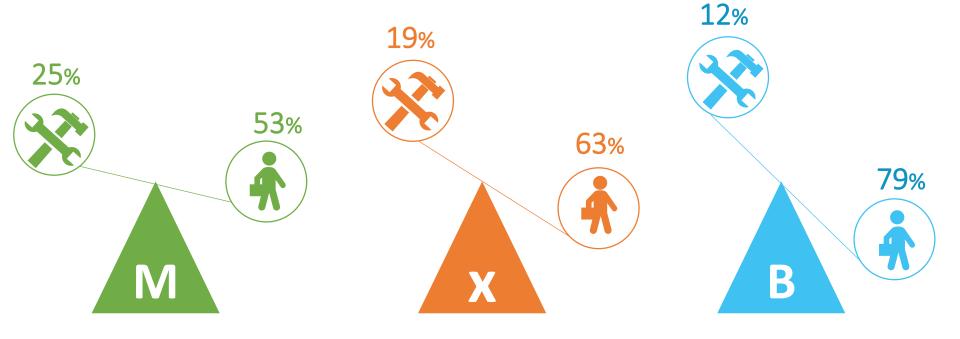


## **Agent Relationship**



# If given the choice between working with an expert and DIY...



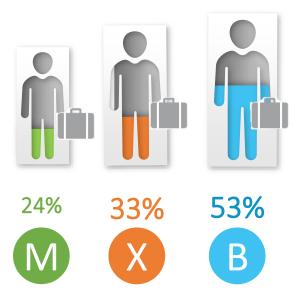




### Have purchased through an agent





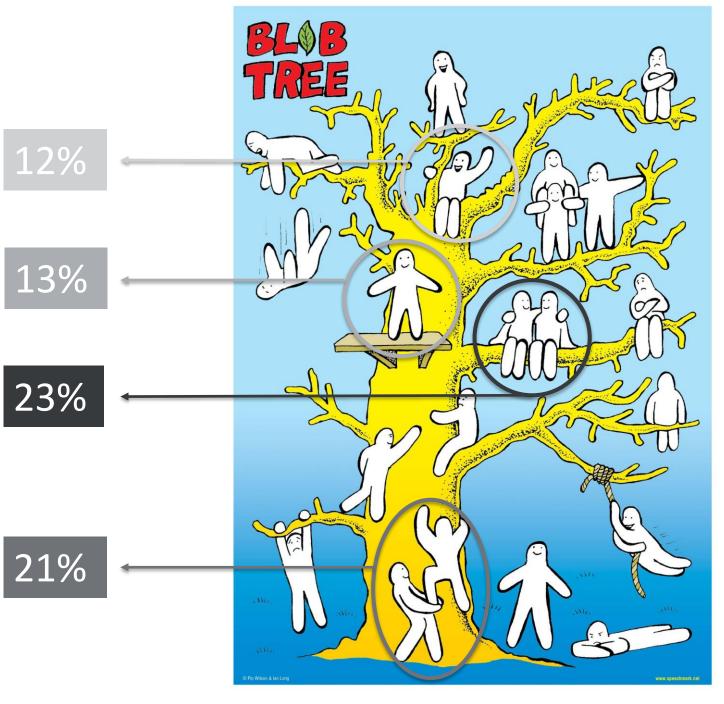




### Why did you work with an agent? (Unaided)







- Helpful/ Supportive
- Partner/ friend/ family
- There when needed
- Happy/ satisfied

## **Agent Perspective**



## On one hand, agents recognize that channel is changing...



Yes, they're also **going online** for their quotes and **doing their own**. It's definitely been a change

As the market changes and rates increase, people do shop a little bit more.
People will figure out, I can go online, enter my info and the computer can give me several different quotes.



If I go to a retail location like Costco and rent space and put an office or kiosk there, I think I would generate interest. As long as an agency has someone there who is knowledgeable.

You can purchase online or over the phone [direct through carrier], the documents are emailed for electronic signature. The whole transaction's probably done in 10 to 15 minutes.



# And yet they hold to the idea that a personal relationship will remain most important.



I still see it coming back eventually to the agents, to less technology, to feeling like you trust someone and you could put your hands in them to do the best for you.

There's always going to be people that like to have that personal relationship and like to have someone to talk to directly.

You're <u>building your</u>
relationship, hopefully based on <u>trust</u>...They're trusting you to help them make the right decision and come up with the <u>best coverage</u>.

Like a direct company or the ones we just went over? No. I don't see a long term effect.



#### And so...



- Currently, agent, and employer channels dominate the market, but the direct channel is growing and there is significant knowledge and consideration of other emerging channels, particularly among Millennials.
- Consumers are most likely to consider direct or private exchange, followed by online retailers and retail stores.
  - Retail stores that employ an in-store agent may increase consideration.
- Price is the primary driver of purchase and is seen as a key benefit of emerging channels.
- Agents are still valued for their expertise and personal service, but may need to consider differentiating further over time, perhaps by demonstrating their ability to get the best price.

