

UK Insurance Aggregators 2010

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Abstracts

Introduction

This comprehensive report provides insight into the market size of aggregator-instigated sales of private motor and home insurance and examines key competitor developments within the market. It also analyses the impact of advertising on the sector and forecasts the future growth of insurance aggregators in the home and motor insurance sectors.

Features and benefits

Understand the market potential for aggregators

Assist in strategy development to enter the aggregator market

Gain insight into the main trends affecting the aggregator market

Highlights

Aggregator-instigated new business has grown substantially in the recent years. In 2007, sales initiated by aggregators accounted for just 2% of new business in the home insurance market and Datamonitor estimates that this figure has now reached 15%. Competitive pressures continue to intensify in the insurance aggregator market, with increasingly higher marketing spend from competitors fighting for market share

Your key questions answered

Who are the main competitors in the aggregator space?

How has the aggregator market grown in the recent years?

What are the new trends and new strategies in the aggregator space?

Contents

Executive Summary

Aggregator-instigated sales continue to increase as a proportion of total business
New motor insurance business is distributed mainly via brokers, both directly and through aggregator sites

Home insurance policies sold through insurance aggregators have also increased
Insurance aggregators are now a powerful part of the general insurance distribution landscape

OFT study results: price comparison sites are a useful tool for customers who want to shop around, but more awareness is needed about their limitations

Awareness of price comparison sites among consumers is still growing, expanding the market for aggregators

Only 19% of respondents have never used a price comparison site

Datamonitor FSCI Survey results: focus on home insurance

Fewer respondents used insurance aggregators to look for home insurance than motor insurance

Successful TV advertising defines success for insurance aggregators

Motor insurance sales through insurance aggregators can still increase in the coming years

OVERVIEW

Catalyst

Summary

MARKET CONTEXT

Introduction

Aggregator-instigated sales continue to increase as a proportion of total business
New motor insurance business is distributed mainly via brokers, both directly and through aggregator sites

Home insurance policies sold through insurance aggregators have also increased
Insurance aggregators are now a powerful part of the general insurance distribution landscape

Rising insurance premiums, intense competition, and heightened popularity have resulted in price comparison sites becoming integral to the motor insurance market
Most insurers and brokers feel that they have to sell through price comparison sites if they want to remain competitive

For many insurers, insurance aggregators have become the main, if not the only, distribution channel

Pricing strategies vary across the market

Consumer attitudes are the key factor defining the role of insurance aggregators and how powerful they can become

Media coverage surrounding price comparison sites

Concerns over the use of private data with ongoing studies from Which?

Price comparison websites have been blamed for encouraging car insurance fraud

Are customers buying the products they need?

OFT study provides a balanced overview of price comparison sites

OFT study results: price comparison sites are a useful tool for customers who want to shop around, but more awareness is needed about their limitations

Consumers cited a number of problems they experienced when searching for products via price comparison sites

The OFT report provides a number of conclusions and recommendations

CUSTOMER FOCUS

Awareness of price comparison sites among consumers is still growing, expanding the market for aggregators

Only 19% of respondents have never used a price comparison site

36% OF RESPONDENTS USE TWO COMPARISON SITES WHEN SEARCHING FOR PRODUCTS

Most respondents said that price comparison sites have drawbacks

Half of all respondents said that price comparison sites do not list all providers and prefer to go to supplier's site directly to check availability

The most popular insurance products consumer shop for on price comparison sites include motor, home, and travel insurance

Speedy comparisons are the key draw for users of insurance aggregators

Based on the consumer survey results, price comparison sites could improve their service

Investing in a brand can still pay dividends on price comparison websites

The majority of respondents decide not to choose the cheapest product

Datamonitor FSCI Survey results: focusing on motor insurance

Most respondents visited a price comparison site to obtain a quotation for their car insurance

Price comparison sites are most popular among 25–34 year olds and least popular

among those aged 65 and over

Responses differed across the socio-economic groups, with groups A and B using price comparison sites most often

Many consumers see price comparison sites mainly as a research tool

Datamonitor FSCI Survey results: focus on home insurance

Fewer respondents used insurance aggregators to look for home insurance than motor insurance

Increasing advertising spend has now become an entry barrier for potential new competitors

Successful TV advertising defines success for insurance aggregators

Gio Compario and the meerkat, examples of old-fashioned TV advertising that works

Confused.com troubled with falling revenues, and Tesco Compare reducing its operations

COMPETITIVE DYNAMICS

Introduction

Brand recognition of insurance aggregators among consumers

Moneysupermarket.com was mentioned by over half of the respondents, giving it the highest brand recognition

Tesco has been trying to enter the insurance aggregators market

Tesco Compare have reduced the scale of their operations

Recent entrants and leavers in the market

Saga's Confident Cover has left the market

Argos Compare recently entered the insurance aggregator market

Confused.com

Confused.com lost market share in 2010 and has been struggling after an unsuccessful TV campaign

Confused.com media spend

Confused.com's daily reach has remained relatively static over the past months

Comparethemarket.com and the meerkat

Comparethemarket.com grew by an estimated 70% in 2010

Comparethemarket.com's advertising spend has increased significantly between 2009 and 2010

TV advertising is the most important advertising tool for Comparethemarket.com

The number of visits to Comparethemarket.com's website increased since 2009

Comparethemarket.com's price comparison site has added clarity for consumers

Gocompare.com and Gio Compario

Achieved profitability with £12m post-tax profit in 2009

Gocompare.com now invests heavily in advertising, aiming to increase its market share
Internet visits to Gocompare.com increased slightly in 2010

Moneysupermarket.com

Increased revenue from insurance by 9.3% between H1 2010 and H1 2009

TV adverts featuring comedian Omid Djalili had a limited effect on revenues

Moneysupermarket.com has substantially higher Internet traffic compared to other insurance aggregators

FUTURE DECODED

Future conditions in the insurance aggregator market

Insurance aggregators can continue to strengthen their position as a key distribution channel for motor and home insurance

Advertising war not sustainable anymore; cash-back offers are likely to become the main differentiator between price comparison sites

Alternative scenarios include a potential revolution in how insurers and brokers use insurance aggregators, including a government-run price comparison system

Future growth in the insurance aggregator market

Motor insurance sales through insurance aggregators could still increase in the coming years

Aggregator-instigated home insurance sales have the potential to grow even more in the coming years

APPENDIX

Definitions

Methodology

Further reading

Ask the analyst

Datamonitor consulting

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