

# **A comparison of affinity market trends from within Germany and the UK: benchmarking best practice**

*1<sup>st</sup> July 2009*

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# Channel Comparisons

## Definitions of generic affinity / partner distribution channels

**Financial partners:** namely, banks, building societies, credit card issuers, credit co-operatives (Germany) and savings banks (Germany).

**Not-for-profit affinity groups:** namely, charities, educational institutions, professional associations and trade unions.

**Non-financial commercial partners:** including automotive associations, automotive dealers, automotive manufacturers, estate agents, loyalty schemes, media entities, the Post Office, retailers, travel agents / tour operators, utilities companies.

**Worksite:** namely, employers.

The other generic distribution channels included in the *Channel Metrics* research (for which data is not shown in the following slides) are **direct sales by insurance companies** and **financial intermediaries** (i.e. insurance brokers , including aggregators, and insurance agents).

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## Financial products investigated

### Germany

Breakdown recovery insurance  
 Car finance and leasing contracts  
 Credit cards  
 Dental insurance  
 Extended warranties (for cars)  
 Funeral expenses insurance  
 Hospital cash insurance  
**HOUSEHOLD INSURANCE**  
 Investment life insurance  
 Legal expenses insurance  
 Long-term care insurance  
 Mortgages  
**MOTOR INSURANCE**  
 Payment protection insurance  
 Personal accident insurance  
 Personal liability insurance  
 Personal loans / consumer finance  
**PRIVATE HEALTH INSURANCE**  
 Private pension insurance  
 Protection life insurance  
 Savings accounts  
 Savings bonds  
 Supplementary pension insurance  
**TRAVEL INSURANCE**  
 Work incapacity insurance

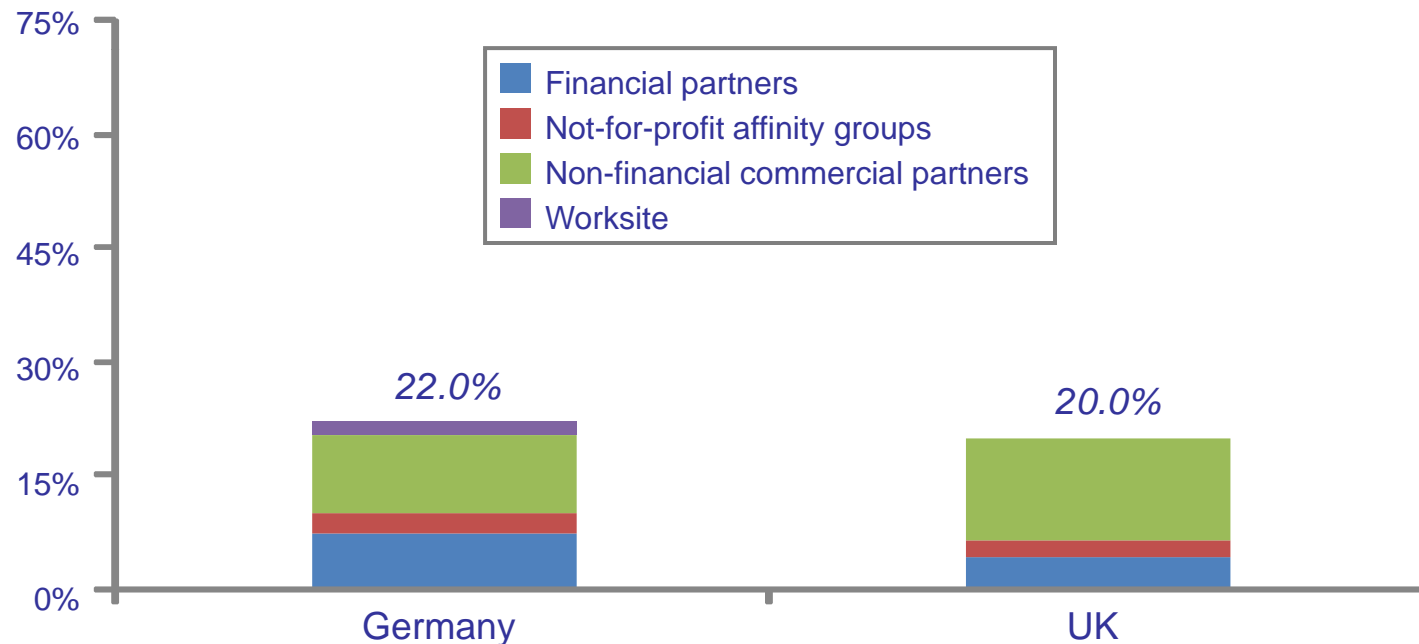
### UK

Breakdown recovery insurance  
 Car finance contracts  
 Cash ISAs  
 Child Trust Funds  
 Credit cards  
 Critical illness insurance  
 Dental insurance  
 Extended warranties (for cars)  
 Extended warranties (for electronic appliances)  
 Health / hospital cash plans  
 Home emergency insurance  
**HOUSEHOLD INSURANCE**  
 Interest-bearing savings deposits  
 Life insurance  
 Loan payment protection insurance  
 Mobile telephone insurance  
 Mortgage payment protection insurance  
 Mortgages  
**MOTOR INSURANCE**  
 Personal / stakeholder pensions  
 Personal accident insurance  
 Personal loans  
 Pet insurance  
**PRIVATE MEDICAL INSURANCE**  
**TRAVEL INSURANCE**

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## Distribution share of generic affinity / partner distribution channels in motor insurance in Germany and the UK, 2007/2008

% of switchers and new buyers using affinity / partner distribution channels, 2007 (UK) / 2008 (Germany)

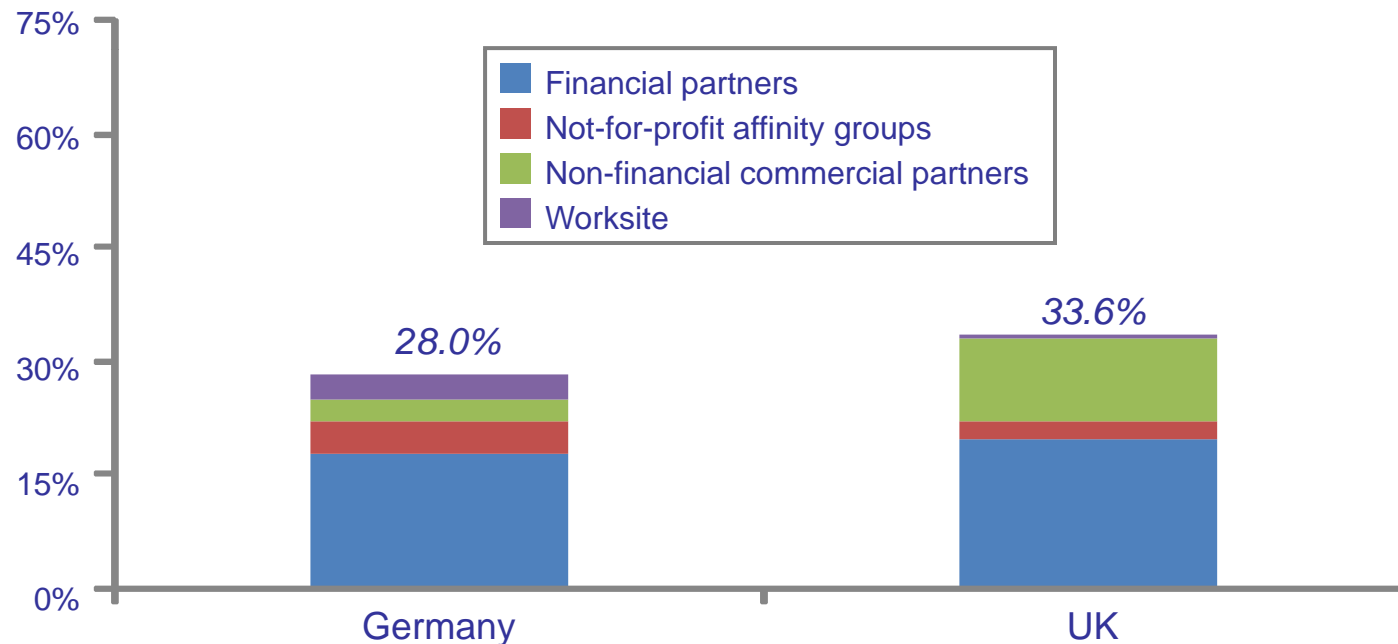


Source: Finaccord Channel Metrics reports

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## Distribution share of generic affinity / partner distribution channels in household insurance in Germany and the UK, 2007/8

% of switchers and new buyers using affinity / partner distribution channels, 2007 (UK) / 2008 (Germany)

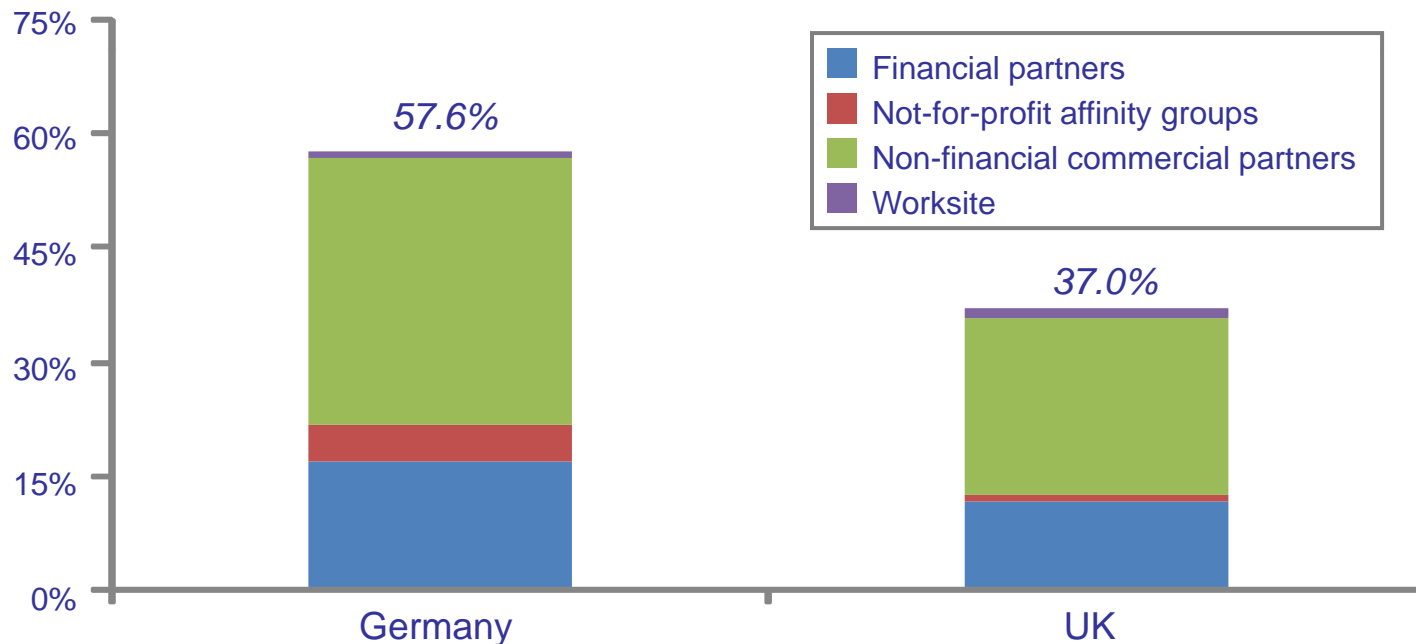


Source: Finaccord Channel Metrics reports

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## Distribution share of generic affinity / partner distribution channels in travel insurance in Germany and the UK, 2007/8

% of switchers and new buyers using affinity / partner distribution channels, 2007 (UK) / 2008 (Germany)

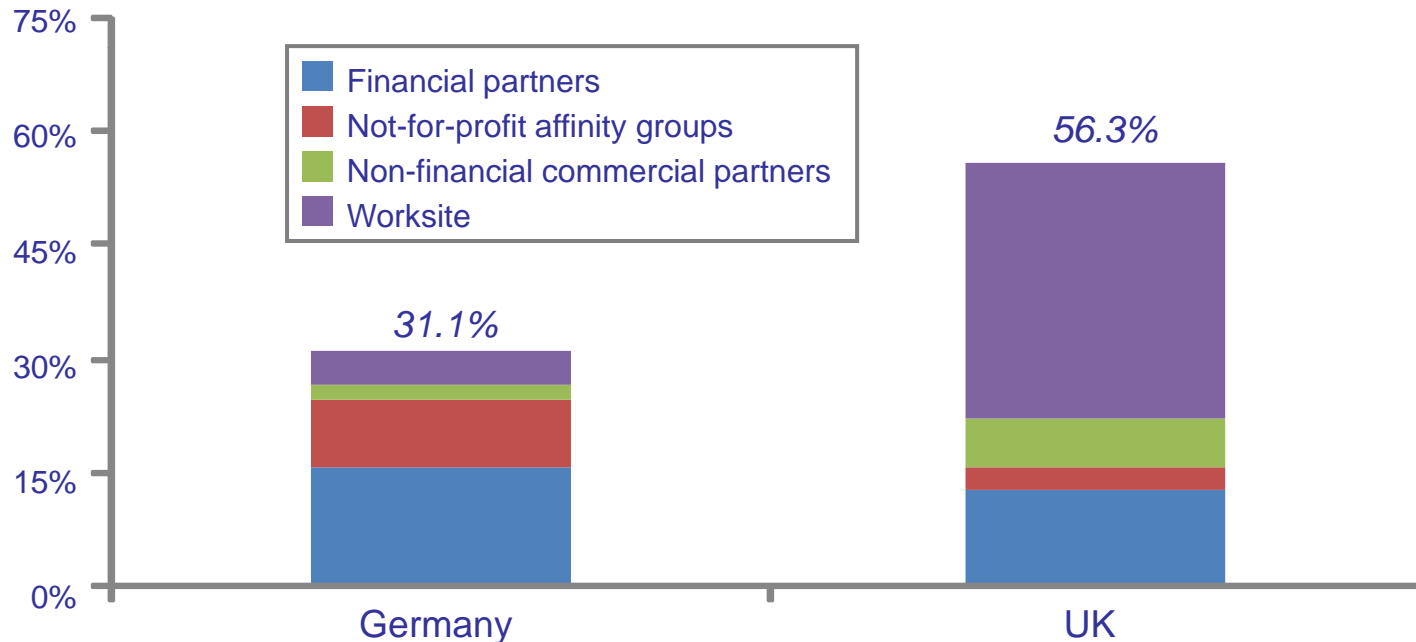


Source: Finaccord Channel Metrics reports

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# Distribution share of generic affinity / partner distribution channels in private medical insurance in Germany and the UK, 2007/8

% of switchers and new buyers using affinity / partner distribution channels, 2007 (UK) / 2008 (Germany)

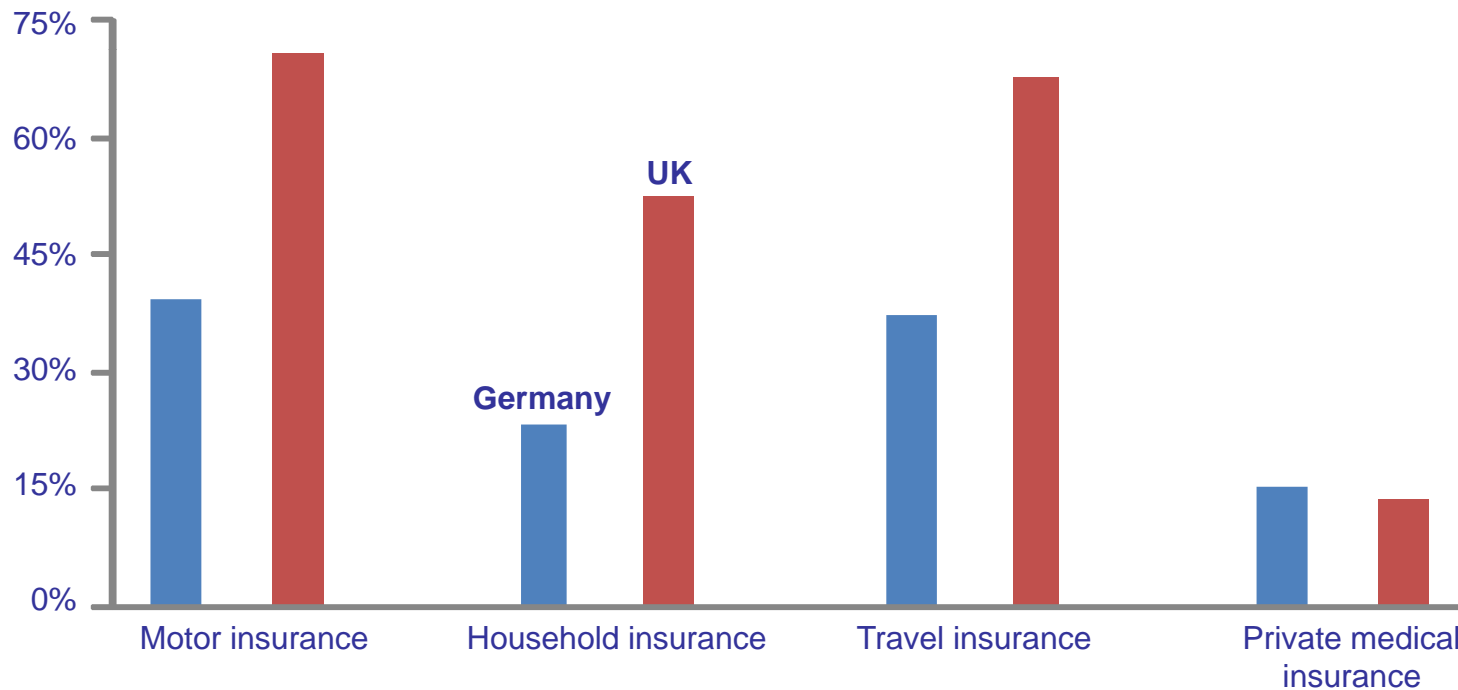


Source: Finaccord Channel Metrics reports

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# Distribution share of the Internet in personal non-life insurance in Germany and the UK, 2007/8

% of switchers and new buyers using the Internet as a distribution interface, 2007 (UK) / 2008 (Germany)

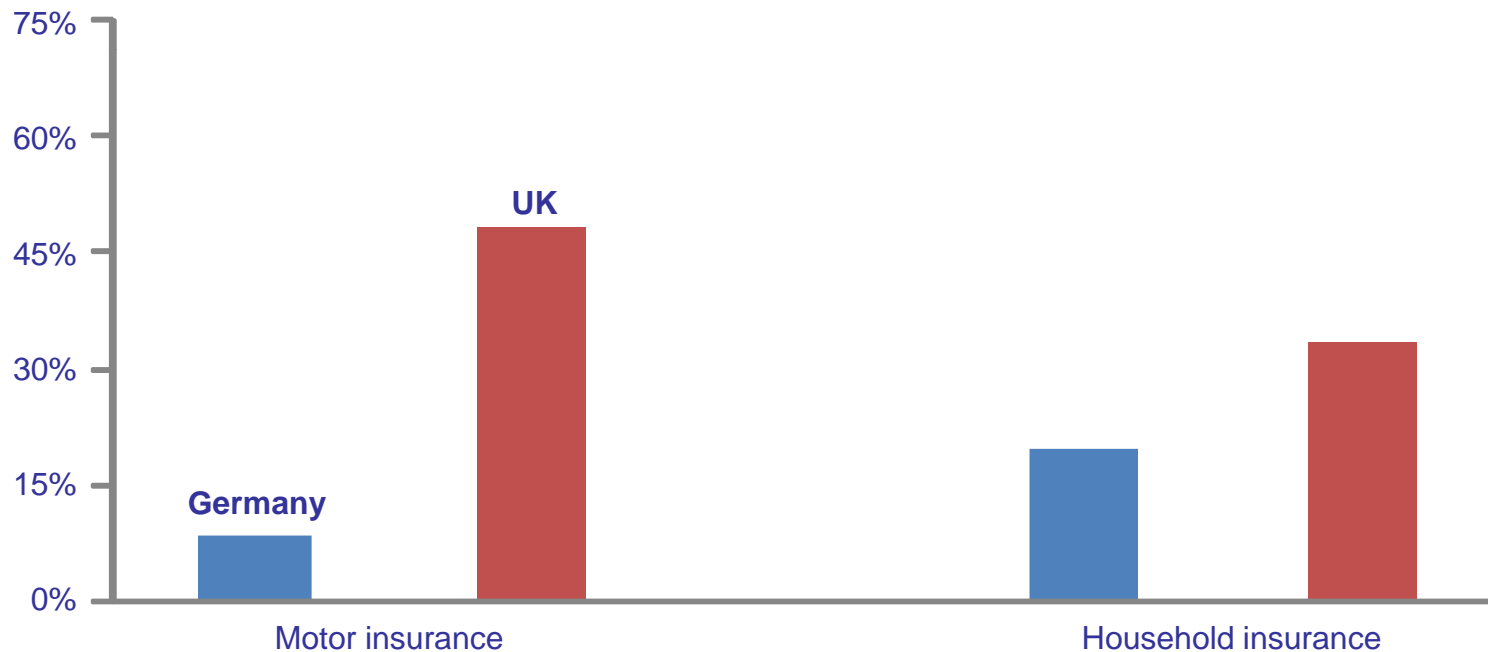


Source: Finaccord Channel Metrics reports

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## Distribution share of aggregators and brokers in personal non-life insurance in Germany and the UK, 2007 and 2008

% of switchers and new buyers using aggregators or brokers, 2007 (UK) / 2008 (Germany)



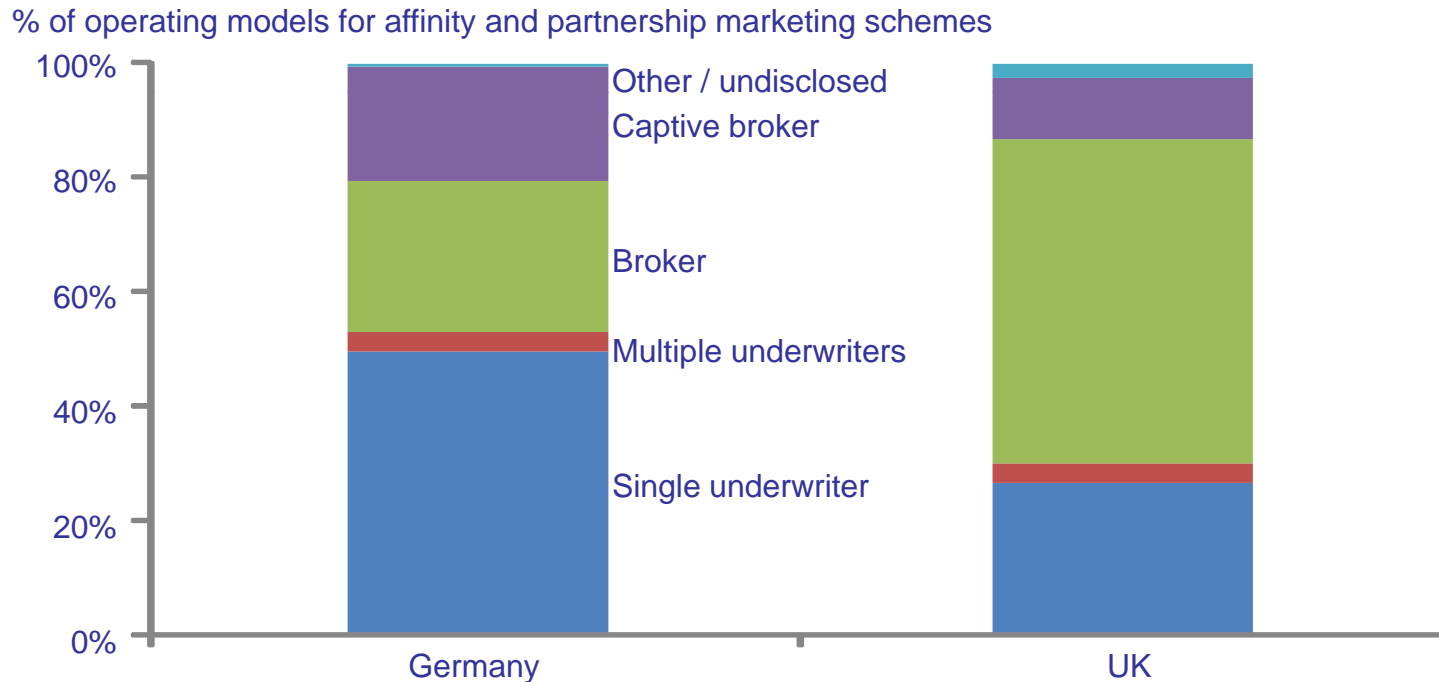
Source: Finaccord Aggregation Metrics reports

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# Operating models used by partner organisations for affinity and partnership marketing of motor and household insurance in Germany and the UK



Source: Finaccord Affinity and Partnership reports

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## Partner Metrics

## Organisations investigated in Germany, 2008/9

ADAC	Die Bahn	Kaiser's Tengelmann	REWE
Air Berlin	DM Drogeriemarkt	Karstadt	Rossmann
Aldi	Douglas	Kaufhof	RWE
Amazon	E.ON	Lidl	Ryanair
American Express	eBay	L'Tur	Saturn
Apple	EDEKA	Lufthansa	Schlecker
Aral	E-Plus	Media Markt	Shell
Audi	Esso	Mercedes Benz	Sony
AvD	Facebook	MTV	Steigenberger Hotels
Bayern Munich	Ford	Neckermann	Stern
Bild Zeitung	Formula 1	O2	Tchibo
BMW	Frankfurter Allgemeine	Opel	Thomas Cook
Borussia Dortmund	Google	OTTO	T-mobile
Breuninger	guentiger.de	PAYBACK	Toom
C&A	H&M	Peek & Cloppenburg	Toyota
Coop	Hagebaumarkt	Penny	TUI
DER CLUB Bertelsmann	HappyDigits	Porsche	Vodafone
Deutsche Post	Hornbach	Quelle	Volkswagen
Deutsche Telekom	Ihr Platz	Real	Welt
Deutscher Caritas Verband	IKEA	Renault	Yahoo!

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## Organisations investigated in the UK, 2006/7

AA	Daily Mail / Sunday Mail	Lidl	Ryanair
Age Concern	Daily Telegraph /	Littlewoods	Saga
Aldi	Debenhams	Manchester United F.C.	Sainsbury's
Amazon	E.ON	Marks & Spencer	Shell
American Express	Easygroup	Morrison's	Sky
AOL	eBay	MyTravel	Somerfield
Argos	English Heritage	National Trust /	Sun / News of the World
ASDA	Esso	Nectar	Superdrug
Auto Trader	Expedia	Netto	Tesco
B&Q	First Choice Holidays	Next	Texaco
BMW	Ford	npower	Thomas Cook
Body Shop	Google	O2	Thomson Holidays
bonmarché	Halfords	Orange	Times / Sunday Times
Boots	Homebase	Peugeot	Toyota
Bounty	Honda	Post Office	Vauxhall
BP	IKEA	Powergen	Virgin
British Gas	Jet	Primark	Vodafone
BT	John Lewis	QVC	Volkswagen
Chelsea F.C.	Kuoni Travel	RAC	Yahoo!
csma	Kwik-Fit	Renault	Yell

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## Leading five partner organisations in terms of frequency / strength of consumer relationships

### Germany

Google  
Aldi  
Deutsche Post  
Lidl  
eBay

### UK

Tesco  
Google  
Post Office  
BT  
Boots

Source: Finaccord Partner Metrics reports

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## Leading five partner organisations in terms of total number of actual / viable customers for motor insurance

### Germany

ADAC  
Volkswagen  
Aldi  
Quelle  
PAYBACK

### UK

Tesco  
Post Office  
Marks & Spencer  
Sainsbury's  
AA

Source: Finaccord Partner Metrics reports

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## **Leading five partner organisations in terms of total number of actual / viable customers for household insurance**

### **Germany**

ADAC  
Aldi  
Quelle  
Tchibo  
Amazon

### **UK**

Tesco  
Post Office  
Sainsbury's  
Marks & Spencer  
ASDA

Source: Finaccord Partner Metrics reports

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## Leading five partner organisations in terms of total number of actual / viable customers for travel insurance

### Germany

ADAC  
Lufthansa  
Die Bahn  
Neckermann  
TUI

### UK

Post Office  
Tesco  
Marks & Spencer  
Thomas Cook  
Boots

Source: Finaccord Partner Metrics reports

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## Leading five partner organisations in terms of total number of actual / viable customers for accident and health insurance

### Germany

ADAC  
Quelle  
Aldi  
OTTO  
Deutsche Post

### UK

Post Office  
Boots  
Tesco  
Marks & Spencer  
Sainsbury's

Source: Finaccord Partner Metrics reports

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# Summary and conclusions

## Summary and conclusions

- Affinity and partnership marketing does exist in Germany but some of its characteristics are different from the UK;
- online distribution channels in Germany, including aggregators, are growing in importance but are still far less important than in the UK;
- not all retailers will be able to have the same impact in affinity and partnership marketing as in the UK;
- many major organisations in Germany (e.g. ALDI) have not yet realised their potential as distribution partners for financial services;
- since the position of insurance agents as the traditionally dominant distribution channel is in gradual decline, more opportunities will become available for affinity and partnership schemes in Germany in future.

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**Any questions?**

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