

Finaccord



Net Metrics:

Consumer Usage of On-Line Aggregators,
Brokers and Other Intermediaries in UK Insurance

Report Prospectus

March 2008

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Prospectus contents

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What is the research?

Finaccord's updated and expanded report titled *Net Metrics: Consumer Usage of On-Line Aggregators, Brokers and Other Intermediaries in UK Insurance* focuses on two fundamental aspects of Internet distribution of insurance products in the UK: general patterns in consumer behaviour in this sphere and dynamics in the rapidly evolving market for on-line aggregators and brokers of insurance products.

With regards to the former issue, the research investigates several core areas including consumer propensity to take out 15 different types of insurance product via the Internet, consumer propensity to use different generic types of web site in this context and the relative importance of 12 key characteristics of web sites of aggregators and brokers of insurance products for encouraging consumer usage to research and / or acquire.

As for the latter, the study offers an updated and detailed benchmarking in terms of consumer awareness, consumer trust and consumer usage to purchase insurance of 70 of the leading web-based aggregators and brokers in the UK including the AA, BeatThatQuote.com, comparethemarket.com, Confused.com, Endsleigh, gocompare.com, moneysupermarket.com, Swinton, Tesco Compare and uSwitch.com.

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What is the rationale?

The fundamental rationale for the publishing of this updated report titled *Net Metrics: Consumer Usage of Online Aggregators, Brokers and Other Intermediaries in UK Insurance* is the continuing growth in importance of the Internet as a distribution interface for insurance, in general, and the simultaneous rise in influence of on-line aggregators, brokers and other intermediaries, in particular. Furthermore, the environment for web-based aggregation and broking of insurance products continues to evolve rapidly with new protagonists emerging and established competitors changing aspects of their business model on an on-going basis.

As such, the new edition of this report, previously titled *Net Metrics: Consumer Researching and Purchasing Trends in UK Internet Insurance*, seeks to provide fresh insight into the behaviour of consumers when researching and purchasing insurance via the Internet, building upon original research published in 2006 and 2007. Moreover, as before, it also aims to benchmark a peer group of 70 of the leading on-line aggregators and brokers of insurance products by three key criteria determining their effectiveness, namely consumer recognition, consumer trust and consumer usage to purchase.

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What is new relative to the original research?

Specific enhancements and expansions to the 2008 *Net Metrics* report relative to the versions published in 2006 and 2007 include the following:

- consideration of the impact in on-line distribution of insurance products of 20 generic categories of web site including those of entities as diverse as daily or Sunday newspapers, loyalty schemes, supermarkets and virtual worlds, as well as financial aggregators and brokers;
- coverage of a variety of additional competitors in the aggregation and broking space including comparemoreatDixons.co.uk, ConfidentCover.com, FinanceDaily.co.uk, Know Your Money, MoneyMonkey.co.uk, Moneyway, Moneywise, thisismoney.co.uk and Your Money;
- investigation into the degree to which users of on-line insurance aggregators and brokers perceive that the information that these provide about insurance products is accurate in contrast to that with which they are presented when it comes to actually acquiring them;
- evaluation of the extent to which consumer usage of the Internet as a distribution interface is changing over time for 15 types of insurance product, including: breakdown recovery insurance, household insurance, life insurance, motor insurance, pet insurance and travel insurance.

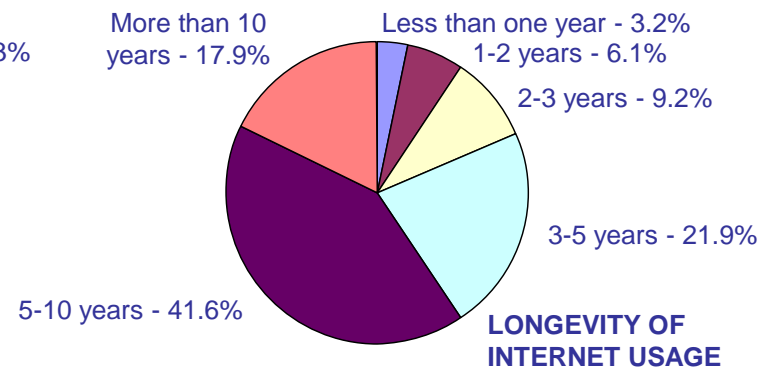
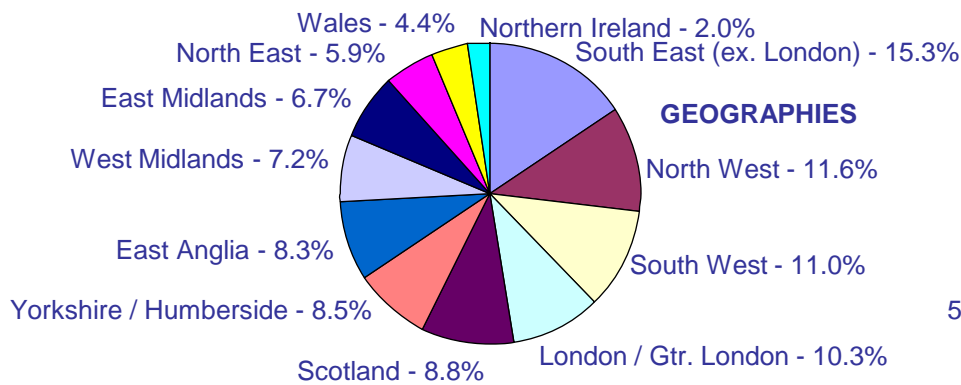
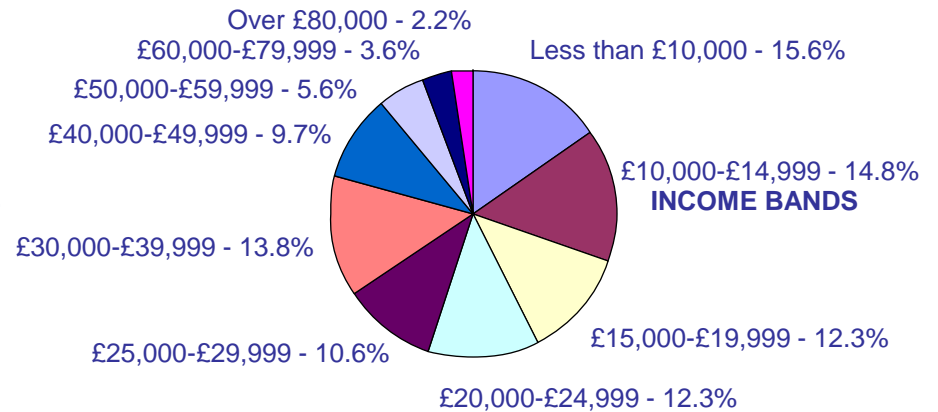
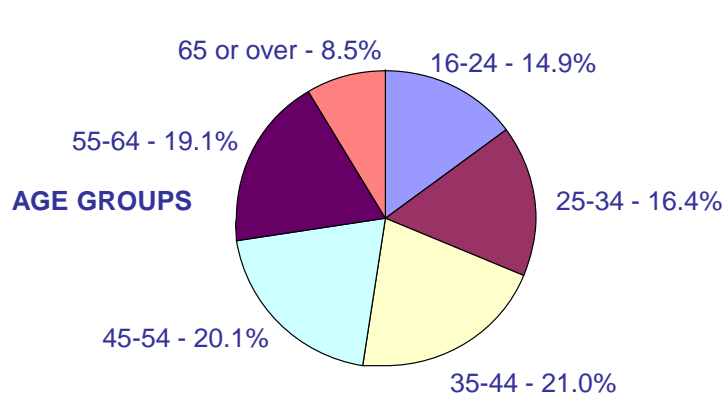
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What methodology has been used?

The research for this study was carried out during January and February 2008 using the Internet consumer panel of Tpoll Direct. In total, completed surveys were filled in and submitted on-line by 1,275 consumers. In addition, for questions that overlap with the sister *Net Metrics* research publication covering Internet banking, responses were received from a further 1,295 consumers making 2,570 in total breaking down by age group, annual household income, geographical location and longevity of Internet usage as illustrated in the graphics overleaf.

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How does the consumer sample break down?



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For which on-line aggregators and brokers of insurance are rankings for consumer awareness, trust and usage provided?

On-line aggregators / brokers

AA
 AdviceOnline
 A-Plan
 Auto Direct
 AWD Moneyextra
 BeatThatQuote.com
 BUDGET
 Bullhorn.co.uk
 buy.co.uk
 comparemoreatDixons.co.uk
 comparethemarket.com
 ConfidentCover.com
 Confused.com
 CoverSave
 Diamond
 Direct Choice
 Easy Quote
 EasyCover

On-line aggs. / brokers (cont.)

elephant.co.uk
 Endsleigh
 Express Insurance
 FinanceDaily.co.uk
 Find.co.uk
 First Insurance
 Fool.co.uk
 Girl Motor
 gocompare.com
 Goodinvestor.com
 Hastings Direct
 insurances.co.uk
 insurancewide.com
 Insure
 Insureandgo
 Interactive Investor
 Its4me
 Know Your Money

On-line aggs. / brokers (cont.)

Ladybird Insurance
 Masterquote
 MoneyExpert
 Moneyfacts
 MoneyMonkey.co.uk
 Moneynet
 Moneyquest
 MoneySavingExpert.com
 moneysupermarket.com
 Moneyway
 Moneywise
 Motor Direct
 NationalPrice.com
 Only Insurance
 Peoples Choice
 PriceRunner
 Q4 Insure

On-line aggs. / brokers (cont.)

Quoteline Direct
 Quotezone
 RAC
 Reduce My Quote
 Screentrade
 Simplyswitch
 Swinton
 Tesco Compare
 The Insurance Centre
 The Thrifty Scot
 theidol.com
 thisismoney.co.uk
 Unravelit
 uSwitch.com
 Webmoney
 yesinsurance.co.uk
 Your Money

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What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.
1. *Introduction*: offering rationale and a detailed description of methodology.
2. *Market Analysis*: including analyses of... consumer propensity to visit different generic types of web site; consumer propensity to research and take out insurance products via the Internet; the number of quotes solicited by consumers prior to taking out insurance via the Internet; consumer likelihood to research or take out insurance products by generic type of web site; awareness and influence of the on-line insurance aggregation concept; consumer usage of web sites of aggregators or brokers of insurance products; insurance aggregator or broker web sites used most frequently by consumers; consumer loyalty towards insurance aggregators and brokers used most frequently; consumer perceptions of the accuracy of insurance aggregators and brokers used most frequently; and consumer satisfaction with insurance aggregators and brokers used most frequently.
3. *Competitor Analysis*: updated and expanded rankings by awareness, trust and usage on the part of consumers for 70 of the UK's top web-based aggregators and brokers of insurance products.
4. *Competitor Profiles*: for the same 70 on-line aggregators and brokers of insurance products, the study concludes with at-a-glance snapshots of the same rankings for awareness, trust and usage.

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What are the key features of the research?

Key features of this report include:

- analyses of the frequency with which consumers visit 20 generic categories of web site ranging from the sites of the main banking institutions, Internet access providers and supermarkets that they use to the sites of traditional affinity groups such as charities, football clubs, professional associations and trade unions and the sites of new media entities including social networking providers, video sharing providers and so-called virtual worlds;
- evaluations of the degree to which respondents are likely to research or purchase insurance products from each of the same 20 generic categories of web site;
- investigation into the degree to which consumers using on-line aggregators or brokers of insurance feel loyal towards the on-line aggregator or broker that they use most frequently;
- clear rankings of 70 of the top on-line aggregators and brokers of insurance products in the UK in terms of consumer awareness, consumer trust and consumer usage;
- for the same 70 organisations, analysis of consumer usage to acquire insurance products during the last 12 months in comparison to any time prior to the last 12 months.

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How can the research be used?

You may be able to use this report in one or more of the following ways:

- compare 20 different types of web site according to the frequency and volume of on-line traffic that they generate among consumers;
- use these results to inform the strategy of your organisation for promoting insurance products in the on-line environment, including its approach to affiliate and affinity marketing;
- gain insight into the extent to which users of on-line aggregators and brokers of insurance feel loyal to the aggregator or broker that they use most frequently and how this degree of loyalty varies among the leading protagonists in this field;
- understand the progress being made by fully-fledged on-line aggregators (eg. Confused.com), general providers of on-line price comparisons (eg. PriceRunner), on-line media entities that also offer searching facilities (eg. thisismoney.co.uk), and traditional brokers of insurance (eg. Quoteline Direct);
- appreciate whether the market for on-line aggregation and broking of insurance products is subject to consolidation and what this means for the full universe of participants in this sector.

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Who can use the research?

1. *Insurance companies*: underwriters of both life insurance and personal non-life insurance can use this research to measure the potential that the Internet offers and to target the most effective on-line aggregators and brokers;
2. *On-line aggregators, brokers and other intermediaries*: this report provides the most comprehensive and up-to-date published intelligence about your market;
3. *Affinity groups and commercial partners*: organisations as diverse as charities, football clubs, loyalty schemes, media entities, supermarkets, trade unions, travel firms and utilities companies all possess the potential to distribute insurance products through their web sites;
4. *Professional services firms*: are you advising a client in any of the three preceding categories with regards to its strategy in the rapidly changing environment for on-line aggregation and broking of insurance products? If so, this research will save you time and effort in investigating the subject yourself.

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What are some of the key findings?

1. Direct Choice (www.directchoice.co.uk) is ranked between 15th and 20th among aggregators and broker web sites for all three criteria considered

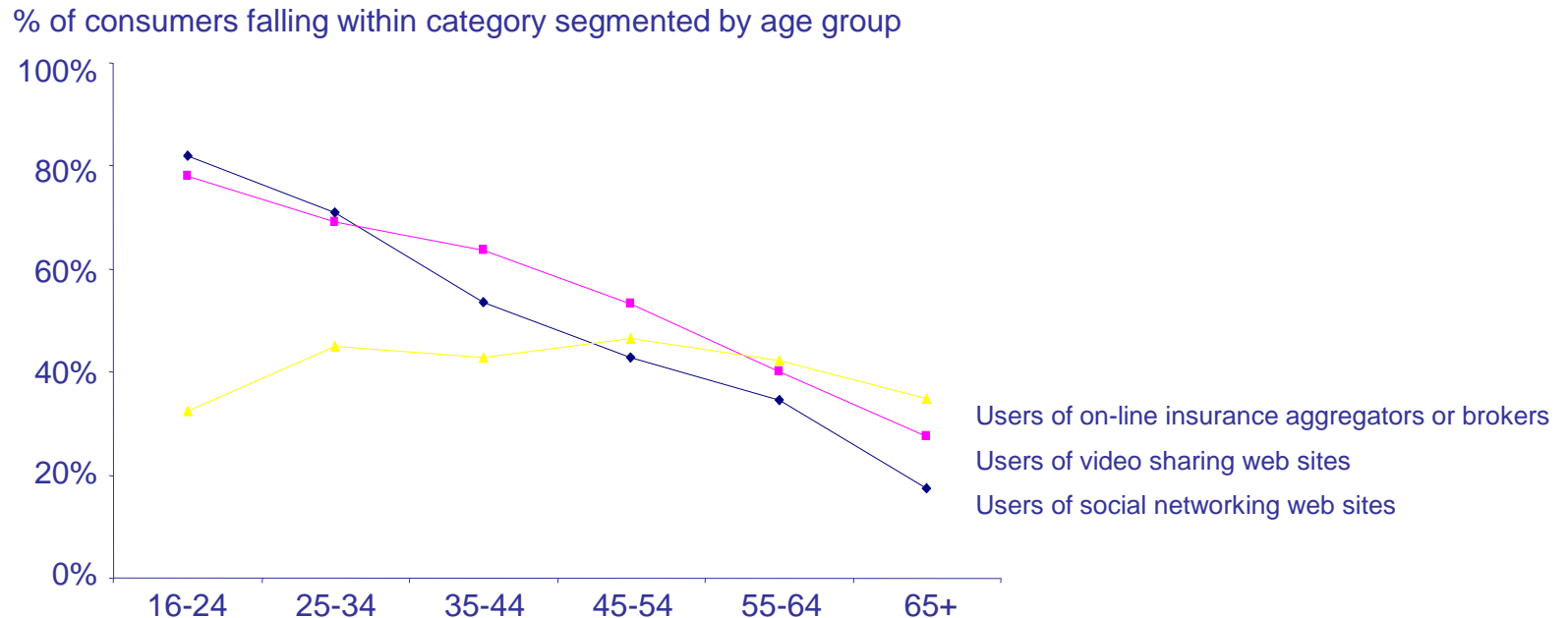
<i>Awareness</i>	<i>I am very aware of this web site</i>	<i>I am quite aware of this web site</i>	<i>I do not recognise this web site</i>	<i>Score</i>	<i>Ranking</i>
	14.8%	27.0%	58.2%	0.283	16
<i>Trust</i>	<i>I would definitely trust this web site</i>	<i>I might trust this web site</i>	<i>I definitely would not trust this web site</i>	<i>Score</i>	<i>Ranking</i>
	8.4%	55.9%	35.6%	0.364	15
<i>Usage to purchase</i>	<i>Yes, during the last 12 months</i>	<i>Yes, in the past but not during the last 12 months</i>	<i>No</i>	<i>Score</i>	<i>Ranking</i>
	0.9%	1.4%	97.7%	0.023	18

Note - similar data is provided for each of the other 69 on-line aggregators and brokers included in the research
Source: Finaccord Net Metrics survey

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What are some of the key findings? (cont.)

2. A very high proportion of younger consumers claim to make at least some use of the web sites of social networking and video sharing providers

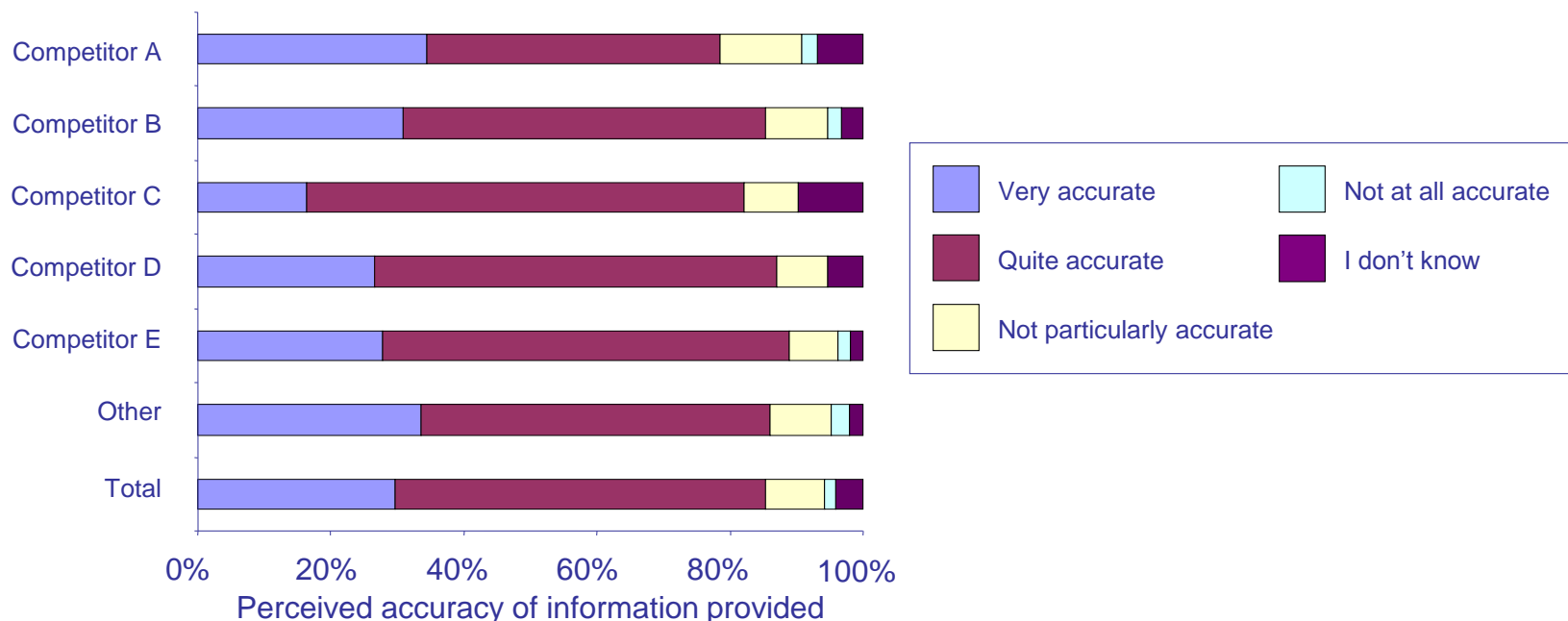


Source: Finaccord Net Metrics survey

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What are some of the key findings? (cont.)

3. Among the five most commonly used on-line aggregators or brokers of insurance, there is little difference in the degree to which they are perceived to provide accurate product information by their customers



Note - competitor identities for each bar are revealed in the actual report

Source: Finaccord Net Metrics survey

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What are some of the key findings? (cont.)

Key findings from the executive summary include:

- there is growing evidence to suggest that consumers are making use of a more limited number of web sites to research and acquire insurance products thereby meaning that it is increasingly important for on-line providers of insurance to rank among the most frequently used sites;
- overall, a combined 77.3% of respondents venture that they are either very aware or quite aware of the difference between on-line aggregation and on-line broking of insurance although 37.3% also venture that this awareness does not influence their choice of which web site to use;
- a key challenge in future for on-line aggregators and brokers will be to find ways of maximising the loyalty of their customers in a market in which it is extremely easy for consumers to switch from one provider to another;
- while it is fair to say that Confused.com is rapidly consolidating its position as a leading player in the on-line aggregation and broking market for insurance in the UK, it also appears to be the case that the sector does not otherwise appear to be subject to significant consolidation notwithstanding the obvious challenges faced by smaller competitors.

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What is the cost and format?

Net Metrics: Consumer Usage of On-Line Aggregators, Brokers and Other Intermediaries in UK Insurance is available as a standard Adobe Acrobat PDF document and / or hard copy. Costs for this research and sister consumer titles are as follows:

REPORT	COST *	FORMAT
Net Metrics: Consumer Usage of On-Line Aggregators, Brokers and Other Intermeds. in UK Insurance	£1,495	c. 160 pages
Affinity Metrics: Consumer Usage of Affinity Distribution Channels in UK Financial and Other Services	£1,495	c. 120 pages
Brand Metrics: Consumer Awareness of and Attitudes Towards Brands in UK Financial Services	£1,495	c. 170 pages
Channel Metrics: Trends in Consumer Distribution Channel Usage in UK Fin. Svs. (report / 25 briefings)	£2,995 / £395	c. 300 pages / 25 pages
Partner Metrics: Consumer Attitudes Towards and Willing. to Use Alternative Providers in UK Fin. Svs.	£1,795	c. 230 pages

VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.

Costs quoted are for a single site user license only.

For corporate user licence options, please see the next slide for further details.

Printing and postage costs of £30 per title will be payable if hard copy is required.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_uk_cfsr.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.

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