



2012 Insurance Website Evaluation Study

MANAGEMENT DISCUSSION

May 2012

Media & Marketing Division

Overview

Websites have become a primary source for comparison shopping, and reading product reviews a common first step in the shopping process for many purchase decisions. As online activities become more embedded in the shopping process, refinements introduced in one industry often immediately reshape consumers' expectations in other industries. Insurance company websites that may have been considered innovative or state of the art even a year ago may be perceived as quaint and outdated by today's savvy insurance shoppers.

Numerous insurers have made significant investments in building websites to serve the needs of a growing segment of shoppers who want to interact and purchase personal auto insurance online. It is therefore critical for insurance companies to meet those expectations in order to continue to grow. The stakes are extremely high: in a marketplace that generated \$169 billion in premiums in 2011, the 10% of customers who switched insurers during that time period represented an addressable market worth nearly \$17 billion. This may explain in part why the industry spent a combined \$5.7 billion in advertising expenditures in 2011 to pursue new business.

The *J.D. Power and Associates 2012 Insurance Shopping StudySM (ISS)*, which was released in March, finds that insurance company websites are playing an increasingly greater role in the auto policy shopping process, whether customers are requesting a quote or simply using the website to gather contact or policy-related information. The management discussion for the ISS, titled "The Role of the Web in Shopping for Insurance," highlights three key trends that address how the Web has influenced the auto insurance shopping process for recent shoppers (those requesting a quote in the last 12 months):

- Nearly three-fourths (73%) of insurance shoppers visit at least one insurer's website during their shopping process
- During the past 3 years, the proportion of shoppers able to complete all their shopping activity online has increased by more than 50%, from 15% to 23% of shoppers
- More than one-third (34%) of shoppers say they would most prefer to purchase their policy online instead of through a local agent or call center

With a significant and increasing share of shoppers using insurer websites to obtain insurance quotes, as well as to find contact or policy information, the ability of websites to easily deliver this information in a clear and appealing manner may make the difference between a shopper considering a brand or bouncing to a competitor's website that more readily meets their needs and expectations. This management discussion will provide an overview of what website design characteristics are most critical for insurers in order to provide prospect shoppers with an outstanding website experience, and draws from the detailed findings and recommendations of the *J.D. Power and Associates 2012 Insurance Website Evaluation StudySM (IWES)*.

The IWES is designed to provide an objective assessment of shoppers' satisfaction with common tasks they perform when visiting an insurance company's website—from initial research online to refine their consideration set, to completing an online quote application, or simply seeking offline contact information, which many traditional buyers are more apt to do. Understanding their shoppers' online experiences allows insurers to develop websites that provide an engaging and useful experience through the quote process and convert more website visitors to customers. IWES data helps insurance companies align their website content, site architecture, and overall appearance with shoppers' core wants and needs by:

- Identifying what most impacts shoppers' overall satisfaction with the insurer's website and their intent to revisit or recommend the site

- Benchmarking each company’s website performance with those of peers against a set of Key Performance Indicators (KPIs) that directly impact the shopper experience and future intentions

Drivers of Website Customer Satisfaction

The J.D. Power and Associates Customer Satisfaction Index model for the *Insurance Website Evaluation Study* segments the customer experience into five key factors. Each of these factors is a distinct part of the customer experience, and together they encompass the entire evaluation of website performance. Importance weights are developed statistically using regression analysis and represent the relative impact of each factor in influencing shoppers’ overall impression of the website. The most important factor is Ease of Navigating the Website (28%), followed by Appearance of the Website and Clarity of Information Provided on the Website (21% each). Ease of Navigating the Website also represents the largest range of performance across insurers with the highest performer achieving a score of 797 (on a 1,000-point scale) and the lowest-performing website scoring 670—a gap of 127 index points.

Insurance Website Evaluation Index Model

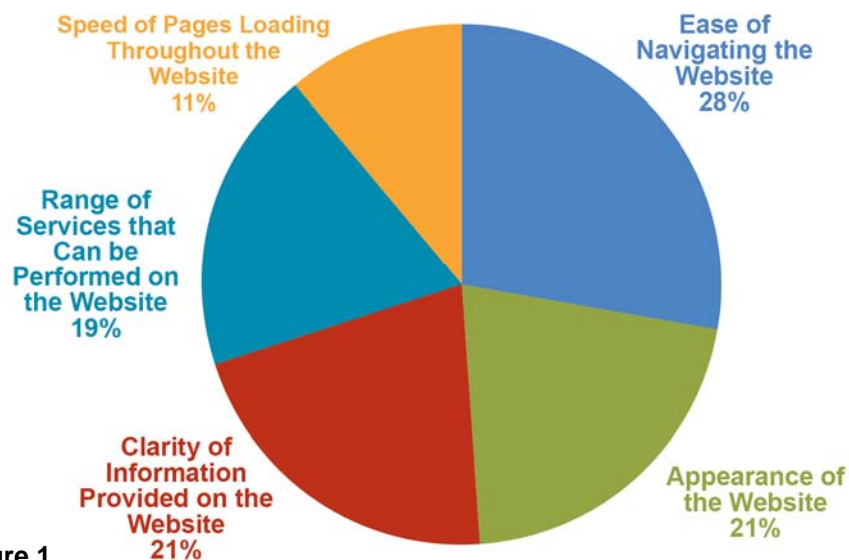


Figure 1

While each of the factors contributes individually to overall satisfaction, it is important to understand how these factors complement and impact one another. For example, clear navigation can influence the perception of website speed when shoppers are able to quickly identify how to navigate through the pages with minimal delay. Conversely, navigation ease may also be impaired by overly elaborate or distracting creative design in pursuit of a flashy or comprehensive website.

The balance of this management discussion will highlight some of the KPIs insurers must understand in order to deliver a highly satisfying website experience as well as the ROI of being able to exceed the expectations of those shopping on the insurer’s website.

Key Performance Indicators of Auto Insurance Websites

The shopper evaluation utilized for the *Insurance Website Evaluation Study* focuses on the ability of the insurer website to help visitors shop for auto insurance. Respondents were directed to visit an insurer site to gather information and request a quote, then describe and rate their experience. The analysis of this activity identifies which diagnostics are most impactful on the overall customer experience, as well as the performance targets or KPIs that must be met in order to maximize shopper stickiness on the site and intention to revisit. Understanding the impact and the incidence of success allows insurers to prioritize website improvements, which may have a greater impact on new-customer acquisition.

For this inaugural study, shoppers were asked 31 diagnostic questions regarding their various shopping tasks, which covered all areas of the online shopping experience. The study identifies 13 KPIs, or best practices for insurers to monitor and measure themselves against the competition. Three of the most important KPIs are highlighted below:

Provide easy-to-locate contact information for an agent or an 800 number

Findings of the *2012 Insurance Shopping Study* indicate that while one-half of shoppers visit websites to obtain quotes, many customers who quote via a call center or agent still visit the insurer's website to obtain contact information or research information about the company's products. Offering easy-to-locate contact information is a critical first step in providing shoppers with choices to meet their needs. While every insurer includes contact information as a standard website offering, website visitors have a certain level of expectation as to where to look and what to look for on the page. However, several differences are evident when comparing how easy this information is to locate on insurers' websites. In the example below, State Farm, which scores well on this metric, has placed their 800 number clearly in the center of the page, while 21st Century, an insurer who did not score as well, has imbedded the information and required click-throughs—starting with a “contact us” link and then requiring an additional click to expand a phone listing. The screen placement, accessibility, and fonts used provided a broad range of responses from shoppers on how easy this information was to locate, ranging from a high for some websites of nearly 60% of shoppers stating this information was “very easy” to locate to a low of only 35% for other websites.

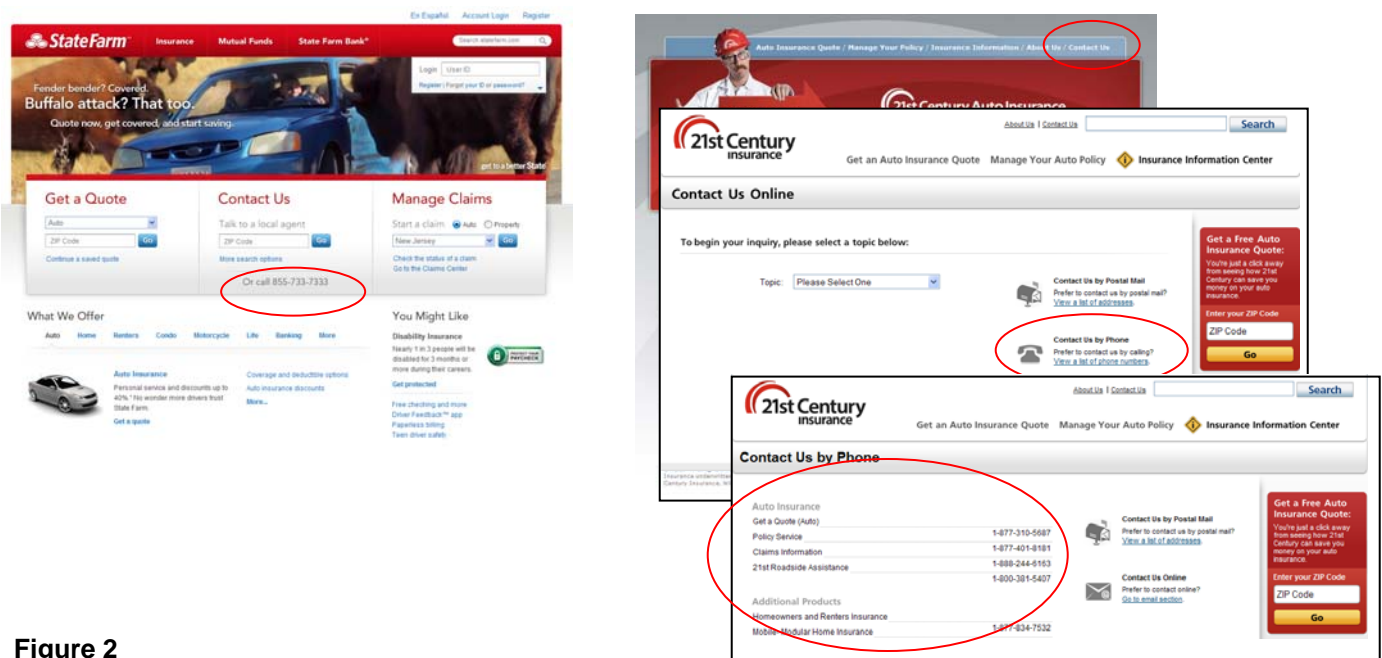


Figure 2

Provide easy-to-locate information on discounts

Consumers today have generally come to expect sales and discounts when shopping in retail stores as well as online, and insurance policy shoppers are no different in this regard. Discounts play an important role in creating the perceived value of the price offered in the quote. Many shoppers will investigate multiple insurers online, often perusing policy offerings and discounts before deciding on those from which they will request a quote. Insurers that score well in this KPI ensure that discount information is easy to locate, both during the initial information-gathering phase from the homepage as well as highlighting the discounts that are applied when presenting a quote. Conversely, many shoppers found locating information on discounts from the homepage a more difficult task, as evident in lower overall ratings for the information being “very easy” to find and a wider range of scores for this metric among websites. The information was not always clearly identifiable and many websites required shoppers to navigate through menus where the information may have been imbedded in locations that were not obvious or intuitive (as opposed to a universal “contact us” link for a phone number).

However, insurers that have executed this well, such as Travelers and Esurance, either provide the information on the auto insurance homepage or in an easily identifiable roll-over menu with discounts clearly identified. In addition, the final quote presented by esurance also clearly outlines discount information, including the type of discount and the total savings applied. As a result, over 50% of shoppers who visited these sites indicated the information was “very easy” to find, compared with a low of only 20% for the lowest-scoring insurer.

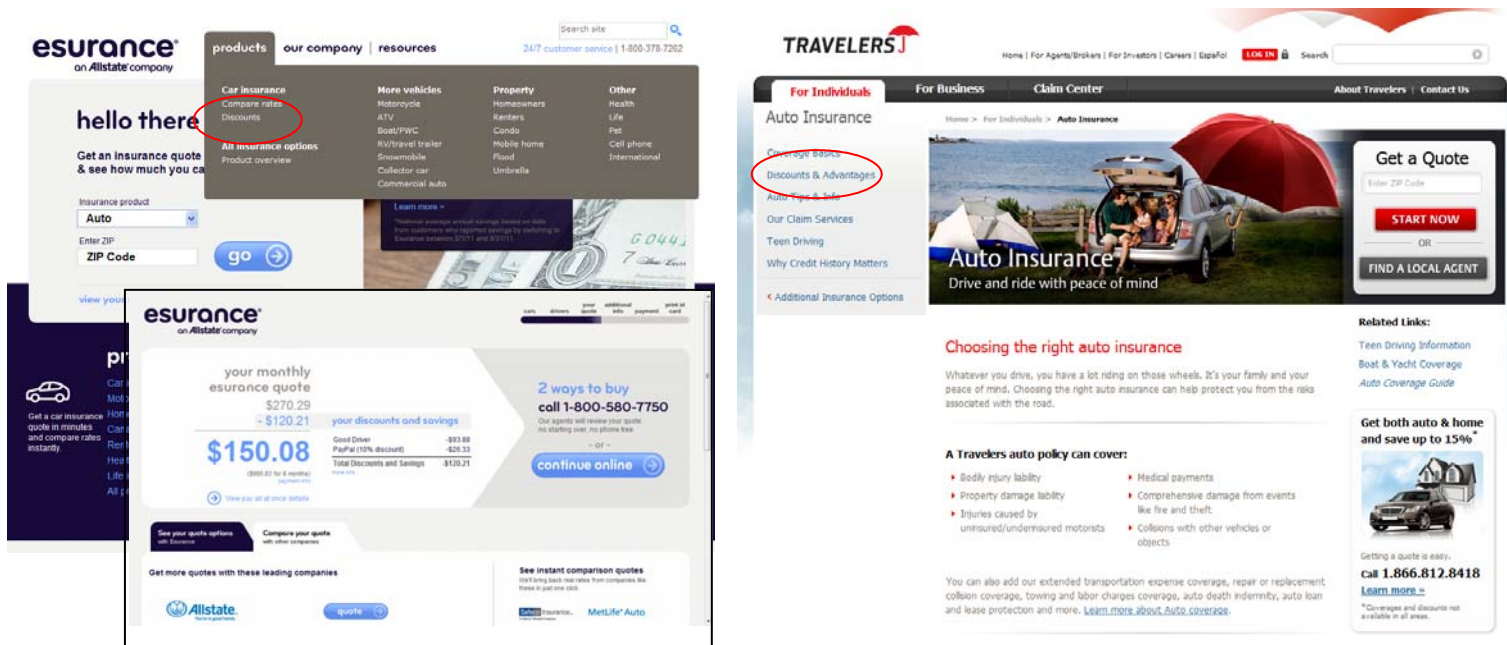


Figure 3

Provide accurate pre-filled information regarding the vehicle

One of the most impactful drivers of a negative shopper experience throughout the quoting process is the time it takes to complete the required information, relative to expectations. Several insurers have streamlined the number of pages and submission fields required to quickly return a quote. One of the methods used to minimize the amount of time required is to provide automatically prefilled vehicle information for the shopper to review and confirm, rather than requiring them to manually enter the requested information into the online form. This may save shoppers a lot of time, yet inaccurate prefilled information may have a significant negative impact on satisfaction. While 65% of shoppers experienced accurate prefilled information, those receiving inaccurate information (8%) are just as dissatisfied as those who did not experience the technology at all (26%). Compliance with this KPI ranges from a high of 74% to a low of only 51% among insurers profiled in the study.

The ROI of Website Usefulness and Satisfaction

Shoppers who have a highly satisfying website experience are more likely to return to that insurer's website the next time they are in the market for an insurance quote and are also more likely to recommend the website to friends, relatives, or colleagues. With the growing influence of social media and ease of communicating electronically, recommendations have become an increasingly important part of the shopping process in many industries. Recommendations may have a significant financial impact, regardless of where they occur—either directly from person to person, or via social media such as Facebook or Twitter, among others. Insurers that design a highly satisfying website for shoppers reap an advocacy benefit, compared with those whose websites that shoppers find less useful.

The increase in likelihood to return to the website when shopping and to recommend it may have an additional direct financial benefit: more potential customers visiting the site. The rates for both of these metrics increase as the level of overall satisfaction increases, as displayed in Figure 4. Customers who are delighted with their website experience are considerably more likely to shop the insurer in the future, and one-half of these customers say they “definitely will” recommend the insurer’s website. In contrast, among shoppers who are disappointed with their experience, return and recommendation rates decline to just 15% and 2%, respectively.

Likelihood to Shop and Recommend by Satisfaction Level¹

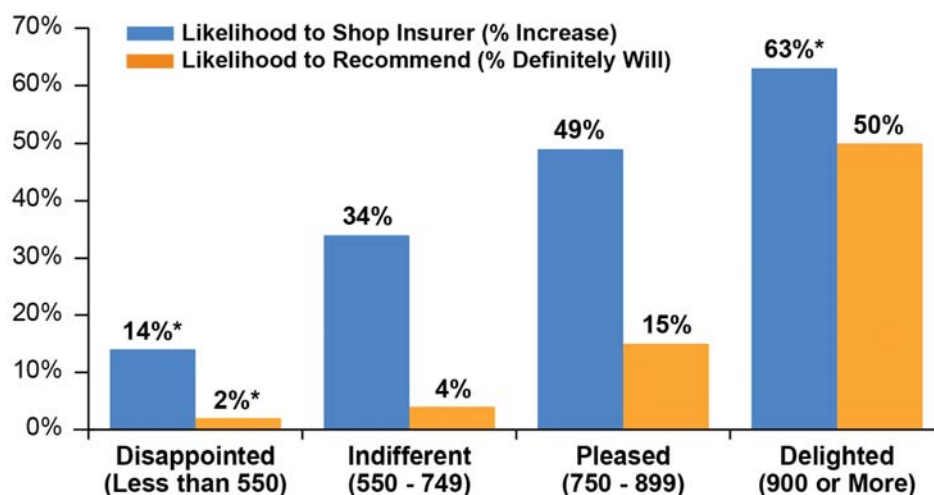


Figure 4 Overall Website Satisfaction Index

¹ Rebased to exclude those shoppers who quoted a policy with less coverage than their current policy
* CAUTION: Small sample size (n = 30 to 99)

Conclusion

Insurers that deliver an outstanding shopping experience online benefit from increased referral traffic as well as successfully quote and win a greater share of prospects than do those insurers whose websites are poorly designed. An underperforming website or one that doesn't meet shoppers' needs can deter business not only from the website, but the insurance company as a whole. Findings of the *2012 Insurance Shopping Study* suggest some insurers lose up to 26% of online shoppers either because they weren't able to select the coverage desired or purchase the policy online. While some insurers are more successful than others in getting these shoppers to contact them through another channel, the real risk of having limited online capabilities is losing these shoppers to insurers with more impactful websites. Insurers vary greatly in their ability to close shoppers who quote them online—ranging from a high of GEICO closing 34% of all quotes provided on their website to a low of only 7% for another top 10 insurer. Part of GEICO's success is their ability to provide a superior website experience and allow shoppers who want to purchase auto insurance online to do so. With an annual addressable market of \$17 billion, insurers cannot afford to have an underperforming website. Websites are more commonly becoming the first stop for shoppers and therefore become the first impression they have of the insurance company. Findings from the full report and presentation of the *2012 Insurance Website Evaluation Study* can help insurers identify ways to improve their website by learning from best practices identified in other insurers' websites and other industries where J.D. Power conducts this research.

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