



A SURVEY REPORT FROM APPLIED

# The Next Generations and Insurance: Understanding Buying Behaviours and Preferences of Younger Adults



# Introduction

As previous generations retire and move to a life stage in which they consume fewer products and services, younger millennial and Gen Z adults between the ages of 18 and 38 are becoming more relevant to the insurance industry in terms of size and spending power.

Of the global population, millennials and Gen Z account for 27% (2 billion people)<sup>1</sup> and 24% (1.83 billion people)<sup>2</sup> respectively, and combined, have purchasing power estimated to be in the trillions of pounds annually.

As a technology partner, we consider it our responsibility to inform insurance brokers about the latest industry trends. By imparting this knowledge, we strive to empower brokers to take advantage of new business models and servicing options by meeting the needs of the changing consumer that will make their businesses profitable.

1946 - 1964



**Baby Boomers:**  
The Counterculture Generation

1965 - 1980



**Generation X:**  
The TV Generation

1981



**Older Millennial:**  
The Last to Grow Up Offline

1996



**Younger Millennial:**  
The Digital Natives

1997 - 2005



**Older Gen Z:**  
The First Connected Kids

2006



**Younger Gen Z:**  
The Technology Inherent

# Survey Overview

**Applied recently partnered with ORC International, a leading business intelligence research firm, to conduct a survey on what millennials and Gen Z are looking for in their insurance providers.**

This survey was conducted in June of 2018 among a sample of 1,002 millennial and Gen Z consumers, 18-38 years of age, across the United States, Canada, the United Kingdom and Ireland.

The primary objectives of conducting this survey were to understand millennial and Gen Z:

- Purchase behaviour for personal insurance (car, home and tenants)
- Preferred communication channels when interacting with insurance providers
- Selection criteria when choosing an insurance provider



# Key Findings



## **Car Insurance Remains a Business Generator**

Among younger adults in the United States, Canada, the UK and Ireland, car insurance is by far the most commonly held.



## **Biggest Influence on Insurance Purchasing Decision**

While word-of-mouth referrals are most influential to younger adults shopping for insurance, online search and review sites are increasingly being used, especially by Gen Z, males and younger adults in the UK and Ireland.



## **Insurance Purchasing Preferences**

Survey results show that younger adults in Canada prefer face-to-face interaction; those in the UK and Ireland prefer online; and those in the United States prefer face-to-face for homeowners, and online for car and tenants.



## **Insurance Communication Preferences**

Millennials and Gen Z prefer to speak with a broker directly for car and homeowners insurance. A face-to-face interaction is preferred for tenants; however a call directly to a broker is used more often.

# Types of Insurance Held

Across all countries – United States, Canada, United Kingdom and Ireland – the majority of millennials and Gen Z (8 in 10) have some form of insurance.

Car insurance is most commonly held, and younger adults in the U.S. are the most likely to have it.

33%

of the global population will be Gen Zers by 2020<sup>3</sup>

80%

of millennials and Gen Zers have insurance

Which of the following types of insurance do you have?

	Car	Homeowners	Tenants	None of these
<b>All Countries</b>	<b>67%</b>	<b>34%</b>	<b>22%</b>	<b>20%</b>
United States	74%	35%	24%	17%
Canada	64%	35%	22%	21%
UK	53%	33%	18%	31%
Ireland	58%	31%	19%	25%



## Types of Insurance Held

## Notable Findings

- Millennials are more likely to have car and homeowners insurance than Gen Z.
- UK millennials and Gen Zers are most likely to not have insurance at all.
- Younger adults with children under 13 are more likely to have at least one type of insurance.
- Households with income under £38,000 are more likely to not have any type of insurance.

## Sum and Substance

Millennials represent one of the largest living generations, projected to surpass Baby Boomers in total population by 2019.<sup>4</sup> Further, Gen Z, growing in size every day, are expected to make up 33% of the global population by 2020<sup>5</sup> and outnumber millennials. Given the size and economic capital these two generations possess, combined with the fact that eight in 10 have insurance, it's critical for insurance providers to adapt their business strategies to attract and retain millennials and Gen Z as customers.



# Purchase Influence

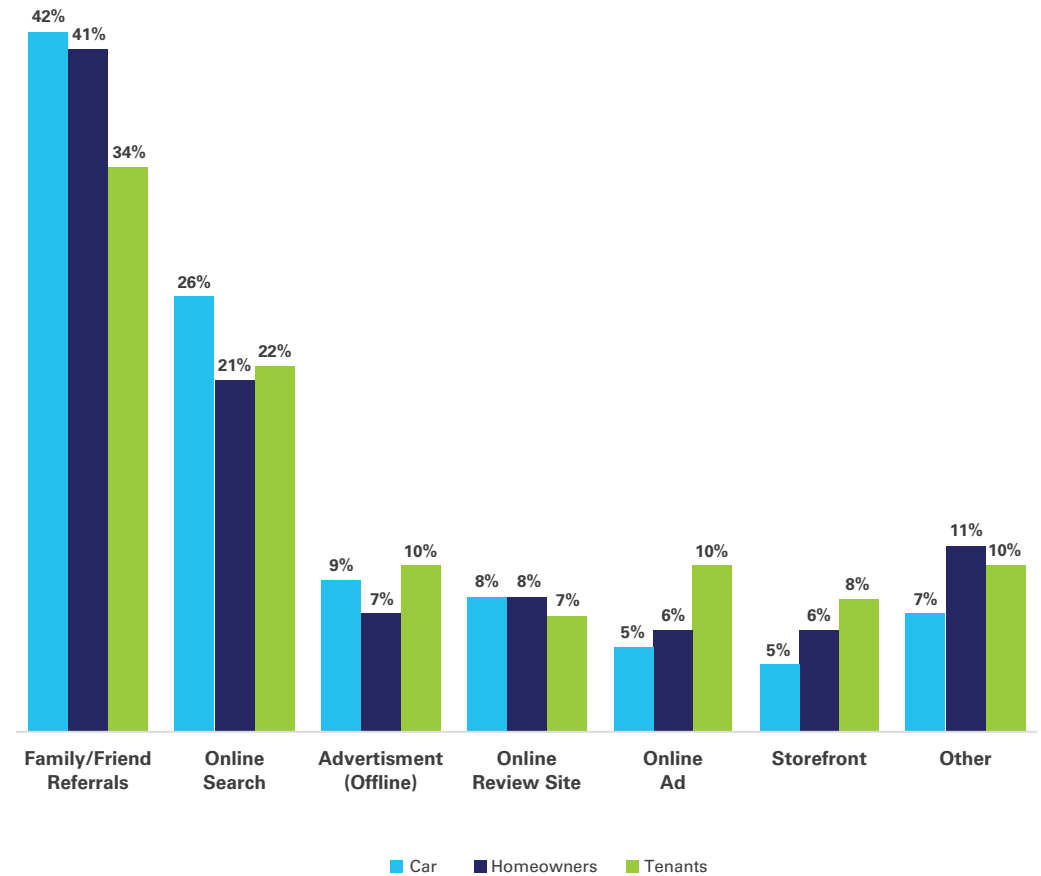
**Word-of-mouth referrals influence millennials and Gen Z the most when they are shopping for insurance.**

However, online searches are growing in popularity and should be considered in communication strategies given consumers' shift to mobile first.

55%

of millennials use search engines to learn about products<sup>6</sup>

## How did you find your current insurance provider?



### Notable Findings

- Millennials are more likely to have found their current tenants policy through an insurance provider recommended by family/friends.
- Younger adults in the U.S. and Canada are more likely to have found their current car insurance through family and/or friends than those in the UK or Ireland.
- Younger adults in the UK are more likely to have found their current car insurance through an online search engine – like Google and Bing – than those in the U.S. or Canada.
- Younger adults in Ireland are more likely to have found their current car insurance through an online review site – like Yelp and NerdWallet – than those in the U.S. or Canada.
- Younger adult males are more likely to have found their current car insurance through an online review site than females.

### Sum and Substance

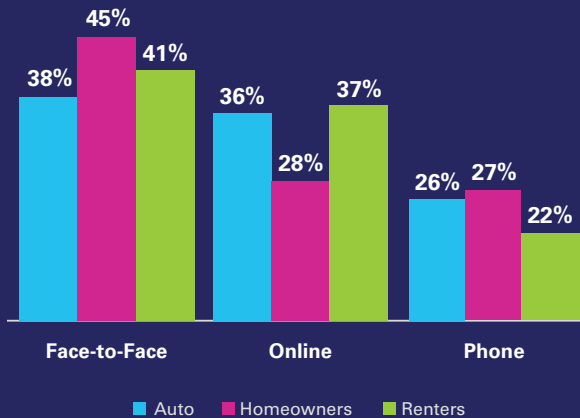
For millennials and Gen Z, family and/or friend referrals have the greatest influence on how they find an insurance provider. In fact, both generations are far more likely than any other to base their choice of insurance provider on who their family members use.<sup>7</sup> To acquire millennial and Gen Z consumers, insurance providers should focus on building brand loyalty with older generations who have the most influence on these younger insurance shoppers. Insurance providers also need to ensure their websites are optimised for search and mobile-friendly. In accordance with our survey findings, the Google Consumer Barometer Study states that 55% of millennials use search engines to learn about products, and mobile is the primary device they're using to do the research.





# Purchase Channels

While face-to-face interaction continues to be the most common method of purchasing insurance, particularly for younger adults in Canada, digital channels are growing more popular especially among those in the UK and Ireland.



## How did you purchase your current insurance policy?

### Face-to-Face

	Car	Homeowners	Tenants
United States	37%	47%	38%
Canada	52%	51%	47%
UK	11%	27%	17%*
Ireland	24%	29%	58%*

### Online

	Car	Homeowners	Tenants
United States	39%	27%	45%
Canada	19%	18%	23%
UK	62%	52%	56%*
Ireland	52%	45%	26%*

### Phone

	Car	Homeowners	Tenants
United States	25%	25%	18%
Canada	29%	31%	30%
UK	26%	21%	28%*
Ireland	24%	26%	16%*

\* Denotes a very small base size.

## Purchase Channel

### Notable Findings

- Gen Z are more likely to purchase car insurance face-to-face.
- Millennials are more likely to purchase car insurance online.
- For car, homeowners and tenants insurance, phone is the least used purchase channel.

### Sum and Substance

Millennials and Gen Z want fast, connected experiences. They make no distinctions between online and offline worlds, moving seamlessly between both. Thus, it's extremely important for insurance providers to have an omnichannel approach to reach and engage these younger generations.

Millennials and Gen Z expect to connect with brands how and when they want, be it: face-to-face, phone call, text, email or social media. Through a hybrid approach – bricks-and-mortar business with integrated digital technology that provides these communication touchpoints across all channels – insurance providers will be able to build relationships via the traditional ways they used to establish a business and the modern ways that will keep them in business.





# Communication Channels

For car and homeowners insurance, the preferred and most frequently used communication channel by millennials and Gen Z is a direct call to a broker.

For tenants, a face-to-face interaction is preferred but a direct call to a broker is used more often.

51%

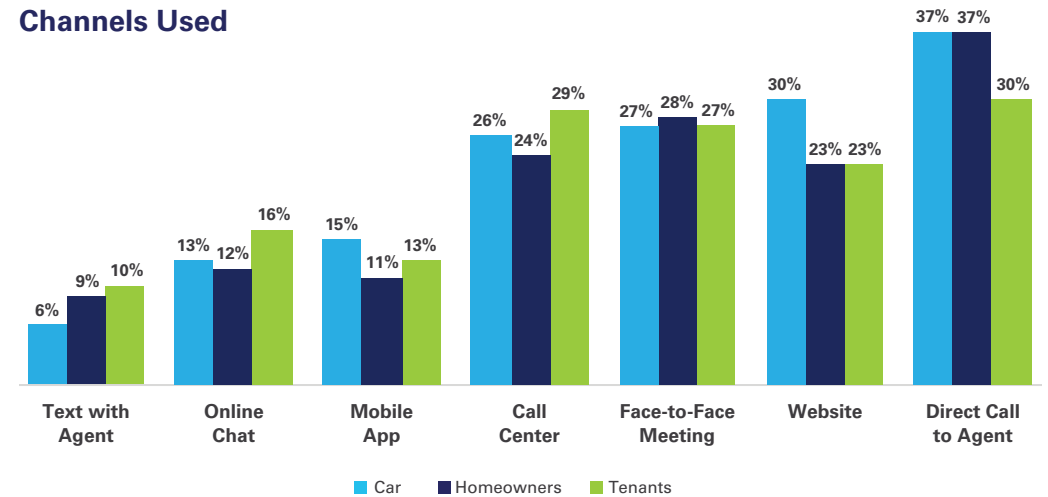
of Gen Zers chose the face-to-face meeting as their preferred form of communication<sup>8</sup>

52%

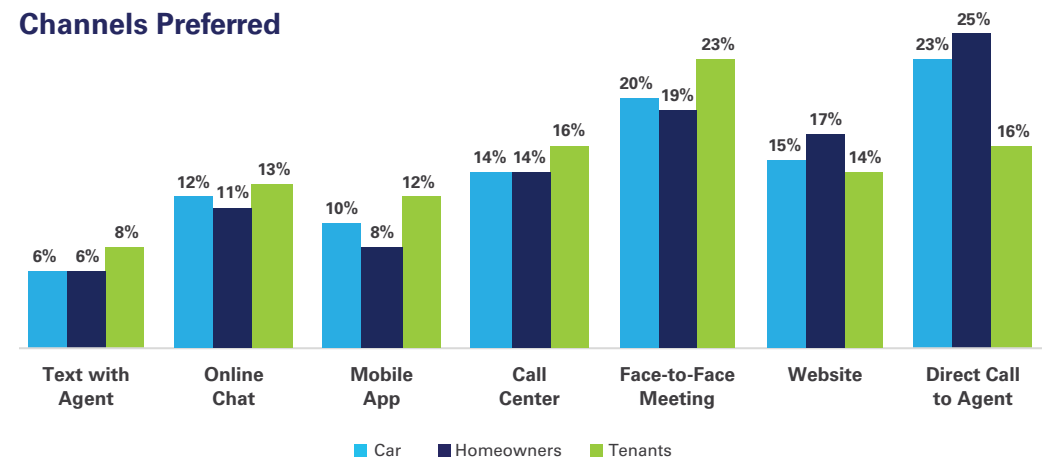
of millennials chose the face-to-face meeting as their preferred form of communication<sup>9</sup>

Which communication channels do you use/prefer to use to interact with your current insurance provider?

Channels Used



Channels Preferred



## Communication Channels

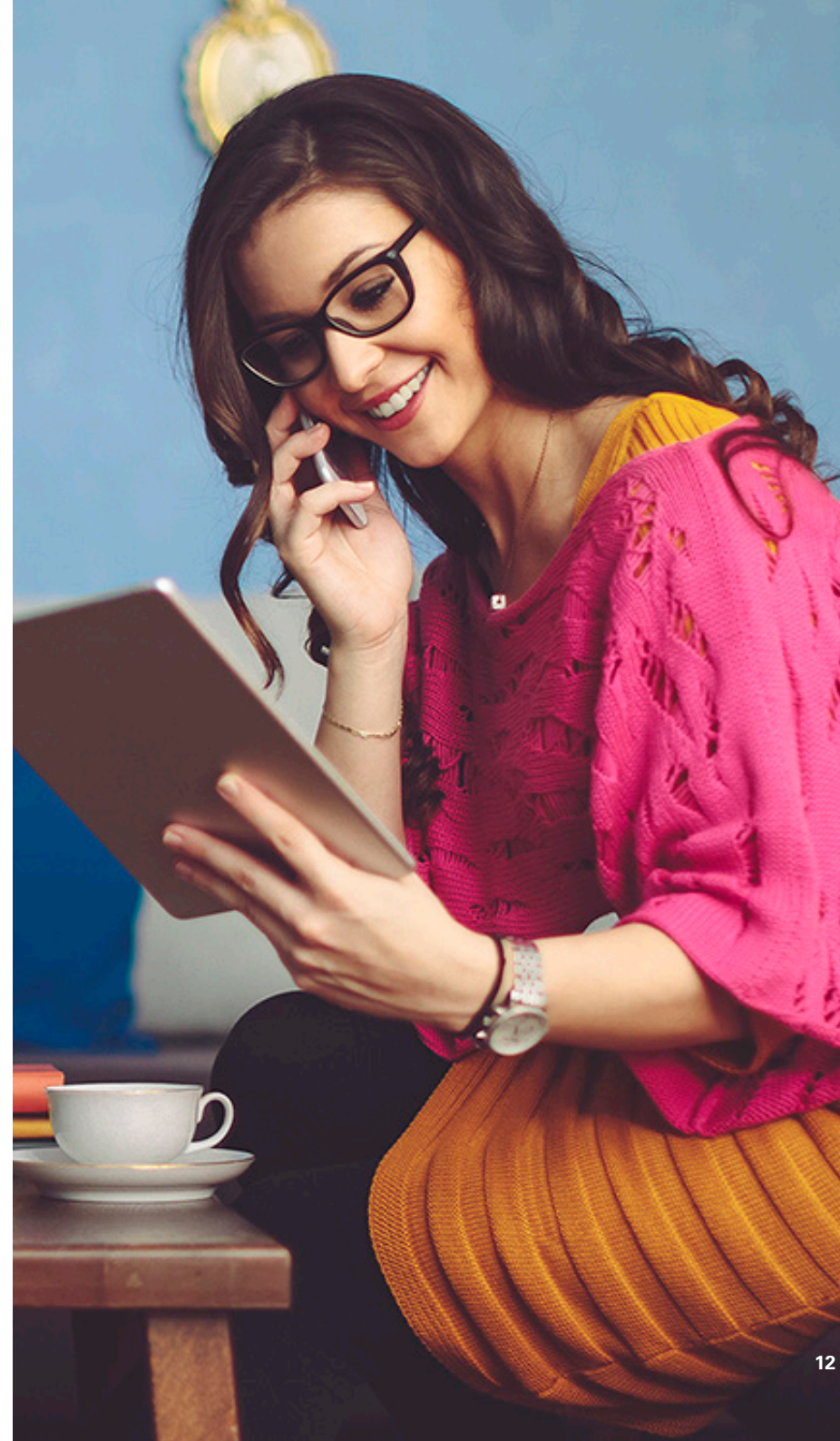
### Notable Findings

- In Canada, younger adults are more likely to make a direct call to a broker when dealing with car insurance than those in the U.S., UK or Ireland.
- Gen Z are more likely to meet face-to-face with their car or homeowners insurance broker than millennials.
- Younger adult males prefer to communicate face-to-face when interacting with their broker for tenants insurance than females.

### Sum and Substance

Once millennials and Gen Z have insurance, they prefer to communicate about their insurance with an actual human, whether by phone or face-to-face. While they love the texting, instant messaging and social networking that technology affords, these younger adults still value traditional communication methods. A worldwide study from Randstad echoes this finding: “Around the globe, more than half of Gen Z (51%) and millennials (52%) chose the face-to-face meeting as their preferred form of communication.”<sup>10</sup>

The preference for face-to-face communication, combined with the fact that these younger adults want brands to be familiar with their preferences and order history<sup>11</sup>, demonstrates the importance millennials and Gen Z put on the advice and guidance that insurance providers deliver.





# Insurance Features

Overall, both 24/7 customer service and mobile app access are perceived to be highly important in selecting a provider.

However around-the-clock customer service is perceived to be more important, especially by younger adults in the United States.

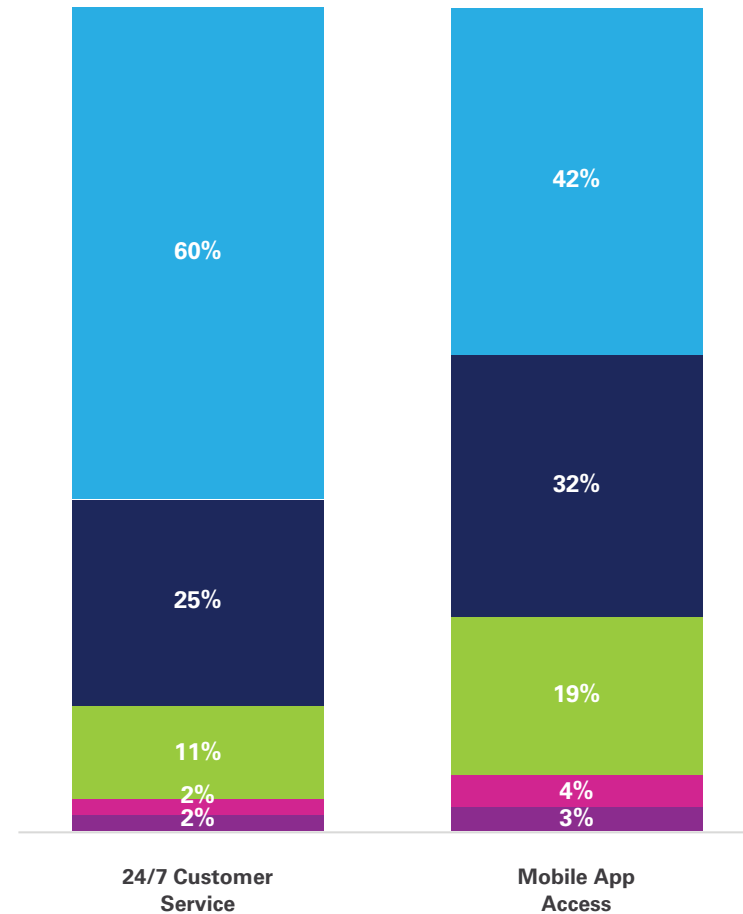
85%

consider 24/7 customer service important when selecting an insurance provider

74%

consider mobile app access important when selecting an insurance provider

When thinking about purchasing insurance in the future, how important would each of these be in your decision to select a provider?



Very Important Somewhat Important Neutral Not Very Important Not At All Important

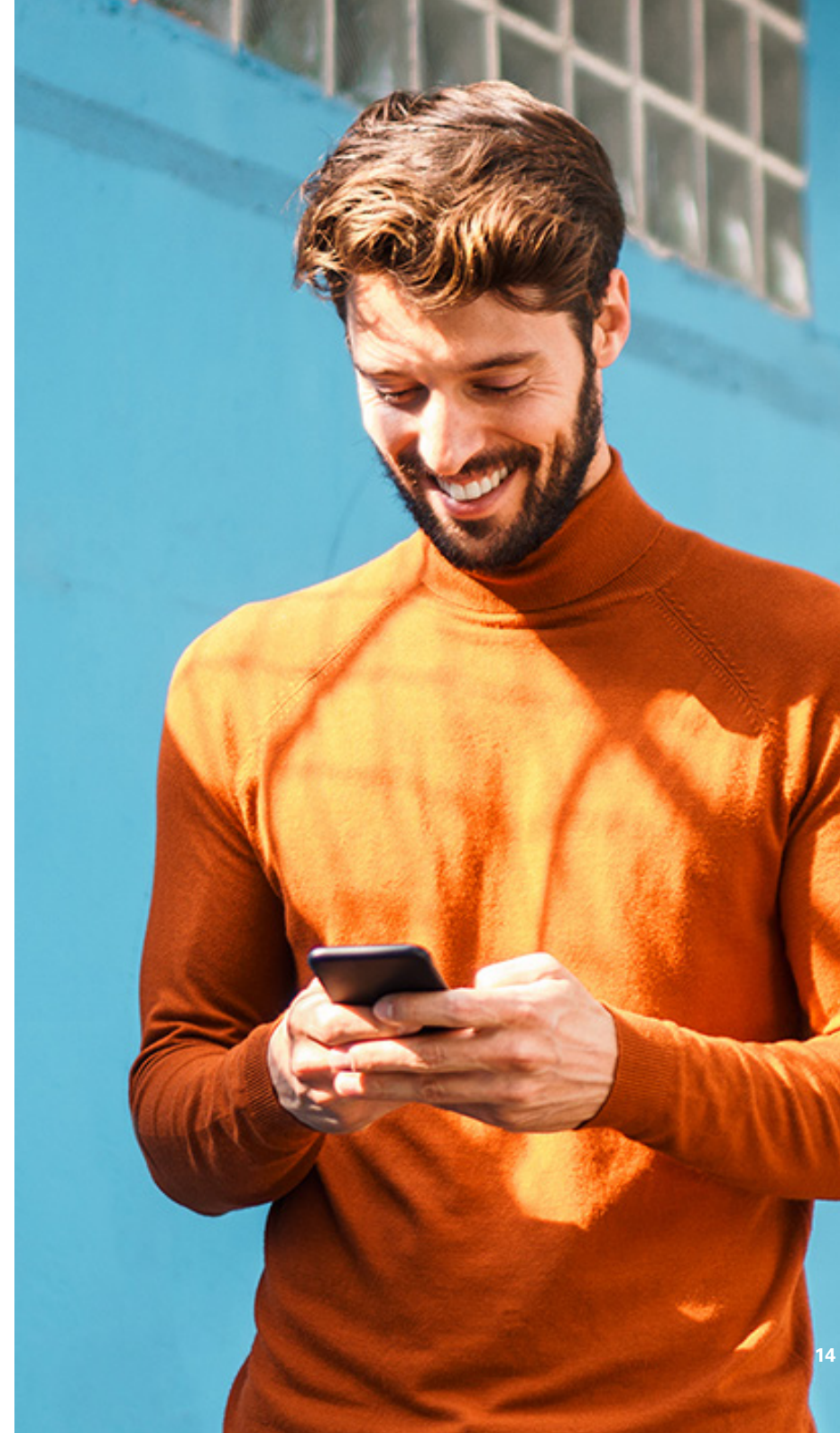
### Notable Findings

- 85% of the millennials and Gen Zers surveyed consider 24/7 customer service important when selecting an insurance provider.
- 74% of millennial and Gen Zers surveyed consider mobile app access important when selecting an insurance provider.
- Younger adults in the U.S. and Ireland are more likely to consider 24/7 customer service and mobile app access as very important, while those in Canada and the UK less so.

### Sum and Substance

As a result of having grown up connected to an “always on, always available” information source via the internet, both millennials and Gen Z prefer insurance providers who offer 24/7 customer service via multiple channels, including mobile apps.

These generations expect the customer-centric, omnichannel experiences that they’ve become accustomed to in other industries. If businesses don’t deliver by offering insurance features such as 24/7 customer service and mobile app access, today’s young consumers will not be shy about seeking out other alternatives as well as sharing feedback about their brand experiences – good and bad – on review sites and social networks.





# 5 Ways to Attract Millennials and Gen Z Consumers

## 1 Hybrid Presence: Enhance tradition with technology

Just because millennials and Gen Z grew up during the Fourth Industrial Revolution – also known as the Digital Age – insurance providers don't have to abandon their brick-and-mortar stores or the traditional practices that got their businesses where they are today. While using technology and staying connected and informed in as many ways as possible is inherent to these younger generations' nature, they are still social beings who seek trusted advice face-to-face. The key is to enhance long-established human relationship building with the convenience and instant service technology provides.

## 2 Customer Experience: Being good is no longer enough

Customer experience is today's new battleground in the acquisition and retention of millennials and Gen Z. Life for both of these generations has been one of instant gratification. They've become accustomed to getting what they want, whenever they want, from any device. Companies like Amazon and Uber have set the standard by which all companies are measured and millennials and Gen Z expect this type of service from everyone they do business with. Don't expect these generations to wait three days for a quote or until morning to make a policy change. Today's younger generations will take their business elsewhere and provide feedback about their brand experiences instantly online to thousands of people. The key is to deliver personalised service and access to information in real time across multiple channels.

## 3 Omnichannel Service: Be there 24/7

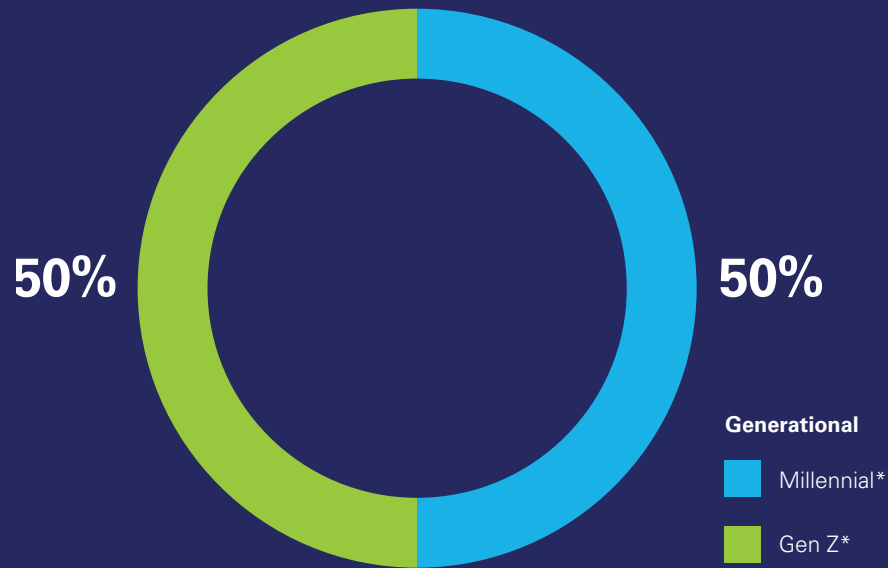
Millennial and Gen Z consumers are ready to do business 24/7 and insurance providers must be too. These always-on consumers expect omnichannel service in real time via whatever channel they choose be it face-to-face, phone, web or mobile app. To win and retain millennials and Gen Z consumers, insurance providers must offer these generations the freedom to interact with their businesses anytime, anywhere with access to insurance information, documents, online bill pay and messages at their convenience.



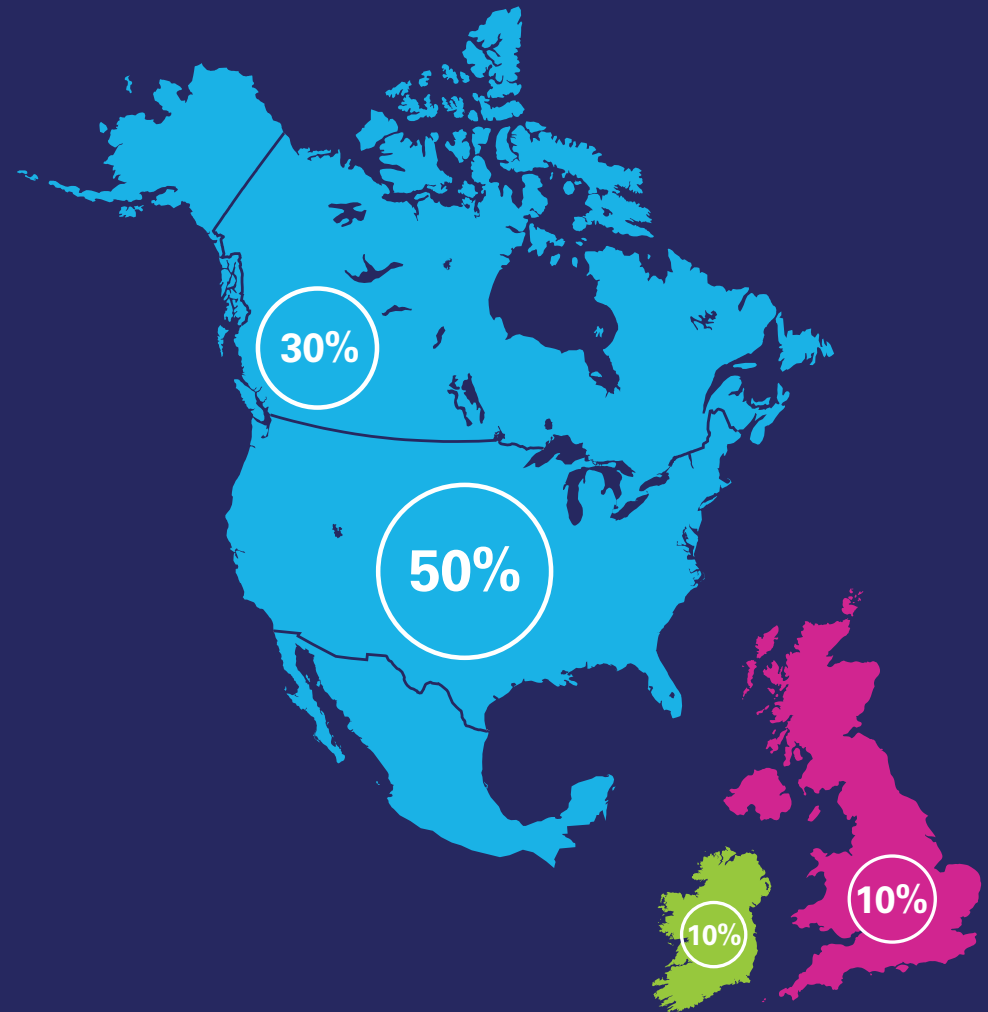


# Demographics

Generational Breakout



Geographical Regions



\*With quotas to ensure an even gender split.

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- <sup>6</sup> [Google Consumer Barometer Study](#)
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- <sup>9</sup> Ibid.
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Recognised as a pioneer in insurance automation and data exchange between brokers, insurers and their customers, Applied is the world's largest provider of agency and broker management systems, serving customers throughout the United States, Canada, Ireland and the United Kingdom. By automating the insurance lifecycle, Applied enables millions of people around the world to safeguard and protect what matters most.







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