

MarketLine Case Study

UK Insurance Aggregators

Keeping customers at the heart of
service is key

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OVERVIEW

Catalyst

The concept of aggregators was brought in with the new millennium, with Moneysupermarket.com the first to launch in 1999. Currently there are four sites – known as the Big Four – that cater to the majority of customers using an aggregator: Moneysupermarket.com, Confused.com, Gocompare.com, and Comparethemarket.com. The purpose of this report is to provide an in-depth study of the aggregator market and how its role as a distribution channel is likely to develop in the future. This report will also discuss the brand strategies of the Big Four and address challenges that the aggregator market faces.

Summary

- Aggregators emerged at the start of the new millennium as a method of price comparison sites for customers. It was primarily a method of entry for assessing competitiveness of current policy or first time entry into the market. However, consumers doing online research are moving away from the platforms, as their simplicity of price comparison can obfuscate more complex elements of the policy (this is critical with respect to life or pet insurance). Despite higher interest in the platforms, conversion rates have remained steady or mildly declined, but customers remain loyal to the aggregator rather than the actual provider of the policy. The customers first choose their aggregator based on site, familiarity, price, and rank in search engines such as Google. Price remains the primary factor in choosing a policy, and over 90% of customers don't go beyond the top 10 results for a quote.
- The insurance market is dominated by Comparethemarket.com and Moneysupermarket.com, although Gocompare.com and Confused.com also constitute a considerable share of the market, making it oligopolistic between the four. The companies' web traffic is increasing, and the aggregators are attempting to solidify respective brands with the UK market through advertising. Moneysupermarket.com favors TV advertising to drive traffic with its #EpicStrut campaign achieving viral status, but is also investing in technology to improve customers' mobile experiences in order to protect insurance revenues, which are over half the group's revenues. Comparethemarket.com was the first to introduce a character to market its brand, something which the others have emulated. It has launched a complementary merchandise range with an array of characters (primarily Russian meerkats) but also offered two-for-one cinema tickets for a year with a purchase of its products. However, the parent company BGL Group is seeking to expand its other brands in other countries while maintaining Comparethemarket.com's presence. As a consequence the brand's advertising spend has declined significantly, which may lead it open to challenges from other incumbents. Gocompare.com has been acquired by esure, which has resurrected a maligned brand marketing character to maintain its relevance. It is seeking greater efficiency in advertising spending and also expanding its product offering. Admiral, the parent company of confused.com, is instead focusing on pushing its US based aggregator. It has suffered falling revenues, and is turning to a character driven campaign led by social media engagement to keep it in the minds of UK consumers.
- In the future, the aim is to improve communication and transparency, with wide MFN contract clauses banned in motor insurance to stimulate competition further. Insurers will have to disclose more information at the point of renewal, and where the money goes in terms of premiums and aggregator fees. Video and audio will also be used to help consumers' speedread the terms and conditions. On the aggregator side, aggregators are investing in mobile capacity to keep pace with changing consumer habits.

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AGGREGATORS ARE LOSING RELEVANCE FOR CUSTOMERS

Aggregators emerged at the start of the new millennium as a method of price comparison sites for customers. It was primarily a method of entry for assessing competitiveness of current policy or first time entry into the market. However, consumers doing online research are moving away from the platforms, as their simplicity of price comparison can obfuscate more complex elements of the policy (this is critical with respect to life or pet insurance). Despite higher interest in the platforms, conversion rates have remained steady or mildly declined, but customers remain loyal to the aggregator rather than the actual provider of the policy. The customers first choose their aggregator based on site, familiarity, price, and rank in search engines such as Google. Price remains the primary factor in choosing a policy, and over 90% of customers don't go beyond the top 10 results for a quote.

Aggregators emerged at the start of the new millennium

The concept of aggregators was brought in with the new millennium, with Moneysupermarket.com the first to launch in 1999. Currently there are four sites – known as the Big Four – that cater to the majority of customers using an aggregator: Moneysupermarket.com, Confused.com, Gocompare.com, and Comparethemarket.com.

Aggregators, also known as price comparison sites, are online platforms that allow customers to compare a wide range of products from different providers. They compile a list of suitable products based on a customer's specified requirements and provide a link to the place of purchase. As a means of comparing numerous products in a compact space, aggregators are an ideal location for customers to enter an insurance marketplace for the first time or to assess the competitiveness of their current policy. It allows customers to compare policy price as well as determine the level of cover they require, which ultimately helps them make well informed decisions quickly.

The majority of insurance products available on aggregators are within the personal insurance market. However, the presence of commercial lines insurance has been growing over the last few years, although orientation is still towards small organizations or the self-employed. Some aggregators offer more than just price comparison for insurance, allowing customers to similarly compare utility providers, financial products, or holiday deals.

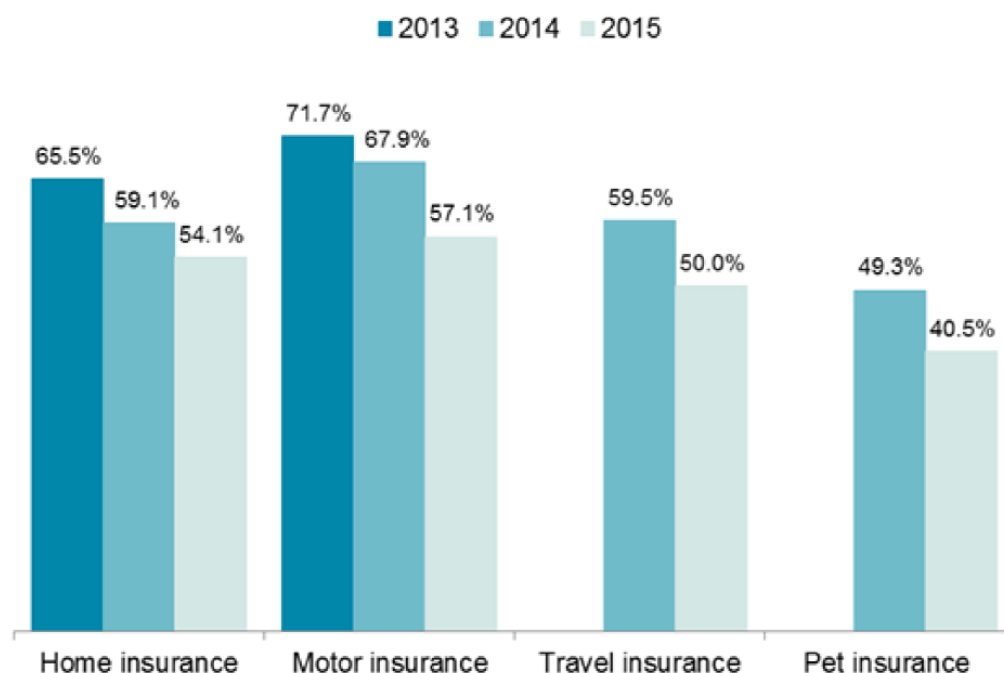
Online research is moving away from aggregator sites

As an online marketplace that allows customers to compare various products from a range of insurers, it is no surprise that visiting an aggregator is the most popular action to take before buying insurance. Comparing policies independently would be extremely time-consuming, whereas comparison sites are a convenient and efficient research tool any customer can access. But while a high proportion of customers use an aggregator to research before buying, fewer are choosing to do so year-on-year.

Price comparison sites were initially developed for the sale of motor insurance, so as expected customers looking to purchase this insurance type have consistently been the biggest users of aggregators to research before they buy. Motor insurance is a legal requirement in the UK and so is often grudgingly purchased by customers. This and rising premiums have given customers good reason to go to aggregators to find the best policy, with price as the key determinant. However, motor insurance has experienced the greatest decline in customer use as a research tool, dropping by 14.6 percentage points since 2013.

Figure 1: The use of aggregators to research insurance products is decreasing

Percentage of respondents using a price comparison site to research before they buy, 2013-2015



Note: data for travel and pet insurance was not collected in 2013.

SOURCE: Verdict Financial's 2013, 2014, and 2015 General Insurance Consumer Surveys

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Home insurance customers are the second highest users of aggregators as a research tool. Although a non-compulsory product, customers invest a large amount of money when buying a property, so it is only logical that a high proportion want to financially protect themselves against damage. Compared to motor insurance, home insurance offers less price differentiation, meaning fewer customers are motivated to compare prices on aggregators. But similar to motor insurance, the use of the channel as a research tool is declining, down by 11.4 percentage points since 2013.

Travel insurance and pet insurance are newer product lines on price comparison sites, meaning fewer customers research them through the channel compared to those buying home or motor insurance. In 2015 half of travel insurance customers stated that they researched on a price comparison site before purchasing their most recent policy. Some aggregators now also provide a service that allows customers to compare holiday deals, making it a convenient place of research for both a holiday and travel insurance. However, as a research channel the use of aggregators by travel insurance customers fell by 9.5 percentage points from 2014 to 2015.

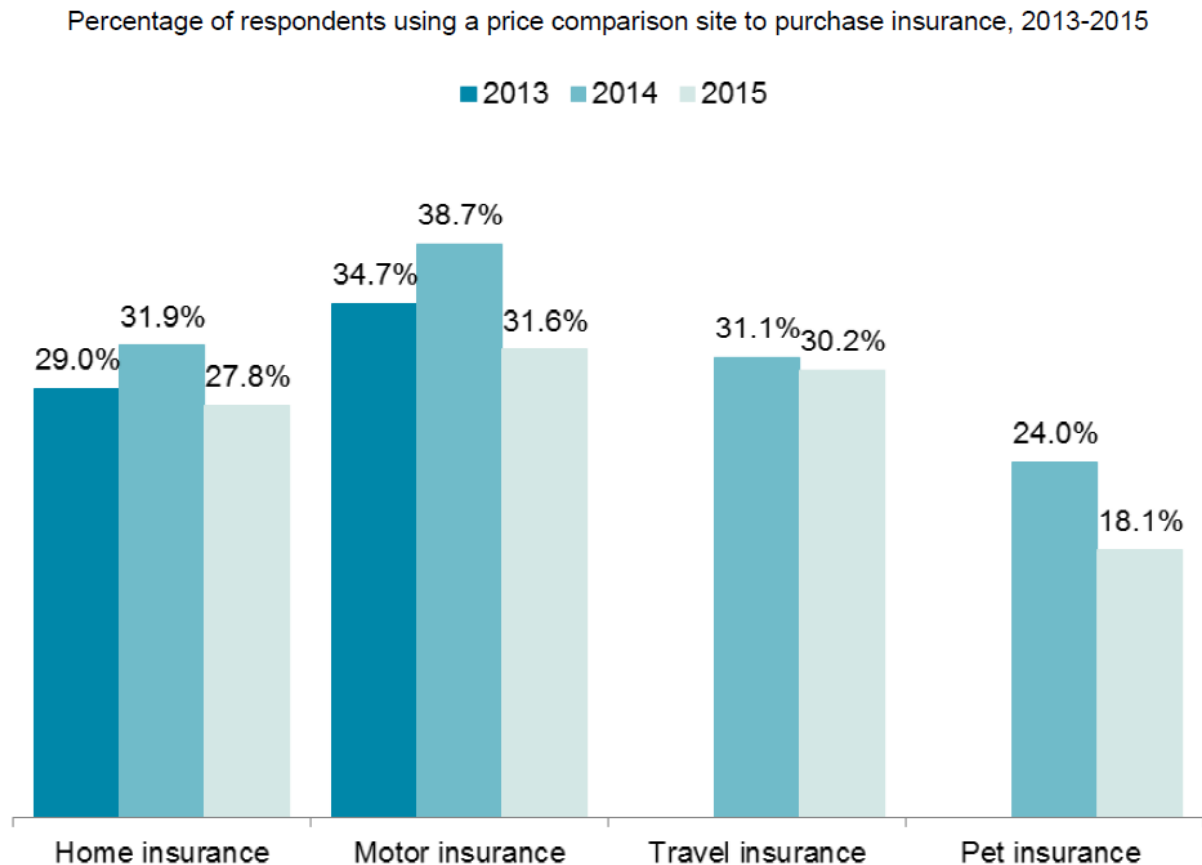
Pet insurance customers are the least prone to using an aggregator to research before buying. Pet insurance policies are more complex compared to other insurance types. Therefore the simplification of policy types on aggregator sites can make research harder for pet insurance customers. The use of the channel to research before purchase is down 8.8 percentage points year-on-year.

Instead of using aggregators, customers are shifting towards online research through a broker or insurer website. The shift towards researching direct suggests customers are seeking finer details about insurance policies than aggregators currently provide. The simplification of products on aggregators is beneficial for those purely focused on price, but it seems that not presenting smaller aspects of a policy is deterring customers who want further information about what they are buying. Aggregators therefore need to improve the way they present products to customers by increasing product transparency and giving customers the ability to compare more than just price.

Fewer customers are using aggregators to purchase insurance

Price comparison sites are the second most popular channel used to purchase a policy, behind going direct to the insurer. Considering around half of customers are already using the channel to research products online, it is a convenient way for them to also purchase their selected product. However, as the proportion of customers using the channel to research insurance products declines so too is the proportion using the channel to purchase insurance.

Figure 2: Fewer customers are purchasing insurance products through aggregators



SOURCE: Verdict Financial's 2013, 2014, and 2015 General Insurance Consumer Surveys

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Conversion rates remain fairly steady year-on-year

Customers that visit an aggregator do not always follow through to making a purchase via the channel. They may intend to only check up on the market at the point of renewal, or they may purchase a policy from a quote at a later date through another channel. Conversion rate is the percentage of customers purchasing through a price comparison site out of the total number who visited it. Aggregators want this percentage to be as high as possible, as the majority of their income is earned through commission paid to them by insurers for facilitating a successful sale.

Conversion rates for home and motor insurance surged from 2013 to 2014 due to a combination of more customers purchasing through the channel and fewer customers visiting aggregators to research before purchase. Conversely, from 2014 to 2015 conversion rates remained steady or decreased slightly.

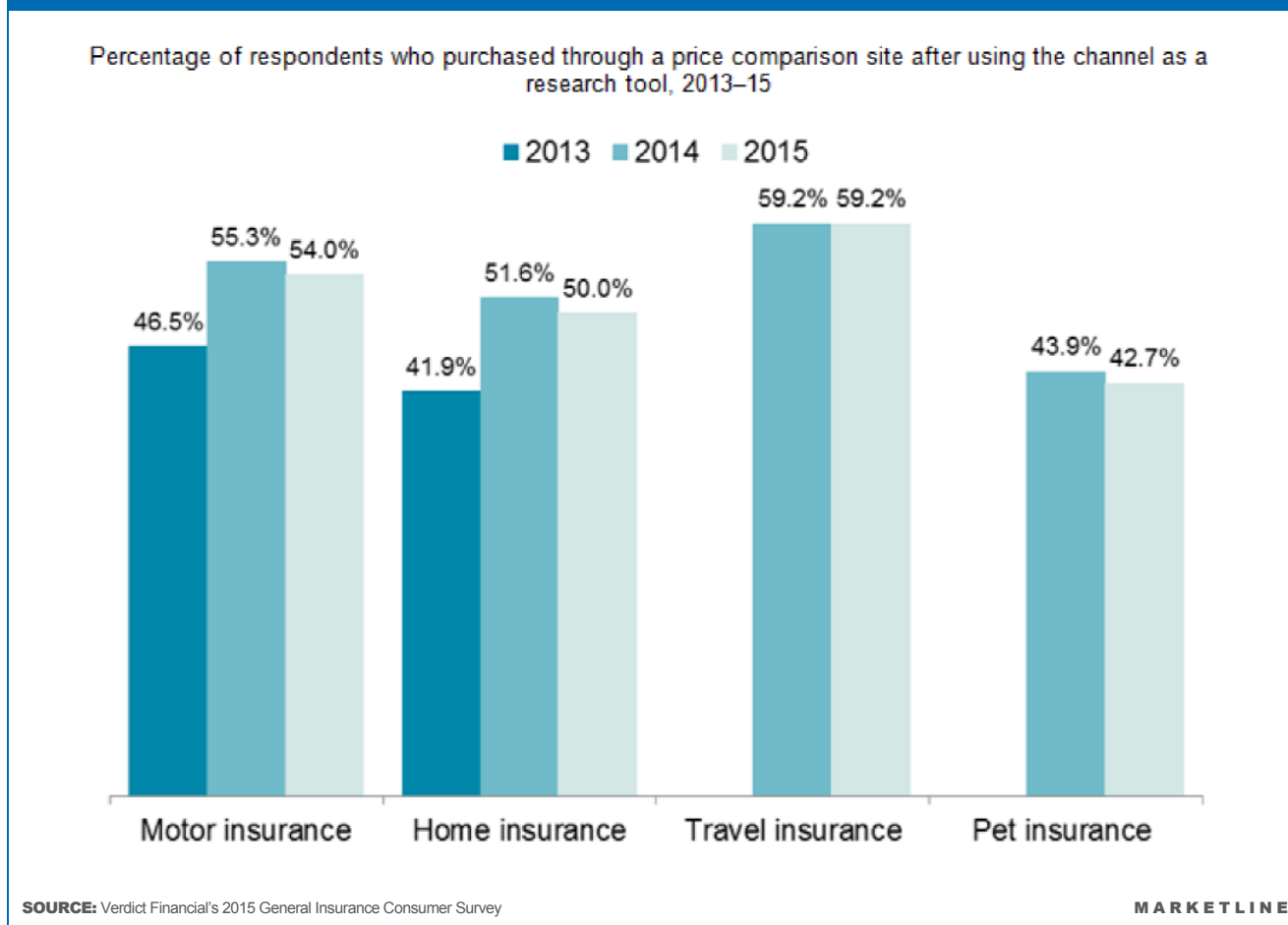
This is because both the number of consumers researching through price comparison sites and the number of consumers purchasing through price comparison sites have declined at similar rates.

Although it is encouraging that the decline of conversion rates has not been greater, aggregators still need to address the falling use of price comparison sites in the insurance market. The focus should be on first motivating more customers to

use aggregators and secondly encouraging more of these customers to purchase a product through the channel.

As one of the more straightforward, transparent, and cheaper insurance products on the market, travel insurance customers need less time to deliberate their purchase. These factors – as well as the tendency for purchases to be left to the last minute – all contribute towards travel insurance customers having the confidence to purchase a policy there and then, resulting in the highest customer conversion rate of all insurance. Travel was the only insurance line to maintain its conversion rate from 2014 to 2015.

Figure 3: The conversion rate is highest for customers purchasing travel insurance



Pet insurance had the lowest proportion of customers both researching and buying through price comparison sites; therefore it is no surprise that the market also has the lowest conversion rate. Aggregators need to do more to make pet insurance more accessible to customers. They need to bear in mind that the simplification of pet insurance policies purely for the purpose of price comparison does not suit this type of customer's needs. The preference towards lifetime cover can prevent pet insurance customers switching full stop, but those who do want to explore the market have greater concerns than just policy cost – they also need to consider the long-term impact of their policy selection as their pet ages or develops an ongoing illness.

Fewer customers are looking to switch provider

Although most customers are still switching provider at the end of a policy, fewer are comparing alternative providers and products year-on-year, which has consequently contributed to the decreasing number of customers using aggregators.

The lack of price differentiation between policy premiums has resulted in fewer customers being motivated to switch provider (even after shopping around) year-on-year, as the amount of money saved is not enough to warrant change. This has also caused more customers to opt for automatic renewal, as at the point of renewal they see a lack of product and price variation in the market.

Table 1: Most customers switch provider at the point of renewal

What action did you take at the end of your most recent policy, 2015			
	Motor insurance	Home insurance	Pet insurance
Automatically renewed	10.7%	13.9%	27.0%
Renewed after shopping around	30.9%	31.4%	21.6%
Switched	47.6%	46.7%	28.6%
First policy, yet to renew	6.0%	4.2%	18.4%
Don't know	4.9%	3.8%	4.3%

SOURCE: Verdict Financial's 2015 General Insurance Consumer Survey

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Table 2: Fewer customers are switching provider, with more opting for automatic renewal

Switching activity percentage point movement, 2014–15			
	Motor insurance	Home insurance	Pet insurance
Automatically renewed	6.6pp	8.2pp	8.8p
Renewed after shopping around	2.5pp	5.6pp	-8.1pp
Switched	-14.1pp	-17.3pp	-5.3pp
First policy, yet to renew	1.3pp	2.2pp	4.9pp
Don't know	3.8pp	1.3pp	-0.4pp

SOURCE: Verdict Financial's 2014 and 2015 General Insurance Consumer Survey

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The danger of automatic renewal is that customers are naive to what the wider market offers, which raises the question of what will need to happen before customers are motivated enough to break loyalty from their existing policy. One way customers could be encouraged to revert back to using price comparison sites would be the hardening of rates, whereby customers would search for the cheapest deal in order to save money from rising premiums. Another instance would be by increasing competition to create greater differentiation. New regulation aims to promote consumer switching and transparency by prompting insurers to inform customers about year-on-year changes at the point of renewal.

Customers are loyal to their aggregator but not their provider

Customers are more prone to reuse the aggregator rather than maintain loyalty to the brand of the provider. Familiarity, price, and search engine rank is key to the popularity of the aggregator. Once the aggregator is chosen, customers are more likely to compete on price than brand. Many customers also don't look beyond the top ten of

Aggregator selection is based on site familiarity, price, and search engine rank

By far the most popular reason for choosing a particular aggregator was because a customer had used it before, suggesting that customers who have used a service previously are likely to remain loyal. Familiarity and prior experience with a brand is important in retaining customers in that the purchasing journey is made easier and more convenient where they have an existing profile with the site and they know how to use it. Marketing strategies should consequently focus on attracting customers in the first instance. However, with the Big Four already facilitating policy purchase for a large proportion of the aggregator market this will be a harder task for smaller companies.

Price was also an important aspect of aggregator selection. Confused.com was the most popular site for those choosing an aggregator because it had the cheapest prices. Aggregator sites outside of the Big Four were also competitive for customers searching for the cheapest prices, with a higher proportion of price-conscious consumers using these sites than Comparethemarket.com or Moneysupermarket.com.

Often a first point of call for customers going online, search engines are a useful tool to direct customers to where they want to go. Generally, sites that are in the top few results of a search will generate more web traffic through search engines compared to sites further down the list. Therefore search engine optimization – the aim of improving a website's search engine result ranking – is a key marketing strategy. Customers using search engines to research insurance products indicates inexperience on their part; therefore they are likely to be less biased towards more established sites, making this an opportunity for aggregators outside of the Big Four looking to increase their web traffic. Out of customers who used a search engine to find an aggregator, most used Gocompare.com, followed by Confused.com and Moneysupermarket.com. Comparethemarket.com had considerably fewer customers accessing the site through a search engine, correlating with its lower position on search engine results pages in comparison. Instead of searching for generic insurance products, aggregators instead want to encourage customers to search for their brand.

Figure 4: Customers remain loyal to an aggregator they have used before

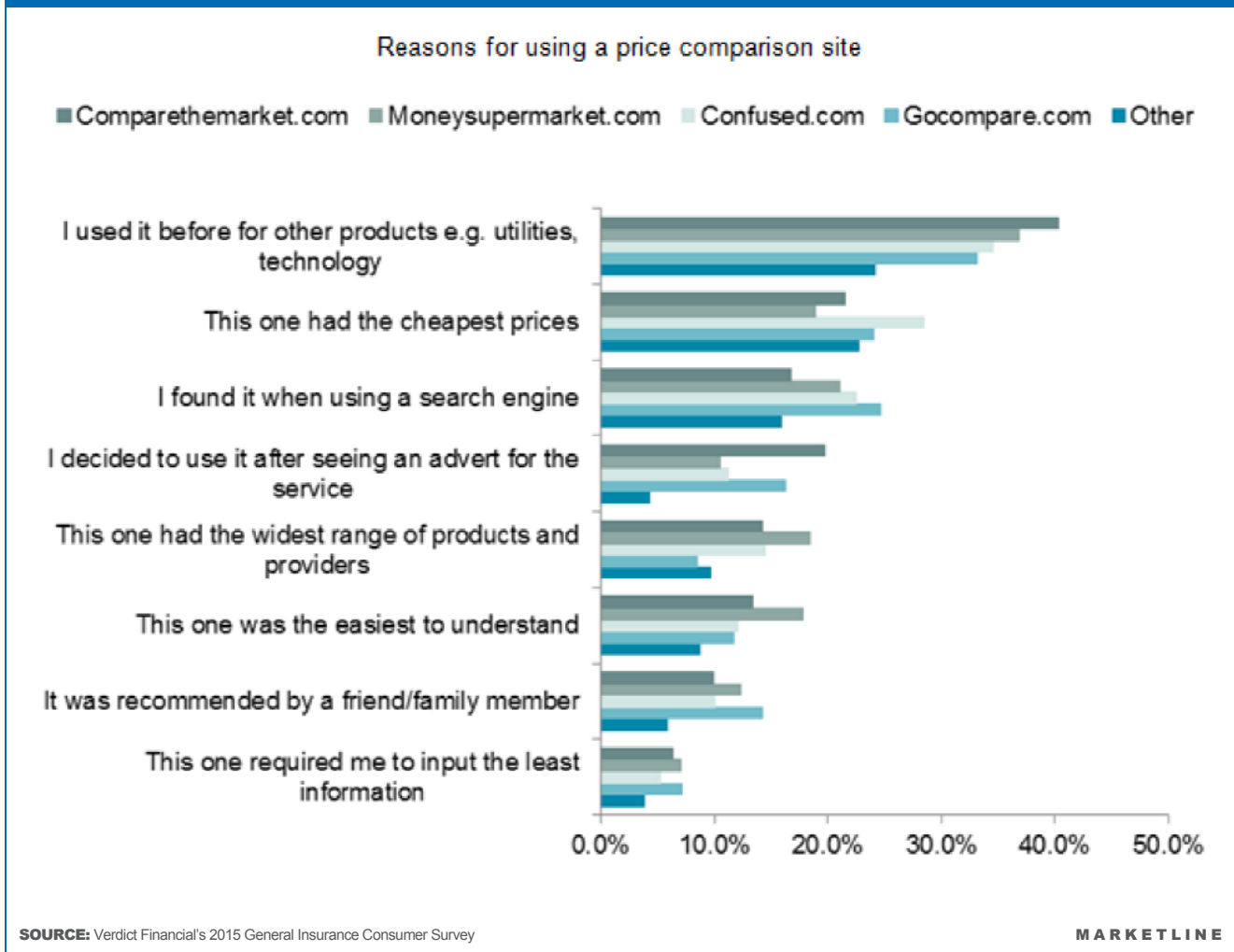


Table 3: Price was influential to customers when selecting an aggregator

	Comparethemarket	Moneysupermarket	Confused	Gocompare	Other
I used it before other products	40.4%	36.8%	34.5%	33.1%	24.2%
This one had the cheapest prices	21.5%	19.0%	28.5%	24.0%	22.7%
I found it when using a search engine	16.8%	21.1%	22.5%	24.7%	15.9%
I decided to use it after seeing an advert for the service	19.7%	10.5%	11.2%	16.2%	4.3%
It had the widest range of products and providers	14.3%	18.4%	14.5%	8.4%	9.7%
This one was the easiest to understand	13.4%	17.9%	12.0%	11.7%	8.7%
It was recommended by a friend/family member	9.9%	12.3%	10.0%	14.3%	5.8%
This one required me to input the least information	6.3%	7.0%	5.2%	7.1%	3.9%

SOURCE: Verdict Financial's 2015 General Insurance Consumer Survey

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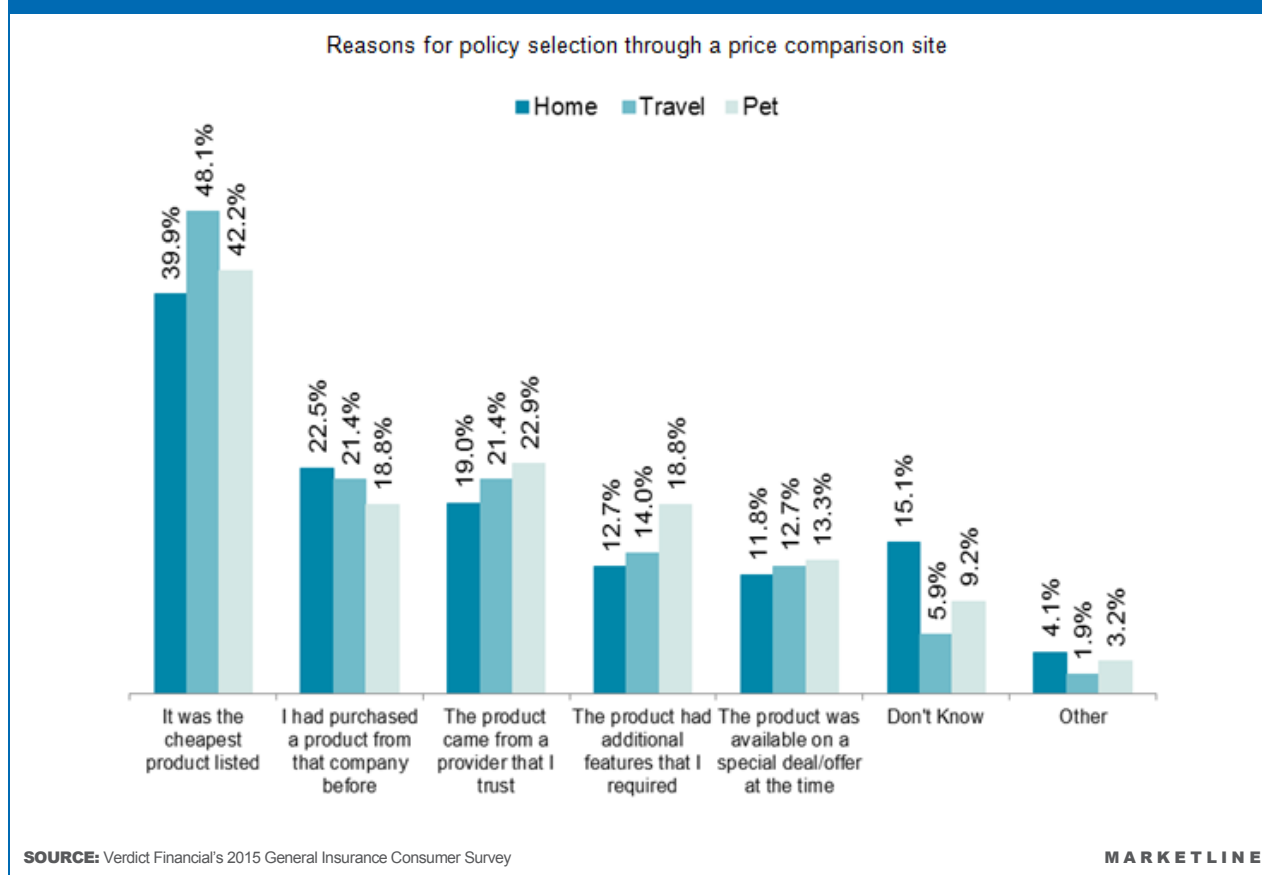
Policy price is the key determinant for customers purchasing through an aggregator

Once a customer has generated a quote through an aggregator they are presented with a list of policies determined suitable for them according to the personal information and policy requirements they specified. It is then up to the customer to choose which policy, if any, they buy.

The greatest proportion of customers buying through an aggregator selected the cheapest policy listed, emphasizing price as the most influential factor when buying through the channel. Comparison sites automatically rank policies generated by a quote by price so that customers are always drawn to the cheapest available, which is a beneficial feature for price-focused customers.

The insurance provider was also influential to customers when selecting a policy, with a significant proportion buying from a provider they had purchased from before or that they trusted. This emphasizes the importance of brand recognition to consumers – even more so that the actual features of the product. Therefore providers should not just rely on advertising from aggregators to attract customers but should also promote their own brand, as they cannot solely rely on their products to influence consumer purchasing decisions.

Figure 5: Price is the most influential factor when selecting a policy



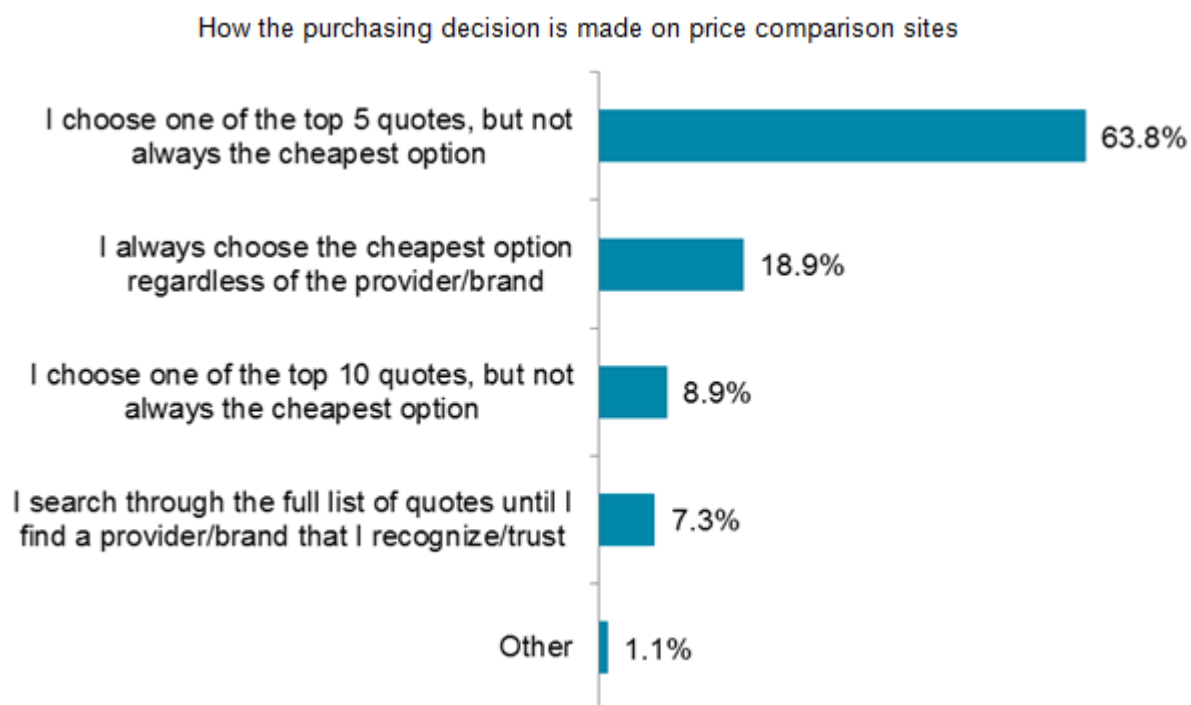
Over 90% of customers don't look past the top 10 results of a quote

When presented with a quote most customers pick one of the top five results. This means that how aggregators rank quotes is extremely influential to customer purchasing decisions, with 91.6% of customers not looking further than the top 10.

As price comparison sites display the cheapest policies at the top of a quote, customers are kept focused on the lowest premiums. However, only 18.9% of customers stated that they always chose the cheapest option, highlighting that there is reasonable scope for insurers to influence customers to choose their brand as long as they rank within the top five to 10 policies.

Although price will remain the key determinant of policy selection in the future, aggregators need to do more to highlight that just because a policy is the cheapest it is not always the best value for money. Overemphasis on price can cause customers to be unaware of the finer details of the policy they are buying, which could cause greater expense in the long term and in extreme cases could compromise their eligibility to make a claim.

Figure 6: Customers typically select one of the cheapest policies available



SOURCE: Verdict Financial's 2015 General Insurance Consumer Survey

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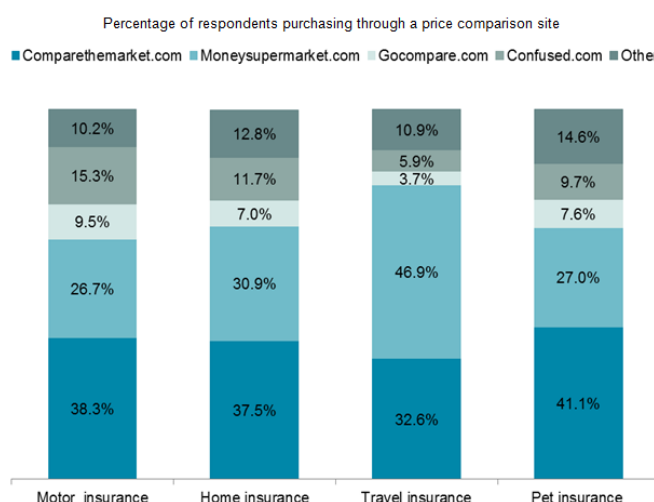
BRAND STRATEGY OF THE BIG FOUR

The insurance market is dominated by Comparethemarket.com and Moneysupermarket.com, although Gocompare.com and Confused.com also constitute a considerable share of the market, making it oligopolistic between the four. The companies' web traffic is increasing, and the aggregators are attempting to solidify respective brands with the UK market through advertising. Moneysupermarket.com favors TV advertising to drive traffic with its #EpicStrut campaign achieving viral status, but is also investing in technology to improve customers' mobile experiences in order to protect insurance revenues, which are over half the group's revenues. Comparethemarket.com was the first to introduce a character to market its brand, something which the others have emulated. It has launched a complementary merchandise range with the array of characters (primarily Russian meerkats) but also offered two-for-one cinema tickets for a year with a purchase of its products. However, the parent company BGL Group is seeking to expand its other brands in other countries while maintaining Comparethemarket.com's presence. As a consequence the brand's advertising spend has declined significantly, which may lead it open to challenges from other incumbents. Gocompare.com has been acquired by esure, which has resurrected a maligned brand marketing character to maintain its relevance. It is seeking greater efficiency in advertising spending and also expanding its product offering. Admiral, the parent company of confused.com, is instead focusing on pushing its US based aggregator. It has suffered falling revenues, and is turning to a character driven campaign led by social media engagement to keep it in the minds of UK consumers.

Moneysupermarket.com and Comparethemarket.com dominate the insurance market

Of all customers purchasing insurance through an aggregator, the majority used either Moneysupermarket.com or Comparethemarket.com. Comparethemarket.com was the most popular aggregator for all insurance lines except travel, where Moneysupermarket.com was the most frequently used (due to its greater expertise in the space through sister site Travelsupermarket.com). Of the Big Four, Gocompare.com was the least popular aggregator in all insurance lines, followed by Confused.com. A significant proportion of customers are still choosing to visit a site outside of the Big Four, showing that customers are open to using other sites.

Figure 7: Moneysupermarket.com and Comparethemarket.com are the leading aggregators



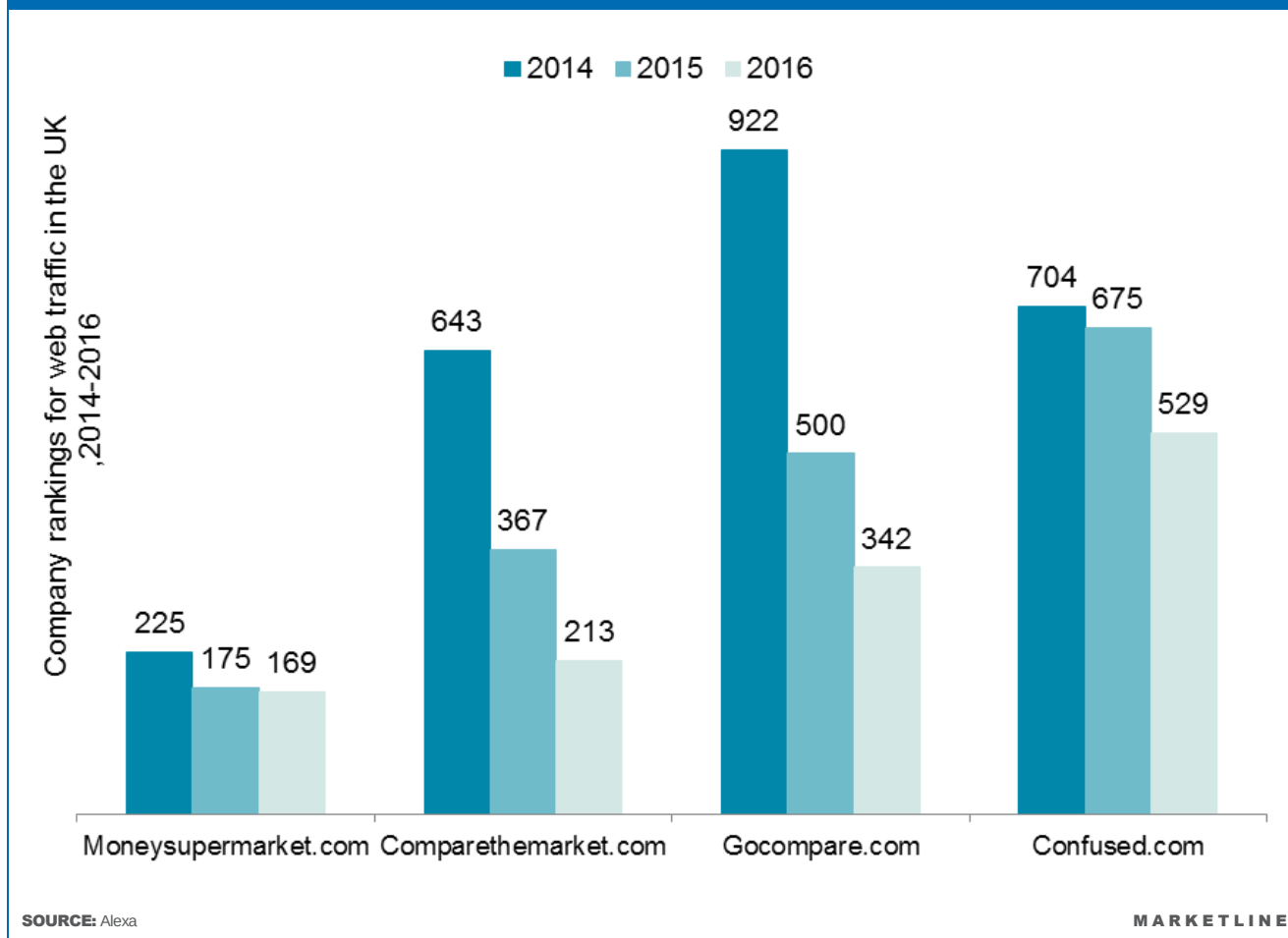
SOURCE: Verdict Financial's 2015 General Insurance Consumer Survey

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Big Four web traffic is increasing

Web traffic (which reflects customers buying more than just insurance) has risen for the Big Four over the last few years. This highlights further consolidation of the aggregator market, creating a tougher barrier to entry for smaller players. Figure 8's rankings were accessed January 17, 2014; February 23, 2015; and February 8, 2016.

Figure 8: Moneysupermarket.com has the most UK web traffic of the Big Four

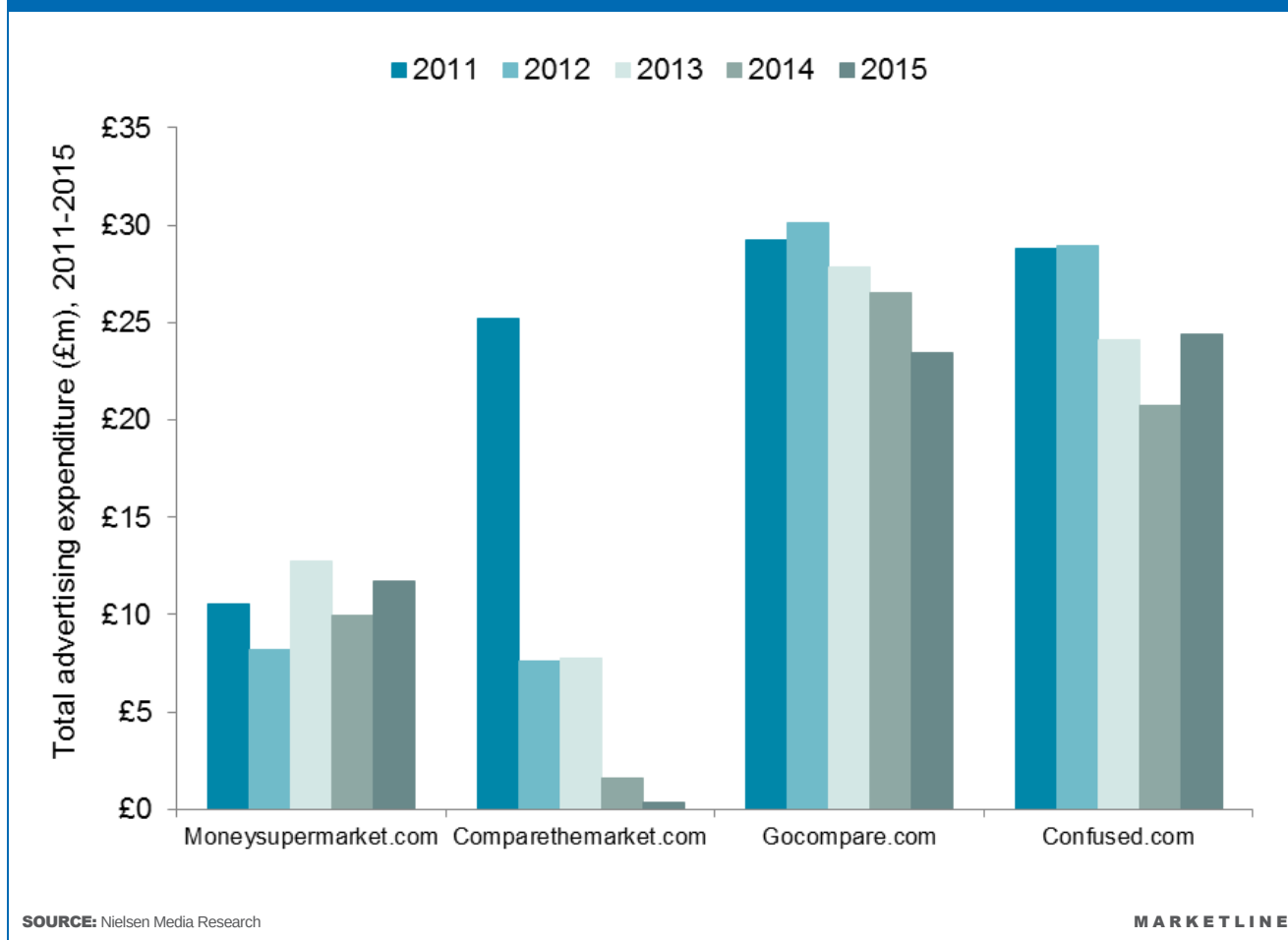


Moneysupermarket.com remains the leading aggregator site out of the Big Four by having the highest ranking for UK web traffic, yet its dominance is deteriorating as web traffic increases for its key competitors. Moneysupermarket.com – which has maintained steady investment in advertising – has slightly improved its company rank for UK web traffic by 56 places since 2014.

Comparethemarket.com is the second most popular aggregator, ranking 44 places behind Moneysupermarket.com in 2016 for UK web traffic. Since 2014 the brand has improved its UK web ranking by 430 places despite having been by far the smallest spender on advertising over the period.

As the two Big Four sites with the lowest web traffic, Gocompare.com and Confused.com spend much more on marketing campaigns than Moneysupermarket.com and Comparethemarket.com. Although they have spent similar amounts on marketing campaigns in recent years, Gocompare.com has improved its company web ranking by 580 places compared to Confused.com's 175 places since 2014. This movement means Gocompare.com has overtaken Confused.com as the aggregator with the third highest web traffic.

Figure 9: Total marketing expenditure varies for the Big Four



Aggregators are building a connection with customers through advertising

Aggregators invest in extensive marketing campaigns to promote their brand to consumers. Advertising is the primary method aggregators use to establish a customer base, with the most established spending millions of pounds each year on different campaigns across a variety of mediums. Advertisements (especially television campaigns) can be extremely expensive, making cost a significant barrier to entry. However, as aggregators are reliant on the number of customers purchasing through the channel, adverts that aim to capture the widest possible audience are essential.

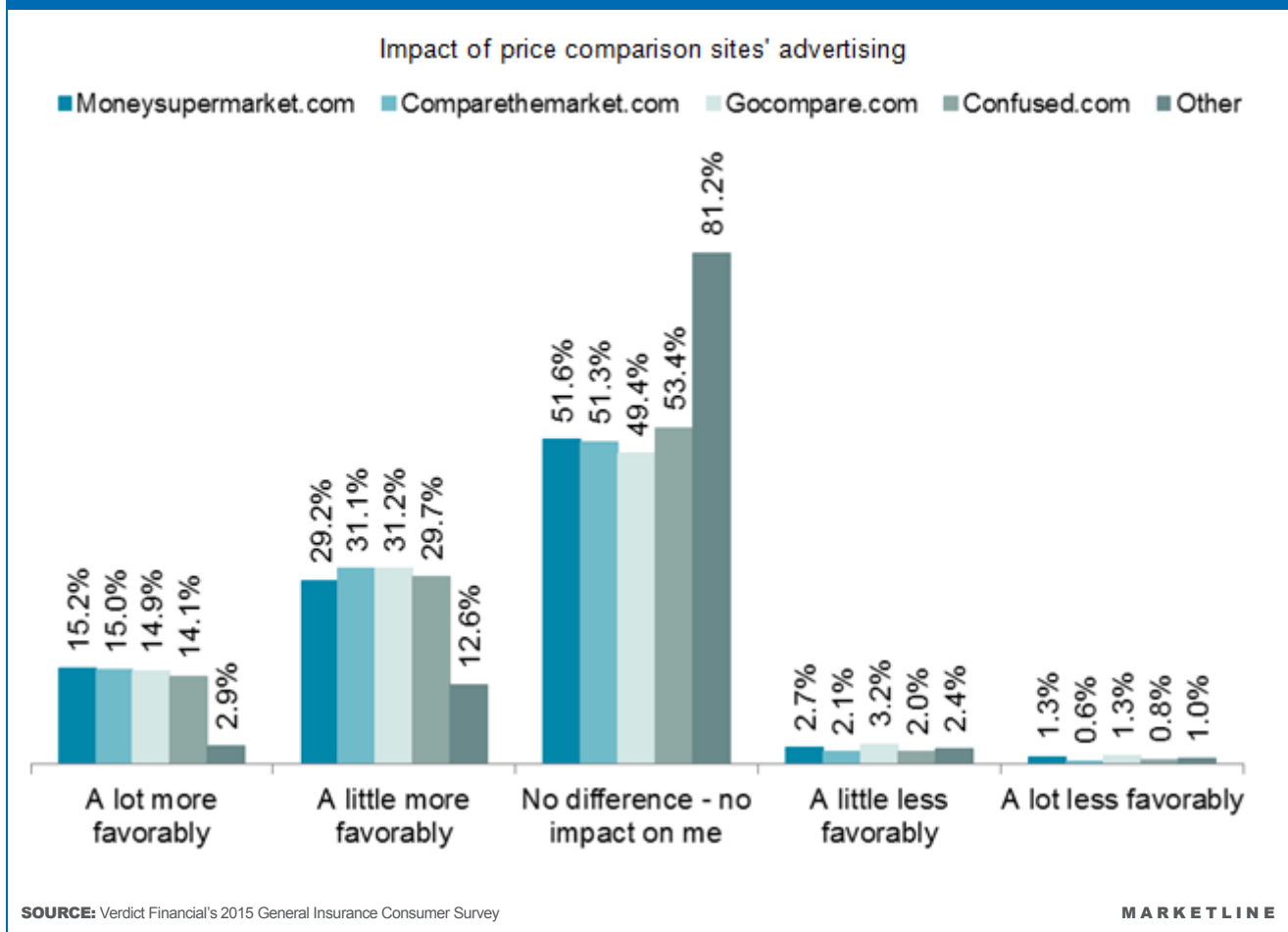
Advertising has become integral to the aggregator market as the Big Four compete to have the most memorable campaigns. Marketing strategies for the Big Four aggregators have focused on building a relationship with customers, mainly through the use of iconic characters that represent their brands. Keeping adverts at a safe distance from the topic of insurance, they aim to amuse and entertain customers as they follow the journey of the campaign stars.

The impact of aggregator marketing is felt more positively for customers than negatively, although the majority of customers stated that they felt indifferent. Despite their differences in approach, the impact of advertising was similar across all of the Big Four, whereas advertisements for smaller aggregators were much less effective in comparison.

Advertisements from Gocompare.com had not been well received by customers in recent years due to its bold content featuring fictional tenor Gio Compario.

However, it seems that after giving customers a much-needed break from “the man with the moustache” and taking a more subtle approach over recent years, customers are now viewing its adverts in a more positive light. This should serve to remind aggregators that there is a fine line between humor and irritation, and that producing over-the-top ads may drive away potential customers. This is particularly important given the frequency with which they are viewed due to them being pushed strongly by sites.

Figure 10: Marketing campaigns are more effective for the Big Four than for smaller sites



Moneysupermarket.com is investing in technology to upgrade its service

Insurance generates over half the group's revenues and is the biggest earning segment. The company is aiming to protect its main source of revenue with a three year investment program to improve the mobile channels. However, it is also trying to win over consumers with its television advertising campaign, such as #Epicstrut which went viral after its launch.

Insurance generates over half of the Moneysupermarket.com group's revenues

Product diversity is one of the strengths of Moneysupermarket.com. The aggregator offers more than just insurance, also covering price comparison for utility providers; financial products such as credit cards, saving accounts, and loans; and holidays. This makes it one of the more comprehensive price comparison sites due to the wide breath of comparable products it covers. The group additionally owns Travelsupermarket.com (its sister site dedicated to holiday planning) and Money Saving Expert (which publishes information and journalistic articles about ways to save money), meaning it benefits from having a wider scope of sector coverage as well as a great opportunity to cross-sell.

Insurance remains the biggest income earner for the group, accounting for over half of the total revenue generated in the first half of 2015. The insurance vertical for Moneysupermarket.com offers customers the ability to compare insurance

products including motor, home, life, business, pet, and travel insurance.

Results for H1 2015 highlighted that insurance revenues were up by 8% compared to the first half of 2014, with motor insurance premiums starting to show a marginal increase.

Table 4: Moneysupermarket.com is experiencing year-on-year growth

	H1 2014 (£m)	H1 2015 (£m)	Half-year growth (%)
Moneysupermarket.com	106.7	126.7	19%
Insurance	68.1	73.6	8%
Money	29.5	35.5	20%
Home Services	9.1	17.6	93%
Travelsupermarket.com	12.4	13.7	10%
Money Saving Expert	11.3	14.6	29%
Intra-group eliminations and other	(8.0)	(11.0)	
Total Group	122.4	143.9	18%

SOURCE: BGL Group Interim Results 2015 **MARKETLINE**

Although generating much smaller revenues compared to insurance, other services were also in growth. Money revenues were up by 20% (driven by strong credit card and current account offerings) and home service revenues were up by 93% (due to energy collective switches). Revenues also grew for sister sites Travelsupermarket.com (up 10%) and Money Saving Expert (up 29%).

Moneysupermarket.com's three-year technology-focused investment program aims to transform the customer journey on mobile devices

Moneysupermarket.com is embarking on a technology-focused three-year investment program. Its aim is to build a single technology platform (named Reset) that will power all of the group's brands. This will transform the customer journey by allowing greater flexibility across different devices, as the service is personalized to each user interface. So far Moneysupermarket.com's home and motor insurance products are running from the new platform, as is Travelsupermarket.com. They also aim to build a rich data asset.

Moneysupermarket.com's strategy is heavily focused on developing the new platform for mobile devices. In doing so it hopes to improve its customer proposition, which will ultimately lead to customer acquisitions. It is the first of the Big Four to recognize the need to keep up with changing consumer habits by upgrading its mobile channel.

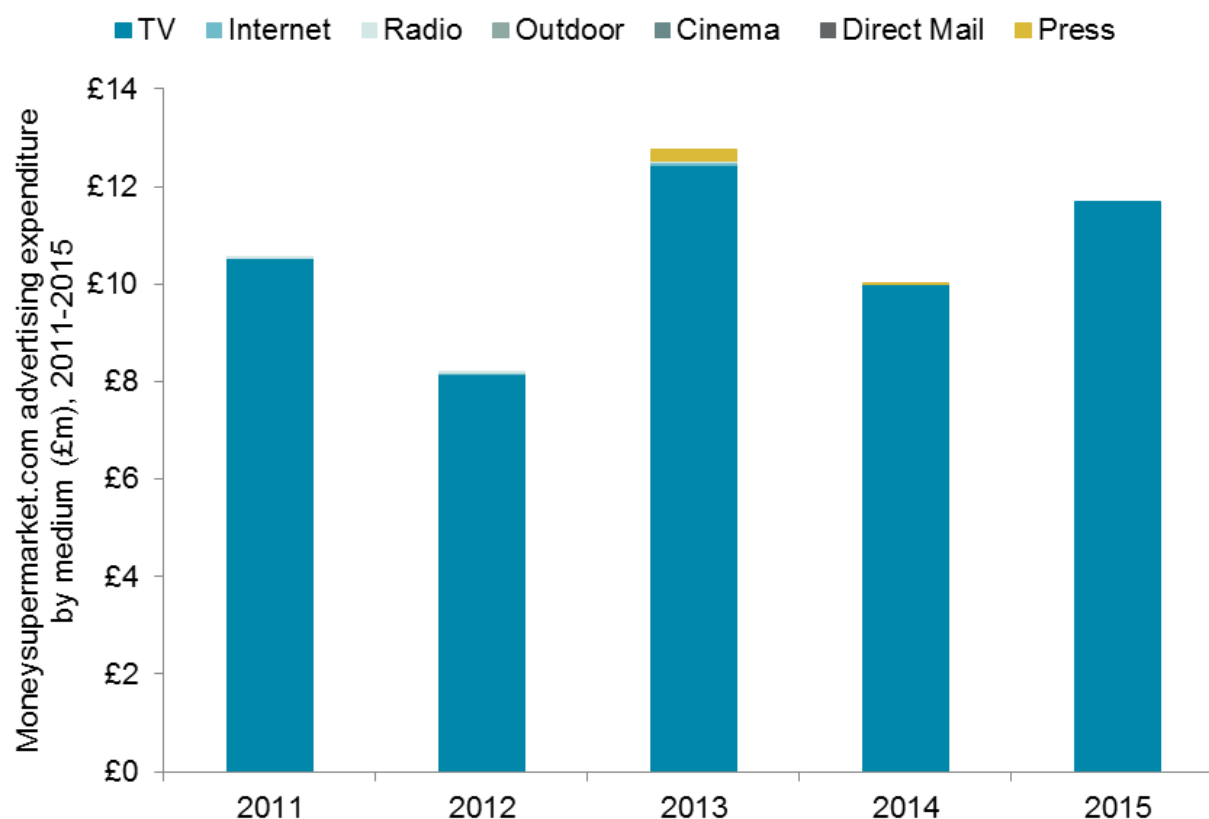
In addition to its new platform, the group has been expanding its scope in the mobile space using apps. In April 2014, Moneysupermarket.com bought the finance app OnTrees, which enables customers to monitor their balances by sorting outgoings into expenditure categories. The group also launched its own app, More Money, in February 2015. The app brings together elements from both Moneysupermarket.com and Money Saving Expert. In addition to estimating and generating quotes, it has a handy to-do list, a feed of the latest news and deals, and a savings calculator.

Moneysupermarket.com favors television advertising

Moneysupermarket.com has had a consistently low advertising spend compared to its key competitors as the most established price comparison site out of the Big Four. However, by spending the majority of its budget on TV advertising, its marketing campaigns still reach a wide audience, and are effective in maintaining brand awareness.

Moneysupermarket.com's "You're so Moneysupermarket" campaign strives to demonstrate how much customers can save by visiting the aggregator's site. Most recently these adverts have featured various characters celebrating their "epic" savings through the medium of dance.

Figure 11: Television is Moneysupermarket.com's preferred advertising medium



SOURCE: Nielsen Media Research

MARKETLINE

Moneysupermarket.com finds its niche after #EpicStrut goes viral

#EpicStrut, which aired in January 2015, went viral overnight. It featured office worker Dave, who was so excited about the money he saved on his car insurance via Moneysupermarket.com that he struts down the street in his suit jacket, tie, and more unexpectedly, denim shorts and heels. Far removed from the insurance world, its ability to both shock and amuse customers was met with favorable reviews. The success of #EpicStrut was a turning point for the aggregator's marketing team. In a July 2015 advert Colin the #EpicBuilder put on a provocative dance show at a construction site, and most recently Gary unleashed his #EPICWOLF break dance routine at a political rally in January 2016.

Comparethemarket.com relies on marketing campaigns to keep customers engaged and loyal

Comparethemarket.com was the first to adopt a character driven marketing campaign for its brand, with 2009 seeing the launch of the meerkat campaign now synonymous with the brand. It has subsequently introduced a complementary range of products for its characters and also a cinema ticket promotion in order to maintain customer loyalty. It is investigating customer behavior with the University of Sheffield to further explore how to improve its service. The brand's parent group has cut spending on advertising however, believing the brand's position is secure and will use the expertise generated to fund its expansion with brands in other countries.

Comparethemarket.com was the first of the Big Four to introduce an iconic character to market its brand

Comparethemarket.com is known for its instantly recognizable marketing campaigns fronted by the Russian meerkat, Aleksandr Orlov. Launching in 2006 as an insurance comparison site, the aggregator has since expanded and now offers price comparison for motor, home, travel, pet, business, and life insurance as well as for non-insurance products such as utility bills and finances. The marketing campaigns for Comparethemarket.com are central to the strategy of the aggregator; they focus on attracting and retaining customers through collectable merchandise and promotional offers.

In January 2009, Comparethemarket.com launched a series of adverts that played on the similarity between the words “market” and “meerkat.”

They introduced Aleksandr Orlov, a CGI Russian meerkat of aristocratic decent who was complaining about visitors confusing his website Comparethemarket.com (now a real site dedicated to the meerkat-themed marketing campaigns) with Comparethemarket.com. With his odd phrasings and catchword “simples,” Aleksandr the meerkat has been a marketing success, influencing key competitors of Comparethemarket.com to take a similar approach in introducing iconic characters to personify their brands. Gio Compario from Gocompare.com hit screens a few months later in June 2009, while Brian the Robot was introduced by Confused.com in mid-2013.

Character merchandise promotes customer loyalty and affiliation

Since the introduction of Aleksandr, marketing has featured additional meerkat characters, which have proved equally as popular. Public affection and attachment to the individual meerkat personalities has made them instantly recognizable and has allowed customers to connect with the brand. Starting in July 2011, customers who purchased a policy via the site received a free meerkat toy. These have since become collectable items, which keep customers returning to the aggregator as the brand introduces new characters and limited edition versions. Toys have encouraged the interaction and engagement of customers with the aggregator, and they serve as a physical reminder of where customers bought their insurance.

Merchandise has also included books. The fictional autobiography A Simples Life: The Life And Times of Aleksandr Orlov was published in October 2010. It reached number two on Amazon UK during its first week of sale and had more pre-orders than the autobiographies of many other high-profile celebrities at the time. This was followed by Meerkat Tales, a series of six books featuring other characters.

The popularity of Aleksandr Orlov is also echoed by his 68,000 followers on Twitter, making social media another key advertising channel for Comparethemarket.com. In August 2014 the price comparison site became the first UK brand to run Facebook Premium video adverts, with much of the content surrounding the company’s fictional Oleg character. The campaign involved the aggregator launching an automatic playback video in Facebook users’ news feeds to expand the initial campaign narrative played out on television. A carousel of content, featuring a montage of images and video clips of Oleg, also appeared on the news feeds of users within the 25 to 54 age bracket.

Comparethemarket.com launches two-for-one cinema tickets with Meerkat Movies

The latest move in the reward campaign from Comparethemarket.com has been Meerkat Movies, which launched in April 2015. Customers who buy motor or home insurance or switch energy provider through the aggregator qualify for a two-for-one cinema ticket every Tuesday or Wednesday for the whole year. The scheme is in partnership with the UK Cinema Association and took over from EE’s two-for-one cinema ticket promotion (Orange Wednesdays), which ended in February 2015. TV advertising since April 2015 has subsequently focused on promoting Meerkat Movies. The adverts star Aleksandr and his sidekick Sergei in Hollywood, and have also featured A-list celebrities such as Arnold Schwarzenegger and Nicole Kidman.

Comparethemarket.com collaborates with the University of Sheffield to explore customer behavior

The Institute of Inertia is a new network of experts and scientists who are working together to investigate the idea of financial inertia. Commissioned by Comparethemarket.com, the University of Sheffield aims to understand why

customers are resistant to change and avoid certain tasks (such as assessing their finances) even if it is in their best interest to do so. They want to reveal what inaction makes people time, health, and economically poor and find solutions to make customers more motivated to take action if there is a potential benefit. By understanding the barriers customers feel they have to changes such as switching insurance provider, they will be in a better situation to give customers the help and tools they need to have better control over their money. Launching on September 23, 2015, the institution will spend 12 months investigating the concept.

The BGL Group aims to maintain the position of Comparethemarket.com while using its marketing expertise to expand other brands

Comparethemarket.com is well established within the UK aggregator market; therefore the BGL Group has been concentrating on developing some of its other brands, including UK life insurance brand Beagle Street and French price comparison site LesFurets.com.

The BGL Group aims to use its expertise gained from Comparethemarket.com to grow its other brands, which it has acquired over recent years. LesFurets.com, which translates as “the ferrets” in French, was acquired by BGL in November 2010. Previously known as Courtanet, BGL has transformed the brand using a similar marketing style to Comparethemarket.com. It has substituted meerkats for ferrets that are constantly hunting for good deals on car insurance. The brand is now widely recognized in France and has seen an increase in insurer and partner numbers due to significant investment in marketing campaigns.

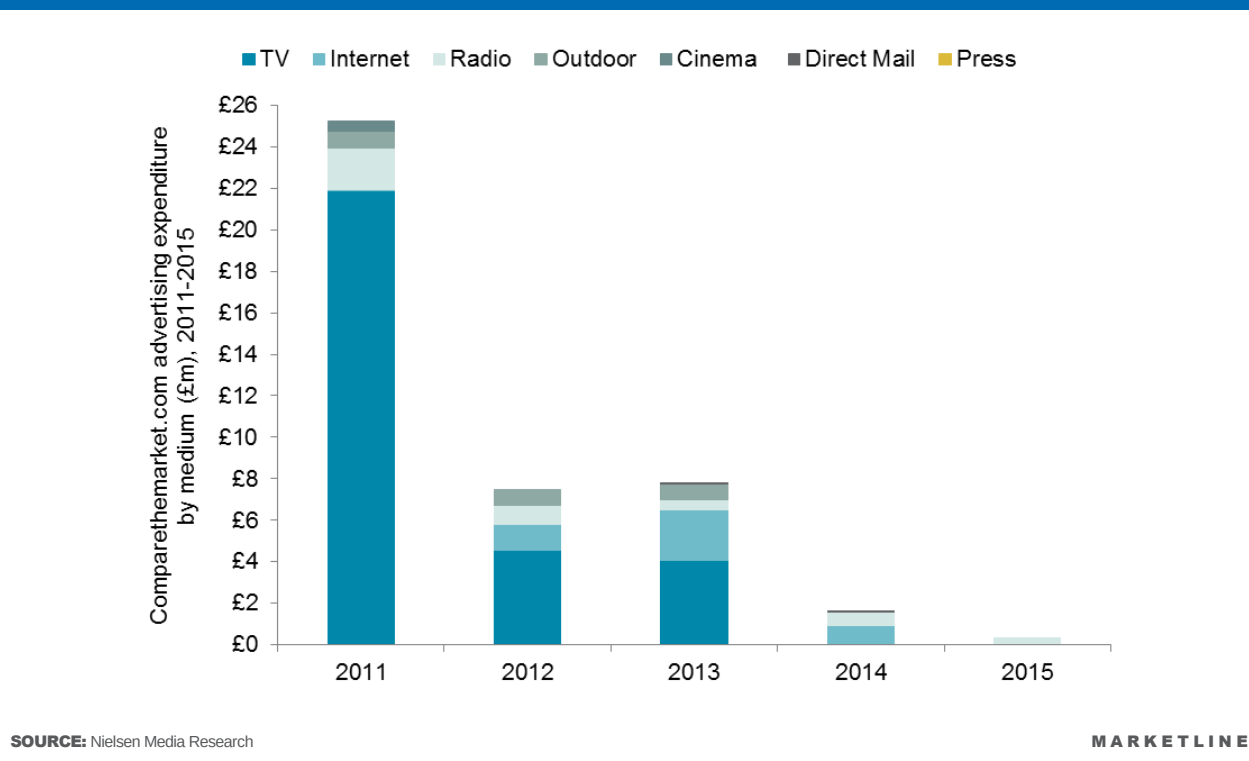
Dutch aggregator Hoyhoy.nl (previously Verzekeringssite.nl) was acquired by BGL in July 2012, and was similarly rebranded using a CGI sloth named Aart. Following a business review in summer 2015 the group has decided to try and sell the business. Failing this, however, the business will be closed.

The BGL Group launched Beagle Street in July 2012. After a previous TV advert received complaints for scaring children, the new marketing campaign (which premiered on January 1, 2016) features Jeremy, a talking CGI Beagle who wants to remove any risk to his owners' life by throwing out all of his trousers after hearing that people have died from a number of trouser-related accidents. The marketing campaign has been well received by its UK audience.

Comparethemarket.com's advertising expenditure has fallen significantly

As Comparethemarket.com has become established in the UK aggregator market, it has been spending less on its advertising campaigns. From 2011 to 2015 the company's advertising spend fell by 98.7%, with the most notable decrease across television. Indeed, having reduced its television advertising the brand had been diversifying its advertising mediums, favoring online advertisements up to 2014. In 2015 the brand reduced its advertising spend even further, only investing in a small radio campaign. It was the smallest spender on advertising out of the Big Four by over £10m in 2015.

Figure 12: Comparethemarket.com has significantly reduced its marketing spend



Gocompare.com aims to make its marketing more effective, reduce costs, and expand its products lines

Gocompare.com's acquisition by esure is seeking efficiency in its marketing campaigns. It aims to spend less but revive its character driven campaign through Gio Comparo in an effort to maintain brand awareness levels. It is also seeking to expand its product offerings outside of motor and home insurance, with aggregators current accounts and energy bills.

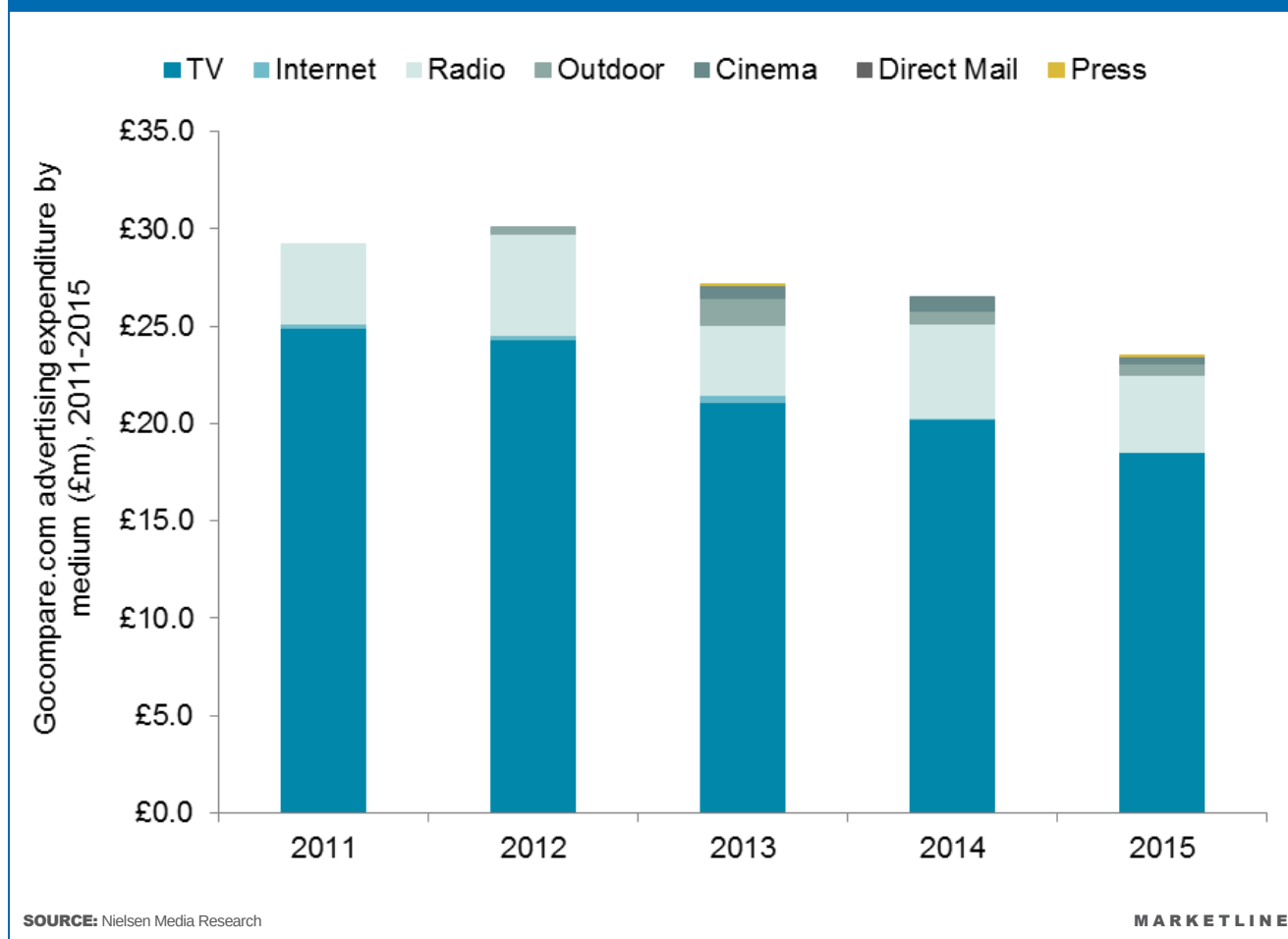
Gocompare.com's acquisition by esure will reinvigorate the brand

Gocompare.com was fully acquired by esure on March 31, 2015. A shareholder since 2010, esure bought the remaining 50% of the company and aims to reinvigorate the brand through marketing, improve efficiency through cost reductions, and expand its range of products outside of home and motor insurance.

Gocompare.com aims to improve efficiency by spending less on advertising

To improve the efficiency of Gocompare.com the company aims to reduce its expenses. One notable aspect of this is advertising spend. In 2013 and 2014 this remained fairly steady, but in 2015 advertising spend fell by £3m. Spend across the dominant advertising channels of television and radio decreased, as did the use of smaller supplementary campaigns. Radio has been more widely used by Gocompare.com due to the nature of its content, which focuses on the voice of Gio Comparo. Gocompare.com has consistently been the biggest spender on advertising since 2011, but due to its reduction in marketing expenditure it ranked second to Confused.com in 2015.

Figure 13: Gocompare.com reduced its advertising spend in 2015



The return of Gio Compario aims to recover brand awareness

Although Gocompare.com is aiming to spend less money on advertising, its marketing approach is aiming to be more effective through the return of Gio Compario. Gocompare.com reported that brand awareness had decreased since 2012 due to the adoption of a more subtle marketing approach that moved away from Gio Compario and towards the “Land of Saving Money.” Despite Gio Compario irritating customers when he first hit screens in June 2009, Gocompare.com brought back the opera singer in its new campaign, which premiered on July 26, 2015.

The advert features the tenor performing a slower, classically orchestrated version of the iconic song to a cheering crowd. It aims to reinvigorate the brand through the return of the unforgettable character and his memorable song, both of which are synonymous with the brand.

Gocompare.com is to expand product opportunities outside of home and motor

Despite Gocompare.com offering price comparison for various insurance lines as well as money, travel, and energy, 80% of its income comes from home and motor insurance. The company wants to expand and diversify its income by investing in more product lines.

Table 5: 80% of Gocompare.com's income is generated by home and motor insurance

	H1 2014 (£m)	H1 2015 (£m)	Half-year growth (%)
Gocompare.com	59.1	59.6	0.8%
Motor and Home Insurance	47.0	47.3	0.6%
Other	12.1	12.3	1.7%
Expenses	48.4	46.2	(4.5%)
Profit before tax	10.7	13.4	25.2%

SOURCE: esure Interim Results 2015**MARKETLINE**

In March 2015, Gocompare.com launched a current account comparison service that allows customers from Barclays, HSBC, Lloyds, RBS, and Santander to use information from their statements to compare all personal bank accounts on the market and see which is the best is for them. It encourages customers to use the data collected about them to their own advantage and helps them make a decision based on more than just cost. Energy is also an area the company has been focusing on, backing Ofcom's efforts to get the UK switching in order to save money. A partnership with weholiday.co.uk has also allowed Gocompare.com to offer price comparison for booking a holiday.

Admiral is prioritizing expansion of its new US aggregator over Confused.com

Confused.com is the last of the big four, and is currently not a priority of its owner the Admiral Group. Its priorities are building its overseas operations. It attempted to emulate Comparethemarket.com's successful character driven campaign by introducing a mascot of its own, Brian the Robot, replete with social media campaign, toy range and further characters.

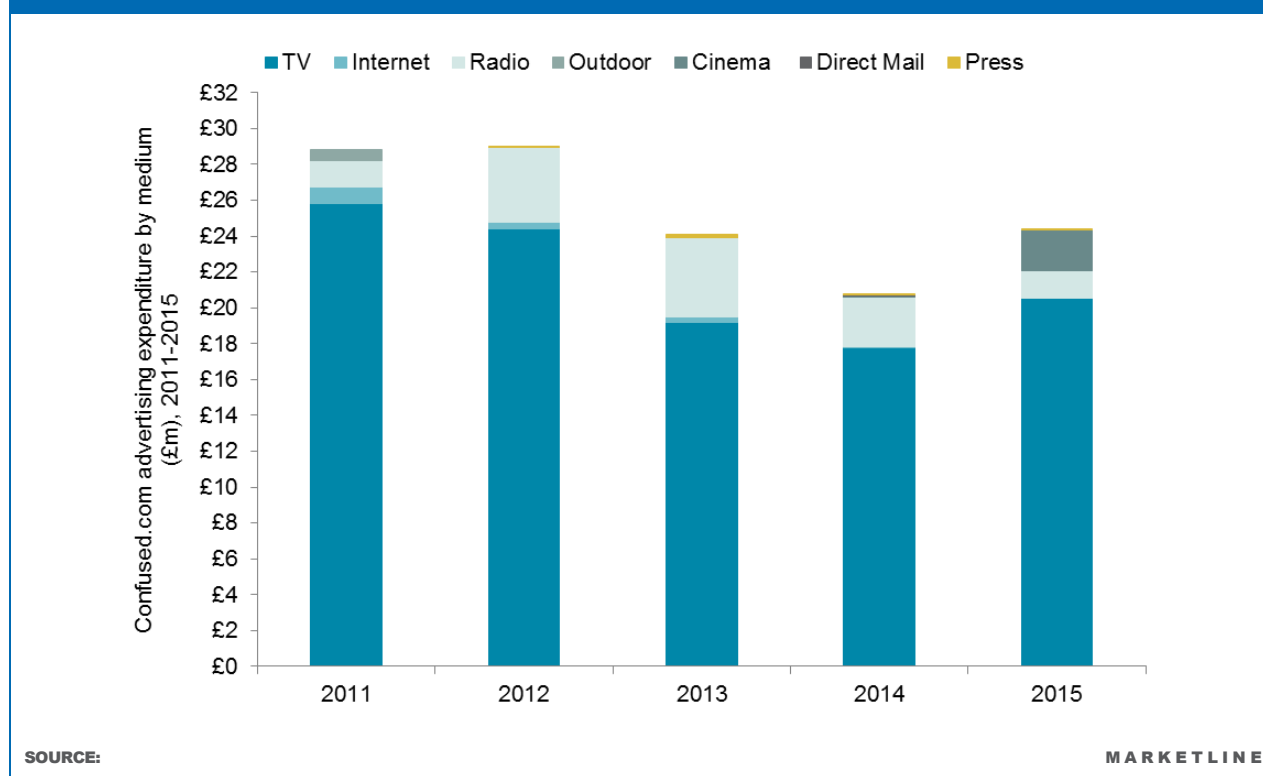
Confused.com is trying to recover revenue losses incurred by building brand awareness like Comparethemarket.com

The Admiral Group has four price comparison site brands: Confused.com in the UK, Rastreator in Spain, LeLynx in France, and Compare.com in the US. The group's UK, French, and Spanish brands are well established within their markets, whereas Compare.com (which launched in March 2015) is still expanding. Due to this, the Admiral Group is reinvesting most of its profit from its French and Spanish sites to establish Compare.com in the American market.

The Admiral Group's UK price comparison site Confused.com saw revenues drop by 12% from £44.4m in H1 2014 to £38.9m in H1 2015. To combat this, the price comparison site has chosen to reinvest its own profit more heavily in advertising and marketing campaigns to increase brand awareness. Since 2011, Confused.com has consistently been the second highest spender in advertising to Gocompare.com. However, in 2015 it became the biggest spender, with advertising expenditure increasing by £3.6m for Confused.com and decreasing by £3.0m for Gocompare.com year-on-year.

In line with its competitors, television ads are its preferred method of advertising. Although its use of the medium had been decreasing since 2011, this trend reversed in 2015. In previous years Confused.com favored supplementing television adverts with radio campaigns, but in 2015 it reduced spending on radio advertising in favor of a cinema campaign.

Figure 14: Confused.com has increased its advertising spend in 2015



Confused.com follows in the footsteps of Comparethemarket.com with Brian the Robot

Confused.com has followed in the footsteps of rival site Comparethemarket.com in creating characters viewers can develop an affiliation with. While the latter's marketing campaigns have focused on the fictional Russian meerkats, Confused.com's recent adverts feature Brian the Robot, and more recently the robot family "The Herberts."

Brian was launched mid-2013 in a bid to shift the brand from its price comparison service to offer wider insurance expertise. The company has since developed a narrative in which viewers are encouraged to follow Brian's progress as he stars across several advertising channels in various scenarios, helping people save money on their car insurance.

Following Comparethemarket.com's toy campaign, which began in July 2011, Confused.com introduced a Brian toy in February 2015, which was provided free of charge for customers purchasing car or home insurance through the site. Since then Confused.com has also introduced new characters the Herberts, which have allowed the brand to expand the range of toys in a similar style to Comparethemarket.com. Introduced on Christmas Day 2014, the Herberts rescued Brian in a TV ad after he got trapped on a high-powered magnet as he explored a scrapyard in search of vehicles to run insurance quotes on. Starring in every marketing campaign since, the Herberts have been well received by customers. Two new toys of siblings Miss Herbert and Stunt Herbert were added to the collection in January 2016, and the brand has also given customers more opportunities to claim the toys. Now customers taking out car, home, life, van, motorbike, or pet insurance or a credit card through the price comparison site are able to choose one of the three toys.

Social media encourages customers to interact with Brian

Recent campaigns from Confused.com have been supported by social media, encouraging customers to interact with the stories created by the advertisements. When introducing the Herberts, customers were encouraged to #HelpBRIAN. By using the hashtag customers were directed to a spin-off site to keep Brian motivated by telling a joke or feeding him data while the Herberts found him. A social media campaign also supported the release of the two new toys by encouraging customers to pick between Team Miss, Team Stunt, or Team BRIAN.

THE MARKET GOING FORWARD

In the future, the aim is to improve communication and transparency, with wide MFN contract clauses banned in motor insurance to stimulate competition further. Insurers will have to disclose more information at the point of renewal, and where the money goes in terms of premiums and aggregator fees. Video and audio will also be used to help consumers speedread the terms and conditions. On the aggregator side, aggregators are investing in mobile capacity to keep pace with changing consumer habits.

Regulation and technology aim to improve communication and transparency

The Office of Fair Trading's investigation into the private motor insurance market was originally to temper premium inflation. Its result was to further improve competitive impulses in the market with curtailing wide MFN clauses, which benefit insurers but stifled competition between aggregators. It will also increase transparency for add-on products, and insurers must disclose more at the point of renewal while demonstrating where the customers' money goes (i.e. how much goes to the aggregator, underwriter, and tax).

Wide MFN contract clauses have been banned within motor insurance to promote competition

In September 2011, the Office of Fair Trading launched an investigation into the private motor insurance market to address the growing concern of premium inflation to unaffordable highs. The aim was to determine the extent of premium rises and to bring to light any competition or consumer issues that were detrimental to the functionality of the market.

After the study found "reasonable grounds for suspecting that there are features of the market that prevent, restrict or distort competition," the inquiry was referred to the Competition Commission for further review in September 2012. The commission (which was replaced by the Competition and Markets Authority [CMA] in April 2014) had up to two years to report its findings, to which it could consequently impose any solutions to address the situation if it found that any features of a market were having adverse effects on competition.

The CMA subsequently banned the use of wide MFN clauses between private motor insurance providers and price comparison sites. Initially it was proposed to only apply to aggregators with over 300,000 sales a year. However, the final order that came into effect on April 19, 2015 was binding regardless of annual sales.

The CMA categorized MFN clauses into two broad types: narrow and wide. Narrow MFN clauses, which "specify that the insurer's own website will not offer policies at a lower premium than available on the price comparison website." Wide MFN clauses, which "specify that the premium may not be lower on any other price comparison website or on the insurer's own website (and, in some cases, in any sales channel at all)."

Narrow MFN clauses (which are essential to the survival of the aggregator model) were not seen to damage competition within the private motor insurance market as they permit price differentiation between sites. Wide MFN clauses, however, were identified as barriers to competition between aggregators.

Wide MFN clauses prevented the undercutting of policy price across price comparison websites. This caused a lack of price variation between aggregators, resulting in customers visiting only one price comparison site (referred to as "single honing") when looking for a new insurance policy. With customers unmotivated to use multiple aggregators, insurers consequently deemed it a necessity to be present on all major price comparison sites, further homogenizing the aggregator market. Customer loyalty to sites they had used previously was additionally making market entry challenging for smaller players, consolidating the aggregator market in favor of the Big Four.

The ban on price parity agreements has given insurers more control in the private motor insurance market. No longer confined by such agreements, insurers can offer their products on a wider variety of online channels and have more freedom to negotiate commission levels between different aggregators. This will increase competition between aggregators and insurers alike, which should result in lower premiums and greater differentiation between aggregators and the products they offer. It should also make market entry an easier task for smaller brands.

Price comparison sites are attractive to customers due to their ability to help them make a decision quickly. Therefore, although customers will benefit from the ban through lower insurance premiums, the added dimension of price comparison across aggregators could cause confusion. Competition between different providers is the key driver of the aggregator market, and so aggregator competition is less critical for customers.

New regulations for add-on products will increase transparency for customers

Aggregators as a major distribution channel have a large responsibility in the representation of insurance products. Transparency should therefore be of utmost importance to keep the customer at the heart of the service they provide.

Add-on products have been examined by multiple regulators within the insurance industry.

Both the Financial Conduct Authority (FCA) and the CMA concluded that there was insufficient information provided to customers in the sale of add-on products, which made it difficult for customers to make informed purchasing decisions. This was due to the timing of information and the complexity of options making it hard for customers to understand or compare both the cover and price of add-on products. This has led to the FCA banning add-on products on an opt-out basis, introducing value measures, and improving the information provided to customers buying add-ons.

Add-on products are commonly introduced at a late stage within the purchase of a primary product. This makes it difficult for customers to assess the value of add-ons in relation to basic policy price and other providers. Aggregators do not currently include the price of add-ons at the point of quote, which obscures the true price of a product. Therefore, as price is the main determinant of policy selection this can mislead customers to choose a policy they may not have selected if add-on products were accounted for in the quoted price. The misrepresentation of price restricts competition and leads to customers purchasing products for a higher price. However, revealing the price of add-ons would inflate the overall price of a quotation and thus put aggregators at a competitive disadvantage.

The FCA has introduced new rules and guidance for selling add-ons. In March 2015, a ban was proposed for pre-ticked boxes and opt out-selling for guaranteed asset protection insurance. This led to add-ons and product extensions being banned on an opt-out basis across all insurance products, which will come into force on April 1, 2016.

Price comparison websites do allow customers to see if commonly purchased add-ons are part of a policy or can be purchased additionally, but they do not provide sufficient information about how products differ by insurance provider. It was also noted that customers were purchasing products they didn't necessarily need or that were of low value. The FCA aims to address this by providing customers with value information about add-on products. Potential value measures include claims ratios, claims frequencies, claims acceptance rates, and average claim payouts.

Insurers will have to provide more disclosure at the point of renewal

In December 2015, the FCA proposed new measures to increase transparency and consumer engagement at the point of renewal. Automatic renewals are beneficial in that they provide continuity of cover, but they can also lead to customers staying with a policy that is of low value or no longer suits their needs. The proposed legislation encourages insurers to inform their customers about the year-on-year changes at the point of renewal.

Insurers will be required to disclose last year's premium on renewal notices. This will make it easier for customers to assess the change in value of their policy, which will cause more consumers to shop around if they perceive the change to be great. Insurers will also be obliged to provide other relevant information such as mid-term adjustments.

Additional disclosure is required for customers who have renewed the same product four times or more. They must state to customers that "you have been with us for over five years. You may be able to save money if you shop around." New customers will likewise need to be made aware of any introductory discounts that will not apply when the policy is due to be renewed. By promoting transparency about policy changes, customers will be more likely to shop around and will look to price comparison sites to do so.

Customers will be more aware of where their money goes

Worry+Peace is a UK online insurer that provides tools to help customers better understand their policies. Actively helping customers understand what they are buying is something both aggregators and insurers should strive to do.

The insurer presents customers with a pie chart to show “where the money goes” when buying insurance. It outlines the proportion that is paid to the underwriter for the premium, the percentage that is paid in tax, and the proportion that is paid to the site directly as a service charge. This enables customers to distinguish the actual price of premiums and thus better assess their value. If aggregators developed a similar tool it would encourage customers to shop between them in order to find the site that charges the lowest fees, for example.

The site additionally notifies customers of the total price by year, month, and day – allowing them to choose which payment method is best for them. Historically customers have been paying more interest through monthly payments. This tool enables customers to be more informed about the way they choose to pay.

Value will become a greater focus for aggregators

To further improve transparency, aggregators are putting greater focus on the value of products available. This will give customers more confidence in their policy selection and will make the channel more attractive for customers buying complex products such as pet insurance. It will also encourage insurers to develop their products to meet the needs of their customers. Although the greater emphasis on value will improve transparency, industry experts acknowledge much more still needs to be done before customers’ price-driven behavior will change.

Gocompare.com has partnered with independent financial researcher Defaqto for its car, home, pet, and travel insurance products. The partnership enables Gocompare.com to attribute Defaqto’s five star ratings (which are based on the level of features and benefits they offer) to each policy in a quote. It also allows the customer to read additional information about a product, satisfying the customer need for more information than just price.

The traditional price comparison model is being challenged by B.Heard, which after launching in November 2015 labels itself as the first “value comparison platform.” The site (which is still in early development) aims to help customers choose a policy based on price, quality, and transparency. It covers the insurance, energy, phone, and internet markets as well as societal divisions such as healthcare, education, and local government. It will use data from regulatory bodies and customers alike to rank providers and their products for customer services, regulatory breaches, fines, and consumer complaints.

Video and audio will be used to read policy terms

Worry+Peace has also become the first insurance retailer to let customers speedread terms in seconds using Spritz. Nationwide Building Society and Barclays Bank have similarly been using video as a tool to inform customers about products. Removing the written element of policy terms makes the task less tedious, which will encourage customers to become more aware about the product they are buying. The use of video and audio to improve customer engagement is likely to grow over the next few years.

Aggregators will develop their mobile channels to keep up with consumer habits

Existing aggregator services have been designed with PC users in mind. But as customers are spending more time on smartphones there is a greater need for aggregators to expand their mobile offerings in order to make their service more attractive and accessible to a greater variety of customers.

Customers using mobile devices have different needs to those using a laptop or PC. One aspect of this is that a smaller touchpad screen makes data entry difficult. Mobile services should keep data entry to a minimum in order to appeal to convenience-focused customers. However, the Consumer Insurance Act has been a challenge to this. With the onus now on insurers to obtain all relevant information from customers, the process of generating a quote has had to become more comprehensive. This is something aggregators are looking to overcome.

One possible solution is the use of customer data through documentation. For example, MyLicence allows motor insurance customers to simply reference their driving license number to inform insurers about their driving history. The Internet of Things also provides a rich data set aggregators can utilize to highlight the best policies for a customer based on their past behavior.

The service customers intend to use will differ by device. Mobile customers already access price comparison sites in order to get a quote, but they aren't currently willing to make complicated purchasing decisions through the device. Customers purchasing more complex insurance products may be deterred from using a mobile to compare policies as screen size limits the amount of information that can be displayed.

The mobile channel is expected to see use of icons grow to simplify information and improve product transparency. Clicking an icon instead of having to type information will greatly improve the customer journey.

Brands that fail to embrace technology will be at a competitive disadvantage. Moneysupermarket.com is the first of the Big Four to recognize the power of the mobile channel, which is sure to keep it ahead of its competitors.

CONCLUSIONS

Improved transparency and mobile channels key for success

The concept of aggregators was brought in with the new millennium, with Moneysupermarket.com the first to launch in 1999. Currently there are four sites – known as the Big Four – that cater to the majority of customers using an aggregator: Moneysupermarket.com, Confused.com, Gocompare.com, and Comparethemarket.com. Well established in the UK, the Big Four are now looking to expand beyond the dominant lines of motor and home insurance, while brand owners are using their expertise to enter international markets. Changing consumer habits incentivize brands to invest in technology (most notably the mobile channel) in order to upgrade their service. The challenge, however, is to keep the service simple in a market where insurers have greater responsibility to obtain information and customers show greater demand for information.

New legislation is set to promote switching in a market where fewer customers have been looking to change insurance provider. This promotion of competition and consumer transparency will reinvigorate the aggregator channel and make it more relevant for customers.

The use of wide most favored nation (MFN) clauses has been banned. This will make the aggregator market more competitive as insurers are no longer prohibited from selling a policy for a lower price on another price comparison site or channel. Currently customers have a strong loyalty to a particular aggregator, so as aggregators start to differentiate, customers will look to more than one at the point of renewal. Legislation is also looking at improving the purchasing process in order to improve transparency for customers. There will be a greater emphasis on the value of products over the next few years as well as further disclosure for customers at the point of renewal.

Consumers need a quick and efficient service from aggregators; however, it is important that all of the requisite information regarding a policy is made clear and visible. Consumers are embracing technology, and so should aggregators. Developing a technology-based proposition that implements the use of apps will appeal to the large proportion of consumers who regularly use their mobile devices to access the internet. Although price will remain the key determinant for selecting a policy, aggregators need to give customers greater confidence that the policy they select is good value for money.

APPENDIX

Definitions

CMA – Competition and Markets Authority

FCA – Financial Conduct Authority

MFN – most favored nation

pp – percentage point

Home insurance: represented by combined buildings and contents insurance.

Pet insurance: the total number of cat and dog insurance customers.

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Ask the analyst

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