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# The Role of Search in Auto Insurance Shopping

Google/Compete  
U.S., 2010

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# Background, Objectives and Methodology

# Background and Objectives

- Background

- Online research influences both online and offline application/purchase. However, there remain challenges in quantifying the role of the online channel – whether via search, display, or non-advertising content – in driving applications

- Objectives

- Assess the online and offline resources shoppers use when shopping and buying as well as the relative importance of different resources
- Quantify the impact online research has on both online and offline auto insurance purchases
- Analyze the differences between buyers who purchase auto insurance online versus offline

# Methodology

- Targeting and Screening

- A survey was launched to Compete panelists who had been observed researching auto insurance online on issuer websites between December 2009 and May 2010
- Surveys were fielded to Compete panelists in April-June 2010, 1076 consumers qualified for and completed the survey
  - Qualifying requirement: Respondents who indicated they had conducted **online** research for auto insurance within past 6 months

- Significance Testing

- For 2-variable significance testing, two asterisks (\*\*) indicates significance at the 95% level and one asterisk (\*) indicates significance at the 90% level
- For multiple variable significance testing, uppercase letters indicate significance at the 95% level and lowercase letters indicate significance at the 90% level
- Base sizes under 30 were removed from the study and any base sizes between 30-50 were marked (^) as low sample

# Definitions

- Searcher vs. Non-Searcher

- Searcher: A respondent who was search referred to an auto insurance webpage (based on observed online clickstream behavior, not self-reported)
- Non-Searcher: A respondent who was not referred through search to any auto insurance webpage between December 2009 and May 2010 (based on observed online clickstream behavior, not self-reported)

- Traditional vs. Direct Insurance Companies

- Traditional issuer: An insurance company that has traditionally relied on agents, including Allstate, Farmers, Nationwide, Liberty Mutual, State Farm, The Hartford, Travelers, AAA, AIG Direct/21st Century, MetLife, and Unitrin
- Direct issuer: An insurance company that has focused on connecting with shoppers through the online channel, including Esurance, GEICO, and Progressive

- Buyer vs. Planned Buyer

- Buyer: A respondent who has already bought auto insurance after online research
- Planned buyer: A respondent who plans to buy auto insurance from a specific insurance company, but has not already done so



## Key Takeaways



# Key Takeaways

- Online shopper and applicant volume grew year-over-year
  - Applicants reduced the number of companies in their consideration set
- Online shopping activity is an important contributor to offline purchase
  - For every 10 online shoppers who applied online, 9 additionally applied offline
- Online auto insurance buyers who utilized search were more valuable than those who did not
  - Searchers were 3X more likely to buy policies with high premiums (\$1.5K+), as compared with non-searchers
  - Searchers were 1.6X more likely to bundle their auto insurance with homeowners insurance than non-searchers
- Online ads are an important tool to attract new buyers
  - Online shoppers who only recalled online ads were 1.2X more likely to purchase auto insurance than those who recalled only offline ads
  - Buyers who recalled online ads were 2X more likely to purchase auto insurance from a company that was not part of their original consideration set than those who only recalled offline ads

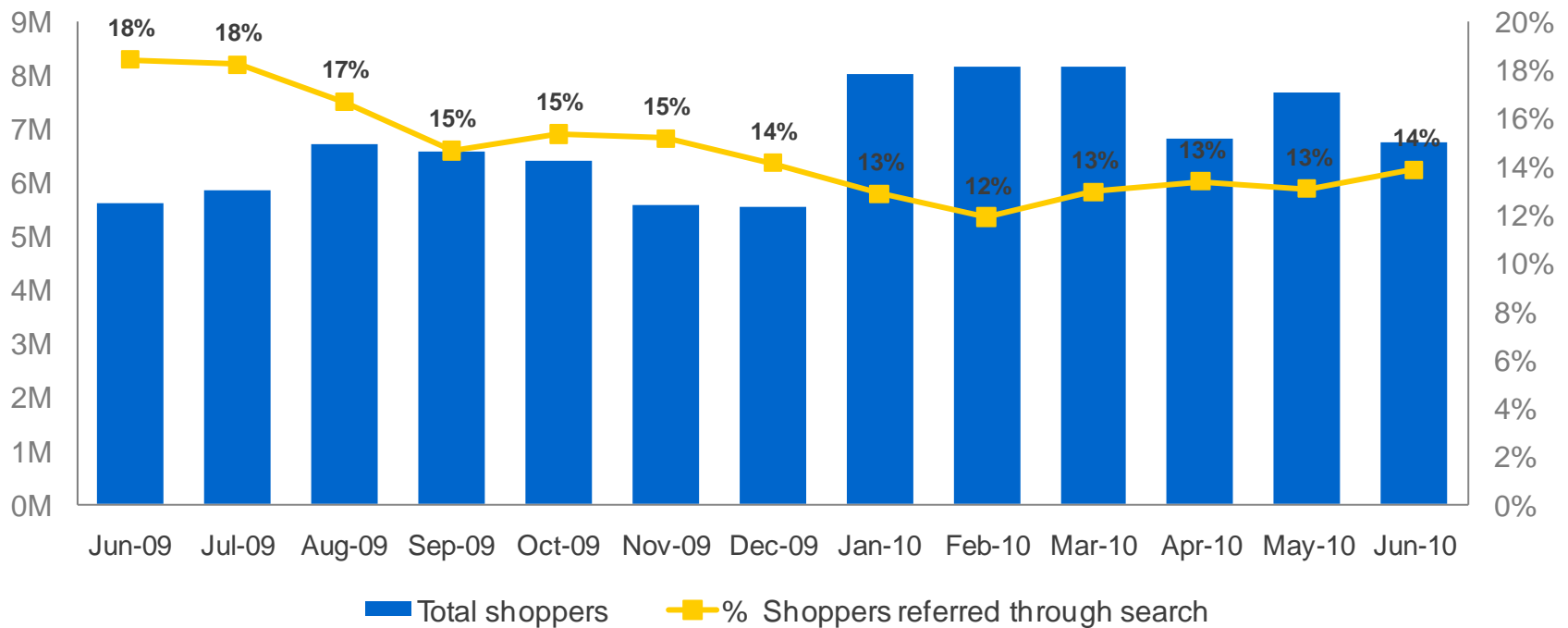


# Auto Insurance Market Overview

# Year-over-Year Online Shopper Volume Increased 20%

After a decline in 2009, share of online shoppers referred from search increased slightly since Feb 2010

### Number of Online Shoppers & Share of Search Referred Shoppers (Jun 2009 – Jun 2010)

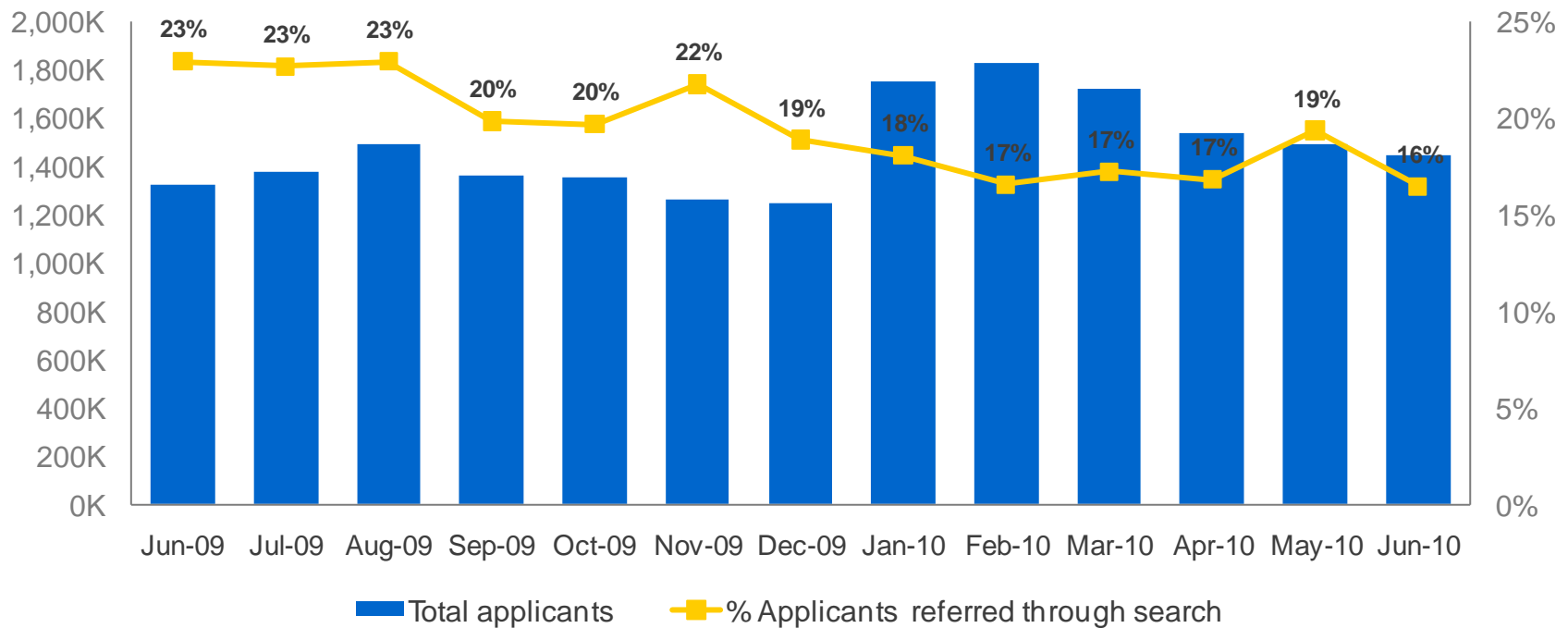


# Volume of Applicants Rose 9% Year-over-Year

After the seasonal lift in applicant volume during Q1 2010, volumes declined but mostly stayed above 2009 volume

Unlike 2009, share of applicants referred from search was below 20% in 2010

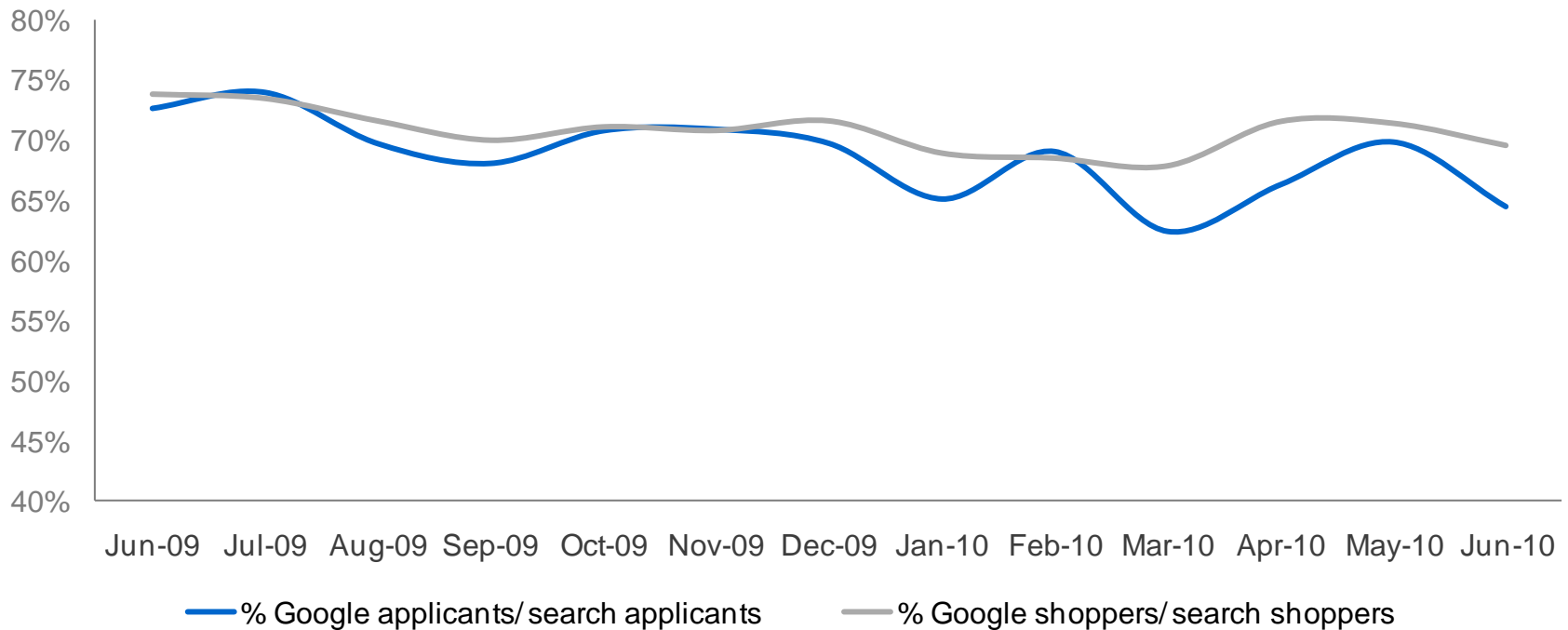
### Number of Online Applicants & Share of Search Referred Applicants (Jun 2009 – Jun 2010)



# Google Referred A Similar Share of Search Shoppers and Applicants

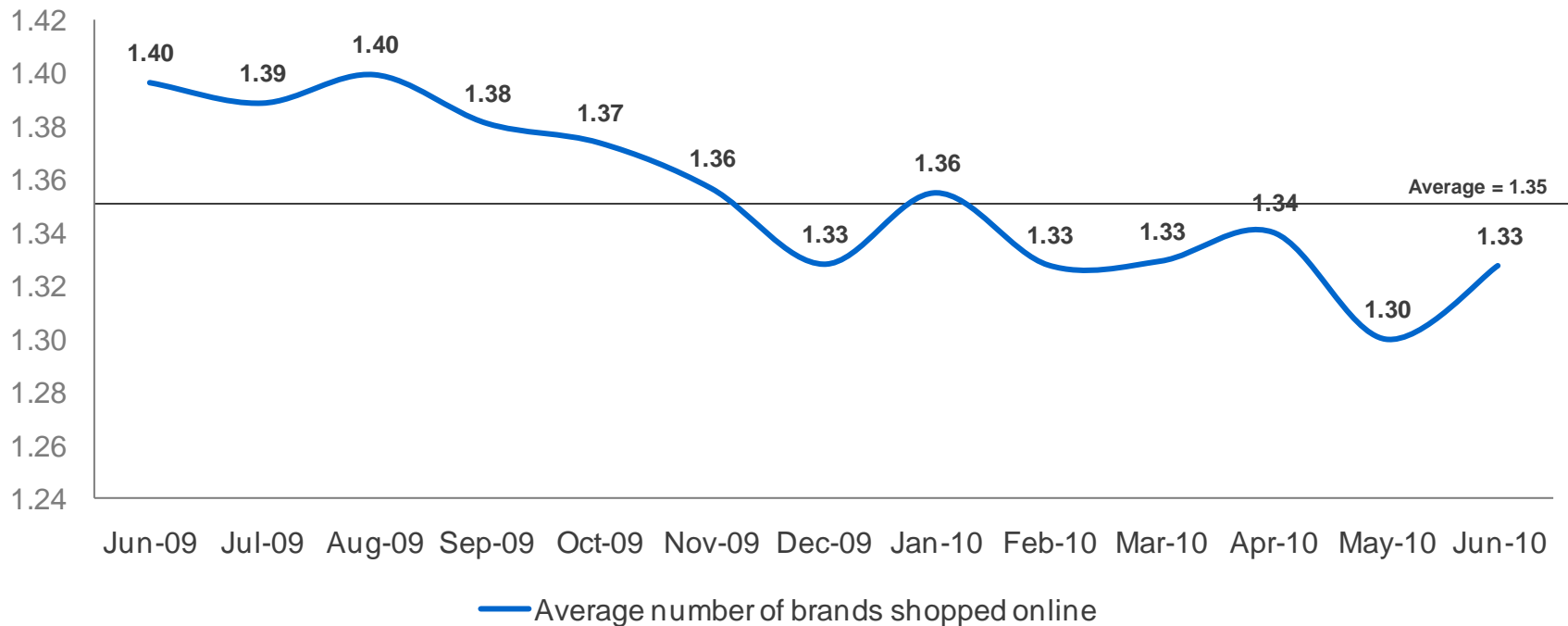
Share of search shoppers referred from Google remained relatively steady between 68% and 74%

**Google's Share of Search Referred Shoppers and Applicants**  
(Jun 2009 – Jun 2010)



# Applicants Reduced Number of Companies In Their Consideration Set

Number of Brand Sites Shopped by Online Applicants  
(Jun 2009 – Jun 2010)



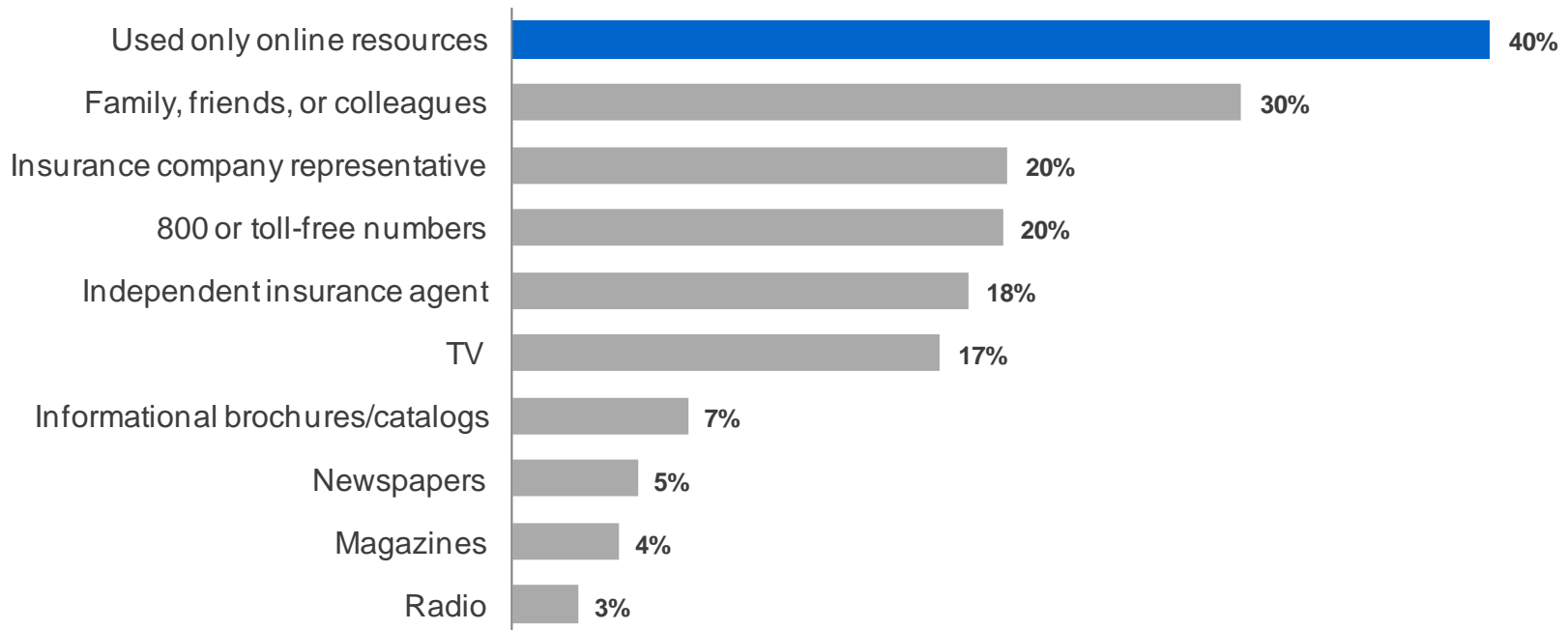


## Buyer Channel Usage and Preferences

# 40% of Shoppers Researched Exclusively Online

Marketers should ensure brands are prominently represented online; otherwise, a significant share of shoppers may not be exposed to their brand

**Offline Resources Used by Online Shoppers**  
(Respondents Who Shopped for Auto Insurance, N=1076)



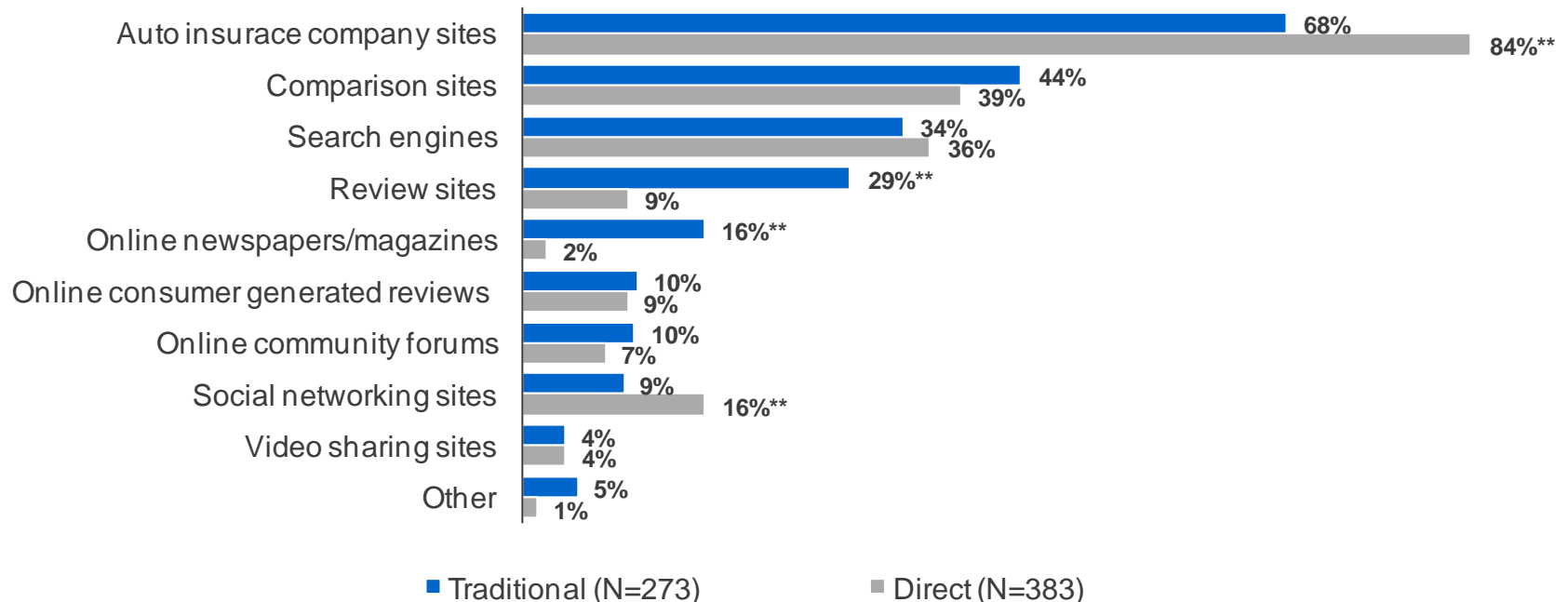


# More Direct Buyers/Planned Buyers Used Company Websites & Networking Sites

While review sites were used more by traditional buyers/planned buyers, an equal share of each buyer type used search engines

## Online Resources Used by Buyers/Planned Buyers

(Traditional Versus Direct Buyers/Planned Buyers, N=656)

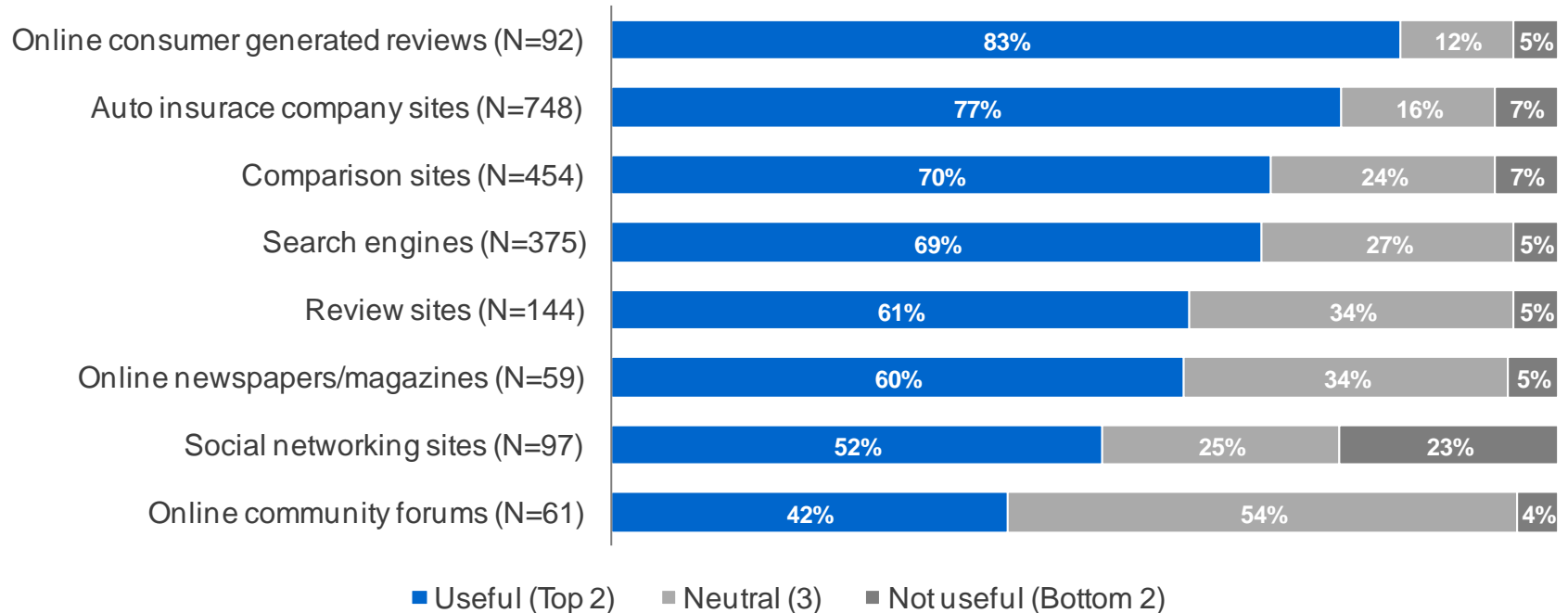


Traditional: Allstate, Farmers, Nationwide, Liberty Mutual, State Farm, The Hartford, AAA, AIG Direct/21<sup>st</sup> Century, MetLife, and Unitrin; Direct: Esurance, GEICO, and Progressive

# Consumer Generated Reviews Deemed Useful

Although a small share of shoppers used online consumer generated reviews, highest share of those who did find the reviews useful

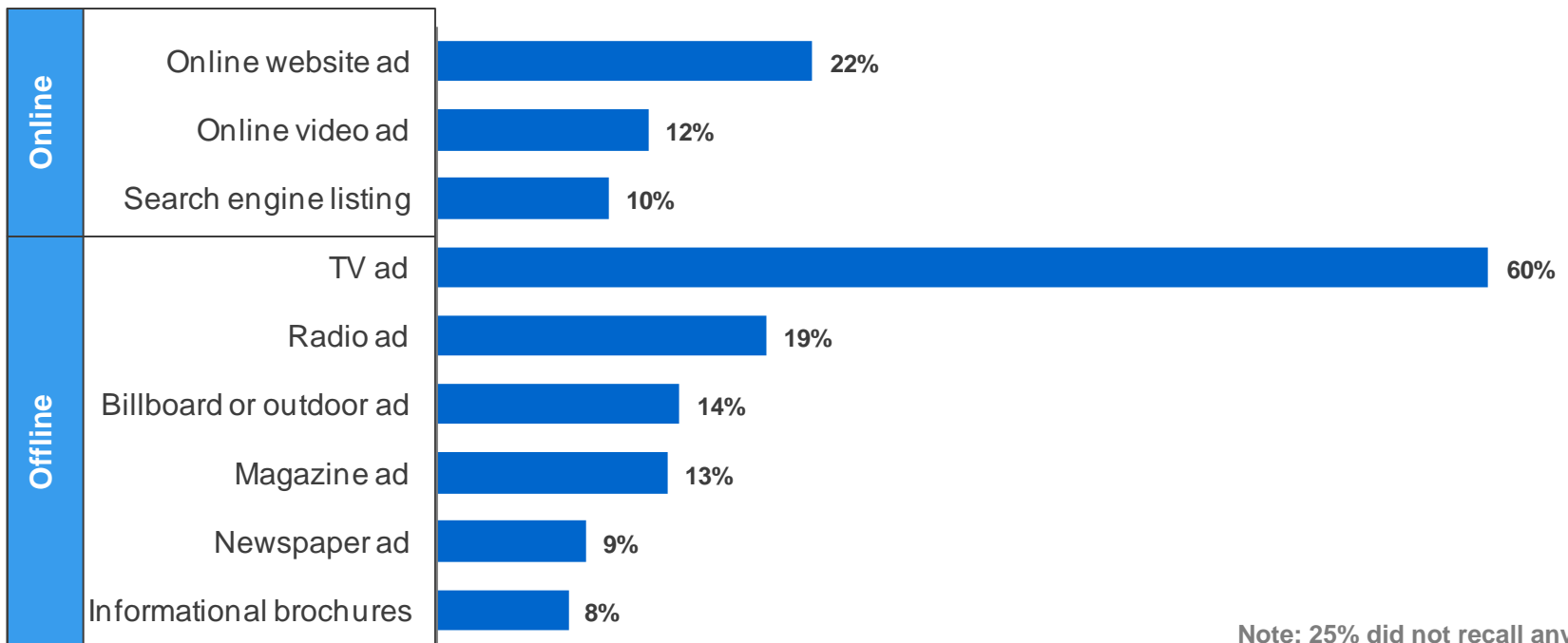
## Usefulness of Utilized Online Resources (Respondents Who Used Specific Online Resources, N=1076)



# TV Ads Recalled By Highest Share of Shoppers

Other than TV ads, online and offline ads had comparable recall

**Ads Recalled by Online Shoppers**  
(Respondents Who Researched Auto Insurance Online, N=1076)

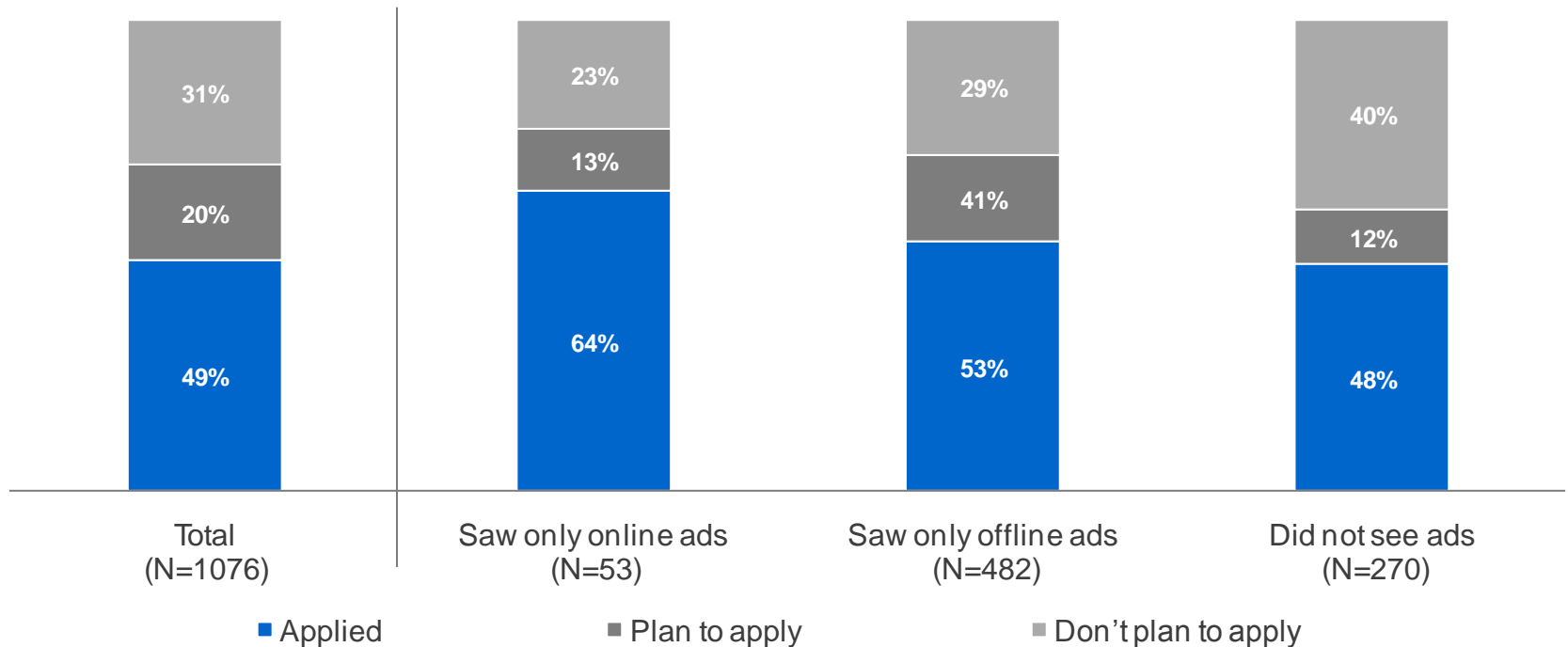


Note: 25% did not recall any ad

# Online Ad Viewers More Likely to Purchase

Shoppers who recalled only online ads were 1.2 times more likely to purchase auto insurance than shoppers who recalled only offline ads

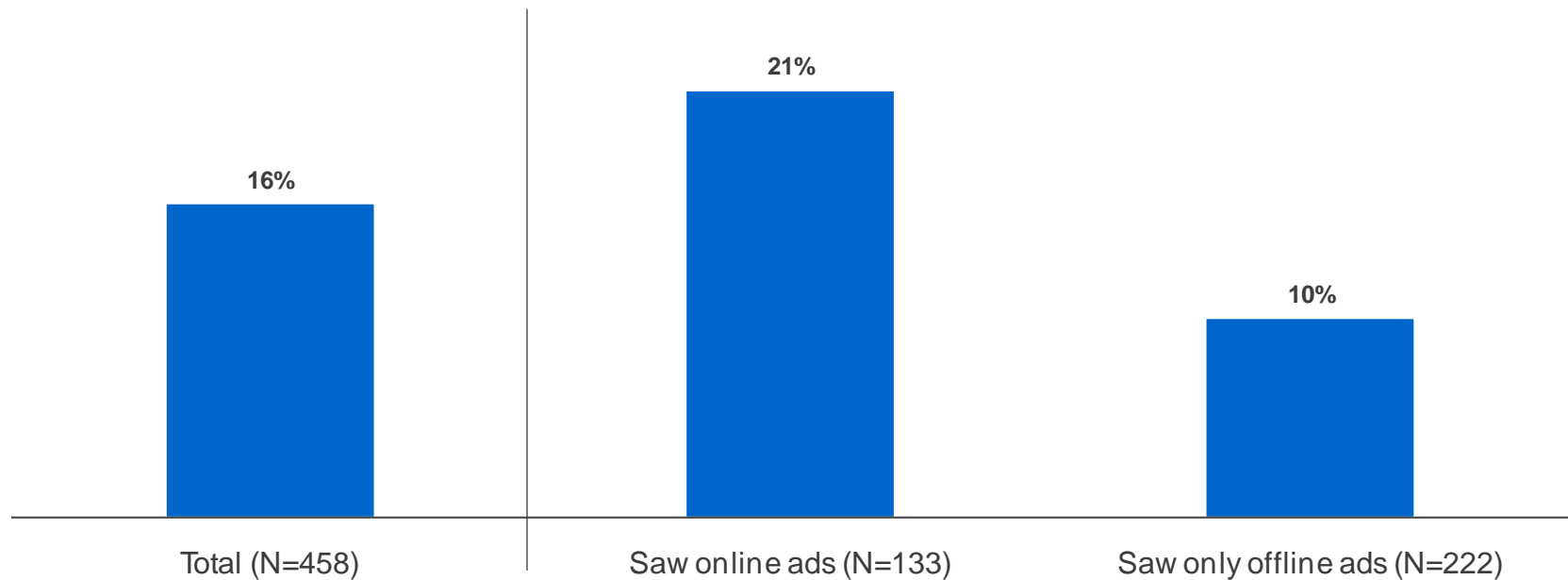
**Purchase Rate by Type of Ads Recalled**  
(Respondents Who Shopped Online for Auto Insurance, N=1076)



# Online Ad Viewers More Likely to Purchase from Company Not Originally Considered

Online ads could be used to influence shoppers to purchase from a company different from their originally considered set of companies

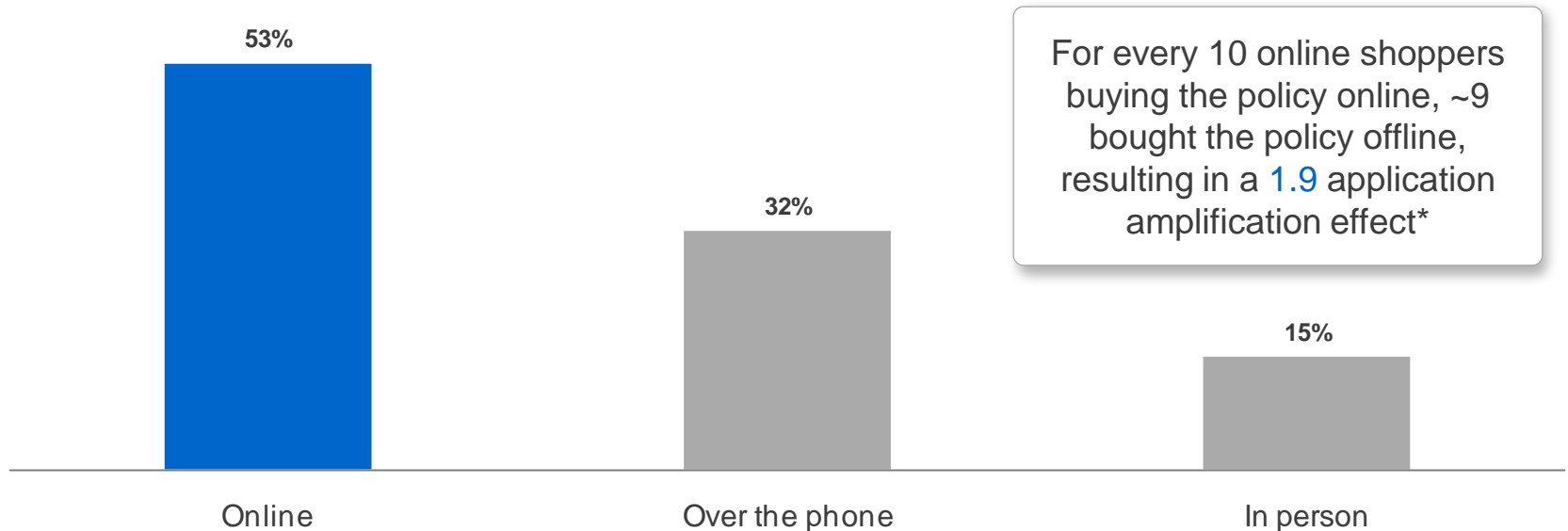
**Share of Buyers Purchasing Insurance from a Different Company  
(Respondents Extremely to Moderately Certain of Company to Buy from, N=458)**



# Online Research Impacts Offline Purchase

Though online was the primary channel for applications, 47% of auto insurance buyers applied offline after researching online

**Channel Used for Purchase by Online Shoppers**  
(Respondents Who Applied, N=527)

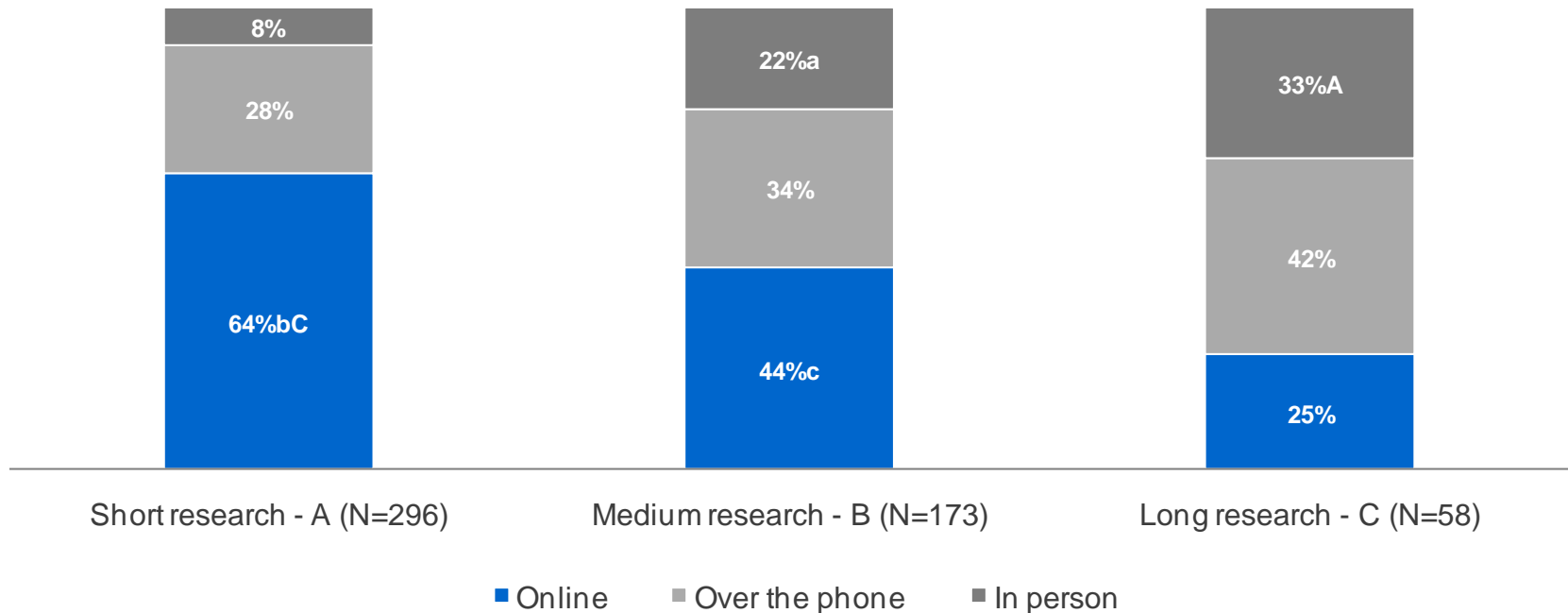


\*Note: Application amplification effect is a measure of total applications (online + offline) achieved through online activities. It is defined as the total number of applications per one online application

# Longer Research Likely to Culminate Offline

Buyers who took 3+ weeks for research were 2.1 times more likely to purchase insurance offline than those who completed their research in less than 1 week

**Channel of Purchase by Research Duration**  
(Respondents Who Applied, N=527)

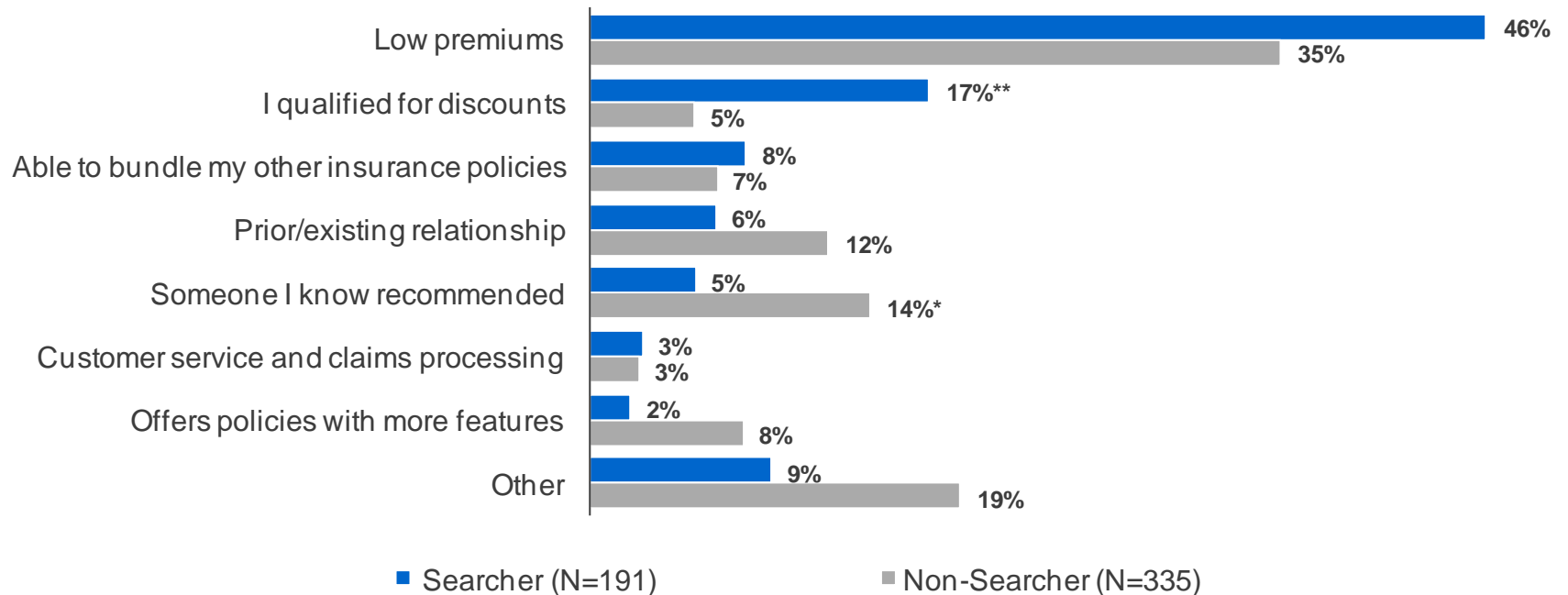


Short Research - less than 1 week; Medium Research - 1 week to less than 3 weeks; Long Research - 3 weeks or more

Q6. How did you open your most recently researched auto insurance policy? Please select one answer only. Q18. How much time passed from when you first started researching auto insurance policy online to when you actually opened an account? Please select one answer only. (Base: N=527)

# Searchers Sought Discounts, Non-Searchers Relied on Personal Recommendations

**Reasons to Choose Auto Insurance Policy**  
(Searcher Versus Non-Searcher Respondents Who Applied, N=527)

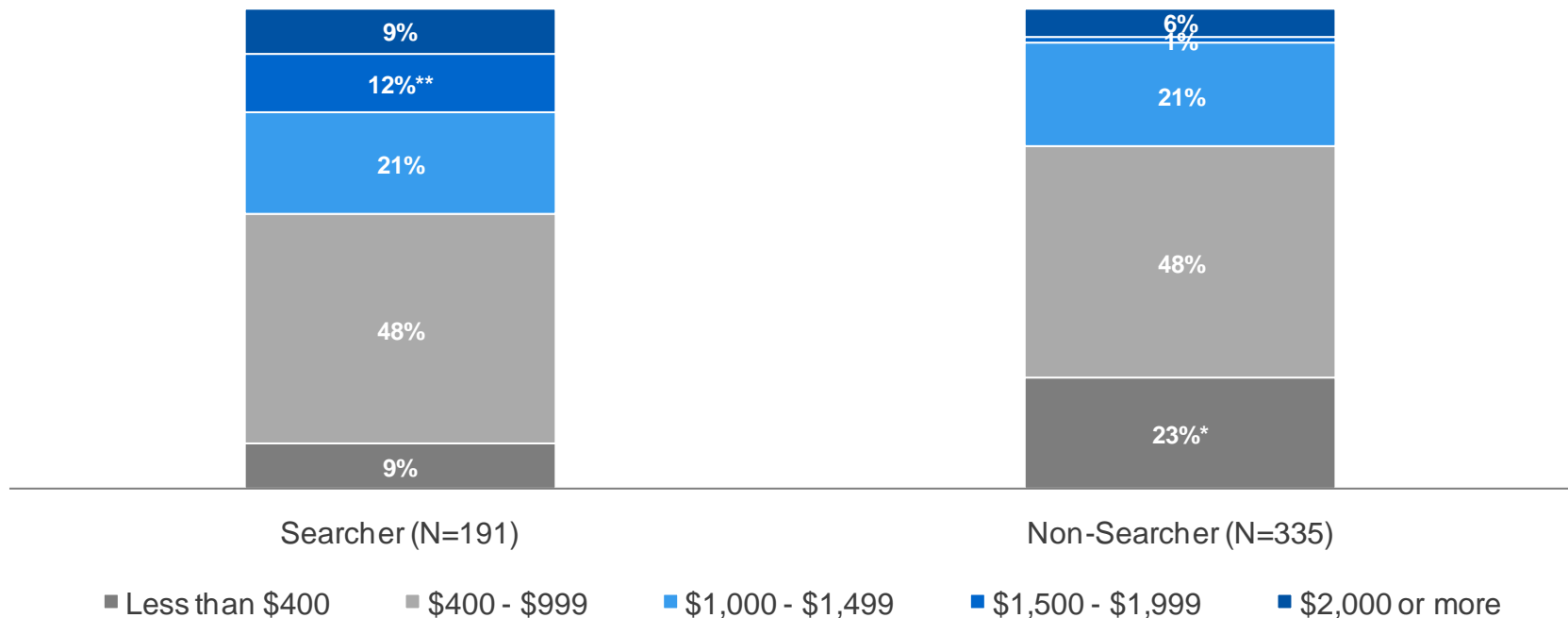




# More Searchers Bought High Premium Policies

Searchers were 3 times more likely to buy auto insurance policies with a premium of \$1.5k+, as compared with non-searchers

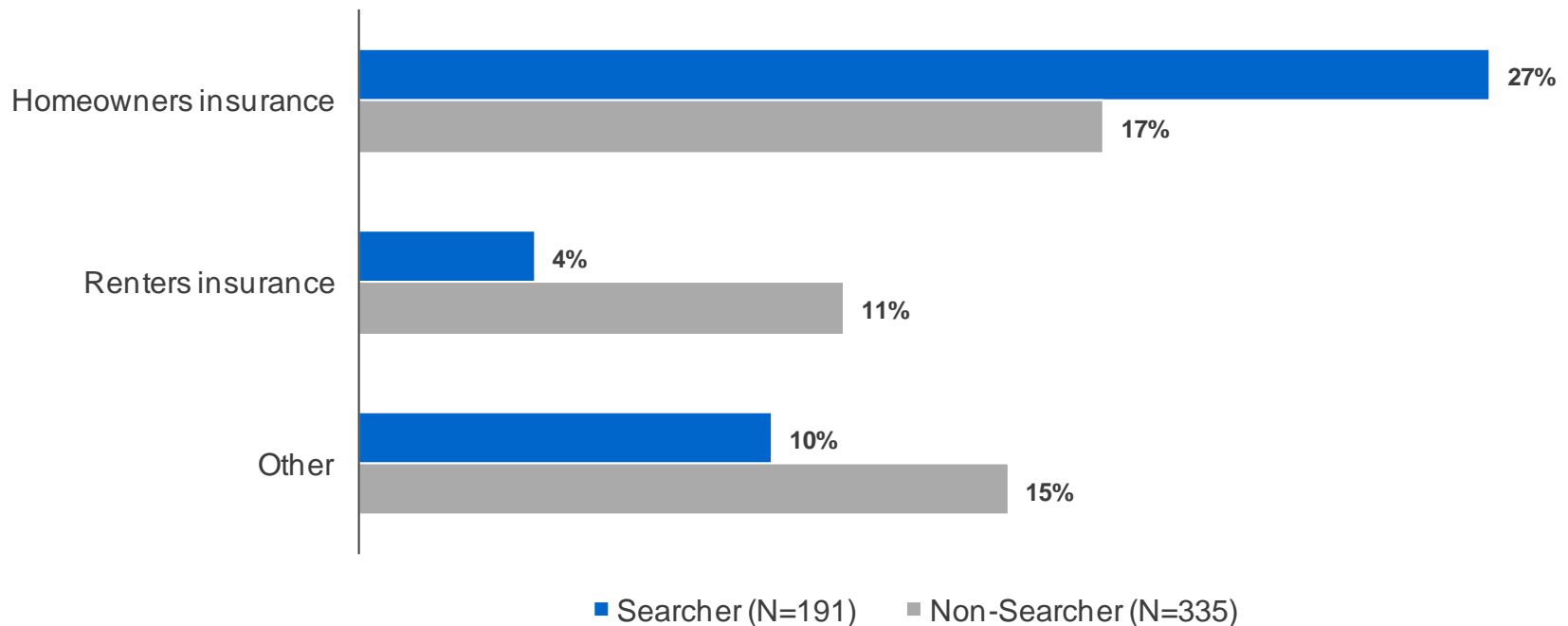
**Policy Premiums of Searchers Versus Non-Searchers**  
(Searcher or Non-Searcher Respondents Who Applied, N=527)



# 27% of Searcher Buyers Bundled Homeowners Insurance with Auto Insurance

Marketers should leverage search engines to target shoppers looking to bundle homeowners insurance and auto insurance

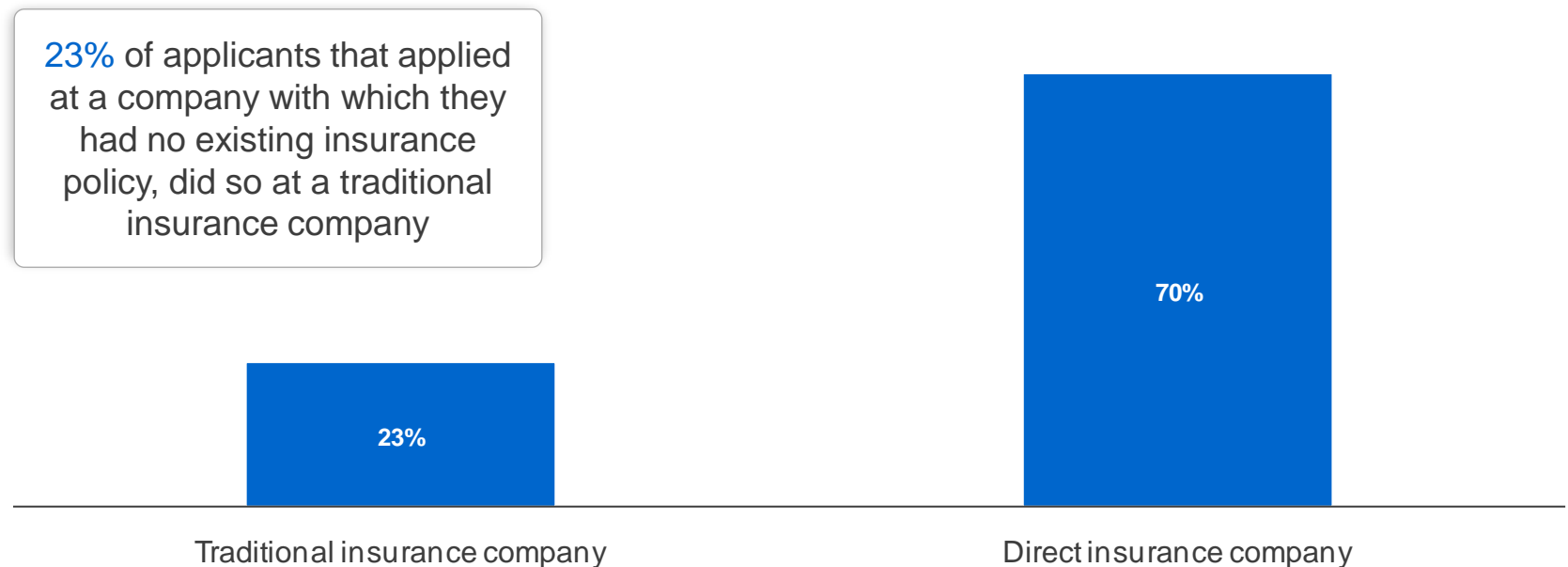
**Bundling Policies with Auto Insurance**  
(Respondents Who Applied, N=527)



# Direct Issuers Received Higher Share of Policies From New Customers

Traditional insurance companies should explore further ways to increase presence on various online resources to ensure new shoppers are exposed to their brands

## Applicants That Applied At Companies With No Existing Policies (Respondents Who Applied at Company with No Prior Policy, N=244)



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