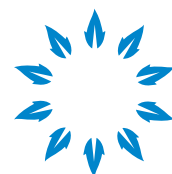




Asteron Life SME
Insurance Index 2018
Issue 3 - Women SMEs



Asteron
Life



Introduction

Welcome to the third issue of the 2018 Asteron Life New Zealand SME Insurance Index.

Understanding Small Business Enterprise (SME) decision makers is a fundamental objective of the Asteron Life SME Insurance Index, and part of this involves looking at how key groups of SMEs differ.

Female decision makers are taking an increasingly prominent role in owning and running small businesses in New Zealand. Our research this year has found that although the key needs are largely similar, there are several important nuances between male and female SME decision makers that affect the way they purchase their insurance.

In particular, their usage and appreciation of advisers is markedly different and understanding these differences will enable advisers to adjust their approach to provide them with the most appropriate and relevant range of services.

While advisers need to show expertise and build deep relationships with SMEs regardless of gender, the following report uncovers some insights into how the approach and attitudes of female SMEs might be different, and how advisers can tailor their offering to best meet the needs of these clients.

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The findings

This third report of the Asteron Life New Zealand SME Insurance Index 2018 focusses on women SME decision makers and how their usage of insurance differs to male SME decision makers:

- General demographics
- Business concerns and challenges
- Drivers of adviser usage

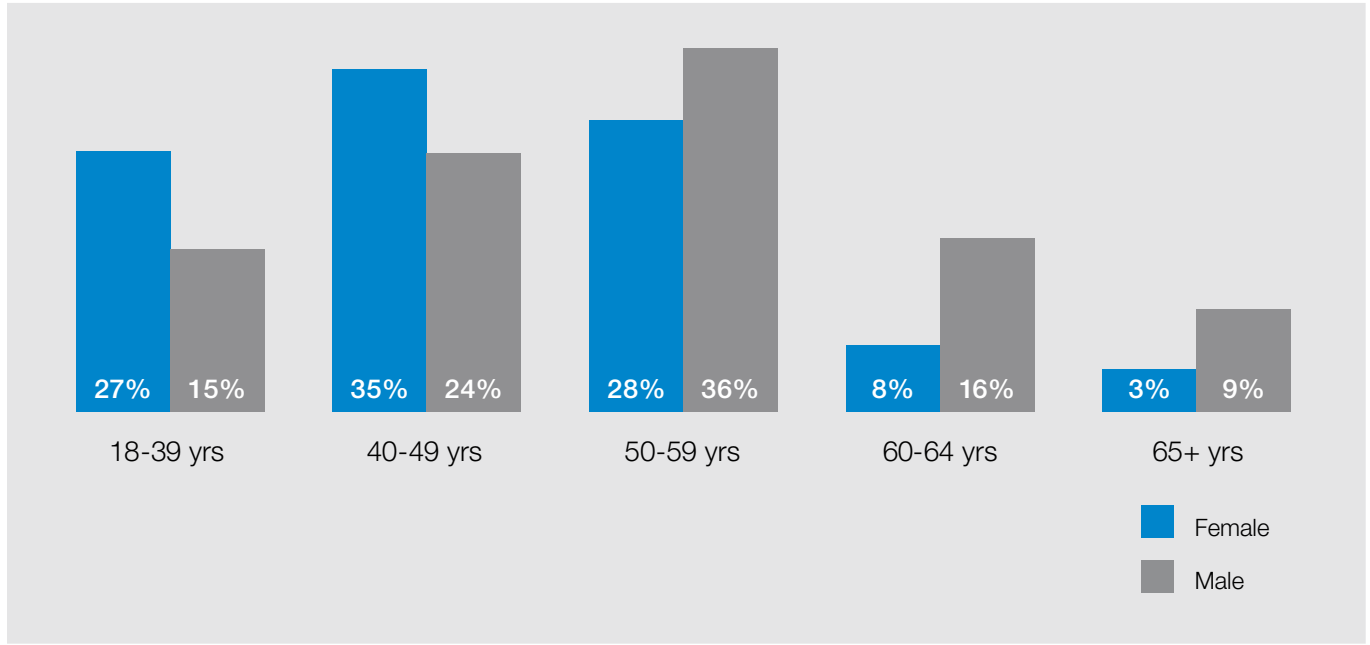
These topics will be explored in detail in this report.

OVERALL DEMOGRAPHICS

As an introduction to exploring the differing needs and behaviours of women SME decision makers, it is important

to understand any key demographic differences between female and male SMEs.

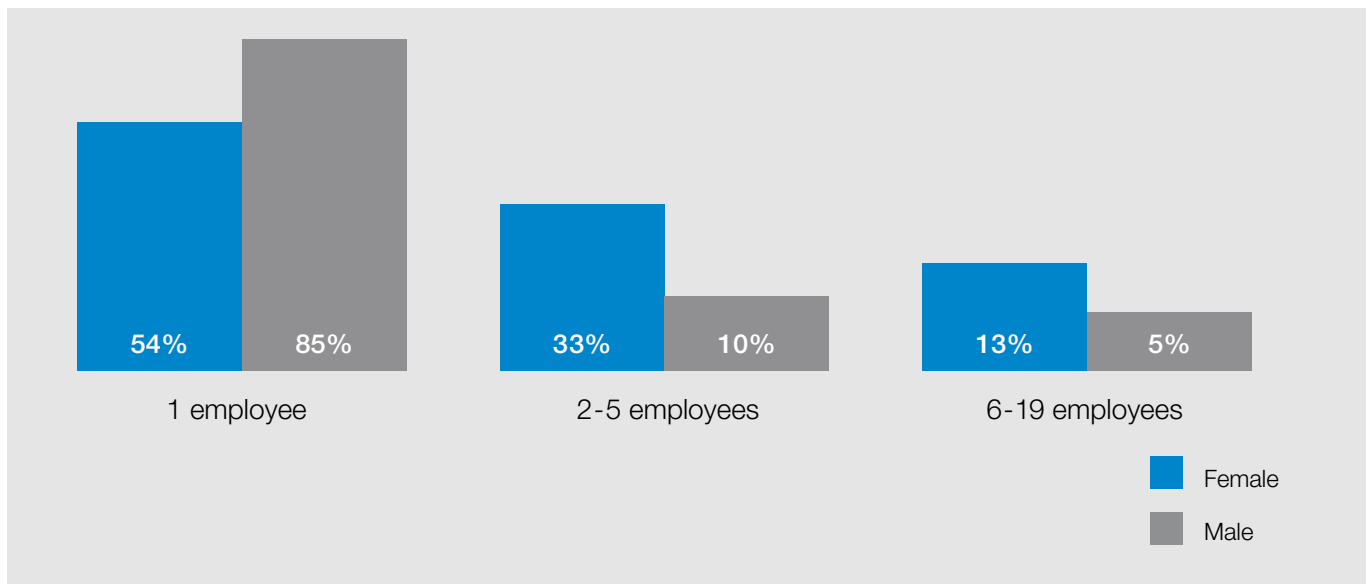
Figure 1: Age



Female SMEs are significantly more likely to be younger than males. 62% of females in small business are under 50, compared to only 39% of males (see Figure 1).

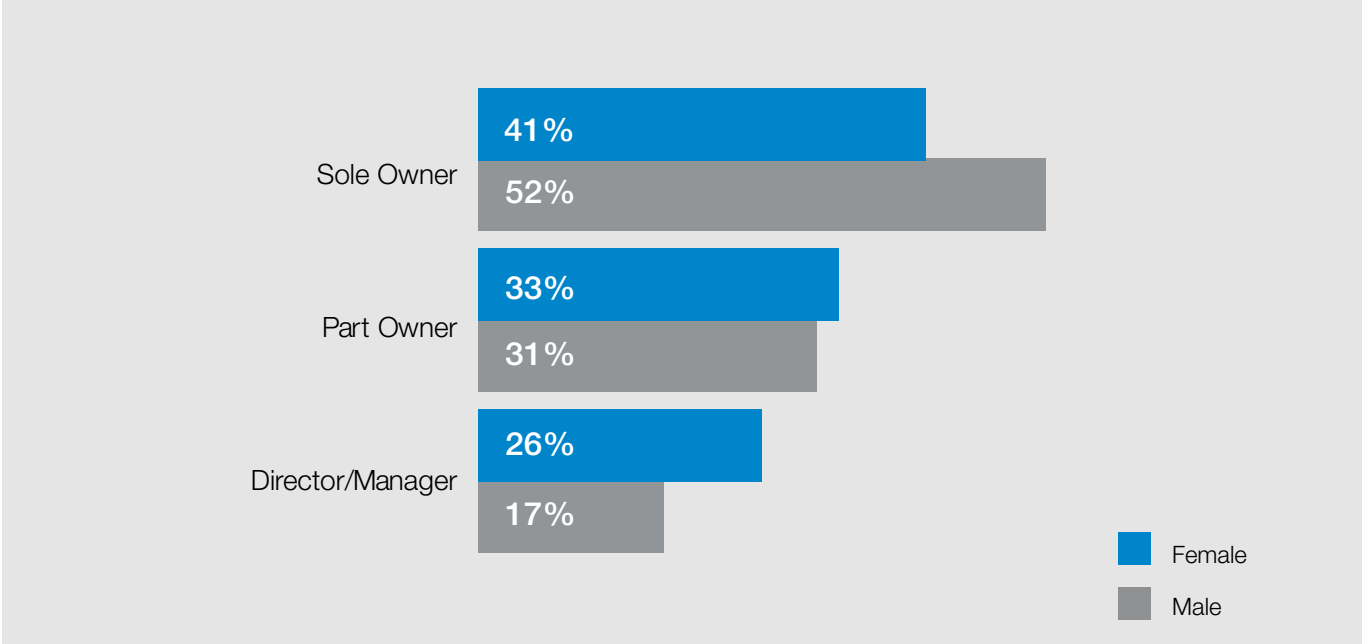
They are also more likely to work in or own larger businesses and less likely to be sole traders (see Figure 2) – in fact, 46% women SME decision makers work in businesses with at least 2 employees, compared to only 15% of men.

Figure 2: Number of employees



Our study shows that female SMEs are more likely to be part owners or senior managers / decision makers than males, who are more likely to be sole owners (see Figure 3).

Figure 3: Role in business





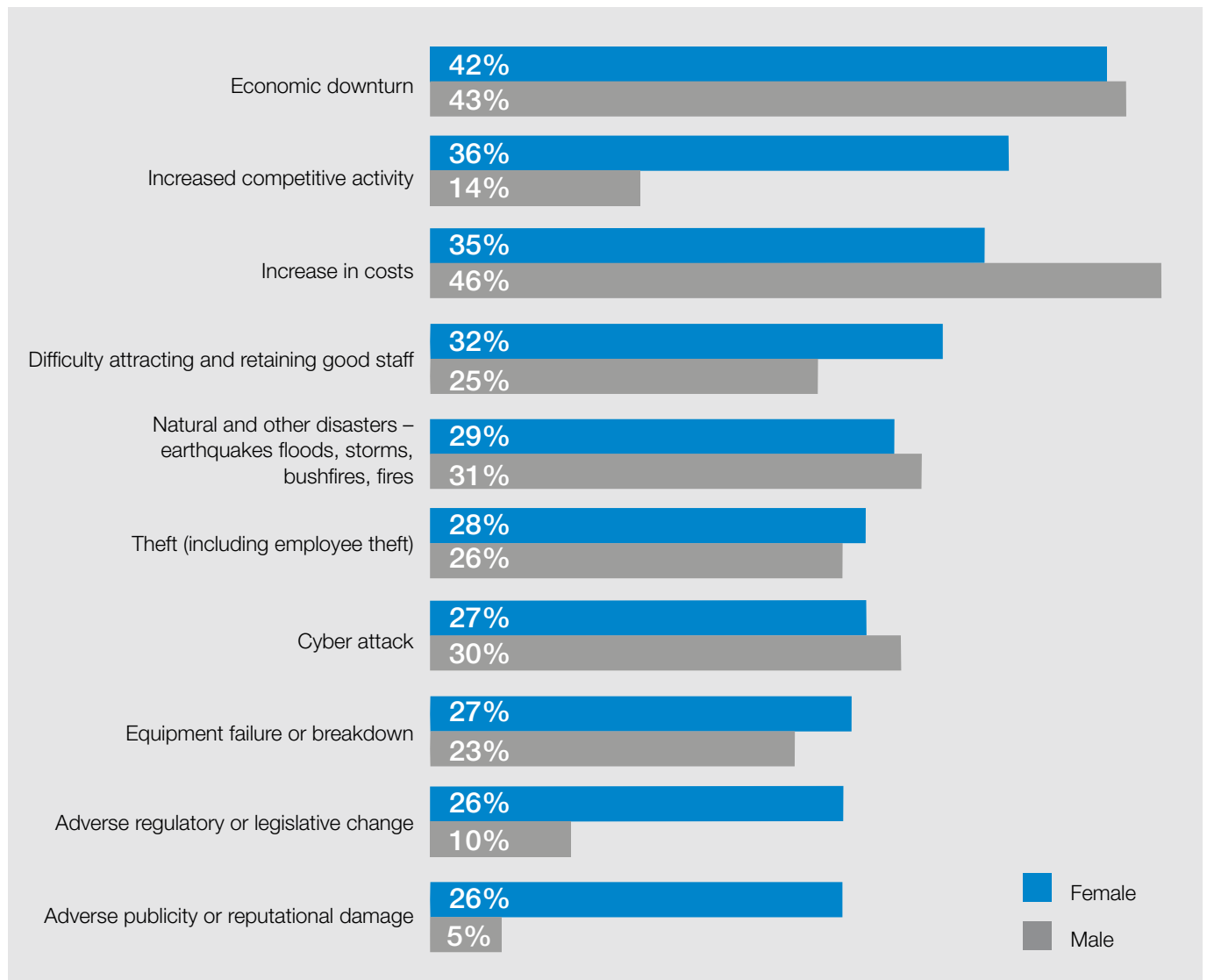
BUSINESS CONCERNS AND CHALLENGES

In order to gain a deep understanding of SMEs, we asked them about the things that worry them the most and the challenges they face in their business.

The first key difference that emerges between males and females is that females generally express greater concern

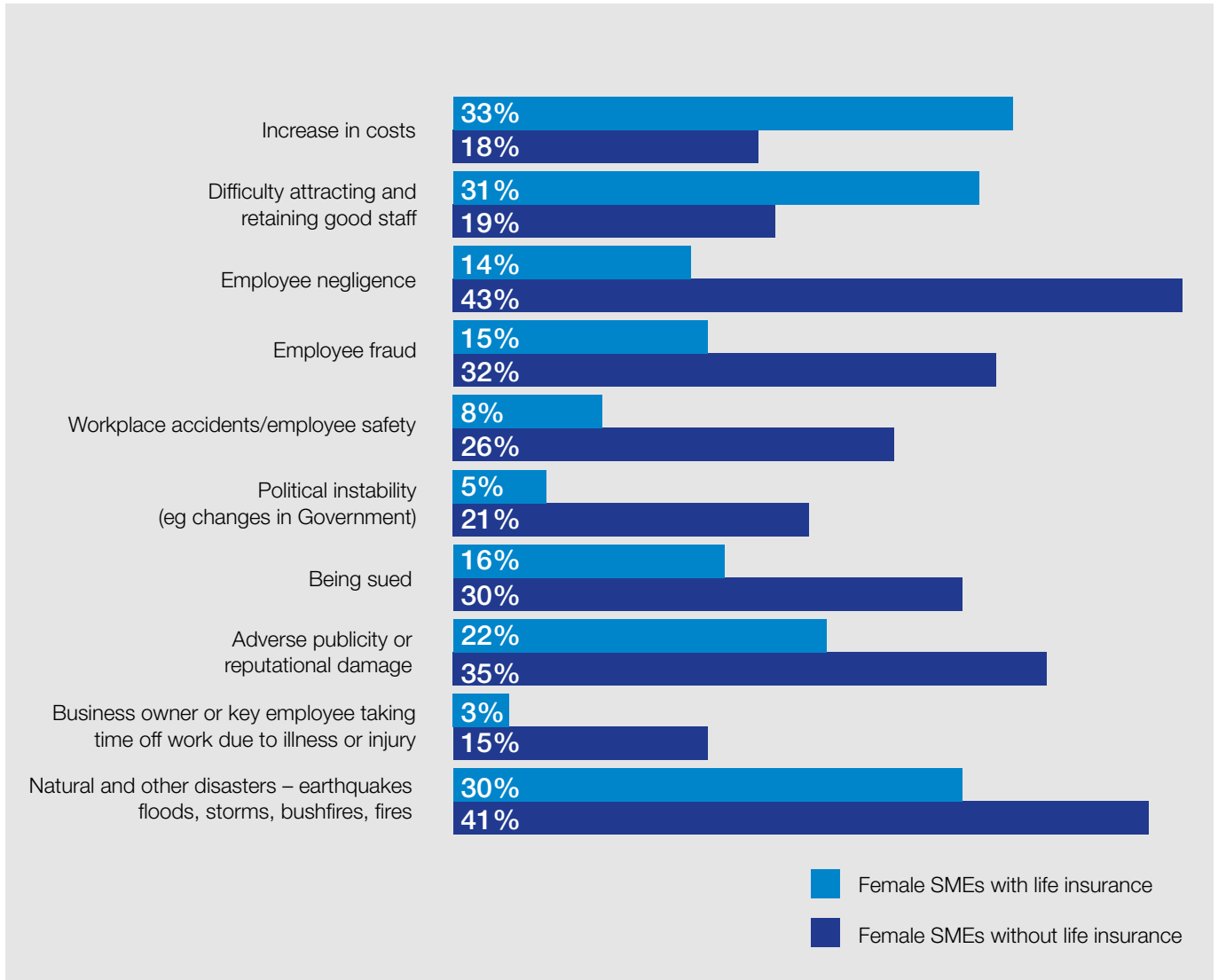
about increasing competitive activity, adverse regulation changes or reputational damage. Male SMEs are more concerned about increase in costs and its impact on business (see Figure 4).

Figure 4: Business concerns



Our research shows that a notable difference emerges when we look at women SMEs who have life insurance vs those who do not (see Figure 5).

Figure 5: Business concerns



Women decision makers without life insurance are significantly more likely to be concerned about issues that impact business operations:

- Employee negligence
- Employee fraud
- Workplace accidents and safety
- Business owner or key employee taking time off work due to illness.

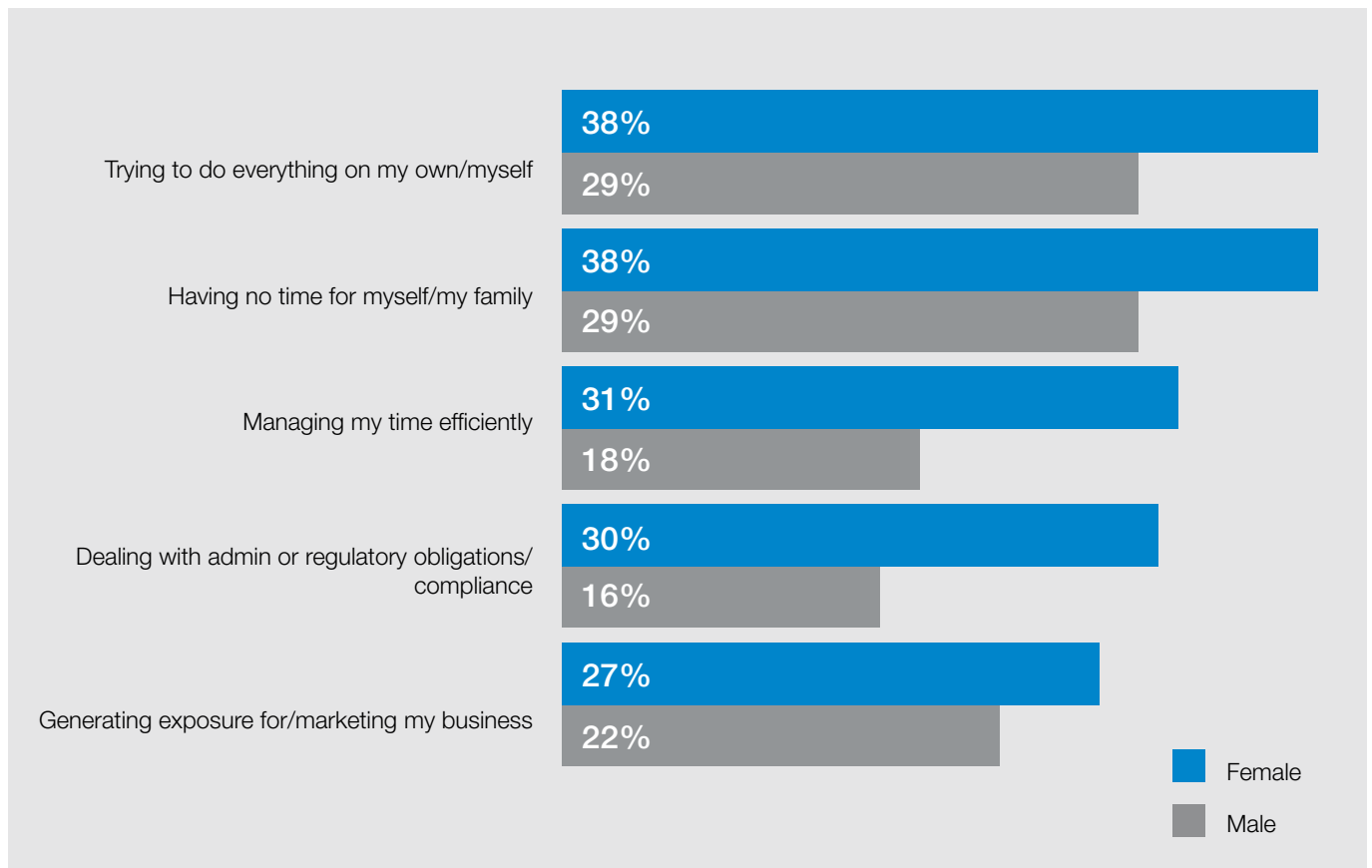
This could suggest that covers such as income protection, TPD and trauma might go a long way in alleviating concerns of women SMEs who have life insurance cover.

One of the key findings from our first issue this year is that time is a significant issue for SMEs. Many SMEs claim to have

real challenges managing their time, trying to do everything themselves. In general, these challenges are consistent across genders. However, there is one challenge that is dramatically different: 38% of females with life insurance say that having no time for self or family is a challenge, significantly higher than the 29% of males who also nominate this as a challenge (see Figure 6). Similar number of women SMEs also say that they are struggling with trying to do everything on their own. This finding is unsurprising and consistent with widely observed trends in which women are time-pressured and juggling multiple roles in life. They also are more likely to find it harder to manage their time efficiently and deal with regulatory and compliance issues.

But understanding this will help advisers manage client relationships and deliver genuine and meaningful benefits to this very time-poor audience.

Figure 6: Business challenges



In a nutshell

- Overall, female SME decision makers express greater levels of concerns around competitive pressure, adverse impact of regulation or reputational damage.
- In particular, female decision makers without life insurance are more concerned about ongoing business operations being impacted by need to close due to staff fraud or negligence or loss of key staff.
- A notable challenge for female decision makers is lack of time, especially having enough time for self or family.

Things for advisers to consider

- Female SMEs without life insurance are significantly more concerned about issues that can interrupt business as usual and having to take time off work due to illness

Is there an opportunity for advisers to promote the advantage of having income protection insurance or illness and trauma insurance?

- All SMEs are time-pressured, but female SMEs are especially concerned about having time for themselves and their families, and managing their time efficiently

Advisers can save their clients considerable time by looking after their insurance – this is a particularly relevant story to reinforce with female clients.

- Women without life insurance tend to express greater concern overall. What role can advisers play in helping female SMEs feel in control and use insurance to help them feel like they are taking action and being positive about risk?

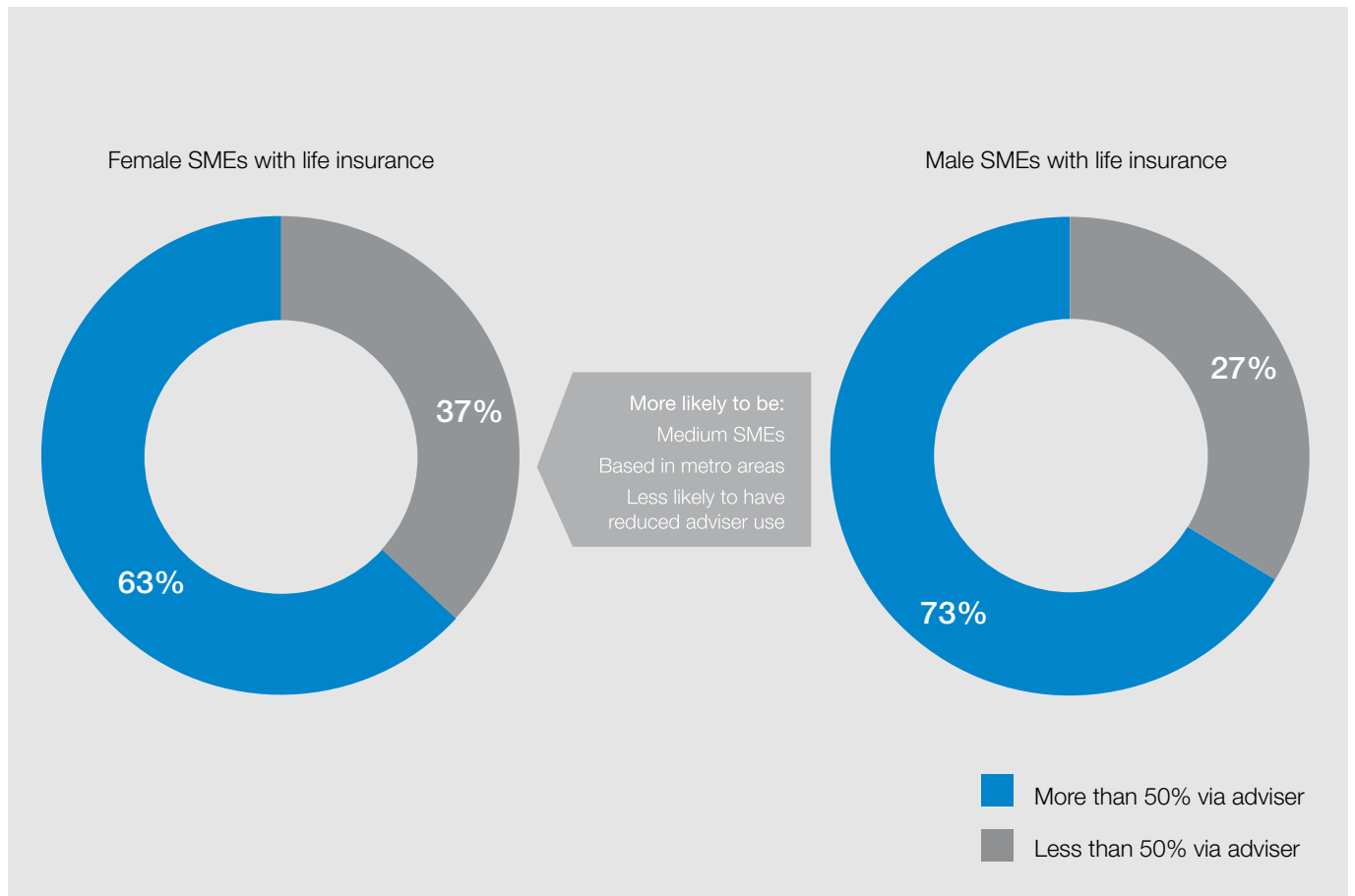
DRIVERS OF ADVISER USAGE

It is important to note that the results presented here are derived from a survey on business insurance, and therefore reflect how female SMEs feel about the adviser they use for their business insurance. However, our hypothesis is that there is likely to be substantial crossover between SMEs' attitudes towards advisers of all types of insurance and that life insurance advisers can gain considerable insight into SMEs through examining this data. This hypothesis is

backed up by qualitative research with SMEs, in which they overwhelmingly suggest that their needs are similar across all types of insurance.

Through the research, it is clear to see there is a notable gap in adviser usage between males and females, with only 63% of females claiming to buy most of their business insurance through an adviser or adviser, compared to 73% of males (see Figure 7).

Figure 7: Adviser usage

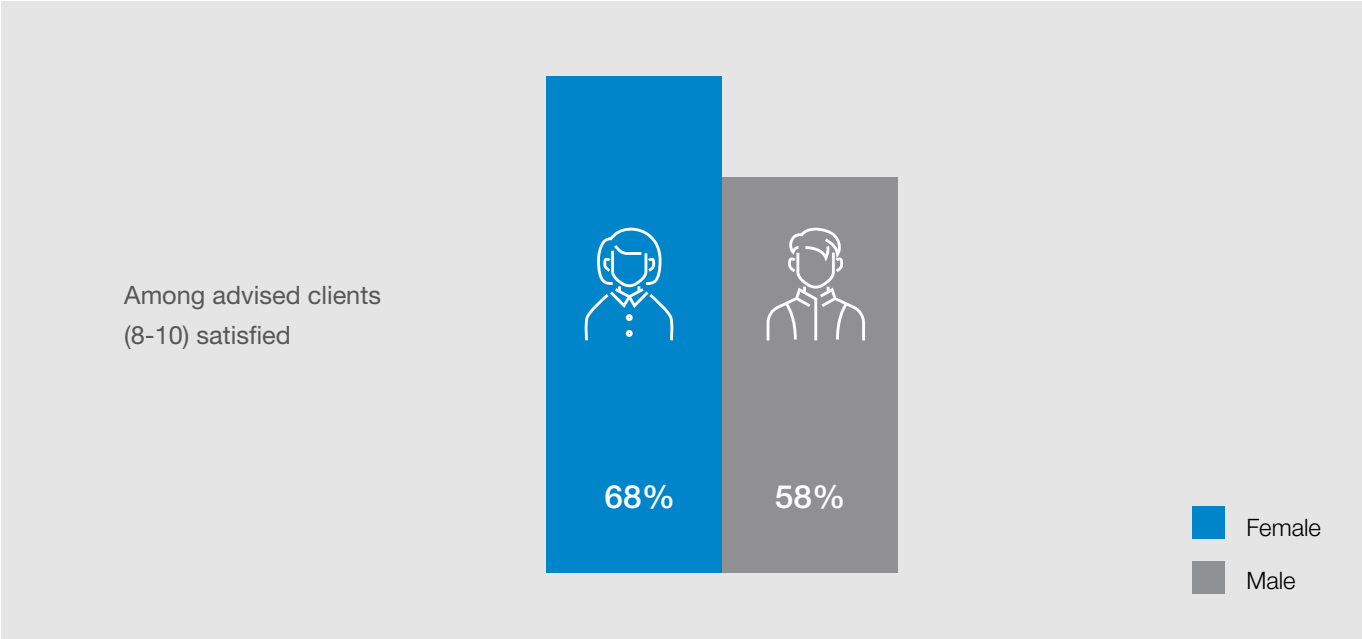


This trend is consistent even in businesses with between 6 and 19 employees. While these larger SMEs are generally likely to use an adviser, among women decision makers, 23% are still choosing to buy the majority of their insurance direct from the insurer, compared to only 9% of males in similarly sized businesses.

So, what do female SMEs want from an adviser, and why don't they use an adviser more?

The good news is that female advised clients (68%) appear to be more satisfied with their business insurance adviser than males (58%) – scoring them satisfaction rating between 8 to 10 (see Figure 8).

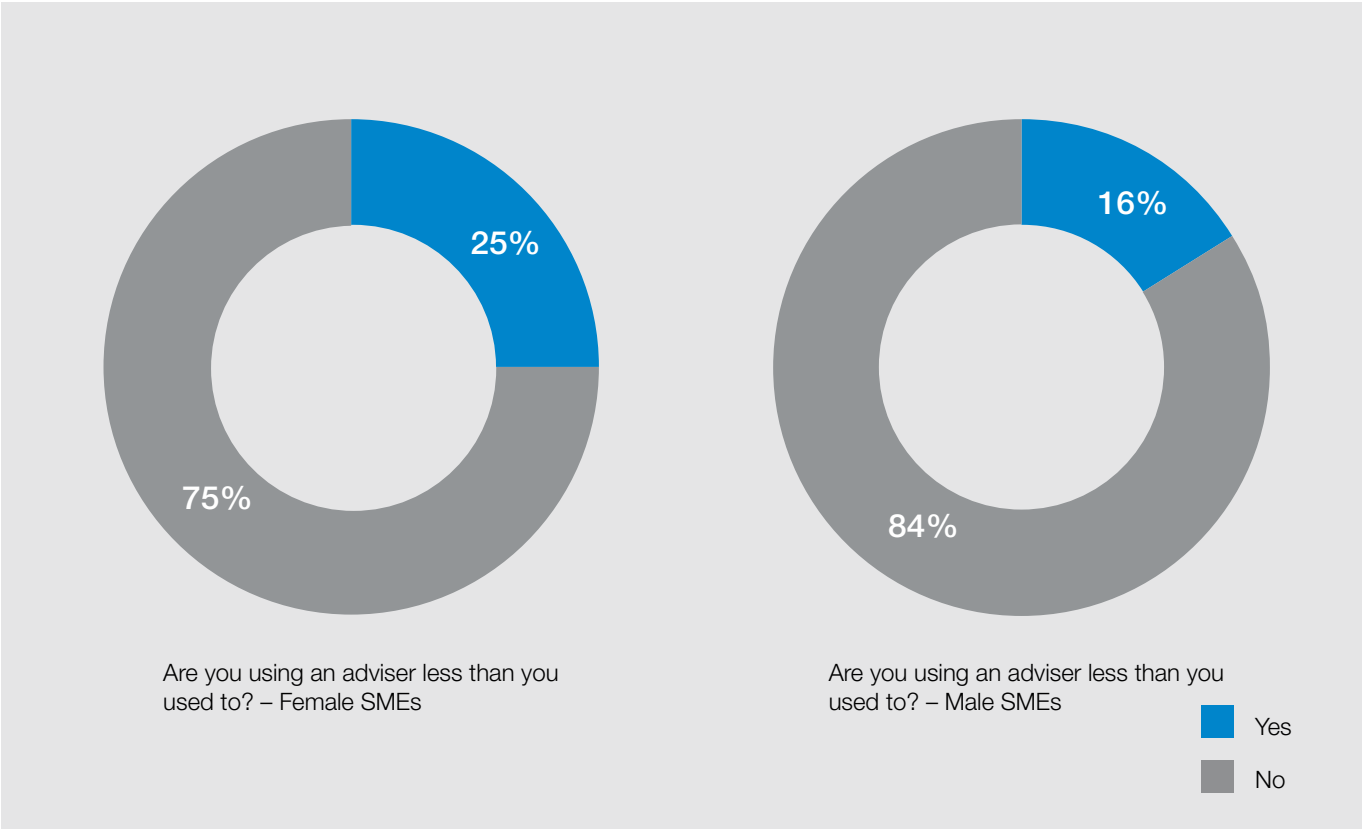
Figure 8: Satisfaction with current adviser



This is important, because there is a greater willingness to move away from adviser use, for females. 25% of women

SMEs are using an adviser less than they used to compared to 16% of male SMEs (see Figure 9).

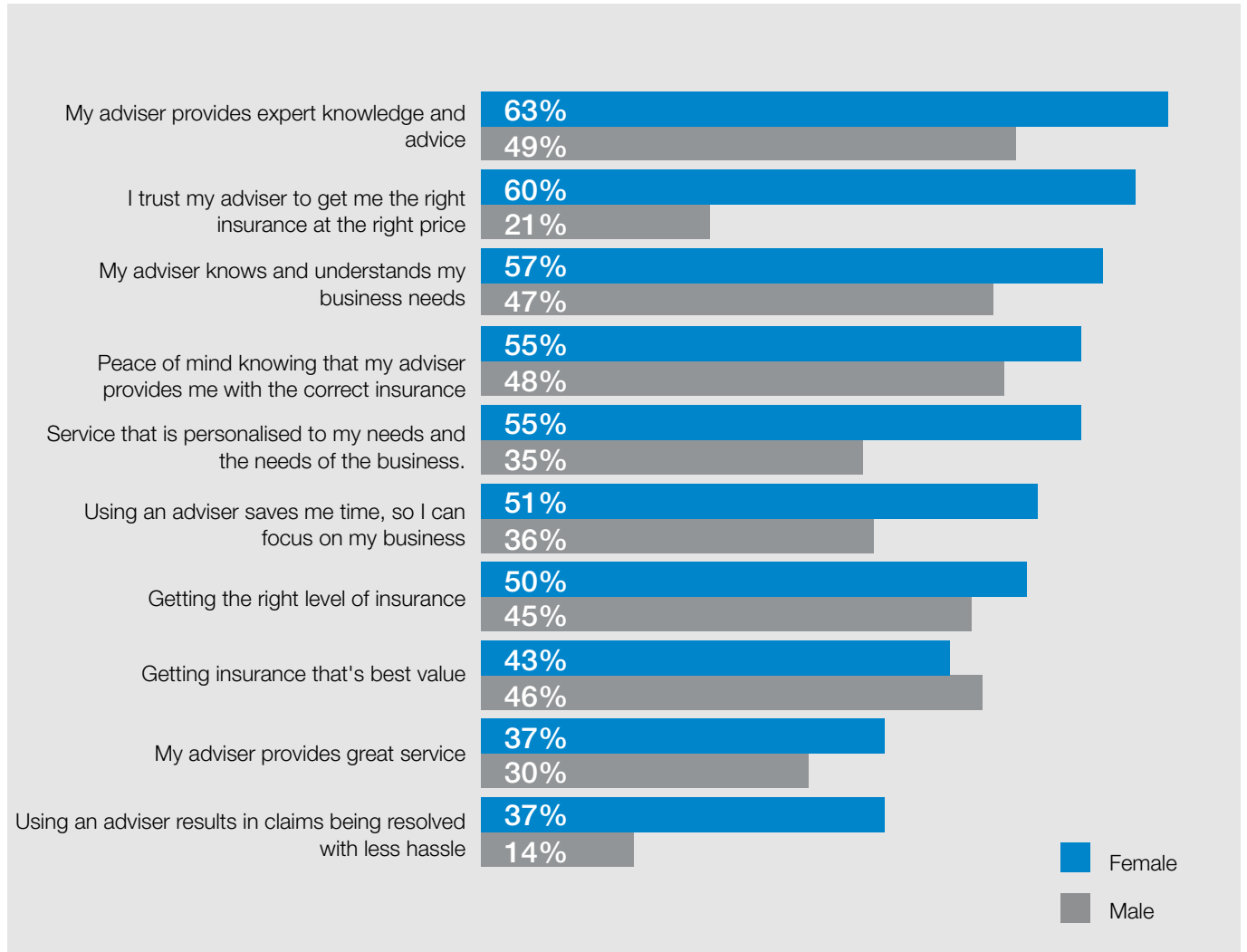
Figure 9: Change in adviser use



However female SMEs who use an adviser value them for a wide range of reasons. This suggests that those who have a good experience with an adviser may understand and appreciate the value they represent. Our research shows that they are significantly more likely than males to say that

their adviser provides expert knowledge and advice, that they trust their adviser to get them the right insurance at the right price and that their adviser provides a service that is personalised to their needs and needs of the business. (see Figure 10).

Figure 10: Top 10 reasons to use an adviser



Reasons for using an adviser less are markedly different between males and females. For example, 25% of females who are using an adviser less than they used to say that it is because they couldn't see the value they added, compared to only 3% of males (see Figure 11). There is a lack of understanding of the benefits that an adviser can bring,

suggesting a need for education and a clear message about the beneficial role of advisers. In contrast, male decision makers tend to go direct because they think they can get their insurance cheaper.

Figure 11: Reasons for using adviser less

Why	Female %	Male %
Couldn't see the value they added	25	3
Opportunity to bundle my covers together	23	1
Poor customer service	18	1
Advice wasn't good	15	1
Thought I could get business insurance cheaper	6	48

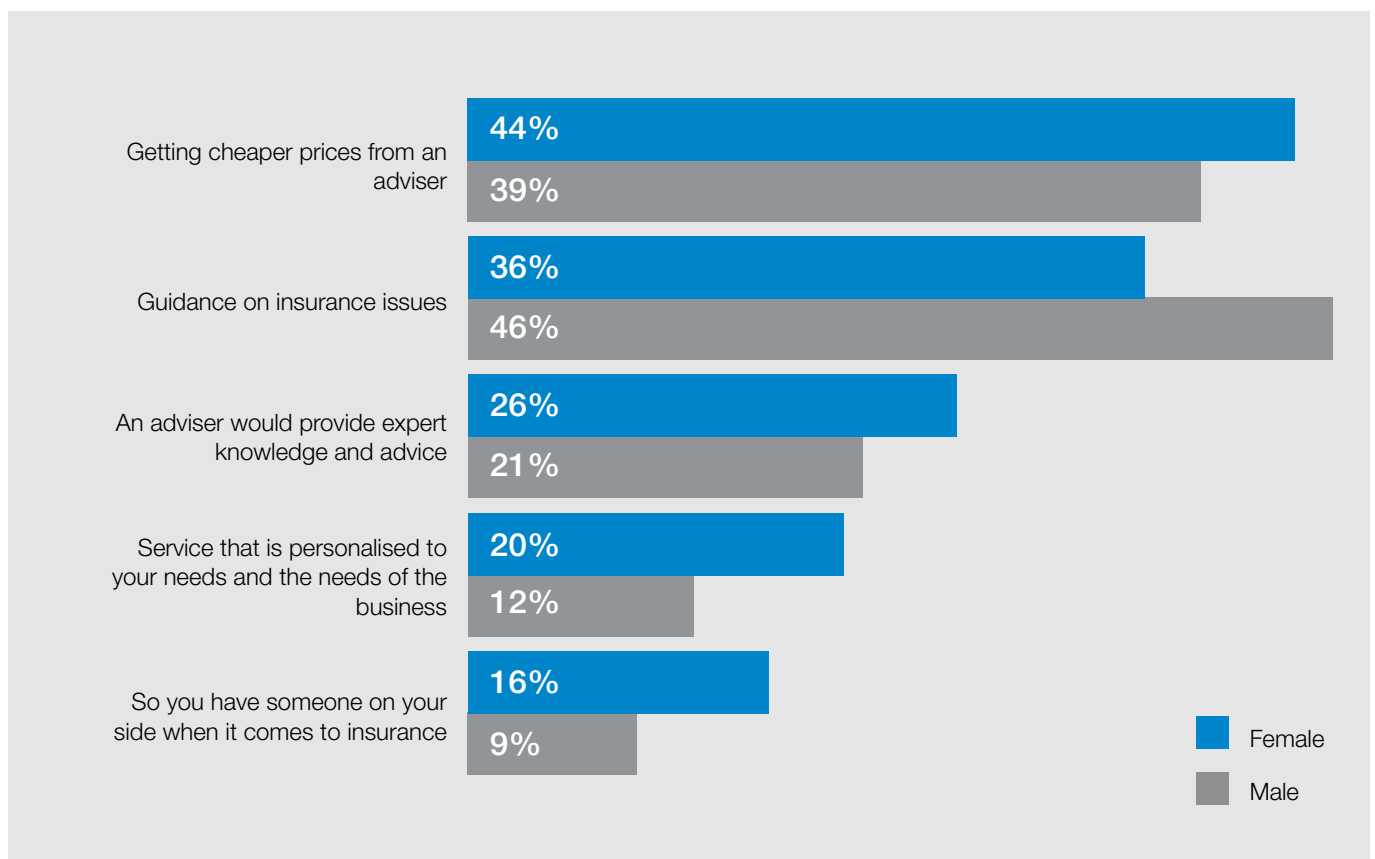
Turning to those females who buy direct, the dominant reason they don't use an adviser is because they think they can do it easily themselves, similar to male decision makers. However, our research indicates that females are more likely to say that they don't use an adviser is because they simply hadn't thought of it. Again, this suggests that there is considerable scope for advisers to clearly explain the benefits that they can bring to female small business owners, potentially via case studies or testimonials from satisfied female clients.

In particular, many females SMEs are attracted by the potential for advisers to provide personalised service

and having someone on your side for insurance issues. It is about providing them with support and assurance and saving them the hassle of dealing with something themselves, considering how strapped they feel for time.

- 20% say that they would consider using an adviser if they knew that the adviser would bring expert knowledge and advice, compared to 12% of males.
- 16% like the idea that the adviser would be on their side when it comes to insurance (see Figure 12).

Figure 12: Top 5 factors that would influence adviser use





LOOKING FOR ADVISERS

This data suggests that there is significant scope for advisers to deliver many advantages to female SMEs and their businesses. So how would an adviser go about targeting female decision makers who are looking for an adviser? Word of mouth is a major source, as is online search. 40% of

females would ask colleagues, friends and family, compared to 27% of males, while 39% would search online, compared to 20% of males. They are also more likely to use Facebook and online forums. (see Figure 13).

Figure 13: Top 10 sources for finding an adviser

Why	Female %	Male %
Via a colleague / friend or family member	40	27
Via online search	39	20
Via a business advisor	29	30
Via an industry body / association	11	16
Via a local business association	10	8
Facebook	10	5
Product review websites	10	6
Business directory	8	6
Online forums	7	1

In a nutshell

- Females are significantly less likely to use advisers than males and do not see the value of using them. A number of them go direct simply because they hadn't considered using an adviser.
- Accessing expert advice and guidance on insurance issues and getting the right insurance for the right price are the key reasons why female SMEs use an adviser or adviser.
- Female SME decision makers would consider using an adviser if they knew they would save money and access expert knowledge and advice. They also value personalised service that an adviser could offer.
- Females are more likely to use word of mouth and online channels to find an adviser.

Things for advisers to consider

- Expertise on insurance and personalised service is highly regarded by female SMEs compared to male SMEs who are more price-driven.
- Advisers have an opportunity to get female SMEs who buy direct to consider them by showing how they can support them with both their expertise and their servicing – saving them time and effort and providing them with peace of mind.
- More than one in ten go direct simply because they hadn't considered using an adviser.
- Building their online presence and using their current clients as referrals are some of the ways advisers can stay top of mind.
- Building an online presence and referrals is even more critical with this audience, as they are more likely to rely on their personal networks, online search and even Facebook to find an adviser.

The research

This report is based on research involving more than 900 business owners and decision makers from around New Zealand. The research was independently* conducted in two stages:

Stage One – Quantitative Survey

A survey of 901 business owners and insurance decision makers was conducted, covering a range of business types, locations and sizes. The survey was conducted during November 2017 and the data was weighted by region and organisational size to current Statistics New Zealand data. The survey covered:

- general business sentiment
- attitudes towards insurance
- insurance purchase process
- purchase channel (adviser or direct)
- attitudes towards insurance advisers
- expectations and impact of price changes
- demographics

Respondents were screened to ensure that they were responsible for making insurance decisions for their businesses. Quotas around region and business size ensured that representative samples were obtained.

Businesses were divided into two groups, following Statistics New Zealand standards:

Micro

Businesses which employ 0 (self-employed)-5 employees

Small

Businesses which employ 6-19 employees

Stage Two – In-Depth Qualitative Interviews

Eight interviews were conducted with SME respondents representing a mix of business sizes, types, attitudes to insurance, insurance purchasing channels and demographics. These sessions were held at respondents' workplaces during February 2018.

*This research was conducted by BrandMatters. See brandmatters.com.au. Disclaimer: This Asteron Life SME Insurance Index Report ('Report') has been prepared for general information purposes only. Asteron Life Limited ('Asteron Life') and its related companies do not assume or accept any liability whatsoever arising out of or relating to this Report or the information it contains. While all care has been taken, Asteron Life and its related companies do not give any guarantees, undertakings or warranties concerning the accuracy, reliability, completeness or currency of the information provided. This Report is not a recommendation or statement of opinion from Asteron Life; it is based on independent third party research commissioned by Asteron Life and should not be used as the basis for any decision in relation to the acquisition or disposal of insurance products or the use of adviser services. Readers should confirm information and interpretation of information by seeking independent advice.



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