

LOVE2SHOP



Claiming Loyalty

An insight into consumer attitudes towards insurance in the UK.



business.love2shop.co.uk

Protecting What Matters Most – Is It Enough?

Insurance – it's vital to protect life's most important moments, like home ownership and your first car or the things we love, like our pets.

But do customers feel valued by insurance providers or brokers – and does the market standard of constantly switching supplier still work?

Love2shop conducted a UK-wide survey of insurance consumers to find out what they think about insurance and what motivates them.

What we found was that customers are willing to stay with a provider and show brand loyalty, if they feel they are more than just a number. **But around 33 million people feel undervalued by their insurance providers.**

Love2shop believes in 2024 – **the Year of Loyalty** - it's time to change the focus of the insurance industry. Instead of constant customer acquisition, we can help insurers pull those loyalty levers and really make a connection with customers to create a stable, long-term customer base, whether you're offering car, van, home, pet, business or rental insurance or anything in between.



Frank Creighton,
Director of Business Development
Love2shop

A Nation Of Reluctant Insurers

Insurance is a vital protection for people. But our survey found only 3 in 10 people actually trust their insurance provider.

As a result, many avoid taking out policies if they can and don't really understand the benefits and protections it offers.

Our nationwide poll found that insurance was Brits' third most unpopular expense after utilities and taxes, with **33% saying they actually dislike paying their premiums.**

Worryingly, almost the same number – 32% - reported they would not have any type of insurance if they were given the choice.

Our data shows the majority of that reluctance was among 25-65 year-olds, where over a quarter (27%) didn't want to have to pay their premiums.

Consumer trust in the sector being incredibly low - just 30% - is a driving factor for people to not take out the insurance they need, leaving themselves open to financial risk. It indicates a breakdown in the relationship between providers and customers that could prove costly for both in the long-term.



1 Million

motorists don't have insurance



91%

of pet owners don't have insurance



7 Million

homes don't have insurance



Some consumers are already avoiding insurance. According to the Motor Insurers' Bureau around one million motorists are driving without insurance in the UK. Meanwhile data from [Confused.com](https://www.confused.com) reveals that seven million UK homes are not insured.

Shockingly, bearing in mind how much we love our pets in the UK, research from [GoCompare](https://www.gocompare.com) found that 91% of UK pet owners do not have insurance for their furry family members.

So how has the connection between insurance providers and those they insure been broken – and how do we repair it?

Brits Are Bored Of The Movie Deals

Despite being driven by price comparison sites, long-term 'benefits' have become synonymous with the insurance industry – offering people deals such as **two-for-one** cinema tickets or discounted restaurant meals for a year in return for taking out a policy.

But UK consumers are no longer paying them much attention. Those we surveyed said those incentives simply don't attract them.

An astonishing **82% of people said they would prefer a monetary reward – like a gift card** – for taking out a policy with just 5% saying non-monetary deals and offers would influence their decision.

So while such deals can create nice marketing lines, the truth is their **effectiveness at fostering loyalty is very limited.**



82%
want instant
benefits



5%
just wanted non-
monetary rewards

A Question Of Commitment

For many years the insurance industry, with some small exceptions, has been based on the idea that customers will switch regularly looking for the best deal.

But we are talking about an investment that protects the things that matter most to them – their health, home, cars, pets, businesses. In any other setting, these are things we would entrust to only those we know – and who know us.

Our survey found that **69% of UK adults - around 33 million - feel undervalued by their insurance providers.**

Feeling unimportant or undervalued makes customers feel unhappy and, in their eyes, can devalue the service on offer, making them more likely to look to competitors for a better experience.

So can an industry where consumers switching providers is the norm ever build customer loyalty? **We believe it can.**



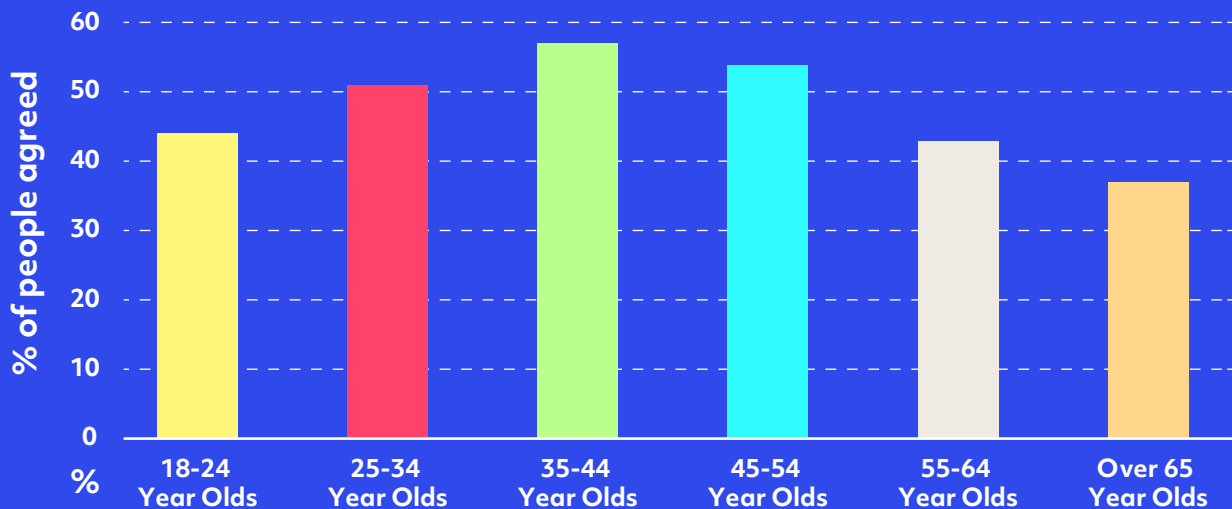
Been Good? Have A Treat!

One of the most interesting things our data found was the power of rewards for responsible behaviour.

UK consumers told us that getting something back for doing the right thing and not having to claim on their policy would be a real driving force for loyalty.

53% of people told us that premium reductions for loyal customers would see them stick with their current provider while 36% said rewards for good behaviour – such as good driving or living healthily – would motivate them to remain loyal to one provider.

Would gift card rewards for lowering your risk change your behaviour?



Making A Connection

Customer switching may be the current standard model for the insurance market, but customer loyalty improves profitability and increases acquisition through positive testimonials and a unique selling point.

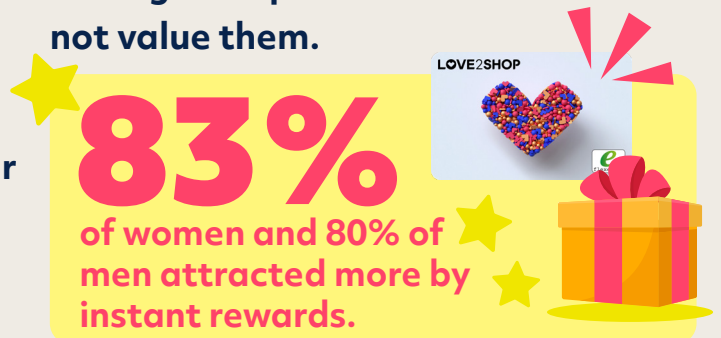
Research shows that **56% of customers classed as loyal will spend more on a product**, even if there are cheaper options available.

Loyalty makes businesses significantly more profitable – and our data shows that more than a third (34%) of UK consumers would be motivated to stay loyal to an insurer if they were incentivised through gift cards or vouchers.

Rewards are a key component but **our survey indicates insurance providers need to re-think the incentives** and gifts they offer.

An alarm clock or a Parker pen simply won't cut it anymore – but neither will longer-term 'benefits' like discounts on retail and leisure activities as consumers become bored of the process of redemption.

According to our data, women feel the least valued by insurers, with **72% feeling their provider or broker did not value them.**



Back To The Drawing Board

The majority of people admit they find insurance policy jargon difficult to understand. Almost a quarter (23%) of people said they avoid renewing their policies as it is stressful and confusing.

Among men 60% admitted they struggled with insurance language, while 73% of women agreed.

Making insurance accessible and engaging is crucial to ensure customers understand the value of the product.

As our survey shows, female customers may more readily admit it, but the **general perception is that insurance language is impenetrable – and that is a barrier to engagement.**

It's important to remove obstacles – real or perceived – if we want to help people appreciate the value of the policies and protections on offer.

This is a challenge the industry has been working to improve for some time, however according to those surveyed, policies are still very challenging to understand.

By continuing to develop simplified language and **re-engaging individuals with meaningful rewards**, insurance providers and brokers can take away the intimidation and fear people feel when trying to work out what coverage they need and which provider to choose.

73%
of women
agreed

60%
of men admitted
they struggled
with insurance
language

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Driving Force

Motorists have already experienced some reward-based benefits on their insurance following the introduction of black boxes to record driving behaviour on some policies. However, the most recent [ONS figures](#) show that over the last 12 months car insurance premiums have risen 42.7%.

Drivers disliked paying for insurance more than the average in our survey, with **47% of them saying it was a burden to them, topped only by unexpected repairs.** Even road tax didn't come close.



47%

of people feel premiums are a burden

57%

of drivers say they would take more care if their policy offered incentives for safer driving



But generally drivers were receptive to the idea of being rewarded for being more careful on the roads, with **57% saying they would take more care if their policy offered incentives for safer driving.**

Motor insurance, being a legal requirement, has rarely been a product that offers the customer any sort of meaningful incentive.

Offering a reward that is more than simply a fraction off a premium price in exchange for driving data is a powerful way to show drivers you are really on their side.

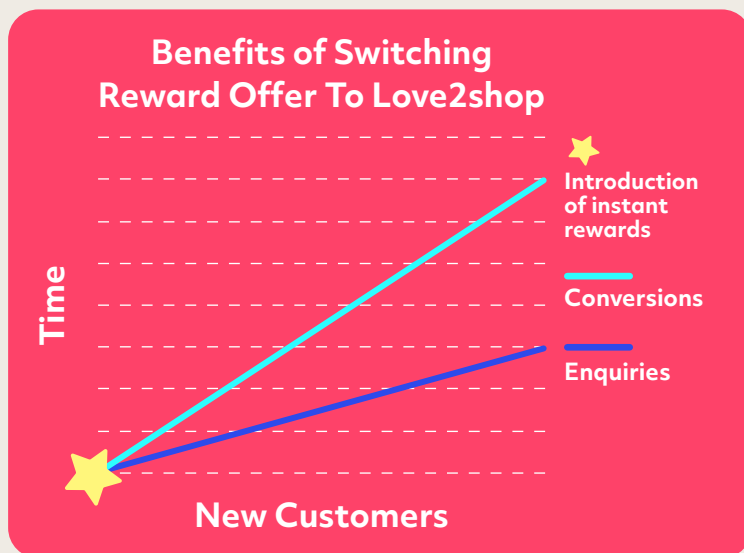
Applied consistently, a reward programme has a significant pull factor for both new and existing customers.

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Live Your Life

Life insurance providers are known for offering free gifts to new customers as an incentive. According to our study, regular, annual rewards would be the most popular and influential incentive.

33% of those polled told us that if they were to receive a monetary reward – such as a gift card – each year for living more healthily, that would influence their choice of provider and whether they stayed with them in the long-term.



That's Livin' Alright

Love2shop is already working with a major life insurance provider to offer a smarter incentive and reward package for customers.

This leading firm has experienced a **15% increase in enquiries and a 35% increase in conversions for new life insurance customers** by switching their reward offer from free gifts to Love2shop Gift Cards – which can be spent with more than 90 high-street and online retailers.

Platform For Growth

It is also possible to automate incentive and reward programmes using Love2shop's Engagement Platform.

This ensures rewards are sent out by Love2shop as and when they are triggered so insurers and brokers don't have to handle inventory. It also gathers vital data on the reward programmes performance, allowing clients to quickly pivot away from incentives that are not working towards those that are and learn more about what their customers want and expect.

Where The Heart Is

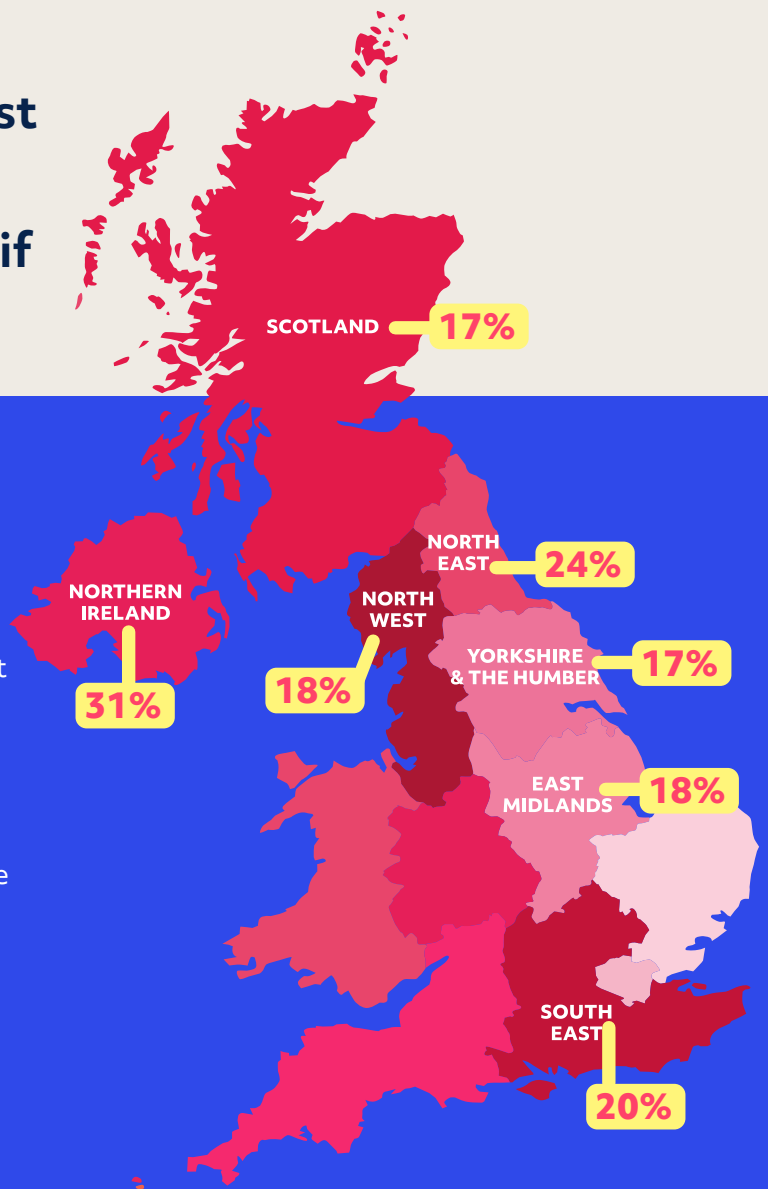
Our home is one of our biggest assets – and the hardest to maintain, repair and replace if things go wrong.

However just **38% of UK consumers feel their home insurance gives them value for money** and 14% had it without really understanding their cover or how it works.

It's no surprise that London, where homes are most expensive, is the place home insurance is most valued, with 54% of respondents feeling it gives them value for money.

But it's a different picture in the South West, where just 29% of people value the protection home insurance provides.

In Glasgow just 24% of people saw value in home insurance, with York residents also disillusioned on 25% and 30% of people in both Bristol and Gloucester expressing their dissatisfaction.



At a city level of course, specific factors may be in play – such as the customer perception of responses to major incidents like flash floods. Seeing home insurance valued so little in a wider sense is a serious red flag.

Without appreciation of the policies and protections they offer, there is an increased risk that people sacrifice home insurance as they look to make savings – leaving them vulnerable.

We need more people insured, not less, so finding a way to engage customers and make them care about home insurance really matters.

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Protecting Everything We Love

Creating smarter rewards to build loyalty around big ticket purchase protection is one thing – but can smarter rewards help people remain loyal when what we are protecting has a more emotional factor?

Pets and holidays - for most people at least one of these is a key priority in their life. Thinking about protecting our home in pounds and pence is one thing, but our dog, our cat, our dream trip?

According to our data **just 6% of people find pet insurance difficult to understand and 11% find travel insurance tricky**. If these products are so well understood, how do we move the needle?

Typically, people invest more time in understanding these products because of those emotional factors – they really want to ensure their luggage is covered well in the event it goes missing and should anything happen to Rover, they want to make certain he gets the best treatment.









These sectors attract more of consumers' attention, but smart rewards can set you apart from your rivals.

Consider a regular traveller – perhaps they go on one main holiday and a couple of city breaks a year – why not allow them to earn rewards for each claim-free journey, monitored through an engagement platform and automatically triggered at set points thresholds?

If we talk about products like pet insurance, we're talking about trusting a provider to care for, effectively, a family member. Renewals could be encouraged through annual rewards, with bonuses paid for years with no claims.

Rewarding customers in those cases will build trust and show that the insurance provider is not concerned with raising premiums, but helping you provide the best care for your pet.

Hardest insurance policies to understand

Life		17%
Home		14%
Health		11%
Travel		11%
Car		10%
Pet		6%
Business		6%
Rental		4%

Give The Gift Of Choice

Love2shop Gift Cards, Gift Vouchers and e-Gift Cards are the perfect instant incentive to attract and retain customers.

Coupled with Love2shop's Engagement Platform, insurers can automate behavioural rewards and make customer engagement scalable.

We've highlighted some examples below but our expert team are able to work with you to create an engagement strategy that works for your insurance sector to help develop customer loyalty in a simple, effective way.



For example, if life insurance customers live healthily, by creating a platform where their fitness tracker account links to the platform through an API could automatically reward them for achieving certain metrics – like step count or days exercised. Reaching specified thresholds could trigger the delivery of a Love2shop e-Gift Card direct to their inbox instantly.

Individuals who have their driving behaviour monitored by a black box could receive rewards for achieving goals like not breaking the speed limit or not having to make an accident claim that was their fault.

Home insurance providers could offer a refund of a month's premium for customers who do not make a claim in a 12-month period – and could also use Love2shop Gift Cards to support customers when major incidents like floods create delays for loss adjusters to assess cases.

Holiday insurers could encourage return customers by offering small rewards for holidaymakers who return from their break claim-free while pet insurers could offer gift cards to purchase treats for the pets who never need the vet.

Insurance for most people is a once-a-year consideration that lives in the dark until the worst happens. By positively engaging with customers more regularly, offering tangible benefits, insurance providers can encourage loyalty and start to build more appreciation for the vital safety net they offer.

There are so many options for insurers to incentivise people to reduce their risk and create a sense of value and loyalty. By increasing customer loyalty, you reduce the burden of new customer acquisition through lower premiums, instead attracting them to the high level of service and the positive customer experience you offer.

Reward and Recognition – Your Way

At Love2shop, we understand that everyone is different. In the insurance sector you are dealing with millions of customers with unique needs and demands every day.

So implementing an innovative new reward and recognition strategy for customer loyalty is a complex challenge – or is it?

Love2shop's Engagement Platform is a flexible, digital solution that can automate many of these processes for you.

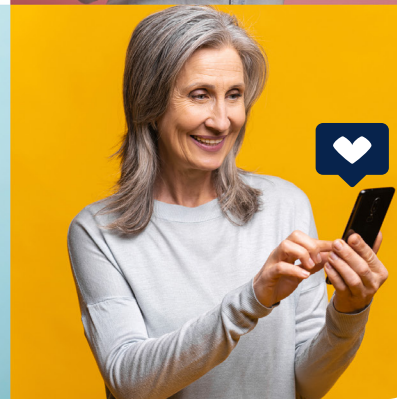
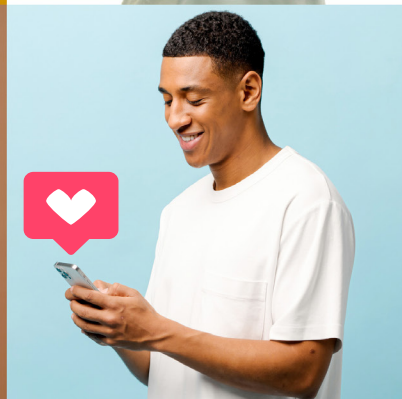
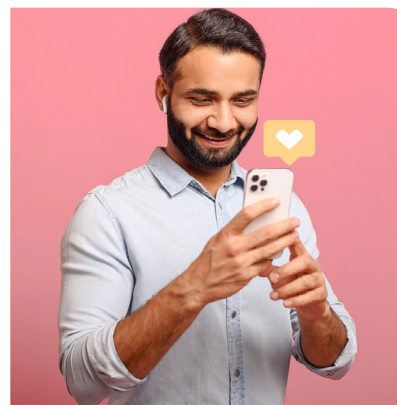
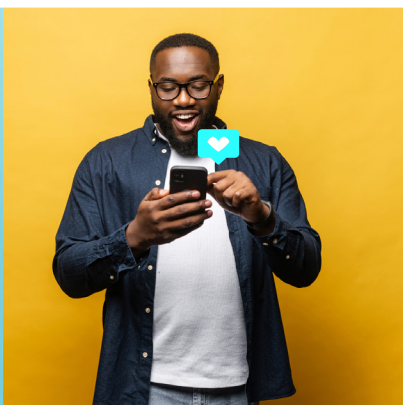
Our expert team understands how to build and maintain customer loyalty and can tailor a solution to your needs.

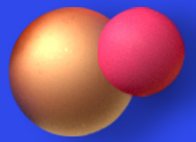
What's more, we now offer Love2shop rewards via API, so if you want to automate the triggering and delivery of rewards, you can simply plug in our API and let the incentives take care of themselves.

Not only does this make reward fulfilment more efficient and secure, by digitising the process we also help you meet your environmental and sustainability goals.



Crucially, whichever option you choose, you will receive data reports which not only show you exactly how well your incentives are performing in acquisition and retention, but enable clients to optimise their programme's spending and effectiveness by concentrating on those that are delivering for the business.





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Love2shop is the UK's leading incentive, reward, recognition and gifting expert.

Our team of experts are trusted by thousands organisations across the UK to deliver innovative, effective customer reward, loyalty and engagement strategies.

From loyalty incentives to channel incentives to goal-triggered rewards via our full bespoke engagement platform integration – whatever your goals, we have the expertise, the skills and the tools to help you deliver them.

Want to deliver a smarter, more effective customer loyalty and acquisition strategy based on rewards and driven by data? Love2shop has the products, expertise and technology to help you succeed.

Visit the home of Love2shop at business.love2shop.co.uk to learn more



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