

COVID-19 consumer behaviour insights

Survey results - Summer 2020



Executive summary

The COVID-19 pandemic has fundamentally changed the way consumers and brokers interact. Aviva recently commissioned a survey to gauge awareness and sentiment around the impact of COVID-19 on consumers. This study focuses on three key areas:

- Employment status
- Transportation habits
- Purchasing behaviours

Methodology

- Pollara Strategic Insights was commissioned to conduct an online survey of 1,500 Canadians, 18 years of age and older
- All survey respondents were required to have either a valid home or auto insurance policy to qualify
- Quotas were set by age, gender and province
- The margin of error for a probability sample of 1,500 is + 2.5%, 19 times out of 20
- The study only included provinces, not territories
- The survey was in field between June 10th to June 17th, 2020

Key findings overview

The research has shown that there are significant shifts in consumer behavior as a result of COVID-19. Three key factors driving these shifts include employment status, transportation habits and likelihood to shop.

Employment status

13% of Canadians report a change in their employment status as a result of COVID – half of this group has been temporarily laid off and the remainder has lost their jobs. Canadians under the age of 30 are feeling the largest impact. 12% of Canadians feel their situation will get worse in the coming months.

While half of Canadians report there has been no change to their household income (HHI), the remaining 50% have had a cut in HHI. The impact ranges anywhere from 10% to as high as 75%.

Regardless of employment status or HHI, 75% of Canadians either have a lot or some uncertainty when it comes to planning for the future. One in five have a lot of uncertainty.

Transportation habits

Driving habits have changed dramatically as a result of COVID-19. 36% of Canadians report driving 75% less. Only 19% of Canadians report their driving habits have remained the same. 40% feel they'll be returning to more normal driving habits by September, which could have strong implications for the insurance industry.

Use of public transit will decline, especially among younger Canadians. Significantly more Canadians, especially younger Canadians, feel they'll be much more likely to use their own vehicles.

Purchasing behaviour

Canadians remain more likely to want to interact with insurers over the phone (48%). Customers are as likely to want to interact online as they are to deal either face-to-face or through email.

33% of customers are likely to shop for insurance over the next 12 months – this is up significantly from our previous channel preference survey, which showed an annual shopping rate of around 11%

With more and more Canadians forced to move online for their shopping needs, brokers will need to move quickly to react to customers' demands for omni-channel options for quoting, binding, billing and paperless policy options.

Employment status **key findings**

Shifts in employment status are significantly impacting Canadian consumer behaviours:

- **75%** of Canadians remain uncertain about planning for the future
- **13%** of Canadians have either lost their jobs or have been temporarily laid off as a result of COVID-19
- **55%** of Canadians continue to work full time, equally divided between those working outside of the home and those working from home
- **Half of Canadians** report that their household income has changed as a result of COVID-19, the impact ranging anywhere from less than 10% to as high as 75%
- Compared to Eastern Canada, **more Western Canada households** reporting a drop in household income as a result of COVID-19
- **12%** of Canadians feel their employment situation will worsen in the next few months

Employment status for Canadians under 30

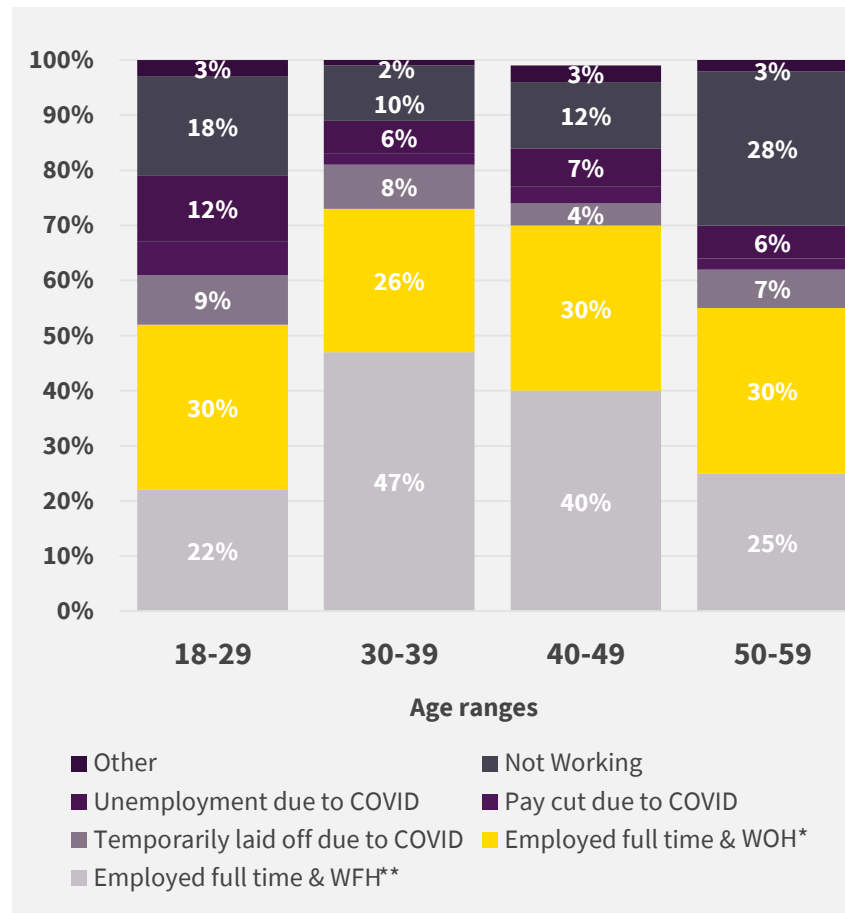
Canadians under 30 have suffered to the largest extent:

- **27%** of those between the ages of 18 and 29 report either losing their job or being temporarily laid off as a result of COVID-19
 - With an already lower household income, we see the impact of COVID-19 negatively affecting this demographic at a greater rate
- Although most Canadians have uncertainty around planning in the near future, the younger demographic tends to be more optimistic that their employment situation will get better over the next few months

Key consideration

The younger demographic is more likely to shop for insurance due to a life event and more likely than other age groups to shop around based on recommendations from family and friends. This group is also key for Alumni programs. Due to COVID-19, we may see these consumers shopping and switching insurers at a higher rate than ever before.

Employment status by age range



*WOH stands for Working Outside of Home
**WFH stands for Working from Home

Transportation habits **key findings**

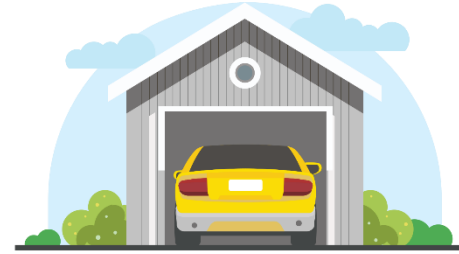
COVID-19 has had a clear impact on driving habits as Canadians respond by staying home, staying safe and trying to stop the spread.



Two-thirds of Canadians will more frequently use their own vehicles following the pandemic.



60% of Canadians are not likely to use train or subway services.



4% of Canadians have stopped driving.



One in five Canadians reported that their driving habits remained unchanged.

Transportation habits **shifting in the Fall**

Driving habits will see a steady increase over the next few months:

- **58%** of Canadians have reduced their driving habits by at least 50% – **36%** by over 75%
- By September 2020, **40%** of Canadians with a car plan to be driving more than they are presently, that figure jumps to **45%** into October/November
- **One in four** consumers aged 18 to 29 feel they'll be driving more with steady increases as months go on

Impact to brokers

Brokers saw an increased call volume in March with customers calling to adjust their auto insurance policies to reduce commuting distance. Brokers might see this same volume in September as 40% of Canadians look to increase their driving.

Key considerations

- Will we see an increase in new vehicle sales as people avoid transit?
- Will we see an increase in accidents as many new drivers enter our roadways?
- Will we see an increased need for telematics solutions as we see more young drivers actively driving?
- Will we see a rise in ride sharing and local rental car services as people look for private transportation options?

Purchasing behaviour **key findings**

Canadians are more likely to re-evaluate their insurance policies as a result of COVID-19, which suggests that shopping for insurance and/or switching insurers will increase:

- **33%** of customers are likely to shop for insurance over the next 12 months – this is up significantly from our previous channel preference survey, which showed annual shopping rate of around 11%
- **19%** of customers are likely to switch insurers over the next 12 months
- Shopping rates are higher for Canadians under 60 – more specifically Canadians living in Ontario
- Customers aged 18-29 are more likely than other age group to shop around based on recommendations from family and friends
- Most provinces are seeing a higher number of consumers shopping for home insurance

Purchasing behaviour **price and service**

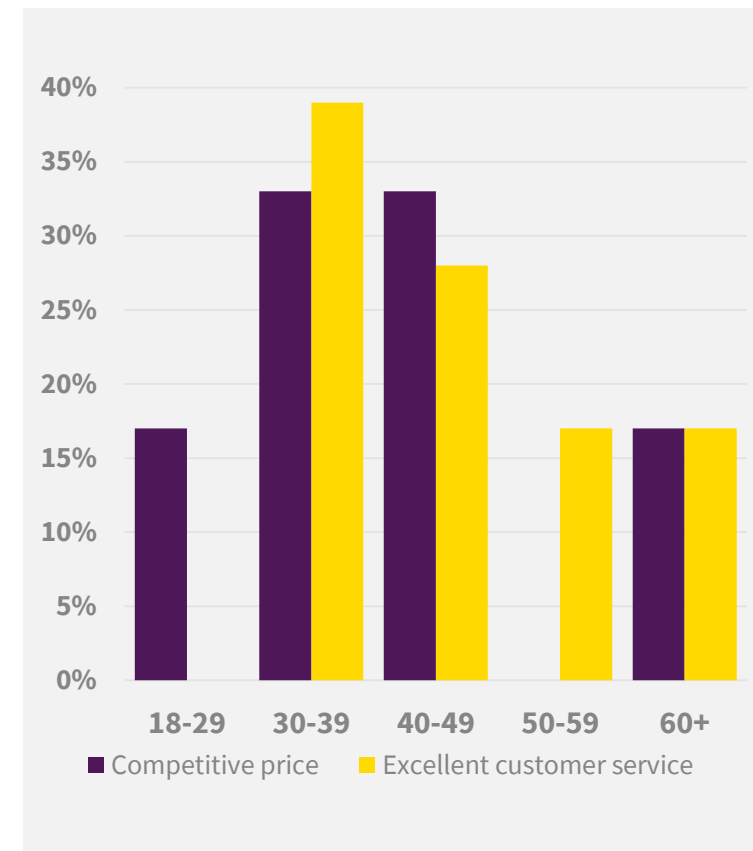
Although pricing remains the top consideration when purchasing insurance, we see a rise in service being a key factor during COVID-19:

- **Over 40%** of consumers will place more of an emphasis on service, this is particularly true for the 30 to 50 year old age group
- **Over 50%** of Canadians feel ensuring a competitive price is more important as a result of COVID-19
- While the importance of service is consistent across the country, the importance of premiums is much more prevalent in the Ontario marketplace

Key consideration

The emphasis on service may be a result of the long wait times customers experienced during COVID-19, due to the influx of calls about relief measures and premium reductions.

Importance of price vs. service



Purchasing behaviour **Omni-channel interactions**

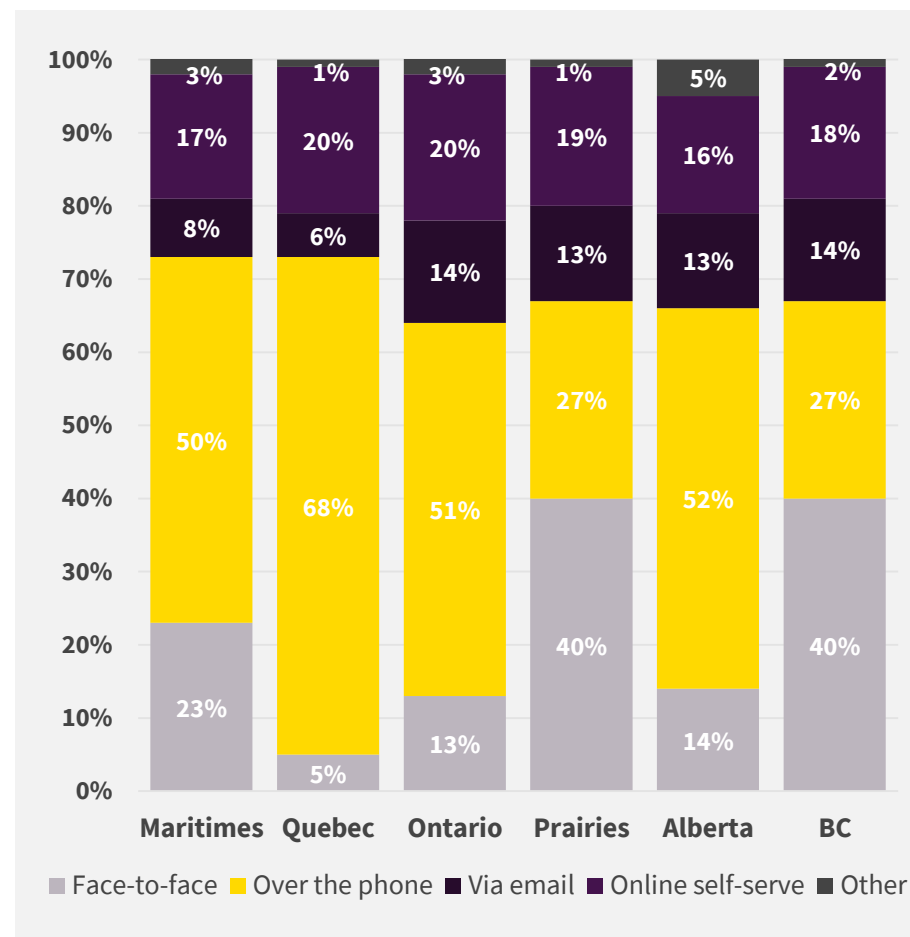
As much as Canadian consumers are turning to online to shop for insurance, they still prefer human interactions:

- **48%** of Canadians remain more likely to want to interact with their insurer over the phone compared to only **12%** over email
- Surprisingly, customers aged 18-29 showed the lowest interest in leveraging a 24/7 self-serve option
- Canadian consumers have more flexibility while working from home during COVID-19 and are spending more time on the phone with their brokers to better understand their policies and options

Impact to brokers

Face-to-face purchases are highest in British Columbia and the Prairies due to government auto. Brokers in these regions should be actively investing in COVID-19 safety measures. 48% of consumers say they would switch stores if their preferred store was not enforcing social distancing.*

How will you complete your next purchase by region



*Source: Caddle's 2020 COVID-19 Panel of over 10,000 Canadian Consumers

Broker considerations

Shifts in consumer shopping behaviours due to COVID-19 are consistent across all provinces. Many brokers who faced minimal issues during the pandemic were either already set up or quickly implemented the three strategies below:

1. Omni-channel communication

With changes in technology and the need to receive answers and interactions in more real-time, customers are looking for Omni-channel strategies to communicate with brokers.

Customers are as likely to want to interact online as they are to deal either face-to-face or through email.

The launch of self-serve platforms offer 24/7 access to policy documents and pink slips online or through an app.

48% of Canadians remain more likely to want to interact with their insurer over the phone compared to only 12% over email. This is more true for the younger generation who are still learning about insurance and want to make sure they're making the right decision.

2. Leveraging automation

As we see an increase in consumers shopping for insurance, it's imperative that brokers proactively reach out to customers during their shopping experience and most importantly at renewal. Email automation tools and customer relationship management systems (CRM) have become staples in a broker's technology line-up.

Educating customers about why rates have increased and discussing different options for premium reductions (group rates, multi-product discounts, etc.) are important conversations to have with customers that many brokers aren't prioritizing.

Next to price, service is the main reason for customers to shop and switch. Many report that they only hear from their broker once a year.

3. Lead scoring

The life span of a personal home and auto lead is a lot shorter than that of a commercial client. Brokers need to respond to these leads quickly, otherwise they'll lose the business to their competitors.

Leveraging lead scoring tactics can help prioritize good quality leads over more high-risk clients. This can be done by using a form capture on your website that assigns a rating based on answers to qualifying questions which can help identify the risk of the client. These questions can include claims, accidents, years insured, etc. While not fool-proof, it can help brokers quickly sort leads in their inbox.



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