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Changing Marketing Strategies to Meet the Expectations of Millennials

Workshop Looked at the Evolving Insurance Marketplace

WORCESTER, MASS. — The millennial generation, most commonly described as being made up of individuals born between 1980 – 1995, is the largest in U.S. history, and as such, its impact on the insurance industry is going to be enormous. Independent insurance agents would do well to take a closer look at the expectations and behavior patterns of millennials to adapt to the changing marketplace or risk being left behind, according to Jennifer Kline Shernoff, vice president, customer experience, Liberty Mutual Insurance.

Kline Shernoff presented a workshop at the SAN Group's annual business meeting last week where she described how having come of age at a time of rapid technological change, millennials have a vastly different set of behaviors, expectations and life experiences than older generations. Their experiences have been shaped by recession, underemployment and significant student debt.

Millennial Insights & Behaviors

As the first generation of digital natives, a love of technology has helped shape how millennials shop. It's no secret that today's consumers have high standards for customer service and experience, particularly as companies like Airbnb, Amazon and Netflix continue to raise the bar, noted Kline Shernoff.

For many millennials, cost isn't the main driver of purchase decisions — experience and technology are. They are accustomed to having instant access to price comparisons, product information and customer reviews. Millennials have a tendency to look at social media sites and blogs for reviews before purchasing items. For many of them, social media has credibility. They prefer to take advice from peers or someone they know before making decisions. Part of that is because they inherently distrust companies, so looking at blogs and reviews is essential.

Millennials expect brands to give back to society and prefer to shop at businesses that have a social mission. Many millennials value access over ownership, which is an important mindset shift in this generation, according to Kline Shernoff. It means they are less likely to buy a house or a car, which affects the insurance industry.

Millennial Trends

In the last five years, millennials have stuck close to home, often living with their parents longer than past generations and either putting off major purchases, such as cars and homes, or avoiding them entirely. Kline Shernoff cited data from Goldman Sachs Global Investment Research, which revealed that the "must-have" purchases for previous generations aren't nearly as important for millennials. Data revealed that only 15% of millennials believe car ownership is "really important," and 30% do not intend to purchase a vehicle in the near future. It is *access* to vehicles that is important to them not ownership. Instead, they are turning to a new set of services that provide access to products without the burden of ownership, giving rise to the "sharing economy."

What Does It Mean for Insurance?

There has been an "attitudinal shift" in the insurance industry, according to Kline Shernoff. In other words, millennials aren't the problem; the way insurance industry markets, sells and delivers insurance is. "It's an industry

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that is ripe for disruption," said Kline Shernoff.

Data have shown that only 24% of millennials buy insurance through a local agency versus 50% of people ages 50 – 64 and 44% of people age 65 and older. Why aren't millennials using local agents? Namely, they want immediacy, have their own communication style and dislike poorly designed websites or businesses that aren't mobile ready.

Having outdated or poorly designed websites is a real problem for the insurance industry, especially with local agencies, noted Kline Shernoff.

Customer expectations have driven change in many industries, creating massive market disruptions. Now, it's the insurance industry's turn. Venture capitalists have been flooding the industry with money. Insurance technology startups raised $1.7 billion in 173 deals in 2016, according to Kline Shernoff. The focus areas for these investments have included digital distribution, connected devices/usage-based insurance, property and rental management and cyber security.

"Our industry is being disrupted because of other schools of thought. New dollar investments go to companies that are rethinking distribution," said Kline Shernoff.

The Industry's Response

Given the push from technology companies and changing customer behavior trends, how can the insurance industry respond? Kline Shernoff offered these tips:

- **Don't sell.** Eighty-four percent of millennials don't trust traditional advertising. Consider using content marketing to inform insureds and prospective customers. "Conversions are secondary."

- **Go social and mobile.** Social media is an important, trusted channel for millenials. Use it for the production, distribution and syndication of content. Ensure that consumers have access to mobile-friendly experiences.

- **Showcase your value.** The goal is to demonstrate beliefs and values beyond profit. Be a trusted advisor. Show the ways in which the agency gives back to the community and invests in it. Having brand attributes that highlight social causes resonate well with millennials.

"All of you invest in your communities in some fashion. That really matters to millennials," said Kline Shernoff. "Relatability is the authenticity of today, so don't look like you're trying too hard. Be real, honest, transparent and authentic."

Kline Shernoff recommended that agencies have a website with self-service capabilities and consider using e-signatures and e-policies as well as offering online insurance certificates. Above all else, she advised agents to be seen as a trusted advisor, engage millennials with technology, update agency websites and leverage tech solutions to reach the next generation of insurance clients.

"Start the process now. It won't happen overnight," cautioned Kline Shernoff. ■