



Changing customer behaviour and distribution channels for insurance

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About KBC



KBC is a group of companies with focus on:

- Europe in terms of geography (Belgium + CEE)
- Bancassurance in terms of business model
- Retail, private banking and small & medium-sized enterprises in terms of customer segments.

KBC is also involved in asset management, corporate services, market activities and private equity.

(31/12/2008)	Belgium	Central and Eastern Europe / Russia
Customers (estimate)	3,9 mio	8,5 mio
Bank branches	879	1.411
Insurance Agencies	530	14.114
Staff (FTE)	18149	35.583 5.547 rest of world

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About KBC

KBC's Central European Bank and Insurance entities



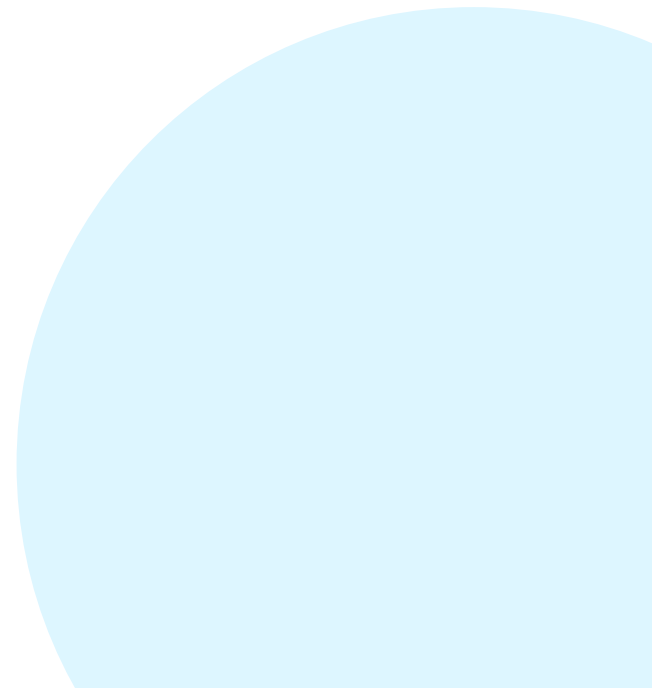
Ние сме част от KBC group





On the agenda today

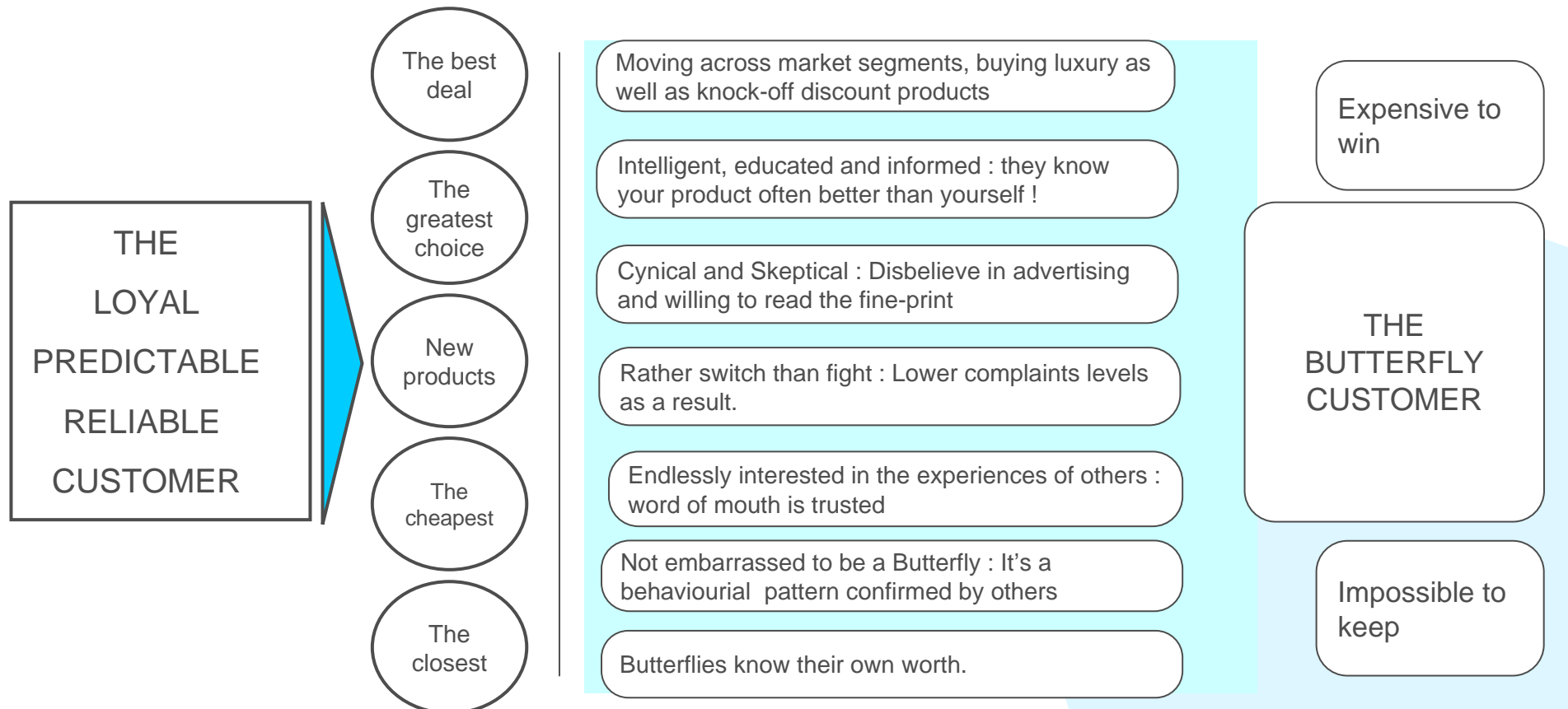
- 1** Trends in Customer Behaviour
 - 1a The Butterfly Customer
 - 1b Trading up vs. Trading Down
 - 1c Generation Y
- 2 Changing Channel use : Statistics
- 3 New channel use acknowledged





1a The Butterfly Customer

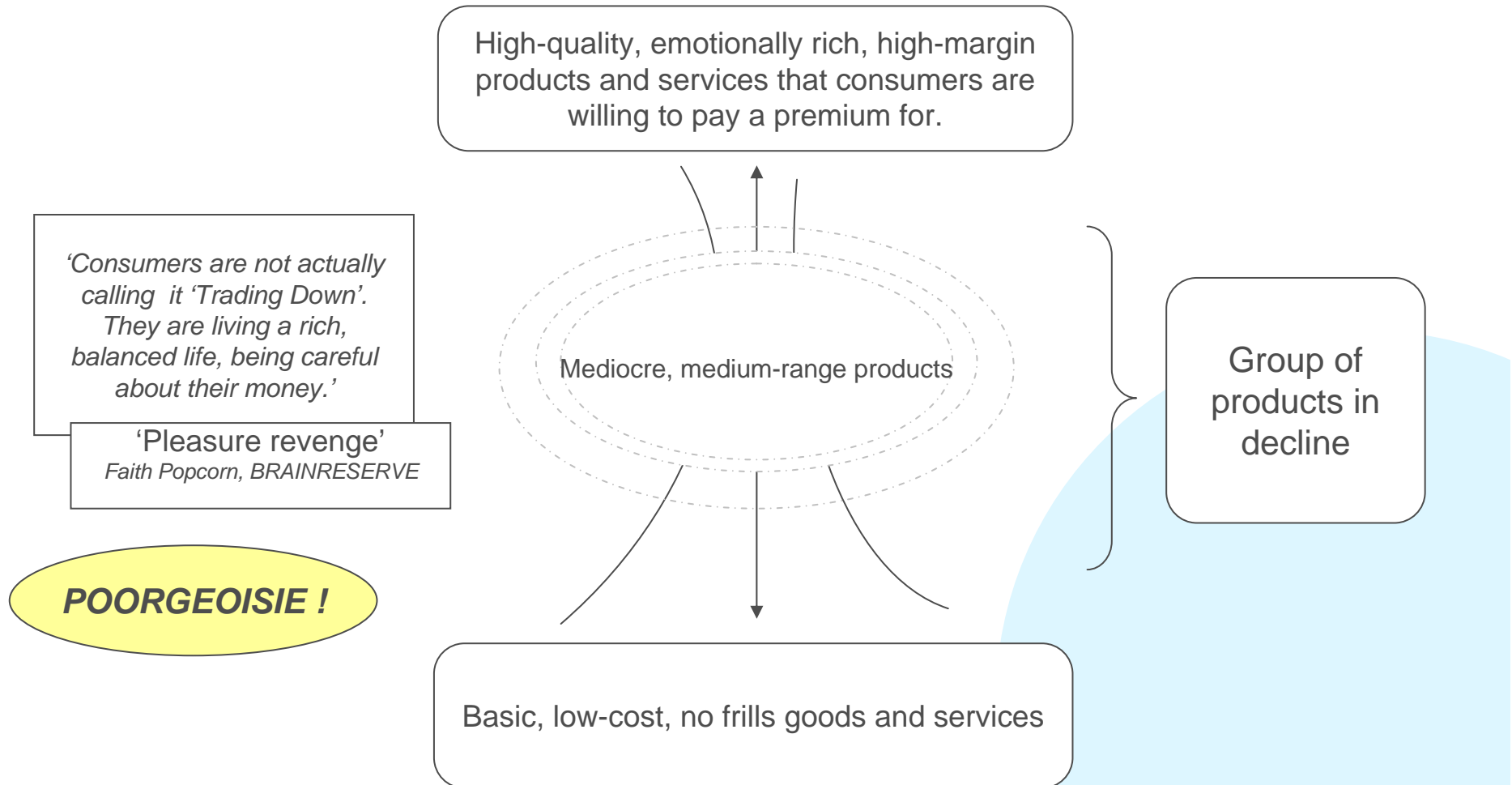
Butterfly customers are the customers that fly from one store or supplier to another, always searching for lower prices or a different shopping experience. They have no loyalty to any particular store, and are always in search of a better deal or a new promotion.





1b

Trading Up vs. Trading Down



Generation Y : Who is it ?

1c

Generation Y are the kids that grew up in the 80's and 90's.

A SNAPSHOT



GENERATIONS FOR MARKETING
PURPOSES

Generations

- **Lost Generation** (1883–1900)
- **Greatest Generation** (1901–1924)
- **Silent Generation** (1925–1942)
- **Baby Boomer** (1943–1960)
- **Generation X** (1961–1981)
- **Generation Y** (1982–2001)
- **Generation Z** (2001–)

Intervals taken from *Generations* by [Strauss and Howe](#)

25% - 30% of current European
Population



Generation Y knows what they want

Generation Y is educated, socially conscious and 'connected'.

VALUES AND LIFESTYLES

HIGHLY EDUCATED & IDEALISTIC

- Most educated generation in history
- Value tradition
- Idealistic & socially conscious
- Individualistic

SCEPTICAL

- Skeptical against 'the system' : government, social security, health care, job security, 'big corporations',...
- Less cynical than generation X

EQUALITY AND TOLERANCE

- Unprecedented exposure to cultural diversity.
- Tolerance and Equality are valued extremely high

GEN Y ON THE WEB

EXTREMELY TECHNOLOGICALLY SAVVY*

- 1 out of every 4 free hours is spend online
- Multitasks (internet, cellphone, tv,...) all the time
 - Baby boomers were forced to adapt to IT
 - Gen X helped to popularise it
 - *Gen Y defines how internet is integrated in every day life*

Source : IAB Research



Generation Y knows how they want it

The internet and the use of it by Gen Y impacts all other distribution channels : faster, multiple-access and transparency becomes the norm for all distribution channels.

A comic strip illustrating Gen Y's expectations. It features three speech bubbles and a thought bubble. The first speech bubble asks, "What do you mean I have to wait 3 days to get my contract ??". The second speech bubble states, "I am sure that on the Internet I can easily get a comparison ...". The thought bubble says, "I have to enter all these data again ?". At the bottom, a rectangular box contains the text "Sounds familiar ?".

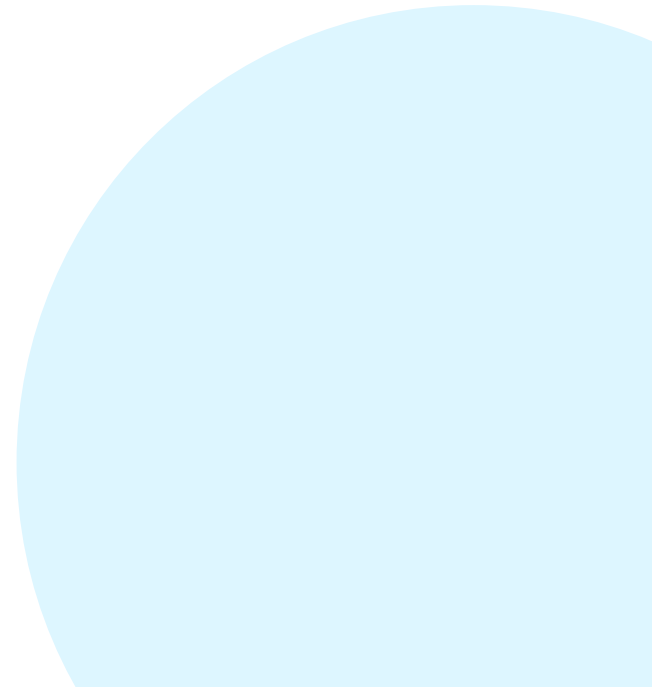
A vertical list of three rounded rectangular boxes, each containing a key expectation of Gen Y:

- Speed**
- Multiple-access points**
- Transparency**



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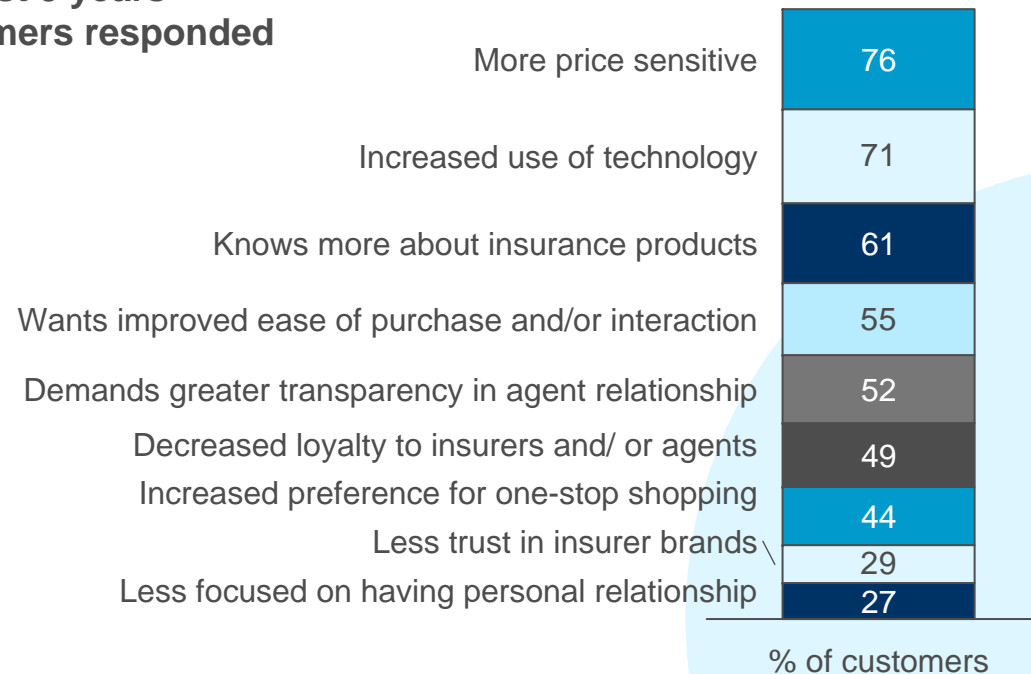




The empowered customer is very demanding

Customers are more informed, more price-sensitive and more self-sufficient than ever before.

When asked about changes in their own purchasing attitudes over past 5 years (2001-2005), x% of the customers responded that they were :

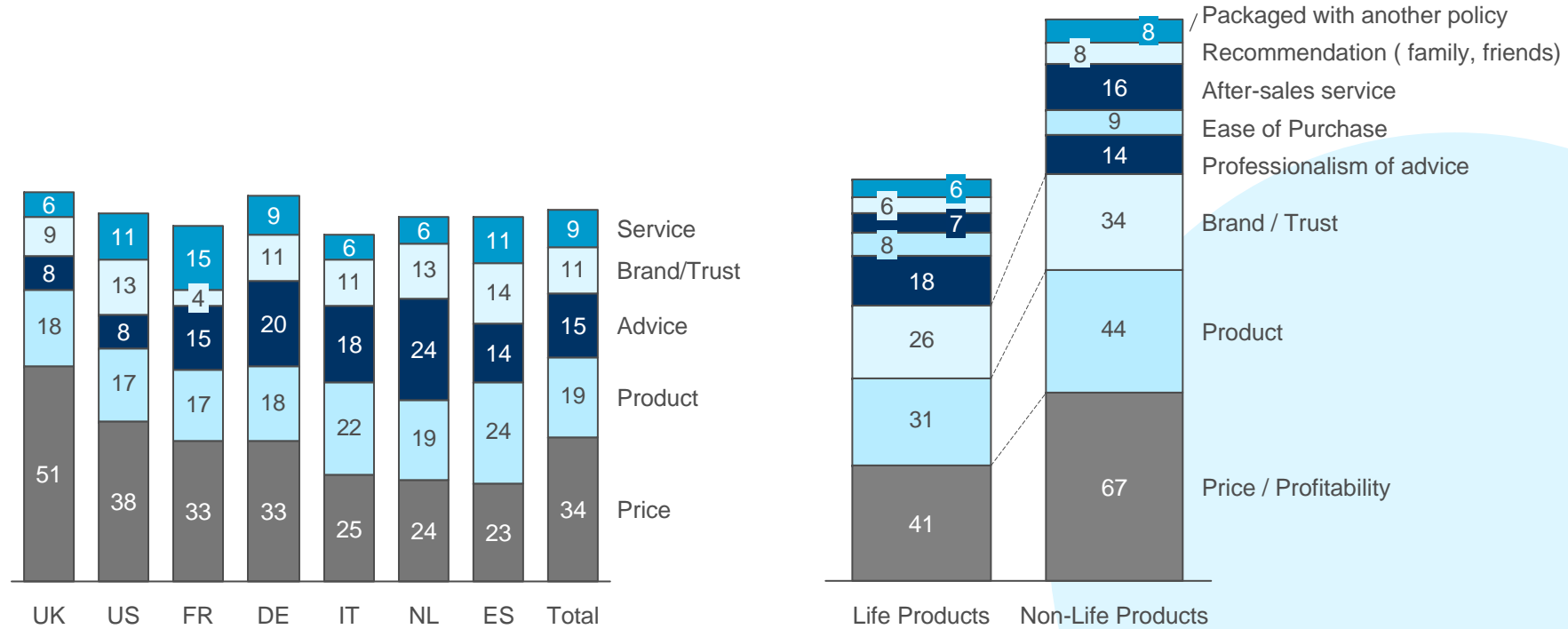




Price as the key purchasing driver for insurance

Price is the key driver for purchasing insurance, especially in the highly competitive non-life market where customers know their power very well.

% of customers indicating price, product,... as their main driver for purchasing from a particular provider.



Source : Capgemini Analysis 2006 Survey 10 000 insurance customers

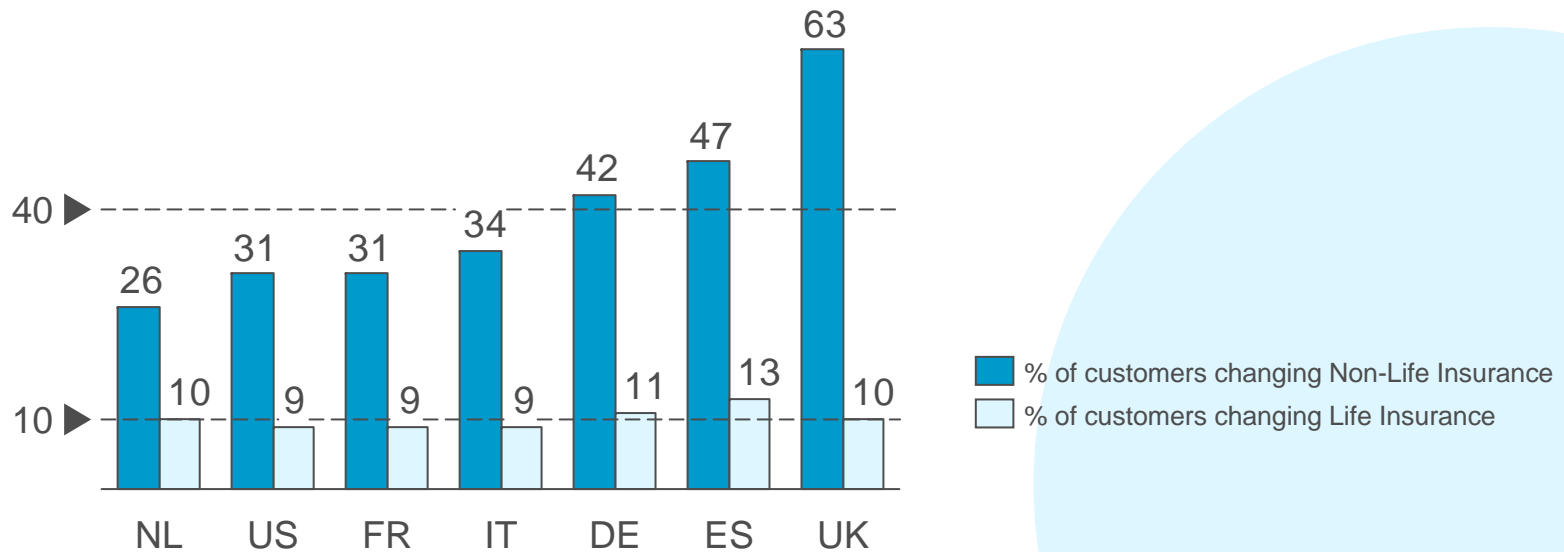
Source : Capgemini Analysis 2008 - Survey 11 000 insurance customers



Customers do not hesitate to change their insurance provider

As in other industries, also the Insurance customer has become less loyal. Non-life policies are at risk. Life insurance benefits from seemingly tighter lock-ins.

% of Customers that has changed non-life or life insurance provider during the last 5 years (2001-2005)

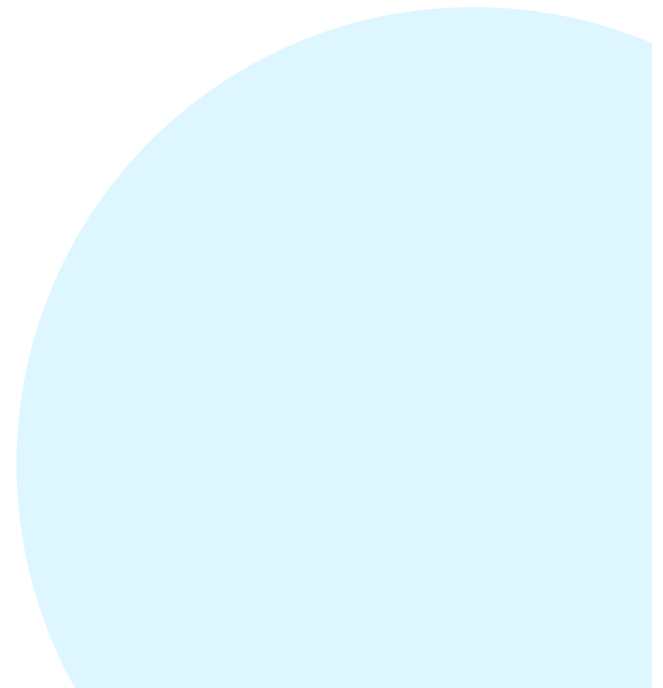


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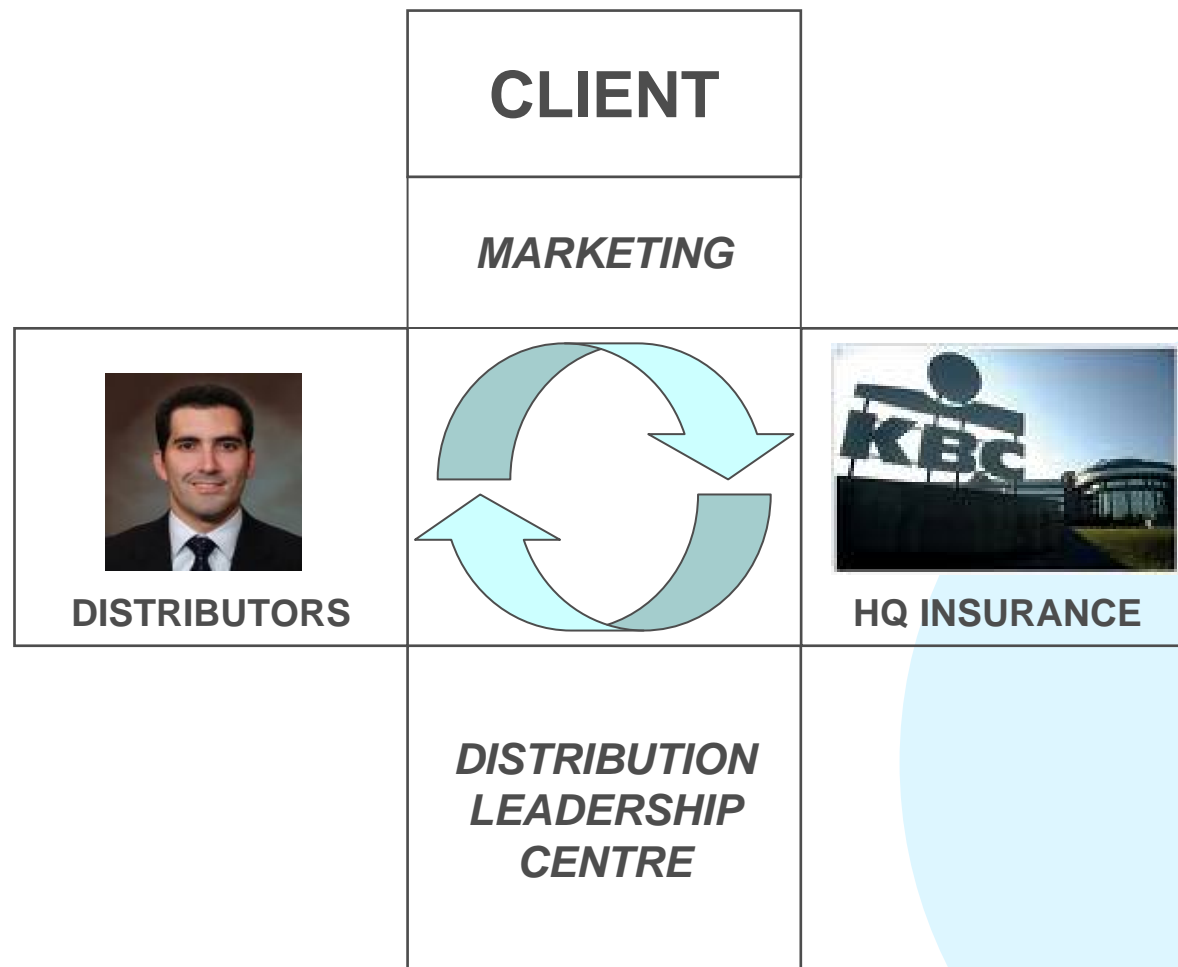
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Changing customer behaviour acknowledged

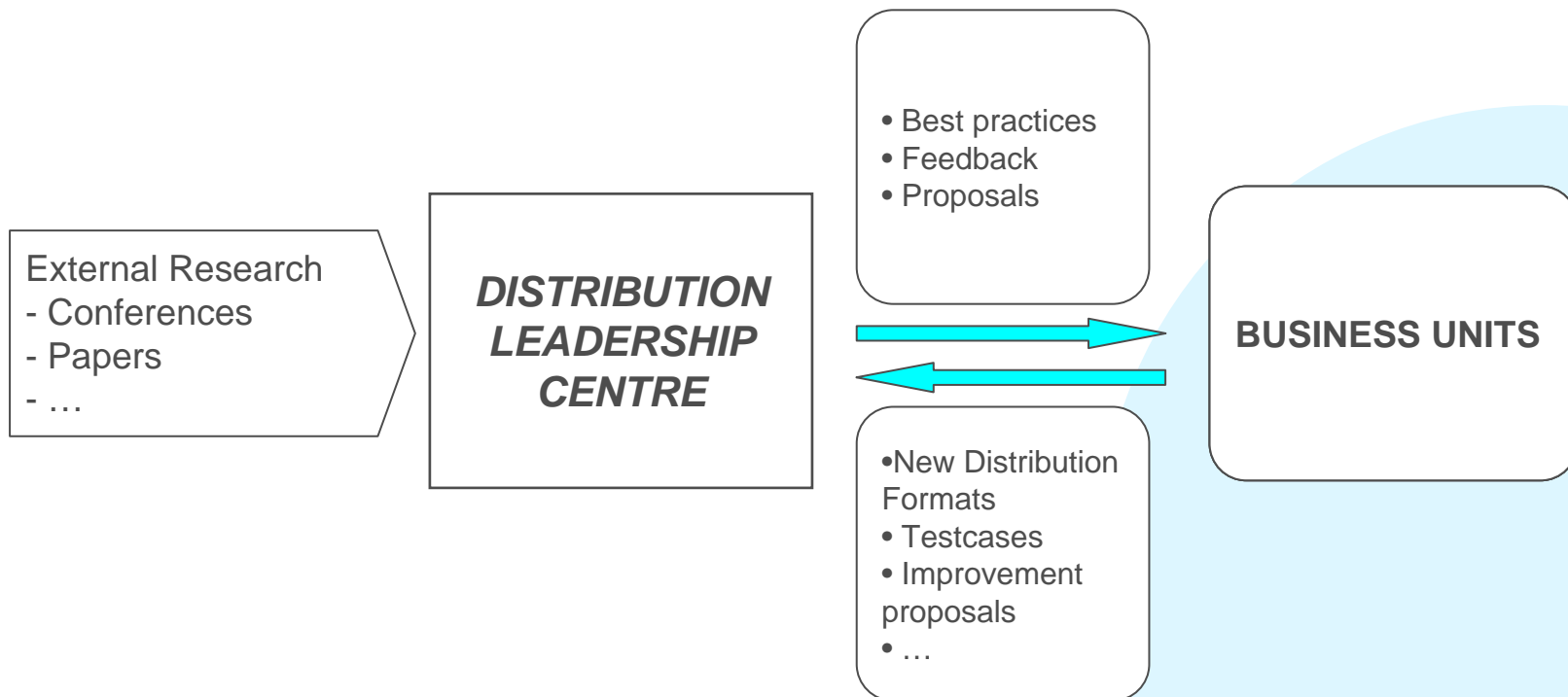
Alignment of stakeholders for maximising return on expectations





KBC Approach : *Distribution Leadership Centre*

*The Distribution Leadership Centre is:
a knowlegde centre, a facilitator/driving force, and an innovator for
maximising the productivity of distribution channels on a group level.*





3 key take-outs

- The Customer behaviour has changed :
 - New & higher expectations
 - Driven by technological innovations
 - Across distribution channels
- The statistics prove it.
- Face it, and decide on *your* future value proposition for the client.



Thank you !

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