



SME INSURANCE INDEX 2016



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Introduction

Welcome to the 5th edition of the Vero SME Insurance Index.

Five years ago Vero set out to shed light on the attitudes of Small and Medium sized Enterprises (SMEs) towards insurance. SMEs are a key audience for brokers and yet, back then, there was little hard evidence about them that insurance brokers could access. Vero saw an opportunity to explore SMEs' thoughts, attitudes and behaviours towards insurance and bring them to life for brokers, and thus the Vero SME Insurance Index was born.

Since then, we have amassed a rich body of insights about this important audience. In a time of significant change we have uncovered evolving attitudes towards brokers, the increased tendency of SMEs to do everything for themselves, the swift movement of digital from fringe to mainstream and, above all, the importance to brokers of understanding and maintaining strong relationships with their clients.

Amidst this evolution of customer behaviour, two key themes have emerged. Firstly, brokers have a clear, relevant role to play in the insurance industry. The challenge is ensuring SMEs understand the value that brokers offer. Secondly, relationships will always be relevant, regardless of technology, and the most successful brokers of the future will be able to comfortably use digital formats to build deep, enduring and productive relationships with their clients.

Vero's purpose this year, as always, is to provide brokers with insight into the all-important SME audience so they can develop business strategies and plans that will enable strong business growth.

The insights in this report will help build a deeper understanding of the Australian Commercial Insurance market. Through understanding how SMEs approach insurance, we will have a more meaningful perspective on the challenges facing the industry and will be better equipped to meet them.

We hope you find this year's Vero SME Insurance Index informative and useful.

Executive summary

Is “digital disruption” the most frequently used phrase in the insurance industry over the past two years? Possibly, and rightly so. The digital developments of recent years have changed the industry permanently, and brokerages must follow, understand and adopt these developments to thrive in the future.

To help brokers understand the role digital plays, this year the Index delves deeper into SMEs’ **online behaviour**. What social media platforms do they engage with? What information websites do they use and why? What do they value in a website? How would they search for a broker online?

This deeper dive into SMEs’ online behaviour has uncovered several key lessons for brokers to keep in mind.

Firstly, a professional looking, **mobile-enabled website**, optimised for online search engines like Google, is a necessity for brokerages.

Secondly, objective **reviews** from satisfied clients are powerful assets.

In addition, SMEs love the ability to compare offerings, and websites that reflect elements of the **comparison website** experience will be appealing.

Lastly, a well-thought out and maintained **social media strategy**, using platforms such as LinkedIn and Google+, can be an effective addition to an overall digital strategy, but social media should not be a brokerage’s only digital presence.

The digital world may have changed the way that SMEs interact with the insurance industry, however the fundamentals of relationships and service remain as important, if not more important, than ever. The report therefore explores how brokers can build deeper, more satisfying and sustainable relationships with clients, whether through providing advice, educating on different types of covers, managing claims or simply keeping in contact.

Three key themes around client relationships have emerged:

Understand what clients want and what it is that worries them. The research suggests that the risks many of our SMEs are concerned about are non-insurable, and that 'increased costs' and the 'state of the economy' are more worrying to them than insurable risks. At the same time, brokers are ideally placed to act as general risk advisors and provide counsel to their clients on business risks beyond those that are purely insurable.

Connect with clients on a regular basis. This doesn't need to be every day, but most clients would appreciate having contact with their broker every couple of months to provide updates, share information and find out what is happening in their business. Keeping clients updated on progress is critical, especially during claims.

Engage with clients to develop a deeper, advice-based relationship that goes beyond the merely transactional. There is a significant opportunity for brokers to inform and educate clients about their cover, and to provide advice, thereby demonstrating expertise and value. Above all, engagement drives satisfaction. The report also illustrates that the key differentiating factor between satisfied and dissatisfied broker clients is the level of involvement and engagement of their broker.

Digital disruption is clearly a threat. More importantly however, it can also be a significant opportunity to build stronger, more productive relationships when digital savvy is combined with relationship know-how.



The findings

Analysis of the research results identified five key findings:

- 01 Brokers are ideally placed to become the advisor of choice for risk-conscious SMEs.
- 02 There is a gap between SMEs' business concerns and their insurance coverage perceptions.
- 03 Highly satisfied clients tend to have more proactive brokers.
- 04 Lack of clarity around the broker's role in claims is impacting client satisfaction.
- 05 Wide-ranging online strategies are needed by brokers to attract new clients and build existing relationships.

Each of these findings will be explored in detail in the following sections of this report.

Finding 01

Brokers are ideally placed to become the advisor of choice for risk-conscious SMEs.

The perfume wholesaler

Naciye and her husband have run a perfume wholesaling business for the last 9 years. As perfume is a luxury purchase, the state of the economy and consumer confidence is always on their minds. They also keep a close eye on the costs associated with their business, particularly the impact of the Australian dollar on their imported product.

Insurance is very important to them, particularly given the flammable nature of their stock. Naciye greatly values the expertise, proactive service and advice she receives from her broker. For example, it was her broker who alerted her to changes in regulations about the shipping of perfumes, which resulted in a change of process.

Naciye's broker provides her with regular updates and reviews the risk profile of the business annually and, as a result, Naciye considers her to be a trusted advisor.



“I’ll always go to her to check if I’m making the right decision for our company.”

Naciye



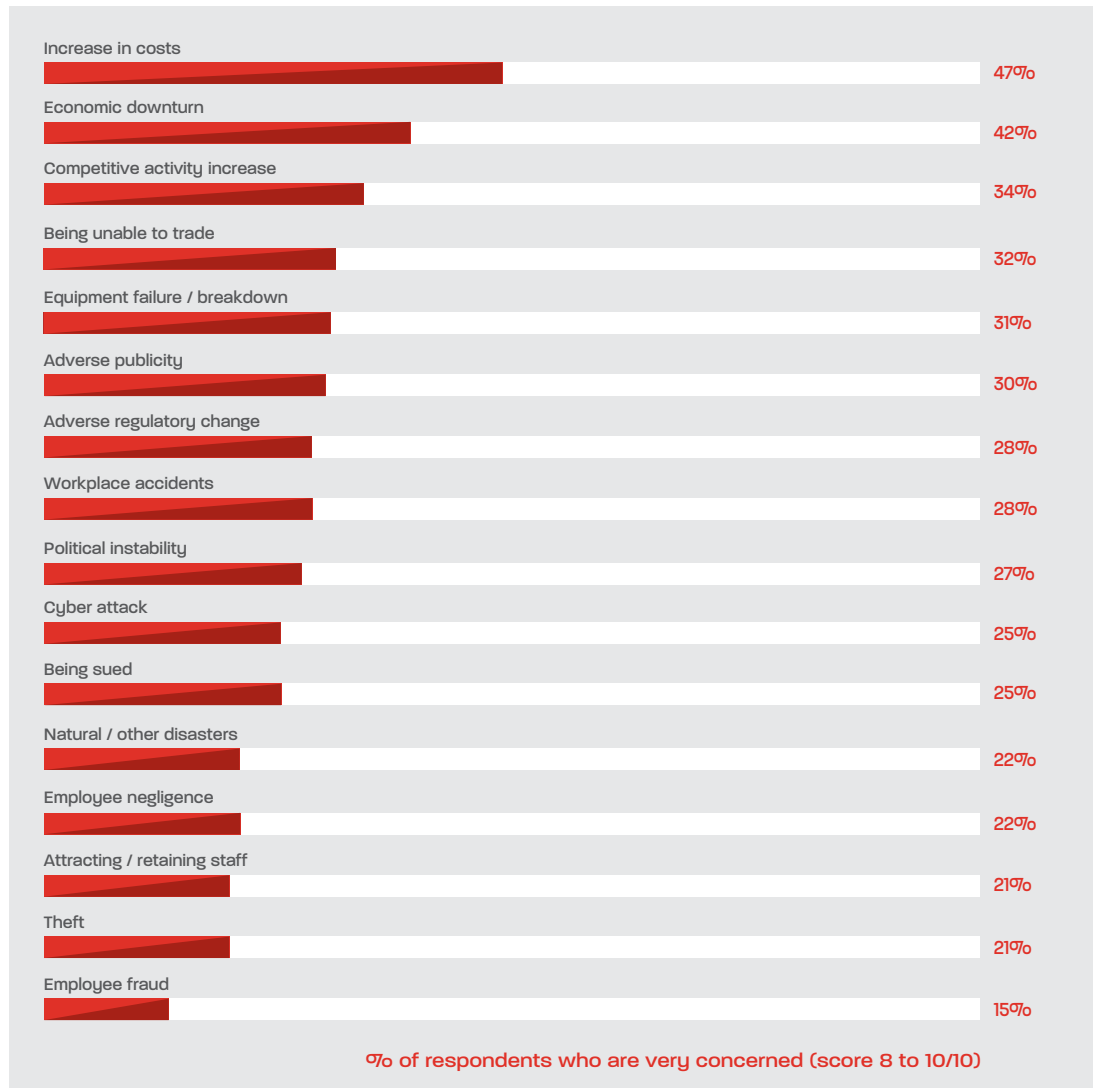
There are a multitude of things that business owners and decision makers can worry about, but which are the ones most likely to keep them awake at night?

This year, for the first time, we asked our respondents about the business risks that concern them the most (see Figure 01, page 10).

Topping the list are rising costs and the economy, with 47% claiming to be very worried about increasing costs and 42% concerned about a potential economic downturn. Just over a third are very apprehensive about increased competitor activity.

Notably, none of these business risks are insurable. This puts the role of insurance in perspective and is a good reminder that business owners have a number of concerns beyond their insurance requirements. Insurance still remains very important, and we look more at insurable risks in Finding 02, however the issues that most worry this audience are things that no level of insurance coverage can ever resolve.

Figure 01 - Most concerning business risks



As the highest ranking concern, increase in costs is an important issue to keep in mind. While this measure referred to general business costs, it has obvious relevance to the price of insurance premiums which are a concerning cost for many businesses. Of those who claimed to be worried about increasing costs, a significant majority (62%) expect insurance prices to be higher in the next twelve months. This means that it is important for brokers to have a conversation with their clients as soon as

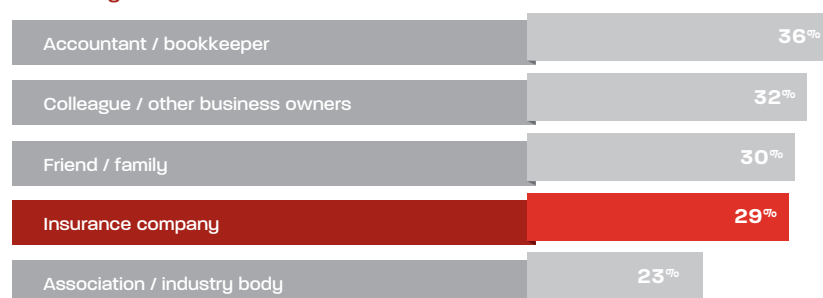
they become aware of any changes in price, especially if premiums have decreased, as this is a valuable opportunity to demonstrate the value brokers can deliver.

This year we asked SMEs who they turn to when seeking advice about general business risks. Accountants and bookkeepers were named as the most popular source of general advice, with 38% of all SMEs claiming they would seek advice from these professionals. Broker clients however are also highly

likely to seek advice about general business risk from their broker, with 39% claiming they would turn to their broker – almost equal to those who would turn to their accountant (see Figure 02, page 11).

Figure 02 - Business risk advice channels

Direct buyers



Broker clients



When asked what type of information clients would like to receive from their broker, general risk information rates highly. 38% say they are interested in receiving information about general

business risks from their broker and 43% are interested in their broker providing them with a risk analysis of their business.

This suggests that brokers have a role to play as trusted advisers to their clients - they

are not just an insurance sales channel. This matters because trusted adviser relationships are more loyal, more profitable and ultimately more rewarding for all involved.

Things for brokers to consider



Understand that clients' main concerns are around the economy and costs, rather than insurable events – insurance is not necessarily top of mind for them.



Have a conversation with clients about the price of their insurance and proactively provide them with facts and reassurance so that insurance costs are not one of the things that worry them.



Be a trusted advisor to clients by helping them to make sense of risk in general (not just insurance). Brokers, as risk experts, have a right to be part of a business's advisory team, and being there when you are needed most can lead to long term, loyal relationships and referrals.

Finding 02

There is a gap between SMEs' business concerns and their insurance coverage perceptions.

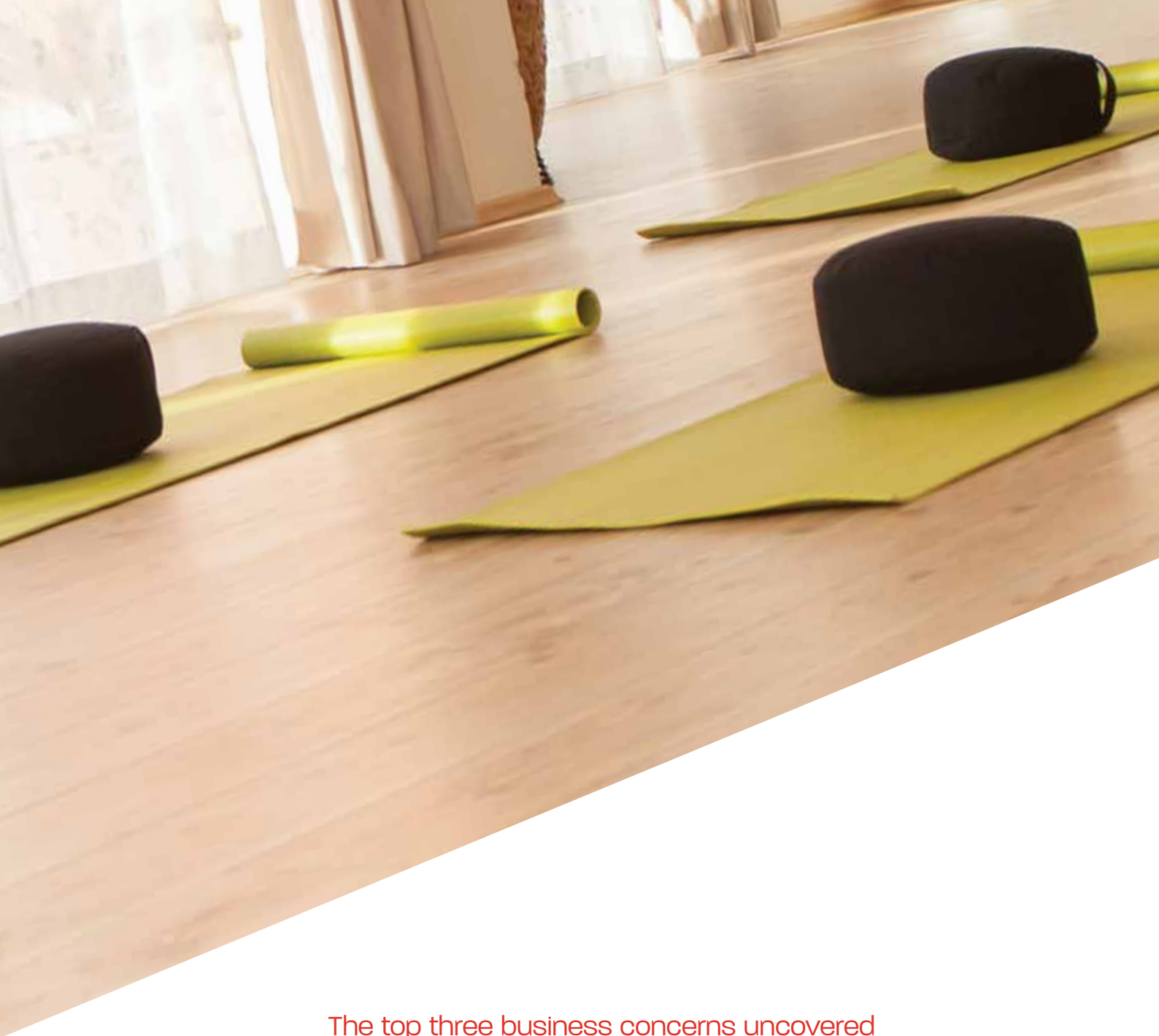
The yoga school

Samantha and her partner own a yoga school, running classes in their studio as well as consulting to corporate workplaces and organisations like nursing homes. Their business is expanding rapidly and Samantha is working hard to continue to build their business's reputation and capitalise on strong word of mouth from their customer base.

One of the things that worries her most is having to cancel classes for a period of time, either due to damage to their studio space or injury. This would affect their immediate business revenue, and therefore their ability to invest further in the business, and would also risk customers finding another yoga studio and not returning. Samantha hadn't heard of business interruption insurance when we spoke to her, but was very interested in the concept. Now that she knows of its existence, she will investigate further as she can see real benefits to her business as it expands.

“If our premises were damaged, we wouldn't have a business.”

Samantha

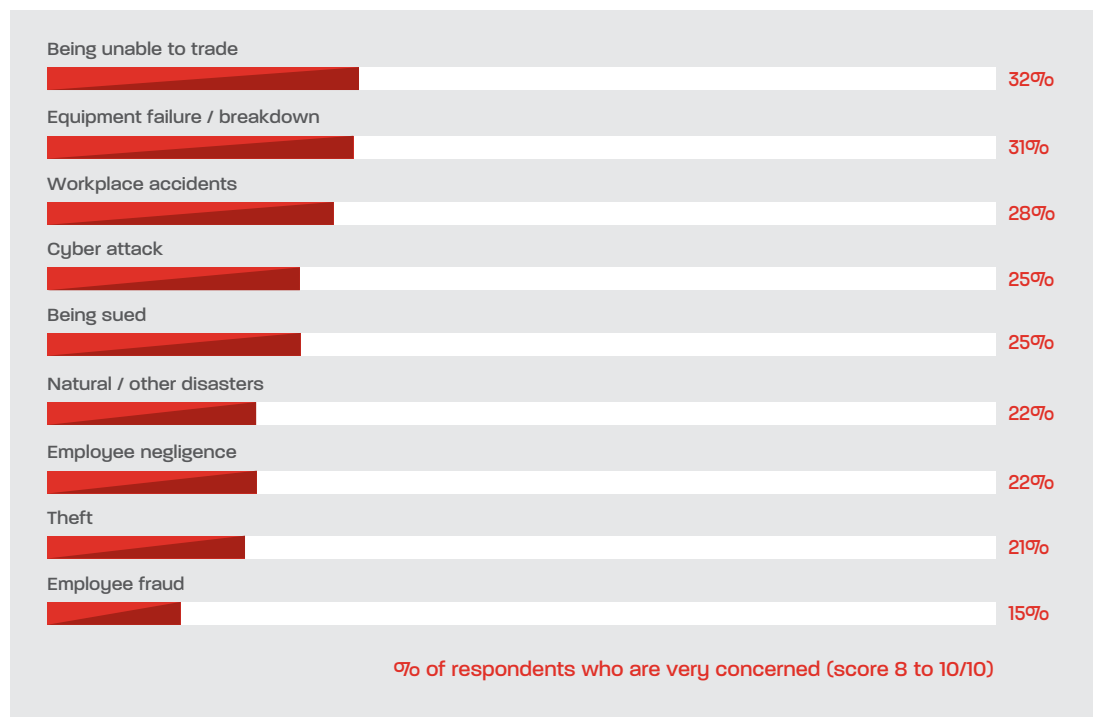


The top three business concerns uncovered in this research are not insurable, but insurable events do play a major role for SMEs.

The insurable risks that most concern SMEs relate to events that impact their ability to do business. 32% of SMEs claim to be very concerned about being unable to trade for a long period of time and 31% are worried about equipment failure or breakdown. Workplace accidents, cyber attack and being sued are also a concern for many (see Figure 03, page 14).

Understanding these concerns raises the question: how likely are SMEs to have insurance coverage for the events that concern them the most? Each year, the SME Index has asked SMEs about what insurance they have, which means we can correlate concerns with the appropriate cover.

Figure 03 - Most prevalent insurable concerns



However, this research is a self-completion survey, which means that responses are based on SMEs' own perceptions and understanding rather than the potential reality. Despite 39% of SMEs claiming to be knowledgeable about business insurance, the data shows a number of notable anomalies suggesting that many SMEs have significant knowledge gaps about business insurance. For example, over 20% of sole traders in NSW claim to have workers' compensation cover, despite the fact that it is only available to businesses with one or more employees in NSW.

Based on their claimed coverage, it would appear that many SMEs do not think they are covered for the

business risks they are most concerned about (see Figure 04, page 15). Based on this, we have examined three of the most under-utilised covers in more detail.

Business interruption insurance

80% of those who rank 'being unable to trade' as one of their top concerns, claim not to have business interruption insurance. This result is consistent across all genders and age groups, with small and medium sized businesses only slightly more likely to think they have business interruption than micro businesses.

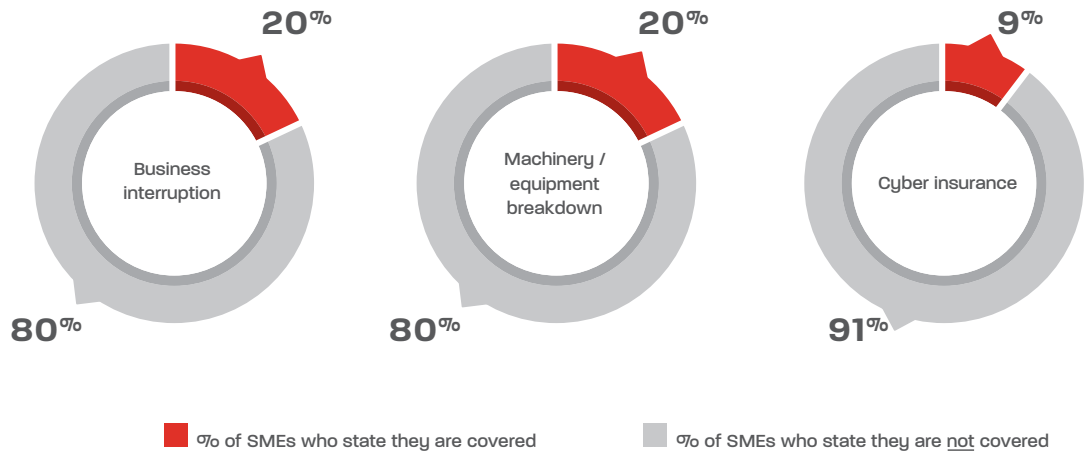
Broker clients are slightly more likely to think that they are covered for business interruption than direct clients, but a very significant 77% of broker clients still think they don't have business interruption insurance. Broken down by industry, retail and accommodation /

food businesses are a little more likely to think they are covered, but a significant majority claim not to be covered – 71% of retailers and 67% of accommodation / food businesses.

From our in-depth interviews, we know that this is an area of interest for many SMEs and an area in which brokers can potentially demonstrate expertise by explaining what the cover is and why it is important.

As this is self-completed data, these results may not provide an accurate picture of business interruption coverage in Australia. However, they do suggest that there is likely to be a high degree of misunderstanding of this cover amongst SMEs.

Figure 04 - Under-utilised covers



Machinery / equipment breakdown insurance

A similar picture emerges for equipment breakdown. Again, 80% of those concerned about equipment breakdown don't believe they are covered, with no notable skews to any group except the under 40s who are more likely to claim to have equipment breakdown insurance. Industries that are heavily equipment-dependent are not necessarily more likely to be covered. For example, 80% of businesses in the building and trades industry claim not to be covered, as do 77% of manufacturing, wholesale and warehouse businesses.

Cyber insurance

Cyber attack is a real (and no doubt growing) concern for businesses of all sizes in Australia, with one in four SMEs claiming to be very concerned about this risk. This nervousness is backed up by reality, with 11% of businesses saying that they have been the subject of a cyber attack in the last 12 months alone.

As an emerging insurance cover, it is not surprising that 91% of those who are concerned about cyber attack do not believe they currently have cyber insurance. Even those who have experienced an attack in the last year are unlikely to be covered, with less than a third of this group claiming to have cyber insurance. Developments in this area are rapid, meaning that this is an area that brokers would do well to keep following.

Things for brokers to consider



Help clients to understand what they are actually covered for.



Educate clients on the importance of various covers and link these to the things that they are worried about.



There are significant opportunities to sell more under-utilised covers such as business interruption.

Finding 03

Highly satisfied clients tend to have more proactive brokers.

The retailer

Ross is the third generation of his family to run the successful family business - a small suburban shopping centre and a specialist wine retailer. The business has used the same broker for many years and they have built up a deep understanding and relationship. Ross and his broker meet face-to-face at least annually to review the business, its risk profile and insurance needs. In addition, they speak regularly to discuss any day-to-day issues such as insurance claims, which the broker handles. Ross consults with his broker on any changes to the business to understand their risk impact.

The musical instrument wholesaler

Carole owns a business that wholesales high end, professional guitars, basses and amps to the music industry. She has been in business for almost 15 years and has always used a broker. She is committed to using a broker because insurance is important to her and she is looking for professional insurance expertise. However, her current relationship with her broker is highly transactional and limited to an email once a year. While nothing in the relationship has gone wrong, she never receives any additional information or advice beyond renewal advice. Ideally, she would like to have a little more contact with her broker – perhaps a phone call a few times a year to check if anything in her business has changed and to provide any relevant updates regarding changes to her insurance. Without this, she has limited confidence in the insurance cover that she has.

“ I only hear from them when it's up for renewal. Here's your bill, pay it. ”

Carole





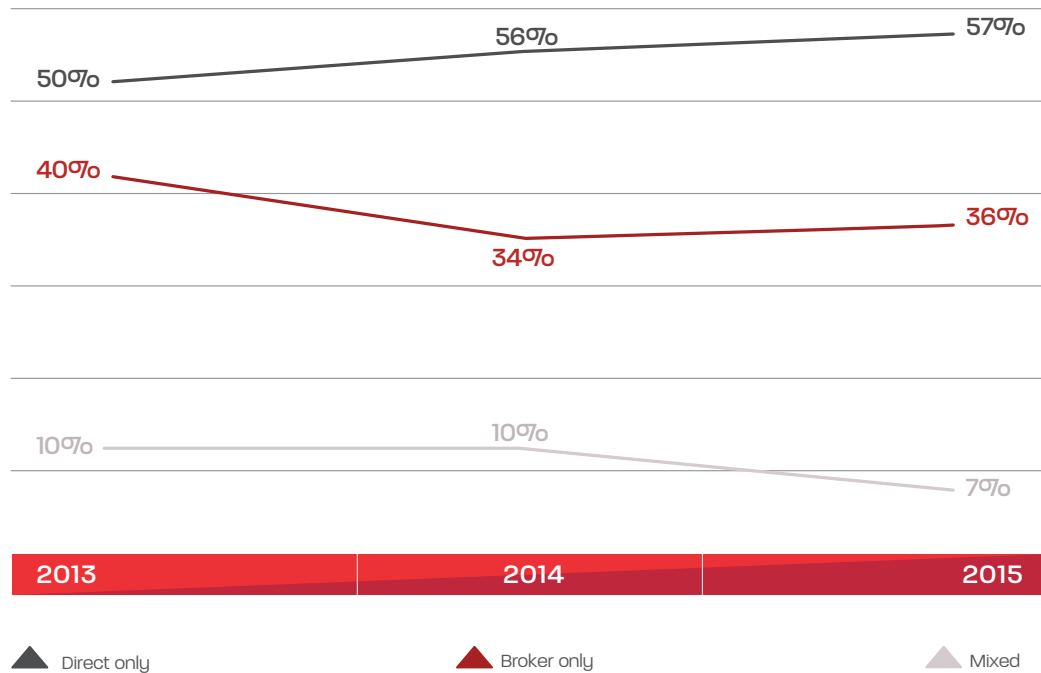
Over the last year, the proportion of SMEs claiming to have used a broker to purchase their last insurance policy has stabilised at 36%, compared to 34% in 2014.

The proportion who bought direct has also stabilised at 57%, compared to 56% in 2014 (see Figure 05, page 18).

At the same time, broker satisfaction remains very high, as it has for the last four years of the SME Insurance Index. This year, 68% of broker clients

say that they are satisfied with their broker, scoring them at least 8 out of 10, while another 20% are somewhat satisfied. Only 12% score their brokers 5 or less out of 10 (see Figure 06, page 18).

Figure 05 - Purchase channel



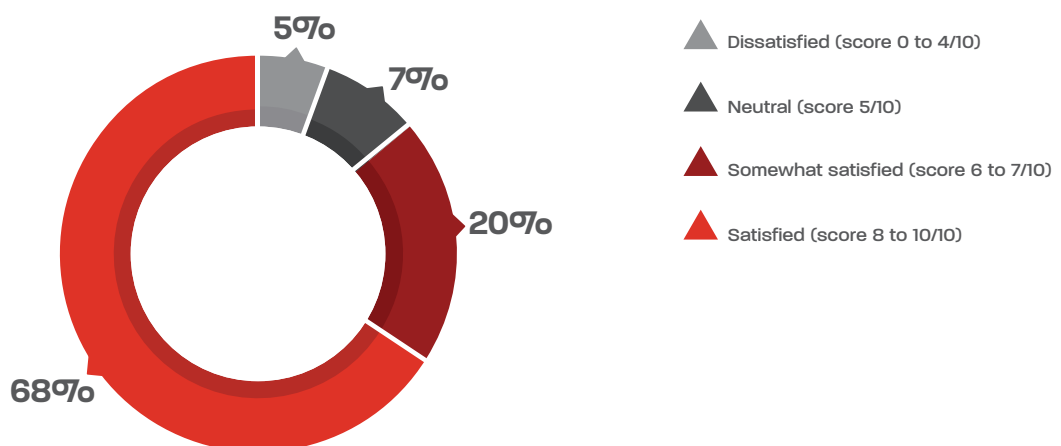
While the average broker client would appear to be reasonably satisfied with their broker, considerable insight can be gained by examining those who are highly satisfied and those who are the least satisfied with their broker. In order to do this we have identified two extreme groups – those who are so highly satisfied that they score their broker 10/10, and those who are much less satisfied

with their broker, scoring them 6/10 or less. What can we learn from the highly satisfied clients and how are they different to those who are least satisfied?

Demographically, little separates the two groups. The least satisfied clients are slightly more likely to be under 40, and are also slightly more likely to be newer broker clients who have used a broker for less than three years.

This suggests that it takes time to build trust and satisfaction with clients and that brokers need to pay particular attention to their newer clients. Otherwise, both groups are very similar in terms of other characteristics such as gender, business size and location.

Figure 06 - Broker satisfaction in 2015



The most significant difference between highly satisfied and least satisfied broker clients can be found in the tasks that their broker undertakes on their behalf. In general, the brokers of highly satisfied clients do more than just the basics and are far more likely to

provide in-depth analysis and information that reinforces their expertise. For example, 76% of highly satisfied broker clients say their broker provides them with in-depth analysis on the options available to them, compared to only 40% of the least satisfied clients. Similarly,

83% of highly satisfied clients say their broker provides them with information on changes to insurance or the regulatory environment, compared to only 53% of the least satisfied clients (see Figure 07).

Figure 07 - Tasks undertaken by brokers

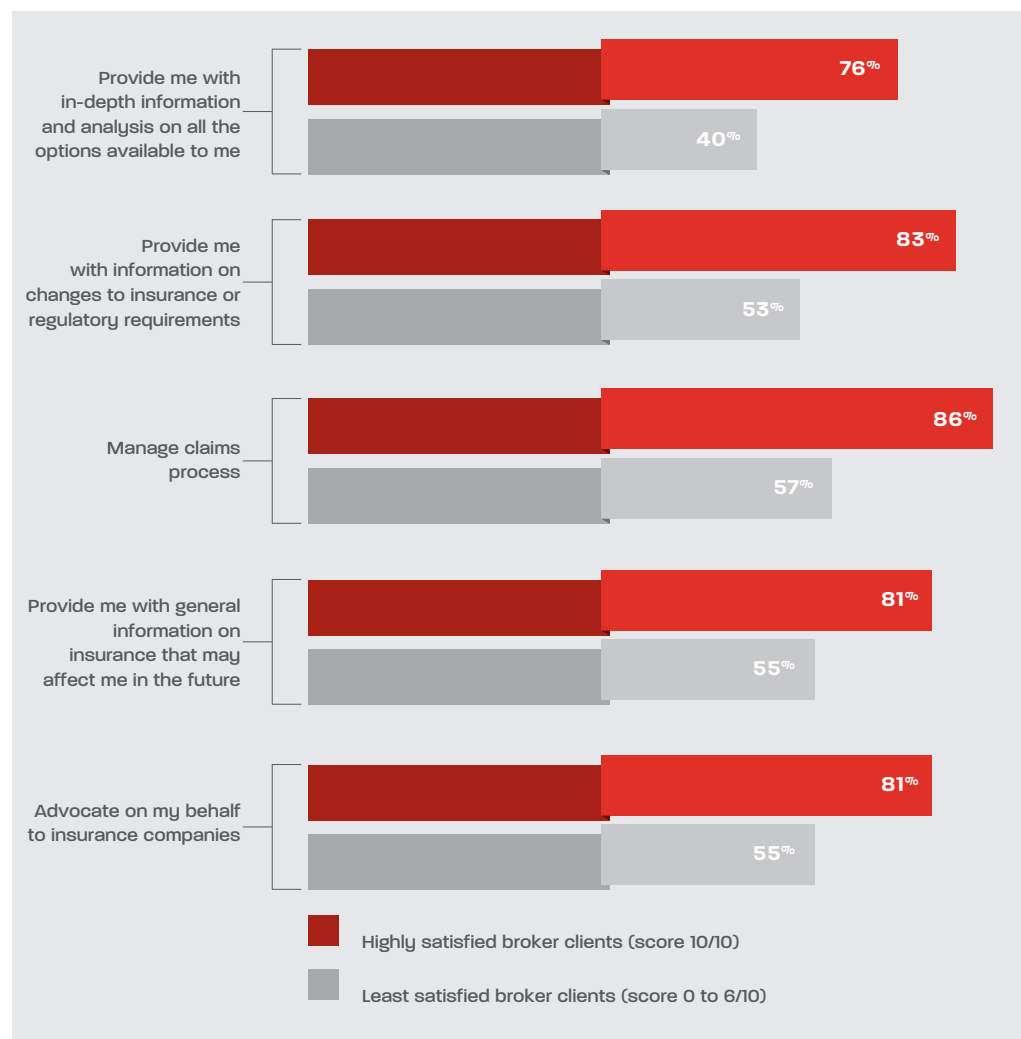
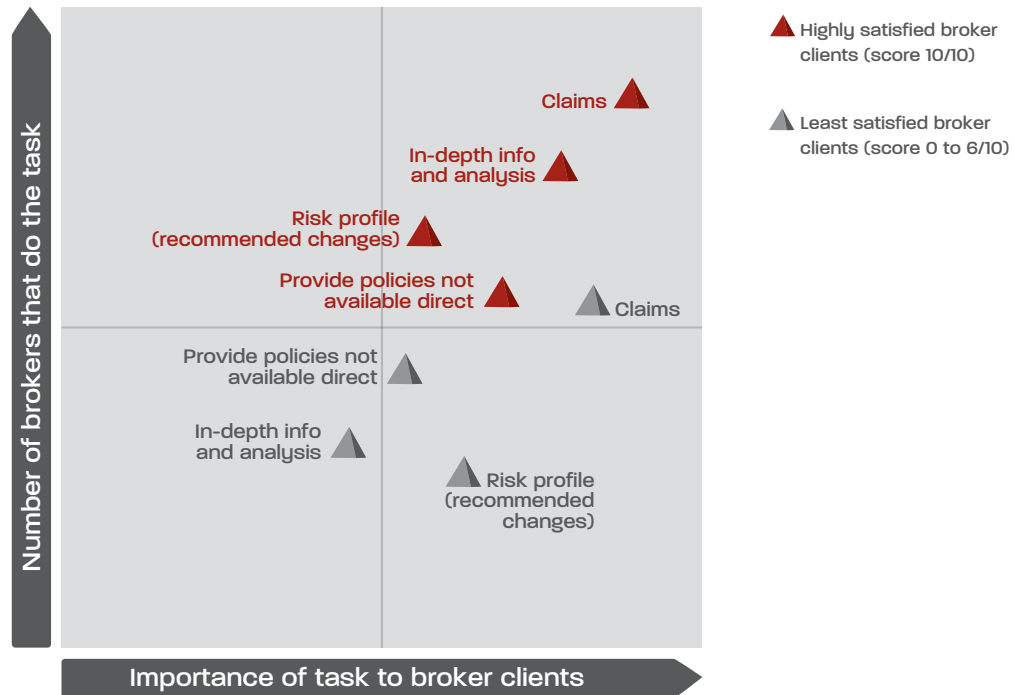


Figure 08 - Broker tasks and importance



By mapping the tasks that brokers actually do compared to the tasks that clients think are important, we see that four tasks in particular stand out between highly satisfied and least satisfied clients. These tasks are providing in-depth analysis, reviewing the risk profile and making general recommendations, providing

policies not available direct and managing the claims process (see Figure 08).

This suggests that brokers who proactively take the time to understand their clients' businesses and explain their recommendations are more likely to have highly satisfied clients.

Why does this matter? Achieving high client satisfaction is an obvious goal for service businesses. Our data also provides tangible evidence that highly satisfied clients are more desirable overall, as they are more likely to be willing to pay more for better service, advice and cover (see Figure 09).

Figure 09 - Attitudes of highly satisfied broker clients

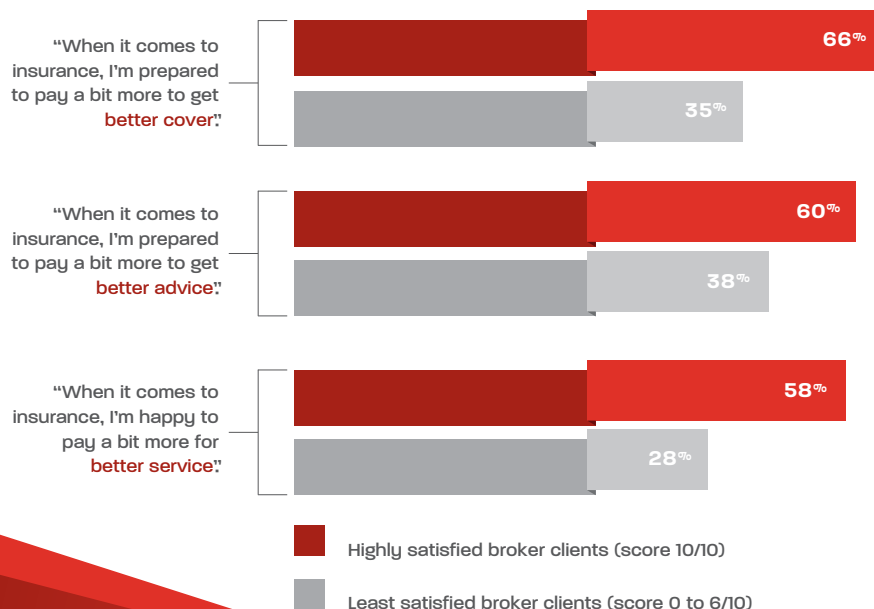


Figure 10 - Preferred communication channels



Communication and keeping in contact is central to effective client relationships, but what is the best way to keep in contact with clients? While each client is an individual with their own preferences, in general, email and phone are the most preferred channels for regular contact (every few weeks or months). Very few clients claim to want regular face-to-face contact. Around half would like

face-to-face contact once or twice a year, while a third are happy to never meet with their broker in person (see Figure 10).

When they do hear from their broker, SMEs are interested in receiving a wide range of updates and information from them. 55% would like to hear about changes in regulations affecting their industry, while

43% would like a risk analysis of their business. 43% are interested in hearing about opportunities to bundle their business covers and a further 40% would like to know about bundling opportunities with their personal insurance. 38% are looking for updates and information on general business risks.

Things for brokers to consider



Be proactive and provide clients with more than just the basics.



Keep in contact! Speak with your clients about how often they want to hear from you and what they want from this contact.



Pay particular attention to newer clients.



Where possible, reinforce the benefits that brokers bring:

- time savings
- expertise
- understanding of their business and industry.

Finding 04

Lack of clarity around the broker's role in claims is impacting client satisfaction.

The hotelier

Gary has been a hotel owner for over 20 years and has always bought his insurance direct. While he considers himself lucky to have had relatively few claims over the years, when he has had to make a claim he has found the process time consuming and stressful. Recently he has started to think about using a broker rather than managing his own insurance. The fact that the broker would manage the claims process on his behalf is a key attraction for him. He is hoping that having a broker on his side would result in faster, simpler payouts and a much less stressful experience overall.

“I'd expect claims to be faster because the broker would know how to approach everything.”

Gary





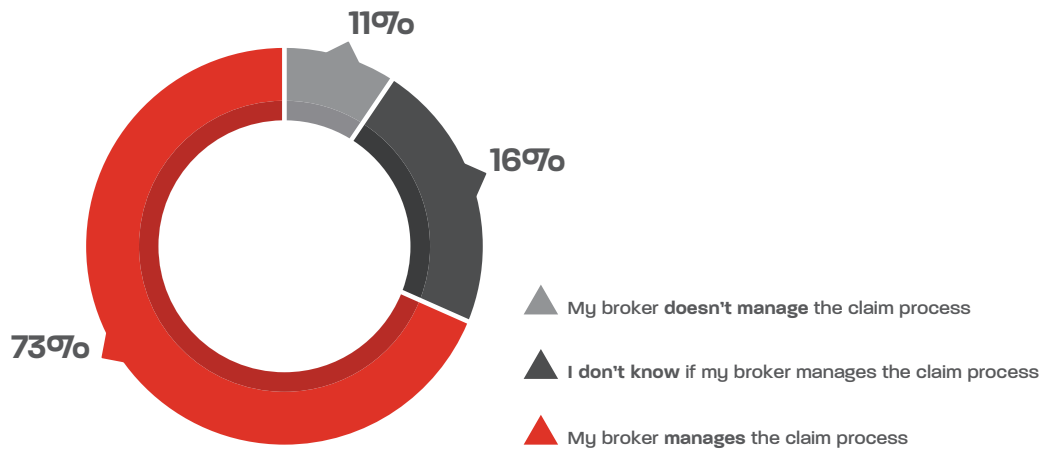
Claims are at the heart of the insurance process.

No-one wants to have a claimable event and yet, without making a claim, clients have no tangible proof that they are getting value for the premiums they pay. And for those who do have to make a significant claim, the experience can make or break their overall perceptions of the value they receive from insurance.

Many in the insurance industry believe that the role brokers play in managing the claim process is one of the main benefits of using a broker. Despite this, we have discovered that over one in four broker clients don't realise

brokers can look after claims for them. Specifically, when asked about the tasks their broker undertakes on their behalf, 11% say their broker doesn't manage the claim process and a further 16% don't know if they do (see Figure 11, page 24). This misconception can be found across all ages, genders and business sizes. The only group more likely to say their broker handles claims for them are those who have used a broker for over five years.

Figure 11 - Perceptions of broker claims management



In theory, this statistic only has relevance when SMEs need to make a claim. However, this year's Index found that simply knowing brokers can handle claims increases overall broker satisfaction levels, regardless of whether a claim has been made. 74% of those who say that their broker manages the claim process are satisfied with their broker overall, compared to only 52% of those who don't think (or don't know) their broker could manage their claim for them (see Figure 12). This suggests that the peace of mind derived from just knowing that someone will be on your side during claims is enough to make many SMEs feel satisfied with their broker.

Once again this year we have found that the insurance industry is doing well on claims overall, with 63% of those who have made a claim asserting to be satisfied with the process, scoring it at least 8 out of 10. To understand this in more detail, this year for the first time we asked what SMEs are hoping for in the claim process.

The ideal claim process is fast and simple above all. 61% of SMEs say having a quick process from start to finish is most important, while 44% want simple and straightforward paperwork. Surprisingly few SMEs are looking for someone to do everything for them, with only 22% saying they don't want to get involved (see Figure 13, page 25).

Qualitatively, SMEs have told us that while they like the idea of someone handling the claim for them, they still want to be kept updated and consulted on key developments in the claim.

Ultimately, claims are an emotional experience which can result in considerable stress for SMEs. Brokers appear to be playing a strong role in making their clients feel less stressed through the process. When claimants are asked to rate how stressful they found the experience, broker clients are more likely to feel relaxed (see Figure 14, page 25).

Figure 12 - Impact of claim management on broker client satisfaction

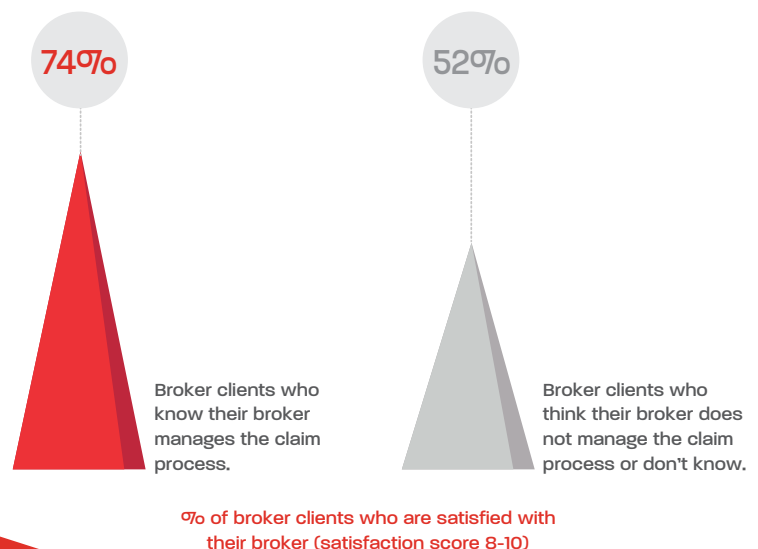
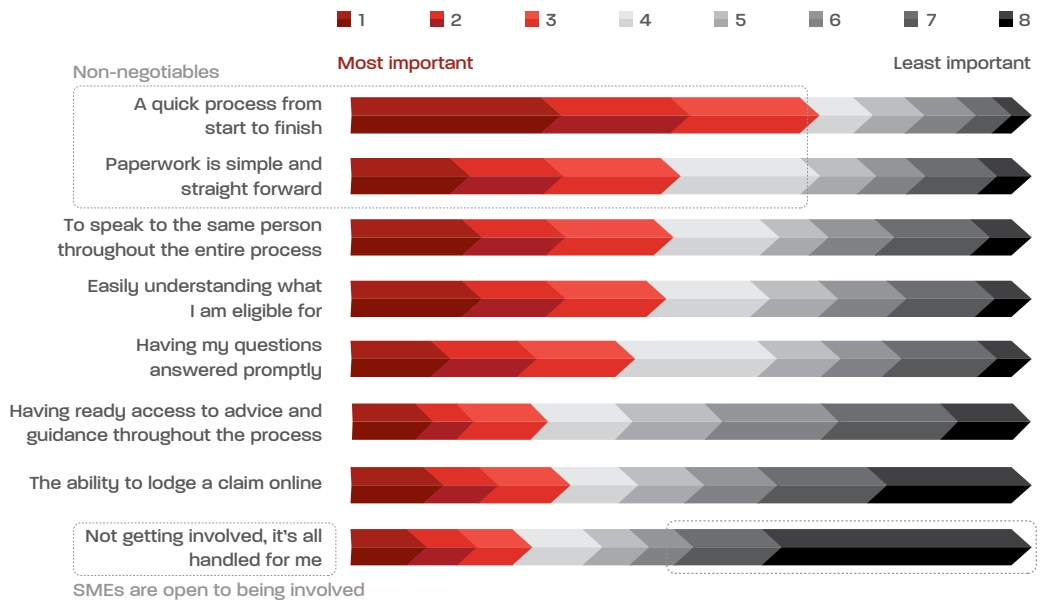
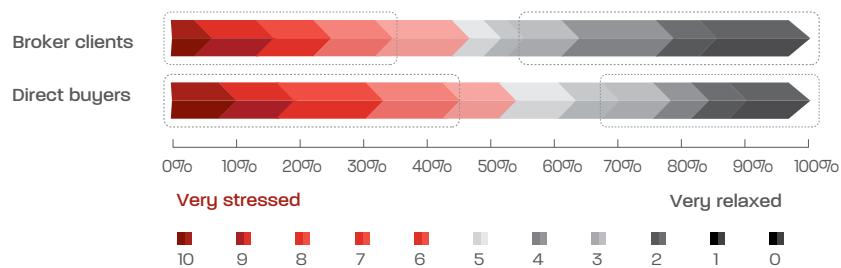


Figure 13 - The ideal claim process



“ Broker clients tend to feel more relaxed during claims than direct buyers. ”

Figure 14 - Levels of stress during claims



Things for brokers to consider



Do your clients know you can manage their claims?



Demonstrate value and build satisfaction by helping clients understand the claim process so it can be as straightforward as possible.



Keep clients updated on the progress of claims – they want the process to be simple and fast, but they don't mind being involved.

Finding 05

Wide-ranging online strategies are needed by brokers to attract new clients and build existing relationships.

The physiotherapy practice

Shannon owns a busy, growing physiotherapy and exercise physiology practice and has recently launched his own clothing line.

As his business has become more complex and the demands on his time have increased, Shannon is increasingly interested in finding a broker to manage his insurance. As a young business owner, Shannon is very comfortable online, so naturally, online search would be the first place he would look for a broker, using search terms like “insurance broker for physiotherapists”. He is attracted by modern, professional looking websites and would be particularly interested in brokerages that talk about how they compare policies, as he finds comparison websites useful when buying his personal insurance.

However, whilst online would be his first destination in his search for a broker, he also plans to ask some of his clients if any of them use a broker that they would recommend, as he finds word of mouth recommendations very valuable.

“The internet would be my first source, guaranteed.”

Shannon

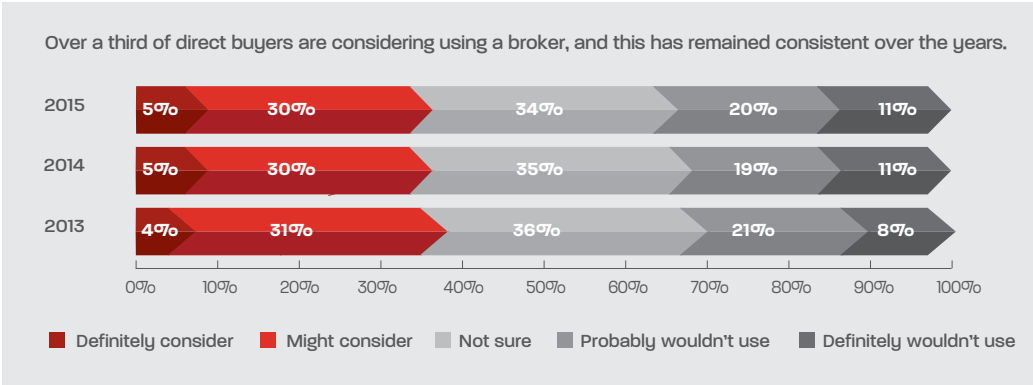


There is considerable scope for broker usage to grow amongst SMEs.

Despite recent growth in the number of SMEs choosing to buy their insurance direct, over a third of direct buyers are open to the idea of using a broker, a statistic that has remained consistent over the last three years (see Figure 15).

The challenge for the broking industry is to work out how to harness this potential and ensure that these high consideration levels are converted to actual buying behaviour.

Figure 15 - Direct buyers' consideration of using a broker



64% of SMEs considering using a broker would go online to find one.

Once again, online is dominant when SMEs look for a broker, with 64% of those considering using a broker planning to go online to find one. But what do SMEs mean when they say online? This year we have broken this down to understand exactly what online entails. Online search

plays a key role, with 35% claiming they would “google it”, a statistic backed up in our qualitative interviews (see Figure 16). They would also use a range of search terms. “Insurance broker” is the most commonly used keyword at 34%. However, many would add specifics such as location

or industry (see Figure 17, page 29). It is important for brokerages to understand these commonly used search terms to ensure that their websites are optimised with the right language so as to appear on the all-important first page of search engine results.

Figure 16 - Channels for direct buyers to find a broker

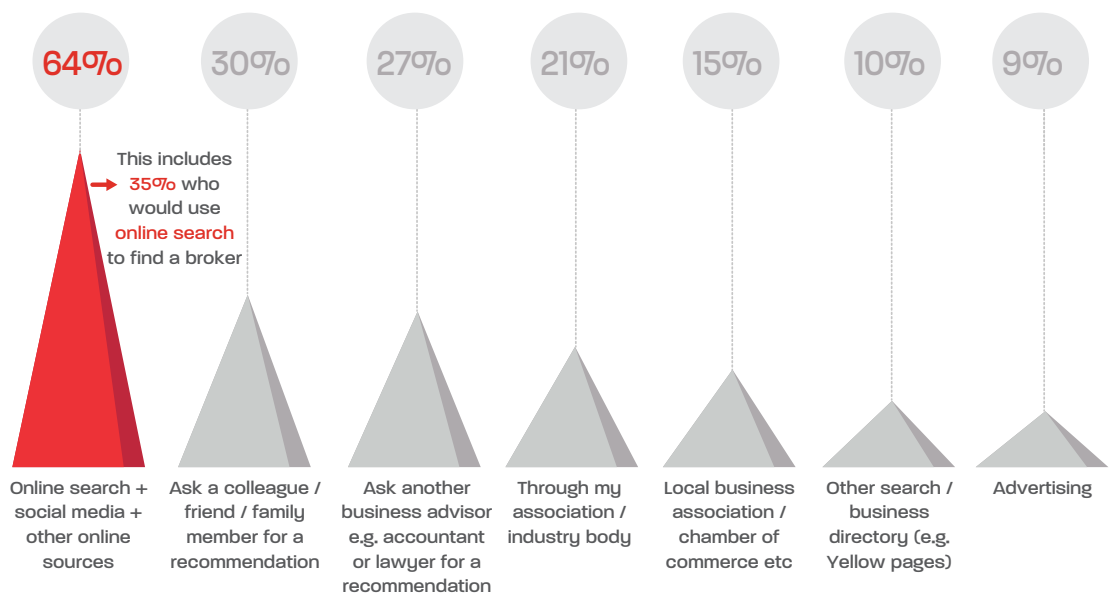
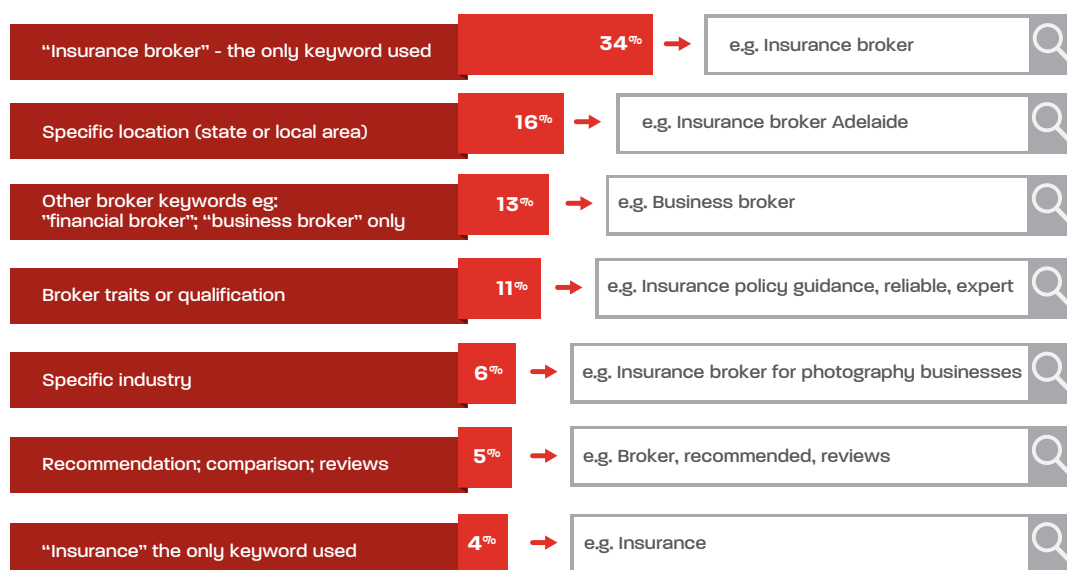


Figure 17 - Search terms direct buyers would use to find a broker



Besides search engines, other informational websites are also frequently mentioned by SMEs when describing how they would find a broker. 20% say they would use comparison websites and 14% would use product review websites (see Figure 18, page 30). While these types of websites are not a feasible place for brokerages to build a presence, the popularity of these websites gives some strong clues about what SMEs are looking for in their online experience:

Comparison websites are hugely popular for personal insurance and the SMEs we spoke with value being able to easily see the differences between policies and choose the option that they feel suits them best. This desire to see all of the options available is reflected in the general desire of SMEs to be more involved in their insurance decisions. Brokerages can reflect elements of this, for example, by highlighting the number of policies they offer and using comparison style language when explaining what they will deliver to their clients.

The appeal of **product review websites** reinforces the importance insurance customers place on recommendations. Asking satisfied clients for referrals, publishing testimonials on their website and including options for reviews are all tactics brokerages can consider to meet this customer need.

20% would use comparison websites and 14% would use product review websites to find a broker.

In general, social media is not an obvious place for SMEs to look for a broker. However, there are significant differences in how SMEs engage with various social media platforms, and by understanding this behaviour, brokerages can design social media strategies that can complement and enhance their overall marketing efforts.

While Facebook dominates overall social media usage (see Figure 19, page 31), LinkedIn is the platform most commonly used for business purposes. Twitter and Instagram are only used by a minority of SMEs and predominantly for personal use, giving them little relevance for brokerages. Google+, on the other hand, is used by a surprisingly large number of small businesses and has considerable advantages in boosting search results.

In an era dominated by digital, merely having a website is no longer enough. The most successful businesses have websites that are carefully designed to best reflect their brand and make it as easy as possible for potential customers to engage with them. One in three SMEs say they like to research products and services for their business on a smartphone or tablet, meaning that having a mobile compatible website that can be easily read on a portable device is critical to engage with potential customers. Even more important, today's savvy business owners expect a professional image, with two in three saying it is important that suppliers' websites look professional.

“LinkedIn is the platform most commonly used for business purposes.”

Figure 18 - Where direct buyers would go online to find a broker

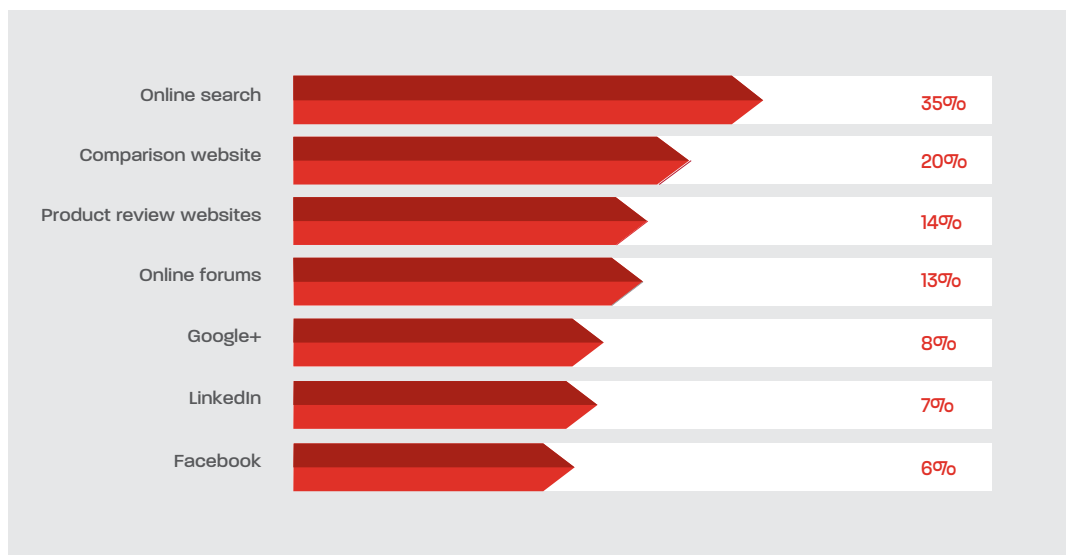







Figure 19 - SME social media usage

	Social network	Business use	Personal use	Never used
	LinkedIn	37%	22%	51%
	Google+	35%	40%	47%
	Facebook	31%	72%	24%
	Twitter	13%	26%	66%
	Instagram	9%	20%	75%

Clearly, having an effective digital strategy is critical for brokerages looking to attract new clients. However, ultimately any digital strategy needs to work hand-in-hand with effective personal relationships. While online is the first place many SMEs would go when looking for

a broker, the importance of personal referrals cannot be over-emphasised. 30% of SMEs would ask a colleague, friend or family member for a recommendation, and a further 27% would turn to another business advisor such as an accountant (see Figure 16, page 28).

In the end, the brokerages that are able to most effectively engage with SMEs, whether online, through personal experience or via trusted referrals, will be the ones that will be most successful in attracting those direct clients who are open to the idea of using a broker.

Things for brokers to consider



Building your online presence remains critical to attracting new clients.

Consider:

- professional website design
- Search Engine Optimisation (SEO) to ensure that the right keywords and search terms are featured on your website
- mobile-enabling your website (commonly referred to as making your website 'mobile responsive').



Learn from what SMEs love about comparison and review websites and replicate the experience where possible.



Ask current satisfied clients to refer you and write reviews.



Review your brokerage's social media strategy to reflect the way SMEs use different social media platforms.



Consider an online offer to meet the needs of smaller clients.



Research methodology

This report is based on research involving over 1,500 business owners and decision makers from around Australia. The research was independently* conducted in two stages:

Stage one: Quantitative survey

A nationwide online survey of 1,526 business owners and insurance decision makers was conducted, covering a range of business types, locations and sizes. The survey was conducted during September 2015 and the data was weighted by state and organisational size to current Australian Bureau of Statistics (ABS) data. The survey covered:

- general business sentiment
- attitudes towards insurance
- insurance purchase process
- purchase channel (broker or direct)
- attitudes towards insurance brokers
- 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 state and business size ensured that representative samples were obtained.

Businesses were divided into three groups, following ABS standards:

Micro

Businesses which employ 1-4 individuals.

Small

Businesses which employ 5-19 individuals.

Medium

Businesses which employ 20-199 individuals.

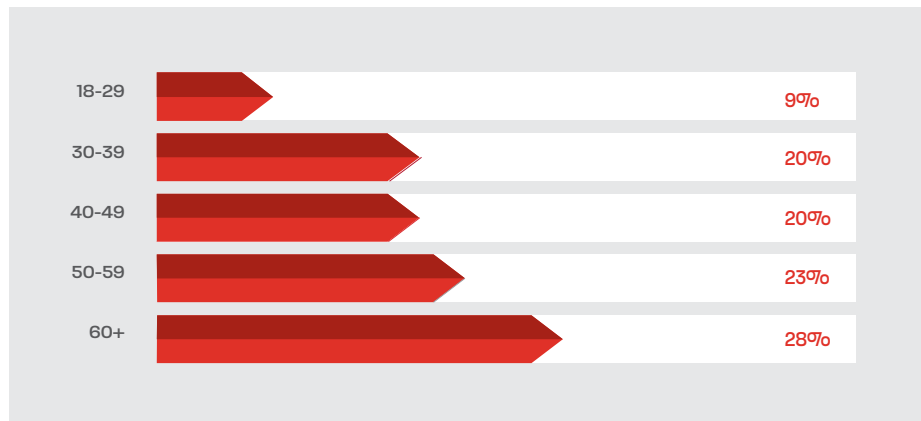
Stage two: In-depth qualitative interviews

A series of interviews was conducted with 12 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 November 2015.

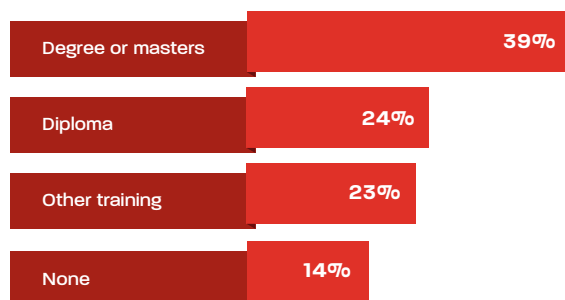
* This research was conducted by BrandMatters.
See www.brandmatters.com.au

Demographics of respondents

Age group



Level of education



Gender



Sample sizes and weighting approach

The quantitative phase of the report was based on 1,526 online surveys conducted with SME businesses around Australia. These were subsequently weighted to ABS

statistics to ensure an accurate representation of the attitudes and behaviours of all Australian businesses.

Number of employees	Sample size	ABS population proportion
1-4	788	82%
5-19	452	14%
20-199	286	4%
Total	1,526	100%

State/territory	Sample size	ABS population proportion
NSW/ACT	519	33%
VIC/TAS	437	29%
QLD/NT	297	20%
WA	139	10%
SA	134	8%
Total	1,526	100%

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