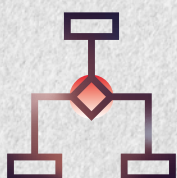
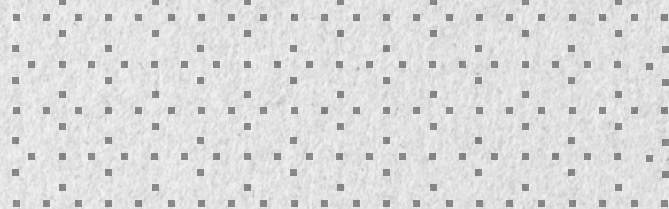


Changing communication preferences



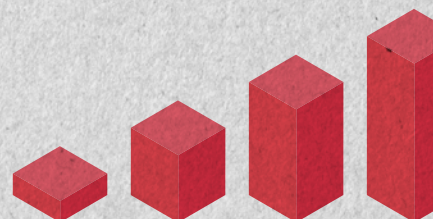
2021 SME Insurance Index



As we know, successful broker-client relationships are built on strong communication.

This year's Index explores the changes in the communication preferences of SMEs, including highlighting the changes which resulted as a consequence of the COVID-19 pandemic.

During periods of lockdown and border restrictions limiting travel, web-based communication such as Zoom, Skype and Microsoft Teams have gained widespread familiarity as alternatives to face-to-face meetings.





For many SMEs, broker communications have remained the same over this period, while just over a quarter say that the way their broker communicates has changed (see Figure 1.1). This change has primarily been an increase in email usage (62% of broker clients) as well as phone (53% of broker clients).

Additionally, almost half also say that they have increasingly used web-based communications tools like Skype or Zoom to communicate with their broker (see Figure 1.2).

Figure 1.1: Changes in broker communication (broker clients)

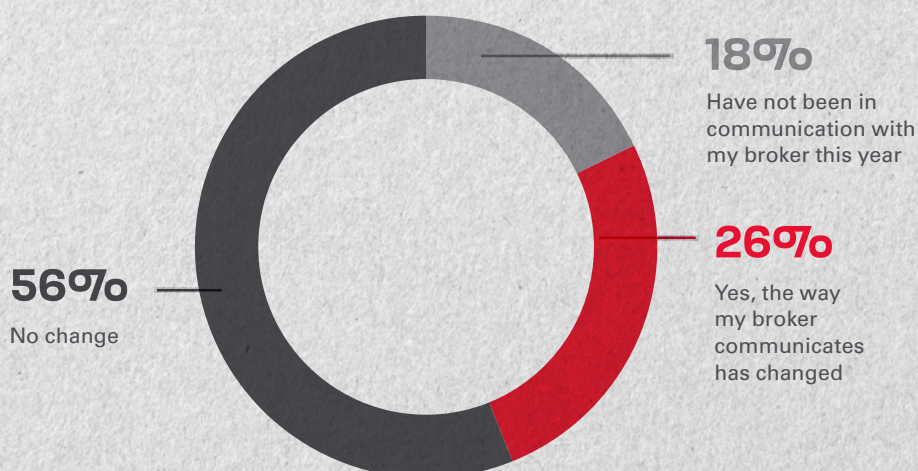
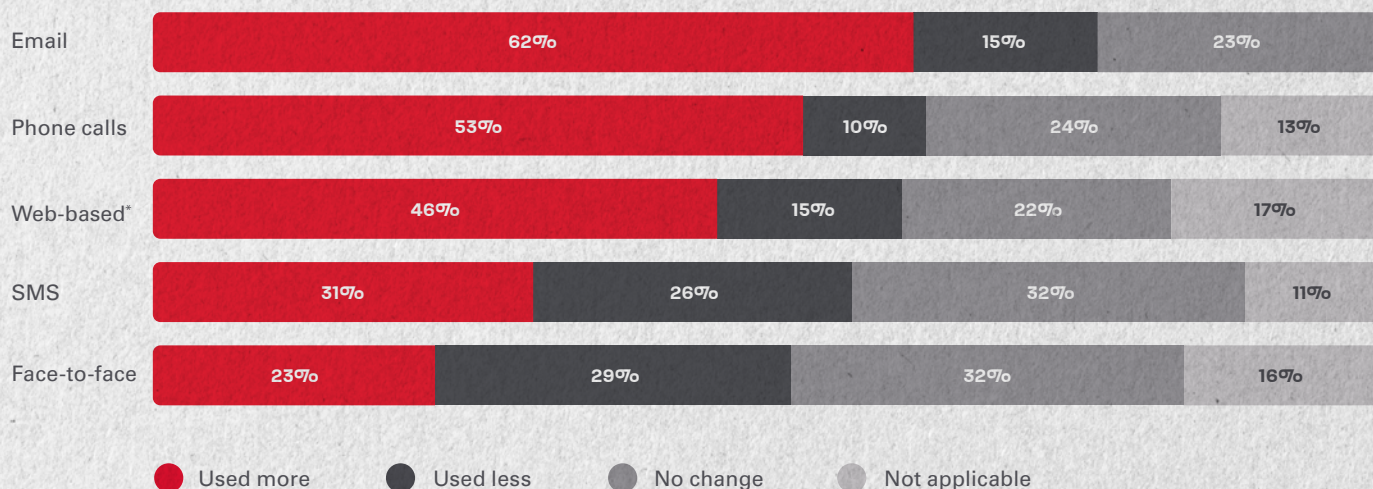


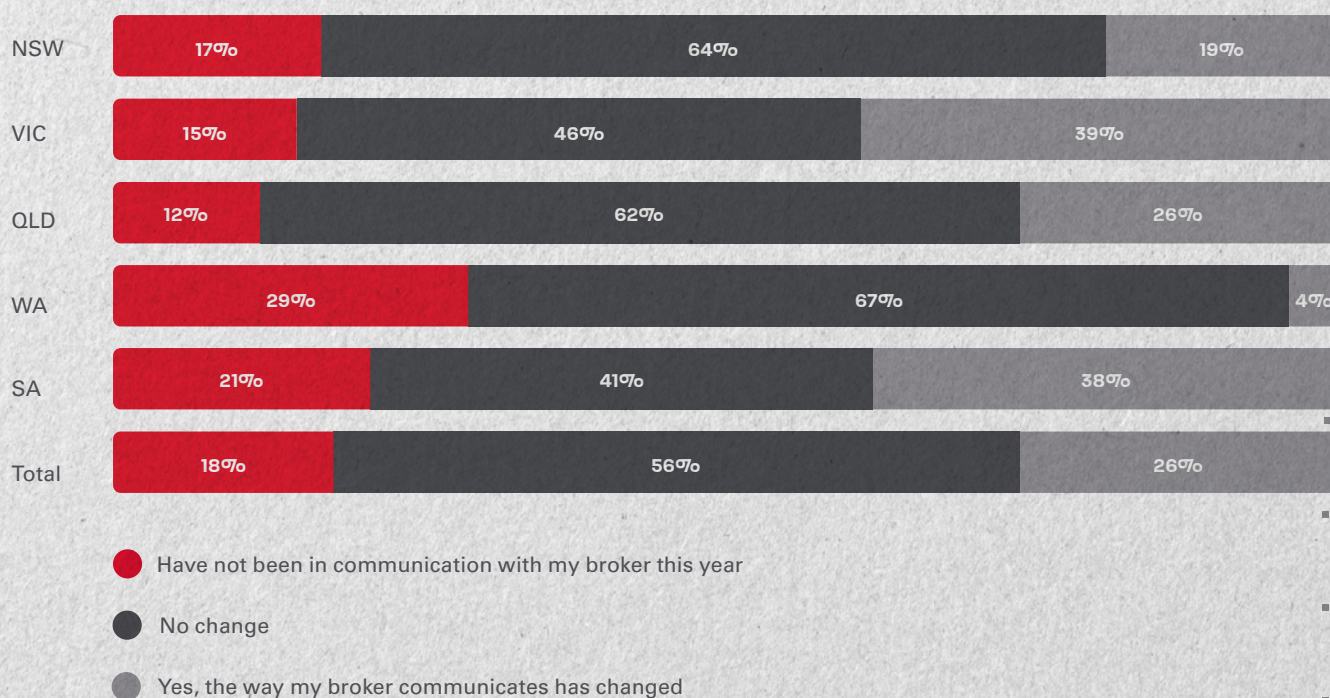
Figure 1.2: How communication has changed (broker clients)

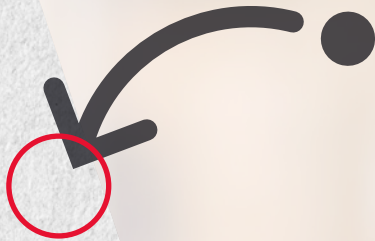


*Web-based communication tools such as Skype / Zoom

Interestingly, there are significant state differences in this trend, with Victoria and South Australia more likely to have changed the way they communicate with their broker, and Western Australia least likely (see Figure 1.3).

Figure 1.3: Changes in broker communication by state (broker clients)



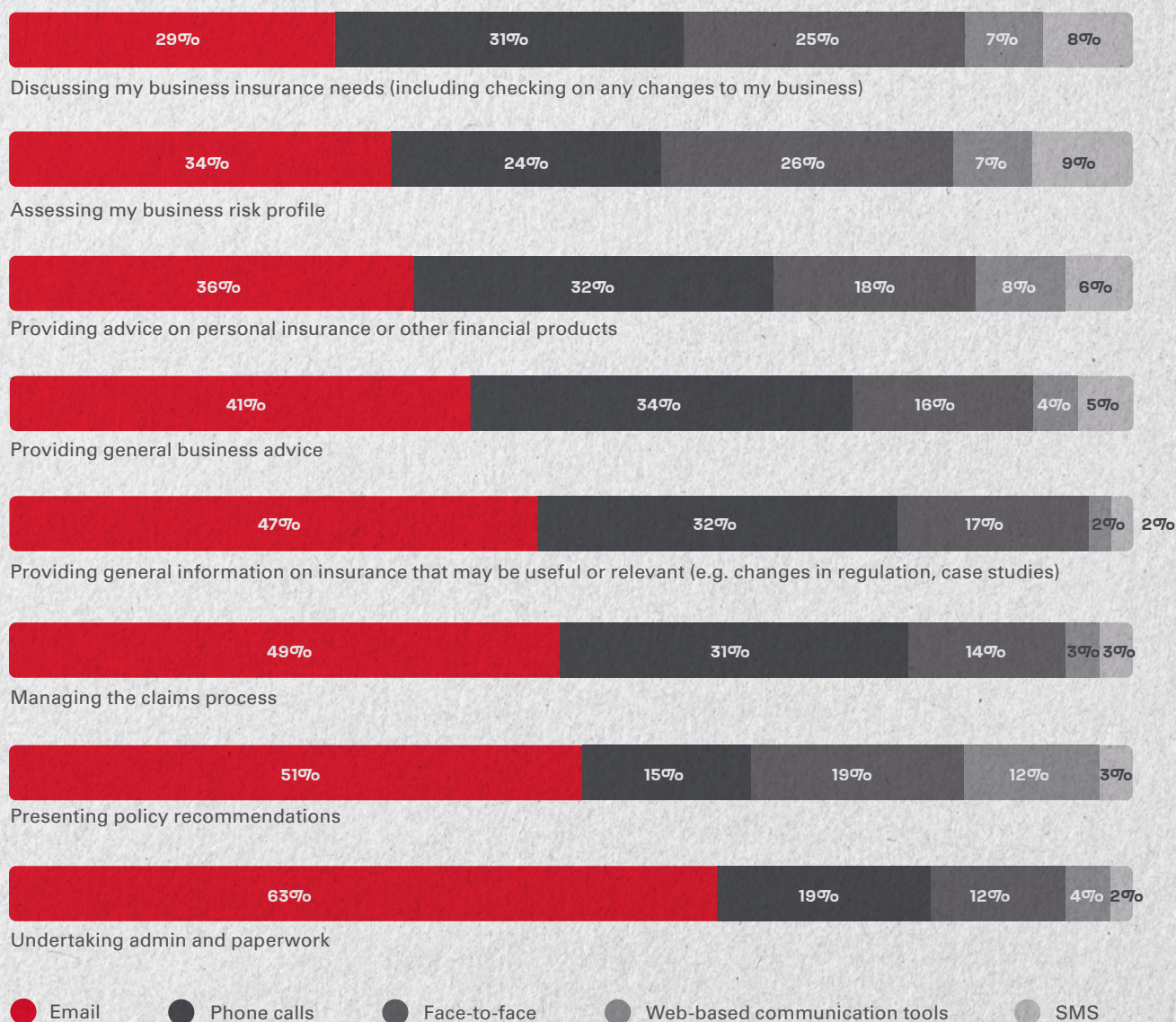


**It's better
face to face.
There's no
doubt about
that.**

Real estate agent,
Broker Client, 2021



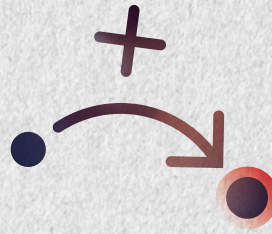
Figure 1.4: Preferred communication channel by task (broker clients)



Brokers undertake a wide variety of tasks for clients, and different tasks require different styles of communication. This year's Index explored which communication channels are preferred for different tasks. While there are some distinct preferences, emails are the preferred channel for most tasks (see Figure 1.4).

However, for more complex tasks such as assessing the risk profile of a business or discussing insurance needs, we see phone or face-to-face more likely to become a preferred channel of communication.

Notably, very few broker clients prefer web-based communication tools for any tasks, suggesting that these channels may not necessarily remain as widely used as they have been during the pandemic.



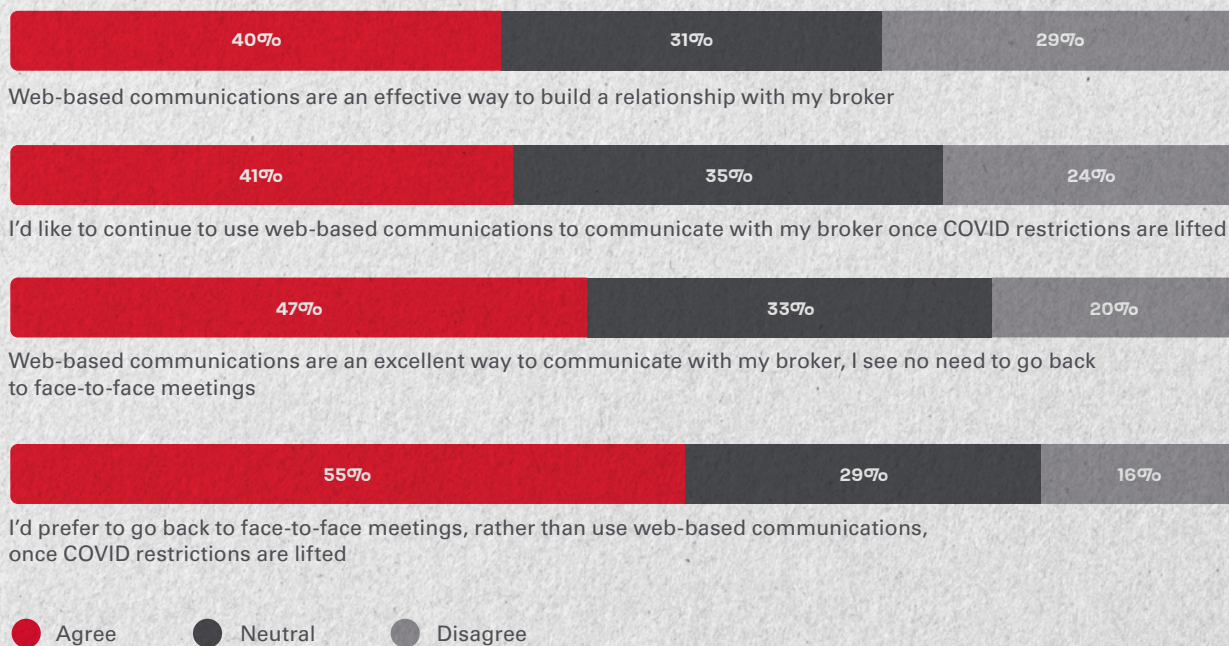
In fact, when we examine attitudes towards web-based communication tools, the data finds polarising results.

Just over half of broker clients appear to be resistant to these web-based tools, saying they would rather go back to face-to-face meetings than use web-based communications once COVID-19 restrictions are lifted.

(see Figure 1.5)

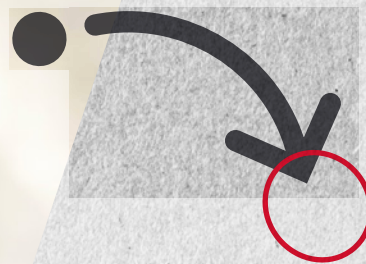
However, a significant group of SMEs have relatively positive attitudes towards web-based communications. 41% say that they would like to continue to use these web-based channels to communicate.

Figure 1.5: Attitudes to web-based communication tools (broker clients)



47%

of SMEs agree that web-based communications are an excellent way to communicate with their broker.



The research identifies some clear profile differences of those who are more open to web-based communications. These SMEs are more likely to be city-based, female, under 45, tertiary educated and from larger, more newly established businesses (see Figure 1.6).

Web-based communication tools evidently aren't for everyone, but there are some groups who feel very positively about them.

We encourage brokers to consider taking the time to understand the individual preferences of their clients to ensure they are using the best option to suit their client's needs.

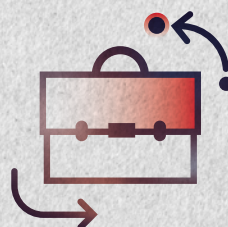
Figure 1.6: Those more open to web-based comms (broker clients)



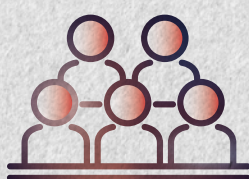
City-based



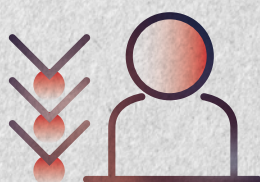
Female



Newer business



Large SMEs

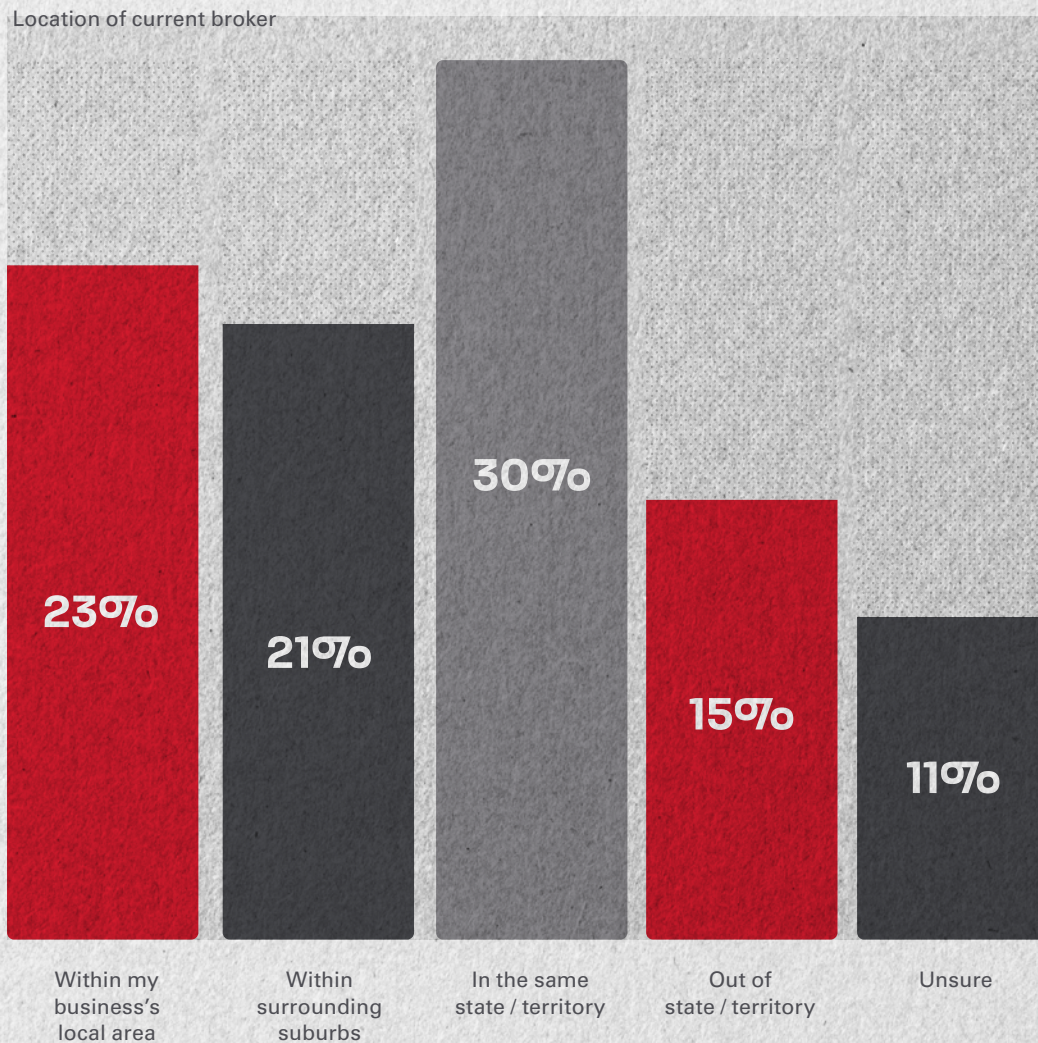


Under 45



Tertiary educated

Figure 1.7: Location (broker clients)



Importance of local broker



One of the most significant behaviour changes predicted as a result of the COVID-19 pandemic has been a shift to “localism”, in which consumers prefer to buy from local suppliers (according to the domestic **Kantar COVID-19 Barometer survey**).

To understand if this trend applies to SMEs’ preference for brokers, this year’s Index asked broker clients about the location of their broker and the importance of having a locally based broker.

Once again, it appears that attitudes are polarised. Around half of broker clients currently work with a locally based broker, and a similar proportion think that working with a local broker is important (see Figure 1.7).



The preference for locally based brokers is widespread, with few strong demographic discriminators, apart from business size and state.

Medium sized businesses (those with between 20 and 199 employees) are significantly more likely to say that they use a local broker, with 69% saying that they work with a broker in their local area or surrounding suburbs. This compares with only 42% of micro businesses (those with fewer than 5 people in the business) (see Figure 1.8).

Figure 1.8: Location of current broker by business size (broker clients)

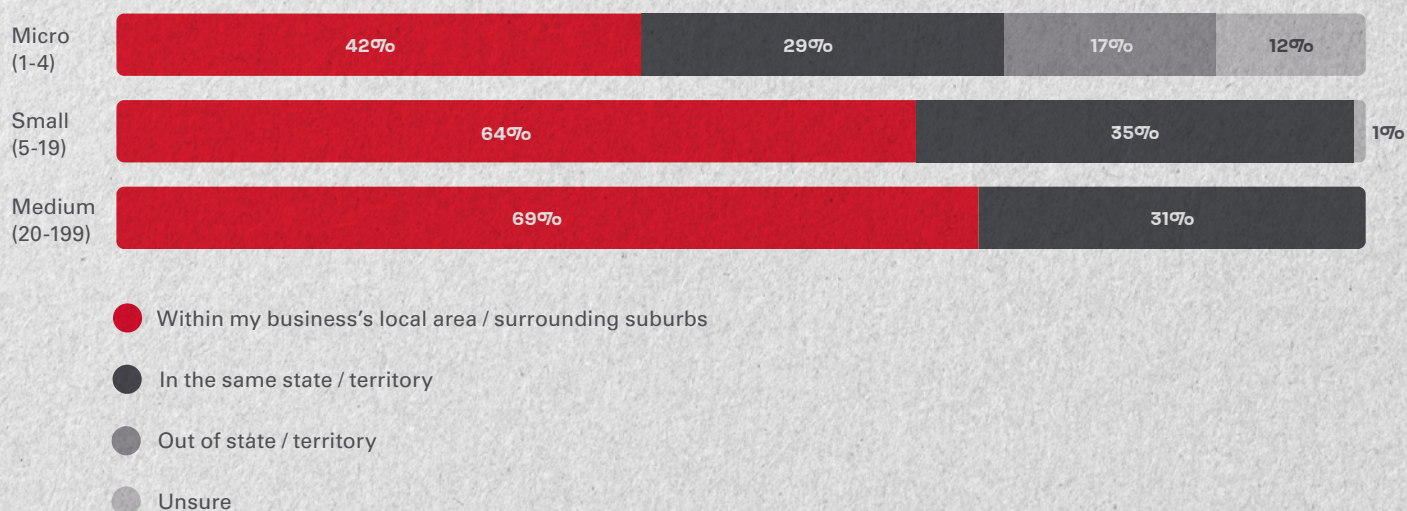
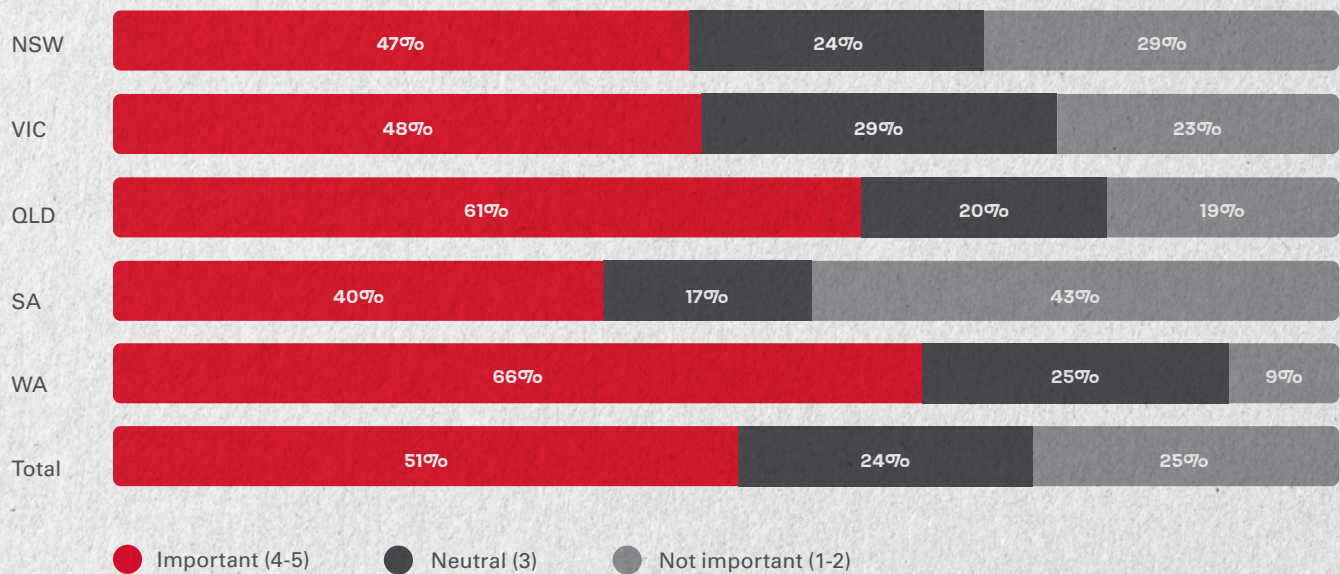


Figure 1.9: Importance of local broker by state (broker clients)



Localness clearly stands out as a priority in two states. SMEs in Queensland and Western Australia are both significantly more likely to say that using a locally based broker is important (see Figure 1.9).

The findings of this research suggest that the “localism” trend is less important in insurance broking than in other industries.

However, opinions are divided with some valuing location highly. This means that brokerages need to look carefully at their client base to understand whether location is part of their value proposition, or whether they can appeal to prospective clients anywhere in the country.

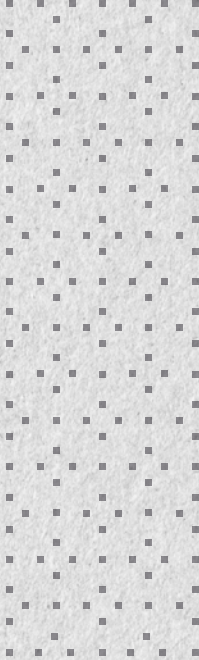
Considerations for brokers.

- 1** Over the past 10 years we've seen how communication is critical and even with lockdown restrictions clients still want to hear from their broker.
- 2** Communication has changed during the COVID-19 pandemic, but opinions are divided on the preferred channel of communications. Rather than make assumptions, have a discussion with your clients about their communications preferences and what works best for them. Some may be keen to revert back to face-to-face communication and others to continue with web-based channels. Discussions about preferred communication methods is an excellent way to build more collaborative, successful relationships.
- 3** Location is a reason to choose a broker for some, but not all SMEs, which means there may be opportunities to work with businesses outside of your local area. Examine your client base and determine whether location is part of your selling proposition.

“
To me,
physical
distance is
not a barrier,

because we're
in a digital age
and everybody
is available
from everywhere.”

Online training business owner,
Broker Client, 2021



For information about media enquiries, please contact:

Kate Sinclair

Communications & Media Manager
Corporate Affairs

Mobile: +61 448 488 281

Email: kate.sinclair@suncorp.com.au

Level 29, 266 George Street, Brisbane QLD 4000



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