

Youth Needs Assessment Survey

Presentation
15th March 2013



INTRODUCTION

Background



**14.3 million Kenyans
aged 15-35 years
(2009 census)**

- Most brands are targeting this segment
- There is stiff competition for their share of wallet



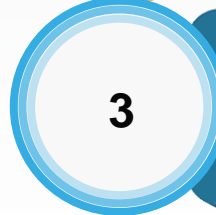
AKI saw the need to carry out a research to establish the perception of insurance among the youth and understand their needs for a number of reasons



- To have the industry engage the youth from an early age

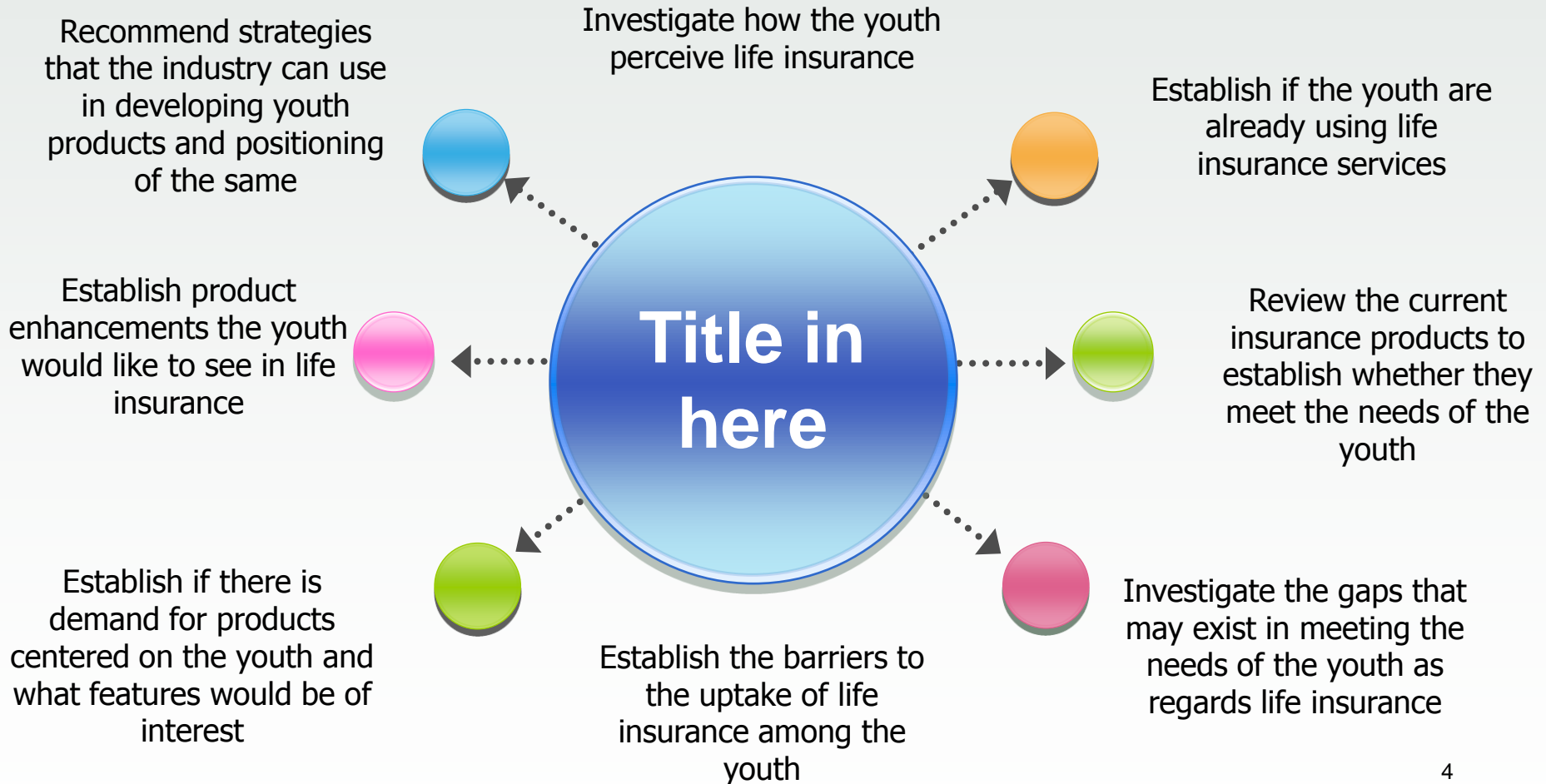


- To enable the industry be able to Increase the uptake of insurance among the youth and grow the overall penetration thereof



- Increasing the uptake of insurance among the youth will create additional revenue streams for insurance companies

Research Objectives



Methodology

Summary

1. Target

- 15-35 year olds
- Industry experts
- Agents/Brokers

2. Data collection

- Quantitative
- Qualitative

3. Sample

- 500 F2F consumer interviews
- 8 Focus Groups
- 100 Agents/Brokers
- 15 In-depths

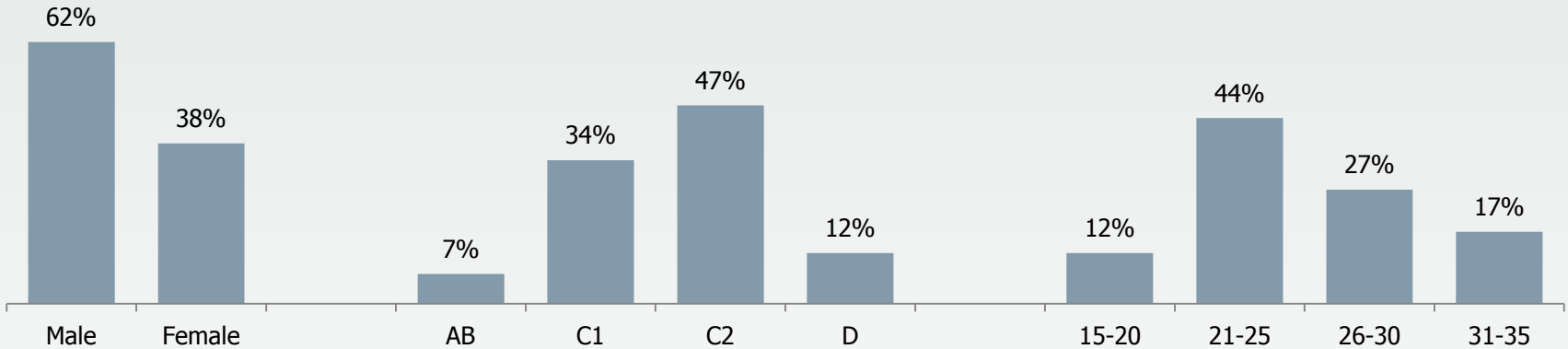
4. Timing

- Fieldwork in Nov/Dec-12

- * Focus groups were conducted among current and potential holders of life policies
- * The in-depth interviews were conducted among life insurance managers

Profile

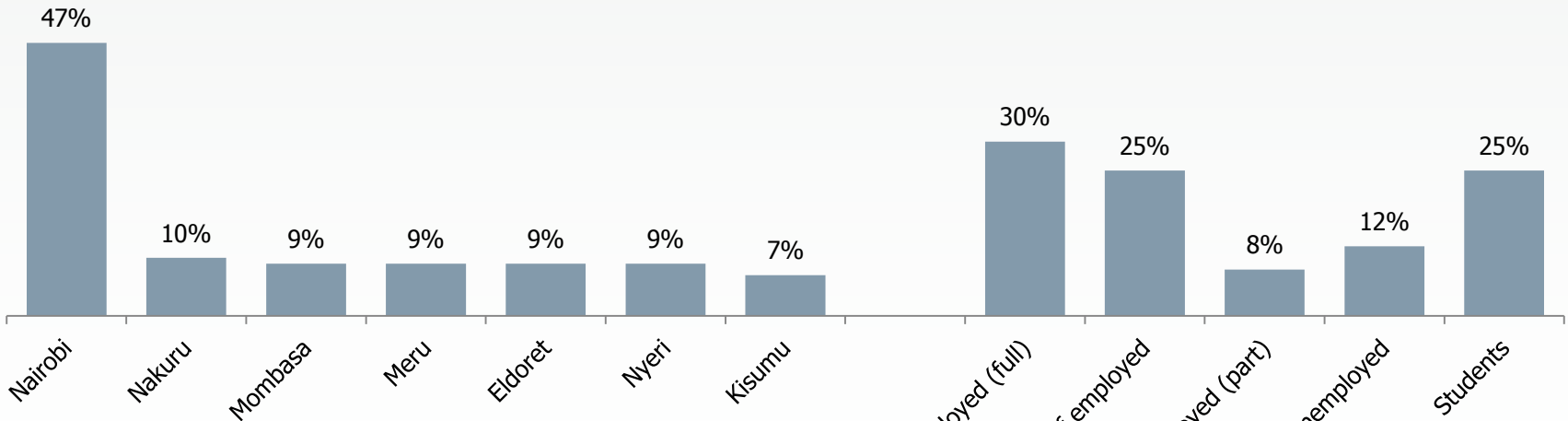
Base: N=500



Gender

Social Class

Age Group

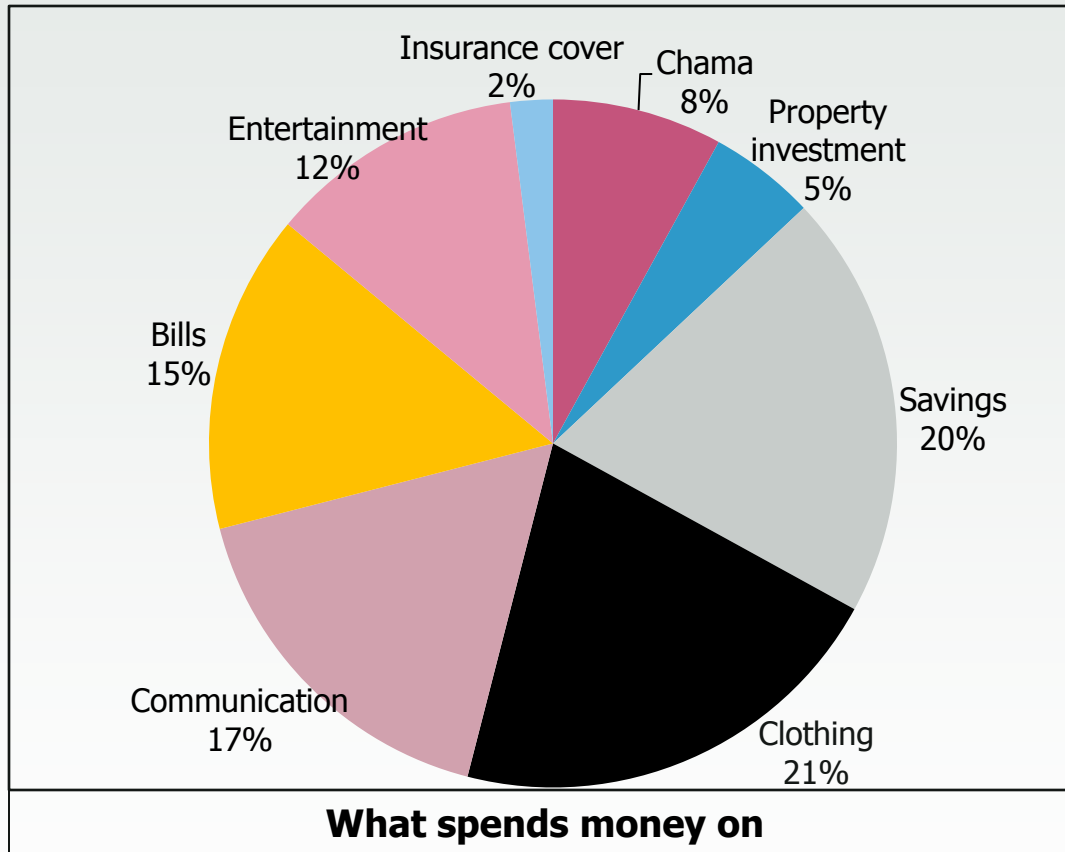


Location

Employment Status

KEY FINDINGS

Spending habits



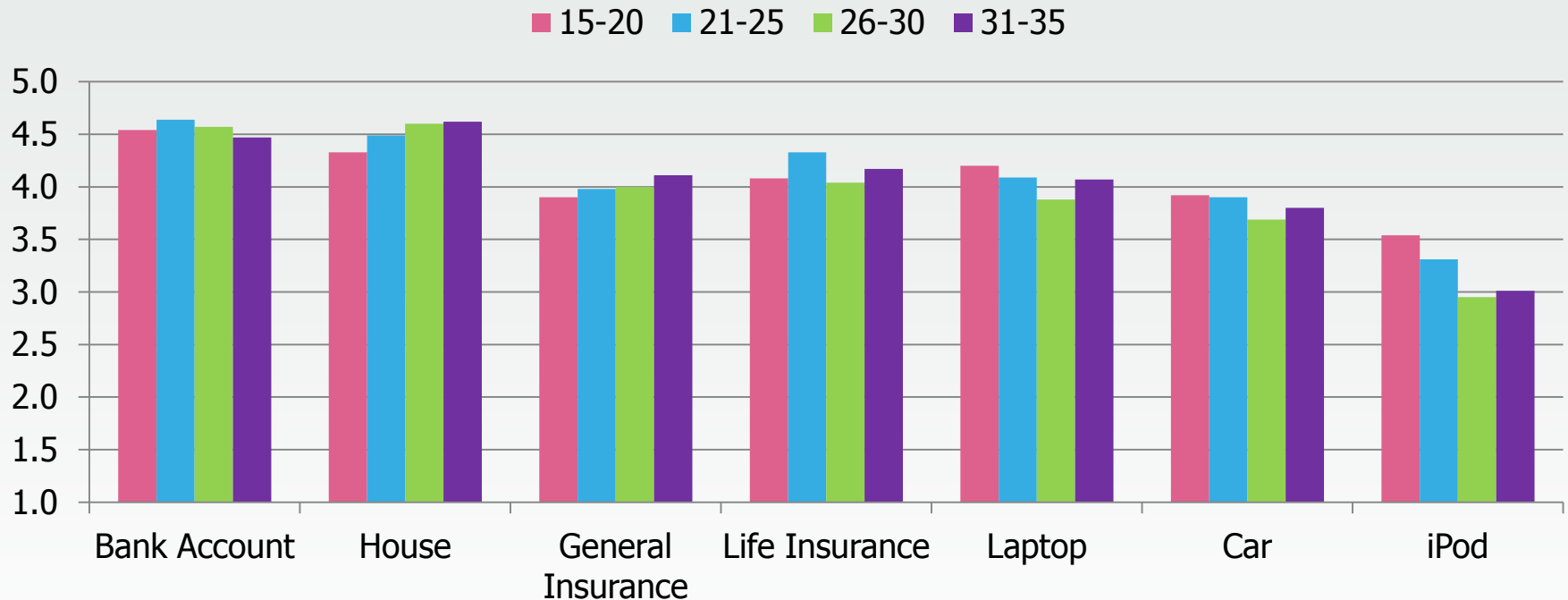
- The youth interviewed have about a **1/3rd of their income going into savings and investments** which reflects that there is a revenue stream that could be tapped into for insurance

Priorities in life

Extent to which values an aspect in life (on a scale of 1 to 5)					
	Total	15-20	21-25	26-30	31-35
▪ Being a good parent	4.73	4.49	4.72	4.79	4.83
▪ Getting a good education	4.68	4.80	4.59	4.79	4.63
▪ Good health	4.68	4.80	4.66	4.70	4.62
▪ Owning a good home	4.67	4.49	4.65	4.76	4.71
▪ Family	4.60	4.28	4.57	4.72	4.72
▪ Getting married	4.30	3.79	4.26	4.47	4.49
▪ Being religious	4.13	4.23	4.14	4.01	4.23
▪ Having and maintaining friends	4.11	4.15	4.15	4.12	3.94
▪ Driving a good car	4.00	4.07	4.15	3.82	3.84
▪ Owning a good mobile handset	3.98	3.95	4.04	3.91	3.97
▪ Having fun	3.93	3.97	4.07	3.82	3.71
▪ Being famous	3.65	3.69	3.72	3.61	3.53
▪ Lots of free time	3.63	3.82	3.71	3.59	3.32

- The youth value **parenting, education and good health**. This seems to suggest there is an opportunity for youth products in preparation for parenting

Priorities in life

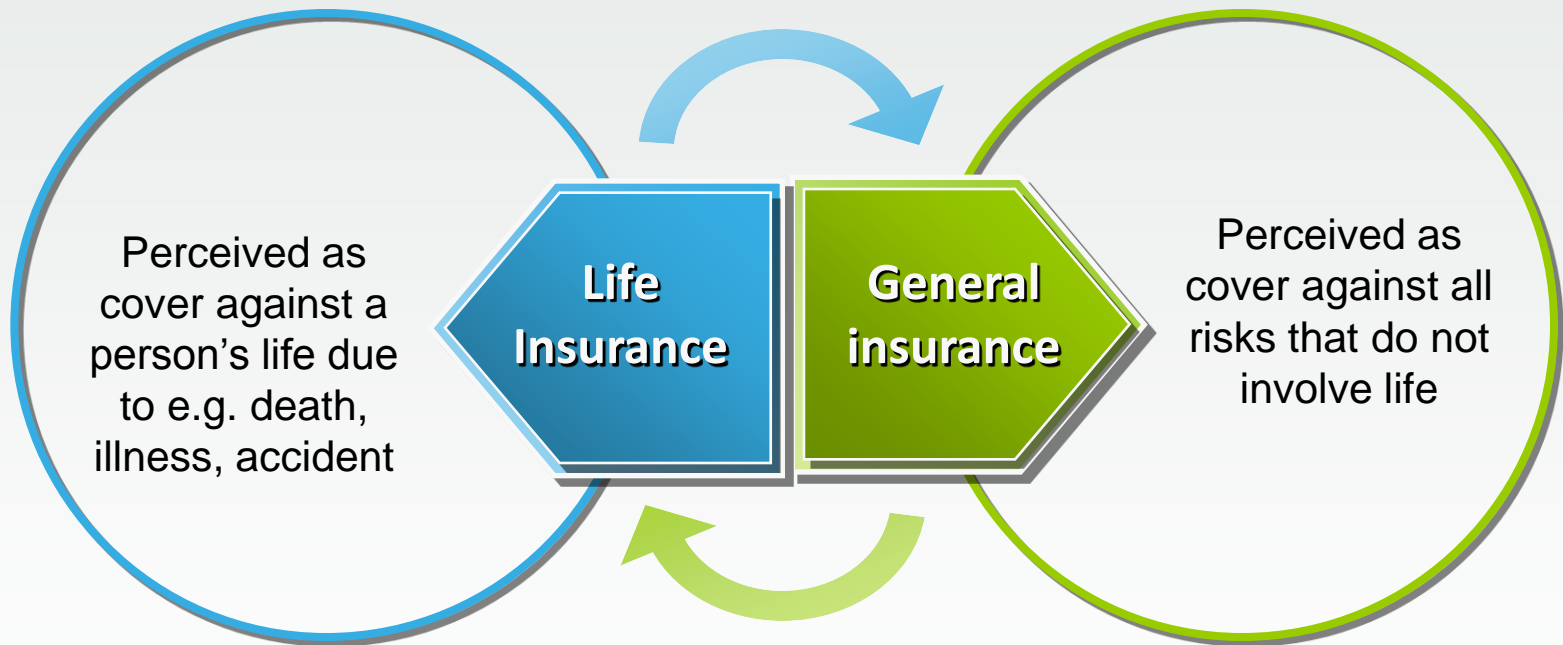


Importance attached to items (on a scale of 1 to 5)

- Life insurance though considered of value is **superseded by other aspirations** such as owning a house and holding a bank account



Life Insurance Vs. General Insurance



Medical Covers and Personal Accident covers were seen as life insurance whereas investment plans were classified under general insurance

- The research revealed there is **low understanding of life insurance products** among the youth due to prevailing information gaps

Perception of insurance products

Education Plans

- ▶ Associated with focus - since it's a way of saving for a child's education
- ▶ Unmarried youth however feel left out but have an interest in plans suiting them

Group Life

- ▶ Appreciated as a way of securing life of beneficiaries
- ▶ There's poor understanding of this plan – youth associate it with being a cover for organized groups e.g. Chama's

Pension Plans

- ▶ Guarantee for a better life after retirement, maintaining living standard
- ▶ Not seen as a priority by youth as they plan for the most present needs

Funeral Covers

- ▶ Easy, affordable way for funeral arrangement and surety for a decent send off
- ▶ Perceived to be for elderly or ailing, skepticism of being 'Anti-African, a 'taboo'

Individual Life

- ▶ Associated with death, does not benefit the policy holder in their lifetime
- ▶ Has low appeal among youth who feel old age is too far and they are seeking short term benefits /instant gratification

Investment Plans

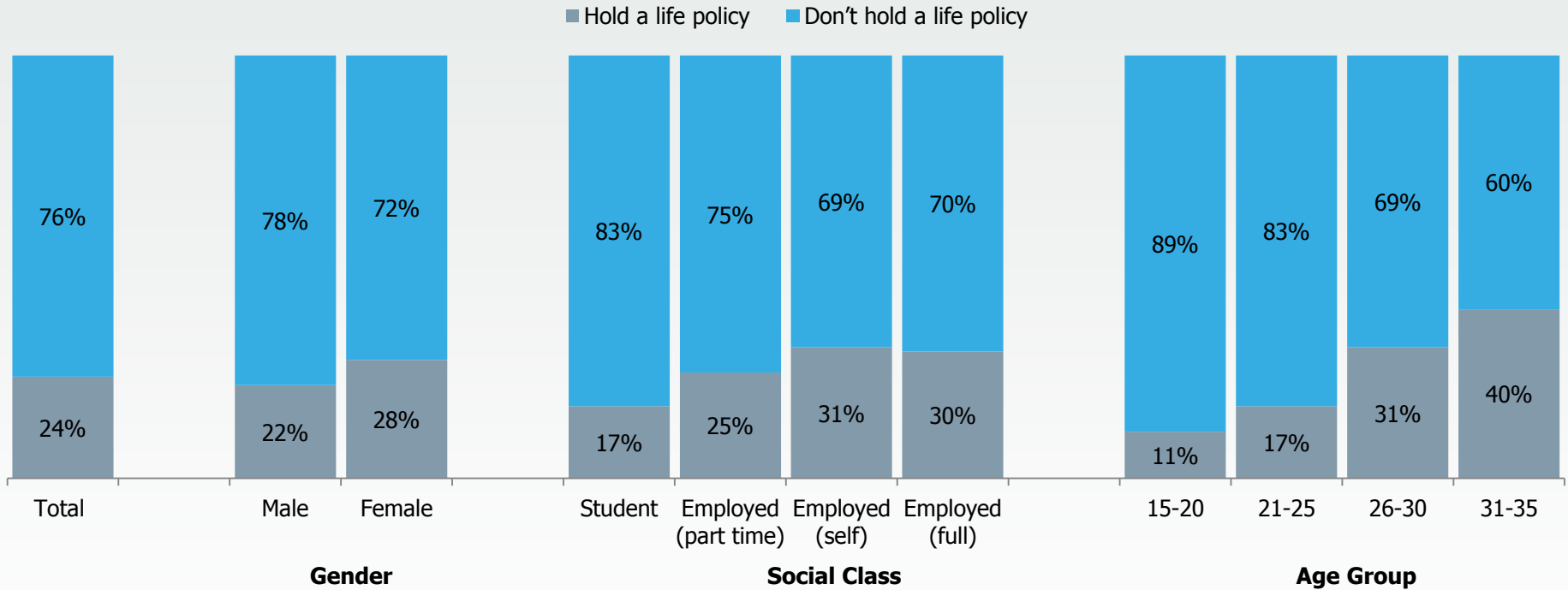
- ▶ Seen as a disciplined way of saving, youth have limited info in this area, some perceive it as being a plan for insuring business and investments
- ▶ Has low appeal among youth who prefer other forms of investments e.g. real estate, income generating ventures citing minimal gains on insurance investment plans





Uptake of life insurance products

Base: N=500

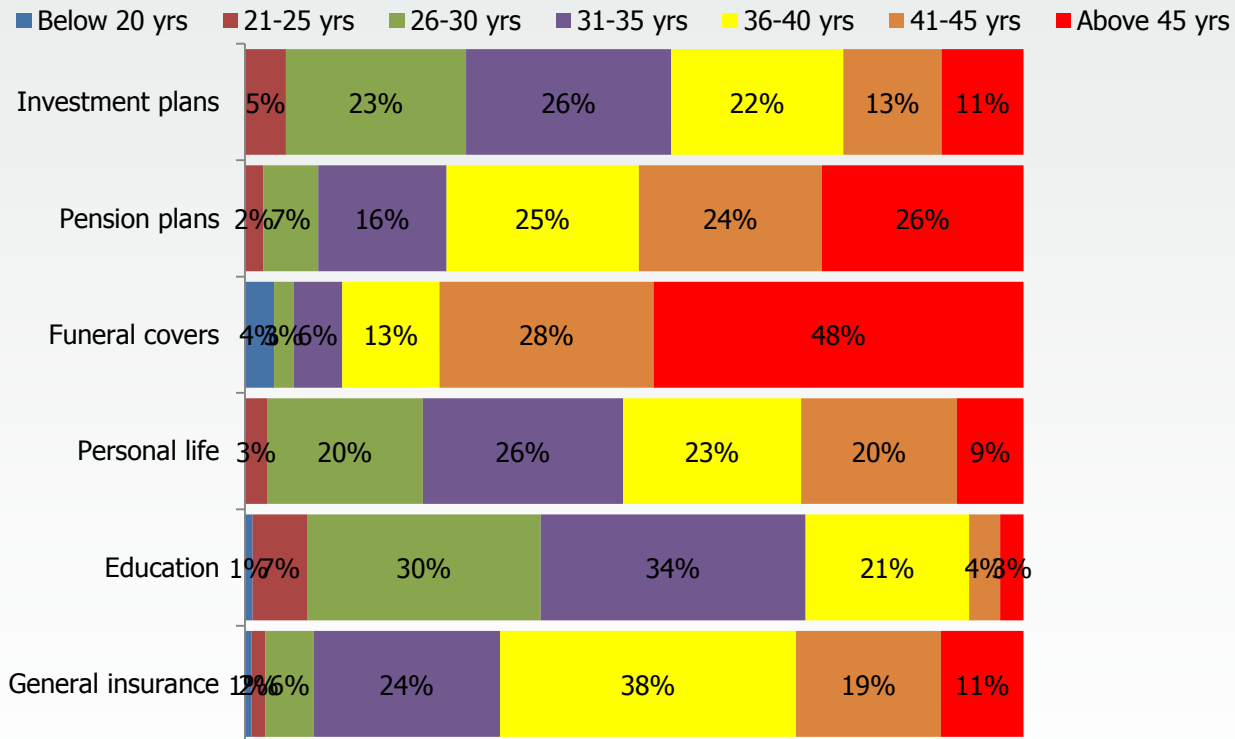


- There is **low coverage** of life insurance among the youth with only **24%** of those interviewed claiming to have a cover
- The level of uptake appears to increase with **maturity in age** and **economic empowerment**

Uptake of insurance products among the youth

As perceived by Agents & Brokers

Main buyers of various types of insurance policies



- Even from the agents/brokers perspective there is a **stronger uptake of education policies** among the youth, followed by investment plans and personal life

Barriers to uptake of life insurance among the Youth

Lack of products that target the youth specifically

- Most youth lack a stable income to enable them buy into life insurance covers
- The insurance industry is seen to lack covers that offer short term benefits, are affordable and flexible in payment

Lack of adequate information

- Youth are not predisposed to insurance early enough and hence don't view it as a priority in life
- They have not been the traditional target in marketing activities

Perception of life insurance as meant for the elderly

- The youth perceive they have a long way to go hence don't need life insurance and more so the personal life, pension scheme and funeral cover.
- Majority perceive insurance as being meant for the older people (40 years and above)

Perception that insurance is expensive

- Youth who have either just entered employment or are unemployed perceive insurance as unaffordable and therefore would not actively seek for it

Barriers to uptake of life insurance among the Youth

Preference for other financial investments

- Most youth would prefer to invest their money in land, start business ventures as opposed to investment plans/ unit trusts. They perceive insurance companies to give low returns and there is lack of reassurance that one will be paid

Life insurance and pension plans only matures at a certain age and they are far from it

- The youth are seeking to invest for long-term gains as opposed to products that have a long maturity period and this makes life insurance uncompetitive in the way they view it

The marketing approach taken is not appealing

- The advertising and marketing approach is not regarded as appealing – seen as 'not with it' for this groups of consumers
- The language used in sales is complex/ambiguous

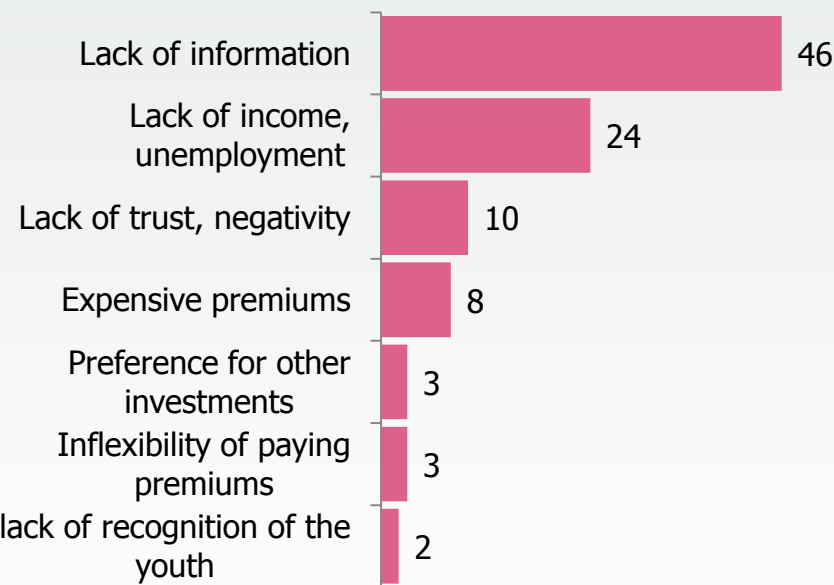
Loss of premiums in case of loss of income

- The youth feel there is risk especially in their circumstances whereby job security may not be guaranteed, and therefore they would opt to invest where risks are lower e.g. in land

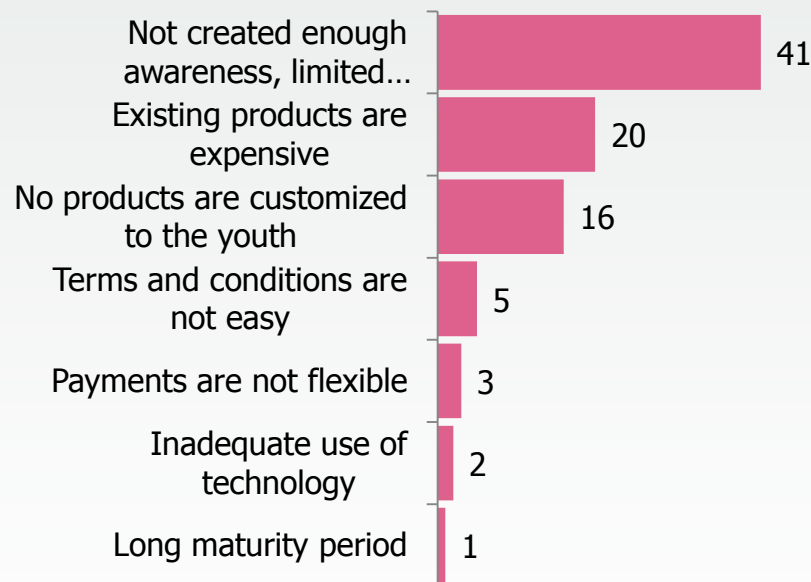
Barriers to uptake of life insurance among the Youth

As perceived by Agents & Brokers

Key barriers to the uptake of insurance



Gaps identified in targeting of Youth



- Agents and brokers acknowledge that the insurance industry has not effectively targeted the Youth with life insurance products

Attributes of an ideal insurance product for the Youth

1

Affordability

The youth are seeking product with low premiums

Flexible payment terms

Variation in payment frequency and mode of payment

2

3

Demystification of products

Clarity of benefits and user friendly lingo

Short maturity period

The saving needs are short term in nature, hence long term investment should have some short-term incentives

4

5

Effective Advertising

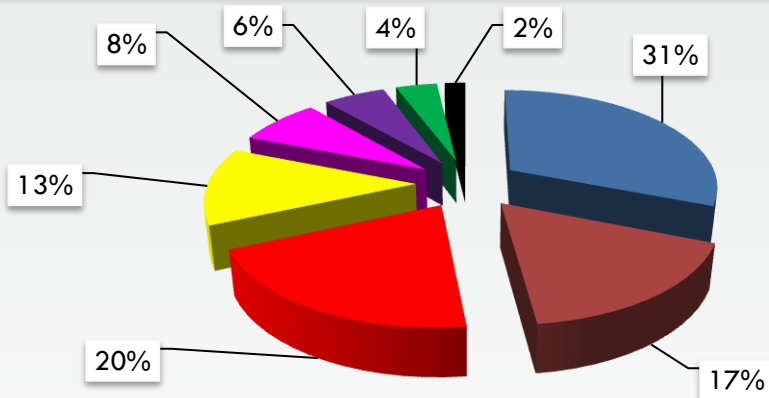
Communication support that is youth-centric

Some suggested product options

- Saving plan where one can get a lump-sum on graduation so that they can start a business
- Education plan for Masters program
- Education plan for unborn children – converted into an education policy upon birth of child
- Saving towards a property or investment (e.g. dream car or house)
- Saving for a holiday

Attributes of an ideal insurance product for the Youth

As perceived by Agents & Brokers

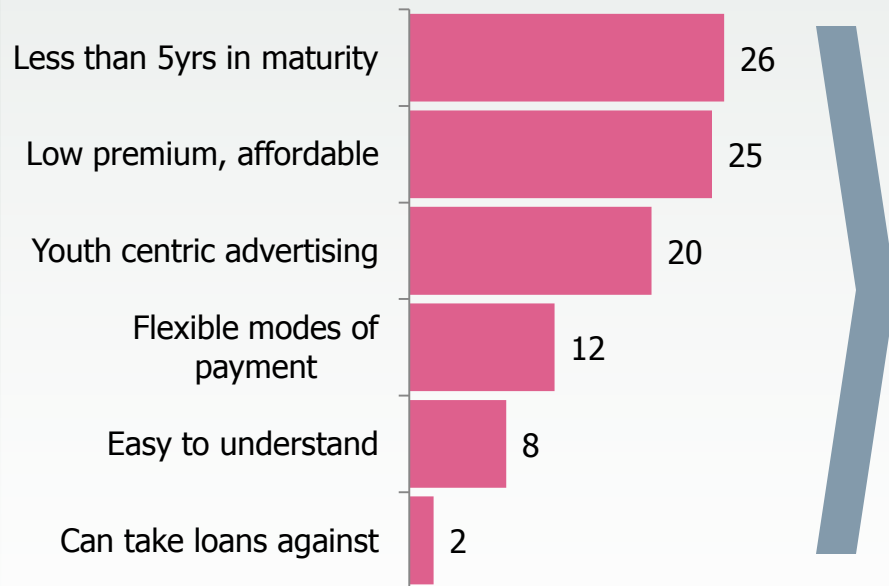


- Affordable/ Lower premiums
- Flexible premium paymet
- Short term
- Have bonus/ dividends
- Have high profit
- Investment policies
- Well advertised and their benefits are known
- Give loans

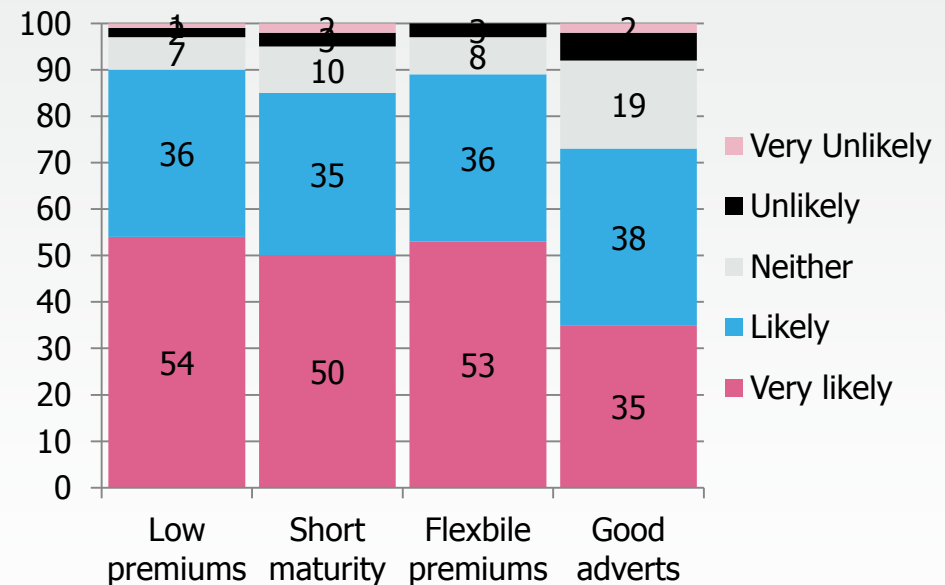
- There is concurrence between what the opinions aired by the agent/brokers with those of the Youth themselves
- This indicates that those who work for the industry already have some learning's that can be tapped into in addressing the needs of the Youth

Level of interest in youth-oriented insurance product

Desirable features in a youth insurance product



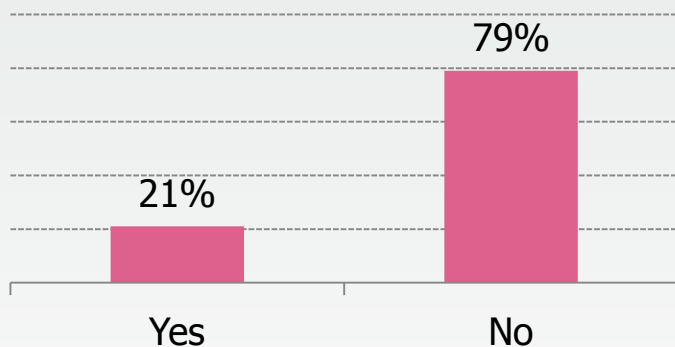
Likelihood of buying insurance cover with the following attributes



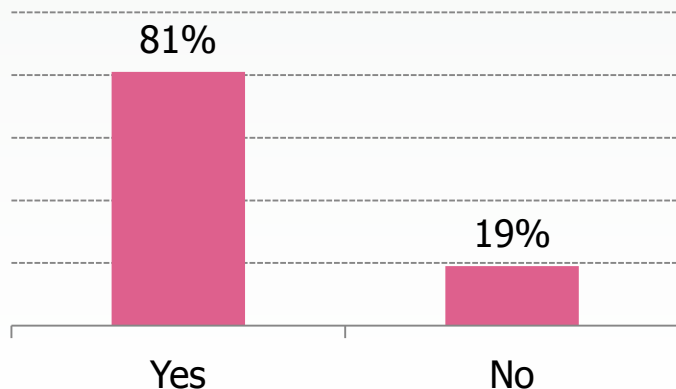
- Insurance products that have a combination of the attributes that the youth regard innovative and suitable, given their life-stage, would likely have strong consideration

Effectiveness in targeting the Youth

Whether feels insurance companies have effectively targeted the youth



Whether in own view feels the youth need life insurance



A gap exists in targeting the Youth

- Existing policies are largely unaffordable to the youth
- Lack of flexibility in payment yet the youth lack a regular income
- Existing life products are long-term in nature **YET** young people are looking for products with short-term benefits and liquidity
- Lack of awareness on the benefits of life insurance/existing products are not advertised
- The youth in Kenya do not get acquainted with insurance at an early age i.e. through education curriculum or financial literacy trainings
- Advertisements do not appeal to young people and/or do not communicate about the importance of life insurance to young people

How insurers can effectively target the Youth

Consumers

- Organize open days in schools/colleges whereby young people can ask questions and learn more about insurance
- Organize seminars
- Organize fun days for the youth (for children who have education covers or medical covers etc.)
- Have internship programs
- Sponsor youth projects and sports
- Introduce sponsorship programs for bright children
- Roadshows/ concerts
- Embrace youth oriented advertising
- Use social media to market life insurance to young people

Agents / Brokers

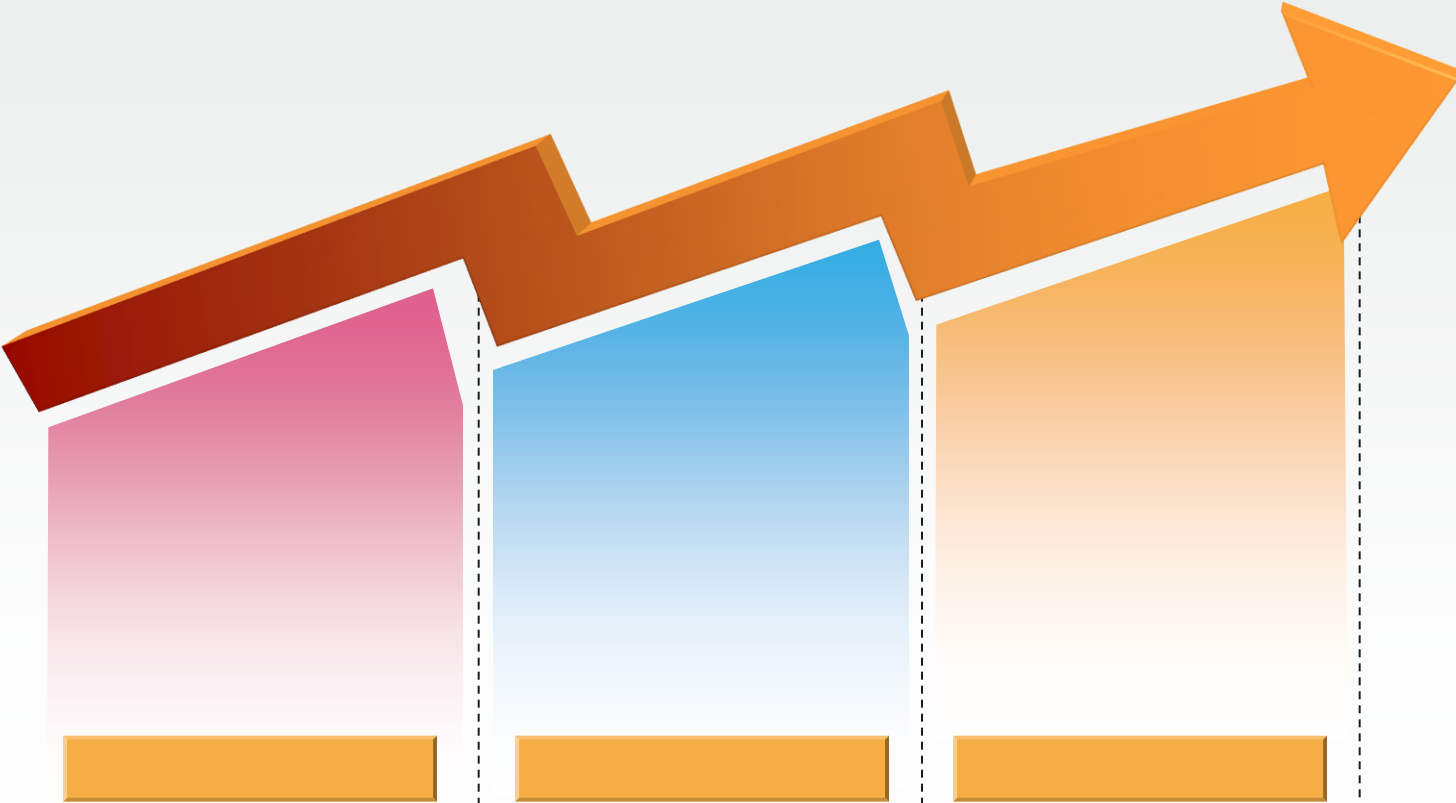
- More education/ awareness 55%
- Roll out products with low premium 16%
- Products that are youth focused 12%
- Products with low maturity period 5%
- Reach out to Youth in rural areas 5%
- Reinforce credibility/trust 5%
- Offer attractive bonuses on policies 1%
- Reach out to the self-employed 1%

How insurers can effectively target the Youth

Appropriate channels		Appropriate TV station		Appropriate radio station		Appropriate social media	
TV	34%	Citizen	45%	Kiss 100	23%	Facebook	66%
Radio	27%	NTV	27%	Citizen	23%	Twitter	29%
Social Media	12%	KTN	19%	Classic 105	21%	LinkedIn	3%
Road Shows	10%	KBC	4%	Jambo	8%	Yahoo	3%
Billboards	10%	QTV	2%	Easy FM	7%		
Internet	7%	K24	2%	Q-FM	6%		
		Kiss	1%	Capital	4%		

- Youth cited that they don't connect with the current adverts from insurers
- There is need to align channels of communication and advertising to those used mostly to enhance the effectiveness in reach

Way forward



Way forward

Need for consumer education and demystification: This will unlock the barriers for uptake of insurance products in general among the youth

The industry should consider designing life insurance products that young people can afford and those that do not necessarily have monthly premium payments. Premiums can be paid via M-Pesa

Payment of a cash benefit component would need to be included to promote consideration for long term life insurance products e.g. personal life or pension schemes

There would be need to simplify the life insurance products and communicate the risks covered by life insurance positively and clearly

Way forward

There is need to come target the youth with products that are associated with spending occasions e.g. graduations, weddings

The industry should leverage on investment groups e.g. Chama's to promote investment plans

The industry should engage in cool events e.g. musical concerts, blanket & wines, the mingle etc.

The industry should connect more with the youth. They should engage more in activities that involve the youth e.g. sponsor some sports team for the youth, sponsor entertainment activities

Way forward

There is need to purposely target the youth when selling life insurance i.e. go to where the youth are e.g. in colleges etc.

The industry can also have specialized agents who sell life insurance to the youth

Need for more appealing adverts/ adverts that are not too formal. Formal adverts mainly appeal to mature crowds and the youths feel that they are not meant for them

Youths want to be entertained. The industry should target the youth with adverts that have a fun element so that the message can sink

Create awareness i.e. using social media, road shows, radio fliers, TVs etc. Social media can especially be used to get the feelings of the youths, understand their needs and get feedback on the insurance products available

Thank You!

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