

finaco

Understanding Millennials & Gen Z

INSURANCE BUYING BEHAVIOURS



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Contrary to what insurers think, research shows that 80% of Millennials and Gen Zers have insurance, indicating that the younger demographic is interested, open and willing to get insured.

Many media outlets portray Millennials and Gen Zers as frivolous and obsessed with social media, but, in reality, they are savvy consumers with billions of dollars worth of spending power. The need for and use of insurance products is expected to grow as they reach adulthood. Research has found that Millennials and Gen Z will make significant changes in their lives in the next three years, including investing in homes and vehicles, building a family, and switching jobs or starting businesses. Do insurers have what it takes to capitalize on these changes?

With the proper knowledge about Millennial and Gen Z buyers, insurers can capitalize on the gap in the market. For example, research shows that younger adults with children under 13 are likely to have at least one kind of insurance, and households with incomes under 45,000 USD are least likely to have insurance. In addition, 83% of auto insurance buyers said they only look at one to three brands before making a purchase. Home insurance is 95% influenced by a Millennial social circle. Additionally, 75% of Millennials and Gen X have auto insurance, while just over 50% have home insurance. Worldwide, 8 out of 10 Millennials have some insurance. So how do you sell to Millennials and Gen Zers? You have to begin to understand what they value and show them how your product is in alignment with their values.



Despite buying insurance online, young adults still use exclusive or independent agents. Confirming that relationships do matter, and digital presence gives credibility. Given that 65% of insurance buyers during the pandemic were under 35, it's time to understand how to capitalize on this emerging market.

Millennials and Gen Zers have similar values and expectations. They prioritize work-life balance and well-being, and job transitions are up 80% and 50% year-over-year, respectively. Moreover, due to graduating in a recession, both generations face job-hopping and rethinking their career goals.

Why do these statistics matter? Because understanding the values and priorities of Millennials and Gen Zers will better equip insurance providers to create an effective strategy to attract and retain them as clients. After all, even in a digital world, the balance of human touch is more necessary than ever.

The decision-making process

Millennials and Gen Z prefer easy accessibility and convenience when purchasing insurance products. They value expert advice as much as older consumers do, but a recommendation from a trusted source has just as much value to them. Of course, price is essential, but it's not the most important. Millennials are digital-driven, socially influenced, and budget-conscious. According to the [KMPG survey](#), 78% of CEOs report accelerated progress on creating seamless digital customer experiences to meet consumer demands for white-glove service. Moreover, 79% say it has resulted in new business models and revenue streams. Here's what you need to know about today's insurance buyers:

Insight

Word-of-mouth. Referrals influence Millennials and Gen Z the most when shopping for insurance. Online reviews are powerful, and the typically satisfied client would agree to a summary of their experience in exchange for your excellent services. Offering referral programs that incentivize current clients to refer their friends and family is the most traditional and trusted form of spreading the good word about a business.

Search Engines. Although referrals are essential, 55% of Millennials use search engines to learn about insurance products. Additionally, 28% of Millennials and Gen Zers rely on online advertising, and 15% use online advertising to educate themselves on products. Globally, 92% of consumers trust earned media over other types of advertising. Examples include testimonials and recommendations from friends and family.

Google can optimize a business's SEO with keywords and traffic data. Having a visible business in top google searches will not only build social credibility and traffic on your site, but revenue will likely increase with a larger audience. Great landing pages, relatable copy, and relevant, accessible information are all essential to selling Millennials and Gen Zers on products and services.



Action

There's a total of 1.8 billion Millennials on Earth; 76 million reside in the USA, according to a 2021 regional survey. Millennials have become the largest cohort of adults worldwide. Between relational trust and online research, this demographic may be easier to sell to than previous generations like the Boomers. For example, 57% of Millennials and 65% of Gen Zers said they are more likely to buy from a socially responsible start-up, while 91% of Boomers said they would buy from a brand that has been well established.

It is good news if you have been in the insurance industry for some time. You can focus on using existing clients from previous generations that most likely have children approaching milestones in their lives. Concentrating on creating a good relationship with parents of Millennials and Gen Zers will increase the likelihood of you acquiring their business. An insurance referral program aims to encourage your clients to refer your insurance agency to their peers and reward them each time one of those peers becomes a client. It is a simple and cost-effective method for gaining new insurance leads. Building a good reputation through referrals is key to success with this demographic.

If you have a couple of married clients in their 60s, and they purchase a bundle of Health and Life insurance from you, it would be a great time to ask about their children and evaluate if they'll require your services or potential services soon. List the main benefits of your referral program and encourage family members of young adults to refer you. Knowing the difference between generations can increase your likelihood of a successful referral by creating the opportunity for relationship-building conversations that equally benefit both parties.

While completing a Health and Life Bundle for your clients, you may ask questions like, “Oh, I see you have a child as your beneficiary. How many do you have?” For example, Mrs. Jones may say, “I have two children, Lizzy and Charlie.” you respond, “Any grandchildren yet?” Mrs. Jones replies, “Lizzy just gave me two beautiful grandbabies. Charlie is looking to buy a house for himself and his girlfriend. I hope it works out.” Now you have key facts for potential clients. Lizzy has a family, which can mean she and her family might need multiple policies, and Charlie is beginning to walk the steps toward important milestones that require insurance. After a couple more engaging questions like, “Do you know if they have life insurance coverage too?” or “Have you talked about this insurance decision with your children recently?” You’ll feel comfortable explaining your referral program benefits and encouraging family members to have conversations at home and refer to you as the expert in this space.



Key Takeaway

Millennials and Gen Zers are all about relationships! When looking to buy insurance, young adults listen to and trust their family’s advisor first and foremost. So focus on creating a good reputation among your current clients and encourage them to speak to the young adults in their lives. Because 83% of Millennials and Gen Zers say they trust their agent, and 81% say they plan to use their current agent again – loyalty is valuable to these consumers. And that means renewals, great testimonials, and lots of referrals.



Preferred purchase method

Insight

According to research, just over 50% of Millennials and Gen Zers prefer to buy insurance in person; however, online methods are becoming more critical. While face-to-face interaction continues to be the most common method of purchasing insurance, particularly for younger adults in Canada, digital channels are steadily becoming more popular. Millennials and Gen Z prefer to communicate with a live person about their insurance, whether by phone or in person. Even though these younger adults love the technology that allows them to text, email, and use social networking, they still value traditional methods of communication. Whether in person or online, younger generations invest in stories more than products because it's all about individuality.

Action

Many Millennials report wanting their insurance agents to help them understand insurance. Since research shows that Millennials and Gen Zers have a 50/50 chance of preferring in-person or online interactions, make sure you're available to develop trust by having one-on-one interactions.

It has been found that Millennials experience the most pain points during their life insurance buying process as they deal with overwhelming information, too much paperwork, and their inability to pick the right company. However, research shows that finding the right advisor or broker can make a big difference. Meeting them where they are shows them you care about how they feel. You build trust by simply accommodating their convenience and comfort. Showing them your expertise and availability will improve your legitimacy and make them trust you more.

If a Gen Zer or a Millennial wants to purchase a life insurance policy and is unsure of how much coverage they need or how much it costs, they will ask you – the expert. Your job isn't just to sell the policy but also to sell them the story – the why.

For example, a Gen Zer finds your landing page and submits their information for a free quote. Then, they request a video call appointment for further information about their quote. When you are on the call with them, they tell you, "I did the free quote, but I don't know what it covers and if I need that much coverage." So, instead of going the route of, "what's your price range?" let's ask a few questions:

- Where do you see yourself in 5 years? Children? Family? Career?
- How much do you need to pay off debt?
- What legacy do you want to leave behind? For who?

You prompt them to develop their “why” for purchasing life insurance. You create the momentum for them to figure out what they truly want. This demographic cares less about the price and more about how it will improve their lives. You add a more profound meaning to an insurance policy by creating an emotion towards holding a life insurance policy: to have peace of mind knowing they are taking care of their loved ones after they pass.

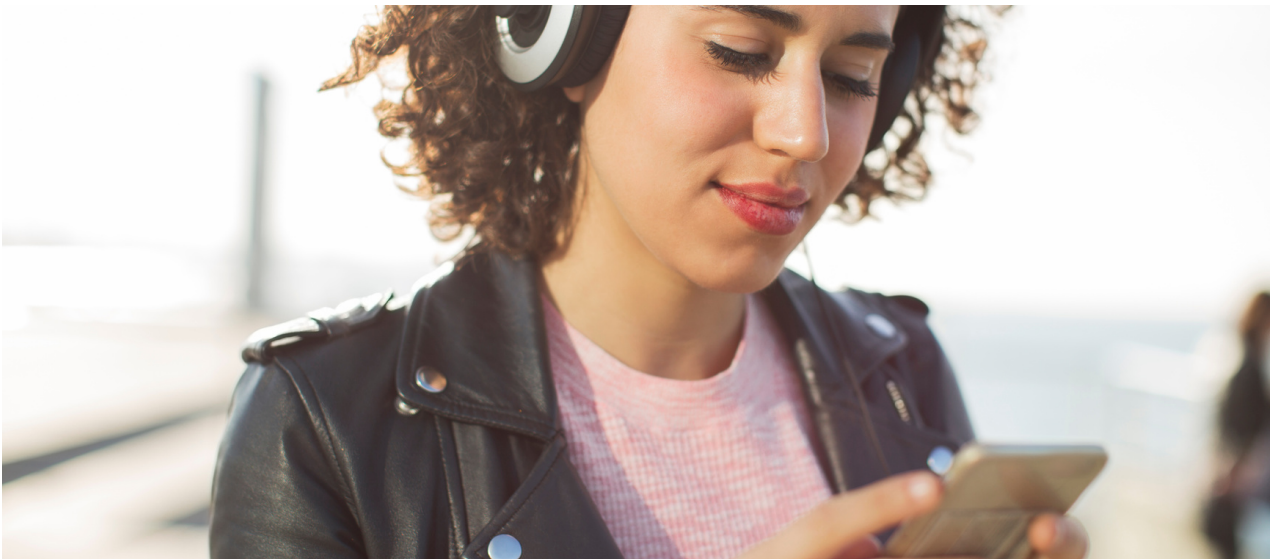
Key Learnings

Despite being digital natives, brick-and-mortar locations are still greatly preferred. It's about 50/50 across the board, and 50% of the population equals a lot of potential clients. How you sell the policy matters the most in-person or online. Millennials and Gen Zers appreciate customized/personal interactions and happily rely on experts to answer their questions and help them find the best policy for their needs. Building emotional value toward a policy is a key to selling Millennials and Gen Zers.

Post Purchase Expectations

Insight

Young Adults may still appreciate face-to-face communication when purchasing insurance. However, they expect access to a quality mobile experience and also have the ability to get in touch by phone, text, or social media. Those post-purchase expectations play a significant role in deciding which insurance to get. Millennials and Gen Zers also appreciate touch points around personal events such as birthdays, anniversaries, and holidays.



Action

Make sure to not only be available in person, and don't be shy in promoting the fact that you have good customer service because it's a big selling point for this generation. Millennials and Gen Zers value trust and expertise. If they have questions, they want to be able to reach out to someone and receive a response quickly. In addition to swift and helpful customer service, ensure Omnichannel communication and different ways to reach. Automation tools are excellent services when you don't have a big team but want to provide that white-glove experience. You can automate more than just customer service but also day-to-day operations. Increasing workflow efficiency will decrease stress and make problem-solving automated and straightforward.

For example, you might offer a FAQ tab to answer general and specific questions they might have. If they don't find an answer, you can offer an inquiry card to get back to them online. In addition, some companies will offer a phone service, either texting or calling. Offering multiple ways to get questions answered quickly creates a memorable experience. Consumers of this generation are admittedly more demanding than previous generations, and they expect to be able to interact with brands on any platform at any time. Consumers from Generation Z and Millennials expect two things:

Responsiveness and self-service. If you can provide both, that's a win. Failure to provide good customer service will result in an end to the relationship and potential referrals. There is no shortcut to providing excellent services to Millennials and Gen Zers. Provide self-service FAQ and quick chat options for convenience. Of Millennials, 71% report that the most important thing a business can do is value their time. A quarter of Millennials expect a response within ten minutes when they ask a question on social media, and a third expect a response within 10 minutes when they send a text message to customer service. Automation services are available for these experiences.

Key Learnings

Millennials and Gen Z keep their post-purchase customer experience in the forefront of their mind while deciding what insurance to do business with. Their buying journey doesn't end with a good purchase experience. It completes with quality customer services afterward, too. So make sure to provide them with multiple ways to reach you, allow 24/7 customer service, and talk about your customer service to prospects before they decide to do business with you. A bonus: A positive journey before, during, and after increases referrals. Gen Zers and Millennials love sharing their experiences online and with peers. 71% of Millennials will tell their friends about a company and recommend its product and services.



Sum-up of insight

The decision-making process: Millennials and Gen Zers are most likely to use the same insurance provider and services as their family. Word of mouth and online resources are top decision influencers for big purchases. Recommendations from peers and family ranked 50% more important than online research. Testimonies matter, and so do quality referrals. To capture this audience, ensure social credibility online and facilitate excellent experiences so your current clients can refer their network directly to you.

Preferred purchase method: Face-to-face is still a preferred way of purchasing insurance, with online as a close second. It's about 50/50 between in-person preferences and digital methods of closing a sale. Ensure you can accommodate both ways of selling to optimize your client reach. Your message matters. Millennials and Gen Zers are buying into how insurance can better their life. They purchase less about pricing and more about the benefits and peace of mind. They value the impact and idea of the product, not the price point.

Post Purchase expectations: They expect 24/7 customer service and multiple ways to communicate with insurers (phone, text, or social media) and appreciate touch points around personal life events. Self-service offerings like FQA pages can enhance the customer experience for Gen Zers, while methods like chat boxes would satisfy Millennials. They expect a decent mobile experience and for their preferences to be known. Setting up automation for post-purchase experiences like emails and texts for important events would keep the relationship building and enhance social credibility.