

Digital Comparison Tools Market Study:

Response form

1. Thank you for taking the time to respond to the questions in the Statement of Scope for our Market Study of Digital Comparison Tools (DCTs), published on our [website](#) on 29 September 2016.
2. Please download and save this form before completing it. Please submit your response by **5pm on Monday, 24 October 2016**, either by:
 - Email to: comparisontools@cma.gsi.gov.uk.
 - Or by post to: Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London WC1B 4AD
3. Please note:
 - You can choose which questions to respond to, but we ask all respondents to provide a small amount of background information at the start of this form. The boxes will 'expand' to accommodate long responses if required.
 - We are particularly keen to receive evidence in support of responses. If you are able to supply evidence please attach this with your response.
 - We intend to publish responses to our Statement of Scope in full. If you wish to submit information that you consider to be confidential, this should be indicated to us clearly and an explanation given as to why you consider it to be confidential.
 - The CMA may use the information you provide for the purposes of facilitating the exercise of any of its statutory functions. This may include the publication or disclosure of the information. Prior to publication or disclosure, in accordance with its statutory duties under Part 9 of the Enterprise Act 2002, the CMA will have regard to (among other considerations) the need to exclude, so far as is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if disclosed, would or might, in our opinion, significantly harm the individual's

interests or, as the case may be, the legitimate business interests of that business (confidential information). Further information about how the CMA will use information submitted during the Market Study can be found on our [website](#).

4. If you have any questions about our Market Study or this online form please contact the team at comparisontools@cma.gsi.gov.uk.

Your details

(Fields marked * are required)

Title*	[✂]
---------------	-----

Forename	[✂]
-----------------	-----

Surname*	[✂]
-----------------	-----

Email*	[✂]
---------------	-----

What is your role / profession*	Senior Digital Manager
--	------------------------

Are you representing yourself or an organisation?*	An organisation <i>(please delete as appropriate)</i>
---	--

If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response?*	Yes / No <i>(please delete as appropriate)</i>
--	---

If you are representing an organisation:

(a) What is the organisation's name?*	[an insurance group]
--	----------------------

(b) Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?*
--

[✂]

Theme 1: Consumers' perceptions, use and experience of DCTs

We will analyse consumers' awareness, understanding and perceptions of DCTs – for instance, how well consumers understand and/or trust DCTs, and what this means for whether they use them.

We also want to understand consumers' behaviour and experiences with DCTs, including what consumers expect to get from DCTs compared with what they actually receive. We will also look at whether they use DCTs just to compare products and suppliers or also to switch; how many DCTs they use; how successfully they use them; and the benefits they derive from doing so. We will also want to understand what happens when something goes wrong and consumers' expectations are not met (knowingly or otherwise). We also plan to understand whether increased use of DCTs results in excessive focus on price, to the exclusion of other factors and to the detriment of consumers' overall decision-making.

1. When and why do consumers use DCTs? To what extent do they trust them?

- Consumers use DCTs when trying to understand how much their insurance is across a range of different insurance products. This could be when obtaining insurance for the first time e.g. Buying a first home or when consumers are in their renewal period.
- Consumers use DCTs to save time shopping around for insurance and to understand if they are obtaining a fair price for their risk. Some consumers will use multiple DCTs to ensure they are getting the lowest price and or offer. For example, multiple Price Comparison Websites are used due to differing providers appearing within the listings. Some consumers will look to use Price Comparison Websites to understand the price of the product and then switch over to Cashback websites to claim additional cashback on their policy.
- In addition to price, consumers use DCTs to easily check high-level cover benefits and the price of ancillary insurance products,
- Consumers in their renewal period will use DCTs to ensure the renewal they have been sent by their current insurer/broker is a fair price and within an appropriate tolerance.

Given the increase in DCT usage, particularly with Price Comparison Websites, we believe consumers trust them and if there are any doubts about Price Comparison Websites being impartial, this is compensated for by being very quick and easy to use.

2. How do consumers choose which and how many DCTs to use?

We believe consumers choose certain DCTs based on;

Brand Advertising – Price Comparison Websites spend considerable amounts of money on advertising with large sums on television. In addition to large media spend, TV advert production costs are also high with certain Price Comparison Websites using very well-known celebrities such as Nicola Kidman and James Corden. There have also been tie-ins with the launch of blockbuster Hollywood films such as the latest Batman movie. Given this considerable spend, consumers are continually reminded about using Price Comparison Website.

Customer Experience – Price Comparison Websites also focus on creating the best online customer journeys for consumers, ensuring they are easy to use in terms of maintaining their details which can then be used again to generate quotes for insurance easily. Clear tables of information detailing price and high-levels features and benefits.

Direct Marketing - by Price Comparison websites also encourages consumers to come back at key times in their renewal period, with some re-running last year's data to generate quotes during consumers renewal period.

Offers – are used to entice consumers to use certain Price Comparison Websites, Soft toys, 241 Cinema tickets, Robot toys

There are not incentives for consumers to use multiple PCWs, other than some websites such as MoneySavingExpert produce explicit steps on the best way to search for insurance

Quick reference
Our system in a nutshell but for a full why's and wherefores see below

Step 1	Step 2	Step 3
Combine comparison sites Check as many as you can in order	Big insurers comparisons miss Worth checking as can be cheaper	Hot promo deals Current offers comparisons miss
Confused.com* GoCompare* MoneySuperMarket* CompareTheMarket	Direct Line* Aviva* Zurich	£55 Amazon vch Free RAC breakdown cover

Cashback websites – Savvy consumers will use cashback websites after they have established the price and the brand they wish to purchase. They will then look to gain a further discount on their insurance by claiming a cash reward by using websites such as Quidco or Topcashback

3. What are consumers' expectations of DCTs – for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

Market coverage – An average consumer believes PCWs cover a significant proportion of the market.

Relationships & Ownership – it is not clear to the average consumer who owns each of the PCWs, this information is only available through researching on the internet and we believe consumers consider PCWs to be impartial in terms of their relationships.

Commercial relationship with providers – Remuneration is not clear to consumers and their understanding will be limited on how much insurers and brokers pay to appear on the PCWs.

Cashback websites – Consumers shopping on cashback websites are considerably more savvy than an average consumer and will understand that not the full market of insurers and brokers are listed on there. Some consumers also like to try and claim multiple offers when buying insurance, even though they are not eligible e.g. claim cashback on Quidco and claim a Meerkat on CompareTheMarket.

4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

Benefits – The consumer benefit from using a PCW is being able to compare quotes from a large range of providers very quickly with low effort. Consumers are continually finding themselves with less and less free time as they juggle work and family life, at the same time their expectations have also been raised with brands such as Amazon creating frictionless retail experiences, and Uber making it easier to order a taxi within a few clicks. PCWs fulfil some of this desire to do perceived tedious tasks quickly and easily.

Potential improvements –

Leading on price - PCWs still base their listings on price with the cheapest at the top, full features and benefits of the insurance the consumer is about to buy are not always as clear and definitely not as prominent. Consumers who are more conscientious will investigate the detail in the provider listings to understand what they are and aren't covered for. Less aware consumers are likely to buy just on price due to some insurance types being a grudge purchase and they will obtain the bare minimum cover just to ensure they meet the legal side of car ownership.

Excesses are not always clear and the different excesses applying to certain sections of the policy might not be obvious. Also explaining the differences between compulsory and voluntary excess.

Pre-populated questions – some PCWs will pre-populate the answers to common questions or based on an assumption.

Although consumers will have the option to change these, there is a risk that they will gloss over the detail with the goal of completing the form quickly.

Differences in questions – Between each PCW there can be differences in the questions asked, which could result in inconsistencies between the quotes received.

Theme 2: Impact of DCTs on competition between suppliers of the services they compare

A critical test of DCTs' impact is whether they are improving or hindering competition between suppliers. A major way of improving competition is increasing engagement through reducing search costs. We plan to understand this effect and whether anything may be hindering it.

We also want to explore the relationships between DCTs and suppliers and to know whether DCTs are having effects on supplier behaviour. For example, we want to explore the impact of DCTs on the range, quality and pricing of their services, and the extent to which this leads to better or worse outcomes for consumers. We also want to understand the extent to which DCTs facilitate supplier entry or expansion.

5. What factors influence suppliers' use and choice of DCTs and why?

Consumer behaviour within the UK combined with the continual TV promotion of PCWs means in order to sell insurance in large volumes, there is a need to contract with PCWs.

6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them?

Due to the immediate nationwide coverage and high consumer usage of PCWs it is easier to gain a large presence quickly. However, new product developments on some PCWs can require business cases and a need to guarantee certain sales volumes in order to obtain a slot for development. For small brands this requirement may not be possible.

7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers?

High use of PCWs has resulted in price competition due to increased price transparency. It can be the case that suppliers are competing strongly for new business, but this could give greater price shock at renewal.

Due to the strong focus on price, this can encourage certain suppliers to reduce cover levels to a very basic level to appear to be competitive.

8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

Due to the strong focus on core policy price there is little else to differentiate between suppliers. If a supplier has a comprehensive product offering it is difficult to market this within the constraints of the listings page. Some PCWs have brought in DEFAQTO ratings to assist with this. But whilst well known within the industry, this is not particularly well known by consumers.

[✂]

9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

There are suppliers who create products just to gain a presence on PCWs, this product could be developed with lower cover levels so they can appear nearer the top of the listings page. Separate products could then be developed for a direct proposition, which covers a greater range of features and benefits. There is a chance this may not be clear to consumers unless they look into what they have bought in great detail.

Some suppliers require consumers to ring up to speak to a customer services person in the effort to have a conversation with the consumer and look to sell ancillary products. This may not be the desired choice of the consumer.

It is also not uncommon for consumers buying certain insurance brands through a PCW and post-sale finding customer service is poor or can only be undertaken online. For some consumers who are happy with this approach this is fine, but others this is undesirable.

Theme 3: Competition between DCTs

We will aim to establish whether DCTs are competing effectively with each other, as well as facilitating competition between suppliers of the services they compare. If not, we will explore what may be holding back competition in any particular market.

We will explore how DCTs compete both for consumers and for suppliers. We will assess what well-functioning DCT competition looks like, and the potential for DCTs or suppliers to engage in practices that limit this.

10. In what ways do DCTs compete with each other – for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

Coverage between PCWs is broadly similar and is not something any particular PCW will focus solely on. Savings messages are utilised off and on by two of the large PCW brands, with some looking at a very large total figure and another looking at averages savings per customer for a particular type of product.

In our experience all the PCWs are continually focusing on making constant customer journey improvements, with more significant changes to customer journeys online every three or four years. Any significant changes to customer journeys also require the resource at suppliers to conduct UAT; checking mappings and filters are still working as required.

All PCWs seem conscious of protecting consumers' data. Although we do see issues from time to time where a PCW has made a change to their online journey, which in turn introduces a defect and results in key risk information for consumers not being saved and inaccurate quotes being presented back to consumers.

11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?

We do not have sufficient knowledge to answer this question.

12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

We do not have sufficient knowledge to answer this question.

Theme 4: The regulatory environment

There is a range of regulation of DCTs in place across our sectors of interest, from full regulation in financial services to voluntary accreditation in the telecoms and energy sectors. We will provide an overview of the different approaches to regulation being adopted and assess whether there are lessons to be learnt from comparing approaches.

13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

We do not have sufficient knowledge to answer this question.

14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

- The PCW's can be focused on price without the same focus on the cover which the insurance provides. Greater transparency regarding the cover could assist customer protection.
- Via contracts the PCW's can prohibit suppliers from offering a lower price on their own website which can result in competition restrictions
- PCW's could make it clearer to customers about any link / ownership to an insurance company and if they have any bias towards any of their suppliers, details of how they select which policies to quote to a customer. This could help improve customer knowledge, about the service the PCW is providing, which could ultimately lead to improved competition and customer protection.
- Question set mapping errors can arise from time to time, which can lead to a customer buying a policy which does not adequately cover them.

15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?

- Greater disclosure rules so that the PCW's clearly disclose if they're owned by an insurance company, together with details of how they're remunerated by their suppliers, and how they select which policies to offer to customers.
- We've seen the FCA perform reviews on the PCW's in the past which do not appear to be immediately acted upon. A more collective and proactive approach by all the regulators would be beneficial to ensure the right level of competition and customer protection.
- The creation of a level playing field, from a regulatory perspective, across all insurance firms (e.g. direct writers / brokers / PCW's etc)

In relation to all of the themes and issues set out earlier, we will look at both the current situation and the effect of likely future developments in the DCT sector.

16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

We do not have sufficient knowledge to answer this question.

Other comments and further contact

Do you have any other comments you would like to add?

No further comment

Would you be willing for us to contact you to discuss your response?*

Yes

Thank you for taking the time to complete this form.

Please email it to: comparisontools@cma.gsi.gov.uk.

Or post it to:

**Digital Comparison Tools Market Study
 Competition and Markets Authority
 7th floor**

**Victoria House
37 Southampton Row
London
WC1B 4AD**