

Issue 3 -
Women SMEs
Summary Report



Confidence

Getting the right advice can give you peace of mind

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Introduction

Understanding Small Business Enterprise (SME) decision makers is a fundamental objective of the Vero SME Insurance Index, and part of this involves looking at how key groups of SMEs differ.

Female decision makers are taking an increasingly prominent role in owning and running small businesses in New Zealand. This report examines whether there are any differences between the behaviour and decision-making of females and male SMEs when it comes to insurance.

Our research this year has found that although the key needs are largely similar, there are several important nuances between male and female SME decision makers that affect the way they purchase their insurance.

In particular, their usage of advice and appreciation for the benefits of advisers is markedly different.

We have found that women SMEs aren't always accessing the advice and support available to them. This suggests that female SMEs may be missing out on financial and insurance advice, and the benefits of expertise and time saving that professional advisers can bring.

This report explores female SMEs and their insurance in more detail to uncover a deeper understanding of the needs, attitudes and behaviours of this important group of small business owners and decision makers.

General Demographics

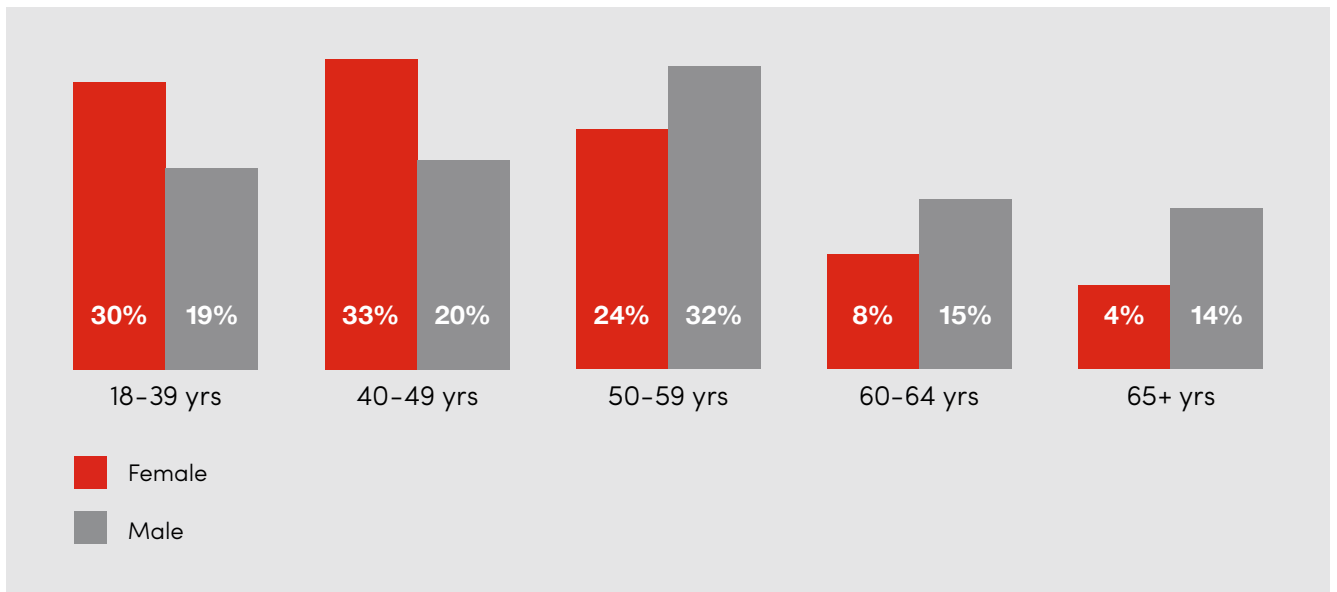
As an introduction to exploring the differing needs and behaviours of women SME decision makers, it is important to understand any key demographic differences between female and male SMEs. In total we

spoke with 901 SME owners and decision makers, of whom 582 were women.

Female SMEs are significantly more likely to be younger than males. 63% of females in small business

are under 50, compared to only 39% of males. Looked at another way, only 19% of SMEs over 65 are women, compared to 59% of 40–49 year olds of and 58% of 18–39 year olds.

Gender split by age

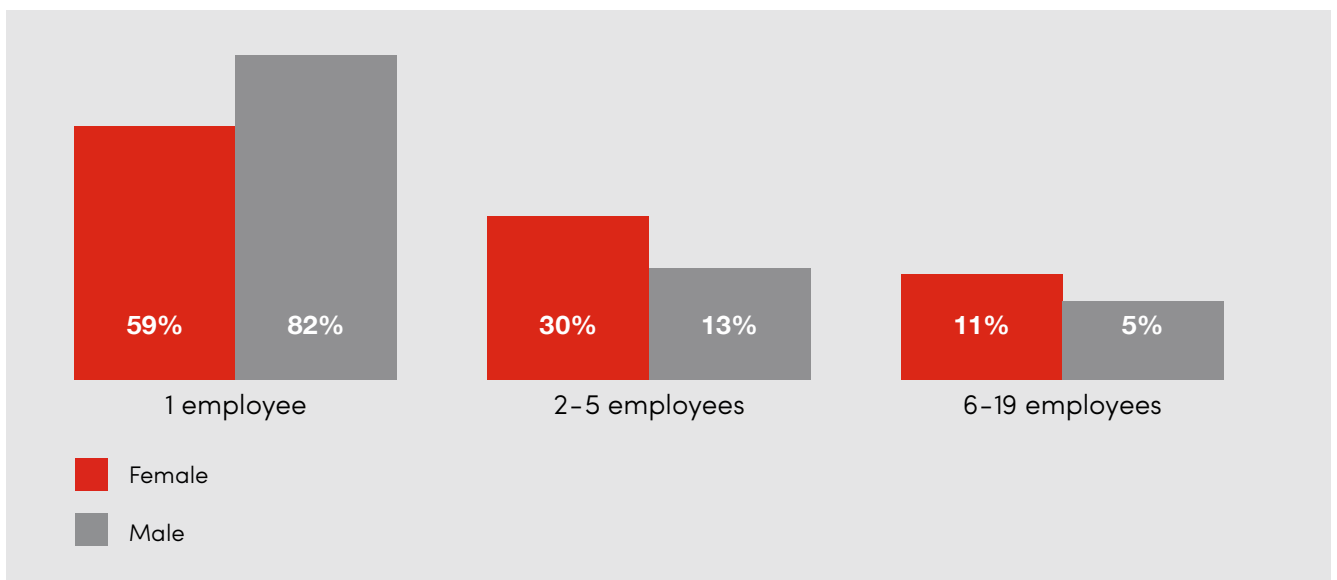


They are also more likely to work in or own larger businesses and less likely to be sole traders – in fact, 40%

women SME decision makers work in businesses with at least 2 employees, compared to only 20% of men. This

means that females SMEs may be running businesses with more complex insurance needs.

Gender split by business size



Business concerns and challenges

In order to gain a deep understanding of SMEs, we asked them about the things that worry them the most and the challenges they face in their business.

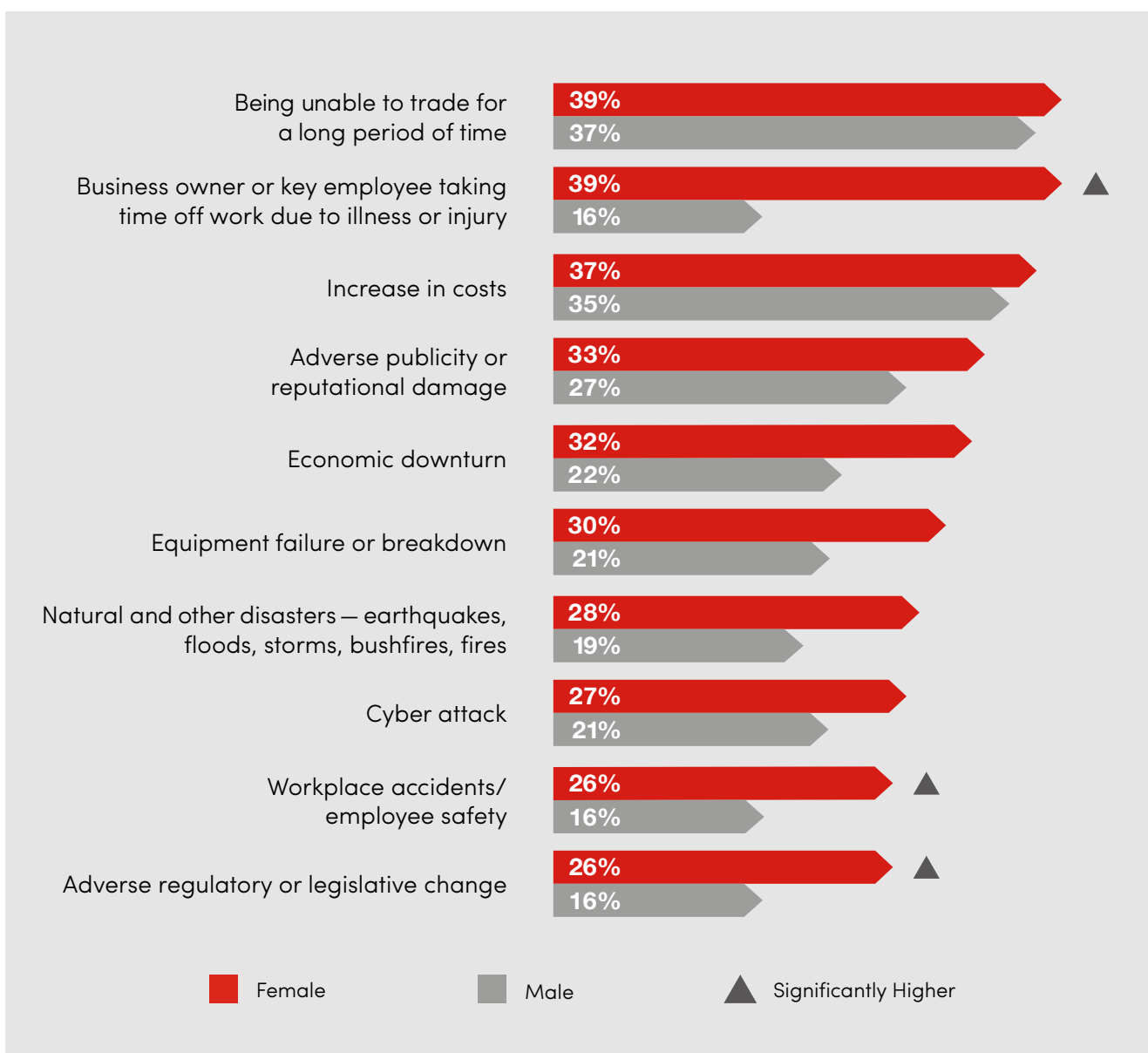
The first key difference that emerges between males and females is that females generally express greater concern about more things than

males, with almost every potential concern rating higher.

While the data doesn't necessarily say that women worry more than men, there is clear evidence that women are more likely to say that they are concerned about a wider range of business risks. This may be due to a range of factors: it could

suggest that women are generally more concerned, or it may be that female SMEs have a propensity to think about a broader range of issues than their male counterparts. It may also suggest that women are more comfortable in admitting to concerns about their business.

Key business concerns



Our research shows female decision makers are more concerned than males about events that could stop or limit business trading for a period of

time, particularly key employees and equipment breakdown. This could suggest that covers such as business interruption, equipment insurance and

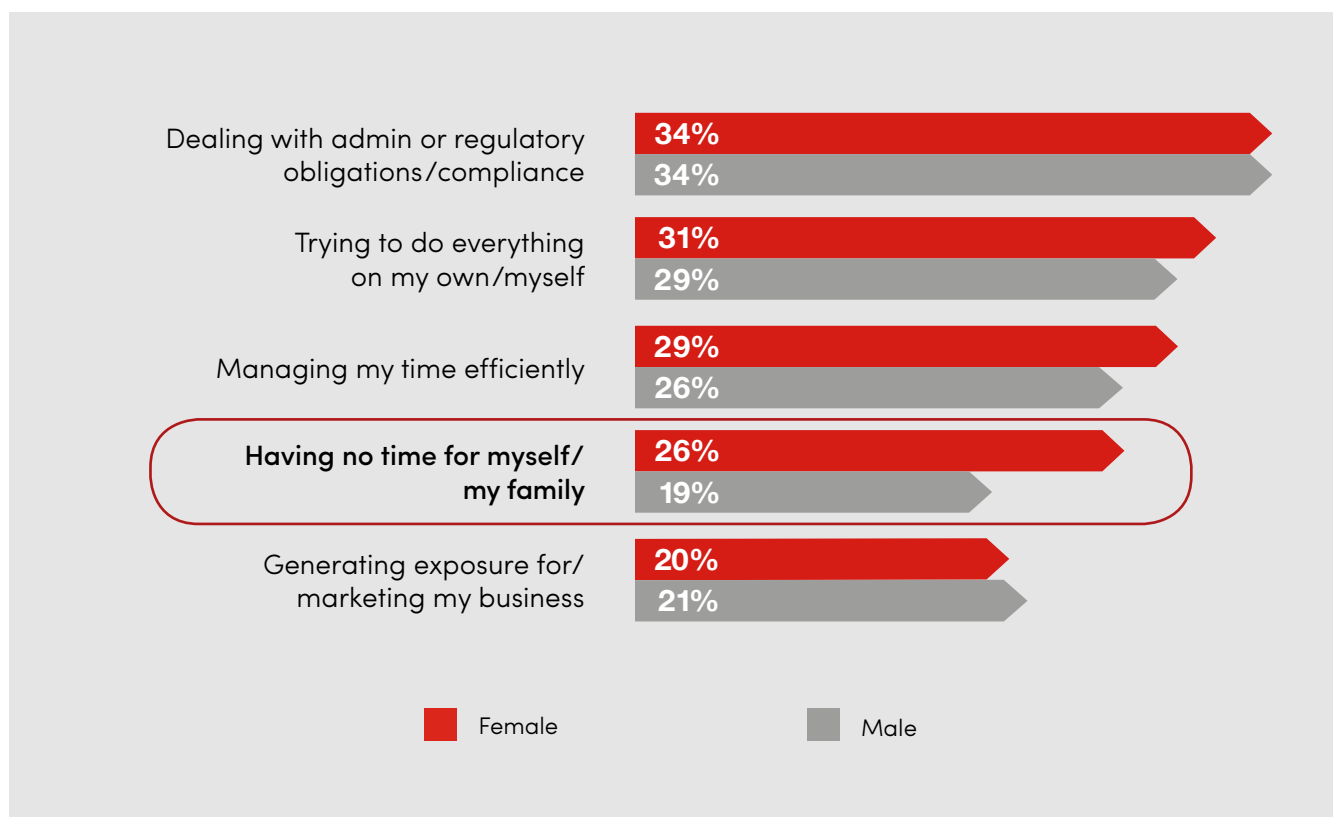
key person cover are going to be seen as more important to females than male SME decision makers.

One of the key findings from our first issue this year is that time is a significant issue for SMEs. Many SMEs claim to have real challenges managing their time, trying to do everything themselves.

In general, these challenges are consistent across genders. However, there is one challenge that is dramatically different: 26%

of females say that having no time for self or family is a challenge, significantly higher than the 19% of males who also nominate this as a challenge. This finding is unsurprising and consistent with widely observed trends in which women are time – pressured and juggling multiple roles in life.

Key business challenges



In a nutshell

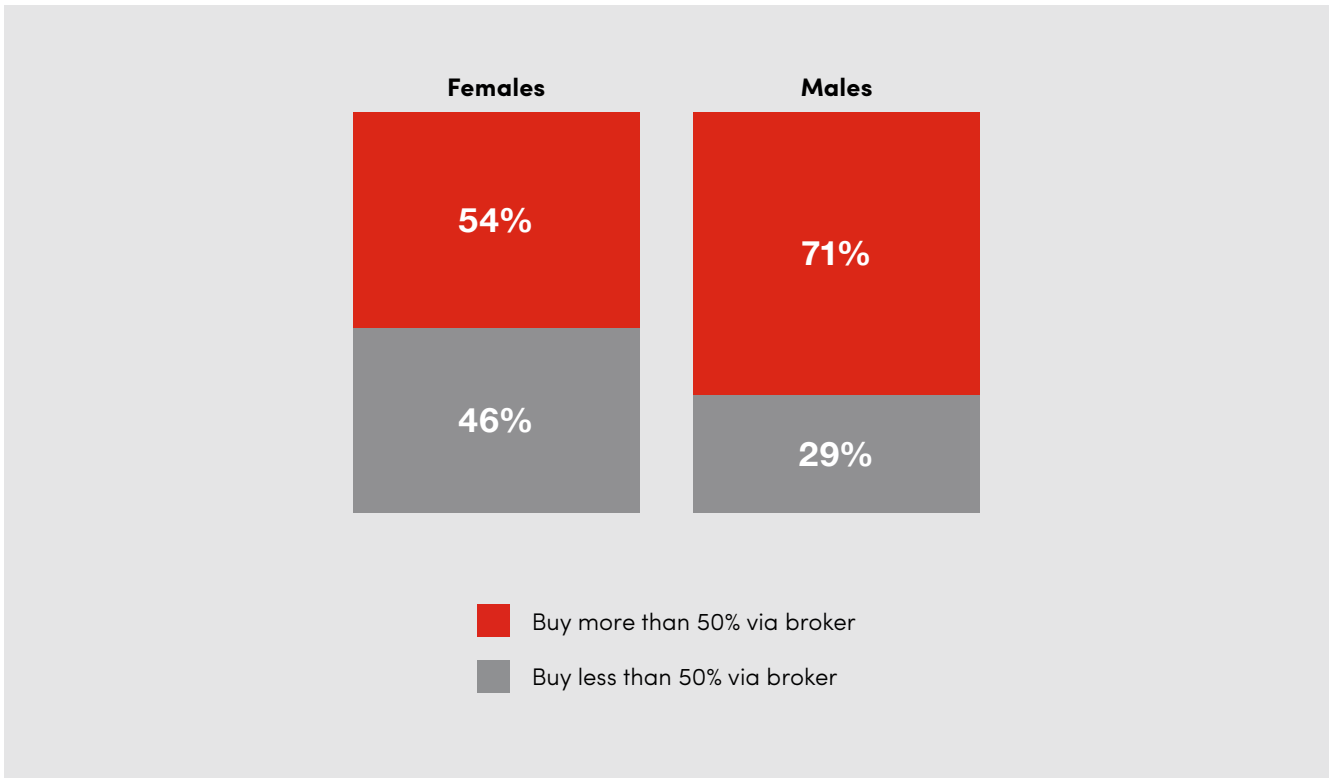
- Overall, female SME decision makers express greater levels of concern in general than male SMEs, across every factor that we have tracked
- All SMEs are time-pressured, but female SMEs are especially concerned about having time for themselves and their families, and managing their time efficiently

Advice and Insurance Behaviour

Through the research, it is clear to see there is a notable gap in usage of insurance advice or brokerages between males and females, with

only 54% of females claiming to buy most of their insurance through a broker, compared to 71% of males.

Broker usage by gender



However, female SMEs who are using a broker appear to be just as satisfied as males – 64% of both males and females score their brokers at least 8 out of 10.

Female SMEs are more likely to understand the value of advice

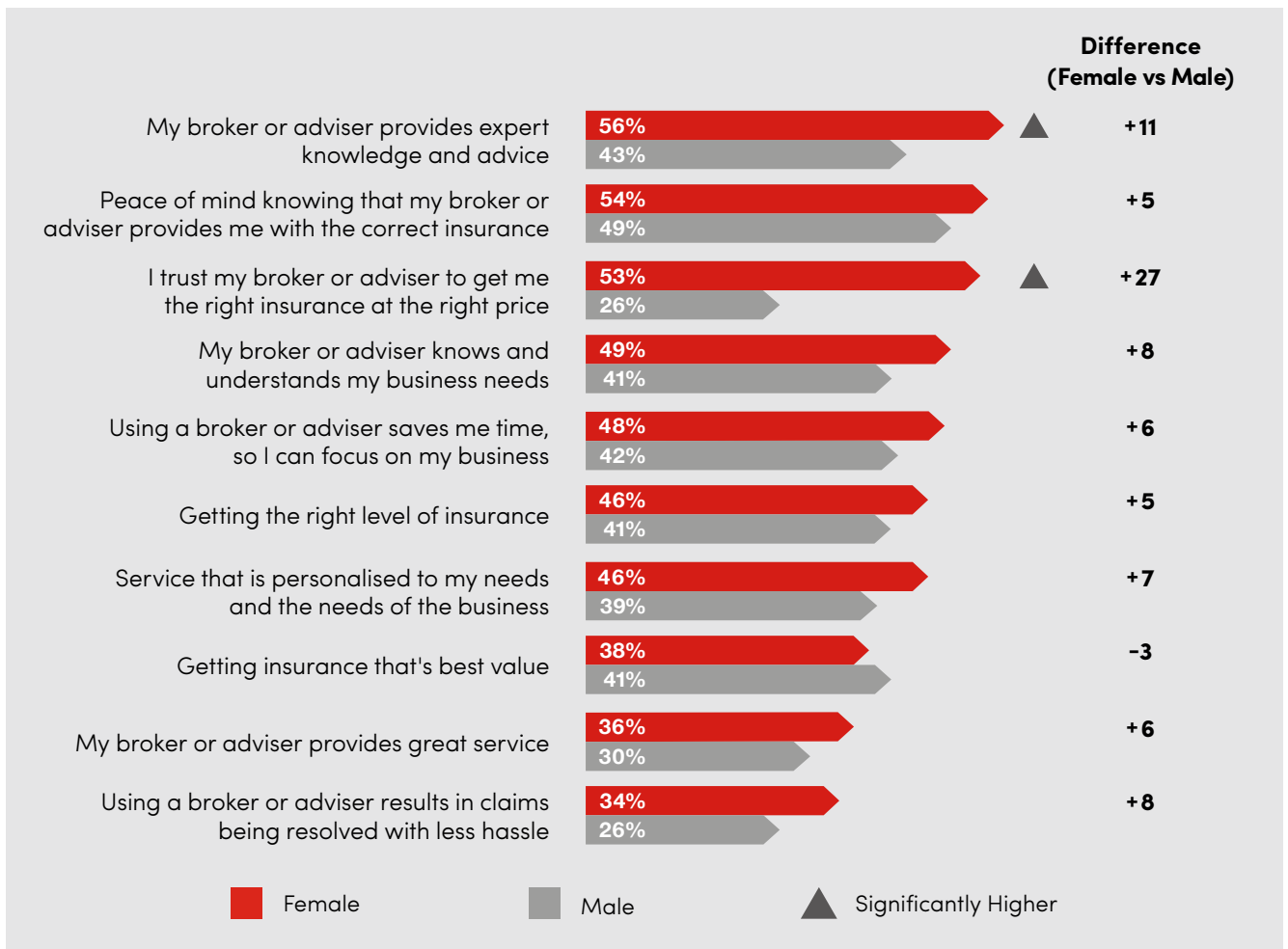
The finding that fewer female SMEs are using a broker is surprising, because those who do use one broker seem to have a high understanding and appreciation for the value they represent.

Our research shows that female SMEs are significantly more likely than males to say that their broker provides expert knowledge and advice, and that they trust their broker to get them the right insurance at the right price.

They are also more likely than male SMEs to understand and value the fact that using a broker saves them time, and gives them the peace of mind that they are getting the right cover.

In contrast, male SMEs are much more likely to rate value or price above all else.

Reasons to use a broker



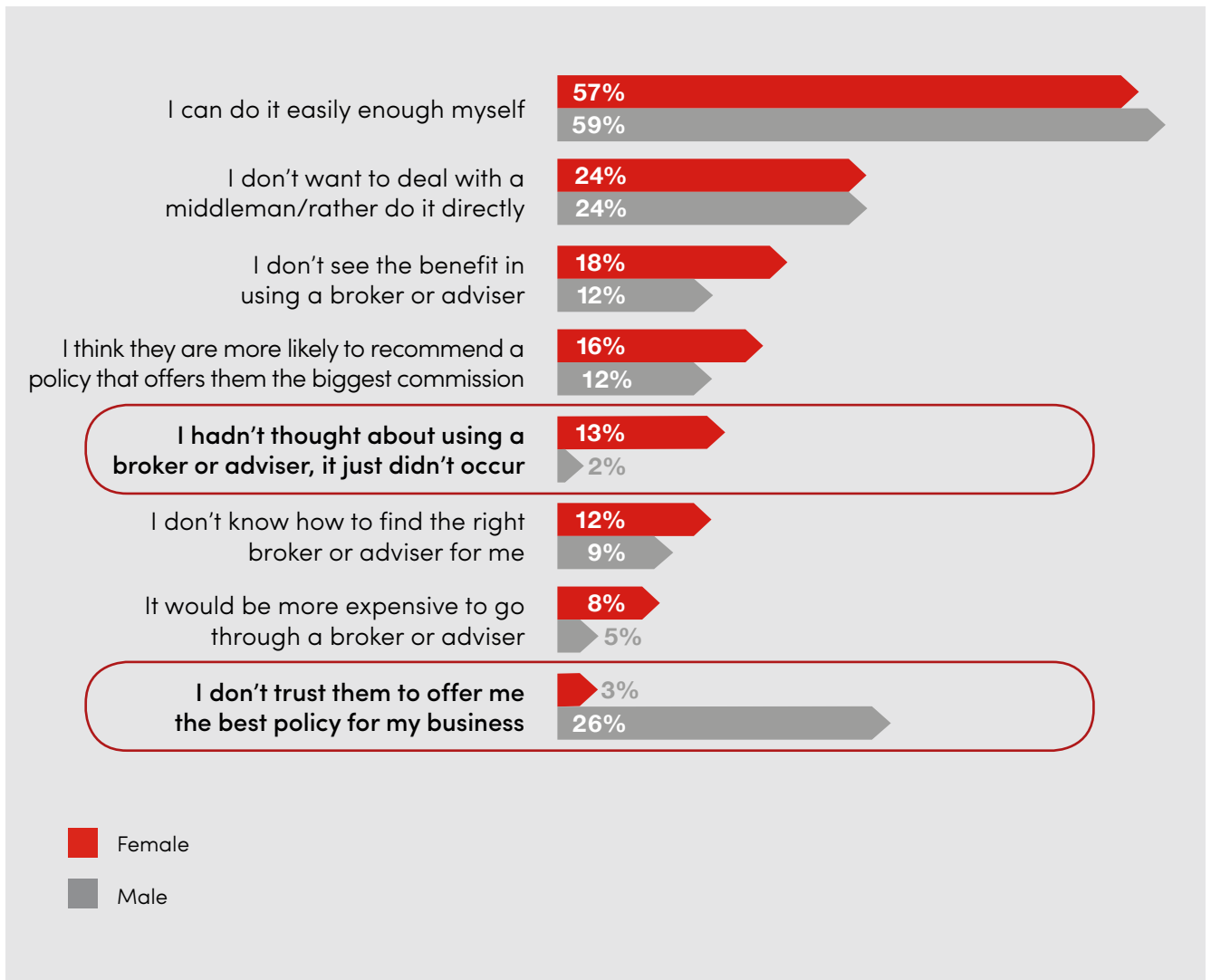
Reasons for not getting insurance advice

The reasons for not using a broker are markedly different between males and females. The dominant reason females who buy direct don't use a broker is because they think they can do it easily themselves, similar to males.

However, our research indicates that females are much more likely to say that they don't use a broker because they don't see the benefit (18%, compared to 12% of males) or simply hadn't thought of it. (13%, compared to only 2% of males).

In contrast, trust is a much bigger concern for males.

Reasons for not using a broker



When we asked female direct buyers what would make them consider using a broker, we found that many females SMEs are attracted by the potential for brokers to bring expertise to their business.

- 36% say that they would consider using a broker if they knew that the broker would bring expert

knowledge and advice, compared to 19% of males.

- 27% like the idea that the broker could provide them with the correct insurance, compared to only 8% of males.

Another key motivating message is around saving time. We know

that finding time to spend with family is a major challenge for SMEs, and almost a quarter say that they would be interested in using a broker if they knew that it could save them time, compared to less than a tenth of male SMEs.

In a nutshell

- Expertise is a key reason for female SMEs to use a broker, and females with a good relationship with their brokers are more likely to appreciate the advice and value they are receiving.
- Female SMEs are more likely than males to not be using a broker because they hadn't thought of it.
- Female SMEs have a higher value for the overall value proposition of advice, including for saving time, getting expert advice and feeling peace of mind that they have the right cover.
- Female SME decision makers would consider using a broker if they knew they would bring expert knowledge & advice, provide them with the correct insurance that they need.



The research

This report is based on research involving more than 900 business owners and decision makers from around New Zealand. The research was independently* conducted in two stages:

Stage One – Quantitative Survey

A survey of 901 business owners and insurance decision makers was conducted, covering a range of business types, locations and sizes. The survey was conducted during November 2017 and the data was weighted by region and organisational size to current Statistics New Zealand data. The survey covered:

- general business sentiment
- 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 region and business size ensured that representative samples were obtained.

Businesses were divided into two groups, following Statistics New Zealand standards:

Micro

Businesses which employ 0 (self-employed)–5 employees

Small

Businesses which employ 6–19 employees

Stage Two – In-Depth Qualitative

Eight interviews were conducted with 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 February 2018.

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

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