

Google buying Beat That Quote has given the aggregator market a shake-up, claims Tom Cooper, as the 10 million quotes per month barrier is broken.

Shaking up the market



OUR quarterly price comparison watch has followed the rise of Beat That Quote with interest and last spring's commentary indicated it was the fastest growing aggregator on the back of an excellent customer journey and superb IT platform (www.postonline.co.uk/1601100). As such, it has always been the most likely candidate for acquisition.

We have also been vocal in expecting Google to make an entry into this space; it had already dipped its toe in the water on life and, given its dominant position in online advertising, this was a natural next step. From the outside, its acquisition of Beat That Quote would appear to represent a perfect match and both sides can be happy with the potential opportunity inherent in the £37.7m deal (www.postonline.co.uk/2032607).

The big question now is, what will Google do with the aggregator? The search engine giant will have to tread carefully to ensure that the credibility of its position as an impartial customer champion is maintained, with the branding of the proposition an interesting challenge.

Venture advantage

The Google algorithm on natural search is, of course, a complete mystery for most observers and the company guards its intellectual property cleverly to ensure this remains the case.

However, it is a strong commercial enterprise and will want to ensure there is some advantage in this new venture.

As recently as 12 months ago, price comparison sites held a dominant position on the 'car insurance' search term on Google, but an algorithm change has since seen the likes of the Co-operative Insurance, Direct Line, Swiftcover, More Than, Kwik Fit and particularly the Admiral brands, challenge that hold. So the threat has been there for a while now on search advertising.

The response of the large aggregators to this diminishing domination in the natural search arena has been a continued increase in their TV spend; much of this has concentrated on driving forward their brands rather than the customer proposition. No doubt this will persist in the face of the heightened competition — which could now include Tesco Compare, as it continues to beef up its account management capability.

Of course, someone has to pay for this advertising spend and, ultimately, it will be the consumer, as brands are forced to pass on rising acquisition costs in order to maintain profitability. As price comparison sites also look to protect themselves by introducing click-to-sale or best price conversion metrics into their commercial arrangements, the natural

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AGGREGATOR HIGHLIGHTS — SPRING 2011

Google purchase of Beat That Quote shakes up the market.

Price comparison sites driving even more quotes but conversion rates falling.

Narrowing of competitive footprint as brands start to cherry-pick business.

Young driver segment still losing out.



Cooper: flexible question sets represent a challenge.

reaction of participating brands is to narrow their competitive footprint into clearly profitable areas and both sides end up writing less business.

The biggest impact of this reaction will be on the young driver who continues to be poorly served by us as an industry. The autumn price comparison watch pointed out this sector of the market is facing even bigger increases than the average and that a change of underwriting approach was called for, from both price comparison sites and insurers.

Telematic solutions

Small steps have been taken down this road and we now have Coverbox, Insure the Box and I-Kube all providing a telematic solution through aggregators. The challenge for these sites is to have a flexible enough question set that enables entrants into

*The Igo4 price comparison watch seeks the most competitive quotes for comprehensive and non-comprehensive private car insurance.

this market to compete, and for consumers to have the confidence that the proposition being presented to them is a cost-effective solution.

The recent gender ruling will have sent shockwaves through the industry and a move from common pool propensity-based underwriting to true risk-based pricing is surely inevitable and indeed right and proper.

Further technology advances — providing access to licence details held by the DVLA and claims details for the whole industry on the Claims & Underwriting Exchange — are other natural steps down this road and price comparison sites find themselves at the cutting edge of the fight against fraud.

Alerts to brands where responses to particular key questions are altered by consumers have been spoken about for a while now and this needs to gather momentum. 'The price you are quoted is the price you pay' is one of the rallying calls of price comparison sites but perhaps they should add: 'The price you pay is the right price for your risk profile'.

Through the first quarter of 2011, there has been a continuing upward movement of all motor rates but, once again, the rate of increase shows signs of slowing down. The question is whether the market continues to hold its nerve to facilitate a return to profit, or whether the beaters of the volume drum hold sway and result in an about turn.

True indication

When you look at the movement in this index over the past 12 months, readers will no doubt note it reveals a smaller increase than other commentary in the market. But it should be remembered that this index, now in its 10th quarter, concentrates on prices that customers will be paying rather than simply quoted. As such, this represents a truer indication of the rate increases actually being borne by consumers.

The first quarter of 2011 has seen the barrier of 10 million quotes per month broken and a surge in overall activity rather than the anticipated slowdown. But all of the major players are experiencing falling conversion rates as the new business increases of the past 12 months start to take effect. The next six months promise to be interesting. **POST**

Tom Cooper is executive director of Igo4

IGO4 PRICE COMPARISON WATCH — 2009 TO SPRING 2011

Period	Movement of best price	Motor*		Movement of best price	Home	
		Most brands	Cheapest most often		Most brands	Cheapest most often
2009	+ 7.71%	Go Compare	Confused	+ 4.93%	Money Supermarket	Money Supermarket
Spring 10	+ 7.15%	Go Compare	Confused	+ 0.51%	Money Supermarket	Money Supermarket
Summer 10	+ 6.30%	Go Compare	Compare the Market	+ 5.23%	Money Supermarket	Money Supermarket
Autumn 10	+ 5.97%	Go Compare	Confused	- 0.04%	Money Supermarket	Compare the Market
Winter 10	+ 3.60%	Go Compare	Compare the Market	+ 0.60%	Money Supermarket	Go Compare
2010	+ 23.02%	Go Compare	Confused	+ 6.30%	Money Supermarket	Money Supermarket
Spring 11	+ 4.18%	Go Compare	Compare the Market	+ 1.44%	Money Supermarket	Go Compare