

MARKET RESEARCH

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FOR ANY INSURER committed to a long-term investment in Russia, one of the most obvious difficulties is ascertaining what the market's potential is. The difficulty of this exercise is part of the reason why no foreign insurers are active in personal lines other than Green Card. Colonia Konzern AG, Cologne, was one of the first to decide to enter the market, and the first to undertake systematic market research, aimed at exploring the attitudes towards the insurance market of the population of Moscow. The project was executed over a period of two months last autumn, under the direction of Kai-Alexander **Schlevogt**, who was appointed as Colonia's "special representative" for marketing at SAO Rossiya, Moscow (EEIR006/10), was active in developing links with Russian private insurers SAO Salamandra, Kharkhov, worked at Colonia's embryo joint venture with Ratmir, Moscow, and is now an independent consultant.

In order to maximise both operational control and first-hand knowledge, Mr **Schlevogt** did not employ a Russian research institute, but designed and conducted the study independently. Although focused mainly on a detailed analysis of the demand side of the insurance market, it also provided some insight on the supply side, for example the market penetration of insurers. The main aims were to obtain data on Muscovite's attitudes towards their risk situation and managing those risks, their level of awareness of how this could be done through insurance (and particularly a Western insurer), and details of the structure, dynamics and potential of the insurance market and products in roubles and hard currency, Mr **Schlevogt** told EEIR, while emphasising that results, conclusions, and recommendations remained confidential.

"Putting all streets of Moscow in a bowl, selecting the desired sample size, conducting the interviews at the given addresses and analysing the results seemed to be a very easy procedure when I developed the research outline," he said. Pretests showed that the task was not to be quite so simple. Apart from the special difficulties in market research in services in general and in a foreign country in particular, a new category of problems arose simply because people were not used to market research and historically there was no real interest in what individual consumers wanted. A number of the selected sample population rang Mr **Schlevogt** through fear of answering questions at all. Nor did it prove easy to find reliable interviewers, train and motivate them, and make sure that they were adhering to the tight guidelines designed to eliminate bias, such as limiting interviews per person and per day.

Other difficulties were more practical. Where in Moscow, for example, do you make 2,000 copies of a questionnaire with 64 questions and 300 variables? How do you sample addresses at random when some streets which exist are not marked on maps, and some which are marked on maps do not exist? What uniform rules are to be followed when interviewers are unable to locate the randomly selected street or block number because of the vagaries of the numbering system?

In the end, however, Mr **Schlevogt** is sure that Colonia has "for the first time, objective material based on which we can make informed decisions about strategy," he told EEIR, adding that he was not revealing any confidences by indicating that there is an important market potential of people with an optimistic view of the future, who are finding themselves both more exposed to risk and less protected either by the state or private companies, and who would like to insure themselves with a company other than the old state monopoly, preferably one from the West. "It is up to Western insurers to exploit this potential on the basis of a well-elaborated strategy. Every rouble earned now will be a dollar in the future," he commented.

In Poland, extensive market research is being conducted by Powszechny Zaklad Ubezpieczen SA (PZU), Warsaw. At a recent conference*, deputy organisation and marketing manager Wieslaw Rewerski outlined some of its findings on willingness to insure a variety of non-life risks. (Motor was not included, but research by Commercial Union Polska indicated that Poles give motor insurance a greater priority than life.) Health was the only class where the population in general were ready to insure in large numbers. All other classes were quite rigidly differentiated by social position and/or age, presumably reflecting a combination of economic circumstances and attitudes. The lines to which consumers appeared most open were the traditional ones. A study in October looked at awareness of brokers. The proportion of don't knows was 36.3%. Of the remainder, 32.8% identified it as referring to an agent of the insurer, and 30.9% as someone acting in the interests of the insured.

In Bulgaria, a recent study by the National Public Opinion Research Centre (controlled by the National Assembly and the Bulgarian Academy of Sciences) was conducted among 1,318 randomly-chosen citizens from 191 specific groups. Although it indicated increasing awareness of insurance, 79% of those questioned said they did not intend to buy a policy in the near future, while 9% said they would take out

a life policy, 9% a property policy and 3% another type. A very large majority said they believed that the services of all insurers had improved, but although almost twice as many (26%) believed better service was offered by private rather than state-owned insurers (14%), 60% of respondents didn't know, with a mere 5.8% indicating that they had a clear idea of the differences in the policies offered by the two.

Asked which insurer they would approach to buy a policy, 31.7% named DZI, Sofia. ZiP Orel AD was specified by 7.0% and its life affiliate Fenix by 2.9%. Bulstrad was preferred by 2.0%, ZiP Bulgaria AD by 1.6%, MIC by 1.4%, Sofia Ins. Co by 1.0% and Granit AD by 0.8%, with 5.5% responding "none." The survey also compared how well known each insurer was at the end of August and the end of November. DZI remained unchanged at 92%, followed by Orel at 50% (+10 points), while recently-founded Fenix had reached the awareness of 29%. Bulstrad was known to 43% (+7), Granit and Bulgaria to 30% (both +3), Sofia to 28% (+2) and MIC to 24% (+3). The greater awareness of DZI and Orel may simply reflect the fact that these are those with the widest representation throughout the country (all are based in Sofia), and that of Bulstrad its comparative age. Orel's brand marketing is clearly very successful.

* The Challenge of Distributing Insurance in Central & Eastern Europe, CAPA, 3-4 December.

Although resident in Moscow, Kai-Alexander **Schlevogt** can be contacted via Suedstrasse 16, 5216 Niederkassel 6, Germany.

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