

# Digital comparison tools in Germany

Presentation of key results a study conducted on behalf of CHECK24

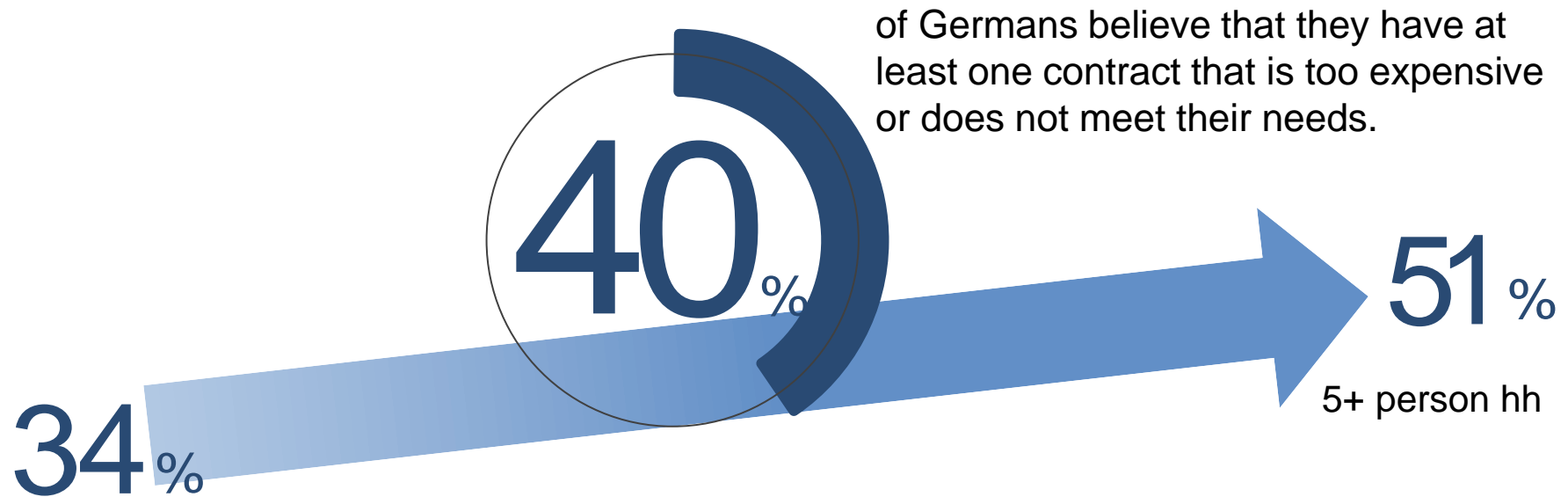
26<sup>th</sup> April 2018 – DCTs workshop in Brussels

Dr René Arnold

# 40 % of consumers do not have optimal contracts

The larger the household, the greater the awareness

*I believe I have at least one contract that is too expensive or does not meet my needs.*



Single hh

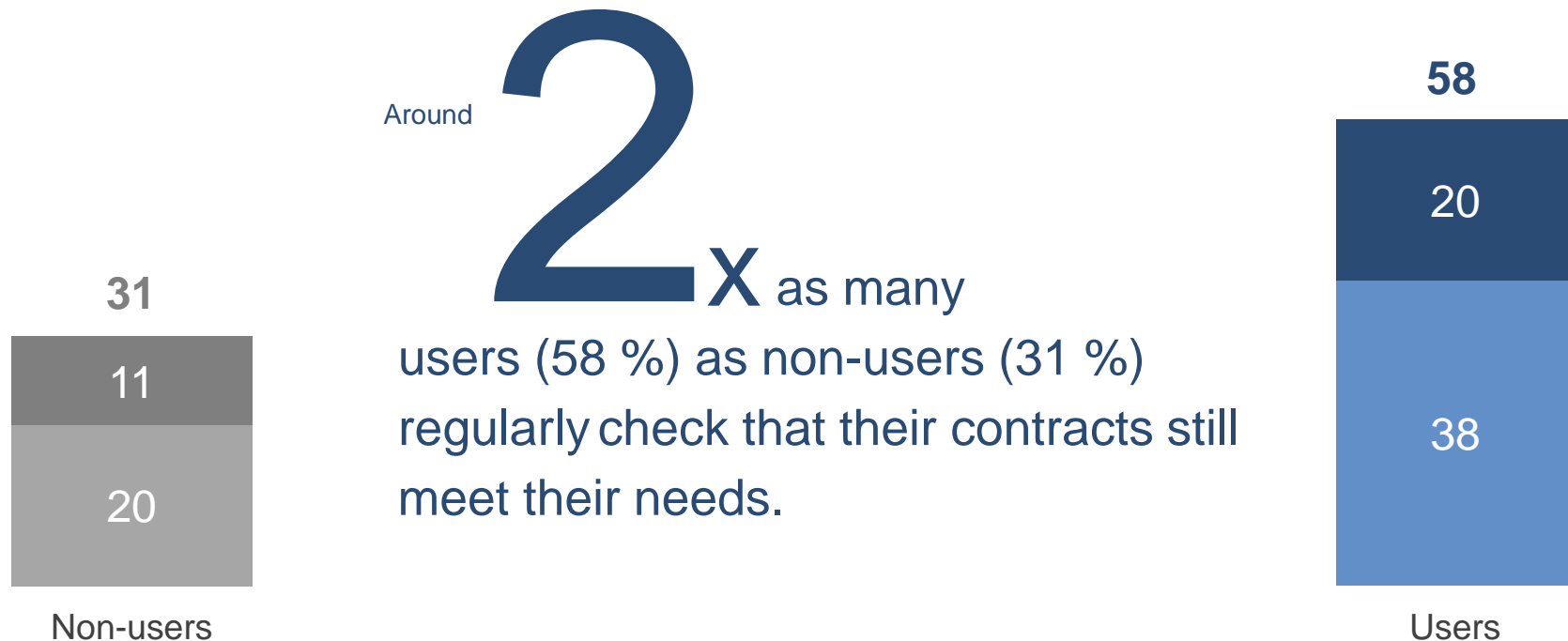
The size of the household has a strong impact on the proportion of consumers who believe that their existing contracts do not offer optimal terms. For single households, 34 % believe that they do not have optimal contracts. For large households, the figure is around 50 %.

# Users check their contracts more often

Almost twice as many users as non-users check their contracts regularly

*I check my contracts regularly to see if they still meet my needs.*

■ Fully agree  
■ Somewhat agree



# >70% of Germans use digital comparison tools

Finding information counts – purchases are usually made elsewhere

**71%** of Germans use digital comparison tools



Identification of needs



**29%** of Germans do not use digital comparison tools

**62%** of users are looking for general information, e.g. to get an overview



Search for information

**58%** of users search for specific information to evaluate various alternatives



Evaluation of alternatives

**34%** of users buy a product / service directly via the digital comparison tool or purchase a contract there



Purchase / transaction

Around 5 % of users indicate that they use digital comparison tools for other purposes. Values rounded. Basis: all respondents n=2,045; non-users n=601; users (in total) n=1,444.

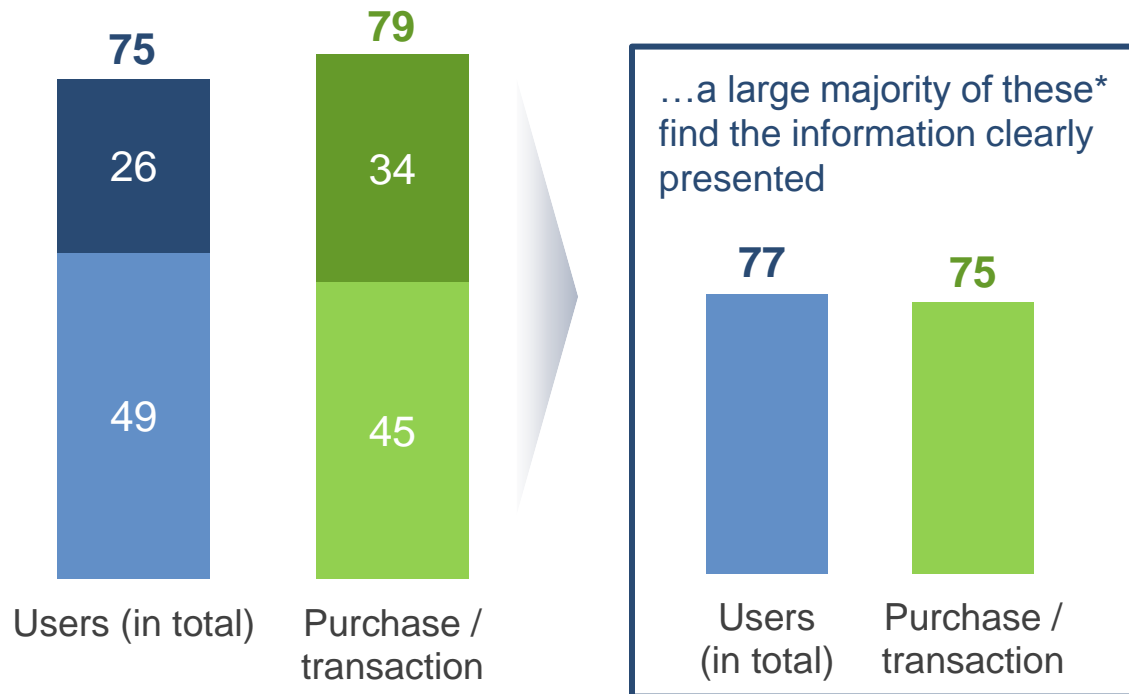
# 75 % of users find it easy to get information

Digital comparison tools make it easier to find and understand information

- Only well-presented information is easy to comprehend.
- 77 % of users who find information easily accessible on digital comparison tools also agree that information is presented in a way that is easy to comprehend and compare.

*Digital comparison tools make it easier for me to find information about products and services.*

■ Fully agree  
■ Somewhat agree



Figures in %. Basis: all respondents n=2,045; users (in total) n=1,444; transactions n=491.

\*Users n=434; transactions n=201; sum of "fully agree" and "somewhat agree". Statement: *Information on products and services is clearly presented on digital comparison tools.*

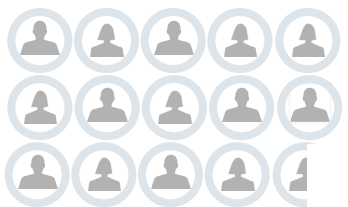
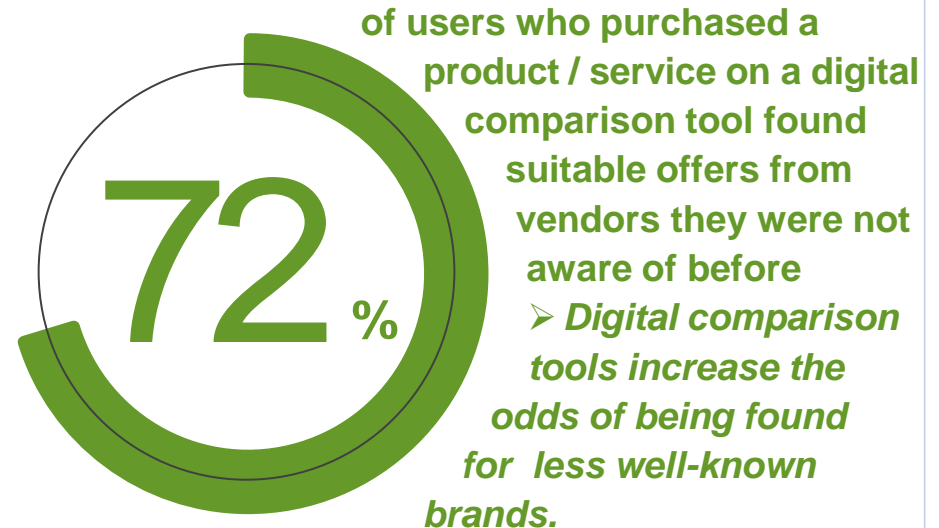
# Digital comparison tools enable fair competition

It's good products that convince consumers, not brand awareness

**71%** of Germans  
use digital comparison tools



Users can see  
**several  
thousand  
offers**



**29%** of Germans do not  
use digital comparison tools

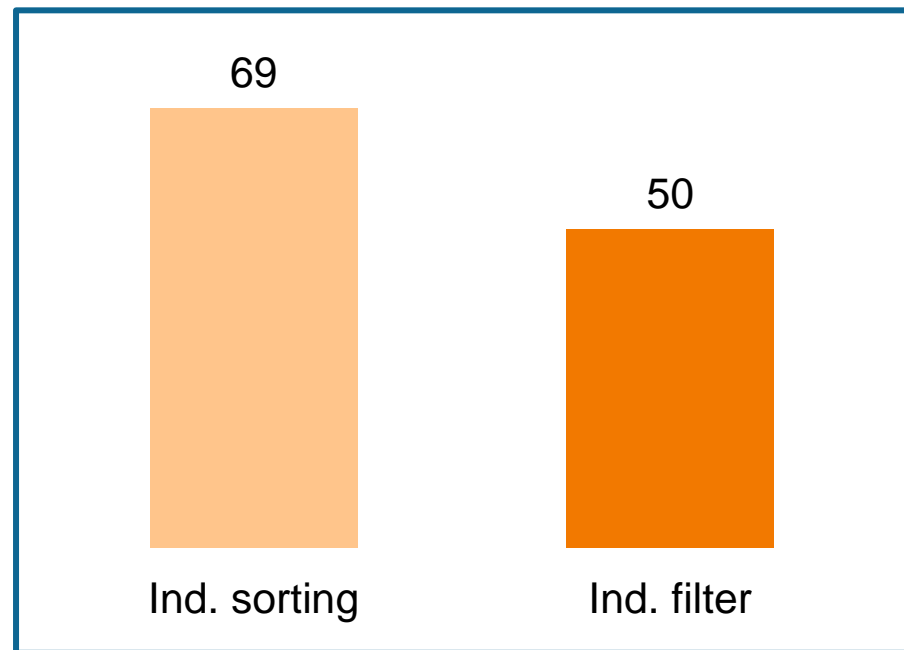
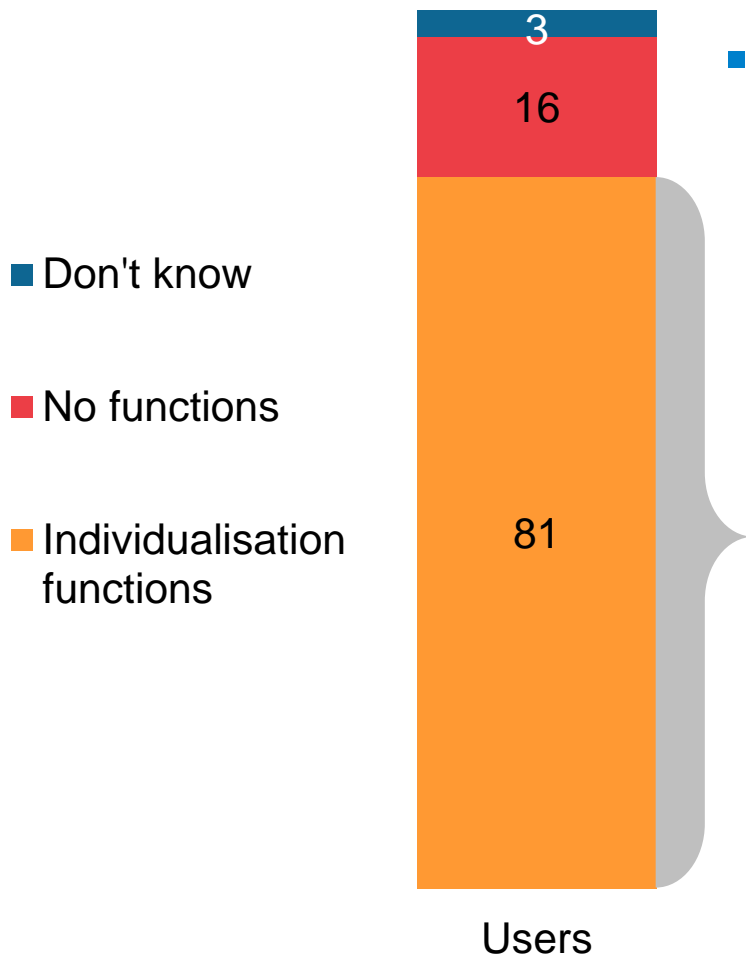
Non-users only think  
of an average of  
**two to three  
suppliers**  
when making a  
purchase decision.<sup>1</sup>

<sup>1</sup> Narayana, Chem L., & Rom J. Markin. 1975. "Consumer Behavior and Product Performance: An Alternative Conceptualization". *Journal of Marketing*, 39(4): 1-6. And Belonax Jr, Joseph A, & Robert A Mittelstaedt. 1978. "Evoked Set Size As a Function of Number of Choice Criteria and Information Variability". *Advances in consumer research* 5(1).

# Consumers individually tailor the ranking results

81 % of users utilise filter and sort functions to rank the search results

- Only 16 % of users rely on the initial ranking presented for their searches on digital comparison tools
- 81 % of users individualise the ranking of the results either by individual sorting (69 %) and / or by filters (50 %).

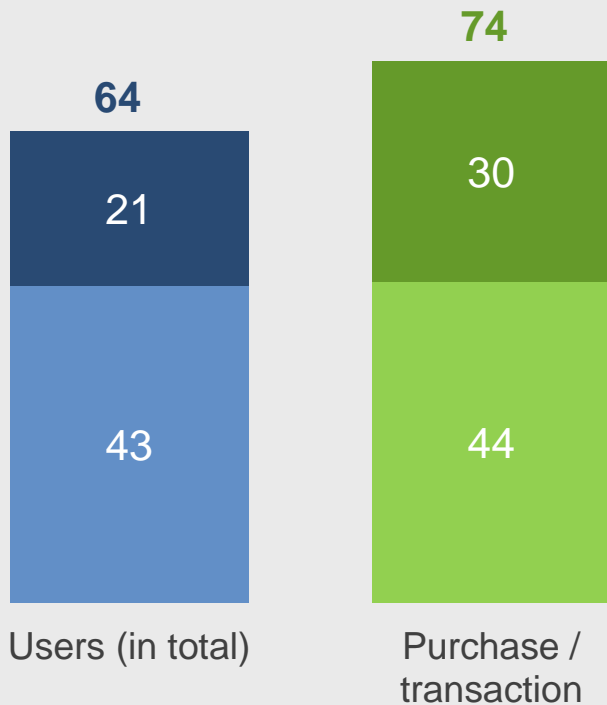


# 64 % of users find it easy to change contracts

As a result, 55 % switch from an overly expensive contract

*Digital comparison tools facilitate the switching of contracts*

■ Fully agree  
■ Somewhat agree



- 64 % of users agree that digital comparison tools make it easier to switch providers.
- 74 % of those users who have purchased a contract directly via a digital comparison tool within the last 12 months agree with the statement.
- This clearly has an impact:



of users who have purchased a contract via a digital comparison tool indicate that they switched from an overly expensive contract.

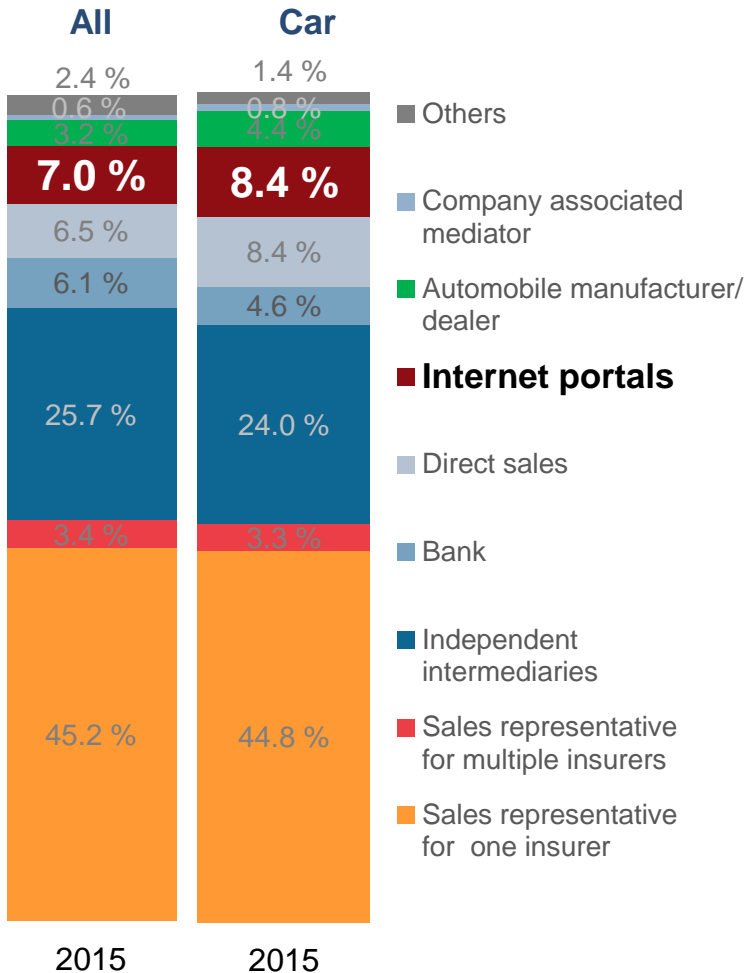
Figures in %. Basis: all respondents n=2,045; users (in total) n=1,444; transaction n=491.



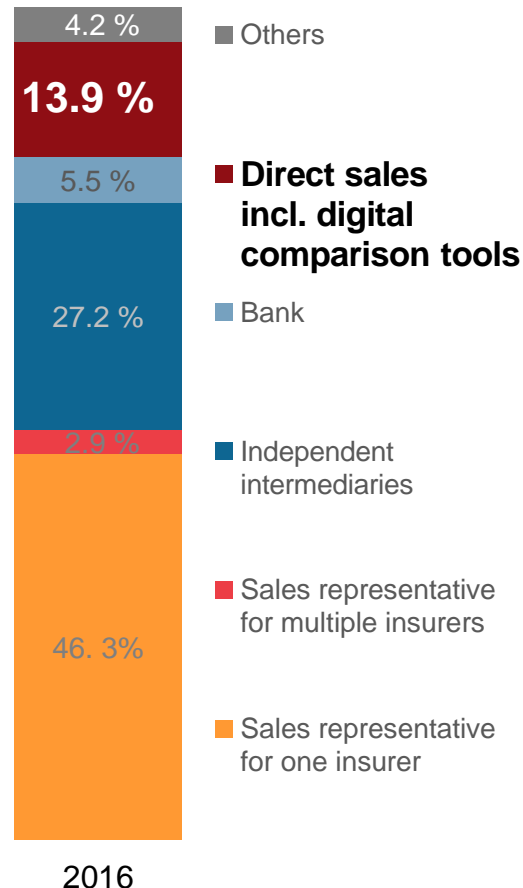
# Digital comparison tools are one sales channel among many

<10 % of insurance policies and <25 % of energy contracts are purchased directly via a digital comparison tool

## Accident / damage insurance<sup>1</sup>



## Accident / damage insurance<sup>2</sup>



## Energy supply<sup>3</sup>

### Power

23.5%

of current contracts were purchased via a digital comparison tool

### Gas

22.1%

of current contracts were purchased via a digital comparison tool

1 Willis Towers Watson. 2016. Vertriebswege-Survey 2016 zur Schaden / Unfallversicherung.

2 GDV. 2017. Vertriebswege von Versicherungen 2016.

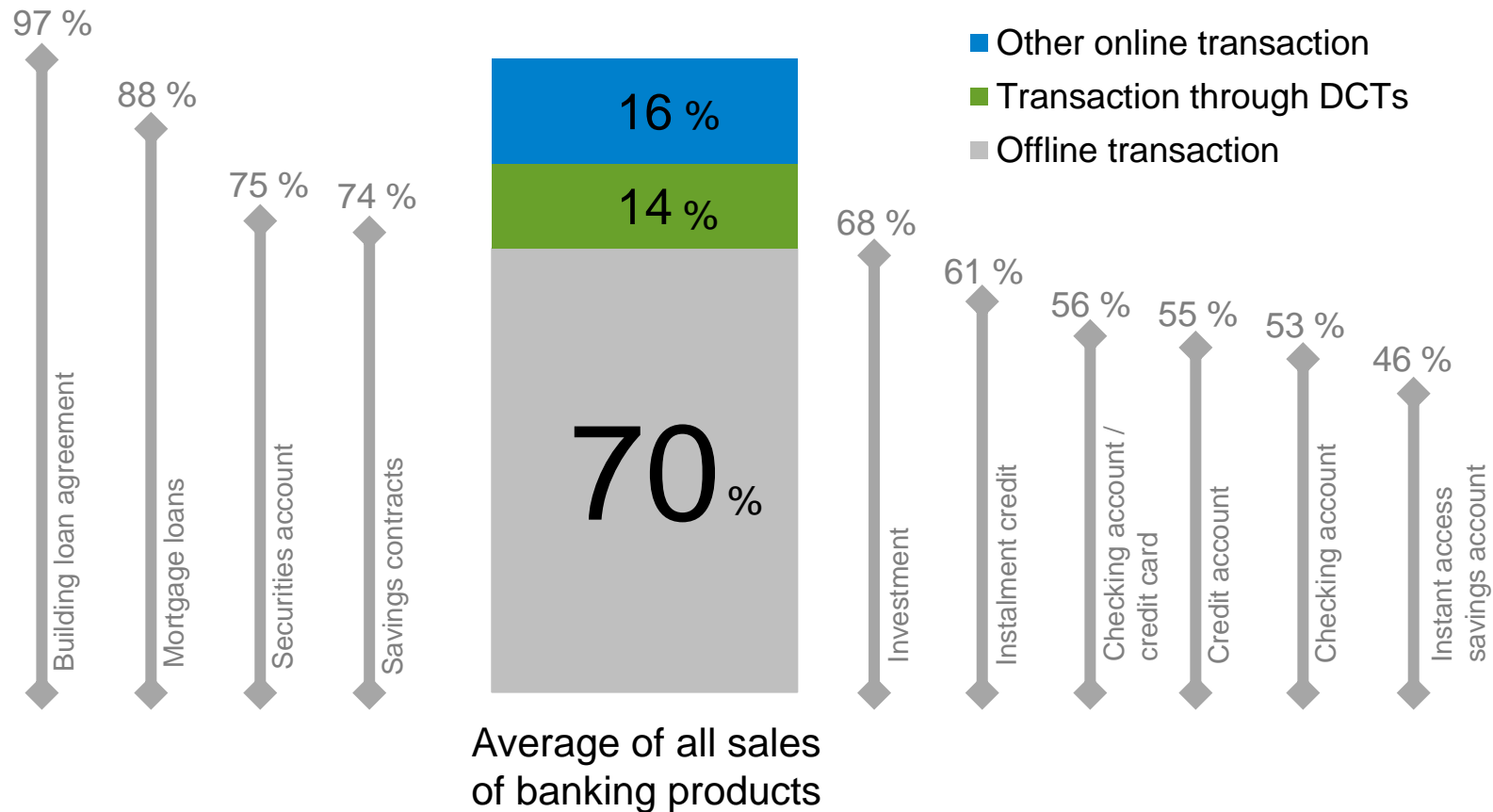
3 YouGov. 2016. ComparisonCheck Energie.

Note: According to the latest press release by Willis Towers Watson, 8.7 % of sales of car accident and damage insurance policies were sold on internet portals in 2017.

# 70 % of all sales of banking products are made offline

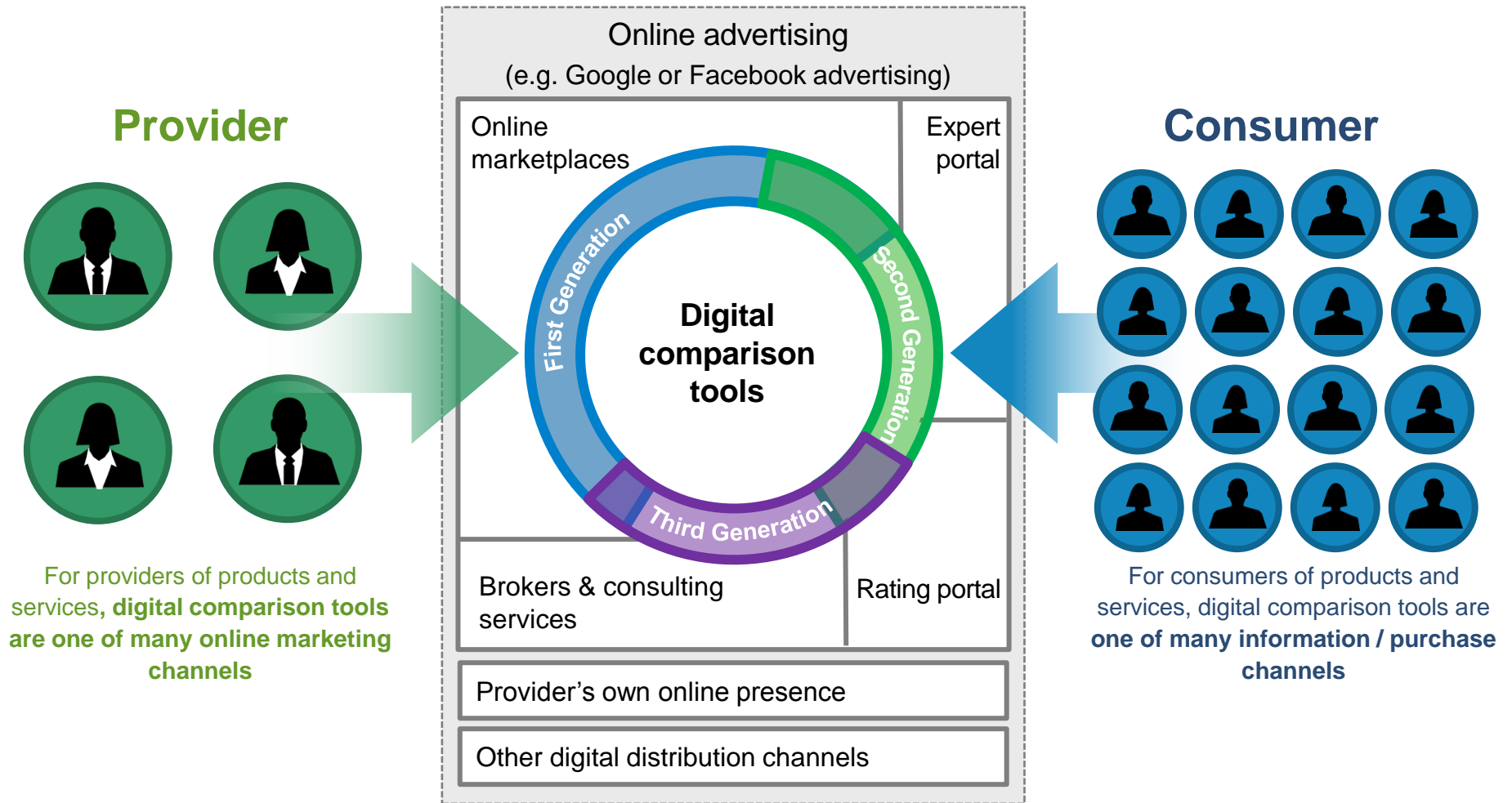
14 % of banking products are purchased via digital comparison tools

- Transactions in banking products are commonly completed onsite
- The offline share is between 46 % and 97 %



# Digital comparison tools compete with other services

Suppliers want attention – consumers want information



# Competitors are only one click away

40 % of consumers use more than one digital comparison tool

use more than one digital comparison tool

**12%**

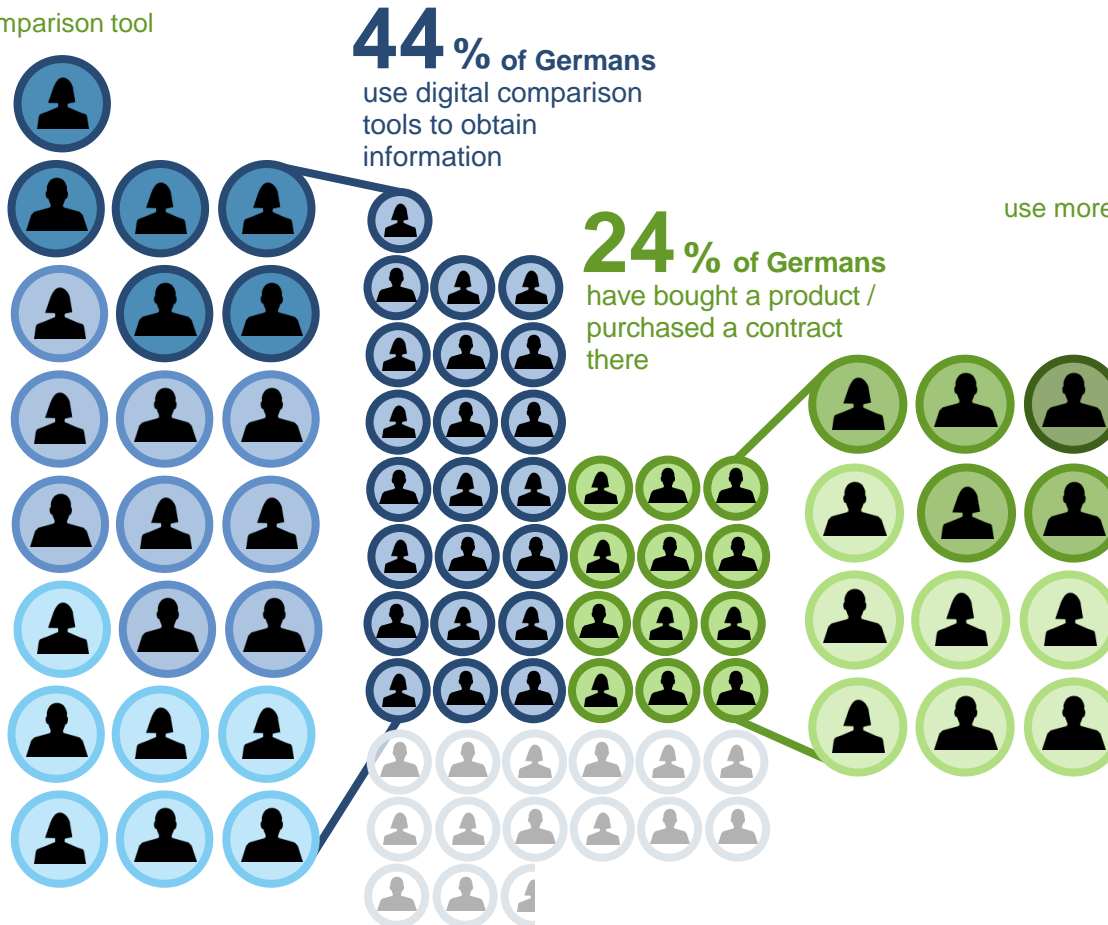
obtain information from 4+ digital comparison tools

**18%**

obtain information from 2-3 digital comparison tools

**14%**

obtain information from 1 digital comparison tool



use more than one digital comparison tool

**2%**

purchase on 4+ digital comparison tools

**8%**

purchase on 2-3 digital comparison tools

**14%**

purchase on 1 digital comparison tool

\*Around 3 % of users indicate that they use digital comparison tools for other purposes. Values rounded.

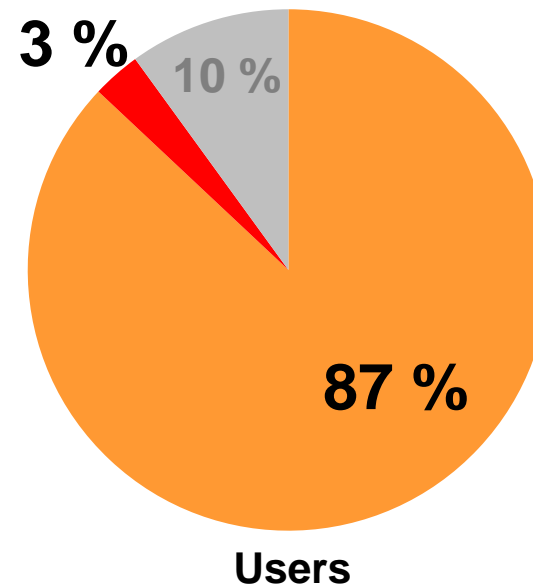
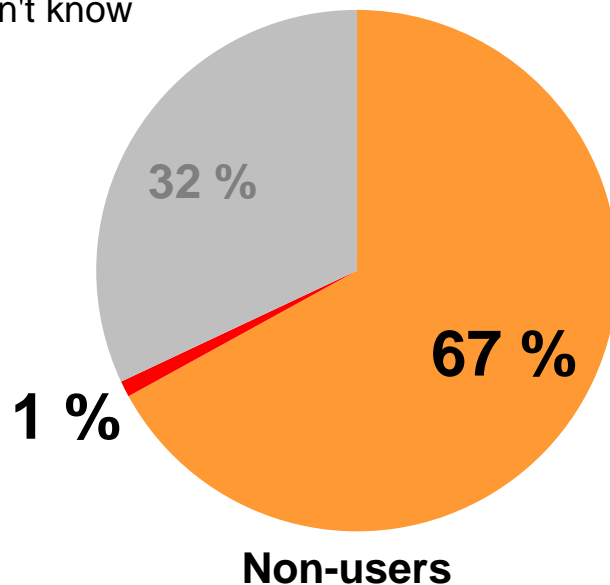
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# 87 % of users understand the business model

Almost no one believes that digital comparison tools are not-for-profit

- **87 % of users** believe that digital comparison tools receive commissions and / or sell advertising space on their website to generate revenue.
- Only **1 % of non-users** and **3 % of users** think that digital comparison tools operate on a non-profit basis.

- Commissions and/or advertising
- Not-for-profit
- Don't know



# Digital comparison tools – a German internet success story

Approximately 7,700 employees and revenues of €3.9 billion

## Digital comparison tools

- generate revenues in Germany of approx.

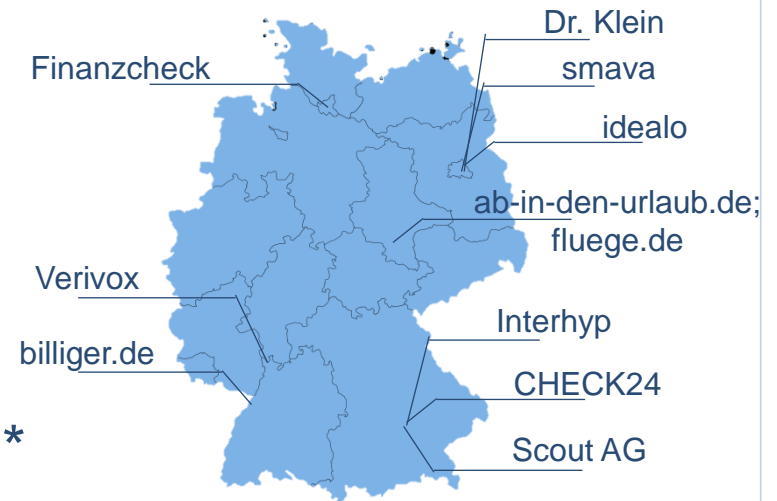
 **3.9 billion\***

- employ in Germany approx.

 **7,700 employees\***

Around **8** out of **10\***

digital comparison tools' headquarters are located in Germany.



\*Estimation based on analyses of **114 significant digital comparison tools in Germany.**

Adding the sales of the main parent companies (Amazon, Axel Springer, Google, ProSiebenSat.1 and United Internet) as well, the result is a total turnover of approx. €33.5 billion in Germany. This does not take into account other foreign providers such as Kelkoo, which have less than 1,000 employees in Germany and thus barely generate revenue in Germany or do not report it individually. All revenues of the companies located in Germany were fully allocated to Germany.

Icon: Rockicon.

# Conclusion

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- Comparison portals facilitate the process of switching contracts. This has a marked impact:
  - **55 %** of users who have purchased a contract via a digital comparison tool indicate **that they switched from an overly expensive contract in the last year.**
  - **Between 2007 and 2016, the number of (non-moving) switches more than tripled in the electricity market and increased by a factor of close to 13 in the gas market.**
- The proportion of contracts purchased directly via digital comparison tools is small:
  - **Car liability insurance: 8.7 %**
  - **Energy: <25 %**
  - **Bank products: 14 %**
- **62 % of users only search for information on digital comparison tools. Only 34 % of users make a purchase directly on digital comparison tools.**



# Conclusion

- In all four areas considered in this study, digital comparison tools enable consumers to save money. The savings enabled by digital comparison tools in 2017 were as follows:
  - On **power**: On average, between **€174** annually (for a one-person household) and **€416** annually (for a four-person household); in total around **€311 million**
  - On **gas**: On average, between **€181** annually (for a one-person household) and **€760** annually (for a four-person household); in total around **€170 million**
  - On **broadband**: On average **€352** annually per person, in total around **€18 million**
  - On **car liability insurance**: On average **€407** annually per person, in total around **€318 million**
- The theoretical savings in all four areas (that is, if all consumers who switched had used comparison tools) are even higher.



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