



## *Research Findings & Conclusions*

for the National Association of Insurance and Financial Advisors



Presented by Ketchum & Alan Newman Research

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## Agenda

- Market Opportunities/Segments
- Focus Groups
  - Findings & Conclusions
- Current/Lapsed Member Survey
  - Findings & Conclusions
- Potential Member Survey
  - Findings & Conclusions
- Recommendations
- Stakeholder Ideas
- Discussion/Questions



## Market Opportunities

- Total Sales Force, 2004
    - 315,967
  - Key Segments
    - Affiliated agents
      - 160,917 in 2004
      - 51 percent of total, but trending down
    - Independent agents
      - 155,050 in 2004
      - 49 percent of total, but trending up
      - Key sub-segment: brokers (119,298)
- (Source: LIMRA, U.S. Census of Sales Personnel)



## Focus Groups

- Methodology
  - Nine focus groups in three markets – Charlotte, NC; Kansas City, KS; San Francisco, CA.
  - In each market:
    - One group with current members.
    - One group with recently lapsed members.
    - One group with potential members.
  - Groups conducted in August 2006.



## Focus Groups

- Findings: Current/Lapsed Members
  - Advocacy mentioned most frequently as key NAIFA function.
  - Majority of participants joined because they were required/strongly encouraged.
    - Others joined for professional certification, for CE, to network, for E&O insurance.
  - Participants perceived NAIFA to be focused on life insurance.



## Focus Groups

- Findings: Current/Lapsed Members (cont.)
  - Majority of members were satisfied with their membership.
  - Dissatisfied members mentioned:
    - Atmosphere and quality of local meetings.
    - Lack of uniqueness – other sources of CE, information, E&O insurance.



## Focus Groups

- Findings: Current/Lapsed Members (cont.)
  - Members let their memberships lapse when they did not receive value for their investments of time and money.
    - Lack of time for and/or lack of value of local meetings was often mentioned.
  - Communication seen as weakness, including:
    - Local communication.
    - New member communication.



## Focus Groups

- Findings: Current/Lapsed Members (cont.)
  - Dues level was an issue, particularly when participants could not attend local meetings.
    - Bundling of national dues, local dues, and food costs for local meetings objectionable.
    - Dues too high for those new to industry, those transitioning to their own business, retirees.
    - Lower cost national-only membership was suggested as restoring value equation.



## Focus Groups

- Findings: Potential Members
  - Relatively unaware of NAIFA.
  - Primarily interested in NAIFA for advocacy and education/training.
  - More than a third expressed some interest in membership.
    - Interest increased for a national-only advocacy support membership.



## Focus Groups

- Findings: NAIFA Benefits: All Segments
  - Advocacy highest value benefit.
  - Potential members found educational benefits important – professional designations important to all segments.
  - Current members expressed interest in sales tips/motivation, particularly *Advisor Today*.
  - Least awareness of and interest in affinity programs.



## Focus Groups

- Findings: Participant Recommendations
  - Communicate advocacy agenda and activities more effectively.
  - Communicate all of NAIFA's membership benefits more clearly – especially to new members.
  - Improve new member recruiting – contact those newly licensed.
  - Change the dues system – separate local from national.



## Focus Groups

- Conclusions: All Segments
  - NAIFA is perceived to be an advocacy organization.
    - Advocacy for individuals not entirely clear.
  - Participants not aware of specific advocacy activities and accomplishments.
  - Benefits of NAIFA membership – beyond advocacy – have not been communicated.
  - Potential members have low awareness and knowledge of NAIFA.



## Focus Groups

- Conclusions: All Segments (cont.)
  - Local NAIFA organization shapes and controls perceptions of NAIFA.
    - Problems with member satisfaction and retention appear to originate at local level.
    - Problems with low potential member awareness appear to originate at local level.



## Focus Groups

- Conclusions: All Segments (cont.)
  - Key problems appear to be tied to decline in membership and vigor of local organizations:
    - Decline in program value has led to decline in perceived value of membership.
    - Small local meeting attended by long-time members leads to perceptions of lack of gender, ethnic and business diversity.
    - Communication about NAIFA – largely a local activity – has decreased.
    - New member recruiting – largely a local activity – has decreased.



## Focus Groups

- Conclusions: All Segments (cont.)
  - Participants unsure about which insurance/financial service specialties are served by NAIFA – not sure it is for them.
  - A number thought that NAIFA is not/is no longer unique – in advocacy, industry information, education.



## Focus Groups

- Conclusions: All Segments (cont.)
  - Appear to be opportunities for NAIFA to improve member satisfaction and increase interest in membership:
    - Communicate about advocacy.
    - Communicate about member benefits.
    - Raise awareness of NAIFA with new-to-the industry potential members.



## Survey of Current/Lapsed Members

- Methodology
  - Using a list of current and lapsed (within the past two years) members provided by NAIFA, email invitations containing a link to an online survey were sent to a total of 64,691 people beginning on September 15, 2006. A reminder invitation was sent to those who did not complete the survey on September 25, 2006.
  - From the total of 64,691 email invitations sent, approximately 10,419 (16%) returned a message of invalid email address.
  - Of the approximately 54,272 current and lapsed members who presumably received a link to the online survey, 4,212 completed the survey, a response rate of 8% of those who received the survey link.
  - A sample size of **3,850** (current members) has a maximum margin of error of  $\pm 1.6\%$  at the 95% confidence level, and a sample size of **362** (lapsed members) has a maximum margin of error of  $\pm 5.2\%$  at the 95% confidence level.



## Survey of Current/Lapsed Members

- Characteristics of Sample
  - Current Members
    - Half of current members have been in the financial services industry for more than 20 years; more than a third have been a member of NAIFA for as long. Just over two-fifths are 55 years old or older. Two out of five describe their profession as selling securities as well as insurance to individuals and businesses.
  - Lapsed Members
    - Nearly two out of five lapsed members have been in the financial services industry for 10 years or less; two-thirds were a member of NAIFA for as long. Just over a third are 55 years old or better. Two out of five describe their profession as selling securities as well as insurance to individuals/businesses, and a third describe their profession as selling a broad line of insurance to individuals/businesses.



## Survey of Current/Lapsed Members Awareness/Communications

- Awareness of NAIFA
  - Word-of-mouth channels are essential
    - 52 percent of current/lapsed members heard about NAIFA through their company/office, and 37 percent through their colleagues.
      - Career agents (63%) more likely than average to have heard through company/office.
      - Independent agents (41%) and multiline agents (41%) more likely than average to have heard through colleague.



## Survey of Current/Lapsed Members Awareness/Communications

- Top Motivations to Join NAIFA
  - Among current members:
    - Majority (58%) joined to support the industry.
    - Other motivations include manager recommendation (46%), company recommendation (41%) and friend/colleague recommendation (40%).
  - Among lapsed members:
    - Same top four motivations.
  - Those in the industry 20+ years more likely than average to have joined to support the industry.
  - Those in the industry less than 10 years more likely than average to have joined because a friend/colleague recommended it.



## Survey of Current/Lapsed Members Awareness/Communications

- Satisfaction with Communications
  - Communications overall
    - Less than half (46%) of current NAIFA members and 19 percent of lapsed members are satisfied with NAIFA's overall communications.
  - Methods of communications
    - Half of current NAIFA members and 23 percent of lapsed members are satisfied with NAIFA's methods of communications.
  - Usefulness of communications
    - Less than half (41%) of current NAIFA members and 16 percent of lapsed members are satisfied with the usefulness of NAIFA's communications.
  - Frequency of communications
    - Less than half (45%) of current NAIFA members and 16 percent of lapsed members are satisfied with the frequency of NAIFA's communications.



## Survey of Current/Lapsed Members Value/Benefits

- Overall Satisfaction
  - Majority of current NAIFA members (52%) are satisfied with the association.
  - Significant portion (41%) of current members is neutral; additional six percent is dissatisfied with NAIFA.
  - Among lapsed members, only 16 percent are satisfied, 46 percent are neutral, and 33 percent are dissatisfied.
  - Satisfaction lower among those in industry less than 10 years (44%).
  - Satisfaction higher among African Americans and Hispanics compared to Caucasians.



## Survey of Current/Lapsed Members Value/Benefits

- Value by Level
  - Local association
    - 50 percent of current members satisfied with the value of their NAIFA local association, compared to 17 percent of lapsed members.
  - National association
    - 44 percent of current members satisfied with the value of their NAIFA national association, compared to 16 percent of lapsed members.
  - State association
    - 38 percent of current members satisfied with the value of their NAIFA state association, compared to 11 percent of lapsed members.



## Survey of Current/Lapsed Members Value/Benefits

- Why Lapsed Members Have Not Renewed
  - Top five reasons cited as a significant factor for lapsing:
    - Not using local benefits (42%)
    - Too expensive, not a good value (41%)
    - Not using state benefits (33%)
    - Not using national benefits (33%)
    - No time to attend local meetings (32%)
  - Nearly a third have joined or are planning to join a professional association in place of NAIFA
    - Top choices include Financial Planning Association (39%) and Society of Financial Service Professionals (32%).
  - Lapsed members who had been in NAIFA 11-20 years are more likely than others to cite the following as significant factors for lapsing:
    - No time to attend local, state or national meetings; not using benefits at all three levels; found other local or national association to fit needs.



## Survey of Current/Lapsed Members Value/Benefits



### Options to Renew

- Local-only is most popular renewal option, but significant numbers prefer state and national:
  - 54 percent of lapsed members said they would be likely to renew with a local-only option;
  - 44 percent with a national-only option; and
  - 40 percent with a state-only option.



## Survey of Current/Lapsed Members Value/Benefits



### Attitudes About NAIFA Values

NAIFA Value	Percentage of Current Members Who Agree	Percentage of Lapsed Members Who Agree	Gap
NAIFA membership is a useful addition to a member's professional credentials	55%	24%	- 31
NAIFA benefits are relevant for business	51%	20%	- 31
NAIFA offers tools to enhance business and professional skills	50%	22%	- 28
NAIFA promotes ethical conduct	71%	50%	- 21
NAIFA is a trusted source of information	72%	47%	- 25
NAIFA advocates for a positive legislative and regulatory environment for the industry	78%	48%	- 30
NAIFA's advocacy efforts have a direct impact on business	62%	27%	- 35
Members are well-represented by NAIFA in government advocacy	65%	34%	- 31



## Survey of Current/Lapsed Members Value/Benefits

### Attitudes About NAIFA Values



NAIFA Value	Percentage of Current Members Who Agree	Percentage of Lapsed Members Who Agree	Gap
NAIFA offers professional community for networking	58%	32%	- 26
NAIFA and its affiliated state and local organizations are well coordinated	40%	20%	- 20
NAIFA benefits have a positive impact on the bottom line	45%	15%	- 30
NAIFA operates efficiently	41%	16%	- 25
NAIFA is well managed	47%	20%	- 27
It is important to support an organization that advocates for its members and the industry	82%	49%	- 33
NAIFA advocates for the agent rather than the insurance companies	63%	29%	- 34
NAIFA is prestigious	48%	22%	- 26



## Survey of Current/Lapsed Members Value/Benefits



### • Satisfaction With Dues

- Overall satisfaction
  - 40 percent of current members and 12 percent of lapsed members agree that the total amount of NAIFA dues is appropriate for the value of NAIFA benefits.
- Return on investment
  - 41 percent of current members and nine percent of lapsed members agree they get an adequate return on their dues investment.
- Good value
  - Less than half of NAIFA current members (43%) believe their membership is a good value, and only nine percent of lapsed members feel this way.
- Those who are dissatisfied with the dues level believe the dues should be in the range of \$100 - \$250 per year.



## Survey of Current/Lapsed Members Value/Benefits

### Value of Dues By Level

- Local association
  - 51 percent of current members rated the dues at the local level as a good value, compared to 16 percent of lapsed members.
- National association
  - 44 percent of current members rated the dues at the national level as a good value, compared to 15 percent of lapsed members.
- State association
  - 40 percent of current members rated the dues at the state level as a good value, compared to nine percent of lapsed members.



## Survey of Current/Lapsed Members Value/Benefits

### What Current Members Value in NAIFA Benefits

NAIFA Benefit	Percentage Who Find It Important	Percentage Satisfied	Gap
Political advocacy	76%	68%	- 8
Sales ideas and resources	58%	43%	- 15
Education, in the form of information and/or training	57%	41%	- 16
Local activities and events	53%	46%	- 7
Networking opportunities	43%	36%	- 7
Volunteer or leadership opportunities	32%	32%	None
National activities and events	27%	25%	- 2
Discounts and affinity programs	19%	19%	None



## Survey of Current/Lapsed Members Value/Benefits

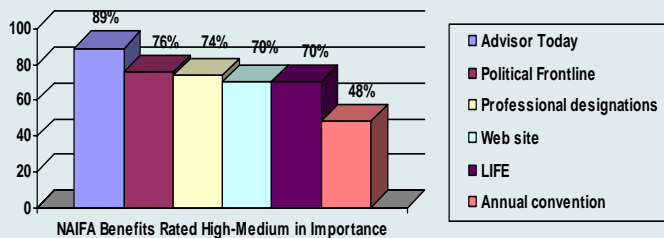
### What Lapsed Members Value in NAIFA Benefits

NAIFA Benefit	Percentage Who Find It Important	Percentage Satisfied	Gap
Political advocacy	45%	38%	- 7
Sales ideas and resources	43%	23%	- 20
Education, in the form of information and/or training	41%	22%	- 19
Local activities and events	34%	20%	- 14
Networking opportunities	29%	15%	- 14
Volunteer or leadership opportunities	12%	11%	- 1
National activities and events	8%	8%	None
Discounts and affinity programs	7%	6%	- 1



## Survey of Current/Lapsed Members Value/Benefits

- Bottom Line Value of Specific NAIFA Benefits
  - Most valued among **current members**:



- Less valued:

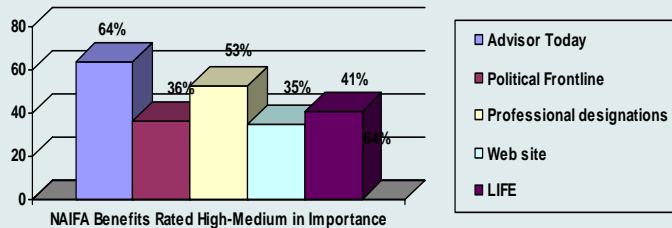
- Young Advisors Team (33%), *Horsmouth* (27%), Educalls (45%), Programs in a Box (42%) and Leadership in Life Institute (41%).





## Survey of Current/Lapsed Members Value/Benefits

- Bottom Line Value of Specific NAIFA Benefits
  - Most valued among **lapsed members**:



- Less valued:
  - Young Advisors Team (11%), *Horseshoath* (10%), Educalls (17%), Programs in a Box (14%), Leadership in Life Institute (15%) and annual convention (16%).



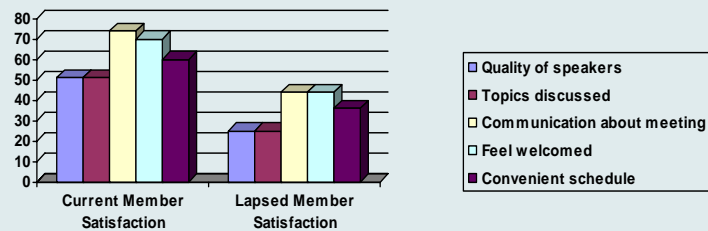
## Survey of Current/Lapsed Members Local Meetings/Activities

- Attendance at Local Meetings
  - Nearly a third of current members (32%) attend nine to 12 local meetings per year.
    - An additional 35 percent attend four to eight local meetings per year,
    - 24 percent attend one to three per year, and
    - Nine percent never attend local meetings.
  - Among lapsed members, 27 percent attended nine to 12 local meetings per year.
    - An additional 27 percent attended four to eight local meetings per year,
    - 30 percent attended one to three per year, and
    - 16 percent never attended local meetings.



## Survey of Current/Lapsed Members Local Meetings/Activities

### • Satisfaction with Local Meetings



- Current and lapsed members are less satisfied with the quality of speakers and the topics discussed at local meetings; more satisfied with communication about the meetings, feeling welcomed and the convenience of meeting schedules.



## Survey of Current/Lapsed Members Volunteerism/Civic Engagement

### • Volunteerism

- Nearly a half of current members (48%) said they have done volunteer work for NAIFA within the past three years, compared to only 16 percent of lapsed members.
  - Those who have been in the industry 10 years or less (37%) are less likely than others to say they have volunteered.
- Among those who plan to renew their NAIFA membership, 56 percent of current members and 30 percent of lapsed members say they are likely to participate as a NAIFA volunteer in the coming year.

### • Civic Engagement

- Lapsed members (41%) are more likely than current members (36%) to agree that belonging to a civic organization is important.



## Survey of Current/Lapsed Members Conclusions for Retention

- Opportunities
  - Develop more customized educational benefits.
    - Specific tracks:
      - Mid-career professionals
      - Non-traditional producers; e.g., what bank professionals need to know about life insurance
- Threats
  - Motivation to join NAIFA is changing:
    - To support the industry is still top reason why members in all segments joined, but younger members more likely than average to have joined because colleague recommended.
    - People will pay for benefits that enhance their bottom line, but not necessarily legislative advocacy.
  - Competitors such as FPA and SFSP may offer better value for specific segments such as brokers and multiline agents.
    - Need competitive analysis of products and services offered by competitors.



## Survey of Potential Members

- Methodology
  - Using a purchased list of people who work in the financial services industry, 300 telephone interviews were conducted among prospective NAIFA members (who have never been a member). Respondents were qualified as being individuals who sell insurance or individuals who are fee-based financial planners.
  - Interviews were conducted from September 14 to September 25, 2006 (average length of 14 minutes).
  - A sample size of **300** has a maximum margin of error of  $\pm 5.7\%$  at the 95% confidence level.
- Characteristics of Sample
  - More than a third of prospective members have been in the financial services industry for 10 years or less and the same percentage have been working in the industry for more than 20 years. A third are 55 years old or better. More than half describe their profession as selling a broad line of insurance to individuals/businesses.



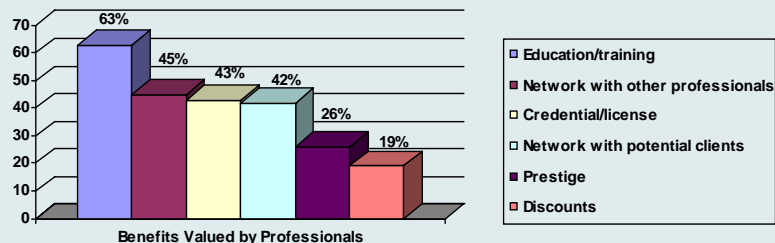
## Survey of Potential Members Awareness/Communications

- Awareness of NAIFA
  - 50 percent had not heard of NAIFA.
  - 49 percent had heard of NAIFA.
  - Those who had heard of NAIFA heard through colleagues (35%), professional publications (29%), and office/company (18%).
    - Ethnic minorities more likely than average to have heard of NAIFA through colleagues, less likely to have heard through professional publications.
- Preferred Communication Channels
  - Email (65%), direct mail (19%)



## Survey of Potential Members Value/Benefits

- Association Membership
  - Majority (63%) belong to no professional association.
    - Among those who do belong, Financial Planning Association is most popular (9%).
- Expected/Valued Benefits from Membership





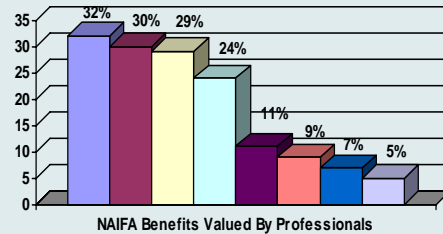
## Survey of Potential Members Value/Benefits

- Expected/Valued Benefits from Membership:
  - Specific Segments*
    - More likely to value education/training, networking opportunities with other professionals and potential clients, and credentialing:
      - Those under age 45
      - Those in the industry 10 years or less
      - Ethnic minorities
      - Women
    - Multiline agents more apt to value credentialing and opportunities to network with potential clients.



## Survey of Potential Members Value/Benefits

### • Valued NAIFA Benefits



- Education/training/information
- Sales ideas/resources
- Political advocacy
- Networking opportunities
- Discounts/affinity programs
- Local activities/events
- Volunteer/leadership opportunities
- National activities/events

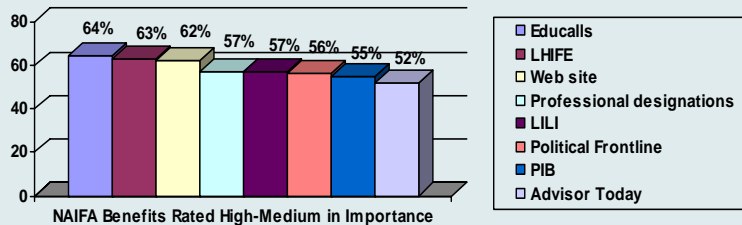
### • Specific Segments

- Top four benefits appeal especially to those under age 45, those in the industry 10 years or less, ethnic minorities, and women.
- Multiline agents more likely than average to value sales ideas/resources and political advocacy.



## Survey of Potential Members Value/Benefits

- Value of NAIFA Benefits to Bottom Line
  - Professionals rating NAIFA benefits as high or medium in importance:
    - More valued:



- Less valued: Young Advisors Team (48%), *Horseshmouth* (40%), Annual convention (40%).



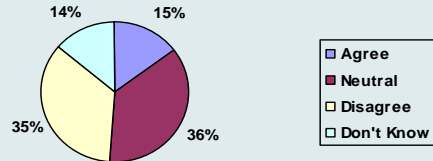
## Survey of Potential Members Value/Benefits

- Value of NAIFA Benefits to Bottom Line (Cont.)
  - Benefits that sound educational or informational have highest appeal, especially among those in the industry less than 10 years, ethnic minorities and women.
  - Multiline agents more likely than average to value Young Advisors Team, professional designations and NAIFA Web site.
- Likelihood of Joining NAIFA
  - 24 percent likely to join.
  - More likely than average to join:
    - Those under age 45, those in industry less than 10 years, multiline agents, ethnic minorities, women.



## Survey of Potential Members Value/Benefits

- Attitudes on Dues
  - Only 15 percent agree current dues are appropriate for value of NAIFA.
  - 36 percent are neutral.
  - 35 percent disagree that dues are appropriate.



- Specific segments more likely than average to be neutral regarding dues, including multiline agents (49%) and ethnic minorities (55%).
- Appropriate annual dues thought to be in \$100 to \$200 range.



## Survey of Potential Members Volunteerism/Civic Engagement

- Civic Engagement
  - 70 percent neutral or negative about importance of belonging to civic organization.
    - “Non-joiner” attitude especially strong among multiline agents and those under 45.



## Survey of Potential Members Conclusions for Recruitment

- Strengths
  - Educational, networking and political advocacy benefits are appealing to significant numbers of potential members, including key and emerging segments.
  - Some success in word-of-mouth channels.
    - A third of those who had heard of NAIFA heard through colleagues.
- Weaknesses
  - Dues are not in line with perceived value.
    - NAIFA viewed as too expensive.
  - Over-reliance on traditional communication channels through companies.
    - Independent agents more likely to have not heard of NAIFA.



## Survey of Potential Members Conclusions for Recruitment

- Opportunities
  - Half had never heard of NAIFA.
    - Awareness-building activities and increased communication efforts will generate interest.
    - Expand communication efforts beyond local level.
  - Majority (63%) does not belong to professional association, but values key benefits.
    - Recruitment and communications should demonstrate bottom line benefits of education/information, networking and credential/licensing.
      - Primary message: “NAIFA will enable you to succeed in the industry.”
      - Secondary message: “NAIFA advocates for the agent.”
  - Demonstrate greater value through specialty tracks or segments by line of business



## Survey of Potential Members

### Conclusions for Recruitment

- Threats
  - “Non-joiner” inertia and ambivalence.
  - Financial Planning Association offers to meet educational and other needs.
  - Lack of specialty tracks makes it difficult to demonstrate bottom line benefits to professionals in increasingly complex industry.