Summary

A health insurance company didn’t want to miss out on the growth potential presented by senior citizens. Management knew they wanted to grow their marketing share among seniors, but they only had a vague idea of the type of product they needed. Decision Analyst recommended a two-part project: a card-sort survey to determine the market potential and identify the most desired benefits, followed by a concept test to identify the most promising concept and determine the optimal price points.

Strategic Issues

According to the U.S. Census Bureau, there were 40.2 million people over the age of 65 in 2010. By 2030, that number will rise to an estimated 72.7 million. To our health insurance company client, this population growth among seniors represented a market opportunity to offer a specialized health insurance plan designed specifically for seniors. However, while they had a basic idea for this new product, they needed to know more about what specific benefits seniors desired and what the market potential of this product would be.

Research Objectives

The main objective of this study was to gauge consumer interest in a new health insurance product concept targeted towards seniors. Secondary objectives were to:

- Gauge the purchase intent.
- Quantify the market potential.
- Test price points/billing schedules.
- Evaluate features and benefits versus pricing trade-offs.

1 U.S. Census Bureau (http://www.census.gov)
Research Design and Methods

Decision Analyst decided that a two-part concept test would be the best approach. Part 1 would be a card-sort survey to gauge purchase intent and identify desired features. Part 2 would be a concept-test survey to test price points, quantify the market potential, and further evaluate benefits.

All respondents were recruited from Decision Analyst’s American Consumer Opinion® panel and were potential purchasers of health insurance for seniors or were caregivers of seniors or were influencers. To ensure objectivity, any respondent who answered the Part 1 survey was not invited to review the Part 2 concept test.

Part 1: Card-Sort Survey

About 300 respondents were asked to complete the card-sort survey. They were presented with eight different benefits for the new concept. After reviewing and ranking all eight benefits in order of preference, the respondents were asked about their purchase interest and usage of similar products or services.

Part 2: Concept Test

After the Part 1 card-sort survey was completed, four concepts were created based on how respondents ranked the benefits. Each concept was monadically evaluated by 125 respondents. After viewing the assigned concept, each respondent answered a series of open-ended and close-ended questions about the concept. The question topics included trial interest, unpriced purchase intent, priced purchase intent, uniqueness, likes, dislikes, missing information, suggested improvements, preferred billing schedule, where to purchase, etc.

Results

The results from Part 1 identified the most important and most appealing product features/benefits. In addition, Decision Analyst was able to determine that there was interest in this new product targeted towards seniors. This gave the health insurance provider the confidence needed to move forward with concept development and further concept testing. Further testing revealed the preferred concept, noted improvements to the concept that were needed, and identified where potential purchasers would expect to purchase the new product. The research results provided valuable information that helped the health insurance provider bring a new product to market, increase their market share, and expand their customer base among the growing senior segment.