

Slovenia

How different segments of financial service users behave in the light of the recession: The case of Slovenia

A recent study by GfK in the CEE countries identified six distinct types of retail clients. This segmentation is based on attitudes towards saving, investing, financial services and money in general. Taking a closer look at the case of Slovenia shows the following results:

"Anxious Savers" dominate the Slovenian market, with about 35% of all retail clients belonging to this segment. They share a preference for saving for a rainy day and are reluctant to take out loans. Half of this segment is made up of individuals over the age of 50, who are generally more likely to save and prone to caution when it comes to investments, but these same views are also shared by the younger half of this segment. They are also characterised by attempts to minimise consumption and a general reluctance to purchase various consumer goods. Above all, they are concerned that the financial crisis could cause a collapse in the pensions system and a deterioration in the public health care system. "Anxious Savers" are predominant, not only in Slovenia, but also in all the other CEE countries and all those operating in the financial services market should consider paying particular attention to addressing this target group.

A propensity for saving for a rainy day and a reluctance to take out loans are also typical characteristics of the smallest segment, the "Service-oriented Preventers". Although they represent only a good 3% of the Slovenian market, they form a particularly interesting segment because of their desire to avoid the negative impacts of future events. Consequently, they often decide to start investing early for their security in old age, which makes them an interesting target group for insurance companies in particular. In their interactions with banks, they value a personalised relationship with advisory services and expect this relationship to be, above all else, based on trust. This makes them demanding but nevertheless desirable clients for banks. Because of their tendency to try to avoid possible setbacks caused by negative future events they are very interested in information about the current crisis, both at a national and international level. They have an above average level of trust when it comes to investment in banks, insurance or investment funds.

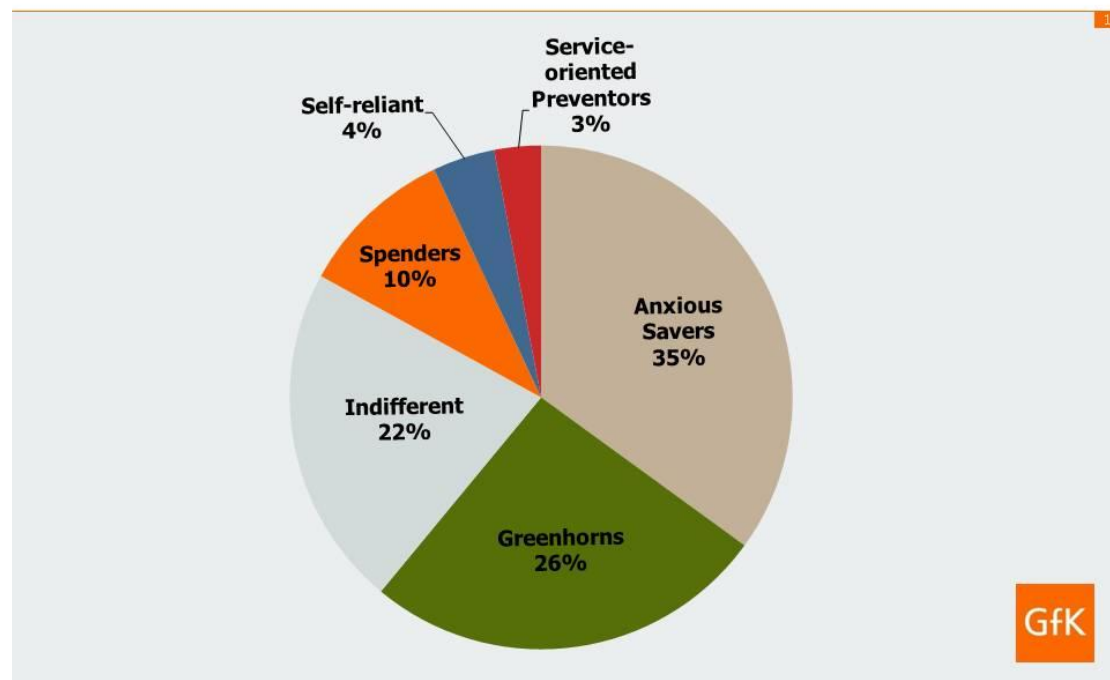
The second largest segment by size, both in Slovenia and the other CEE countries (with the exceptions of Austria and the Czech Republic) are the "Greenhorns". This segment is best described as inconspicuous as they have no outstanding demographic characteristics. They do, however, stand out in terms of their below average interest in bank savings, life insurance and all types of investment, even when it comes to buying real estate. Their level of trust in investing money in banks is the lowest in comparison to all the other segments. They are also the least inclined to follow news stories concerning the recession and are, in general, not particularly concerned about it although they are worried to some extent that it might affect their standard of living and cause a general increase in prices.

Despite the current state of the world economy, it is still possible, in all CEE countries, to find people who still immensely enjoy shopping, hence we designate them "Spenders". They form a relatively large segment: according to our data they represent a 10% market share in Slovenia. Amongst them, we mostly find individuals in permanent employment between the ages of 31 and 50. They are prepared to take out loans to maintain the level of consumption to which they have become accustomed. On the other hand, if they are saving, they are most inclined to invest in retirement investment funds, as their main motive for investment lies in guaranteeing an income for their old age.

They rate returns on their investments very positively, in fact they rate them better than any other segment when it comes to saving in banks, investment in insurance or in investment funds. So, despite their general inclination towards spending, they represent an important segment for institutions dealing with investment and savings. While they are very interested in the financial crisis as a topic, their concerns are mostly general (i.e. with regard to the possibility of collapse of the global economy) and appear to be less concerned with the possible decline of their standard of living or any possible increase in prices.

The "Indifferent" form a segment who are not particularly interested in financial issues or information about the financial crisis, whether at the domestic or international level. In a similar way to the "Spenders", they are also more inclined to spend than to save, but unlike them they are not interested in saving for their old age. This is a small segment in the Baltic countries and in Austria, but it is much more important in south-eastern Europe: in Slovenia they represent a significant part of the market at no less than 22%. Amongst the "Indifferent", we mostly find younger singles living in households where they are not the decision makers. Compared to other segments, they are less interested in saving in any shape or form and have little interest in news related to the financial crisis. When it comes to the consequences of the crisis, they are mostly concerned about the possible rise in prices whilst regarding other aspects as being less important.

Segmentation of the Financial Services Market



The "Self-reliant" form a segment of individuals well versed in managing their finances. They are also well informed when it comes to news about financial markets, which they follow on a regular basis in magazines or online. In Slovenia, the "Self-reliant" form less than 5% of the market and they are also relatively atypical in other countries. By far the majority of them live in Ljubljana and almost 2/3 of them are male and between 31 and 50 years of age, highly educated and with high incomes. They show an above average interest in all types of saving and investment.

They have very specific reasons for saving – a trip they want to go on, a new car or apartment, but neither do they neglect saving for the future or the unexpected as they want to be well prepared for all eventualities. They are also more cautious when it comes to certain financial institutions, especially in comparison to the “Service-oriented Preventers” or “Spenders”. The main concern about the crisis for this segment is a possible decrease in the quality of the public health services, which makes them particularly interesting for targeting with offers for various types of additional insurance.

When comparing these results with those for other CEE countries, it is worthwhile pointing out that Slovenian residents stand out within the CEE markets when it comes to following financial information in newspapers or online (coming only after the Baltic States and Poland). When it comes to their finances, 16% share the opinion that they can't manage them well enough, which is about the CEE average: Austria is at the top of the ranking, with only 6% of the population believing that they have problems managing their own finances, and Bulgaria and Slovakia are at the bottom, with about 30% believing that they have problems managing their finances. Borrowing from other individuals is least favoured in the Baltic States, while Austria, together with Bosnia and Herzegovina, stands out in terms of a higher preference for saving. High risk investments and potentially higher profits are most favoured in the Baltic States, Russia and again BiH, followed closely by Slovenia. More detailed data for Slovenia, as well as comparisons between CEE countries, is available in the special GfK report “Segmentation of the Financial Services Market”.

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