



The Role of Product Protection Plans in the Brave New World of Retailing

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loyalty and increase revenue

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Consumer Electronics Growth²

Demand for consumer electronics is growing across all categories:

Factory sales of CE products increased for the fourth year in a row.



Household penetration is growing across all categories.



Consumers own more consumer electronic devices than ever



The world of retailing can change by the minute. More traffic and revenue continue to move online and to mobile, yet studies show shoppers want a seamless experience that includes brick-and-mortar stores¹. Likewise, showrooming and margin-shrinking value shopping are challenging the way retailers have built brand loyalty in the past.

With consumer electronics (CE), these trends are very dramatic. Consumers seem to have an insatiable appetite for new devices to connect and entertain them, but retailers are experiencing shrinking margins as product categories mature and prices drop. CE products can be difficult to set up and get working together, especially in an environment mixing brands and operating systems. More than just a significant revenue opportunity for retailers, these trends create an opportunity for transforming the customer experience.

“Technology, retailing and consumer needs are colliding – and retailers have to respond accordingly or miss out on an important opportunity to grow and gain consumers’ trust,” said Chuck Stewart, senior vice president of retail channel for Asurion.

New ways to compete

To meet the demands of the digital world, retailers are finding ways to evolve their business models in order to thrive, if not just survive. Some are competing on price – matching prices found online – or experimenting with new retail designs and layouts in efforts to be trend-setting and more relevant to today’s shoppers.

For many years, retailers have relied on selling branded service add-ons to give them an edge. A primary example is product protection plans (sometimes called extended warranties) because of their margin benefit to retailers and protection benefit to consumers. However, in today’s retail landscape, protection plans with advanced servicing components like customer choice, servicing tools and easy repair scheduling present a unique opportunity to provide value beyond the initial transaction to help retailers build a deeper, more meaningful relationship with the shopper.

“The service experience is a very important component of this process,” Stewart said. “There is significant upside opportunity for retailers to extend their relationships with their shoppers. Some retailers miss out on the full potential that the service after the sale offers.”

Customer Satisfaction increases 41% while Net Promotor Score increases 105% for shoppers with a product serviced through an Asurion administered plan.³

Asurion's vast experience with product protection plans for a variety of retailers globally is when executed properly, these plans are successful because of the benefits they deliver to retailers:

- Increased customer loyalty
- More store visits
- Greater share of wallet
- Higher retailer satisfaction

"A positive experience with the retailer's brand when resolving a product protection plan claim has a direct impact on increased shopper loyalty, more store visits and overall shopper satisfaction with the retailer's brand," said Stewart.

Increase Customer Loyalty

Asurion's experience demonstrates that consumers who have a product serviced through one of their plans show a 41% increase in Customer Satisfaction (CSAT). The increase in Net Promoter Score is even greater at 105%. Asurion uses this measurement because it is a good predictor of loyalty and the strength of the relationship between the retailer and the shopper.

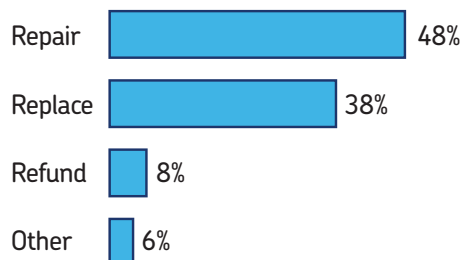
"The challenge for retailers is to evolve their business models to embrace new product protection plan components that can build customer trust and loyalty during a time when many retailers are competing on price," Stewart said. These new components make up a "next generation" of protection plan service and address increasing consumer expectations in today's market.

Giving the customer more choice: Not all shoppers are the same and they shouldn't be treated as such. Asurion provides service tailored to the consumer, from the choice of self-service or guided support, even extending to options for product replacements and reimbursements.

Repair vs. Replacement⁴

Shoppers with newer TVs are most likely to choose repair or replacement over a refund or gift check where they must source a replacement themselves.

Desired resolution for TV under 1 yr. old



Providing accessible services and tools: Digital technology is changing the way shoppers interact with retailers and the services purchased through them. Asurion innovated with the first-of-its-kind solution hub, an online tool which brings plan registration, management, claim servicing and appointment scheduling together in one convenient, retailer-branded online portal. The response has been well received – resulting in a 15-percent increase in customer satisfaction.

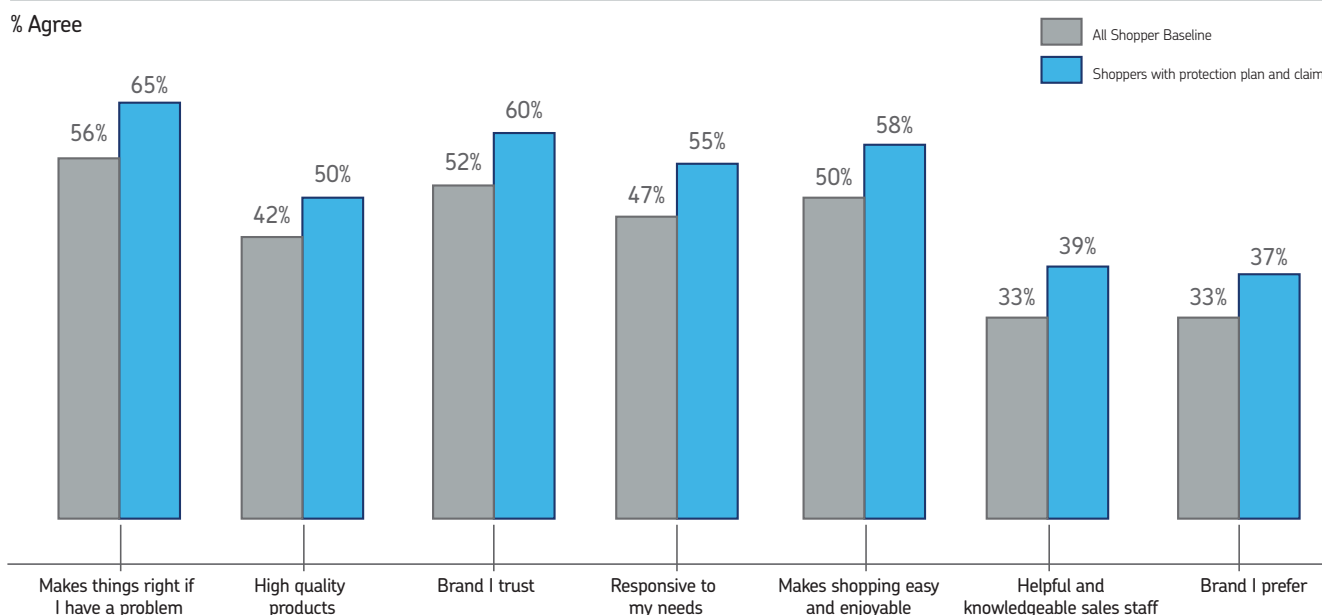
Making scheduling a repair easy: Many protection plan claim experiences require multiple calls to schedule a repair, and some even require the customer to get their device repaired on their own and send a receipt for reimbursement, both of which can be time-consuming and frustrating to consumers. These poor experiences do little to ensure quality, visibility and complaint resolution. A quality product protection plan program offers more. Asurion provides industry-leading service scheduling in real time, making it possible for the consumer to schedule a repair on the initial call for service. With Asurion's solution hub, consumers can even select their preferred day and time based on availability.

Increasing the frequency of successful repairs: Troubleshooting at the beginning can save time and money, especially if the issue is resolved on the first call, and can ensure the successful resolution of the customer's issue. Asurion leverages its experience and knowledge to diagnose the issue on the initial call and order the correct parts to increase the frequency of a successful repair on the first visit.

Getting the job done right the first time: This is a major differentiator. Asurion's size and expertise allows it to successfully operate a broad network of high quality third-party repair centers and servicer technicians resulting in best in class repair quality³ and an average 2-day depot repair turnaround time on laptop and desktop PC's⁶. Asurion has dedicated teams that follow individual claims from start to finish, ensuring the correct parts get to the right servicers and that each repair center is exceeding the highest quality standards.

Providing a protection plan that meets shoppers' expectations extends brand benefits beyond loyalty to include attributes such as trust and quality as evidenced by protection plan shoppers of Retailer A who partners with Asurion.

Asurion's protection plan customer experience positively impacts key brand attributes for Retailer A⁵



Retailer A Brand Attributes

Shoppers with an Asurion service claim are 10% more likely to report they are “very likely to repurchase” products from the retailer who sold the Asurion plan.⁵

More Store Visits

Higher loyalty often means more frequent shopping. “When you like something, you want to use it more – that’s what results when consumers have a successful resolution to a product claim,” said Stewart.

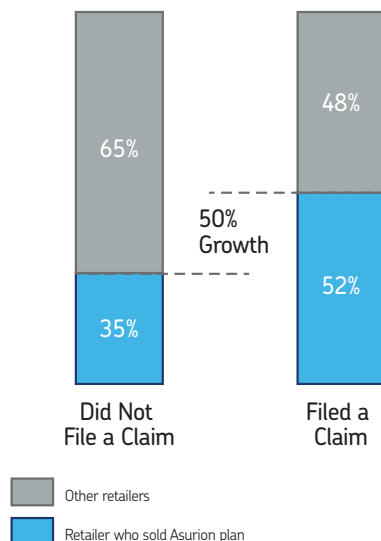
Whether the shopper comes back into the physical store or visits online, more visits could result in increased purchases and higher revenue. Therefore, the consumer’s experience during the service event is critical to making a positive impression and developing that loyalty. The process itself can also be designed to help increase purchases at the retailer. Asurion has pioneered a product reimbursement process where instead of just providing the traditional check to the customer, Asurion can provide reimbursement options including paypal, debit card credits, gift cards and most importantly, retailer branded egift cards where the customer shops with the original retailer to replace their product.

Asurion’s service experience and process design proves that loyalty can be generated — shoppers using Asurion plans report a 10 percent increase in their likelihood to repurchase with that retailer.

Exhibit B

Planned CE spending at the retailer who sold an Asurion plan increases 50% for those with an Asurion claim experience.³

Planned CE spending share



Greater Share of Wallet

Research shows that consumers who filed claims with Asurion increase their planned CE category purchasing by as much as 50% — an important benefit to retailers (Exhibit B). The key to gaining this greater share of the consumer’s wallet is to increase the protection plan attachment rate through an effective shopper marketing and engagement strategy, accompanied by a customizable retailer sales training program. The protection plan provider should act as the retailer’s partner in helping to recognize and develop ways to increase the retailer’s CE sales and services.

An engaging shopper marketing strategy starts with branding – determine whether the plan will be retailer-branded or third-party branded. Both options have their attributes; however, for large retailers with significant product protection plan scale, a retailer branded program is a sound bet. After all, the retailer wants to develop consumer loyalty with its brand, not that of a third party.

Completing the shopper marketing strategy are training programs for the retail employees. To be successful, these should be tailored to the retailers’ structure and culture, yet still deliver comprehensive information that arms employees with the tools to sell protection plans. Asurion employs an omni-channel training strategy including a large, dedicated team of experienced and skilled trainers to provide support through a non-invasive yet highly effective platform leveraging webinars, an integrated computer-based curriculum, traditional in-person sessions and innovative educational tools.

Shoppers with an Asurion service claim are 43% more likely to report they are “very satisfied” with the retailer who sold the Asurion plan.⁵

Higher Retailer Satisfaction

While the product protection plan baseline objective is to get the shopper back up and running, it presents the opportunity to wow the shopper. This is not trivial, but a tangible benefit for the retailer. A product protection plan that optimizes the service experience wins as it extends the retailer’s brand past the point of purchase into the shopper’s home, reinforcing the value of the retailer beyond the point of sale.

Asurion’s dedication and continuous innovation of the experience has driven higher consumer satisfaction with the retailer. In fact, consumers who filed a claim with Asurion showed a 43 percent higher “Very Satisfied” rating with their retailer.

Take the Next Step

As a product protection plan program deals with the retailer’s reputation in the consumer’s eyes, retailers should select the provider with care. Aligning with a financially secure industry leader is one way to ensure access to the most innovative and effective solutions that address business needs and the rapidly changing marketplace, as well as a superior customer experience that drives more customer loyalty value to the retailer brand.

Retailers are building new ways to stay relevant with consumers and grow their market share. Product protection plans are among the proven ways to increase consumer satisfaction, build loyalty, increase store visits and grow consumer electronics category revenue.

However, not all protection plans are created equal; the full value provided by protection plans can be made or lost on the product protection program’s ability to deliver a superior customer experience. To take the next step in evaluating your organization’s product protection program, use the provided checklist to ensure potential providers are positioned to deliver a customer experience with potential for increased customer loyalty, more store visits, a greater share of wallet and higher retailer satisfaction.

About Asurion Retail Solutions

Asurion Retail Solutions, a division of global technology protection provider Asurion, provides America’s #1 protection plans through the nation’s leading retailers that are proven to increase revenue, customer satisfaction and shopper loyalty by bringing innovation, transparency, consumer choice and customization to the market. A history of industry-firsts and award winning customer service have made Asurion Retail Solutions the protection plan provider chosen by more than 65 of the country’s largest retailers and rewarded with over 1 million 5-star consumer reviews. Available online and at over 34,000 retail storefronts, Asurion Retail Solutions is supported by 2,100+ US based employees dedicated to delighting shoppers and driving greater value for its retail partners. For more information about Asurion, including customer service ratings and reviews, please visit <http://www.asurion.com>.



The Five C's of Product Protection Plan Selection

- ☐ **Customer Experience:** While an easy purchase experience is important, successful product protection plans are about how the consumer feels after a claim. Look for a service experience that meets or exceeds consumer expectations based on actual claim experiences.
- ☐ **Change:** The retail environment is constantly changing, so product protection providers need to keep up with solutions that meet retailer and consumer needs. Look for a provider with a track record of innovation.
- ☐ **Consultative:** The best providers partner with each retailer, providing customized consumer insights based on claims data, consumer insights and industry trends.
- ☐ **Choice:** One size does not fit all. Retailers need choice when it comes to setting up a product protection plan, including additional pre- and post-sales service options. In addition, look for a program that offers consumers options for how they want their claim resolved.
- ☐ **Client-focused:** Look for a provider that puts your brand first, extending that brand into consumers' homes and offers the opportunity for repeat business.

Reference Materials

¹Accenture Outlook 2013 and OpinionLab 2014

²Frost and Sullivan

³Asurion Research, May 2014

⁴Asurion Research, September 2013

⁵Asurion Research, October 2013

⁶Asurion Repair Data, January - September 2014