FROST & SULLIVAN

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2018 North American
Retail Protection Services
Product Leadership Award

FROST & SULLIVAN

2018 BEST PRACTICES AWARD

NORTH AMERICAN
RETAIL PROTECTION SERVICES
PRODUCT LEADERSHIP AWARD

2018

BEST PRACTICES

AWARDS

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The retail sector is undergoing a major transformation from the traditional in-store retail experience to omni-channel digital retail practices. Generational shifts, technology advancements, and evolving consumer expectations are forcing retailers to embrace a more holistic approach to improve the customer experience. As consumers demonstrate dramatic shifts in purchasing behaviors and preferences, Frost & Sullivan believes retailers that introduce innovative product protection programs can deliver unique and differentiated benefits that greatly improve business performance, as well as experiences throughout the entire customer journey.

As traditional retailers struggle to adapt to the new digital landscape, they face challenges to improve customer satisfaction, increase store visits, and drive revenues. In the midst of transformational change, retailers are looking for new service models to add value to traditional business processes. Retailers that offer comprehensive retail protection solutions that include innovative, value-added services will be best positioned to capture new growth opportunities in the rapidly evolving retail environment.

The Rise of Millennials

Millennials are the largest generation since the 'Baby Boomers,' with a population of approximately 75 million in the United States (US). Millennials differ from previous generations in many ways, including a general increase in the use of, and familiarity with, mobile communications and digital technologies. Evolving social trends, triggered by Millennials, will usher in an array of new requirements and opportunities for retailers. While Millennials' buying power is ascendant, they are often more comfortable with rental or subscription services than previous generations. While Millennials may delay home purchases, they are, however, prone to purchasing expensive consumer electronics and other big-ticket items, which can prompt consideration for additional insurance protection and support services.

Bricks and Clicks

The retail sector is undergoing a major transformation from the traditional in-store retail experience to omni-channel digital retail practices. Consumer behaviors pushing dramatic shifts in retail shopping and product ownership cycles are disrupting business models for merchants and service providers. Current estimates find that 71% of in-store shoppers use smartphones for online research, and 42% search for information while in the store.[1]

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[1] *Evolving Smart Retail Through In-store Analytics: Improve Customer Experience with a Data-first Mindset Using In-store Analytics Technology Solutions*, (Frost & Sullivan, March 2018).

Frost & Sullivan research indicates the share of eRetailing is expected to increase dramatically in the US by 2020, thereby accelerating the advent of new business models. Evolving retail channel strategies involve mobile applications, internet retail, virtual stores, and interactive kiosks, to name a few. This transition to integrated omni-channel retailing is drastically changing the industry landscape and has many future implications. By 2020, Frost & Sullivan expects that the average store size will be 20% smaller, online and mobile channels will become integrated, and new forms of payments, such as m-payments, will soar. Thus, to realize the benefits of product protection fully, Frost & Sullivan believes that retailers should partner with providers that are constantly innovating along the entire customer journey.

Connectivity and Convergence

Each year, consumer surveys report the average number of connected devices in the household climbing (including appliances, personal devices, and entertainment devices). The number of connected devices per household, including consumer electronics and home appliances, will continue to increase steadily throughout the world. Frost & Sullivan research expects the connected home market to grow substantially, achieving as much as $122 billion in North America by 2020, with consumers demonstrating most sensitivity to price and ease of use.[2]

Frost & Sullivan anticipates connected device proliferation will drive demand for innovative support services that can help users manage the challenges of owning multiple connected devices, which must interact well together. While the current generation of 'smarter' products may or may not fail at a higher frequency, they create complexity and interoperability issues that often require more technical support than what original equipment manufacturers (OEMs) typically offer. These emerging needs are an opportunity for retail product protection providers to offer premium post-sale technical support as a value-added enhancement.

Retail product protection plans are gaining traction as retailers, OEMs, and consumers recognize the need for ongoing protection. With the explosion of connected devices, customers and retailers are navigating a new and unmapped landscape of support and marketing. Consequently, consumers find themselves largely left alone to troubleshoot and resolve interoperability issues with the multitude of connected devices, appliances, and smart home products. Therefore, a market gap exists for value-added enhancements in post-sales support. By leveraging the multichannel and data analytics potential arising from consumer use of the same devices, companies can connect the loop between presale and post-sale performance and reporting—to reveal new levels of efficiency and optimized support, marketing, and customer journey mapping.

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[2] *Connected Home and the Internet of Things: Consumers Leading the Charge to Hyper-Connectedness,* (Frost & Sullivan, October 2016).

The Digital Transformation of the Customer Experience

Avenues for boosting the customer experience with digital transformation involve redesigning the customer care process and integrating new tools into a comprehensive platform. Digital transformation continues to open the door for new business models and disruptive technologies to improve business functions. Data-informed analytics, gleaned from a variety of services, will drive personalization, an intensifying customer experience trend. Moreover, contextual data, aligned with advanced support capabilities, will feed effective voice of the customer initiatives, tracking points of interaction over a longer cycle of ownership.

In the emerging field of self-service and assisted-service applications for personalized support, vendors are vying to differentiate and deliver reliable value to retailers and OEMs that seek to deepen relationships with evasive consumers. Vendors are experimenting with virtual assistants, bots, and intelligent personal assistants to add value, seamlessly providing customer support dependent on the consumers' demonstrated preference for self-help first.

In addition to these data-informed artificial intelligence assistants, vendors must compete to deliver persistent value across the customer journey.[3] Prospective shoppers, more informed on the pre-sale and treated individually post-sale, are building relationships with the retailer—and are more likely to return for further purchases. Service vendors best able to perpetuate this cycle of value, for consumers and retailers, will capitalize on the opportunities in the new connected retail environments.

Product Family Attributes and Business Impact

Recognized by Frost & Sullivan in 2015 for its visionary innovation in the retail product protection space, Asurion® continues to provide leading support services that deliver value for retail customers and consumers. Leveraging emerging technology and support expertise, Asurion provides services to more than 300 million people globally. Adding value for retailers and optimizing customer experiences, Asurion's one-stop shop solutions provide expert help to build relationships and smooth the connected journey.

A Unified Collection of Unique Offerings

Coordinating an exemplary group of services together under one heading, Asurion helps customers get the most out of their technology purchases, impressing Frost & Sullivan. Protection plans bundled with smart tech help provided by Asurion cover multiple service categories and products to extend peace of mind to customers.

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[3] *Critical and Actionable Customer Experience (CX) Trends, 2017 Part 2: Key Developments to Drive Growth-Enabling Strategies and Tactics,* (Frost & Sullivan, August 2017).

Frost & Sullivan research indicates that successfully assisting consumers with product issues has proven to generate strong positive sentiments toward retailers, which results in enhanced customer loyalty, increased revenue, and more in-store visits. Therefore, retailers should view product protection as a marketing opportunity that delivers strong long-term benefits and drives customer loyalty. The retailer plays a critical role in the end-to-end customer journey. For example, Frost & Sullivan research indicates that a significant percentage of shoppers initially reach out to the retailer when they need help with consumer electronic devices. A positive experience with a protection plan has proven to strengthen the retailer's brand equity and significantly increase its net promoter score (NPS). On the other hand, the absence of a protection plan can greatly diminish the ability of a retailer to assist customers, which negatively impacts customer loyalty and decreases the likelihood of product repurchase.

In this environment, Asurion introduced a seamless "text-to-register," where a customer registers a warranty purchase simply by texting a picture of the product receipt from their smartphone. They then receive plan registration confirmation and a link to download the Soluto engagement app. This quick and simple process onboards a user to the range of Asurion's customer-centric services - establishing a digital relationship between retailers and customers before even leaving the store.

Smart Tech Help That's Key to Customer Satisfaction

Under a white label or "powered by" heading, the Soluto app from Asurion acts as the primary point of entry to the Soluto smart tech help service, which focuses on solving the toughest tech issues and advancing customers' tech knowledge through customer-driven engagement, personalization and its easily-accessible tech experts.

Asurion's tech help service actively adds value and encourages customer engagement. The app provides customers choices on how to interact with the tech help service. Customers can access tech experts in seconds via one-click voice session or 'rich conversation.' The latter feature enables customers to start a chat, then leave the chat, and rejoin at their convenience where they left off without starting all over, a conversational system purposely designed for usability.

In addition, customers can choose the self-help option by clicking on thousands of searchable content cards that provide resolution to their tech issues. The big data-powered Soluto app enables new levels of personalization, proactively delivering content and recommendations based on customer interests, helping them learn and grow with their tech, while also uncovering customer issues before they become larger problems.

Unlike competitors, Asurion structures its product development into cross-functional Journey Teams that focus on improving the customer experience holistically rather than in silos. These teams constantly track customer needs, identify issues and test fixes in the company's experimental laboratory. These continuous learnings are shared with tech experts via the Knowledge Center, a robust, continuously enhanced platform indexing solutions to more than 30,000 potential tech issues at their fingertips to provide fast support to customers. Overall, Asurion finds that this structure accelerates time to market and drives product innovation around problem-solving for customers.

Shepherding through a Holistic Journey

To realize fully the benefits of retail product protection, retailers must optimize the customer experience along the core areas of their 'journey':

1. Pre-purchase and purchase

2. Get started

3. Learn and do more

4. Unbreak

Asurion's capabilities create a glide path to aid customers through each stage of the journey that helps retailers capture opportunities in-store and online. Before the purchase, through shopping advice and smart home consultations delivered through expert help, Asurion assists shoppers in making decisions. As a result, Asurion helps shoppers feel more confident about the products they select and ultimately facilitates the growth of smart home and connected device sales. As significant portions of consumers experience frustration learning a new smartphone or connected device, Asurion helps customers get started with new device onboarding and home installation—leveraging a network of local technicians to make onsite installations. Asurion shortens the learning curve as its protection plans bundled with Soluto smart tech services help alleviate customer concerns over how to manage and use the technology by learning and doing more. With Soluto tech experts showing customers how to discover and use features and capabilities in their devices, the retailer's employees can spend less time inefficiently troubleshooting in store.

Finally, in the event of breakage and repair, Asurion maintains an intuitive claims platform for fast turnaround. With a network of over 30,000 service technicians and repair centers able to resolve issues for over 6,100 brands, Asurion reports that the vast majority of repairs finish in fewer than three days and completed several hundred thousand in-home repairs in 2017.In the case of replacements, Asurion rushes an E-gift card via the retailer, getting funds to the customer faster than cash and feeding shoppers back to the retailer's store to make device replacement easy.

Creating Durable Relationships and Lasting Value

Beyond simply tech support, Asurion's product protection services deliver ongoing value and build positive associations online and in store. At scale, Asurion's protection plans holistically focus on the customer experience, filling the gaps between strategic goals of retailers and the needs of consumers. The company reports a 41% increase in smart home sales among stores using Asurion's full services, with a 47% reduction in remorse returns. Engaging more than 55 million users on Soluto tech services currently, Asurion's big data-informed analytics has a serious head start advantage that translates to value-adding performance. Moreover, with the Soluto tech help app delivering personalized content and expert issue resolution, Asurion reports a 5x increase in customer engagement rates and an average 23 point increase in partner NPS.

Seeing itself as an extension of the retailer's efforts, Asurion builds relationships with customers, through expert tech help, that creates lasting value and satisfaction for both parties. Flexible enough to fit a retailer's branding needs, Asurion serves a range of retailers, specialty stores, big box, and general merchandise stores. Protection plans include a spectrum of coverage, e.g., smartphones, cameras, personal electronics, computers, entertainment systems, appliances, and power tools, among others. Asurion's long-term partnerships facilitate online, in-store, and pick up in-store sales. Finally, the agile organizational structure of the Journey Teams drives Asurion towards value-based outcomes for users and clients.

Conclusion

As retailers search for new avenues to compete in the new digitized landscape, they need 'smarter' ways to manage products and customer relationships. Flexibly fitting the branding needs of a range of merchants, Asurion® provides leading product protection plans that have proven to generate positive engagement, lasting value, and ongoing sales. With the data-informed-Soluto™ tech help platform and in-house technology experts, Asurion's protection solution acts as a proactive touch point that serves up individually tailored content and efficiently solves troubleshooting issues. With comprehensive customer-centric solutions, Asurion's engagement and resolution path overcomes challenging learning cycles, so customers get the most out of purchases, while retailers build lasting connections.

With its innovative Soluto™ tech help platform, coupled with advanced technology expertise and support, Asurion earns Frost & Sullivan's 2018 North America Product Leadership Award in retail protection services.

Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. A comprehensive product line, filled with high-quality, value-driven options, is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

- Acquire competitors' customers
- Increase renewal rates
- Increase upsell rates
- Build a reputation for value
- Increase market penetration

- Earn customer loyalty
- Foster strong corporate identity
- Improve brand recall
- Inspire customers
- Build a reputation for creativity

DEMAND

BRAND

Product Leadership

COMPETITIVE POSITIONING

- Stake out a unique market position
- Promise superior value to customers
- Implement strategy successfully
- Deliver on the promised value proposition
- Balance price and value

Understanding Product Leadership

Demand forecasting, branding, and differentiating all play a critical role in finding growth opportunities for your product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communications, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, increased market share will inevitably follow over time.

Key Benchmarking Criteria

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes

Criterion 1: Match to Needs
Requirement: Customer needs directly influence and inspire the design and positioning of the product family.

Criterion 2: Reliability and Quality
Requirement: Products consistently meet or exceed customer expectations for performance and length of service.

Criterion 3: Product/Service Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 4: Positioning
Requirement: Products or services address unique, unmet need that competitors cannot easily replicate or replace.

Criterion 5: Design
Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

Business Impact

Criterion 1: Financial Performance
Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition
Requirement: Product strength enables acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential
Requirements: Product quality strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital
Requirement: Company culture is characterized by a strong commitment to product quality and customer impact, which in turn enhances employee morale and retention.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
1	**Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2	**Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	**Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5	**Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6	**Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7	**Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	**Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform Award recipient of Award recognition	• Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10	**Take strategic action**	Upon licensing, company is able to share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.