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Protection Matters to Millennials

A Guide to Extended Warranties and the Shopping Generation

What do a thirty-three year old new father and a fourteen year-old schoolgirl have in common? They're both part of the millennial generation. Although there's no precise agreement about the dates when this generation starts and ends, in general, millennials are those born in the 1980s or 1990s. Today, the youngest millennials are just beginning their teenage years while the oldest are settling into their thirties.

Millennials are in the midst of experiencing many personal landmarks. Going off to college, getting their first "real" job, renting their first apartment, buying their first car, getting married, buying a house and having children. And it's these life events that drive major purchasing decisions. That's one reason why so many brands have set their sights on the millennial generation as their target demographic.

Another reason? There are 85 million millennials in the United States alone. That's almost a third of the entire population.

How can your brand present extended warranties to millennials in the most compelling way? This simple, three-step guide will help you understand, engage and keep the millennial customers that are essential to your brand's success.

Throughout this white paper, we will refer to an extended service contract as an "extended warranty" since that is the term most commonly used by consumers - and especially millennials. However, it's important to note that an extended service contract is not a warranty, since a warranty is provided by a manufacturer and is included in the price of the product whereas an extended service contract covers repair costs for specific components but is not an extension of the manufacturer's warranty.

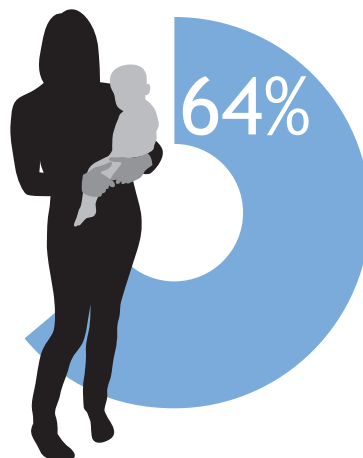
Marketers love millennials, and millennials love the market.

This generation purchases more consumer electronics than any other. But they are savvy shoppers, and care about protecting their investments. Fifty-four percent of younger millennials and even more older millennials believe that protection matters when purchasing an electronic device.

Protection Matters to Teens and Young Adults



54% of Younger Millennials believe extended warranties are an important part of a consumer electronic purchase



64% of Older Millennials believe extended warranties are an important part of a consumer electronic purchase

1.

Understanding Millennials

A clear understanding of what these shoppers are looking for will help you be there when millennials are ready to purchase.

There are shopping aficionados in every generation. But millennials don't just like to shop. They love to shop. Almost 60 percent of consumers between the ages of 18 and 33 put themselves in the "love to shop" category, compared to 40 percent of adults overall. And when they shop, they are often looking for electronics. Possessing the latest electronic device is important to these consumers. More than 40 percent say that being on the cutting edge of technology is important to them. Being on the cutting edge means rapid replacement cycles, especially for electronic products like tablets and phones. It also means that traditional protection plans with up-front payment and longer terms may not resonate with millennials.

Quick Tip: When offering an extended warranty, try shorter terms or a monthly pay option for products with a rapid replacement cycle.

Millennials are social shoppers. That means they enjoy outings to brick and mortar stores, and seek opinions from others about their shopping decisions.

Millennials still make most of their purchases at brick and mortar stores, which account for 81 percent of their shopping dollars. Our research shows that 53 percent of the shopping generation visit a store at least once a week. However, social media also plays an important role in their shopping experience. Millennials seek ratings, comments and feedback from their social connections prior to making a purchase. Smart retailers will stay current with the latest social media conversations on Facebook and Twitter as well as YouTube, Pinterest, Instagram and other trending social spaces. A positive experience with your brand will generate positive feedback from millennials and influence their peers to buy from you.

Quick Tip: Incorporate protection offers and generate positive customer comments into your social media strategy.

81 percent of millennials' shopping dollars are spent at brick and mortar stores.

Understanding Millennials (cont.)

Millennials shop through a wide variety of channels, at all hours of the day and night.

Forty-five percent of the shopping generation spend more than an hour each day on retail sites. If your protection plan is going to capture the attention of these shoppers, it's important to make your extended warranty offer available through a variety of channels including your website, mobile, social spaces and in-store.

Quick tip: Share information about your extended warranty program consistently and broadly.



2. Engaging Millennials

To build loyalty and grow lifetime value focus on each millennial customer's current need.

As the shopping generation experiences life events that trigger major purchasing decisions, opportunities arise to bond with your brand. Think about each stage of the consumer's life and build protection benefits around that stage. Each of these points provides an opportunity to connect and build a lifelong relationship. Is your customer going to college? Point her towards laptop protection. Buying a house? Showcase your washer/dryer plans.

Quick Tip: Design programs and offer protection plans that anticipate your customers' needs.



Keep your millennial customers returning to your brand by rewarding them for their loyalty.

Don't have a loyalty program or need to upgrade the one you have? As you design your loyalty program make sure it's easy to use, rewards can be redeemed quickly and participation is fun. Design your loyalty program to provide both immediate and long-term benefits. Short-term benefits can include discounts, free stuff and access to VIP events or online content. Long-term benefits can include free services, special recognition like a platinum membership and early access to product launches.

Quick Tip: Create a program that rewards millennials today but also encourages them to build toward greater rewards in the future.

Stay connected to your millennial customers between purchases.

Helping your customers protect the purchases they make builds their trust in your brand and keeps you connected to them between purchases. Consider offering value-added services like technical support, maintenance and trade & upgrade programs.

Quick tip: Incorporate non-traditional protection features, services and benefits.

3.

Keeping Millennials

Remind your millennial customers of the value of extended warranties with clear, straightforward messages.

Highlight the major benefits of extended service contracts with in-store signage, brochures, terms and conditions and web content. Include the “value added benefits” that may be less obvious like surge protection, tech support or reimbursement for food loss. Remember to clarify the exclusions. Some customers don’t buy a protection plan because they believe there are traps in the fine print. Yet, when they read and understand them, most consumers find extended service contract exclusions are reasonable and fair. But in order to get them to purchase a protection plan, it’s important to bring them into the light, using plain English, not legalese.

Quick Tip: Deliver consistent, frequent reminders of the benefits of protection plans and clarify exclusions.

Drive millennials back to your brand with simple, attainable rewards.

Tying promotions to the extended warranty offer can drive sales, but only if your programs are simple and attainable. Offering a discount after the purchase of your tenth major appliance won’t work, but offering a discount based on spending will.

Quick Tip: Try tiered rewards based on spending on any product - including extended warranties - throughout the store.



Millennials aren’t your only customers. But they are a critical driver of success for retailers today. **Brands that are able to understand, engage and keep this generation returning to their stores will gain a significant competitive edge.** Assurant Solutions consistently delivers actionable consumer insights that enable our clients to improve the customer experience, make smarter business decisions and stay ahead of the competition. We can shed light on the experience of millennial consumers, helping your brand anticipate the needs of the shopping generation today and for decades to come.



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