

2019 ESP Millennial Research

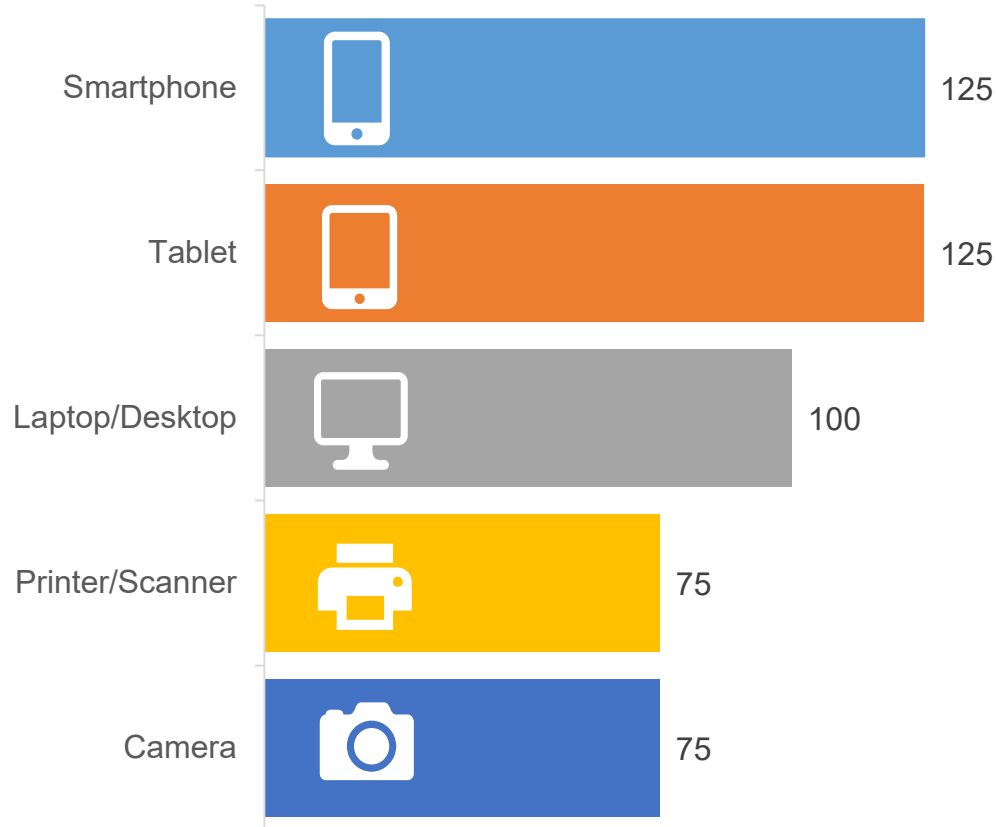
May 2019

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Methodology

Methodology - Survey Setup



- In December 2018, 500 Millennials consumer (aged between 22-37) from an online panel took our survey.
- Past six month purchasers of new products across five categories: Smartphone, Tablet, Computer, Printer and Camera.

Methodology – Who Are in the Survey

Gender



31% Men



68% Women

Household Income



60%
under \$75k



40%
\$75k & Up

Covered Product Usage Type

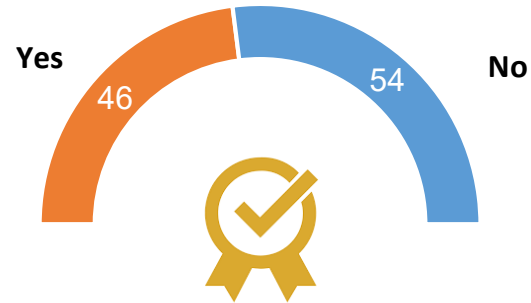


73%
Personal



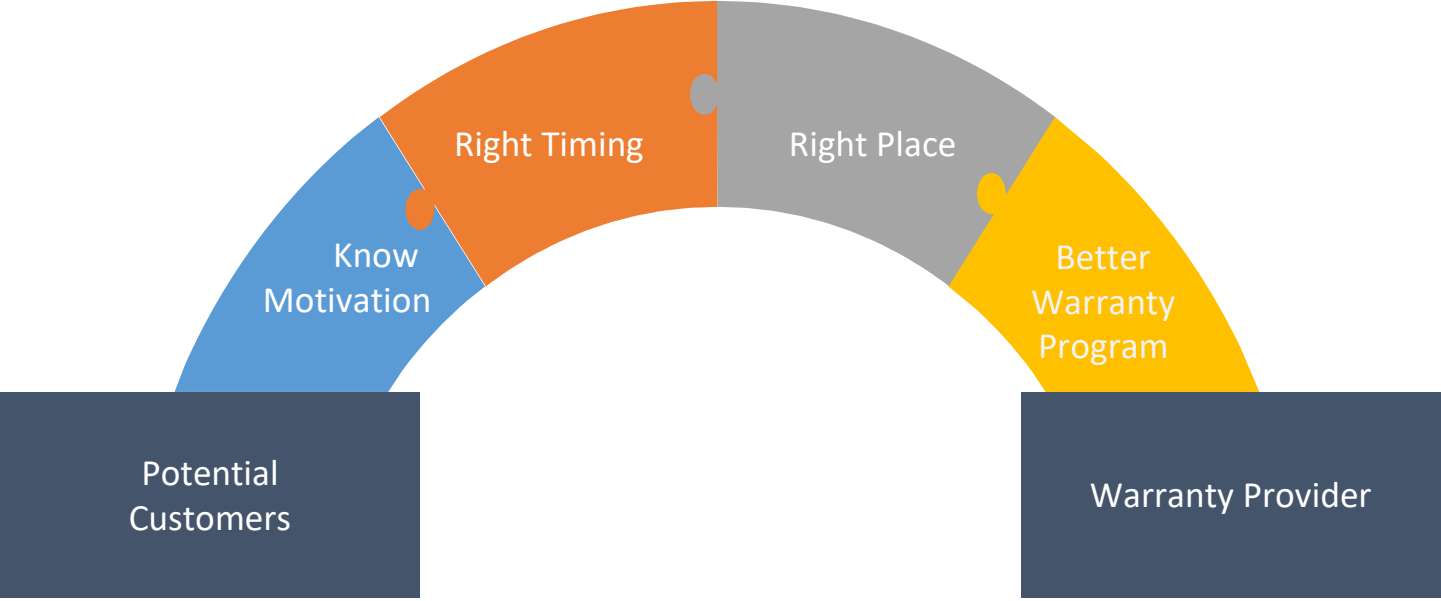
27%
Business

Purchased Extended Service Plan



Executive Summary

Executive Summary - Goal



Executive Summary:
Understanding Motivation

• **Income is a factor:** offering lower coverage plans with lower price points may open up Millennials to plans

• **Product registration link:** tie ESP into the product registration process to optimize the captured, inclined audience



Executive Summary

Understanding Right Place

- Access to Millennials at the point of purchase is the most critical to ESP sales, specifically at traditionally dominant retailers:
 - Wireless carriers
 - Amazon
 - Best Buy
 - Wal-Mart
- Gain access to these and other retail channels with superior Plan and pricing



Executive Summary

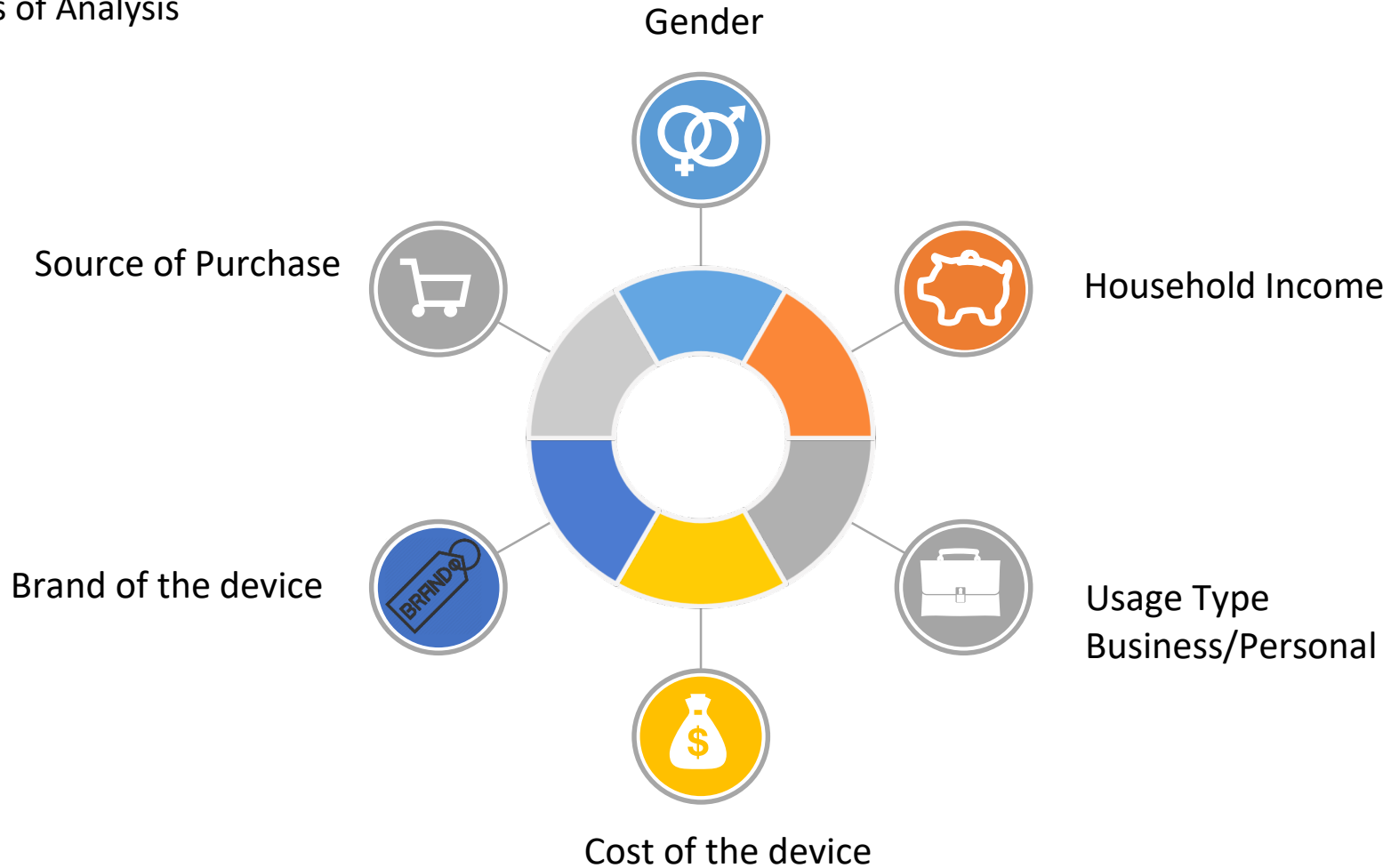
Making Better Plans

- **Consider separating personal and semi-professional offerings:** separate “business” and “home” plans could optimize sales, with very light personal coverage and slightly more robust small business coverage



Better
Warranty
plan

Executive Summary:
Points of Analysis

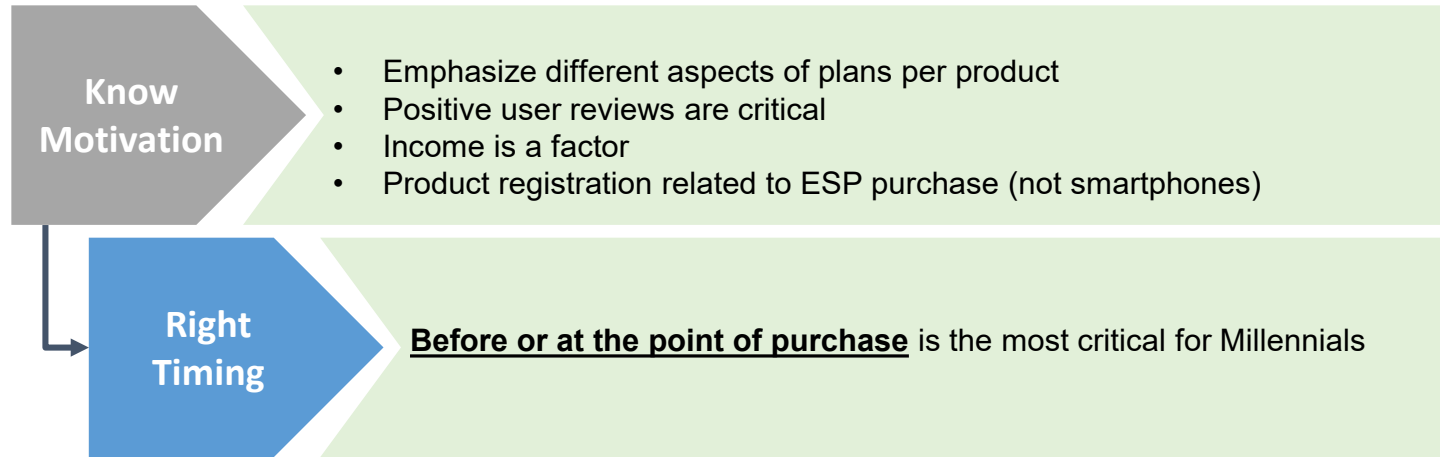


Executive Summary

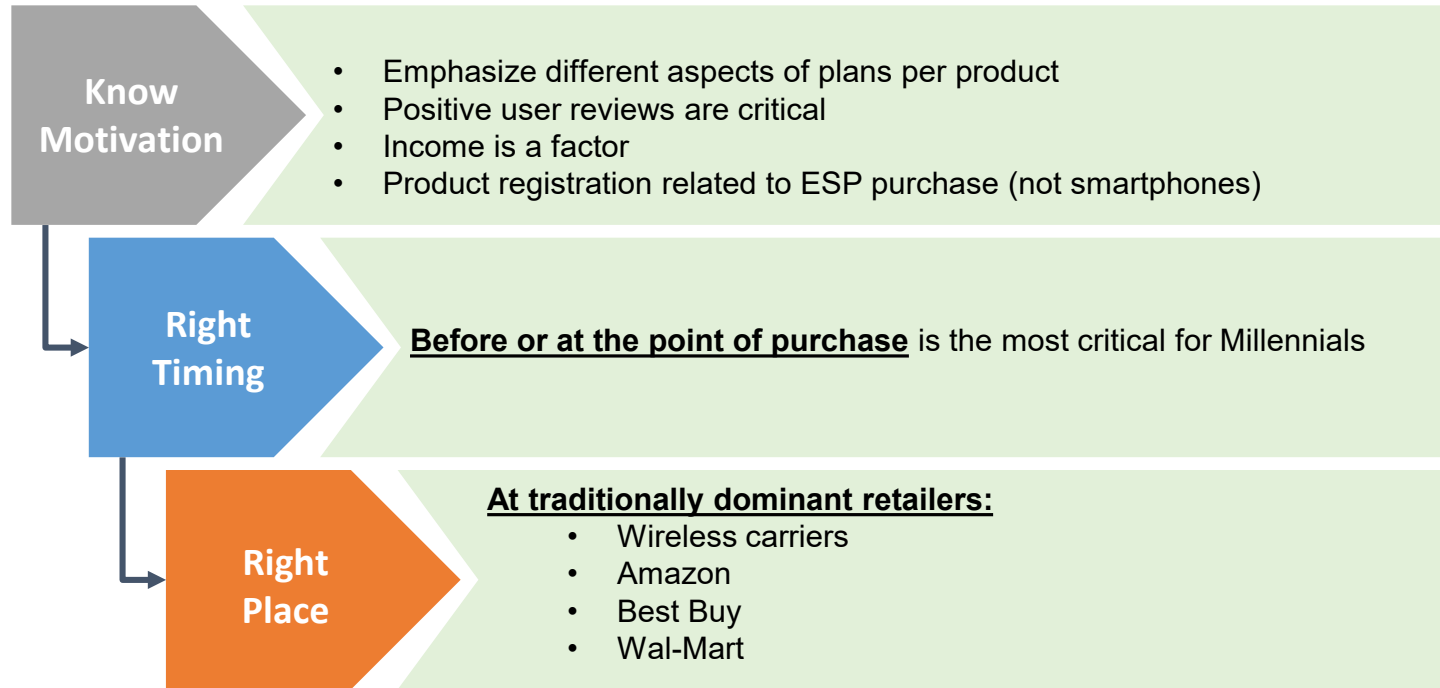
Know Motivation

- Emphasize different aspects of plans per product
- Positive user reviews are critical
- Income is a factor
- Product registration related to ESP purchase (not smartphones)

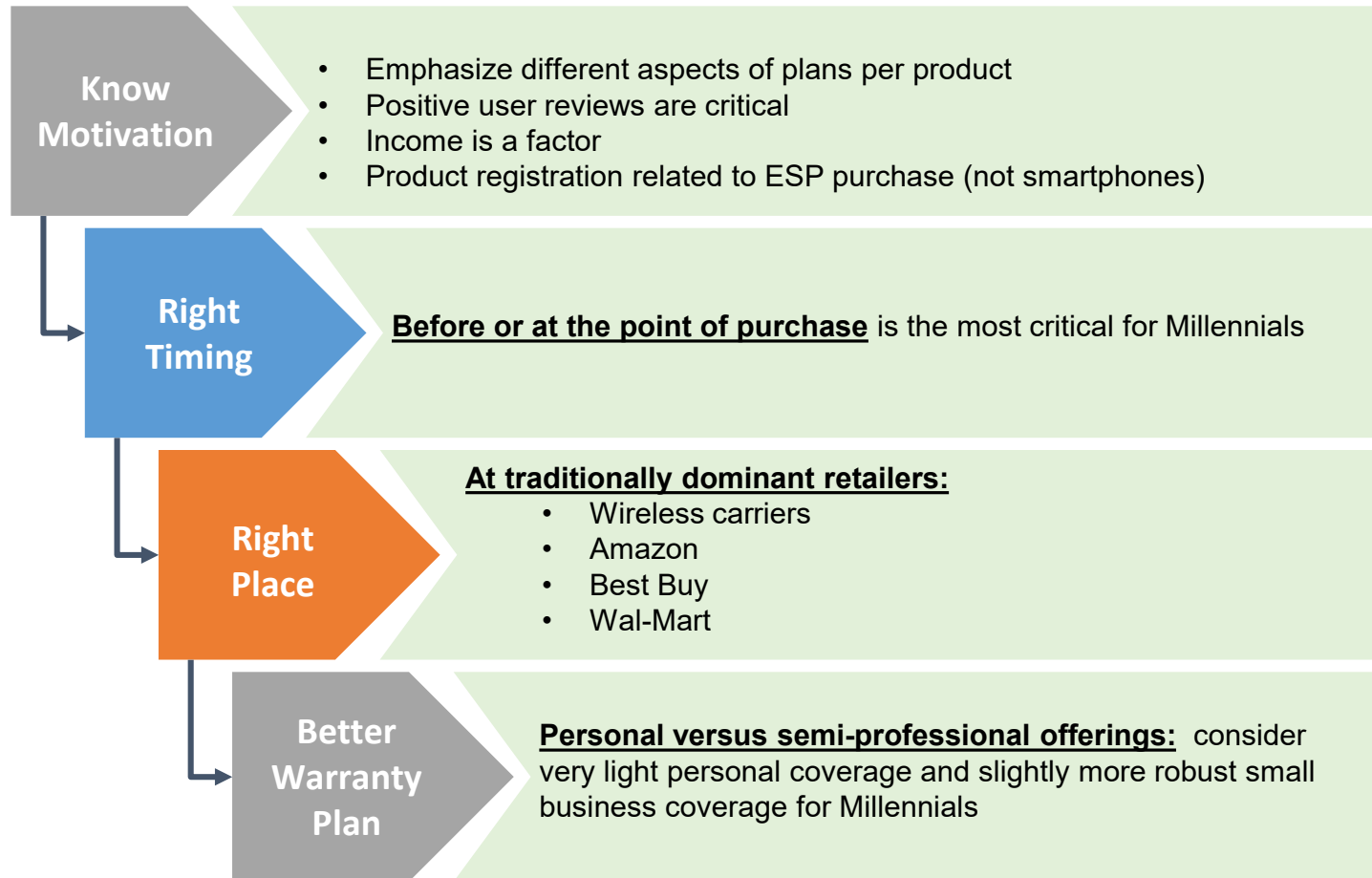
Executive Summary



Executive Summary



Executive Summary



Covered Product

Covered Product Key Findings

Gender a Factor in Covered Product Purchase

- Men and women equally likely to buy smartphones, tablets, printers, drones
- Men more likely to purchase all other types of electronics measured

Household Income Impacts Purchase of Most Devices

- Income not a factor in the purchase of smartphones or gaming systems
- Higher incomes more likely to purchase all other types of devices

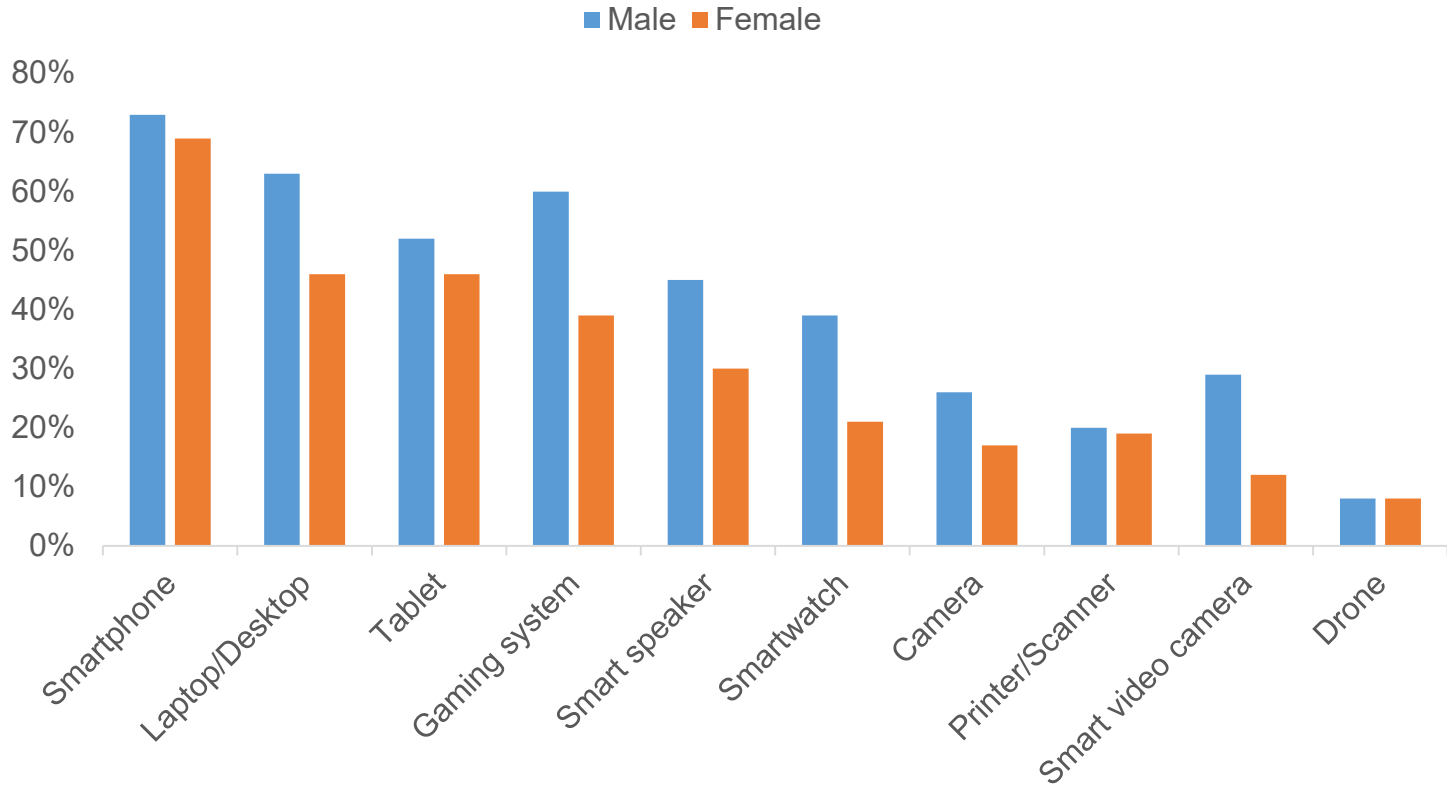
Market Share Varies by Product

- Amazon is the retailer of choice for tablets, printers and cameras
- Wal-Mart closely follows Amazon as retailer for printers and cameras
- Wireless carriers dominate sales of smartphones
- Best Buy is main retailer for computer purchases

Product Registration is for Future Service

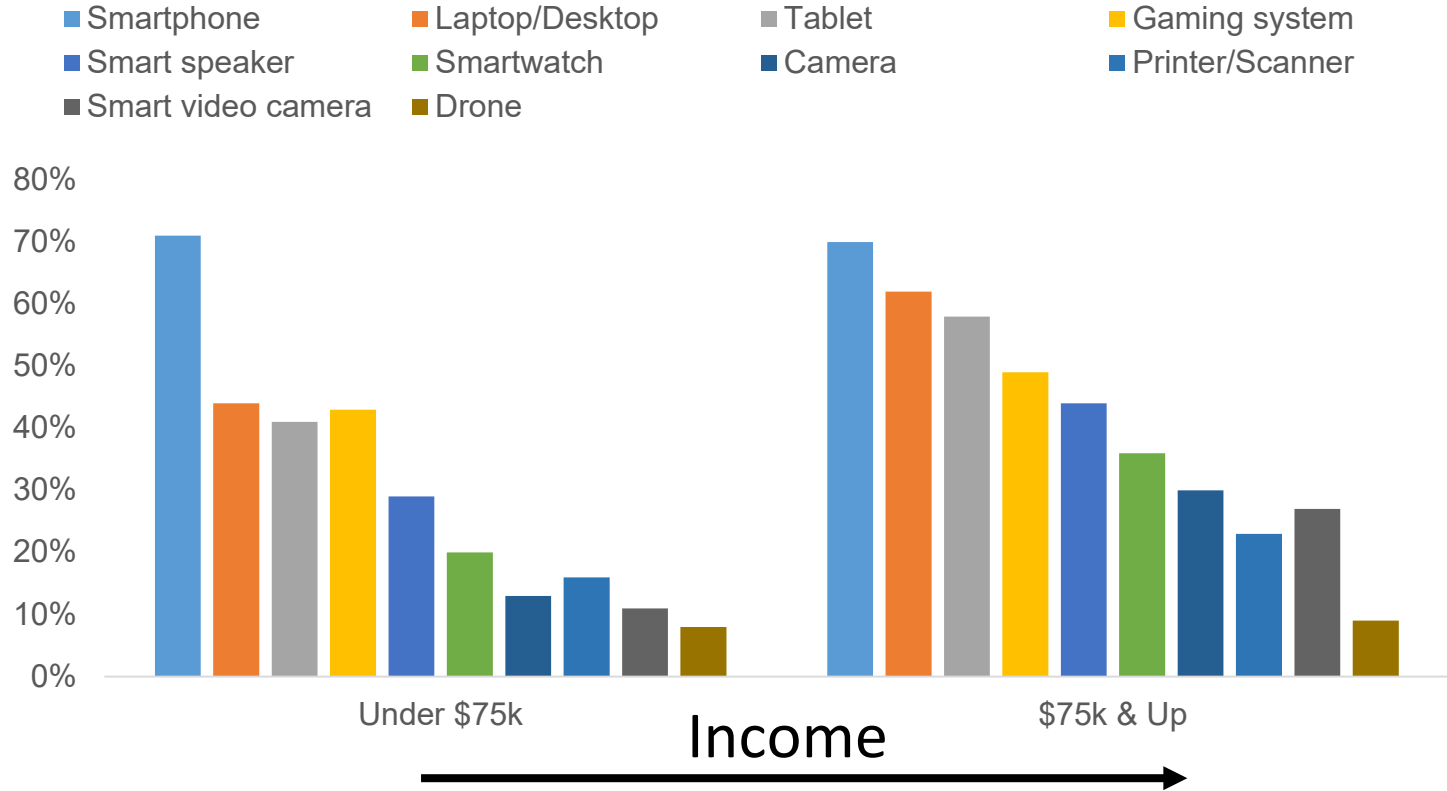
- Highest registration rate is on cameras
- Top reasons to register are registration habit and for easy access to service

Covered Product Gender



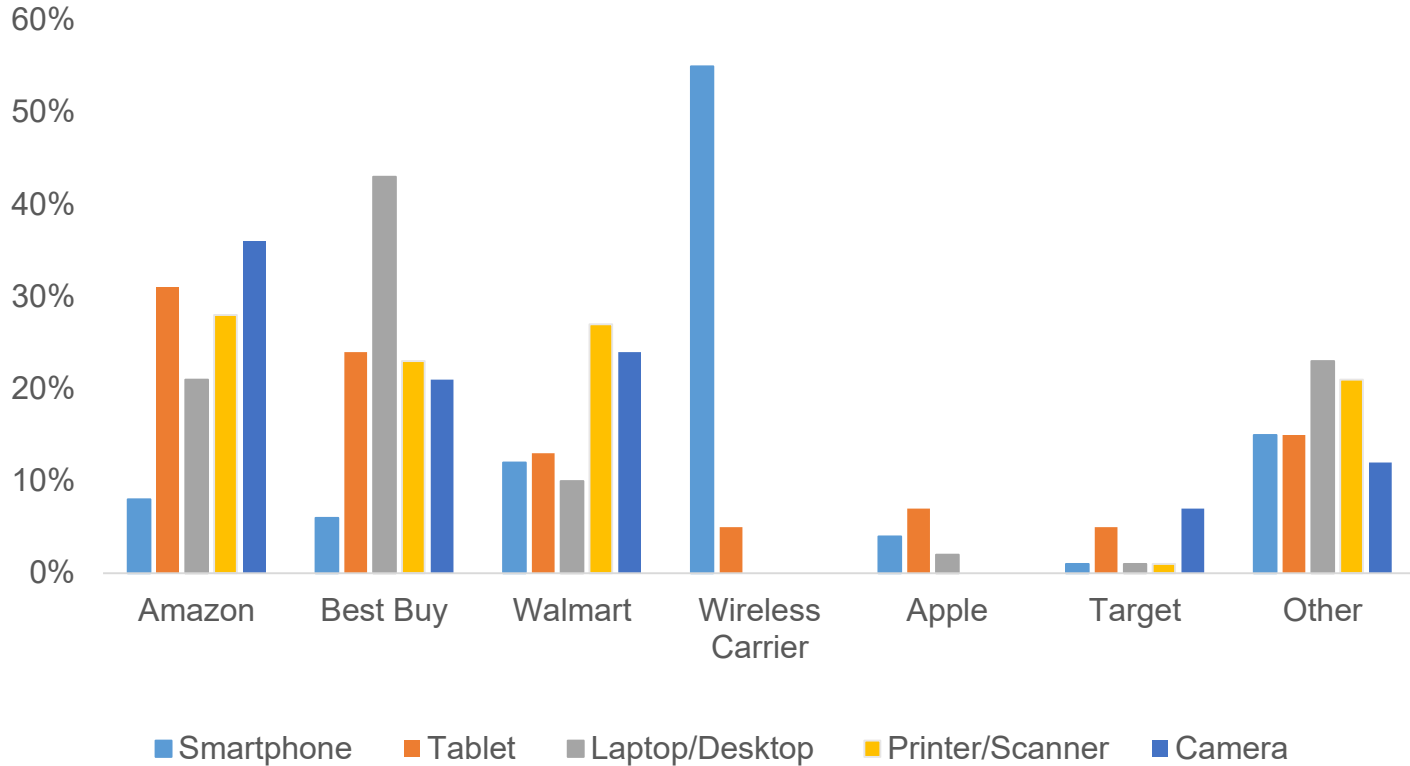
Q: Have you purchased any of the following items NEW, in the last six months?

Covered Product Household Income Level



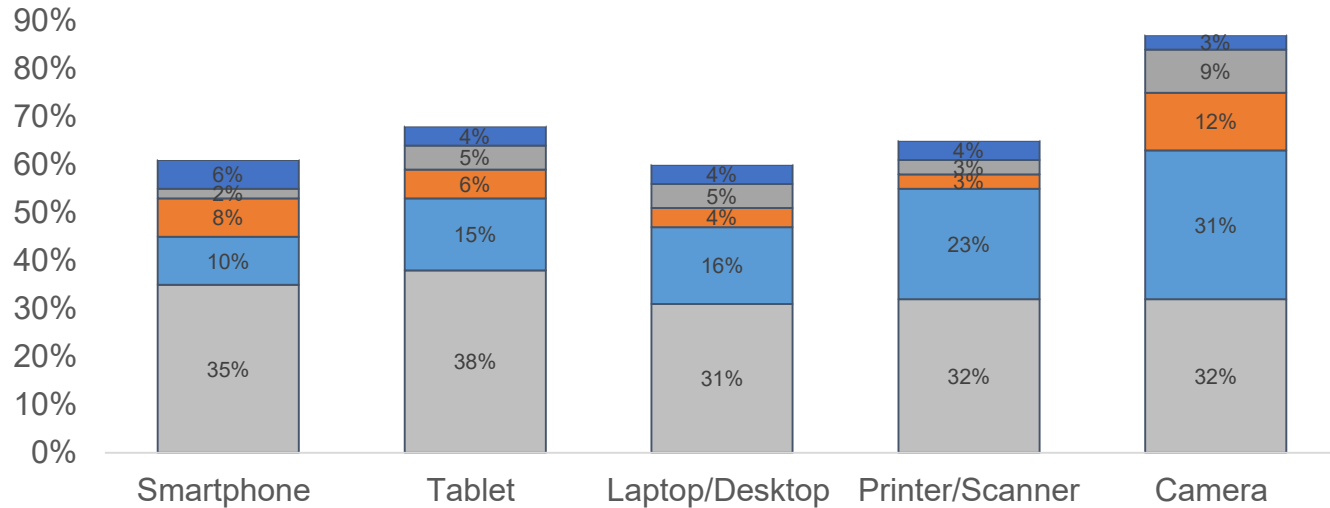
Q: Have you purchased any of the following items NEW, in the last six months?

Covered Product Store Market Share



Q: At what retailer or online store did you buy the device?

Covered Product Registration Methods



Total

■ Called on the phone

■ Mailed in postcard that came with the product

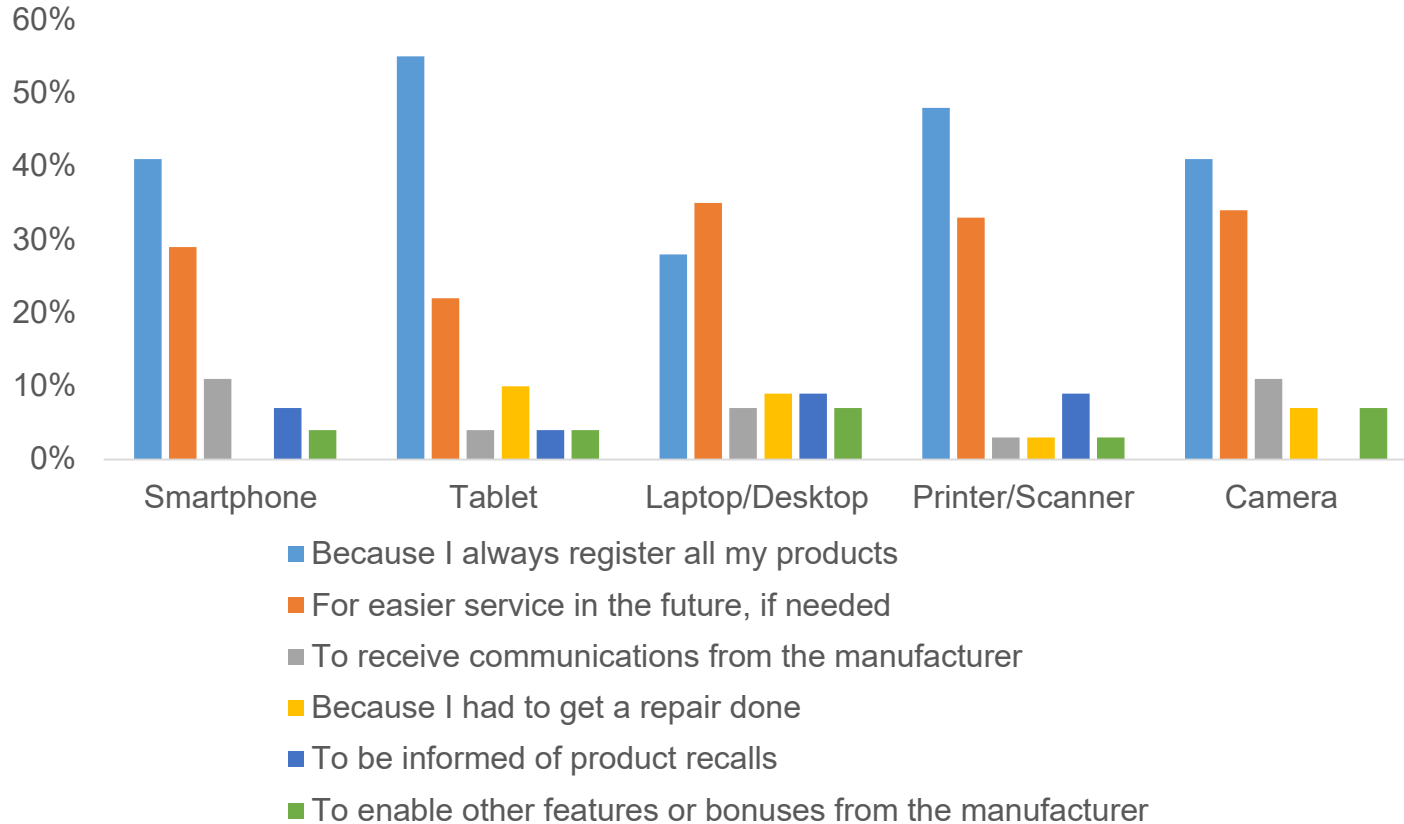
■ Used a mobile app

■ Via a web site

■ Was part of the start-up process when first using the product

Q: How did you register?

Covered Product Reason for Registration



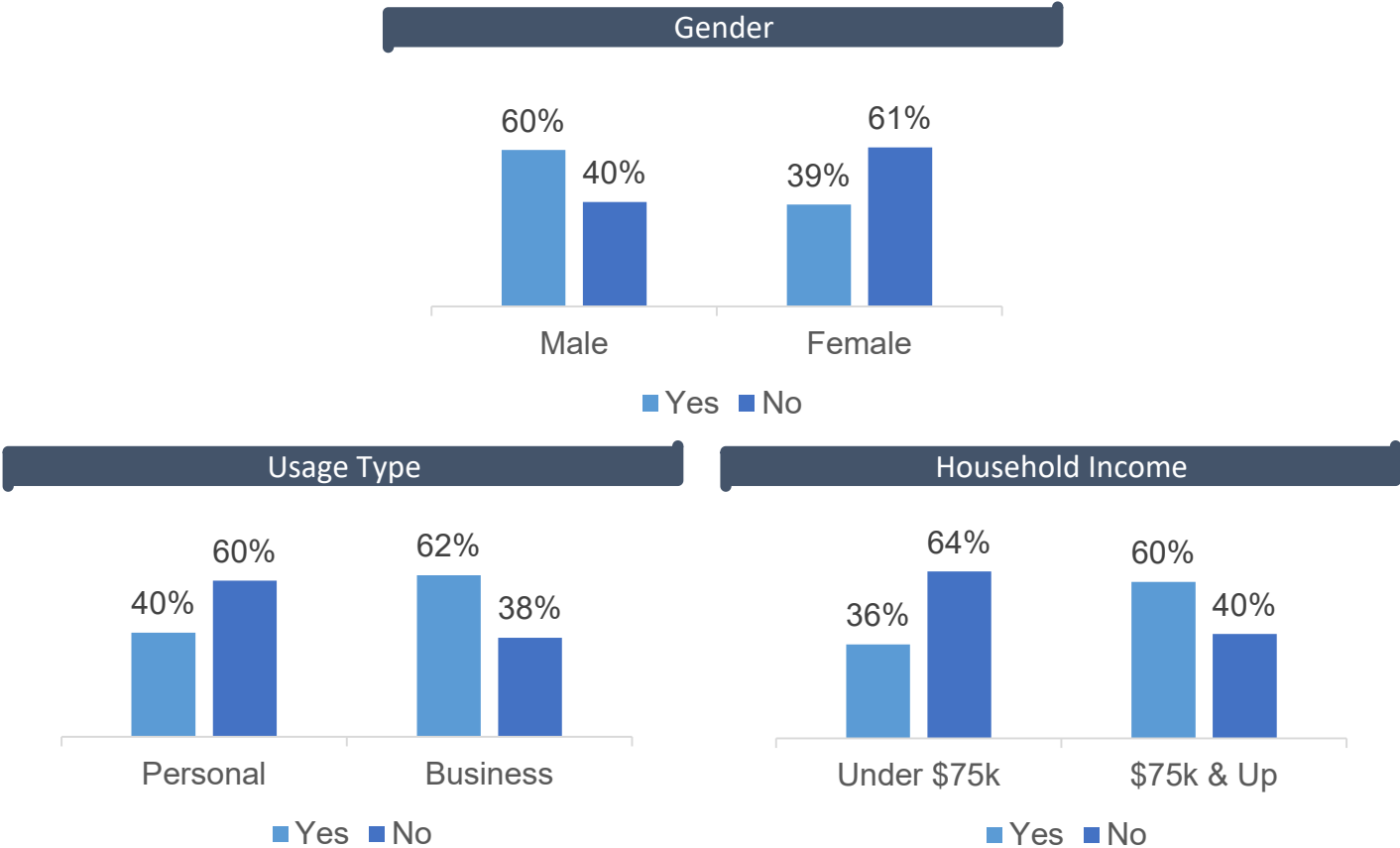
Q: What is the main reason you registered your product?

Service Plans

ESP Key Findings

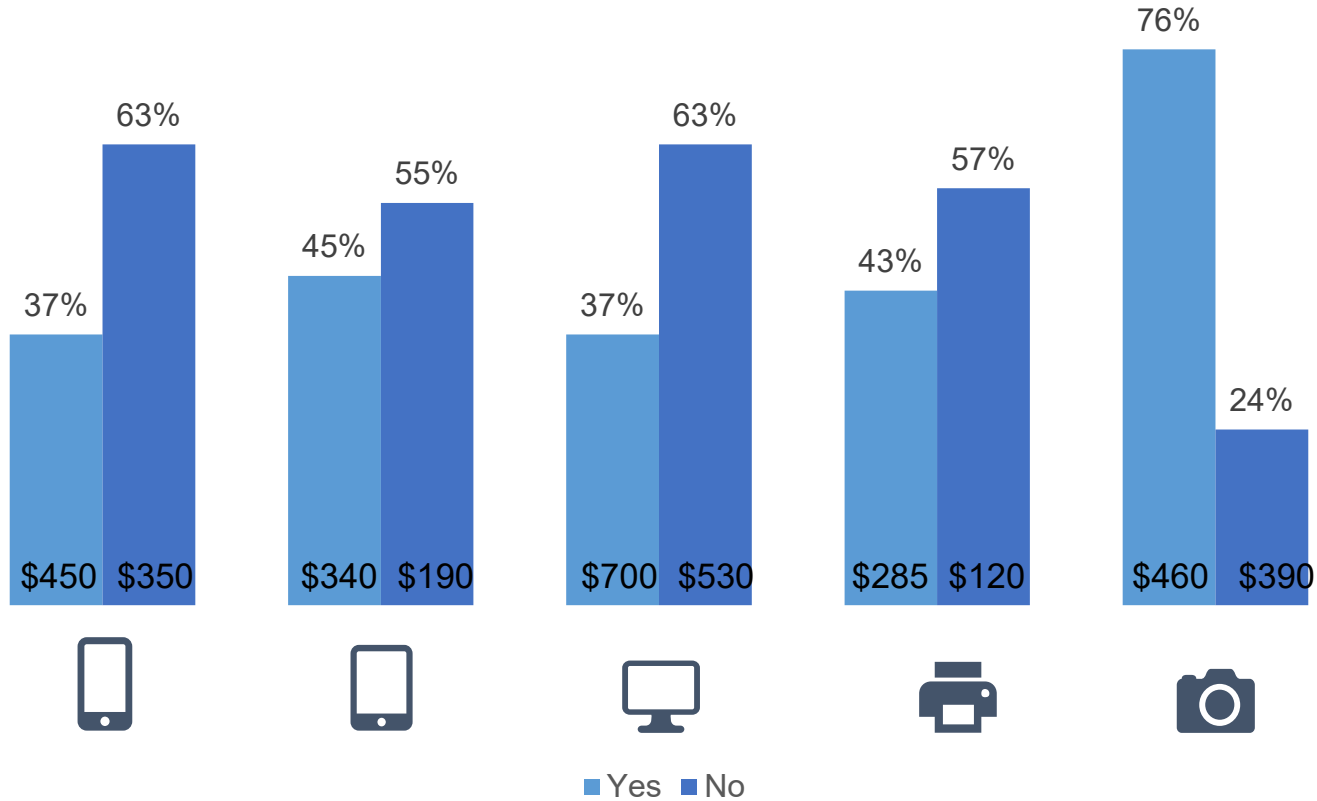
- **Higher ESP Attach with Men, Affluent, Business Users**
 - Males and higher income respondents more likely to purchase ESP
 - Business-use devices have higher ESP attach rate
- **Highest ESP Attach is on Digital and Video Cameras**
 - Among camera, 76% purchased the ESP
 - Less than half of other categories purchased ESP
- **Higher Device Cost, Higher ESP Attach**
 - ESP attach rate higher for more expensive products across all categories
- **ESP Purchase Pattern Consistent w/ Proactive Registration**
 - Pattern between registration and ESP purchase is consistent for all categories

Service Plan ESP Attach Rate By Demographics



Q: Did you purchase an ESP for your device?

Service Plan ESP Attach Rate By Product

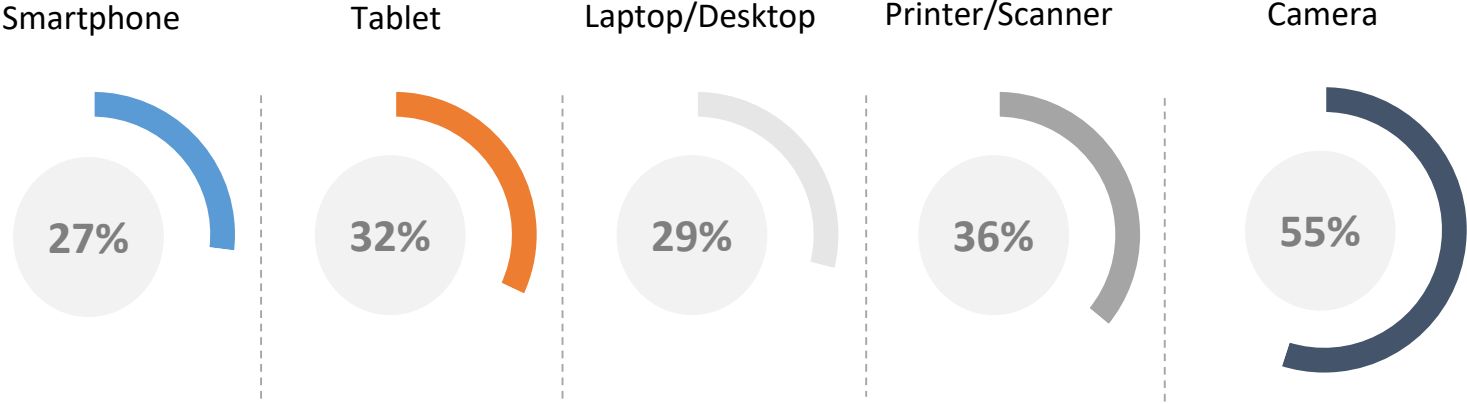


Note: Showing mean cost reported by the customers in each category by ESP outcome

Q: Did you purchase an ESP for your device?

Service Plan
ESP Purchase Pattern Consistent w/Registration

Proactive Registration Rate

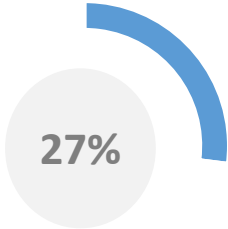


Service Plan

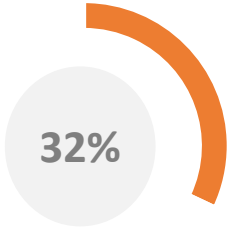
ESP Purchase Pattern Consistent w/Registration

Proactive Registration Rate

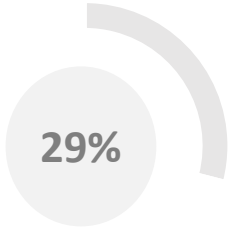
Smartphone



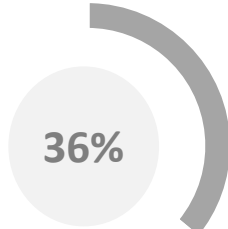
Tablet



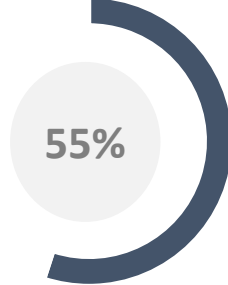
Laptop/Desktop



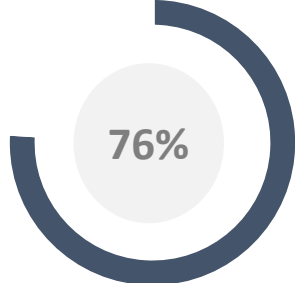
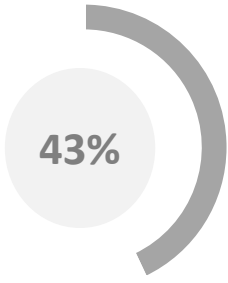
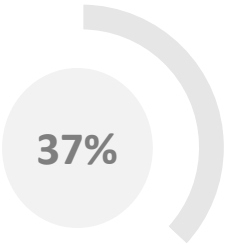
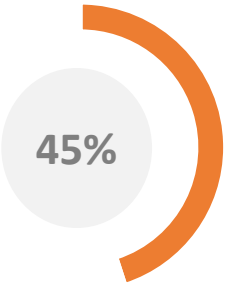
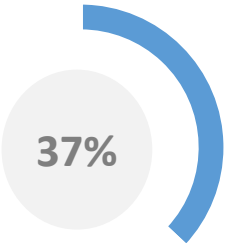
Printer/Scanner



Camera



ESP Purchase Rate



Attitudes Towards Plans

ESP Attitudinal Findings

Inform of ESP Benefits/Options Early in Sales Funnel

- Most customers want to learn about the ESP before or at the time of the purchase

Peace of Mind Main Reason to Purchase ESP

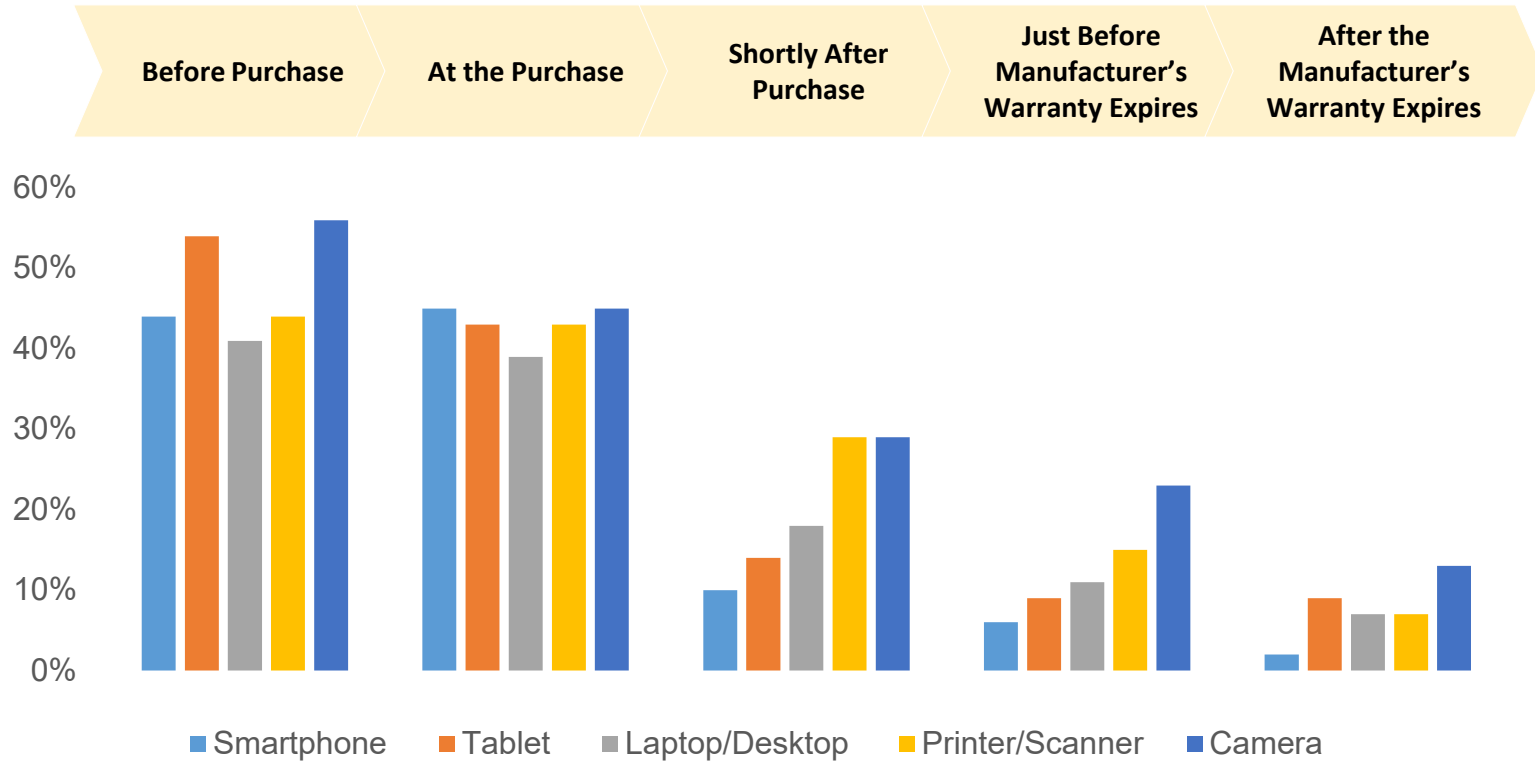
- “Peace of mind” most common motivator for ESP purchase
- High repair/replacement cost, reputable servicers, expected length of ownership also impact ESP decision

Manufacturer’s Warranty Main Reason for No ESP Purchase

- Camera is the exception – all other categories measured rely on OEM warranty
- Cost of ESP and risk tolerance other common reasons for no ESP

ESP Attitude

Importance of Timing



Q: At what point would you want to learn about the ESP options?

ESP Attitude

Reason Why Purchased ESP

	Smartphone	Tablet	Laptop/Desktop	Printer/Scanner	Camera
Peace of Mind (Convenience)	45%	38%	32%	25%	33%
Longer Product Life (Coverage)	38%	25%	38%	28%	33%
Repairs by Reputable (Coverage)	23%	39%	27%	44%	28%
High Replacement Cost (Value)	32%	21%	38%	22%	28%
High Repair cost (Value)	32%	32%	19%	41%	44%
Good Value (Value)	36%	30%	32%	34%	39%

Q: What were the main reason(s) you bought the ESP for your device?

ESP Attitude

Reason Why Didn't Purchased ESP

	Smartphone	Tablet	Laptop/Desktop	Printer/Scanner	Camera
Manufacturer's Warranty Enough	54%	52%	41%	62%	-
Bad Value (Value)	35%	36%	41%	19%	-
Rather Take Chances	23%	20%	18%	19%	50%
Above Budget (Value)	15%	12%	14%	5%	50%

Q: Why are you unlikely to buy an ESP?

ESP Attitudinal Statements

Extending Coverage is Most Important Aspect of ESPs

- Especially important aspect for Smartphones, Printers, and Cameras

Value is the Most Important for Tablets

- Specifically, higher importance of no-deductible plans for tablets

Convenience is Important for Smartphones and Computers

- Smartphone owners feel the monthly payments are important
- Computer owners place a relatively high importance on local repair options

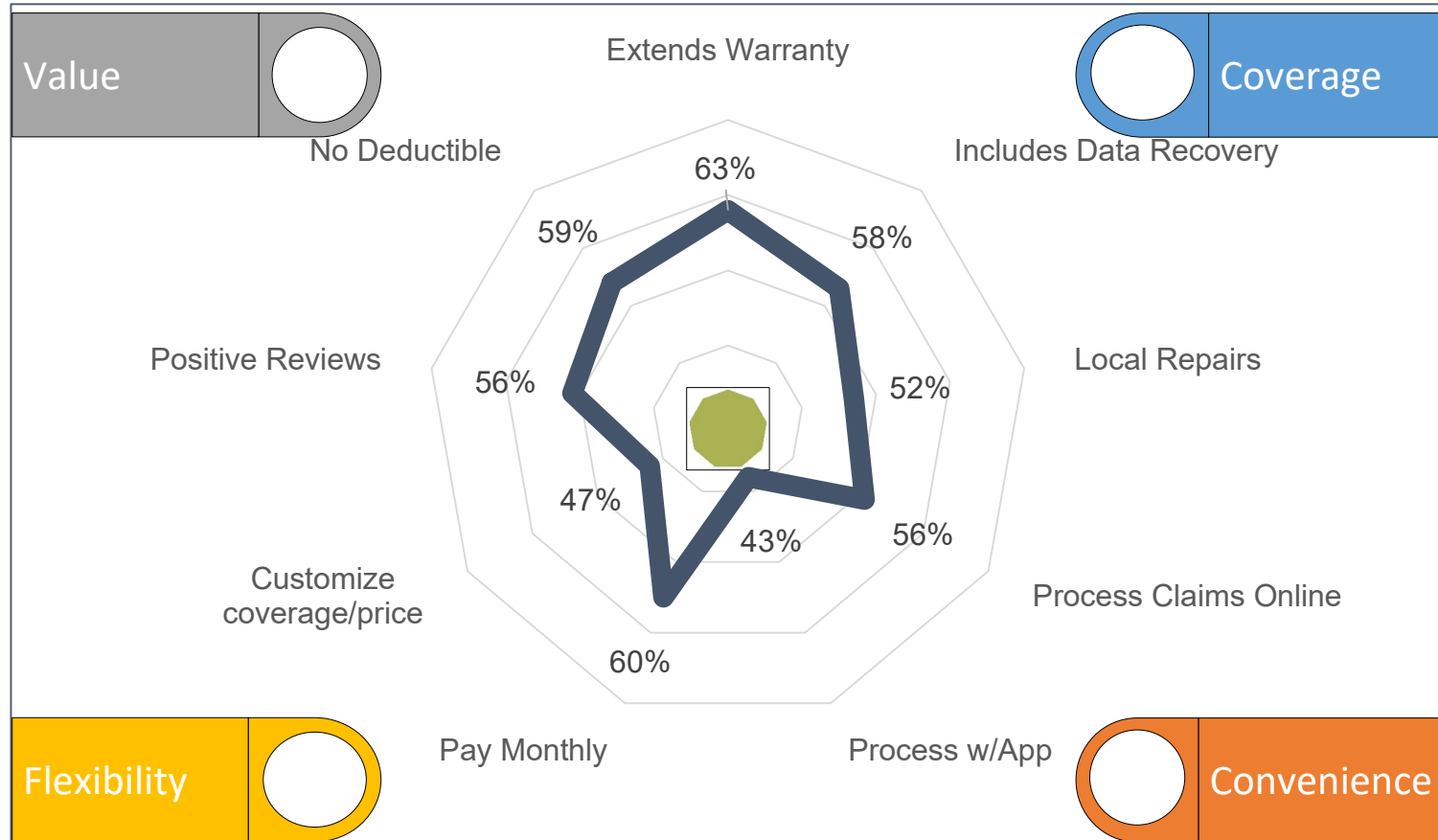
Positive User Reviews Important for Computers, Cameras

- This is the #1 item of importance for Computer and Camera buyers
- Tablet buyers also place high importance on reviews

ESP Criteria Importance Smartphone - Top 2 box important

Q: How important is...

Seven point scale (1 = Not at all important, 7 = Extremely important) Summary of top 2 box scores shown.

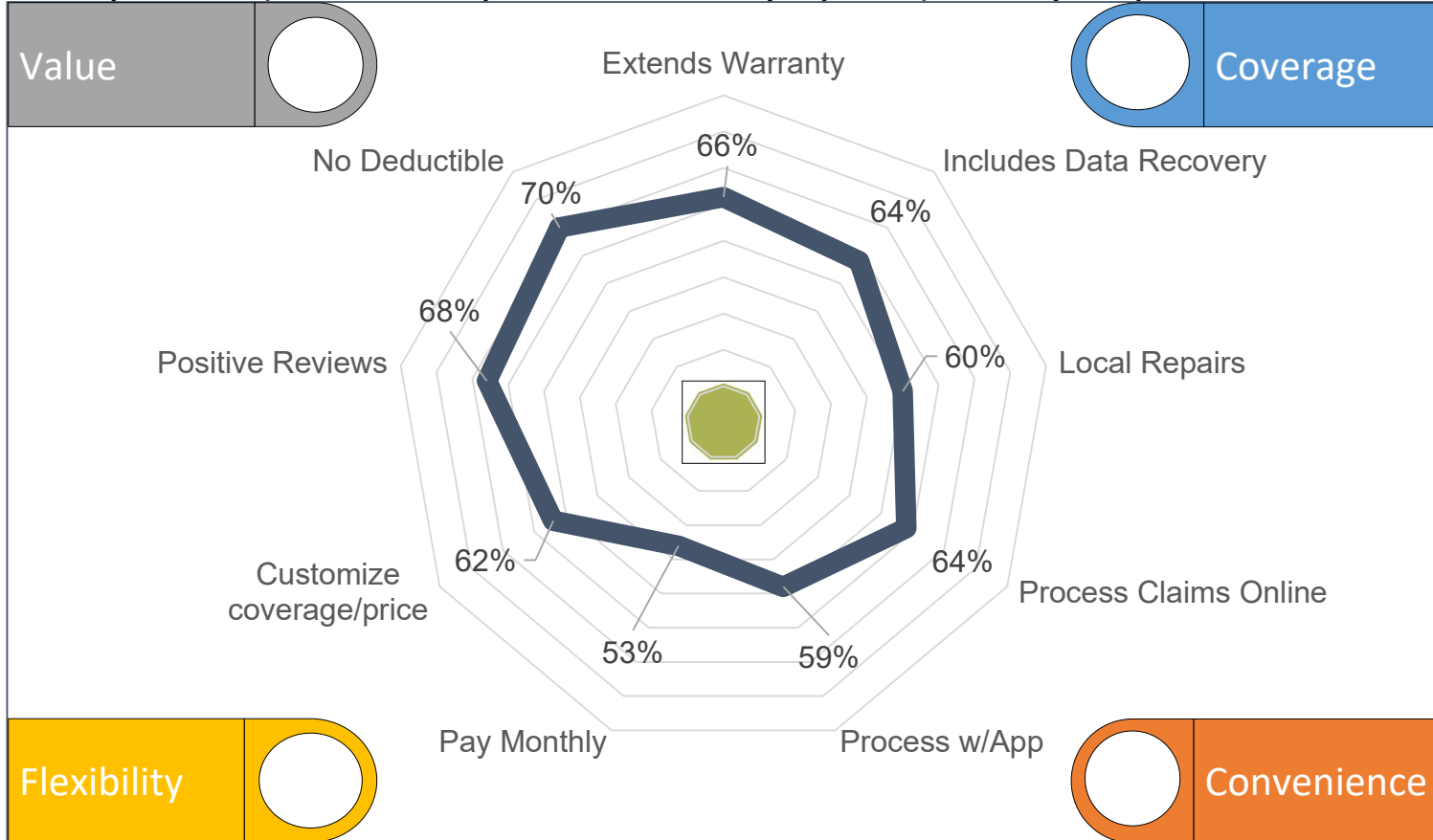


ESP Criteria Importance

Tablet - Top 2 box important

Q: How important is...

Seven point scale (1 = Not at all important, 7 = Extremely important) Summary of top 2 box scores shown.

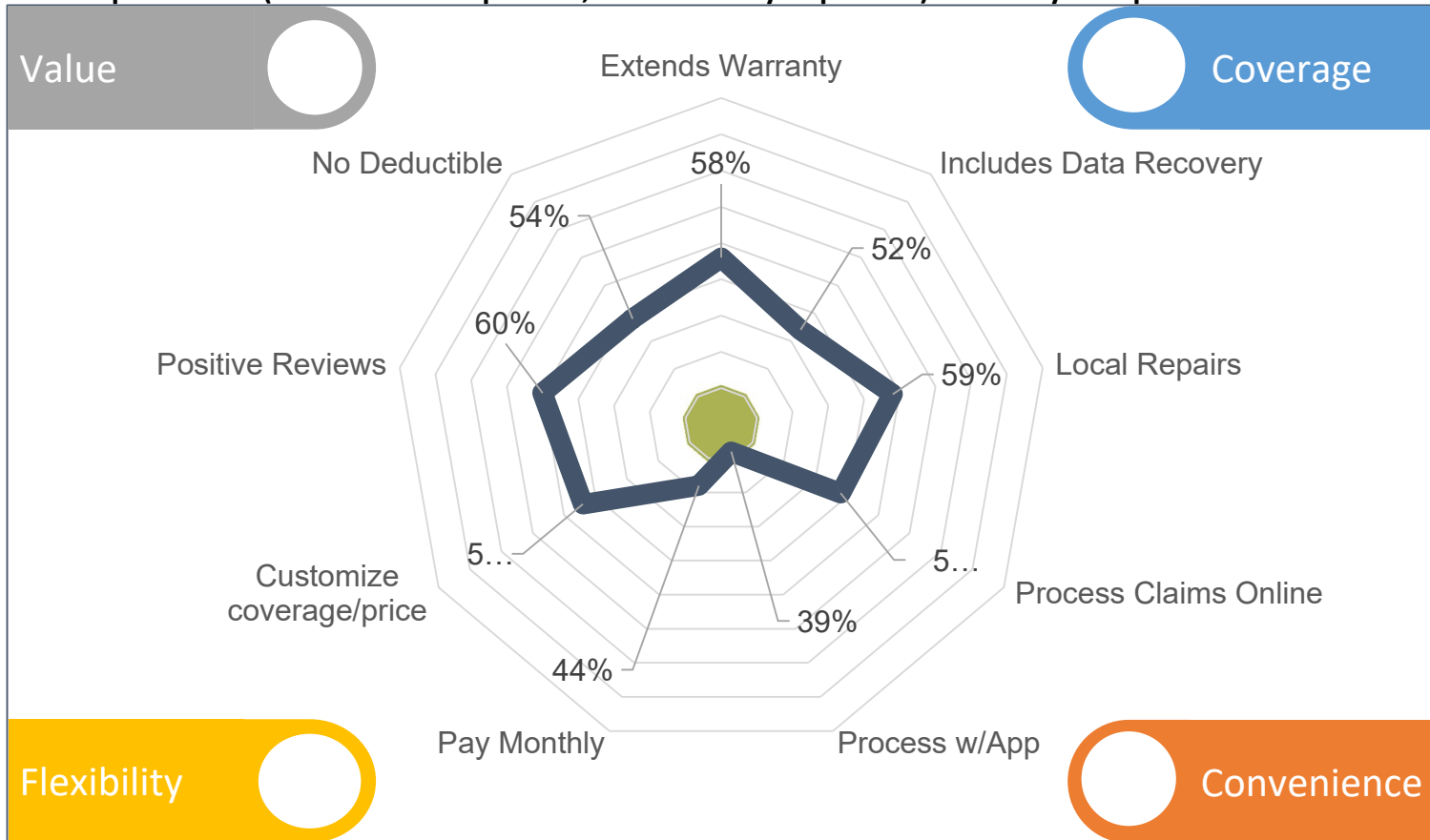


ESP Criteria Importance

Laptop/Desktop - Top 2 box important

Q: How important is...

Seven point scale (1 = Not at all important, 7 = Extremely important) Summary of top 2 box scores shown.

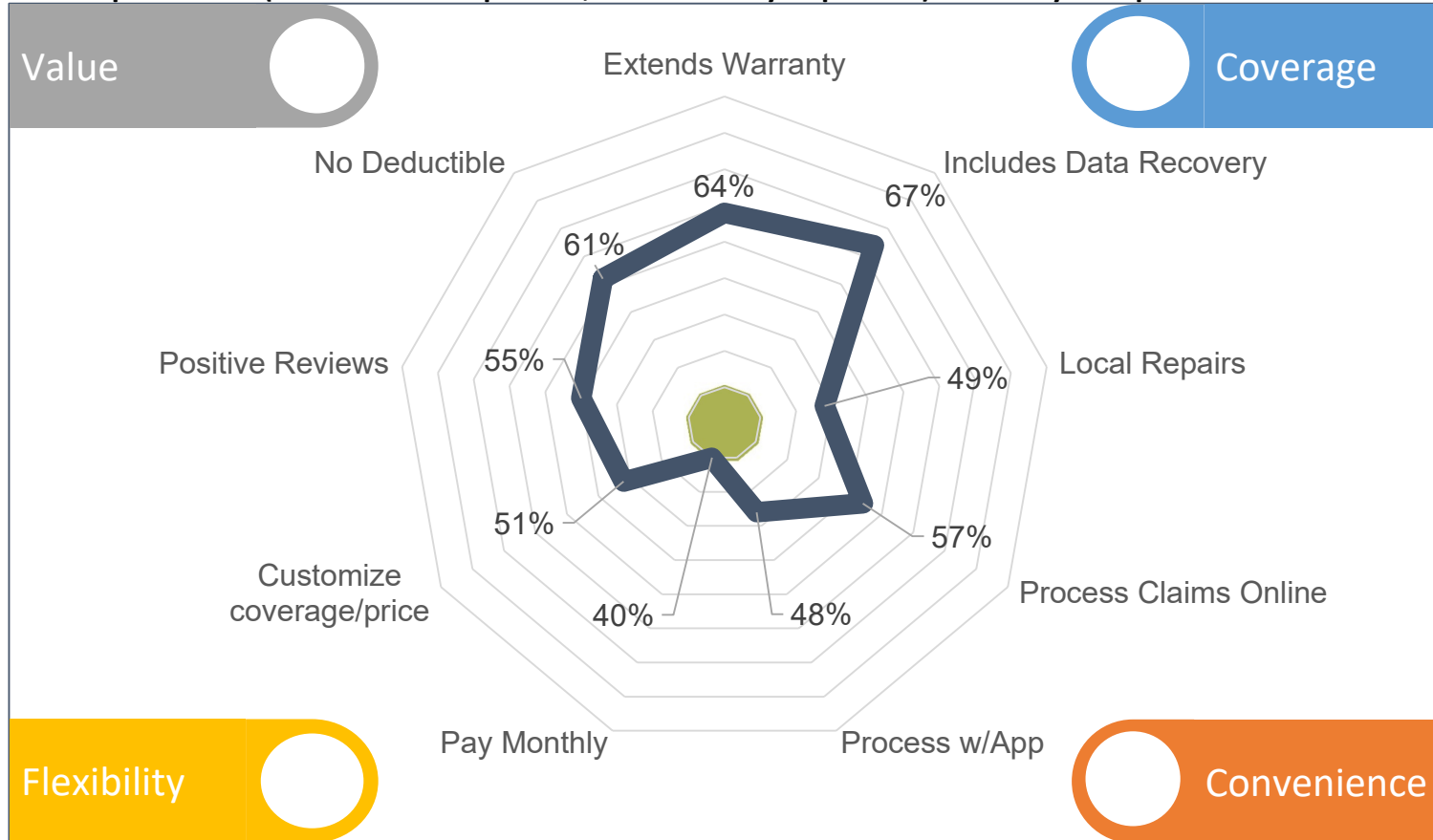


ESP Criteria Importance

Printer/Scanner - Top 2 box important

Q: How important is...

Seven point scale (1 = Not at all important, 7 = Extremely important) Summary of top 2 box scores shown.

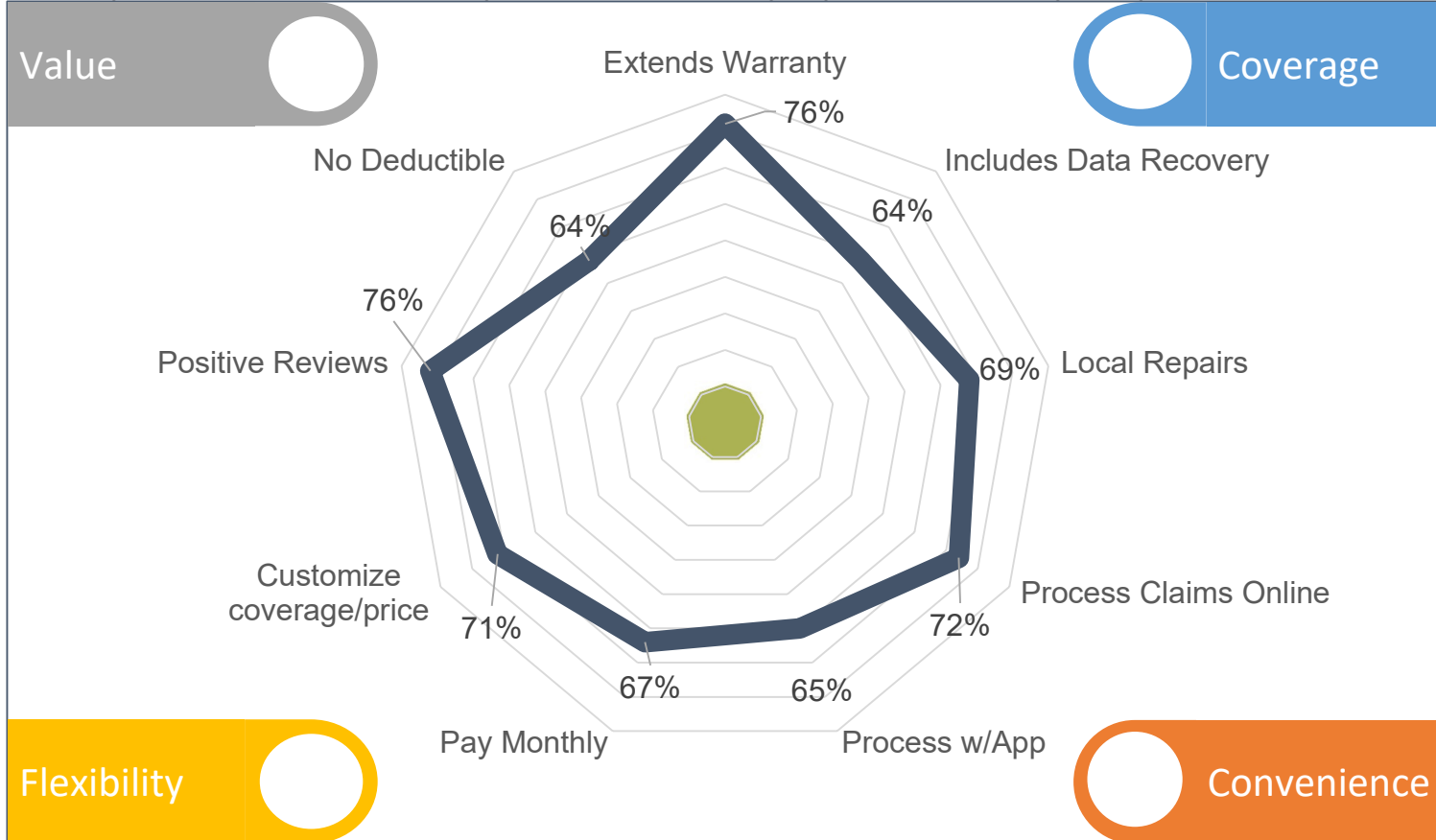


ESP Criteria Importance

Camera - Top 2 box important

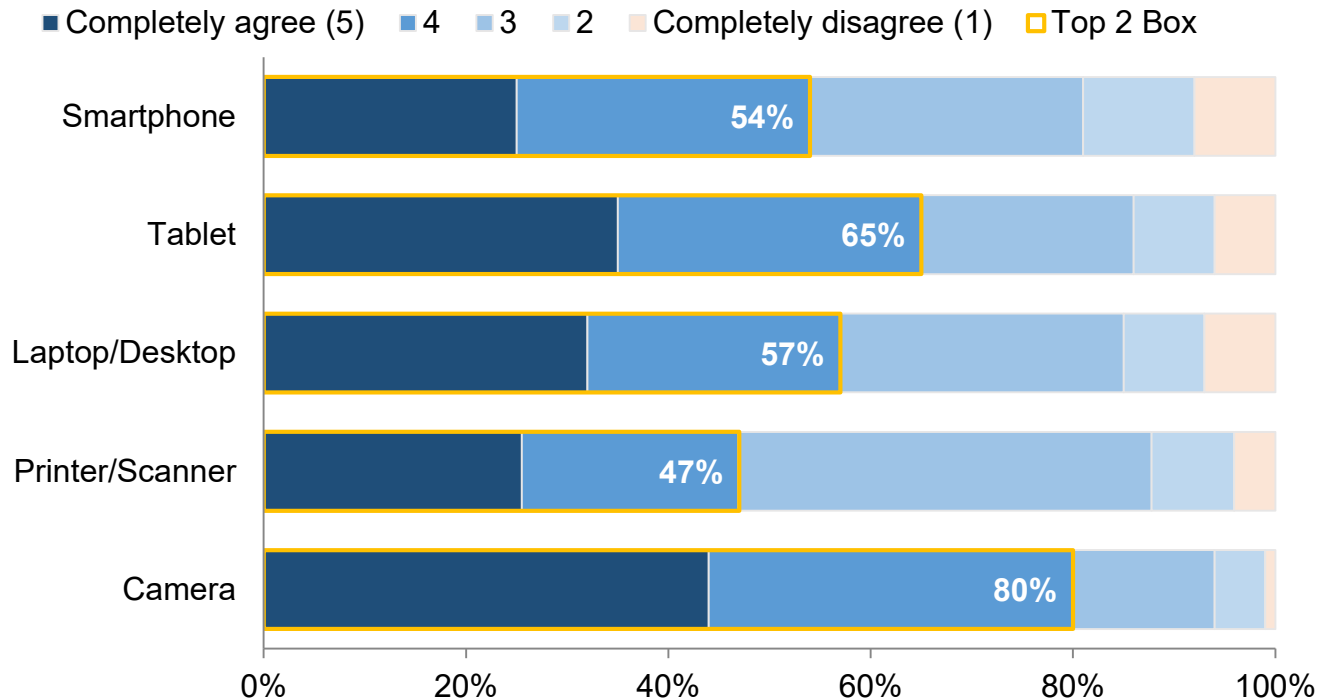
Q: How important is...

Seven point scale (1 = Not at all important, 7 = Extremely important) Summary of top 2 box scores shown.



Extend the Length of Life?

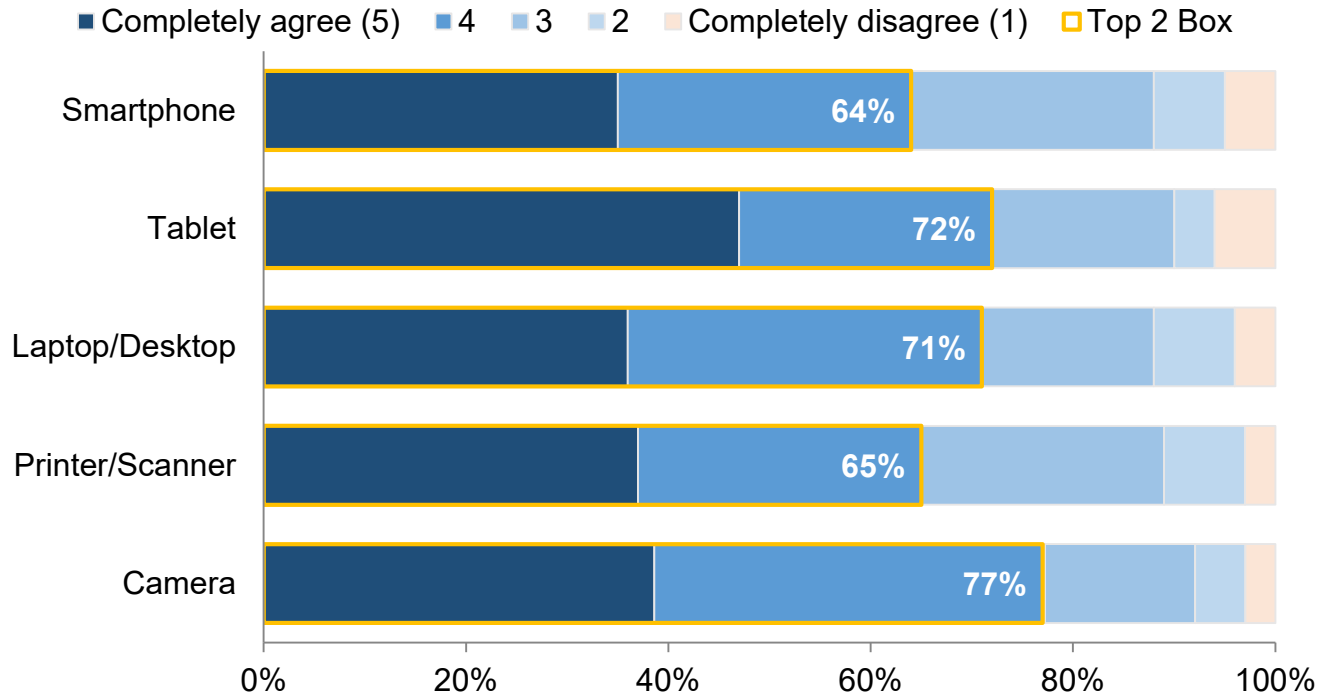
An Extended Service Plan will extend the length of time I own the product



Q: How do you feel about ESP in general? Please rate your agreement with the following statements. Five point scale (1 = Completely disagree, 5 = Completely agree) Summary of top 2 box scores shown.

Only For Expensive Products?

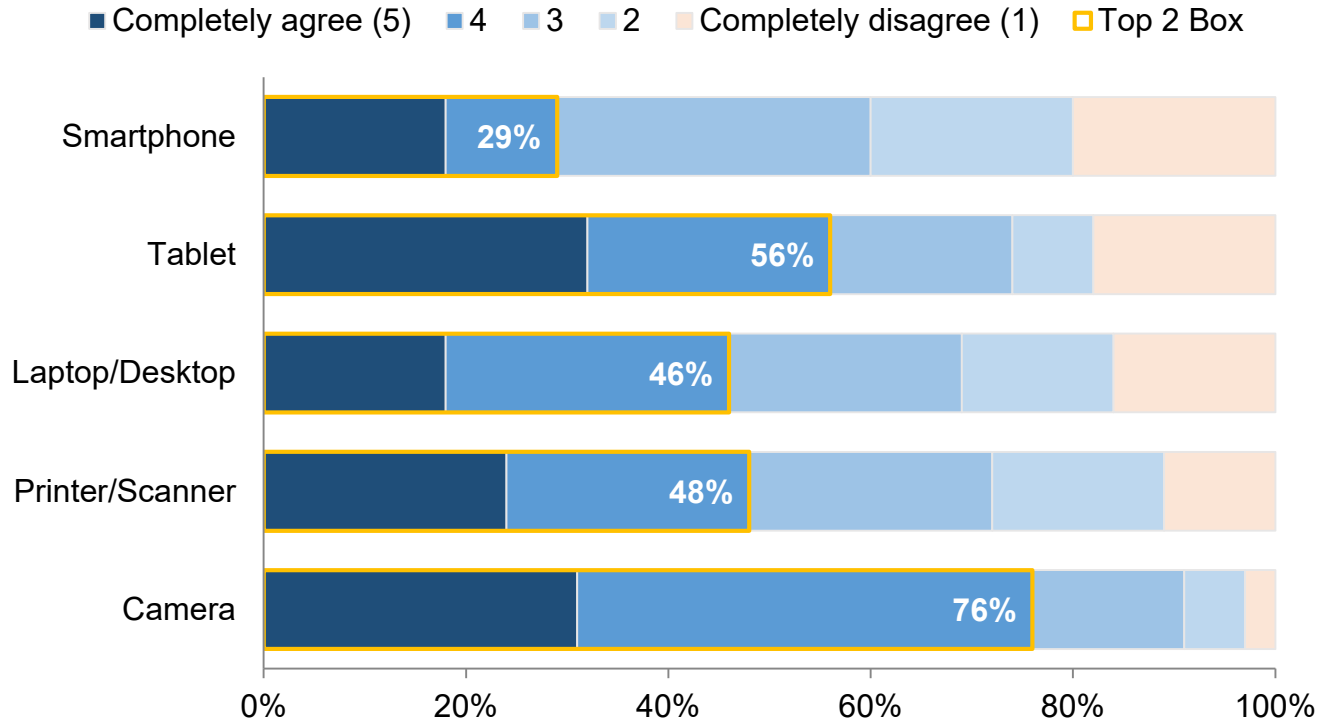
Extended Service Plans only make sense on items that are expensive to repair/replace



Q: How do you feel about ESP in general? Please rate your agreement with the following statements. Five point scale (1 = Completely disagree, 5 = Completely agree) Summary of top 2 box scores shown.

Always Buy

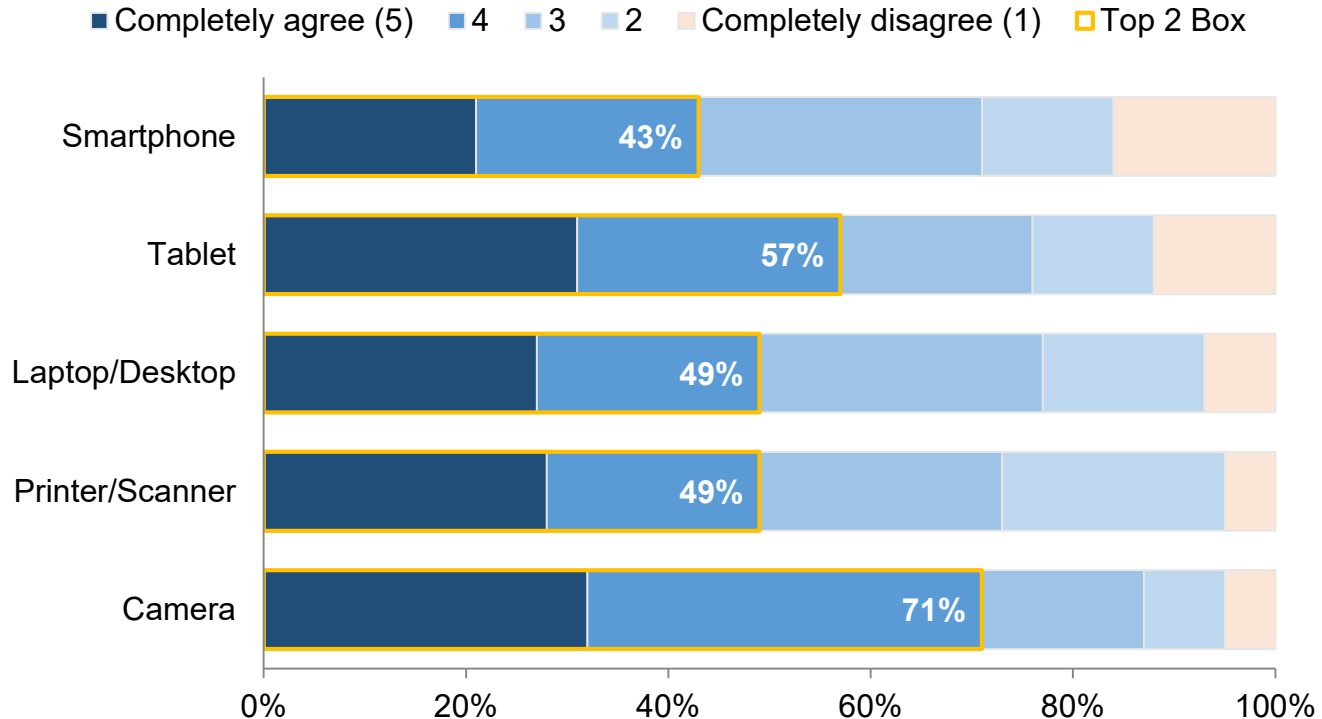
I usually buy an Extended Service Plan whenever it is available



Q: How do you feel about ESP in general? Please rate your agreement with the following statements. Five point scale (1 = Completely disagree, 5 = Completely agree) Summary of top 2 box scores shown.

Not Worth the Money

Extended Service Plans are generally not worth the money



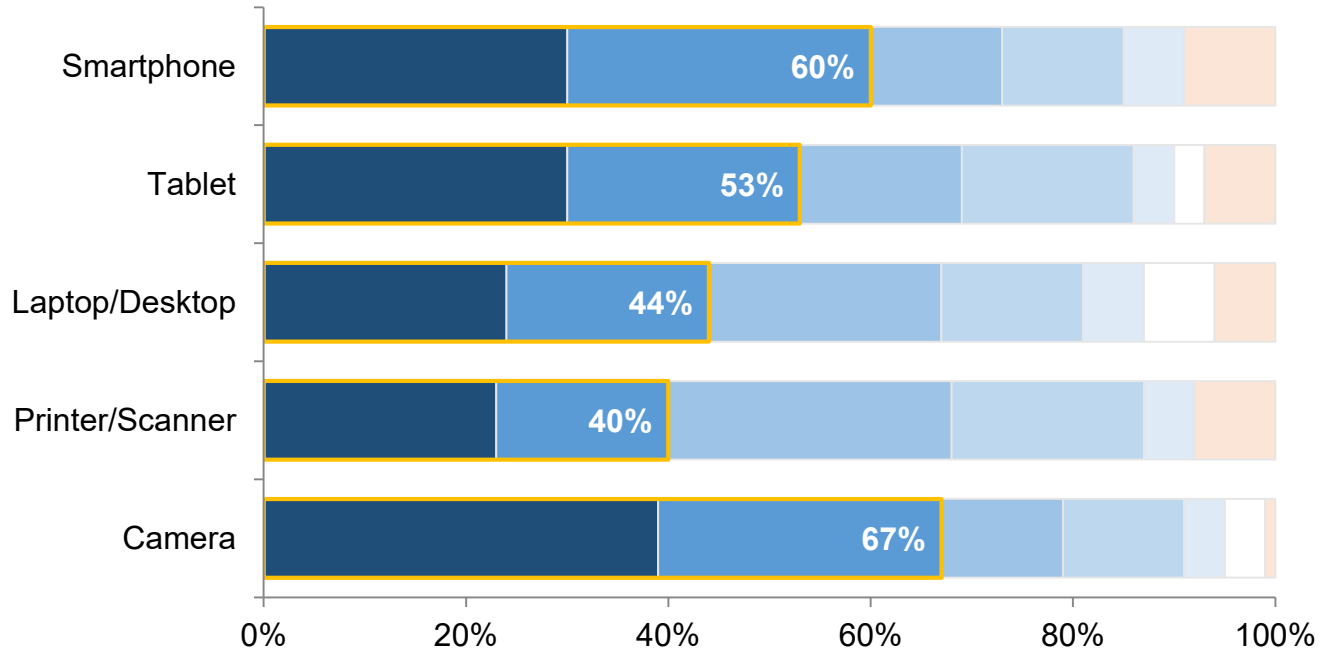
Q: How do you feel about ESP in general? Please rate your agreement with the following statements. Five point scale (1 = Completely disagree, 5 = Completely agree) Summary of top 2 box scores shown.

Importance of Flexibility

Flexibility

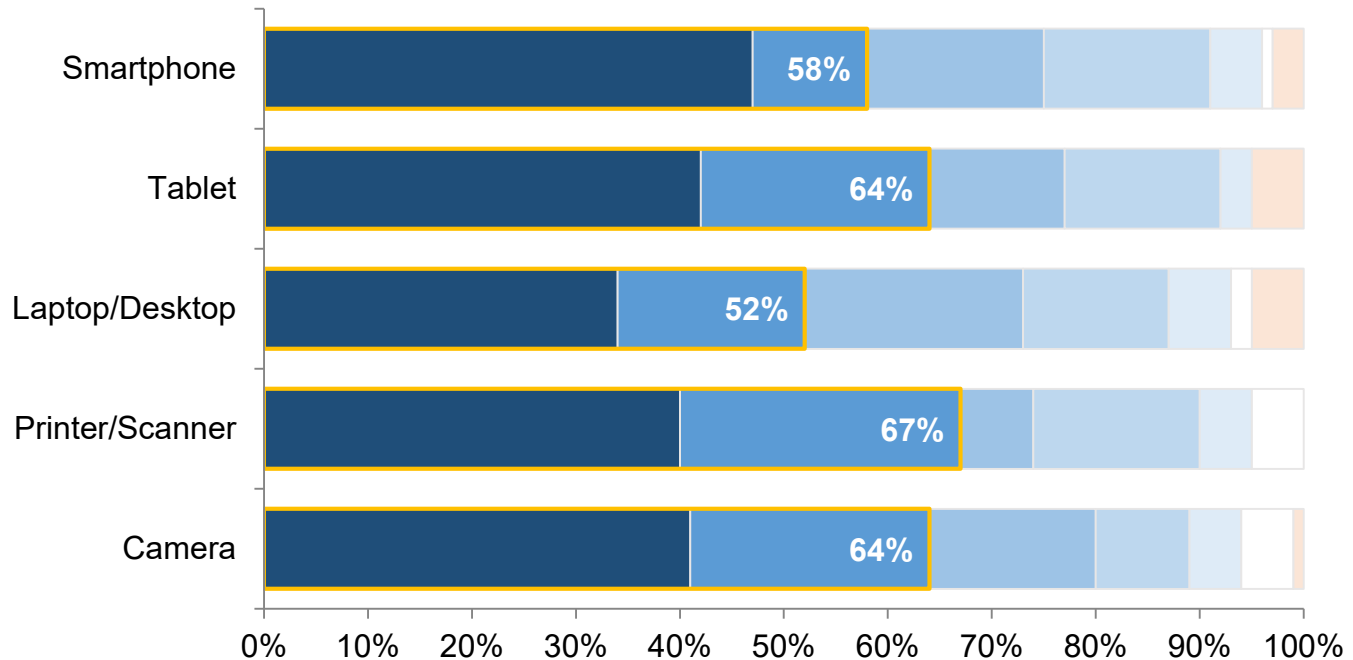
Ability to pay for the coverage on a monthly (subscription) basis

■ Extremely important (7) ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ Not at all important (1) ■ Top 2 Box



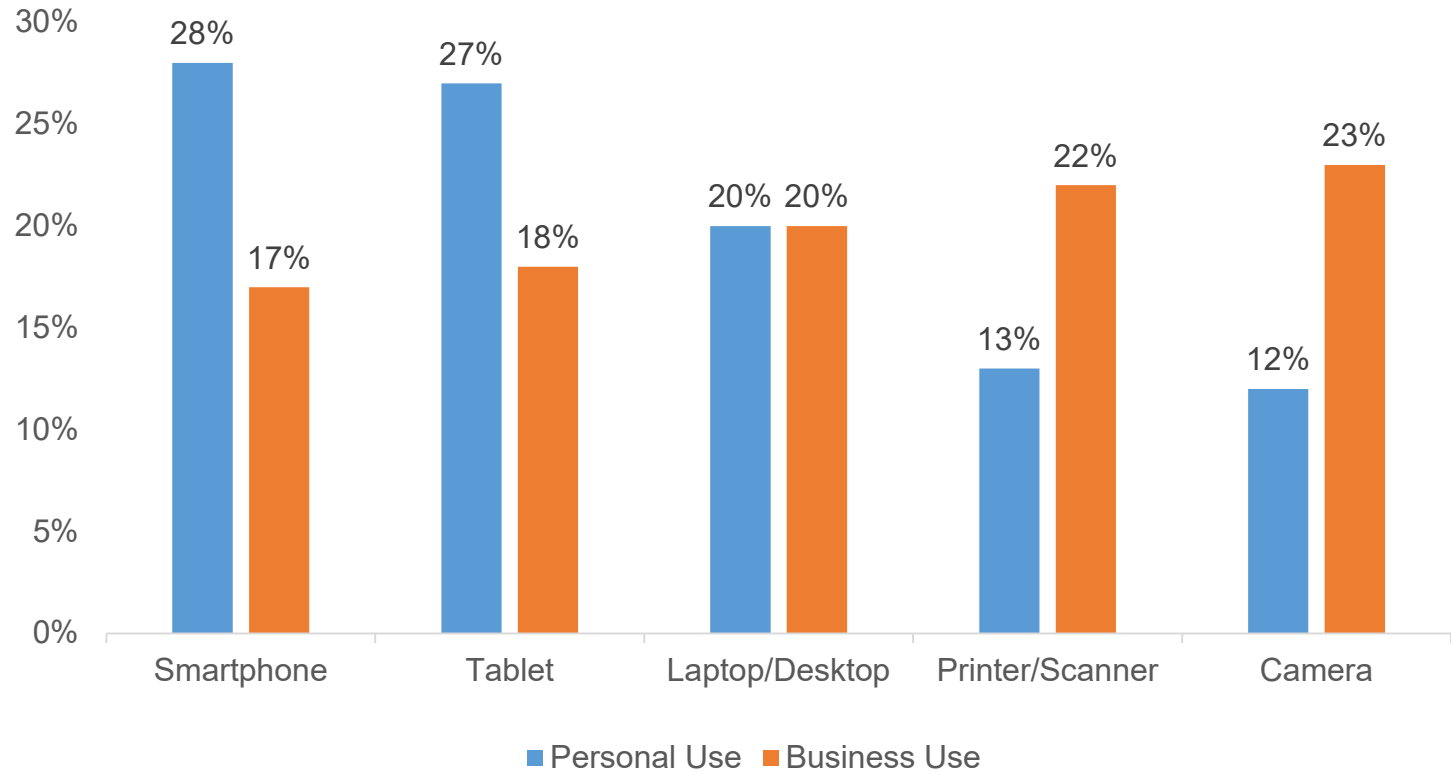
Data will be recovered in addition to the product being repaired

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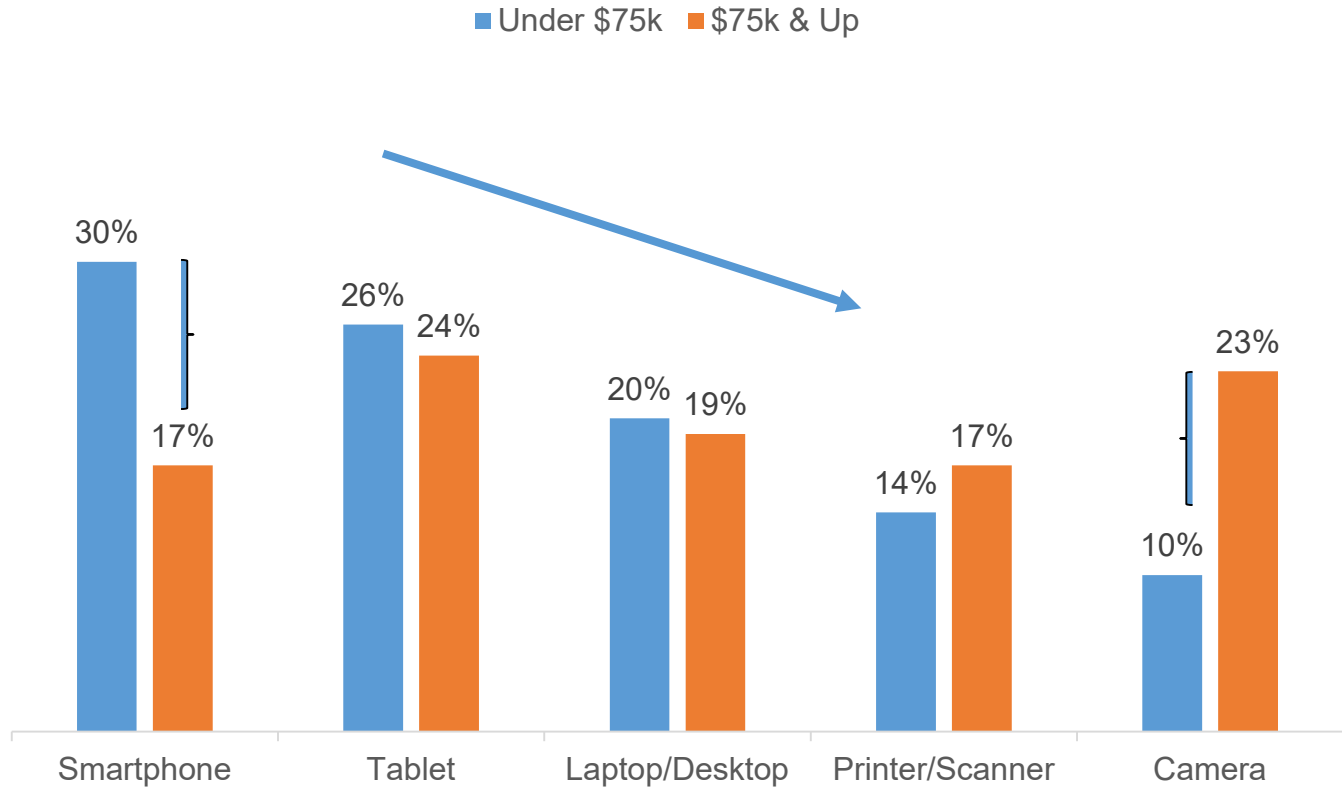


Appendix

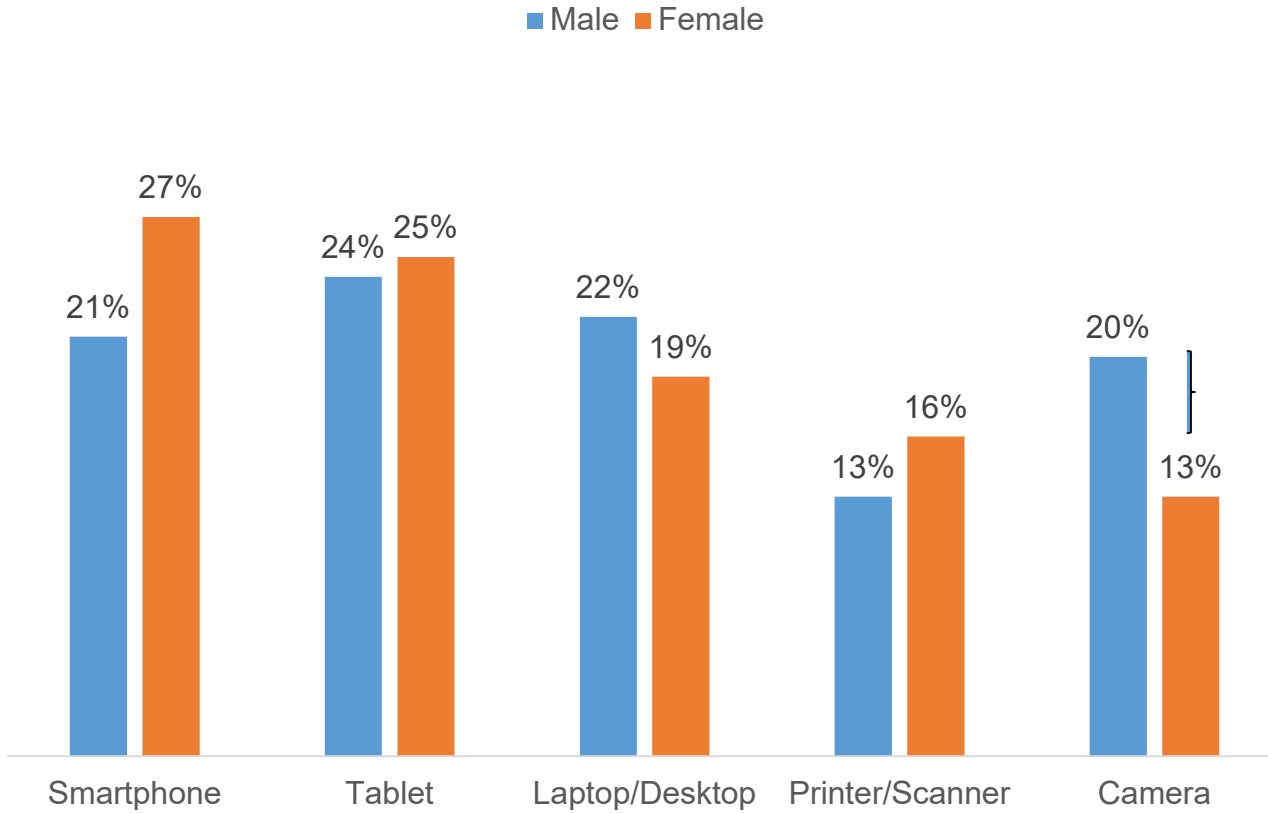
Within Each Usage Type



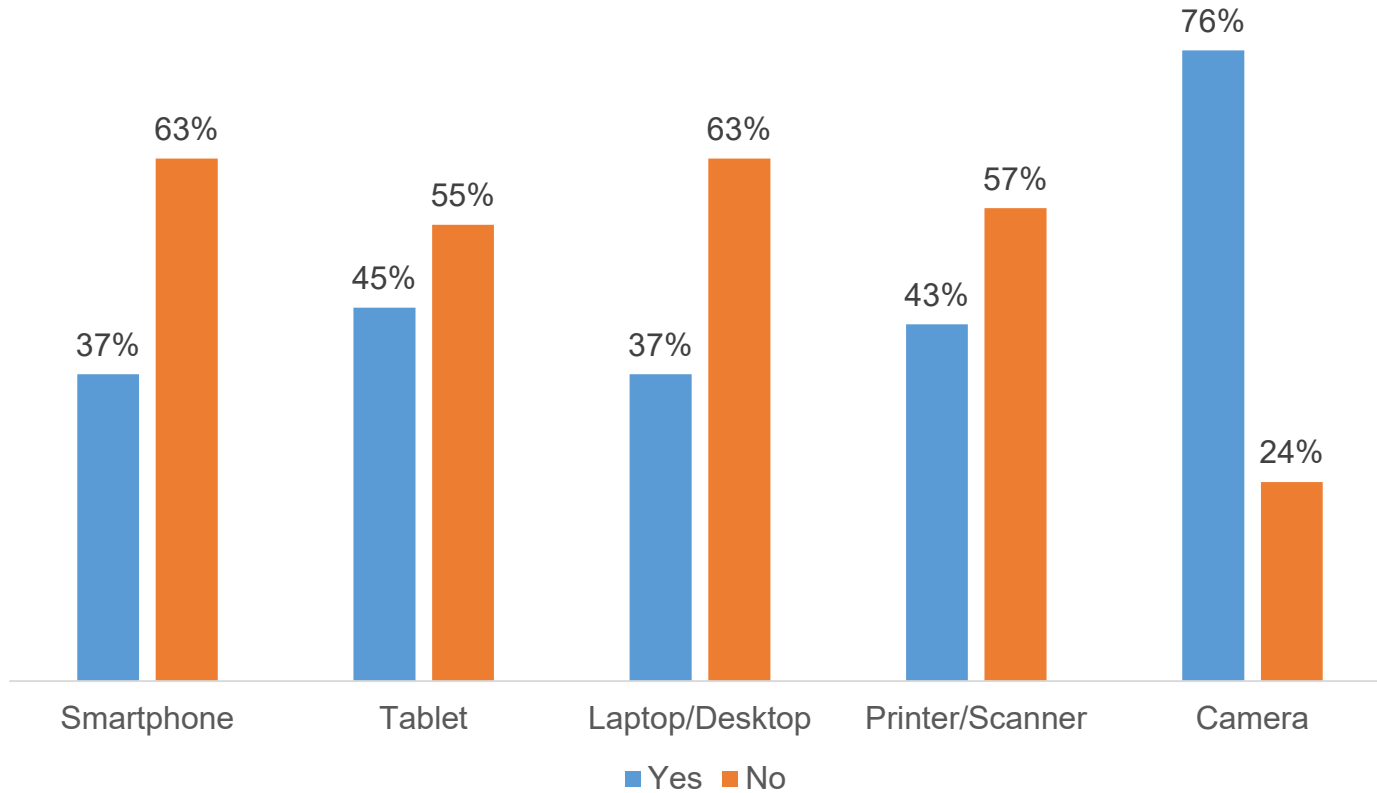
Household Income Level



Gender

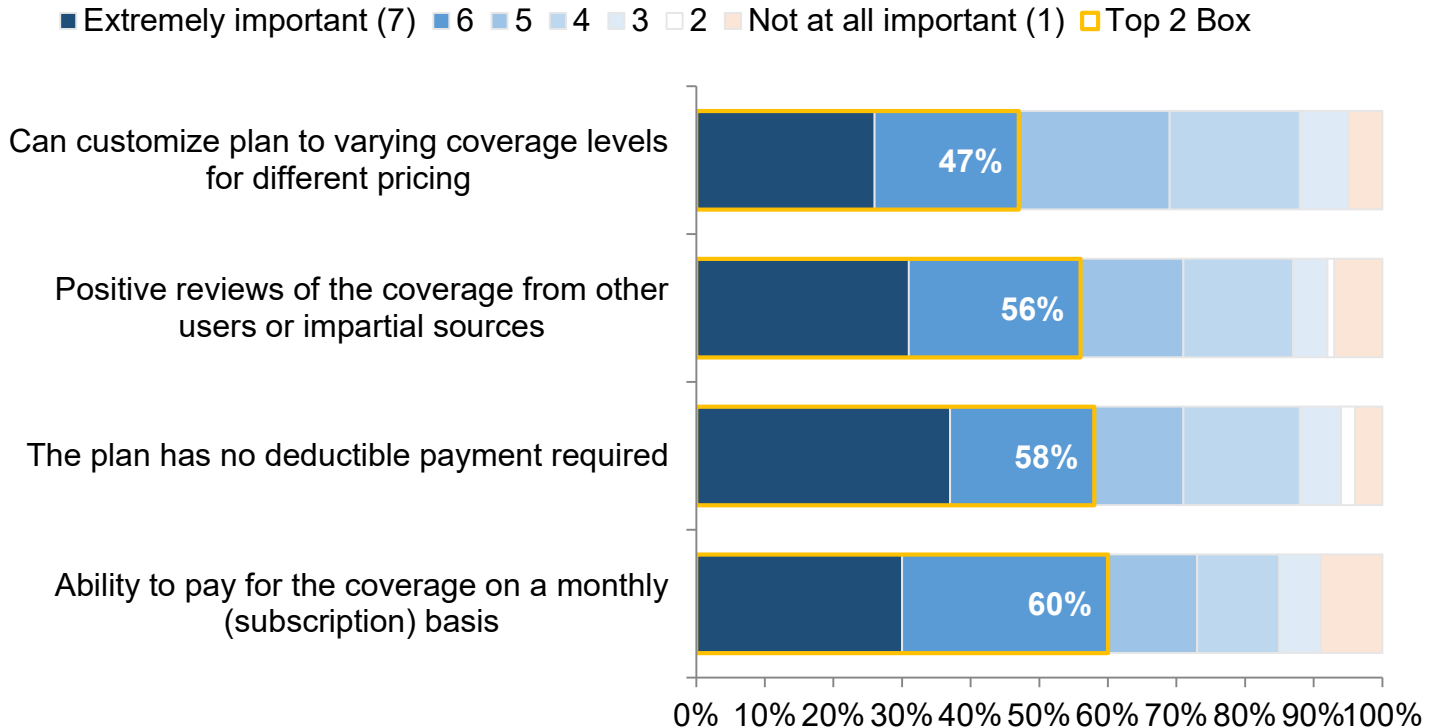


Warranty Purchased



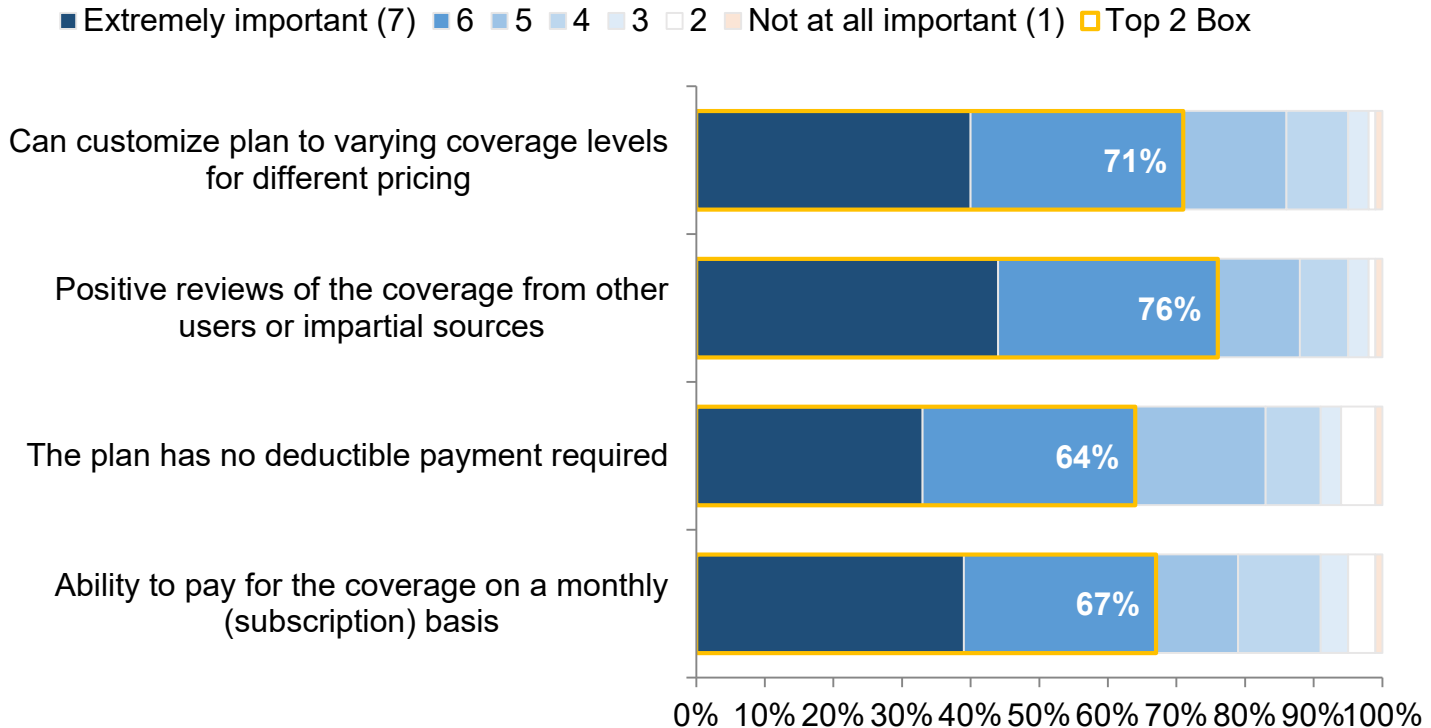
Smartphone

When customers evaluate the ESP for their smartphones

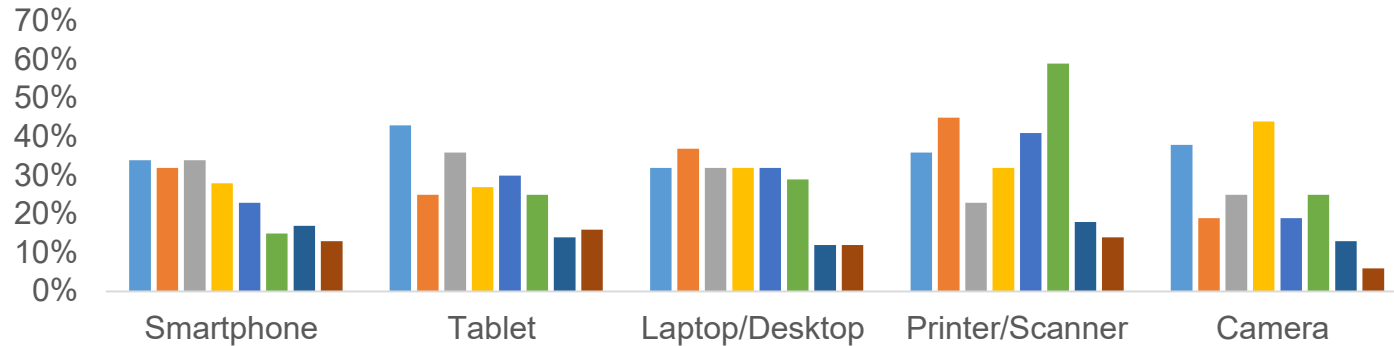


Camera

When customers evaluate the ESP for their cameras



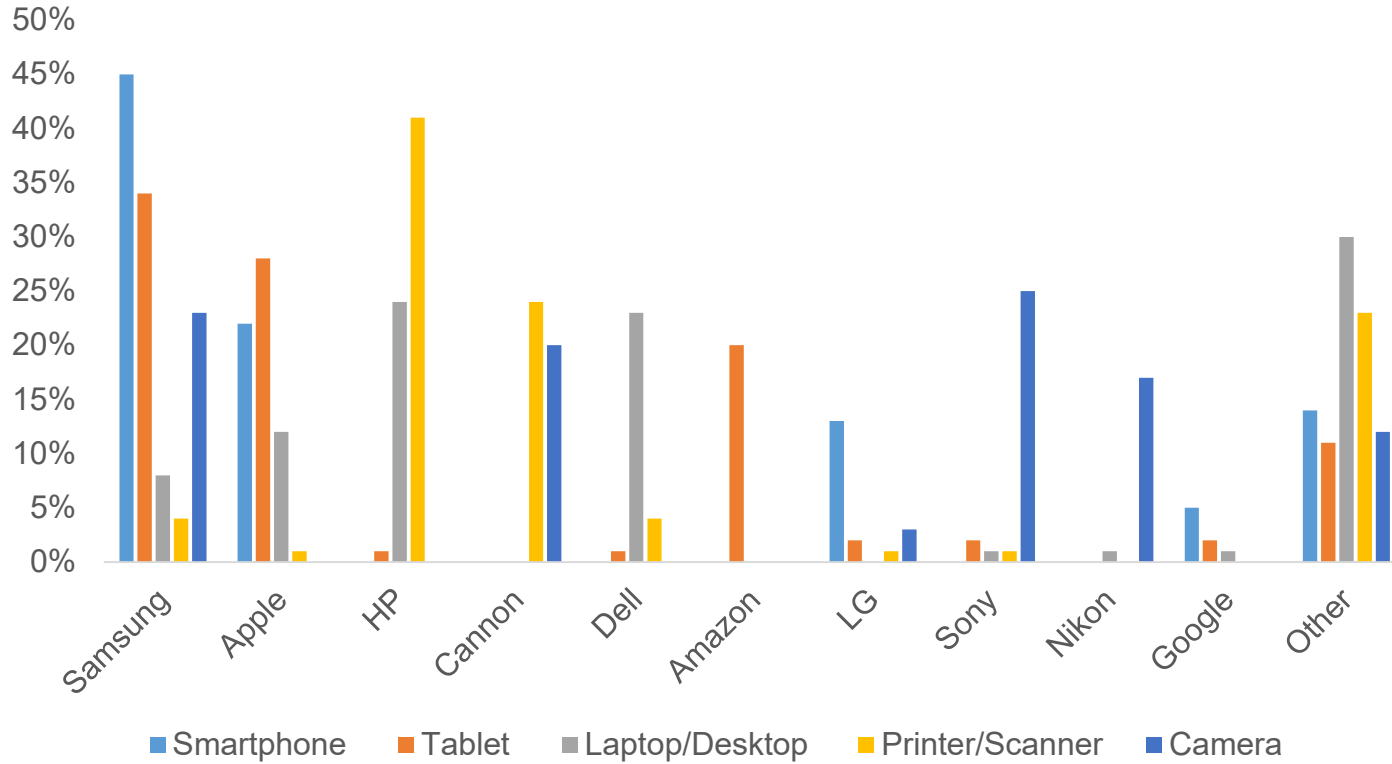
Didn't Purchase the Warranty



- For peace of mind/convenience
- It was a good value to add the protection
- It would cost more to repair it without an Extended Service Plan
- I want to keep the [QUOTA GROUP] for a long time
- To ensure repairs will be performed by a reputable servicer
- Concern about high product replacement cost
- Reviews or people I know said it was good to get
- I didn't think about it too much, I just bought it

Q: What main reason(s) might you consider buying a service plan for your device?

Brand Market Share



Q: What brand did you purchase?






Reason Why Purchased ESP

Smartphone	Tablet	Laptop/Desktop	Printer/Scanner	Camera
<ul style="list-style-type: none">• For peace of mind/convenience• I want to keep the device for a long time• Concern about high product replacement cost	<ul style="list-style-type: none">• To ensure repairs will be performed by a reputable servicer• For peace of mind/convenience• High Repair Cost	<ul style="list-style-type: none">• I want to keep the device for a long time• Concern about high product replacement cost• For peace of mind/convenience	<ul style="list-style-type: none">• To ensure repairs will be performed by a reputable servicer• It would cost more to repair it without an Extended Service Plan• It was a good value to add the protection	<ul style="list-style-type: none">• It would cost more to repair it without an Extended Service Plan• It was a good value to add the protection• For peace of mind/convenience

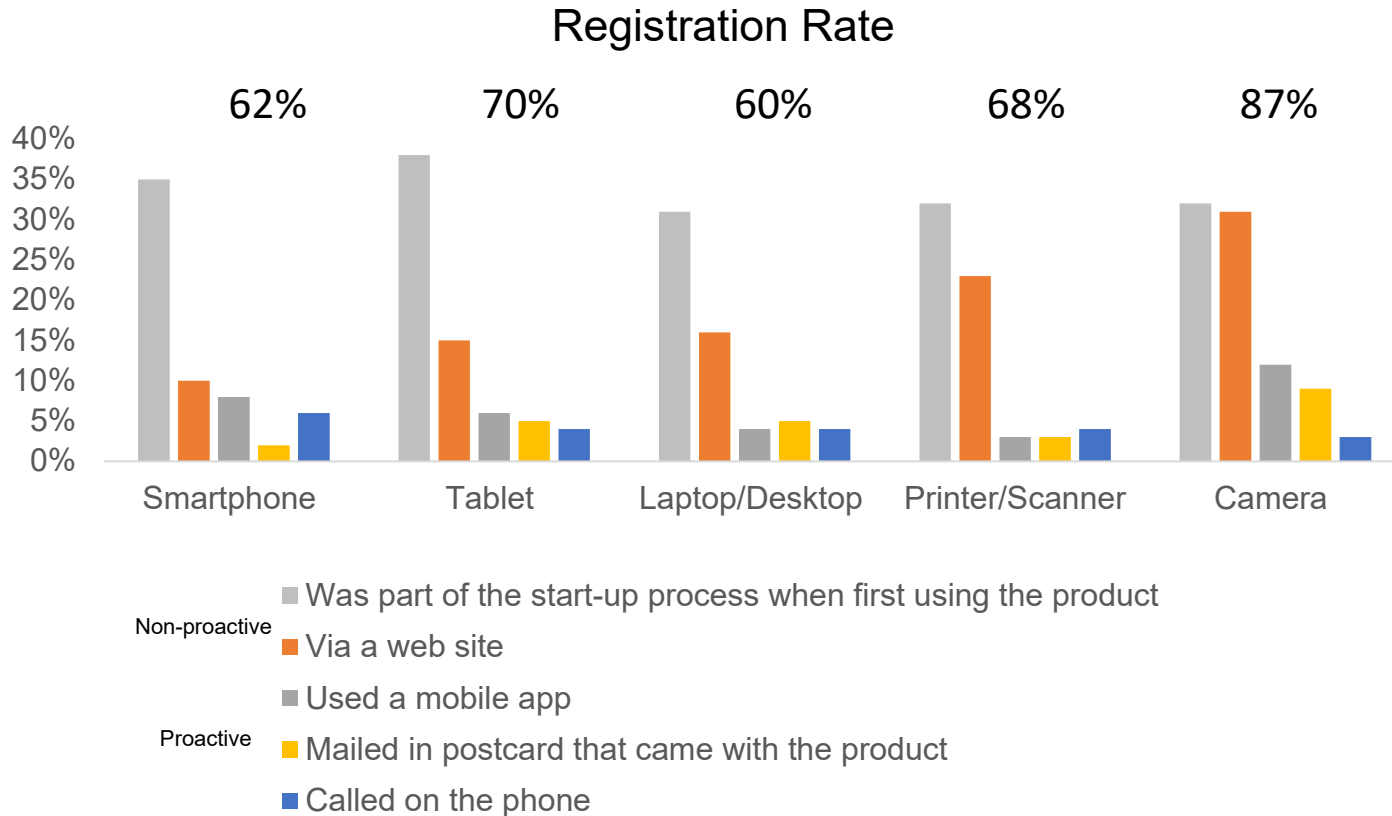
Reason Why Didn't Purchased

Smartphone	Tablet	Laptop/Desktop	Printer/Scanner	Camera
<ul style="list-style-type: none">• Manufacturer's warranty Enough• Bad Value• Rather Take Chances	<ul style="list-style-type: none">• I am satisfied with just having the manufacturer's warranty• The Extended Service Plan does not seem like a good value• Even though it seems like a good value, I'd rather take my chances	<ul style="list-style-type: none">• I am satisfied with just having the manufacturer's warranty• The Extended Service Plan does not seem like a good value• May not cover my needs	<ul style="list-style-type: none">• I am satisfied with just having the manufacturer's warranty• The Extended Service Plan does not seem like a good value• Even though it seems like a good value, I'd rather take my chances	<ul style="list-style-type: none">• Even though it seems like a good value, I'd rather take my chances• Above Budget

Reason Why Purchased ESP

				
Peace of Mind	Repairs at Reputable Servicier	Longer Product Life	Repairs at reputable servicier	High Repair Cost
Longer Product Life	Peace of Mind	High Replacement Cost	High Repair Cost	Good Value
High Replacement Cost	High Repair Cost	Peace of Mind	Good Value	Peace of Mind

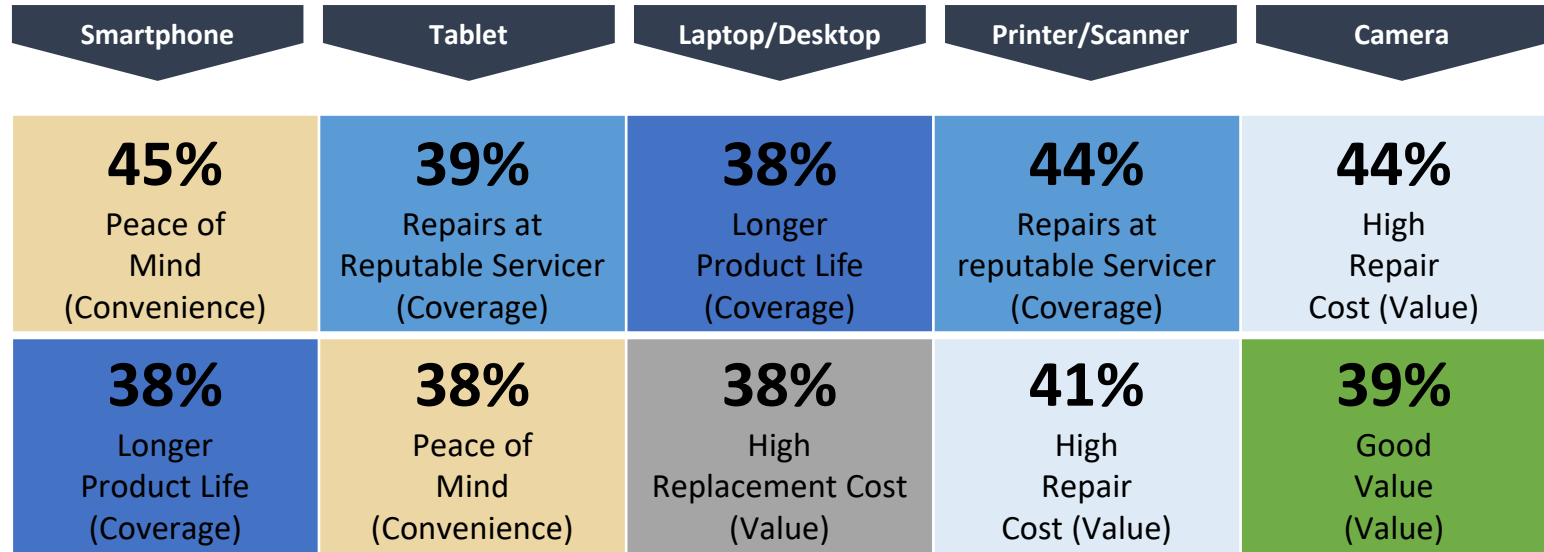
Covered Product: Registration Methods



Q: How did you register?

ESP Attitude

Reason Why Purchased ESP

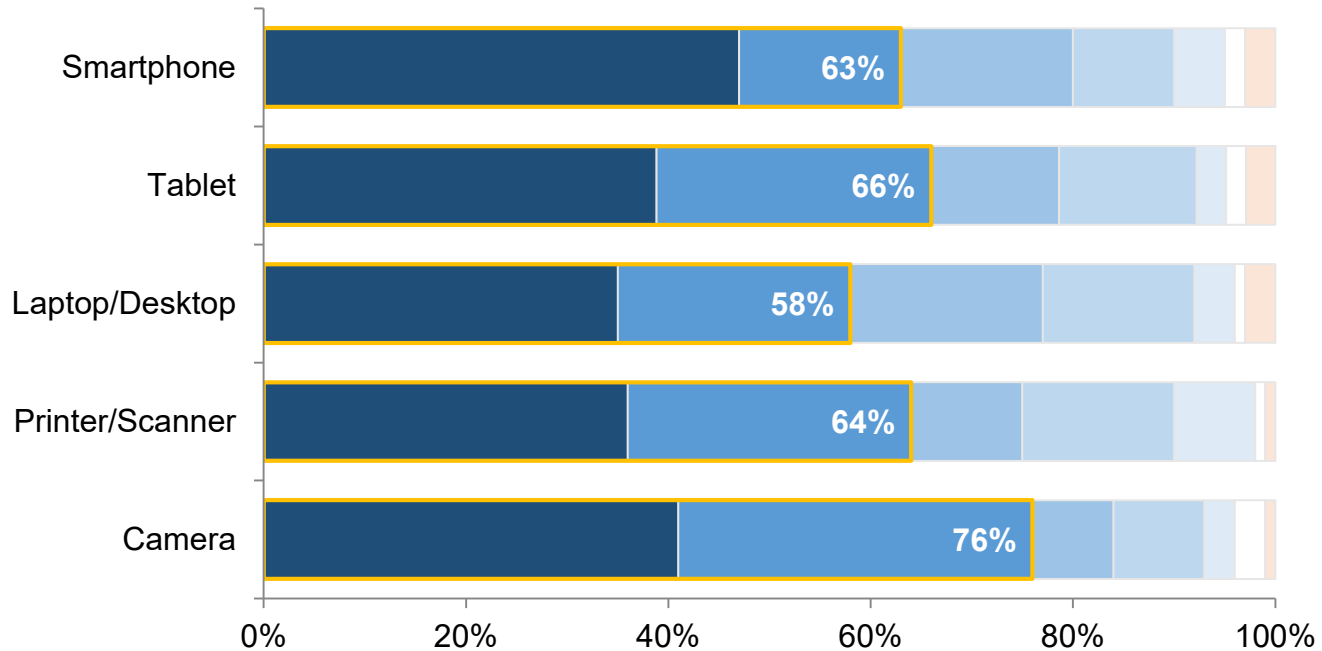


Reason Why Purchased ESP

Smartphone	Tablet	Laptop/Desktop	Printer/Scanner	Camera
Peace of Mind (Convenience)	Repairs at Reputable Servicer (Coverage)	Longer Product Life (Coverage)	Repairs at reputable servicer (Coverage)	High Repair Cost (Value)
Longer Product Life (Coverage)	Peace of Mind (Convenience)	High Replacement Cost (Value)	High Repair Cost (Value)	Good Value (Value)

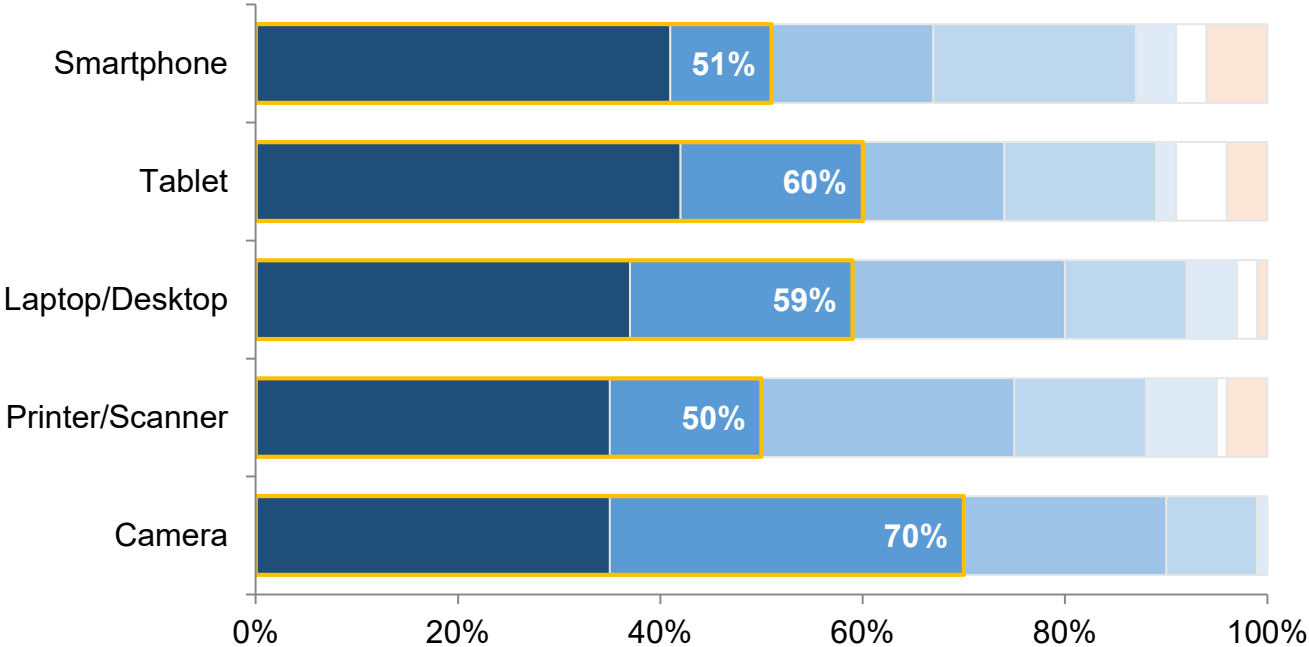
Coverage extends beyond than the manufacturer's warranty

■ Extremely important (7) ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ Not at all important (1) ■ Top 2 Box



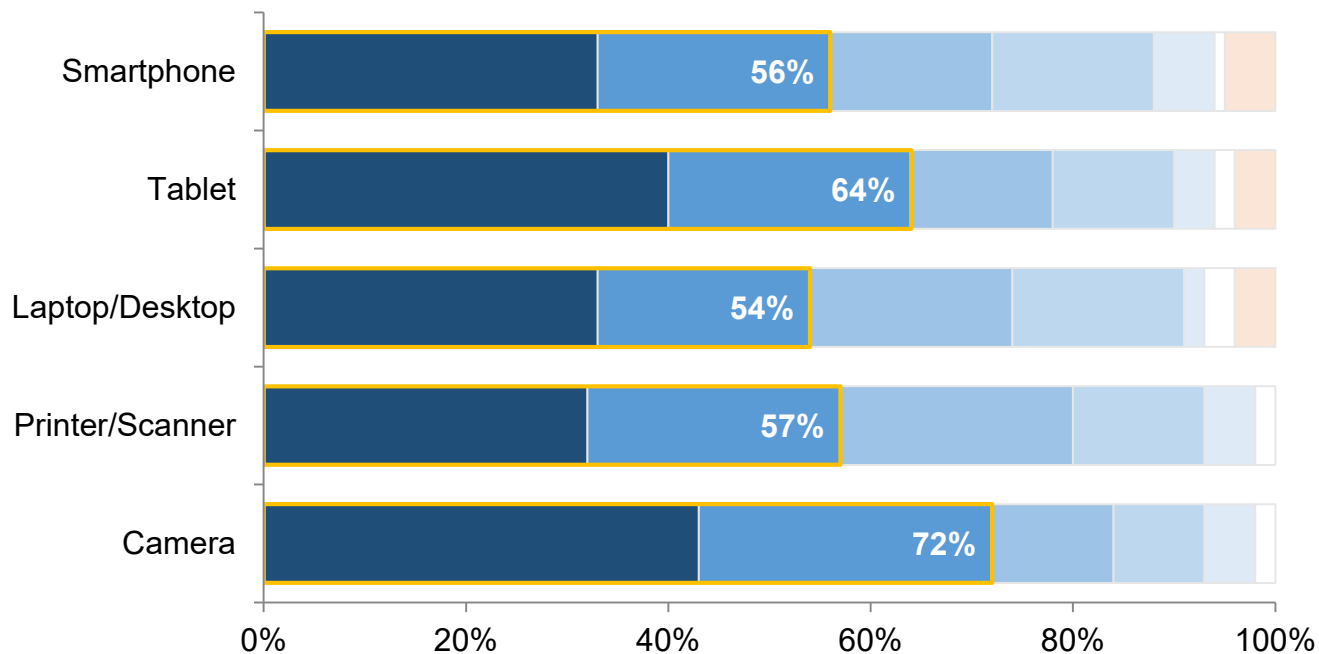
Repairs can be dealt with through a local store

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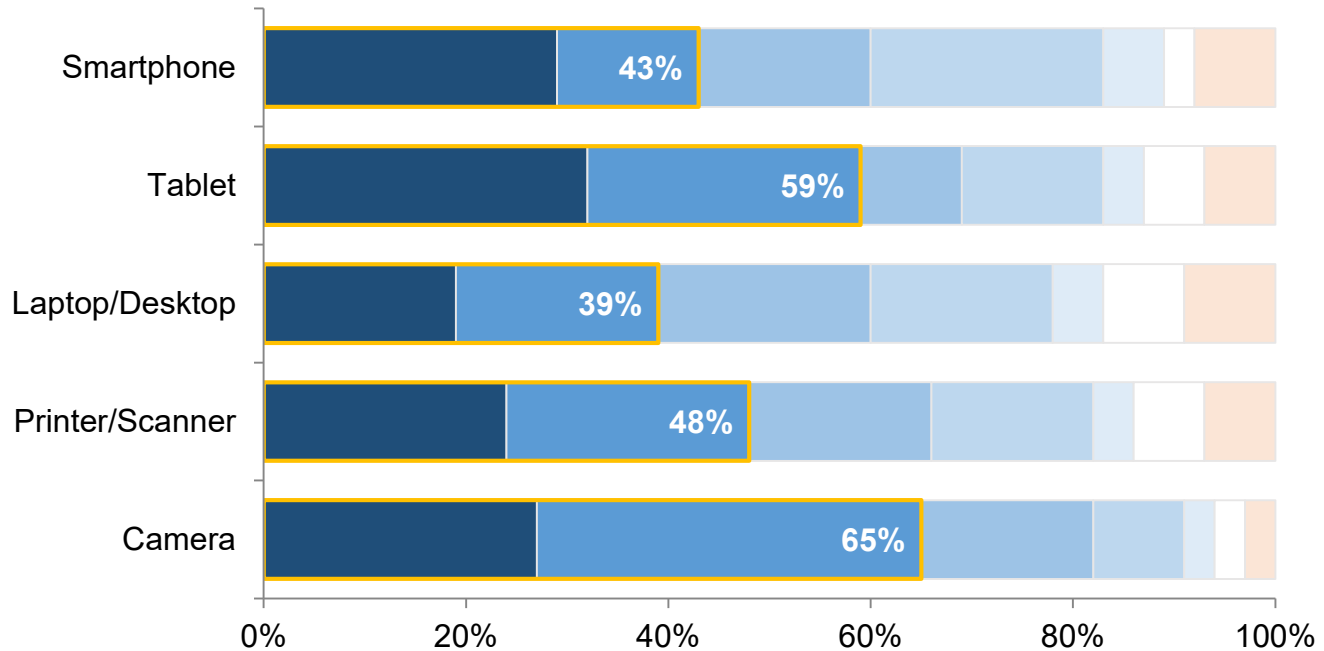
The plan and claims process are easy to manage online

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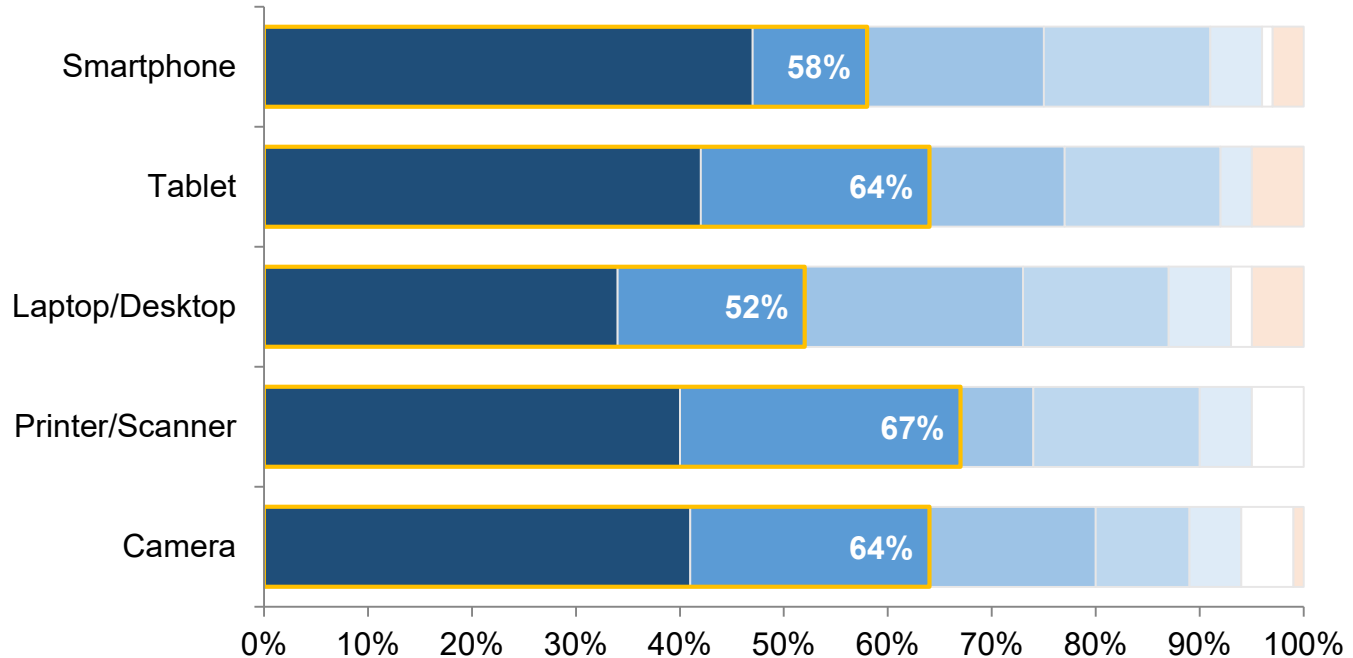
The plan and claims process can be used via an app

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Data will be recovered in addition to the product being repaired

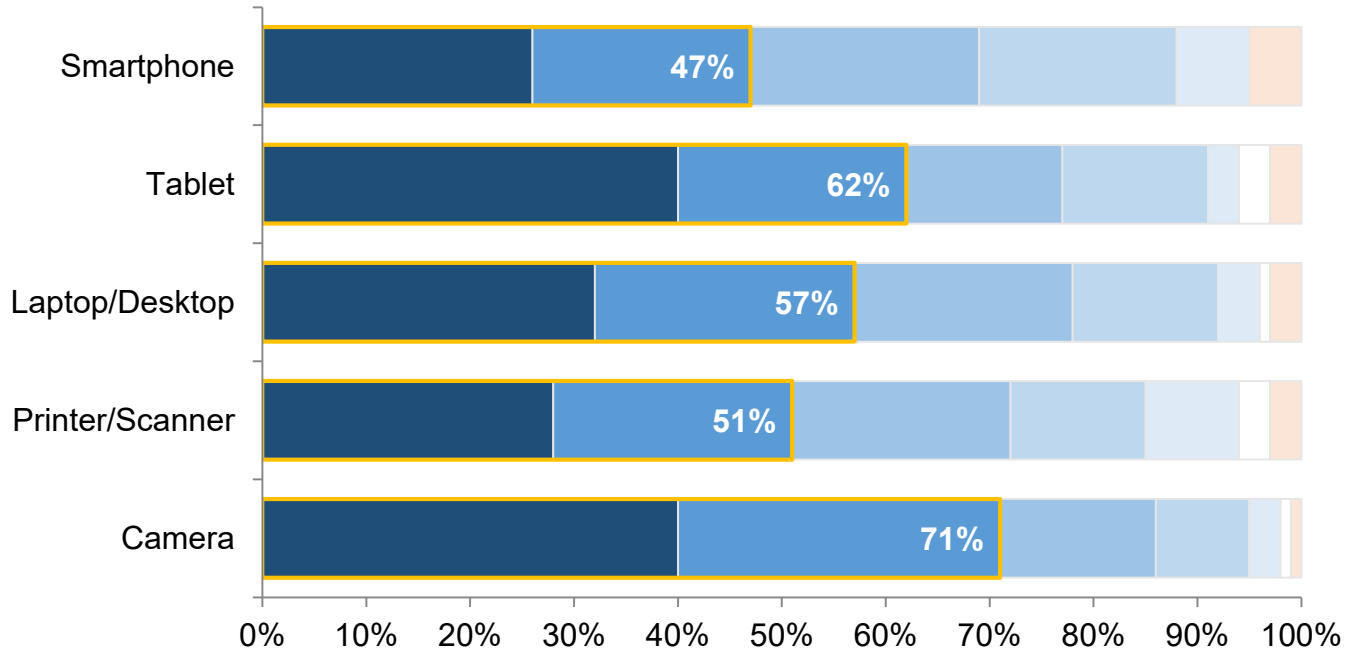
■ Extremely important (7) ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ Not at all important (1) ■ Top 2 Box





Can customize plan to varying coverage levels for different pricing

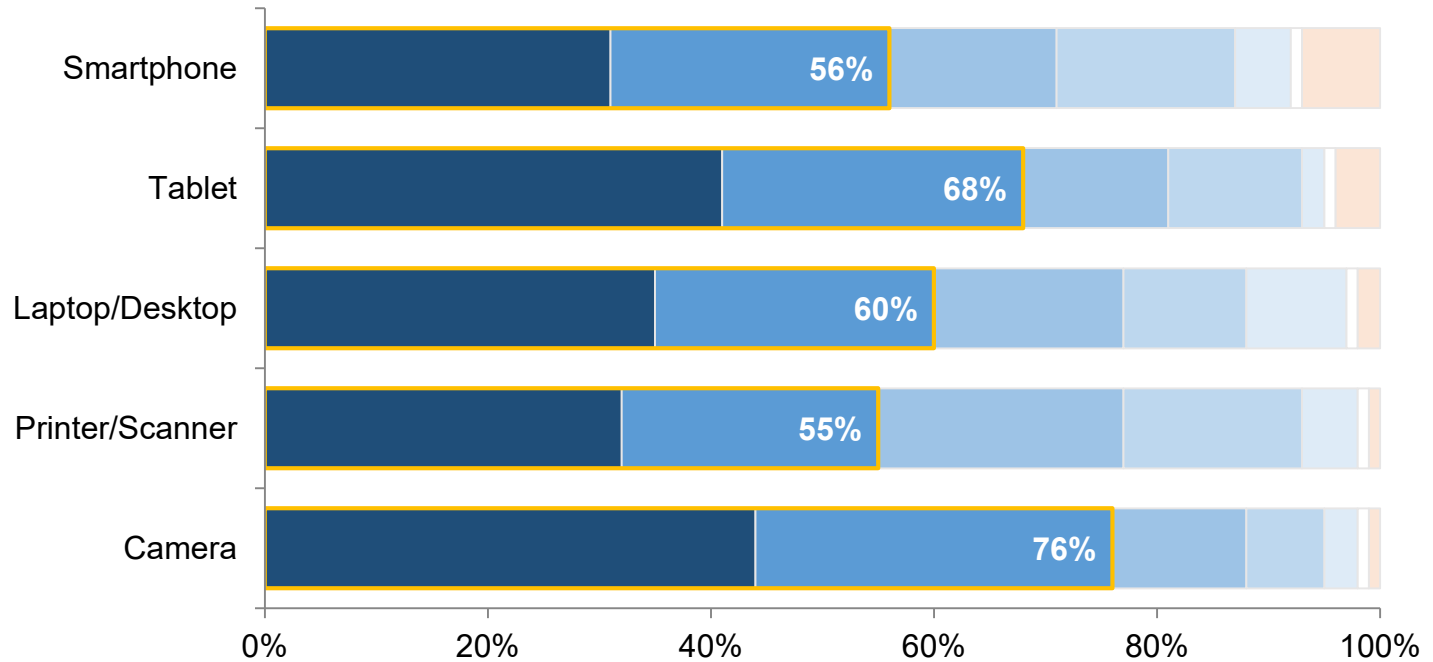
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Positive reviews of the coverage from other users or impartial sources

■ Extremely important (7) ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ Not at all important (1) ■ Top 2 Box



The plan has no deductible payment required

■ Extremely important (7) ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ Not at all important (1) ■ Top 2 Box

