Consumer Insights and Credit Card Behaviors



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2019

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As of March 2019, there were 1.1 billion credit cards in circulation in the United States and that number is growing. With a compound annual growth rate of more than 3.5% over the last four years, it's clear that credit cards are a popular form of payment.¹



Credit cards were first introduced in the 1950s as a convenient way to pay for purchases at several different merchants. But the benefits of purchasing on credit have evolved over time and, while convenience is still a factor, today's consumers are choosing their cards based on benefits that better suit their needs.

To gain more insight on consumers' credit card behaviors, Assurant conducted a study that focused on consumer usage and preferences, perceptions and acceptance of current benefit features, and acceptance of potential new fee-based benefits. The results pointed to a few areas of interest that provided the following key insights:

Consumer Insight #1:



Card loyalty is driven by highly valued incentive programs and benefits.

Consumer Insight #2:

Ease of business is essential for customer service and claims.

Consumer Insight #3:



Fee-based benefits are desired on items with a high monetary value.

On the following pages, you'll find more detailed information about these insights. Background information on which these insights are based, including research methodology and respondent demographics, are detailed on the About Our Survey page.



For more information or to discuss the survey results with an Assurant representative, contact Dawn Lamnin at <u>dawn.lamnin@assurant.com</u> or Dan Barone at <u>dan.barone@assurant.com</u>.

¹Finaccord 2018





Consumer Insight #1 Credit card loyalty is driven by highly valued incentive programs and benefits

The Top-of-Wallet Card

88% of consumers have between one and five credit cards in their wallet and **77%** use them within a given month. With **41%** spending between \$1,000 and \$3,000 during that period, knowing what keeps a card top-of-wallet is more important than ever.

Program Preferences



Most Valued Benefits

When ranking the value of benefit offerings, the top three choices focused on protecting material goods and ensuring protection from potential security issues.

87% would recommend their preferred card.



Several travel benefits, as well as collision damage and cellphone protection, rank high on the benefit value list. Consumers would use their credit card to pay for related services if coverage programs were offered on their card.*



*See the Assurant Card Solutions page for more information about available credit card benefits.





Consumer Insight #2 Ease of doing business is essential for customer service and claims

An average of 57% of consumers have never used their credit card benefits, but those who have prefer to access them through a website. Mobile app was the second choice in all cases except for ID theft resolution services, where telephone communication was preferred.

Access Preference



Customer Service Is Key

A credit card can have the most-valued incentive programs and most-valued benefits but, if these are difficult for consumers to access or use, card usage may decline.

Claims Dissatisfaction

Out of the consumers who were dissatisfied with the service access or claims process, 51% indicated that the process took too long or was too much of a hassle. Of the remaining population, 26% were unhappy with coverage issues and 23% felt that they received poor customer service.

Process took too long Coverage issues Poor customer service Too much work/hassle



Consumers suggested credit card providers implement the following tactics to improve customer service:







Consumer Insight #3

Fee-based benefits are desired on items with a high monetary value

Spending More to Protect High-Value Items



Almost half of the consumers surveyed pay a fee for card membership to get the incentive programs and benefits they value.

One-third would also be willing to pay additional fees for benefits that protect items with a high monetary value.

With 10 fee-based benefits presented to consumers as potential additions to their credit card membership program, the top three choices were auto deductible coverage, auto dent and ding coverage, and home deductible coverage.**



**See the Assurant Card Solutions page for more information about potential fee-based benefits.



About Our Survey

Methodology

The survey was conducted with a national panel of consumers fielded from March 3 through 12, 2019. There were 1,591 participants in total, each of whom owned at least one general purpose credit card.

Demographics



EDUCATION 43% 29% 17% 11% High School College Bachelors Masters

GENDER



INCOME





Assurant Card Solutions

At Assurant Financial Services, we provide solutions that protect the purchases, travel and financial well-being of your customers. Whether embedded, included as part of a loyalty program or sold as one of our fee-based benefits, Assurant helps you protect what matters most to your customers.

Our credit card benefits include:

Price Protection

Receive price differential for purchased items if found at a lower price

Purchase Protection

Covers loss, theft or damage to one purchased item during a defined period of time

Extended Warranty

One year of warranty extension after the manufacturer's warranty expires

Cellphone Protection

Coverage for accidental damage and/or theft if purchased, or if monthly phone bill is paid with card

Roadside Assistance

Vehicle breakdown and recovery service in the U.S.

Airport Lounges

Complimentary or discounted access to select airport lounges

Trip Cancellation

Reimbursement of the cost (or portion of cost) when a trip is canceled for a covered reason

Potential fee-based benefits include:

Return Protection

Reimbursement of the cost of purchased items that the store/seller will not accept as a return

Shipping Protection

Reimbursement of return shipping cost of purchased items the store/seller does not cover

Auto Deductible Reimbursement

Reimbursement of claim deductible when the auto insurance or auto loan/lease payment is made with card



Home Deductible Reimbursement

Reimbursement of claim deductible when the home insurance or home loan payment is made with card

Pocket Geek

An app that scans a smartphone to keep it healthy with proactive self-service features and diagnostic support



Baggage Loss/Delay

Coverage for damaged, stolen or lost baggage if ticket was purchased with card



Travel Accident

Coverage for accidents that occur when traveling if tickets were purchased with card



Concierge Service Hotel, restaurant or

Hotel, restaurant or holiday booking service and helpline



Collision Damage Waiver on Rental Cars

Coverage for the cost of damage to a rental vehicle if purchased with card



FICO Score

Free access to your FICO credit score

ID Theft Resolution

Provides access to resources that will help restore their identities



Premium Tech Pro

Technical support via call, email or chat for issues related to your smartphone or other connected devices



Dent & Ding Covers minor repairs to the cardholder's vehicle



Coverage for certain costs relating to damaged wheels and tires (not including wear and tear)

Lost Key/Fob

Coverage of cost for the replacement of lost car key

World Aware

An app that sends alerts based on your travel itinerary

