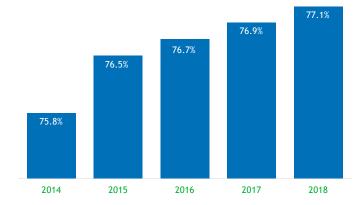




# Consumer Insights and Credit Card Behaviors

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.<sup>1</sup>



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 <a href="mailto:dawn.lamnin@assurant.com">dawn.lamnin@assurant.com</a> or Dan Barone at <a href="mailto:dawn.lamnin@assurant.com">dawn.lamnin@assurant.com</a>.

<sup>1</sup>Finaccord 2018





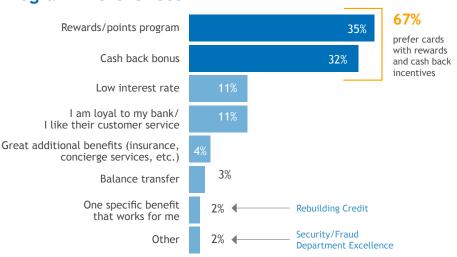
# Consumer Insight #1

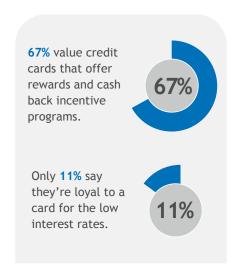
Credit card loyalty is driven by highly valued incentive programs and benefits

# 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.

Consumers that would stop using a card if this benefit were removed:



#1 -

Purchase Protection





**Price Protection** 

RANKED Most Valued



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.\*



86% Trip Cancellation



81% Cellphone Theft or Damage Coverage



86% Rental Car Collision Damage Waiver



74% Airport Restaurant Discounts



84% Travel Accident



71% Airport Lounge Access



\*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**



46% average



29% average



21% average



4% average

# **Customer Service Is Key**

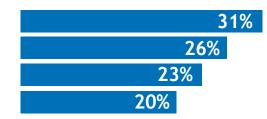
A credit card can have the most-valued incentive programs and most-valued benefits but, if these are difficult for consumers to access or use, card usage may decline.

#### 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:



**78**%

Recognize when a purchase is made that might be covered by a card benefit and provide notification



**70**%

Allow for access to all services and claims online



63%

Provide periodic benefit reminders to encourage card usage

56% prefer email 49% on a monthly basis

41%

Share information about relevant products, services and updates based on user location





# Consumer Insight #3

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

# Spending More to Protect High-Value Items

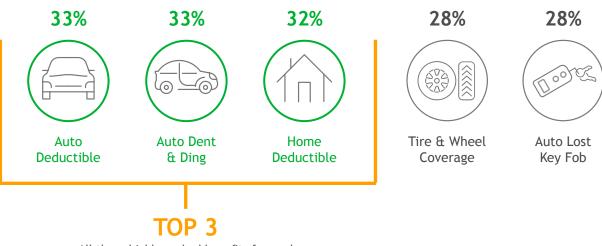


Almost half of the consumers surveyed pay a fee for card membership to get the incentive programs and benefits they value.

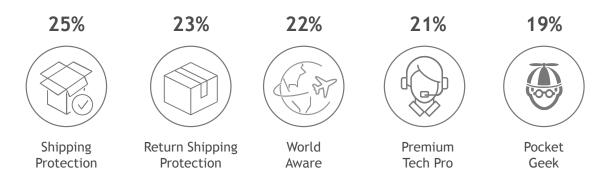


One-third would also be willing to pay additional fees for benefits that protect items with a high monetary value.

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.\*\*



All three highly ranked benefits focused on items with a high monetary value.



<sup>\*\*</sup>See the Assurant Card Solutions page for more information about potential fee-based benefits.

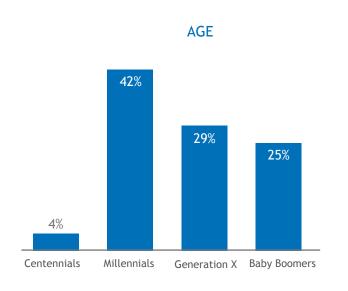


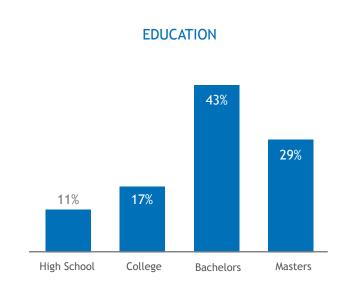
# **About Our Survey**

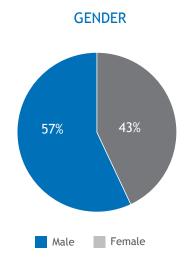
# Methodology

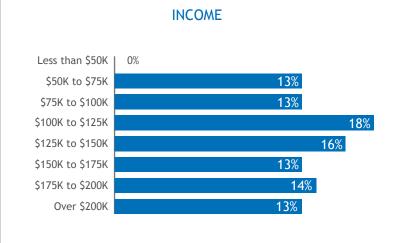
The survey was conducted with a national panel of consumers fielded from March 3 through 12, 2019. There were 1,591 participants in total, each of whom owned at least one general purpose credit card.

# **Demographics**









# **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



#### 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 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

### 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



#### 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



#### Wheel & Tire Protection

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



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