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## Connected Consumers: 5 Key Segments and How They Buy



# Data Shows Not All Connected Consumers are Alike

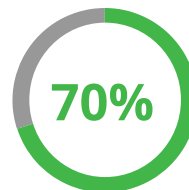


The connected future is here. Thanks to technological advancements, connected products are everywhere. They're changing how people live, work and unwind.

## We are living in “the connected now.”

Consumer fears about the sophisticated capabilities of connected products have kept them from fully embracing the connected world. They worry about purchasing multiple products that depend on each other and the unseen networks they need to operate. Consumers are asking questions like, *If something goes wrong with my Bluetooth door locks, will I be locked out of my house? If one of my connected kitchen appliances stops working, will all the connected appliances in my house stop working, too? And who will help me if something goes wrong?*

Consumers want you to ensure their connected lifestyle continues without interruption. But not all connected consumers are the same: They have different wants, needs and expectations for making connected products part of their lives. Understanding why and how different types of consumers bring connected products into their lives is critical for your business. Not only will you provide a better experience and sell more products and services, but you'll build long-term, trusting relationships so customers keep coming to you for their connected products and services.



of connected products are used at least several times a week by their owners.



## It's exciting — and intimidating.

You can highlight the most relevant products and services based on each consumer's unique needs to boost customer loyalty. And, you can address concerns and challenges each consumer type has so you offer value tailored to their needs. Ultimately, this helps you become the company your customers trust to help them understand their products better, anticipate problems and protect themselves against malfunction or damage.

7 out of 10 people say they use connected products several times a week. But there are significant differences in how people use connected products.

Assurant polled more than 1,200 connected consumers in the U.S. with questions about 26 connected tech product categories. From this data, we identified five types of consumers and how each type feels about the connected products and services they own.

You can use this breakdown of each consumer type to adjust your product and services offers, and develop targeted sales and promotional planning, sales training and other revenue-growth strategies.





# Technophiles: Love All Consumer Innovations

*Get to Know the 5 Types of Consumers Who Buy Connected Products*

Technophiles make up the youngest segment of connected consumers, which means they grew up with technology. They're highly educated and have the highest rate of full-time employment, so they've probably been exposed to technology at school and work. This has increased their comfort with connected technology, which is why this small segment accounts for nearly a quarter of connected product market share. And, because of their familiarity with technology, it makes sense that this group is the least likely to feel fear or apprehension when it comes to the connected ecosystem interoperability — they like it! They also have the highest household incomes and, therefore, the means to purchase pricier options.



6% of U.S. consumers own **22%** of connected products



Own an average of **16** connected products



Youngest segment: average age is **39**



Highest household income: average of **\$89,000**



Highest sense of personal well-being: **8.3** rating on a **10**-point scale

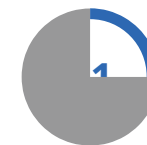


Most concentration in cities: **78%** live in urban metro areas

## Own products in all categories

Security, home automation, entertainment, out-of-home

## Biggest frustrations



Excessively long repair times (**25%**)



Difficulties with installation (**24%**)

## Tips for Selling Value-Added Services to Technophiles

Technophiles have more devices, so they'll need more help getting devices to work together. They'll want upfront support for getting their homes configured, learning how to get the most out of their new tech, and installing devices.

They'll also want protection in case something breaks. They want to know someone can help repair or replace their products.

They may be interested in upgrade programs where they can trade in old products to get new ones.



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# Home Protectors: Get Comfort from Connected Control

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Their house isn't just any house. The idea of *home* is important to this consumer. They have a high rate of personal well-being, so they want their home to be a safe, stress-free sanctuary. Like Technophiles, they're highly educated and have a high rate of employment. They've likely been exposed to technology at work and school, too — which has increased their comfort level with using technology to protect their personal space.



**12%** of U.S. consumers own **19%** of connected products



Own an average of **7.7** connected products



Most racially diverse group: **35%** have non-white backgrounds



Least likely to live in a city: **25%** live in urban areas



2nd-highest sense of personal well-being: **7.1** rating on a **10-point** scale



Products owned: **Wi-fi home security**

## Biggest frustrations



Disappointing item performance (**28%**)



Difficulties with installation (**24%**)

## Tips for Selling Value-Added Services to Home Protectors

Home Protectors are a naturally risk-averse group, so protection offers are important to them.

They'll be interested in an education component, so tech support will be also key. They want someone to walk through the setup and teach them how to get the most out of their purchase. And they want troubleshooting help down the road.

Take the opportunity to offer bundled services for support + protection. Bundles increase the perceived value of the offering while meeting this group's particular needs.



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# Utilitarians: Prioritize Practical Convenience

*Get to Know the 5 Types of Consumers Who Buy Connected Products*



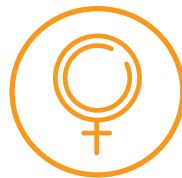
Practicality and convenience are the way to go with this consumer. Because they value simplicity, they want technology to be intuitive, and they want to know they have access to the right tech support network if anything goes wrong. This group wants a low-stress connected home experience and isn't worried about having the latest and greatest technology.



**20%** of U.S. consumers own **23%** of connected products



Own an average of **5.5** connected products



Most significant gender-imbalance: **58%** are women



2nd youngest segment: average age is **45**

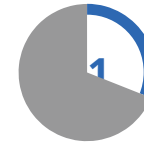


Lowest level of educational attainment: **32%** have at least a bachelor's degree



Products owned: **Home automation**

## Biggest frustrations



Disappointing item performance (**31%**)



Fear of breaking a pricey item (**29%**)

## Tips for Selling Value-Added Services to Home Protectors

Utilitarians want things to make their lives more efficient and convenient. Their products should work the way they're supposed to and not be complicated. They want to set it and forget it and not worry about ongoing maintenance.

Focus on services around the initial support they'll want when they get home. This includes installation support, set-up and education.

# Leisure Seekers: Enjoy Digital Entertainment

*Get to Know the 5 Types of Consumers Who Buy Connected Products*



This is the second oldest segment. They're not quite ready for retirement, but they're ready to enjoy life's little things. Most people in this segment are in rural areas where there may be fewer entertainment options. They appreciate the convenience of streaming media services and are highly interested in devices used to access their digital entertainment ecosystem.



**22%** of U.S. consumers own **25%** of connected products



Own an average of **5.2** connected products



2nd-oldest segment: average age is **47**



2nd-least likely to live in a city: **26%** live in urban areas

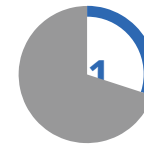


2nd-least diverse: **30%** have non-white backgrounds



Products owned: **Entertainment**

## Biggest frustrations



Extended warranty too expensive (**30%**)



Fear of breaking a pricey item (**28%**)

## Tips for Selling Value-Added Services to Home Protectors

Leisure seekers' biggest worry is that they bought something expensive, and they don't want it to break. Protection is the key here.

Because they're worried about the cost of the warranty, remind them of the value of potential bundled services. Help them realize that these services will allow them to keep enjoying their products with minimal disruption.



# Technophobes: Engage Infrequently With Connected Tech

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As the oldest segment, this group didn't grow up on technology. They've had a front-row seat to the world's transition from analog to digital. They have a deep distrust for technology, which could be partly due to a lack of intuitive training on technology they've owned in the past. In addition to this distrust, they're highly concerned about price. They've seen long-term impacts of inflation, and the 2008 financial crisis is still top of mind. This group worries about overspending and is deeply attuned to the value they'll get for what they spend.



**39%** of U.S. consumers own **11%** of connected products



Own an average of **1.3** connected products



Oldest segment: average age is **49**



Least diverse segment: **25%** have non-white backgrounds

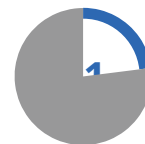


Lowest household income: **\$39,000**



Lowest sense of personal well-being: **6.5** average on a **10**-point scale

## Biggest frustrations



Disappointing item performance (**23%**)



Extended warranty too expensive (**23%**)

## Tips for Selling Value-Added Services to Home Protectors

You'll have to help them overcome their fear of jumping into the connected home. Play up any services you have with 24/7 support.

Highlight how they can talk to a real human on the phone that will walk them through any questions.



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# Common Traits Across the Consumer Types

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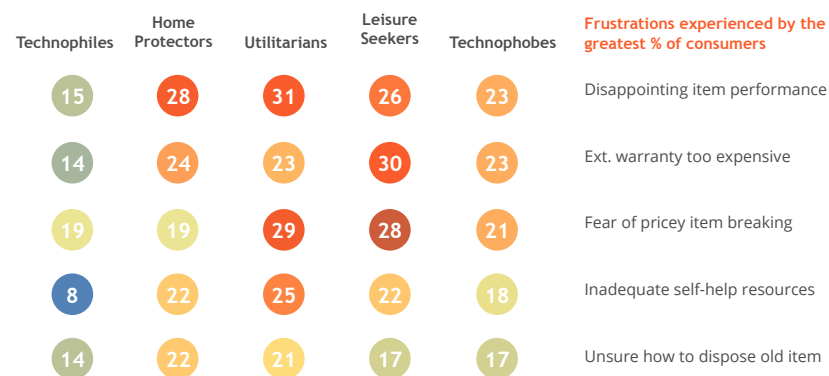
While there are differences between the consumer types, they do share similar preferences and concerns. This crossover illustration presents a foundation that can then be used to build customized offers to each group. Here's where these consumer types intersect:

**They expect the best from connected products and are frustrated when price or performance don't meet their expectations.**

Home Protectors, Utilitarians and Leisure Seekers experience higher rates of frustration than Technophiles or Technophobes. But all five consumer types are irritated when their connected products fall short of their expectations.

## The negatives of connected product ownership; top consumer frustrations

Percent of consumers in each segment that report being frustrated with a connected product in the past year

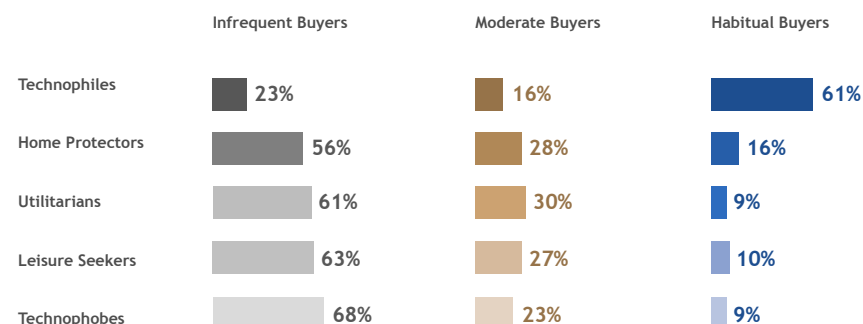


**They view the value-added services offered with connected products, like installation services, technical support and protection, as important parts of their connected ecosystems.**

There are distinctive buying patterns emerging for three kinds of value-added service purchases: premium technical support, extended warranties and smartphone protection plans. Technophiles regularly buy these extra services, while the remaining segments have moderate-to-habitual value-added service purchases in the 30% to 40% range.

## Three patterns of VAS consumer behavior

Share of segments aligned to each VAS purchase pattern



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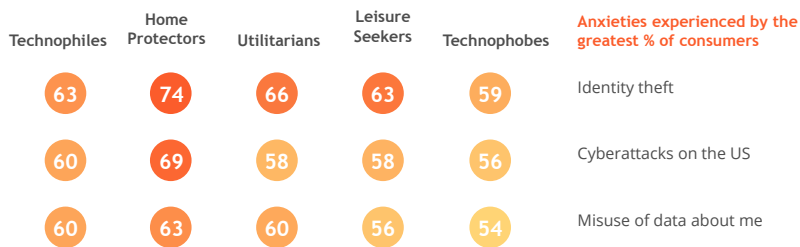


They're increasingly worried about identity theft, cyberattacks on the U.S. and the misuse of personal data.

These three concerns have been in national headlines, and each consumer type is aware of the risks. Technophiles and Home Protectors, the two fastest growing consumer types, feel these concerns more deeply.

## The downsides of connected living: Foremost anxieties, fears and concerns

Percent of consumers in each segment that report being either "terrified" or "very concerned" about the issue

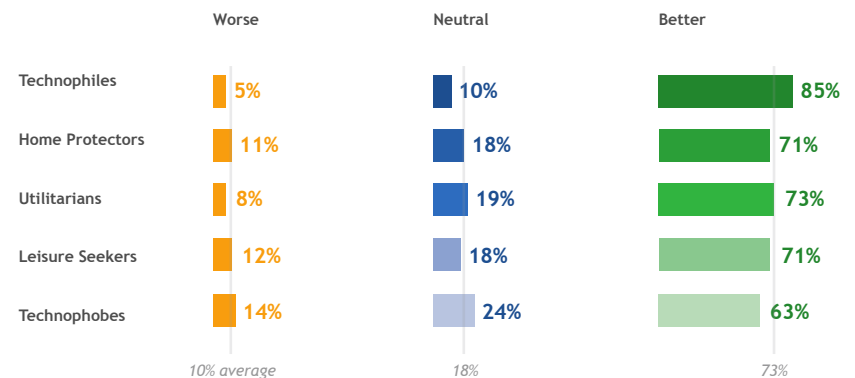


Despite these concerns, they still believe connected living makes life better.

The share of "connected optimists" in the U.S. has grown slightly in 2019 to 69%, up from 67% in 2017. Even though Technophobes own an average of just one connected product per household, nearly two-thirds of them are connected optimists.

## Impact of connected living

Share that believes connected tech makes life better vs. worse





## Key Takeaways

### Satisfaction is a strong predictor of market share.

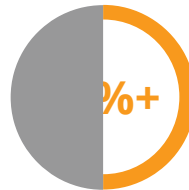
Customer satisfaction helps you build loyalty. Loyal customers can give incumbent competitors a big advantage, especially in highly competitive markets like e-commerce and smartphones.

**Most consumers think value-added services are critical for their connected product purchases.** Make sure you prominently advertise your value-added services that offer education, installation support and tech support.

More than half of the connected optimists reported they would protect their tech purchases with value-added services. Protection is one component of the offer, so **play up the value of support, service and protection as a potential bundle.**

### Tailor the marketing and sales to specific consumer types.

It's important to understand different consumer segments so you can offer what they really need.



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### Deep Knowledge to Help You Help Your Customers

You need a deep understanding of different consumer types to present the most relevant products and solutions for your customers. This understanding ensures you're offering the right product to the right consumer. But it's the services you wrap around those products that will truly help solve your customers' challenges and alleviate their concerns.

Assurant regularly researches connected consumers and we share what we know with our clients and the connected product community. Understanding how connected consumers buy not only helps us refine our own offerings, but also helps you align your sales and marketing to consumer behaviors and desires.

You want to keep your business and your customers' lives running smoothly. We're here to help. We can help you connect, support and protect their connected world — and keep them connected to you.