



THE RETAIL PROTECTION REPORT

UNITED STATES

CONSUMER INSIGHTS AND KEY TAKEAWAYS FOR RETAILERS

Insights and trends from more than **4,500** respondents around their desire for product protection from their favorite retailers, manufacturers and payment apps



What you will find in this report

Findings from a survey analyzing consumer preferences and buying behaviors for product protection offered by retailers, manufacturers and payment apps

This retail research report from Cover Genius, the insurtech for embedded protection, uncovers key consumer considerations when buying product protection from their favorite brands and includes insights for merchants looking to enhance consumer trust within the checkout and post-purchase journey.

The report is based on a survey conducted in January 2024 of **4500+** census-balanced consumers in the US. It is part of a global series that includes 12 different countries: the United States, Mexico, Brazil, Sweden, Germany, France, the United Kingdom, Poland, Spain, Australia, India and South Korea.

Respondents included consumers who had bought product protection for a recent purchase, as well as those who hadn't. They answered as many as 19 questions about the factors influencing their purchasing behaviors, the impact of the claims experience on their satisfaction and their interest in receiving protection offers for certain types of purchases.

4,515
consumers surveyed



Executive summary

Consumers today have more choices than ever before. Despite inflation and supply chain disruptions shifting buying habits, enduring factors like convenience and the end-to-end experience with the retailer or marketplace still strongly influence purchasing decisions for household, personal, and luxury items.

For retailers, this means that various touchpoints throughout the buyer's journey can offer both opportunities and hazards. By understanding what consumers want in a retail experience, merchants can take steps to improve sales of the underlying items, as well as grow new or boost existing ancillary revenue opportunities.

As expected, consumer demand for embedded and post-purchase product protection is strong. The **majority (68%) of US consumers** are interested in purchasing product protection from their favorite retailers, manufacturers and payment apps.

The primary reason for this is convenience. By integrating protection offers into the customer journey — both at checkout and post-purchase — companies can effectively tap into customers' desire for added peace of mind when shopping.

Not only do they want protection for their purchases, but consumers are willing to pay **20% more** for it, unlocking an opportunity for retailers to grow revenue per transaction while boosting customer satisfaction.

A seamless claims journey can impact overall customer satisfaction, with **83%** of respondents saying they'd recommend a brand for which they had positive claims experience.



01.

68% of consumers are interested in receiving product protection offers at checkout and/or post-purchase from their favorite retailers, manufacturers and payment apps.

02.

Consumers are interested in receiving product protection offers at checkout and post-purchase, primarily driven by the convenience (**60%**) of adding protection at those touchpoints.

03.

Consumers are willing to pay a premium — **20% more** — when considering product protection for their purchases.

04.

58% of consumers would be more likely to purchase protection if the product protection comes together with other protection (e.g. shipping protection, accidental damage, return protection, etc.).

05.

In the future, consumers are interested in purchasing product protection for a variety of their purchases. The most popular categories are Personal Electronics (**63%**), Home Appliances (**51%**) and Luxury Goods (**30%**).

06.

Consumers buy protection mainly to avoid potential repair and replacement costs. Extended Warranty is the product protection that consumers most frequently purchase (**59%**).

07.

83% of consumers would recommend a brand with which they had positive claims experience.

Insights



Healthy demand for product protection

Question

To what extent do you agree with the following statement? “I would be interested in receiving product protection offered at checkout/ after checkout from my favorite retailers, manufacturers, and/or payment apps.”

68% of consumers are interested in receiving product protection offers at check-out and/or post-purchase from their favorite retailers, manufacturers and payment apps.

Integrating protection offers into the checkout flow and post-purchase enables retailers, e-commerce marketplaces and payment apps to tap into consumers’ desire for added peace of mind when making purchases.

100%

Consumer interest in protection

68%
(n=3,043)

50%

0%



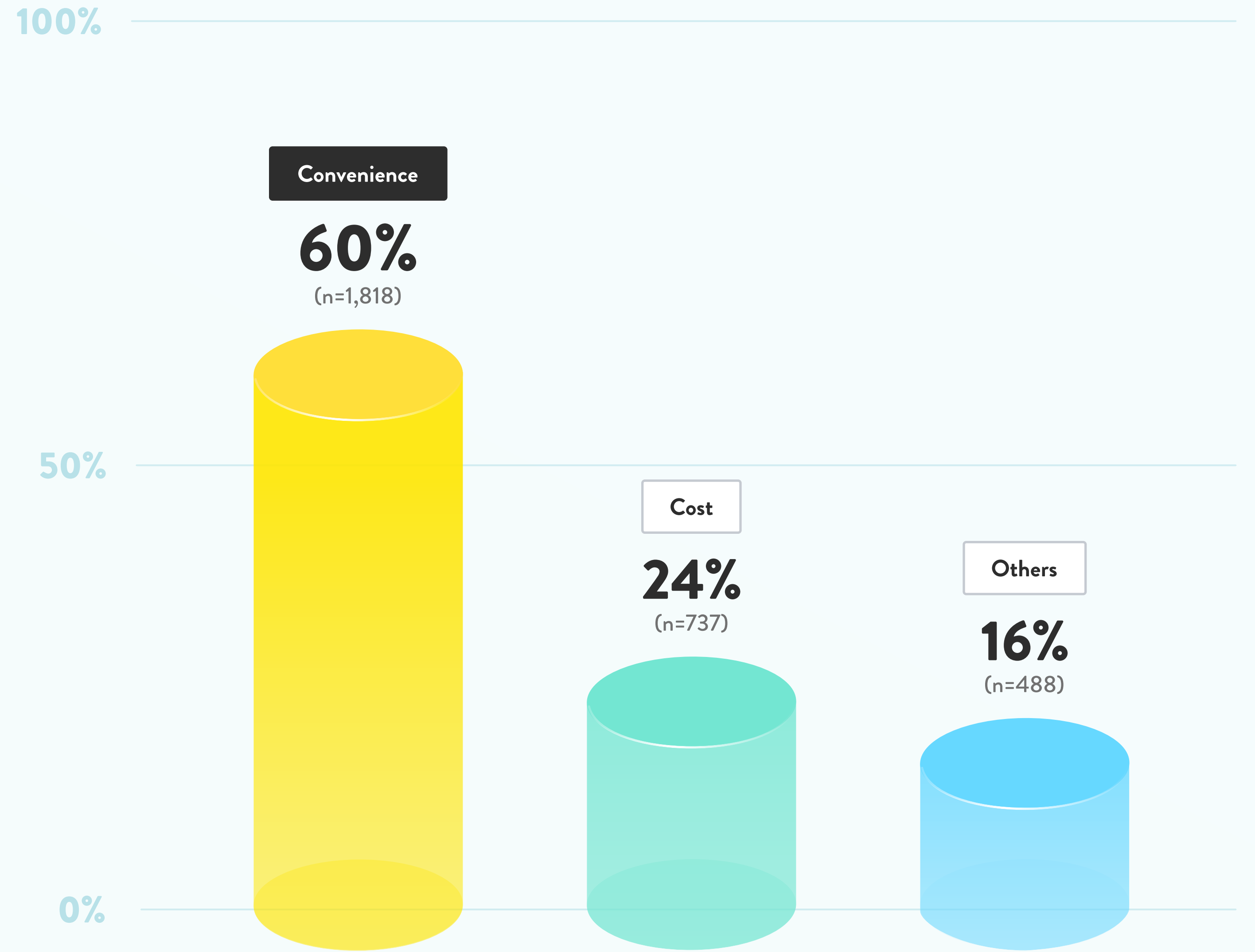
Factors contributing to consumer interest in product protection

Question

Why would you be interested in receiving these types of offers?

Consumers are interested in receiving product protection offers at checkout and post-purchase, primarily driven by the convenience **(60%)** of adding protection at those touchpoints.

Consumers appreciate the convenience of adding protection at checkout and post-purchase, giving retailers an opportunity to differentiate themselves from brands who do not offer protection.



Consumers are willing to pay more for protection

Question

If you were offered relevant offers for product protection at checkout or after checkout, how much extra would you be willing to pay for protection?

Consumers are willing to pay a premium — **20% more** — when considering product protection for their purchases.

By enriching the checkout and post-purchase experience with personalized product protection, retailers have the opportunity to increase revenue per transaction.

(n=4,515)

\$20

willing to pay 20% extra for protection on a \$100 product

Thank you for shopping!



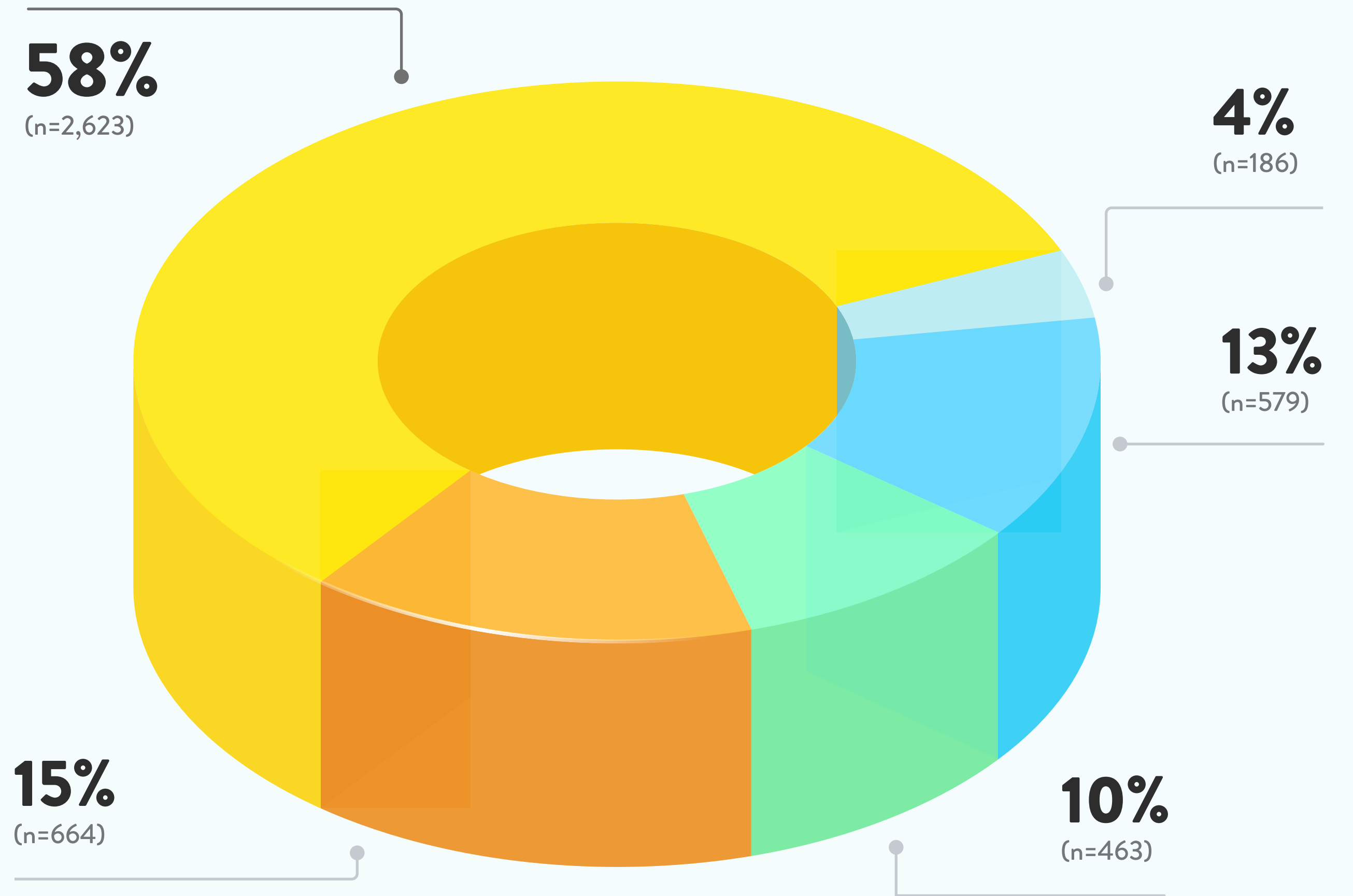
Factors increasing the likelihood of buying protection

Question

Which of these would increase your likelihood of purchasing product protection?

58% of consumers would be more likely to purchase protection if the product protection comes together with other protection (e.g. shipping protection, accidental damage, return protection, etc.).

Combining product protection that is comprehensive and includes other add-ons could reduce cart abandonment and have a positive impact on conversions for retailers.



- The product protection comes together with other protection
- The product protection is offered as a subscription that automatically renews
- I am unfamiliar with the brand from which I purchase the product
- I am automatically enrolled in a loyalty program
- Others



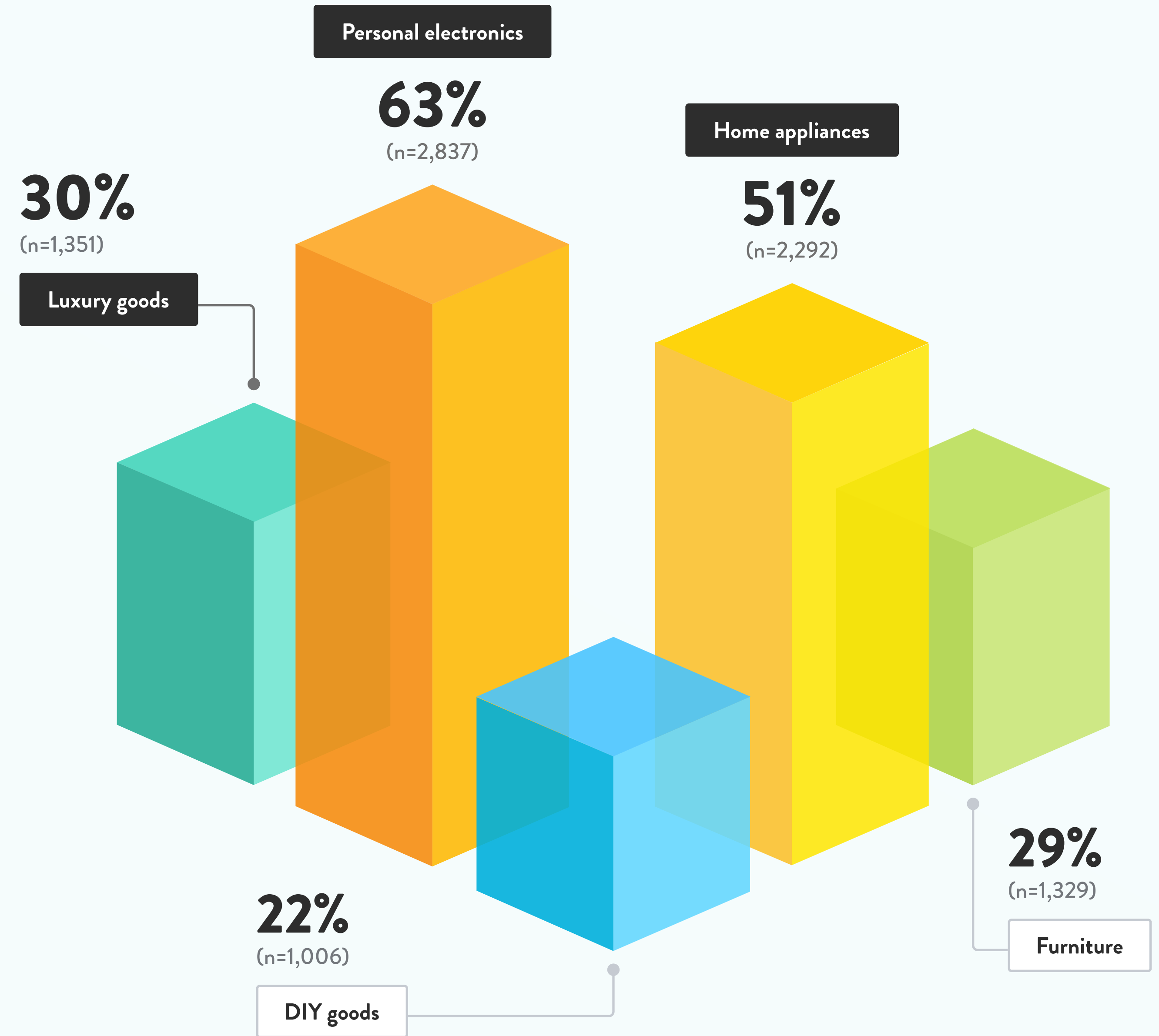
What consumers want protection for

Question

What is the product category that you would be interested in purchasing product protection for?

In the future, consumers are interested in purchasing product protection for a variety of their purchases. The most popular categories are Personal Electronics (63%), Home Appliances (51%) and Luxury Goods (30%).

Given their higher price points and quality, consumers are more inclined to invest in protection plans that safeguard their high-value items, mitigating risks associated with product defects, damage, or loss.





The most popular protection

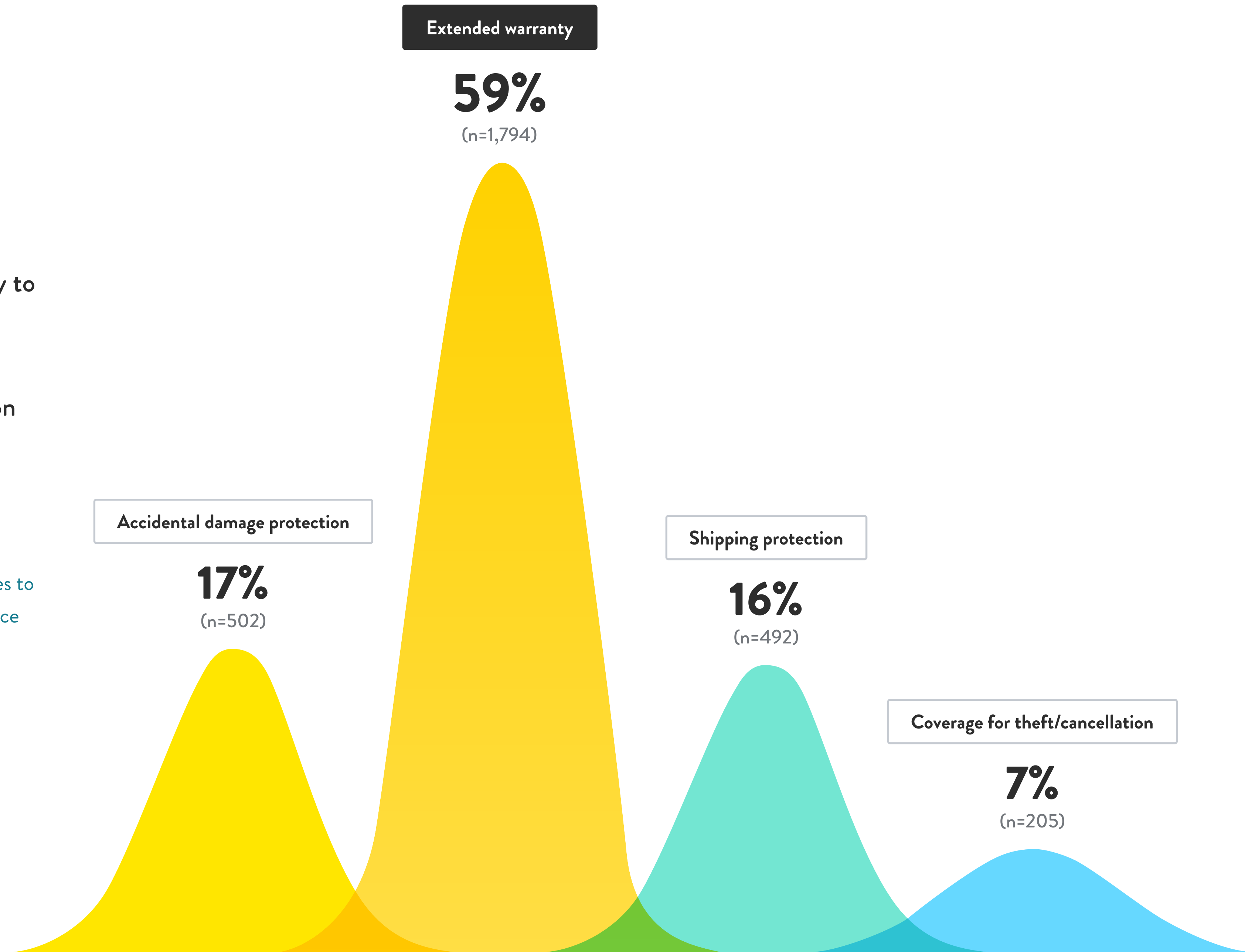
Question

Why did you purchase product protection?

Which type of product protection did you most frequently purchase?

Consumers buy protection mainly to avoid potential repair and replacement costs. **Extended Warranty** is the product protection that consumers most frequently purchase **(59%)**.

Savvy e-commerce players can leverage protection options like Extended Warranties to appeal to risk-averse consumers and enhance customer trust.



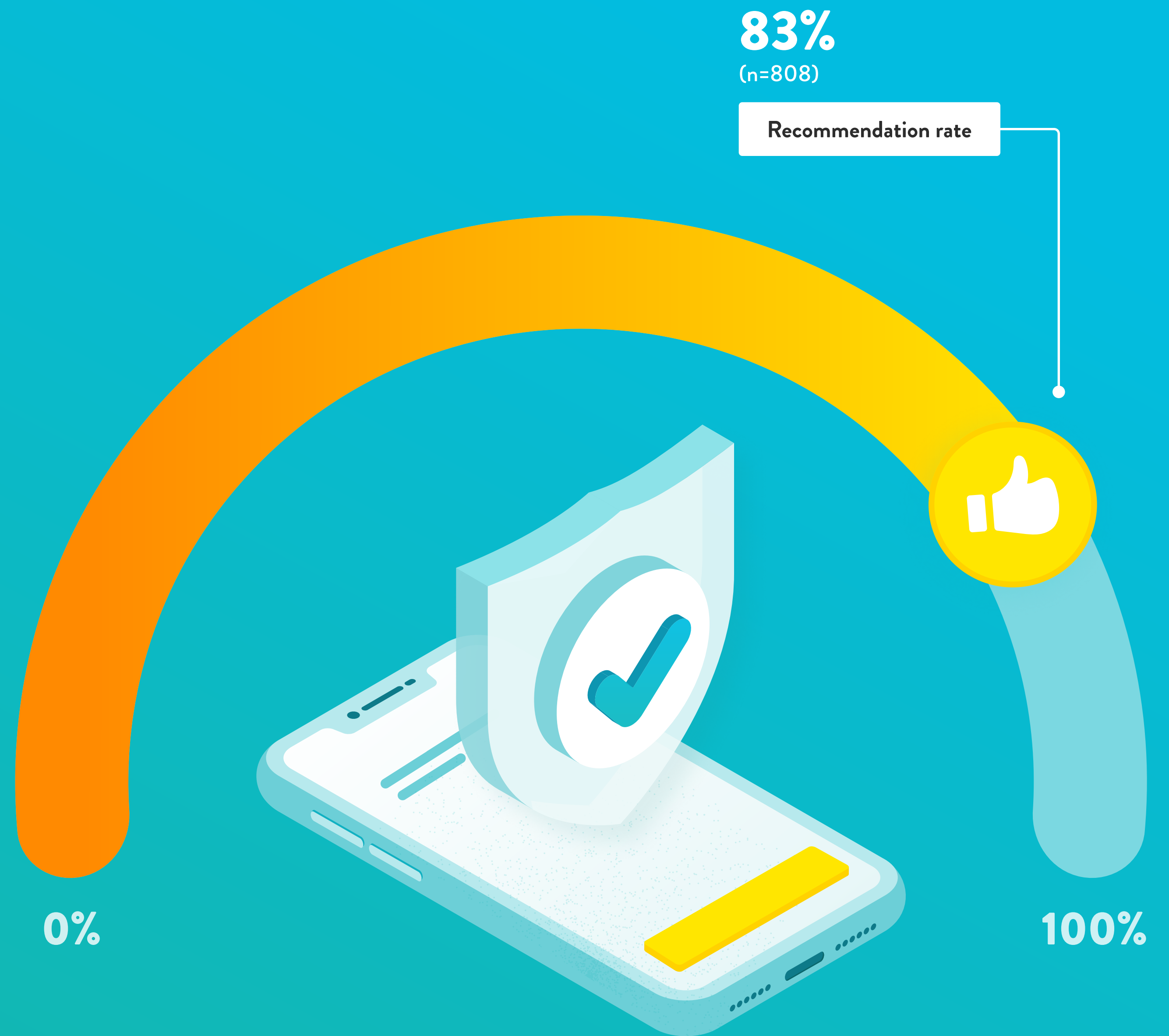
Impact of the claims experience on customer satisfaction

Question

To what extent do you agree with the following statement? “I would recommend a brand with which I had positive claims experience.”

83% of consumers would recommend a brand with which they had positive claims experience.

Customers who have their claims handled efficiently and satisfactorily are more likely to remain loyal to the brand.





COVER GENIUS

This report was prepared by Cover Genius Pty Limited ABN 43 159 983 598. The information is of a general nature and any observations about insurance, the property market and its trends are incidental and not intended to be construed as financial advice. Speak to a professional before making any financial decision. This report and the information within it may not be reproduced without the permission of Cover Genius.