



In-Home Consumer Services

Hottest In-Home Options and Influencers

By John Ragsdale, VP of Research, SSPA

February's Topic of the Month for SSPA Research is consumer in-home services, based on an SSPA research study completed in November, 2006 of 1,000 consumers who had recently purchased, or planned to purchase home theatre or home office equipment within the next year. In the January SSPA News, we asked what topic you most wanted to see addressed this month, and the winner with 60% of the vote was what in-home service options are finding the greatest adoption by customers, and what are the primary influencers for in-home service purchases.

A common theme in my research over the last 7 months has been growing technical complexity and how this is impacting service levels and customer satisfaction. SSPA Benchmark data shows that almost two-thirds of SSPA members said in 2006 that the products they support are highly complex; less than half of members claimed highly complex products only 3 years ago. When we talk about highly complex products, we typically think of Cisco routers, Sun servers and Oracle enterprise applications and databases, but the impact of growing complexity is hitting the consumer world just as hard. As an example, communications companies report that they receive an average of 4-5 customer questions on every new cell phone because the features are becoming so complex customers can no longer figure out everything on their own.

This really hit home to me when I bought my first HDTV last fall, and I spent two weekends getting it set up correctly. Between the TV, HD cable box and DVR, DVD player and surround sound systems, none of the products offered much connection information in the manuals. Bottom line, with home theatre products becoming so much more complex, and the world of home office and home theatre merging into a single multi-media implementation, few consumers will be able to install a full system without assistance in the years to come. And those who attempt to self-install are unlikely to get the full value from the equipment, and I suspect will be less satisfied as a result.

Planned Home Services Options

We surveyed consumers planning to make a home office or theatre purchase in 2007, asking them which, if any, in-home service options

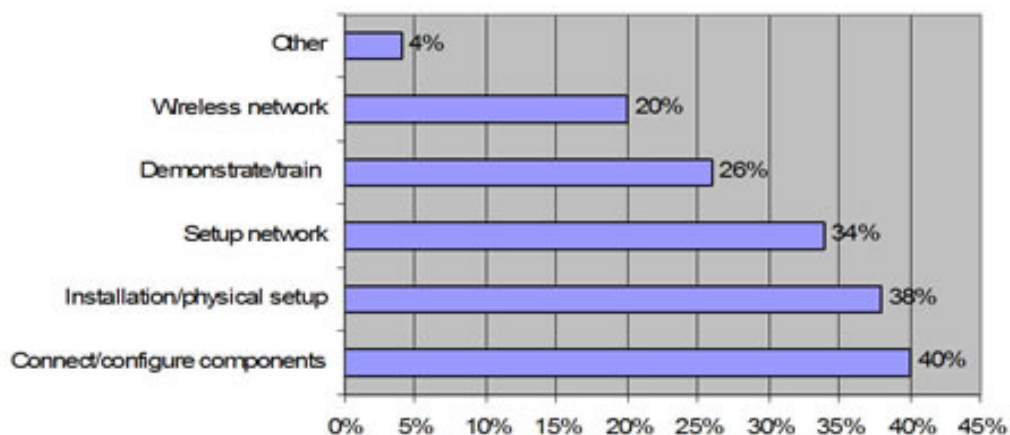
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they planned to purchase along with the equipment. On the home office side, as shown in Figure 1, 40% of planned purchasers want assistance in connecting and configuring equipment, closely followed by 38% planning to pay for in-home services for the physical setup and installation of equipment. Networking proved slightly less popular, with 34% looking for help in setting up a network, and 20% interested in wireless network setup.

Figure 1: Planned Service Options: Home Office

Planned Service Options: Home Office

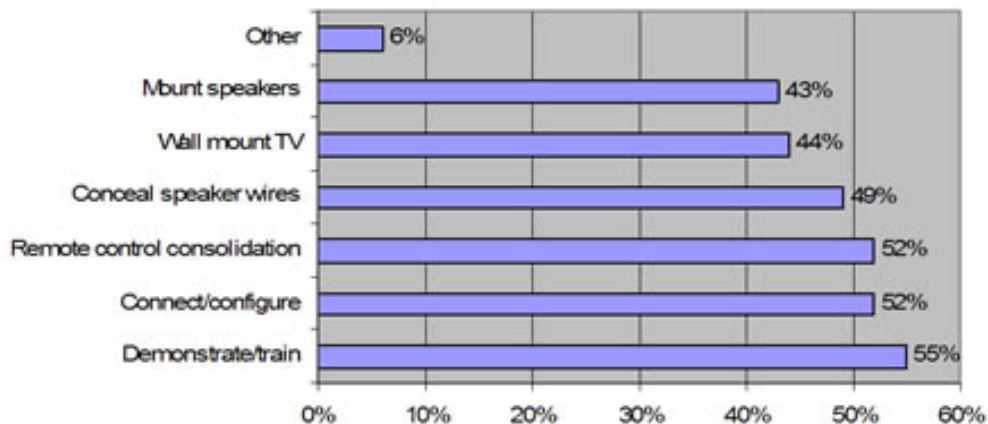


Source: 2006 SSPA Consumer Home Services Survey

As seen in Figure 2, in-home services for home theatre showed higher demand, reflecting the increased complexity of equipment with 55% of consumers saying they will pay for in home demonstration of equipment. 52% of planned home theatre purchasers plan to opt for both assistance with connecting and configuring equipment, and remote control consolidation. With home theatre equipment moving out of cabinetry and onto the wall, slightly less than half of respondents plan to pay for mounting of speakers and flat panel TVs, and for concealing speaker wire.

Figure 2: Planned Service Options: Home Theatre

Planned Service Options: Home Theatre



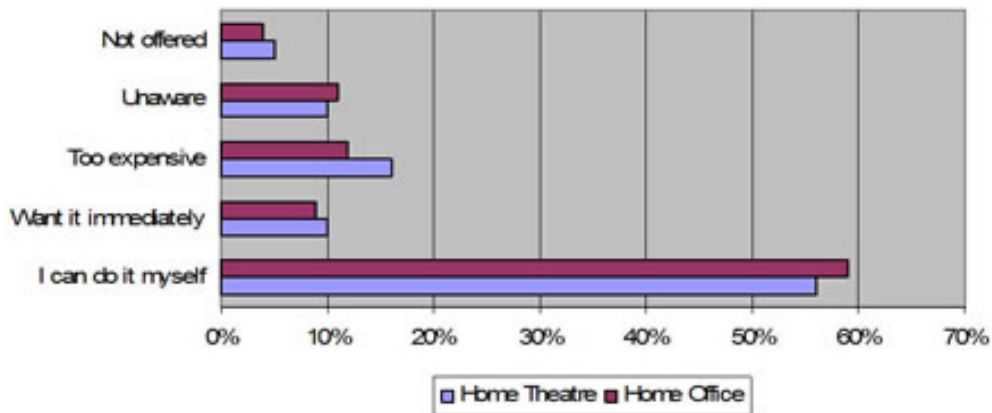
Source: 2006 SSPA Consumer Home Services Survey

Influencers for In-Home Services

We know which in-home service options are the most popular, but how can we capture more customer interest for these and other service options? In the Consumer Home Services Survey, we asked consumers not interested in home services what was behind that decision. In Figure 3, we see the barriers to home service adoptions for both home office and home theatre, and the overwhelming answer is that consumers feel they can perform installation and configuration themselves. Judging from my personal HDTV experience, I predict this is quickly changing, and with prices of HDTV continuing to drop, more households will soon learn that there is much more to setting up a home theatre than pulling equipment out of the box and plugging it in.

Figure 3: Barriers to Home Services

Barriers to Home Services



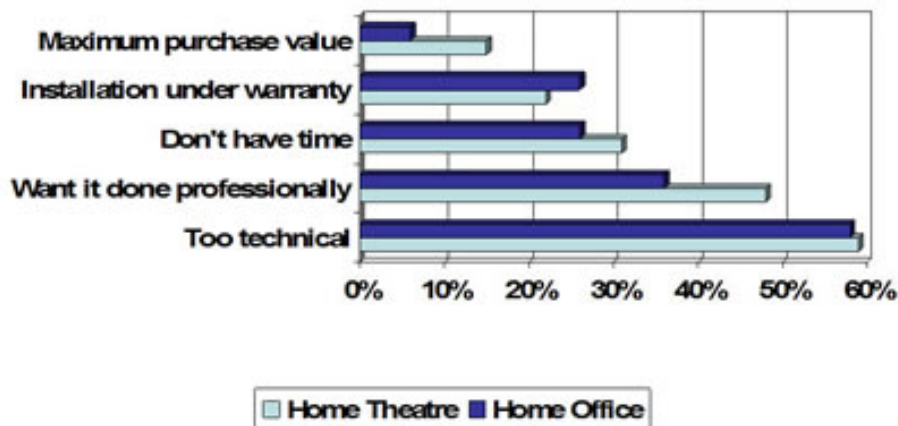
Source: 2006 SSPA Consumer Home Services Survey

Other barriers, such as immediacy and cost, do not seem to dissuade shoppers. The single biggest issue, then, is consumer's overconfidence in their ability to install this increasingly complex equipment.

Of consumers who indicated they planned to purchase in-home services, we asked what drove that decision. As shown in Figure 4, there is acknowledgement of the increased complexity, with well over half of respondents for both home office and theatre indicating the equipment is too complex for them to install themselves.

Figure 4: Why are you considering home installation services?

Why are you considering home installation services?



Source: 2006 SSPA Consumer Home Services Survey

Other selections included consumers who preferred to have the equipment installed professionally (48% for home theatre, 36% for home office), those pressed for time, and those who want to be sure that the installed equipment is covered by a warranty.

The SSPA Recommends

Increased complexity is both a blessing and a curse. Support management knows that each new product and release carries it with it increased responsibility on the part of customers to ramp up their understanding of the technology, and while some customers are quick to learn and adapt, others require additional time and training to master each revision. So while this 'up and to the right' complexity curve means more interaction volumes and possibly higher support costs, it also means there is an opportunity for incremental revenues from installation, warranties and ongoing training.

In the B2B world this has long been the case, with enterprise customers sending administrators to training and certification classes, and customers adopting premiere service contracts offering higher levels of support. Now B2C should take a page from the B2B playbook:

- Don't downplay complexity.** In the consumer world, marketing campaigns for new technology typically try to persuade potential customers that products are easy to learn and use. Perhaps it is time to change this thinking, particularly in areas like HDTV. Home theatre buyers want quality and performance more than simplicity, and perhaps it is time to stop trying to convince consumers that the 'best of breed' products are idiot proof.

- **Include basic service to gain upsell potential.** As mentioned in [previous SSPA Research](#), upsell and cross-sell offers extended by in-home installation technicians are successful nearly 100% of the time. With the incredible potential revenue of additional sales of service options and equipment, perhaps bundling basic onsite installation into the purchase price, or offering it at a deeply discounted price, makes sense.
- **Installation problems mean unsatisfied customers.** If a customer is unable to install their equipment, or it is a long and laborious process, it impacts their satisfaction with the equipment and their likelihood of recommending it to friends and family. Even if the problem was their lack of expertise, not a defect in the equipment, they will not be wholly satisfied with their purchase. Making in-home services more ubiquitous increases the likelihood of satisfied customers.

Stay tuned this month for more details from our Consumer Home Services Survey, including information on attach rates by products, consumer preference in purchase location for home electronics, and more recommendations for successfully leveraging consumer in-home services for additional revenues.

About John Ragsdale.....

John Ragsdale is Vice President of Research for the SSPA. Ragsdale spent 10 years managing tech support operations before moving to Silicon Valley where he held product management and marketing positions at eService and CRM vendors. He spent 5 years at Forrester Research as VP and Research Director before joining the SSPA.

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