



Internet **Home** Alliance

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## Home Network-in-a-Box Study

December, 2004

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## Key Findings

- **Background & Methodology**
- Executive Summary
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  - CompUSA Online Survey
  - Sales Process and Retail Comparison
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# Background & Methodology

The main purpose of this study was to evaluate the consumer experience of shopping for home networking products and accordingly, identify opportunities to improve it.

More specifically, the research was designed to accomplish the following:

- Evaluate the consumer experience across representative retail chains, namely Apple, Best Buy and CompUSA
- Understand consumers' key needs and points of frustration in shopping for home networking products
- Gauge consumer interest in bundled home networking solutions and better understand consumer expectations of bundles versus standalone home networking products
- Design merchandising and other solutions to address retail points of frustration

## Background & Methodology

This project involved a variety of research methodologies. Initially, the project was designed to focus on CompUSA's efforts to bundle home networking products. To that end, we created a retail-based respondent recruiting strategy. This strategy entailed the following:

- **Identifying five retail locations in zip codes with a preponderance of target consumers.** Participating sites consisted of four Chicago-area stores and a store in Ann Arbor, Michigan.
- **Creating and delivering a custom direct-mail piece.** This mailer was sent to nearly 12,000 potential CompUSA customers living near one of the participating stores.
- **Creating and setting up an in-store kiosk in each of the participating stores.** This aspect of the project entailed creating in-store signage and a unique user-interface (UI) that educated shoppers about their home networking options and helped them narrow their options. The in-store signage was designed to match the direct-mail piece. The UI consisted of a series of questions designed to help shoppers select the most appropriate home networking bundle and to produce sample for a follow-up Web survey. The recommended configuration could be printed and handed to a salesperson. It was hoped sales personnel would direct shoppers to the kiosk whether or not consumers expressed an interest in home networking products. To better ensure a good mix of shoppers used the kiosk, the in-store signage emphasized a drawing for a \$100 credit toward CompUSA merchandise.

The retail-based recruiting strategy was launched on December 3<sup>rd</sup>, 2003. For a number of reasons, this initial approach failed to produce adequate results. Fewer than 30 shoppers completed the kiosk-based questionnaire. To compensate for this low response rate, Zanthus acquired lists of customers who had purchased home networking products at the participating stores. These lists consisted of contact names and phone numbers, requiring us to recruit potential respondents over the phone. Respondents who agreed to fill out the Web-based survey were sent the appropriate link. This recruitment strategy proved to be unduly slow. By the end of April, only 84 Web surveys had been completed.

# Background & Methodology

The initial approach was hampered by a number of factors. The operational learnings gleaned from this effort that can be applied to future retail studies include the following:

- **Launch projects in a 'controllable' environment.** Because the participating stores were distant from CompUSA's national headquarters in Dallas, Texas, managers responsible for securing appropriate resources and enforcing the desired recruitment process couldn't be supervised.
- **Ensure buy-in at all levels of deployment.** During the trial period, salespeople (understandably) had higher priorities than helping to manage this trial.
- **The more people that need to be informed, the greater the chance of non-compliance.**
- **Take the business cycle, or in this case, seasonality, into account when considering the trial period.**
- **Design the project so that it has little, if any, impact on typical sales or other routinized procedures.** Some, if not most, salespeople ultimately rejected the notion of steering shoppers to the kiosk because doing so took them out of the sale, albeit only momentarily. They were reluctant to break the standard sales process for fear of losing sales.

## Background & Methodology

Given the small sample size the first approach produced, we developed an alternate, qualitative approach to the project that broadened the scope beyond CompUSA to include Apple and Best Buy. We also expanded the merchandise under test to include the Linksys Wireless-B Media Adapter. The revised approach consisted of the following:

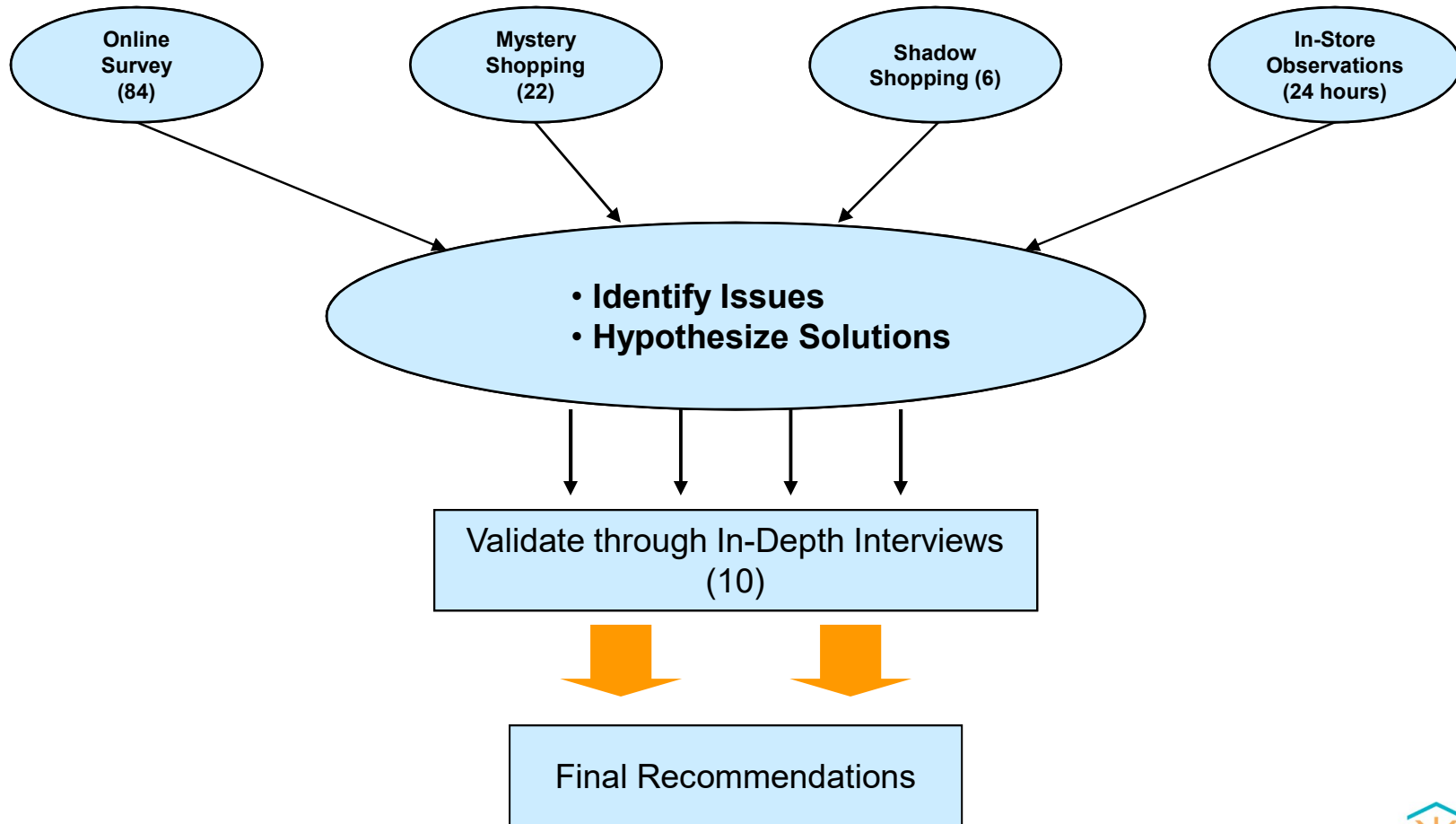
- **Mystery shopping.** This process involved sending a trained mystery shopper into a store to ask about either home networking products in general or the Linksys Wireless-B Media Adapter in particular. Mystery shoppers were provided with standard question prompts and immediately after their shops, completed standard evaluation forms that covered store layout, merchandising and the sales process. A total of 22 mystery shops were conducted across the three target retailers. This and other, related portions of the study were conducted in stores located in and around Portland, OR. Shops varied by day of week and time of day to gain a holistic understanding of each environment.
- **Shadow shopping.** For this portion of the project, we recruited consumers with a strong interest in purchasing one or more home networking products and/or the Linksys Wireless-B Media Adapter to go on an observed shop. We conducted a total of six shadow shops—two per retailer, split evenly between standard networking products and the media adapter.
- **In-store observations.** Applying anthropological techniques to the retail setting, Zanthus consultants conducted six separate in-store observation sessions. Each session involved two consultants for a two-hour period. One consultant observed shoppers in the computer and/or home electronics section of the store, while the other randomly selected shoppers to follow from the store entrance onward. The latter was designed to map dominant store traffic patterns. Zanthus consultants spent a total of 24 person hours observing shoppers across the three retail outlets, or eight hours per retailer.

Once these three components of the study were complete, the results were compiled and synthesized to produce preliminary store re-designs. The designs assumed an existing CompUSA-type configuration. These preliminary designs were, in turn, presented to ten (10) CompUSA shoppers who had purchased a bundled product during the original research period. The preliminary designs were presented as a series of ‘illustrative’ builds. Two distinct design approaches were taken. (See Appendix for the illustrations presented in this phase of the research.) Based on the feedback we received in these in-depth interviews (IDIs), we revised the re-designs. The IDIs were conducted by phone and lasted, on average, 45 minutes.

The following page depicts the research process graphically.



# Background & Methodology





## Notes on Interpretation

With a sample size of only 84, the results from the Web survey conducted in the first phase of this project have a margin of error of +/- 10.8% at the 95% confidence level. This means the results come within plus or minus 10.8% of the results that would have been obtained given a census of all qualified individuals. The sample size associated with individual questions may differ and accordingly, have higher margins of error associated with the results.

Please note that, with the exception of the Web survey results, the findings from this project are qualitative in nature. This means the results should not be extrapolated to the general population. Our conclusions and recommendations are provided as guidance based on our qualitative assessment of the three store environments under test.

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# Executive Summary

The following captures the main findings from this study. Many findings are couched in terms of recommendations in order to better ensure the project sponsors recognize their relevance to their business. Illustrated recommendations pertaining to store layout and merchandising can be found in the 'Recommendations' section prior to the Appendix.

## Home Networking Products

**Main reason for purchase.** Based on the initial Web survey for this project, increasing penetration of broadband Internet access is driving the purchase of home networking products. This finding is supported by previous Alliance-sponsored research, which found that shared Internet access is the most popular purchase rationale.

**Near-term & long-term interests.** In the near-term, a plurality of current home network users cited an interest in media file-sharing between computers and TVs, or other entertainment devices. This desire bodes well for devices like the Linksys Wireless-B Media Adapter provided the retail environment supports education about and promotion of the product, and of course, it meets consumers' expectations.

**Efficacy of bundled solutions.** Bundled solutions such as CompUSA's Home Network Starter Kit do succeed in driving incremental product sales. Responses to the online survey and in-depth interviews strongly suggest that single-box-solutions encourage sales when consumers wouldn't otherwise be inclined to purchase.

# Executive Summary

## Retail Environment: General

**Relative strengths and weaknesses.** Each of the three retailers examined as part of this project showed distinct strengths and weaknesses. We examined each of the retailers along four key dimensions: attracting prospects, educating guests, demonstrating technology and validating purchases. In general, based on our evaluation.

- The Apple Store best succeeded in attracting prospects and demonstrating technology.
- Best Buy provided the most effective tools for guests to educate themselves about networking products.
- CompUSA offered the best sales support in terms of validating shoppers' purchases.

All three retailers, however, face similar challenges and exhibited considerable room for improvement.

## Retail Environment: Store Layout

**Relocate the 'Upgrades' department.** The location of the 'Upgrades' department in the back of the store appears to be sub-optimal for the sales of home network products, warranting further study.

**Make connections between departments.** Home networking products are unique in that they constitute a platform for other features/functions. Retailers in general and CompUSA in particular could do much more to increase awareness of and drive traffic to the home networking section of the store through the use of signage or small displays in areas devoted to music, games, digital cameras and home entertainment.

# Executive Summary

## Retail Environment: Merchandising

**Create a more educational environment.** In order to feel confident about their home networking products purchases, consumers require an educational, high-touch environment. This means the retailer should maximize opportunities for guests to educate themselves about home networking products and to ensure knowledgeable sales staff are available to help when necessary. This study revealed that there is little, if any, sales collateral available at retail to help guests make informed choices. This finding is particularly true for current home network owners looking for ways to enhance their systems via media adapters and home security products. In our estimation, retailers are leaving substantial sums on the table for lack of effective collateral and/or knowledgeable sales staff.

**Organize products by type rather than by brand.** The logic behind merchandising by brand should be re-examined. The results from our shadow shopping de-briefs and in-depth interviews indicate the current merchandising scheme confuses guests, who find it difficult to locate the components necessary to set up a home network. The non-intuitive shelf layout, combined with previously mentioned issues like the lack of educational collateral and sales person availability, likely contributes to lost sales.

**Develop more and different bundles.** Bundled solutions such as CompUSA's Home Network Starter Kit do succeed in driving incremental sales of home networking products. Based on this and other, similar studies, we believe there is room for retailers to develop new and different bundles for current home network owners, particularly in the areas of digital audio and home security.

# Executive Summary

## Retail Environment: Service

**Increase the effectiveness of sales staff.** We recognize that training and maintaining a knowledgeable and attentive sales staff is a perennial challenge. The stakes are higher with home networking products than many other types of merchandise, however, because first-time buyers of these products almost always rely on the advice of a salesperson. As revealed by this study, levels of salesperson knowledge varied considerably both within and across retailers. This variability had a profound impact on the degree to which our shadow and mystery shoppers felt they could select products with confidence. The inconsistency of salesperson knowledge argues for better self-education opportunities for guests and/or a higher level of training for sales staff.

**Promote free installation.** Based on our in-depth interviews, free installation is an important purchase driver. The majority of CompUSA's customers who responded to the online survey capitalized on the company's offer of free installation; however, our shadow and mystery shopping efforts found sales staff frequently fail to mention it when advising guests. This finding points out a serious training issue, as free installation is one of the few aspects of the CompUSA shopping experience that positively distinguishes it from its closest competitors.

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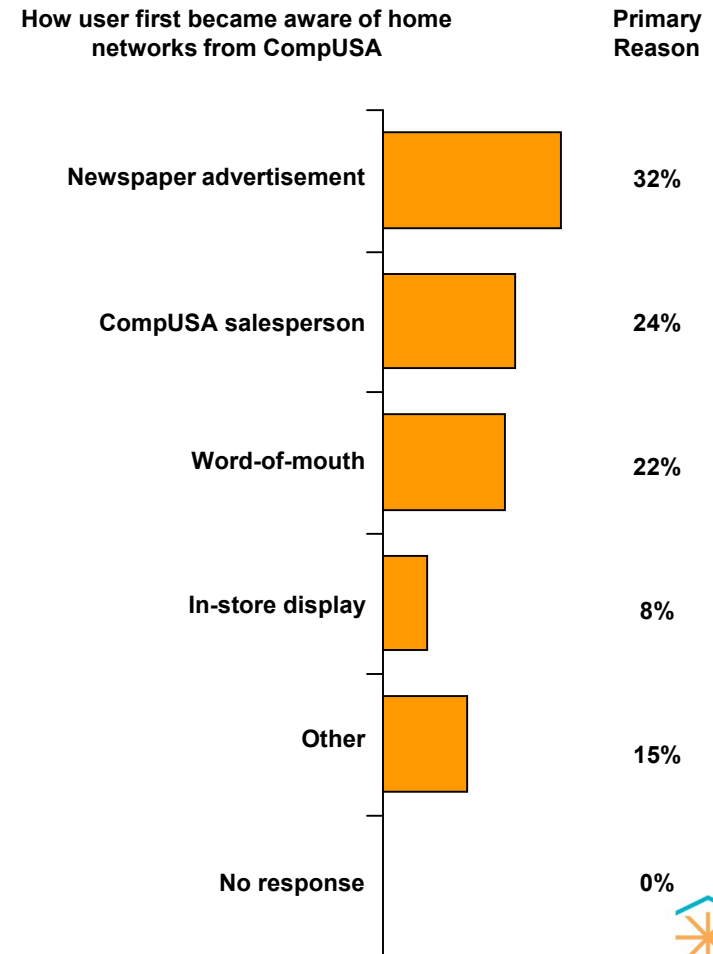
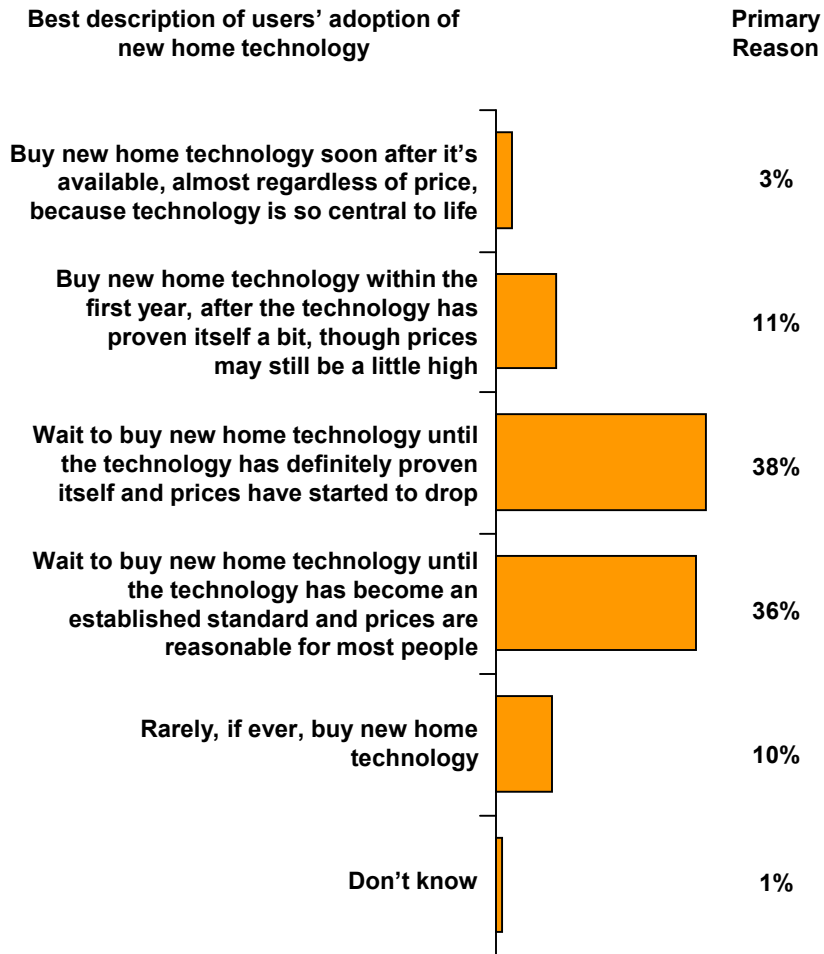
# CompUSA Online Survey Summary

The online survey of CompUSA customers who recently purchased home network equipment found that it's becoming a mainstream product category, with growth driven by increasing penetration of broadband Internet access.

- At this point in the category lifecycle, nearly three-quarters of respondents are price conscious and desire to purchase proven technology.
- Home networking awareness among CompUSA customers is driven by print advertising (34%), store sales force (24%), and word-of-mouth (22%). There's an opportunity to improve the effectiveness of in-store displays, which only 8% of respondents cited as important in generating awareness.
- A desire to share internet access in the home (76%) is the largest driver of home network installation with the wish to share a printer or other peripheral among computers (68%) a secondary driver.
- Consumers express a wide variety of ideas about how they would like to utilize their home network in both the short-term and long-term. In the immediate future, many users indicate an interest in media file-sharing (e.g., photos, video, and music) either between computers or from a PC to a TV or other device. In the long-term, users express a strong desire to use their network to better control home security and as an alternative method of communication (Webcam and VoIP).



# Consumer Adoption & Product Awareness

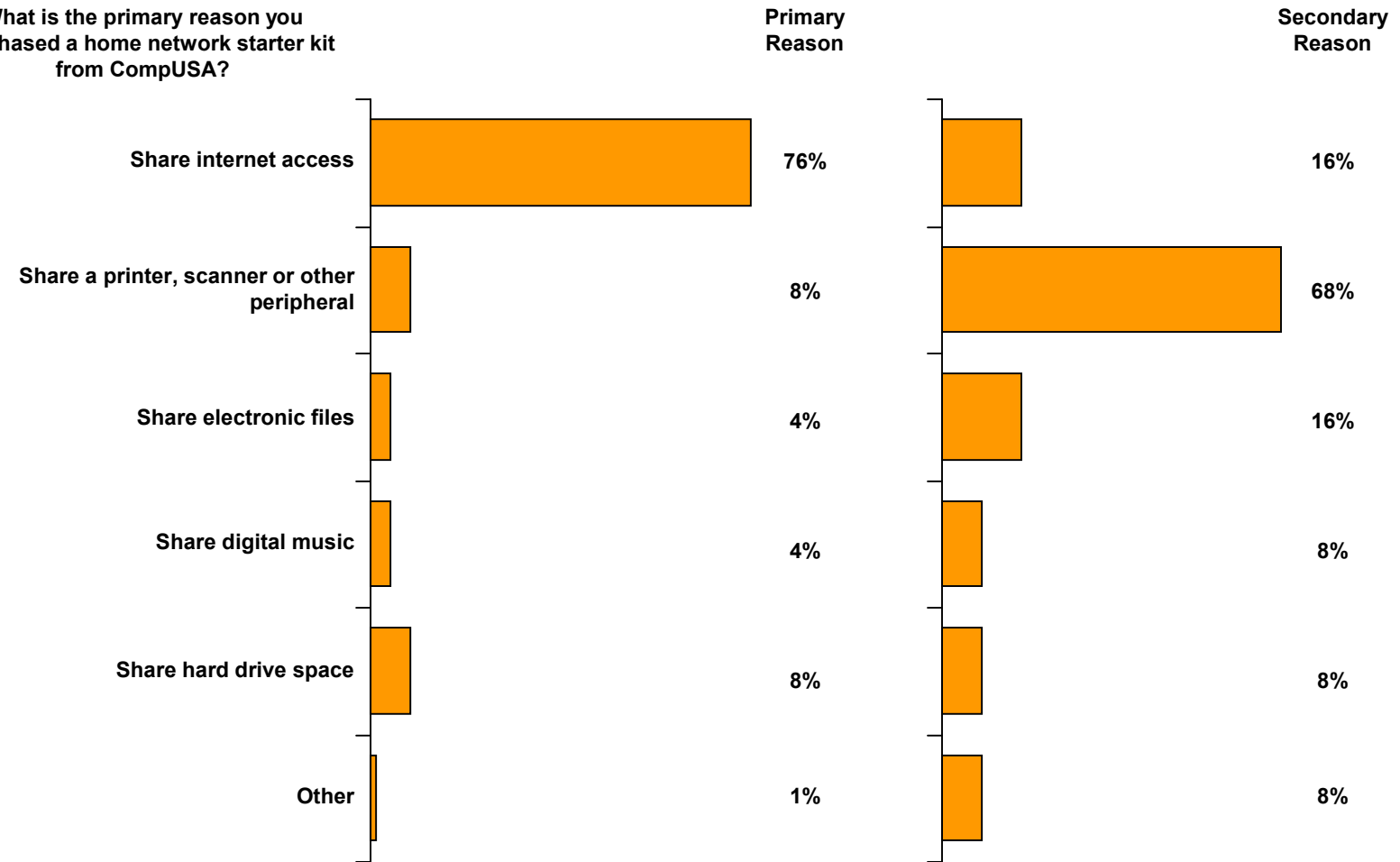


(QB,Q1; n=88)



# Consumer Purchase Intention

What is the primary reason you purchased a home network starter kit from CompUSA?

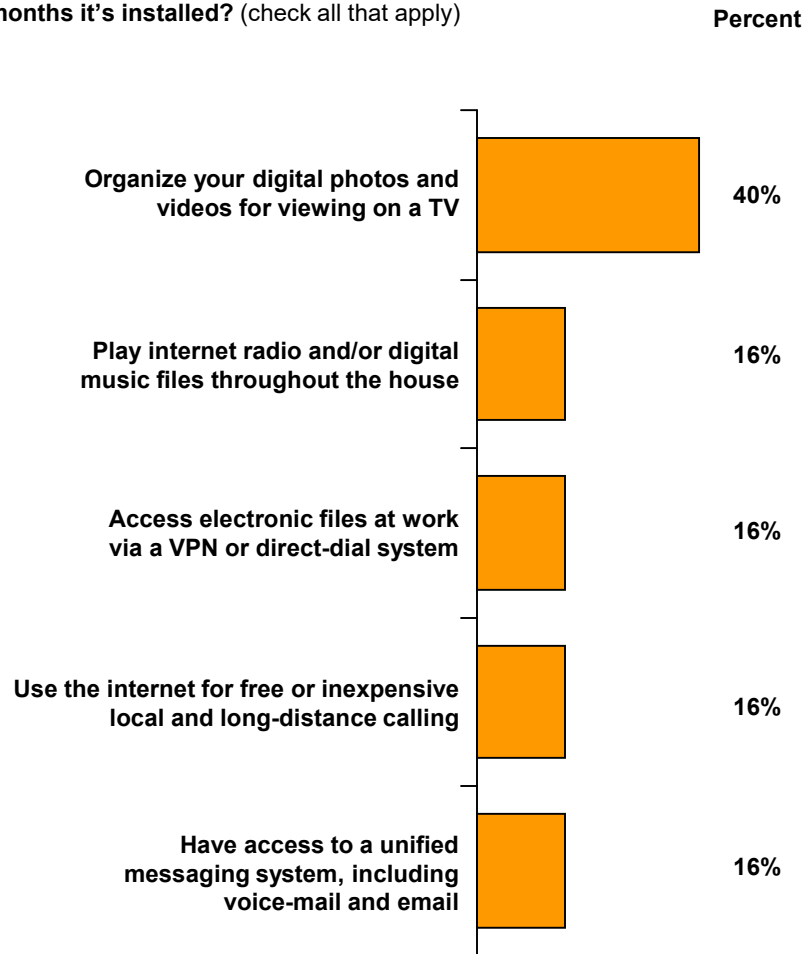


\*Sample size for this data is insufficient to be considered statistically significant (QB,Q1; n=25)

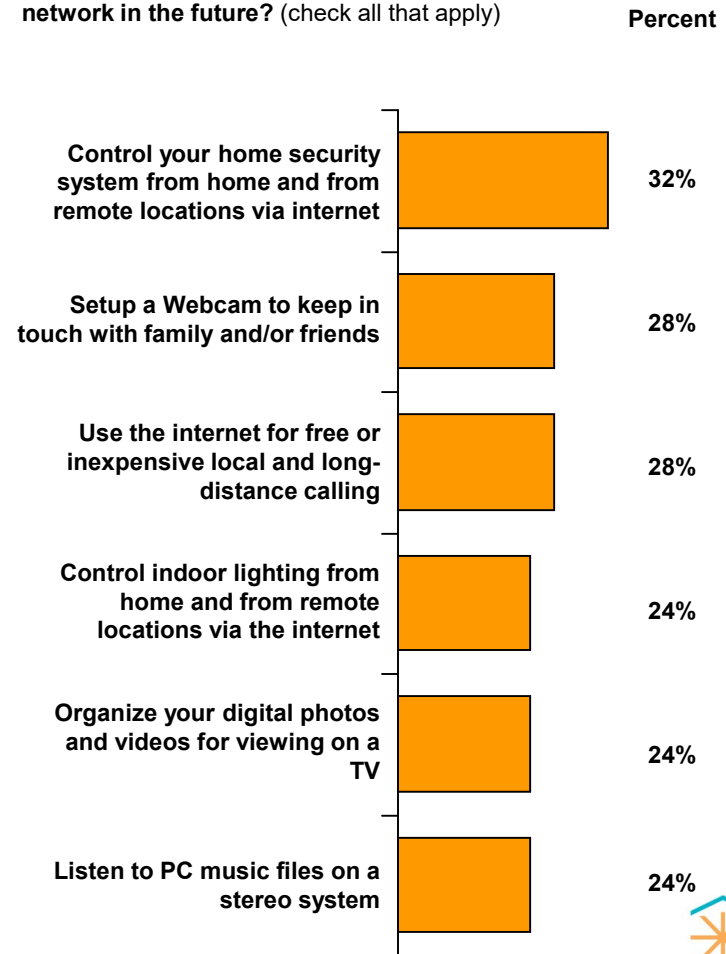


# Consumers' Anticipated Future Use

Which, if any, of the following do you plan to do with your home network in the first three months it's installed? (check all that apply)



Which, if any, of the following would you seriously consider doing with your home network in the future? (check all that apply)



\*Sample size for this data is insufficient to be considered statistically significant (QB,Q1; n=25)



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# Sales Process and Retail Comparison Summary

As part of this study, we employed three distinct qualitative methods: shadow shopping, mystery shopping and expert in-store observations. Each method was employed across three key retailers—The Apple Store, Best Buy and CompUSA. Together, these methods allowed us to gauge how each retailer attempts to fulfill the needs of its guests. We examined these needs in terms of the critical steps in the sales process: attracting prospective customers, educating guests, demonstrating technology, and validating the purchase.

- The Apple Store’s museum-like aesthetic and single-brand focus worked best to interest consumers in and demonstrate the potential of home networking technology. Apple’s AirPort and AirPort Express are central to the store concept and the company provides working displays with which guests can experiment.
- Best Buy provided the most tools, e.g., brochures and signs, for guests to educate themselves about the uses of home networks and the basics of setting one up.
- CompUSA did the best job of providing the sales support necessary to validate consumer purchases. Over 40% of mystery shoppers received sales attention within five minutes of browsing the home networking section. CompUSA sales staff came out slightly ahead in sales competence in areas such as probing customer needs, courtesy, cross-selling, and simply explaining products.

That said, all chains showed similar sales challenges and considerable room for improvement.

The following page diagrams the strengths and weaknesses of the three chains across the steps in the sales process.

# Sales Process and Retail Comparison

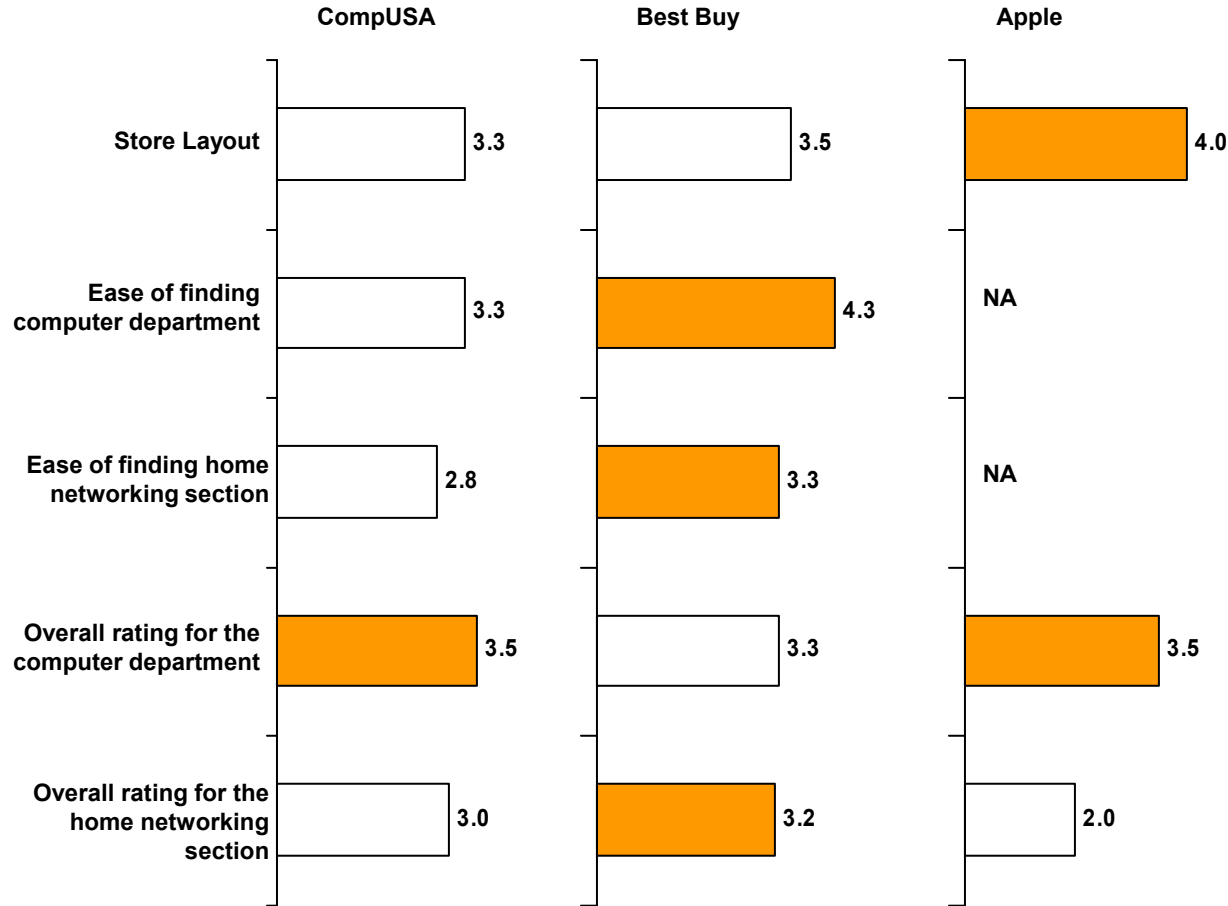
Retail Benchmark	CompUSA	Best Buy	Apple Store
<p><b>Attract</b> prospective customers</p>	<ul style="list-style-type: none"> <li>HN has no visually distinct identity in store</li> <li>HN in 'Upgrades' section, which is sometimes physically removed from the computer department</li> </ul>	<ul style="list-style-type: none"> <li>HN has no visually distinct identity in store</li> <li>HN located within the computer department</li> </ul>	<ul style="list-style-type: none"> <li>Home networking (AirPort, AirPort Express) is central to the store concept through working demos</li> </ul>
<p><b>Educate</b> the guest</p>	<ul style="list-style-type: none"> <li>Linksys standee explains basic concept well but located some distance from HN section</li> </ul>	<ul style="list-style-type: none"> <li>Basic brochure available</li> <li>Explanatory signs along aisles</li> <li>Linksys standee explains basic concept well but located some distance from HN section</li> </ul>	<ul style="list-style-type: none"> <li>Apple product offering limited and easy to understand</li> <li>Product offering incomplete (no networking cards available in store)</li> </ul>
<p><b>Demonstrate</b> the technology</p>	<ul style="list-style-type: none"> <li>Non-functioning media adapter displays on end cap</li> <li>Non-functioning AirPort Express display on end cap</li> </ul>	<ul style="list-style-type: none"> <li>Non-functioning media adapter display on end cap</li> <li>Non-functioning hardware display on wall</li> </ul>	<ul style="list-style-type: none"> <li>Functioning networks set up and visible for guests to examine</li> <li>Interactive displays that allow users to play music or video files</li> </ul>
<p><b>Validate</b> the purchase</p>	<ul style="list-style-type: none"> <li>Great variability in availability, salesmanship, and level of knowledge of salespeople</li> <li>Mystery shoppers rated CompUSA salespeople slightly higher than those at Best Buy and Apple</li> </ul>	<ul style="list-style-type: none"> <li>Great variability in availability, salesmanship, and level of knowledge of salespeople</li> </ul>	<ul style="list-style-type: none"> <li>Single room store format</li> <li>Great variability in availability, salesmanship, and level of knowledge</li> </ul>

Source: Zanthus produced retail store survey instruments

# Store Organization

Average score 1-5 scale

Please rate the store on a 5-point scale where 1 means "poor" and 5 means "excellent."



In terms of store organization, the results of our mystery shopping efforts reveal slight differences between CompUSA and Best Buy, with the latter rated more favorably on individual metrics.

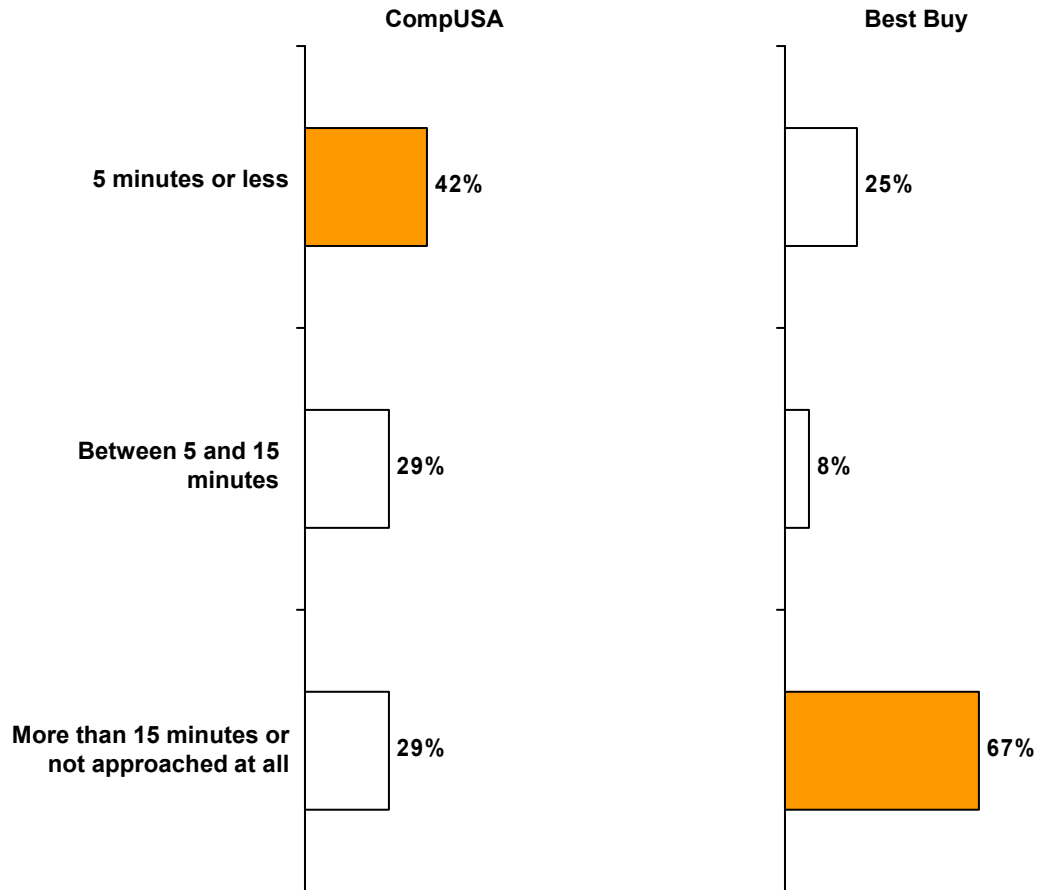
CompUSA stores where the 'Upgrades' section was located in the back of the store or otherwise separate from the computer section rated substantially lower on all aspects of store organization than those where the 'Upgrades' section was adjacent to the computer department.

\*Sample size is insufficient for findings to be considered statistically significant  
 Source: Zanthus mystery shopping survey (Q6; n=22; Q7,Q12,Q66,Q67; n=12, Comp=4; Best=6; Apple=2)

# Sales Availability

Percent of respondents

How long did you have to wait before being helped?



Both chains generated complaints among mystery shoppers about long wait times for help in the home networking section of the store.

- This issue was more pronounced at Best Buy
- No clear pattern detected as to whether long wait times driven by
  - 1) absence of staff,
  - 2) heavy customer traffic
  - 3) failure of available staff to engage the mystery shopper
- Additionally, In-Depth Interviews with CompUSA customers tended to confirm that long wait times are considered a problem by customers.

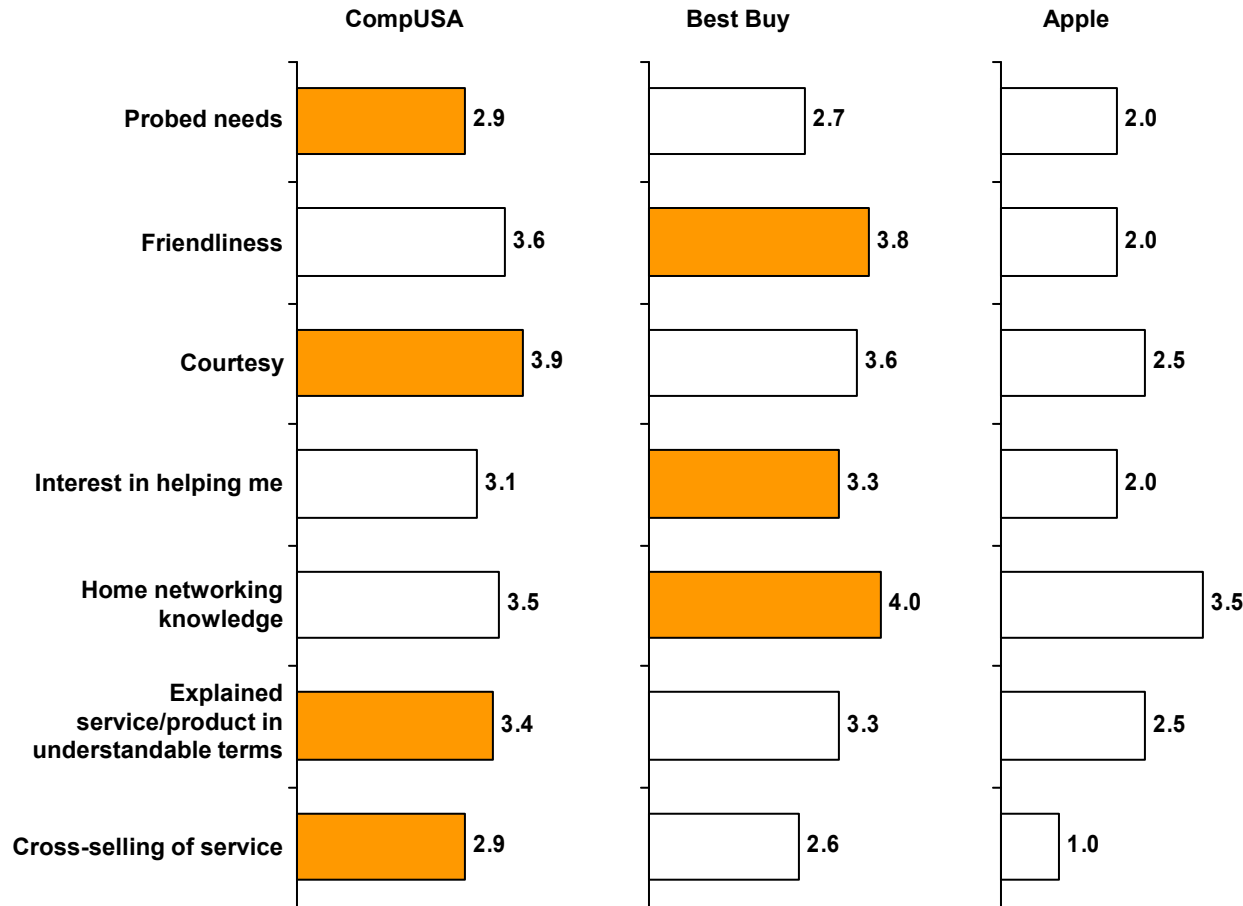
\*Sample size for this data is insufficient to be considered statistically significant  
Source: Zanthus mystery shopping survey (Q21; n=20, Comp=8; Best=12)



# Sales Skills Comparison

Average score 1-5 scale

Please rate the salesperson on a 5-point scale where 1 means "poor" and 5 means "excellent".



Despite small differences between chains, this data shows that chains face similar challenges in meeting the needs of their home networking customers. Among them:

- Sufficiently probing customer needs
- Explaining technology in an understandable fashion for novices
- Adequate product knowledge
- Capturing cross-sell opportunities

\*Sample size for this data is insufficient to be considered statistically significant  
 Source: Zanthus mystery shopping survey (Q28,Q29,Q30,Q31,Q33,Q37,Q39; n=22, Comp=8; Best=12; Apple=2)

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# Customer Experience Summary

The various retail survey instruments evaluated aspects of store layout, merchandizing, and service in CompUSA stores. Issues and opportunities were found in each of these aspects.

## Store layout

- The location of the Upgrades department appears important for customers to easily find home networking products. Our study suggests that stores where the Upgrades department is located immediately next to the Computer department are easiest for guests to navigate and probably generate greater customer exposure to home networking products.
- Home networking is a truly connective technology which has the potential to link many different sections of the store to the Computer department. POP or displays could be better leveraged to increase awareness of and drive traffic to the home networking section of the store.

## Merchandising

- All retail observation instruments and the in-depth interviews conducted with CompUSA customers reinforced that home networking equipment is a complex purchase. As such it requires a high degree of understanding and confidence for customers to arrive at purchase decisions.
- Retail observation suggests and interviews validated that customers would value merchandising by product type as opposed to by brand; doing so would facilitate greater customer education and comparison of products.
- There is an opportunity to make available more POP and functional displays of technology to better meet the educational needs of guests.

## Service

- First-time buyers of home networking equipment almost always rely on the advice of a salesperson. This makes increasing the effectiveness and availability of sales staff critical to increasing sales.
- The level of knowledge and confidence of salespeople about home networking is highly varied and did seem to cause retail confusion.

# Key Issues from Retail Survey Instruments

## Store Layout

Issue	Quotes
<p>In CompUSA stores, HN section sometimes challenging to find when Upgrades not next to the Computer department</p>	<p><i>"I would think that home networking equipment would be where the computers are" -IDI</i></p> <p><i>"I don't think of networking products as 'Upgrades'" -IDI</i></p>
<p>Stores with HN equipment located within or next to Computers appear to receive more traffic into the HN section</p>	<p>In-store observation</p>
<p>Many other store departments are related to home networking (e.g. Music, Games, Portable CE, and Home Entertainment) and could be leveraged to raise awareness and drive traffic to HN</p> <ul style="list-style-type: none"> <li>In particular, Media Adapters should be displayed and available within the Home Entertainment department</li> </ul>	<p><i>"I'd be interested in things like hooking up a security system to my network but I've never heard of that." -IDI</i></p> <p><i>"I asked the TV salespeople about hooking up the TV to the network and their eyes glazed over and they tried to send me over to the Computer guys." -Mystery shopper</i></p>

Source: Zanthus produced retail store survey instruments



# Key Issues from Retail Survey Instruments

## Merchandising

Issue	Quotes
<p><b>HN products are merchandised by brand not function making it difficult for consumers to comparison shop.</b></p> <ul style="list-style-type: none"> <li>• Shelf topper signs do not correspond to products on the shelf</li> <li>• Manufacturer packaging emphasizes brand over product-type contributing to shelf-level “box blindness”</li> </ul>	<p><i>“The choices are overwhelming and confusing” - Mystery shopper</i></p> <p><i>“The way they have it now, you have to go to one brand, find the thing you want and then go to the next brand and find something comparable. It takes a lot of time.” -IDI</i></p> <p><i>“Products are not lined up on the shelf in order. So you can't tell what you should take and from where. Routers in one place, pci card in another...” -Mystery shopper</i></p> <p><i>“You go in and see just this massive aisle of boxes of different sizes and you find yourself staring at it.” -Mystery shopper</i></p>
<p><b>Signs and POP in the HN section do not maximize potential to stimulate demand or educate customers</b></p>	<p><i>“The section needs more information. There is no guidance, no suggestions how to find the right stuff.”</i></p> <p><i>-Shadow shopper</i></p> <p><i>“I'd appreciate something that explained to me what a home network is and what I need.” -Mystery shopper</i></p> <p><i>“I'd be interested to learn what kind of advanced things I can do with my network now that I have one.” -IDI</i></p>
<p><b>Customers want to interact with the technology and see “what’s in the box” as part of the purchase process</b></p>	<p><i>“D-link media adapter display on end of aisle looked ok but did not work.” -Mystery shopper</i></p> <p><i>“I want to know what’s in the box! It be nice to see how it all connects together before I buy it.” -Mystery shopper</i></p> <p><i>“Sometimes you just want to see it all setup in the store and know it works.” -IDI</i></p>



# Key Issues from Retail Survey Instruments

## Service

Issue	Quotes
<p><b>The first-time purchase of network equipment is a complex process requiring high-touch sales at a level which is challenging to provide.</b></p> <ul style="list-style-type: none"> <li>All chains had difficulty making salespeople available to customers in need. This seemed particularly the case at CompUSA stores</li> </ul>	<p>After 12 hours of observing different stores at peak/non-peak times, only one customer ever purchased a router without consulting a sales person. - ISO</p> <p><i>"No matter what, I want to confirm with the sales guy before I buy it. It's expensive and I don't want to end up getting the wrong thing."-IDI</i></p> <p><i>"I have to rely on the salesperson to tell me what is right for me because I have no other way to know."-Mystery shopper</i></p>
<p><b>Extremely inconsistent level of knowledge and confidence of salespeople about HN. This lack of consistency creates a confusing consumer experience</b></p>	<p><i>"The first guy I spoke to said I should buy one thing but another salesguy who seemed to know a lot more came and recommended something different."-Mystery shopper</i></p> <p><i>"My [sales]guy didn't seem too knowledgeable about the different products and standards so I didn't get a lot of confidence talking to him."-Shadow shopper</i></p>
<p><b>Salespeople in CompUSA infrequently volunteered information to prospective customers about free home installation, technical support and return policy.</b></p>	<ul style="list-style-type: none"> <li>In only two out of ten CompUSA mystery shops / shadow shops did salespeople mention home installation without prompting from the guest.</li> <li>Nine out of ten in-depth interviewees took advantage of CompUSA's free installation and cited it as a key decision factor in their decision to purchase</li> </ul>

Source: Zanthus produced retail store survey instruments



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# The Bundled Opportunity Summary

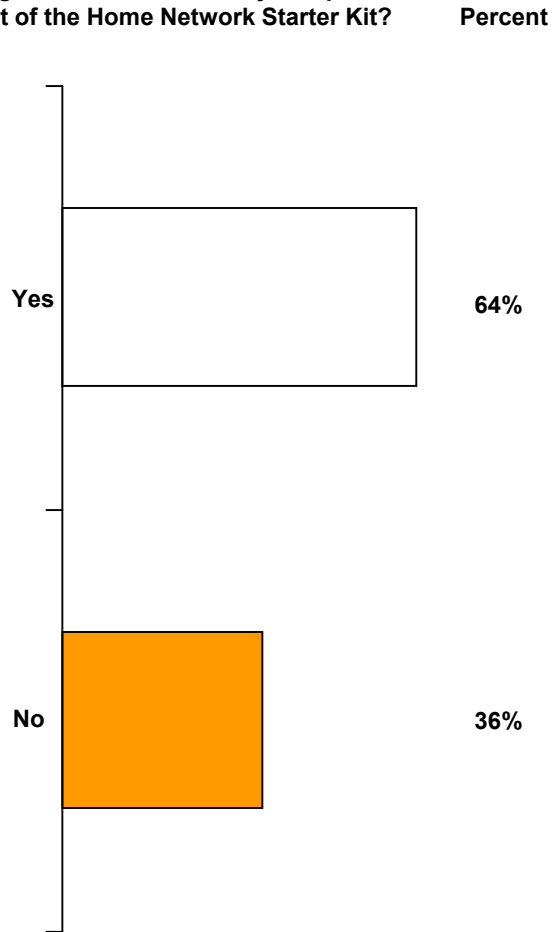
Bundled solutions such as CompUSA's Home Network Starter Kit do succeed in driving incremental sales of product. Responses to the online survey and in-depth interviews strongly suggest that single-box-solutions encourage sales when consumers wouldn't otherwise be inclined to purchase.

- 36% of respondents said that they would not have purchased if CompUSA had not pre-packaged the components as part of the Home Network Starter Kit. Furthermore, out of 10 in-depth interviews conducted with CompUSA customers, 8 reacted positively to the idea of buying a bundled "home-network-in-a-box" solution.
- The effectiveness of the bundle as an incremental sales driver could be raised even further by better addressing guests' critical concerns through packaging or sales staff: installation, ongoing technical support, and network security. 60% of respondents cited "ongoing technical support" and 48% cited network security as concerns they have with their existing home network from CompUSA.
- Additional concerns in-depth interviewees raised about bundles include installation, whether or not the bundle represented best available technology, and future upgrade options.

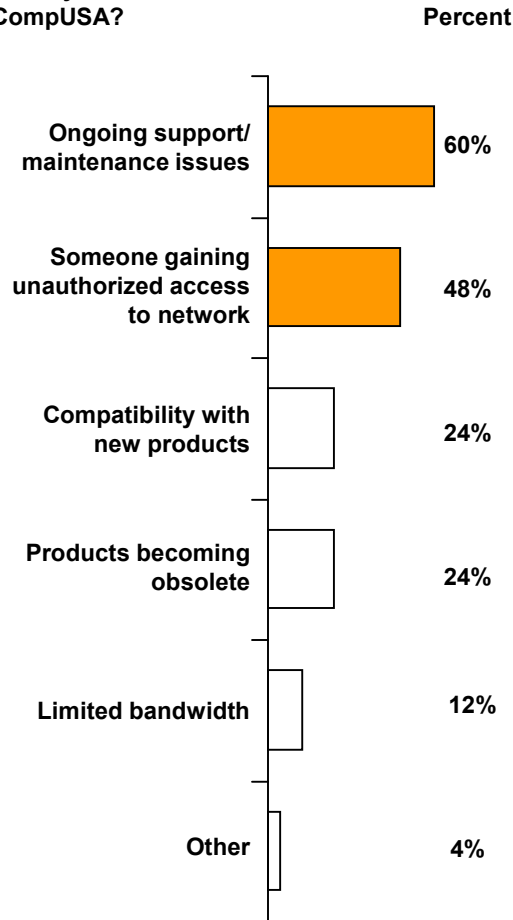


# The Bundled Opportunity - Home Network in a Box

In hindsight, would you have purchased a home network if CompUSA hadn't pre-packaged all of the necessary components as part of the Home Network Starter Kit?



Which, if any, concerns do you have about your home network from CompUSA?



Bundled solutions have value to consumers and drive incremental sales. Additionally:

- 8 out of 10 interview participants reacted favorably to the idea of purchasing a "home network in a box" [next page]

The most prominent concerns besides installation that manufacturers and retailers should address during the sales process are ongoing technical support and network security.

\*Sample size for this data is insufficient to be considered statistically significant (Q13,Q15; n=25)

# Bundles - Feedback from Interviews

## Customers are warm to bundles...

*"The idea of a bundle appeals to me immensely. I would rather buy the whole system and be done with it." - PK*

*"I purchased the parts separately but a bundle appeals to me. It tells you that the pieces work well with each other and I would expect a better price." - BE*

*"Bundles take the guesswork out of it and you don't have to worry about compatibility." - RN*

*"I like the idea of price being less than buying stuff separately." - RC*


*"If the information says it fits my system and needs, I would buy it. Definitely price is an important factor." - DMi*

## But express some concerns...

**Installation.** *"I would hope that the installation instructions are clear about how to connect everything together." – RC*

**Freedom.** *"All in one box doesn't give you a chance to pick and choose best components. As long as everything you really need is in the box that's great. I don't want to be missing a cable or anything." - DM*

**Upgrade Options.** *"I like the bundle concept but one fear I have is that if I bought it, it might limit my options for upgrading in the future." - KF*



In-depth interviews with CompUSA customers validated online survey results suggesting that consumers value bundles for their simplicity, compatibility of components, and presumed lower price

Concerns raised during interviews include installation, loss of freedom to choose best technology, and difficulties upgrading in the future

(Q1 & Q3; n=230)

## Key Findings

- Background & Methodology
- Executive Summary
- Key Findings
  - CompUSA Online Survey
  - Sales Process and Retail Comparison
  - Customer Experience
  - Bundles - Home Network in a Box
  - Home Installation Service
- **Recommendations**
  - Illustrations
- Appendix

# Recommendations

## Store Layout

Issue	Recommendation
In CompUSA stores, HN section sometimes challenging to find when Upgrades not next to the Computer department	<b>Create a visual identity for the HN section of the store</b>
Stores with HN equipment located within or next to Computers appear to receive more traffic into the HN section	<b>Incorporate HN section into Computer department or relocate Upgrades next to Computer department in all stores</b>
Many other store departments are related to home networking (e.g. Music, Games, Portable CE, and Home Entertainment) and could be leveraged to raise awareness and drive traffic to HN <ul style="list-style-type: none"><li>In particular, Media Adapters should be displayed and available within the Home Entertainment department</li></ul>	<b>Develop POP for use in each relevant department that can compel guests to investigate home networking</b>

# Recommendations

## Merchandising

Issue	Recommendations
<p>HN products are merchandised by brand not function making it difficult for consumers to comparison shop.</p> <ul style="list-style-type: none"> <li>• Shelf topper signs do not correspond to products on the shelf</li> <li>• Manufacturer packaging emphasizes brand over product-type contributing to shelf-level “box blindness”</li> </ul>	<p><b>Reorganize retail shelves by function (e.g. modems, routers, adapters) not by brand.</b></p> <p><b>Ensure that shelf signs correspond to the new product categories and are easy to understand</b></p> <p><b>Product manufacturers should review packaging to ensure that product-type is emphasized</b></p>
<p>Signs and POP in the HN section do not maximize potential to stimulate demand or educate customers</p>	<p><b>Provide visual explanation of home networking basics.</b></p> <p><b>Raise the educational content of signs and POP in HN section.</b></p>
<p>Customers want to interact with the technology and see “what’s in the box” as part of the purchase process</p>	<p><b>Display a working network for guests to interact with.</b></p> <p><b>Demo advanced ways to use a home network (e.g. media adapters, security cameras, baby monitors, printer sharing).</b></p>

# Recommendations

**Service**

Issue	Recommendations
<p>The first-time purchase of network equipment is a complex process requiring high-touch sales at a level which is challenging to provide.</p> <ul style="list-style-type: none"> <li>All chains had difficulty making salespeople available to customers in need. This seemed particularly the case at CompUSA stores</li> </ul>	<p><b>Provide a call button in the home networking department so that prospective customers who wish can ask for assistance</b></p> <ul style="list-style-type: none"> <li>The target response time to anyone using the call button should be two minutes or less for this to be seen as a positive feature</li> </ul>
<p>Extremely inconsistent level of knowledge and confidence of salespeople about HN. This lack of consistency creates a confusing consumer experience</p>	<p><b>Develop a “Help Center”, a kiosk connected to a printer which:</b></p> <ul style="list-style-type: none"> <li>Runs videotaped testimonials from customers who use their home network in different ways (e.g. gaming, security, home theater, etc)</li> <li>Acts as a source of information about home networking topics for novices and experts</li> <li>Functions as a configurator and provides hardware recommendations after a user answers simple questions on their intended use and current computer setup</li> </ul> <p><b>Provide third party information on brands (e.g. Consumer Reports, CNET reviews)</b></p>
<p>Salespeople in CompUSA infrequently volunteered information to prospective customers about free home installation, technical support and return policy.</p>	<p><b>Encourage salespeople to always mention free home installation service, manufacturers technical support number, and return policy with prospective customers</b></p>



## Key Findings

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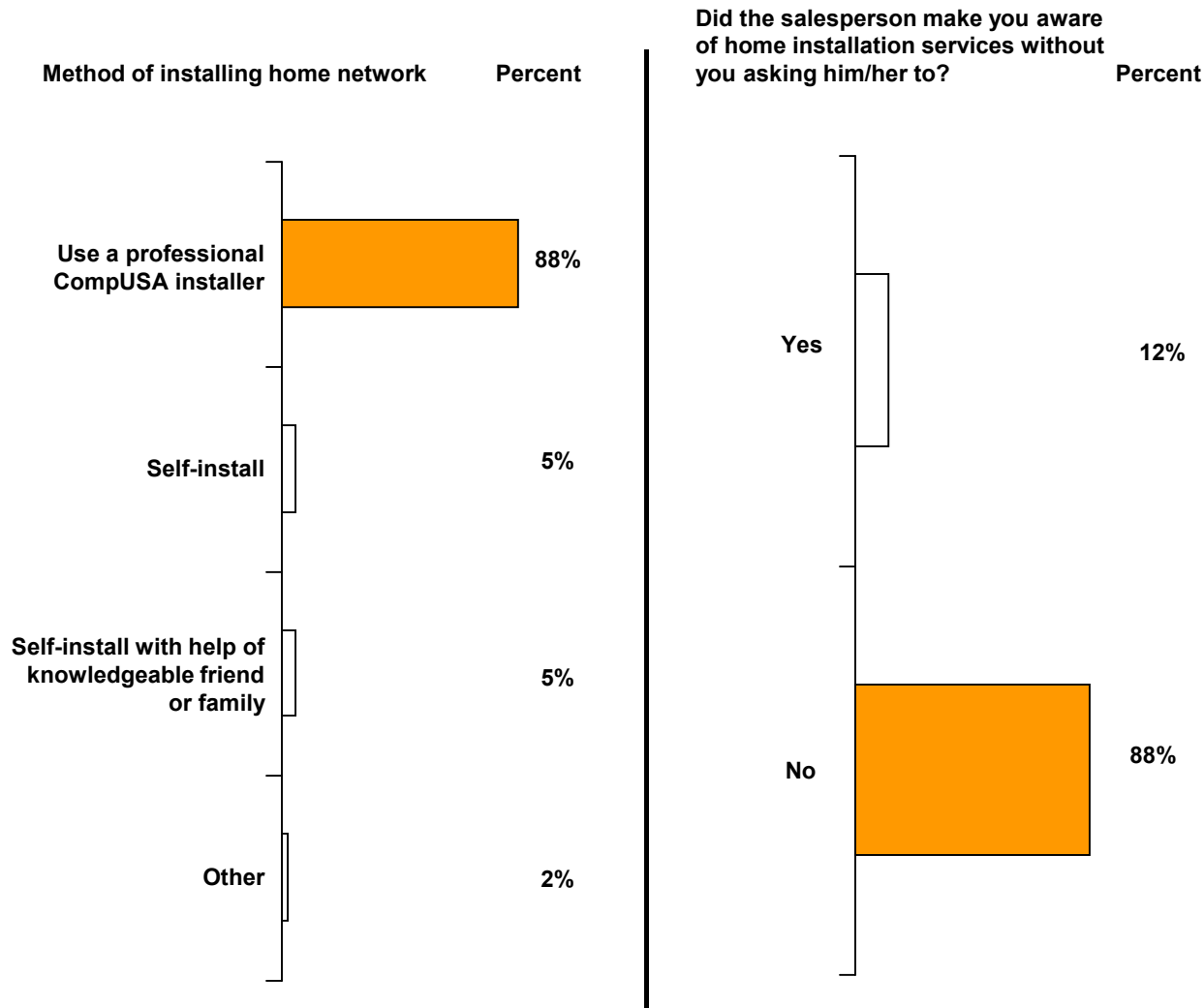
# Home Installation Service Summary

The majority of CompUSA's customers who responded to the online survey made use of the company's free installation service.

- 88% of 42 people who purchased a home network from CompUSA said that they used the free installation service. Among those interviewed, free installation seems to have been an important factor in some customer's decision to purchase at CompUSA versus another store. Satisfaction with the free service was high among those interviewed.
- Given the relative complexity of installing a home network, free installation services should be a strong selling point to use on prospective customers. However, the retail survey instruments suggest that sales personnel frequently fail to mention free installation when advising guests about home networking purchases.



# Home Installation Service



The vast majority of online survey respondents made use of free installation from CompUSA.

In-depth interviews suggest that free-installation was an important factor in some customers' purchase and that satisfaction with installation services received was high

However, mystery shopping surveys on CompUSA stores suggest that the majority of potential customers never hear about free installation from their salesperson.

Q16, Zanthus online survey, n=42;  
 Q61&Q52, mystery shopping survey, N=8 (Sample size for this second dataset is insufficient to be considered statistically significant)



# Home Installation Service - Feedback from Interviews

## Good for customers, but good for CompUSA?

*"CompUSA installation service was great. The guy knew both Apple and Windows. He did run into problems with the Mac but he worked them out. I knew about the service through an ad in the newspaper." – RN*

*"I think I saw an ad saying CompUSA had free installation. Didn't have to wait a long time, just get an appointment. The guy was great. Everything went well but there were some glitches. He had to come back a second time. The guy was knowledgeable." –DM*

*"I think Linksys sent someone in to set up the whole network. The only thing that they couldn't make work is to connect the computer in the kitchen to a network printer." – KF*

*"They weren't able to complete it. Didn't have the right disc or something. He worked on it for 2 hours. He had to come back a second time. He never managed to set up encryption or the wireless printer I bought. I sold it on ebay." – BE*

*"It was a good experience for me, not so good for CompUSA. They spent hours on the phone with Microsoft. I mean HOURS. They had some technical thing they could never figure out. I had to go back and return part of the equipment because it was broken. But to the guy's credit, now it works." - PK*

In-depth interviews suggest that

- free-installation was an important factor in some customers' purchase decision and a point of differentiation for CompUSA
- satisfaction with installation services received was high
- installation is still complex even for experts. Two-hour service calls, multiple visits, and failure to set up some aspects of the network were common among those interviewed.

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# Merchandising Recommendations 1

Sample display 1 (based upon current configuration)



## Recommendations

Create a visual identity for HN section

Provide visual explanation of HN basics

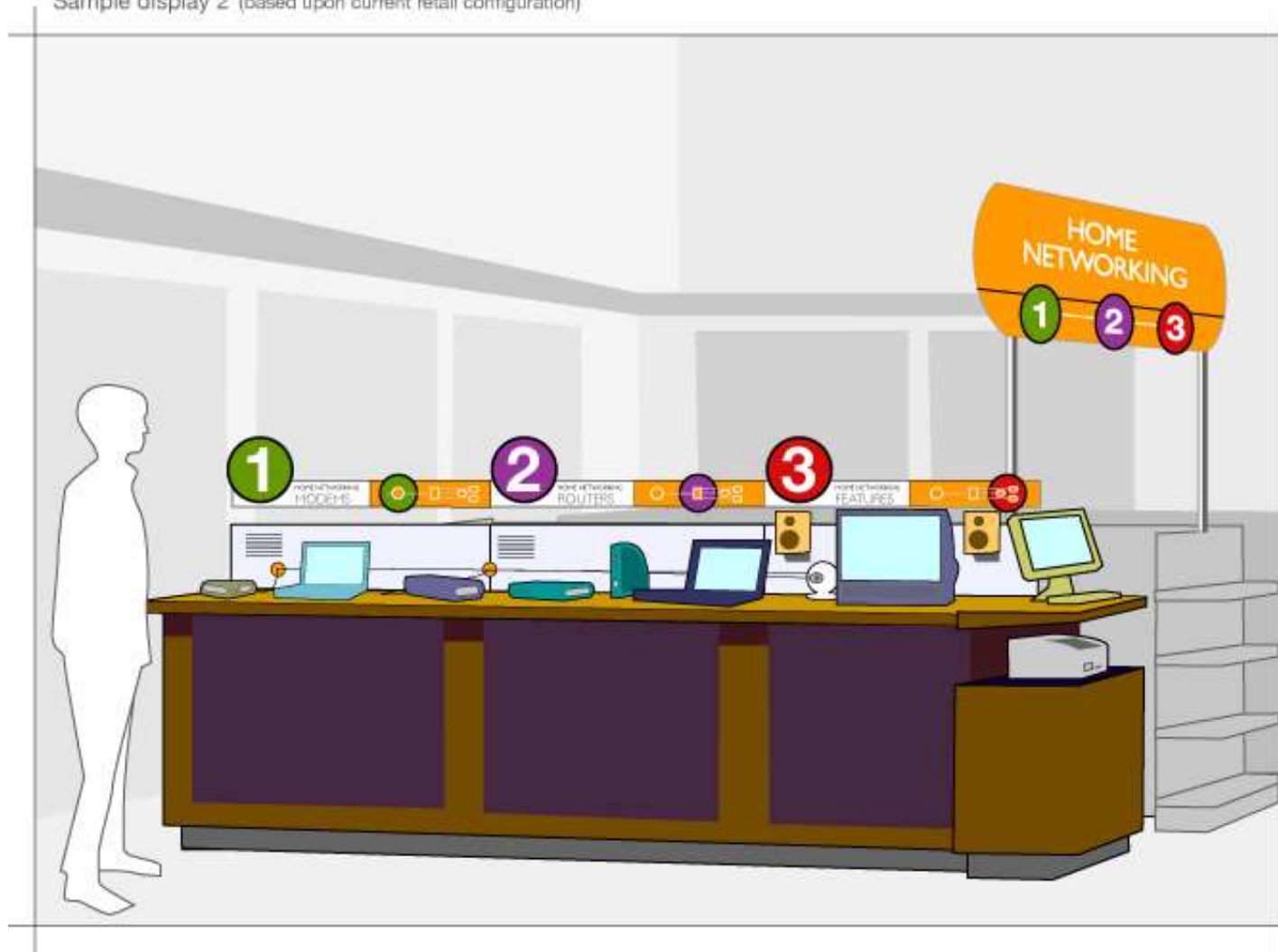
Organize shelves by function not brand. Develop color coded sign system

Set up "Help Center" complete with printer

Provide a call button for salespeople

# Merchandising Recommendations 2

Sample display 2 (based upon current retail configuration)



## Recommendations

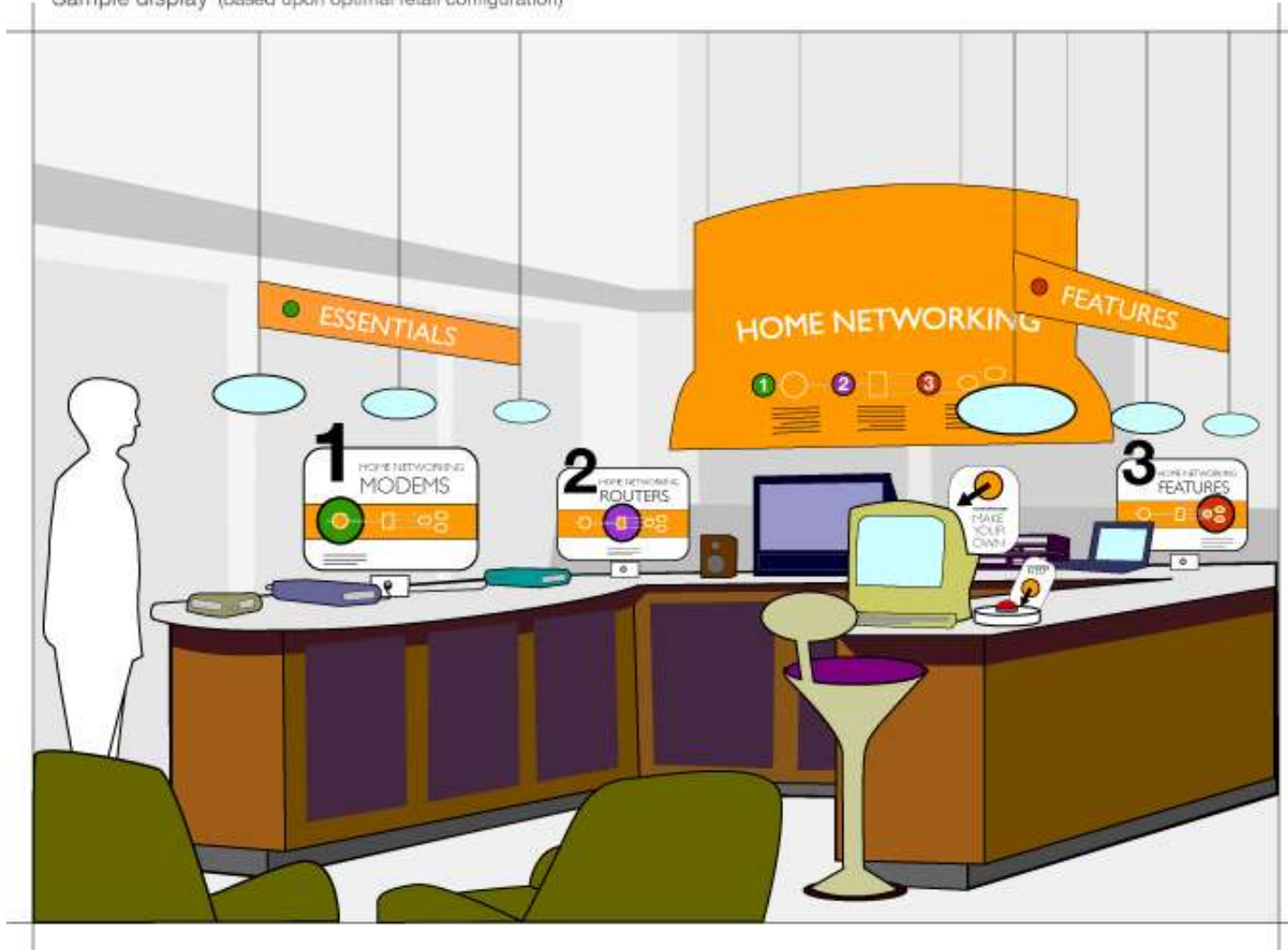
Display a functioning network for guests to try

Provide third party information on brands

Demonstrate advanced ways to use home network

# Idealized Retail Concept

Sample display (based upon optimal retail configuration)



## Recommendations

Create a distinct and appealing visual identity for home networking products

Demonstrate home networking basics for new users

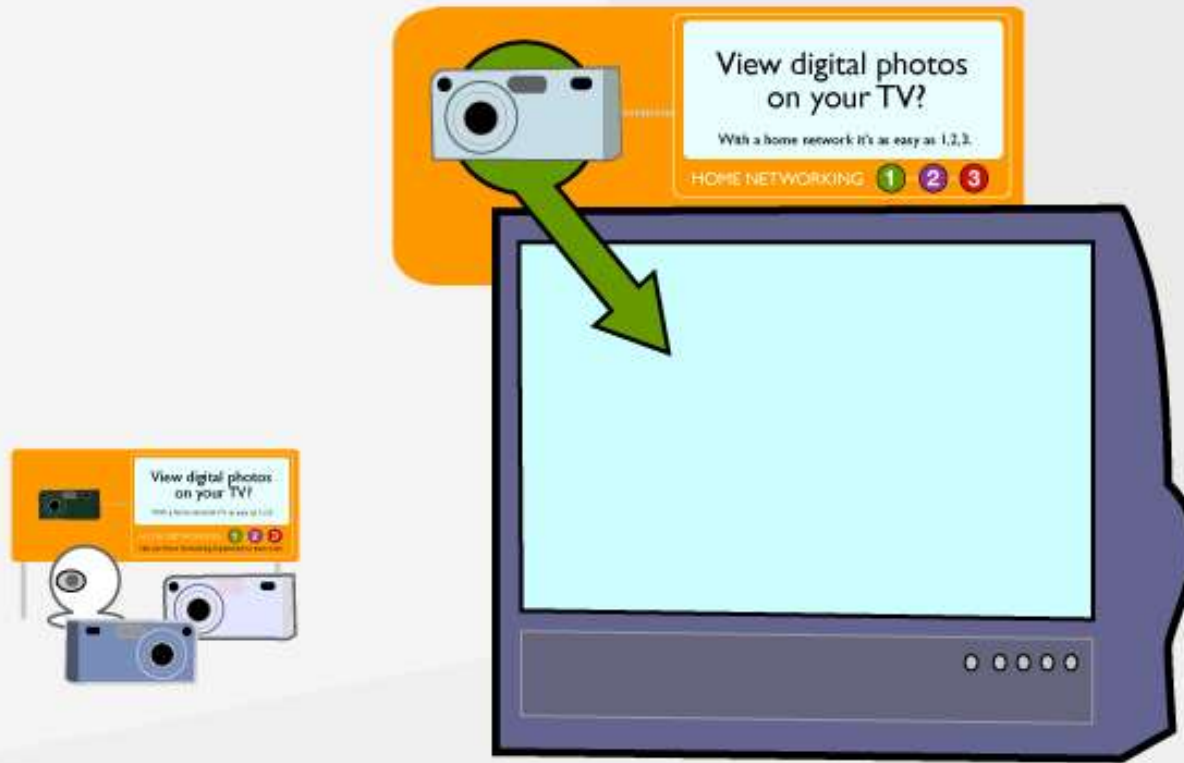
Demonstrate advanced ways to use home network

Provide help center and a "call button" for sales support

Provide third party information for consumers

# Point-of-Purchase Displays

Sample point-of-purchase displays



## Recommendations

Home networking has the potential to link the entire store together

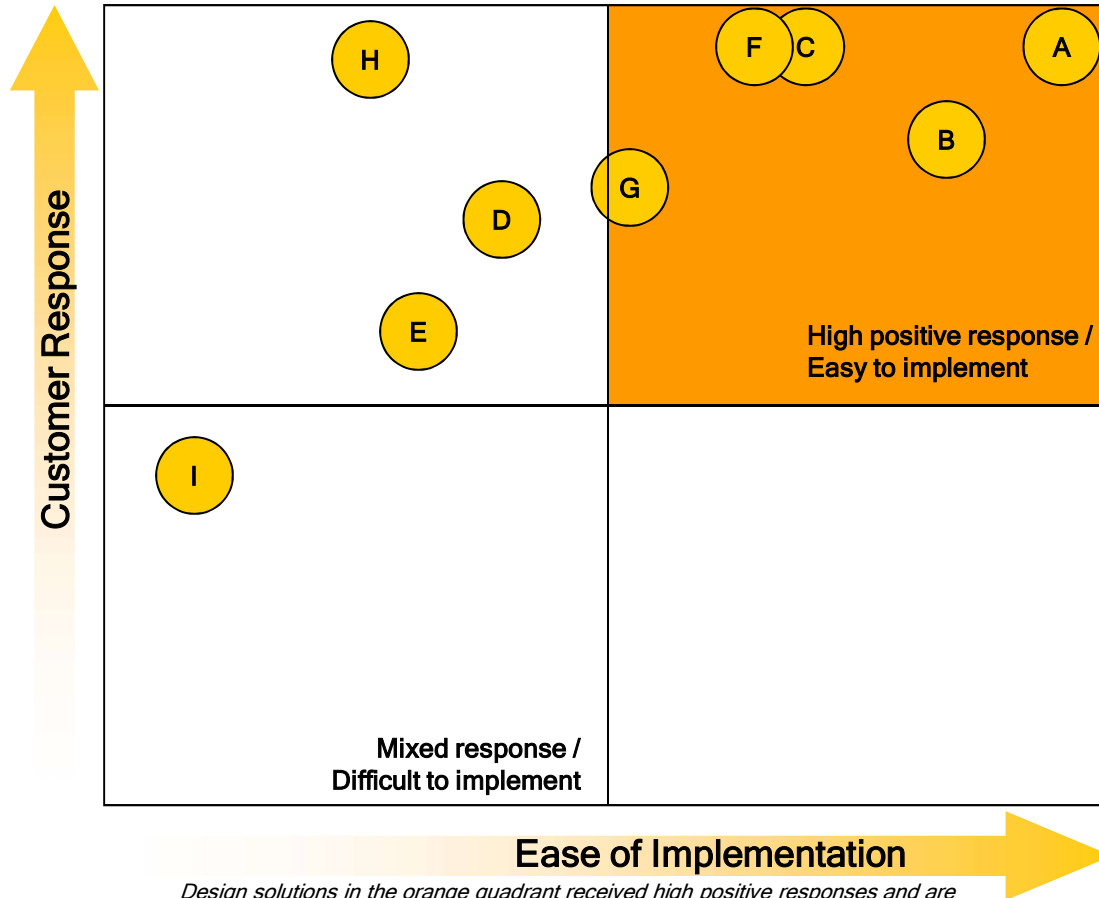
With a growing base of customers already owning home networks, retailers should seek to educate and demonstrate higher level capabilities such as media, security, VoIP, and home automation

Signs, POP, and interactive displays spread through relevant sections of the store can drive awareness of and interest in home networking (e.g. Digital cameras, consumer entertainment, games, music, security)



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# Summary of Responses to Design Solutions



*Design solutions in the orange quadrant received high positive responses and are relatively easy to implement (validation required).*

- A. Create visual identity for HN section [Attract]
- B. Provide visual explanation of HN basics [Educate]
- C. Organize shelves by function not brand. Provide color coded sign system. [Attract/Educate]
- D. Help center concept [Educate]
- E. Salesperson call button [Validate]
- F. Display a working network for guests to use [Demonstrate]
- G. Provide third party information on brands [Educate/Validate]
- H. Demo advanced ways to use a home network [Demonstrate]
- I. Create inviting HN environment [Attract/Educate/Demonstrate]

\*\*Customer Response” calculated by summing up interview response along a 3 point scale; “Ease of Implementation” is best estimate requiring validation



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# Appendix: Merchandising Recommendation Methodology

The process by which recommendations were generated and validated for this report

Stage	Activity
<b>Issue Identification</b>	<ul style="list-style-type: none"> <li>• Analyze online survey results</li> <li>• Recruit and conduct mystery shopping survey</li> <li>• Recruit and conduct shadow shopping survey</li> <li>• Perform in-store observations</li> <li>• Analyze and synthesize results of surveys and identify themes</li> </ul>
<b>Brainstorming</b>	<p>Project team and designers discuss issues and opportunities</p> <p>Brainstorm likely solutions to each issue raised</p>
<b>Design</b>	<p>Designers articulate possible solutions as illustrations</p>
<b>Validation</b>	<p>Schedule in-depth interviews from the pool of online survey respondents</p> <p>Share illustrations of possible solutions to interviewees and gather feedback</p> <p>Synthesize results of in-depth interviews.</p> <p>Quantify customer response to solutions. Customer response to each solution was given 1 of 3 possible values: (positive +1, negative -1, ambivalent 0)</p>
<b>Re-design</b>	<p>Share feedback with designers</p> <p>Create illustrations incorporating feedback from in-depth interviews</p>



# Appendix: Merchandising Recommendation Methodology

A

Slide 1A



# Appendix: Merchandising Recommendation Methodology

A

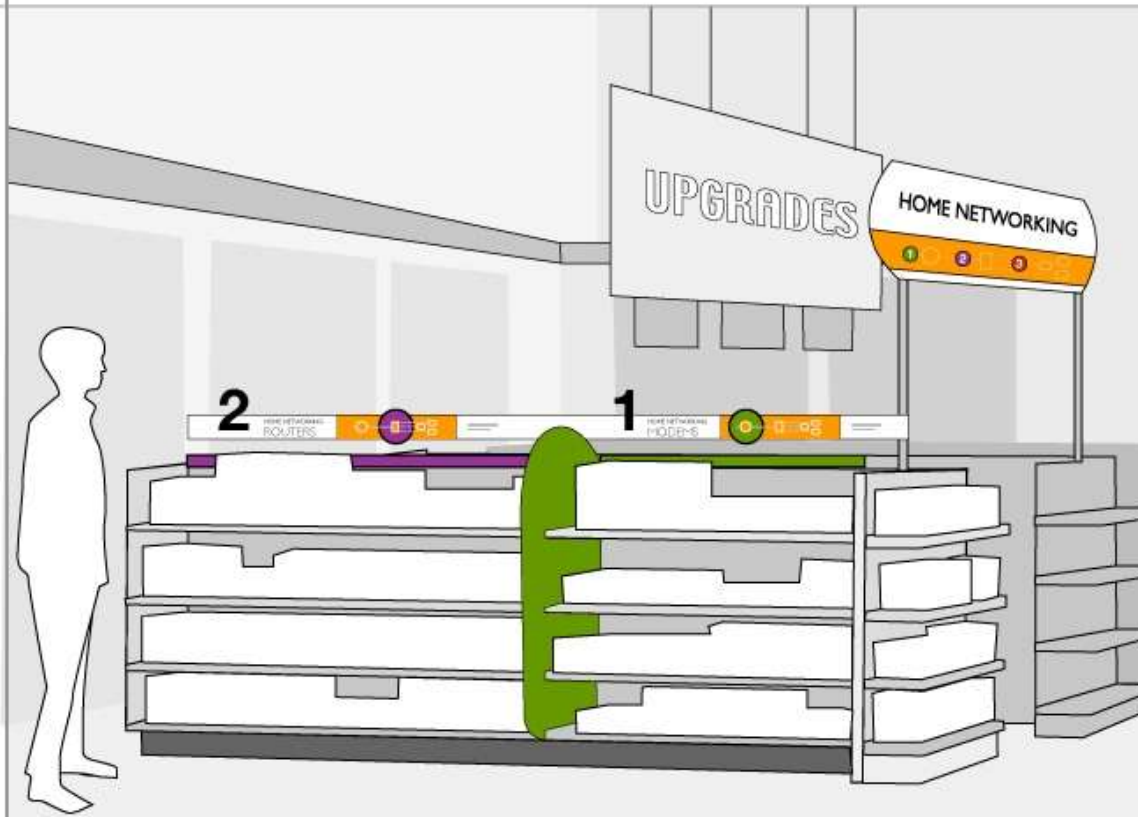
Slide 2A



# Appendix: Merchandising Recommendation Methodology

A

Slide 3A



# Appendix: Merchandising Recommendation Methodology

A

Slide 4A



# Appendix: Merchandising Recommendation Methodology

B

Slide 1B



# Appendix: Merchandising Recommendation Methodology

B

Slide 2B

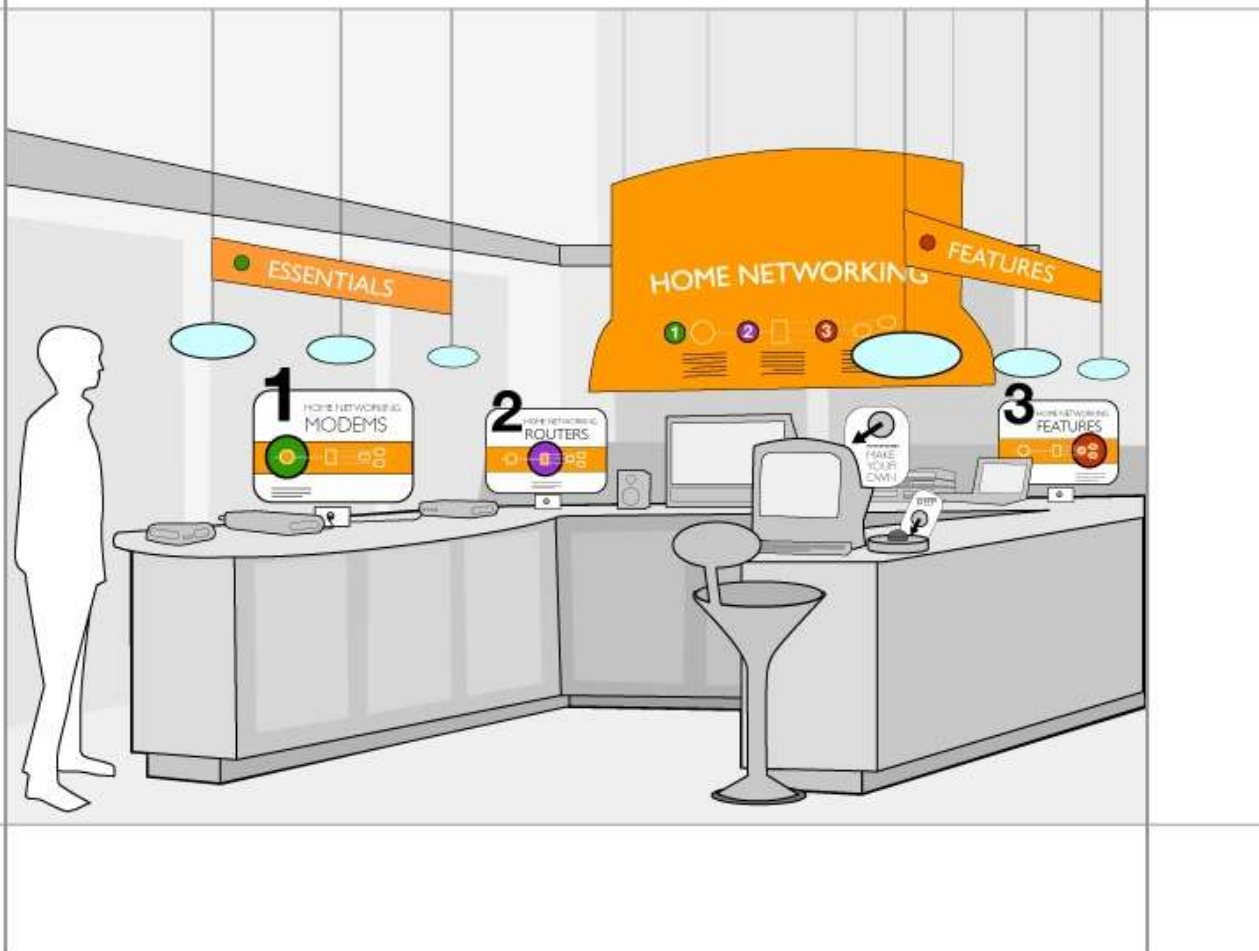




# Appendix: Merchandising Recommendation Methodology

B

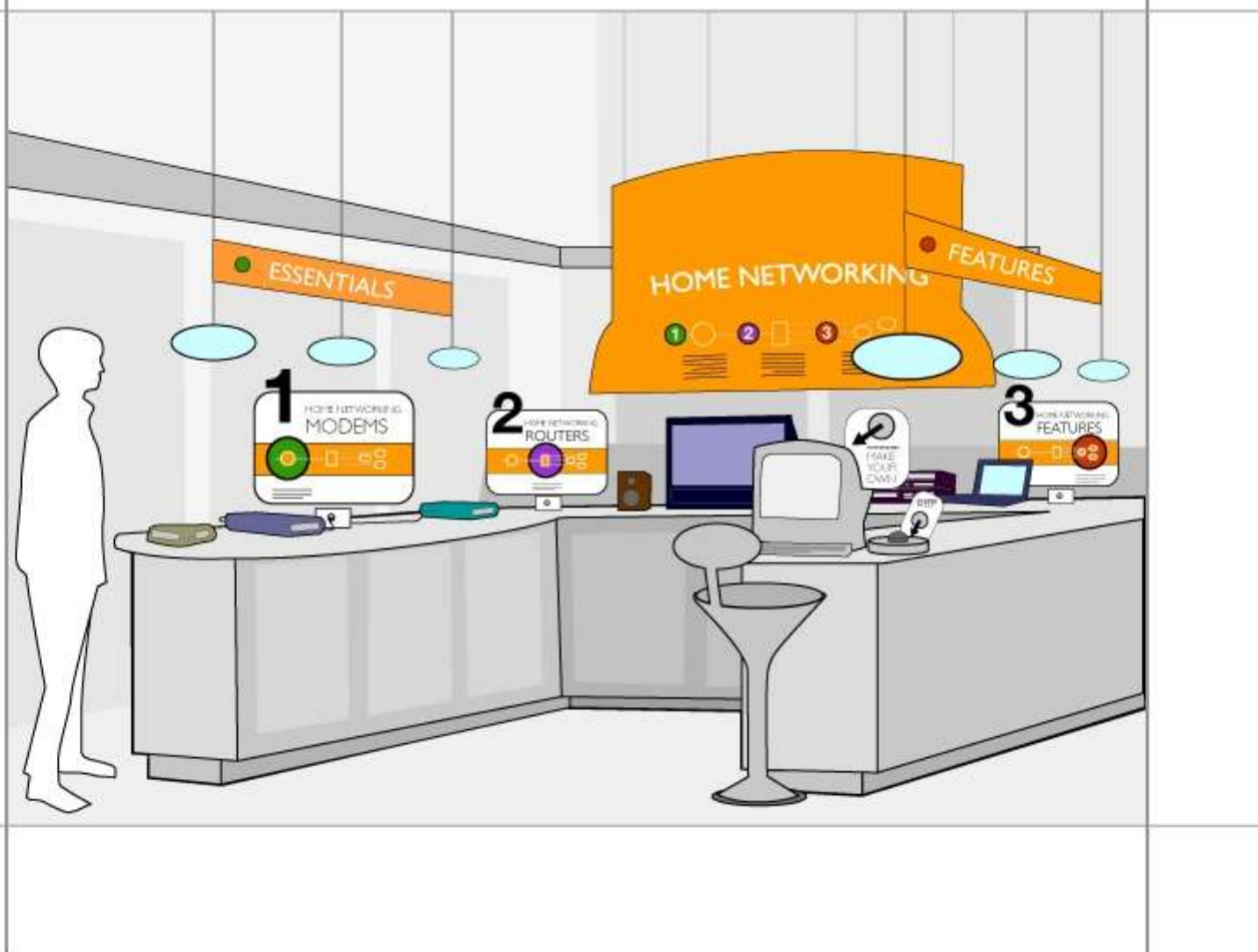
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# Appendix: Merchandising Recommendation Methodology

B

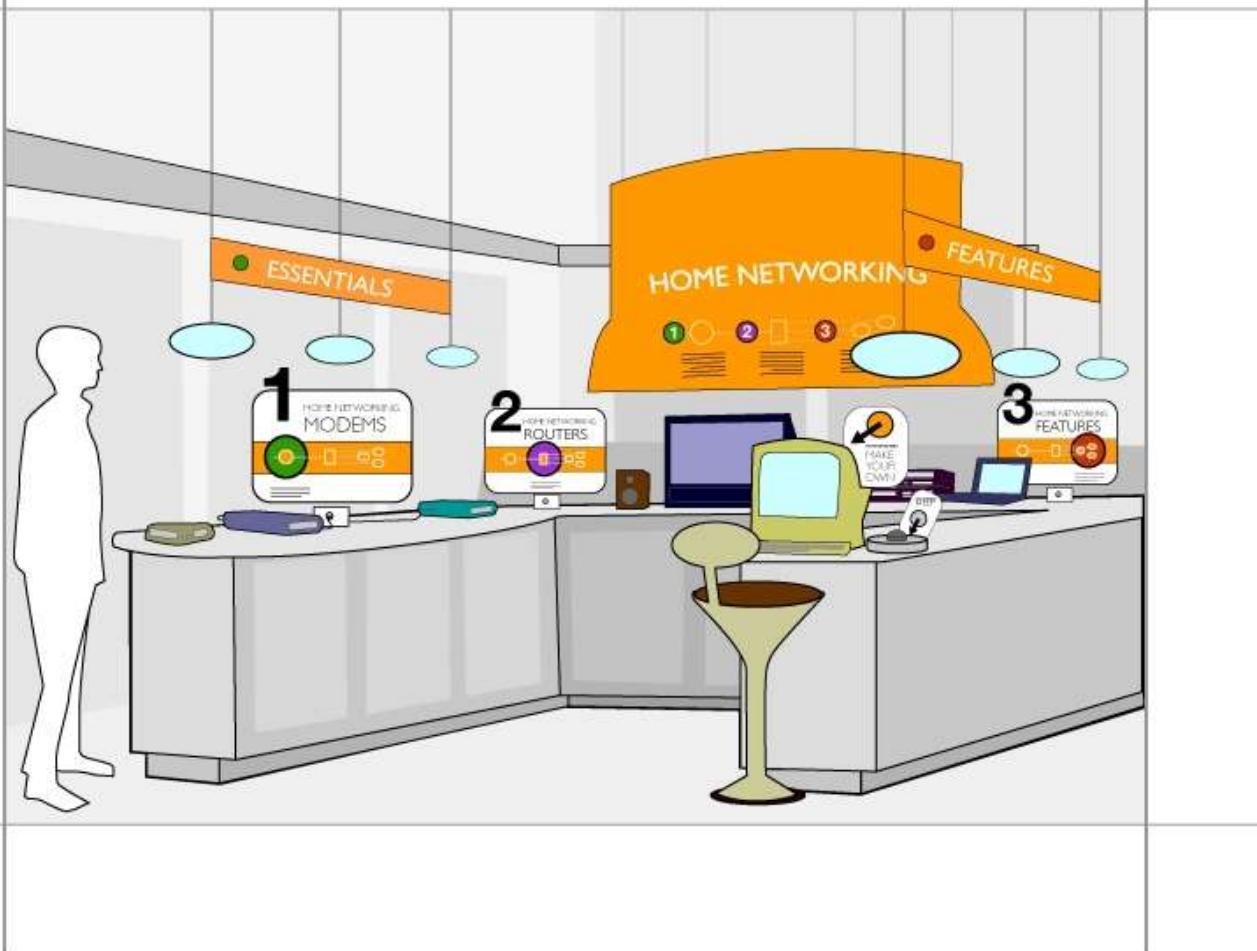
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# Appendix: Merchandising Recommendation Methodology

B

Slide 5B



# Appendix: Merchandising Recommendation Methodology

B

Slide 6B

