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### Matching Support With Profitability

*Consumers have high expectations of customer service, but aren't willing to pay for it.*

by [Colin Beasty](#)

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Despite consumers' high expectations for support, they are unwilling to pay for it, according to a joint report released last month by research firm Service Support Professionals Association (SSPA) and Tech Strategy Partners. Nor are they very satisfied with some of the lower-cost support efforts, namely Web self-service and offshoring.

"Consumers aren't necessarily supportive of all that vendors are trying to do to provide them with cost-effective support," says Rahul Sood, principal at Tech Strategy Partners.

"Vendors are in a fix, because they know customer support is important--but they're not able to generate any revenue [from] it."

The report, "2005 Support Demand Consumer Series: Accelerating Consumer Acceptance of Your Offshoring Strategy," surveyed more than 2,000 consumers. Only 32 percent of those surveyed prefer Web-based self-service as opposed to phone and email-based support, and 45 percent discourage vendors from offshoring support completely. The survey also revealed that consumers are more likely to say that offshore support quality is poor compared with on-shore support by a margin of almost 4 to 1.

Survey results suggest that consumers still prefer telephone interaction in America, and that they aren't embracing either Web self-service or offshoring. Fifty-four percent of technical support cases are still handled via the phone, and 44 percent of respondents prefer the phone to email and Web self-service as the medium for most incidents.

The problem faced by vendors is the price of phone support, with the average cost-per-case ringing in at \$33, as opposed to \$4 for Web support. On top of that, 78 percent of survey participants believe they should get free support for 12 months, while 28 percent feel it should be for 24 months or more. The quality of offshoring did not fair well among survey participants either, with 47 percent rating the service skills of offshore representatives as poor, while only 12 percent did so for onshore representatives. "In general, whatever vendors are doing on their end to reduce the cost of service to the customers doesn't seem to be working," Sood says.

This comes at a time when consumers are increasingly using more and more complex technology products that demand thorough warranty and customer service packages. About 90 percent of U.S. households have a desktop PC, another 50 percent have a printer, and about 30 percent have a broadband modem. Consumers are relying heavily on technical support, which is having large implications on vendors' support and warranty revenues and margins, and on customer satisfaction and loyalty.

Sood says to look for vendors to begin offering reduced and/or shorter service contracts for those products at the lower-end of the economic scale, and to specifically target the segment of consumers at the higher-end who are willing to pay top dollar for high-quality support. Those looking to buy a laptop for under a \$1,000 could expect limitations on support service, such as the reduction of free, first-year warranty contracts or perhaps limitations on support service, such as email or Web self-service alone without the option of call center help. "For the first time you're seeing vendors actually cutting or changing the support program," Sood says. "It's simply not economically feasible for vendors to sell a \$1,000 computer with one year of free customer service."

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