

Value add-ons give dealers competitive advantage

by:

Ginger Schlueter

-

Wednesday, March 20, 2019

DALLAS—The annually published “Security Dealer Survey” by Parks Associates, a market research and consulting company that covers the residential security industry from both a consumer and dealer perspective, found over 70 percent of U.S. security dealers offer services other than traditional monitoring.

“The survey was fielded to security dealers in September and October of 2018, with a total of 208 participants,” Dina Abdelrazik, senior analyst, Parks Associates, told SSN. Responses revealed 42 percent of security dealers report offering video verification services and 21 percent offer aging-in-place/independent living solutions. The survey additionally asked about other service offerings, including home network, cybersecurity, PERS and more.

Found within survey results are quantifiable dealers’ views about security market performance. This data is compared over multiple years and analyzes competitive pressures, industry conditions and the addition of smart home and interactive technologies. For example, it was discovered that “40 percent of pro-monitored subscribers are willing and likely to switch security providers for as little as a 10 percent savings in monthly fees,” said Abdelrazik. “This finding indicates that once a security system is installed, monitoring services are providing little differentiation between companies.”

Dealers should strive to constantly seek out ways to strengthen service bundles and differentiate in a competitive market to overcome DIY solution offerings, low monthly fees and standalone security products that can be self-monitored. To start, “installing dealers must identify their core strengths and product offerings, looking beyond professional break-in monitoring to other value-added services,” Abdelrazik said. “Offering services such as PERS or independent living solutions that help seniors live independently in their home longer and safely is increasingly becoming more important as the U.S. demographic leans toward an older demographic.”

Key trends also emerged from this project in which Abdelrazik identified as:

- Smart home product prevalence: More than half of offering dealers report at least one-half of their

installations include some type of smart home device.

- Challenges in hiring qualified staff: As smart home products continue to become more popular, dealers will have to learn a new set of skills to be able to install and support these devices.
- Customer service is key: Consumer adoption decisions more often rest on perceptions of a provider's customer service.
- Shifting business models: Shortened contract lengths or innovative financing options can force dealers to face change, evaluate how they currently operate their business and decide what changes are necessary to continue to be competitive in the future.

With the prevalence of new smart home services and technologies entering the market, product manufacturers play a huge role in the success of value-added services. "Dealers need network training so that they can install smart home devices quickly and correctly," said Abdelrazik. "They also need to be able to integrate devices for enhanced benefits.

The ability to provide support during the lifetime of a customer is important to reduce attrition. The benefit is twofold: manufacturers can improve the likelihood of their devices staying in the home longer and dealers can remain competitive with the ability to install and support newly arriving services and devices.