

## EXECUTIVE SUMMARY

The results contained in this overview represent the thoughts and opinions of 377 Vantage Alarm & Security Technologies customers in the Gulf Coast, Mid-Atlantic, Northeast and South regions during the 2nd quarter.

In spite of Vantage's challenges associated with ambitious growth, the general satisfaction with Vantage's products and services has remained constant during the second quarter (as reflected in the response as to whether the customer would recommend Vantage to others). The national gain is a modest 4% from the 1st quarter (from 81% to 85%), while the individual markets varied in response.

<b>Market</b>	<b>1<sup>st</sup> Qtr</b>	<b>2<sup>nd</sup> Qtr</b>	<b>Gain/Loss</b>
Gulf Coast	82%	93%	+11%
Mid-Atlantic	78%	80%	+ 2%
South	80%	80%	0%
Northeast	86%	79%	-7%

Customers did voice concerns regarding customer service, billing, and technical issues; however, positive expression was found among the majority of Vantage's customers who were satisfied:

### **Customer Service**

- *Vantage's responsiveness to customer concerns has been excellent.* (Gulf Coast)
- *Customer is very pleased with the "hands on" service.* (Mid-Atlantic)
- *Vantage has been thorough in dealing with the customers' concerns.* (South)
- *Customer's experience with Vantage has been overwhelmingly positive.* (Northeast)

### **Billing**

- *Although the customer was being overcharged, Vantage identified the problem and has been proactive in correcting it.* (Mid-Atlantic)
- *Customer's savings were even greater than they anticipated.* (Northeast)
- *Customer is saving approximately 15% over their previous provider.* (Mid-Atlantic)

### **Technical Issues**

- *Everything went smoothly with the transition to Vantage, which pleased the customer.* (South)
- *During a storm, lightning knocked out the customer's service and Vantage was prompt in restoring it.* (South)

Further evidence of a consistent level of customer satisfaction being maintained is demonstrated in the responses to the question whether the customer would make the same

decision to use Vantage again. The rise was a modest 3% from the previous quarter (from 76% to 79%); and again, the story in the individual markets varied.

<u>Market</u>	<u>1<sup>st</sup> Qtr</u>	<u>2<sup>nd</sup> Qtr</u>	<u>Gain/Loss</u>
Gulf Coast	78%	89%	+11%
Mid-Atlantic	75%	76%	+ 1%
South	73%	72%	-1%
Northeast	79%	76%	-3%

It is clear that despite the challenges Vantage has had, it has managed to maintain a consistent level of satisfied customers. This is due in large part to the personal contact Vantage representatives have had with the customers. Anecdotally, it is evident that the vast majority of Vantage customers regard the local account representative as the company. The majority of account representatives are performing well.

However, this perception of the account representative is a two-edged sword, for when that representative fails to rise to the customer’s expectations, the change in the customer’s view of Vantage is both dramatic and negative. When these negative responses (both in direct response to questions and in additional comments) are separated out, certain issues are illuminated which define their dissatisfaction. These issues (inadequate customer service, billing issues and technical problems), follow trends established in previous quarters and are equally reflected in all markets, which requires corrective action.

**CUSTOMER SERVICE**

The response to Question 2 (whether the customer is happy with the amount of contact they have with their Vantage account representative) supports the argument that customers want more contact from their Vantage representative. The percentage of people who were happy fell 15% (from 76% to 61%) in the 2<sup>nd</sup> quarter. This fall was reflected in the individual markets:

<u>Market</u>	<u>1<sup>st</sup> Qtr</u>	<u>2<sup>nd</sup> Qtr</u>	<u>Gain/Loss</u>
Gulf Coast	72%	52%	-20%
South	69%	52%	-17%
Northeast	79%	65%	-14%
Mid-Atlantic	76%	71%	-5%

While dissatisfaction with the amount of contact from their account representative is not always the deciding factor in the customer’s overall perception of Vantage, when combined with other issues (such as billing and technical problems), it can be decisive. The negative comments to this question highlight some of the problems involved:

- 40% of those making comments did not even know who their account representative was;
- 22% had not had any contact with their representative since the initial sale; and
- 19% characterized their account representative as unresponsive to their needs.

The seriousness of the customer service issue is further illustrated by response to Question 3, whether the customer’s account representative is adequately servicing their needs. Those responding positively dropped 3% (from 76% to 73%) in the second quarter. This was further reflected in the individual markets, some of which experienced drops and others minimal gains.

<u>Market</u>	<u>1<sup>st</sup> Qtr</u>	<u>2<sup>nd</sup> Qtr</u>	<u>Gain/Loss</u>
Northeast	80%	71%	-9%
Mid-Atlantic	71%	68%	-3%
Gulf Coast	77%	79%	+2%
South	68%	70%	+2%

Further illustration is provided by the negative customer-service-related comments to the following questions:

- 42% of the comments to Question 6 (Suggestions on how service can be improved);
- 33% of the comments to Question 8 (Additional comments).

While approximately 85% of Vantage customers overall are satisfied with Vantage, 39% of the customers feel that they do not have adequate contact with their account representative, *who they have come to regard as the company*. As previously noted, when this deficiency is combined with other problems, the customer’s experience with Vantage (both experienced and shared) becomes overwhelmingly negative. Obviously, customers require more contact from their Vantage account representatives. Indeed, a significant amount feel it is the responsibility of Vantage’s corporate structure to ensure that contact. In order to preserve and expand its substantial base of customer satisfaction and loyalty, Vantage will have to determine whether the impetus should come from the local level or higher in its corporate structure.

**BILLING**

***Issues regarding customer billing continue to be the most easily-identifiable source of dissatisfaction, as many customers continue to express intense levels of frustration over Vantage’s seeming inability to resolve their concerns in a timely fashion, or at all. These customers require a good deal of attention and use considerable resources to rectify their issues.*** That these customers consider resolution to their billing issues the responsibility of their Vantage account representative is emphasized by the negative responses to Question 3 (Is their account representative adequately servicing their needs), where 62% of all negative comments identified billing issues as the most prominent deficiency. These comments helped to define the main problems within Vantage’s billing procedures:

**Billing Problems**

- *Customer’s billing is always incorrect because their payments are posted late.* (Mid-Atlantic)
- *Customer has never received a correct bill; they spend several hours each month getting their bill corrected.* (South)

- *Customer has been over-billed for their initial installation. Vantage supposedly corrected this with a hand-written invoice, but their regular billing still shows the wrong charges. (Gulf Coast)*

**Consolidated and Customized Billing**

- *Customer was overcharged and could not get it corrected for months. Customer requested a more detailed billing, but never received it. (South)*
- *Customer has multiple service locations and has tried repeatedly over several months to get billing breakdowns for each one. (Mid-Atlantic)*

Customers’ suggested solutions include:

- the prompt posting of customer payments;
- consolidation of multiple billings for single customers; and
- more effective response from customers’ account executives to their billing concerns.

Since the ability of account representatives to rectify billing errors relies on Vantage’s central system; it will be up to Vantage’s corporate structure to address customer’s billing concerns.

**TECHNICAL ISSUES**

Although technical issues remain the third major area of concern, they have experienced the most dramatic drop in customer satisfaction, 28% (from 69% to 41%); as reflected in responses to Question 4, whether customers were satisfied with the way technical issues were resolved. This drop was also reflected in the individual markets:

<b><u>Market</u></b>	<b><u>1<sup>st</sup> Qtr</u></b>	<b><u>2<sup>nd</sup> Qtr</u></b>	<b><u>Gain/Loss</u></b>
Mid-Atlantic	75%	36%	-39%
South	63%	36%	-27%
Northeast	65%	43%	-22%
Gulf Coast	65%	50%	-15%

Two problem areas were highlighted by the negative comments to Question 4:

**Service Delays** (36% of negative comments)

- *Customer has experienced numerous technical problems, with technicians often leaving repairs half-finished or not completed at all. (Northeast)*
- *Customer was promised uninterrupted service, but their system has malfunctioned sporadically. Vantage was unable to correct the problem. (South)*
- *Customer has had a series of technical problems and Vantage has been unresponsive in correcting them. (Gulf)*

**Initial Activation of Service** (33% of negative comments)

- *Customer’s installation took six months – far too long. Orders for additional services have been inordinately delayed. (Northeast)*
- *Customer experienced some problems with their initial installation, which took too long to resolve. (Gulf Coast)*

- *Customer has had problems with their system not being dependable from the beginning. (Mid-Atlantic)*

Customer suggested solutions include:

- better-trained technicians; and
- quicker response time to customer complaints

It is clear that many technical issues are linked with customer service ones. **Often an immediate solution is not as important to the customer as an immediate response.** Improvement in response time and the technical capability to respond effectively to problems is essential.

### **CONCLUSION**

In the midst of expansive growth, Vantage has maintained the numbers of customers who would recommend them and who would make the same decision to use them again. It is clear that a solid majority of customers are happy with Vantage and are grateful for the savings they enjoy through their business relationship with the company. It should also be noted that a great many customers are happy with their account representatives, especially those who maintain regular contact with the customer.

Although Vantage has maintained consistent levels of customer satisfaction and loyalty, there are warning signs. Most significantly, despite the fact that the overall number of customers who would recommend Vantage to others has remained consistent, the strength of that recommendation has slipped significantly:

<b><u>All Markets</u></b>	<b><u>1<sup>st</sup> Qtr</u></b>	<b><u>2<sup>nd</sup> Qtr</u></b>
Strength of Recommendation:		
Strongly	66%	47%
Moderately	22%	39%
W/Reservation	11%	14%

This trend is also reflected in the individual markets:

<b><u>Gulf Coast</u></b>	<b><u>1<sup>st</sup> Qtr</u></b>	<b><u>2<sup>nd</sup> Qtr</u></b>
Strength of Recommendation:		
Strongly	71%	52%
Moderately	21%	38%
W/Reservation	8%	10%

### **Mid-Atlantic**

Strength of Recommendation:		
Strongly	64%	49%
Moderately	16%	37%
W/Reservation	20%	14%

**Northeast**

Strength of Recommendation:

Strongly	63%	46%
Moderately	28%	41%
W/Reservation	9%	14%

**South**

Strength of Recommendation:

Strongly	60%	41%
Moderately	31%	40%
W/Reservation	9%	19%

When taken with the declining numbers in satisfaction related to customer service and the resolution of technical problems, this trend can be taken as a wake-up call. If Vantage is to expand its base of satisfied customers; it must hear and respond to what those customers are saying. This constant feedback is necessary over the long-term, so that as Vantage continues to grow, the percentage of dissatisfied customers does not grow with it. By recognizing and responding to these customer trends, Vantage can continue its growth in customer satisfaction and loyalty, while reducing (and thereby retaining) its dissatisfied customers.

## COMPARISON OF SURVEY RESPONSES

- 2) The number of customers who said they are happy with the *amount of contact* they have with their Vantage account representative.

1<sup>st</sup> Quarter  
76%

2<sup>nd</sup> Quarter  
61%

- 3) The number of customers who said they are satisfied with the *quality of the service* they receive from their representative:

1<sup>st</sup> Quarter  
76%

2<sup>nd</sup> Quarter  
73%

- 4) The number of customers who were happy with the way *technical issues* were resolved:

1<sup>st</sup> Quarter  
69%

2<sup>nd</sup> Quarter  
41%

- 5) The number of customers who said they would *recommend* Vantage to others:

1<sup>st</sup> Quarter  
81%

2<sup>nd</sup> Quarter  
85%

- 5a) When asked the *strength of their recommendations*, customers responded:

	<u>1<sup>st</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>
<b>Strong</b>	<b>66%</b>	<b>47%</b>
<b>Moderate</b>	<b>22%</b>	<b>39%</b>
<b>W/Reservation</b>	<b>11%</b>	<b>14%</b>

- 5b) Top three reasons why customers would *recommend only moderately*:

<u>1<sup>st</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>
<b>Do not recommend strongly</b>	<b>Do not recommend strongly</b>
<b>Relationship too new</b>	<b>Poor customer service</b>
<b>Unresolved billing problems</b>	<b>Relationship too new</b>

- 5c) Top three reasons why customers would *recommend with reservation*:

<u>1<sup>st</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>
<b>Unresolved technical issues</b>	<b>Poor customer service</b>
<b>Poor customer service</b>	<b>Unresolved technical issues</b>
<b>Unresolved billing issues</b>	<b>Unresolved billing issues</b>

5d) Top three reasons why customers would **not recommend** Vantage to others:

1<sup>st</sup> Quarter

Poor customer service  
 Unresolved technical issues  
 Unresolved billing issues

2<sup>nd</sup> Quarter

Poor customer service  
 Unresolved technical issues  
 Lack of confidence in Vantage

5e) Top three reasons why customers are **not sure** if they would *recommend* Vantage to others:

1<sup>st</sup> Quarter

Poor cust. service / Unresolved tech issues  
 Unresolved billing issues  
 Lack of confidence in Vantage

2<sup>nd</sup> Quarter

Poor customer service  
 Unresolved billing issues  
 Unresolved technical issues

7) Customers who said that they would *make the same decision again* to use Vantage:

1<sup>st</sup> Quarter

Yes	76%
Not Sure	12%
No	12%

2<sup>nd</sup> Quarter

79%
11%
10%

7a) Top three reasons why customers would **not** make the same decision again:

1<sup>st</sup> Quarter

Poor customer service  
 Unresolved tech issues  
 Lack of confidence in Vantage

2<sup>nd</sup> Quarter

Poor customer service  
 Unresolved tech issues  
 / Lack of confidence in Vantage  
 Unresolved billing issues

7b) Top three reasons why customers are **not sure** if they would make the same decision again:

1<sup>st</sup> Quarter

Unresolved technical issues  
 Poor customer service  
 Unresolved billing issues

2<sup>nd</sup> Quarter

Poor customer service  
 Unresolved technical issues  
 Unresolved billing issues