

Best Buy rolls out consulting service at people's homes

August 29 2017, by Anne D'innocenzio



In this Monday, May 22, 2017, photo, Edward Calixto walks out of a Best Buy store with his purchased LED TV, in Hialeah, Fla. Best Buy Co., Inc. reports earnings, Tuesday, Aug. 29, 2017. (AP Photo/Alan Diaz)

Best Buy is rolling out a free service next month where salespeople will sit with customers at their own homes to help make recommendations on TVs, streaming services and more.

The service, which was tested in five markets, will be expanded to more

cities around the country. Best Buy CEO Hubert Joly said Tuesday that the service is a way to unlock "latent" customer demand—the company has found that [shoppers](#) spend more at the home than they do at the stores.

Best Buy, the nation's largest [consumer electronics retailer](#), is trying to make itself indispensable to shoppers as people shop more online. It's been beefing up its customer service in the appliance areas of its stores. This fall, it's showcasing experiences of voice-activated devices from the likes of Amazon's Alexa-controlled Echo and Google Assistant at 700 stores.

Amazon, though, has reportedly also been trying out a program that sends its employees to shoppers' houses for free "smart home" recommendations. Amazon couldn't be reached immediately for comment.

So far, Best Buy's strategies are resonating with shoppers. It raised its full-year profit and [revenue](#) outlook Tuesday after second-quarter results that beat Wall Street estimates. Revenue at U.S. stores open at least a year rose 5.4 percent, while Wall Street had estimated a 2.2 percent increase. Sales of products like [smart home devices](#), mobile phones, and appliances were especially strong. Online sales soared about 31 percent.



This Monday, May 22, 2017, photo shows a Best Buy sign at a store in Hialeah, Fla. Best Buy Co., Inc. reports earnings, Tuesday, Aug. 29, 2017. (AP Photo/Alan Diaz)

"I see a wealth of opportunity to push the company forward," Joly said.

Skeptics had been prepared to write Best Buy's obituary just a few years ago, predicting it would follow its now-defunct rival Circuit City as shoppers used stores as a browsing showroom and then bought online. But the company has cut costs and improved stores and training. Best Buy is also working to forge deeper partnerships with its suppliers, and offering more online services.

Joly said Best Buy would do more marketing of the in-home service. Right now, sales associates are promoting it in stores —when they talk to shoppers about products, they often will recommend setting up a home visit. Consultation topic range from getting recommendations for TVs to streaming or [smart home](#) services. That complements the Geek Squad

service, which offers tech repairs and at home installations for a fee. The salespeople for the new home service are being paid a salary or receive hourly wages, not commissions, spokesman Jeffrey Shelman confirmed.

"There are large groups of customers who feel more confident buying online from Best Buy than other e-commerce only merchants, mainly because Best Buy has stores where they can seek advice, resolve problems, and return items if needed," wrote Neil Saunders, managing director of GlobalData Retail in an analyst note.



This May 23, 2017, photo, shows a Best Buy in Las Vegas. Best Buy Co., Inc. reports earnings, Tuesday, Aug. 29, 2017. (AP Photo/John Locher)

Best Buy joins other traditional retailers including Walmart, Target, Home Depot and Lowe's in seeing gains for a key revenue metric for the

quarter.

For the quarter ended July 29, Best Buy earned \$209 million, or 67 cents per share. Adjusted earnings were 69 cents per share, better than the 63 cents that analysts surveyed by Zacks Investment Research expected. Revenue for the Richfield, Minnesota-based company totaled \$8.94 billion, topping the \$8.66 billion predicted.

Best Buy expects earnings of 75 cents to 80 cents per share and revenue between \$9.3 billion and \$9.4 billion for the quarter ending in November. Analysts polled by FactSet anticipate earnings of 65 cents per share. Analysts surveyed by Zacks foresee revenue of \$8.98 billion. For the full year, the company expects revenue growth of 4 percent, up from its estimate of 2.5 percent.

But Joly told analysts the second-quarter pace in same-store sales was not the "new normal." That seemed to sour investors' optimism, sending shares down 11 percent to \$55.52.

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