

TELECOM VANTAGE™

A view of the telecommunications consumer marketplace

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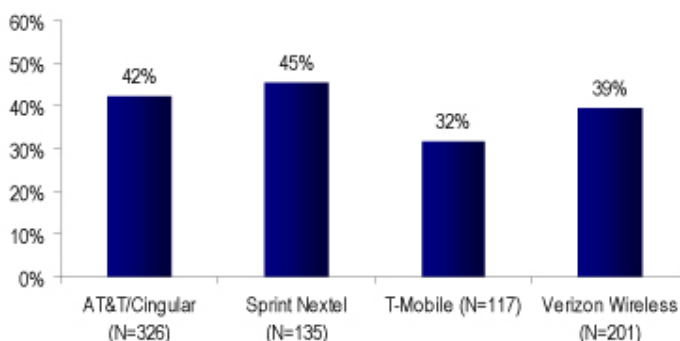
CONSUMERS WANT THE QUAD-PLAY

Recently, several major cable companies pulled out of a wireless partnership with Sprint, signaling the demise of the 'Pivot' product. Pivot may have suffered from 'operational complexities,' but it also suffered because it was an unfamiliar wireless brand—an afterthought tacked onto the bundled services provided by the traditional cable heavyweights. Does this mean the quad-play bundle is dead? Does the opportunity for a wireless service remain purely with the wireless carriers?

To answer this question, Compete behaviorally targeted consumers observed shopping for telecom products and services at major provider websites. The survey of 2,515 telecom shoppers revealed that consumers are in fact ready for the quad-play, and the cable companies remain in the game if they can replace Pivot with a better option. **43% of survey respondents indicated that they would be either "likely" or "very likely" to purchase cell phone service from their telco provider.** In fact, Comcast, Cox and Time Warner cable subscribers said they would purchase cell phone service from their existing telecom provider if signal strength, etc. were comparable with the major cell phone service providers.

How likely would you be to consider purchasing your cell phone service from a telecommunications provider provided signal coverage, signal strength, etc. were comparable with major cell phone service providers?

(Responses indicate a '4' or '5' response on a 5-point scale ranging from 'not likely at all' (1) to 'very likely' (5), listed by current wireless service provider)



Among existing wireless subscribers, almost 40% of customers from the big 4 wireless carriers reported that they would purchase cell phone service from a telecommunications provider. The difference amongst carrier customers was minimal, highlighting that, from the consumers perspective, the telcos with an existing wireless play (AT&T, Verizon) do not appear to have any pre-existing advantage to capitalize on the quad-play opportunity.

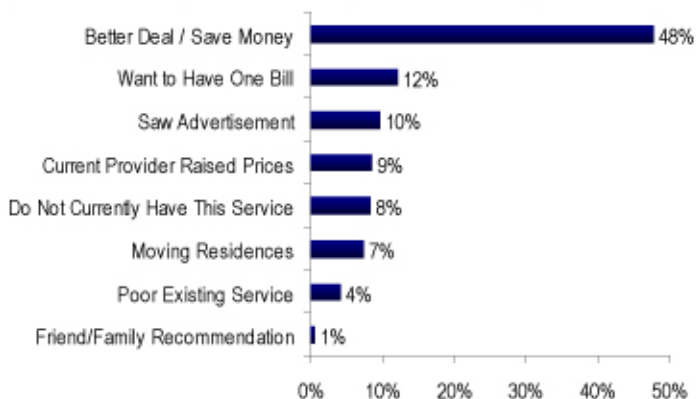
The battle of the bundle has been increasingly competitive over the past year, with **online shopper interest in bundles increasing 55% from July 2007 through March 2008.** Currently, the interest in Triple Play bundles is greater among cable companies than wireless telcos. With a wireless component, the Triple Play becomes the quad-play, but consumers are more aware of bundles with a wireless offering from wireline telcos than cable providers—indicating that it may have been the lack of consumer awareness that led to the downfall of Pivot.

SIMPLICITY AND PRICE TOP MARKETING MESSAGES

Service providers across the telecom spectrum are going to have to market the value of their differentiated product bundle to consumers amidst a clutter of choice. Bundle a complex service to three other services, and the potential to confuse consumers escalates. Consumer confusion is a risk the cable companies cannot afford.

What is the primary reason you are shopping for a bundle?

(Asked of those shopping for telecom bundles, single response; N=339)



With the fiber strategies of AT&T and Verizon fighting for the foothold into the household and the satellite providers carving out their own space, the cable companies will need to target consumers with the right message if they want to make a quad-play product work. Right now that message appears to be price and convenience.

48% of bundle shoppers' primary reason to shop for a bundle is to save money, with 12% wanting one bill. Consumer needs are therefore simplicity and price. It's up to the service providers to market accordingly and illustrate the opportunities to make life easier. We know that consumers are willing to purchase a quad-play product, without any particular preference for the brand of telecom provider from whom they purchase it. As long as it's affordable, easy, and not too 'operationally complex'.

Consumers are interested in buying wireless from telcos, and are open to purchasing from any provider

Compete's intelligence and targeting services analyze consumer behaviors and competitive best practices to help companies maximize their returns on marketing, product development, and procurement.

Compete conducted a large-scale study on consumers' interests & preferences around quad-play bundles. Please email the address below for a copy of the full report.

Want more data on this analysis?
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