

TELECOM VANTAGE™

A view of the telecommunications consumer marketplace

By Sharad Vivek & Ryan Burke

TELECOM BUNDLES TAKE THE FIELD

While triple plays are a rarity in baseball, they are the standard in the world of telecom service bundles. In fact, some teams even feature a quadruple play and the players in that arena are quickly growing. Assuming that consumers actually want to buy telecommunications services in bundles, 2007 is shaping up to be a "Field of Dreams" for Embarq and Comcast, while others will need to step up to the plate.

Compete measured market interest in bundled services by observing online research in bundles at one of the six major telecom websites. Compete calculated interest penetration as the volume of online shoppers who viewed pages promoting bundles of at least two telecom services (e.g., voice, internet, television or wireless) as a percentage of total telecom product shoppers.

From September '06 through February '07, Embarq led the pack in bundle interest penetration. An average of thirty-four percent of Embarq's telecom product shoppers researched bundled services. Despite having no direct wireless offering online, Comcast, averaged twenty-three percent of all product shoppers interested in its voice, cable and internet bundles in that same period, peaking at twenty-nine percent in February.

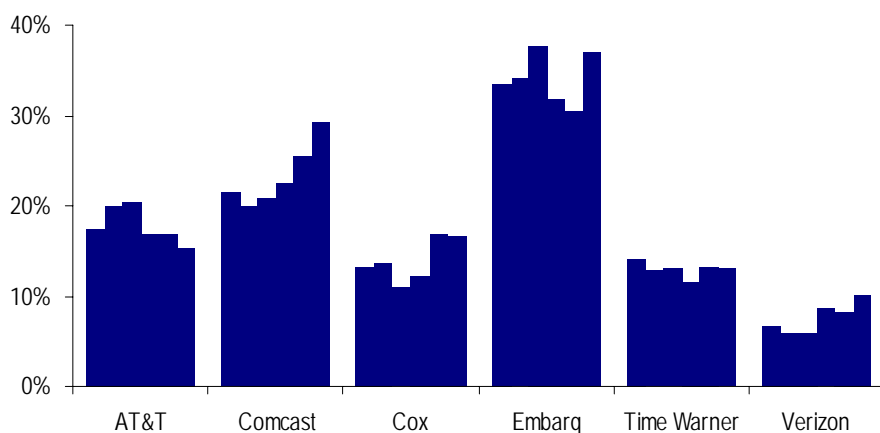
AT&T and Verizon each averaged more than twice the traffic of the other sites, but both derived over fifty percent of their total product interest in February from internet services. Awareness of bundled services has been growing at Verizon as the volume of unique visitors researching bundles and bundle interest penetration have both increased over twenty-five percent in February. AT&T's bundle awareness has faltered slightly, possibly due to the rebranding and inclusion of Cingular Wireless.

The potential of bundling multiple services represents an opportunity for firms to build even "stickier" customer relationships, and provide value to customers through ease of use (fewer bills) and reduced cost. With all six companies offering quad bundles this year, the combinations will create plenty of competition benefiting consumers who will eventually decide what mix of services and providers is optimal for them. If consumers decide they do in fact want these bundles, telecom firms stand to gain even more than the consumer.

Paying close attention to which bundles garner the greatest interest within specific segments will empower marketing departments with valuable insight into consumer preferences for combining services. By planning marketing campaigns and offering incentives accordingly, they will learn how to maximize and grow their own monthly revenues as well as build customer value and loyalty. So stay tuned. It's a long season!

Bundled Service Interest Penetration

(% of each provider's online product shoppers researching bundles of two or more services; Sep 2006-Feb 2007)



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From September '06 to February '07, 34% of Embarq's telecom product shoppers researched bundled services.

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

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