



PRIME INSIGHT + FOCUS

Vol. 1, 2008

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RFC's 2008 seminars will be held in Tucson at Loews Ventana Canyon

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CONSUMER SERVICES MARKETING '08

BY ELLIS D. HILL

Join us at the Consumer Services Marketing 2008 Seminar - **March 11-14, 2008 in Tucson**, Arizona at the Loews Ventana Canyon Hotel. As it has every year since 1988, this event will be an excellent opportunity to meet with your marketing and product management peers from the RBOCs/ILECs and key industry vendors, and to discuss the latest in consumer services marketing best practices.

Agenda

We will have an outstanding agenda again this year including a number of presentations by service providers. At the request of last year's alumni, we will have additional roundtable discussions. These topics and the presentation agenda which will be published the end of January will include:

- Market overview
- Strategies for access line loss
- Competition in targeted markets
- Churn reduction activities and tactics
- Customer save strategies
- Bundle & strategic product offers and campaigns
- Best promotions practices and strategies from the past year
- Roundtable discussions and lots of networking opportunities
- Wireline / Wireless convergence
- New CPE and service introductions
- IPTV /Video marketing
- And much more...

(Continued on page 4)

New Hire Training Challenges Companies

BY ANNA GIBSON

The length, type and effectiveness of new hire training have long been issues for which, in my experience, no one company has completely found all of the answers. It is that delicate balance of quality output and cost containment that plagues the industry. Training has become complicated as the complexity of the industry along with the desire to keep transfers and hand-offs to a minimum dictates that the training grows exponentially as new technology is added to the portfolio. Most companies have continually added subjects and ultimately time to their new hire training program. In some cases, this has been off-set by efficiencies gained through CBT and web based training enhancements. Even with the efficiencies, training still represents a significant investment, particularly when including the

industry average of 18% attrition during training.

In December 2007 Research First conducted research on behalf of a telco to compare various components of new hire training for purposes of best practices benchmarking. Twelve national and international companies participated, and most categories included in the research varied rather significantly from one company to another.

Probably the area of greatest variation is the length of training. Among the twelve companies this ranged from a low of 15 days to a high of 45 days. The average

(Continued on page 4)

Customer Satisfaction Impacts on Broadband Growth

BY STAN ROMERO

The goal of every product team is to grow their product towards maximum penetration. However, as most Telcos know, once you reach higher penetration levels, it is tougher and tougher to keep growing or even to keep your recent levels.

One of the major reasons for this difficulty is churn. As your base grows, so does the need for increasing levels of sales just to make up for the monthly losses due to churn. For example, if your total customer base is 1M customers and you have a 10% broadband penetration and 2% monthly churn rate, this means you only have to make 3,000 sales to gain .1% of penetration (1,000 customers). That is only 0.33% of your non-broadband subscriber base.

However, when you reach 50% penetration with the same 2% churn rate, you have to make almost 4 times as many sales (11,000 per month) to make the same .1% penetration gain objective. This is now 6 times the non-broadband subscriber sales rate (2.2% of non-subscribers) each month compared to when your penetration rate was at 10%. The gain objective has now become much harder to achieve. In fact, if you make the same 3,000 sales per month, you will lose 7,000 subs or -.7% penetration per month.

Ellis talked about the importance of customer satisfaction in his PR1ME article last August. The example above demonstrates one reason why customer

satisfaction is so important. Controllable churn (driven mostly by customer dissatisfaction) makes up from 1/2 to 2/3 of total monthly broadband churn according to our BMMA benchmarking data from the Telcos. Based on the total North American Telco broadband in-service numbers, we can estimate that each year our Telcos lose over 7 million customers due to churn and over 3 million of those are likely due to customer dissatisfaction. And, for every 0.3% increase in monthly churn, you lose over 1 million more customers each year. How much is it costing us to make-up for these losses through new sales or winbacks?

These churn impacts and customer dissatisfaction could be important contributors to the recent slow-down in DSL gains. As you can see from the chart on page 3, third quarter 2007 was not our best in terms of broadband growth. Major North American Telcos only grew at a rate of about 4.1% last quarter compared with growth rates of over 6% in 3Q'06 and 8.5% in 3Q'05. And although the cable companies' growth rate is even lower (3.6%) the Telcos have lost ground since the cablecos gained more customers in absolute terms for the first time since 3Q 2004. So, in the US, the Telcos now have about 46.8% of the market and the market share gains of the past few years (39.9% at the end of 2004) have flattened-out. The good news is that in the US, for YTD 2007, the Telcos have still out-gained the cablecos in both percentage gain and absolute number of customers. In Canada,

the story is not as good – the Telcos hold about 47.7% of the market now compared with 49.9% in 2004 and lag the cablecos in 2007 YTD gains. Yet AT&T is now the largest broadband service provider in the US, and Bell Canada is still the largest in Canada.

The cablecos have made these increased gains, not through reduced churn or significant customer satisfaction improvements but through new products and packages – most notably telecom services at very low rates. These product and packaging gains are good for them but can mask an underlying customer satisfaction problem. The Telcos must focus on both issues. Through such avenues as the BMMA, industry marketing and sales seminars and individual company efforts, Telco product and marketing management are exploring new product and successful marketing and customer satisfaction improvement programs.

If you don't know how your company compares to industry averages and your peer companies in terms of penetration, churn, controllable churn, non-pay disconnects, etc., then you must not be participating in the BMMA Benchmarking Project. If you would like to participate, just contact me to get started.

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If your company is not a member of the BMMA, join today!
www.bmma.us

Then join your telco broadband marketing and vendor peers for shared best practice discussions on our BMMA Hot Topic calls every 4th Tuesday.

Discuss such timely topics as:

- Competition—cable's next likely moves; competitive trends; retention initiatives
- The home hub and service integration
- Successful broadband marketing programs & tactics
- Convergence—opportunities for increased stickiness & revenue
- DSL benchmarking report – compare availability, penetration, churn, non-pay disconnects, etc. with your peers

3Q'07 Major Telco BB Tops 31MM but Growth Slows

Broadband Service Provider	2007				
	3Q In Service	3Q Gain	3Q % Gain	YTD Gain	YTD % Gain
Major Telco DSL					
ATT	13,760,000	499,000	3.8%	2,163,000	17.8%
Verizon	8,000,000	314,000	4.1%	1,018,000	14.6%
Qwest	2,516,000	111,000	4.6%	378,000	17.7%
Embarq	1,216,000	60,000	5.2%	199,000	19.6%
Windstream	830,200	48,100	6.2%	147,600	21.6%
Citizens / Frontier	497,241	17,924	3.7%	104,057	26.5%
CenturyTel	530,000	30,000	6.0%	161,000	43.6%
Cincinnati Bell	217,600	5,600	2.6%	19,300	9.7%
TDS	135,500	8,100	6.4%	30,400	28.9%
Total US	27,702,541	1,093,724	4.1%	3,656,357	15.2%
Bell Canada	1,993,000	34,000	1.7%	113,000	6.0%
Telus	994,000	31,300	3.3%	77,300	8.4%
Aliant	665,409	40,975	6.6%	77,171	13.1%
MTS	162,633	4,084	2.6%	14,366	9.7%
Total Canada	3,815,042	110,359	3.0%	281,837	8.0%
Total Telco	31,517,583	1,204,083	4.0%	3,938,194	14.3%
Major Cable					
Comcast	12,888,000	508,000	4.1%	1,401,000	12.2%
Time Warner	7,684,000	233,000	3.1%	795,000	11.5%
Cox *	3,654,846	144,348	4.1%	433,044	13.4%
Charter	2,639,200	56,200	2.2%	239,900	10.0%
Cablevision	2,220,000	52,000	2.4%	181,000	8.9%
Bright House *	1,085,644	41,756	4.0%	120,510	12.5%
Mediacom	636,000	23,000	3.8%	58,000	10.0%
Insight	722,800	47,900	7.1%	111,600	18.3%
Total US	31,530,489	1,106,204	3.6%	3,340,055	11.8%
Shaw	1,451,756	29,857	2.1%	103,117	7.6%
Rogers	1,418,500	55,000	4.0%	127,500	9.9%
Videotron	899,000	45,000	5.3%	107,000	13.5%
Cogeco	415,836	12,363	3.1%	43,821	11.8%
Total Canada	4,185,092	142,220	3.5%	381,438	10.0%
Total Cable	35,715,581	1,248,424	3.6%	3,721,493	11.6%

Source: The companies, Cable DataCom News and Research First Consulting Inc. research.

* Estimated

New Hire Training

(Continued from page 1)

was 31 days. This does not include days that the trainees take live calls in an embedded or nesting environment. Many factors contribute to these differences, such as delivery mode. Is it all facilitator led or is CBT utilized? System complexity also is a big factor as those companies that have numerous legacy systems to train spend significantly more time than those that have an easy to use English (non USOC) ordering and billing system.

The topics covered during training were very similar, although the approach to them varied. Everyone covers systems, ordering, process, products, sales, soft skills, billing as well as compliance and CPNI, if appropriate.

Measuring success of trainees is an interesting area. All companies participating in the research have pass/fail criteria for their modules of training. One might assume that if a trainee failed a test for the module that they could be exited from the business. This is not the case. In fact, only 50% of the companies actually exit a trainee for a test failure. Obviously there is a significant investment in training, so testing failure is used as a remediation opportunity, with the goal being to retain the trainee.

Measurement of on-job success also varies as some expect the trainee to immediately perform at 100% of objectives while others give them up to a year to attain the same level of performance. Overall, 50% of the companies expect a trainee to be at 100% at 90 days post training. In most companies, the facilitators are not held accountable for the performance of the trainees. They are measured by observations that judge training effectiveness as well as evaluations from trainees.

There is some consolation knowing that no one has completely cracked the code on optimal efficiency and effectiveness in new hire training. It is evident through the research that each participating company has a best in class component in the overall picture of training, but no one is completely satisfied with the total quality or cost of new hire training.

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Marketing Seminar

(Continued from page 1)

Seminar registration

Register by February 8 to take advantage of our **Early Bird savings** of \$200 off the \$1,695 seminar fee.

Location

Loews Ventana Canyon Hotel
7000 North Resort Drive
Tucson, AZ 85750
Ph: 520-299-2020
www.loewshotels.com

Hotel reservations

Call Loews and ask for group reservations. Be sure to reference "Consumer Services" and reserve by Feb 8 to receive our group rate of just \$180/night (normal rate is \$359!).

Please come join us. Please invite your colleagues. We hope to see you there. I promise it will be fun and informative!

Ellis Hill, RFC President, founded RFC in 1987 after 12 years at BellSouth.
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"Bringing the Best TogetherSM"



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RFC specializes in research and consulting of consumer and business network services and new telecommunications technologies. Our suite of services includes:

- Marketing consulting, including**
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 - Sales and operations planning and strategies
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- Market research**
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