RESEARCH FIRST CONSULTING, INC.

PR1ME INSIGHT + FOCUS

Vol. 2, 2010

MARK YOUR CALENDARS…

RFC's 2010 EVENTS

… designed for telecom directors and their managers in product, market, sales and channel management.

BMMA 2010 Annual Meeting

(Broadband Multimedia Marketing Assn)

March 1-2, 2010

Broadband Services 2010

March 3-5, 2010

Telecom Marketing—*Consumer*

April 26-27, 2010

Sales & Operations 2010

April 28-30, 2010

Alternate Channels Spring Workshop

May 11-12, 2010

Most of our 2010 spring conferences will take place at the Hyatt Regency in Newport Beach, California.

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Inside this issue:

RFC Announces 2010 Spring Conferences

BY ELLIS D HILL

Research First will hold most of its spring conferences this year in Newport Beach, CA at the Hyatt Regency. Once again we'll bring the industry's best together by covering best practices, new applications and technologies, opportunities and challenges in telecom marketing and sales channels. *Conference alumni have informed us that the discussions and networking at these events are extremely valuable.* Here's what you can expect:

The **BMMA Annual Meeting** (Broadband Multimedia Marketing Association) will be held March 1-2, 2010 and will include an update on our industry benchmarking report, roundtable discussions on current hot topics related to broadband services sales and marketing in addition to the presentation of Best in Class Awards and election of our 2010 Board of Directors. Non-members may attend one BMMA meeting for evaluation purposes and are encouraged to join the association.

The BMMA *Annual Meeting* will be followed by RFC's **Broadband Services 2010 seminar** (March 3-5), allowing members to save on travel expenses while continuing the learning and networking throughout the week. Again this year, RFC is extending a $200 discount to individuals from BMMA member companies. This 2.5 day seminar will have presentations and several round table discussions covering: market and competitive overview; strategies to deal with competition; churn and retention – how to measure, attack and reduce it; service rollouts and updates; bundling strategies; best promotions practices and sales strategies; new revenue opportunities and more.

Telecom Marketing 2010 - ***Consumer*** (April 26-27) will be an excellent opportunity to meet with telco marketing and product management peers and key industry vendors, and to discuss best practices and successful marketing initiatives. This 1.5 day workshop will

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Alternate Channels Workshop Highlights

BY ANNA GIBSON

Alternate channel organizations continue to evolve as does where the customer chooses to buy. Meeting customers on their terms was clearly the theme of RFC's Alternate Channel Workshop held in Las Vegas last month.

All companies in attendance are focused on reaching the customer through retail presence, indirect retail (Best Buy, Walmart, etc.), door to door sales, outbound telemarketing, eCommerce, employee and technician referral programs, multiple dwelling units as well as aggregator partnerships and master agent agreements. The success of these channels varies by market and locale. Certainly there are big differences in the success of a retail strategy in an urban, densely populated area verses a more rural dispersed area.

Finding that right fit for the area is a priority for everyone. One company does temporary kiosks in malls focused on holiday shopping and back to school. In addition, they do kiosks at stadiums where major sporting events are held. These temporary kiosks are staffed by employees; all others are dealer run. The telco cost shares with the dealer for any capital build-out. Kiosks at universities are also effective but volume is mostly at the beginning and end of the school term.

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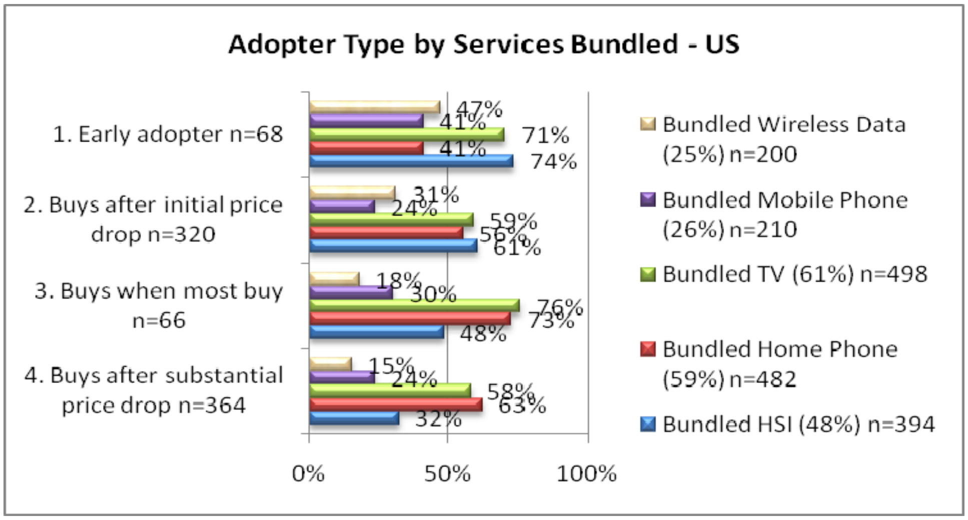
Bundled Purchases Segmented by Adoption Curve

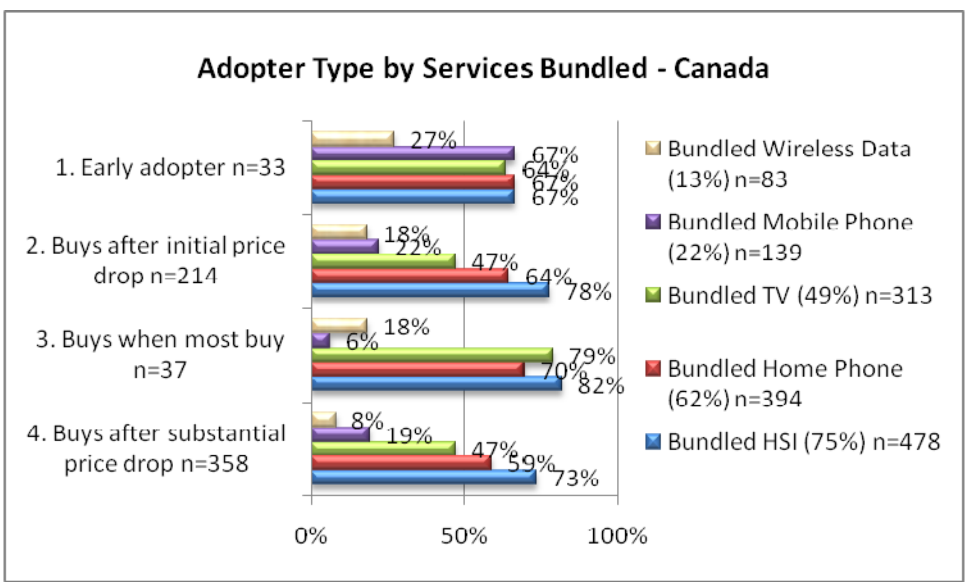
By Ellis D Hill

Six Canadian and US service providers commissioned Research First to perform a joint market research project that has just been completed this month. The purpose of the study was to provide segmentation data for strategic products that included broadband, video, wireless voice, wireless data, and landline voice.

The two charts below are taken from the study and show how various market adopters bundle their various services. On the top is US data and beneath is Canadian data. We see that the most bundled services in the US are video/TV (61%) and home phone (59%) whereas in Canada it is broadband (75%) and home phone (62%). I believe Canada's higher broadband bundling rate is due primarily to broadband being introduced there several years earlier than in the US. The home phone bundled rates for both countries are very similar at 59% (US) and 62% (Can) and are, in fact, within the margin of error. Another difference between the two countries is in wireless bundling which is 25% in the US and 13% in Canada. While further examination is warranted, I believe that the primary reason for this is that the two largest wireless carriers, AT&T and Verizon represent about 78% of the US wireless market and they also provide all the other strategic products shown in the study and bundling has been a strong initiative in both companies for many years.



TV service (61%) and home phone (59%) are the two most bundled services in the US. The chart above shows the breakout by adopter and other services.



HSI service (75%) and home phone (62%) are the most bundled services in Canada. The chart above shows the breakout by adopter and other services.

The segmentation represented in the study is a segmentation of internet users. The segmentation was a self selection process made by the respondents. The numbers in the charts correspond to and are shortened forms of the categories shown below as stated in the survey:

1. I typically buy new technology as soon as it becomes available.
2. I typically wait for an initial price reduction before buying new technology.
3. I typically buy new technology when most other people are also buying.
4. I typically wait until the price has fallen substantially before buying new technology.

These categories were developed by the participating marketing managers and were intended to give respondents definitions that would place them in the classic s-curve market adoption segmentation. This was an online survey with 638 and 818 completions from Canada and the US respectively.

The overall study carries a 95% confidence level with a ± 4% margin of error for Canada and a ± 3.5% margin of error for US results. Various segmentation data falls below statistically valid data but is indicative of the market place.

For further information regarding the study contact me.

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BMMA Fall Workshop Highlights

By Lisa LaBorde

The BMMA Fall Workshop was held last month and hosted by member company, Synacor, at their headquarters in Buffalo. Synacor provides solutions that enable ISPs to gain revenue while building close relationships with consumers on the Internet. They provide an array of resources, delivered through a white labeled portal interface, that includes free-to-customer content and service offerings, search services through a partnership with Google, value-added services and paid digital content (games, movies, video, music, etc), all from one source, and across a variety of screens.

The meeting was kicked off with presentations by Synacor's Tom Kingsley, Director of Product Management, covering industry directions related to online content management, and Sandeep Chellani, Director, Value Added Services, who detailed Synacor's strategy and solutions in the area of paid for content where the service provider earns margin and creates stickiness with their customers. Personalization of the web portal, where customers may identify and add content that is relevant to them, is key and will be successful for the ISP when focused, visual, and creates efficiencies. One example of a newer applications driving web traffic is voicemail integration where customers may access and manage their messages via the portal. Backup and storage services are another offering customers protection for their files in the cloud, eliminating the risk of fire, floods, etc.

Brian Farley, Director of Consumer Internet Marketing for MTS Allstream, led a discussion of the ISP no longer being the email provider. MTS selected Microsoft Windows Live to replace their previous email platform for a number of reasons including the breadth of services available, reduction in capital and expense costs, and the ability to introduce new services quickly.

Dave Murphy, VP of Marketing for Hostopia, led a roundtable on winning satisfied customers from cable. As cablecos continue to make gains in voice customers and customer service, ISPs need to address the full customer experience which includes packaging, value added services and support, customer service and sales channels as well as price and speed.

Greg Owens, Director of Corporate Marketing for Alcatel-Lucent, led a discussion on speed. Service provider attendees are seeing requests for higher upload speeds primarily in biz markets with some requests coming through consumer. There is a general assumption that customers cannot tell the difference between certain speeds, and if the telco offers a better value to the customer overall, they should work that angle.

Many other topics were discussed in our 2.5 day workshop including using social media (e.g. Twitter) for retention or new subs, and premium support services. Several of the attending service providers provide PC support services for a fee while others are struggling with this.

Hot topic calls

To continue the discussions and networking throughout the year, the BMMA holds monthly conference calls for its members every 4th Tuesday at 12 noon Central (1 PM Eastern, 10 AM Pacific). Around 2-3 times per year these calls are open to non-members so that they may sample the value.

Oct 27 Revenue generating services: increasing ARPU
Nov 24 Broadband usage issues and upload speeds
Dec 15 The technology horizon - future trends and differentiation
Jan 26 Leadership Roundtable Discussion: What's hot for broadband in 2010?

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3Q'09 Major Provider Broadband In Service

Broadband Service Provider	2009		
	3Q In Service	3Q Gain	3Q % Gain
Major Telco HSI			
AT&T	17,083,000	138,000	0.8%
Verizon	9,174,000	63,000	0.7%
Qwest	2,951,000	28,000	1.0%
CenturyLink	2,189,000	56,000*	2.6%
Windstream	1,050,500	25,900	2.5%
Frontier	621,331	7,521	1.2%
FairPoint*	295,000	(1,107)	-0.4%
Cincinnati Bell	234,500	(900)	-0.4%
TDS Telecom	202,100	5,000	2.5%
SureWest	104,700	200	0.2%
Consolidated Communications	97,750	2,094	2.2%
Iowa Telecom	94,500	2,000*	2.2%
Total US	34,097,381	325,708	1.0%
Bell Canada	2,084,000	22,000	1.1%
TELUS	1,117,000	9,000	0.8%
Bell Aliant	797,682	14,963	1.9%
SaskTel *	139,000	4,000	3.0%
MTS Allstream	180,546	1,550	0.9%
Total Canada	4,318,228	51,513	1.2%
Total Telco	38,415,609	377,221	1.0%
Major Cable			
Comcast	15,684,000	362,000	2.4%
Time Warner	9,167,000	121,000	1.3%
Cox *	4,204,364	35,909	0.9%
Charter	3,010,100	52,400	1.8%
Cablevision	2,522,000	19,000	0.8%
Bright House *	1,306,860	20,580	1.6%
Mediacom	765,000	11,000	1.5%
Insight	493,400	11,900	2.5%
Total US	37,152,724	633,789	1.7%
Shaw	1,678,335	27,376	1.7%
Rogers	1,597,000	19,000	1.2%
Videotron	1,145,000	35,000	3.2%
Cogeco	515,052	5,619	1.1%
Total Canada	4,935,387	86,995	1.8%
Total Cable	42,088,111	720,784	1.7%

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

*Estimates

2010 Telco Conferences

(Continued from page 1)
include a market overview, competition strategies review, successful telco campaigns and practices from the past year, bundle and new or strategic product offers and campaigns, churn reduction activities and tactics, and save strategies.

Sales & Operations 2010 will be held April 28-30 immediately following Telecom Marketing 2010. Industry leaders in sales and care channel management will come together to discuss the latest in telecom services best practices. The agenda will include presentations as well as time for roundtable discussions with topics covering: an industry and competition overview, the mover market, HSI sales, save and retention strategies, 1st call resolution, work at home, channel effectiveness, new hire training, channel metrics and much more.

We will conduct our **Alternate Channels Spring Workshop** on May 11-12, 2010 (location to be confirmed). This will be an excellent opportunity to get the latest information on alternate channels best practices and to greet your friends or meet new peers from the Telcos and key industry vendors. This workshop will focus on MDU/MPC/HOA channels, e-Commerce, D2D, retail and indirect retail, OBTM and employee referral programs.

To register or for more information visit www.researchfirst.com.

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Alternate Channels

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Another creative way to attract attention is with the use of mobile units. Embarq (CenturyLink) has a tricked out van, Qwest has a jeep and Windstream has four custom trucks that draw crowds. Taking these special vehicles to fairs and tradeshows has proven to be very successful. These vehicles are equipped with HDTV, broadband to demo various speeds, as well as wireless.

Door to door has become more and more of a contributor to sales revenue. All companies utilize either a temp agency or a vendor. The key to success is to have a dedicated in-house manager that is very involved with the D2D teams. Frontier only knocks on doors from the lead list. One company suggested calling customers and making appointments for a D2D representative. The national do not call list is a great tool for D2D leads.

Many different affinity programs have been tried with varying success. Several companies have tried schools, athletic clubs and national organizations such as AARP and the NRA.

Challenges are plentiful, including how to expand rep participation in Movaroo. It is a great program, certainly the type that cable utilizes very effectively. All companies are having difficulty getting internal channels to embrace the program. Windstream is finding the most success, which is due primarily to changes they made on the IVR. Customers are asked to enter their new zip code at the time of disconnect and they are routed to a separate queue for "Movaroo" handling.

Further refining outbound telemarketing (OBTM) is also an ongoing challenge. How do you get customers to listen? Caller ID is very important: the use of 800 numbers reduces answers by 30%. Additionally, it is not recommended that customer contact rate be more than four times per year, and the offer must be kept simple.

Employee/technician referral programs can be the source of significant revenue. Keys to success include top level management involvement, organize around neighborhoods, partner with retail stores and publish metrics daily to the employee level. Awareness, interest and product education can be enhanced with pizza lunches and garage tailgate sessions with coffee and donuts.

Watch for information on our **Alternate Channels Spring Workshop**, which will be held May 11-12 (location to be confirmed). It will be an opportunity to learn best in class techniques, as well as strategies and processes for all of these channels.

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