

Lead with Content and Services, Not Bandwidth

What is more valuable to consumers – a pipe or the water that flows through it?

By Bruce Bahlmann ■ *Birds-Eye.Net*

Bandwidth is important, of course, but are we marketing Mbps at the expense of telling consumers what the bandwidth will mean to them? Listen to what Tony Werner, CTO of Liberty Media Corporation is saying: “They [consumers] want it and they are willing to pay a premium for high-speed.”

Brian Roberts, CEO of Comcast, has a better line: “The day is coming when, in 45 seconds, you can download a movie [to a personal computer].”

From a consumer standpoint these statements don't go as far in defining consumer benefits as did the once powerful AT&T during one of its aggressive advertising campaigns. AT&T coined the slogan “You Will!”

For those too young to remember that far back, the 1993/1994 “You Will” advertising campaign featured the voice of Tom Selleck. He posed all these neat and exciting uses for telecommunications, highlighting their convenience. Each “You Will” advertisement made people think “Wow I didn't know you could do that” while AT&T's answer was “You Will.”

The implied emphasis was that it would be AT&T that would be the party responsible for bringing such convenience and technology to you. The difference between the “You Will” claims and those made by today's providers like Liberty Media and Comcast is that technology is nearly here for such services to become economically available.

Interestingly, AT&T chose to not sell “bandwidth” as the killer application but rather services that consumers might want: video phones, advanced messaging, high-integration services that

combine video, voice, and data to produce really cutting-edge conveniences for consumers.

While AT&T clearly failed to deliver on the “You Will” promise (the bandwidth for such services never evolved rapidly enough), there is something to be said about what AT&T was selling to consumers. Rather than selling something abstract (bandwidth) AT&T sold people on the idea of modern convenience and

sports car you can go from 0-60 in seconds. That's great, but that's the main advantage of the product. If you are only going 25 or 35 mph through town, or driving long distances at 65 mph, your experience is something quite different: Boring and frankly uncomfortable. Remember that fast cars are not designed to be pleasurable for routine driving, either for long distances or in constant stop-and-go traffic.

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I loved those ads because it got me excited about the technology. It got me to think of what is possible and it got me to look into the future.

What Are You Selling?

This marketing strategy is still sound. Sell consumers convenience (things they can do, things they can use) rather than abstract technology (bandwidth) or the ability to do the same things you do today only faster. Where is the imagination in being faster or in selling abstract things to consumers?

One could equate this concept of selling content rather than bandwidth to the purchase of a fast sports car. With a fast

is what they do best. If they were designed otherwise, they wouldn't be fast. Building fast broadband services is a lot like that. If you focus on building out fast services, you need to pay a lot of attention to infrastructure purchases like routing, caching, provisioning, packaging, marketing slogans, partners, and the like.

While you are doing all that, you can lose the message. What are you ultimately delivering to consumers? Are you delivering a fast service or are you enabling your network to deliver specific services that require high bandwidth? If the objective is the latter, why would you lead with the offering of a high bandwidth service rather than what people would use, such as the video download service described by Brian Roberts?

It is like selling someone the ability to get up to 60 in seconds, rather than selling them the car. Note that once you get up to 60 there really isn't that much difference between various competing services – with today's products – so why all the focus on speed?

To put it another way: What does a broadband service provider do best? Does it provide bandwidth best or does it provide entertainment and information services best?

Marketing Bandwidth

Going from 3 Mbps to 6 Mbps or going from 6 Mbps to 16 Mbps may produce a noticeable speed differential. But at some point, unless you come up with new services, consumers will hardly notice the speed increase, even if you double the bandwidth. When such bandwidth increases become hardly noticeable, you will no longer be able to modify the shape and size of service to command a premium price (or even the same price) from consumers. Similarly, you will not be able to shape and size the service to produce a largely noticeable increase in user experience.

Obviously, the narrower the pipe (lower the bandwidth), the fewer services your broadband customers can legitimately receive, at least optimally. With that said, the higher the bandwidth, the more services each customer can receive.

There is a saying in broadband that if you build it they will come. But if you build out large bandwidth pipes to your broadband customers without offering content and services to fill that bandwidth, some other company will be happy to fill that spare bandwidth for you. That limits your captive, patient audience for new services as you roll them out. Such a strategy may in fact limit your ability to break in with such services. Your expected consumers will already be used to features and branding of alternate service providers.

The AT&T "You Will" strategy comes full circle here. Perhaps they were right to get people excited about new services before they had the infrastructure to deploy them.

One cannot overlook the value of content – everything else is subservient

to it. Broadband service providers today are not taking the flip side of that problem seriously. They are moving full bore to build out the infrastructure before they have all the applications, services, and content required to fill the additional capacity.

To emphasize: Content is what drives demand, which in turn drives consumption. Without content there would be no demand. Building customer awareness of services as well as their availability needs to be a focus at some point. Without that, consumers will exploit their new bandwidth to best suit their needs.

The Cell Phone Phenomenon

One doesn't have to look far to find an example where services rather than bandwidth are being sold. A cell phone is capable of achieving something like 380 kbps worth of bandwidth. That fact is not very well publicized for these small wireless devices. Instead of bandwidth facts and figures, the product literature and advertisements give consumers an abundance of information about what you can do with these devices including text messaging, Internet access, voice mail, paging. Many of these services are offered to you by your cell phone provider for an additional price.

What is interesting is that cell phones only consume a tiny portion of this available bandwidth. Currently very few (if any) can do multiple things at once (for example browse the Internet or send a text message while talking on the cell phone).

As multitasking becomes the norm, the bandwidth used by these devices will increase exponentially. So will the need for more bandwidth. However, one thing will be certain, cellular companies won't let the bandwidth genie out of the bottle and sell you raw bandwidth on their network. They will gladly sell you services and content.

Broadband Genie Has Escaped

In the case of broadband, the bandwidth genie is out of the bottle. Selling raw bandwidth to consumers is entering the commodity phase. This year saw the beginning of price wars over broadband bandwidth. Still, selling increasing

amounts of bandwidth without having a stockpile of ready-to-go content to fill this bandwidth will be short lived.

Bandwidth fees will continue to decline. Once consumers really figure out how much bandwidth they need to get by, these rates will be less than what the cheapest phone rates are today. After all, not everyone owns a fast sports car. Many settle for a Yugo.

Thus, the future of broadband services will not be shaped by the size and scope of the bandwidth offerings as it is today. Rather it will be defined by what content is available and how well these services support the multitude of consumer devices available. Content download and streaming rights to the multitude of devices, as well as the usability and convenience at which consumers can manipulate this content, will be instrumental to the success of broadband service providers. They'll need it, not only to lure new customers but also keep the ones they currently have. **BBP**

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