

Keeping Up With Content, Context and Demographics

Check out phone service, too, as the market evolves, to reduce churn

By Michael A. Kashmer ■ *Broadband Properties*

Each month we try to bring you some concrete information that we hope will help you decide what kind of programming to offer to your subscribers. What will make the difference?

We have been schooled in the idea that content is always key. That is why consumers buy video product. Choosing content used to be an easy task. There were only so many networks available and our usually loyal subscribers depended on us to deliver what we thought was of interest to them. Or so we – and they -- thought.

This is no longer the case. Video consumers have discovered independence! It's called competition, and you are the main force driving this innovation. (See section later in this story about summer theatrical viewing.)

Broadband providers, who have been serving up severe competition to traditional private cable operators and franchise cable operators, need to adjust to this phenomenon. It's not just price and it is not enough to say that you are "different" compared to the local cable operator. The real winner will be the provider who can offer the consumers what they want and can change their lineup to reflect that choice as time goes on.

Demographics change, communities become older, perhaps more Hispanic or more Asian. Does it make any sense to offer the same lineup to your subscribers as you did ten years ago? Your franchise cable still does, with expensive digital upgrades included.

It is time to adapt and survive. For example, a town near where I live is now about 30 percent Asian but the incumbent cable operator doesn't offer any Asian-language programming. If an overbuilder were to appear and start offering a mix of programs

that fit this changing demographic who in this underserved demo would stay with the incumbent?

What's Sexy About Your Video Experience?

What will hold the subscribers you have and attract new ones, away from the competition? What is the glue that will hold them to you? What part of your "true broadband offering" is the stickiest?

Industry pundits say that the sticky part of the broadband equation is phone, sure and simple. Video churn has always been a problem and Internet providers abound, making the competitive landscape slippery. Triple play has grown, naturally, to include a portable component – wireless. Just look at Philadelphia's noble experiment. Consumers are in love with this natural extension, which fits so well into their increasingly always on-the-go lifestyles. Marketing data seems to bear this out everywhere.

Phone and I feel to a large extent, video, will help you to hang onto your subscribers. But they won't stay "on hold" forever waiting for you to introduce the next big thing. I think that traditional video can be a big help here too. Programming not available on satellite or on your local franchised cable company will draw and retain subscribers. Local programming will do the same. Call it narrowcasting if you will, but this is truly your leg up on the competition in the local marketplace. I say "Go For It!"

Here is one example. Davida Shear, Senior Vice President of BlueHighways TV tells us what a new and compelling network can offer subscribers. BlueHighwaysTV connects on a personal level with the "regular folk" of America, underserved by today's television. By focusing on American culture, food, travel, art, lifestyle and of course music, BlueHighwaysTV can make a difference in attracting new subscribers. This unique long-form program-

Broadband Video Internet - Check It Out

Broadband Video Internet sites are increasingly popular. Your subscribers are taking a look right now. You may want to check out these new sites yourself to see what is in store. There will surely be more to come. Everything from laughs, and short form (Jon Stewart clips) to VH1 and MTV fare. Here is what is coming at you.

Comedy Central - www.comedycentral.com/motherload

Downloadable standup routines, behind-the-scenes looks, program clips.

ESPN: ESPN 360 - www.espn360.com

Live performances, commentator analyses, and single and multi player video games.

History Channel - www.historychannel.com/broadband

Historical events (naturally); 30-min. clips; online store site.

MTV: Overdrive - www.mtv.com/overdrive

Music videos, news, sneak peaks, movie trailers, MTV reality series show characters.

Nickelodeon; TurboNick - www.nick.com/turbonick

Sneak peeks plus complete episodes of Nick programming. Movie previews, behind-the-scenes, and so forth.

VH1: Vspot - www.vh1.com/vspot

Clips of VH1 programming; video music, trailers, news and shopping.

ming aimed at America's heartland can make a cable operator stand out. See www.bluehighwaystv.com for more information about this service.

Where Did the Viewers Go?

Customer surveys can help you measure the market. Surveys you do also let consumers feel like they have some control over what is on the lineup, and what they are paying for as well.

Bill stuffers can direct subscribers to your Website where they can "vote" for services they want. Results need not be shared in detail, just confirmation by you that you are paying attention to what they are saying.

There has been a ton of discussion lately about where the coveted young male audience has gone. Movie industry pros are at a loss to explain why men under 25 have abandoned the local flix palace. Members of this coveted demo has seen 24 percent fewer movies this past summer than they did in 2004. The drop in theatrical viewing was much smaller for women and other age groups.

Young men 13-25 reported that they were busy surfing the Web, instant-messaging with friends and playing video games on consoles like PlayStation 2 and Xbox. It seems that rising ticket prices were a factor as well.

With box office revenues dropping 7 to 10 percent, this increased competition for leisure time from the Internet and interactive gaming has definitely eroded the movie audience.

Young audiences complain loudest about the quality of the movies themselves. Few thought that there was an excellent selection of movie choices this past summer. Rising ticket prices and high cost of in-theater snacks show that this combination definitely deters attendance.

How does this affect the video side of our broadband industry? Well, theatrical films have been a mainstay of pay TV services like Starz for a long time. Pay TV services with a strong original critically acclaimed lineup, like HBO and Showtime, should fare better. Many broadcast basic and digital basic services depend on feature films to fill out their schedule.

Weak box office dampens interest when these lackluster titles appear in the nightly lineup. Word-of-mouth dries up. Why watch a flick that has already been dissed when it played on the big screen? Summer block-

buster films look stale and lack originality and don't fall into the category of "must see." Will all ratings suffer?

What will Hollywood do to head off this revenue drain next year? One thought is that the major film companies will move back to quality films appealing to an older audience who are less distracted by the "bling" of alternative sources of entertainment.

What should broadband providers do to

offset this loss? Bring some bling to your lineup! Something different, something appealing that your subscriber base can get excited about and put it into their "must see" list. **BBP**

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