

It's Time For PCOs To Grow

Private cable operators need to expand the franchise to beat the franchises

By Bryan Rader ■ *MediaWorks*

When I was standing in the hallway of the recent Broadband Properties Conference in between presentations, a senior manager of a large real estate company wandered over to me and asked, “how come I can’t find a good PCO to consider in every one of my markets?”

“What do you mean,” I asked. “Aren’t there good private cable and broadband providers in every multi-family market you’re in?”

“No,” he quickly said. “Even if I wanted to give every one of my apartment communities to a private operator rather than the local cable company, I don’t know that I could do it.”

“Really,” I found myself stating, beginning to realize he was probably right. “You can’t find alternatives to Comcast or Time-Warner or Cox or ...”

“No,” he said again. “The PCOs in some of my markets are either sold, shutting down, or gone. It’s a shame too because I really am not happy with the local operator and really would like to support a PCO in some of these areas.”

A Dilemma

What a dilemma our industry has. Most of the real estate community realizes we have a great product, and we’re a great alternative to local franchise operators, one that has helped property owners with choice, selection, better service, and real targeted customization.

But we’re like an exciting new retail concept that wants to grow its “reach” by having a presence in ev-

ery major market in the U.S. And yet we haven’t been able to achieve that “reach” lately.

I remember a time when The Home Depot was a fast-growing retail concept with a strong presence in the southeastern U.S., the sunbelt states and California. But the Midwest was an open field of potential growth for Home Depot. It needed a presence in these markets to give the hardware customer a better option than the small mom-n-pop and regional hardware stores.

So they franchised to fill in these markets. This expansion of their reach grew their overall market share on a national scale.

There have been other cases of successful retailers who franchised their company to grow a national brand. Subway, The UPS Store, Gymboree Children’s Clothing Store and Hallmark Cards are great examples of this. Each was a successful concept that needed local partners to grow the business.

Maybe that’s what the PCO marketplace might need to expand its successful concept.

I believe that we have a great product that can be tailored to local tastes. But we do not have effective coverage or reach in every major U.S. market. That hurts our ability to grow our overall share of the multi-channel multi-family pie.

Back to this property owner I was speaking with at the conference. He continued to explain his concern. “If I have a service agreement that comes up for renewal on a property in south Florida, there are dozens of PCOs to

consider. But in other markets I can’t find one. Why give such good coverage in Florida and not have a single alternative in another market?”

That night I thought about so many of the good MDU markets that don’t have one or two alternatives for the real estate community to consider.

So how do we accomplish this goal of developing strong localized PCOs in specific markets? Is it a cause we should consider attempting to address?

Yes, and here’s how. Many operators are always looking for a new market to develop. I would suggest selecting one nearest to your home base. Research the multi-family opportunities in that market. Is there a good base of A and B quality properties with 200+ units in this market? Is the local MSO likely a tough competitor? Does the real estate community like the MSO? Who are the primary owners and developers in the market? Are occupancy levels high? What is the condo market like?

The answers to these questions may guide you to a new market, and can help our industry expand our reach and capacity.

I have an eye on a couple new markets close by my own operations. Let’s go grow them. **BBP**

About the Author

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