

Converged Services Help Retain Subscribers, Survey Shows

Who said the TV was just for watching shows? Customers like using it to answer phone calls, too.

BBP Staff Report

Like Fall, convergence is in the air. It's hard to read about networks or services today without the word "converged" making an appearance. Vendors are taking different approaches to the issue. Some of them are developing common infrastructures for delivering multiple services. (Juniper Networks, whose article in this issue explains the importance of Ethernet for convergence, is one of these.) Others tie services together even when they're delivered over separate infrastructures – an approach called a "service delivery platform."

Integra5 (www.integra5.com) is one of the latter group. Its TV Caller ID service works no matter whether the phone and video signals have traveled over the same pipe or over two different pipes. The service displays information about incoming phone calls on the television screen, allowing the user to decide whether he needs to leave the football game to take the call.

Convergence is so new that there isn't yet much evidence about its importance to customers. Consumers like to pay a single bill, especially if they get a better deal that way, but do they care whether the services can talk to each other? Asking their opinion about the matter doesn't usually help; since most consumers haven't given convergence much thought, if they've even heard of it at all, their responses aren't a good guide to future behavior.

In one of the first studies of actual consumer behavior regarding convergence, Integra5 surveyed more than 3,500 residential customers of Comporium, a South Carolina-based provider that offers TV Caller ID free of charge.

The survey compared the responses of subscribers who used the service (most of the users had had the service for more than a year) with those of subscribers who didn't use it.

Integra5 found that TV Caller ID plays a significant role in subscriber retention and positively influences subscribers' overall perception of their service provider. The survey also found consumers receptive to using additional converged services.

CONSUMERS LIKE SEEING CALLER ID ON THE TV

TV Caller ID has proven to be an overwhelmingly popular service:

- 82 percent rated it as either "very good" or "great." 78 percent said they like it as much as HDTV, and 71 percent said they like it as much as DVR.
- 86 percent have shown it to friends and neighbors or told them about it.
- 94 percent leave it active all the time, even though it's possible to disable it.

Meredith Flynn-Ripley, Integra5's CEO, says the application appeals to consumers because it doesn't attempt to change their communication behavior, but only to free that behavior from the telephone. "People were already used to using these features," she says.

She adds, "There's an interesting analogy to what's happening on the video side, where people moved to not just seeing video on TV...The concept of scheduled television is already strange to kids, and it will be just the same for other things: 'What, you only talked on the phone?'"

Reflecting TV's universal acceptance in American households, nearly 70 percent of survey respondents thought the TV was the best device for receiving Caller ID and other converged services. But more than 40 percent said they would like to receive converged services on both TVs and PCs. Flynn-Ripley believes these data reflect a split between older viewers, who are more comfortable with the television set, and younger viewers, who are equally comfortable with both the TV and PC.

CUSTOMER LOYALTY INCREASES

Integra5 found that TV Caller ID has increased customer loyalty to the provider:

- 25 percent of survey respondents called TV Caller ID a "main reason" they stay with Comporium for digital television, high-speed data and phone services.

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- TV Caller ID subscribers were 30 percent more likely than non-subscribers to rate Comporium as “great.”

A ROADMAP FOR CONVERGED SERVICES

Now that they understood the idea of converged communications services, survey respondents said they were interested in having more of them.

- 90 percent said they wanted to be able to manage which TVs and PCs display Caller ID.
- 81 percent wanted personalization features, such as the ability to add pictures and photos to TV and PC Caller ID and to a network address book.
- 81 percent were interested in content alerts, which incorporate RSS and Web-based technology to display banners with local, national and international news, weather, sports and other information on TVs and PCs.
- 80 percent showed interest in “Click-to-call,” which enables users to place calls from the TV network address book and call/voicemail logs using the TV remote control.
- 77 percent wanted access to voicemail alerts and playback, which notify users – via TV/PC banner alerts – of landline or mobile phone voicemails. Users can also view a voicemail log and play voicemails on their TVs/PCs.

TV Caller ID subscribers were 30 percent more likely than nonusers to show interest in future converged services. Integra5 suggests that today’s TV Caller ID users will be key to driving adoption of future services.

The “future applications” about which the survey queried customers are already being marketed by Integra5. But Flynn-Ripley has plans for adding to the product suite. A product slated for release in 2008 will allow subscribers to receive SMS (more popularly known as text messages) on their TV screens. Users can click the remote to accept the message and notify the sender it’s been read, send a canned response, or initiate a call between their landline and the caller’s mobile phone. They may even be able to type responses. “Research shows that under-20-year-olds can type text messages on the TV remote with no problem,” Flynn-Ripley says.

“We believe the SMS-to-TV application will bring a whole group of users into the SMS experience,” Flynn-Ripley adds. “You’re still enabling SMS even if they respond with a call. And it provides a back-end revenue stream for the service provider in terms of terminating SMSs.”

Further down the road is an application that would direct landline Caller ID to the mobile phone, so that mobile users don’t have to keep checking their home phones for messages. While this application is technically feasible today, mobile phone batteries aren’t powerful enough to support it.

Yet another planned application would let a TV viewer click the remote during an advertisement to send an SMS coupon for the advertised product to his cell phone. Clicking on a pizza ad, for example, could automatically connect a subscriber to the pizza parlor and get her a discounted dinner. This application would enable a new revenue stream for the telco or cable company, which could share the revenue with the retailer.

TO CHARGE OR NOT TO CHARGE


Should operators charge for converged services like TV Caller ID? Integra5’s clients are divided on this subject, according to Flynn-Ripley. Most provide TV Caller ID free of charge hoping to increase customer retention – which the survey demonstrates that it does – or use it as an incentive to move customers to the digital tier.

Some charge a nominal monthly fee (\$1.99 seems to be the preferred amount), and the survey offers some support for this strategy, too. Although Comporium offers the service free as part of its digital cable and phone bundle, more than 40 percent of survey respondents said they would pay for TV Caller ID if they moved to another area where the operator charged for it; of these, 90 percent would pay at least \$1 per month, 70 percent at least \$2 per month and more than 50 percent at least \$3 per month.

Still other providers – especially in Latin America and Canada – have adopted a hybrid strategy, bundling the service free of charge for customers in higher service tiers, and selling it to customers in lower tiers. “We often see customers’ strategies change,” Flynn-Ripley says. “Some of them have said they were going to charge for it, and then realized it was better as a tool for retention.” ■

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