Telecom Marketing

Advanced marketing methods for the Telecom Revolution

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About Telecom Marketing

America is undergoing a vast telecom revolution. Cable TV companies, phone companies and soon electric utilities will be offering virtually identical products: phone service, broadband, and video/TV. While the technology will differ, the products will be much the same. The key differences will be in marketing methods.

Telecom Marketing explores and presents the methods being used today by marketers in wireless, landline, satellite and cable to acquire customers and reduce churn. On this site you will find cutting edge articles from leading authors and consulting firms.

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Once in a lifetime opportunity for cable

By Arthur Middleton Hughes

February 17, 2009 is a very important day for cable TV marketers. That is the day that, by law, all analog TV over the air broadcasting will end. There are about 19 million households who rely on over the air broadcasts for their only access to television. In those households, about 45 million sets will go dark unless the set owners take some action in advance.

What can consumers in these households do? They can buy a digital tuner, buy a new TV equipped for digital reception, or subscribe to cable, phone or satellite TV. The choice that they make can be vital to the future of the telecom industry.

The situation presents a once in a lifetime opportunity for cable TV marketers. For the past two years, the number of cable subscribers has remained flat at about 65 million households which represent about 59% of the 112 million households passed by TV cables. Most of the 19 million over the air viewers have TV cables running past their doors.

Most of these viewers are not yet aware that their TV service will change radically within two years. As the date draws closer, vendors of digital tuners and new TV sets will be advertising their equipment on TV and in print advertising. Once they make a sale, the opportunity for cable subscriber acquisition may be lost. Now is the time for cable TV marketers to gear up for what could be the biggest subscriber acquisition campaign in cable TV history.

Marketing history shows that a serious market event like this one may get consumers to do something new and different. All they need is a gentle push in the right direction. How should cable marketers make that push? Of course, cable companies can, and will put ads on regular TV stations. These ads will certainly attract some new subscribers. But these TV ads should be supplemented by direct mail. Why?

How to sell the triple play

Cable companies are in the fight of their lives. They have cable running alongside 99% of the TV homes of America, and the Telcos are far behind. But not for long. Telcos are laying fiber and installing ADSL2+ to millions of consumer's homes to bring them high speed broadband and TV channels.

To meet this challenge, cable operators are using direct response TV ads -- a medium which they own and which is, as a result, very inexpensive for them. This medium, however, may be one reason why cable is beginning to lose the broadband battle. Last year, for the first time, Telcos added more broadband than the cable companies.

A second problem is price. AT&T and Verizon have aggressive broadband pricing strategies with rates about $15, compared with cable rates of $50 or more. Of course the cable broadband is usually faster, but most consumers either don't know that, or don't appreciate the difference.

A final reason why Telcos are winning is that they are using advanced database marketing strategies. They have built customer marketing databases with appended demographics and behavior. They are using advanced analytics to predict which customers have the highest lifetime value, and are most likely to defect to cable. They use direct marketing to target these households with seductive offers.

The Direct Marketing Association (www.The-DMA.org) publishes response rates on the effectiveness of various direct marketing efforts. Of particular interest to cable companies is the following chart:

Marketing Method	Average Response Rate	Respo Per 100,0
Direct Mail	1.88%	1,8
Phone Call	5.78%	5,7
Print Ad	0.13%	1
Direct Response TV	0.04%	