Striving for Satisfaction

Eager to Stem Losses, MSOs Try New Ways to Please Subscribers

7/06/2015 8:00 AM Eastern

By: Mike Farrell

TakeAway

With another wave of consolidation poised to sweep cable, MSOs are once again focusing on getting it right with customer service.

Hating your cable provider has almost become a rite of passage in America over the past six decades.

Despite real progress in on-time delivery, trouble-call reductions and improving service quality, cable operators still reside at the bottom of every major customer-satisfaction poll, finishing lower than previous customer-care pariahs such as fast-food restaurants and banks.

“It is almost like you learn to hunt, you learn to fish and then you learn to hate your cable company,” said Temkin Group managing partner and customer experience transformist Bruce Temkin, adding that the hatred isn’t necessarily misplaced. “They earned their position at the bottom. They literally are terrible.”

With consolidation poised to sweep through the cable industry over the next year or so, customer service has again moved into the spotlight, at a time when the cable industry brushes up against the possibility of its first TV-subscriber growth in more than a decade. Comcast, which consistently brings up the rear in customer-satisfaction surveys, ironically has been at the forefront of reversing a 10-year trend in increasing customer losses, reducing basic-subscriber declines by 27% in 2014 and by 75% since 2010.

KEEP THEM HAPPY

Keeping those customers happy and willing to buy even more services is the key to the future.

While customers have heard similar talk before, this time the cable industry is putting money, people and expertise behind what is growing into an industry-wide effort.

Comcast is leading the charge, spending more than $300 million this year and announcing plans to hire 5,500 new customer-service representatives and to build three new, state-of-the-art call centers by 2017. Other companies, such as Charter Communications, Cablevision Systems and Cox Communications, are pushing forward with ongoing initiatives aimed at making the overall customer experience more enjoyable.

It seems as if past moves to improve network reliability, on-time service delivery and increased convenience have laid the groundwork for a radical concept: making customers enjoy interacting with their cable company.

That is not an easy goal to accomplish, and it will probably take at least two years before results are evident. But the industry appears ready for the commitment.

Although the cable business has been through several customer-service changes over the years, what appears to be different is the convergence of technology and the level of commitment from the operators themselves, National Cable & Telecommunications Association senior vice president of communications and public affairs Rob Stoddard said.

“One thing that has come to the fore in recent years is the use of technology as our friend, the ability to more finely tune automated systems, the ability to provide customers more channels by which they can reach companies and customer care staff and personnel,” Stoddard said. “We have, in some cases, been successful in using social media as a boon, rather than a spoiler.

“I think the Comcast commitment is significant,” he added. “Whenever a leader takes a strong position on something, virtually everyone else is going to sit up and take notice.”

Comcast’s participation and its overall commitment to the effort will be key.

According to Temkin, what has derailed past customer-service improvement efforts has been the unwillingness of major operators to not only change the way they treat customers, but to change their internal cultures as well.

“It requires more than hiring a bunch of people or bringing in someone to try and focus on it,” Temkin said. “It really does require a strong push from senior executives to take a stand and change the culture of their companies.”

Despite cable’s past track record, reversing its poor customer-care reputation isn’t impossible, Temkin said.

“Look at where banking was 10 or 12 years ago,” he said. “People hated their banks. Now if you look at the ratings, banks are right in the middle.”

Competition is what forced the banks to look at their industry and their customers in a different way, Temkin said. Though consolidation usually has the opposite effect on customer satisfaction, he said — taking away competition could allow some companies to get lazier on the service front — footprint expansion could force companies to rethink their approach to customers.

“As they get bigger and have a larger footprint, they have to worry about selling more into their existing customer base as opposed to acquiring new customers,” Temkin said. “Look at the alternatives to those guys — Amazon Prime, Netflix and Hulu are putting pressure on them as far as some of their service models. But it will take one of those cable companies to say, ‘We’re committed, we’re going to treat our customers better than how we treat our prospects.’

“Changing attitudes and the way a company makes its core decisions is more important. All it will take is one of the cable providers to make a substantive change and that will change the overall dynamic of the industry.”

Comcast, fresh off the termination of its $67 billion merger with Time Warner Cable, unveiled its customer care plans in May, including the hiring initiative, plans to open three new fully-equipped customer-care centers in Seattle, Albuquerque, N.M., and Tucson, Ariz.; and a series of high-tech, customer-friendly retail stores complete with virtual-reality games and snacks for kids.

It’s a big change from just a few years ago, when operators were heavily promoting on-time guarantees and one-hour appointment windows. Those things are still essential to the overall process, but now the message seems to be more universal.

‘NOT THROWING BODIES AT IT’

Newly appointed Comcast executive vice president of the customer experience Charlie Herrin, who took the job in September after spending several years in product development — most recently as the architect of the much-lauded X1 operating platform — said there is much more to Comcast’s customer-care commitment than dollars and cents.

“It would be a huge mistake to just think that we are throwing bodies at this. That’s not what we are doing,” Herrin said, adding that Comcast is implementing measures in all aspects of the business that are “rooted in the customer lens.”

That includes finding ways to simplify how customers do business with Comcast.

“We’re focused on service levels, for sure; focused on the quality of those interactions. But we’re equally focused on, can we simplify the way that we bill, so we’re launching a trial to do that. We’re looking at our activation process, how do we make that much more clean. We’re looking at taking friction out of the business.”

Herrin said Comcast has also implemented different ways of measuring its service function — like focusing more on net promoter scores instead of internal efficiency metrics — so that it looks at the business from more of a customer perspective.

That approach includes implementing technology such as the Tech Tracker app, which in Uber-like fashion shows where a service technician is at any time before a scheduled appointment, determines when the tech is likely to show up at the door and displays the tech's name and photo for the customer. If the tech is late, the customer will automatically get a $20 credit to his or her bill. A customer can also rate the tech's performance via the app immediately after he or she leaves the house, and any rating of less than four stars will receive a follow-up call from a service rep to determine how the customer could be better satisfied.

That focus on the overall experience is something that has been sweeping the industry for the past few years. At Cox Communications, senior vice president Paul Cronin said that the goal isn't just to be on time or to do the job right — that should be a no-brainer — but to make sure that customers have a good feeling about their interactions with the company as a whole.

Cronin calls it a "holistic" approach.

"Historically, I think our industry and our company have looked at customer service along very specific customer touchpoints, be that our care organization, field-service organization or our retail point; places where we physically interact and touch with customers," Cronin said.

"Over the last several years, what we're looking at is more of the end-to-end customer relationship that starts with the brand message in the marketplace, how they interact with our products and services and what value they see in our products and services."

COX'S RECENT EXPERIENCE

But even Cox Communications, which has been considered the gold standard in cable customer service, has begun to see its ratings slip. In the past three years, Cox's American Consumer Satisfaction Index (ACSI) ratings have slipped from 65 in 2013 to 62 in 2015. The company that had consistently been the leader among cable operators fell to third place, behind Bright House Networks and Charter Communications, in 2015.

Cronin said Cox's internal customer-care research shows that satisfaction is improving. He said measurement metrics don't reflect the overall holistic care approach that many operators are taking.

"Customers are seeing value," Cronin said. "We're introducing products and services, new technologies, new ways to interact with us. I'm not sure all of the measurement systems out there necessarily reflect that holistic view of what customers are asking for and, frankly, what we're delivering."

Aside from traditional ways for customers to interact with the company, Cox and other cable operators are putting more emphasis on contact points, including Web interactions, social-media exchanges and chats.

"These are all channels that aren't brand new but are clearly becoming more important and evolving," Cronin said. "Regardless of the channel you want to do business with us in, we're meeting your needs and exceeding your needs. We're moving beyond the traditional call centers."

Traditional metrics are also showing that some cable operators have been making strides in improving the customer experience.

Cablevision Systems launched a track-the-tech app in 2013 and has been a pioneer in self-installation of services all which have led to strong results.

Over the past nine quarters, Cablevision said, service calls are down 21%, trouble call-related truck rolls are down 32%, repeat trouble calls are down 46% and about 88% of outages are identified before a customer reaches out.

Cablevision also has been actively using social media — it had a Twitter account (@OptimumHelp) since 2012 that has about 11,000 followers and has trained social-media agents that specialize in customer support, account information, product information, sales and others.

Other cable operators have followed suit. Cox has a strong social-media presence and Comcast expects to hire 60 people in its social-media unit by late spring or early summer. Since launching its social-media efforts in 2010, Time Warner Cable has grown that team from just three people to about 25 today.

Herrin said the focus of social media is shifting, in that it isn't being used solely as a way to inform customers of outages after the fact, but more as an engagement tool.

"I think we're also using it as a valid care channel," Herrin said. Like any other marketing tool, social media also can be used to make sure that customers are aware of the total customer-care plan, he said.

"It's something we want to make sure we leverage. Let's face it, a lot of people would prefer to consume news and information that way," Herrin said. "We have to make sure we're using that channel to let people know the plan and the journey that we're on."

DAMAGING ANECDOTES

Still, cable has a long way to go to right the customer-care ship. It has endured several black eyes over the years, especially at Comcast.

As the largest cable company in the country, with about 22 million video subscribers, Comcast has been an easy target of ire. It has brought up the rear in several customer satisfaction surveys: J.D. Power, the ACSI and Temkin Group all have ranked the cable giant near the bottom in each of their TV service surveys for the past two years.

In 2015, Comcast received its lowest ACSI rating since 2008 — a 54 — and its only consolation was that Time Warner Cable was slightly worse, with an ACSI rating of 51. That TWC ranking, by the way, was the lowest mark among 300 companies in the ACSI Index.

The low ratings ironically come as video-subscriber metrics have been at their best levels in years. In the first quarter of 2015, Time Warner Cable reported a gain of 30,000 video customers, the first time it crossed into positive video-subscriber increase territory since 2006. Comcast reported a gain of 6,000 basic video subs in Q4 2014 and has reduced its basic-video losses by 75% since 2010.

At Charter, which had a gain of 3,000 basic-video customers in the fourth quarter of 2014, losses have declined by about 92% since 2010. Even Time Warner Cable, which saw basic video losses balloon to 833,000 in 2013 — the aftermath of its month-long CBS blackout — cut those losses in half in 2014 to 408,000.

Though there seems to be a disconnect between the satisfaction ratings and better subscriber metrics, Temkin said, the disparity isn't uncommon. He characterizes those customers as "trapped."

"The trapped are customers who are dissatisfied with how they are being treated, but are still remaining loyal and staying with their current provider," Temkin said. "I would bet that that industry has more trapped customers than any other industry. There is an opportunity for someone who comes out with something that is noticeably and significantly better to grab a lot of those customers."

Efforts to increase the number of customer-service representatives and build new call centers are all well and good, in Temkin's view, but they miss the true mark. Cable, he said, could go a long way toward righting its past customer-service wrongs simply by treating its existing customers better.

Comcast has been the butt of jokes and the focus of two of the most high-profile customer service disasters in the past two years — the eight-minute haranguing a customer who simply wanted to disconnect service got from a retention specialist and the "A**hole Brown" incident, for the name a Comcast customer-service rep placed on a customer's bill after that subscriber attempted to reduce his service. In both instances, Comcast immediately rectified the situation — apologizing personally to the former customer trying to cancel service and, in the case of Mr. Brown, offering two free years of service, refunding him for his previous two years and correcting his name in the system, according to reports.

Granted, these are two incidents in a company that receives more than 20 million customer service calls a month. But in the age of instant communication on the Internet and via various social media, any bruise can quickly turn into a hemorrhage with the click of a mouse.

"It is true that, in past years, something that might have been a small blemish in a local market takes on national stature, because it can be spread so quickly through the communications tools at our disposal today. What used to be a small blink in a local market can now spread nationally,' " Stoddard said. "That's not to make excuses for the state of our customer experience. Virtually every customer-care professional that I talk with in the business acknowledges that we are nowhere near where we need to be."

CABLE-CENTER EFFORTS

Stoddard said operators aren't alone in their quest to revamp customer care. The Cable Center has several programs available — its C5 program (Cable Center Customer Care Committee) has become more intensive in terms of sharing best practices between companies and turning more frequently to expertise outside the cable business for new ideas in the customer-care space.

Cable Center senior vice president academic and industry outreach Jana Henthorn, who runs C5 with University of Denver professor Dr. Charles Patti, said the program was started about seven years ago and brings cable professionals face to face with customer- care experts from companies like Charles Schwab, Scotiabank and others about twice per year.

"Dr. Patti talks about the functionality of customer experience, things like having the best features, the highest broadband speeds, having the best services and the best price; those are what I would call the head issues," Henthorn said. "Then there are the heart issues, the emotional things — your customers want to know that you know who they are, that you value them and that you listen to them. I think that now cable companies are now working in both areas."

Herrin is well aware of the power of the Internet to turn customer care stories viral. And he also is cognizant that it only takes one bad experience to unravel a lifetime of goodwill.

"Any one point of failure can be very damaging for us, that is why we're so focused on looking at every aspect of the business, of not being content that good enough is good enough," Herrin said. Safeguards are in place to ensure the quality of customer interactions, he added, but one of the most effective tools in making sure that such incidents don't happen again is to give more control to the customer.

"Part of our plan is, how do we put more and more of that control in their hands so that it is more convenient and quicker to do?" Herrin said.

CUTTING OUT TRANSACTIONS

Charter CEO Tom Rutledge has said that the key to improvement for the industry is removing transactions out of the business.

According to Rutledge, that means reducing the interactions between customers and Charter service employees.

"The inherent problem in all of cable, and always has been, is that you have to schedule a job with a person who doesn't really want you to come to their house," Rutledge said at a recent industry conference. "And you have to do work of an indeterminate length of time and get to the next job on time. And that's inherently difficult.

“And all businesses that do it — plumbers, contractors — everybody can’t stand them, because it’s a difficult transaction to manage. So the more you can take that out of the business, the higher the satisfaction goes, just inherently.”

Temkin said putting more control in customer hands could be a huge benefit in improving subscriber satisfaction, but it has to include more than just letting customers sign up for service online.

Temkin said one of the biggest factors in the turnaround in the banking industry was the advent of online banking. But the added convenience also required the industry to place a massive support network behind the service, something the cable industry has to be willing to commit to as well.

“You have to help customers learn how to do stuff,” Temkin said. “You have to make it easier, you have to support them and if they have questions, you have to be there for them. They didn’t just put it out there and say, ‘Now, instead of calling us up or going to your branch, go online and do this stuff.’ ”

Five Ways to Improve the Customer Experience

Making cable customers feel good about doing business with their cable company is job one at most cable operators today. Here’s what some are saying is the quickest path to getting there:

1. Treat your existing customers as well as your prospects. Temkin Group managing partner and customer-experience transformist Bruce Temkin said cable’s biggest drawback is that loyal customers feel forgo_ en. While promotions like free months of service and $300 gift cards are saved for potential new customers, the people that drive the bottom line get nothing — save for the occasional upsell call. Temkin said recognizing customer loyalty can be relatively cheap — sometimes a free month of HBO will do the trick — and will go a long way towards extending the life of that customer.

2. Engage customers through social media. While Facebook and Twitter are great tools for informing customers about outages and other potential problems, they can also be valuable in keeping the customer conversation ongoing, finding out what subscribers want and determining how the service provider can make the overall experience more enjoyable, as well as notifying customers of special events and upcoming programming.

3. Make the customer experience an integral part of corporate culture. It's not enough to just pay lip service to customer care or make sure that the network is reliable, appointments are kept and service outages are at a minimum — people already expect you to do that. Customer care has to become part of overall decision-making, not just selling more products and acquiring new customers.

4. Put more control in the customer's hands. The best service problem is one customers can solve quickly and efficiently by themselves. More cable companies are using technology and apps to help customers self-install, troubleshoot and solve their own problems and for CSRs to reconfigure or add services remotely.

5. When there is a problem that requires a truck roll, make the experience as enjoyable as possible. That doesn't just mean being there on time and not tracking mud through the customer's home. Many operators are using technology like Comcast's Tech Tracker, a mobile app that lets customers know when, where and who a tech is prior to their appointment. In addition, more operators are letting customers rate their experience almost immediately after it happens — and at some, anything less than a four-star rating prompts a call to see how the company can make the experience better. Comcast also issues an automatic $20 credit to a customer's account if the technician doesn't arrive on time.
— *Mike Farrell*
- See more at: http://www.multichannel.com/news/cable-operators/striving-satisfaction/391912#sthash.WUQk0KSS.dpuf

Multichannel News

Comcast's 'Stream' Aims for Millennials

7/20/2015 8:00 AM Eastern

By: Jeff Baumgartner

Aiming to protect its TV business by connecting with elusive millennials and a growing group of cord-cutters, Comcast is preparing to trial "Stream," a new Internet- protocol-delivered service that will offer major broadcast networks, a menu of video-on-demand fare and HBO to mobile devices.

Stream will cost $15 per month, but subscribers must bundle in Comcast's high-speed Internet service.

Stream, set for initial trials in Boston later this summer followed by rollouts in Chicago and Seattle, will limit live TV streaming to the customer's home via Comcast's managed IP network on the Xfinity TV app for tablets, smartphones and Web browsers; the channels won't be delivered "over-the-top" via public Internet connections or made accessible outside the customer's home.

It won't be entirely home-bound, though. A cloud DVR feature will let Stream users watch recorded shows in or out of the home, and most VOD titles will be graced with out-of-home rights. Stream subscribers will also have access to HBO Go, but the core offering won't be available on TV-connected devices.

Stream's broadcast TV and cloud DVR focus makes it somewhat akin to the now-defunct Aereo service, but sets it far apart from Sling TV, the new OTT-delivered skinny-bundle service from Dish Network that starts at $20 per month but is more focused on cable networks and thematic add-on packages.

Given Stream's limitations, it is not expected to significantly cannibalize Comcast's pay TV base, but it could be used as a save tactic for customers who are threatening to cut the TV cord and appeal to so-called cord-nevers.

The service will also represent a flexing of the IP video muscles Comcast has developed for X1 and its Xfinity on Campus services. Stream is “another interesting offer to kids when they get broadband, which is what they really want,” Colin Dixon, chief analyst and founder of nScreen-Media, said.

But he said he questions whether Stream will be compelling enough for the audience that Comcast is trying to reach, noting that there’s some overlap with Internet Plus, another offering tailored for cord-cutters that ties together a basic TV package, broadband and HBO, but uses set-tops.

“It’s kind of an odd step-child,” Dixon said of Stream, noting that the in-home limitations for live TV could be a big turn-off to consumers who subscribe to services like Netflix.

- See more at: http://www.multichannel.com/comcast-s-stream-aims-millennials/392288#sthash.6CTZNURj.dpuf

Multichannel News

FCC Drills Into Online Video

Agency begins serious under-the-hood look at over-the-top

7/17/2015 7:30 PM Eastern

By: John Eggerton

THE FEDERAL Communications Commission’s focus on online video distributors (OVDs) as the next big thing in content delivery is obvious from its latest request for comment on the annual state of video competition report it will be preparing.

FCC chairman Tom Wheeler has made no secret of where he thinks content delivery is headed and why he wants it to go in that direction.

“Consumers have long complained about how their cable service forces them to buy channels they never watch,” Wheeler said last fall in announcing the proposal to redefine linear OVDs as multichannel video programming distributors (MVPDs), at least in terms of access to programming. “The move of video onto the Internet can do something about that frustration.”

The FCC has given interested parties until Sept. 21 to weigh in for the report, a deadline which dovetails with Wheeler’s plans to hold a vote this fall on his redefinition proposal.

The FCC’s Media Bureau, which is putting together the report, conceded the OVD definition was likely changing with that vote, but said in the interim it would stick with the facilities-based definition of MVPD that excludes OVDs, for now.

In its request for comment on the 17th video competition report, the bureau said it is looking to collect data on the amount and type of OVD programming available, including:

■ The number of consumers who view OVD programming;
■ The number of programs they view;
■ Amount of time spent viewing; and
■ Revenues from subscriptions, advertising and video-rental fees and sales.

Although the FCC said it will continue to divide video distributors into MVPD, TV station and OVD categories, it conceded that there is overlap, and demonstrates it. Both the TV station and MVPD categories include much talk about their respective relationships to online distribution.

That includes the degree to which MVPDs can be substituted for OVDs, and the competitive strategies of MVPDs launching online video services separate from their traditional, facilities-based services.

The commission is obviously pondering how to treat the OVD video marketplace, both relative to other players, and among players in the online-video space. Wheeler has billed over-the-top as a potential competitor to MVPDs, but not yet a full-fledged one.

The term of art is “substitution,” and the FCC is asking a lot about the degree to which OVDs, MVPDs and TV stations are interchangeable as video competitors.

Within the OVD ranks, it asks, “Do all OVDs compete with all other OVDs, or do OVDs compete mainly with OVDs with similar business models?” It wants to know if OVDs that rely on subscriptions compete with ad-based models — the same question it has long pondered about cable and broadcast substitutability.

In the wider video world, the FCC asks: “To what extent do OVDs compete with MVPDs and with over-the-air broadcast services? Have OVDs been a better substitute for the VOD programming offered by MVPDs than the live programming offered by MVPDs? Is competition between OVDs and MVPDs increasing with the growing amount of live programming offered by OVDs? What actions have OVDs taken in response to competition from MVPDs and broadcast stations?”

The answers the FCC gets will help it to figure out how to regulate all three spaces as it promotes online video as a full-fledged competitor.

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Multichannel News

OTT: Quality Matters

7/20/2015 8:00 AM Eastern

By: **Jeff Baumgartner**

CONSUMERS WHO go over-the-top to watch premium content have lots of choices at their fi ngertips, but it turns out that they also have limited patience for a sub-par streaming experience, Conviva found in a recent study.

Conviva, a provider of a streaming monitoring and optimization platform to partners such as HBO and Sky, found that 75% of the 750 viewers aged 26 to 34 it polled in the mid 2015 study will throw up their hands and give up if they experience poor resolution or buffering for a period of four minutes or less. About one-third of them will abandon a shoddy experience in 30 seconds or less.

The study also shedded light on binge-viewing, a phenomenon brought on by the popularity of video-on-demand and streaming. About 87% of those surveyed said they're capable of binging on three or fewer shows at one sitting, while just 2% said they can gobble up eight to 10 episodes at a time.

Despite the growing adoption of smartphones and tablets, consumers still tend to binge-view on larger screens. Per the study, the PC remains the leading binge-watching platform, followed by video-on-demand delivered by traditional pay TV providers, and TV-connected Roku and Apple TV devices.

- See more at: http://www.multichannel.com/ott-quality-matters/392305#sthash.hdHbFm0X.dpuf

Multichannel News

Comcast's 'Stream' Won't Be OTT

But New Service Will Fit Into MSO's Grander IP Video Strategy

7/13/2015 10:00 PM

Author: Jeff Baumgartner

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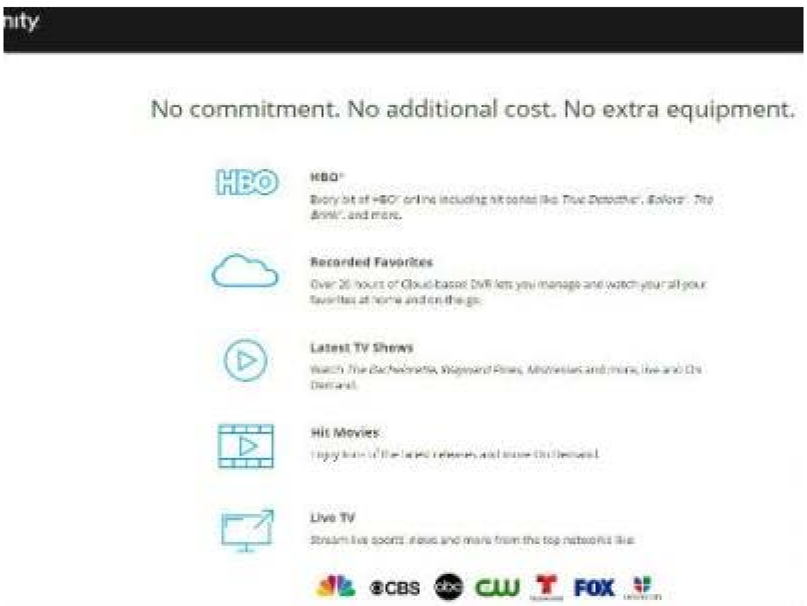

Stream, Comcast's **coming $15 per month streaming TV service** that will launch first in Boston, shares some similarities with the service that was created by the now-defunct Aereo – it'll provide access (in the home, anyway) to major broadcast TV channels and a cloud DVR. On top of that, Stream subs will also get HBO, authenticated TV Everywhere access to some networks, and Streampix, the MSO's Netflix-like premium multiscreen VOD service.

But it's different in many ways, too, as Comcast will initially require Stream customers to pair it with a broadband service from MSO, and won't offer Stream on native connected-TV platforms like Roku streaming players. And, unlike Aereo, there's no over-the-air TV antenna arrays to speak of.

As for the competitive implications, there's no indication (yet) that Comcast will go nuclear with this and sell Stream outside its traditional cable footprint and compete directly for video subs with other MSOs.Whether Comcast has the rights to do so...that's another matter entirely.

And there's sure lots confusion about how Stream will be delivered into the home, with plenty of stories labeling Stream an OTT service, when it's really not...at least if you consider, like most do, that OTT means distribution over the public Internet.

Instead, Stream will come into the home through Comcast's managed IP network, meaning it will be streamed on separately provisioned bandwidth that doesn't intermingle with that used for the MSO's high-speed Internet service, and likewise won't be subject to the usage-based data policies that Comcast is still **testing in a few markets.** Stream still requires a cable modem for the IP connectivity (DOCSIS 3.0 modems allow operators to configure the tuners so that some can be used for high-speed Internet service while setting others aside for managed IP services).

One exception will be the TVE apps that Stream will support out-of-the-home (those will require an Internet or cellular connection, of course), but in many ways, the in-home approach is akin to AT&T U-verse, which dedicates some capacity for the managed IPTV service, and other capacity for its Internet service.

It also matches up from a delivery standpoint with the in-home delivery of the Xfinity TV app for X1 offered on browsers, smartphones and tablets; and the Xfinity TV (VOD-only) app that **treats the Xbox 360 like another set-top box.** All of that streamed content stays separate from HSD.

And it's an approach that's not without some controversy, as some might recall that Netflix compained about the app for the Xbox 360 back in 2012, believing that it violated what were then FCC's network neutrality rules. The new rules, which view broadband as a Title II service, allow for this sort of specialized service and such practices will be monitored by the Commission on how it affects online video competition, but the expectation is that the approach will at least garner plenty of attention.

“While Comcast does not appear to be doing anything wrong vis-a-vis the new Open Internet Order, given the increasing scrutiny by the FCC and DoJ, this could give regulators even more to dislike about the cable industry,” BTIG Research analyst Richard Greenfield noted in this **blog post (registration required).**

The bigger question in the near term is how well Stream will resonate with the market the service appears to be drawing to -- cord-cutters, cord-nevers and other consumers who are steering clear of big bundles.

Will it cannibalize Comcast’s pay TV base? Probably not to a significant degree, given the service’s inherent limitations (no native support for TV-connected platforms coupled wiht a small lineup). It better cast as a save tactic that can keep customers on a pay TV service while also luring some new customers to the mix.

“We have a hard time believing Comcast would use Stream as a loss-leader to sell, high-priced (high-margin) standalone broadband as they still fundamentally believe in the video business (just think about their excitement over the X1 platform),” Greenfield wrote. “We suspect Comcast has exceeded the threshold for HBO subscribers they are required to pay HBO on, in turn, additional HBO subscribers are coming on at no-cost to Comcast (at least, as Richard Plepler says until their current contract comes up) – what HBO calls non-revenue generating subscribers. If our assumption about the subscriber threshold is correct, Stream could be exceedingly profitable for Comcast on its own, let alone when it is tied to high-priced standalone broadband.”

Still, it's too early to know if Stream will have much of an consumer impact (it hasn't even launched yet). But, perhaps, more importantly, it’s represents another weapon that Comcast can wield as it moves ahead with a bigger IP video transition that is touching not only its primary next-gen video service (X1), but to new products that can be tailored for different segments of the market, including college students (with Xfinity on Campus), as well as others in the hard-to-reach millennials group and others in the small but growing cord-cutter/cord-nevers segment.

If Stream doesn’t resonate, Comcast can simply pull it back and assemble other packages and services that fit with its distribution rights. These are rapidly becoming business, rather than technology-facing, decisions.
- See more at: http://www.multichannel.com/blog/bauminator/comcast-s-stream-won-t-be-ott/392154#sthash.rcfgJOBE.dpuf

Multichannel News

FCC Eyeing Cable-Bill Breakouts

Agency Says Added Fees Increase Bill Rates Without Notice

7/20/2015 8:00 AM Eastern

By: **John Eggerton**

WASHINGTON — The Federal Communications Commission appears to have a wary eye out for cable-operator efforts to show subscribers where their money is going on those oft-criticized bills.

That's according to the FCC Media Bureau's latest request for comment and data for its next video competition report.

FCC chairman Tom Wheeler has made it a point to say communications providers must deliver on their advertised promises. That missive has been aimed mostly at broadband speeds, but the FCC document suggests the idea could be extended to video service. (Cable operators have argued that fee breakouts serve as transparency.)

"Some MVPDs have added various video-related fees to monthly billing statements," the Media Bureau said. "Such fees include, for instance, a broadcast fee to partially recoup retransmission-consent fees charged by local broadcast stations and a sports fee to defray the cost of sports programming."

Retransmission-consent costs and the price of channels such as ESPN (OK, there is no other channel like ESPN in terms of pricing), are often cited by cable operators as big drivers of the cable pricing at which Wheeler likes to take aim.

But "some MVPDs may raise subscribers' total monthly bills using these fees without raising the advertised package prices," the FCC said.

That could run into transparency issues with the Wheeler mantra of delivering on promises. “We seek comment on the competitive strategy associated with adding video-related fees as opposed to raising monthly subscription prices,” said the commission, seeking to make its interest crystal-clear.

“Do video-related fees cause consumers to pay prices higher than some MVPDs advertised rate for video services?” the FCC asked. “How are such fees disclosed to consumers prior to becoming a customer or prior to the inclusion of a new fee on a consumer’s bill?”

Cable operators have until Sept. 21 to make their case.

- See more at: http://www.multichannel.com/news/policy/fcc-eyeing-cable-bill-breakouts/392295#sthash.PORCub4d.dpuf

Multichannel News

Comcast Stems Video Losses As Broadband Takes the Lead

7/27/2015 8:00 AM Eastern

By: Jeff Baumgartner

With its failed Time Warner Cable merger now in the rear-view mirror, Comcast turned in a solid second quarter marked by video-subscriber improvements that indicate cable might be on a path to return growth to the category.

Comcast lost 69,000 video subscribers in the period, a 52% improvement from its year-ago video losses — and better than analyst expectations that it would lose 109,000 in a tough period known for “seasonality” as snowbirds and students make their summer moves.

The quarter also marked the first time that Comcast’s total broadband subcribers (22.54 million) leapt past total video subscriebrs (22.3 million).

Comcast’s improved video results — its best second quarter in nine years — are in contrast to weaker video results at AT&T and Verizon Communications. AT&T lost 22,000 U-verse video subs, while Verizon saw FiOS TV subscriber growth shrink to 26,000, down from 100,000 in the year-ago quarter. Some top analysts wondered if this means cable is about to turn the tables on its telco TV competition.

“Comcast’s results speak at least to market share — the pendulum is swinging back in cable’s favor — and perhaps even to cord-cutting and cord-nevering fears,” MoffettNathanson principal and senior analyst Craig Moffett said in a research note. Second-quarter results “suggest improved flow share” for cable and satellite in the quarter, noted Morgan Stanley analyst Ben Swinburne, pointing out that he had expected AT&T to add 45,000 U-verse video subs in the period.

Comcast pinned video improvements on its amped up customer-service efforts and its accelerating rollout of X1, the MSO’s next-genedration IP-capable video platform. The operator is now shipping about 30,000 X1 boxes per day, up from the 15,000 to 20,000 it had been sending out.

X1: A ‘GAME-CHANGER’

“We’re pushing to be even faster” Comcast CEO and chairman Brian Roberts said on last Thursday’s earnings call, labeling X1 as “absolutely a game-changer” for the cable operator.

Comcast said X1 is showing a 30% reduction in voluntary churn alongside increased use of video-on-demand and additional outlets.

XI’s IP underpinnings are also opening the door to different market segments. Stream, Comcast’s coming mobile-only TV service, will ride the company’s managed IP platform to deliver video to mobile devices in the home.

In addition to appealing to millennials, Comcast believes Stream, which will offer major broadcast TV channels, VOD and access to a cloud DVR, will help it keep customers on a video product while also providing an upgrade path to bigger bundles.

Comcast is also being realistic about its potential market impact. “It’s not something you’re going to see meaningful results from in the near future,” Roberts said.

But there are indications that Comcast is looking for other ways to connect with younger consumers. *The Wall Street Journal* reported last week that NBCUniversal is in preliminary talks about taking stakes in online media companies including Vice Media, BuzzFeed and Business Insider.

NBCU declined to comment on the rumor, but the paper said an equity stake in Vice could lead the way to a Vice channel or see Vice snap up one of NBCU's cable networks. Vice, meanwhile, has a deal to offer content on a "mobile-first" OTT video service from Verizon slated for a late summer launch.

- See more at: http://www.multichannel.com/comcast-stems-video-losses-broadband-takes-lead/392480#sthash.5S7piiCq.dpuf

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Multichannel News

Comcast 11% quarterly revenue growth

Revenue growth – but cable subscribers still dropping.
Comcast reported an 11.3% year-over-year revenue increase for the second quarter of 2015, to $18.7 billion; operating income grew by 7.9%, to $4.1 billion.
Comcast's cable business turned in a 6.3% revenue improvement, to $11.7 billion, helped by a 10% increase in data service revenue, to $3.1 billion, and 3.7% growth in video service revenue, to $5.4 billion. Within the cable business, Comcast said its number of customer relationships increased by 31,000 during the quarter, to a total of 27.3 million. The company added 180,000 net new data service customers and 49,000 net new voice service customers, but lost 69,000 video service customers.

An industry post further elaborated:

1. Comcast's 69K video sub loss is best Q2 performance in 9 years; X1 deployment rate increases 35%

By Daniel Frankel

Driven partly by a 35 percent uptick in the deployment rate of its next-generation X1 video platform, Comcast's (NASDAQ: CMCSA) video subscription losses slowed to 69,000 in the second quarter, the MSO's best second-quarter performance in nine years.

Cable communications revenue increased 6.3 percent, with X1 deployments reaching 30,000 installments a day. X1 deployments now account for a third of Comcast's triple-play customers, the company said. Comcast also attributed the uptick in its cable business to its ongoing $300 million effort to improve customer service.

"We very much believe in the video business and its place in the future," said Comcast CEO Brian Roberts.

During their call with investors, Comcast executives repeatedly beat the drum of the company's cloud-based X1 platform, which has enabled them to provide myriad self-diagnostic services, including a recently deployed feature that lets Comcast tech staff see and take over the video screens of consternated customers. Company officials also attributed the increased momentum of their cable business to improved customer service efforts, which include the hiring of 5,500 new service reps.

"Over the last year and a half, our churn numbers have improved every month," said Neil Smit, CEO of the Comcast Cable unit. "Part of that is driven by X1, and part of that is due to the higher percentage of our customers on contract. In short, we're getting better quality customers and retaining them longer. We keep driving on X1. We're just managing the customer relationship better. All the work we're putting into customer service is paying off."

On the broadband side of its business, Comcast saw Internet customer additions slow to 180,000 vs. 195,000 in the same quarter a year ago. Roberts said DOCSIS 3.1 deployments will begin late this year, "adding tremendous capacity and laying groundwork for future speed increases."

But the real boost to Comcast's bottom line came from the company's NBCUniversal division. Revenue from the NBCU division was up 20.2 percent in the second quarter, with the NBC network finishing first among major broadcast networks in the key 18-49 demo for the second consecutive season, and the Universal Pictures unit reaching the $5 billion mark at the worldwide box office faster than any movie studio ever has. As a result, Comcast's consolidated revenue increased 11.3 percent to $18.7 billion--Roberts said NBCU is on track to double its cash flow since Comcast first bid for the programming conglomerate back in 2009.

Meanwhile, Thursday's earnings report was the first for Comcast under new CFO Michael Cavanaugh, who took over for Michael Angelakis over the spring.

For more:
- visit this Comcast investor relations page

Related articles:
Comcast's next big move? Probably a stock buyback, not more M&A, analysts say
Comcast boosts revenue 2% to $17.85B but loses another 8K video subs in Q1
Comcast's NBCU turnaround complete as Universal Pictures breaks record with $5B box-office haul

Read more about: Comcast
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NATOA's voice heard in AT&T merger conditions

From today's Memorandum and Order approving the AT&T/DirecTV merger:

136. Several parties state that AT&T should commit to adopting an affordable, low-cost broadband Internet service. The National Association of Telecommunications Officers and Advisors ("NATOA") argues that AT&T's commitment to provide high-speed Internet to underserved rural areas comes up short when compared to what Comcast had announced as a commitment in connection with the formerly contemplated merger with Time Warner Cable. NATOA states that AT&T should voluntarily commit to offering a low-cost broadband adoption service similar to Comcast's Internet Essentials broadband adoption program. The California Emerging Technology Fund ("CETF") recommends that the Commission require AT&T to offer standalone broadband at an affordable rate for low-income individuals and likewise notes that the $9.95 per month rate offered by Comcast as part of its Internet Essentials program has worked well in recent years.

. . .

145. Thus, we adopt, as a condition to granting the Application, a requirement that AT&T implement and offer a discounted broadband services program to eligible consumers, as set forth in Appendix B.

Apropos last week's MACTA session

MCN Guest Blog, Tien Tzuo

No, the Sky Isn't Falling for the Cable Industry

Nielsen recently suggested that cable subscribers who also have an over-the-top subscription video-on-demand service are actually more likely to drop the SVOD than they are cable. In fact, 93% of homes who had both services were more likely to keep the cable and instead drop broadband or SVOD offerings. “Cable may have a little more staying power than it’s actually being given credit for recently,” said Glenn Enoch, Nielsen’s senior vice president of audience insights.

Streaming video platforms continue to explode in popularity — all the major channels that haven’t yet announced an over-the-top platform have one in the works. But as Holman Jenkins recently noted in *The Wall Street Journal*, ”Shows do not become less valuable to viewers when viewers can control when and how to watch them.” And as it turns out, cable is still pretty sticky.

FCC Approves AT&T DirecTV Merger

MINNEAPOLIS - July 28, 2015 - The Federal Communications Commission issued its Order today approving the AT&T DirecTV merger rejecting arguments made by the Alliance for Community Media (ACM) and its allies about harmful effects of the deal (https://www.fcc.gov/document/fcc-releases-order-approving-att-directv-transaction).

The Commission acknowledged the unique value of PEG (Public, Education and Government) Access channels and their need to be protected to ensure localism in the video marketplace, but instead chose to focus on broadband conditions for the deal.

"While ACM appreciates the attention the FCC has paid to preventing online discrimination against content in the AT&T DirecTV merger proceedings, we have to call out the fact that it seems to tolerate if not encourage discrimination against community-based and civic video content," explained Mike Wassenaar, ACM/F-ACM President.

Since 2009, the Commission has been sitting on a petition calling for AT&T to stop its discriminatory practices which prevent video consumers from finding and recording PEG (Public, Education and Government) content on its UVerse platform.

"It's profoundly disappointing that an agency devoted to fairness and consumer rights allows such discrimination to continue for millions of video customers throughout the United States while it champions equal treatment of content in the broadband marketplace," said Wassenaar.

About the Alliance for Community Media & Foundation for the Alliance for Community Media:

Founded in 1979, the Alliance for Community Media is a national, non-profit membership organization committed to ensuring access to electronic media for all people. The Alliance for Community Media's mission is to educate, advocate and be the leading policy resource for more than 3,000 Public, Education and Government (PEG) cable channels nationwide. The Foundation for the Alliance for Community is the philanthropic arm of the organization. For more information visit www.allcommunitymedia.org.

FCC Helps Revive Retrans Debate

Review Fuels Dueling Meetings With Media Bureau Chief

7/27/2015 8:00 AM Eastern

By: John Eggerton

TakeAway

The FCC, under congressional mandate, must again turn its attention to retransmission-consent negotiations.

WASHINGTON — The Federal Communications Commission's congressionally mandated review of the "totality of circumstances" definition of good-faith retransmission-consent negotiations has helped rekindle the fiery rhetoric from cable operators and broadcasters in a long-fought war over blackouts and pricing.

Broadcasters have charged cable operators with "manufacturing" disputes over carriage of their stations to get the FCC to step in, while cable operators have said the negotiations process is broken and needs fixing.

Per language in the STELAR satellite-reauthorization bill — itself a way to accommodate some cable critics of the retransmission-consent regime without holding up that must-pass legislation last year — the FCC is gathering string on what should constitute fair, or unfair, negotiations.

NAB CALLS OUT PAY TV FIRMS

In a meeting with FCC Media Bureau chief Bill Lake — the bureau is motor-manning the retransmission review — National Association of Broadcasters executives said that while most retransmission negotiations are “seamless,” there are “some in the pay TV industry” who “appear to have developed a strategy of manufacturing retransmission consent disputes to spur the government to regulate more heavily in this arena.” The trade group did not name names.

The NAB signaled that the FCC should not be surprised if there is an “uptick” in disputes as it considers the good-faith review.

At the meeting, NAB was particularly concerned about the possibility the FCC could scrap the network nonduplication and syndicated exclusivity (syndex) rules, something the agency at least contemplated in opening an inquiry under former FCC chairman Julius Genachowski.

Those rules prevent cable operators from importing distant or out-of-market channels that air syndicated or network programming available on local stations with which cable companies are negotiating retransmission agreements. Cable operators have long considered those rules to be a thumb on the scale in favor of broadcasters.

Broadcasters have argued — and did again in the meeting with Lake — that they are a “counterweight” to the compulsory copyright license that relieves cable companies from needing to negotiate for the underlying content on a station. Retransmission involves a station’s signal, which is treated as separate from the content.

The NAB said flatly that if the FCC made it easier for MSOs to import out-of-market signals, that would lead to more disruptions. (NAB does not use the term blackout.)

In a slide show included in the meeting, the NAB put it plainly, even saying it would need to enlist its audience in the fight: “Broadcasters will be forced to hold out and engage local viewers to stop the importation of distant signals.”

Cable operators have argued that allowing MVPDs the option to import out-of-market signals could lead to lower retransmission fees, and that would benefit consumers.

The NAB had a response to the price argument: "If cable truly believes that eliminating exclusivity will help them lower rates, then the FCC should ensure that any cost savings go to consumers and not cable operators."

ATVA MEMBERS DELIVER NUMBERS

The American Television Alliance was not about to let the NAB's arguments go unchallenged.

ATVA members include pay TV provider and others seeking retransmission-rule changes. They were out in force for their own meeting with Lake.

In something of a full-court press, according to the ex parte filing, among those present were representatives of the National Cable & Telecommunications Association, American Cable Association, US Telecom, Dish Network, Time Warner Cable and DirecTV.

They told Lake that a retransmission overhaul was necessary because the rules "are not strong enough to combat the variety of ways that a broadcaster can exercise its leverage to extract higher fees and force blackouts."

Defining a Fair Shake

Pay TV providers in the American Television Alliance want the FCC to, at the very least, consider making the following actions evidence of bad-faith negotiations:

1. Blocking online access to their content during an impasse.

2. Bundling "cable network, non-broadcast programming, multicast programming, duplicative stations, or a significantly viewed station" in a retransmission negotiation.

3. Withholding a signal during a "top-rated marquee event," defined as a "television program for which the most recent telecast of that event or comparable programming received a nationwide Live + Same Day U.S Rating of 7.00 or greater on the Persons 2-plus demographic by Nielsen."

4. Preventing a pay TV provider from importing out-of-market signals during impasses.

5. Allowing a network to negotiate or have approval rights over a retransmission deal.

6. Terms such as broadcasters requiring a set-top for each set in a home or other restrictions on equipment.

7. Demanding per-subscriber payments that include non-video customers or customers getting TV stations off-air.

- See more at: http://www.multichannel.com/news/policy/fcc-helps-revive-retrans-debate/392494#sthash.stMFXUg1.dpuf

Multichannel News

Trade Journal Links

Comcast announces internet-only streaming TV service

You'll only get a dozen channels, but you can view them live with only an Internet package from Comcast.

http://corporate.comcast.com/comcast-voices/a-new-streaming-tv-service-from-comcast#.VaMfon61qlo.twitter

Service launches in Boston soon, then Chicago and Seattle. Everywhere by early next year.

Report: Iger Says ESPN Could Go Direct to Consumer

Disney Chief Tells CNBC HBO Now-Like Service Would Take At Least Five Years –

http://www.multichannel.com/news/ott/report-iger-says-espn-could-go-direct-consumer/392512

Small Cell, DAS and Wi-Fi Facilities Siting in the Public Right of Way: Practical Considerations for Local Governments

The recent proliferation of small cells, distributed antenna systems (DAS), and outdoor Wi-Fi facilities has brought with it a number of challenges, and some potential opportunities, for local governments. Our recently published paper explores some of the main considerations for local governments working to review, negotiate, and approve the siting of wireless facilities in the public right of way. The paper is available through the above link or HERE.

"FCC tentatively sets March 29, 2016, as start date for 600 MHz incentive auction" | FierceWireless

"Verizon's Internet TV app will drop in a matter of weeks"| Washington Post