

The Battle of the Brands *Is CableCo the New Telco?*

By: Chung-Ling Woon

“Cable versus Telco” is an interesting topic, but it begs the question: is anyone really winning? For far too long, Telcos had the luxury of being only game in town. The introduction of cable-broadband was a bit of a threat, but with their DSL offerings, Telcos seemed to be able to all but keep pace. But, let’s face facts: They took it on the chin (hard) with the advent of VoIP. Telco’s only saving grace has been their explosive mobile business which has kept them swinging in the ring like a doped-up boxer on steroids.

But, it appears that the competitive nature of once fierce competitors has all but fizzled out. Like prize fighters in the final round, it seems like each slow punch is now

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resting gingerly on the shoulder of the other. Telco’s attempt at IPTV was meager at best. Cable’s attempt to throttle and charge for tiered-broadband and interactive advertising has been met with gravitating customer resistance and lack of adoption. At the end of the day, despite both being war-torn, embattled, and bloody – no winner emerges. The world now turns its attention to agile, new competitors. The up-and-comers. The ones of which they do not speak: Netflix, HULU, Skype, Vonage, and the legions more appear each day. It has become painfully obvious that Communications Service Providers (CSPs) need a new strategy.

Network-centricity does not work

So, why is everyone still talking about their networks? Networks are like armpits: everyone has them and they all stink. What’s so interesting about your network?



Does it stink slightly less than the other guy’s? More importantly: do your customers care? Chances are they don’t. Most customers don’t know what 2.5G, 3G, or 4G is; and they certainly don’t understand how any “G” is going to provide any positive impact on their lifestyle.

Fact is, fixed networks, like Telco’s and Cable’s infrastructure, are the best around when it comes to speed, reliability, and quality of service. You simply can’t beat a point-to-point connection with a big fat pipe. Yet, customers continue to flock to mobile and OTT providers for voice services despite outages, dropped calls, and lower quality overall. “Can you hear me now?”

With very few if any exceptions, Cable TV and video services are the almost certainly the best, offering reliable HD, on-demand, and even multi-device access. Yet even the largest cable operators are losing video subscribers in droves to low-to-no-cost providers like HULU and Netflix – who offer almost as much, for much less – despite diminished quality and reliability. Even Satellite TV providers have benefited from taking a share of the cable video market – despite the fact that even the smallest storm can bring their customers’ Superbowl viewing experience to a screeching halt.

Connectivity, quality, and reliability by themselves don’t work. Why, you ask? Because is the perfect formula for being a utility. And, by “utility,” I mean a “commodity.” A dirty, nationalized, regulated, void-of-competition, price-fixed commodity. No one will proudly don your logo if you are a commodity. So how can you, Mr. Service Provider, survive? Well, looking at your chart, I’m sorry to say there’s a good chance you won’t. But, simply put, you need to change your ways.

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Customer-centricity works

If we look at the migration-pattern of customers over the last 20 years, we can learn a few, pivotal things: 1) customers want value more than quality, 2) customers want what's cool, and 3) Customers long to belong.

After the deregulation of Telco and advent of cellular and VoIP, decades-old, loyal customers were willing to drop dear ol' Ma' Bell like a hot rock to adopt unproven services and providers who offered lower quality of service. Even today companies like Comcast to Vonage are still benefiting by differentiating themselves from monolithic "big ol' telephone company." How about wireless services in general? Over the last 20 years, customers have been pleased to continue to shell-out hundreds of dollars each month for wireless services. Today, they would rather cut their reliable home-line so that they can keep their unreliable mobile-line.

I can't think of any single service provider that benefited more from any one event than AT&T with the introduction of the iPhone. There's probably a device-drive-demand story in here somewhere, but customers actually paid their incumbent provider to churn. Read: customers paid to churn. Was it because AT&T's networks was better, more reliable, offered better quality of service or better customer care? Simply put, no. It was because the iPhone was cool.

Is it the device? Is the iPod/Phone/Pad really that great? Probably not. But try to telling that to someone who owns one you might have a fist-fight on your hands. The simple truth is that owning an i-anything is actually better than the thing itself. Why, you ask? Because customers want to feel privileged. They want to be a part of a unique and distinguished group – become their own celebrity – to be prestigious; to be cool.

So, now what?

Build a better brand

Having a better brand is more important than having a better product (read: network). In fact, your brand is not your product, company, or even what you spend millions of dollars to promote. Your brand is your customers' prevailing perception of you. Don't believe me? Ask Apple, Coke, Disney, Nike, McDonalds, Sony, Microsoft, or any of the other household names you see slathered

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on your children's food, drink, clothes, phones, devices, games, and movies. Notably, none of these names are particularly synonymous with "quality" or "reliability." If they were, your kids would be wearing Rolexes instead of downloading \$.99 digital clock apps for their iPhones. The bad news is, (regardless of what your marketing team is telling you) you cannot control your brand. But, you can understand customers. If you understand them well enough, you have a good, fighting chance of influencing your brand. Better yet, you have a good shot at being cool.

So what is cool? Cool is what cool people do. It's what they wear, what say, and what they are. Steve Jobs is Cool. Obama is cool. They have swagger. They are creative and deeply in touch with their audience. Their followers feel connected; a part of something special. Ordinary is not special. Normal is not cool. Cool is a not feature, data point, measurement, or statistic. Cool isn't followed by a "G." Cool cannot be measured, it's felt. It's understood. It's a lifestyle. It's a demand that drives people to be associated with your company and wear your logo proudly – at almost any cost.

So, how well do you know your customers? How is your brand impacting their lifestyle? Do they feel like they are a part of distinguished group? Do they feel privileged? Are you helping them be cool? In the 80's, people were literally killing each other for a pair of Nike's Air Jordan shoes. As tragic as that was, how many of your customers kill for your product? Chances are they would more likely kill for a new competitor to enter your market

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than wear your logo.

Now the question is: can you do it? Can Comcast's Xfinity become a culture? Can AT&T make its millions of customers feel like they belong to something special? Can anyone unify and empower their customers' lifestyle?

Five things service providers can do to influence their brand:

We've already established that reliability and quality are not competitive differentiators. But, they are table stakes. If you unable to reach this basic threshold your customers' perception of you will be incredibly and increasingly negative. If this is all you can achieve, you're doomed to become a commodity provider. Not cool.

1. **Understand your customers.** Branding begins with understanding your customers and their perception of you. Don't market to the lifestyle they have but the lifestyle they want to have. Understand how they want to be perceived and create service packages to help them achieve that perception.
2. **Be Unique.** Tailor your offering to the lifestyle your

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Your customers' experience begins before a single service is ordered.

customers want to live. Empower them. Stop giving them obsolete phones with useless functionality. Embrace the mobile, digital, internet age and social media. Allow your customers to access all of it without restriction. Become a trusted content and service provider. Continually renew your services to rejuvenate your customers' experience.

3. **Provide Incredible Service and Value.** Stop taxing your customers to use your services. Stop metered usage. Bring back the Unlimited Plan. Enable them to select only the services they want, so they feel in control of their experience. Leverage your Operation and Business Support Systems to offer à la carte services, self-service, and bundled packages so your customers can save during this difficult economic time. You customers will buy more from you and you will attract more customers as a result.
4. **Be the Brand.** Your brand must permeate every pore of your business. You must have your own pride before you can bestow it to your customers. You should reek of it. Create and empower brand evangelists. Ignore the nay-sayers. Take risks. Merchandise.
5. **Build loyalty.** Create a community people want to belong to. Build a customer group and bring them together once a year for a posh conference. Spoil your customers and earn their trust. Become more than a utility, a commodity; become a part of your customers' lives. Make your customers rely on you for the services, features, devices, content, and applications they can't live without.

Get more from what you've got

You customers' experience begins before a single service is ordered. Understand your target-market's perception and promote your unique strengths. Invest in your brand and tell them how you can change their lives. They should feel compelled to buy from you. And, when they do, treat them like A-list celebrities with unparalleled service.

That means handle their orders flawlessly and ensure customer issues are resolved immediately, knowledgeably, and gracefully. Provide your customer service representatives with the tools to trouble-shoot and resolve customer issues as soon as the issue is raised. Leverage your network and communications IT infrastructure to gain visibility into your customers' information, trends and experience. Nimble create and introduce new services and new service combinations. Maximize efficiency which can be passed through to your customers. Manage your customers' complete lifecycle and continually rejuvenate their experience.

If you can do this, you stand to create a palpable demand for your products and services. I'm not saying you can do it, or that you can do it all, but it may be your only chance.