



More Bang by the Bundle?

Americans Look Forward to Competitive Bundled Communications Services, Ipsos study shows

New York, NY, April 13, 2005—In the rapidly evolving and “soon to be” competitive environment of delivering phone, cable TV and Internet services in the home, cable operators have fast taken the lead as the bundled service provider. And, most operators expect their investment to generate double-digit topline and cash flow growth for their bundling strategies. The phone companies are right on their heels and will soon be evaluating their return on investment for triple and quadruple play bundles.

How will all of this net out? According to the Ipsos-Insight study that looked at a number of price and service scenarios, a significant minority of American consumers is ready to switch to a bundled package offered by a single provider.

What's the motivation for consumers? Cheaper bills and the convenience of one, consolidated payment per month. The good news for consumers is that the triple play strategy, promoted for many years, is now a reality. Cable TV companies already offer phone service and Internet service, while phone companies will soon be offering cable TV service, along with their high-speed Internet and phone services.

There's a lot at stake for the bundling strategies to succeed. The cable TV industry collectively has invested about \$85 billion to upgrade networks and to support bundled strategies as well as services such as video-on demand. Not far behind are the telecom giants: SBC, Verizon, and Bell South are pouring \$10 billion into fiber optic cable so they can offer television signals over their phone lines. Telecom leader SBC plans to roll out its television service in November of this year and expects to attract between 2 and 3 million households by the end of 2005.

Which Providers Will Prevail? Depends On The Package

According to the Ipsos study, in one scenario where consumers evaluated a bundled Internet, television, and telephone service package at \$119 a month, an estimated 7% of American households say they would switch to a bundled package offered by a phone company, while another 7% say they would switch to the same package offered by a cable TV company. Satellite companies can expect less than half of that, about 3% of the market.

“Clearly, consumers see the phone and cable companies as equals in this triple play scenario,” said Lynne Bartos, Senior Vice President and head of Ipsos-Insight's Cable, Media & Entertainment Practice. “Not surprising, there's a segment of the population still unfamiliar with satellite companies' offerings and may be skeptical about their ability to provide high-speed Internet and phone services.”

Phone Companies Look Strong In The Quadruple Play

Rolling wireless phone service into the mix, known as the quadruple play, tips the scale in favor of the phone companies. By adding 1,000 wireless minutes for a total bundle price of about \$149 a month, the research shows that phone companies can potentially expect to acquire some 16% of switchers, leaving cable TV companies with an 5% share, and satellite providers with a 2% share, while the vast majority of Americans (76%) would remain with their current, unbundled services.

“In the basic triple-play scenario tested, with cable TV, Internet and phone packages at parity from various providers, it seems consumers are equally likely to give their business to a phone company as a cable TV company. Value added features, like video-on-demand, HDTV capabilities, DVRs, etc., will play an important role at the point of purchase and likely tip the scales,” Bartos said.



“Wireless phone service favors the phone companies initially and it makes sense since cable operators are not known to provide wireless phone as of yet, but we expect to see more deals like the recent one between Time Warner Cable and Sprint, indicating that the cable operators are aggressively pursuing the quadruple play.”

“Additionally, each provider’s ability to deliver quality customer service across the bundle will influence success,” concluded Bartos.

Methodology

Data was gathered among 601 adults age 18+ using the Ipsos U.S. Online Panel between February 4 and 15, 2005.

For more information on this press release, please contact:

[Lynne Bartos](#)

Senior Vice President

Ipsos-Insight

Cable, Media & Entertainment Practice

312.665.0556

Ipsos-Insight

Ipsos-Insight, the flagship marketing research division of Ipsos in the U.S., has industry specialists serving companies in the following industries: consumer products; technology and communications; health and pharmaceutical; financial services; cable, media and entertainment; agrifood; energy and utilities; and lottery and gaming.

Ipsos-Insight provides custom and tracking research services to domestic clients, as well as U.S.-based multinationals. It offers concept and product testing, package testing, attitude and usage studies, omnibuses, tracking systems, brand equity, price optimization and segmentation, marketing models, advanced analytics, and global research. Ipsos-Insight is an Ipsos company, a leading global survey-based market research group.

To learn more, please visit www.ipsos-insight.com.

Ipsos

Ipsos is a leading global survey-based market research company, owned and managed by research professionals. Ipsos helps interpret, simulate, and anticipate the needs and reactions of consumers, customers, and citizens around the world.

Member companies assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media. They measure public opinion around the globe.

Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting and modeling and consulting. Ipsos has a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999. In 2004, Ipsos generated global revenues of 606 million euros (or \$752.8 million U.S.).

Visit www.ipsos.com to learn more about Ipsos offerings and capabilities.