

## **Customer Satisfaction Gives Telecom Edge Over Cable in Converged Marketplace**

### ***New Study by CFI Group Shows More Customers Considering Telecom Over Cable for Bundled Products***

**ANN ARBOR, Mich.** (July 31, 2007) – More consumers say they would consider a telecom communications bundle over one offered by a cable company, according to a new study released today from CFI Group. The CFI Group Telecom-Cable Industry Report found that higher customer satisfaction with telecom companies gives it an advantage over cable companies as they battle for customers in a converged marketplace.

The study, which examined customer satisfaction for video, broadband Internet access, and wireless communications, found that cable companies lag telecom companies in customer satisfaction in all areas where they offer competing services. Telecoms have partnered with satellite TV companies, which have superior customer satisfaction to cable. Conversely, cable companies have aligned themselves with wireless carriers that have the worst customer satisfaction score as measured by the University of Michigan's American Customer Satisfaction Index (ACSI).

“For many customers, it's a choice between the lesser of two evils, but our research suggests that telecom has an opportunity to take advantage of its relatively superior customer satisfaction,” said Phil Doriot, Program Director for CFI Group. “That's not to say that cable companies are out of the game. They're just not accustomed to this kind of competition and have a lot of work to do if they want to keep customers from defecting.”

Over 20 percent of households surveyed that do not currently purchase a bundled communications plan are highly likely to do so in the next 12 months, representing an enormous opportunity for companies to steal customers from rival platforms. Of households surveyed that are highly likely to purchase into a bundle, telecom holds a 10-point advantage over cable with 54% of customers preferring a telecom provider and 44% preferring to purchase services from a cable company.

The study cites ACSI data for wireless phone, cable TV and satellite TV. Additionally, CFI Group utilized ACSI methodology to determine satisfaction ratings for DSL and cable modem broadband Internet providers. Not surprisingly, telecom's DSL service (scoring 70 on ACSI's 100-point scale) outperformed cable modem Internet (66) in customer satisfaction.

CFI Group also investigated consumer awareness of Voice over Internet Protocol (VoIP) and Internet Protocol TV (IPTV), two new technologies that will allow cable and telecom to compete on the other's home turf. VoIP awareness far exceeds IPTV awareness (72% to 35%). But of the consumers who are aware of the alternatives, more are interested in switching video providers than phone providers.

“People spend a lot more time watching TV than they do on the phone, so a bad customer experience is going to have a greater impact on customer satisfaction for the video consumer,” said Doriot. “When you consider that major telecom companies already own national wireless phone carriers that they can roll into a quadruple-play bundle, it makes it even more imperative for cable to shore up their customer service.”

Despite the battle of bundles, over 30 percent of survey respondents said they had no interest in a bundle plan. Communications providers cannot ignore this customer base, whose biggest issues are the desire for flexibility in plans and better customer service. Customers across the board cited high rates and poor customer service as their biggest issues with most communications services.

The full report is available at no charge at <http://www.cfigroup.com/TelecomStudy>.

### **About CFI Group**

CFI Group ([www.cfigroup.com](http://www.cfigroup.com)) conducts its measurement consulting practice worldwide, through 12 offices on four continents. Launched in 1988 by University of Michigan professor Claes Fornell, CFI Group is headquartered in Ann Arbor, Michigan. It uses rigorous measurement science to diagnose its clients' customer relationships, resulting in exacting advice on actions that strengthen these relationships and improve clients' overall financial performance. The CFI Group methodology is used as the basis for calculating the American Customer Satisfaction Index (ACSI) via the Ross School of Business at the University of Michigan. CFI Group clients include Best Buy, British Telecom, U.S. Federal Government, UPS, Yahoo! and other leading companies around the world.

### **About the ACSI**

The American Customer Satisfaction Index ([www.theacsi.org](http://www.theacsi.org)) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from about 200 companies in 43 industries and from government agencies over the previous four quarters. The Index is produced by the [University of Michigan's Ross School of Business](#) in partnership with the [American Society for Quality](#) and [CFI Group](#).

###