

JumpStart Video Marketing Strategy (for Telcos Launching Video Services)

Building the Framework for a Successful Video Marketing Launch

Arming David to Face Goliath

Telcos who choose to deploy video services face a number of daunting marketing challenges:

- Competing head-to-head with powerful new competitors – Time Warner, Comcast, Charter, DirecTV, etc. – with national exposure and large marketing budgets
- Unseating entrenched incumbents in every home
- Compelling potential customers to act and install their services
- Convincing potential customers that their local Telco can provide a superior entertainment experience and value
- Delivering on the marketing promise of superior entertainment and value

Success in this new competitive environment requires a comprehensive strategic marketing plan that integrates every aspect of the Telco's business – Technology, Marketing, Operations, Service, Support, Finance. Unfortunately, most Telcos are ill equipped to meet these challenges:

- Unfamiliar with acquiring and managing video content
- Inexperienced with pricing, packaging, or promoting entertainment services
- Out-matched when marketing against savvy, imbedded incumbents with extensive resources
- Lack the resources to develop the required customer support materials, targeted marketing collateral, or local content initiatives

Further complicating the issue is the fact that the stakes are extraordinarily high. Telcos cannot afford a misstep, as their hard-earned reputation, customer relationships, and potentially their entire business may be at risk. The battle for the consumer is already on, and poor and/or untimely execution leaves the door open for cable and satellite providers not only to retain and/or recapture prospects, but potentially to sever a Telco's customer relationships – permanently taking existing telephone and data customers away.

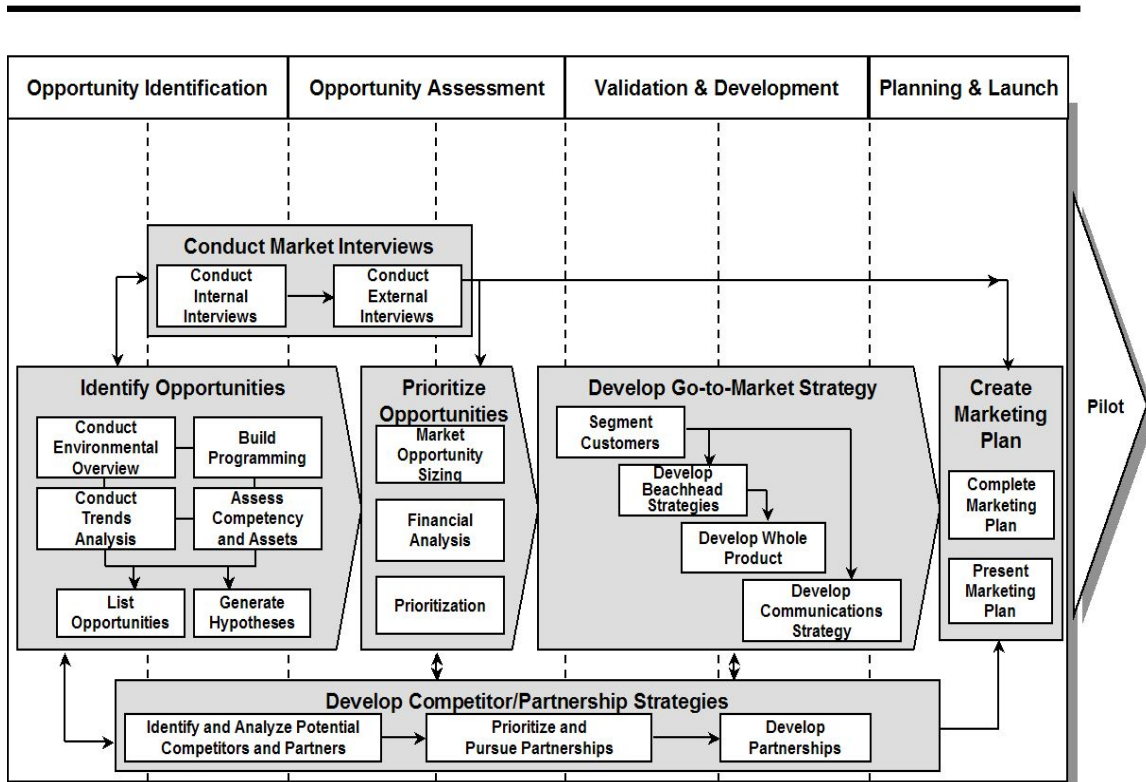
David Beat Goliath With a Powerful Weapon, a Solid Plan, & a Well-Targeted Strike

The **JumpStart Video Marketing Strategy Program**, licensed to **Vodi, LLC** from the **Video Catalyst Group**, leverages the experiences of more than 50 North American Telcos who have successfully competed head-to-head, service-for-service with cable/satellite operators to help Telcos.

For a \$7,500 fee, **JumpStart** helps a Telco to:

- Identify its ideal positioning and competitive opportunity
- Assess its own competencies and assets
- Develop its go-to-market strategy
- Execute its marketing plan

The process chart below outlines **JumpStart's** proven approach to developing and structuring a Telco's video marketing launch. **Video Catalyst Group** has customized its comprehensive video marketing strategy framework to provide a "lite" version to introduce Telcos to the breadth of marketing issues that they face as well as provide some tools to help them address these challenges. Utilizing the **JumpStart** process, the telco will identify and validate its best market opportunities, begin to the process of product and service development, and ultimately lay the foundation for development of its own marketing strategy roadmap.



JumpStart provides the tools, frameworks, and reference materials necessary to complete the aforementioned process, but leave much of the required analysis to be performed by the Telco. For any component of this process, the experienced resources of **Video Catalyst Group** can be engaged separately to validate or assist the Telco in further analyzing, compiling, or developing any element of the **JumpStart** or marketing strategy development process.

JumpStart – a High-Level Roadmap for Developing a Solid Video Services Strategy

Opportunity Identification

The launch of any new product requires a fundamental knowledge of market needs and demand. This is especially true when launching a service requiring extensive investment like cable-competitive video, and where the ultimate success of your business plan requires existing customer to proactively replace their current entertainment provider. Differentiation and a well-defined value proposition are key, and detailed primary and secondary analysis and subsequent evaluation are necessary to develop a compelling product.

- **Identify Opportunities**

This stage consists of pulling together the multiple market inputs and tools that the Telco has to work with, then developing hypotheses about what will resonate with the customer.

- **Conduct Environmental Overview**

The Micro-perspective – composed of demographic, geographic, and psychographic inputs. Data is drawn from the census, schools, company records – anything that can illuminate the unique needs that may exist in the community and provide insights into how customers can potentially be segmented, either by demographics, tastes, or geography.

JumpStart will provide:

- A summary of the type of data that is valuable to assemble.
- Detailed US census-based materials identifying key demographic characteristics of the telco's target deployment areas.

- **Conduct Trends Analysis**

The Macro-perspective – composed of national, regional, and local trends in entertainment, technology, and consumer behavior. This provides insights into the emerging interests of consumers, and thus provides the foundation for designing a product that is a step ahead of your competition.

JumpStart will provide:

- A summary of national trends in cable and satellite TV.
 - Programming and service trends
 - Includes the current and projected penetrations surrounding such emerging applications as:
 - HDTV
 - VOD
 - Gaming
 - PVR/DVR
 - T-commerce

- **Build Programming**

Content is the basis for any entertainment service, and thus it is critical to determine what content is available, what content is necessary, and how these map to your local and emerging needs. This analysis consists of performing

competitive analysis, compiling programming research (like Nielsen data), and applying this analysis and research to the Telco's emerging theories about its customers wants and needs.

JumpStart will provide:

- An analysis of your primary competitor's programming line-up.
- The ratings of 2003's most popular prime time and total day cable programs.
- A listing of probable "Must-Carry" channels in your designated market area(s).

○ **Assess Competency and Assets**

Part of the opportunity evaluation process is to look at the Telco's and the community's own resources and determine its assets and deficiencies. What data does the Telco have on its own customers? Are there any internal or external resources with media or content development backgrounds? Is the Telco's marketing team capable of developing the necessary analysis and materials necessary to compete with its competitors?

JumpStart will provide:

- Descriptions of the job types, skills, and requirements of a typical cable/entertainment operator to compare with the telco's own resources and skill sets.

○ **List Opportunities**

Once the Telco has gone through the aforementioned analyses, it will be in a position to generate a list of attributes that it could incorporate into its product(s) because:

- Micro-analysis shows that there could be interest in the community,
- Macro-analysis shows that an attribute is gaining popularity,
- The content is compelling and available, and/or
- The Telco or community has the resources to generate or acquire it.

○ **Generate Hypotheses**

The list of opportunities needs to be prioritized, and product hypotheses need to be developed that can be tested against market and financial data. This process is iterative until the Telco is confident that it is coming to market with a compelling product.

● **Conduct Market Interviews**

Market interviews are primarily the testing of market hypotheses, but can also be the source of unanticipated market data as well as gap analysis. This is the key validation step to both determine the attributes of the product, as well as how they should be sold and/or provided.

○ **Conduct Internal Interviews**

Telco employees are both members of the community, as well as motivated respondents. Their insights are extraordinarily valuable in that they can provide honest feedback on the proposed product, as well as assess the capability of the Telco to deliver it.

- **Conduct External Interviews**

External feedback is the best indication of what attributes the product should have, as well as how it should be marketed. For competitive reasons, external interviews should be carefully managed.

JumpStart will provide:

- A template of typical questions that should be addressed to best develop market insights.

- **Develop Competitor/Partnership Strategies**

A myriad of external entities will impact the success of a video initiative. Obviously, competitors must be carefully analyzed and monitored. However, other entities, such as the local newspaper, local schools, retailers, and others can either be extraordinarily supportive to a video rollout, or significant inhibitors to its success. To optimize success, these influencers need to be analyzed and understood. Potential outreach to these entities develops as the marketing plan matures.

- **Identify and Analyze Potential Competitors and Partners**

In depth knowledge of the Telco's competitors is a must, from the programming, pricing, marketing, and service strategies, to their potential future plans. Potential partners are a function of both local opportunity, influence, and needs. The right partners can provide significant marketing assistance, as well as fill in gaps in the Telco's product.

JumpStart will provide:

- Competitive analysis of local cable competition including:
 - Complete channel line-up
 - Competitive pricing and packaging information
 - Ownership and key market information (communities served, homes passed, service take rates)

- **Prioritize and Pursue Partnerships**

Not all of the local partnership opportunities will be ideal or possible. Additionally, many will take significant effort and time to develop. An analysis early in the marketing plan development process will allow prioritization of the most important partners, and the ability to integrate them into the product offering and marketing plan.

- **Develop Partnerships**

Many partnerships, like those with local schools for example, may require significant time, money, and review before they come to fruition. Others may need to be integrated into product launch materials. In any case, partnerships will be essential for the success of the video initiative and must be scoped out in detail in the marketing planning process.

Opportunity Assessment

Opportunity assessment is an interactive process of hypothesis development and testing. Its outcome should be a set of product attributes and partners that are validated by the market, financially viable, and objectively able to be prioritized.

- **Prioritize Opportunities**

These steps focus exclusively on the development product, transforming hypotheses into validated and tangible attributes. Each attribute needs to be analyzed as to its potential demand and value to the product.

- **Market Opportunity Sizing**

Both primary and secondary analysis should be applied to determine the potential market need and applicability by market segment. For example, an attribute that is extremely important to a large and/or influential segment needs to be quantifiably differentiated from an attribute that is extremely important to a niche segment.

- **Financial Analysis**

The capability to integrate an attribute into a product does not always mean that it is economically sound to do so. Attributes that increase demand may increase costs even more, while less popular attributes may provide a lot of “bang for the buck.” A margin analysis should be performed on each product attribute, as well as sensitivity analysis for a number of different product feature combinations.

- **Prioritization**

The final step of opportunity assessment that integrates all of the testing and analysis conducted. Product attributes should be prioritized by positive and strategic impact to the overall business model. Time of launch should also be incorporated into the prioritization process, as product attributes that may not be important or financially feasible today may be extremely beneficial in the future.

Validation & Development

Validation and development is when, with the market and financial analysis done, the final targeted markets and the attributes that will be integrated into the product to serve those markets will be determined. From these decisions, tactical marketing plans, including launch and communications strategies can be developed.

- **Develop Go-to-Market Strategy**

Go-to-Market strategy is the process of creating a roadmap for the Telco’s product deployment. From a communications perspective, it consists of identifying the Telco’s targeted customers, and determining the right messages that will resonate with those customers and the best media through which to reach them. From a product perspective, it consists of looking at the product from a wide lens, and determining all of the different elements that need to be in place to reinforce the product message and experience.

- **Segment Customers**

To this point, the Telco knows which product attributes are the most important and provide the most compelling returns. Now the Telco needs to ascertain which types of customers are best suited to respond those attributes.

JumpStart will provide:

- Typical segmentation strategies employed by other video-over-copper providers.



- **Develop Beachhead Strategies**

After segmentation is completed, the Telco must decide how these segments interact with and influence each other. A tactical marketing strategy can be developed which targets the most influential customers first, allowing the others to benefit from their recommendation and example. This is especially important when selling new digital services, which may require customer education and experience before purchase.

JumpStart will provide:

- Demonstration of beachhead strategies and execution.

- **Develop Whole Product**

The whole product considers all of the elements that influence a customer's decision to buy as well as his experience after the sale. Reaching far beyond marketing, whole product development includes all elements of the Telco, from finance (which may potentially develop a single bill), to support (which needs to be prepared to answer questions related to the new product), to field service (which may be required to perform training during installation), and beyond. This process also includes pricing, packaging, promotion, and even external partner relationships which may be necessary to sell, market, or support the product.

JumpStart will provide:

- Examples of whole product definitions developed by other video-over-copper providers.

- **Develop Communications Strategy**

Concise messages and value propositions need to be delivered to each identified market segment repeatedly via different channels. Prospects don't typically respond to just one message – it needs to be systematically delivered from different points of validation. This can take many different forms: direct marketing, advertising, word-of-mouth, and even seminars. Because of the complexity of reaching the right segment with the right messages at the right time, the communications strategy needs to be carefully orchestrated and executed.

JumpStart will provide:

- Examples of messaging and value propositions successfully employed by other video-over-copper deployments.
- Template for developing value propositions statements.

Planning & Launch

Planning and launch is where the comprehensive marketing plan is compiled, refined, and socialized within the Telco and its partners.

- **Create Market Plan**

Because the comprehensive marketing plan touches all facets of the organization, it is important to include all elements of the organization in its creation in order to facilitate their buy-in.

- **Complete Marketing Plan**

Although the overall marketing plan should never be considered complete (the dynamics of changing market and technology conditions ensure constant



revision) the launch marketing plan should include feedback and revision by every part of the Telco's organization, as well as partners. Constructive feedback and new ideas can be extremely valuable, and will lead to a better overall plan, as well as one in which those responsible for implementing it feel that they were included in the development process.

- o **Present Marketing Plan**

Presenting the marketing plan is a process of socialization and buy-in. The overall plan is only as powerful as its weakest link, and unless each every member of the company knows his/her role in it, the plan will be hindered.

JumpStart will provide:

- An example of a launch campaign including:
 - o Events
 - o Timing
 - o Costs

Pilot

No plan is perfect, and a solid test run will be required before commercial launch. Word-of-mouth will be a compelling element of any entertainment marketing plan, and the complexities of service delivery, home installation, training, and customer support are such that the Telco will want to limit the service to a well-controlled group before formal commercial launch. This period is a tremendous opportunity to learn and optimize the marketing program.

David DID Beat Goliath – So Can You

The most successful of the 70+ Telcos who have launched video services have a lot in common:

- Close relationships with their customers
- A company-wide motivation to succeed
- A willingness to change
- A well-developed marketing plan
- The ability to recognize their own limitations and seek out assistance when necessary

A lot has been learned and validated from these “battle-scarred” telcos. Instead of “reinventing the wheel,” Telcos should consider leveraging the best practices and proven success recipes that have emerged. This will allow them to match comparable circumstances and apply proven methodologies to meet the unique needs of their individual market conditions. **Video Catalyst Group** has made a science of compiling and extending these best practices to enable Telcos to succeed in the daunting task of competing against the MSOs.

The **JumpStart Video Marketing Strategy Program** walks telcos through the necessary steps to develop a cable and satellite competitive service, and provides them with many of the basic weapons necessary to succeed. A specialist from the **Video Catalyst Group** will spend a day with the Telco working through concept and template, and will be available for questions and guidance.

The **JumpStart** program was built to help Telcos understand the basic marketing requirements for video services, as well as to assess the adequacy of their own internal needs and resources. **Video Catalyst Group** can be engaged separately to assist the telco with any component of this



process, from assistance with survey development and execution, to in-depth market and financial analysis, to ultimately a full-blown go-to-market and launch strategy.

As David proved when he felled Goliath – a giant CAN be beaten...you just have to have the right battle plan, and a good idea of where to hit him. The **JumpStart Video Marketing Strategy Program** arms Telcos with the frameworks and tools necessary to develop a winning battle plan.

For more information about **JumpStart**, contact:

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