

Report Reveals That Telecoms and Pay TV Operators Need 'Bigger' Bundles to Win Over Customers

According to the latest research from Informa Telecoms & Media, telecoms and pay TV operators will increasingly need to add new services such as Spotify and YouView to their bundles to keep existing subscribers and attract new ones. Although the simple packaging of telecoms and media products at a discounted rate might not seem like the most innovative strategy, it has proved to be the most powerful one as customers place more value on price, simplicity and convenience.

“Operators are not short of new technologies and services – online video, music and new connected devices – to make their bundles more attractive to new and existing subscribers and to aid wider strategic goals, such as the move to superfast broadband networks and services that span TV, PC and mobile screens,” says Rob Gallagher, a principal analyst and head of broadband & TV research at Informa. “Partnering with ‘over the top’ and connected-device firms offers all the benefits of bigger bundles without the high costs – and risks – operators would otherwise incur.”

Over-the-top (OTT) companies are frequently criticized by operators for getting a “free ride” on their broadband networks, but each party has a different fundamental problem the other could help solve.

The problem for operators is that there are not enough first-time customers for their core services, which is why they need to keep adding new services to their bundles to keep existing subscribers and woo new ones from rivals. The problem for many OTT and connected-device companies is that they do not have enough customers, period. Operator bundles offer a route to attract paying customers that might prove far less time-consuming and much less costly than their free services or conventional retail channels.

“These partnerships do not promise operators the same level of revenues they originally thought they could realize from offering such digital-media services themselves, but it offers numerous other benefits,” Gallagher adds. “Ultimately, bundling’s strength lies in the fact that price, simplicity and convenience will always win out in consumers’ eyes. Technology provides an advantage only when it can enable a company to conclusively outflank the competition in all these regards.

“The question operators and OTT firms alike need to ask themselves is this: What could be more inexpensive, simple and convenient for a consumer than a cheap bundle with a single fee from their existing provider?”

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