

OPTIMIZING THE CABLE & BROADBAND CUSTOMER EXPERIENCE STUDY

Thriving in the New Reality of 2021

Survey of Cable & Broadband Execs on the Challenges
and Opportunities Today and Beyond



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OPTIMIZING THE CABLE & BROADBAND CUSTOMER EXPERIENCE STUDY: THRIVING IN THE NEW REALITY OF 2021

This unique study, developed by Cablefax and CSG, analyzes how leading cable operators and broadband providers, telcos and other distributors have changed their customer engagement activities and business strategies during the challenging year of 2020.

Cablefax surveyed industry executives to determine priorities, trends and best practices in the COVID-19 era, and the actions they are taking to survive and thrive in this new reality. The report includes insights and analysis covering:

- ❖ Trends and outlook on cord cutting, self-installs, smart-home solutions and 5G
- ❖ How cable and broadband customer behavior is changing
- ❖ How customer service interactions and operations have been impacted
- ❖ Field technician social distancing and safety programs
- ❖ Challenges and opportunities arising from these shifts and changes

The report provides a mix of quantitative survey data as well as many write-in comments from the respondents. The analysis is based on survey responses from more than 270 executives representing a wide cross-section of the industry. The data and information in this report will help executives make more informed decisions and improve strategies and tactics during this challenging time.

Cablefax and CSG thank all of the respondents for their invaluable contributions to the study.



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The cable and broadband industry has been uniquely impacted by the COVID-19 pandemic in terms of having to respond rapidly to new challenges—but significant new opportunities also emerged. Challenges have arisen due to changes to the economy, putting pressure on many households and businesses, and the requirements to protect field technicians and customers with PPE and social distancing protocols. Along with these issues, this study finds that providers' customer service operations and teams have also been heavily utilized during this challenging period.

Yet, 2020 has also seen a number of positives for the industry. For one, there has been significant increase in demand for home broadband services, as well as data usage. Second, this study suggests the cord cutting trend may even have slowed somewhat due to more home-bound customers keeping their linear video service subscriptions. For example, the study finds that two-thirds of cable and broadband providers say the cord cutting trend rate has either decreased or stayed the same compared to before the pandemic.

Another overall positive for providers directly resulting from the pandemic has been a major increase in customer adoption of digital self-service support and self-install options.

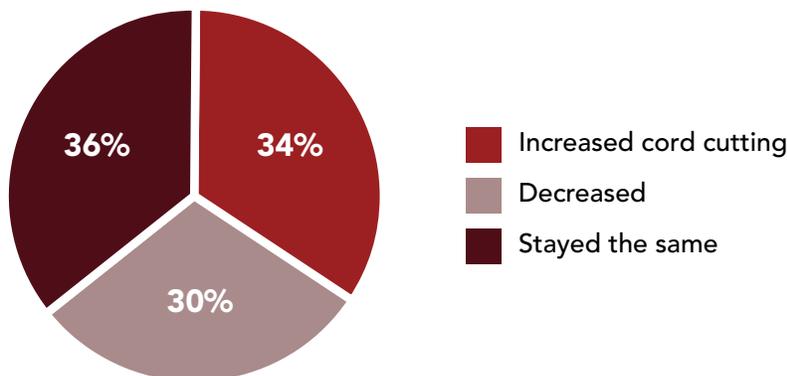
How the industry responds to these evolving issues—and changing consumer media consumption and customer service-related behaviors in particular—will shape the cable and broadband industry over the next decade.

Below are some of the key insights from the research.

Key Insight #1: Cord cutting is considered the top issue for the industry over the next few years—yet, 66% of cable and broadband providers say this has decreased or stayed the same during the pandemic

Two-thirds of the survey respondents say cord cutting has decreased or stayed the same since the start of the pandemic. The industry essentially breaks into three groups, with just over one-third of the market seeing increasing cord cutting. A second group (36%) sees the longer-term trend rate holding steady. A final group representing 30% of the industry indicates they have seen cord cutting actually decreasing in their markets. These findings suggest that the pandemic keeping more consumers home-bound, or at least at home more often, has possibly influenced many customers to keep their linear video services. The survey question was: *Since the onset of the COVID-19 crisis, has "cord cutting" (i.e., cancelling linear video service in favor of broadband) increased, decreased or stayed the same?*

Percentage of Cable and Broadband Providers Experiencing Customer Cord Cutting Increases/Decreases During the Pandemic



Smaller Cable and Broadband Providers are Experiencing the Most Cord Cutting

The findings show that the smallest providers, those with under \$50 million in revenue (64%) have experienced, by far, the most customer cord cutting in 2020. The next two company gross revenue segments seeing the most cord cutting are providers with \$51 million to \$100 million in revenue (38%), and then the largest companies with more than \$1 billion in annual revenue (35%). Twenty-five percent of companies with \$101 million to \$500 million revenue, and 22% of providers in the \$501 million to \$1 billion range, indicated they are seeing this trend increase.

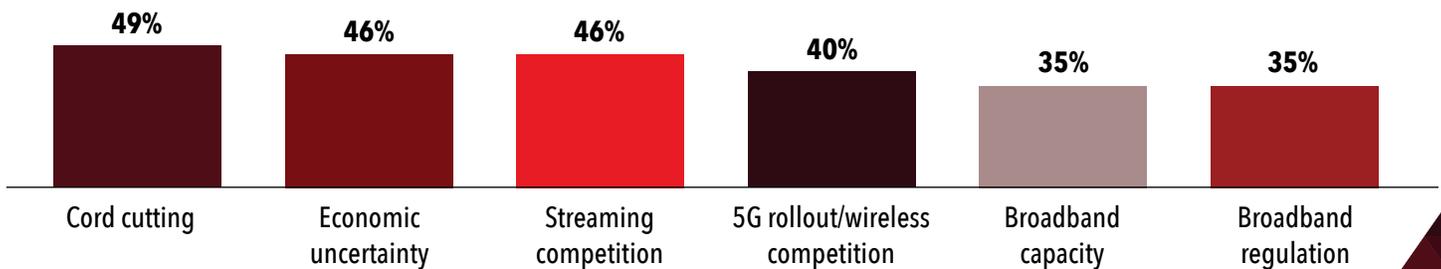
Cord Cutting Trends During the Pandemic Experienced by Cable & Broadband Providers—Findings by Company Revenue

Cable & Broadband Provider Revenue	Experienced Increased Cord Cutting	Decreased	Same Level Pre-Pandemic
Under \$50 million	64%	36%	0%
\$51 million to \$100 million	38%	12%	50%
\$101 million to \$500 million	25%	33%	42%
\$501 million to \$1 billion	22%	15%	63%
More than \$1 billion	35%	31%	34%

Key Insight #2: The top three biggest industry challenges expected over the next few years are cord cutting, the economy and competition from streaming platforms

As noted in *Key Insight #1* above, the top issue for the industry is cord cutting. The largest percentage of respondents (49%) indicated this is their top challenge, followed by a weak economy and competition from streaming platforms, which were both selected by 46% of the respondents as major issues. 5G rollout from wireless competitors is seen as an important challenge by 40% of the survey respondents.

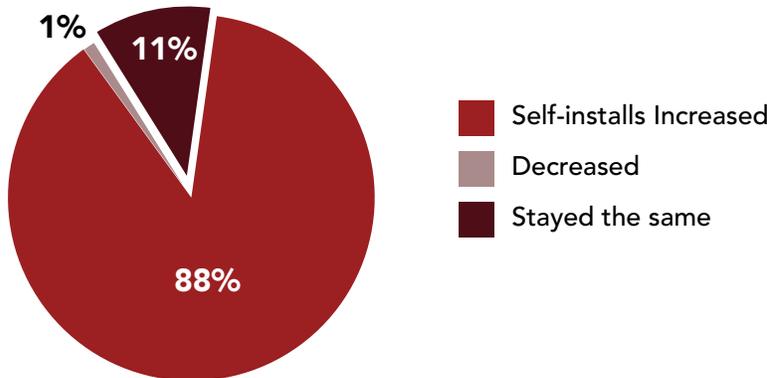
Top Industry Challenges Expected Over the Next One to Two Years



Key Insight #3: Self-installs have increased significantly with 88% of cable and broadband providers seeing an increase during the pandemic

Self-installs look to have significantly increased throughout the industry. Eighty-eight percent of respondents say their customer self-installs have increased this year. Enabling the shift to self-installs are interactive visual support tools and other technologies. Eleven percent of providers say this trend has stayed the same during the pandemic.

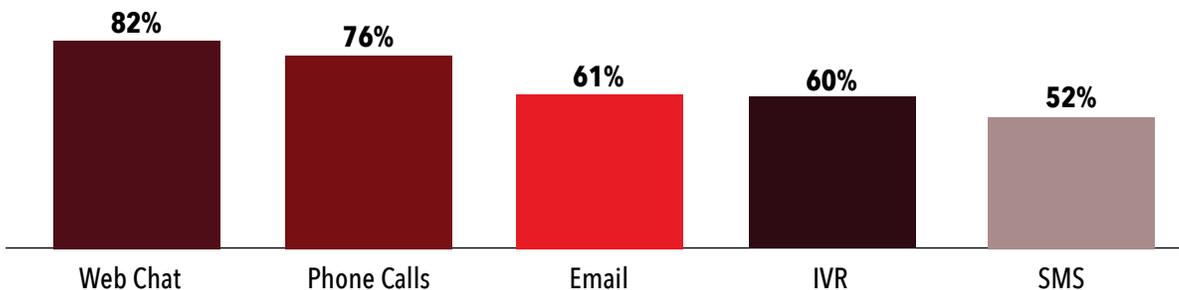
Percentage of Cable and Broadband Providers Seeing Self-Install Increases in 2020



Key Insight #4: Web chat use for customer service communication has spiked the most of all methods and channels, even outpacing phone calls this year

During the first six months of the pandemic, all five of the key customer service communication channels experienced increased customer interaction levels. A significant 82% of cable and broadband providers said that web chat activity increased, followed by 76% of respondents that experienced higher phone call levels. These findings, overall, suggest that meaningful segments of the customer base throughout the industry made contact with their cable and broadband providers during the challenging period between March and August 2020.

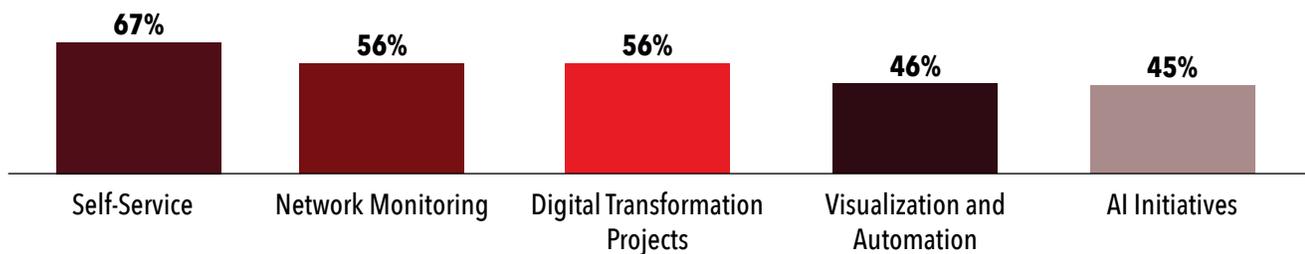
Percentage of Cable and Broadband Providers that Experienced Increased Customer Service Interactions by Communication Channel



Key Insight #5: 2020's challenges have accelerated providers' self-service programs more than any other key projects and initiatives

The challenges experienced in 2020 have changed many business and service plans. In particular, more than two-thirds of cable and broadband providers have accelerated project timelines for their self-service initiatives. Over half of the industry has also accelerated project timelines for networking monitoring programs and digital transformation projects.

Percentage of Cable and Broadband Providers that Accelerated Key Project Timelines in 2020 – Top Five Projects/Initiatives



About the Survey Respondents: The survey respondents work mainly for cable operators (83%), followed by telcos (8%). Satellite providers and streaming companies each represent 3% of the respondents' base. Seventy-two percent of the respondents work for companies with more than \$1 billion in revenue.

The findings in this Executive Summary provide only a small portion of the insights from the study. The next sections provide additional insightful data, analysis and benchmarks, as well as comments from the respondents on how customers are changing

I. Strategic Issues, Challenges and Opportunities

This section of the report covers some of the biggest longer-term issues impacting the industry. These include how the events of 2020 have impacted planning for 2021, as well as cord cutting trends, the response to 5G competitors, and what industry executives see as the most pressing challenges expected over the next few years.

How 2020's Challenges Have Impacted Planning for 2021

Survey Question: How has 2020 affected your 2021 plans in the following areas?

This question quantifies a number of trends, issues and opportunities. It's no surprise that the events of 2020 have changed many cable and broadband providers' strategic business and service plans. The biggest changes relate to providers accelerating their timelines for critical initiatives including self-service options, networking monitoring programs and digital transformation projects. The areas where the most companies have either completely new business priorities or a new approach are around call center organizations and AI initiatives, followed by visualization and automation programs.

	Accelerated project timelines	Decelerated project timelines	We now have new business priorities	We have a new approach to current business priorities	Other
Self-Service	67%	3%	15%	18%	3%
Network Monitoring	56%	4%	22%	21%	5%
Digital Transformation Projects	56%	7%	17%	21%	4%
Visualization and Automation	46%	9%	22%	24%	6%
AI Initiatives	45%	11%	24%	30%	4%
5G Deployments	39%	6%	22%	22%	11%
Call Center Organizations	37%	11%	26%	28%	5%

Cord Cutting

Survey Question: Since the onset of the COVID-19 crisis, has "cord cutting" (i.e., cancelling linear video service in favor of broadband) increased, decreased or stayed the same?

Just over one-third (34%) of the survey respondents say the cord cutting trend has increased since the start of the pandemic. The majority indicate they are seeing the trend as flat or decreasing. These findings suggest the industry essentially breaks into three groups, with roughly one-third of the market seeing increasing cord cutting, while a second group sees this trend staying the same, and a final segment indicating they are seeing a lower rate of cord cutting.

	%
Increased	34%
Decreased	30%
Stayed the same	36%

The pandemic has changed customer behavior in various ways. These findings also suggest that the pandemic has possibly resulted in existing customers keeping their linear video services. Clearly, the work/school-from-home situation has prompted many households and businesses to review their cable, broadband and streaming services subscriptions.

It is interesting to compare this survey question with the findings shown in the next section on the main challenges the industry expects to deal with over the next few years. Cord cutting is, understandably, the number one issue selected by 49% of the survey respondents. Yet, as noted directly above, only 34% of cable and broadband providers say they have seen the pandemic increase the cord cutting trend.

Top Industry Challenges Expected Over the Next One to Two Years

Survey Question: What are the top challenges you see the industry facing over the next one to two years?

It is interesting that none of the seven challenge areas and themes tracked by this question were selected by half or more of the respondents. But clearly the top three issues for the industry are cord cutting, a weak economy and competition from streaming platforms. 5G rollouts and related competition from wireless providers was selected by 40% of the respondents as a top challenge over the next one to two years. Broadband capacity and regulation, as well as the rising cost of doing business, are certainly important concerns, but most of the industry appears to consider these to be secondary issues.

	%
Cord cutting	49%
Economic uncertainty	46%
Streaming competition	46%
5G rollout/wireless competition	40%
Broadband capacity	35%
Broadband regulation	35%
Rising business costs	30%

Response to 5G Competitors

Survey Question: How has the current situation changed your response to 5G competitors?

Forty-seven percent of the respondents say that even in the current situation with the pandemic still being felt, along with the range of other challenges and opportunities, they have not changed their response to 5G competitors. Still, 37% say that their project timelines for responding to 5G competition have in fact been accelerated.

	%
Accelerated project timelines	37%
Decelerated project timelines	3%
More concerned about 5G competition	15%
Less concerned about 5G competition	5%
No change in plans	47%

II. How Customers Are Changing

This section covers the critical issues around how cable and broadband customers are changing as a result of the pandemic and the impact of the work/school-from-home trend.

How Customer Behaviors Shifted Due to the Pandemic

Survey Question: What are the top five ways the pandemic has altered your customers' behaviors? (Rank on a five-point scale.)

The pandemic primarily resulted in greater levels of customer broadband usage overall, but also increased demand for broadband tier/speed upgrades as customers and their families work and attend school at home. That the lowest-ranked area in this question—video package cancellations to go broadband only—generally fits with the narrative that the pandemic has not significantly accelerated the cord cutting trend.

	Ave. Ranking
Greater broadband usage	4.4
Broadband tier/speed upgrades to accommodate more remote work/learning	3.7
Video package upgrades	2.4
Video package downgrades	2.3
Video package cancellations to go broadband only	2.2

Biggest Customer Behavior Trends

Survey Question: What seems to be the biggest new customer behavior trend of 2020?

This was an open-ended question. Key themes in the responses include:

- ❖ Higher bandwidth demand due to work/school at home
- ❖ Higher bandwidth and data usage at more times of the day/night
- ❖ Increasing self-installs
- ❖ Customer demand for faster service response
- ❖ Continued moves to streaming and OTT services

Select comments from the survey respondents on the biggest new customer behavior trends:

Higher Bandwidth Demand

“Customers are much more sensitive to 24/7 performance of broadband due to their reliance on the product.”

“Customers are buying higher speeds at a higher rate.”

“Enhanced in-home wireless networking capabilities to increase speed and coverage within the home.”

“Higher bandwidth demand for shorter terms at lower cost.”

“Household broadband usage looking more like SMB due to distance learning and working from home.”

“Non-customers are purchasing more broadband and existing customers are upgrading to faster speeds.”

Demand for Faster Service Response and Increasing Self-Installs

“Demanding immediate response to concerns.”

“Greater adoption of self-install option.”

“Increased escalations if service goes out.”

“Want-it-now mind set.”

Select comments from the survey respondents on the biggest new customer behavior trends:

Move to Streaming and OTT Services, and Cord Cutting

“Acceleration of opting in to new and different subscription services.”

“Cord cutting increase.”

“Everything OTT.”

“Internet-only increase.”

“They are turning to the online streaming platforms.”

Pricing and Bundles

“Customers want a bundle of both personal and work from home services at discounted rates.”

“Price-conscious.”

“More conservative on non-essential services.”

“Most new customers are looking at streaming with reliable high-speed internet rather than going with a bundle.”

How Economic Issues and Working from Home is Impacting Customer Price Sensitivity

Survey Question: How has the pandemic and the resulting economic/work-from-home situation affected customer price sensitivity?

The findings are somewhat mixed on the issue of customer price sensitivity. The largest group in the industry (39%) have seen “moderate” levels of customer price sensitivity increasing. Only a total of 25% say they see the price sensitivity issue for customers as either “severe” or “high.”

	%
Severe. Price is their top priority	4%
High. Customers are noticeably more price sensitive	21%
Moderate. Customers bring up pricing more often than they did pre-COVID	39%
Light. Customers seem slightly more sensitive	16%
No change	22%

Customer Billing and Collections Trends

Survey Question: How has this difficult time for your customers affected billing and collections?

Just over half of the industry indicate they have had to offer more payment plans and other accommodations for customers impacted by the pandemic in some way. Only 5% say that the collections process has been easier during the pandemic.

	%
More payment plans and other customer accommodations have been necessary	51%
Billings and collections are more difficult, with delinquencies higher	24%
Collections have actually been easier during the pandemic	5%
No change	18%

Is the Work-from-Home Trend Requiring Companies to Buy Higher Bandwidth Plans for Executives?

Survey Question: Have work from home scenarios resulted in companies buying higher bandwidth plans for their executives working from home?

Exactly half of respondents say customers working from home has resulted in companies buying higher bandwidth plans for their executives. Still, 35% say they simply do not know if this has been happening.

	%
Yes	50%
No	16%
Unsure	35%

Customer Interest in Smart-Home Solutions

Survey Question: During this time, how would you describe customer interest in smart-home solutions (voice and gesture recognition, smart lighting, thermostats, locks, kitchen appliances, etc.)?

Here is another set of mixed results, although a total of 58% of respondents said they have seen customer interest in smart-home solutions increase in 2020. Seventeen percent noted they have seen interest increase “greatly.”

	%
Increased greatly	17%
Increased moderately	22%
Increased slightly	19%
Decreased	6%
No change in consumer interest	36%

Analyzing the responses from the providers that noted they have seen customer interest in smart-home services has increased “greatly” finds that by a wide margin cable and broadband providers with over \$1 billion in annual revenue (61%) are seeing this strong customer interest. The table below provides break-outs by company gross revenue.

Providers Seeing Customer Interest in Smart-Home Technology has Increased Greatly—Findings by Company Revenue

Cable & Broadband Provider Revenue	% of Providers Seeing Customer Interest in Smart-Home Technology “Increased Greatly”
Under \$50 million	6%
\$51 million to \$100 million	9%
\$101 million to \$500 million	3%
\$501 million to \$1 billion	21%
More than \$1 billion	61%

III. Customer Service and Operational Trends

Covered here are key operational areas with a focus on customer service interactions, service calls/truck rolls, and self-install trends.

Customer Interaction Rates

Survey Question: How has the pandemic affected your interaction rate with customers?

The survey asked for respondents to provide customer interaction rates during two important early phases of the pandemic: March to May and May to August. The survey was conducted in September and October. The findings range widely. In the early phase of the pandemic between March and May customer interaction rates increased for 53% of providers, then were reduced somewhat overall from May to August.

	March to May 2020	May to August 2020
More than 25% increase	19%	15%
Increased up to 25%	34%	33%
Stayed the same	19%	32%
Reduced up to 25%	13%	13%
Reduced by more than 25%	15%	7%

Customer Service Levels

Survey Question: During the pandemic, please rate the level of the following customer service interactions.

During the first six months of the pandemic, all five of the key customer service communication channels experienced increased customer interaction levels. A significant 82% of cable and broadband providers said that web chat activity increased, followed by 76% of respondents that experienced higher phone call levels. Clearly, meaningful segments of the customer base throughout the industry contacted their cable and broadband providers during the challenging period between March and August 2020.

	Increased	Stayed the Same	Decreased
Web Chat	82%	17%	1%
Phone Calls	76%	16%	7%
Email	61%	33%	6%
IVR	60%	33%	7%
SMS	52%	40%	8%

Service Calls/Truck Rolls

Survey Question: During the pandemic, what has happened to service calls (i.e., “truck rolls”) to customer homes?

Half of the respondents say that service calls that required truck rolls decreased over the first six months of the pandemic. Twenty-nine percent say these increased.

	%
Increased	29%
Decreased	50%
Stayed the same	21%

Service Calls/Truck Rolls Outlook

Survey Question: Are you forecasting the same trend into the future for truck rolls?

Half of the respondents feel that the outlook for the level of service calls/truck rolls will stay the same into the near future, although 30% indicate they are unsure.

	%
Yes	50%
No	20%
Not sure	30%

Providers That Experienced Increased Service Calls/Truck Rolls are Most Likely to Believe This Trend Will Continue

Below the two survey questions directly above have been analyzed together. The data show that providers that have seen truck rolls increasing are most likely to believe that this trend will continue into the future.

Truck Roll Trends	Yes, Trend Will Continue	No	Not sure
Increased	62%	22%	16%
Decreased	48%	23%	29%
Stayed the same	39%	10%	51%

Self-Install Trends

Survey Question: During the pandemic, what has happened to self-installs?

Self-installs have significantly increased throughout the industry. As seen in the data, a significant 88% of respondents say their customer self-installs have increased this year. Only 1% said they have seen a decrease in self-installs.

	%
Increased	88%
Decreased	1%
Stayed the same	11%

Self-Install Trend Outlook

Survey Question: Are you forecasting the same trend into the future for self-installs?

Over three-quarters of respondents expect the increased self-install trend to continue in the future. In contrast, only 9% do not expect this trend to continue, and 14% are unsure. This data is based on all of the respondents that answered the question directly above (“During the pandemic, what has happened to self-installs?”).

	%
Yes	77%
No	9%
Not sure	14%

Enhancing the Self-Install Process for Customers

Survey Question: What measures are planned, or have you recently implemented, to enhance the self-install process for your customers?

Cable and broadband companies are mainly shipping more service equipment directly to customers for self-installs, as well as creating or enhancing their self-install guidelines and set-up instructions for customers. Twenty-eight percent say their companies are hiring more tech support and customer service reps.

Truck Roll Trends	%
More direct shipping of service equipment	77%
Creation of new self-install guidelines for print and/or digital (i.e., website)	64%
Hiring more tech support and/or customer service reps	28%
We have not made or plan any changes to our self-install process	8%
We currently have no self-install option for any equipment	3%
Other	3%

IV. How Providers Are Implementing Field Technician Social Distancing

This short but important part of the study includes two survey questions on the measures cable and broadband providers have taken to increase social distancing and protect field technicians and customers.

Field Technician Social Distancing Measures

Survey Question: What measures have you taken to increase social distancing or protect field technicians in 2020?

The top three measures taken to increase social distancing or protect field technicians have been providing PPE for technicians, setting new directives to avoid entering homes and businesses, and a putting a greater focus on self-install and remote tech support. Just over half of companies have a companywide work-from-home policy in place, and 28% have instituted staggered staff shifts.

	%
PPE for field technicians	85%
New directives to avoid entering homes/businesses unless necessary	76%
Greater reliance on self-install and remote tech support	75%
Companywide work-from-home	53%
Staggered shifts	28%
We have not taken any specific measures related to the pandemic	2%
Other	2%

What Field Technician Social Distancing Measures Will Become Permanent?

Survey Question: For all that you checked in the question above [What measures have you taken to increase social distancing or protect field technicians in 2020?], which measures are you planning to make permanent?

Sixty-nine percent of the survey respondents say their increased focus on self-installs and remote tech support will probably be made permanent. Over half say they expect to permanently provide PPE for field technicians.

Truck Roll Trends	%
Greater reliance on self-install and remote tech support	69%
PPE for field technicians	54%
New directives to avoid entering homes/businesses unless necessary	43%
Companywide work-from-home	23%
Staggered shifts	14%
Other	8%

In September and October 2020, Cablefax conducted a survey of a wide cross-section of leading executives throughout the cable and broadband industry. The survey received 277 responses.

Company Type

	%
Cable operator	83%
Telco	8%
Satellite provider	3%
OTT/streaming company	3%
Other	3%

Organization Revenue

	%
Under \$50 million	5%
\$51 million to \$100 million	3%
\$101 million to \$500 million	6%
\$501 million to \$1 billion	14%
More than \$1 billion	72%



About CSG

For more than 35 years, CSG has simplified the complexity of business, delivering innovative customer engagement solutions that help companies acquire, monetize, engage and retain customers. Operating across more than 120 countries worldwide, CSG manages billions of critical customer interactions annually, and its award-winning suite of software and services allow companies across dozens of industries to tackle their biggest business challenges and thrive in an ever-changing marketplace. CSG is the trusted partner for driving digital innovation for hundreds of leading global brands, including AT&T, Charter Communications, Comcast, DISH, Eastlink, Formula One, Maximus, MTN and Telstra.

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