

## Time Warner Cable Segments Customer Base for Success

### Executive Summary

#### CUSTOMER

Time Warner Cable

#### INDUSTRY

Service Provider

#### CHALLENGES

- Required an independent perspective on how best to appeal to its highest-value and most-vulnerable segments
- Needed more-specific information about customer preferences to support different offers—particularly the top-tier offer

#### SOLUTIONS

- Made broadband a cornerstone of the offer across segments
- Made the content more accessible across time, place, and device
- Added a premium personal support adviser to the high-end offer

#### RESULTS

- Successful launch in Charlotte, N.C. led to deployment in all of TWC's markets
  - Residential Signature Home (SH) sales have increased monthly since the December 2010 launch. Subscriptions grew to more than 40,000 by the end of 2011.
  - During Q1 2011, 70% of SH subscribers were Triple Play customers who upgraded to SH. On average, those customers were paying about \$40 per month more than before.

### Background

Time Warner Cable (TWC) is the second-largest cable company in the United States. The company splits its business between commercial and residential, with the latter representing more than 90 percent of its business. TWC decided to refine its focus on residential customers by creating offers that appealed to the specific preferences of different segments, with the intention of forestalling customer attrition.

TWC felt that it was at risk of losing its highest-value customers to sophisticated service offers from competitors. The company asked the Cisco® Internet Business Solutions Group (IBSG) to assist in developing a strategy for a program that would appeal to this important customer segment.

### Challenges

Desiring to proceed on a fact-based strategy, TWC wanted to augment and validate its thinking on how to determine which components would appeal the most to different segments—in particular, top-tier customers. The company had a significant need for primary research that supported or validated its hypotheses about which components should be included in the top-tier package, which was eventually dubbed “Signature Home.”

### Solutions

Cisco IBSG's Service Provider Practice conducts ongoing primary research on Connected Life via the “Connected Life Market Watch” survey. While the research had not been designed to answer TWC's need for data, the questions and respondents mapped directly to the company's needs. Cisco IBSG reworked the data to closely approximate TWC's demographics, identifying the elements most important to each segment. On the basis of these results, IBSG made three key recommendations that TWC adopted for its Signature Home offering:

- Make broadband the cornerstone of the offer. The survey results showed that across all demographics, consumers value high-speed



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broadband access above other services. TWC implemented this through DOCSIS 3.0.

- Transition the traditional video business into the “4-Anys” environment: any-time, anywhere, any content, any device. TWC began implementing this in the top-tier offer in multiple ways, including:
  - **Multi-room DVR** with two servers, each with 500 GB of storage, for a total of 1 TB per household
- Offer a premium personal support option to Signature Home customers. Customers are assigned a specific individual who can be contacted 24/7 for support and service. (Personal support advisers are backed up by others when they are off duty.) Specially trained technicians make service calls within a two-hour window, based on a customer’s reservation.

“Cisco IBSG’s industry data was invaluable to us. Having a fact-based set of recommendations ensured that we were heading in the right direction with Signature Home.”

**Peter Stern**  
Chief Strategy Officer  
Time Warner Cable

## Results

- Signature Home has been deployed in all of TWC’s markets, and sales have increased monthly since the December 2010 launch. Subscriptions grew to more than 40,000 by the end of 2011.
- During Q1 2011, 70 percent of Signature Home subscribers were existing Triple Play customers who upgraded to Signature Home. On average, those customers were paying about \$40 per month more than before.

## Next Steps

- Continuing its segmentation strategy, TWC has also rolled out a low-end offer called TV Essentials aimed at those who otherwise might cancel their subscriptions due to economic conditions. The TV Essentials package, including a slimmed-down video offer, provides a basic service bundle for prices ranging from \$29.99/month to \$39.99/month, depending on the market.

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## More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology. Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.

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