



2019 Cable Customer Satisfaction Study



Report of Findings

6 January 2020
Confidential & Proprietary

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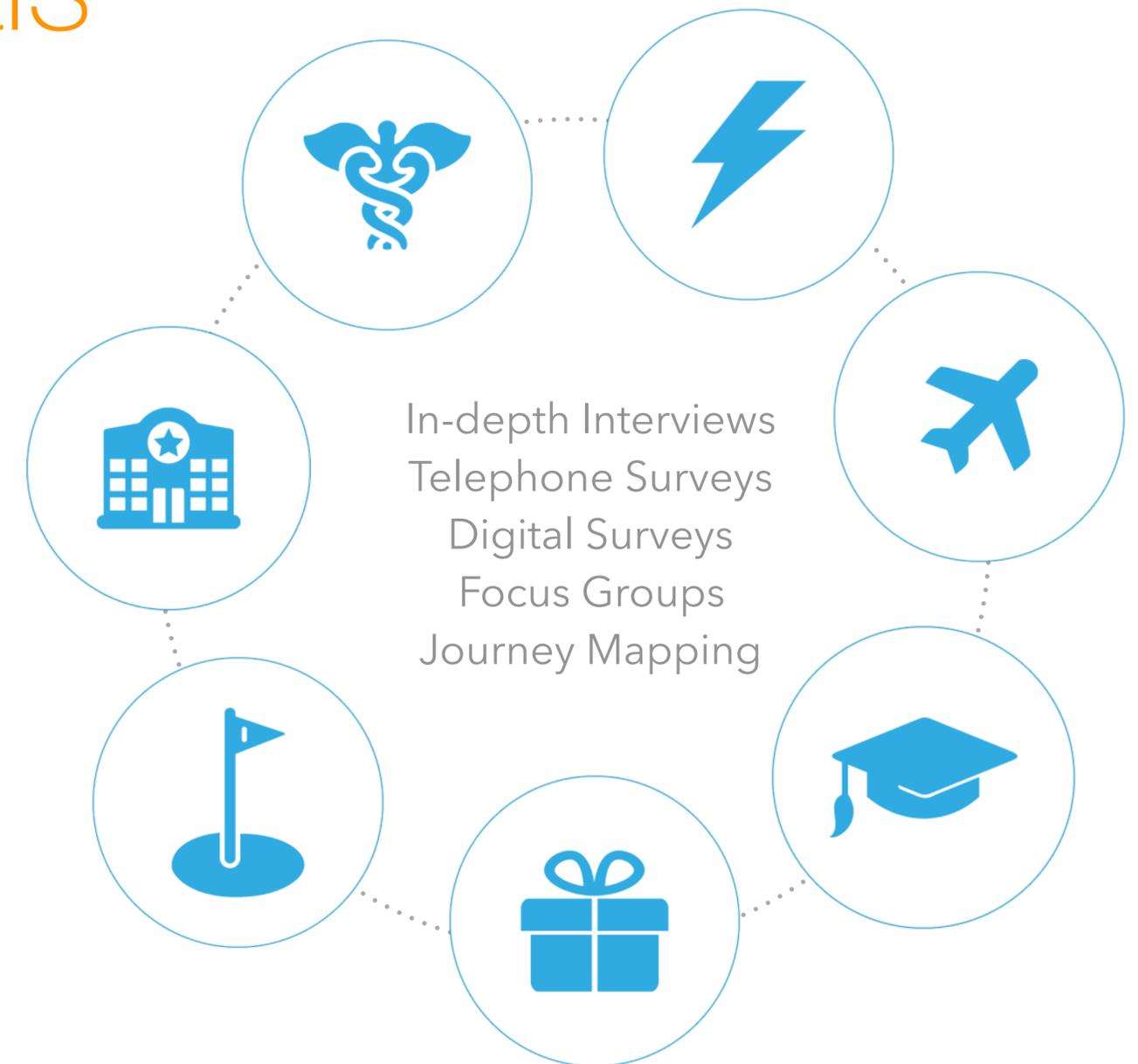


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Project Overview

- GreatBlue Research was commissioned by Shrewsbury Electric and Cable Operations (hereinafter “SELCO”) to conduct market research to understand the satisfaction levels of its residential cable television and internet customers.
- The primary goals for this research study were to measure SELCO’s cable performance and perception of current offerings, as well as develop an understanding of customers’ television viewing preferences moving forward.
- In order to service these research goals, GreatBlue employed both a telephone and digital survey methodology to capture the opinions of residential customers living within the SELCO service territory.
- The outcome of this research will enable SELCO to a) more clearly understand, and ultimately set, customer expectations, b) act on existing opportunities for improvement and, c) create a strategic roadmap to increase customer satisfaction.

Areas of Investigation

The SELCO Customer Satisfaction Study leveraged a quantitative research methodology to address the following areas of investigation:

- Rating area organizations
- Rating the cable service of SELCO
- Rating interactions with office personnel
- Rating interactions with field personnel
- Opinions/attitudes of various cable services
- Opinions/attitudes of various families of networks
- Importance of enhanced internet speeds
- Interest in streaming services over cable TV
- Demographic profiles of respondents

Research Methodology Snapshot

| | | | | |
|---------------------------------------|-----------------------------------------------|------------------------------------------------|-------------------------|-----------------------------------------------|
| Methodology Telephone / Digital | No. of Completes Phone: 302 Online: 186 | No. of Questions 55* | Incentive None | Sample Customer list |
| Target Residential | Quality Assurance Dual-level** | Margin of Error Phone: 5.6% Online: 7.2% | Confidence Level 95% | Research Dates November 12 - December 4 |

* This represents the total possible number of questions; not all respondents will answer all questions based on skip patterns and other instrument bias.

** Supervisory personnel, in addition to computer-aided interviewing platform, ensure the integrity of the data is accurate.

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71.5%

would still purchase
at an increased
price point

8.9%

5.4%

2.8%

0.0%

Negative Impact

Boomers

No Impact

Positive Impact

Key Study Findings

- When asked to rate the job SELCO Cable is doing among several cable service characteristics, 2019 phone respondents provided an increased average positive rating (84.6% over 81.5% in 2017), with online respondents providing a slightly lower average positive rating of 75.6%. Respondents provided the highest ratings for SELCO's "helpful and knowledgeable staff" (94.1% phone, 88.1% online).
- Over four-fifths of customers surveyed by phone (84.4%) perceive the quality of service provided by SELCO has "remained good" (68.3% in the online survey). Roughly three-quarters of respondents (74.6%) are satisfied with the current cable package they receive from SELCO.
- Respondents provided high satisfaction ratings for SELCO's customer service employees (90.6%), Helpdesk employees (89.3%) and field service employees (93.8%).
- An increased frequency of 2019 phone respondents noted live sports on major broadcast networks are important to their television viewing routine (61.9% over 57.6% in 2017), with 68.3% of online respondents reporting the same.
- Roughly two-thirds of surveyed customers (67.4%) reported the channels available in SELCO's basic cable package are important to their television viewing routine. However, if the charge to cover the four broadcast channels increased to \$20.00 per month, 38.7% of respondents reported a likelihood to cancel their subscription.

Key Study Findings, continued

- More than one-half of customers surveyed in 2019 (55.3%) do not feel it is important that SELCO maintain WHDH and WLVI in their cable lineup. Over two-fifths of respondents (43.0%) would not suggest keeping WHDH and WLVI if doing so would cost more than \$0.75 per month.
- When asked if they would prefer SELCO keep or drop several channels that are up for renegotiation in the next two years, nearly half of respondents (48.4%) prefer SELCO keep the NFL Network.
- If surveyed customers were to cancel their cable subscription, the majority report they would watch television broadcast via antenna and over-the-top media source such as Netflix, Hulu, etc. (55.3% phone, 73.7% online).
- Of those who watch SELCO's "Watch TV Everywhere" streaming service, an increased frequency of phone respondents in 2019 noted using this service more than 10 times per month (28.6% over 11.1% in 2017), with 16.7% of online respondents reporting the same. Further, over seven-out-of-ten respondents (71.2%) reported "Watch TV Everywhere" is a valuable streaming service.
- Roughly one-half of respondents (51.6%) are likely to subscribe to fiber-to-the-home for faster internet speeds if SELCO offered this service. Further, two-fifths of surveyed customers (41.4%) noted enhanced internet speeds are more important than enhanced video products and 49.0% would be willing to pay more for faster internet upload speeds.

Key Study Findings, continued

- If SELCO were to switch from a traditional cable TV package that uses set top boxes to an app-based service with the same channel lineup and pricing, roughly three-fifths of 2019 respondents (59.6%) reported they would continue to subscribe to SELCO's television product.
- Nearly one-half of customers surveyed in 2019 (46.1%) prefer on-demand app-based streaming over traditional linear television programming.
 - The majority of respondents subscribe to Netflix (52.0%) or Amazon Prime (44.5%).
- One-out-of-three respondents (34.5%) stream TV content through apps on their TV.
- Over one-third of surveyed customers (35.2%) are able to watch live TV through their streaming service.
- The majority of customers surveyed in 2019 (60.7%) do not report having plans to cancel their cable subscription within the next year.
- When asked what would motivate them to keep their existing cable service, three-fifths of respondents (61.7%) noted the ability to combine all their TV and streaming providers to allow for the ability to search for all programs in one location.

Customer service drives cable satisfaction

In 2019, phone survey respondents provided an increased average positive rating when rating SELCO among several cable service characteristics (84.6% over 81.5% in 2017). Online respondents provided a slightly lower average positive rating of 75.6%.

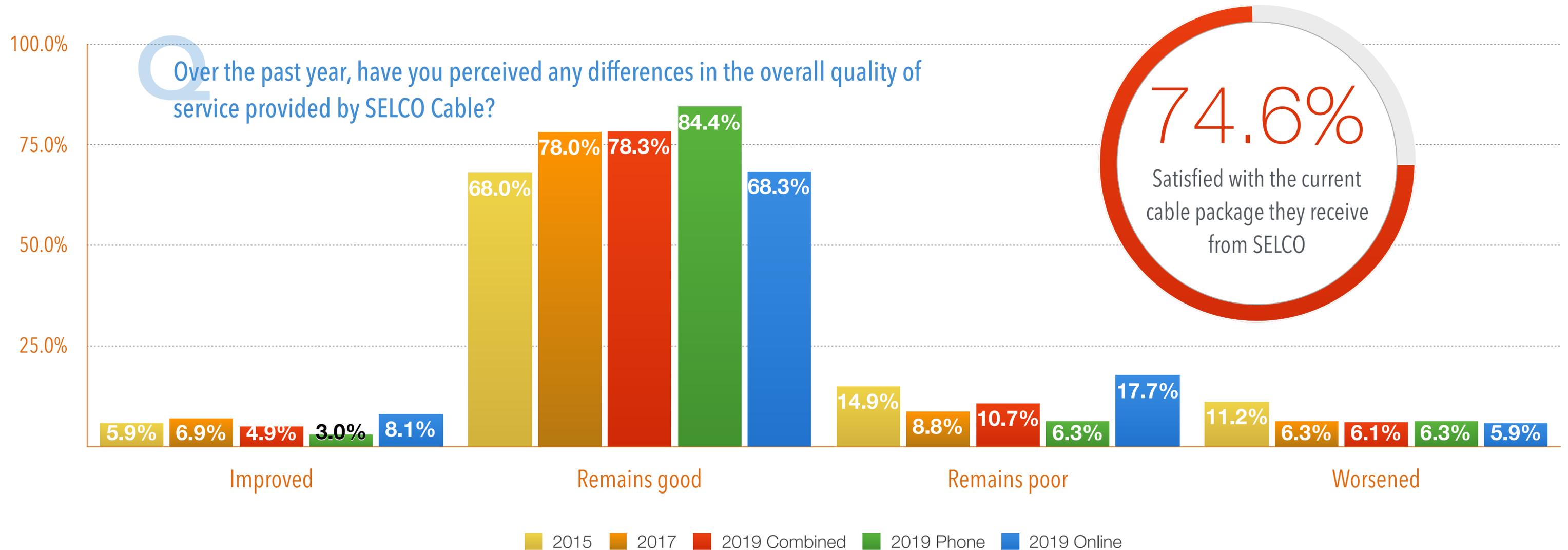
Notably, customers provided the highest positive ratings for SELCO’s “helpful and knowledgeable staff” (94.1% phone, 88.1% online) and “communicating with customers” (90.9% phone, 83.7% online). Meanwhile, SELCO received the lowest scores for “rates for cable service” (68.9% phone, 57.9% online).

| Item* | 2015 w/o DK | 2017 w/o DK | 2019 w/o DK | 2019 Phone w/o DK | 2019 Online w/o DK |
|---------------------------------------------|----------------|----------------|----------------|-------------------------|--------------------------|
| Helpful and knowledgeable staff | 85.5 | 88.4 | 91.7 | 94.1 | 88.1 |
| Communicating with customers | 77.7 | 81.7 | 88.0 | 90.9 | 83.7 |
| Quality and reliability of TV services | 74.3 | 82.4 | 83.3 | 87.1 | 76.3 |
| Quality and reliability of Internet service | 73.2 | 84.0 | 82.4 | 85.8 | 77.3 |
| Variety of service offerings | 69.9 | 81.8 | 76.6 | 80.5 | 70.1 |
| Rates for cable service | 66.2 | 70.8 | 64.8 | 68.9 | 57.9 |
| Average | 74.5 | 81.5 | 81.1 | 84.6 | 75.6 |

*Positive response ratings

Satisfied with current cable package

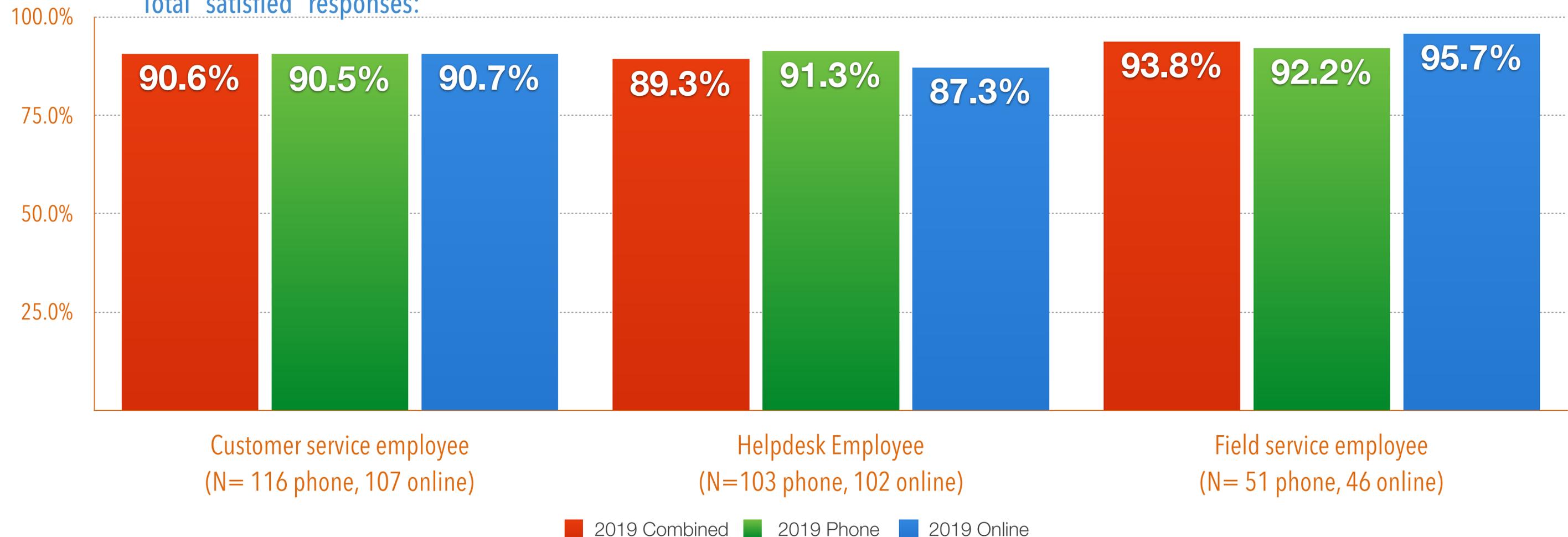
An increased frequency of customers surveyed by phone in 2019 (84.4% over 78.0% in 2017) noted the overall quality of the service provided by SELCO Cable has “remained good,” (68.3% in the online survey). Overall, three-quarters of respondents (74.6%) are satisfied with the current cable package they receive from SELCO.



Satisfied with SELCO employee groups

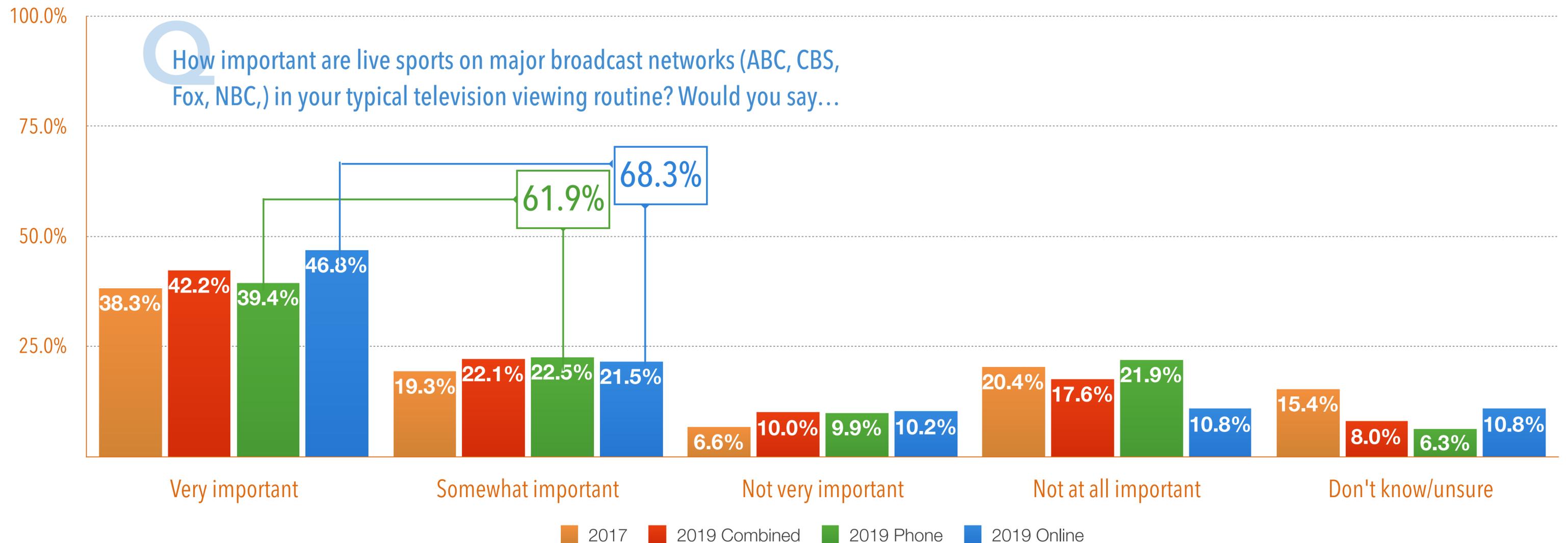
The vast majority of 2019 respondents expressed satisfaction with the SELCO customer service, Helpdesk, and field service employee that handled their most recent call or visit. Impressively, over nine-out-of-ten surveyed customers who had contact with a customer service employee (90.6%) or a field service employee (93.8%) were satisfied with their experience.

Overall, how satisfied were you with the way the employee handled the call or visit? Would you say you were...
Total "satisfied" responses:



Live sports important in television viewing

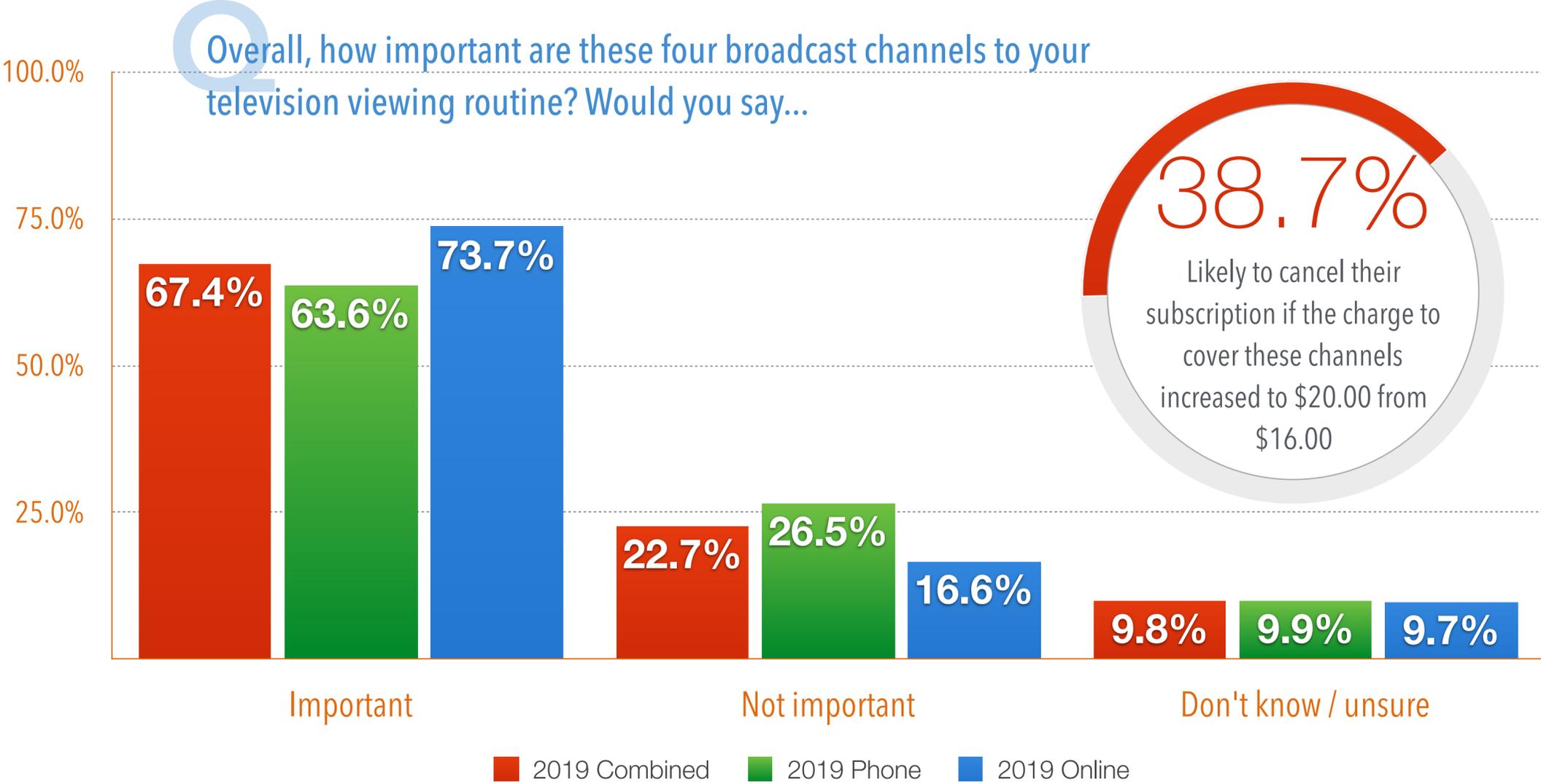
In 2019, over three-fifths of customers surveyed by phone (61.9%) reported live sports on major broadcast networks to be either “very important” or “somewhat important” in their typical television viewing routine (68.3% in the online survey). This is an increase over the frequency of respondents in 2017 who found live sports to be important to their television viewing (57.6%).



Basic Cable channels important

Roughly two-thirds of customers surveyed in 2019 (67.4%) find the channels included within SELCO’s Basic Cable package to be either “very important” or “somewhat important.” If the charge to cover these channels increases from \$16.00 to \$20.00 a month, nearly one-fifth of respondents (38.7%) reported they would likely cancel their SELCO Cable subscription.

Today, the Basic Cable package includes \$14.00 per month to carry broadcast channels including WCVB (ABC, WBZ (CBS), WBTS (NBC), and WFXT (FOX). This will increase to nearly \$16.00 per month in 2020 and \$20.00 per month in 2021. However, these channels are free if you have an antenna. SELCO will be renegotiating with many of the local broadcasters at the end of 2020. The cable industry is anticipating steep increases from these broadcasters.

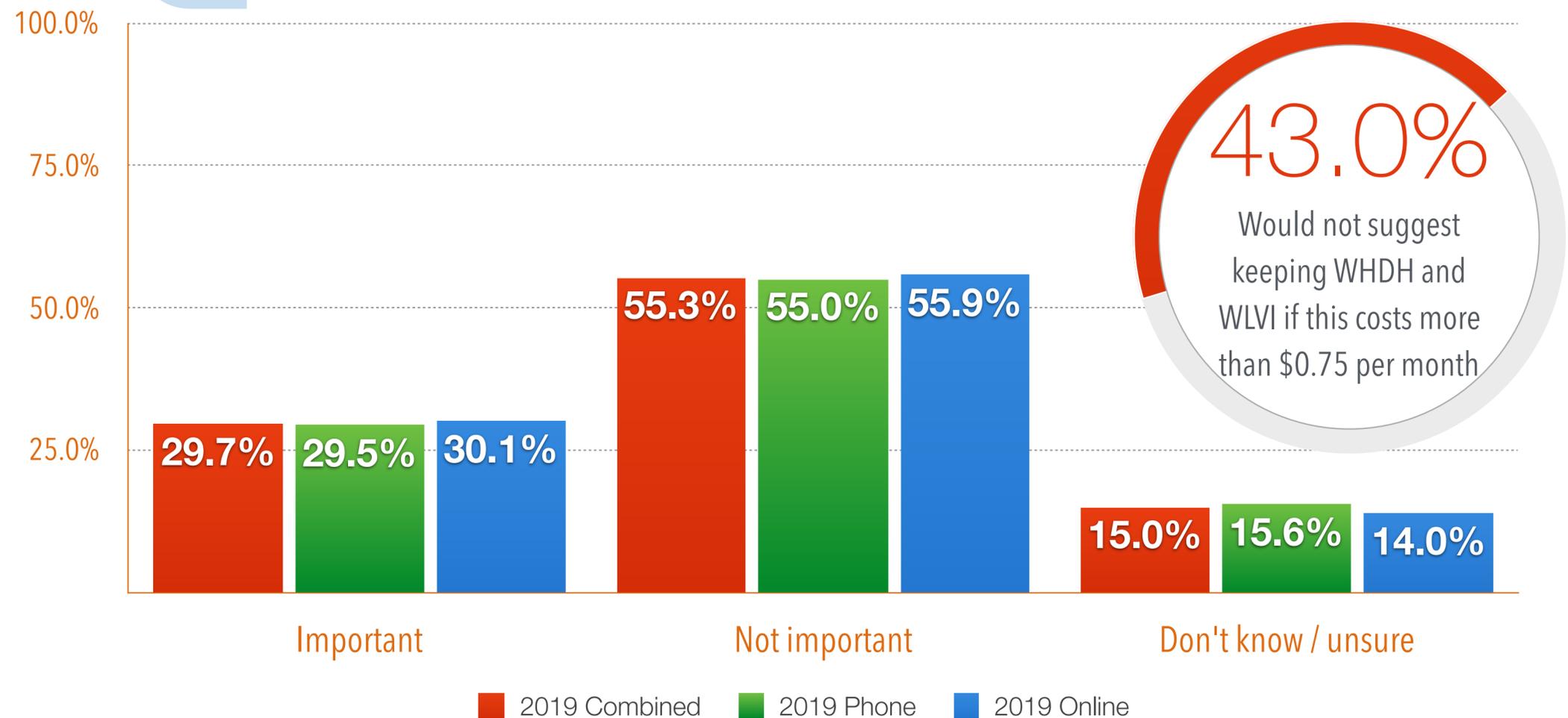


WHDH and WLVI are not important to customers

Only three-out-of-ten customers surveyed in 2019 (29.7%) found it important that SELCO maintain WHDH and WLVI in their cable lineup. Further, if the cost of keeping WHDH and WLVI were more than \$0.75 per month, over two-fifths of customers surveyed by phone (43.0%) would not recommend keeping those stations in SELCO's cable lineup.

SELCO's contract with WHDH (channel 7 & 307) and WLVI (channel 13 & 313) expires at the end of 2019. WHDH lost its network affiliation with NBC in 2017. It is now predominantly a local news channel. WLVI provides programming from The CW network. Their hits include Batwoman, Supergirl, Supernatural, Riverdale, The Flash, and Arrow. In order to moderate overall cost increases, SELCO is considering dropping these channels. NECN, channel 17 provides significant news coverage for New England. The other broadcast channels (WBZ, WCVB, WFXT, WBTS) all provide local Boston news coverage. However, WHDH is the only station providing local Boston news at the 9 pm hour. Both WHDH and WLVI can be received free over the air with an antenna.

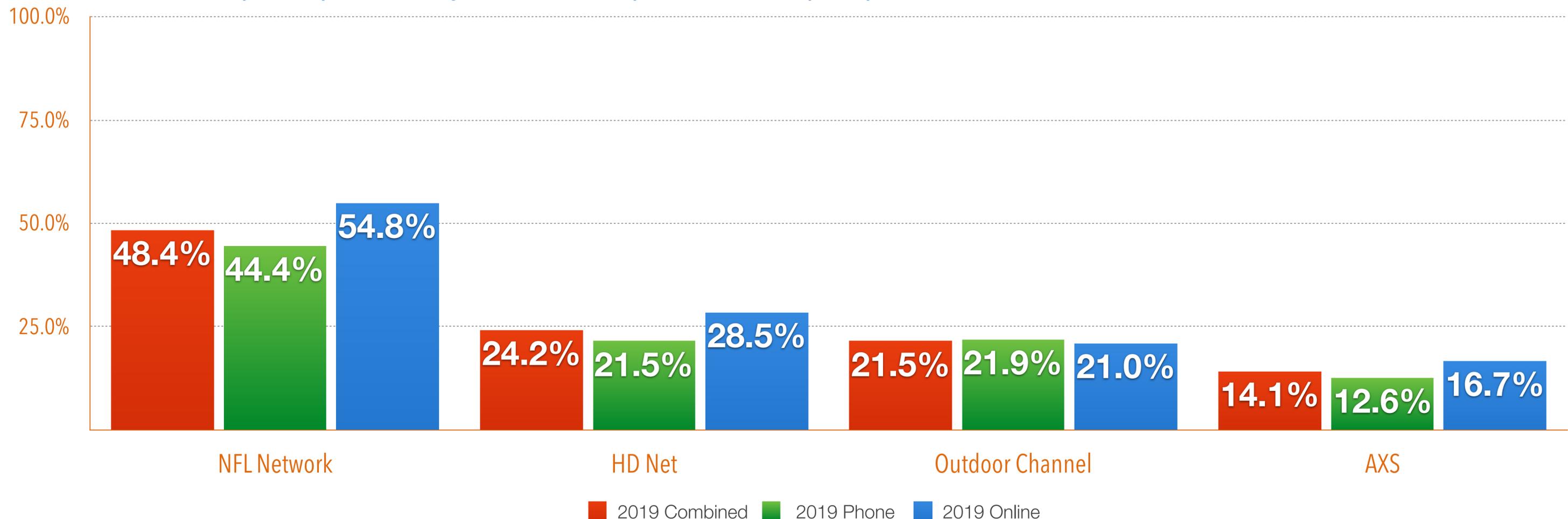
Q How important is it that SELCO maintain WHDH and WLVI in our cable lineup?



Customers prefer keeping NFL Network

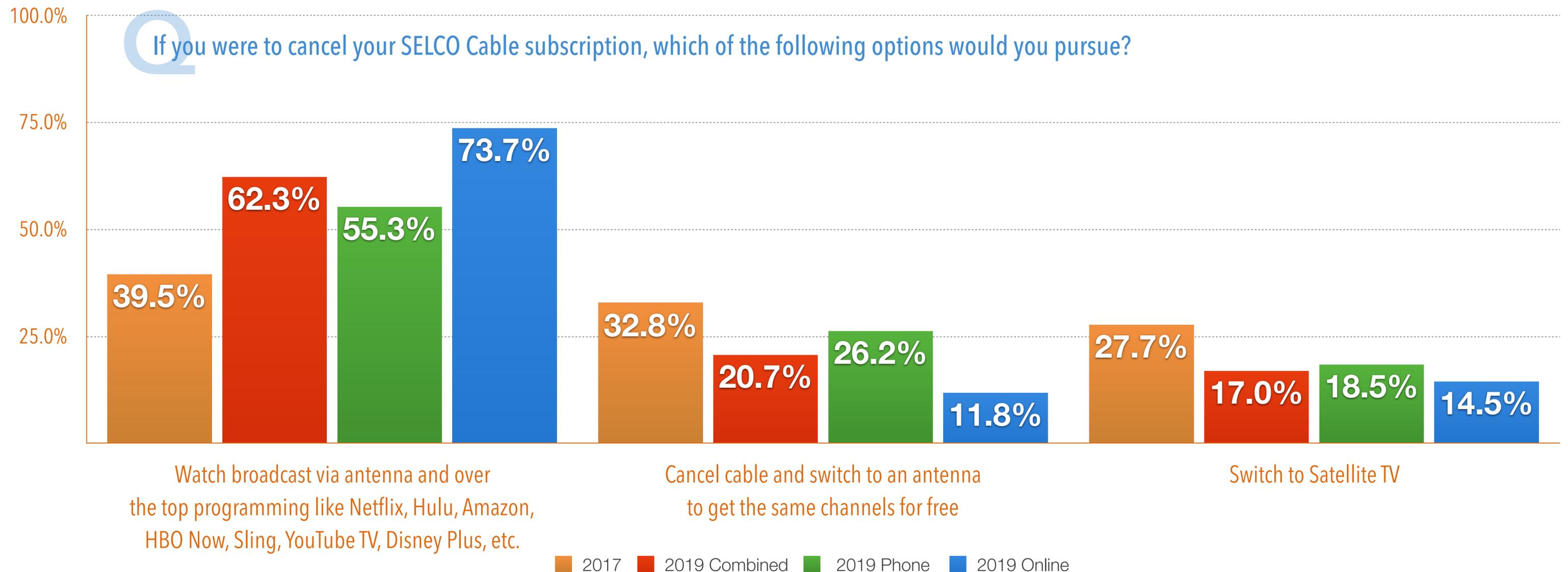
Of the SELCO channels up for renegotiation in the next two years, more customers surveyed in 2019 (48.4%) would prefer SELCO keep the NFL Network than other channels. Over one-fifth of respondents would like SELCO to keep HD Net (24.2%) and the Outdoor Channel (21.5%), while fewer customers would like SELCO to keep AXS (14.1%).

The following channels are up for renegotiation in the next two years. For each, please tell me if you would prefer SELCO keep or drop them from your cable subscription? (Total "keep" responses)



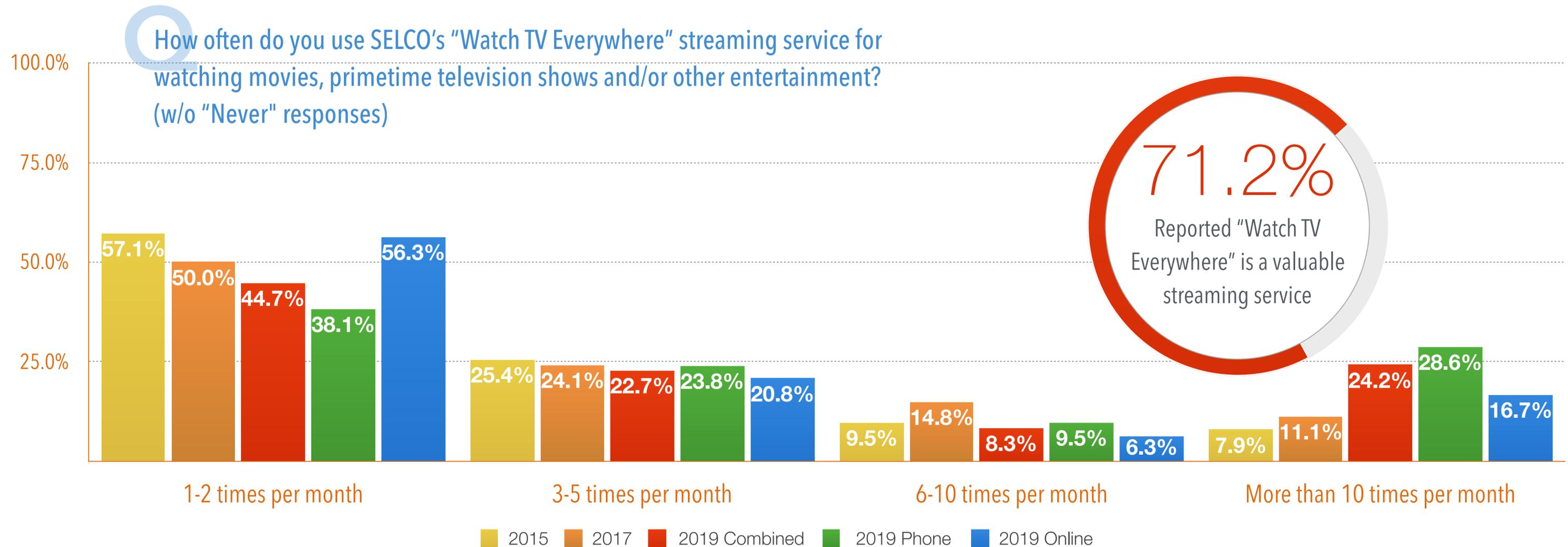
Most would switch to streaming upon cable cancellation

If respondents were to cancel their SELCO Cable subscription, an increased frequency of customers surveyed by phone in 2019 (55.3% over 39.5% in 2017) would watch television broadcast via antenna and over-the-top media source such as Netflix, Hulu, etc. (73.7% in the online survey). Fewer 2019 phone respondents would switch to Satellite TV upon cancelling their cable subscription (18.5% from 27.7% in 2017).



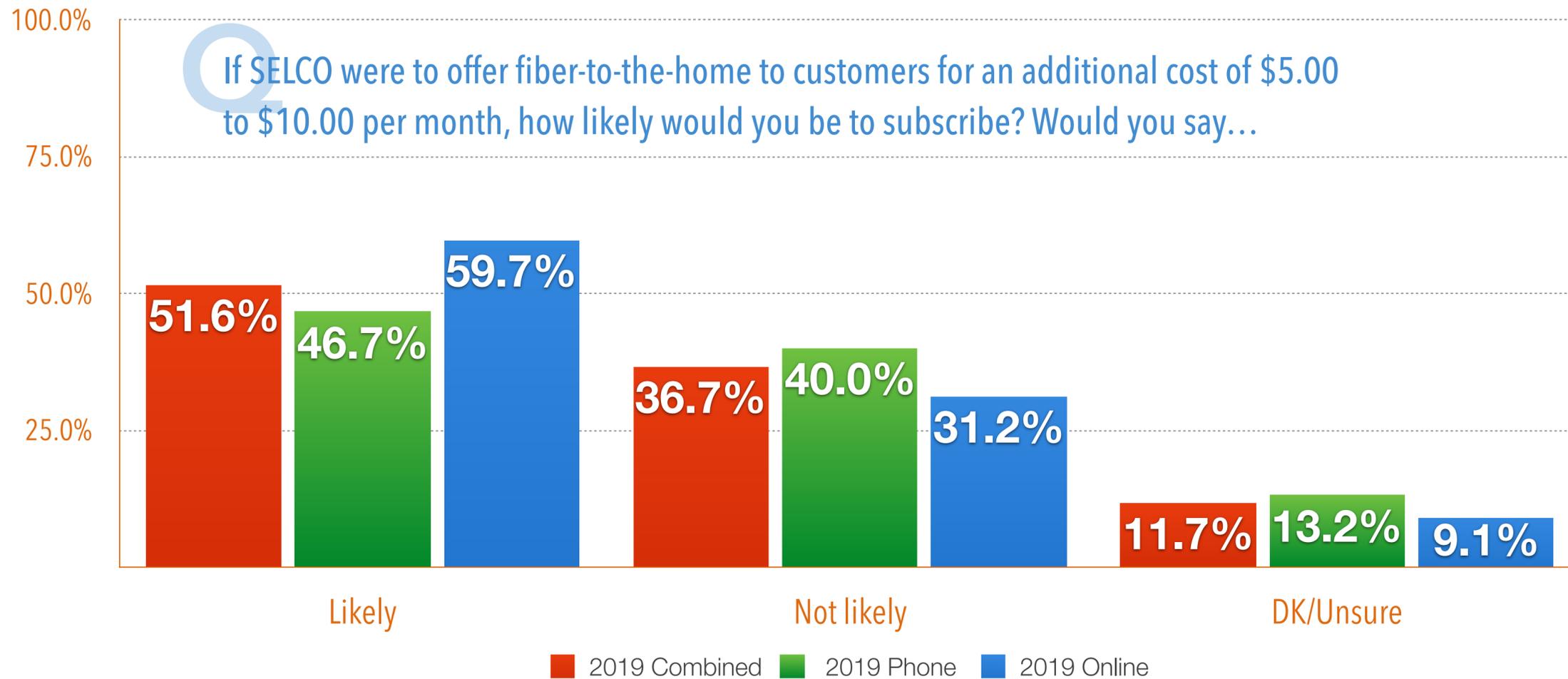
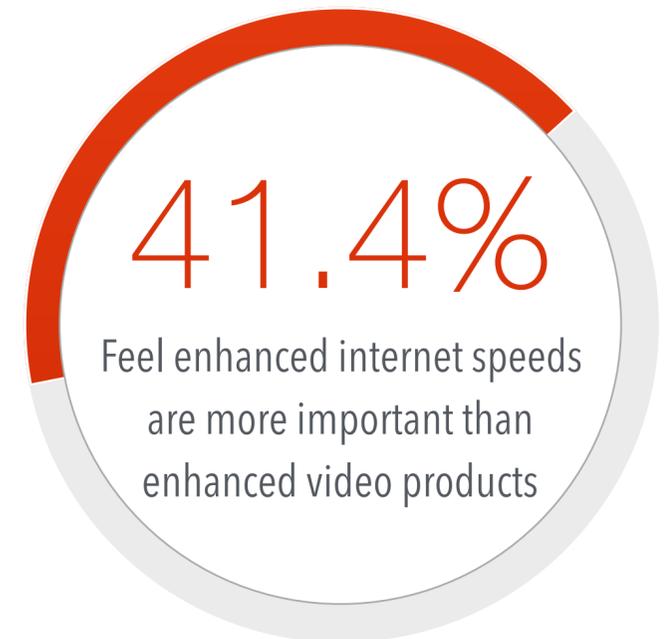
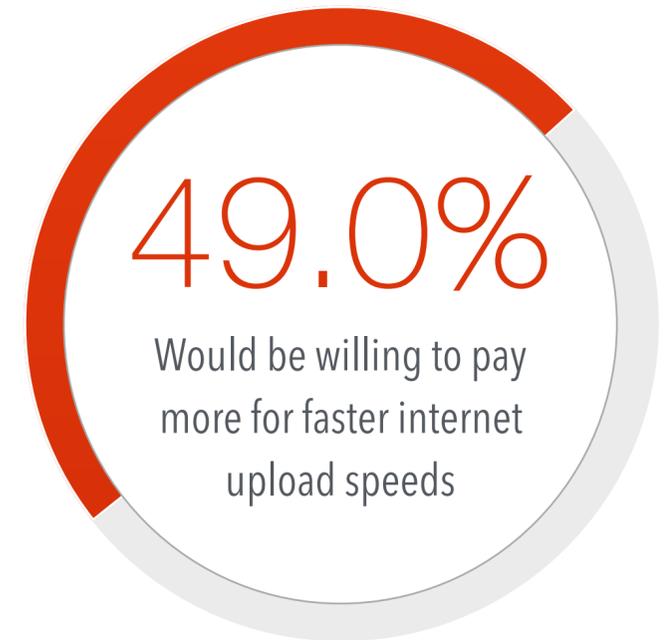
Using “Watch TV Everywhere” more frequently

In 2019, of the 27.0% of respondents that use SELCO’s “Watch TV Everywhere” streaming service, over seven-out-of-ten (71.2%) noted this service is valuable. Notably, an increased frequency of customers surveyed by phone (28.6% over 11.1% in 2017) are using “Watch TV Everywhere” more than 10 times per month (16.7% in the online survey), while fewer phone respondents are using this service 1-2 times per month (38.1% from 50.0% in 2017).



Internet speeds are a priority

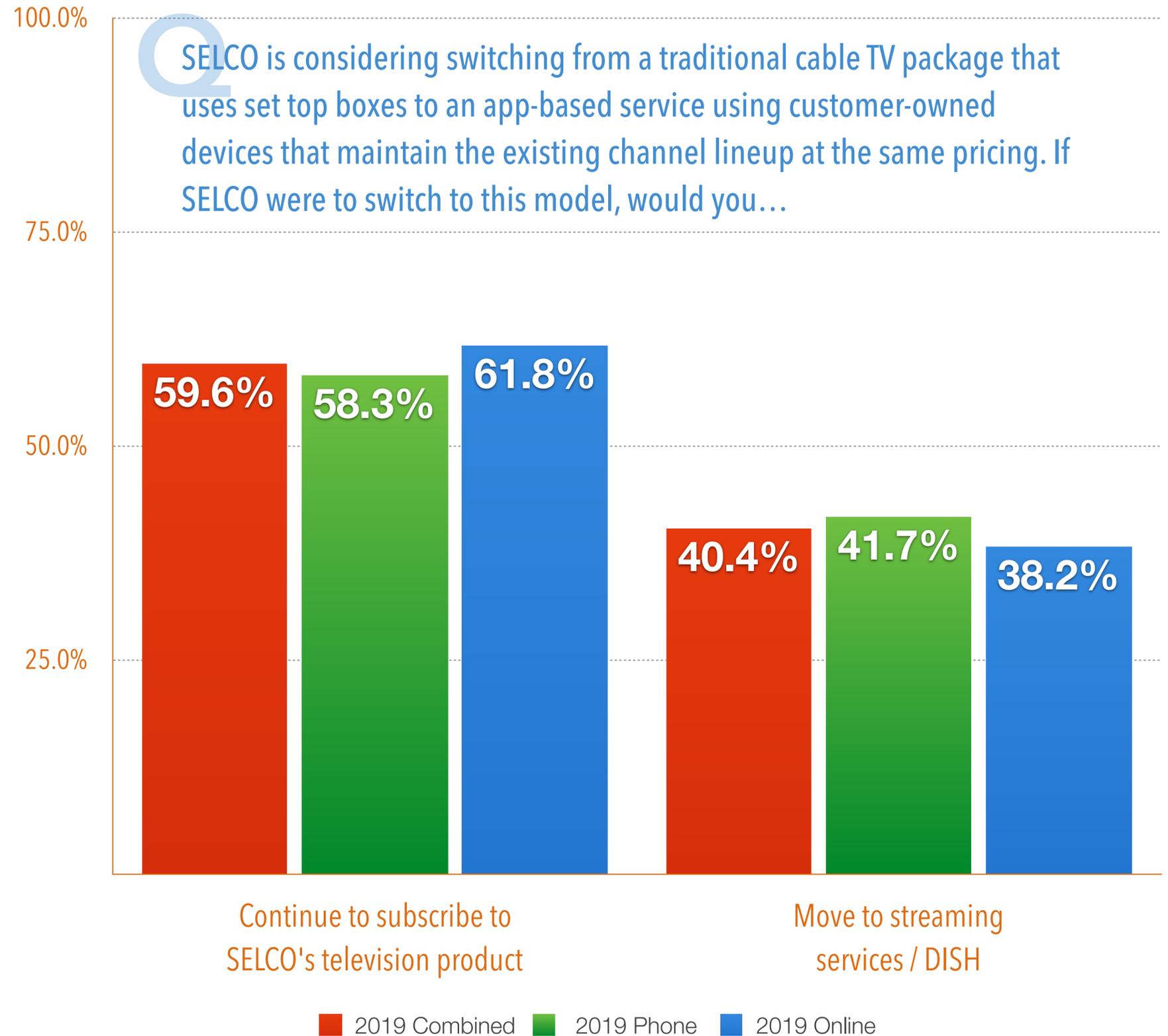
Roughly one-half of customers surveyed in 2019 (51.6%) are likely to subscribe to fiber-to-the-home for faster internet speeds. Further, two-fifths of respondents (41.4%) feel enhanced internet speeds are more important than enhanced video products. Roughly one-half of respondents (49.0%) are willing to pay more for faster internet upload speeds.



Some would subscribe to app-based TV product

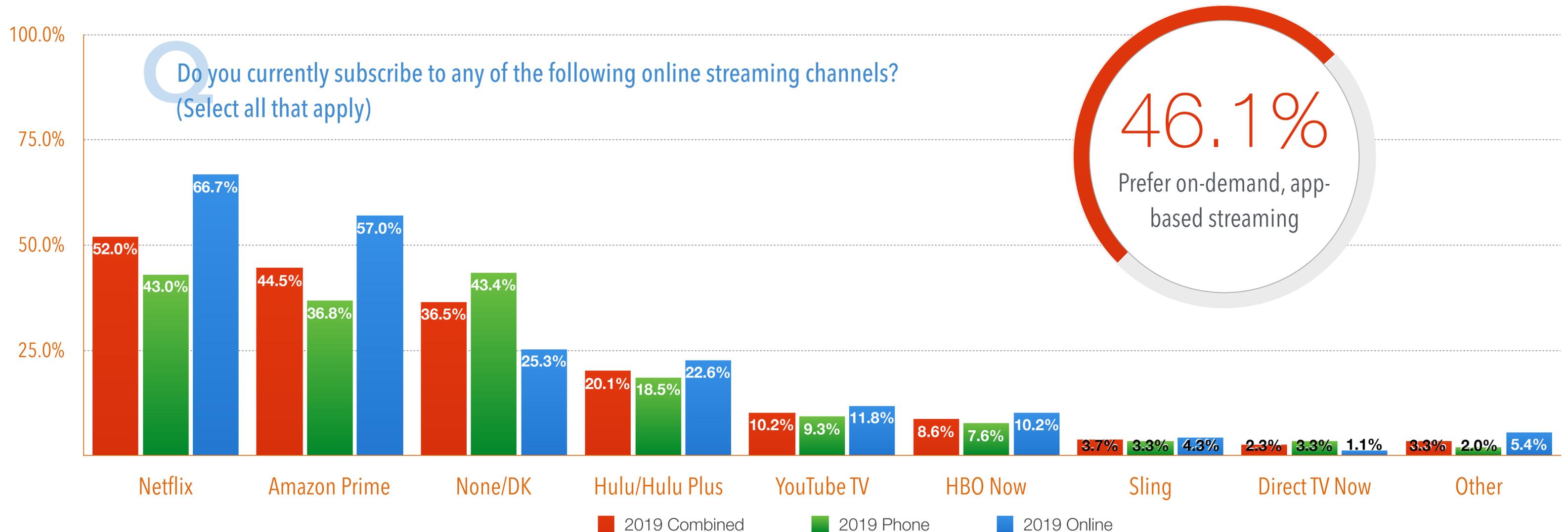
If SELCO were to switch from a traditional cable TV package with set top boxes to an app-based service, roughly three-fifths of customers surveyed in 2019 (59.6%) would continue to subscribe to SELCO's television product.

Despite this, two-fifths of respondents (40.4%) did report they would move to streaming services / DISH if SELCO changed their cable TV package from set top boxes to an app-based service.



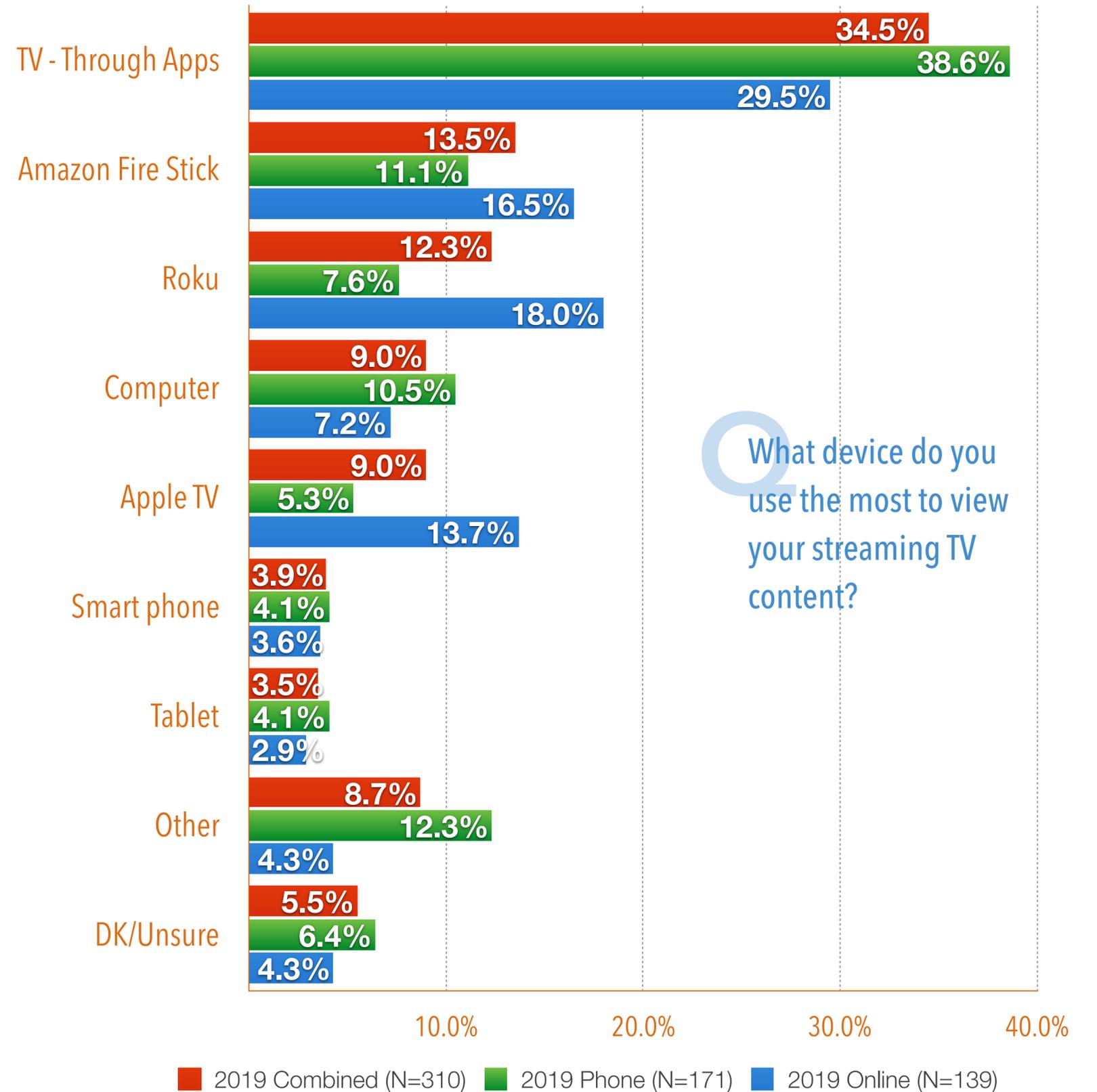
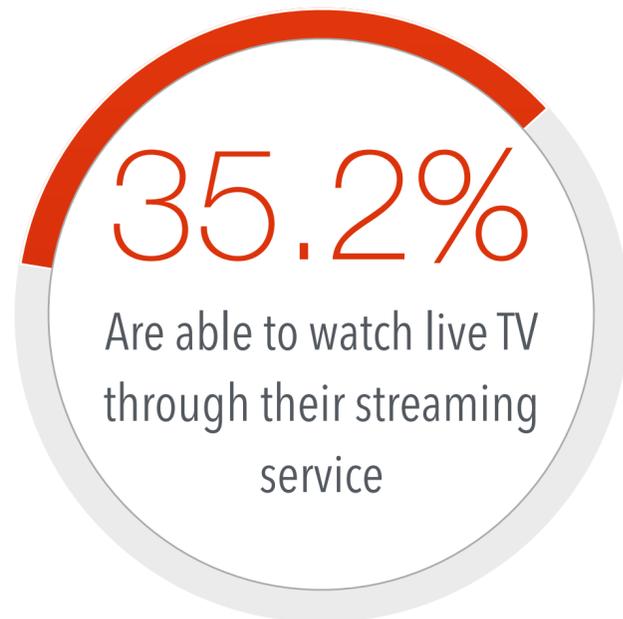
Majority subscribe to Netflix and Amazon Prime

The majority of 2019 respondents subscribe to either Netflix (52.0%), Amazon Prime (44.5%) or Hulu/Hulu Plus (20.1%). Notably, more customers surveyed by phone (43.4%) do not subscribe to any online streaming channels than those surveyed online (25.3%). Nearly one-half of respondents (46.1%) prefer on-demand, app-based streaming.



Many stream through Apps on TV

Of those 2019 respondents who use streaming services, the primary device for viewing their streaming content is on their TV through Apps (34.5%). More customers in the online survey reported using an Amazon Fire Stick (16.5%) or Roku (18.0%) to stream content than those surveyed by phone. Further, over one-third of respondents (35.2%) are able to watch live TV through their streaming service.



Majority not cancelling cable in next 12 months

Three-fifths of customers surveyed in 2019 (60.7%) do not currently report having plans to cancel their cable television subscription in the next 12 months. Of the 11.5% of respondents that do plan to cancel their cable subscription, the majority cited the decision being due to the expense and increased rates of their cable subscription (37.5%).

Please tell me why?

37.5%

Too expensive /
rates rising

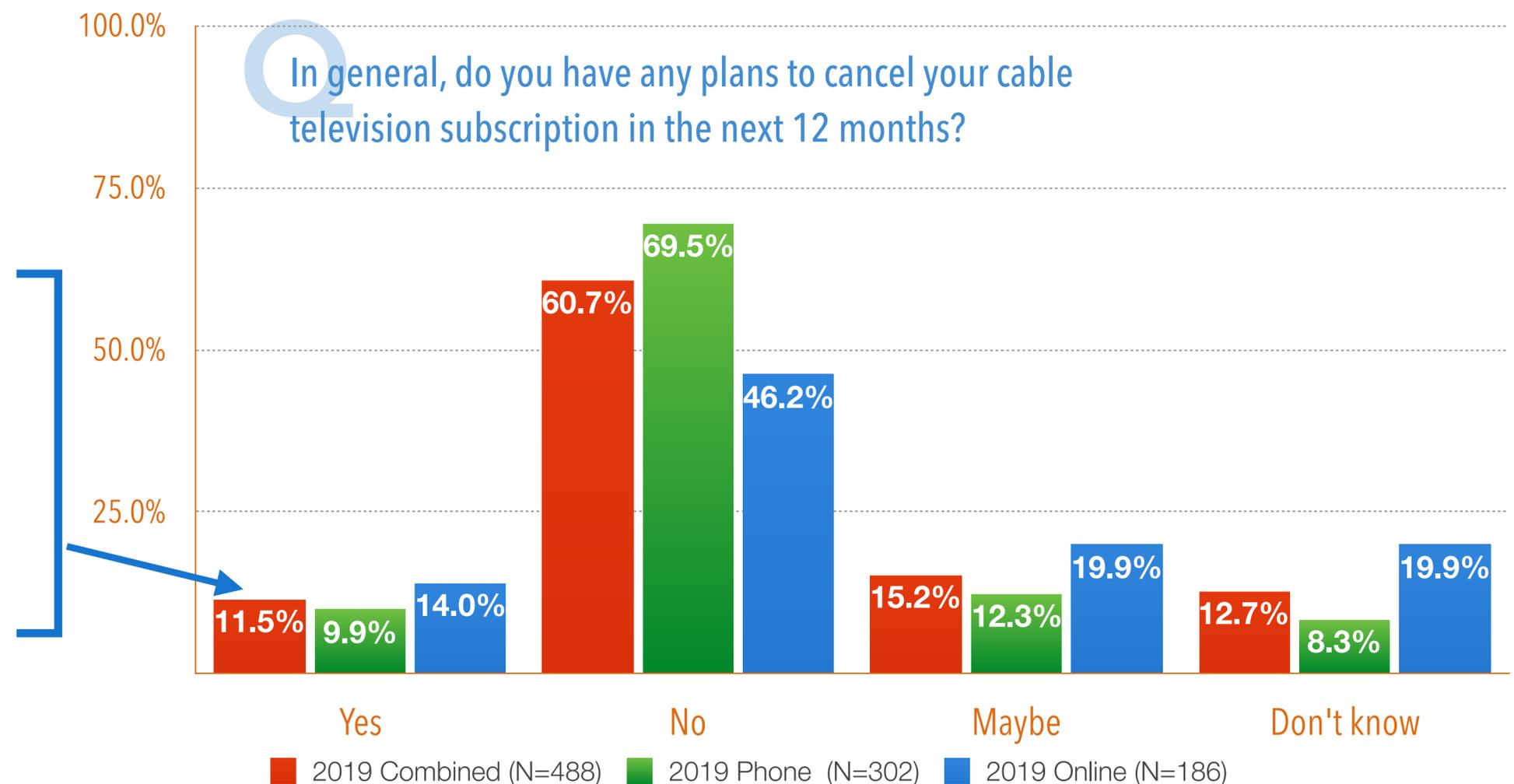
21.4%

Don't have cable /
cancelled

8.9%

Doesn't watch
much TV

In general, do you have any plans to cancel your cable television subscription in the next 12 months?



Interest in combining TV + streaming providers

Three-fifths of customers surveyed in 2019 (61.7%) noted they would keep their existing service if SELCO offered a feature that allowed customers to combine their TV and streaming service providers, allowing customers to search for all programs in one location, regardless of the service.

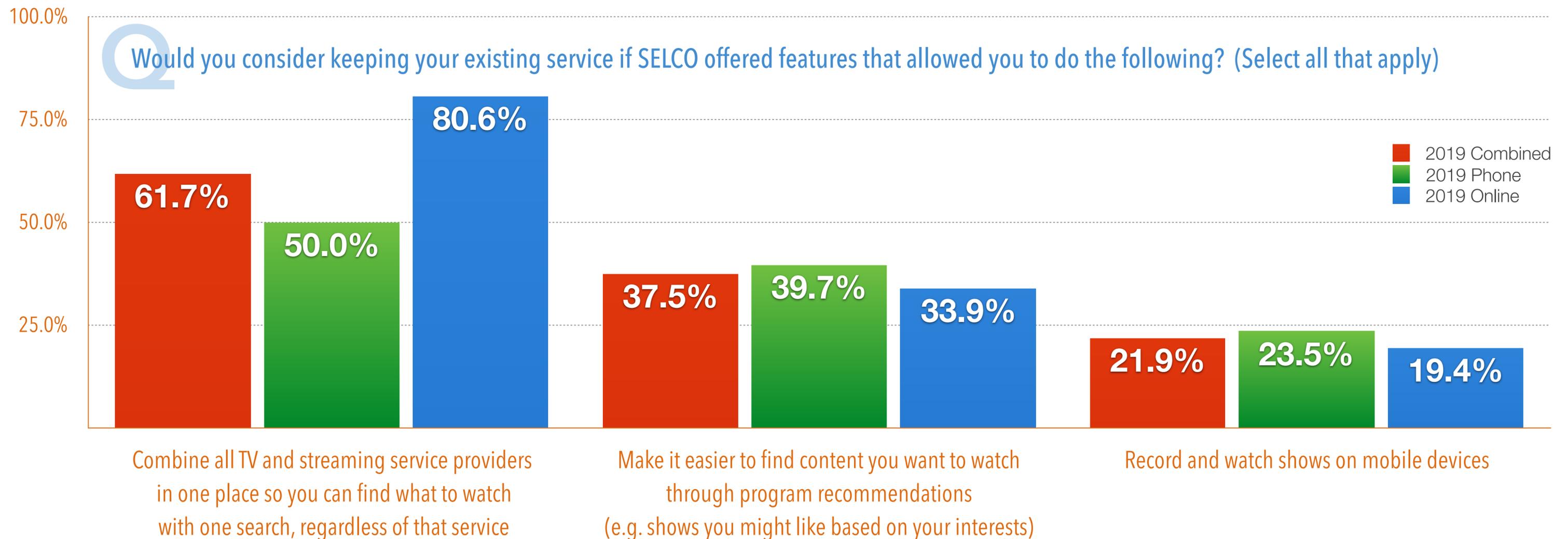


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Considerations

- **Evaluate methods for increasing value of “Watch TV Everywhere” service.** In 2019, respondents were watching SELCO’s “Watch TV Everywhere” more frequently, and while surveyed customers provided high ratings for the value of this service, there is still room to improve these ratings in the future. Given the increased use of this service, it is important that SELCO look for ways to revamp and enhance this service to create an optimal experience for users. For this reason, it is recommended that SELCO conduct focus groups among a sampling of those customers who find “Watch TV Everywhere” to be valuable in order to gather qualitative feedback regarding this service. Focus group facilitation among these customers will aid SELCO in discerning reasons for satisfaction with “Watch TV Everywhere” and features that customers find particularly valuable to their viewing experience. Ultimately, SELCO may gather positive feedback regarding “Watch TV Everywhere” that can be used in marketing and communication materials regarding the service.
- **Explore ways to pair cable subscription with streaming services.** Increasingly, customers are utilizing streaming services and anticipate cancelling their cable subscription to pursue streaming services. Additionally, customers prefer on-demand app-based streaming over the traditional cable television lineup. For this reason, it is suggested that SELCO investigate ways to re-format their cable subscription so it functions seamlessly with streaming services. This may be done through switching to an app-based service using customer-owned devices from the traditional cable TV package that uses set top boxes, as the majority of customers noted they would continue to subscribe to SELCO’s television product if this change was made. SELCO may also consider combining TV and streaming services into one location to improve the ease of searching for programs. These adjustments will make it easier for customers to maintain both a cable subscription and streaming services.

Considerations, continued

- **Prioritize the maintenance of basic cable channels in upcoming negotiations.** Overall, the majority of customers found the channels available in SELCO's basic cable package to be important to their television viewing experience. Further, many customers noted live sports available on these basic cable channels are important to their viewing experience as well. Given that these channels are significant to the majority of customers, it is recommended that SELCO plan to keep these channels intact during upcoming renegotiations, as one-half of customers noted they would not cancel their subscription if the price increased to \$20.00 at the end of 2021. In the meantime, however, SELCO should communicate to customers the reasoning behind basic cable subscription rate increases, and educate customers that elevated subscription fees are due to increases in the cost of carrying these channels. This will ensure customers are aware the increase in price is not a decision made by SELCO but rather determined by the cable industry as a whole.
- **Promote value of fiber-to-the-home.** If SELCO is considering offering fiber-to-the-home in the future, it is recommended that further education on fiber-to-the-home is implemented, specifically regarding the value of this service and what increases in internet speed will look like to customers. Customers noted internet speed is an important quality, and one-half of customers were likely to subscribe to fiber-to-the-home for an additional \$5.00 to \$10.00 per month, which would result in faster internet speeds. Conveying to customers the value of fiber-to-the-home and how this will enhance their internet speeds, specifically when viewing content on streaming services, may increase the likelihood to subscribe to fiber-to-the-home, should SELCO offer this service in the future.

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