

TIME WARNER CABLE

Customer Retention and Competitive Analysis Study



ANALYSIS

Time Warner Cable (TWC) provides video service to over 13.3 million homes and digital services to over 7.9 million homes in 33 states across the U.S. It is the 2nd largest U.S. provider of cable services. However, in recent years with increased competition TWC was experiencing stagnation in both the financial and customer sector of their business. To address this issue, the organization commissioned a qualitative and quantitative benchmark to understand disconnection drivers, satisfaction with competitive services, and the appeal of retention tactics. By drilling down and determining why customers were defecting, assessing their decision to making process and identifying trends that caused them to defect, Synergy was able to identify win-back strategies that TWC was able to implement which ultimately increased profitability. Synergy conducts surveys for TWC corporate, marketing and NEON divisions on an annual basis.

HYPOTHESIS

If we undertake the following, **then** Time Warner Cable can control churn and increase profitability in an increasingly competitive market by:

- Examining the specific customer experiences and triggers that result in the decision to defect, including which competitors the defectors choose and why.
- Assessing the switching process. Report on shift, if any, of the decision-making timeframe to continue to improve and refine TWC customer retention programs.
- Identifying trends in churn that are due to “pull” (competitive marketing activity), versus “push” (lack of TWC offerings, price increases, programming changes, customer service issues).
- Profiling and classifying “lost customers” based on switching behavior and motivations for switching. Identify any emerging trends since the benchmark study.

RESEARCH METHODS

As a first step, Time Warner Cable (TWC) commissioned a series of focus groups to determine motivators for switching behaviors. This series of studies employed a classic semi-structured, in-depth interview process. Subsequently, TWC commissioned a comprehensive customer retention benchmark survey which was designed to assess the relative importance of various disconnection drivers, satisfaction with competitive services, and the likely effectiveness of potential retention and win-back strategies. Additionally, differences between legacy (historically TWC customers) and acquired (customers gained through merger or acquisition) customers were provided to better understand relative consumer needs, perceptions, triggers and barriers.

Subsequent to the initial sample of 1152 telephone survey respondents in 2007, Synergy conducted 526 interviews with a demographically balanced sample of former TWC customers in March 2008. Interviews ranged from 15-25 minutes in length. Customers were delineated by legacy and acquired, and by city and state.

RESULTS

Synergy determined that the psychographic and demographic differences between legacy and acquired customers were negligible; however, there were major differences in satisfaction with new providers. We derived segments empirically, using convergent cluster analysis, where we learned that respondents clustered in four distinct groups providing rich data for marketing and communications strategies. We also learned that for TWC, retention strategies were far more effective than win-back plans – customer opinions tend to harden once they disengage. Competitive and respondent data validated what communications, marketing, and retention tactics would yield successful results. Synergy conducts surveys for Time Warner Cable corporate, marketing, and NEON divisions on an annual basis.