

**Cable Television Community Needs and Interests Ascertainment
Bellevue, Washington**

**By
Constance Ledoux Book, Ph.D.**

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EXECUTIVE SUMMARY
Cable Television Community Needs and Interests Survey
Bellevue, Washington

In an effort to ascertain community needs and interests related to cable television service provided by Community Telecable of Bellevue, Inc. (“AT&T Broadband”) in Bellevue, Washington, a written survey was mailed and distributed to a random sample of 4000 single and multi-residence homes in September 2002. Of those, 724¹ were returned for a response rate of 18%. All of the returned surveys were coded and analyzed. A sample size of 724 provides a margin of error of ± 3 points.

Based on the responses provided by residents of Bellevue, the following key issues related to cable television emerged.

1. The driving criticism with overall cable service is the “cost” of cable services. Consumers reported cost issues as the key area of dissatisfaction with AT&T Broadband cable television service. When testing a range of cable service issues, including high-speed Internet services (which 10% of Bellevue PC owners subscribe to), cost consistently appeared as a negative. The price of the “Standard Basic” analog tier is only slightly lower than the basic digital package offered. In an effort to move customers to digital service, the cable company may have repackaged its service tiers and moved desired cable networks to the digital tier. In other words, customers are paying about the same price for Standard Basic, but have lost some of the desirable channels to the digital tier offering. Additionally, when testing a series of service issues, cost, variety of programming and quality of cable programming were the three service areas that received the lowest marks. The cable company may want to consider the negative impact that rising cable rates has on reported overall satisfaction with AT&T Broadband cable service and how aggressive the transition of analog consumers to the digital offering should be. This is also an important area for the cable company to consider as new competing multichannel services, such as DBS, become more prevalent in the marketplace. In Bellevue, 27% (or 5% citywide) of those that did not subscribe to cable television had adopted a satellite dish. While this

¹ The letter N will be used to represent total number of respondents.

percentage is lower than the national average related to satellite television adoption, it does suggest a trend of leaving cable television services for more programming variety at a perceived more affordable price.²

2. Concerns related to costs were amplified by comments related to the slow roll out of high speed Internet access in the area. Considering personal computer penetration of (86%)³ and the significant number of those with PC's that have more than one in the home (49%), the efficient provision of high speed data services in Bellevue is critical. Currently, 35% of those with PC have installed an additional phone line for efficient Internet access and the speed of that Internet connection was a chief complaint. The cable company should consider the information gathered during this assessment that clearly states high speed Internet access is a desired cable service that customers are willing to pay for in Bellevue. In fact, 14% of respondents indicated they would subscribe right away and another 26% indicated they would probably subscribe. As the cable company is able to provide more services to the consumer, the value of a cable subscription increases and could positively impact the perceived "value" of cable television and reduce complaints regarding costs of cable services.
3. A significant majority of respondents (68%) indicated it was "very important" or "important" for the City to have access to area fiber optic networks for educational and governmental issues. This finding demonstrates community interest in insuring that civic organizations retain access to the latest in technologies. This finding also speaks to the high regard area residents place on information related technologies and efficiencies.
4. Significantly, almost two thirds (73%) of cable consumers indicated that they had called the cable company. When calling, several respondents express dissatisfaction with telephone hold times. Cable subscribers indicated that they were left on hold for long periods of time, with 10% saying they were on hold for more than 10 minutes.
The data suggests that calls were placed to the cable company after the subscriber had

² www.sbca.org. Satellite Broadcasting and Communications Association. April 2002.

³ This figure is 20% higher than the national average for PC penetration. Nationwide 61% of Americans have adopted personal computers and that number has remained flat for the last 24 months. (www.ce.org).

- experienced an outage. This is a high volume calling period, however because of the frequency of outages, one suspects that this may be normal operating conditions for the cable company. This finding, coupled with the level of dissatisfaction reported when calling the cable office, makes the issue deserved of attention during renewal proceedings. A call center review that includes call center staffing, the cable billing cycle and call center response to outages should be raised during franchise discussions. The City may ask the cable company to conduct a regular audit of these consumer service issues and report its findings on a regularly scheduled basis to the City. Among renewal priorities tested, 79% of respondents indicated that customer service was of high importance, falling only behind signal quality when ranking renewal priorities.
5. Competition was a key area tested among residents and consistently 87-89% of residents indicated they felt it was “very important” or “important” that their be a choice among providers for Bellevue residents. Three areas were tested: cable, Internet and telephone and in all three services, residents desired competition. Competition was reported as a way to keep service costs low and in all three areas, almost half of respondents indicated they would be likely to switch providers if the price was right.
 6. Viewership of the local government access channel was healthy with 27% subscribers reporting at least occasional viewership of the channel. Of those viewers, 8% watch monthly, 19% watch weekly and 4% watch daily. More importantly, viewership of government access was significantly related to overall satisfaction with cable television service. The categories of local programming in which subscribers indicated were of higher interest included: election results, real time local traffic cameras, parades and festivals, area performing arts events and interactive community meetings. As DBS begins to provide local broadcast signals, AT&T Broadband’s ability to carry PEG programming will be a category of programming that separates cable from its competition. Understanding the value that local subscribers place on access programming and enhancing access operations in the community seems like a logical competitive step.

7. Seven areas of franchise renewal considerations were tested among cable subscribers. Respondents were asked to rank the tested issues as high, medium or low importance during franchise renewal discussions. The highest-ranking issues were related to signal quality, customer service and improved technologies. Just behind these three issues were high speed Internet access for schools, libraries and non-profits, fiber optic networks, expanded channel capacity and lastly, community programming. All seven areas are of considerable importance when combining high and medium rankings (a majority of respondents ranked all 7 tested categories as high or medium). Residents appear to consider all seven issues to be of at least high and medium importance when in discussions with the cable company during franchise renewal proceedings.

The following report offers descriptive data from the survey administered in Bellevue and explains each of the above mentioned key conclusions in detail.

**Narrative Summary of Findings
City of Bellevue
Cable Television Community
Needs And Interests Ascertainment**

**By
Constance Ledoux Book, Ph.D.**

The City of Bellevue conducted a community needs and interests ascertainment related to cable services in City of Bellevue as part of the cable franchise renewal process. This narrative summary reports on the findings of that field research.⁴

Findings presented in this report are based on randomly mailed surveys to 4000 community residents in August, 2002. Respondents were given until September 6, 2002 to complete and return the survey.

Of the 4000 mailed surveys, a total of 724 were returned for a total response rate of 18%. All of the returned surveys were coded and entered into a database. A sample of 724 surveys provides a margin of error of ± 3 points. This margin of error lets the reader know that if this study were replicated in the City of Bellevue, the newly collected data would fall within ± 3 points of the findings reported in this narrative.

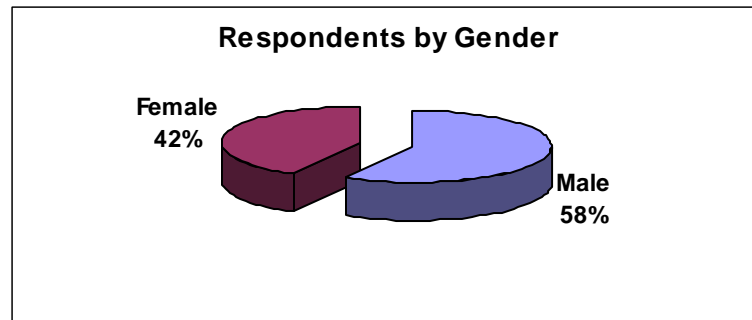
The survey instrument was designed to test community cable needs and interests and asked the City residents to respond to a series of 29 questions related to a variety of cable service issues. Cable issues fell into three categories, customer satisfaction with various levels of cable service (specifically television and cable modem), cable television programming and cable television rates. Included in this assessment were also questions related to the City's government access channel. At the close of the survey, respondents were asked in an open-ended question, if there was anything else they would like to add about the cable company and 30% of respondents' added additional thoughts. This suggests a level of interest in cable television service among residents and a desire to express needs and interests related to cable television service to the City.

Demographics

Before launching into a summary of the findings, the reader would benefit from an understanding of who responded to the survey.

⁴ Figures rounded to whole numbers are used in this report so that column totals will not always equal 100%, but rather fall between 99-101%.

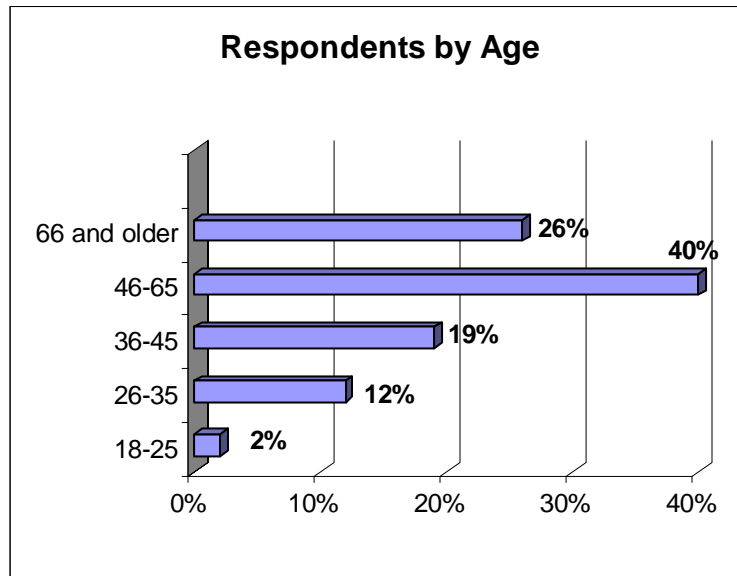
Respondents were more likely male than female, with 58% of the respondents being male and 42% being female.



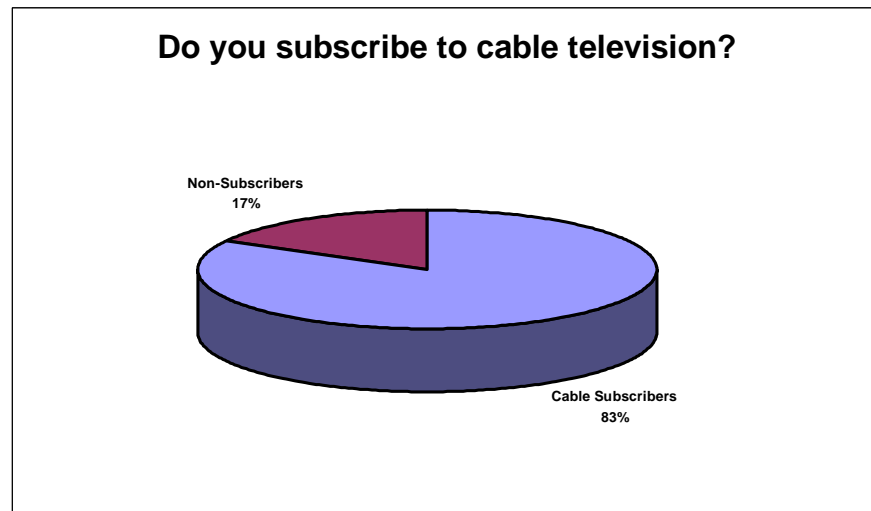
Eighty-two percent (82%) lived in a single-family home and 18% reported living in a multi-family residence.

A majority (57%) reported not having children under 18 living at home. Eighteen percent (18%) reported having one child under the age of 18 in the home. Nineteen percent (19%) reported having two children in the home under the age of 18. Additionally, 4% reported having three children under the age of 18 in the home, and three percent had four children or more in the home. In other words, 44% of homes in Bellevue have children under the age of 18 in the home.

Respondents to the survey were also asked to indicate their age. The most common response related to age was 46-65 years old with 40% of respondents indicating this as their age range. The second most frequent age category was 66 and older with 26% of respondents indicating this as their age. Nineteen percent (19%) reported being 36-45. Twelve percent (12%) reported being between 26 and 35 years old and 2% were between 18 and 25 years old.



Eighty-three percent (83%) of respondents currently subscribe to AT&T Broadband and 17% of respondents described themselves as non-subscribers.⁵



Non-Subscribers of Cable Television Service

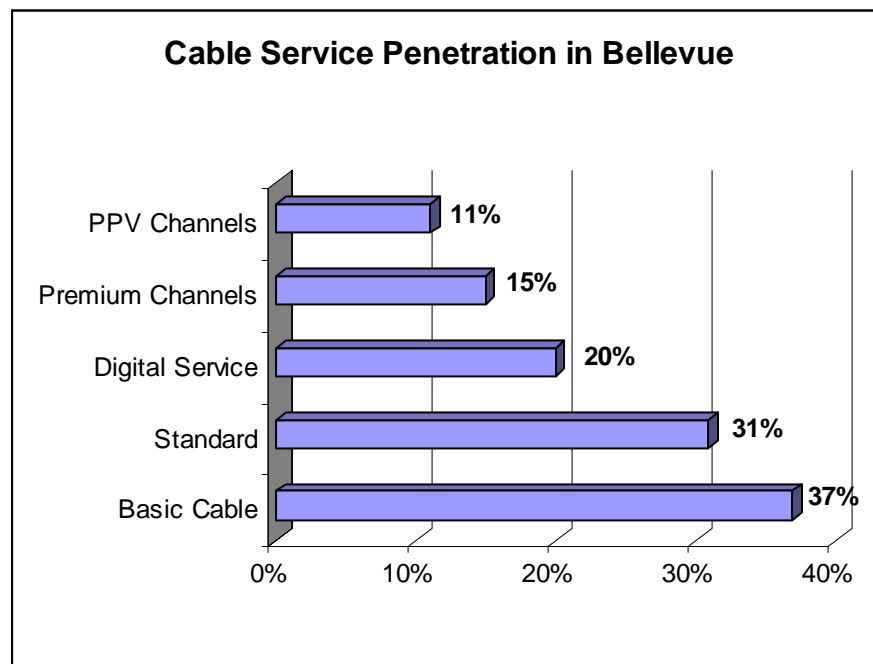
Residents that indicated they did not currently subscribe to cable television were asked if they had been former subscribers and 25% were. The most frequent reason residents gave for not subscribing to cable was because the service cost too much (51%). Of the remaining

⁵ A cable penetration of 83% is significantly higher than the 67% of Americans that currently subscribe to cable service. FCC. *Eighth Report on Multichannel Services*. January 14, 2002.

respondents that did not subscribe to cable television, just over a fourth had satellite cable services (27%). Twenty-two percent of non-subscribers indicate their decision not to subscribe was based on a lack of choice among cable providers (22%). Other reasons for never subscribing to cable television included not wanting cable television (16%) and watching little or no television (10%). Three percent (3%) of those that had never subscribed to cable television said service was not available in their area.

Cable Television Subscribers

Cable television subscribers (83%) were asked to describe the level of service they currently receive from AT&T Broadband. The most commonly reported level of service was “basic cable” with 37% of subscribers indicating this was the level of service they received.⁶ This was followed by 31% subscribing to the Standard cable services which include cable networks, such as CNN and ESPN. Twenty percent (20%) reported receiving digital cable services. Fifteen percent (15%) subscribe to premium channels⁷ and 11% have used pay-per-view channels.

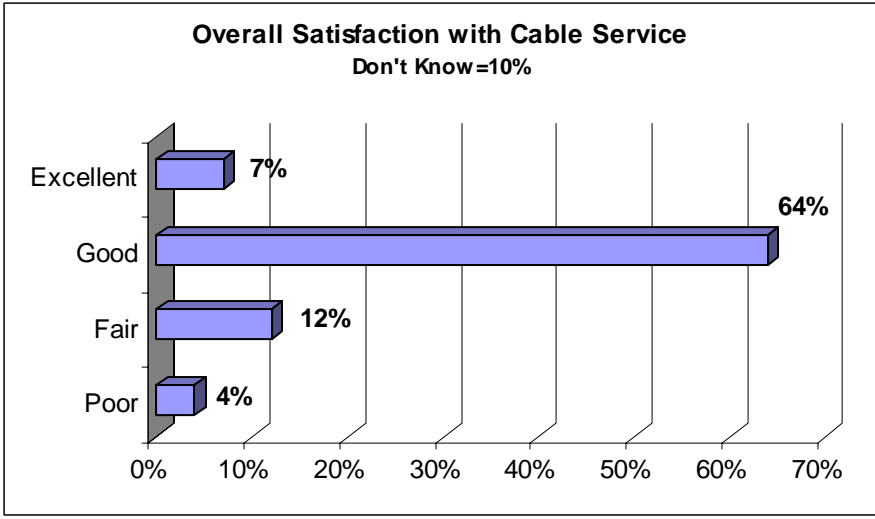


⁶ Basic cable at 37% is high. We suspect that because the digital package offers a “basic” package that there may have been some respondent confusion regarding what type of service they actually had.

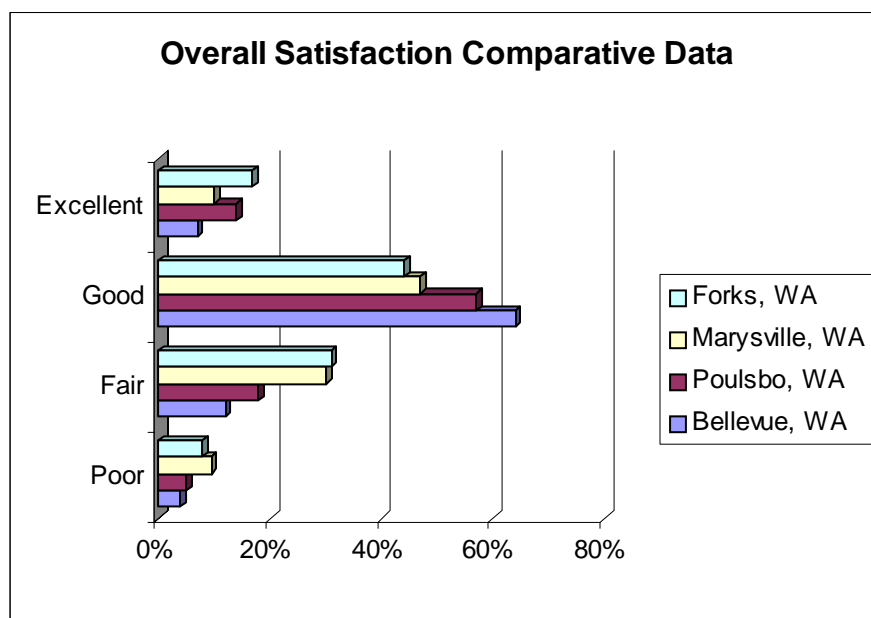
⁷ This number is significant lower than the 44% of cable subscribers that currently subscribe to one or more premium channels and suggests a level of under-performance in the cable system. FCC. *Eighth Report on Multichannel Services*. January 14, 2002.

Overall Satisfaction with Cable Service

When asked to rate AT&T Broadband’s overall performance, a majority (71%) said that it was “excellent” or “good.” However, 16% rated the overall performance as “fair” or “poor.”



The following chart demonstrates how the community of Bellevue ranks against other cities in the Washington area in recent ratings of cable service during community needs assessments. While Bellevue customers are less likely to describe their cable service as excellent, they are also less likely to describe their cable service as poor or fair. Bellevue residents, more than their neighboring cities, are likely to indicate a more moderate, but positive, score for cable service—good.



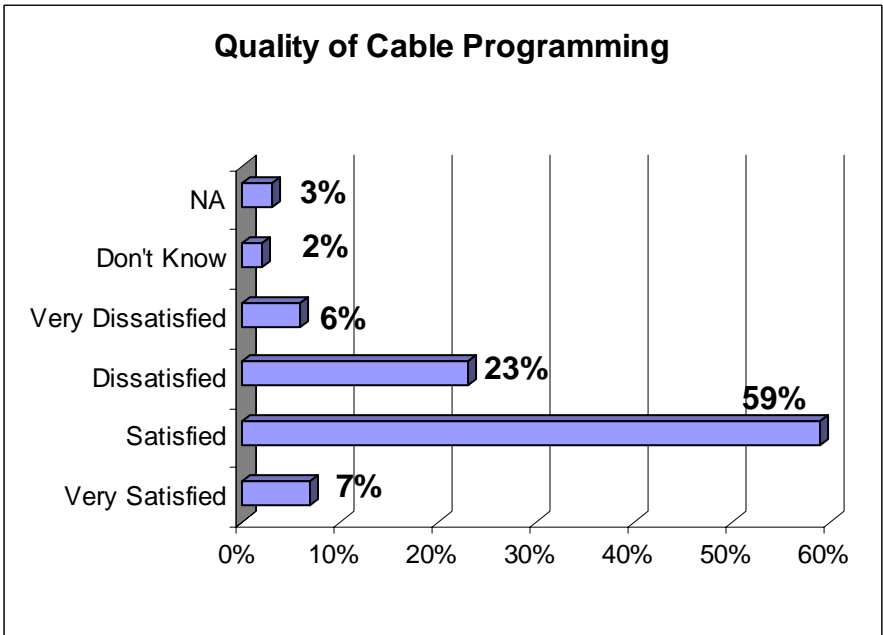
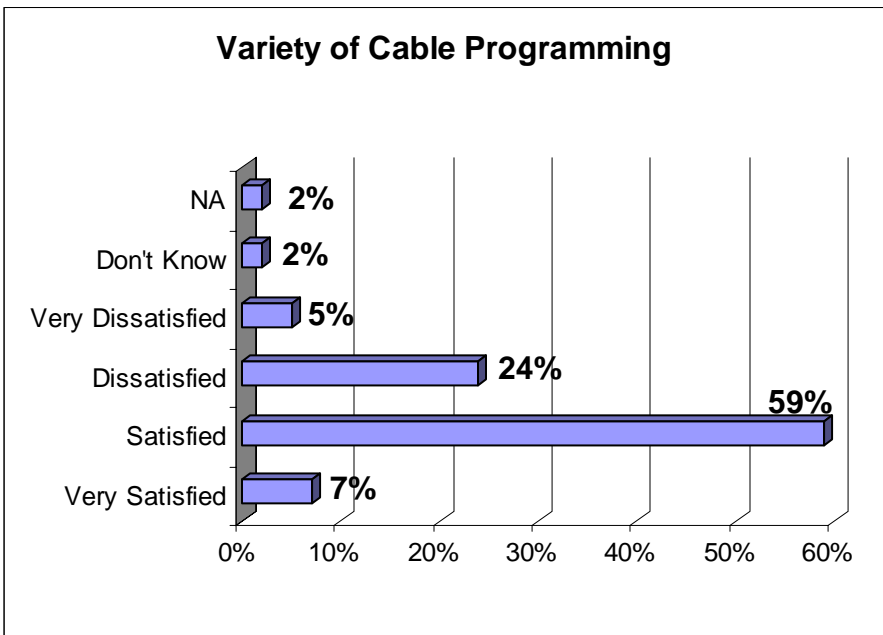
Thirty-six percent (36%) of respondents said they would like to see programs added to their service. When asked what type of additional programming they would like to receive, the top responses included the Golf Channel, the Weather Channel, more family programming and E!

Seventy-two percent (72%) of subscribers agreed that special cable television discounts should be made to senior citizens and 13% disagreed. Just over 14% of residents chose not to respond to that question.

A series of 14 questions were posed related to customer service in regards to telephone service, outages, service personnel, communication with the cable company, promptness of service personnel, cost of cable, signal quality and programming. Respondents were asked to indicate their level of satisfaction on a 4-point scale from very satisfied to very dissatisfied. The respondent was also provided the option of responding, “don’t know” or that the question was “not applicable.” Special attention was paid to service issues that received a greater than 10% response in the “very dissatisfied” column and tested issues that received a greater than 20% “very dissatisfied” and “dissatisfied” combined score.

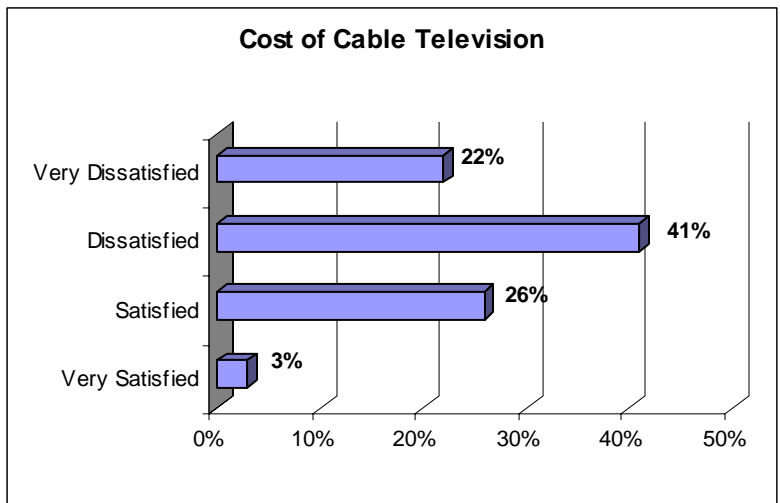
For the most part, respondents reported high levels of satisfaction with the information provided in the monthly bill and the accuracy of the monthly bill. The friendliness and courteousness of cable employees who handled specific questions and service requests also received positive marks.

Beyond issues of cost, key areas of dissatisfaction included informing customers about changes in service, the ability to contact the cable company by phone, the ability to respond to service requests, restore cable outages efficiently, and the quality and variety of cable programming.



When it comes to signal quality issues, respondents were mostly positive. Respondents were significantly satisfied with the quality of the picture and sound. Seventy-seven percent (77%) said they were “very satisfied” or “satisfied” with the picture quality and 85% said they were “very satisfied” or “satisfied” with the sound quality.

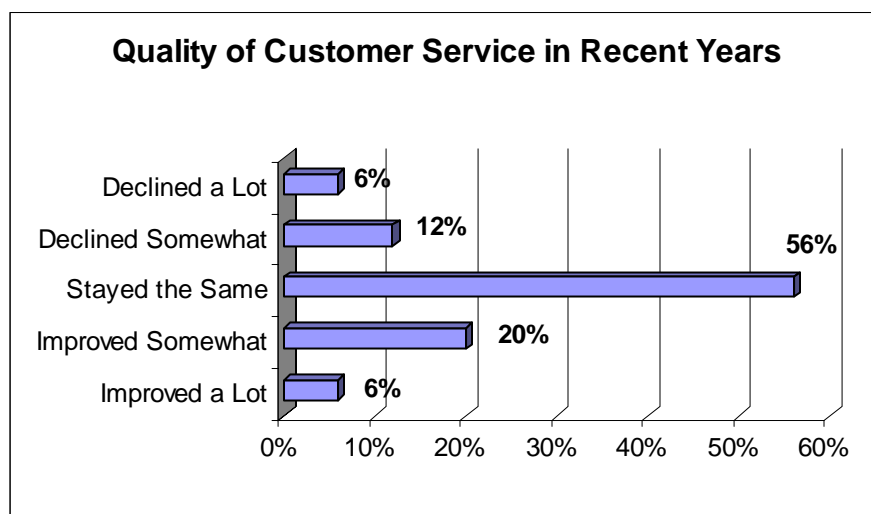
Again, respondents were most unhappy with the cost of AT&T Broadband services. More than half (63%) indicated that they were “dissatisfied” or “very dissatisfied” with the cost of their cable services.



The following table provides the results from respondents on the customer service questions pertaining to the cable services:

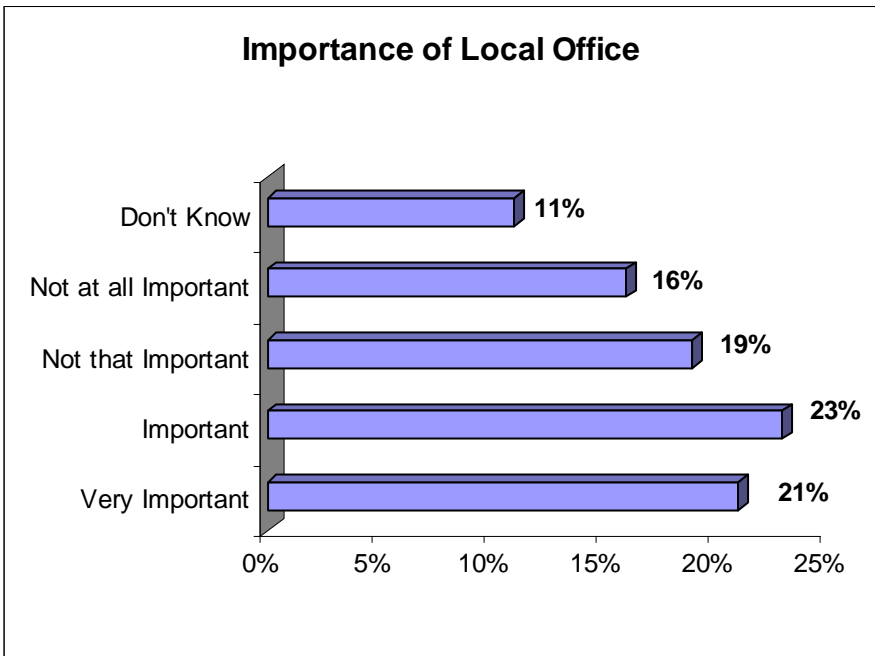
<u>Service Issue</u>	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	DK	NA
Ability to contact by phone	10%	47%	14%	8%	8%	13%
Ability to restore service after outage	6%	47%	20%	7.5%	6%	13.5%
Response to service requests	7%	44%	13%	7%	11%	19%
Friendliness and courtesy to handle your questions and service requests	15%	58%	5%	2%	8.5%	12%
Promptness of service technicians for scheduled appointments	8%	42%	12%	6%	10%	22%
Information provided about change in your service	8%	47%	20%	7%	6%	12%
Making monthly bills understandable	10%	75%	6%	2%	2%	5%
Cost of cable TV service	3%	29%	41%	22%	2%	2%
The accuracy of your monthly bill	10%	77%	3%	3%	3%	4%
Bringing disputes to a fair resolution	3%	26%	4%	3%	18%	46.5%
Quality of the picture	11%	66%	14%	5.5%	.5%	2%
Quality of the sound	12%	73.5%	8%	3%	1%	2%
Quality of cable programming	7%	59%	23%	6%	2%	3%
Variety of cable programming	7%	59%	24%	5%	2%	2%

Cable customers in Bellevue were asked if customer service had improved or declined since AT&T Broadband has become the cable television provider. A majority (56%) indicated that cable television service had stayed about the same. Just over 20% indicated that it had improved somewhat and 6% indicated it had improved a lot. Twelve (12%) indicated it had declined somewhat and 6% indicated it had declined a lot.



Cable customers were asked to describe the most important characteristics of good customer service in an open-ended response. The most frequently mentioned characteristic was “promptness” (99 mentions), followed by “friendliness and courteousness” (21 mentions) and “ability and knowledge” was mentioned third most frequently with 17 mentions. Just over 59% of subscribers indicated that AT&T had met this characteristics, while the remaining 41% indicated that they had not.

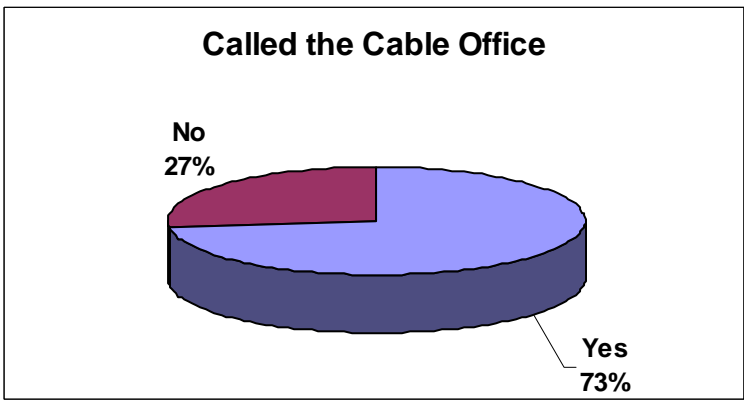
Forty-four percent (44%) of respondents thought it was “very important” or “important” that AT&T Broadband operate a full service local office in Bellevue. Sixteen percent (16%) of respondents described that service as “not that important” and 9% described that service as “not at all important.”



A majority (63%) of residents indicated that if AT&T Broadband were to operate a full-service office within a reasonable driving distance from the City (with the example of an office in another Eastside Community given) that would be acceptable.

When considering the services that should be offered in a local office, 56% thought it would be important to have access to a technical assistant. Fifty-eight percent (58%) of respondents thought that in the local office a customer should be able to talk face-to-face with a cable customer service representative. Respondents also indicated it would be important for local subscribers to be able to pay bills (39%) and pick up (47%) and return equipment (47%).

Seventy-three percent (73%) of those surveyed had called AT&T broadband in the last two years, a considerable number. The reported frequency of phone calls ranged from 1-30, with respondents calling on average 1.27 times over the last year.



Significantly, 24% of callers waited up to five minutes, 9% waited up to 10 minutes and 10% said that they waited more than 10 minutes. In other words, 19% of subscribers had hold times greater than five minutes (1 in 5 callers). These reported hold times are significantly higher than the 30 second hold time stipulated in cable service guidelines offered by the Federal Communications Commission.⁸ Just over 6% of callers indicated that the longest they waited for a CSR to answer their call was less than 30 seconds, while 23% indicated waiting up to two minutes.

We asked respondents what they considered a reasonable hold time (time before speaking to a live representative) from a local perspective. Thirty-two percent (32%) said that it was reasonable to wait up to two minutes and 10% said that it was reasonable to wait up to five minutes. Twenty-four percent (24%) wanted the phone answered by a live representative within 30 seconds and 30% indicated it should happen with a minute.

Computer Use and Online Access

A significant 86% of respondents (cable subscribers and non-subscribers) said that they have a personal computer in their home and 90% of those owners said that they subscribe to an Internet service.

Of those with computers, just over 50% have one computer in the home, 31% have two computers in the home, 13% have three and 5% have 4 or 5 computers in the home.

Most Bellevue residents (68%) use the phone line to access the Internet. Just 10% are using a cable modem, but 21% use DSL.

Thirty-five percent (35%) of respondents indicated having a second phone line for Internet access.

A series of 8 questions on customer service issues related to Internet service providers were posed.

When considering combined “dissatisfied” and “very dissatisfied” scores, customers were most dissatisfied with the speed of the Internet connection (38%), followed by the system reliability (28%), the Internet service rates (27%) and less satisfied with the customer service representative’s knowledge (18%).

⁸ The Federal Communications Commission has indicated in its cable customer service guidelines that calls should be answered within 30 seconds, including the time on hold. Once a connection is made, transfer time should not exceed 30 seconds with 90% efficiency. FCC, [Cable Service Fact Sheet](#). June, 2000. www.fcc.gov.

The following table summarizes the results from respondents on the customer service questions pertaining to Internet services:

<u>Service Issue</u>	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	DK	NA
Speed of on-line connection	15%	44%	27%	11%	.2%	2%
Internet service rates	11%	56.5%	23%	4.5%	1%	4%
Billing practices	14%	69%	7%	2%	2%	5.5%
System access (busy signals)	18%	54%	12%	4%	2%	10%
Ease of use	22.5%	65%	8%	1.5%	1%	2%
System reliability (disconnect)	16%	52%	21%	7%	1%	4%
Customer service rep knowledge	15%	40%	13%	5%	12%	16%
Customer service rep courteousness	18%	47%	7%	3%	11%	15%

Ten percent (10%) of computer owners currently subscribe to AT&T Broadband's high-speed Internet access in Bellevue, Washington.⁹

Another 14% plan to subscribe within the next six months as the cable company rolls out the service and 26% will eventually subscribe if the terms are acceptable. About 32% said that they do not plan to subscribe and another 21% were undecided.

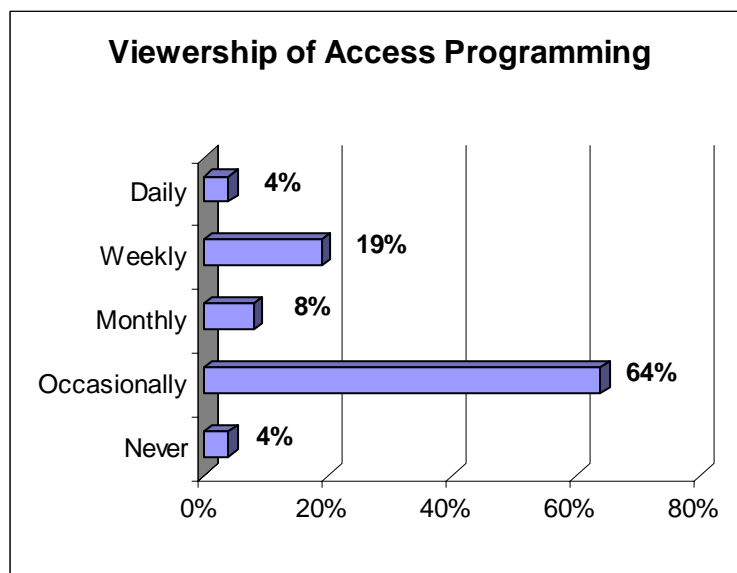
For those who do not subscribe, the service not being available was the main reason for not subscribing (23%), cost being too high was the second most frequent reason mentioned (27%), followed by "do not need this fast a speed for Internet service" (9%). Twenty-one percent (21%) reported being satisfied with another provider.

Educational/Government/Community Matters

When asked how important it is for the City to have access to fiber optic cables, 68% said that they thought it was "very important" or "important." Fifteen percent (15%) said that it was "not that important" or "not at all important." Almost 1 in 5 respondents remain uncertain about this topic and indicated, "don't know" (18%).

⁹ Respondents were asked on two occasions how they connected to the Internet. Respondents who indicated having a cable modem as their primary means for connecting to the Internet, Q14a, determined the penetration rate of this service.

Just over a fourth (27%) of Bellevue residents reported watching Bellevue’s local government access television channel. Of those who watch the channel, 4% watch the channel on a daily basis, 19% watch it at least once a week. Another 8% said that they watch monthly. Sixty-four percent (64%) reported watching occasionally. Four percent (4%) never watch.



Customers were asked to rate their interest in certain types of community programming on a scale of high, medium or low. News and events updates received the highest interest ratings. More than half (58%) marked a “high” interest in news and events updates and only 11% expressed a “low” interest. Educational programs received high ratings with 45% indicating a high interest and 35% a medium interest. A majority (79%) said that they had a “high” or “medium” interest in community area performing arts and events. A majority (71%) said that they had a “high” or “medium” interest in community events or announcements. Respondents were less interested in area school sporting events and government meetings. The following table shows the specific percentages for each category:

<u>Local Programming</u>	High	Medium	Low
Community events and announcements	26%	45%	29%
Government meetings	14%	41%	44%
Educational programming	45%	35%	20%
School sporting events	13%	40%	47%
Area performing arts events	21%	53%	26%
News and event updates	58%	31%	11%

Respondents were also asked about how important it was for certain types of local community coverage to be carried **live**. Respondents were most interested in receiving live coverage of elections and traffic reports. Live traffic updates/cameras were reported as important by over half of respondents (52%). Almost half (48%) indicated that live election coverage was of “high” importance. The remaining categories received more moderate marks.

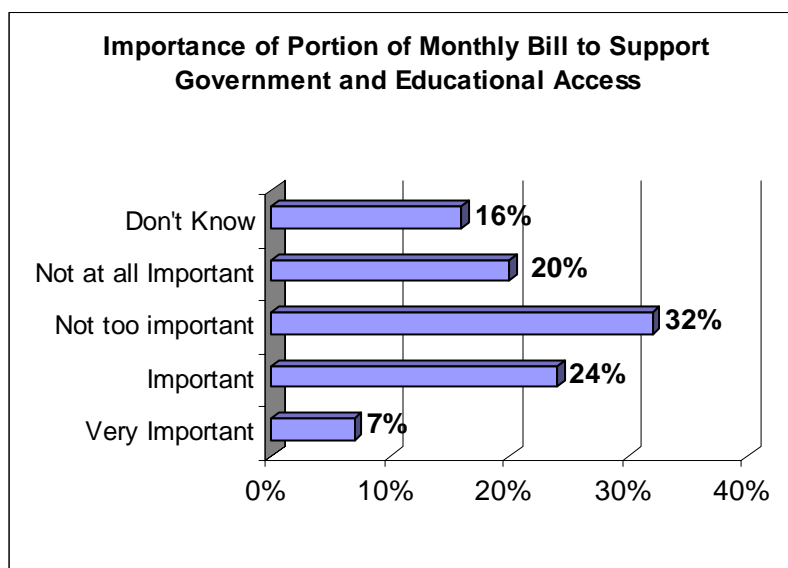
The following table shows the specific percentages for each category:

<u>Live Local Events</u>	High	Medium	Low
High school sports	13%	34%	53%
Area performing arts events	16%	47%	37%
Neighborhood public meetings	13%	41%	45.5%
Parades and festivals	12.5%	39%	48%
Interactive community meetings	15%	40%	44%
Election results	48%	32.5%	19%
Real time local traffic cameras	52%	31%	17%

When asked how important it was that a portion of their cable bill go to support capital costs for governmental and educational access programming, 7% indicated that it was “very important” to them that a portion of the cable bill is used to support governmental and educational access. Twenty-four percent (24%) said that it was “important.” Just over 32% said that it was “not too important,” followed by 20% that said it was “not at all important.”

To offer some perspective to this question, several respondents that indicated that they watched the City’s government channel, indicated that it was important that a portion of the cable bill go to support capital costs.¹⁰

¹⁰ This finding is in line with previous studies that have found consumers desire only to pay for the channels on the cable system that they watch (Book, C. Cable Television Franchising, 2002. Presented to the National Association of Broadcasters. Las Vegas, NV.).



Franchise Renewal Priorities

When considering the renewal of the cable franchise in Bellevue, respondents indicated that signal quality, customer service and programming variety were of highest importance. The following table shows the specific percentages for each category:

<u>Franchise Renewal Issues</u>	High	Medium	Low
Customer service	79%	18.5%	2%
Signal quality	84%	13%	3.0%
Community programming	14%	54%	32%
Expanded channel capacity	44%	40%	16%
Programming variety	48%	36%	16%
Improved technologies	58%	35.5%	7%
Fiber Optic Networks	39%	45%	16%

While community programming was the lowest ranked in the high category, it was the highest ranked in the medium category. This finding suggests that residents do value community programming, however of larger concern is that the cable company provide a clean signal, good customer service, improved infrastructure and a variety of cable programming. In practice, all of the listed franchise renewal issues are areas that can and should be addressed by AT&T Broadband as part of good business practices.

Importance of Competition in Cable Services

Residents were posted a series of questions related to the importance in having competing multichannel services available in Bellevue. When asked how important it was to have a *choice* among competitive providers for cable service, 89% indicated it was “very important” or “important.”

That same question was posted to residents regarding competitive for high speed broadband Internet service and again just over 86% indicated it was “very important” or “important.” Telephone service competition received a similar rating at 87%.

When asked how effective satellite television was in providing AT&T Broadband competition in the area, 70% indicated it was “very effective” or “effective.”

This series of questions was followed-up with a question regarding likelihood of changing services if a competing provider made its way into Bellevue. Almost half of all cable subscribers indicated they would “definitely switch” or be “very likely” to switch, 49%. Cost of the new cable service (16%) would be the key issues determining whether the respondent would switch providers.

Internet service and likelihood to change providers was also tested. In this case, 47% of respondents indicated they would change their high speed broadband Internet service if there were a choice of competitive providers and again, cost (12%), would be the reason for switching.

Forty-six percent (46%) indicated they would be likely to change telephone providers if a local competitor emerged offering services. Again, cost was the key issues for changing (14%).

Additional Comments

When asked to provide any final comments about the AT&T Broadband cable service in Bellevue, 30% of respondents used additional space provided at the end of the survey to do so. Just over 21% of those making comments, indicated that cable television services were too expensive. This was followed by 16% of respondents indicating that Bellevue needed a competing cable service. Thirteen percent said that the cable company had been too slow in launching its high speed Internet access. Poor customer service was cited in 11% of open-ended comments and a lack of variety of programming was mentioned by 7%. Six percent reported sound and picture quality problems. Another 6% said they were very pleased with cable television service in Bellevue. The failure of AT&T Broadband to deliver on promised upgrades

was mentioned by 5% of respondents. This was followed by 3% of respondents indicating that there were too many outages. More family oriented programming was mentioned 2% of the time.

Conclusions and Recommendations

Subscribers to AT&T Broadband report mostly positive levels of consumer satisfaction. When asked to rate AT&T Broadband's overall performance, a majority (71%) said that it was "excellent" or "good." However, 16% rated the overall performance as "fair" or "poor." Those subscribers who were less than positive about overall cable service did offer the City information as to how to improve cable television service.

The following series of recommendations are areas that emerged during the Residential Survey process of the City's cable television needs and interests ascertainment where the cable company might want to reach out and further enhance its presence in the community and resolve the problems that presented themselves in this study.

1. The driving criticism with overall cable service is the "cost" of cable services. Consumers reported cost issues as the key area of dissatisfaction with AT&T Broadband cable television service. When testing a range of cable service issues, including high-speed Internet services (which 10% of Bellevue PC owners subscribe to), cost consistently appeared as a negative. The price of the "Standard Basic" analog tier is only slightly lower than the basic digital package offered. In an effort to move customers to digital service, the cable company may have repackaged its service tiers and moved desired cable networks to the digital tier. In other words, customers are paying about the same price for Standard Basic, but have lost some of the desirable channels to the digital tier offering. Additionally, when testing a series of service issues, cost, variety of programming and quality of cable programming were the three service areas that received the lowest marks. The cable company may want to consider the negative impact that rising cable rates has on reported overall satisfaction with AT&T Broadband cable service and how aggressive the transition of analog consumers to the digital offering should be. This is also an important area for the cable company to consider as new competing multichannel services, such as DBS, become more prevalent in the marketplace. In Bellevue, 27% (or 5% citywide) of those that did not subscribe to cable

television had adopted a satellite dish. While this percentage is lower than the national average related to satellite television adoption, it does suggest a trend of leaving cable television services for more programming variety at a perceived more affordable price.¹¹

2. Concerns related to costs were amplified by comments related to the slow roll out of high speed Internet access in the area. Considering personal computer penetration of (86%)¹² and the significant number of those with PC's that have more than one in the home (49%), the efficient provision of high speed data services in Bellevue is critical. Currently, 35% of those with PC have installed an additional phone line for efficient Internet access and the speed of that Internet connection was a chief complaint. The cable company should consider the information gathered during this assessment that clearly states high speed Internet access is a desired cable service that customers are willing to pay for in Bellevue. In fact, 14% of respondents indicated they would subscribe right away and another 26% indicated they would probably subscribe. As the cable company is able to provide more services to the consumer, the value of a cable subscription increases and could positively impact the perceived "value" of cable television and reduce complaints regarding costs of cable services.
3. A significant majority of respondents (68%) indicated it was "very important" or "important" for the City to have access to area fiber optic networks for educational and governmental issues. This finding demonstrates community interest in insuring that civic organizations retain access to the latest in technologies. This finding also speaks to the high regard area residents place on information related technologies and efficiencies.
4. Significantly, almost two thirds (73%) of cable consumers indicated that they had called the cable company. When calling, several respondents express dissatisfaction with telephone hold times. Cable subscribers indicated that they were left on hold for long periods of time, with 10% saying they were on hold for more than 10 minutes. The data suggests that calls were placed to the cable company after the subscriber had experienced an outage. This is a high volume calling period, however because of the frequency of

¹¹ www.sbca.org. Satellite Broadcasting and Communications Association. April 2002.

¹² This figure is 20% higher than the national average for PC penetration. Nationwide 61% of Americans have adopted personal computers and that number has remained flat for the last 24 months. (www.ce.org).

outages, one suspects that this may be normal operating conditions for the cable company. This finding, coupled with the level of dissatisfaction reported when calling the cable office, makes the issue deserved of attention during renewal proceedings. A call center review that includes call center staffing, the cable billing cycle and call center response to outages should be raised during franchise discussions. The City may ask the cable company to conduct a regular audit of these consumer service issues and report its findings on a regularly scheduled basis to the City. Among renewal priorities tested, 79% of respondents indicated that customer service was of high importance, falling only behind signal quality when ranking renewal priorities.

5. Competition was a key area tested among residents and consistently 87-89% of residents indicated they felt it was “very important” or “important” that there be a choice among providers for Bellevue residents. Three areas were tested: cable, Internet and telephone and in all three services, residents desired competition. Competition was reported as a way to keep service costs low and in all three areas, almost half of respondents indicated they would be likely to switch providers if the price was right.
6. Viewership of the local government access channel was healthy with 27% subscribers reporting at least occasional viewership of the channel. Of those viewers, 8% watch monthly, 19% watch weekly and 4% watch daily. More importantly, viewership of government access was significantly related to overall satisfaction with cable television service. The categories of local programming in which subscribers indicated were of higher interest included: election results, real time local traffic cameras, parades and festivals, area performing arts events and interactive community meetings. As DBS begins to provide local broadcast signals, AT&T Broadband’s ability to carry PEG programming will be a category of programming that separates cable from its competition. Understanding the value that local subscribers place on access programming and enhancing access operations in the community seems like a logical competitive step.
7. Seven areas of franchise renewal considerations were tested among cable subscribers. Respondents were asked to rank the tested issues as high, medium or low importance

during franchise renewal discussions. The highest-ranking issues were related to signal quality, customer service and improved technologies. Just behind these three issues were high speed Internet access for schools, libraries and non-profits, fiber optic networks, expanded channel capacity and lastly, community programming. All seven areas are of considerable importance when combining high and medium rankings (a majority of respondents ranked all 7 tested categories as high or medium). Residents appear to consider all seven issues to be of at least high and medium importance when in discussions with the cable company during franchise renewal proceedings.

These concluding remarks and recommendations are not meant to be a comprehensive reflection of the needs assessment findings as a whole, but rather are an important part of the analysis. Other data presented in sections of this narrative may also be of value to the City as it moves forward with the franchising process. An understanding of the needs and interests in the community can serve to continue to improve cable service in Bellevue.