

How to Use Community Insights to Understand Growth Opportunities and Maximize Take Rates



pivot

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Current growth opportunities for rural broadband

Halfway through 2024, growing demand for high quality internet service continues. From growth in smart devices and its applications, companies expanding their work-from-home or remote workforces, and the growing viewpoint that internet is an essential service like water and electricity. Many providers may be considering where to expand. Plus, two additional opportunities are creating extra buzz in the rural broadband industry:

1. FEDERAL FUNDING INITIATIVES:

Programs like BEAD are empowering more rural providers to expand into new territories with fiber/network buildouts, delivering broadband to underserved or unserved areas.

2. MVNO OFFERINGS:

By entering the mobile market, rural providers can add revenue streams while offering savings and convenience through bundled services. This can strengthen customer loyalty and the provider's "stay connected" brand, all without the need to build and maintain its own mobile network infrastructure.

When looking to leverage these opportunities, providers face critical questions around how to make informed decisions and secure investments. Many resources are available for guidance, but one is often overlooked:

THE VITAL VOICE OF THE PROSPECTIVE CUSTOMER.

The purpose of this white paper is to share examples of actual projects completed by Pivot Research, and the research best practices that led them to successful and actionable outcomes.

5 examples of using community insights to drive decisions

By gathering feedback directly from consumers and businesses, you can gain up-to-date and authentic insights from the very communities you aim to serve. For more than two decades, Pivot's research has accurately estimated potential demand for our clients' services, from new fiber plans to mobile offerings. It's also prevented some potential flops.

Here are five ways our clients have used community insights to guide their growth strategies:



PRIORITIZING COMMUNITIES FOR NEW FIBER BUILDS.

Research findings revealed which of several communities—each with a different incumbent provider offering multiple speed tiers with an introductory promotion—to prioritize for next year's construction. Using demand estimates and qualitative analysis of reasons to switch, our client developed and successfully marketed a competitive speed package.



MOVING FORWARD WITH AN MVNO OFFERING.

Results showed over half of a client's rural broadband subscribers were interested in switching cell phone service to their local internet provider. Findings also helped them strategize their offerings and exploit competitor weaknesses.



SETTING SPEED PACKAGE PRICING TO OPTIMIZE DEMAND.

Our study showed subscribers were willing to pay more for better performing internet service. Price elasticity analytics backed this up, with a price curve illustrating the sharpest demand at the specified price point.



ADJUSTING BRAND AND MARKET POSITION.

A client was about to expand to a new underserved community, and wanted to ensure their identity reflected the community's culture and spirit. In addition to revealing a strong interest in their offering, results informed messaging adjustments and the need to change their name to more clearly connect their offering with their brand.



REVISING MARKETING STRATEGIES.

A client wondered why take rates were slow after a recent fiber expansion. Findings revealed certain segments of the community had strong interest, but weren't aware service was available to them and/or whether it would be an improvement. Locations were plotted on a map and geo-specific marketing strategies were implemented to reach this demographic.



5 hallmarks of a strategic research project

Good data can help ensure you're investing in the right growth opportunities and minimizing your risk. The right research strategy will help you:

- Identify community-specific demographics, culture, values and interests
- Deepen your understanding of needs and competitor vulnerabilities
- Determine how people discover you and the benefits of your offerings
- Learn how and where to build awareness
- Gather accurate and actionable information to make the right decisions
- Estimate potential demand for your services

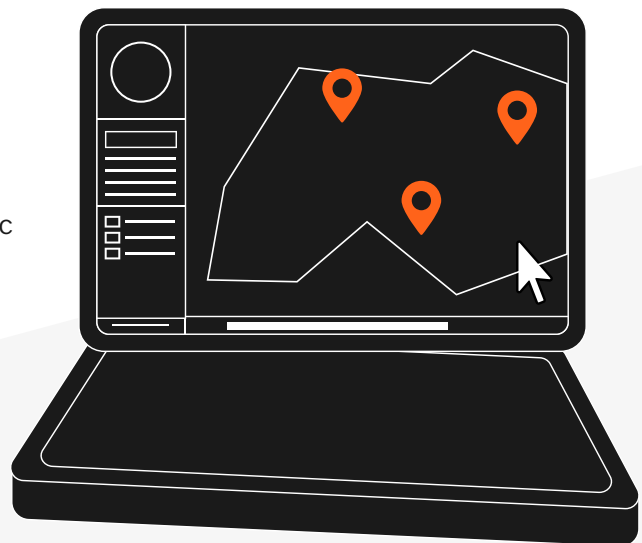
Here are five tips from our research team to ensure the data you collect is the data you need:

1. DESIGN AN APPROPRIATE SAMPLING PLAN

If you don't have the right sampling plan, you risk obtaining inaccurate and unreliable results. Your sampling plan should ensure your survey respondents are statistically representative of the community's population and all relevant segments (e.g., by demographics/firmographics, geographic locations, products/services, competitors present,, etc.).

Your total sample size goal (i.e., total number of households/businesses responding) should be based on the number of segments. As an example, if you want to hear from all age groups within three distinct communities, and households currently with and without access to fiber, you might need a sample size of 400. On the other hand, for one community with one dominant provider and connection type, a sample size of 125 might be adequate. A larger sample size ultimately increases your confidence in the reliability of results and accuracy of observed differences across segments.

How do we reach household decision makers for whom we have no contact information? Pivot works with reputable sample partners who are in the business of supplying opted-in contact information to companies that conduct surveys. They can match commercially available phone numbers and/or email addresses to your list of street addresses, or a specific town, or any address within geographic boundaries you specify on a map (i.e., kmz or kml file).



2. ASK THE RIGHT QUESTIONS, THE RIGHT WAY

Duh? Seems like common sense, but it's not as straightforward as you might think. Most well-tested questions have been revised after learning they weren't interpreted as initially expected. Here are five tips:

- A Ask questions in the right sequence.** Questions about top-of-mind thoughts or impressions should be asked early in the survey, to prevent unwanted biases caused by other questions. You'll want to know how subscribers truly feel about their current service before hearing feedback about your offering.
- B Balance details with simplicity** when asking questions that gauge interest in your offering. A survey doesn't allow much time for respondents to absorb all details, but they need to know enough to provide you with accurate feedback. It's best to keep the number of service plan options that you're testing to a maximum of four. You may or may not be ready to show pricing, but doing so will allow you to capture reactions, learn more about price/value trade-offs, and provide a more accurate demand estimate from the aggregated results.
- C Consider available benchmark data to see how you compare to other providers.** For example, Pivot gathers Net Promoter Score (NPS) data on all research projects conducted for our rural broadband clients. We can let you know where you stand (if the question is designed the same way) and how to increase your own NPS.
- D Include plenty of open-ended questions.** Whether they're likely or unlikely to subscribe to your service, or they're unsure, open-ended responses will help you understand why. They are especially enlightening in phone interviews, as callers can probe and clarify and dig deeper for details.
- E Phone a friend.** Test your survey with co-workers, but also with friends or family. Much like your survey respondents, they will have a more objective point of view than you or your team members.

▶ Here are three examples of question designs that have produced valuable results for our clients:

To measure loyalty, we compute the Net Promoter Score (NPS). A widely use metric that lets you know the propensity of subscribers to recommend their provider's products or services. The NPS is based on the following question: How likely is it that you would recommend your provider's internet service to a friend or colleague? We use a scale of zero to 10. To calculate the NPS, we subtract the percentage of detractors (who give ratings of zero to 6) from the percentage of promoters (who give ratings of 9 and 10). Most important, we ask an essential open-ended question that helps explain why they are / are not a promoter.



To gauge levels of awareness and familiarity, we ask the following question: How familiar are you with [PROVIDER] as a provider of internet service? The linear-based response choices are very, somewhat, not very familiar but you know the name, and never heard of them. We have observed a wide range of familiarity and awareness levels in our studies. Combined with other data we collect, results show the overall level of effort that will be required to boost awareness, along with message elements and channels that will be most effective.

To determine price sensitivity, we use the Van Westendorp Price Sensitivity Model. This is a model that reveals what price ranges the market considers fair for your product or service. The deliverable is a user friendly price curve (line chart) that shows what price points have a significant impact on potential demand. It's based on a series of questions designed to identify a) the monthly rate that's so expensive it's out of the question, b) a price that's so low, you would be suspicious about quality of service, and c) the expected monthly rate.

3. RELY ON EXPERIENCED RESEARCH INTERVIEWERS

Data can be collected through various methods (or modes), depending on the nature of the research, the target audience, and type of information needed. They include online platforms, phone, mail, email, text message/SMS, or in person via focus groups, one-on-ones, intercepts, door-to-door or observation.

When researching new rural markets, engaging by phone is typically needed due to the limited availability of opted-in email lists. Conducting surveys by phone will be necessary to ensure you reach the right people, and enough of them. They also provide an important benefit of gathering deeper qualitative insights. Callers can probe and clarify effectively while asking questions like,

"What would be the most important factor in your decision to switch?"

"Can you help me understand what that means?"

4. REQUIRE A THOROUGH AND ACCURATE REPORT THAT'S EASY TO UNDERSTAND

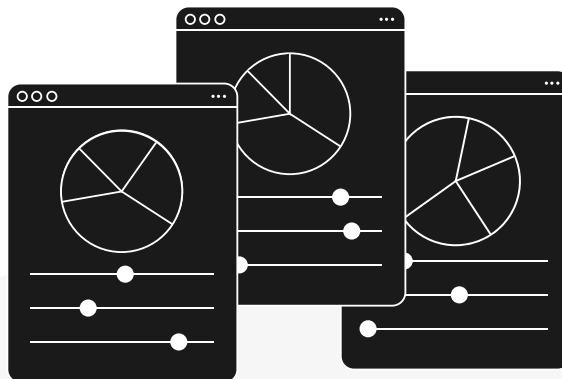
After data is collected and processed, your research partner should deliver a report and presentation that thoroughly addresses your research objectives, including estimations of potential demand, pricing thresholds, and what it will take to maximize demand, based on the findings. It should highlight key findings, what they mean and why they're relevant, and include a summary of recommendations on how to apply the findings to achieve successful outcomes.

5. EXPECT MORE THAN “BIG PICTURE” DELIVERABLES

At minimum, final deliverables should include the following:

- ✓ **A thorough assessment of sentiment toward existing providers**, including the difference between a good and mediocre CSAT rating and Net Promoter Score, and the drivers behind them. Sentiment levels should be factored in when interpreting the likelihood to switch findings, to help validate and further understand potential demand for your offerings.
- ✓ **Identification of key segments and the needs-based differences between them.** For example, the number of household members using the internet and what they use it for will tell you whether it’s a power user, average user or basic user household. Power users need faster speed plans, and many are happy to pay more for it. They tend to consume the most bandwidth and data consistently, so if they aren’t on one of the fastest plans, they won’t be as happy.

Examining differences between these groups will help you better understand potential demand, both overall and by option or plan, price/value trade-offs, and how to tailor marketing campaigns and messaging strategies.
- ✓ **Differences by age group and other demographics where they exist** including internet activity, communication channel preferences, support needs, the community as a whole and their interests and values. For example, younger ages are more driven by technology, and tend to value the “local” aspect such as local tech support less. Determining what’s important to each segment will help you dial in your message and how to deliver it.
- ✓ **Raw data file and crosstabulation tables** (excluding personally identifiable data in most cases). The raw data file contains all verbatim responses to open-ended questions. After sorting/grouping responses by themes, reading through them can be very enlightening. Crosstabulation data tables are invaluable for developing the report. Columns represent segments, and significant differences between them are flagged for easy reference.



A partner you can lean on

Having completed 27 needs assessment and demand forecasting studies over the past two years, we've helped clients lower (or eliminate) risk and maximize growth with network expansion and MVNO opportunities.

Whether you're exploring new areas for expansion or trying to expand in areas where you offer service, Pivot Research can help you make the right decisions to drive engagement and maximize your success. Ultimately, the findings will empower you to assess your expansion's alignment with business objectives, both short- and long-term.

▶ PIVOT RESEARCH WILL HELP YOU ANSWER THE FOLLOWING QUESTIONS, AND MORE:

1. What proportion of the community has a strong enough need and desire to switch to your service and support your investment?
2. What does "better" service mean to the subscriber?
3. Who is the competition, and what are their strengths and weaknesses? What technology do they offer? What are subscribers' sentiments and how likely are they to switch?
4. What speed tiers are currently available? Who is truly underserved?
5. How much are they willing to pay for better service?
6. What is the community's growth potential? What take-rates can you expect in years one, three, and five?
7. How aware and familiar are they with your brand? How do they perceive you (or a new provider in general) and what you're offering?
8. What marketing channels and messages will be most effective?
9. What is unique about the local culture, values, and interests?

About Pivot Research

Pivot's research team is led by Steve Boespflug, Senior Insights Manager. Steve is one of the nation's leading research experts in the rural broadband industry. Prior to joining Pivot in 2013, he gained over 20 years of research experience as a principal of two full service research companies. Steve has worked directly with more than 300 client accounts ranging from small start-ups to large enterprises like Hewlett-Packard, 3M, Intel, Microsoft, Adobe, Gartner, and Fleishman Hillard Advertising.

Steve is an expert in diverse methodologies and analytics, including needs assessment, concept testing, segmentation, customer satisfaction and loyalty, branding and positioning, and satisfaction tracking. He has authored over 150 reports on various research studies covering a wide range of technology products and services for both consumers and businesses. Steve holds a bachelor of science degree from the University of North Dakota and an MBA from the University of Minnesota's Carlson School of Management.

We'd love to help you map a path forward. Contact Steve any time at: steve@askpivot.com

About Pivot

Pivot Group, LLC. (Pivot) is a marketing and customer experience agency. Our goal is to help community-based broadband providers grow and thrive. We accomplish this by assisting companies in defining and living out their brands, telling their unique stories, and strengthening relationships with their customers.

The services we provide to help clients succeed include:

Comprehending

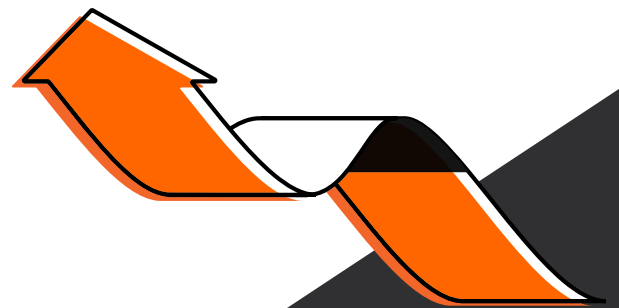
- Customer Research
- Customer Journey Maps
- Customer Experience Feedback Loops

Connecting

- Marketing Strategy and Implementation Support
- Customer Experience
- Advertising
- Digital/Social Media Management
- Video & Photography
- Web Development

Converting

- Employee Development
- Training
- Call Coaching/CX Monitoring



Pivot is a member of the NRTC family of companies.

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