



NEARLY 43 PERCENT OF U.S. ONLINE HOUSEHOLDS SUBSCRIBE TO BUNDLED COMMUNICATIONS AND ENTERTAINMENT SERVICES FROM THE SAME PROVIDER, ACCORDING TO TELEPHIA

Price Breaks Drive Adoption of Bundled Services more than Convenience or Reliability

SAN FRANCISCO—September 5, 2006—Telephia, the largest provider of consumer research to the communications and new media markets, reports more than 31 million online homes or two out of five online U.S. households subscribe to bundled services from one provider. Bundled services can include any combination of Internet, TV, phone, and mobile phone subscriptions in a single package.

According to Telephia’s Total Communications Survey for Q2 2006, double and triple-play bundles were the most popular with consumers. The Internet/TV bundle led all other service combinations with nearly 13 million households, while more than 10 million households subscribed to an Internet/Phone combination. More than five million households subscribed to a triple-play service combination of TV/Phone/Internet, while approximately 300,000 subscribed to quadruple-play bundles.

“Consumers gain a number of advantages from subscribing to a bundled program, including cost-savings, integrated billing, and a single point of contact for services,” said Kanishka Agarwal, Vice President of New Products, Telephia “The key for service providers will be to develop pricing and product offers for each segment that drive bundling purchases and the long-term value of the customer.”

Households Cite Price as the #1 Reason for Subscribing to Bundled Services

Price is the top reason why households bundle, regardless of their bundle type (see Table 1). Roughly one-third of households subscribing to bundled services cite that convenience was a strong factor in the decision to combine their service subscriptions. Across all bundle types, reliability of service was least important.

“While price is a key decision driver, bundle purchasers are also looking for superior customer experience and will not switch if they believe the new provider has worse quality,” added Agarwal. “This is why all the service providers are working swiftly to build their reputation for responsive and reliable support.”

Table 1: Consumer Factors for Bundling (U.S.)

Primary Reason	Top Two-Plays	Top Three-Play	Four-Play
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for Bundle	Internet/ Phone	Internet/ TV	Internet/TV/ Phone	Internet/TV/ Phone/Wireless
Price (promotions, discounts)	42.8%	46.0%	53.4%	60.9%
Convenience (single bill, one point of contact for customer service)	35.4%	28.9%	33.5%	29.2%
Reliability of service provider	10.7%	12.2%	7.4%	9.5%
Other	11.1%	12.9%	5.7%	.4%

Source: Telephia's Total Communications Survey, Q2 06

The Telephia Total Communications Survey aims to understand the attitudes of households towards emerging communications services, providing insights into household use and preferences across converged landline and wireless phone, VoIP, Internet and TV services. To find out more about the Total Communications Survey, please contact Rob Fortino at 720-232-4880 or rfortino@telephia.com.

Telephia is a proud sponsor of the Billboard MECCA Conference and the MMA/MECCA Bash at CTIA in Los Angeles. Visit Telephia during MECCA's Ask the Expert session as we discuss the first results of the Telephia Mobile TV Diary Report, with special guest, MobiTV: (September 11, 4:00 pm, Westin Bonaventure Hotel—California Ballroom). For more information, visit www.billboardevents.com or contact Jerry Rocha at jrocha@telephia.com, 415-513-5894.

Telephia will also be speaking at the iHollywood Forum Mobile Entertainment Summit in Los Angeles. Session Panel: Making Money from Messaging (September 11, 4:00 pm, Wilshire Grand Hotel—Sierra Ballroom). For more information, visit www.ihollywoodforum.com.

About Telephia

Telephia is the largest provider of syndicated consumer research to the communications and new media markets. Telephia is your connection to the digital consumer.

Since 1998, executives at service providers, device manufacturers, content providers, and retailers have relied on Telephia data to make confident competitive strategy, marketing and resource allocation decisions. Telephia uses its unique measurement tools and large-scale consumer panels to completely understand the digital consumer's behavior, attitudes and experience.

To learn how Telephia data can help you understand the digital consumer and track your competitive performance, please contact us at (415) 395-0500 or sales@telephia.com.

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