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Tuesday, December 18, 2007

Comcast, AT&T rivalry heats up

Companies blitz Metro Detroit consumers with ads touting deals on digital TV, high-speed Internet.

Nathan Hurst / The Detroit News

DETROIT -- Metro Detroiters are being courted by Comcast Corp. and AT&T Inc. in a marketing frenzy the broadband providers hope will help them keep their customers and convince others to switch sides.

In a fever to gain more market share, the region's two biggest providers of bundled broadband services -- digital television, high-speed Internet access and feature-rich home phone -- are blitzing consumers with ads.

Industry analysts and marketing experts say Metro Detroit's battle of the broadband is one of the most heated in the nation, and likely won't cool anytime soon. Since May, when AT&T launched U-verse, its bundled service package, the region's two largest carriers have been ratcheting up their sales pitches.

Advertisement

The fight has the cable TV company and the phone company coming out swinging. In one corner, Comcast is telling customers it can provide reliable home phone service at a competitive price. On the other side, AT&T says it has the technological prowess to provide cutting edge TV services and blazing-fast Internet access over traditional copper telephone wires.

"Over the next six months to a year, we're going to see this get even nastier," said Jeff Kagan, a Marietta, Ga.-based telecommunications consultant who follows the turf battle between Comcast and AT&T. "There's a lot of competitive pressure for the two companies that's putting consumers in the

driver's seat. They both want to steer business in their own direction."

High-stakes competition

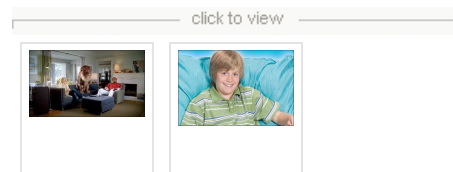
Comcast and AT&T are reaching out to prospective customers via television, radio, the Internet, direct mail and -- in AT&T's case -- old-fashioned door-to-door salespeople and Tupperware-style home parties.

Comcast's national and regional campaigns mostly poke fun at AT&T's history as a traditional phone company and newcomer status to the television market. Some of the company's recent memorable ads feature a prim and proper actress proclaiming that "everyone" in the know -- including AT&T -- is talking about Comcast. Other ads feature a local kid named Zak, who won a contest to serve as a pint-sized spokesman for the company's digital phone and high-speed Internet services.

AT&T commercials tell customers it's no longer just a phone company, but a telecommunications powerhouse capable of taking on Comcast in both service and price.



AT&T ads feature actors and sports figures who interrupt viewers seeking more HD channels and a clearer picture. (AT&T)



Extras

Bundled broadband at a glance

Comcast is pushing its Triple Play service, which combines digital cable, home phone and high-speed Internet service for \$99 a month for the first year.

AT&T is pitching U-verse packages, which combine digital television and high-speed Internet ranging from \$59 to \$129 a month.

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CyberSurvey: Has either Comcast or AT&T persuaded you to sign up for any of its broadband services recently?

At stake is the revenue from consumers in one of the nation's most lucrative broadband markets.

Comcast, the nation's largest cable television and second-largest Internet provider, services more than 1.3 million households in Michigan, most of them in Metro Detroit. Other cable operators such as Time Warner Cable and WOW! serve fewer communities, albeit some where they directly compete with Comcast.

But since getting the go-ahead from state regulators late last year to roll out its broadband offerings, AT&T has posed the biggest threat to Comcast's stranglehold on the region's digital media market.

Unpopular ads don't matter

Comcast's recent ads have customers and local marketing experts buzzing about the company's strategies, particularly the regional campaigns featuring the self-assured woman and Zak.

"People absolutely hate this woman," University of Detroit Mercy marketing professor Mike Bernacchi said.

"In my classes, there's not a student who doesn't get riled up about how obnoxious she is."

David Buhl, regional senior vice president for Comcast, said the ads featuring the snobby woman and Zak are centered on value perception and package pricing.

"We want people to understand that Comcast is a complete competitive company and that we offer a number of different products," Buhl said. "We're rebranding the company as more than just cable and Internet. We can do home phone too, better and cheaper."

That rebranding effort hasn't jived with everyone.

Fiona Lawson, 28, an event planner from Royal Oak, said she'd thought about getting Comcast service for her new apartment until she caught the pitchwoman's spiel while watching TV at a friend's home recently.

"I asked my friend if that woman was on TV a lot, and when she said 'yes,' I decided I could do without," she said. "I've never been so incensed by a commercial before. I had this urge to knock her out."

Jeff Stoltman, associate professor of marketing at Wayne State University, said Comcast's antagonistic approach toward AT&T is unusual for a utility company, but consumers like Lawson are rare.

"For most people, there needs to be a big incentive to switch to a new utility provider," he said. "Even if people don't like the ads, they usually won't do anything about it."

Customers win in the end

Kelly Moore, director of AT&T's U-verse service for Michigan, said her company is pitching straightforward pricing for services and a choice for broadband customers.

On the broadcast side, that means AT&T focuses on its own products, not mentioning its rival.

"We're standing on what we believe without badmouthing the competition," Moore said. "We're also keeping it local. We know what pushes buttons for our Michigan customers."

On their minds? Value and state-of-the-art technology, she said.

The company has taken one dig at Comcast. A current TV spot advertising an Internet and telephone package promises its price is permanent, not temporary "like the other guys," a clear poke at Comcast's heavily promoted limited-time deals.

As AT&T has pushed hard for greater acceptance of its U-verse offering -- which combines digital television with high-speed Internet -- the company also has looked to door-to-door salesmen and home demonstration parties held by current customers as new ways to get its word out.

Neither provider will discuss its market share in detail. AT&T's footprint is far smaller than Comcast's, according to the most recent numbers from each company. As of earlier this month, AT&T was offering U-verse to about 350,000 households in southeast Michigan.

Kagan, the industry analyst, said customers should expect continued sparring between the two.

"Comcast has a lot at stake," he said. "They're being challenged, and challenged hard. But in the end, customers will win. Neither of these companies will be a take-all winner. But customers will see better offerings and lower prices."

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