



RCN

After boldly converting to an all-digital format and dramatically increasing its international content, Richard Ramlall said this broadband services provider has seen significant growth.

Going International

For a company like RCN, success is all about positioning itself to move ahead of the competition. Thanks to its conversion to all digital and focus on enhancing international programming, RCN is positioned for success.

The company has been in business since 1996 and is currently in Boston, New York, Philadelphia, Pennsylvania's Lehigh Valley, Chicago, and Washington, DC. RCN offers both residential and commercial TV, voice, and high-speed Internet services.

In late 2004, RCN filed for bankruptcy and reemerged in early 2005 with a new senior management team, board of directors, and business strategy. In early 2008, RCN began working on "Project Analog Crush." The company managed to complete an analog-to-digital conversion in only two years, opening up additional bandwidth it could use to bring on more digital, HD, and international programming, as well as gain some internal efficiencies. One area where this is particularly important is the international programming arena, a cornerstone of RCN's strategic plan.

"There are significant pockets of ethnic communities in all of our markets, and opening up that bandwidth was important to meet the wants and needs of our current and prospective customers," said Richard Ramlall, RCN strategic external affairs and programming senior vice president. "The digital conversion is 100% implemented in our markets and provides us with valuable additional spectrum. Because of this, International programmers are now reaching out to us vying for carriage."

Know the customer

Indeed, both research done by programmers and RCN's research indicate there is a lot of pent-up demand for expanded International programming within ethnic communities. By taking information from the last census and extrapolating growth rates based on additional research, RCN can determine the ethnic breakdown of its markets down to a zip code



level. The company found, for instance, that, Latinos, Chinese, and South Asians, are predominant in all its markets.

It can drill down deeper, too. For example, New York City has strong Puerto Rican and Dominican communities, while DC has a large Salvadoran presence. This information allows RCN to specifically target not just ethnic but nationalized content in certain areas.

The competitive edge RCN has gained through its international strategy is demonstrable. First, when compared to satellite providers that have locked up various international programmers in multi-year exclusivities, RCN can provide customers with broadband and/or phone service, including attractive international calling rates, through its double- and triple-play bundles.

Second, it's a better arrangement for the programmers because a higher percentage of cable customers want broadband services along with their international programming as compared to satellite subscribers who can't get these broadband services through their satellite provider. And when compared to other cable companies, RCN offers more than just international and Hispanic programming bundles; they offer all international channels a la carte, allowing the customer to pick and choose what they want to watch.

"When consumers are required to purchase an international bundle, the cost can add up. A la carte offers true choice to



our customers,” said Ramlall. “We can offer maximum flexibility to subscribers, and that’s proven by our successful results with subscriptions going up by over 70% and international revenue up 25%.”

When RCN does offer bundles, it allows customers to choose a package that fits their viewing and pricing needs. For example, in August 2009, the company announced changes to their Hispanic programming packages, creating a MiVision Plus package, a MiVision Lite package, and an El Paqueton package

RCN is seeing similar growth in its commercial operations. Much of this is due to interest from hotels and universities in its service area looking to differentiate themselves from competitors by providing international programming. The programming can also help international students stay in touch with their home countries while staying in their on-campus accommodations.

True partnerships

RCN’s all-digital programming and market strength mean international programmers, content aggregators, and distributors approach RCN regularly. The company carefully researches international ratings to be sure the content it brings on are what their customers want. RCN also takes part in many initiatives to connect directly with customers to learn their preferences, such as events connected to its sponsorship of Major League Soccer’s DC United, which has a strong base of Latino fans.

However, before RCN executes an agreement with its programming partners, it asks them to enter into a marketing arrangement where the programmer will commit to various marketing tactics like advertisements in ethnic media outlets, taking part in ethnic festivals, and participating

in cross-channel marketing campaigns to draw attention to the fact that RCN is a carrier of that particular channel. This is different from relationships with large American programmers, which simply charge carriers a rate and provide little or no marketing support.

“We need to be sure communities know we have the content they want and how to access it. Working together allows us to highlight the programming as a team. We know it is unique because our partners tell us no one else gets this deeply involved with them, and they wish other companies had the same philosophy,” Ramlall said. “It is a true partnership. We get marketing support from them, we run cross-channel campaigns at our expense. When they see we are engaged, and the effort is reciprocal, they gladly provide the resources we need to implement in our markets.”

The effort has been so successful that Ramlall has become a recognizable face for RCN with ethnic customers because he often takes part in the cross-channel advertising campaigns. With a new census underway, RCN will soon be able to access up-to-date information on the state of the ethnic communities in its markets. Even without that information, however, it is well known that ethnic communities have grown during the past decade. Thanks to its forward-thinking approach, RCN has given itself a leg up on the competition.

“Growth in international business has boosted our existing business, helped us add new customers, and helped with retention,” said Ramlall. “Doing this the way we’ve done it, by establishing true partnerships and getting involved early on, we’ve carved out a strong niche for ourselves that can only lead to more success for us in this area.”

—Eric Slack

