

Cable Me Not

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Abstract

Competency within the firm is essential for the firm and for executing service delivery to the consumer. Without an adequate internal competency, the brand's reputation can suffer from a lack of set standards in executing the service provided to the customer. Building an internal competency provides set guidelines and actions for the firm to utilize by keeping internal employees on the same page for customer service encounters. Consistency within the firm ideally will result in creating identical and satisfactory encounters with consumers, who want a company that will fulfill their needs without feeling as though they have been taken advantage of. Monopoly situations in the market enable the firm to charge and conduct business in any way it chooses, since the consumer has little or no other option(s). This case focuses on Comcast Cable Company and its business practices in providing a service to their customers. By analyzing Comcast's current business state, we are able to conduct scenarios for improving their internal competency ideally in an effort to improve their customer relationships and brand reputation.

Key words: internal competency; marketing; communication; firm; brand management; cable; communication; customer service

Introduction

Cable and the Internet have become a necessity in today's society. Some cable companies understand the demand and monopolize the cable and Internet industry through their bundle and package deals. Customers have no negotiation power, since the corporations know customers will pay whatever it takes to receive the service. Companies often attempt to lock customers in at a low rate the first year and then raise the rate for service the following year, while locking the customer into a three-year deal. Three years is a long time to be committed to a cable company, and most of the time customers find out their so-called "good deal" is a costly mistake after it is too late.

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These perceptions make for an insightful case discussion for nurturing internal competency within the firm. Building an internal competency within the firm help establish unity and promotes a cohesive effort within the firm. A lack of internal competency can become the shortfall of the company and directly impact the firm's strategic value of resources. Established standards and guidelines within the company can set up consistency within the firm. According to the *International Journal of Hospitality Management*, "Values such as camaraderie, creativity, performance, and efficiency operate as underpinnings of the organization's culture that creates an identity, and sets it apart from competitors" (Erhardt et al., 2016). Subsequently, companies that exhibit an internal competency have all groups within their firm connected.

The focus of this case study is Comcast. Comcast offers service packages that lock the customer in with a low price for the first year of the contract and then raises the price for the final 12 months of the contract. This forces the customer to pay the increased rate and does not allow him/her to be eligible for a new promotional deal that was similar to the original package. The following highlights a cognitive case displaying a monopoly service provider's customer relationship in which the brand's internal competency hinders the firm's reputation.

Story

After moving to Exeter, New Hampshire, I was in the market to find a cable and Internet service provider. After contacting several service providers, I learned that Comcast/Xfinity had monopolized the cable and Internet offerings within the Seacoast of New Hampshire. I became a new customer of Comcast/Xfinity, because they were the only option for Internet Access and Cable TV bundle package. I signed up for a "Double Play", which gives access to the Internet and Cable TV, but no phone. I had a 1-year introductory rate of \$115 per month. After the 1 year expired, my new rate became \$175 per month.

I was not informed of the large price increase for the second year when I talked with the original Comcast customer representative. Upon discovering the new rate, I contacted Comcast/Xfinity about this large price increase. The new customer representative suggested that I could opt for a "Triple Play", which was similar to my original package, but it also included a phone. I have no use for a local phone number, and so this did not interest me, but the pricing was less than what I was paying for the old "Double Play" package.

The new "Triple Play" rate was for one year, but I was again committed to a 2-year contract. Thus, after the one year, the rate would be much higher than the \$175 I was paying for the lower "Double Play" package. The customer service representative explained the "Triple Play" package is on promotion for \$159.99 per month for 12 months. After 12 months, the package will be on promotion for \$184.99 per month for months 13-24. After 24 months, the regular rate of around \$215.49 per month will apply. Despite the promotional package for \$159.99/month,

the ending monthly cost would be about \$200 per month and \$225.00 for the second year.

The service rate that Comcast/Xfinity decides to charge for its services is essentially non-negotiable and requires you to be locked into a two-year contract. It is not feasible or realistic to pay over \$200 for a long-term package at a condo rental. If I were to move out of this location, I would still be responsible for the cable and Internet payments until my contract expired, despite not using the service. Comcast tries to continue to raise your package rate the longer you are a customer with them. The longer the customer to service relationship is, the higher the service price will ultimately be.

Possible Solution Options

Select (circle) one of the following alternative solutions to improve Comcast's Internal Competency:

- A. Comcast can focus on changing its package deals.
- B. Comcast should not change its business model, since there is internal competency within the firm.
- C. Comcast can change its internal technology for cable, Internet, and phone.
- D. Comcast should establish internal cohesion between its customer service and innovation teams.

Surface Analysis

What are the problems surrounding Comcast? Comcast provides adequate service, by offering cable, Internet, and phone in exchange for money from the consumer. The consumer's story provides an example of one in over 27 million people's service encounter with Comcast. Building internal competency within the firm is essential for success and cohesion within the company. Thus, D is the best solution for this case.

Deep Analysis

Consumers feel locked in to Comcast due to its extensive service reach and the customer's lack of options within the cable, phone, and Internet industry. Comcast has over 27.7 million customers (Stetler, 2016) and does not feel the need to become more affordable, since it has a strong presence and monopoly within the industry. Consumers feel stuck with whatever price Comcast charges them. Consumers understand they need to comply with Comcast's business model if they want to have cable, Internet, and phone. According to Comcast's SWOT analysis, its increases in program expenses and charges are a primary weakness the company is facing (4). Comcast's increase in program expenses is an internal risk for the firm, as well as externally for investors. From a financial standpoint, Comcast is excelling; however, its business to customer relationship leaves much to be desired. According to

consumer affairs, Comcast/Xfinity received a 1.1 out of 5. Customers were dissatisfied from the hidden fees and deceptive package bundles (Consumer Affairs, 2016). Furthermore, customers experience buyer's remorse rather quickly after the Comcast experience due to its monopolistic business practices and lack of empathy for its customers.

Building an internal competency within Comcast requires the firm to reevaluate its core values. The company executes the technological capabilities of providing cable, phone, and Internet; however, its internal customer service group becomes the downfall of its reputation. Core values provide a firm with a solid underlying foundation to prosper, by establishing strong internal competency within the business organization (Erhardt et al., 2016). Internal competency within the firm is fulfilled when groups within the company are synchronized with each other's actions. The firm should be consistent and establish set standards to establish cohesion. This cohesion internally should ideally result in the ability to execute the firm's business strategy and improve upon its weaknesses. A stronger correlation between an employee action and their shared values results in a greater chance that the organization's culture will contribute to higher levels of performance within the firm (Erhardt et al., 2016). In Comcast's case, its customer service and business model need to be revamped to improve customer satisfaction.

Possible Solution Options

A. Comcast can focus on changing its package deals. **3 points.** *Changing its package deals will help reduce deception within its agreements with consumers. New package deals could potentially gain new customers and reestablish trust with current customers.*

B. Comcast should not change its business model, since there is internal competency within the firm. **0 points.** *Comcast will remain at the status quo or continue to decline within the industry. Comcast needs to recreate its image before a new innovative company becomes available for cable, Internet, and phone. Comcast is currently maximizing its profits within the firm; however, a lack of customer service and deception will influence customers to switch service providers the first chance they get.*

C. Comcast can change its internal technology for cable, Internet, and phone. **1 point.** *Internal technology and innovation can enhance a firm's internal competency. The firm's technology exceeds its customer service substantially. Therefore, Comcast needs to focus on building its internal competency by improving customer service to match its technological abilities.*

D. Comcast should establish internal cohesion between its customer service and innovation teams.

6 points. *This is the best solution of the choices provided. By linking customer service and innovation, the internal team can be in sync and execute actions through a set process. Consumers will have access to innovative technology and customer*

service. Comcast will have the ability to reshape its brand image and reputation, while still remaining a profitable firm.

After much analysis, the internal competency within Comcast demands a change. Until you deal with Comcast directly, you will not understand the negative service encounter. The phrase, “The customer is always right”, fails to follow Comcast’s business motto. Comcast strives for greater profits rather than satisfied customers. Subsequently, the customer feels taken advantage of by Comcast. Its rates continue to increase, despite the company raising the bar and its commitment to the customer as a service provider. Customer excellence and satisfaction tend to be non-existent within its corporate motto, as Comcast understands that it will receive the business, regardless of what the rate is. If customers want cable, Internet, or phone; they will pay the asking price. Comcast will receive the business, but the customer’s perception of the company will be poor from being locked into a contract and taken advantage of, since there are no alternatives.

Comcast’s lack of customer service is a weakness within the firm. A quick Internet search provides one-star service reviews via Yelp and thousands of complaints, without even scrolling past the first hit on your search. One would have to spend a lot more time to find a positive review than to come across negative reviews of Comcast. Cognitive experiences provide insight on what to expect from Comcast following your first service encounter and shapes your view of the brand moving forward. Until one understands the firm’s deceptive advertising, customers will continue to be taken advantage of by Comcast.

Comcast has the ability to provide a service for cable, Internet, and phone, despite the firm lacking internal customer service satisfaction. Comcast’s technological ability and service create value for the consumer, despite the high price. The firm has a competitive advantage from the lack of substitutes within the industry. All in all, cognitive experiences greatly shape consumers’ view towards the company, which correlates to their actions and correspondence moving forward with their Comcast service relationship. Overall, Comcast needs to reevaluate its internal actions and focus on building an internal competence linking its technology and customer service teams to match and enhance its brand reputation among consumers.

Editorial Commentary

From an analysis of the suggestions by the narrators, of how service failures should be resolved, and the scholarly research covered in the accompanying editorial commentary, it is quite clear that solid internal competencies, especially customer-centric mindfulness and empathy, build brand loyalty and develop a relationship with the customer. “Loyal employees create loyal customers” (Khalaf et al., 2013). Confusion within the firm as a result of a lack of internal competency can negatively impact a brand’s reputation that is projected upon customers through actions and behavior. A negative service reputation is not without consequences.

There is a relationship between supply and demand and how an organization deals with its customers. When demand is high and supply is low, an organization can be less responsive and customer-oriented. The consumer has limited choices and can be taken advantage of by the firm.

Customers' perceptions of their options and treatment determine whether they feel annoyance or satisfaction with the organization and influence their view of the brand. A customer-oriented organization is rather obvious to the consumer. As in the Comcast case, the aim was more toward profit than customer satisfaction. After a reevaluation of the firm's emphasis, its priorities need to translate into strategies, tactics, and daily behavior towards prospects and customers. Related internal actions can build an internal competence and enhance the organization's brand reputation.

Standards and strategies by the firm can unify and promote cohesion within the organization and contribute to a culture that can create improved customer experiences (CX) and improved brand image. Building internal competency within an organization can be very effective (both in terms of happy employees and happy customers) when managed well. It can eliminate or reduce costs due to failure, helps build support, and even establish ongoing change management in the organization. This can lower expenses in the long run and enhance competitive advantage. Organizations benefit greatly from establishing a consumer-centric business plan, with both strategy and specific actions focused on two-way communication, and from a co-creation of solutions throughout the organization, with positive customer experiences as the principal goal. Globally, there is an increase in retailers embracing the idea of customer experience management and incorporating the idea into their mission statements. Emphasizing convenience, value, and quality can benefit the customer experience (Verhoef et al., 2009).

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