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HAND DELIVERY

January 11, 1991

ORIGINAL
FILE COPY

Mr. Steve Tribble
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: FPSC Docket No. 891194-TL

Dear Mr. Tribble:

I enclose for filing the original and 15 copies of a Supplement to Hearing Exhibit No. 15 in the captioned proceeding. This Supplement to Hearing Exhibit No. 15 consists of 20 pages from the United Telecom Class Study Phase II Final Report dated March 13, 1989. The filing of this Supplement to Hearing Exhibit 15 was authorized by Chairman Wilson's oral order recorded at pages 529-530 of the transcript record.

A copy of this letter is enclosed. Please indicate on the copy that the original was filed and return the copy to me. All parties of record have been served in accordance with the attached Certificate of Service.

- ACK
- AFA _____
- APP _____
- CAF _____
- CMAS
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- ROH _____
- SEC _____
- WAB _____
- WIN _____

Very truly yours,

David M. Falgoust

Enclosures

H. R. Anthony
A. M. Lombardo
R. D. Lackey

RECEIVED & FILED

FPSC BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

00358 JAN 11 1991

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filings by)
SOUTHERN BELL TELEPHONE AND TELEGRAPH)
COMPANY clarifying when a nonpublished)
number can be disclosed and introducing)
Caller ID to TouchStar Service)
_____)

Docket No. 891194-TL

SUPPLEMENT TO HEARING EXHIBIT NO. 15

Excerpts from United Telecom Class Study Phase II
Final Report dated March 13, 1989

DOCUMENT NUMBER-DATE
00358 JUN 11 1989
FPC-RECORDS/REPORTING

OVERVIEW
CLASS MARKETING
RESEARCH STUDY

(SELECTED OVERHEADS
USED AT CLASS KICK OFF)

o Two studies were conducted concurrently:

1. Attitudinal Segmentation
2. Pricing Segmentation

TOTAL INTERVIEWS

	<u>Residential</u>	<u>Business</u>
	N.J. Fla. Total	N.J. Fla. Total
Attitudes	291 100 391	207 51 258
Pricing	408 114 522	147 51 198
TOTAL	699 214 913	354 102 456

TOTAL Interviews 1369

- o Survey was administered to 1,030 respondents who indicated they did not have any Custom Calling Features.
- o 323 respondents indicated they had at least one Custom Calling Feature.
- o 16 respondents were unaware.

Purchase Interest

- o Each new CLASS product was rated on various price points ranging from 50 cents to \$7.00.

- o Based on research findings, we have identified three segments:
 - "prospects"
 - "suspects"
 - "resistors"

- o "Prospects" indicated they definitely or probably would purchase at some price.

- o "Suspects" indicated they might or might not purchase interest at some price.

- o "Resistors" indicated they probably or definitely will not purchase at any price.

Product Concept Potential: Incidence of
Purchase Interest Residence Market
(N=522)

	"Prospects"	"Suspects"	"Resistors"
Auto Redial	43%	3%	54%
Auto Callback	54%	3%	43%
Cust. Trace	59%	3%	38%
Call Display	55%	2%	43%
Display Block	36%	2%	62%

**Product Concept Potential: Incidence of
Purchase Interest Business Market
(N=198)**

	"Prospects"	"Suspects"	"Resistors"
Auto Redial	48%	3%	49%
Auto Callback	54%	2%	44%
Cust. Trace	52%	4%	44%
Call Display	56%	4%	40%
Display Block	25%	2%	73%

- o All products generate a clear pattern of acceptance or rejection as there is a relatively low rate of "suspects" for each product.

- o All products except Display Block generate purchase interest at approximately 50 percent in both markets.

- o Business market generates equally large groups of "prospects" for all new concepts except Display Blocking.

o The following combination pricing options were tested for Customer Trace:

- \$5.00 monthly subscription fee with no usage charge
- No subscription with a \$25.00 per use charge
- \$1.00 monthly subscription fee and \$10.00 per use charge

Pricing Options

	Residence		Business	
	Ttl.	Prosp.	Ttl.	Prosp.
\$5.00 Mo./				
No usage	15%	16%	21%	21%
No monthly				
charge/\$25				
usage	18%	18%	25%	29%
\$1.00 mc./				
\$10.00				
usage	55%	61%	42%	47%
Don't know	11%	5%	12%	3%

Customer Trace Pricing Option Among
"Prospects"

- o Both markets preferred to pay \$1.00 per month with a \$10.00 charge per use.
- o However, greater revenues may very well be realized by pricing Customer Trace at a flat rate of \$3.75 per month with no additional charge for usage.

- o Estimated annual revenues for Customer Trace at \$3.75 a month in the residence market are \$1,530.

- o In order to equal that revenue with a pricing of \$25.00 per use and no monthly fee, we project that residence "prospects" would have to use the service 5.76 times per year.

		INDEX OF		
PRODUCT	SEGMENT	POTENTIAL		
1. Number Display:	business	180.41	high	
2. Customer Trace:	business	167.19	high	
3. Auto Callback:	business	150.05	high	
4. Customer Trace:	residence	149.50	high	
5. Number Display:	residence	125.70	med	
6. Auto Redial:	residence	121.20	med	
7. Auto Callback	residence	116.40	med	
8. Auto Redial:	residence ^{business?}	81.50	low	
9. Display Block:	residence	71.10	low	
10. Display Block:	business	63.38	low	

Calling Number Display

- o Residence market likes this product's ability to screen incoming calls.

- o High-potential subsegments were:
 - Florida
 - CCF Owners
 - Young (25-35)
 - Business at home

**CONCLUSIONS AND
STRATEGIC RECOMMENDATIONS**

150

ARAGON CONSULTING GROUP

- o **Market demand is strong enough to show real potential in both residence and business markets.**

- o **Strongest product concepts are:**
 - **Customer Trace**
 - **Calling Number Display**
 - **Automatic Callback (more popular in business market)**

- o Recommend "differential" pricing strategy.
- o Both markets show significant price sensitivity.
- o Driving force behind subscribing to CCF is not price, but an identified "need" based on lifestyle.

- o **Target all current CCF subscribers.**

- o **Also target new and young businesses.**

- o **Florida indicates a strong interest in product concepts.**

- o Products should be designed and tested based on needs of target segments.

- o Long-term sustaining and conversion strategies should study product appeal and sources of resistance.

CERTIFICATE OF SERVICE
Docket No. 891194-TL

I HEREBY CERTIFY that a copy of the foregoing has been
furnished by United States Mail this 11th day of January 11, 1991
to:

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