

Test Marketing Campaign



Report of Findings

22 October 2021

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Project Overview

The Holyoke Gas and Electric Fiber-to-the-Home Interest Form was not intended as a poll or a survey of the general population.

Rather, it was the first step in a test marketing campaign to determine how many of those interested in Fiber-to-the-Home Internet (FTTH) would sign up for the service and provide contact information for further follow up.

Previous surveys of HG&E customers had shown interest in FTTH. The question to be answered in this particular study was whether or not there were enough people interested to make a \$30 million project financially viable.

Questions Included in the Interest Form

The Holyoke Gas & Electric Broadband Interest Form leveraged a quantitative research methodology to address the following areas of investigation:

- Willingness to pay for fiber internet service
- Willingness to pay for initial installation costs
- Current use of streaming services and smart TVs
- Willingness to "cut the cord" and subscribe to residential fiber internet if it was offered by HG&E
- Willingness to pay a deposit to confirm interest in HG&E internet service
- Demographic profiles of respondents

Research Methodology Snapshot

- Based on research conducted by HG&E, a municipal internet project needs an approximate 30% share of its market in order for the investment to be successful. According to the Census, there are 15,278 potential customers in Holyoke. Based on this, the Fiber-Optic-to-Holyoke project would need approximately 4,583 subscribers to reach the necessary marketshare.*
- In order to determine the potential number of subscribers in Holyoke, the department created and publicized the Fiber-to-the-Home (Residential Broadband) Interest Form, which was online and available to all, in English and Spanish.
- In order to inform residents of the opportunity to sign up for fiber to the home, HG&E spent over \$40,000 on an extensive, three month long public information campaign. The campaign encouraged “customers who would like to subscribe to a local, residential fiber internet service” to visit the website.
 - Press releases were issued to local media, as well as Social Media outreach through Facebook, and advertisements in newspapers serving Holyoke including: The Springfield Republican, Holyoke Sun, Holyoke Reminder, Hampshire Gazette, and El Pueblo Latino. Additional outreach to the Spanish community was done through local radio spots. Two billboards in downtown Holyoke were utilized. Flyers in English and Spanish promoting the website were distributed to businesses for posting throughout the City.
 - Announcements were included in the department’s monthly mailings to all customers. Postcards pushing people to the website were direct-mailed, and printed copies of the actual sign-up form in English and Spanish were mailed to residents. Community partners also supported the effort to get the message out in both Spanish and English.
- Responses were screened to exclude duplicates and incorrect IP addresses and to include households that would be within a service territory that would cost \$30 million to implement.

*In addition to US Census data, HG&E has been monitoring Cable TV subscription data which is published annually by the Massachusetts Department of Telecommunications and Cable (DTC).

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71.5%

would still purchase
at an increased
price point

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0.0%

8.9%

2.8%

0.0%

5.4%

Negative Impact

Boomers

Key Study Findings

- A significant portion of customers who completed the interest form reported they would potentially switch to HG&E if it were offered at a lower cost than their current provider, notably, lower than Comcast. Based on the required costs to implement and maintain fiber optic internet in the service territory, HG&E would not be able to offer a lower rate due to the cost of the overall investment. Appendix C provides Comcast rates for October 2021.
- Results indicate a market share of approximately 6%, which is significantly lower than the recommended 30%.
- It is recommended that HG&E continue to study interest levels in the service territory.
- HG&E should continue to explore outside funding sources to offset initial buildout costs, as well as newer technologies that might be offered at a lower cost.

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71.5%

would still purchase
at an increased
price point

27.3%

40.0%

16.1%

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0.0%

8.9%

2.8%

0.0%

5.4%

Negative Impact

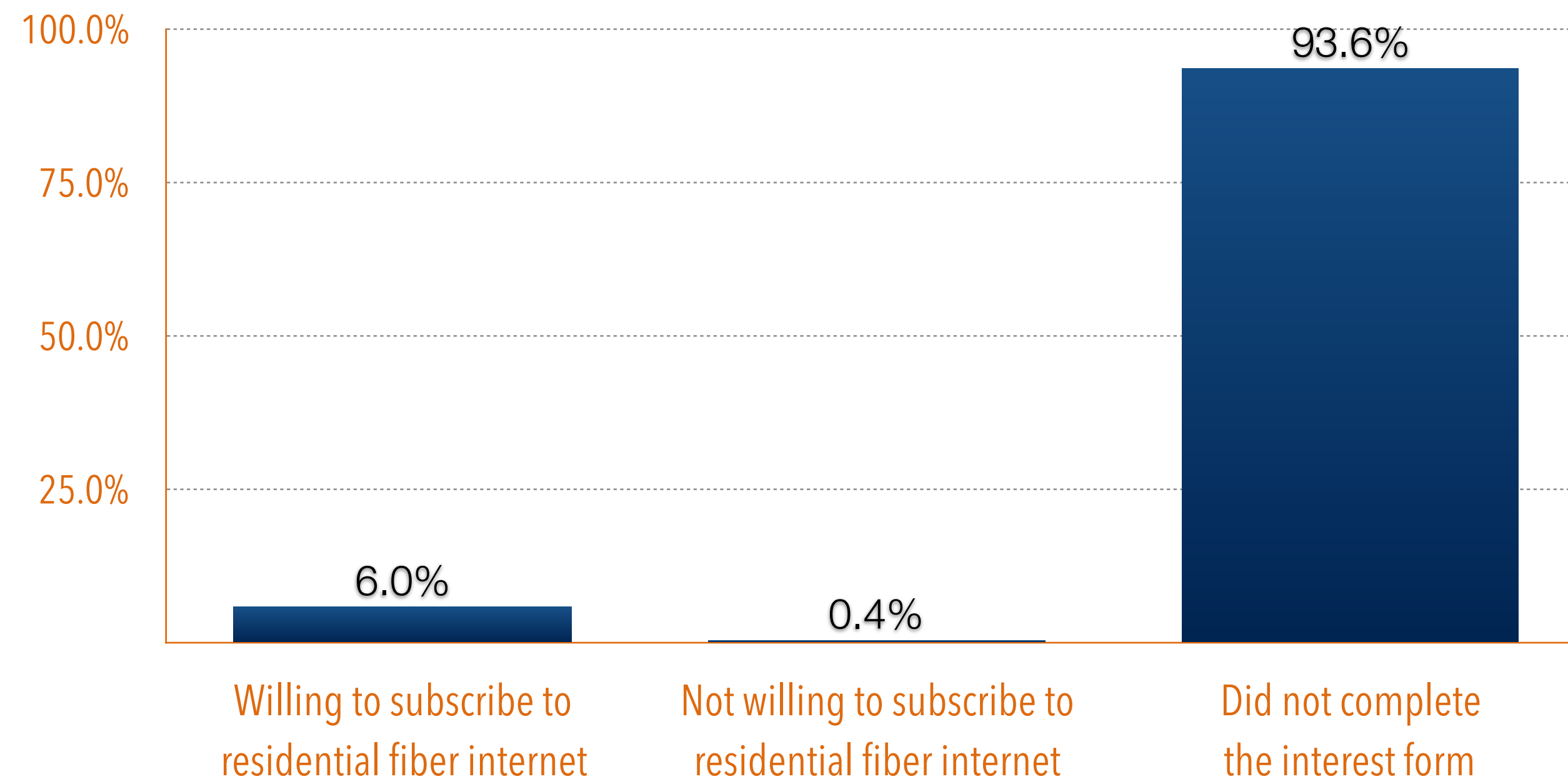
Boomers

No Impact

Positive Impact

Six Percent of All Residents Reported Willingness to Subscribe to HG&E Internet

Less than one-out-of-ten (6.0%) of the 15,278 residents within HG&E's potential internet service territory reported they would be willing to subscribe to residential fiber internet, while 94.0% were either not willing (0.4%), or did not complete the interest form (93.6%).

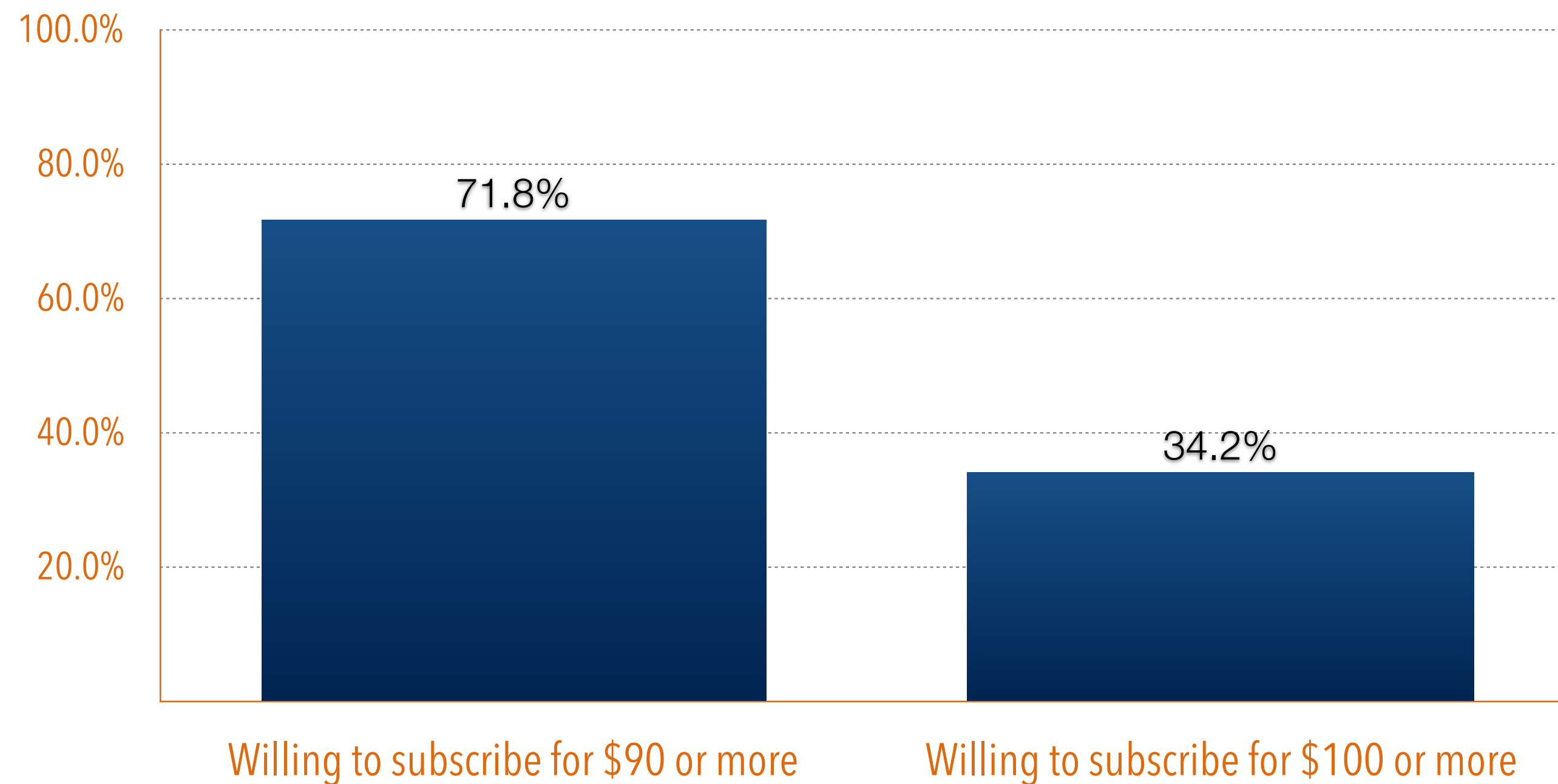


Response	N-value
Yes	914
No	62
Did not complete the form	14,302

Willingness to Pay for Fiber Internet Service

Of the 976 respondents who completed the internet interest form, 701 were willing to both subscribe to the service and pay \$90 or more (71.8%) and 333 were willing to subscribe and pay \$100 dollars or more (34.2%).

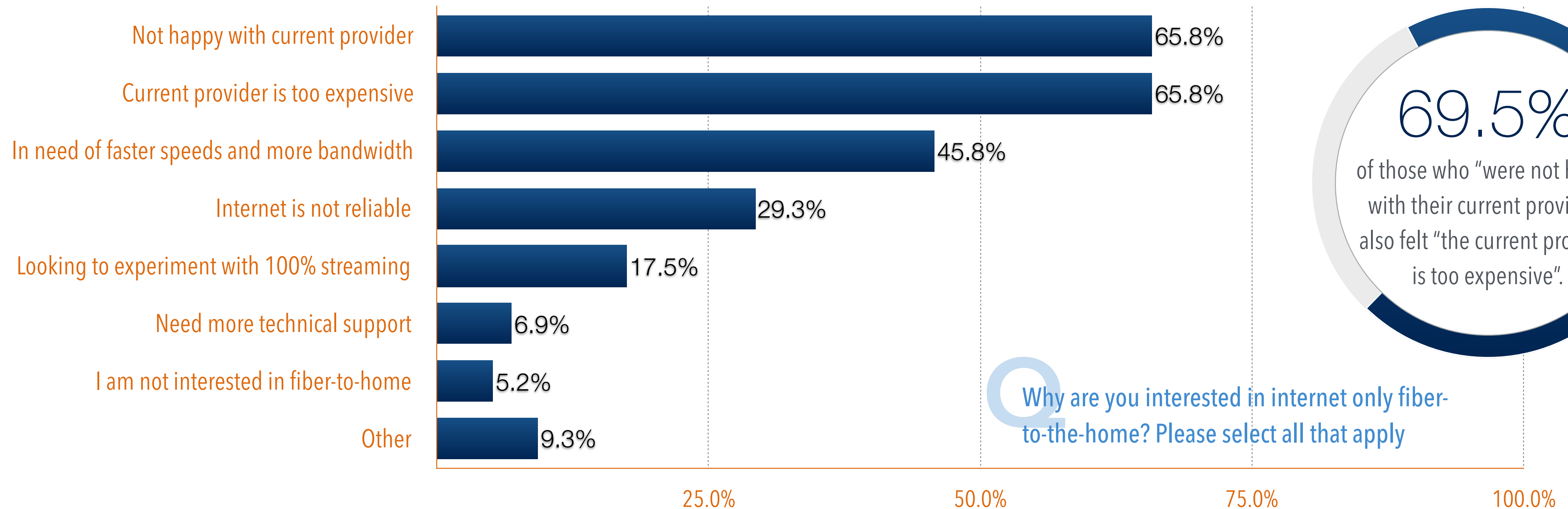
- 701 potential customers would give HG&E a market share of 4.6%.
- 333 potential customers would give HG&E a market share of 2.2%.



Price	N-value	Marketshare Breakout
Willing to subscribe for \$90 or more	701	4.6%
Willing to subscribe for \$100 or more	333	2.2%

Current Provider and Prices Cited Most Frequently in Interest Form

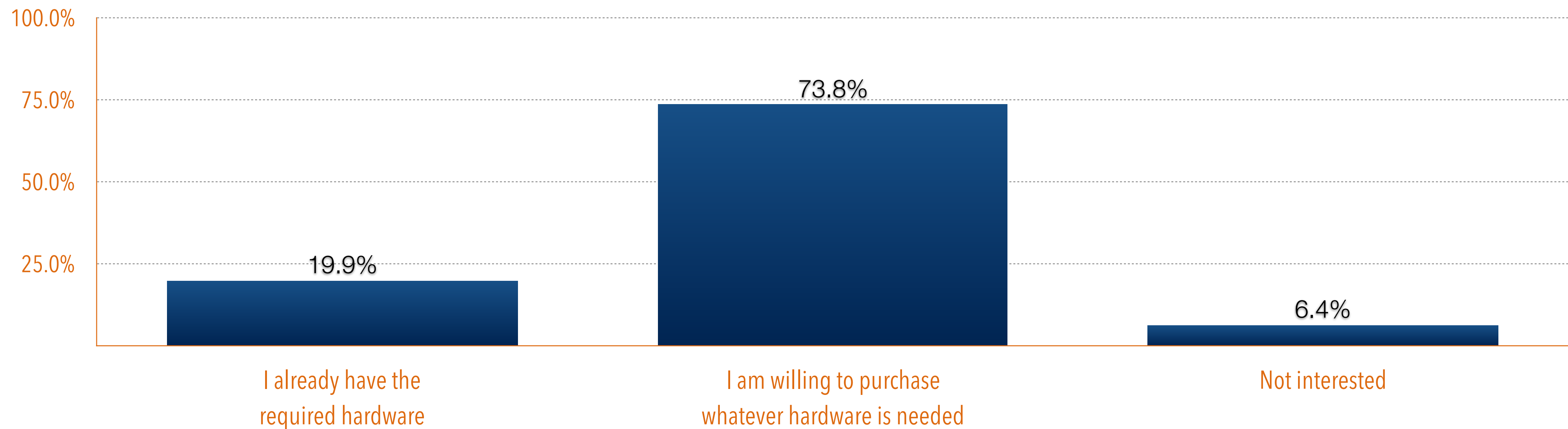
Of the 976 residents who completed the interest form, 65.8% reported they were interested because they are "not happy with their current provider" or their "current provider is too expensive," while 45.8% reported they are "in need of faster speeds and more bandwidth." Of note, 69.5% of respondents who reported they "were not happy with their current provider" also stated their "the current provider is too expensive," indicating that price was a factor for the strong majority of those interested in internet only fiber-to-the-home.



Impact of Purchasing Necessary Hardware

More than nine-out-of-ten respondents who completed the fiber internet interest form, 93.7%, either have the required hardware for fiber optic internet (19.9%) or were willing to purchase the hardware needed (73.8%). 6.4% were not interested in purchasing the hardware.

Customers will need an Optical Network Terminal (ONT), similar to a cable modem, and WiFi router, which you may be able to rent from HG&E for approximately \$10 per month. If you'd prefer to purchase the equipment, the ONT and router would cost approximately \$200. If you do not have a smart, internet-ready television you will need to buy a device like a Roku. If you are switching from Xfinity, you will give up your traditional remote and stream entertainment in a new way. Would you be willing to purchase or rent the necessary hardware?



One-fifth Unwilling to Pay for Installment Fees

Of the 976 respondents who completed the fiber internet interest form, willingness to pay installation fees are detailed below:

- 61.3% reported they would pay \$100-249
- 9.0% reported they would pay \$250-499
- 1.7% reported they would pay \$500-999
- 6.8% indicated “other”
- 20.3% reported they would not pay for the necessary installment and

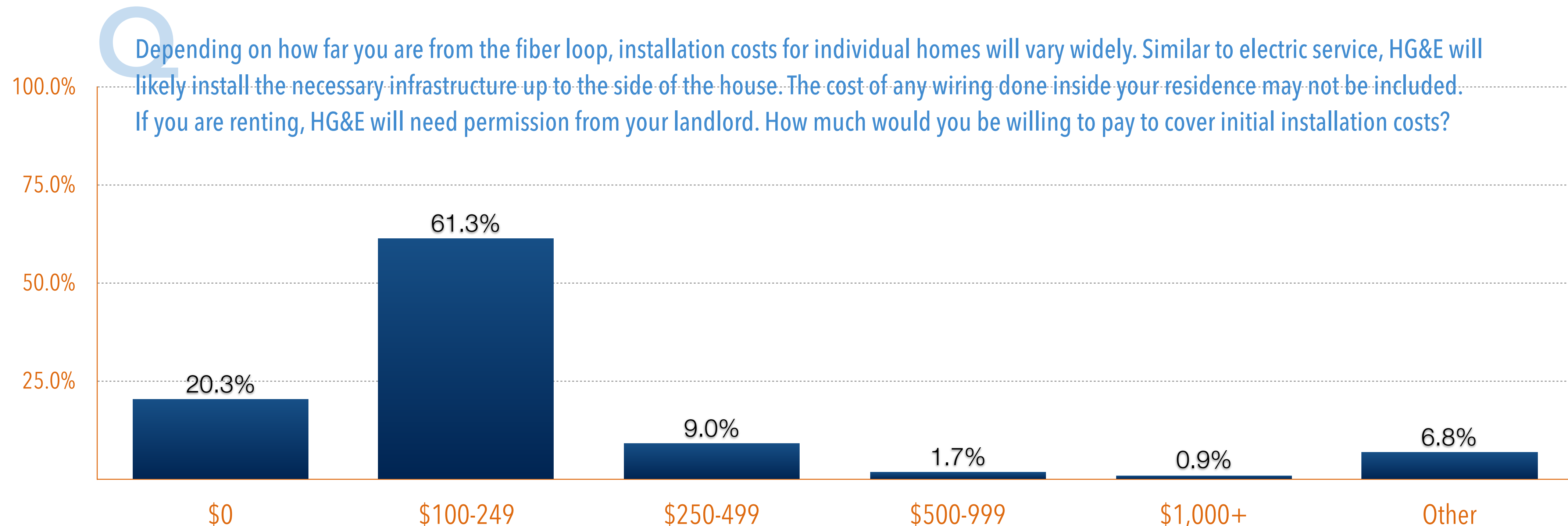


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Appendix B - Comments

The following is a selection of 98 comments out of the 347 people made when asked in Q8 for “any additional feedback or information you would like to share”. The comments were lightly edited and arranged by topic. They were selected because they were typical, informative, or colorful.

Price, what respondents feel they would or should pay

- I selected the \$90 option for that question (Q1), but would expect it to be less
- I am satisfied with Comcast Internet which is \$95./month, I could get my own combo router/modem and the cost would drop to \$81/month. Unless I can get something cheaper than what I have why would I want to change over? Also, I have heard that Utilities like HG&E can't be competitive with pricing, so if Comcast decides to lower their internet cost to \$80/month including the modem rental how could HG&E compete, looks you folks would lose business. This certainly is a slippery slope and looks like HG&E would be taking a risk with this offering. Thanks so much for this survey. On another note, I think HG&E has fantastic service and extremely competitive pricing on gas and electricity. Keep up the great job!!! I love HG&E!!!
- FYI current Xfinity bill is \$260, and we rarely watch live tv. :(We have been talking about cutting the cord for the last few years. Make it affordable and reliable and we're on board!
- My home service is a used car payment. If we can get below \$200 a month, I'll bite
- I pay 115 just for internet so I think it is a good idea
- My willingness to "cut the cord" is solely based on cost. Unless there is a reasonable cost reduction compared to what I am paying now there isn't much incentive. A \$90 per month price tag, just for internet, is not an acceptable cost reduction

Appendix B - Comments

- If too expensive, I don't want it!
- My main interest is in saving money. Right now I'm paying \$80 per month just for internet access. If HG&E can match or beat that, I'm all in.
- I do not want to pay more than I do now for internet (79.95)
- I'm currently paying \$136/mo. for a comparable Hulu + Live TV channel lineup via Comcast/Xfinity and it's working well, so probably wouldn't switch without a considerable cost reduction. (Hulu is \$65 a month)
- Westfield's rate is only \$64.00 a month with the option of phone for an additional \$12.00 a month. I would prefer to pay their rates.
- The amount I would be looking to pay is \$60 a month
- Can't afford to pay a lot for internet now. I currently have service with Xfinity for \$10 a month.
- Comcast (monopoly) is very reliable even at the lowest speed. What benefit would I get from paying more? Some cities provide internet for free! Why not make it free as a service to Holyoke residents?
- The key, if the G&E is going to do this, is for the service to be better and cheaper than Comcast. That is the whole point. Some of the questions suggest you are looking to adopt their inflated money grabbing scheme for nickel and diming us. I hope you will develop a product choice alternative that is better than that. Thank you.

Appendix B - Comments

Pro/Anti-Comcast

- We like our Comcast deal. It's not cheap, but we watch a lot of television.
- I'm actually relatively content with Comcast's (listed) speed of 180mbps for my current internet.
- I'm currently a Comcast double play customer. It meets my needs for both internet and TV
- I need the technical support Comcast offers
- Comcast has an illegal monopoly on internet service. Internet is a utility required by every household, and politically I am in favor of cities creating their own networks as a viable alternative to unethical companies like Comcast
- I would prefer to support a local, municipally-owned entity rather than a monopolistic international corporation.
- Internet should be a utility - it is not optional for a household. Currently it's a monopoly and they raise prices all the time. It's a scam. For a more equitable future we need city-based, government regulated internet access.
- Currently, we have Comcast which is terrible because it is overpriced and has a monopoly. Their prices go up constantly and I HATE them.
- Comcast is awful. Please start this service. Thank you!

Appendix B - Comments

- Please do this! Comcast is such a horrible company, set us free!
- Comcast is a blight on our community.
- I have purchased Comcast in many different cities and it always feels like theft... buncha crooks running that business. I hate it.
- Please hurry . . . I HATE Comcast!
- Comcast is trash - we love HG&E

Pro/Anti HG&E

- HG&E websites/online systems have not been the best over the years so that is a concern for me.
- Years ago we had HG&E dial up internet service including email. Then HG&E discontinued the service. Needless to say, we had to find another service. Is HG&E going to do the same thing with fiber optic years later?
- HG&E needs to prove to us the community and users, that they want to be part of our city community and will treat us as well as they (HGE) purport to treat the 'rate payers' for energy needs. Also, it still remains important the HGE is conscious of environmental issues and has goals to get off of gas at heart.
- Other cities have tried this and lost big money! Holyoke is a poor city and can't afford it!

Appendix B - Comments

- As a long time HG&E customer, I would be against the utility expending 30 million dollars on a project with a dubious ROI that could ultimately impact gas and electricity ratepayers. Holyoke is a relatively poor city. I believe that the number of customers who would be willing to pay the high upfront and recurring monthly charges you are suggesting would be small and unable to support the project's cost.
- Holyoke is not a wealthy community as other communities. I honestly don't know what families in the city can afford the cost of fiber-to-the home. The idea is fantastic but the cost is expensive. As a retiree, and on a fixed income, I don't need any added expenses in my budget. What is the average salary of Holyoke residents? What is the ratio of senior citizens to the number of fully employed citizens making above poverty wages? With sewer fees expected to increase in the near future, I doubt many residents will want any added expenses. However, I could be totally wrong. I appreciate HG&E considering fiber to the home, but in reality, I don't think the demographics of Holyoke can support such a move at this time. Thank you for all the service you give to us. Good luck in your campaign.
- I am concerned that the BEST Gas & Electric Co will spread itself too thin. DO WHAT YOU DO RIGHT. The future of internet and Service is not worth the investment now.
- We do not need HG&E getting involved.
- Many of us have been waiting years for this! It'll further cement HG&E as the best utility provider around!
- I think this is too expensive of a project. We have the best utility rates and I do not want this service to interfere with that.
- Hello! I'm a young adult who grew up in Holyoke, came back after college, and am about to purchase my first home here. I am so excited to see this survey and progress! Remote work (and internet!) afford me a competitive, high-income career based in NYC from home, in Holyoke. I've long known that HG&E is an upstanding pillar of our community, and have been thrilled in recent years to see HG&E continue to age well and evolve proactively. Congratulations to all involved and thank you! A Proud Holyoker and HG&E customer.

Appendix B - Comments

Deposit

- "Would you be willing to pay a \$100 deposit"? Maybe. We will see what your other conditions are.
- I have a two year contract with Comcast, so I'm not ready to make a deposit now.
- Before I put down a deposit, I would need more solid information.

Good for Holyoke

- This survey is unnecessary and you know it. The city of Holyoke DESERVES quality internet. We just spent 16 months with remote learning and unstable internet connection kids are missing classes because they cant connect. HG&E Has the infrastructure in place to ensure our residents, students and businesses have quality internet connection.
- This would be an exceptional service and would make Holyoke an even better place to live and work.
- I think municipal fiber internet could be transformative for Holyoke. Jobs from all over the state and country could be done here remotely and the city would become a more desirable place to live and/or start a tech business.
- The city has come to be the new place to live with the rising housing costs. Offering your own fiber is another huge incentive to entice more people to buy in Holyoke.

Appendix B - Comments

Other Cities

- Please try to keep prices competitive with Chicopee and South Hadley who also do a demand build. We should be able to pay the same seeing as how they are subletting HG&E bandwidth.
- \$69 like Westfield!

Complexity

- This would not be an improvement. I would go from having one bill a month with Xfinity, to having at least three separate bills a month, with each provider changing their rates as they see fit.
- Why not also negotiate a basic TV contract that could include the four major networks, three cable news networks, and both NESN and NSNBC for local sports. That would cover much of what people watch on TV nowadays versus streaming for other content. If you added that, then I might sign up.
- We need a bundled service that includes a land line, internet and TV at a reasonable price
- HG&E should bite the bullet and do all services, i.e. internet/tel./TV. Should have done it way back instead of letting everyone else profit from it...ugh!
- I currently pay less than the proposed amount but it is not fiber optic. I do not stream TV or pay for premium services so those are not enticements for me. I also still have a landline so VOIP is also not of interest. I hope there will be a lower offering for people like me.

Appendix B - Comments

- I need to know more about what is offered, how it works, is it easy to use for watching TV, and costs before I can commit.
- I do not understand the impact on TV viewing. Do we not have a Comcast hook up if we have a HG&E connection?
- This is too confusing for me to handle. While not happy with the current provider I am 80 years old and live alone so am not interested in getting involved.
- Sounds complicated. I like easy.

Customer Service/Support

- Will HG&E provide technical assistance in equipment and in setting up streaming? Will the initial technical assistance be free?
- HG&E should supply the best help to customers who want to learn about FIBER TV options other than Comcast. HG&E can educate people about how to get good TV options, which other FIOS companies do. OR secure an optional agreement for the best options with Comcast for customers who want Xfinity TV.
- Support is paramount-Comcast/Xfinity very good with support.
- I very much hope HG&E can move forward with this service. Comcast/Xfinity monopoly is not good for anyone but them! Plus HG&E's customer service is outstanding. Thanks for asking.
- The G&E would do a better job than Comcast, but the whole industry is in a constant flux. The G&E has always been the best in customer service.

Appendix B - Comments

Reliability

- We desperately want the reliability of fiber. During the last year Comcast has dropped us constantly and made working from home very challenging.
- Comcast is horribly unreliable, would much rather fiber via HG&E.
- I'm very concerned about reliability, which is my first priority. Our current service is very reliable. I don't really care at all about the additional speed. The 80 Mbps that I'm getting now is more than sufficient

Speed

- I am currently with Xfinity and getting a speed that is BEYOND what I really need since I live alone. They charge \$80 per month. for 100mbps. I am thinking for breaking that back to 25mbps for about \$50 per month.
- I would switch if you can offer comparable speeds to Xfinity for 80% of the price comcast charges.
- I pay \$120 a month for 1gb internet speeds. On an average day I get 20-30mb and at peak times I can get 100 kilobytes. Xfinity is actually robbing the residents of Holyoke because we have no other viable options.
- I would much rather pay HG&E rather than Comcast for better speeds and bandwidth.

Appendix B - Comments

Slanted

- The way you've focused this survey on the costs and left out the benefits makes me think you're trying to get negative responses, and that disappoints me.
- The phrasing of these questions and answer prompts seems suggestive of seeking a particular opinion polling result.
- I would like when I tell people to take this survey for it to be more inviting.
- I do not have internet now. I need to be able to understand all the jargon before I can definitely agree to anything but I am vaguely interested
- Your "cut-the-cord?" survey page doesn't look like a survey page. It looks like an information article.
- This survey had a lot of interesting and exciting information in it.
- Thanks so much for this survey.

Wireless

- An alternative option that I would also be interested in is a city wide Wi-Fi network. That would omit the cost of each home installation and would be a greater benefit to the large houseless population in Holyoke.
- 5G is coming. Will that eliminate the need for cable or fiber to get internet service??

Appendix B - Comments

- Considering cutting the cord and going to a 5G hotspot when the technology becomes available.
- I believe HG&E is exploring OLD TECHNOLOGY. I am now using a T-Mobile 5G There is also Elon Musk's Starlink satellite service, nearly ready for deployment in this area...
- I'd like wireless for \$50 max

Grants and Subsidies

- I'd like to have an alternative to Comcast, but am not willing to pay more per month than what I pay now (\$50). The cost of the build-out should not be customers' problem. Get a grant, state money, or some other subsidy, then I'd be interested. There's no advantage to me otherwise.
- I would like to see efforts to appropriate monies from existing grants and other sources of revenue before any proposed charges.
- It seems that given the amount of potential federal stimulus funding that some of the initial capital costs could be covered.
- Please pursue ARPA funding and ERate resources through the School Dept.
- Will there be a senior citizen discount?

Appendix B - Comments

Low Income

- I am currently on Comcast's "Internet Essentials" plan, which offers free router/modem rental and internet for \$9.99/month for customers receiving government assistance. If HG&E had an option for low-income folks that was comparable to this, I would prefer to buy my internet from HG&E, but I could not afford to pay \$90/month or more.
- I find that with the information provided that I could not afford the Fiber to home. Currently, I am paying \$10/month for internet services (Comcast Essentials). I cannot afford to pay all the other fees and deposits as stated in this form. I am on Social Security and just barely make ends meet.

Stable Rates

- I'd feel much better having a firm price per month for the service
- I believe we have to cut out the corporate monopoly that savagely raises rates at will.

Works at Home

- Xfinity is terrible and I work from home (even without a pandemic) for a business based in Holyoke. This would be awesome for us. I could barely get any work done today and I pay for a premium level of internet, and the quality is a joke.

Data Caps

- No data caps. Ever. That's the single biggest reason I'd ever want to switch away.

Appendix B - Comments

- I hope there will be no data caps per month or at least more reasonable than what Xfinity is planning to do with their data caps in the near future.
- Will there be Data throttling surcharge on data usage?

Other

- I'm only interested in this service if HG&E also fund community media in Holyoke at the 5% revenue level for these services, which Comcast currently does for television services. I realize this is not mandated and these are considered different services. But this is my requirement.
- In order to submit the survey, we answer Yes to the question 'Express Interest', but the answer is: Maybe.
- We currently borrow Wi-Fi from our upstairs neighbor but would like to have our own, so this would be good. Expect landlord to pay install

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Appendix C - Pricing

The below table details the rates for various Comcast internet plans, as of October 2021.

Comcast Rates - October 2021	Internet Only No Promotion	Internet Only with Introductory Promotion
Internet Essentials	N/A	Free - \$9.95*
50 mb/s	\$65.00	\$65.00
100 mb/s	\$80.95	\$39.99
200 mb/s	\$95.95	\$54.99
400 mb/s	100.95	\$59.99
800 mb/s	\$105.95	\$69.99
1200 mb/s	\$110.95	\$79.95
2000+ mb/s	\$299.95	\$299.95

*Comcast offers an 'Internet Essentials' plan, which provides free router/modem rental and internet for customers receiving government assistance for \$9.95 through the FCC's Lifeline program or, for a limited time only, for free through the FCC's Emergency Broadband Benefit.

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