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HAND DELIVERY

January 11, 1991



Mr. Stave 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 ACK attached Certificate of Service.

AFA ____ Very truly yours, APP CAF. CND David M. Falgous CTR <u>EAG</u> <u>Enclosures</u> H. R. Anthony GA. M. Lombardo R. D. Lackey OPC ROH MECEIVED & FILED SEG Summinum DOCUMENT DESCRIPTION WAS _____EBO ELREAV OF RECORDS 00358 JAN 11 DE TH ANTHONY MARKAGE

A BELLSOUTH Company

60-MECULCO/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

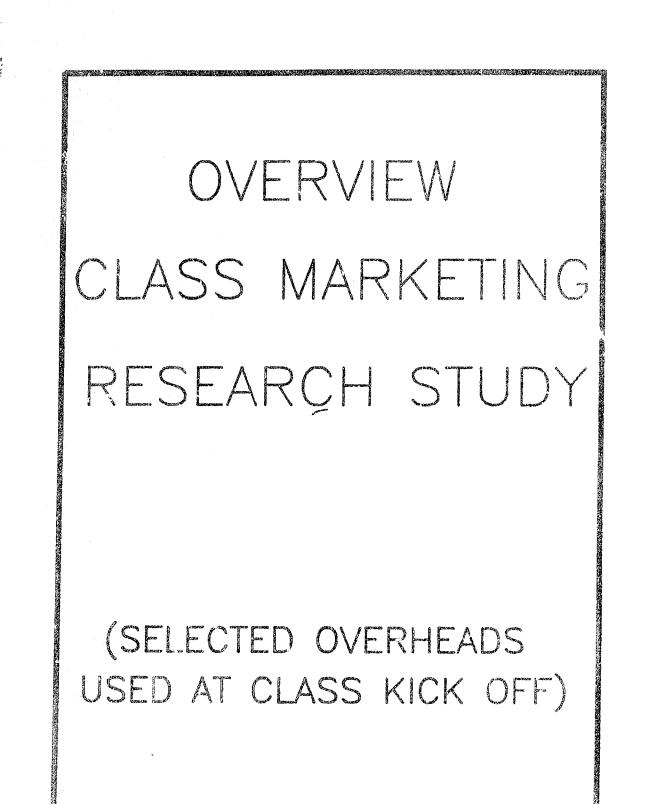
In re: Proposed tariff filings by) SOUTHERN BELL TELEPHONE AND TELEGRAPH) COMPANY clarifying when a nonpublished) number can be disclosed and introducing) Caller ID to TouchStar Service)

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 CO358 JAN 11 105 NYSO-REDUKDS/REPORTING



Two studies were conducted concurrently:

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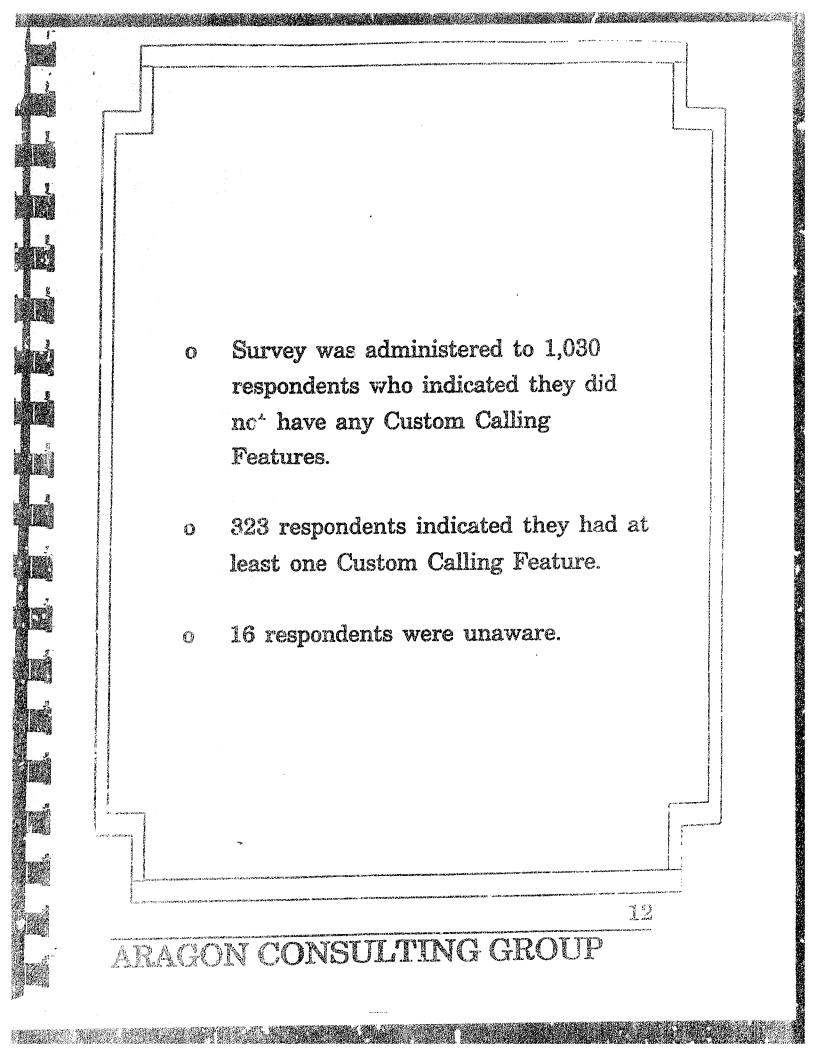
- 1. Attitudinal Segmentation
- 2. Pricing Segmentation

TOTAL INTERVIEWS

	Residential	Business
	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

11



Purchase Interest

12

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

Based on research findings, we have
identified three segments:

- "prospects"
- "suspects"
- "resistors"

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 "Prospects" indicated they <u>definitely</u> or probably would purchase at some price.

o "Suspects" indicated <u>they might or</u> <u>might not purchase interest</u> at some price.

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

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

"Pros	pects"	"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%

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

2014 Contraction States

49

"P	rospects"	"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%

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

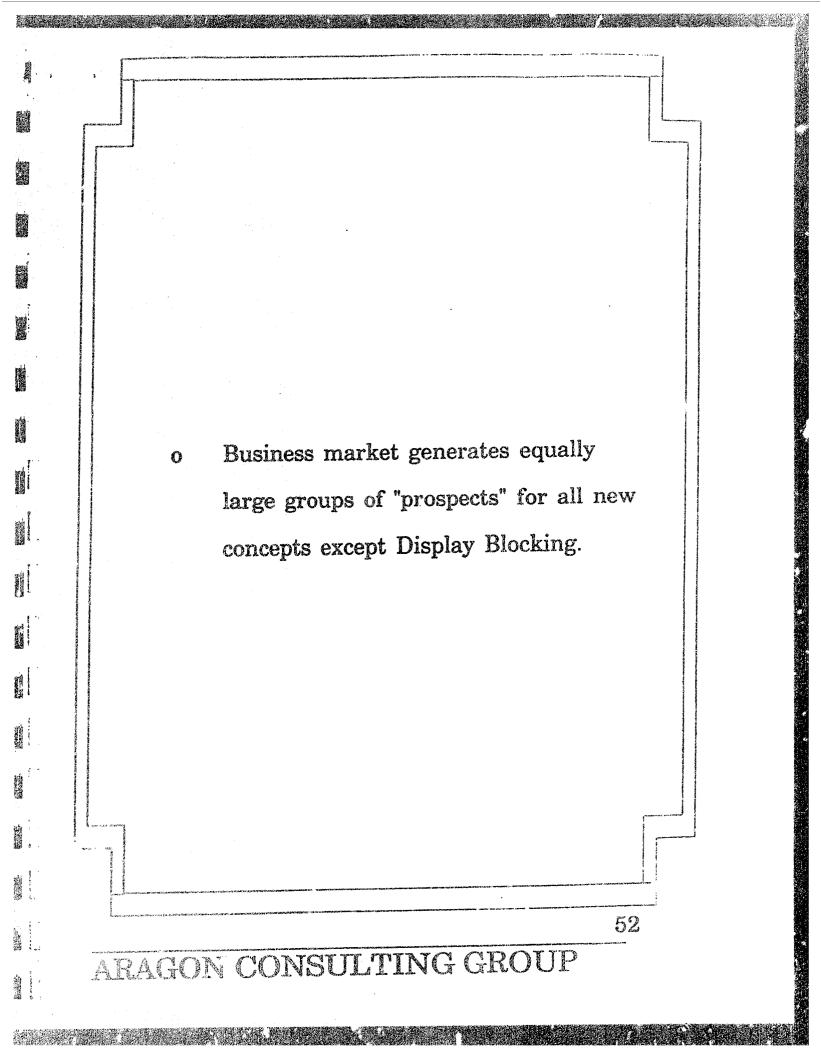
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 All products except Display Block generate purchase interest at approximately 50 percent in both markets.

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The following combination pricing options were tested for Customer Trace:

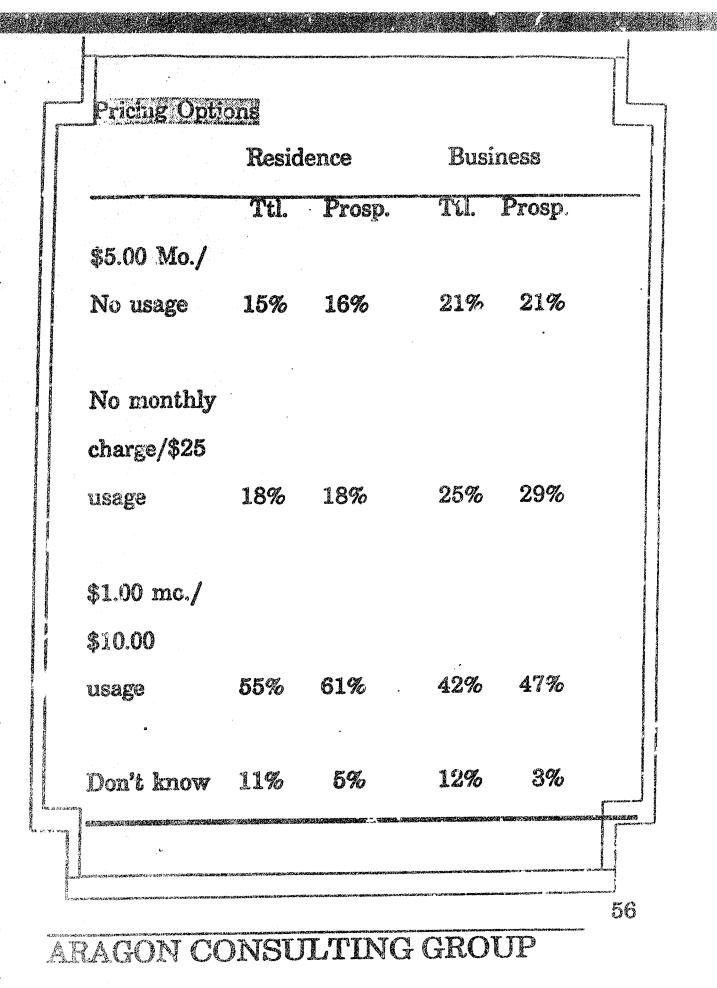
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\$5.00 monthly subscription fee with no usage charge

No subscription with a \$25.00 per use charge

\$1.00 monthly subscription fee and \$10.00 per use charge





Customer Trace Pricing Option Among "Prospects"

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Both markets preferred to pay \$1.00 per month with a \$10.00 charge per use.

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.

98

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

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.

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			INDEX O	
	PRODUCT	SEGMENT	POTEN	''''A
	Number Display:	business	180.41	hig
2.	Customer Trace:	business	167.19	hig
3.	Auto Callback:	business	150.05	hig
4.	Customer Trace:	residence	149.50	hig
5.	Number Display:	residence	125.70	me
6.	Auto Redial:	residence	121.20	me
7.	Auto Callback	residence residence	,116.40	me
8.	Auto Redial:	residence	81.50	lov
9.	Display Block:	residence	71.10	l01
10.	Display Block:	business	63.38	lov

...

10. I

Calling Number Display

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

o High-potential subsegments were:

- Florida

200

- CCF Owners

- Young (25-35)

Business at home

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

Strongest product concepts are:

Customer Trace

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• Calling Number Display

Automatic Callback (more

popular in business market)

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Recommena "differential" pricing strategy.

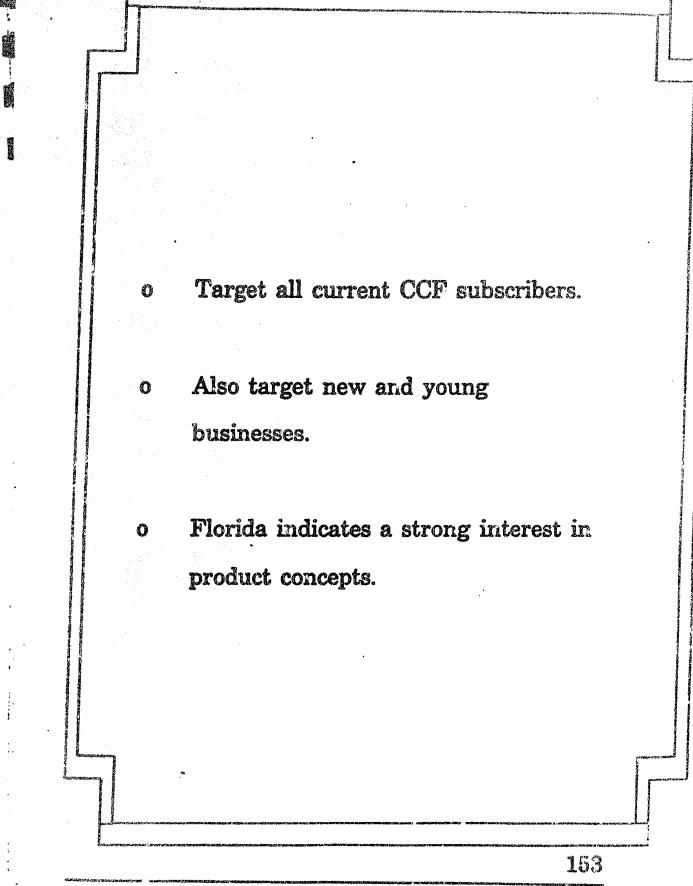
Both markets show significant price sensitivity.

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Driving force behind subscribing to CCF is not price, but an identified "need" based on lifestyle.

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

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

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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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