



June 21, 2006

Mrs. Catherine Lazorko
Town Information Officer
Town of Chapel Hill
306 N. Columbia Street
Chapel Hill, NC 27516

Dear Catherine:

Time Warner Cable recently contracted Highline Research to conduct a customer satisfaction survey for subscribers within the Town of Chapel Hill. Subscriber satisfaction was measured in the following categories: signal quality, response to subscriber complaints, billing practices, regulated program services and installation practices.

The results are in for your review. A copy will be sent to Cal Horton under separate cover. Brad and I plan to review this at our upcoming meeting on June 26th, at 2 p.m. In the meantime, if you have specific areas you want us to address, please advise so we can be prepared at the time of our meeting.

We look forward to meeting with you both on Monday.

Sincerely,

A handwritten signature in cursive script that reads 'Cindy Keene'.

Cindy Ray Keene
Public Affairs Manager

Cc: Cal Horton, Town of Chapel Hill
Brad Phillips, TWC

Enclosures

**Chapel Hill
Customer Survey**

June 2006

Prepared by
Highline Research Group
for:

Time Warner Cable

BACKGROUND

Objectives

In order to satisfy a franchise requirement to evaluate subscriber satisfaction, Time Warner Cable commissioned this survey of its subscribers in Chapel Hill, NC. Specific areas of inquiry in the survey were as follows:

- Level of cable service
- Ratings of cable TV reception
- Problems with cable service in the last year
- Quality of service from the cable office
- Quality of service in the home from installers and technicians
- Ratings of basic tier service
- Time Warner Cable providing an adequate and easy-to-read bill

Methodology

Telephone interviews were conducted with 300 randomly selected subscribers of Time Warner Cable in Chapel Hill, NC. All respondents were heads of household, and equal proportions of males and females were interviewed. Interviewing was conducted from May 25-31, 2006 by Aspen Media and Market Research, an independent marketing research company in Boulder, CO.

Results were tabulated and analyzed using standard statistical criteria. All tests for significant differences were conducted at a 95% confidence level (i.e., in 95 out of 100 replications of this survey, these same results would occur due to factors other than chance). The margin of error for this survey is $\pm 6\%$.

In the tables that follow, results from the current study are compared with those from a similar study conducted in September 2003. Significant differences between the two studies are noted with up-arrow (\uparrow) or down-arrow (\downarrow) symbols.

KEY FINDINGS

Chapel Hill Customer Survey June 2006

Level of Cable Service

- Respondents were most likely to have digital cable (36%), while 29% had standard service and 25% had basic service. (Ten percent of the respondents said they didn't know their level of service.)
- About one in five respondents (21%) said they subscribed to premium channels.

Ratings of Cable TV Reception

- Almost eight out of 10 respondents (78%) rated their cable TV reception as either excellent (38%) or good (40%). About 14% rated it as average, 3% as fair, and 2% as poor. Ratings of excellent were up significantly since the 2003 study (38% vs. 30%).

Problems With Cable Service in the Last Year

- Fewer than half of the respondents (43%) said they had experienced problems with their cable service in the last year, which was down significantly from 51% in 2003. Among those reporting problems, the most common problems mentioned were outages (54%, down significantly from 68%), poor reception (36%), and other technical problems (19%, up significantly from 7%).
- About three-fourths of those who had experienced problems (76%) said the problems had been resolved to their satisfaction.

Contact in the Last Year Regarding Service Issues or Changes in Service

- About 44% of the respondents said they had tried to contact Time Warner Cable in the last year regarding a service issue or a change in their service. This was down significantly from the 54% who had tried to do so in 2003.
- Those who had tried to contact the cable company in the last year rated three aspects of the service they received, and the ratings were all significantly higher than those of 2003. The courtesy of office personnel was rated highest, with an average rating of 4.23 on a 5-point rating scale. The other two aspects received ratings that were well above the midpoint of the rating scale—how easily they were able to get through by phone (3.73) and the ability to get problems resolved the first time, over the phone (3.65).

- Looking at percentages instead of average ratings, the courtesy of office personnel received excellent or good ratings from 84% of the respondents. More than six out of 10 respondents gave excellent/good ratings to the ability to resolve problems the first time (67%) and to the ease of getting through by phone (63%).

Service From Installers or Technicians in the Last Year

- Fewer than half of the respondents (45%) said they had had a Time Warner Cable installer or technician visit their home in the last year.
- Those who had had an installer or technician visit in the last year rated six aspects of the service they received. The average ratings for all six aspects (ranging from 3.77 to 4.35) were well above the midpoint of the rating scale, and ratings for three of the six aspects were significantly higher than those of 2003.
- Rated highest were the courtesy of the service person (4.35, up significantly from 4.13) and the service person being careful and respectful of their property (4.26). These were followed by the service person arriving when he or she was supposed to (4.09, up significantly from 3.76), how competently services were performed (4.02), appointments being arranged at convenient times (3.90, up significantly from 3.55), and the service being performed properly the first time (3.77). All of the service aspects received excellent or good ratings from a solid majority (from 70% to 89%) of those who evaluated them.

Ratings of Basic Tier Service

- Close to half of the respondents (47%) rated Time Warner Cable's basic tier service as good. Another 21% rated it as excellent. About 16% rated it as average, 3% as fair (down significantly from 7% in 2003), and 5% as poor.

Time Warner Cable Providing an Adequate and Easy-to-Read Bill

- The vast majority of respondents (85%) felt that Time Warner Cable provided an adequate and easy-to-read bill.

DETAILED FINDINGS

Level of Cable Service

Level of Service	Subscribers	
	2006 (n=300)	2003 (n=300)
	%	%
Basic	25	31
Standard	29	29
Digital cable	36	31
Ulticom service	NA	1
Don't know	10	9
Subscribe to Premium Channels		
Yes	21	21

Respondents were most likely to have digital cable (36%), while 29% had standard service and 25% had basic service. Ten percent of the respondents said they didn't know their level of service.

As in 2003, about one in five respondents (21%) said they subscribed to premium channels.

Women were significantly more likely than men to say they subscribed to standard service. As would be expected, digital cable subscribers were significantly more likely than those with basic or standard service to say they subscribed to premium channels.

Ratings of Cable TV Reception

Rating	Subscribers	
	2006 (n=300)	2003 (n=300)
	%	%
Excellent	38↑ ✓	30
Good	40↓	50
Average	14	13
Fair	3	4
Poor	2	2
Don't know	2	1

↑ Significantly higher than previous results.

↓ Significantly lower than previous results.

Almost eight out of 10 respondents (78%) rated their cable TV reception as either excellent (38%) or good (40%). About 14% rated it as average, 3% as fair, and 2% as poor. There were significantly more respondents in the current study who rated their reception as excellent (38% vs. 30% in 2003).

Digital subscribers were significantly more likely than those with basic service to rate their cable reception as excellent. ✓

Problems With Cable Service in the Last Year

Experienced Problems in Last Year	Subscribers	
	2006 (n=300) %	2003 (n=300) %
Yes	43↓✓	51
Problems Experienced*	(n=129)	(n=154)
Cable goes out/Outages	54↓	68
Poor reception/picture quality	36	27
Other technical problems	19↑	7
Converter problems	5	3
Problems with customer service	3	3
Billing problems	2	3
Hard to get through on phone	2	2
Pay-per-view/On-demand problems	1	3
Installer/Tech late for appointment	0	1
Other	12	8
Don't know	3	1
Problems Resolved to Satisfaction**	(n=129)	(n=154)
Yes	76	77
No	19	22
Don't know	5	1

*Among those who had experienced problems in the last year. Multiple responses allowed.

**Among those who had experienced problems in the last year.

↑ Significantly higher than previous results.

↓ Significantly lower than previous results.

Fewer than half of the respondents (43%) said they had experienced problems with their cable service in the last year, which was significantly lower than the 51% in 2003. Groups that were significantly more likely to have experienced problems were those with digital service (compared to those with basic or standard service) and those with premium channels (vs. those not having premiums).

Among those who had experienced problems, the most common problems mentioned were outages (54%, down significantly from 68%), poor reception or picture quality (36%), and other technical problems (19%, up significantly from 7%). Other problems,

which were mentioned by 5% or fewer of the respondents, can be seen in the preceding table.

Premium subscribers were significantly more likely than those without premium channels to have mentioned “other technical problems.”

As in the previous study, about three-fourths of those who had experienced problems (76%) said the problems had been resolved to their satisfaction. Digital subscribers were significantly more likely than those with basic service to say that problems had been resolved to their satisfaction.

Contact in the Last Year Regarding Service Issues or Changes in Service

Have Tried to Contact in the Last Year	Subscribers	
	2006 (n=300) %	2003 (n=300) %
Yes	44↓ ✓	54
No	52↑	44
Don't know	4	2

↑ *Significantly higher than previous results.*

↓ *Significantly lower than previous results.*

About 44% of the respondents said they had tried to contact Time Warner Cable in the last year regarding a service issue or a change in their service. This was down significantly from the 54% who had tried to do so in 2003.

Digital subscribers (compared to those with basic or standard service) and those with premium channels (vs. those not having premiums) were significantly more likely to have tried to contact the company.

Ratings of Aspects of Last Contact With Time Warner Cable*

Aspect of Service	Average Rating**		2006	
	2006 (n=133) ✓	2003 (n=163)	Excellent/Good %	Fair/Poor %
Courtesy of office personnel	4.23↑	3.89	84	8
How easily able to get through by phone	3.73↑	3.07	63↑	13↓
Ability to get problem resolved the first time, over the phone	3.65↑	3.12	67↑	19↓

*Among those with contact in the last year.

**Based on a 1-5 scale, where 1=poor, 2=fair, 3=average, 4=good, and 5=excellent.

↑ Significantly higher than previous results.

↓ Significantly lower than previous results.

Those who had tried to contact the cable company in the last year were asked to rate three aspects of the service they received, and the ratings were significantly higher than those of 2003. The courtesy of office personnel was rated highest, with its average rating of 4.23 being very high on the 5-point rating scale. The other two aspects received ratings that were well above “average”— how easily they were able to get through by phone (3.73) and the ability to get problems resolved the first time, over the phone (3.65).

Looking at percentages instead of average ratings, the courtesy of office personnel received excellent or good ratings from 84% of the respondents. More than six out of 10 respondents gave excellent/good ratings to the ability to resolve problems the first time (67%) and to the ease of getting through by phone (63%).

Basic and digital subscribers were significantly more likely than those with standard service to rate problems being resolved the first time as excellent.

Visits to the Home by Installers or Technicians in the Last Year

	Subscribers	
	2006 (n=300) %	2003 (n=300) %
Had Installer/Tech Visit in Last Year		
Yes	45✓	51
No	53	47
Don't know	2	1

Fewer than half of the respondents (45%) said they had had a Time Warner Cable installer or technician visit their home in the last year.

Groups that were significantly more likely than their counterparts to have had an installer/technician visit in the last year were digital subscribers (compared to basic and standard subscribers) and those with premium channels (vs. non-premium subscribers).

Ratings of Service in the Home*

Aspect of Service	Average Rating**		2006	
	2006 (n=135)	2003 (n=154)	Excellent/Good %	Fair/Poor %
Courtesy of service person	4.35↑	4.13	89↑	6
Service person being careful and respectful of property	4.26	4.23	87	8
Service person arriving when supposed to	4.09↑✓	3.76	79↑	7↓
How competently services were performed	4.02 ✓	3.80	77	10
Arranging an appointment at a convenient time	3.90↑✓	3.55	73	10↓
Performing the service properly the first time	3.77	3.79	70	17

*Among those with an installer/tech visit in the last year.

**Based on a 1-5 scale, where 1=poor, 2=fair, 3=average, 4=good, and 5=excellent.

↑ Significantly higher than previous results.

↓ Significantly lower than previous results.

Those who had had an installer or technician visit in the last year rated six aspects of the service they received. The average ratings for all six aspects (ranging from 3.77 to 4.35) were well above the midpoint of the rating scale, and ratings for three of the six aspects were significantly higher than those in 2003.

Rated highest were the courtesy of the service person (average rating of 4.35, up significantly from 4.13) and the service person being careful and respectful of their property (4.26). These were followed by the service person arriving when he or she was supposed to (4.09, up significantly from 3.76), how competently services were performed (4.02), appointments being arranged at convenient times (3.90, up significantly from 3.55), and the service being performed properly the first time (3.77). All of the service aspects received excellent or good ratings from a solid majority (from 70% to 89%) of those who evaluated them.

Digital cable subscribers were significantly more likely than those with standard service to have given excellent ratings to courtesy of the service person. Women were significantly more likely than men to have given poor ratings to how competently services were performed.

Ratings of Basic Tier Service

Rating	Subscribers	
	2006 (n=300) %	2003 (n=300) %
Excellent	21	18
Good	47 ⁶⁸	51 ⁶⁹
Average	16	14
Fair	3↓	7
Poor	5	4
Don't know	8	6

↓ Significantly lower than previous results.

Close to half of the respondents (47%) rated Time Warner Cable's basic tier service as good. Another 21% rated it as excellent. About 16% rated it as average, 3% as fair (down significantly from 7% in 2003), and 5% as poor. Eight percent of the respondents said they didn't know how to rate it.

Subscribers who did not have premium channels were significantly more likely than premium subscribers to rate basic tier service as poor.

Time Warner Cable Providing an Adequate and Easy-to-Read Bill

Provides Adequate, Easy-to-Read Bill	Subscribers	
	2006 (n=300) %	2003 (n=300) %
Yes	85	87
No	6	6
Don't know	9	7

As in the previous survey, the vast majority of respondents (85%) felt that Time Warner Cable provided an adequate and easy-to-read bill.