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Exclusive Summary

Watching television has become a part of Hong Kong people's daily habit. People watch TV for relaxation, to know more about current affairs, and to gain more knowledge from documentaries and many more.

The launch of NOW Broadband TV is to offer customers an experience of watching TV in a new way. Customers can choose their own favourite channels, which are all worldwide channels, and only pay for the channels what they choose.

In order to promote PCCW's newly established product, we have done some analysis to see whether NOW Broadband TV is suitable to be launched at this moment. We have done some marketing research in order to target our main market and position our product. We have also thought of a marketing plan in promoting NOW Broadband TV, which can achieve our objectives.

Company Background



NOW Broadband TV is owned by PCCW which is one of Asia's leading integrated communications companies. From its market-leading position in Hong Kong, PCCW focuses on building shareholder value by leveraging synergies between its core businesses and partners, and by delivering customer-led total solutions throughout Asia. PCCW provides a spectrum of communications services from local telephony to broadband services. The key services for PCCW provided are shown as below:

Telephony	Internet
IT solutions	Internet Data Centres
Contact Centres	Global Communications
Infrastructure	

In 2003, PCCW is revolutionizing the telephone and Internet user experience like no other operator so that their message in 2003 is **Accept No Less**. PCCW offers:

- a) Different new-generation fixed-lined services which is a further step in providing an integrated and convergent network for Hong Kong and;
- b) Ground breaking pay-TV, NOW Broadband TV, with 23 channels of quality television programming to enable customers to get even more from their broadband line.

This means existing phone lines into the home will be able to deliver fast Internet access and high-quality television, plus our new-generation fixed-line services and ordinary phone or fax calls – all at the same time. In the face of fierce competition, PCCW's chosen battlefield is not price, but *innovation, value and quality of service*. It wants to attract and retain Hong Kong's sophisticated users of communications technology and capture market share, but not at the expenses of revenue per customer in 2003.

NOW Broadband TV Service

NOW Broadband TV is a new family infotainment service providing 24-hours, high quality and world-class entertainment channels. The service provides DVD quality pictures on TV. It offers some additional choice of infotainment with a more in-depth and richer content. Its pricing model is on pay-by channels basis. Thus, customers could choose the channel based on their favourites. As most of the channels provided by PCCW are non-Chinese channels, most of the programs have Chinese subtitles. In the coming future, NOW Broadband TV will introduce Chinese Channels also. Before using NOW Broadband TV, customers need to have 3M or above broadband services provided by Netvigator.













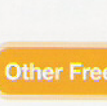
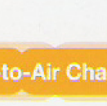




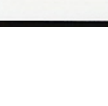
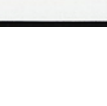


NOW Broadband TV offers *6 free channels*:

1. Soccer Channel — brings the best of top-notch football actions
2. Deutsche Welle — Enjoy the European experience with Deutsche Welle, featuring news and infotainment
3. ABC Asia Pacific — Brings news & entertainment from across the region
4. Beautiful Life TV — Deliver tips on harmonious lifestyle
5. Voyages — Transport yourself to dream destinations with the Voyages Channel
6. Weather & Traffic — Provide the latest weather and traffic situation





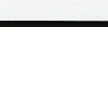
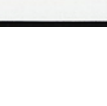


Other Spectacular Channels¹:

1. The Golf Channel Premium Package
2. PGA European Tour
3. MGM Channel
4. Discovery Channels:
 - Animal Planet
 - Discovery H&L
 - Discovery Health
 - Discovery Science
 - Discovery Travel & Adventure
5. Hallmark Channel
6. Soundtrack Channel
7. Turner Classic Movies
8. Cartoon Network
9. MTV Southeast Asia
10. CNBC
11. Channel News Asia
12. East-TV
13. Reality TV
14. Fashion TV
15. Blue Dream
16. Ice Fire

Other Spectacular Channels

		Turner Classic Movies — Celebrate the golden age of cinema
		Cartoon Network — Animation for the young and young at heart
		MTV Southeast Asia — Enjoy the ever-popular MTV
		CNBC — Keep up to date with international business news with CNBC
		Channel NewsAsia — Brings you full news coverage on Asia and the world
		EAST-TV — Enjoy a wide selection of Asian variety shows with EAST-TV
		Reality TV — Gives you a taste of reality by following duty police, hospital nurses, live broadcast of weather disasters and various dramatic events
		Fashion TV — Model the latest trends from the world of fashion
		Blue Dream — The adult movie channel
		Ice Fire — The very best of adult entertainment

Other Free-to-Air Channels

		Deutsche Welle — Enjoy the European experience with Deutsche Welle, featuring news and infotainment
		ABC Asia Pacific — Brings you news & entertainment from across the region
		Beautiful Life Television — Deliver tips on harmonious lifestyle
		Voyages — Transport yourself to dream destinations with the Voyages Channel

¹ See leaflet attached.

SWOT Analysis

1. Strengths

There are five strengths for NOW Broadband TV to be successful.

1.1 World-class channels

NOW Broadband TV has a lot of world-class channels for customers to choose from. In Hong Kong, its competitors do not provide these types of services. That is NOW Broadband TV will become the monopoly of this world-class channels of services. Furthermore, Hong Kong people will have more awareness on these types of channel because they have less chance to watch this type of program. Therefore, it is better for it to succeed.

1.2 Flexibility to select and pay only for channels you choose

Consumers can choose the channels they like and only pay for the channels they choose. This will benefit our customers, because they do not have to waste money on the channels that they do not watch. Therefore, customers' satisfaction would be high and they would become our life consumers.

1.3 Provides a lot of after sale services

NOW Broadband TV provides a lot of after sale services such as free installation cost. These kinds of services exceed the customers' expectation and their satisfaction would rise. This would encourage more consumers to try out NOW Broadband TV.

1.4 The first one to provide informative programs in HK

In Hong Kong, there has no media providing world-class informative programs before. NOW Broadband TV is the first one to provide these informative programs. Therefore, it is a good chance for PCCW to become the monopoly of informative programs in Hong Kong.

1.5 NOW Broadband TV is provided by PCCW

NOW Broadband TV is a service provided by PCCW. PCCW is a well-known company that has provided different information services to its customers for a lot of years. The services provided by PCCW are very good. Hence, PCCW has made a good image that its product will have good quality. Thus, customers will try the new service provided by PCCW. In addition, PCCW has a lot of money to support NOW Broadband TV, such as providing a lot of money for NOW Broadband TV for advertising.

2. Weaknesses

NOW Broadband TV has three weaknesses.

2.1 Only provides service to customers who has PCCW 3M bandwidth

NOW Broadband TV only provides service to the customers who have applied PCCW 3M bandwidth. That is very inconvenient to customers who have not applied PCCW 3M bandwidth. They will have less motivation to install NOW Broadband TV.

2.2 Has a lot of competitors

NOW Broadband TV has a lot of competitors that have been existed for a lot of years such as ATV, TVB and Cable TV. They have a lot of consumers who like their services and they may not want to change their taste.

2.3 Only provides World-Class English channels

NOW Broadband TV provides a lot of world-class television channels that are in English. In Hong Kong, most people speak in Cantonese, and this might be difficult for them to understand what they watch. Hence, they may not choose NOW Broadband TV.

3. Opportunities

NOW Broadband TV has two opportunities.

3.1 Monopolising world-class programs

As mentioned earlier, NOW Broadband TV is the first one to provide world-class programs in Hong Kong. Therefore it is a good chance for NOW Broadband TV to become the monopoly of world-class channel in Hong Kong.

3.2 Monopolising of informative programs

Most Hong Kong local TV stations do not provide informative programs. If NOW Broadband TV provides this kind of service now, it will become the monopoly of this area. Therefore, fewer customers will change their taste to the other televisions that provide informative programs in the future.

4. Threats

There are two threats for NOW Broadband TV to face.

4.1 The market of English Channel is low

In Hong Kong, most of the people speak Cantonese. They will have less incentive to watch TV programs that are in English language. Therefore, it is a big threat for NOW Broadband TV to face.

4.2 The people have less time to watch TV in Hong Kong

After the recession with the economy in Hong Kong, most of the people have to do overtime work in order to keep up with their jobs. In addition, students in Hong Kong have a lot of homework to do. They would prefer to go out with friends or surf on the web rather than watch TV. Therefore Hong Kong people have less time to watch television and they will not spend money for unnecessary things. This is the most important threat for NOW Broadband TV to face.

Macro-Environment Analysis

In this section, we will look into the macro-environment of our new service — NOW Broadband TV. The environment here refers to Hong Kong. And we analyse the environment in terms of political, economical, technological and social and cultural aspects.

1. Political Environment

Hong Kong is a free economy in terms of communication. Therefore, with the compliance of the law of Hong Kong Special Administrative Region (HKSAR), one could set up his telecommunication business, such as on the Internet. However, NOW Broadband TV is being supervised by the Office of Telecommunication Authority (OFTA). OFTA was set up in 1993. It is an independent government body responsible for regulating telecommunication industry in Hong Kong.

Thereby, with the supervision and the guidance of OFTA, NOW Broadband TV is obliged to follow the Television Ordinance and other regulations of the OFTA. These include reaching the required network connections and equipment standards by the OFTA, and to handle and investigate customers' complaints issues tactfully under the Code of Practice of the OFTA. Also, NOW Broadband TV needs to inform OFTA whenever it wants to install networks in private buildings or in public places and lay telecommunication cables in public roads.

The renewal of license of NOW Broadband TV is subjected to the approval of the OFTA, while at the same NOW Broadband TV needs to enforce the anti-competitive practices in the Telecommunications Ordinance. Any misleading conduct will affect their renewal of license.

Last but not least, by the Consumer Council Ordinance, NOW Broadband TV has to protect and promote the interests of their customers. For example, they should set up a customers' policy. The Consumer Council will monitor its way of dealing with the customers and promoting its products. For instance, to see whether there is any deception about the service or not.

2. Economic Environment

According to the Census and Statistical Department, HKSAR's private consumption expenditure index is -2.2% in the second quarter of 2003. Private consumption expenditure index has been a negative number since 2002. However, the figure, though negative, was constant within the year 2001-3. This indicates that in a rather unstable economic situation, people do not opt for prestigious goods. They want to save more money instead and avoid bulk purchase or unnecessary expenditures.

As for the labour wage, from the Census and Statistical Department, Hong Kong labour wages' index was -1.5% in March 2003, which is a fall from the previous figure in December 2002. This maybe the fact that government and companies are cutting off wages of their employees because of the budget. Therefore, many employees in Hong Kong experience no or even a decrease in salary in 2003.

3. Technological Environment

PCCW accounts for the largest amount of market share in terms of household telephone lines in Hong Kong. With such a competitive advantage, PCCW's NOW Broadband TV could be installed to the households in Hong Kong easily via data transfer from computer servers in PCCW to the households just through these telephone lines. Of course, there should be constant upgrade of telecommunication facilities for PCCW so that multimedia graphics could be transferred to the households more swiftly via telephone lines.

In addition, Hong Kong people became more Information Technology minded through their knowledge acquired in computers and mobile phones. Many people became innovators in product trials. They also want to know more about what is up-to-date about the stock market using Information Technology at home. For example, through e-Banking homepages set up by the bank.

4. Social and Cultural Environment

Cantonese is the common language used in Hong Kong Society. Therefore, Cantonese entertainment programmes are popular among all people of all ages in Hong Kong. It is obvious that TVB Jade Channel (the Cantonese channel) accounts for the most market share in terms of television industry in Hong Kong. Housewives especially those in the age of 30-60 enjoy spending time watching the Cantonese drama series on weekdays for leisure. The younger generations in Hong Kong are also fond of watching television. However, their interests are not the drama series, but instead Canto pop TV programmes like JSG (勁歌金曲) in which Hong Kong idols like TWINS are invited in the programme.

On the other hand, English and other languages (excluding Cantonese) are not commonly used by Hong Kong people. Many Hong Kong people do not have experience in exposing to the sub-cultures of that outside Hong Kong. Though they learn English in school, the English they learnt are for academic and practical purpose only. We seldom learn about the western cultures, as well as the norms in the western society. Therefore, people in Hong Kong seldom watch English drama series. And Chinese sub-titles are a must in all English programmes in Hong Kong. However, not all English programs on television have Chinese sub-titles.

Competitor Analysis

The main competitor of NOW Broadband TV is **Cable TV**

Cable TV's Motto and Background

One of the mottos they had made at the beginning of cable TV is that:

More than just television - a way of Hong Kong life today

Cable is the dominant player in the pay-television market and it is very successful. 1993 is the first year for cable TV to enter the TV market. After 10 years, it becomes the five top media in Hong Kong with 625,000 subscribers. In the past decade, it has developed from an eight-channel Pay Television operator into a fully fledged, vertically integrated communications company that provides television and telecommunications services; owns and operates one of the territory's near universal network; and produces its own content with digital facilities.

Strengths

Cable TV is the leader in the pay-television market. During the past ten years, it has set up a positive image to Hong Kong people. It has produce programs (mostly Cantonese) to attract the local audience. It also has a channel to provide 24-hours news to people. The content of its programs also include a variety of information such as music, sport, culture, history, adventures, and science to nature. Moreover it makes exclusive distribution agreements with popular satellite channels such as CNNI, Discovery and AXN to increase their competitive power. For instance, Cable TV is the unique channel to offer English premier league, Italy Seriea A football match, Spanish football match to attract a huge number of people to apply it.

Weaknesses

The customer needs to order all channel (except the pay channel) with certain price. If they don't have much time to spend on TV, then the fee is relativity high and the flexibility is low.

Other competitors of PCCW broadband TV:

1. TVB

Background

TVB is set up on 19th November 1967. Now the new TV city is located at Tseung Kwan O. It has fully digital facilities to produce its programs. It transmits about 14,000 hours of programming on its Chinese Jade channel and English Pearl channel.

Strengths

TVB is the market leader in the TV market. Many people switch on their television to TVB due to the free service. Also, the program provided suits the taste of the audience. Many people chase their programs every day. TVB has a lot of contracts with famous artists and singers in order to maintain their competition power. It also has a long history and has produced a good image to the public.

Weaknesses

Although TVB produces many kind programs, it does not have enough informative programs to satisfy different people's expectation. For example, there is no regular program broadcasting information about ecology.

2. ATV

Background

It is set up on 29th May 1957. It is the first TV company in Hong Kong. ATV has produced about 3,000 hours programming every year.

Strength

One of the advantages is that ATV provides a free service to the customer. Also it offers regular news program. There is short news report every hour. Moreover, some of ATV's series programs are from different countries, such as programs that are produced by the mainland TV station and by the Korean TV station.

Weaknesses

Although it provides series program, which are from other countries, it does not meet the taste of Hong Kong people.

The differences between NOW Broadband TV, Cable TV, TVB and ATV

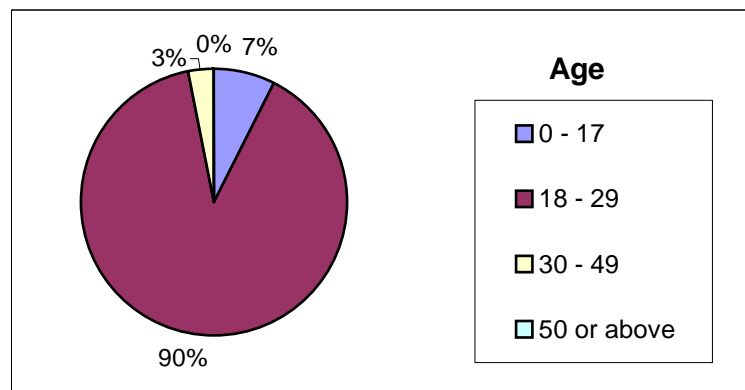
	Local TV station	Nicam	Restriction	Cantonese program	Local channel	Free of charge channel	Has flexible monthly fee	Add-in service (the no. of channel is up to the customer)
NOW Broadband TV	✗	✗	✓ Need to be a netvigator member	✗	✗	✓ (6 channels)	✓	✓
Cable TV	✓	✓	✗	✓	✓	✗	✗	✗
TVB	✓	✓	✗	✓	✓	✓	(Not suitable)	(Not suitable)
ATV	✓	✓	✗	✓	✓	✓	(Not suitable)	(Not suitable)

Customer Analysis

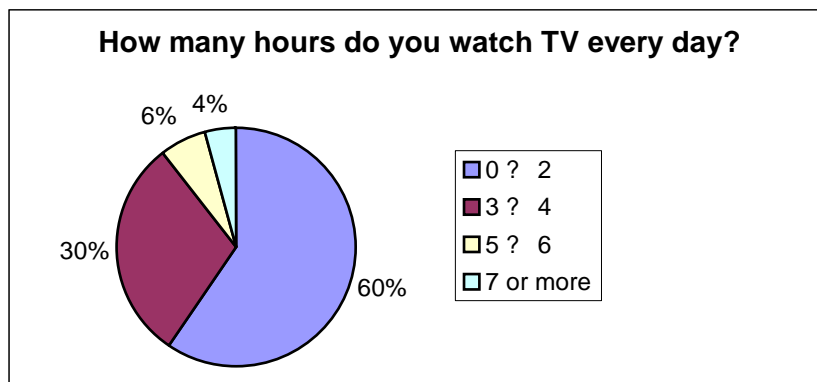
Living in a prosperous city is a very stressful thing, especially in Hong Kong, people are living in a fast pace which cause a lot of pressure to many citizens. To ease stress, people would find some entertainment to do, such as window shopping, having dinner with friends and watch movies. Most of all, people would watch television after school or work. Hong Kong people enjoy watching television and it seems that watching television has become a part of their life. Watching television programmes, such as Drama series, music, entertainment games, can let Hong Kong people a chance to relax and ease stress.

To find out Hong Kong people's behaviour towards watching television and their opinion towards NOW Broadband TV, we have conducted an online survey consisting of 16 questions[#].

We have distributed about 250 through the internet and have collected 94 respondents and most of them are aged 18 – 29. In this age group, they are mainly studying university, fresh graduates and workers.

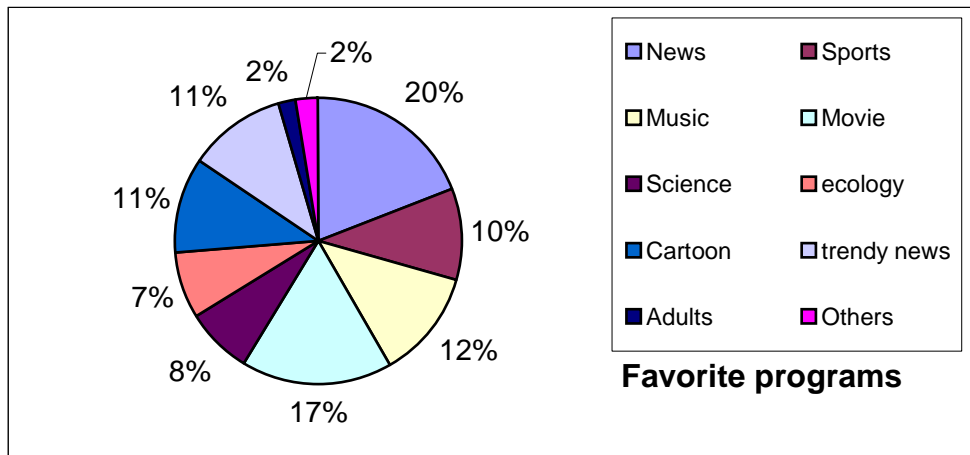


Among the 94 respondents, About 60% of the respondent say they watch 0 – 2 hours TV every day, and 30% say they watch 3 – 4 hours every day.



[#] See details in appendix 2.

Though Hong Kong people seldom watch TV, they would also watch their favourite TV programs. About 20% of the respondents like watch the news. About 17% love to watch movies. Other programs, like music, trendy news, and cartoon are also audience’s favourite genre of programs. People also like to watch TV drama series.



According to the findings we have got, we decided to target the below market group:

Demographic: 18 – 49

Behavioural: Watch TV less than 4 hours every day

Targeting

We choose the above group, as the majority of Hong Kong citizens are aged 18 - 49. According to the Hong Kong Census and Statistics Department, the population of Hong Kong residents in 2001 was about 3,700,000. This statistic shows that this market is a big market. Moreover, people within this age group may watch TV regularly. The younger generations may watch entertainment programs, drama series, and for the older generations, they may watch programs that are more informative and educational. Besides we think that the older the people are, the more knowledge they want to gain, especially for those who have attained higher educational level. Hong Kong people are living in a fast beat city. Also, according to our survey, they seldom watch TV, they only watch less than 4 hours every day, as they may need to work overtime or concentrate on their studies.

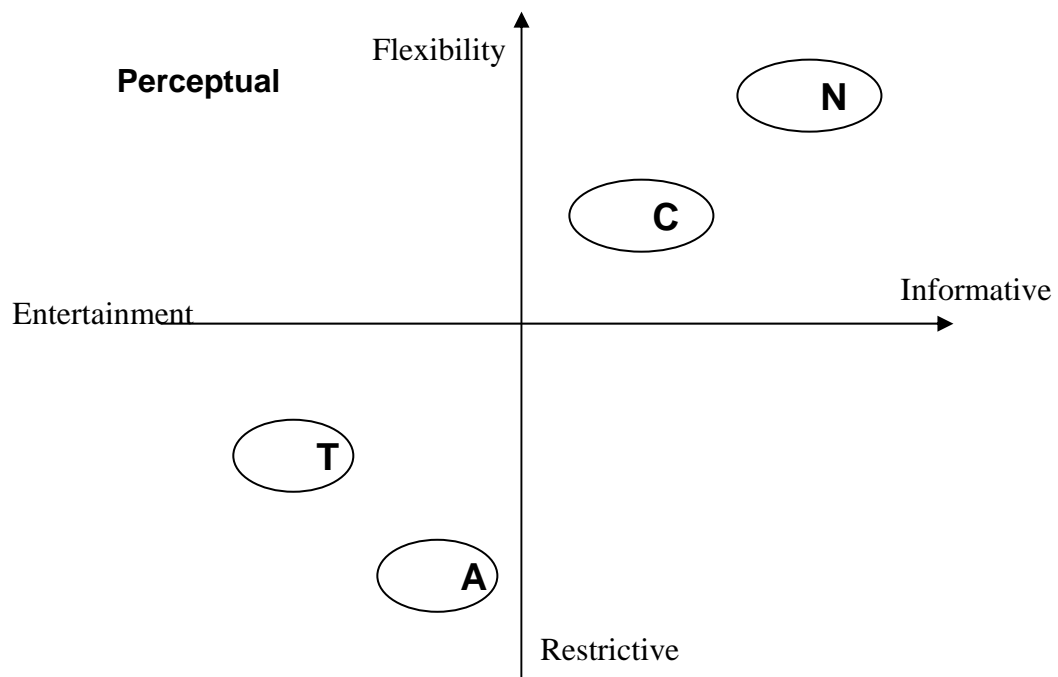
According to the above analysis, we would target our market to Hong Kong citizens who are aged 18 – 49 and watches TV less than 4 hours every day.

Marketing Objectives

As NOW Broadband TV is a new service to the public, we would like to gain more customers to use our service. Therefore, in the coming two years, we will:

- Target to have about 250, 000 people signed up to Netvigator and enjoy watching NOW Broadband TV.
- Provide this new service to non-netvigator members as well, as our new service is exclusive to Netvigator member because of technical problems.
- Emphasis our position to the public in order to create a positive and concrete image, as NOW Broadband TV's position is different from other TV stations.

Positioning



From the perceptual map, we could see that most Hong Kong television stations broadcast entertainment programs, and most programs are 'fixed' that people can only watch these 'fixed' channels. To let customers have a chance to choose their favourite channels and provide more informative, educational programs for customers to gain more knowledge, we position NOW Broadband TV as an infotainment and selective television.

Marketing Mix

- **Product**

1. Two Product Streams

Our product has two streams. One is Informative Stream and the other is Entertainment Stream.

Informative Stream	Entertainment Stream	
Discovery Channel	PGA European Tour	Cartoon Network
CNBC	MGM Channel	MTV Southeast Asia
Channel News Asia	Hallmark Channel	East – TV
Reality TV	Soundtrack Channel	Turner Classic Movies
Fashion TV	The Golf Channel Premium Package	

2. Product features

2.1 Customers will have more choices to choose what they like

We provide three plans for the customers to choose. This action will increase the customers' satisfaction. In the other word, more customers will try our product.

The following table shows what plans we provide.

Plan	Benefit	Restriction	Contract
Free choose single channel package	Nothing	Nothing	One month
Free choose four channels package	Can change channels during the twelve months	The four channels must contain two from Informative Stream channels and two from Entertainment Stream channels	Twelve months
Free choose six channels package	Can change channels during the twelve months	The six channels must contain two from Informative Stream channels and two from Entertainment Stream channels The other two channels are free to choose form Informative or Entertainment Stream	Twelve months

2.2 Provides DVD quality picture

All our channels are bought from worldwide. In Hong Kong, no media provides world-class channels. Therefore we become the monopoly in providing 'DVD Quality Pictures' channels. In other words, customers can only choose our product if they want to watch world-class channel all the time.

2.3 Changes base on what the customers choose

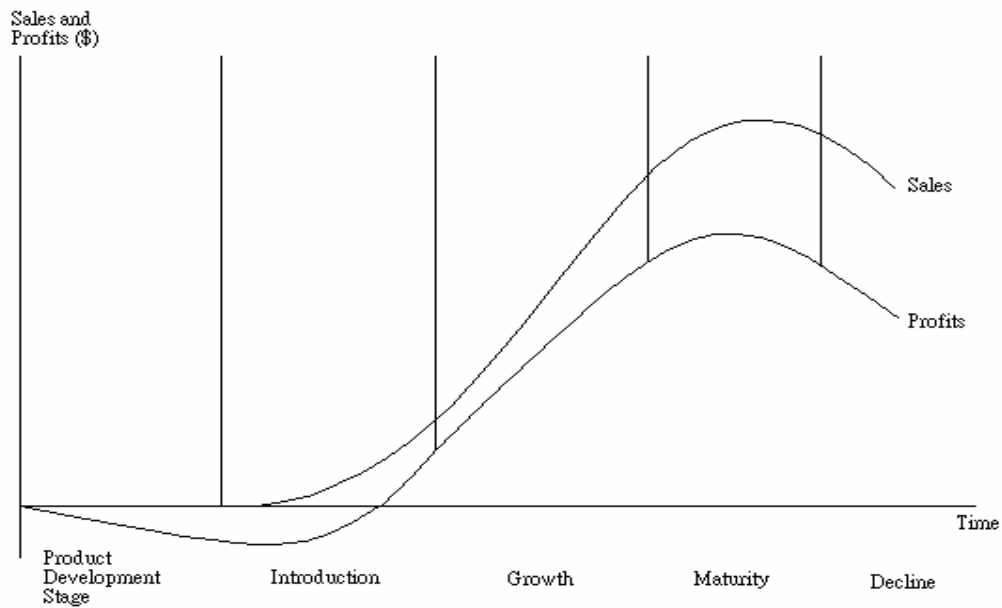
We only charge on what the customers choose. This strategy can increase customers' satisfaction because they can save money if they do not need to pay for the channels they do not like. Thus, more customers will attract to our product when it is charged in 'piece-rate' rather than 'full channel fees' like Cable TV.

2.4 Provides a lot of after-sale services

We provide a lot of after-sale services to our customers. These services exceed the expectation of customers. Therefore, customers' satisfaction increase and more customers will try our product.

2.5 Provided by PCCW

Our product is a brand of PCCW. PCCW is a well-known company, it provides similar service to customers before. Therefore, people will have more confident on trying its product.



3. Product Life Cycle

NOW Broadband TV is now in the introduction stage. When the product comes to Growth Stage we will try to introduce a new product feature, that is, we will add Cantonese voices in our channel. Therefore, customers can choose what language they want to listen. In Hong Kong if we provide this service, more people will try our product and our product will go to Maturity Stage.

- **Price**

Market Penetration Strategy

NOW Broadband TV has only launched its service since late August. It is the new product in the pay-TV market. In order to attract more customers using this service, the price would be set at a low price in order to penetrate to the market deeply and quickly.

There are several packages to arouse customers' interests:

1. First applying service user

Customers who use the NOW Broadband TV the first time could have an extra Channel i.e. Discovery Channels for the first 3 months if customers sign with a 12 months contract. This discount will last until 31st December, 2004.

2. Free installation

Customers who register NOW Broadband TV can have the installation service without any fees charged.

3. Product Bundle Pricing

The spectacular channels provided by NOW Broadband TV could be divided as informative stream and entertainment stream. It is divided as follows:

Informative Stream	Entertainment Stream	
Discovery Channel	PGA European Tour	Cartoon Network
CNBC	MGM Channel	MTV Southeast Asia
Channel News Asia	Hallmark Channel	East – TV
Reality TV	Soundtrack Channel	Turner Classic Movies
Fashion TV	The Golf Channel Premium Package	

a) 4 Channels Package

Customers could choose 2 channels from Informative Stream and 2 channels from Entertainment Stream. The fee of this package is only \$70. The contract is lasted for 12 months*.

b) 6 Channels Package

Customers could choose 2 channels from Informative Stream together with 2 channels from Entertainment Stream and 2 channels from both of the streams. They could choose the channels by their own taste. The fee of this package is only \$90. The contract is lasted for 12 months*.

c) Selective Channel

Customers could choose different channels by their own taste. The fee is charged by each channel independently. No Stream limitation (Can choose the Informative Stream & Entertainment Stream) is set. If customer booked the channel with different period (6- month or 12-month), discount is also offered to the customers.

* Customers could change the channels in the stream during contract period.

The price of each channel is shown below:

Channels	Price per Channel (HK\$) per month		
	Monthly	6-month package	12-month package
The Golf Channel Premium Package — PGA European Tour (Price includes the above 2 channels)	65	-	50
Discovery Showcase (Price includes the 5 channels)	70	56	42
MGM	35	28	21
Hall Channel	35	28	21
Reality TV	25	18	12
Turner Classic Movies	25	20	15
Cartoon Network	20	16	12
CNBC	20	16	12
Channel NewsAsia	20	16	12
Fashion V	15	12	9
Soundtrack Channel	15	12	9
MTV Southeast Asia	15	12	-
EAST – TV	10	8	5
Blue Dream (Adult Channel)	50	-	-
Ice Fire (Adult Channel)	50	-	-

4. Prolonged Service Discount

Customers who have used NOW Broadband TV service for 1 year and decide to continue using NOW Broadband TV for the next 12 months could reward a 2-month free channels offer.

5. Promotional Discount

Customers, using NOW Broadband TV service, promote new users to use NOW Broadband TV would offer the benefit – Both customers and new users could reward 1-month free channels offer.

- **Place**

- 1. Hotline service**

24 hours hotline service is provided. Customers will know the information in detail and apply NOW Broadband TV through telephone hotlines.

- 2. Online apply service**

Customers can access the web site of NOW broadband TV to obtain the up-to-date information. Also, customers can register through the Internet.

- 3. Large coverage**

Majority of households in Hong Kong is under coverage of PCCW. It is easy for the customer to apply NOW Broadband TV. In fact, the customer only needs to dial the hotline or apply in Internet to enjoy the new service.

- 4. Outdoor promotion**

It is the most direct way to send our message to the customers. Also, it is the most convenient way for our customers to ask questions or apply NOW Broadband TV.

- 5. Establishing a special counter in PCCW shop**

In order to let more people try out our unique TV service, we will set up a NOW Broadband TV counter in every PCCW shop, where latest information are provided. Also, televisions are connected to NOW Broadband TV will be shown to the customers so that they could see the quality of NOW Broadband TV.

- 6. Joining special sale and fete:**

We can set a counter in some fetes or activities such as the mega sale in universities to make more changes and convenience for the people to apply NOW Broadband TV.

- 7. Cooperation with other shop:**

We will cooperate with some shops. For example, we have a channel about golf, and we would cooperate with some golf-training centres. This way we could attract different aspects of people to try our new service.

- **Promotion**

As NOW Broadband TV is a newly launched product, it is important that information about the product could reach current and prospective customers. To achieve this, we analyse how NOW Broadband TV could perform better in terms of sales promotion, direct marketing, advertising and public relations.

1. Sales Promotion

It is essential to promote the service to customers, and make them aware that NOW Broadband TV offer a high-quality entertainment service and what bargains they could obtain by joining NOW Broadband TV.

To attract more customers joining the NOW Broadband TV service, we will launch a premium to our existing customers who could introduce our NOW Broadband TV service to his/her friend. If they both subscribe at our service, service fees will be waived to both of them for a month.

2. Direct Marketing

Telemarketing, online marketing and direct face-to-face selling will be used as our promotional strategy.

a) Face-to-face selling

Promoters will be recruited to promote Now Broadband TV services. As sales promoters are charged on commissions and hourly basis, the cost of recruiting them will not be too high. Then we could allocate more resources on other advertising campaigns. We will set up booths in shopping plazas (such as Shatin New Town Plaza) and on busy locations, (such as the open area near Golden Computer Centre in Sham Shui Po), to promote our services through our promoters.

b) Online marketing

Online registration will be also available in Now Broadband TV's homepage. Customers could register the service by simply clicking on the button and pay the fee through credit card. Of course, advertisements will be put up in the Netvigator and PCCW so that customers could link to Now Broadband TV instantly and conveniently.

c) *Telemarketing*

We will take advantage of PCCW existing service products, Netvigator and One2Free.

We will use SMS technology to send short messages to customers of One2Free telling them a wonderful infotainment service has been launched by PCCW.

Customers could subscribe immediately to the service through replying to the SMS.

d) *Direct Mailing*

We will incorporate persuasive messages in PCCW's electronic bills to tell customers the advantages of subscribing to Broadband TV.

3. Public Relations

As a newly launched service, it is important to settle customers' enquiries and doubts about our services. It is important to find a way to establish a good relationship with the customers so that they could have more confidence in further trying out the NOW Broadband TV services. 24-hour hotlines and online enquiries services are available to handle customers' queries and follow-up services.

4. Advertising

Advertisements will be made in local newspapers in the initial stage of the product launch. The advertisement may cover a full-page coverage and celebrities will be invited to arouse public's attention. Informative advertising tactics will be used to tell readers what is NOW Broadband TV and what channels it consists. Furthermore, persuasive advertising tactics will be introduced in public utilities like MTR, and also through Roadshow for buses. Persuasive advertising will also be introduced in television commercials in TVB, and in newspapers and magazines.

Action plan

Target to be achieved	Action to be taken	Action schedule
Increase total customers to 250000	Direct marketing: In each period tell customers about	1/1/2004 ~ 31/3/2004 (Monthly per customers)
	1. Product feature of broadband TV	1/11/2004~31/12/2004
	2. Re-membership discount	(Monthly per customers)
	3. Friend discount plan	1/3/2005 ~ 31/4/2005 (Monthly per customers)
	Set up NOW Broadband TV website	1/1/2004 onwards (Up day weekly)
	Set up counter in PCCW shop	1/1/2004 onwards
	Advertising on newspaper In each period tell customers about	1/4/2004 ~ 31/5/2004 (E.g. Apple Daily)
	1. Product feature of broadband TV	1/3/2005 ~ 30/4/2005
	Friend discount plan	(E.g. Apple Daily)
	Join Mega Sale in university	1/9/2004~30/10/2004 (E.g. City university)
Advertising on television In each period tell customers about	1/1/2004 ~ 28/2/2004 (TVB)	
1. Product feature of broadband TV	1/7/2004 ~ 31/8/2004	
2. Improvement for the first research	(Now Broadband TV)	
3. Re-membership discount	1/11/2004 ~ 31/12/2004	
4. Friend discount plan	(Now Broadband TV)	
Improvement for the third research	1/3/2005 ~ 30/4/2005 (Now Broadband TV)	
	1/8/2005 ~ 30/9/2005 (Now Broadband TV)	
Research on NOW broadband TV Objective in each research	June in 2004	
1. Customers needs and attitude	December in 2004	
2. Number of customer of NOW Broadband TV	June in 2005	
3. Customers needs and attitude	December in 2005	
Number of customer of NOW Broadband TV		
Advertising in MTR station In each period tell customers about	1/1/2004 ~ 28/2/2004 (Central Station)	
1. Product feature of broadband TV	1/3/2005 ~ 30/4/2005	
2. Friend discount plan	(Mong Kok Station)	

	Outdoor sale promotion	1/1/2004 onwards (E.g. Street, Public Estate, MTR Station etc.)
	Cooperate with other companies	1/5/2005 onwards (E.g. Golf Club can see NOW Broadband TV)
	Nicam in some popular channel (Do only when we achieve our market target)	1/1/2006 onwards

Profit & Loss Statement

<i>Financial Forecast of NOW Broadband TV Co. (\$ in '000)</i>			
		<u>2004</u>	<u>2005</u>
Sales	-	56 000	80 000
(COGS)		39 500	62 000
Gross Profit		<u>16 500</u>	<u>18 000</u>
(Expenses)			
	Selling	300	600
	Salaries	5 000	6 200
	Commissions	600	900
	Advertising	10 000	8 000
	Sales promotion	1 000	1 350
	R&D		
Operating Profit		<u>-400</u>	<u>950</u>
(General Expenses)			
	Rent	300	500
	Electricity	550	800
	Miscellaneous	10	45
	(Bank, insur...etc)		
Net Profit		<u>-1 260</u>	<u>-395</u>

References

- **Newspaper**

1. PCCW to enter 'infotainment' TV market. *South China Morning Post*. 22 August 2003.
2. Cable TV relaxed about its new pay competitors. *South China Morning Post*. 30 August 2003.

- **Website**

1. PCCW Homepage
<http://www.pccw.com>
2. NOW Broadband TV Homepage
<http://www.info.gov.hk/censtatd/eng/hkstat/fas/01c/cd0172001e.htm>
3. Hong Kong Census and Statistic Department
<http://www.info.gov.hk/censtatd/eng/hkstat/fas/01c/cd0172001e.htm>
- 4.

- **Others**

1. Outdoor Promoters
2. NOW Broadband Hotline Service
3. Leaflet

Appendix

Appendix 1 — Questionnaire

問卷 — 電訊盈科 NOW 寬頻電視問卷調查

我們是香港城市大學市場學系學生，現在正進行一項有關電訊盈科 NOW 寬頻電視問卷調查，所有資料只用作分析之用，希望閣下能夠花數分鐘完成這份問卷，多謝！

資料參考：

網上行寬頻電視提供 DVD 質素之收費節目，用戶每月繳交基本月費後，可免費享用 5 條頻道。現時所提供的頻道均不是中文節目但有中文字幕。除此以外，網上行現時亦暫未能提供麗音服務。另外，他們提供共 18 條 24 小時不同頻道供消費者選擇，每條頻道需另外收費；其餘特別節目需按觀看次數收費。消費者若為網上行寬頻用戶，需升格為 3M 或 6M 計劃；消費者需同時申請網上行寬頻及電視服務，才可享用寬頻電視服務。

免費電視頻道包括：

1. Voyages
2. BLTV (人間衛視)
3. Deutsche Welle (德國之聲)
4. ABC Asia Pacific
5. 天氣與交通(11 月)

部份收費頻道包括：Hallmark、MGM (美高梅, Metro-Goldwyn-Mayer)、Discovery 全接觸、卡通頻道、Turner Classic Movie 等

1. *您每天花多少小時看電視？

- 0 – 2 3 – 4 5 – 6 7 或以上

2. *您喜歡看甚麼節目？（可選多項）

- 新聞 體育 音樂 電影 科學 生態
卡通 潮流資訊 成人節目 其他 請註明：_____

3. *您知道網上行有寬頻電視的服務嗎？

知道 不知道

如果你回答 '知道', 請跳到 4.

如果你回答 '不知道', 請跳到 5.

4. 您從何處得知寬頻電視的服務? (可選多項)

電視 報紙 雜誌 專門店 網上

宣傳單張 朋友 其他 請註明: _____

5. *您有否安裝有線電視?

是 否

6. *您是否網上行的用戶?

是 否

7. *您會否安裝寬頻電視?

會 不會

如果你回答 '不會', 請跳到 13.

8. 若你有興趣安裝, 會否考慮把家用之寬頻服務轉為網上行寬頻?

會 不會 本人已是網上行用戶

9. 您喜歡寬頻電視以甚麼方式收費?

所有頻道一個月費 逐個頻道收取月費

如果你回答 '所有頻道一個月費', 請跳到 10.

如果你回答 '逐個頻道收取月費', 請跳到 11.

10. 您認為合理的月費是多少?

\$1 - 100 \$101 - 200 \$201 - 300 \$300 以上

11. 您認為每條頻道合理的月費是多少?

\$1 - 10 \$11 - 20 \$21 - 30 \$31 - 40

\$41 - 50 \$50 以上

12. 您想寬頻電視提供甚麼內容的節目或頻道?

13. *您今年多少歲？

- 0 – 17 18 – 29 30 – 49 50 或以上

14. *您月入多少港元？

- \$0 – 5000 \$5001 – 10000 \$10000 以上

15. *您的教育程度為：

- 小學或以下 中學 預科 大專或以上程度

16. *您的職業是甚麼？

- 學生 教育服務業 醫療服務業 飲食業
 建築業 金融及地產業 行政人員 製造業
 零售業 專業人仕 退休人仕 行政助理
 其他 請註明：

必須回答有 '*' 記號的問題

多謝你抽空完成這份問卷！

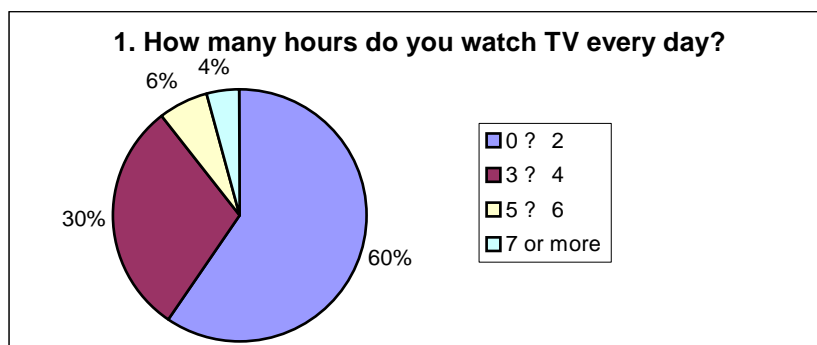
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Appendix 2 — Findings of Questionnaire

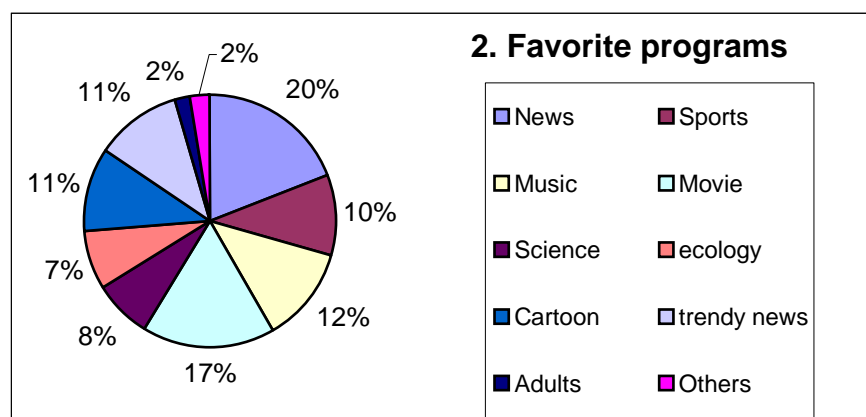
We have done an online survey consisting of 16 questions. About 300 questionnaires were sent through the Internet, and we received 94 respondents. Among the 16 questions, we have divided them into 4 categories, consumer behaviour, acknowledge of NOW broadband TV, ideal price and quality of NOW Broadband TV and target market profile.

1) Consumer behaviour

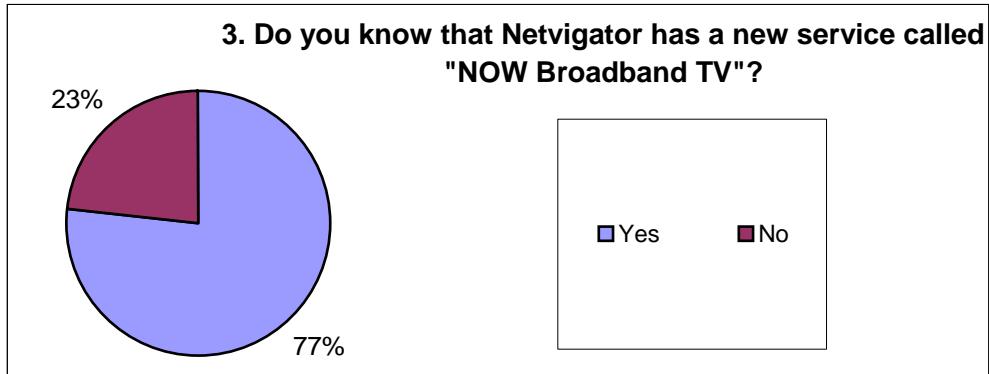
After school or after work, people will normally find something to entertain, some may go to karaoke, some may have dinner with friends, some may go and watch a movie, or some may even just stay home and watch TV. However, Hong Kong people seldom watch TV every day. About 60% of the respondent say they watch 0 – 2 hours TV every day, and 30% say they watch 3 – 4 hours every day.



TV provides several of programs for audience to watch. About 20% of the respondents like watching the news. About 17% love to watch movies. Other programs, like music, trendy news, and cartoon are also audience's favourite genre of programs. People also like to watch TV drama series.

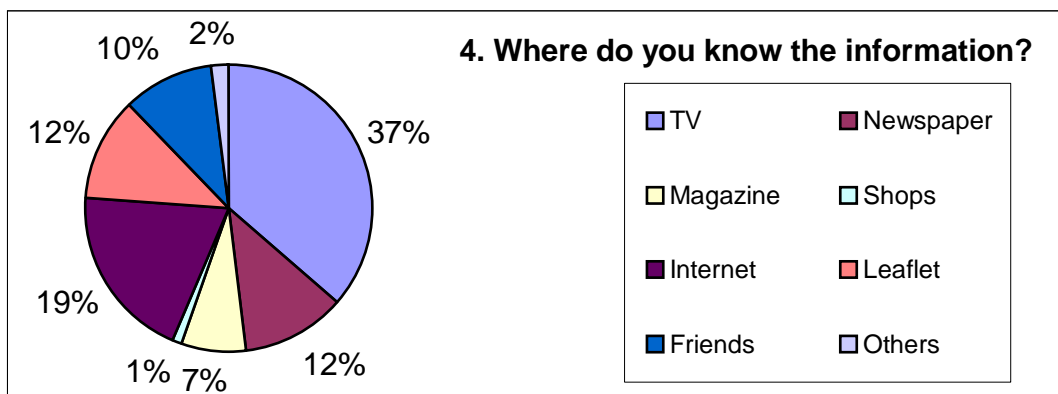


2) Acknowledge of NOW Broadband TV

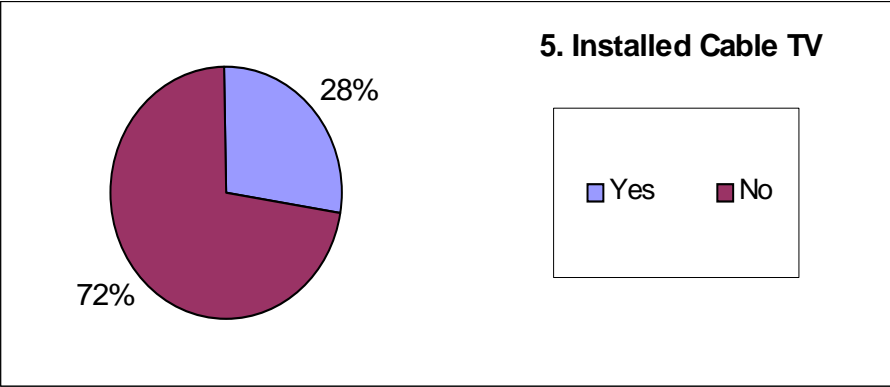


About 77% know about the new Service that PCCW provides.

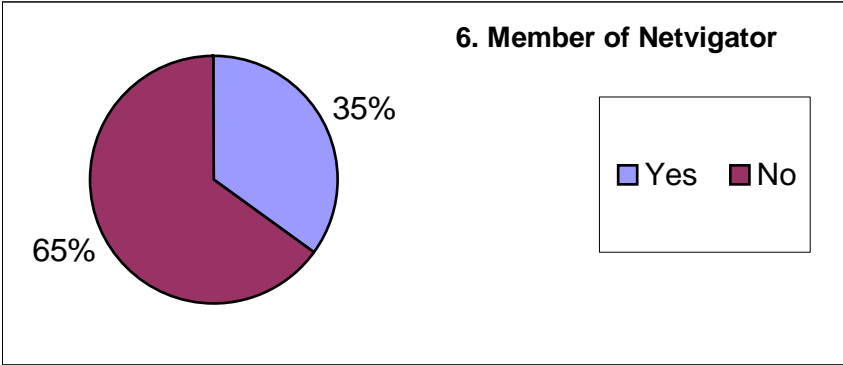
Mostly people know about this new service through TV commercial, some even know about the service by browsing the web.



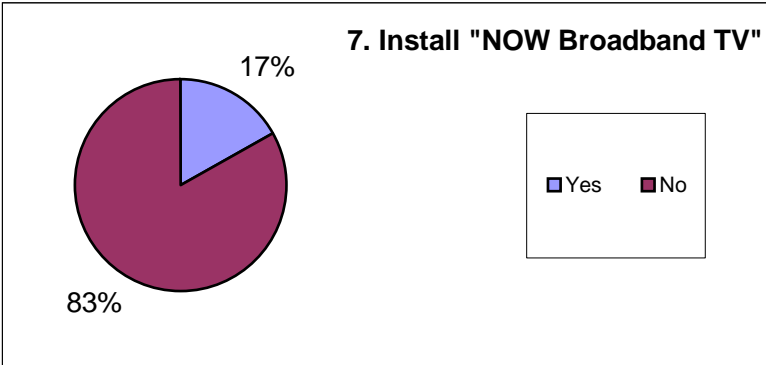
Cable TV is NOW Broadband TV's main competitor, and most of the respondents didn't install cable TV.



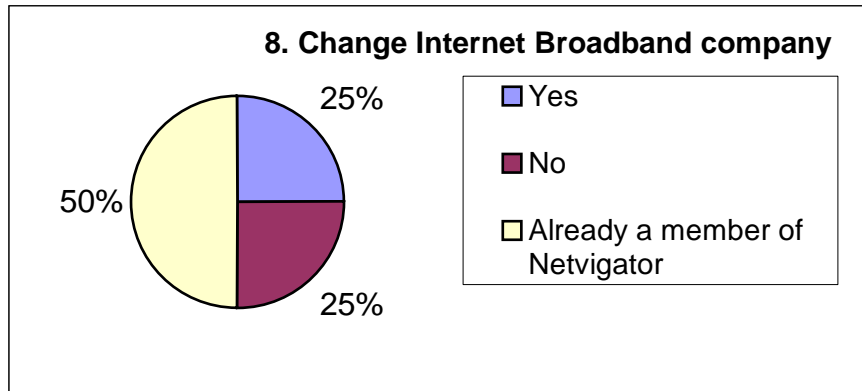
Although there are only 28% of the respondents are members of Cable TV, we also have 35% are members of Netvigator which could help us to promote our new service easily.



Even we have a number of Netvigator members, about 80% of the respondents wouldn't install NOW Broadband TV. To attract more people to try out NOW Broadband TV, we need to think some attractive packages to our customers.

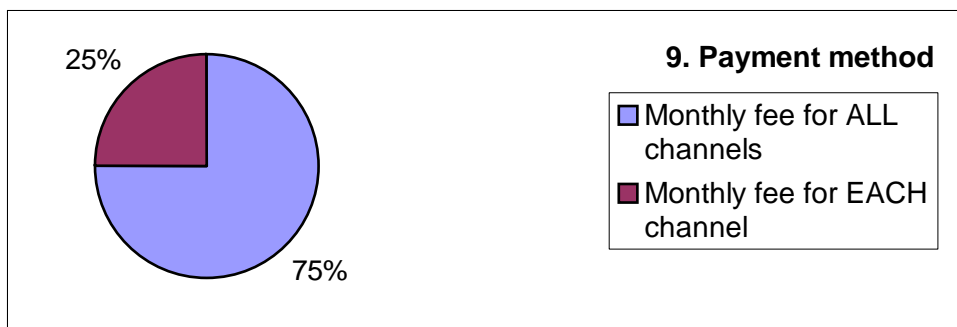


About 15% of the respondents would install NOW Broadband TV. Since NOW Broadband TV is exclusive to Netvigator users, some people who are not Netvigator users would consider to change Internet Broadband company in order to try out NOW Broadband TV.

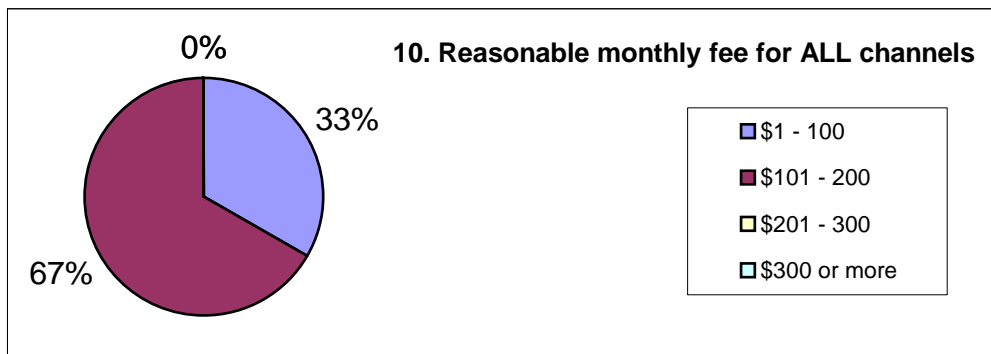


3) Ideal price and quality of NOW Broadband TV

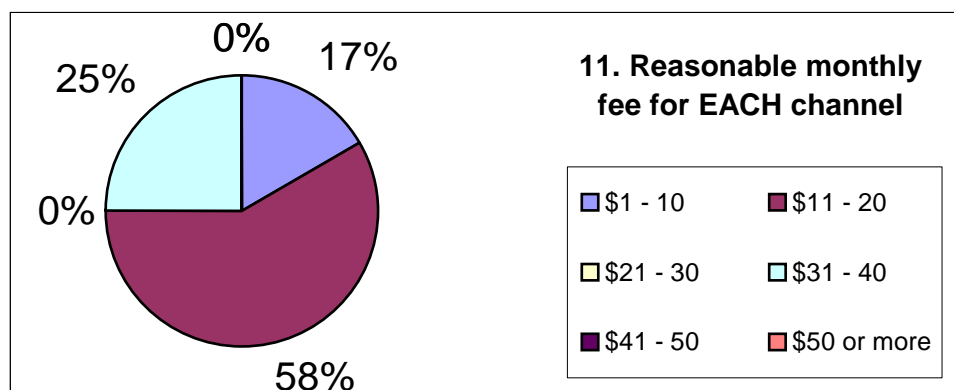
About 75% of the respondents prefer to pay all the channels in monthly fee rather than paying the channels individually.



Around 65% think the reasonable monthly fee for ALL channels are around \$101 - \$200.



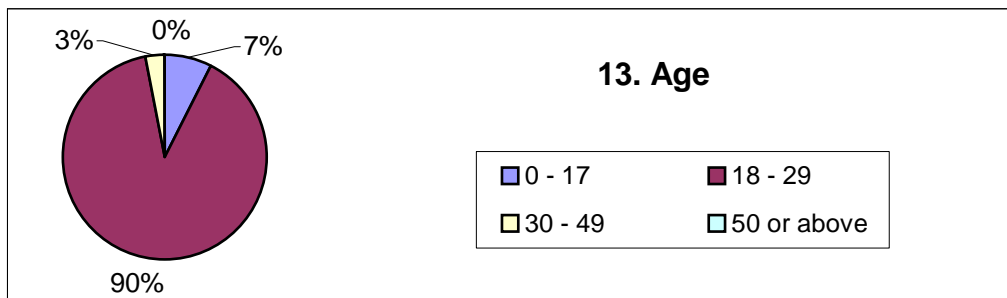
Around 55% think the reasonable monthly fee for EACH channel are around \$11 - \$20.



We have also asked about their suggestion on what kind of program should NOW Broadband TV provide, and most of them suggested to broadcast local financial news, cartoon animation, entertainment programs, sports and documentaries, such as history and literature.

4) Target Market Profile

90% of the respondents are aged 18 – 29 years old. Most of our respondents are university graduates or still studying university. As most of our respondent our students, the income level for these group is obvious low (\$5000 and below).



However, we still have a number of respondent are working in the fields as education services, administrators, and even library assistant and telecommunication.

