Carriers: Get Serious About Providing a Fair Value

Ted Middleton, VP Product Management at EdgeCast Networks

AT&T recently jolted its customer base by announcing price hikes on their smartphone and tablet data plans. The good news – customers under contract can keep their current pricing packages. The bad news – new customers will pay 33 percent more.

AT&T's tiered pricing model has spurred similar offerings from other carriers and it's only a matter of time before other carriers raise their prices to offset data carrying costs and accommodate a growing smartphone customer base. While carriers are undoubtedly getting crushed by data, the trend is clear: carriers are oversubscribing their networks and are looking to consumers to shoulder the costs.

While raising consumer prices is the quick and easy way for carriers to offset revenue loss and manage this data load, it's time for carriers get serious about actually providing a fair value. With U.S. carriers oversubscribing the network, there is an expectation that the service will still match the advertised quality, especially in light of all of the touted LTE networks. However, more users and data are creating a massive strain on the network that reduces the quality of service, leading to frustrated customers that are also fronting the bill. Not a good combination.

Outside of building a network that can actually support demand, carriers need to quickly find more "win-win" strategies that can help manage the traffic as well as open up more revenue opportunities outside of consumers' pockets. For example, carrying costs can be reduced while still improving the quality of service by outsourcing traffic to content delivery networks, which can help reduce costs for the carrier and improve network performance for the customer.

Additionally, as more carriers upgrade to LTE networks, they would benefit from introducing dynamic pricing models or application-based pricing, which would give customers full transparency around what they're paying for and what they're going to get. Creating application-oriented pricing structures can also open up more revenue opportunities for the OEM space and help them create offerings customized for specific customer segments.

Service providers must consider a long-term plan to accommodate the massive growth in mobile video. As screen resolution increases on these devices, the video quality must increase as well. This will drive a need to manage and upgrade content delivery infrastructure to support this trajectory.

Increased data use is undoubtedly the future of mobile computing. Customers paying the entire bill will only go so far – its time the entire carrier ecosystem identifies other strategies rather than place the burden solely on the consumer.

www.edgecast.com [1]

Posted by Janine E. Mooney, Editor

April 12, 2012

Source URL (retrieved on *08/20/2014 - 11:31pm*):
http://www.wirelessdesignmag.com/blogs/2012/04/carriers-get-serious-about-providing-fair-value?qt-blogs=0&qt-most_popular=0

Links:
[1] http://www.edgecast.com