



Press Release

J.D. Power and Associates Reports: Consumers Express High Level of Interest in Digital Lifestyle Packages

Consumers Are Most Likely to Select a Cable Provider To Aggregate Television, Internet, Home Security and Energy Management Technologies

WESTLAKE VILLAGE, Calif.: 26 October 2012 — Consumers are interested in digital lifestyle offerings that aggregate a wide array of service types—such as their telecommunications, cable, Internet, home security system and home energy management—and are comfortable purchasing these services from one company, according to the J.D. Power and Associates 2012 Digital Lifestyle StudySM released today.

The inaugural study examines customer brand loyalty, propensity to subscribe to and preferences for aggregation of their telecommunications, entertainment and home energy management services from one provider. Referred to as a digital lifestyle service package, this integration of services is invoiced on a single bill and allows customers to digitally monitor and control several aspects of their lives simultaneously from their computer or handheld device, such as smartphone, game console or tablet.

While a majority of consumers are open to offerings that incorporate a wide array of service types, if the offering focuses heavily on a particular type of service, they prefer purchasing such product from a vendor with experience in that service field.

“Consumers are looking for a way to consolidate invoicing and to manage their lives with easy-to-use digital packages,” said Frank Perazzini, director of telecommunications at J.D. Power and Associates. “The challenge for consumers is finding an economically attractive service package that meets the feature and functional needs of their household.”

Among study respondents, 45 percent indicate they would choose a digital lifestyle package from a cable provider, while 19 percent would select a telecommunications company; 17 percent a security provider; and 10 percent an energy provider. While cable-based digital lifestyle packages are preferred on an overall basis, they are particularly appealing to individuals and families renting an apartment or home. Renters choose a cable provider 48 percent of the time, compared with 43 percent among homeowners.

In addition, rather than rent a lifestyle package from a provider, 6 percent of respondents indicate they would rather purchase a system from a home electronics or home improvement retailer and install it themselves. The study finds that Gen X and Gen Y¹ consumers are among those most willing to tackle a do-it-yourself project rather than having the system professionally installed.

“The opportunities associated with home automation represent a tremendous opening for several industries,” said Perazzini. “Companies that are first to market are poised to gain the most from the convergence of these technologies. The key to the success of these integrated packages will be minimizing customer discomfort during

¹ J.D. Power and Associates defines Generation X consumers as born 1965-1976, and Generation Y consumers as born 1977-1994.

the transition process—no surprise charges and no compromises in service, particularly where at least some of the existing service must be moved from another provider, such as a security alarm company.”

“Our research indicates that energy management is becoming an important pillar in the market for digital lifestyle services,” said Christopher Perdue, director of the smart energy practice at J.D. Power and Associates. “These services may draw new customers, increase retention among current customers, and lead to new recurring revenues. There is huge value in information, and many companies are looking at ways to leverage consumer data to drive the next wave of energy management solutions.”

While digital lifestyle packages are likely to offer a variety of pricing options and payment plans, a majority of consumers would prefer a pricing plan that offers a lower price up front and a monthly fee, as opposed to a higher price up front with no monthly fee or to pay nothing up front but pay a monthly fee.

The 2012 Digital Lifestyle Study is based on responses from more than 18,000 online panelists who are responsible for making their household decisions regarding home telecommunications, security and energy services. The study was fielded in October 2012.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing forecasting, performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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