

Another One for Your Personal Playlist

Multifamily broadband providers should consider offering music streaming services as a way to avoid the commoditization trap.

By Bryan J. Rader / *UpStream Network*

Bulk internet service providers have always been concerned about one thing: becoming a commodity. Multifamily broadband providers fear that their high-quality internet connection with a better price and speed than Big Cable may begin to look like an easy-to-beat service if they don't build more "value" around the property owner proposition.

Yes, I know. Multifamily broadband providers win on service, responsiveness and overall reliability. Some win by deploying fiber to the unit. Others win with Ethernet or managed Wi-Fi. All these features are key to long-term success. Providers must also focus on creating value to avoid landing on the list of other commoditized products, such as gasoline.

As reported by Chron.com, the website of the Houston Chronicle, "commoditization occurs when consumers can buy the same product or service from different large or small businesses, and price becomes the only distinguishable factor." Yech. I never want providers to get caught in that trap.

BRANDS, OPERATING CULTURE CAN HELP

Smart branding and a healthy operating culture can help a company avoid becoming a commodity, and I encourage new broadband startups to pay attention to these elements of their plan.

The multifamily broadband industry also should look at ways to build value around bulk internet services, especially as bulk internet increasingly is decoupled from bulk TV services.

Including a Roku device or another managed Wi-Fi device is one way multifamily broadband providers can add to their product sets. Adding digital broadcast local channels to the bundle is another popular pairing with bulk internet.

CONSIDER MUSIC STREAMING PARTNERSHIPS

What about music streaming? Multifamily broadband providers should consider partnering with one of the music streaming services and including streaming as a feature of their internet products.

The market for subscription streaming music is hot. During the first half of 2019, these services added nearly 1 million new customers a month, according to the Recording

Industry Association of America. Companies such as Spotify, Pandora, Apple Music and Amazon lead the way.

By mid-2019, there were 61.1 million subscribers to music streaming services. The Wall Street Journal recently found that revenue from music streaming in the United States alone (including paid and ad-supported subscriptions) increased 26 percent to \$4.3 billion for the first half of this year. YouTube and Spotify's free tier grew 25 percent year over year. Paid subscriptions are growing even faster.

The music streaming business has exploded in the past three years, so how can the multifamily broadband industry join the party? And could it help avoid the commoditization of its core product?

Consider that internet customers use these music streaming services every day, and much of this consumption happens in their homes – and on networks the multifamily broadband industry provides.

I recently asked some of my team members about their music streaming habits. They said they use their cell phones at the gym or in their cars. But at home, they prefer Wi-Fi to avoid draining the phone battery.

This could be a sign that multifamily broadband providers should consider adding one of these features to their bulk programs. Customers would get not only a 250 Mbps internet connection equipped with Wi-Fi but also a free subscription to Spotify for every resident in their building.

Most multiple dwelling units use music streaming in common areas, such as fitness centers, clubhouses, pool decks and leasing offices. Why can't multifamily broadband providers incorporate these services into their offerings? It's a great way to bring another technology solution to clients.

It's also a great way to continue avoiding the "commoditization challenge" the broadband industry faces. Now that's music to my ears!

I'm putting this idea on my personal playlist. ❖

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