

APPENDIX 1

In the Matter of)
)
Restoring Internet Freedom) WC Docket No. 17-108

DECLARATION OF DANE FOLSTER

I. QUALIFICATIONS

1. My name is Dane Folster and I am currently Vice President of Consumer Segment Marketing for CenturyLink. I have held that position since May 1, 2017, and in that position I am responsible for CenturyLink's consumer customer acquisition and retention marketing initiatives, inclusive of product marketing strategy. I served on the marketing team of Embarq, and later, CenturyLink from 2005 to 2011 prior to serving in more recent roles with online companies. My last position was with Amazon where I was responsible for marketing strategy and channel marketing implementation at Amazon Prime Video. The organizations I have led have been responsible for product positioning, pricing, promotional strategy and tactical implementation by customer segment. The matters recited in this Declaration are based on my personal knowledge, information and belief, and if called to testify, I could and would testify competently to the same effect.

2. CenturyLink offers mass-market Broadband Internet Access (BIA) Service to consumers and small businesses across the 37 states where CenturyLink is the Incumbent Local Exchange Carrier (ILEC). We also offer BIA service to small business customers in a limited number of markets outside our ILEC serving area.

3. The purpose of this declaration is to respond to two specific factual issues implicated by the Notice of Proposed Rulemaking (*NPRM*) in this proceeding.¹

II. MARKETING PRACTICES

4. The *NPRM* states at Paragraph 36:

.... the Title II Order claimed its interpretation sprang in part from a change in “broadband providers’ marketing and pricing strategies, which emphasize speed and reliability of transmission separately from and over the extra features of the service packages they offer.” It claimed this marketing “leaves a reasonable consumer with the impression that a certain level of transmission capability—measured in terms of ‘speed’ or ‘reliability’—is being offered in exchange for the subscription fee, even if complementary services are also included as part of the offer.” We note that even before the Cable Modem Order, the Commission recognized that Internet service providers marketed the speed of their connections. We seek comment on whether Internet service providers’ marketing has decidedly changed in recent decades.²

CenturyLink promotes Wi-Fi capabilities, 24/7 technical support, and a free Norton AntiVirus solution and other features of our BIA service.³ And, CenturyLink and other broadband providers compete based on these service functionalities and features, and always have, just as we compete on speed and price. Over the last 17 years we have attempted to promote various value propositions to sell broadband inclusive of bundle savings and value-add services such as homepage content, online storage and email accounts. Providers also compete on differentiations in speed and price and these have always been significant drivers of competitive differentiation. However, while some of the specific focuses have changed and evolved over time, the relative prominence of speed as a focus in CenturyLink marketing efforts has not changed materially over time since 2000.

¹ *Restoring Internet Freedom*, WC Docket No. 17-108, Notice of Proposed Rulemaking, FCC 17-60 (rel. May 23, 2017)(*NPRM*).

² *NPRM*, ¶ 36.

³ See CenturyLink’s website at: <http://www.centurylink.com/home/internet/>.

III. SWITCHING COSTS

5. While not directly raised, the *NPRM* also implicates questions around competition and therefore questions around BIA service subscriber ability to switch providers if a particular broadband service does not meet their needs. As CenturyLink's comments demonstrate in greater detail, competition in the broadband market is robust. And, as the BIA service market matures, the opportunity for incremental subscriber and associated revenue growth is declining and the opportunity for customers to move to alternative providers is growing. Overall, according to Frost & Sullivan data, telco providers lost 1 point of market share during 2016 and have lost 3 points of share over the last three years, primarily at the expense of cable providers.⁴ This, in and of itself, is evidence that switching costs are low. If the switching costs for changing ISPs were high, we would not expect to see such a decline in market share over such a short period of time. I believe these low switching costs are due to a number of factors that have evolved over time. Two primary factors are:

(a) *In the past customers were required to purchase their modem from their ISP.* Today, customers may purchase their modem from either their ISP or a third party provided the MODEM supports the technology on which the customer is provisioned. On our network management website, CenturyLink provides our customers with a list of compatible MODEMs for the service they are purchasing:

<http://www.centurylink.com/aboutus/legal/internetservicedisclosurefull.html>

(b) *ISP promotional service offerings often include features that reduce switching costs, such as removal of activation fees, elimination of installation fees and*

⁴ "Consumer Communication Services Tracker: Fourth Quarter 2016 (4Q16), North America", Frost & Sullivan, March 2017.

elimination of early termination fees. CenturyLink is constantly monitoring the marketplace to determine how to best position our BIA service offering to win customers in this competitive market.

I declare under penalty of perjury that the foregoing is true and correct. Executed on

July 15, 2017.



Dane Folster

Vice President of Consumer Segment Marketing for

CenturyLink