

Decoding the digital home 2021

Multi-market findings



EY

Building a better
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Decoding the digital home is based on an online survey conducted for EY of more than 18,000 households in Canada, France, Germany, Italy, the UK and the USA. The study is produced annually and this year's research was conducted in December 2020 and January 2021. The survey is designed to understand changing consumer attitudes toward technology, connectivity and content experienced in the home - and the companies that provide these products and services. In this report we focus on issues such as the impact of the COVID-19 pandemic, network reliability, changing TV and video consumption, and customer support preferences. Additional insights and analysis are provided by the EY global TMT team.

Key messages emerging across our research program

As we evaluated the survey results across all countries and across all digital products and services that we asked households to consider, a number of interrelated themes began to emerge – all of which ask new questions of providers of digital services to the home:

1. Ambivalence lies at the heart of the digital home

The COVID-19 pandemic has driven greater adoption of online services and forced greater reliance on connectivity and content than ever before. However, well-being and trust concerns are also on the rise. While most households believe that providers have coped well and achieved a new prominence among customers, households are also experiencing digital overload. Ultimately, there is no guarantee that elevated reliance on the digital world prompted by COVID-19 will result in long-term satisfaction or loyalty.

2. Specific customer groups require better attention


Certain behaviors and attitudes apparent among households are more pronounced within certain demographic groups. Urban users are the most likely to have experienced connectivity problems in the wake of the pandemic, while family households are most exposed to digital well-being challenges. In a departure from accepted thinking, younger households do not always show themselves to be “digital natives”, in fact they often struggle as much – and sometimes more – than older groups as they engage with technology inside the home.

3. Convergence and disruption scenarios co-exist as part of the desire for value

Cross-sell and up-sell opportunities are in evidence, most notably as part of the “one-stop-shop” for connectivity and content subscriptions. Yet attitudes towards streaming platforms and 5G mobile services also suggest scope for substitution. And while the spending outlook is broadly stable, consumer desire for value is palpable across the landscape of technology, connectivity and content. Better propositions are essential if premium packages are to remain viable in the months and years to come.

4. Confusion and frustration undermine successful customer journeys

In spite of customers’ greater interaction with digital products and services during the pandemic, long-standing pain points relating to service adoption, usage and support remain present. From low awareness to new products and services to a lack of confidence engaging with digital customers support channels, providers have work to do. Clearer communications, more trusted support mechanisms and more agile interactions can help ensure that customer experiences become “digital throughout”.

A man with short dark hair and glasses, wearing a patterned light-colored shirt, a dark tie, and dark suspenders, is looking at his smartphone. He is holding a brown leather suitcase in his left hand. The background is a dark, blurred city street at night with bokeh lights. A yellow frame is overlaid on the top left of the image.

Does growing
dependence on
digital worsen
well-being?

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Chapter One

More demand, more anxiety
COVID-19's impact on the digital home

The COVID-19 pandemic has dramatically altered the landscape of products and services consumed by households over the last 12 months. There is plenty of good news: levels of digital inclusion have increased during periods of national lockdown, with connectivity and content providers acting as a critical platform for continued socioeconomic interaction. However, long periods spent at home have also seen households question their reliance on the online world, with signs of overload and distrust also apparent. This indicates that providers must look well beyond positive adoption and usage trends if they are to make the most of their new found importance.

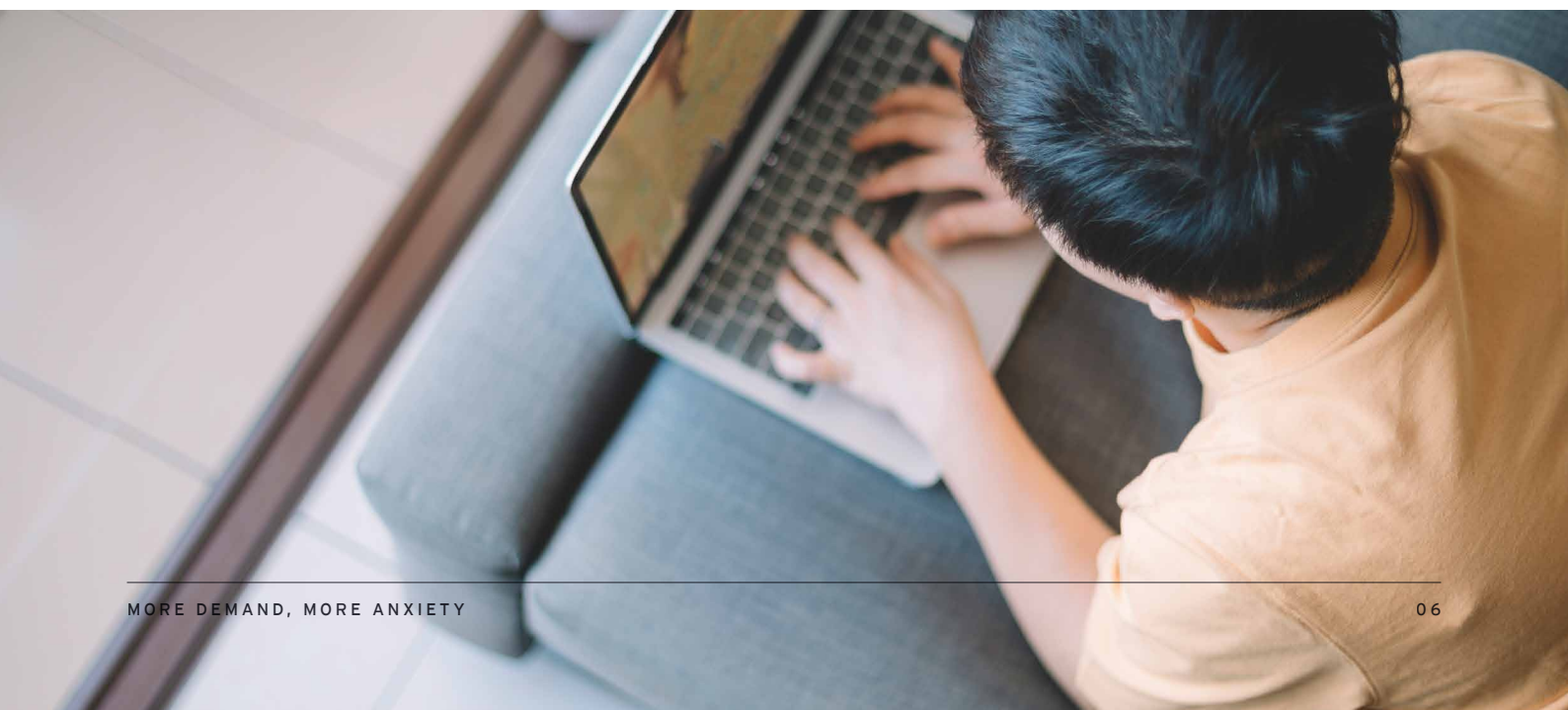
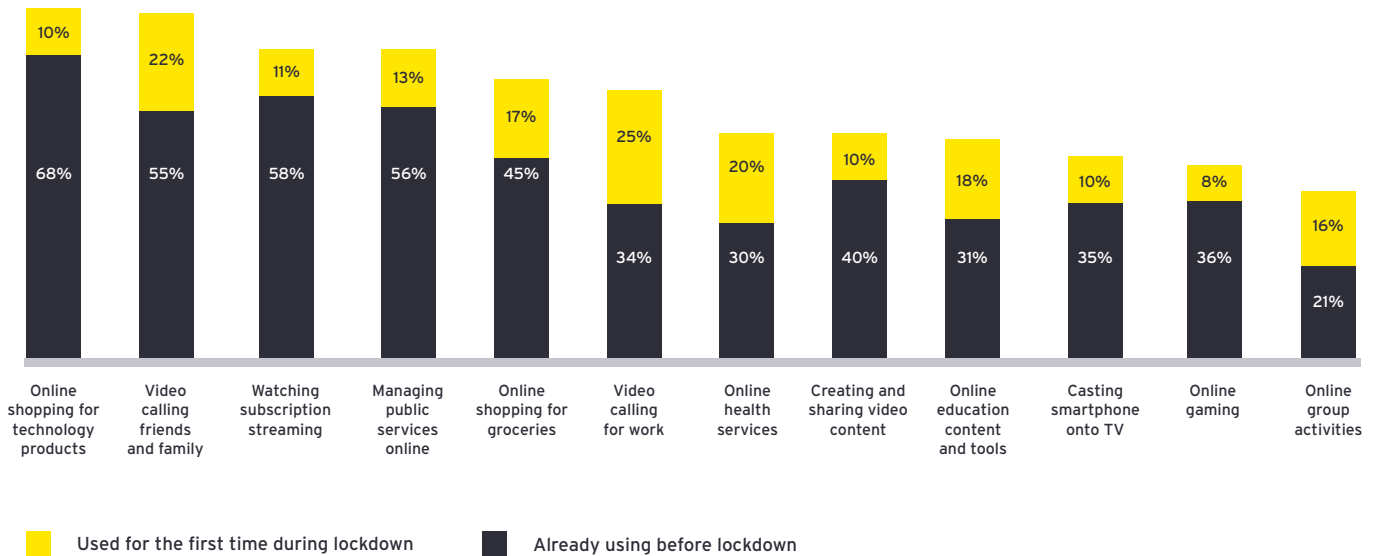
COVID-19 has prompted a surge in digital activities inside the home

Households have adopted a number of services for the first time since national lockdowns were imposed, and video calling leads the way, while grocery shopping and access to health and education services are going digital at pace. Younger groups typically lead in terms of first-time adoption, but older groups are playing catch-up in certain services, such as video calling of friends and family.

Figure 1:
Adoption of digital services during COVID-19

Question:
Which, if any, of the following have you or your household done or used for the first time since Governments began issuing advice to stay at home due to COVID-19?

(Percentage of respondents, all markets average)





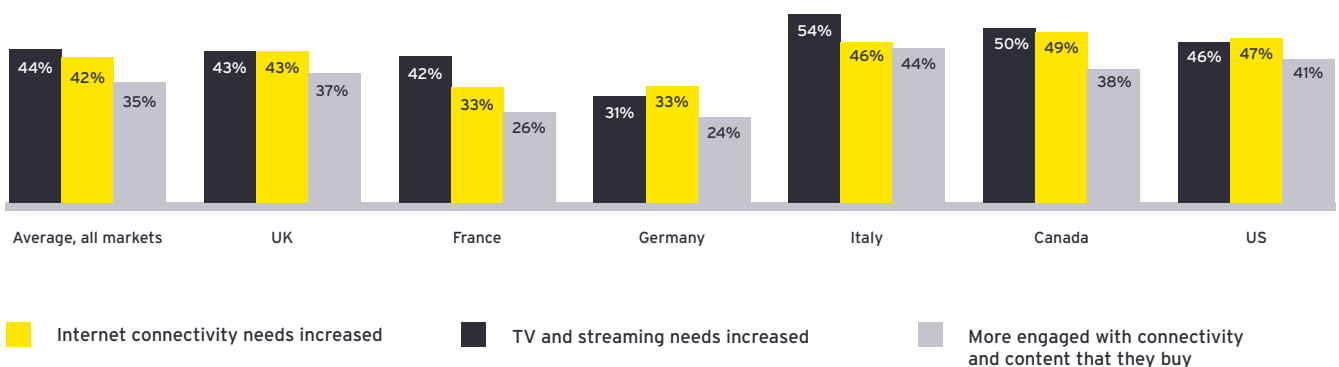
Connectivity and content needs are rising - and most households believe connectivity and content providers have coped well

Alongside this rapid shift to online products and services, households recognize that their connectivity and content needs have increased, yet greater demand is not apparent everywhere.

- Consumers in Germany and France are more likely to disagree that their connectivity and streaming needs respectively have increased.
- Growing reliance on the digital home has largely translated into greater engagement with the connectivity and content that they buy, although there are exceptions in France and Germany.
- Growth in both demand and engagement with providers is best aligned in the UK and US, indicating more responsive customers compared with other markets.

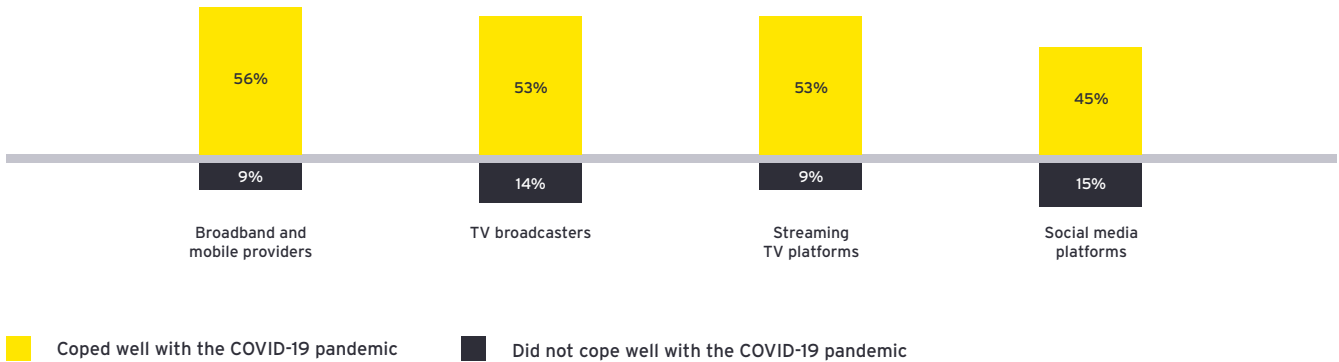
Figure 2:
Demand for connectivity and content during the pandemic

(Percentage of respondents who agree)



Ultimately, most households across markets agree that providers have coped well with the crisis. Connectivity providers top-score – reflecting the goodwill created by COVID-19 relief packages that offered extra data or allowed payment holidays – while social media platforms lag, highlighting ongoing challenges they face around fake news.

Figure 3:
Consumer perceptions of provider performance during the pandemic
(Percentage of respondents who agree or disagree, all markets average)



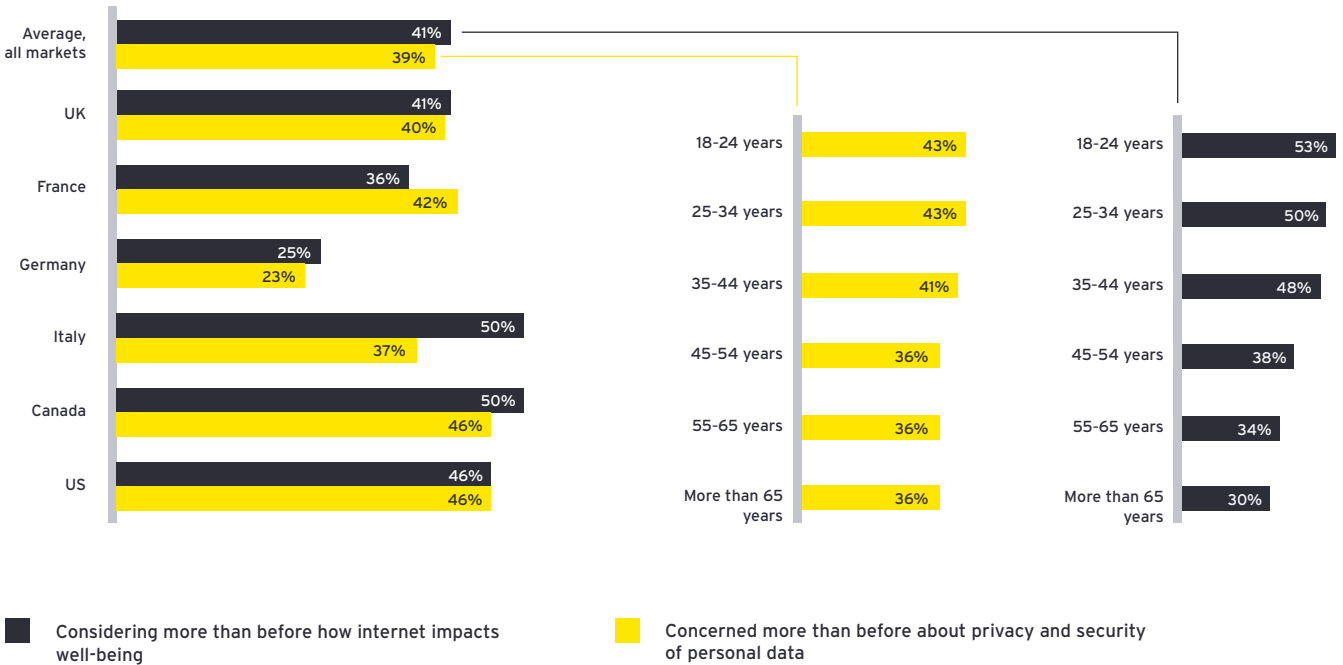
Yet, there are downsides to this demand surge: digital well-being and data protection concerns are growing

Despite rising service adoption and largely positive perceptions of service providers, the pandemic has heightened fears regarding personal data and the effect of the internet on well-being.

Sixty-nine percent of households across markets are very cautious about disclosing personal data online. Our research reveals that the pandemic has heightened these anxieties, with 4 in 10 households more likely to be considering their digital well-being or concerned about personal data privacy compared with before the crisis, and younger groups often outscore their older counterparts.

Figure 4:
COVID-19's impact on digital trust and well-being

(Percentage of respondents who agree)

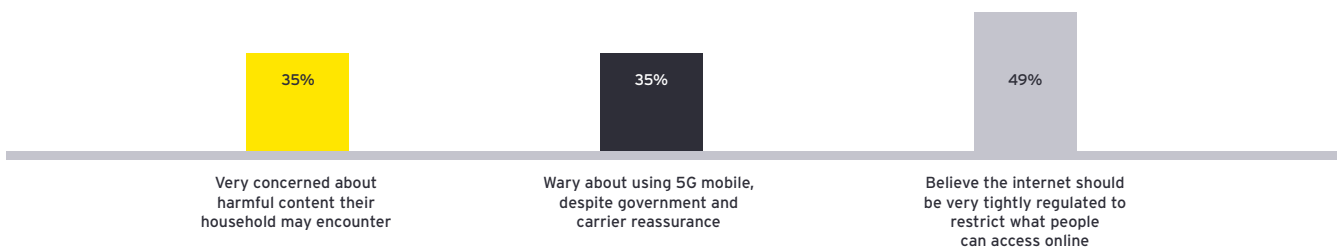


Distrust of content and connectivity is a concern for many

There are also specific grievances that connectivity and content providers should tackle. More than one-third of respondents are very concerned about harmful content that their households may encounter online, and are wary about using 5G mobile, despite assurances from the Government and communications service providers (CSPs) of its safety. With one-half of households favoring a very tightly regulated internet, providers may yet have to adapt to a growing compliance burden.

Figure 5:
Consumer trust of content and connectivity

(Percentage of respondents who agree, all markets average)



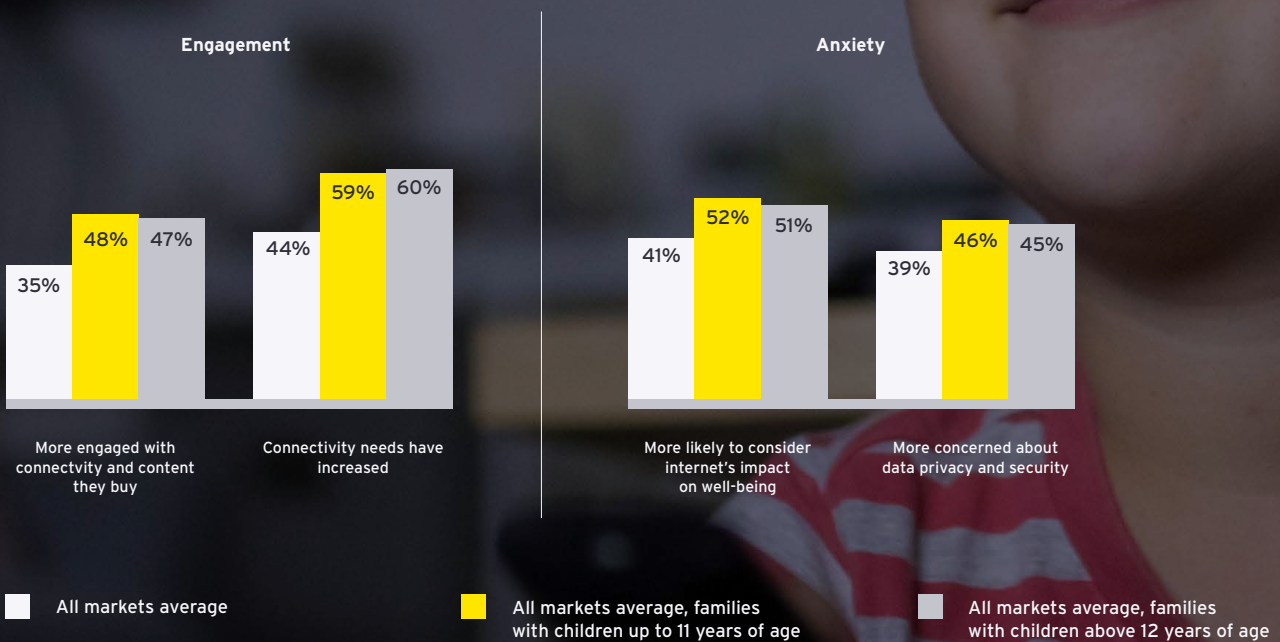
More demand, more anxiety: this ambivalence is most striking among families with children

While there are variations among markets in terms of the changing digital behaviors and attitudes, what is perhaps even more striking is how the responses of specific groups tend to align across markets.

Family households with children are an important example: the positive correlation we have identified between rising demand and increasing anxiety is most pronounced in this group. All considered, the most demanding users of the digital home are also those who are most sensitive to its potential shortfalls and downsides.

Figure 6:
Digital demand and anxiety indicators among families with children

(Percentage of respondents who agree)



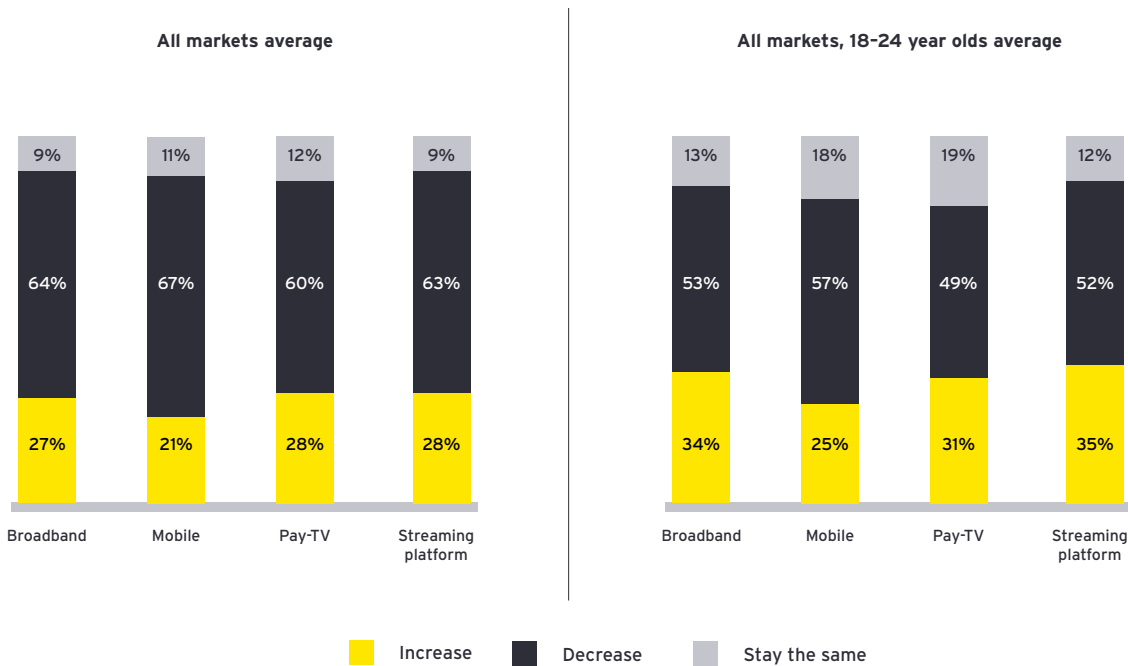
Spending intentions are encouraging, while the pandemic has triggered interest in upgrades for some

The outlook for monthly spending is broadly encouraging. There are more users prepared to increase, rather than cut back on spend, but for younger users, the outlook is more volatile, with greater willingness to both increase and reduce spend.

Figure 7:
Spending intentions for connectivity and content services

Question:
Do you expect your monthly spending on each of the following to increase or decrease, or do you expect it to stay about the same?

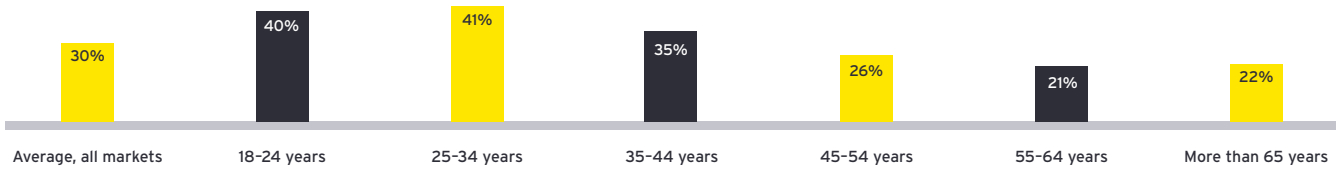
(Percentage of respondents who agree)



These positive spending intentions are echoed by an interest in high-end packages, with 20% of customers open to paying a premium for super high-definition content, for example. In many cases, the pandemic is acting as a catalyst: 25% agree the crisis has made 5G more appealing while 26% believe it has highlighted the importance of upgrading to gigabit broadband. Meanwhile, 30% of households now see the benefits of taking all connectivity and content from a single supplier, with younger groups showing the greatest appetite for a “one-stop shop.”

Figure 8:
Attitudes to purchasing all connectivity and content from a single supplier

(Percentage of respondents who agree that the pandemic has made them realize it's better to get all their connectivity and content from a single supplier)



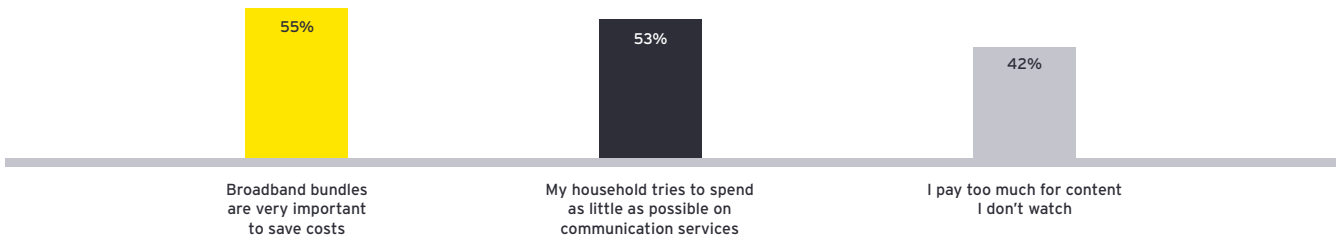
Cost control is the dominant sentiment: more households are focused on savings and value for money

However, fears of overpayment and the need to control costs are more pronounced than the appetite to upgrade or increase monthly spend, as more than one-half of households see bundles as a route to savings, and 4 in 10 think they already pay too much for content.

This is a critical issue for providers since customers expect more support. Forty-two percent of households across markets don't believe their broadband provider does enough to ensure they are on the best deal, for example. While households' spending predictions paint a positive picture, their underlying attitudes tell a different story.

Figure 9:
Household perceptions of overpayment and cost savings

(Percentage of respondents who agree, all markets average)



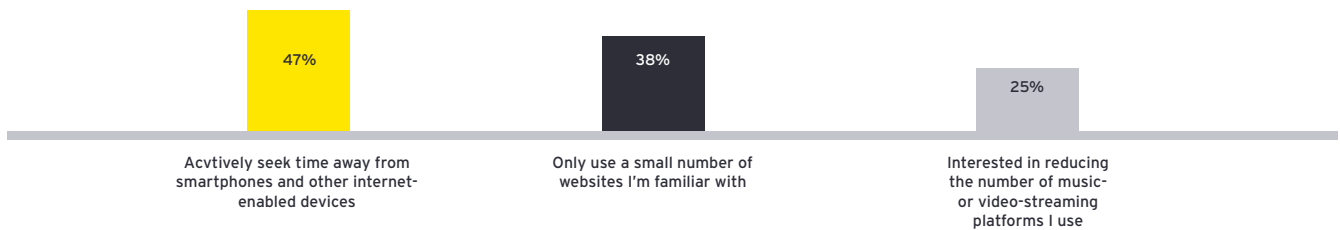
Is the digital household at saturation point? Feelings of overload and confusion are pronounced

The research has identified tensions in the digital home, with demand partnered by anxiety. Meanwhile, positive spending profiles and openness to premium offerings are overshadowed by value consciousness, regardless of product or service.

The survey findings also suggest many households are at saturation point. Forty-seven percent seek downtime from smartphones and other internet-enabled devices. Consumers are doing more than voicing the need for “time away” from their devices, as many are opting for the familiar, while some are keen to downsize their online universe.

Figure 10:
Household attitudes toward online exposure

(Percentage of respondents who agree, all markets average)



Importantly, these feelings of fatigue and overexposure extend beyond products and services to relationships with service providers themselves. More than 4 in 10 households agree there is simply too much choice of different service bundles, while a similar proportion (47% average across markets) agree that introductory offers complicate their assessment of value.

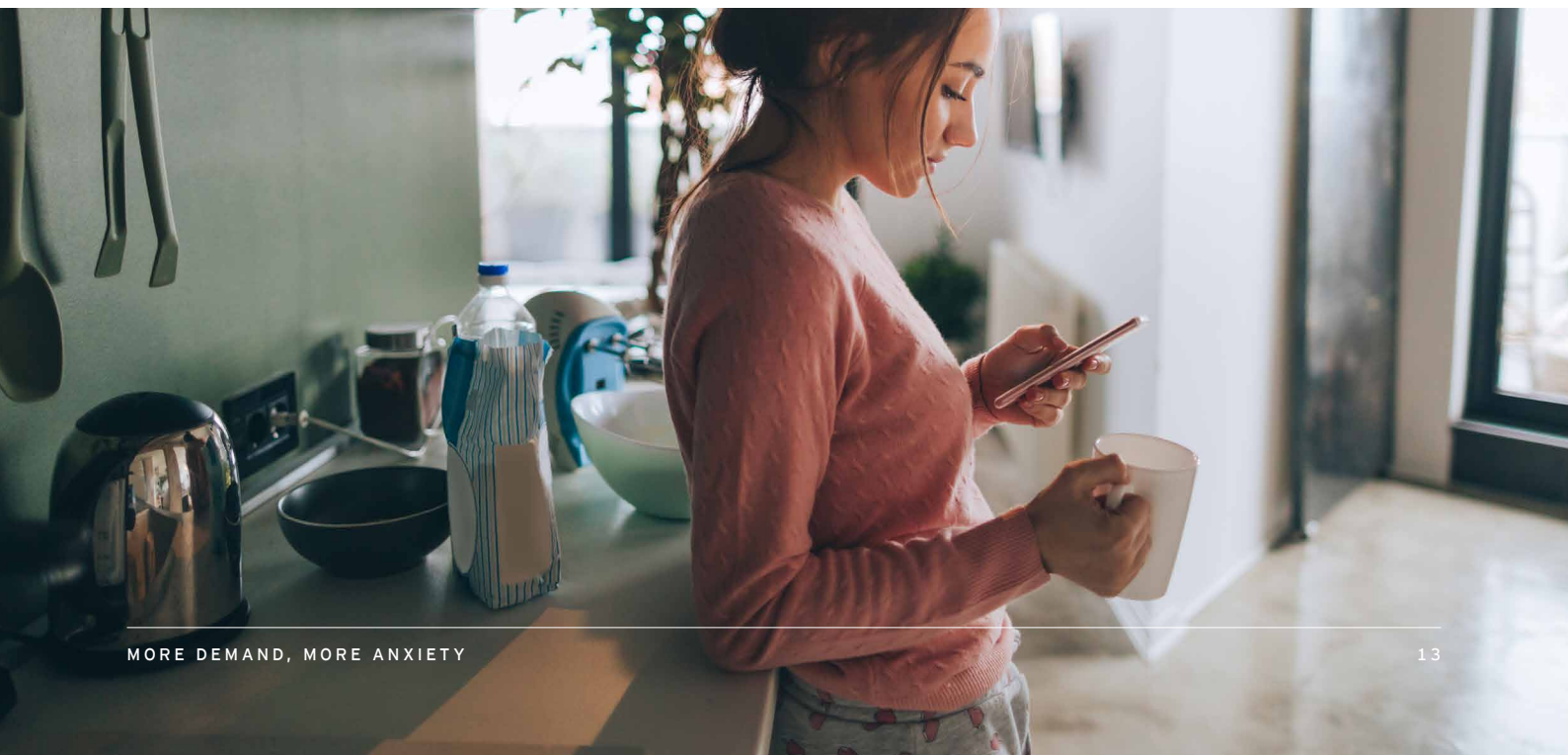
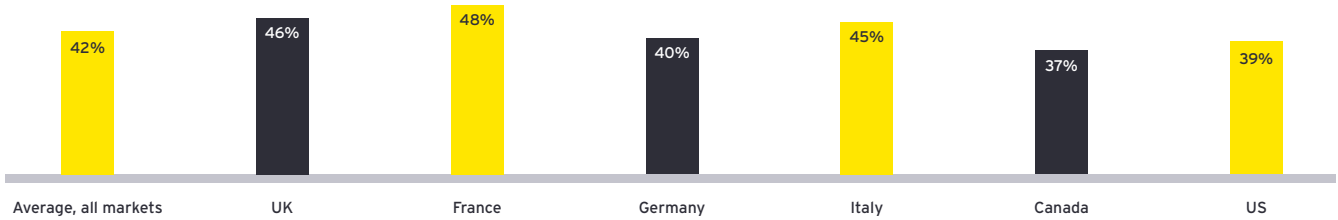


Figure 11:
Consumer attitudes toward the choice of connectivity and content packages

(Percentage of respondents who agree there is too much choice of bundles of connectivity and content)

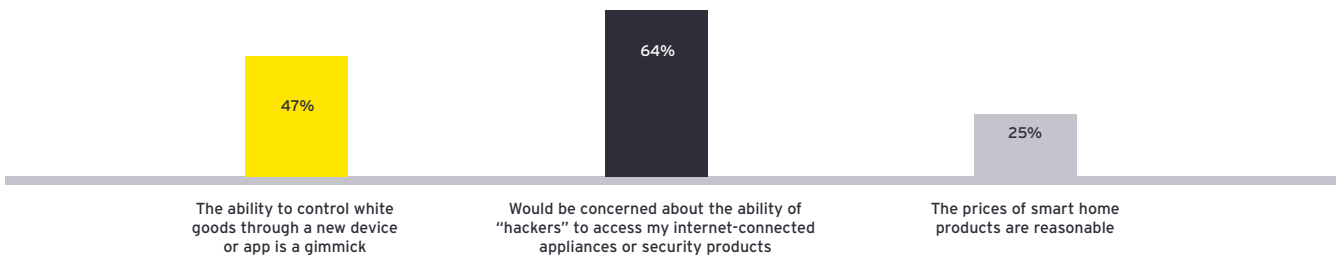


Trust and value concerns limit the appeal of the smart home

If service providers ignore these warning signs regarding data protection, value and digital fatigue, then new products and services will fail to gain traction. Nearly one-half of households see the ability to control white goods via devices or mobile apps as a gimmick or fad, while even more are concerned about potential security flaws. In addition, only a quarter of households believe that smart home devices are reasonably priced. Unless addressed, these attitudes will hamper adoption rates of the smart home use cases.

Figure 12:
Household attitudes toward smart home

(Percentage of respondents who agree, all markets average)



What does this all mean for connectivity and content providers?

1. Build on your new found prominence with consumers

Providers have a unique opportunity to make the most of the goodwill they have created during the pandemic.

Consumers may think that providers have coped well during the crisis, but there's a difference between coping well and delivering better. While demand has risen, positive engagement with service providers isn't guaranteed, so now is the time to construct a new kind of relationship based on confidence and trust.

2. Keep it simple: reduce customer overload and improve well-being


Interaction with the digital world has increased but this dependency is fueling anxiety, as many households feel overwhelmed with everything that's on offer. A more manageable digital universe is vital, and providers should reassure customers and communicate with empathy, as simple and intuitive services will reduce customer fatigue and make you stand out. Better collaboration can also help provide industry-wide solutions to well-being challenges.

3. Overhaul your traditional customer assumptions: don't take "digital natives" for granted

The forced shift to digital has uncovered pain points that disproportionately affect certain groups. Younger groups are not always "digital natives." In fact, they outscore older groups on data protection fears and online well-being concerns driven by the pandemic. Families with children encapsulate the tension in the digital home where higher demand is partnered by a greater well-being challenge. Resolving these pain points is essential, as these groups are prepared to spend more for the right products and services.

4. Deliver new forms of value to convert higher demand into enduring growth and loyalty

Looking ahead, there are signs of interest in service upgrades, supported by a resilient spending outlook, yet the desire for value is present everywhere and these deep-rooted attitudes may have more say in customers' future spending levels. Ultimately, customers need better rationales to spend more. New value propositions, supported by tangible customer promises, will help you attract, satisfy and retain customers in the long term.



Does a fast connection
matter if you can't rely
on the network?

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Chapter Two

Connectivity reconsidered

Firmer foundations for the digital home

The COVID-19 pandemic has accelerated the take-up of digital services in the home. For connectivity providers, the read-across has been positive: home internet needs have risen, and customers largely feel operators have coped well with the crisis. Yet, there are pain points beyond these promising signs, as some households have experienced connectivity problems and the need for reliability is front of mind. Meanwhile, convergence and disruption scenarios exist side by side, and operators must reinvigorate their customer relationships to reduce apathy and boost awareness around what connectivity can deliver. Only then can they maximize their role in the post-pandemic household.

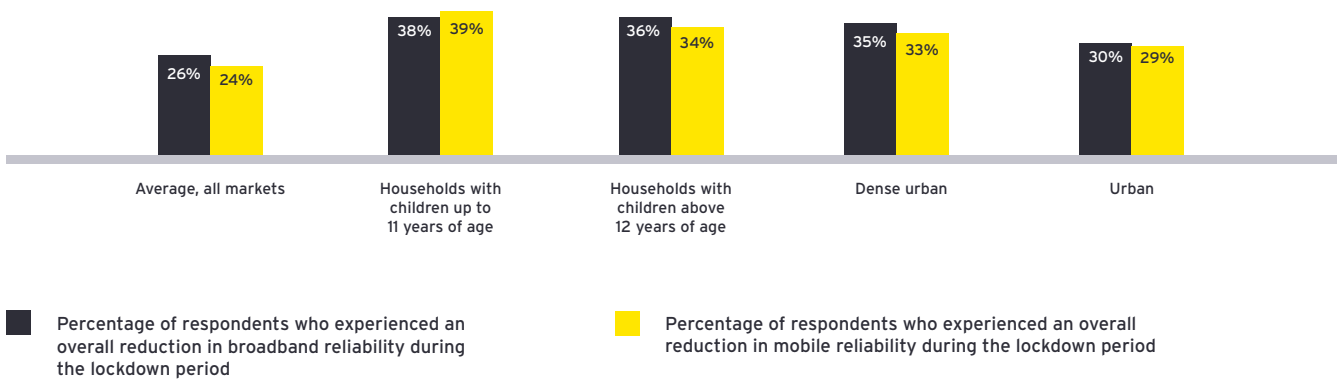


Lockdown connectivity issues: urban users and families have been most exposed

Worldwide, fixed and mobile networks largely withstood increased usage during periods of national lockdown. 56% of households in our survey believe operators have coped well with the crisis, with just 9% disagreeing, but this is only part of the story: one in four households believe they experienced an overall reduction in network reliability during lockdown periods.

Poorer reliability has been most keenly felt among urban households and families with children, reflecting the rapid shift from office to home working, alongside the increased network load in larger households. From a country perspective, urban distress is most pronounced in the UK and US. However, rural users in Italy were just as likely to report underperformance as urban users.

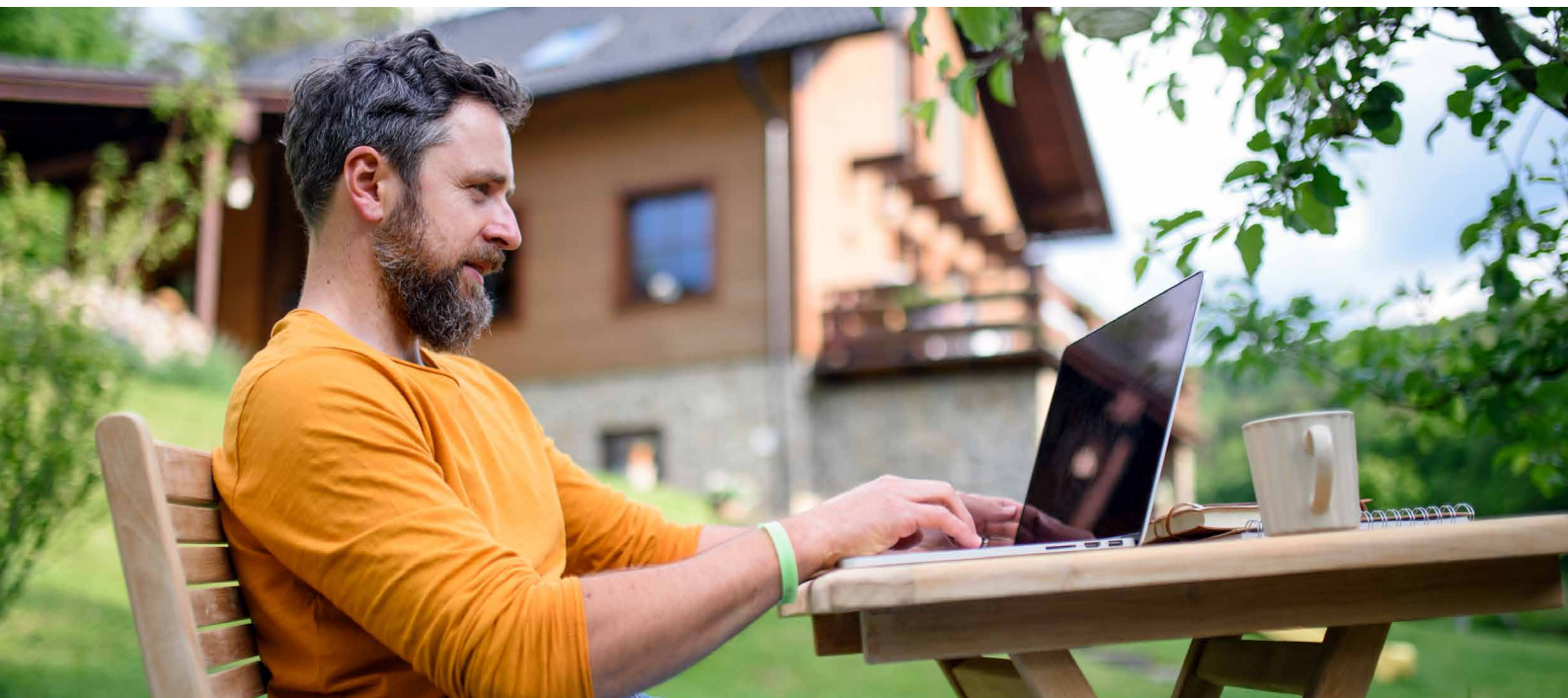
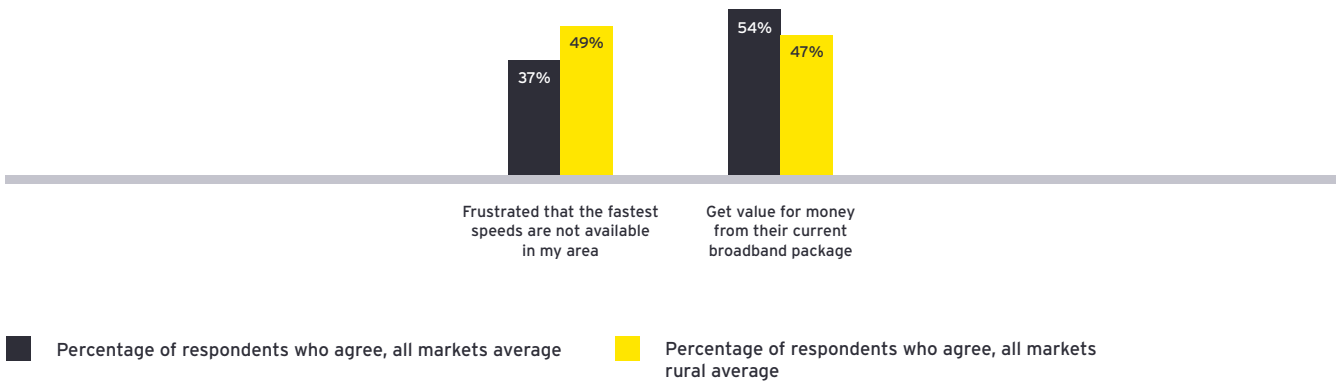
Figure 1: Network reliability experiences during the pandemic by household structure and location



The digital divide is hurting rural households, who are less confident of getting a good deal

Although rural users have been less likely to report a reduction in network quality, there is latent demand that service connectivity providers are failing to tap. One-half of the rural users are frustrated that the fastest speeds are not available in their area, much higher than urban or suburban users. Crucially, they are also less likely to feel they are getting value for money from their current packages, and, ultimately, this means they have no greater appetite to pay “more for better” compared with urban households.

Figure 2:
Rural household attitudes toward service availability and value



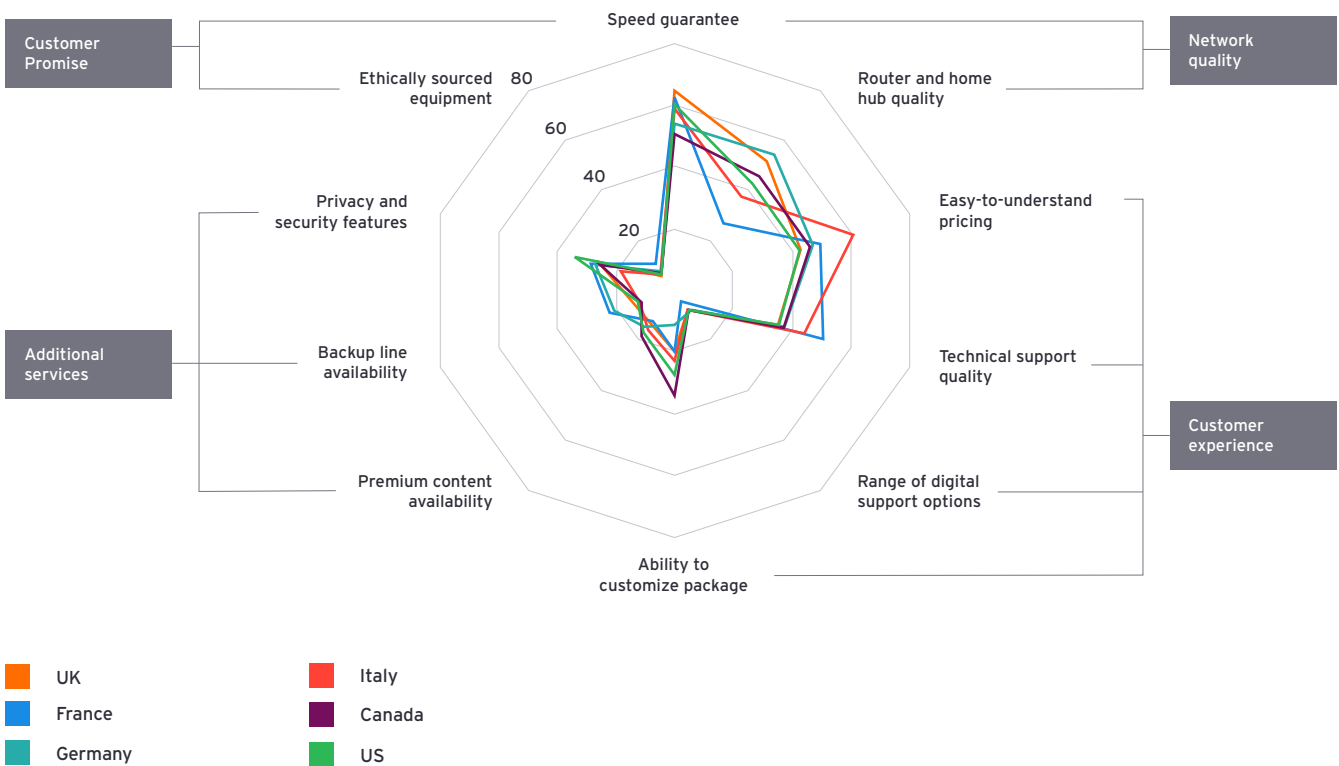
Broadband performance is front of mind when comparing packages

Given household experiences with broadband quality, it is no surprise that they focus on performance when evaluating packages. 59% cite speed guarantees as a leading consideration, with easy-to-understand pricing ranking second (43%). Router quality ranks third (40%), another sign that performance is top of mind. However its relative importance varies significantly by market – more than half of UK households focus on it, but this drops to under 3 in 10 French households. The router’s role in a reliable connection is not appreciated by all.

Figure 3: Key customer criteria for evaluating and comparing broadband connectivity providers

Question: Which of the following elements of a broadband package would be your top three considerations were you to evaluate and compare providers?

(Percentage of households)



It is a telling finding that the availability of additional services do not lead as evaluation criteria - households ultimately want “the basics” to work well. Those that do consider additional features tend to favor privacy and security, reflecting wider anxieties and concerns around data protection experienced during the pandemic.

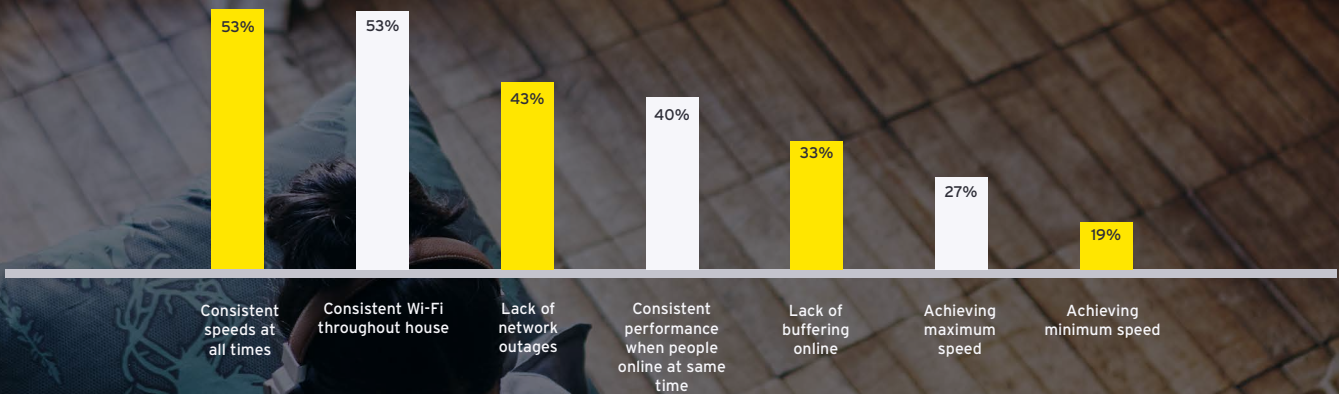
Confident in the connection? Households need more than a speed guarantee – there is a gap between what connectivity providers offer and what households actually need

The survey reveals a disconnect between what connectivity providers offer, and what customers actually need. Speed guarantees top-score when households evaluate packages, but maximum and minimum speeds are bottom of the list when households assess how well their service is performing. Consistent speeds and signal reach are significantly more important.

Figure 4:
Household methods to assess broadband reliability

Question:
Which three, if any, of the following are the most important ways in which you assess how reliable your broadband connection is?

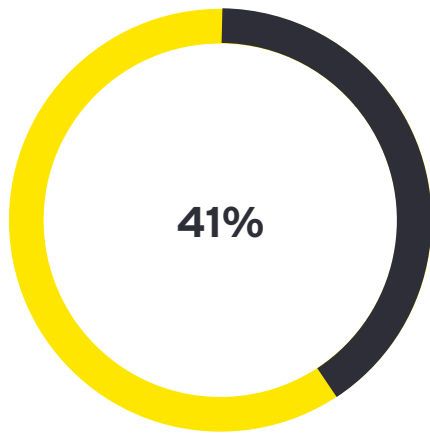
(Percentage of households, all markets average)



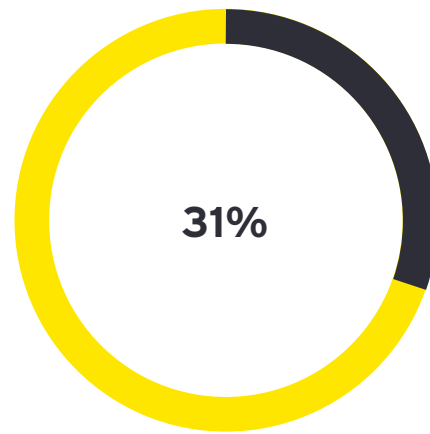
This disconnect emerges elsewhere in our study. Around 52% of households agree that broadband reliability is more important than speed, with just 10% disagreeing. Meanwhile, one in four don't understand what broadband speed really means, so service providers that focus narrowly on speed credentials may be failing to address customers' real-world demands.

Households need more support when it comes to broadband reliability

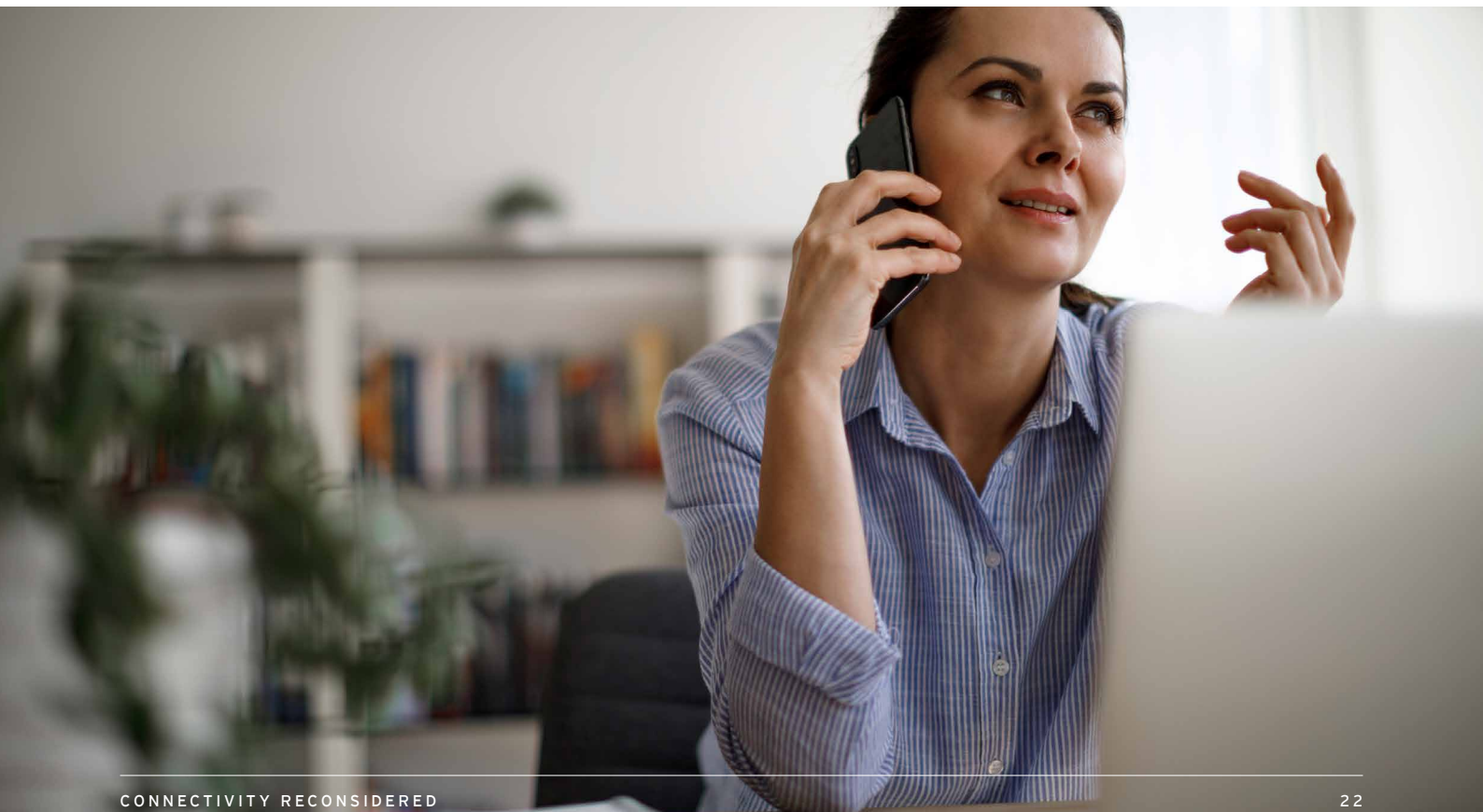
There are steps every household can take to get the best from their connection, such as repositioning their routers or selecting specific Wi-Fi channels. However, awareness of these options is limited – and less than one-third of households feel that their provider offers effective tips and guidance.



Households that are aware of effective ways to improve home broadband performance



Households that believe their provider proactively gives effective tips on how to ensure a reliable connection

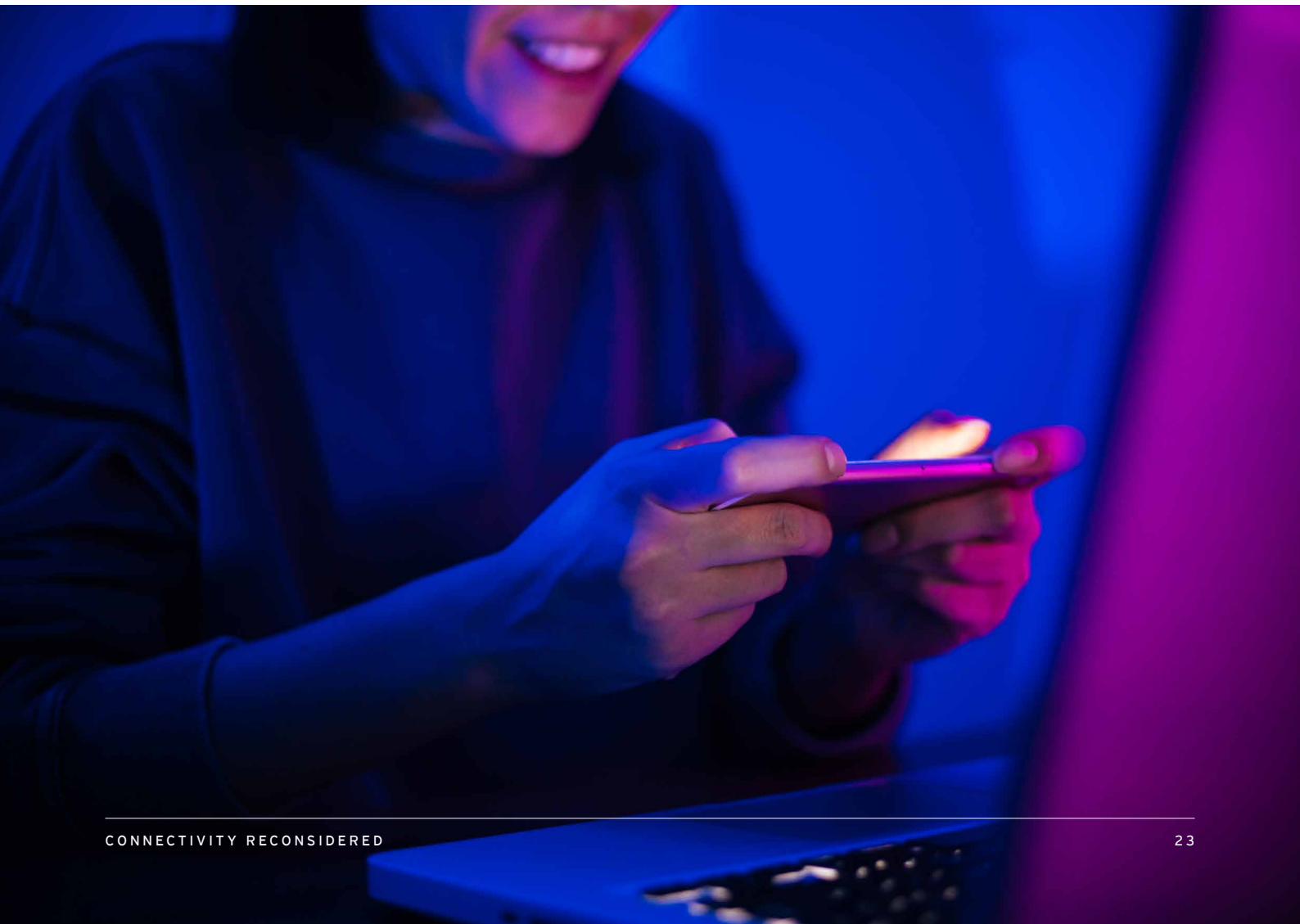
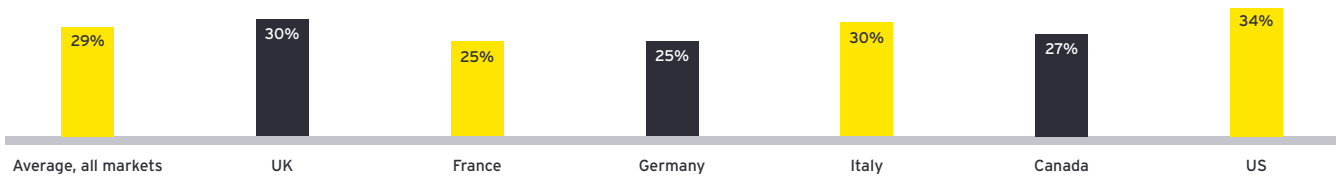


Backup connectivity options have premium potential

Better messaging around reliability is vital, but households are also interested in packages that have greater resilience baked in. Around 3 in 10 are prepared to pay more for broadband if backup connectivity is on offer, while faster speeds and exclusive content have historically been premium levers, this kind of value-add could prove lucrative for operators who get it right.

Figure 5:
Household willingness to pay a premium for backup connectivity

(Percentage of respondents willing to pay more for my broadband bundle in return for backup connectivity in case of network outages)



Receptivity to 5G is muted but its role in reliable connectivity is in focus

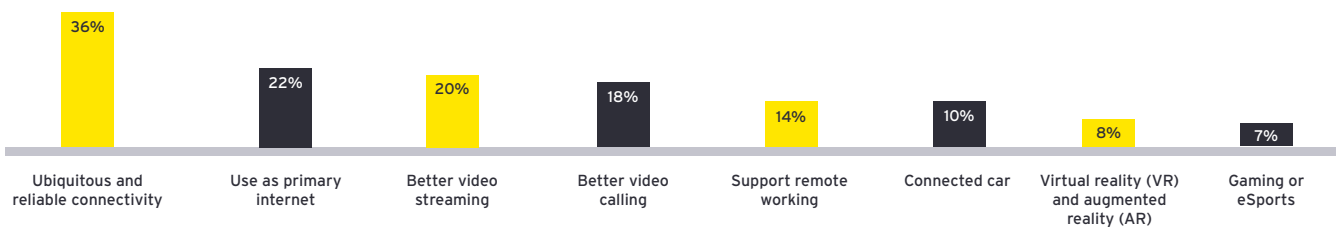
5G is commercially available in all the markets we surveyed, but consumer interest is low. Though 9% of households already have it, only 22% declare themselves interested in upgrading, while 42% are not interested and a further 22% unmoved either way. This resistance underlines the fact that mobile operators must work harder to highlight the benefits 5G can bring.

Yet, if consumers were to upgrade to 5G, ubiquitous and reliable connectivity, alongside home internet use, are the leading rationales. Better quality video experiences, whether relating to streaming, gaming or virtual reality, rank further back. As operators consider how best to unlock further demand, they must recognize this focus on the fundamental quality of the connection.

Figure 6:
Consumer perceptions of 5G attributes

Question:
If you were to upgrade to a 5G mobile plan, which potential benefits of using 5G would you find most appealing?

(Percentage of responses, all markets average)



Consumers are also receptive to new forms of mobile charging models. Fifty-two percent would be interested in mobile price plans that offer unlimited data at guaranteed speeds, similar to how fixed broadband packages are positioned.

Where next for the home connectivity package? There's appetite to add more to the broadband bundle

As operators invest in network upgrades, increasing share of wallet and boosting loyalty are more important than ever. The research suggests that some customers want more than just connectivity. Privacy and security features top-score, reflecting a key theme emerging across the survey, but other services are also in play. Some, such as home working and home education, have clear linkages to the COVID-19 pandemic.

Figure 7:
Household propensity to take additional services within a broadband bundle

Question:
How likely are you to take a broadband bundle which includes the following additional products and services?
(Percentage of respondents citing likely or very likely, all markets, average)



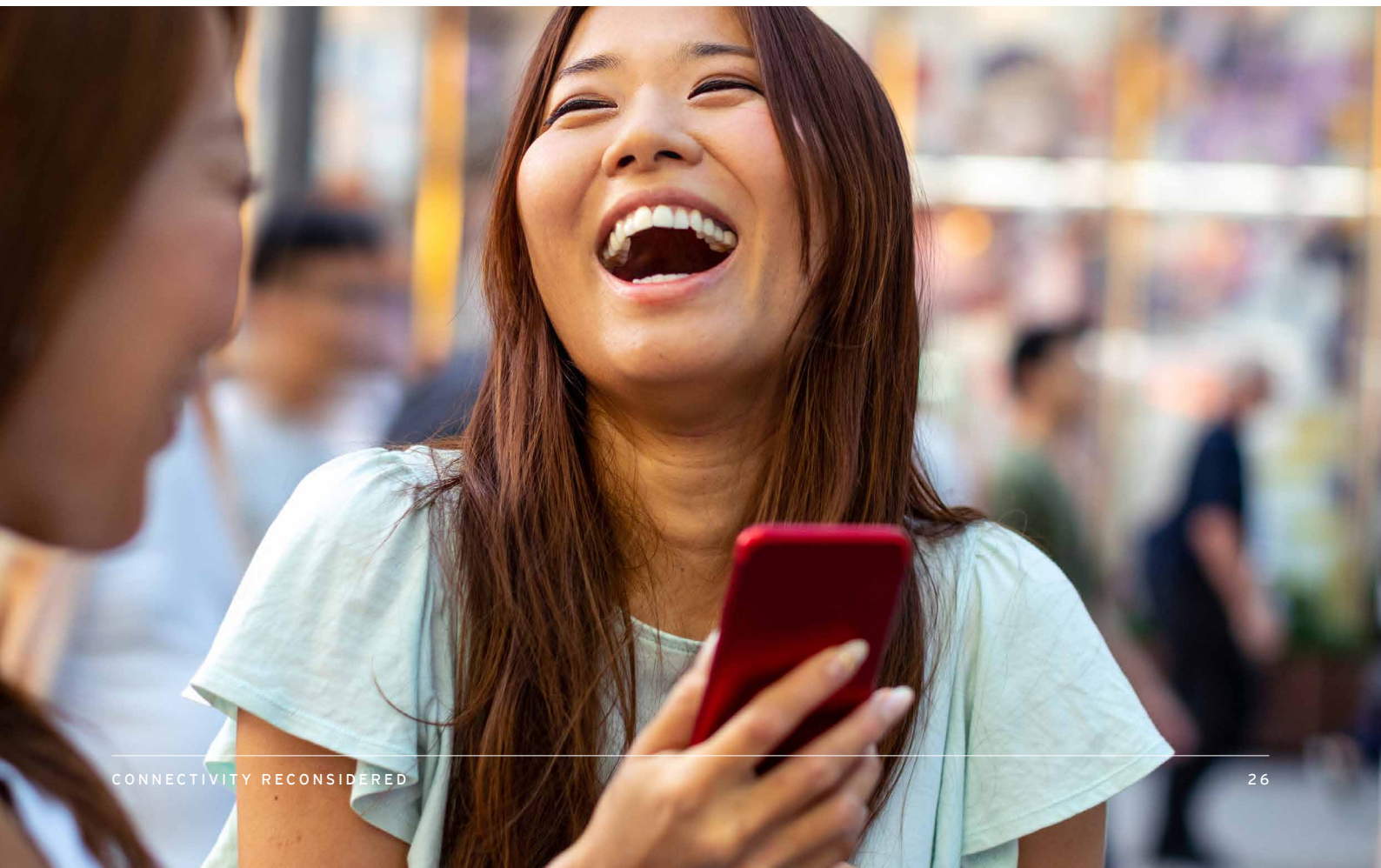
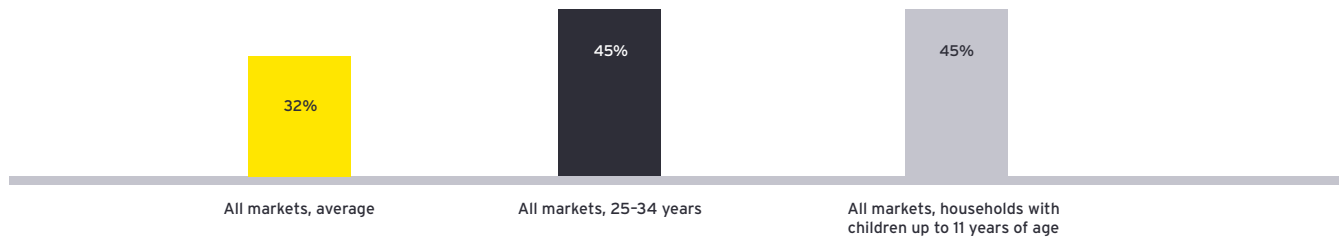
Note: TV, mobile, smart home and cloud storage do not include respondents who already take this as part of a broadband bundle.

Yet fixed-to-mobile substitution is also in play

The relationship between fixed and mobile connectivity is complex. 32% of households already take a combination of broadband and mobile services from the same supplier, and a further 26% are likely to take up this type of bundle in the future. However, 32% are open to dropping fixed-line broadband in favor of a mobile broadband connection, especially in Italian households who top-score (39%), followed by the US (35%). Across all markets, receptivity is higher among younger age groups and families with children.

Figure 8:
Household receptivity to swapping fixed broadband for mobile broadband

(Percentage of respondents who would be willing to drop fixed broadband for mobile broadband – if household needs could be met)

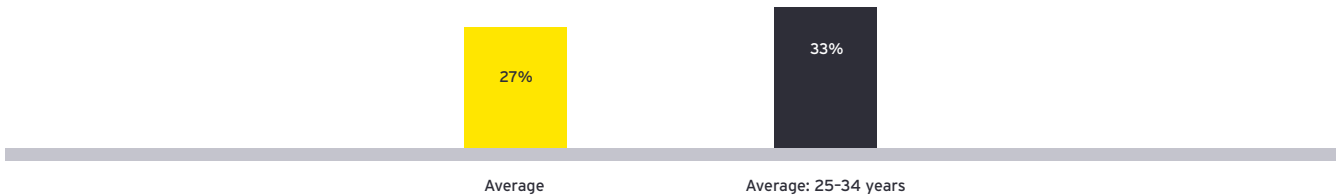


Broadband and TV: the heart of the bundle is under pressure

Alongside this potential for disruption, traditional bundle linkages are under pressure. 27% of households don't see the advantages of buying broadband and TV from the same supplier, rising to 33% of 25-34 year olds. Value considerations are another pressure point, as 54% of households feel they get value from their broadband package, but only 39% feel they get value for money from TV and content they purchase from their broadband provider.

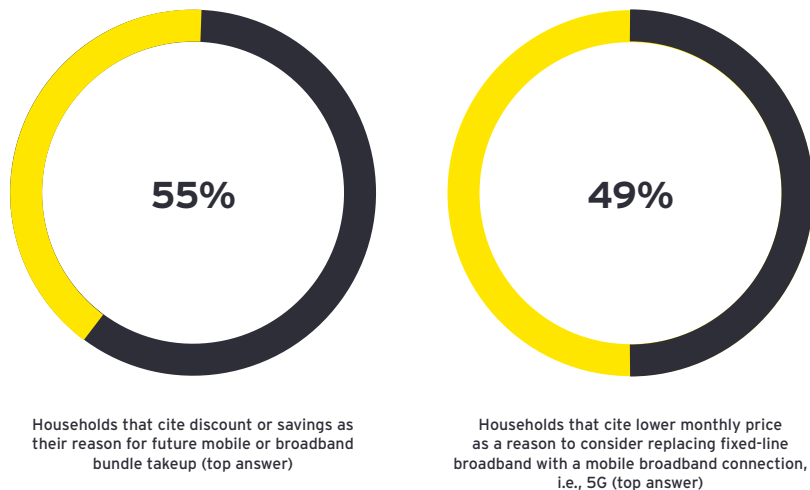
Figure 9:
Consumer attitudes toward taking broadband and TV from a single supplier

(Percentage of respondents who agree that the advantages of buying broadband and TV services from the same supplier aren't clear)



Savings are the dominant rationale for both convergence and substitution

Whether adding products to fixed broadband bundles or swapping fixed broadband for mobile, perceived price savings are the top trigger. In this light, service providers should carefully consider the role played by introductory discounts - and whether they undermine premium propositions in the long term.

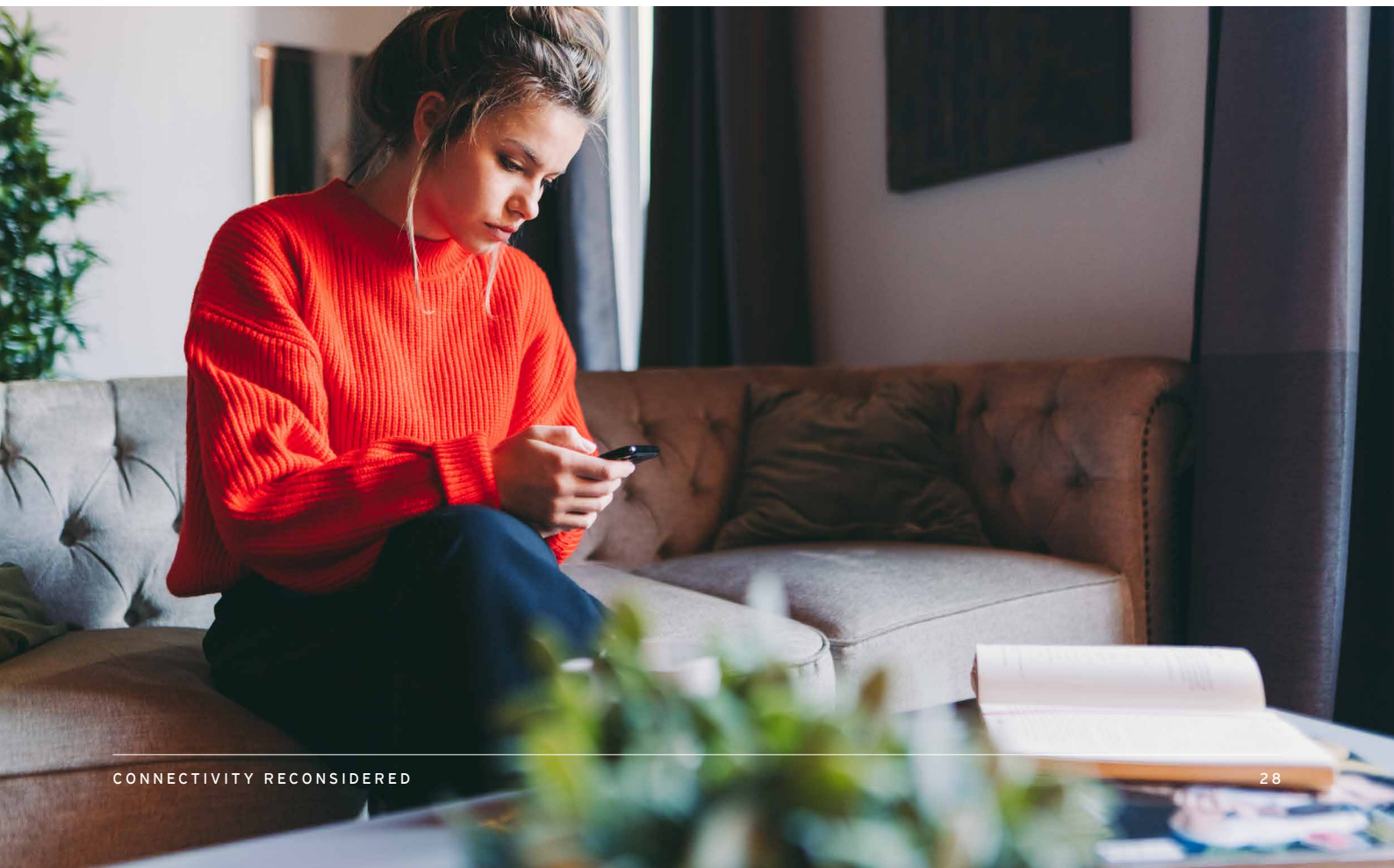
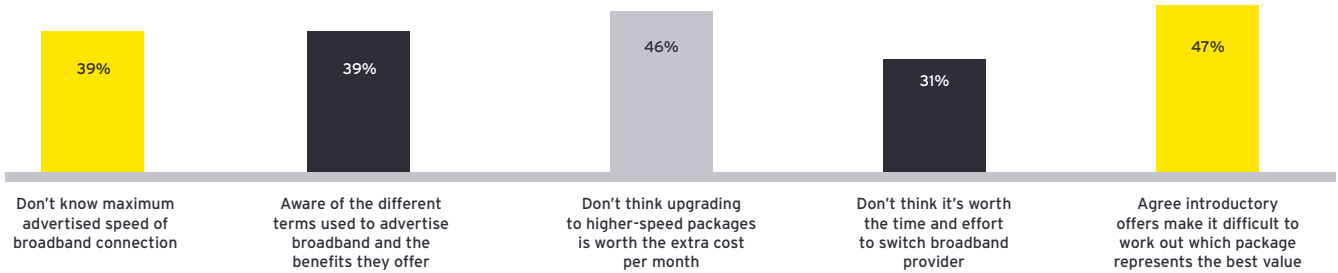


Apathy in focus: too many households are disengaged from the world of connectivity

While households are more reliant on home internet, surprising levels of apathy are apparent. About 4 in 10 households don't know the advertised speed of their connection, while awareness of terminology used to describe fiber broadband technology is low. Households struggle to equate higher speeds with paying more, while the hassle of switching limits engagement with packages on offer elsewhere, and many believe introductory offers make it harder to assess value.

Figure 10:
Household disengagement with broadband packages

(Percentage of respondents who agree, all markets average)



What does this all mean for connectivity providers?

1. Put reliability at the heart of your customer promise

Home internet needs have increased during the pandemic, but one in four households have experienced a performance downturn. Broadband propositions built around headline speed simply aren't enough, as customers want better reliability, whether for home broadband or 5G mobile services. Backup connectivity options are also on their radar and could unlock new forms of premium offering.

2. Demystify connectivity and provide practical guidance


Many users are detached from the world of connectivity. Clear articulation of the benefits of gigabit fiber and 5G is essential, otherwise limited awareness will constrain future adoption. At the same time, practical guidance on how to improve signal strength and performance will go a long way to reducing frustration at a time when home connectivity has never been more important.

3. Sensitize your approach to the specific needs of urban and rural households

Prioritize new business models that can extend infrastructure reach, and carefully consider your performance promise and price plan, since rural users underscore other households on perceived value for money. However, the rapid increase in home working has put greater pressure on home connectivity in urban areas: network densification strategies should reflect this.

4. Avoid a race to the bottom - ensure your bundles merit a premium

The relationship between fixed and mobile is complex, as willingness to converge and substitute services coexist. However, price savings are top of mind for those looking to bundle or swap. Exploring new routes to differentiation, through new pricing models or innovative security features, can help sustain a premium and build long-term value.



How much of the
value of content comes
from the flexibility to
consume it?

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Chapter Three

Media and content in the spotlight

New imperatives in streaming, social media and gaming

COVID-19 lockdown requirements affected all the countries featured in our survey. As a result, many households re-evaluated their home entertainment needs, which triggered an increase in the adoption and usage of media and content services. Streaming providers responded by widening the breadth of their content offering and extending their geographic footprint. At the same time, new services launched. Overall, streaming providers coped well with the crisis, but complacency is a risk. The wider media industry faces challenges around managing the experience for consumers while also evolving business models and maintaining trust.

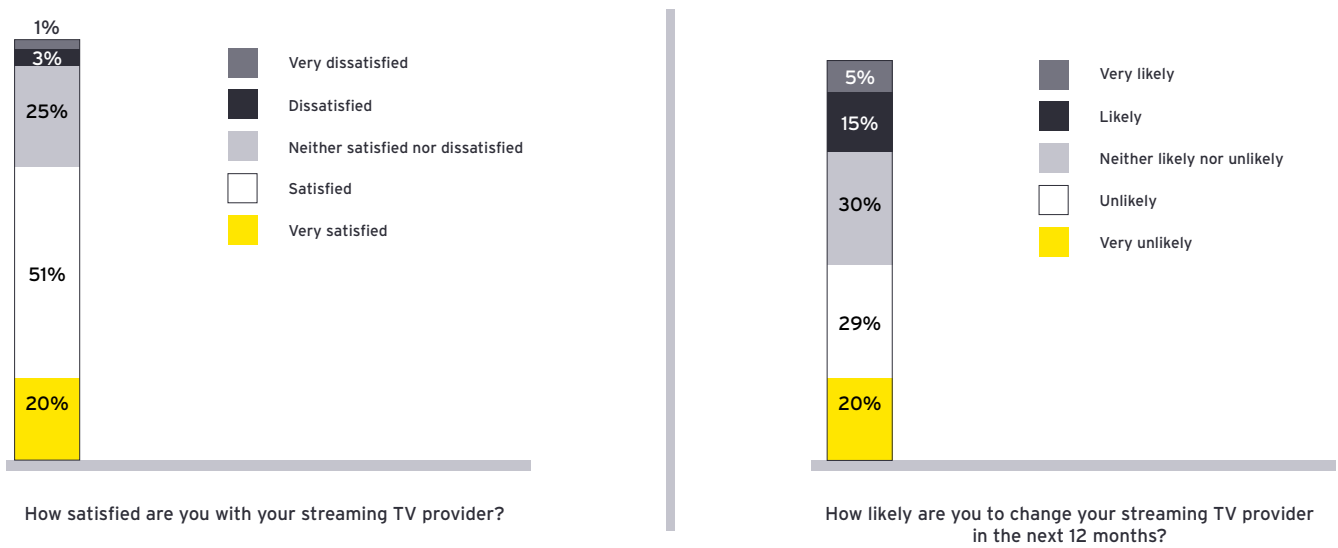
Streaming providers are riding the crest of a wave and can capitalize further on high levels of satisfaction

Streaming services are firmly established in the media mix of most households and the pandemic has accelerated further uptake. Existing subscribers have added extra options while new customers have signed up. This growth means that streaming is now the primary way to watch TV and films for 37% of households.

Many streaming providers responded quickly to the pandemic by adding more content, features and functionality. Consequently, 53% of consumers believe streaming platforms coped well during the pandemic, with just 9% disagreeing. These positive perceptions are reflected in high satisfaction levels and comparatively low likelihood to churn. In the coming months, as patterns of content consumption continue to evolve, service providers will look to capitalize by expanding into new markets and genres, investing in more content and evolving their proposition and pricing models.

Figure 1:
An opportunity in time, high satisfaction levels coupled with low likelihood to churn

(Percentage of respondents, all markets average)



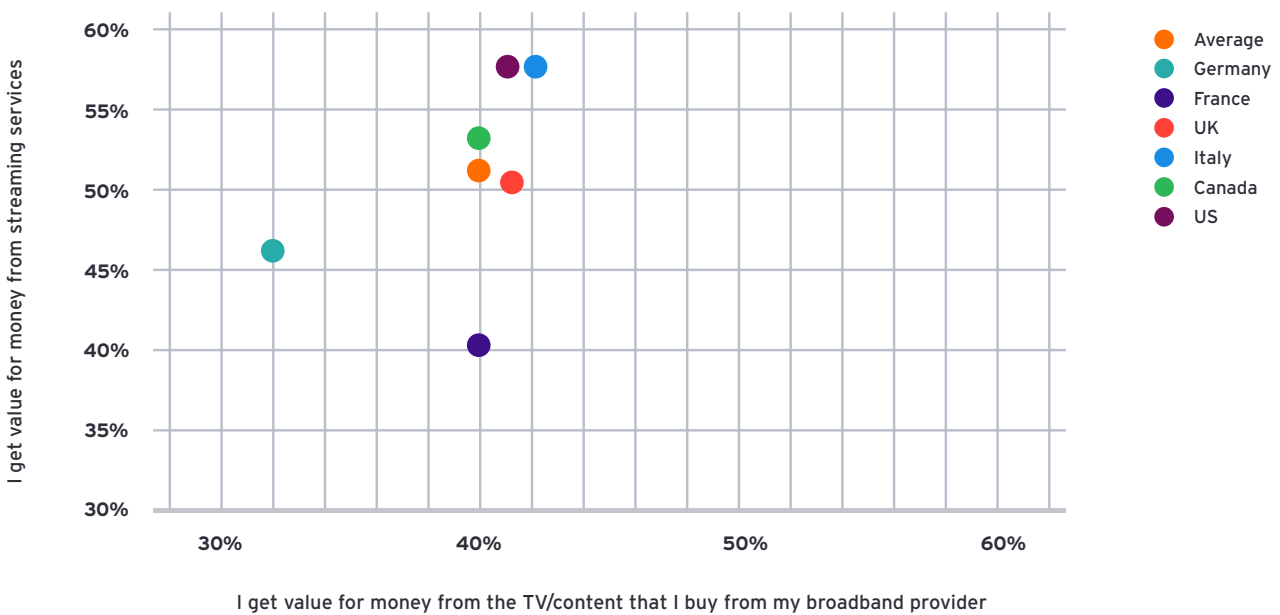
Positive perceptions of value are a core strength of streaming services and place mounting pressure on cable and pay-TV offerings to respond

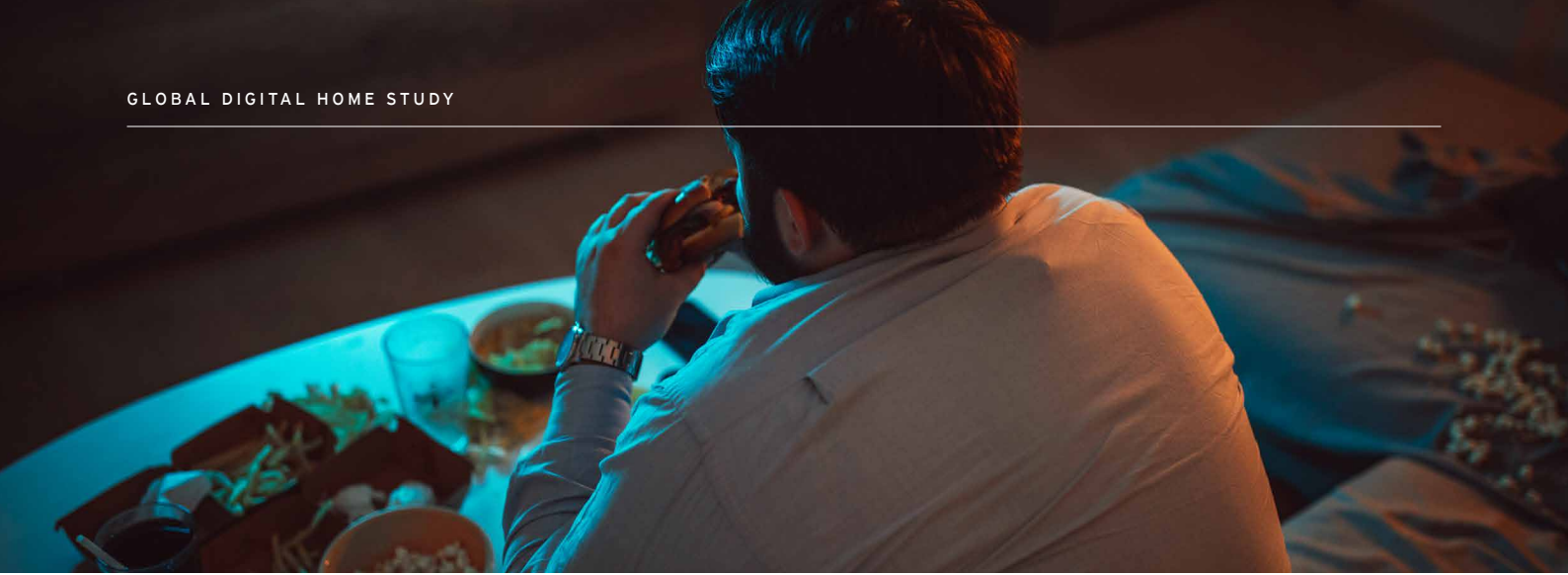
When asked to choose their top three reasons that households take streaming services, it is the attractive monthly price (64%) that trumps content factors such as breadth of library (40%) or exclusivity (30%). There is variability by market, which is accounted for on underlying industry dynamics, but overall streaming services are universally seen as better value than pay-TV.

Therein lies the dilemma for pay-TV. Not only is it seen to be less value for money, but as households increase their spending on streaming services, 33% admit they are willing to make room in their budgets by scaling back their pay-TV spend. It hints strongly at further cord shaving and cord cutting among consumers.

Figure 2:
Consumer value perceptions of streaming services and pay-TV

(Percentage of respondents who agree)





Access to multiple services creates challenges: consumers feel overwhelmed and find it difficult to track their favorite content

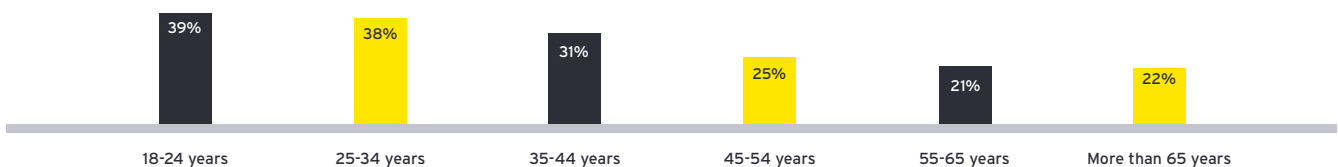
The multitude of devices, services, apps and platforms that consumers can access leaves them with unprecedented content choices. Keeping track of what is important to them is a challenge, particularly for younger groups. Thirty-nine percent of those aged 18-24 find it difficult to track their favourite content such as films and TV programs.

At one level, consumers see they have a responsibility to address this issue with 25% actively interested in reducing the number of music- and video-streaming platforms they engage with. However, greater onus is placed on service providers to respond. Thirty-six percent of households believe their pay-TV or streaming providers could improve the relevance of content they recommend. There is an increasing expectation not only for more intelligent recommendation engines but more intuitive user interfaces. This potentially signals a growing role for content and service aggregators to meet these household needs.

Figure 3:
Household attitudes to accessing their favorite content

Question:
I find it difficult to track the availability of my favorite content (e.g., TV, films) across different service offerings, platforms and apps

(Percentage of respondents who agree, all markets average)



Advertising continues to add further levels of frustration to the content experience

One of the fundamental revenue streams underpinning much of the media industry is advertising, and yet audiences are increasingly put off by it. Online advertising presents unique concerns since consumers are wary of sharing their personal data and are increasingly conditioned toward ad-free content offerings that rely on one-off or subscription payments.

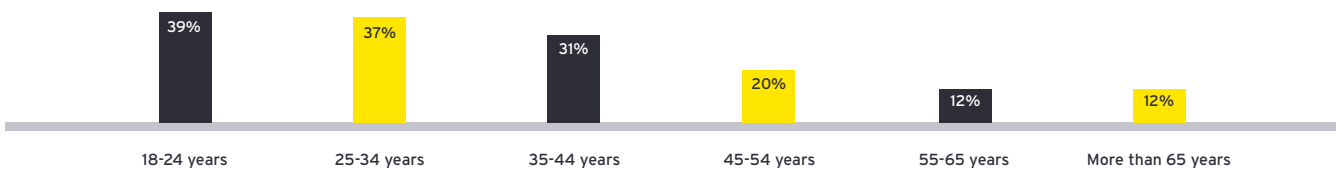
If their willingness to pay to avoid advertising is an appropriate proxy for dissatisfaction, it is the younger audiences that seem most put off by advertising. Thirty six percent of respondents say they are more willing to put up with adverts on broadcast television than before or during streamed programs – with younger groups top-scoring. Media companies are investing heavily in advertising technology solutions that are intended to deliver improved ad yields and higher revenue, but they must better balance this with providing a satisfying user experience

Figure 4:
Consumer willingness to pay a premium to avoid advertising

Statement:

I would pay a premium to stream TV without adverts

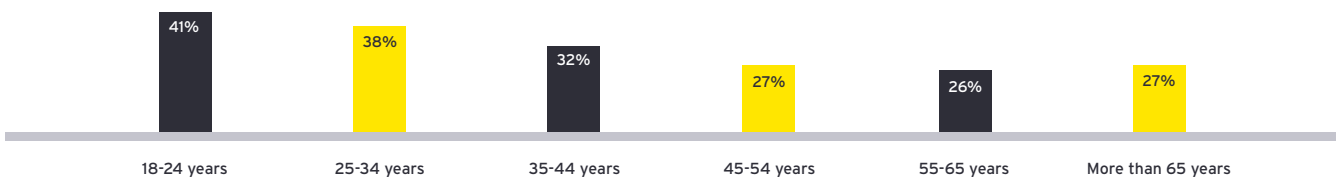
(Percentage of respondents who agree, all markets average)



Statement:

I don't like advertising on websites and am willing to pay for ad blocking software to remove them

(Percentage of respondents who agree, all markets average)



Addressing concerns about fake news requires a collaborative, industry-led solution

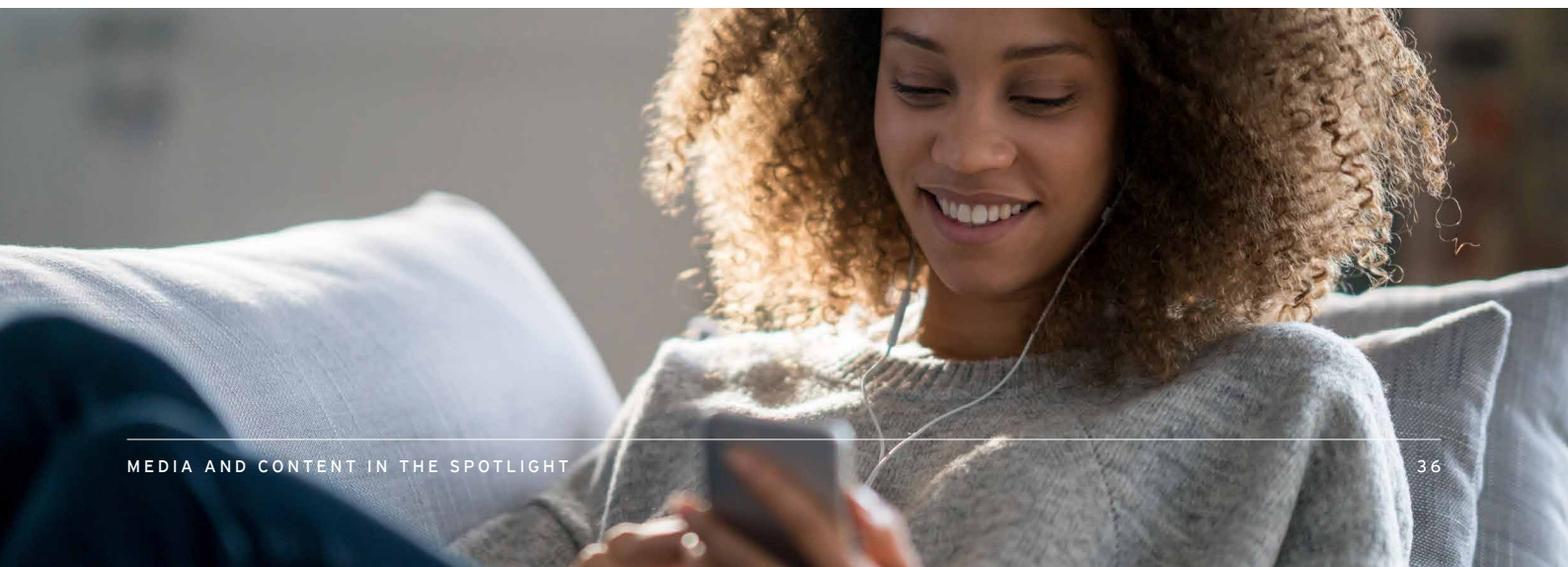
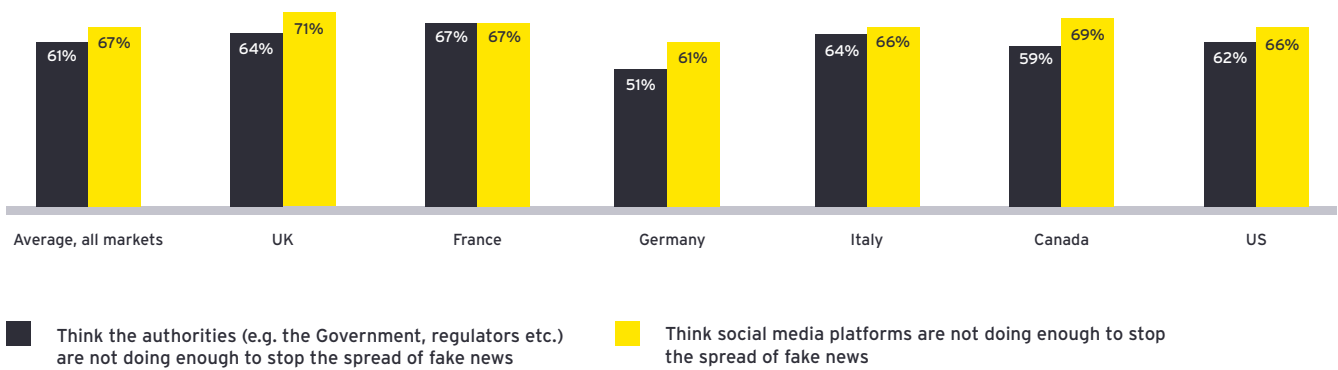
Consumers are constantly widening the range of sources they trust for news. A majority (55%) say they now trust more than just traditional news sources to provide accurate information, which is higher still for younger age groups. This positivity about the proliferation of trusted sources comes with additional risks. Not only does it shine a light on consumer awareness of what can be trusted but also importantly on what cannot be.

Although households are prepared to trust a range of news sources, there is growing concern about the pervasiveness of fake news and its negative impact on society. Among consumers, there is a widespread belief that more needs to be done to control and regulate fake news. That greater action needs to be taken by social media platforms to self-regulate is matched by similar expectations on government and regulators.

This is more than a challenge for specific companies, it is one that needs to be solved by collaboration across the industry ecosystem. The scale and complexity of the problem calls for policy coordination and targeted investment in solutions. The latter is a technology opportunity for providers. Emerging technologies have an important role to play, from artificial intelligence (AI)-based fact-checking to deployment of blockchain's immutable ledger to ensure provenance.

Figure 5:
Consumer perceptions about where responsibility lies in combatting fake news

(Percentage of respondents who agree)



Interest in gaming is growing

The imposition of lockdown rules was an adrenaline shot for many digital services in the home and gaming was no exception. The foundations were well set, with 50% of households already owning at least one gaming console. During lockdown, this popular pastime across all markets was taken up by a further 5% to 10% of respondents who tried online gaming for the first time.

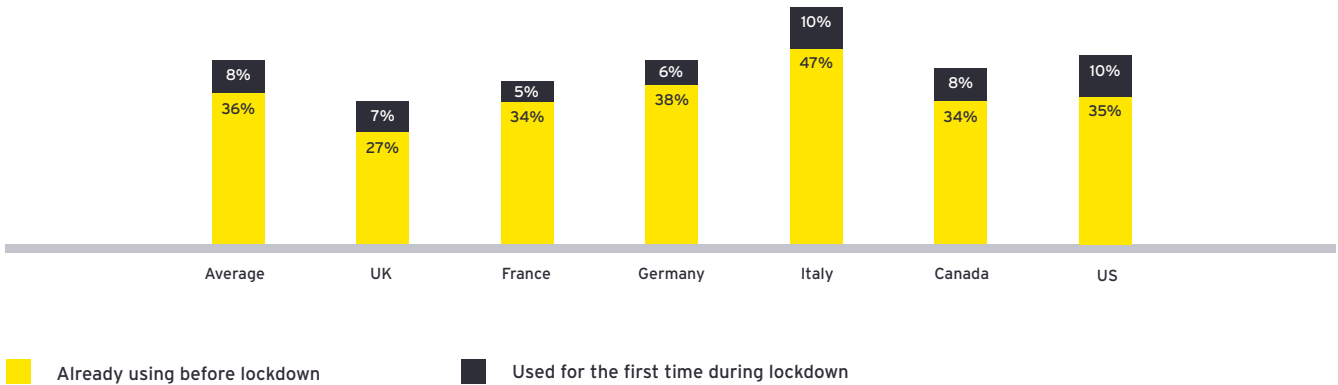
The rise in uptake reflects the wider interest in gaming of all sorts. For example, the popularity of eSports has continued to grow even despite the embargo on marquee, showcase and arena events. Whether participating in or watching, 41% of those aged 18-24 years old are interested in competitive gaming competitions and eSports. What is perhaps more surprising, but speaks to the size of the opportunity, is that eSports' popularity is just as high among those aged 25 to 34 (40%).

For pay-TV providers, this presents some clear opportunities. For content providers, eSports offers a route to new types of content and audience engagement. Consumer electronics (CE) manufacturers will welcome new forms of gaming demand and there is also good news for connectivity providers, given that 32% of households believe high-quality, low-latency broadband is important for online gaming.

Figure 6:
Adoption of online gaming during COVID-19

Question:
How have you or your household used online gaming since the government began issuing advice to stay at home due to the outbreak of COVID-19?

(Percentage of respondents who agree)



What does this all mean for content providers?

1. Capitalize on the heightened demand for content

Strong demand for content during the pandemic, allied to positive actions taken by streaming providers during the crisis, has created significant consumer goodwill. Taking advantage of the post-pandemic opportunity requires a careful mix of investment in content but also customer experience. Both need to be firmly rooted in addressing consumer desires and mitigating their pain points.

2. Understand the roles that value plays in decision-making


In an increasingly fragmented and competitive content industry, the costs of content and customer acquisition are escalating. Against this backdrop, content providers should be cognizant of the role that value plays in consumer decision-making and therefore consider the trade-off for their investment strategy. Careful consideration must be given to the elasticity of pricing models as well as the interplay between price and service quality. Raising prices to invest in better content and bigger libraries might seem attractive and logical, but is there a long-term trade-off that might not be worth making?

3. Put the customer and not the advertiser at the heart of the advertising strategy

The user experience is a key driver of the adoption of services and, for many, advertising is seen as the enemy of a seamless user experience. Nonetheless, it remains an integral and significant source of revenue that underpins business models. Services without advertising are changing consumer expectations. It is therefore incumbent on those that value advertising to think smarter about how to integrate and position it within their platforms.

4. Tackle fake news as an industry issue

The proliferation of fake news has a tangible impact on individuals, society and business. For example, the undermining of 5G threatens adoption rates and subsequent innovation. Consumers expect widespread action from all stakeholders and believe not enough is currently being done. Bouncing back and forth between platforms and regulators is not a route to a solution, instead the industry needs to come together to find holistic answers to these questions. Companies need to find the intersections and points of agreement where they can work together to extol the virtues of new technologies rather than always competing against each other.



How much human support do you need for digital services?

■ ■ ■
Chapter Four

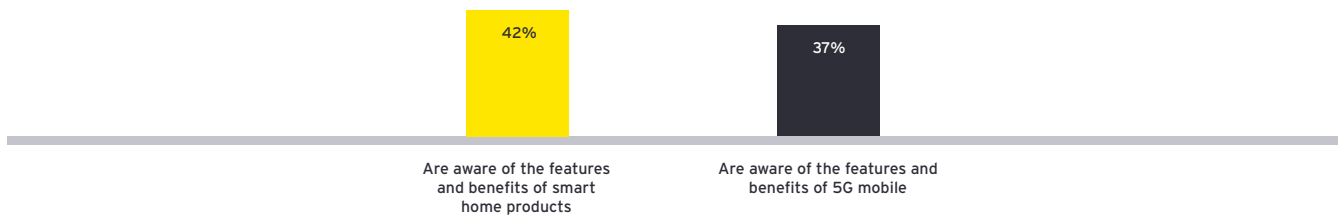
Injecting confidence into the customer journey
Overcoming pain points at all stages

Improving the customer experience is an ongoing goal for all service providers across technology, media and telecommunications. Demand levels are higher than ever due to COVID-19, while households are adopting digital services at pace, and yet there are a number of obstacles that work against positive customer experiences. Low awareness of new services, pain points regarding service installation and a lack of confidence engaging with digital support channels mean that customer journeys are compromised. Tackling each in turn is essential if companies are to maximize adoption and retention rates.

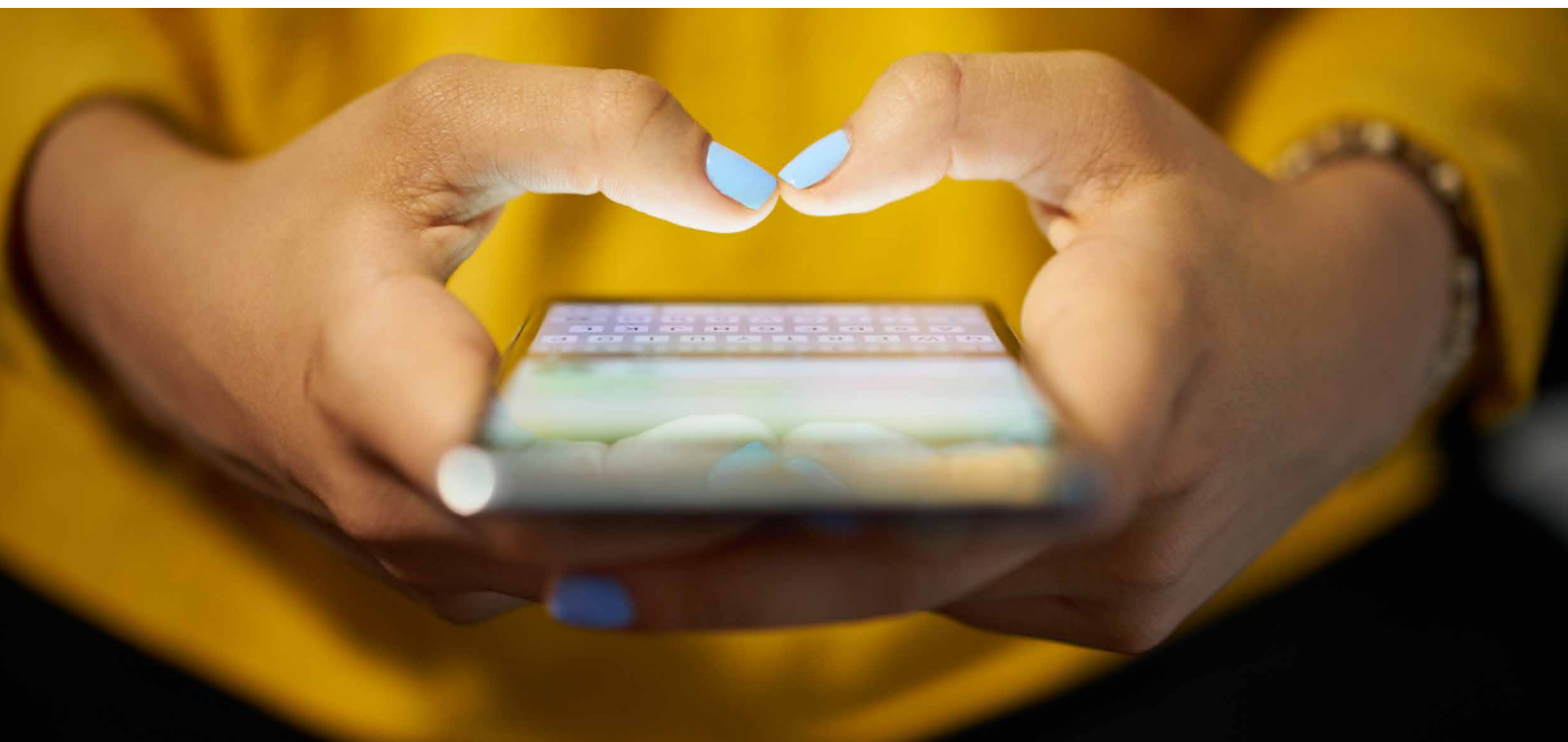
Awareness of the latest products and services is lacking

First-time adoption of digital services has accelerated since the start of the COVID-19 pandemic. Yet, less than one-half of households are aware of emerging technology concepts. Smart home products, such as digital thermostats and digital assistants, have been available for a number of years, but less than one-half of households understand what they can do and why they are useful, and an even smaller proportion understand the benefits of 5G mobile.

Figure 1:
Consumer awareness of new forms of connectivity
(Percentage of respondents, all markets average)



Service providers should prepare to tackle this lack of awareness - because customers expect them to. Thirty-seven percent of households believe that broadband providers don't do enough to tell them about new service offerings, for example; more effective information and education is essential for this group.



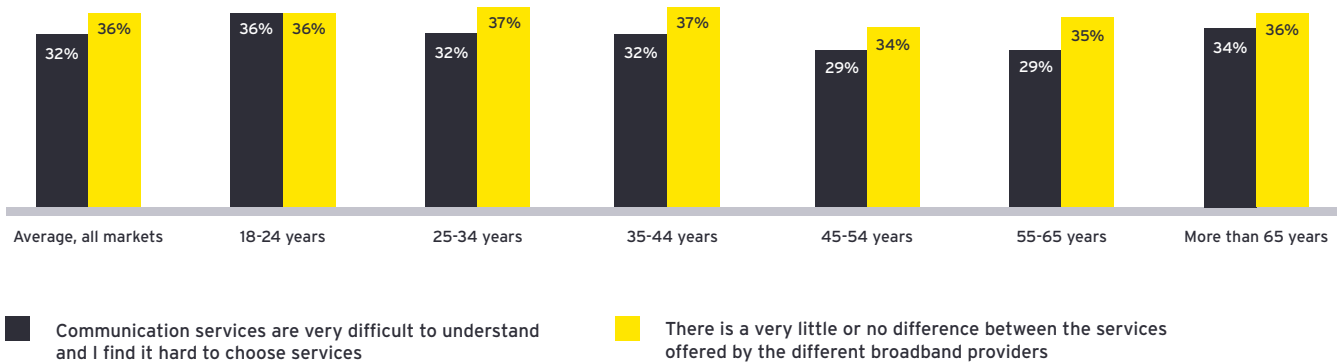
Both younger and older users find established services hard to understand and providers difficult to tell apart

Meanwhile, established services also pose challenges, as more than 3 in 10 households find communications services very difficult to understand and a similar proportion agree that there is very little or no difference between the services offered by various broadband providers. What is very striking is that younger customers fare no better than their older peers. In fact, users aged 45-54 years are least exposed to problems with service understanding and service provider evaluation.

Younger groups are not the “digital natives” we often assume them to be.

Figure 2:
Consumer understanding of connectivity services and service providers

(Percentage of respondents who agree)



Retail stores retain their pull on the path to purchase

As consumers move from product and service discovery to purchase, retail stores - whether offering a single brand or multiple brands - are the first port of call for a significant proportion of consumers. 41% of users interested in purchasing a smart home device would visit a retail store first, and the same is true for 39% of those looking to buy a new mobile device or package.

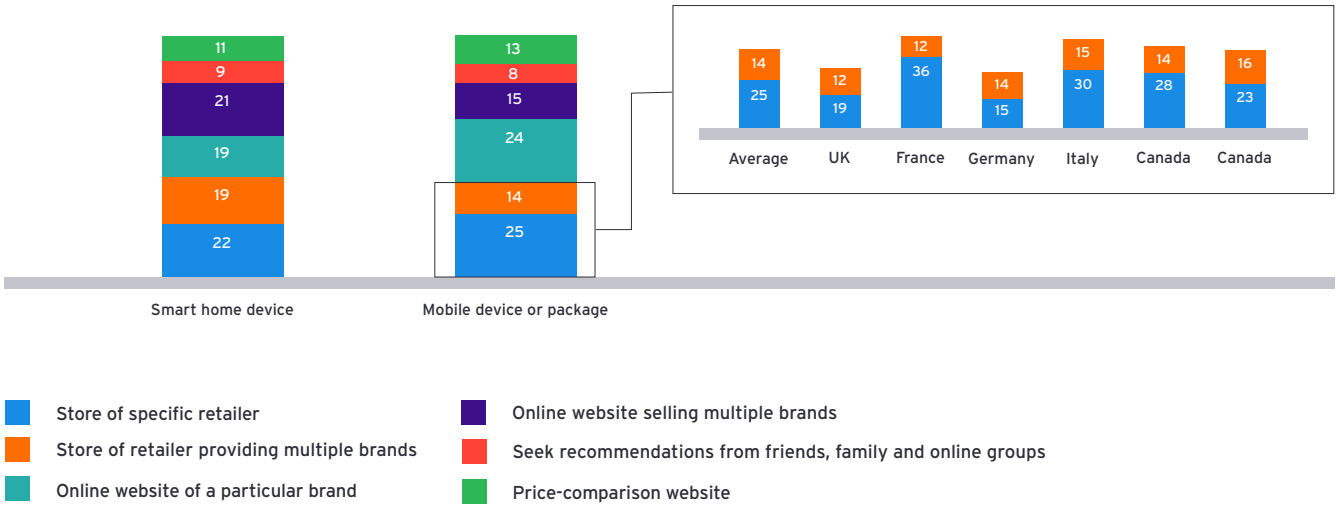
This mirrors the proportion who would go online and underlines the fact that retail is still a critical part of the customer journey, despite lockdown restrictions that have either led to store shutdowns or enforced limitations on in-store traffic.

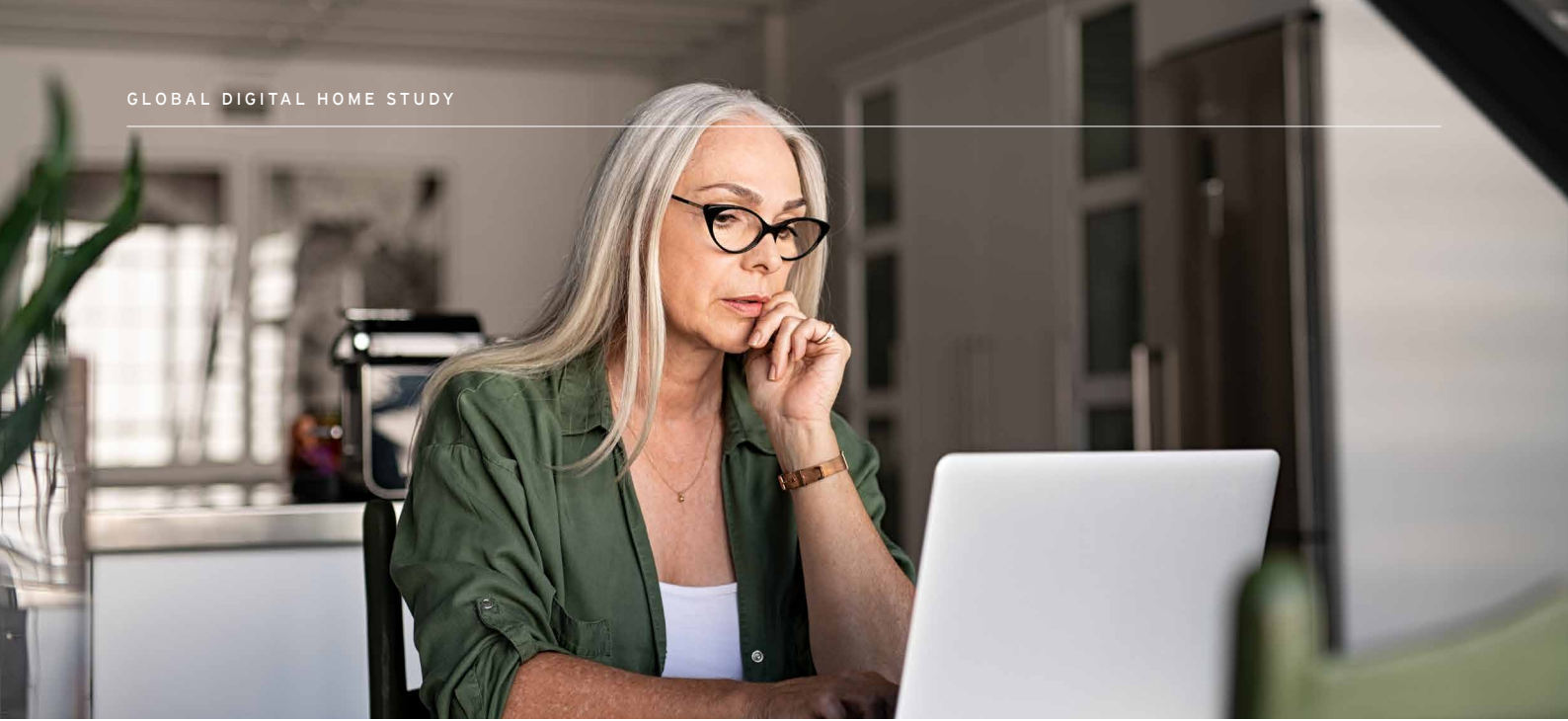
However, the reliance on retail stores differs between countries, largely driven by variation in visits to single brand retailers. Elsewhere, users aged 18-24 years are less reluctant to visit price-comparison websites: 7% visit them first when purchasing a mobile device or plan, compared with 13% of all users.

Figure 3:
Consumer channel preferences on their path to purchase

Question:
If you were to purchase a new product or service, which of the following would you visit first?

(Percentage of respondents)





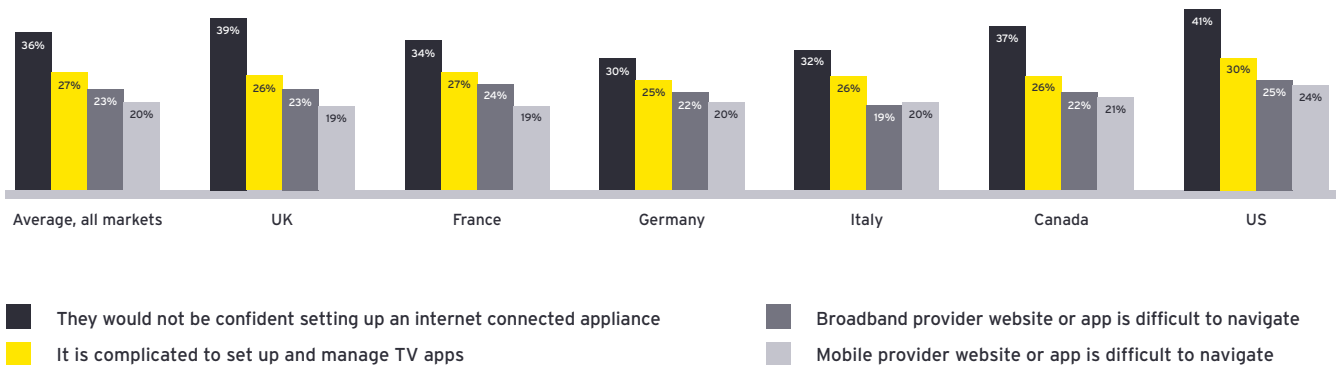
From product installation to website navigation, many struggle to self-serve

The ability to set up new and manage products without directly interacting with customer support functions is important, yet many households feel unable to self-serve. Smart home products are a case in point. Many are positioned as “plug and play” devices, yet more than one-third of respondents would not be confident setting up internet-connected appliances. The same is true of TV apps, where one in four believe setup and usage is complicated.

Engaging with connectivity provider websites is also troublesome for many, and these challenges score consistently across markets. Interestingly, younger groups are most exposed: 30% of 18-24 year olds and 31% of 25-34 year olds find broadband provider websites challenging to use, well above older groups.

Figure 4:
Consumer attitudes toward product installation and website navigation

(Percentage of respondents who agree)



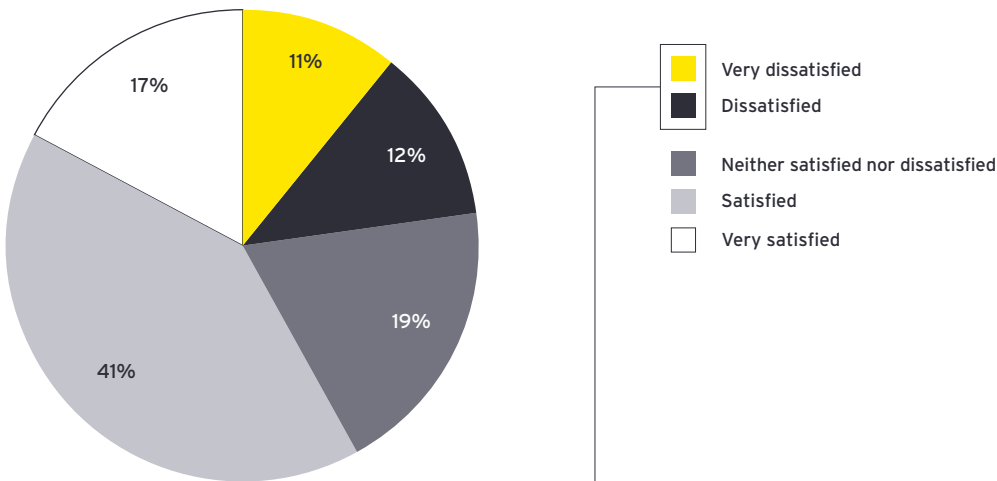
More than one in five are left dissatisfied with customer support

Outreach to customer support is a critical part of the customer experience. On average, 43% of households have contacted broadband customer support in the last 12 months. Outreach is highest in Italy (52%) and lowest in Germany (32%). Twenty-three percent of customers that contact customer support are left dissatisfied with the outcome, with dissatisfaction levels highest in Germany (30%) and lowest in the UK and Canada (19%). Drivers of dissatisfaction are varied but revolve around three key themes: poor overall outcomes, time taken to address or resolve issues and lack of information quality.

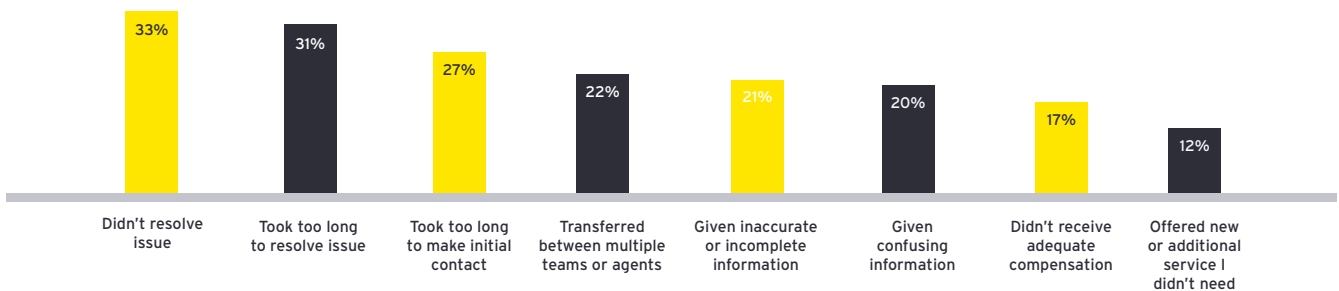
Figure 5: Drivers of household dissatisfaction with broadband customer support

(Percentage of respondents, all markets average)

How satisfied were you with the response to your query or issue by customer services?



Why were you not satisfied with the response to your issue?



Customers are still clinging to the call center

Many drivers of dissatisfaction relate to the call center, from frustrating transfers between agents to time taken to resolve queries, including making initial contact. In this light, one would assume customers would welcome more frictionless ways of contacting their providers, including chatbots and online contact forms.

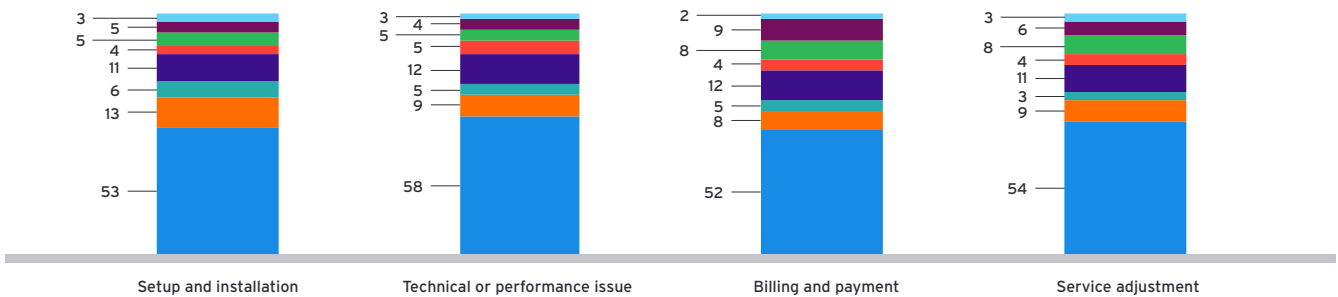
However, our survey responses show that the call center dominates not only past interactions but future channel preferences. Whether for broadband or mobile customer support, telephoning the call center is still the preferred contact method, regardless of query type. This dependence on speaking to agents is surprising given digital channels' supposed advantages in terms of responsiveness and the ability for customers to multitask while resolving issues.

Figure 6:
Future preferences for contacting broadband and mobile customer support by channel

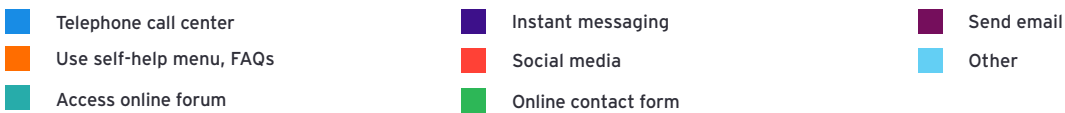
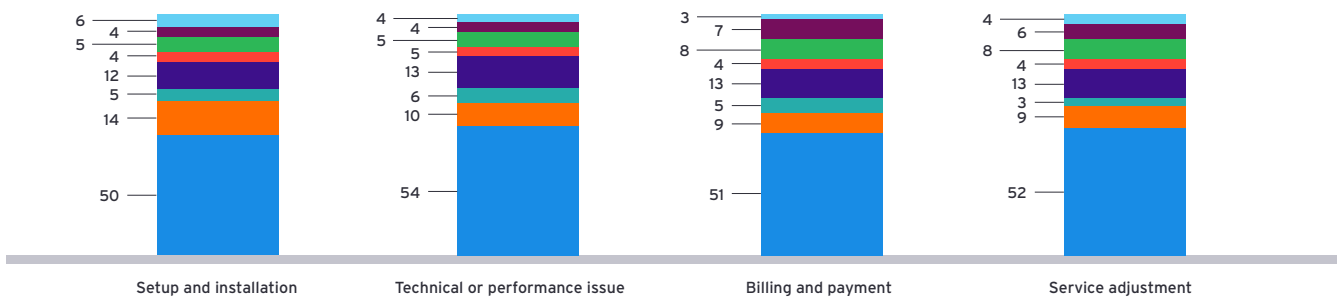
Question:
If you needed to resolve the following issues with your service in the future, which of the following methods would you prefer to use?

(Percentage of respondents, all markets average)

Broadband



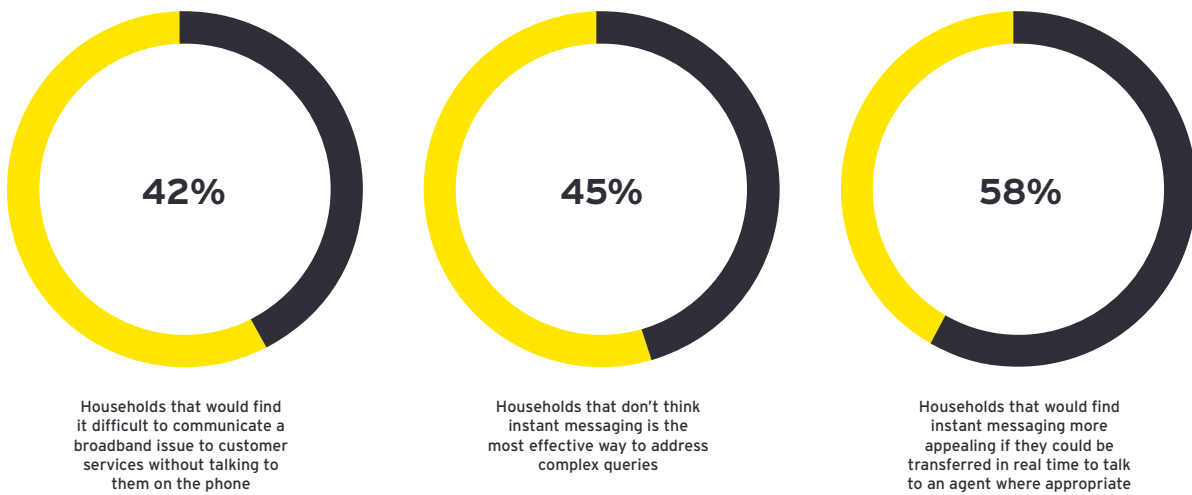
Mobile



Low confidence is limiting adoption of digital support tools

The research highlights why instant messaging functions have failed to go mainstream to date, and low confidence is the key barrier. About 4 in 10 households use the phone because they don't believe they can articulate issues effectively without speaking to an agent, while even more believe instant messaging can't help them cope with complex queries.

These anxieties tend to reflect low levels of service understanding and familiarity in the first place. Interestingly, more than one-half of households would find interactions via instant messaging more appealing if they could be transferred in real time to agents as needed.



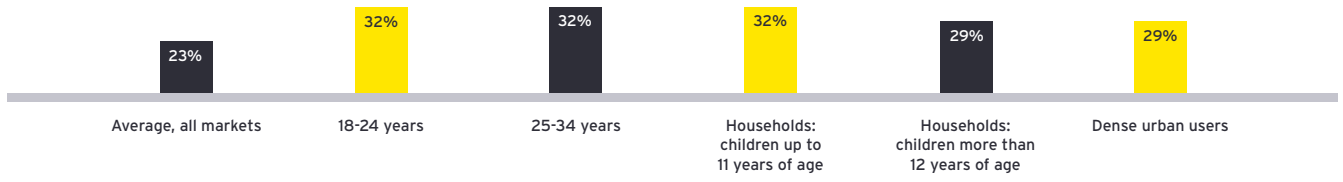
Too many contact options create confusion - particularly for younger users

As connectivity providers consider more effective ways of migrating customers from the call center to digital support channels, they should also be as clear as possible on which options best suit customer needs.

Simply providing a range of contact methods risks confusing customers, as our findings highlight. One-quarter of users are unsure of the best ways to contact their broadband provider - and this rises to one-third of users aged 34 years and under. Added to this, just 7% of households see breadth of digital support options as a leading consideration when evaluating broadband providers. Better articulation and guidance around the best way to contact and resolve queries is essential in order to ensure that more choice doesn't lead to greater confusion.

Figure 7:
Household uncertainty on contacting broadband provider

(Percentage of respondents who agree they are unsure of the best way of contacting their provider)



What does this all mean for providers?

1. Combat low awareness: educate and inform

Technology innovation is a key feature of the market for connectivity and content, and yet many new services such as 5G and smart home simply aren't on the consumer radar. Clear and timely information about the benefits of new services and upgraded versions of existing services is essential - and make sure your message is unique. Without this, you are drastically limiting your addressable market for new propositions and simply won't stand out from rivals.

2. Empower customers to become more self-reliant

Households find various stages of the customer journey challenging, from setting up services in their homes to going online to interact with service provider websites and apps. Better practical advice is required to make households more comfortable with setting up services. And not enough find websites and apps intuitive to use. Better design principles are vital and so is paying particular attention to the needs of younger users who struggle just as much as older groups.

3. Reconsider the role of retail: it's still a vital route to better experiences

Despite the forced shutdown of retail stores during national lockdowns, store visits retain their attraction - even for younger age groups. Reconsider how retail stores can enhance the customer journey, particularly for users keen to learn more about products. Place greater focus on the discovery element of retail experiences while creating better linkages between online and retail sales fulfilment.

4. Reduce the call center burden: tackle the inhibitors of digital support

The call center dominates customer support channel preferences - surprisingly, there is little difference between how customers have contacted customer support in the last 12 months and how they would like to contact customer support in the future. Much of this is down to low confidence in their ability to articulate issues and the perception that chatbots cannot cope with complex queries. Service providers should double down on reassuring customers that online contact is the best route and explore how best to fuse agent and instant messaging capabilities.

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