



Decoding the
digital home
2020



EY

Building a better
working world

Stepping into the digital household

Decoding the digital home is the first in a series of findings from EY annual research into household attitudes and habits toward technology, media and entertainment and telecommunications (TMT) products and services within the home. The insights from the online survey of 2,500 UK consumers, conducted in October 2019, opens the door into the nuances of today's digital household.

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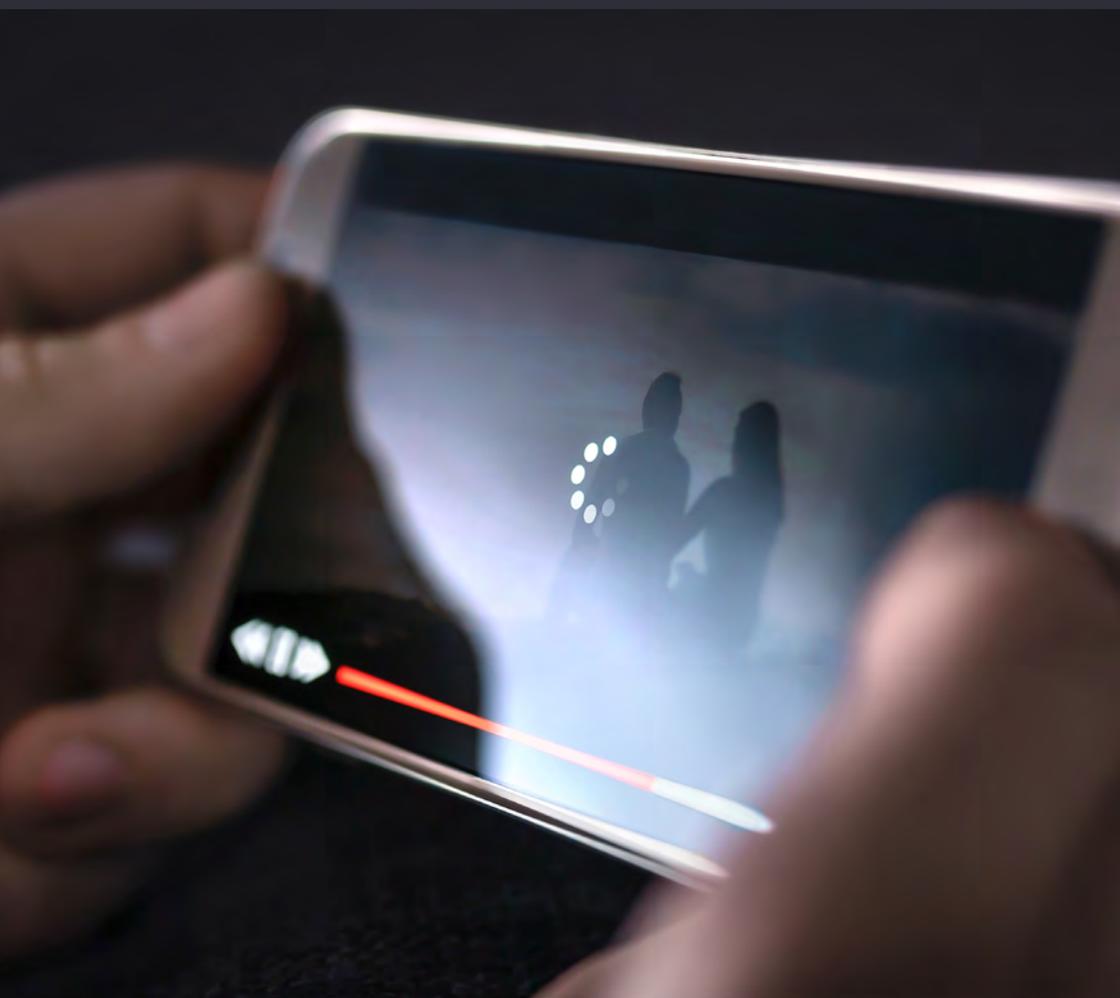
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A connectivity conundrum?

Fiber take-up continues but appetite for 5G underwhelms

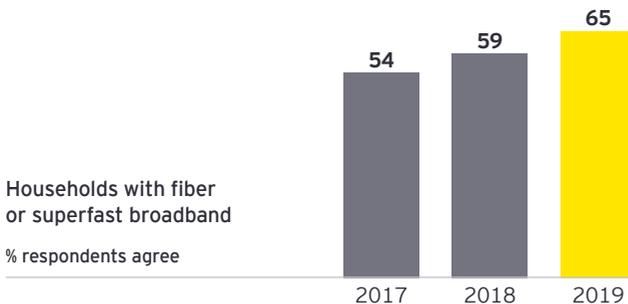


1. A connectivity conundrum?

Fiber adoption is growing and households are increasingly satisfied with their broadband speeds. However, consumer interest in 5G mobile is low, with many consumers unclear about its benefits. While there is interest in swapping fixed-line broadband for mobile broadband, mobile data price plans and signal quality inside the home are top of mind for many. The era of convergence is sparking a range of reactions among consumers.

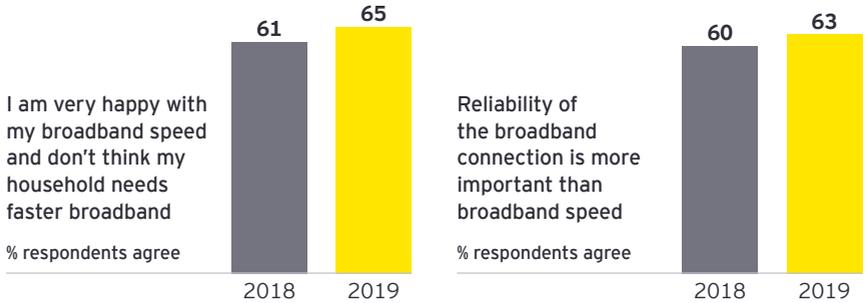
Fiber broadband adoption continues to rise

The UK stands on the cusp of a new era of fixed and mobile networks, with full fiber and 5G networks the scene of plenty of innovation among service providers. But how do consumer attitudes stack up as new forms of connectivity become available? The survey reveals that fiber broadband is sustaining its upward trajectory in terms of adoption, with almost two-thirds of broadband households now taking a fiber package.



Satisfaction with broadband speeds is on the up but reliability is more important

Rising fiber broadband adoption is resulting in greater satisfaction with speeds: 65% are happy with what they receive compared with 61% last year. However, better data speeds are far from all consumers are looking for. Network outages remain a fact of life for many customers and a growing proportion of respondents highlight that reliability is more important than network speed.



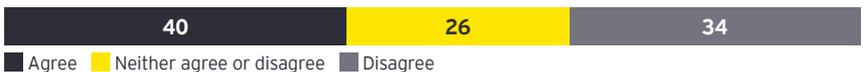
5G lacks appeal

The mobile market is undergoing a period of exciting transition, with all UK providers having now launched 5G packages. However, consumer attitudes do not echo the industry hype cycle: only a minority of consumers are interested in upgrading to 5G packages. This suggests that the transition to 5G mobile will hinge principally on the overarching contract renewal cycle. Crucially, low levels of awareness could be acting as a break: only 4 in 10 households are aware of the features and benefits of 5G.

How interested are you in upgrading to a 5G mobile plan? % respondents



I am aware of the features and benefits of 5G mobile technology % respondents



Performance and package are key as households weigh up mobile broadband for the home

Despite this lack of interest in 5G, 30% of households are open to replacing their fixed-line broadband with a mobile connection if it meets their needs – up from 26% the preceding year. However, 28% of households struggle to achieve a reliable mobile connection throughout their home. While new forms of price plan are also in focus, 42% show interest in unlimited mobile data plans offering guaranteed network speeds, a pricing model that is common place in the fixed broadband world.

1. A connectivity conundrum?



of households would be **willing to drop their fixed broadband connection** if their household needs could be met through a mobile broadband connection



of households **struggle to achieve a reliable mobile connection** throughout their home



of households would be **interested in mobile price plans that offer unlimited data at guaranteed network speeds**

Meanwhile, demand for connectivity packages that combine fixed broadband and mobile phones remains low. Seventeen percent of households take a broadband package that includes mobile, up just one percentage point year-on-year. Appetite for bundles of broadband and mobile remains limited in the UK.



2

Too much choice,
too little interest?

Consumer apathy is growing

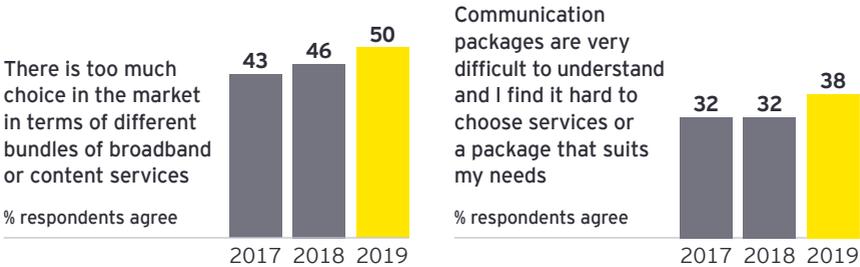


2. Too much choice, too little interest?

Attitudes to broadband bundles and service providers highlight a growing sense of apathy among households. A rising proportion find the landscape of offers overwhelming, think services are very difficult to understand and see little difference between providers. Consequently, a growing number of customers believe that switching simply isn't worth the time and effort. Loyalty that results from apathy and disengagement limits opportunities for service providers to up-sell new services.

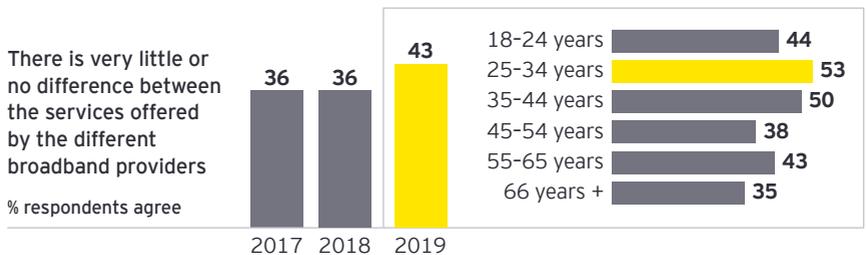
Households are increasingly overwhelmed and confused by bundles

The array of connectivity and content products and services available to households continues to widen. However, for many consumers greater choice is leading to more confusion. The proportion of households agreeing that there is too much on offer continues to rise year-on-year. Half of households find the range of service options in bundles overwhelming, rising to 58% of 25-34 year olds. At the same time, 38% of households believe communications packages are very difficult to understand, up from 32% last year.



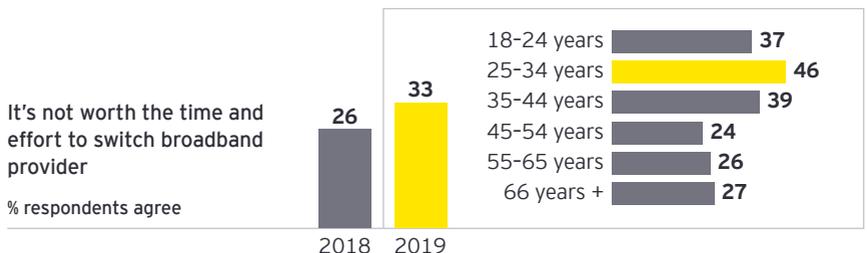
Households are finding it harder to spot the difference between providers

At the same time, households are finding it more difficult to evaluate different services. Forty-three percent believe there is very little or no difference between broadband providers, up sharply from last year. Whether broadband providers are doing enough to inform their customers about new or updated packages is also in doubt: 38% of respondents believe their service provider doesn't do enough to tell them about new service offerings or features.



Switching is more effort than it's worth for one-third of households

Ultimately, signs of apathy that we have identified in previous years are becoming more pronounced. This year, 33% of respondents believe it is not worth the time and effort to switch providers, up from 26% the year before. There is a positive correlation between feelings of apathy and an inability to perceive differences between broadband providers – 25-34 year olds are the most likely to see no difference between service providers, and they also show the greatest reluctance to invest time in the switching process.



3

Online data: out of control?

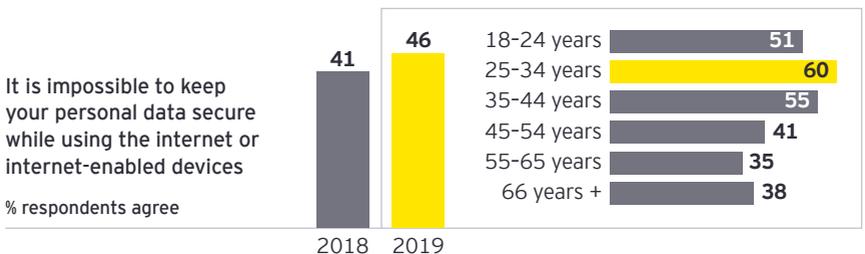
Household concerns
are mounting



Households express very real concerns about the safety of their personal data. Many don't think their online data can ever be fully secure and feel they have lost control, although some are prepared to trade their data for more tailored services. At the same time, awareness of existing data protection regulation is fading but households have anxieties about exposure to harmful content.

Data security while online: a growing number of consumers have given up hope

Consumers lack confidence in the safety of their personal data, meaning caution is the watchword as they engage with the online world. Forty-six percent believe it is impossible to keep their personal data secure using the internet or internet-enabled devices, up from 41% last year.



Many users feel they are losing control of their personal data but some see value in ceding control

Alongside this, less than half of households feel they are in control of their online personal data. Interestingly, younger respondents are more likely to feel they have control of their data but are also more likely to concede that full data security is unachievable. This suggests that a more realistic assessment on the limits of data security may actually result in greater feelings of confidence for end users. Indeed, 29% of consumers would be willing to exchange their personal data in return for tailored products and services, with younger respondents over-indexing in terms of receptivity.

3. Online data: out of control?



of consumers feel **they are in control of their online personal data**



of consumers are **willing to exchange their personal data** in return for tailored online products and services



of 25-34 year olds are **willing to exchange their personal data** in return for tailored online products and services

Data privacy rules are fading from view but more households want regulation to aid online safety

Although legislation is in place to help safeguard consumer data, awareness is fading and confidence in its benefits is mixed. Fifty-nine percent of households are aware of General Data Protection Regulation (GDPR) introduced in May 2018, down from 68% last year. Meanwhile, only 42% believe that it will significantly improve the security of their personal data, slightly down on last year.

While awareness of and confidence in data protection rules may be low, this does not mean that households view regulation as unimportant. In fact, 59% of households want tighter regulation of what people can access online, up from 56% last year. Online safety matters to many – 34% are very concerned about harmful content members of their household may encounter while online.

I am aware of the revised 2018 data privacy regulations (GDPR) and what this means in terms of how my personal data is stored, managed and used

% respondents agree



The internet should be very tightly regulated to restrict what people can access online

% respondents agree



4

Digital delight or digital overload?

The smartphone paradox



4. Digital delight or digital overload?

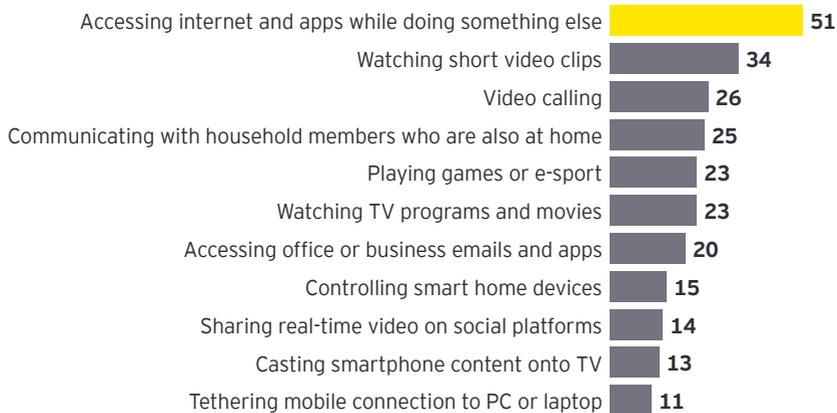
The smartphone acts as a gateway to a range of connectivity and content experiences inside the home but half of households are concerned about their exposure to screen time. Meanwhile, a more functional attitude to the online world is emerging as consumers turn to an ever-smaller universe of mobile apps.

Home smartphone usage is evolving in exciting new ways

The smartphone is the gateway to a number of digital experiences inside the home. From multitasking and communicating with other household members to consuming various forms of content and controlling smart home devices, the smartphone is an incredibly dynamic and versatile platform.

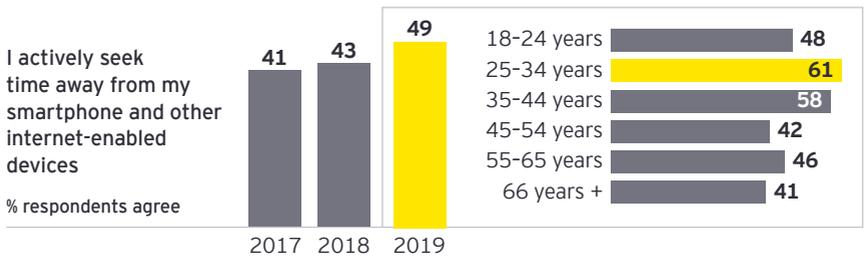
Which of the following activities do you do at home using your smartphone?

% respondents



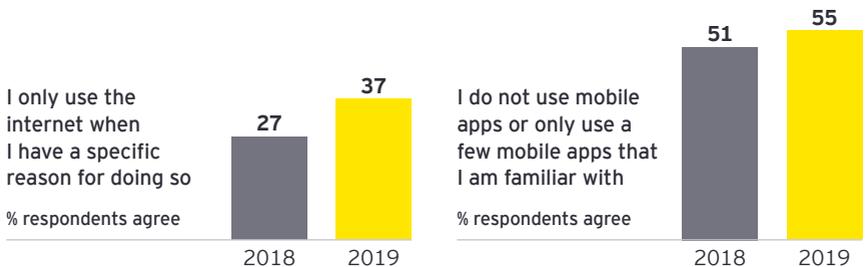
The desire for smartphone downtime is growing

Nevertheless, too much screen time is a very real concern for consumers. A striking finding in this year's survey is that the proportion of consumers seeking time away from their smartphones has increased significantly. Forty-nine percent express a need for smartphone downtime, and this is most pronounced among 25-44 year olds. Consciousness around time spent online may work against the growth and diversity of new smartphone use cases in the home.



Consumers are taking a more functional view of the internet as their online universe shrinks

Consumers' desire to step away from their devices is also partnered by a more functional view of the online experience itself. Thirty-seven percent of respondents agree they only use the internet when they have a specific reason to do so, up from 27% the preceding year. Meanwhile, the proportion of consumers agreeing that they do not use mobile apps or only use a few apps they are familiar with has also risen year-on-year.



5

Drowning in digital?

Our segmentation shows that frustration and disengagement are on the rise

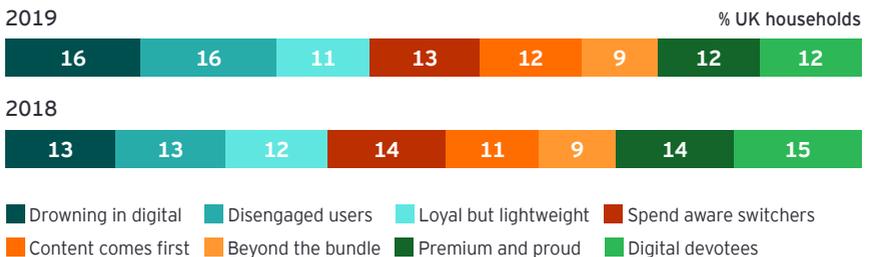


Our attitudinal segmentation of survey responses highlights the diversity of today’s digital household. Some are hooked on new technologies and some are loyal but undemanding, while others struggle to interact or don’t bother to engage with their service providers. This year’s survey sees the “problem” segments accounting for a larger share of the nation’s households – remedial action is needed.

EY segmentation of UK households: frustration and disengagement are growing

The shifting sizes of our household segments highlight that consumer pain points are in greater focus than ever before. Disengaged users – those scoring low on satisfaction and high on apathy – now account for 16% of respondents compared with 13% the previous year. Meanwhile, customers who are drowning in digital – those who find the customer support experience frustrating and feel confused by a plethora of service offerings and packages – have also risen three percentage points to stand at 16%.

Conversely, digital devotees that have an intuitive grasp of the online world and its supporting technologies have fallen as a proportion of the total sample, standing at 12% compared with 15% the previous year. And appetite for premium products and services, on the up last year, is also less pronounced this year. Twelve percent of respondents are “premium and proud” compared with 14% twelve months ago.



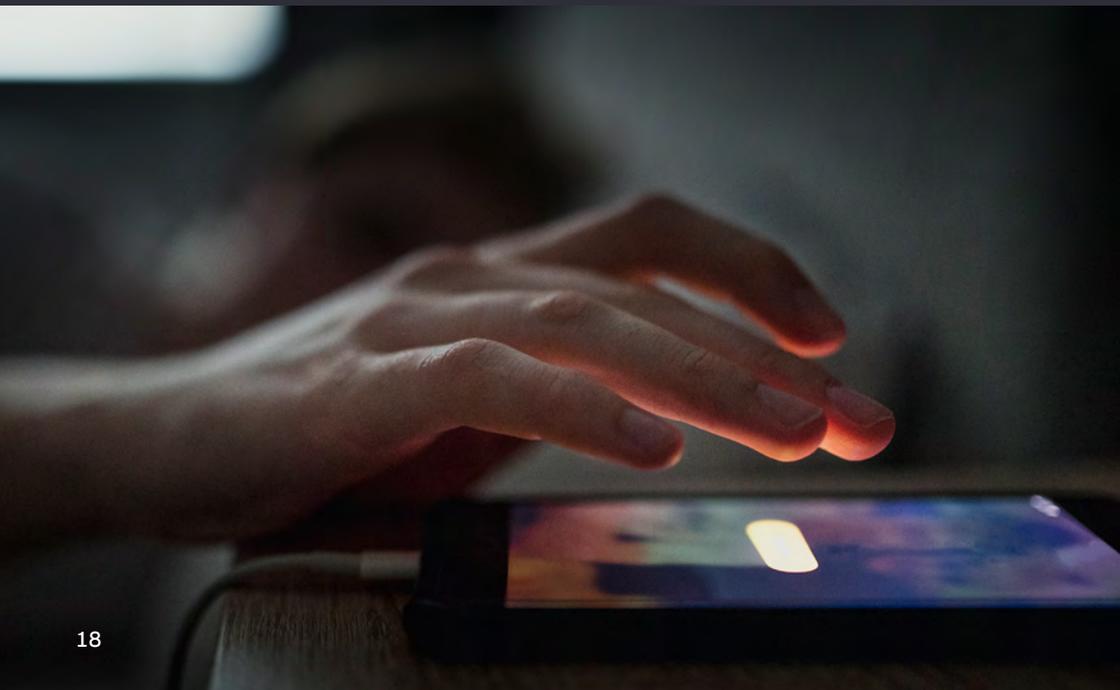
*Due to rounding, annual totals may not add up to 100.

6

Is the digital revolution at plateau point?

Next steps for TMT service providers

The survey results point to a range of challenges facing TMT providers. New forms of connectivity such as 5G risk adding to a complex world of value propositions, smartphone fatigue is on the rise and consumers feel they are losing control of their personal data. Apathy and detachment are hallmarks of many households' relationships with their service providers.



Failure to take action now will limit long-term growth opportunities for TMT providers. Here are three critical steps you should take to reinvigorate your customer relationships:

1

Simplify your proposition

Bundles have been a mainstay of the market for many years, but complex value propositions and opaque pricing translate into ever more confusion for the customer. Simplifying your value proposition at all stages of the customer journey is not “nice to have,” it is central to your long-term relevance as a service provider, particularly as new forms of connectivity and content make their presence felt in the home.

2

Communicate with clarity

The research indicates that the communications between service providers and their customers remains challenging. Raising awareness of new services such as 5G while making the right adjustments to existing packages requires care and attention. Ultimately, a more holistic dialogue with customers – one that is sensitized to a world where too much screen time and too little data protection are top of mind – will provide the kind of reassurance they need.

3

Convert apathy into engagement

Service providers may believe consumer apathy is acceptable – after all, an inert customer is one that is less likely to leave you. However, this kind of customer relationship can do more harm than good. Engaged customers are more likely to help point the way to new demand scenarios and will ultimately spend more on a better experience. The need to reignite your customer relationships has never been more important.

For more insight into the digital home and how to serve it, please contact:

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