

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

EY

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New EY consumer research of 2,500 households, conducted 27 May – 1 June, explores how perceptions, attitudes and needs towards technology, media and telecoms (TMT) products are changing as a result of the pandemic.

In the first report of this three-part series, we delve into how digital behaviours and attitudes in the home are in flux in the wake of COVID-19 and resulting lockdown measures. TMT providers should take note and act now to adapt to these shifting customer demands.

In the next report, *Broadband quality and resilience*, we explore how lockdown measures and social distancing have placed a dramatic new importance on resilient and reliable home broadband connectivity.

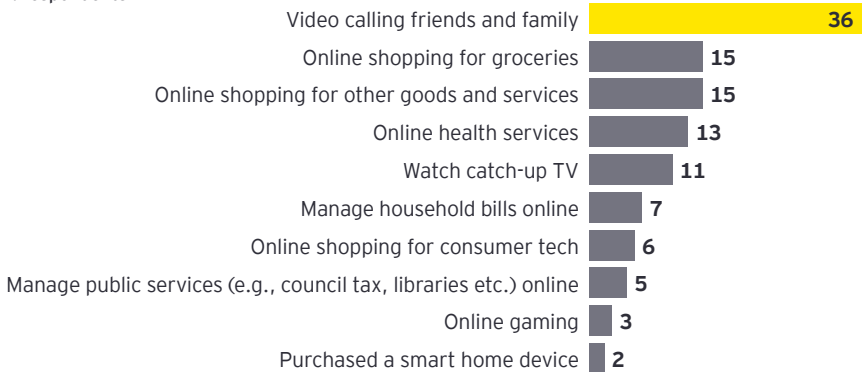
COVID-19 continues to drive a surge in digital home activities

Lockdown measures have driven many households to engage with digital products and services for the very first time. Video calling leads the way – with 36% of consumers using it for the first time since the COVID-19 crisis began, a figure that has grown from 18% at the end of March. Fifteen percent have begun shopping online since the crisis began, up from 9% in March. Accessing online health services and watching catch-up TV have also been adopted by more than 1 in 10 consumers since the UK entered lockdown.

Many households are trying digital activities for the first time

Which, if any, of the following have you/your household done/used for the first time as a result of the COVID-19 situation?

% respondents



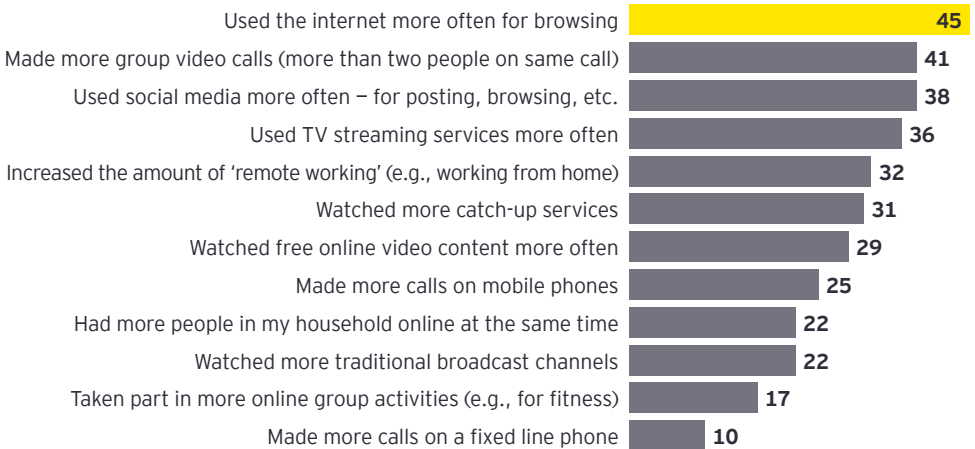
COVID-19 has created a surge in digital home activities

Alongside this uptick in first-time usage, households are doing more of what they did before. Forty-one percent are making more group video calls, 38% are using social media more often and 36% are watching more streamed TV. And it's not just the world of online that is seeing greater traction – 25% are making more mobile phone calls and 1 in 10 are making more landline calls.

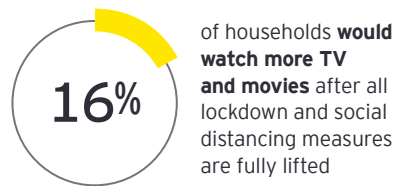
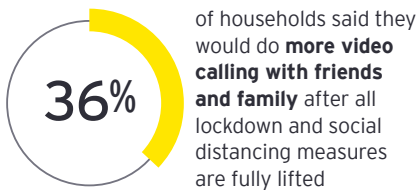
Digital activities hold an important place in the home

Which, if any, of the following have you/your household done as a result of the Coronavirus situation?

% respondents

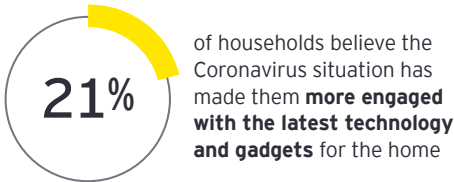


How much these elevated levels of usage will persist beyond the crisis is unclear. When asked about activities they would do more often than before – once all lockdown and social distancing measures are fully lifted – 36% cited video calling with friends and family while 16% cited TV and movie watching. The permanence of these rapid shifts in behaviour is by no means certain.



Households are largely more receptive to new technology, with spending likely to increase after the crisis

Increased adoption and usage of specific products and services reflect greater levels of engagement with technology in general. Twenty-one percent of consumers are more engaged with the latest technology and gadgets as a result of the crisis. This is partnered by a reduction in fears over too much screen time. Last year, 49% of consumers were actively seeking time away from their smart phones – but this has dropped down to 29% during the crisis.



Consumers are also paying more attention to what they purchase – 27% agree that they are more engaged with communications and content services that they buy. And the spending outlook is broadly positive. Although most households see their monthly spending staying the same, more households predict their monthly spend increasing rather than decreasing after the crisis.

Connectivity and content spending intentions beyond COVID-19 are positive

Considering your spend before the pandemic, to after, 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?

% respondents

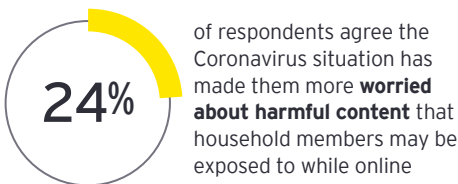
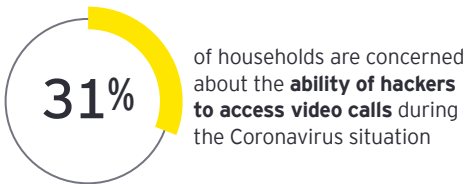
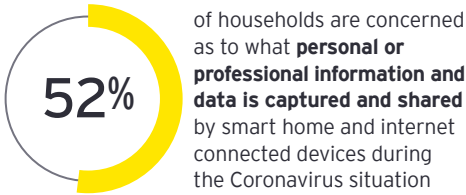


■ Increase ■ Stay the same ■ Decrease ■ Don't know

COVID-19 is adding to digital anxieties, principally around data privacy and security

While higher levels of engagement and a resilient spending outlook are positive developments for TMT providers, the COVID-19 pandemic is breeding uncertainties in the digital home. Online disclosure and exposure are clear concerns: consumers are more worried than before about transmitting personal data or encountering harmful content online, for example.

New digital behaviours are also creating new types of anxiety. Fifty-two percent are unnerved by the prospect of personal or professional information being captured by smart home devices, while 3 in 10 households are concerned about the potential hacking of video calls. Meanwhile many consumers also believe that organisations are ill-equipped to help, with 26% concerned that businesses are not able to keep their personal data safe as a result of the pandemic.

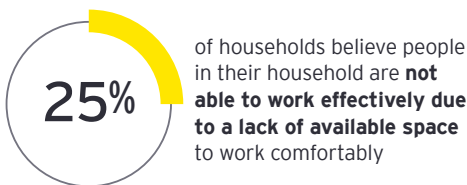
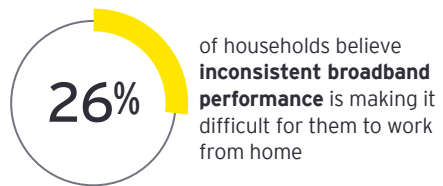


The 'new normal' of home working poses a digital, physical and emotional challenge

The rise in home working is another clear result of the crisis, with apps and software playing a vital role. Thirty-two percent of all households – and 43% of under-55 year olds – have increased the amount of home working done via online collaboration tools since lockdown measures were put in place. And this uptick is most pronounced in households with children, highlighting how the worlds of work and family life have converged for many.

Eighty percent of households believe that the crisis has shown that office jobs can be done just as effectively from home, underlining the sense that this transition is much more than a passing reaction to lockdown measures.

However, this rapid shift is creating well-being challenges of its own. Twenty-five percent think that members of their household can't work effectively at home due to a lack of available space. The research also shows that unreliable internet connectivity is a pain point for many, with 26% saying inconsistent broadband performance is making it difficult to work from home. An even larger proportion – 34% – believe that household members are struggling to manage their work/life balance as a result of the COVID-19 pandemic. Larger households are especially exposed to these fears, with 48% of two children households struggling on this score.



Digital home attitudes vary by age, household size and location

The survey responses also reveal a divergence of attitudes according to age, size of household and location. The step-change in digital engagement is most pronounced among younger respondents: 36% of 18-24 year olds believe the crisis has made them more alert to the connectivity and content they purchase, compared with 27% of all respondents. Yet this also means they are more likely to consider long-term loyalty during the crisis: 45% of 25-34 year olds say the way their broadband provider performs now will have an impact on whether they stay loyal, compared with 36% of all respondents.

Broadband provider performance has a greater impact on loyalty among younger users

The way my broadband provider performs during the Coronavirus situation will have an impact on whether I decide to continue using them in the future.

% of respondents who agree

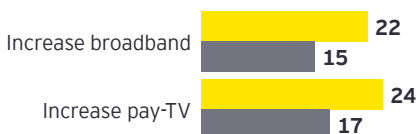


Meanwhile, larger households are relatively more interested in smart home technology that can bring new forms of convenience. Twenty-two percent of homes with two children say the crisis has made them realise the value of smart utilities, compared with 15% of all respondents. They also worry more about online safety – 43% of two children households worry about harmful content, compared with 24% of all respondents. Urban and rural households also demonstrate contrasts in intention and attitude. Consumers in dense urban areas – city centres – show greater appetite to spend more on connectivity and content going forward.

Consumer spending intentions on connectivity and content are higher in urban areas

Considering your spend before the pandemic, to after, 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?

% respondents



■ Dense urban ■ All locations

Three ways TMT providers can make the most of unprecedented times

The signals coming from consumers during the COVID-19 crisis show how digital products and services are reshaping behaviours during unprecedented times. Increased take-up and usage are encouraging in themselves, as are signs that customer spending will hold firm and potentially increase once the pandemic is over. Nevertheless, new anxieties have surfaced as households become ever more reliant on technology and concepts of wellbeing evolve in new ways.

TMT providers should act now to ensure their customers adapt as smoothly as possible to a fast-changing world where previous norms no longer apply. We believe there are three key considerations for TMT providers in the months to come.



1

Focus on converting higher engagement during lockdown into long-term usage and spending growth

The COVID-19 crisis and resulting lockdown measures are generating higher levels of engagement with TMT products, services and service providers. It is vital to act now to translate this into higher usage – and spending – once the immediate crisis recedes. Refinements to value proposition and pricing will play a crucial role in ensuring that new digital behaviours reflect greater customer confidence, not just the necessities of lockdown and social distancing.

2

Address digital anxieties to come closer to your customers

While fears over too much screen time may be trending down, digital privacy, security and well-being are very real concerns during the pandemic. Timely and empathetic communications with your customers is vital if they are to become more comfortable with the 'new normal' emerging in the digital home. Resolving these pain points will help you build more trusted relationships with your customers and ensure that new digital demands long outlast the crisis itself.

3

Sensitise your value proposition to the needs of different households

Make sure you respond to the higher levels of engagement in younger groups, while also bearing in mind that they can be the most difficult to please. Meanwhile, larger households are more likely to experience data security and online safety concerns, while propensity to spend more after the crisis is highest in dense urban districts and lowest in rural areas. Refreshing existing segmentation frameworks can enable better targeting of these specific needs as they evolve further in the wake of the pandemic.

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