

TMT customers care about sustainability: how do you redefine your customer promise now?



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‘TMT customers care about sustainability: how do you redefine your customer promise now?’ is the latest in a series of ongoing insights from research by EY teams into household attitudes and habits towards technology, media and entertainment and telecommunications (TMT) products and services within the home.

EY surveyed more than 2,000 UK consumers in October to understand their attitudes and behaviours towards sustainable products and services – and the companies that provide them. Our research sheds new light on how consumer sentiments are changing, and how service providers should pre-empt and respond to these new customer imperatives.

Why is sustainability so important for TMT providers? One of the UK’s leading telcos uses nearly 1% of the country’s energy to power its networks. Globally, the information and communications (ICT) ecosystem accounts for 2% of global emissions, putting it on a par with the aviation industry’s emissions from fuel. Meanwhile, data centres use an estimated 200-terawatt hours (TWh) of electricity a year, more than the national energy consumption of many countries. Add to this the explosive growth of technology devices – there will be 75 billion IoT devices worldwide in 2025, up from 20 billion today. It is clear that the TMT industry must become much more sustainable than before.*

* Sources: Nature (ICT, data centers), IDC (IoT devices), BT, *Digital Impact and Sustainability Report 2019/20*



1

Position yourself for growth: sustainable credentials can unlock higher customer spend

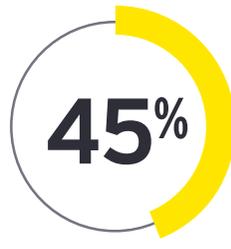
Sustainable and ethical credentials can unlock higher customer spend. At a time when premium propositions can be a hard sell, you simply cannot overlook this route to better monetisation. Sustainability is more than just an add-on to premium products, it resonates with customers looking to sacrifice quality for greener products and services. In this light, it can inject new life into more basic propositions too.



of consumers would choose a sustainable product over a non-sustainable one if they were similar in all other ways.



of consumers are willing to pay slightly more for a product or service that is environmentally sustainable, and this rises to 63% of 18-24 year olds.



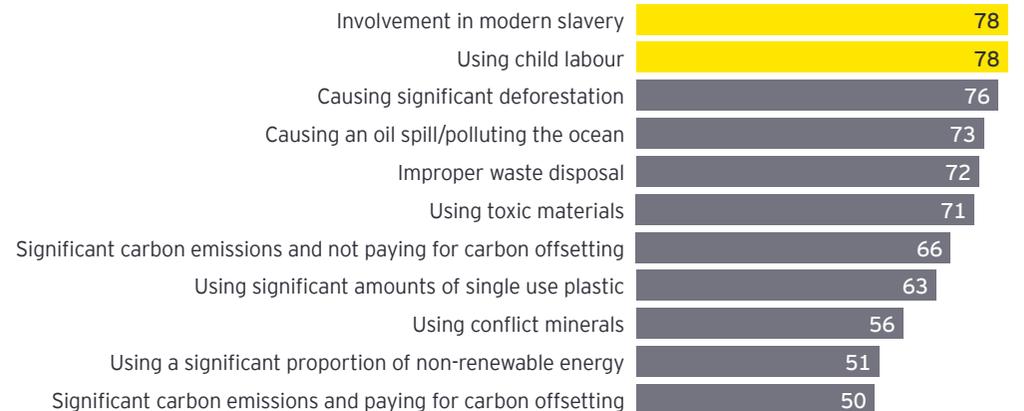
are happy to compromise to some extent on quality to choose a more sustainable service, rising to 60% of 18-24 year olds.

2

Ensure that your house is in order: non-sustainable and unethical practices can trigger churn

You also need to manage the downside risks of poor perceptions around sustainability and ethical concepts. More than 50% of consumers would be likely to switch if they discover their providers are directly or indirectly involved in non-sustainable and unethical practices – even if they don't fully understand what these practices entail. Simply put, your customers' loyalty is under threat if you don't get your house in order.

% of consumers likely to switch if they discover their service providers or suppliers are involved in the following:



3

One size does not fit all: create a new customer segment that prioritises sustainability

Customer sensitivity to sustainability is a reality, but one that is built around a complex interplay of attitudes. TMT providers will need a new customer persona in your segmentation frameworks to reflect this. We recognise that young people yearn for a more sustainable planet, but more senior groups can surprise in terms of their responsiveness to sustainable concepts. Likewise, households without children are often more motivated by sustainability credentials at the point of purchase. By creating a dedicated customer segment, you can better align yourself to these nuanced needs.



of over-55 year olds have some or good understanding of the term 'ethical sourcing' compared with 78% of 18-24 year olds.



of 18-24 year olds are concerned about ethical working conditions (e.g., treatment of workers, child labour, modern slavery).



of adult-only households believe companies' sustainability credentials should be readily available when they buy products compared with 65% of households with children.

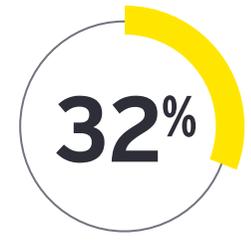
4

Act now: deliver immediate and tangible outcomes

To date, sustainability promises have been built around long-term targets. While these emphasise continued commitment, they don't meet all your customers' expectations – in fact, most of them favour immediate action ahead of long-term promises. It's not just question of speed of change and quality of outcome, but whether ambition levels are high enough in the first place: up to one in five consumers do not think that a number of UK technology, media and telco providers are doing enough regarding their sustainability goals.



of consumers believe companies should act to improve sustainability now, rather than push their promises out into the future.



are more likely to trust companies' short-term sustainability goals rather than longer-term targets, even if the long-term goals are more ambitious, with 13% disagreeing.

5

Avoid greenwashing: confront scepticism with honesty and transparency

While consumers are sensitive to sustainable and ethical concepts, that doesn't mean they accept whatever they are told at face value. In fact, most think companies are only promoting sustainability as a quick exercise to promote a positive image. In addition, many consumers see sustainability messages as potentially unfounded claims. Customers may value immediate benefits and short-term goals relating to sustainability, but they don't want to see their service providers prioritise short-term thinking. To build trust that lasts, you need metrics and a message that convince – not just for regulators and stakeholders, but for your customers and employees too.



of consumers think companies are only promoting sustainability as a PR exercise to 'look good', with 5% disagreeing.



are sceptical of whether sustainability and ethical sourcing claims made by companies are true.

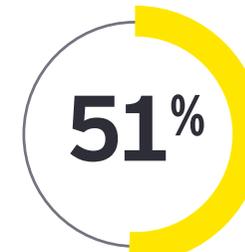
6

Differentiate: deliver a message that helps you distinguish yourself from the competition

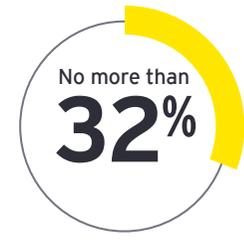
Consumers believe that a clear message around sustainability helps companies stand out in the market. At a time when customers find it ever more difficult to tell apart similar products and services, your approach to sustainability can help you avoid commoditisation. Education and empowering customers are critical parts of this – only a minority of consumers are aware of the sustainable practices of UK TMT providers. Make sure you talk their language and seize the opportunity or someone else will. For example, consumers already want price comparison sites to provide sustainability criteria to aid their decision-making.



believe price comparison sites should include sustainability criteria to help consumers make better decisions.



of consumers believe that service providers who communicate a clear message about sustainability stand out from their competitors, with only 13% disagreeing.



of the customers of each of the UK's leading broadband and mobile providers are aware of their service providers' sustainability goals.

7

Be bold and go beyond: advocate and lead across sectors and society to create long-term value

Many consumers don't think government and regulators are doing enough to combat sustainability concerns. TMT providers are viewed more positively than other industries regarding their impact on the environment. Add to this their role as engines of cross-sector transformation and they are well-positioned to act as advocates of sustainable and ethical practices, not just for their customers but for the benefit of society as a whole. Utilising their customer touchpoints and digital technologies, they can enable dematerialisation at scale.



of consumers agree that companies should do more to ensure their suppliers follow sustainability/ethical practices.



of the customers of each of the UK's leading broadband and mobile providers are aware of their service providers' sustainability goals.

What lies ahead?



Our survey findings show that sustainable and ethical concepts are front and centre of the customer mindset – influencing loyalty, trust and willingness to spend. To succeed in a world where sustainability is critical, the TMT providers should ensure that clear and convincing goals are allied to immediate and concrete outcomes. This means reimagining business models to eliminate waste right from the onset – from the design stage to the end of the product lifecycle.

Designing modular products, buying sustainably sourced components and robust manufacturing for longer lifecycle: all these can help repair, reuse and recycle at scale. As your organisation and customer relationships evolve in new and exciting ways, you can also help build a cross-industry ecosystem with sustainability at its heart. **Seize the opportunity – the time to act is now!**

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