

Is the digital home immune to the cost-of-living crisis?

Decoding the digital home 2023



The better the question.
The better the answer.
The better the world works.

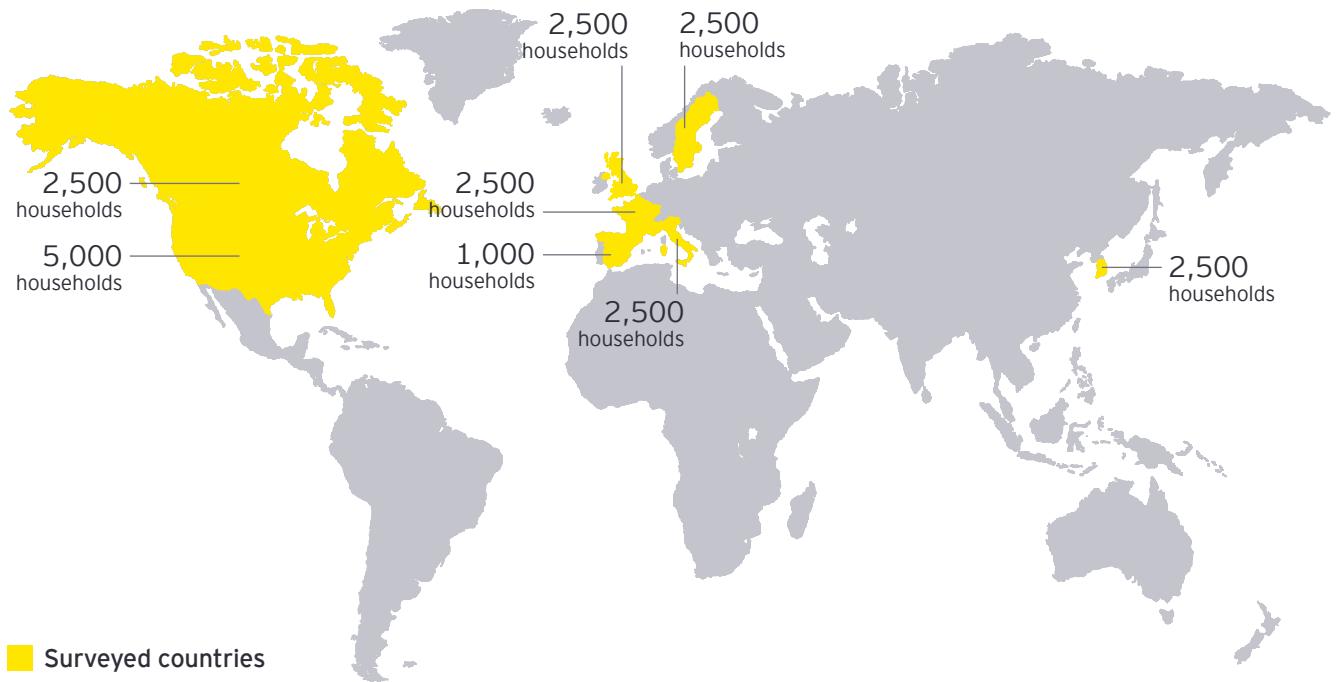


Building a better
working world

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About this study



The EY *Decoding the digital home* study is based on an online survey conducted for the EY Global Technology, Media & Entertainment, and Telecommunications (TMT) team of 21,000 households in Canada, France, Italy, South Korea, Spain, Sweden, the UK and the US. It was conducted in March and April 2023, updating our previous annual surveys of multiple markets.

The survey is designed to help organizations understand changing consumer attitudes toward technology, media and telecommunications experienced in the home – and the companies that provide these products and services. Our latest findings focus on topics such as the impact of the cost-of-living crisis, the appetite for service bundles, and changing customer journeys, also providing specific insights relating to connectivity, content and smart home technology. Additional thinking, insights and analysis are provided by the EY Global TMT team.

Key insights from our 2023 research

1. Spending intentions and value for money perceptions remain intact

While the cost-of-living crisis has dampened consumers' interest in new products and services, and has made them more anxious about price increases, the overall indications are far from negative for service providers. Less than one household in five is taking steps to reduce its expenditure on technology, connectivity and content inside the home. And while households have cut back on streaming platforms, these choices are as much a reflection of a competitive marketplace and changing preferences as the need to generate savings. Crucially, perceptions of value for money have improved year on year across most service categories, and there are signs of consumers becoming more receptive to premium offerings.

1 in 5

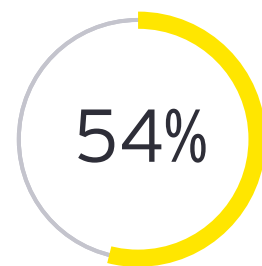
Less than one in five households are taking steps to reduce its expenditure on technology, connectivity and content inside the home.

2. Network reliability is customers' number one focus

Previous studies have shown that households value the reliability of their connection well ahead of its headline speed. This year's findings confirm that reliability ranks well above other types of improvement that customers are seeking from broadband providers. The challenge for service providers is that consumers' perception of network reliability is not showing material improvement, despite recent and ongoing upgrades to broadband and mobile infrastructure. More action is essential because performance credentials are as important as price when households evaluate connectivity packages.

3. Decision fatigue: the downside of streaming demand

Streaming providers are extending their reach into new content genres and have opportunities to use advertising in new ways to refine their value propositions. Meanwhile, broadband providers are succeeding in generating better value for money perceptions year on year with their content offerings. So far, so good. But less positively, there are also clear signs of decision fatigue: 54% of households believe there are too many choices among streaming platforms. However, this view is accompanied by clear demand for content aggregation services – in turn suggesting that new approaches to providing inclusive content will find favor with customers.



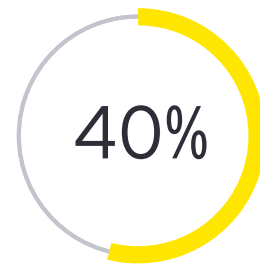
54% of households believe there are too many choices among streaming platforms.

4. Low trust and convenience limit smart home adoption

Smart home products have been on the market for many years, but adoption levels remain relatively low in a complex and fragmented marketplace: No single type of product is owned by more than one in five households, and only an incremental increase in adoption is expected in the next few years. Nevertheless, high prices don't appear to represent a significant barrier to take-up, and perceptions of value for money are improving. The key challenge now facing connected home providers is to address long-standing concerns relating to device security while ensuring that smart home technology delivers higher levels of convenience for users. Simplicity is important: A surprisingly high proportion of households would prefer to use control interfaces that don't involve a smartphone.

5. The bundle is back: Consumers look for low-cost convenience

One of the biggest takeaways from this year's survey is that consumers' appetite for bundles is increasing. Forty percent of households agree that the cost-of-living crisis has made them think it would be better to use a single supplier for all their connectivity and content needs, while the likelihood of taking other service elements alongside broadband is growing year on year. Interestingly, streaming customers are also receptive to taking add-ons to their monthly subscriptions. Yet substitution risks are still present, with one-third of households saying they're open to dropping fixed broadband in favor of a mobile connection if it can deliver better performance at a better price.



of households agree that the cost-of-living crisis has made them think it would be better to use a single supplier for all their connectivity and content needs.

6. Complexity creates a greater burden on customer support

Satisfaction levels with customer support experiences are rising year on year while preference for call center interactions is trending down, underlining consumers' growing receptivity to more cost-effective digital and self-service channels. However, there are still stubborn pain points earlier in the journey, mainly relating to understanding the offer and installing services. These challenges are growing year on year, with levels of customer support outreach also higher than before. At the same time, consumers are shopping around more and becoming less wedded to single-brand online or physical stores. Against this complex and shifting background, service providers need to take a holistic approach to actions aimed at improving the customer experience.



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Detailed survey findings

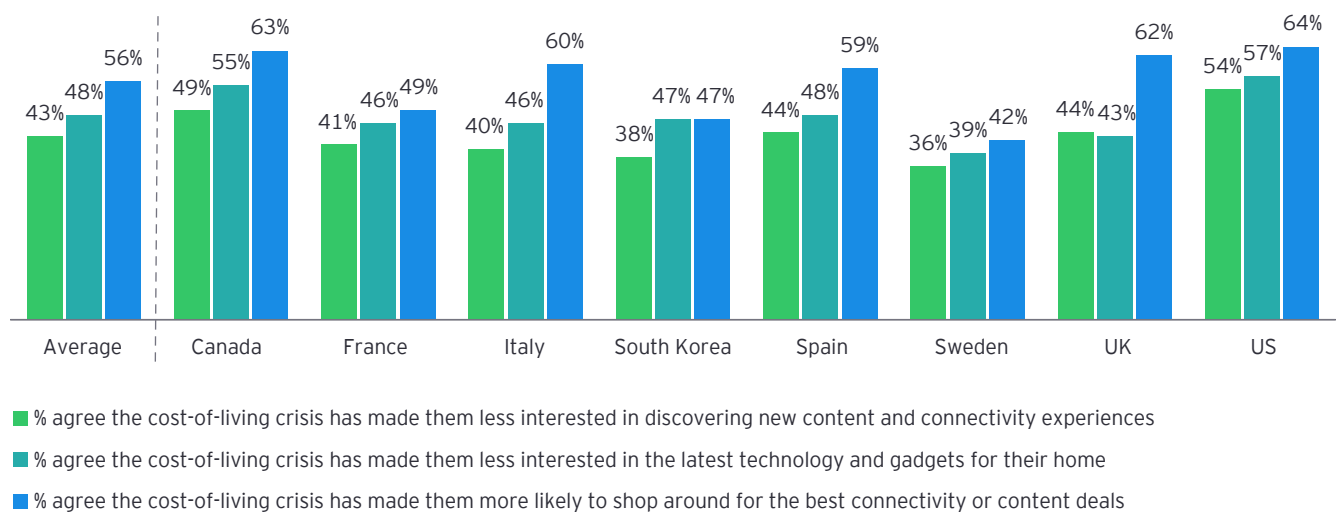
The cost-of-living crisis and the digital home

Showing resilience in turbulent times

The squeeze on household spending has seen interest in new services decline, but shopping around is more important than ever

As society adapts to a period of high inflation and household spending comes under intense pressure, consumers are adjusting their priorities. As a result, their interest in new services has declined while the importance they attach to shopping around has risen. More than four in 10 households say the cost-of-living crisis has made them less interested in new connectivity and content experiences (43%) and new technologies and gadgets for the home (48%). An even higher proportion (56%) say the pressure on their finances has made them more likely to shop around for the best connectivity or content deals. These sentiments are most marked in North America and least evident among Swedish and Korean households. These latest shifts in sentiment signal a reversal of the increased receptivity to new technologies observed during the COVID-19 crisis, with 44% agreeing that the pandemic made them more interested in new connectivity and content experiences.

Figure 1: Impact of cost-of-living crisis on interest in technology, connectivity and content

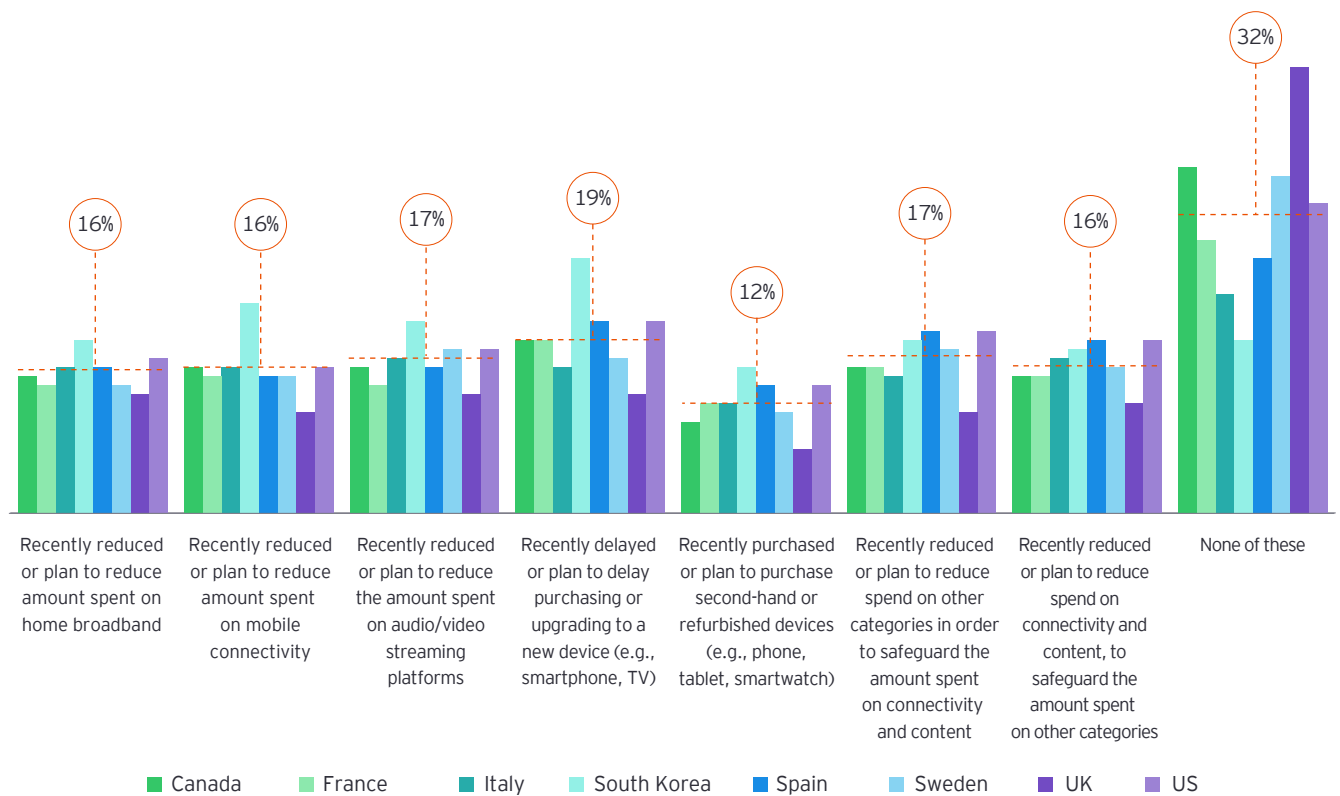


Despite cost-of-living pressures, less than one household in five is taking steps to reduce spending on technology, connectivity and content

Despite dampening interest in new services, household actions to reduce spending on connectivity, content and devices are less clear-cut. Less than one in five consumers have reduced or plan to reduce their spending on home broadband, mobile connectivity or streaming. A similar proportion are responding to the squeeze on household spending by either delaying device upgrades or opting for refurbished devices – or are taking steps to cut back their spending in other areas. Actions to reduce expenditure on connectivity and content are most pronounced in Korea and Spain and least prominent in the UK. Tellingly, 32% of households, on average, have not taken any of the measures cited in the research, a proportion that rises to 49% in the UK.

Figure 2: Streaming services: effects of the cost-of-living crisis (all market average)

How is the cost-of-living crisis affecting your spending on connectivity, content and technology?

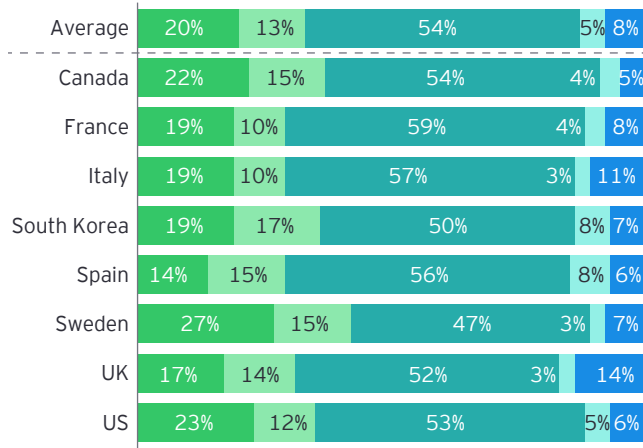


More consumers are canceling at least one streaming subscription – but these decisions are not just about cost

Paid-for streaming is a fluid marketplace, with overall growth in consumption overlaid by constant changes in consumer preferences and intensifying competition between platforms. The cost-of-living crisis has amplified the effect of these forces: 20% of households have canceled at least one monthly subscription in the previous 12 months, and a further 13% plan to cancel one or more in the future. When asked to give their reason for canceling, the single biggest proportion – 45% – cite the need to cut costs, although a further 31% point to a lack of original or favorite content, or a preference for other platforms, underlining the significant role played by the competitive landscape in cancellation decisions. Cost savings are most likely to be named as a rationale in the UK (54%) and least likely by Korean respondents (36%).

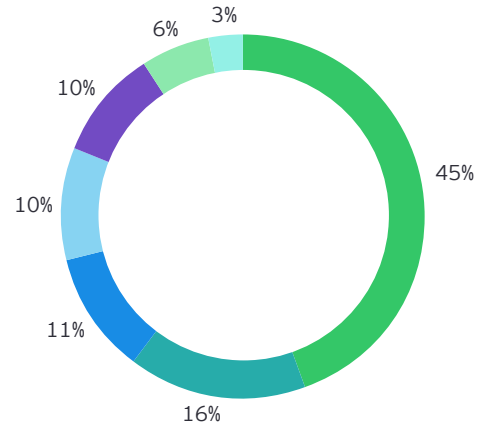
Figure 3: Streaming services: subscription cancellations and rationales

Have you canceled a monthly subscription to a streaming service in the last 12 months or do you plan to cancel in the future?



What was or is your main reason for cancellation?

All markets average



- Yes – I have canceled one or more in the past 12 months
- Yes – I plan to cancel one or more in the future
- No – I have not canceled and have no plans to cancel
- N/A – Streaming services included for free
- N/A – I do not have any monthly streaming subscriptions

- To cut costs and save money
- Watching the service less than before
- No longer carried my favorite content
- Prefer alternative platforms
- Not enough original content
- Difficult to navigate or use
- Other

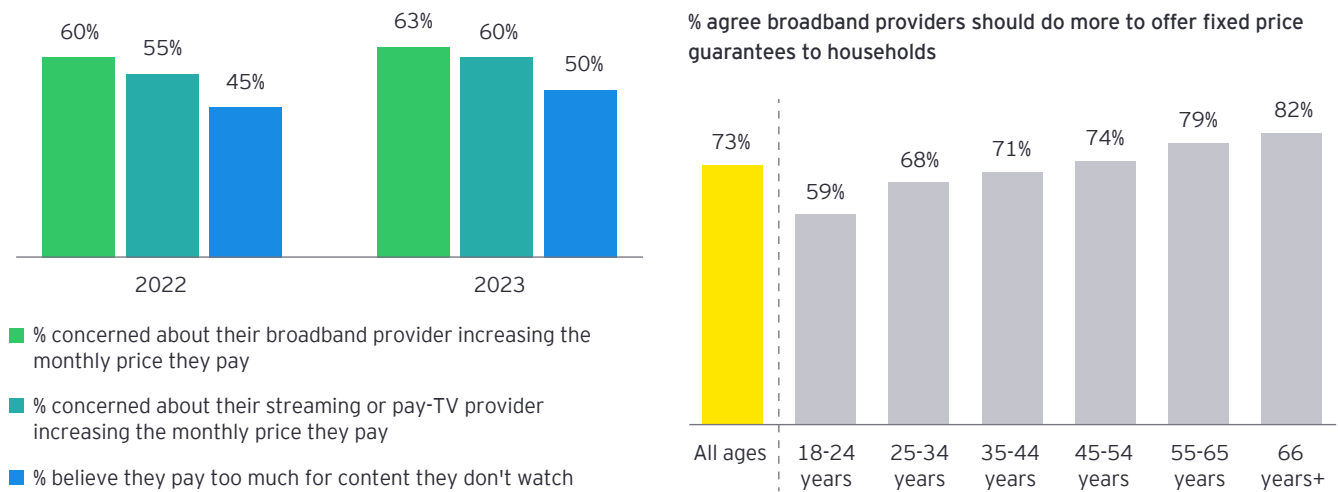
A growing proportion of consumers fear price hikes going forward, and three-quarters – led by older demographics – want more predictable pricing

A growing proportion of households are concerned about rising subscription prices. Spanish households are most likely to fear broadband price increases (75%), while US households are most concerned about rising streaming or pay-TV subscription prices (65%). Meanwhile, an increasing number believe they are already paying too much for content they don't watch, suggesting fundamental misgivings with value propositions, regardless of the inflationary climate. These fears are most pronounced in the US (58%) and Canada (55%). Given these findings, it's hardly surprising that pricing guarantees are a critical concern: 73% of consumers want broadband providers to do more in this regard, with older households the most frustrated. Service providers in some markets are already responding by removing mid-contract price increases or offering "inflation-free" multiyear contracts, while regulators are also reviewing inflation-linked annual pricing changes. Given the clear consumer demand for better pricing guarantees, optimizing price structures and promises has never been more important.

Opinions are mixed on providers' support for squeezed households

Asked whether connectivity and content providers have been supportive of consumers during the cost-of-living crisis, only one-third of customers, on average, say yes, with older groups markedly less positive. While just a quarter of respondents aged over 55 think service providers have been supportive, more than four in 10 under 45 voice this opinion. At a country level, 50% of US households believe home internet providers have been supportive, compared to just 19% in Sweden.

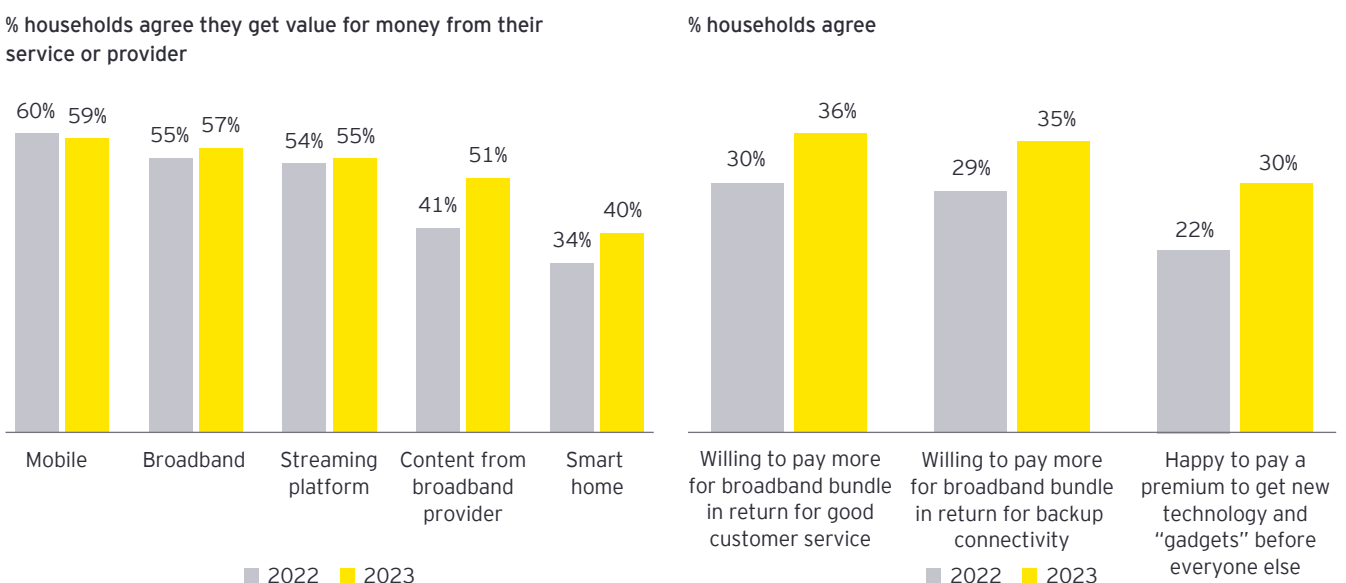
Figure 4: Household concern over price increases and overpayment, and attitudes to pricing guarantees



Value for money perceptions remain positive, and receptivity to premium offerings is on the rise – despite pricing concerns

While consumers are worried about potential price increases and looking for greater predictability, these sentiments aren't translating into a more negative view of value for money – an area where perceptions are largely consistent year on year. In fact, two product and service categories have risen substantially in terms of perceived value for money: content from broadband providers and smart home products. In both instances, an increasing share of users across all age cohorts say they're getting value for money. While mobile connectivity, broadband connectivity and streaming platforms are all still leading the ranking in terms of value for money perceptions, service providers should pay attention to shifts in sentiment among younger users. For all three services, 18-24 year olds report worsening value for money year on year, most markedly for streaming platforms (52% agree they offer value for money this year, down from 63% in 2022). Despite this, receptivity to premium service offerings has actually increased. There are growing opportunities for connectivity providers that can deliver superior customer service and network reliability, while household willingness to pay a premium for the latest tech is higher than before.

Figure 5: Value for money perceptions by service category, and receptivity to paying a premium



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Detailed survey findings

Network quality under scrutiny

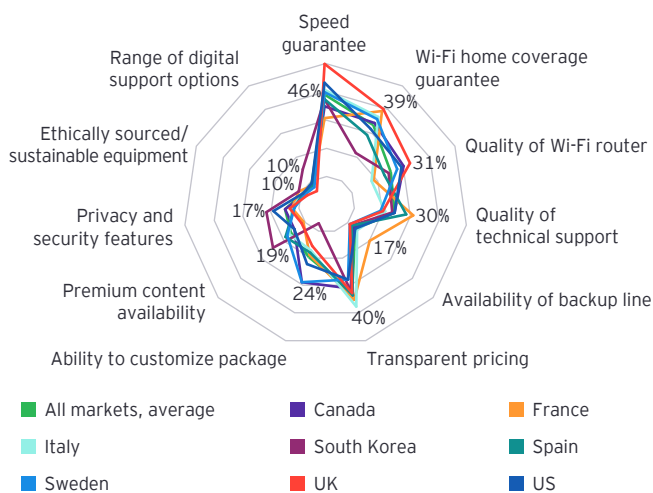
Reliability is customers' number one requirement

Performance attributes are consumers' top consideration when evaluating broadband packages – but they don't trust guarantees from service providers

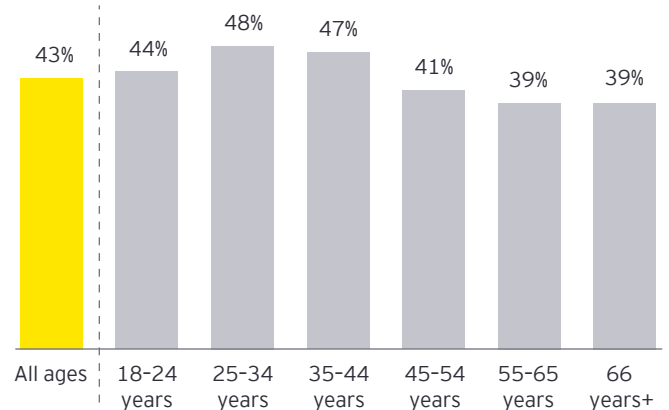
When asked which elements of a broadband package rank as their top three considerations when deciding which one to buy, households favor those related to the performance of the connection itself. Four of their top five answers relate to performance – speed guarantee (46% on average across markets), home coverage guarantee (39%), Wi-Fi router quality (31%) and the quality of technical support (30%) – with transparent pricing joining these as the other leading consideration (40%). At a country level, UK respondents attribute the most importance to the speed guarantee (59%), Wi-Fi home coverage guarantee (47%) and router quality (40%), while French and Spanish households have the strongest focus on technical support (38% and 35%, respectively). The other service elements rank further back, although more than one-third of Canadian and Swedish households prioritize the ability to customize packages. Interestingly, the focus on performance guarantees is not matched by trust in service providers to deliver against them: 43% of households believe providers' guarantees on Wi-Fi performance are misleading or inaccurate, with younger users the least trusting.

Figure 6: Household broadband selection criteria, and views of Wi-Fi performance

Which of the following service elements of a broadband package would be your top three considerations?



% think that service provider Wi-Fi performance guarantees are misleading or inaccurate

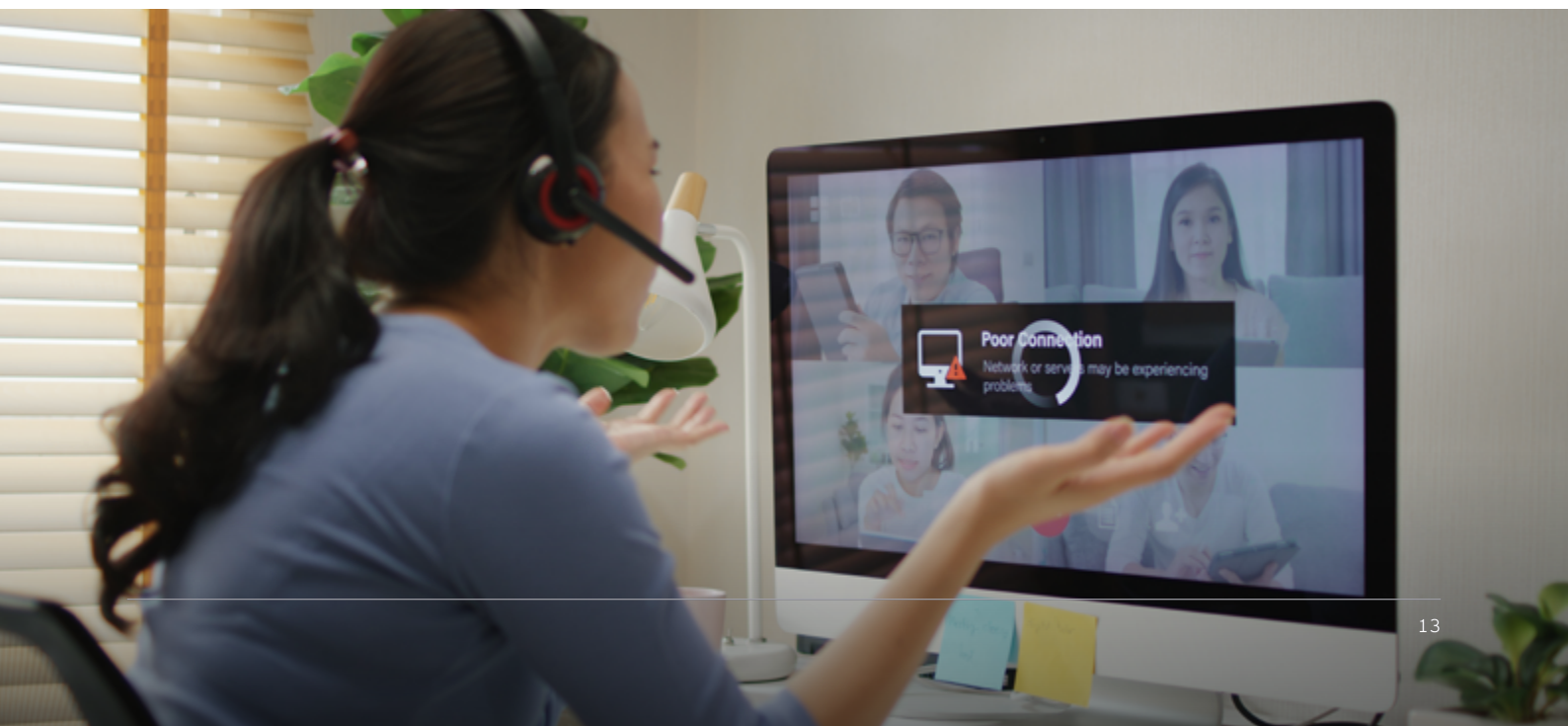
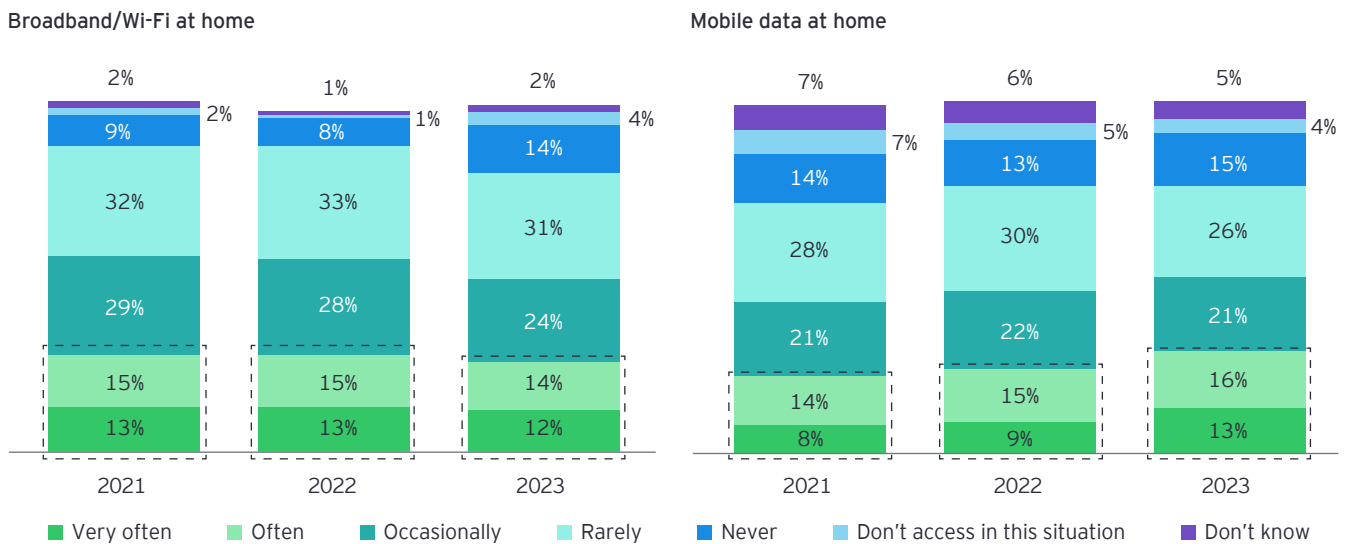


Despite ongoing infrastructure upgrades, a quarter of households still experience unreliable home internet on a regular basis

Households' experiences of network quality inside the home are continuing to evolve. A small year on year improvement is apparent in home broadband, with 26% experiencing an unreliable connection often or very often in 2023, down marginally from 28% in each of the preceding two years. Meanwhile, 14% say they never experience an unreliable home broadband connection, up from 8% (2022) and 9% (2021). But the trend in terms of mobile data performance is less encouraging, with 29% of respondents saying they experience an unreliable connection often or very often, up from 24% (2022) and 22% (2021). While 4G and 5G coverage levels have increased in recent years, it seems this is not translating into noticeable improvements in in-home performance. At a country level, Spanish households are most likely to report unreliable performance often or very often – whether involving home broadband (31%) or home mobile data (36%).

Figure 7: Household experiences of internet connection quality at home

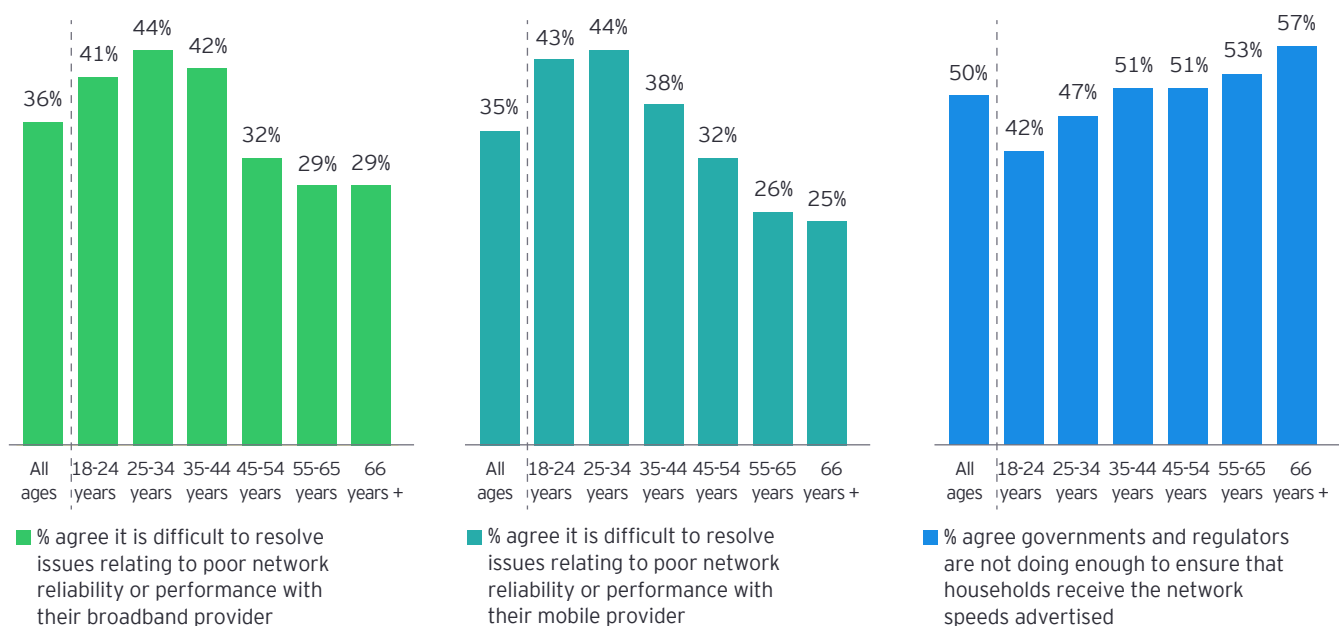
How often do you experience an unreliable internet connection (e.g., dropped signal, network outages, buffering during TV/video streaming) in the following situations?



Many households have difficulty resolving network performance issues – and even more want regulatory enforcement of advertised speeds

With an average of a quarter of households across markets regularly experiencing connectivity performance issues at home, their perceptions of the help available to them give providers cause to reflect. More than one-third of respondents agree that it's difficult to resolve issues relating to broadband reliability (36%) and mobile reliability (35%) with their service provider – a view that's most pronounced among younger users, with more than four in ten of those under 35 experiencing difficulties. The challenges households face are not just practical: They also want governments and regulators to do more to ensure providers live up to their promises. Fifty percent think regulators are not doing enough to ensure that households receive the speeds advertised to them, with older groups the most vociferous. At the country level, Spanish households (58%) and UK households (54%) voice the greatest frustration with the current levels of regulatory support.

Figure 8: Household attitudes to network reliability



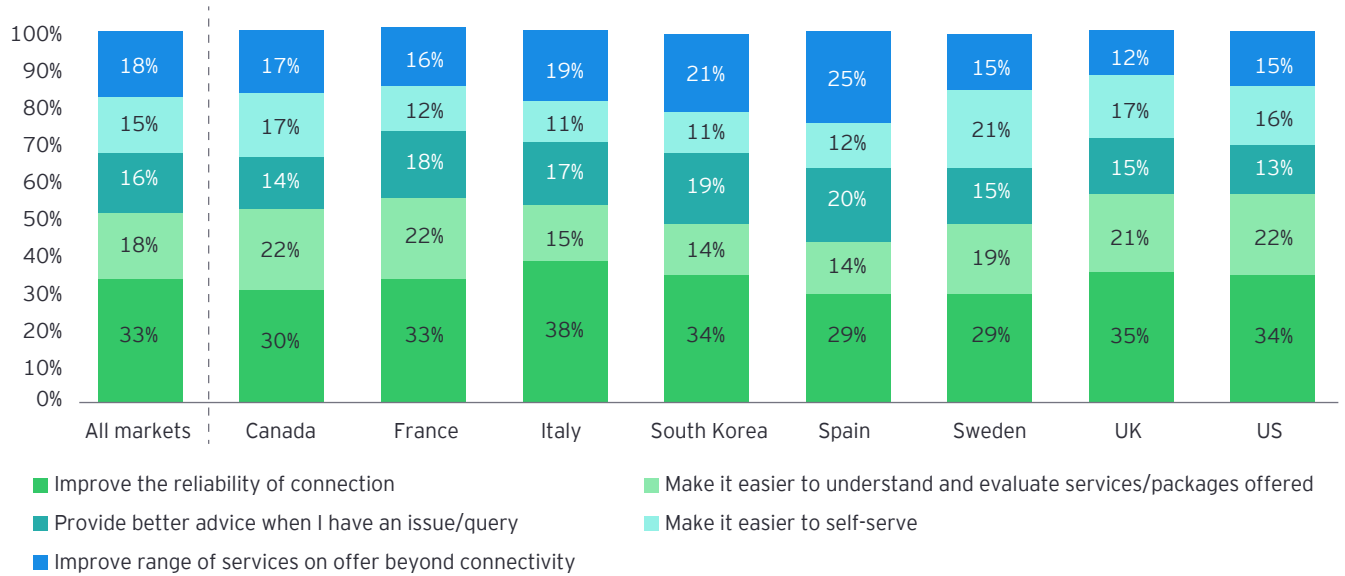
Better network reliability is the number one improvement that customers would like from their home internet provider

Customers' focus on network quality should be seen in the wider context of their demands on connectivity providers. Strikingly, when asked to name the most important improvement their provider could make to their service experience, consumers rank improving the reliability of the connection at the top. It's cited by 33% of households on average, well ahead of improving the range of services they offer and making packages easier to understand (both on 18%). There are some significant variations at the country level: 25% of Spanish respondents want their service provider to improve the range of services beyond connectivity, compared to just 12% of UK households. Meanwhile, 21% of Swedish households rate making it easier to self-serve as their top demand – reflecting the high importance they attach to customizing packages – but this proportion drops to 11% in Italy and South Korea.

33% of households say improving connection reliability is the number one improvement their provider could make

Figure 9: Household views of the most important improvements in broadband experience

What is the most important improvement that your broadband/internet provider could make to your experience?



3

Detailed survey findings

Evolving content preferences

There are growth opportunities for streaming and pay-TV providers, but too much choice also breeds decision fatigue

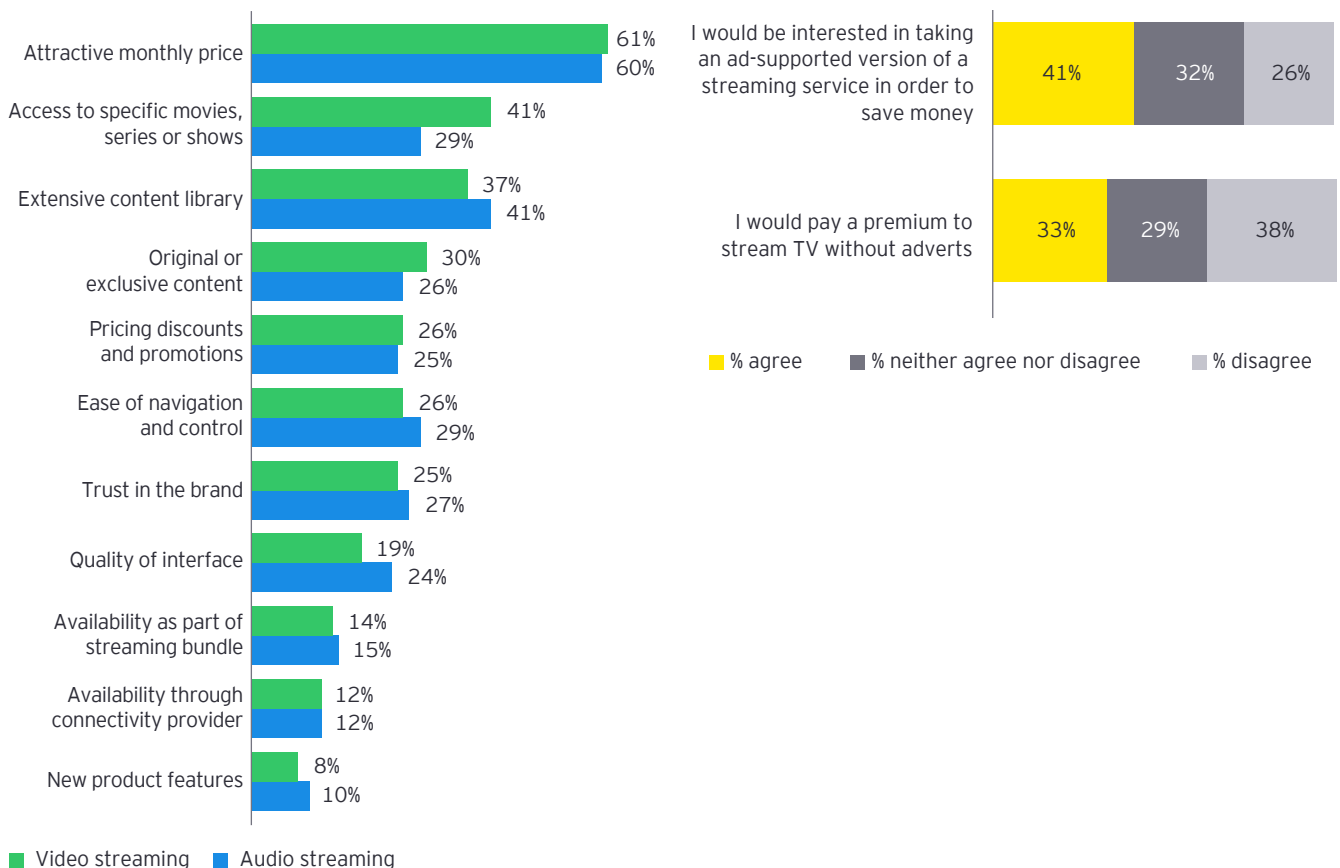
Attractive pricing is the main driver when choosing a streaming platform, with advertising also an important lever in the value proposition

Asked to cite their main criteria when evaluating streaming services, respondents rank attractive monthly prices top for both video (61%) and audio streaming (60%). Access to specific content and an extensive library also rank among the top three selection criteria for both services. However, there are variations at the country level: 56% of French households cite an extensive content library as a selection criterion for video streaming, but this drops to 29% among South Korean respondents. Pricing promotions are another influential factor, with a quarter of households receptive to them. Meanwhile, household attitudes towards advertising underline its important role in the value proposition. 33% would pay more to stream video without ads – up from 29% last year – but a larger proportion (41%) say they're interested in taking a cheaper, ad-inclusive streaming service to save money. A readiness to take ad-inclusive services in preference to premium ad-free experiences is more pronounced among older consumers.

41% of households would be interested in ad-inclusive streaming to save money

Figure 10: Household criteria when selecting a streaming platform and attitudes to advertising

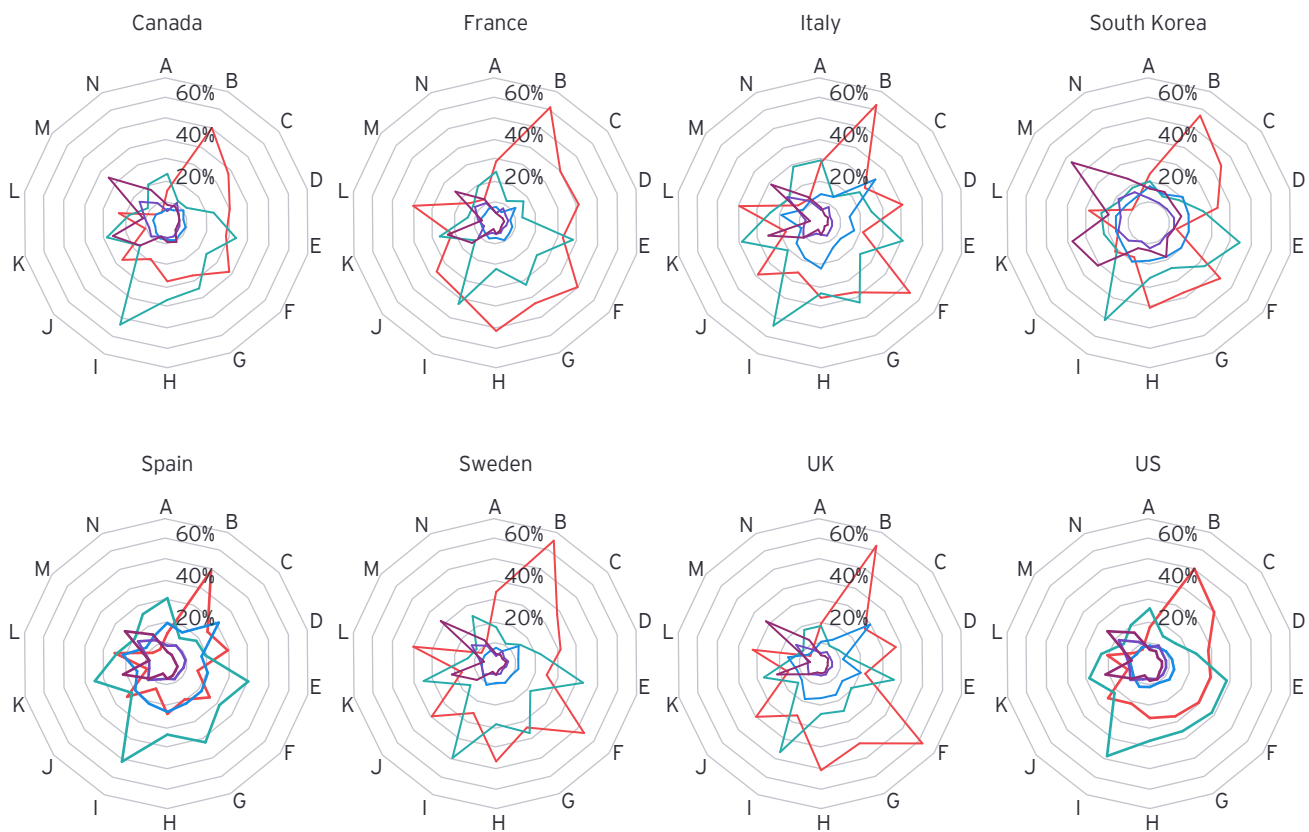
What are the three main criteria for choosing a streaming service?



Households' preference for streaming platforms is extending to genres like comedy and documentaries, compounding the pressures on traditional broadcasters

Consumers' content provider preferences within the digital home are complex and fluid as traditional broadcasters and streaming platforms vie for supremacy. Streaming platforms are best established in films and US drama, for which they're the providers of choice in all markets. They're also increasingly favored for comedy: Streaming platforms are now the leading source of comedy content in five of the eight markets in our study, having ranked behind traditional TV broadcasters in all markets surveyed two years ago. Documentaries are another genre where streamers are gaining ground, reflected by the fact that they're now leading in Canada, Spain and the US. And while traditional broadcasters are still the preferred platform for news and current affairs, their dominance is being eroded. The proportion favoring them has dropped by between four and five percentage points in each of France, the UK and the US over the past two years, with the sharpest decline during this period occurring in Canada, down nine percentage points to 51%. While traditional broadcasters tend to be more favored by households in Europe compared with other regions, Spain is a notable exception, with streaming services leading in 9 of the 14 content genres tracked in our research.

Figure 11: Content platform preferences according to genre: split by country



Content genre

- A – Children’s
- B – News & current affairs
- C – Sports
- D – Reality television
- E – US drama
- F – Local drama
- G – Comedy
- H – Documentary
- I – Films & movies
- J – Lifestyle
- K – Music
- L – Culture
- M – Vlogs/short clips
- N – Podcasts

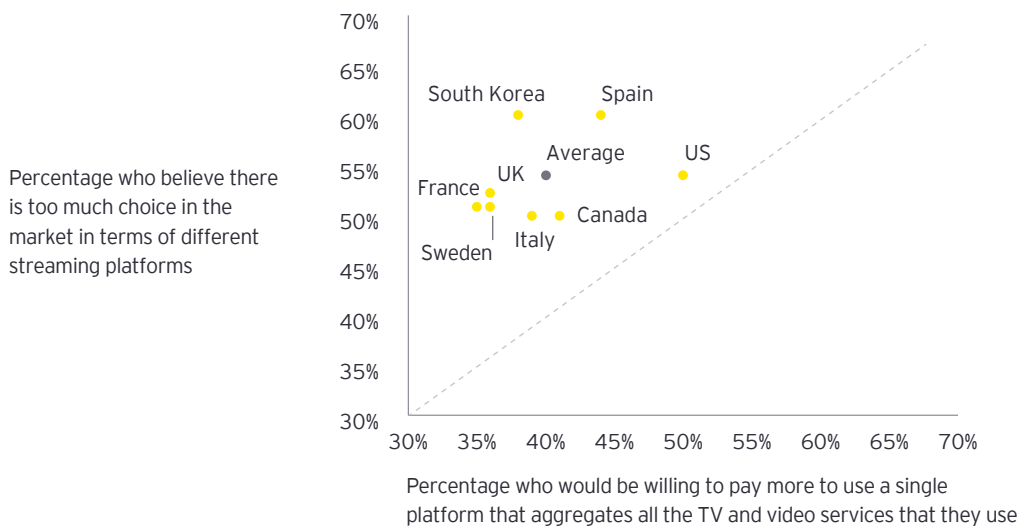
Platform type

- Traditional TV
- Streaming services
- Pay-TV
- Social media
- Streaming website

Despite streaming services' broadening appeal, most households are overwhelmed by the choices on offer – and many would pay more for a single platform

Although streaming services are expanding their reach across content genres, competition between them is intensifying as more services enter the market. In light of this expanding choice, there are signs of fatigue among consumers, with 54% on average across markets agreeing there's too much choice of streaming platforms and just 15% disagreeing. Households in Spain and South Korea are most likely to report this sense of overload (both at 60%). And an average of 40% of households across markets would be willing to pay more to access all their content on a single platform, with receptivity to this option being highest in the US (50%) and Spain (44%). Younger users voice the greatest appetite for content aggregation at a premium price, with 51% of 25-34 year olds across all markets willing to pay more for a single platform to access content. These findings underline the importance of new forms of packaging and distribution going forward.

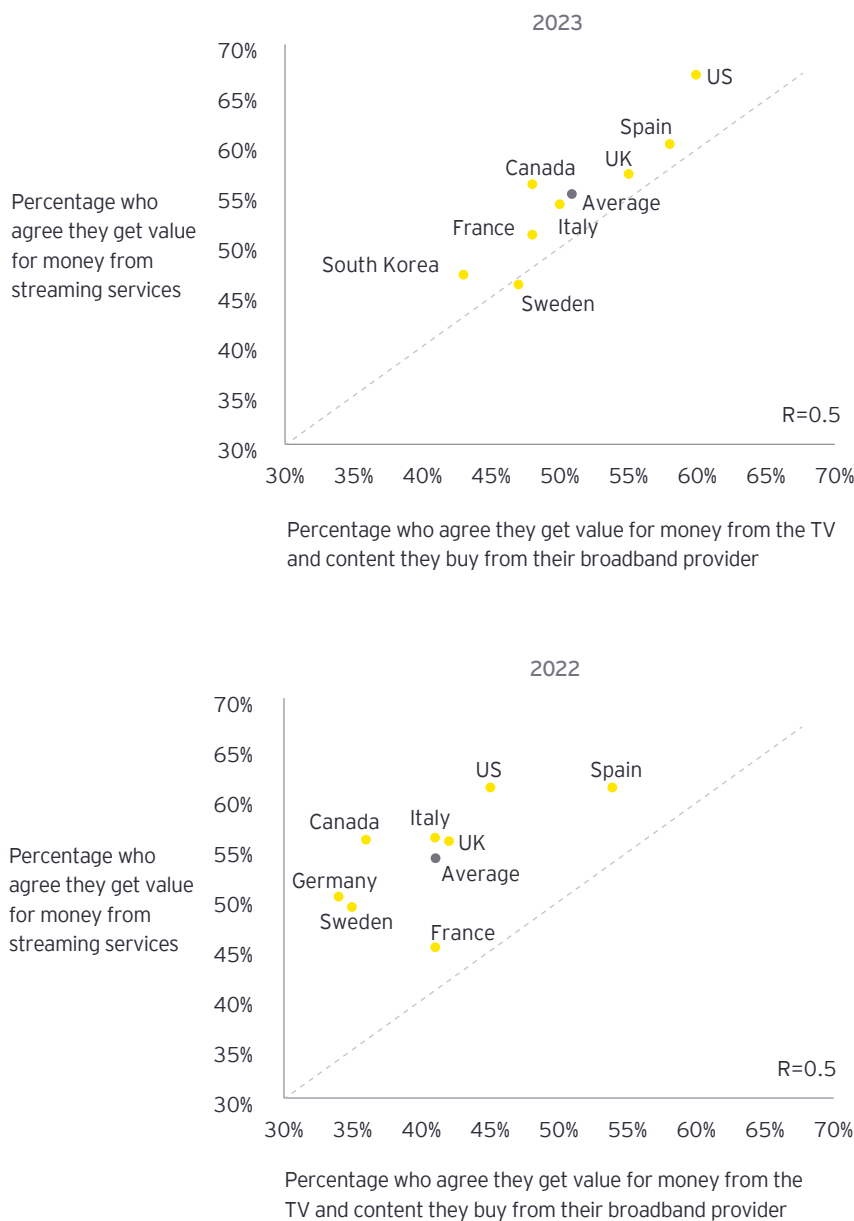
Figure 12: Household attitudes to proliferation of content platforms: split by country



Perceived value for money from streaming services is consistent year on year, but broadband providers' content offerings are gaining ground

Despite the cost-of-living crisis, households' assessment of the value for money offered by streaming services is holding firm: 55% on average across markets agree they get value for the money they spend, up slightly from 54% last year. Value for money perceptions are improving in both France (up five percentage points) and the US (up six percentage points) but trending down slightly in Italy and Sweden. There's a much clearer positive trend for content purchased from broadband providers: 51% of households agree they get value for money, up from 41% last year. This uptick is most pronounced in the US (rising to 60% from 45% last year) and the UK (55% compared to 42% last year). These improving value perceptions are encouraging news for connectivity providers, suggesting their bundle propositions are resonating better than before with customers.

Figure 13: Streaming and pay-TV platforms: evolution of sentiment broken down by market



4

Detailed survey findings

Sizing up the smart home

More affordable than before, but convenience and trust issues are barriers to adoption

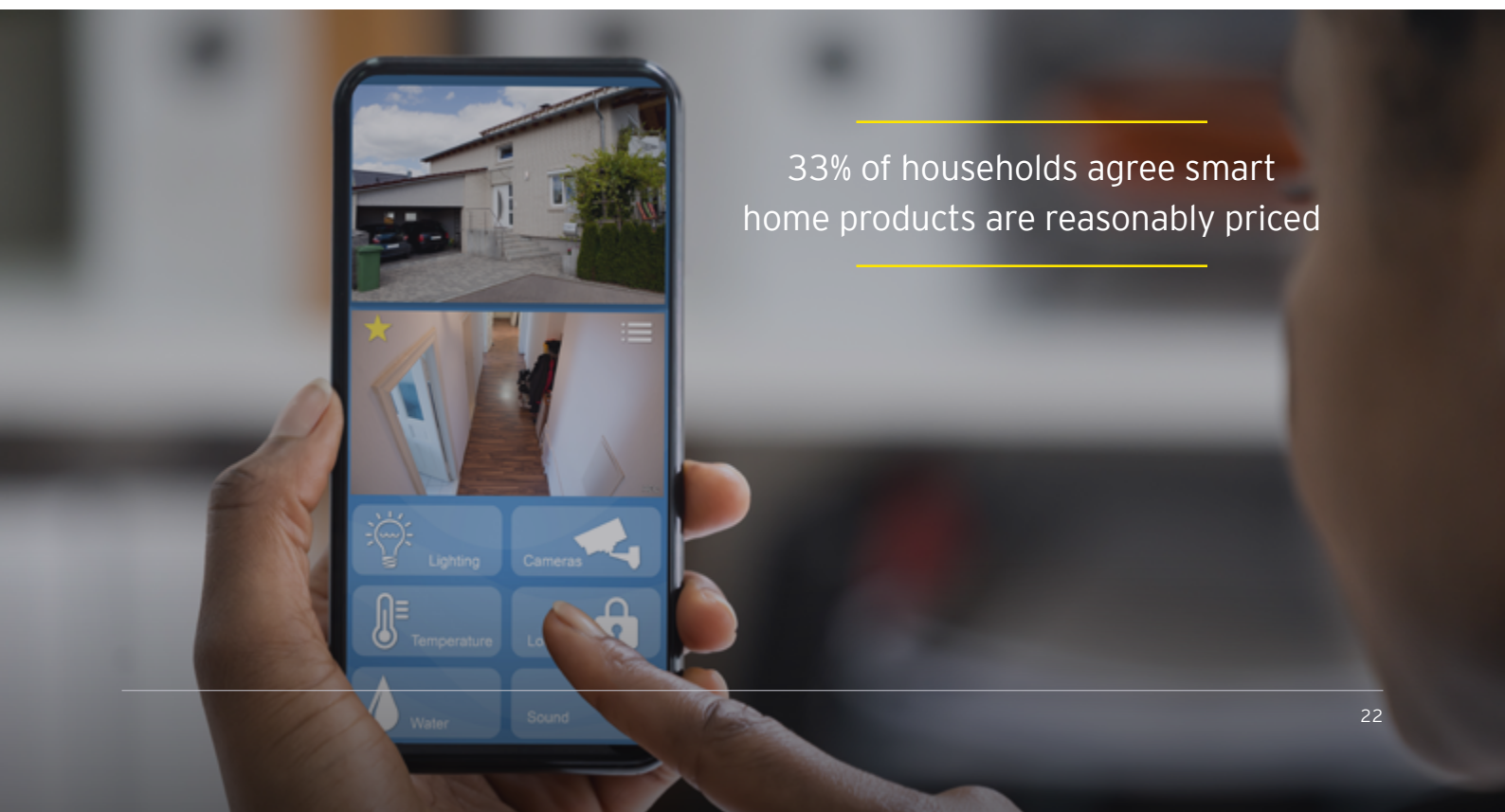
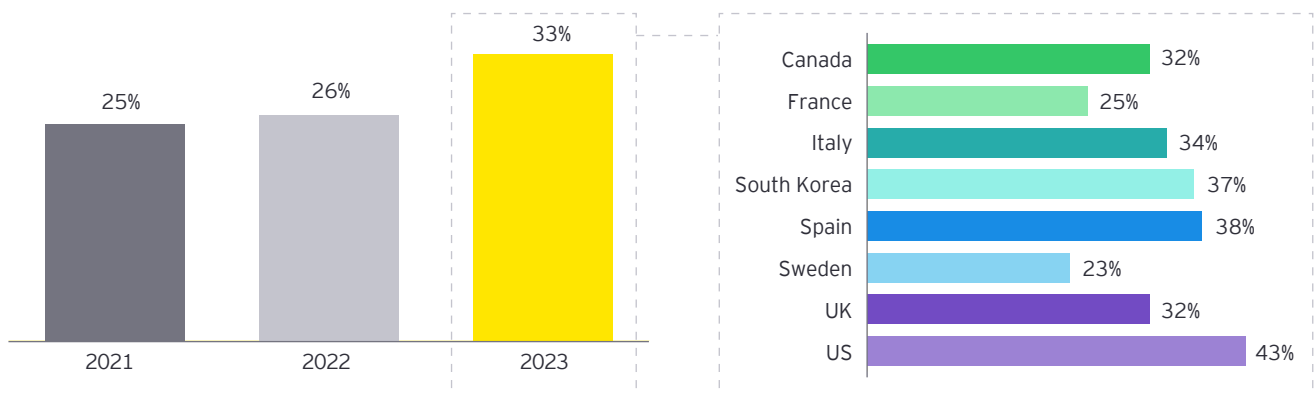
More consumers feel smart home products are reasonably priced as value for money perceptions improve

More sophisticated home technology is an important growth opportunity, not only for device manufacturers but also for connectivity and entertainment providers eager to diversify service portfolios and cross-sell to existing customers.

This year's survey reveals some promising developments that service providers can capitalize upon. Among the most striking is a significant uptick in the proportion of households across markets agreeing that smart home products are reasonably priced, up from 26% to 33%. However, there are significant variations at a country level, with only a quarter of French and Swedish households feeling this way, against 43% of their counterparts in the US. Value for money perceptions have also improved substantially, with the proportion believing they get value for money from smart home services rising to 40% from 34% last year – although this is still well below the figures for home connectivity and content. Overall, while it's clear there's still work to do to improve price perceptions, connected home providers can take heart from these encouraging year on year trends.

Figure 14: Household attitudes to smart home product prices

% who agree the prices of "smart home" products are reasonable



33% of households agree smart home products are reasonably priced

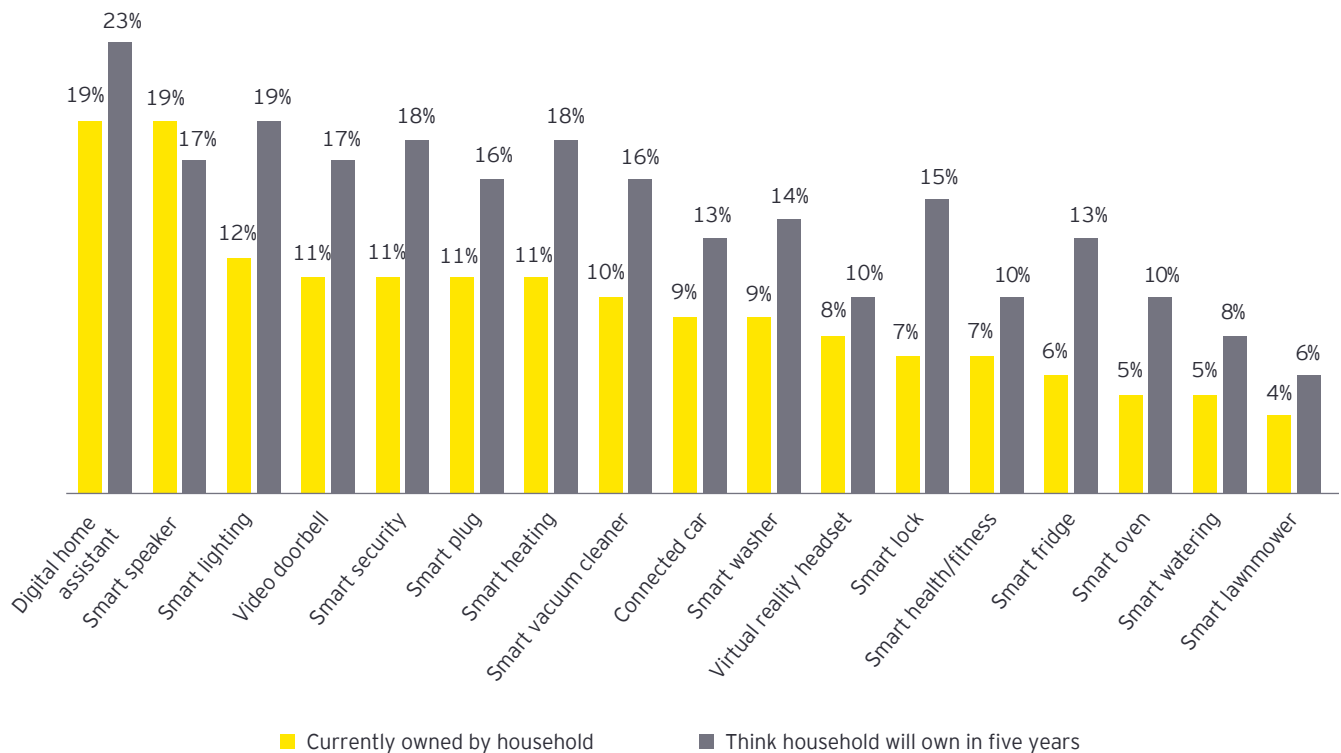
The smart home has yet to go mainstream: Current penetration rates remain low, with only incremental adoption in view

While the survey findings relating to smart home pricing offers encouragement, penetration rates of more sophisticated home technology remain low. No device or product is currently owned by more than one in five households, and adoption levels are largely static year on year, with smart speakers seeing the largest annual uptick with only a modest rise of three percentage points. Crucially, intentions on further adoption are muted: When asked which products they think they will own in five years' time, less than a quarter of households nominate any of those tracked in the survey.

Figure 15: Ownership of connected devices in the home

Which of the following "connected home" or "smart" products is a) currently owned by your household b) do you think will be owned by your household in five years' time?

All markets average

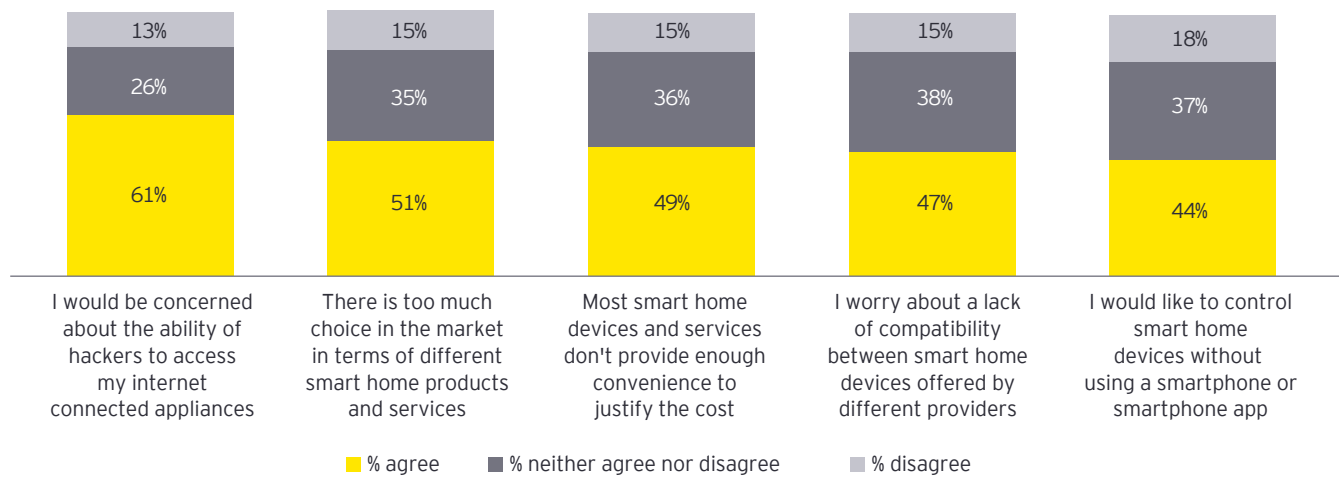


Several concerns are hindering acceptance – with the smart home marketplace viewed as complex and products seen as lacking security, compatibility and convenience

As connected home service providers consider how to unlock additional demand, they should heed household attitudes that point to high levels of uncertainty, anxiety and frustration. As with streaming services, there's a clear sense that the marketplace is congested, with 51% of consumers feeling there is too much choice. Security is a potential weak spot, with six in 10 households concerned about the risk of cyberattacks. A further barrier is a perceived lack of compatibility between devices offered by different providers: This worry is cited by 47% of households, underlining how the sheer range of service providers can actually work against the vision of a multi-product connected home. Finally, there are clear indications that convenience is lacking, with half of households believing most smart home services don't provide enough convenience to justify their cost. Intriguingly, 44% would prefer to operate connected home products without using a smartphone, suggesting they are receptive to new types of interface devices and control features.

Figure 16: Household attitudes to connected home devices

All markets average

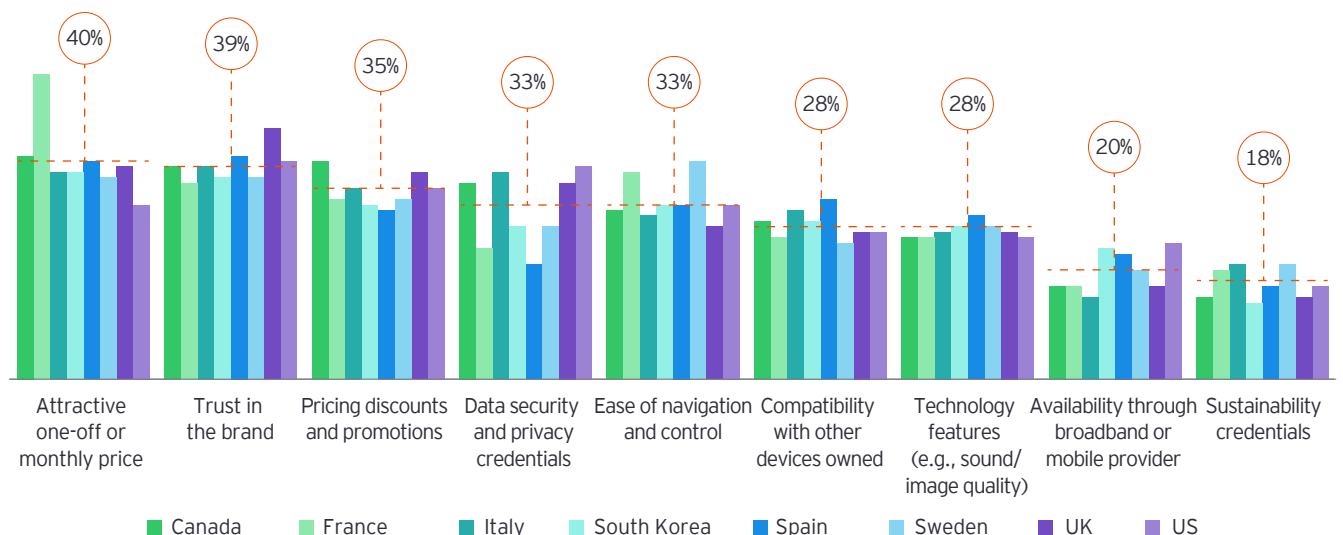


Trust in the brand ranks alongside attractive price when choosing smart home devices – with data security and ease of control also critical criteria in some countries

Households’ most prominent purchasing drivers when buying smart home products reflect some of the reservations they already hold around these products. Attractive pricing is the top consideration across markets, cited by 40% of households but ranks only marginally ahead of trust in the brand at 39%. Given the range of new and specialist technology brands now available on the market, this finding suggests that established product and service providers could be at an advantage. Data security and privacy credentials are also important, cited as criteria by 33% of households on average. However, there’s considerable variation between countries: Security ranks second as a selection criterion in the US and Italy but only seventh and eighth, respectively, in France and Spain. Meanwhile, ease of control is accorded especially high importance by households in Sweden and France, which rank it first and second, respectively.

Figure 17: Connected home devices: main selection criteria (all market average)

What are or would be your three main criteria for choosing a new internet-connected device for your home (e.g., video doorbell, digital assistant, home security camera)?



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Detailed survey findings

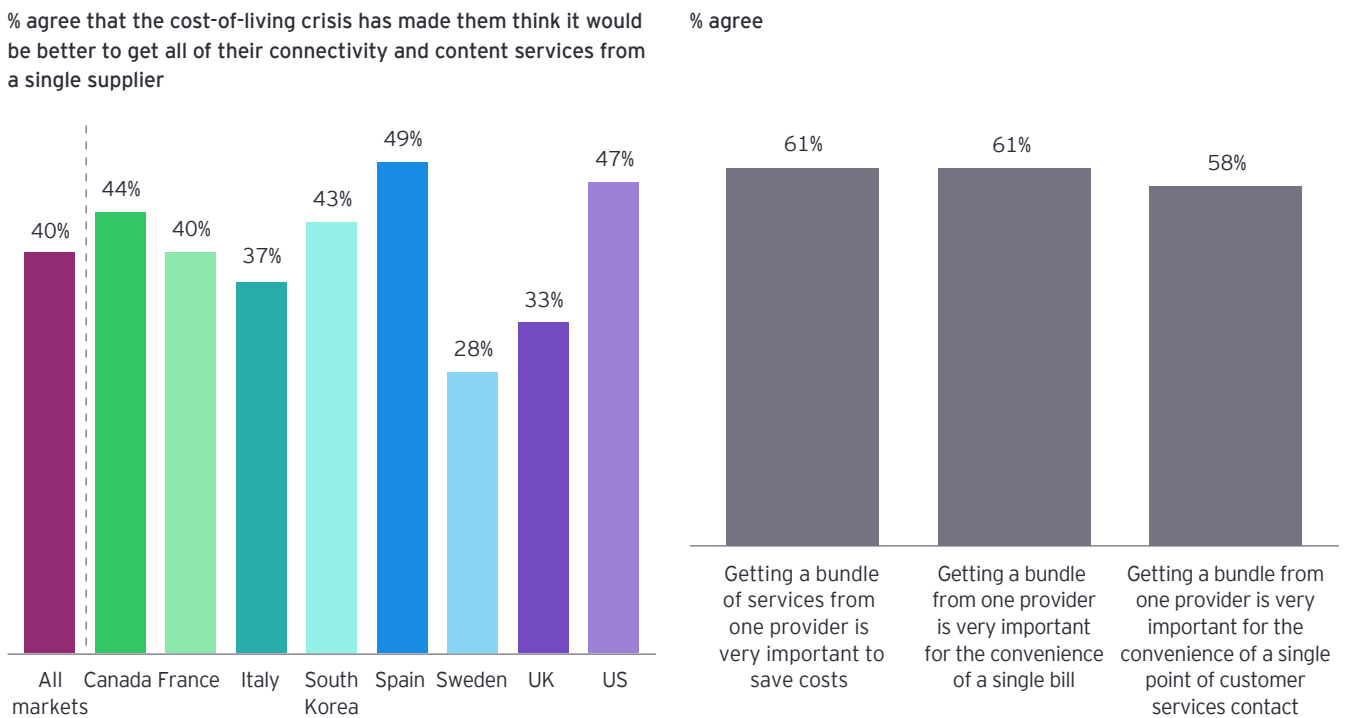
Breathing new life into the bundle

New opportunities are emerging to redefine service offerings

The cost-of-living crisis has sharpened customers' focus on the benefits of the one-stop shop

While the cost-of-living crisis has raised questions in consumers' minds around value for money, predictable pricing and service cutbacks, it has also prompted households to reconsider the types of packages that best suit them. While bundles combining connectivity and content have been a mainstay of the market for many years, 40% of households across markets agree that household cost pressures have now made them think it's better to get both types of service from a single supplier. This positive view of bundle packages is further affirmed by the rationales cited for buying bundles from a single supplier. Six in 10 households believe bundles are very important to save costs, with a similar proportion appreciating the convenience they provide, in terms of single bill and single point of contact for customer support. These reasons for buying a bundle are more firmly established among older consumers. That said, younger groups are more likely to equate the cost-of-living crisis with the need for a single provider of connectivity and content.

Figure 18: Impact of cost-of-living crisis on appetite for household bundles, and household attitudes toward the benefits of broadband bundles

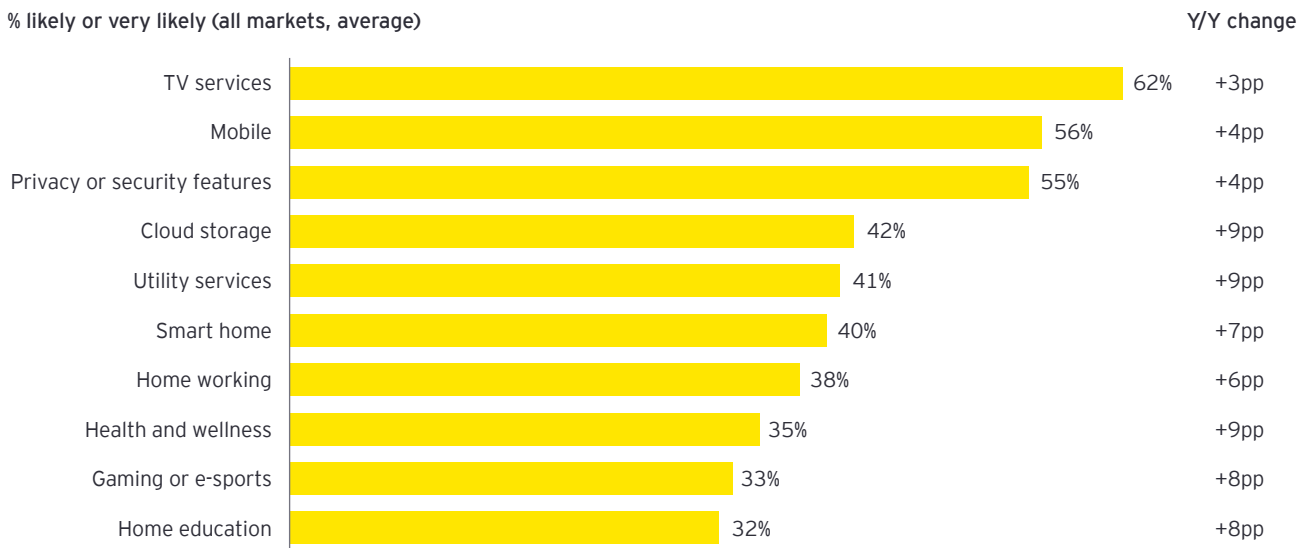


Consumers are becoming more interested in taking additional products alongside broadband – but are increasingly questioning legacy service combinations

Building on the positive sentiment towards bundling, consumers' receptivity toward taking additional products with broadband is rising. The proportion likely to take established bundle services such as TV and mobile has increased year on year, while cloud storage, utility services and health and wellness show the largest uptick (all rising by nine percentage points), underlining the growing opportunity for connectivity providers. Yet receptivity towards established bundle packages is not a given. While 62% of households across all markets are likely to take a bundle of TV and broadband in the future, a growing proportion – 35% up from 29% last year – don't see clear advantages in buying TV and broadband together. This skepticism toward legacy bundles may reflect inadequate content portfolios or limited pricing transparency. Either way, service providers should ensure their more established bundle propositions are fit-for-purpose going forward.

Figure 19: Household attitudes to future bundle combinations

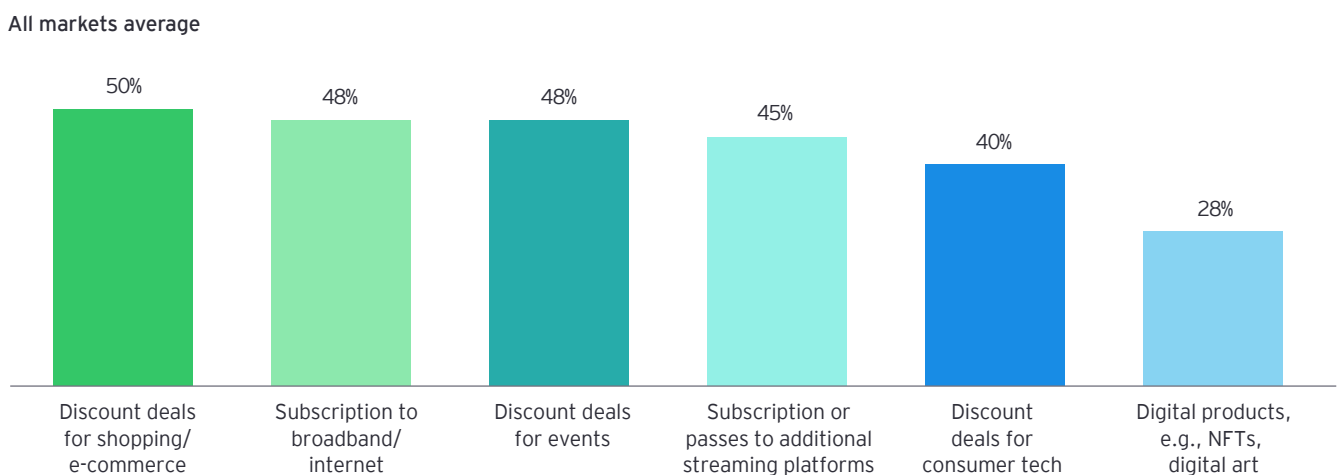
How likely are you to take a broadband bundle that includes the following additional products and services in the future?



Streaming customers are also receptive to bundling additional products with their subscriptions

While broadband providers have long offered bundle packages to households, streaming platforms have historically focused on their core content proposition. That said, households are open to taking additional services alongside video streaming. Half of households would be interested in discount deals for shopping and events, with consumers in Spain and the US most receptive. Discount deals for consumer technology rank a little lower, with 40% likely to take a streaming package offering this add-on, but the overall narrative remains strong. Crucially, 48% of households across markets say they would be likely to take a streaming package that bundles an internet subscription, with receptivity especially high in Spain (54%) and the US (59%). While the average score for streaming and connectivity bundling is lower than that for households who would take TV services from their connectivity provider (62%), it's still high enough to suggest that there could be new approaches to bundling connectivity and content that focus on the content portion of the offer.

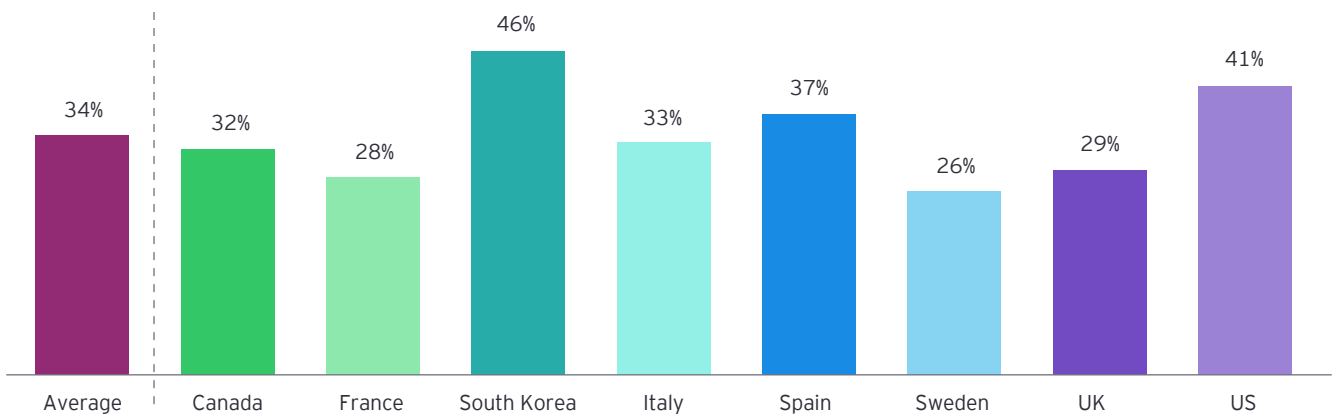
Figure 20: How likely are you to take a streaming service that includes the following additional products and services in the future?



Some consumers would be willing to drop home fixed broadband in favor of mobile – driven by potential price savings and performance benefits

While consumers' appetite to bundle fixed broadband with other services has risen year on year, some households are open to dropping their fixed broadband service in favor of mobile. Just over one-third (34%) of households signal interest in doing this, but there's significant variation among countries, with appetite highest in South Korea (46%) and the US (41%), and lowest in Sweden (26%) and France (28%). Price savings are the dominant rationale for swapping out fixed broadband for mobile, cited by 40% of households. But performance advantages also feature prominently, with three in 10 households saying the rationale includes a more reliable connection or the opportunity to enjoy faster data speeds than those currently available via fixed broadband in their area. In both instances, US households lead the way, with 40% highlighting these factors. As the number of 5G fixed wireless access (FWA) solutions on the market continue to grow – with 94 operators globally offering such packages – the openness to switching to mobile broadband suggests that the right FWA offerings could land well with some customers.

Figure 21: Household willingness to drop fixed broadband in favor of mobile: split by country



¹GSA, "GSA 4G-5G FWA Forum catalogues over 135 FWA devices from more than 20 vendors in its newly launched online FWA Directory," 28 February 2023



6

Detailed survey findings

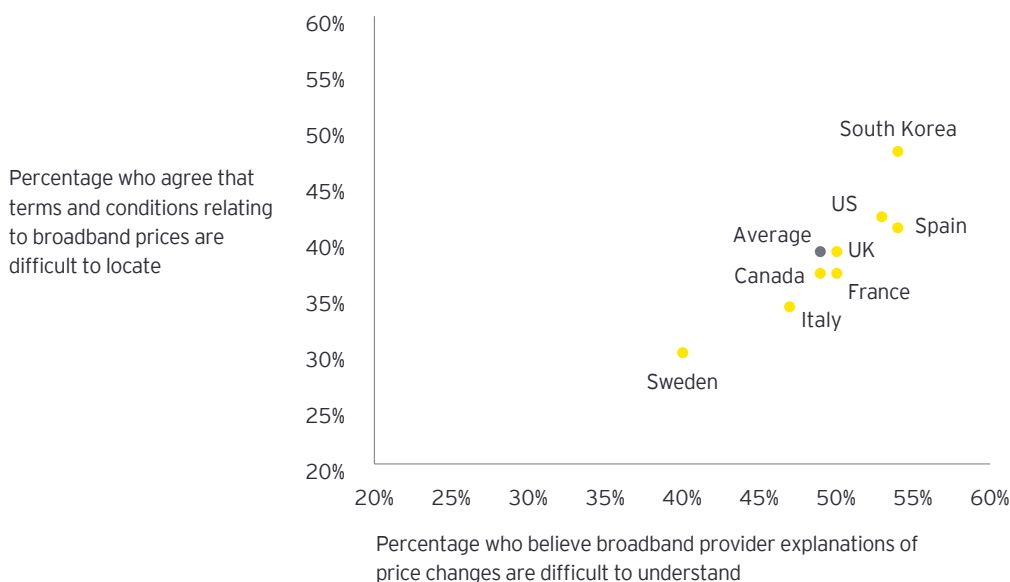
Customer journey considerations

Satisfaction with customer support is increasing –
but pain points persist early in the journey

Up to half of households find locating and interpreting pricing information a challenge

With the cost of connectivity subscriptions continuing to rise – and now explicitly linked to national inflation measures in many countries – consumers are alert to pricing messages. However, their ability to assess the value they receive in return is hampered by some practical difficulties. One is that explanations of price changes are difficult to understand – an issue that’s cited by 49% of households, a figure that’s reasonably consistent across age cohorts. Meanwhile, 39% have trouble locating terms and conditions relating to broadband prices, with younger groups most affected. At the country level, consumers in Spain, South Korea and the US are particularly likely to highlight both these challenges. At a time when many service providers are looking to provide customers with greater reassurance around pricing, they must ensure their dialogue with end users addresses these concerns. This means – for example – providing clear explanations of pricing changes and giving their more proactive customers the capabilities and tools needed to find the information they’re seeking.

Figure 22: Household attitudes to pricing information: split by country

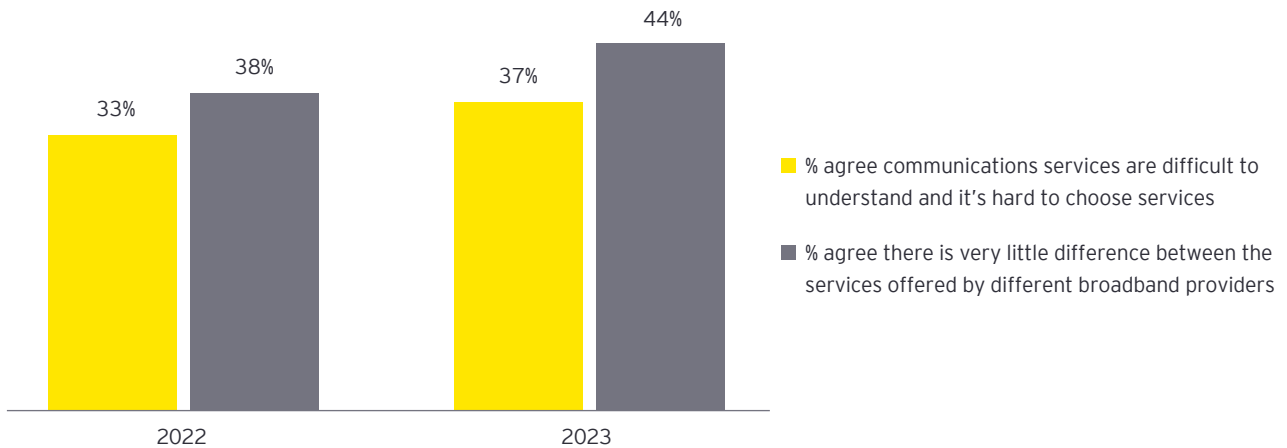


Households are finding it increasingly difficult to make effective choices – and introductory offers risk adding to the confusion

Many households find it hard to make effective choices between providers of connectivity services. And over the past year, the difficulty has increased still further: 44% believe there’s little difference between competing offerings in broadband, while 37% say it’s hard to choose, up respectively from 38% and 33% in 2022. South Korean (50%) and Spanish households (48%) are the most likely to perceive very little difference between the services of competing broadband providers. And while introductory offers are an important tool to attract new customers – particularly during the current squeeze on household spending – our research suggests these can actually hinder effective decision-making. Almost half of respondents across markets (49%) believe introductory offers make it difficult to work out which package offers the best value, compared with 57% who agree these play a significant role in their choice of provider. Households in France, the UK and the US are the most likely to find introductory offers present a challenge when it comes to assessing value.



Figure 23: Household attitudes to choosing connectivity services and service providers



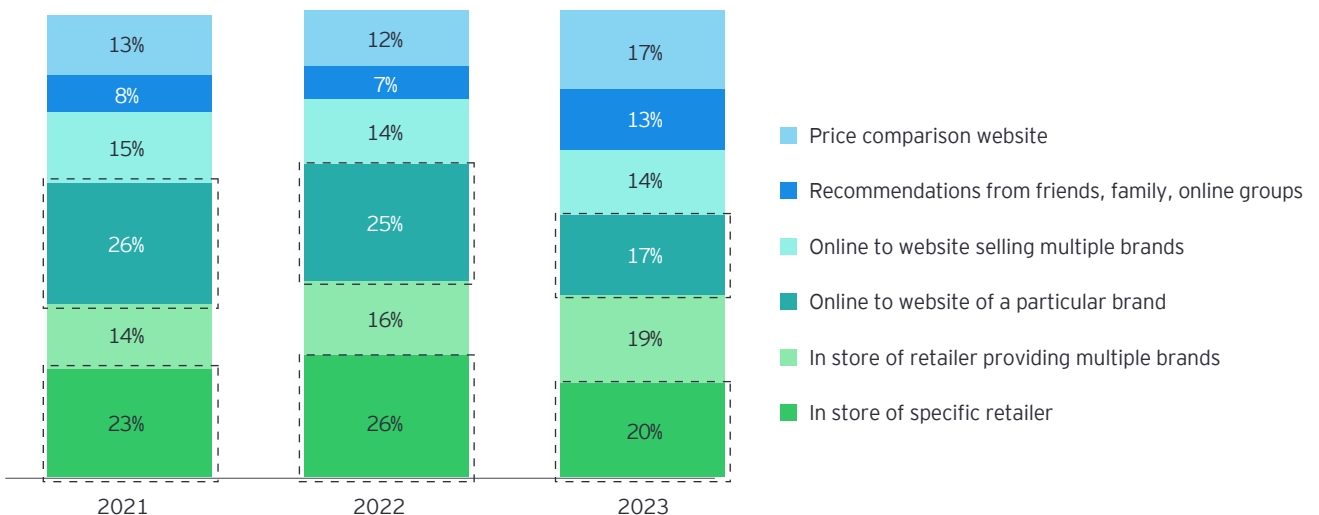
Service providers are losing control of the path to purchase: Consumers are less inclined than before to visit single-brand retail stores or websites

Consumers' path to purchase has become increasingly varied in recent years, with the digital channels offered by service providers and retailers being joined by an expanding array of comparison sites, online communities and peer group references. This year's survey findings show service providers ceding more control of the path to purchase at a time when consumers are more inclined to shop around. The proportion of households seeking recommendations from peers and price comparison sites regarding mobile purchases has risen from 24% to 30%. Meanwhile, the percentage going online to specific brands has dropped from 25% to 17%, while the number going in-store to a single brand retailer has declined from 26% to 20%. Overall preference for retail stores – including both single- and multiple-brand retailers – stands at 39%, down from 42% in 2022. The downward trajectory is particularly marked in Canada (39%, down from 46%) and France (46%, down from 52%). Those who go in-store cite a number of reasons for doing so, led by the opportunity to get advice from a store assistant. Interestingly, some respondents highlight time savings and simpler product comparisons, suggesting they find online shopping a complex experience.

Figure 24: Consumer channel preferences on the path to purchase

If you were to purchase a new mobile device or plan, which of the following would you visit first?

Percentage of households (average all markets)



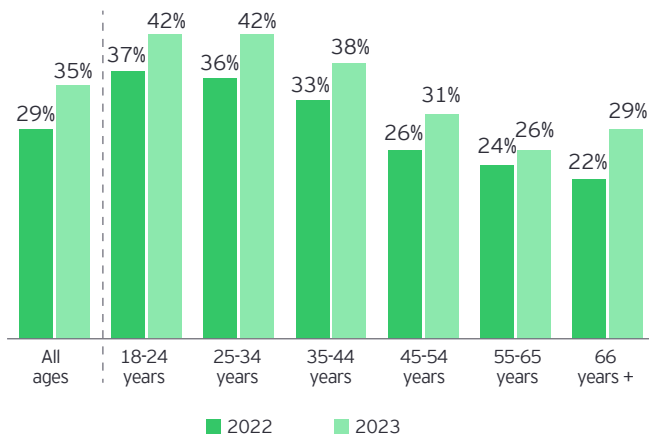
Installing and configuring services are increasingly challenging for consumers

Service installation inside the home is a crucial part of the customer experience: Frustrations at this stage can permanently damage the relationship with a service provider. Our survey findings this year indicate that existing pain points are worsening, whether these involve installing technology, connectivity or content services. What's more, this deterioration in the early-stage customer experience is occurring across all age groups. Smart home products are seen as the most complex, with more than four in 10 households lacking confidence in setting up an internet-connected device and finding devices too complicated to manage. At the country level, households in the US and South Korea tend to express higher concerns related to installation. Looking ahead, service providers should dedicate more attention to solving these practical challenges, especially since they've become more pronounced this year.

Figure 25: Household attitudes toward installation and configuration of digital home services

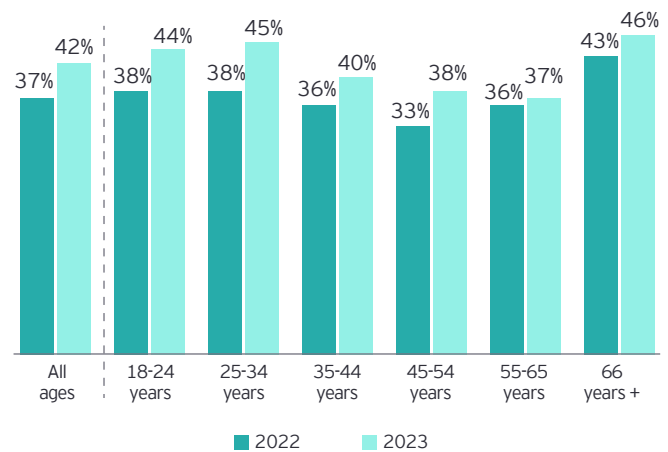
Household attitudes toward service provider broadband installation

% agree it is complicated to arrange for broadband to be installed or upgraded using a broadband provider's engineer



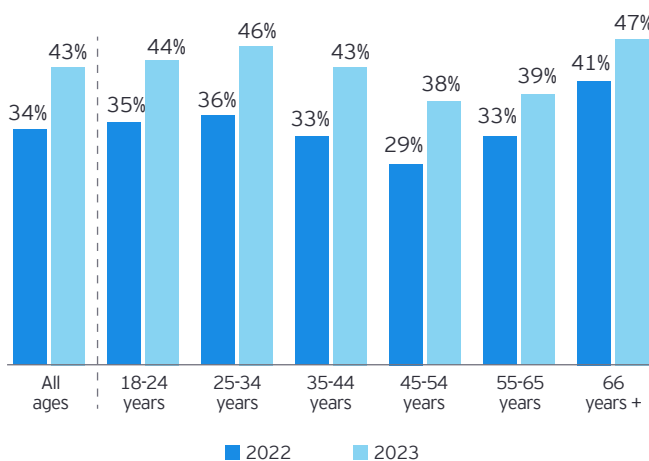
Household attitudes toward self-installation of smart home devices

% would not be confident in setting up an internet-connected household appliance or device



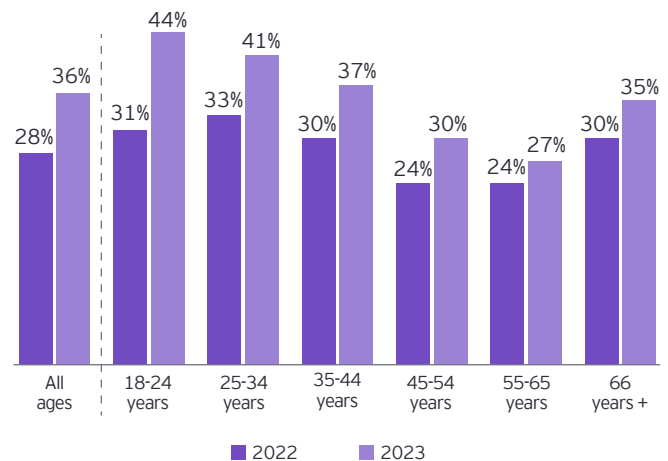
Household attitudes toward configuration of smart home devices

% agree smart home devices are too complicated to configure and manage



Household attitudes toward configuration of TV apps

% agree it is complicated to set up and manage apps on their TV



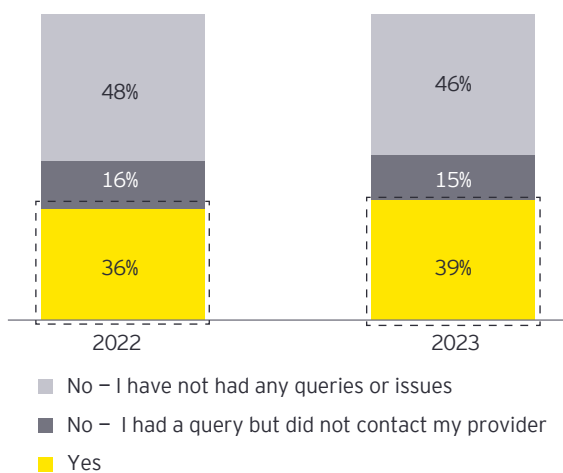
Satisfaction with customer support is rising year on year as interaction preferences shift away from the call center

Despite the challenges consumers experience when evaluating and configuring services, they're increasingly satisfied with their customer support interactions. An average of 65% of households express satisfaction with the responses to their broadband queries or issues over the past 12 months, up from 58% in each of the previous two years. Nevertheless, satisfaction levels vary by country: US households are the most satisfied (77%) and French households the least (57%). Importantly, consumers' preference for using the call center has fallen year on year, while their satisfaction with self-service options has risen to 43% from 34% last year. All in all, these developments are positive for service providers. However, by attending to issues earlier in the customer journey, they may be able to ease the pressure on their customer support functions going forward: The proportion of households contacting broadband customer support stood at 39% this year, up from 36% last year.

Figure 26: Broadband customer support contact and satisfaction levels, and channel preferences

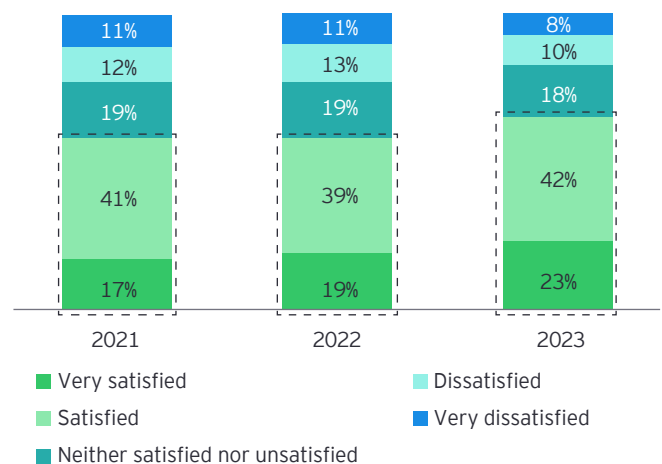
Have you contacted or interacted with the customer services of your service provider in the past 12 months to make an enquiry or resolve an issue?

% all markets, average



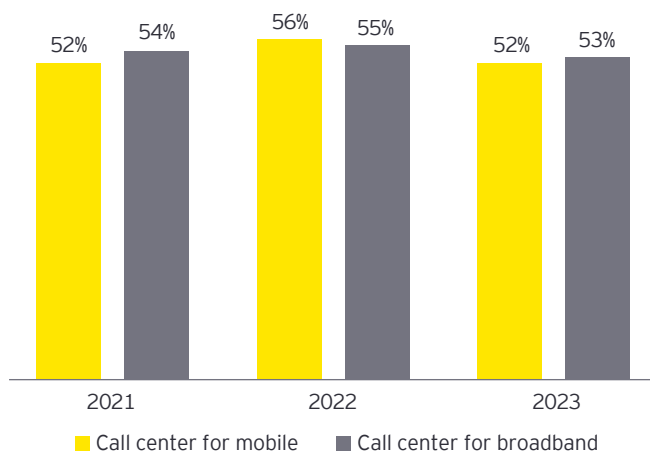
How satisfied were you with the response to your broadband query or issue by customer services?

% all markets, average



If you needed to resolve issues with your service in the future, which method would you prefer to use?

% all markets, average



65% of households express satisfaction with responses to their broadband queries over the past 12 months, up from 58% in each of the previous two years



What's next for service providers?

Our survey findings this year reveal a wide array of positive developments that service providers can capitalize on. For example, perceptions of value for money remain positive despite the cost-of-living crisis; premium service propositions are retaining their appeal; consumers' appetite for bundles is increasing; and satisfaction with customer support has risen year on year.

Yet, alongside the encouraging news, there are challenges – many of them long-standing – that require attention if providers are to ensure that households' resilient spending and interest in new types of packages translate into long-term customer confidence and satisfaction. From network reliability concerns and fatigue with complex marketplaces to challenges around service discovery, evaluating pricing offers and configuring new services, there are several areas for connectivity and content providers to address as a matter of urgency going forward.

Based on our research, here are five steps that we believe service providers should prioritize.

1.

Make pricing more predictable and easier to understand

Almost three-quarters of households want more fixed-price guarantees, while 49% find pricing changes hard to understand. Service providers should build more confidence into the pricing message throughout the contract lifetime, ensuring pricing is transparent and clearly communicated. This is particularly true of bundle packages, with per-service pricing made easier to unpick for more proactive customers. Companies should beware of offering too many pricing options since introductory offers risk confusing as much as enticing customers.

2.

Focus attention on older and more vulnerable customers

Only 34% of consumers overall think connectivity and content providers have been supportive during the cost-of-living crisis, dropping to a quarter of those aged over 55. Focusing on older and more vulnerable customers has never been more important, particularly as regulators double down on the needs of these groups. Assessing their often more basic service needs and building greater confidence in their ability to install and use technology are vital, as is a closer collaboration with groups representing their needs.

3.

Build more trust in the connection and the device

Network reliability is a persistent pain point for households, who note minimal improvements year on year. Connectivity providers should take clear steps to address this issue, whether that's improving network fault detection, educating customers around how to maximize signal strength, providing more proactive support during network outages or introducing new types of "backup" functionality. Meanwhile, connected home providers should ensure that security and convenience credentials lie at the heart of their value propositions.

4.

Simplify packages to capitalize on the strong appetite for bundles

Consumers' enthusiasm for bundled subscriptions is accompanied by a sense of overload in the market for content and home technology. To reconcile these mixed signals, service providers should look to create packages that allow for service aggregation – on a self-serve basis – while also being easily understandable. New service combinations that harness connectivity, entertainment, retail and lifestyle services could also gain traction in this environment of heightened consumer receptivity.

5.

Take the pain out of the path to purchase and installation

While satisfaction with customer support is improving, there are persistent challenges early in the customer journey around service discovery, evaluation and installation. Providers need to make buying and installing new products more straightforward for customers, which will reduce the volume of queries and issues they receive. Accommodating indirect sales channels is also becoming more important as consumers shop around more during the cost-of-living crisis.



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EY teams can support organizations to discover, define, deliver, launch and scale products and services for purposeful growth and long-term sustainable value.

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