Decoding the digital home 2019

Time to focus to stay relevant
Decoding the digital home 2019 is based on EY annual research into Netherlands household attitudes and habits towards technology, media and entertainment and telecommunications (TMT) products and services within the home. The insights from the online survey of 2500 Netherlands consumers, conducted in November 2018, opens the door into the nuances of today’s digital household.

This year’s research reveals a number of fascinating findings, highlighting both the opportunities and challenges facing TMT providers in the digital home.

In this report, we also recommend steps that TMT providers can take to create winning relationships with their customers.
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1. The digital revolution continues

Netherlands consumers – especially younger generations – continue to take a shine to new products, premium services and experiences.

Opening the door to digital

A nation of young streamers

How we spend time online is changing. Just over a quarter (26%) of all households in the Netherlands say that streaming is now the primary way they watch television at home and it’s higher for younger age groups: 28% of 18-24 year olds and 29% of 25-34-year olds.

The number of households streaming video content on multiple devices is also on the rise, up from 24% in 2017 to 32% in 2018, with 18-34 year olds likely to be the most avid video streamers at 57%.

32% stream video content on multiple devices, rising to 57% of 18-34 year olds.

How we consume is also changing what we consume, with over half (52%) now saying they watch short video content, up from 44% in 2017. Again, younger users lead the way, with 67% of 18-34 year olds favouring short form content.
Digital is right at the heart of the home
Well over half (60%) of all households now believe that the internet is fundamental to their social lives, but it’s even higher for younger age groups with 72% of 18 - 24 year olds and 70% of 25 - 34 year olds sharing this belief.

Growing fibre adoption powers the digital home
It’s no surprise that increased online activity is being mirrored by growing fibre broadband adoption in the digital home. This has risen from 30% in 2017 to the current level of 34%. For 18 - 34 year olds the rise is even sharper, up from 40% in 2017 to 48% in 2018.

Time online increases, especially for younger age groups
We’re spending more time online, with 26% saying they spend more than 30 hours doing so, up from 24% in 2017. There was a much sharper rise for 18 - 24 year olds, up from 24% in 2017 to 31% in 2018. It’s not all one way traffic though, with 45% of all households and 40% of 18 - 34 year olds saying they try to spend as little time as possible on communication services.

60% of all households believe that internet is fundamental to their social live, rising to 72% of 18 - 24 years olds.

34% of all households have a fiber broadband, rising to 48% of 18 - 34 year olds.

31% of 18 - 34 year olds spend more than 30 hours online (up from 24% in 2017).
Good news for providers on bundles and premium

**Younger generations are more willing to pay**
Despite concerns about consumer confidence, the good news for providers is that many householders are willing to pay a premium, and that’s especially the case for younger generations. 30% of 18 - 34 year olds say they are willing to pay more to secure new gadgets, significantly higher than the 16% average across all householders.

16% of all households are more prepared to pay premium, rising to 30% of 18 - 34 year olds.

- All households
- 18 - 34 year olds

This trend continues when it comes to data allowances, with 27% of households willing to pay a premium for unlimited data, up from 24% in 2017. And a significantly higher 46% of 18 - 34 year olds are more willing to pay more for an ‘all you can eat’ deal.

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- All households
- 18 - 34 year olds

Yet be careful about making assumptions, as many users remain cautious. 27% of households are concerned about how much mobile data they use and intend to carefully monitor usage, up from 25% the year before. Interestingly, despite their apparent demand for unlimited data allowance, younger users lead the way with 38% of 18 - 34 year olds concerned about their data usage.

**Bundles still popular, particularly among the elderly**
The enduring attraction of the bundle is evident in our survey with cost, simplicity and convenience the key factors. However, these positives are less keenly felt by younger households.

62% of households still prefer to get all their services from one provider in order to save costs, up from 60% in 2017. But only 49% of younger (18 - 24) householders share this view, compared to 72% of older (66+) householders.

68% of households prefer bundles because of the convenience of having a single point of contact for customer services, rising to 79% for those over 66 years old.

72% of 66+ year olds prefer all their services from one provider, compared with 49% of 18 - 24 year olds.

- 66+ year olds
- 18 - 24 year olds

70% of households still prefer having a single provider because it means only one bill to pay, rising to 84% of over 66s and 55% of 18 - 24 year olds.
Households experience digital fatigue, are anxious about data security and retreat to the familiar. Older age groups worry most.

**Complexity cause confusion**

**The bundle jungle: overgrown but still growing**

Nearly half (47%) of households think there is too much choice in terms of different bundles of broadband and content, with this figure rising to 59% for those over 66+ years old. That’s reflected in the fact that 27% of households find it difficult to choose services and packages that suit their needs, up from 26% in 2017.

![Graph showing 47% think there is too much bundle choice, rising to 59% of 66+ year olds.](image)

The good news is that, despite the concerns about complexity, more households are adding mobile to their package, up from 35% in 2017 to the current figure of 37%. Younger users lead the way, with 49% of 18 - 34 year olds open to including a phone in their bundle.

**Too many platforms spoil the entertainment**

Providers have invested in making their content available across a variety of different services, platforms and apps, but it is confusing customers. 25% of all households said they found it difficult to track the availability of their favourite content across different services, apps and platforms.

![Graph showing 25% find it difficult to track content across services, platforms and apps.](image)
There is such a thing as too much choice
From bundles to platforms, consumers have never had so much choice, yet 40% of households think there is very little difference between the services offered by different broadband providers, up from 37% in 2017. Inertia is also apparent, with 36% of all households saying it’s not worth the effort of changing broadband provider.

Younger generations more likely to switch.
While 53% of all households are unlikely to change provider in the coming year (up from 52% in 2017) there is a clear generational difference. For those aged 55 or over, 62% say they are happy to stick with their current provider, but this drops to 47% for 18 - 34 year olds, who are more prone to switching. So, providers may need to work harder to keep their younger users onside.

Broadband as a utility, especially for older age groups
We found that 63% of households think of broadband as just another utility like gas or electricity, up from 59% in 2017. The figure is even higher for the over 65s, with 71% of that age group seeing broadband as a utility.

63% think broadband as just another utility, up from 59% in 2017.

59%       63%
2017      2018

62% are unlikely to change provider in the coming year, compared with 47% for 18 - 34 year olds.

- 55 - 66+ year olds
- 18 - 34 year olds
Demand for digital detox grows, led by the young
As tech becomes more and more central to our lives, worries about its impact increase. Nearly half (48%) of all households are actively seeking time away from their smartphone and other internet-enabled devices, up from 43% in 2017. Interestingly, the figure is even higher for younger and perhaps more digitally savvy users: 53% of all 25-34 year olds are actively trying to digitally detox.

48% want to digitally detox, rising to 53% of 25-34 year olds.

The online universe shrinks
A more functional approach is being taken by households when surfing online. 36% say that they only use a small number of websites that they are already familiar with, up from 35% in 2017. The figure is even higher (40%) for 18-24 year olds, suggesting that assumptions about more adventurous younger generations need to be tested.

This more functional approach also applies to mobile apps, with 43% of all households either not using any apps or just a few that they are familiar with. Is this lack of experimentation a sign of digital maturity/overload or caution and lack of trust?

43% say they either do not use any mobile apps or use just a few they are familiar with.

Trust and security concerns loom large
Older users are the least trusting
Headlines about politically inspired misinformation have not gone unnoticed. 64% of households say they now only trust traditional news sources, but there are significant generational differences. 87% of the over 65s only trust traditional sources, compared to just 50% of 18-34 year olds. Perhaps as a result of this mistrust, 44% of all households believe that the internet should be very tightly regulated, up from 41% in 2017. For 18-24 year olds, the figure drops to 37%.

87% only trust traditional sources, compared to just 50% of 18-34 year olds.

Data security is top of mind
Nearly two-thirds (65%) of survey respondents are very cautious about disclosing personal financial information online, even to a trusted brand. This rises to 76% for over 55s but falls to 56% for 18-24 year olds.

65% are very cautious about disclosing personal and financial information online.

The clear majority (65%) of all households are concerned about the ability of hackers to access their internet connected appliances, up sharply from 59% in 2017. Again, older groups lead the way, with 74% of over 55s and 59% of 18-34 year olds concerned about these threats. That risk closing the door on the smart home.
3. What does this mean for TMT companies?

It’s time for a radical rethink as generational differences challenge old assumptions. And it’s those providers who best understand customer behaviors who will prosper.

1. One size does not fit all

Our report shows that age is having an increasing impact on behaviors in the digital home – but not necessarily in ways we might expect. For example, younger age groups are willing to pay more and consume more but are also more likely to be seeking a digital detox and restricting themselves to familiar websites. Providers must therefore reject generalizations and instead reshape products and services to align with differing demands. This will help TMT providers to deliver more meaningful value propositions that reflect a new wave of needs.

2. Keep it simple

Customers are already drowning in complexity, so don’t add to it. Yes, the door is open to digital – with more time and money being spent online – but tapping into this demand means more than simply charging extra for a bigger bundle. Simple and intuitive value propositions are essential, supported by clear and consistent communications. This is true for all products, whether premium or entry-level. Simplicity is essential if TMT providers are to gain a larger share of customer spend.
Put trust at the heart of the digital home

Privacy and security fears continue to run high and, if ignored, risk undermining everything from levels of customer adoption to satisfaction and loyalty. While older householders are most affected, trust is a central factor for all age groups. Building trust must therefore be at the center of your approach because it is the biggest obstacle to the continuing growth of the digital household. TMT providers which are fully trusted by customers of all ages will gain competitive advantage and revenue uplift in the long term.

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

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