### The Bundle Jungle 2016

**93%** of UK broadband households now have some form of bundle.

**55%** would only be interested in a mobile bundle if it offered significant price savings.

**40%** of people do not know the advertised speed of their broadband connection.

**32%** of households believe there is little difference between the services offered by broadband providers.

**28%** of respondents say it’s difficult to find a package that meets their needs.

**25%** of respondents voice a willingness to switch in 2016, up from 21% in 2013.

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**Bundle providers’ dreams have in many ways come true, but our study illustrates how they must be careful with what they’ve created: today’s digital households have a diverse set of needs and are more demanding than ever.**

Much has changed since our last survey of UK broadband households in 2013. A step-change in infrastructure capability means that consumers enjoy ever faster internet speeds at home and on the move. The transition to a digital society is now well underway and households have a wide range of connectivity and content needs. At the same time, service providers are adding new features to their existing packages against a backdrop of industry consolidation.

Our findings very much reflect this converging landscape. Broadband packages that feature TV and mobile options now account for more than half the market and customers of more sophisticated packages are more satisfied than average. Bundle providers’ dreams have in many ways come true, but our study illustrates how they must be careful with what they’ve created; today’s digital households have a diverse set of needs and are more demanding than ever.

Consumers still experience a number of pain points when it comes to taking up bundle packages, from making sense of the vast array of choice on the market to switching between different service providers. Critically, many of these concerns are more pronounced than they were in 2013. Meanwhile, our segmentation reveals a diverse range of consumer behaviors – while digital devotees may respond well to the latest content-rich packages, there is a rump of disgruntled users who are disengaged from a complex landscape of competing offers.

Looking ahead, service providers must take heed of consumer demands for packages that provide simple and trusted value propositions. Consumer willingness to switch providers has risen since our last survey and providers must find new routes to translate customer satisfaction into long-term loyalty. Customers require help navigating the “Bundle Jungle” if they are to respond positively to further service innovations.

**Jean-Benoit Berty**

Sector Lead Partner
UK Technology, Media & Telecommunications
The Bundle Jungle study is designed to monitor and evaluate the attitudes of UK consumers toward multi-play packages that incorporate both telecommunications and TV services. It draws on consumer insights generated through an online survey of 2,500 UK consumers conducted in April 2016.

The survey contained 54 attitudinal questions, enabling us to segment respondents into seven groups. Additional analysis and insight have been provided by EY’s team of technology, media and telecommunications professionals.

The Bundle Jungle 2016 updates an earlier study – released in 2013 – that also explored end-user attitudes toward residential bundling. In this edition, we have refreshed our segmentation of customers to give us a better understanding of the shifts in consumer needs and attitudes.

This publication comes at the end of a period of dramatic progress and development in the UK bundle market, a period marked by rapid and continuing evolution and — in recent years — by growing maturity. A number of factors have reshaped the bundle landscape, including the widespread introduction of fiber optic broadband and 4G services, TV rights auctions, the rise of over-the-top (OTT) content and ongoing market consolidation.
Six key findings

1. The bundle market is now a mature and complex landscape – but also one that’s continuing to evolve.
   Some 93% of UK broadband households now have some form of bundle, and TV- and mobile-based bundles have grown since 2013. Yet rather than greater simplicity and clarity, the evolution of the market has resulted in a complex landscape of service combinations with a varying mix of free and pay elements.
   Within this landscape, TV and mobile bundles score best in terms of satisfaction and loyalty. Positively, overall satisfaction with bundles has risen since 2013 – from 65% to 70%. Although convenience outscores cost as a take-up driver for bundles, there are signs of apathy towards bundled offerings. Most notably, the leading take-up drivers in 2016 are cited less often by households than they were in 2013.

    7%
    of UK broadband households do not take any form of bundle, including line rental.

2. Customers exhibit mixed attitudes towards different elements of the bundle.
   Customers are increasingly happy with the speed of their broadband services as they upgrade to fiber – but they still regard the reliability of the connection as more important than the need for speed. Although customers recognize the value for money from their pay-TV services, their appetite for more sophisticated content propositions is unclear.
   At the same time, attitudes towards bundles containing mobile services are lukewarm at best. Many prospective users do not see mobile bundles as a logical purchasing decision, while 55% would be interested in a mobile bundle only if it offered significant price savings.

    32%
    of respondents disagree that purchasing mobile as part of a broadband bundle is a logical purchasing decision.

3. The digital home is evolving rapidly – but pain points with broadband and bundles remain.
   Devices are proliferating within the home in tandem with new forms of content consumption. Even so, households are increasingly concerned about data privacy, and many customers are deeply confused about the services they buy or could buy.
   Some 28% of respondents say it’s difficult to find a package that meets their needs, while 40% – up from 39% in 2013 – do not know the advertised speed of their broadband connection. Despite rising overall customer satisfaction and a wider range of packages on the market, 32% of households believe there is little difference between the services offered by broadband providers, another increase from 2013.
   Our survey also reveals a statistically significant direct link between levels of service understanding and levels of satisfaction, with a lack of understanding essentially impeding satisfaction.

    49%
    of households agree that introductory offers make it difficult to work out which package represents best value.

4. The propensity to change providers is rising, with price and trust acting as the top switching triggers.
   An overall increase in customer satisfaction is not boosting customers’ loyalty to their providers: 25% of respondents voice a willingness to switch in 2016, up from to 21% in 2013. Trust levels and lower prices are the leading attributes for selecting new providers, cited by 43% of households.
   Conversely, the offer of new service elements such as TV and mobile as an incentive to change providers is playing a much less pronounced role.

    23%
    of respondents cite a reputation in good customer service as a reason to switch providers.

5. Our segmentation analysis reveals sharply contrasting attitudes towards bundles and the digital world.
   EY’s analysis has defined seven customer segments, each with its own distinct characteristics and needs:
   • Digital devotees
   • Content light bundlers
   • Serious about sport
   • Disgruntled users
   • Bargain hunters
   • Loyal bundlers
   • Functional users
   Across the segments, the complex interplay of attitudes towards bundle benefits, service consumption and willingness to pay suggests that service providers still have untapped routes to meet customer needs. Cross-segment comparisons can help provide deeper insights and unlock counterintuitive insights about customers.

    17%
    of UK broadband households are identified as disgruntled users in our segmentation.

6. Bundle propositions can be refined to help service providers succeed in a complex and evolving marketplace.
   Looking ahead, service providers should consider how to bolster trust with their customers to translate satisfaction into loyalty. Accurate and meaningful segmentation of the customer base plays a major role.
   Our research makes it clear that simpler, more targeted propositions can help alleviate confusion and frustration. These have remained pronounced since 2013, acting as a continuing brake on satisfaction.

    21%
    of respondents don’t understand broadband speed and how it relates to using the internet.

Unpacking the messages
We’ll now take a closer look at the first four messages before examining the segments identified by our research.
1. The bundle market is now a mature and complex landscape – but one that’s continuing to evolve

With 93% of UK broadband households now having some form of bundle, our research shows that TV- and mobile-based packages are gaining popularity against a backdrop of ongoing infrastructure rollout and rising availability. However, as Chart 1 illustrates, today’s bundle landscape is not only growing but also becoming increasingly complex as the distinction between categories blurs. This trend is challenging traditional notions of double-, triple- and quad-play service packages.

Chart 1: Breakdown of UK bundle packages, April 2016

* Including or excluding three calls

Convenience trumps price as a take-up driver

As in 2013, our study finds that the convenience of having a single point of customer service and a single bill is more influential than cost savings as a take-up driver (see Chart 2). However, the availability of lower introductory pricing has increased its score from 2013, reflecting greater competitive intensity in a more crowded marketplace. That said, signs of consumer apathy have emerged as the bundle market matures. All take-up drivers are less pronounced than in 2013, and the top three in 2016 all score lower than three years ago. Other data points also suggest a lack of engagement – particularly in terms of the perceived lack of differentiation between suppliers.

Chart 2: Ranking of factors influencing bundle take-up

- A bundle is very important for the convenience of having a single point of contact for customer service
- A bundle is very important for the convenience of a single bill
- A bundle from a single provider is very important to save costs
- The reliability of broadband services is seen as more important than speed: only 19% of users say they would sacrifice some customer service for lower broadband prices.

2. Customers exhibit mixed attitudes towards different elements of the bundle

Our study shows that overall levels of satisfaction have risen in the last three years. The aggregate proportion of respondents who are “very” or “quite” satisfied has increased from 65% in 2013 to 70% in 2016. However, the proportion of very satisfied households has slipped from 30% to 27%. As Chart 3 shows, composite bundles with more service elements tend to generate higher satisfaction: TV bundles score best on loyalty. But, as illustrated by the respective proportions likely to switch providers, the positive correlation between number of services taken and “stickiness” doesn’t always hold true.

Chart 3: Customer satisfaction and switching propensity by bundle type

Reliable broadband outscores the need for speed

Against the backdrop of an ongoing rollout of higher-speed fiber networks, households are marginally happier with their broadband speeds in 2016 than in 2013 (see Chart 4). Yet, with 62% of households now having services above 25Mbps, compared with 33% in 2013, the increase in satisfaction seems to have been held back by rising expectations. As the chart also shows, the reliability of broadband services is seen as more important than speed: only 19% of users say they would sacrifice some customer service for lower broadband prices.

Chart 4: Views on broadband speeds, satisfaction and reliability - percentage of respondents

Q: What is the advertised maximum speed of your broadband connection? (excludes don’t know)

<table>
<thead>
<tr>
<th>Year</th>
<th>Up to 24Mbps</th>
<th>Above 24Mbps</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td>2016</td>
<td>33</td>
<td>67</td>
</tr>
</tbody>
</table>

Q: I’m very happy with my broadband speed and don’t think my household needs a faster connection.

<table>
<thead>
<tr>
<th>Year</th>
<th>Strongly agree</th>
<th>Slightly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>19</td>
<td>35</td>
</tr>
<tr>
<td>2013</td>
<td>38</td>
<td>32</td>
</tr>
</tbody>
</table>

Q: The reliability of my household’s broadband connection is more important than a broadband speed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Strongly agree</th>
<th>Slightly agree</th>
<th>Neither agree nor disagree</th>
<th>Slightly disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>20%</td>
<td>43%</td>
<td>33%</td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>

What are the key takeaways from this study?
Customers recognize value in pay TV but are lukewarm on mobile

Turning to other elements of the bundle, households increasingly recognize value in their pay TV packages. Sixty percent that have TV in their bundles (excluding free TV only) agree that TV services purchased from their broadband provider represent value for money, up from 53% in 2013. Yet customers are largely unwilling to pay a premium for ad-free video streaming, with 70% saying they wouldn’t.

And, as Chart 5 shows, consumers are unconvinced of the rationale for including mobile in a bundle. Price savings strongly outperform premium features as a reason to use bundles that include mobile. And nearly one in three respondents doesn’t see buying mobile alongside broadband as a logical purchasing decision, reflecting the challenge for service providers as they combine previous distinct personal and household services.

Chart 5: Drivers and inhibitors for take-up of bundles that include mobile – percentage of respondents

- 55% would only be interested in a mobile bundle if it offered a significant discount on stand-alone price.
- 22% would only be interested in a mobile bundle if it offered features such as TV and streaming options on their device when out of the home.
- 32% disagree that purchasing mobile as part of broadband bundle is a logical purchasing decision.
- 29% don’t understand how getting mobile with a broadband bundle works if you’re getting broadband partway through a mobile contract.
New types of devices and content consumption are proliferating in the home, with one in six respondents now using tablets or smartphones as the primary internet access device, over two-thirds having high-definition (HD) TV and over a third having internet-enabled TV. Although consumption of streamed and catch-up content is on the rise, legacy forms remain prominent. Forty-six percent said their household watches TV on the five traditional channels, surprisingly up from 43% in 2013. Even as consumers grow ever more technology-centric and become empowered by a digital lifestyle, their concerns over data privacy are rising. And they remain unconvinced by the emerging generation of “smart home” services.

The caution over digital privacy is mirrored by a lack of understanding about the connectivity services that consumers receive. Despite marketing campaigns focused on broadband speeds and capabilities, the proportion of users unaware of advertised speeds has actually increased since 2013 (see Chart 7). Also, 21% still don’t really understand how broadband speeds relate to using the internet; 28% say it’s hard to find a package that meets their needs; and a growing proportion find it difficult to switch packages, even with their existing provider. All of this underlines continued confusion and areas of frustration in the broadband and bundle arena.

The overall picture that emerges is of a marketplace where the complexity of bundle offerings and the resulting customer confusion are undermining the opportunity for providers to add value. Put simply, consumers are struggling to navigate the bundle jungle. As Chart 8 shows, introductory offers create confusion rather than clarity, and consumers are increasingly turning to price comparison sites to navigate to the right offerings.

Reflecting these issues, our survey highlights a direct correlation between a lack of understanding and lower overall satisfaction: of the 49% of customers who agree that introductory offers make it difficult to work out which broadband package represents the best value, 24% are very satisfied with their current broadband service compared to 52% for those who strongly disagreed with this statement.
4. The propensity to switch providers is rising, with price and trust acting as the top triggers

Despite rising top-line satisfaction, the propensity for households to switch bundle providers has increased since 2013 (see Chart 9). Thus, the customer confusion and lack of understanding we have highlighted are preventing higher satisfaction from feeding through into enhanced customer loyalty.

Reasons to switch: price and trust outweigh convenience and quality.

Considering the reasons why customers switch providers, our research shows that price and brand trust significantly outscore the attraction of more sophisticated packages (see Chart 10). While cost savings rank third as a reason to switch providers, broadband speed and reliability emerge as more significant factors informing switching than the quality of other bundle elements, such as TV, while introductory offers and equipment quality outweigh customer service. The concern for the industry is that although it seeks to differentiate on the availability of content and service quality, customers are more focused on price, underlying brand trust and broadband performance.

5. Our segmentation analysis reveals sharply contrasting attitudes toward bundles and the digital world

Our analysis has enabled us to identify seven customer segments that make up the UK residential market, each demonstrating a unique combination of traits. The seven segments and their main characteristics are summarized in chart 11. We'll now examine each segment in turn.

When we look across the seven segments, it’s useful to put their characteristics side by side to highlight differences and support the creation of strategies to target particular groups of consumers. Providers can then redefine their assumptions and unlock counterintuitive insights about customers, helping to build trust and translate satisfaction into loyalty.

To help providers do all this, we’ve ranked the seven customer segments from one to seven according to their relative attitudes and characteristics around levels of understanding, choice of broadband service and bundle package, media usage, mobile usage, and customer satisfaction and loyalty. These rankings are summarized in chart 12.
Myriad contrasts and insights related to various segments can be drawn from this comparison. Here are some that leap out at us:

- **Digital devotees** regularly shop around for the best deal despite being highly affluent – yet rank only fourth when it comes to viewing service bundles as important.
- **Content light bundlers** are well-informed about bundles and less frustrated than other segments – and they also prize customer service more highly than five of the other segments.
- **Bargain hunters** are knowledgeable about different bundle offers and the broadband speeds offered yet are the third-likeliest to agree that they perceive very little difference between providers.

### Chart 12: Relative ranking of the seven segments on various criteria

<table>
<thead>
<tr>
<th>Segment</th>
<th>Digital Devotees</th>
<th>Loyal Bundlers</th>
<th>Bargain Hunters</th>
<th>Functional Users</th>
<th>Serious About Sport</th>
<th>Disgruntled Users</th>
<th>Content Light Bundlers</th>
<th>Media Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication understanding</td>
<td>5 6 3 1 7</td>
<td>5 6 3 2 1</td>
<td>6 5 4 3 2</td>
<td>6 5 4 3 2</td>
<td>6 5 4 3 2</td>
<td>6 5 4 3 2</td>
<td>6 5 4 3 2</td>
<td>6 5 4 3 2</td>
</tr>
<tr>
<td>Introductory broadband or bundle offers make it difficult to work out which broadband package represents the best value</td>
<td>5 6 2 4 3 1</td>
<td>5 6 2 4 3 1</td>
<td>5 6 2 4 3 1</td>
<td>5 6 2 4 3 1</td>
<td>5 6 2 4 3 1</td>
<td>5 6 2 4 3 1</td>
<td>5 6 2 4 3 1</td>
<td>5 6 2 4 3 1</td>
</tr>
<tr>
<td>Don’t understand what broadband speed really means and how it relates to using the internet</td>
<td>5 6 4 2 7 3 1</td>
<td>5 6 4 2 7 3 1</td>
<td>5 6 4 2 7 3 1</td>
<td>5 6 4 2 7 3 1</td>
<td>5 6 4 2 7 3 1</td>
<td>5 6 4 2 7 3 1</td>
<td>5 6 4 2 7 3 1</td>
<td>5 6 4 2 7 3 1</td>
</tr>
<tr>
<td>Complicated or very difficult to change broadband provider</td>
<td>3 6 4 1 5 7 2</td>
<td>3 6 4 1 5 7 2</td>
<td>3 6 4 1 5 7 2</td>
<td>3 6 4 1 5 7 2</td>
<td>3 6 4 1 5 7 2</td>
<td>3 6 4 1 5 7 2</td>
<td>3 6 4 1 5 7 2</td>
<td>3 6 4 1 5 7 2</td>
</tr>
<tr>
<td>Don’t know advertised speed of home broadband</td>
<td>5 4 3 6 1 2</td>
<td>5 4 3 6 1 2</td>
<td>5 4 3 6 1 2</td>
<td>5 4 3 6 1 2</td>
<td>5 4 3 6 1 2</td>
<td>5 4 3 6 1 2</td>
<td>5 4 3 6 1 2</td>
<td>5 4 3 6 1 2</td>
</tr>
</tbody>
</table>

### Choice of broadband and bundle

- **Very little or no difference between the service offered by the different broadband providers** | 6 5 2 3 4 1 |
- **Household tries to spend as little as possible on communication services** | 4 5 6 1 3 2 |
- **Household has regularly switched broadband provider to ensure we get the best deal** | 3 4 6 2 5 1 |
- **Introductory pricing offer played a significant role in choice of broadband provider** | 2 4 7 3 5 6 |
- **Bundling seen as important (average of three relevant statements)** | 4 2 3 5 6 1 7 |
- **Very happy with broadband speed and don’t think my household needs faster broadband** | 4 3 2 7 5 1 6 |
- **Reliability of broadband more important than broadband speed** | 5 4 2 7 6 1 3 |
- **Willing to put up with inferior customer service for lower prices** | 6 4 5 2 7 3 |
- **Household is very interested in new technology and “gadgets” and tends to get them before everyone else** | 2 3 4 5 7 6 |
- **The internet is fundamental to my social life** | 2 4 3 5 6 7 |
- **The internet is very important for my household for working from home or running a business from home** | 3 5 2 4 7 6 |
- **Have fibre broadband** | 2 3 4 5 6 7 |

### Media usage

- **Household mainly watches TV programs on the five traditional TV channels** | 7 6 5 4 3 2 1 |
- **Household tends to watch TV programs on ‘catchup TV’ or recorded on a PVT rather than when they are broadcast** | 2 3 4 5 7 6 |
- **Household is willing to pay to watch sport on TV on a subscription basis** | 2 7 1 4 5 6 3 |
- **Some members of household spend a lot more time on the internet than watching traditional TV** | 2 5 3 4 6 7 |
- **I am often online whilst doing something else, e.g., watching TV** | 3 4 2 5 6 7 |
- **Household often streams online video content on multiple devices (mobile devices or TVs) at the same time** | 3 4 2 5 7 6 |
- **Would pay a premium to stream catchup TV without adverts** | 5 2 4 7 6 3 |

### Mobile attitudes

- **Purchasing mobile as part of a broadband bundle is a logical purchase decision** | 3 2 4 7 6 5 |
- **People in my household like to have the most up-to-date smartphones** | 2 4 3 5 7 6 |
- **I need to access the internet when I am on the move (i.e., not at home or at work)** | 2 4 3 5 7 6 |
- **Like to watch TV programs or movies on a mobile device when on the move (i.e., not at home or at work)** | 5 3 2 6 7 4 |
- **Willing to pay a premium for an unlimited mobile data allowance** | 4 2 3 6 7 5 |

### Satisfaction and loyalty

- **Very satisfied with home broadband service** | 4 3 2 7 6 1 5 |
- **Been with supplier for more than four years** | 7 5 4 2 6 1 3 |
- **Very likely to switch provider in next 12 months** | 2 6 4 3 1 7 5 |

6. **Bundle propositions can be refined to help service providers succeed in a complex and evolving marketplace**

By using cross-segment insights, bundle providers can adapt and create propositions to meet each group’s unique needs. For example, if a provider is looking to upsell and upgrade customers from a triple-play to a quad-play bundle that includes mobile, then targeting serious about sport users would be a good place to start.

At the same time, digital devotees represent a promising market for mobile bundles, yet service providers should be mindful of their unique switching triggers. For other segments, such as disgruntled users and functional users, clearer communication about service benefits and simpler value propositions could translate into more meaningful and satisfied customer relationships in the long term.

- **Disgruntled users** are relatively sophisticated in terms of usage, ranking second in content streaming across multiple devices, but find it difficult to select bundle packages and switch providers.
- **Serious about sport** is an attractive segment for premium TV bundles – and also ranks second in viewing mobile and broadband packages as a logical purchasing decision.
- **Loyal bundlers** are the least likely to switch suppliers, but they also have a low affinity for mobile technology in general – and do not see mobile and broadband packages as a logical purchasing decision.

As the bundle marketplace evolves and matures, and as competition intensifies, the ability to understand the attitudes – and thereby the likely buying behavior – of different consumer segments will become increasingly critical to success. We believe our behavioral and attitudinal segmentation of the entire UK consumer population provides a great basis for gaining this understanding, thus opening the way to winning strategies. As our research underlines, every consumer perceives the value of the bundle differently – and the winning providers will be those equipped to cater to those perceptions of value across all segments.
Like our 2013 report, this Bundle Jungle study uses statistical market segmentation to differentiate various groupings of consumers. Segmentation has enabled us to develop a unique perspective on the UK broadband market, further informed by our telecommunications and analytical teams.

To make the analysis as accurate and actionable as possible, we’ve conducted an attitudinal segmentation. This reflects our view that understanding customers’ attitudes is a much better predictor of their future behavior and preferences than purely behavioral segmentation.

EY has also chosen a segmentation framework that we feel has the most meaningful structure for the current UK broadband market dynamics and that provides the most practicable segment diversity to support the development of distinct propositions.

Our method splits the market into seven segments. Our profiling for each segment looks at bundling behavior, current and future household broadband usage, current and future ownership of fiber broadband, usage of online services and online video services, and usage of mobile telephony services.
Drill-down into the seven customer segments

Digital devotees is the youngest segment, with 49% aged 18–39 years.

- Digital devotees: 22
- Content light bundlers: 24
- Serious about sport: 26
- Disgruntled users: 28
- Bargain hunters: 30
- Loyal bundlers: 32
- Functional users: 34
Digital devotees

This segment is composed of sophisticated, technology-savvy users who understand what they are purchasing. Some 65% agree that they are very interested in new technology and gadgets and are the first to adopt them, the highest of all segments.

Heavy internet users

Digital devotees have the highest take-up of fiber broadband, and 75% agree that people in their household like to have the most up-to-date smartphones. They spend much of their time on the internet and have a high propensity to purchase additional content – both movies and sport – to watch at home or on the move.

Demographic profile:
- The youngest segment – 49% are aged 18-34; 12% are over 55
- The smallest proportion of households without children – 50% (against 70% overall)
- The largest families – 31% have two or more children under 18 (ahead of 18% for the next-highest segment)
- The highest-income segment – 14% have a household income under £20,000 annually;
- 30% exceed £50,000
- 19% are from the London area (against 12% of the overall sample)

Hungry for mobile data

Digital devotees strongly agree that being able to access the internet on the move is important. And they are hungry for mobile data, with 37% saying that data usage allowances are insufficient for their needs. Similar to content light bundles, 45% of digital devotees would be interested in taking mobile as part of a broadband bundle only if a new handset came with it. But 46% agree that purchasing mobile as part of a broadband bundle is a logical decision.

Hard to please – and likely to switch

This segment’s eagerness to consume content is reflected in the 34% who take triple play with premium TV, the second-highest proportion across all segments. However, digital devotees are difficult to keep loyal and have a high propensity to switch. Their satisfaction levels are above the average of the other six segments, ranking third overall. Despite these reasonably healthy satisfaction levels, 33% state they are likely to switch providers in the next 12 months – the highest of any segment.
Content light bundlers

Demographic profile:
- Slightly younger than the population average – with 29% aged 18-34 (in line with 29% overall) and 29% over 55 (against 36% overall)
- 66% have no children under 18, while 18% have two or more children under 18
- The lowest proportion of single-adult households (18%)
- Income profile very close to the population average: 26% have a household income under £20,000 annually; 17% exceed £50,000

Eager to bundle
Bundling is very important to this segment, for both convenience and cost. Customer service is also highly influential, with this segment unwilling to trade off customer service for lower prices. Key differences from the digital devotees include an unwillingness to pay for sport and a preference for free/basic TV as part of the bundle rather than premium TV packages.

Keen on catch-up content
Content light bundlers embrace nontraditional TV viewing habits, are high users of catch-up TV and services, and like to stream content over multiple devices at the same time. Of the seven segments, Content light bundlers have the second-highest proportion of customers taking mobile as part of the bundle. And 32% agree that purchasing mobile as part of a bundle is a logical decision, the third-highest of any segment. However, the bundled mobile package would need to include a discount, and 42% are interested only if a handset comes with it.

Satisfied triple- or quad-play customers
This segment’s propensity for bundling is demonstrated by the high proportion that take TV-based ‘triple-play’ packages, with some TV and mobile ‘quad-play’ packages. Reflecting their good understanding of the services they buy, they have the highest overall satisfaction rates of any segment, although only the third-highest proportion saying they are very satisfied. They are also generally less likely to change providers, with the second-lowest propensity to switch in the next 12 months.
Serious about sport

Reliability over speed
Bundling is important to this segment, particularly for cost and convenience. A reliable connection is a higher priority than speed, with 65% saying they are happy with their broadband speed, the second-highest of any segment. Furthermore, 61% agree that the quality and functionality of the equipment that comes with the broadband provider plays an important role in their decision. When choosing a mobile package, 27% agree that gaining free access to content would play an important role in their decision.

Demographic profile:
- Age profile close to the population average – 27% are aged 18-34 (against 29% overall), 40% over 55 (against 56% overall)
- 66% have no children under 18: 18% have two or more children under 18
- The second-highest income segment – 23% have a household income under £20,000 annually; 21% exceed £50,000

These consumers are focused on being able to watch sport – and they are willing to pay for it. To a lesser extent, they are also willing to pay for other content.

Chart 19: Serious about sport – top 10 differential attitudes

<table>
<thead>
<tr>
<th>Attitude</th>
<th>Serious about sport</th>
<th>Other segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household is willing to pay to watch sport on TV on a pay-as-you-go basis</td>
<td>81%</td>
<td>22%</td>
</tr>
<tr>
<td>Household is willing to pay to watch movies on TV on a subscription basis</td>
<td>59%</td>
<td>16%</td>
</tr>
<tr>
<td>Household is willing to pay to watch movies on TV on a pay-as-you-go basis</td>
<td>42%</td>
<td>20%</td>
</tr>
<tr>
<td>Household is willing to pay to watch sport on TV on a subscription basis</td>
<td>37%</td>
<td>23%</td>
</tr>
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<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>Household is willing to pay to watch movies on TV on a pay-as-you-go basis</td>
<td>31%</td>
<td>15%</td>
</tr>
<tr>
<td>Purchasing mobile as part of a broadband bundle is a logical purchase decision</td>
<td>53%</td>
<td>39%</td>
</tr>
<tr>
<td>Offers providing free access to content play an important role in mobile decision making</td>
<td>51%</td>
<td>31%</td>
</tr>
<tr>
<td>The internet should be very tightly regulated to restrict what people can access</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>Only interested in getting mobile as part of a broadband bundle if came with right of a new mobile handset</td>
<td>40%</td>
<td>22%</td>
</tr>
<tr>
<td>Bundling very important in order to save costs</td>
<td>40%</td>
<td>27%</td>
</tr>
<tr>
<td>Don’t understand what broadband speed really means and how it relates to using the internet</td>
<td>42%</td>
<td>31%</td>
</tr>
<tr>
<td>Percentage slightly or strongly agree</td>
<td>Other segments</td>
<td>Percentage slightly or strongly agree</td>
</tr>
</tbody>
</table>

Highest take-up of mobile bundles
Serious about sport consumers exhibit the highest take-up of mobile as part of their bundle, and 37% – the second-highest – agree that buying mobile as part of a bundle is a logical decision. When choosing a mobile package, 27% agree that gaining free access to content would play an important role in their decision.

Chart 20: Serious about sport – bottom 10 differential attitudes

<table>
<thead>
<tr>
<th>Attitude</th>
<th>Serious about sport</th>
<th>Other segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household mainly watches TV programs on the five traditional TV channels</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>Household tries to spend as little as possible on communication services</td>
<td>37%</td>
<td>25%</td>
</tr>
<tr>
<td>Prefer to stream mobile content over Wi-Fi or my mobile network rather than download content and watch later</td>
<td>36%</td>
<td>28%</td>
</tr>
<tr>
<td>Use comparison websites (e.g., uSwitch, broadband choice) when choosing a broadband provider</td>
<td>35%</td>
<td>22%</td>
</tr>
<tr>
<td>Introductory broadband or bundle offers make it difficult to work out which broadband package represents the best value</td>
<td>31%</td>
<td>20%</td>
</tr>
<tr>
<td>Complicated or very difficult to upgrade or downgrade broadband provider</td>
<td>30%</td>
<td>19%</td>
</tr>
<tr>
<td>Complicated or very difficult to upgrade or downgrade broadband package with my current provider</td>
<td>30%</td>
<td>17%</td>
</tr>
<tr>
<td>Some members of household spend a lot more time on the internet than watching traditional TV</td>
<td>28%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Relatively satisfied and loyal
This segment’s propensity for bundling and for buying sport content is demonstrated by the high proportion who take triple- and quad-play packages with premium TV. Although 38% of serious about sport consumers do not appear to know their broadband speed, 82% are satisfied with their speed vs. that advertised, with the highest proportion of very happy users among all segments. They also more loyal than average, with the second-highest proportion saying they are very unlikely to switch providers in the next 12 months.

Chart 21: Serious about sport – overall satisfaction

- Very satisfied: 37% Serious about sport, 26% Other segments
- Quite satisfied: 39% Serious about sport, 20% Other segments
- Neither satisfied nor dissatisfied: 19% Serious about sport, 22% Other segments
- Quite dissatisfied: 3% Serious about sport, 4% Other segments
- Very dissatisfied: 3% Serious about sport, 2% Other segments

- Percentage slightly or strongly agree
These users are moderately interested in new technology but feel that purchasing communication services is complicated and confusing. Consequently, they find changing providers or packages difficult.

Disgruntled users

Spending a lot of time online...

Bundling is important to Access to the internet is important to disgruntled users. These households rank second for time spent online and have the second-highest proportion who agree that the internet is important for working from home or running a business from home. They also score highly (75%) when asked whether they are often online while doing something else, such as watching TV.

Demographic profile:

- The second-youngest segment – 36% are aged 18-34; 27% are over 55
- 67% have no children under 18; 15% have two or more children under 18
- The highest proportion of households with three or more adults over 18 (26%)
- Slightly more affluent than the population average – 24% have a household income under £20,000 annually, 20% exceed £50,000

Chart 24: Disgruntled users – bundle ownership

A low tendency to buy bundles – or switch providers

Well over half – 58% – of these consumers either purchase just broadband and line rental (with or without calls) or buy broadband and line rental from separate suppliers. Their take-up of premium packages is also below average. Their confusion around purchasing communication services seems to strongly affect their happiness; they are the least likely to say they are very satisfied with their broadband service or speed.

However, they don’t see their dissatisfaction as a reason to switch providers. Nearly half of these consumers (49%) have spent over four years with their current providers, the second-highest. Their reluctance to change appears to result from inertia caused by perceived barriers to switching.
As their name suggests, bargain hunters are knowledgeable, highly price-sensitive and very value-focused. This segment has the highest proportion of those agreeing that their household spends as little as possible on communication services, at 71%.

Demographic profile:
- Slightly older than the population average – 26% are aged 18-34 (against 29% overall), 39% are over 55 (against 36% overall)
- 75% have no children under 18, while 13% have two or more children under 18
- These tend to be middle-income households – 23% have a household income under £20,000 annually (lower than the overall average of 26%), but 14% have a household income over £50,000 (lower than the overall average of 18%)

Comparing and switching regularly
In line with their price sensitivity, these consumers rank second for agreeing that they have regularly switched providers to get the best deal (35%), and they are the most likely to use comparison websites, with 64% doing this when choosing a provider. They also have the highest propensity to switch providers in the next 12 months.

A taste for the traditional
Bargain hunters are not willing to pay for premium content, with 61% agreeing that they prefer to watch the five traditional TV channels. Bundling is much less important than the overall cost, and they are more willing to trade off customer service for lower prices. They are also not especially interested in new technology or gadgets and have the third-lowest take-up of fiber broadband.

Relatively dissatisfied – and likeliest to switch
This segment has a high propensity to limit services with a provider, with the majority having just broadband and line rental (with or without a call package). Uptake of premium packages is also low. These consumers are most likely to have been with their current provider for less than two years, and only the Disgruntled and Functional User segments voice lower overall satisfaction. Despite having a good understanding of the package they have purchased, 18% of bargain hunters say they are very likely to switch in the next 12 months, compared with 11% for the next-highest segment, digital devotees.
Loyal bundlers

As its name implies, this segment is highly loyal, with the highest average tenure with current providers and the lowest switching propensity. Similar to functional users, these consumers are relatively light users of the internet—using it when they have a specific reason and restricting themselves to familiar websites.

Latecomers to the internet...

In general, loyal bundlers are late adopters of technology. 36% agree that they got home internet access later than other people; only 8% agree that they are interested in new technology and gadgets; and only 9% agree that they like to have the most up-to-date smartphones. Although their understanding of broadband services is limited, they do think that bundling is important for both convenience and cost.

Demographic profile:
- The oldest segment—with 9% aged 18-34 and 68% over 55
- 90% have no children under 18
- The joint-highest proportion of single adult households (33%) and the highest proportion of retired respondents (12%)
- The lowest-income segment—42% have a household income under £20,000 annually, and only 4% exceed

who see little benefit in mobile internet access

People in this segment tend not to use the internet on the move, with only 6% agreeing that they need mobile internet access—by far the lowest of any segment. This group also has the second-highest proportion of prepaid mobile customers, at 49%. And even though they view bundling as important, only 19% agree that purchasing mobile as part of a broadband bundle is logical. Almost two-thirds—63%—agree that they mainly watch TV on the five traditional channels, and they are very unlikely to be willing to pay for content.

An affinity for triple play with basic TV

Loyal bundlers tend to purchase more than one service from their provider, and they have a relatively high proportion of triple-play bundles with basic TV. Although they have low understanding of their broadband speed, they have the highest proportion saying they are very satisfied with their service. This segment is much less likely to switch, having the highest proportion of users who have been with their current provider for over five years.

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These consumers are light users of the internet –using it only when they have a specific reason and restricting themselves to familiar websites. They find purchasing communication services difficult and don’t understand broadband speed or how it relates to the internet, with 39% – the highest of any segment – agreeing with this statement.

Confused late adopters...

Like the disgruntled users, functional users do not perceive the value of bundling, a perspective that reflects their view that communication services are difficult to understand. They are late adopters of technology – with only 16% agreeing that people in their household like having the most up-to-date smartphones.

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Chart 1: Functional users – top 10 differential attitudes

- I only use the internet when I have a specific reason to do so...
- My household got home internet access later than many people I know...
- Don’t understand what broadband speed really means and how it relates to using the internet...
- Complicated or very difficult to upgrade or downgrade broadband package with my current provider...
- Communication services are very difficult to understand and find it hard to choose services or a package that suits my needs...
- Household mainly watches TV programs on the five traditional TV channels...
- Very little or no difference between the service offered by the different broadband providers...
- I only ever use a small number of websites that I am familiar with...

Chart 32: Functional users – bottom 10 differential attitudes

- Household often streams online video content on multiple devices (mobile devices or TVs) at the same time...
- Bundling very important in order to save costs...
- The internet is fundamental to my social life...

Fragmented buying patterns and low satisfaction

This group has the highest proportion of customers purchasing broadband and line rental from different suppliers. Their understanding of broadband speeds is poor, and they’re less satisfied than the other segments with their current speed vs. the advertised speed. This segment has also the lowest overall satisfaction — only 53%. However, compared with disgruntled users, functional users have a higher proportion of people who say they’re very satisfied. Only 25% of functional users agree they’re likely to switch providers in the next 12 months, and 48% have been with their current provider for more than four years.
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