

How will you stand out in today's crowded digital home market?

Decoding the digital home 2024

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The better the answer.
The better the world works.

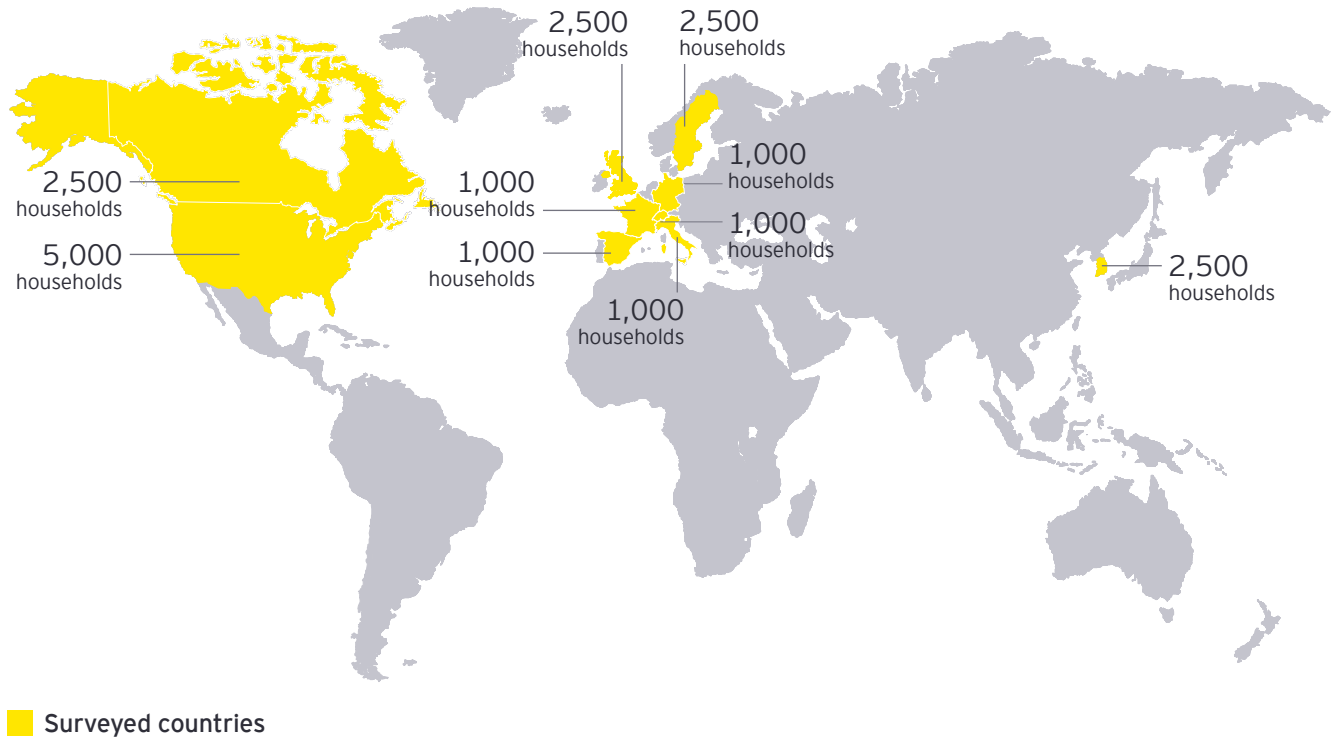
EY

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About this study



The EY *Decoding the digital home* study is based on an online survey of 20,000 households in Canada, France, Germany, Italy, South Korea, Spain, Sweden, Switzerland, the UK and the US. It was conducted in July and August 2024, updating previous annual surveys of multiple markets.

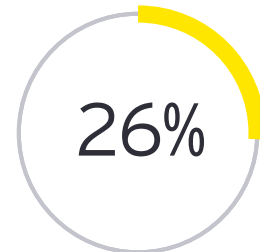
The annual survey is designed to build a deeper understanding of changing consumer behavior and attitudes involving technology, media and telecommunications products and services in the home. This year's findings focus on topics such as: adoption drivers and barriers, value for money perceptions; harmful content; bundle appetite and customer experience imperatives, supported by specific, data-driven insights relating to connectivity, content and smart home technology. Additional analysis and insights are provided by the EY Global TMT team.

The EY *Decoding the digital home* survey is designed to build a deeper understanding of changing consumer behavior and attitudes involving technology, media and telecommunications products and services in the home.

Key insights from the 2024 research

1. Customer promises are under pressure as brand trust becomes more important

While performance needs continue to drive consumers' broadband purchasing decisions, network reliability remains a pain point. Streaming platforms are extending their reach into new content genres, but brand trust is playing an increasingly important role in platform selection. Meanwhile, smart home adoption risks stalling, with consumers voicing concerns about data security, costs and convenience. Across the digital home, consumers feel overwhelmed by the choice on offer.



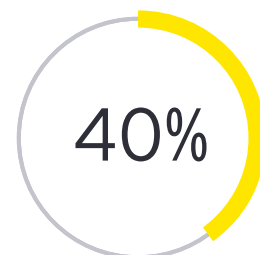
of households still experience unreliable home internet on a regular basis, unchanged from last year.

2. Savings are still important but premium appetite is present

Anxiety over price increases remains pronounced, with clear demand for fixed price guarantees. Some consumers are willing to trade down, but others are alert to premium offerings. The streaming market is fluid – many households are resubscribing to platforms they've previously canceled – but switching their internet provider is regarded as troublesome. Connectivity providers have a perceived value-for-money advantage over content providers in Europe, but not in North America.

3. Harmful content, digital detox and data security are in focus for households

Households are keen on having a "digital detox" – but harmful content is undoubtedly a growing concern for consumers, and many want better regulatory action to address it. The potential of artificial intelligence (AI) to damage trust in online content is also clear. Despite worries over data security and privacy, younger users are open to participating in a value exchange through sharing their data. Connectivity providers have a lead over other entities as perceived custodians of personal data, but this advantage erodes among younger users.



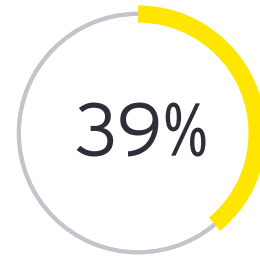
of consumers are concerned about the amount of time their household members spend online.

4. Demand for service bundles comes with caveats

Consumers are increasingly partial to buying a one-stop shop of connectivity and content. And while interest in streaming bundles remains strong, there are also growing signs that households are questioning the merits of TV and broadband bundles. Using mobile for home internet is seen as a viable alternative to fixed connectivity by one consumer in three – with price savings emerging as an increasingly important rationale, and speed-based pricing also seen as attractive.

5. Households lack confidence in digital tools

Achieving differentiation in the digital home marketplace is a challenge for connectivity providers: 44% of households see very little difference between them. Omnichannel strategies remain vital: Almost four in 10 consumers still prefer going to physical stores first on the path to purchase while half of the market voice a preference for the call center when seeking customer support. Chatbots are still viewed as cumbersome: Households want digital tools that blend advice from agents, supported by better explanations of the role of AI.



of consumers still visit physical stores to get advice – higher than the 35% who go online.

6. Diverse attitudes inside the digital home

Drawing on our research findings, we've identified seven distinct segments that inhabit the digital home. These are: "Premium and pleased," with high appetite and high satisfaction; "Beyond the bundle," who have a high propensity to switch and look beyond traditional packages; "Content comes first," who are ready to pay a premium but favor the familiar; Digital devotees," who are satisfied but want better customer promises; "Informed savers," who are less likely to find value propositions difficult to understand; "Disengaged users," who don't see any difference between service providers and are the most dissatisfied with customer support; and "Drowning in digital," who feel overwhelmed by the digital world and rank bottom for satisfaction.



1

Detailed survey findings

Adoption drivers and barriers

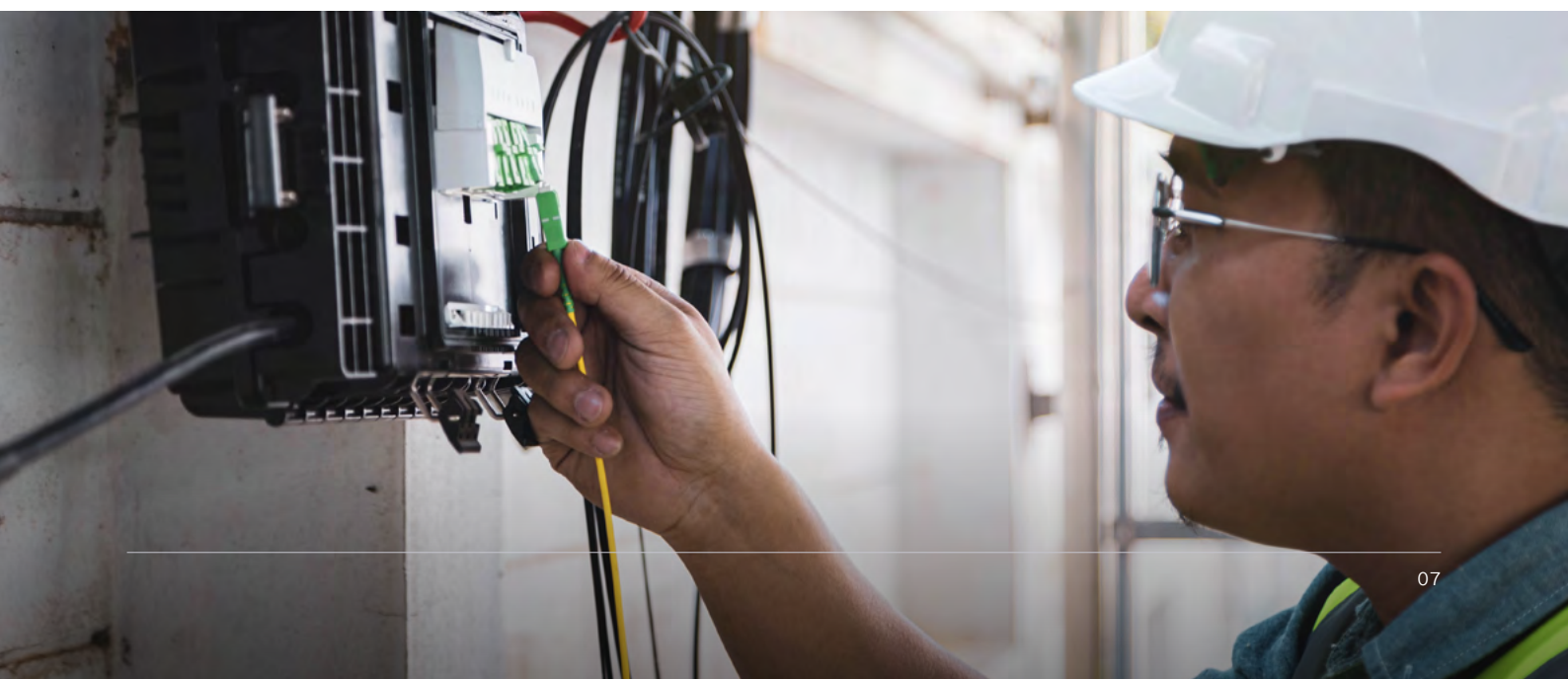
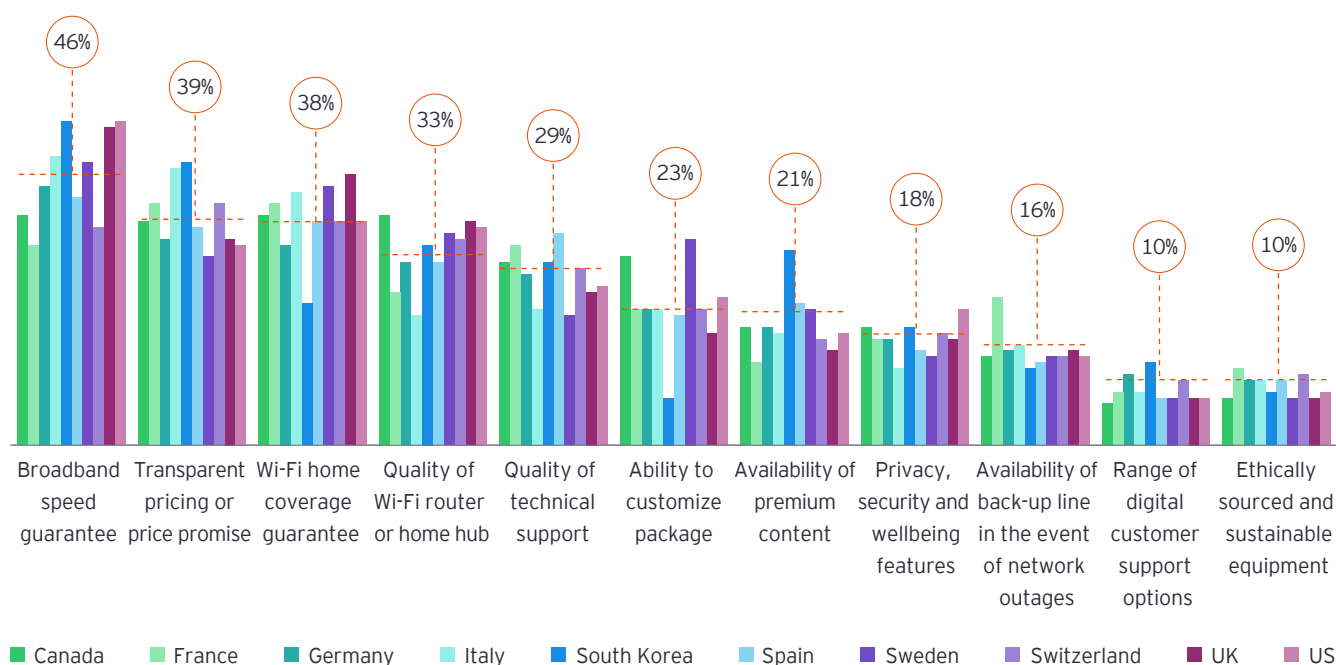
Better customer promises are critical as trust
becomes a more important purchasing driver

Performance attributes lead consumers' criteria when evaluating broadband packages

Performance factors are the key considerations for households when they're evaluating broadband packages. However, consumers' receptivity to the various network quality attributes highlighted by service providers varies by country. Speed guarantees resonate the most in South Korea, the UK and the US, but are less influential for households in France and Switzerland. The relative importance that households place on router quality also varies widely, with Canadians (39%) much more likely to highlight this as a key purchasing criterion compared with Italians (22%). While the overall ranking of attributes has remained largely consistent year on year, households are increasingly likely to highlight the ability to customize packages, the availability of premium content, and privacy or security features as reasons to purchase – trends that suggest there's room for connectivity providers to look beyond network quality when trying to win customers. That said, 26% of households still experience unreliable home internet on a regular basis, unchanged from last year.

Figure 1: Household criteria for broadband service selection

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

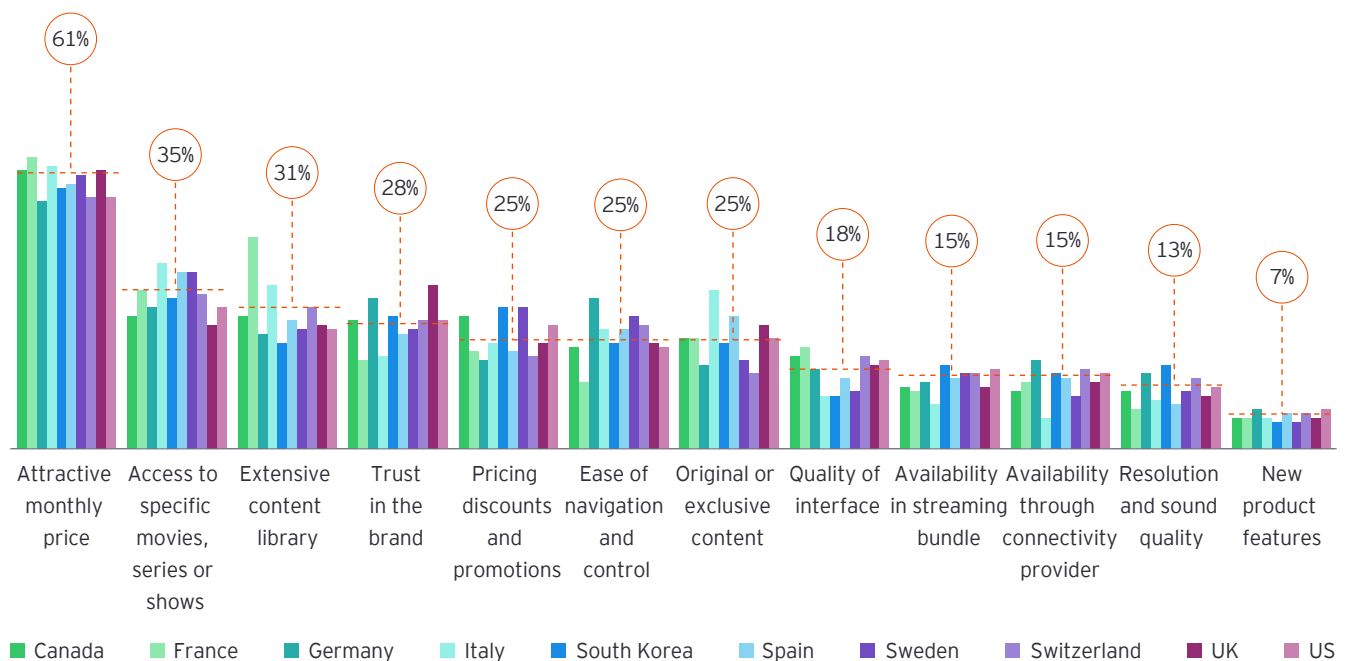


Price is the top driver when selecting a streaming platform, with brand trust growing in importance

Attractive monthly pricing is households' number one consideration when evaluating streaming services, with French (66%) and Italian households (64%) most sensitive to it. As in previous years, access to specific content outscores breadth of content as a reason to sign up. Meanwhile, brand trust is rising in importance, cited by 28% of households on average across all markets compared with 25% last year. This is particularly apparent in the UK and Germany, where brand trust outscores any content attributes. Original or exclusive content – long seen as key to differentiation in a crowded market – is becoming comparatively less influential, cited by 25% of households compared with 30% in 2023. This downtick comes at a time when major platforms are reducing their original content output to control costs. Nevertheless, households' preference for streaming platforms is extending into a wider range of content genres, including the likes of comedy and documentaries, compounding the pressures facing traditional broadcasters.

Figure 2: Streaming platforms: key selection considerations

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

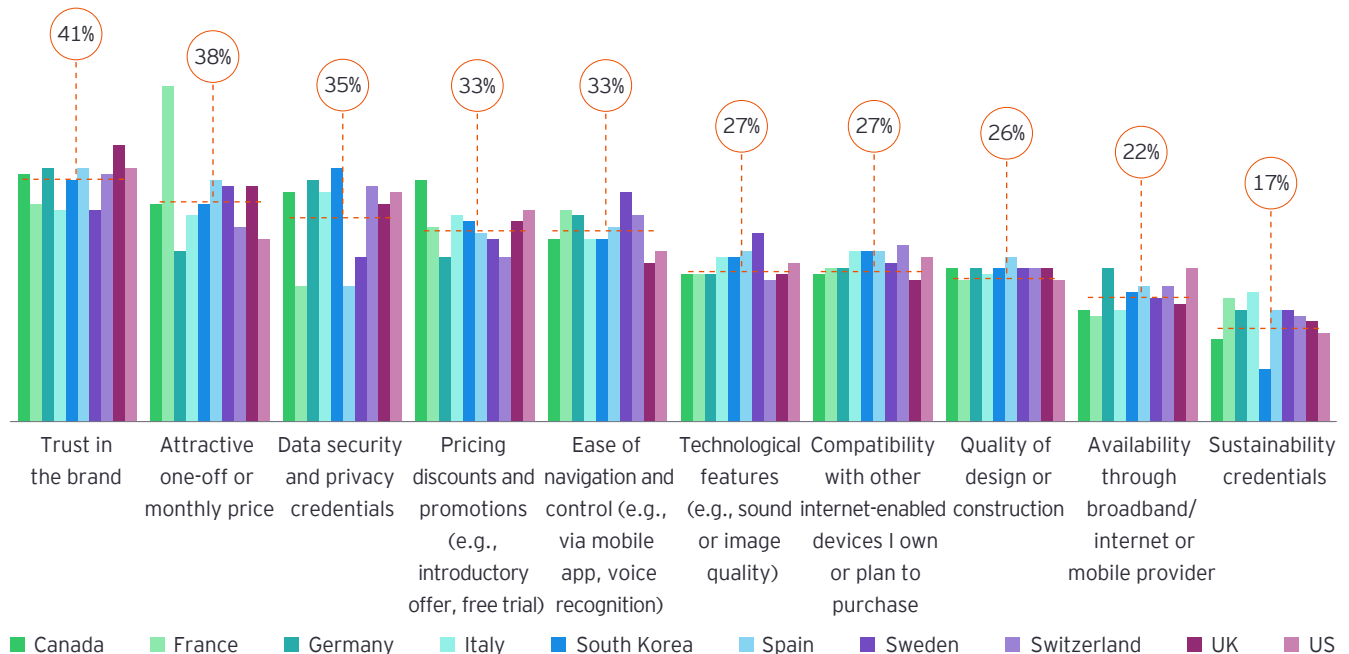


Brand trust is the leading consideration when buying smart home tech – with data security also top of mind in some countries

Brand trust (41%) has now become the top consideration for households considering smart home technology, overtaking attractive pricing (38%), and complementing the rising importance of brand in streaming purchasing decisions. The relative influence of price varies significantly by market: It's the dominant driver in France, but ranks much lower down in Germany and the US. Data security is another criterion that varies in importance between countries: German and South Korean households view it as one of their top two considerations, but it carries less weight in France and Italy. Taken together with the rising importance that consumers attach to brand trust, consumers are increasingly seeking reassurance and familiarity when choosing new connected devices for the home.

Figure 3: Connected home devices: selection criteria

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)?



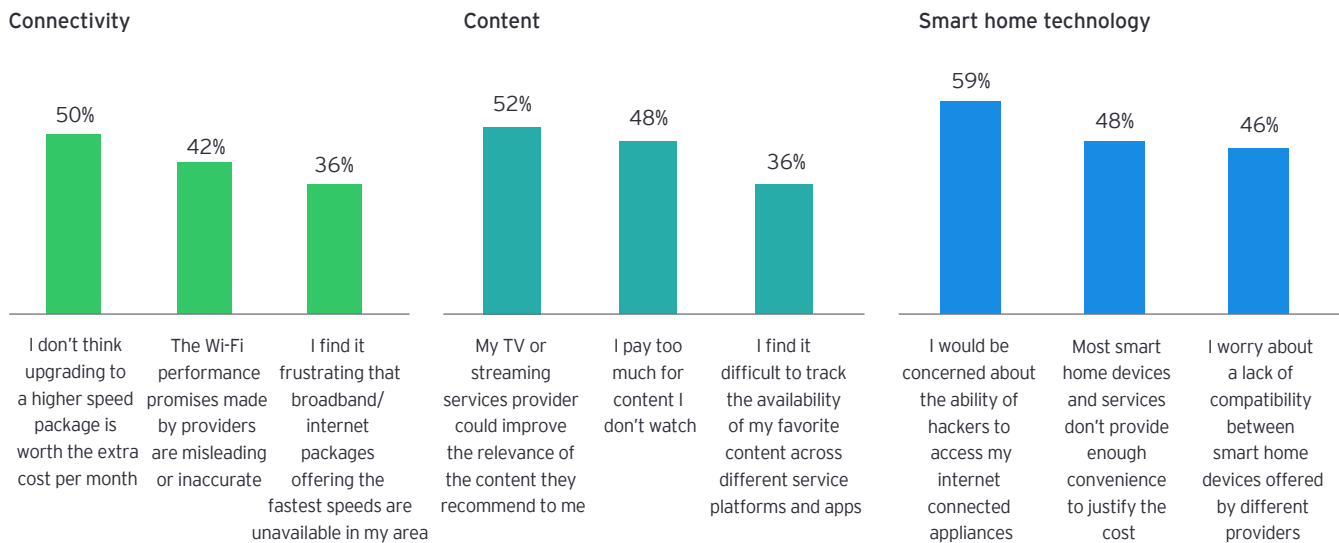
Barriers to further adoption persist across the digital home, from poor customer promises to limited levels of convenience and security

Our research suggests that smart home penetration overall remains relatively low, with signs that consumers' appetite for some better-established categories – such as digital home assistants and smart speakers – may already have peaked. So, as service providers look to drive take-up of connectivity and content, they should be mindful of the barriers to further adoption. Performance attributes are one area of mistrust, with four in 10 households believing Wi-Fi guarantees are inaccurate, and one in three voicing frustration over not being able to access the fastest speeds on the market. These gripes are twinned with apathy: Half the market don't think upgrading to a higher-speed service is worth the extra cost. Meanwhile, half of streamers think they are signing up to more content than they need and feel service providers could do a better job with content recommendations. When it comes to smart home devices, security is the top concern, with worries over convenience and compatibility also apparent.

As service providers look to drive take-up of connectivity and content, they should be mindful of the barriers to further adoption.

Figure 3: Barriers to further adoption: selected attitudes

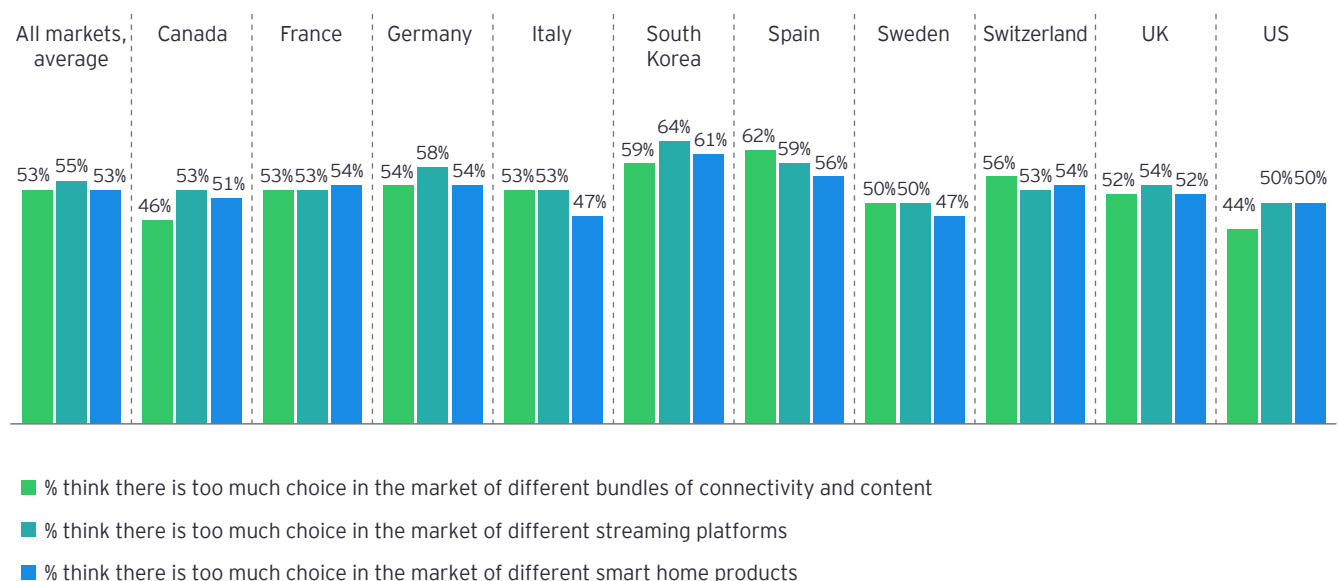
% agree, average all markets



Many consumers feel overwhelmed by an increasingly crowded landscape of connectivity and content offerings

More than half of households on average across all markets agree that there is too much choice of broadband providers, streaming platforms and smart home tech. It's clear that service providers need to ensure their value propositions are as compelling as possible, so they stand out from the crowd and are well-placed to build and sustain customer relationships.

Figure 4: Attitudes to choice of connectivity and content products and services



2

Detailed survey findings

Spending, switching and value for money

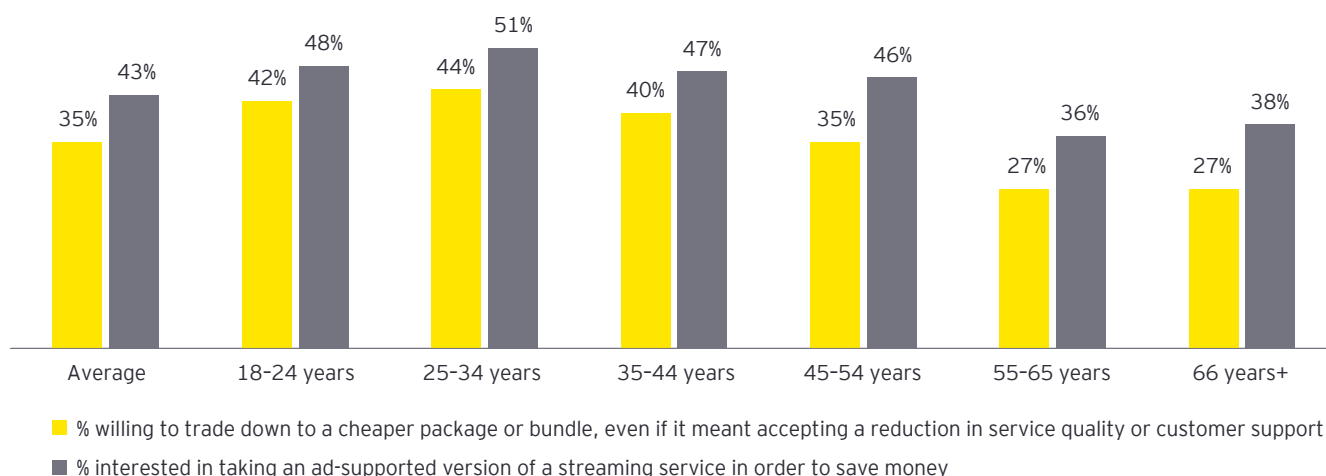
Savings are still important – but premium needs are clear

Households are willing to trade down to save money, led by younger consumers and streaming users

Our research confirms that consumers remain anxious about price increases for digital home offerings. Bruised by last year's cost-of-living crisis, they're looking for fixed price guarantees, with older demographics the most likely to seek these. Alongside their concerns over volatile pricing, households are also open to cutting back their spending. On average, 35% of households are willing to trade down to cheaper broadband, even if it comes with lower levels of customer support. An even higher proportion (43%) are receptive to ad-supported streaming to save on monthly subscription rates. In both instances, younger users find these trade-offs the most appealing. More than half of US households would be open to switching to cheaper ad-supported streaming offerings, while 47% of South Korean users are open to trading down to cheaper broadband. The "trade down" mentality is less evident in Sweden, where only one in three are interested in moving to lower-cost alternatives of connectivity and content subscriptions.

Figure 6: Household interest in moving to lower-cost subscriptions: split by age

% average, all markets



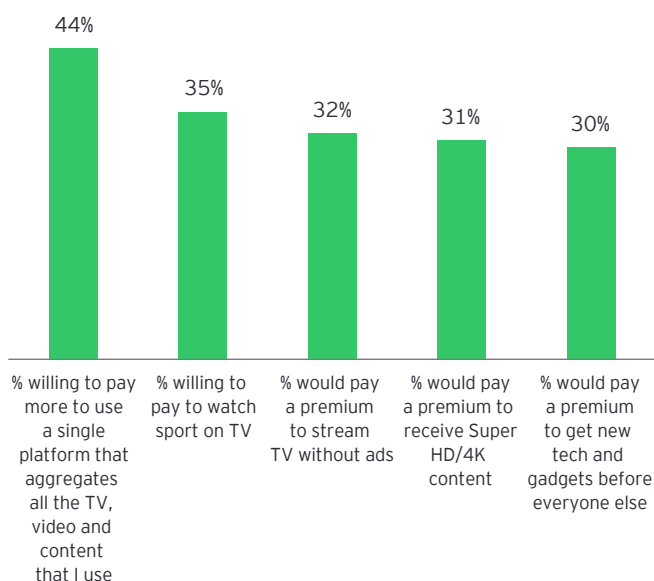
Despite readiness to trade down, appetite for premium content and connectivity exists – and is even increasing in some cases

While some households voice a readiness to trim their spend, others remain receptive to premium connectivity and content – often increasingly so. Demand across all markets for services that aggregate content at a premium price has risen from 40% last year to 44% in 2024, with the appetite highest in the US (53%), Spain (48%) and the UK (48%). Meanwhile, more than one in three households are willing to pay to watch sports on TV, with receptivity highest in the UK (42%), Spain (41%) and Italy (41%). On the connectivity side too, there are various elements that service providers can bring together to build premium offerings, with more than one-third of households saying they're open to paying more for broadband with attributes including: additional privacy, security and wellbeing features, good customer service, and backup connectivity in the event of network outages. US households lead in terms of readiness to pay for these features. What's more, the proportion of households willing to pay more for enhanced broadband and mobile packages is rising year on year in a number of countries, including Canada, Italy, the UK and the US.

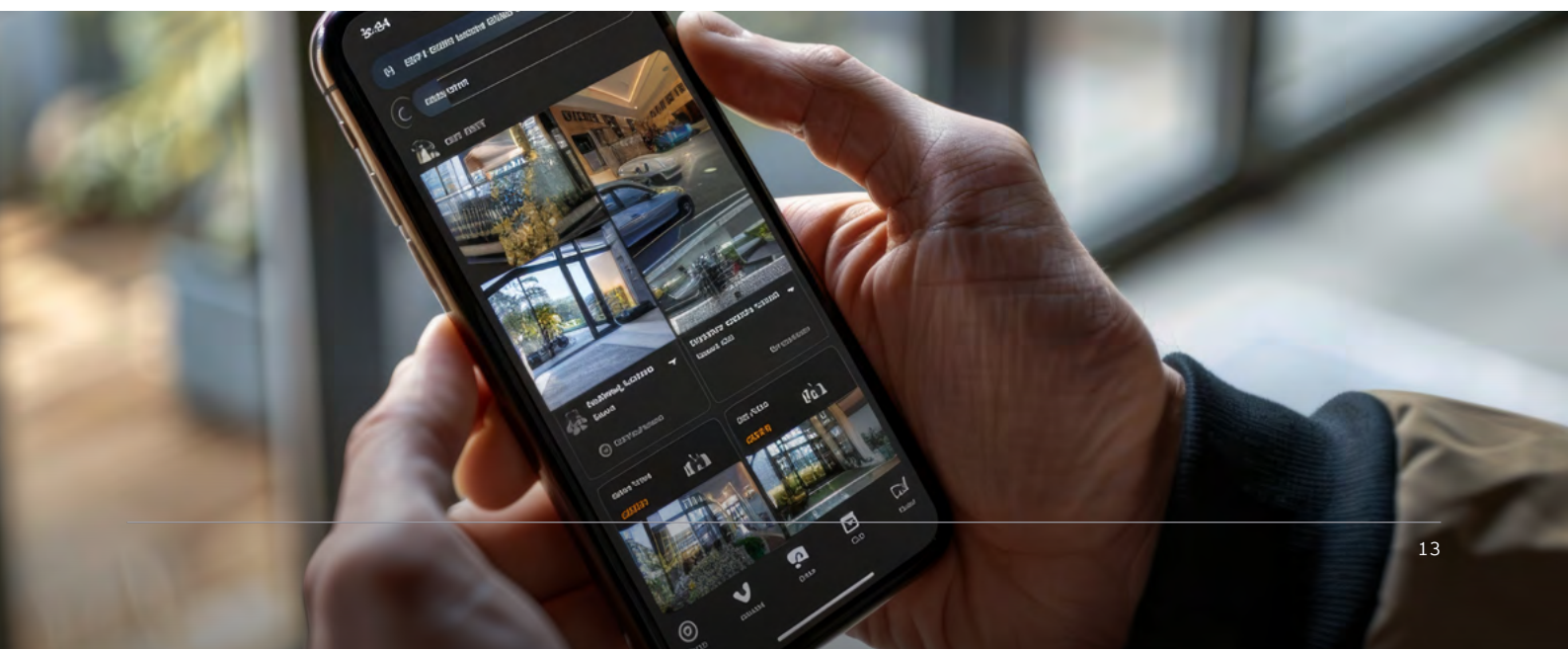
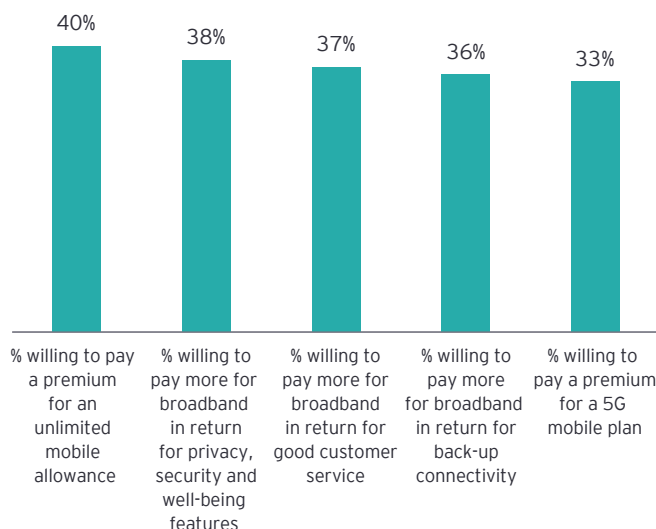
Figure 7: Household receptivity to paying a premium for enhanced services

% average, all markets

Content and technology



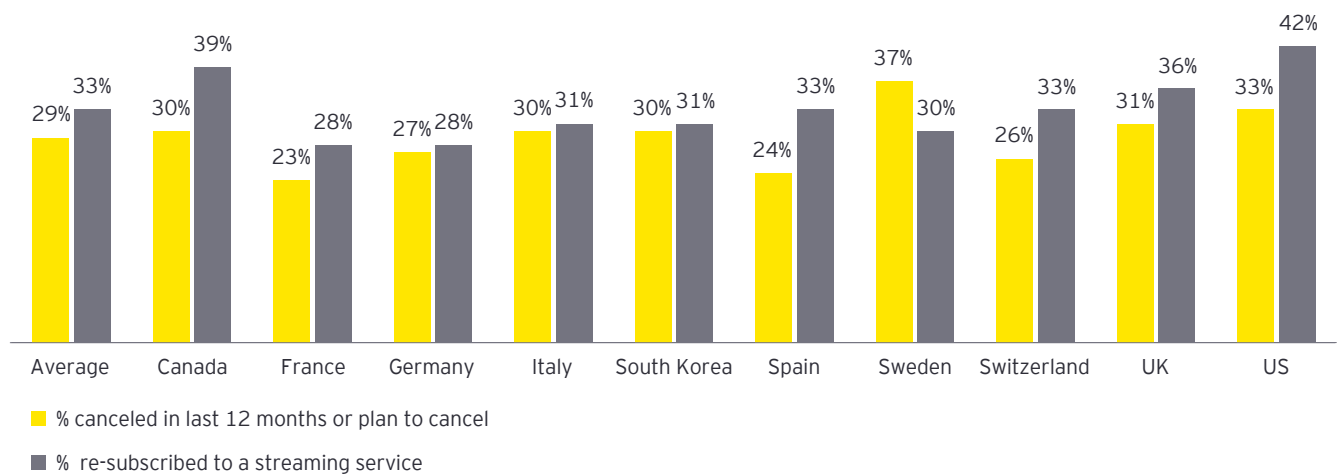
Connectivity



The streaming market is highly fluid: Households are dropping platforms but more have resubscribed to canceled services

Consumers canceling platform subscriptions has become a feature of the streaming market in recent years, as the boom in household content consumption spurred by the COVID-19 pandemic gave way to inflation-driven spending constraints. This year, 29% of households on average have canceled or plan to cancel at least one streaming subscription service, down from 33% last year. However, decisions to cancel are still primarily driven by the need to cut costs, led by Canada and Sweden (both 53%). Meanwhile, one-third are resubscribing to one or more services they had previously canceled – a finding that underlines the importance of streaming platforms’ “win back” strategies. North American households are the most likely to resubscribe, but the market is more challenging in Sweden, where the proportion resubscribing (30%) stands well below the proportion canceling or with plans to cancel (37%).

Figure 8: Streaming services: cancelations and resubscriptions



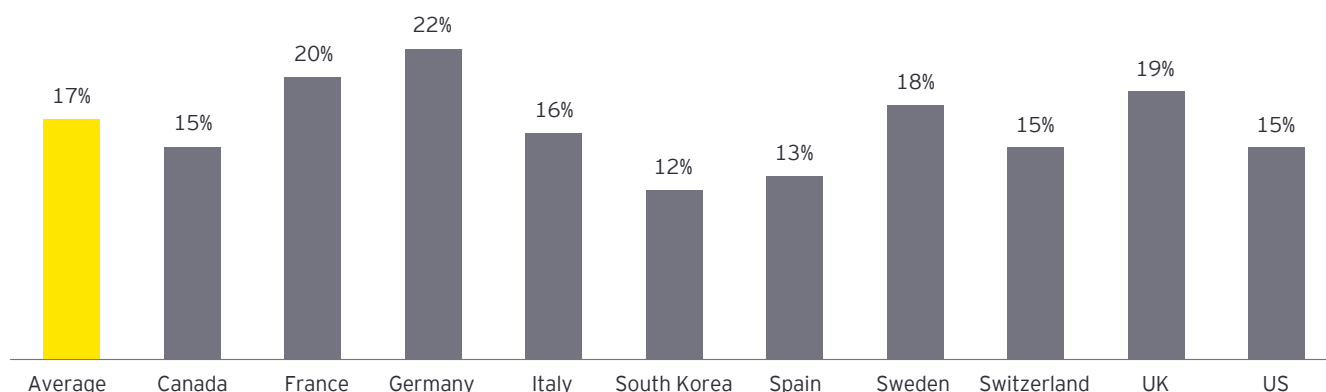
Up to one in five households have switched broadband provider in the past year – but switching is seen as a difficult process, indicating inertia

Broadband switching has been most prevalent in France (20%) and Germany (22%) over the past year, while “stickiness” is strongest in Spain and South Korea. In many cases, the perceived difficulty of changing providers could be deterring people from taking this step: On average, 34% agree that it’s very difficult to switch – a finding that speaks to a wider sense of inertia, with 37% of households believing it’s not worth the time and effort. This perception that switching is difficult and the accompanying apathy are most pronounced in Canada and the US. However, while South Korean households rank above average for viewing the switching process with apprehension, this doesn’t translate into a commensurate level of apathy. Meanwhile, Swedish households are less likely to cite difficulty in switching or believe that changing provider is not worth the time and effort.

The perceived difficulty of changing
broadband providers could be deterring people:
On average 34% agree that it’s difficult to switch.

Figure 9: Household internet switching: last 12 months by country

% switched broadband/internet provider in the last 12 months

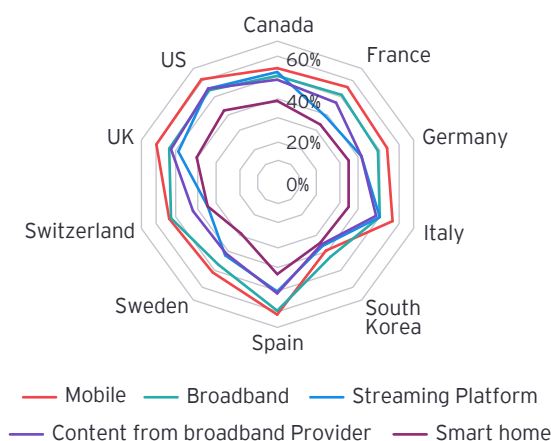
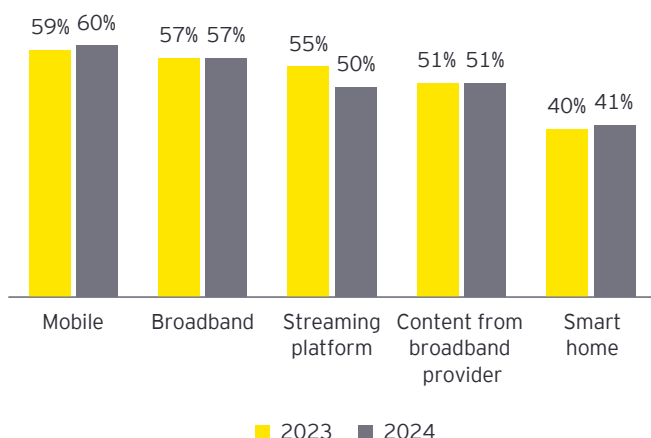


Value for money perceptions for streaming are in decline – with content from broadband providers having the edge in some markets

Households' perceptions of value for money from connectivity and content services have remained largely consistent year on year across all markets. However, the proportion agreeing they get value for money from streaming platforms has declined by five percentage points, reflecting a pricing environment where monthly rates have doubled in the last 10 years, with some platforms increasing prices by more than 40% in the past year alone.¹ Households in France (-8pp), South Korea (-7pp) and the US (-6pp) are the most likely to report a decline in streaming platforms' value for money. Meanwhile, broadband providers' content has a clear advantage in terms of delivering perceived value for money in a number of countries, including France, Switzerland and the UK. Nevertheless, consumers in Canada, Italy and the US still view streaming platforms offering value for money that is better or as good as broadband providers' connectivity and content offerings.

Figure 10: Value-for-money perceptions: split by service and country

% consumers agreeing they get value for money



¹ "Streaming prices have doubled in a decade as Netflix and other platforms become more like cable," *Quartz*, 21 August 2024.

3

Detailed survey findings

The downsides of digital demand

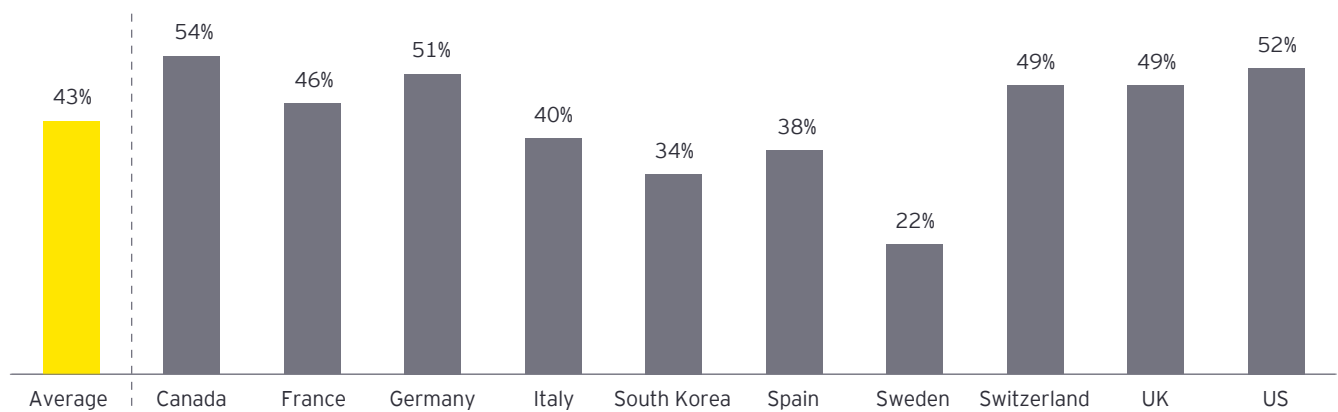
Online overload, harmful content and data security in focus

Many consumers equate online activity with a threat to wellbeing – and in some markets, half of households actively seek digital detox

Consumers' fears over the amount of time they spend online emerge clearly in our survey findings. Four in 10 are concerned about the amount of time household members spend online while a similar proportion (38%) often think about the negative impact that being online has on their overall wellbeing. Anxiety around how online activity affects wellbeing has risen year on year in all markets except South Korea and the US. In line with this, 43% of households actively seek time away from devices, led by those in North America and Germany. Germany is notable for having a high proportion of households aiming for digital detox (51%) despite a relatively lower proportion of users claiming they think about the negative impact of online behavior on wellbeing (34%). A similar gap between a heightened desire for digital downtime and a relatively lower level of stated concern is also apparent in the US.

Figure 11: Consumer interest in seeking digital downtime

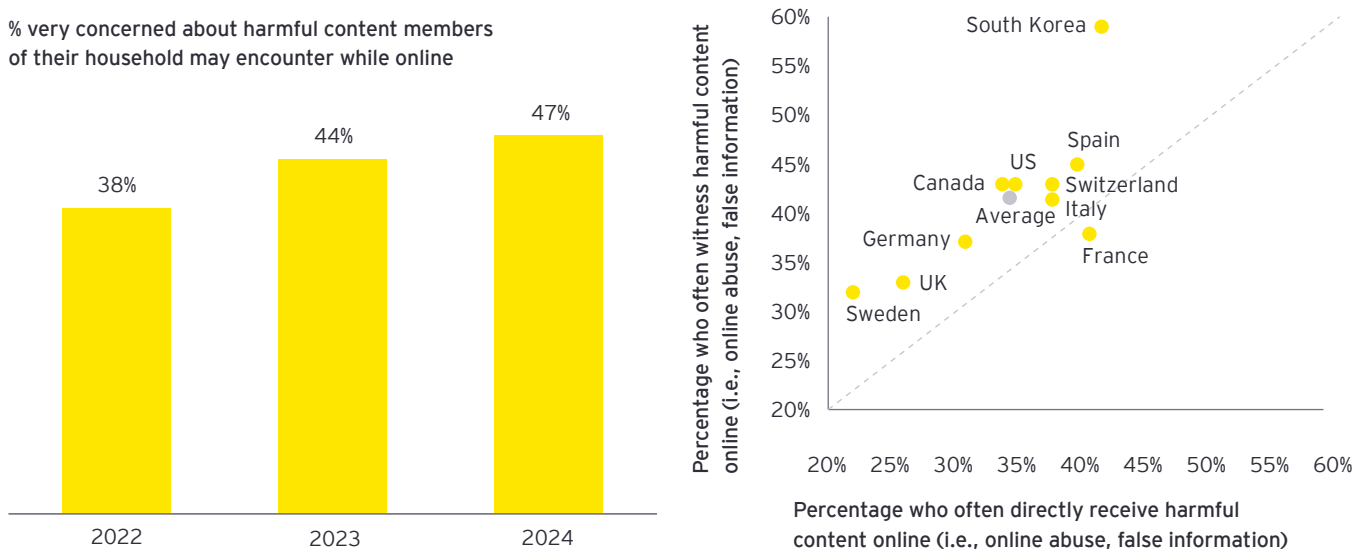
% actively seeking time away from their smartphone or other internet-enabled devices



Consumers are increasingly concerned about harmful content

Exposure to harmful content online – from false information to online abuse – is now a major news item worldwide. Forty-seven percent of consumers are very concerned about what members of their households may encounter online, up from 38% two years ago. Anxiety about children's susceptibility to harmful content is even more pronounced: 59% of respondents are very concerned about children accessing harmful content, with households in Spain (65%), Canada (63%) and Italy (62%) especially worried. On average, more than a third of households say they both witness (40%) and directly receive (36%) harmful content. UK and Swedish households are less likely to report this, but South Korean consumers are much more likely to cite witnessing harmful content (59%). Six in 10 believe governments and regulators aren't doing enough to combat it, while 37% of households want social media platforms to introduce stricter age verification procedures, a topic that governments are grappling with as they consider how best to protect children online and as social media platforms explore new account settings for teenagers.²

Figure 12: Consumer attitudes toward and experiences of harmful content

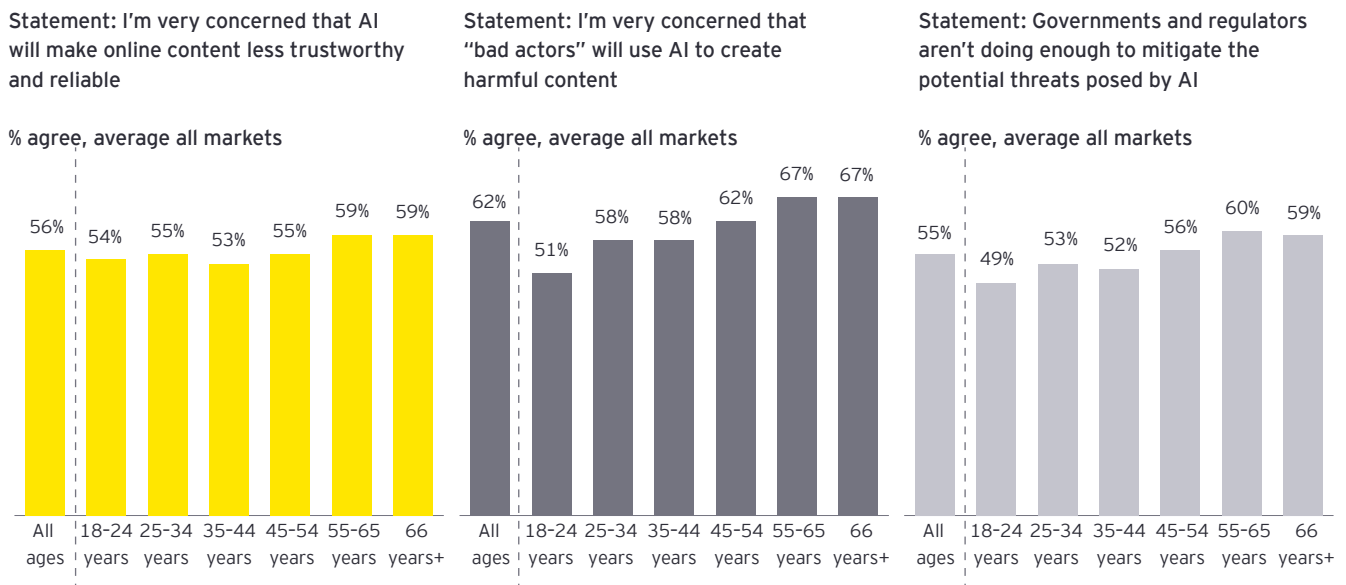


Consumers are wary about the impact of AI on online content, led by older groups

While the challenges posed by harmful content are long-standing and widely recognized, consumers are also alert to the potential for AI to make online content less trustworthy. More than half of households (56%) are very concerned that AI will make content less reliable, with an even higher proportion (62%) fearful of the role “bad actors” could play in harnessing AI to create harmful content. The majority of households also believe that governments and regulators should be doing more to mitigate the potential downsides of AI. In all cases, older groups are more likely to express concern over the potential impacts of AI. At the country level, North American consumers tend to be more worried about AI than their counterparts in other markets, while Spanish households are also very cognizant of the potential threat AI presents to online trust.

² “Meta to put under-18 Instagram users into new ‘teen accounts’,” *The Guardian*, 17 September 2024.

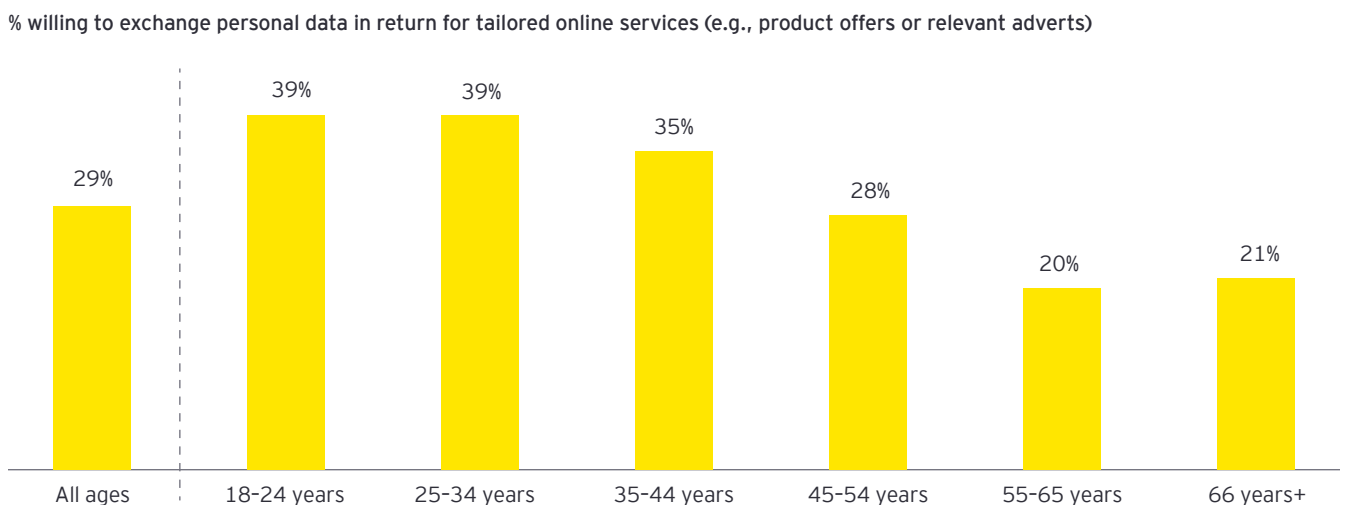
Figure 13: Consumer attitudes toward AI's impact on online content



Data security remains problematic but younger users are receptive to sharing their data in exchange for customized services

Alongside concern about unsafe content, including AI's potential role as a catalyst for it, consumers also harbor deep-seated fears about personal data security and control. On average 47% of households believe it's impossible to keep online personal data secure, while only 42% feel they are currently in control of their online personal data, a proportion that falls as low as 27% in South Korea. Although many households lack confidence in personal data privacy and security, there are bright spots for service providers. More than a quarter – 29% – of consumers are willing to exchange their personal data in return for service customization, and this rises to 39% among 18 - 34 year olds on average across all markets. Such findings point to a significant opportunity for those providers who can clearly articulate the benefits of data sharing and build greater confidence in the concept of a value exchange with their customers.

Figure 14: Consumer attitudes toward personal data sharing as a form of value exchange: Split by age

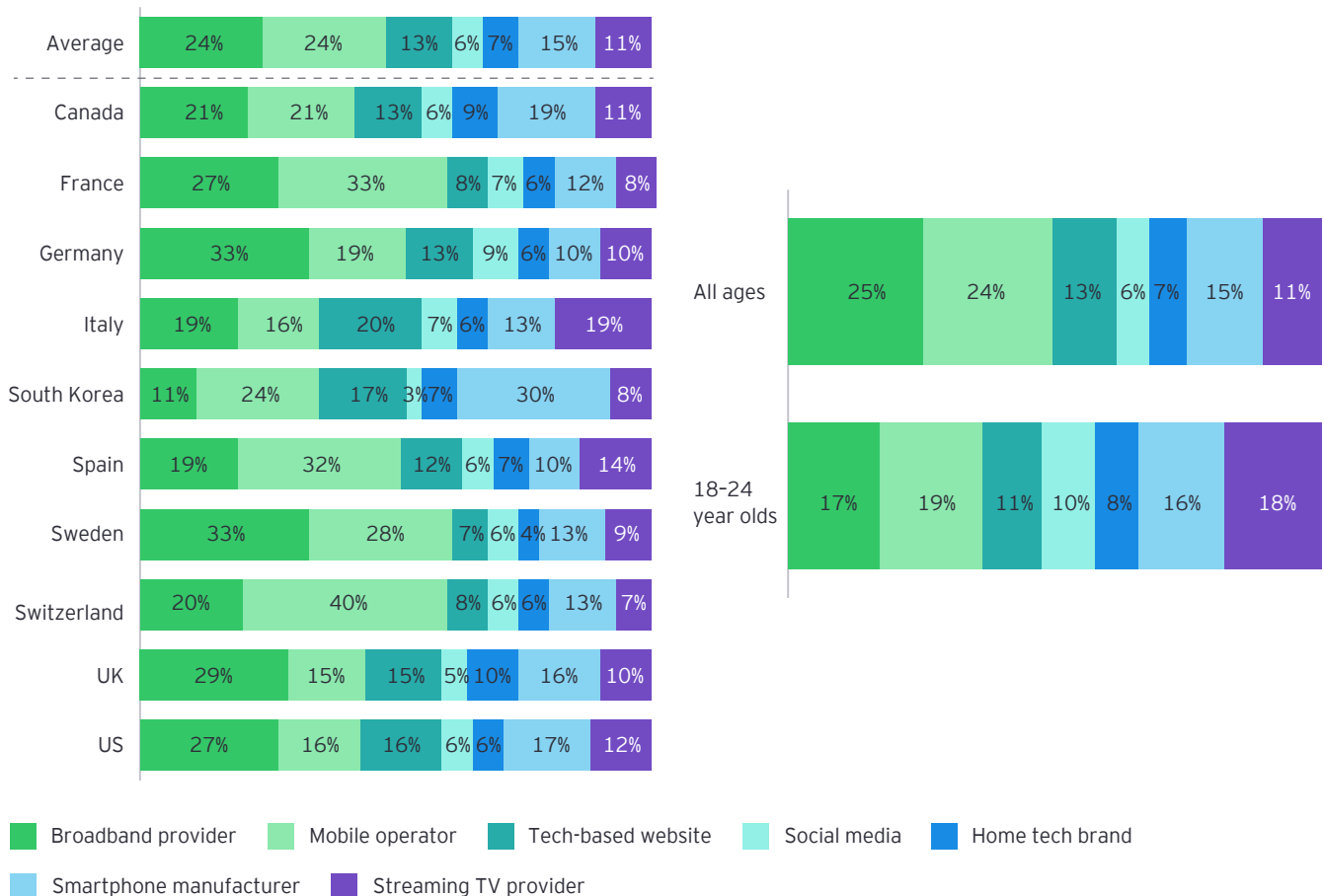


Connectivity providers score highest as trusted custodians of data, although younger users' preferences are more evenly distributed

Given consumers' sensitivity to the security and control over their personal data, service providers' credentials as data custodians represent an important aspect of their brand trust, particularly given opportunities to customize offerings based on personal data sharing. Here, telcos have an advantage: 48% of households believe either broadband or mobile operators rank ahead of others for keeping data secure and using it appropriately. Households in Sweden (61%), France (60%) and Switzerland (60%) are most likely to favor broadband and mobile providers, underling the opportunities for integrated telcos in these markets. By contrast, consumers' affinity for telcos as custodians of their data is lowest in Italy and South Korea, with South Korean households favoring smartphone brands most highly for personal data security (30%). While telcos have the highest mindshare with consumers overall when it comes to data security, younger groups are just as likely to trust streaming platforms and device manufacturers.

Figure 15: Household trust in service providers' ability to safeguard their data: By country and age

Which of the following types of company do you think would best keep your personal data secure and use it appropriately?



4

Detailed survey findings

Changing value propositions

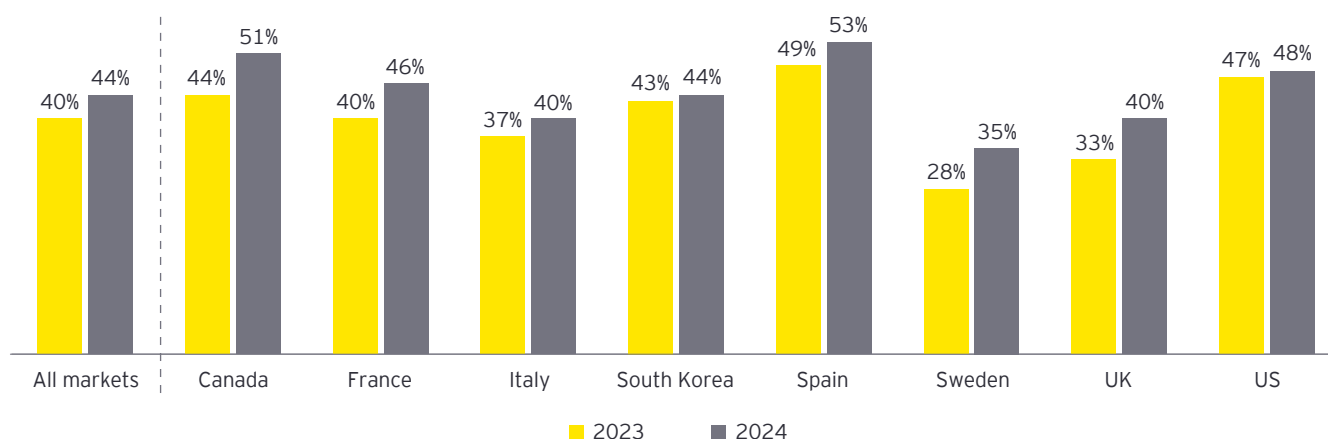
Growing demand for bundles comes with caveats

The one-stop shop for connectivity and content is rising in importance

Bundles of connectivity and content are well-established – and the good news for service providers is that household spending pressures have reaffirmed their importance in the minds of households. Some 44% of households on average equate the cost-of-living crisis with the need for a one-stop shop, up from 40% last year. This year on year uptick is most pronounced in Canada, the UK and Sweden (each up 7pp). Perceived benefits, including cost savings, the convenience of receiving a single bill and having a single point of contact for customer service, resonate with most households, with consumers in Canada, Spain and South Korea attaching the highest value to these attributes.

Figure 16: Impact of cost-of-living crisis on appetite for household bundles

% think that the cost-of-living crisis has made them think it would be better to get all of their connectivity and content services from a single supplier

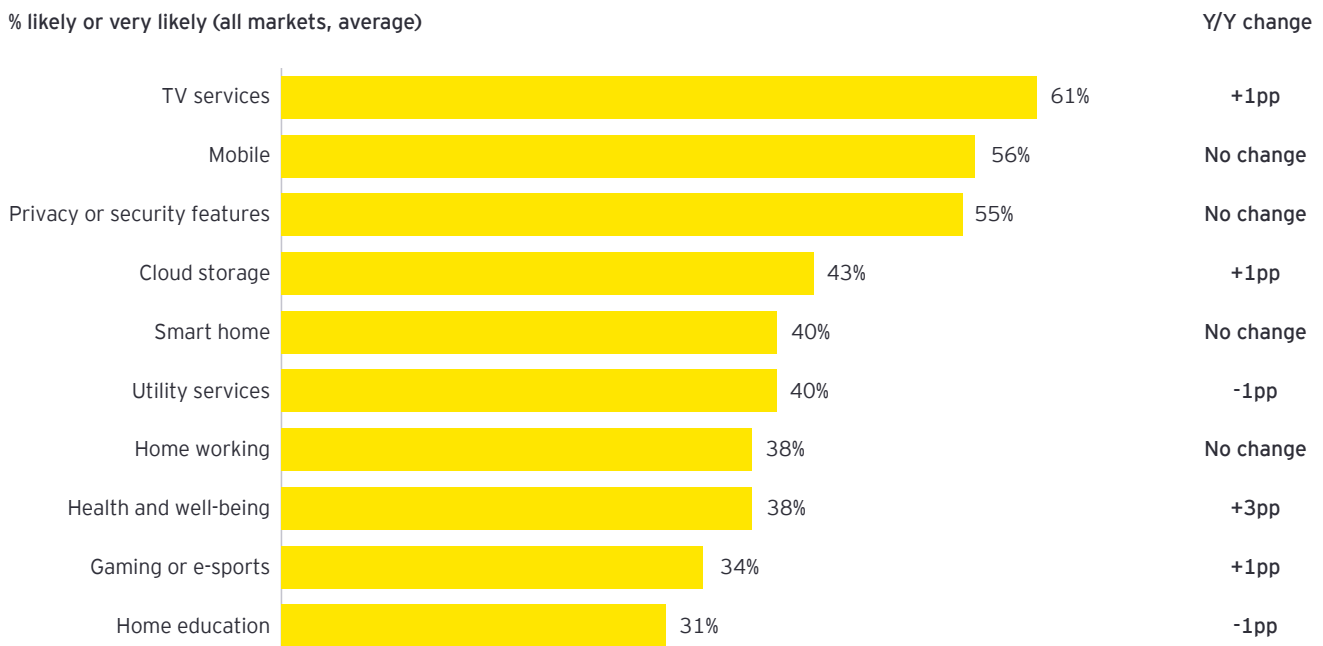


Consumer appetite for broadband bundles remains strong, but some question TV and broadband combinations

While the logic of bundles has gained increasing traction with consumers over the past 12 months, receptivity to different types of broadband bundle remains largely consistent with the previous year. Bundles of broadband with health and wellbeing features is one area of growing interest, with 38% of households saying they're likely or very likely to take such a service in the future compared with 35% last year. This uptick comes at a time when more internet service providers (ISPs) are adding digital wellbeing features to their packages, typically in the form of new parental controls designed to ensure families can get digital downtime. Nevertheless, some traditional packages may be at risk of losing their luster: Consumers in some markets, notably in Europe, are increasingly likely to dispute the advantages of taking TV and broadband from one supplier. However, the proportion of US households questioning the merits of taking TV and broadband together has declined – perhaps an early indication that recent carriage agreements have helped cablecos provide better service portfolios with more attractive content.

Figure 17: Household propensity to add services to broadband

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



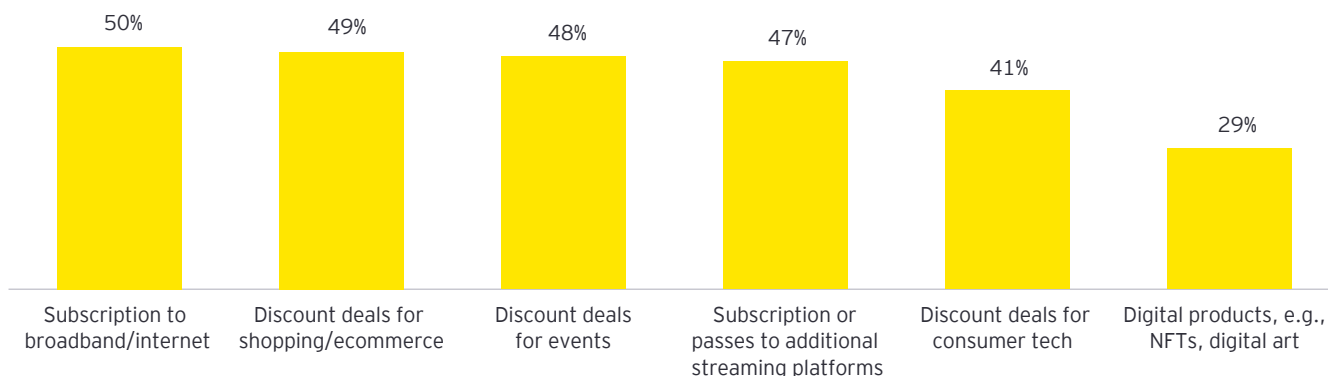
Streaming customers are also receptive to new forms of bundled value

Alongside connectivity, content, and features like security and support for wellbeing, consumers also perceive streaming platforms as part of the bundle landscape. Exactly half of consumers on average across markets would be willing to take a streaming package that came with broadband connectivity, highlighting the importance of partnerships between telcos and streaming platforms: Notably, up to 20% of streaming subscriptions are now sold through telco bundles.³ What's more, 47% of consumers across the markets surveyed are receptive to bundles of different streaming platforms, a demand that has been recognized by US studios in their recent moves to combine streaming services. And more than four in 10 users say they would be likely to take packages offering discounts for events and consumer technology. This could be an important lever, given the recent history of subscription price hikes.

³ "20% of all streaming video subscriptions are now sold through bundling partnerships with telcos, reaching 25% by 2028," Bango, 9 August 2023.

Figure 18: Household propensity to add services to streaming subscriptions

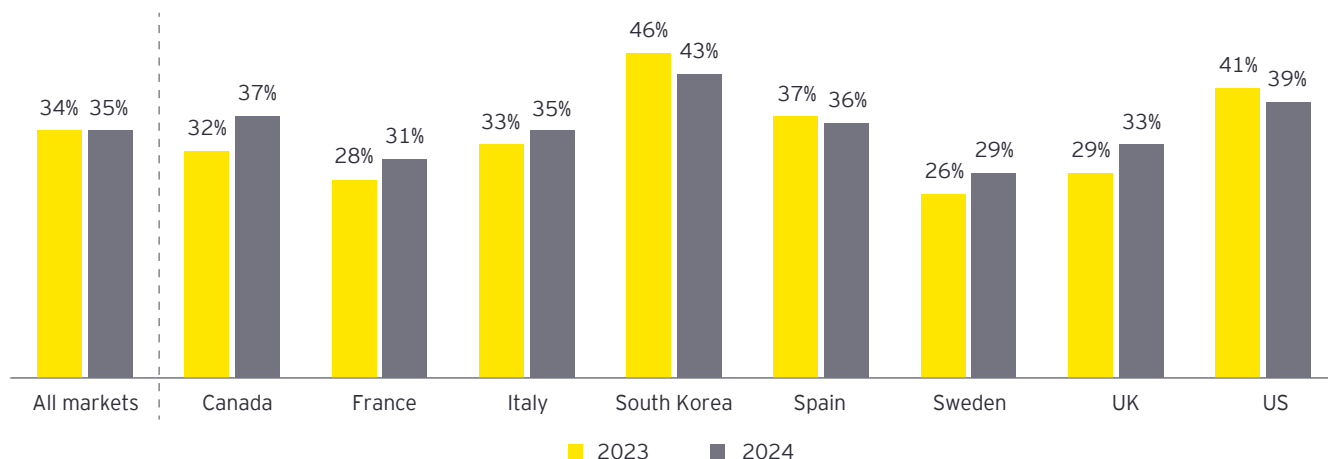
% likely to take a streaming service that includes the following additional products and services in the future, all markets average



More than a third of consumers could swap home fixed broadband for a mobile connection, with price savings the dominant driver

The number of telcos worldwide offering 5G FWA (Fixed Wireless Access) packages for domestic use continues to grow, increasing from 100 last year to 123 in 2024.⁴ As the landscape of home mobile connectivity packages expands, consumers' appetite for mobile alternatives to fixed connectivity remains strong – and is growing in most markets. Some 35% of households on average would be willing to drop fixed for mobile broadband, with demand rising noticeably in markets such as Canada, France, Sweden and the UK. Asked about the rationale for switching from fixed to mobile broadband, an increasing proportion of households cite price savings as a reason – 43%, up from 40% last year. More operators are now offering speed-based FWA plans, and there are signs that this type of package will appeal to prospective customers: 57% are receptive to this kind of charging model for mobile data services in general. While appetite for fixed broadband bundles remains healthy, FWA remains a live alternative for customers.

Figure 19: Household willingness to drop fixed broadband in favor of mobile: Split by country



⁴“FWA market matures as operators look to monetise 5G,” *Telecoms.com*, 26 June 2024.

5

Detailed survey findings

Customer experiences revisited

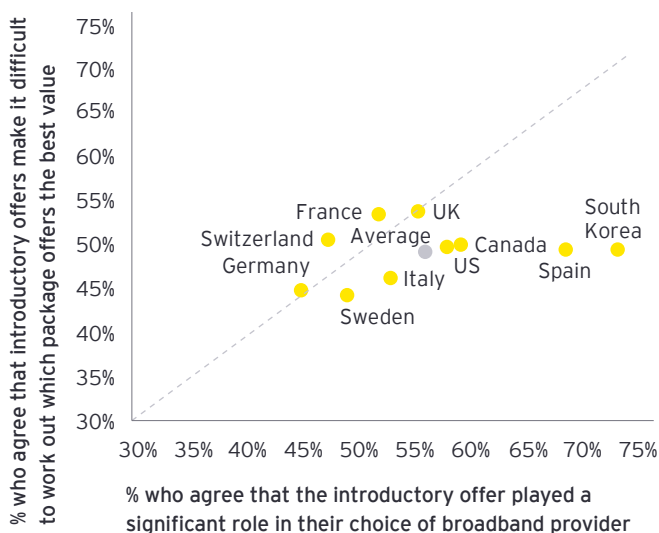
Households lack confidence in digital tools

Limited differentiation and complex introductory offers undermine customer journeys

Customer journeys often start from a position of frustration: 44% of households agree there's very little difference between providers, a finding that's in line with last year's figure, which represented an increase on previous years. Households in South Korea are the most likely to agree that connectivity services are all very much the same (49%), while this lack of differentiation is less pronounced in the US (38%). Introductory offers appear to be a double-edge sword – representing both a reason to sign up (56%) and a source of confusion (49%). In some markets, such as France and Switzerland, consumers are more likely to think that introductory offers complicate their assessment of value more than they help them determine their choice of provider. These findings are consistent year on year, suggesting service providers are missing opportunities to win over new customers.

Figure 20: Household attitudes to introductory offers

% who agree that introductory offers make it difficult to work out which package offers the best value

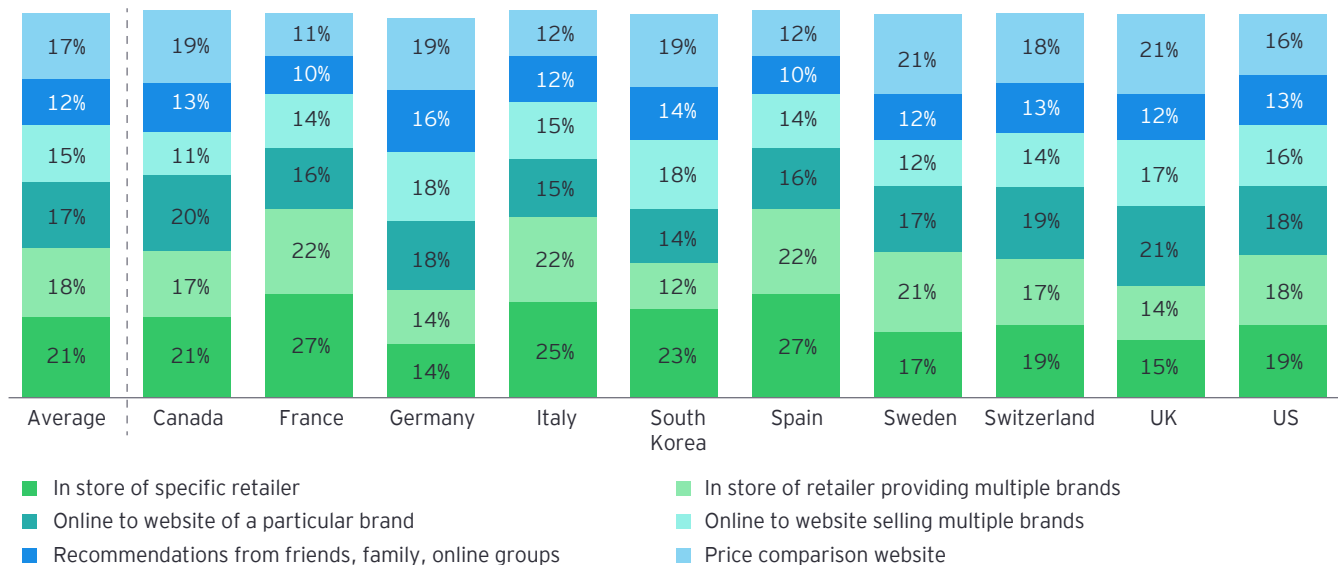


Many consumers still prefer going into a physical store to start their purchasing journey – although sentiments vary between countries

Households' path to purchase follows a wide variety of routes. An average of 17 % of households visit price comparison sites first, with households in the UK and Sweden (21%) the most likely to prioritize seeking information about different offers in this way. And 12% seek recommendations from friends and family: Consumers in Germany (16%) over-index, suggesting greater relevance of net promoter score (NPS) metrics in this market. Meanwhile, the average proportion visiting either single- or multiple-brand physical stores (39%) – principally to get advice from in-store assistants – is higher than the number going online (35%). Preference for in-store visits is most marked in France, Italy and Spain, while usage of online channels is more prevalent in Germany and the UK. Ultimately, the desire for human interaction when making purchasing decisions remains strong, and service providers should look to evolve their in-store experiences to ensure that their omnichannel strategies reflect this reality.

Figure 21: Consumer channel preferences on the path to purchase

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



Households are open to the benefits of digital assistance, particularly for issues relating to service installation and performance

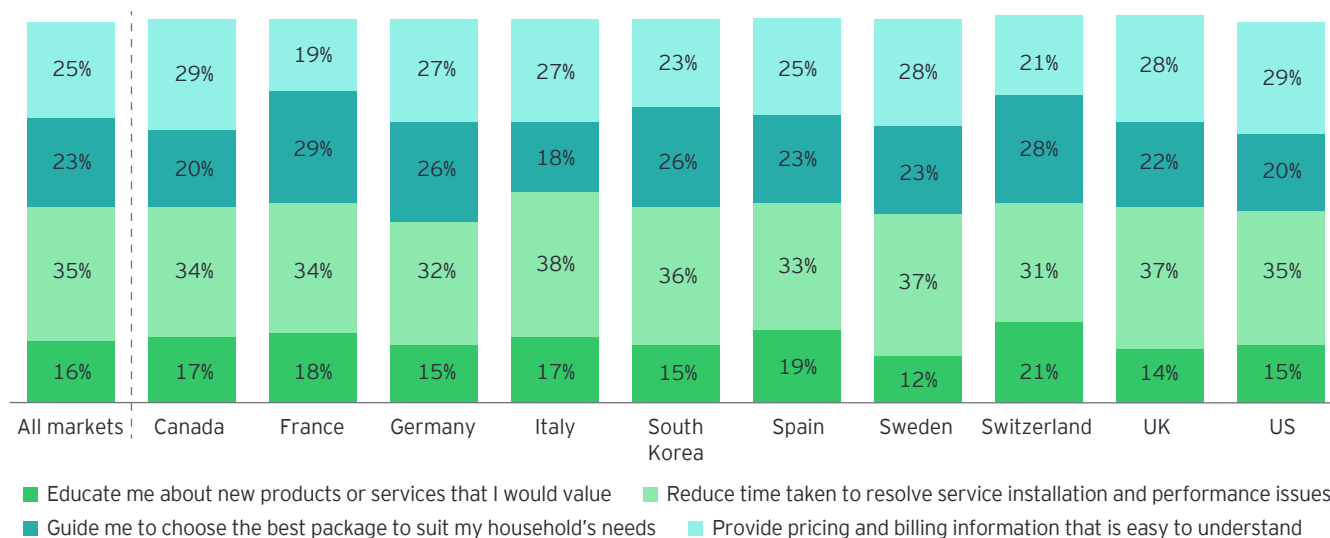
The advent of generative AI (GenAI) is already having a significant impact among connectivity providers, with 57% of operators worldwide now using it to support customer service.⁵ In light of this, it's interesting to note that consumers welcome various benefits that chatbots – potentially augmented by GenAI – can bring to their experiences. Across all markets, the potential to save time resolving installation and performance issues ranks as the top perceived benefit (35%). The ability to provide pricing and billing information that's easy to understand ranks second (25%). Chatbots are also seen as helping customers choose the best package (23%) and as educating users on new services (16%), suggesting that they have an important role to play throughout the entire customer journey.

Generative AI (GenAI) is already having a significant impact among connectivity providers, with 57% of operators worldwide now using it to support customer service⁵.

⁵ "Telco GPT: Survey Shows Scale of Industry's Enthusiasm and Adoption of Generative AI," NVIDIA, 15 February 2024.

Figure 22: Household perceptions of key benefits of virtual assistance on their experience

Question: What is the most significant improvement that using a chatbot could bring to your broadband or internet experience?

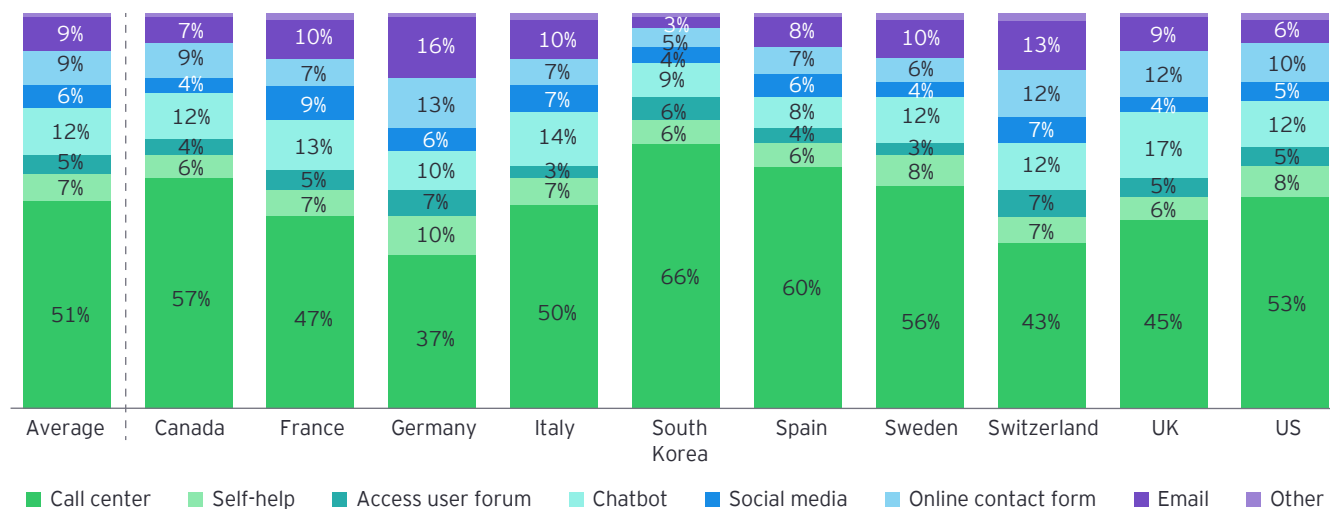


Despite receptivity to using chatbots, consumers still favor the call center for customer support

While households appreciate the potential of chatbots to support them, they prefer the call center (51%) for customer support outreach, while instant messaging is favored by just 12%. Preference for the call center is particularly pronounced in South Korea (66%), Spain (60%) and Canada (57%). Households in Germany (37%) and Switzerland (43%) are less reliant on the call center, but that doesn't translate into greater preference for chatbots, with online contact forms and emails tending to score higher than average in these countries. Service providers need to take on board this continued reliance on legacy channels and take bolder steps to underline the advantage of digital support tools.

Figure 23: Broadband customer support preferences

Question: If you needed to resolve issues with your broadband or internet service in the future, which of the following methods would you prefer to use?

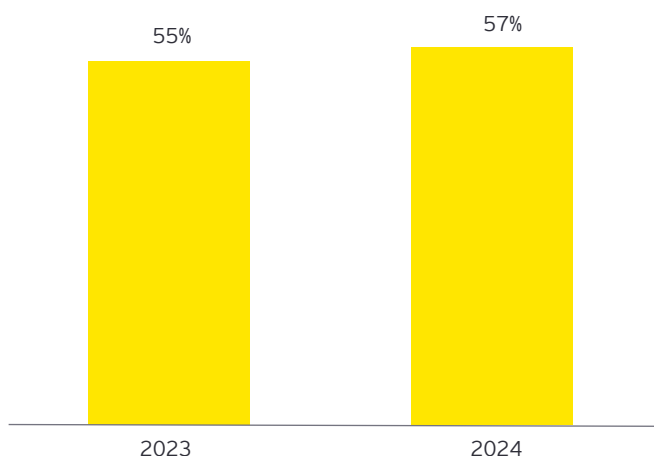


Consumers feel chatbots are ill-equipped to add value: They want tools that blend in agent advice – and are demanding clear explanations of the role of AI

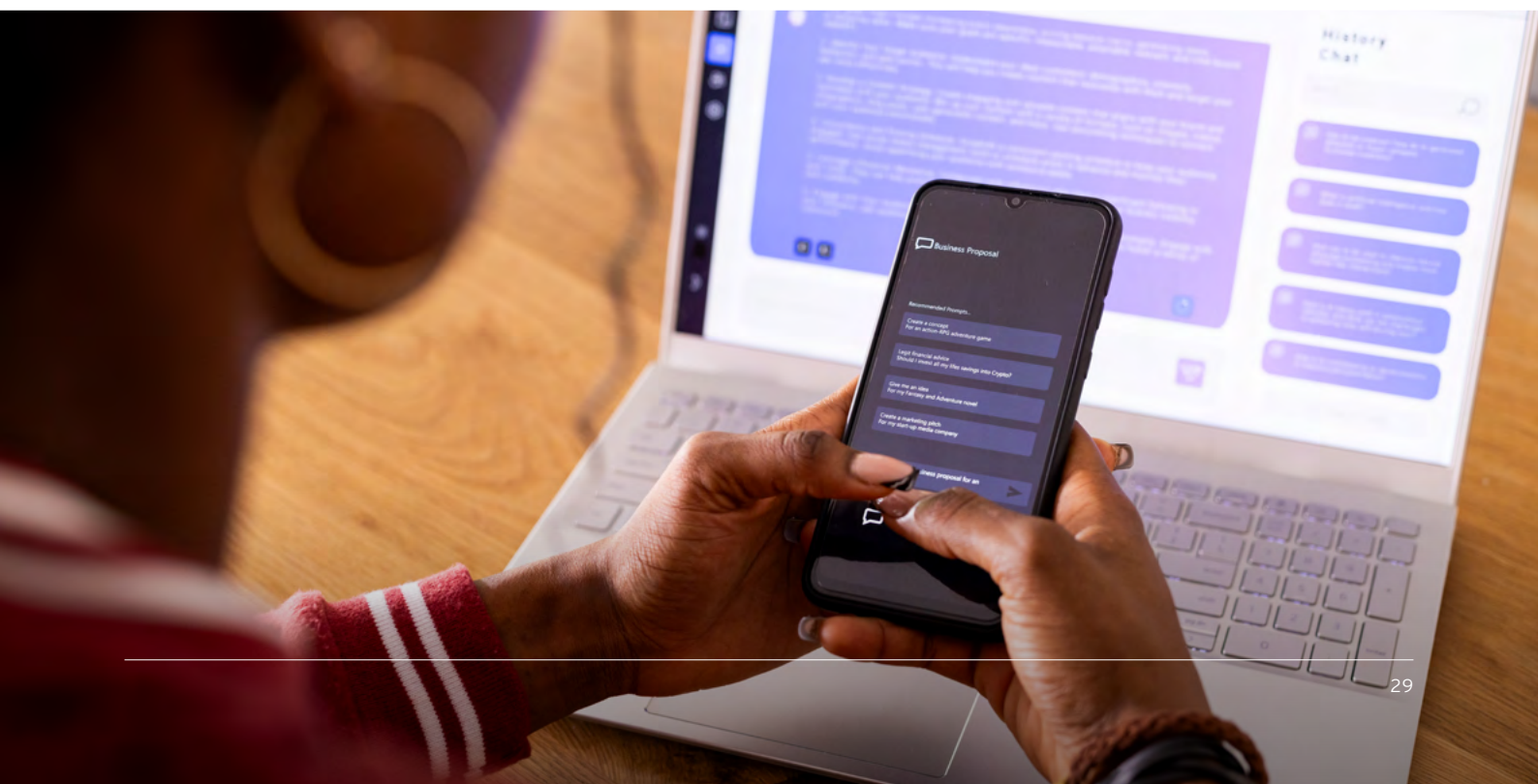
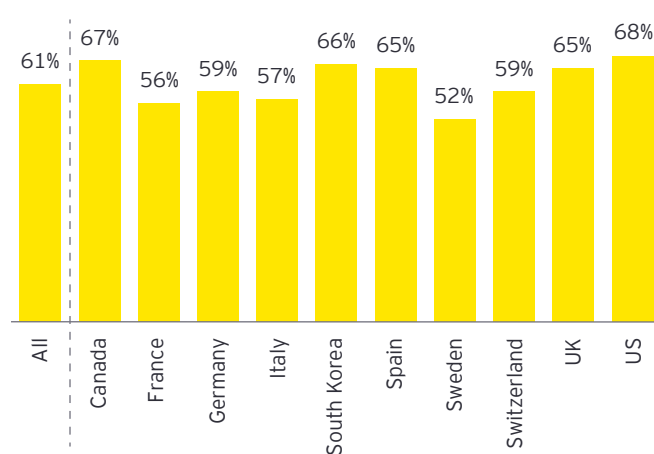
Households tend to stick with the familiar in customer service interactions for a range of reasons. One fundamental driver of reliance on the call center is a lack of confidence in expressing themselves, with 57% believing they can't properly communicate an issue unless they talk to an agent, up from 54% last year. Other factors center on poor past experiences with chatbots – 47% of households on average find that chatbots are less effective than expected, while 52% simply don't think instant messaging is suitable for complex queries. In light of such findings, how can connectivity providers counter these negative perceptions? One vital step is to blend human and digital assistance, with 57% of households saying this would make chatbots more appealing. Even more important is generating greater trust in the technologies that underpin digital support: 61% of households say service providers should offer better explanations of how they are using AI in their customer interactions.

Figure 24: Household attitudes to virtual assistance and the role of AI

% agree they would find instant messaging or chatbots more appealing if they could transfer them in real-time to a customer services agent



% agree that connectivity and content providers should provide better explanations of how they are using AI in their customer interactions



6

Detailed survey findings

Seven digital home personas

Diverse attitudes inside the digital home

The seven digital home segments

A close analysis of the responses from households across all the markets in our research has enabled us to identify seven consumer segments, each with its own distinctive attributes, attitudes and priorities around digital home providers and services. By understanding these segments – and actively targeting those offering the greatest value – providers stand to gain a significant advantage in the marketplace, by boosting the appeal of their offerings among those most likely to buy them. Here are the seven consumer segments in more detail:

1 Premium and pleased

- ▶ Most likely to be the sole decision-maker.
- ▶ Most likely to pay a premium for home connectivity, content and technology but also very focused on introductory offers.
- ▶ Most satisfied with their connectivity and content providers and most likely to see value in the TV content they buy from their broadband provider.
- ▶ Most likely to find self-service options helpful – but also most likely to pay more for better customer service.
- ▶ More likely to feel in control of their online data.

2 Digital devotees

- ▶ More likely to be aged 45 - 54.
- ▶ Most likely to have multi-device streaming at home, with high levels of smart home adoption.
- ▶ Above-average satisfaction with their service providers.
- ▶ Most concerned about children accessing harmful content – and most likely to think service providers should improve their price guarantees.
- ▶ Focused on Wi-Fi quality, and most likely to seek improved reliability from broadband providers.

3 Informed savers

- ▶ Most likely to spend as little as possible on connectivity services.
- ▶ Above-average value for money perceptions, and above-average satisfaction with overall services and with customer support experiences.
- ▶ Below-average propensity to switch.
- ▶ Least likely to find pricing changes difficult to understand, less likely to find service choice overwhelming, and least likely to find switching painful.
- ▶ Below-average interest in new technology and gadgets, and above-average sensitivity to privacy, security and AI risk.

4 Content comes first

- ▶ Most likely to pay to watch sports on TV – but also most likely to think they pay too much for content they don't watch.
- ▶ Higher satisfaction with content providers than ISPs.
- ▶ More likely to find the switching process complex.
- ▶ Least likely to trust broadband providers to look after their data.
- ▶ Prefer familiar content and sensitive to digital overload: Most likely to seek time away from smartphones.

5 Beyond the bundle

- ▶ Above-average interest in new technology or gadgets and more likely to pay a premium.
- ▶ Most likely to want to cancel pay-TV and move to subscription video-on-demand (SVOD) only; more interested in new types of broadband bundle and more willing to drop fixed broadband for mobile.
- ▶ Highest propensity to switch and below-average satisfaction with their broadband providers and support experiences.
- ▶ Most receptive to exchanging personal data in return for tailored services.
- ▶ Highest level of concern about screen time and the negative impacts of being online on their wellbeing.

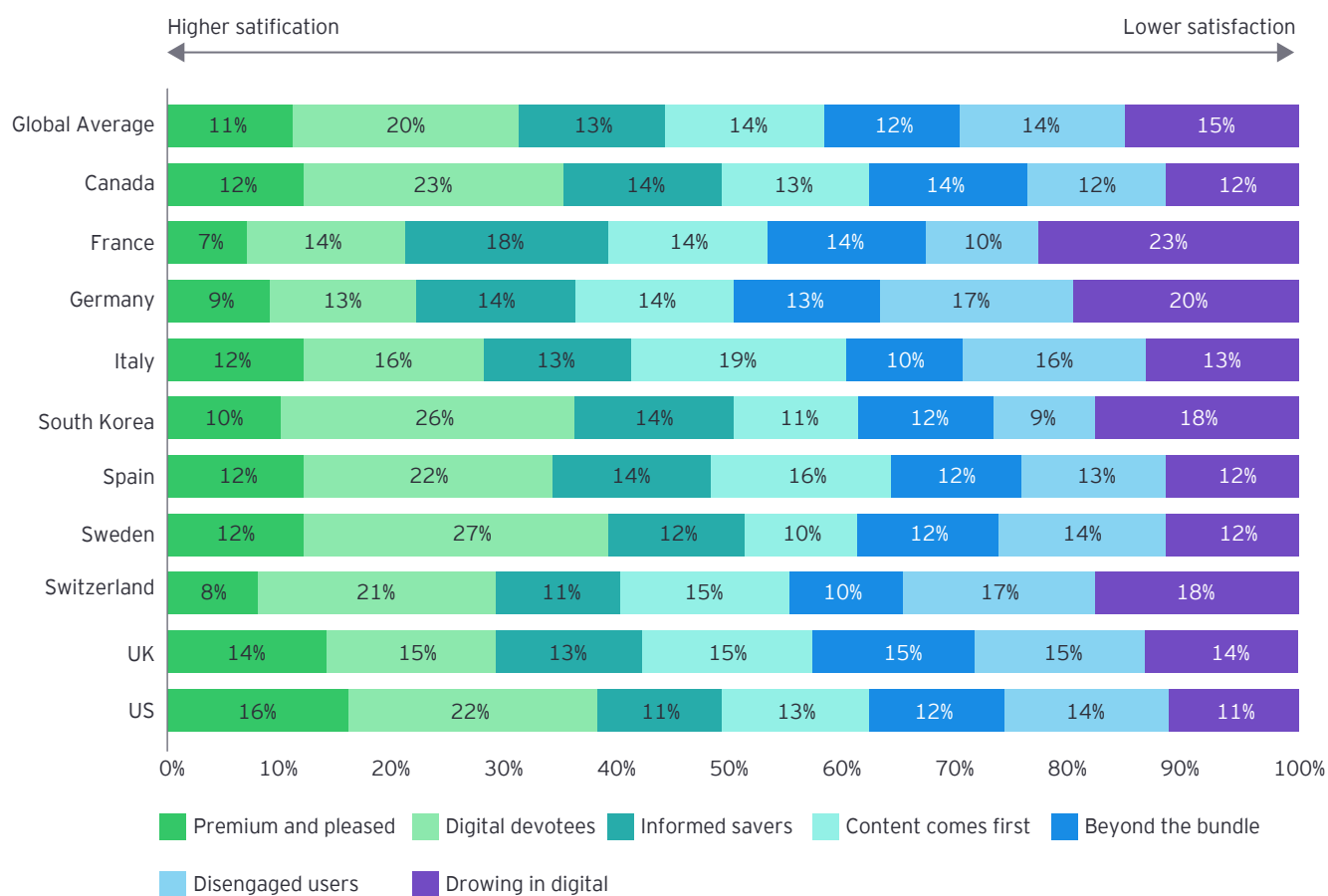
6 Disengaged users

- ▶ Average levels of home technology adoption, but most likely to cite lack of differentiation between providers.
- ▶ Below-average satisfaction with overall services and customer support, as well as below-average value for money perceptions.
- ▶ Above-average propensity to switch.
- ▶ Least receptive to introductory offers and bundling rationales.

7 Drowning in digital

- ▶ Oldest segment.
- ▶ Least likely to pay a premium and most likely to feel overwhelmed by choice.
- ▶ Low satisfaction with connectivity and content providers and customer support experiences.
- ▶ Below-average propensity to switch, reflecting inertia.
- ▶ Most concerned about phishing or scam emails they receive and least likely to feel in control of their online data.

Figure 25: Segment splits on level of satisfaction: worldwide and by country





What are the next steps for service providers?

In light of our survey results, here are five steps we believe digital home service providers should take as a matter of urgency to help them stand out in the marketplace.

1.

Focus on your customer promise

This year's findings highlight consumers' frustration with promises made to them as digital customers – whether born of distrust of broadband performance credentials or anxiety about price increases. As customers grapple with making choices in a crowded market, it is vital for service providers to ensure that the service guarantees they offer are more meaningful and compelling. This will help address high levels of apathy among some segments and improve the adoption outlook for connectivity, content and smart home technology.

2.

Take advantage of premium service potential

While some consumers are prepared to trade down to save money, there are clear indications of rising receptivity to premium connectivity and content offerings. Taking advantage of these positive signals will help providers to justify a higher price point during a period when monthly rates are trending upward. At the same time, “win back” strategies should be a greater area of focus, given the fluidity in the streaming market and the disruptive potential of services such as mobile broadband for the home.

3.

Address consumers' digital anxieties

Fears around harmful content and personal data security emerge strongly in this year's findings. Building higher levels of trust through a more meaningful dialogue with customers is increasingly vital – and service providers that get this right stand to open up new routes to service customization and monetization. Meanwhile, engaging in a proactive dialogue with industry peers and regulators can help providers stay informed and responsive on fast-changing topics such as online safety and security.

4.

Put simplicity at the center of your service portfolio

Demand for different types of package – ranging from broadband and streaming bundles through to 4G or 5G home broadband – remains healthy. Yet there are signs that consumers are overwhelmed by the choice on offer and are struggling to see significant differentiation between providers. For providers, these indications underline the importance of ensuring that service offerings are simple to understand, install and customize. While the principle of the bundle remains critical to winning new customers, the reality is that long-term satisfaction and loyalty hinge on service offerings being straightforward to use.

5.

Instill greater confidence in digital customer journeys

Customer journeys still rely heavily on call center interactions and retail store visits, reflecting the continued importance of human advice. Meanwhile, many households don't feel that chatbots are adding value. To build more confidence into customer journeys, it will be critical to improve the appeal of digital purchase and support tools, and remove the friction in transferring support from digital only to digitally assisted channels. Consumers expect better combinations of agent and digital interactions – alongside better explanations of the role played by AI in more sophisticated digital tools.



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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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