

Can you adapt to changing demands in the digital home?

Decoding the digital home 2024: UK report

EY

Shape the future
with confidence

Contents

03

About this study

04

Key UK insights from our 2024 research

05

1. Adoption drivers and barriers

09

2. Spending, switching and value for money

12

3. The downsides of digital demand

15

4. Changing value propositions

18

5. Customer experiences revisited

22

6. Seven digital home personas

24

What are the next steps for service providers?

25

How EY can help

Detailed UK survey findings

About this study

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

The survey is designed to build a deeper understanding of changing consumer behaviour and attitudes involving technology, media and telecommunications products and services. 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 Technology, Media & Entertainment, and Telecommunications (TMT) team.

This report zeroes in on the findings from the 2,500 UK consumers who participated in this year's research, supplemented with international comparisons, to enable us to develop and explore specific perspectives, insights and recommendations for digital home providers operating in the UK market.

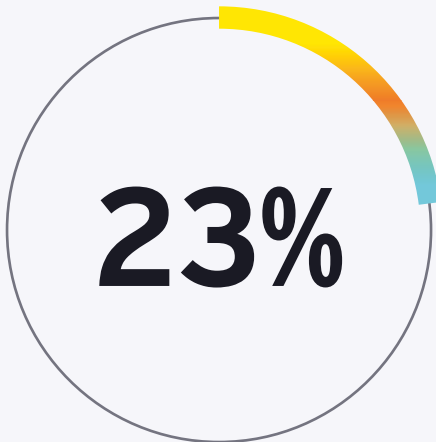


■ Surveyed countries

Key UK insights from our 2024 research

1 Broadband performance is under scrutiny while households prioritise trusted brands for streaming and smart home services

While performance needs continue to drive UK consumers' broadband purchasing decisions, network reliability remains a pain point, especially in cities. Brand trust is playing an important role in smart home and streaming purchase decisions, ranking first and second respectively as considerations. Households' desire for more credible service promises, together with higher perceived value and greater convenience, is clear right across the digital home.



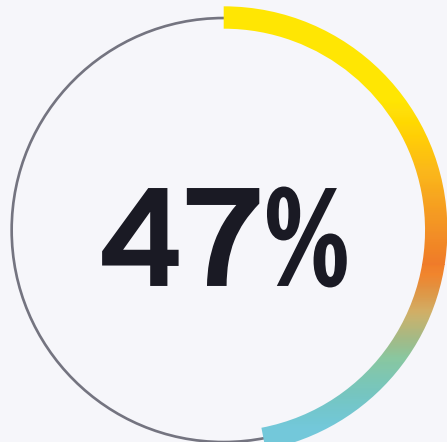
of UK households still experience unreliable home internet on a regular basis, rising to 28% in urban areas.

2 Pricing is still the scene of anxiety, but premium appetite is trending up

Anxiety over price increases remains pronounced, with UK households voicing strong demand for fixed price guarantees on broadband services and growing concern over price hikes in streaming. While some consumers are willing to trade down, others are receptive to premium offerings, with enhanced service propositions resonating more than they did last year. Connectivity providers have a value-for-money advantage over content providers, with consumers in this year's research ranking content purchased from broadband providers ahead of that from streaming platforms in terms of value for money for the first time.

3 Digital drawbacks, including harmful content, are in focus

Consumers are keen on having a 'digital detox,' with families particularly anxious about having too much screen time and younger groups most sensitive to digital wellbeing. Harmful content is the source of growing concern, 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.



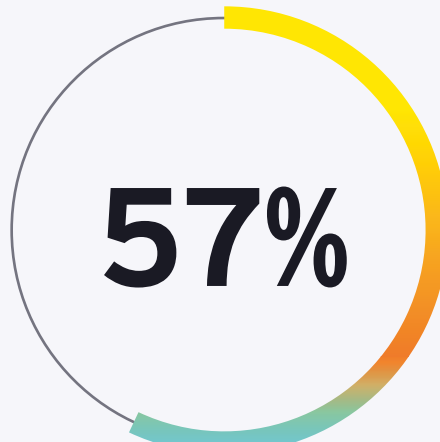
of consumers are very concerned about harmful content their household may encounter online.

4 Receptivity to broadband bundles is growing

Consumers are increasingly inclined towards buying a 'one-shop stop' 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 Consumers are demanding better levels of digital assistance

Achieving differentiation in the UK's crowded digital home marketplace is a challenge for connectivity providers: 44% of households see very little difference between them. Almost four in 10 consumers still prefer going to physical stores first on the path to purchase – and this reliance on traditional channels is also reflected in customer support journeys, with almost half of households still preferring the call centre. Chatbots require improvement: Households want digital tools that blend advice from agents alongside better explanations of the role of AI.



of consumers would find instant messaging more appealing if they could be transferred in real time to talk to a customer services agent.

6 Diverging needs and 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 favour 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 have the lowest level of satisfaction.

1

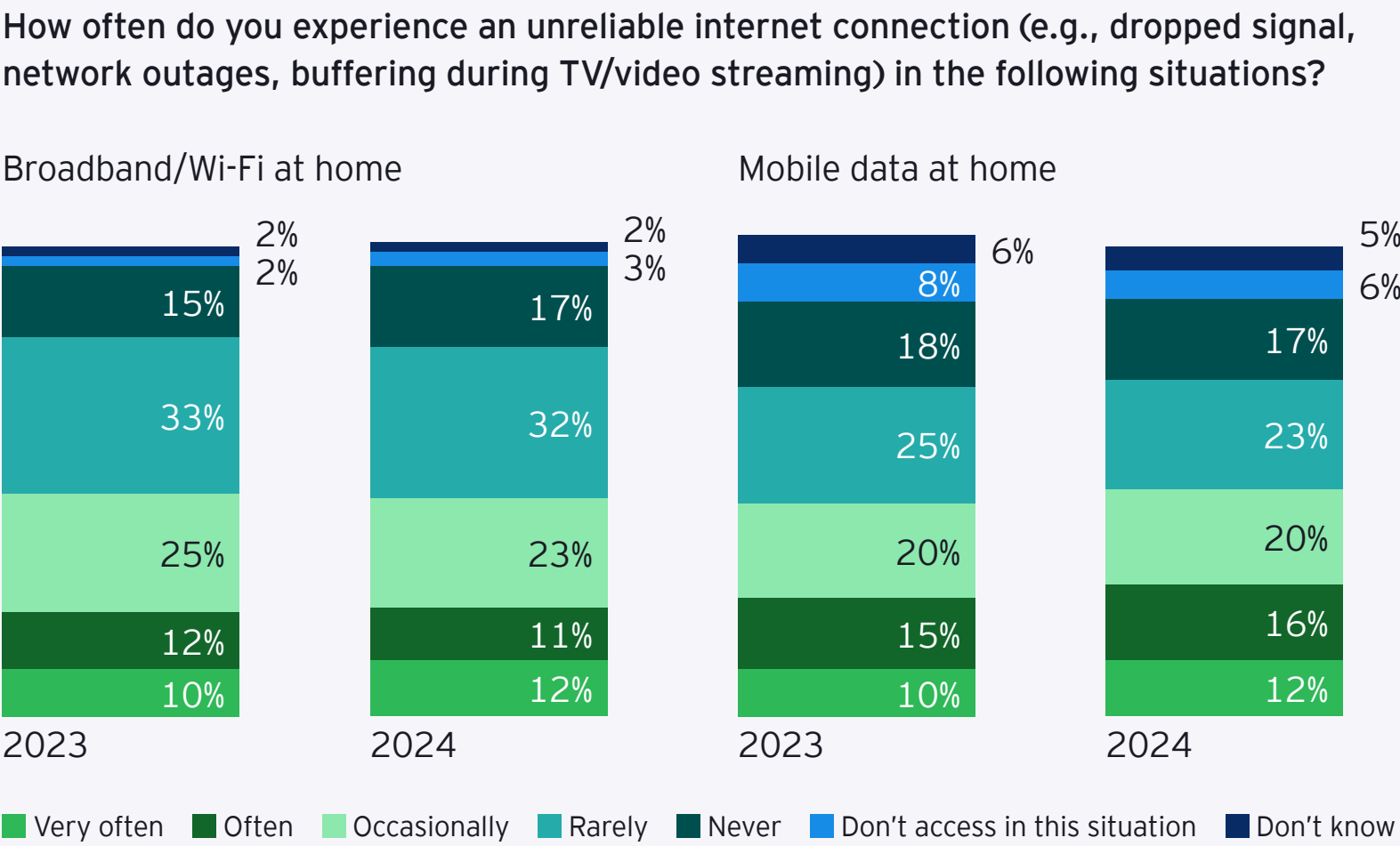
Adoption drivers and barriers

Broadband performance is under scrutiny while households prioritise trusted brands for streaming and smart home services

Network performance is a pain point for some – with urban users more exposed to reliability issues

While network quality ranks ahead of other criteria in UK consumers’ broadband selection decisions, their experiences of broadband reliability show no marked improvement year on year. Almost a quarter – 23% – of UK households regularly experience an unreliable connection, consistent with the previous year. Demanding younger users are the worst affected, with more than 30% of 18 to 44 year olds regularly suffering from unreliable connectivity, while households in urban areas are also more prone to problems (28%). Meanwhile, experiences of mobile data signal quality inside the home are continuing to deteriorate year on year, with 28% of UK households suffering from poor mobile reliability, up from 25% last year. Households in London (39%) are the worst affected, reflecting recent media reports suggesting the capital city lags its European peers in 5G performance.¹

Figure 1
Household experiences of signal quality at home

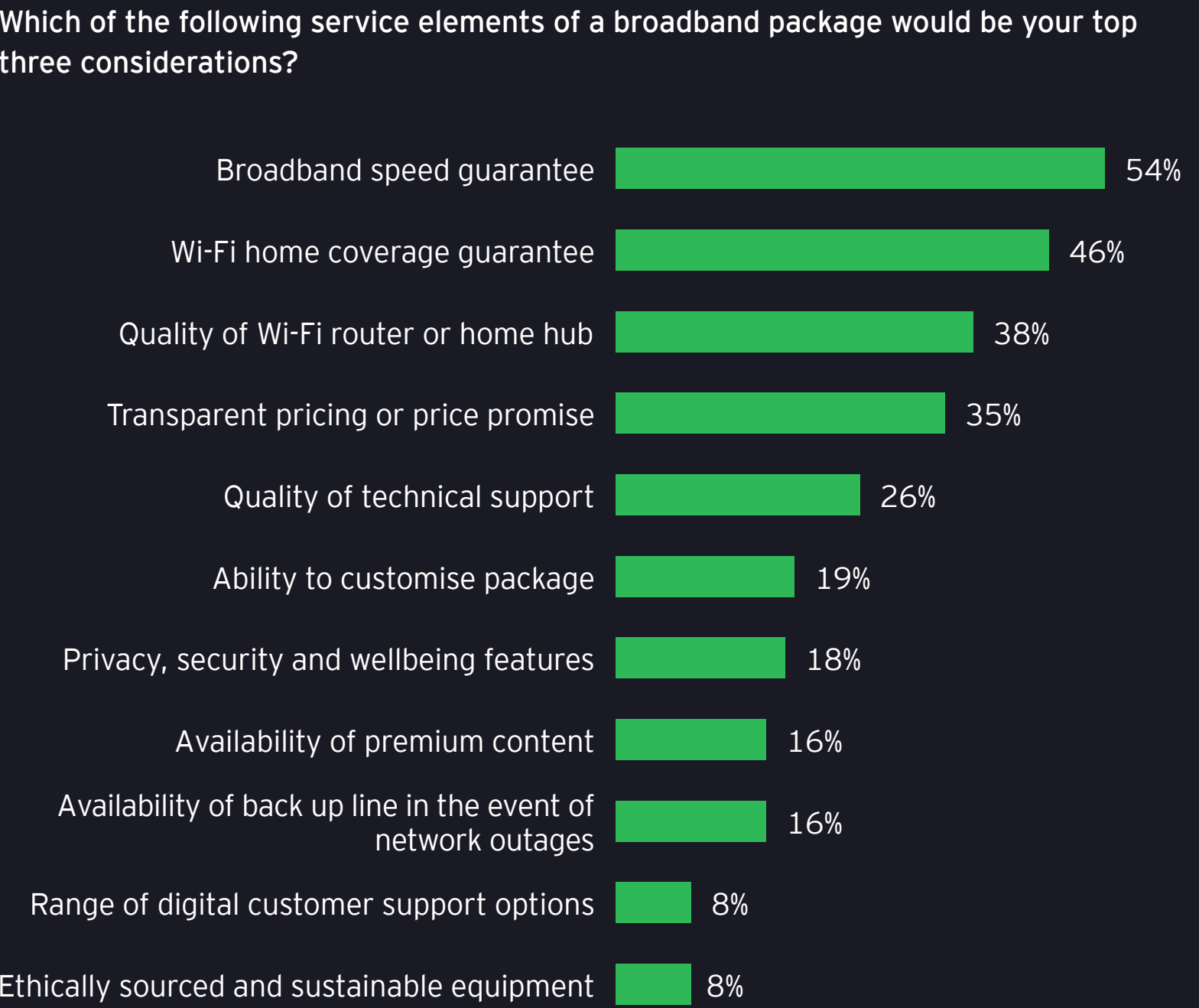


1. "London lags behind the rest of Europe when it comes to 5G network quality, report finds," CNBC, 13 February 2024.

Performance attributes are in focus when choosing broadband – although selection criteria vary with age

Performance factors are the leading considerations for UK households when they’re evaluating broadband packages. Consumers in the UK score above the global average for the importance they attach to broadband speed guarantees, Wi-Fi home coverage guarantees, and the quality of Wi-Fi router or home hubs, reflecting the UK’s lower level of full fibre coverage compared with other markets in our study. Older groups tend to be the most responsive to these network quality considerations, and also to transparent pricing or price promises: 47% of users aged 66 years and above consider this when choosing broadband, compared with only 27% of 18 to 24 year olds. However, younger users are more likely to consider digital support options and whether equipment is ethically sourced – both of which are cited by 18% of 18 to 24 year olds. Meanwhile, the availability of premium content is more relevant among 25 to 34 year olds (23%) than for other age groups.

Figure 2
Household criteria for broadband service selection

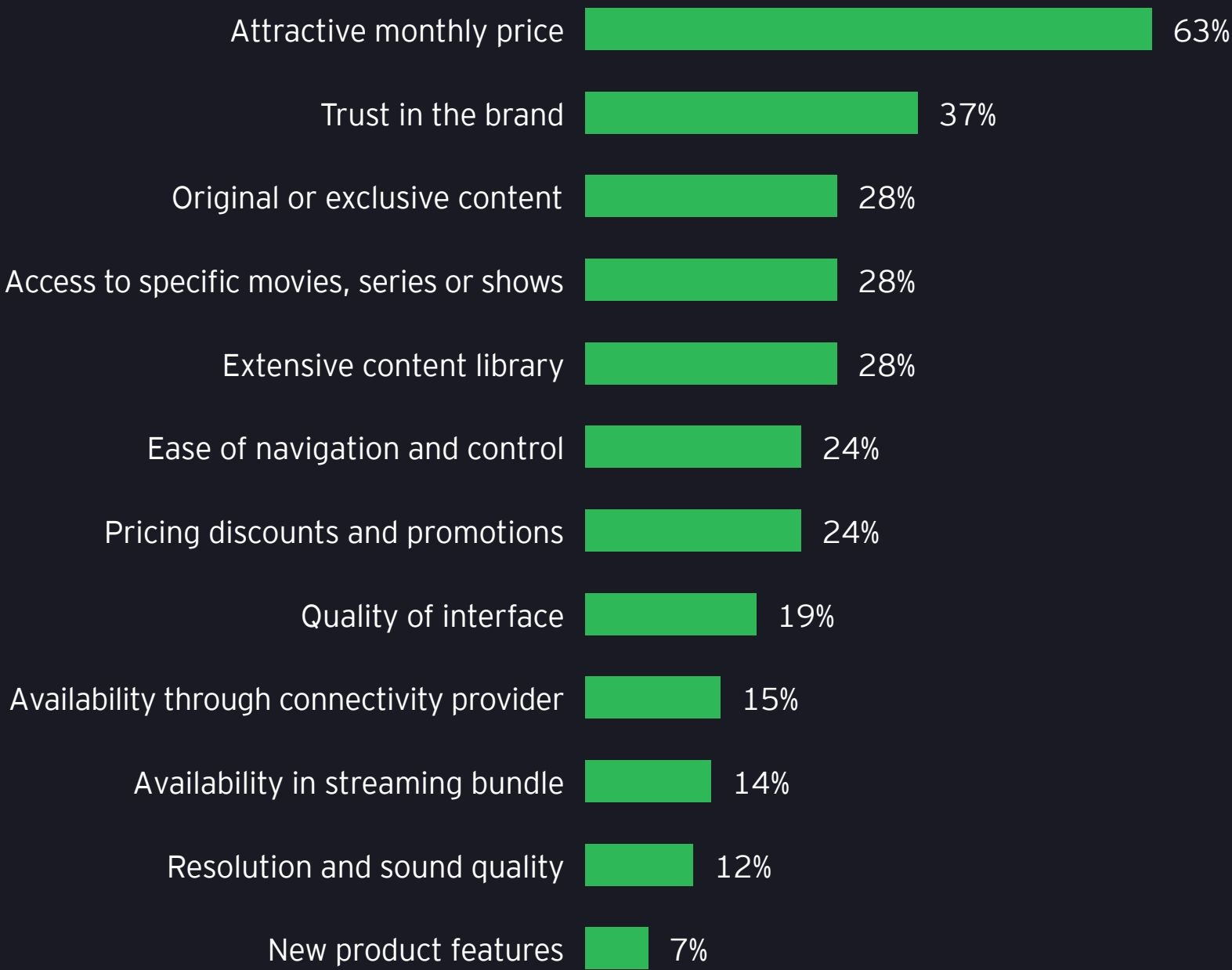


Streaming purchasing decisions hinge on attractive prices followed by brand trust

Attractive pricing is the number one factor – cited by 63% of respondents – when UK households are evaluating streaming subscriptions, with pricing discounts and promotions also featuring prominently in their decision-making. Older groups place the greatest emphasis on headline prices, with more than two-thirds of users aged 45 and over ranking this as a top-three consideration. Meanwhile, trust in the brand is growing in importance, cited by 37% of respondents this year, up from 30% last year, and scoring consistently across all age cohorts. Content quality – in the form of original content, access to specific shows, and broad content libraries – ranks further down. Original content (28%) is playing less of a role in platform selection than last year (35%), at a time when major platforms are cutting back their original content output in an effort to control costs.²

Figure 3
Streaming platforms:
key selection considerations

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



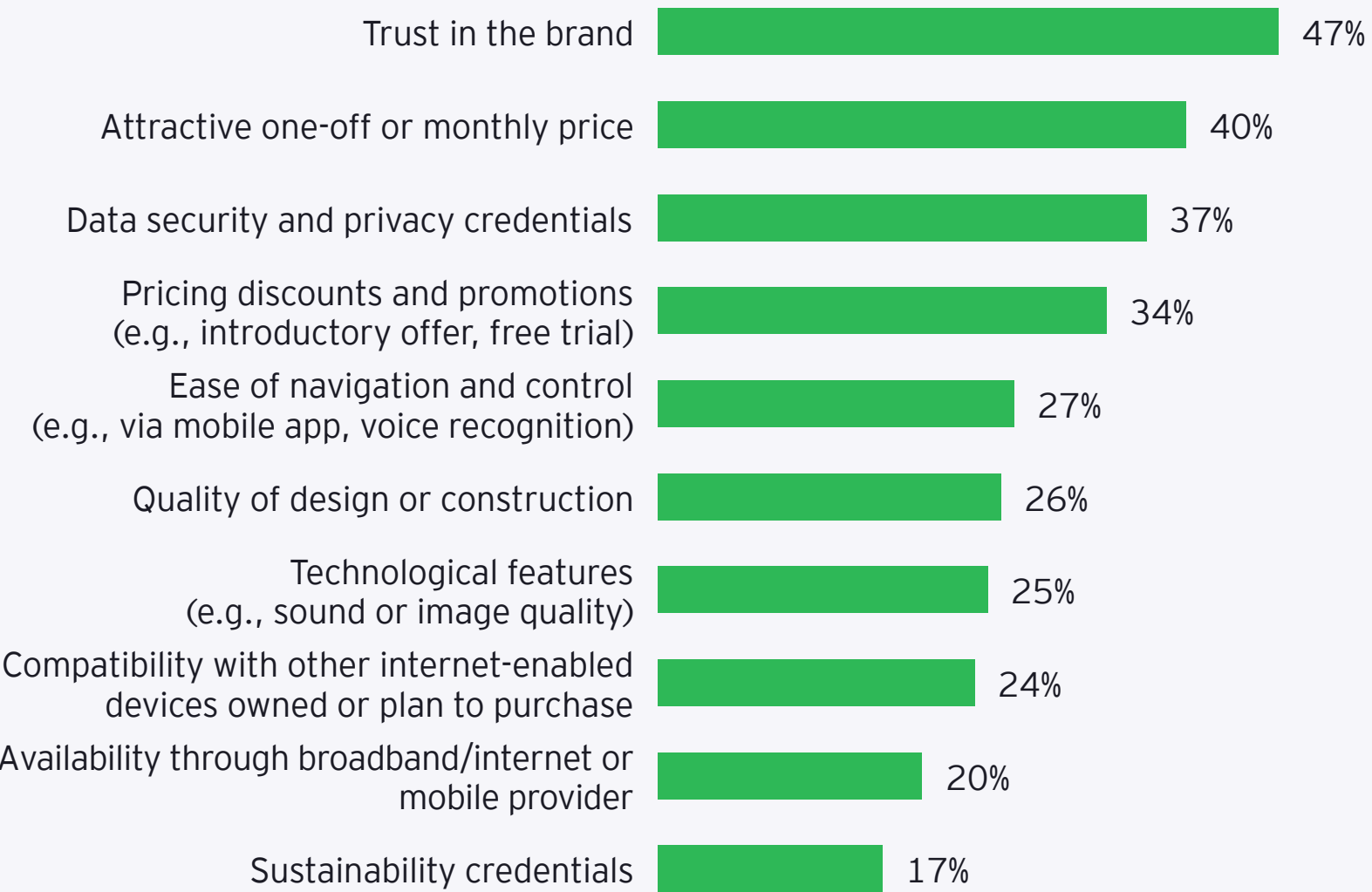
2. “Peak TV: Here’s how deep streamers cut originals output in 1H 2024,” Variety, 24 June 2024.

Trust in the brand is top of mind for smart home tech – with younger groups keen on compatibility and sustainability

Brand trust (47%) leads as a top-three consideration when selecting a new smart home device, with UK households attaching more importance to their affinity with the brand than the global average (41%). Data security credentials are a further influential factor, particularly for older users. Attractive pricing is key for 40% of consumers, but is least important for 18 to 24 year olds (30%), who are correspondingly less responsive to pricing promotions and discounts. The 18 to 24 year old cohort also view compatibility (33%), sustainability (29%) and availability of smart home tech via broadband or mobile providers (28%) as important factors, indicating an opportunity for telcos that can provide home technology as part of an environmentally-friendly value proposition. Given the energy consumption profile of new technologies such as generative AI (GenAI), service providers can expect consumers to become more sensitive to the sustainability credentials of their offerings going forward.

Figure 4
Connected home devices:
selection criteria

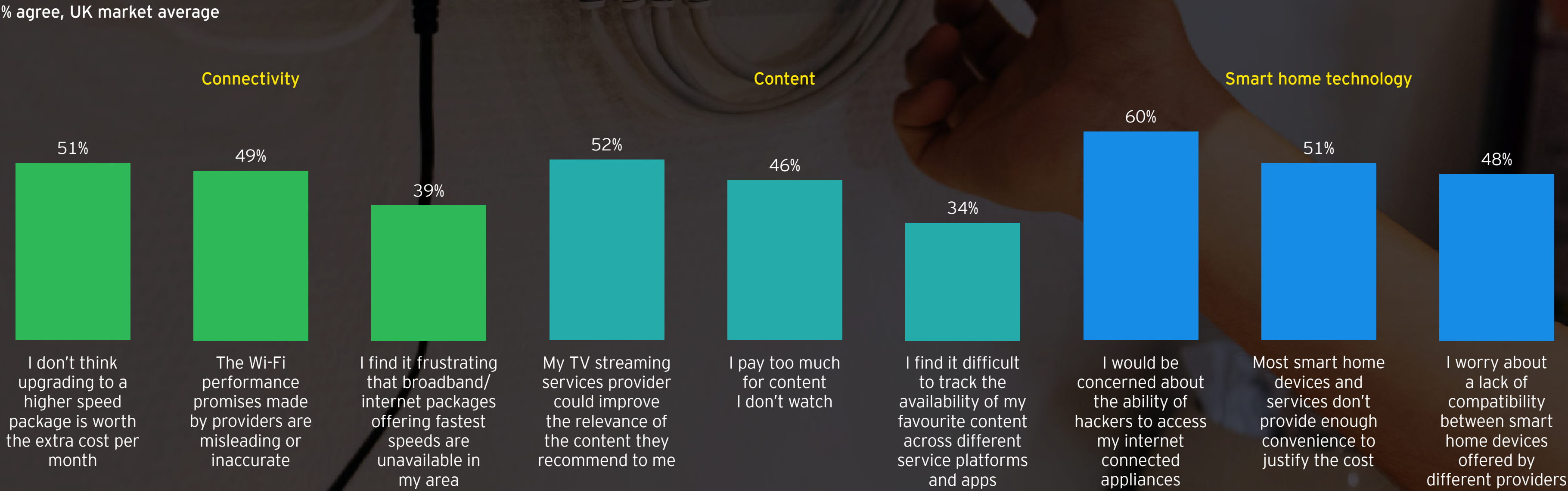
What are or would be your three main criteria for choosing a new internet-connected device for your home (e.g., video doorbell, digital assistant, home security camera)?



Barriers to further adoption persist across the digital home, with performance promises subject to widespread scepticism

As service providers look to increase the penetration of connectivity and content inside the home, some clear inhibitors stand in the way. Broadband suffers from poor perceptions of added value around improved speed, with half of households believing higher speeds don't merit paying more, while a similar proportion query performance promises. Half also think that content recommendation engines need to be improved, with one in three finding it difficult to track their favourite content, a gripe that's most obvious among 25 to 44 year olds (45%). In a world where social media platforms set the standard with content curation and search, streaming platforms are under pressure to keep up. Six in 10 households fear their data may be compromised via smart home devices, while half feel convenience and compatibility are lacking, with a knock-on effect on willingness to pay. Overall, it's clear that the value perceptions and customer promises associated with the latest technologies are under pressure.

Figure 5
Barriers to further adoption: selected attitudes



2

Spending, switching and value for money

Pricing is still the scene of anxiety, but premium appetite is trending up

UK households remain concerned about price increases, particularly streaming subscription costs

Last year’s research revealed high levels of concern about future subscription price increases – and the same applies this year. While the proportion of households concerned about rising broadband costs has declined, some 62% are worried about higher monthly streaming subscriptions – up from 57% last year – with users aged 35 to 55 the most concerned. Meanwhile, the proportion believing they pay too much for content they don’t watch has continued to edge upwards. Ultimately, consumers want guarantees that prices will not change during their contract periods, with 77% keen for service providers to do more in this regard. However, this figure is marginally down from 80% last year – perhaps reflecting steps already taken by service providers, and indications from regulators that they may ban inflation-linked mid-contract price rises from 2025.³

Figure 6 Household concern over price increases and overpayment

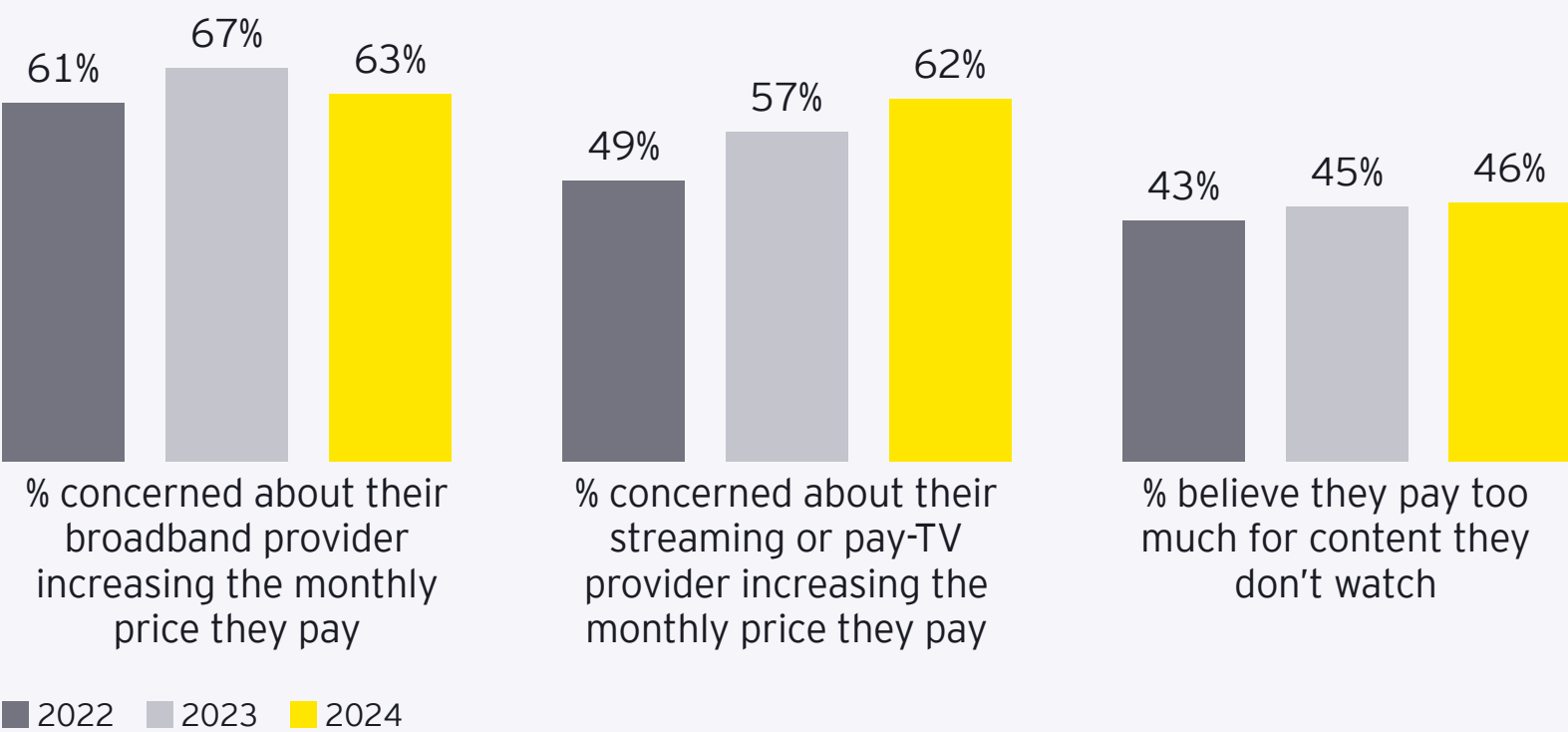
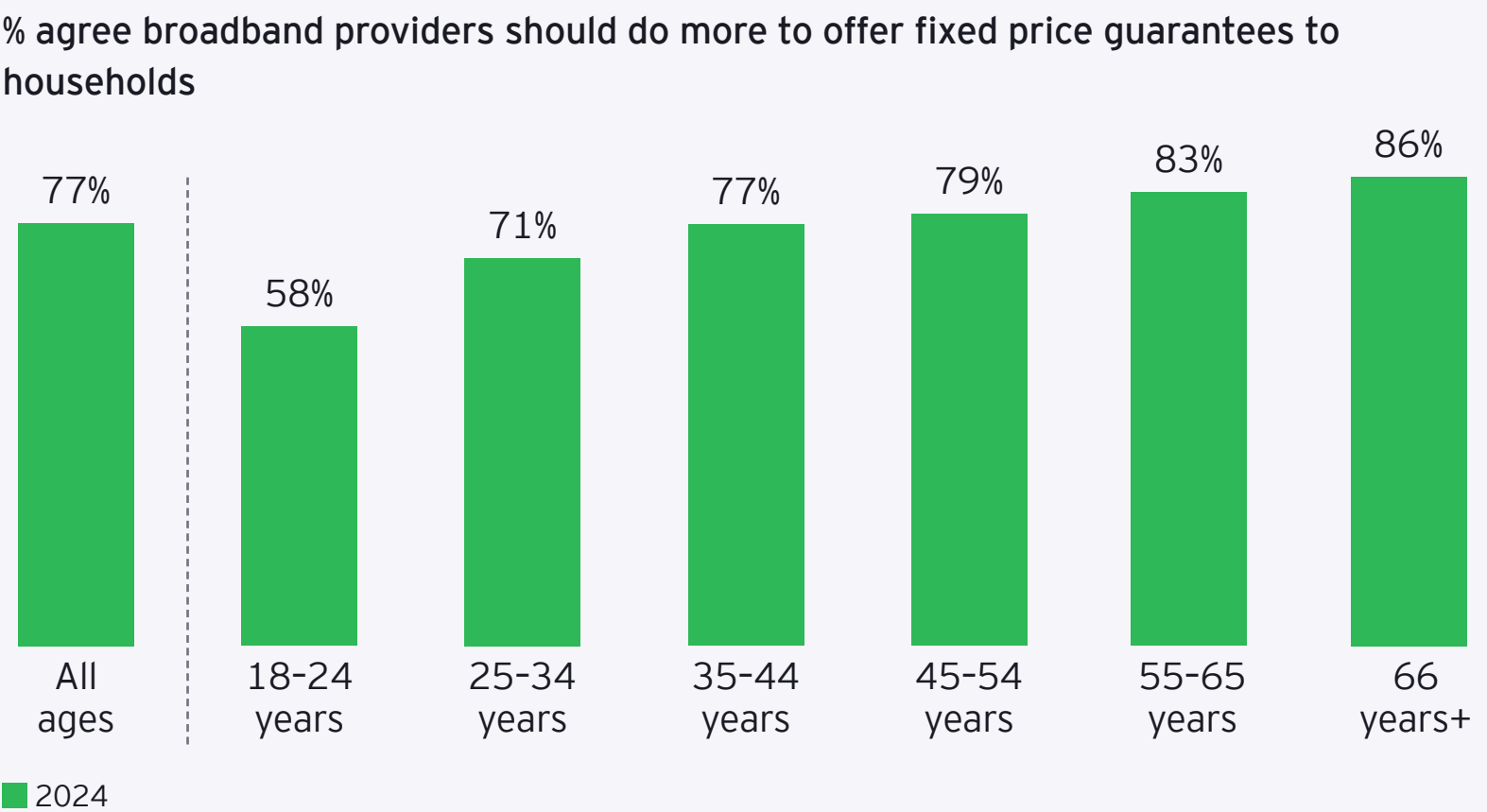


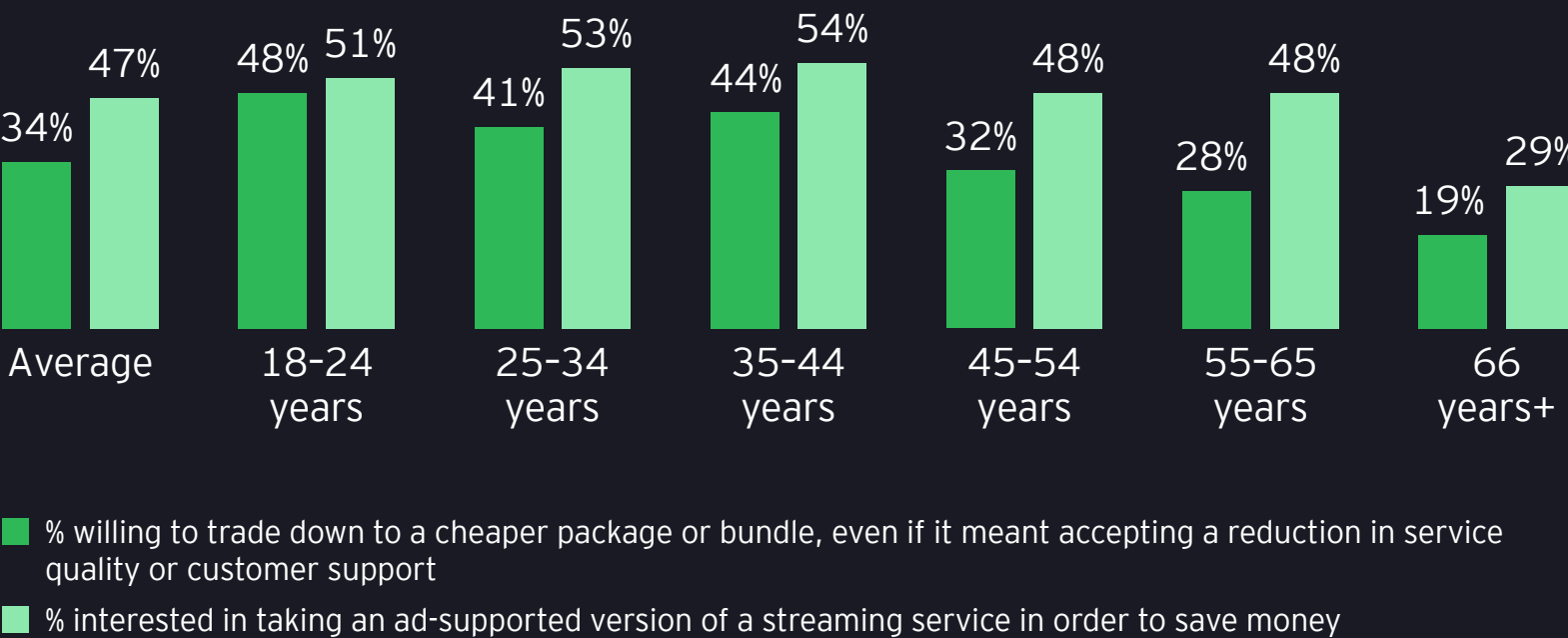
Figure 7 Household attitudes toward pricing guarantees: split by age



Households are prepared to trade down to save money, led by younger groups and streaming users

Given the high level of concerns about rising prices, it’s little surprise that UK households are open to cutting back their spending on connectivity and content. On average, 34% of households are willing to trade down to cheaper broadband, even if this means accepting lower levels of service quality or customer support. An even higher proportion (47%) are receptive to ad-supported streaming services in return for lower monthly subscription rates. Younger groups tend to find these cheaper options the most appealing. However, streaming subscribers across most other age groups are also receptive to saving money by buying ad-supported services, with around half expressing interest. The sole outlier is the oldest users aged 66 and above, on just 29%.

Figure 8 Household interest in moving to lower-cost subscriptions: split by age

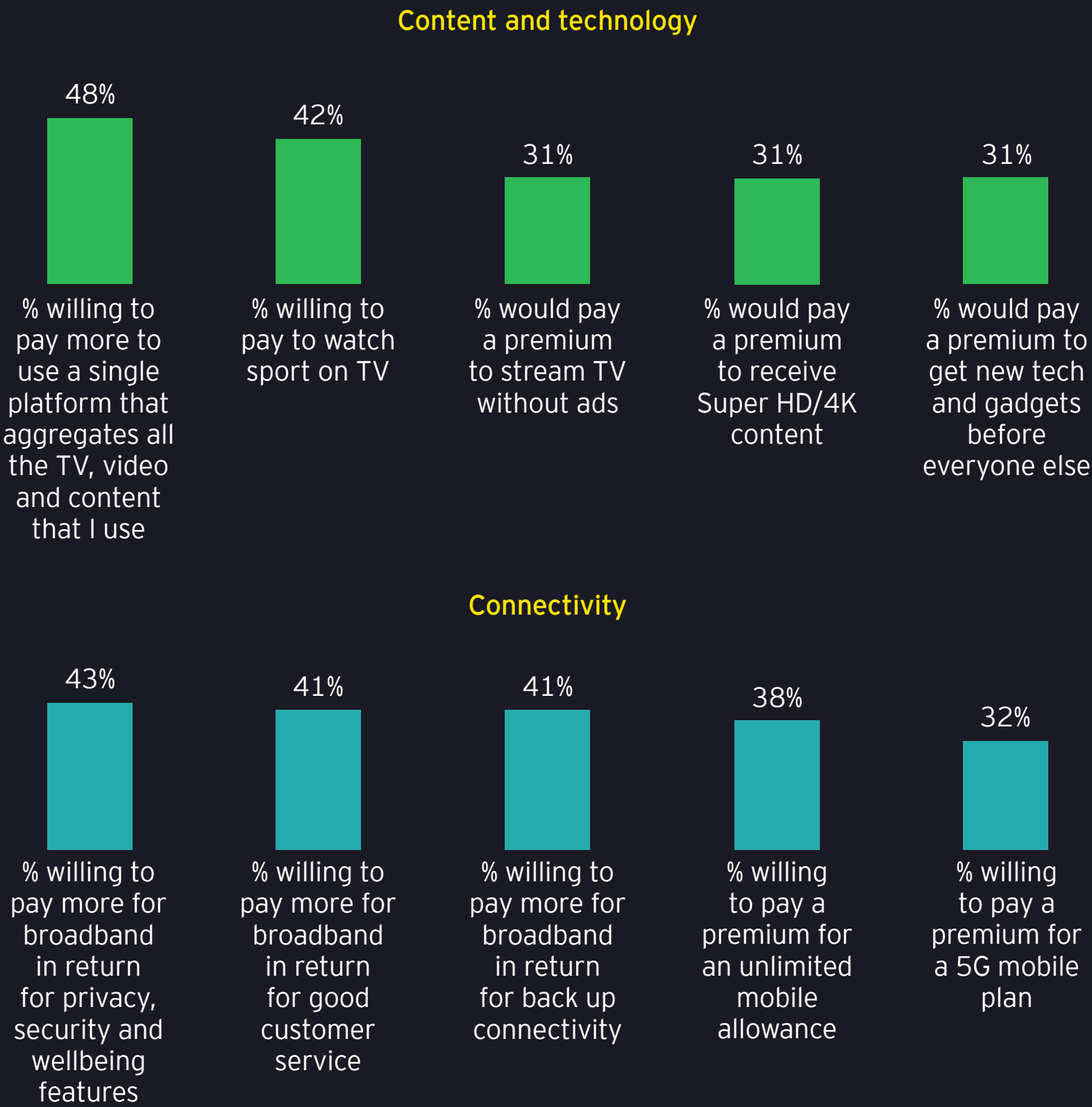


3. “Ofcom bans mid-contract price rises linked to inflation,” Ofcom, 19 July 2024.

Despite pressures on household spending, appetite for premium services is strong – and getting stronger

While some households are keen to cut spending, consumer readiness to consider premium connectivity and content offerings is rising year on year. The proportion willing to pay a premium for content aggregation via a single platform has risen from 36% last year to 48% this year, led by 35 to 44 year olds (58%). At the same time, 42% of households are willing to pay to watch sport on TV, up from 39% last year and led by 25 to 34 year olds (56%), while the proportion open to premium streaming without adverts has risen to 31% from 26% last year. On the connectivity side, our findings point to various levers that service providers can pull to justify premium pricing, with 43% of consumers prepared to pay more for broadband that comes with privacy, security and wellbeing features. Here too, levels of interest are rising – with the proportion willing to pay for a premium for features including good customer service, back-up connectivity, unlimited mobile data, and 5G mobile all up by five percentage points year on year.

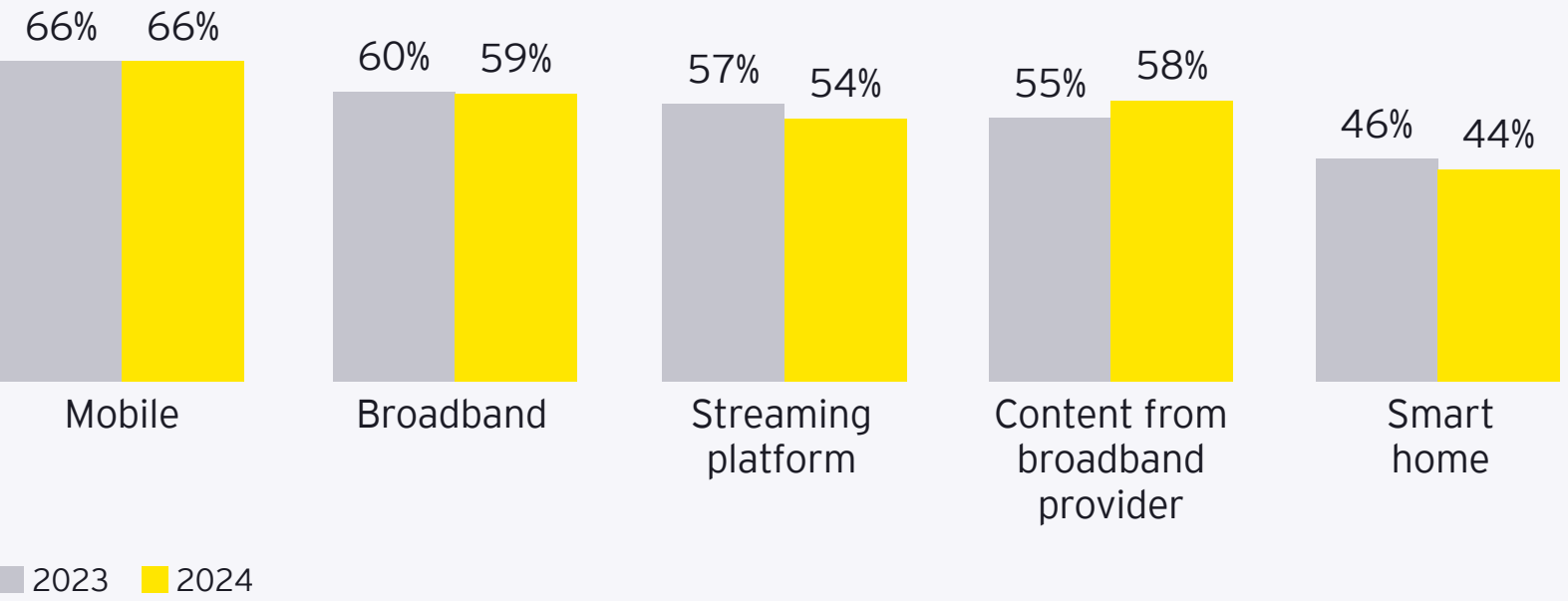
Figure 9
Household receptivity to paying a premium for enhanced services



Value for money perceptions are holding – with broadband providers’ content offerings scoring ahead of streaming platforms

In general, UK consumers’ views on whether they get value for money from their spending on the digital home are holding steady. This is especially the case for connectivity providers, who’ve seen no notable deterioration year on year. In fact, broadband providers’ content offerings are gaining ground in terms of perceived value, with 58% of consumers saying these deliver value for money, led by 45 to 54 year olds (64%). This positive view appears to reflect recent moves by broadband providers to improve their content aggregation and personalisation. By contrast, households’ satisfaction with dedicated streaming platforms is slipping, with 54% saying these provide value for money, down by three percentage points year on year. As a result, broadband providers’ content propositions now rank ahead of dedicated streaming platforms in terms of positive value perceptions for the first time.

Figure 10
Value-for-money perceptions by service: year on year comparison



3

The downsides of digital demand

Digital drawbacks, including harmful content, are in focus

Consumers recognise challenges to digital wellbeing – and a growing proportion are concerned about household screen time

Concerns over the effects of digital usage on people’s mental health are on the rise, with this year’s survey showing that 38% of all respondents often consider the negative impact of being online on their own wellbeing. These worries are most pronounced among younger users, many of whom fundamentally question the benefits of the digital world: 47% of 18 to 34 year olds agree that being online is more of a hindrance than a help to their wellbeing, with only 25% disagreeing. Looking across all age groups, 41% of all UK households are concerned about levels in screen time inside their home – up by five percentage points year on year – a proportion that rises to 62% for homes with young children. With smartphone bans for children currently the subject of public debate, this is an area on which service providers should develop their own perspective and positioning.

Figure 11
Consumer sentiments around the impact of being online on wellbeing

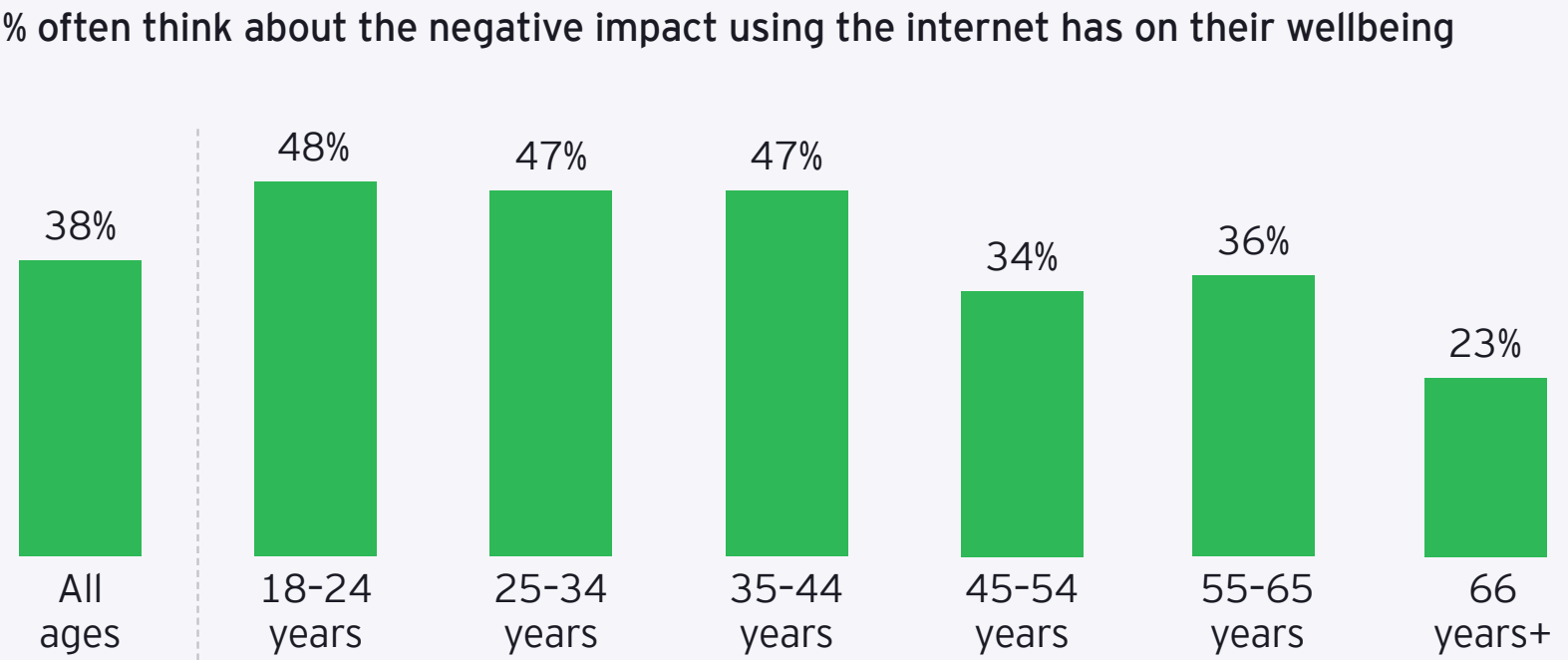
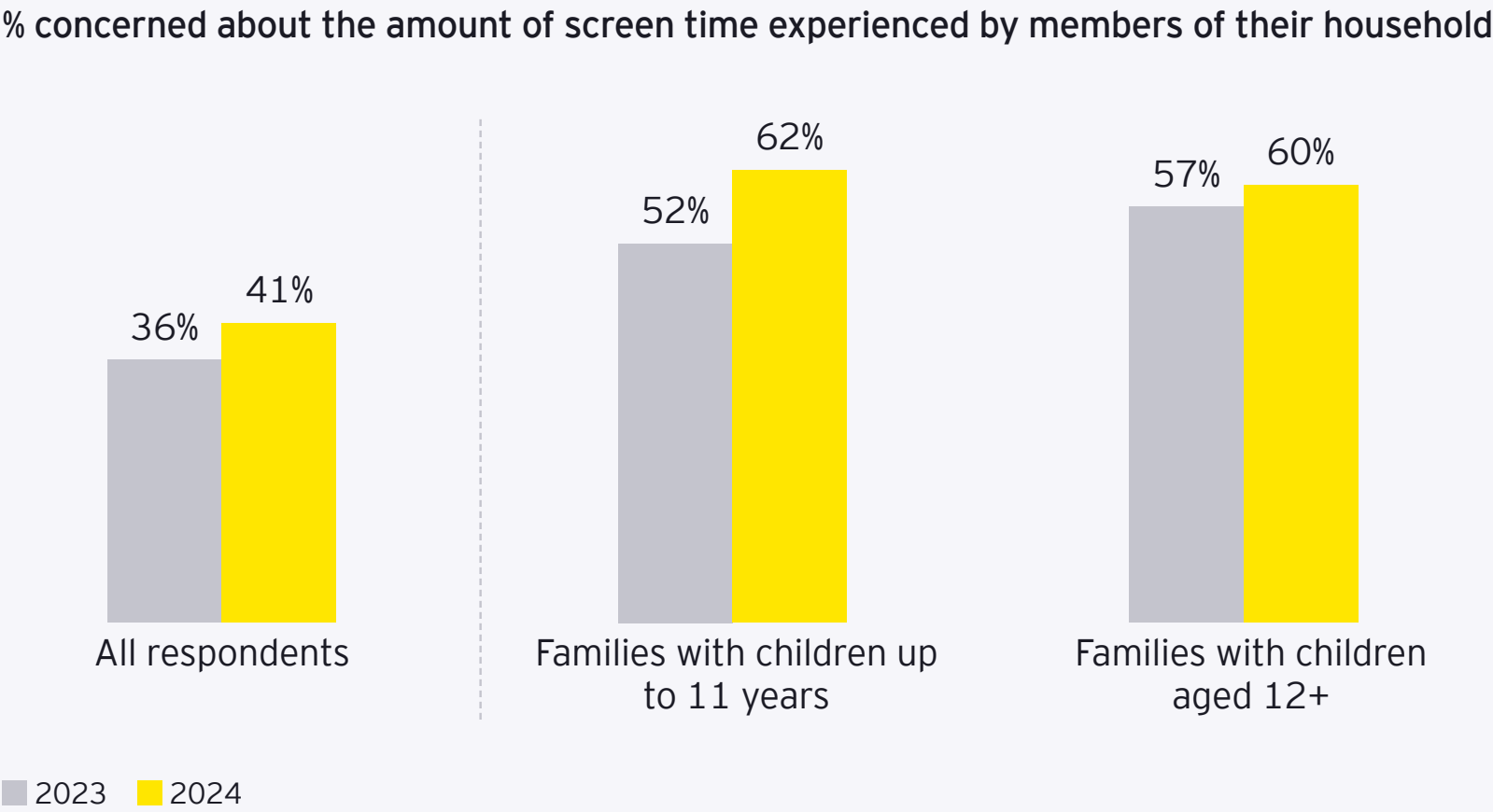


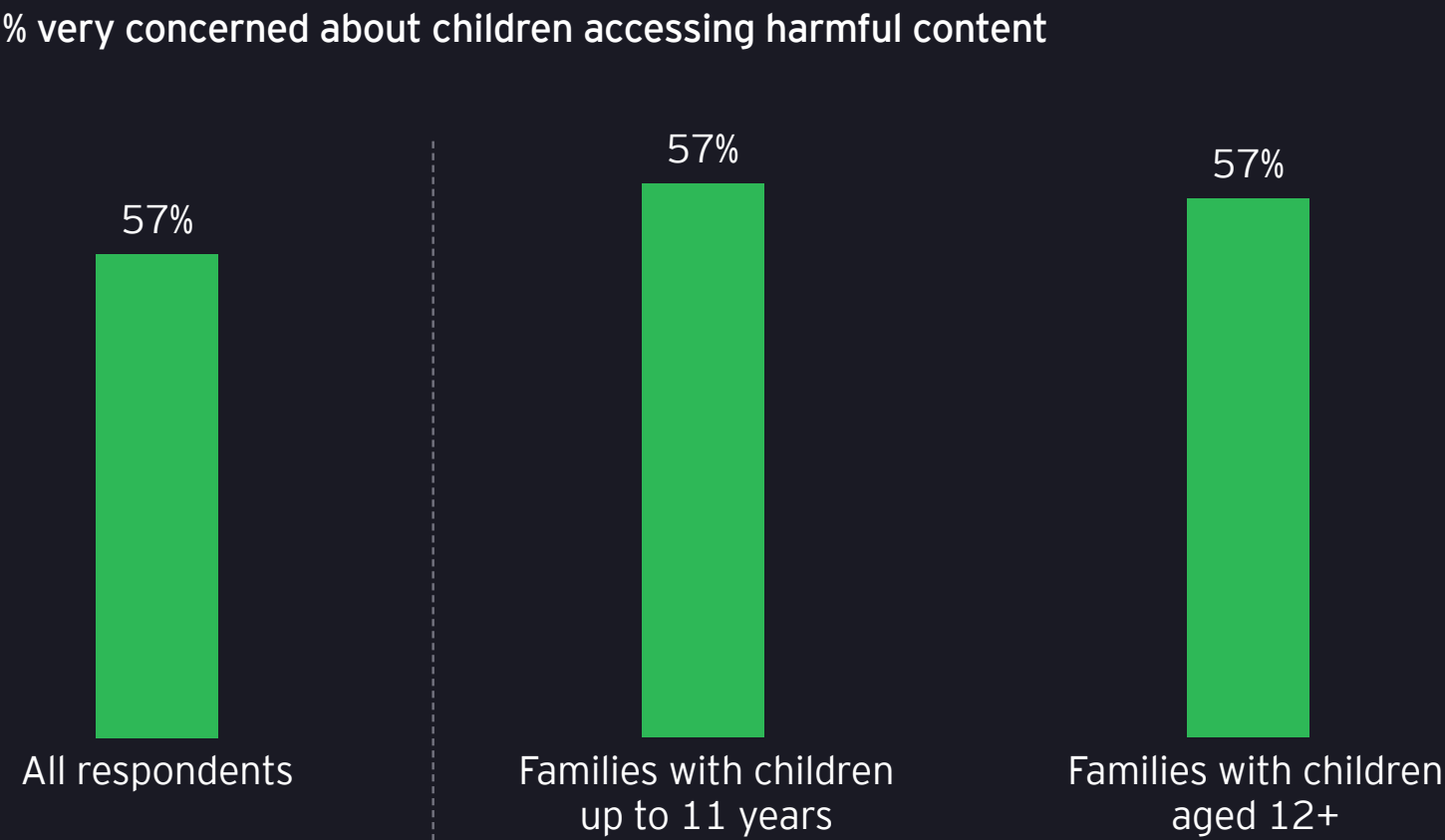
Figure 12
Consumer concern over household screen time



Consumers are even more concerned about the impact of harmful content – and are calling for more effective regulation

While overall digital wellbeing is a concern, households are even more anxious about harmful content: 46% of households are very concerned about what members of their household might encounter while online, up from 38% last year. Children’s potential exposure prompts even greater fear, with 62% of UK households alert to this risk. Given such findings, it’s hardly surprising that calls for more effective regulatory action are getting louder, with 67% saying they believe governments and regulators aren’t doing enough to combat harmful content online, up from 64% last year. Furthermore, UK consumers are more likely than their counterparts in other markets to call for social media platforms to take steps like removing harmful content and banning users who create it. Four in 10 respondents stress the need for stricter age verification procedures, a topic that’s in focus in the UK as the regulator considers a new children’s safety code.⁴

Figure 13
Consumer attitudes towards children’s exposure to harmful content

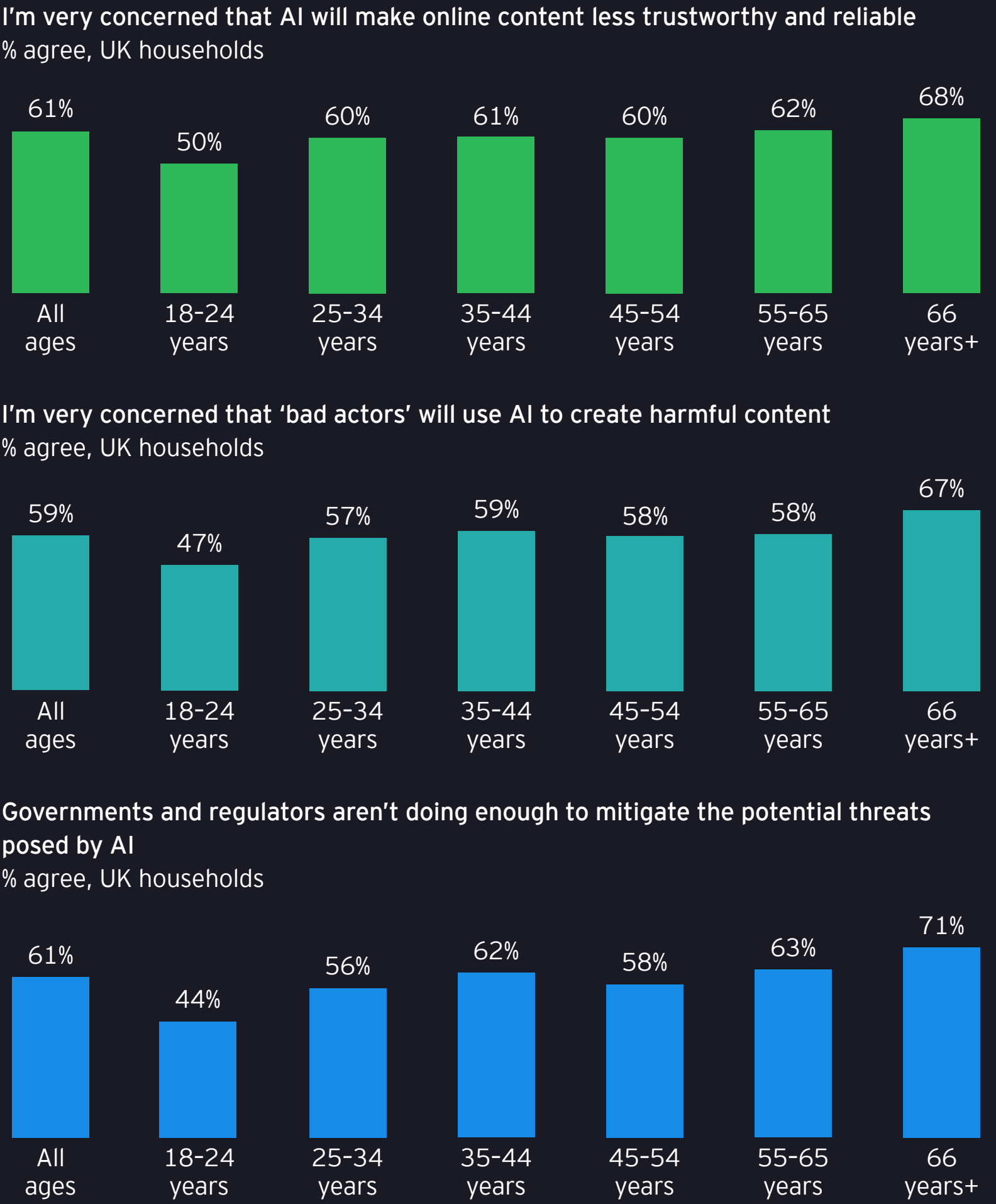


4. “Ofcom to push for better age verification, filters and 40 other checks in new online child safety code,” TechCrunch, 7 May 2024.

AI’s potential to damage trust in online content is clear to consumers

Alongside their concerns over harmful content and digital wellbeing, UK households are also alert to the potentially negative impact that AI could have on trusted content. Well over half of households (61%) are very concerned that AI will make content less reliable, with an even higher proportion (62%) expressing fears over 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 each case, older groups are more likely to express concern. As with harmful content, UK households tend to outscore consumers in other markets for anxiety around content reliability.

Figure 14
Consumer attitudes towards AI’s impact on online content



Households fear data compromise, but younger users are more open to sharing their data in exchange for personalised experiences

Unsafe and untrusted content are not the only areas of tension in UK households’ relationship with the online world. Almost two-thirds (64%) say they’re very cautious about disclosing personal details online, with older groups the most circumspect. And 49% believe it’s impossible to keep personal data secure when using the internet, a view that’s relatively consistent across age groups. Even so, three users in 10 are willing to exchange their personal data in return for service customisation – a proportion that has increased from 27% in 2022 – with more than four in 10 younger users open to this kind of value exchange.

These findings point to further monetisation opportunities for companies that can convince users of the benefits of personalisation. Of the various players in the digital home space, telcos may be best placed to convert trust into value: 44% of consumers would prefer to have broadband or mobile providers looking after their data, putting them ahead of smartphone manufacturers, tech giants or streaming platforms as trusted data custodians.

Figure 15
Consumer attitudes towards personal data security

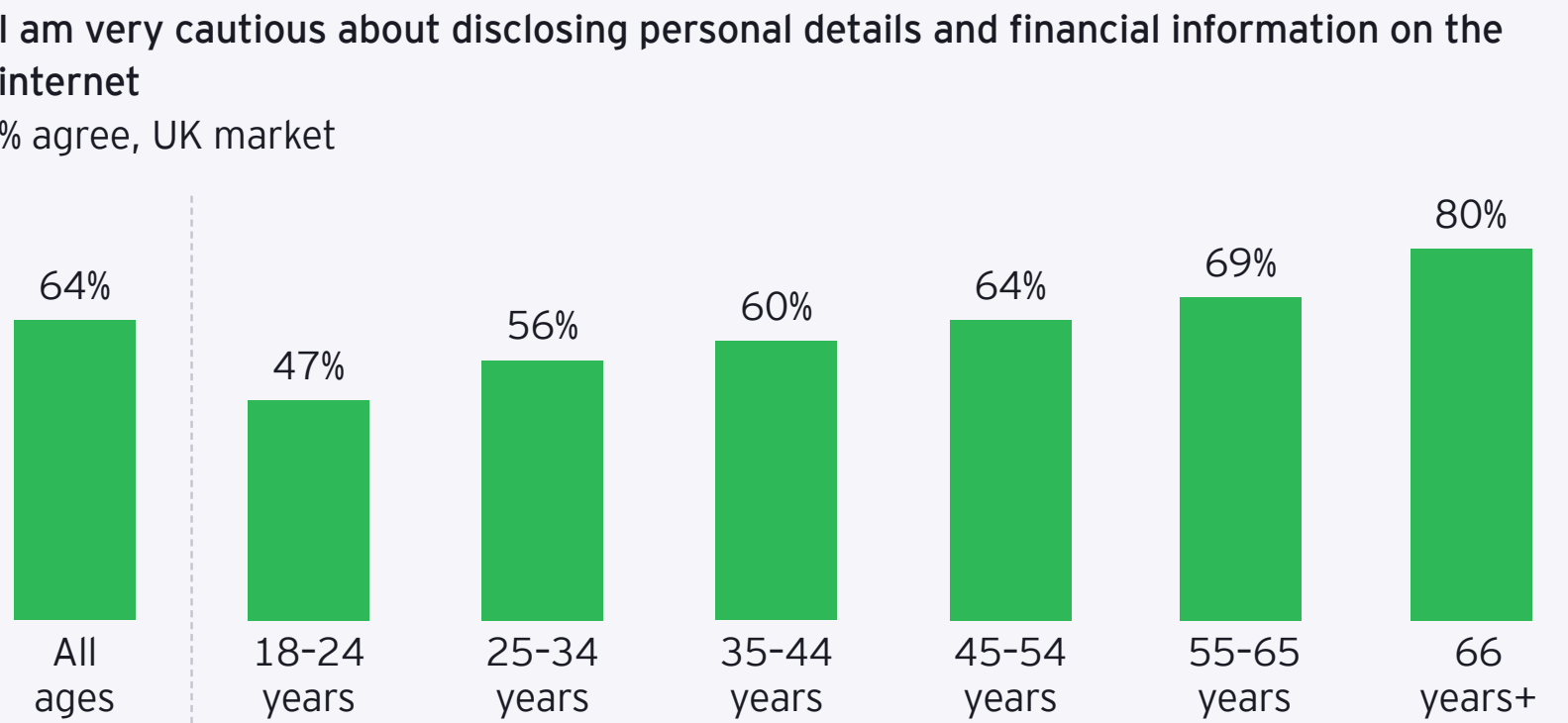
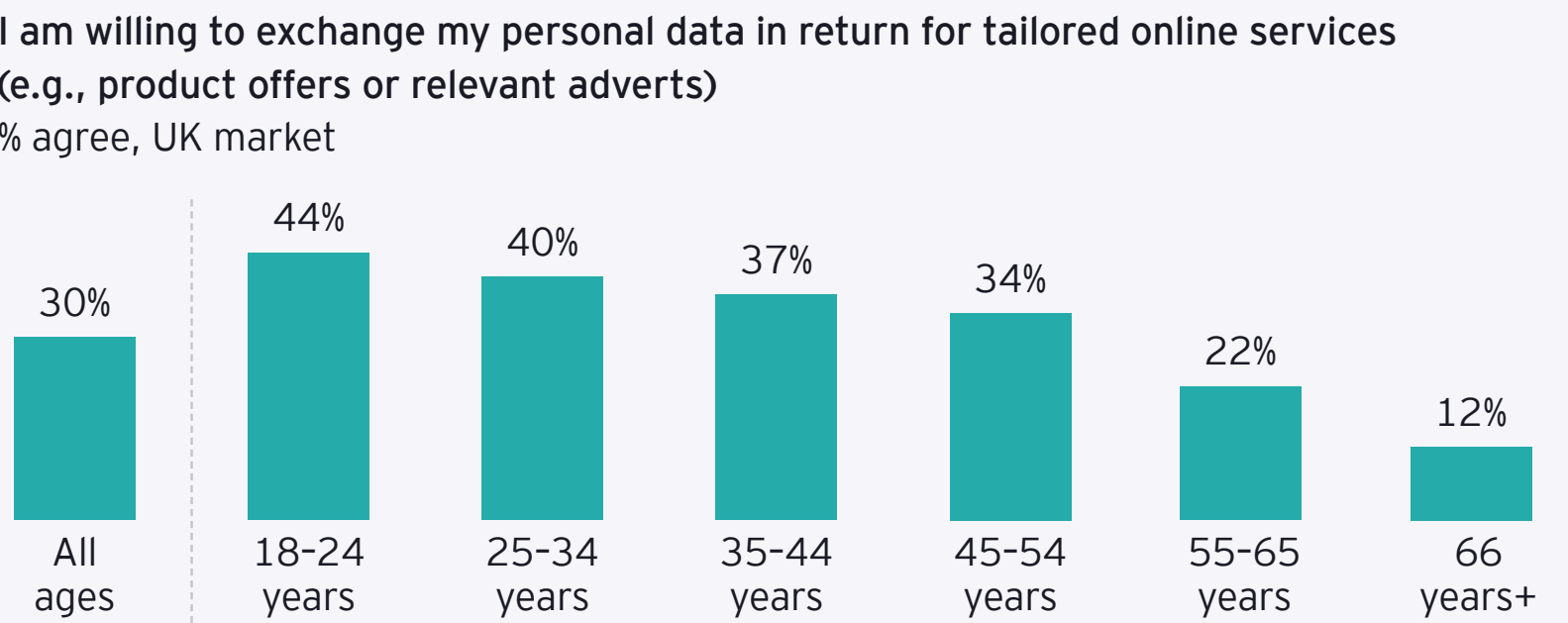


Figure 16
Consumer attitudes towards personal data sharing as a form of value exchange



4

Changing value propositions

Receptivity to broadband bundles is growing

Consumer receptivity to broadband bundles is on the up – but TV and broadband packages are under scrutiny

Recent pressures on household spending have reaffirmed the importance for consumers of buying broadband bundles from a one-stop shop. However, the bundles they’re seeking are expanding beyond the well-established service combinations such as broadband with TV, mobile or enhanced security features, to include bundles encompassing smart home technology – an area of the market that telcos have long sought to monetise. Significantly, 41% of households say they’re likely to take a broadband package with smart home products and services in the future. Younger groups are the most interested in these offerings: Among 25 to 34 year olds, smart home bundles (61%) rank alongside broadband and mobile combinations (61%). While this is good news for telcos looking to broaden their service offering, this positive outlook does contain challenges. Almost four in 10 (38%) of respondents don’t see the advantages of buying TV and broadband from the same provider, up from 34% last year. In light of this, service providers should reconsider their bundling template with a willingness to embrace less traditional service elements.

Figure 17
Household propensity to add services to broadband

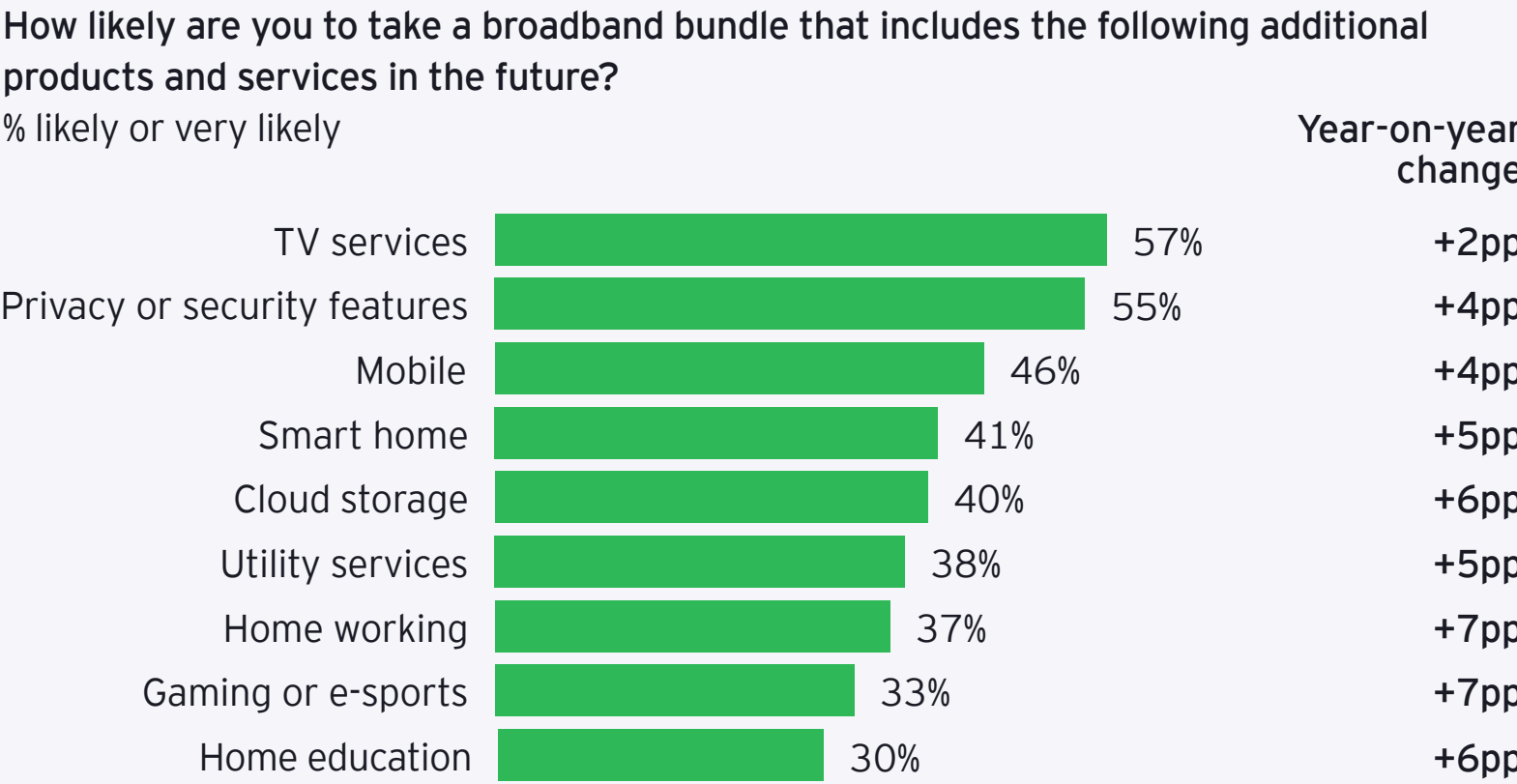
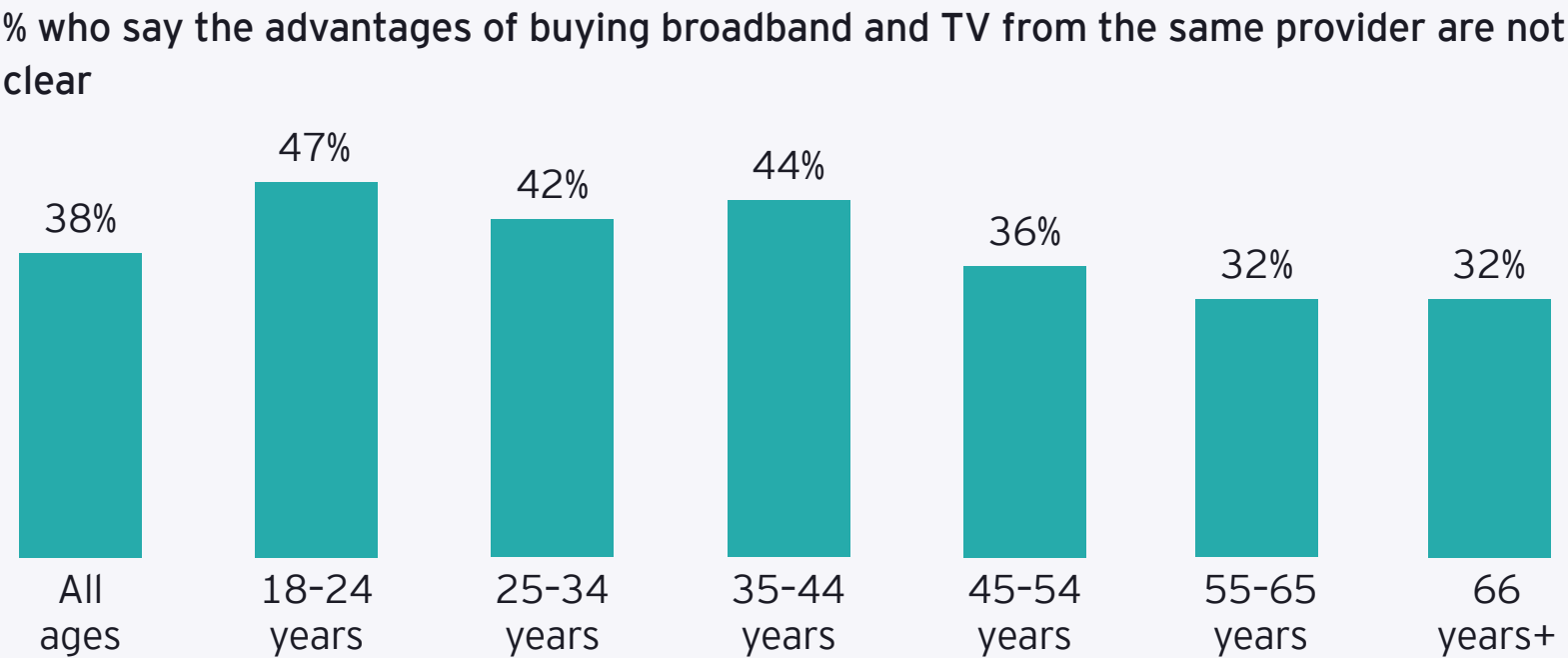


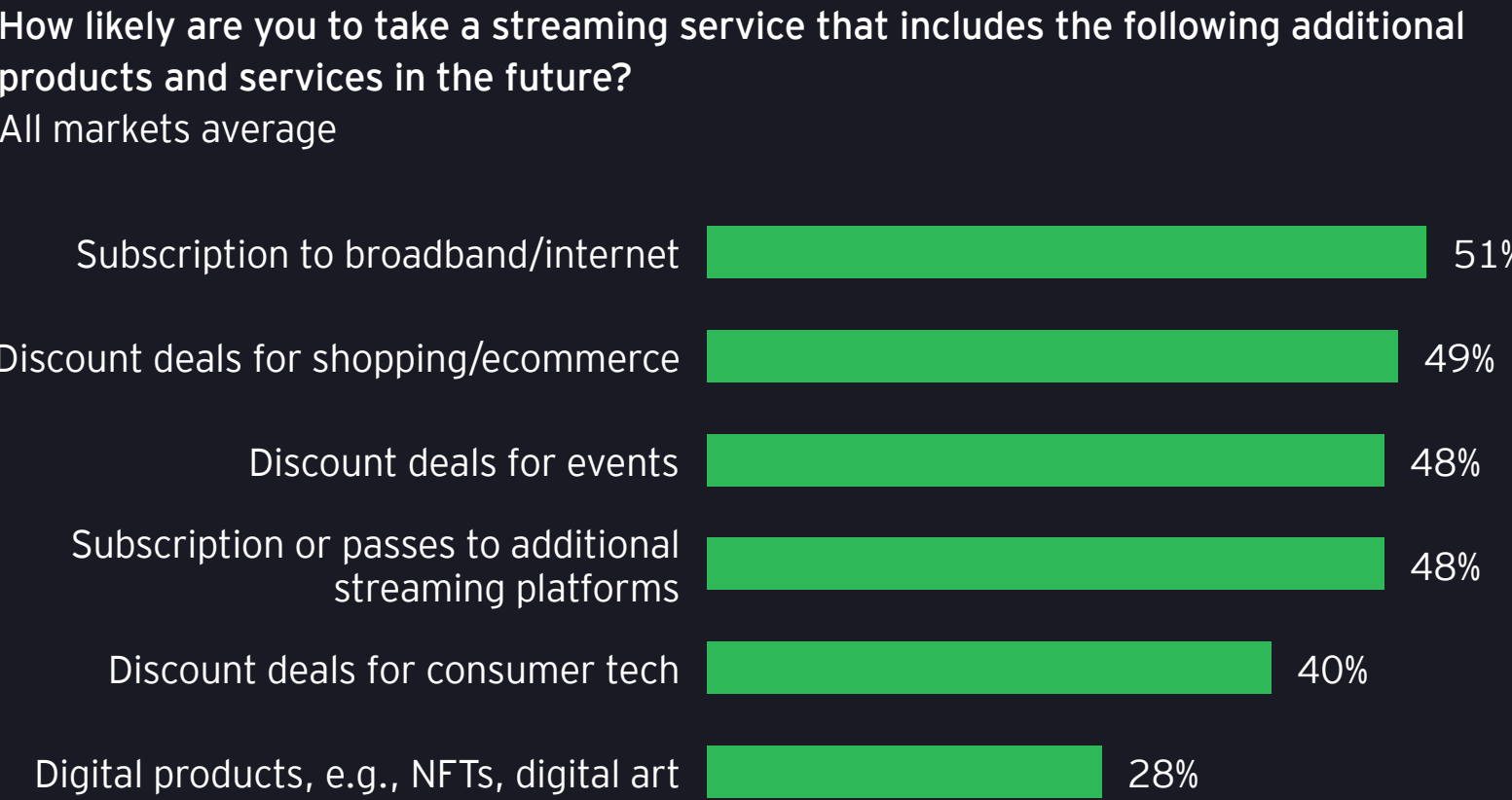
Figure 18
Household attitudes toward buying broadband and TV services from the same provider



Streaming customers are also keen on new types of combined value

Mirroring the expanding scope of broadband bundles, streaming subscribers are also alive to the potential to receive additional products and services in conjunction with their core service. Half of all UK households profess themselves likely to take a streaming service that comes combined with connectivity – a sentiment that reflects the rise of broadband and TV bundles that feature major streaming brands and which could pave the way for streaming platforms to act as ‘anchor’ products within a bundle. As with broadband bundles, receptivity towards streaming packages that come with additional features is growing. Offers of subscriptions or passes to additional streaming services have seen the biggest increase, with 48% of streaming users voicing interest in these compared with just 40% last year. The attractiveness of a one-stop shop for streaming is further underlined by the moves being made by some major US content providers to bring their platforms together.⁵

Figure 19
Household propensity to add services to streaming subscriptions



5. “20% of all streaming video subscriptions are now sold through bundling partnerships with telcos, reaching 25% by 2028,” Bango, 9 August 2023.

Over one-third of consumers are open to swapping home broadband for mobile, with price savings the key rationale

While the appeal of aggregating connectivity, content and home technology is growing for UK consumers, they are also prepared to take more radical steps in search of higher value. One of the most important is using 5G mobile as a substitute for traditional home broadband, with one-third of households saying they're prepared to make the switch, provided their mobile connection can offer the same level of performance. Perceived price savings are the dominant driver, cited by 45%, although other findings show that – more broadly – half of households also value mobile plans that offer speed guarantees. The fact that the inclination to switch to mobile broadband is most pronounced among more affluent households suggests that price isn't the only factor at play. Looking across all households, 26% cite simpler installation and set-up as a perceived benefit of fixed-wireless access (FWA) broadband, up from 19% in 2023. With three major UK mobile operators already offering home 5G services⁶, highlighting their relative convenience could help to make them more than 'just' a price play, broadening their appeal.

Figure 20
Household willingness to drop fixed broadband in favour of mobile

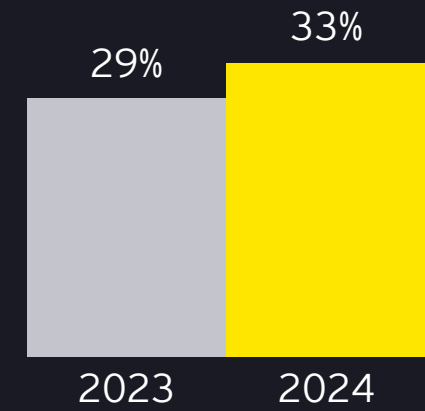
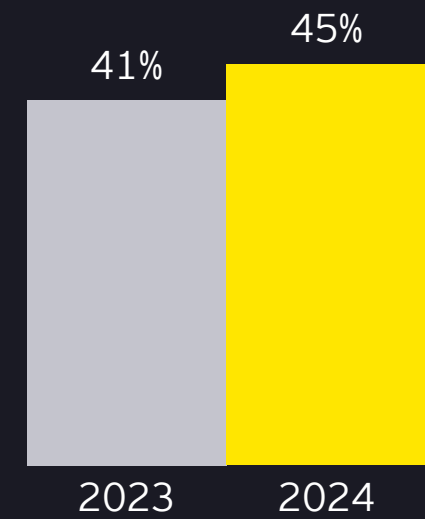
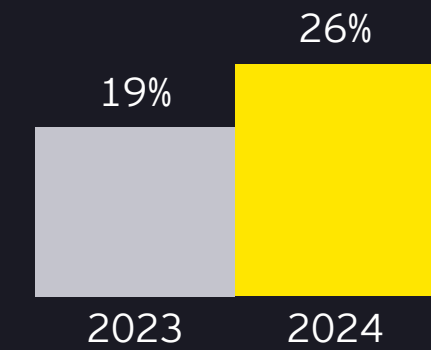


Figure 21
Household attitudes to mobile broadband plans

% respondents citing lower monthly price compared with fixed broadband as a reason to replace fixed broadband with mobile



% respondents citing simpler set-up and installation process as a reason to replace fixed broadband with mobile



50%
of households value mobile plans that offer speed guarantees.



6. "FWA market matures as operators look to monetise 5G," Telecoms.com, 26 June 2024.

5

Customer experiences revisited

Consumers are demanding better levels of digital assistance

Households cite a lack of differentiation among providers, while introductory offers often fail to resonate

When households assess connectivity packages from a range of providers, choice is not necessarily accompanied by the ability to make effective decisions. A rising proportion (46%) don't perceive any difference between the services from different companies, an issue that's especially acute among 25 to 34 year olds (50%). Meanwhile, introductory offers – often featuring reduced rates for an initial period – cause substantial confusion, with 54% of consumers saying these make it difficult to work out which package offers the best value. Consumers aged 55 and over are more likely to see introductory offers as a source of uncertainty rather than an incentive to buy. Service providers should note that too few distinctive features and too much detail are both sources of frustration for customers.

Figure 22 Household attitudes to broadband service providers

% agree there is little difference between the services offered by different broadband providers

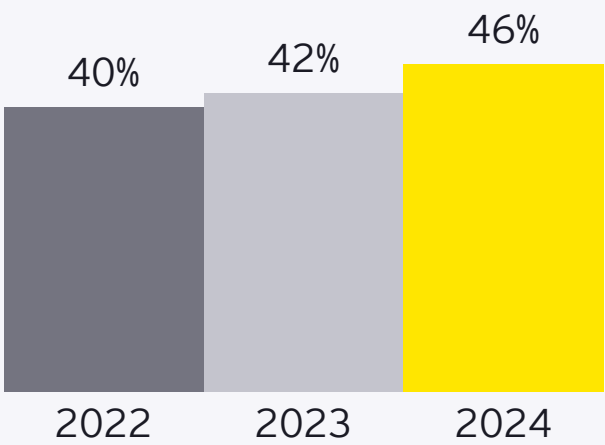
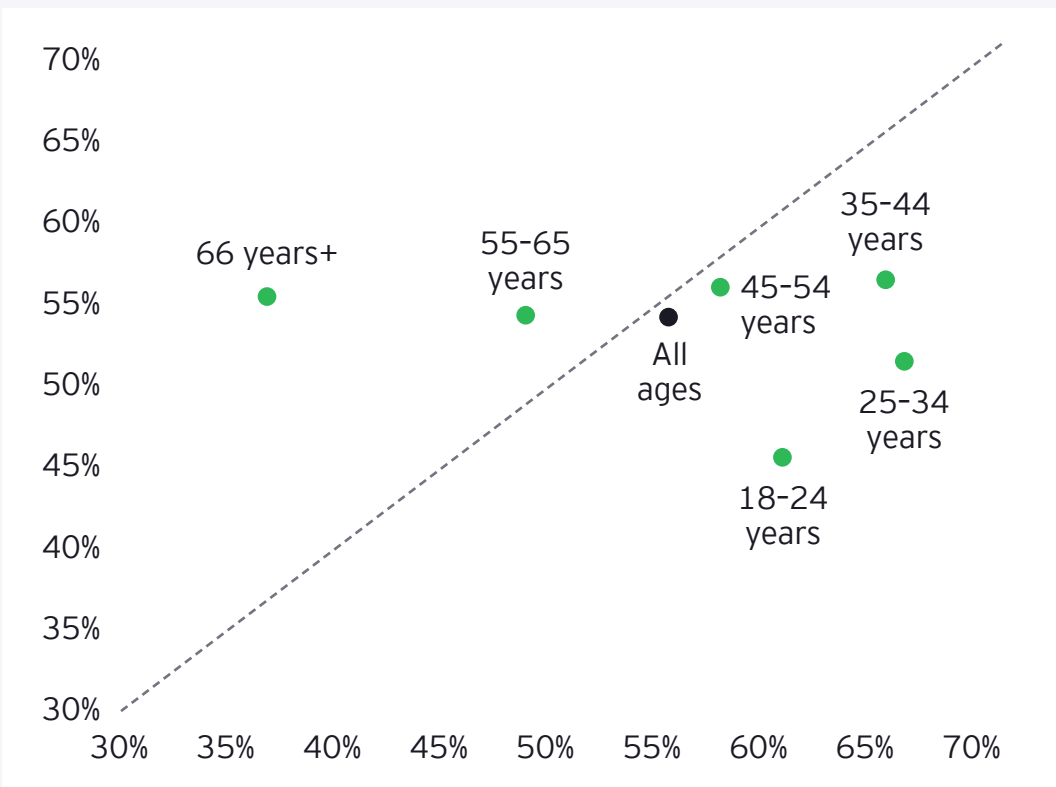


Figure 23 Household attitudes to introductory offers

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



% who agree that the introductory offer played a significant role in their choice of broadband provider

Preference is rising for retail store visits, underlining the importance of robust omnichannel strategies

As UK customers buy new devices and connectivity, their path to purchase is evolving. Last year, we saw a marked shift towards peer recommendations and price comparison sites as the first port of call when buying a mobile device, suggesting consumers were seeking better recommendations during the squeeze on household spending. This year the proportion asking friends and family or going to comparison sites has dropped slightly to 33%. Meanwhile, the share going to physical stores first has risen from 25% to 29%, with younger consumers over-indexing alongside those aged 66 and over. The key rationales for going in-store are to view products prior to purchase and seek advice from in-store assistants. With these findings in mind, service providers need to ensure their omnichannel strategies remain robust, even as they look to develop new ways to provide advice online.

Figure 24 Consumer channel preferences on the path to purchases

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

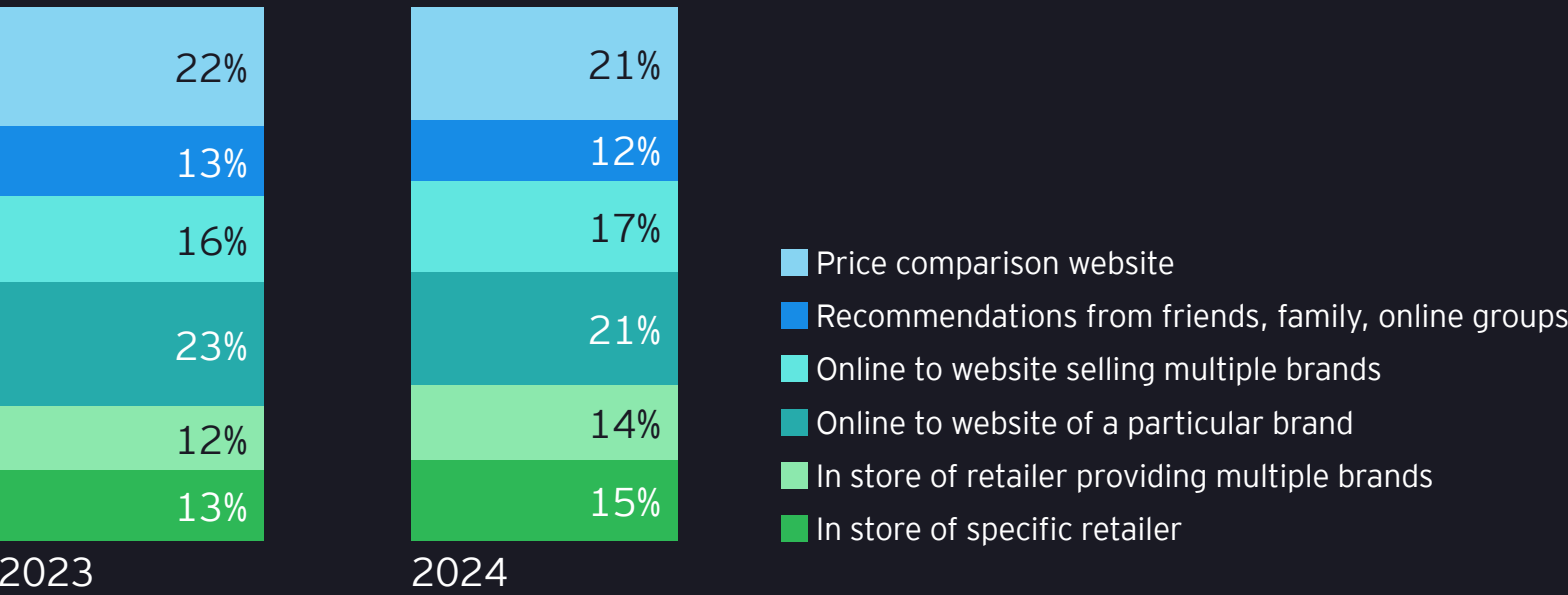
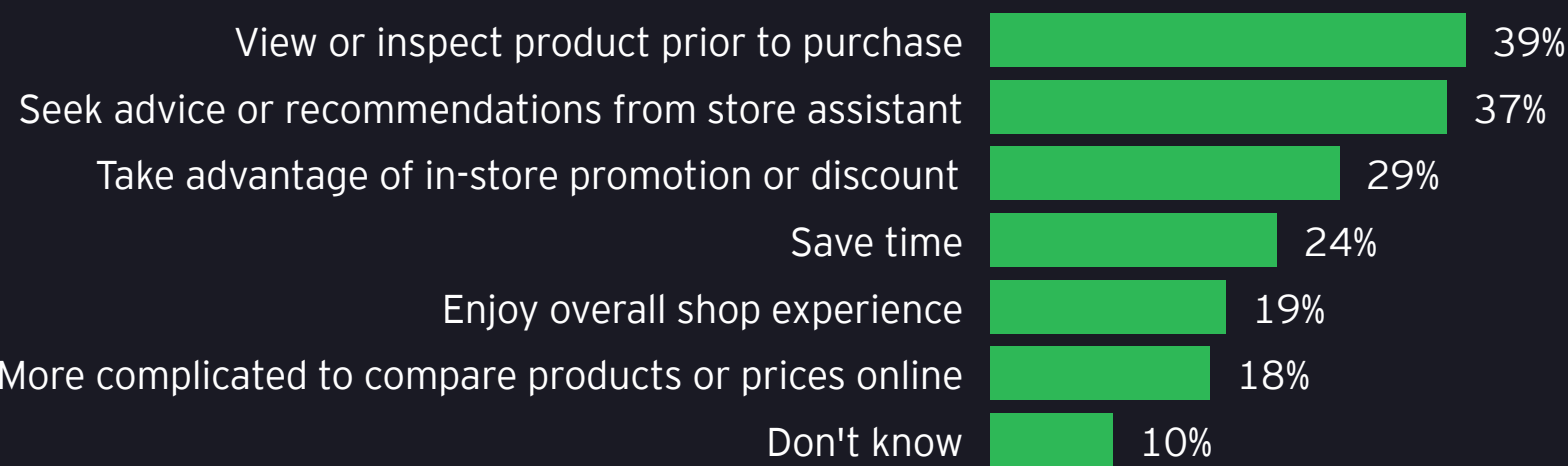


Figure 25 Consumer rationales for retail store preference

Why would you go in store to a retailer to buy a mobile device or package? % of UK households

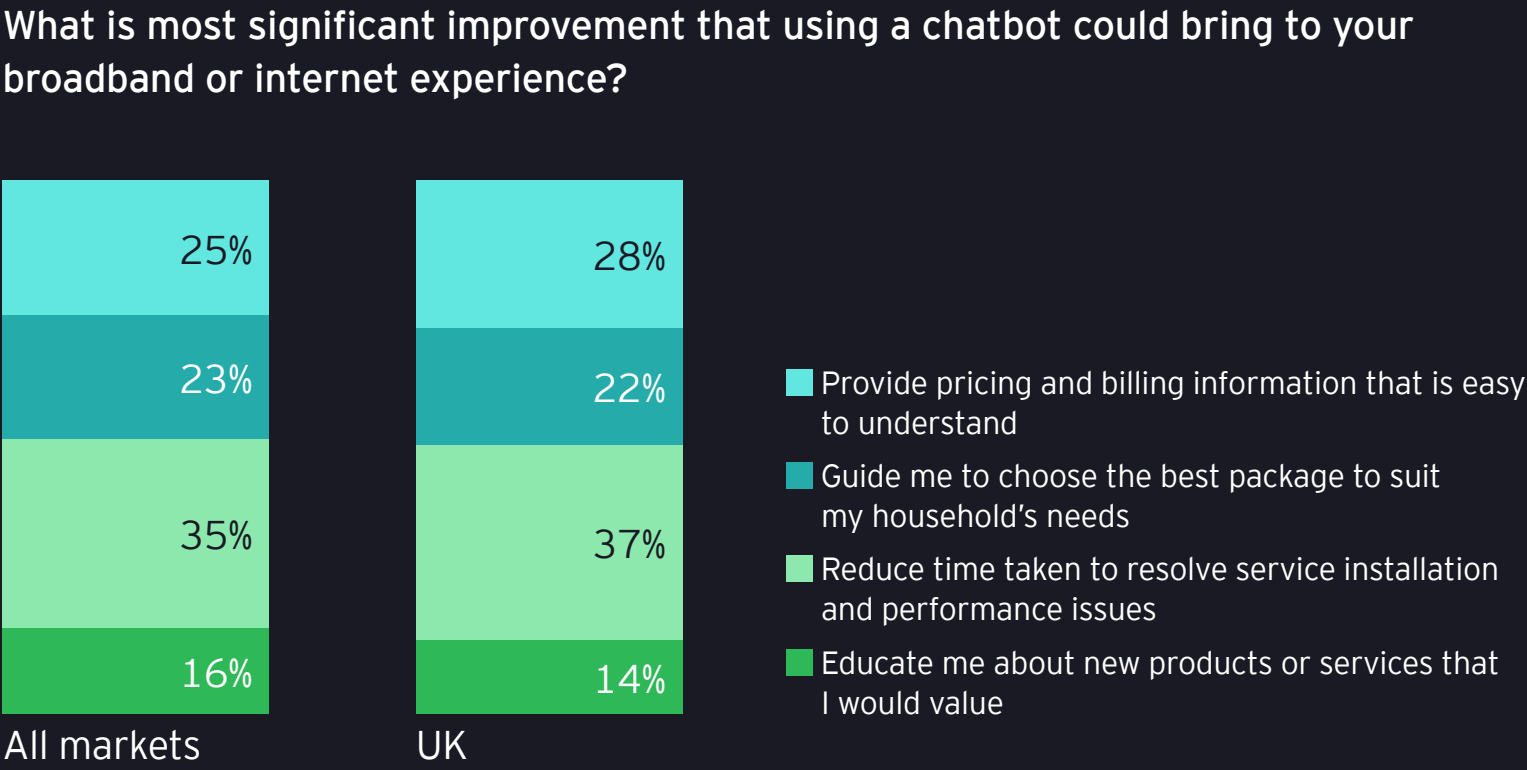




UK households are open to improved experiences via digital assistance

The rise of generative AI is prompting service providers to consider new ways of adding value to customer journeys.⁷ Asked which elements of their experience would benefit most from chatbot assistance, UK consumers typically highlight faster issue resolution (37%), with older users over-indexing. Chatbots’ role in providing simpler pricing information ranks second (28%), again led by older users. Their role in supporting the purchasing journey is less prominent, with 22% considering instant messaging for service guidance and 14% highlighting chatbots’ ability to provide information about new products or services. Given that retail store preference on the path to purchase is rising – with in-store assistance a key rationale – it seems service providers should be doubling down on the role chatbots can play in digital sales.

Figure 26 Household perceptions of key benefits of virtual assistance on their experience

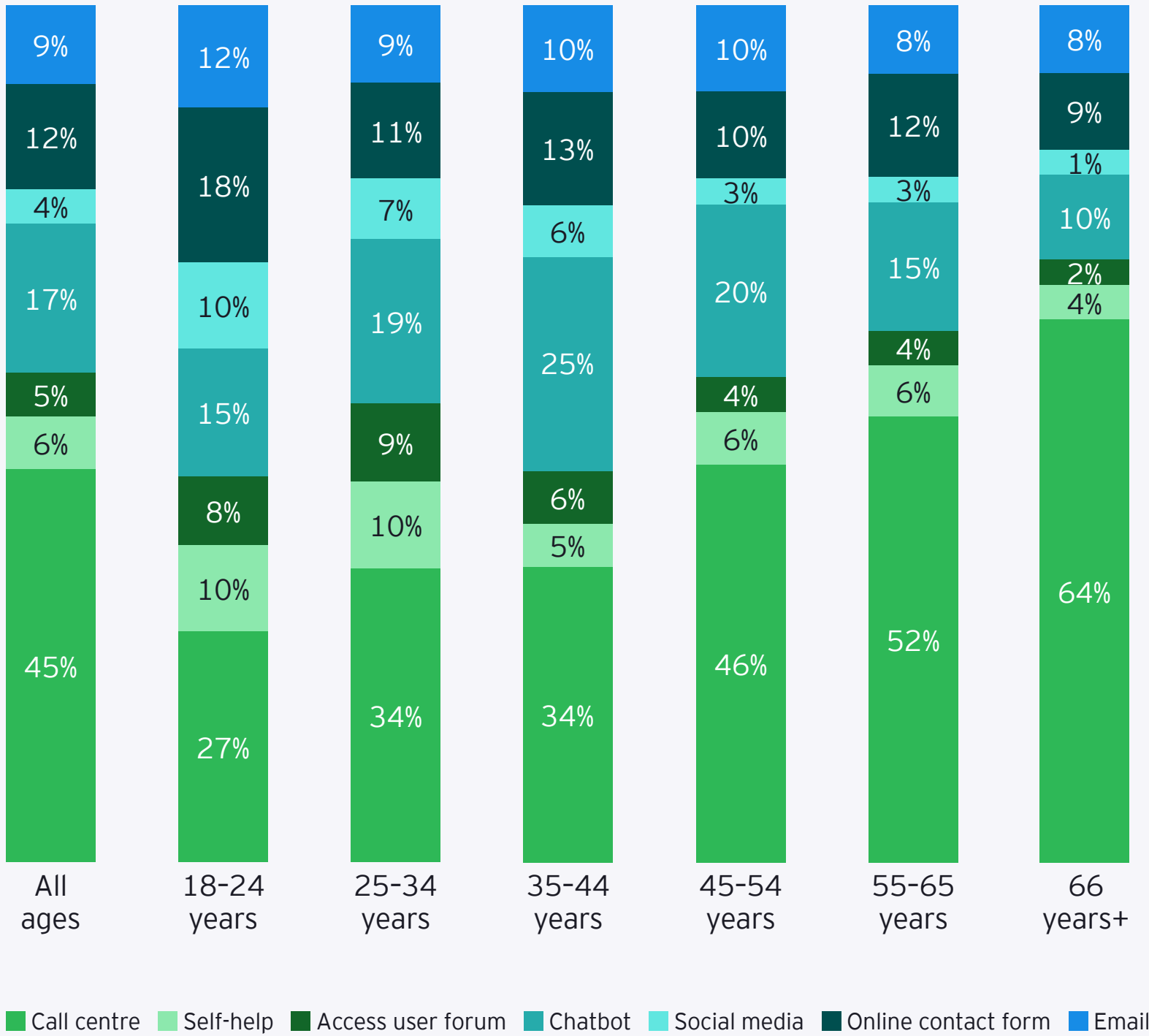


Yet consumers still favour the call centre for support, with chatbots preferred by less than one in five

Despite consumers’ openness to the role that chatbots – potentially augmented by GenAI – can play in the service discovery and issue resolution, they retain a clear preference for interacting via call centres, with 45% preferring to speak to customer service if resolving a broadband issue in the future. However, this preference varies by age: Less than one in 10 aged under 25 prefer the call centre, but this rises to more than half of users aged 55 and over. Interestingly, younger groups are no more likely to favour chatbots as a result; in fact, online contact forms (18%) outscore instant messaging (15%) as at preferred method of contact for 18 to 24 year olds. Instead, the cohort most receptive to chatbots is 45 to 54 year olds (25%). Service providers should look to address this subdued interest in chatbots and other digital tools.

Figure 27 Broadband customer support preferences

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?



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

Households don't equate chatbots with added value – they want tools that blend advice from human agents alongside better explanations of the role played by AI

There are clear reasons why chatbots lack traction with customers. For one, consumers lack the confidence to express their queries without speaking to an agent (46%), which may reflect other challenges we've identified around service understanding. An even bigger proportion would prefer digital tools that could transfer them to a customer services agent in real time (62%). Both of these sentiments are becoming more pronounced year on year. At the same time, most consumers want any rise in the sophistication of digital tools to come with better explanations of how AI is being used (65%). While there is a clear opportunity for service providers to provide more effective digital tools that might boost take-up, they need to ensure that innovation is accompanied by education.

Figure 28 Household attitudes to virtual assistance and agent interactions

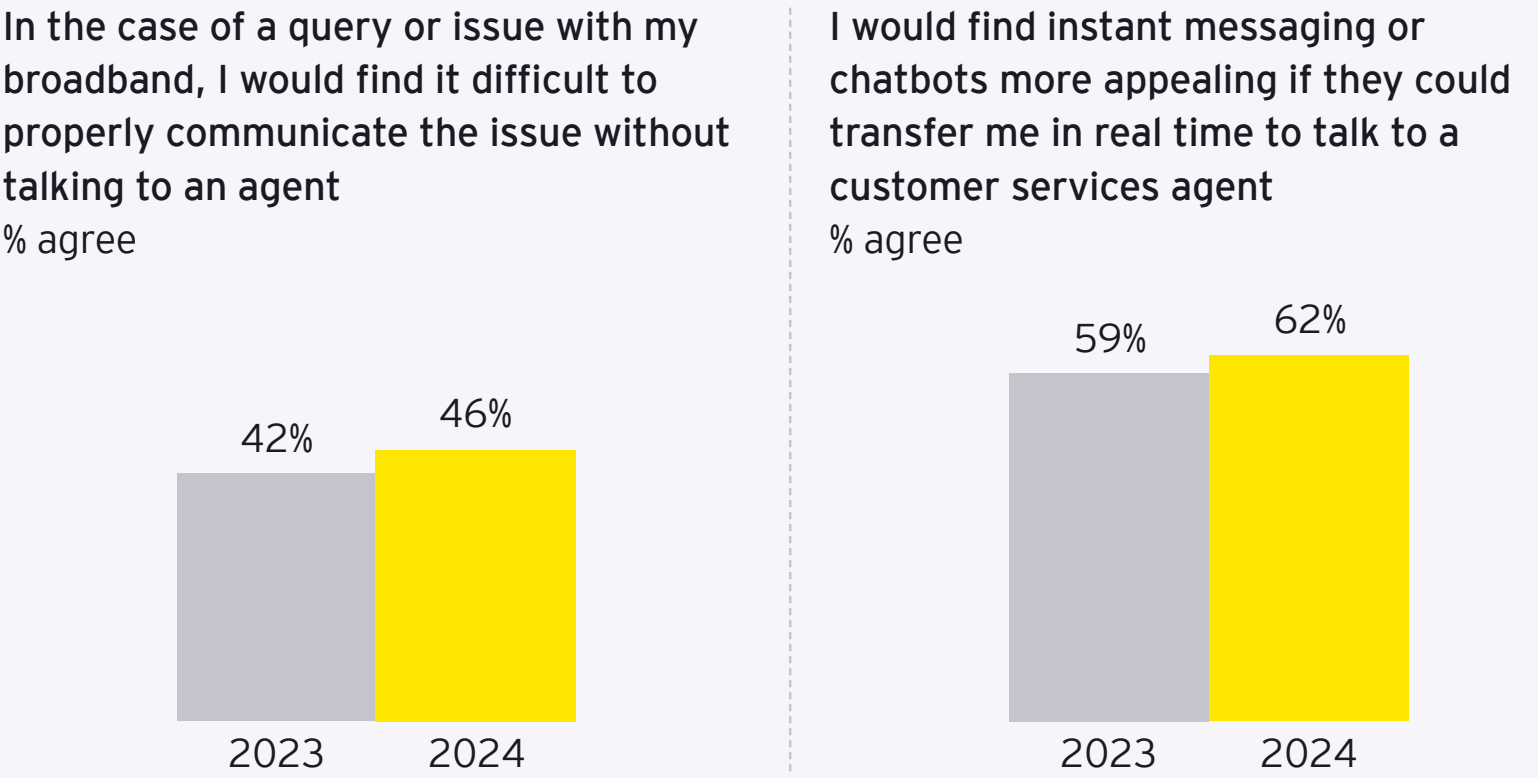
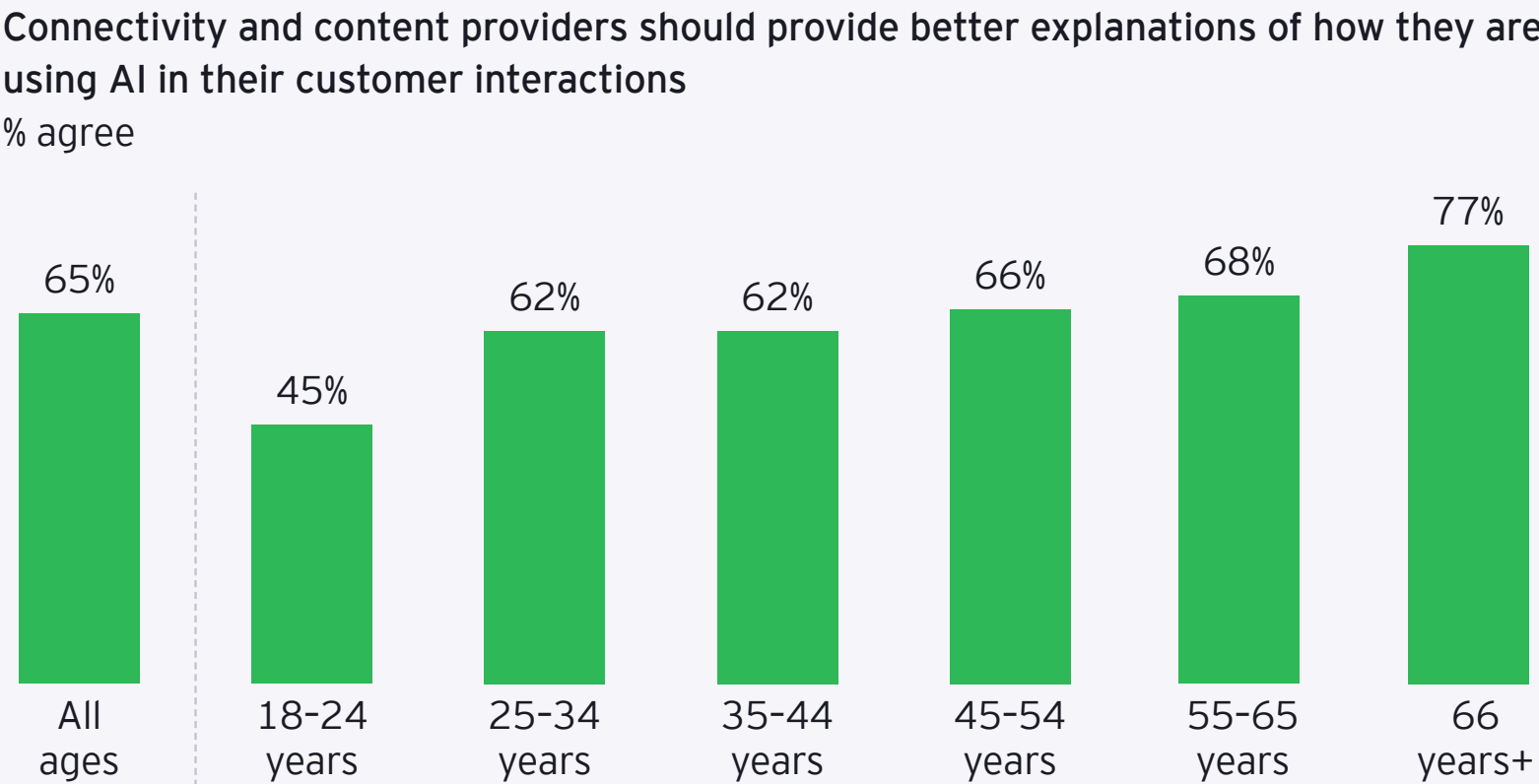


Figure 29 Household attitudes to the use of AI in customer interactions



46% of consumers lack the confidence to express their queries without speaking to an agent.



6

Seven digital home personas

Diverse attitudes in the digital home

The seven digital home segments

A close analysis of our research findings has revealed seven distinct segments within the UK consumer population, each with its own attributes, attitudes and priorities around digital home providers and services. By understanding these segments – and actively targeting those offering them the greatest value – providers stand to gain a significant advantage in the marketplace. Here are the seven segments and their main attributes.

Content comes first

- Most likely to pay to watch sport 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

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. 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

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 wellbeing

Digital devotees

- More likely to be aged 45 to 54
- Most likely to have multidevice 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

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

Informed savers

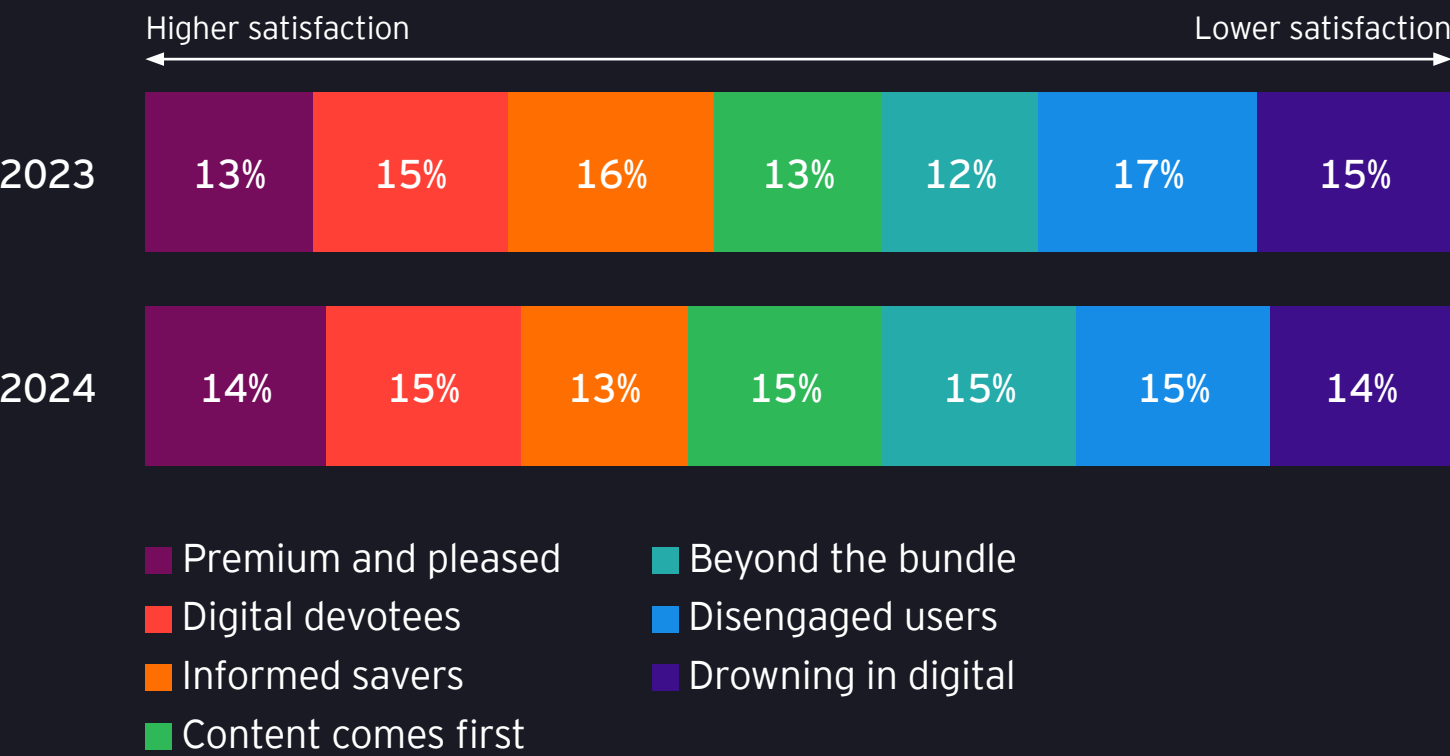
- Most likely to spend as little as possible on connectivity services
- Above-average value-for-money perceptions, and above-average satisfaction with overall services and with customer support experiences
- Below-average propensity to switch
- Least likely to find pricing changes difficult to understand, 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 risks

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

Changes in segment size over the past year point to changing attitudes

The year-on-year shifts in the relative size of the seven segments provide some insights into how UK consumer attitudes are evolving. An increase in ‘premium and pleased’ customers alongside a reduction in the proportion of ‘informed savers’ suggests households have become more receptive to premium service offerings. And while the bundle demand remains strong, the growing number of ‘beyond the bundle’ customers indicates that established service combinations may not be all that customers are looking for. Together with the reduced size of the ‘disengaged users’ group, this suggests that service providers have new opportunities to shape service offerings with more proactive and engaged households.



What are the next steps for service providers?

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

Focus on your customer promise

This year's findings highlight frustration with customer promises – whether manifesting itself in distrust of broadband performance credentials or anxiety about price increases. As customers also grapple with a crowded marketplace, it's vital for service providers to ensure that service guarantees are meaningful and compelling. This will help to unblock the apathy among some segments and improve the adoption outlook for connectivity, content and smart home technology.

Take advantage of premium service potential

While some consumers are prepared to trade down to save money, there are clear signs of receptivity to premium connectivity and content offerings. By capitalising on these positive signals, providers can justify a higher price point during a period of rising monthly rates. At the same time, 'win back' strategies should be a focus, given the fluidity in the streaming market and the disruptive potential of services such as mobile broadband for the home.

Address consumers' digital anxieties

Fears around harmful content and personal data security emerge strongly in this year's findings. Digital home providers that succeed in building higher trust through more meaningful customer dialogue will open up new routes to service customisation and monetisation. At the same time, 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.

Put simplicity at the centre of your service portfolio

Demand for different types of package – from broadband and streaming bundles through to 4G or 5G home broadband – is healthy. Yet there are also signs that customers struggle to see any difference between providers. In light of this, it's vital to ensure that service offerings are simple to understand, install and customise. While the principle of the bundle remains critical to winning new customers, long-term satisfaction and loyalty will hinge on service offerings being straightforward.

Instil greater confidence in digital customer journeys

Customer journeys still rely heavily on call centre 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 a digital only to a digitally assisted channel. Customers expect better combinations of agent and digital interactions – alongside better explanations of the role played by AI in more sophisticated digital tools.

How EY can help

Commercial excellence

EY teams can help organisations define and implement sustainable growth strategies through improved sales, marketing and service approaches that drive better financial outcomes such as productivity, profitability and market share growth.

Customer experience

Our experienced EY teams can help organisations to provide differentiated experiences for users, customers and employees to drive advocacy and lifetime value. We help organisations to put Humans at the Centre, design and implement engaging and frictionless omnichannel experiences and reimagine the enterprise with the right data, technology and front office capabilities.

Product and service innovation

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

For further inquiries, please contact:



[Rob Atkinson](#)

EY UK&I Technology, Media and
Telecommunications Market Leader

[Connect with Rob on LinkedIn](#)



[Adrian Baschnonga](#)

EY Global Technology, Media &
Entertainment and Telecommunications
Lead Analyst

[Connect with Adrian on LinkedIn](#)

EY | Building a better working world

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2024 EYGM Limited.
All Rights Reserved.

EYG no. 009572-24Gbl
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com