CONNECTED CONSUMER SURVEY 2016: FIXED BROADBAND RETENTION AND SATISFACTION IN EUROPE AND THE USA

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About this report

This report focuses on aspects of Analysys Mason's *Connected Consumer* Survey that relate to the behaviour, preferences and plans of consumers in Europe and the USA. In particular, it focuses on the behaviour, preferences and future plans of fixed broadband users. This part of the survey was conducted in association with Survey Sampling International (SSI).

The research was conducted in July and August 2015. The survey groups were chosen to be demographically representative of the broader online consumer population. We set quotas on age, gender and employment status to that effect. There were a minimum of 1000 respondents per country. The total sample size was 7250 respondents.

GEOGRAPHICAL COVERAGE

Poland
Germany
UK
France
Spain
USA
Turkey

KEY QUESTIONS ANSWERED IN THIS REPORT

- What are the most significant drivers of fixed broadband churn and how can operators most effectively approach customer retention?
- What are the key factors that affect Net Promoter Score (NPS), and which operators are particularly effective at scoring highly – and why?
- How can operators most effectively approach bundling, and in particular fixed-mobile bundling, in order to control customer churn?
- Which value-added services have a measurable effect on customer satisfaction?
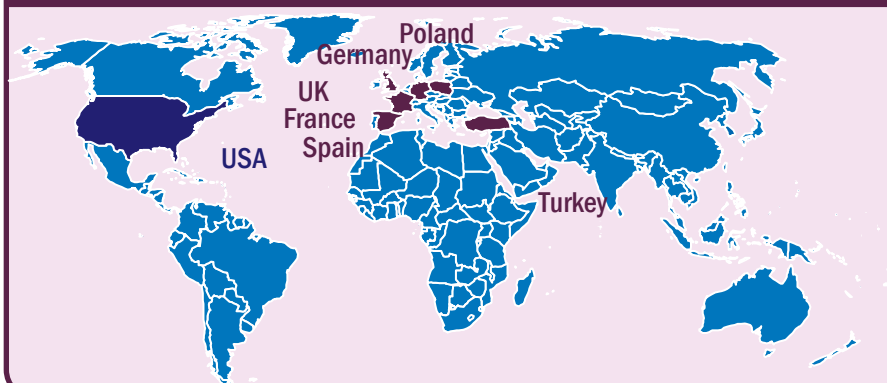
WHO SHOULD READ THIS REPORT

- Product managers and strategy teams working for fixed operators that are launching new broadband products aimed at the retail fixed network market, or operators designing their response to those of their competitors.
- Marketing executives and product managers for operators that are making decisions about the service design and its impact on customer retention of broadband bundles.
- Strategy teams for operators that are considering the integration of their fixed and mobile services, and are assessing the potential impact of converged bundles in their markets, especially in terms of customer satisfaction.

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Net Promoter Score is directly linked to speed, but customers on the lowest and highest tiers do not follow the trend precisely

There is a clear and direct link between NPS and speed, but it is not entirely linear.

Overall, respondents on higher advertised broadband speeds tended to be more satisfied with their fixed service, compared with those on lower speeds. However, this is not the case at the extremes of the scale; respondents with 1–8 Mbps services were less likely to recommend their service than those using sub-1 Mbps services. Many of the users on the slowest services are on legacy deals and may be on long-unadvertised discounts.

NPS increased steadily for users between 9–50 Mbps because the benefits of higher speeds are more noticeable to users, with customers at 50Mbps providing the highest score on average to their providers. Customers on speeds above 50 Mbps appeared to be less satisfied with their service. This is probably due to the high premiums commonly charged for these 'superfast' speeds. Combined with the lack of clear applications for such speeds to the average user, such services can disappoint customers that might feel they are paying a premium for no clear reason.

Its important to note that this trend varies by market: satisfaction drops at different speed brackets. For example, in Spain, satisfaction started to fall for speeds over 50Mbps – the speed bracket where most entry-level NGA tariffs are concentrated.

Figure 5: Fixed broadband Net Promoter Score by advertised maximum speed of service[1]

Source: Analysys Mason
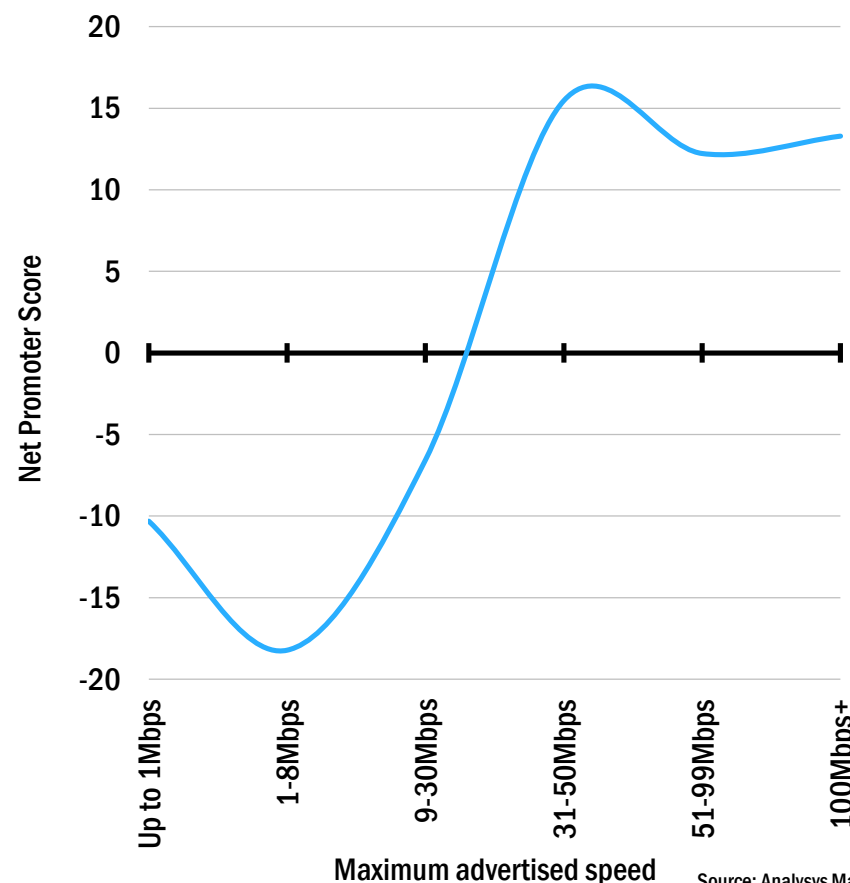
[1] Questions: "What is the maximum advertised speed of your home broadband service?"; *n* = 5299. "On a scale from 0-10 (where 0=not at all likely, and 10=definitely), how likely are you to recommend your home broadband service to friends or family members?"; *n* = 5556.

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Churn is often driven by price concerns, but speed, reliability and customer service drive customer satisfaction

Respondents' willingness to recommend their service, scored on a scale of 0 to 10, is the main index that we use to evaluate overall customer satisfaction; this likelihood to recommend is used to derive NPS scores for comparing operator performance.

Different aspects of a service affect this score. By using a linear model, we are able to identify the relative importance of five different satisfaction scores (scored on a scale of 1 to 7) relating to customers' willingness to recommend their service provider, as indicated by the coefficients in Figure 8.

Customer service constitutes a prime determinant of overall customer satisfaction. Poor interpersonal interactions with a company's representative, when one is already calling to resolve an issue, can leave a poor impression on customers' experience, dragging down their opinion of the firm as a whole. Respondents who rated their service poorly in terms of customer service were the most likely to churn, and improving customer care for dissatisfied customers is a key priority for operators. Increasing low-scoring customer satisfaction scores by a single point had the greatest impact on altering overall willingness to recommend a service amongst our panel.

Reliability and speed are the second- and third-most important service factors when predicting customer satisfaction. Operators need to back up their claims for network performance with real improvements to the user experience if they wish to improve scores by this route.

Figure 8: Linear regression model[1] for predicting the willingness of respondents to recommend their fixed broadband service based on their satisfaction with five aspects of their service[2]

> **Willingness to recommend fixed broadband provider =**
>
> 0.38 x customer service satisfaction
> + 0.32 x reliability satisfaction
> + 0.23 x speed satisfaction
> + 0.18 x price satisfaction
> + 0.15 x usage restriction satisfaction
> + 0.65

Price satisfaction comes fourth in importance, which emphasises the importance of consumer experience over price concerns when measuring customer satisfaction. This might feel inconsistent with results related to churn intention – where price and value are usually cited as key factors – but it is worth noting the self-selection bias of people that intend to churn: they are more likely to be looking for better offers than contented customers, so price will naturally sway their plans.

[1] Linear regression is a way to model the relationship between a dependent variable and one or more independent variables. This formula indicates the relative influence of different aspects of service on the likelihood of respondents to recommend their provider's service.

[2] Question: "How would you score your satisfaction with the following aspects of your fixed broadband service?"; n = 5566.

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About the authors

Aris Xylouris (Research Analyst) is a key contributor to Analysys Mason's primary research for the Consumer Services research practice and manages our Connected Consumer Survey. His work involves in-depth coverage of issues such as consumer behaviour, convergence and bundling, and mobile and fixed service pricing. Aris also contributes to the Fixed Broadband and Video, Mobile Services, Digital Economy and Mobile Devices research programmes. Aris is a trained economist and before joining Analysys Mason he held internships as an economic analyst in the media sector, working on market analysis, financial evaluation, profitability analysis and business plan development. His wider experience includes quantitative forecast modelling and computer simulations using agent-based models. Aris holds a Bachelor in Economics from Athens School of Economics and Business, and an MSc in Behavioural Economics from Warwick University.

Martin Scott (Principal Analyst) co-ordinates Analysys Mason's research initiatives related to media, TV, fixed broadband and convergence. He manages the *Fixed Broadband and Multi-Play* research programme and is a significant contributor to the *Future Comms and Media* programme. Martin has held numerous positions within Analysys Mason during the last 10 years, including heading the company's Consumer Services, Data and Regional Markets practices. He also launched Analysys Mason's Connected Consumer and Consumer smartphone usage series of research. His primary areas of specialisation include service convergence, OTT video and media, consumer smartphone usage, the bundling and pricing of multi-play services.

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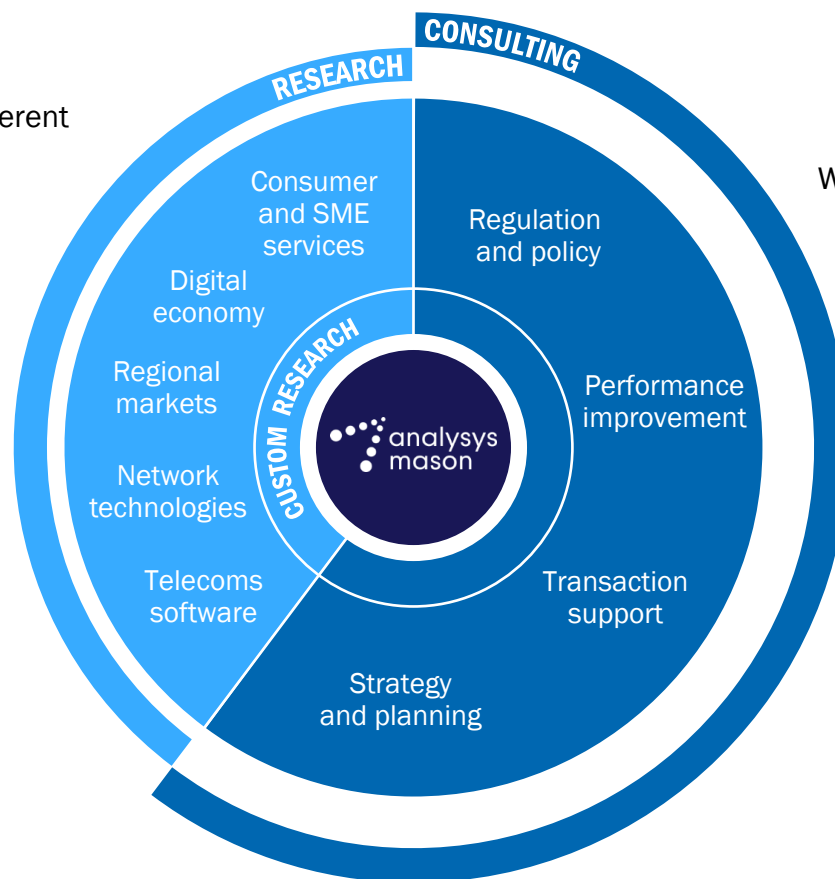
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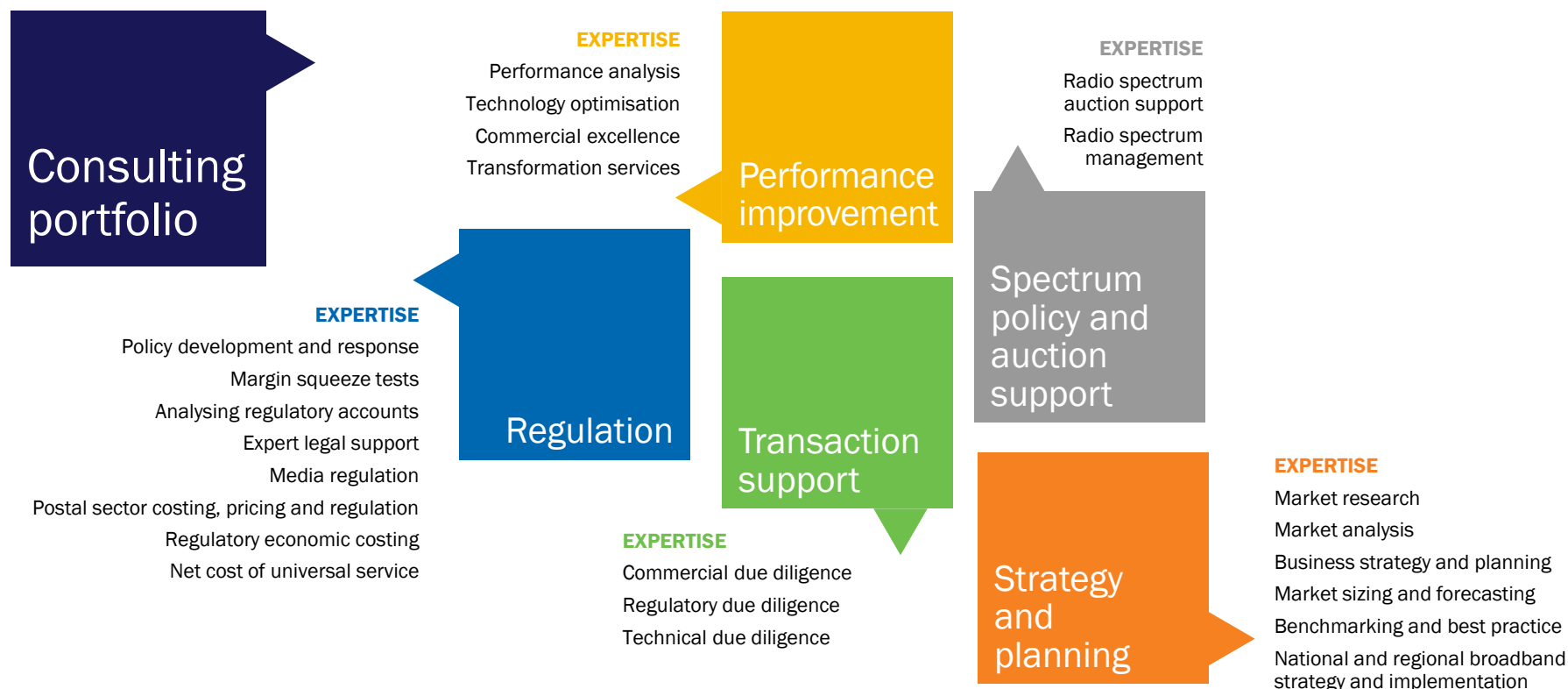analysys mason

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