

Operators can support their consumer customers during the coronavirus crisis

March 2020

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The spread of COVID-19 in many countries across the world is putting pressure on all businesses, including telecoms companies, to respond to rapid and imminent shifts in consumer behaviour. Telecoms operators have the potential to alter their retail propositions to better serve their customers' immediate needs and potentially benefit in the longer term, but the situation is complicated by the fast spread of the coronavirus and the uncertainties surrounding it, as well as the likely decrease in consumer spending power. In this comment, we review the challenges and opportunities for operators posed by COVID-19, and outline the changes to retail propositions already enacted by some operators in response to its spread.

Consumers can be expected to use more data, and operators should proactively support this

Countries are stepping up their efforts to combat the virus, especially since 11 March when COVID-19 formally attained pandemic status. Prominent among the measures being taken by affected countries are the imposition of quarantines for at-risk individuals, closures of schools and workplaces and bans on crowds and public events such as sports fixtures.

Customers' needs will change as a result of these measures, and there is an opportunity for operators to help. However, there will also be challenges for operators when serving these changing needs.

- The demand for data services is expected to rise due to a higher proportion of consumers being indoors.¹ Operators may benefit from migrating customers to higher-volume data plans.
- The demand for reliable mid-tier home broadband speeds will be strong due to the shift towards remote working.
- The time available for digital entertainment consumption is expected to grow due to the increase in the proportion of time spent indoors, bans on public events and disruptions to work and school. Operators can take this as an opportunity to promote video content services and potentially drive the take-up of more-niche services such as gaming. This may have long-term positive effects if consumers opt to continue using these services after the expiration of promotional periods associated with COVID-19.
- Increased data traffic may result in network capacity problems, particularly if there is a pronounced shift towards high-bandwidth services. COVID-19 may also disrupt operators' supply chains and may affect their ability to perform network maintenance work and upgrades.

¹ The DE-CIX (the internet exchange point) recorded a world record for data throughput (9.1TB per second) on 10 March 2020, up from the previous record of 8TB per second in December 2019. DE-CIX's CTO credits COVID-19. Similarly, Telecom Italia reported on 11 March 2020 that fixed-line traffic had increased by 70% in the previous 10 days due to COVID-19.

- The adverse economic effects of the spread of COVID-19 and its nature as a public health emergency present clear obstacles to operators monetising any retail changes. Operators can help to enable critical communications and support government efforts to mitigate the effect of quarantines by taking a supportive role and offering free data or speed boosts to customers in affected areas.
- The implementation of promotional offers is problematic due to the uncertainty regarding how long consumers will be affected by the virus' spread. Operators will find it difficult to withdraw offers while COVID-19 is still affecting consumers, but long-term promotions may harm profitability and make it challenging for operators to reverse these changes without provoking a surge in customer dissatisfaction. At the same time, some consumer behaviour is likely to shift again once the threat of COVID-19 subsides; the demand for reliable connections for remote working, for example, will probably fall substantially once quarantines end.
- COVID-19 may directly disrupt the fixtures that operators with sports broadcast rights show.

Operators' responses to COVID-19 reflect the opportunities that they have to support consumers at home, as well as the challenges that they face

Some operators have responded to the spread of COVID-19 by changing their retail offers, reflecting the opportunities and challenges highlighted above (see also Figure 1). Boosting mobile data has been the most-common action taken by operators, but this presents clear challenges, for example, when COVID-19 spreads within countries and network constraints limit the potential that operators have to extend data offers from a regional to a country level. Network constraints might also explain why Vodafone Italia has decided against offering unlimited mobile data to subscribers in Italy as a whole, having previously offered it in the small number of regions that were originally affected. Content offers are another feature; some operators (such as Orange in Spain) are addressing young families because of school closures.

Figure 1: Examples of coronavirus-specific consumer tariffs (as of 15 March 2020)

Operator	Offer
Telecom Italia	Free unlimited data for mobile customers, free unlimited calls for landline customers and free access to its VoD service for fixed customers. All for 1 month.
Vodafone Italia	Free unlimited mobile data for 1 month for student customers.
Go Internet (Italy)	'Smart Working' tariff: 30Mbit/s via mobile broadband/FTTH. 24-month contract: the first month is free, and it costs EUR19.90 per month thereafter. Valid in only three regions in Italy.
Movistar (Spain)	Extra 30GB per month for 2 months at no extra cost for Fusion and Movistar mobile customers. Free access to Movistar+ Lite pay-TV platform for all Spanish consumers for 1 month.
Orange (Spain)	Extra 30GB for 1 month at no extra cost for Love and Go customers. Free access to the child-oriented 'Infantil Max' package for 1 month.
Optus (Australia)	Extra 20GB for postpaid customers in April at no extra cost. 10GB extra for prepaid customers that recharge by AUD40 or more in April.

Source: Analysys Mason, 2020

Operators must be quick to react to the situation as it develops

Altering tariffs by offering free limited-time data boosts or content can help operators in affected regions to support and maintain good standing with their customers. Operators also potentially have an opportunity to drive the awareness and take-up of new service areas such as gaming. At the same time, operators must realise that some changes to consumer behaviour brought about by COVID-19 are likely to be temporary. The demand for remote-working-specific data plans, for example, is likely to taper off after quarantines end and people return to work and school. Because of this and the general uncertainty as to how the situation will develop, operators must be agile, quick-to-react and flexible. Their main concerns will be keeping customers on side and connected while protecting their businesses.