

Operators that do not offer fixed–mobile bundles may miss out on upselling to higher–spending customers

November 2023

Stefano Porto Bonacci

The average spend of customers that take fixed–mobile convergence (FMC) bundles defies expectations: FMC customers' combined spend on fixed and mobile services is, on average, higher than the combined spend on telecoms services of both fixed-only and mobile-only customers.

It sounds counterintuitive: operators usually grant discounts to customers that buy FMC bundles, while the other customers buy services at full tariffs. The answer lies in the distinctive profile of FMC customers. Customers that buy FMC plans are more likely to subscribe to top-tier plans and buy a greater number of products and services from their operator compared to customers that buy services separately.

Operators that do not embrace an FMC strategy, or that hesitate to promote FMC plans, risk overlooking these valuable high-spending customers.

The key challenge for operators is to strike the right balance between the level of discounts included in FMC bundles and protecting their margins. [Some operators have already been exploring options beyond the traditional discounting approach to offering FMC bundles.](#)

This article draws on Analysys Mason's *Fixed–mobile convergence: consumer survey 2023* report,¹ which compares churn intention, satisfaction and spending between customers that take fixed and mobile services from the same operator and customers that buy services separately.

Customers that take fixed and mobile services from the same operator spend 13% more than those with separate fixed and mobile plans

In our survey, we have identified four different categories of customers, which are grouped according to the operator(s) that they buy their primary fixed and mobile services from.

- **Cross-sell customers.** Customers that take their primary fixed and mobile services from the same provider, but do not buy these services as a single retail bundle.²

¹ Our *Fixed–mobile convergence: consumer survey 2023* report is based on Analysys Mason's annual *Consumer survey*. The report covers the following 16 countries and includes data on the adoption of convergent services for over 60 operators:

- Africa: South Africa
- Europe: France, Germany, Ireland, Italy, Norway, Poland, Spain, Sweden, Turkey and the UK
- High-income Asian countries: Australia, Malaysia and New Zealand
- North America: Canada and the USA.

² This category includes customers that receive benefits from buying both services from the same operator as well customers that do not receive such benefits.

- **FMC bundle customers.** Customers that take their primary fixed and mobile services (from the same operator) as a retail bundle.
- **Secondary SIM FMC customers.** Customers that take their primary fixed and mobile services from different providers and have a bundled mobile SIM as part of their fixed plan
- **Standalone customers.** Customers that take their primary fixed and mobile services from separate service providers

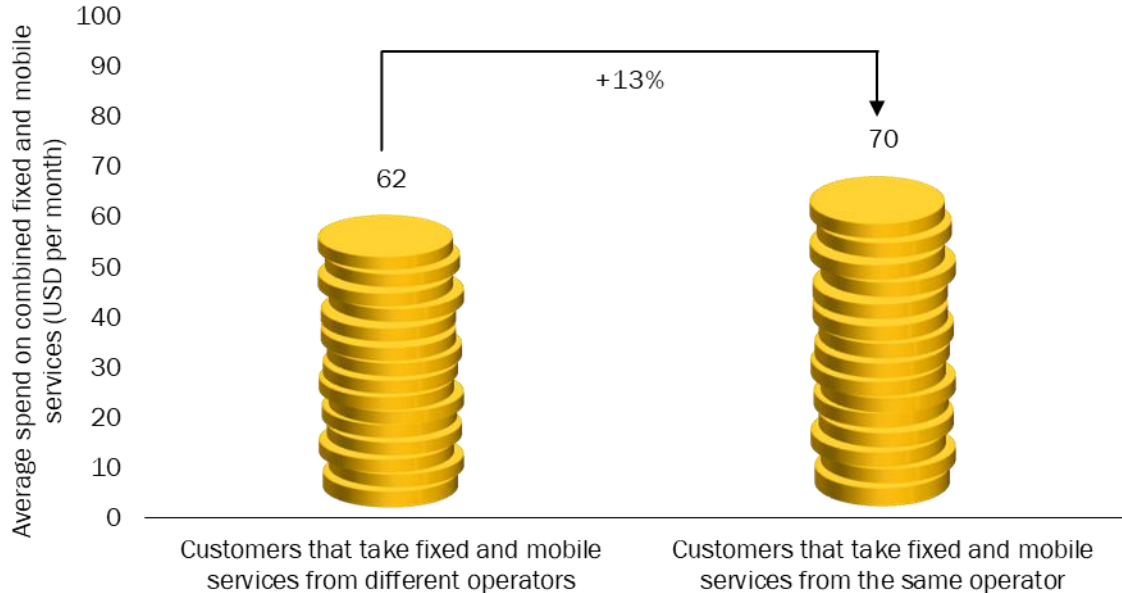
Analysys Mason uses the expression ‘overlapping customers’ as an umbrella term that includes cross-sell and FMC bundle customers.

In our panel, overlapping customers spend, on average, 13% more on fixed and mobile services than standalone customers, as shown in Figure 1.

This result looks counterintuitive because FMC is often associated with discounts. Even in countries where FMC bundles are common (such as France and Spain) or where operators are pushing FMC bundles with significant discounts (such as in Italy), overlapping customers spend more than standalone customers.

The average difference in spending varies notably by country, partly because of a different mix of FMC bundle and cross-sell customers. FMC bundle customers spend more than cross-sell customers in all surveyed countries, except Canada, and they spend an average of 30% more than cross-sell customers across the entire panel.

Figure 1: Average total spend (USD per month) of customers that take fixed and mobile services from the same operator and customers that buy fixed and mobile services separately, surveyed countries, 2023³



Source: Analysys Mason

³ Questions: “How much do you spend per month on your home broadband service (including landline, if you have it)?” and “How much do you spend per month on your mobile phone plan/package?”; $n = 13\ 000$.

Overlapping customers buy more services and are more open to buying higher-end plans than standalone customers

Two main reasons (outlined below) explain why customers that take fixed and mobile services from the same operator spend more than standalone customers. These two factors more than offset the discounts included in FMC bundles.

FMC bundles attract operators' most-satisfied customers, who are more likely to buy top-tier plans than customers that take services separately

- Customers that are the most satisfied with the services provided by their operator are more likely to subscribe to premium plans. Indeed, overlapping customers report higher satisfaction scores for fixed services than standalone respondents.
- The FMC offering of several operators is usually a premium product: [operators include features and attractive services only in FMC bundles and/or top-tier FMC plans](#) to encourage customers to buy the most-expensive plans.

FMC bundle customers buy a greater number of products and services from the same operator than standalone customers

- Customers that take FMC bundles are likely to be more open to taking extra products and services because they are more satisfied with operators' fixed services. In our panel, overlapping customers take more fixed additional services (such as cloud-gaming and music streaming) and video services (including both pay TV and video streaming) than standalone respondents.
- Overlapping customers are more likely to report living with children or with at least another adult, which makes them more likely to buy plans with multiple SIMs.

Operators that are hesitant about offering FMC bundles should consider the broader revenue-generating opportunities associated with FMC

FMC bundles have typically been associated with churn reduction and heavy discounts. Operators often refrain from offering FMC bundles because they are wary of revenue cannibalisation. However, overlapping customers are markedly different from the other customers. It is easier to upsell additional services and products to these customers (or upgrade them to premium plans) than it is to standalone customers. This positive cycle usually makes up for the discounts typically associated to FMC offerings.