FEBRUARY 2022

Ci & CityFibre

Contents

Ci

APPROACH

QUANT

Sizes the task and quantifies the current broadband landscape in our proposed full coverage area

Online Survey

QUAL

Uncovers the human side, understands the confusing and understanding of FF vs Fake Fibre

Focus Groups

Stakeholder depths

APPROACH - QUANT

Survey

- 15 minutes
- Completed online
- Nationally representative

Sample

- N1000
- Nat Rep, 18+, ABC1C2DE
- Responsible for broadband decisions (Solely/ jointly / partly)
- 40% Min quota in current City Fibre areas / 60% Future activation areas

Analysis

- Broadband drivers + barriers
- Understanding of Full fibre
- Experience of Full Fibre

QUAL

Uncovers the human side, understands the confusing and understanding of FF vs Fake Fibre

Focus Groups

Awareness and Understanding of the internet, and how it works, including networks, broadband, full and part fibre

Stakeholder Interviews

Their perspective on local community engagement and impact

SECTION TWO

State of the Nation

A paradox of an industry – broadband is seen as the 'fourth utility' by many, but consistent misunderstanding, misinformation and poor service has led to disillusionment and resultant apathy.

KEY TAKE OUT

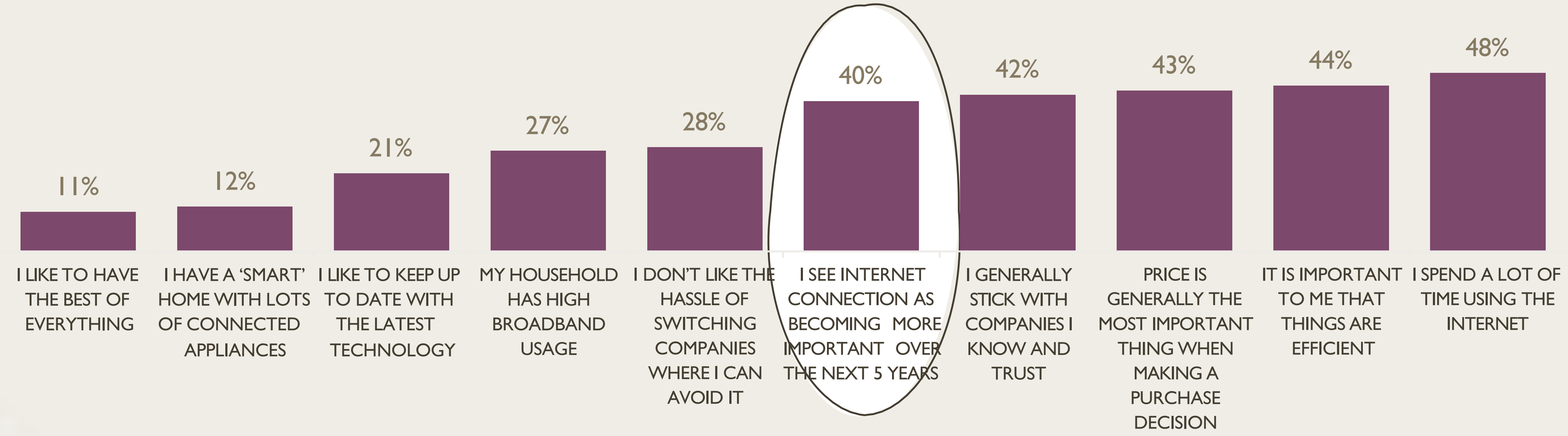
There is a split in engagement across respondents, between those who believe we've 'peaked' in internet usage and those who see the world as becoming increasingly tech-driven where current infrastructure would hold us back

All Respondents

This is reflected by only 40% of people agreeing that internet connectivity will become more important across the next 5 years

Q, Finally, we just want to know a little more about you. Which of the following statements do you agree with…?

AGREE WITH



BASE: ALL RESPONDENTS (1007)

What we see, therefore, is a broad grouping of four 'pots' of consumer, mapped by engagement and use…

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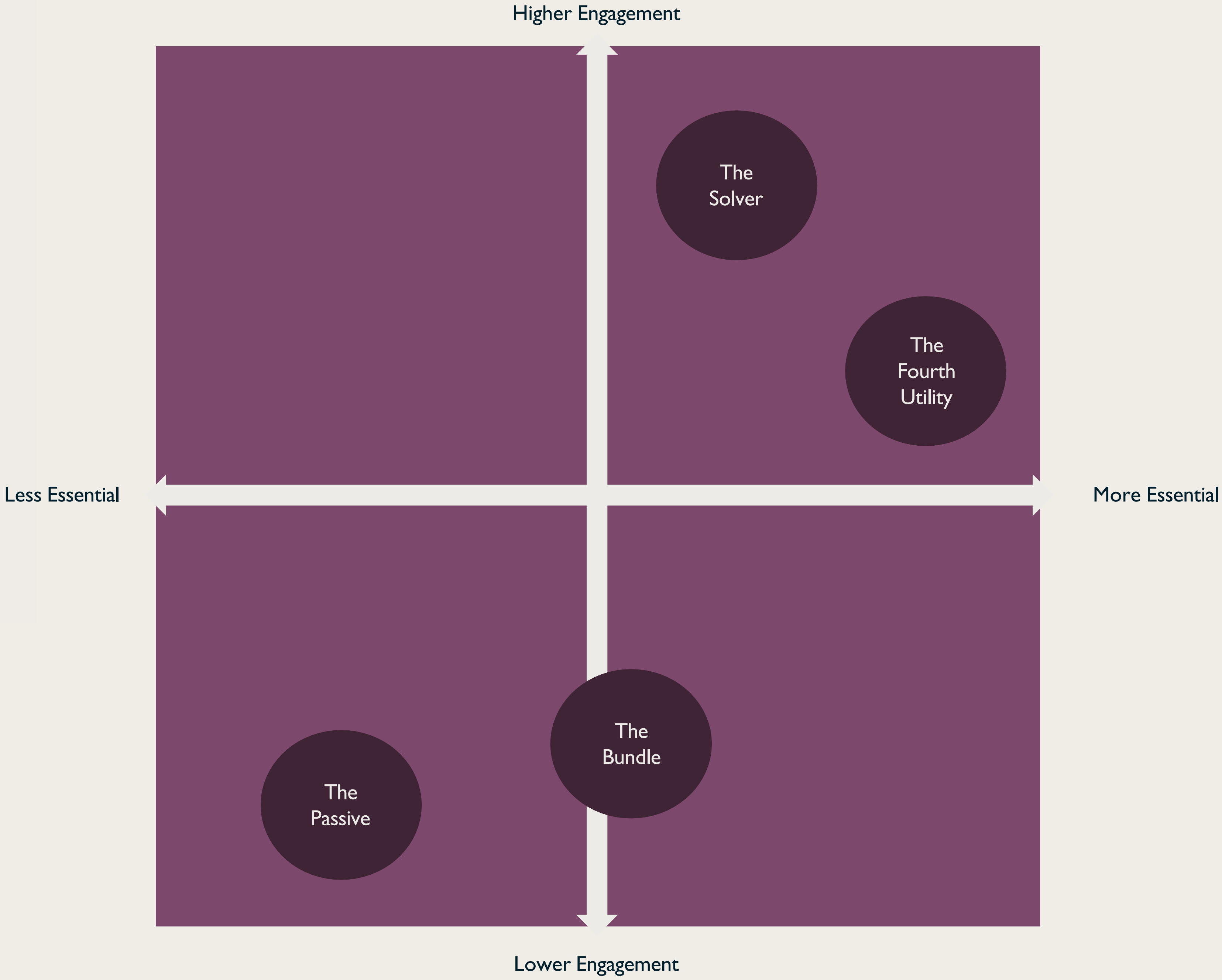
ENGAGEMENT

Qualitative



Qualitative

The Fourth Utility	Great internet connection is a non-negotiable – often driven by WFH or lots of hh members.	*"We are moving house to an area with better connection. We've tried everything."* *"I would pay almost anything for really consistent broadband. It's my livelihood at the end of the day."*
The Solver	Naturally interested, proactive and well-researched. Regularly test their broadband speed and contact their provider if unsatisfactory. 'The Explainers' – a minority who are happy to share their knowledge. See UK as 'behind' others.	*"At the end of the day, it doesn't matter what box you plug in. It's the wires coming into your house that make the difference"* *"The speed they get for their kids in homes and schools in China is phenomenal, we're 20 years behind"*
The Bundle	Led by Sky/Virgin. As long as connection is adequate they are unlikely to ever switch – channels are important to them so see bundle as cost effective solution.	*"I've just been with sky since they took over from 02, I'm in a different package which has everything I need. And I think if I switched it would just need to pay for engineers, wouldn't I? And I wouldn't get the channels and stuff for the kids"*
The Passive	Barely engaged with category – settled for one they have and often tolerate poor service. Internet is only for pastimes so not on the priority list.	*"It's a bit annoying if it goes down, but these things happen"* *"I'm talking to you from my sister's house, because the internet is rubbish at mine"*

Ci

Language

Consumers think in terms of *reliability*, not necessarily speed; especially in the context of WFH, where the consequences of poor connection are more frustrating

"I don't care about speed, that's something that if you were a teenager doing a lot of gaming they care about"

"I don't believe in fast as it's already fast all the time"

"It fluctuates all over the place, there's no consistency"

"To me it's about connection… connectivity is one thing, speed is something else"

"We switched within the last 2 years from Virgin to BT and in the hope that we were gonna not have the issue with it dropping out"

"There's nothing more frustrating than it cutting out halfway through a meeting, so I'm open to looking at other providers"

"I care more now as we're working from home so it means not getting cut out during meetings"

"I need the connection else my boss will go mad and say we have to go into the office!"

"Especially since the change in working environment, before where we'd work in an office you'd come home and it would buffer a little bit, but you'd just pick up your phone or do something else, but it's part of where we work now and it's a work tool, it's something we're conscious of, for me it's more the anxiety of it dropping out while you're in a meeting within an important client

=

Reliability

Consistency

Not cutting out

Unusually, regardless of the consumer type, the relationship between ‘broadband provider’ (consumer shorthand) and customer is <u>broken</u>.

QUAL

We see consistent negativity and cynicism around the category, driven by three core perceptions

Purposefully Complex

Widely held belief that broadband providers create deliberately cryptic 'bundles' to confuse and retain customers. Essentially creating a category that is so difficult to navigate, that they cannot leave or switch.

"I don't think they want us to understand the package or bundle or whatever. They've made them hard to decipher"

Purposefully Overpriced

Costs are seen as arbitrary and excessive – driven by anecdotes about deals to retain potential switchers.

"If you phone to complain about the tariff, they tell you there's nothing that can be done. Buy if you say you're going to change [provider], they transfer you to someone who offers you a better deal"

Purposefully Misleading

Solutions are sold in (new box, mesh system etc.) as attempts to solve problematic broadband connection – and are ineffective. Hugely frustrating.

"We have had boosters and boxes – the back of my telly is spaghetti junction with all of the wires and extensions. And it's still rubbish. It's just how it is, I guess"

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I dislike my supplier.
But they have made switching overwhelmingly hard.

The result?

A ‘better the devil you know’ relationship with their provider.

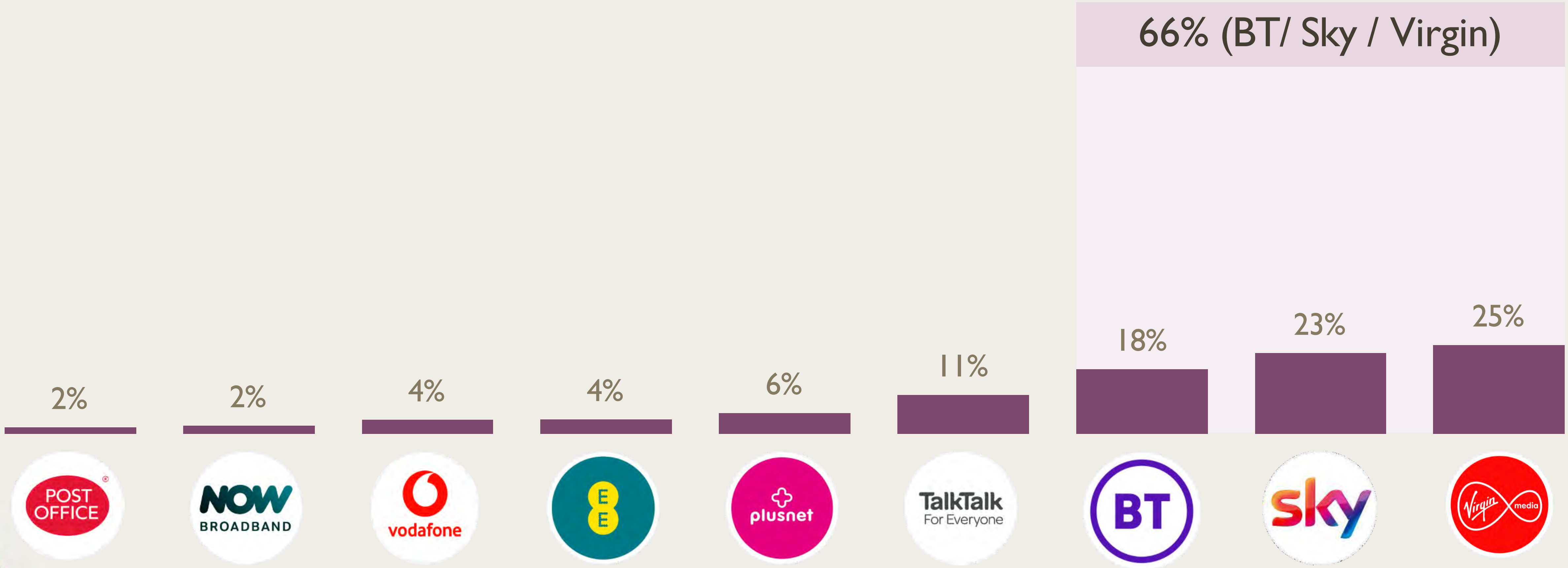
QUAL

CURRENT HOME BROADBAND PROVIDER

All Respondents

Q, Who is your current home broadband provider?

The vast majority of people use one of 'the big 3' providers – generally a sign of a mature (and complacent) marketplace



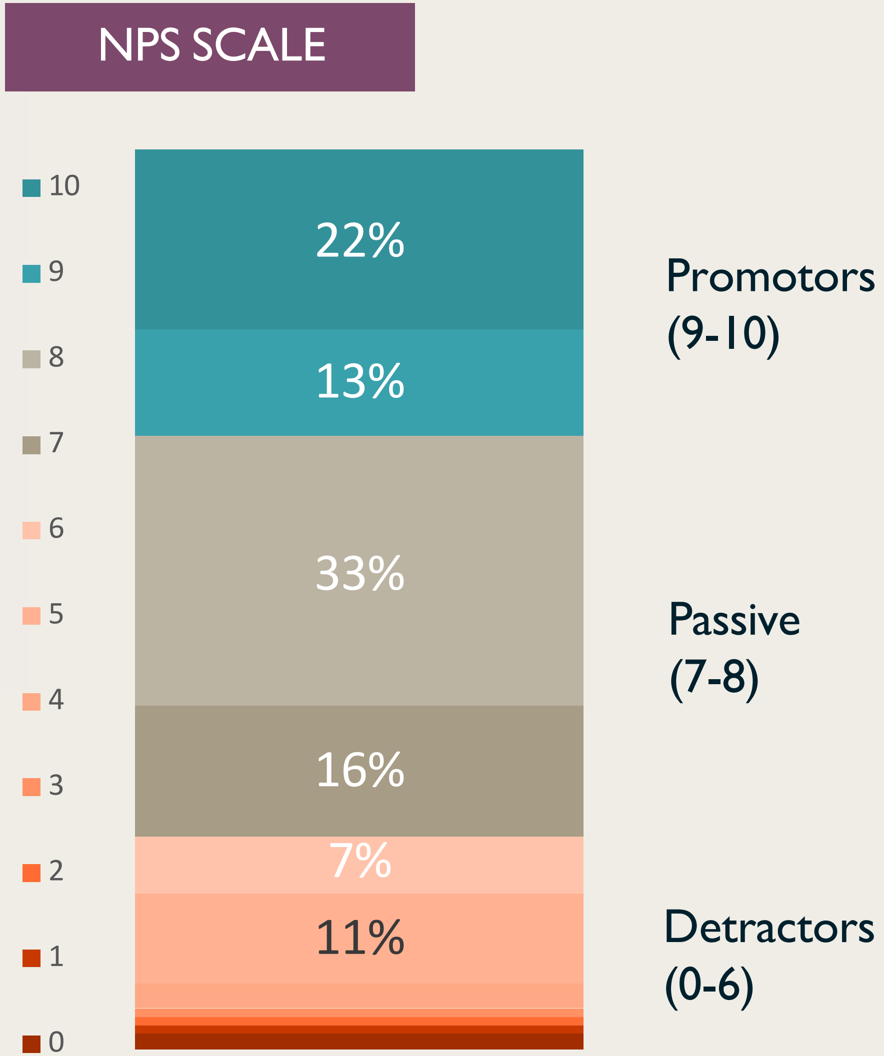
BASE: ALL RESPONDENTS (1007)

FUTURE RECOMMENDATION

All Respondents

Q, And how likely is it that you would recommend your current broadband provider to friends, family member of colleague?

With overwhelming passivity towards the provider they use



NPS SCORE

+9

NPS SCORE (DERIVED FROM PROMOTORS – DETRACTORS)

BASE: ALL THOSE WHO HAVE BROADBAND PROVIDER (1007)

Some providers get written off entirely, but there's an acknowledgement that what works for some may not work for others.

Rather than a blanket 'oh yeah, that provider is awful', we see 'TalkTalk were horrendous for my friend, her rates went up and up, but then I've been with them for ages and I'm fine'.

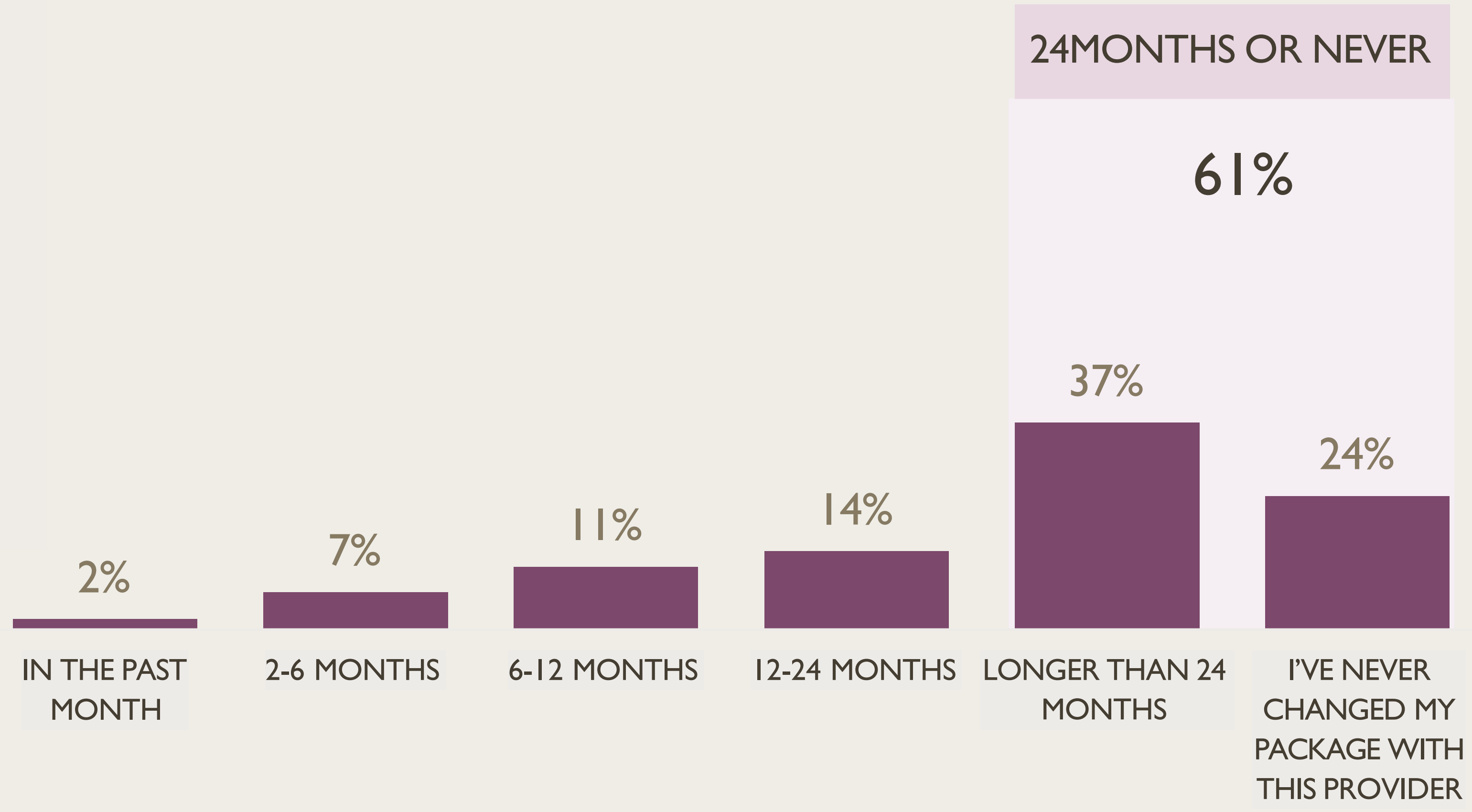
QUAL

LAST CHANGED BROADBAND PROVIDER

All Respondents

Q, And when did you last switch your broadband provider (e.g. shifting from one company to another for your internet services)?

Almost two thirds of people haven't switched provider in over two years



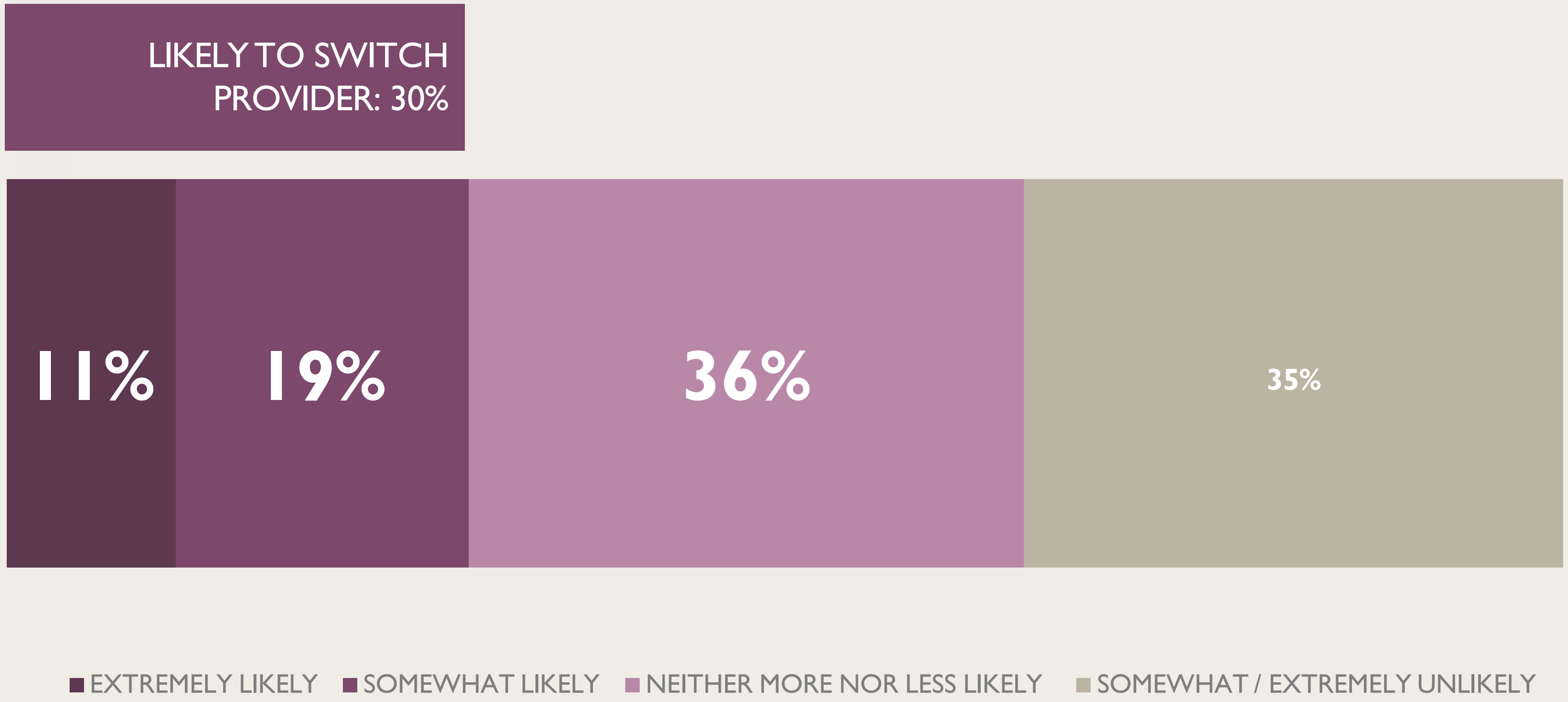
BASE: ALL RESPONDENTS (1007)

LIKELY TO SWITCH PROVIDER

All Respondents

Q, And how likely do you think it is that you will switch providers (e.g. move to a new company) either when your current contract ends, or within the next 12 months?

And whilst a third claim they are likely to switch provider in the next year, only 1 in 10 people sit in a high propensity position



BASE: ALL RESPONDENTS (1007)

Even amongst those in the groups – who self classified as 'switchers' – there was general malaise. It feels like too much hassle and too much complexity.

The broadband relationship has become like that with insurance companies, or how it used to be with banks. There's a feeling of mutual contempt between company and customer; with no loyalty either way, yet too many perceived barriers to exit.

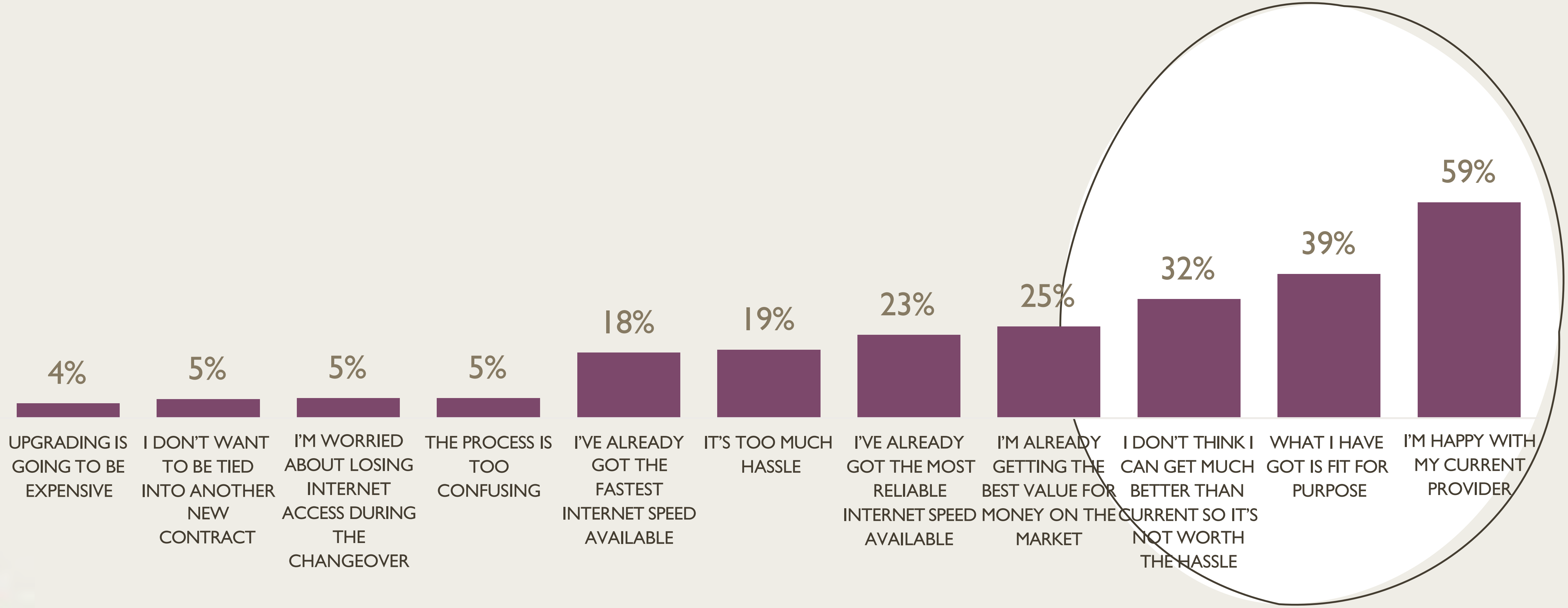
QUAL

REASONS UNLIKELY TO SWITCH

All those unlikely to switch

So despite passive NPS, a feeling of contempt, and distrust of the market – the vast majority of people are unlikely to switch and see their current product as fit for purpose

Q, What makes you say you are unlikely to switch?



BASE: ALL THOSE WHO ARE UNLIKELY TO SWTCH PROVIDERS (349)

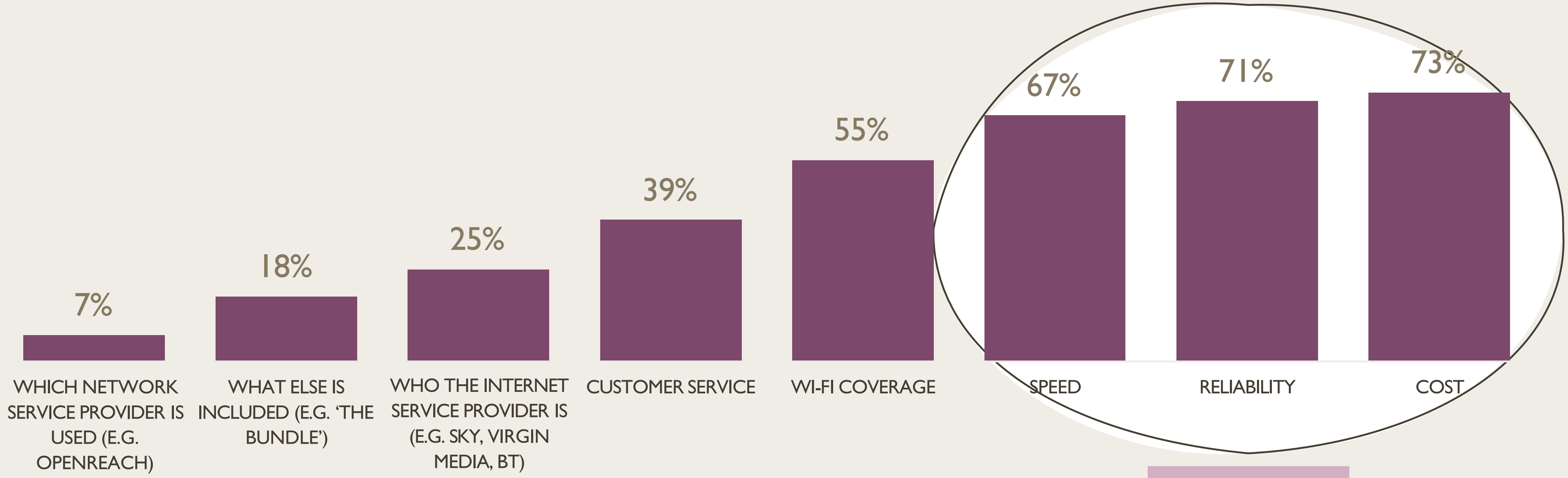
Is the product of full-fibre enough?

IMPORTANCE WHEN CHOOSING BROADBAND PACKAGE

All Respondents

Q, Which of the following are important to you when choosing a broadband package?

The three most important factors when considering broadband are speed, reliability and cost…



Importance of reliability increased immeasurably as a result of WFH

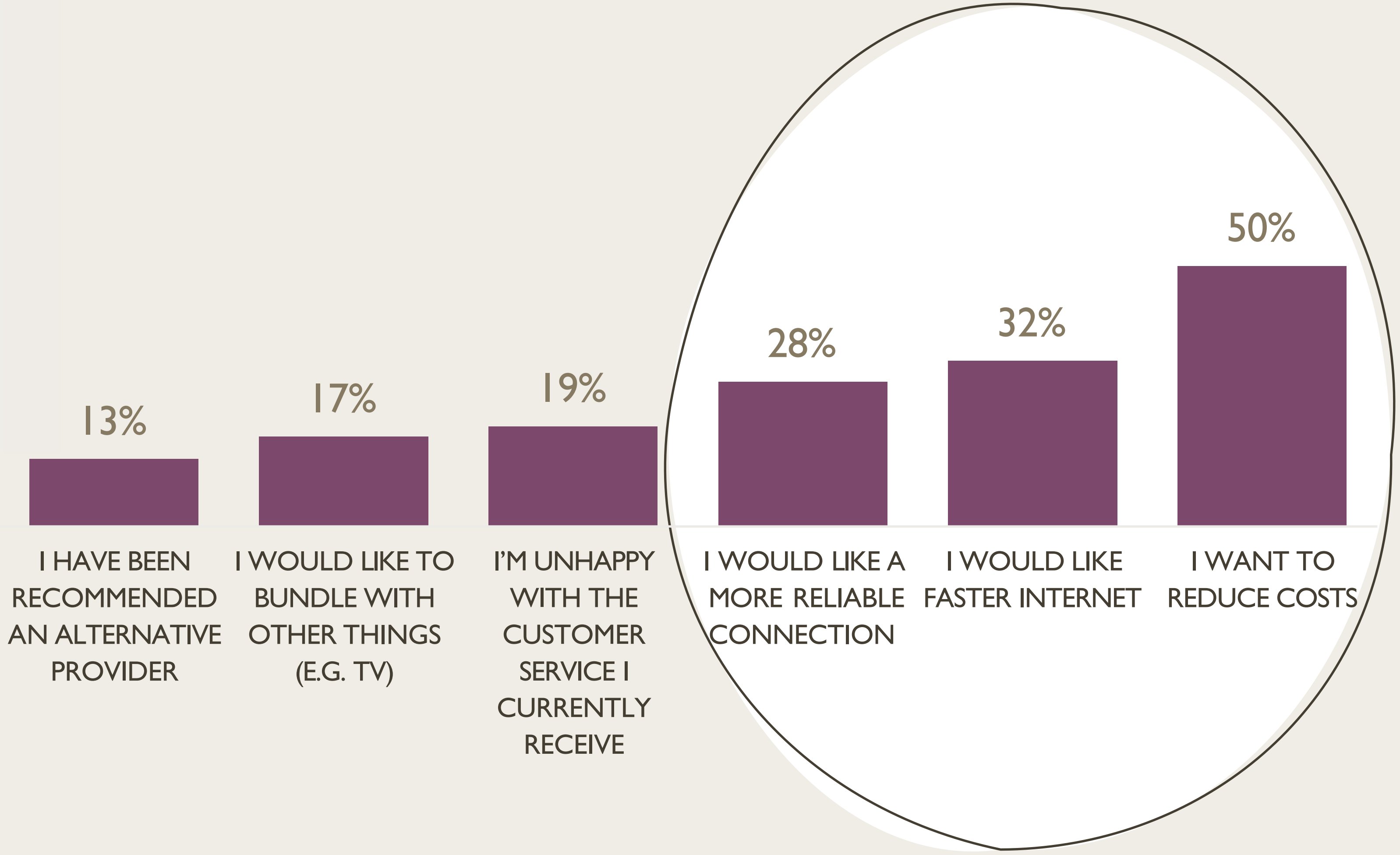
BASE: ALL RESPONDENTS (1007)

REASONS LIKELY TO SWITCH

All Respondents

Q, What makes you say you are likely to switch?

…reflected by the reasons people are likely to take action and switch to a new provider



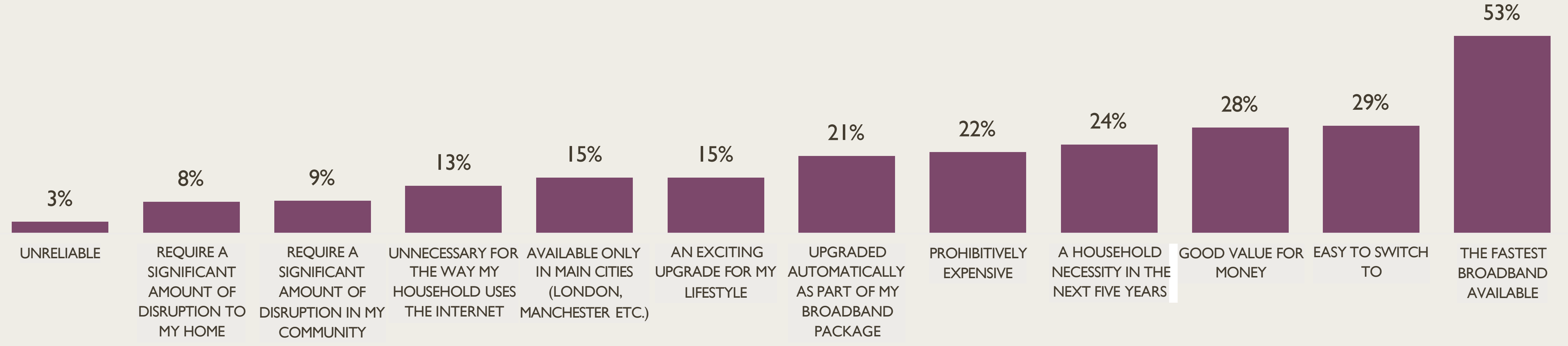
BASE: ALL THOSE WHO ARE LIKELY TO SWTCH PROVIDERS (300)

EXPECT FULL FIBRE TO BE

All Respondents

Q, And would you expect full-fibre to be…?

However, only half of people consider full-fibre to be the fastest broadband available. In-fact there is a muted response to full-fibre across the board.



BASE: ALL RESPONDENTS (1007)

All Respondents

Q, Were you aware of this before today?

Why?

The majority of people don't understand it.

64%

NO – *not aware of the difference between full and part fibre*

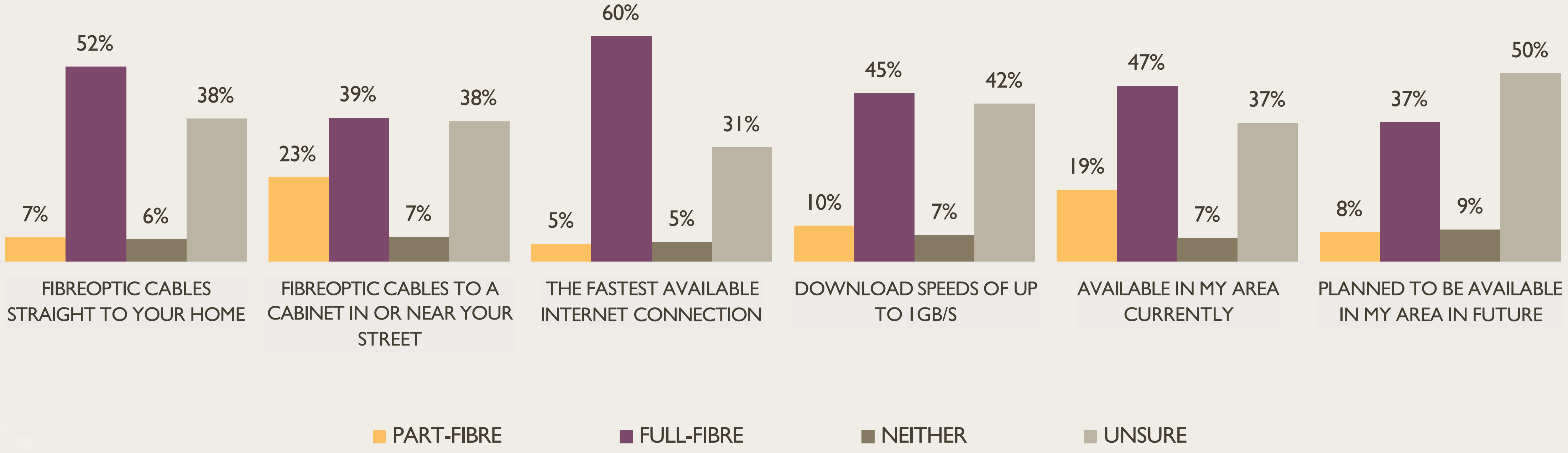
BASE: ALL RESPONDENTS (1007)

KNOWLEDGE: FULL OR PART FIBRE

All Respondents

Even when directly prompted to compare full and part fibre, it feels like guesswork

Q, Which of the following do you think are true of Part Fibre and Full Fibre?



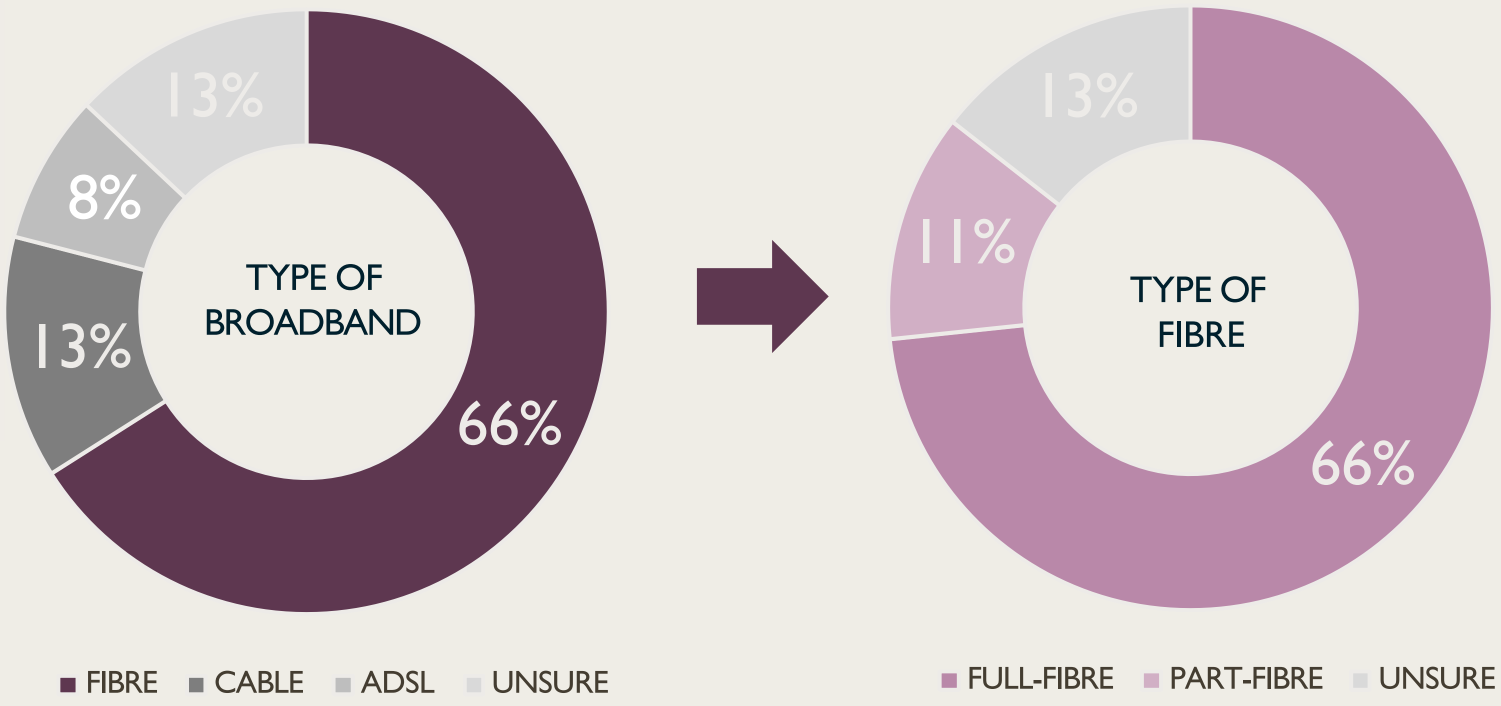
BASE: ALL RESPONDENTS (1007)

TYPE OF BROADBAND

All Respondents

Q, What type of broadband do you have?

In-fact 43% of people think they already have it



BASE: ALL RESPONDENTS (1007); ALL THOSE WHO CLAIM TO HAVE FIBRE AT HOME (663)

Due to confusing category messaging

Lots of noise

\+

Low understanding of category

"No that's getting too technical, I don't know what network we're on"

"I have to just trust them and accept it is what it is"

→

Easy to wrongly assume I might already have fibre broadband

"The presumption for me would be we're on BT as we have BT in here so the network and provider would be the same"

"Why are the big providers not providing that already?"

And a lack of understanding about infrastructure

Category language is generic to both network and provider

Customers latch on to the terms they have better understanding of (e.g. speed and connectivity – although most don't fully understand that either)
Wifi / Internet / Broadband are interchangeable terms for most.

Almost all claims are therefore written-off as 'jargon'

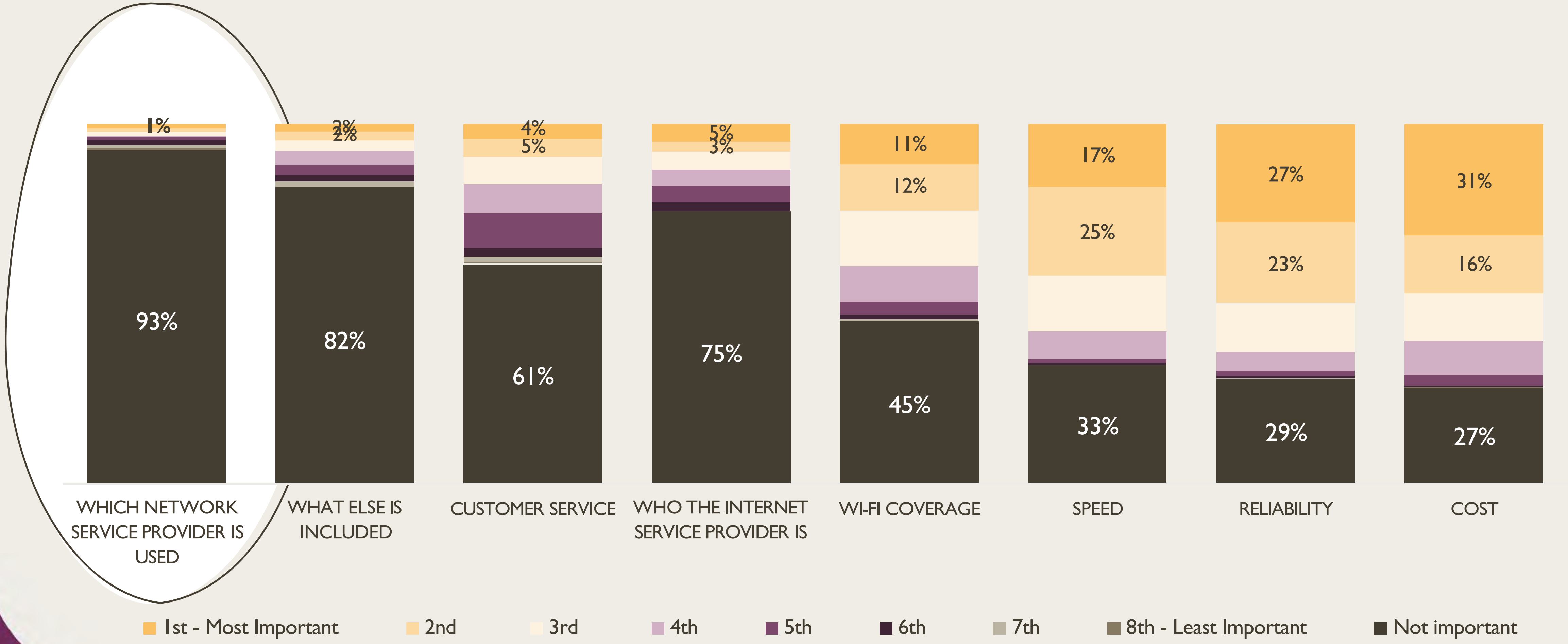
Virgin's comms around superfast and fibre have cut-through and are played back, but pessimism remains – the majority are unconvinced that it's any different to what's out there already.

RANKING (MOST IMPORTANT FACTORS)

All Respondents

Q, Now please rank these elements in order of importance to you when choosing a broadband package?

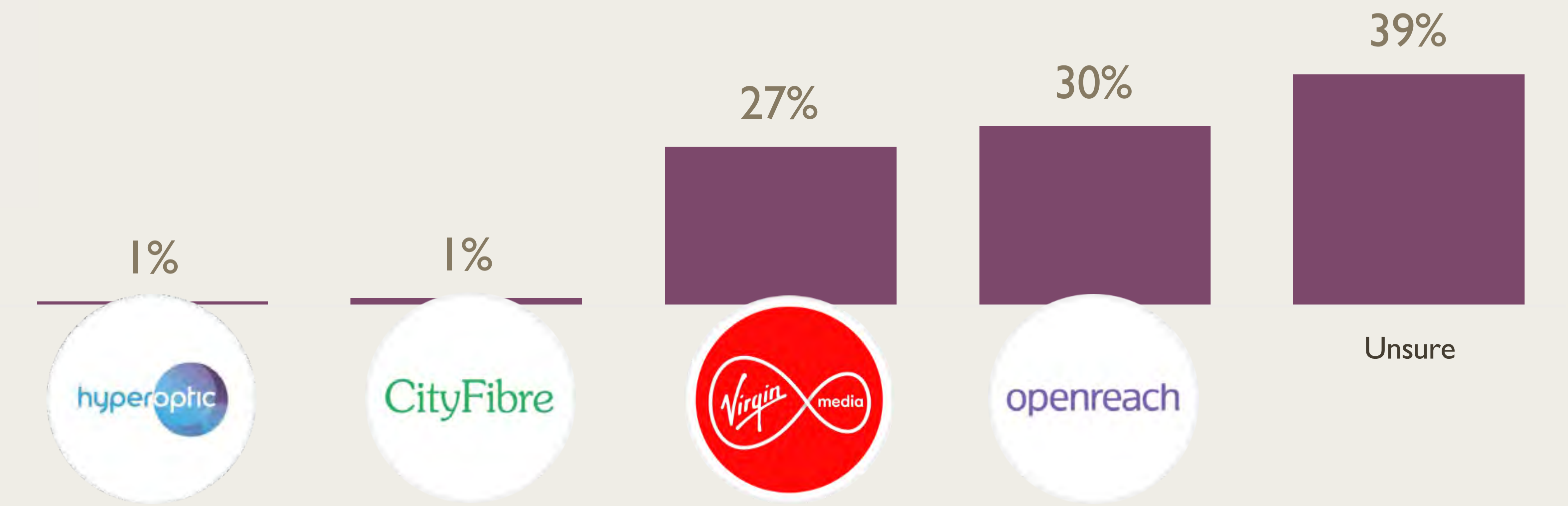
This lack of understanding (and confusing comms) results in complete apathy towards network involvement



BASE: ALL RESPONDENTS (1007)

All Respondents

As evidenced by low awareness of which network services the provider



BASE: ALL THOSE WHO ARE LIKELY TO SWTCH PROVIDERS (300)

So they don't understand how the infrastructure works.

Don't understand the relevance of full-fibre.

And therefore don't care about their network.

KEY TAKE OUT

But…

When full-fibre is explained to them, they want it.

By the end of the groups, dare we say it, they were keen

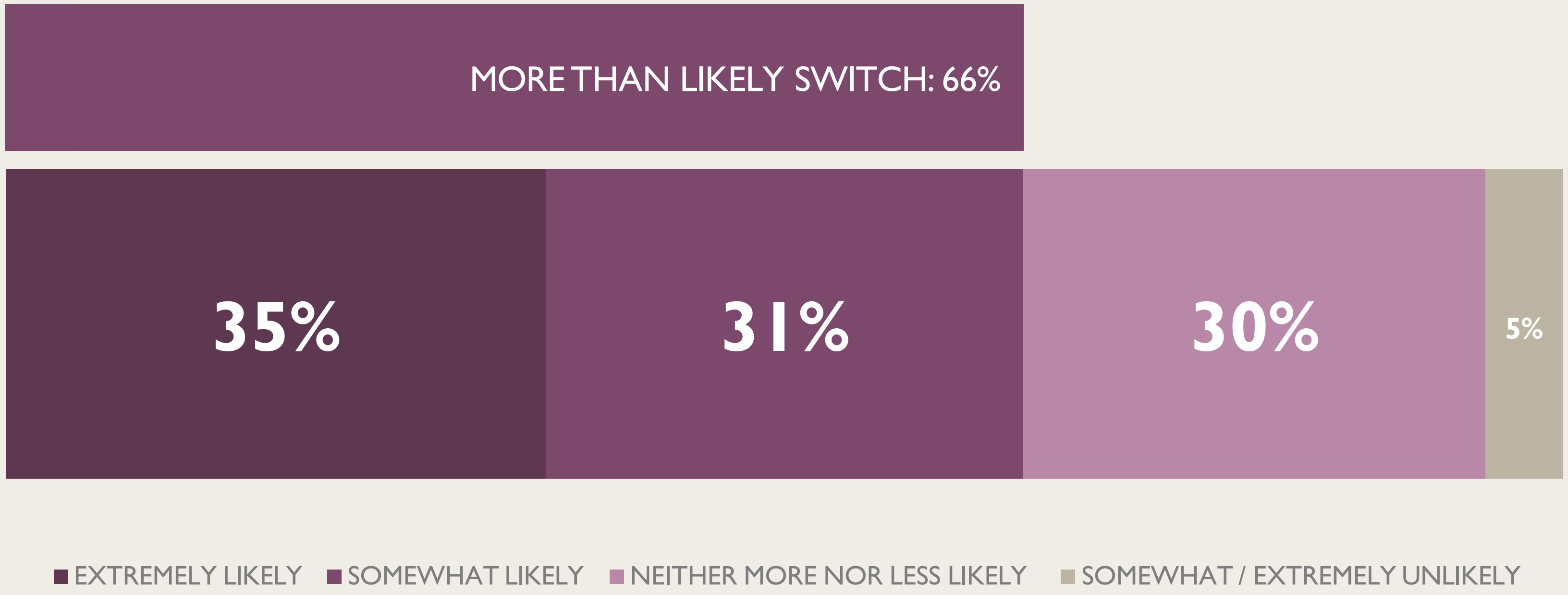
QUAL

LIKELY TO SWITCH TO FULL FIBRE IF ITS IN YOUR LOCAL AREA

All Respondents

Q, Based on this, how likely would you be to switch to Full-Fibre if it was available in your local area?

With switching behaviour increasing to two thirds upon explanation



BASE: ALL RESPONDENTS (1007)

This is a mature and disengaged marketplace, where misinformation is rife and poor customer service across the board has resulted in apathy.
The barriers are enormous. But so is the opportunity.

KEY TAKE OUT

SECTION THREE

Brand Health [REDACTED]

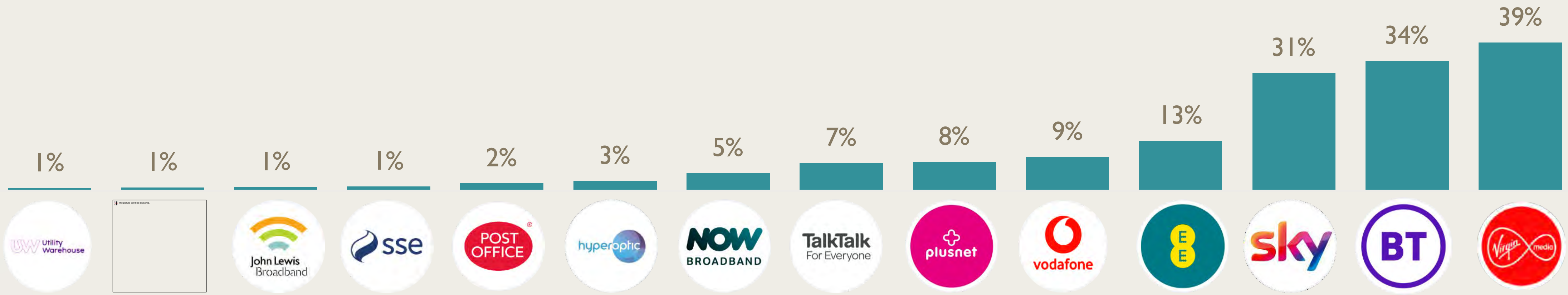
OFFER FULL FIBRE BROADBAND

All Respondents

Q, Which do you believe offer Full-Fibre (straight to premises or FFTP) broadband?

And, reflecting the lack of awareness we have seen across the market, belief in offering 'full-fibre' is driven purely by brand size rather than brand knowledge

OFFER FULL FIBRE BROADBAND



BASE: ALL RESPONDENTS (1007)