OliverWyman

GLOBAL CONSUMER SURVEY 2024: CONNECTIVITY

Insights from key European markets

September 2024

A business of Marsh McLennan

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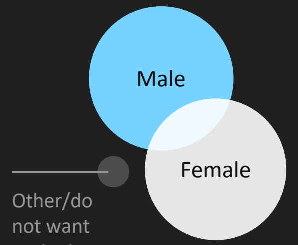
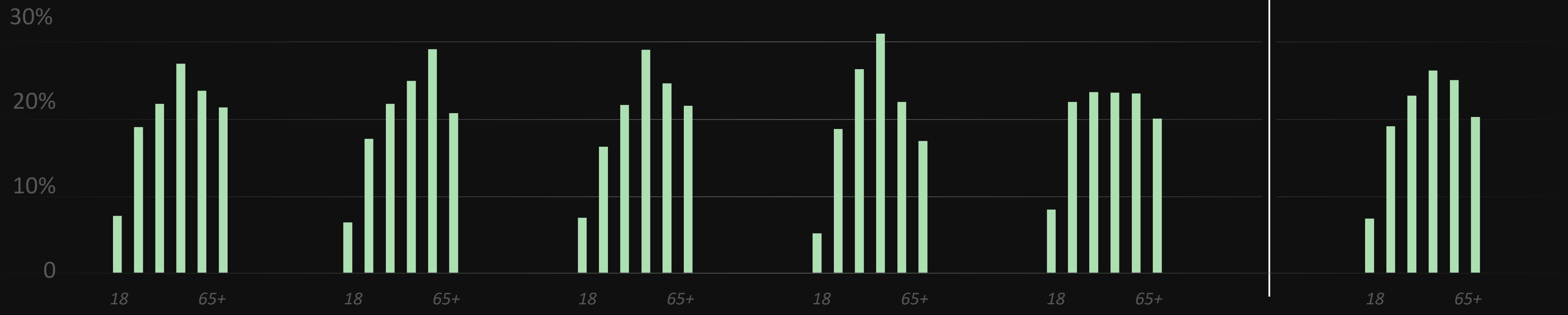
SAMPLE DETAILS

Sex distribution



Age distribution (%)

	France	Germany	Italy	Spain	UK	Europe
Total	1,000	2,001	1,001	1,000	2,000	7,002
Male	517	1,081	541	580	1,027	3,746
Female	483	918	459	418	969	3,247
Other/do not want to disclose		2	1	2	4	9



EXECUTIVE SUMMARY (I/II)

MOBILE

- **Trading accelerates across Europe driven by price sensitivity**: 27% of EU consumers declare they are likely to change operator in the next two years, +5 p.p. YoY, driven by Italy (27%, +9p.p. vs. ’23) and UK (31%, +6p.p. vs. ’23)
- **Traditional telcos lose almost half of their customers to low cost players**: but trading dynamics diverge across markets: shift to low cost accelerates in Spain and Italy; while in Germany and UK, traditional operators improve their resilience

FIXED

- **Intentional churn increases too, in most markets**: 25% of EU consumers are likely to change operator in the next two years, ca. +4 p.p. YoY - Network speed and price as key drivers
- **FTTH availability and consumer appetite expands**; with a notable wake-up in Germany (+19 p.p. YoY)
- **Fixed-mobile bundling push stagnates** - not driving trading dynamics in UK and Germany and saturating in Spain and France - Only in Italy FMC is being actively pushed
- **Expectations of telco value propositions focused on connectivity and entertainment**; questioning their right to play to consolidate non-telco household services

BRAND POWER

- **Traditional telcos still retain consistently higher levels of brand power (awareness and perception) across markets**; only in UK and Italy we see brand power converge
- However, in every market we find **local champions** (low cost or local challengers) with brand perception as high as well established traditional brands
- Non clients underscore low cost, but **low cost customers declare as strong (sometimes stronger) attachment to their brands** vs. customers with traditional brands

EXECUTIVE SUMMARY (II/II)

BRAND ANALYSIS

- **Low cost players account for lower levels of brand awareness and perception**
- On a player by player basis, **a low cost brand is among the top 3 brands** in all the countries
- The **gap between traditional and low cost is reduced** when comparing market vs clients' perception, obtaining also significant higher marks
- **Non clients** generally **underscore low cost players** – especially in France and Spain
- However, **low cost customers** have a **strong brand perception of their operator** – particularly in Germany, France and Italy
- **FMC clients generally have a stronger brand perception** except in Spain, where FMC is commoditized, and in UK, where FMC is moving backwards

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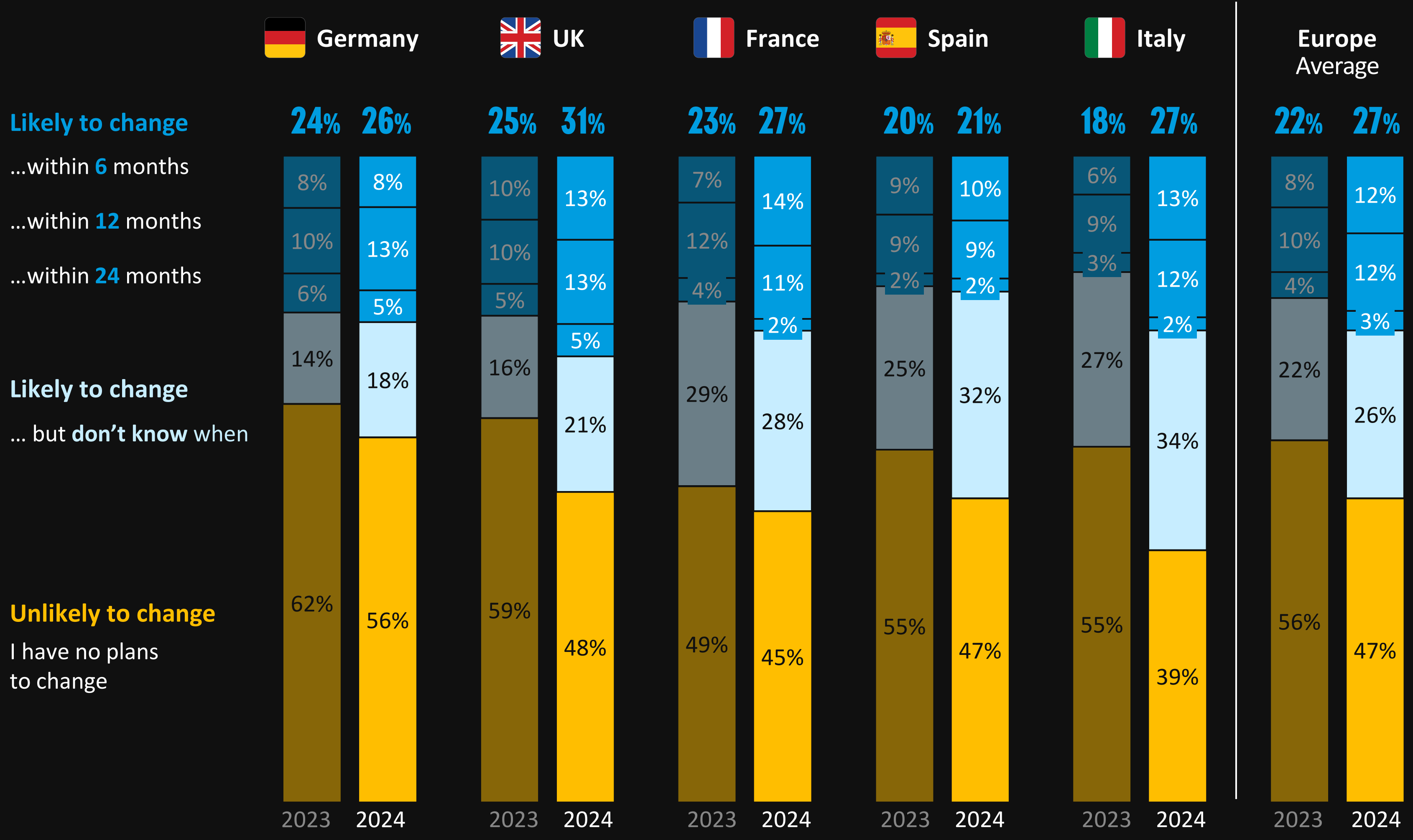
CONSUMER TRENDS IN MOBILE CONNECTIVITY

TRADING ACCELERATES ACROSS EUROPE: 27% OF EU CONSUMERS DECLARE THEY ARE LIKELY TO CHANGE OPERATOR IN THE NEXT TWO YEARS, +5 P.P. YOY, DRIVEN BY IT AND UK

How likely are you to switch mobile phone service provider?

% of respondents, by country

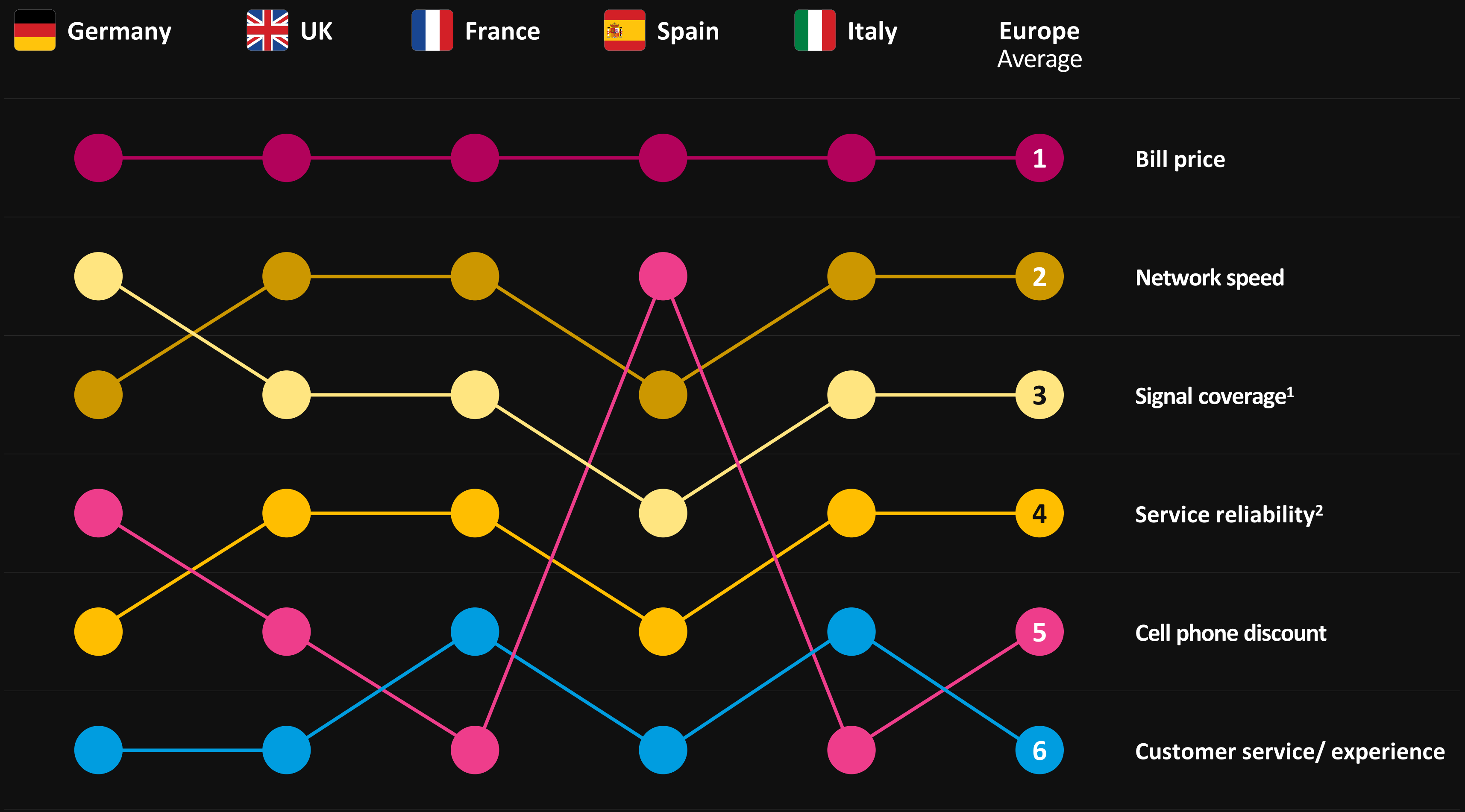


Source: Oliver Wyman Telco Consumer Survey 2024 and 2023

PRICE IS THE CORE DECISION DRIVER, FOLLOWED BY SPEED AND SIGNAL COVERAGE

Which reasons influence your likelihood to switch?

Average ranking by respondents considering to switch (1=most important), by country

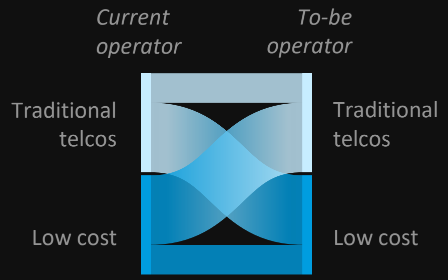


Source: Oliver Wyman Telco Consumer Survey 2024 | 1. Having signal where you need it | 2. E.g, consistent signal strength/speeds

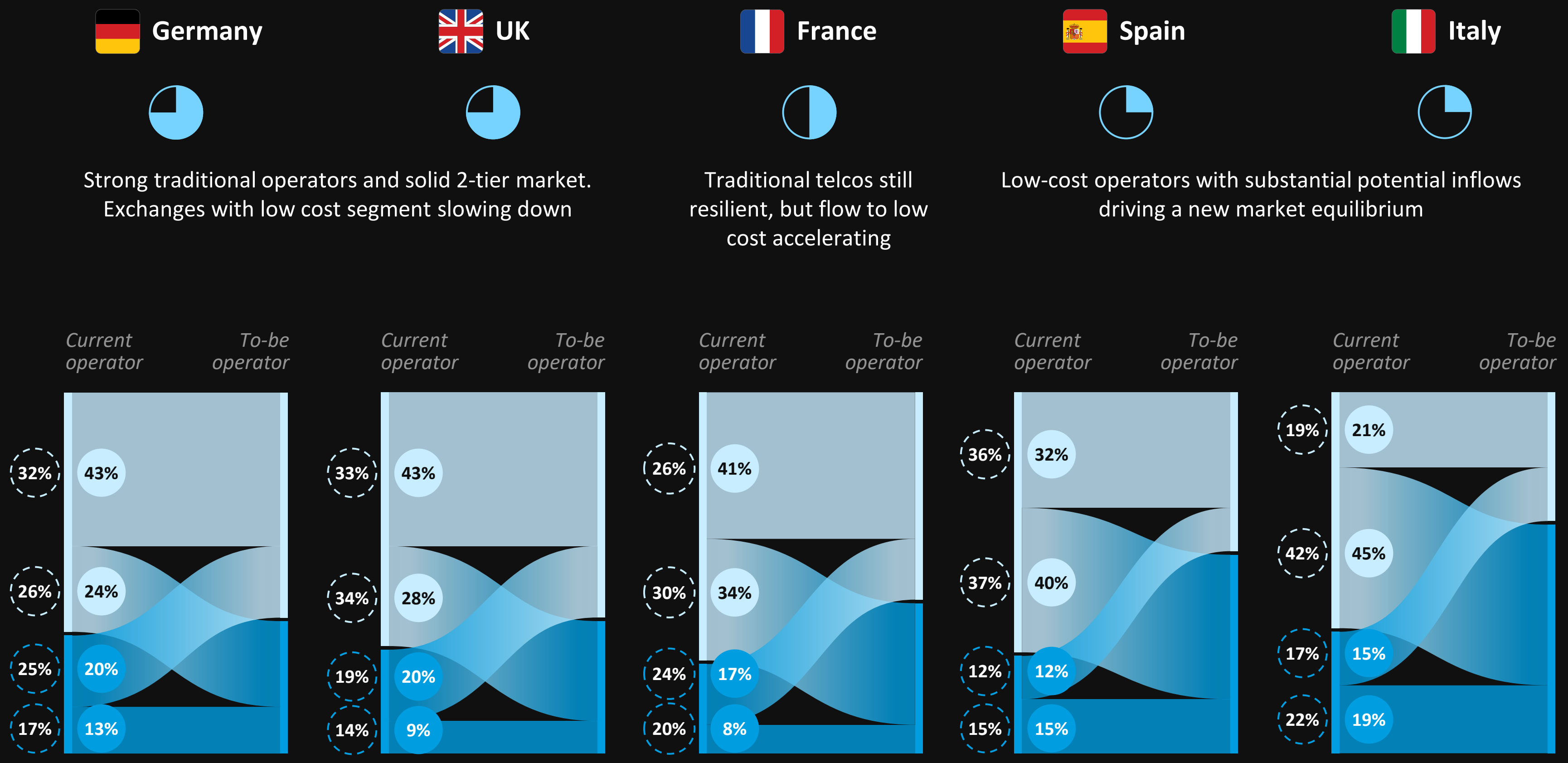
TRADITIONAL TELCOS LOSE ALMOST HALF OF THEIR CUSTOMERS TO LOW COST ALTERNATIVES - BUT TRADING DYNAMICS DIVERGE ACROSS MARKETS: SHIFT TO LOW COST ACCELERATES IN ES AND IT; WHILE IN DE AND UK, TRADITIONAL OPERATORS IMPROVE THEIR RESILIENCE YOY

Which mobile provider are you thinking about moving to?

% of respondents considering to switch



Traditional telco resilience vs. low cost



XX XX% Value for 2023

XX XX% Value for 2024

Source: Oliver Wyman Telco Consumer Survey 2024 and 2023 | Note: methodology details available in appendix.

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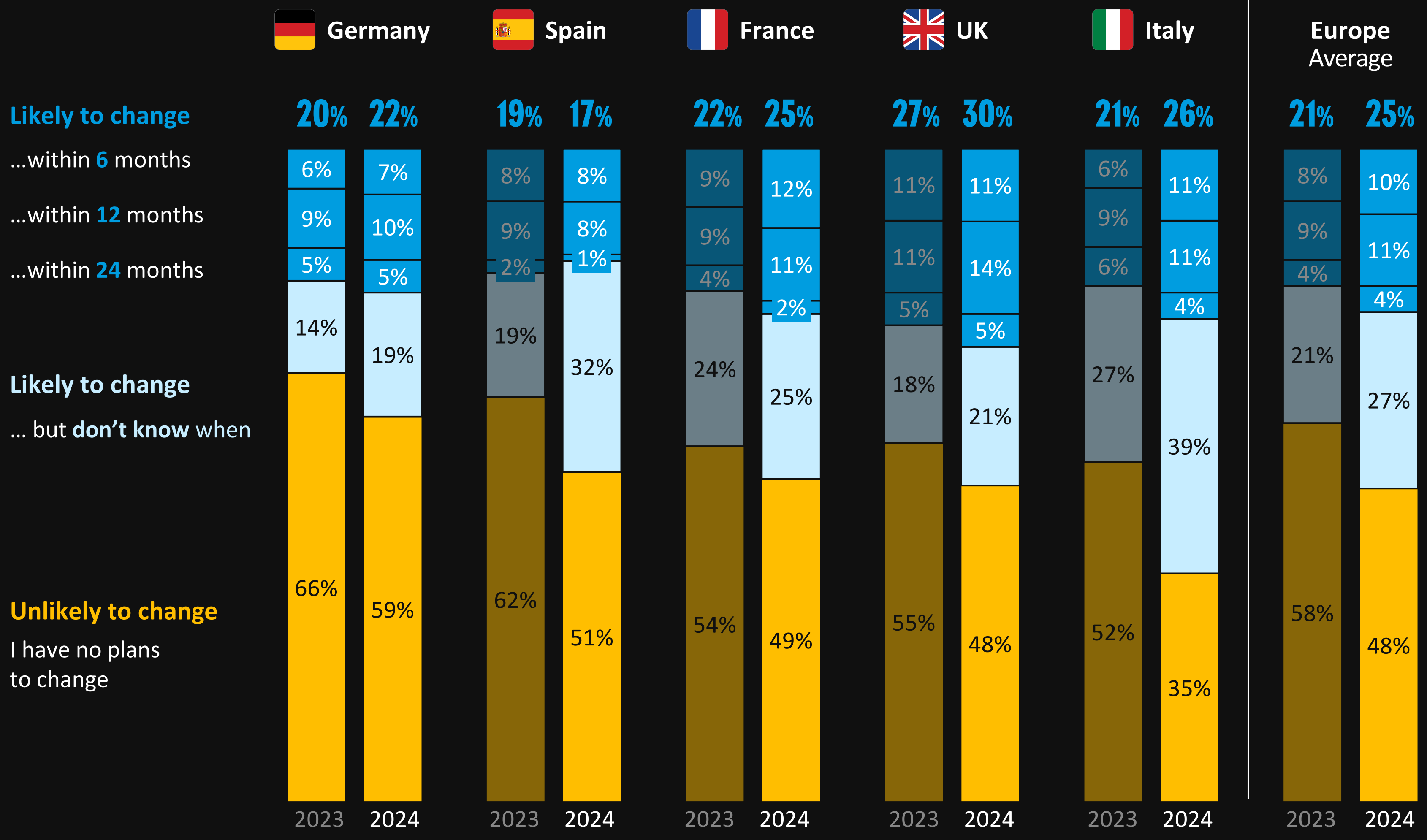
CONSUMER TRENDS IN FIXED CONNECTIVITY

INTENTIONAL CHURN INCREASES IN MOST MARKETS TOO: 25% OF EU CONSUMERS ARE LIKELY TO CHANGE OPERATOR IN THE NEXT TWO YEARS, 4 P.P. MORE YOY

Do you expect to switch home broadband provider?

% of respondents, by country

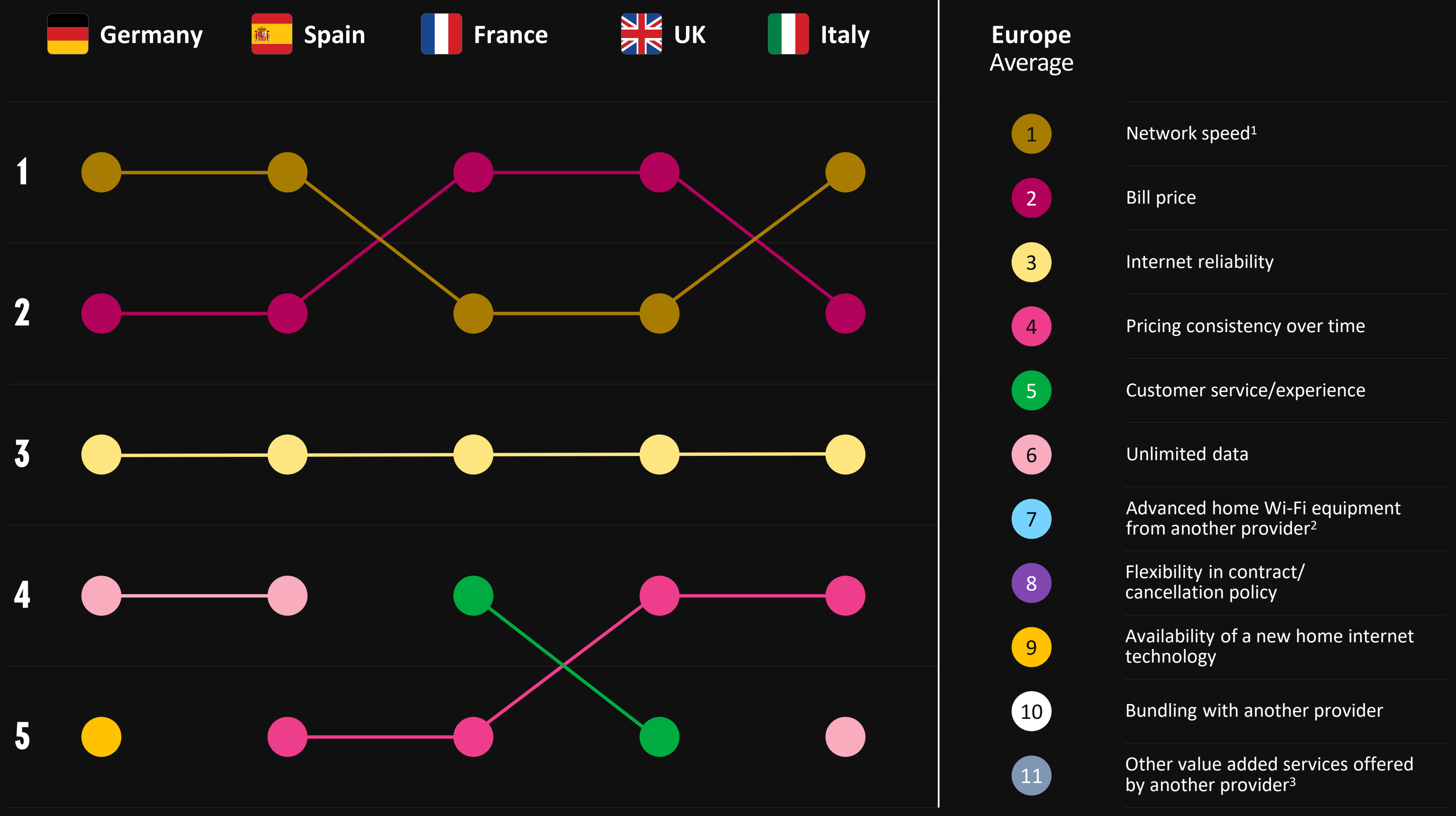


Source: Oliver Wyman Telco Consumer Survey 2024 and 2023

NETWORK SPEED IS THE MAIN ELEMENT CONSIDERED; WITH FR AND UK REPORTING TO BE MORE PRICE ORIENTED

Which reasons influence your likelihood to switch?

Average ranking by respondents considering to switch (1=most important), by country

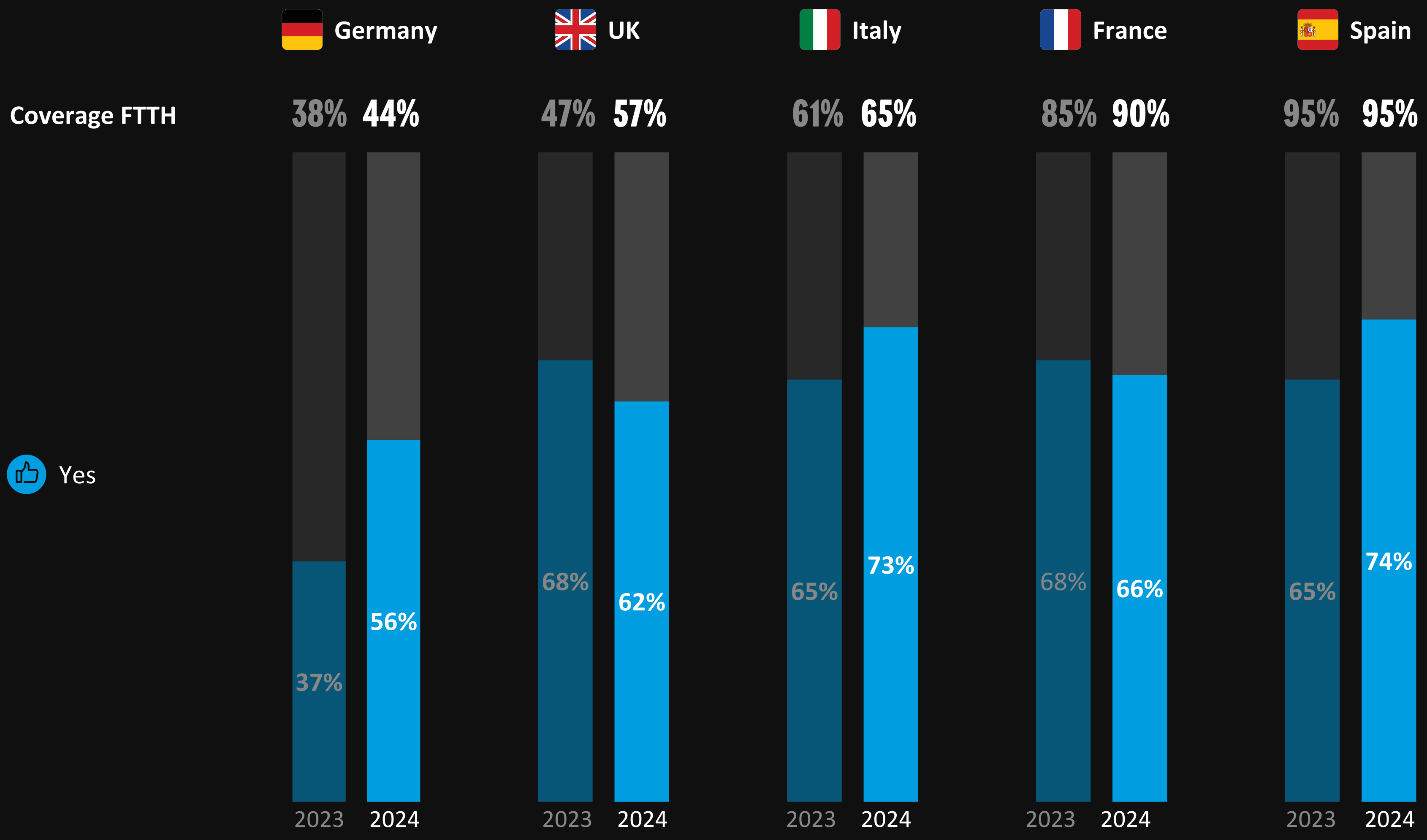


Source: Oliver Wyman Telco Consumer Survey 2024 | 1. Either download or upload speed. | 2. Advanced home Wi-Fi equipment such as Mesh Wi-Fi. | 3. Value added services such as advanced tech support, premium streaming services, etc.

FTTH AVAILABILITY AND CONSUMER APPETITE EXPANDS STEADILY; WITH A NOTABLE WAKE UP IN GERMANY (+19 P.P. YOY)

Are you planning to upgrade your home fixed broadband connection plan to FTTH (fiber at home) in the next 12 months?

% of respondents, excluding the ones with already FTTH and the ones without accessibility

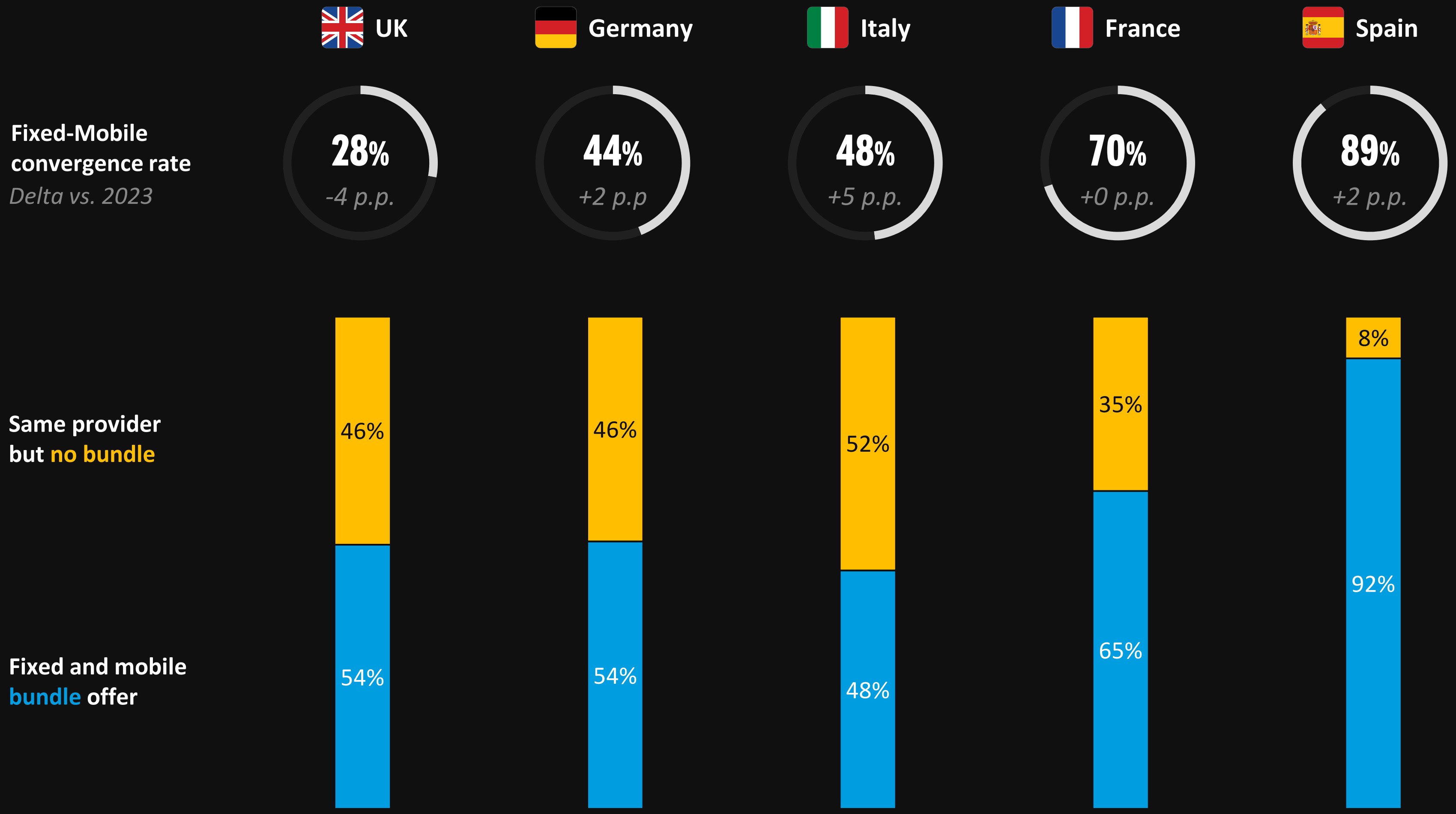


Source: Oliver Wyman Telco Consumer Survey 2024, IDATE

FIXED-MOBILE BUNDLING PUSH STAGNATES - NOT DRIVING TRADING DYNAMICS IN UK AND DE AND SATURATING IN ES AND FR - ONLY IN ITALY FMC IS BEING ACTIVELY PUSHED

Do you use the same provider for your cell phone service and your home internet?

% of respondents[1], by country

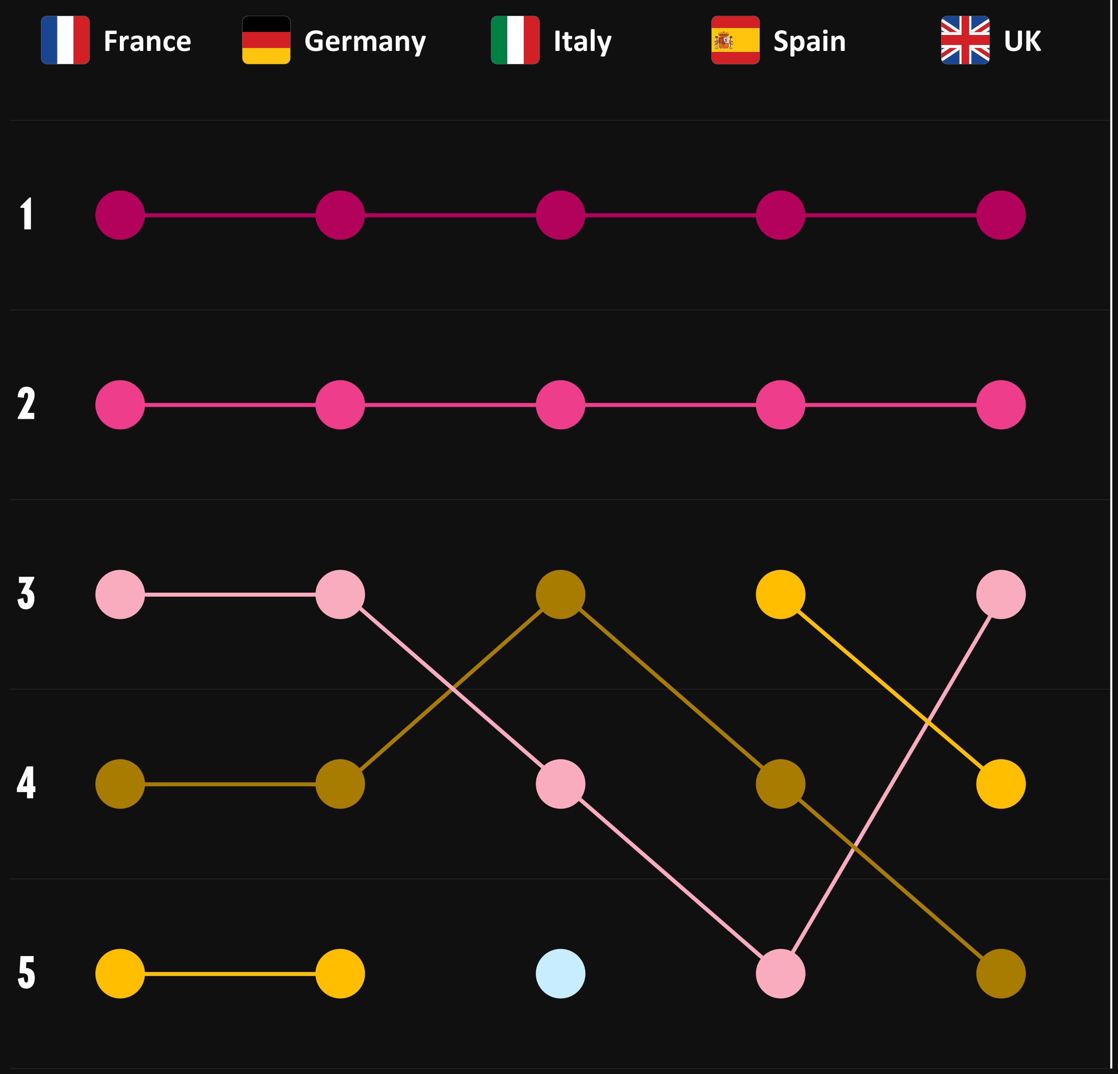


1. Excluding the ones without mobile or fixed provider and answer “Don’t know” | 2. Respondents with the same provider for cell phone and home internet, either in bundle or not.
Source: Oliver Wyman Telco Consumer Survey 2024

EXPECTATIONS OF TELCO VALUE PROPOSITIONS FOCUSED ON CONNECTIVITY AND ENTERTAINMENT; QUESTIONING THEIR RIGHT TO PLAY TO CONSOLIDATE NON-TELCO HOUSEHOLD SERVICES

Which of the following services would you be most interested in getting from your home internet provider?

Average ranking by respondents, by country



Europe Average	
1	Price Lock
2	Internet increased reliability
3	Privacy and security features[1]
4	Out of home mobile internet[2]
5	Premium streaming services included[3]
6	Premium customer service benefits
7	Optimized Internet quality[5]
8	Bundled with energy services[4]
9	Equipment supporting streaming[6]
10	Equipment with Alexa/Google Home[7]
11	Family-friendly features[8]
12	Mesh WiFi Systems
13	Better ESG qualifications
14	Equipment with home theatre speaker[10]
15	Bundled with security services[9]
16	Bundled with financial services[11]
17	Bundled with tele-health services[12]
18	Equipment for virtual reality [13]

Source: Oliver Wyman Telco Consumer Survey 2024
1. WiFi network encryption, VPN, etc; 2. E.g., portable WiFi. | 3. E.g., Inclusion of MAX, Disney+, etc. | 4. E.g., enjoy a discount for buying internet, electricity, and gas from the same provider. | 5. Optimized Internet quality for next generation use cases (e.g., AR/VR gaming, metaverse, immersive social, etc.). | 6. E.g., Roku Stick, FireTV Stick. | 7. E.g., Smart home devices / appliances). | 8. E.g., parental control. | 9. E.g., Xfinity home. | 10. E.g., Bose Speaker, Sonos Speaker. | 11. E.g., checking/savings accounts, digital payment methods, etc. | 12. E.g., Healthcare app for integrated scheduling, prescription deliveries, etc. | 13. e.g., Meta Quest VR, Apple Vision Pro.

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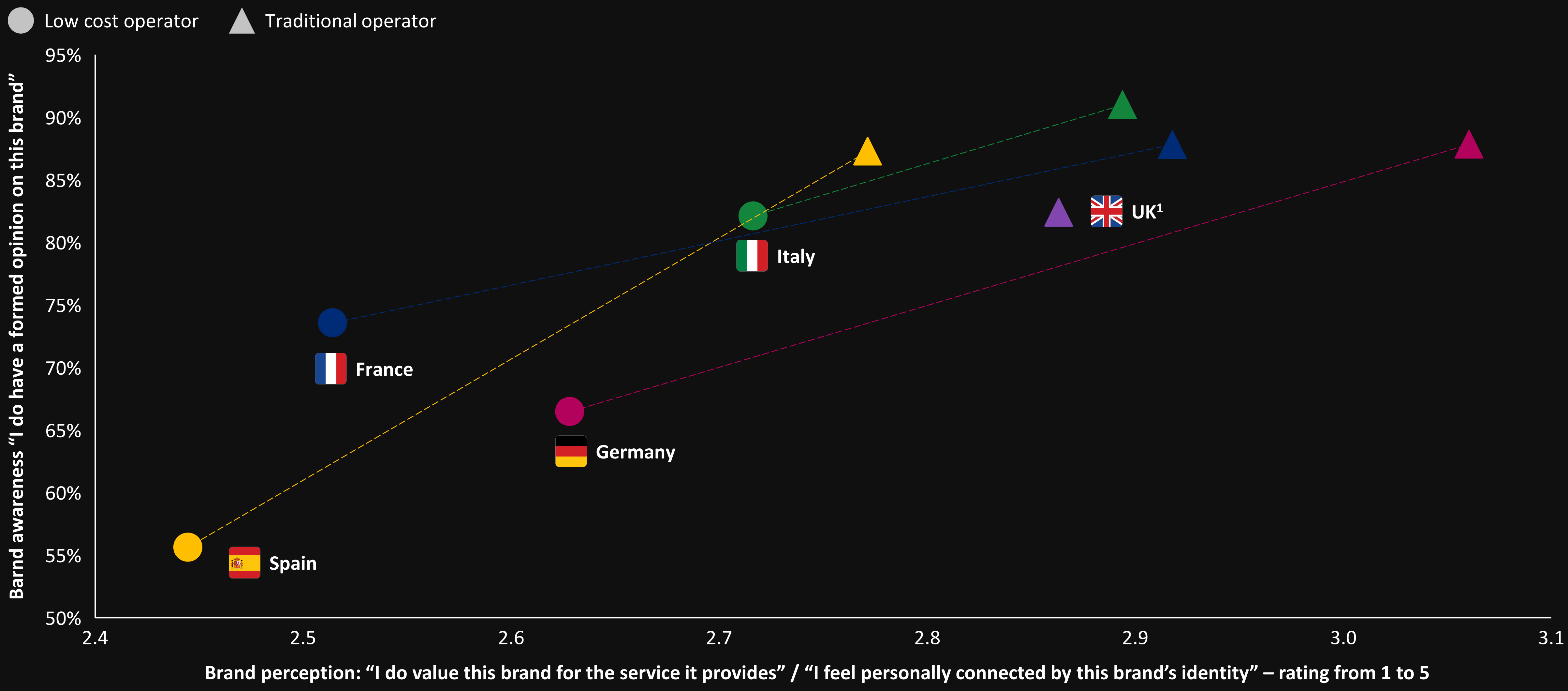
BRAND ANALYSIS

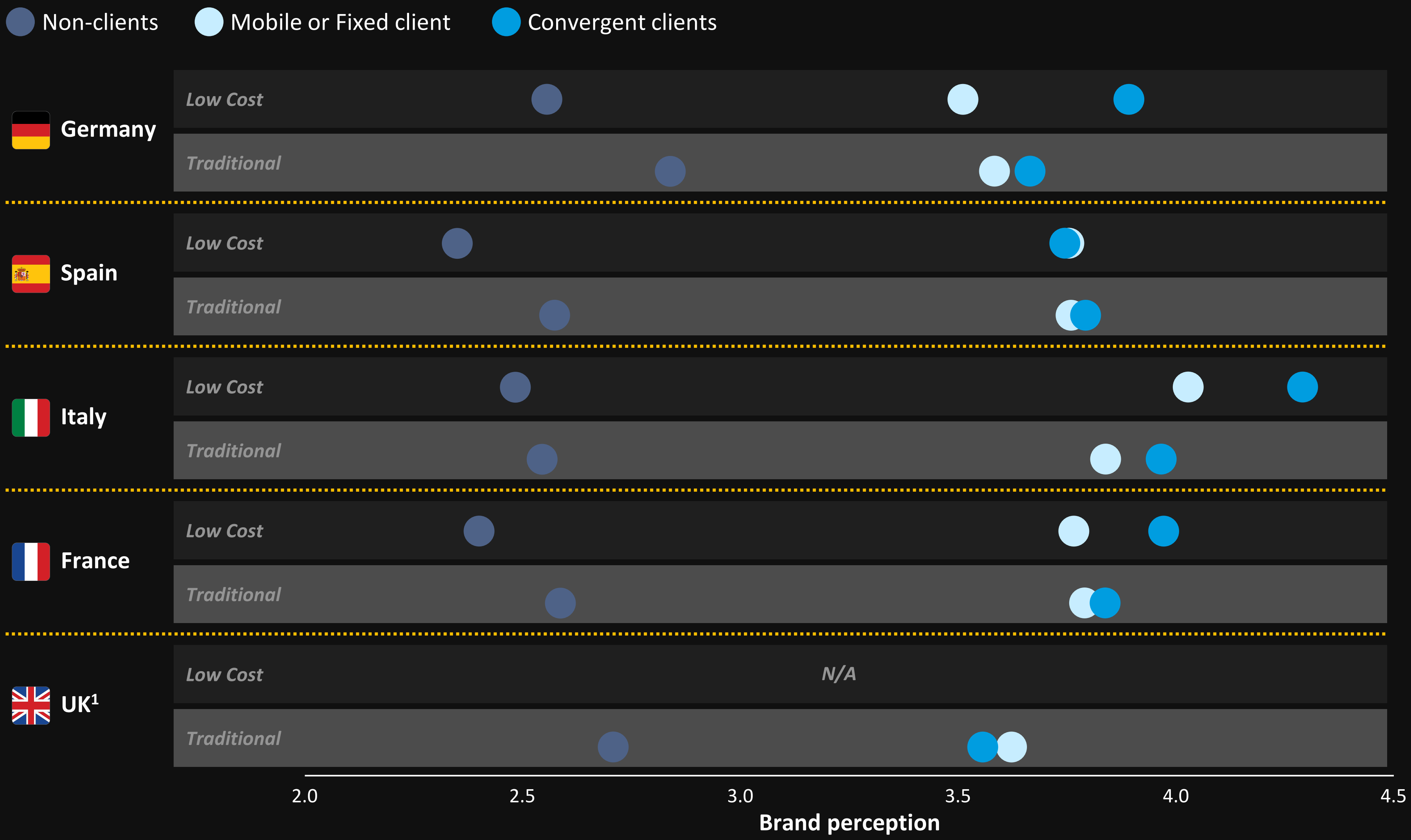
Of mobile and fixed operators

TRADITIONAL TELCOS STILL RETAIN CONSISTENTLY HIGHER LEVELS OF BRAND POWER ACROSS MARKETS; ONLY IN UK AND IT WE SEE BRAND POWER CONVERGE



1. Information regarding UK low cost operators not represented as not statistically significant. | Source: Oliver Wyman Telco Consumer Survey 2024

NON CLIENTS UNDERSCORE LOW COST, BUT LOW COST CUSTOMERS DECLARE AS STRONG (SOMETIMES STRONGER) ATTACHMENT TO THEIR BRANDS VS. CUSTOMERS WITH TRADITIONAL BRANDS



- Non clients underscore low cost players vs traditional brands
- However, Low cost consumers have generally a strong brand perception of their selected operator – particularly strong in Italy
- Customers with stronger brand perception also have more products with that given operator

1. Information regarding UK low cost operators not represented as not statistically significant. | Source: Oliver Wyman Telco Consumer Survey 2024

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