

# UK consumers will follow their US counterparts in valuing a superior broadband experience

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## Introduction

Developments in the US broadband market hold important lessons for UK fiber altnets. US operators have placed increasing focus on the in-home experience as high-speed full-fiber internet has become commonplace and speed has become less of a differentiator. In the UK, regulator Ofcom noted that in September 2022, 2.1 million homes already had a choice of two or more fiber networks. The fact that fiber alone will no longer be a differentiator means that UK fiber altnets will also have to consider how to shape their offers around providing a superior customer experience.

## Broadband speeds no longer have the same salience in the US market

In the US, average fixed broadband download speeds are significantly higher than in the UK. High speeds are the norm in the US because of widespread competition between cable and fiber-to-the-premises (FTTP) operators. FCC data from September/October 2021 shows average US advertised download speeds were 308Mbps, which represented a 59% increase from one year earlier. Moreover, tested actual speeds were 100% or better than advertised speeds during peak evening hours for the majority of internet service providers (ISPs). In the UK, average fixed broadband speeds were only 103Mbps in March 2022. As UK FTTP adoption grows, Omdia expects average speeds will rapidly increase.

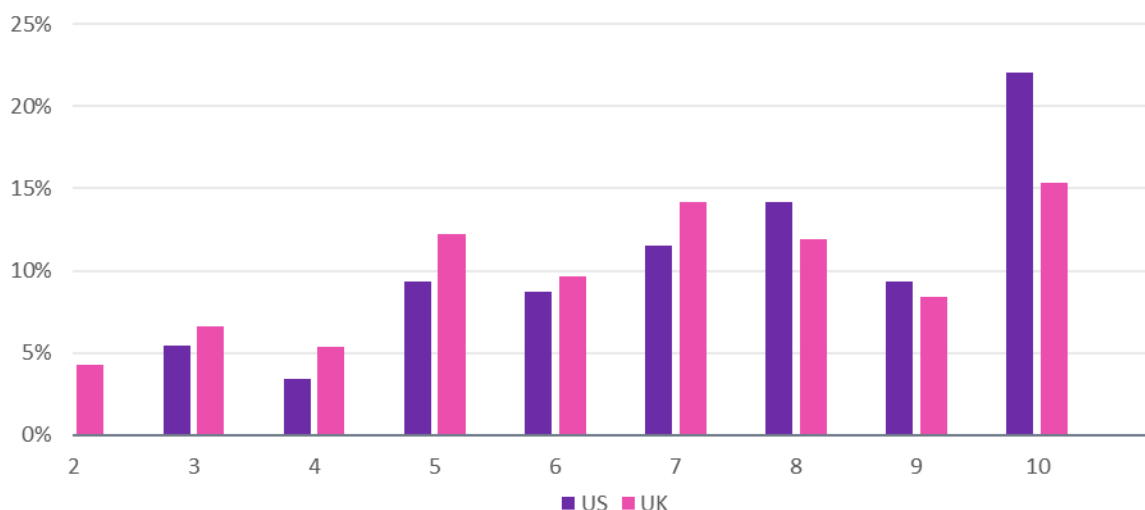
## Delivering a superior customer experience is crucial in the US, and the UK will follow a similar trend

Because of the availability of high-bandwidth networks in the US, there is less room for operators to differentiate on speed alone, which has driven US operators to innovate on their retail services and offerings. This includes launching services associated with managed Wi-Fi and the connected home such as whole-home cybersecurity. In addition, US operators have put heavy emphasis on the launch of branded mobile apps used to control their broadband experience in the home as well as value-added-services. The branded mobile app serves as an important channel for delivering superior subscriber experience as well as being a channel for direct business-to-consumer communication.

US operators' focus on these elements has meant that US consumers are more likely to regard such services as an important component of their broadband offer. Omdia's annual Digital Consumer Insights survey asks respondents: "How important are the following features of your broadband service?" The answers "Good range of Wi-Fi features such as parental control and guest access" and "Good customer service when things go wrong" are more highly ranked in the US than in the UK. This indicates how the market evolves as operators emphasize customer experience and educate customers in this area.

**Figure 1: Responses to the question "How important are the following features of your broadband service?"**

### Answer: "Good range of Wi-Fi features such as parental control and guest access"



Note: US and UK respondents; 1=least important, 10=most important

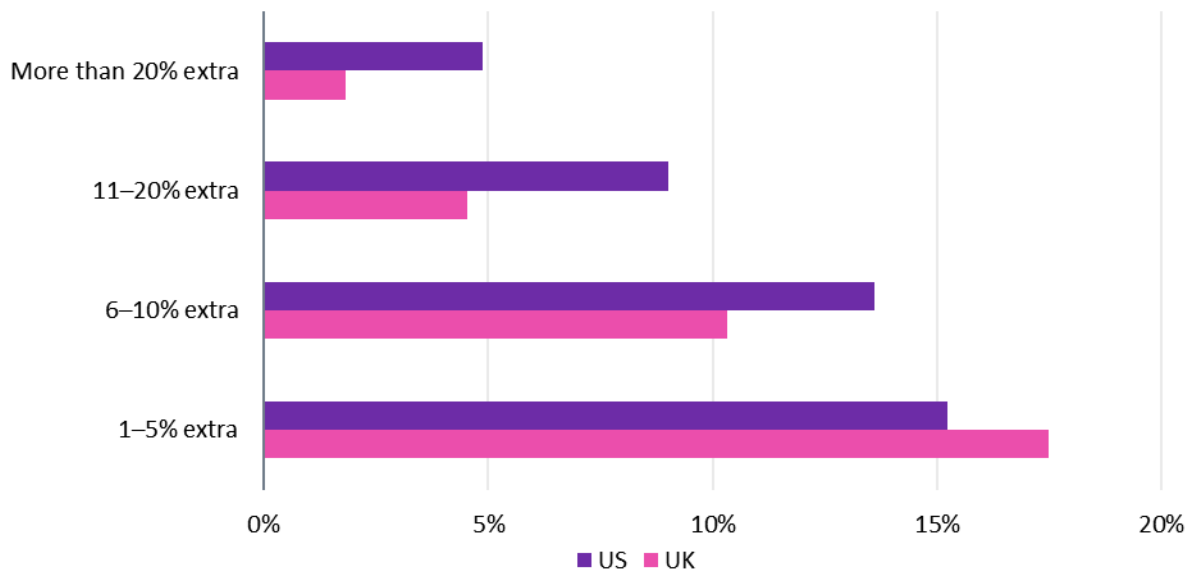
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Source: Omdia Digital Consumer Insights Survey 2022

US consumers, who are now familiar with the benefits of services associated with broadband such as parental controls and whole-home cybersecurity, are also willing to pay extra for such services. Omdia's annual consumer survey asks respondents: "How much extra would you be willing to pay on top of your monthly broadband bill to include the following features?" Sixteen percent of US survey respondents stated they would be prepared to pay 11% or more of their monthly broadband bill on "A whole home

cybersecurity service that protects all your devices from hacker attacks,” compared with just 10% in the UK.

**Figure 2: “How much would you be willing to pay on top of your monthly broadband bill for a whole-home cybersecurity service to protect all your devices from hacker attacks?”**



Note: US and UK respondents

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Source: Omdia Digital Consumer Insights Survey 2022

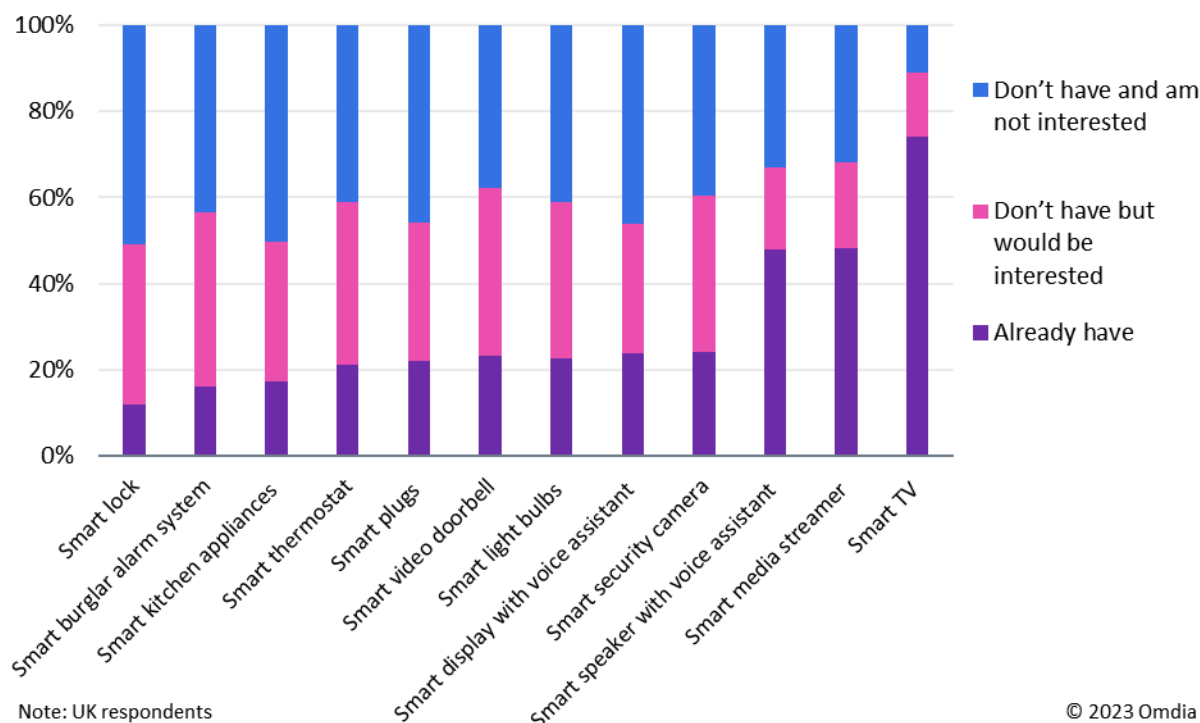
## UK connected-device ownership will grow toward US levels, opening up new opportunities

As connected devices proliferate in households there is a growing need to manage the way in which these devices access the home Wi-Fi network and to protect them from cybersecurity threats. In addition, with more connected devices there will be greater demand from households for a single service that provides cover against damage and malfunction across all the devices.

US households today have a higher penetration of smart devices than UK households. Omdia’s consumer survey asks respondents: “Which of the following connected devices do you have?” In the US, 35% of respondents state they already have a smart security camera compared with just 24% of UK respondents, for example. This helps explain the strong interest among US operators in services that can control, manage, and protect such devices.

However, the survey also indicates that the UK will follow a similar trajectory to the US in terms of device ownership. This is supported by the fact that “Don’t have but would be interested” is a common answer among UK respondents to the device ownership question. As a result there will be opportunities for UK fiber altnets that can provide services and an overall customer experience that can tap into increased smart device ownership.

**Figure 3: Responses to the question “Which connected devices do you currently have?”**



Source: Omdia Digital Consumer Insights Survey 2022

## Appendix

### Further reading

Ofcom (December 2022) “Connected Nations 2022,”

[www.ofcom.org.uk/data/assets/pdf\\_file/0034/249289/connected-nations-uk-report.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0034/249289/connected-nations-uk-report.pdf)

Federal Communications Commission (January 2023) “Measuring Fixed Broadband - Twelfth Report,”

[www.fcc.gov/reports-research/reports/measuring-broadband-america/measuring-fixed-broadband-twelfth-report#ftn5](https://www.fcc.gov/reports-research/reports/measuring-broadband-america/measuring-fixed-broadband-twelfth-report#ftn5)

Ofcom (October 2022) “UK Home Broadband Performance: The performance of fixed-line broadband delivered to UK residential consumers,”

[www.ofcom.org.uk/data/assets/pdf\\_file/0015/244140/home-broadband-report-2022.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0015/244140/home-broadband-report-2022.pdf)

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