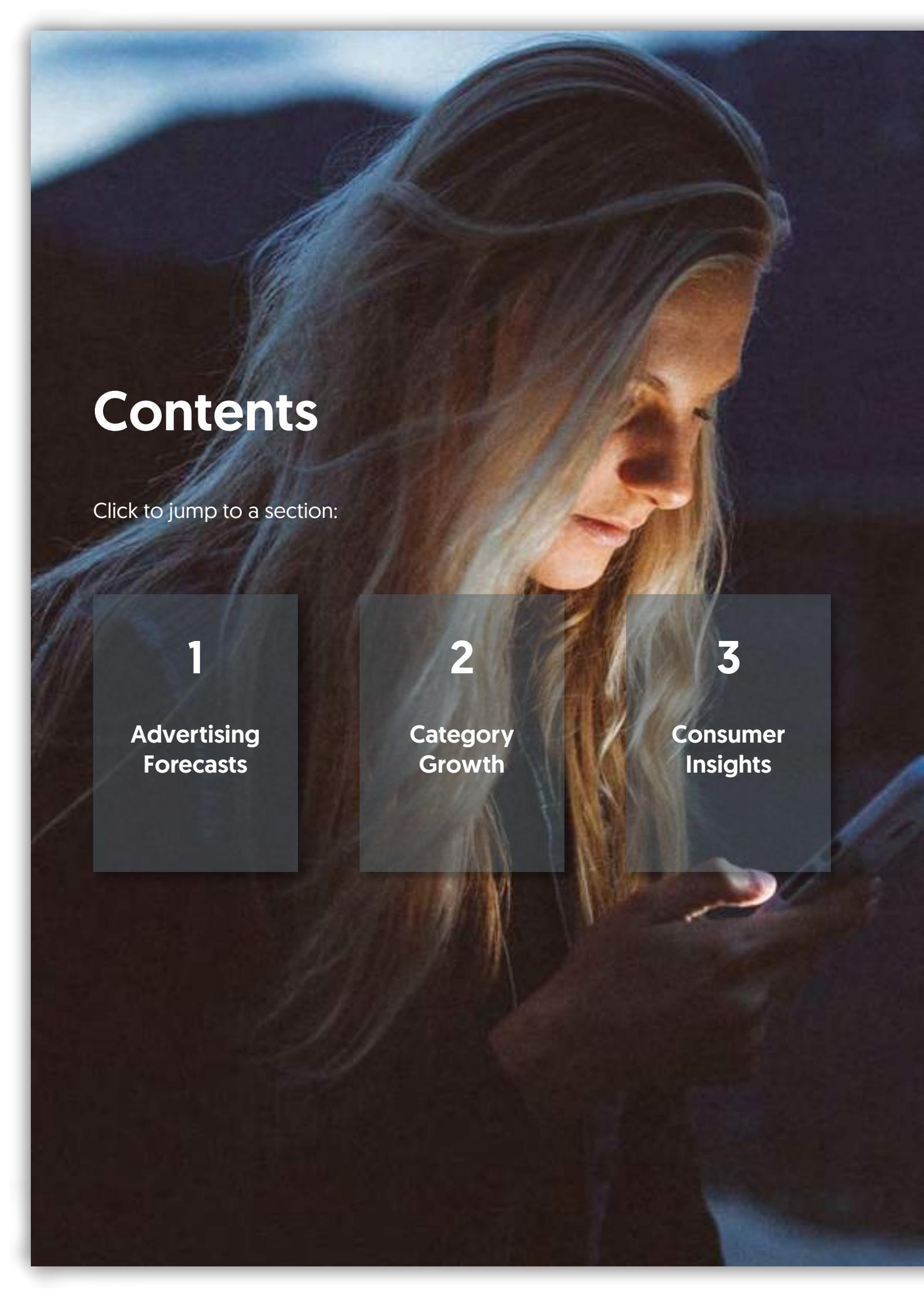


BUSINESS INTELLIGENCE

T E L E C O M M U N I C A T I O N S




Zenith
The ROI agency



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Introduction

Welcome to *Business Intelligence – Telecommunications*, the fourth in Zenith's series of reports that analyse the advertising, business and consumer behaviour trends shaping different categories.

The telecoms industry proved its true worth in 2020, as much of the world's population began living their lives online, relying on data connections for work, school, shopping and socialising. It is the backbone of modern life, but it has an image problem – most people don't think about it until something goes wrong. Telecoms advertising has a key role to play in countering negative perceptions and creating positive brand identities. We investigate how telecoms advertising is evolving as brands adapt to changing consumer behaviour – much of which they have enabled themselves.

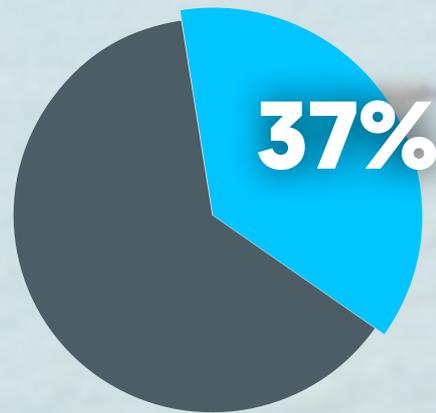
Advances in telecoms technology will continue to revolutionise the way we learn, work and entertain ourselves, most immediately through the spread of 5G mobile connectivity. The challenge for telecoms brands will lie in becoming properly recognised for what they make possible, and the value they add to our lives.

Scope of report

This report covers the telecommunications category, which is defined as services and equipment facilitating the transmission of voice calls and data by land lines and mobile networks.

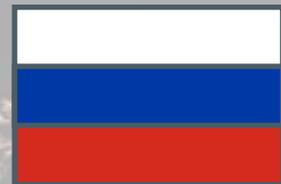
TELECOMMUNICATIONS ADVERTISING FORECASTS

4.7%
GROWTH IN 2021



Telecoms advertising will recover about half the ground it lost in 2020, growing by 4.7% this year after last year's 8.7% drop

To create differentiation, telecoms brands spent 42% more of their budgets on television and radio than average



Telecoms brands to increase digital adspend by 5% a year as they form partnerships with online video, audio and gaming platforms

Fast-growing smartphone penetration will help India and Russia lead adspend growth

DEMAND FOR HANDSETS AND 5G SERVICES TO FUEL 4%-5% ANNUAL GROWTH IN TELECOMS ADSPEND

Zenith forecasts that telecoms adspend will grow 4.7% in 2021, recovering about half the ground it lost in 2020, when it shrank by 8.7%. Telecoms adspend will total US\$18.7bn in 2021, compared to US\$17.8bn in 2020 and US\$19.5bn in 2019. It will then grow 4.4% to US\$19.5bn in 2022, returning to its pre-pandemic level.

By shrinking 8.7% in 2020, telecoms advertising underperformed the market, which dropped 6.4% across all categories. This was mainly the result of a very steep drop in China, where telecoms adspend shrank 32.3% compared to a 3.9% drop in all-category spending. Demand for new handsets plummeted as consumers reassessed their spending priorities when the coronavirus pandemic took hold. This was exacerbated by business restrictions imposed on Huawei, China's leading telecoms equipment brand, in the US and other countries, which led Huawei to cut its ad budget sharply, allowing rivals to cut back too without sacrificing share of voice.

Elsewhere telecoms advertising held up better than the market as a whole. Although some consumers delayed upgrading their smartphones and subscriptions, social distancing led to high demand for data to facilitate virtual meetings, lessons, parties and dates. In the other 11 markets, telecoms adspend fell 5.3% in 2020, compared to 7.0% for the market as a whole.

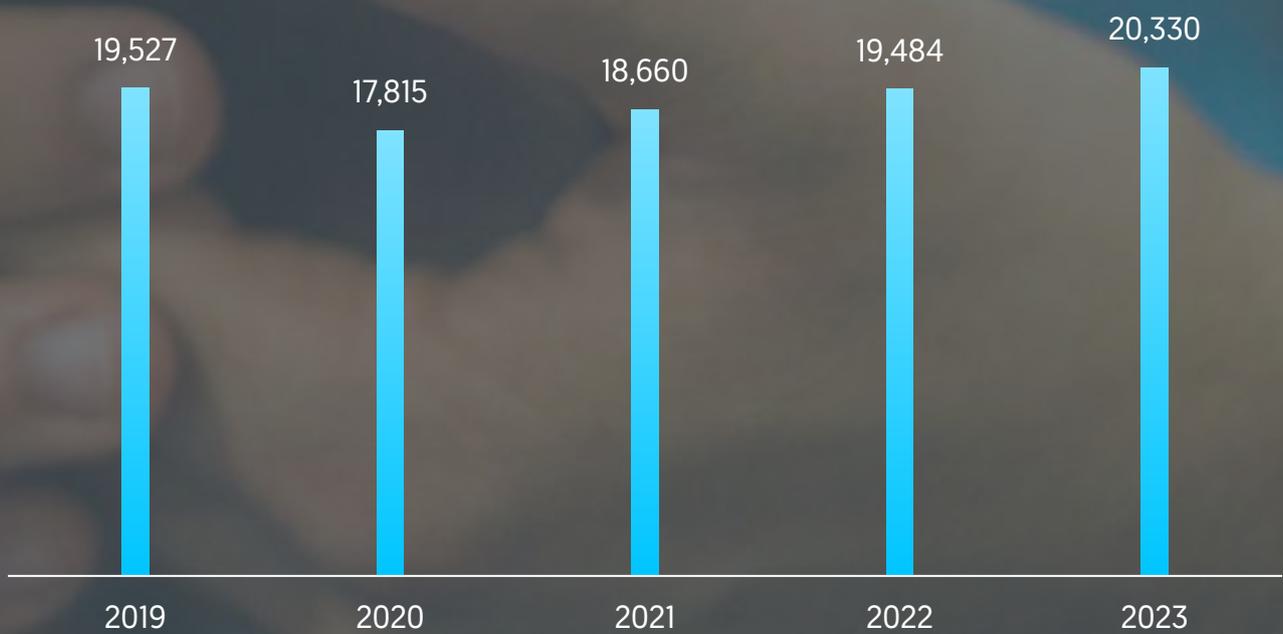
Zenith predicts that telecoms advertising will recover in line with the market as a whole to 2023. Smartphone sales should start to spring back this year once consumers feel more confident in their future. Consumers are becoming more willing to finance and purchase handsets independently from their network providers, giving manufacturers and retailers a greater incentive to advertise handsets themselves. Meanwhile, the networks will seek to recoup their investment in 5G licences and infrastructure through new services and more expensive data packages. All these trends will help fuel healthy growth in telecoms advertising over the next three years.

Year-on-year growth in adspend (%) – 12 key markets



Source: Zenith

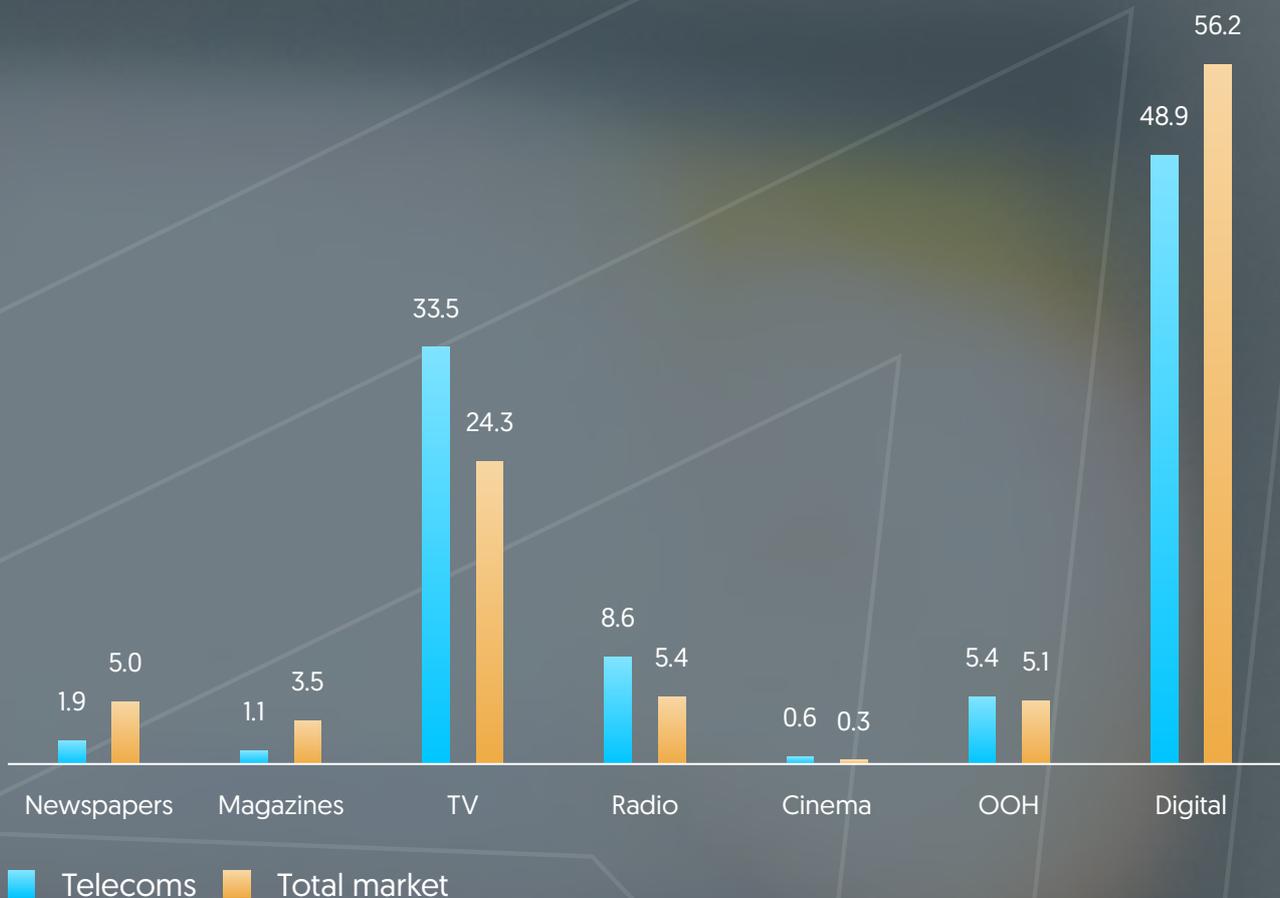
Total telecoms adspend (US\$ million) – 12 key markets



Source: Zenith

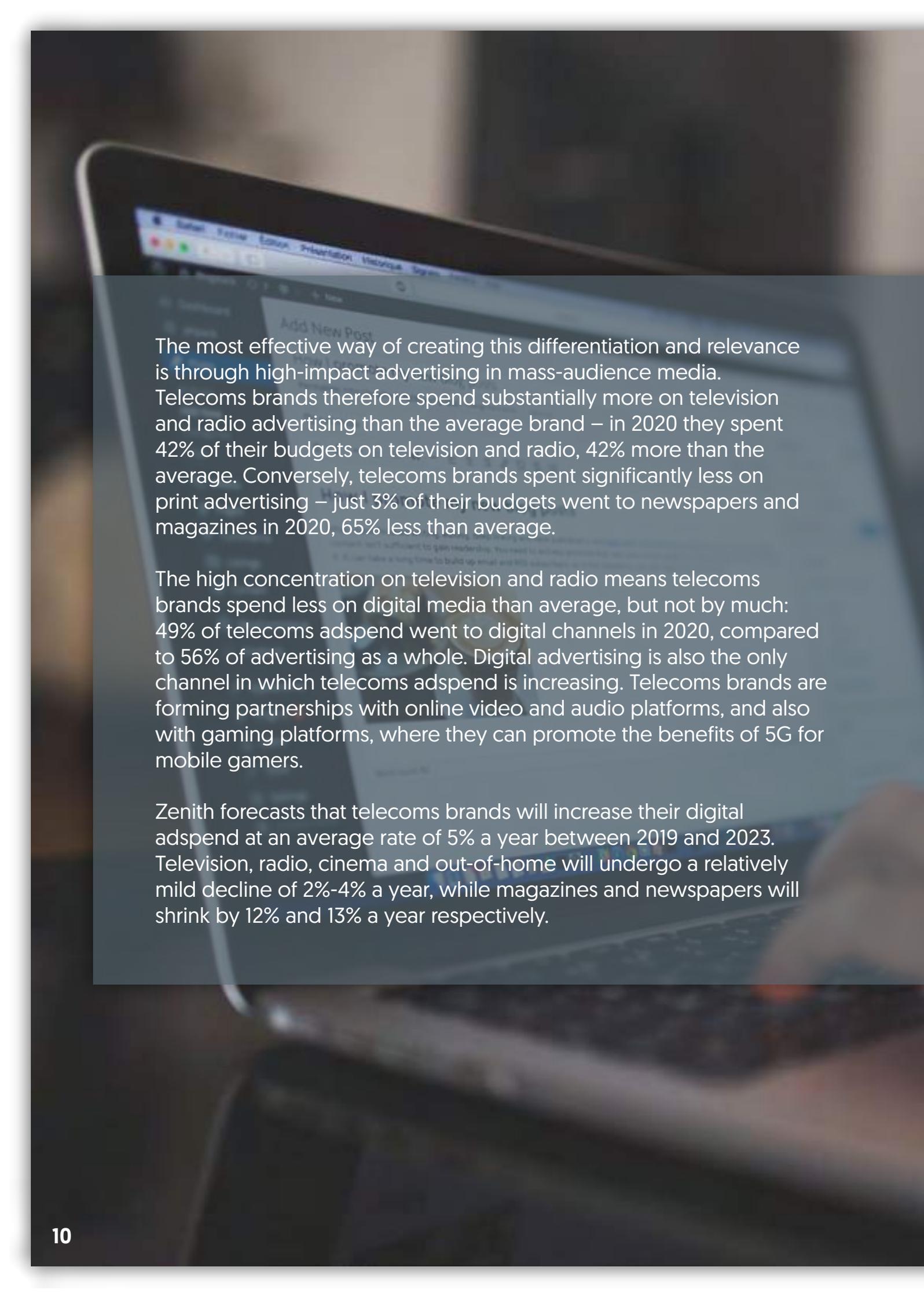
TELECOMS BRANDS CREATE DIFFERENTIATION AND RELEVANCE ON TELEVISION AND RADIO

Share of adspend by medium, 2020 (%) – 12 key markets



Source: Zenith

Voice and data services are commoditised and functionally indistinguishable to consumers, who expect them to work flawlessly in the background and only pay attention to them when they go wrong. Their natural attitude to telecoms networks is neutral when they are working properly, and very negative when they are not. Advertising helps telecoms companies set themselves apart from others through branding, alongside customer service, coverage and quality of signal. They can also promote their association with the things consumers feel passionate about as well as the role telecoms play in delivering it to them, such as entertainment, sport and music. In the model developed by Scott Galloway, professor of marketing at NYU Stern, advertising creates differentiation and relevance, two of the three hurdles that every brand needs to clear to be successful. [The third, sustainability, which refers to how defensible a brand's position is, is provided by the expense of infrastructure and the regulatory barriers to entry.]

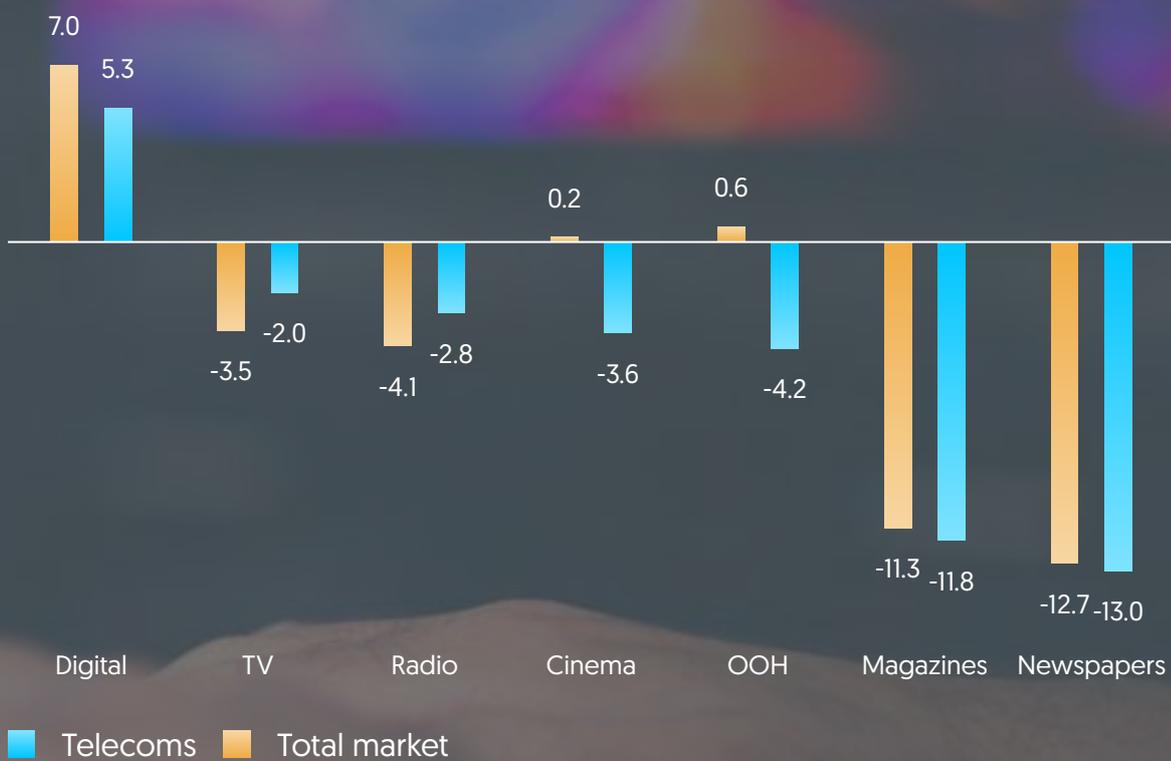


The most effective way of creating this differentiation and relevance is through high-impact advertising in mass-audience media. Telecoms brands therefore spend substantially more on television and radio advertising than the average brand – in 2020 they spent 42% of their budgets on television and radio, 42% more than the average. Conversely, telecoms brands spent significantly less on print advertising – just 3% of their budgets went to newspapers and magazines in 2020, 65% less than average.

The high concentration on television and radio means telecoms brands spend less on digital media than average, but not by much: 49% of telecoms adspend went to digital channels in 2020, compared to 56% of advertising as a whole. Digital advertising is also the only channel in which telecoms adspend is increasing. Telecoms brands are forming partnerships with online video and audio platforms, and also with gaming platforms, where they can promote the benefits of 5G for mobile gamers.

Zenith forecasts that telecoms brands will increase their digital adspend at an average rate of 5% a year between 2019 and 2023. Television, radio, cinema and out-of-home will undergo a relatively mild decline of 2%-4% a year, while magazines and newspapers will shrink by 12% and 13% a year respectively.

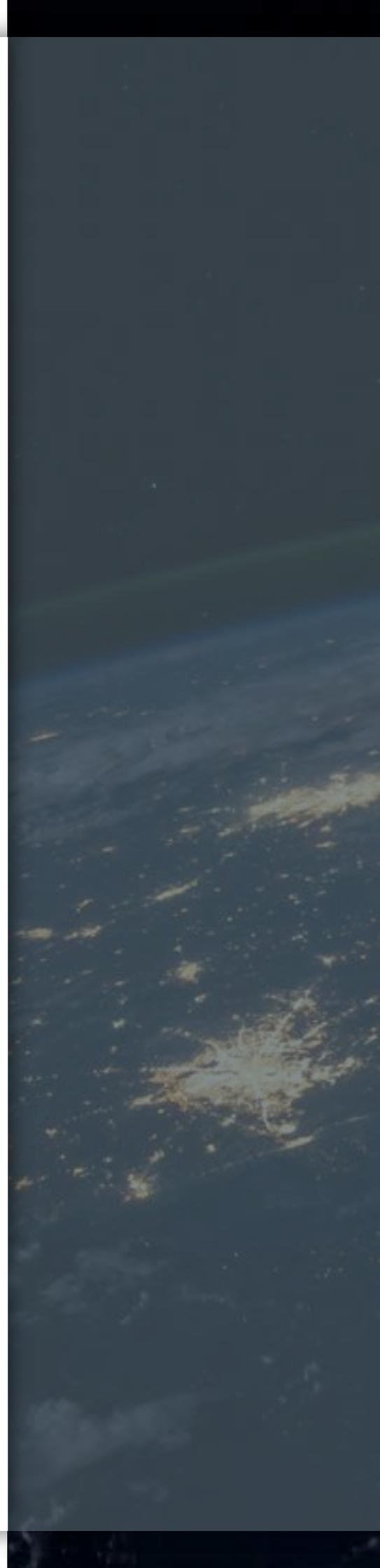
Average annual growth in adspend by medium 2019-2023 [%] – 12 key markets



Source: Zenith

“Zenith forecasts that telecoms brands will increase their digital adspend at an average rate of 5% a year between 2019 and 2023.”

INDIA AND RUSSIA TO LEAD TELECOMS ADSPEND GROWTH



Average annual growth in telecoms adspend by key market 2020-2023 (%)



Source: Zenith



India will be the fastest-growing market for telecoms advertising between 2020 and 2023 by some distance, with 11% annual growth in adspend. Only 31% of the population currently has a smartphone*, but thanks to the launch of low-price handsets such as the JioPhone from India's Reliance Jio, this proportion is rising rapidly. Russia is another market with relatively low [57%*] but fast-growing smartphone penetration, and here telecoms adspend is forecast to rise rapidly too, by 8% a year.

The lowest-growth market will be France, not because of any inherent weakness in demand, but because unlike those in most markets, French telecoms brands actually increased spending in 2020 – by 6% – in response to the extra demand for data. The basis of comparison with 2023 is therefore considerably tougher.

*Source: eMarketer

TELECOMMUNICATIONS CATEGORY GROWTH

US\$671

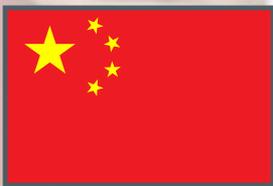
SALES IN 2021

5.8%

GROWTH A YEAR
BETWEEN 2020-23

Telecoms sales to reach
record US\$671bn in 2021

Telecoms sales to grow 6.4% a
year between 2020 and 2023,
led by 9.3% annual increases
in equipment sales



New smartphone manufacturers in China and India are winning market share from legacy brands

Investment in technology provides consumers with better telecoms services at greater convenience and lower cost

A close-up photograph of a person's hand holding a smartphone. The phone's screen displays a list of social media contacts with profile pictures and names. The background is blurred, showing the person's face and a keyboard. A dark grey semi-transparent box is overlaid on the bottom half of the image, containing white text.

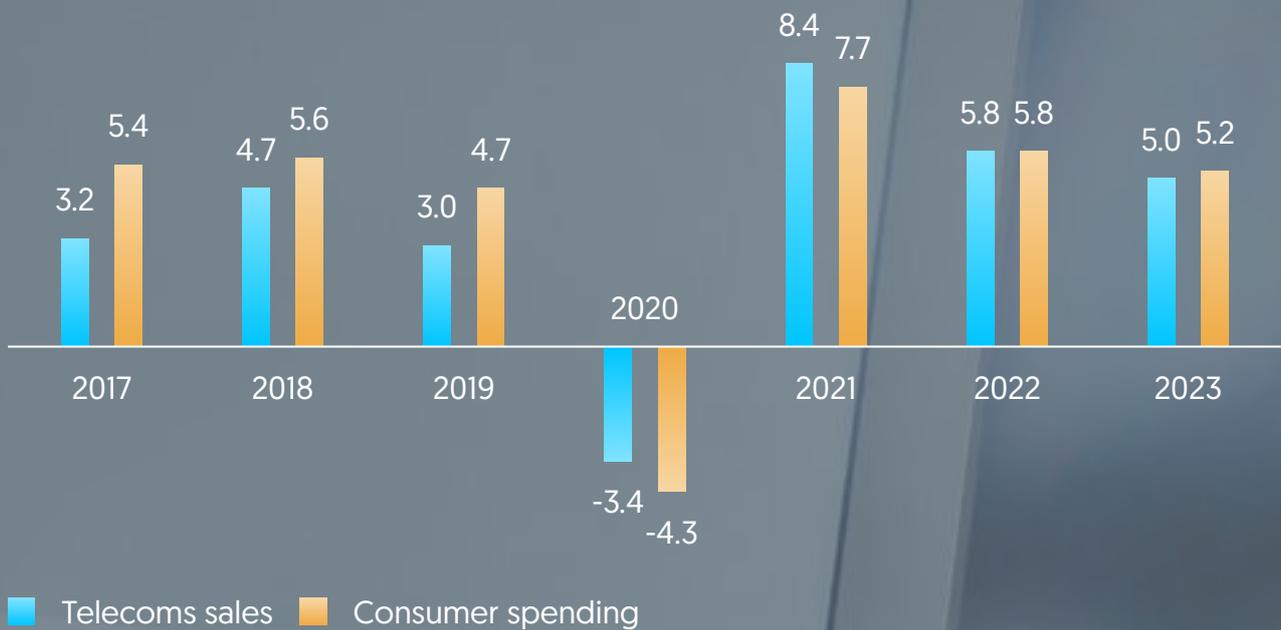
TELECOMS SALES TO TRACK RECOVERY IN CONSUMER SPENDING

Telecoms sales shrank by 3.4% in 2020 as consumers, worried about their future, put off buying new handsets, and the sharp drop in international travel cut back roaming charges. But the decline was less than the 4.3% drop in consumer spending, because the growth in working, studying and socialising remotely fuelled strong demand for data.

Euromonitor forecasts telecoms sales to roughly track the recovery in consumer spending over the next three years, growing at an average rate of 6.4% a year. Sales will grow by US\$52bn in 2021 to reach US\$671bn, more than recovering from the US\$22bn drop in 2020, and then rise to US\$745bn in 2023.

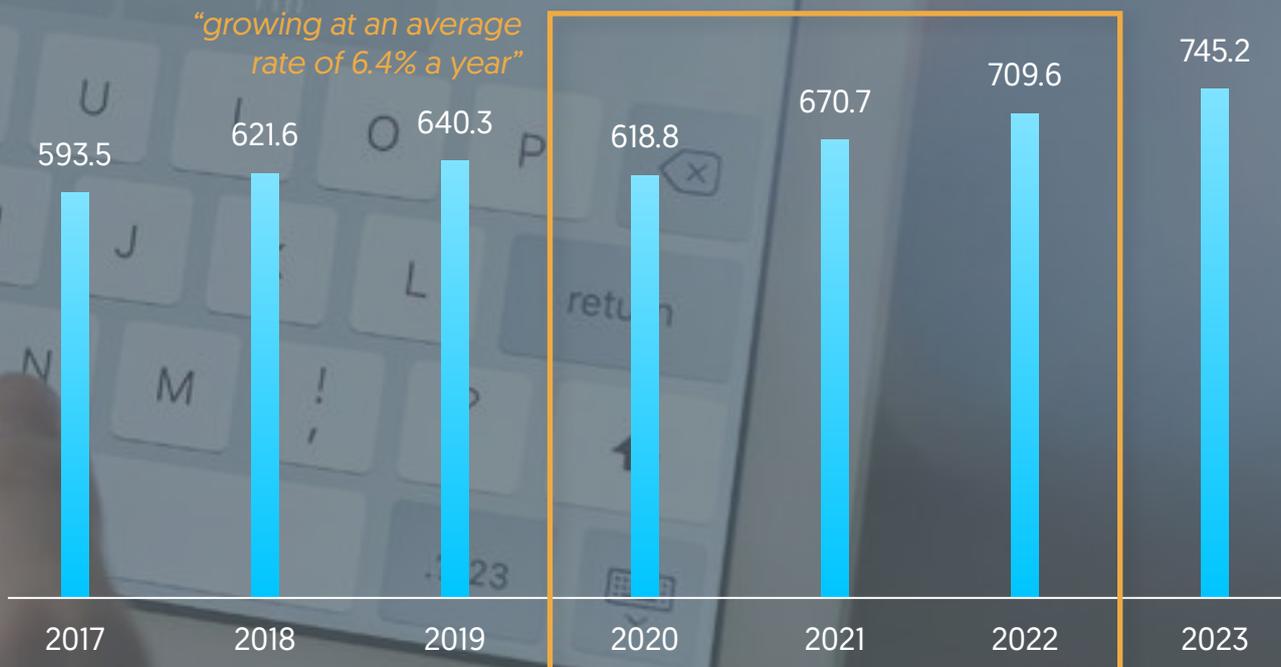
“Euromonitor forecasts telecoms sales to roughly track the recovery in consumer spending over the next three years, growing at an average rate of 6.4% a year.”

Year-on-year growth – 12 key markets (%)



Source: Euromonitor International

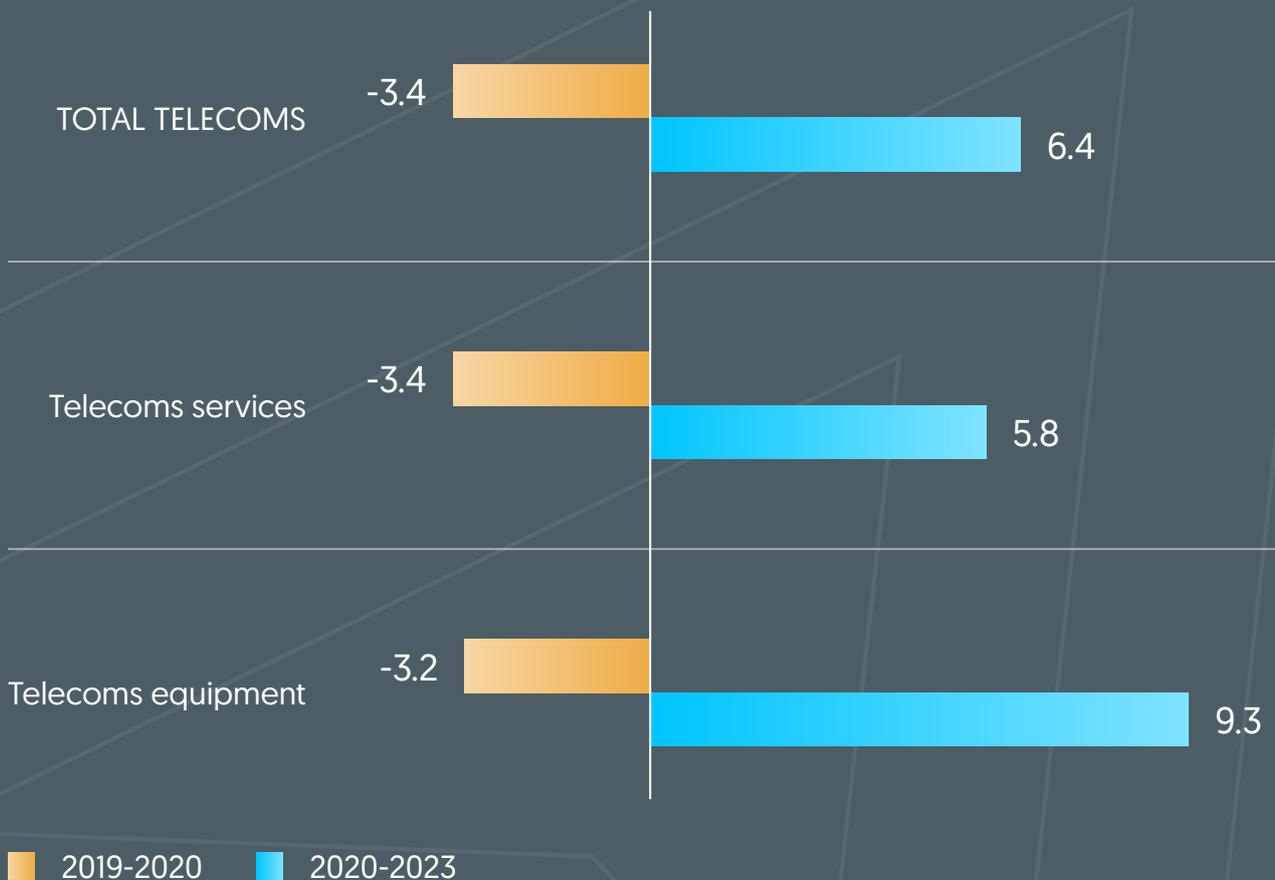
Telecoms sales (US\$ billion) – 12 key markets



Source: Euromonitor International

**INNOVATION IN
SMARTPHONES
TO DRIVE FASTER
GROWTH IN
EQUIPMENT
THAN IN
COMMUNITISED
SERVICES**

Year-on-year growth in telecoms sales (%)



Source: Euromonitor International

Telecoms services are commoditised and competitive, reducing the scope for price increases. Although 5G mobile telecoms services are becoming more widespread, most consumers do not see as much of a benefit in the transition from 4G to 5G as there was from 3G to 4G. While 4G made new services possible, such as viewing high-quality video on the move, 5G is seen principally as offering a quantitative improvement in existing services, so it does not command as large a price

premium. Euromonitor forecasts 5.8% annual growth between 2020 and 2023.

Telecom equipment sales are growing more rapidly, particularly smartphones. Sales volumes are rising in markets like India and Russia where smartphone penetration is growing, while consumers in more mature markets are willing to pay extra for higher-spec handsets. Euromonitor forecasts that telecoms equipment sales will grow 9.3% a year to 2023.



DEMAND GROWING HEALTHILY ACROSS ALL MARKETS, WITH INDIA STANDING OUT

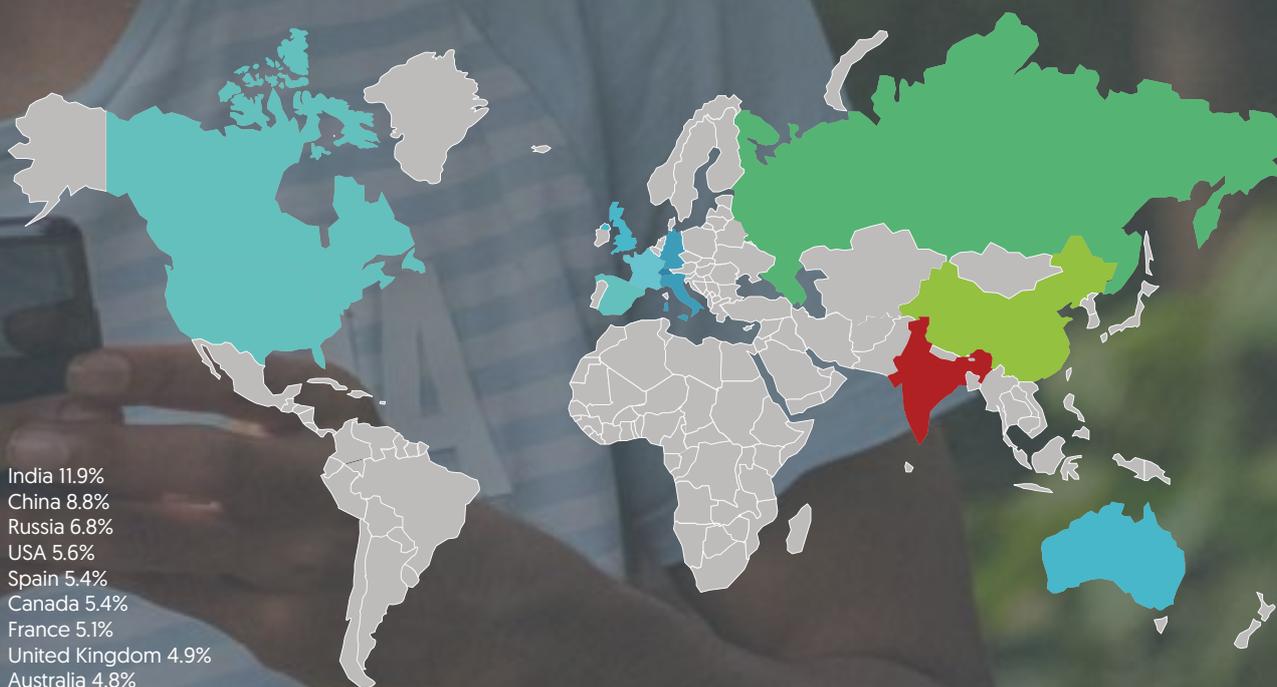
India is forecast to enjoy the fastest growth in telecoms sales over the next three years, averaging 12% growth each year. Here, increase in income means that smartphone ownership is spreading quickly through the population, and existing owners are able to upgrade their hardware and services. A similar dynamic, though less intense, will drive 9% annual growth in China and 7% annual growth in Russia.

All other markets are forecast to grow at similar rates, by between 4% and 6% a year. The demand

“India is forecast to enjoy the fastest growth in telecoms sales over the next three years, averaging 12% growth each year.”

for more data and improved smartphones is consistent across the developed world. The comparatively rapid development of 5G infrastructure in the US means it is likely to enjoy the fastest growth in this group.

Average annual growth in telecoms sales 2020-2023 [%]



- India 11.9%
- China 8.8%
- Russia 6.8%
- USA 5.6%
- Spain 5.4%
- Canada 5.4%
- France 5.1%
- United Kingdom 4.9%
- Australia 4.8%
- Germany 4.2%
- Italy 4.1%
- Switzerland 3.9%

Source: Euromonitor International



REGULATION HELPS KEEP TELECOMS SERVICES MARKET STABLE

Telecoms infrastructure and mobile bandwidth are expensive and offers large economies of scale, so there is a natural trend for the industry to become more concentrated. This trend is counterbalanced by strict regulation to preserve competition in most markets, limiting the scope for growth by acquisition. The market shares of the big telecoms operators tend not to change much from year to year.

Revenues have been relatively stable for the two largest telecoms operators – Verizon and AT&T – falling by 0.2% and 7.3% respectively between 2015 and 2019, as rising mobile revenues have mainly compensated for falling fixed-line revenues.

The third-largest operator, Deutsche Telekom grew by 15.7% between 2015 and 2019, thanks to the rapid increase in subscriber numbers at its US subsidiary, the mobile phone network T-Mobile US. Deutsche Telekom's growth will be even more rapid in 2020

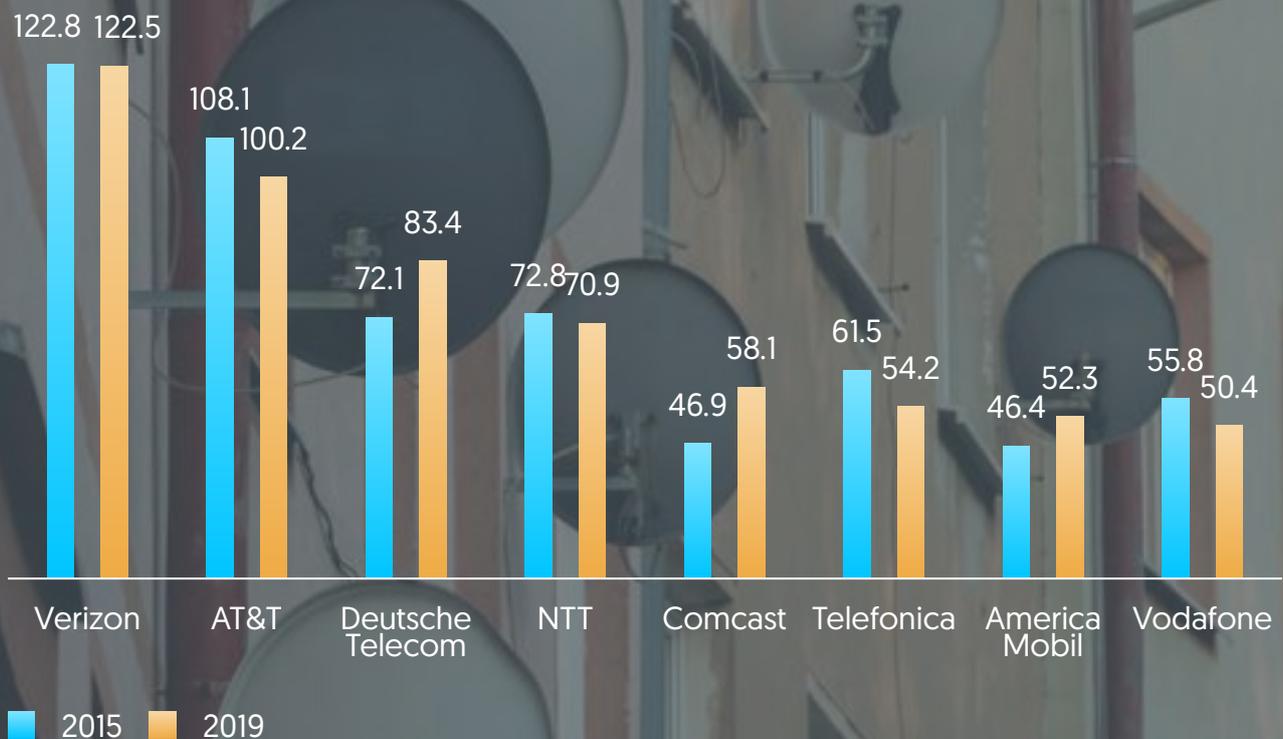
after the completion of the merger between T-Mobile US and Sprint, another network that generated US\$34bn in its 2019 financial year.

Many of the big networks have sidestepped the stability of the telecoms market by investing in the complementary and fast-growing sector of video entertainment services. This allowed them to expand without triggering the level of regulatory scrutiny that telecoms acquisitions would invoke, and capture more of the value enabled by the infrastructure they have built. Supplying entertainment, something that consumers actively enjoy, also helps improve their strained relationships with customers, who only tend to notice their relationship with telecoms operators when they have something to complain about. According to the CustomerGauge NPS Benchmarks Report, telecoms has the lowest average net promoter score (the likelihood that a customer will recommend a service) of any industry.

Telecoms operators now dominate the video industry: AT&T and Comcast are the two biggest video companies in the world. AT&T attained first place in 2018 after it bought Time Warner, while

Comcast expanded by acquiring NBCUniversal in 2009 and Sky in 2018. See our **Business Intelligence – Video Entertainment** report for more details.

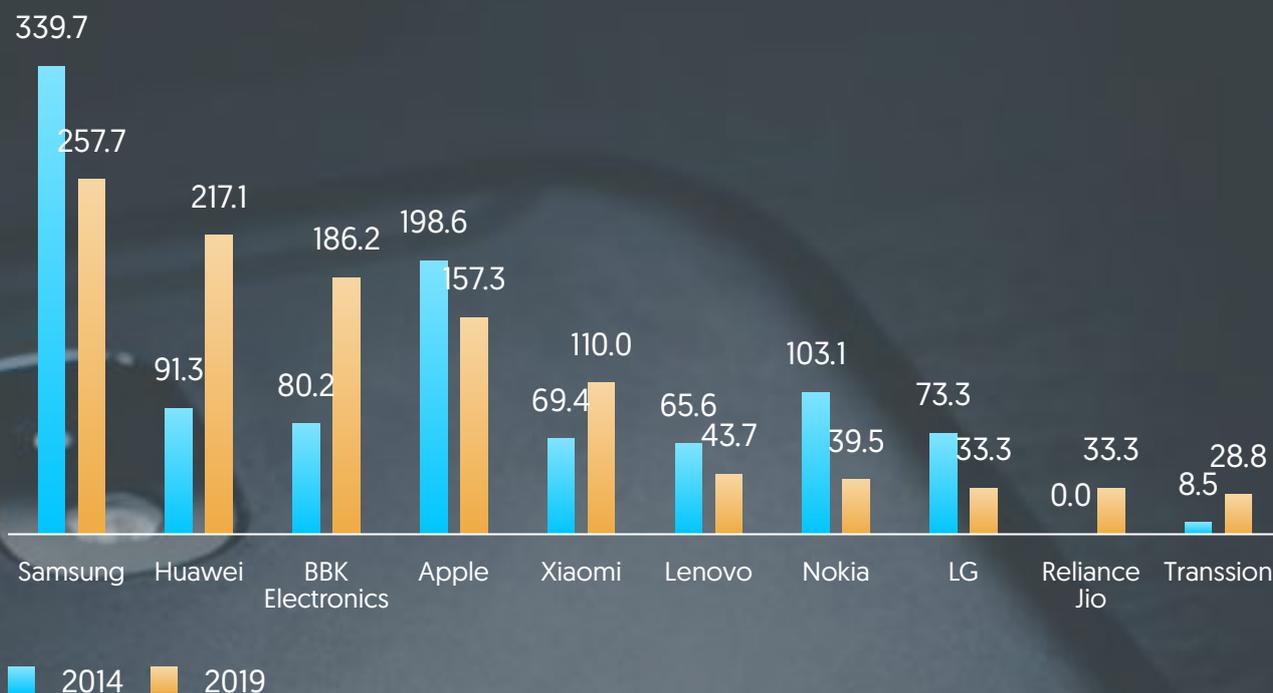
Telecoms sales by the top eight operators (US\$ billion) – global revenues



Source: Euromonitor International

COMPETITION FROM CHINA AND INDIA ERODES SALES OF LEGACY SMARTPHONE MANUFACTURERS

Mobile handset sales by the top ten manufacturers (millions of handsets) - global



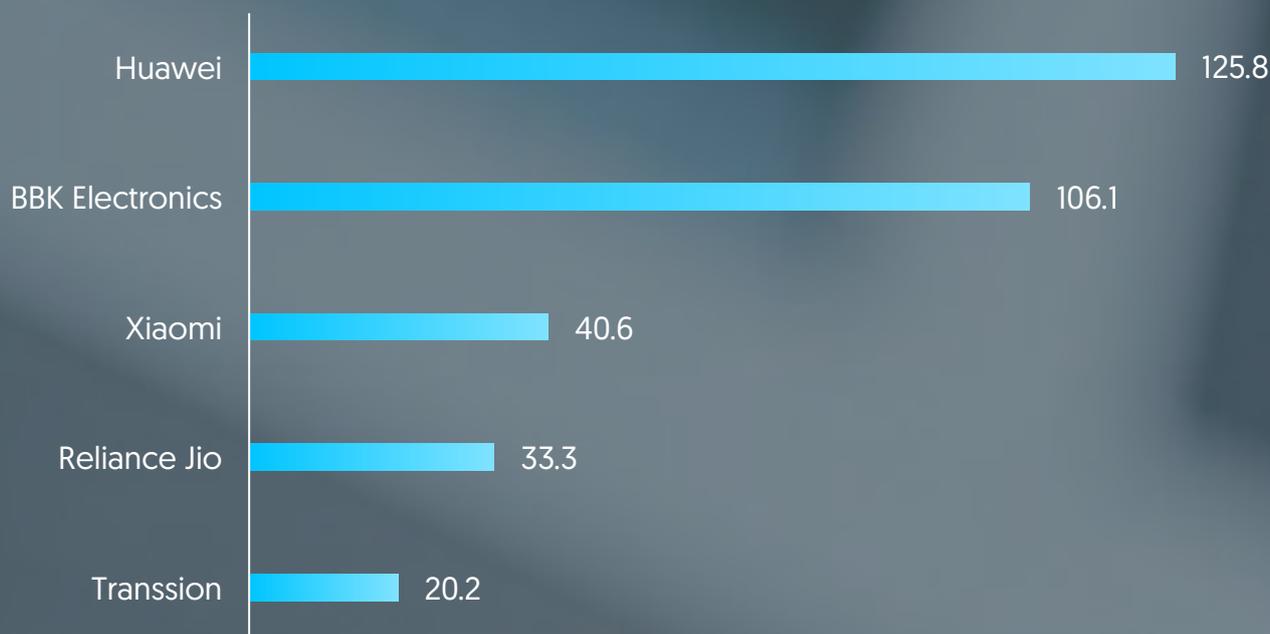
Source: Euromonitor International

Samsung remains the largest global supplier of mobile handsets, but its dominance has eroded substantially over the last few years, with sales volumes shrinking by 24% between 2014 and 2019. Apple, which was in second place in 2014, saw its sales volumes drop 21% over this period, falling to fourth place. Established brands like Lenovo, Nokia and LG all suffered large drops in sales volumes at the same time.

The established smartphone brands are being challenged by new competitors from China and India. China's Huawei and BKK Electronics (which produces the

Oppo, Vivo, OnePlus, Realme and iQOO brands) are now the world's second and third-largest manufacturers of smartphones, while Xiaomi and Transsion have jumped into fifth and tenth place respectively. The Indian manufacturer Reliance Jio did not exist in 2014, launching publicly in September 2016, but is already in ninth place. Collectively, these five manufacturers increased their sales by 326 million handsets per year between 2014 and 2019, more than compensating for the 249 million decline in annual handset sales made by Samsung, Apple, Lenovo, Nokia and LG.

Growth in volume of handset sales 2015-2020 (millions of handsets)



Source: Euromonitor International

Smartphones vary enormously in price – US\$40 for a Jio Phone 2 to about US\$1,000 for an iPhone 12. The relationship between the volume and value of sales is indirect. According to Counterpoint Research, Apple accounted for 66% of all the operating profits from mobile handset manufacturing in 2019, with Samsung a distant second at 17%. Apple has also been much more successful in bundling paid-for services with its hardware. Its revenues from services increased by 16% in 2020, generating a gross profit margin of 66%, while its product revenues rose 3% at a 33% gross margin.

“Apple accounted for 66% of all the operating profits from mobile handset manufacturing in 2019”

Apple’s pivot to services helped its market capitalisation reach US\$2 trillion in August 2020, after it became the first public company to reach US\$1 trillion in value in August 2018. After it took 42 years to reach its first US\$1 trillion milestone, it only took Apple two years to reach its second.



NEW TECHNOLOGIES TO INTENSIFY COMPETITION

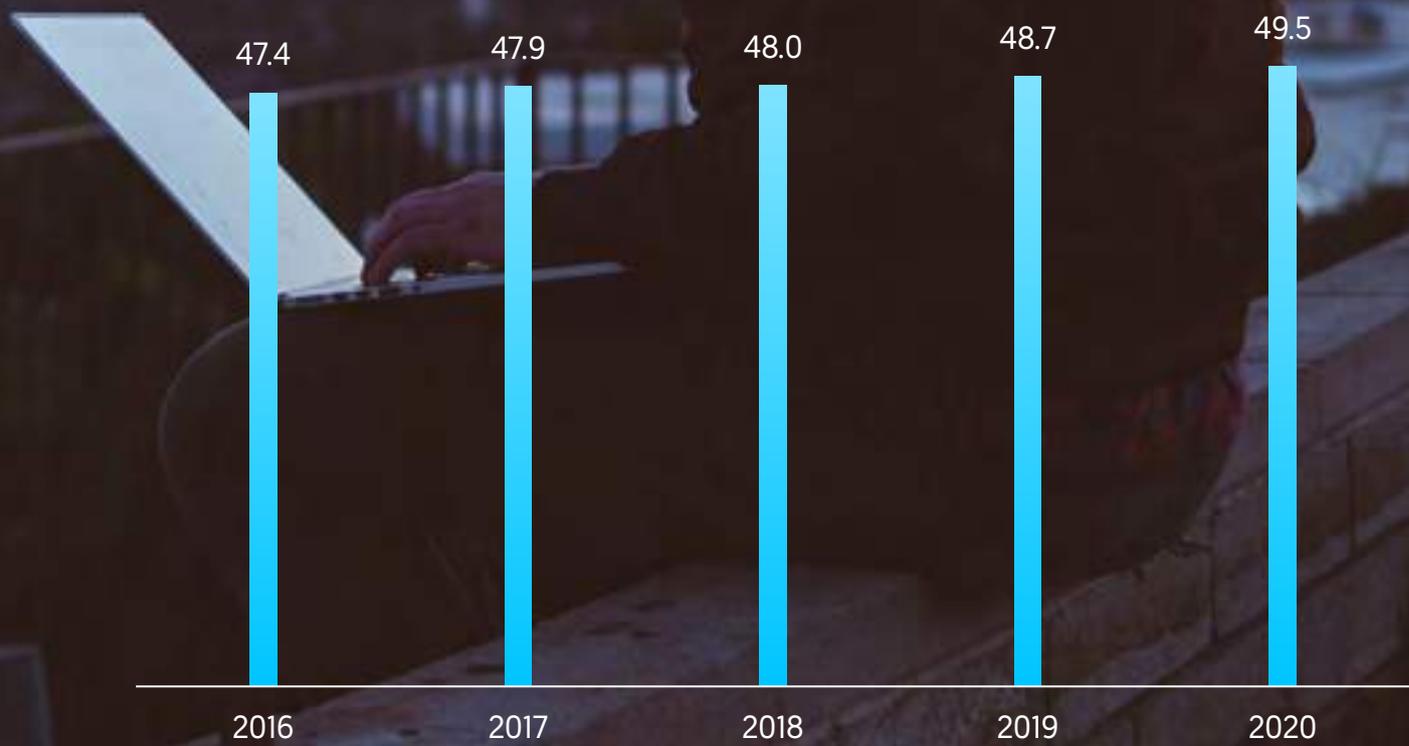
Telecoms sales are still more landline-based than mobile, because most high-speed broadband is delivered by cable or fibre. The mobile share of telecoms sales has risen slowly over the last few years, rising from 47% in 2016 to 49% in 2020, however, and is likely to exceed 50% in 2021. As 5G becomes widespread it will enable mobile networks to effectively supply voice communications, data and entertainment to the home and compete directly with fixed-line broadband. This will intensify competition among the telecoms operators, and create more value for consumers as the operators vie to put together the most attractive bundles of communication and entertainment services, across multiple screen and devices, as well as competing on price.

5G is not the only technology that promises to open up the telecoms market. Satellite internet is an established technology that allows users to connect to the internet through communications satellites, which is particularly valuable for

people living in remote areas. It can achieve respectable transmission speeds, but its main problem is latency, the amount of time taken between requesting data and receiving a response. Because the signal has to travel up to the satellite and back down to Earth, it takes a lot longer than in ground-based networks. To reduce this lag, two new companies have launched satellites that orbit much closer to the Earth's surface: OneWeb, which plans to partner with existing telecoms operators, and Elon Musk's Starlink, which is targeted directly at consumers and launched a public beta service in October 2020. Amazon is also developing its own satellite internet service under the name Project Kuiper, though this is still in the early stages.

It's far too early to judge how financially successful these particular ventures will be, but it's clear that there remains plenty of scope for technological innovation to improve telecoms services for consumers by intensifying competition between networks.

Mobile share of telecoms sales [%] – 11 key markets



Source: Euromonitor International

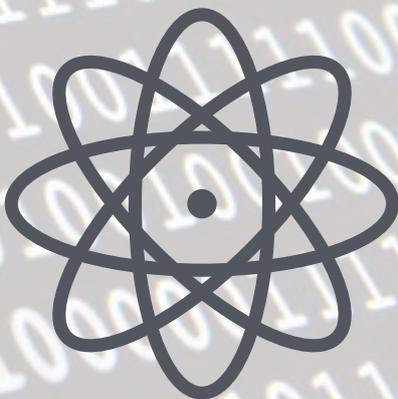
TELECOMMUNICATIONS CONSUMER INSIGHTS



The paradox for telecommunications – consumers love connectivity, but they don't love the brands that provide it



The 'unseen' innovation in devices has consumers questioning the cost and delaying upgrades



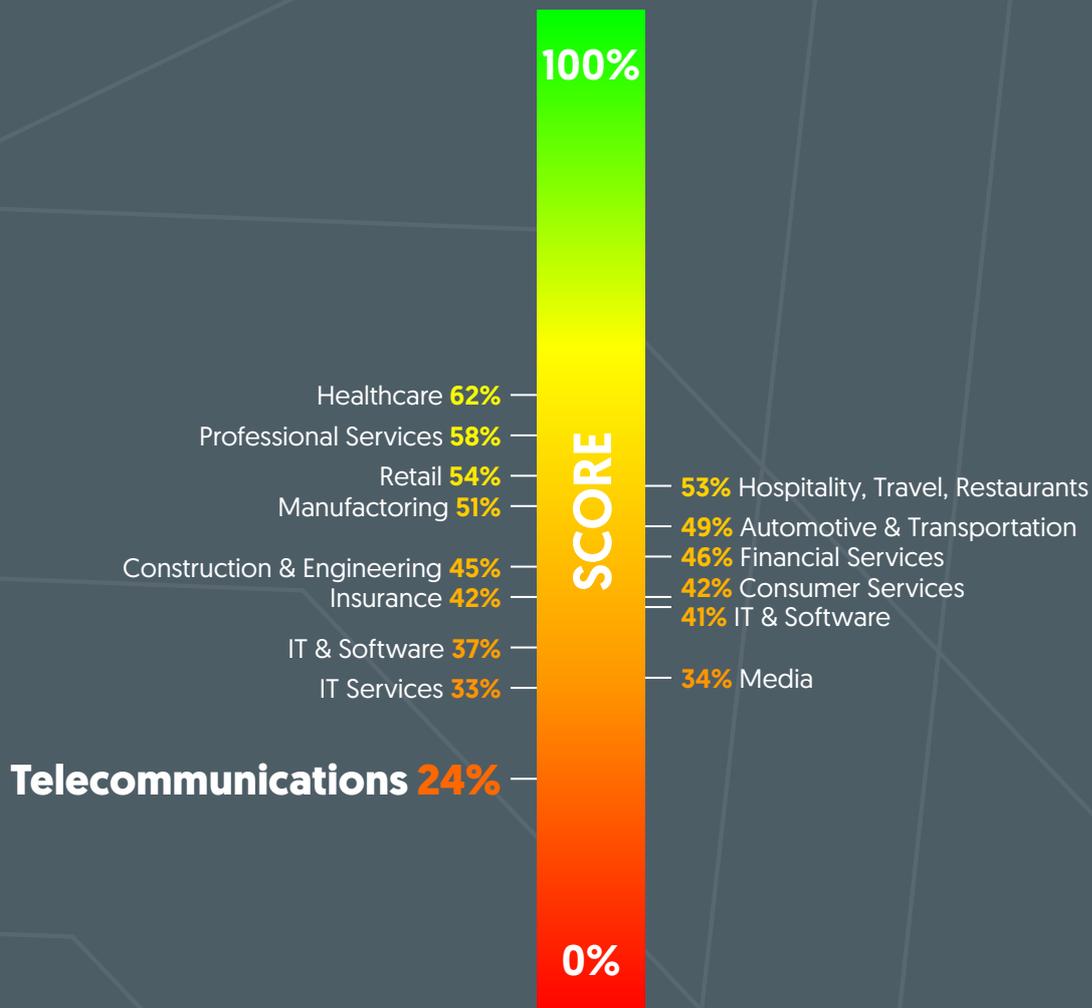
Next generation technology is set to change the industry, telcoms will need to adapt to changing consumer expectations and needs

**NETWORKS
PROVIDE
CONNECTIVITY,
BUT THERE'S LITTLE
CONNECTION WITH
BRANDS**

As a result of the events of 2020 and the COVID-19 pandemic, the telecommunications category has found itself playing a critical role in consumers' ability to maintain some semblance of 'normal' life. Amid lockdowns and social distancing, connectivity has proven crucial to the continuation of business, education, food purchase, health and entertainment.

The paradox, though, particularly for the networks and providers is that whilst they are essential to keeping things running remotely, they are not as relevant to consumers as those brands and services that rely on them to function. In fact, consumer opinion of telecoms providers is low. According to CustomerGauge, in 2018 the industry had the lowest global net promoter score of all categories – even lower than banking.

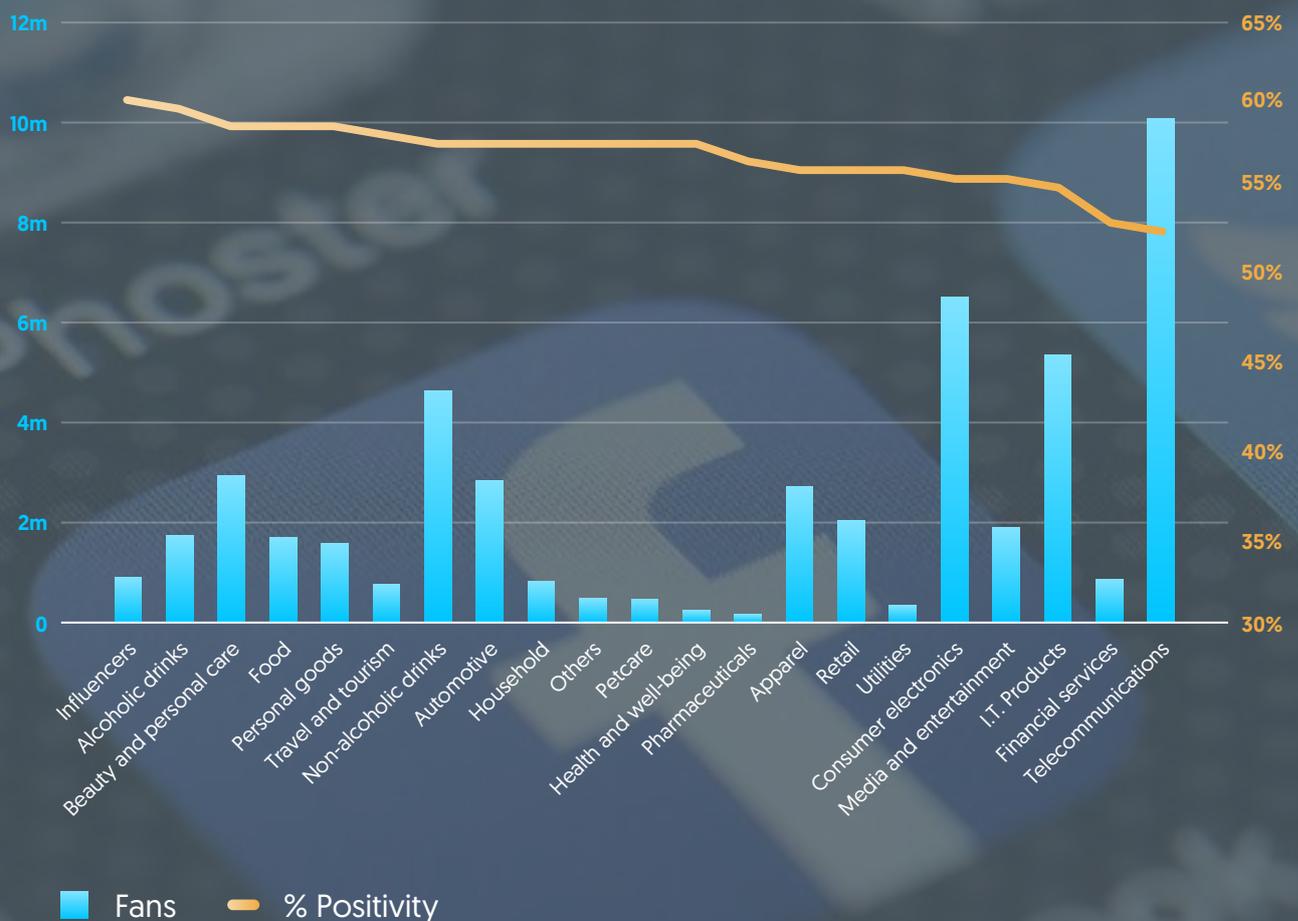
Global Net Promotor Scores by Industry 2018



Source: CustomerGauge; MIT CISR; NPS Benchmarks

A Net Promoter Score is a measure of customer experience, and it has been acknowledged that historically consumer interactions with telecoms providers have been poor. Socialtools data – Publicis Media’s tool tracking the daily performance of social pages, posted content, and user comments across social platforms – found that out of 21 tracked categories, telecommunications has the highest number of ‘fans’ on Facebook (those that liked the page), but it has the lowest percentage positivity score [level of positivity across first-level user comments for all public posts]. The consumer relationship with providers is akin to a utility, i.e. only noticed when it isn’t working, and so they are using the brand social pages to voice complaints or negative experiences, not to connect in a more positive way.

Facebook Pages Category Ranking Jan 2021



Source: Publicis Media Socialtools

However, the disruption caused by the pandemic provided an opportunity to address that imbalance. The pandemic forced work, education, and socialising online, and as such, internet speeds and data needs increased considerably. In fact, in March 2020, as Europe went in to lockdown, the increased demand on networks led to an EU request to streaming services like Netflix and Amazon to switch to standard definition during periods of peak demand, so that businesses and essential services could still function.

This reliance on networks for jobs and education, highlighted the disparity between those who have access to the latest technology and those that do not; meaning not only a point of access, but at the speeds required, at an affordable rate, and ownership of suitable devices to connect. As a result of the pandemic, it became apparent that even in countries with a high overall internet penetration, this access was not available ubiquitously. For example, in the US internet penetration is at 90% (according to Internet World Stats), however in Q4 2019, prior to social distancing measures, BroadbandNow reported that only 52% of Americans had access to low-priced wired broadband plans (defined as \$60 or less per month.)

Many networks did respond early on in the crisis, with offers of free data, extra allowance, bill relief and free content. In fact, the same BroadbandNow research in Q4 2020 showed that low-priced access grew to 70% in the US, an important increase given that many companies have or will introduce more flexible working plans. But longer term, brands will need to go further to help address the wider issue of access. A study by Unicef in June 2020 found that 73% of 127 countries provided online remote learning for children during the pandemic, and in 71 of those less than half the population had internet access. Initiatives like T-Mobile's Project 10 Million, designed to help 'bridge the homework gap' by offering school districts free internet access and mobile hotspots for 10 million eligible households, will help address this inequality, and improve consumer opinion of networks and providers. There is already some early evidence that the positive COVID-19 response from brands in the sector is helping to improve consumer trust. In the updated Edelman Trust Barometer for the US, the telecoms industry gained 12 percentage points from January 2020 to May 2020.

**UPGRADES IN
DEVICES DELAYED
AS NO NOTICEABLE
CHANGES IN DEVICE
FUNCTIONALITY
AND CAPABILITIES**

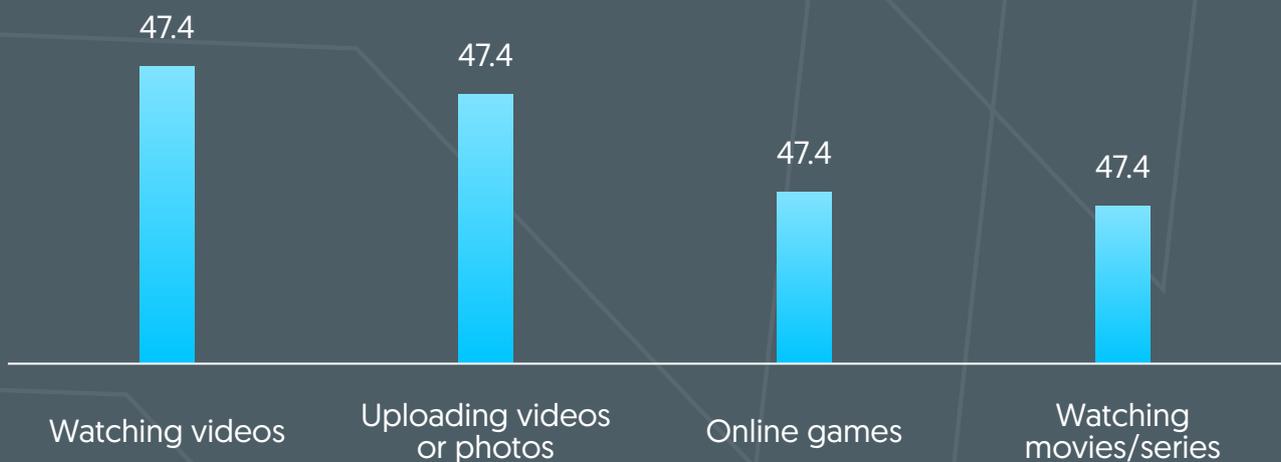
Unlike network and service providers, consumers feel much more attached to their brand of mobile phone. This isn't surprising, given that ownership is at saturation, they are used for an ever-increasing number of different functions, and they are the one device that is with us at almost all times; according to research by Asurion in 2019, the average American checks their phone 96 times a day.

One of the biggest changes in consumer usage of mobile devices over the last five years has been in video and streaming. The Statista Global Consumer survey data shows that watching videos is now the third-highest of the listed smartphone activities for consumers in Spain, at 64% (in India it is 80%). This is even higher

among the under 30s, with more than three quarters of that age group having used their phone to watch a video in the past month. In fact, in all markets covered in this report, the percentage of under 30s who have used their smartphone to watch a video in the past four weeks is 70%+.

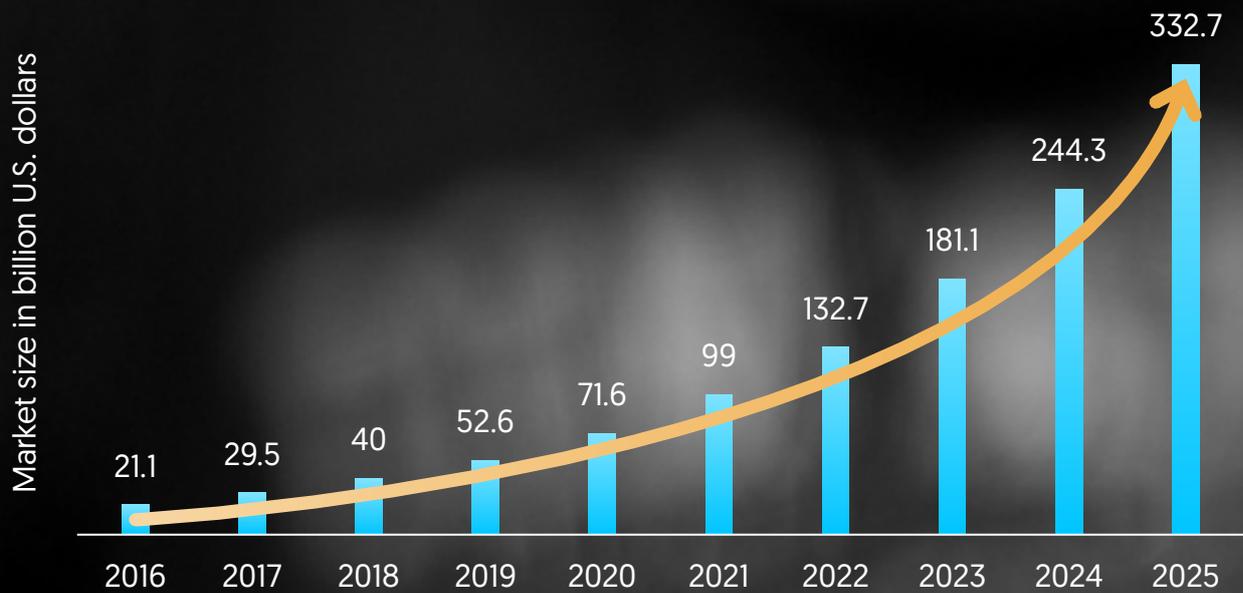
As such, extendable screens are tipped to be the next 'must have' for devices. Samsung have already launched a range of foldable phones, and LG and Chinese manufacturer Oppo have developed 'rollable' screen technology. This plays in to consumers' desire to have a larger screen when watching videos and gaming on their devices, but not necessarily wanting to carry around a bigger device.

Which of these things have you used a smartphone for in the past 4 weeks?



Source: Statista Global Consumer Survey

Total mhealth market size forecast worldwide 2016-2025

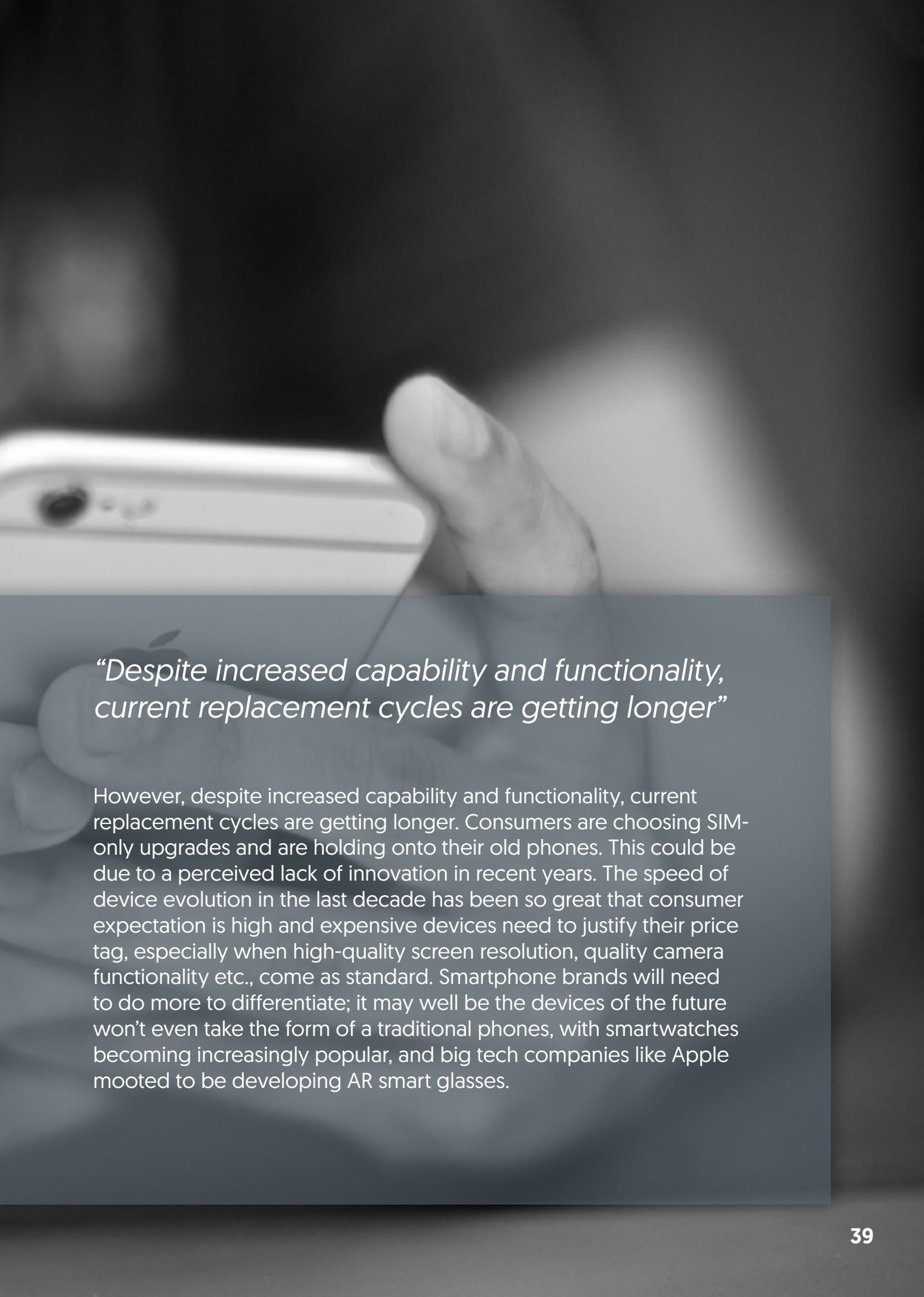


Source: Statista estimates; VMR

Consumers are also now using their devices to track an increasing amount of information about themselves – food intake/nutrition, sleep cycles, menstruation etc., and according to Statista estimates, mhealth is set to grow further over the next five years.

To account for this increased consumer interest in monitoring and improving both their physical and mental health, brands have been developing further technology in this area too. For example, users of Google Fit will soon be able to use their Pixel smartphone camera to measure their heart and respiratory rates. Similarly, at CES in January, the VMED smartphone case was unveiled – a phone case that analyses the stress and fatigue levels of users by monitoring different metrics including heart rate, blood oxygen levels, and blood pressure.

“Consumers are also now using their devices to track an increasing amount of information about themselves”



“Despite increased capability and functionality, current replacement cycles are getting longer”

However, despite increased capability and functionality, current replacement cycles are getting longer. Consumers are choosing SIM-only upgrades and are holding onto their old phones. This could be due to a perceived lack of innovation in recent years. The speed of device evolution in the last decade has been so great that consumer expectation is high and expensive devices need to justify their price tag, especially when high-quality screen resolution, quality camera functionality etc., come as standard. Smartphone brands will need to do more to differentiate; it may well be the devices of the future won't even take the form of a traditional phones, with smartwatches becoming increasingly popular, and big tech companies like Apple mooted to be developing AR smart glasses.

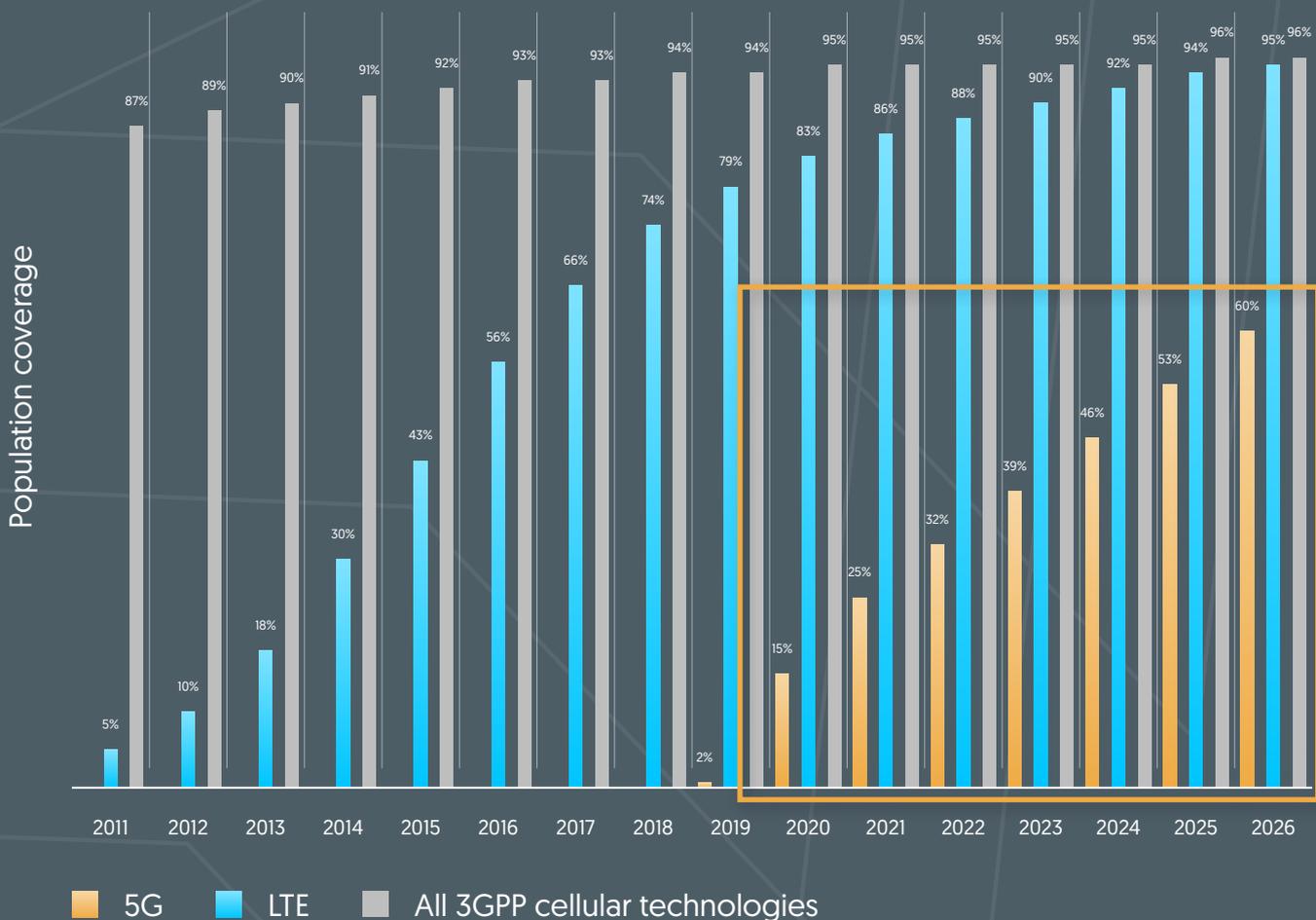
**CONNECTIVITY IS
CHANGING, NEW
TECHNOLOGY IS
INCREASING THE
COMPETITION
AND CONSUMER
EXPECTATIONS
AND NEEDS**

Pre-COVID-19, 2020 was widely touted as the year of 5G. Although the pandemic delayed that, the next generation of mobile internet connection is coming – bringing with it ultra-high bandwidth, fast connectivity and download speeds, and more reliable connections. There has already been considerable investment in developing the necessary infrastructure in many countries to deploy 5G and global coverage is

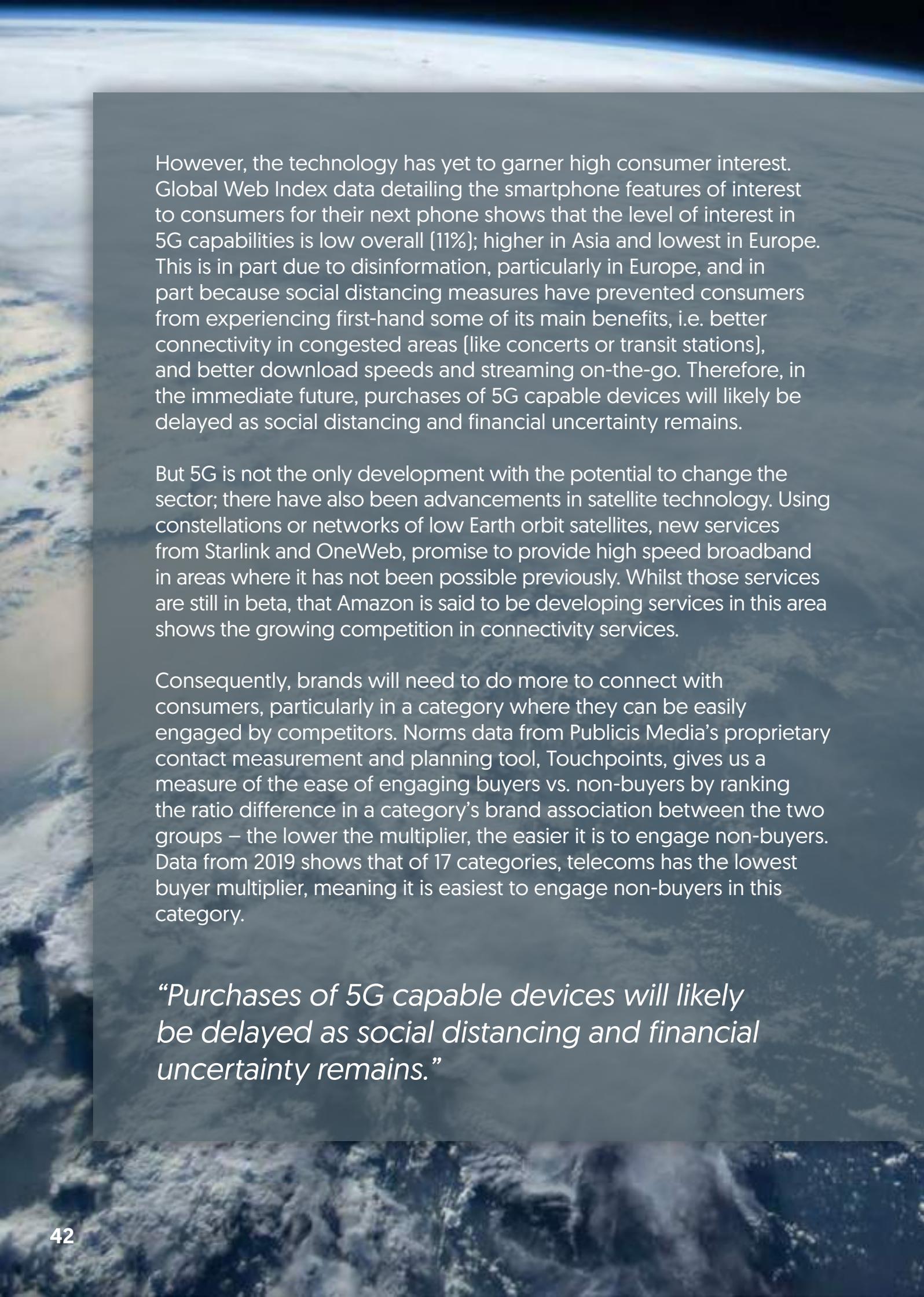
expected to grow rapidly over the next five years too. Ericsson predict that population coverage will move from 15% in 2020 to a predicted 60% by 2026.

“Population coverage will move from 15% in 2020 to a predicted 60% by 2026.”

Global mobile coverage by technology 2011-2026



Source: Ericsson



However, the technology has yet to garner high consumer interest. Global Web Index data detailing the smartphone features of interest to consumers for their next phone shows that the level of interest in 5G capabilities is low overall [11%]; higher in Asia and lowest in Europe. This is in part due to disinformation, particularly in Europe, and in part because social distancing measures have prevented consumers from experiencing first-hand some of its main benefits, i.e. better connectivity in congested areas (like concerts or transit stations), and better download speeds and streaming on-the-go. Therefore, in the immediate future, purchases of 5G capable devices will likely be delayed as social distancing and financial uncertainty remains.

But 5G is not the only development with the potential to change the sector; there have also been advancements in satellite technology. Using constellations or networks of low Earth orbit satellites, new services from Starlink and OneWeb, promise to provide high speed broadband in areas where it has not been possible previously. Whilst those services are still in beta, that Amazon is said to be developing services in this area shows the growing competition in connectivity services.

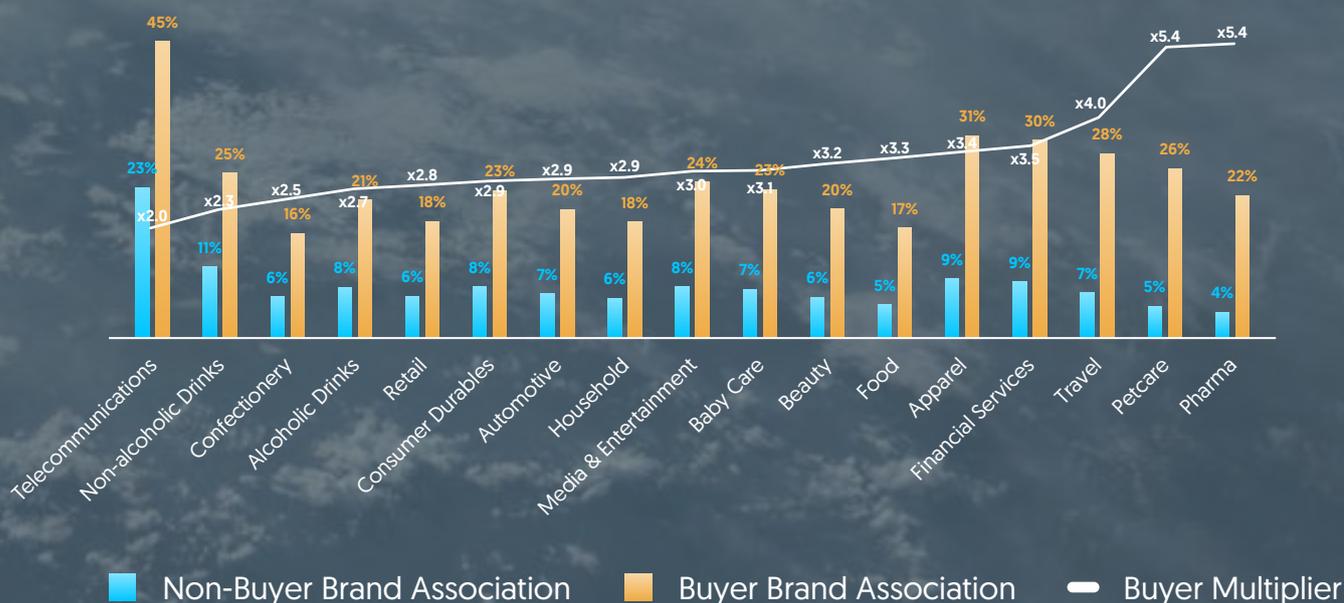
Consequently, brands will need to do more to connect with consumers, particularly in a category where they can be easily engaged by competitors. Norms data from Publicis Media's proprietary contact measurement and planning tool, Touchpoints, gives us a measure of the ease of engaging buyers vs. non-buyers by ranking the ratio difference in a category's brand association between the two groups – the lower the multiplier, the easier it is to engage non-buyers. Data from 2019 shows that of 17 categories, telecoms has the lowest buyer multiplier, meaning it is easiest to engage non-buyers in this category.

“Purchases of 5G capable devices will likely be delayed as social distancing and financial uncertainty remains.”

One way of engaging with consumers and developing deeper relationships is through experiences and content. For example, collaborating with partners to create new, immersive experiences for consumers – like Verizon, who partnered with New York’s Metropolitan Museum of Art to create digital galleries and augmented reality versions of iconic art pieces, so consumers could visit the Met from their phone. Or providing communications and entertainment bundles to replace the older, outdated business models, as seen in the shift of traditional telecoms brands in to streaming and gaming services, e.g. AT&T and HBO.

“One way of engaging with consumers and developing deeper relationships is through experiences and content.”

Buyer Multiplier by Category



Source: Touchpoints ROI Tracker

WHAT DOES THIS MEAN?

Historically telecommunications hasn't been the most exciting category. It has been largely underappreciated by consumers, who treat networks and providers like a utility – something they only notice when they pay the bill or it doesn't work.

Yet, connectivity at home has never been more valuable. COVID-19 both highlighted the need for access to the internet, and accelerated the speed and adoption of new behaviours that utilise that access. It has redefined the ways in which we both work and learn, and over the next few years, with the realisation of the big advancements and developments in technology, it will revolutionise access to jobs and education too. The connectivity that networks provide is powerful; it has the ability to empower and widen opportunities for consumers, particularly those in suburban and rural communities that have been historically underserved.

In order to shift consumer perception, brands need to build on the good sentiment of their COVID-19 responses, and better engage with their customers. They should take inspiration from those digital services that rely on their connectivity to function, and who are more valued by consumers – be that by providing access to immersive and virtual experiences, or by offering access to streaming or gaming services, either as a special deal or in an entertainment and communication bundle.

