

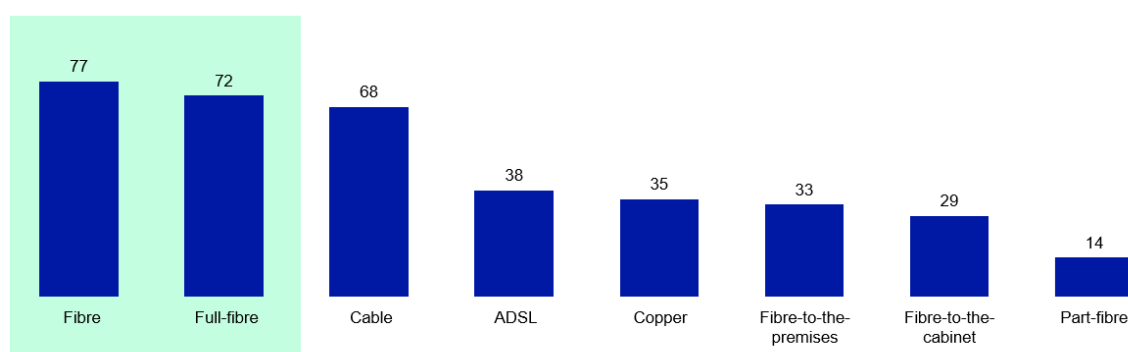
Broadband labelling research

VMO2 has undertaken some end user research, using an internet survey. Below we describe the findings of that survey, as it relates to the issue of broadband labelling.

“Fibre” and “Full-Fibre” brand equity

In the market we see advertising of both “Fibre” and “Full Fibre”, which is reflected in the recognition of these terms by consumers. Cable, by comparison, is not used in our marketing and consumer awareness accordingly lags behind that of fibre¹.

Awareness of broadband products (%)



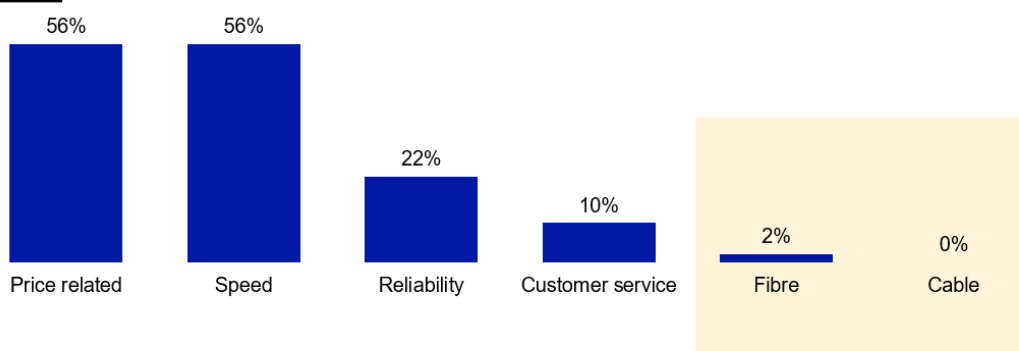
A4. Which, if any, of the following broadband products have you heard of before? Base: Total (2004)



Basis for choosing a product

However, whilst customers may know that a particular type of product exists through the use of its name, technology does not rank highly within the key drivers determining purchasing decisions.

Unprompted: Drivers of Broadband choice



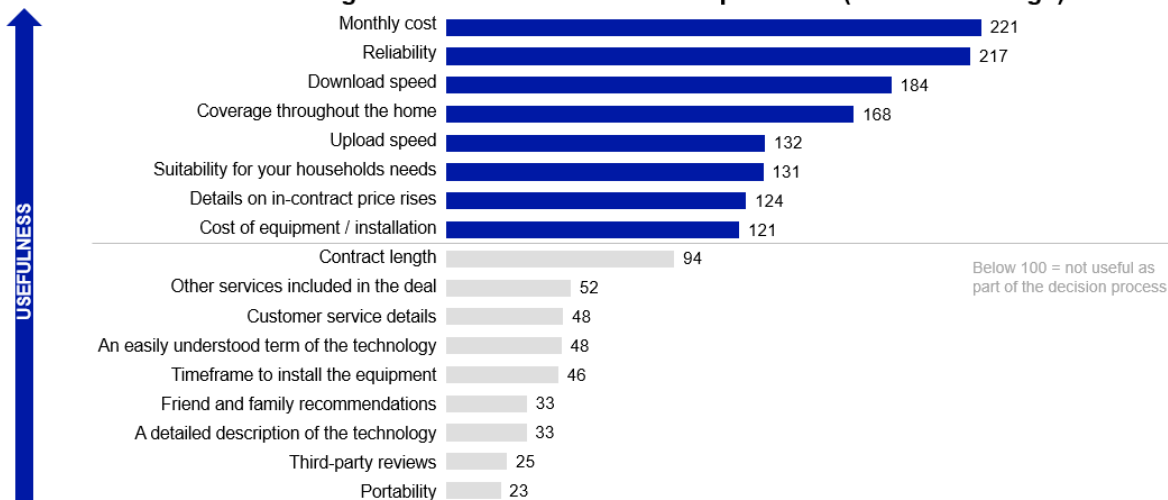
B1. When purchasing a new broadband service, what do you look for? Base: Total (2004)



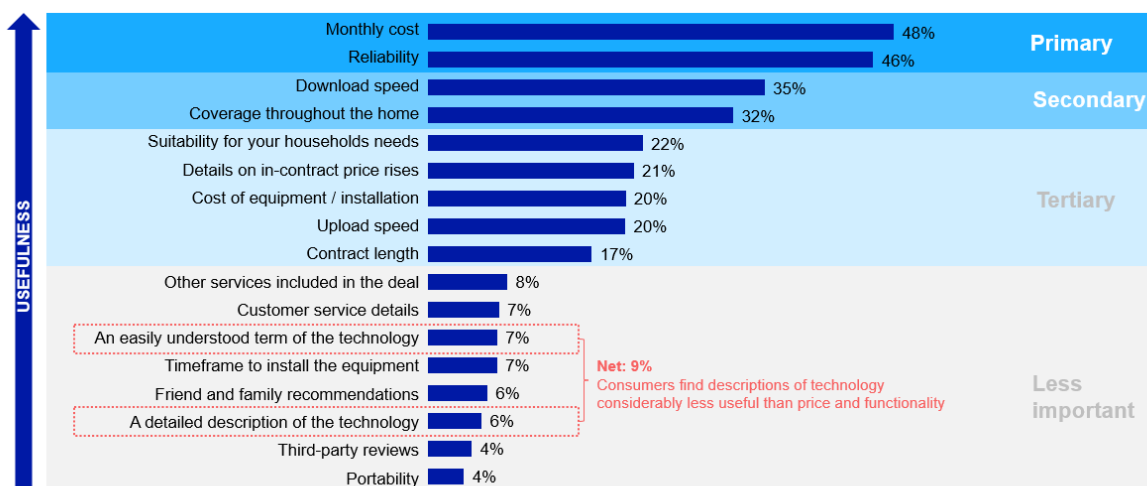
Indeed, when looking at a wide range of product attributes, the product label and a description of the technology are amongst the least useful attributes when making a purchasing decision.

¹ Understanding (as opposed to awareness) of “Cable” varies significantly, with many associating it with fixed line broadband services generically or believing it to relate to DSL or copper line services. We believe that this is a significant factor in the relatively high number of survey respondents who claim to be aware of “Cable”.

Usefulness when choosing which Broadband service to purchase (index to average)



B2. From the options below, please indicate which type of information would be most useful to you and which would be least useful to you in helping you decide which home broadband service to purchase. Base: Total (2004)



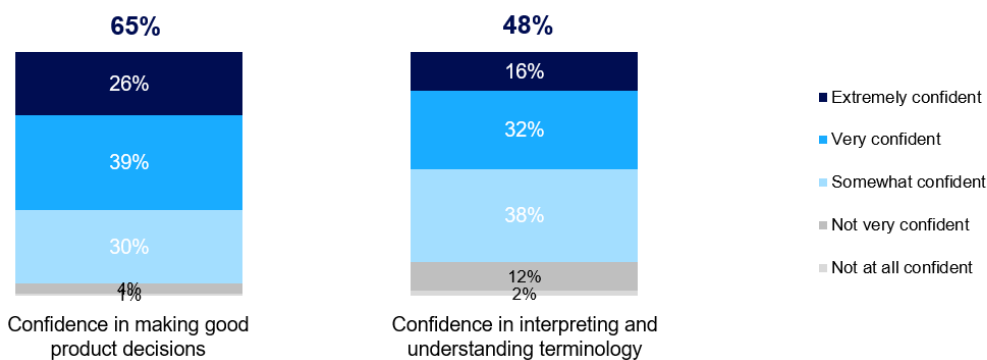
B2. From the options below, please indicate which type of information would be most useful to you and which would be least useful to you in helping you decide which home broadband service to purchase. Base: Total (2004)

The above charts reflect the results of a Max Diff statistical assessment, undertaken to explore which parameters respondents find useful in their broadband purchasing decisions. As part of the Max Diff exercise, a subsequent scale (or anchoring) question was asked to determine the relative usefulness of each parameter. The first of the above charts shows the relativity analysis. The second shows the absolute measure of how many respondents consider each of the parameters to be useful (shown as a percentage).

For clarity, the “Net: 9%” refers to the fact that 9% of respondents find one or both of the highlighted parameters useful – or put another way, a maximum of 9% find descriptions of technology useful in the purchasing decision. Complicated technical terminology may be important to people within the industry, but the average consumer lacks confidence in, and understanding of the jargon – and does not see a need for it.

Our research finds that consumers are confident that they are making good decisions based on the information that they find relevant (see above). Moreover, the simpler the information, the more relevant it becomes.

Confidence in broadband purchase journey

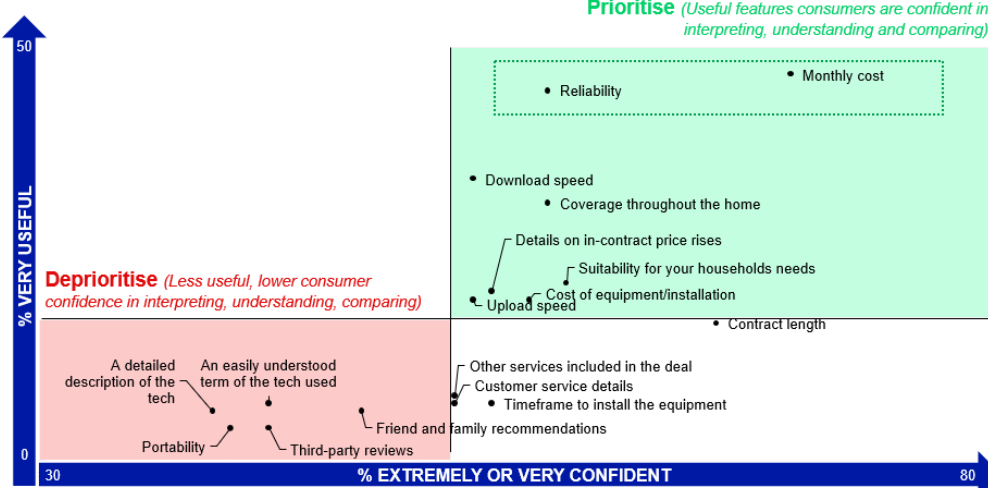


A1 How confident do you feel making good product decisions when selecting a home broadband service? A3 How confident do you feel about interpreting and understanding the language and terminology used by providers to describe home broadband services? Base: Total (2004)



Consumers are most confident in interpreting, understanding and comparing the features that they find most useful.

Consumer confidence x usefulness



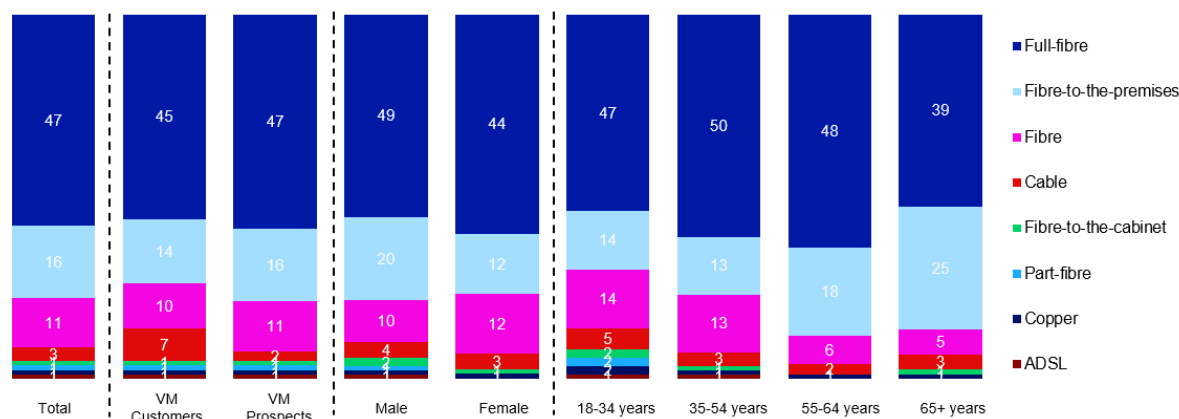
B4. When purchasing a new home broadband service, how confident do you feel about interpreting, understanding and comparing the following attributes and characteristics? Base: Total (2004)

Conversely, consumers do not rely on jargon or technical explanations that they do not understand or believe that they need.

“Full fibre” is rapidly establishing incremental equity beyond “fibre”

Providers are differentiating between “fibre” and “full fibre”, with consumers’ perception of the latter reflecting its quality/performance characteristics.

Broadband product consumers believe offers best service (%)



A8. Which of these broadband products do you think offers the best service? Base: Total (2004)

Conclusions

Based on the above research, we draw the following conclusions:

1. The market is advertising using the terms “fibre” and “full fibre” within the scope of the rules set by the ASA. This advertising has been successful in elevating the equity of both of these terms, with “full fibre” now gaining incremental equity at pace.
2. Consumers are not technically minded and steeped in telecommunications jargon, unlike the industry and policymakers. This is why it is the role of professional marketers to effectively communicate the relative benefits of advertised products to a wide range of consumers.
3. Consumers value information about a small number of relevant competitive vectors that can be readily communicated to them. Underlying technology is not one of those vectors and consumers are not currently confident in their understanding of technology.
4. A scheme that produced a change in labelling would provide no benefit to consumers because they would not have sufficient understanding of the terminology to be informed by it in their purchasing decision. Given the differential in equity (and understanding) between “full fibre” and terms like “cable”, such a scheme would risk distorting competition without delivering a benefit that would be justified under Ofcom’s duties. This risk is compounded by the fact that the term “fibre” is an “embedded term” in consumers’ consciousness that has, over many years, come to be synonymous with good quality broadband products. Restricting its use would disproportionately disadvantage those providers which would be required to stop using it.
5. Finally, we note that in Ofcom’s recent public statements about its review of inflation-linked price rise terms², it has indicated its concern about consumers’ lack of understanding of relevant terms. In this context, we would expect Ofcom to be consistent when considering whether to introduce new technology terminology rules which, on the evidence of research, will confuse customers and relate to terms that customers do not value.

² <https://www.ofcom.org.uk/phones-telecoms-and-internet/information-for-industry/policy/supporting-customers-in-cost-of-living-crisis#research>