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FTTH Consumer Experience in Europe:
How Maturity Affects Usage

FTTH Council Europe



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Webinar

- 20-25 minutes presentation
- 15-20 minutes Q&A
- Please write your questions in the questions box of the webinar system
- Relevant questions that are not answered during the webinar will be answered by email
- The slides will be available for download after the webinar
- The webinar is recorded and can be viewed as video-stream afterwards. The video will be available on the website of the FTTH Council Europe within one week
- Slides and information about the availability will be sent to registered attendees by email



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FTTH Consumer Experience in Europe: How Maturity Affects Usage

Moderator:

Joeri Van Bogaert

Chair Financing Committee

FTTH Council Europe

Presenter:

Benoît Felten

CEO

Diffraction Analysis

THE IMPACT OF MATURITY ON FTTH/B SATISFACTION AND USAGE

Benoît Felten, CEO
benoit@diffractionanalysis.com

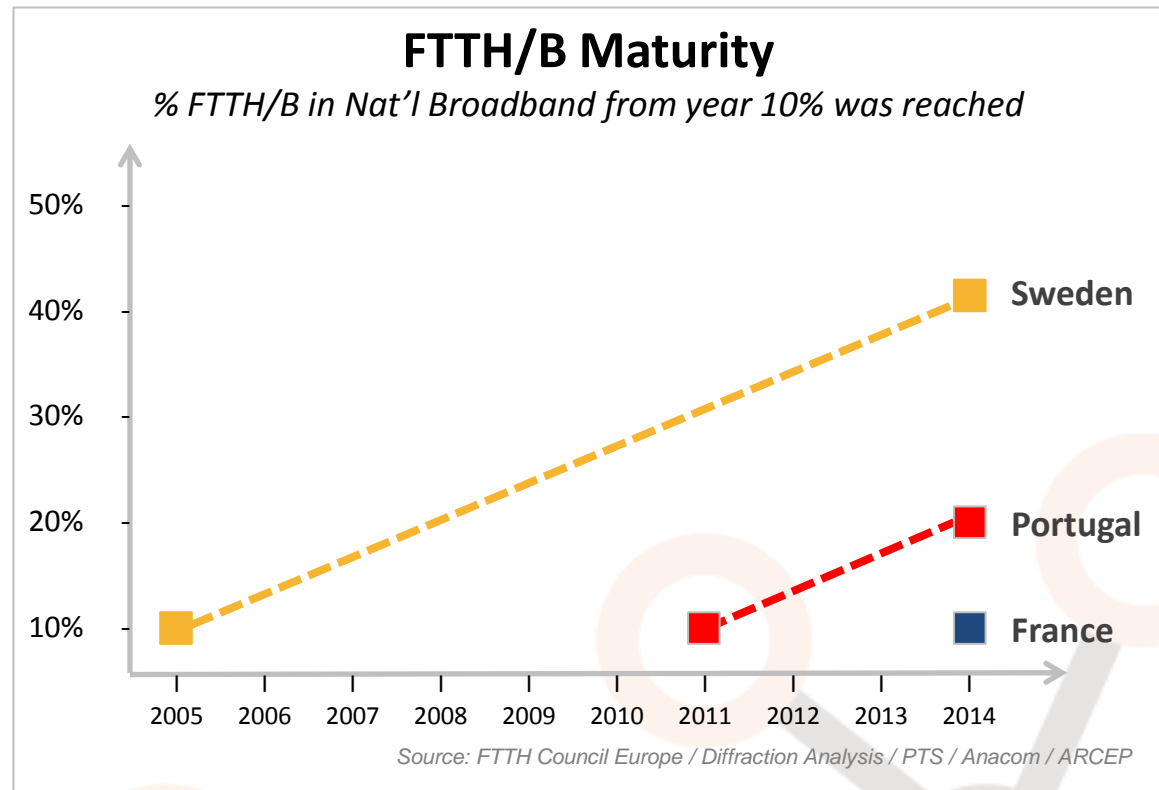
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Purpose and Methodology

- Following an insightful study of Swedish Broadband Users in 2014, this study commissioned by the FTTH Council Europe aimed at measuring the differences in broadband attitudes and usage between FTTH/B users and legacy DSL users in France and Portugal.
- The study was conducted in early December 2014, via an online quantitative survey of 2x400 broadband respondents. The survey was run by Paradox' Opinion / OpinionWay
- The sample included 2x300 FTTH/B users and 2x100 DSL users. The surveys were conducted in French and Portuguese.
- The following presentation puts in perspective the three country surveys and examines the impact of market maturity on FTTH/B perception and usage.

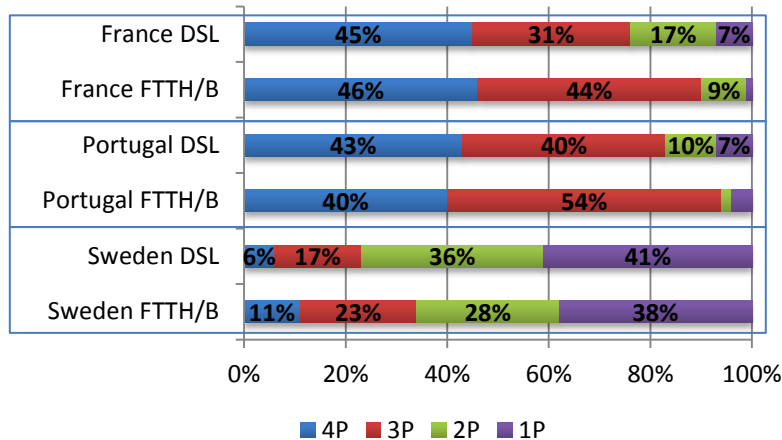
Three Countries with Different FTTH/B Maturity

- The three countries for the survey were chosen because they displayed very different levels of FTTH/B Maturity.
- Sweden is the most mature, having passed 10% FTTH/B in 2005.
- Portugal is the second most mature, having passed 10% in 2011.
- France is the least mature with the 10% threshold only reached in 2014.



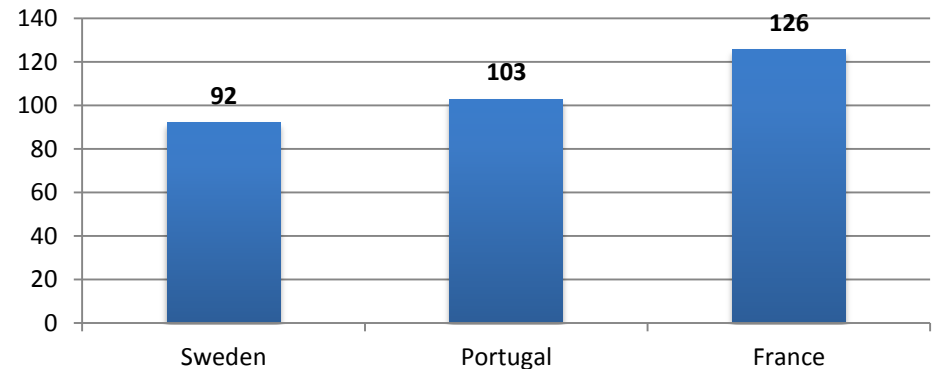
Key Differences between Markets

Types of Broadband Offers



Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

Average FTTH/B Revenue Upswing (Base 100 is Average DSL Revenue)



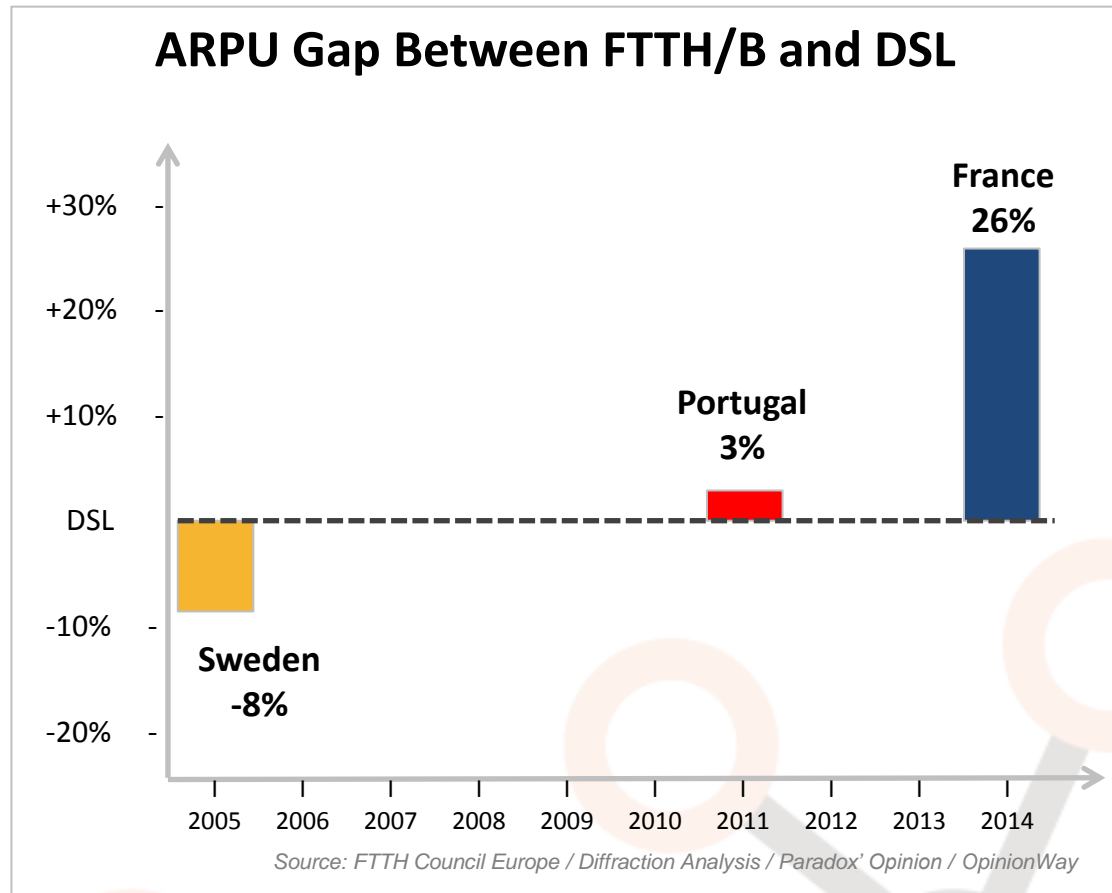
Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

- Swedish Market is heavily weighed towards single and double play offers
- Portuguese and French markets are heavily weighed towards triple and quadruple play offers

- In Sweden and Portugal, no revenue upswing from FTTH/B.
- In France, big revenue upswing from FTTH/B.

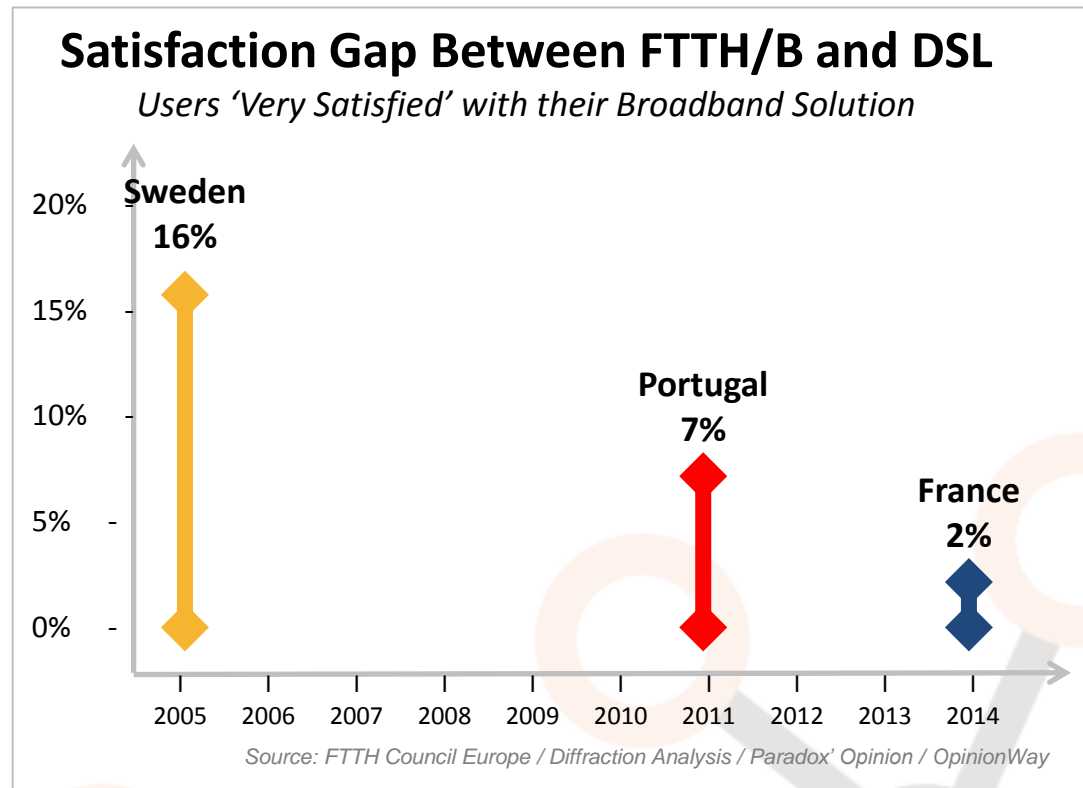
Spending on FTTH/B compared to DSL

- When examined in the context of market maturity it looks like ARPU Gap between FTTH/B and DSL is a factor of maturity.
- Indeed, when the product is new on the market it is often sold as a premium, but as competition increases in FTTH/B and customer volumes increase, prices tend to become lower.
- The likelihood is that the French exception will not stay and exception for long.



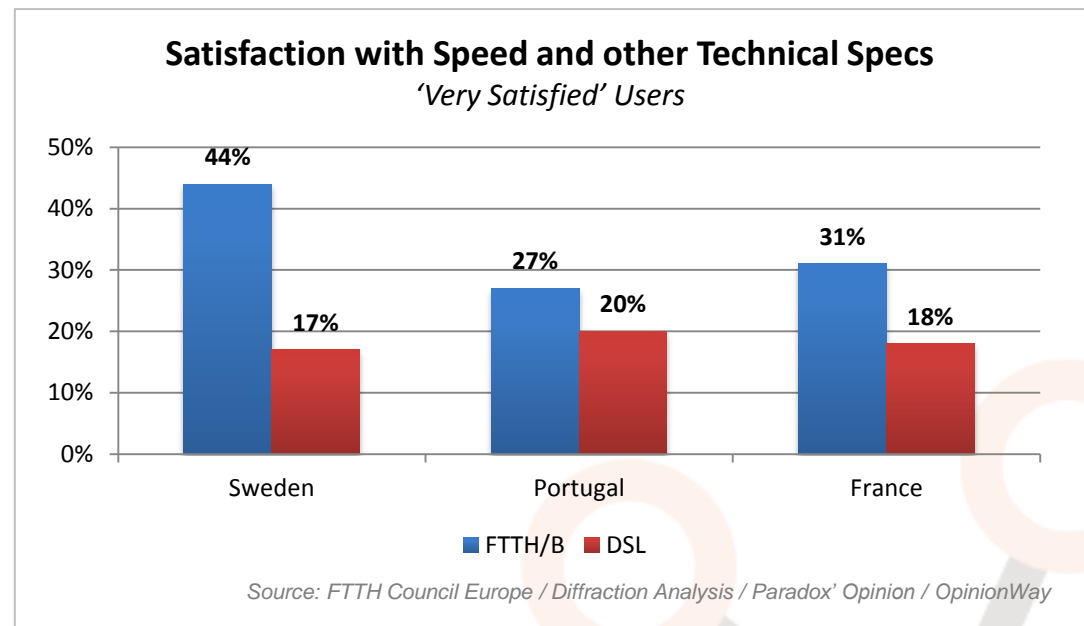
Gap between DSL and FTTH/B Satisfaction

- When looking at users who are 'very satisfied' with their broadband, market maturity seems to have an impact.
- The gap between the satisfaction of FTTH/B users and DSL users is massive in Sweden, significant in Portugal and minute in France.
- The recognition of FTTH/B as the superior platform takes time.



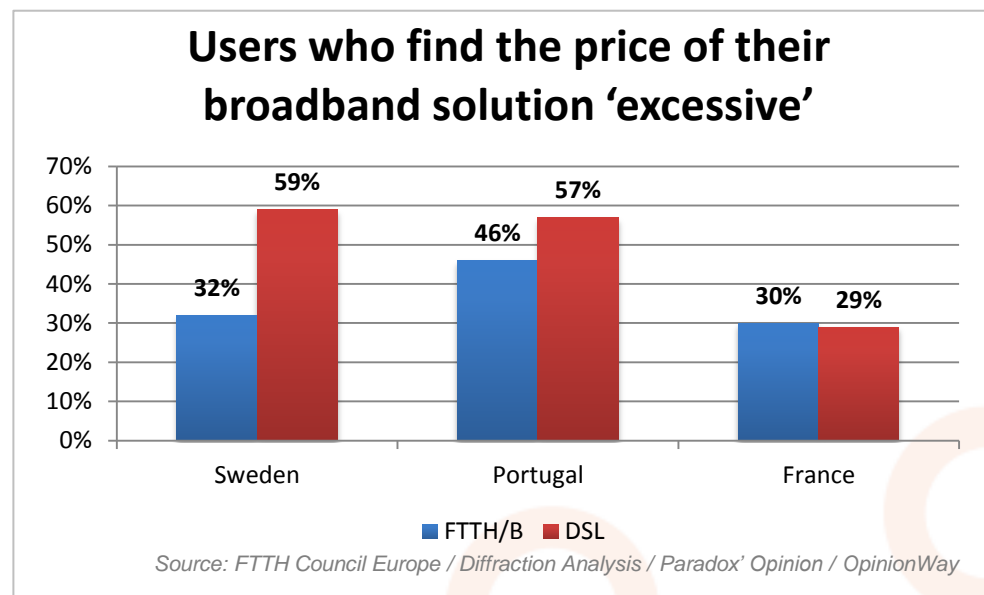
Satisfaction with FTTH/B technology is strong from the start

- Irrespective of market maturity, FTTH/B users are significantly more satisfied with the technical aspects of their broadband than DSL users.
- In particular, it's interesting to note that in all three countries FTTH/B users value and perceive the benefits in terms of Latency and Upload speeds provided by fiber.



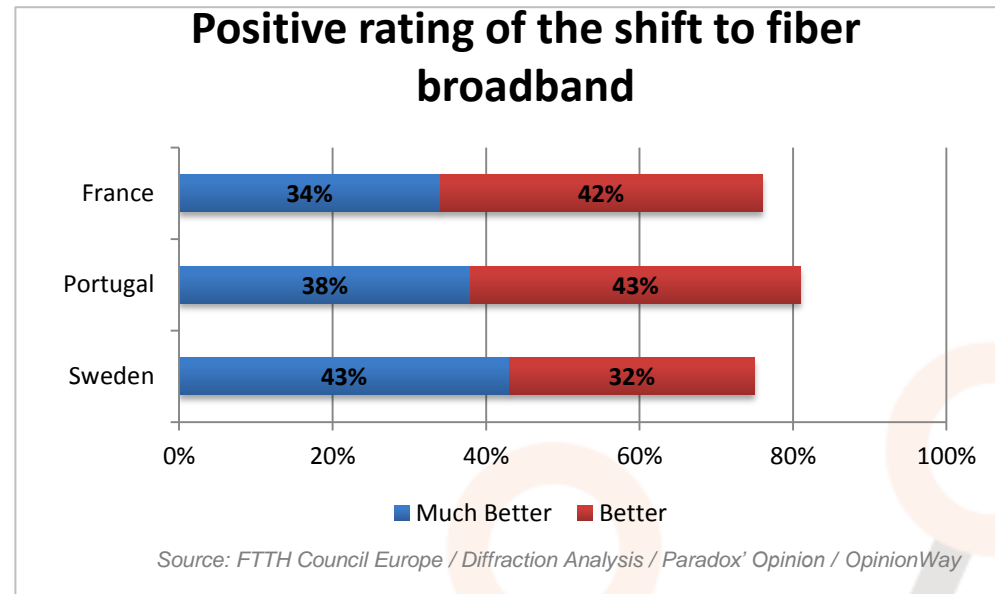
Price perception towards DSL shifts with market maturity

- In Sweden and Portugal, many more DSL users think the price of their broadband is excessive than FTTH/B users.
- This is a direct result of FTTH/B users getting better service for the same price.
- In France, where FTTH/B is still a premium product, price perception is equivalent between FTTH/B and DSL: purchase is an arbitration between quality and cost.

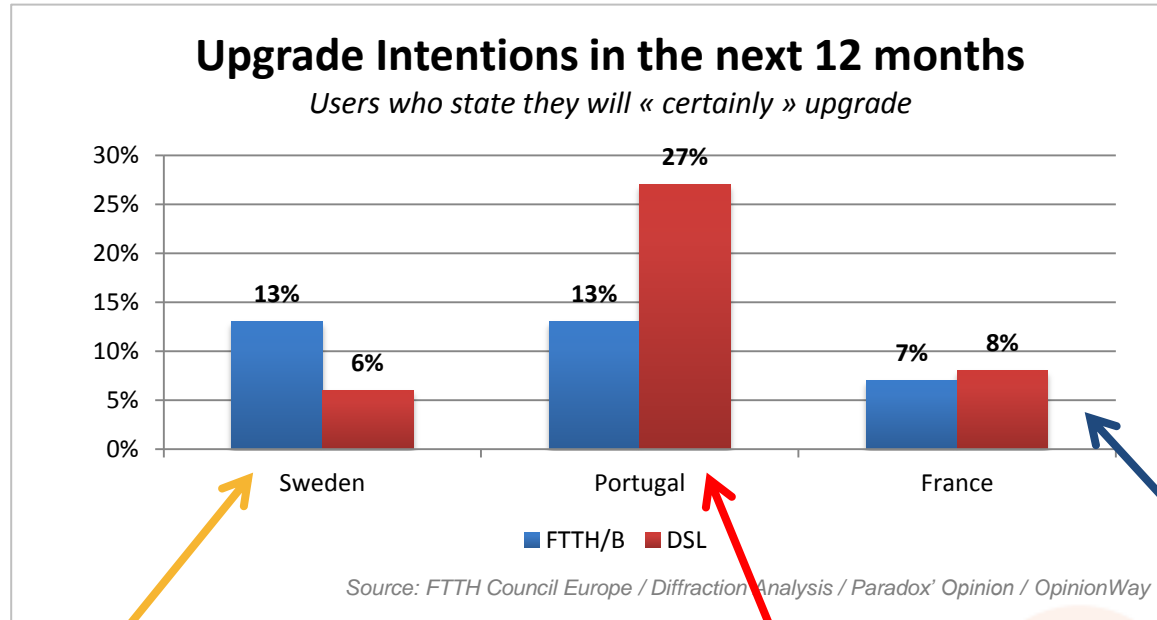


Fiber users rate their shift to fiber positively

- Irrespective of market maturity, users who have shifted to fiber broadband massively rate it as a better experience than what they had before.
- This illustrates the fact that the perception of quality from Fiber Broadband is immediate, the differences in perception are more about non-fiber users catching up.



Upgrade Intentions Evolve with Market Maturity



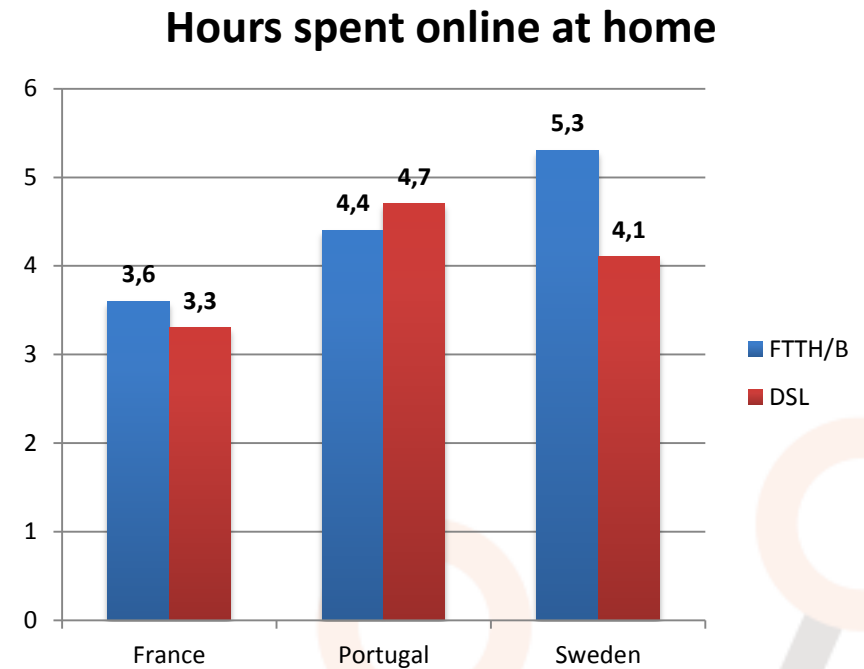
- DSL upgrade intentions low as coverage becomes a hurdle
- FTTH/B upgrade intentions significant as users want more capacity

- DSL upgrade intentions very high as value of FTTH/B becomes well known
- FTTH/B upgrade intentions significant as users want more capacity

- DSL upgrade intentions low as value of FTTH/B not yet recognized and price a barrier
- FTTH/B upgrade intentions low as users new to the service

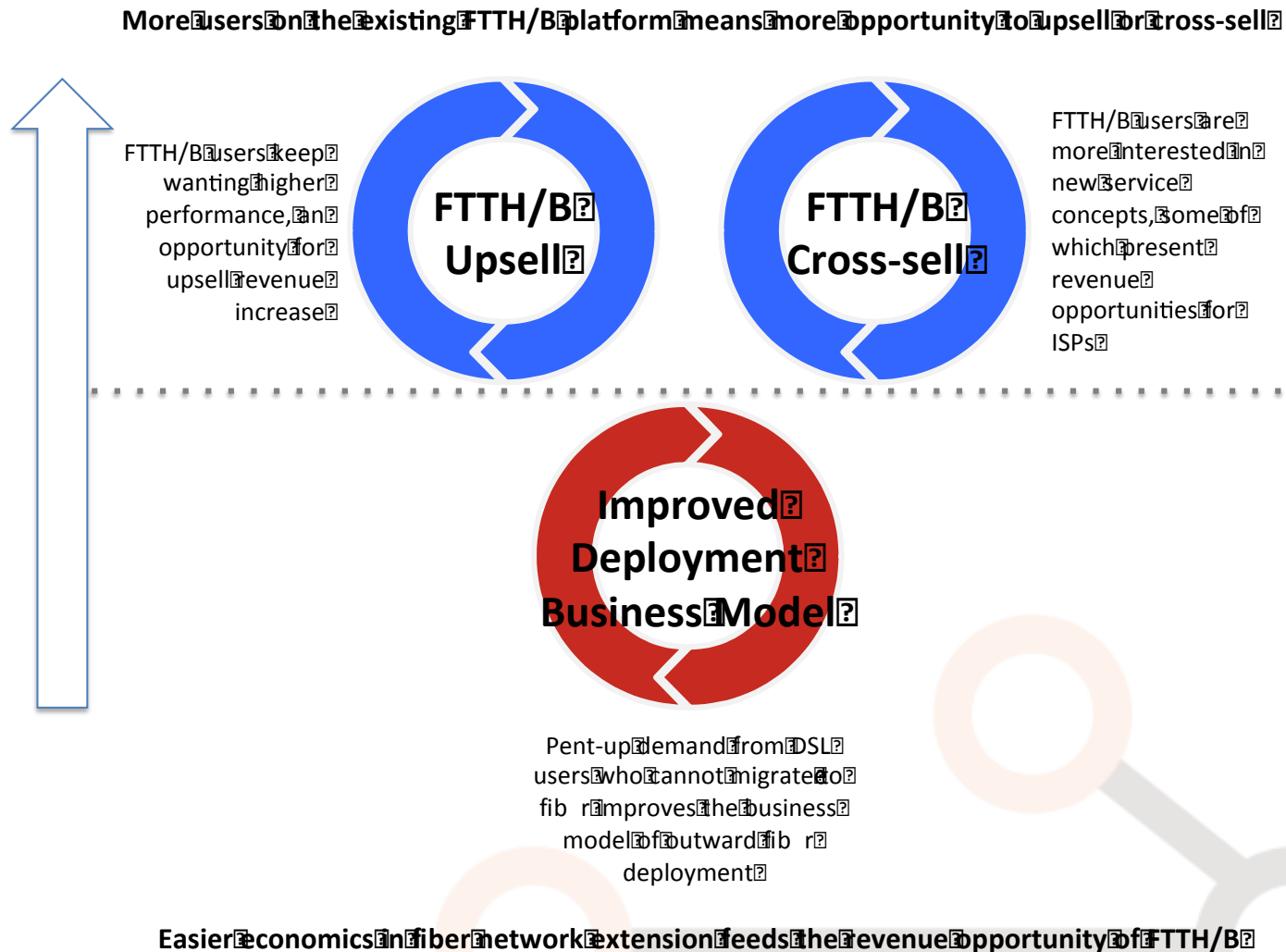
In less mature markets there is little difference in online usage

- The differences in intensity and type of online usage between FTTH/B and DSL users in Sweden were significant. In France and Portugal they are practically non-existent.
- Several aspects may explain this. First, the Portuguese and French markets have much higher emphasis on TV than the Swedish market (as shown by the proportion of 3P/4P products).
- Second, these markets are less mature, so users have not had FTTH/B for as long on average.



Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

Three Virtuous Circles in a Mature Market

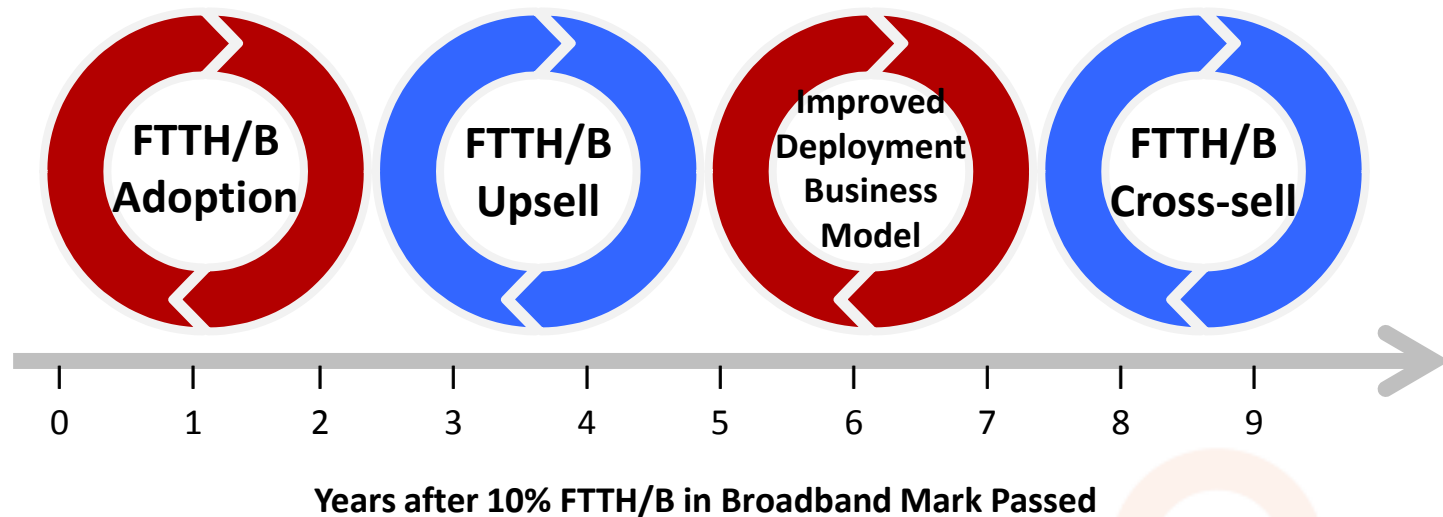


Source: Diffraction Analysis, 2014

Key Conclusions

- Perception of superior FTTH/B quality by FTTH/B users happens immediately
- Perception of superior FTTH/B quality by DSL users takes time, especially if FTTH/B is priced at a premium
- Gap in satisfaction between FTTH/B and DSL increases with market maturity
- Upgrade intentions to FTTH/B from DSL follow a classic bell curve
- Upgrade intentions from FTTH/B users is significant in a mature market
- Usage behaviour online may or may not be affected by FTTH/B, depending on the importance of TV over broadband in the market

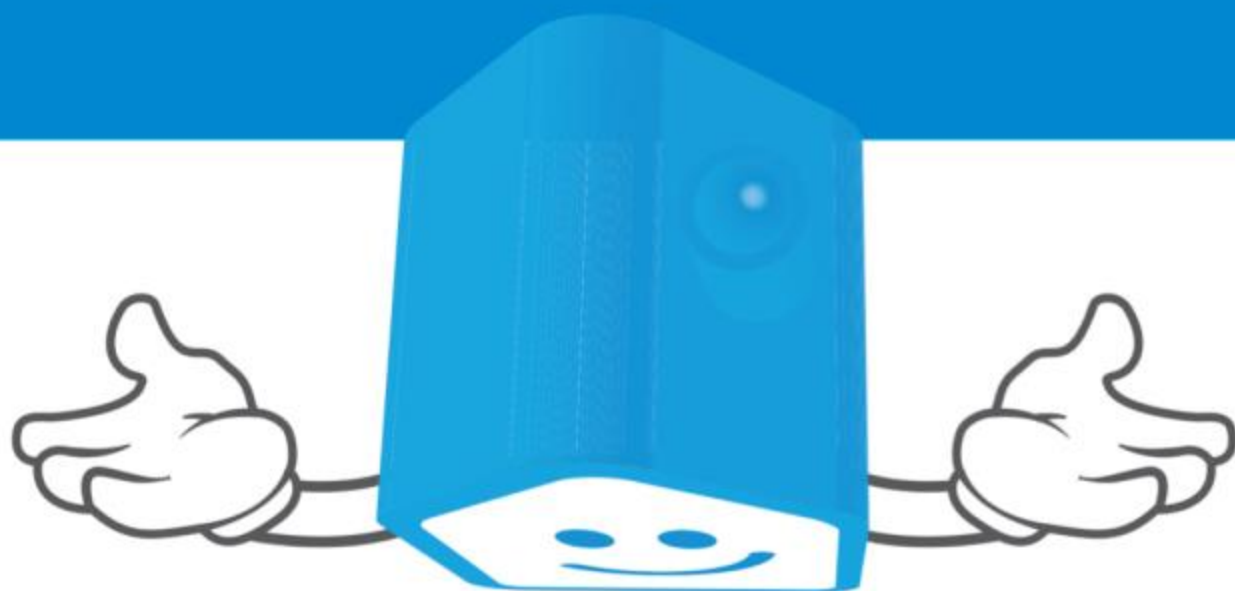
Timeline of positive market outcomes from FTTH/B adoption



Source: FTTH Council Europe / Diffraction Analysis

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QUESTIONS?



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