Department for Culture Media & Sport

Emerging Findings from the BDUK Market Test Pilots

Annex D:

BDUK non-subscriber survey of Pilot schemes in hard to reach areas

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Chapter 1: Key Findings

This survey was commissioned in order to learn more about those who had not subscribed to the MTPs in the five regions where Market Test Pilots (MTPs) had already begun connecting customers. The survey received 177 responses in total.

The results of the survey suggest a number of factors with the potential to prevent take up of the superfast broadband services being offered by the MTPs. These factors can be split between two distinct barriers:

1. **A lack of awareness of the pilots**. Meaning that potential consumers do not know about the MTP offer despite living in the eligible area[1]. This is an absolute barrier, removing any element of consumer choice.

2. The secondary barrier is multi-faceted and concerns **consumers choosing not to participate in the MTP** once they become aware of the offer. Potential reasons for this non-participation include:
   - Satisfaction with a current provider, meaning there is a lack of motivation to switch suppliers and try the MTP.
   - A lack of knowledge about internet speeds and a lack of understanding about the practical capabilities of different internet speeds. This may affect customer motivation to switch suppliers and take up the MTP offer if they are not able to easily understand the demonstrable impact of the MTPs delivery of superfast (24mbps) speeds.[2]
   - The propensity of bundles/ internet packages[3] on the market, which the MTPs are not able to necessarily match like for like. Consumers may therefore fear that they'd be losing out in some way if they take up the MTP offer.

Key findings from the survey include:

- A significant number of those surveyed were unaware of the MTPs; 70% of respondents either had not heard of the pilot scheme or were unsure if they had heard about it. Over half (52%) of the respondents who had not heard of the pilot scheme said that if they had been aware of the scheme, they would have been interested in taking part. This suggests that there is untapped potential for increased take up with more focused marketing.

- Once lack of awareness is taken out of the equation, however, the primary reason for lack of participation is the consumer's relationship with their current supplier. 58% of those surveyed stated that they did not participate in the MTP offer due to either being satisfied with the provision of the original supplier (39%) or because they wanted to retain the benefits of their current internet bundle/ package or contract (19%).

- Well over three quarters of those surveyed[4] (84%) stated that they received their internet as part of a bundle or package. Over half (51%) of those who received their internet through a bundle or package said that they were 'unlikely' to take up the offer of the MTP.

[1] An eligible area is defined here as being an area where one of the MTP was deployed.
[2] In addition to this, a proportion of respondents (9 out of 54) stated that they did not use the internet that much or just used it as a hobby. This perceived lack of dependence on the internet could also preclude participation in the MTP offer.
[3] 'Bundle' or 'Internet Package' is defined here as being an offer which might include TV packages (such as access to sports channels), free landline calls, or "unlimited data usage" etc.
[4] Those surveyed for this question numbered 177

- More than two thirds (68%) of total respondents[5] didn't know what their internet speed was, and over a third (36%) weren't sure what their data usage was.

- Newspaper marketing was marginally the most effective form of communicating the MTP offer, with 19% of respondents reporting that this is how they heard of the scheme.

[5] Total respondents numbered 177

Chapter 2: Background

Through Broadband Delivery UK's (BDUK) programmes, the Government is investing in infrastructure that will deliver superfast broadband to 95% of premises in the UK by 2017. This will however leave up to 5% of the UK without access to superfast broadband services.

The final 5% of UK premises are challenging for a number of reasons; the majority are harder to reach because of demanding terrain and increased distances; and with lower density populations the cost per consumer can be prohibitively high.

To identify ways to address the broadband requirements of homes and businesses located in harder to reach areas, BDUK launched eight Market Test Pilots (MTPs) in June 2014, seven of which are now in deployment.

Due to the often high capital costs of deployment and the relatively low population densities in hard to reach rural areas, maximising take up is critical to the viability of broadband infrastructure provision there. In order to better understand potential barriers to take up BDUK commissioned a telephone survey in August 2015 of those in MTP designated areas who were yet to take up a Pilot broadband service. This document summarises the findings from that survey.

Chapter 3: Aim and methodology of telephone survey

The aim of the telephone survey was to explore:

- Awareness of the MTPs in the selected regions;
- Use of home broadband and most popular online activities;
- Knowledge of broadband speeds; and
- Reasons for lack of interest/reluctance to take up MTPs.

The survey was conducted by Bright Blue Research on behalf of the Department of Culture, Media and Sport. It took place between 3rd August 2015 and 20th August 2015 and covered 5 regions (Hampshire, Somerset, North/North East Lincolnshire, Northumberland, Scotland/Northern Ireland). Each of these regions have an MTP currently in deployment. Respondents were selected on the basis of having chosen not to participate in the MTP despite living in an eligible area, and being able to access a Pilot broadband service at the time the survey was conducted.

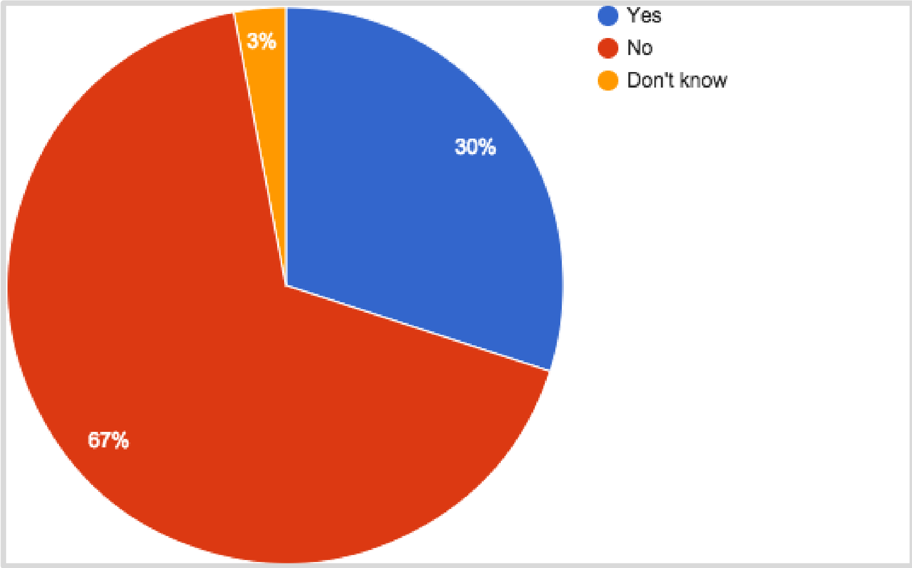
2158 telephone numbers, from two sample vendors, were acquired according to the post code regions specified. A total of 177 interviews were achieved with an overall response rate of 14%. This is not atypical, but may impact the representativeness of the sample. The results should therefore be seen as indicative, rather than definitive.

Chapter 4: Findings

1. Consumer awareness of the MTPs

- There were a significant number of people who were unaware of the MTP scheme; **70% of respondents**[6] either had not heard of the MTPs or were unsure if they had heard about them.

Figure 1 – Had you heard about this pilot scheme before now? [n = 177]



- It is worth noting that almost a third (31%)[7] of those who had not heard about the scheme (or were unsure if they'd heard about it) said they were dissatisfied with their current service provider. This suggests there might have been appetite to take up an alternative offer, such as the MTPs, if they'd known about it and the benefits of the alternative technology communicated comprehensively.

1.1 There was mixed awareness of the MTPs among the regions in which they were deployed:

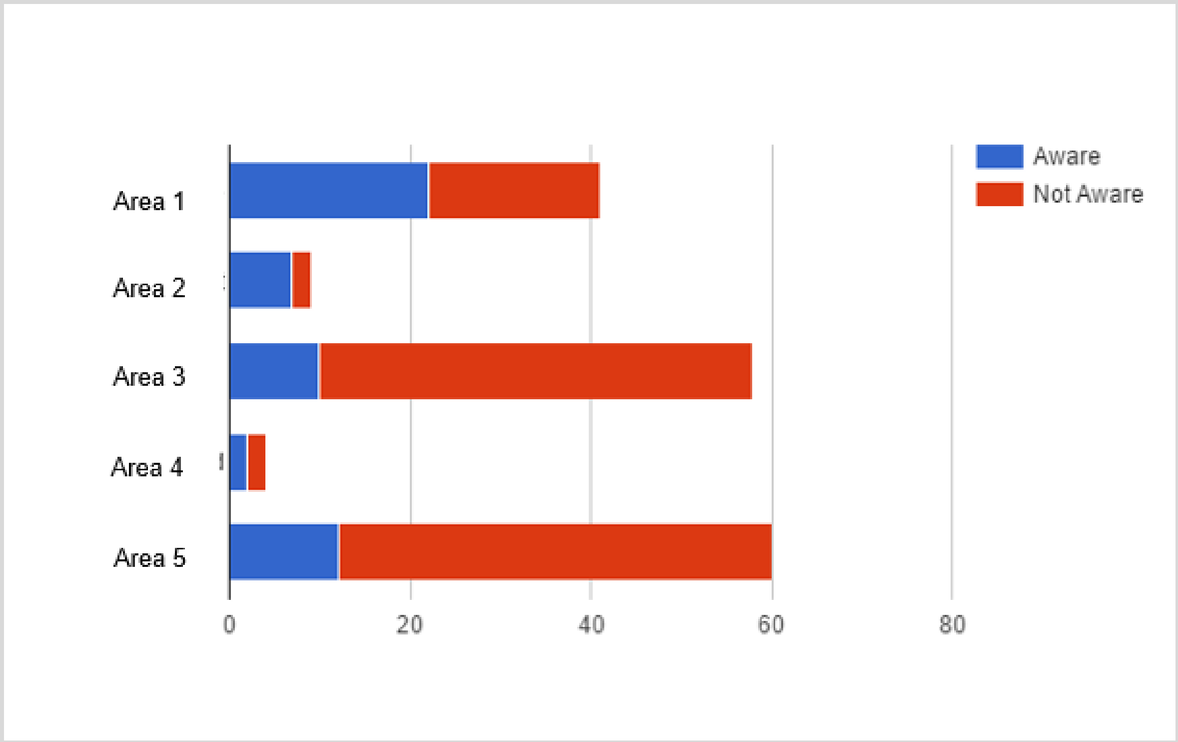
- As can be seen in *Figure 2* below, there was significant variability in respondents' awareness of being able to access services from a Pilot project. The general trend was that respondents in Pilot intervention areas of a more contiguous nature showed comparatively high awareness compared to those spread over a larger area.

- There was also some evidence of correlation between marketing efforts by the Pilots at the time of the survey and respondents' awareness of the deployment in their area. It will be interesting to compare the awareness levels measured here to the two future waves of this survey, to help evaluate the success of the Pilot suppliers' marketing campaigns in their intervention areas.

[6] 124 respondents out of a total of 177 answered 'no' or 'don't know' in response to the question "had you heard about this pilot scheme before now?

[7] 38 respondents out of 124

Figure 2 - Consumer awareness by Pilot intervention area [n = 177]

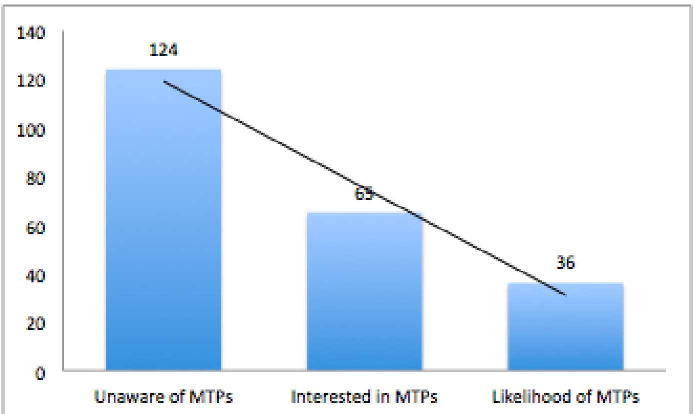


1. 2 Interest once aware of the MTP offer:

- Out of a total of 124 respondents who had not heard about the MTP scheme (or were unsure if they'd heard about it), more than half[8] (52%) said that they would be **interested** in participating, had they heard about it.

- This did not translate however, when asked how **likely** they would be to actually take up the offer of the MTP scheme in the next 3 - 6 months. Out of a total of 124 respondents who had not heard of the scheme (or were unsure if they'd heard about it), only 36 (29%) said that they were likely to take up the MTP offer once aware of it.

Figure 3 - Interest in the scheme vs Likelihood of taking up the scheme (for those respondents who were not originally aware of the offer) [n = 124]



[8] 65 respondents (See Table 4)

- This shift between the responses for “interest” and “likelihood” suggests there could be an opportunity to do more in communicating the potential of MTP technology to deliver superfast (24mbps) speeds, and the benefits that this can bring to the consumer (particularly regarding its ability for improved video streaming, referenced at 2.3).

- It is also possible however, that the phrasing of this question of “likelihood”[9] might provoke a reluctance in some people to commit. The survey organiser has confirmed that this trend is not atypical and that they would expect to see a decline in numbers when respondents were asked directly about their likelihood of signing up.

1.3 Method of communication and its impact on awareness of the offer:

- 30% of respondents were aware of the MTP offer before the telephone survey.[10] Awareness was raised through both formal and informal marketing.

- Newspaper marketing was marginally the most effective form of communicating the MTP offer, with 19% of respondents[11] reporting that this is how they heard of the scheme, while 15% said their awareness was due to television. As we are not aware of any specific television marketing for the MTPs, we presume that respondents who referenced this form of advertising may be referring to the government’s superfast television adverts in December 2014.

- Gaining information via friends and family accounted for 6 respondents becoming aware of the MTPs (11%); a meeting or presentation accounted for 5 respondents (9%); posters and leaflets accounted for 3 respondents (6%) and social media for just 2 respondents (4%).

- 13% of respondents attributed their awareness of the MTPs to “advertising” but the survey does not allow us to dig any deeper on the various methods of advertising that they reference here.

[9] “From what you have heard about the pilot broadband service, how likely are you to take the service in the next three to six months?”
[10] 53 out of 177
[11] 10 respondents out of a total of 53 who answered the question”: “How did you hear about the scheme?”

2. Barriers to take up when consumers are aware of the MTPs

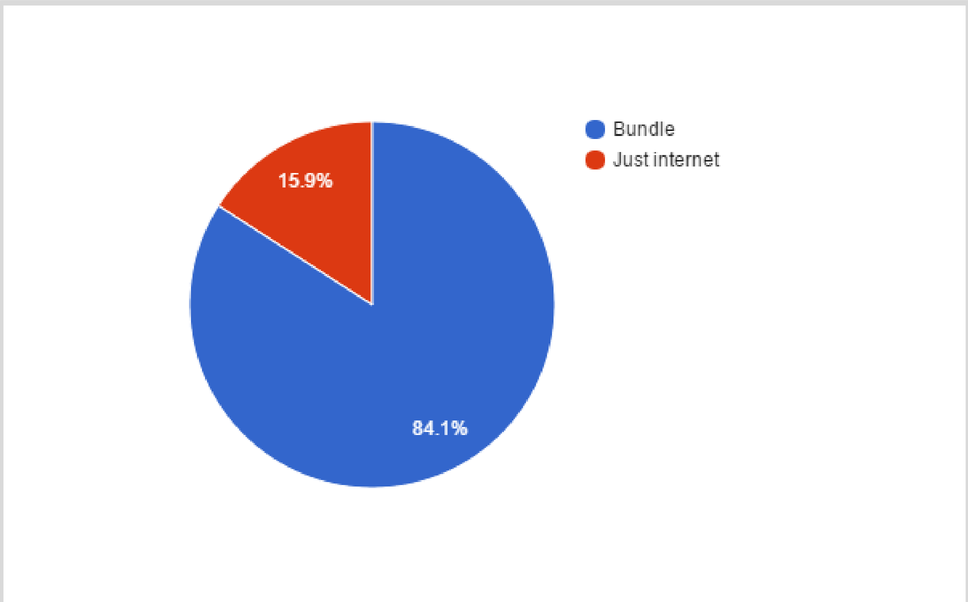
2.1 Stated reasons for lack of participation in MTPs

The survey asked consumers to directly identify their reason for lack of interest in the MTP offer. The answers to this question highlight some key barriers to take up:

- **Satisfaction with original supplier:** When asked why they were not interested or would not be interested in the scheme, over a third of respondents[12] (39%) said that they would be unlikely to engage with the MTP scheme due to satisfaction with their current provider. This suggests that a proportion of those surveyed might simply lack the motivation to switch suppliers, as opposed to harbouring any overtly negative perception of the MTPs.

- **Internet Bundles:** The desire to stick with the original supplier because of a bundle/package/contract was also sizeable, with 19% of respondents[13] saying that this was why they did not want to participate in the MTP. This reflects the fact that the majority of those surveyed (84%)[14], purchase their internet as part of a bundle/package. This has the potential to be a major barrier to take up, as consumers may be unlikely to want to give up the benefits of TV and phone bundles without at least seeing that there is the potential for similar services as part of the MTP offer.

Figure 4 - Do you pay for internet alone or do you pay for internet as a part of a bundle? [n = 177]



- As an example of how this translates to a reluctance to engage with the MTPs, over half (51%) of those who received their internet through a bundle or package said that they were 'unlikely' to take up the offer of the MTP (versus 30% who responded as 'likely' and 18% who were unsure).

[12] 21 out of 54 respondents who were aware of the MTPs

[13] 10 out of 54 respondents in response to the question: "Why were you not/would you not have been interested in taking part in the scheme"

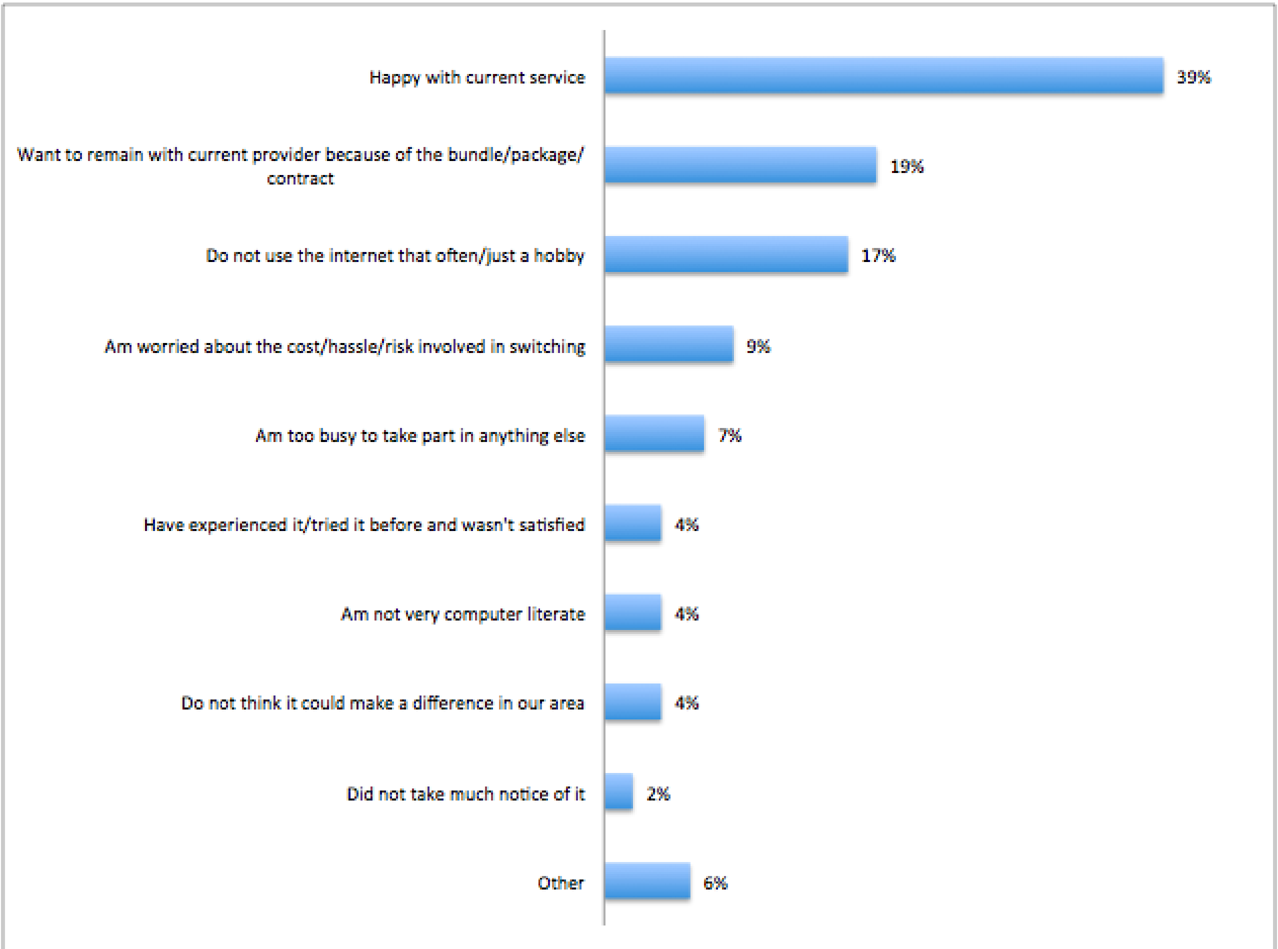
[14] 148 respondents out of 177 in response to the question: "Do you pay for internet alone or do you pay for internet as a part of a bundle?"

- **The impact or draw of the current supplier is therefore the primary barrier to participation in the MTPs**. Combining the results from the first and second place responses to this question, demonstrates that 58% of respondents who are or were reluctant to participate in the MTP, are doing so due in part because of the service or package provided by the original supplier.

- **Infrequent use of the internet:** Almost a fifth of respondents[15] (17%) stated that they did not use the internet that much or just used it as a hobby. This perceived lack of dependence on the internet may preclude some consumers' participation in the MTPs.

- **Cost or risk:** Cost or the perceived risk or hassle involved in switching supplier was not a major concern of those surveyed, with only 9% saying that this would be a reason for lack of participation.

Figure 5 - Why were you not/would you not have been interested in taking part in the scheme? [n=54]



[15] 9 out of 54 respondents

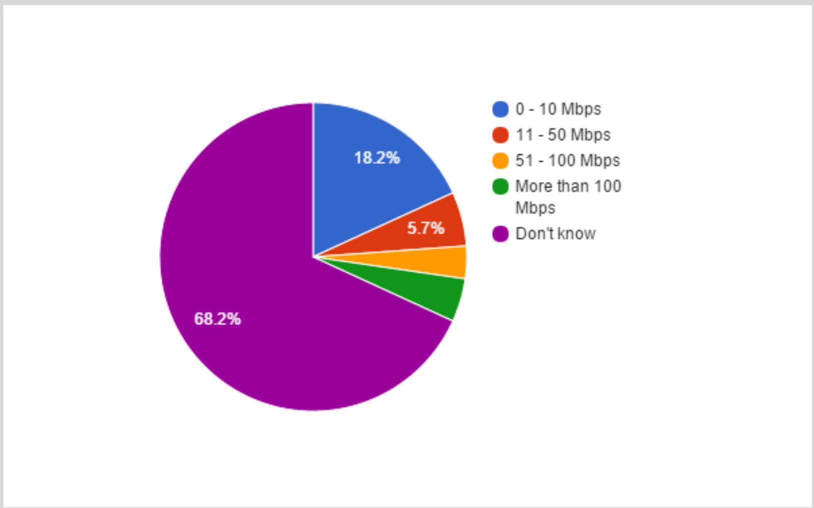
The table above is helpful in identifying what consumers perceive as being their own reasoning for not pursuing the MTP offer, but the survey also helped to identify further underlying factors which might act as a barrier to take-up:

2.2 Lack of knowledge of internet speeds

- There are a significant number of respondents who are unsure of their advertised broadband speed. Over two thirds (68%) of those surveyed[16] weren't able to say what the advertised speed of their broadband was.

- Almost a quarter of those surveyed (22%) didn't know if their actual speed was slower than their advertised speed.

Figure 6 - What's the advertised top speed of the internet package you have with your broadband supplier? [n=177]



- Of those that did have a more definite idea of their advertised broadband speed, 18% said they received 10 Mbps and below.

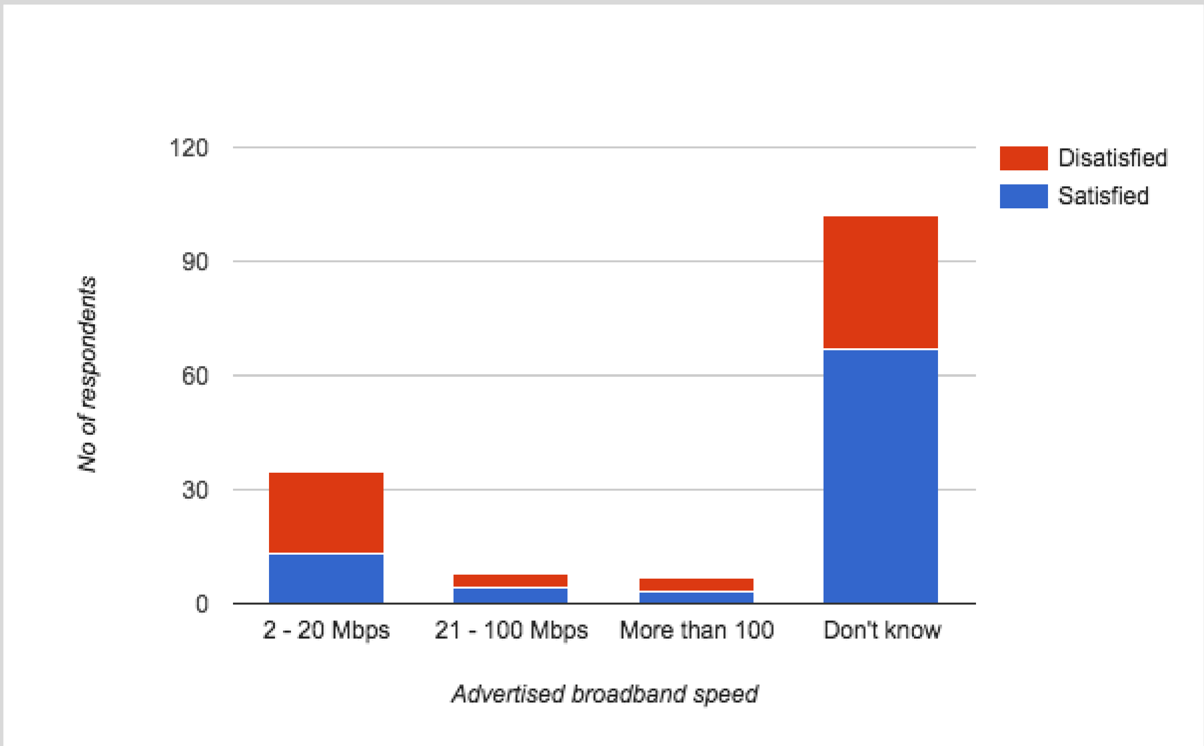
- There was no definitive correlation between internet speed and satisfaction with service. As one would expect, there were proportionally greater numbers of dissatisfied customers with speeds below 10 Mbps. However, there were also a number of dissatisfied customers who claimed to have speeds of over 100Mbps.

- The largest number of dissatisfied customers were those who couldn't confirm what their internet speed was. This may reinforce the suggestion that consumers are more interested in output and the practical ability of their connection to deliver what they want in terms of downloads and streaming, as opposed to being overly focused on achieving a specific speed. Therefore, targeting marketing of the MTP technology towards capability of output (e.g. ease of video streaming/ video calls) rather than Mbps speed may achieve greater interest from the consumer.

[16] 120 out of 177 respondents

- In addition, the fact that 5% of respondents stated that they had access to speeds of over 100 Mbps (and a significant number (78%) claimed they receive above 21 Mbps) suggests that, considering these are areas identified by Local Authorities as not being able to receive a superfast service, individuals are not always confident in accurately assessing their internet speeds, and these particular findings should be used with caution.

Figure 7 - advertised top speed of internet package Vs satisfaction/ dissatisfaction with service [n=177]



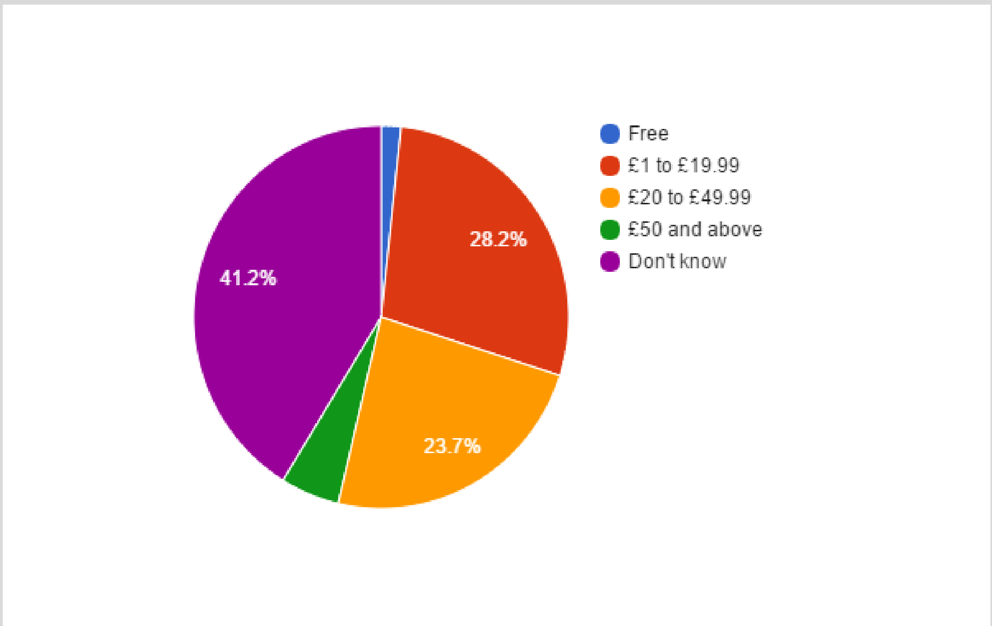
2.2 Mixed awareness of cost of internet per household:

- A significant proportion of those surveyed[17] (41%) stated that they did not know how much they paid per month for the internet. This might suggest that price is not always the primary consideration for consumers when purchasing broadband. This also seems to reflect the finding in *Figure 5* above, where concerns about the cost of switching supplier was only the fourth priority among those reluctant to switch to the MTPs.

- The current survey results do not allow us to examine what is included in this “price”. For example, the question asks about the cost of the internet solely, however we know that 84% of respondents buy their internet through a bundle or package. As a result, for many respondents, this price will reflect other services such as telephone and TV packages.

- Similarly, the high number of those answering “don’t know” to this question might reflect that if they buy their internet as part of a bundle, they would be unable to quantify how much they are paying for internet alone.

Figure 8 - How much do you pay per month for internet? [n=177]



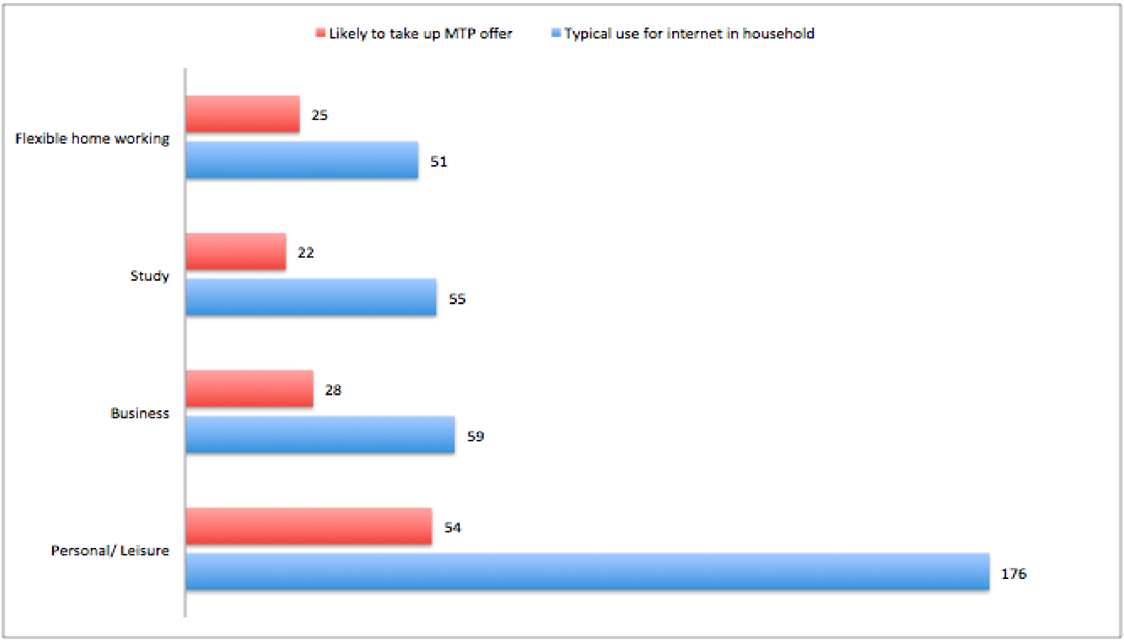
2.3 Household use of internet and rate of take up

- Unsurprisingly, the majority of people surveyed (99%) reported that they used the internet for personal or leisure activities. In terms of likelihood of take up, those that used the internet for personal activities reported a 30% chance of take up.

- Those that used the internet for business activities recorded a 47% chance of take up. This presumably reflects the fact that those using the internet for business reasons will require faster speeds, or place higher importance on getting those speeds if the opportunity arises.

[17] Asked how much they paid per month for the internet, 73 out of 177 respondents stated they did not know

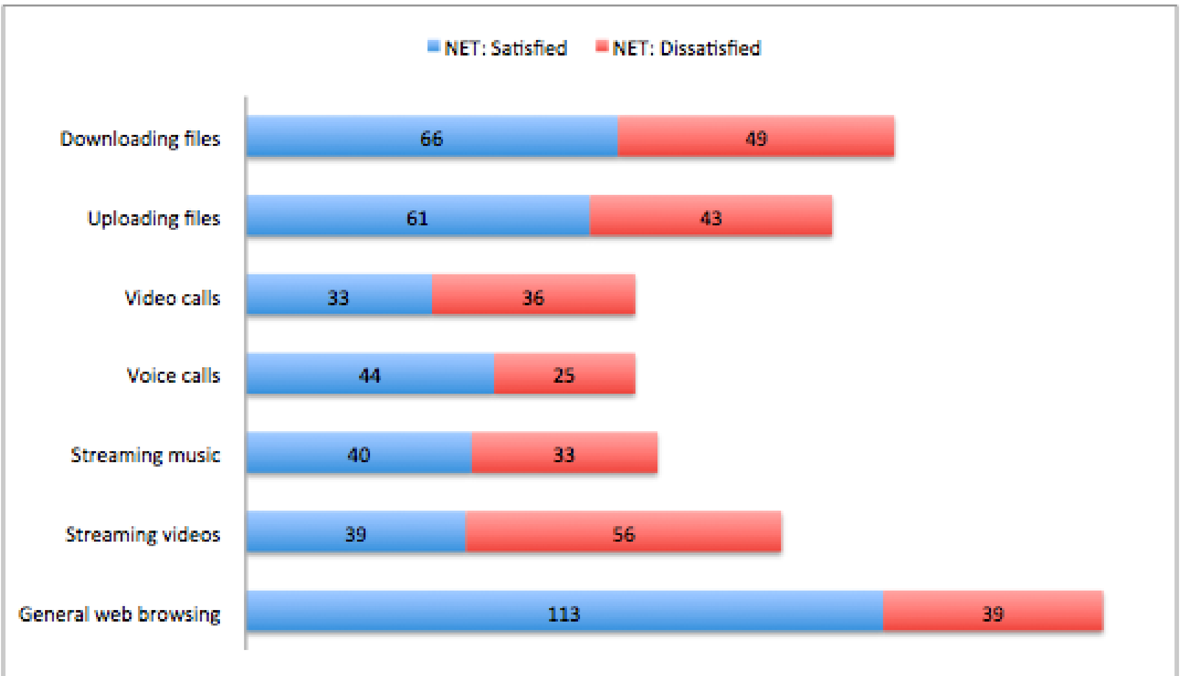
Figure 9 - What do you usually use the internet for Vs Likely take up of MTP [n=177]



- When asked to state their satisfaction with various online activities, the majority of respondents (64% vs 39%) stated that they were satisfied with the general web browsing abilities of their current provider.

- In fact, music streaming, voice calls, and uploading/downloading files, all had a greater number of satisfied responses. The only two categories of online activity where the respondents were not currently satisfied were video calls (although this was marginal) and video streaming. This suggests that there is an opportunity to direct marketing towards the impact of superfast speeds on video streaming and video calls in order to encourage greater take up.

Figure 10 - How satisfied are you with your experience with the following online activities? [n=177]



Chapter 5: Conclusion

The main barrier to uptake of the MTPs was a lack of awareness of the offer among potential consumers.

Once lack of awareness is taken out of the equation, the primary reason for lack of participation is the consumer's relationship with their current supplier. 58% of those surveyed stated that they did not participate in the MTP offer due to being satisfied with the provision of the original supplier or because they wanted to retain the benefits of their current internet bundle/ package or contract.

Other factors that might also impact on MTP participation include a lack of understanding of internet speeds or an individual’s perception that they are not a frequent enough user of the internet to merit switching suppliers. Both of these factors affect the consumer's motivation to switch suppliers and try a new service.