European Broadband Consumer Survey 2024

Belgian cut

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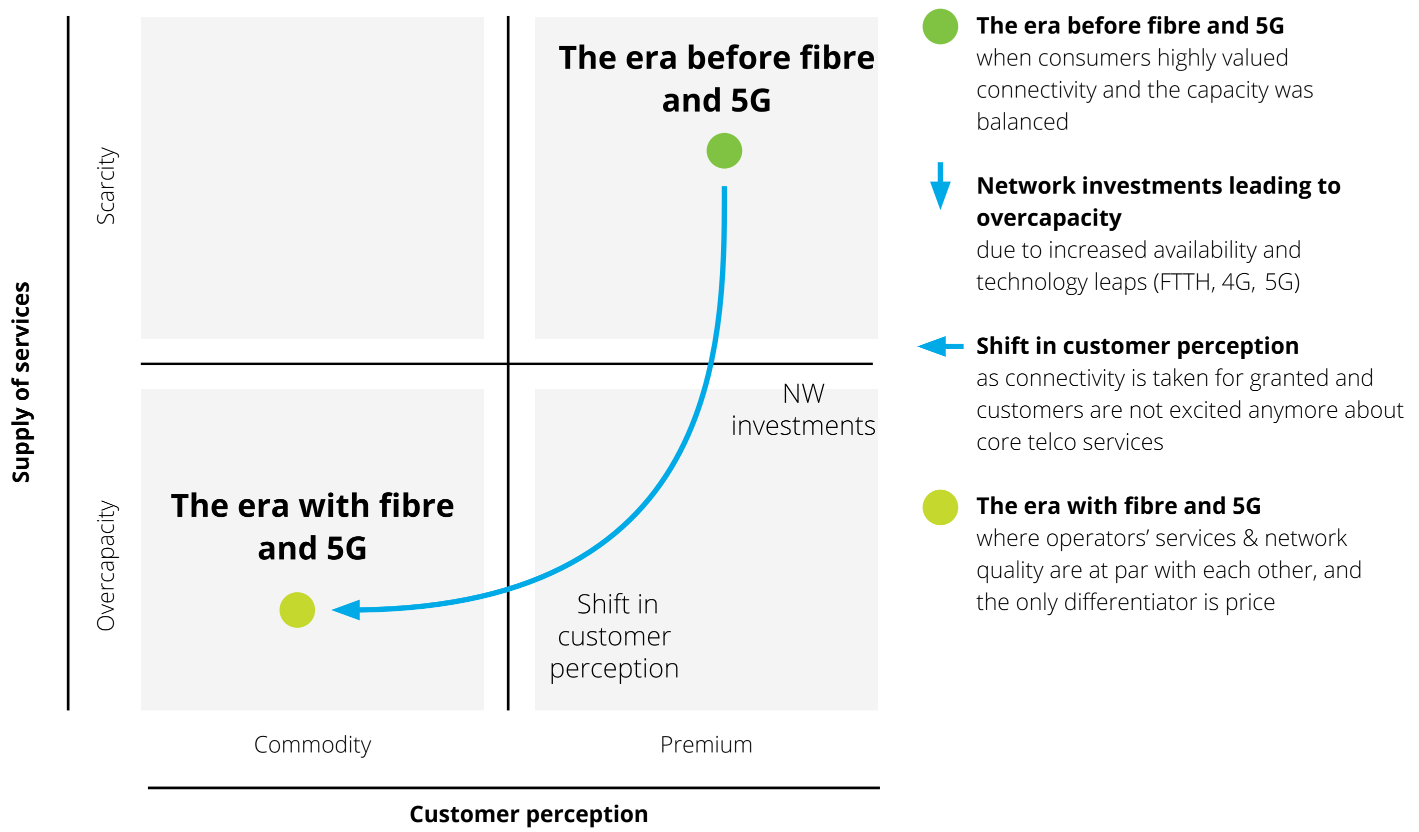
Setting the scene

Challenging times for European telcos

European telcos are navigating a challenging landscape. Over the last decade, they have invested over €500 billion[1] in new infrastructure development such as fibre optics or 5G networks, aligning with the EU's ambition to provide gigabit connectivity to consumers across Europe. These efforts have successfully supported the development of a competitive European digital economy while European citizens also reap the benefits of state-of-the-art connectivity. In Belgium, consumers in rural areas benefit from one of the largest broadband coverage rates in Europe[2]. However, despite these significant investments, telcos are finding it increasingly difficult to monetise their assets.[3,4]

Deloitte research suggests growing uncertainty regarding future B2C and B2B consumer demands (see figure 1). Currently, existing connectivity capacity meets consumer needs, leading to an overcapacity and consumer indifference to increasing speeds. As a result, high-speed connectivity is now seen as standard rather than a premium service, making it difficult for telcos to monetise investments such as fibre optics and 5G networks.

Figure 1: Changing realities for European telcos



Source: ETNO The State of Digital Communications 2023. Stern NYU, Deloitte analysis

1. ETNO, Future of Electronic Communications Networks in Europe, September 2023, Deloitte analysis.
2. According to BIPT/IBPT figures https://www.bipt-data.be/en/atlas
3. June 2023, Decision time for Europe's telcos, Deloitte Netherlands;
4. Deloitte research

Additionally, as indicated in figure 2, rising capital costs are further complicating their financial situation and, as a consequence, it is becoming increasingly challenging for telcos to achieve returns that meet or exceed their weighted average cost of capital (WACC).

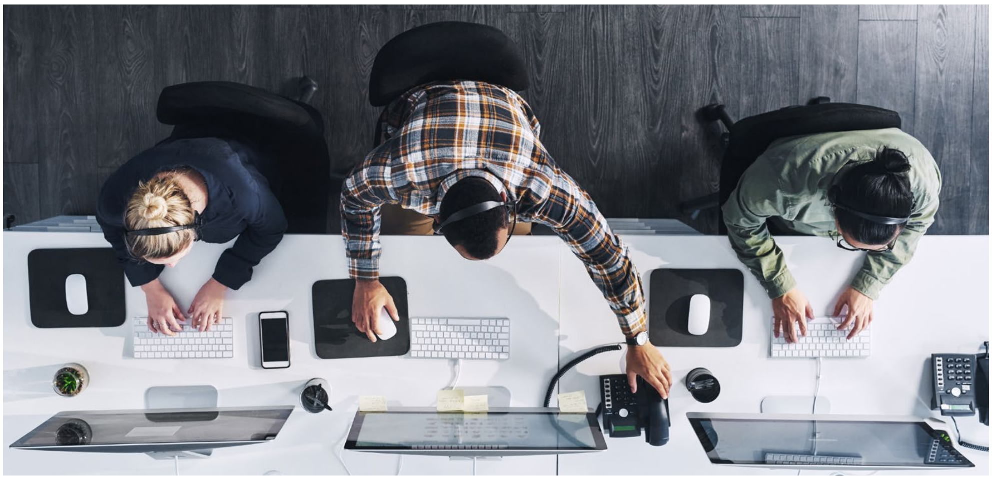
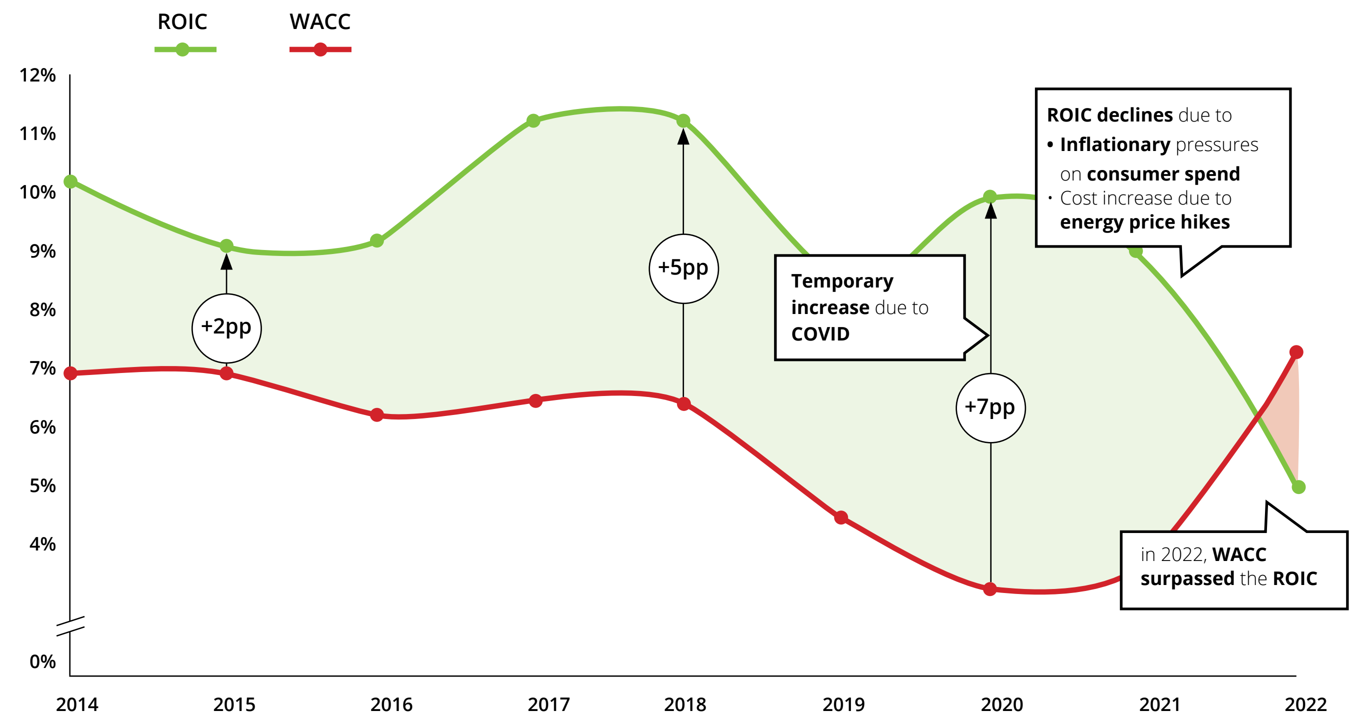


Figure 2: Return on capital vs WACC for European telecom operators
2014-2022, Europe, % (annual)



Source: ETNO The State of Digital Communications 2024. Stern NYU, Deloitte analysis

While similar financial pressures are faced by Belgian telcos, the existence of well-established and performing DSL and cable networks have mitigated the urgency to upgrade to fibre optic networks, allowing for a smoother, more gradual transition and limiting pressure on new infrastructure developments.

To keep thriving, European telcos must adapt to consumer expectations, explore new revenue streams, or enhance operational efficiencies to maintain profitability.

Introducing the Broadband Consumer Survey

In this challenging context, Deloitte's 2024 European Broadband Consumer Survey provides critical insight into consumer preferences and behaviours in seven key Western European markets: Germany, France, the United Kingdom, Italy, Spain, the Netherlands, and Belgium. This in-depth study surveyed more than 13,000 participants, providing a detailed overview of broadband usage, user satisfaction, and expectations for emerging technologies. This survey is essential to understand how consumers react to and anticipate the changes introduced by new technologies such as fibre optics and 5G.

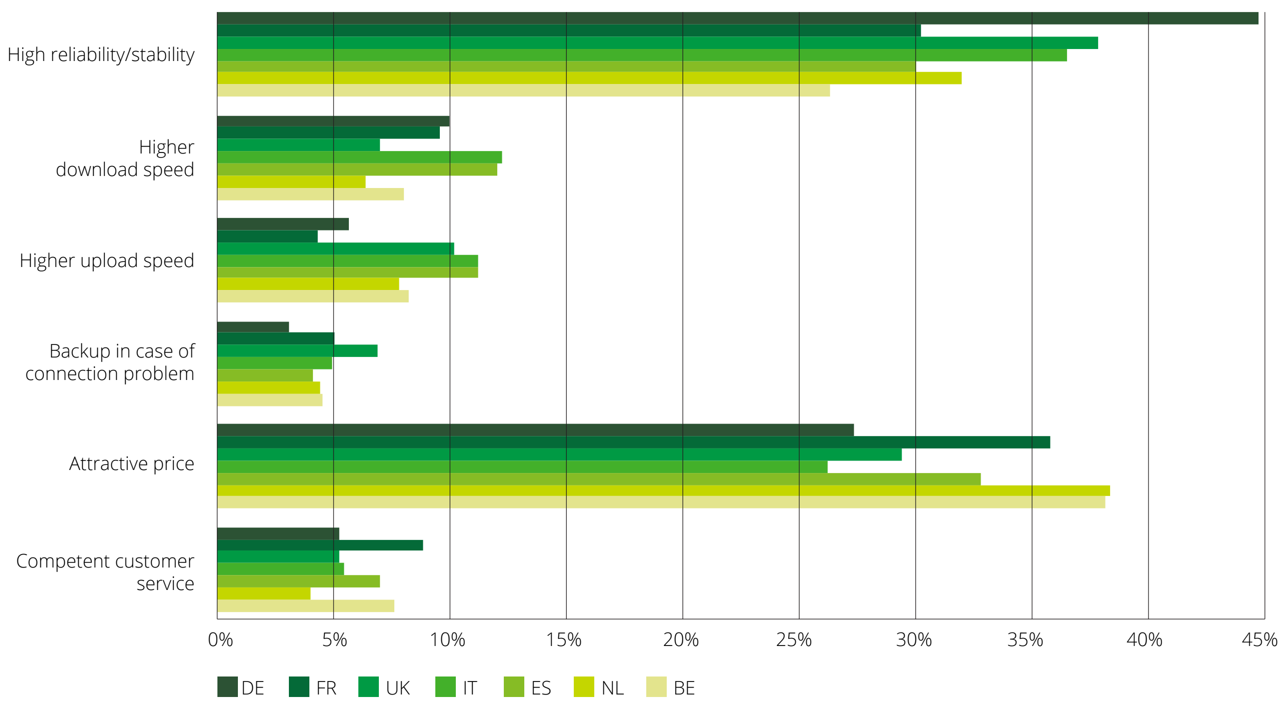
The findings indicate that while there is broad satisfaction with current home broadband services, there is also a significant importance attached to stability and price over sheer speed. In addition, consumers appear willing to pay extra for hardware that enhances the performance and reliability of their in-house broadband services.

Stability and price over high-speed connectivity

High-speed connectivity does not appear to be a viable differentiator for European telcos, our survey reveals. When asked about their key concerns when choosing an internet provider, consumers pointed to the stability, reliability, and affordability of their internet connection as the key decision factors (see figure 3).

This trend is particularly evident in Belgium, where consumers appear to be highly price sensitive and demand reliable and stable connections. Not so surprising as 28% of survey respondents declared experiencing at least one issue per month, both with their fixed and mobile broadband subscriptions, as indicated in figure 4.

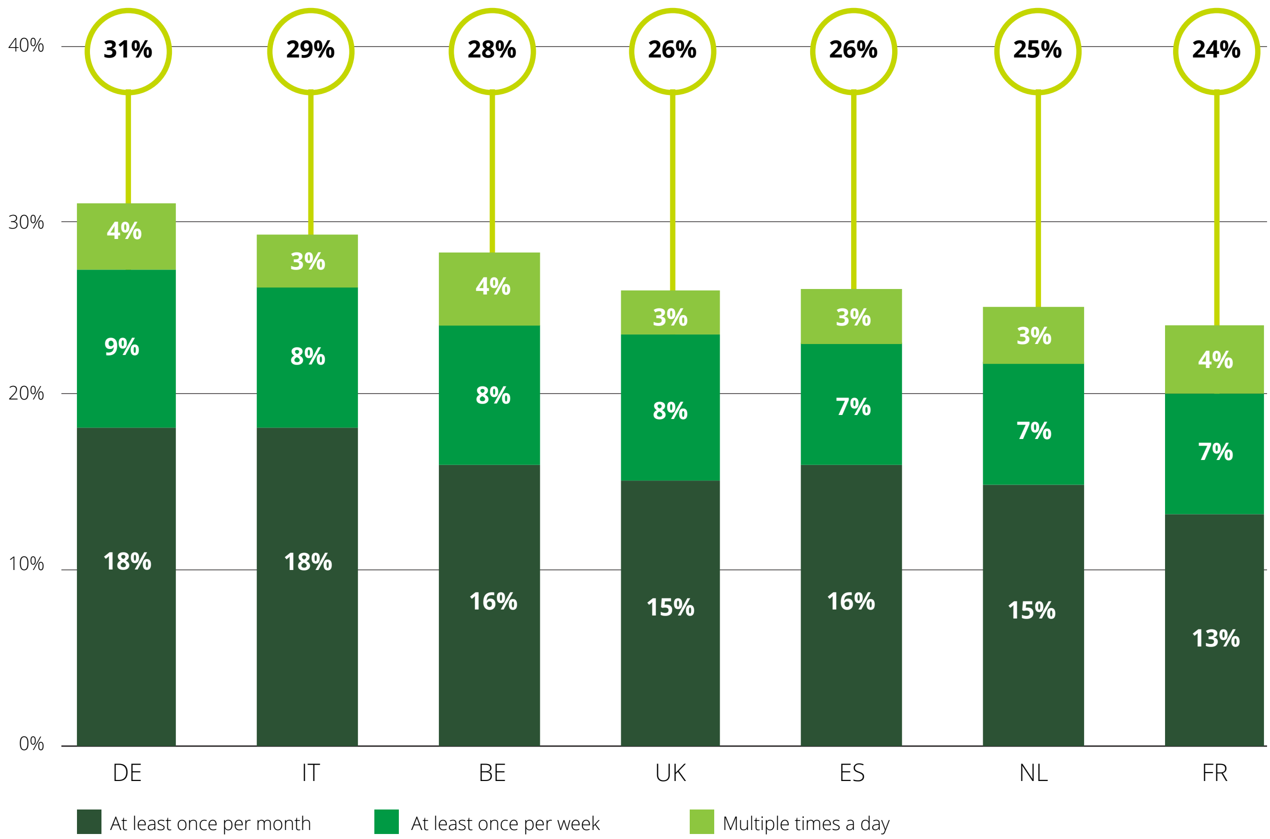
Figure 3: What do you consider to be the most important factor when thinking about a future internet connection for your household?



Source: European Broadband Consumer Survey 2024, Deloitte analysis

Given the demand uncertainties and growing consumer indifference to increasing speeds, European telcos can gain a competitive edge in the B2C segment by focusing their investments on improving network stability and reliability, and offering competitive pricing to attract and retain consumers.

Figure 4: How often have you had problems* with your home broadband connection in the last year?



*e.g., signal failures or extremely slow connections

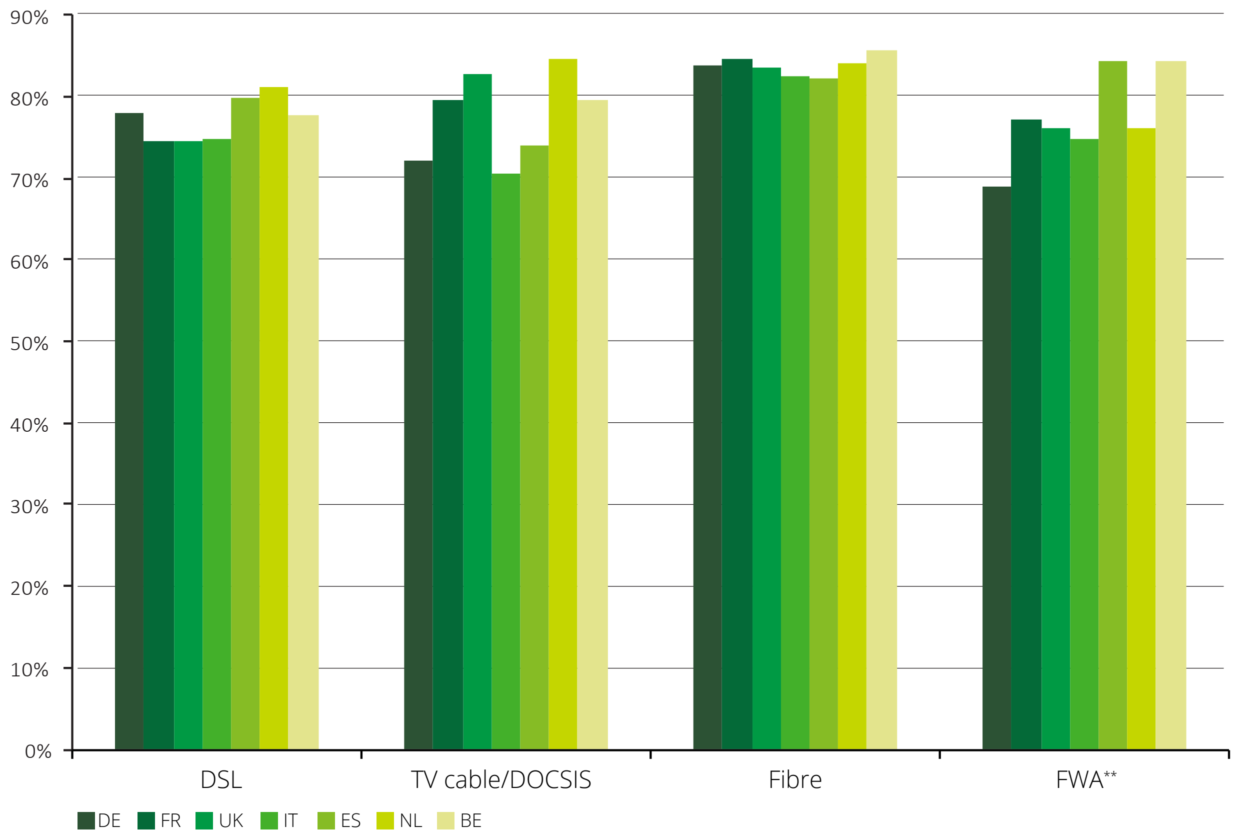
Source: European Broadband Consumer Survey 2024, Deloitte analysis

High satisfaction with broadband services

When asked about how satisfied they were with their broadband service providers, consumer satisfaction was high across the countries surveyed.

Zooming in on home broadband services, satisfaction levels were high with minimal differences between technologies such as fibre, DSL, and cable (see figure 5 and 6). However, the results also indicate that there is still room for incremental improvements across the board.

Figure 5: Consumers who are satisfied* with their current home broadband service provider (by technology)



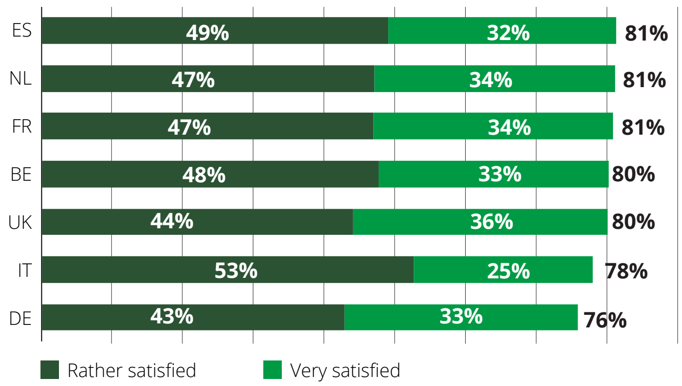
*Sum of "very satisfied" and "rather satisfied"

**Incl. informal FWA via tethering

Source: European Broadband Consumer Survey 2024, Deloitte analysis

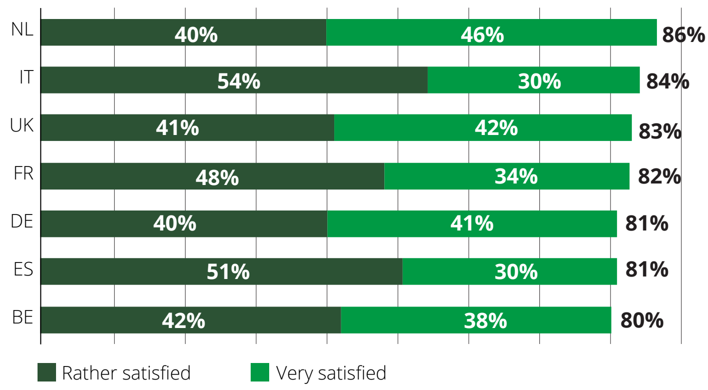
Looking at mobile broadband services (see figure 7), consumers generally express higher levels of satisfaction compared to fixed broadband services, suggesting that mobile networks are meeting consumer expectations more effectively in terms of coverage and reliability.

Figure 6: How satisfied are you with your current home broadband service provider?



Source: European Broadband Consumer Survey 2024, Deloitte analysis

Figure 7: How satisfied are you with your mobile network provider for voice and data services via smartphone?



Source: European Broadband Consumer Survey 2024, Deloitte analysis

In Belgium, satisfaction levels are consistent with those in other European countries surveyed. However, fibre users tend to be slightly more satisfied compared to users of other home broadband technologies. Belgian consumers report slightly lower satisfaction with mobile network services, indicating potential areas for enhancement. Furthermore, our results show that Belgians point to poor voice connection, signal failure, and unstable data connection as the most common issues (see figure 8). In rural areas, discontent with mobile broadband services could also be due to a lack of sufficient coverage, as indicated by BIPT/IBPT figures.

Figure 8: Which problems do you have with your current mobile connection?

Source: European Broadband Consumer Survey 2024. Deloitte analysis

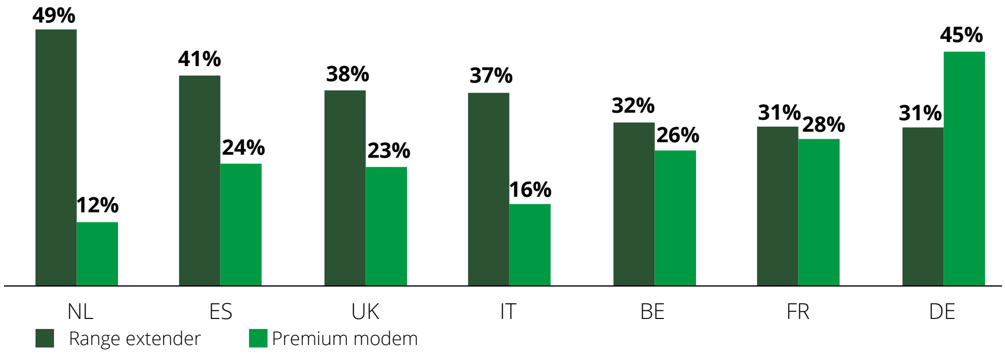
Premium in-house connectivity services

Our results show that the use of range extenders and premium modems in Europe is substantial, with range extenders being the preferred solution across Europe, except in Germany where consumers tend to use significantly more premium modems. In Belgium, 32% of respondents declare using range extenders while 26% use premium modems (see figure 9).

The prevalence of range extenders suggests that European consumers are seeking cost-effective and user-friendly solutions to improve connectivity performance and eliminate dead zones at home. This trend is likely to continue as routers support increasingly higher speeds, using higher frequencies that have lower reach. For instance, Wi-Fi 6 technology operates on the 5 GHz and even 6 GHz bands, which provide faster data rates but have a more limited range compared to the 2.4 GHz band. Additionally, governments are pushing consumers to build and renovate homes with insulating materials to enhance energy efficiency. These materials, such as spray foam insulation and certain types of drywall, can significantly reduce the reach of routers and the reception of mobile data signals.

These results indicate a market opportunity for telcos to answer the consumer need for stable and reliable connectivity by offering and promoting premium in-house connectivity solutions and potentially bundling them with existing services. Those performing but also cost-effective solutions will enable the operators to drive consumer adoption and further enhance consumer satisfaction and loyalty.

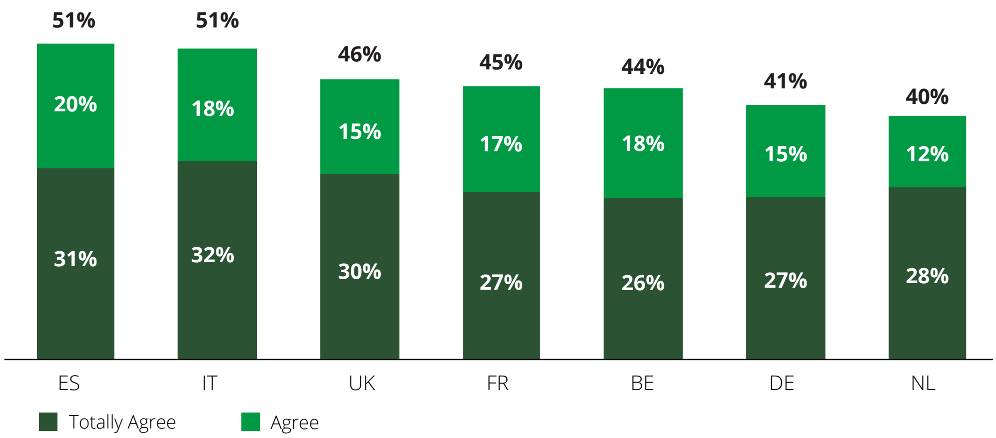
Figure 9: Do you use range extenders and/or premium modems to ensure WLAN coverage in your apartment or house?



Source: European Broadband Consumer Survey 2024, Deloitte analysis

Our results also indicate that Belgian consumers are becoming increasingly open to alternative connectivity solutions such as fixed wireless access (FWA). Figure 10 illustrates this trend. This technology presents a genuine opportunity for Belgian telcos to enhance broadband performance and reliability in rural areas of Belgium, while optimising their infrastructure investments. Beyond infrastructure, this "plug-and-play" solution could appeal to consumers looking for hassle-free connectivity solutions.

Figure 10: Agreed* with the statement: "I would be willing to replace my existing fixed broad-band connection with a FWA connection, provided it offers the speed and reliability I need."



*Sum of "totally agree" and "agree"

Source: European Broadband Consumer Survey 2024, Deloitte analysis

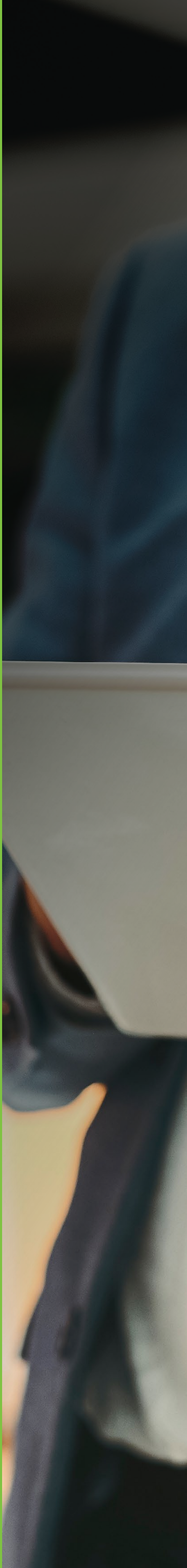
What it means for European telcos

Addressing the challenging market conditions is vital for European telcos to remain profitable.

Our survey demonstrates that European and Belgian B2C consumers are highly satisfied with their current home and mobile broadband service providers. Higher internet speeds are not a key decision factor for most consumers, suggesting that current speeds are sufficient to meet their needs. Instead, reliability, stability, and price are the primary factors influencing their choices. European consumers are also willing to pay a premium for more reliable and stable broadband services through, for example, the purchase of range extenders or premium modems.

Addressing the overcapacity issues is vital for telcos to maintain their profitability in a challenging and evolving landscape. This will involve optimising existing resources, exploiting new technologies such as FWA, exploring cost-reduction strategies, and potentially rethinking pricing models.

Belgian telcos, in particular, should focus on differentiating themselves in a B2C market where price and stability are key drivers for consumers. By adopting a customer-centric strategy, they will be better equipped to navigate the challenges and opportunities, ensure sustainable growth, and improve customer satisfaction.



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