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Marketing Smart Wi-Fi: The Key to Broadband Differentiation

Creating a new Wi-Fi service pillar for broadband service providers

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Contents

Summary

The chief marketing officer and corresponding marketing teams should be the real driving force behind the decisions to capitalize on the benefits of smart Wi-Fi and meet the needs of subscribers. Wi-Fi gateways were once seen as a basic tool that simply replaced the ethernet cable connecting the PC to the broadband network to allow some flexibility and convenience. However, today they can manage the connection to tens of devices, controlling and ensuring the quality of each application for every different type of device. They can also deliver a range of additional services and features that enhance the whole-home experience and generate new revenue opportunities for service providers of all types. Marketing departments must capitalize on this new service opportunity now if service providers are to confirm their position as the central provider of the connected home.

Omdia view and recommendations

- **Broadband quality of experience has never been so important.** Even before the COVID-19 pandemic, broadband access was a vital service to many households. However, the crisis has emphasized how critical broadband is to everyday living, both during and beyond the pandemic, and how important it is that this is a high-quality service if it is to meet the new consumer demands.

- **The home Wi-Fi network is central to delivering an overall quality experience.** Quality of experience (QoE) goes far beyond just speed, and none of the important QoE metrics that consumers value and judge their service providers on can be delivered without first ensuring a high-quality home Wi-Fi service. It is therefore imperative for service providers to have a cloud-based management platform that monitors the QoE in the home in real time.

- **Marketing departments must recognize Wi-Fi as a key differentiator.** Broadband service providers have focused for too long on speed versus price, and these messages are starting to lose their impact. Marketing departments must focus on the overall quality of the service and highlight home Wi-Fi as a key element in their messaging.

- **Explore the new targeting possibilities with customer insights.** Smart Wi-Fi platforms are a key service differentiation. Best-of-breed service providers have therefore used all the standard marketing channels that get them the most exposure. The platforms themselves then provide a significant amount of customer data. These insights provided from the cloud can be used for more efficient marketing: targeting key services, enticing consumers to upgrade, and more. However, service providers are still exploring the best way to use this data for marketing purposes while still maintaining customer trust. Future opportunities could be significant, so all service providers must explore all options here.

- **Service providers must stop thinking of Wi-Fi as just a technology.** Home Wi-Fi is often associated simply with hardware, and to give customers choice, many services offer a range of device options. However, this assumes consumers understand and will fix their issues for themselves. Service providers must think of Wi-Fi as a service with a focus on optimizing the customer experience by understanding and removing customer pain points.

- **There are many ways to monetize home Wi-Fi.** Consumers will pay for quality. By using a combination of next-generation access and smart Wi-Fi platforms, service providers can create new levels of service differentiation that they can monetize. There is no right or wrong way of creating this monetization, but it is clear that once a strategy is decided on it must have the full weight of the marketing department to convey the message to the customer.

- **Advanced parental controls and Internet of Things (IoT) security are the current hot-ticket items.** Smart Wi-Fi platforms offer a new and very efficient service delivery platform into the home. This offers a range of possibilities, but most service providers are currently focused on advanced parental controls and IoT security features.

- **Vendors and service providers must continue to innovate to drive new value.** To continue to engage consumers and open up new revenue opportunities, service providers and their vendor partners must continue to innovate to allow a wide range of services and applications that consumers can use to personalize their connected-home experience.

- **Think of Wi-Fi as being part of the whole-home experience.** Individual dedicated apps can be frustrating for consumers, offer limited value, and are easy to forget. To drive true customer engagement, service providers should either focus on other ways of engaging with their customer base or develop single integrated applications that encapsulate all service provider services and service features.

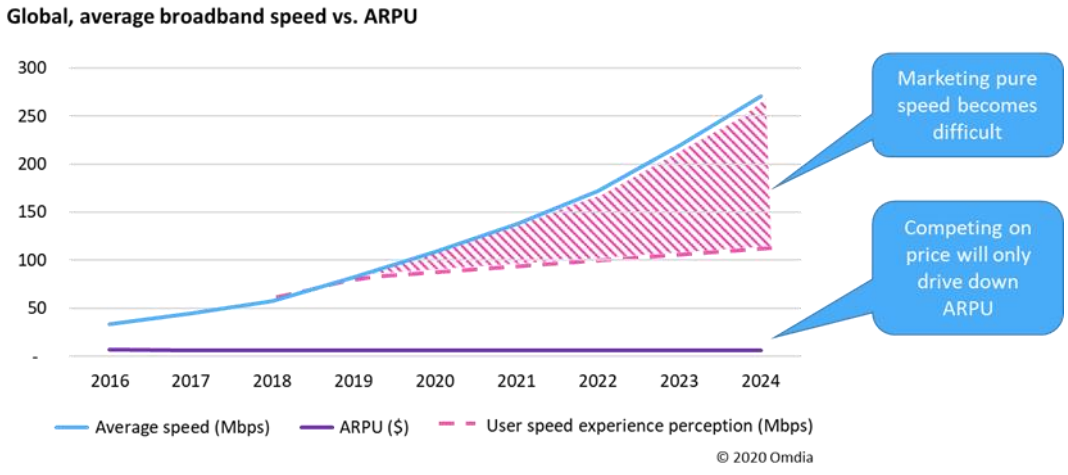
The importance of smart Wi-Fi in a post-COVID-19 world

QoE was already a hot topic before COVID-19

Marketing the overall QoE of a broadband service is critical in today's market. In the past, broadband service providers focused their marketing efforts mainly on speed and price. This was adequate for the early stages of broadband, but as the average broadband speed has climbed into the hundreds of megabits per second, it has become increasingly difficult for service providers to differentiate services on speed alone. Focusing back on price will only induce further price wars to the detriment of all service providers.

Differentiating on speed alone becomes difficult eventually: once a certain threshold has been reached, consumers believe that their speed requirements have been met . Previous Omdia surveys suggest this is currently between 50 and 100Mbps, depending on the customer. At this point, if there is little else to distinguish different offers, there is little to entice consumers to move or upgrade (see Figure 1).

Figure 1: Broadband service providers must change their marketing strategy



Source: Omdia

Therefore, in order to differentiate services in the future, service providers must focus less on speed and more on the overall QoE that they deliver. Broadband is now seen by

most consumers as being an essential service, facilitating many aspects of their daily lives. Being seen as the service provider that delivers this in the best-quality way will bring significant service and brand differentiation.

The critical metrics that make up broadband QoE

So, beyond speed what do consumers value in a broadband service? Value for money, of course, comes into it, but when it comes down to it consumers will pay for quality, and based on Omdia surveys that means (in order of importance)

- A 100% reliable service
- Good and efficient customer service when things go wrong
- A good-quality Wi-Fi connection in every room
- Fast broadband speed
- Optimal delivery of high-quality media applications

A service provider needs to have a number of qualities in order to meet all these requirements. However, what is clear is that none of them is possible without investing in, and managing, a high-quality Wi-Fi platform.

COVID-19 has put a further spotlight on the Wi-Fi network

If broadband was important to consumers before COVID-19, then the crisis has only served to heighten its importance. Certainly, in developed countries, most service providers are reporting steep rises in traffic because consumers are confined to their homes for work, educational, social, and entertainment purposes.

However, it is not just traffic that is on the increase. Signal noise on the Wi-Fi networks has reached new highs as the number of connected devices trying to access the internet at any one time has risen. Cybersecurity-related attacks have also increased, in some cases by a reported 670%, and as highlighted by Comcast in the US, parental control applications have also never seen such high levels of engagement. The home Wi-Fi platform's ability to handle this new reality, in terms of both monitoring and managing QoE and being able to deliver and manage new services and features, is critical to the continued delivery of a good-quality broadband service.

Smart Wi-Fi is crucial to long-term success

Although, hopefully, the COVID-19 pandemic will only be short term, it has created a step change in consumer behavior that is unlikely to ever revert to what it was before the crisis:

- Although people will start to return to the office, home working will become the norm for many as businesses and governments look to encourage this new way of working on a more long-term basis.
- Education (especially for older students) could become more of a mixture of face-to-face and distance learning.
- Demand for smart home devices (especially for assisted living and security) is expected to increase further in 2021 as consumers start to adapt to the new social norms.
- New growth in usage around applications such as over-the-top (OTT) video, video calling, and e-commerce is unlikely to ever be reversed.

COVID-19 will have highlighted the importance of smart Wi-Fi to many, but it is this “new normal” that will truly accelerate the greater uptake.

Introducing Wi-Fi as a service

A new marketing opportunity

Service providers must now look at home Wi-Fi in a different way, as more of a service element than just a piece of hardware. Wi-Fi is a key element of the broadband service, yet many service providers either ignore it completely as a market differentiator or simply offer a range of hardware routers and peripheral devices such as Wi-Fi extenders, letting the consumer decide what it is they want or need. Taking a different approach and offering the consumer a service that optimizes their broadband home experience offers the customer better value and instantly takes away the pain points they might previously have been expecting but did not know how to fix.

Consumers will not resolve their issues by themselves

For many years, broadband service providers saw the broadband router largely as a cost burden. Most, albeit not all, had to offer the device free to customers to remove any potential cost barrier to service take-up and/or to remain competitive in what was becoming an increasingly price-sensitive market. Because of this, for many years the service providers' strategy was to offer their customers a relatively rudimentary, inexpensive Wi-Fi router that provided basic connectivity. If the customer wanted something more advanced, they could upgrade to a more premium offering, either from the service provider's own online store or from a third-party store if they preferred.

There were two issues with this strategy:

- The vast majority of consumers did not have the technical knowledge to understand what Wi-Fi issues they faced and thus how to solve them. Even if they did, most would not be inclined to solve it by themselves because they saw the responsibility as being on the service provider.

- Even if the consumer did wish to upgrade their Wi-Fi, they would normally just be presented with a list of different hardware devices with names such as the AVM FRITZ! Box 7590, followed by a list of technical acronyms that most people would not understand, never mind know whether such technology would improve their situation.

It is not surprising, therefore, that the vast majority of consumers stick with the router they are offered by their service provider and then simply complain about their broadband service or wait and churn to another service provider. According to the results of previous Omdia interviews with service providers, up to 60% of all broadband support

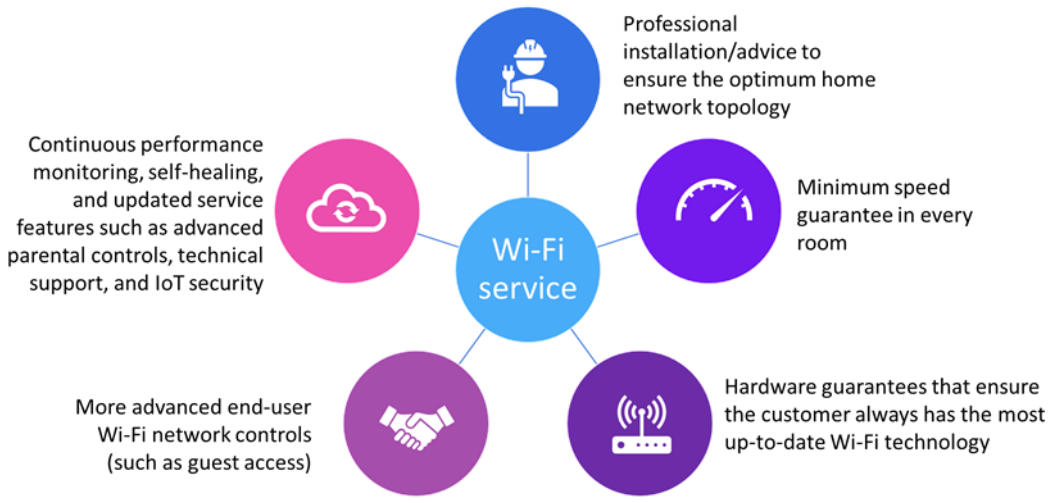
calls turn out to be Wi-Fi related. In one case in the US, a service provider calculated that 65% of customers who had faced Wi-Fi issues did not actually call the service desk but waited until the end of their contract, when 50% of them would churn to another service provider.

Communicate the experience, make it easy, remove any barriers

Waoo in Denmark was one of the first service providers to position Wi-Fi as not a piece of technology but a service. Waoo is a pure fiber-to-the-home (FTTH) provider and has therefore naturally positioned itself as a high-quality broadband provider, but it is the combination of FTTH and smart Wi-Fi that it believes delivers ultimate user experience. Waoo, therefore, offers smart Wi-Fi as a service on top of broadband: the customer receives a high-quality connected-home experience through a range of features.

Omdia has noticed a gradual shift in more innovative service providers moving in this direction, providing guarantees and a range of service and technical features that make up a new kind of home experience. Figure 2 illustrates some of the features that can be included, although note that this is not an exhaustive list, nor must service providers always include all of them.

Figure 2: Creating a new Wi-Fi service



Source: Omdia

The new features that make up the ultimate smart Wi-Fi experience

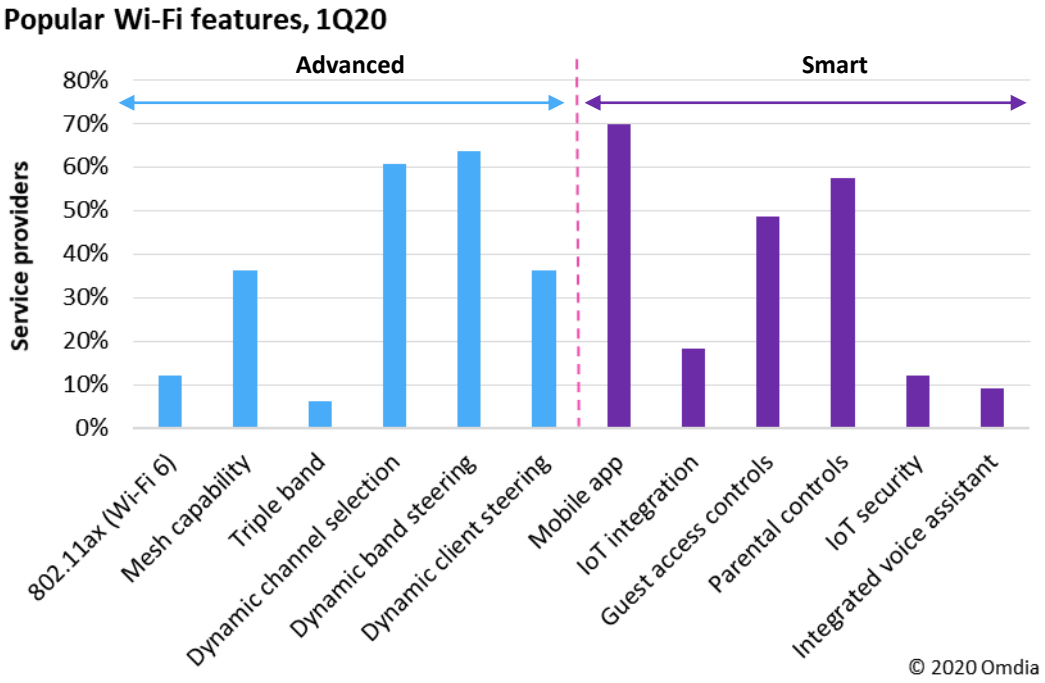
Step one for any service provider is to optimize the actual Wi-Fi connectivity experience through a mix of hardware and software features:

- Rollout of the latest Wi-Fi standard (e.g., Wi-Fi 6)
- Deployment of mesh Wi-Fi capabilities for those households that need more than a single access point

- Adoption of advanced Wi-Fi features, specifically
  - Dynamic channel selection
  - Dynamic band steering
  - Dynamic client steering
  - Dynamic power management
  - Application prioritization

Step two is to use the smart Wi-Fi platform to remotely and dynamically add a range of new services and features that serve to either improve the overall broadband experience or drive new revenue opportunities. Based on Omdia's *Service Provider Smart Wi-Fi Tracker and Benchmark: 2020*, Figure 3 shows the current availability of both these "advanced" and "smart" Wi-Fi features in the most advanced countries.

Figure 3: Smart Wi-Fi features are gradually being added to the consumer experience



Source: Omdia

Advanced parental controls and IoT security are the current hot-ticket items

COVID-19 has further highlighted the need for more advanced parental controls and whole-home cybersecurity services. It is no surprise, therefore, that in all Omdia's interviews with service providers and vendors, these two smart Wi-Fi features are always at the top of the list when it comes to the current focus. Omdia expects continued development and service launches in both areas over the next 18 months.

Cloud management is key

Service providers should have a cloud-based platform that continuously monitors home networks by providing real-time, actionable insights into subscribers' Wi-Fi performance. These systems often provide remote monitoring and self-healing/troubleshooting. They should help to quantify the quality experience of each household with actionable insights and be able to provide proactive recommendations. These insights can then be used by and benefit marketing departments and customer care and engineering teams alike.

Premium technical support and Wi-Fi motion are next in the pipeline

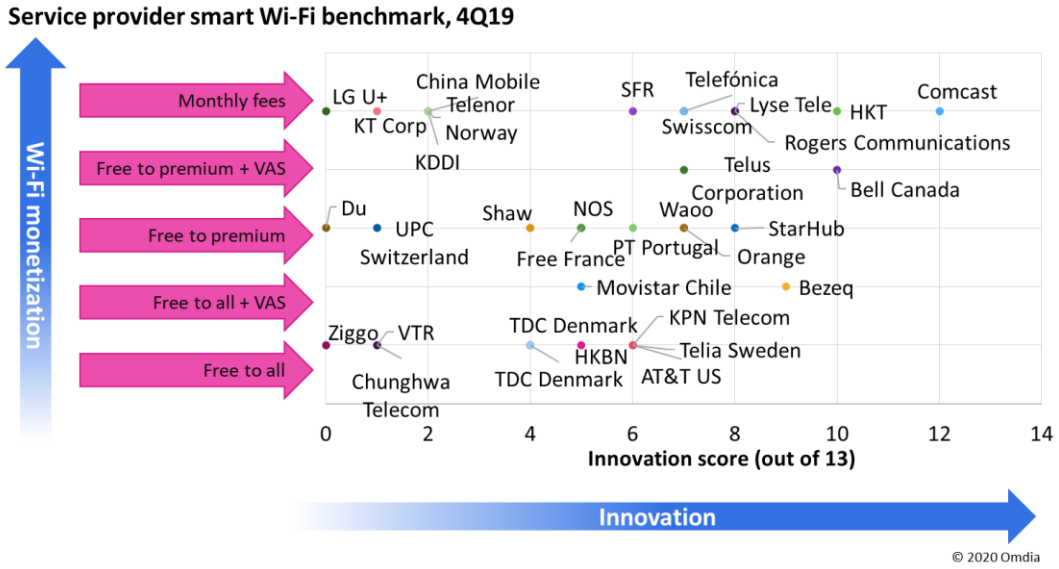
Two other features that are firmly on the roadmap are premium voice-enabled technical support services and Wi-Fi motion detection (otherwise known as Wi-Fi Doppler Imaging). Premium technical support uses artificial intelligence (AI) data analytics and remote access to provide an advanced, voice-activated technical support service into the home that can cover all connected devices and applications. As the connected home becomes ever-more complicated, Omdia expects that such services will become increasingly important and, therefore, potentially a new revenue opportunity for broadband service providers. Although Omdia is not yet aware of any live deployment of such a service, we are certainly aware of some small pilots and that both vendors and service providers are actively researching the area.

Wi-Fi motion detection in itself is not a service but a technical feature that enables very granular detection of movement (e.g., breathing or a heartbeat) using the standard Wi-Fi radio waves already present in the home. This capability has a significant potential in the areas of home security and assisted living that could open new business models for service providers. It is therefore seen as a feature that offers good future promise.

Many ways to monetize Wi-Fi

As illustrated in the case study section of this report, as service providers continue to innovate around smart Wi-Fi they are also increasingly looking to monetize their investments. Figure 4 shows the top-level results of Omdia's *Service Provider Smart Wi-Fi Tracker and Benchmark: 2020*. Although for historical reasons there are a few countries where it is normal to charge a monthly fee for even the most basic home router, it is clear from the chart that as service providers innovate around smart Wi-Fi, they increasingly look to monetize the offering.

Figure 4: Omdia's smart Wi-Fi benchmark shows that as service providers innovate, they also look to monetize



Source: Omdia

Monetization can take various forms, from encouraging a higher percentage of consumers to upgrade to more premium broadband tiers, to offering value-added-service (VAS) features at additional cost, to moving to a more service-oriented approach where the consumer pays a monthly fee for the premium hardware and additional feature set. What is clear from the case studies, however, is that once a strategy has been decided it must have the full backing of the marketing department to make sure the right message gets across.

Case studies

Bell Canada

Initial smart Wi-Fi drivers

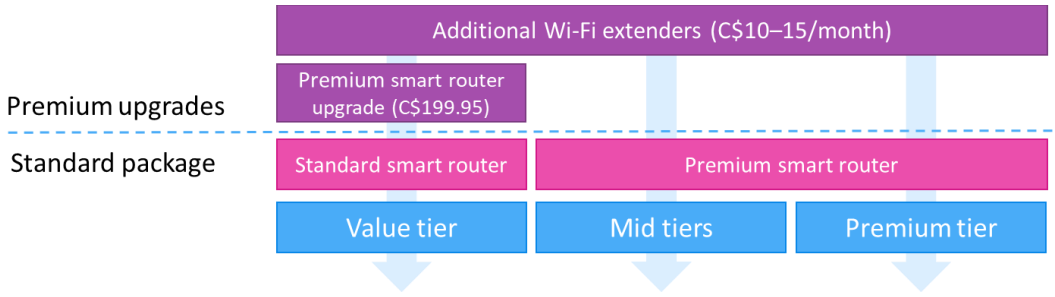
Canada has a specific issue when it comes to broadband delivery in that nearly every house has a basement. Bell Canada found that when it came to the placement of the broadband router, it tended to be either on the main floor of the home or in the basement. As the number of connected devices in the home increased, it soon became clear that a single gateway device was simply not going to be sufficient to cover the whole home.

The initial driver for Bell Canada, therefore, was simply to create a distributed architecture for basic whole-home coverage. However, Bell soon realized that consumer Wi-Fi requirements went beyond just additional hardware and that, perhaps, by investing in a smarter solution it could quite quickly own the space in the market. Broadband competition in Canada, as in virtually all other countries, had been focused on speed and price since services were launched, and Bell saw that there was an opportunity to find a new differentiation. In Bell Canada's opinion, this was a successful move because its competitors were slower to spot the trend; thus it feels it leads the smart Wi-Fi space.

Positioning

Bell Canada has taken the stance that smart Wi-Fi should be a core part of its broadband service for all customers, with premium upgrade options (mainly focused around Wi-Fi mesh extenders) for those customers that need them (see Figure 5).

Figure 5: Bell Canada positions smart Wi-Fi as standard with premium upgrade options



Source: Omdia

All new customers are provided with a smart router. Fiber and TV customers receive the premium Home Hub 3000, which comes with tri-band Wi-Fi capability, while xDSL-based broadband customers receive the standard Home Hub 2000 but with the option to upgrade to the Home Hub 3000 for an additional one-off fee of C$199.95 ($147.60). Premium-tier broadband customers get the Home Hub 3000 as standard. Bell Canada finds that for many customers, a single smart Wi-Fi router is enough to provide whole-

home coverage. However, all customers can pay a premium monthly fee for Wi-Fi extenders if they find they need them.

Marketing strategy

To market its superior Wi-Fi quality, Bell used all the standard traditional marketing channels, especially TV adverts and online targeted ads when people were searching for the term *Wi-Fi*. Customer service teams can also make recommendations on premium options to customers who might be calling the service lines with Wi-Fi related issues. This type of recommendation seems natural. However, Bell has stayed away from using customer Wi-Fi data for any targeted marketing because the company feels this is too invasive.

Success metrics to date

From a marketing perspective the number one success has been the increase in Bell's Net Promotor Score (NPS) due to the overall superior broadband experience created by FTTH plus smart Wi-Fi. However, Bell has also seen other operational benefits. Customers who take the Wi-Fi extenders tend to do so because they have more complex home networks: bigger homes and more connected devices. Before smart Wi-Fi, these customers would have been the ones disproportionately calling the customer service lines because they tend to be more demanding. Because of the smart Wi-Fi capabilities and Wi-Fi extenders for additional reach, call volumes have dropped significantly in that segment of the market, falling back in line with the norm. Bell has also experienced a decrease in truck rolls, saving significant operational cost.

COVID-19 impact

Like most countries, Canada has seen a significant increase in broadband traffic during the COVID-19 pandemic. During this period, Bell Canada has seen an increase in demand for its extenders, to some extent due to new and increased demands on the home network but also because people are now more spread out in the home (e.g., several people might be trying to work from home in different rooms) and therefore want full coverage.

Bell believes that the pandemic has also increased the level of scrutiny on network performance, which has gone in its favor because, with a full-fiber plus smart Wi-Fi network, it offers low latency and a high level of performance in both down and upstream bandwidth.

Finally, COVID-19 has driven greater engagement with its home app, especially around greater parental control and resolving frozen device issues.

Next steps

At a macro level, the smart Wi-Fi platform provides Bell Canada with a much better understanding of what is going on in its customers' home networks, which it can correlate with trends around service calls and truck rolls. To some extent, the company is still learning how to fully use this data. It has certainly allowed the company to have much smarter conversations with its customers, allowing it to give them greater assistance.

The "holy grail" is for the company to also understand what is happening in real time so that as well as being able to fix some issues before the customer even notices, the operator is able to handle other calls with an automated message to tell customers what

the issue is and how long it is going to take to fix. Predicting why a customer might be calling will provide great value to both the service provider and its customers.

Comcast

Initial smart Wi-Fi drivers

Comcast is one of the leading broadband service providers in the world and is currently in first place in Omdia's Service Provider Smart Wi-Fi Benchmark. It launched its xFi platform in 2017 to help its broadband customers control and manage the rapidly increasing number of connected devices in the home. The solution consisted of a new advanced home gateway and a personalized dashboard that enables customers to set up their home network, connect devices and control their access, troubleshoot, and set parental controls.

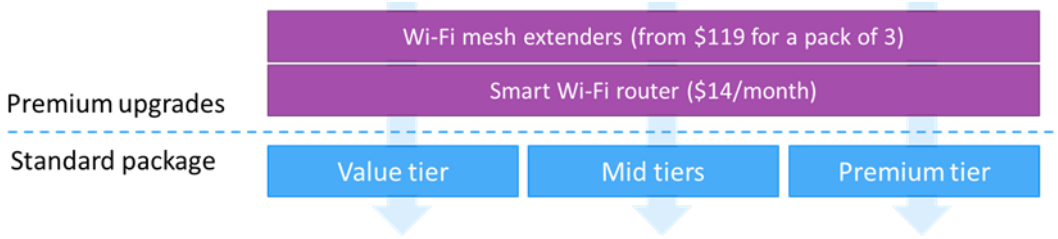
Since launching the initial xFi platform, Comcast has also added a number of new features:

- At CES 2018, Comcast announced a new Works with Xfinity program, which adds a range of third-party devices to its smart home ecosystem from well-known brands such as Honeywell, Lutron, and Nest.
- In January 2019, it launched a new subscription service, xFi Advanced Security, which monitors and protects all connected devices in the home (including third-party and IoT devices) from cyberattacks at a monthly fee of $6.
- Later in 2019, it launched a new, enhanced parental control feature that automatically pauses network connectivity to all of a child's devices once their daily time limit is reached.
- In January 2020, it launched its new Wi-Fi 6 router and made its IoT security feature free to all xFi customers.

Positioning

It is standard in the US for service providers to enable consumers to source their own broadband router devices if they so wish. It is common, therefore, for service providers to separate the broadband service and gateway rental fees, leaving the customer to choose whether to purchase from the service provider or from a third-party retail store. Comcast, therefore, positions xFi as a premium product on top of the broadband service but works hard to differentiate the product by marketing the advanced features and services that Comcast offers via its box over other compatible devices (see Figure 6).

Figure 6: Comcast positions its smart Wi-Fi as the premium option over retail alternatives



Source: Omdia

Marketing strategy

Like many broadband service providers, Comcast has run dedicated marketing campaigns on its Xfinity xFi gateway and its ability to provide a high-quality experience throughout the home. The messaging has focused around the fact that Comcast offers not just high speed but also IoT cybersecurity, wall-to-wall Wi-Fi coverage, and advanced user controls for the Wi-Fi network through the xFi app. Its marketing strategy includes all traditional channels including national TV, internet landing page, and paid media.

COVID-19 impact

As witnessed in other countries, Comcast has seen a sharp rise in usage over its broadband networks. However, as well as an increase in usage, the crisis has pushed consumers to engage more with the xFi platform, with the company seeing a 57% increase in people logging on to xFi daily since the start of the pandemic. The most common activities have been

- Pausing the internet at lunchtime or other family times
- Lengthening online hours to allow children to increase the time they spend online
- Tightening age-appropriate content filters

Maxis

Initial smart Wi-Fi drivers

The inflection point for Maxis came in 2018, when it saw parity between what all competitors were offering in terms of speed and price. The company therefore took the decision to separate itself from the rest of the market and differentiate instead around the “best internet experience” with superior coverage in the home being a big part of that new focus.

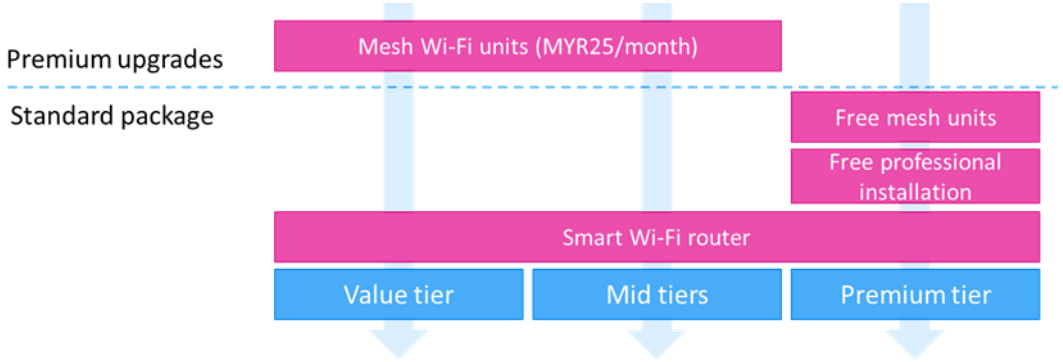
The smart Wi-Fi gateway is now an important competitive differentiator for the company and fits into one of its key pillars for Maxis Fibre, which is “whole home Wi-Fi coverage.”

Positioning

Maxis positions smart Wi-Fi to all its fiber broadband customers, with a key marketing message being “whole home Wi-Fi coverage.” However, premium broadband customers

(500Mbps and above) also get two free Wi-Fi mesh extenders and free professional installation (see Figure 7).

Figure 7: Maxis offers smart Wi-Fi to all and a more premium service to its top customers



Source: Omdia

Marketing strategy

Maxis has adopted a "free to premium customers" and "premium fee for the rest of the customers" model in its marketing strategy when it comes to smart Wi-Fi. The company strongly believes in delivering the optimal all-in-one Wi-Fi service to its premium customers, while at the same time offering the same level of service to other customers for just a small incremental fee.

To market these offerings, the company is currently focusing heavily on digital advertising, which it believes is more in line with its target audience. However, when the company first launched smart Wi-Fi in 1Q19, it also used traditional above-the-line channels, so the message reached the widest possible audience, regardless of age and media preference.

To date, Maxis has not yet used Wi-Fi data in its marketing strategies. The company, however, states that it is looking into all the possibilities of what it could do with the big data that is harvested from the smart Wi-Fi platform, such as the propensity of a customer to upgrade their internet subscription plan based on the number of devices connected and amount of data consumed, or offering customers matching value-added subscription services based on the type/format of data that is consumed.

Success metrics

As well as having convinced more customers to take the more premium broadband products, Maxis states that it has higher TP-NPS scores (+23) from its smart Wi-Fi customers than from nonsmart Wi-Fi customers (+18). Additionally, smart Wi-Fi customers have a lower level of Wi-Fi complaints (0.8%) than the nonsmart Wi-Fi customers (1.2%).

COVID-19 impact

The unprecedented COVID-19 pandemic has changed the way the company thinks about the role of smart Wi-Fi plans for its customers. Smart Wi-Fi has increased in importance, resulting in the company relooking at marketing to its customer base. For example, it is

currently upselling smart Wi-Fi plans to customers who show increased data usage using applications such as Zoom, Webex, and Microsoft Teams.

Orange

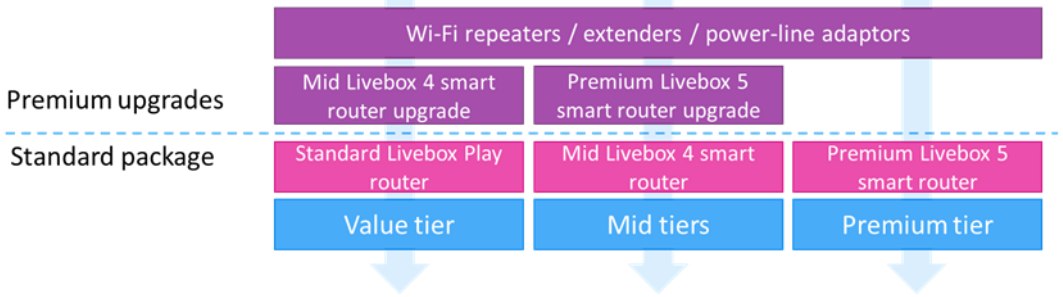
Initial smart Wi-Fi drivers

Orange recognized that the quality of the home network was an essential element for consumers to receive a high-quality service and observed that for its customers this was becoming an important consideration when they chose home broadband offers. In Orange's view this was driven by a combination of the increased number of connected devices in the home and the continued rise in cloud-based services such as online gaming, OTT video, and cloud-storage solutions.

Positioning

Orange France positions smart Wi-Fi as a part of its premium broadband offers, offering its customers an increasingly superior QoE as they move up the broadband stack. All customers have the option to upgrade their home network router for a one-off fee, and Orange also offers additional hardware such as Wi-Fi repeaters, extenders, and power-line adaptors, again as a one-off purchase (see Figure 8).

Figure 8: Orange positions smart Wi-Fi as a premium offering with upgrade paths for all customers



Source: Omdia

Marketing strategy

Orange's marketing is focused on offering the best broadband service on the market, especially around its fiber-based, high-speed services. Orange, therefore, promotes a tiered-gateway solution to offer a more premium offering as customers move up its broadband tiering. Typical traditional marketing channels are used to promote these offerings. However, customer care is also an important channel for Orange's marketing efforts. In a number of countries in Orange's footprint, the company is proactively offering, via after-sales campaigns, devices such as Wi-Fi repeaters to customers who claim to have an issue with their home Wi-Fi.

Success metrics

The main success metric that Orange monitors is customer satisfaction via its NPS surveys. Orange states that it currently observes a strong correlation between customer satisfaction levels and in-home Wi-Fi speed and coverage.

COVID-19 impact

Orange is seeing that across its footprint the COVID-19 situation is highlighting the importance of Wi-Fi home-connectivity solutions, and changes in its offer proposals are expected in this area in the future. However, it also recognizes that the impact on the economy as a result of the crisis may also hurt customers' purchasing power, and the market will therefore need to adapt its approach to fit these new circumstances.

Sky

Initial smart Wi-Fi drivers

In the UK, Sky is the leading pay-TV service provider and the main broadband competitor to the incumbent, BT. Within the pay-TV market, the company is largely recognized as a satellite-TV company, but to remain relevant to its customer base, Sky was an early innovator and adopter of OTT video services, both to extend its customer footprint and to offer new and innovative services to its existing pay-TV base.

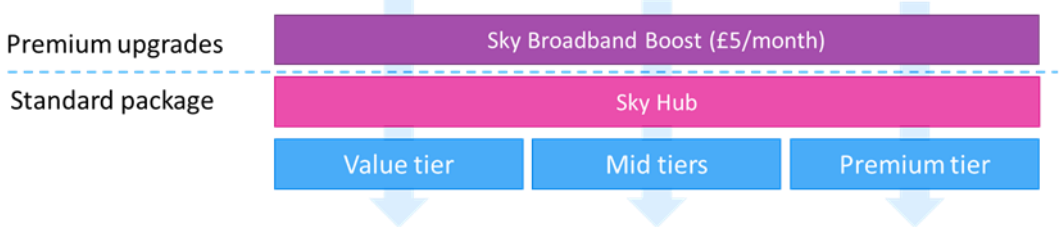
Sky's focus, however, has always been on offering a high-quality service, and it did not want its TV and video services to be compromised by a best-efforts OTT video service. The company, therefore, was early to adopt smart Wi-Fi mesh technology in order to distribute its video services around the home. As well as placing the technology in its Sky Hub, it has developed its Sky Q TV set-top boxes with integrated smart Wi-Fi technology that can also act as access points to extend the mesh network around the home.

Positioning

Sky is the main competitor to BT, the incumbent in the UK, and has invested heavily to compete on quality as well as on price. Sky was an early adopter of smart Wi-Fi technology and now offers its smart Wi-Fi hub, the Sky Hub, to all new and upgrading customers (Figure 9). Uniquely, Sky then offers a Wi-Fi guarantee through its Sky Broadband Boost service, which costs an additional £5.00 ($6.27) per month.

Broadband Boost guarantees customers Wi-Fi at at least 3Mbps in every room. If a subscriber to the service is not receiving this minimum speed, Sky will send the customer either a Sky Broadband Booster or a Sky Tech Team engineer to make sure the customer's home network is set up optimally. If after this the customer still has not successfully received at least 3Mbps in every room, they are entitled to their money back or they can have the service free for the remainder of the contract period so that they can benefit from the other Broadband Boost features.

Figure 9: Sky offers smart Wi-Fi as standard, with an optional service for those that need it



Source: Omdia

Marketing strategy

Sky has heavily marketed both its Sky Q video service and its whole-home Wi-Fi capabilities including the fact that it offers a Wi-Fi speed guarantee in every individual room in the house. Its marketing strategy includes all traditional channels including national TV, internet landing page, and paid media.

Telefónica

Initial smart Wi-Fi drivers

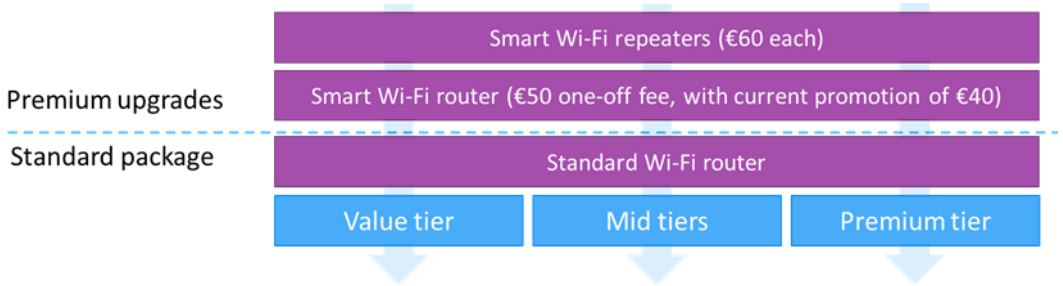
In Spain, Telefónica saw the launch of its Home Gateway Unit (HGU) back in 2015 as one of the most important milestones in the recent history of the company's home networking portfolio. This device became a big success for Telefónica, not only because it improved overall broadband performance but also because it integrated the router, optical network terminal (ONT), and 55GHz Wi-Fi into a single device, providing simplicity and operational efficiency. In Telefónica's view, the HGU set the ground for today's smart Wi-Fi product line.

Today, consumers understand that the role played by home networking devices is more important than ever, and therefore, the evolution of its gateway portfolio is a critical part of Telefónica's strategic roadmap. Broadband routers and access points enable the customer's indoor experience, so it is essential for Telefónica to continue to lead in this field.

Positioning

Telefónica positions smart Wi-Fi equipment as a premium offering for all broadband customers. However, the cost is relatively low with just a one-off standard fee of €50 ($51) (at the time of writing, there was a special offer of €40). Additional smart Wi-Fi repeaters can be purchased if required at an additional cost of €60 per repeater (Figure 10).

Figure 10: Telefónica offers smart Wi-Fi at a premium to all customers



Source: Omdia

Telefónica is currently promoting its Connectivity Self Care feature (i.e., home network diagnosis and self-help tips) as well as free standard parental control features with advanced premium features (based on Qustodio). Telefónica will also soon launch a network performance test, which includes an upstream/downstream speed test as well as tips on improving connectivity (such as where to place the router).

Marketing strategy

Telefónica's aim is to provide the best connectivity service as a base for additional value-added services, and that means delivering the best speed, reliability, and overall QoE including security. QoE has become a key requirement for end customers, and Telefónica sees smart Wi-Fi as a key enabler of this, not just by ensuring high-quality entertainment services but also by providing adequate security and parental control features. As smart Wi-Fi continues to develop, over time new features will be added to continually enhance the customer's service experience.

Telefónica uses all the traditional marketing channels to promote these features, including

- App notifications
- Internet landing page
- Customer care channels
- Direct email marketing
- Direct SMS marketing
- A TV advert in 2019
- Paid media for the last two years

Telefónica also uses customers' big data in order to inform and optimize its marketing campaigns. While sticking with and, in fact, surpassing GDPR requirements, it can use anonymized customer data to provide a powerful 360-degree vision of its clients, gleaning very profitable knowledge for marketing strategies.

Success metrics

Telefónica looks at four key areas of key performance indicators (KPIs):

- Reductions in operational costs due to
  - Increased visibility and traceability of customer connectivity issues, reducing metrics such as customer churn and increasing operational efficiency because operations teams can trace and quickly resolve the customer's connectivity problems
  - Driving down service representative and field technician handling time through automated call resolution
  - A reduction in technical service calls related to Wi-Fi issues through proactive care and self-healing features
- Increased NPS through measures such as
  - Optimizing the network performance as well as quick diagnosis and response when things do go wrong

  - Facilitating service and application onboarding through self-configuration and self-management

- Lower churn rate due to
  - Providing advice and a one-stop shop by curating the vast existing offer on managed Wi-Fi and Wi-Fi mesh extenders
  - Better customer service value through optimizing the home gateway equipment and overall service performance

- Increased customer engagement thanks to
  - Introduction of new VAS related to installations, verticalized solutions, and premium equipment
  - Gaining greater insights into application usage patterns and device behavior to drive new innovative service offerings

COVID-19 impact

Because of the COVID-19 crisis, Telefónica has seen an increase in customer usage of the home Wi-Fi versus on-the-go mobile data usage. Therefore, guaranteeing the best home connectivity to allow for the traditional use cases but also newer (or at least significantly increased) ones such as working from home, e-learning, and entertainment for different members of the family is even more important.

Further evolving the home proposition to also incorporate new “peace of mind” applications was already in Telefónica’s plans before COVID-19, but the company is now exploring with greater emphasis an assisted-living element that could benefit the most vulnerable (e.g., the elderly living alone) after this crisis.

Next steps

As well as peace of mind / assisted living, Telefónica believes there are new opportunities around premium device installation and service support services. Telefónica is also actively exploring the combination of cybersecurity of the home-connected devices with the home’s physical security.

Waoo

Initial smart Wi-Fi drivers

Waoo is a competitive FTTH operator in Denmark and was one of the first service providers to adopt smart Wi-Fi from a marketing perspective. For decades the focus around broadband had been purely one of speed versus price; Waoo saw an opportunity to move toward a more inspiring brand built around experience rather than just speed.

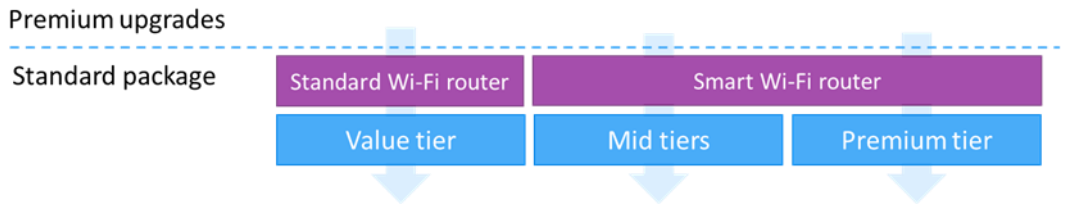
Waoo’s consumer surveys showed that Wi-Fi quality was the number one issue for consumers after price, and although consumers always list price as their number one concern, in Waoo’s experience, consumers will, in reality, pay for quality if they think it is warranted. The old telco view was that if consumers wanted a better Wi-Fi experience, they would purchase a high-end retail solution, but this was only true for a niche, tech-savvy segment. Most consumers would not have the technical know-how to trust they

were making a wise purchasing decision. Waoo, therefore, saw an opportunity to conceptualize Wi-Fi as more of an experience and to communicate Wi-Fi as an actual service.

Positioning

Waoo positions smart Wi-Fi as a premium feature of its middle and top-tier broadband services (see Figure 11), which has successfully driven a larger proportion of customers to take these more premium offerings. FTTH plus smart Wi-Fi is marketed as the ultimate service, cutting out any pain points in the broadband service. The Wi-Fi gateway comes with an additional access point, free delivery, professional installation, and ongoing customer support, providing a one-stop shop that offers both convenience and quality.

Figure 11: Waoo's focus is on providing the best-quality service to its premium customers



Source: Omdia

Marketing strategy

For Waoo it is important that customers see Wi-Fi as a service. Other more traditional telcos have focused just on hardware to solve such issues, offering a range of routers, extenders, and access points for customers to choose from and basically relying on them to sort out their own problems. By treating Wi-Fi as a service, Waoo is focusing on helping its customers receive the ultimate service, or as Waoo says: "internet as it should be."

To communicate this message, Waoo has typically used the biggest traditional channels, especially TV. In Waoo's opinion, this is a fundamental message to get across, and therefore service providers need to use the traditional biggest channel. Marketing messages focused around both the quality and the simplicity of the service emphasize Waoo's removal of all customer Wi-Fi pain points.

COVID-19

In Waoo's case, everything was already in place to handle the COVID-19 crisis. Its network has certainly been put to the test with the majority of its customers being home, all accessing the internet and cloud-based applications more than ever before, but this has only justified Waoo's more premium service, and demand has only increased because of it.

Next steps

Like other broadband service providers, Waoo has seen significant operational cost savings thanks to the reduction in Wi-Fi-related customer service calls. However, in the future Waoo wishes to take customer service to the next level by taking a more proactive approach. Using predictive data, Waoo would like to be able to predict certain issues and

then take action to prevent the need for the customer to make a call. For example, in the future, if a service such as Netflix is not working as it should, Waoo would like to be able to detect that and proactively contact the customer with a message advising them what is wrong and what they need to do to resolve it.

Waoo also has ambitions to use Wi-Fi data. The data is already used in service delivery, predicting certain issues and helping the customer support team provide a better experience. Customers already accept and expect this.

However, Waoo is also exploring how this data could be anonymized for third-party companies to use. The company sees this as a big opportunity but is currently still trying to work out how to communicate with the customer about using their data as a type of currency. This could create innovative new business models such as consumers getting services free in exchange for their data, similar to the “zero-dollar car” concept outlined by John Ellis. Such business models could revolutionize the industry, and Waoo has a lot of ambition in this area, but the company is also conscious that customer messaging around privacy and data security is imperative, and this will take time to work out.

Appendix

Methodology

This report is based on Omdia's Digital Home research and data and on primary interviews with leading service providers in the smart Wi-Fi market.

Further reading

Service Provider Smart Wi-Fi Tracker and Benchmark: 2020, CES006-000124 (February 2020)

Smart Wi-Fi: State of Market Report, CES006-000127 (March 2020)

The Road to 2023: The Ultra-Fast Connected Home, CES006-000089 (August 2019)

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