

North American broadband consumers say, "More services, please"

Service providers and vendors must rethink roles in order to monetize new market opportunities

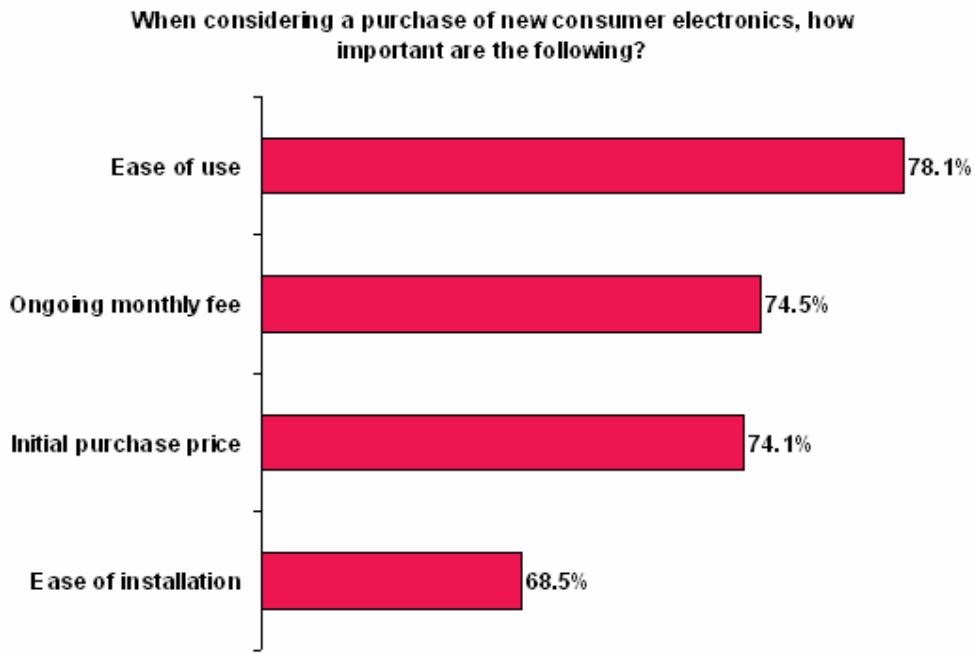
For immediate release. October 29, 2007. Two surveys conducted by Ovum on behalf of the Broadband Services Forum (BSF)—one surveying 1,007 broadband consumers in North America, the other surveying 7 of the largest telco and cable MSO operators in North America—reveal stark differences in the way consumers and service providers perceive what customers want. **"Consumers tell us they are preparing to embrace new forms of content through their televisions, buying advanced Web-enabled game systems, looking for someone to install and maintain their increasingly complex home networks, and selecting consumer electronics based on ease of use,"** says Brett Azuma, Head of Ovum North America and co-author of the research. **"In all, this looks to be a relatively fertile market for new offerings by service providers, consumer electronics manufacturers, and media companies."**

In contrast though, Azuma explains, the service providers interviewed see a consumer market:

- searching for new forms of content, but hampered by the inflexibility of digital rights;
- valuing new services and conveniences, but unwilling to pay for them; and
- wanting higher-touch services such as installation and maintenance, but with a limited willingness to pay.

The dramatic increase of technology in the consumer market has led to a proportionally increased difficulty and complexity of using it, explains Azuma. **"In the past, price was the top consideration when considering a consumer electronics purchase. Now ease of use tops the scale. The recent success with the iPhone underscores this trend."** *Figure 4* shows how consumers rated their purchasing priorities for consumer electronic devices.

Figure 4 Consumers' priorities for purchasing consumer electronics devices



Source: Ovum

As consumer electronics become more connected, there is an opportunity for service providers to simplify the customer experience by working with vendors and retailers to not only ease the process of implementation, but also to blend the connectivity aspects of the service into a more seamless overall user experience. The contrasting surveys show opportunities abound in the consumer market, but service providers must overcome some significant challenges in order to monetize them. Azuma contends if service providers work strategically with consumer electronics manufacturers, infrastructure vendors, and an expanding ecosystem, they can overcome many of these obstacles.

Azuma says service providers, device manufacturers and content owners must start thinking in terms of redefining their supply chains, leveraging industry standards, and considering a broader set of capabilities they can bring to the solution. **"It is a mistake to think any one player will completely own the customer relationship."** Azuma provides recommendations in the study on how vendors can work more effectively together to leverage these untapped opportunities and overcome the challenges.

More Information:

A complete analysis of the key survey findings are captured in an October 2007 report commissioned by the Broadband Services Forum, '*Unmet consumer desires offer service provider opportunities in broadband*' published in Ovum's Broadband Network Strategies advisory service and available as a [free download](#) on the Broadband Services Forum Website. Ovum RHK has extensive experience advising leading service providers and vendors on issues affecting the consumer broadband market to help them make money off of the market, vendor, technology and user dynamics we study.

For more information about this research, or to arrange an interview with **Brett Azuma**, please contact Ovum Public Relations at: sara.kaufman@ovum.com.

About Ovum

Ovum's primary activity is providing value-added advisory services and consulting to retain and project clients. The company acts as a well-respected and trusted source of industry data, knowledge and expertise on the commercial impact of technology, regulatory and market changes. Ovum engages in continuous research and industry analysis to determine market dynamics in its specialist sectors.

Ovum has developed long-standing relationships with many of its corporate clients, which include major international blue-chip companies such as Alcatel-Lucent, AT&T, BT, Cable & Wireless, Cisco Systems, Deutsche Telekom, Fujitsu, HP, IBM, Microsoft, Telstra and Vodafone.

Ovum is part of the Datamonitor Group.

About the Broadband Services Forum

The Broadband Services Forum provides a platform for the broadband services industry to present, and share, different views on this topic — and other topics of interest that address the fundamental business issues vital to the growth and health of the broadband industry. At this point, there may not be any definitive answers, but there are perspectives. The BSF, as an organization with representation across the broadband value chain (including content, service and technology providers), is in a unique position to lead this exploration. In order to do this, the BSF will continue to encourage open, co-operative dialogs. For more information about the Broadband Services Forum, please visit the Broadband Services Forum Website at www.broadbandservicesforum.org.

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