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Success with 5G

Why consumer education is key



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Introduction

In the telecom industry, 5G is the talk of the town—and for good reason. With its lightning-fast data transfer speeds, low latency, and better potential coverage, the next generation of wireless network technology is set to disrupt industries from gaming and retail to manufacturing and healthcare.

5G is also slated to impact providers, businesses and consumers in what many are calling life-changing ways. Autonomous driving (including advanced driver assistance systems), in-vehicle infotainment, wireless mobility, IoT and fixed wireless are just a few of the possibilities.

In the race to be the first to deploy 5G, some network providers are labeling their advanced 4G technology as 5GE, causing confusion in the marketplace. Furthermore, T-Mobile and Sprint are claiming the importance of a leveraged building out of 5G networks as the driving force behind their merger. And Verizon—as well as AT&T and Sprint—has already begun a slow rollout of its mobile 5G networks to select cities that will take at least a couple of years to complete.

But even though the 5G wheels are turning for providers, what does 5G technology mean for consumers? And how can companies prepare consumers for the transition? To help telecommunication providers and businesses in other industries understand how to best position 5G with consumers, we conducted a self-funded study of 1,022 US consumers. We found that while consumers are interested in 5G and its impact on the near future, they're unclear about what 5G can do for them personally. This creates an opportunity for providers and businesses to build consumer trust by refining their 5G messaging.

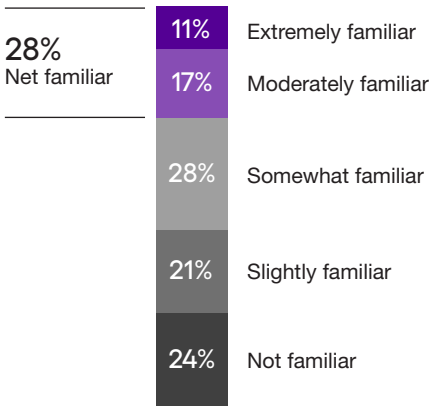
In this paper, you'll learn about consumer perception of and interest for 5G technology, how much consumers are willing to pay for 5G benefits and which providers are expected to lead the transition. We will also provide recommendations for helping consumers make the switch to 5G and positioning your company as a trusted leader.



Awareness Is Low, but Interest Is High

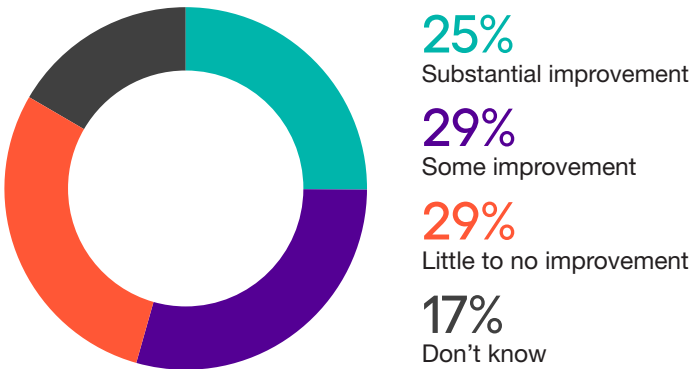
While 5G may be top of mind for network providers, we found that only 28% of consumers are moderately or extremely familiar with the technology. In addition, only one in four consumers believes that 5G will be a substantial improvement over 4G LTE when it comes to the wireless data experience, even though the differences are sizable.

CONSUMER FAMILIARITY WITH 5G



Only 28% of consumers are moderately or extremely familiar with 5G technology.

HOW MUCH CONSUMERS BELIEVE THEY WILL BENEFIT FROM 5G OVER 4G LTE



Part of the reason for consumers' lack of understanding around 5G could stem from how some providers are positioning their services. For example, in late 2018, AT&T upgraded its 4G LTE system with new towers, faster fiber connections and better/more antennas and then branded it as 5GE, or 5G Evolution. While not the same as 5G, the name has caused confusion among consumers.

With technical jargon and complex explanations, it's little wonder consumers are out of touch with the potential of 5G. In addition, because consumers have seen the transitions from 2G to 3G and 3G to 4G, they expect the transformation to 5G to bring the same incremental changes they witnessed in prior wireless generation transitions. The reality is much different.

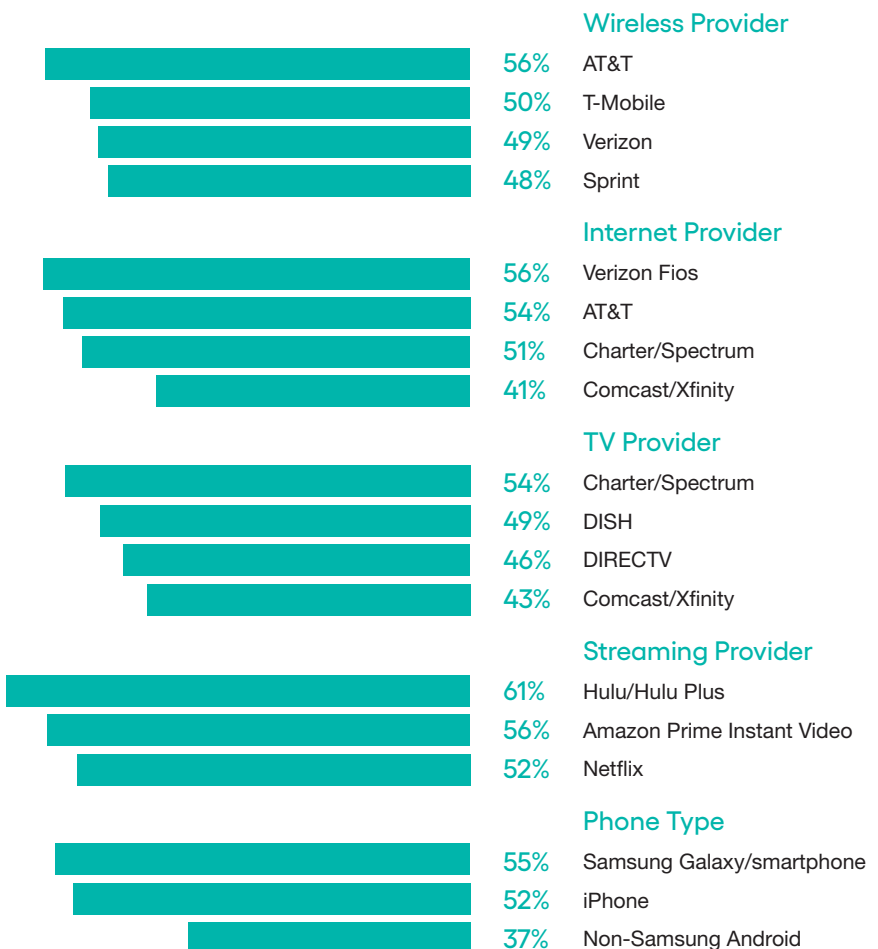




Consumers' low level of awareness should be a wake-up call for providers, suppliers, application developers and others across industries to educate consumers about what 5G is and the advantages it could provide to them. Despite low awareness, our research also shows that consumers find 5G appealing once they have a better understanding of the technology. Half of consumers find 5G favorable, and these numbers vary depending on wireless carrier, streaming provider and mobile phone type. For example, AT&T, Verizon Fios and Charter/Spectrum customers are more favorable toward 5G, as are Hulu, iPhone and Samsung Galaxy users.

In addition, 68% of respondents are very or somewhat likely to seek out more 5G information regardless of provider, reinforcing the need for consumer education.

FAVORABILITY TOWARDS 5G VARIES BY PROVIDER



Consumers Are Willing to Pay (and Switch) for 5G Benefits

While 5G clearly has the potential to impact the consumer mobile market, providers also have a tremendous opportunity in the home broadband market. Consider these stats:

- Nearly one in three consumers isn't satisfied with their wireless internet/data speeds.
- Nearly one in three isn't satisfied with their home internet speed.

MOBILE BROADBAND

On the mobile side, consumers have demonstrated that they're eager to transition to 5G once the opportunity presents itself. More than half of consumers say they'd be likely to buy a 5G phone when it becomes available. As expected, younger consumers are more likely than those over 55 to do so.

In addition, 44% say they would probably or definitely upgrade their smartphone sooner if their wireless provider offered a 5G-enabled phone. Not surprisingly, the percentage is higher among early adopters (50%).

HOME BROADBAND

The consumer opportunity for 5G goes beyond faster internet or lower latency on mobile phones. 5G could potentially supplant home broadband service, allowing providers to both reduce deployment costs and charge a premium. Due to speed and reliability issues as well as dissatisfaction with TV bundles, many home broadband customers are looking to switch providers. According to an [Ericsson study](#), eight in ten consumers are interested in a 5G home wireless broadband offering to replace or supplement their current home broadband service.

This means that the quad play of broadband internet, TV, landlines and wireless service could be replaced by a triple play: smartphone, wireless 5G home router and a streaming device player. So, instead of a provider sending out a truck and a technician to install home broadband, consumers could literally have a 5G router delivered in a box on their porch. Installation would be as easy as plugging in the router.

The appeal of faster, reliable service, multi-device streaming over a home broadband network—along with the ease of deploying home internet and wireless service without wires or drilling—are advantages of 5G that network providers should clearly position to consumers. Providers should take note: the benefits, and subsequent competitive threat, of this service are substantial.

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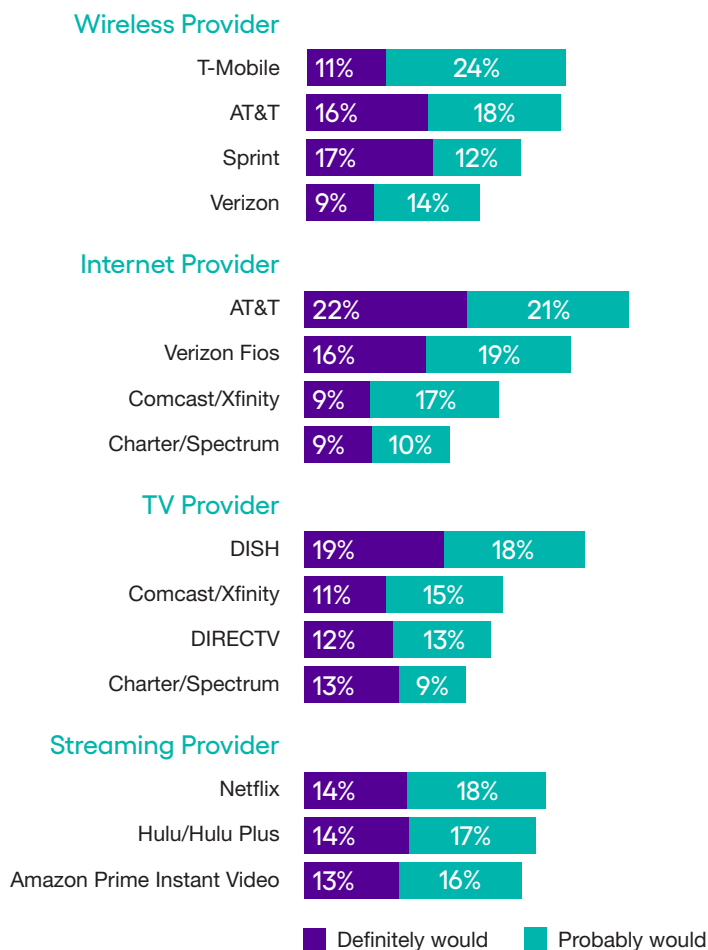
WILLINGNESS TO PAY/SWITCH

Whether mobile or home customers, after being presented with a specific example of how 5G would benefit them, 48% said they would likely pay a premium for 5G service. Slightly fewer (46%) said they would pay more for a 5G-enabled phone.

Some consumers are even willing to switch providers to have more immediate access to 5G. About 28% of consumers are likely to switch providers to get 5G service, with that number increasing depending on provider. Among internet users, AT&T and Verizon customers would be more willing to switch their wireless provider if 5G were available with another provider. Among wireless users, AT&T and T-Mobile customers would be most likely to do so, with DISH TV users most likely to switch among TV customers.

LIKELIHOOD TO SWITCH FOR 5G SERVICE

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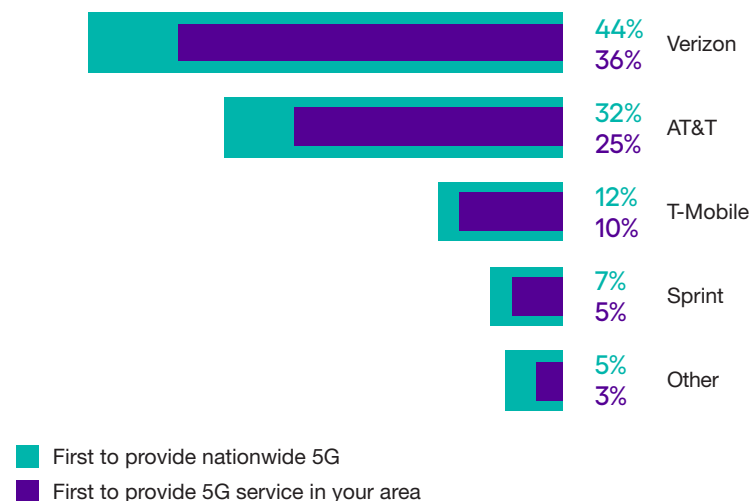
Who Will Be the 5G Leaders?

When predicting which carrier will lead the race to 5G deployment, Verizon comes out on top, followed closely by AT&T, both on the local and national levels. While more of its own customers believe their carrier will lead, most consumers—regardless of provider—think these two carriers will come out on top, followed by T-Mobile and Sprint.

Traditionally network leaders, Verizon and AT&T are larger carriers that have more presence in the marketplace because of their stronger coverage and quad play offerings. Both over-index their market share on 5G leadership, while T-Mobile is in-line with market share and Sprint under-indexed.

While T-Mobile is attempting to make its way into home broadband with its planned merger with Sprint, consumers still expect AT&T and Verizon to be the providers that will put out the next big thing. However, T-Mobile is well-positioned to emerge as a 5G leader when it comes to educating consumers about the technology. Although T-Mobile currently discusses 5G under the umbrella of its merger, there is an opportunity for the firm to stand out among consumers by bringing the 5G conversation to the forefront.

THE CARRIERS CONSUMERS SAY WILL BE FIRST TO PROVIDE LOCAL/NATIONWIDE 5G



Most consumers—regardless of provider—think Verizon and AT&T will come out on top of the 5G race.



Recommendations

Here are some of the top ways you can help consumers ease into the 5G transition while positioning your company as a trusted source and leader in next-generation wireless technology.

1. SHOW THE BENEFITS OF 5G OVER 4G LTE

Clear up consumer confusion by explaining how 5G is better than 4G. Here are a few examples:

5G benefit	What it means for consumers
Higher bandwidth/speeds: 1–10 Gbps (peak speeds up to 20X faster than 4G LTE) (Network World)	Download music libraries in seconds and movies in just a couple of minutes, and save up to 23 hours in download time/month (PC Magazine) Get plug-and-play home broadband that is comparable to higher-end wired internet service with a wireless 5G router
Lower latency: 1 ms (compared to 50 ms for 4G LTE) (Digital Trends)	Play console-quality and richly detailed VR streaming games on your phone with no lag time
More devices: Supports 1,000 more devices than 4G LTE (Network World)	Work on your smartphone, tablet and smart home devices without worrying about dropped connections

2. IDENTIFY CUSTOMER NEEDS AND CREATE MARKET USE CASES

As we saw in the earlier example of home broadband, find out where customers are struggling and address their concerns around ease of deployment, speed and reliability. For providers, this can help them identify cost savings, charge premium rates, and reduce churn with options like bundling.

3. ADDRESS GAPS IN COVERAGE AS YOU DEPLOY

Providers are slowly rolling out 5G to specific cities as infrastructure becomes available. In the meantime, providers will need a plan for how to service those who don't yet have coverage. Because 4G currently fits most mobile broadband consumer needs, this likely means a fallback to 4G.

4. STEER CLEAR OF JARGON

Consumers are already confused about what 5G means for them. Providers can help them cut through the hype and build credibility by providing clear, accurate information around the benefits, risks and expected rollout of 5G technology in their area.



Strategic Summary

The 5G rollout has already begun, but consumers still lack education around the technology itself and how it can benefit them. With a better understanding of how 5G can impact their lives, both mobile and home broadband users find the technology more appealing. But companies across industries have to do more to prepare consumers for what's to come.

We believe that education and transparency are the keys to taking the lead in 5G. Even though consumers think larger carriers like Verizon and AT&T will come out ahead, we see big potential with T-Mobile and Sprint. If T-Mobile and Sprint can move their merger through, they have the ability to leverage the spectrum they both own to get 5G launched nationwide quicker and more deeply than the two market leaders.

The bottom line: The provider that gets its network built out and can communicate to consumers how 5G will positively impact their lives will win.

Send us a note if you need help navigating the 5G landscape. We'll give you the road map you need to stay ahead in the evolving wireless world.

TALK TO THE EXPERTS



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ABOUT THE RESEARCH

Escalent interviewed a national sample of 1,022 consumers aged 18 and older from March 11–22, 2019. Respondents were recruited from the Full Circle panel of US adults and were interviewed online. The data were weighted by age, gender and census region to match the demographics of the US population. Due to its opt-in nature, this online panel (like most others) does not yield a random probability sample of the target population. As such, it is not possible to compute a margin of error or to statistically quantify the accuracy of projections. Escalent will supply the exact wording of any survey question upon request.

About Escalent

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