

# Gigabit Take-up Advisory Group: Final Report

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# Executive Summary

## Purpose

Gigabit-capable networks<sup>1</sup> can deliver the broadband services that consumers and businesses will rely on for years to come - they are faster, more reliable and more future-proofed than the connections most of us use today. The government's ambition is for at least 85% of the UK to have access to gigabit-capable broadband by 2025. Today, around 37% of the UK (almost 11m homes) have access to gigabit-capable broadband.<sup>2,3</sup>

In August 2020, the government asked Which? (the UK's consumer champion), the Confederation of British Industry (CBI) and the Federation of Small Businesses (FSB) to convene the Gigabit Take-up Advisory Group (GigaTAG).<sup>4</sup> The GigaTAG set out to develop a set of recommendations to help support consumer and business migration to gigabit-capable networks and the services they deliver, including those which are gigabit-capable, as soon as possible. It aims to help ensure that the wide ranging benefits of these networks are realised.

The GigaTAG's work has been undertaken alongside projects focused on the rollout of gigabit-capable broadband, such as the UK government's 'Project Gigabit' and the decisions set out in Ofcom's Wholesale Telecoms Market Review 2021–26 which have been '*designed to promote competition and investment in gigabit-capable networks – bringing faster, better broadband to people across the UK*'.<sup>5</sup> Work is also underway to help improve consumer engagement in the broadband market – end of contract notifications have been introduced and Ofcom has consulted on plans for a new switching process called One Touch Switch<sup>6</sup> and Open Communications.<sup>7</sup> The government has consulted on the role of a telecoms consumer advocate and is encouraging the voluntary provision of social tariffs.

## Summary of key barriers to adoption

To help inform its recommendations, the GigaTAG undertook an assessment of the factors that may inhibit consumer and business adoption of gigabit-capable broadband. This assumed widespread availability of these networks and that all major retail providers have launched and are marketing gigabit-capable services.

The GigaTAG identified three broad categories of barriers to consumer adoption of gigabit-capable broadband. These categories and the underlying barriers are set out in Table 1. Note that these barriers may exist to different degrees and combinations for different consumers.

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1 Gigabit-capable networks are capable of delivering download speeds of at least 1 gigabit-per-second (1 Gbps or 1000 megabits per second (Mbps)).

2 Ofcom, *Connected Nations Spring 2021*.

3 Full fibre is one way to deliver gigabit-capable broadband. Full fibre broadband is available to 6 million homes (21%).

4 See <https://www.gov.uk/government/news/gigabit-broadband-rollout-milestone-reached>. The members of GigaTAG are as follows: Which?, CBI, FSB, Broadband Stakeholder Group (BSG), Internet Service Providers' Association (ISPA), Be the Business. DCMS and Ofcom sit on the Advisory Group as observers. The Good Things Foundation provides external advisory to the GigaTAG. This report presents the views and emerging findings from the Gigabit Take-up Advisory Group, it does not necessarily reflect the views of the individual organisations which make up the GigaTAG.

5 Ofcom (2021) *Promoting competition and investment in fibre networks: Wholesale Fixed Telecoms Market Review 2021–26*.

6 Ofcom (2021) *Consultation: Quick, easy and reliable switching*.

7 Ofcom (2020) *Consultation: Open Communications – Enabling people to share data with innovative services*.

**Table 1: Barriers to consumer adoption of gigabit-capable broadband**

Category	Barrier
Lack of awareness	The majority of people are not aware of gigabit-capable broadband
Little benefit/perceived benefit	There is currently no 'pull' to adopt, either in the form of a 'killer' application or perceived importance of faster speeds
	Consumers are unclear how gigabit-capable broadband differs to other connections (on the market and their own)
Practical barriers to adoption	Cost (low willingness to pay and worry about paying more than expected)
	Restricted opportunities to switch
	'Hassle' related to the switch
	Affordability (for specific groups)
	Capability to engage (for vulnerable groups)

Although the pandemic has highlighted the importance of digital connectivity for businesses, the GigaTAG has identified a number of key barriers to business adoption of gigabit-capable broadband. These are set out in Table 2.

**Table 2: Barriers to business adoption of gigabit-capable broadband**

Category	Barriers
Lack of understanding	Businesses lack understanding of gigabit-capable broadband
Limited awareness	Limited awareness of the benefits or return on investment
	Lack of skills to adopt gigabit-capable technology
Lack of digital skills	Lack of skills and time to navigate a complex market
	Need for new business leadership on digital connectivity

### The GigaTAG's final recommendations

Following the publication of its interim report, the GigaTAG looked in more detail at a number of its emerging solutions. Its recommendations seek to deliver a set of outcomes to support the GigaTAG's aim of supporting consumer and business migration to gigabit-capable networks and the services they deliver, including those which are gigabit-capable, as soon as possible.

As part of developing these recommendations, the GigaTAG undertook a range of primary research and stakeholder engagement to inform its work. It considered the potential for unintended consequences and how these recommendations may be sequenced and/or dependent on each other.

The tables below summarise the GigaTAG's final recommendations, which are set out in further detail in Section 3 and 4 of this report. Table 3 sets out the recommendations which the GigaTAG believes have been fully developed while Table 4 sets out those recommendations which require further investigation.

The GigaTAG recommends that responsible bodies should update it on progress in each of these recommendation areas in six months’ time (those in both table 3 and 4).

**Table 3: Summary of the GigaTAG’s fully developed final recommendations, by time**

Timing	Recommendation	Outcome	Responsibility
Now: <i>In progress</i>	Ofcom and industry should develop common terminology to describe broadband services and a core set of use cases and benefits to be used by providers.	Improved awareness and understanding of gigabit-capable broadband	Ofcom with collaboration from industry and consumer groups
Over the next year	BDUK should develop and deliver a ‘gigabit toolkit’ for use by local authorities - this should include information on the benefits alongside a range of resources to help with information campaigns.		BDUK with support from stakeholders
Over the next year: <i>In conjunction with gigabit-toolkit</i>	Information material provided to local authorities through the gigabit-toolkit should signpost available digital skills courses.  Local authorities that are planning to offer or support new digital skills provisions should offer digital skills training in conjunction with offering vouchers for software or hardware.	Businesses have the right support and skills and low willingness to pay does not hamper migration to gigabit-capable broadband	BDUK with support from local authorities and training providers
Widespread coverage: <i>Specific timing to be further considered based on evidence and market developments</i>	The government should undertake its own nationwide awareness-raising activities, based on evidence about the appropriate time to do so. It should establish and lead a coalition of key stakeholders to work together on a national campaign, adopting shared messaging and building on local campaigns.	Improved awareness and understanding of gigabit-capable broadband	Government led, in collaboration with other stakeholders

**Table 4: Summary of the GigaTAG’s final recommendations which require further investigation**

Recommendation	Outcome	Responsibility
Consider providing funding to ensure localised campaigning is a success, including the potential for local digital champions.	Improved awareness and understanding of gigabit-capable broadband	Government
As the Help to Grow SME scheme develops, consider extending it to businesses with fewer than five employees.	Businesses have the right support and skills and low willingness to pay does not hamper migration to gigabit-capable broadband	Government
Assess the role that a gigabit-ready mark could play in improving consumer and business understanding of gigabit broadband. Consideration should be given to key elements of the label in the context of wider work on consumer information.	Improved awareness and understanding of gigabit-capable broadband	Ofcom
Refine the details for an employee discounts benefit scheme, with consideration given to how it might be implemented alongside other recommendations.	Low willingness to pay does not hamper migration to gigabit-capable broadband	CBI, industry and government
There is work underway to implement voluntary social tariffs. At the appropriate time, the government should assess the suite of measures in place to support those low-income households who may be facing affordability issues and are therefore vulnerable. As part of this it should assess the possibility of a targeted voucher scheme as a complementary measure.	Vulnerable consumers are able to afford gigabit-capable connections	Government

## Conclusion & Next Steps

The GigaTAG believes that this suite of recommendations will help support consumer and business migration to gigabit-capable networks, and the services they deliver. It proposes to reconvene six months after the publication of this report, to chart the progress made on its recommendations, and meet on a bi-annual basis thereafter.

The GigaTAG believes that a continued collaborative approach will be critical to ensuring the success of these recommendations – it will continue to work closely with stakeholders, including government, Ofcom and industry. It will provide its ongoing support and expertise to help implement and further develop these recommendations, to ensure that consumers and businesses across the UK experience the benefits of gigabit-capable broadband.

# Section 1: Introduction

## 1.1 Background

The importance of widely available, good quality connectivity has come into sharp focus due to the coronavirus pandemic. Almost half (45%) of consumers say they are working from home a lot more<sup>8</sup> and the majority (68%) have increased their broadband use since the first lockdown in March 2020.<sup>9</sup> Alongside supporting the ability to work from home, people have relied on their broadband connection throughout the pandemic to access medical appointments and other public services, online shopping and entertainment, as well as to stay in touch with family and friends.<sup>10</sup> Research suggests that some of this increased use of home broadband is here to stay, for example, it has been suggested that many businesses are likely to maintain the increase in homeworking.<sup>11</sup>

Gigabit-capable networks<sup>12</sup> can deliver the broadband services that consumers and businesses will rely on for years to come; these networks are faster, more reliable and more future-proofed than today's connections. While they will deliver benefits for both consumers and business, they are also expected to lead to wider economic benefits – supporting improved productivity, increased innovation and the success of e-commerce.<sup>13</sup>

Given the wide ranging benefits of gigabit-capable broadband, the UK government has set out its ambition that at least 85% of the UK should have access to a gigabit-capable connection by 2025. It is seeking to accelerate the rollout to get as close to 100% as possible.

To help achieve these ambitions for gigabit-capable broadband availability, the private sector has made significant investment in these networks, alongside support from Ofcom and government. As a result, 37% of the UK (almost 11m homes) now have access to gigabit-capable broadband.<sup>14, 15</sup> For the hardest-to-reach parts of the UK, the government has committed £5bn through 'Project Gigabit'.<sup>16, 17</sup> This is alongside other broadband investment programmes from devolved governments in the UK's nations, including Superfast Cymru, the Reaching 100% (R100) programme in Scotland, and the Northern Ireland Project Stratum.

Supply is just one part of the picture in relation to gigabit-capable broadband. Demand is also an important consideration to ensure that the benefits and investment in these networks is realised. Given this, the government asked Which? (the UK's consumer champion), the Confederation of

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8 Which (2021) Consumer barriers to adopting gigabit-capable broadband.

9 Which (2021) Consumer barriers to adopting gigabit-capable broadband.

10 Lloyds Bank (2021) *UK Consumer Digital Index 2021*.

11 <https://www.iod.com/news/news/articles/Home-working-here-to-stay-new-10D-figures-suggest>

12 Gigabit-capable networks are capable of delivering download speeds of at least 1 gigabit-per-second (1 Gbps or 1000 megabits per second, Mbps).

13 <https://www.openreach.com/fibre-broadband/full-fibre-impact>

14 Ofcom, *Connected Nations Spring 2021*.

15 Full fibre broadband is available to 6 million homes (21%).

16 With £1.2bn of this being made available up to 2025 – <https://www.gov.uk/government/news/government-launches-new-5bn-project-gigabit>

17 Phase 1 of this project will provide one million hard-to-reach buildings with gigabit coverage, as well as new funding for gigabit vouchers, and to connect rural public buildings.

British Industry (CBI) and the Federation of Small Businesses (FSB) to convene the Gigabit Take-up Advisory Group (GigaTAG) in August 2020.<sup>18</sup>

The GigaTAG's aim is to advise the government on options to stimulate consumer and business demand for gigabit-capable broadband.<sup>19</sup> In December 2020 it published an interim report<sup>20</sup> setting out its initial findings in relation to the barriers that consumers and business face to adopting these connections, as well as its emerging thinking about recommendations that may help to address these barriers.

This report sets out the GigaTAG's final recommendations to help support consumer and business migration to gigabit-capable networks and the services they deliver, including those which are gigabit-capable, as soon as possible.<sup>21</sup>

## 1.2 Market context

As set out in the GigaTAG's interim report, encouraging the migration to gigabit-capable networks and services is particularly important given the growing need for good quality connectivity more broadly.

The transformation of how broadband services are delivered, with the rollout of gigabit-capable networks, runs parallel to the transformation of fixed telephony services. The telecoms industry plans to switch off the legacy analogue voice service – known as the public switched telephone network (PSTN) – which is reaching end of life. BT plans to retire its traditional switched telephone network at the end of December 2025 and other Communications Providers (CPs) plan to follow broadly similar timescales. As the migration away from traditional telephony progresses, CPs will increasingly provide fixed telephony using Internet Protocol (IP)-based voice services over broadband connections, which can be either copper or full fibre connections. Ultimately, it is expected that the transformation of the networks providing broadband and voice services would lead to the retirement of the current copper networks.<sup>22</sup>

In March 2021, Ofcom published the Wholesale Telecoms Market Review 2021-26 Statement, setting out its decisions which are *'designed to promote competition and investment in gigabit-capable networks - bringing faster, better broadband to people across the UK'*.<sup>23</sup> Through these regulations, Ofcom also seeks to ensure that companies are able to make a fair return on their investment, while ensuring consumers have access to affordable broadband, as gigabit-capable networks are rolled out.

Consumer and business engagement with the market is critical to ensure migration to gigabit-capable broadband. The government has consulted on the role that a consumer advocate could play in the broadband market to help improve consumer information and engagement.<sup>24</sup>

18 The members of GigaTAG are as follows: Which?, CBI, FSB, Broadband Stakeholder Group (BSG), Internet Service Providers' Association (ISPA), Be the Business. DCMS and Ofcom sit on the Advisory Group as observers. The Good Things Foundation provides external advisory to the GigaTAG. This report presents the views and emerging findings from the Gigabit Take-up Advisory Group, it does not necessarily reflect the views of the individual organisations which make up the GigaTAG.

19 Note that the GigaTAG has within its scope all technologies that can deliver gigabit-capable broadband. Alongside full fibre, this includes cable and fixed wireless solutions, such as 5G.

20 Gigabit Take-up Advisory Group (2020) *Interim Report*

21 Gigabit-capable broadband are connections which are capable of delivering download speeds of 1 gigabit per second or more (Gbps, or 1000 megabits per second, Mbps).

22 Ofcom (2021) *Statement on the Wholesale Fixed Telecoms Market Review* sets out more details on remedies for the retirement of the copper network.

23 Ofcom (2021) *Promoting competition and investment in fibre networks: Wholesale Fixed Telecoms Market Review 2021-26*.

24 DCMS (2019) *Consultation on Reforming Consumer Advocacy in Telecoms*.



Ofcom has undertaken work to help support engagement, including the introduction of end of contract and annual best tariff notifications.<sup>25</sup> It has also consulted on Open Communications – a smart data intervention for the telecoms market - which could make it easier for consumers to search for a new broadband deal and find suitable products for their needs.<sup>26</sup>

Ofcom has implemented the European Electronic Communications Code (EECC).<sup>27</sup> As part of this, in February 2021, it consulted on reforms to the switching process and its preferred approach of ‘One Touch Switch’.<sup>28</sup> If implemented, this process will mean that customers switching between different networks or technologies will no longer have to contact both their existing provider and new provider to coordinate the switch. While this is not solely focused on migration to gigabit-capable broadband, it will make it easier to migrate to those connections.

Ofcom is also looking at the affordability of broadband services, given the importance of people being able to access the internet.<sup>29</sup> Additionally, the government has been working with industry to increase the provision of social tariffs in fixed broadband, on a voluntary basis.

These interventions help address some of the barriers identified by the GigaTAG in relation to consumer and business adoption of gigabit-capable broadband. It has taken these into account when considering its final recommendations. However, the GigaTAG has identified a number of additional recommendations which it believes will further help to address the barriers faced and support the successful migration to gigabit-capable networks as they become available across the UK.

### 1.3 Evidence gathering

The GigaTAG has taken an evidence-based approach to its recommendations. In September 2020 it published a call for evidence and in December 2020 it published its interim report. Both documents asked stakeholders to share expertise and evidence.

Alongside the written evidence-gathering process, the GigaTAG undertook wider stakeholder engagement, hosting two roundtable discussions with key stakeholders.<sup>30</sup> It met with stakeholders on an ongoing basis to update on progress and collect views on the GigaTAG’s emerging thinking.

The GigaTAG also undertook additional primary research to help support its work. These are summarised below, further detail can be found in their respective slide packs or reports:

- **Consumer barriers to adoption:** Which? undertook quantitative research in March 2021, which provided further insights into consumer likelihood to adopt gigabit-capable broadband and barriers to adoption.
- **‘Gigabit-network’ icon:** In April 2021, Which? conducted an experiment as part of a survey to identify the effectiveness of a ‘gigabit network’ icon on participants’ ability to differentiate between packages that are on a gigabit network and those which are not.
- **Message testing:** In April 2021, Which? undertook quantitative research to support its understanding of what messages about the benefits and uses of gigabit-capable broadband resonated most with consumers. The survey presented respondents with ten benefits of gigabit-capable broadband. Using a survey design and analysis technique known as Maximum

25 The effectiveness of this intervention will be reviewed in 2021.

26 Ofcom (2020) *Consultation: Open Communications – Enabling people to share data with innovative services*.

27 Ofcom (2020) *Statement: Implementation of the new European Electronic Communications Code*.

28 Ofcom (2021) *Consultation: Quick, easy and reliable switching*.

29 Ofcom (2021) *Affordability of communications services*.

30 One roundtable after the publication of the interim report and a second prior to finalising the recommendations set out in this report to seek stakeholder feedback.

Difference Scaling (Max Diff), the research was able to establish a hierarchy demonstrating the persuasiveness of the different benefits for consumers.

- **SMEs and gigabit-capable broadband:** In December 2020, the FSB conducted a survey of its members which aimed to gauge the understanding of gigabit-capable broadband among SMEs, the satisfaction with their current broadband, as well as the barriers to invest in gigabit-capable broadband. 1,536 businesses responded, of which 86% were microbusinesses.<sup>31</sup>

The GigaTAG also used evidence set out in its interim report in coming to its final recommendations.<sup>32</sup>

## 1.4 This document

This document sets out the GigaTAG's final recommendations to help support consumer and business migration to gigabit-capable networks and the services they deliver, including those which are gigabit-capable, to ensure they are ready to take advantage of these connections as they become available.

The rest of this document is set out as follows:

- Section 2: Factors that may inhibit consumers and businesses from taking full advantage of gigabit-capable broadband
- Section 3: Recommendations to address lack of awareness and understanding of gigabit-capable broadband
- Section 4: Recommendations to address low willingness, or ability, to pay for gigabit-capable broadband
- Section 5: Conclusion and next steps

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31 Defined as any business with less than 10 employees.

32 Gigabit Take-up Advisory Group (2020) *Interim Report*.

# Section 2: Factors that may inhibit consumers and businesses from taking full advantage of gigabit-capable broadband

## 2.1 Introduction

This section updates the assessment set out in the GigaTAG's interim report of the factors that may inhibit consumers and businesses from adopting gigabit-capable broadband. It draws on further information collected as part of the GigaTAG's evidence gathering, as well as new primary research.

The section begins by discussing the availability of gigabit-capable broadband. Availability is key to enabling adoption. The barriers set out by the GigaTAG assume that gigabit-capable broadband is widely available with retail services launched by providers. It then discusses the consumer barriers to adoption before assessing the business barriers.

As highlighted in the GigaTAG's interim report, it is important to note that many of the smallest businesses may engage with the telecoms market as consumers, or in a way that mirrors the consumer experience as a result of limited resources and skills.<sup>33</sup>

## 2.2 Availability of gigabit-capable broadband

The rollout of gigabit-capable broadband is happening at pace. The current ambition is for at least 85% coverage by 2025.<sup>34</sup> Therefore, some consumers and businesses will remain unable to access a gigabit-capable connection after 2025, even though they may benefit from one. This issue of availability was highlighted as a critical barrier by several respondents to the GigaTAG's interim report. In rural areas, 39% of small businesses consider their broadband speeds to be insufficient for their needs.<sup>35</sup>

The government's 'Project Gigabit' aims to address a lack of availability in those parts of the UK that are unlikely to benefit from commercial rollout. However, the majority of these connections are unlikely to be delivered until after 2025 based on existing government spending plans.<sup>36</sup> While the GigaTAG's focus is on demand, rather than supply, it is critical that any remaining barriers to rollout are addressed and it welcomes the fact that options to provide connectivity in very hard-to-reach areas are being explored.<sup>37</sup> This will ensure that all parts of the UK can benefit from gigabit-capable connectivity, with no areas left behind, as soon as possible.

Until there is nationwide gigabit-capable broadband, availability will be an additional practical barrier to adoption for some consumers and businesses.

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33 FSB research suggests that, before COVID-19, 61% of smaller firms relied heavily on their home internet for their business.

34 With at least 60% coverage by the end of 2021. See: <https://www.gov.uk/government/news/pm-and-digital-secretary-welcome-broadband-jobs-boom> [accessed on 28 May 2021].

35 FSB New Horizons Press Release.

36 <https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020>

37 DCMS (2021) *Call for Evidence, improving connectivity for Very Hard to Reach premises*.

### 2.3 Consumer barriers to adoption

The GigaTAG's interim report highlighted that consumer engagement with the broadband market is low. The most significant reasons for this low engagement are that most consumers are satisfied with their current service, perceive the broadband market to be complex and technical, and/or have insufficient incentives to prompt switching to a different package.<sup>38</sup> Gigabit-capable connections are unlikely to overcome these barriers to engagement and the GigaTAG recognises that not all consumers will move to gigabit-capable connections at the same time.

Stakeholders tended to agree with the GigaTAG's assessment of the barriers to adoption of gigabit-capable broadband in its interim report. For example, BT Group stated that *'we agree with the GigaTAG report that many customers may not recognise that gigabit-capable services will offer them any meaningful benefits at this stage, and indeed the majority of customers are happy with their existing broadband performance'*. The latest evidence finds that there is a fairly even distribution of consumer likelihood to adopt gigabit-capable broadband when it becomes available and that the main consumer barriers identified are still present (these are discussed in more detail in the following subsections):<sup>39</sup>

- **Lack of awareness:** Many people lack awareness of gigabit-capable broadband. This could be a general lack of awareness and/or not being aware that a gigabit-capable connection is available to them.
- **Little benefit/perceived benefit of gigabit-capable broadband:** There is no 'pull' to adopt gigabit-capable broadband. This also includes consumers being unclear how it differs from other connections and low willingness to pay for the service.
- **Practical barriers to adoption:** Evidence illustrates that practical barriers are subsidiary for most consumers. They include hassle related to the switch and (for specific groups of consumers) affordability and capability to engage.

Recent research undertaken by Which? yielded findings consistent with this initial assessment of the barriers. It found that once consumers are aware of gigabit-capable broadband, the top barriers to adoption relate to a lack of need and cost (something that was consistent across different groups of consumers).<sup>40</sup>

There are also a range of practical and behavioural factors which may impact consumers' likelihood to adopt a gigabit-capable connection. The most commonly cited practical and behavioural barriers<sup>41</sup> related to: wanting to stick with their current broadband as it's 'tried and tested' (46%)<sup>42</sup> and not wanting to be locked into a new contract (40%); fear of a worse connection (38%) or loss of service (42%).<sup>43</sup>

Barriers to adoption are discussed in more detail in the following subsections. Further evidence of these barriers can also be found in the GigaTAG's interim report.

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38 Which? (2019) *Consumer Engagement with Broadband*.

39 39% say they are likely, 34% say they are not likely and 27% say they don't know.

40 Specifically, when those who don't have gigabit-capable broadband and said they had a barrier preventing their adoption were asked for their top three biggest barriers, the research found the following: 36% did not want to pay more for their broadband; 23% can't afford to pay more for their broadband; 21% said their household does not need faster or more reliable broadband; 19% were worried about paying more than expected.

41 When asked to identify any barriers (not just top barriers).

42 An example of status quo bias.

43 An example of loss aversion.

### 2.3.1 Lack of awareness

As highlighted in the GigaTAG's interim report, lack of awareness is a barrier to consumer adoption of gigabit-capable broadband. This could relate to a general lack of awareness and/or consumers and businesses not being aware that a gigabit-capable connection is available to them (e.g. because it's not offered by their current provider). CityFibre's response to the interim report stated its view that lack of awareness is a principal barrier, alongside lack of clarity about how it differs from other connections.

Which? research found that 59% of broadband decision makers are not aware of the term 'gigabit-capable broadband'.<sup>44</sup> The GigaTAG considers that this could in part be the result of industry marketing of gigabit-capable products not being widely prevalent or not clearly illustrating these connections to consumers.

### 2.3.2 Little benefit/perceived benefit

As part of this broader category of little benefit/perceived benefit, the GigaTAG noted a number of specific barriers. The evidence for these is explored in detail in the GigaTAG's interim report, however specific new evidence in support of these barriers is set out below:

#### *There is no 'pull' to adopt*

Research undertaken by Which? found that only 29% of decision makers indicate that their household needs faster broadband speeds. Alongside this, half (47%) of consumers who do not already have gigabit-capable broadband identified not needing faster or more reliable broadband as a barrier to adoption (with 21% identifying this in their top three barriers).<sup>45, 46</sup>

However, the GigaTAG notes that in time, products and services may become available that provide this pull to adopt gigabit-capable connections – for example, that require much faster speeds. Or as consumers purchase more connected devices for the home, they may choose a higher quality connection that can easily handle multiple devices being connected simultaneously.

#### *Consumers are unclear how it differs to other connections*

In its response to the GigaTAG's interim report, INCA noted the opacity of the benefits of these new networks and set out its view that there is '*confusion in the market about terminology and what different terms mean practically*'. This is consistent with quantitative survey evidence which found that 41% of broadband decision makers were unclear how gigabit-capable broadband differs from the connection they have now.<sup>47</sup>

In terms of this being a specific barrier, of those consumers who do not already have gigabit-capable broadband, 41% said that not being clear how gigabit-capable is different from other broadband connections was an issue. Furthermore, 38% identified difficulty choosing a package (with the terminology used to describe packages making it hard to differentiate between them) as a barrier.

### Cost

#### *Low willingness to pay*

As highlighted in the GigaTAG's interim report, low willingness to pay is a barrier for some consumers. This may be because there is not currently a significant benefit to them, or due to price sensitivity. Recent research highlighted this, with only a fifth (21%) of broadband decision

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44 Which (2021) Consumer barriers to adopting gigabit-capable broadband.

45 Coming just behind affordability, which was identified as a top three barrier by 23% of consumers.

46 Which (2021) Consumer barriers to adopting gigabit-capable broadband.

47 Which (2021) Consumer barriers to adopting gigabit-capable broadband.

makers stating they would be willing to pay more than they do now for gigabit-capable broadband. However, 24% remained neutral, suggesting that they may be willing to pay more when other barriers are overcome (e.g. understanding of the benefits).

The importance of this barrier has been confirmed through recent research, with 50% of consumers identifying not being willing to pay more for their broadband as a barrier. 36% said it was one of their top three barriers – making it the most cited top barrier. The GigaTAG’s hypothesis is that when consumers are able to understand and perceive the benefits that gigabit-capable connections offer them, low willingness to pay may be overcome for some consumers. However, further research would be needed to understand whether this is the case.

In addition the GigaTAG believes that it is reasonable to expect that, as coverage of gigabit-capable connectivity widens, CPs will seek to incentivise some migration based on price. For example, the GigaTAG’s interim report noted its expectation that industry will make lower-speed, lower-price broadband packages available over gigabit-capable networks as migration from copper broadband becomes essential, for those who do not want to pay more for, or do not need, gigabit speeds.

#### ***Worry about paying more than expected***

Paying more than expected was a specific area of concern identified through the GigaTAG’s recent evidence gathering. 61% of consumers identified this as a barrier, with 19% identifying it as one of their top three barriers to adoption. While it is possible that some concerns about cost are a result of the implications of COVID-19 on household finances, it is unlikely that it would cease to be a concern without the pandemic. This view is supported by research which found consumers tend to engage in the market to keep costs down, suggesting that they are not willing to pay more for their broadband connection without believing it offers better value. Which? research found that, even prior to the pandemic, around 48% of consumers needed to make adjustments to cover essential spending each month.<sup>48</sup>

Further research would be needed to understand the underlying reasons for this barrier, which could differ depending on the individual’s circumstance. For example, it could be linked to low willingness to pay or affordability, given that it relates to cost sensitivity. Or it could be a reflection of lack of trust in the market and of a preference for certainty over pricing. This area of concern has been highlighted in previous research on engagement in the broadband market in general, demonstrating that it is a general market barrier and not one specific to gigabit-capable broadband adoption.<sup>49</sup>

#### ***COVID-19 & the potential to overcome ‘little benefit’***

In light of the coronavirus pandemic and the resulting increase in internet use,<sup>50</sup> Which? undertook research to understand whether consumer perceptions about their broadband connection had changed, which could in turn help to address the ‘little benefit’ barrier.

Even with increased use, the majority (83%) of consumers reported that their household broadband had met their needs since March 2020. Although, of those that had increased their use of their broadband connection during the pandemic, 32% reported more problems with speed and/or reliability. This demonstrated that even with increased demands on broadband connections, most consumers continued to be satisfied with their existing connection.

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<sup>48</sup> The Consumer Insight tracker collects data on consumers’ financial wellbeing on a regular basis. Fieldwork was conducted by Yonder on behalf of Which between 19th and 21st February 2020. A UK nationally representative sample of 2,089 consumers was surveyed.

<sup>49</sup> Which? (2019) *Consumer Engagement with Broadband*.

<sup>50</sup> Which? Found that 68% of consumers had increased their broadband use between March 2020 and March 2021. Which? (2021) *Consumer barriers to adopting gigabit-capable broadband*.

However, those who had increased their use were more likely to show interest in gigabit-capable broadband (44% compared with 28% of those whose usage had stayed about the same).

Some consumers did upgrade their broadband during the pandemic. Take-up of superfast broadband has increased over the past year and the percentage of people with ultrafast broadband almost doubled, from 9% to 16% between 2019 and 2020.<sup>51</sup> Which? research found that 18% of consumers had upgraded their connection since March 2020 to get better speeds or reliability.<sup>52</sup> This is consistent with some of the evidence the GigaTAG received from stakeholders, which noted an increase in people upgrading. Yet, only a fifth (20%) of those who upgraded their connection did so as a result of increased use during the pandemic meaning that their old broadband package had become too slow or unreliable to meet the household's needs. Meanwhile, wanting a better value package was the most commonly cited reason for upgrading (41%).<sup>53</sup> This is consistent with earlier research on switching undertaken prior to the pandemic.<sup>54</sup>

In summary, while the pandemic could have been a catalyst for the adoption of better quality connections, the evidence suggests that, for the majority, this was not the case.

### 2.3.3 Practical barriers to adoption

The GigaTAG previously identified a number of practical barriers to adoption. This included restricted opportunities to switch: consumers not being able to switch if they are in contract; triple play services may not be offered over gigabit-capable networks.

More recent research allowed the GigaTAG to identify two further sub-barriers:

- Consumers may not want to move from their current provider (31% of decision makers state this as a barrier): this restricts consumer opportunities to move to gigabit-capable connections if their current provider cannot offer these initially
- Consumers do not want to be locked into a new contract (40% cite this as a barrier): this restricts opportunities to switch given that providers are likely to require consumers to enter a new contract.

Perceived, or actual, 'hassle' related to the switch was also identified as a barrier to adoption. Of those who don't have gigabit broadband, research showed that 32% would be put off from adopting it by the hassle of finding the best gigabit-capable package for their household, while 28% felt it would be too much hassle to change their package even if they found a good one.<sup>55</sup>

The GigaTAG notes that some consumer concerns related to switching being a 'hassle' may be reduced when a Gaining Provider Led (GPL) switching process is introduced across the broadband market. This process should create a more seamless switching experience, making it easier for consumers to switch between different providers and different networks.<sup>56</sup>

As set out in its interim report, the GigaTAG considers that practical barriers are likely to be subsidiary – which recent research suggests to be true. This view was also supported by respondents to the GigaTAG's interim report.<sup>57</sup>

51 Superfast broadband take-up increased from 57% to 60% – *Ofcom, Connected Nations 2020*. Although note that this is unlikely to be fully attributable to the pandemic.

52 Compared with 18% of all broadband decision makers.

53 Note that assessments of value will consider the quality of broadband.

54 Which? (2019) *Consumer Engagement with Broadband*.

55 Which? (2021) *Consumer barriers to adopting gigabit-capable broadband*.

56 Ofcom has consulted on its plans for GPL switching – see Ofcom (2021) *Consultation: Quick, easy and reliable switching*.

57 Note that not wanting to move from their current provider and not wanting to be locked into a new contract are also subsidiary.

Practical barriers of affordability and ability to engage are explored in the following subsection, which looks at the barriers for vulnerable consumer groups.

## 2.4 Vulnerable consumers and barriers to adoption

The interim report noted that some groups of consumers may be less likely to adopt gigabit-capable connections,<sup>58</sup> or will be slow to do so, as a result of market characteristics that can make it difficult for them to engage in general. These consumers are usually classed as vulnerable and include older adults, people with a disability, people with mental health problems, people with reduced cognitive resources, people in low income/financially vulnerable households, and households in DE socio-economic groups.<sup>59</sup>

Which? analysed data related to barriers to adoption by some of these groups.<sup>60</sup> It found that the top issues related to cost and lack of need were consistent across these groups. However there were indications that some subsidiary barriers may be more likely for certain groups, including:

- Older adults showed a stronger preference for the status quo; 22% said a top barrier to their adoption of gigabit-capable broadband was wanting to stick with their current broadband because it was 'tried and tested'.<sup>61</sup>
- Older adults were also more likely to cite hassle related to finding a package (47%) and switching (38%) as a barrier to adoption of gigabit-capable broadband. This group was also more likely to experience issues with understanding terminology<sup>62</sup> and identifying the difference between gigabit-capable broadband and other types of connection.<sup>63</sup> There were indications that disabled consumers faced a similar set of barriers.
- People on low incomes (below £21k) were more likely to identify affordability as a top barrier (38%). They were also more likely to be put off adopting gigabit-capable broadband due to worry about unexpected costs (65%).<sup>64</sup>
- People with disabilities may face barriers related to engaging with their account or provider.<sup>65</sup> These consumers may also struggle more with issues related to loss aversion and finding sufficient 'headspace' to review options and make a decision.<sup>66</sup>

It is important to note that these findings are indicative, with samples not representative of these groups. Further research would be required to test these findings. However, these findings do illustrate that specific solutions are likely to be required for these groups of consumers.

58 As set out in the GigaTAG's interim report, there are specific groups of consumers who may be less likely to adopt gigabit-capable broadband. These include older adults (65+ years); households with low incomes; small households (couple or single); and households who feel that their existing broadband meets their needs.

59 It is important to note that people are unlikely to fit into just one of these groups. For example, disabled people are more likely to be unemployed and therefore have low incomes; older adults may have a physical disability and/or reduced cognitive ability.

60 Older adults (65+ years), people with disabilities (including physical disabilities, mental health problems, social and/or behavioural conditions and cognitive impairments) and households with low income (below £21k).

61 Percentages are of decision makers who don't have gigabit broadband and indicate they have barriers to adopting it.

62 51% of older adults, who are broadband decision makers, say they are not confident in understanding the language and terminology used by broadband providers.

63 56% of older adults who don't have gigabit broadband say that not being clear how gigabit connections differ from other connections available is a barrier to their adoption of it.

64 Along with: not needing faster or more reliable broadband (50%), not wanting to be locked into a new contract (44%), not having 'headspace' (36%), and it being hard to choose a package due to the terminology (42%).

65 For example, the experience of speaking on the phone with providers is more likely to provoke anxiety, or the phone navigation systems may be difficult for those with memory problems. Those with speech, hearing or comprehension difficulties may find communication on the phone hard or their assistive technology may not be supported.

66 It is important to note that people with different disabilities may face different barriers. Those noted here tended to appear across groups in our analysis, but further research is needed with these specific groups to fully understand how barriers may differ for them.



### 2.4.1 Practical barriers to adoption for specific consumer groups

The GigaTAG identified affordability and ability to engage as practical barriers to adoption that may be faced by specific groups of consumers.

#### *Affordability (for specific groups)*

The GigaTAG's interim report presented evidence that affordability is likely to be a barrier for some consumer groups.<sup>67</sup> People with very low incomes may not have the immediate budget for an increased price and/or may have concerns about long-term affordability. They may not want to be 'locked-in' to paying more, especially if they do not have a stable income.

However, research undertaken by Which? in March 2021 found that the issue of affordability was much broader. Overall, 3 in 10 (28%) said that not being able to afford to pay more would be a barrier. This rose to 44% of those in a low-income household.<sup>68</sup>

#### *Ability to engage (for vulnerable groups)*

Switching to gigabit-capable broadband will require people to engage with their current package and provider and, as mentioned above, this may represent a barrier for some vulnerable consumers.<sup>69</sup> Which? found that 29% of broadband decision makers who did not have gigabit-capable broadband identified not having the 'headspace' to look into gigabit-capable deals and make a decision to switch as a barrier to their adoption. A fifth (18%) said that finding it difficult to talk to their provider would represent a barrier. There are indications that these factors may be more applicable to consumers in specific vulnerable groups (e.g. consumers in low-income households and consumers with a disability).

## 2.5 Business typologies

The GigaTAG continues to believe that business segmentation is important when considering the challenges to take-up outlined in its interim report. This section recaps the key findings from the interim report and adds additional insights from stakeholders, as well as new findings in light of the COVID-19 pandemic.

**Business broadband services:** A range of both business and consumer-focused connectivity services are available to businesses, from residential fixed broadband packages to fixed broadband packages with additional features such as Service Level Agreements (SLAs), or bespoke leased lines. However, more research is required to understand the specific connectivity services and speeds different businesses currently take-up.

**Business segmentation:** The business community ranges from large businesses to sole traders and micro-businesses. Size and propensity to innovate are the most significant factors in determining experience and adoption of broadband services. Ofcom/Cartesian research from 2018 found that leased lines were the most common connectivity products for large enterprises.<sup>70,71</sup> SMEs are more likely to purchase residential lines if based from home. Microbusinesses and sole traders often align with consumers when navigating the broadband market due to a lack of time and expertise.

**Propensity to innovate:** Businesses are evenly split in terms of their intentions to invest in gigabit-capable connectivity. Research by CBI showed that 37% of firms surveyed were already investing

67 It is important to note that not all vulnerable consumers (when taking a broad definition) will have affordability issues.

68 Low income is defined as household income below £21k.

69 While some of the need to speak to the current provider will be reduced as a result of moving to a fully GPL approach to broadband switching, people will still need to engage with their current package and understand the other options available to them.

70 Only 2% of SMEs take up bespoke leased lines.

71 Cartesian (2018) Business Connectivity Market Assessment. Prepared for Ofcom.

in gigabit, 30% were planning to invest within the next five years, and 33% had no current plans to invest.<sup>72</sup> FSB research supports these findings, with 14% of small businesses and sole traders stating that they had already invested in gigabit-capable broadband, and 37% keen to invest now or as soon as possible.<sup>73</sup> Willingness to invest was particularly high among the information and communication sector and education.

**Table 5: Business segmentations based on business size and propensity to innovate**

	<b>Gigabit Pioneer</b> Early adopters/“have already invested in gigabit connectivity”	<b>Gigabit Follower</b> “Planning to invest in the next five years”	<b>Gigabit Sceptic</b> “No current plans to invest in this technology”
<b>Large business</b> 250+ employees	Large pioneer	Large follower	Large sceptic
<b>SMEs</b> 2-249 employees	Small pioneer	Small follower	Small sceptic
<b>Microbusinesses</b> 1-9 employees	Micro pioneer	Micro follower	Micro sceptic

### The impact of COVID-19 on businesses

Improving SMEs’ digital connectivity is critical to increase business productivity and foster economic growth. It is also a prerequisite for business adaptability and survival. The pandemic forced businesses to quickly adapt to e-commerce and shift to working from home – leapfrogging the digital transition by several years.<sup>74</sup>

The pandemic highlighted the importance of digital connectivity for businesses. 16% of small businesses and sole traders developed a new online presence or increased their existing one, including delivering their offering online.<sup>75</sup> Additionally, firms had to respond to rapid changes to how they operated. This included remote working, video conferencing and data transfer. For instance, 24% of all small businesses and sole traders adopted or increased their use of digital technologies (e.g. Zoom, Microsoft Teams) to facilitate working from home.<sup>76</sup>

Stakeholder responses to the interim report recognised the impact of COVID-19 on businesses and the importance of digital connectivity. Openreach highlighted a ‘*significant uptick in FTTP<sup>77</sup> orders in recent months*’ across both businesses and consumers. As the UK embarks on the road to recovery from the pandemic, a reliable broadband connection will continue to be vital for companies of all sizes if they want to participate in a digital society.

In December 2020, the FSB conducted a survey to gauge whether small businesses and sole traders understand the benefits of gigabit-capable broadband.<sup>78</sup> Overall, 78% of respondents acknowledged understanding the benefits of gigabit-capable broadband, when asked about the technology (primarily businesses in the information and communication sector and businesses offering professional, scientific and technical services). This included: 70% of companies understanding its benefits for the economy; 59% of firms understanding its benefits for their

72 CBI (2020) Tech Tracker Survey.

73 FSB (2020), UK Transition Preparedness.

74 <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever#>

75 FSB (2020) New Horizons: How small businesses are navigating the COVID-19 Crisis.

76 FSB (2020) New Horizons: How small businesses are navigating the COVID-19 Crisis.

77 Fibre to the Premises.

78 Survey respondents were not expected to know what gigabit-capable broadband is and were provided with a short explanation on the difference to other services.

business; and 43% understanding that access to gigabit-capable broadband would support their employees in working from home. Nevertheless, sectors such as food and drink manufacturing as well as construction were least likely to see the benefits of gigabit-capable broadband.

## 2.6 Business Barriers

The GigaTAG set out the following barriers in its interim report, and continues to consider that these are the key barriers faced by businesses:

- Lack of understanding and market complexity
- Limited awareness of the benefits / Return on Investment
- Lack of digital skills

### 2.6.1 Lack of understanding and market complexity

A lack of understanding of gigabit-capable broadband connectivity and its benefits ultimately impacts overall willingness to invest in the technology. As highlighted in the interim report, business understanding of gigabit-capable broadband is low. According to research conducted by the FSB in December 2020, 33% of small businesses and sole traders had not heard of gigabit-capable broadband.<sup>79</sup>

According to TalkTalk, the interim report *‘correctly identified confusion about terminology as a barrier to adoption of new services, [which] aligns with [the company’s] market research across both consumer and business markets.’*

### 2.6.2 Low awareness of the benefits/return on investment

Many SMEs are not aware of the benefits of gigabit-capable broadband. In its interim report, the GigaTAG highlighted that almost a third (36%) of SMEs that had not already adopted gigabit didn’t think it was relevant for their day-to-day operations and 31% didn’t see the benefit of gigabit-capable technologies.

### 2.6.3 Skills

Firms face a range of skills barriers which include: a lack of skills and resources to navigate the broadband market; lack of skills to adopt gigabit-capable technologies effectively; and a responsibility vacuum within firms to address changing connectivity needs amongst employees as more people work from home. This became particularly apparent during the pandemic – a survey conducted by the FSB in December 2020 revealed that 33% of SMEs did not feel they had the skills or expertise to adopt gigabit broadband effectively and take advantage.<sup>80</sup>

### 2.6.4 Other barriers

While these are the three most significant barriers, companies also face a range of others. Cost is likely to be an issue for some businesses, with 56% of SMEs stating that they would not be able to afford more than they currently pay. Other barriers include continuity of service and contract length.

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79 FSB (2020), UK Transition Preparedness.

80 FSB (2020), UK Transition Preparedness.

# Section 3: Recommendations to address lack of awareness and understanding of gigabit-capable broadband

## 3.1 Introduction

The GigaTAG's final recommendations are summarised in Tables 3 and 4 (see page 5). The GigaTAG recommends that responsible bodies should update it on progress in each of the recommendation areas detailed in Section 3 and 4 of this report in six months' time.

The following chapters set out the GigaTAG's recommendations in more detail. This chapter sets out its final recommendations to increase consumer and business awareness and understanding of gigabit-capable broadband. This is a critical first step in supporting consumer and business demand for these connections.

The recommendations are focused on three areas and are explored in detail in the remainder of this chapter:

- Clear and consistent terminology, use cases and information about the benefits (Section 3.2)
- A label to help support consumer understanding (Section 3.3)
- Local and national information campaigns (Section 3.4)

## 3.2 Clear and consistent terminology, use cases and information about the benefits

### Summary of the GigaTAG's final recommendation

The GigaTAG welcomes Ofcom's work to improve clarity and consistency of consumer information.

As part of this work, the GigaTAG recommends that Ofcom:

- Develops a core set of consistent use cases to be displayed by providers. These should be tangible and resonate with consumers
- Encourages providers to clearly display information about the benefits and use cases as part of the sales journey
- Develops common terminology that can be used consistently by industry to describe gigabit-capable products and faster services.

Business broadband providers should give use cases and information about the business benefits as part of their marketing to business customers. Business organisations should also disseminate this information to their members.

As identified in the GigaTAG's interim report and supported by new evidence set out in Section 2, consumers and businesses face barriers related to the lack of (perceived) benefit of gigabit-capable broadband. Consumers also face challenges overcoming the complexity of the broadband market and terminology used by providers, which can hamper engagement.

Stakeholder responses to the interim report demonstrated a strong consensus for the need to highlight the benefits of gigabit-capable broadband and devise use cases. Some emphasised this as a critical first step in improving awareness and thereby increasing the take-up of gigabit-capable connections. The GigaTAG believes that these benefits and use cases should be communicated as part of consumer information (including at the point of sale) and explain what these connections enable users to do, as part of improved consumer and business information.

The following subsections set out the rationale and specifics behind this recommendation.

### 3.2.1 Rationale

#### *The barriers faced by consumers and businesses*

##### **Consumers**

Consumers struggle to perceive the benefits of gigabit-capable broadband. As part of this, they face challenges in understanding how connections differ, some of which result from the terminology used to describe different broadband packages. These barriers are an issue for all consumer groups, although older adults and low-income households are more likely to face challenges in relation to understanding language and terminology (see Section 2.4).

Given that all consumer groups face challenges in relation to understanding the benefits of different broadband connections and the terminology used to describe them, the GigaTAG considers that a recommendation which addresses this could have a broad reach across consumer groups. It is also important to consider whether different approaches need to be taken to the benefits which are communicated to specific groups of consumers.

##### **Businesses**

A lack of understanding of gigabit-capable broadband continues to hold back a significant number of businesses, as detailed in Section 2.6. This lack of understanding will slow take-up of gigabit-capable broadband, leaving companies lagging behind in benefiting from this new technology.

Improved digital connectivity is paramount. In a post-COVID world, businesses need to be able to engage with customers online, e.g. through their website or social media. Additionally, online government services will continue to be rolled out, with an expectation that businesses will use them. As firms seek to increase productivity and competitiveness, accounting software and cloud computing applications will be key tools to facilitate this.

#### *Providing information about the benefits and use cases*

Stakeholder responses to the interim report highlighted the need for the benefits of gigabit-capable broadband to be communicated and for this to go beyond messaging around speed. The GigaTAG agrees with ISPA's view that *'it will be critical to communicate the benefits beyond just an increase in basic speed'*.

##### **Consumer benefits and use cases**

Ofcom's evidence suggests that consumers tend to consider price/cost and reliability when making broadband decisions.<sup>81</sup> As set out in Section 2, faster speeds tend not to be a 'pull', with just three in ten consumers (29%) indicating that their household needs faster speeds.<sup>82</sup> For consumers, reliability is the most compelling benefit of gigabit-capable broadband.<sup>83</sup> This holds true across a number of consumer groups, including those with slow internet, those with fast internet<sup>84</sup> and those aged 18–34 and 65+. This suggests that information about the benefits of gigabit-capable broadband must go beyond a focus on speed and think about benefits more broadly: particularly reliability.

81 Ofcom (2018) Consumer Engagement Research. Available at: [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0022/117076/Consumer-engagement-quantitative-research-2018-slide-pack.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0022/117076/Consumer-engagement-quantitative-research-2018-slide-pack.pdf)

82 Which (2021) Consumer barriers to adopting gigabit-capable broadband.

83 Which? (2021) Gigabit-capable broadband comms testing research.

84 Slow internet referred to those with download speeds below 10Mbps and fast referred to those with speeds of 24Mbps and above. This was determined by the result of an in-survey download speed test.

Some CPs are already moving away from focusing solely on speed as part of advertising their gigabit-capable services.<sup>85</sup> For example, BT noted that its marketing of full fibre services has *'shifted from a focus on ultrafast speed to a broader message of reliability, resilience and capacity to handle more connections'*. It stated that this reliability aspect has been an *'increasingly effective focus in consumer marketing'* with customers valuing having the confidence that they will be able to maintain high quality connectivity regardless of time of day or number of people in the household. It has also developed use cases to illustrate these benefits.

Similarly, research undertaken by TalkTalk found that consumers were aware that its full fibre product in York offered higher speeds but were far less aware of the reliability benefits. TalkTalk concluded that given that consumer satisfaction is driven by speed and reliability there is a need to include this as part of its pre-sale information to help make the benefits more tangible to consumers.

Information about the benefits and use cases of gigabit-capable broadband need to be clear and compelling for consumers. The GigaTAG agrees with BT's view that *'there needs to be clear benefits and these need to be recognised and understood'*. Stakeholders have suggested a number of benefits which could be highlighted to consumers such as: improved reliability; the ability to receive consistently higher speeds across multiple devices; supporting households to do what they want at the same time without being constrained; that it is futureproof (i.e. that it is a technology that will be able to support connectivity needs for years to come).

To help support the GigaTAG's understanding of which benefits of gigabit-capable broadband are most likely to resonate with consumers, Which? undertook quantitative research in April 2021. It found that the message of increased reliability along with increased speed was a powerful combination, appealing to 68% of consumers.<sup>86</sup> Importantly, both these messages included an example of how the benefit worked in practice, and this made them more appealing than where examples were not used.

Which?'s research also explored the futureproof aspect of gigabit-connectivity and whether communicating the societal benefits of being an early adopter had an impact. It found that communicating to consumers that – by upgrading to gigabit-capable broadband - they would help connections roll out faster, alongside the message of speed and reliability, appealed to three quarters (76%) of consumers. This highlights that by including a range of messaging and relevant examples, it is possible to reach a wide range of consumers with resonating messages about gigabit-capable broadband.

If designed effectively, the GigaTAG expects that use cases and information about the benefits could help support adoption of gigabit-capable broadband across a broad range of consumer groups. It will help achieve improved awareness and understanding of gigabit-capable broadband.

### **Business benefits and use cases**

Much like consumers, communicating the benefits of gigabit-capable broadband and use cases to businesses can play an important role in helping improve awareness and understanding. TalkTalk observed that, particularly for small businesses and sole traders, *'broadband decision-makers often need to be able to make the business case for a new product based on demonstrating a clear return on investment.'*

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<sup>85</sup> However, it is concerned that in some situations, particularly for services delivered over older technologies, these use cases can prove not to be accurate for all consumers using a given product, or are unachievable, due to the characteristics of the underlying network technology.

<sup>86</sup> Which? (2021) Gigabit-capable broadband comms testing research.

Although speed as a factor should not be dismissed as a benefit, it is not widely seen as a ‘pull’ for companies. FSB research found that ‘fastest speed possible’ was a top priority for only 42% of small businesses.<sup>87</sup> Instead, communication of benefits should highlight speed alongside reliability, encapsulating consistency and resilience. Reliability is a key issue for businesses and plays an important role: for example, enabling real-time collaborations and cloud computing. In a survey of small businesses and sole traders, 25% of respondents highlighted the lack of broadband reliability as an issue for them.<sup>88, 89</sup>

Alongside highlighting the benefits of gigabit-capable broadband, use cases can clearly demonstrate to businesses what this connectivity enables. Previous research commissioned by DCMS revealed that “*the ‘benefits’ are not always clear, especially considering those who don’t know how to ‘make the most’ of a high-speed connection potentially will not ‘benefit’ in the way expected/intended*”.<sup>90</sup> Specific and widely adopted use cases may help businesses better understand how best to utilise and take advantage of gigabit-capable broadband.

However, businesses aren’t homogeneous and therefore business segmentation may be helpful in the development of use cases. CityFibre for instance recommends that ‘*use cases can be targeted to each [business] segment, describing the benefits that are most relevant to them*’.

The GigaTAG does not attempt to provide a complete overview of potential use cases for businesses. However, there are a number of ways in which gigabit-capable broadband can be used to help them become more productive, efficient and competitive. For example, helping support the adoption of new applications; enabling remote working; and helping businesses who are investing in big data and automation as part of Industry 4.0.

### Addressing terminology

The GigaTAG has also considered how broadband terminology can pose a barrier to consumer and business adoption of gigabit-capable broadband. For example, the GigaTAG’s interim report highlighted its concern that the wide range of terms used to describe different types of broadband connection, alongside the broad use of the word ‘fibre’, is contributing to the complexity in the market. Recent research undertaken by WIK for CityFibre found that 52% of consumers claim to have full fibre, despite 80% living in areas where it is not yet available.<sup>91</sup>

INCA raised concerns about terminology in response to the interim report, stating that there is clear confusion about terminology and what different terms mean practically. TalkTalk recognised the opportunity to simplify terminology, however it emphasised that ‘*progress on use cases must not be held back by advertising debates*’. Meanwhile Openreach was of the view that ‘*clear and understandable use cases could be a more useful way to encourage demand than focusing on terminology and language*’. It also suggested that even if simplified terminology were agreed, there would still be a need for clear benefits and explanations of the possibilities. The GigaTAG agrees with this view but believes that there is also a need to address confusing and complex terminology to help support adoption.

Research undertaken by Which? found that 4 in 10 (37%) decision makers are not confident in understanding the language and terminology used by broadband providers. Meanwhile, 38% of

87 FSB (2019) Lost Connection: How poor broadband and mobile connectivity hinders small firms.

88 FSB (2020), UK Transition Preparedness.

89 This figure increased to 42% for Accommodation and Food Services businesses, and 36% for businesses in the Arts, Entertainment and Recreation sector.

90 Department for Digital, Culture, Media & Sport (2020) *Benefits of high speed internet: case study research*.

91 WIK-Consult for CityFibre (2021) *Impact of labelling on full fibre adoption*.

broadband decision makers are put off adopting gigabit-capable broadband as the terminology used to describe different packages makes it difficult to differentiate between them.<sup>92</sup> As such, the GigaTAG continues to consider that terminology is a significant barrier to adoption and steps should be taken to address this issue.

The GigaTAG has not undertaken further research at this stage to understand what specific elements of terminology are most problematic to consumers: these may include vague, ambiguous or hyperbolic terms to describe services and their capabilities. Yet, it is clear that terminology needs to be carefully considered and addressed as part of ensuring take-up of gigabit-capable connections.

### ***The need for clarity and consistency***

The GigaTAG is of the view that the benefits of gigabit-capable broadband and the terminology used to describe these connections should be clear and consistent. This was also highlighted in a number of responses to the GigaTAG's original call for evidence and its interim report. TalkTalk stressed the importance of agreed messaging and shared narratives. Citizens Advice Scotland urged that communications should be in the most accessible language possible.

There are low levels of consumer trust in the broadband market.<sup>93</sup> In particular, consumers lack trust in the transparency of the market and information given by providers.<sup>94</sup> Given this, there are likely to be benefits in adopting a consistent approach and/or common messages about the benefits of, and use cases for, gigabit-capable broadband. This should help strengthen consumer trust and improve confidence in the information received from providers. The GigaTAG has not undertaken specific research to understand the best point in the consumer journey to provide this consistent information. However, it expects that it would be useful at the point of sale as well as in advertising. The GigaTAG recommends that this should be considered as part of further work in this area.

The GigaTAG believes that a core set of consistent use cases and clear benefits, using consistent terminology, should be developed and adopted by all providers for use in customer communications. However, the GigaTAG understands the need for industry to have the ability to flex its marketing approach. This will enable it to communicate appropriately to its own customer base as well as differentiate itself based on network characteristics: for example, full fibre providers may want to highlight the upload speeds that can be achieved on their networks and the associated benefits as part of marketing.

This consistent approach should extend beyond just use cases and information about the benefits, and also apply to the terminology used to describe gigabit-capable networks and faster speed broadband products. This will improve the ease with which consumers can identify different broadband products and services. Alongside clarity around use cases and information about the benefits of gigabit-capable broadband, this should help support the ability of consumers to differentiate between connections and identify the right package for their needs.

The GigaTAG anticipates that communicating the use cases and benefits of gigabit-capable networks to residential customers will in effect also communicate them to microbusinesses and sole traders, which commonly have simple needs from their broadband connection and may share it with family members.

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92 Which? (2021) Consumer barriers to adopting gigabit-capable broadband.

93 Which?'s Consumer Insight tracker found in February 2021, 41% of consumers trusted their broadband provider. <https://consumerinsight.which.co.uk/tracker/trust>.

94 Which? (2019) *Consumer Engagement with the Broadband Market*.



The GigaTAG has also considered whether communicating consistent use cases could help encourage larger SMEs to adopt gigabit-capable connections. Given the diversity of business types and size it does not think that this approach would be practical. However, it continues to believe that adopting use cases and information about the benefits will be important to communicate to businesses.

#### **Information on consumers' in-home set up**

As part of its work, the GigaTAG has also considered the role that consumer information about in-home set up can play in helping support understanding as well as how it relates to consumer trust in the market.

The GigaTAG has heard from a number of stakeholders that consumers could benefit from better information about their in-home set up and devices. This was raised by TalkTalk in its response to the interim report and by FullFibre in its response to the call for evidence, suggesting that there could be benefits of providing a guide – for example – to help consumers understand how much they rely on connectivity in the home. Similarly, the Local Government Association (LGA) noted that *'councils have found that residents and businesses lack awareness of the barriers to connectivity in the home, such as the quality of Wi-Fi or placement of the router'*. The LGA suggested that more needs to be done to *'outline how best to ensure premises are conducive to well-performing connections'*.

The GigaTAG agrees that providing consumers with information about how to optimise their in-home set up could help ensure that their experience of gigabit-capable broadband lives up to their expectations. It should also help to ensure that any problems with the connection which are outside of the providers' control are mitigated against and come from a trusted voice. Doing so could also help encourage greater trust in the market. This is similar to work undertaken previously by Ofcom as part of its 'Boost your Broadband' campaign, which aimed to encourage people to engage with the market, identify the best product for their needs and included information about how consumers could get the most out of their connection.<sup>95</sup>

However, information about the in-home set up relates to what happens after the consumer has decided to migrate to a gigabit-capable connection – it will not deliver the outcome of improved consumer awareness and understanding of gigabit-capable connections.<sup>96</sup> Therefore, while the GigaTAG is not making a specific recommendation in relation to such information given its remit, it does think there is value in considering this more closely, particularly as adoption of gigabit-capable connections increases. This is something that Which? should investigate, with support from Ofcom and industry. Ofcom's work on consumer information (detailed below) could also include clarifying those factors which may get in the way of accessing headline speeds (particularly the fastest headline speeds), for example where older routers or customer devices can't support them. Further consideration should also be given as to whether industry may address this as part of their best practice and customer care processes.

#### **Ofcom's work on consumer information**

The GigaTAG is aware that Ofcom already has a project underway which is looking at the clarity and consistency of consumer information in the broadband market. This includes looking at the potential for the development of common standards for use by providers in describing broadband

<sup>95</sup> The microsite included information about how to check for available broadband products, different speeds required for different household needs, things to consider when making a purchase and advice about in-home performance issues. <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/advice/get-more-from-your-broadband>

<sup>96</sup> Given that evidence GigaTAG has received pertains to issues once consumers have purchased higher speed products but then been unable to experience the full benefits due to in-home limitations.

products, with the aim of addressing consumer confusion. It is important to note that this project will also help small and microbusinesses.

The GigaTAG understands that Ofcom is planning a programme of engagement with industry, which will bring to bear providers' expertise in marketing and advertising their broadband products. It will also engage with consumer groups as part of this work to improve consumer information.

### 3.2.2 The GigaTAG's final recommendation

The GigaTAG strongly supports the work that Ofcom is starting which looks at developing common industry standards to address the clarity and consistency of consumer information and terminology. It welcomes the steps it is taking to engage industry and encourages a collaborative approach: industry involvement is critical to the success of this work.

The GigaTAG recommends that this project seeks to achieve the following outcomes, to help support consumers, microbusinesses and sole traders to adopt gigabit-capable broadband:

- Ofcom and industry should develop a core set of use cases and benefits to be used by all providers. These can be supplemented with additional use cases and benefits, where appropriate, to differentiate between the services that different providers offer and appeal to different customer bases.
- These consistent use cases, and information about the benefits, should be used by communications providers as part of the sales journey to help support consumer awareness and understanding, as well as to facilitate improved engagement. Further research could be undertaken to determine what information would be most useful and how it could be presented. The use cases and information should be realistic and reflect the performance that the vast majority of customers should expect to get from their broadband product, thereby helping consumers and businesses identify the right package for their needs.
- Common terminology should be developed and adopted across industry to describe gigabit-capable products and faster services. There should be a consistent approach and consumers should be able to easily identify and differentiate between gigabit-capable services and other broadband services. Past issues that have faced consumers in relation to identifying different types of broadband – and the complexity of the market – should not be repeated for gigabit-capable broadband.

Furthermore, the GigaTAG recommends that Ofcom works with consumer groups as part of this project to help to ensure that the information resonates with consumers. It should also utilise consumer groups to help support the consistent messaging of the benefits and use cases of gigabit-capable broadband.

From a business perspective, the GigaTAG recommends that business broadband providers give consistent use cases and information about the business benefits as part of their marketing to business customers. The GigaTAG believes that this is most likely to be relevant to microbusinesses and sole traders, who will need more help with understanding their connectivity needs. Additionally and as previously highlighted, microbusinesses and sole traders often align with consumers in their needs and choices due to limited time, resources or expertise. The GigaTAG also recommends that business organisations, such as the CBI and FSB, work with industry on these use cases and benefits and help disseminate the information to their members.

### ***Responsibility***

Given Ofcom's existing project in relation to consumer information, it has a critical role to play in the implementation of this recommendation, which aims to help support consumer awareness and understanding and overcome some of the barriers they face. Industry should be closely involved in this work and should support its objectives and development as the experts in marketing and advertising its products.

The GigaTAG believes that the ASA should also contribute to this work. Given the interplay between consumer information on broadband and advertising regulation there may be opportunities for the organisations to align and collaborate.

As mentioned above, the GigaTAG considers that there could also be an important role to play for consumer groups, such as Which?, in getting messages to consumers about the benefits of gigabit connectivity, utilising the common terminology and use cases developed by Ofcom and industry.

Alongside this, business organisations such as the CBI and FSB have a critical role to play in communicating benefits and use cases to businesses through their own communications and member engagement. They can also work with industry to help support the development of relevant business use cases and information about the benefits. Tools such as use cases will continue to be useful and should be actively used by stakeholders to promote gigabit-capable broadband.

### ***Timing and sequencing***

Communicating the benefits and uses of a gigabit-capable connection is a critical first step in raising awareness and understanding. Addressing terminology must also be a priority to support consumer understanding and overcome the challenges consumers currently face when navigating the broadband market. Therefore, these recommendations should be implemented as soon as possible to help raise awareness and support understanding ahead of connections becoming available and to help businesses plan ahead.

Ensuring that consumers and businesses understand the benefits of adopting gigabit-capable connections will need to be addressed ahead of the implementation of other GigaTAG recommendations. In particular, it considers that this recommendation would be a prerequisite for the success of broadband labelling to ensure consumers and businesses understand the service that they should expect and what they can do with it.

This recommendation should operate in conjunction with information campaigns, skills vouchers and the employer-led scheme. In particular, these recommendations should make use of the benefits, use cases and terminology determined through this recommendation and ensure consistent messaging. For example, local information campaigns should adopt use cases to communicate benefits to local businesses.

### 3.3 Labelling

#### Summary of the GigaTAG's final recommendation

The GigaTAG recommends that Ofcom assess the role that a gigabit-ready mark could play in improving consumer and business understanding of gigabit-capable broadband.

Ofcom should specifically consider how the label could be defined and its underlying criteria, for example whether it should encompass speed and/or other measures of user experience. It should also consider the appropriate timing for implementation.

Ofcom should consider these key questions in relation to labelling as part of its broader project on consumer information.

The GigaTAG's interim report set out its view that a labelling scheme could be a possible solution to support improved consumer and business awareness of gigabit-capable broadband. Since the interim report, it has considered new evidence and undertaken its own evidence gathering to support the development of this potential solution.

Research illustrates that consumers and businesses lack awareness of gigabit-capable connections. Alongside the evidence presented in Section 2, research undertaken by WIK-Consult for CityFibre found that over half of survey respondents (52%) said they had a full fibre connection. However, 8 out of 10 respondents live in areas where full fibre is not yet available. Furthermore, almost half of consumers report not knowing what 'superfast', 'ultrafast' and 'gigabit' mean.<sup>97</sup>

Given the challenges that consumers and businesses have in navigating the broadband market, and understanding different types of connection and what they offer, the GigaTAG has considered how a labelling scheme may help support improved consumer understanding, alongside its other recommendations. The GigaTAG hypothesised that a label may also make it easier for consumers to identify different types of broadband connection after they have decided to engage with the market, supporting improved capability to engage and enabling them to make a meaningful choice.

The remainder of this section sets out the GigaTAG's views on the key elements that need to be considered in deciding whether to implement such a scheme within the UK broadband market.

#### 3.3.1 Other labelling schemes

The GigaTAG considered the role that labels have played in improving consumer awareness and understanding in other markets: for example energy efficiency rating cards, food labelling and the BSI Kitemark.<sup>98</sup> Each of these examples takes a slightly different approach to the label that is displayed to the end customer: the energy efficiency rating card and Guideline Daily Amount (GDA) food labels<sup>99</sup> being examples of a graded scheme that can allow for nuanced comparisons, while the BSI Kitemark is a 'seal of approval' label, meaning that the product/service has been certified to a particular standard.<sup>100</sup>

97 WIK-Consult for CityFibre (2021) *Impact of labelling on full fibre adoption*.

98 The BSI Kitemark is a trademark owned by BSI and was originally only used in the UK, but it is now recognised throughout the world as a mark of quality. Having a BSI Kitemark associated with a product or service confirms that it conforms to a particular standard. BSI has developed a whole range of BSI Kitemark schemes that cover a variety of products and consumer services, including window installation, garage services, furniture removals and electrical installation work. See: <https://www.bsigroup.com/en-GB/kitemark/product-testing/>

99 <https://www.gdalabel.org.uk/gda/gdalabel.html>

100 PETRAS IoT Hub (2018) Rapid Evidence Assessment on labelling schemes and implications for consumer IoT security.

Assessments of various labelling schemes highlight that they can be effective in influencing consumer decision making. However, there are advantages and disadvantages to different approaches.

In terms of advantages, it has been observed that colour-graded schemes can help consumers make comparisons, make information more salient, direct their attention to important information and are easy to interpret. Meanwhile a binary ‘seal of approval’ can be successful as consumers prefer simple labels, and they can also reduce any cognitive burden, thereby acting as a cognitive shortcut.

However, reviews of graded schemes have found instances where there is a gap between consumer intentions and their actual behaviour.<sup>101</sup> It has also been noted that the ‘seal of approval’ approach can mean consumers are not able to distinguish between the different merits of different products. This can be misleading as those products which are good cannot be distinguished from those which excel.

The GigaTAG has also assessed labelling systems which are already in use in the broadband market:

***Italy: traffic light labelling system***

Introduced in 2018 by the Italian National Regulatory Authority (AGCOM) for advertising broadband products, this label aims to help consumers understand the characteristics and underlying quality associated with different broadband technologies. Green indicates the highest quality connections, such as full fibre. Yellow is used for part-fibre products, and red indicates connections provided via legacy copper or wireless networks. AGCOM awards a green light to broadband services that are based exclusively on FTTB/P (fibre to the building/premises) technology.

When the label was introduced, Italy had less than 24% FTTB/P. This limited availability meant that many customers were unable to access the top-rated service. In addition, operators in Italy generally advertise these products even in areas where the technology is not available. If the customer is unable to purchase the FTTB/P product, they are automatically redirected to the product that is available, marked with the appropriate traffic light. Some evidence suggests that some consumers may believe that they have purchased a FTTB/P connection in areas where this product is not available due to the way in which the product was advertised, despite them being redirected – which could undermine the impact of the labelling scheme.

Some Italian stakeholders have therefore called for advertising to reflect the actual availability of the technologies, and for labels to be included on customer contracts.<sup>102</sup>

***UK: Independent Networks Cooperative Association (INCA) – Gold Standard Tick***

This aims to provide clarity to the underpinning technology being used by different providers and address the complexity that arises from current broadband marketing and terminology practices. It has a common set of criteria for all broadband connections which must be met before the Gold Standard logo is awarded.<sup>103</sup>

### 3.3.2 Application to the UK broadband market

Considering the way in which labels have been used in different markets, as well as in the broadband market, the GigaTAG has looked at how such a scheme could work for the UK broadband market and the key considerations that need to be made.

<sup>101</sup> For example, in the case of energy efficiency, consumers may be motivated to purchase energy efficient products but in reality purchase inefficient ones. This is referred to in the literature as the intention-behaviour gap. It results from the unintended consequence of heuristics, which in the case of the energy label is that many consumers struggle to interpret the additional information which sits alongside the efficiency rating. See PETRAS IoT Hub (2018) Rapid Evidence Assessment on labelling schemes and implications for consumer IoT security.

<sup>102</sup> WIK-Consult for BSG (2020) *International experience on full fibre/gigabit barriers to adoption*.

<sup>103</sup> <https://www.inca.coop/quality-mark/standards#Full%20Fibre%20Standard>

## **Label design**

### **Traffic light labelling – a graded scheme**

To date, the analysis and evidence gathering to support the implementation of a label in the UK context has largely been focused on a colour-graded scheme, with the assertion that full fibre services would be awarded the highest grade. However, the GigaTAG is mindful of the complexity of such a scheme, particularly given the mix of technologies which are being used to deliver gigabit-capable broadband connections in the UK, and their different characteristics – something also highlighted by stakeholders in response to the interim report. This would need to be considered as part of the design of a label to help support consumer understanding of gigabit-capable connections, and not undermine their rollout.

### **Gigabit-ready mark – a ‘seal of approval’**

The GigaTAG has considered the possibility of a ‘seal of approval’-style label for gigabit-capable connections – a ‘gigabit-ready’ mark, to enable simple identification of gigabit-capable connections. This could again be used to signify whether a broadband service meets a certain criterion or standard. The GigaTAG thinks there is value in the simple appearance of such a scheme, enabling consumers to take cognitive shortcuts in their decision making.<sup>104</sup> However, unlike a graded scheme, consumers would be unable to undertake detailed comparisons between different connections awarded the mark, given its binary nature.

### **Defining a label and its criteria**

Any labelling scheme, regardless of its appearance, will need to be clearly defined as to what it signifies, i.e. what it is a mark of. It will also need to be underpinned by clear and objective criteria to help support consumer trust in the label. The GigaTAG has considered different approaches which could be taken to defining a criteria for a label:

#### **A technology-based approach**

The criteria for a label could be purely based on whether the technology is able to deliver gigabit speeds in given conditions (i.e. speeds of 1000Mbps). This simple criterion may help to illustrate to consumers which services are being delivered over gigabit-capable networks, and are therefore future-proofed, assisting them in making an informed decision on moving to a gigabit-capable network. This approach would not make any assessment of the quality of a connection. However, such a criterion could be supported by additional consumer information highlighting the benefits of different types of gigabit-capable connection.

In response to the interim report, Openreach suggested that focusing on speed as the single component in a label would be overly simplistic and make it difficult for consumers to make an informed choice. Similarly, research by WIK for FTTH Council Europe suggested that information or labelling campaigns could usefully focus on the wider benefits of technologies, extending beyond download speed.<sup>105</sup>

#### **Quality of Experience**

A labelling scheme could utilise a criteria which would enable it to be an indicator of quality. It could provide an objective measure of the quality of the connection and the user experience, based on a number of different factors. Consideration would need to be given as to which factors should be included: for example, factors such as network capacity, latency and contention can have a

104 Research suggests consumers find seal of approval logos useful in shopping scenarios where they are unwilling to dedicate lots of time to reading information. See Hodgkins CE. (2016) Communicating healthier food choice Food composition data, front-of-pack nutrition labelling and health claims. (Doctoral dissertation, University of Surrey (United Kingdom)).

105 WIK-Consult for FTTH Council Europe (2020) *Identifying European Best Practice in Fibre Advertising*.

significant impact on user experience with a broadband connection. In response to the interim report, some stakeholders noted that differences in service quality would need to be captured in a label (e.g. resilience and reliability). They considered that this would help to ensure consumers could make better informed choices.<sup>106</sup>

A metric which assesses the quality of experience, and how this sits alongside what consumers expect of their broadband connection, does not exist today. Thus, such assessment criteria would have to be developed. There are inherent challenges in designing a measure which can capture these factors, and be adequately assessed with robust data / evidence, to illustrate whether providers have met the required criteria.

The GigaTAG notes that INCA's Gold Standard takes a slightly different approach to its criteria, with providers receiving the Gold Standard needing to have met a number of criteria related to clear and accurate marketing information, customer care, and network standards. There are then additional criteria for different technologies. The label signifies the specific broadband technology that is being used, alongside meeting these criteria.

An independent assessment against the criteria, as well as a monitoring mechanism, would need to be put in place to ensure the appropriate use of the label.

#### **Rollout of gigabit connectivity & timing**

The GigaTAG has also considered how the timing of a labelling system could work in the UK context. Currently, 37% of homes have access to gigabit-capable broadband, with 21% having access to full fibre. As this availability increases, in line with the government's ambition of at least 85% coverage by 2025, the choice of connections available to consumers will increase.

It is at this stage, where consumers have maximum choice of different types of services delivered over *different networks*, where the GigaTAG anticipates that consumers will experience the most benefit from labelling. It will help them to identify the right connection for them when they are at the point of switching to a new contract or provider – encouraging migration to gigabit-capable networks. This assistance would be augmented by ensuring that consumers have the right information about gigabit-capable connections, as outlined earlier in this chapter.

It should be noted that, at a certain point in time, a label may cease to be useful as copper networks are retired and consumers and businesses are forced to move to gigabit-capable connections, with alternative networks no longer available. However, the GigaTAG notes that if a criterion is adopted for a label which is related to quality of experience, it may have more longevity.

#### **3.3.3 Advantages of a labelling scheme**

The GigaTAG believes that a label can successfully help support consumer awareness and understanding, as demonstrated by labelling schemes adopted in other markets. Consumers also like the idea of a gigabit-ready mark, with seven in ten (71%) broadband decision makers saying that they are supportive of this being used by broadband providers to indicate which packages are on a gigabit network.<sup>107</sup>

Recent research looking at the use of a label in the broadband market also suggests that it helps to support consumer understanding, with this holding true across different groups of consumers.

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<sup>106</sup> Adopting such an approach for a gigabit-ready mark would need to mitigate against the risk of unintended consequences. There is a risk that some gigabit-capable connections would not be awarded the mark meaning those would not be easily identifiable by consumers.

<sup>107</sup> Which? (2021) Using a 'Gigabit-Ready Mark' to help consumers identify gigabit-capable broadband packages.

A WIK report commissioned by CityFibre suggests that a label would be effective at promoting the take-up of full fibre across all UK broadband customers, with 61% of participants considering the label to be informative and helpful with purchasing decisions.<sup>108</sup> When the label was used alongside information which explained more about the label, 68% responded that it helped inform their decision making.<sup>109</sup>

Which? undertook research to test a label in the form of a gigabit-ready mark to help support the GigaTAG's assessment of whether a labelling approach might be an appropriate intervention to help support consumer understanding. The experiment sought to identify the effectiveness of a 'gigabit network' icon/label on participants' ability to differentiate between packages on vs. not on a gigabit-capable network. In effect, this gigabit-ready mark solely identified whether the service was delivered over a gigabit-capable network.<sup>110</sup>

The result of this research supported the gigabit-ready mark as a helpful intervention. For broadband offerings not at the extreme ends of speed,<sup>111</sup> participants were more likely to correctly identify packages as either on a gigabit network or not when there was a label present, compared to the control group. The largest increase in accuracy was for a superfast package delivered via a gigabit-capable network: participants were over 3.5 times more likely to accurately identify this as on a gigabit-capable network when a label was present, compared to when there was no label and no information in the advert that it was delivered via full fibre.<sup>112</sup>

Three quarters (76%) of those who were shown the label said that it was useful in identifying whether a package was on a gigabit-capable network or not. It was also associated with participants being significantly more likely to say that they were confident they had correctly identified which broadband packages were on a gigabit network and which ones weren't (52%) and that it was easy to identify them (50%) compared to when there was no label or information on the technology delivering the broadband (i.e. FTTC or full fibre) present in any of the adverts (i.e. the control condition).<sup>113</sup> This suggestion of increased confidence and ease with which packages can be identified may help to motivate consumers to engage in the market.

The research found that the label was more helpful to consumers in terms of identifying gigabit-capable packages than provision of information in adverts regarding the way in which the service is delivered (e.g. that it is full fibre). This suggests that the gigabit-ready mark provides a simpler, cognitive shortcut, means to help consumers identify different packages.

Without the label, the experiment found that 78% of participants used speed as a heuristic, with the same percentage saying that this was the most helpful piece of information. However, speed is not an accurate heuristic as gigabit-capable networks can offer a range of different speed packages. In this condition, participants were significantly less likely to accurately identify packages when

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108 WIK-Consult for CityFibre (2021) *Impact of labelling on full fibre adoption*.

109 This research used a label which indicated the quality of underlying access technology from one of four categories (A to D). It was designed with multiple levels and colour scales with bars of decreasing size. Text or contextual information was omitted from within the label.

110 Which? (2021) Using a 'Gigabit-Ready Mark' to help consumers identify gigabit-capable broadband packages.

111 Extreme ends of speed refers to packages delivering gigabit and standard (up to 24Mbps) broadband download speeds.

112 Results of participants' accuracy in identifying broadband packages as either on a gigabit-capable network or not can be found in Annex 1.

113 Percentage of participants who said they were confident that they correctly identified which packages were on a gigabit-capable network and which weren't: Icon condition (participants saw the icon and no information on the technology delivering the broadband was provided on any of the adverts) 52% v control (no icon and no information on the technology delivering the broadband (i.e. FTTC or full fibre) was present on any of the adverts) 34%. Percentage of participants who said that it was easy to identify which broadband packages were on a gigabit network and which ones weren't: Icon condition 50% vs. control 30%.



they weren't at the extreme ends of speed. Meanwhile, in the label condition, the use of speed to identify packages dropped to 58%, with the label being most frequently cited as the most helpful piece of information in identifying which packages were on a gigabit network and which ones weren't (59%), more so than speed (48%).

The GigaTAG believes that speed is unlikely to be a useful indicator of which connections use gigabit-capable networks in the future given that – even today – providers make slower speed services available over gigabit-capable connections. This suggests that a label will be helpful when there are a range of different speed packages available over different networks, supporting migration to gigabit-capable networks in such a way that ensures consumers are able to make an informed choice.

It is important to note that each of these existing pieces of research are based on 'a' type of label, rather than considering the merits of different label designs against each other. However, in both instances, the evidence suggests that a simple label will help support consumer take-up.

### 3.3.4 Limitations of a labelling scheme

#### *Time-limited*

As highlighted above, given Openreach's intention to begin shutting down their copper networks in the future, the GigaTAG considers that a gigabit-ready mark is a time-limited intervention. It will have the most value when consumers have a choice of networks (i.e. gigabit-capable networks and non-gigabit-capable networks) to deliver their broadband connection.

A label could support consumers to migrate onto gigabit-capable networks and, in doing so, support the UK-wide switch-over process. Once consumers and businesses have switched to gigabit-capable networks, it is likely that any label would become redundant.

#### *Availability of gigabit-capable connections*

As demonstrated by the Italian scheme, availability of the technology is a crucial factor for the effectiveness of a labelling scheme. If implemented too soon, consumers will not be able to take advantage of what the label is telling them; if it is introduced too late, it will have little value.

It is also important to ensure that the label is implemented at a time which minimises the risk of unintended consequences, such as providers advertising gigabit-capable services even when they are not available. This could lead to consumer dissatisfaction through the inadvertent purchase of services which are not gigabit-capable, negating the intended effect of a labelling system.

#### *Consumer experience and the risk of top-rating*

Any label will come with the risk that consumers expect that services bearing the label are 'best in class'. However, unlike some other labelled products, it is impossible to guarantee the experience a customer will have with their broadband connection. Therefore, some consumers may have a poor experience (regardless of the criteria adopted), even with a labelled broadband service which appears 'best in class' or officially endorsed. This could result in some consumers feeling misled and reduce confidence in the labelling scheme.

Some consumers may also delay their purchase of a better-quality connection because they are unable to access a 'best in class' connection. Consumers may need information to help them understand why they are unable to access this connection, as well as what the alternative options are. This highlights the importance of having clear criteria in place and a well-defined label which consumers understand.

### 3.3.5 The GigaTAG's Final Recommendation

The GigaTAG believes that the evidence suggests that a label, as a way to identify different types of broadband connection, could be an effective intervention to help support consumers and businesses to identify those connections which are being delivered over gigabit-capable networks.

Through the GigaTAG's work, and its wider industry engagement, it believes that a gigabit-ready 'seal of approval'-style approach to labelling warrants further investigation. Ofcom should undertake further analysis and evidence gathering to assess such a label, and the role that it could play in helping consumers navigate the broadband market, as part of its wider project on consumer information and terminology. It should assess whether a label would offer additional benefits to consumers and businesses on top of the benefits of other measures proposed in this report.

There are key aspects which would need to be assessed to ensure that the label promotes consumer understanding and informed choice. The GigaTAG recommends that Ofcom should consider how a label could be defined and its underlying criteria: for example whether it should encompass speed and/or other measures of user experience. It should also consider the appropriate timing for implementation.

The final design and criteria of any labelling scheme should be evidence-based and should draw on research undertaken on consumer behaviour, as well as subsequent consumer testing. Ofcom should consider these key questions in relation to labelling in the context of its broader project on consumer information.

#### *Label design & implementation*

Consideration must also be given to how a label should be implemented, be it regulatory or voluntary, and where and when it can be used, e.g. at the point of sale and/or in wider advertising. The GigaTAG also believes that a label is likely to need to be introduced alongside information to support consumer understanding, both of the label and gigabit-capable connections more broadly.

#### *Timing and sequencing*

The GigaTAG believes that the recommended interventions on consumer information about the benefits, use cases and terminology will need to be developed ahead of the implementation of a labelling scheme. It notes that Ofcom will be working with industry to seek agreement on consistent approaches to describing different tiers of broadband services and characteristics of broadband products as part of its consumer information project. This will be essential to any approach to consumer information.

As such, Ofcom should consider and assess the role of a label as part of its broader programme of work on consumer information and terminology (see Section 3.2). As part of its assessment, Ofcom should also consider the appropriate timing for implementation, given rollout of gigabit-capable connections.

### 3.4 Information Campaigns

#### Summary of the GigaTAG's final recommendation

A 'Gigabit Toolkit' for local authorities should be developed by Building Digital UK (BDUK), in collaboration with industry, Ofcom, consumer and business groups. This should provide local authorities with information on the benefits of gigabit-capable broadband, alongside a range of resources to help them run information campaigns.

Consideration should be given to providing funding to local authorities to support the success of localised campaigns. The GigaTAG recommends that as part of this, the government should consider the potential to support a digital champion within each local authority.

The GigaTAG recommends that the government should undertake its own nationwide awareness-raising activities at the appropriate time, based on evidence around take-up and market developments. It should establish and lead a coalition of key stakeholders to work together on a national campaign, adopting shared messaging and building on local campaigns.

The GigaTAG's interim report set out its view that there was strong evidence in support of the role that information campaigns can play in helping to encourage adoption of gigabit-capable broadband connections. It agreed with the evidence which suggested a need for a trusted source, such as the government, to run these campaigns.<sup>114</sup> The GigaTAG also suggested that there could be an opportunity to utilise existing local networks to facilitate these campaigns.

As highlighted in Section 2, both consumers and businesses lack awareness of gigabit-capable broadband. Stakeholder responses to the interim report were supportive of the view that information campaigns would be needed from trusted sources to improve awareness. The GigaTAG considers that – if well-designed – information campaigns may also help address other consumer barriers, such as lack of awareness about the benefits; provided they take note of the recommendations set out in Section 3.2.

In the following subsections, the GigaTAG sets out the reasoning behind its recommendations before providing more specific details relating to its final recommendation.

#### 3.4.1 Rationale

##### *Raising awareness during rollout*

The rollout of gigabit-capable broadband is largely industry-driven. Industry is already playing a critical role in marketing these services as they become available in certain areas, helping to drive awareness and adoption. However, even with this marketing, the GigaTAG understands that driving take-up can still be challenging: for example, CityFibre highlighted that many residents claim they already have fibre. This is supported by research undertaken by Which? that found 43% of broadband decision makers are not confident in understanding the difference in quality between full fibre and 'fibre to the cabinet' (FTTC) broadband.<sup>115</sup>

The experiences highlighted by providers point to the need for information from a trusted and recognised source, alongside providers' marketing, to help support local awareness and understanding. It is also important to note that – in the longer term – there will be a need to ensure that all consumers and businesses are aware of gigabit-capable connections. Therefore, the GigaTAG believes that consideration should also be given to the role that other stakeholders can play in driving information campaigns.

<sup>114</sup> While today, the GigaTAG considers that the government would be a trusted voice to run such a campaign, given that a nationwide campaign is still a long way off, further research may be required closer to the time to ensure government are the best placed to deliver such a campaign.

<sup>115</sup> Which? (2021) Consumer barriers to adopting gigabit-capable broadband.

### **Lessons learnt from previous information campaigns**

As part of its consideration of information campaigns, the GigaTAG reviewed the approach and effectiveness of previous information campaigns.

#### **Digital switchover**

The campaign to switch off analogue TV and move to digital happened between 2006 and 2012. The process has been described as an ‘unqualified success’.<sup>116</sup> It was also highlighted in stakeholder responses as an important comparison: for example, BT noted that – in relation to the digital switchover – the government provided a trusted third party voice which was critical in securing support.

The campaign adopted the following approach:

- National advertising alongside local communications and community support
- Different strategies adopted as the switching date became closer – an initial focus on awareness-raising before encouraging people to be ready for the switch
- Local level awareness-raising was important with regional teams in the community, as well as roadshow events
- Key charities were identified and provided with campaign materials and training
- Local help schemes were established for the most vulnerable consumers and provided practical support.

The GigaTAG believes that there are important lessons from the digital switchover that can be applied to information campaigns for gigabit-capable broadband. In particular, it notes the adoption of a phased approach with national and local level initiatives. Alongside this, there were a wide number of stakeholders involved, with strong cooperation between them, which helped to reach a broad demographic of consumers.

#### **The Superfast Broadband Programme**

The Superfast Broadband Programme was designed to provide superfast broadband across the UK, managed by Building Digital UK (BDUK).<sup>117</sup> Through this programme, the UK government provided funding to local authorities (LAs) and local enterprise partnerships (LEPs) to support the rollout of superfast broadband infrastructure in their regions. Support was provided through BDUK for the procurement process, but local bodies were responsible for delivery plans and procurement. Therefore, as part of this rollout, councils also ran specific initiatives at a local level to spur demand for publicly funded rollout.

Councils managing publicly funded rollout have helped residents understand the benefits of faster connectivity, considering both the positive socio-economic opportunities as well as the public funding that could be clawed back if more consumers adopted the government-funded connections. The LGA has provided the GigaTAG with an example of a successful local campaign as part of the superfast programme, set out in the box below.<sup>118</sup>

<sup>116</sup> Financial Conduct Authority and Competition and Markets Authority on behalf of the UK Competition Network (2018) *Helping people get a better deal: Learning lessons about consumer facing remedies*.

<sup>117</sup> Previously Broadband Delivery UK.

<sup>118</sup> The GigaTAG notes that there have been high take-up figures across local superfast broadband projects. This may not only be the result of successful information campaigns but also due to the rollout focusing on those areas which had particularly slow speeds prior to this, which could have driven higher adoption rates. While faster speeds may not currently be a pull to encourage consumers to migrate to gigabit-capable networks, they do offer other benefits which are attractive to consumers, as discussed in Section 3.2.

### Case study: Cambridgeshire County Council

The BDUK Superfast Take-Up Fund allocated £18,778 to support a Cambridgeshire campaign (January to March 2019) targeting households and businesses in areas where analysis showed take-up was low and hampered by a lack of awareness. The campaign used a mix of channels, with targeted Facebook posts and short films on social media proving most cost-effective in reaching local/new audiences. Adoption of superfast broadband across Cambridgeshire and Peterborough from December 2018 to March 2019 rose by over 2.5 per cent (FTTC) and over 2 per cent (FTTP) following a targeted take-up campaign. Google analytics showed the postcode checker had over 2000 visits via Facebook adverts.

#### ***BDUK's Go Superfast Campaign***

The national Go Superfast campaign aimed to raise awareness of superfast broadband, stimulating customer demand to drive adoption of these connections. The campaign operated at a national and local level, working with a range of partners across government, local authorities and externally. All marketing and PR associated with the campaign directed audiences to the Go Superfast campaign page and a bespoke postcode checker.

A range of lessons were learnt from this campaign which are important in the context of utilising awareness-raising information campaigns for gigabit-capable broadband. As part of the campaign, bespoke materials were developed for LAs, enabling them to tailor messaging to local audiences through their own trusted community channels (such as social media, websites, letters to residents and presentations at community meetings). The campaign also worked closely with key stakeholders and suppliers to amplify its messages.

#### ***The role of local bodies***

The GigaTAG considers that LAs and other local bodies can represent a trusted voice for both consumers and businesses: they can help improve awareness and support the adoption of gigabit-capable broadband, complementing marketing undertaken by providers.

The GigaTAG agrees with the view put forward by the LGA that – to ensure consumer and business take-up of gigabit-capable connections – interventions at a local level (delivered by both public and private sector partners) will be required. This was a view also supported by TalkTalk: it highlighted that LAs could play a key role in driving local awareness, with people often looking to local recommendations when making decisions.

As detailed previously, councils have already played a key role in helping support the rollout of improved connectivity in local areas. The plans for the rollout of gigabit-capable broadband mean that this will continue to be the case. The GigaTAG believes that the past successes of raising awareness through local bodies, and the expertise developed, should be utilised in the context of gigabit-capable connections.

### Local authorities supporting adoption of gigabit-capable broadband – a case study: Wolverhampton

In Wolverhampton, the council has been working to help businesses take up faster speed broadband. As part of Wolverhampton Business Week, key partners (including CityFibre, WM5G and the University of Wolverhampton) held events demonstrating the benefits of gigabit connectivity to a range of local businesses. Pre-COVID, the council had begun to explore the creation of digital co-working space to support the start-up and growth of digital businesses in Wolverhampton.

While some LAs have had past successes with raising awareness of connectivity improvements, the GigaTAG is aware that there can be variation between the level of resource available, understanding and expertise within different LAs. This needs to be addressed if awareness and understanding is to be improved across the whole of the UK.

It is also essential to ensure that there is no deepening of the digital divide between different parts of the UK, making it critical that all councils have access to the information and resources they need to help local consumers and businesses adopt gigabit-capable connections as they become available.<sup>119</sup> Local authorities are uniquely able to reach out and support different parts of the local community. In particular, they can be well placed to work with local charities and other community organisations to reach vulnerable groups of consumers. This was a view also put forward by ISPA: local authorities can play a key role by ensuring that their managed estates are included within rollout plans and by running information campaigns once gigabit-capable connections become available, helping to ensure that vulnerable groups are not left behind.

At a local level, the GigaTAG also thinks it is important to consider the links between gigabit-capable broadband and the migration of calls to the IP network. It will be important to ensure that synergies are identified where there is ongoing work in relation to the PSTN switch-off, and ensure that information does not overlap or become confusing.

### **The role of government**

The GigaTAG has also considered the role that the government can play in raising awareness of gigabit-capable connections. Similarly to LAs, the GigaTAG believes that the government can play a key role in raising awareness of gigabit-capable connections. TalkTalk research indicated that consumers place value on communications from external bodies such as the government, as opposed to communications providers.

The government can also play a key role in reaching a wide audience with its communications as part of nationwide campaigns, similarly to the Go Superfast campaign outlined above. However, there will be a need to ensure that the messages communicated at a local and a national level are complementary.

In the longer term, the government appears best placed to communicate the ‘fit for the future’ aspect of these connections, as well as highlighting that all consumers and businesses will eventually need to move to gigabit-capable networks.

### **3.4.2 The GigaTAG’s final recommendation**

The GigaTAG believes that there is a key role to play for both local authorities and the government in ensuring consumers and businesses have a good awareness and understanding of gigabit-capable broadband from trusted sources. This should sit alongside the marketing undertaken by communications providers.

The GigaTAG notes that the nature of the rollout of gigabit-capable broadband means that a localised approach will need to be adopted initially, before building up to a national approach. Detailed recommendations for this, along with key considerations, are set out below.

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<sup>119</sup> Note that the LGA provides councillors with a guide to digital connectivity – [https://www.local.gov.uk/sites/default/files/documents/5%2053%20Cllr%20guide%20to%20digital%20connectivity\\_WEB\\_FINAL.pdf](https://www.local.gov.uk/sites/default/files/documents/5%2053%20Cllr%20guide%20to%20digital%20connectivity_WEB_FINAL.pdf)

### **‘Gigabit Toolkit’ for local authorities**

The GigaTAG recommends the development of a centralised ‘Gigabit Toolkit’ for LAs, LEAs and other public sector bodies. The aim of this will be to equip all local bodies with the information and tools they need to raise awareness and understanding of gigabit-capable broadband within their communities. A similar approach was taken by the Department for Environment, Food and Rural Affairs to support the launch of Clean Air Zones in Bath and Birmingham in 2021: an information pack and communication toolkit was developed for stakeholders and business organisations.<sup>120</sup>

The GigaTAG recommends that the ‘Gigabit Toolkit’ includes:

- Information on the benefits of gigabit-capable broadband (socio-economic benefits as well as the benefits to consumers and businesses)
- A range of resources and campaigning materials (e.g. leaflets, articles)<sup>121</sup> that would be needed to run information campaigns to support and encourage awareness and adoption
- A list of key contacts and examples of successful local awareness-raising campaigns
- Information about how to collaborate with and support local charities and other organisations which are likely to be best placed to reach vulnerable groups. For example, the Good Things Digital Inclusion Network would be well placed to help. Without broader support from other organisations, some groups of consumers risk being unable to access the right information or get the support they need
- Information about the availability of social tariffs for low-income households (see Section 4.4)
- Information about the move to VoIP
- Information on digital skills and management training courses (see Section 4.3).

When developing the toolkit, consideration should also be given to including additional information to help support the deployment of gigabit-capable connections within local areas. This is not something that the GigaTAG has considered in detail, given its remit, but it notes that these toolkits could benefit both the supply and demand side of the market.

For the toolkit and local campaigning to be a success, LAs should have access to the resources and funding they need to prioritise the importance of digital connectivity in the local area and the toolkit must get to the right person within the LA who can utilise this information. The GigaTAG understands that funding and resourcing are the main constraints on LAs’ ability to engage with this. Given this challenge around funding and resourcing, which is likely to have been impacted by the pandemic, the GigaTAG recommends that the government consider providing funding to support LAs to ensure the success of localised campaigns.

The GigaTAG also recommends that the government explore the opportunity to fund a ‘local digital champion’ within LAs.<sup>122</sup> The GigaTAG believes that there is merit in having a go-to person within LAs who is an expert in digital connectivity, to ensure that digital issues are prioritised.

<sup>120</sup> The communication toolkit included images and infographics for social media and other publications, including a Clean Air Zone-inspired traffic sign and an image illustrating a cleaner UK. The toolkit was also used by the Bath & North East Somerset Council on social media and the Council’s homepage, in addition to a video summarising the specific changes and requirements for the zone.

<sup>121</sup> The GigaTAG notes the evidence put forward by the Rural Services Network which highlighted that many LAs circulate regular newsletters to residents and businesses – this could be one mechanism to share information on gigabit-capable broadband.

<sup>122</sup> Based on 343 local authorities and the latest ONS statistic on median wages (£29,900), this would cost around £10m per annum.

The ‘Champion’ could work to coordinate connectivity improvements, raise awareness of the connections available and spur demand on a local basis. They would be able to liaise with industry, as well as with local residents, to ensure they have the right connection for their needs. They could work with other parts of the council to ensure that connectivity is prioritised. ISPA was also of the view that there could be a benefit in linking activities to the push for digital champions to ensure that digital connectivity is prioritised.

A digital champion’s role could go far beyond gigabit-capable broadband adoption. The introduction of this specific role could ensure that more time could be spent on digital specific issues: for example, ensuring digital inclusion, developing innovative community engagement and outreach events, which might not otherwise be possible.<sup>123</sup>

There is evidence to suggest that a dedicated person within LAs dealing with digital issues can be successful at driving adoption. The LGA noted the excellent take-up of full fibre in relation to the BDUK programme ‘Better Broadband for Nottinghamshire’.<sup>124</sup> This programme has a full-time employee working on community engagement, which has included: attending parish meetings, letters to target poor take-up areas and press releases regarding delivery.

Given the government’s push for the availability of gigabit-capable broadband, and the important role that LAs can play in reaching local communities, the GigaTAG believes that there could be significant benefits in providing funding for a go-to person within LAs for digital issues. This would also ensure that the use of the ‘Gigabit Toolkit’ is optimised.

### **Responsibility**

BDUK should take the lead on the development of this toolkit but it should seek support from other stakeholders. This should include Ofcom, industry,<sup>125</sup> consumer and business groups and organisations such as the LGA. As part of this wider engagement, it should also explore whether there are opportunities for this to link with the work of existing industry groups.<sup>126</sup> It is critical that the toolkit reaches the right people within LAs, LEPs and other local bodies to help support understanding and awareness of gigabit-capable connections.

Alongside the development of the toolkit, the government and local authorities should look at the feasibility of introducing digital champions within LAs to support the ever-growing importance of digital connectivity.

### **Timing and sequencing**

This toolkit should be developed within the next year, given that gigabit-capable networks are already being rolled out, to ensure that it can be fully utilised. The GigaTAG notes that there may be benefits in sending information about the benefits ahead of networks becoming available. The appropriate funding for LAs to support information campaigns should be looked at by the government as a priority, and this should include consideration of local digital champions.

123 Development managers hired as part of Superfast North Yorkshire attended sponsored events such as the Malton Food Festival, country shows and hosted community events. This approach allowed them to directly engage with businesses, such as local farming businesses, which usually are hard to reach.

124 <https://www.nottinghamshire.gov.uk/business-community/better-broadband-for-nottinghamshire-programme/about-the-programme>

125 Openreach currently offers a ‘reaching out to your community’ leaflet to support LAs. It offers an overview of the tools available to organisations and communities to raise awareness of broadband connections.

126 For example there are existing industry groups working on the PSTN switch-off, such as the Broadband Stakeholder Group’s All-IP Consumer Communications Working Group.



The information about the consumer and business benefits which are included in the toolkit should reflect the outcome of Ofcom's work and the associated GigaTAG recommendation set out in Section 3.2. It will be important to achieve a consistent approach in the messaging of benefits and use cases. However, Ofcom's work should not hold up the development of the toolkit so, if necessary, it should be revisited once Ofcom's work on use cases and terminology is finalised.

### **Government-led awareness-raising**

As the rollout of gigabit-capable broadband gathers momentum, the GigaTAG recommends that the government should undertake its own nationwide awareness-raising activities.

Further research would be required to determine the specific timing of such a campaign.

Government has a role to continue to raise awareness of gigabit-capable broadband and start to build and lead a coalition of government, industry, tech sector, consumer champions, local bodies and MP's. This coalition should work together on nationwide awareness-raising and campaigning.<sup>127</sup> This should build on, and learn from, local campaigns. It is anticipated that this will help ensure that wider awareness-raising is impactful and successful.

Throughout this future government-led awareness-raising, information should be clear, consistent and comprehensible to consumers and businesses.<sup>128</sup> The coalition should adopt shared messaging and work to ensure the broadest possible reach. As part of this, consideration should be given to ensuring the use of multiple platforms to help reach a wide range of audiences. In particular, it should utilise different approaches depending on the target audience: for example, it could utilise roadshows to reach SMEs and rural businesses, as undertaken in Germany,<sup>129</sup> while some consumer groups may be better reached by traditional print formats rather than online routes.

### **Responsibility**

The government should be responsible for leading the implementation of this recommendation and bringing together the coalition of organisations. The coalition should include: government departments, communications providers, consumer and business organisations and local bodies. It should ensure that there is shared messaging, and build on the work that is being undertaken at a local level.

### **Timing and sequencing**

The GigaTAG expects that a nationwide approach to awareness-raising would not be appropriate until a significant proportion of the UK has access to gigabit-capable broadband. Further research should be undertaken in the future to determine the right timing, given how the market is developing, as well as the specific type of information that may be needed.<sup>130</sup>

It will be important to mitigate some of the risk that consumers and businesses who see the campaign will not yet have access to these connections, which could lead to confusion and disappointment and may also damage trust. Stakeholders also supported the view that such a campaign would not be needed until availability is widespread; the GigaTAG agrees that currently, nationwide, government-led awareness-raising would be premature.

127 Similarly to the example of the Go Superfast campaign.

128 The government should also consider adopting similar messaging to that at a local level to ensure broader consistency.

129 The Broadband Roadshow was a campaign by the German Federal Ministry of Transport and Digital Infrastructure with the aim of raising awareness of gigabit among SMEs between 2017 and 2018. The roadshow included over 200 events throughout Germany, which were directly targeted at SMEs with the aim to visualise, promote and showcase-on-site the benefits of gigabit. The bus toured around the entire country, targeting in particular rural parts of Germany, and offered training sessions and workshops at trade fairs and technology exhibitions.

130 For example the information that needs to be conveyed may be different depending on the extent of adoption.

The government information campaign should build on, and complement, localised messaging to ensure a consistent and joined-up approach to help support consumer and business understanding. Similarly to the local approach, it should also mirror the information about benefits, use cases and terminology which are developed by Ofcom and industry in light of the GigaTAG's recommendation (see Section 3.2).

# Section 4: Recommendations to address low willingness, or ability, to pay for gigabit-capable broadband

## 4.1 Introduction

This chapter sets out the GigaTAG's final recommendations to ensure that low willingness or ability to pay for gigabit-capable broadband, and businesses lacking digital skills, does not impact on adoption of these connections. The GigaTAG notes that concerns about cost continue to be a barrier for consumers and businesses. Therefore, it believes that this needs to be addressed to support the adoption of these connections.

The recommendations to achieve this outcome are focused on three main areas:

- Employer-led scheme (Section 4.2)
- Addressing business skills through vouchers (Section 4.3)
- Addressing affordability for specific consumer groups (Section 4.4)

The remainder of this chapter explores each of these areas in turn, setting out the GigaTAG's recommendation, its rationale and key considerations in relation to the recommendation.

## 4.2 Employer-led scheme

### Summary of the GigaTAG's final recommendation

The GigaTAG recommends that the CBI should engage with industry, HM Treasury and DCMS, to further explore the details for an employee discount benefits scheme and consider how it might be implemented alongside the GigaTAG's other recommendations. Issues that still need to be investigated include the appropriate timing of such an intervention, consumer testing, and how it interacts with the other interventions proposed in this report.

This section outlines the GigaTAG's analysis of the viability of an employer-led scheme, and whether it would benefit the UK broadband market.

### 4.2.1 Rationale

There is an opportunity to leverage business investment to support employees. Evidence suggests that employers are supportive about playing a stronger role in supporting the adoption of gigabit-capable connections. Research undertaken by TalkTalk found that the concept of a broadband-to-work scheme is particularly appealing to employees of large businesses. Specifically, 54% of those working for companies employing over 500 employees stated they would be interested in a broadband-to-work scheme to support remote working and increase the uptake of gigabit-capable broadband technology at home.<sup>131</sup>

A business-focused scheme is of mutual benefit, supporting firms to increase their overall broadband capacity and providing employees with a multifaceted benefit. Schemes such as dental care or gym membership show there are clear precedents for business as an avenue to deliver benefits that can drive positive policy outcomes.

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<sup>131</sup> Research conducted with a sample of 841 businesses in March 2021 by Quadrangle Research Group Ltd on behalf of TalkTalk Telecom Group Ltd.

Such a scheme also provides an opportunity to help address the barrier of cost faced by consumers. Which? found that only 21% of broadband decision makers would be willing to pay more than they do now to have gigabit-capable broadband.<sup>132</sup> Given that a large proportion of consumers are unwilling to pay more to upgrade their connections, there is an opportunity for employers to play a key role in minimising the cost for their employees.

The opportunity for employers to support their employees' broadband connection has come to the fore in light of the pandemic. Homeworking has become commonplace over the past year, transforming the way many people work. 47% of people in employment were doing some work at home during the initial lockdown in 2020.<sup>133</sup> The latest estimates from many sources suggest that this trend is continuing, with a recent CBI/Ipsos Mori survey showing that 47% of employees plan to split their time spent in an office and their own home beyond 2021.<sup>134</sup> The shift to this hybrid working approach will place greater importance on employees' home broadband connection. Having a reliable connection will be vital in supporting the productivity of the UK's workforce.

In response to the GigaTAG's call for evidence the CLA and CityFibre suggested schemes akin to cycle to work, but for broadband. CityFibre described '*a new salary sacrifice scheme to encourage employees to upgrade their broadband connection, which would materially help both them and their employers and provide a significant ongoing boost to the UK economy*'.

Following the CLA and CityFibre's proposal, the GigaTAG analysed the cycle to work scheme, and assessed whether it could be replicated in the form of a 'broadband to work' scheme for the UK.

#### 4.2.2 The cycle to work scheme

In developing this recommendation, the GigaTAG considered the experience of the cycle to work scheme. This scheme enables employees to save at least 25% on the cost of a new bike and accessories, paying via a monthly deduction from their salary.

Employees can apply to join the scheme online and once the application has been submitted, the new bike can be collected or delivered to the individual's home. Once the individual's salary payments are complete, they are offered two ownership options:<sup>135</sup>

- Own it later – pay a small fee to keep using your bike
- Or own it now.

The cycle to work scheme was assessed to have encouraged the take-up of cycling in the UK, with over 1.6 million commuters benefiting (across 40,000 employers).<sup>136</sup> As of 2019, the scheme saved commuters at least £37 million a year before rail fare savings, according to a conservative average by scheme provider Cycle Solutions.<sup>137</sup>

Data shows that the average employee using the scheme will buy bikes and commuter gear worth £717.56 but will only pay back £488 (through a 12-month salary sacrifice), saving them £230. This is based on an employee's basic rate. For employers, should a successful application be

132 Which? (2021) Consumer barriers to adopting gigabit-capable broadband.

133 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/coronavirusandhomeworkingintheuk/april2020>

134 <https://www.cbi.org.uk/media/5855/no-turning-back.pdf>

135 <https://www.cyclescheme.co.uk/how-it-works#what-is-it>

136 Department for Transport (2019) *Cycle to Work Scheme, Guidance for Employers*.

137 <https://www.bikebiz.com/cycle-to-work-scheme-saves-commuters-37-million-a-year/>

made to hire a bike, they can save on employers' National Insurance contributions at 13.8% on the amount sacrificed.<sup>138</sup>

### **Areas for further consideration**

The GigaTAG identified several challenges to modelling an employer-led scheme for gigabit-capable broadband on the cycle to work framework:

- The cycle to work scheme places the cost partially onto the government as it is a tax subsidy for bike purchases. Given that the primary aim of a broadband to work scheme is to leverage business investment to drive take-up of gigabit-capable broadband, consideration would need to be given to how a broadband scheme could be adapted to place the cost away from the government and more onto businesses.
- Stakeholders identified that robustly differentiating between employees who require broadband connections for work, and personal consumption would be challenging. Therefore, if not carefully managed, the government could inadvertently implement a population-wide tax subsidy for personal consumption of gigabit-capable broadband, alongside work.
- Consideration needs to be given to the fact that acquiring a bicycle entails a one-off purchase. However, broadband contracts are obtained via a subscription. Therefore, the scheme would need to be designed to cater to the subscription-based model broadband products operate within.
- A broadband to work scheme can only be implemented when gigabit-capable broadband becomes more widely available. The employer-led scheme would potentially need to focus on regions where there is a high rate of gigabit rollout and target businesses in those areas as a proof of concept.

In conclusion, the cycle to work scheme is a successful example of the role of business being leveraged to increase the take-up of a government policy aim. However, the GigaTAG's research and stakeholder engagement have identified a number of considerable challenges with replicating the cycle to work scheme in the setting of the UK's broadband market.

#### **4.2.3 Employee discount benefits scheme**

Considering the primary goal of an employer-led scheme, the GigaTAG analysed a new approach to leveraging the role of businesses to increase the take-up of gigabit-capable broadband across the UK.

Similar to existing benefits schemes, such as gym memberships or restaurant deals, an employee discount benefits scheme would entail the employee paying for their gigabit service. The employee would pay less for the service by using a discount provided by their employer via the scheme. In practice, this discount could take the form of a code linked to the employee's contract. Similar to other benefits, when an employee leaves the company, they lose access to the perk which subsidises the broadband.

There are multiple benefits to this proposed scheme, including its simplicity and potential tax savings for both employers and employees. An employee discount benefits scheme represents a simple, easy-to-implement approach that is more closely tied to the status of the employee than the cycle to work scheme. Firms would be incentivised to participate in the scheme, as doing so would entail a saving via a corporation tax deduction. Employees will likely be taxed on the benefit in kind (which should be based on the discount they receive), resulting in a saving for the employee equivalent to the value of the discount received, less the tax paid on the benefit value.

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138 Department for Transport (2019) *Cycle to Work Scheme, Guidance for Employers*.

The GigaTAG identified limitations with an employee discount benefits scheme which would need to be addressed through additional work. For example, should the employer wish to offer this benefit to their employees, they would need to seek out the benefit and negotiate the terms with the communication provider, entailing a resource cost for the employer. Additionally, industry stakeholders suggested they would need to ensure they can operationalise an employer-led scheme as most of their commercial operations are conducted directly with consumers.

#### 4.2.4 The GigaTAG's final recommendation

The GigaTAG believes there is significant merit in designing a scheme which leverages business investment to support employees to take-up gigabit-capable broadband.

The cycle to work scheme was posited to the GigaTAG as a model to replicate for the UK's broadband market. However, having analysed the benefits and limitations of the scheme, the GigaTAG's assessment is that it cannot be easily replicated for broadband purchases, particularly due to the implications for government tax subsidy policy.

The GigaTAG concludes that an employee discount benefits scheme builds on the feedback it received from stakeholders and addresses the limitations of the proposal to replicate the cycle to work scheme for the UK broadband market. However, further research is being undertaken to fully cost and design the scheme prior to its implementation.

To successfully implement an employee discount benefits scheme to increase gigabit-capable broadband adoption, the GigaTAG recommends that the CBI should engage with industry, HM Treasury and DCMS, to further explore the details for an employee discount benefits scheme and consider how it might be implemented alongside the GigaTAG recommendations. Issues that still need to be investigated include the appropriate timing of such an intervention, consumer testing, and how it interacts with the other recommendations set out by the GigaTAG.

### 4.3 Addressing business skills through vouchers

#### Summary of the GigaTAG's final recommendation

The GigaTAG recognises the wealth of digital skills training already available for businesses and the vital link digital skills play in increasing uptake of gigabit-capable broadband. It therefore recommends that:

- Information campaign material provided to local authorities through the 'gigabit toolkit' (as discussed in Section 3) should signpost available digital skills courses.
- Local authorities that are planning to offer, or support, new digital skills provisions should offer digital skills training in conjunction with vouchers for software or hardware.
- The government should consider offering the Help to Grow SME scheme to businesses with fewer than 5 employees.

In its interim report, the GigaTAG established that a digital and management skills gap among SMEs constitutes a major barrier to gigabit-capable broadband take-up. It identified three skills barriers that are slowing uptake:

- lack of knowledge and time to navigate the complex market
- lack of skills to adopt gigabit-capable technologies effectively
- lack of business leadership on digital connectivity.

The GigaTAG concluded that a digital skills component as part of a gigabit voucher, or signposting relevant courses to business, may be a solution to addressing this skills gap.

Stakeholder responses to the interim report also supported this analysis. BT for instance recognised these skills as ‘*a critical element [...] to maximising take-up*’, while CityFibre considers them vital for businesses to ‘*benefit from the power of digital connectivity [which] improve[s] lives and livelihoods*’. According to a survey conducted by the FSB in December 2020, one-third of respondents ‘*do not feel they have the skills and expertise to adapt gigabit-capable broadband or take advantage effectively*’.<sup>139</sup> This uncertainty was particularly prominent among the manufacturing and construction sectors.<sup>140</sup>

The GigaTAG recognises the importance of addressing this digital skills gap and the opportunity to give SMEs the expertise and confidence to utilise their broadband connectivity.

#### 4.3.1 Rationale

While the pandemic accelerated digitalisation among SMEs, it also highlighted the inherent gap in management and digital skills among UK businesses that had existed prior to the pandemic but were brought to the fore over the course of the past year. Businesses had to quickly familiarise themselves with social media, e-commerce, and videoconferencing. A poll of over 500 UK small businesses and sole traders by Make It Click found that 66% of business owners agreed they would need to continually update their IT skills to remain competitive.<sup>141</sup> However, almost a third (32%) also stated they would not know where to go to get those skills.<sup>142</sup>

##### **Signposting to existing courses: tapping into the existing ecosystem**

The GigaTAG recognises that digital skills training is already widely available and it is important to understand the connection between lack of digital skills and the uptake of gigabit-capable broadband. Rather than creating new schemes, the GigaTAG recommends that signposting to broader digital skills provision be included as part of the LA toolkits recommended in Section 3.4. This would help SMEs acquire digital skills (identifying where to find them), while at the same time making them aware of gigabit-capable broadband available in their area.

Digital skills gaps among sole traders and microbusinesses have become particularly apparent over the course of the past year. Extensive research established that the key skills needed by SMEs remain the following: creating and maintaining a web presence, effectively using the cloud, customer relationship management software, and web-based accounting software (digitalising back-office tasks, such as payroll).<sup>143, 144, 145</sup>

In addition to reaching out to sole traders and microbusinesses, consideration should be given to targeting specific sectors when signposting available courses. The Good Things Foundation identified the following sectors as lagging behind other small business segments: accommodation and food, construction and retail, production and wholesale, the arts, entertainment, and recreation sectors.<sup>146</sup>

139 FSB (2020) UK Transition Preparedness.

140 FSB (2020) UK Transition Preparedness.

141 See: <https://www.fsb.org.uk/resources-page/new-digital-skills-initiative-provides-lifeline-for-small-businesses.html>.

142 See: <https://www.fsb.org.uk/resources-page/new-digital-skills-initiative-provides-lifeline-for-small-businesses.html>.

143 DCMS (2017) The Wider Economy – Helping every British business become a digital business.

144 Good Things Foundation (2019) *Powering Up: How more people, communities and businesses can participate in a digital economy*.

145 Good Things Foundation (2019) *Improving digital skills for small and micro businesses*.

146 Good Things Foundation (2019) *Improving digital skills for small and micro businesses*.

### Connecting digital skills and equipment

Where LAs are looking to build their digital skills provision, and have the budget to do so, the GigaTAG recommends that LAs offer vouchers for software or hardware purchases in conjunction with digital skills training. This approach has been utilised by various local authorities in the past and is currently offered by Digital Enterprise in Leeds. In addition to offering skills training, businesses will be equipped with a tangible tool that helps them to apply their newly developed skills.

Offering new software or hardware is also a welcome incentive by businesses. Having the necessary digital or management skills are just as vital as having the necessary equipment to fully experience gigabit-capable broadband. The willingness of businesses to invest in new technology was accelerated by the pandemic. FSB research found that 53% of small businesses invested in – or introduced improvements to – working practices and processes, while 49% invested in technology or machinery prior to the pandemic.<sup>147</sup>

#### Case study: Superfast North Yorkshire:

Superfast North Yorkshire (SFNY) is a partnership between NYnet, Openreach and Quickline Communications and is funded by Broadband Delivery UK (BDUK), the European Structural and Investment Funds and North Yorkshire County Council. NYnet, was established by the Council in 2007, with the aim to ‘*improve connectivity and broadband services across the North of England*’.<sup>148</sup> Between 2013 and 2015, the programme invested £2 million in business support and engaged with over 2,000 businesses, offering them business advice and support and grants to purchase equipment identified during the consultation. Businesses which participated in the scheme reported over 650 new jobs and a £45 million Gross Value Added (GVA) increase.<sup>149</sup> Businesses that benefited from the scheme in the region primarily employed less than ten employees and ranged from small scale engineering businesses to tourism, retail, and farming businesses. Despite lack of time and resources to carve out time for training, the success of the programme clearly demonstrated the enthusiasm of small and microbusinesses to be engaged when targeted support is offered to them.

#### Case study: Digital Enterprise Leeds:

Digital Enterprise is a business support programme for businesses in the Leeds region. It is supported by the Leeds Local Enterprise Partnership and local authorities in and around Leeds.<sup>150</sup> The scheme offers businesses the choice of one voucher from the following three categories:

- a digital growth voucher for investments in ICT solutions and digital
- a digital Knowledge Exchange voucher to attend workshops and masterclasses
- a Connectivity+ voucher to cover some of the costs of a broadband upgrade.

The scheme launched in 2019 and by March 2021, 4,242 applications had been made, with voucher funding of £12,400,000 available.<sup>151</sup>

Similar to the scheme offered by Superfast North Yorkshire, Digital Enterprise Leeds recognised that – in addition to improved digital connectivity (such as gigabit-capable broadband) – businesses also need updated software or hardware in order to benefit from an improved digital infrastructure. Workshops and events offered through the scheme also helped businesses connect with other businesses in the region. Within a few years, Digital Enterprise has established itself as a one-stop-shop for businesses in the region to improve digital skills and get financial support to purchase software, regardless of the type or size of the business.

147 FSB (2020) New Horizons: How small businesses are navigating the COVID-19 crisis.

148 <http://superfastnorthyorkshire.com/about-us/>

149 Department for Communities and Local Government (2015) *Supporting Local Growth. European Regional Development Fund Programmes in England 2007–2013*.

150 The programme is supported and funded by Kirklees Council, Harrogate Borough Council, City of York Council, Wakefield council, West Yorkshire Combined Authority, Leeds City Region Enterprise Partnership, Northern Powerhouse and Leeds City Council (and initially ERDF).

151 <https://www.digitalenterprise.co.uk/>



### Case study: Help to Grow SME scheme:

Help to Grow SME scheme was introduced at the 2021 Spring budget, as a programme that would ‘*help small and medium-sized businesses across the UK learn new skills, reach new customers, and boost profits*’. The programme consists of a management and a digital scheme. The digital scheme will provide businesses with targeted advice on how ‘*technology can boost their performance*’ and a voucher scheme for a choice of software, ranging from e-commerce, CRM and accountancy. Meanwhile, the management scheme aims to support senior managers of small and medium-sized businesses and will be delivered at UK business schools.

The GigaTAG welcomes the Help to Grow SME scheme and the opportunity to help raise management skills in addition to digital awareness among SMEs. Management skills are just as important as digital skills and will help to enhance digital skills. Many small firms, in particular, will benefit from the access to business schools, with only 20% currently using them.<sup>152</sup>

Sole traders and microbusinesses are a particularly vulnerable group, often positioned together with consumers with regards to lack of expertise and time to navigate the broadband market. Providing opportunities such as Help to Grow to this group will be acting as the prerequisite for digital inclusion and levelling up. The GigaTAG therefore recommends expanding the scheme to businesses with fewer than five employees.

#### 4.3.2 The GigaTAG’s final recommendation

The GigaTAG recognises that digital skills training is already widely available. Therefore, rather than creating new schemes, it recommends that signposting to broader digital skills provision is included as part of the local authority toolkits recommended in Section 3.4.

Where local authorities are looking to build their digital skills provision, and have the budget to do so, the GigaTAG recommends that local authorities replicate the Leeds model and offer vouchers for software or hardware purchases in conjunction with digital skills training.

The GigaTAG welcomes the Help to Grow SME scheme and the opportunity to help raise management skills and digital awareness among SMEs. As the scheme evolves, the government should expand the scheme to businesses with less than five employees.

#### Responsibility

BDUK will take the lead through its work on the gigabit toolkit to help signpost local authorities to relevant digital skills courses, with local authorities then reaching out directly to the local business community.

Funding for initiatives such as Digital Enterprise Leeds came from a coalition of partners, including local governments and EU funding (either through the European Structural and Investment Fund or the European Regional Development Fund). There may be an opportunity for the UK Shared Prosperity Fund (UKSPF) to fill this funding gap.

#### Timing and sequencing

As detailed above, signposting to existing digital skills programmes should sit alongside an information campaign (see Section 3.4).

In relation to Help to Grow, the GigaTAG suggests that the recommendation be considered once the scheme has been launched, with impact measurements available to consider the expansion to

sole traders and micro-businesses. The opportunity to include broadband coverage in the scheme needs to be further considered by the Department for Business, Energy, Industry and Strategy (BEIS), which leads on the Help to Grow SME scheme.

#### 4.4 Addressing affordability for specific consumer groups

##### Summary of the GigaTAG's final recommendation

The government is currently undertaking work on voluntary social tariffs and there are other programmes of work in train providing devices and skills. Therefore, the GigaTAG recommends that, at the appropriate time, the government should assess the existing measures in place, and whether any further interventions may be needed, including the possibility of a targeted voucher scheme, to help support those vulnerable consumers facing affordability issues.

The GigaTAG considers that its recommendations to help improve awareness and understanding of gigabit-capable broadband, as well as the potential employer-led scheme, should help to overcome some issues related to low willingness to pay for gigabit-capable broadband and the experiential nature of these connections.

Furthermore, it believes that it is reasonable to expect that, as coverage of gigabit-capable connectivity widens, CPs will seek to incentivise some migration based on price. For example, the GigaTAG's interim report noted its expectation that industry will make lower-speed, lower-price broadband packages available over gigabit-capable networks as migration from copper broadband becomes essential, for those who do not want to pay more, or do not need, gigabit speeds.

Some consumers struggle with the affordability of broadband. The GigaTAG anticipates that this will be a particular issue for low income households, although recent research suggests that it could be a broader barrier.<sup>153, 154</sup> Which? found that when considering all barriers, people in low income households are twice as likely to cite affordability as an issue (44% compared to 22% of those not in low income households), and they are also more likely to cite it as one of their biggest barriers to adoption.<sup>155</sup>

Given the growing importance of digital connectivity, it is critical that all consumers are able to access the right connection for their needs and are not digitally excluded as a result of being unable to afford a connection. The link to pricing of gigabit-capable broadband and digital exclusion was also highlighted by the DCMS Select Committee in December 2020.<sup>156</sup>

The DCMS Select Committee reported that '*specific measures are needed to address urban digital divide(s), by delivering training to individuals with limited digital skills and subsidising the cost of connectivity and digital devices for low income households*'.<sup>157</sup> The GigaTAG notes these suggested measures and has considered a number of possible approaches to addressing the affordability of

153 Vulnerable consumers are likely to include: older adults, physically disabled people, people with mental health conditions, low income/financially vulnerable households, households in socio-economic group DE and people with reduced cognitive resources.

154 Which? (2021) Consumer barriers to adopting gigabit-capable broadband.

155 Further research would need to be undertaken to understand more about those consumers who are not in a low income group but still face affordability challenges and assess whether other support may be needed.

156 House of Commons Digital, Culture, Media and Sport Committee (2020) *Broadband and the road to 5G*.

157 House of Commons Digital, Culture, Media and Sport Committee (2020) *Broadband and the road to 5G*.

gigabit-capable connections.<sup>158</sup> In the following subsections the GigaTAG sets out the rationale behind its final recommendation and presents the specifics of that recommendation.

#### 4.4.1 Rationale

##### *Consumers and affordability*

Many consumers face problems with the affordability of connections. Ofcom research finds that almost one fifth (19%) of UK households have reported affordability issues with their communications services, with 6% of households facing an affordability concern with their fixed broadband.<sup>159</sup> These issues were most significant among those households with:

- somebody currently unemployed and looking for work
- young people aged 18–24
- residents with an impacting or limiting condition
- low income.<sup>160</sup>

As set out previously, the GigaTAG believes that it is critical to address the affordability of gigabit-capable connections. Research finds that affordability is the top barrier for consumers in a low-income household and the GigaTAG believes that addressing this barrier will require a specific and tailored approach (given that it will not be addressed by any of the GigaTAG's other recommendations).

##### *Existing work to help ensure affordable connections*

Ofcom has published recommendations and guidelines for providers to support vulnerable consumers and treat them fairly.<sup>161</sup> It has introduced fairness commitments to which all large providers have signed up. This includes a commitment that '*customers get the support they need when their circumstances make them vulnerable*' and that '*customers get a fair deal which is right for their needs*'.<sup>162</sup>

Ofcom has also undertaken an initial assessment of the affordability of communications services. It has committed to undertaking further work during 2021 to track changes in consumers' ability to pay for their communications services.<sup>163</sup>

##### *Vouchers to address affordability*

In its interim report, the GigaTAG stated that it believed targeted voucher schemes could help address affordability for specific groups of consumers. The idea of this is to go beyond the voucher schemes that have already been used in the UK, which have largely aimed to increase the coverage of gigabit-capable networks by providing support with installation costs.<sup>164</sup>

As part of its work, the GigaTAG considered this potential solution in more detail and has identified examples of the use of vouchers in other European countries as a way to assist with the

158 The GigaTAG has also noted the potential role that VAT plays in the price of broadband. Unlike utilities it is subject to a 20% VAT rate. Yet many would consider it to be an essential good. While the GigaTAG has not looked in detail at this issue, it may be an area worth further exploration.

159 Consumers were asked if they had experienced any affordability issue, for any communications services they have, in the month prior to interview. See: Ofcom (2020) *Affordability of Communications Services*.

160 Ofcom (2020) *Affordability of Communications Services*.

161 Ofcom (2020) *Treating vulnerable customers fairly*.

162 <https://www.ofcom.org.uk/about-ofcom/latest/media-releases/2019/broadband-and-phone-firms-put-fairness-first>

163 Ofcom (2020) *Affordability of Communications Services*.

164 As part of Project Gigabit, the government provides subsidies of up to £3,500 for small businesses and £1,500 for households. Those in rural areas with connection speeds of less than 100Mbps are eligible. The voucher provides for one-time installation and set up costs.

cost of higher-speed broadband connections and accelerate adoption. Similarly to the UK, some have used vouchers to help with connection costs (e.g. France). Meanwhile others have extended vouchers to cover monthly subscription fees and/or consumer devices and equipment, with examples of these detailed below:

### **Greece**

The Greek voucher scheme aims to increase gigabit take-up among residential and business customers in those areas where there is a full fibre network available. Connection and subscription costs are subsidised. The measure was introduced as the government recognised the experiential nature of gigabit-capable broadband and that such a programme could ease the path for migration, enabling consumers to experience the benefits. It was set against the backdrop of a difficult economic situation in Greece which had impacted on demand and willingness to pay, thereby deepening the digital divide.

The voucher has a maximum value of €360 per connection and can be used to finance both connection charges and subscription costs for services offering speeds of at least 100Mbps. The service must be provided over gigabit-capable infrastructure and the voucher lasts for 24 months.

In terms of take-up of these vouchers, the first phase of the programme ended in March 2020 and just 5,800 vouchers had been issued. However, the voucher scheme was extended in light of increased rollout (to March 2022). Increased marketing since March 2020 means that more than 20,000 vouchers have been granted, resulting in a spend of around €9.5 million of the €50 million budget.<sup>165</sup>

### **Italy**

Italy put in place a voucher scheme in May 2020 aimed at certain categories of family.<sup>166</sup> This scheme aimed to support the take-up of high-speed internet connections and associated devices during the COVID-19 pandemic, as a result of the increased reliance on broadband networks over the period. The European Commission concluded that this scheme addresses both short-and long-term social concerns.<sup>167</sup>

This voucher scheme is part of a much larger programme with €1.5bn funding. €1.1bn has been pledged for the family vouchers with a further €400m for school connectivity. The first phase of the scheme has a budget of €200m but by the end of April 2021, around 60% of the scheme's funding had yet to be spent (€118m).<sup>168</sup> This could be, in part, the result of some areas of the country not having access to the necessary connections to be able to use the vouchers.

In this first phase, vouchers of €500 are available for families with a taxed income of less than €20,000 per year. The funding is for migration to a broadband connection with a download speed of at least 30Mbps and the purchase of an end-user device.<sup>169</sup> However, the voucher cannot be used for either a connection or an end device, so it may not be perfectly targeted.

165 <https://www.capital.gr/epixeiriseis/3524357/epekteinontai-ta-diktua-optikon-inon-sunexizontai-oi-epidotiseis>

166 See <https://bandaultralarga.italia.it/en/piano-scuole-e-piano-voucher/>. The voucher scheme was accompanied by a program to provide educational and school activities with high-performance broadband connections and connectivity measures for businesses. The programme for schools provides an additional 400 million Euros to connect more than 32,000 school buildings (about 80% of all schools) with ultra-fast broadband and then finance running costs for five years. A measure with an overall budget of 325 million Euros was approved by the Commission in January. European Commission (2020): State Aid SA.57497 (2020/N) – Italy Broadband infrastructure rollout to connect schools-IT, available at: [291099\\_2245785\\_107\\_2.pdf](https://ec.europa.eu/competition/state_aid/cases1/202037/286902_2187163_119_2.pdf) (europa.eu).

167 See European Commission (2020): State Aid SA.57495 (2020/N) – Italy, Broadband vouchers for certain categories of families, available at: [https://ec.europa.eu/competition/state\\_aid/cases1/202037/286902\\_2187163\\_119\\_2.pdf](https://ec.europa.eu/competition/state_aid/cases1/202037/286902_2187163_119_2.pdf)

168 *Dashboard Voucher - Banda Ultra Larga (italia.it)*.

169 It provides a discount for the activation costs and monthly subscription fee, and a discount for the purchase of a PC or tablet.

### **Overall assessment of vouchers**

While vouchers are currently being used in other countries to support the adoption of faster broadband connections, a detailed review of whether they have achieved their outcomes has not yet been undertaken. If vouchers were to be adopted in the UK context, there are a number of considerations that would need to be made. The GigaTAG believes that vouchers should be limited to specific consumer groups – ensuring that it targets only those who are unable to afford access rather than looking to support all consumers (some of whom would be willing and able to pay). These groups and thresholds would need to be defined as a first step. Furthermore, careful thought would need to be given as to which costs should be covered through the voucher – for example, recurring costs and/or the purchase of devices.

It is worth noting that if a voucher is provided to help with the connection cost, its potentially temporary nature means that there is a risk of financially vulnerable consumers becoming disconnected when it runs out or not using the voucher due to uncertainty about cost when the voucher expires. The GigaTAG understands that pilot schemes are being run in the UK offering a subsidised gigabit connections to low-income households for one year, insights should be collected from this project. However, it would be possible to design a scheme which did not involve vouchers ‘expiring’, such as free school meals vouchers which are available on an ongoing basis. For some, lack of access to a device may impact on incentives to adopt a better quality broadband connection.

Therefore, there may be value in exploring the potential for a more holistic approach to voucher schemes, such as in the Italian example – for example, looking at the potential to cover the ongoing cost of the connection and a device for low income households. It could also include digital skills training for recipients to help support digital inclusion more broadly.

However, the GigaTAG recommends that the government’s work on social tariffs should be concluded before any further consideration is given to such a scheme as some of these concerns may be addressed as part of that work. A thorough review of the existing schemes, and the lessons learnt from them, should also be undertaken if consideration were to be given to implementing such a scheme in the UK.

### **Social tariffs**

In its interim report, the GigaTAG noted the role that social tariffs can play in ensuring the availability of affordable connections. It recognised that, in future, a social tariff may be needed for gigabit-capable connections to ensure that affordability does not prevent certain consumers from receiving decent connectivity as technology progresses.

The GigaTAG has given further consideration to the potential for social tariffs and is mindful that some have already been introduced in the UK, with both Ofcom and the government encouraging their provision on a voluntary basis.<sup>170</sup> In Ofcom’s latest review of progress against the fairness commitments, it noted that targeted social tariffs can help customers who are financially vulnerable, or have other special social needs, access essential services which they may not otherwise have been able to afford. Ofcom encouraged the provision of these products by providers who do not already offer them.<sup>171</sup>

At present, BT, Hyperoptic, Community Fibre, Virgin Media and KCOM all offer social tariffs. BT has recently announced that its current BT Basic plus broadband tariff will be replaced by

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170 The consumers who qualify for social tariffs are determined by the operators.

171 Ofcom (2021) *Fairness for customers commitments, progress review*.

'BT Home Essentials' offering speeds of up to 40Mbps for £15 per month, or 80Mbps for £20 per month, for households in receipt of Universal Credit and other means-tested benefits. The GigaTAG agrees with Ofcom's view that providers should look to offer targeted, affordable tariffs for their customers on low incomes and encourages providers to ensure that consumers have the choice of a variety of social tariff options.<sup>172, 173</sup>

The GigaTAG notes the work currently underway by the government and Ofcom to secure the voluntary provision of social tariffs by providers for today's broadband services. It is critical that these are made available for those consumers who need them. If necessary, the government should consider directing Ofcom on a regulated approach. Based on stakeholder engagement, the GigaTAG believes that by addressing the issue of social tariffs today, the groundwork will have been laid to ensure that these are maintained as all consumers move to gigabit-capable networks in the future.

Social tariffs should also be provided at reasonable speeds based on an assessment of overall consumer requirements. While social tariffs are not required at gigabit speeds today, in the longer term, these may be required. This is something that should be considered more closely in future based on the consumer need for faster services, to ensure no deepening of the digital divide.

More broadly, the GigaTAG also believes that it is critical that consumers are aware of the availability of social tariffs. It notes that take-up of social tariffs today tends to be low. It is therefore critical that steps are taken by providers to increase awareness and proactively promote the availability of social tariffs.

#### 4.4.2 The GigaTAG's final recommendation

The GigaTAG welcomes the work that is being undertaken to encourage the voluntary introduction of social tariffs in the broadband market. If these are not widely introduced, the government should consider directing Ofcom to look into a regulated approach. Social tariffs should be provided at reasonable speeds – based on an assessment of wider consumer needs – and be appropriately marketed. It is critical that they are visible to relevant groups of consumers.

The GigaTAG recommends that the government undertakes a rigorous, evidence-based assessment of the suite of measures in place to help support low-income households who may be facing affordability issues and are therefore vulnerable. As part of this, it should assess other potential measures that may be needed, including the possibility of a carefully targeted voucher scheme to reach the most vulnerable consumers as a complementary measure. In assessing such a scheme, as well as the costs and benefits, the government should look at the lessons learnt from similar schemes, and consider what key digital inclusion issues may still need to be addressed and the extent to which they can be addressed through vouchers.

If implemented, given that affordable access to connections is unlikely to be enough to address digital exclusion in isolation, the GigaTAG believes that a voucher scheme would need to take a holistic approach and be mindful of potential unintended consequences as part of its design. As such, it recommends that vouchers may need to address both the cost of the service as well as devices and access to digital skills training, as part of tackling digital exclusion more broadly. The GigaTAG notes that this holistic approach has also been suggested by the DCMS Select Committee.

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172 Ofcom (2020) *Affordability of Communications Services*.

173 The GigaTAG notes that a 100% social tariff approach may crowd out innovative solutions to address affordability.

### Responsibility

In time, the government should assess the existing measures in place to support low-income households who may be facing affordability issues. As part of this work, it should make an assessment of other potential measures that may be needed, including the costs and benefits of a targeted voucher scheme to help support digital inclusion as part of the rollout of gigabit-capable broadband.

### Timing and sequencing

It is right that the government and Ofcom are already looking at how affordability can be addressed through the use of social tariffs on the networks available today.

The GigaTAG is of the view that more work would also need to be undertaken to assess the cost and benefits of a targeted voucher scheme alongside other measures in place to help support financially vulnerable consumers. The government should determine the right timing for this evaluation to be undertaken, although the GigaTAG believes it will need to wait until existing measures have had time to take effect (e.g. social tariffs) and can be fully assessed.

In terms of how this recommendation relates to others made by the GigaTAG, it believes that – where and when available – social tariffs on gigabit-capable networks should be highlighted as part of the toolkit made available to LAs. There may also be potential to undertake wider awareness-raising as part of information campaigns.

## 4.5 Recommendations not taken forward

The GigaTAG's interim report suggested two emerging solutions which it has subsequently chosen not to take forward as part of its final recommendations which related to consumer awareness of whether gigabit-capable broadband is available to them and ease of migration. The reasons for this are briefly summarised below.

### 4.5.1 Tools to check availability and/or register interest

The interim report highlighted the importance of consumers and businesses being able to easily identify whether gigabit-capable broadband is available in their area and easily migrate. A demand register was considered as a potential solution.

On balance, the GigaTAG considered that given the range of existing work being done in this area, it was not appropriate for it to make a recommendation related to demand registration or availability checkers as there is a risk of duplication. In particular, many providers already offer the ability to register demand and check availability, with some local authorities also running demand registration tools.<sup>174</sup> Meanwhile, there are many other third party intermediaries who offer availability information online.

Respondents to the interim report also highlighted the work that is already being done around demand registration. For example, Openreach has an expressions of interest form on its website and is working with providers to explore how data can be shared ahead of when an order can be placed. CityFibre noted changes that Ofcom has implemented to its availability checker to help consumers identify if they are able to access full fibre networks.<sup>175</sup>

<sup>174</sup> The role that LAs can play in demand registration, and the potential for them to run demand registration and availability checking tools, where they are not already doing so, could also be highlighted through the GigaTAG's 'Gigabit toolkit' recommendation. See Section 3.4.

<sup>175</sup> See: *Ofcom's Broadband Checker*

The GigaTAG also recognises Ofcom’s work implementing the EECC. This requires providers to share address-level broadband availability information that is published on their websites with qualifying digital comparison tools by December 2021.

#### **4.5.2 Clear information about what will happen when migrating to gigabit-capable networks**

The interim report noted that the GigaTAG was interested to understand whether industry is informing consumers to help allay fears and concerns about migrating prior to changes to the switching process. The GigaTAG did not receive any evidence on this in response to its interim report. Given the limited evidence base, and Ofcom’s move toward a fully GPL switching process in the broadband market by 2022, the GigaTAG chose not to pursue this recommendation further.<sup>176</sup>

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176 Ofcom (2021) *Consultation: Quick, easy, reliable switching*.



## Section 5: Conclusion and next steps

Broadband is becoming increasingly central to people's everyday lives. Consumers rely on it for a range of tasks – from banking to shopping to working from home. Meanwhile, businesses operations are increasingly reliant on digital technology – ranging from cloud computing to digital tax and offering services and products online. Ultimately, these changes benefit businesses and consumers alike, helping them to save time and to be more productive.

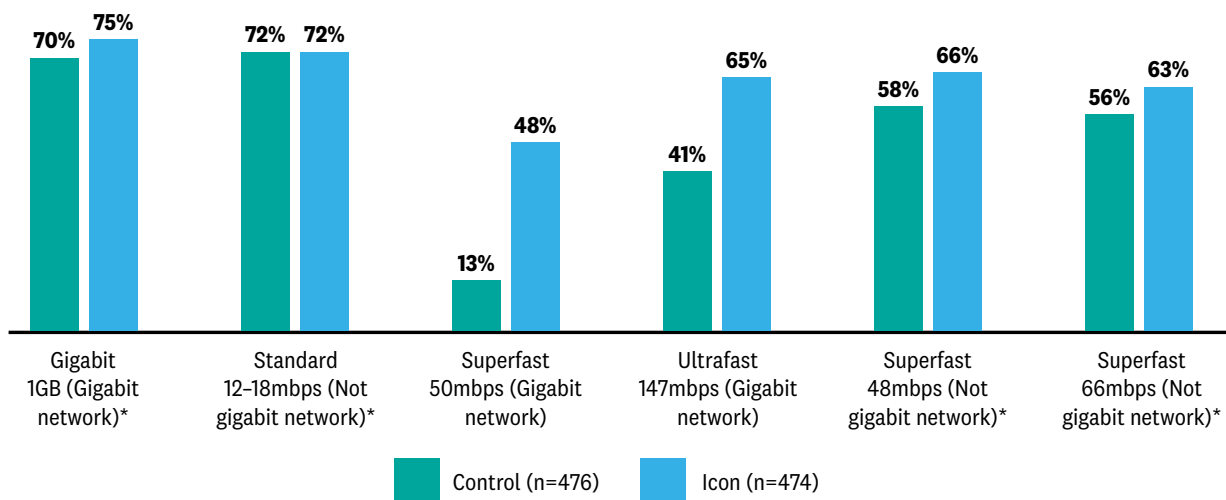
The COVID-19 pandemic not only accelerated the digital shift but revealed new opportunities for societies and economies through digitalisation. As the UK looks beyond COVID-19 and accelerates its shift towards a zero-carbon economy and Industry 4.0, digital infrastructure will be the keystone to achieving this. 'Future-proofing' the country's digital infrastructure through gigabit-capable broadband will have a profound impact on innovation and, ultimately, economic growth.

The GigaTAG has a unique mandate and ability to bring together a wide range of stakeholders as part of a collective effort to facilitate the uptake of gigabit-capable broadband. It believes that the suite of recommendations set out in this report will help support consumer and business migration to gigabit-capable networks, and the services they deliver. This will ensure that they are ready to take advantage of the benefits of these connections as they become available.

The GigaTAG proposes to reconvene six months after the publication of this report, to chart the progress made on its recommendations, and meet on a bi-annual basis thereafter. The GigaTAG believes that a continued collaborative approach will be critical to ensuring the success of these recommendations – it will continue to work closely with stakeholders, including government, Ofcom and industry. It will provide its ongoing support and expertise to help implement and further develop these recommendations, to ensure that consumers and businesses across the UK experience the benefits of gigabit-capable broadband.

# Annex 1: Participants' accuracy in identifying broadband packages as either on a gigabit-capable network or not

Chart one: Percentage of participants correctly identifying whether the package is on a gigabit-capable network or not: control v icon.



\* Not significantly different between Control and Icon conditions.

## Annex 2: Glossary

BDUK (Building Digital UK)	Part of DCMS that is responsible for ensuring that every UK home and business can access fast and reliable digital connectivity.
CP (Communications Provider)	An organisation that provides electronic communications services. Often referred to as telecoms providers or network operators.
European Electronic Communications Code (EECC)	A new EU Directive, which updates and replaces the four Directives that currently make up the EU regulatory framework for electronic communications. It entered into force on 20 December 2018 and EU member states had until 21 December 2020 to transpose it into national law.
FTTB (fibre-to-the-building)	A type of fibre-optic cable installation where the fibre cable goes to a point in a shared property and other cabling provides the connection to single homes, offices or other spaces.
FTTC (fibre-to-the-cabinet)	An access network structure in which the optical fibre extends from the exchange to the street cabinet. The street cabinet is usually located only a few hundred metres from the subscriber's premises. The remaining part of the access network from the cabinet to the customer is usually copper wire but could use another technology, such as wireless.
FTTP (fibre-to-the-premises)	An access network structure in which the optical fibre network runs from the local exchange to the end-user's house or business premises. The optical fibre may be point-to-point (there is one dedicated fibre connection for each home) or may use a shared infrastructure. Sometimes also referred to as fibre-to-the-home (FTTH), fibre-to-the-business (FTTB) or full fibre.
Full fibre	A form of broadband that uses fibre cables all the way from the exchange to people's homes or property.
Gbps	Gigabits per second (1 Gigabit = 1,000,000,000 bits). A measure of bandwidth in a digital system.
Gigabit-capable networks/broadband	Gigabit broadband is a network connection to a customer's premises capable of delivering download speeds of 1 Gbps or more.
GPL (Gaining Provider Led)	Switching process where the consumer only needs to contact the Provider they are transferring to in order to switch.
IP (Internet Protocol)	The method by which data is sent over the internet or intranet.
Latency	A measure of delay in transmission over a transmission path.
Leased Line	A communications link between two sites provided with active electronics at either end of the connection which can be provided either by the customer or by the supplier. Leased line services tend to be symmetric (the capacity is the same in both directions), uncontended (the capacity is guaranteed and not subject to reduction by the presence of other telecoms services), and typically, dedicated to the customer's exclusive use.
Local Enterprise Partnership (LEP)	A partnership between the public sector and the private sector promoting economic growth and jobs in local areas.
LGA (Local Government Association)	The national membership body for local authorities. It works on behalf of its member councils to support, promote and improve local government.
Mbps	Megabits per second (1 Megabit = 1 million bits). A measure of bandwidth in a digital system.
PSTN (Public Switched Telephone Network)	The circuit-switched telephone network operated by BT and other electronic communications providers.

SLA (Service Level Agreement)	These form part of commercial contracts and set out a supplier's commitment to provide services to an agreed quality.
SME	Small and medium-sized enterprise.
Ultrafast broadband	Broadband services capable of delivering a minimum of 300Mbps.

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