Bundled Communication Services - UK - June 2010

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What is this report about?

The rapid pace of both volume and value growth seen in the nascent bundle market reflects both its comparative youth and the desire of consumers to reduce their household bills during the recession, the consequence of which has been the entrenchment of price as the main driver of sales in this sector. While this has succeeded in taking bundle buying to the brink of majority purchase status, it has also distracted from the content side of the proposition. Home communications services are viewed as akin to gas and electricity supplies, rather than as a gateway to a world of entertainment and leisure activity.

This report assesses the development of the market to date, identifies the main developments that will shape its future direction and assesses consumer behaviour in, and attitudes towards, bundle buying.

What have we found out?

- There has been a sixfold increase in the value of the triple-play (phone, television & broadband services) market over the last five years, making it worth more than £3 billion in 2010.
- Around half of all UK households are likely to be signed up to bundled home communications services by the end of 2010. Although the largest proportion of these bundled packages remain dual-play, double-digit growth in triple-play penetration is expected to be sustained.
- Virgin Media is the triple-play market leader, both by number of subscribers and revenues generated, with 2.9 million triple-play homes (62% of its subscriber base), against BSkyB's 1.9 million homes and 19% penetration.
- Price is the most important driver in the market, with nearly half of bundle users citing this an important factor in their decision to buy a bundle from a particular provider. The next most important factors are the convenience of single-billing and trust in the provider's brand.
- Younger and more affluent consumers are least likely to be attracted to bundling by its cost advantages. A new offer is required to tap into these demographic groups who are most able and willing to spend.
- Fixed-line internet is considered the most important component of any bundle by 46% of consumers, with multichannel considered the most important by 28%.

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