

TELECOM PROVIDERS

KANTAR BRANDZ

TELECOM PROVIDERS TOP 10:



DEFINITION:

The telecom providers category includes brands that provide mobile or fixed-line telephone or internet services as stand-alone or bundled packages (along with other services, like television).

VITAL LINKAGES/ TELECOM BRANDS EVOLVE WITH THE TIMES

Category Brand Value
Year-on-Year Change

+4%

Telecom Providers Top 10
Total Brand Value

\$ 484,071 m

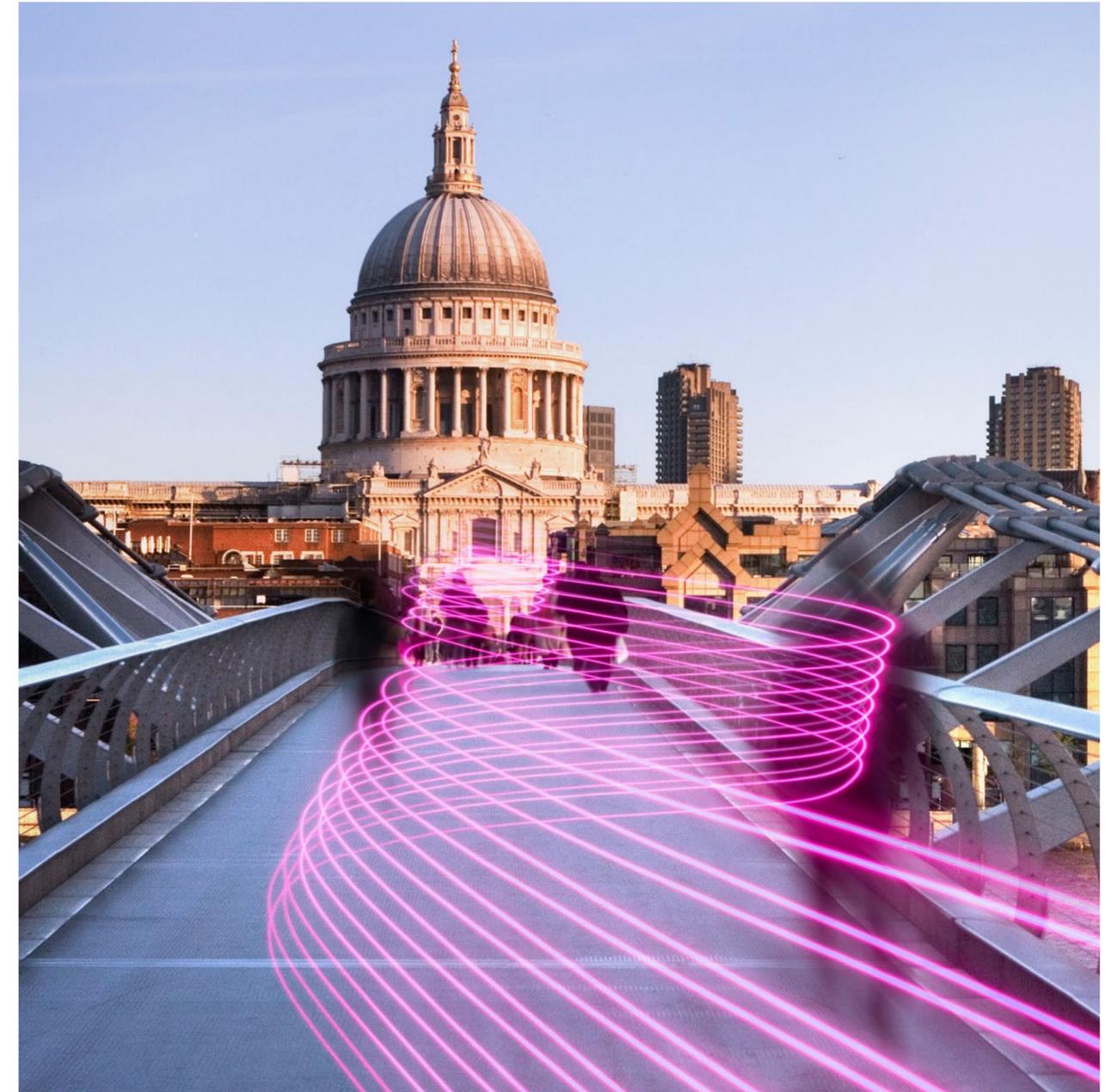
TELECOM PROVIDERS

Telecom companies are unusual cases in the BrandZ rankings, in that they're infrastructure developers as much as they are consumer brands. In their roles building out the world's 5G and fiber networks, telecoms are poised to lead society into a new stage of digital development. But their financial capacity to build out this future depends, in part, on their ability to retain retail customers in the here and now.

Mobile data, broadband, television programming: no one can dispute the importance of the services telecom brands currently provide. The challenge is to make sure these services don't become commoditized in consumers' minds. To that end, there is more that telecom brands could do to stand out as brands to their users - which would help them, ultimately, to avoid the business distractions of customer churn and industry price wars.

Telecom brands find themselves today in an interesting moment. Smartphones, of course, have now decisively become "the first screen" for many forms of entertainment, e-commerce, and communication. This transition has been profitable for many mobile service providers, though it's been accompanied by rules that now make it easier than ever for people to switch providers. What this means is that mobile brands cannot afford to rest on their laurels and must find new ways to navigate Meaningful Difference.

And what of broadband providers? Even with the continued rise of smartphones, the past two years have demonstrated that they, too, have an important role to play in the telecom industry's next era. This is evident in the billions being spent worldwide by telecom brands to lay new fiber networks. The importance of building out these networks could go a long way toward softening governments' stances on upcoming telecom mergers. For instance, if EU regulators approve an upcoming proposed merger between MasMovil and Orange in Spain - which comes with substantial promised investments in 5G and fiber - expect a new wave of consolidation to reorient Europe's brand landscape.



TELECOM PROVIDERS

You can also see the renewed case for broadband in people's daily lives. These days, we need our internet to be more than just fast: factors like bandwidth, stability, and reliability have all become more top of mind for household users. In a way, the pandemic turned all of us into amateur CTOs, as we were charged with safeguarding our families' internet connections during high-stakes work calls and virtual schooldays - not to mention during the streaming and gaming pursuits that have increasingly come to dominate our leisure time.

Last decade, the streaming revolution inspired some telecom brands to begin creating entertainment content of their own. Some telecom brands, it's true, have now exited these bets. Most notably, AT&T, which spun off its WarnerMedia business in a merger with Discovery. Deutsche Telekom made a similar, though smaller-scale, exit this year, when it wound down its cloud-based MagentaGaming platform.

But other telecom brands have continued to push ahead in the content game. The fruits of these efforts can be seen today in platforms like XFINITY's Peacock streaming network. In Latin America, meanwhile, television service provider Movistar has begun producing Spanish-language prestige television shows set in markets like Colombia and Peru that have largely been overlooked by the major streamers. In some Movistar markets, these originals now sit on the company's premium Movistar Plus portal alongside direct access to OTT streamers like Netflix, Prime Video, Disney Plus, and live sports startup DAZN.

As the Movistar example suggests, the decade ahead will see some degree of hybridity and cross-pollination between the old and new worlds of TV. Partly that's because the hype around streaming has matured: As consumers continue to "stack" OTT subscriptions, households' streaming expenses are moving more in line with cable rates. What's more, streaming is beginning to look more like cable, too: as their subscriber rates begin to plateau, many premium OTT streamers are experimenting with more ad-supported tiers and formats, to better maximize their revenue per customer.

None of this suggests that OTT streaming will fade away, or that legacy giants like Verizon, Spectrum, and XFINITY will have an altogether easy path ahead. But there is less daylight between the two camps than in years past, and more room to strike mutually beneficial deals.

What's also become clear, lately, is that telecom brands can entertain many other paths to diversification beyond content creation. In 2021, for instance, UAE-based telecom brand Etisalat launched a food delivery service on its Smiles app, which also provides group shopping and service deals. Indian telecom disruptor Jio has unveiled a low-cost, branded smartphone - Jio Phone Next - in partnership with Google.



Online and mobile finance has proven an especially popular extension for telecom brands, especially in developing markets. The business logic is enticing: whereas big banks have traditionally struggled to recruit the masses into the formal financial system, telecom brands in emerging markets have accumulated a lot of know-how around how to ease new customers' entry into the digital economy.

Many telecom brands now hold licenses that allow them to offer savings, loan, e-wallet, and credit card products, in addition to phone-to-phone money transactions. Africa and India have become especially important incubators for telecom innovation in this space. Today, Vodafone, Airtel, and Orange all offer various digital money services in their African markets (although Airtel is currently spinning off its financial division on the continent). Orange has gone the farthest in offering full-service banking products to its customers, both in Africa and Western Europe.

At the moment, no market seems to exemplify the potential ahead for telecom brands more than India. Last decade, the conglomerate Reliance Industries disrupted the industry by offering rock-bottom data prices through a new brand called Jio. Though the ensuing price war was painful for all players, when the dust settled it became clear that there was plenty of business to go around.

Today, Jio has more than 428 million users in India, while Bharti Airtel has more than 355 million. And there's still plenty of room for growth, as new customers continue to buy their first cellphones, or trade up from feature phones to smartphones. The breadth of partners recruited by Airtel since 2020 speaks to the promise in the Indian telecom space: among other projects, Airtel has secured a collaboration with Tata Group to develop "made in India" 5G network solutions; an investment from Google that will go to promoting digital education and to helping small businesses move into the cloud; and a popular collaboration with PepsiCo that has put Airtel branding on snack bags countrywide - as part of a promotion that allows people to redeem 2GB of free data for each bag of Lay's, Kurkure, Uncle Chipps and Doritos that they purchase.

Sustainability and Responsibility are emerging areas of focus for the telecom category. In 2021, Kantar's Sustainable Transformation Practice surveyed consumers worldwide to determine the global issues that telecom brands were expected to prioritize. Choosing among UN's 17 Sustainable Development Goals, consumers expected telecom brands to serve as leaders in the fight to increase internet and educational access for all, while also working to decrease economic inequality. Going forward, there are also opportunities to incorporate sustainability into telecom infrastructure investment - as evidenced by Japanese telecom giant NTT's recent issue of \$2.7 billion worth of green bonds, which will be used to develop more energy-efficient broadband infrastructure.

TELECOM PROVIDERS

BRAND SPOTLIGHT



Deutsche Telekom / T-Mobile has achieved growth on multiple fronts in the past year. In the US, it is facing the transition to 5G and added millions of users following its merger with Sprint.

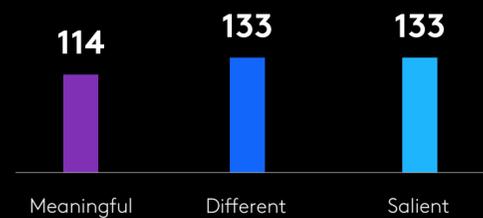
In Germany, mobile growth has been supplemented by higher broadband signups and increased customer satisfaction.

2022 BRAND VALUE

\$64,572M

2021 Brand value \$43,084m

+50% year on year



T-mobile is #1 in 5G speed and coverage in USA

310M

T-mobile 5G now covers 94% of USA population, dwarfing that of AT&T and Verizon

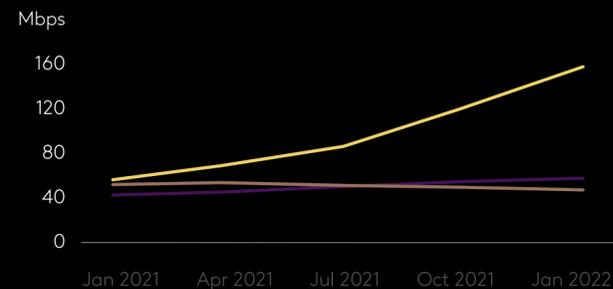
+5.8M

+5.8 million US customers added to network in 2021 aided by Sprint merger and 5G expansion

T-mobile average download speed superior to other networks

5G download speed (Average)

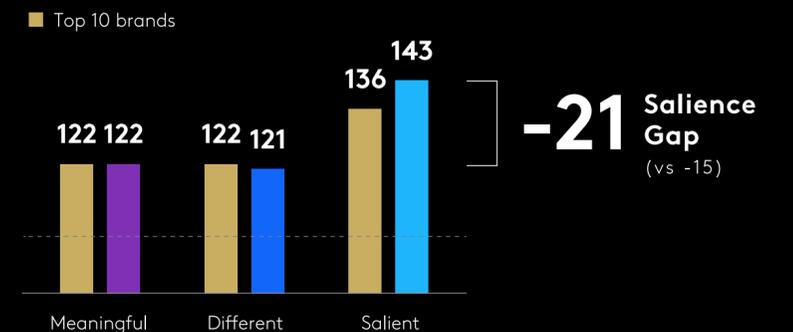
Verizon AT&T T-Mobile



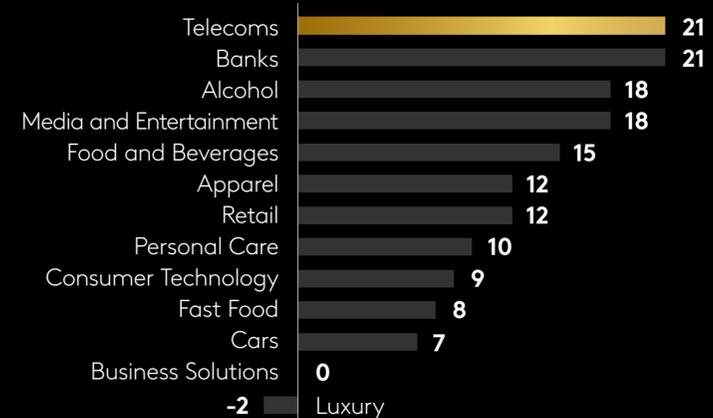
CATEGORY ANALYSIS

The telecom salience gap

Telecom brands are highly salient (well-known) but lack Meaningful Difference relative to their size.

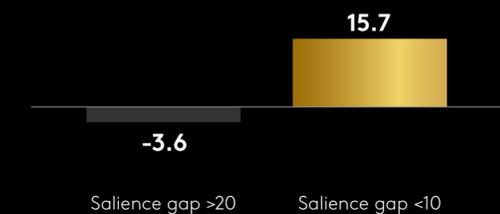


In fact, telecoms have largest salience gap of all the global categories



There is a strong business case for investing in Meaningful Difference. Those telecom brands with a smaller salience gap have seen greater growth.

Brand Value % change



TELECOM PROVIDERS

ACTION POINTS/ BRAND BUILDING

1

EMBRACE SME AND “BLEISURE” CUSTOMERS

More people than ever are starting small businesses or side hustles, from Gen Z on up. And for many of these entrepreneurial customers, the line between business and leisure has blurred in new and all-encompassing ways. Internet providers have typically treated their corporate and residential businesses as separate. But there is room to tailor new product offerings and service protocols for customers (call them “bleisure” accounts), whose needs encompass both business and leisure pursuits – or who have clear business needs, but on a much smaller and more informal scale than most traditional corporate accounts.

2

EXPLORE NEW FAMILY STRUCTURES

Family plans have long been a staple of mobile providers’ pricing menu. But it’s a demographic fact that people around the world are getting married later and having fewer children, all while defining new forms of community and “chosen family” for themselves. As a result, there are new opportunities to offer bundled discounts and retention rewards for groups that define themselves beyond the confines of the traditional nuclear family.

3

THINK BIG ABOUT CUSTOMER SERVICE

Customer churn and unpredictable retention rates continue to be big challenges for telecom brands – and yet year after year, Kantar’s studies find that most of these brands continue to operate with undifferentiated customer service and customer experience protocols. At the very least, telecom brand managers should set aside time to ideate on what some true CX “moonshots” might look like for their business, if money and inertia weren’t a problem. And then, perhaps, they should begin to think about whether and how components of these idealized visions could actually become a reality.