Point of View

May I Borrow a Cup of Wi-Fi?

How Community Wi-Fi Is Significantly Expanding the Ability To Connect Everywhere

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At one time, the knock on the door was a friend or neighbor looking to borrow a cup of sugar or the hedge trimmer. That may still be the case today. However, more often than not, that knock is a friend, neighbor, or family member stopping by for a visit and, at some point, asking to "borrow" your home network to connect his or her smartphone, tablet, laptop, or other new mobile device to the Internet.

U.S. consumers carry an average of 2.6 mobile devices, according to recent research by the Cisco® Internet Business Solutions Group (IBSG).[1] Not only do they expect their devices to connect to the Internet—they also expect their friends and neighbors to have home Wi-Fi, just as they have electricity and running water. In fact, Strategy Analytics estimated that there will be a half-billion Wi-Fi access points in homes throughout the world by the end of 2012, growing to 878 million, or 83 percent of all broadband homes, by 2016.[2]

Organizations such as Fon[3] have recognized the value of "community Wi-Fi networks" and, in response, have created a shared open-source network of more than 7 million hotspots around the world that members of the community can use for free. BT in the United Kingdom is one service provider (SP) that has pioneered the community Wi-Fi concept on a commercial basis, incorporating the Fon application and model into its home broadband service. Not only do BT's broadband customers get free access to the global Fon network, but BT has rapidly expanded its U.K. hotspot network to more than 4 million sites—so, now friends and family members who are also BT customers can seamlessly authenticate and join the host's home network, similar to how they would access BT's Wi-Fi network in a coffee shop or retail store.

The benefits of community Wi-Fi are becoming increasingly apparent to other SPs, as well. By extending the network via their own customers, not only do SPs rapidly expand the size of that network—they also create a compelling "friends and family" world that enables them to acquire new customers and retain existing ones. Equally, community Wi-Fi allows SPs to differentiate their broadband offers from those of their competitors and potentially extract a premium for their service.

Many SPs are now trying to understand how they can create a community Wi-Fi network among their broadband customers and reap new business benefits. However, they have very little research on customer behaviors that will enable them to design a winning program and build the business case for further investment. To learn more, Cisco IBSG conducted a survey of 1,060 Canadian mobile users to understand their needs and behaviors, their current and future mobile usage, and the average profile of community Wi-Fi users. The findings are important because they help SPs understand the size of the opportunity,

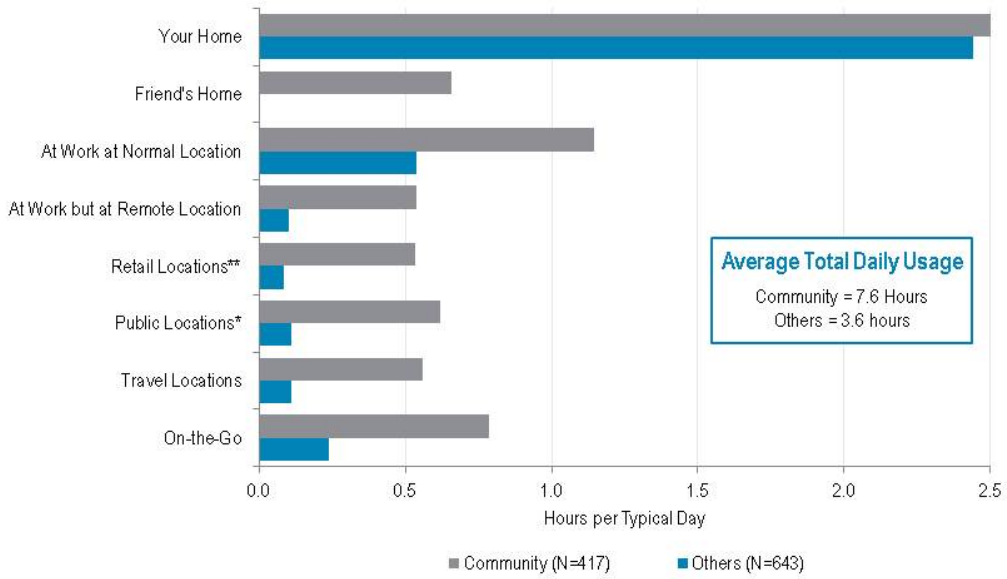
[1] "What Do Consumers Want from Wi-Fi?" Cisco IBSG, May 2012, http://www.cisco.com/web/about/ac79/docs/sp/SP_Wi-Fi_Consumers.pdf
[2] "Broadband and Wi-Fi Households Global Forecast 2012," Strategy Analytics, March 2012.
[3] For further information, visit http://www.fon.com

develop strategies for success, and differentiate their community Wi-Fi offerings and initiatives to become more competitive.

A Very Different Mobile User

Forty percent of mobile device owners are "community" users—people who use their mobile device in a friend's home on a somewhat regular basis. This group reported using their devices an average of 0.7 hours in a typical day. Community users are also more active than other mobile users in using their devices daily outside the home (two to six times more active, in fact, across all locations), averaging 7.6 hours of mobile usage, more than double the 3.6 hours of usage among other mobile users. The home was the only location where both groups showed high mobile device usage (see Figure 1).

Figure 1. Average Daily Usage by Location.



Q35. In a typical day, for how long do you use your mobile devices in each of the following locations?

* Public–e.g., stadiums, parks, schools
** Retail–e.g., stores, restaurants

Source: Cisco IBSG, 2012

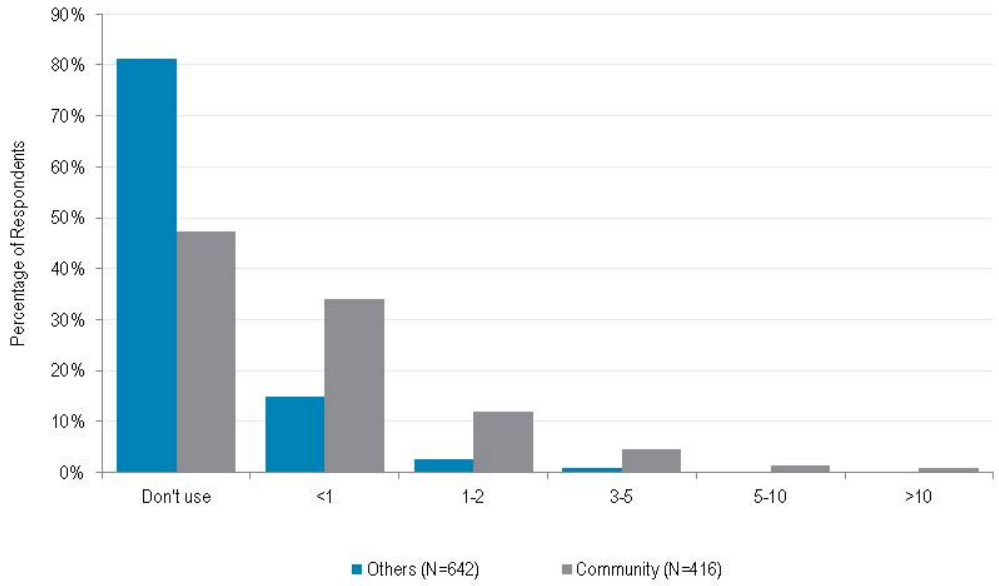
Both community and other mobile user groups reported similar ownership of laptops (74 percent) and eReaders (14 percent). Ownership of more advanced devices, however, diverged significantly: two-thirds of the community group own smartphones, as opposed to one-third of the other group. Similarly, 22 percent of community users own tablets versus 14 percent of other users, and 23 percent of community users own mobile gaming devices, compared with 15 percent of the rest of the survey's population.

The survey also showed that basic mobile phones are more popular with other mobile users: 57 percent own one of these devices, compared with only 38 percent of community users. Interestingly, both user segments showed similar usage patterns for the devices they own, with the exception of laptops. Community users use their laptops an average of 4.3 hours per day, compared with 2.8 hours for other mobile users. Other mobile devices are used roughly one hour per day by both groups. Smartphones were by far the number-one device used by

the community segment when in a friend's home, followed by laptops and, more distantly, other mobile devices.

Not only did our findings show that community users are power mobile users—they also use public Wi-Fi hotspots more often than other mobile users. More than half of the community segment use public Wi-Fi on a regular basis, with almost 20 percent of them doing so more than once per week (see Figure 2).

Figure 2. Public Hotspot Usage per Week (all locations).



Q37. How frequently do you use public Wi-Fi hotspots during a typical week?

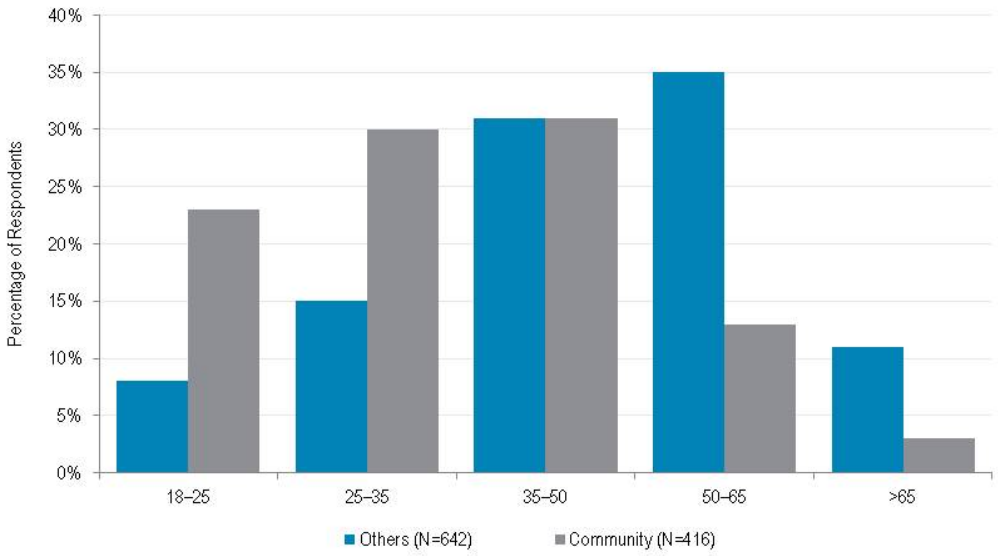
Source: Cisco IBSG, 2012

Community mobile users are also very aware of the value of public Wi-Fi as part of a bundled offer with their broadband or mobile service. Thirty percent said they knew that access to free Wi-Fi was included in their home broadband service, and 38 percent said they were not sure. This finding is in sharp contrast to the 13 percent of other mobile users who said they knew that Wi-Fi was part of their broadband service, and the 50 percent who said they did not know. A similar discrepancy between the two segments also existed when it came to a lack of awareness of the inclusion of free public Wi-Fi access as part of their mobile subscription.

Meet the Neighbors

Not only are the usage patterns and behaviors of community mobile users different from those of the general mobile population—their demographics are also different; they generally are much younger than other mobile users—slightly more than half are less than age 35, and a quarter are younger than 25 (see Figure 3).

Figure 3. Ages of Mobile Users.

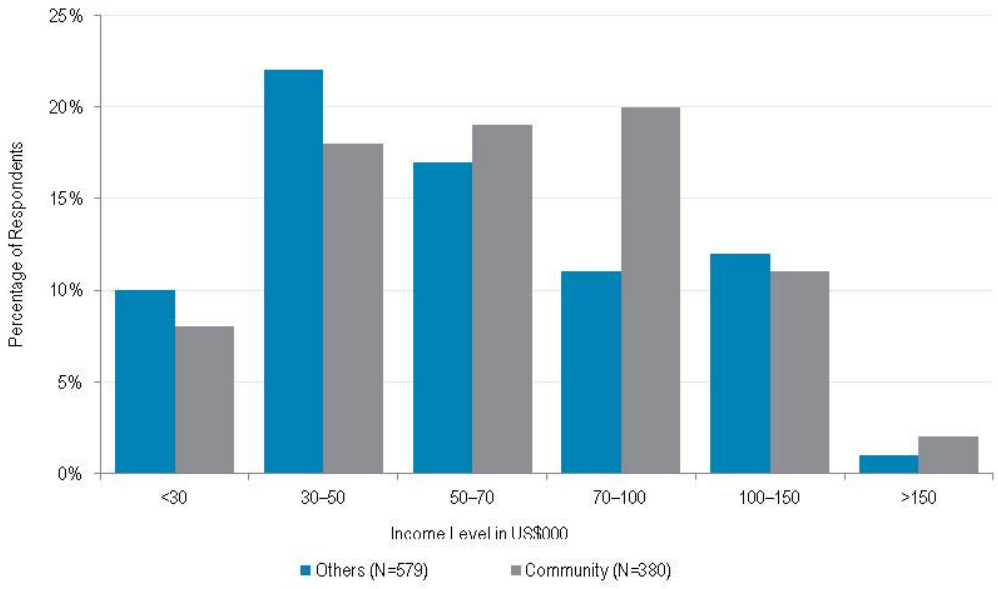


Source: Cisco IBSG, 2012

The survey also showed that community mobile users are often employed compared with other users (47 percent versus 40 percent, respectively), while 19 percent are students, compared with just 6 percent of other users. In addition, only 8 percent of community users are retired, compared with almost a quarter of other mobile users.

Community mobile users are also more affluent: one-third earn more than $70,000 a year (see Figure 4). The community group also spends much more on mobile services: monthly average mobile spend (ARPU) was $62, compared with $42 for the rest of the mobile population. The community user segment is definitely attractive for broadband and mobile SPs—this group is young, employed, affluent, and willing to pay for mobile services.

Figure 4. Annual Income of Mobile Users.



Source: Cisco IBSG, 2012

Creating the Community

Sixteenth- and 17th-century English poet John Donne said, "No man is an island, entire of itself." The same could be said for a "man's" home, which today is no longer his castle—particularly when it comes to his home network. Friends and family are increasingly requesting and expecting to connect their growing number of mobile devices to the Internet when they are at someone else's home. In response, SPs are creating Wi-Fi communities to enable connectivity, safely and seamlessly. Not only do SPs realize that there is pent-up customer demand for community Wi-Fi—they also realize that this model makes good business sense because it enables them to expand the size of their Wi-Fi network quickly, differentiate their broadband offerings, acquire new customers, and manage customer churn.

In developing a winning community Wi-Fi proposition, SPs should consider a number of key questions:

1. **Strategy—**Which customer segments do we target? What is the business case? Is it better to have customers opt-in or opt-out of community Wi-Fi? Are there different service tiers based on the customer's broadband or mobile plan?
2. **Customer perceptions—**How do we assure customers that the network is secure, that their network and data are always private, and that there is no degradation in network performance?
3. **Marketing—**How do we create successful "friends and family" sales and retention programs? How do we make customers aware of these programs and their value?
4. **Equipment—**Which type of home equipment should we offer? Do we upgrade existing customers and, if so, how many and when?
5. **Technology—**How do we ensure seamless authentication, security, and home network performance? How does community Wi-Fi fit into our overall network architectures?
6. **Operations—**How can we efficiently support the complexities of a combined home and community network? How do we support other customers accessing the community network?

Progressive SPs are already recognizing the importance of community Wi-Fi networks in planning and executing a winning Wi-Fi strategy. Developing well-crafted business strategies and execution plans based on the unique customer insights revealed in this study will be essential to creating successful community Wi-Fi networks.

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About the Survey

Cisco IBSG conducted an online survey of 1,060 Canadian mobile users in April 2012. The survey base was representative of the Canadian population in terms of age, income level, physical distribution, and employment status. Respondents reported using Wi-Fi in the following locations: home (57 percent), work (24 percent), and public (24 percent).

Respondents' home broadband technology consisted of the following: cable (37 percent), DSL (27 percent), and fiber (5 percent). Fifty-seven percent of respondents were employed: full time, 42 percent; part time, 15 percent. The remaining 43 percent were not employed: stay at home, 7 percent; student, 9 percent; unemployed, 10 percent; and retired, 17 percent. Fifty percent of respondents described the area in which they live as urban, while other living environments consisted of suburban (29 percent), rural (13 percent), and semi-rural (8 percent).

The study was also undertaken in the United States, Brazil, Mexico, and the United Kingdom.

More Information

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