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Price vs. Protection: A New Era of Value Differentiation in Telecom

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Price has always been a leading factor influencing consumer decisions. Following several years of inflationary concerns, it's no wonder [telecom consumers surveyed by TransUnion](#) reported pricing as the dominant factor driving their choice of providers.

Yet, the same research also suggested a shifting paradigm that presents new opportunities for telecom providers. A growing number of consumers are placing a premium on security services, with 58 percent expressing interest in identity protection services from telecom providers. What's more, two-thirds of those would even be *willing to pay* for such offerings.

It appears identity security is becoming a compelling driver of consumer choice. With nearly a quarter of consumers considering switching telecom providers in the next six months, this price-protection paradox reveals how affordability and security may be a key combination for differentiation in a crowded market.

Price: The Traditional Battleground

Pricing wars have long-dominated the competitive telecommunications landscape, with promotional discounts, bundle offers, and aggressive price-matching underpinning customer acquisition efforts. As a significant portion of telecom consumers consider switching providers in the near future, pricing appears to remain a critical factor in retaining and attracting these customers.

Yet, the reliance on price as a primary differentiator has limitations, as constant undercutting can only go so far. Relying solely on price often leads to diminishing returns for telecom providers while making customers less loyal and more likely to leave for the next lowest offer.



Protection: An Opportunity to Deliver Value

The consumer interest in security uncovered in TransUnion's research highlights a significant growth opportunity. A majority of respondents expressed interest in telecom providers offering identity protection services, and this growing demand is no accident. In the fourth quarter of 2024, more than a third (35 percent) of Americans surveyed by [TransUnion's Consumer Pulse Study](#) had been notified that details about their identities and/or online accounts had been stolen in a data breach. What's more, 39 percent of consumers reported they were targeted with an online, email, phone call, or text messaging fraud scheme.

With data breaches and online fraud being increasingly common, consumers are more aware of their digital vulnerabilities. Telecom providers – which already serve as gatekeepers to online activity – are uniquely positioned to address these concerns. Offering identity protection services is not just an add-on; it is a natural extension of their role in safeguarding connectivity and personal information, which delivers additional perceived value to the consumer.

The Security Imperative in Digital Transformation

Digital transformation continues to reshape the way consumers interact with their telecommunication devices. An increasing number of consumers rely on online portals, mobile apps, and digital payment systems in their daily lives. Adoption of the Internet of Things (IoT) is rapidly advancing this trend, as smart home devices, wearables, and connected vehicles become ubiquitous.

Consumer reliance on digital habits only increases consumers' exposure to cyber risks, but thankfully most are aware of the need for vigilance. Only 3 percent of those surveyed in the [2024 Telecommunications Consumer Report](#) reported taking no action to protect their identities. The most common strategy among participants was regularly monitoring accounts for unauthorized activity, a practice adopted by 73 percent of respondents. As fraud tactics like spam calls and smishing attempts become more prevalent, 64 percent of respondents said they avoid answering calls from unknown numbers, while 60 percent delete and block suspicious text messages.

With mobile devices emerging as a primary attack vector for fraudsters, consumer behaviors reflect a shift toward heightened consumer diligence. Yet many actively seek comprehensive solutions to address these evolving threats.

In this environment, telecom providers can lead by prioritizing security as a core component of the consumer's connected experience. As they provide the gateway to accessing digital services and managing devices, telecoms are uniquely positioned to act as custodians of the entire digital ecosystem. Embedding security into the fabric of the digital ecosystem enables telecom providers to transform from service providers to indispensable partners. To solidify their role as leaders in the interconnected digital ecosystem, telecom providers can foster consumer confidence through education and proactive alerts. Many consumers lack a clear understanding of the risks they face or the tools available to mitigate those risks. Digital wellness education – combined with real-time alerts about potential threats – can be powerful value-add services to help customers to navigate their digital world more safely.

By weaving security into their offerings, telecom providers can redefine the consumer experience, demonstrating a commitment to both innovation and protection. Thoughtful investment in proactive security measures can position them as trusted partners who are prepared to protect consumers in this rapidly evolving landscape.

Capitalizing on the Price-Protection Paradox

Pricing and protection might seem like conflicting priorities, yet the research shows consumers place enough value on both to pay more for added security. This creates a unique opening for telecom providers to deliver a balanced value proposition.

By combining competitive pricing with robust security offerings, telecom providers can achieve two critical objectives:

1. **Differentiation:** Security services enable telecom providers to stand out in a commoditized market. Rather than competing on price alone, providers can position themselves as leaders in protecting consumer data and digital identities.
2. **Loyalty:** Offering security services creates a deeper connection with consumers. When customers see their provider is committed to their digital safety, security and privacy, switching becomes less enticing – even when a competitor offers a lower price.

This dual strategy aligns with the growing consumer sentiment that value extends beyond cost. Telecom companies embracing this mindset are often better poised to create long-term, sustainable advantages. To capitalize on the opportunity, telecom providers can consider the following strategies:

Bundling security services. Integrating identity protection into service plans can enhance perceived value. Providers might offer a tiered approach, with basic protection included in standard plans and advanced security available as a premium upgrade.

Leveraging consumer education. Many consumers aren't fully aware of the risks associated with online fraud or the potential benefits of identity protection services. By empowering customers with knowledge via educational resources, telecoms can build trust and reinforce the value of the relationship.

Establishing partnerships with security providers. Rather than building security services from scratch, explore partnerships with established identity and cyber protection firms. This approach allows telecom providers to offer best-in-class solutions without straining in-house resources.

Communicating an enhanced value proposition. Marketing communications should highlight the dual benefits of affordability and security. Messages emphasizing peace of mind alongside competitive pricing can resonate with value-conscious customers.

The Opportunity for Long-Term Loyalty

In an industry where price and features often compete for attention, the ability to foster emotional loyalty is a differentiator that can create more lasting customer relationships. For telecom providers, building this deeper connection begins with a foundation of trust, particularly in the realm of security and protection.

Today's consumers need partners who not only prioritize their safety in an increasingly complex digital landscape but provide avenues for empowerment. Offering tools, resources, and content designed to help them understand and manage their own digital security and deepens the

relationship beyond transactional. It gives them a partner in taking charge of their digital lives.

The willingness of consumers to pay for identity protection underscores the value they place on privacy and security. While price remains a key consideration for consumers, security is emerging as a powerful differentiator. For telecom companies, this presents an opportunity to reframe the conversation around value – not as a race to the lowest price but as a holistic package that prioritizes both affordability and safety.

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