ComReg Trends Report Q2 2004

June 2004

Prepared by Amárach Consulting

Contents

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Methodology

- 1,043 people surveyed aged 15 – 74.
- Fieldwork conducted: 16th – 30th April 2004.
- Nationally representative survey with inter-locking controls set for age, gender, and marital status. Non-interlocking controls set for social class and region.
- Findings weighted up to represent the full population of adults aged 15-74 in the Republic of Ireland based on the most recent findings from the CSO.
- Given a sample size of just over 1,000 there is a margin of error of +/-3%.
- Surveys were conducted face-to-face in respondents' own homes at over 128 different locations throughout the Republic.

Data Interpretation

- The table opposite shows the margin of error for a range of unweighted sample sizes
- If 20% of a total sample of 1,000 adults say they do something, you can be 95% certain that the figure for the population lies between 17% and 23% (i.e. there is a margin of error of 3%)
- As the sample size is reduced the margin of error increases
- To determine the margin of error on a particular section look at the unweighted sample size on each question i.e. the "n" (number of respondents to that question) at the base of each slide

Percentage of respondents who said…	1,000	500	100
10%	+/-2%	+/-3%	+/-6%
20%	+/-3%	+/-4%	+/-8%
25%	+/-3%	+/-4%	+/-8%
40%	+/-3%	+/-5%	+/-10%
50%	+/-4%	+/-5%	+/-10%
60%	+/-3%	+/-5%	+/-10%
75%	+/-3%	+/-4%	+/-8%
80%	+/-3%	+/-4%	+/-8%
90%	+/-2%	+/-3%	+/-6%

• If the "n" or number of respondents to a particular question falls below **75** the findings are in no way representative and should be only regarded as indicative and not overly analysed or interpreted

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Internet Overview

Internet Overview

- Mobile phone ownership among consumers now equals that for residential fixed lines.
- Internet usage appears to have levelled off in Ireland, with the measured level of usage remaining below 45% for the past nine months.
- Similarly, the location of internet usage has remained comparatively unchanged – with the home continuing to be the dominant point of access.
- The growth in mobile ownership may have been to the detriment of fixed line ownership, which in turn could negatively influence the growth in home internet access.

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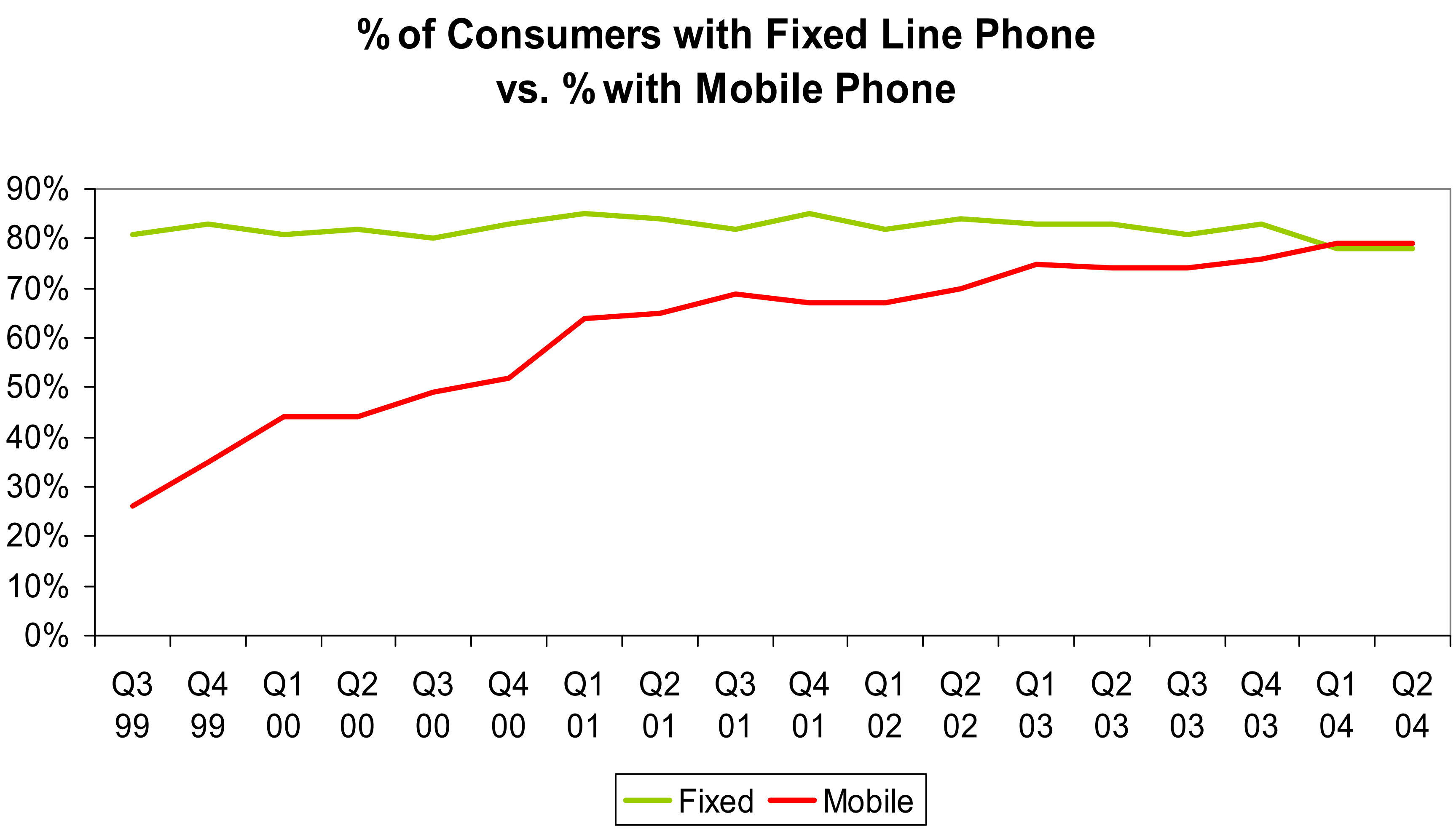
Fixed and Mobile Now Level



Source: Amárach Consumer TrendWatch, 1999-2004

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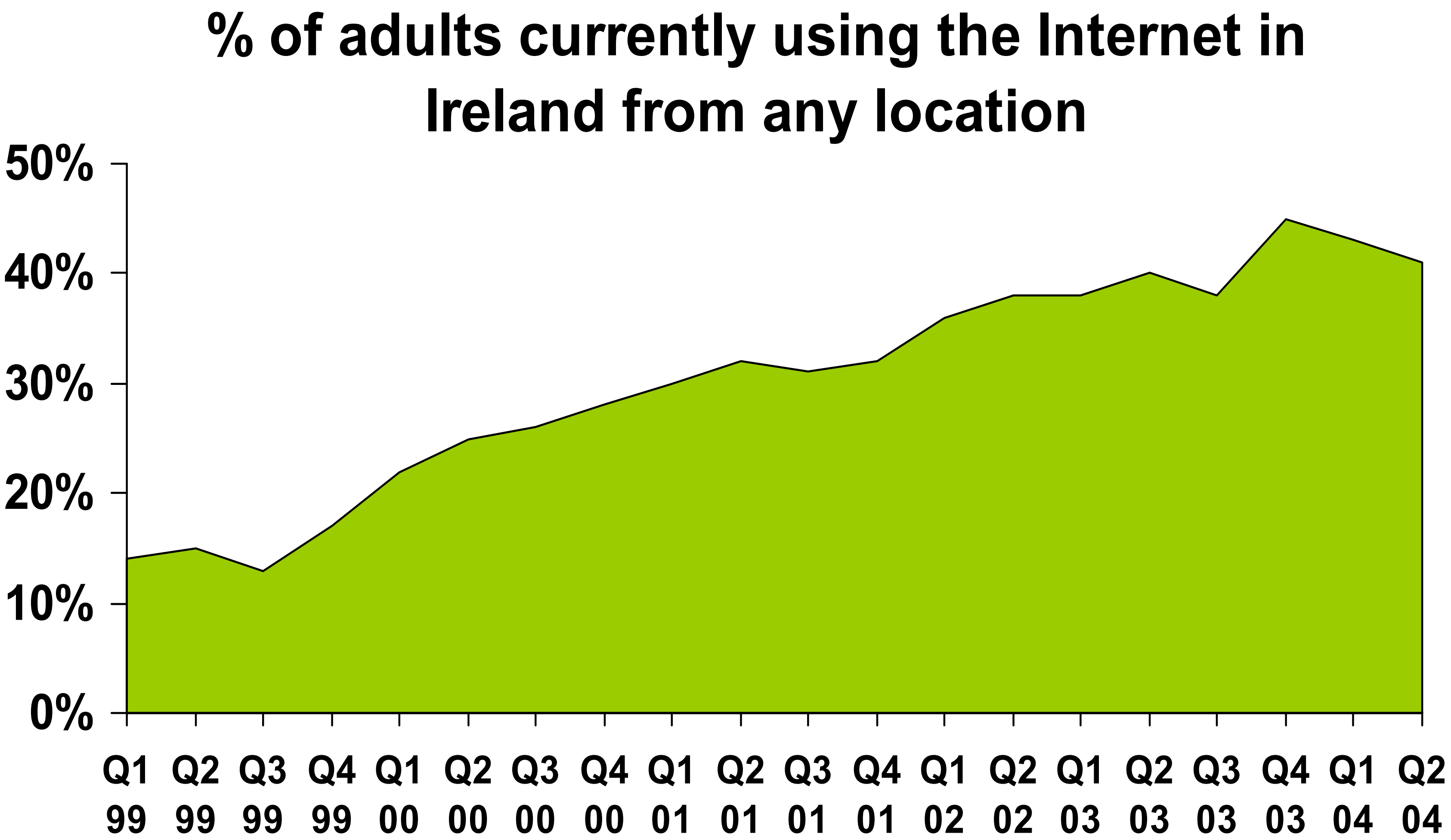
Internet Usage



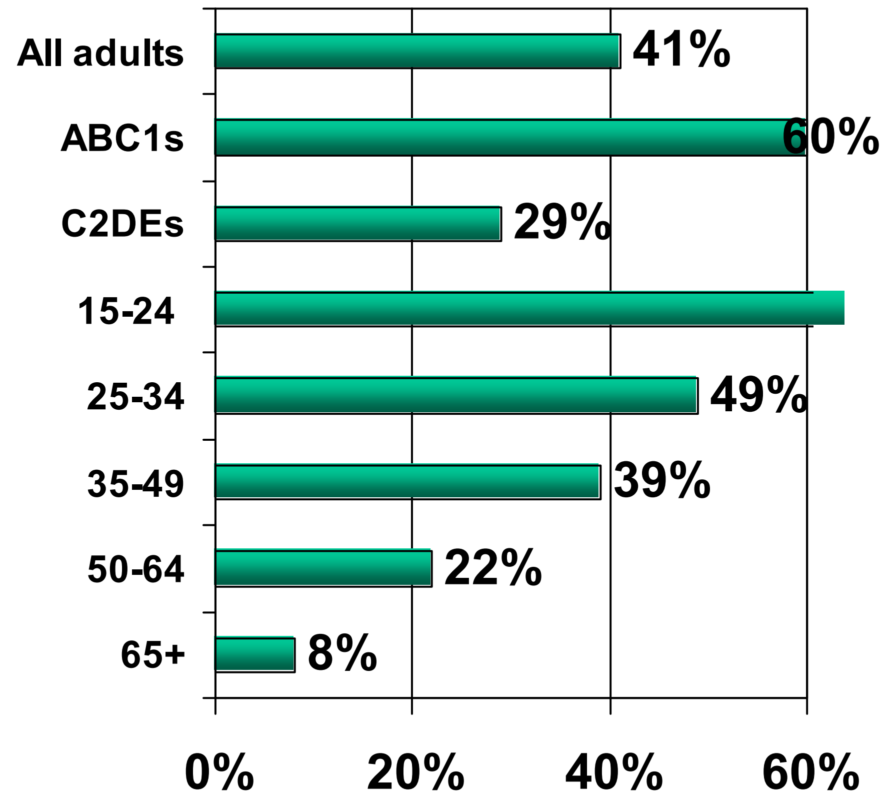
- **An estimated 1.2 million Irish adults use the Internet**

(n=1,043)

Socio-Demographics of Use

- Over 4 in 10 Irish adults are using the Internet.
- There are no significant usage differences in the usage between genders.
- The main determinant of usage seems to be social class. ABC1s are more than twice as likely to be online than C2DEs.
- Age is also an important determinant. Usage is significantly higher than the national average among the under-35s.

% on the Internet



(n=1,067)

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Usage Location Patterns Fairly Stable

Location of Use*	% Of all Adults Q1 04	Equivalent Population Q1 04	% Of all Adults Q2 04	Equivalent Population Q2 04	% Of all Internet Users Q2 04
Home	31%	905,000	26%	746,000	63%
Work	16%	477,000	14%	394,000	33%
Schools/Colleges	6%	181,000	8%	226,000	19%
Friend's House	2%	81,000	4%	115,000	10%
Cyber Cafes	2%	70,000	2%	71,000	6%
Public Library	1%	38,000	1%	41,000	3%
On the move	1%	29,000	1%	21,000	2%
Elsewhere	0%	5,000	1%	36,000	3%
Total	**43%**	**1,260,000**	**41%**	**1,180,000**	

 (n=421) * *Multiple responses allowed*

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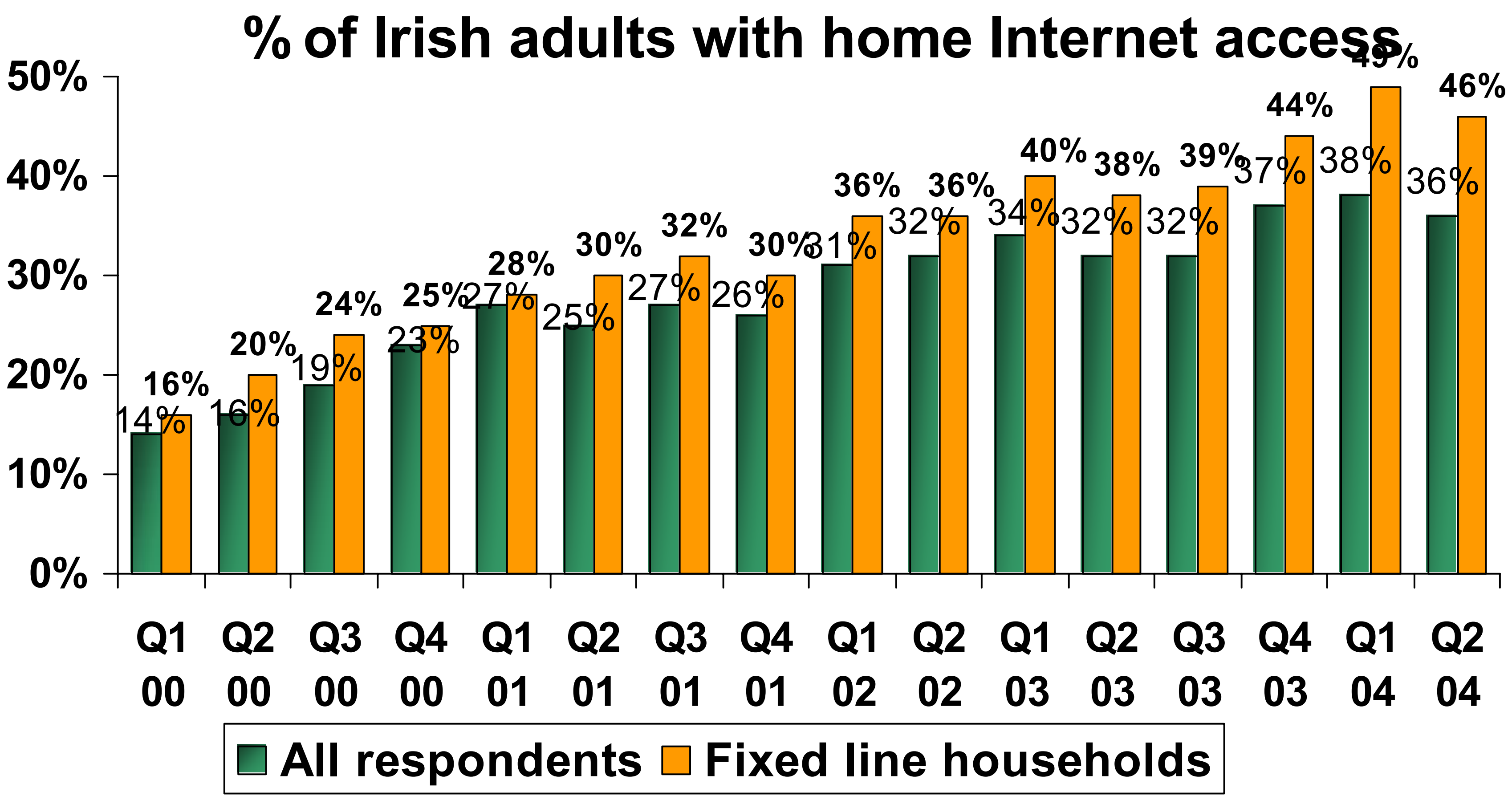
Almost Half of Fixed Line Households Online



(n=1,043)

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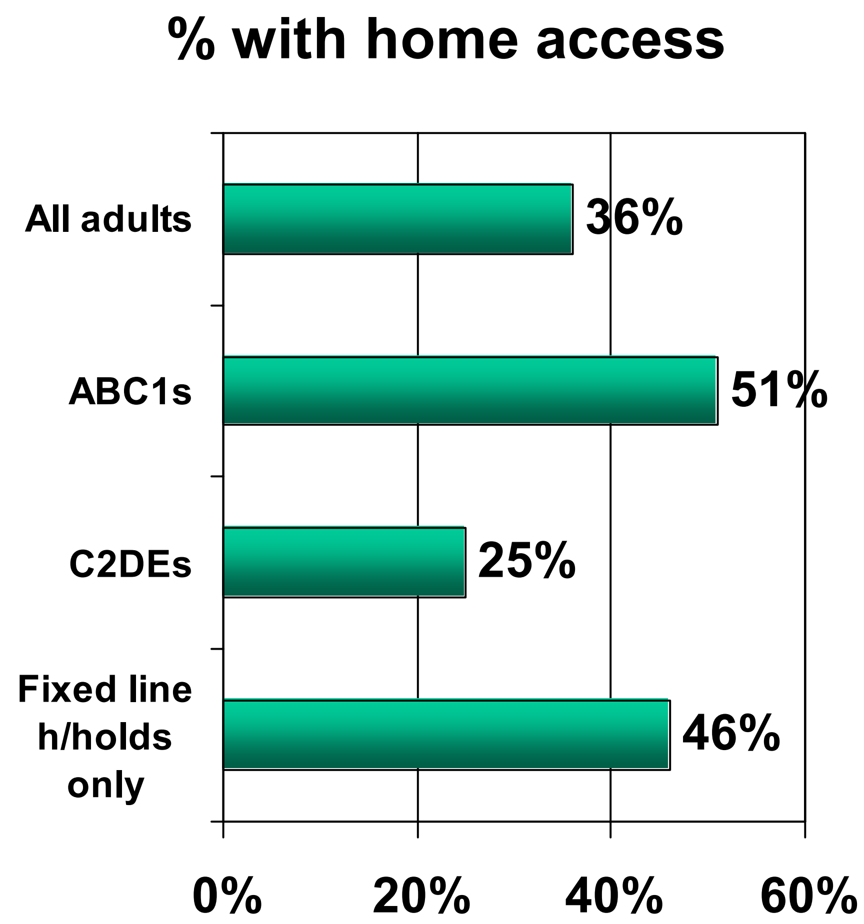
Socio-Demographics of Home Access

- 36% of adults have home Internet access – little changed since the last wave.
- Among households with a fixed line phone the access figure stands at 46%.
- Likelihood of having home Internet access is significantly higher in ABC1 households than in C2DE households.



(n=1,067)

Home Internet Connections

How does your household connect to the Internet?	Q2 03	Q3 03	Q4 03	Q1 04	Q2 04
Standard telephone line/Regular dial-up	86%	78%	84%	83%	81%
ISDN line	7%	10%	7%	9%	7%
ADSL /Broadband connection	1%	1%	2%	2%	3%
Cable modem connection	2%	3%	1%	2%	2%
Through a mobile phone via WAP or GPRS	1%	0%	0%	0%	1%
Other	-	1%	-	1%	-
Don't know	3%	8%	5%	3%	6%

Base: All those with home Internet access (n=374)

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Home Internet Payment Plans

Which one of the following options best describes your home Internet connection payment plan with your main Internet Service Provider?	**Q2 04**
Pay as you go – you only pay for your time spent online	54%
You pay a monthly subscription cost to your ISP and then pay for your time online	20%
Dial up flat rate – you pay a fixed amount each month for a specific amount of time spent online using regular dial up	7%
Broadband flat rate - you pay a fixed amount each month for a specific amount of time spent online using a broadband/DSL connection	2%
Don’t know	17%

Base: All those with home Internet access (n=374)

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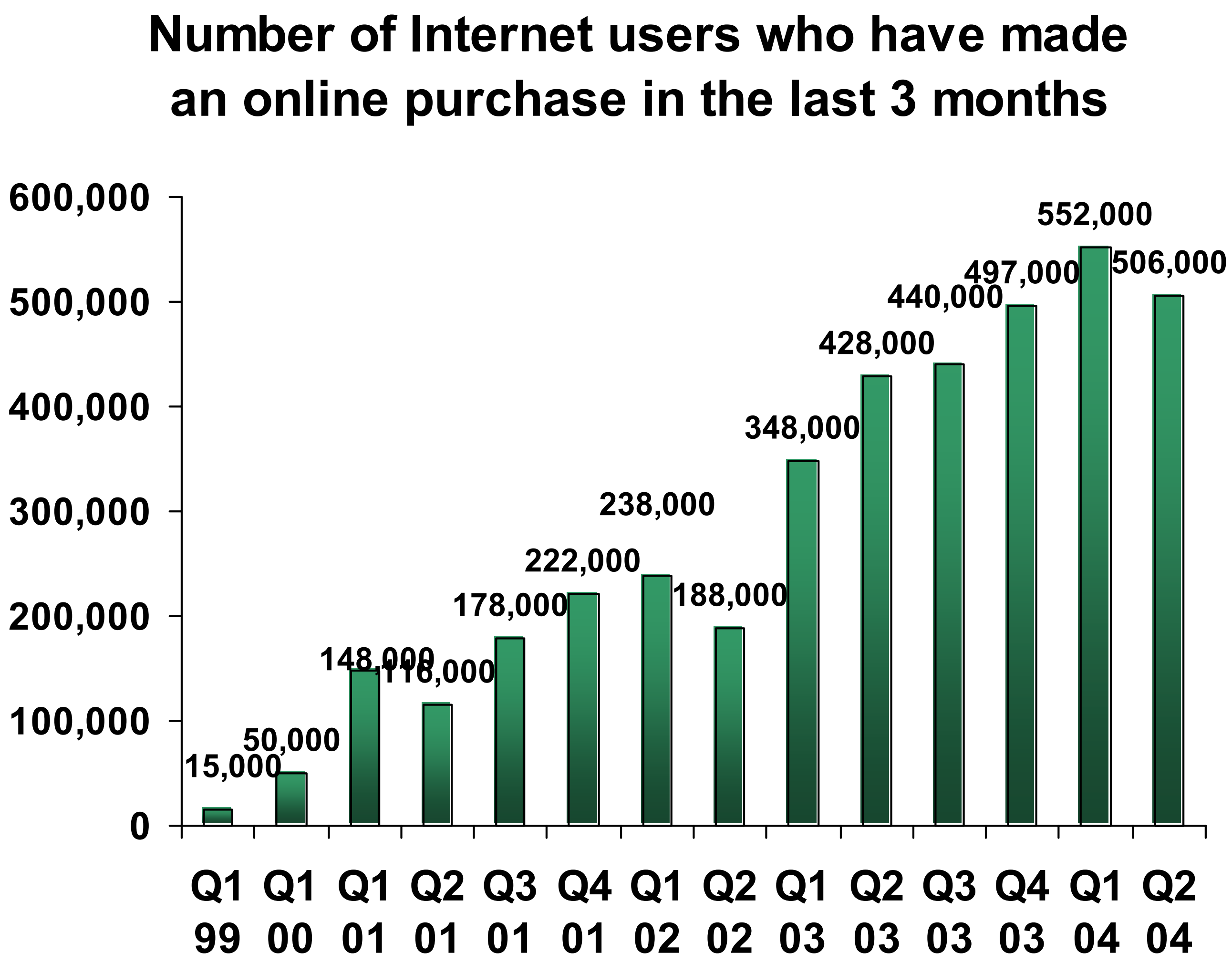
Frequency of Using the Internet

How often do you use the Internet at home?	Q2 03	Q3 03	Q4 03	Q1 04	Q2 04
Daily or nearly every day	19%	13%	15%	19%	25%
Several times a week	45%	45%	32%	39%	33%
About once a week	23%	31%	39%	30%	20%
About once every 2 weeks	7%	6%	10%	7%	10%
About once a month	3%	3%	4%	2%	6%
Less often than once a month	1%	2%	1%	2%	7%
Mean number of times per week	**3.01**	**2.64**	**2.43**	**2.89**	**3.02**

Base: Home Internet users (n=421)

eCommerce

Increase in e-Commerce Activity



- 43% of Internet users have made a recent online purchase, up significantly from 38% in Q4 2003
- Online shopping still continues to be most evident among 35-49 year olds, and those living in Dublin

Base: All Internet users (n=476)

Online Sales

Top 10 Online Purchases*	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004
Airline tickets	63%	66%	62%	64%	63%
Concert tickets	28%	38%	29%	27%	22%
Books	13%	13%	12%	19%	13%
Videos/DVDs	8%	6%	8%	18%	11%
Music	16%	9%	6%	17%	13%
Package holiday	18%	10%	27%	17%	19%
Other travel services (e.g. hotel, car hire)	18%	13%	13%	14%	7%
Computer Software	4%	7%	10%	13%	7%
Information	6%	5%	13%	7%	8%
Clothing	5%	3%	6%	6%	8%

* *Multiple responses allowed*

Base: All those who have made an online purchase in the last 3 months (n=179)

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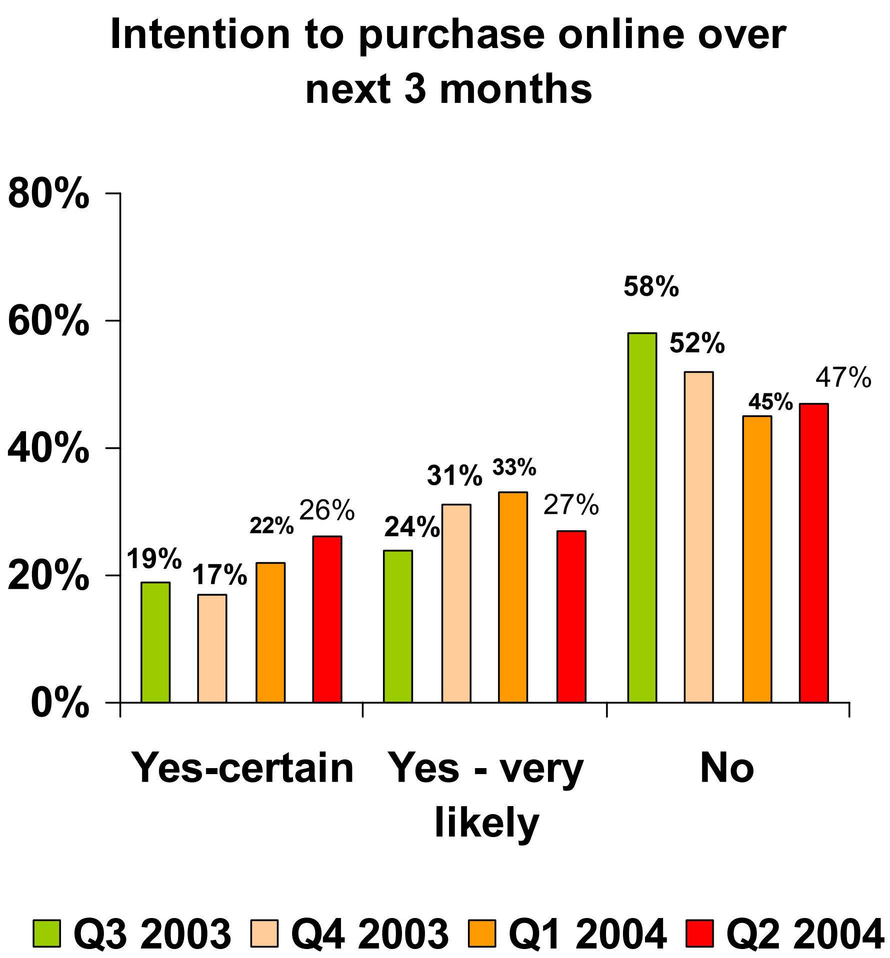
E-Commerce Intentions



- Over half of Ireland's Internet users say they are certain or very likely to make an online purchase within the next 3 months.
- Those who consider it unlikely that they will make an online purchase were more likely to be 15-24 year olds, students, those living in rural areas, and those who have not made an online purchase in the last 3 months.

Base: All Internet users (n=421)

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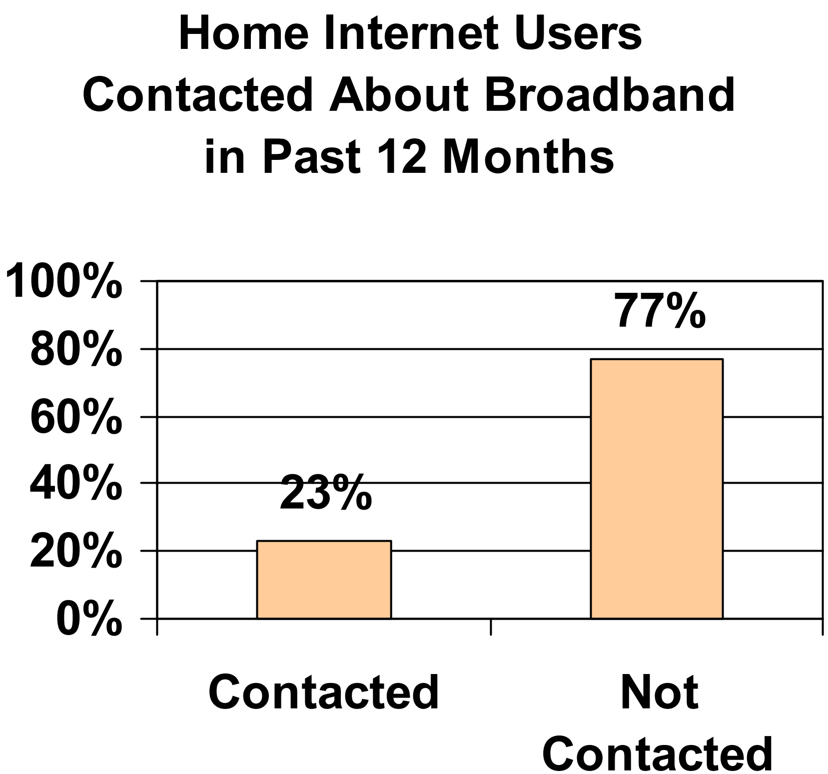
Broadband

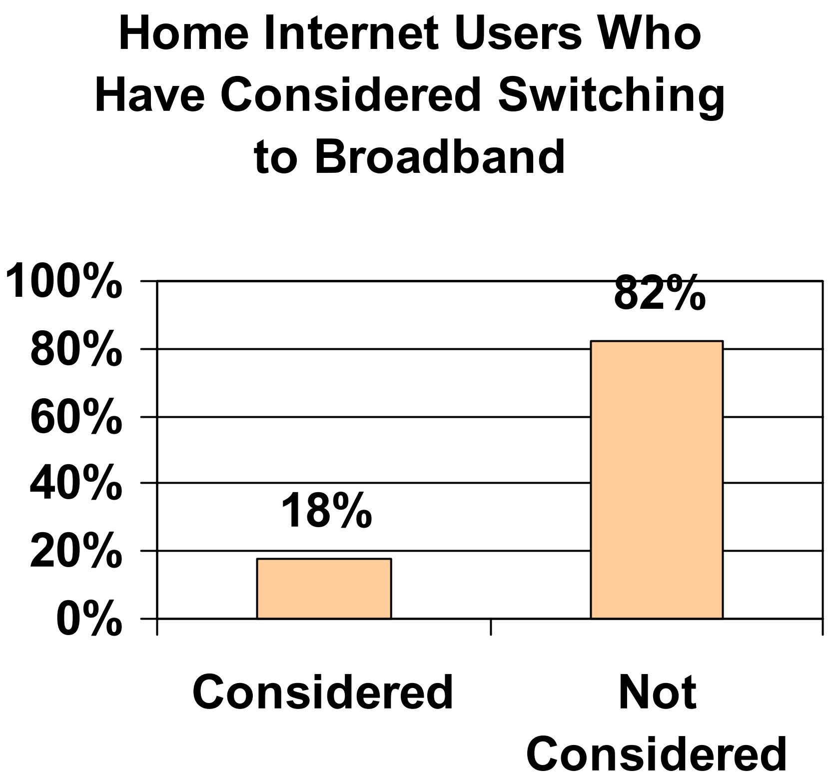
Selling Broadband



- Over 200,000 adults, or almost a quarter of home internet users (not already using broadband) have been contacted in the past 12 months about a broadband service.
- The level of contact has been highest in Dublin (28%) and lowest in Connaught/Ulster (15%).

Base: All dial-up/ISDN home internet users (n=330)

Switching to Broadband



- Nearly 170,000 adults, or almost a fifth of home internet users (not already using broadband) have considered switching to a broadband service.
- Those most likely to have considered are males (23%) and those living in Dublin (35%).

Base: All dial-up/ISDN home internet users (n=330)

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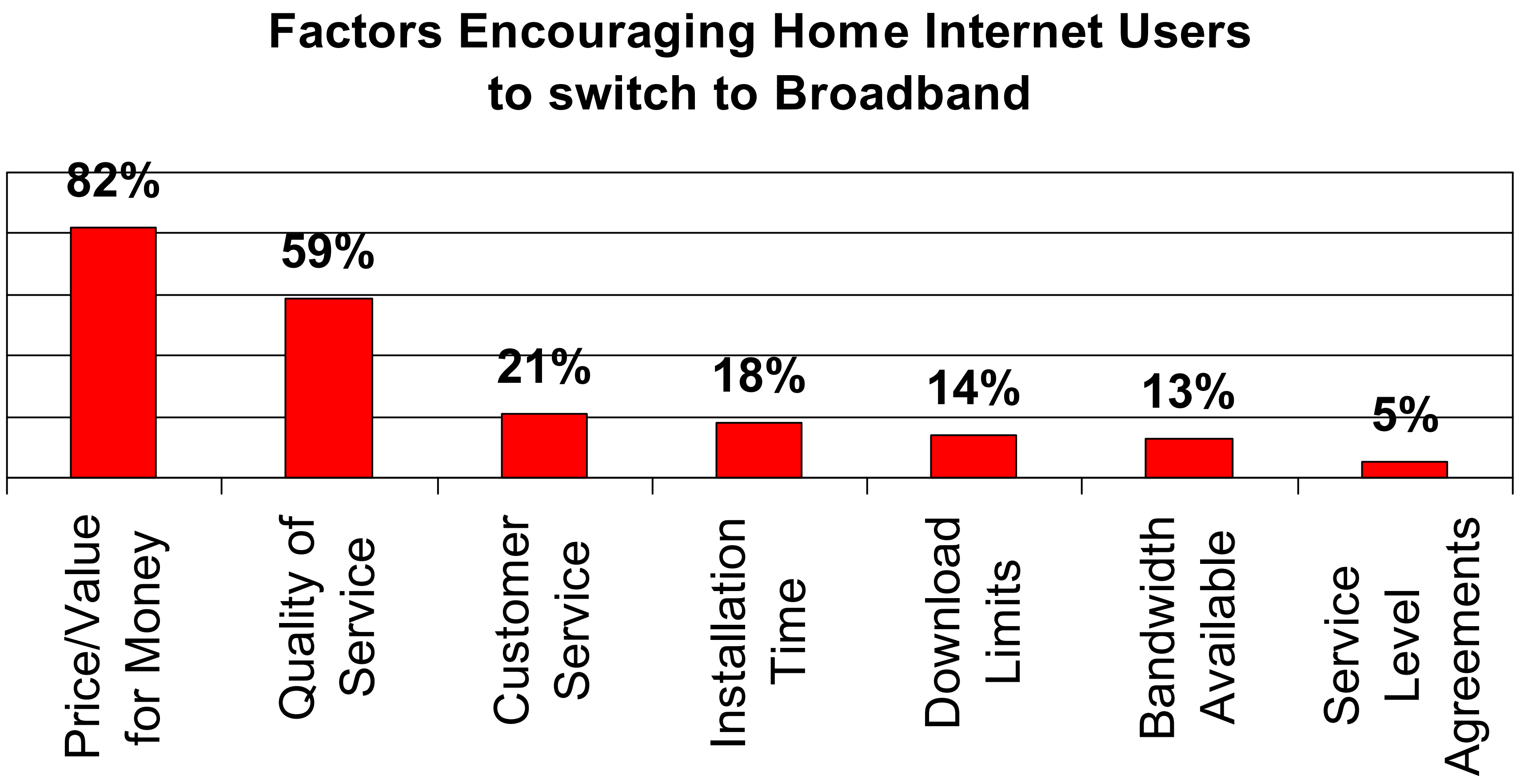
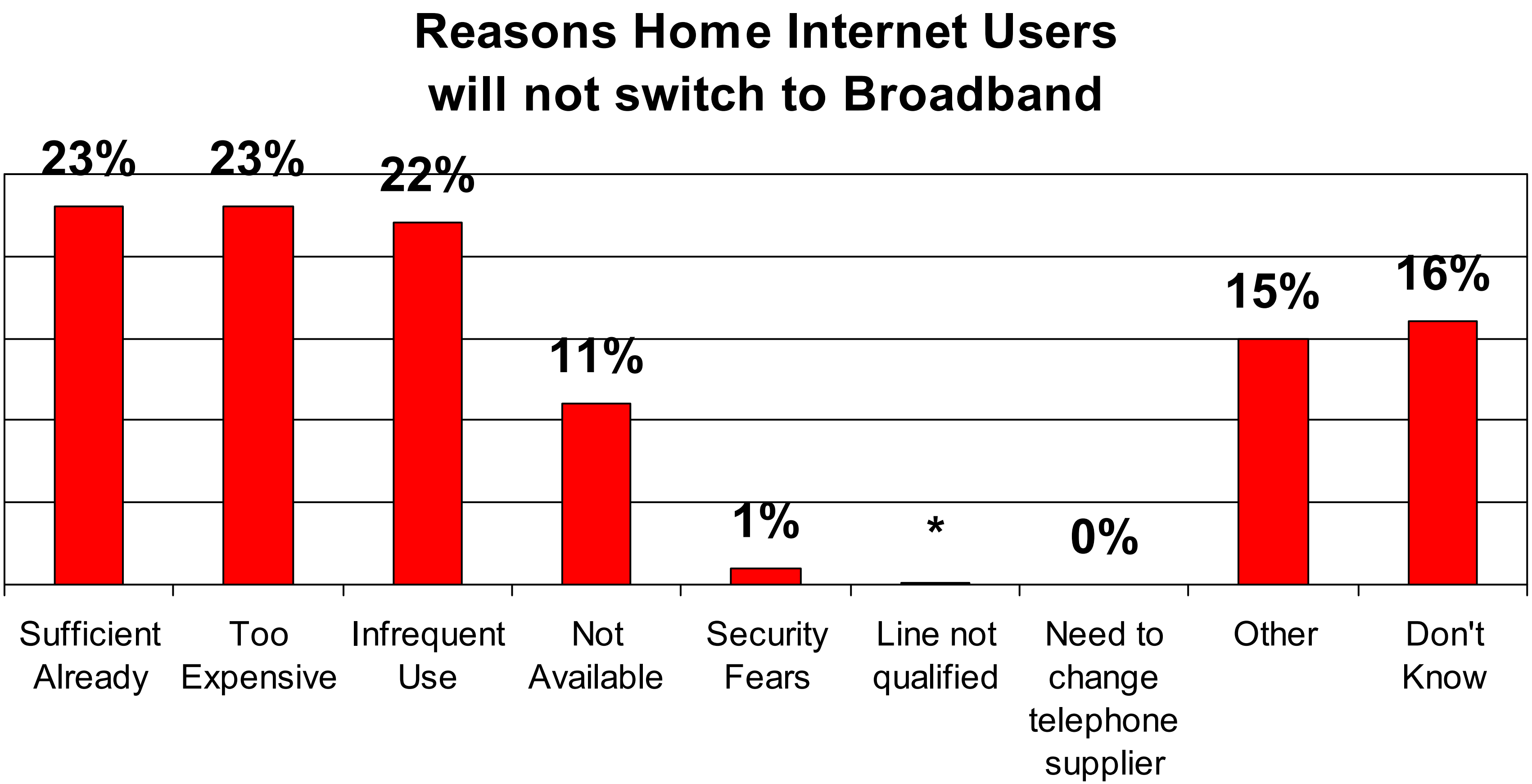
Factors Encouraging Switch to Broadband



Note Small Base: All dial-up/ISDN home internet users who considered (n=58)

Reasons Not to Switch to Broadband



* Less than 1%

Base: All dial-up/ISDN home internet users who did not consider (n=272)

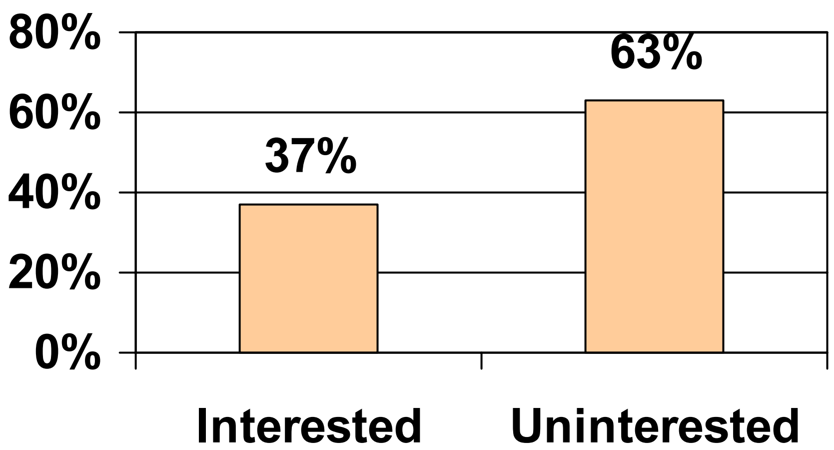
Existing Broadband Users

- Existing broadband users make up a very small and therefore limited sample for analysis purposes – any comments on their behaviour or experiences should therefore be treated with caution.
- Only 21 interviewees in our sample had broadband at home – equivalent to fewer than 60,000 adults.
- Of these, about half had subscribed to broadband in the past 6 months.
- eircom is the main broadband provider – to some 8 out of 10 users.
- About one in four had been approached to switch broadband provider in the past 12 months (in line with most other internet users) – but practically none of them has switched.

Bundled Telecoms Packages

Interest in Bundled Telecoms Packages

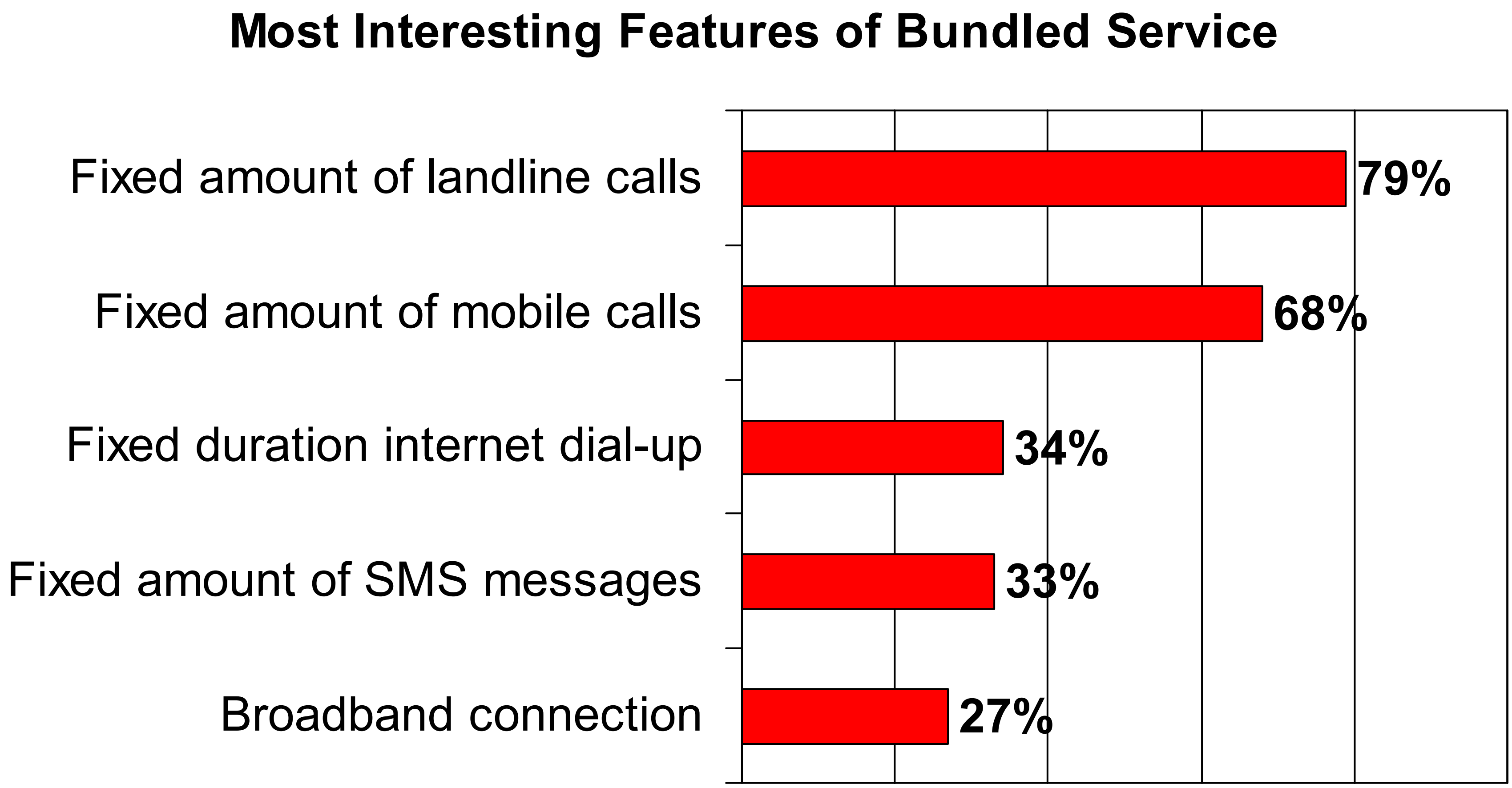
Level of Interest in a Fixed Monthly Telecoms Package including line rental and bundles of various call types (including internet)



Base: All Respondents (n=1,043)

- Over a million consumers are interested in a bundled telecoms offer in principle.
- Perhaps surprisingly, there is more interest among existing fixed line owners (41%) than among non-owners (23%).
- Interest is highest among younger adults and among higher income groups (46% of ABC1s).
- When asked to say how much they would expect to pay, the average response was €56 per month.

Most Interesting Bundled Services



Base: All interested in bundled service (n=389)

Conclusions

Conclusions

- Overall use of the Internet remains broadly unchanged with over four in ten Irish adults online.
- Residential broadband penetration remains low with only 3% of Irish online households using an ADSL connection.
- e-Commerce activity remains strong among internet users – with shopping patterns now proving quite stable.
- A substantial minority of internet users have been contacted about broadband in recent months, and most of these have considered switching to broadband.
- The most appealing aspect of broadband is price and value for money, whilst the main discouragement is a high level of satisfaction with existing access routes.
- A minority of consumers are interested in bundled telecoms packages – particularly those covering land line and mobile calls.

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