Millward Brown IMS

Commission for Communications Regulation

Consumer ICT Survey Q4 2007

A Review of Findings by

Millward Brown IMS

February 2008

41106984/BMAC/PM

Introduction

- The following report is based upon research conducted by Millward Brown IMS among a nationally representative sample of adults aged 15 to 74 throughout the Republic of Ireland.
- The survey asked about consumers' awareness and usage of ICTs, along with their awareness and usage of postal services in Ireland. This report however, is based on telecommunications only, with a separate report available concerning postal behaviour.
- The survey was conducted face to face, in home, between 23rd October and the 6th November 2007, with interlocking quotas set on gender and age and non interlocking quotas set on region and social class.
- In total 993 adults were interviewed.
- Data has been weighted in order to reflect the exact demographic profile of the adult population in the Republic of Ireland, based on the most recent data available from the CSO.
- Where possible, comparisons with previous research has been included.
- The accuracy of this survey is estimated to be +/- 3%.

Analysis of Sample

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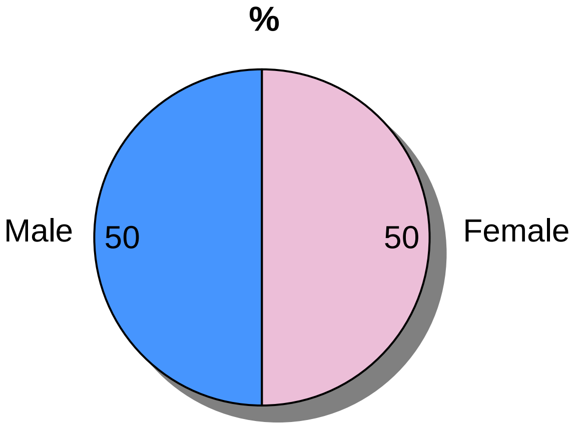

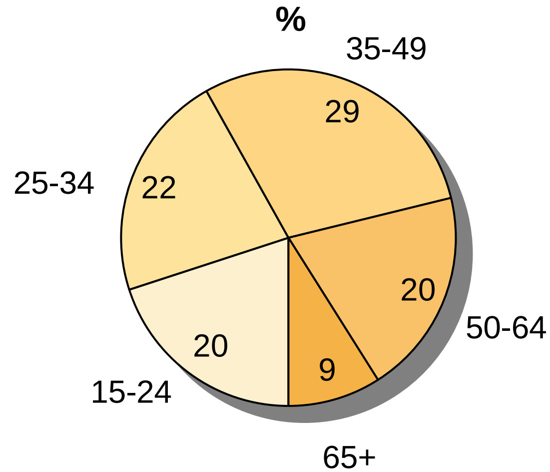

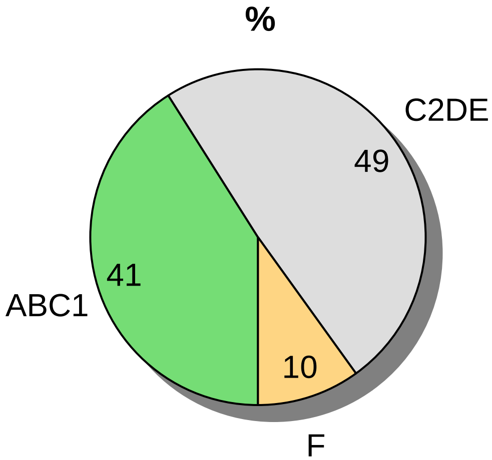

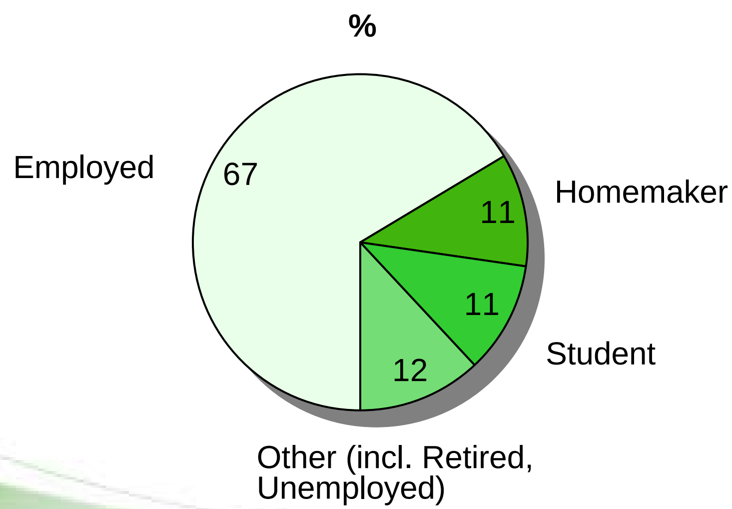

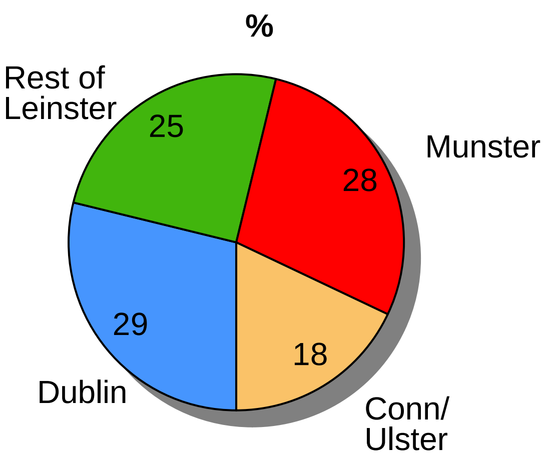

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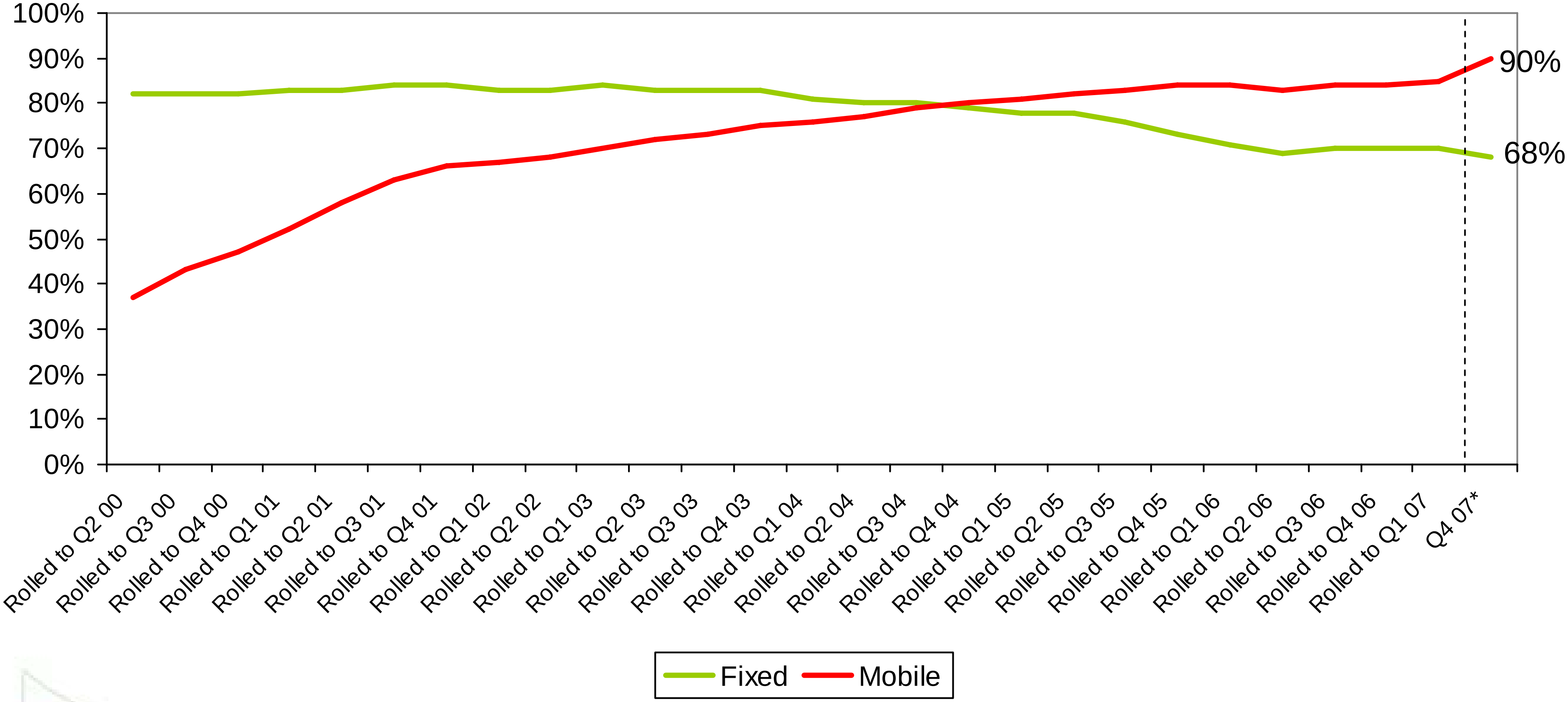
Mobile & Fixed Penetration – An Overview

Q. Do you have a residential fixed line phone in your home, i.e. not a mobile phone

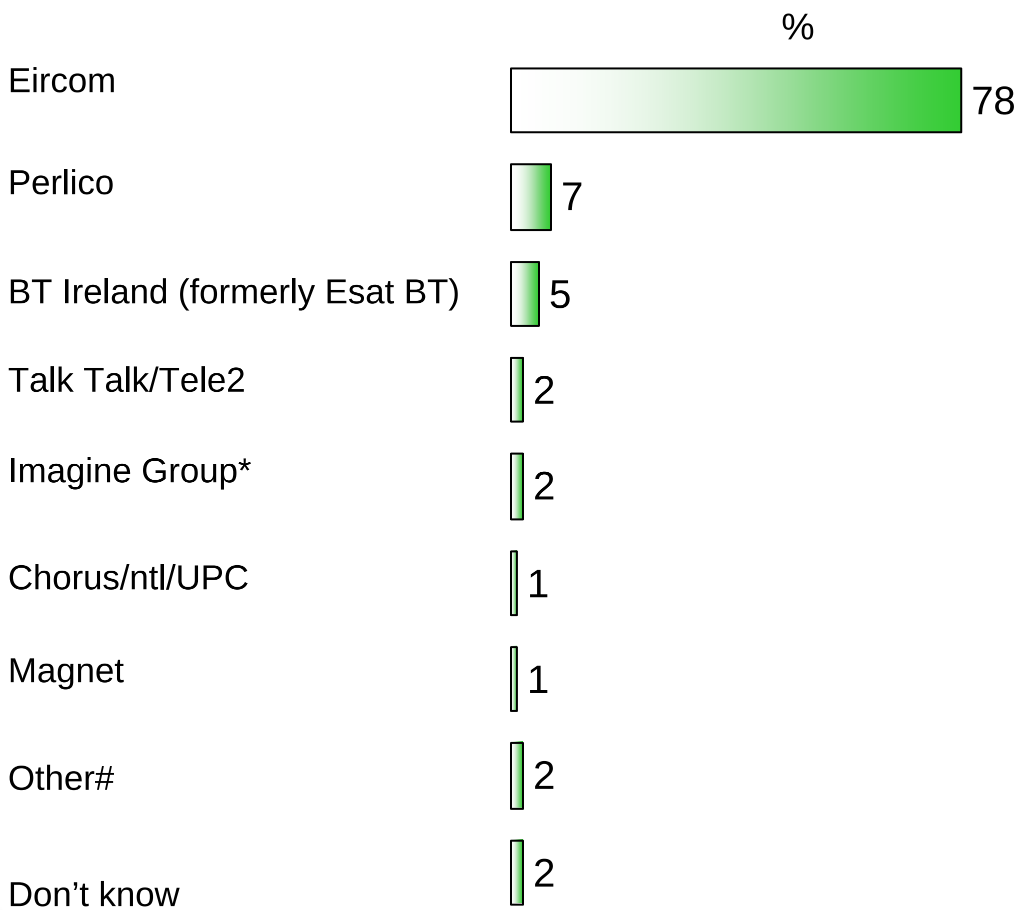
Q. Do you personally own a mobile phone?



*Note: Q4 '07 Data is not rolling data, due to gap in research in 2007

Landline Provider

Q. Which, if any, of the following companies do you use for your residential phone service?



- *eircom* usage is higher among ABC1s (the higher socio-economic segment) compared to C2DEs (the lower socio-economic segment), with penetration levels of 80% and 77% respectively.
- Those living in Leinster (excluding Dublin) and Munster are most likely to use *eircom* for their fixed line service (82% each), whilst 70% of Dublin residents with a fixed line use *eircom*.

* Includes Gaelic, Cinergi and Access.

\# Includes answers less than 1%

Base: All Who Have Fixed Landline (669)

Use of Bundles

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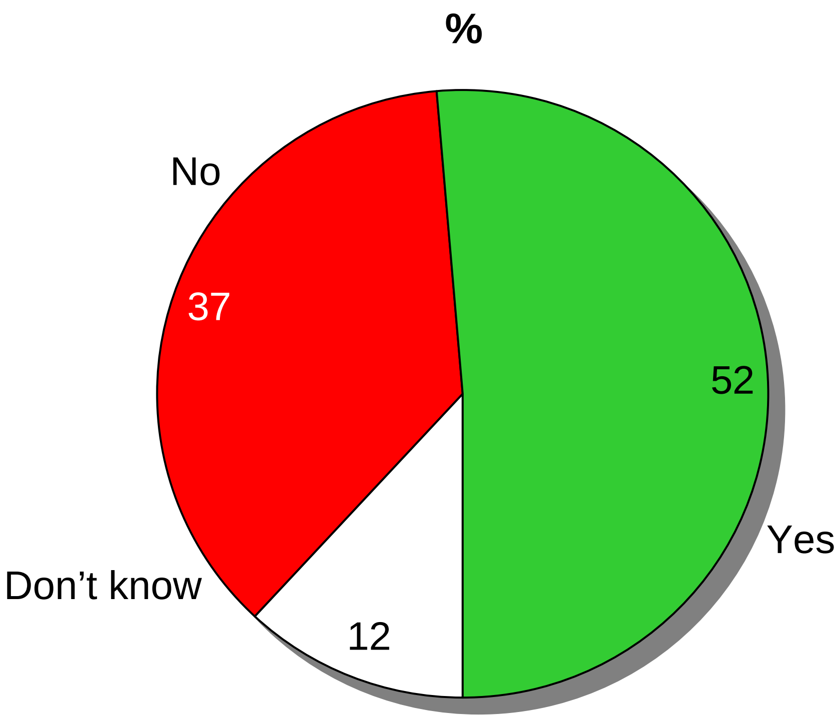
Q. Do you subscribe to a bundled service from your home phone provider, for example one which offers an all-in package of calls and line rental?



More likely to be…

25-34 year olds	59%
ABs	59%
eircom Internet users	65%
Those with higher Internet download speeds	71%

Base: All Who Have Fixed Landline (669)

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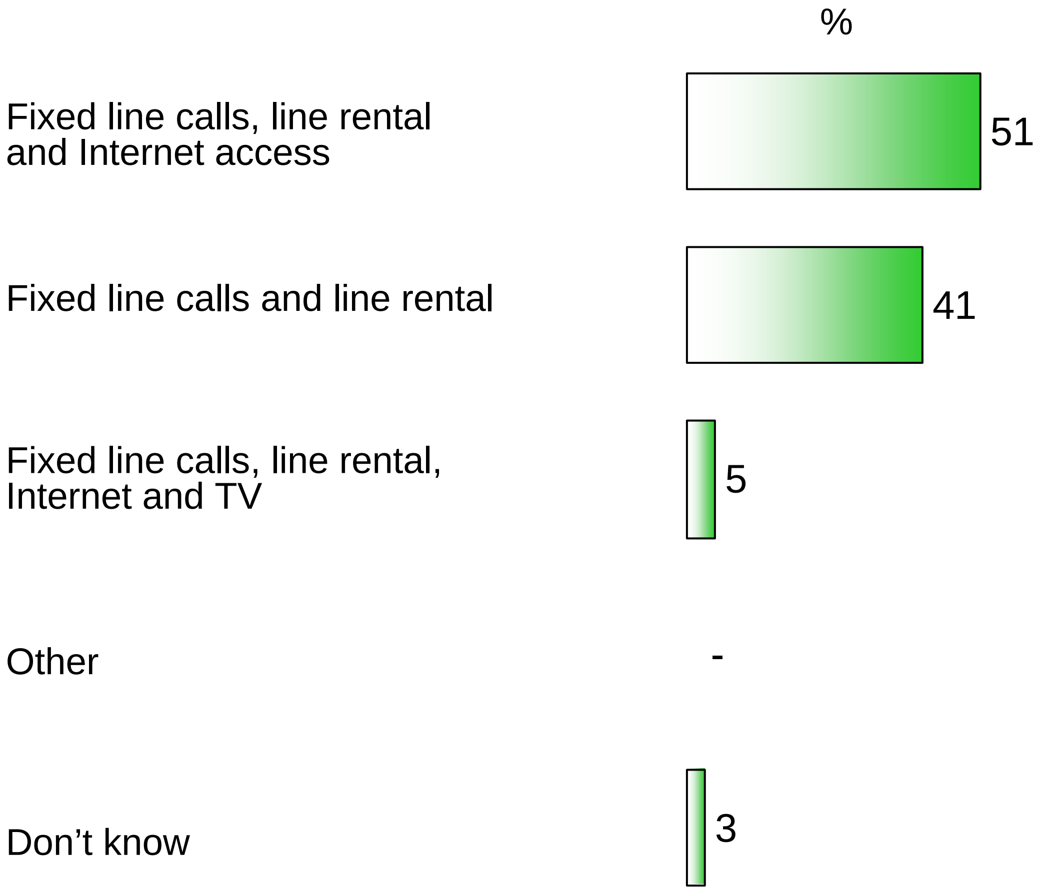
Bundled Packages

Q. Which of the following services are bundled together as part of your single-priced package?

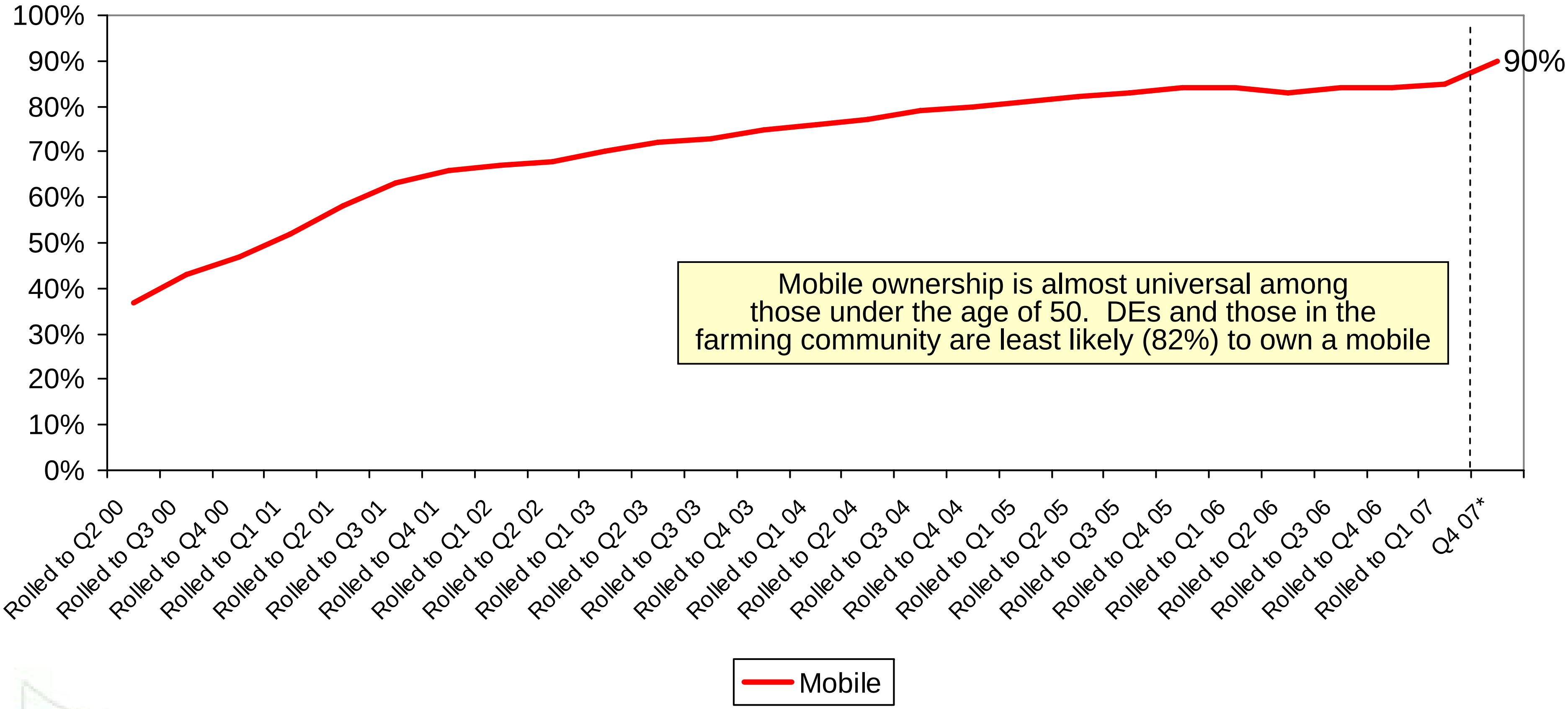


- Those with a triple bundle (fixed line, line rental and Internet access) are more likely to be younger (18-24 year olds) 65%, ABs (62%), eircom Internet users (73%) and have higher download speeds 76%.
- Those with a basic fixed line call and line rental bundle are more likely to be aged 50+ (50%), DEs (50%), and have no home Internet connection (91%).

Base: All who subscribe to a bundled package (354)

Mobile Phone Ownership Trends

Q. Do you personally own a mobile phone?



Mobile ownership is almost universal among those under the age of 50. DEs and those in the farming community are least likely (82%) to own a mobile

*Note: Q4 '07 Data is not rolling data, due to gap in research in 2007

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Type of Mobile Connection

Q. Is your current mobile phone service one where you…

	Q2 '06 %	Q3 '06 %	Q4 '06 %	Q1 '07 %	Q4 '07 %
Pay for your mobile by buying Credit in advance	76	78	78	73	76
Receive a monthly bill	24	21	22	27	24
Have more than one subscription and use different payment options for each	-	1	1	-	*

- Prepaid mobile phones are higher among 15-24 year olds (89%), DEs (86%) and those with no fixed line at home (82%).
- Those who receive a monthly bill are more likely to be aged 50-64 (31%), males (26%), ABs (43%) and those with Internet access at home (33%).

Mobile Market Share Trend Data

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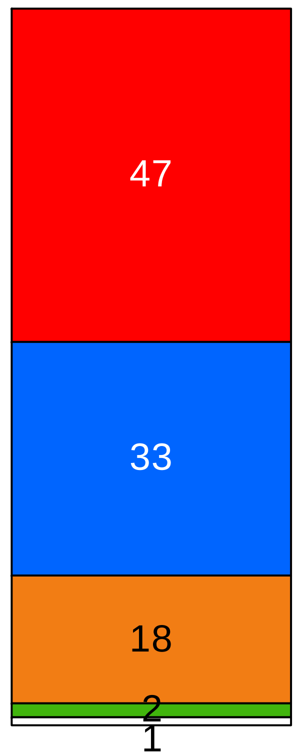
Q. Who is your mobile phone supplier(s)?

	Q2 ’06 %	Q3 ’06 %	Q4 ’06 %	Q1 ’07 %
Vodafone	53	51	48	48
O2	33	35	37	35
Meteor	14	14	13	16
3 Ireland	-	-	1	1
Don’t know	-	-	1	-

Q4 ’07 %



- Market share appears to have remained steady over the past 9 months, with slight movements between Vodafone, O_2 and Meteor. *3* Ireland’s consumer market share is estimated to be about 2%.
- Meteor has its greatest market share among 15-24 year olds (35%). Vodafone performs better among those aged 35+ (55%), whilst O_2 is fairly evenly spread across all ages.
- Those living in Conn/Ulster are more likely to be using Vodafone (61%), whilst O_2 and Meteor appear to have above average penetration in Dublin (37% and 25% respectively).

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Increase in PC or Laptop Ownership

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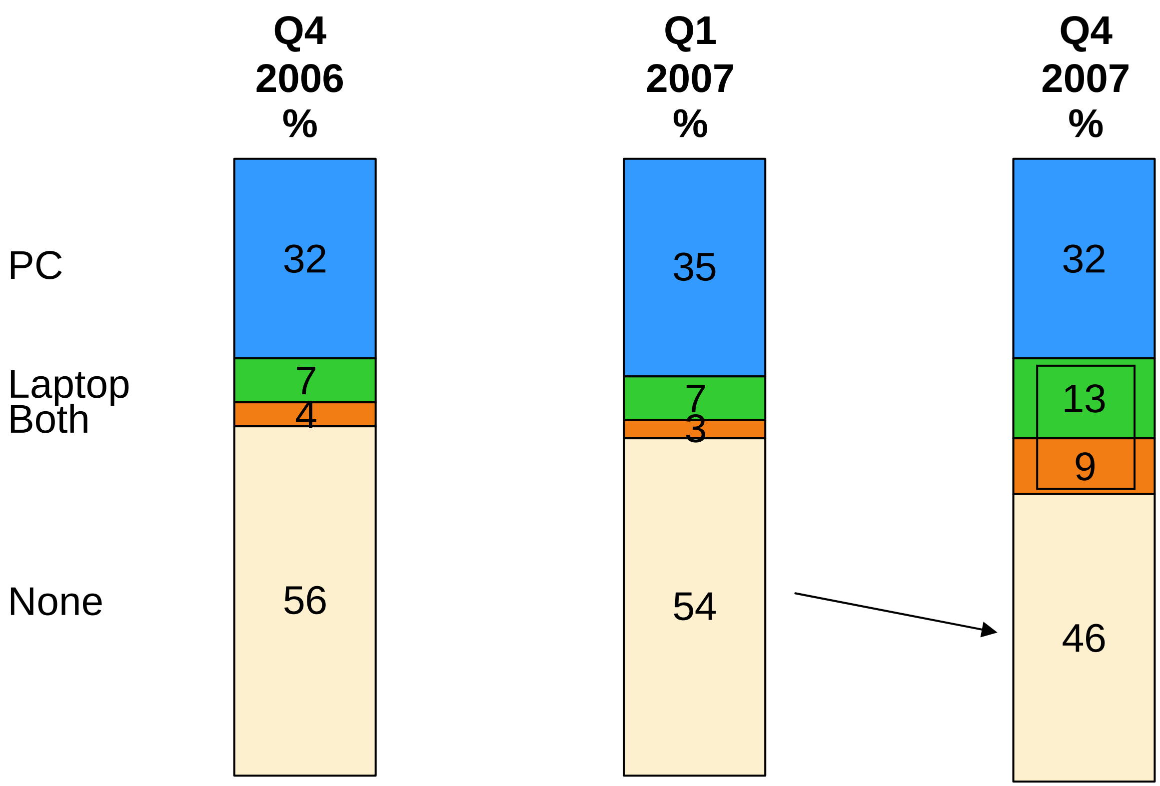
Q. Do you have a Personal Computer (PC) in your house (including laptops that you usually have at home)?



- There has been a significant decline in the number of households without a PC or laptop. Over half (54%) of households now have a PC or laptop.
- Those least likely to own a PC/laptop are aged 50+ (58%), DE's (69%), and those without a fixed line in the home (71%).
- The percentage of those owning a laptop has more than doubled, from 11% to 22% since the end of 2006.
- Just over one in three (36%) of Dublin residents claim not to have a PC or laptop.

Base: All Respondents (993)

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Trends in Internet Usage

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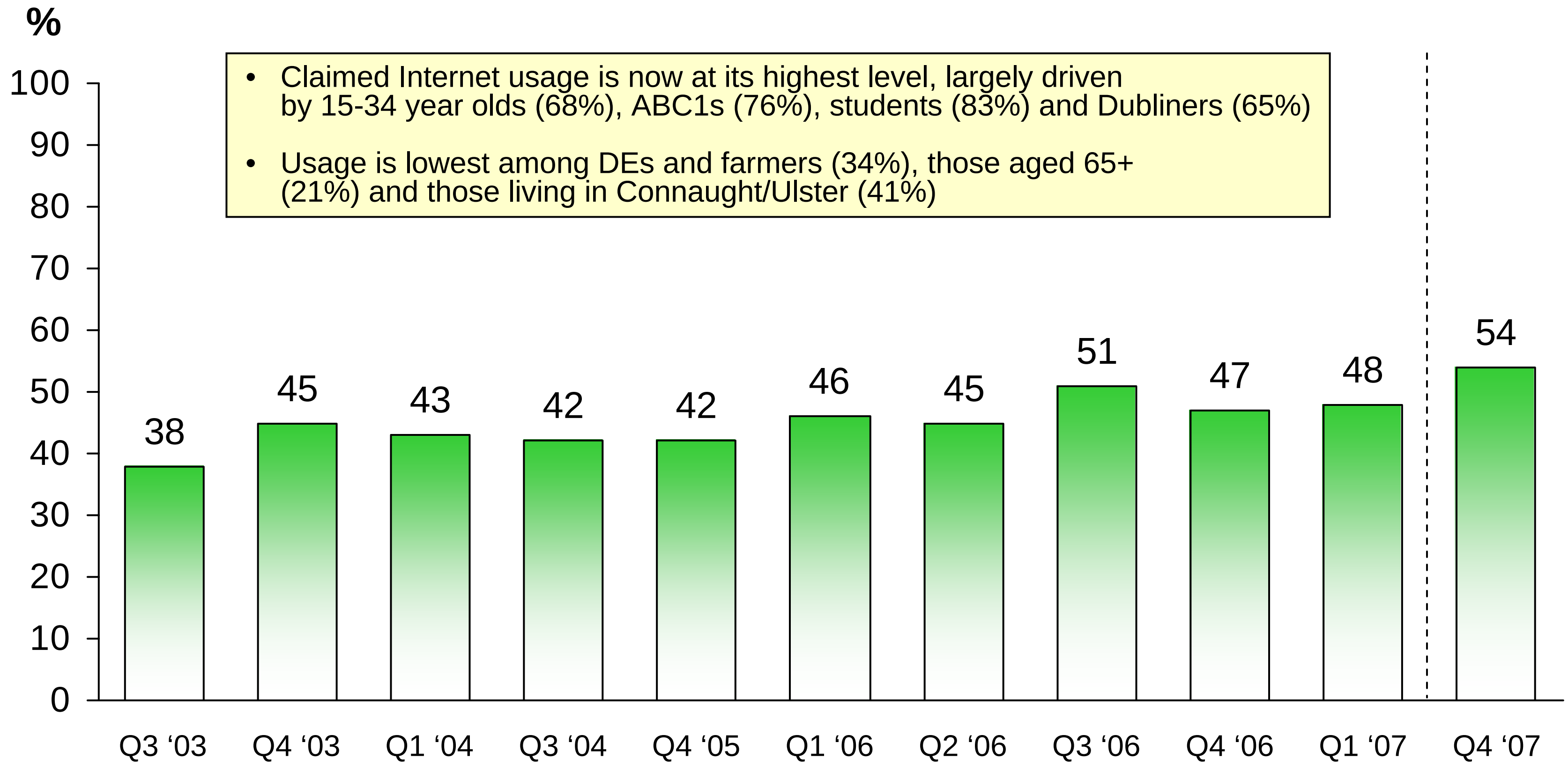
Q. Do you personally use the Internet from any location?

- Claimed Internet usage is now at its highest level, largely driven by 15-34 year olds (68%), ABC1s (76%), students (83%) and Dubliners (65%)
- Usage is lowest among DEs and farmers (34%), those aged 65+ (21%) and those living in Connaught/Ulster (41%)



Base: All Respondents (993)

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Location of Internet Usage

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Q. From which of the following locations do you use the Internet?

	Q2 '06 %	Q3 '06 %	Q4 '06 %	Q1 '07 %	Q4 '07 %
Home	66	72	67	71	79
Work	36	34	35	38	38
School/college	12	15	18	19	14
Friends houses	5	9	6	4	9
Cyber Cafes	4	8	9	4	7
Public library	3	5	3	3	7
On the move using portable equipment e.g. a WAP mobile phone, a palmpilot laptop	2	2	2	2	2
Elsewhere	1	2	2	-	2

- While Internet use at work has remained mostly unchanged since mid-2006, home Internet usage has increased over the same period.
- Those aged 25-34 are most likely to access the internet at work (54%).
- Cyber cafes are most frequented by 18-24 year olds (18%).

Base: All those who use the internet (from any location) (n=551)

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Home Internet Connection

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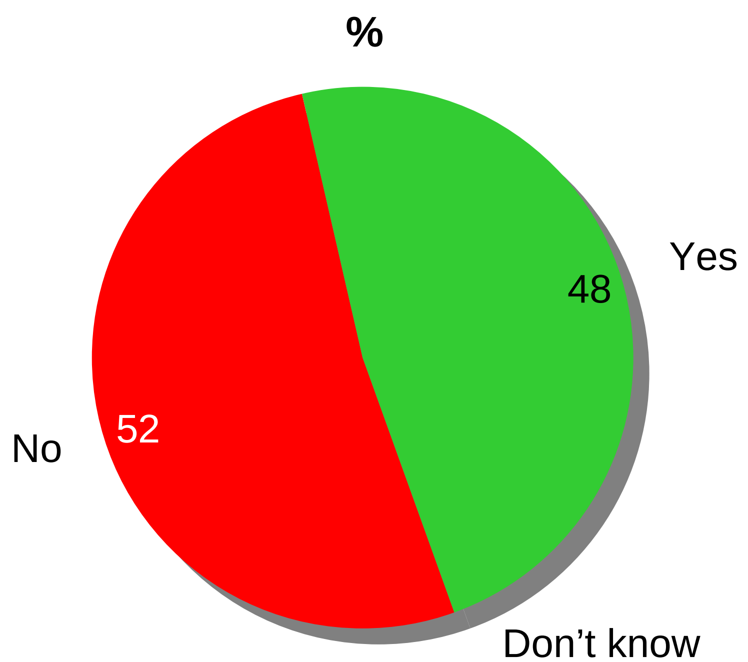
Q. Do you currently have an Internet connection at home?

- Internet access in the home is more prevalent among 15-24 year olds (58%), ABC1s (65%)



Base: All Respondents (993)

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Home Internet Access Provider

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Q. Who is your home Internet Service Provider (ISP)?

	Q2 '06 %	Q3 '06 %	Q4 '06 %	Q1 '07 %	Q4 '07 %
Eircom	81	72	78	65	57
Irish Broadband	3	6	4	6	8
BT Ireland/IOL (Esat)	2	3	2	4	7
Perlico	-	1	3	3	6
Chorus/ntl/UPC	-	1	2	2	3
Clearwire	-	-	-	-	3
O2	-	-	-	-	2
3 Ireland	-	-	-	-	2
Vodafone	-	-	-	-	1
Last Mile	-	-	1	-	1
Magnet	-	-	1	-	1
Digiweb	-	-	-	1	1
Smart Telecom	4	3	1	-	1
Don't know	4	8	4	10	4
Other	4	4	4	3	3

- *eircom's* share of the home internet provider market appears to have decreased in 2007, with BT Ireland, Irish Broadband Clearwire and Perlico all making gains.
- *eircom* is less likely to be used in Dublin (40%). Irish Broadband were found to have a 17% market share in Dublin.

Base: All With Home Internet Access (489)

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Home Connection Type

Q. How do you connect to the internet from home?

	Q1 '07 %	Q4 '07 %
DSL Broadband using a modem (e.g. eircom Broadband)	50	52
Regular dial-up using a modem (sometimes called narrowband)	27	13
Other Wireless connection such as (FWA) or WiFi hotspots (e.g. Irish Broadband's Ripwave)	5	9
Broadband via a wireless modem supplied by a mobile phone company such as Vodafone, O2 or 3 Ireland	5	9
ISDN line (e.g. Eircom High Speed)	8	6
Cable Modem (e.g. by cable supplier such as ntl)	5	3
Through a mobile phone or mobile device (Blackberry, PDA)	1	-
Satellite broadband	-	*
Other	-	3
Don't know	4	5

- Narrowband continues to decrease, with an increasing number of respondents now opting for wireless broadband options.
- Narrowband is used more so outside of Dublin, at 16% among Leinster based Internet homes, 19% in Munster and 17% in Conn/Ulster, compared to just 4% in the capital.

Base: All With Internet Access At Home (489)

Download Speeds

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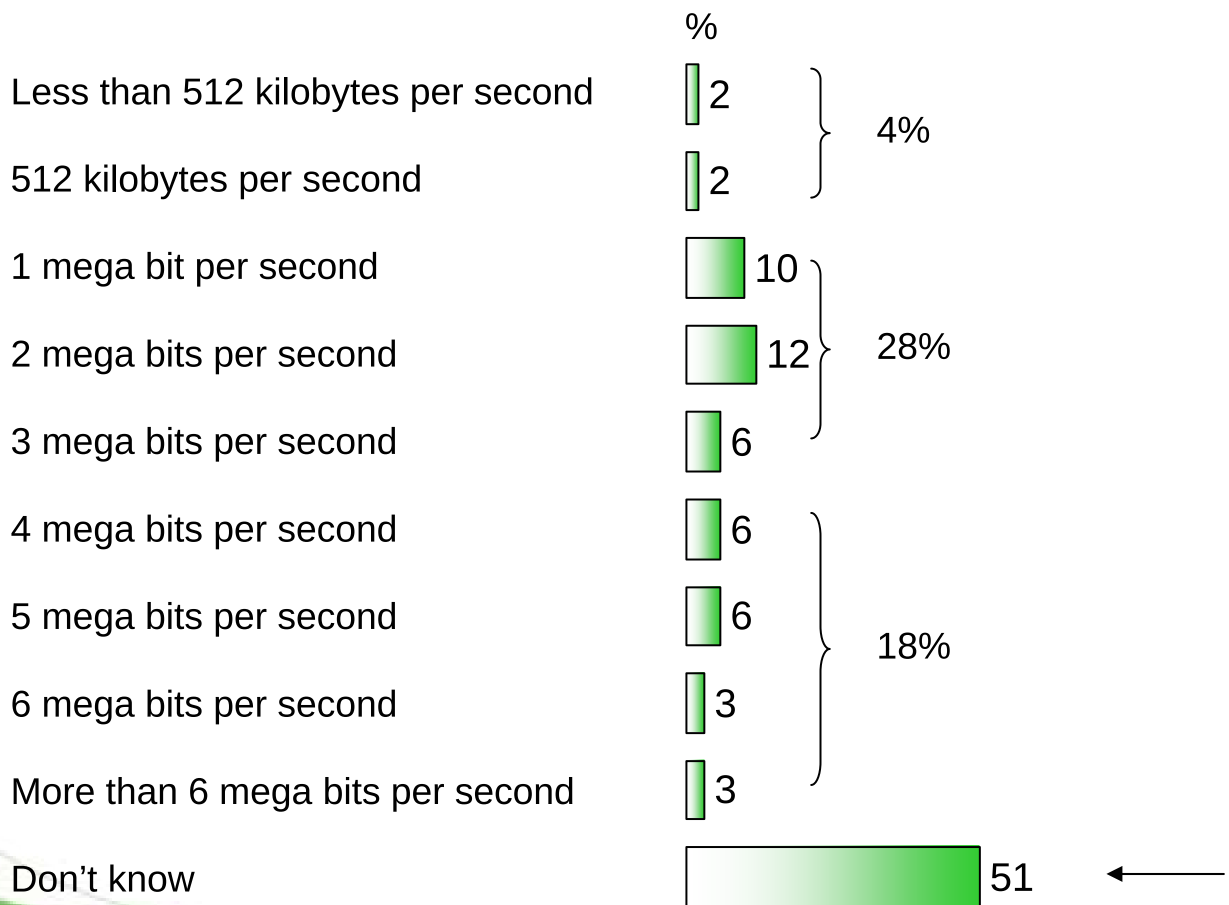
Q. What is the contracted download speed of your home broadband package? That is, what speed package are you paying for?



- Over half of broadband users are unsure of their contracted download speeds.
- Of those aware 28% claim to have speeds between one and three MB per second, and 18% claim to have speeds of 4MB+

Base: All Those With Home Broadband Access (366)

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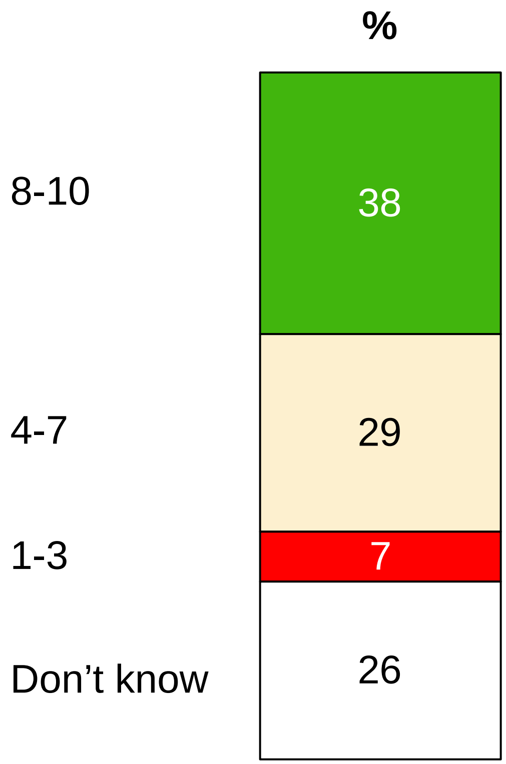
Satisfaction with Speed

Q. On a scale of 1 to 10 where 1 is not at all satisfied and 10 is extremely satisfied, how satisfied are you with the download speeds that you get on your home Internet connection?



Mean Score 6.92

- Those connected to Chorus/NTL* and BT* express most satisfaction (7.43 and 7.36 respectively)
- Nearly 1 in 4 could not express an opinion, indicating they may not be aware of alternative speeds available, and thus do not have a basis for a comparative appraisal.

*Caution small base size

Base: All Those With Home Broadband Access (366)

Awareness of VoIP

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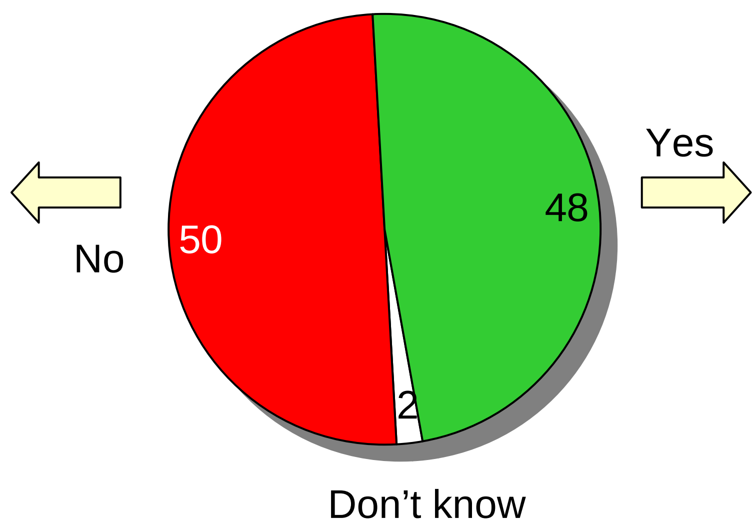
Q.	Have you ever heard of Voice over Internet Protocol (VoIP), or Internet telephony, whereby you can use your internet connection to make voice calls?

%



Higher Among:	%
15-17 year olds	56
DEs	61
Fs	56
Leinster (excluding Dublin)	49

Higher Among:	%
18-24 year olds	53
25-34 year olds	55
ABs	59
C1s	53
Broadband subscribers	53
Those with download speeds of 4MB+	69
Munster	53
Conn/Ulster	57

Base: All Internet Users (551)

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VoIP Usage

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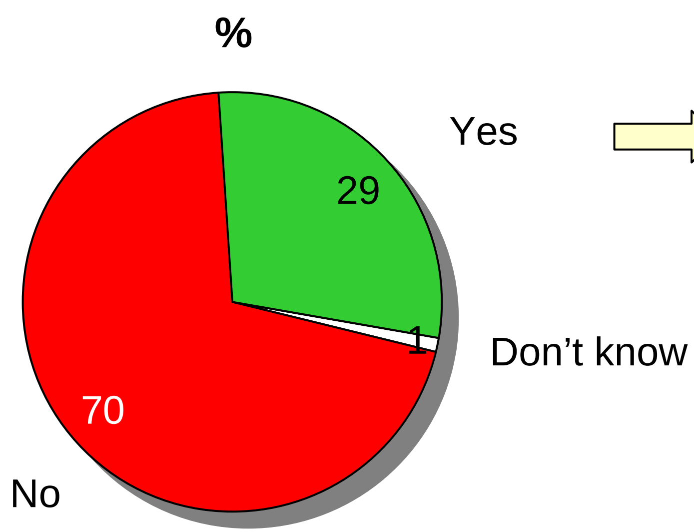
Q.	Have you used a Voice over IP service in the last 3 months to make a call over the Internet?



Higher Among:	%
25-34 year olds	35
C2s	34
Those with 4MB+ download speeds	49
Dublin	46

Base: All Aware Of VoIP (267)

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Reasons for using Internet in the past three months

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Q. In the last three months have you used the internet for any of the following:

	%	Male (261) %	Female (281) %	15-17 (45)* %	18-24 (103) %	25-34 (138) %	35-49 (155) %	50-64 (79) %	65+ (19)* %
Sending and receiving e-mail	83	82	84	71	82	88	82	86	79
Do research/get information	57	58	57	60	63	57	54	54	47
Make Travel/holiday bookings	40	38	42	4	37	46	47	38	63
Online banking	37	38	37	12	26	47	43	42	20
Access information for education	33	31	34	53	45	26	29	20	27
Online shopping	31	31	31	16	25	40	35	22	21
Access information for work	31	34	29	6	25	46	32	29	16
Download music (e.g. for Ipod or MP3 player)	29	30	28	40	51	29	19	14	11
E-mail, upload or store photographs	27	27	27	11	33	27	26	18	47
Social networking sites such as Bebo, Facebook, Myspace	25	26	25	44	50	26	12	10	-
Play online games	17	19	16	25	23	19	15	5	21

Answers 10% or less not shown

*Caution: Small base size

Base: All Internet Users (551)

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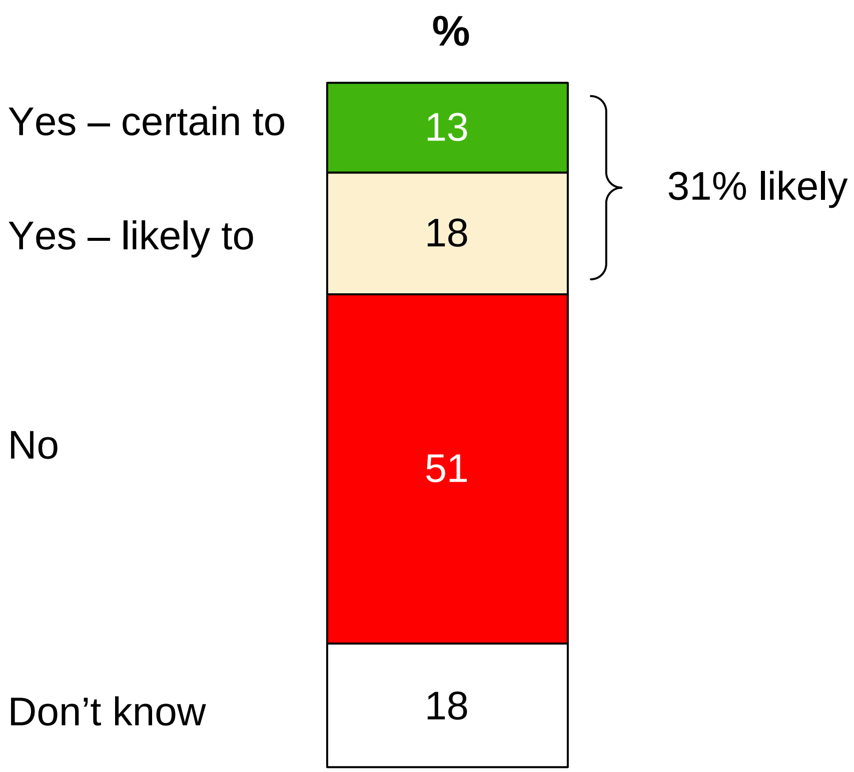
Intention to Purchase Christmas Presents Online

Note: This survey was conducted prior to Christmas 2007, and results are based on stated intentions and not actual purchase behaviour

Q. Do you intend to use the Internet to make a purchase as part of your Christmas shopping this year?



- Those aged 25-34 and 35-49 are most likely to intend using the Internet to shop for Christmas (38% and 36% respectively).
- Nearly half (45%) of ABs are certain to or likely to make a Christmas online shop. Residents of Dublin and the rest of Leinster also feel they are likely to shop over the Internet (40% and 34% respectively).

Base: All internet users (551)

Types of purchases intended to make Online

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Q. What types of products or services do you intend to purchase online as <u>part of your Christmas shopping</u>?

	%	Male (88) %	Female (94) %	15-24 (37)* %	25-34 (55) %	35-49 (62) %	50+ (27)* %	ABC1 (119) %	C2DEF (63) %
Music	38	33	44	38	45	36	30	46	26
Books	37	40	33	22	40	39	41	43	26
Concert tickets	36	35	38	44	35	36	33	43	25
Videos/DVD	31	34	28	31	36	24	33	33	27
Airline tickets	30	31	29	25	34	22	41	27	34
Clothing	28	22	33	31	33	25	22	27	30
Package holidays	17	18	15	6	19	12	26	14	21
Computer software	10	14	7	16	8	9	11	13	6
Other travel services such as hotel, car hire bookings	10	11	10	3	13	9	15	9	13
Financial services or investment products	7								
Pre-paid call cards for mobile phones	6								
Information	6								
Computer hardware	5								
A Computer	3								
Other	7								
Don't know	3								

*Caution: Small base size

Base: All who plan to purchase a Christmas shopping online (182)

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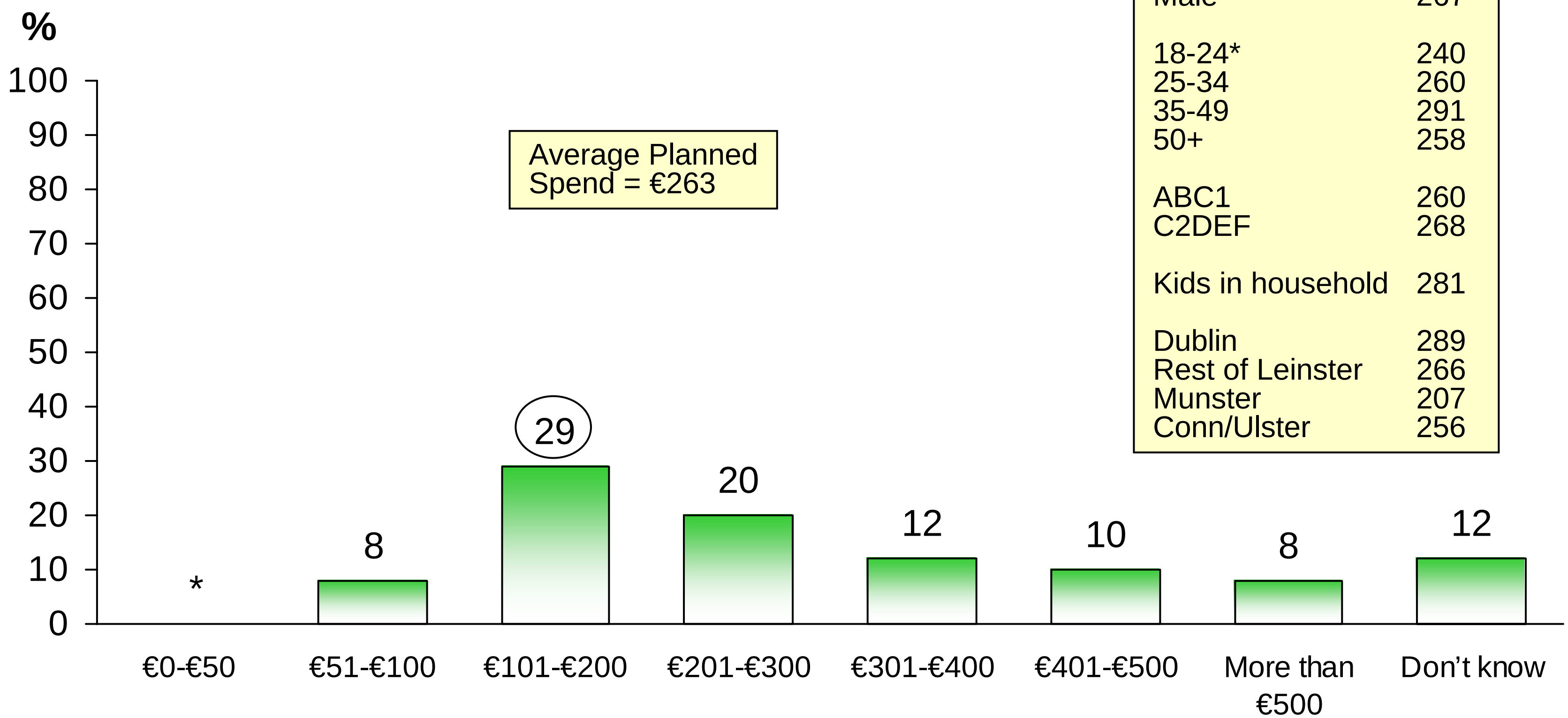
Planned Online Christmas Spend Amount

Q. How much do you think you will spend on Internet Christmas shopping this year?

	€
Female	253
Male	267
18-24*	240
25-34	260
35-49	291
50+	258
ABC1	260
C2DEF	268
Kids in household	281
Dublin	289
Rest of Leinster	266
Munster	207
Conn/Ulster	256

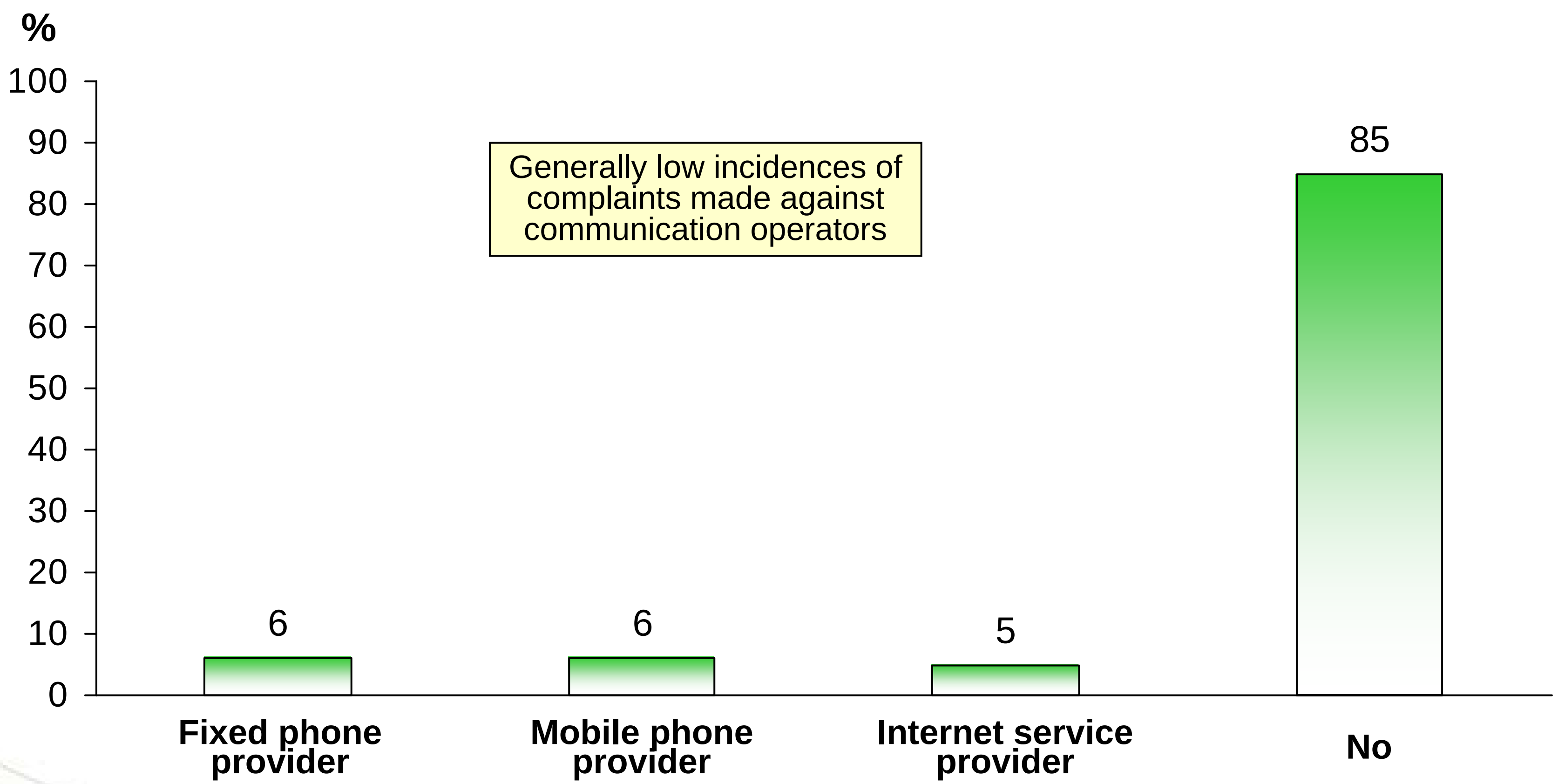


*Caution: Small base size

Base: All Who Plan To Purchase Christmas Shopping Online (182)

Complaints

Q. Have you made a complaint to any of the following in the last 12 months?



Base: All respondents (993)

Conclusions - I

- In the residential market the mobile phone appears to be the most utilised communications device when compared to the penetration levels of home fixed lines and home Internet connections.
- Demand for a fixed line is slowly declining as mobile phone usage increases. In addition, new methods of broadband access e.g. HSDPA or mobile broadband now provide customers with even more choice for their broadband requirements.
- Growing awareness and usage of VoIP services may also contribute to reducing demand for a fixed line.
- Over half of Irish adults use the Internet. While these figure have grown, the rate of growth has slowed.
- Convincing many older segments of the population (those aged 50+) and lower socio-economic groups of the benefits and value of Internet use continues to be a challenge.

Conclusions - II

- Use of narrowband has declined with many homes switching to some form of broadband.
- The growth in broadband penetration reflects a combination of improved access to broadband services generally as well as demand for faster services by increasingly sophisticated home users.
- What users want and expect from their online experience is changing, particularly among younger Internet users. Their demand for high bandwidth activities such as downloading videos, uploading photographs, using VoIP and playing interactive games is continuing to grow.
- Many Internet users express a reasonable level of satisfaction with the current speeds their connection achieves. However, speed could become more of an issue for home Internet users as broadband penetration increases and bandwidth is shared across an increasing number of households.

Conclusions - III

- The research suggests that a sizeable number of Internet users had intended to make online purchases during the Christmas gift-giving season. These intended purchases were focused on music, books, concert tickets, videos/DVDs and airline tickets.
- There appears to be a low incidence of complaints made over the last 12 months to fixed line, mobile and Internet service providers.However, the low level of complaints should not be assumed to imply high levels of satisfaction among Irish consumers. General levels of dissatisfaction or indifference to service provision do not automatically manifest themselves in a complaint.

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Appendix: Social Class Definitions

- Each survey respondent is classified into a social class segment according to the occupation of the chief income earner in the household.
- The occupation is then categorised into social class according to definitions used by the CSO.
- Each social class segment is defined as follows:
  - A is Upper Middle Class
  - B is Middle Class
  - C1 is Lower Middle Class
  - C2 is Skilled Working Class
  - D is Other Working Class
  - E is Casual Workers and those dependent on State payments
  - F1 is farmers who farm more than 50 acres
  - F2 is farmers who farm 50 acres or less