



Commission for  
**Communications Regulation**

## **Irish Communications Market**

### **Quarterly Key Data Report**

**Data as of Q4 2010**

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### Corrigendum to Q3 2010 Report

- ‘Other’, (more specifically satellite) broadband subscriptions and revenues were overstated for the period Q2 2010. Therefore, other (satellite and fibre) broadband subscriptions have been revised from 9,932 to 8,350 for the quarterly period Q2 2010. Retail broadband revenues (due to changes in associated satellite revenues) have been revised from €72,369 million to €70,769 million in this period.
- Therefore, overall internet and broadband subscriptions have also been revised for the period Q2 2010, from 1,582,343 and 1,505,100 to 1,580,761 and 1,503,518 respectively. Overall revenues and total fixed line revenues have also been revised from €951.099 and €486.319 million to €949.499 and €484.719 million respectively.
- In the Q3 2010 quarterly report, in Figure 3.1.1, the ‘other’ percentage changes did not include FWA percentage changes and so only reflected percentage changes in satellite and fibre subscriptions.

### Legal Disclaimer

The information and statistics contained within this document are derived from a variety of sources, but are mostly reliant on data obtained from authorised operators.

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## Summary

Total broadband subscriptions reached just over 1.59 million this quarter. Both fixed and mobile traffic volumes were up this quarter. Overall industry revenues increased this quarter (driven by increases in fixed line, mobile and broadcasting revenues), up for the third quarter in a row. Total revenues for 2010 were €3.87 billion, a decline of 4.3% on 2009 revenues of €4.04 billion as, in part, poorer economic conditions affected market revenues. Presented below is a tabular summary of this quarterly report.

Irish Quarterly Communications Market Data Q4 2010				
	Q4'10	Q3'10	Quarterly Change	Annual change
Total Market Revenues	€998,062,655	€968,105,317	+3.1%	+2.3%
Fixed Line Revenues	€511,291,279	€498,195,003	+2.6%	+3.7%
Mobile Revenues	€440,112,352	€423,405,893	+3.9%	+1.2%
Broadcasting Revenues	€46,659,024	€46,504,420	+0.3%	-2.0%
Total Voice Traffic (Minutes)	4,710,918,371	4,444,959,932	+6.0%	+2.8%
Fixed Voice Traffic (Minutes)	1,897,469,097	1,781,819,321	+6.5%	-3.5%
Mobile Voice Traffic (Minutes)	2,813,449,274	2,663,140,610	+5.6%	+7.5%
Internet Subscriptions	1,646,420	1,610,189	+2.3%	+6.9%
Fixed Broadband Subscriptions	1,019,964	1,008,079	+1.2%	+6.1%
Total Broadband Subscriptions	1,591,803	1,548,625	+2.8%	+12.8%
Narrowband Subscriptions	54,617	61,564	-11.3%	-57.2%
Mobile Broadband Subscriptions (HSDPA)	571,839	540,546	+5.8%	+27.1%
Total Mobile Subscriptions (inc. HSDPA)	5,273,313	5,224,416	+0.9%	+2.3%

- Overall electronic communications network and service revenues at the end of December 2010 were just over €998 million for the quarter. Industry revenues increased by 3.1% this quarter.
- Total voice traffic minutes increased by 6% this quarter to just over 4.71 billion minutes. As per last quarter, mobile minutes form the majority of voice minutes at 59.7%, with fixed minutes representing the remaining 40.3%.
- This quarter, total internet subscriptions increased by 2.3% to reach 1,646,420. Fixed broadband subscriptions increased in the quarter by 11,885 to reach 1,019,964 subscriptions.

- Falls in narrowband internet subscriptions continued this quarter, declining by 11.3% and by 57.2% since Q4 2009. There are now a total of 54,617 narrowband subscriptions in Ireland as consumers continue to migrate to broadband and away from slower dial-up technologies.
- Broadband subscriptions (fixed and mobile) continued to increase, to reach a total of 1,591,803. This is a 2.8% increase on Q3 2010. The estimated broadband household penetration rate was 52% in Q4 2010. The fixed broadband per capita penetration rate reached 22.8% in Q4 2010. The broadband per capita penetration rate (including mobile broadband) in Q4 2010 was 35.6%.
- LLU lines experienced a significant increase this quarter (up 35%, after a 71% increase in Q3 2010). While full LLU lines declined slightly (down 4.6%), shared lines increased significantly (up 60.7%). There were a total of 50,999 LLU lines in Q4 2010.
- At the end of December 2010 there were 5,273,313 mobile subscriptions (including HSDPA) in Ireland, an increase of 2.3% since Q4 2009. Mobile penetration was 118.0% (up from 115.6% in Q4 2009) including mobile broadband and 105.2% (down from 105.5% in Q4 2009) excluding mobile broadband.
- The amount of mobile numbers ported in Q4 2010 was 115,216, the largest amount of mobile numbers ported in a quarterly period since the introduction of mobile number portability in June 2003. On average there were 88,035 numbers ported over the last 12 months.

Notes to data:

- Both Meteor and emobile brands are reported under the umbrella of eircom Group Mobile, starting with this quarterly report.
- Aggregated SB-WLR Performance Statistics, as supplied by Eircom, are published in accordance with ComReg Decision Notice (07/61) Section 6.6 (vii) in the appendix.
- In this report Irish population estimates from the Central Statistics Office (CSO) of 4,470,700 for April 2010 are used for the period Q4 2010. This compares to the CSO's April 2009 estimate of 4,459,300 which was used in previous periods. Population data is used to calculate per capita mobile and broadband penetration in Ireland. An estimated household number of 1,646,200 from the CSO is also used which compares to 1,599,500 million used in previous periods. This household data is based on estimates from the

Quarterly National Household Survey (QNHS). ComReg intends to revise the household figure on an annual basis using data from the QNHS.

- A number of external sources are used for international comparisons. These include the Central Statistics Office, EU Commission, the OECD and Teligen.
  - In most cases data has been rounded to one decimal place in this report.
  - Not all charts in this report sum exactly to 100% due to rounding.
  - While quarter on quarter comparisons are made in the report, definitive conclusions with regard to trends cannot be drawn and year on year comparisons are used to improve the reliability of the analysis.
  - Further explanations and descriptions of data supplied in this report can be found in the accompanying explanatory memorandum 10/21a.
  - Extracts of data used in this report can be downloaded at [www.comstat.ie](http://www.comstat.ie)
- Data previously published may have been amended since publication. Any such amendments are noted in the corrigendum on page 5.

## 1. Overall Market Data

Data presented in this report is based on questionnaires completed by authorised operators for the period from 1<sup>st</sup> October 2010 to 31<sup>st</sup> December 2010. The report is based on submissions from 56 active operators<sup>1</sup>.

### 1.1 Number of Authorisations

**Figure 1.1.1 - Total Number of Authorisations**

Total Authorisations	December 2010
No. of fixed and wireless authorisations	379
No. of mobile telephony authorisations	8
No. of broadcasting authorisations (incl. Cable TV, MMDS, Deflectors)	87
Total Number	474

Before providing networks or services to third parties, operators are required to submit a notification to ComReg which is added to a central register of authorised operators. At the date of publication there were 474 authorised undertakings in Ireland.

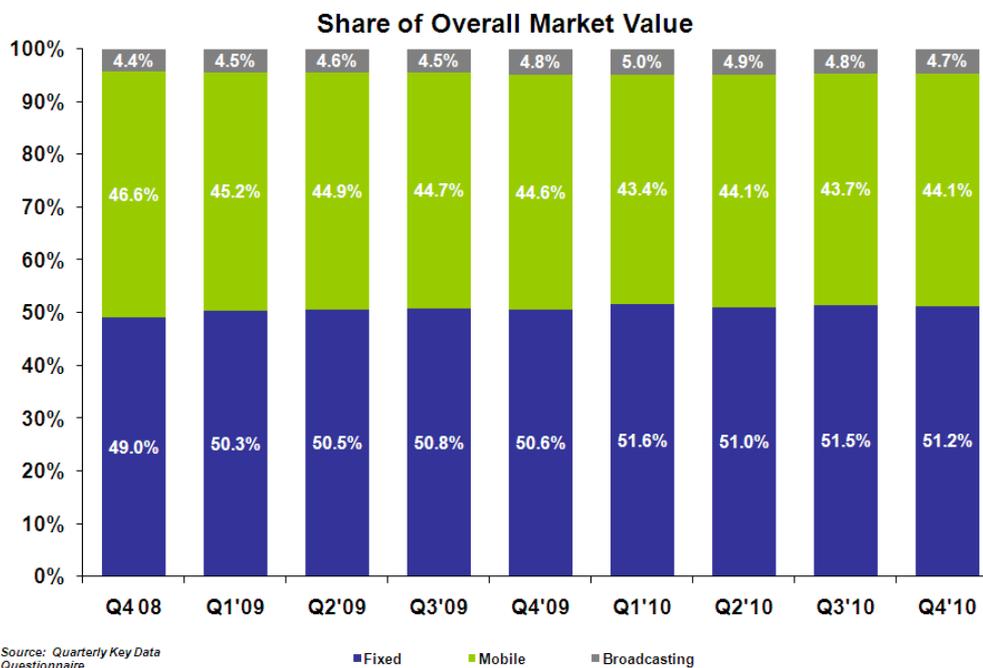
It should be noted that the list above refers to the number of general authorisations granted by ComReg under the European Framework for Authorisations, and does not necessarily reflect the total number of commercially active organisations or entities currently operating in the market. The total includes a number of undertakings who are authorised to use licence-exempt spectrum for the provision of services.

<sup>1</sup> ComReg uses a revenue threshold to determine which operators are to be included in this report.

## 1.2 Overall Electronic Communications Revenues<sup>2</sup>

Data presented in Figure 1.2.1 shows the proportion of industry revenue attributable to the provision of fixed line, mobile and cable broadcasting services.

**Figure 1.2.1 – Fixed, Mobile & Broadcasting as a % of Total Revenues**



According to Central Statistics Office data, Ireland's Gross National Product for Q3 2010 was approximately €34 billion. Based on the Q3 2010 revenue data reported to ComReg by operators in the Irish communications sector, these revenues were approximately 2.85% of GNP in that quarter.

Overall electronic communications network and service revenues for Q4 2010 were just over €998 million. This was a 3.1% increase on the previous quarter; a second consecutive quarter of significant growth in revenues after a sustained period of decline. Since Q4 2009, industry revenues, as reported to ComReg, have increased by 2.3%. Total annual revenue for the year to December 2010 was just under €3.9 billion.

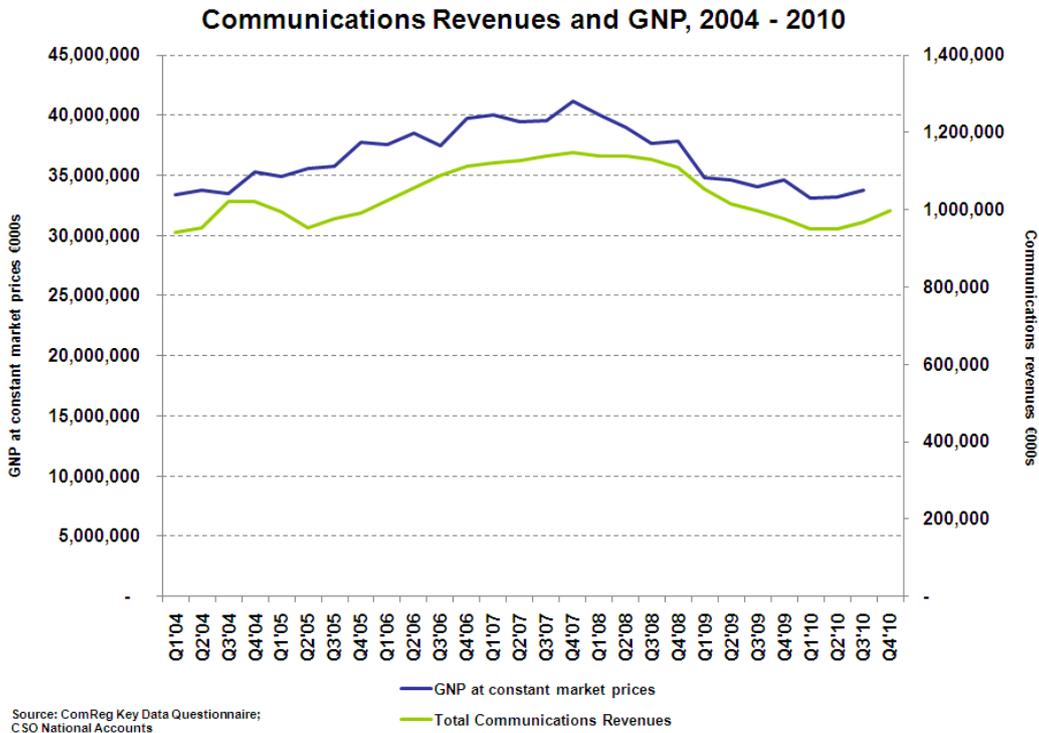
All three sub-sectors of the overall electronic communications market (fixed, mobile and broadcasting) experienced increases in revenues this quarter. Fixed revenues increased by 2.6%, mobile revenues increased by 3.9%, and broadcasting network revenues increased by 0.3%. It should also be noted that the broadcasting network revenues in this report exclude Sky Ireland's satellite revenues and all content related revenues.

<sup>2</sup> Further detail on terms and definitions - ComReg Doc. 11/21a Explanatory Memorandum.

Fixed line revenues accounted for 51.2% of total revenues, a slight decrease in market share since the last quarter (51.5%). The mobile industry's share of total revenues increased this quarter from 43.7% in Q3 2010 to 44.1% in Q4 2010. Broadcasting revenue's market share declined marginally from 4.8% in Q3 2010 to 4.7% in Q4 2010.

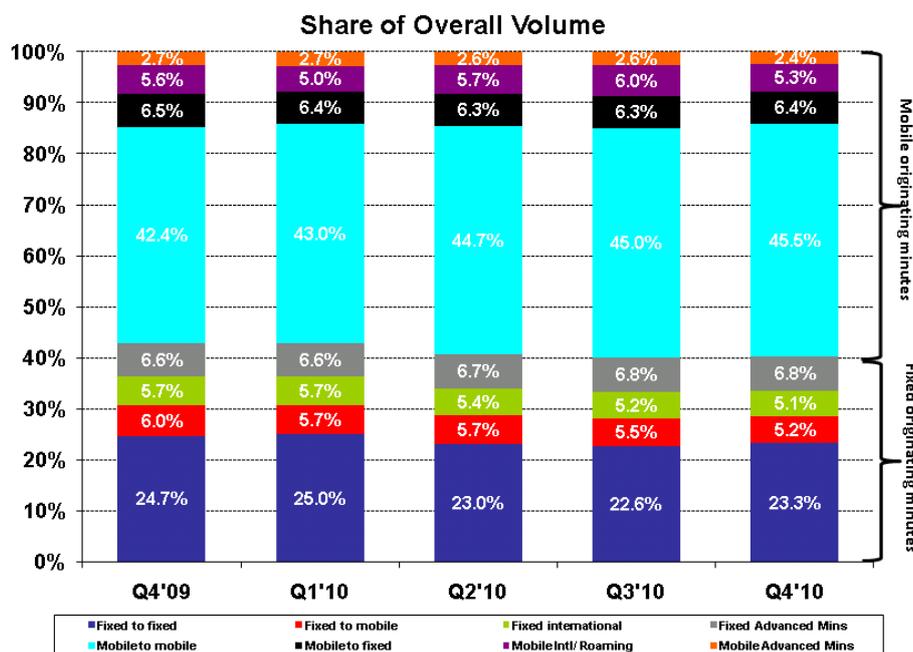
Figure 1.2.2 shows that over the last 6 years changes in communications revenues have generally mirrored economic output. While Ireland's Gross National Product fell by 20% between Q4 2007 and Q4 2009, it has grown by 1.6% through 2010. Similarly, communications revenues fell by 15% between Q4 2007 and Q4 2009 but have increased by 2.3% through 2010.

**Figure 1.2.2– Communications Revenues and GNP**



### 1.3 Overall Call Volumes

Figure 1.3.1 - Share of Total Voice Call Volumes (Minutes)<sup>3</sup>



Source: Quarterly Key Data Questionnaire

Figure 1.3.1 profiles volumes of originating voice calls by call type on both fixed and mobile networks on a quarterly basis. Voice minutes for Q4 2010 totalled just over 4.7 billion minutes and there were over 18.2 billion minutes through the twelve months of 2010 (down only slightly on 2009 by 0.3%). Total voice minutes increased by 6.0% from the previous quarter and have grown by 2.8% since Q4 2009.

Mobile originating voice minutes accounted for 59.7% of all voice minutes in Q4 2010 (compared to 59.9% last quarter) while traffic originating on a fixed line network accounted for the remaining 40.3% of all voice minutes (compared to 40.1% last quarter). Figure 1.3.2 shows the total voice traffic in Ireland at the end of Q4 2010.

Figure 1.3.2 – Total Voice Traffic

	Q4'10 Mins	Q3'10 – Q4'10 Growth	Q4'09 – Q4'10 Growth
Fixed voice minutes	1,897,469,097	+6.5%	-3.5%
Mobile voice minutes	2,813,449,274	+5.6%	+7.5%
<b>Total voice minutes</b>	<b>4,710,918,371</b>	<b>+6.0%</b>	<b>+2.8%</b>

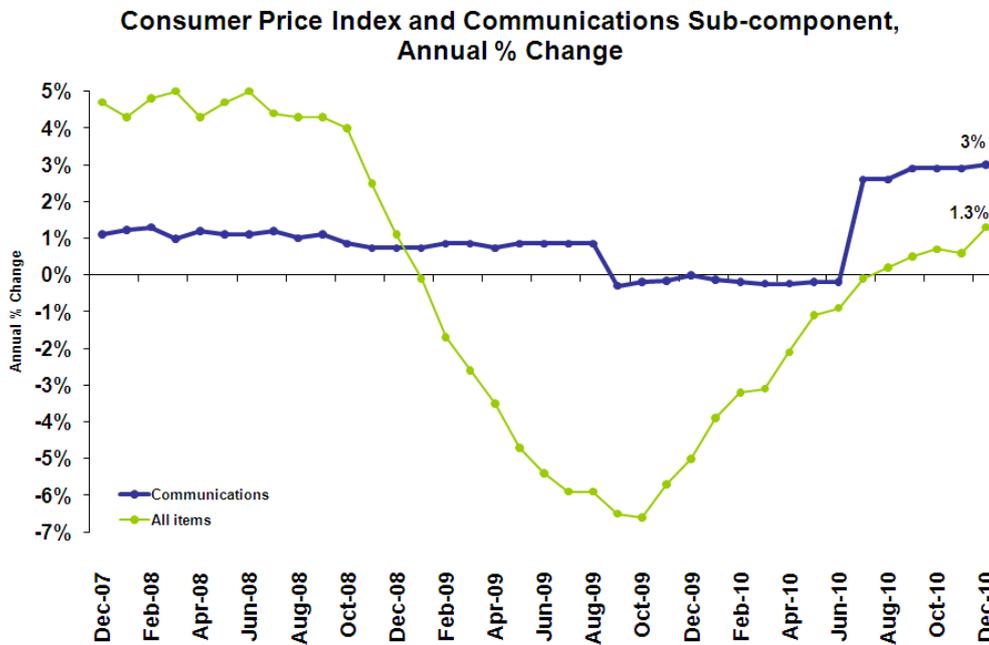
<sup>3</sup> Fixed advanced minutes include premium rate services minutes, freephone minutes, VoB minutes, payphone minutes, operator services minutes, national and international virtual private network minutes. Mobile advanced minutes include premium rate services minutes and other mobile minutes such as voicemail, DQ, call completion minutes etc.

### 1.4 Communications and the Consumer Price Index

Figure 1.4.1 shows the monthly change in the Consumer Price Index (CPI) and the communications sub-component from December 2007 to December 2010. The CSO weights communications as 3.34% of the total CPI.

As the recession worsened, overall prices fell more quickly than communications prices. However, throughout 2010 overall prices have been rising and between July and August 2010 communications costs also increased. Overall communication costs have increased by 3% since the end of 2009, while overall prices have risen by approximately 1.3% in the same period. The communications price increase is primarily due to increased charges by Eircom and mobile operators<sup>4</sup>.

**Figure 1.4.1 – Consumer Price Index and Communications Sub-Component**



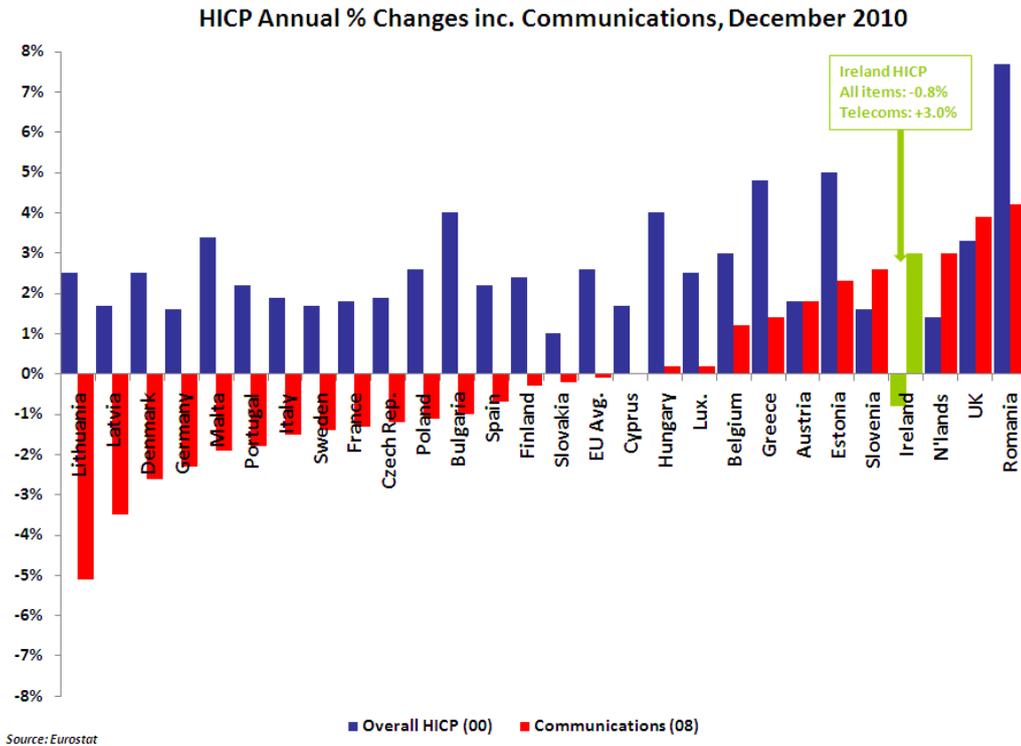
Source: Central Statistics Office

4 O2 increased call connection charges from 5 cent to 9 cent on their pre-paid packages. For post-paid plans, the out of bundle or non-inclusive per minute costs are increasing by 2 cent. Text charges will increase from 10c to 11c. Meteor has announced a similar increase which came into effect on August 12th and will therefore have an effect on the cost of the telecommunications basket. From Thursday, 1st July 2010, Eircom introduced call rounding for all "out of bundle" minutes. All minutes outside of package/bundle minutes are rounded up to the next minute instead of being billed on a per second basis. A call set up fee replaces the minimum call fee for customers on "small business" packages. The existing minimum fee charge of (5.33c ex. VAT) was replaced by a fixed call set up charge of (4.80c ex. VAT).

Figure 1.4.2 compares the overall Harmonised Index of Consumer Prices (HICP) and the telecommunications basket for European countries including Ireland. The HICP is an indicator of inflation and price stability for the European Central Bank (ECB). It is a consumer price index which is compiled according to a methodology that has been harmonised across EU countries. The euro area HICP is a weighted average of price indices of member states who have adopted the euro.

On average, European countries have seen telecommunications prices fall by 0.1% in the year to December 2010, while overall prices have risen by 2.6%. In the same period, the data shows that telecommunications prices have increased for twelve of the 27 countries charted, including Ireland.

**Figure 1.4.2 – European Harmonised Index of Consumer Prices**

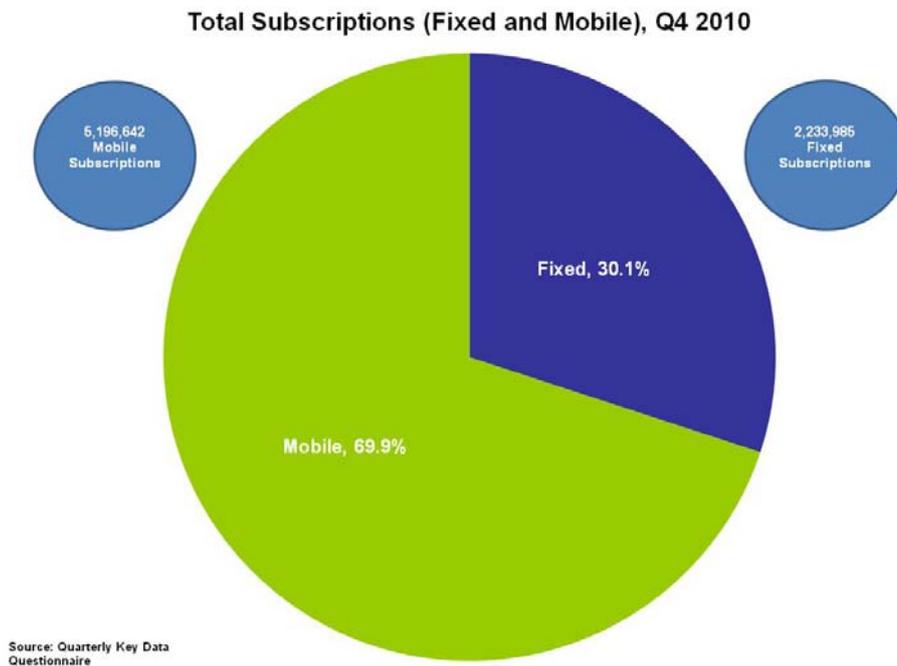


**1.5 Fixed and Mobile Market Retail Voice, Internet and TV Subscriptions**

Figure 1.5.1 shows the total number of mobile voice and data subscriptions (also reported in section 4.1) and the estimated number of fixed subscriptions to voice, internet and TV services in Ireland as of Q4 2010. This chart was first published in the ComReg Quarterly Report in Q3 2010 and is intended to provide an idea of the total number of voice, TV and internet subscriptions in Ireland across both residential and business customers and across both fixed and mobile networks. Mobile TV subscriptions are not included.

Customers purchasing either a single service or more than one service (as part of a bundle) are included in the fixed subscriptions category. The mobile market represents approximately 69.9% of all subscriptions (up slightly from 69.6% last quarter) with fixed line subscriptions representing the remaining 30.1% (down slightly from 30.4% last quarter). Please note that it is possible that a customer may have more than one subscription, particularly where a mobile customer has more than one SIM card or in the case of a business customer with multiple subscriptions across several offices.

**Figure 1.5.1 – Total Subscriptions (Fixed and Mobile), Q4 2010**



## 2. Fixed Market Data

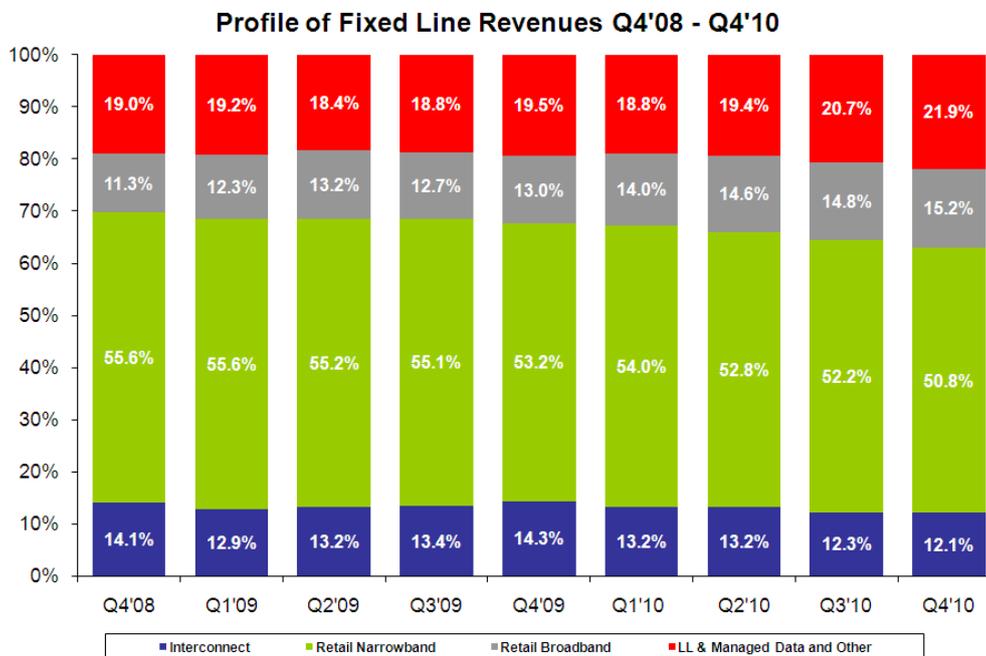
### 2.1 Total Fixed Line Revenues

Figure 2.1.1 shows the profile of fixed line wholesale and retail revenues in Ireland over the last two years. Total fixed line revenues for Q4 2010 were over €511 million. This is a 2.6% increase on Q3 2010 revenues and a 3.7% increase on Q4 2009 revenues, which were over €493 million. Fixed revenues reached their lowest point at approximately €485 million in Q2 2010 but over the six months to December 2010 fixed revenues grew by 5.5%.

While revenues from retail narrowband (down 0.2%) have fallen this quarter, revenues from leased lines, managed data and other advanced data services (up 8.6%), interconnect (up 1.5%) and retail broadband services (up 5.4%) have all increased.

In Q4 2010 the proportion of fixed line revenues attributable to leased lines, managed data and other advanced data services increased by 1.2 percentage points and broadband revenues' market share increased by 0.4 percentage points. Interconnect revenues' market share decreased by 0.2 percentage points, while the proportion of retail narrowband fell by 1.4 percentage points.

**Figure 2.1.1 – Profile of Fixed Line Revenues**

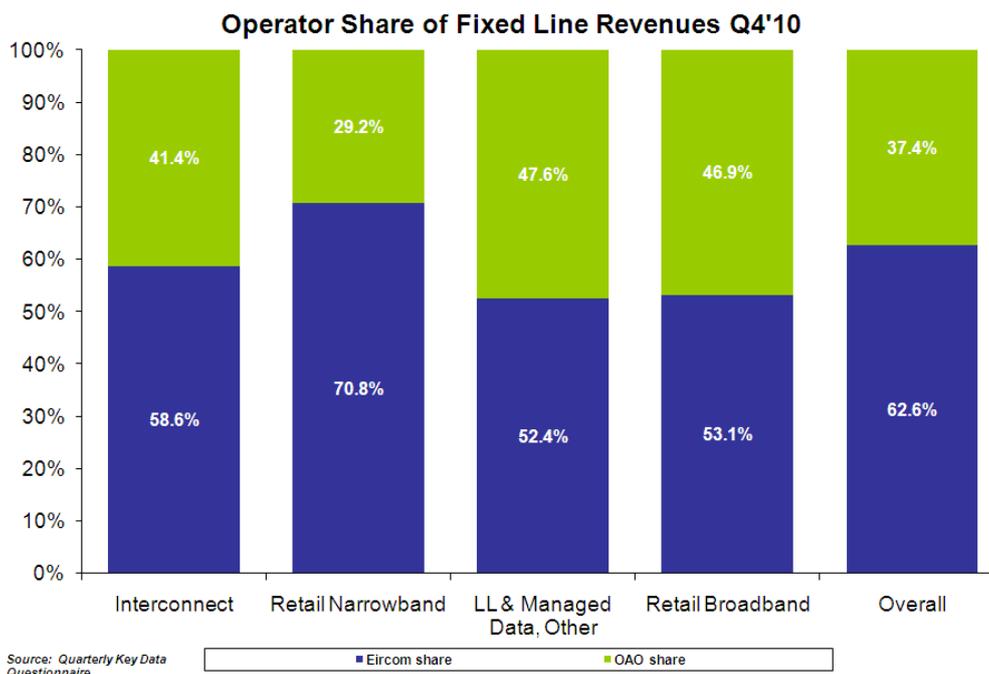


### 2.1.1 Authorised Operators’ Share of Overall Fixed Line Revenues

Figure 2.1.1.1, below, shows the market shares of the incumbent and other authorised operators (OAOs) in each of the fixed line service categories mentioned in figure 2.1.1. Market shares are grouped within a number of revenue categories to link related services and are based on both retail and wholesale revenues; this classification does not reflect the specific markets identified in ComReg’s Market Analysis process.

In Q4 2010 Eircom made gains relative to OAOs in its market share of interconnect revenues but lost market share in the retail broadband, the retail narrowband and the leased line, managed data and other services revenue categories. Overall, Eircom’s market share of total fixed line revenues was 62.6% in Q4 2010, a fall of 2.9 percentage points since Q3 2010 and a decline of 4.8 percentage points since Q4 2009. Eircom’s own publication, the Second Quarter and Half Year Results to 31 December 2010<sup>5</sup>, indicates that in the year to December 2010 Eircom’s fixed revenues fell by 5%.

Figure 2.1.1.1 – Operator Share of Fixed Line Revenues<sup>6</sup>



<sup>5</sup> [http://siteassets.eircom.net/assets/static/pdf/IR/eircom\\_2nd\\_Quarter\\_results\\_presentation\\_to\\_31\\_December\\_10.pdf](http://siteassets.eircom.net/assets/static/pdf/IR/eircom_2nd_Quarter_results_presentation_to_31_December_10.pdf)

<sup>6</sup> Eircom’s retail broadband share includes DSL, FWA and Satellite revenues.

Eircom’s overall share of fixed line market revenue has declined this quarter to 62.6%. Figure 2.1.1.2, below, shows Eircom’s market share, rounded to the nearest percentage point, on a quarterly basis from Q4 2008 to Q4 2010.

**Figure 2.1.1.2 – Eircom’s Market Share**

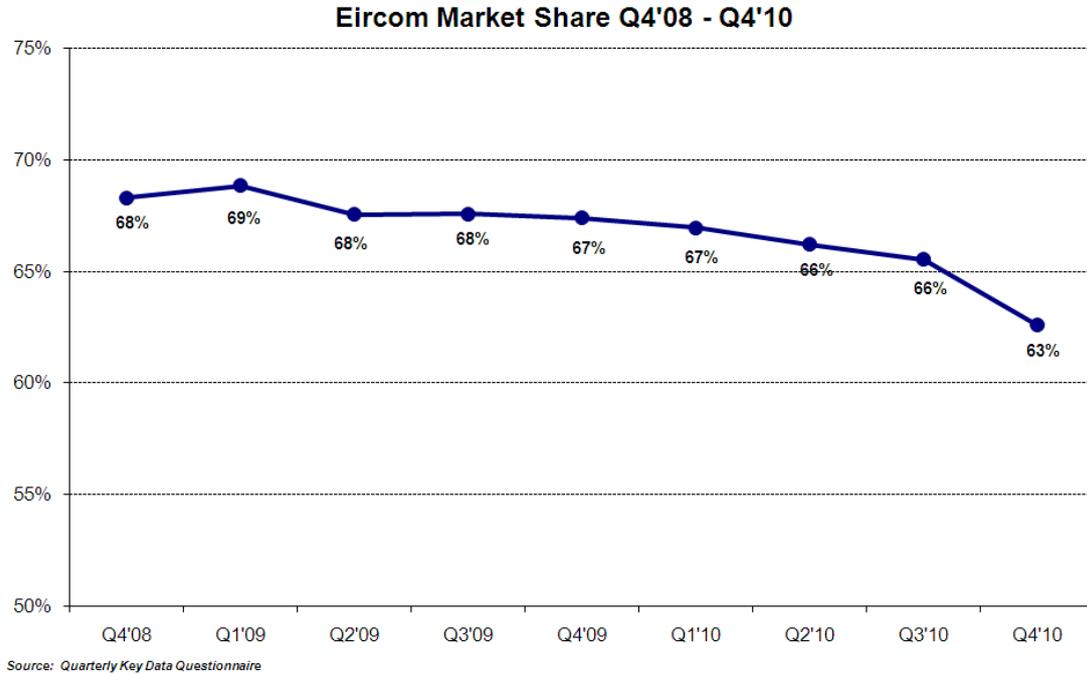
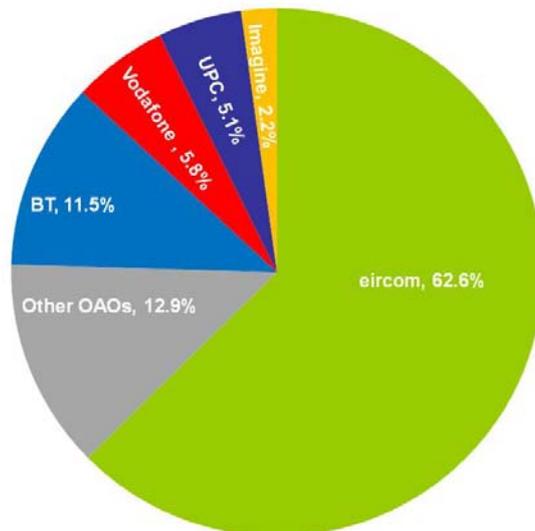


Figure 2.1.1.3 below outlines revenue market shares of the fixed market (of interconnect, retail narrowband, retail broadband and leased line, managed and other data revenues) held by the incumbent fixed line operator, OAOs with a minimum 2% market share, and all other OAOs. When making comparisons, it is important to note that the market shares presented below are based on shares across all fixed wholesale and retail revenue streams and some operators may not offer products and services across all segments of the market.

In Q4 2010, after Eircom, the largest revenue earning operator in the market with 62.6% market share, ComReg estimates that the next four largest operators (BT, Vodafone (fixed only), UPC and Imagine) contribute a further 24.5% of industry revenue (up from 23.1% in Q3 2010). This chart is presented as an additional analysis of the fixed market and should not be interpreted as a definitive statement of retail revenue market shares.

**Figure 2.1.1.3 – Fixed Revenue Market Shares**

**Fixed Revenue Market Shares, Q4 2010**



Source: Quarterly Key Data Questionnaire

## 2.2 Fixed Line Access Paths

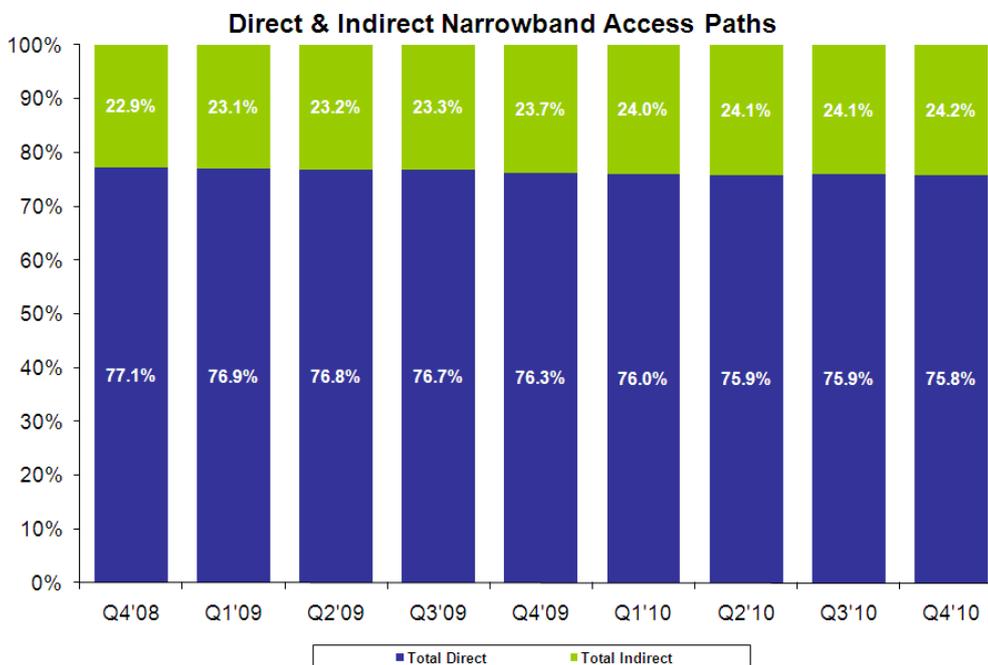
### 2.2.1 Access Paths

Figure 2.2.1.1 presents the total number of narrowband copper fixed access paths (PSTN and ISDN) broken out by direct and indirect access<sup>7</sup>. These paths are usually used for voice services and internet access. There were almost 1.86 million direct and indirect PSTN and ISDN access paths in the Irish market in Q4 2010.

This represents a decline of 4.8% since Q4 2009 and a fall of 1.3% in the quarter. This reduction in demand for fixed lines could be due to a number of reasons such as an increase in the number of business failures and exits, competition from other platforms and fixed line disconnections due to emigration.

In Q4 2010, indirect access accounted for 24.2% of all access paths in the fixed market, a slight increase on the previous quarter.<sup>8</sup> While this chart shows the number of narrowband only access paths in Ireland, voice and data can also be supplied by other means such as broadband. Details on the broadband market in Ireland can be found in chapter 3 of this report.

**Figure 2.2.1.1 – Direct & Indirect Narrowband Fixed Access Paths**



Source: Quarterly Key Data Questionnaire

<sup>7</sup> Indirect access paths relate to telephone lines provided to customers by means of carrier pre-select only or wholesale line rental. Carrier pre-select allows the user to receive all or a portion of calls from one provider and line rental from another provider (usually Eircom). Wholesale line rental (also known as single billing) allows the user to receive every aspect of telephone service, including all calls and line rental from one single supplier.

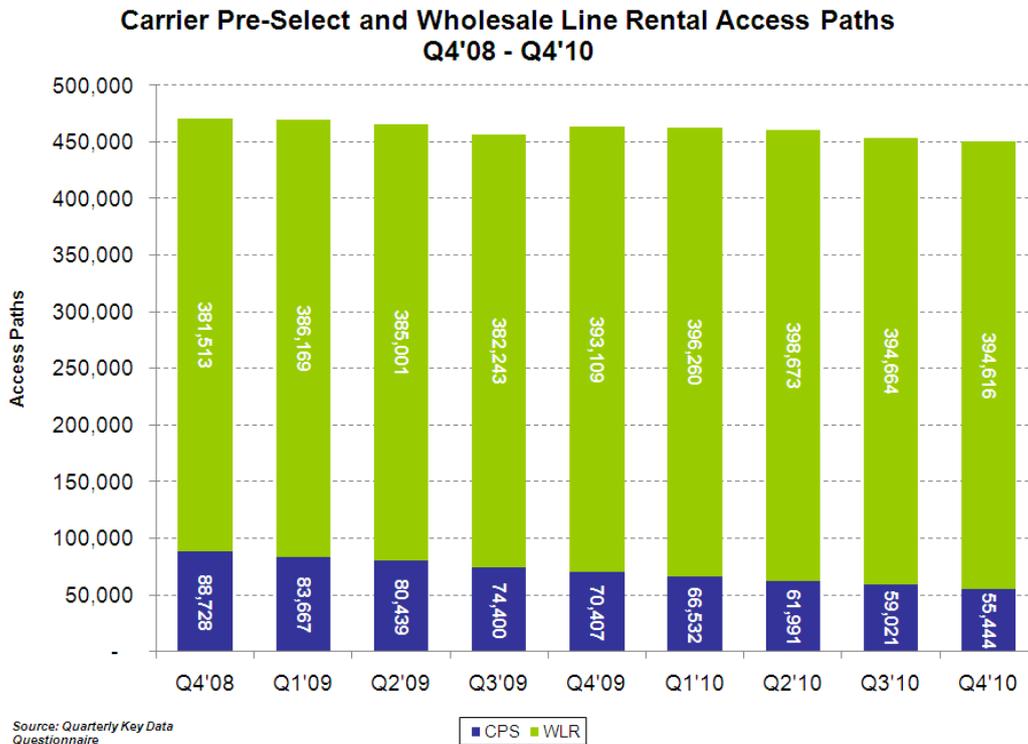
<sup>8</sup> Access paths are not synonymous with access lines as for example in the case of ISDN paths, there may be more than 1 path provided via a single ISDN line.

### 2.2.2 Indirect Access Paths

Figure 2.2.2.1 illustrates the overall number of PSTN and ISDN paths provided by means of either Carrier Pre-Selection (CPS) only or Wholesale Line Rental (WLR). In Q4 2010, there were 450,060 indirect access paths in Ireland. The number of indirect access paths fell by 0.8% this quarter and fell by 2.9% in the year to Q4 2010.

The data indicates that OAOs continue to migrate their customer base to single-bill services, i.e. WLR rather than CPS (i.e. calls only) services to customers. WLR managed by OAOs now accounts for 87.7% of indirect access paths compared to 81.1% in Q4 2008. The share of CPS-only indirect access paths has declined by 6.6 percentage points in the last two years.

**Figure 2.2.2.1 – Narrowband Indirect Access Paths**

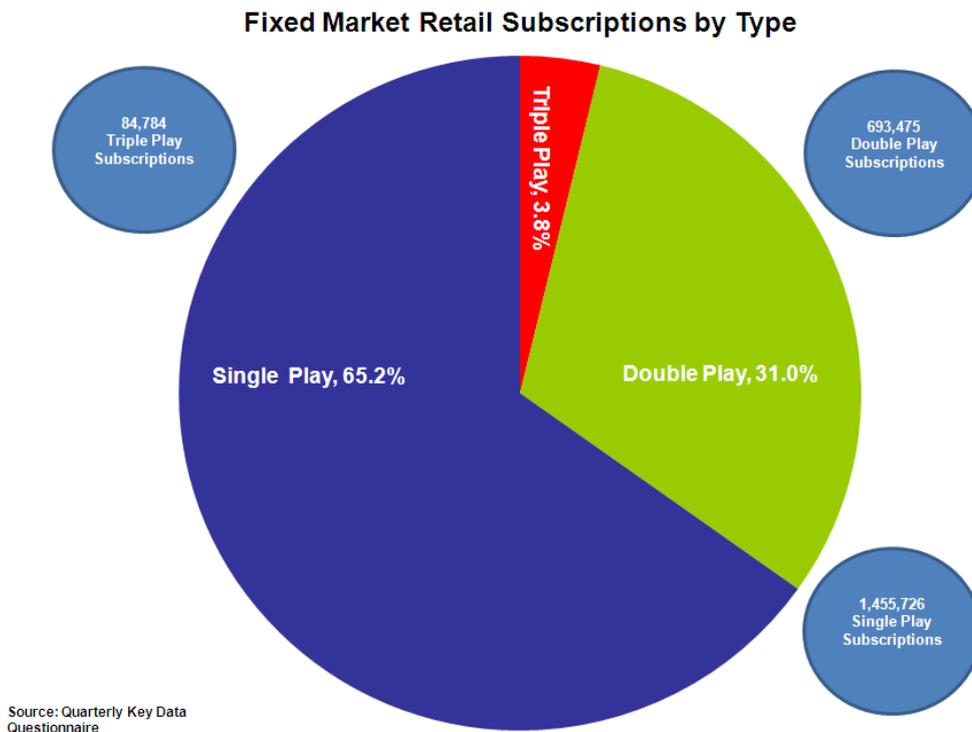


### 2.2.3 Fixed Market Retail Subscriptions by Type

Figure 2.2.3.1 shows the estimated proportion of retail customers or subscriptions to fixed line services (mobile networks are excluded) broken out by those with a single service and those taking a bundle of two or more services as of Q4 2010 (subscriptions mean a customer with at least one contract with an electronic communications service provider)<sup>9</sup>.

It is estimated that there were 2.23 million fixed market retail subscriptions in Q4 2010 across both business customers and residential consumers (a business customer may have multiple subscriptions). 65.2% of these subscriptions were single play, 31% double play (a bundle of two services) and 3.8% triple play (a bundle of 3 services).

**Figure 2.2.3.1 – Fixed Market Retail Subscriptions by Type**



<sup>9</sup> Double play subscriptions can refer to either fixed telephony and internet or television or mobile telephony; television and the internet; mobile telephony and internet or television subscriptions. Triple play subscriptions can refer to fixed telephony and internet and television; fixed telephony and mobile telephony and internet; fixed telephony and mobile telephony and television; or, mobile telephony and internet and television subscriptions.

### 2.3 Fixed Voice Call Volumes

Fixed voice traffic in Q4 2010 was almost 1.9 billion minutes, which was a 6.5% increase on Q3 2010 but a fall of 3.5% since Q4 2009. The volumes for domestic (up 8.9%), international (up 3.8%), minutes to mobiles (up 0.2%), and other/advanced minutes (up 5.8%) all increased this quarter. The Christmas and New Year period as well as the prolonged bad weather conditions towards the end of 2010 may have contributed to this significant growth in fixed voice traffic.

Voice over broadband (VoB) minutes grew by 25.5% in Q4 2010 and now account for approximately 5.4% of total fixed voice minutes up from 4.6% in Q3 2010. There were an estimated 145,000 managed VoB subscriptions in Ireland in Q4 2010 and over 100 million managed VoB minutes. While it is clear that VoB is growing in popularity, the growth in the number of subscriptions and minutes this quarter is partly explained by a number of providers newly reporting VoB data to ComReg.

However, even accounting for this additional data provided to ComReg, the number of VoB subscriptions and minutes stated above most likely remain underestimated as VoB subscriptions and minutes quoted in this report represent managed VoB data (for example by Eircom and other providers such as Blueface) and do not include unmanaged VoB services by providers such as Skype.

Domestic minutes now account for 57.6% of all fixed traffic, up from 56.4% last quarter. International outgoing minutes have a 12.7% market share of all fixed traffic, down from 13.0% last quarter. The market share of fixed to mobile minutes decreased by 0.8 percentage points and now represents 12.9% of all fixed voice minutes. The market share of other/advanced minutes (which include VoB minutes and premium rate calls) has decreased by 0.1 percentage points this quarter.

Changes in the volumes and profile of fixed line traffic will continue to be monitored by ComReg for evidence of changes in fixed line usage, such as increased fixed-mobile substitution and voice over broadband substitution. Figures 2.3.1 and 2.3.2 illustrate trends in fixed voice call minutes since Q4 2008.

Figure 2.3.1 – Fixed Voice Call Volume (Minutes)<sup>10</sup>

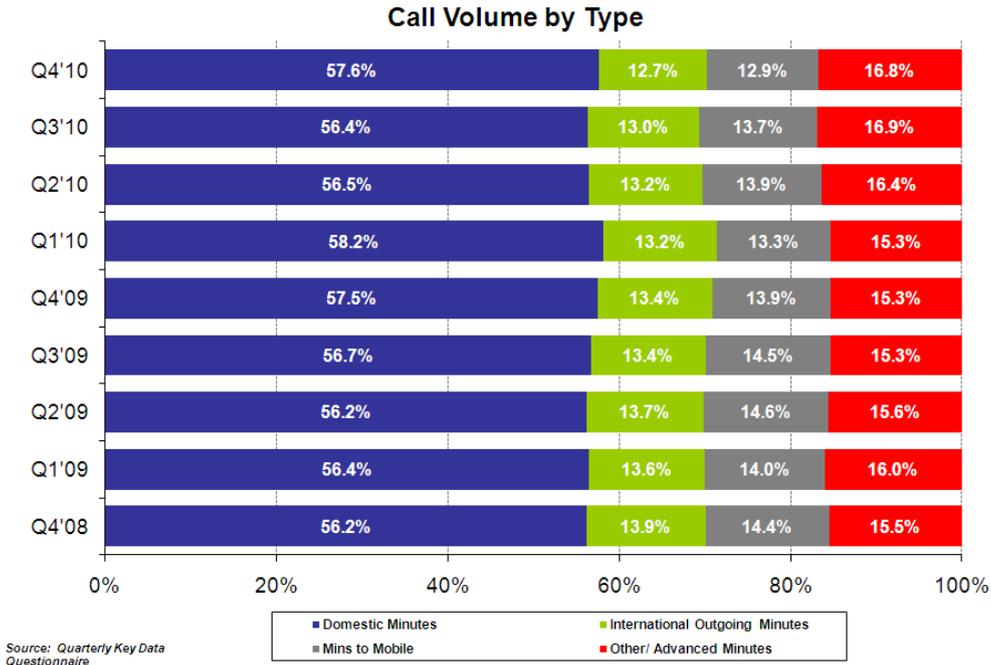
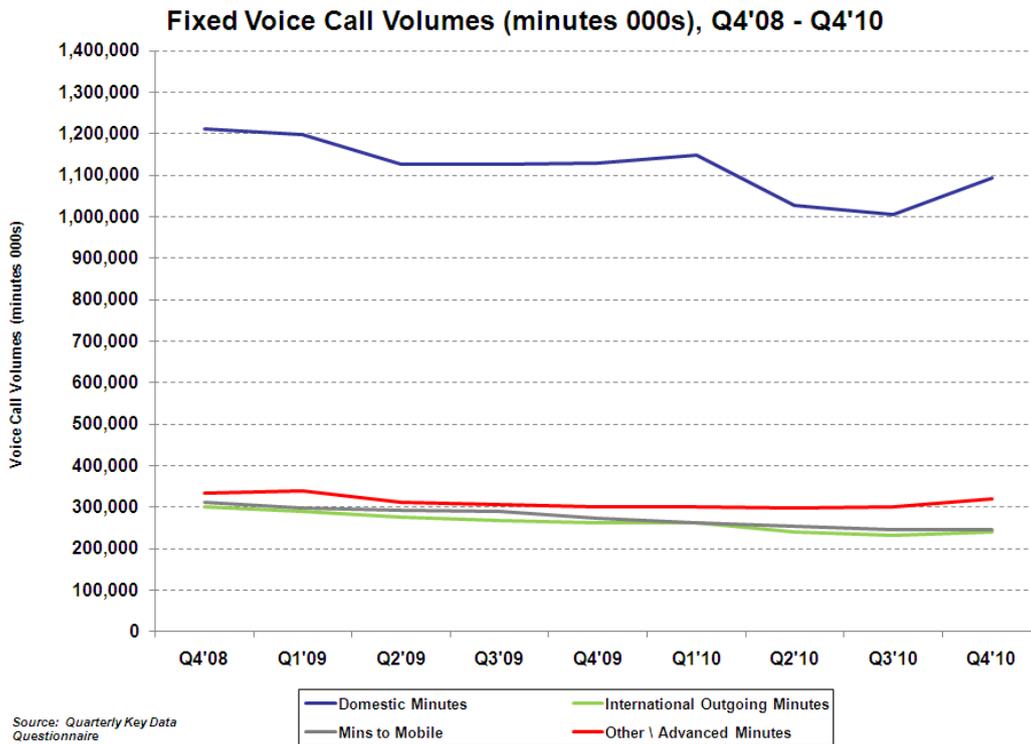


Figure 2.3.2 – Fixed Voice Call Volume (Minutes)



<sup>10</sup> Domestic Calls include local & national calls. Advanced service and other minutes include minutes to premium rate numbers, freephone numbers, callsave, operator services, VoB minutes, VPN minutes, payphones and other services.

## 2.4 PSTN Pricing Data

ComReg uses independently-collated Teligen data using an OECD-approved methodology to examine the relative costs of a number of specific baskets of national and international telecoms services for both residential and business users. The data presented includes EU countries for which data is available<sup>11</sup>.

Using this methodology, data is presented using USD (\$) converted to Purchasing Power Parities (PPPs). The latter provides an indication of the cost of telecoms services in countries analysed in relation to the cost of all other products and services. The basket methodologies are reviewed and revised periodically, the latest of which was in early 2010.

For the PSTN baskets, only the incumbent operator is covered. Discounts are incorporated and only tariffs presented as current tariffs on the operator web pages are considered. Nonrecurring charges (installation of a service) are discounted over 5 years and other fixed costs are included such as line rental and any other additional charges. Fixed, mobile and international calls are included in the baskets. For more detailed information please see ComReg's accompanying Memorandum, document 11/21a.

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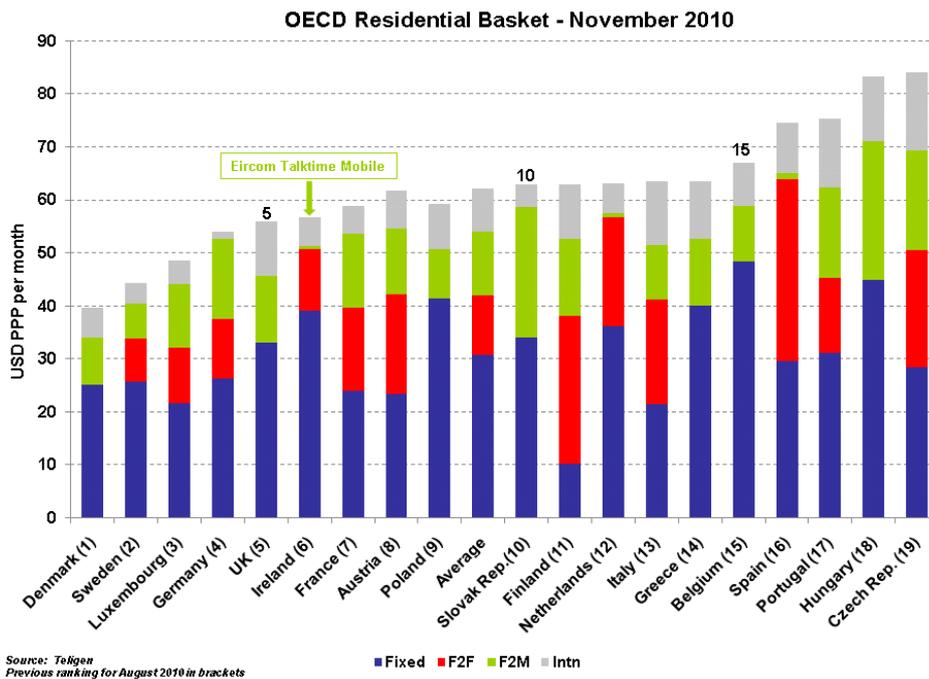
<sup>11</sup> This will be determined by whether the EU country is also an OECD member.

### 2.4.1 OECD Residential PSTN Basket

Figure 2.4.1.1 illustrates Ireland’s ranking, alongside another 18 EU countries, for residential calls, based on a basket of 140 calls per month. This chart is based on a comparison of the cheapest incumbent package available for a specific customer usage profile. In many cases this will be a bundled service which will include both line rental and a “bundle” of call minutes for a fixed monthly charge.

It should therefore be noted that the “fixed” element in this basket is not an indication of the cost of basic line rental. In November 2010 Ireland ranked in 6<sup>th</sup> position, four places ahead of the average of the benchmarked countries in terms of the most competitive pricing for this basket. The Irish package used for this comparison was Eircom’s Talktime Mobile, which was 8.6% cheaper than the average for the European countries charted.

Figure 2.4.1.1 - OECD Residential PSTN Basket – November 2010<sup>12</sup>



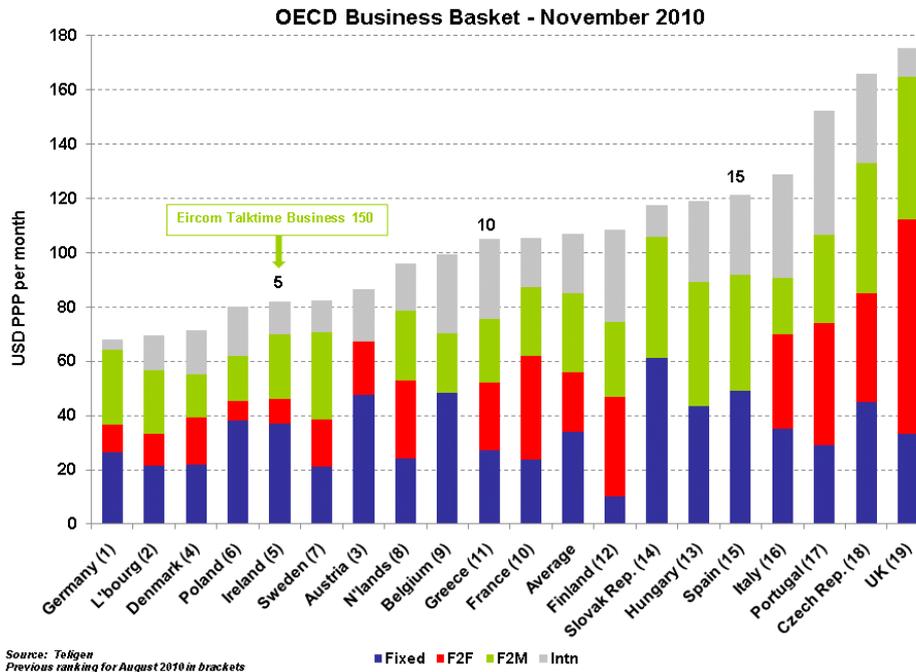
12 Residential tariffs include VAT. VAT rates vary between member states.

### 2.4.2 OECD Business PSTN Basket

Figure 2.4.2.1 illustrates Ireland’s ranking, alongside another 18 EU countries, for business calls, based on a basket of 260 calls per month, which also includes a fixed charge for access as part of a bundled service.

It should be noted that the “fixed” element in this basket is not an indication of the cost of basic line rental. As of November 2010 Ireland is approximately 23.3% lower than the average of the 19 countries benchmarked and is in 5<sup>th</sup> position, seven places ahead of the group average. The Irish package used for this comparison was Eircom’s Talktime Business 150.

**Figure 2.4.2.1 - OECD Business PSTN Basket – November 2010**



### 3. Internet and Broadband

#### 3.1 Total Internet Subscriptions

At the end of December 2010, there were almost 1.65 million active internet subscriptions in Ireland. This is a 2.3% increase on the previous quarter and a 7% increase on December 2009. Narrowband subscriptions have continued to decline. In Q4 2010, 6,947 narrowband subscriptions were either switched to a broadband connection or cancelled. This represents an 11.3% decline since the last quarter and a fall of 57.2% since December 2009. Narrowband now accounts for just 3.3% of all internet subscriptions in Ireland compared to 3.8% last quarter and 8.3% in Q4 2009.

Subscriptions to all broadband platforms (DSL, mobile, cable, and fibre/satellite), with the exception of FWA, increased this quarter. FWA declined by 5.8% since September 2010 (down 15.8% since December 2010). Increases in DSL subscriptions have slowed, and increased marginally this quarter by 0.2% (up 2.8% since December 2009). On the other hand cable subscriptions grew relatively strongly by 7.9% (up 34.3% since December 2009) and mobile broadband subscriptions increased by 5.8% (up 27.1% since December 2009).

In absolute terms, there was a net increase of 1,425 DSL, 14,792 cable, 210 fibre/satellite, and 31,293 mobile broadband subscriptions in Q4 2010. Fixed wireless subscriptions fell by 4,542 in the three months to the end of December 2010. Figure 3.1.1 shows the total number of narrowband and broadband internet subscriptions in Ireland as of Q4 2010.

**Figure 3.1.1 – Total Number of Active Internet Subscriptions**

<b>Subscription Type</b>	<b>Q4'10 Subs</b>	<b>Quarterly Growth Q3'10 – Q4'10</b>	<b>Year-on-Year Growth Q4'09 – Q4'10</b>
<b>Total Narrowband</b>	<b>54,617</b>	<b>-11.3%</b>	<b>-57.2%</b>
<b>DSL Broadband<sup>13</sup></b>	<b>733,756</b>	<b>+0.2%</b>	<b>+2.8%</b>
<b>Mobile Broadband</b>	<b>571,839</b>	<b>+5.8%</b>	<b>+27.1%</b>
<b>Cable Broadband</b>	<b>202,605</b>	<b>+7.9%</b>	<b>+34.3%</b>
<b>Other Broadband<sup>14</sup></b>	<b>83,605</b>	<b>-4.9%</b>	<b>-13.7%</b>
<b>Total Internet Subscriptions</b>	<b>1,646,420</b>	<b>+2.3%</b>	<b>+7%</b>

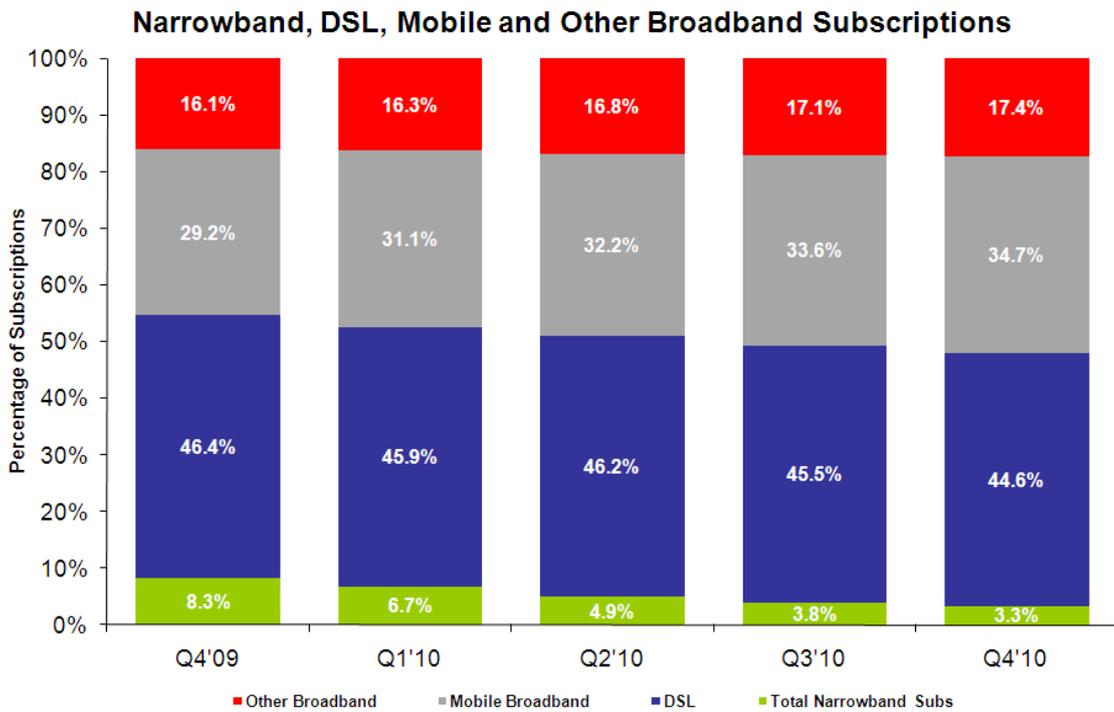
<sup>13</sup> DSL refers to a digital subscriber line, the means by which broadband speeds (i.e. in excess of 144k downstream) are delivered over the copper telecoms network.

<sup>14</sup> Other Broadband includes fixed wireless access, fibre, satellite broadband connections.

Figure 3.1.2 profiles internet subscriptions in Ireland using the classifications of subscription type outlined in Figure 3.1.1. The market share of narrowband subscriptions has fallen by five percentage points between Q4 2009 and Q4 2010.

Broadband subscriptions accounted for 96.7% of all internet subscriptions as of Q4 2010 compared to 91.7% in Q4 2009. DSL subscriptions account for the single largest majority of internet subscriptions (44.6%). Mobile broadband subscriptions have grown significantly over the last number of years and now account for 34.7% of all internet subscriptions.

**Figure 3.1.2 – Profile of Active Internet Subscriptions**



Source: Quarterly Key Data Questionnaire

Figure 3.1.3 shows the change in total internet subscriptions, narrowband subscriptions and broadband subscriptions since Q4 2009. Broadband subscriptions exceeded narrowband subscriptions for the first time in Q1 2007. Since that point, narrowband subscriptions have continued to decline quarter on quarter. If the decline in narrowband subscriptions is smoothed out over the four years since Q1 2007, on average there has been a 7.2% fall in subscriptions each quarter.

**Figure 3.1.3 – Total Internet Subscriptions**

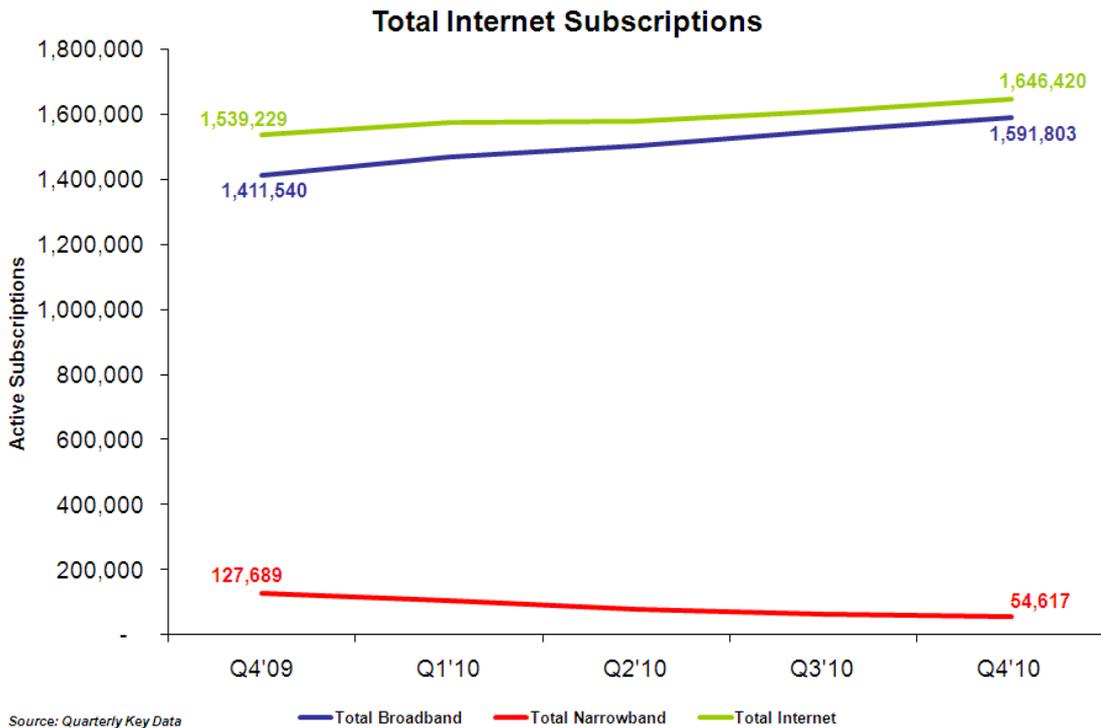
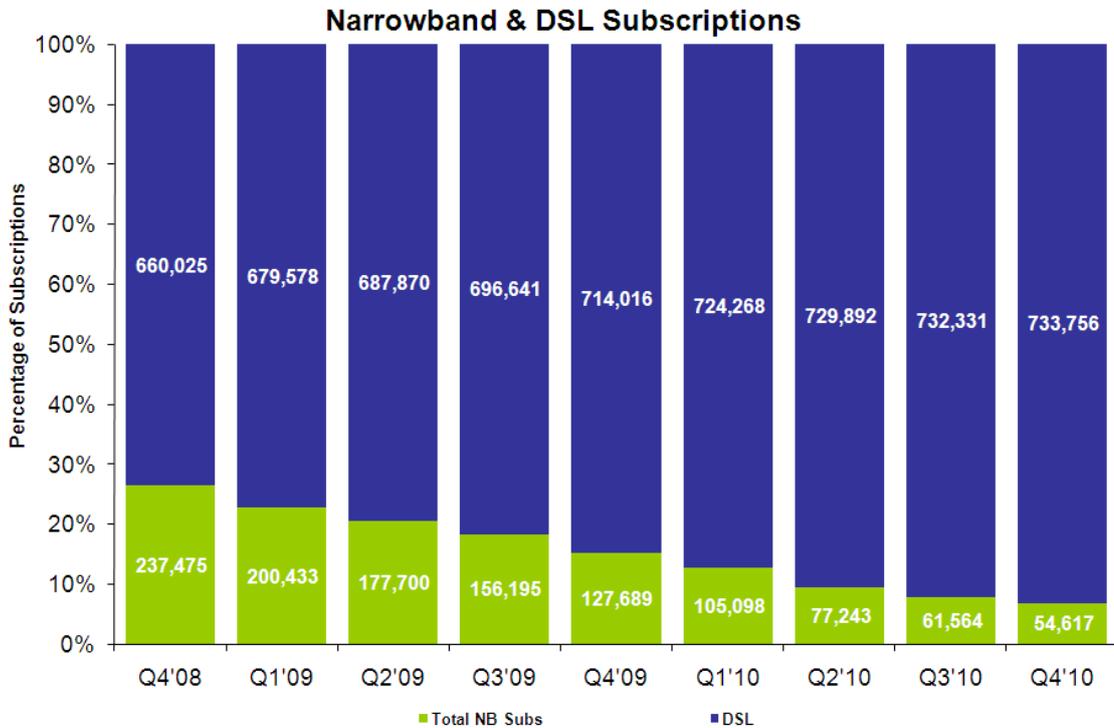


Figure 3.1.4 profiles only those internet subscriptions delivered over the copper telecoms network. It shows narrowband and DSL subscriptions. There were 788,373 active internet subscriptions over the copper telecoms network at the end of December 2010. This was a decrease of 5,522 (-0.7%) in the total number of copper-based subscriptions since Q3 2010.

Since December 2009 internet subscriptions over the copper telecoms network have fallen by 6.3% (in absolute terms, a fall of 53,332 subscriptions) due to the continued decline in narrowband subscriptions. DSL accounted for 93.1% of copper-based internet subscriptions in Q4 2010 compared to 84.8% in Q4 2009 with the remainder accounted for by narrowband subscriptions.

**Figure 3.1.4 – Profile of Copper Based Internet Subscriptions**

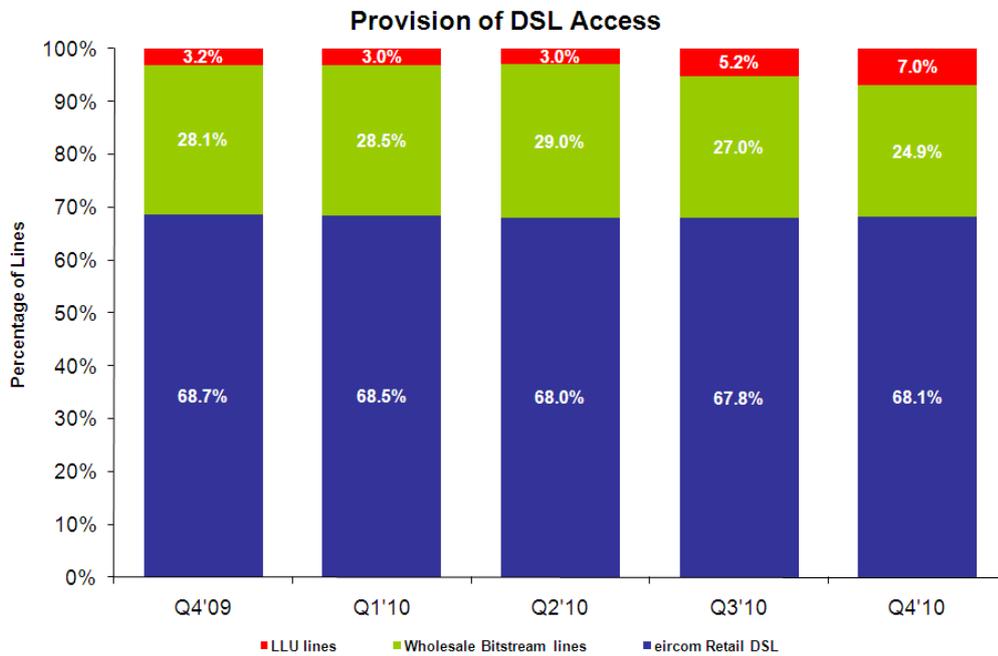


### 3.2 Provision of DSL Access

Figure 3.2.1 examines the provision of DSL access. DSL broadband services are provided to consumers by operators using three alternative methods of access. DSL may be provided directly to the consumer by Eircom using direct access to its network; this accounted for 68.1% of all DSL subscriptions in Q4 2010. Retail DSL may also be provided by alternative operators (OAOs) who use either wholesale bitstream, which enables OAOs to resell another operator’s DSL service, or by offering DSL-based broadband using local-loop unbundling (LLU).

In Q4 2010, 24.9% of all DSL lines were provided by OAOs using wholesale bitstream. In absolute terms there were 182,594 wholesale bitstream lines in Q4 2010, a decrease of 7.5% on the previous quarter and a decrease of 9% since Q4 2009. Bitstream lines have declined for two consecutive quarters as OAOs increase migration of customers to LLU. The remaining 7% of DSL lines were provided to subscribers by OAOs using local-loop unbundling. In Q4 2010 there were 50,999 local loops unbundled. For the second quarter in a row there was a large increase in total LLU lines (up 13,221), which was driven by an increase in shared lines (up 13,907), as full LLU lines declined by 686 in Q4 2010. Eircom’s market share of retail DSL lines has declined by 0.5 percentage points over the last year.

**Figure 3.2.1 - Provision of DSL Access**



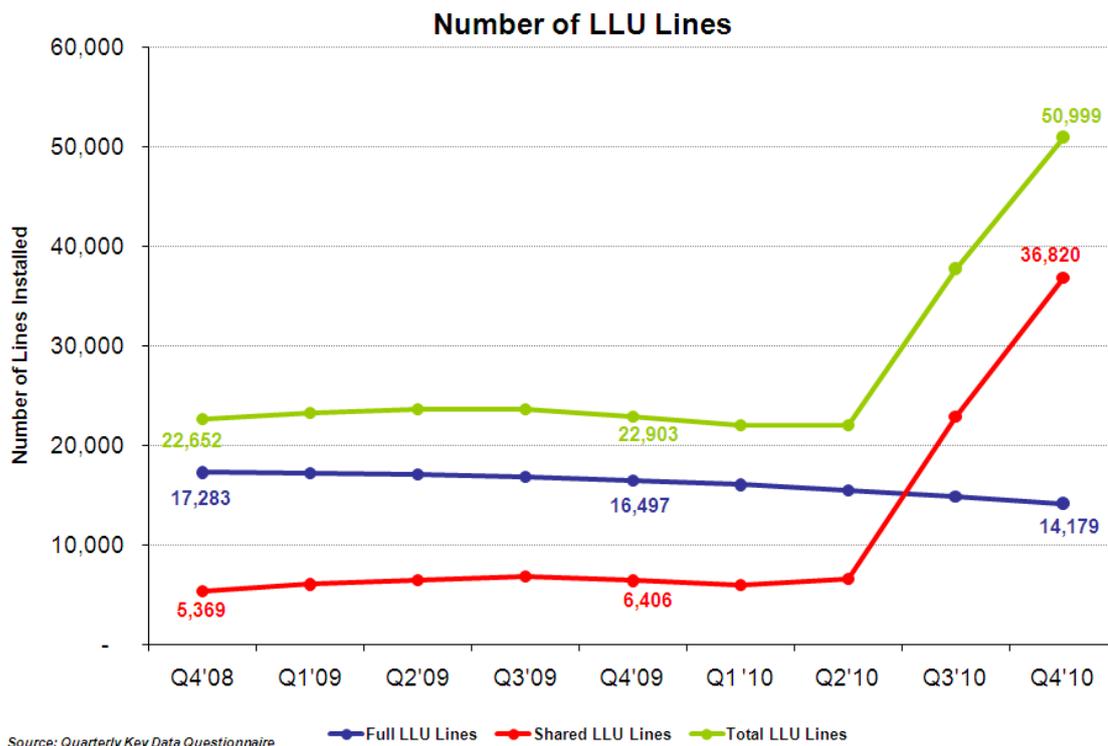
Source: Quarterly Key Data Questionnaire

Figure 3.2.2 shows the number of unbundled lines classified by shared and full<sup>15</sup> status. Between Q4 2008 and Q4 2010 the total number of LLU lines increased by 125.1%. There was a substantial increase in total LLU lines this quarter (up 35%) driven by an increase in shared lines (up 60.7%). However, full LLU lines declined by 4.6% this quarter and full LLU lines have fallen by 18% over the last two years.

ComReg notes that some alternative operators are actively migrating customers to LLU from Bitstream lines. ComReg hopes that the number of LLU lines will continue to increase following its decision<sup>16</sup> to reduce wholesale line share charges from €8.41 to €0.77 and the unbundled local loop and sub-loop unbundled price from €16.43 and €14.83 per month to €12.41 and €10.53 respectively.<sup>17</sup>

Fully unbundled lines accounted for 27.8% of total LLU lines in Q4 2010 (compared to 39.3% last quarter) with the remaining 72.2% accounted for by shared LLU lines (compared to 60.7% last quarter).

**Figure 3.2.2 – Number of Local Loops Unbundled**



15 Full LLU and shared LLU are two ways a copper loop may be unbundled. While full LLU assigns the entire copper loop to the leasing operator, shared LLU enables other operators and the incumbent to share the same line. With shared access consumers can acquire voice and data services from an operator or alternatively data services alone while retaining the voice services of the incumbent.

16 Decision D4/09 available at [http://www.comreg.ie/\\_fileupload/publications/ComReg0966.pdf](http://www.comreg.ie/_fileupload/publications/ComReg0966.pdf)

17 Response to Consultations and Final Decision: Local Loop Unbundling (LLU) and Sub-Loop Unbundling (SLU) Maximum Monthly Rental Charges available at [http://www.comreg.ie/\\_fileupload/publications/ComReg1010.pdf](http://www.comreg.ie/_fileupload/publications/ComReg1010.pdf)

### 3.3 Provision of Broadband Services

At the end of December 2010, there were 1,591,803 broadband subscriptions in Ireland. This represents a growth rate of 2.8% this quarter and 12.8% growth since Q4 2009. Cable showed the strongest growth again this quarter and also over the last year, up by 7.9% since Q3 2010 and up by 34.3% since Q4 2009.

FWA subscriptions continued to decline since peaking in Q1'08, falling by 5.8% this quarter and down 15.8% year-on-year. The other subscriptions category (satellite and fibre) actually increased this quarter by 2.3% and these subscriptions are up by 8.8% on Q4 2009. Mobile broadband grew by 5.8% in Q4 2010 and grew by 27.1% in the year since Q4 2009.

Comparatively, figures published by the French telecoms regulator Arcep<sup>18</sup> show that fixed broadband connections were 7% higher year-on-year. In its quarterly Results Wrap report, Nomura Equity Research<sup>19</sup> calculated that the year-on-year European retail broadband subscriptions growth rate for Q4 2010 was 6.2%. Portugal saw growth of 16.1% in Q4 2010, Austrian broadband subscriptions grew by 14.7%, and the UK saw growth of 11.5%.

**Figure 3.3.1 – Broadband Subscriptions<sup>20</sup> and Growth Rates by Platform**

<b>Platform</b>	<b>Q4'10 Subs</b>	<b>Quarterly Growth Q3'10-Q4'10</b>	<b>Year-on-Year Growth Q4'09-Q4'10</b>
<b>DSL</b>	<b>733,756</b>	<b>+0.2%</b>	<b>+2.8%</b>
<b>Cable</b>	<b>202,605</b>	<b>+7.9%</b>	<b>+34.3%</b>
<b>FWA</b>	<b>74,293</b>	<b>-5.8%</b>	<b>-15.8%</b>
<b>Other<sup>21</sup></b>	<b>9,310</b>	<b>+2.3%</b>	<b>+8.8%</b>
<b>Sub-Total</b>	<b>1,019,964</b>	<b>+1.2%</b>	<b>+6.1%</b>
<b>Mobile Broadband</b>	<b>571,839</b>	<b>+5.8%</b>	<b>+27.1%</b>
<b>Total</b>	<b>1,591,803</b>	<b>+2.8%</b>	<b>+12.8%</b>

<sup>18</sup> <http://www.arcep.fr/index.php?id=1&L=1>

<sup>19</sup> <http://www.nomura.com/europe/index.shtml>

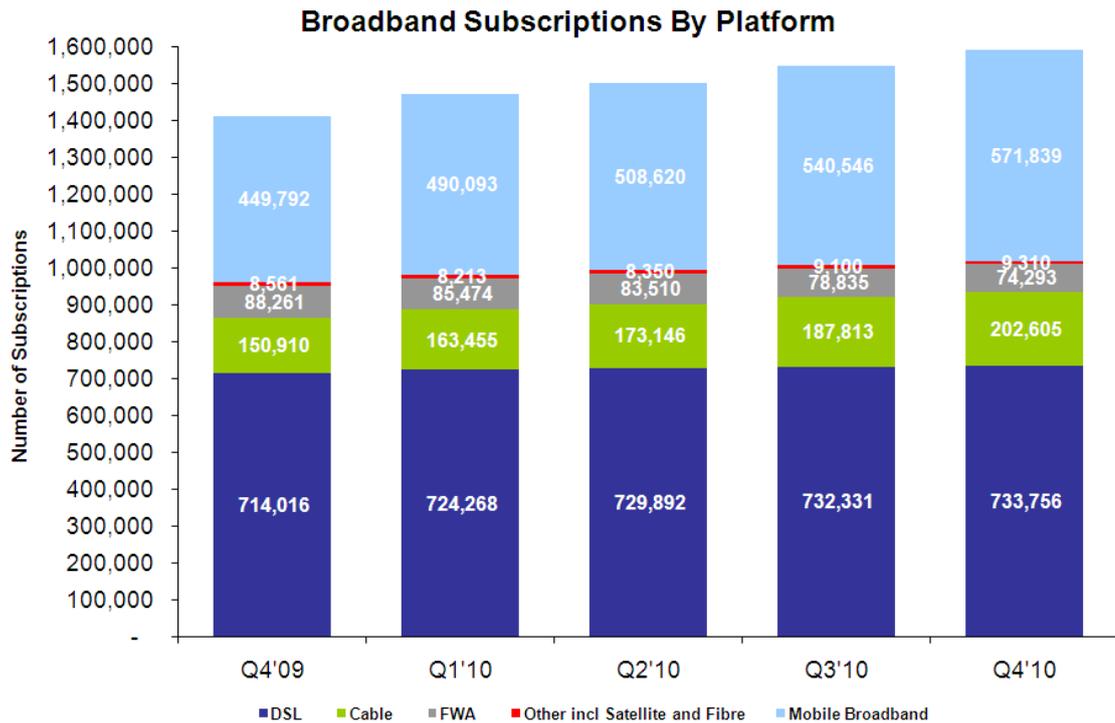
<sup>20</sup> ComReg notes that the data provided in this section relates to active subscriptions reported by operators. It takes into account multiple active subscriptions to broadband offerings by individual subscribers.

<sup>21</sup> Other Broadband includes Satellite and Optical Fibre broadband subscriptions.

DSL remains the largest broadband access platform in terms of subscriptions. DSL accounts for 46.1% of all broadband subscriptions, a 1.2 percentage point decrease since Q3 2010. Of the remaining broadband subscriptions, mobile broadband accounts for 35.9%, a 1 percentage point increase since Q3 2010. Cable has 12.7% of the market, which is a 0.6 percentage point increase on the previous quarter. FWA accounts for 4.7% of broadband subscriptions, down 0.4 percentage points on the previous quarter. Satellite and fibre broadband subscriptions combined account for the remaining 0.6% of the market.

Figure 3.3.2 illustrates the split by type of broadband subscriptions in the Irish market since Q4 2009, while Figure 3.3.3 shows the contribution of each of these platforms to broadband growth in percentage terms. In Q4 2010 72.5% of total broadband net additions were mobile while cable’s contribution to net additions (34.3% in Q4 2010) continues to grow on a quarterly basis.

**Figure 3.3.2 – Broadband Subscriptions by Platform**



**Figure 3.3.3 – Broadband Subscriptions by Platform – Contribution to Growth**

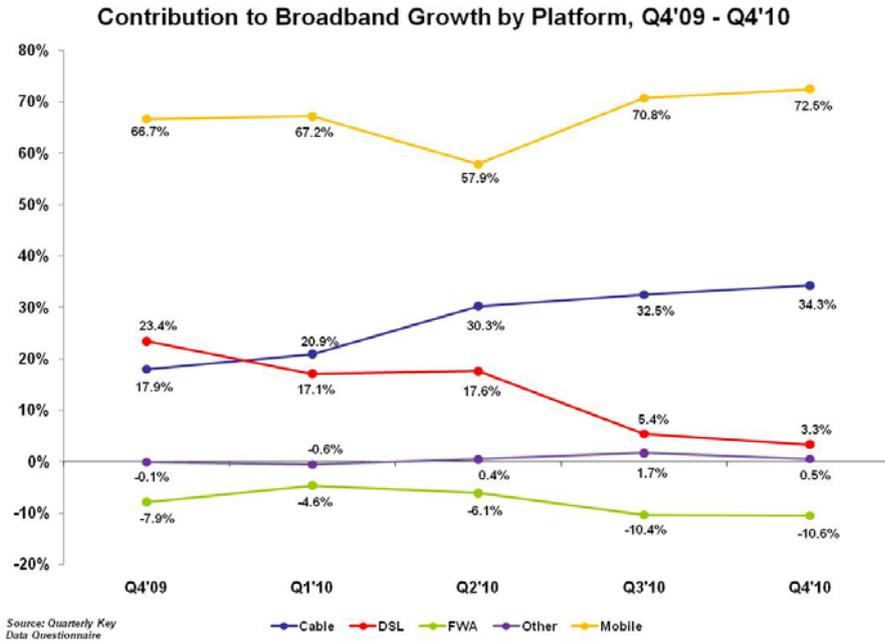


Figure 3.3.4 provides an estimate of the proportion of business and residential subscriptions to DSL, cable, fixed wireless, mobile broadband, fibre and satellite broadband services. In Q4 2010 82.8% (up from 82.4% in Q3 2010) of broadband subscriptions on all platforms were classed as residential broadband subscriptions. The platform with the highest percentage proportion of residential to business subscriptions is cable broadband, while the FWA platform has the highest percentage split of business customers.

**Figure 3.3.4 – Broadband Subscriptions by Subscription Type**

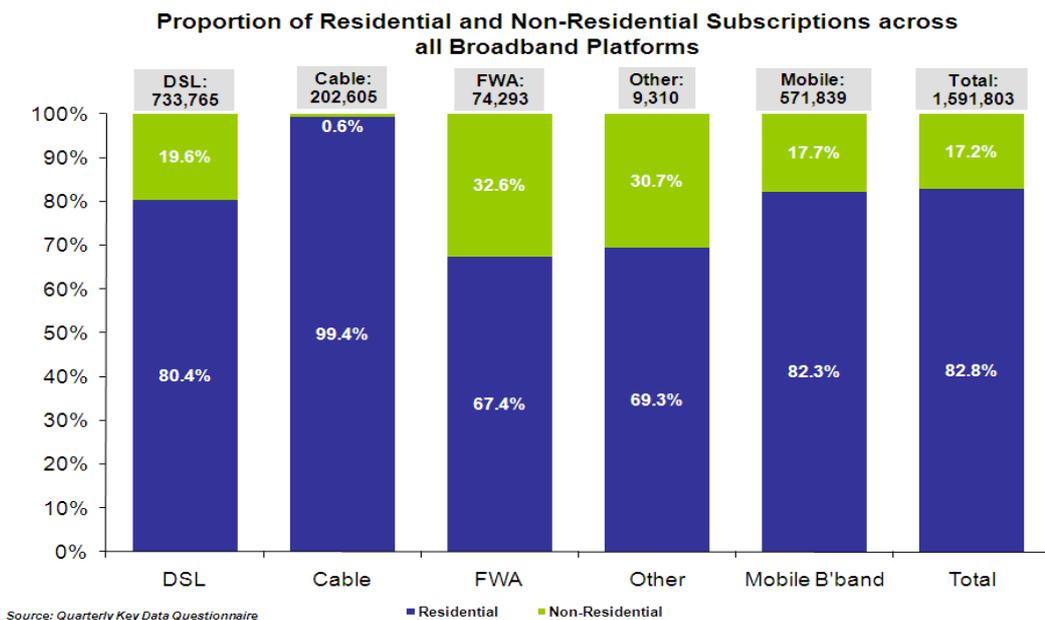


Figure 3.3.5 illustrates the breakdown of broadband subscriptions by contracted speed across all broadband platforms (including mobile broadband). The trend of customers moving to higher speeds has continued in Q4 2010, with speeds of  $\geq 2\text{Mbps}$  increasing at the expense of the other lower category speeds. In fact the data provided by operators shows that almost 10% of residential subscriptions now have speeds of  $\geq 10\text{Mbps}$  and almost 4% of business subscriptions have speeds of  $\geq 10\text{Mbps}$ .

The data suggest that both residential and business users are more likely to subscribe to packages of between 2Mbps - 10Mbps. Many larger firms access their broadband services over leased lines. Leased lines are not included in these charts. Leased line speeds can range up to speeds in excess of 1 gigabyte per second.

**Figure 3.3.5 – Broadband Subscriptions by Contracted Download Speeds and Subscription Type**

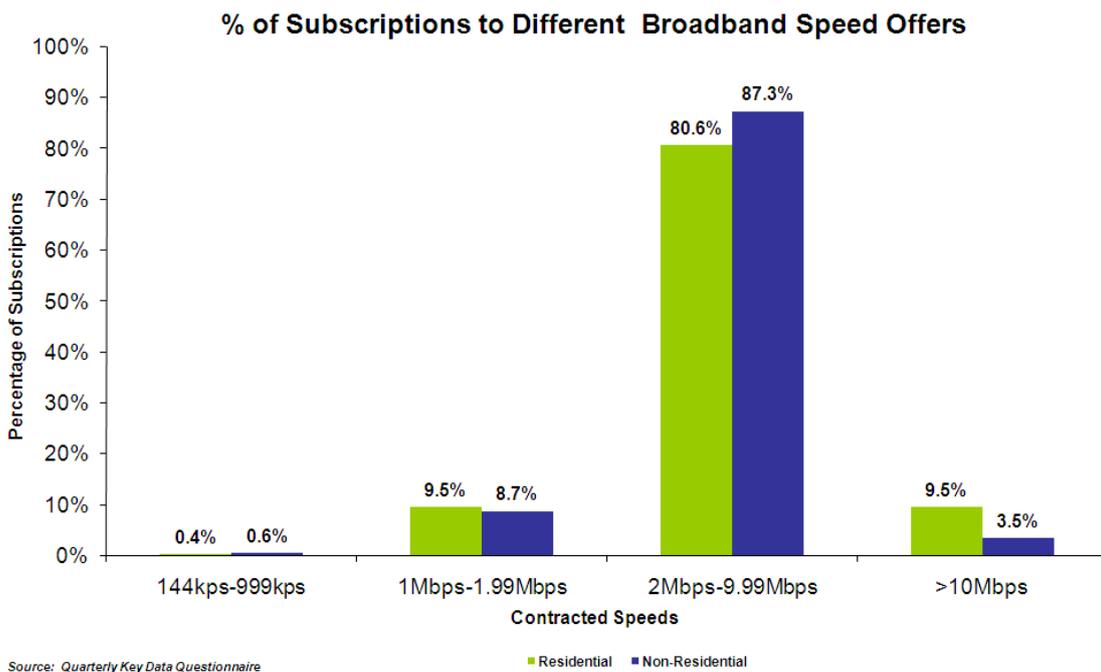


Figure 3.3.6 shows the change in broadband subscriptions by contracted downloaded speeds between Q4'09 and Q4'10. Subscriptions in the lower speed categories, 144kps-999kps and 1Mbps-1.99Mbps, have continued to decline. Subscriptions in higher speed categories, 2Mbps-9.99Mbps and >10Mbps have increased. 81.8% of all broadband subscriptions are now in the 2Mbps-9.99Mbps category, while 8.5% are in the >10Mbps category. Based on operator data, ComReg estimates that approximately 15% of subscriptions in the >10Mbps category are actually above 30Mbps.

**Figure 3.3.6 – Broadband Subscriptions by Contracted Download Speeds**

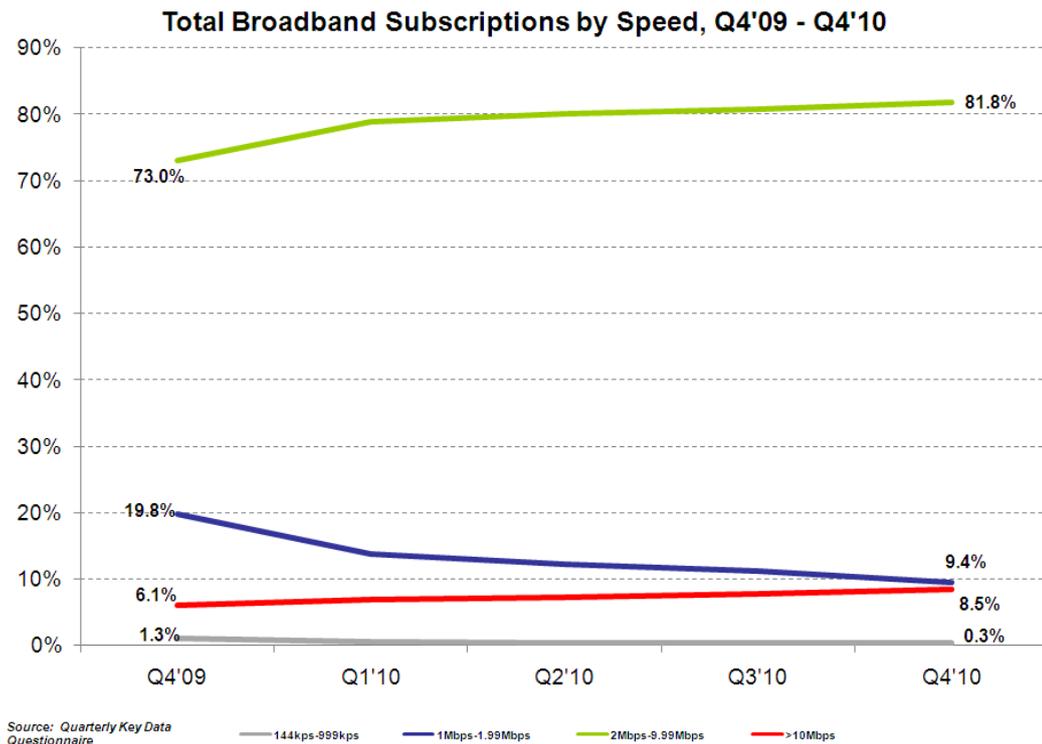


Figure 3.3.7 illustrates Eircom’s market share of fixed broadband subscriptions when compared to other authorised operators’ (OAO) share of overall fixed broadband subscriptions (DSL, cable, FWA, satellite, and fibre broadband subscriptions). In Q4 2010 Eircom’s market share was 49.1% with OAOs having the remaining 50.9% of broadband subscriptions.

**Figure 3.3.7 – Market Share of Fixed Broadband Market**

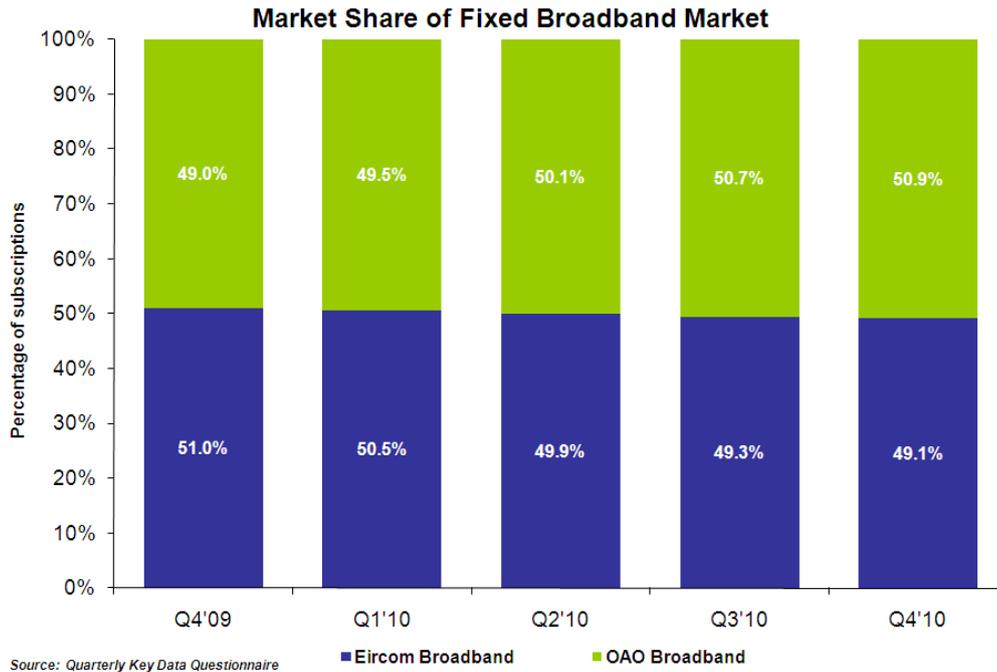


Figure 3.3.8 provides the market share of fixed broadband operators by number of subscriptions. DSL, cable modem, FWA, satellite and fibre subscriptions are all included in the total broadband subscriptions figure which is used to calculate market shares.

Operators with a market share of 2% or more are shown in the chart below. All those operators with less than 2% of total fixed broadband subscriptions are then grouped together under OAOs.

According to the data received from operators for Q4 2010, Eircom had 49.1% of total fixed broadband subscriptions, followed by UPC which had 19.7% of subscriptions. Vodafone had a 15.9% market share (excluding mobile broadband subscriptions), while Imagine had 5.3% of the market and Digiweb had 2.1%. All other operators combined accounted for the remaining 7.9% of the fixed broadband subscriptions.

**Figure 3.3.8 – Subscription Market Share of Fixed Broadband Market**

**Fixed Broadband Market Share (Subscriptions), Q4 2010**

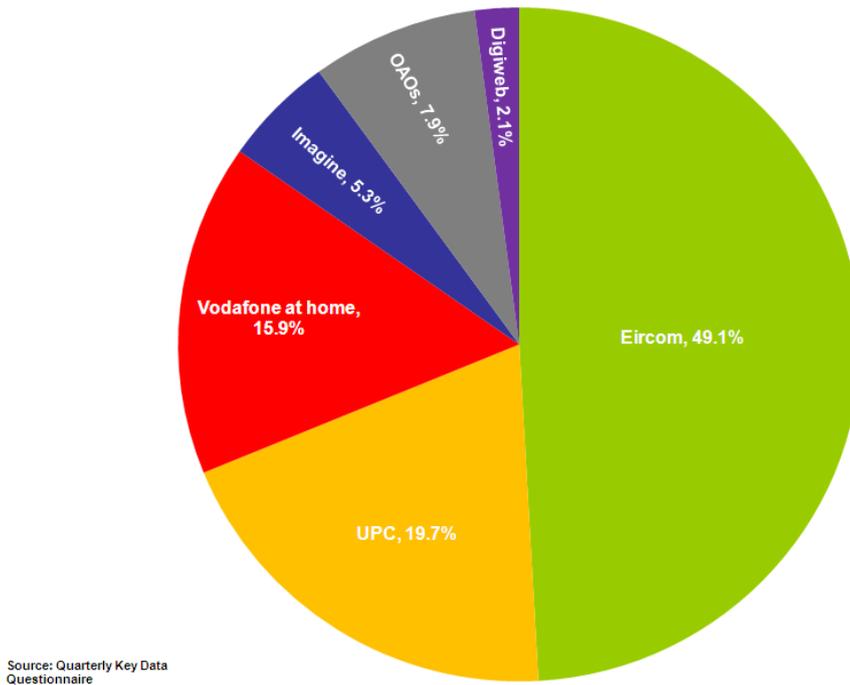
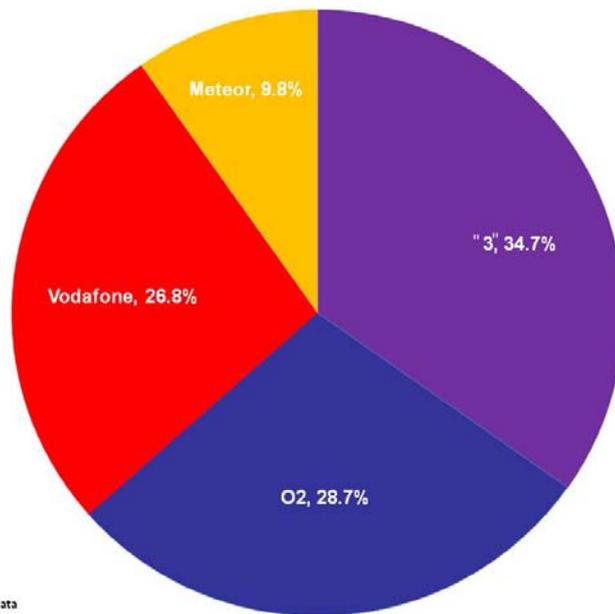


Figure 3.3.9 shows the market share of mobile broadband operators by number of subscriptions. As of Q4 2010, 3 has the largest share with 34.7%, down slightly from 35.5% in Q3 2010. O2 holds a market share of 28.7% compared with 28.8% last quarter. Vodafone's market share in Q4 2010 was 26.8%, down from 27.3% in the previous quarter. Meteor was the only operator to gain mobile broadband market share in Q4 2010, up from 8.4% last quarter to 9.8%.

**Figure 3.3.9 – Subscription Market Share of Mobile Broadband Market**

**Mobile Broadband Market Share (Subscriptions), Q4 2010**



Source: Quarterly Key Data Questionnaire

### 3.4 Broadband Penetration

In presenting internet and broadband penetration benchmarks for European countries, ComReg uses the OECD, the European Competitive Telecoms Association (ECTA) or European Commission data where possible. ComReg will endeavour to publish this data on a quarterly basis as detailed in Figure 3.4.1. The data presented is based on the most recently published statistics at the time of publication.

**Figure 3.4.1 – Data Sources**

Source	Publish Date	Data Period as of	Included in ComReg Quarterly Report
Cocom	May 2011	January 2010	Q1'11

As per Figure 3.3.1 the total number of broadband subscriptions in Ireland for Q4 2010 was 1,591,803.

Using fixed residential broadband subscriptions only (i.e. excluding business subscriptions and mobile broadband subscriptions), the estimated broadband household penetration rate (there are 1,646,200 households in Ireland using CSO data) as of Q4 2010 is 52%.

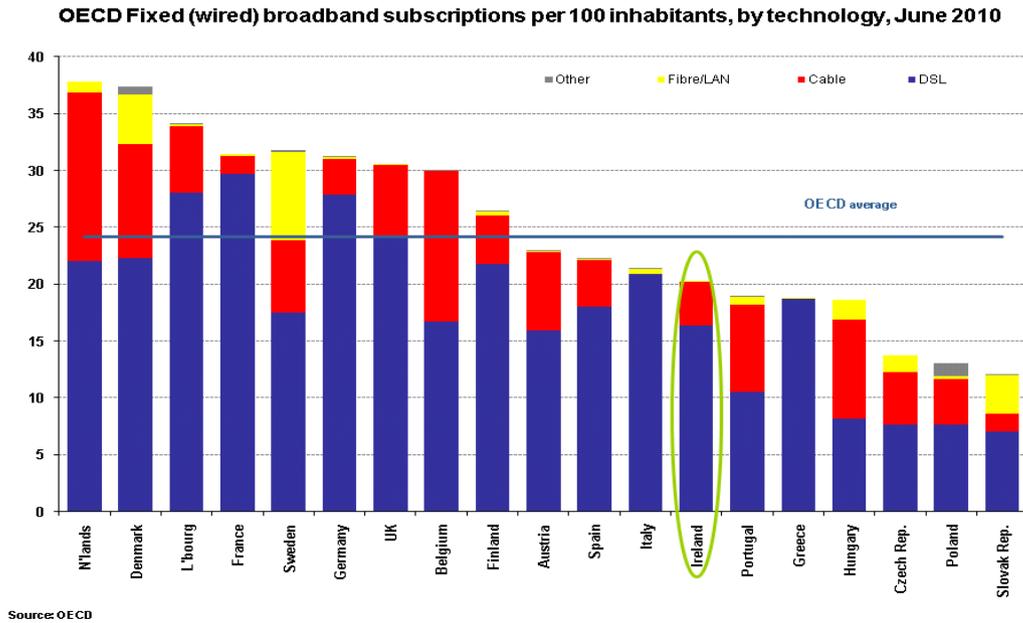
Based on the total number of broadband subscriptions in Ireland for Q4 2010 (1,591,803), the broadband per capita penetration rate (including mobile broadband) in Q4 2010 was 35.6% compared to 34.7% in the previous quarter. When mobile broadband is excluded, the penetration rate is 22.8%, up from 22.6% in Q3 2010. These figures are based on a population of 4,470,700 from Central Statistics Office (CSO) data.<sup>22</sup>

It should be noted that a broadband subscriber may have both a fixed and mobile broadband subscription and therefore, a broadband penetration rate based on both mobile and fixed subscriptions may overestimate the penetration rate through double counting of subscriptions.

<sup>22</sup> <http://www.cso.ie/releasespublications/documents/population/current/popmig.pdf>

The OECD released new broadband statistics as of June 2010 on its broadband portal in December 2010. These statistics include the number of broadband subscribers per country, broadband subscriptions by technology, and, for the first time, a wireless broadband penetration indicator. Figure 3.4.2 and figure 3.4.3 illustrate fixed and wireless broadband subscriptions per 100 inhabitants respectively.

**Figure 3.4.2 – Fixed Broadband Subscriptions per 100 Inhabitants**



**Figure 3.4.3 – Wireless Broadband Subscriptions per 100 Inhabitants**

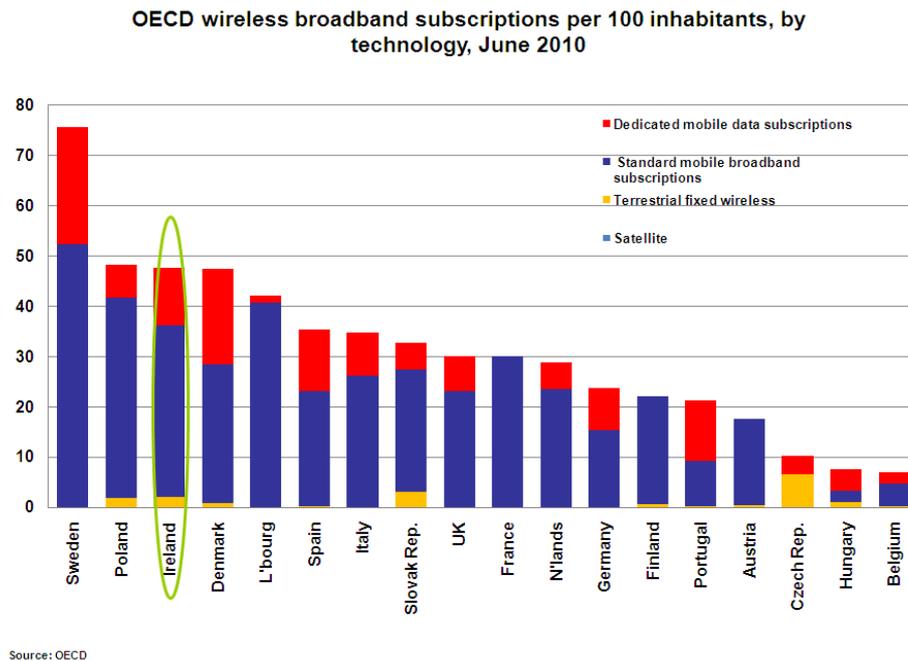
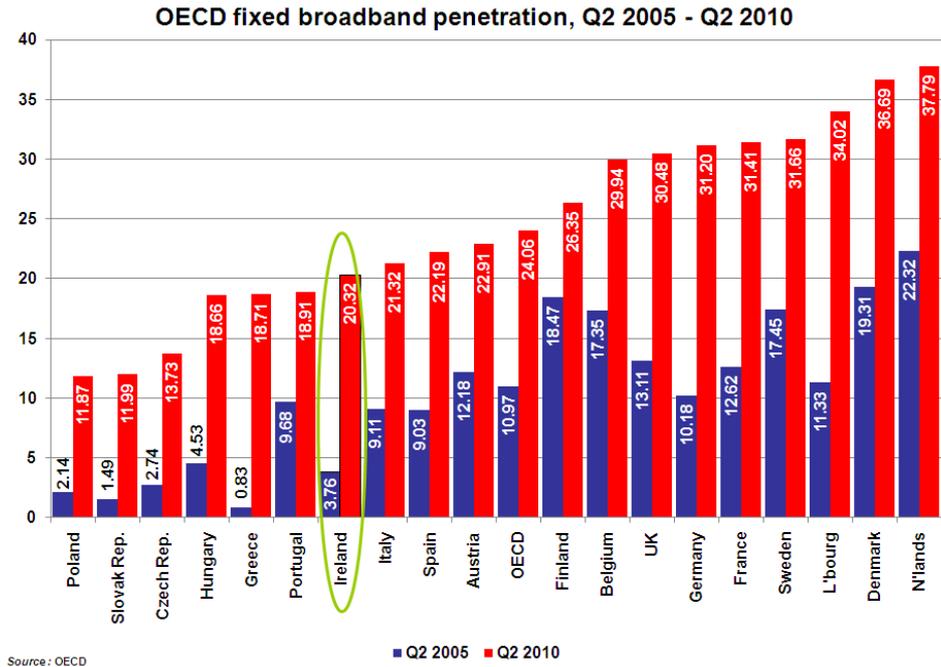


Figure 3.4.4 and figure 3.4.5 respectively illustrate the change in fixed broadband penetration between 2005 and 2010 and the net change in the penetration rate between June 2009 and June 2010 for nineteen OECD countries including Ireland. The OECD data suggests that the Irish broadband penetration rate has increased by 2.02 percentage points in the year to June 2010, above the OECD average of 1.72 percentage points and ranked fourth in comparison to the other OECD countries charted.

**Figure 3.4.4 – 5 Year Change in Fixed Broadband Penetration, 2005-2010**



**Figure 3.4.5 – Net Change in Broadband Penetration**

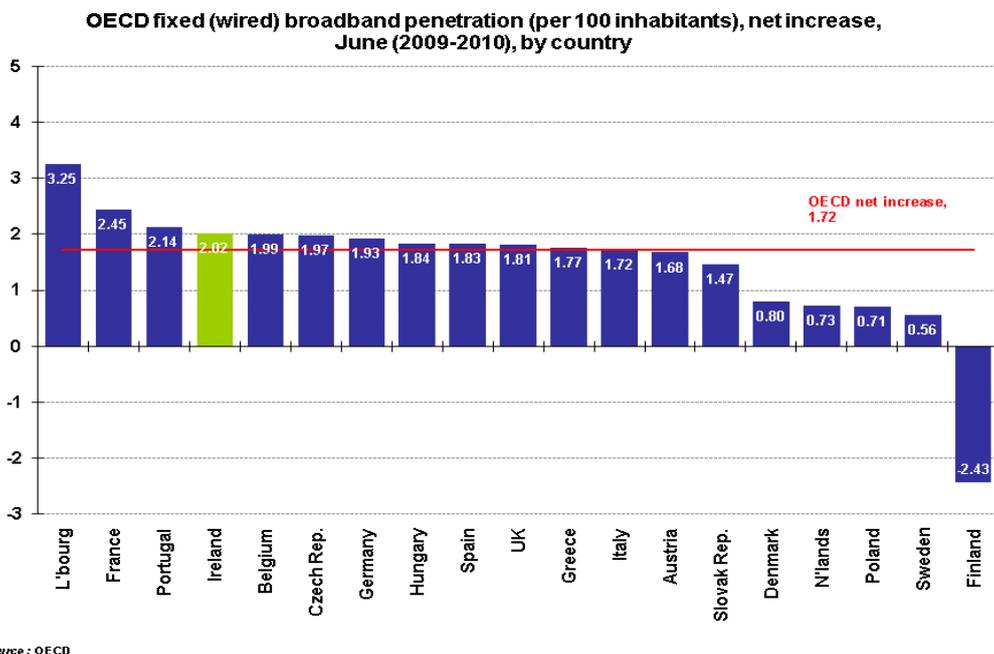
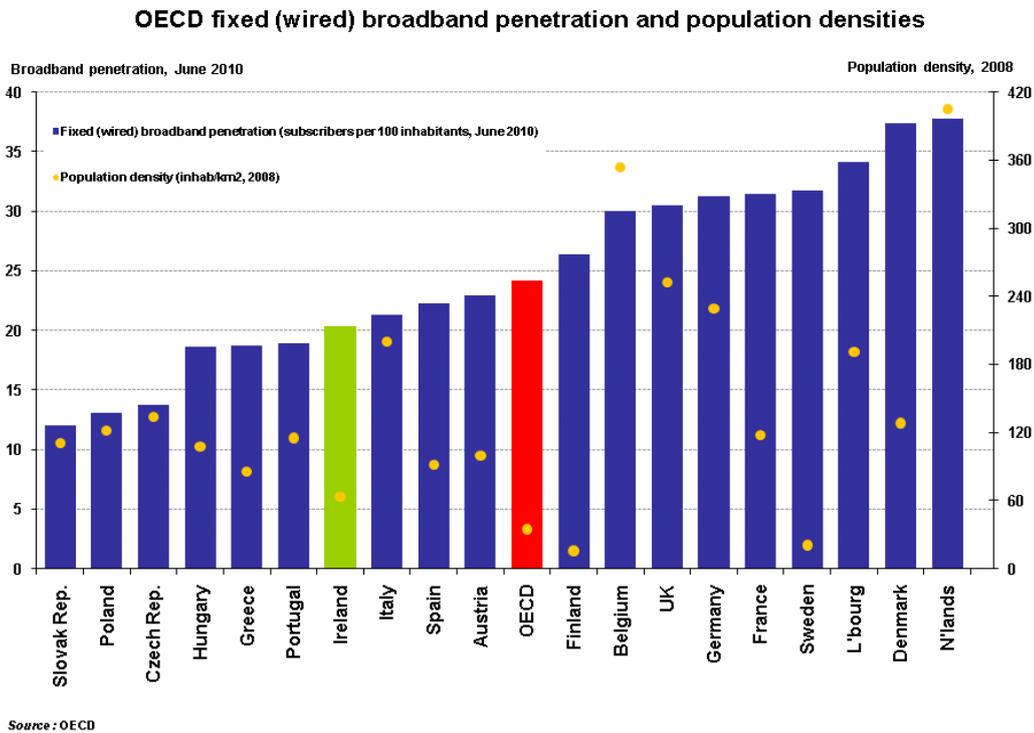


Figure 3.4.6 plots broadband penetration and population densities for the same nineteen OECD countries as in the previous charts including Ireland. According to the OECD calculation, the simple correlation between broadband penetration and population density for these countries is 0.33. This implies a relatively weak but positive correlation between the two variables, however correlation does not imply causation, simply that the two sets of data are in some way related. The correlation coefficient of 0.33 suggests that the higher the population density of a country, the higher the broadband penetration.

**Figure 3.4.6 – Fixed Broadband Penetration and Population Density**



### 3.5 WiFi Broadband Access

ComReg provides data on the provision of public and private broadband services over WiFi, as such access provides an alternative means of internet access for those users without internet access at home and/or a supplementary means of access for users who are away from their home or office. In addition new and more advanced devices such as the iPhone, as well as increased usage of mobile broadband dongles while consumers are on the move, appear to be driving increased minutes of use in WiFi hotspots.

ComReg presents data on the WiFi market based on the number of WiFi hotspots and access points located nationally. Internet hotspots are typically public wireless access points where a computer, usually a laptop, or other portable device such as an iPhone can connect to the internet. A WiFi hotspot can be made up of one or more WiFi access points<sup>23</sup>. WiFi hotspots tend to be found in airports, hotel lobbies and cafés and restaurants. In most cases, the user pays for high-speed internet access at an access point, based either on a vouchered payment for a specific amount of time online or a recurring monthly subscription. There are a number of providers of these services in Ireland including Bitbuzz, Eircom and BT Ireland.

The number of WiFi hotspots remained unchanged this quarter but has fallen by 16.1% since Q4 2009. In Q4 2010 there were over 33 million WiFi minutes used in Ireland, a decrease of almost 10% on the previous quarter. The number of WiFi access points also decreased slightly this quarter. The data may suggest that as businesses which offer WiFi hotspots and access points close as a result of the recession there are fewer locations for WiFi consumers to utilise WiFi. Given that WiFi minutes of use had been up in Q3 2010, the reduction in minutes of use this quarter may have been caused by the severe weather towards the end of 2010. However, Eircom is looking to quadruple its network of Wi-Fi hotspots from 1,000 presently to 4,000 by 2013 due to the strong uptake of smartphones and tablets in Ireland. The 4,000 hotspots are expected to have been deployed by 2013 with a particular focus on high density population areas.<sup>24</sup>

**Figure 3.5.1 – WiFi Hotspots, Access Points and Minutes of Use**

	Q4 2010	Q3'10-Q4'10 Growth	Q4'09-Q4'10 Growth
WiFi Hotspots	1,096	-	-16.1%
WiFi Access Points	3,559	-0.8%	-0.1%
WiFi Minutes of Use	33,270,041	-9.9%	+46.1%

<sup>23</sup> Hotspots are typically public locations at which broadband internet access can be obtained. At these hotspots, users with a computer (usually a laptop) can wirelessly connect to the internet either for free or on payment of a fee. Typical locations for such hotspots include cafes and restaurants, hotels and airports. In general terms, more than one access point can be found at a hotspot.

<sup>24</sup> [http://siteassets.eircom.net/assets/static/pdf/IR/ERCIF\\_2nd\\_quarter\\_results\\_report\\_to\\_31\\_December\\_10.pdf](http://siteassets.eircom.net/assets/static/pdf/IR/ERCIF_2nd_quarter_results_report_to_31_December_10.pdf)

### 3.6 ADSL Pricing Data<sup>25</sup>

In this report broadband tariff baskets have been supplied by Teligen using their T-Connect product. In order to ensure that services can be adequately compared, the benchmarking model prices a range of DSL and cable services based on defined usage of 30 hours per month, with each session assumed to last for 30 minutes for residential consumers and 100 hours per month; a 60 minute average session for business consumers is assumed.

While broadband is an always-on product, the assumption of an average user profile ensures that packages are comparable across countries. It further assumes a download usage of 5 Gigabytes every month for each service for residential consumers and 20 Gigabytes every month for business consumers. Upload and download speeds (based on contracted speeds) are also analysed.

The data presented in the following charts illustrates the cheapest product available in each country from the two biggest fixed line DSL operators (by market share i.e. Eircom and Vodafone at Home)<sup>26</sup> and the incumbent for cable offerings (i.e. UPC for Ireland) under these usage assumptions.

These packages are based on advertised download speeds. The charts below represent speed categories of 1-4 Mbps in the residential market, all residential speeds and 4-10 Mbps in the business market. More specific details on the upload and download speeds for each of the analysed products are included in the chart.

The speed categories were chosen for these operators across all benchmarked countries to ensure that a meaningful comparison can be made between packages in terms of contracted speeds offered. Operators' broadband packages are compared on the assumption that their products should be available nationally.

Further information on the composition of the broadband basket can be found in the Explanatory Memorandum which accompanies this report<sup>27</sup>.

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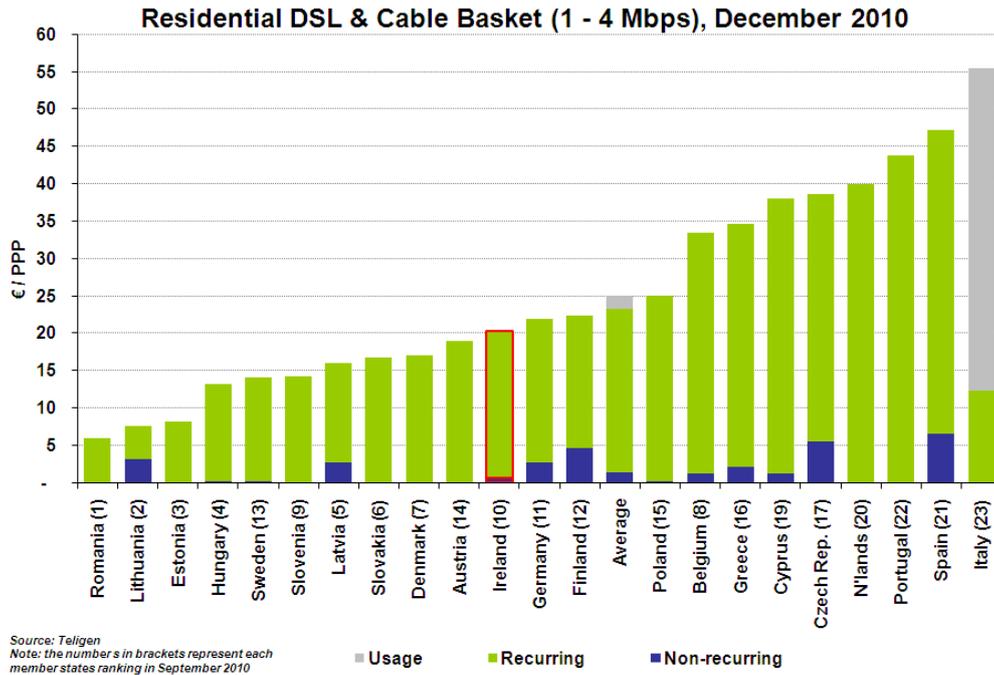
25 This section does not include broadband tariff packages that are offered as special promotions. All residential tariffs are inclusive of VAT but all business tariffs are exclusive of VAT. VAT rates vary between Member States.

26 It should be noted that the majority of BT Ireland's DSL customers were transferred to Vodafone Ireland in September 2009.

27 ComReg Document 11/21a

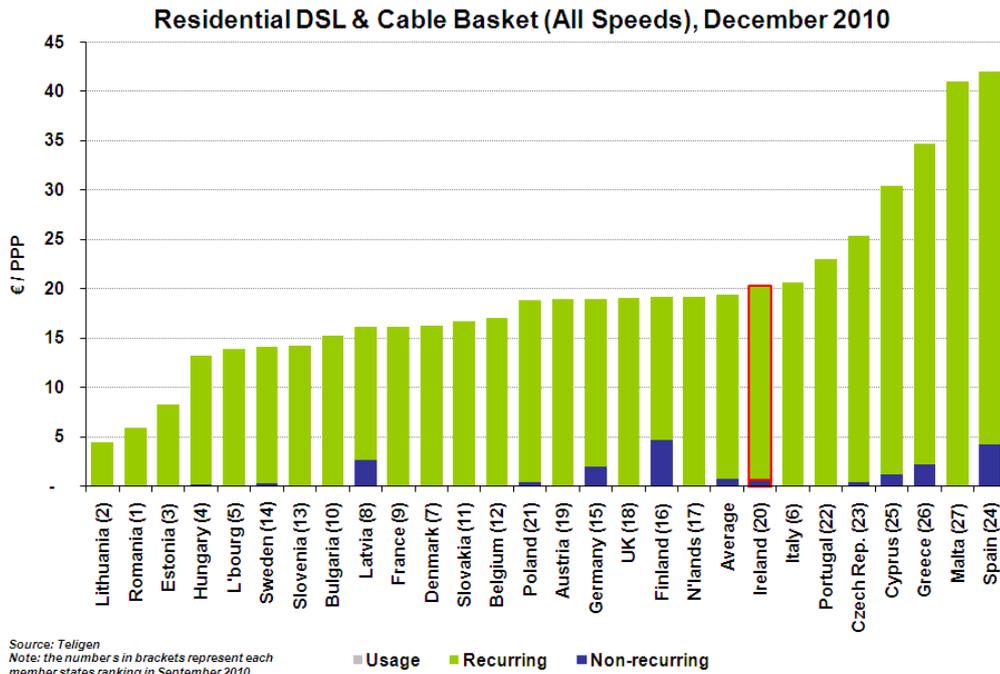
The lowest monthly residential DSL & cable baskets for the 1-4 Mbps speed category are charted in figure 3.6.1. Ireland ranks in eleventh place among this group of 22 European countries, down one position since September 2010. Ireland is three places ahead of, and 19.3% lower than, the European average. The pricing for Ireland is based on Eircom’s DSL Broadband Home Starter package.

**Figure 3.6.1 - Lowest Monthly Rental Residential DSL & Cable Basket (1-4 Mbps)**



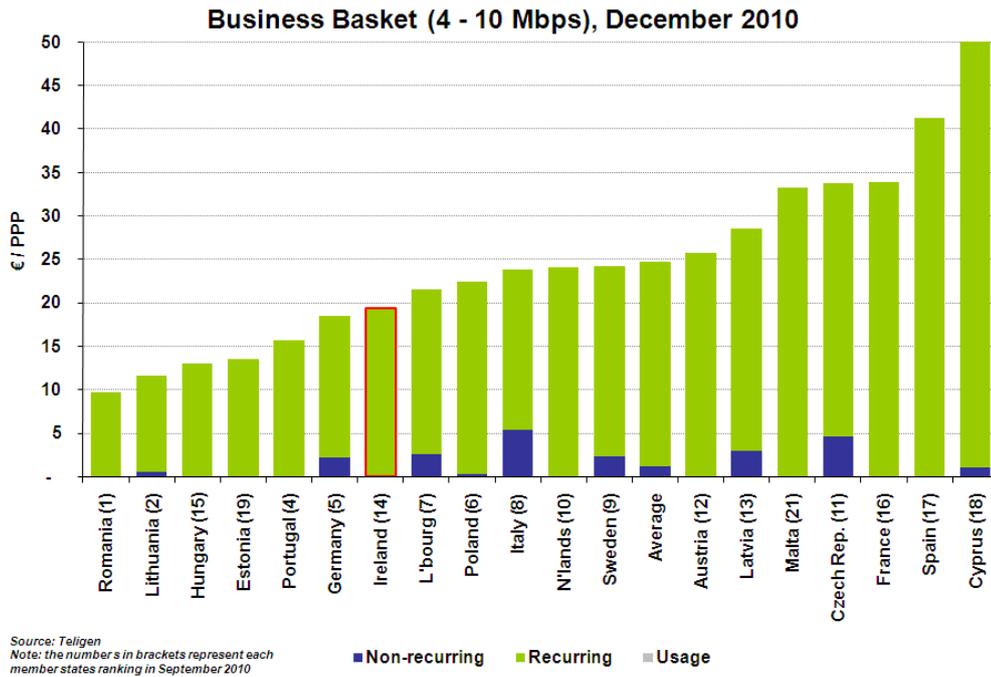
The lowest monthly residential DSL & cable baskets for all speeds are charted in figure 3.6.2. Ireland ranks in twentieth place in this group of 27 European countries, the same position as at the end of September 2010. Ireland ranks one place behind, and is 4.5% higher than, the European average. The pricing for Ireland is based on Eircom’s DSL Broadband Home Starter package.

**Figure 3.6.2 - Lowest Monthly Rental Residential DSL & Cable Basket (All Speeds)**



The lowest monthly business DSL and cable basket for the 4-10 Mbps speed category is charted in figure 3.6.3. Ireland ranks in seventh place among this group of nineteen European countries. Ireland is one place ahead of, and 21.5% lower than, the European average. The pricing for Ireland is based on Eircom’s DSL Broadband Business Lite Plus package.

**Figure 3.6.3 – Lowest Monthly Business DSL and Cable Basket (4-10Mbps)**

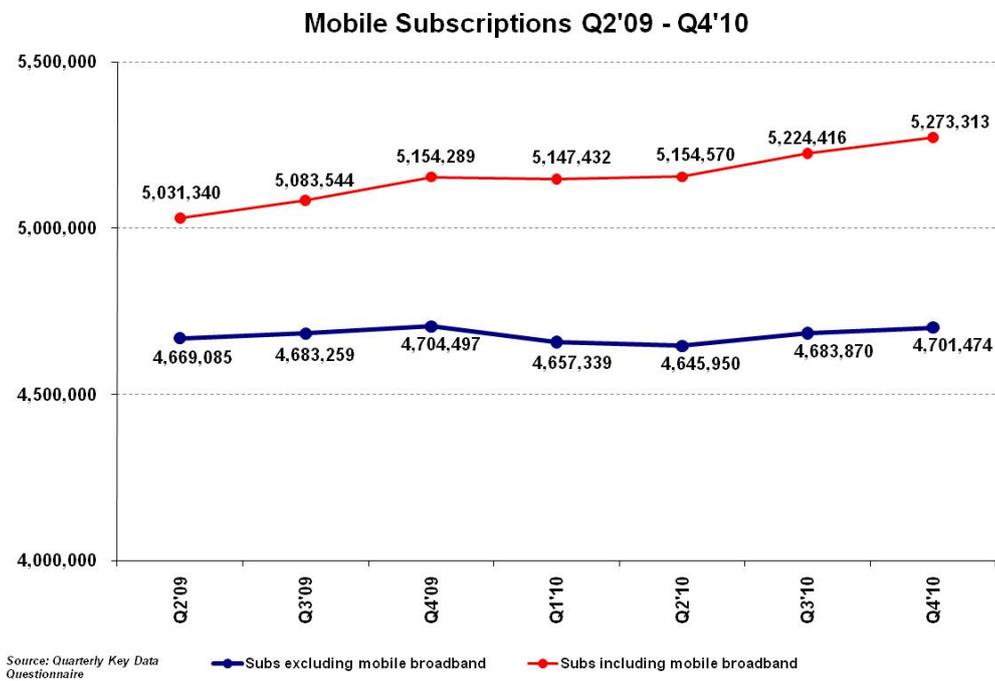


## 4. Mobile Market Data

### 4.1 Number of Subscriptions and Penetration Rate<sup>28</sup>

At the end of December 2010 there were 5,273,313 mobile subscriptions in Ireland. Mobile broadband subscriptions are included in this figure. If mobile broadband subscriptions (571,839 this quarter) are excluded, the total number of mobile subscriptions in Ireland was 4,701,474. Mobile subscriptions have increased by a relatively small margin this quarter (0.9% including mobile broadband and 0.4% excluding mobile broadband).

Figure 4.1.1 – Mobile Subscriptions

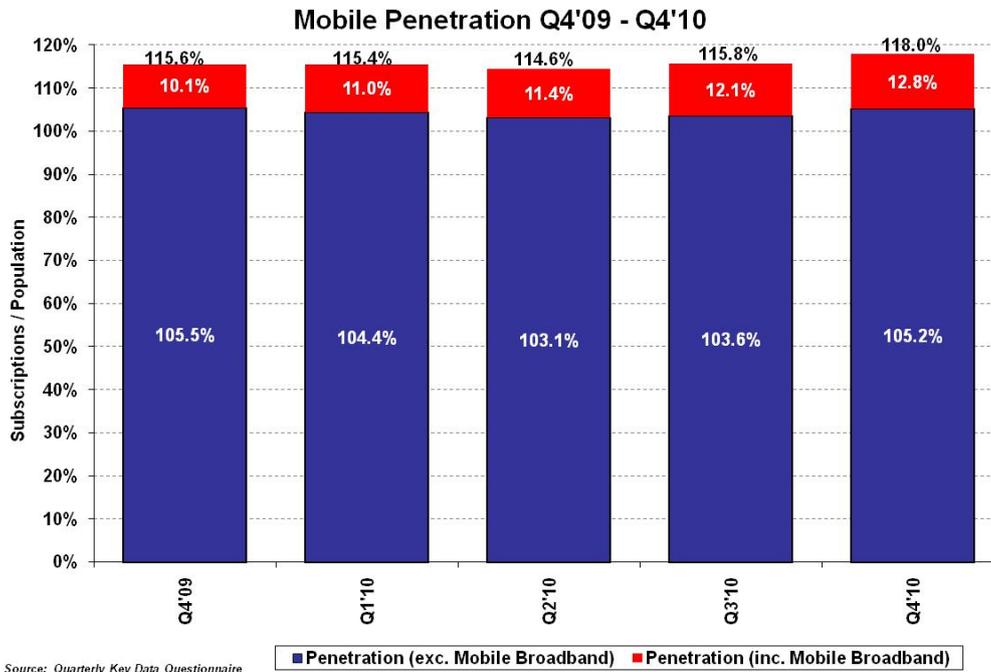


<sup>28</sup> Mobile subscriptions do not include data from MVNOs Postfone and Just mobile.

Figure 4.1.2 charts mobile penetration since Q4 2009 and shows that at the end of December 2010, mobile penetration, based on a population of 4,470,700 (using a CSO April 2010 estimate), was 118.0% including mobile broadband and 105.2% excluding mobile broadband. Mobile penetration is recognised as the standard metric internationally to measure the adoption of mobile services, and is calculated based on the number of active SIM cards per 100 of the population.

Given that some mobile users may have used more than one active SIM card during the period, there is likely to be some over-estimation of actual individual mobile penetration using this metric. ComReg’s calculation of mobile subscriptions includes active SIMs bundled with mobile broadband datacards and USB modems for internet access via laptops/PCs as well as SIM cards used in mobile phones for voice and data services.

**Figure 4.1.2 – Irish Mobile Penetration Rate**



### 4.2 The Profile of Mobile Subscriptions in Ireland

Mobile users pay for their mobile service by either purchasing pre-paid credit, or by receiving a monthly bill from their mobile operator, described in this report as a post-paid payment option.

Figure 4.2.1 illustrates the mobile subscription base (including mobile broadband) in Ireland classified by the proportion of pre-paid and post-paid subscriptions on both 2G and 3G networks at the end of December 2010. 35.6% of subscriptions were post-paid, up from 33.4% one year previously, representing a continued (albeit relatively marginal) increase in post-paid subscriptions at the expense of pre-paid subscriptions.

**Figure 4.2.1 – Profile of Pre-Paid and Post-Paid Subscriptions**

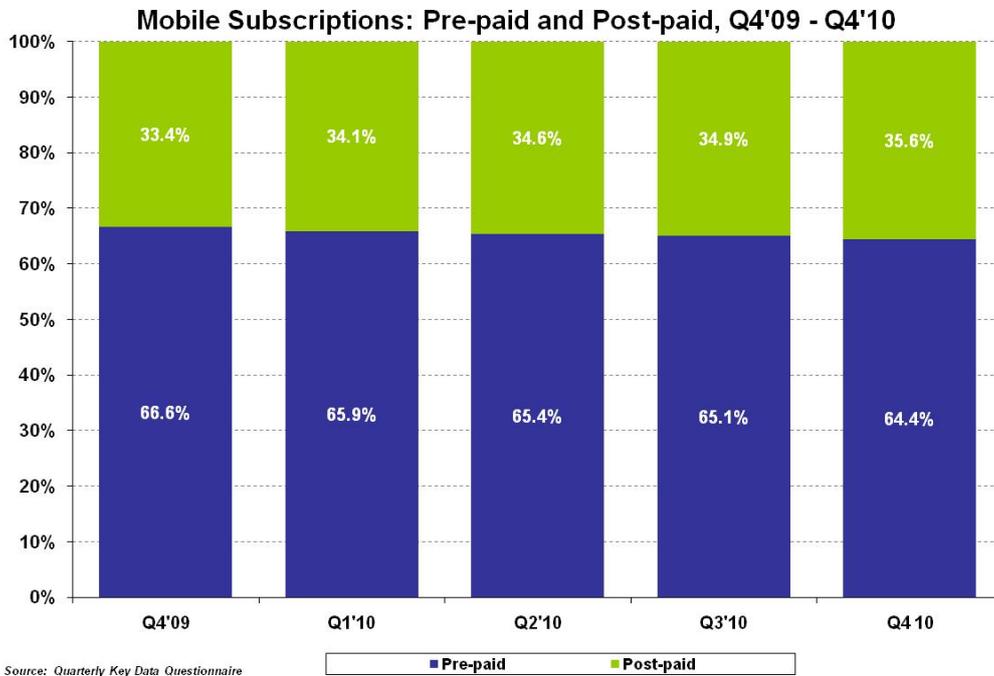


Figure 4.2.2 shows the pre-paid and post-paid subscription profile for each of the mobile operators in the Irish market. Mobile broadband subscriptions are included in this data. As of Q4 2010, 65.5% of Vodafone’s subscriptions are pre-paid. O2 has 57% pre-paid subscriptions, eircom Group Mobile has 83.3% pre-paid subscriptions, and 28.7% of 3’s mobile subscriptions are pre-paid. Tesco Mobile’s entire subscription base is pre-paid.

**Figure 4.2.2 – Profile of Pre-Paid and Post-Paid Subscriptions**

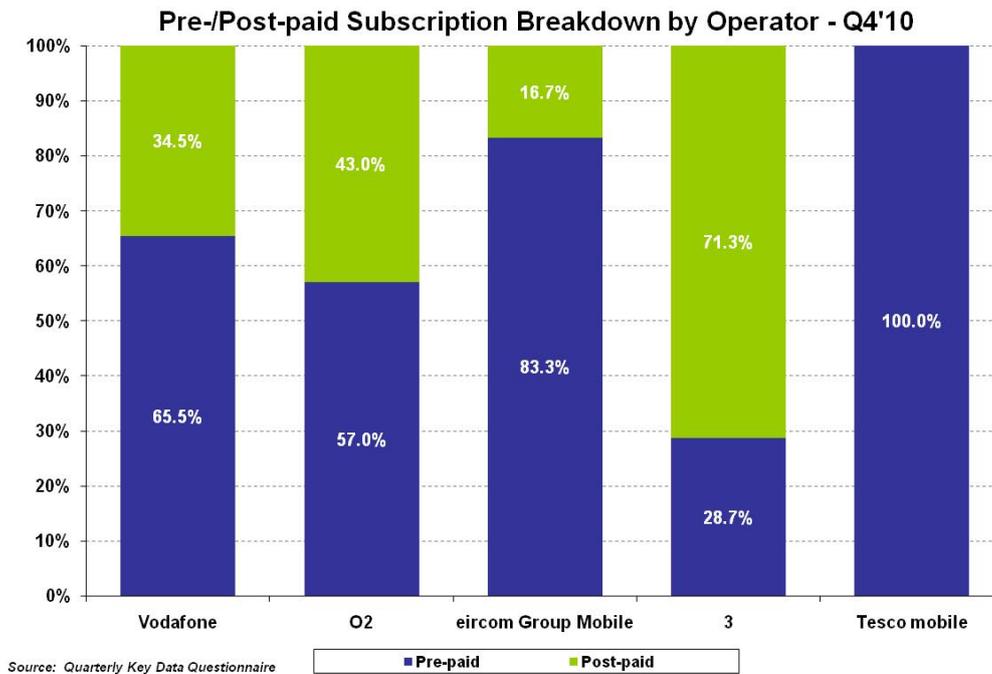
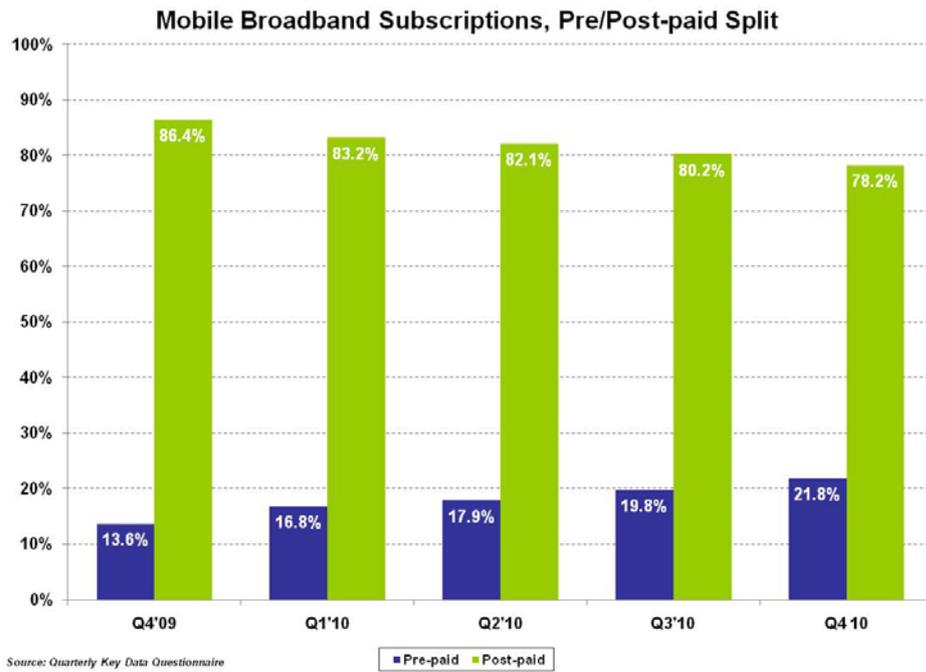


Figure 4.2.3 shows the split between pre-paid and post-paid mobile broadband subscriptions between Q4 2009 and Q4 2010. 78.2% of all mobile broadband subscriptions were post-paid at the end of December 2010, down from 86.4% one year previously. The trend towards a rise in pre-paid mobile broadband subscriptions contrasts with a rise in post-paid non-mobile broadband subscriptions.

**Figure 4.2.3 – Profile of Pre-Paid and Post-Paid Mobile Broadband Subscriptions**



### 4.3 Mobile Volumes

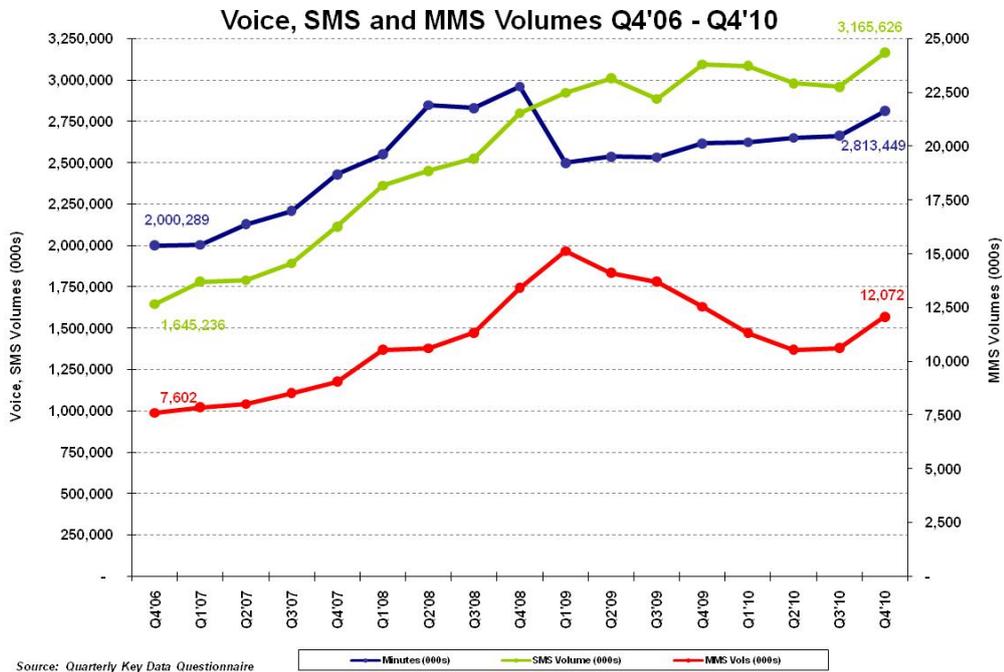
Figure 4.3.1 illustrates the growth in voice minutes, SMS, and MMS (Multimedia Messaging Service) messages sent over mobile networks since Q4 2006. Total retail mobile voice traffic totalled over 2.8 billion minutes in Q4 2010, an increase of 5.6% on the previous quarter and an increase of 7.5% since Q4 2009.

The total number of SMS messages sent by mobile users in Ireland was under 3.2 billion in Q4 2010, up 7.0% on the previous quarter (reversing the downward trend in the previous three quarters) and up by 2.3% since Q4 2009.

The number of multimedia messages (MMS) sent, increased for the second quarter in a row after a number of consecutive quarters of decline. Compared with the previous quarter, the number of MMS sent was up by 13.7% but down by 3.7% compared to Q4 2009. There were around 12.1 million MMS messages sent during Q4 2010.

These quarterly increases are likely to reflect seasonal activity (i.e. Christmas) and consumer behaviour during the bad weather conditions in the period.

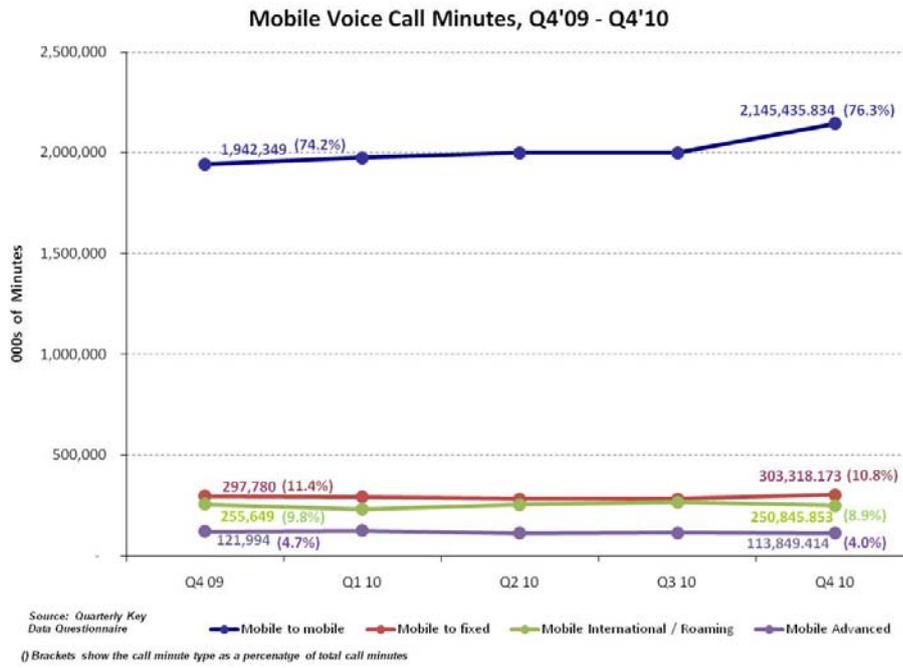
Figure 4.3.1 – SMS, MMS and Call Minute Volumes<sup>29</sup>



Source: Quarterly Key Data Questionnaire

<sup>29</sup> It should be noted that prior to Q1 2009 some mobile data minutes were included under mobile advanced minutes. As these volumes are not based on voice calls, they were removed in Q1 2009 as they had a downward impact on overall mobile voice traffic.

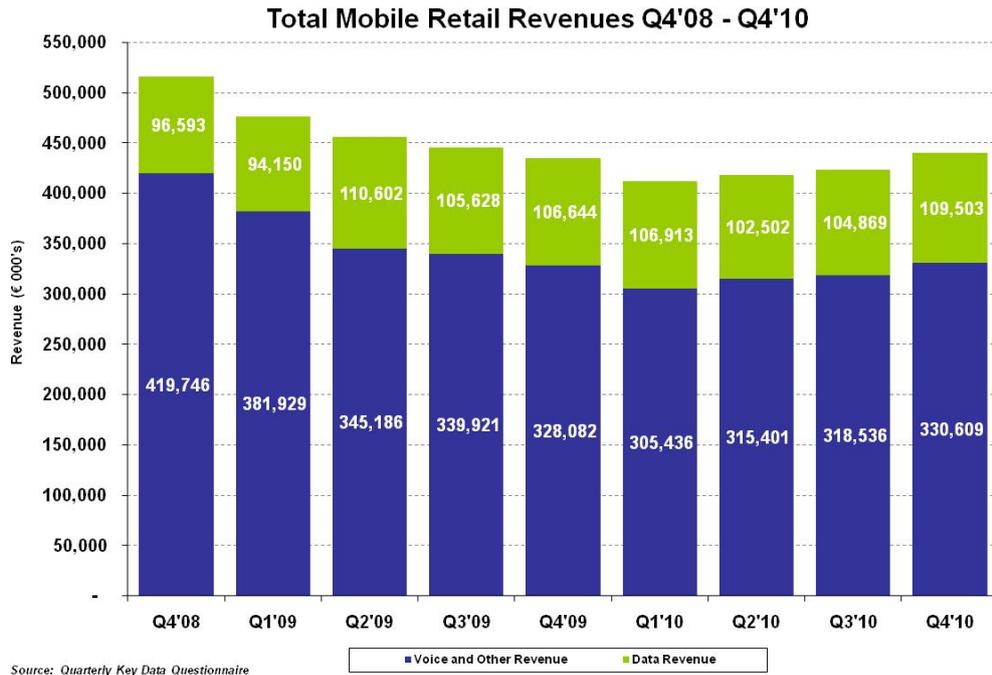
Figure 4.3.2 – Voice Call Minute Volumes by Type



#### 4.4 Mobile Revenues

Figure 4.4.1 shows that mobile retail revenues for the quarter were just over €440.1 million at the end of Q4 2010, up (+3.9%) on Q3 2010. Both data revenues<sup>30</sup> and voice and other revenues<sup>31</sup> have increased this quarter, up 4.4% and 3.8% respectively since last quarter. Since Q4 2009, voice revenues are up by 0.8% and data revenues are up by 2.7%.

Figure 4.4.1 – Total Mobile Retail Revenues



30 Messaging revenues (SMS and MMS) and mobile broadband and mobile internet services revenues.

31 Please note that since Q2'09 the voice and other category revenues includes voice call revenues and net handset sales revenues, connection and rental charges, premium rate SMS and MMS revenues, roaming SMS, MMS and data revenues. Handset sales revenues prior to Q2'09 were reported on a gross revenue basis.

#### **4.5 Average Monthly Minutes of Use (MOU) and Average Monthly Revenue per User**

The most frequently used metric to determine levels of mobile telephony usage is monthly minutes of use. ComReg has collected monthly minutes of use from all operators in the Irish market since Q1 2007. Further information on the definition and calculation of average minutes of use by ComReg is detailed in the explanatory memorandum which accompanies this report.<sup>32</sup> Based on the data collected from operators, the average minutes of use in Ireland for Q4 2010 was 256 minutes per month, up 5.8% on the same period in 2009. This compares to a 5.7% yoy (to Q4 2010) increase in monthly EU MOU (reaching 44.6 billion outgoing minutes of use per month in Q4 2010).

Mobile ARPU is a function of both the price of mobile services and the level of usage of mobile services. In Q4 2010 mobile ARPU was circa €34 per month compared to approximately €37 per month in the same period last year. This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to worsened economic conditions in Ireland (e.g. reduced consumer spending), better priced mobile plans and reductions in mobile termination rates among others. This fall in ARPU is in line with the trend of a decline in European ARPU, which has declined by 0.6% in the year to Q4 2010.<sup>33</sup> It has been suggested by Credit Suisse First Boston that price competition, GDP growth and MTR cuts explain most of the variation in European countries' mobile market (revenues, mou etc.) growth over the last year.

#### **4.6 Competition in the Mobile Market**

Figures 4.6.1 and 4.6.2 outline mobile market shares based on the number of active subscriptions reported by each operator. Figure 4.6.1 includes mobile broadband while figure 4.6.2 excludes mobile broadband. Tesco Mobile's subscription data is excluded in figures 4.6.1 and 4.6.2. Vodafone continues to have the highest market share including and excluding mobile broadband (40.6% and 42.3%), followed by O2 (32.6% and 33.1%), eircom Group Mobile (20.2% and 21.5%) and 3 (6.6% and 3.1%).

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<sup>32</sup> ComReg Document 11/21a

<sup>33</sup> Credit Suisse, Equity Research, Wireless Telecommunications Services, European Mobile Sector Review Q4 2010

Figure 4.6.1 – Market Share – Number of Subscriptions (inc. mobile broadband)

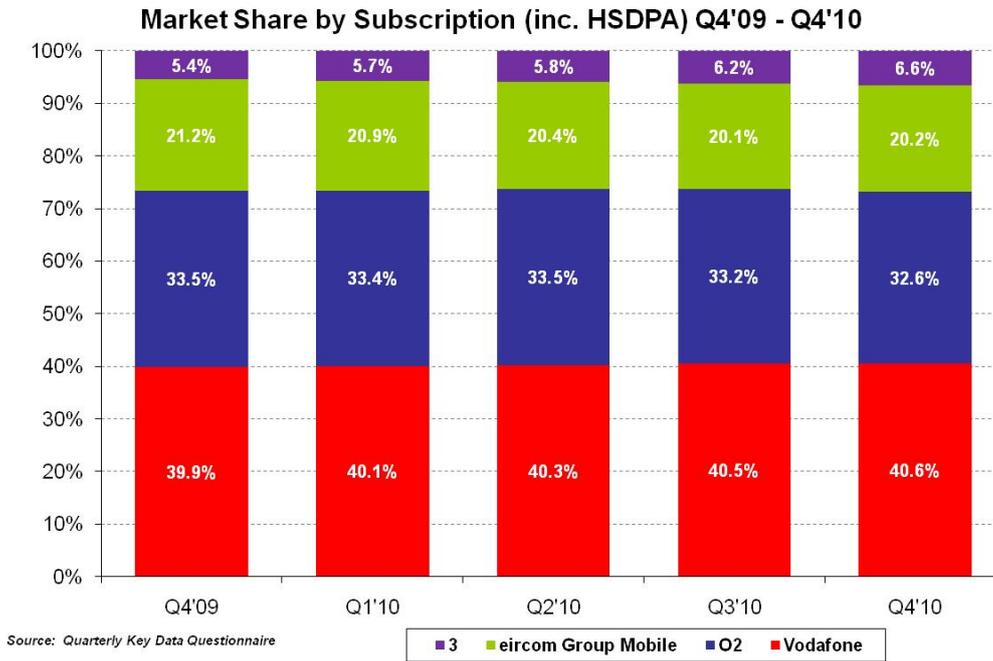


Figure 4.6.2 – Market Share – Number of Subscriptions (ex. mobile broadband)

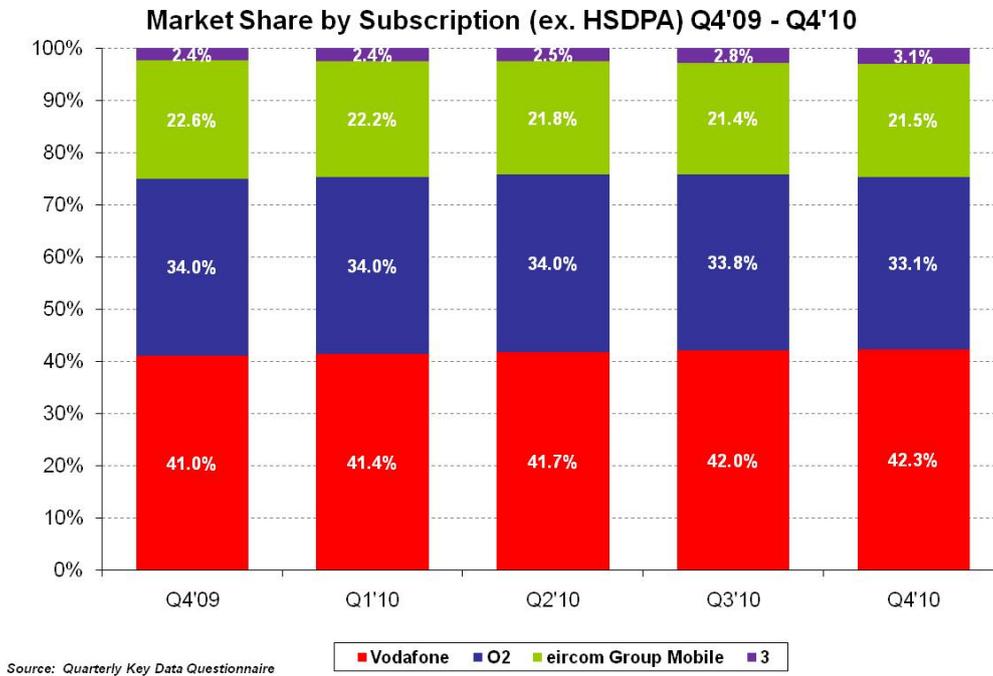
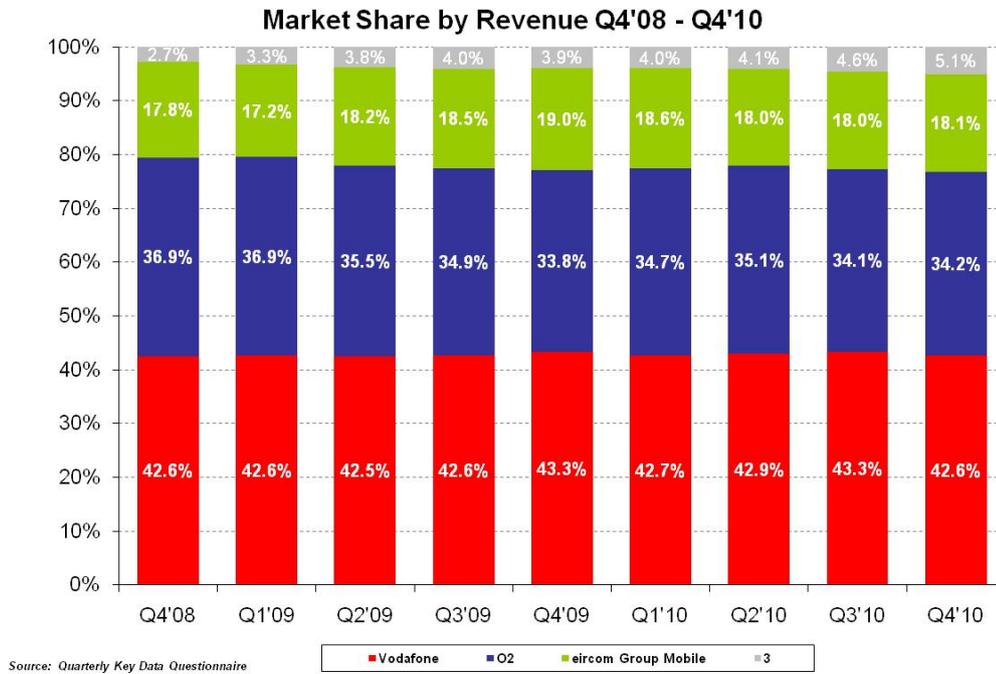


Figure 4.6.3 provides an analysis of market shares by revenue for mobile operators in the Irish market. Tesco Mobile is not included in this chart. Vodafone’s market share is down (-0.7% points) this quarter. 3 shows the biggest gain of +0.5% points, followed by O2 (+0.1% points) and eircom Group Mobile (+0.1% points).

**Figure 4.6.3 – Revenue Market Share**

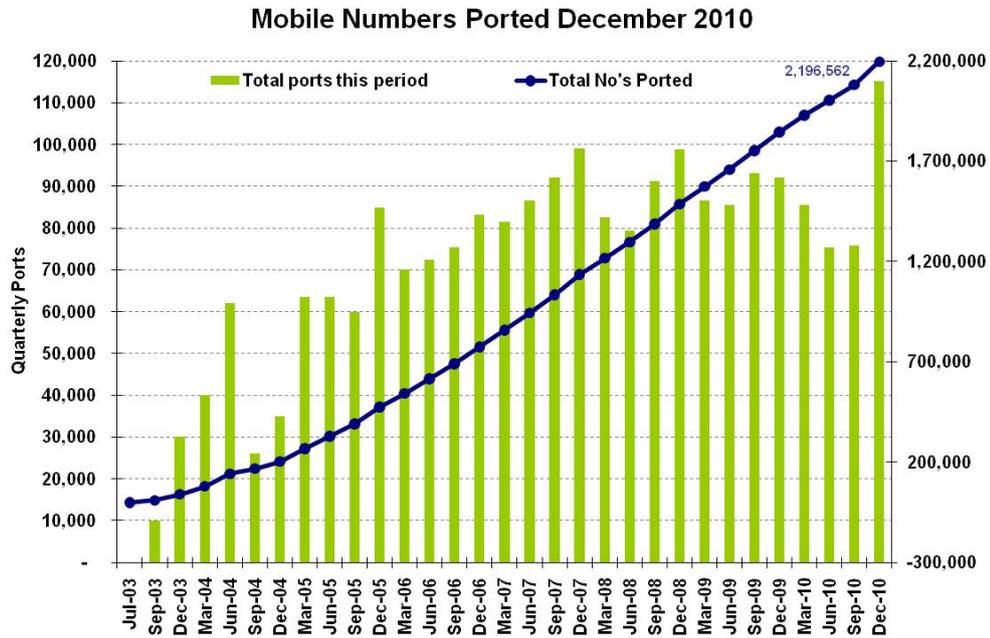


### 4.7 Switching in the Mobile Market

Figure 4.7.1 illustrates the cumulative total of mobile numbers ported between Irish mobile operators since the launch of Mobile Number Portability (MNP) in June 2003. MNP allows consumers to switch mobile operator while retaining their mobile number.

Almost three million numbers have now been ported since June 2003. In the quarter to December 2010, 115,216 numbers were ported between operators (352,140 numbers in the year to December 2010). This is the largest amount of mobile numbers ported in a quarterly period to date. Over the last 12 months an average of 88,035 numbers have been ported each quarter.

Figure 4.7.1 – Cumulative Mobile Numbers Ported



Source: Quarterly Key Data Questionnaire

#### 4.8 Mobile Pricing Data<sup>34</sup>

The OECD mobile pricing basket definitions have been updated by Teligen and were adopted by the OECD in March 2010. These definitions have been derived from data provided by operators and regulators in OECD countries, and have been reviewed by the OECD country authorities.

The OECD mobile baskets include at least 2 operators for each country. If these cover less than 50% of subscriptions in any country, additional operators may be included as well. All of the most common packages are included for each operator. This means that the current update covers over 3,555 packages across the 34 OECD countries. Both pre-paid and post-paid packages are included.

Mobile offers used are typically 2G and 3G services with the main focus on voice. The basket methodologies can be used to compare different types of offers such as pre-paid, post-paid or SIM-only plans. The new methodology used by the OECD/Teligen is based on the following baskets of calls:

<b>Baskets</b>
30 calls per month
100 calls per month
300 calls per month
900 calls per month
40 calls per month pre-paid basket
400 messages per month basket

The Teligen mobile baskets presented in this Quarterly Report, termed as “low user”, “medium user” and “high user” are, based on the 30 calls, 100 calls and 300 calls per month baskets respectively described above. They are calculated and analysed independently by Teligen, using an OECD methodology which includes PPPs (Purchasing Power Parities) to reflect the real cost of mobile services compared to all other costs within a country.

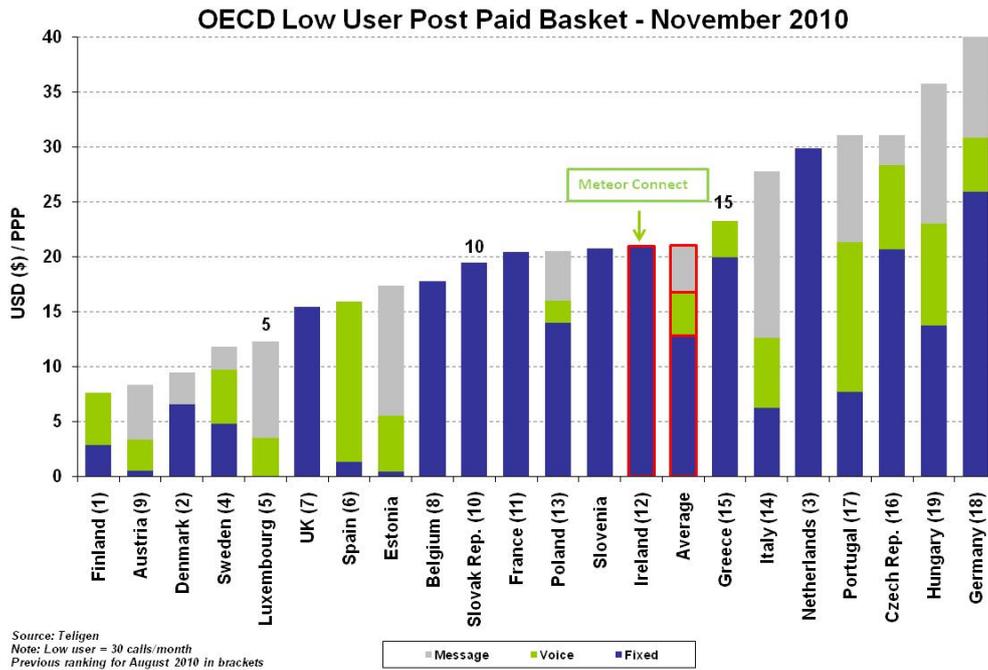
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<sup>34</sup> The ‘Fixed’ component of price refers to the standard charges imposed by operators, regardless of the amount of calls made (i.e. connection and rental). Teligen’s calculation of this Figure is made up of: Installation Charge/5 + Rental charge for 1 year. The ‘Voice’ component of price refers to the charges imposed by operators, arising from the number of voice calls made by the user, while “Message” refers to the charges imposed by operators, arising from the number of SMS and MMS messages sent by the user.

### 4.8.1 Low User Post Paid Mobile Basket<sup>35</sup>

For the “low user” post paid mobile basket, Ireland ranks in 14<sup>th</sup> position among the European countries benchmarked. Ireland is one place ahead of the average countries benchmarked for this basket and is 0.3% cheaper than the average. The Irish package represented here is Meteor’s Connect €20, 18 month package.

Figure 4.8.1.1 - OECD Low User Post Paid Mobile Basket (30 calls)

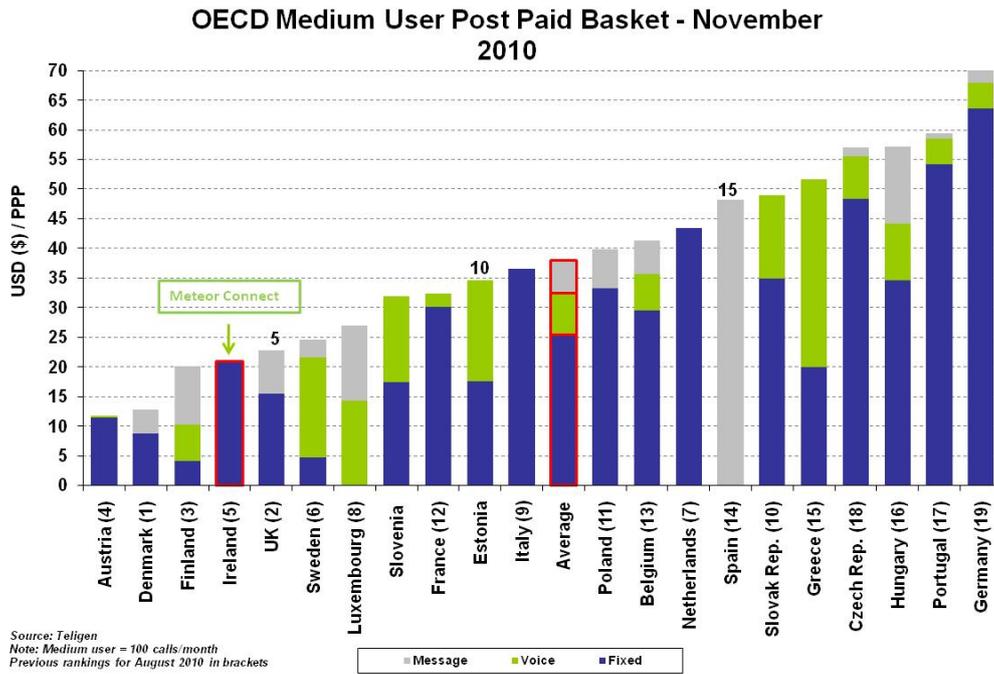


35 All tariffs are inclusive of VAT, rates will vary between Member States

### 4.8.2 Medium User Post Paid Mobile Basket

For the medium user post paid mobile basket, Ireland ranks in 4<sup>th</sup> position out of the European countries benchmarked up one place since August 2010. Ireland is eight places ahead of, and 44.8% cheaper than the average. The package used for Ireland is Meteor’s Connect €20, 18 month package.

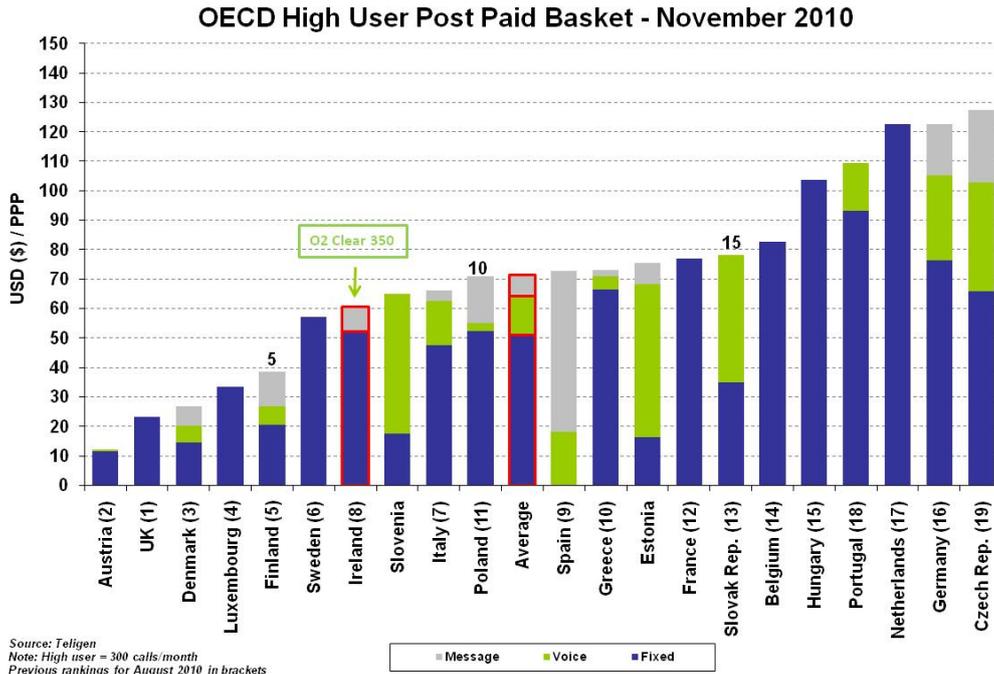
Figure 4.8.2.1 - OECD Medium User Post Paid Mobile Basket (100 calls)



### 4.8.3 High User Post Paid Mobile Basket

Ireland ranks in 7<sup>th</sup> place among the European countries benchmarked in the high user post paid mobile basket, up one place since August 2010. The Irish package in this basket is O2’s Clear 350 - Free on-net calls 18 month package. Ireland is four places ahead of the European average, and 15.2% lower than the average of the countries benchmarked.

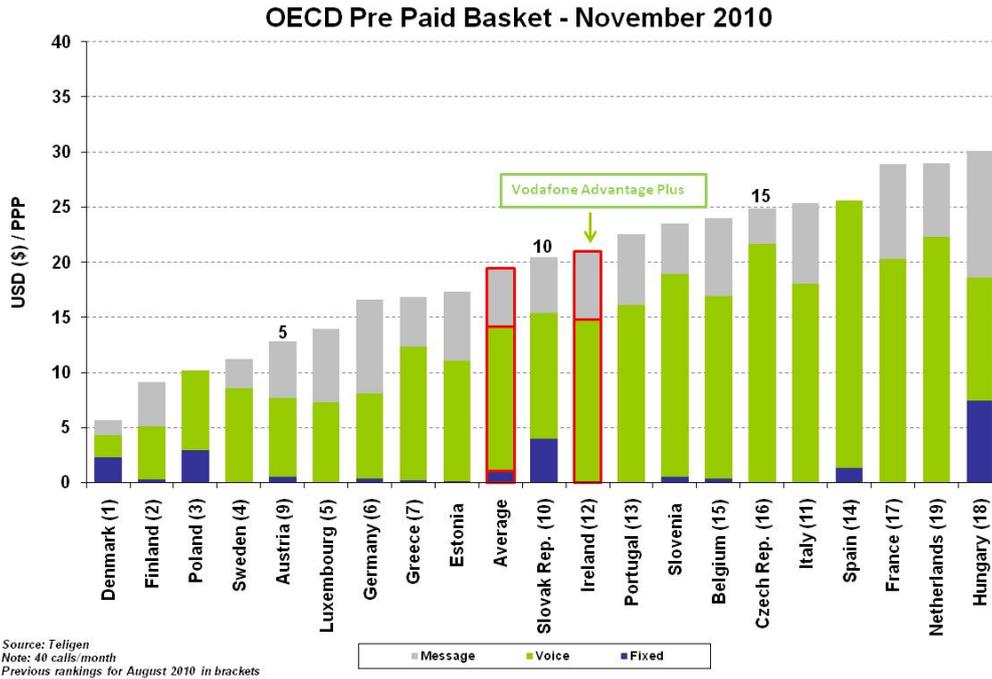
Figure 4.8.3.1 - OECD High User Post Paid Mobile Basket (300 calls)



### 4.8.4 Pre-Paid Mobile Basket

In the pre-paid mobile basket, Ireland is in 11<sup>th</sup> position among the benchmarked European countries. The package used for Ireland in this basket is Vodafone Advantage Plus on net calls and texts. Ireland is two places behind the average of the countries benchmarked and the cost of this basket in Ireland is approximately 7.3% more expensive than the average.

Figure 4.8.4.1 - OECD Pre-Paid Mobile Basket (40 calls)



## 5. Broadcasting

### 5.1 Overall Broadcasting Market

Data from the Nielsen TV Audience Measurement (TAM) Establishment Survey was first used in the Q4 2009 Quarterly Report for the broadcasting analysis in order to provide a comprehensive view of the TV market in Ireland.<sup>36</sup> The survey indicates that there are 1,593,000 TV homes in Ireland, which represents a 96% penetration rate of all households using a base of 1,653,000 households. Figure 5.1.1 shows the estimated number of TV homes by reception type between January 2009 and January 2011 on the basis of the reception method through which the highest number of TV channels is received. Homes which receive Irish terrestrial TV channels only have declined by 8.2% between January 2009 and January 2011. While multi-terrestrial TV homes and analogue cable/satellite TV homes declined over the period, by approximately 31.3% and 54.6% respectively, multi-total TV homes increased by 4.8% due to increases in digital cable/satellite TV homes (32.8%).<sup>37</sup>

**Figure 5.1.1 – TV Homes by Reception Type**

	January 2011	January 2009	January 2011 as % of Total TV Homes	% Change Jan '09 – Jan '11
<b>Reception</b>	(000s)	(000s)	%	% change
Irish Terrestrial	213	232	13.4%	-8.2%
Multi Total	1380	1317	86.6%	+4.8%
Multi Terrestrial	123	179	7.7%	-31.3%
Cable/Sat Analogue	132	291	8.3%	-54.6%
Cable/Sat Digital	1125	847	70.6%	+32.8%
Total Cable/Sat	1257	1138	78.9%	+10.5%
<b>Total TV Homes</b>	1593	1549		+2.8%
<b>RECEPTION:</b> This is determined by the channels the home receives.				
<b>Multi Total:</b> Made up of Multi Terrestrial homes plus Cable/Satellite homes and is therefore any home which receives more than just the four Irish terrestrial channels (RTÉ1, RTÉ2, TV3, TG4).				
<b>Irish Terrestrial</b> Homes which only receive the four Irish terrestrial channels (RTÉ1, RTÉ2, TV3, TG4).				
<b>Multi Terrestrial:</b> Homes which receive at least one of the UK channels (BBC, UTV, Channel 4, HTV, S4C, Channel 5), but do not receive any Cable/Satellite channels.				
<b>Cable/Satellite:</b> Homes which receive any Cable/Satellite channels (Sky One, Sky News, Sports channels, MTV, E4, Movie channels, etc.).				
<b>Digital:</b> Have digital reception either via satellite dish or cable service.				

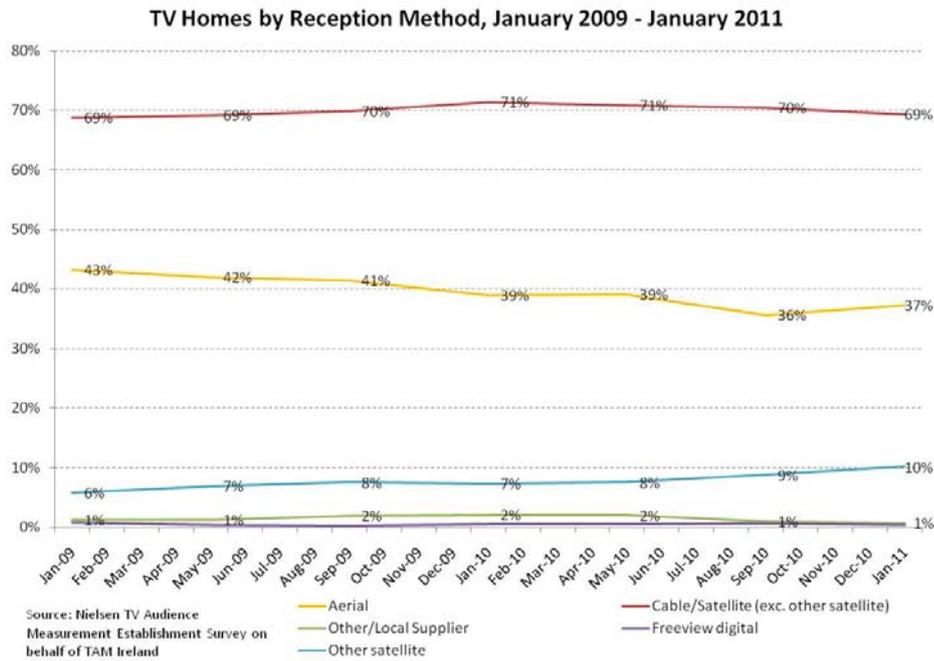
**Source:** *Nielsen TV Audience Measurement Establishment Survey on behalf of TAM Ireland*

<sup>36</sup> The Establishment Survey is a survey produced by Nielsen TV Audience Measurement (fieldwork is carried out by Behaviours and Attitudes) on behalf of Television Audience Measurement Ireland Ltd (a TV ratings body). The Establishment Survey covers areas such as ownership of TV related equipment, method of TV reception and demographics of TV household individuals such as age etc.

<sup>37</sup> MMDS (Multichannel Multipoint Distribution Service) is included under cable/satellite. MMDS is a wireless telecommunications technology, used usually in sparsely populated rural areas, where laying cables is not economically viable.

Figure 5.1.2 charts TV homes by reception method<sup>38</sup> from January 2009 to January 2011. The percentage of cable/satellite TV homes (this does not include other satellite i.e. respondents who said ‘don’t know’ and satellites that receive foreign language stations including freesat) have remained relatively stable over the last two years at 69%, while those homes that receive TV by terrestrial aerial have fallen by six percentage points. Other satellite has been increasing over the period, while other/local supplier (deflector/relay services) reception methods have fallen over the two year period.

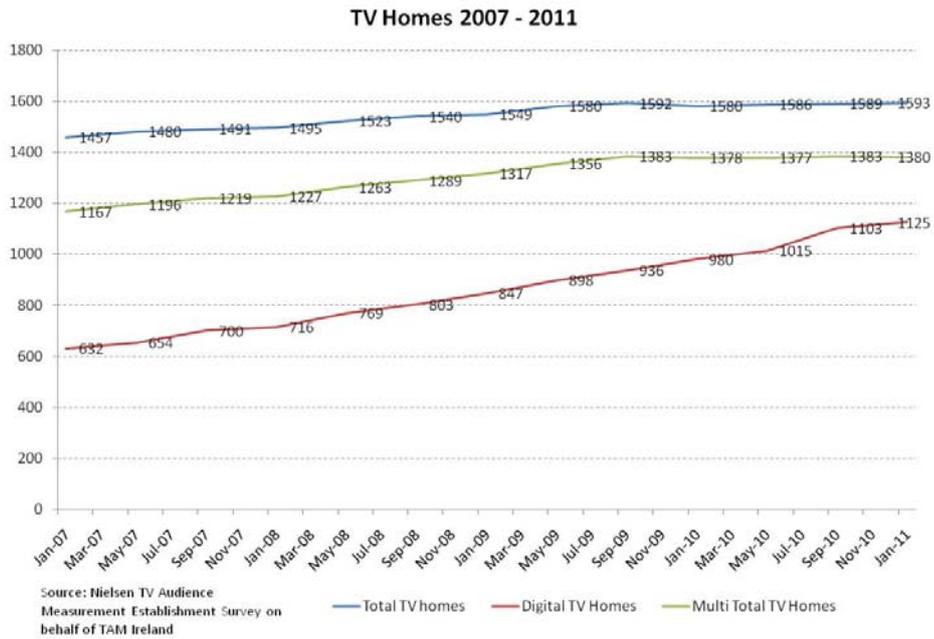
**Figure 5.1.2 – TV Homes by Reception Method**



38 This is determined by the method by which homes with a TV receive their channels. Each home can have more than one method of reception. e.g. aerial and cable or digital satellite, digital satellite and cable, etc. The question is asked for their main and up to 9 TV sets. For this reason, the total for the reception methods adds up to more than 100%.

Figure 5.1.3 shows that, despite a slight dip in late 2009, the total number of TV homes has continued to grow, increasing by 9.3% between January 2007 and January 2011. The growth in digital TV homes in the same period has been strong, increasing by 78%. The number of multi total TV homes<sup>39</sup> has also grown, increasing by approximately 18.3% over the period.

**Figure 5.1.3 – TV Homes January 2007 – January 2011**

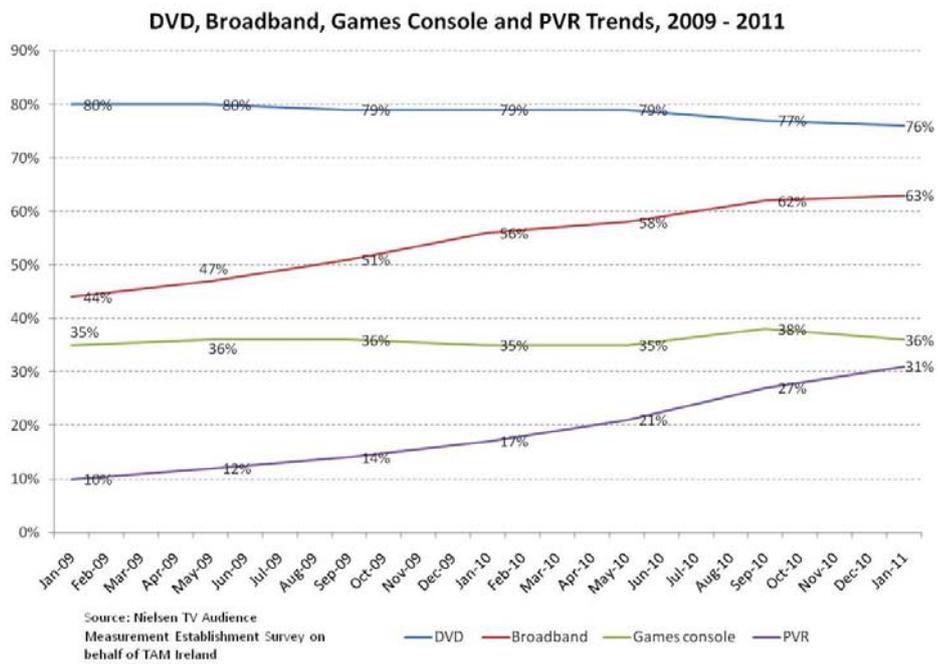


<sup>39</sup> This is determined by the channels the home receives and is made up of Multi Terrestrial homes plus Cable/Satellite homes and is therefore any home which receives more than just the four Irish terrestrial channels (RTÉ1, RTÉ2, TV3, TG4).

Figure 5.1.4 shows TV homes by DVD, broadband access, game console and PVR<sup>40</sup> ownership between January 2009 and January 2011. Almost eight in ten TV homes have a DVD player but this has been declining over the last two years. Broadband access continues to increase reaching 63% of homes with a TV in January 2011. The number of homes with games consoles have been relatively stable over the two year period and PVR ownership continues to increase, reaching 31% in January 2011.

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**Figure 5.1.4 – DVD, Broadband, Games Console and PVR Trends**



<sup>40</sup> A PVR is an electronic device used to record media digitally. The PVR is also known as a digital video recorder or DVR. A PVR records and plays back television programmes, but, unlike the VCR, it stores the programs in digital rather than analogue format, for example, SKY+Box, or UPC Digital Video Recorder.

Figure 5.1.5 shows the level of household penetration of pay TV services and terrestrial free to air TV services in Ireland based on the number of channels received. This chart has been derived by ComReg using Nielsen data and is not a classification used by Nielsen or a classification used as part of the survey itself. Pay TV homes (cable and satellite TV homes) have increased at the expense of terrestrial free to air TV homes (Irish terrestrial and multi terrestrial TV homes) over the reported period. It should be noted that the proportion of pay TV homes is likely to be over-stated as it may include free to air type satellite services such as freesat, where an initial payment is made but there are no recurring payment fees.

**Figure 5.1.5 – Pay TV vs Terrestrial Free to Air TV Homes, 2009 - 2011**

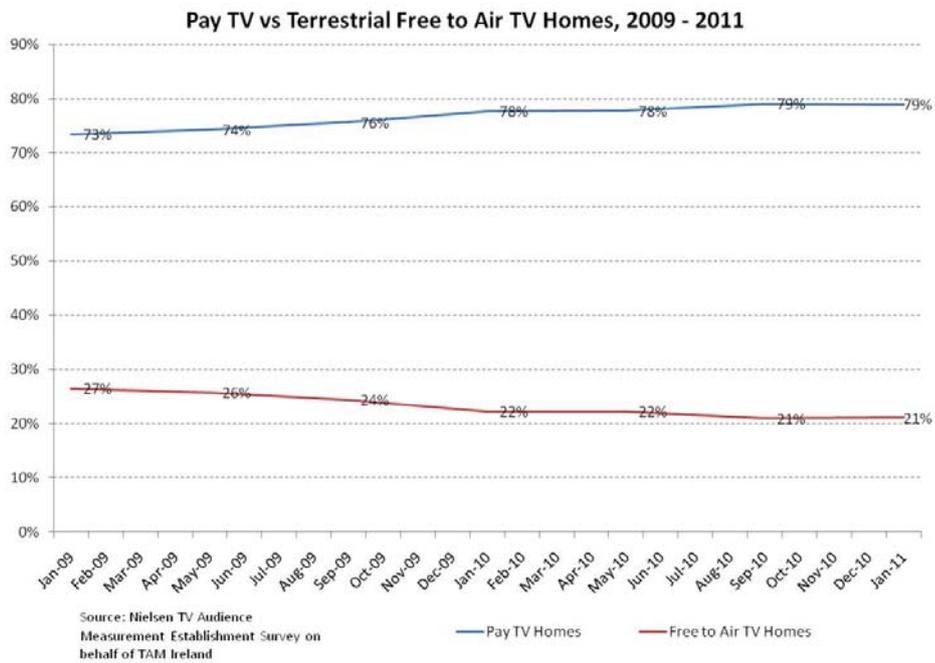
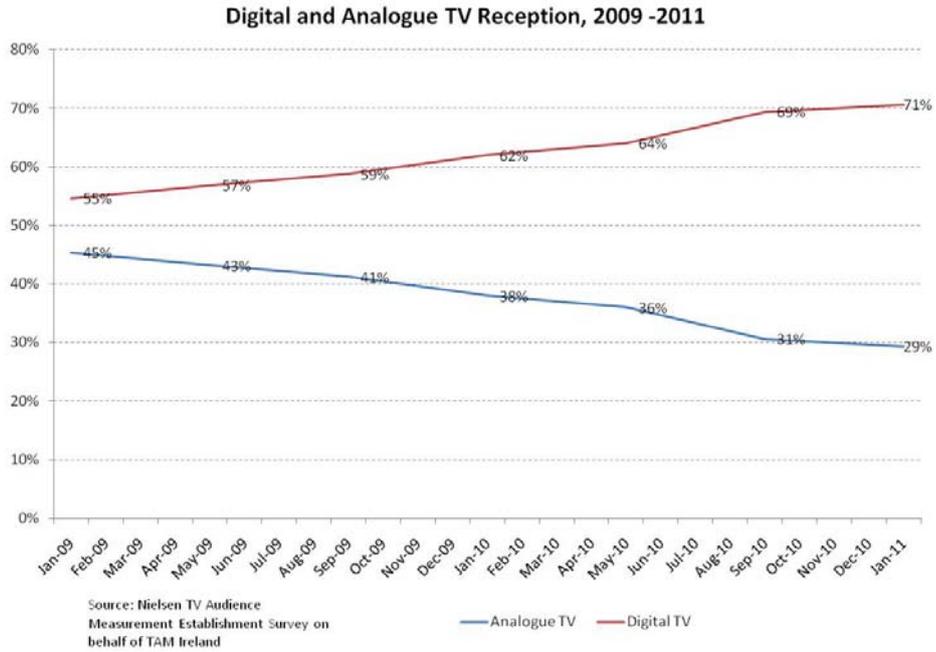


Figure 5.1.6 shows the proportion of digital to analogue TV reception methods in Ireland across all platforms. Digital TV reception (71%) continues to increase at the expense of analogue TV reception (29%).

**Figure 5.1.6 – Digital and Analogue TV Reception, 2008 - 2011**



## 6. Appendix

Aggregated SB-WLR Performance Statistics, as supplied by Eircom, are published in accordance with ComReg Decision Notice (07/61) Section 6.6 (vii).

### Performance metrics: Q4 2010

Oct-10

Order Type	% Orders Validated within Performance Target	Orders Delivered	% Orders Delivered within Performance Target
DR	-	10198	99.93%
LE	-	3214	96.86%
PW	-	6730	99.75%
LNV/LTI/MI	-	1001	99.40%
LNV/LTI/MI	-	1014	99.90%
CL	-	2944	99.83%
LNN/LTN/MN	100.00%	205	95.12%
CH	-	1602	99.81%
CN	-	113	97.35%
CM	-	1566	99.94%
FA	-	6	100.00%

Nov-10

Order Type	% Orders Validated within Performance Target	Orders Delivered	% Orders Delivered within Performance Target
DR	-	11874	99.87%
LE	-	3312	97.89%
PW	-	8540	99.78%
LNV/LTI/MI	-	1082	99.17%
LNV/LTI/MI	-	1082	99.91%
CL	-	3219	99.84%
LNN/LTN/MN	98.35%	297	96.97%
CH	-	1694	99.47%
CN	-	83	98.80%
CM	-	1031	99.90%
FA	-	15	86.67%

Dec-10

Order Type	% Orders Validated within Performance Target	Orders Delivered	% Orders Delivered within Performance Target
DR	-	15986	99.85%
LE	-	1728	99.77%
PW	-	6421	99.71%
LNV/LTI/MI	-	746	99.02%
LNV/LTI/MI	-	746	99.80%
CL	-	1870	99.63%
LNN/LTN/MN	92.16%	183	95.71%
CH	-	1620	99.53%
CN	-	98	98.44%
CM	-	303	99.97%
FA	-	5	100.00%

Count of Time Interval	SB-WLR Repair performance metric Qrt 4 Oct - Dec 2010		
QRT 4 2010	Percentage of faults		
	<=2	<=5	<=10
Grand Total	76.07%	95.10%	99.66%

## Glossary

<b>DR</b>	Data request: supply of list of numbers, DDIs/MSNs and Ancillary Service for a customer account
<b>PW</b>	Provide Wholesale Line Rental (WLR) and Carrier Selection (CS)
<b>CH</b>	Modify or provide Ancillary Services
<b>CL</b>	Cease Line
<b>LTN</b>	Provide WLR and Carrier Pre-Selection (CPS) and additional line to a specified Customer Account (Non-Insitu)
<b>LNI</b>	Provide WLR and Carrier Pre-Selection (CPS) and new line to a new Customer Account (In-Situ)
<b>LTI</b>	Provide WLR and Carrier Pre-Selection (CPS) and additional line to a specified Customer Account (In-Situ)
<b>LNN</b>	Provide WLR and CPS and new line to a new Customer Account (Not In-Situ)