ComReg Trends Report Q1 2005

March 2005

Prepared by Amárach Consulting

Contents

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Introduction

Introduction

- The research contained in this report is based on a quarterly survey by Amárach Consulting of 1,000 adults throughout Ireland, aged 15-74.
- The survey was conducted from January 28th - February 23rd 2005, and the results have been weighted up to the total adult population aged 15-74 using the most recent CSO statistics.
- We used a booster sample of 250 adults in the border counties (Monaghan, Leitrim, Louth, Donegal and Cavan) for our commentary on mobile phone usage on the border.
- This quarter's report looks at trends in:
  - Fixed & Mobile Phone Usage
  - Internet Usage
  - Digital Television
  - Mobile phone usage in the Border Counties
- In presenting the findings we have taken care to report the sample sizes for each question analysed and we would draw the reader's attention to the table at the end of this report explaining the statistical variance applicable to all survey based studies of this nature.

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Fixed Phone Usage

Communications Technology Change

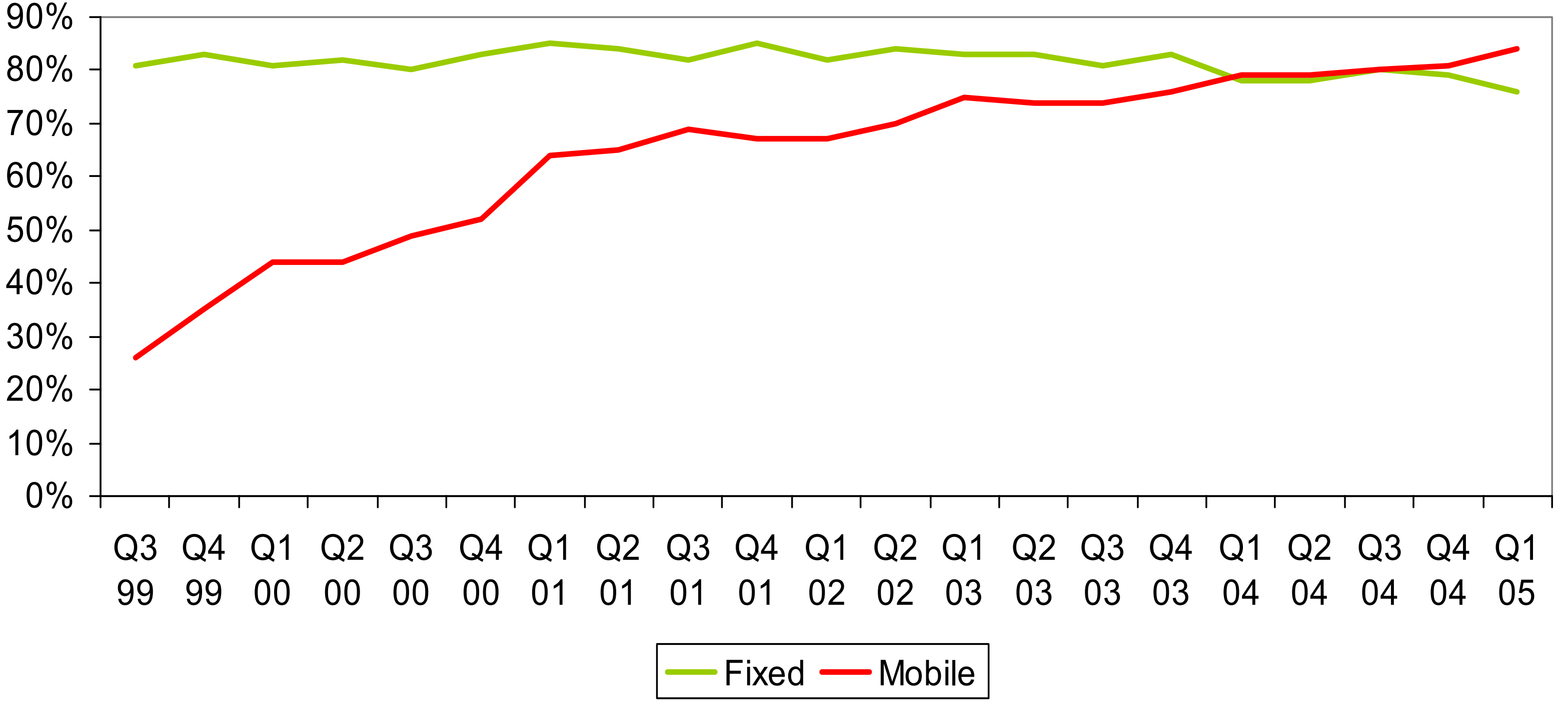
- Amárach has been tracking trends in information and communications technologies (ICTs) in Ireland for over 5 years.
- The single biggest change in that period of time has been the continued growth in mobile penetration
- In this current wave we see fixed line phone penetration continue to lag behind mobile phone penetration, particularly among those aged between 25-34, C2DE's and those who are single.
- It is likely that this trend will continue and almost seven in ten of those with no fixed line phone do not intend to get one because of their current mobile phone subscription – this trend is mainly among young people and this pattern will continue into the future.
- As we report the first quarter of 2005, we emerge from a year which did not experience a massive sea change in trends from the previous year, however we envisage that ICT trends in 2005 will continue to form and develop – especially with the outstripping of fixed line phones by mobile phones and the continuing pick-up of broadband.

Fixed and Mobile Now Level

91% of those who have a fixed line residential telephone, have only one fixed line in their household

Mobile Level: 84%
Fixed Line Level: 76%

% of Consumers with Fixed Line Phone vs. % with Mobile Phone



Source: Comreg Trends Survey, 1999-2005

NB: Survey results relate only to mobile users 15-74, and do not account for multiple mobile subscriptions

Why No Fixed Line?

What is your main reason for not having a fixed line telephone in your house?	%
Have a current mobile subscription	66%*
Fixed line call costs are too high	11%
In rented accommodation	7%
Cost of connection and line rental too high	6%
Easy access elsewhere	2%
Plan to get fixed line in the next six months	2%
Other	3%
Don't Know / Not my decision	4%

***Having a current mobile subscription has increased from 50% since the last wave (Q4 2004). This is particularly evident among 25-34 year olds.**

n=235 (those who don't have a fixed line residential phone)

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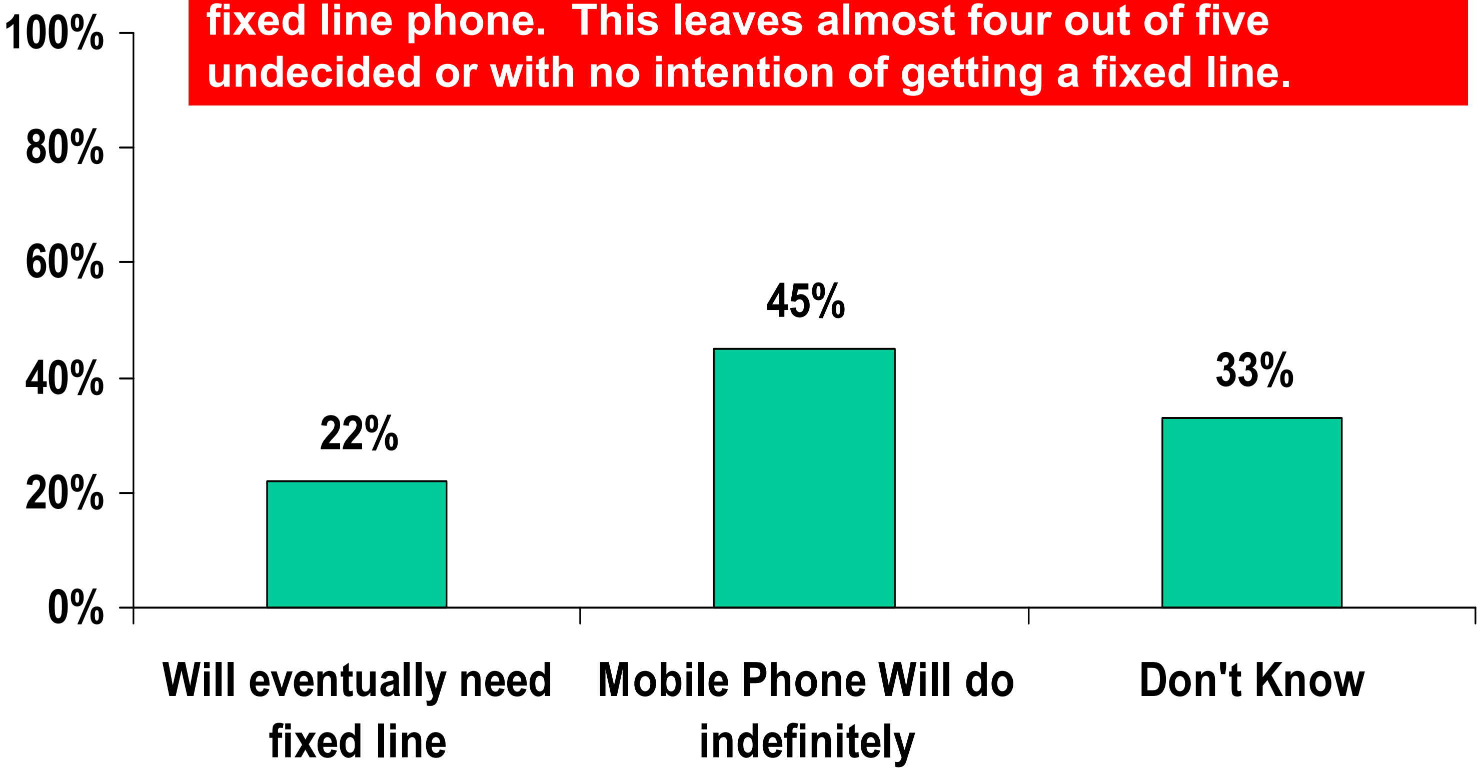
Low Intention of Getting Fixed Line Phones

Just over one in five of Irish adults who use their mobile phone instead of a fixed line feel they will eventually need a fixed line phone. This leaves almost four out of five undecided or with no intention of getting a fixed line.



n=154 (those who use their mobile phone instead of their fixed line phone)

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Recent Fixed Line Installation

- Six percent of those who have a fixed line phone, had their phone installed in the last year – mainly in the 25-34 year old age brackets.
- Just over half (52%) of those who had their phone line installed last year were satisfied with the service they received when they installed their phone line, while just over one in ten (11%) were dissatisfied.

Note: small base *n=43 (those who have had a fixed line installed in the last year)*

Residential Service Providers

Which, if any of the following companies do you use for your residential phone services?	
eircom only	81%
Smart Telecom	5%
Esat BT	3%
Other (these include Chorus, Vartec, Cinergi, Tele 2, Newtel)	8%
Don't Know	4%

- Seven in ten households have not considered switching their residential telephone service provider in the last three months.
- Over half of those (51%) with a fixed line phone say they will not switch to another residential service provider in the next three months.

 n=780 (those who have a residential fixed line phone)

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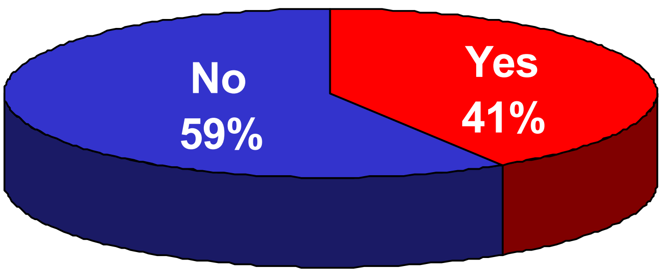
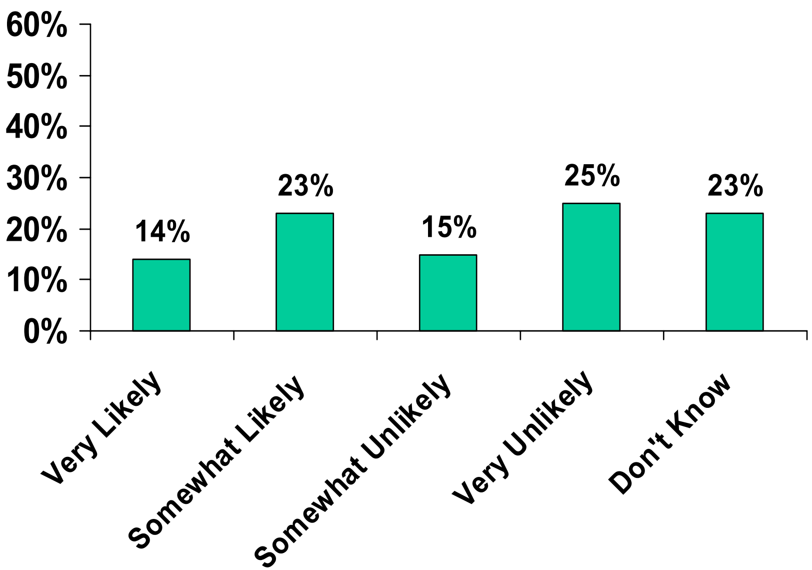
Single Billing

Over four in ten of those with a fixed line phone are aware of single billing, however, 40% of respondents are unlikely to switch suppliers based on the availability of single billing.

Are you aware of single billing?



Would the availability of single billing be likely to influence your decision to switch supplier?



 n=780 (those who have a residential fixed line phone) *n=322 (those aware of single billing)*

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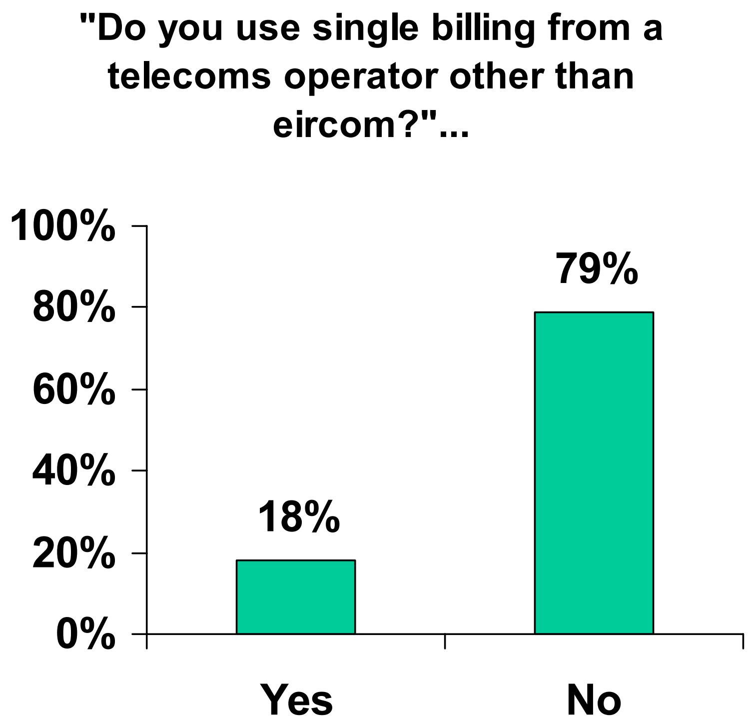
Single Billing



- Almost nine of ten of those who use single billing with an operator other than eircom are satisfied with their offer.
- Almost six in ten of those who use single billing with an operator other than eircom switched supplier to avail of this offer*.
- Those who switched supplier to avail of single billing were mainly Dublin based and aged between 25-34 years old.

n=322 (those who are aware of single billing)

Note: Small Base

Fixed Phone Costs

The average bi-monthly fixed phone bill for Irish adults is €102

How much did you spend last month on your fixed line phone?	%
Up to €50	14%
€51 €75	13%
€76 €100	18%
More than €100	28%
Refused/Don't Know/Not Stated	28%

 (n=780, those with a residential fixed line phone)

Mobile Phone Usage

Why No Mobile Phone?

What is your main reason for not owning a mobile phone?	%
Have a current fixed line subscription	23%
Mobile call costs are too high	14%
Plan to get a mobile in the next six months	12%*
Health Concerns	8%
Mobile Handsets are too expensive	6%
Easy access elsewhere	3%
Poor network coverage in my area	3%
Other	25%

71% of these are aged 15-24

n=162 (those who do not have a mobile phone)

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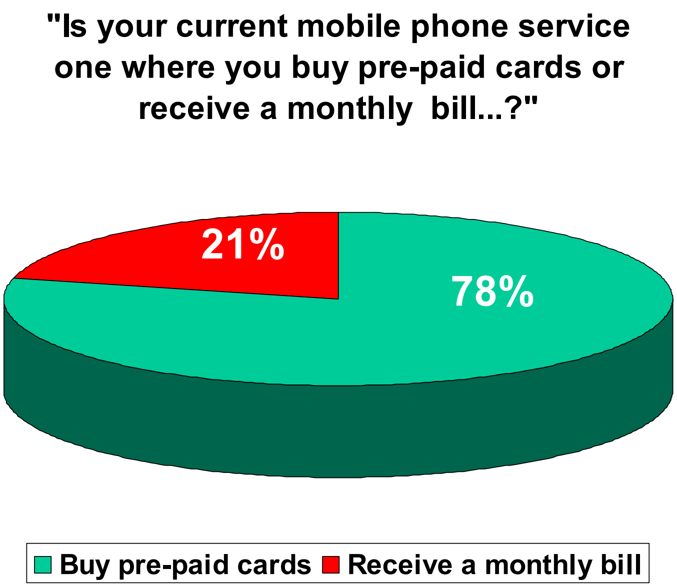
Mobile Phone Service



- According to the Comreg quarterly review data report Q4 2004, current mobile market share shows that Vodafone have 51% market share, O2 have 40% and Meteor hold 9%.
- More females (85%) than males (72%) have pre-paid phones rather than post-paid bill contracts.
- 95% of 15-24 year olds buy pre-paid cards as opposed to receiving a monthly bill compared to 70% of 35-44 year olds.
- Receiving a monthly bill is more common among ABC1's than C2DE's.

(n=853 those who have a mobile phone)

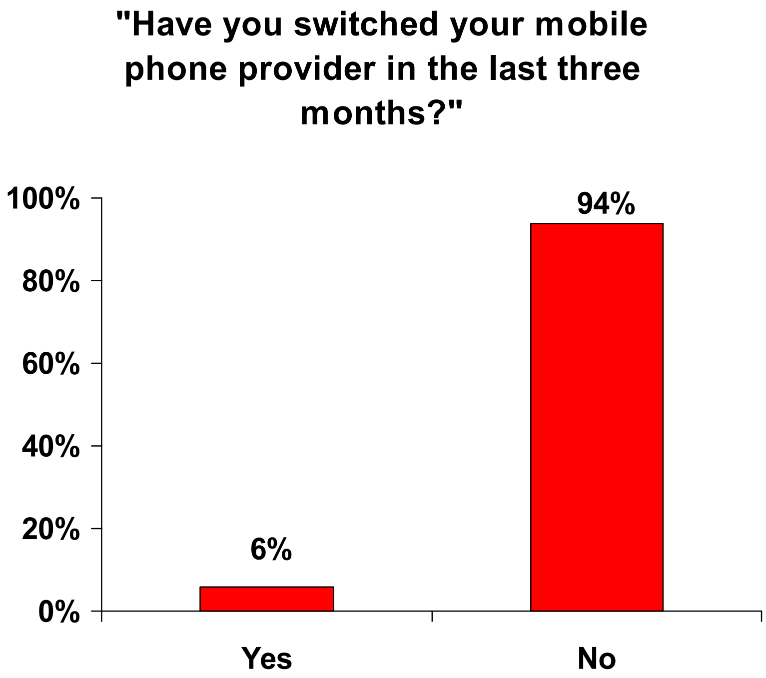
Mobile Phone Costs

The average monthly mobile phone bill for Irish adults is €53

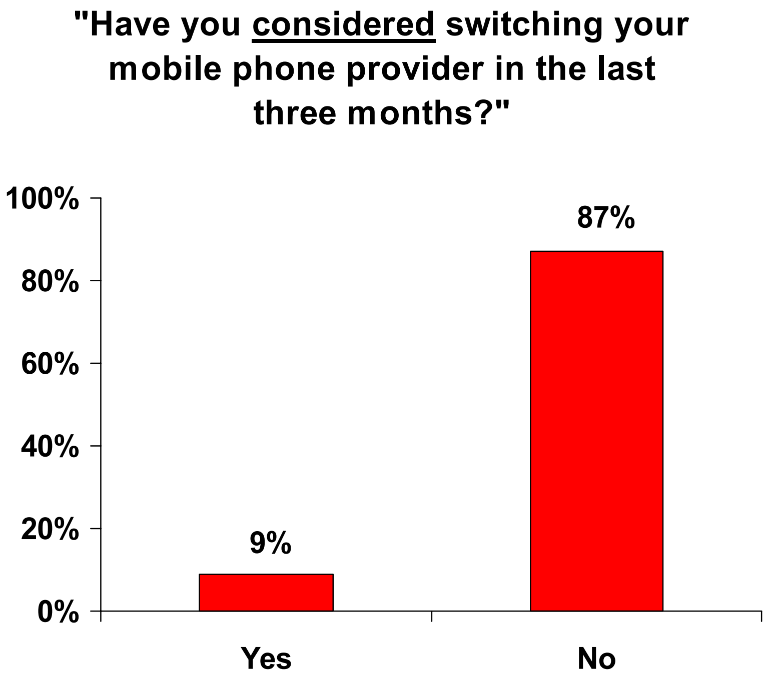
How much did you spend last month on your mobile phone?	%
Up to €25	25%
€26 €49	29%
€50 €99	30%
€100 €149	7%
€150 199	2%
More than €200	1%
Refused/Don’t Know/Not Stated	6%

(n=853 those who have a mobile phone)

Switching Providers



(n=843 those who have a mobile phone)



(n=799 those who have a mobile phone but who haven't switched provider in the last three months)

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New Mobile Services

Irish adults between 15-24 are the main users of Vodafone Live!

Are you using any of the following services?	%
Vodafone Live	11%
O2 Active	5%
Vodafone's 3G Service	3%
Don't Know/Not Sure	8%
Not using any of these	75%

- Almost four in ten Irish adults (38%) are aware of 3G phones, mainly aged between 15-34 years old.
- Of those aware of 3G phones, almost one in five (18%) are likely to get one of these in the next three months – these are mainly aged between 15-34.
- Almost six in ten of those do who do not intend to get a 3G mobile phone in the next three months say that they are happy with their current handset and over one in five (22%) say 3G phones are too expensive.

(n=853 those who have a mobile phone)

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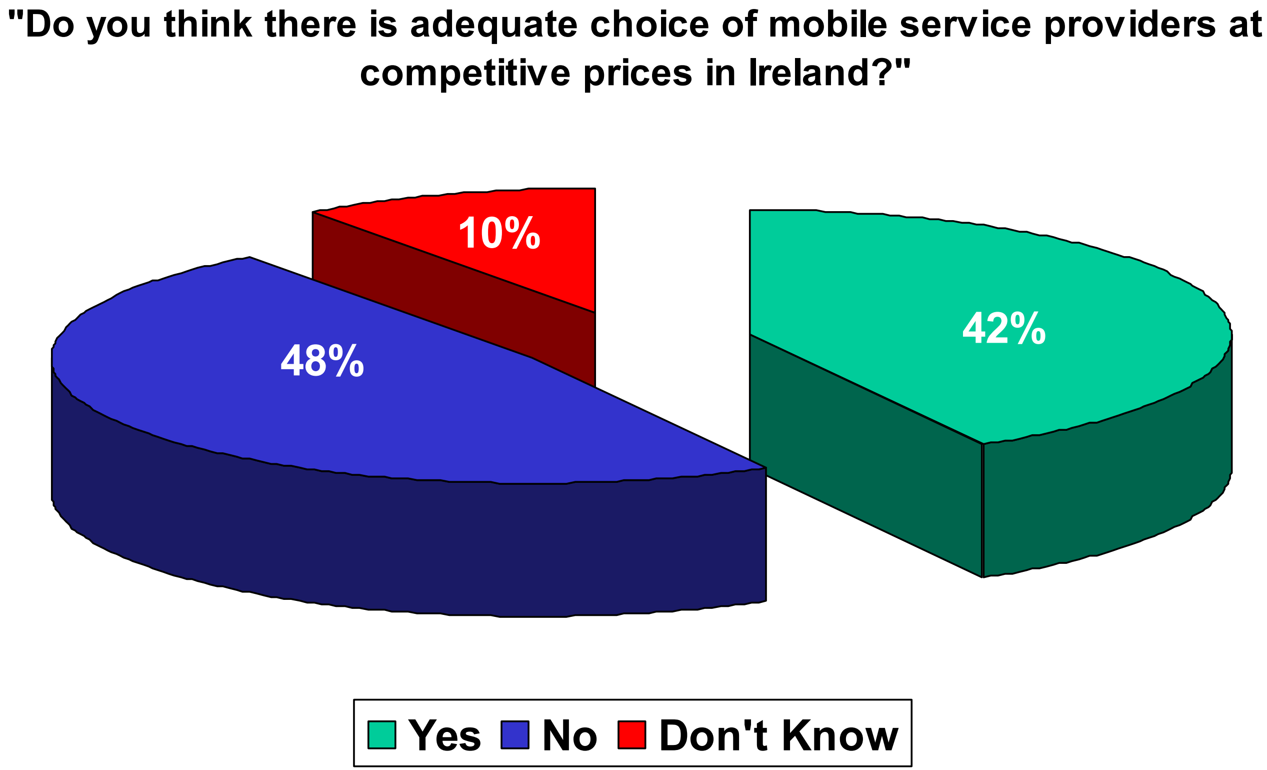
Enough Mobile Competition?

Almost half of Irish adults think there is not an adequate choice of mobile service providers at competitive prices in Ireland.



(n=853 those who have a mobile phone)

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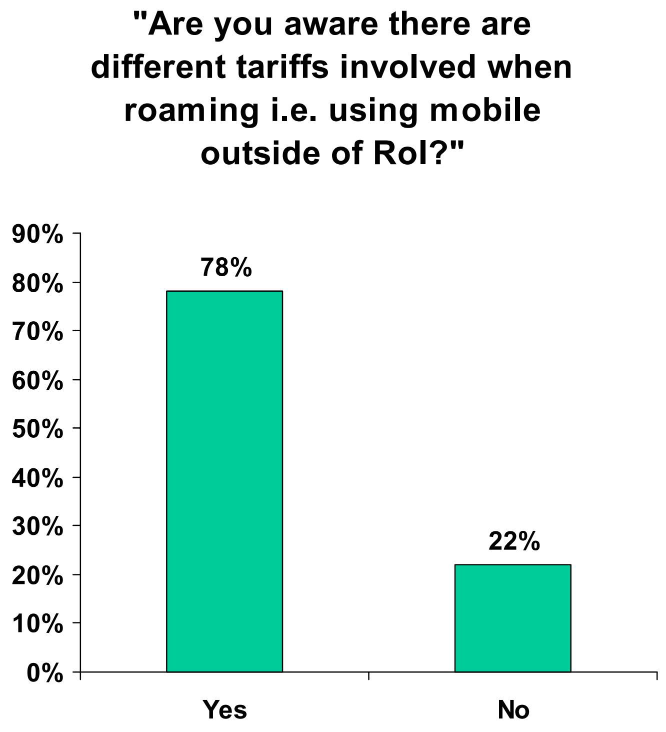
Border Booster Sample – Roaming Calls for NI

Roaming Tariffs



How often, if ever, have you used your mobile phone when visiting Northern Ireland?	%
Every Time	8%
Most of the Time	25%
Sometimes	32%
Once	3%
Never used mobile phone	28%
Have never visited NI	4%

(n=249, those with a mobile phone)

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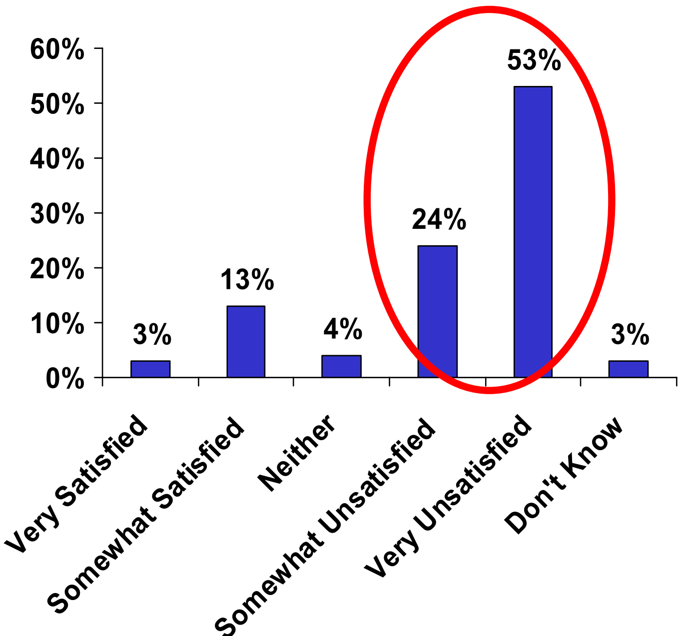
Roaming Tariffs

Almost half of those who have a mobile phone do not know the cost of using their mobile phone in NI. Of those aware of the costs almost eight in ten are somewhat or very dissatisfied at the costs of making calls whilst in NI.

Which of the following best describes how much you know about the cost of using your mobile phone in NI?	%
I know **exactly** how much it costs	8%
I know **roughly** how much it costs	31%
I **don't really know** how much it costs	48%
N/A	13%

(n=249, those who have a mobile phone)

"How satisfied are you with the cost of making mobile phone calls whilst in NI?"



(n=96, those who know about the cost of using mobiles in NI)

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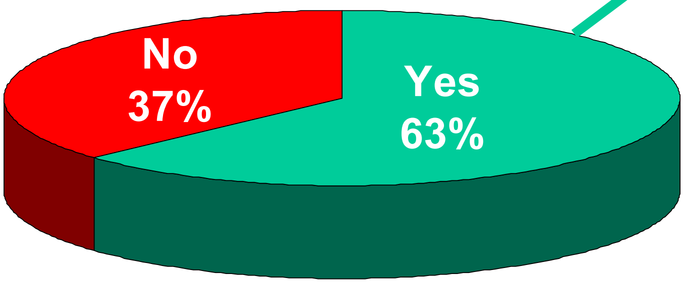
Mobile Phone Service

"Has your handset ever received a NI signal while in RoI?"



Breakdown of County where handset received a NI signal while in ROI?	%
Monaghan (n=29)	80%
Leitrim (n=13)	70%
Louth (n=46)	66%
Cavan (n=18)	46%
Donegal (n=53)	61%

Note: small base on sub-sample

(n=249 those who have a mobile phone)

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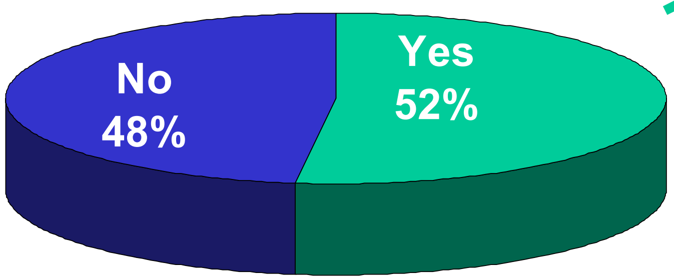
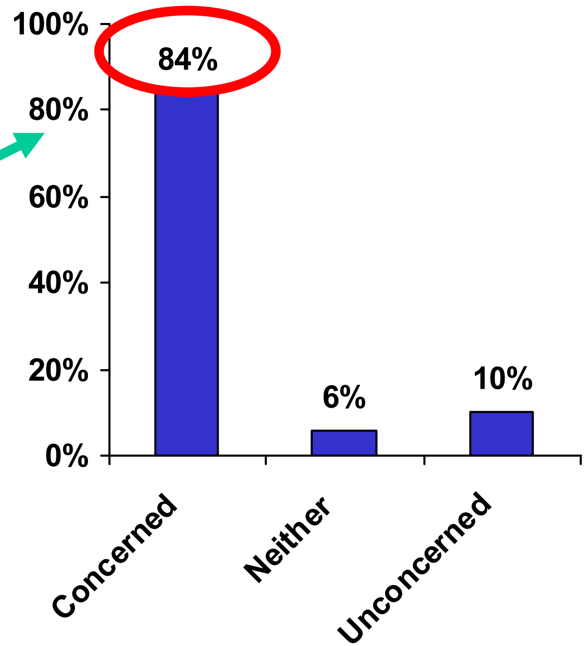
Mobile Phone Service

Almost nine out of ten of those with a mobile phone have never been provided with advice from their provider on what to do if their phone picks up a signal from NI whilst in ROI.

"Did you make or receive calls whilst the handset had a Northern Ireland network signal whilst in the Republic of Ireland?"



"How concerned are you that you may have been charged more for using a NI network whilst in the ROI..."



(n=80 those who made/received calls whilst phone had NI signal while in ROI)

 (n=163 those who have received a signal from NI while in ROI)

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Internet Usage

Internet Usage

- Internet usage remained relatively stable throughout 2004 and we expect this to remain the case throughout 2005. Home Internet penetration levels are currently at 36%. This is within the margin of error for current internet penetration as reported by the CSO in Q404 of 38.2%
- It should be noted that internet penetration in this wave was queried only of those who had a PC within the home.
- Home connection to broadband has also increased substantially from the previous quarter and correspondingly standard telephone line/regular dial-up has decreased from the last wave suggesting migration in the marketplace is taking place and Internet penetration may be coming to a saturation point in the Irish market.

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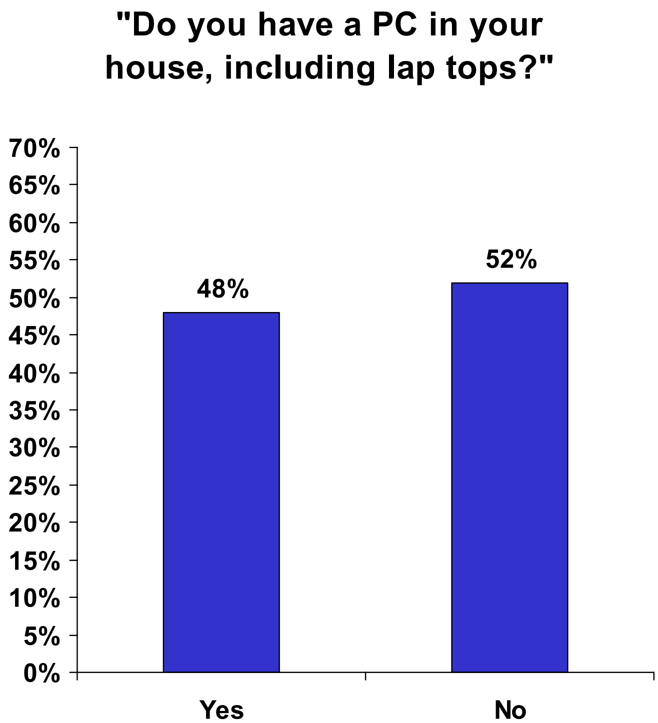
Household PCs



- Almost half (48%) of Irish households have a PC in their home – of these almost nine out of ten have one PC and one in ten households have over two PC's.
- 78% of ABC1's who have a PC in their homes have Internet Access.
- According to the latest CSO figures (Q4 2004), home Internet penetration currently stands at 46% (this is Internet usage from any location).

(n=1015)

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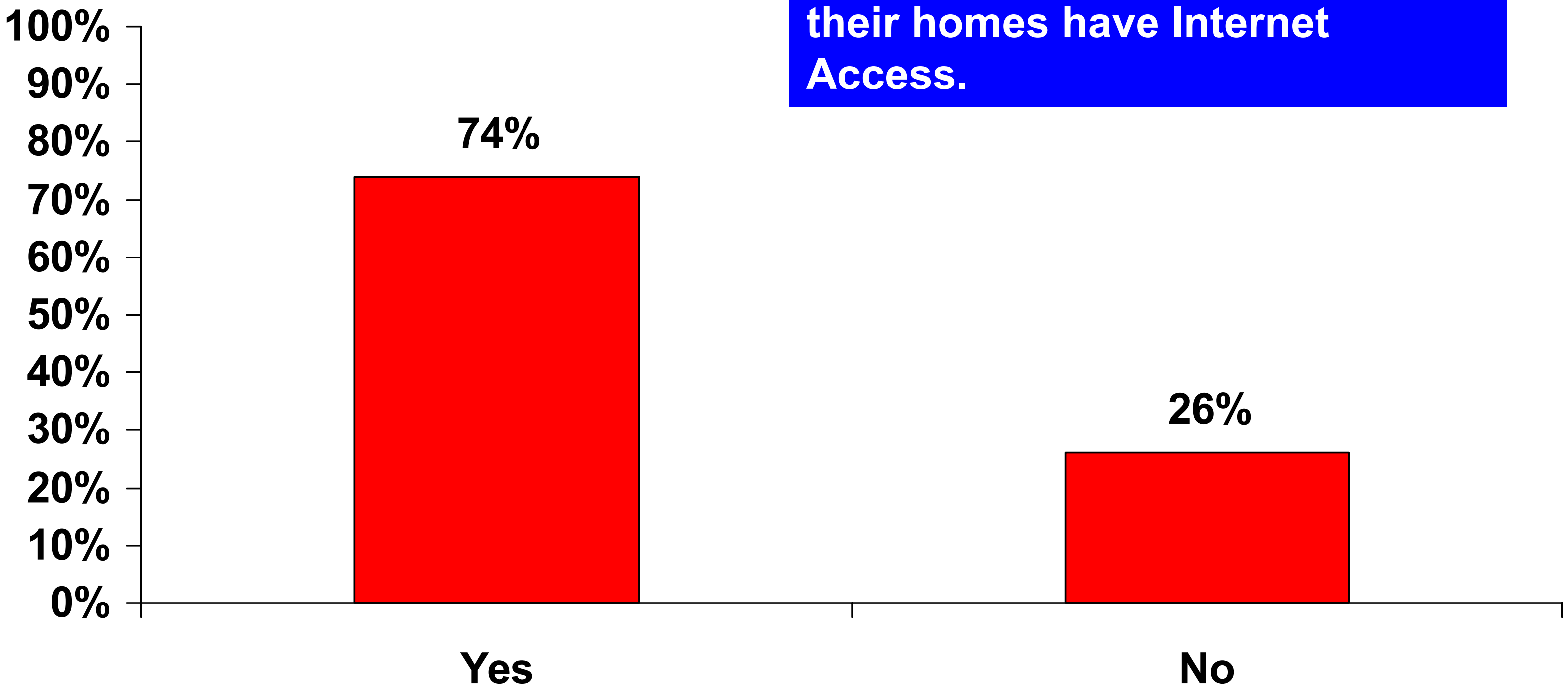
Home Internet Access



78% of ABC1's who have a PC in their homes have Internet Access.

(Note: 74% of those who have a PC at home have home Internet access)

(n=488, those who have a PC at home)

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Home Internet Rejecters

Why do you say you won't get the Internet at home?	%
Don't Need it	49%
Already have access from work/college/another location	35%
Too expensive	10%
Lack of skills	9%
Lack of useful content/services	2%
Other	4%
Don't Know	3%

n=44, those not intending to get home Internet access in the future

Note: Small base

Home Internet Connections

The average Internet bill per month (excluding the line rental) is €34.

How does your household connect to the Internet?	Q4 03	Q4 04	Q1 05
Standard telephone line/Regular dial-up	84%	73%	63%
ISDN line	7%	8%	15%
ADSL /Broadband connection	2%	6%	16%
Broadband via a Cable modem connection	1%	9%	2%
Through a mobile phone via WAP or GPRS	0%	1%	0%
Other	-	1%	-
Don't know	5%	3%	3%

Base: All those with home Internet access (n=363)

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Home Internet Connection Payment Plan

Which one of the following options best describes your home Internet connection payment plan with your main ISP?	**Q4 04 %**	**Q1 05 %**
Pay as you go – pay only for time spent online	55%	58%
Pay a monthly subscription cost to your ISP and then pay for time spent online	15%	9%
Broadband flat rate	12%	14%
Dial-up flat rate	6%	6%
Don't Know	13%	12%

Base: All those with home Internet access (n=363)

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eircom Remains Dominant ISP for Narrowband

Who is your Internet Service Provider? (those who do not have broadband Internet connection)	Q4 04	Q1 05
eircom	87%	86%
Esat BT	6%	3%
UTVnet	1%	1%
Chorus	0%	0%
Other	6%	6%

Base: All those who don't use any broadband type connection to Internet (n=295)

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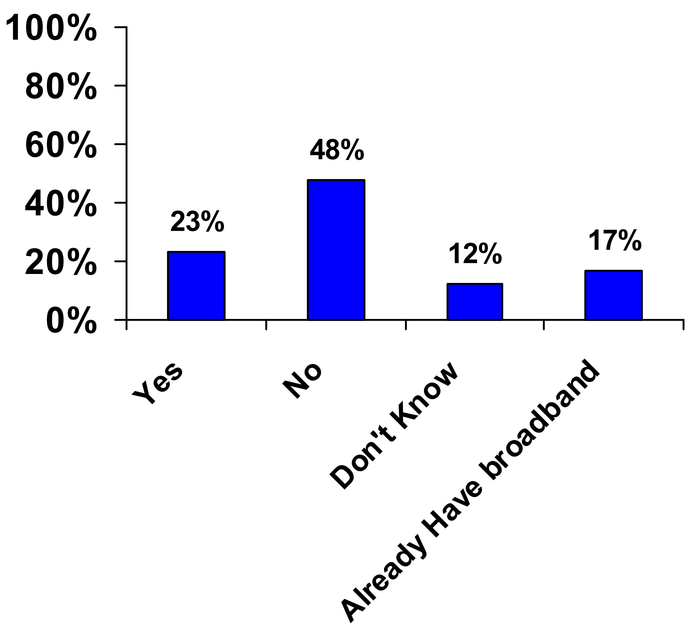
Broadband Consideration

Have you considered moving to a broadband connection for your Internet access?



Base: All those with home Internet access (n=363)

What factors would encourage you to move from a dial-up Internet connection to a broadband Internet connection?	%
Better Price/VFM	57%
Higher Speeds of connection	49%
Higher capacity available for upload/download of information	46%
No need to dial-up to connect each time	30%
No limits on the amount of information that can be downloaded	22%
Quick installation time	21%
Good quality of service	20%
Good customer service	12%
Access to service level agreements	4%
Other	3%

Base: those who have considered moving to a broadband Internet connection (n=84)

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Broadband Consideration

Barriers to the take-up of broadband seem to be demand driven factors i.e. lack of consumer interest or current offerings catering for consumer needs. Further innovative demand driven initiatives and strategies are key to consumers migrating to broadband connections.

Why have you not considered moving to a broadband Internet connection?	**%**
Would not use the Internet often enough	22%
Current Internet access package sufficient for my needs	17%
Broadband not available in my area	14%
Too expensive	10%
Security concerns	1%
Don't Know/Not my decision	41%

Base: those who have not considered moving to broadband (n=279)

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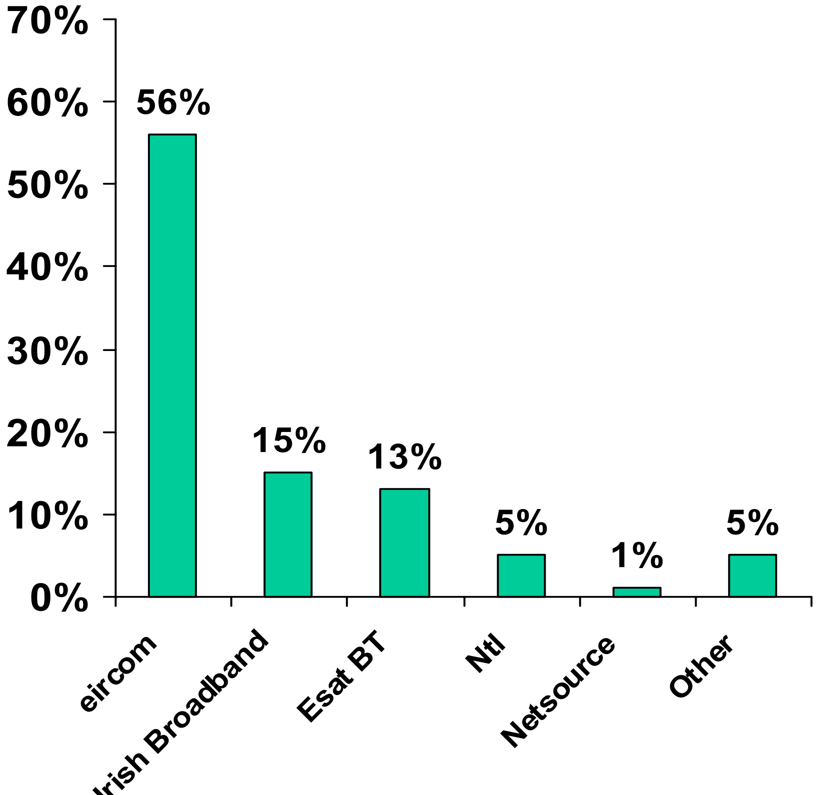
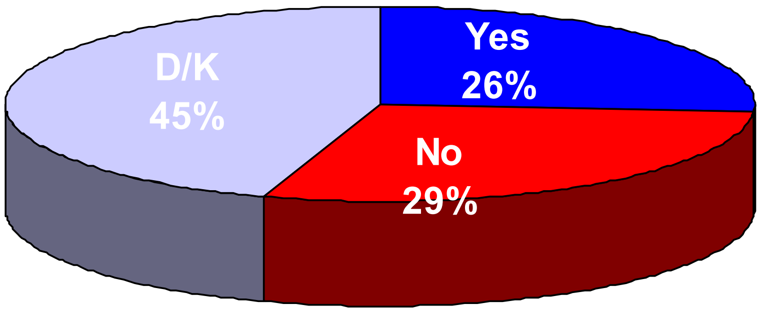
eircom Dominant Broadband Provider



Do you have a choice of operators for broadband services in your area?



Note: Small Base

All those whose household connects to the Internet by DSL, cable, other wireless or satellite broadband (n=68)

Base: All those with home Internet access (n=363)

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Broadband Customers

Why did you subscribe to a broadband Internet service?	%
Flat fee – always on the Internet	41%
Promotional offer from supplier	28%
Able to use phone and Internet simultaneously	23%
High download speeds	21%
For work purposes	16%
An upgrade from previous narrowband service	4%
Other	12%
Don't Know	11%

Note: Small Base

All those whose household connects to the Internet by DSL, cable, other wireless or satellite broadband (n=68)

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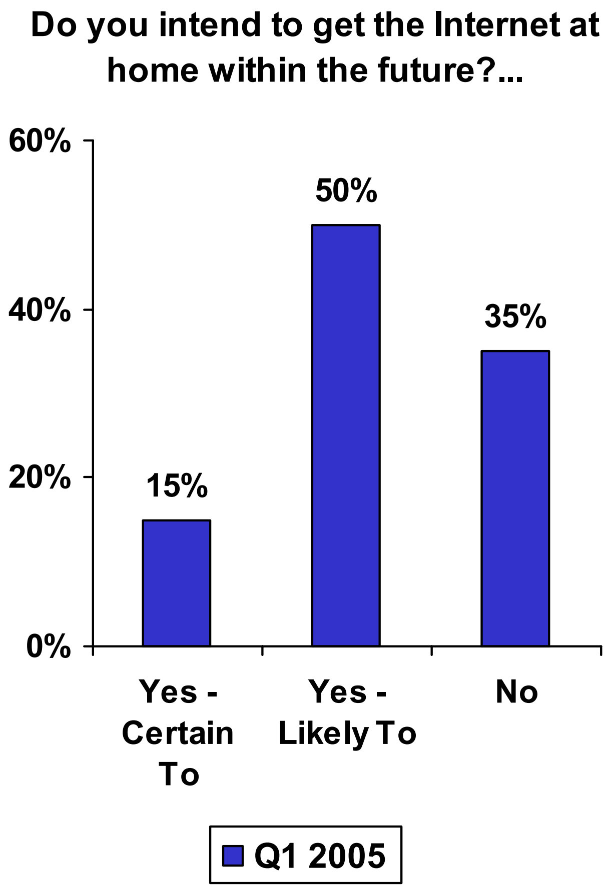
Intention to Start Using the Internet



- Over six in ten Irish adults (65%) who do not currently have access at home intend to get the Internet at some point in the future.
- Those most likely to do so were aged between 25-34 and from Leinster.

Base: Households with no Internet access n=125

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Broadcasting

Broadcasting

- Satellite and cable television is on the increase from the last quarter.
- Sky is the biggest digital television provider in the Republic of Ireland.
- Purchasing of products/services through digital television has not taken off so far in the Irish market.

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Cable and Satellite Penetration Increases

How do you receive your television service?	Q2 2004	Q3 2004	Q4 2004	Q1 2005
Cable/MMDS from Ntl / Chorus	39%	41%	43%	44%
External aerial or TV's own aerial	36%	35%	36%	28%
Satellite dish	27%	24%	22%	25%
Community mast/deflector	3%	2%	3%	2%

(n=1,015)

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Television Services

What are your reasons for not subscribing to a Pay TV service?	%
Satisfied with current service/TV options	38%
Too expensive	29%
Do not watch enough TV to receive value	23%
No availability in my area for Pay TV	10%
Not aware of options for Pay TV	5%
Other	12%

(n= 333, those who don't receive TV service through cable/satellite)

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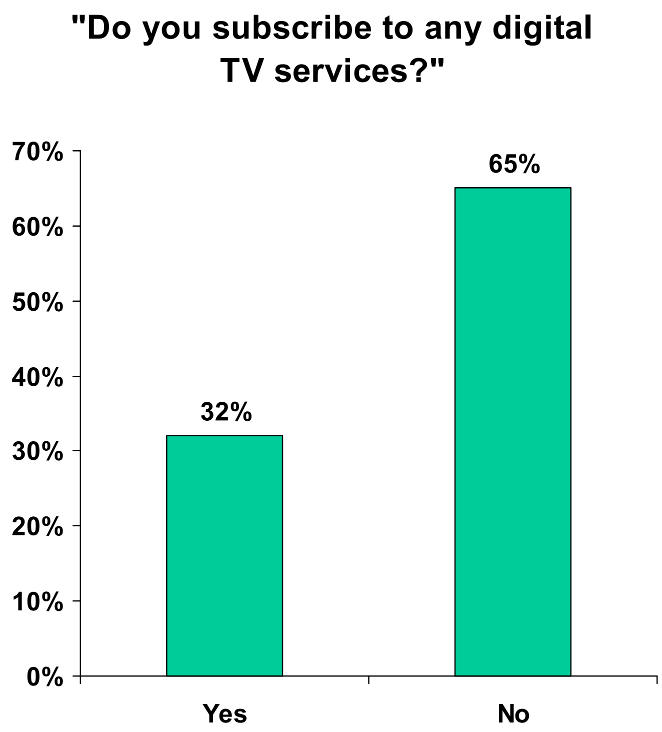
Digital Television



Digital TV services are most popular amongst those in Munster and those who are married.

Who is your digital television provider?	%
Sky	67%
Ntl	18%
Chorus	15%

(n=1015)

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Digital Television Expenditure

- Almost one in ten people (7%) who subscribe to digital television services have used digital television to purchase a product or service at their own expense within the last three months.
- The most popular type of product purchased was the Pay per view movie, with Pay per view sport proving to be the second most popular purchase.
- Over half of those using digital TV to purchase a product/service in the last three months spent up to €25 on their purchase.

Note: small base

(n= 22, those who used digital TV to purchase products and services)

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Conclusions

The Forward March of Technology

- The first wave of Consumer Trends for 2005 sees the trend continue of mobile voice telephony extending its market penetration beyond that of fixed line telephony.
- We are also witnessing the more advanced take off stage for broadband internet access – a trend which will continue to gather pace throughout 2005.
- However, in this wave broadband appears not to be contributing to a net growth in internet access and instead merely substituting among existing users.

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independent insight

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Appendix: Note on Methodology

Methodology

- 1,015 people surveyed aged 15 – 74.
- Fieldwork conducted: 28th January – 23rd February 2005.
- Nationally representative survey with inter-locking controls set for age, gender, and marital status. Non-interlocking controls set for social class and region.
- Findings weighted up to represent the full population of adults aged 15-74 in the Republic of Ireland based on the most recent findings from the CSO.
- Given a sample size of just over 1,000 there is a margin of error of +/-3%.
- Surveys were conducted face-to-face in respondents' own homes at over 101 different locations throughout the Republic.

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Data Interpretation

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

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

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

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