ComReg Trends Report Q2 2005

June 2005

Prepared by Amárach Consulting

Contents

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 April 25th - May 20th 2005, and the results have been weighted up to the total adult population aged 15-74 using the most recent CSO statistics.
- This quarter's report looks at trends in:
  - Fixed & Mobile Phone Usage
  - Internet Usage
  - Broadcasting
- 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.

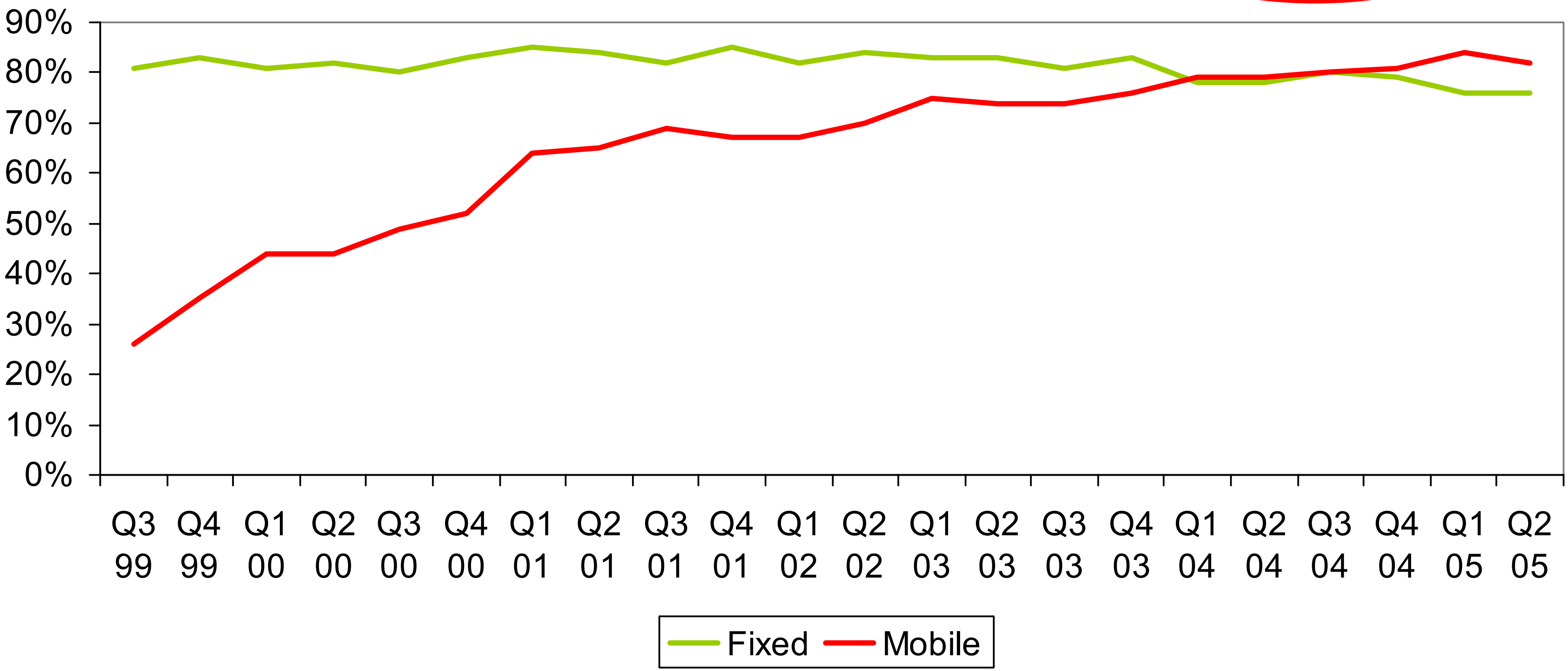
Fixed Phone Usage

Fixed and Mobile Now Level

90% of those who have a fixed line residential telephone, have only one fixed line in their household

Mobile Level: 82%
Fixed Line Level: 76%

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



Source: ComReg Trends Survey, 1999-2005

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Residential Service Providers

Apart from eircom, which, if any of the following companies do you use for your residential phone services?	
eircom only	82%
Smart Telecom	6%
BT Ireland	2%
Other (these include Chorus, Vartec, Cinergi, Tele 2, Newtel)	6%
Don't Know	4%

- Seven in ten households have not considered switching their residential telephone service provider in the last three months.
- Half of those (50%) with a fixed line phone say they will not switch to another residential service provider in the next three months.

n=760 (those who have a residential fixed line phone)

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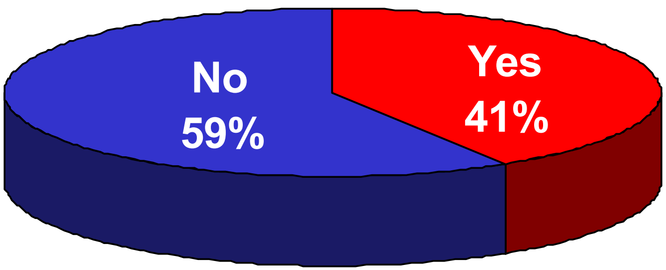
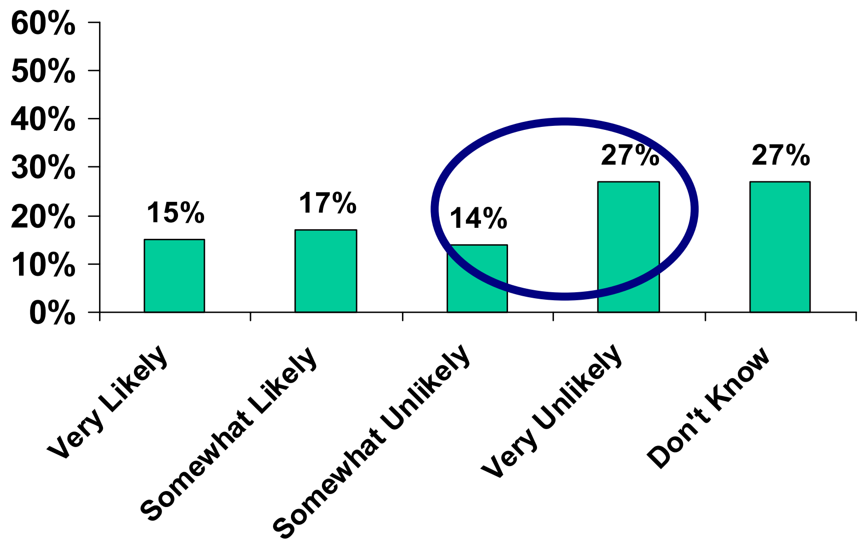
Single Billing

Over four in ten of those with a fixed line phone are aware of single billing, however, 41% of respondents are unlikely to switch suppliers based on the availability of single billing.

Are you aware of single billing?



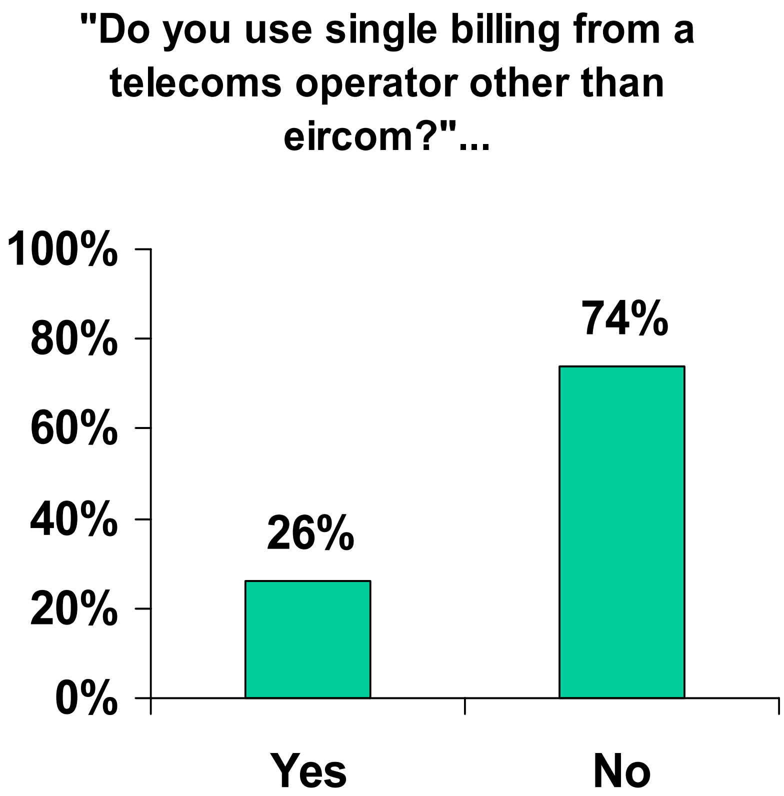
How likely would the availability of single billing be to influence your decision to switch supplier?



n=760 (those who have a residential fixed line phone)

n=227 (those aware of but who do not use single billing)

Single Billing



- More than a quarter of those who are aware of single billing do not use eircom. This is a significant change since Q1 2005.
- Six in ten of those who use single billing with an operator other than eircom availed of this offer when switching supplier.

n=308 (those who are aware of single billing)

Fixed Phone Costs

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

How much did you spend last month on your fixed phone line?	%
Up to €50	10%
€51- €75	14%
€76- €100	18%
More than €100	24%
Refused/Don't Know/Not Stated	33%

(n=760, those with a residential fixed line phone)

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Fixed Phone Complaints

- 7% of those with fixed phone line had reason to make a service complaint in the past 12 months.
- 72% of all complaints related to a fault with the line or billing errors.

n=760 (those who have a residential fixed line phone)

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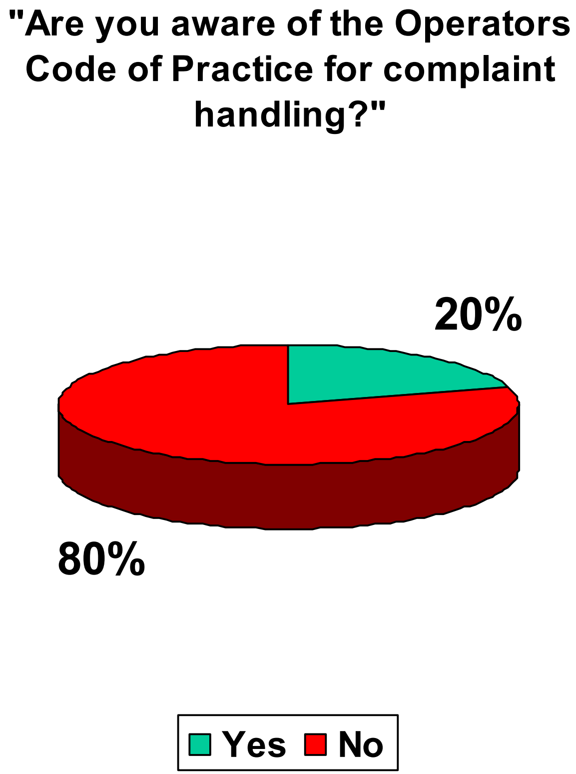
Operators’ Code of Practice Awareness



- 80% of those with fixed phone line were not aware of their Operator’s Code of Practice.
- ABC1’s have a higher awareness level than those from other social classes.

n=760 (those who have a residential fixed line phone)

Mobile Phone Usage

Mobile Phone Usage Trends

- Market share according to survey responses remain relatively stable. A 1% rise in Meteor subscriptions is within the margin of error of the survey.
- The average monthly spend in Q2 2005 was unchanged compared with Q1 at approximately €54.
- In this current wave, we have looked at mobile phone usage when abroad. Three of ten respondents with a mobile phone have used it abroad in the last year but nearly half of these claim to be unaware of the cost attached to the usage. However, more than 40% of people who use their mobile phone abroad use it mainly for text messaging which implies a certain degree of cost consciousness.
- We have also investigated purchases of mobile services such as ringtones and games. Ringtones proved to be the most popular service purchased by 13% of all mobile phone users in Q2.

Why No Mobile Phone?

What is your main reason for not owning a mobile phone?	%
Have a current fixed line subscription	36%
Mobile call costs are too high	19%
Plan to get a mobile in the next six months	7%
Health Concerns	10%
Mobile Handsets are too expensive	4%
Easy access elsewhere	3%
Poor network coverage in my area	2%
Other	13%

78% of these are aged 45-74

n=180 (those who do not have a mobile phone)

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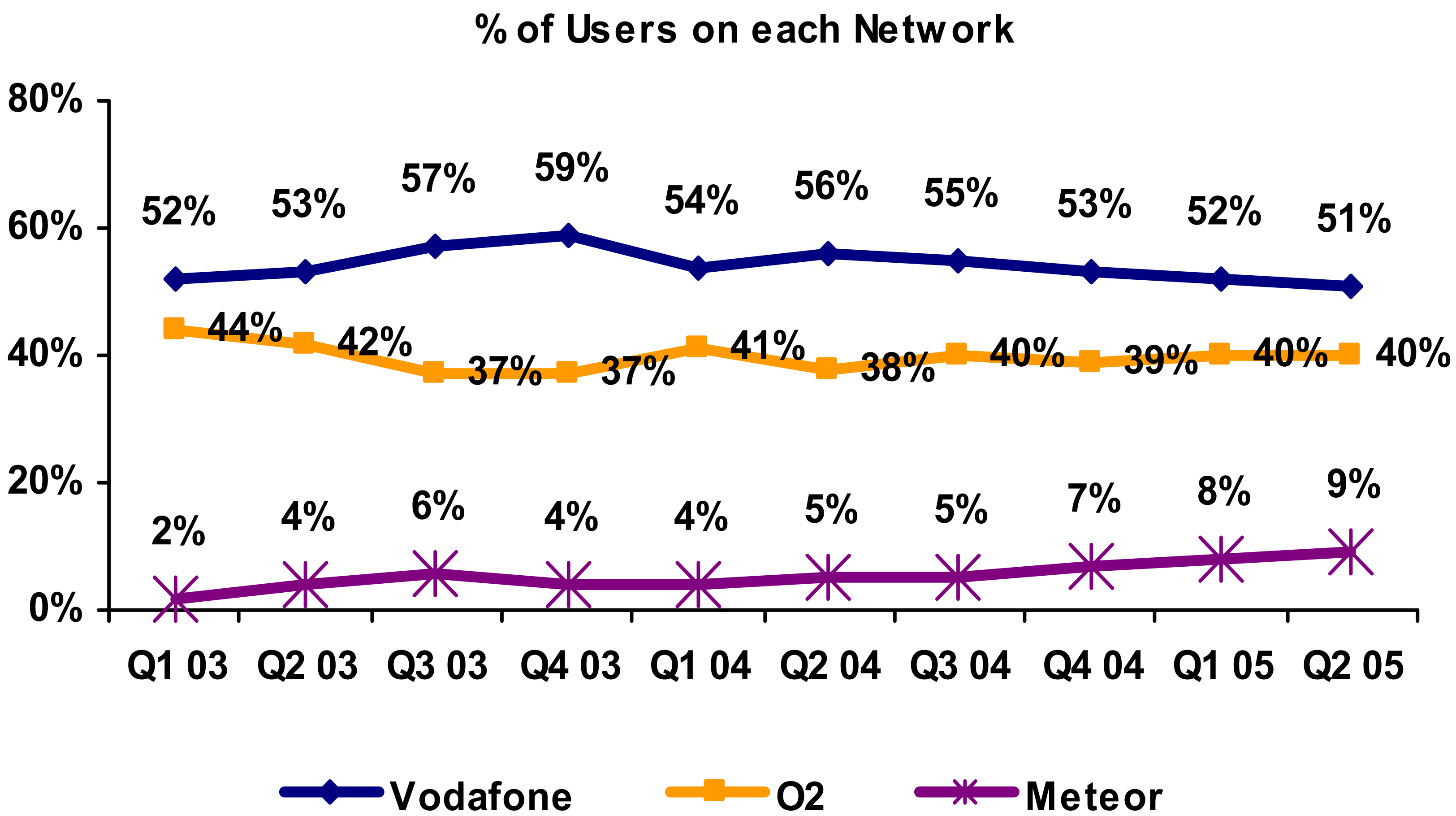
Market Share



(n=820 those who have a mobile phone)

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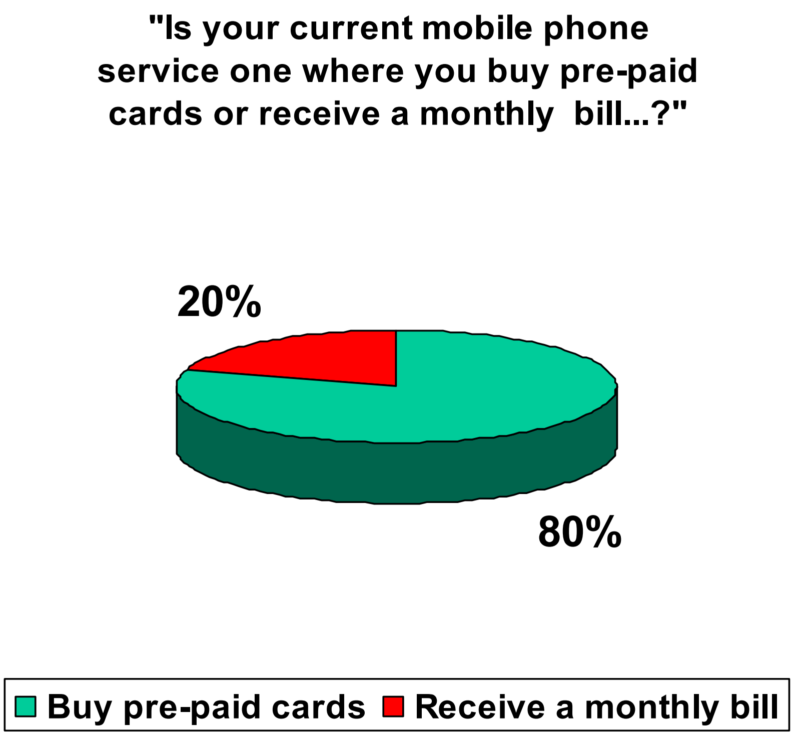
Mobile Phone Service



- More females (87%) than males (73%) have pre-paid phones rather post-paid bill contracts
- 95% of 15-24 year olds buy pre-paid cards as opposed to receiving a monthly bill compared to 72% of 35-44 year olds.
- Receiving a monthly bill is more common among ABC1's than C2DE's.

(n=820 those who have a mobile phone)

Mobile Phone Costs

The average monthly mobile phone bill for Irish adults is

How much did you spend last month on your mobile phone?	%
Up to €49	50%
€50- €99	29%
More than €100	11%
Refused/Don’t Know/Not Stated	10%

(n=820 those who have a mobile phone)

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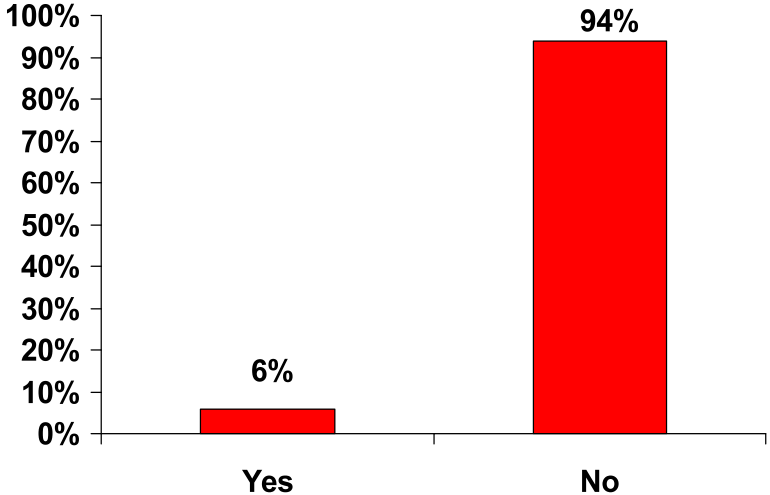
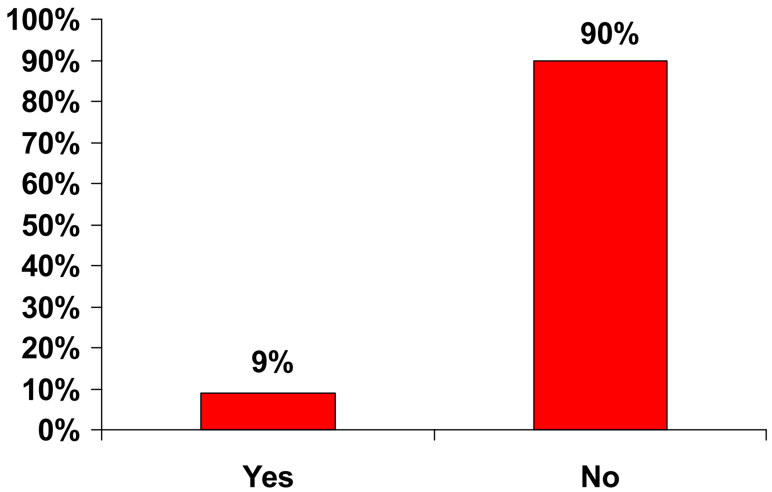
Switching Providers

6% of Irish adults have switched their mobile phone provider in the last three months.

"Have you switched your mobile phone provider in the last three months?"



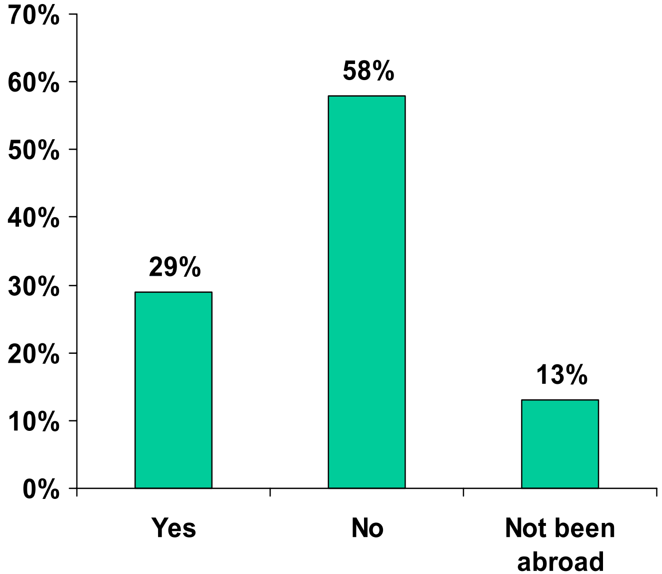
"Have you considered switching your mobile phone provider in the last three months?"



(n=820 those who have a mobile phone)

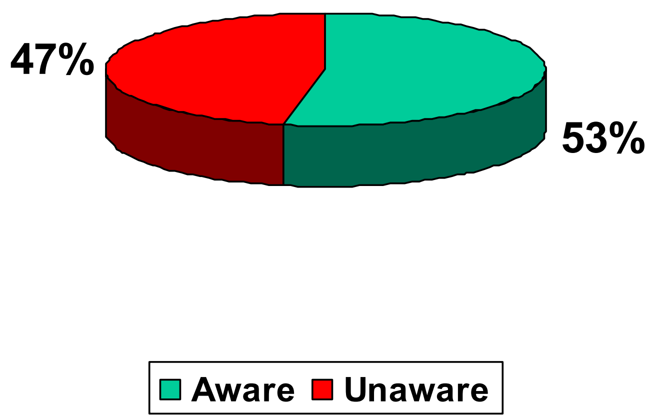
Mobile Phone Use When Abroad

"Have you used your mobile phone abroad in the last 12 months?"



(n=820 those who have a mobile phone)

"How aware are you of the difference in cost of using your mobile phone while abroad?"



(n=236 those who have a used mobile abroad in last 12 months)

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Mobile Phone Use When Abroad

When using your mobile abroad, which of the following best describes how you select the network you use?	
I use the network that appears on my handset	68%
I manually select which network to use	15%
I sometimes select, but normally use the one that appears on my handset	12%
I sometimes use the network that appears on my handset but normally select	2%
Don't Know	3%

Which of the following best describes how you use your mobile phone while abroad?	
I mainly use text messaging while abroad	44%
I only keep my phone for emergency use while abroad	34%
I use my phone as normal while abroad	18%
I receive calls only on my mobile while abroad	4%

(n=236 those who have a used mobile abroad in last 12 months)

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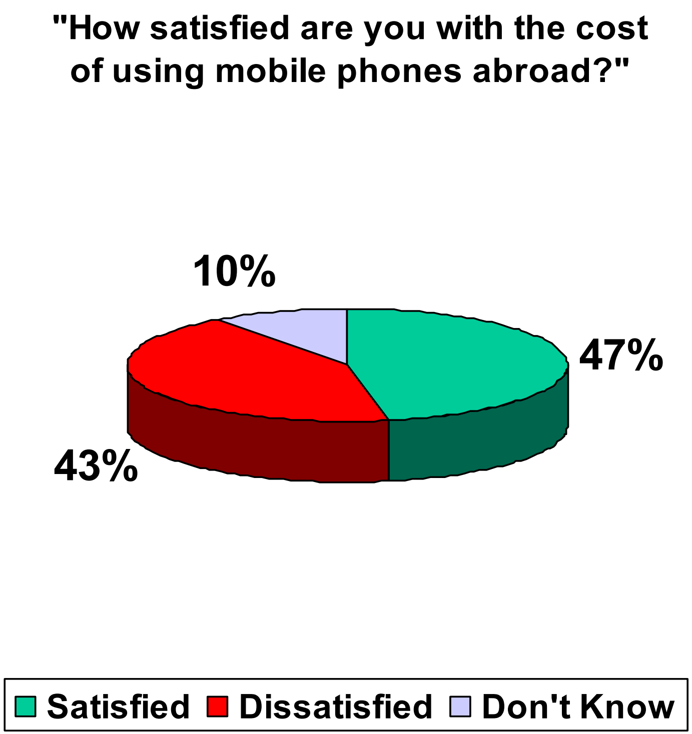
Mobile Phone Use When Abroad



- 47% of those who have used their mobile phone abroad are satisfied with the cost.
- 60% of 25-34 year olds are satisfied while 52% of 15-24 year olds are dissatisfied.

(n=236 those who have used a mobile abroad in last 12 months)

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Mobile Phone Complaints

- 94% of those with mobile phones did not have to make any service complaints in the past 12 months.
- 60% of all complaints related to poor signal or handset problems.

(n=820 those who have a mobile phone)

Mobile Services

Have you purchased any of these mobile services in the last three months?	All respondents with mobile phone (n=820)	15-24 year olds with mobile phone (n=210)
Ringtones	13%	37%
Games	4%	12%
Picture messaging	3%	8%
Music	2%	7%
Wallpaper/Icons	2%	7%
Subscription services	1%	2%
None of these	83%	57%

15-24 year olds show greater propensity to purchase mobile services . *Base: all respondents with mobile phone (n=820)*

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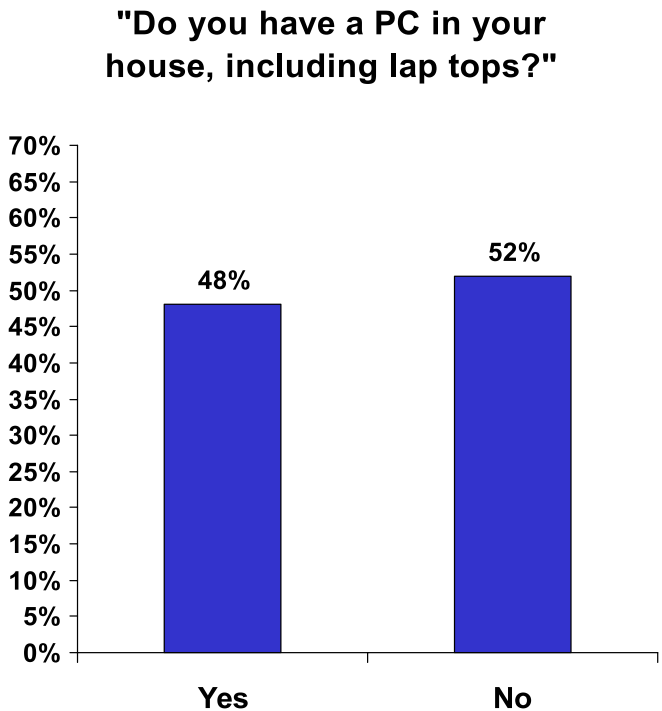
Internet Usage

Internet Usage

- Broadband subscriptions appear to have increased substantially in the last quarter, while the percentage of respondents using dial-up internet has correspondingly decreased
- 34% of respondents are considering moving to broadband, compared with 23% in Q1, 2005
- Reasons for not considering broadband include availability problems in Connaught/Ulster, and Rest of Leinster and demand-side issues such as lack of interest or cost in Dublin and Leinster

Household PC's

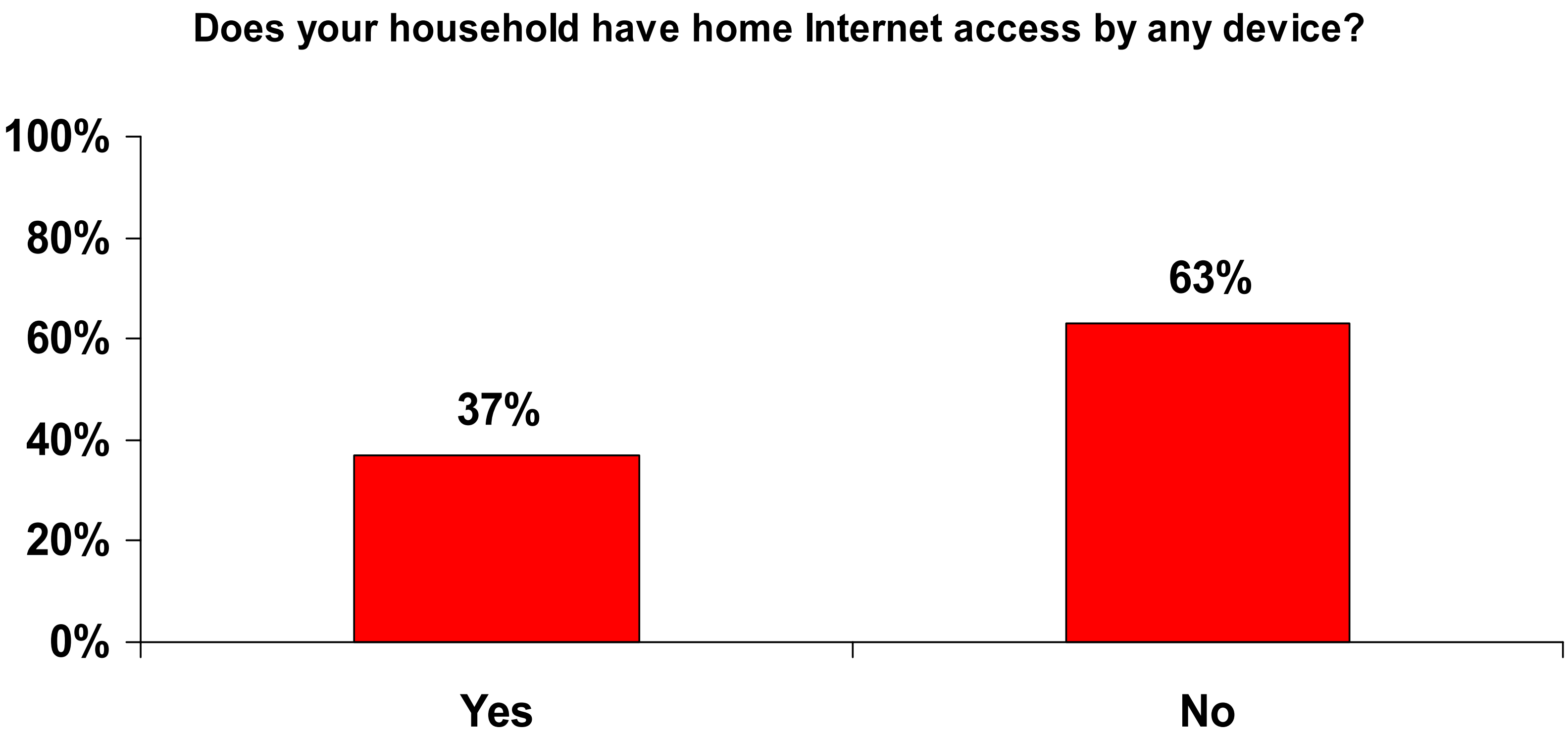


- Almost half (48%) of Irish households have a PC in their home. This figure has remained stable compared with Q1 2005.
- 64% of ABC1's have a PC at home compared to 37% of C2DE's.

(n=1,000 all respondents)

Home Internet Access

- 53% of ABC1 respondents have home Internet access.
- 25% of C2DE respondents have home Internet access



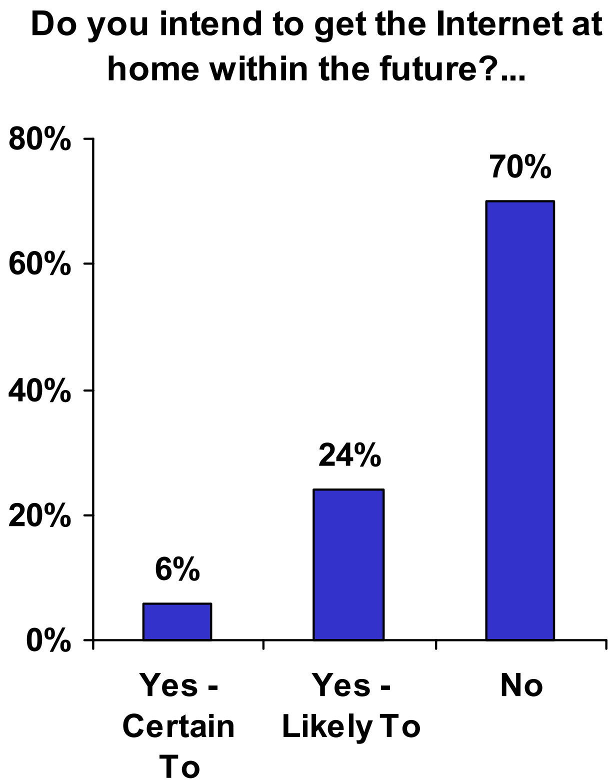
(n=1,000 all respondents)

Home Internet Rejecters

Why do you say you won't get the Internet at home?	%
Do not have a PC at home	36%
Too expensive	24%
Lack of skills	24%
Do not need it	15%
Already have access from work/colleague/other location	11%
Lack of useful content or services	4%
Security fears/fears of viruses	1%
Other	7%

n=443, those not intending to get home Internet access in the future

Intention to Start Using the Internet



- Three in ten Irish adults (30%) 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 spread across three age groups: 15-24, 25-34 and 35-44.

Base: Households with no Internet access n=635

Home Internet Connections

The average Internet bill per month (excluding the line rental) is €31.

How does your <u>household</u> connect to the Internet?	Q4 03	Q4 04	Q1 05	Q2 05
Standard telephone line/Regular dial-up	84%	73%	63%	61%
ADSL /Broadband connection	2%	6%	16%	22%
ISDN line	7%	8%	15%	10%
Through a mobile phone via WAP or GPRS	0%	1%	0%	2%
Broadband via a Cable modem connection	1%	9%	2%	1%
Other	-	1%	-	-
Don't know	5%	3%	3%	2%

Base: All those with home Internet access (n=365)

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eircom Is Dominant ISP

Who is your Internet Service Provider?	%
eircom	84%
BT Ireland	3%
Irish Broadband	2%
Ntl	2%
Smart Telecom	1%
Chorus	1%
UTVnet	1%
Other/Don't Know	6%

Note: named ISP's above include broadband Internet.

Base: All those with home Internet access (n=365)

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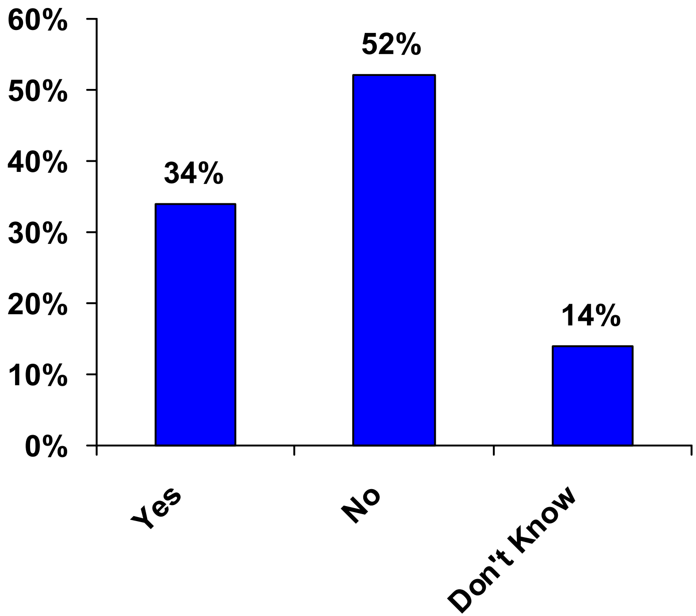
Broadband Consideration

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



Base: All those who connect to the Internet by ways other than DSL, cable other wireless or satellite broadband (n=278)

What factors would encourage you to move from a dial-up Internet connection to a broadband Internet connection?	%
Faster download times	49%
Better price/Value For Money	41%
Higher speed of connection	35%
Ability to use phone and Internet at the same time	28%
Quick installation time	16%
Promotional offer or contact from sales person	14%
No limits on the amount of info that can be downloaded	13%
Flat fee for unlimited time on-line	12%
Good customer service	11%
Other	1%

Base: those who have considered moving to a broadband Internet connection (n=95)

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Broadband Consideration

Why have you not considered moving to a broadband Internet connection?	**%**
Broadband not available in my area	34%
Would not use the Internet often enough	27%
Current Internet access package sufficient for my needs	17%
Too expensive	17%
Security concerns	1%
Telephone line failed broadband test	1%
Other	9%
Don't Know/Not my decision	10%

Base: those who have not considered moving to broadband (n=183)

Broadband Customers

Why did you subscribe to a broadband Internet service?	%
High download speeds	44%
Flat fee – always on Internet	32%
Able to use phone and Internet simultaneously	28%
Promotional offer from supplier	15%
For work purposes	10%
An upgrade from previous narrowband service	8%
To try new technology	5%
To watch movies or listen to the radio over the internet	4%
Other	11%

Note: Small Base

All those whose household connects to the Internet by DSL, cable, other wireless or satellite broadband (n=87)

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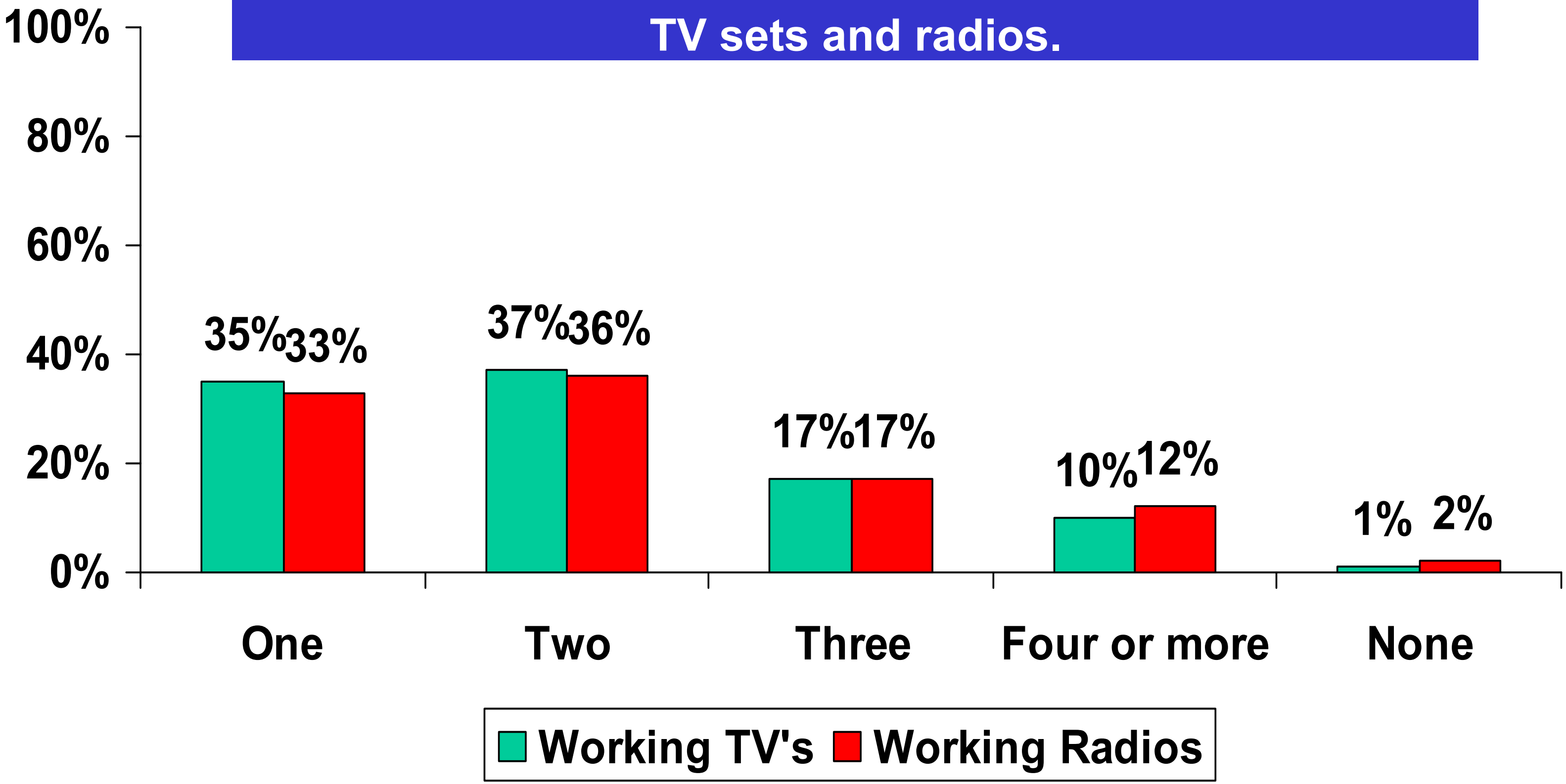
Broadcasting

Broadcasting

- Cable and satellite television growth was static in Q1 2005 compared to the previous quarter.
- Most people who subscribe to digital television subscribe via satellite.
- Nearly 80% of digital subscribers rate the service as better than analogue pay TV with “more choice and variety” as main reason for getting it. However, 65% of non-digital TV subscribers do not want to change because they are happy with what they have.
- More than six of ten Irish households have a DVD player/recorder. More than 70% have a video recorder.
- Approximately four in ten households would be interested in future free digital services.
- Purchasing of products/services through digital television has still not taken off in the Irish market.

Household TV’s and Radios

Nearly every household has at least one TV set and one radio. More than six in ten households have two or more TV sets and radios.



(n=1,000 all respondents)

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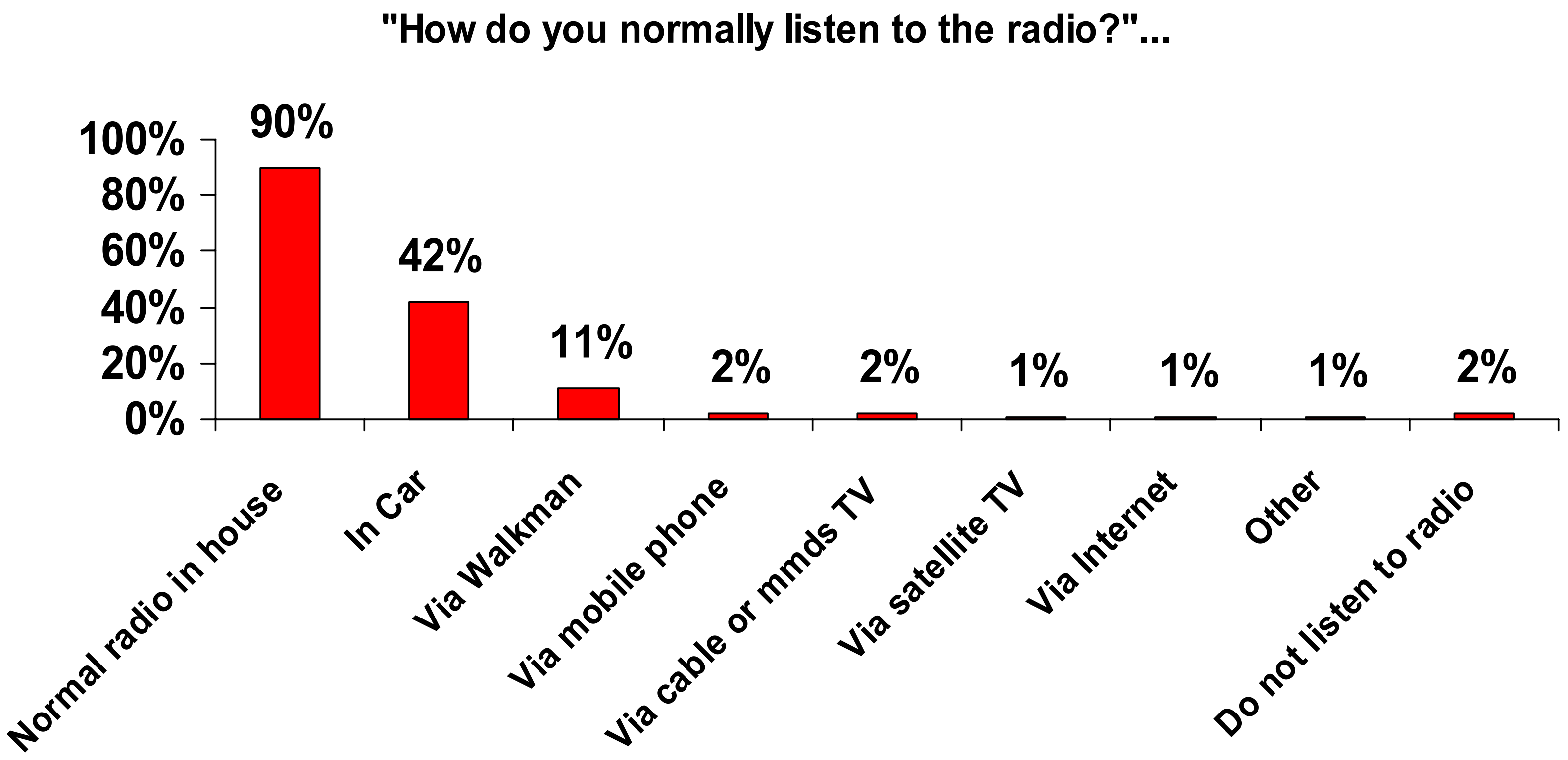
Radio Listening

The most common ways of listening to the radio are via normal radio at home or via car radio.



Base: those who have at least one working radio within household (n=975)

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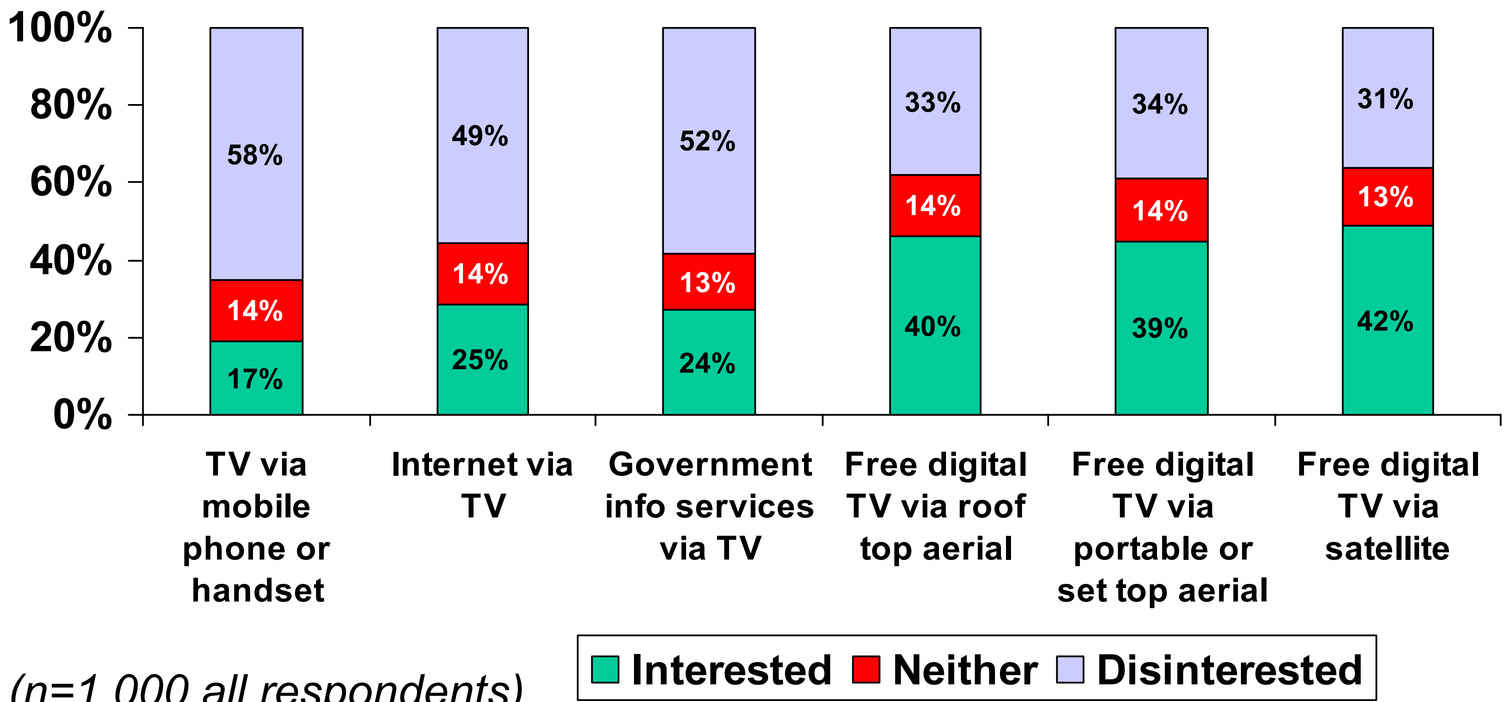
TV Sets and Peripherals

Which of the following do you or anyone in your household have in your home at the moment?	%
TV set with teletext	78%
Video recorder	73%
DVD player	63%
Widescreen TV	40%
Sky Plus Box	9%
Recordable DVD player	8%
Integrated digital TV	5%
Flat panel screen TV (e.g. plasma, LCD)	4%
Home cinema system	4%
Video over mobile	4%

(n=1,000 all respondents)

Levels of Interest in Digital Services

Approximately four in ten were interested in future free digital services.



(n=1,000 all respondents)

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No significant increase in take up of multi-channel TV

How do you receive your television service?	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005
Cable/MMDS from Ntl / Chorus	39%	41%	43%	44%	41%
External aerial or TV's own aerial	36%	35%	36%	28%	32%
Satellite dish	27%	24%	22%	25%	22%
Community mast/deflector	3%	2%	3%	2%	4%

Base: those who have at least one television in the home (n=992)

Pay TV – Reasons For Not Subscribing

What are your reasons for not subscribing to a Pay TV service?	%
Too expensive	43%
Satisfied with current service/TV options	31%
Do not watch enough TV to receive value	28%
Pay TV not available in my area	4%
Not aware of options for Pay TV	3%
Other	7%

(n= 378, those who don't receive TV service through cable/satellite)

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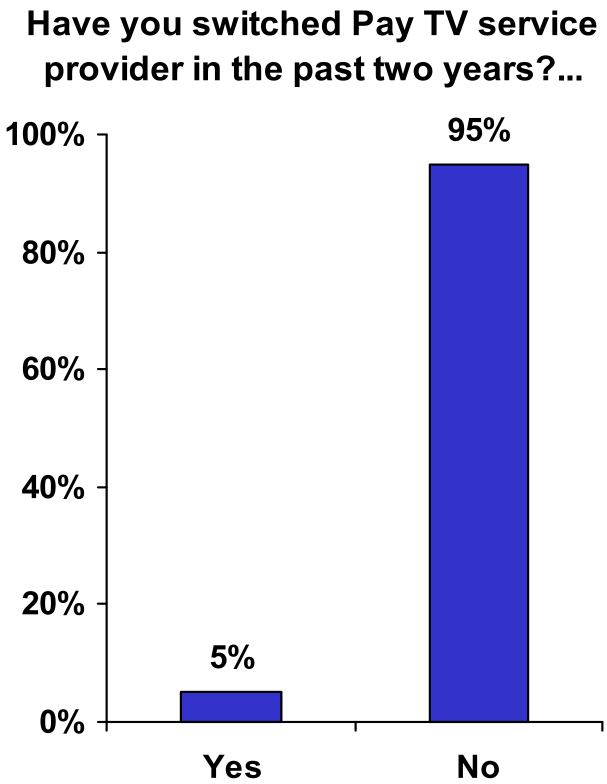
Pay TV Service Provider Switching



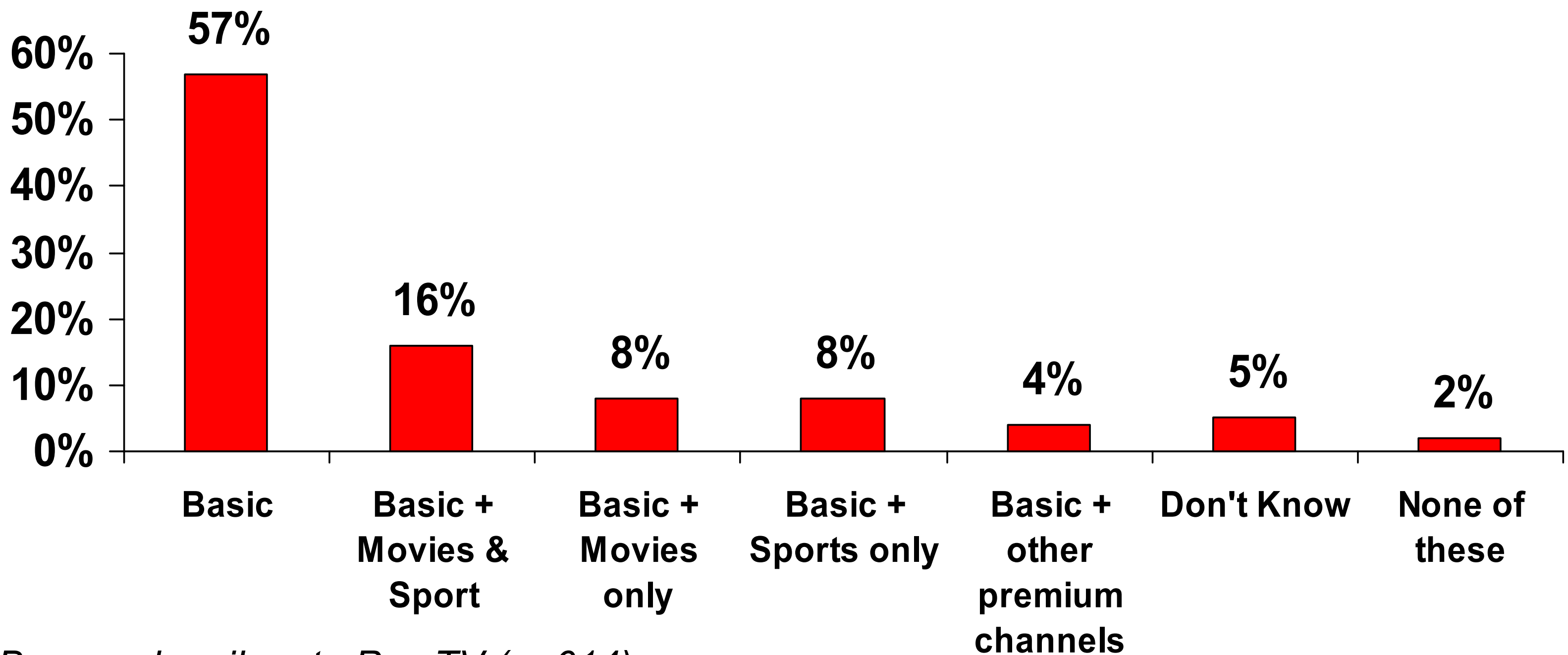
- More than nine in ten have not changed their Pay TV provider in the past two years.
- Only 8% of those who have not switched Pay TV service provider have considered switching.
- The main reason for not switching is satisfaction with their current service/TV options.

Base: Households subscribing to Pay TV (n=614)

Pay TV Channel Packages

Nearly six in ten Pay TV customers subscribe to a basic package only. Six of ten subscribers have only one TV connected to Pay

"Which of the following channel packages do you subscribe to?"...



Base: subscribes to Pay TV (n=614)

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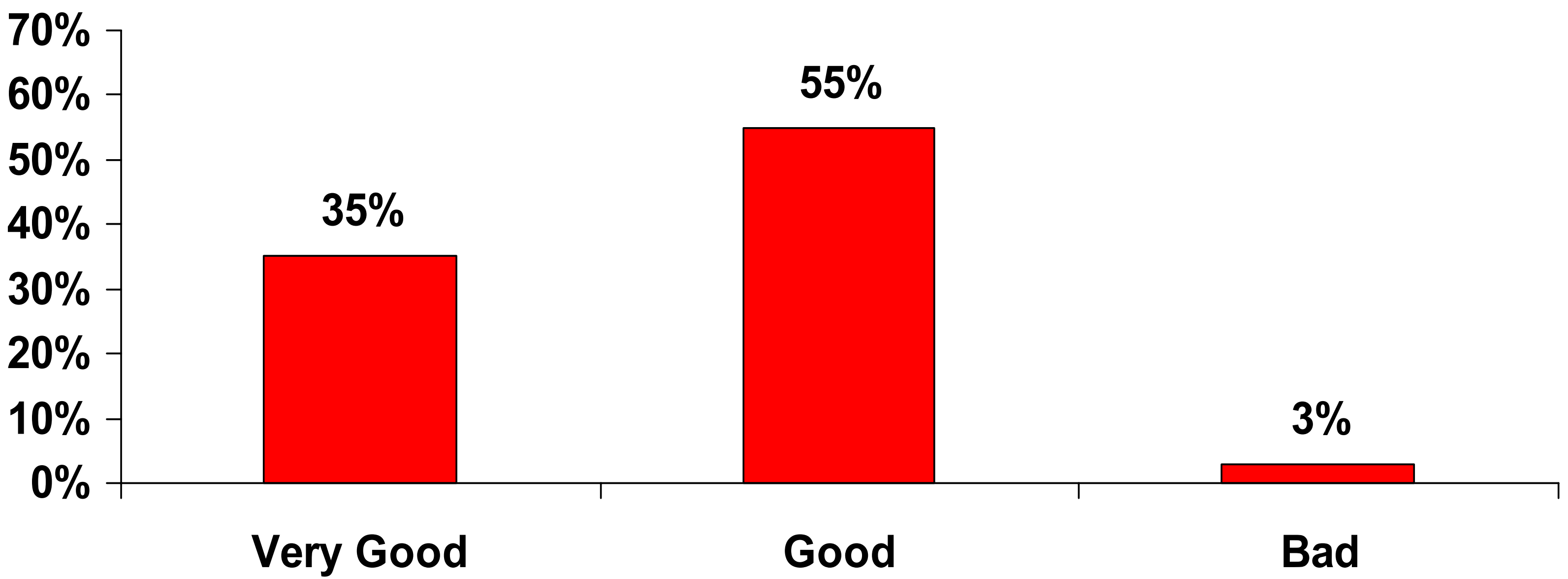
Pay TV Value for Money

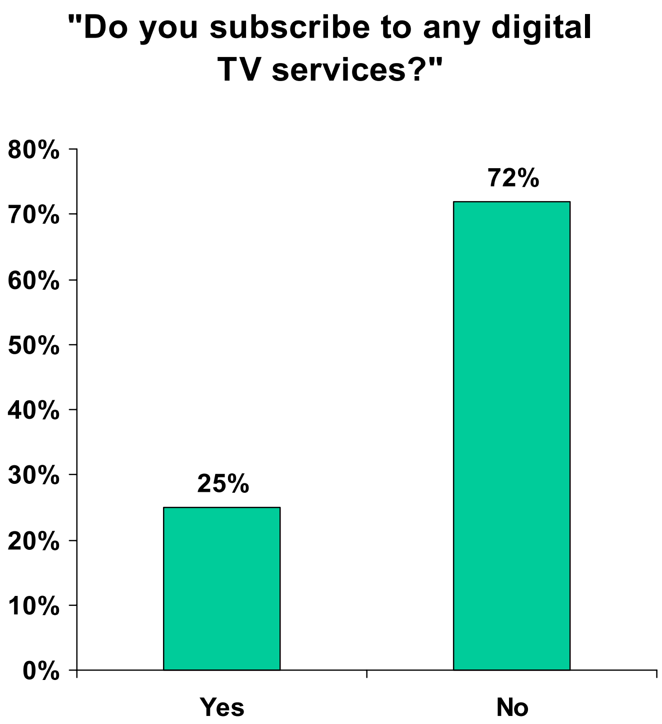
Nine in ten Irish Pay TV subscribers rated the pay TV service as either good or very good value for money.

"How would you score the overall value for money of the service you receive from your Pay TV Service Provider?"...



Base: subscribes to Pay TV (n=614)

Digital TV Platform



(n=1,000 all respondents)

- **Digital TV services are most popular amongst those of age 35-44 and those who are married.**
- **72% of subscribers have only one TV set connected to digital TV.**

Who is your digital television provider?	**%**
Satellite	64%
Cable/MMDS	35%

(n=248 those who subscribe to digital TV)

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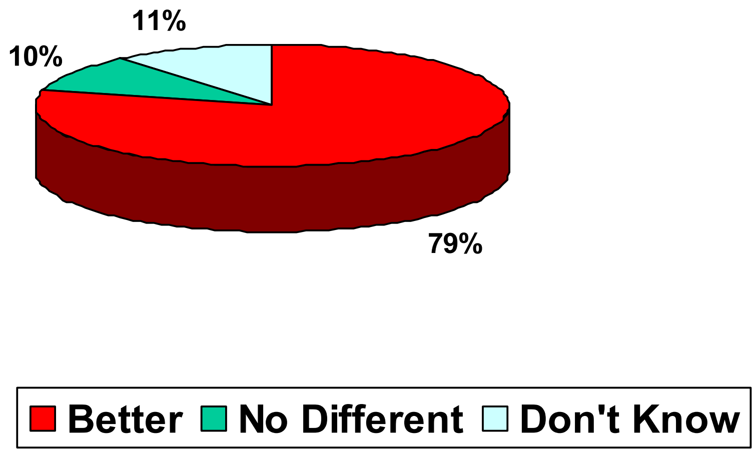
Digital TV Experience

What was the main reason for getting digital TV?	%
More choice and variety	64%
Better reception/sound quality	20%
Family pressure	5%
Special offer	5%
Recommended by somebody who had digital TV	1%
Other	6%

(n=248 those who subscribe to digital TV)

How much better or worse would you rate your experience with digital TV to date compared with your experience with non-digital (analogue) pay TV?



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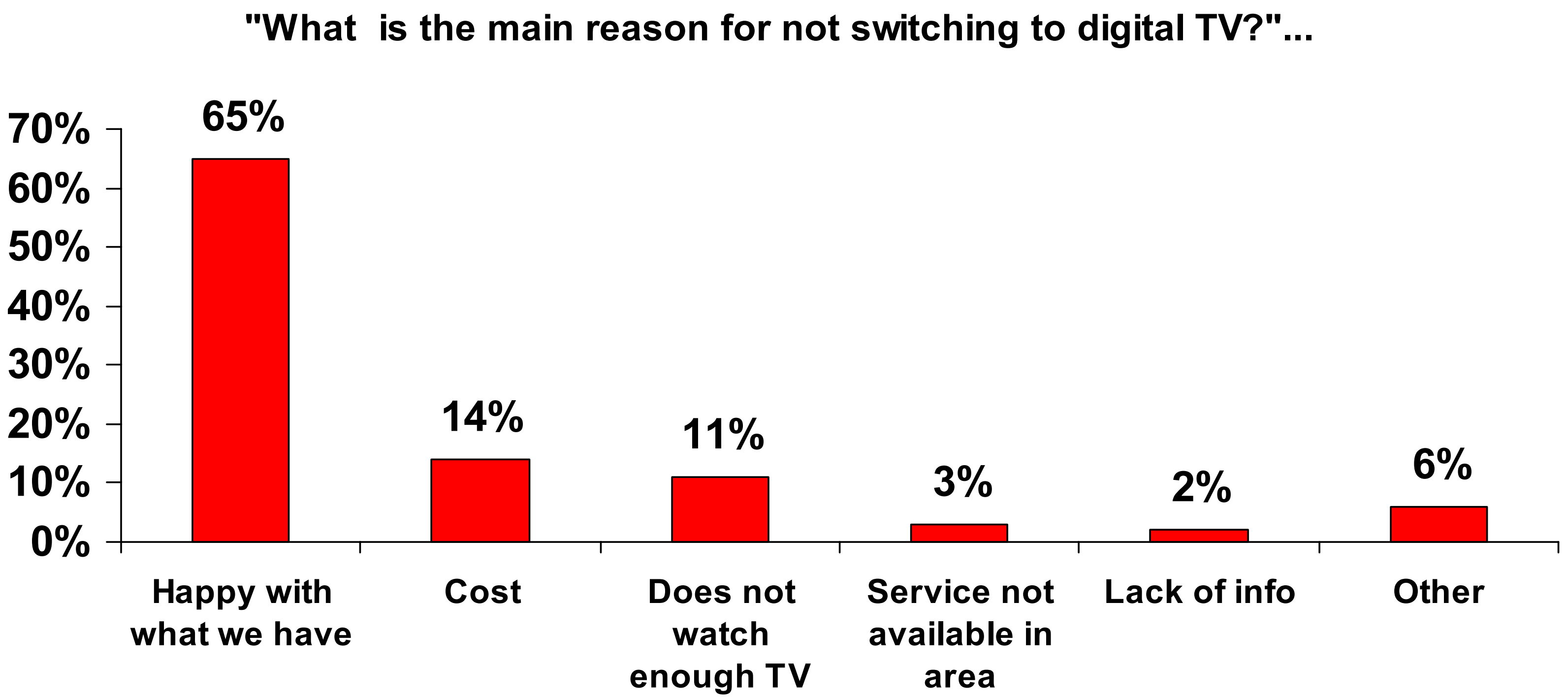
Digital TV – Reasons For Not Subscribing

65% of non-digital TV subscribers are happy with what they



Base: does not subscribe to digital TV (n=752)

Digital Television Expenditure

- Almost one in ten people (8%) 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 types of products purchased were Pay per view movie and Pay per view sport.
- Approximately 40% 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= 20, those who used digital TV to purchase products and services)

Conclusions

The Forward March of Technology

- The first two waves of Consumer Trends for 2005 see the trend continue for the replacement of fixed line telephones by mobile telephones as the telecommunications technology.#

- 22% of Irish Internet households connect via broadband at the expense of dial-up subscriptions. This penetration level will certainly increase throughout 2005.

- Growth in broadband appears to be driven be migration of current narrowband subscribers rather than through new home internet subscribers.

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independent insight

Appendix: Note on Methodology

Methodology

- 1,000 people surveyed aged 15 – 74.
- Fieldwork conducted: April 25th – May 20th 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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