ComReg Trends Survey Q4 2005

Survey Results, December 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 October 24th – November 18th 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
  - VoIP
  - Postal
  - PayPhone usage

- 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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Introduction

- Survey results indicate the continued decline of fixed line telephones in the home, with younger respondents and those in the rental sector least likely to have a fixed line subscription.

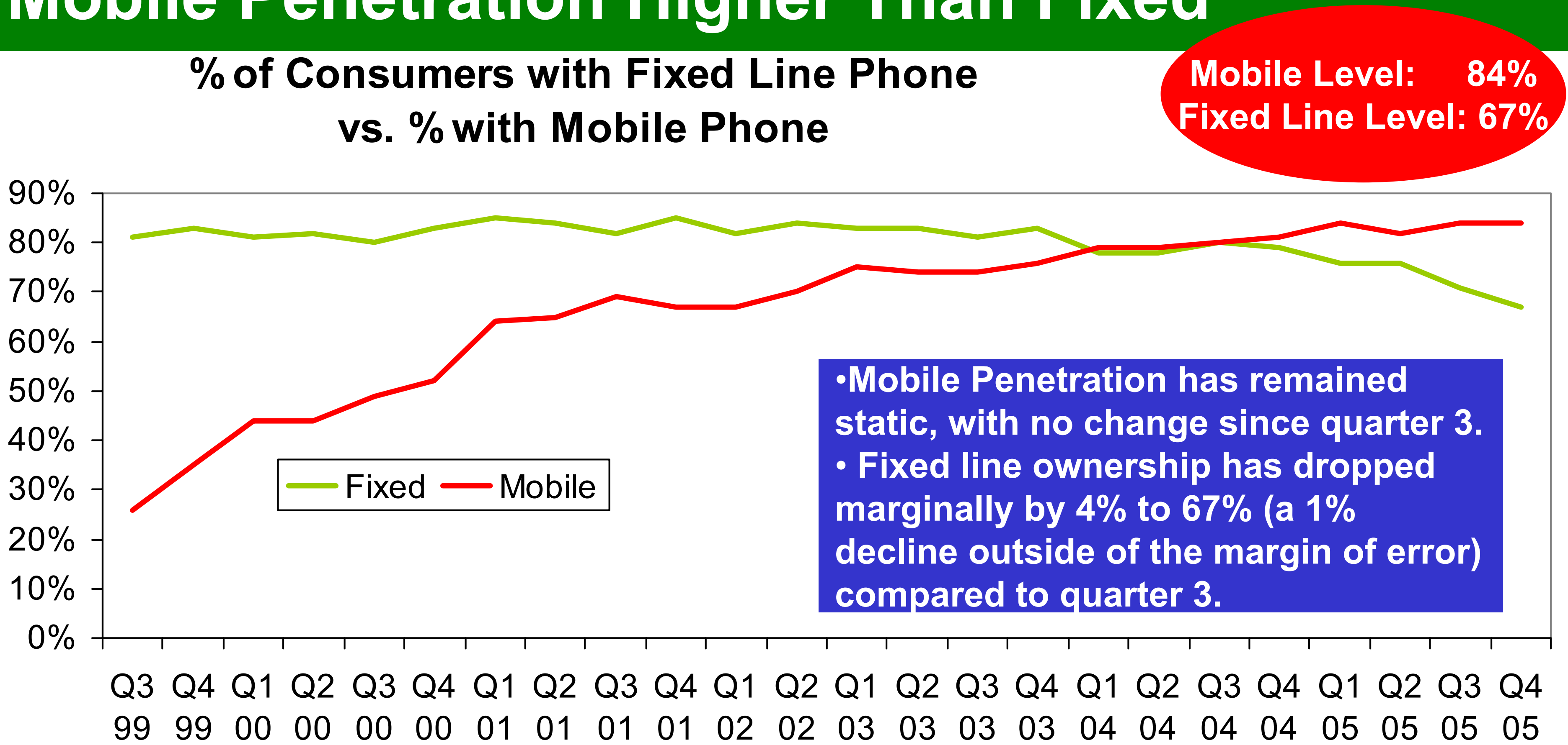
- Other key trends centered on high awareness levels of broadband and DSL, with less awareness of other broadband options such as fixed wireless, WiFi and Satellite broadband.

- Relatively high awareness of VoIP among internet users (35%), given that the service is a relatively new and emerging technology.

- The survey results also suggest an increased uptake in the use of advanced mobile services such as MMS messaging, and other content services. Awareness of 3G mobile telephony also remains high and is expected to be a key trend in 2006.

Fixed Phone Usage

Mobile Penetration Higher Than Fixed



These results do not include 6% of respondent who are currently awaiting connection, or intend to subscribe to a fixed line service in the future.

Fixed line penetration may be understated as the sample only includes those aged 15-74, rather than all residential telephone users.

(n = 1,000 All respondents)

 Source: ComReg Trends Survey, 1999-2005

Fixed Line Ownership compared

Demographics	Q4 '03 (n=1,018)	Q4'05 (n=1,000)
Total	**83%**	**67%**
Male	83%	69%
Female	83%	65%
15-24	81%	57%
25-44	71%	60%
45-64	87%	80%
65-74	91%	82%
Married	87%	76%
Single	78%	58%
ABC1	89%	76%
C2DE	77%	57%
F	91%	87%
Employed	84%	70%
Homemaker	81%	64%
Student	85%	67%
Ownership of Accommodation	N/A	81%
Rented Accommodation	N/A	31%

- Fixed line ownership has dropped by 16% points since 2003. In Q4, 2003 fixed line ownership was at 83% whereas in Q4 2005 it is just 67%.

- 15-24 year olds, lower income groups, renters and students seem to indicate the most significant fall in fixed line penetration since 2003.

- However, the findings also show that the decline in fixed line ownership has been relatively small among older age groups, with the 65-74 category at 82%

- The most significant demographic differential in fixed line penetration is housing tenure. 81% of home owners compared with 31% of renters have a fixed line phone.

(n = 1,000 All respondents)

Other Reasons for drop in Fixed Line Ownership

Potential Reasons for decline in fixed line ownership in Q4

Q3 – 71% → Q4 – 67%

- 33% of respondents stated that they do not have a fixed telephone at home.

- Furthermore, 28% of those who did not have a fixed line phone in their home, did at some stage previously have a fixed line at their current address which is worth noting considering this quarter's decline.

- An additional 6% of respondents are either waiting for connection/installation or are planning to get a fixed line in the next 6 months providing insight in to why fixed line levels have dropped this quarter.

In summary, a total of 78% of respondents have either had, currently have or will have a fixed line in the near future.

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Main Reason for NOT having a Fixed line

All respondents without a fixed line phone in the home, including those who have never had a fixed line connection, where asked about their reasons for not having a home phone subscription

What is your main reason for not having a fixed line telephone in your home?	%
Have a mobile phone which you use instead	57%
Fixed line call costs are too high	18%
Cost of connection and line rental are too high	8%
Plan to get a fixed line in next 6 months	3%
Still waiting for installation connection	3%
Renting the property	4%
Other	7%
Easy access elsewhere e.g. payphone nearby, access to phone at work	/

- Having a mobile phone was cited as the main reason for not having a fixed line telephone in respondent's homes, with 57% of those surveyed stating so. These respondents are predominantly female, those aged between 25-44 years of age and of an ABC1 social background.

 (n = 324 Does not have a residential fixed line phone)

Residential Service Providers

Eircom has resumed a 81% share in quarter 3, comparable with its reported market share in quarter 2, 2005.

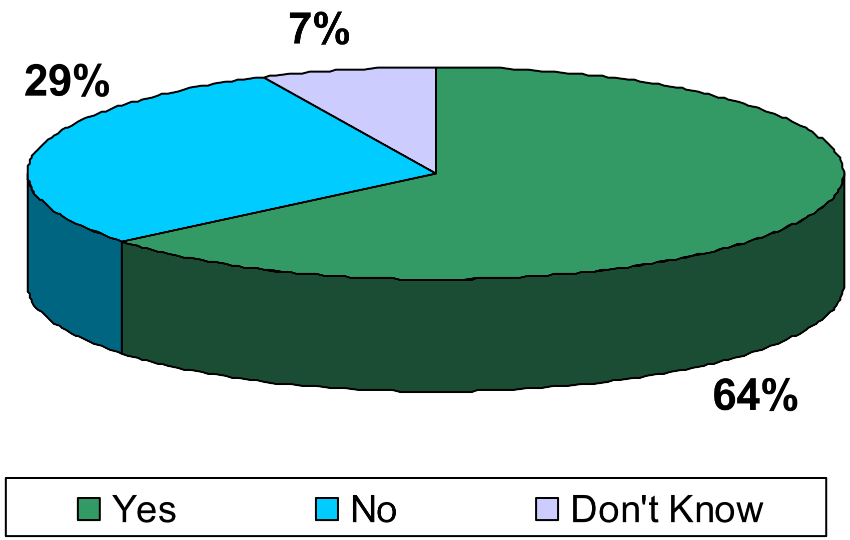
Which of the following companies do you use for your residential phone services? (Multiple responses allowed)	**Q2 % n=760**	**Q3 % n=712**	**Q4 % n=676**
eircom	82%	76%	81%
Smart Telecom	6%	6%	5%
BT Ireland	2%	3%	4%
Other (these include Chorus, Vartec, Cinergi, Tele 2, Newtel and others)	6%	10%	8%
Don't Know	4%	7%	4%

 (n = 676,Has a residential fixed line phone)

Single Billing

64% of respondents using a competing telecoms provider receive a single bill for line rental and calls from their residential phone line operator.

Do you receive a single-bill for line rental and calls from this operator?



(n =98 Has a residential fixed line phone, uses company other than Eircom for phone service)

- Those who do not avail of single billing cite lack of awareness as the main reason for not using the service.
- Other reasons offered by respondents include lack of interest in availing of this service or that they have not been offered the service by their operator.

Factors affecting consumer's Fixed & Mobile phone usage

When making a call, how important are the following factors in determining whether to use a fixed line/mobile telephone?	**Important %**	**Unimportant %**
Price of the call	67%	11%
Quality of reception	80%	5%
Convenience	75%	6%
Time of day the call is made	54%	21%

- Quality of reception and convenience are the two most important factors considered by respondents in determining whether to use a fixed line or mobile phone.
- Consumers cite the time of the day when the call is made as the least influential factor when deciding between mobile or fixed lines.

(n = 676 Has a residential Fixed line phone)

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Agreement with…………………..

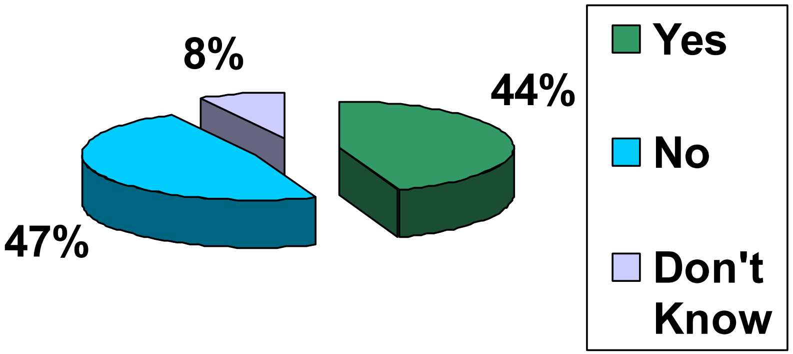
% Agreeing with……	% Agree	% Disagree
I do not believe that my mobile phone is a substitute for my fixed line phone	59%	16%
If the price levels for fixed and mobile phones were similar, it would encourage me to give up the fixed telephone at home	27%	44%
With higher speeds and appropriate connections, the mobile phone could be a substitute to the fixed telephone for accessing the Internet at home	34%	25%

Contrary to popular belief, over five in ten respondents stated that they ‘do not believe that their mobile phone is a substitute for their fixed line phone’. It is interesting to note that 44% of consumers would not be encouraged to give up their fixed line phone at home if the costs were similar

(n = 676 Has a residential fixed line)

Unsolicited Cold Calling

Have you received any unsolicited calls in the last 3 months on your home land line phone, e.g. from sales representatives attempting to sell you products/services?



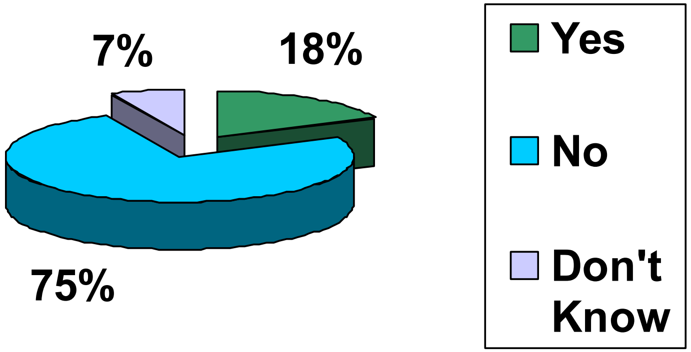
- **44% of respondents received unsolicited calls in the last 3 months on their home landline phone. These respondents were primarily females, those aged between 25-44 and of an ABC1 social class.**
- **Only 25% of respondents questioned stated that they were aware of the option to register their home telephone number with the operator so that they will not receive 'cold calls' in the future. The opt-out service remains a relatively new one to the market and awareness is likely to increase in the future.**
- **These respondents were mainly females, those aged between 45-64 and those living in the Munster region.**

(n = 676 Has a residential fixed line phone)

Opt-out Register

While 18% of those who are aware of the opt out facility are currently registered for it, a further 28% are interested in signing up for this service.

Have you registered your home telephone number to opt-out register to block 'cold call' sale enquiries to your home telephone number?



Would you be interested in adding your name to this opt-out register?	% n=106 (note small base)
Yes	28%
No	40%
Don't Know	33%

 (n = 122 Has a fixed line phone, aware of facility for not receiving 'cold calls')

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Mobile Phone Usage

Mobile Phone Ownership

In line with quarter 3's findings, the main reason for using more than one mobile phone, was having a separate subscription for work and personal use.

Q4 '05
Mobile phone ownership = 84%

Do you use more than one mobile phone subscription or account, i.e. more than one number?	Q3 '05 % (n=848)	Q4 '05 % (n=846)
Yes	7%	4%
No	93%	96%

- 4% of respondents with a mobile phone use more than one mobile phone subscription or account.
- Other reasons for using more than one mobile subscription include 'cheaper calls on other networks' (6%), 'phone belongs to other family member' (8%) and respondents 'using one of their phones in the UK' (3%).

(n =848 Those who have a mobile phone)

Current Mobile Phone Service

In line with quarter 3's findings, three quarters of respondents purchase pre paid cards in advance compared with 25% of those who receive a monthly bill. However the monthly bill option has been increasing marginally since quarter 1 2005.

Is your current mobile phone service one where you…….	Q4 '2004 % n=853	Q1 '05 % n=853	Q2 '05 % n=820	Q3 '05 % n=848	Q4 '05 % n=846
Buy pre-paid cards and top-up your phone in advance e.g. the Ready to Go/Speakeasy services	77%	78%	80%	78%	75%
Receive a monthly bill	23%	21%	20%	22%	25%
Have more than one subscription and use different payment options for these	N/A	N/A	N/A	N/A	-

- Of those who use the monthly bill option, 3% of respondents' employers pay the whole bill for them.
- The majority i.e. 91% pay the whole bill themselves.
- Respondents most likely to choose the bill pay option are predominantly males, those aged between 25-44, of ABC1 social category and from the Connaught/Ulster regions.
- Also these bill pay respondents tend to own their own property.

(n = Those who have a mobile phone)

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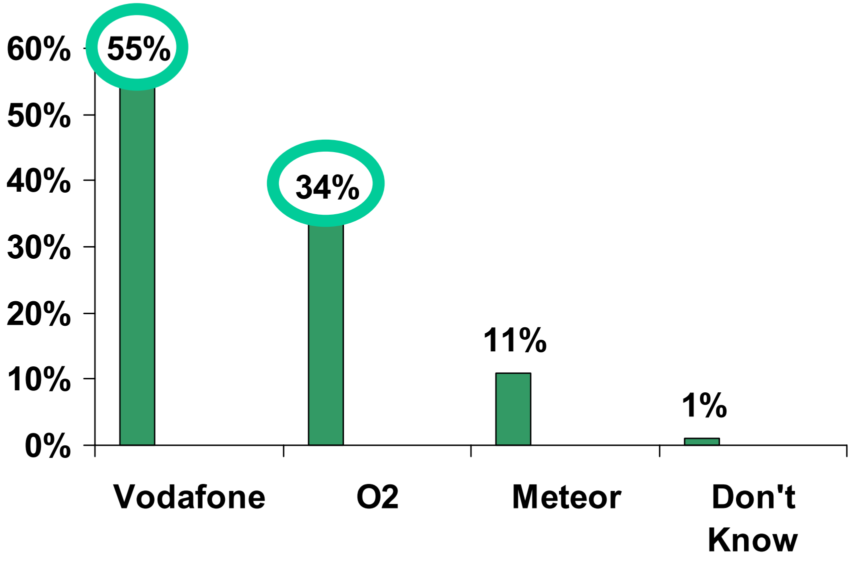
Mobile Suppliers

Vodafone and O2 continue to retain a large share of the consumer mobile market with 55% and 34% respectively.



•30% of respondents stated that at least one other person in their household has a mobile subscription or account.

How many other people in your household have mobile phone subscriptions or accounts?	% n=846
None	8%
1	30%
2	29%
3	20%
More than 3	10%
Don't Know	2%

(n = 846 Those who have a mobile phone)

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Relevant Factors considered when choosing mobile service providers

Value for money remains a key factor when consumers are choosing a mobile service provider, however quality of coverage is also influencing consumers' purchasing power

Factors (Multiple Answers Allowed)	Q3 '05 % n=848	Q4 '05 % n=846
Value for money/lower prices	80%	76%
High quality coverage	N/A	58%
Service provider has good reputation	12%	22%
Better customer service	14%	21%
Good handset available with the package	N/A	20%
Better range of services	13%	20%
Experiences of friends and family	10%	15%
The availability of special promotions	10%	14%
Increased reliability	23%	N/A
Other	8%	1%

(n = 846, Those who have a mobile phone)

NA = not asked in this quarter

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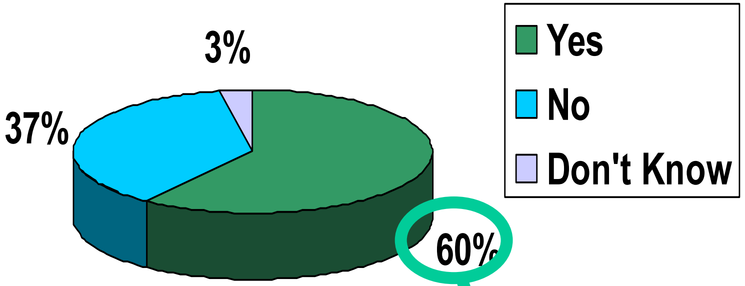
Awareness of 3G Mobile Phones

Are you aware of 3G mobile phones?



Likelihood of getting a 3G mobile phone in the next 3 months	% n=509
Very unlikely	44%
Somewhat unlikely	19%
Somewhat likely	11%
Very Likely	7%
I have already got one	7%
Don't Know	11%

Consumers show high awareness levels of 3G mobile phones with 60% aware of 3G services. However 63% of these are either somewhat/very unlikely to purchase a 3G mobile in the next 3 months. The main reason for hesitation in getting one of these phones is satisfaction with current handset.

(n = 846 Those who have a mobile phone)

(n = 846 Those who have a mobile phone & are aware of 3G mobile phones)

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Mobile Services

Mobile Services used	Q1 05 n=853 %	Q4 05 n=846 %
Vodafone Live!	11%	18%
Vodafone's 3G service	3%	3%
O2 Active	5%	6%
'3 Ireland' 3G Active	-	1%
None of these	75%	68%
Don't know	8%	8%

- **3% of respondents have used more than one of the above services, with 97% of respondents using only one or none of these services.**
- **Vodafone Live! is the most popular service used by respondents with 18% doing so. Usage of this service has increased by 7% since quarter 1 2005.**
- **69% of those who have used Vodafone Live!, have used it because it was on their handset.**

- **Those surveyed stated that the main reason for using these technologies was that they wanted to 'try the new technology' demonstrating the 'technology savviness' of the Irish consumer.**

Reasons for using these technologies	% n=206
Wanted to try new technology	38%
It was on my handset and I used it	30%
To download games	13%
My friends/family use this service	11%
Promotional offer by operator	5%
To download video and music clips	13%
To download news or information	10%
Other	6%
Don't Know	35%

(n = Those who have a mobile phone)

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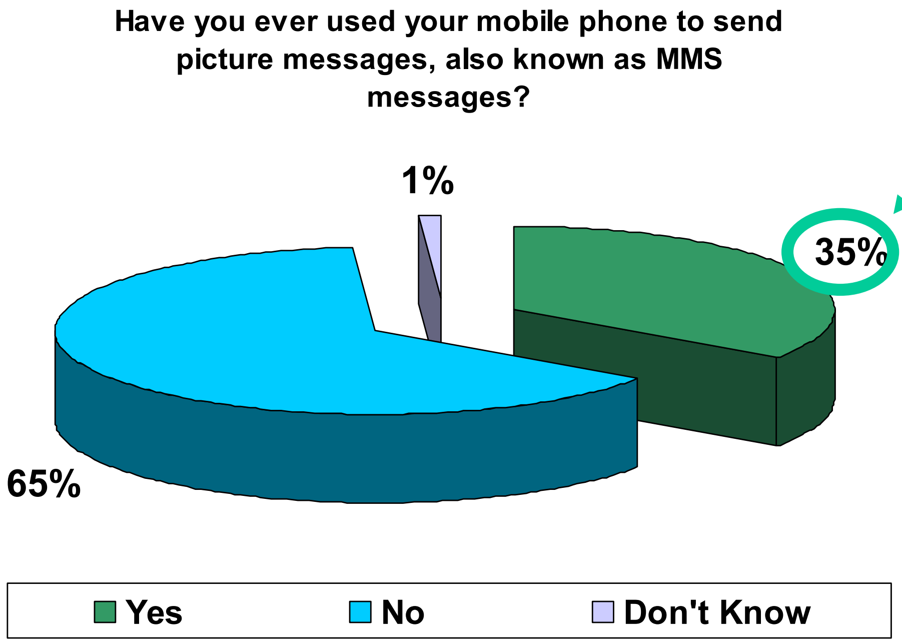
Usage of MMS

MMS messaging most popular among students and younger age groups.



- 35% stated that they have used their mobile phone to send picture messages (i.e. MMS messages).
- These respondents were primarily female aged between 15-24, single, of ABC1 social background or full time students.

(n = 846 Has a mobile phone)

Current usage of mobile phone at home

Respondents appear to generally choose a fixed line call when it is available in the home rather than use their mobile. However, 16% of respondents report using their mobile to make calls within the home, even where a fixed line telephone is available.

Usage level	%
I use my mobile phone to make calls from home because I do not have a fixed telephone at home	34%
I mainly use my mobile phone to make calls from home even though I have a fixed telephone at home	16%
I mainly use my fixed telephone to make calls from home, but I also have a mobile	35%
I never use my mobile phone to make calls from home	14%
Don't know	1%

(n = 846 Has a mobile phone)

Agreement with…………….

% Agreeing	% Agree	% Disagree
I do not believe that my fixed line phone is a substitute for my mobile phone	55%	16%
I would consider discontinuing using my mobile phone as I can send texts and make calls from my fixed telephone without any disadvantages	10%	67%
Without my mobile phone problems could arise because I am not permanently contactable or I may not be able to make a call whenever and wherever I wish	76%	5%

Flexibility appears to be a crucial benefit for mobile consumers as 76% agree/strongly agree that problems could arise without their mobile phone because they would not be permanently contactable.

 (n = 846 Has a mobile phone)

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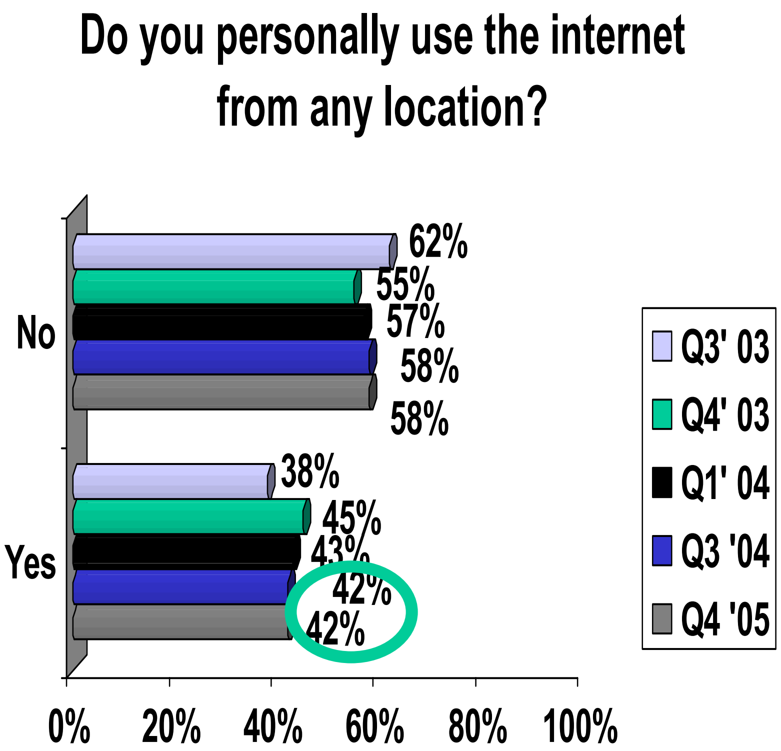
Internet Usage

Personal Internet Usage

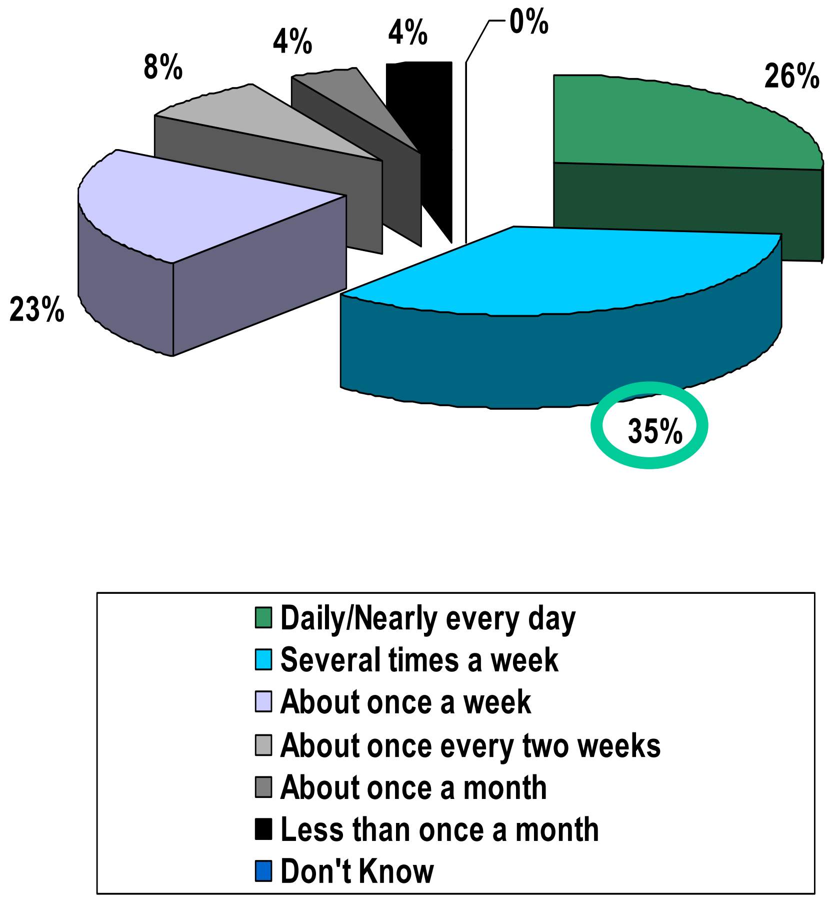


Usage Locations	% n=410
Home	63%
Work	38%
School/College	17%
Cyber Cafes	5%
Friend's house	6%
Public Library	4%
On the move using portable equipment e.g. a WAP mobile phone, a palmpilot or a laptop	1%
Elsewhere	1%

- **42% of respondents personally use the internet from any location compared with 38% from Q3, 2003 and no change in Q3, 2004.**
- **In terms of specific location usage, two thirds use the internet from home, closely followed by the workplace (38%).**

(n = 1000 All respondents)

Frequency of Internet use



Have you used the internet to purchase a product or service at your own personal expense within the last 3 months?	Q3 '04 % n=440	Q4 '05 % n=410
Yes	42%	43%
No	58%	56%
Don't Know	/	1%

49% of respondents have purchased online in the last 3 months. Internet purchasers are more likely to be using broadband. There is little change since 2004 for those who have purchased products/services online with only 1% increase.

(n= 410 Personally uses the internet)

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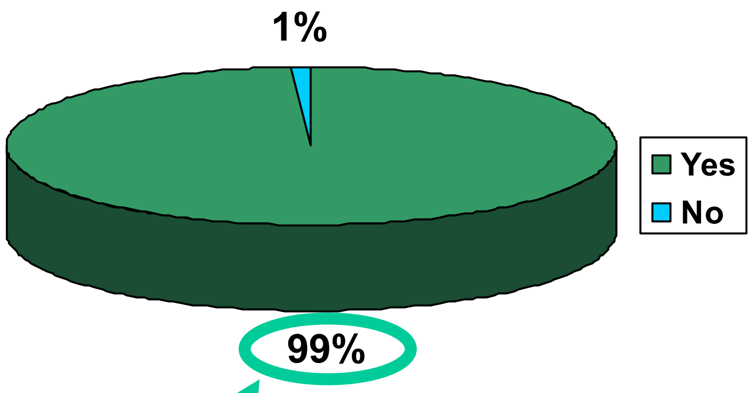
Awareness of Broadband

Are you aware of a service called broadband?



- Broadband awareness levels among home internet users are very high with 99% of respondents stating that they are aware of the service.
- Awareness of broadband connection by DSL is also reaching high levels with 91% of those who personally use the internet aware of this service.

Are you aware that broadband services over the following types of connection?	% Aware
Telephone line (called DSL)	91%
Cable TV connection (called cable modem)	70%
Fixed (i.e. permanent) wireless connection (known as FWA)	58%
Wireless connection via a laptop (known as WiFi or wireless LAN)	60%
Satellite connection	46%

- Those aware of any other broadband connection method tend to be aged between 15-24, single, ABC1 and have a landline at home.

(n = 259 Personally uses the internet, uses the internet from home)

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Home Internet Connections

Standard telephone line dial-up remains as the main method for consumers connecting to the internet.

"How does your <u>household</u> connect to the Internet?"	Q4 '05 n=259
Standard telephone line/Regular dial-up	59%
ADSL /Broadband connection using a modem	20%
Other wireless connection such as FWA or WiFi hotspots	1%
ISDN line	12%
Through a mobile phone via WAP or GPRS	2%
Broadband via a Cable modem connection	2%
Other	1%
Don't know	3%

(n=Those who personally use the internet & uses the internet from home)

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Reasons for not moving to broadband

Why have you not considered moving to a broadband internet connection?	Q4 ’05 % n=105
Broadband not available in my area	51%
Current internet access package sufficient for my needs	22%
Would not use the internet often enough	20%
Too expensive	14%
Other	7%
Don’t Know	3%
Security concerns	2%
Telephone line failed broadband test	1%

- **51% of respondents who personally use the internet cited ‘lack of broadband availability in their area’ as the main reason for not considering moving to broadband. This equates to 21% of home internet users claim that broadband is not available to them, and relates mainly to respondents in Connaught and Ulster**
- **Further work may be necessary to ensure all consumers are aware of all their broadband options, which include platforms other than DSL; these alternative options currently have lower levels of awareness among consumers.**

(n = Personally uses the internet, uses the internet from home, and is aware of broadband but has never used it and has not considered using it)

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Broadband Switching

10% have used a broadband service in the home and switched back to their current service. 54% of respondents who are aware of broadband but have never used it stated that they would consider moving to a broadband connection for their home internet access.

Have you ever used a broadband service in the home and switched back to your current internet service?	% n=257
Yes	10%
No	88%
Don't Know	2%

(n = 257 Personally uses the internet, uses the internet from home, and is aware of broadband)

Have you considered moving to a broadband connection for your home internet access?	% n=230
Yes have considered	54%
No	39%
Don't Know	7%

(n = 230 Personally uses the internet, uses the internet from home, and is aware of broadband but has never used it)

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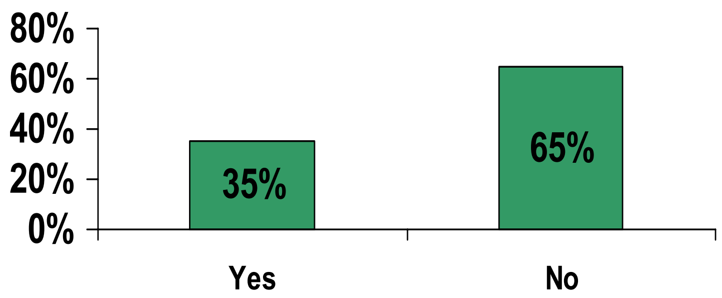
VoIP

VoIP Awareness

Have you ever heard of VoIP, or internet telephony, whereby you can use your internet connection to make voice calls?



(n=410 Personally uses the internet)

Have you ever used a Voice over IP service to make a call over the internet?	% n=144
Yes	11%
No	89%

(n=144 Has heard of Voice over Internet Protocol)

VoIP awareness levels are relatively high at 35% considering its recent introduction to the technology marketplace. 11% of those who have heard of VoIP have used it to make a call over the internet – these respondents are generally male aged between 25-44 years of age and from the Connaught/Ulster regions.

Postal

No. of mail items delivered weekly

The average number of mail items delivered to respondents weekly is 7.5 mail items.

On average, how many items of mail does the postman deliver to your home address each week?	%
1-3	24%
4-7	29%
8-10	16%
11-13	6%
14-17	4%
17-20	4%
20+	4%
Don’t know/refused	12%

(n=1,000 All Respondents)

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Mail delivery

46% of respondents receive a delivery of mail to their home 2-3 times weekly.

Which of the following best describes the delivery of mail to your home address?	%
I receive a small number of postal items 2-3 times a week to my home	46%
I receive a small number of postal items every day to my home	32%
I am not sure about how many times a week post is delivered to my home	15%
I receive a larger number of postal items every day to my home	5%
I receive a larger number of postal items 2-3 times a week to my home	2%

(n=1,000 All Respondents)

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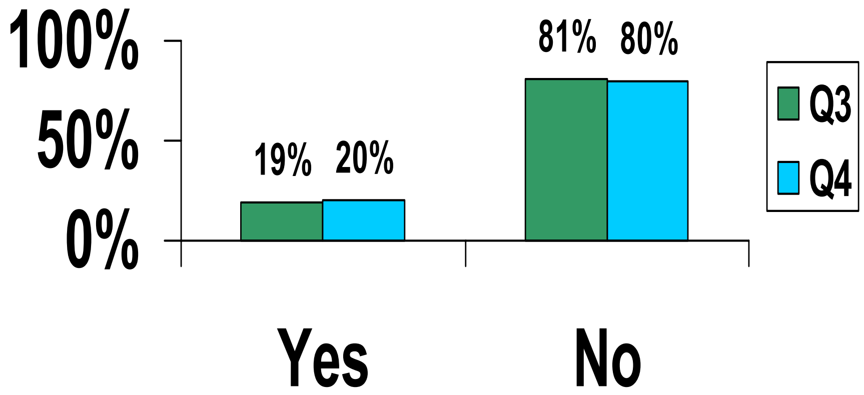
PayPhones

PayPhone Usage

Have you used PayPhones in the last 3 months?



20% of respondents have used payphones in the last 3 months, up 1% on Quarter 3 (n=1000).

Where was the payphone you used located?	% (n=193 All those who have used a payphone in the last 3 months)
On the street	55%
In a pub or hotel	18%
Shopping centre	16%
Bus/train or at an airport	13%
Local Shop	11%
Post Office	7%
Other	5%

55% of respondents stated that they were most likely to use payphones which were located on the street.

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Preferred location choice for payphone use

When choosing to use a payphone, do you prefer to use one located on the street, or in a building such as a shopping centre or hotel lobby?	%
In a building	12%
On the street	7%
No preference	27%
I don't use payphones	47%
I don't know	6%

27% of respondents stated that they had no preference in location when choosing to use a payphone. However the option of using a payphone in a building appealed to more respondents than the option of using a payphone on the street.

(n=1,000 All respondents)

Cost between PayPhones

29% believe that there is no difference in cost of payphones located either on the street or those located inside buildings. Only 1% of users have used payphones to access the net or email.

Do you believe there is any cost between payphones located on the street, or those located in buildings such as shopping centres or hotels?	%
There is no difference in cost	29%
Those located inside private buildings are more expensive	13%
On the street is more expensive	2%
Don't Know	57%

Have you ever used a payphone to access the internet or email?	%
Yes	1%
No	95%
Don't Know	4%

 (n=1,000 All respondents)

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Conclusions

- 2005 has seen the continued trend of declining fixed telephone usage among residential users.
- Residential users appear to believe that fixed and mobile telephony offer different advantages. Consumers do not believe one service can be substituted for the other, and appear to value the internet capabilities of a fixed line service, and the flexibility and mobility of mobile telephony.
- Broadband at 20% is holding its own in a market dominated by regular dial-up connections for the internet. This penetration level seems set to increase in 2006.
- Growth in VoIP awareness appears to be relatively high among internet users at 35%, given the early introduction of this technology in Ireland in 2005.
- There were no surprises in payphone usage with usage levels quite low at 20%.

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Appendix: Note on Methodology

Methodology

- 1,000 people surveyed aged 15 – 74.
- Fieldwork conducted: October 26th – November 22nd 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.

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

amárach