ComReg Trends Report Q3 2004

August 2004

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 in July 2004, 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
  - eCommerce
- 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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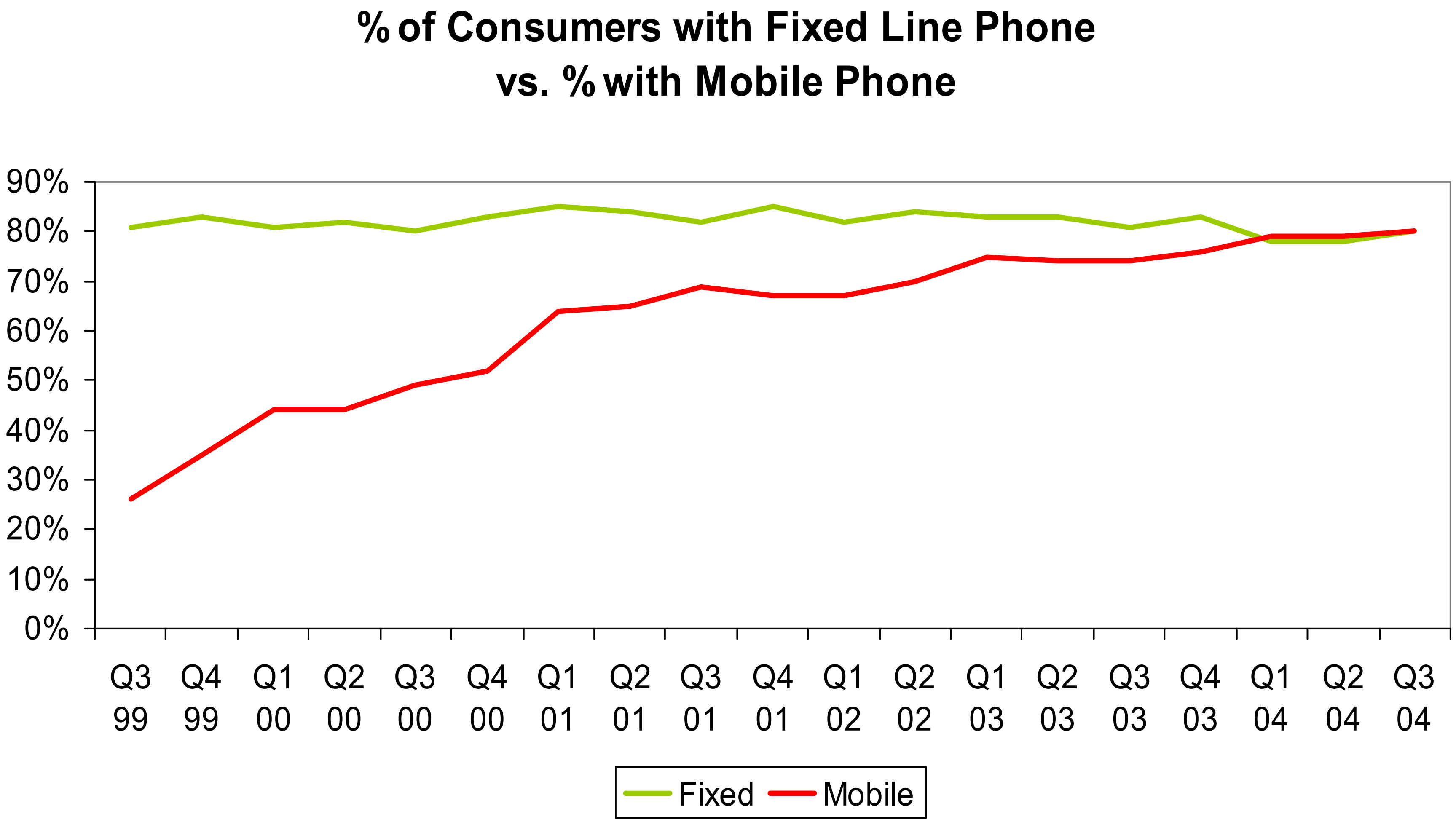
Fixed & Mobile Phone Usage

The Eclipse of The Land Line

- Amárach has been tracking trends in information and communications technologies (ICTs) in Ireland for over 5 years.
- Perhaps the single biggest change in that period of time has been the surge in mobile phone ownership: up from a little over one in five adults in 1999 to four in five today.
- This sea change in technology access and usage indicates how quickly ICTs can transform the consumer and business landscape.
- However, as we report this quarter, there is some evidence that the period of ICT-driven transformation may be behind us from a consumer perspective: with one of ICT consolidation now unfolding.

Fixed and Mobile Now Level



Source: Amárach Consumer TrendWatch, 1999-2004

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Internet Usage

Internet Usage

- Just as we see evidence of a maturing of the consumer mobile market, so also it appears that Internet usage have remained relatively unchanged in Ireland, with the measured level of usage remaining between 41-44% for the past four waves of our survey.
- Similarly, the location of internet usage has remained comparatively unchanged – with the home continuing to be the dominant point of access, followed by the work place.
- Mobile phone usage now threatens to erode fixed line usage.

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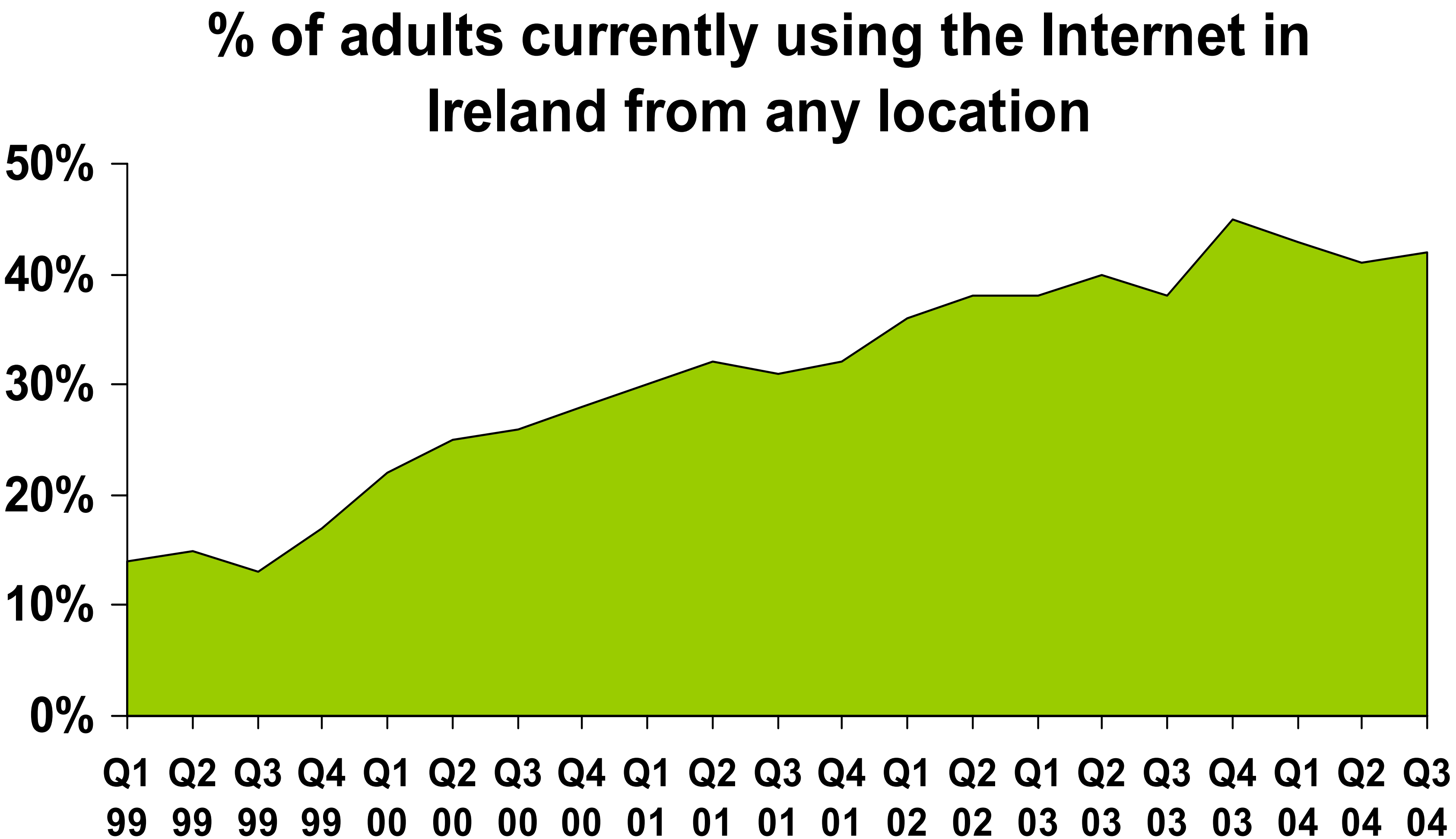
Internet Usage



- **An estimated 1.2 million Irish adults use the Internet**

(n=1,047)

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Usage Location Patterns Fairly Stable

Location of Use*	% Of all Adults Q2 04	Equivalent Population Q2 04	% Of all Adults Q3 04	Equivalent Population Q3 04	% Of all Internet Users Q2 04
Home	26%	746,000	30%	864,000	71%
Work	14%	394,000	14%	418,000	35%
Schools/Colleges	8%	226,000	8%	245,000	20%
Friend's House	4%	115,000	5%	140,000	12%
Cyber Cafes	2%	71,000	3%	82,000	7%
Public Library	1%	41,000	2%	52,000	4%
On the move	1%	21,000	1%	17,000	1%
Total	**41%**	**1,180,000**	**41%**	**1,209,000**	

 (n=440) * *Multiple responses allowed*

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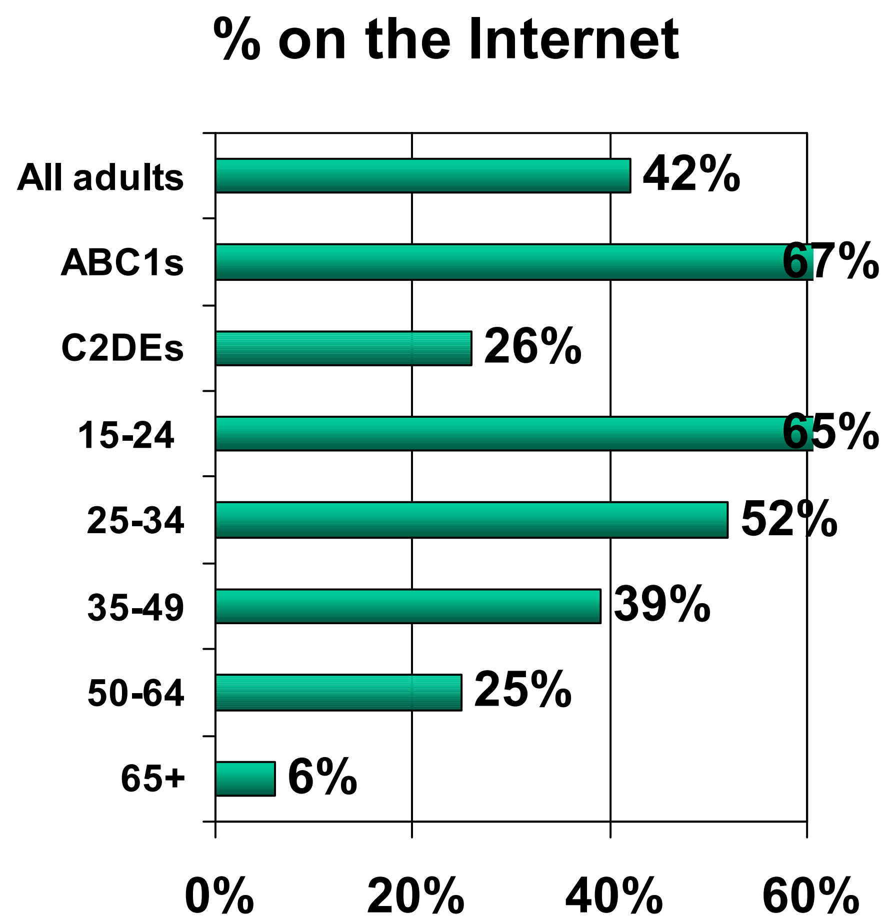
Socio-Demographics of Use

- Over 4 in 10 Irish adults are using the Internet.
- There are no significant usage differences in the usage between genders.
- The main determinant of usage seems to be social class. ABC1s are more than two and a half times more likely than C2DE's to be on online
- Age is also an important determinant. Usage is significantly higher than the national average among the under-35s.



(n=1,067)

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Frequency of Using the Internet

How often do you use the Internet at home?	Q3 03	Q4 03	Q1 04	Q2 04	Q3 04
Daily or nearly every day	13%	15%	19%	25%	18%
Several times a week	45%	32%	39%	33%	40%
About once a week	31%	39%	30%	20%	26%
About once every 2 weeks	6%	10%	7%	10%	7%
About once a month	3%	4%	2%	6%	5%
Less often than once a month	2%	1%	2%	7%	2%
Mean number of times per week	**2.64**	**2.43**	**2.89**	**3.02**	**2.81**

Base: Home Internet users (n=440)

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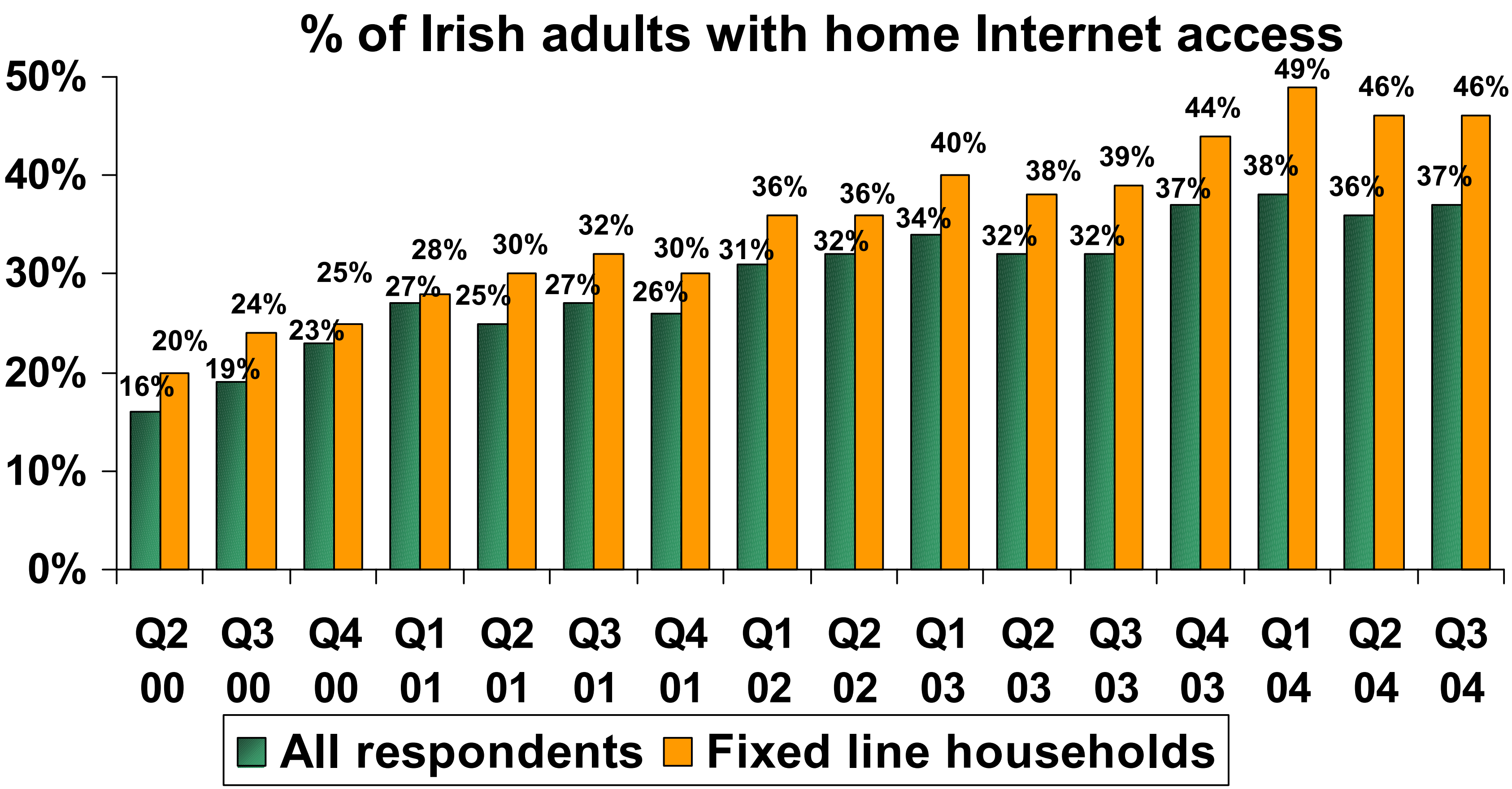
Almost Half of Fixed Line Households Online



(n=1,047)

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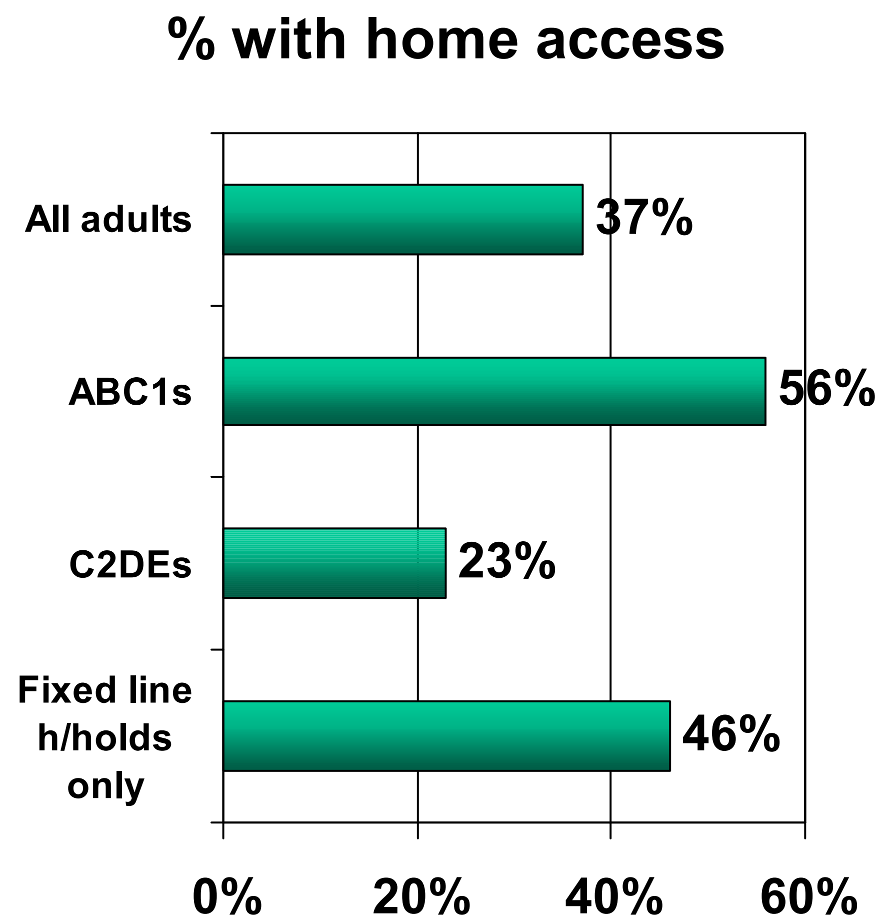
Socio-Demographics of Home Access

- 37% of adults have home Internet access – little changed since the last wave.
- Among households with a fixed line phone the access figure stands at 46%.
- Likelihood of having home Internet access is still significantly almost two and a half times as high in ABC1 households than in C2DE households.



(n=1,066)

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Home Internet Connections

How does your household connect to the Internet?	Q3 03	Q4 03	Q1 04	Q2 04	Q3 04
Standard telephone line/Regular dial-up	78%	84%	83%	81%	86%
ISDN line	10%	7%	9%	7%	5%
ADSL /Broadband connection	1%	2%	2%	3%	3%
Cable modem connection	3%	1%	2%	2%	4%
Through a mobile phone via WAP or GPRS	0%	0%	0%	1%	0%
Other	1%	-	1%	-	-
Don't know	8%	5%	3%	6%	1%

Base: All those with home Internet access (n=378)

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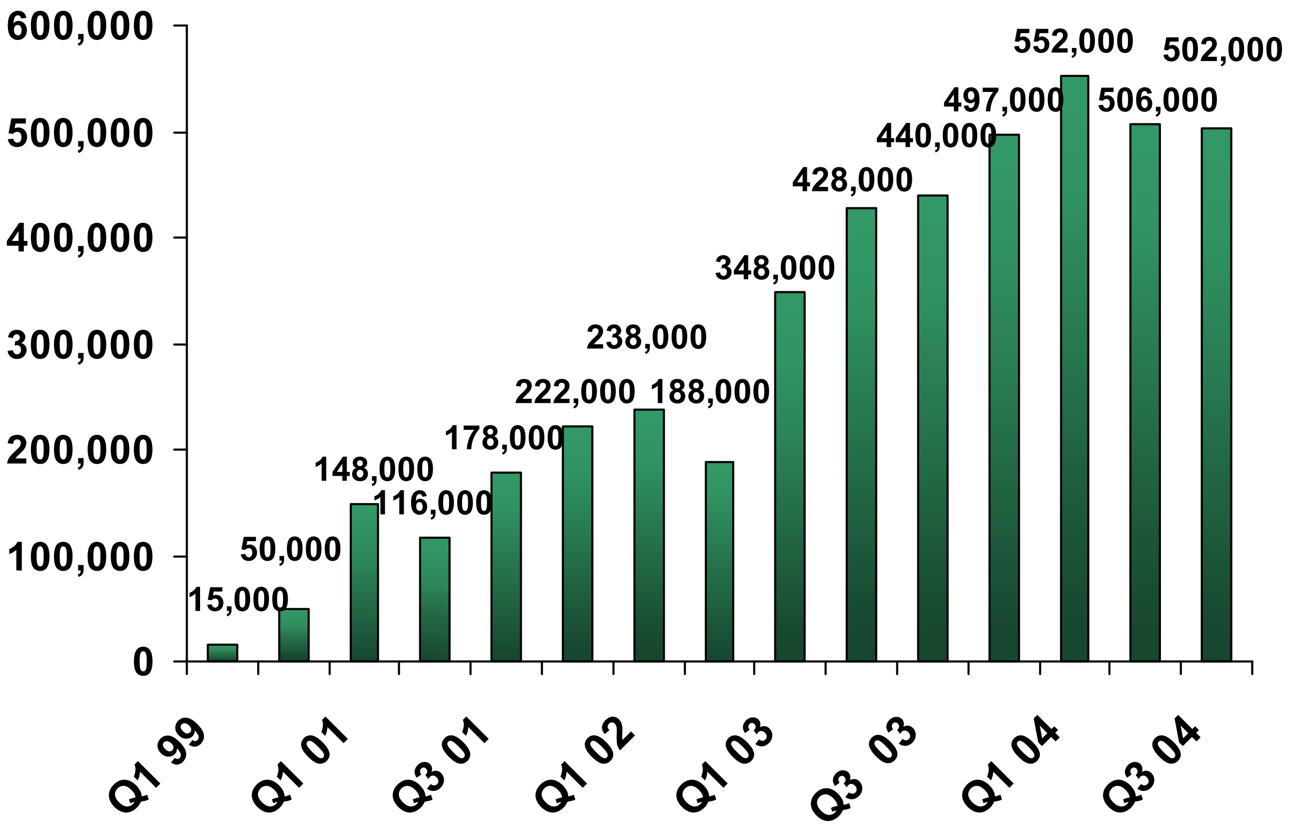
eCommerce

eCommerce

- As with mobile telephony and the internet, consumer behaviour in relation to eCommerce appears to be showing signs of maturing.
- Though the numbers currently shopping online dwarf those a mere five years ago, we appear to have reached a stage whereby a slowdown in internet usage has led to a stabilisation in eCommerce by consumers.
- Even the composition of online purchases appears to be settling down into a predictable pattern – with the purchase of airline tickets remaining the dominant item, followed at a distance by concert tickets.
- Books, videos and music jostle each quarter for the number three position – held this quarter by music (perhaps driven by growing awareness of online music sites and services such as iTunes).
- Clearly the eCommerce experience works for Irish internet users – broadly the same proportion of users intend repeating the experience as in the most recent waves (about half the total).

Increase in e-Commerce Activity

Number of Internet users who have made an online purchase in the last 3 months



- 42% of Internet users have made a recent online purchase, up slightly from this time last year
- Online shopping in this wave is most prevalent among 25-34 year olds, and those living in Dublin

Base: All Internet users (n=440)

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Online Sales

Top 10 Online Purchases*	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004
Airline tickets	66%	62%	64%	63%	61%
Concert tickets	38%	29%	27%	22%	23%
Books	13%	12%	19%	13%	18%
Videos/DVDs	6%	8%	18%	11%	16%
Music	9%	6%	17%	13%	19%
Package holiday	10%	27%	17%	19%	13%
Other travel services (e.g. hotel, car hire)	13%	13%	14%	7%	11%
Computer Software	7%	10%	13%	7%	7%
Information	5%	13%	7%	8%	4%
Clothing	3%	6%	6%	8%	6%

** Multiple responses allowed*

Base: All those who have made an online purchase in the last 3 months (n=183)

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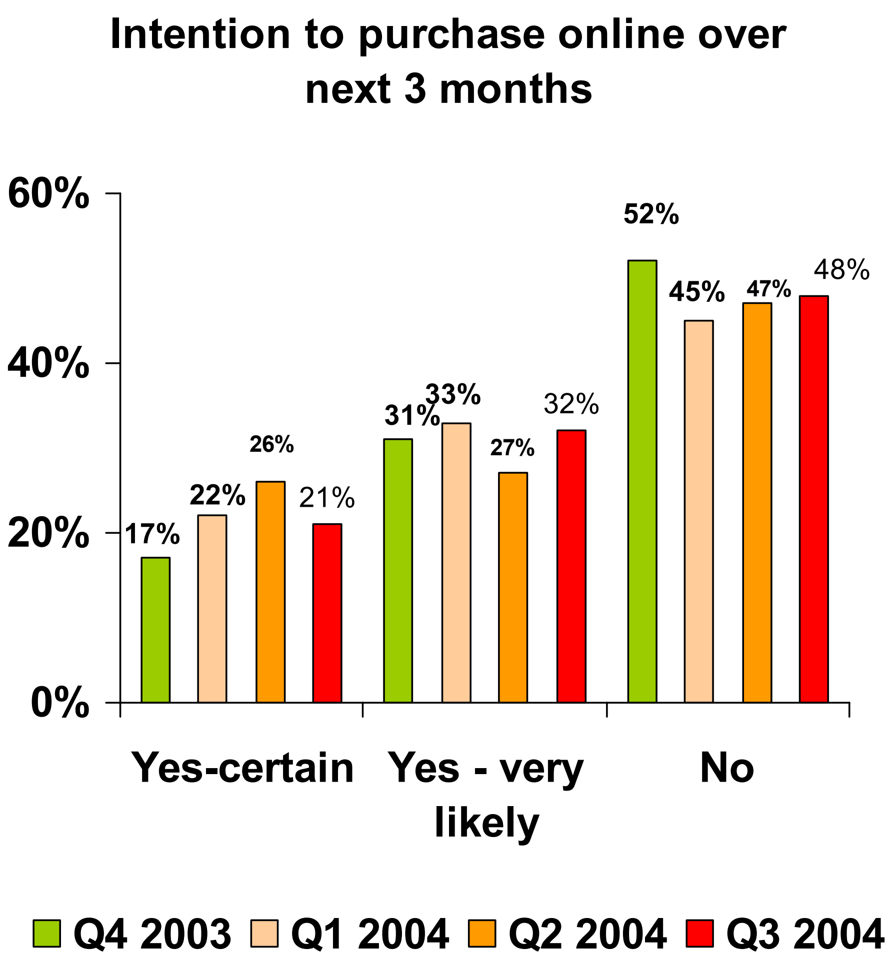
E-Commerce Intentions



- Over half of Ireland's Internet users say they are certain or very likely to make an online purchase within the next 3 months, over half of these being ABC1's
- Those who consider it unlikely that they will make an online purchase continue to be 15-24 year olds, students, and those who have not made an online purchase in the last 3 months.

Base: All Internet users (n=440)

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Conclusions

The Forward March of Technology Halted?

- Perhaps after five years of stellar growth we should not be surprised to see a relative slowdown in mobile phone, internet and ecommerce usage – which in turn could point to a very different direction for market development over the next five years.
- The good news is that Irish consumers are very satisfied with their ICT experiences – so there is little threat of a reversal in usage trends (with the possible exception of fixed line).
- Breaking out of this impasse will require a powerful combination of innovation, value-for-money pricing and good timing to move our measures of ICT usage out of their seemingly mature phase.

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Appendix: Note on Methodology

Methodology

- 1,043 people surveyed aged 15 – 74.
- Fieldwork conducted: 16th – 30th July 2004.
- 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 128 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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