Commission for
Communications Regulation

General

Trends Survey Series – Wave 1, 2006

Residential Communications Survey Report

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1 Introduction

Since January 2003, ComReg has commissioned Amárach Consulting to carry out a Trends survey on a quarterly basis. The survey is conducted to gain insight into the attitudes and perceptions of residential consumers in relation to a range of electronic communications services provided in Ireland, and to track these perceptions over time. We hope that such analysis will provide a useful source of information on end-user experiences of the market.

This survey of 1,000 residential consumers aged 15-74 was conducted between the 25th January and the 21st February, 2006. The survey involved face to face interviews carried out in respondents' own homes at 101 different locations nationally. A guide to the margin of error for this survey is contained in the presentation of survey results by Amárach, but is typically +/- 3% for questions where all respondents answered. It should be noted that the data contained within this report is based on the responses provided by survey participants, and while providing useful insight into residential consumer experiences, it is not directly comparable to data collected from electronic communications operators as presented in the ComReg Quarterly Report.

Income groups are defined using the recognised ABC1, C2DE and F classifications. These are based on the household's chief income earner's occupation. A fuller explanation of these income group categories are provided in an appendix to this report.

This report highlights the main findings and trends for Quarter 1, 2006. The complete presentation of survey results by Amárach Consulting is published on our website[1].

1.1 Summary of Key Findings

- 70% of survey respondents report having a fixed line telephone in the home. Younger respondents, those on lower incomes and those in the rental sector are least likely to have a fixed line subscription.
- Residential users of fixed line telecoms services spend an average of €51.75 monthly (€103.50 every two months) on fixed communications, compared with the average spend of mobile users at €53 per month.
- One third of home internet users are now using some form of broadband- up from one in five in Quarter 1, 2005.
- Over half of mobile customers who use their phone while abroad are fairly unsure, or have no idea of the cost of roaming.

[1] ComReg Document: 06/22a

- The majority of mobile customers using their mobile phone use a variety of techniques to minimise the expense associated with mobile roaming, including using their phone to only send text messages, and keeping the phone turned off, for use in emergencies only.

- One of the most effective ways of reducing the cost of mobile roaming is manually selecting the operator abroad which will offer customers the lowest roaming charges. Currently only 9% of customers using roaming usually actively select this best value option.

2 The Fixed Line Market

2.1 Fixed Line Telephone in the Home

ComReg uses the Amárach Trends surveys to understand the penetration and usage of a range of electronic communications services by Irish consumers. Survey respondents aged 15-74 years are regularly asked about their access to a mobile phone and fixed line telephone service in their home. Figure 2.1.1 illustrates a long term trend of a slow decline in the instances of a fixed line connection within the home, while in contrast mobile usage has increased over the same period albeit it more slowly since early 2003. In Q1 2006, 70% of respondents indicated that they had a fixed line subscription in the home, while 84% of consumers interviewed had a mobile phone subscription. The level of mobile phone subscriptions in the residential market has remained relatively static since Q1 2005. The OECD in their 2005 Communications Outlook[2] note that mobile penetration growth across Europe is slowing as markets mature. It is likely mobile penetration will remain relatively stable in the medium term, as operator growth strategies focus on retaining customers and encouraging them to use additional voice and data services.

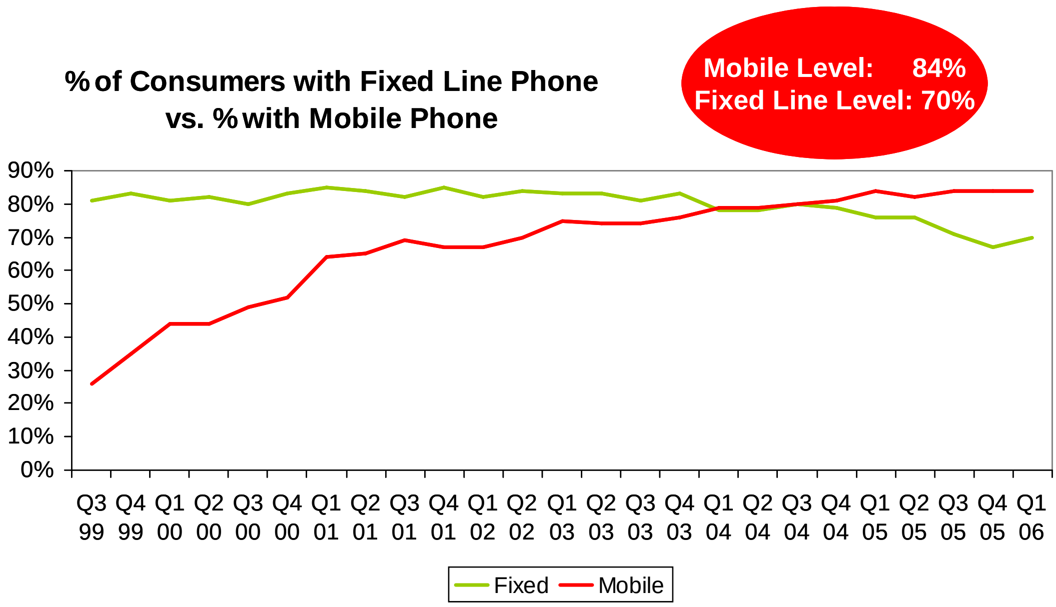


Figure 2.1.1 Fixed and mobile usage by residential consumers

In addition to 70% of respondents who currently have a fixed line telephone subscription in their home, a third of those without a fixed line suggest that they had a fixed line subscription in the past. A further 5% of respondents without a fixed line subscription are either awaiting connection, or plan to subscribe to a fixed line service in the next six months.

[2] http://www.oecd.org/document/15/0,2340,en_2649_34225_35269391_1_1_1_1,00.html

Household penetration of landline telephone services vary according to the profile of the respondent. Younger respondents, those from lower income groups and those who live in rented accommodation are least likely to have a fixed line subscription in the home. In contrast, 94% of those with home internet access have a fixed line subscription in the home; older respondents were also more likely to have a fixed line connection in the home. High fixed line penetration among home internet users may suggest that home internet subscription may be a driver for fixed line retention and subscription. For older consumers, the Department of Social Welfare offers free line rental for those aged 70 and over may be an incentive for older consumers to retain their fixed line telephone in the home. Figure 2.1.2 illustrates a range of demographic differences in the subscription to a fixed line telephone service in the home.

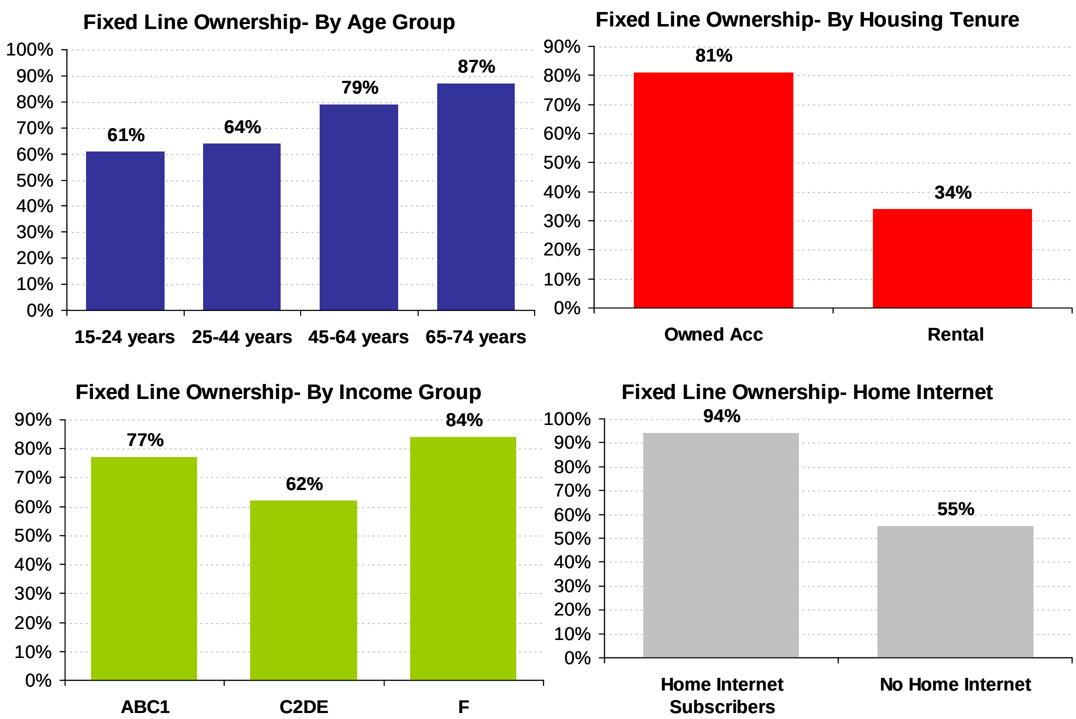


Figure 2.1.2: Subscription to fixed line telephone services by a various demographic groups

Respondents without a fixed line subscription in the home were asked about their reasons for not using the service. The top reason provided by respondents was that they had use of a mobile phone. The other main reasons provided for not having a fixed line subscription were related to individuals "living in rental accommodation" and the cost of both line rental and calls.

Figure 2.1.3 summarises the main reasons provided by respondents when asked about their reasons for not having a fixed line subscription.

What is your main reason for not having a fixed line telephone in your home? n= 304	**%**
Have a mobile phone instead which you use	54%
Living in rental accommodation	11%
Fixed line call costs are too high	10%
Cost of connection and line rental is too high	10%
Plan to get a fixed line/ awaiting installation	5%
Other/ Don't Know	7%

Figure 2.1.3: Reasons for not having a fixed line in the home

2.2 Switching Fixed Line Operator

The survey results indicate that 82% of fixed users currently use eircom as the provider for their home telephone service. Fixed line users were asked if they had ever used an alternative fixed line operator, and then switched their subscription back to eircom. Figure 2.2.1 illustrates the instances of those fixed line subscribers who have switched back to eircom after using an alternative service.

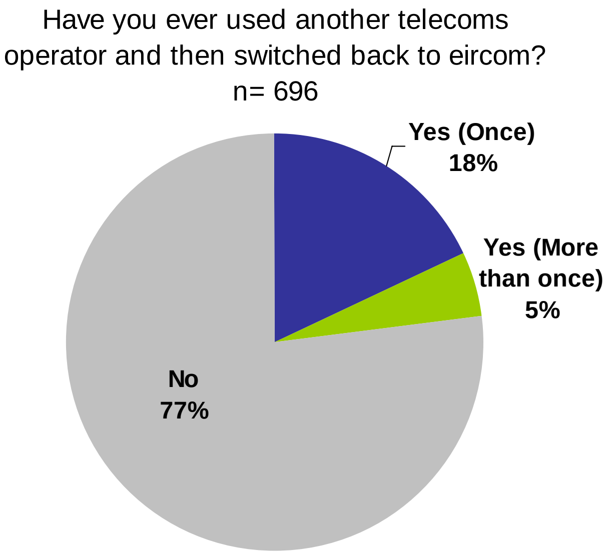


Figure 2.2.1: Instances of using an alternative operator and switching back to the incumbent.

Respondents were further asked about their reasons for switching back to eircom from another operator. The most popularly recorded response was that respondents considered it "too much hassle to receive two bills- one for line rental and one for calls". Wholesale Line Rental (WLR), a regulatory product which allows alternative operators to include line rental and calls on a single bill was introduced in the Irish market in June 2004. Single billing using WLR allows consumers to avail of potential cost savings with alternative operators while receiving a single bill for both line rental and calls. At year end 2005, almost 183,000 PSTN and ISDN lines used WLR. Furthermore, ComReg's website, www.askcomreg.ie provides consumers with information on changing providers, single billing when using alternative operators, and the process of switching fixed line provider.

2.3 Interest in Value-Added Fixed Services

This survey wave included a range of questions about consumers' interest in a wide range of additional fixed line subscription services where a score of 1 indicates th consumer is "not at all interested", and a score of 5 means the consumer is "very interested". Figure 2.3.1 outlines levels of interest expressed by respondents for a range of additional subscription-based services that may be offered in addition to their current packages.

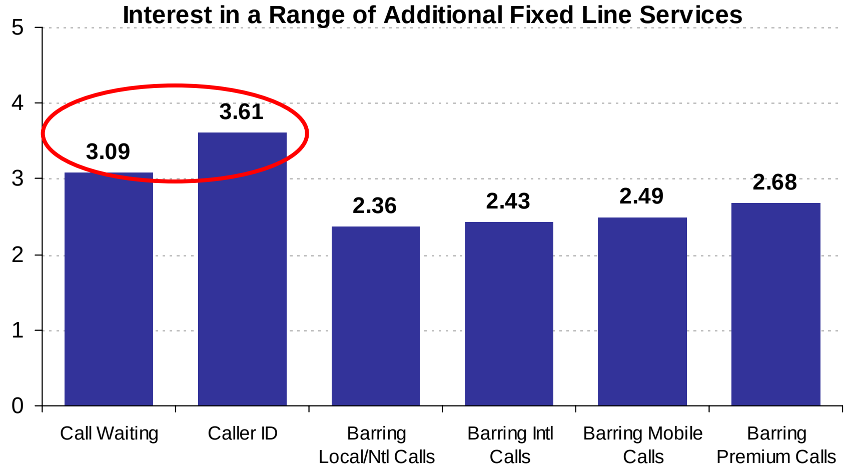


Figure 2.3.1: Levels of interest in additional land line voice services

Respondents expressed the highest levels of interest in subscribing to call waiting and caller ID services. Interest in subscribing to a variety of call barring services was generally lower; call barring of premium rate calls was the most popular of these services.

2.4 Fixed Line Spend

Survey respondents were asked about their last bi-monthly fixed line bill. The average estimated spend was €103.50 every two months compared to an average expenditure of €102 in the same period in 2005. The highest spenders were younger consumers, higher income groups and those with home internet access. Of note is that consumers who also have a mobile phone are more likely to spend more on their fixed line communications.

Figure 2.4.1 outlines estimated bi-monthly spend in Q1 2005 and Q1 2006.

How much approximately, was your last bi-monthly bill?	n=780 % Q105	n= 696 % Q106
Up to €50	14%	11%
€51- €75	13%	13%
€76- €100	18%	22%
More than €100	28%	29%
Refused/Don't Know/Not Stated	28%	25%

Figure 2.4.1: Approximate bi-monthly fixed-line spend.

The survey asked respondents about the factors which they considered important when choosing a fixed line service provider. In line with previous responses to this question in 2005, price was most frequently cited as an important factor. Figure 2.4.2 summarises the most important factors noted by survey respondents.

What Factors do you consider most important when selecting a home fixed line provider? N=696	%
Price	66%
Customer Service	34%
The operator has a good reputation	18%
Convenience of single bills, online billing and payment services	14%
Other products offered such as Digital TV and Broadband	3%
Other/ Don't Know	10%

Figure 2.4.2: Factors considered most important when selecting a home fixed line provider.

While price was the most frequently cited factor by all demographic groups, older consumers were more likely to value the reputation of the operator, while higher income groups were more likely to consider customer service as an important factor. To enable fixed line customers to more easily compare fixed line and broadband packages to achieve the best value for money, ComReg is currently developing Phase 2 of the www.callcosts.ie website. This web-based consumer site currently provides price comparison information for mobile subscribers. It is undergoing testing for the provision of fixed line and broadband pricing comparison, with a view to fully launch the fixed line service in the coming months.

3 The Mobile Market

The Amárach Trends series survey examines usage of mobile telephony amongst residential customers. It should be noted that this survey is not directly comparable with the latest ComReg Quarterly Market Report[3] which estimates that there is 102% mobile penetration in Ireland. Quarterly Report mobile penetration data is based on the number of SIM cards which are defined as "active" by mobile operators as a percentage of the total population, and includes possible multiple SIM ownership or mobile data card applications by consumers. Instead, this survey seeks to understand the use of mobile telephony by residential users in Ireland.

3.1 Mobile Ownership among residential users

Overall 84% of survey respondents said they have a mobile phone subscription, with subscription levels highest among younger respondents and higher income groups. This level of usage has not changed significantly in the last 12 months, suggesting a maturing market with lower levels of new customers being added. When asked if they had more than one mobile subscription, 6% of respondents confirmed they did. A number of reasons were provided for multiple mobile phone ownership, most popularly that respondents used one phone for work, and one for personal use, and that they retained their old handset when they changed provider.

Survey respondents were also asked to name their mobile supplier. Figure 3.1.1 illustrates the operator used by survey respondents.

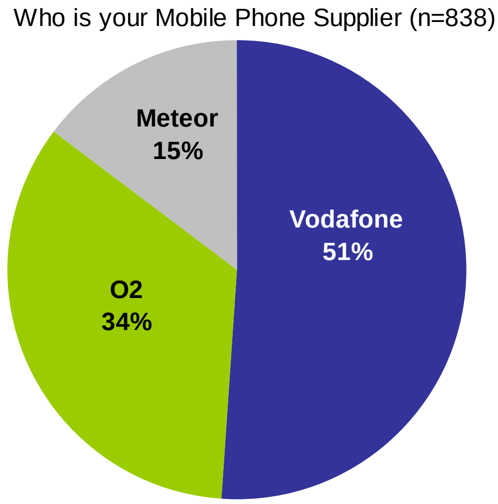


Figure 3.1.1: Mobile Phone Supplier, Q1 2006

[3] ComReg Document 06/15

Responses provided in this report and throughout 2005 indicate an increasing number of residential mobile phone users subscribing to a Meteor service. The survey results indicate some demographic differences in subscriptions to mobile operators. Figure 3.1.2 illustrates the mobile supplier used by three demographic groups.

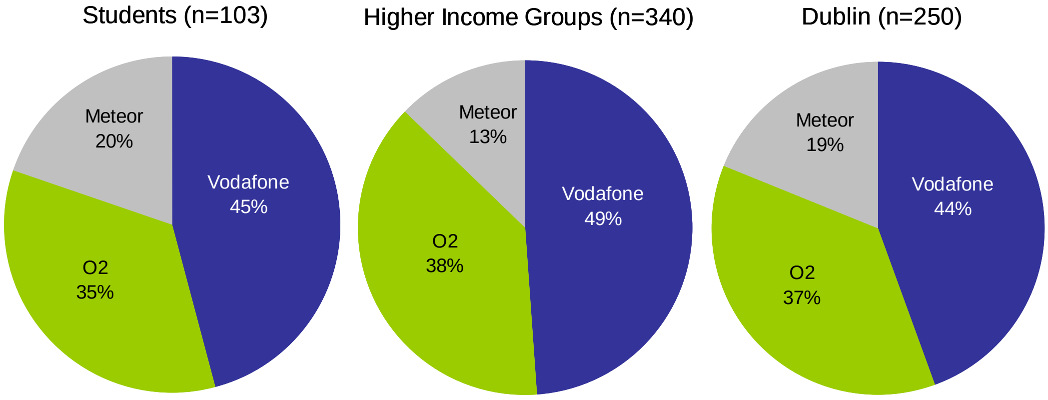


Figure 3.1.2: Mobile Service Provider: Students, Higher Income Groups, and Dublin Residents.

Respondents living in Dublin and those who are students appear more likely to have Meteor as their mobile provider. Although the base numbers for analysis are relatively low, survey data suggests that non-Irish nationals are more likely to use Meteor as their mobile provider (27%). This is particularly pronounced among consumers originally from Eastern European countries, where as many as 44% reported using Meteor as their mobile service provider.

3.2 Important Factors When Choosing a Mobile Service

Residential users of mobile phone services were asked about the importance of a number of features of their mobile phone service and the costs associated with different types of calls and other characteristics of their phone service.

Figure 3.2.1 indicates the perceived importance of a number of characteristics when choosing a mobile phone service where a score of 1 indicates that this aspect of the service is “not at all important”, and a score of 5 means the characteristic is “very important”.

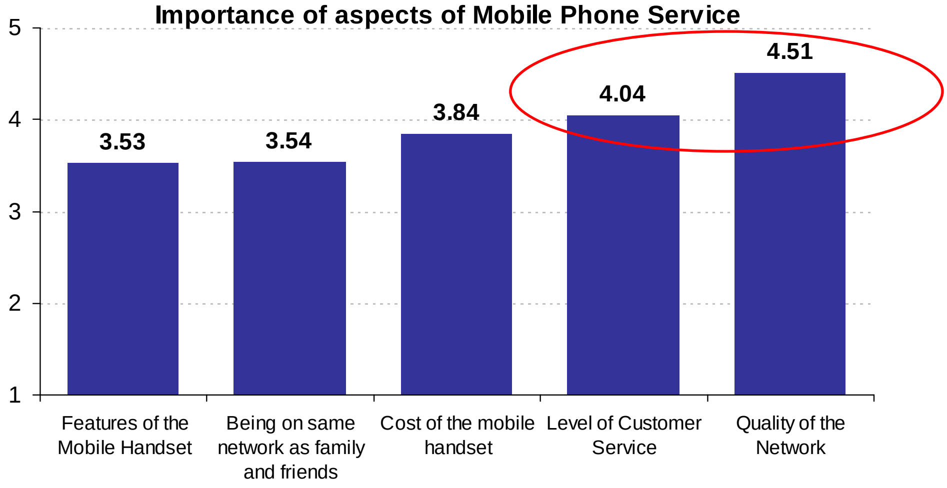


Figure 3.2.1: Importance of a number of mobile service features when choosing a mobile service

The cost and features available on mobile handsets were most important for younger consumers, those in Munster, and students. Respondents aged 65-74 were least likely to consider handset features as important. Overall, the level of customer services and the quality of the network were considered the most important characteristics by all respondents when choosing a mobile service. The importance of customer service was particularly noted among higher income groups and those in Munster; the quality of the network was considered most important by those in Ulster/Connaught.

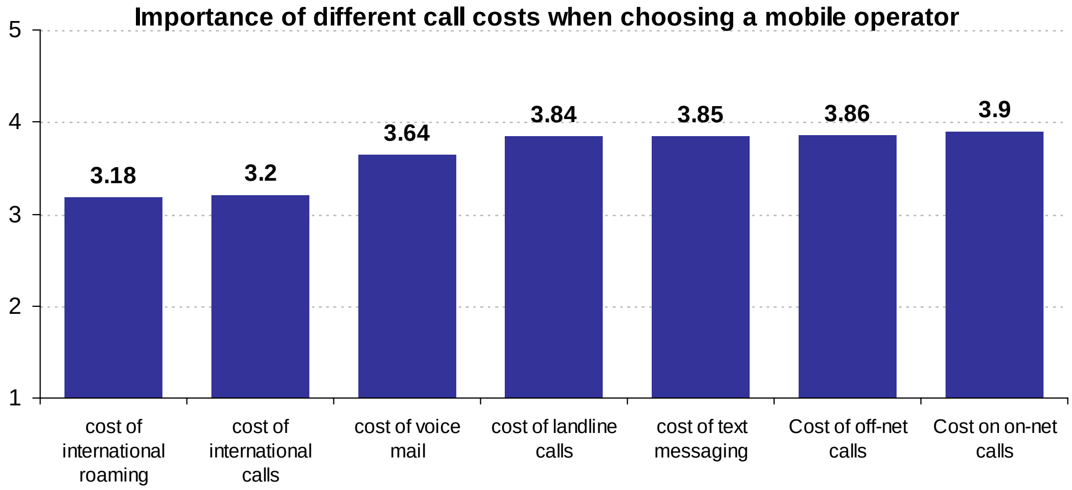


Figure 3.2.2: Importance of the cost of a variety of different mobile phone services when choosing a mobile service

Responses suggest that the cost of mobile to mobile calling, calls to fixed line numbers and the costs associated with text messaging are most important to mobile users. The cost of calling internationally and the cost of international roaming appears to be less important to consumers when choosing a mobile service.

3.3 Mobile Spend

Average monthly spend reported by mobile users was almost €55 compared with €53 in the same period in 2005. When compared to average fixed line spend, which is estimated on a bi-monthly basis (€103.50 every 2 months), it suggests that respondents estimate that they spend slightly more on their mobile telephony services than on fixed line on a monthly basis. There were a number of demographic differences in average mobile spend. Figure 3.3.1 illustrates average mobile spend across a number of demographic groups.

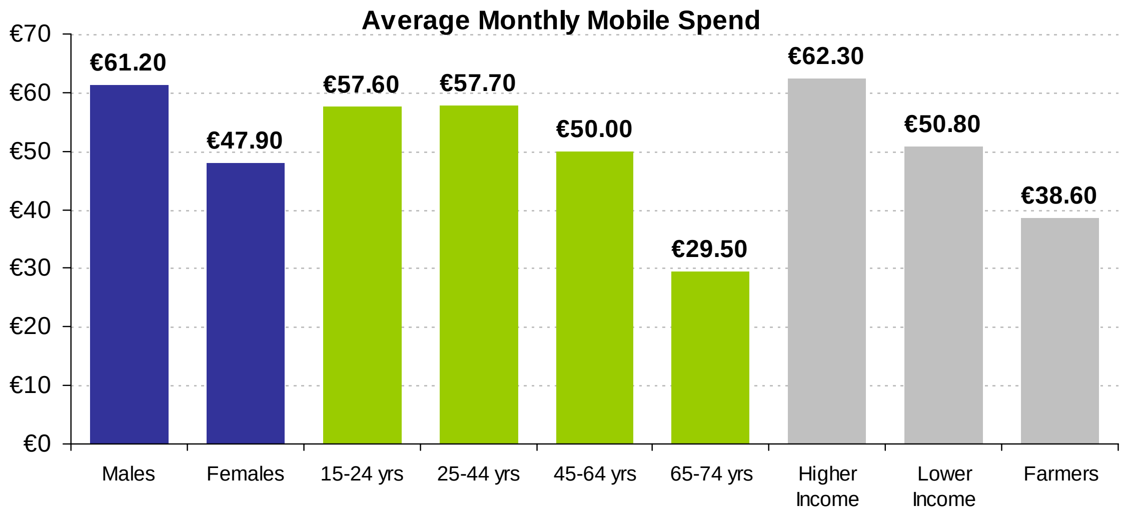


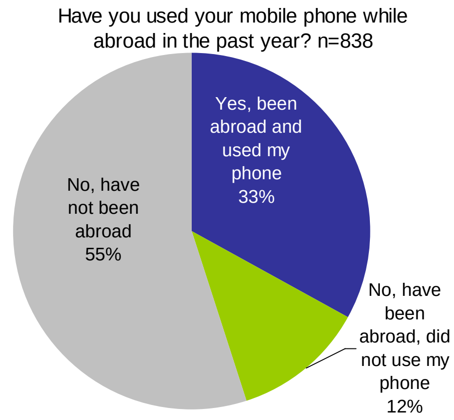
Figure 3.3.1: Average Estimated Monthly Mobile Expenditure by Demographic Group

Men appear to spend more on their mobile service on a monthly basis than women; higher income groups are likely to spend the most on their mobile communications of any of the demographically defined groups noted above. In addition, age is also a factor. Those aged 64 and over are more likely to spend less on their mobile phone. In November 2005, ComReg launch of the first phase of the web-based price comparison tool www.callcosts.ie. The site is dedicated to comparing prices based on personalised usage plans to provide consumers with the best value for money mobile subscription.

4 Mobile Roaming

4.1 Use of Mobile Phone While Abroad

The survey asked consumers about their experiences when using their mobile phones while abroad. Figure 3.4.1 outlines instances of survey respondents using their mobiles abroad, and the main destination countries in which they used their phone.



Countries where phone was used n= 372	%
United Kingdom (incl Northern Ireland)	39%
Spain (including islands)	26%
France	6%
Italy	6%
Greece	1%
Germany	1%
Canaries	4%
Portugal	4%
Turkey	1%
Cyrprus	1%
Other European Countries	3%
North America	3%
Other	15%

Figure 4.1.1: Percentage of respondents using their mobile phone while abroad, and destinations where mobile phone has been used while abroad.

4.2 Awareness of Cost of Using a Mobile Abroad

Respondents were asked about their awareness of the difference in cost between calling and sending text messages while abroad compared to the cost of calling and sending text messages on their home network.

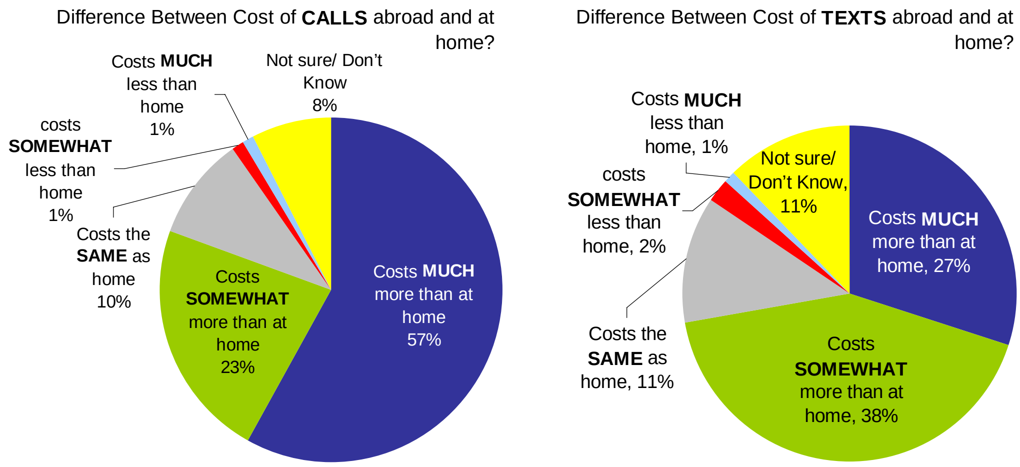


Figure 4.2.1: Perceived difference in price between making calls/ text messages on your mobile phone while abroad, and making calls/text messages while at home

Results indicate that survey respondents perceive the cost of both making calls and sending text messages to be more expensive while roaming, than when using these services at home. Making calls is perceived to be relatively more expensive than sending text messages.

While this analysis suggests that respondents are aware that roaming is more expensive than domestic mobile use, those who had used their mobile while abroad were asked in more detail about their awareness of the actual cost of using a mobile phone while abroad. Figure 4.2.2 outlines awareness of the cost of using a mobile while abroad and Figure 4.2.3 illustrates satisfaction with the quality of service, and cost of using a mobile while abroad.

How aware are you of the cost of using your mobile telephone while abroad? n=372	**%**
I know exactly how much it costs	9%
I know approximately what it costs	39%
I am fairly unsure of how much it costs	29%
I have no idea how much it costs	23%

Fig 4.2.2: Awareness of the cost of using a mobile while abroad

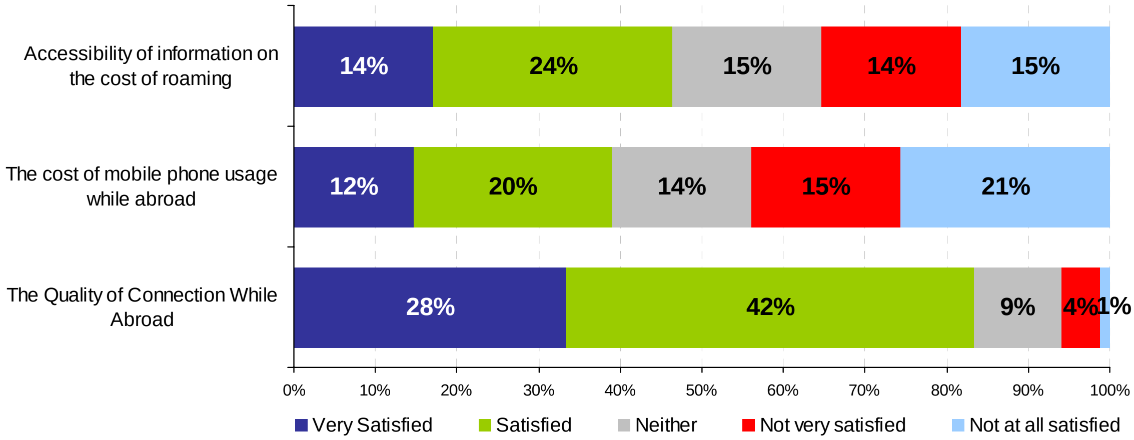


Figure 4.2.3 Satisfaction with roaming quality, price and availability of information on roaming.

Responses appear to indicate that those who had used their mobile phone while abroad had only an approximate or general knowledge about the cost involved. Only 9% of respondents claimed to know exactly how much mobile roaming costs, while over half suggested that they were either fairly unsure, or had no idea of the exact nature of the additional charges.

Those using their mobile while abroad appear generally satisfied with the quality of the network connection when roaming. In contrast, satisfaction with the cost of mobile roaming and the accessibility of information on the cost of roaming is relatively low.

ComReg has recently launched a mobile roaming price comparison guide, and consumer information to the www.askcomreg.ie website. This site provides updated information on roaming tariffs offered by different operators in a number of destinations and offers advice on how best to reduce the cost of roaming.

4.3 Mobile Roaming: Usage Behaviour

This wave of the survey asked those who use their mobile abroad about their usage patterns while roaming. Survey responses suggest that the vast majority of consumers use a variety of techniques aimed at minimising the cost of using their mobile while abroad. Figure 4.3.1 outlines the key responses provided by survey respondents for mobile usage while abroad.

Which of the following options best describes how you use your mobile phone while abroad?	**%**
I send text messages instead of making voice calls	44%
I keep my phone off, and use if only when necessary	20%
I buy a new SIM locally while abroad	1%
I choose the least expensive network for roaming	3%
I use my phone as normal while abroad	8%
It varies	8%
Don't Know	16%

Figure 4.3.1: Usage of mobile while abroad

Younger respondents were more likely to opt for text messaging while abroad to manage the cost of mobile roaming, while older respondents were more likely to keep the phone off, using it only when necessary. A perceived high price differential between the cost of roaming and home mobile usage is evident as only 8% of respondents suggested they used their phone as normal while abroad.

One technique which may lower the cost of mobile roaming is actively selecting the network operator which will offer the lowest roaming rates. Survey respondents were asked if they used the network that automatically appeared on their handset, or actively selected a network manually that may offer better value for money; Figure 4.3.2 summarises the results.

When choosing a mobile network abroad, do you choose the network that automatically appears on your handset, or select a network yourself? n=372	**%**
I use the network that automatically appears on my handset	57%
I sometimes choose the network, although usually I use the one that appears on my handset	10%
I usually choose the network, but sometimes I use the one that appears on my handset	3%
In general, I always choose the network myself	6%
Don’t Know/ Not Sure	24%

Figure 4.3.2: Active Selection of mobile network while abroad.

Only 19% of respondents cited actively selecting a mobile network on their phone while abroad. The majority of these select a network manually sometimes, with only 6% of respondents suggesting they always choose the network themselves.

Mobile users who are planning to use their mobile abroad are recommended to consider a number of actions before travelling in order to reduce the cost of mobile roaming. Mobile customers are recommended to contact their mobile operator before travelling to establish the lowest cost network for roaming. A number of operators now offer specific roaming packages which may reduce the cost of roaming while abroad. Customers may also be advised to actively select the lowest cost mobile network using manual selection. The consumer website www.askcomreg.ie has further information on methods of reducing the cost of using a mobile phone service while abroad.

5 Internet and Broadband Usage

5.1 Personal Use of the Internet

Survey respondents were asked if they personally use the internet from any location; overall 46% of survey respondents said they personally used the internet. Usage appears to vary between respondents with different demographic profiles. Figure 5.1.1 illustrates individual internet usage by age group, income group, and region. Figure 5.1.2 profiles internet users by location of use.

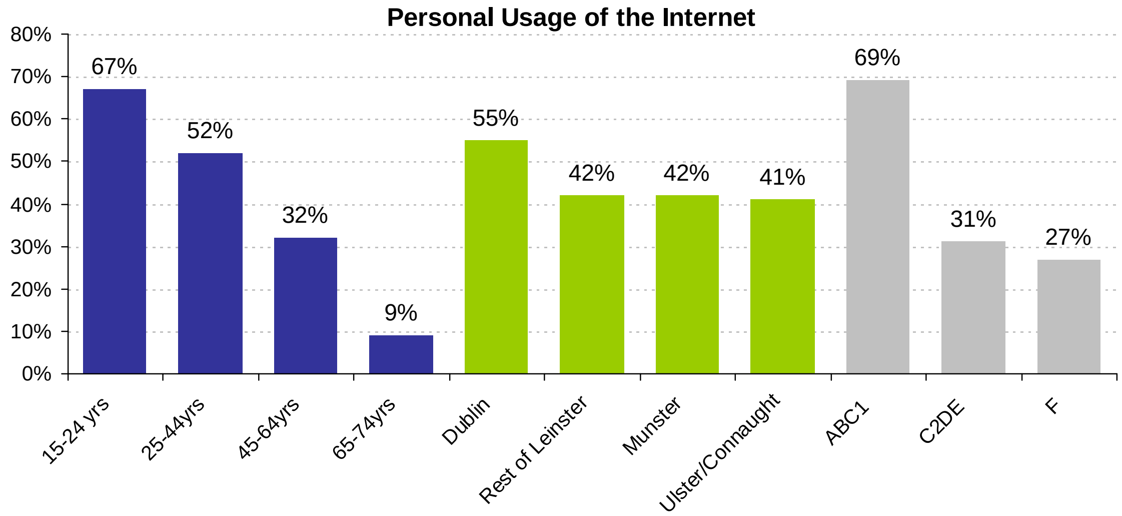


Figure 5.1.1: Personal Internet Usage by key demographic groups and location

From which of the following locations do you use the internet? n=445	%
Home	68%
Work	36%
School/ College	17%
Cyber Cafes	8%
Friends House	6%
Public Library	2%
A portable device	1%
Other	1%

Figure 5.1.2: Locations where internet users connect to the internet

All three profiles noted in Figure 5.1.1 seem to have an impact on the likelihood of the respondent personally using the internet. Results appear to indicate that age and social class provide the most striking differences in internet usage. Results also suggest a difference in internet usage between those in Dublin and the rest of the country; outside of the Dublin area, all areas appear to have reasonably similar patterns of internet usage. Although a relatively small sample size, it is interesting to note that internet usage among non-Irish nationals have a higher rate of internet usage than the overall sample, at 70% usage.

5.2 Internet Subscription in the Home

In addition to personal use of the internet from any location, the survey sought to understand levels to home internet subscriptions. Overall, 38% of respondents said they had an internet subscription in the home. Internet subscribers were further asked about the type of subscription they had. Figure 5.2.1 outlines the main categories of internet technology used by home internet subscribers.

How do you connect to the internet from home?	Q1 05	Q305	Q106
Dial-up narrowband using a modem	63%	52%	38%
ISDN line	15%	13%	9%
DSL Broadband	16%	26%	32%
Cable Broadband	2%	3%	2%
Wireless/ Satellite Broadband	1%	1%	2%
Mobile Phone/ Mobile Device	-	1%	1%
Other/ Don’t Know	3%	5%	16%

Figure 5.2.1: Home internet subscribers: Type of Connection.

In Q1 2005, 19% of home internet users subscribed to some type of broadband; one year later, 36% of internet homes now use some form of broadband, predominantly DSL. Adoption of broadband differs considerably among a number of key demographic groups. Figure 5.2.2 outlines subscription to a narrowband[4] or broadband[5] subscription in the home based on user profile.

[4] Narrowband includes dial-up, ISDN, internet access using a mobile device

[5] Broadband includes DSL, Cable Broadband, Satellite Broadband or Wireless Broadband connection

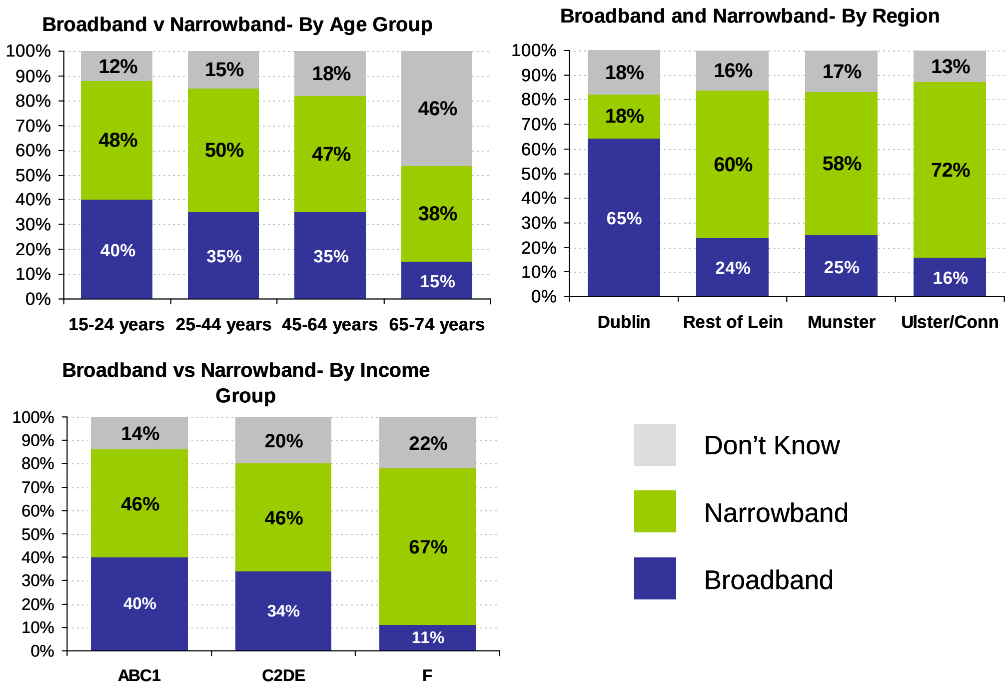


Figure 5.2.2: Broadband and Narrowband Home internet Subscribers by Age Group, Region and Income Group.

Survey results suggest that younger respondents and those in higher income groups are more likely to have a broadband subscription within the home. However the most striking difference in broadband adoption is on a regional basis, where a home internet user in Dublin is four times more likely to have a broadband subscription than a home internet user in Ulster/Connaught.

Eircom is the provider of internet services to 70% of survey respondents. Figure 5.2.2 outlines eircom market share of the residential home internet market

Who is your home internet provider (ISP)? n=375	**%**
eircom	70%
ntl	3%
Irish Broadband	3%
BT Ireland	3%
Smart Telecom	2%
Other	3%
Don't Know	16%

Figure 5.2.2: Internet Provider to home internet users

6 Broadcasting

6.1 Household TV Subscriptions

This survey wave asked respondents about their subscription to TV services in the home. Figure 6.1.1 outlines responses provided by respondents in this wave compared with the same period in 2005.

How do you receive your television service?	% Q105	%Q106
An external aerial or TV's own area	28%	30%
Via Satellite from Sky	25%	29%
Cable/MMDS from ntl	27%	23%
Cable MMDS from Chorus	17%	14%
Satellite, but no payment to Sky	-	1%
A Community Mast	2%	1%
Other	2%	2%
Don't Have a Television	1%	1%

Figure 6.1.1: Types of TV service received in home in Q1 2005, and Q1 2006

6.2 Subscription to Pay TV Services

Overall, 66% of the total number of survey respondents interviewed subscribed to some form of Pay-TV. Figure 6.2.2 profiles pay TV subscribers by region, age and income group.

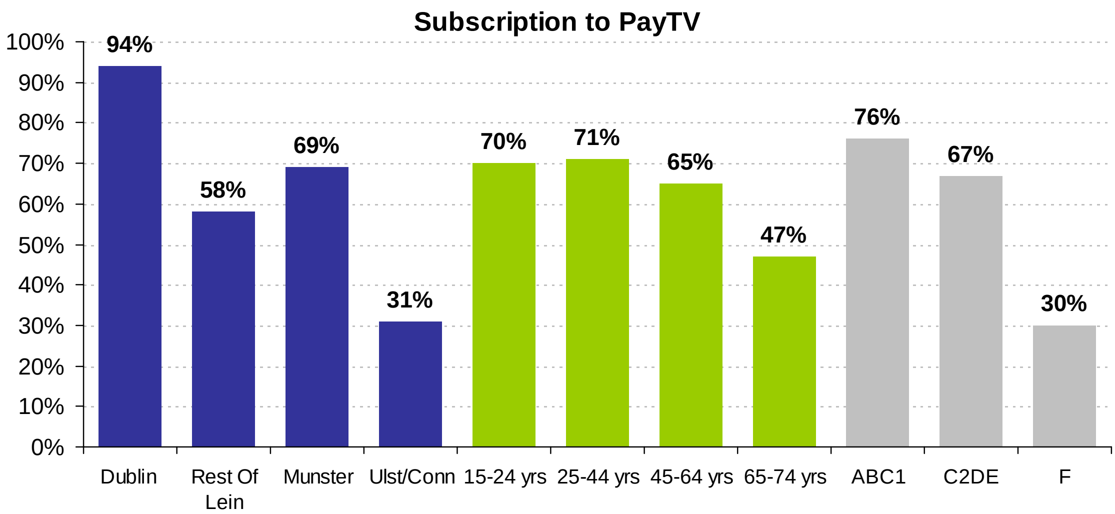


Figure 6.2.1: Subscription to Pay TV services by region, age group and income group

Survey respondents in Connaught/Ulster were most likely to have a free to air TV service. When asked why they did not subscribe to a pay TV service, residential users in this region were most likely to cite satisfaction with their current TV services. However, 13% suggested that there was no pay TV availability in their area, compared to 5% of all free-to-air respondents who cited this reason. Respondents aged 65 and over were also more likely not to subscribe to a pay-TV services, were most likely to consider the service to be too expensive, and responded that they were happy with their current TV service.

6.3 Subscription to Digital TV Services

All respondents were asked if they subscribed to digital TV services. Overall 42% of the sample interviewed suggested they had a digital TV subscription. Figure 6.3.1 outlines the digital TV operator used by respondents with a digital subscription.

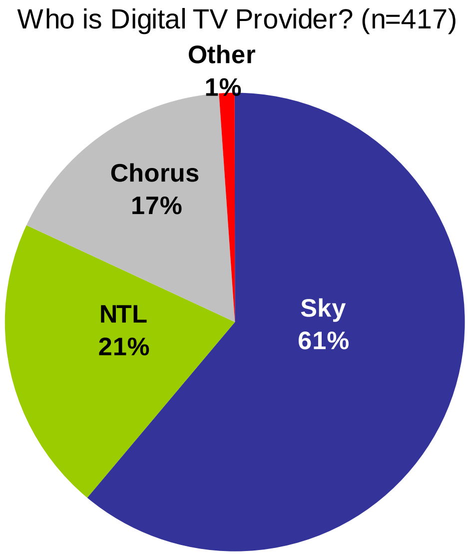


Figure 6.3.1: Digital TV Provider

7 Appendix

Income Group Categories

ABC1 Brackets

- A
    - These are professional people, very senior managers in business/commerce/top level civil servants.
    - Retired people, previously grade A, and their widows

- B
    - Middle management executives in large organisations, with appropriate qualifications
    - Principal Officers in local government and civil service
    - Top management or owners of small business concerns, education and service establishments
    - Retired people, previously grade B, and their widows.

(AB's are approx 13% of the total population)

- C1
    - Junior management, owners of small establishments, and all others in non-manual positions
    - Jobs in this group have very varied responsibilities and educational requirements.
    - Retired people, previously grade C1, and their widows
    - (C1's are approx 26% of the total population)

C2DE Brackets

- C2
    - All skilled manual workers, and those manual workers with responsibility for other people
    - Retired people, previously grade C2, with pensions from their job.
    - Widows if receiving a pension from their late husband's job.

(C2's are approx 23% of the total population)

- D
    - All semi-skilled and unskilled manual workers, and apprentices and trainees to skilled workers
    - Retired people, previously grade D, with pensions from their job
    - Widows if receiving a pension from their late husband's job

- E
    - All those entirely dependant on the state long-term, through sickness, unemployment, old age or other reasons.
    - Those unemployed for a period exceeding six months (otherwise classify on previous occupation)
    - Casual workers and those without regular income.

(DE's are approx 28% of the total population)

F Category

- F
    - Farmers