Commission for
Communications Regulation

General

Trends Survey Series- Wave 1, 2005

Residential Telecommunications and Broadcasting Survey Report

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An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation
Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland
Telephone +353 1 804 9600 *Fax* +353 1 804 9680 *Email* info@comreg.ie *Web* www.comreg.ie

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1 Introduction

Amárach Consulting has been commissioned by ComReg to carry out a survey on 1,000 residential consumers aged 15-74 in Ireland on a quarterly basis for the purposes of the Trends Survey. The Trends series has been published by ComReg on a quarterly basis since March 2003. The purpose of the survey is to gain an understanding of the attitudes and perceptions of residential consumers with relation to a range of telecommunications and broadcasting services provided in Ireland. The scope of the Trends series has broadened from that of previous quarters, and now includes an examination of attitudes towards a broad range of ICT services. We hope that such analysis will provide a useful source of information on end-user perceptions of the market for the purposes of market research and policy development.

This survey wave was conducted between 28th January and 23rd February 2005 using face to face interviews carried out in respondents' own homes at over 101 different locations nationally. A further booster survey on a sample of 250 respondents was conducted in border counties, examining specific issues relating to incidences of inadvertent cross-border roaming on mobile phone networks. It should be noted that given the sample size, the overall survey has a margin of error of +/- 2-4% and the booster sample a margin of error of +/- 4-6%.

It should be further noted that Esat-BT refers to the newly branded BT Ireland. During the survey period, the operator is referred to, and is reported as East-BT. In future survey publications, it will be reported as BT-Ireland.

This report outlines the main findings and trends in light of the survey responses provided by interviewees. A more complete presentation by Amárach Consulting of the survey results is published on our website, www.comreg.ie.

2 The Fixed Line Market

2.1 Fixed Line Penetration

Results from this survey suggest a continued, albeit slow decline in fixed line penetration within the Irish market. This is in contrast to the continued growth of mobile penetration. For the second quarter, respondents with a current mobile phone subscription exceeded those respondents with a fixed line in their household.

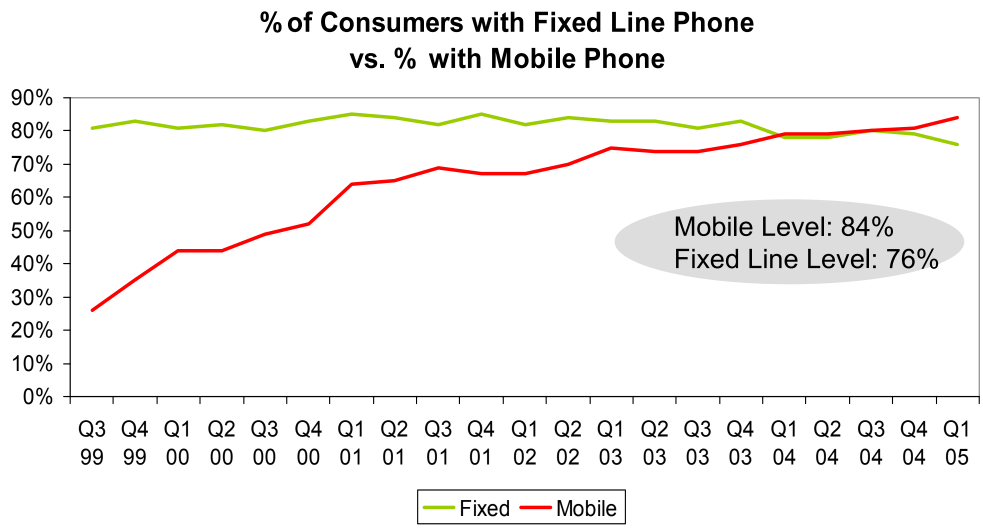


Figure 1: Respondents with a mobile phone subscription, and those with a mobile phone within the household.

It should be noted that the mobile penetration rate from this survey, recorded at 84% is lower than the penetration rate published by ComReg in its Quarterly Key Data report (05/21b), where penetration of 94% is recorded.[1] The results from the survey remain relevant, given that they provide an interesting indication of mobile usage among the 15-74 year old sample. The general data trend is of interest, in particular the continued growth of mobile subscriptions for voice in the residential sector.

Of further interest is the demographic profile of those most likely not to have a fixed line subscription in the home. While survey responses suggest that overall 24% of homes currently do not have a fixed line subscription within the home; younger, single respondents and those in the C2DE social class category are most likely to be without a fixed line telephone in the home. Responses suggest that 31% of 25-34 year olds, 32% of single respondents and 34% of C2DEs responded that they do not have a fixed line subscription in their home.

[1] The ComReg Quarterly Review calculates mobile penetration based on latest subscription numbers offered by the three mobile operators in the market. The penetration rate is then calculated by using total number of mobile subscribers as a percentage of the latest population figures in Ireland, sourced from the CSO. The Amárach survey is conducted among 1000 individuals between 15-74 years old. Survey results therefore do not measure mobile ownership across the total population, or give an indication of multiple mobile phone subscriptions.

The following table gives a break-down of the main reasons cited by respondents for not subscribing to a fixed line service.

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

Figure 2: Main Reasons for respondents not having a fixed line telephone in the home.

Only 22% of mobile only households believed they would eventually need a fixed line phone in the home. Moreover, 45% of mobile only respondents believed that rather than subscribe to a fixed line service, their mobile subscription would be sufficient indefinitely. This suggests a perception, particularly among younger demographic groups that a fixed line connection is no longer needed for voice telephony services. A falling penetration of fixed line homes in Ireland may also have future implications for the further and continued growth in home internet penetration, particularly DSL based broadband and fixed narrowband internet.

2.2 Competition in the Fixed Line Market

Of those consumers with a fixed line telephone, respondents were asked to name which companies they used for their fixed residential service. The table below summarises responses provided to interviewers.

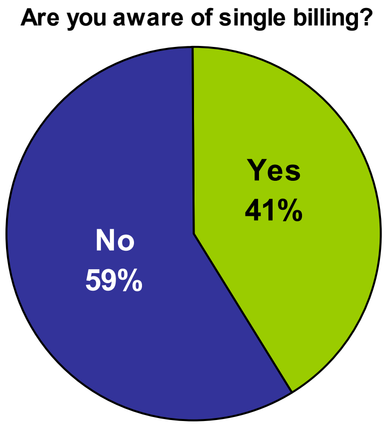
Which, if any of the following companies do you use for your residential phone services?	
eircom only	81%
Smart Telecom	5%
Esat BT	3%
Other (these include Chorus, Vartec, Cinergi, Tele 2, Newtel)	8%
Don't Know	4%

Figure 3: Companies used by respondents for fixed residential services

Those most likely to be customers of an alternative operator were in the 25-34 age bracket, ABC1 social class and those with 3rd level education.

Respondents were asked if they had considered switching their fixed line operator in the last 3 months. 15% of those surveyed suggested that they had considered switching. 16% of respondents further suggested they would either definitely or probably switch their fixed line service provider in the next three months; those most likely to switch being 25-44 year olds (21%) and those with 3rd level education (27%).

Respondents were asked about their awareness and likelihood of availing of single-billing through the Wholesale Line Rental (WLR) product. Overall, 41% were aware of the availability of "single-billing"; this was most prominent in the 35-54 year old age bracket and those with 3rd level education.



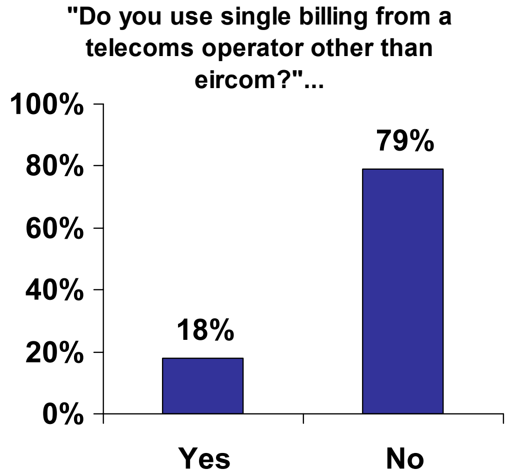


Figure 4: Awareness and Take-up of Single-Billing

Currently 18% of respondents use a single-billing product from an alternative operator, most popularly in the 45-54 age bracket (23%), those in the Dublin region (24%), and those with 3rd level education (24%). Of those who have availed of single-billing, 88% were satisfied with the service offered by an alternative operator through this service. Currently five alternative fixed line operators in the Irish market are offering a single-billing solution to customers. Single-billing has proved an overall positive experience for consumers; however its continued success is likely to be determined through increased awareness of single-billing options and an increase in the number of alternative operators offering this service to customers.

2.3 Fixed Line Spend

Average fixed line spend on a bi-monthly basis was €102. The table below outlines, where known, bi-monthly spend over a number of ranges.

How much approximately, was your last bi-monthly bill?	%
Up to €50	14%
€51- €75	13%
€76- €100	18%
More than €100	28%
Refused/Don't Know/Not Stated	28%

Figure 5: Average Spend on fixed line telecoms

3 The Mobile Market

3.1 Mobile Market Profile

As previously stated, 84% of respondents have a current mobile phone subscription. Of those, 78% buy pre-paid cards for their mobile service. This is most common among females (85%), and 15-24 year olds (95%). Bill-paying customers were most likely to be 35-44 years old, and ABC1s (32%). The latest ComReg Quarterly Market Review considers current mobile market share to reflect 51% Vodafone, 40% O_2 and 9% Meteor.

3.2 Mobile Market Competition

Mobile Number Portability (MNP) allows mobile subscribers to switch between mobile operators without changing their number. The following charts outline where respondents have considered and/or have actually switched their mobile phone provider in the last three months.

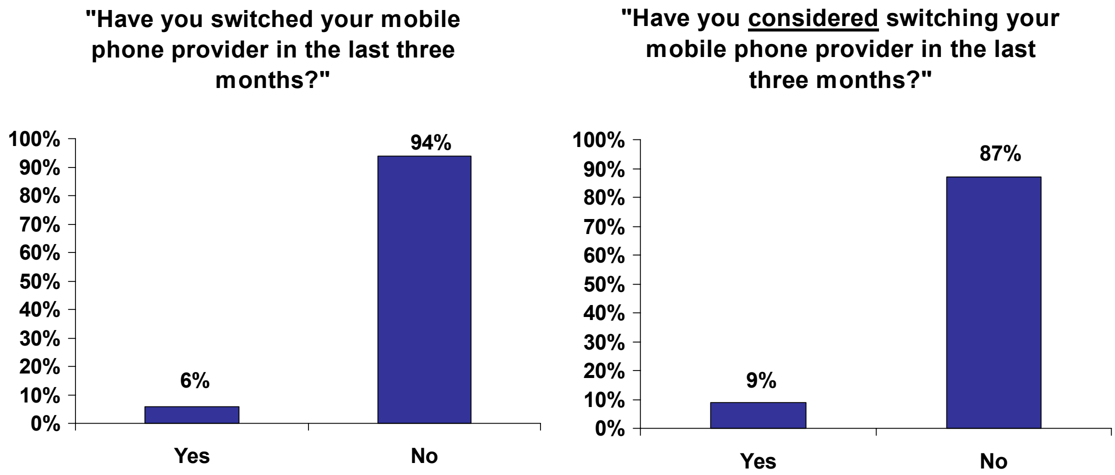


Figure 6: Switching mobile phone provider in the last 3 months.

All respondents with a current mobile subscription were asked if they believed there to be an adequate choice of mobile services at competitive prices. The following chart outlines their responses.

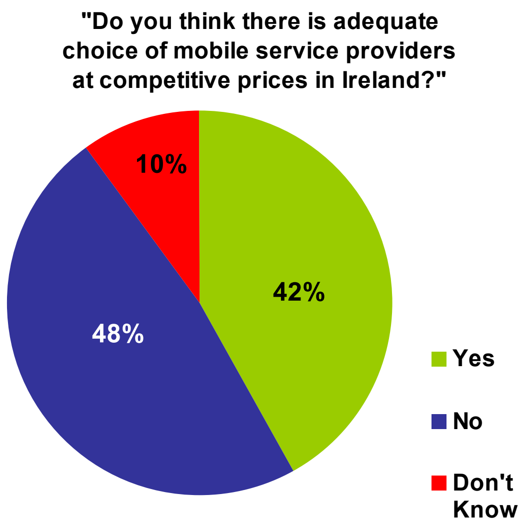


Figure 7: Opinions on choice in the mobile phone market

While opinion was split among respondents; those most likely to be high users of mobile services were also more likely to state dissatisfaction with the absence of competitive choice between operators; 25-44 year olds (51%), ABC1s (50%), those in the Dublin (54%) and Connacht/Ulster (62%) areas believed there was not an adequate choice of mobile service providers at competitive prices in Ireland.

3.3 New Mobile Services

Interviewees were asked about their awareness of 3G and their likelihood of subscribing to 3G services in the future[2].

Overall, 38% of interviewees were aware of 3rd generation mobile phones; awareness was highest among 15-24 year olds (59%), single respondents (51%) and ABC1's. Of those who were aware of 3G, 18% overall believed it was likely that they would get a 3G phone in the next three months- this was particularly pronounced among 25-34 year olds, ABC1s and those in Dublin.

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

Figure 8: Use of mobile value-add services

Younger mobile subscribers were also more likely to have experienced or used mobile multimedia services, with 22% of 15-24 year olds stating that they used the

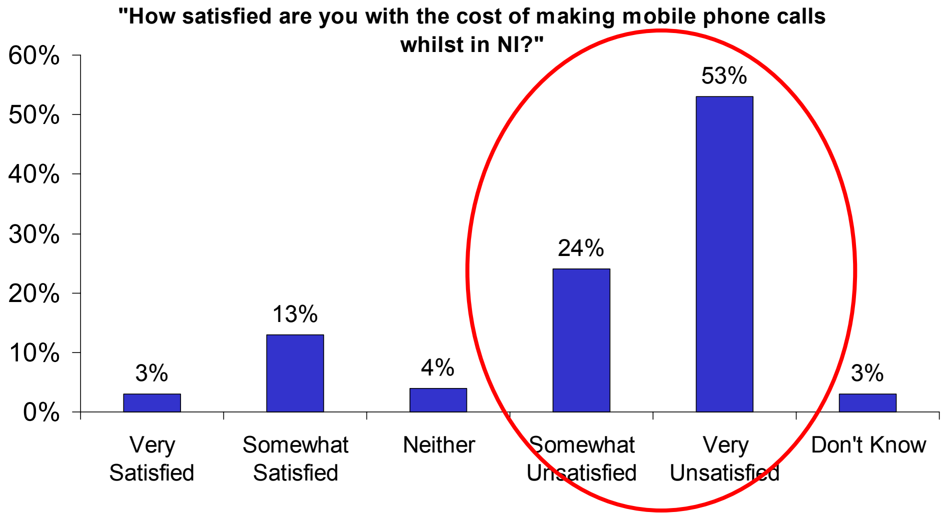
[2] Vodafone was the first operator in Ireland to commercially launch 3G services to the residential market in November 2004.

Vodafone Live! service. Indeed, 15-24 year olds make up around half the market for these services. The relatively young demographic profile of the Irish market, and the widespread use of mobile SMS services, suggests a receptive market for content-rich mobile services in the future.

3.4 Inadvertent Roaming in Border Counties- Booster Sample

ComReg and OfCom Northern Ireland have established a Joint Working Group (JWG) to examine a number of cross border telecommunications issues, including cross-border roaming. On the 19th of January 2005, the JWG published its first report on cross-border telecoms issues[3]. The report details the options available in the market, and the actions taken by the JWG in assessing the issue of cross-border roaming. As part of this ongoing work, a booster sample in these counties was completed to further understand the characteristics of mobile usage in the border counties and establish incidences of inadvertent cross-border roaming onto UK mobile networks while still within the Republic of Ireland. Face-to-face interviews were conducted with 250 residential mobile phone users[4] in this region. ComReg intends to publish a Consumer Guide in the near future addressing the issues raised as a result of this ongoing work.

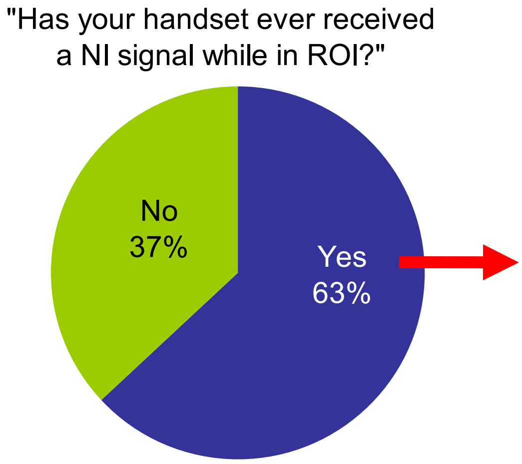
Given the greater likelihood of residents in these areas travelling to Northern Ireland on a regular basis, respondents were asked about their awareness of the different tariffs involved when outside the Republic of Ireland. 78% of respondents were aware that there was a different tariff when roaming in Northern Ireland, however almost half of respondents (48%) were not aware of the difference in cost, and only 8% of respondents stating that they knew exactly how much these roaming charges were. The following graph illustrates satisfaction levels among consumers of roaming costs whilst in Northern Ireland, with 77% of respondents either "somewhat unsatisfied" or "very unsatisfied".



[3] ComReg documents JWG01 and JWG01a

[4] Margin of error on this sample size is +/- 4-6%

Figure 9: Satisfaction with the cost of making mobile phone calls whilst in Northern Ireland



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

Figure 10: Instances of receiving a Northern Irish signal on mobile phone while in the Republic of Ireland, and breakdown by county.

When asked if their handset had ever received a Northern Irish signal while in the Republic of Ireland, 63% of respondents responded that they had experienced inadvertent roaming. Over half of those who have received a Northern Irish signal while in the Republic, have made or received a call while the phone was inadvertently roaming on a Northern Irish network. 84% of these respondents expressed concern that they had been charged more for inadvertently using a Northern Ireland network whilst still in the Republic of Ireland.

Given the apparent frequency of inadvertent roaming, respondents state that little advice has been provided by operators to mobile subscribers in these counties on what to do if their phone picks up a signal from Northern Ireland- only 1% of those experiencing inadvertent roaming had received any such advice from their operators.

4 Internet Usage

4.1 Residential PC and Internet Access

Almost half of Irish households have a PC in their home; of those with a home PC around 74% also have an internet connection.

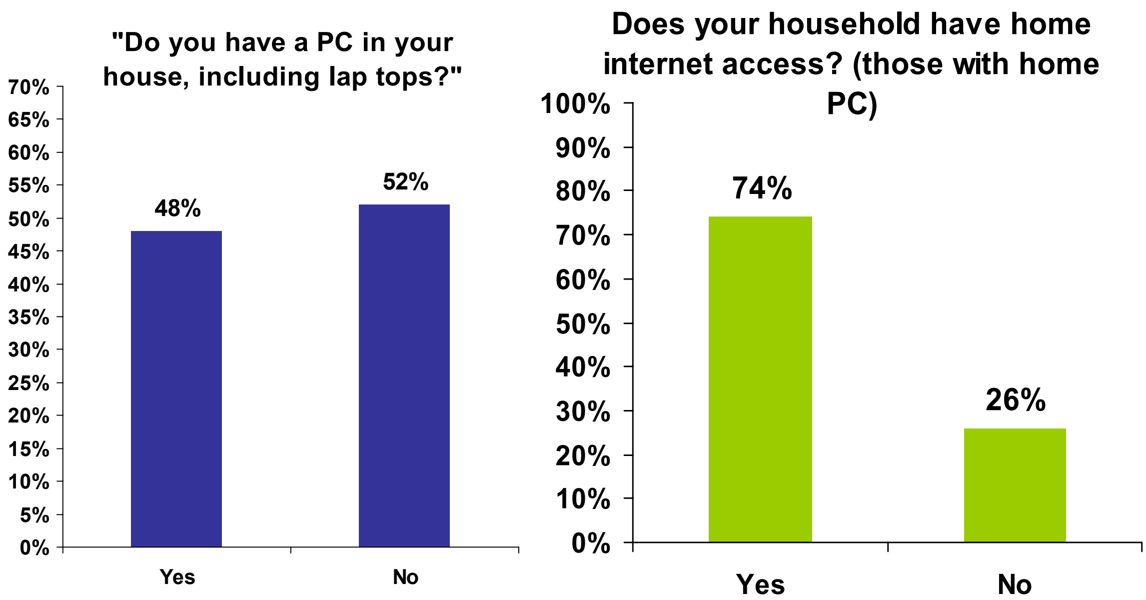


Figure 11: Households with PC and Internet Access

Those most likely to have a home PC are 35-44 year olds (57%), ABC's (68%) and those with 3rd level education (74%). A number of demographic groups have low levels of PC ownership in the home including 65-74 year olds, C2DEs, those living alone, and those without a landline connection.

Respondents with internet access were asked what type of internet connection they had within the home. The following table summarises responses.

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

Fig 12: Method of access to the internet in the home.

ADSL and ISDN have grown in the last two quarters at the expense of dial-up internet access, suggesting a migration from dial-up to internet capable of faster download speeds. 39% of DSL users are in the Dublin region, followed by 33% in the Connacht/Ulster Region. DSL subscriptions are lowest in Leinster outside of Dublin- with only 8% of respondents stating they had DSL connections. Residents in Leinster however are more likely to subscribe to an ISDN service- 19% of residents in the Leinester region use ISDN. Based on survey responses, eircom remains the largest ISP in the retail sector with 86% of respondents using eircom net.

4.2 Plans for Internet Connection

Having a PC in the home is a key driver for take-up of internet access in the future. Those with PCs in the home were asked about their intention to get internet access in the future; 65% of respondents cited that they were either certain to, or likely to get home internet access in the future.

A number of reasons were cited by those who did not intend to get the internet at home. The primary reasons cited were "Don't need it" and "already have access at another location". The following table shows a break-down of interviewees' main responses:

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

Figure 13: Main reasons for not getting internet access in the home

4.3 Usage of and Attitudes to Broadband

Responses suggest that while narrowband makes up the majority of residential internet connections, broadband, either through cable modems or DSL currently represents 18% of broadband users. Groups most likely to have a broadband connection within the home include 35-44 year olds (21%), residents in Dublin (22%) and Ulster/Connacht (23%).

The survey also sought to also understand the motivations of those residential consumers who had already adopted broadband. While the base is relatively small, a number of reasons were cited by respondents.

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

Figure 14: Reasons for subscribing to a broadband service

The flat-fee cost structure of residential broadband packages is cited as the key driver for subscription, and there is also evidence that recent promotional packages for broadband by a number of operators have impacted on take-up among residential users.

Of those with home internet access, 23% have considered migrating to a broadband connection for internet access. A number of factors were cited by respondents as the drivers that would encourage a move from dial-up to broadband.

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

Figure 15: Factors that would encourage customers to migrate from dial-up to broadband

While features such as speed of access and higher download capacity rate most highly, respondents indicate that the issue of value for money is the most important factor in their decision to migrate to broadband. This relates not only to the price at which broadband is offered to residential consumers in the market, but also the value for money that consumers perceive broadband to offer, over and above that of narrowband packages.

4.4 Broadband Operators

Respondents provided information on their provider of broadband services. The graph below indicates market share of the main market players according to the responses of interviewees.

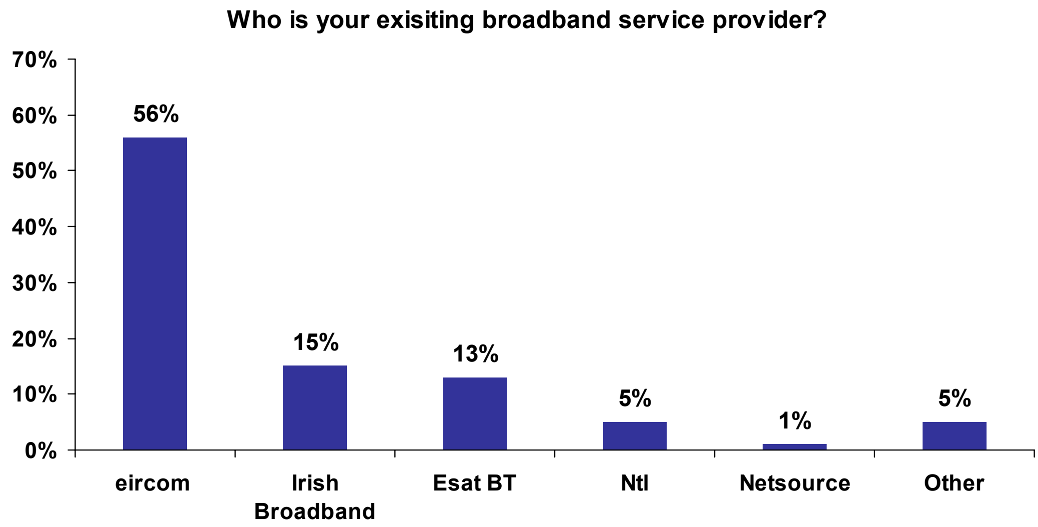


Figure 16: Service provider for respondents with a broadband connection.

5 Broadcasting

5.1 Penetration of Pay TV

Respondents were surveyed on the type of television service they received in their home. These results are summarised on the table below.

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

Figure 17: TV service penetration in the Irish market.

These results differ marginally from data collected by ComReg every quarter for the Quarterly Market Review, which finds cable penetration in the Irish market to be 39%. The survey trend for the last twelve months indicates an overall growth in cable and satellite subscriptions, at the expense of broadcasting services provided over a traditional TV aerial. The survey further indicates that 69% of the Irish market now use some form of Pay-TV service. Individuals without Pay-TV were most likely to be in the 65-74 age group, those living in Connacht/ Ulster and those who are not economically active, including those who are retired.

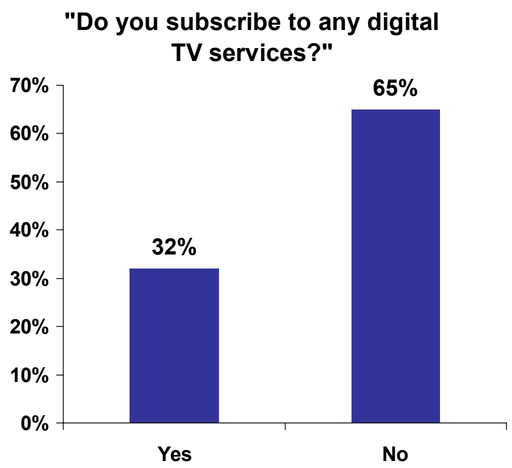
Of those who do not receive a TV service through cable or satellite, the following table summarises the key reasons supplied by respondents

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

Figure 18: Reasons for not subscribing to a Pay TV service.

While older demographic groups were most likely to cite their satisfaction with existing television services as their primary reasons for not subscribing to pay-TV, younger demographic groups were most likely to suggest the cost of pay-TV, and not watching enough TV to receive value as the primary reasons for not receiving pay-TV.

5.2 Digital TV



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

Figure 19: Level of subscription to Digital TV, and breakdown of provider.

Of those respondents who have digital TV, 5% used digital TV to purchase a product or services in the last three months. The most popular services purchased by this method were pay-per-view movies and sports events. The table below summarises services purchased via digital TV in the last three months. It should be noted that this market segment has a low base for the purposes of statistical analysis.

Which services have you purchased via your TV in the last three months (multiple responses allowed)	%
Pay-per-view movie	60%
Pay-per-view sport	51%
Holidays	10%
Shopping	8%

Figure 20: Services purchased via Digital TV (small base, n=22)

Half of these purchasers spent less than €25 in the last three months.

Purchasing services over television, sometimes referred to as t-commerce, remains in its infancy in the Irish market. Given the relatively high level of digital TV penetration in the Irish market there is future potential for strong growth in these types of services. The further adoption of digital TV may also offer a competitive platform for internet in the future, which may offer a viable alternative to the predominantly PC-based internet access model currently in the Irish market.