Commission for
Communications Regulation

General

Trends Survey Series – Wave 2, 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 1,017 residential consumers aged 15-74 was conducted between the 24th April and the 21st May, 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. Please note that this survey was conducted between April and May 2006, before Smart Telecom's withdrawal from the narrowband market.

This report highlights a number of the key trends and findings for Quarter 2, 2006. In particular this report examines a number of themes of particular interest and examines them in greater detail, supplementing the survey results with other third-party research. The complete presentation of survey results by Amárach Consulting is published on our website[1].

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 is provided in an appendix to this report.

1.1 Summary of Key Findings

- 15% of fixed line customers have switched operator at least once in the past 12 months, with 70% of these expressing satisfaction with the process of switching operator
- Average monthly spend on fixed line in the home is €50.70 per month; average spend for mobile users is estimated at €57.62 per month.
- 80% of residential mobile users are aware of mobile number portability, a service which allows them to switch mobile provider without changing their number. 16% of mobile users aware of MNP reported changing operator in the last twelve months.
- Consumers reported spending an average of 4 hours and 47 minutes on their mobile phone on a monthly basis. Those in Dublin and Leinster, men, and younger mobile users all report over 5 hours mobile usage per month.

[1] ComReg Document: 06/57a

- 31% of mobile users have sent an MMS picture message in the last 3 months, with over half of 15-24 year olds sending a picture message.
- 39% of home internet users are now using some form of broadband connection. DSL is the most commonly-used form of broadband access.
- 42% of home internet users are aware of VoIP services, with 23% of this group having used the internet to make a voice call.

2 The Fixed Line Market

2.1 Fixed Line Telephone in the Home

Since 2003, the Amárach Trends series has sought to understand the extent of household fixed line telephone subscriptions among the consumer sample. Since 2003, there has been an overall trend towards reduced fixed line subscriptions within the home. Figure 2.1.1. outlines this trend, compared to mobile phone ownership among consumers.

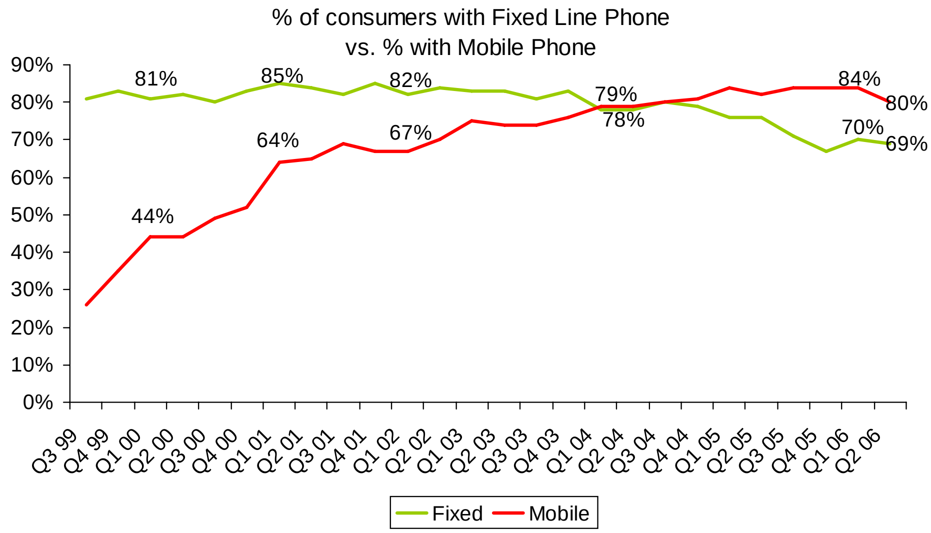

Figure 2.1.1: Trend data on consumer ownership of fixed line and mobile phones. N= 1017

Fixed line ownership varies considerably, depending on the profile of key characteristics of the consumer. As noted in previous ComReg reports on the Amárach Trends Series[2] characteristics around age group, economic status and housing tenure tend to have the most significant influence on the likelihood of subscribing to a fixed line telephone in the home.

In addition to the 69% of respondents who currently have a fixed line telephone in the home, 24% of those without a fixed line in the home suggested that they had a fixed line subscription at some point in the past at their current address. The main reasons given by respondents with a fixed line telephone for keeping their connection is that it is the main number through which they can be contacted (47%), and that it is less expensive than using a mobile phone for calling (31%). 17% of respondents saw no reason to disconnect their fixed line service, while 16% said that they needed their fixed line for their home internet connection.

A recent EU Commission-funded Eurobarometer survey across all EU-25 member states benchmarked household access to either a fixed PSTN or ISDN line within the home[3].

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[2] ComReg Document 06/22b

[3] http://ec.europa.eu/information_society/policy/ecomm/doc/info_centre/studies_ext_consult/ecomm_household_study/eb_jul06_main_report_en.pdf

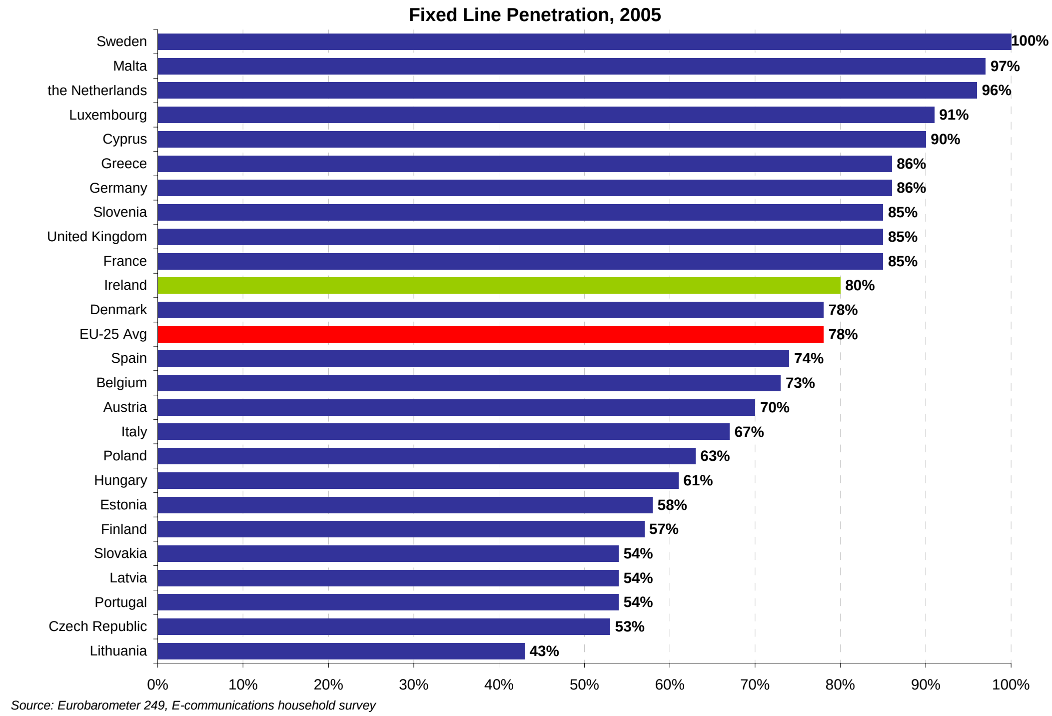

Figure 2.1.2: EU-25 Fixed line penetration, Eurobarometer e-communications household survey, 2005

The methodology for this survey differs from the approach taken in the ComReg commissioned Amárach Trends Series surveys, which explains the variance between the results of each. In particular the age profile of respondents in the Eurobarometer survey includes respondents aged 15 and over, while the Trends series uses a 15-74 year old profile. As older consumers are more likely to have a fixed line in the home, this may explain the higher level of fixed line penetration in households in the Eurobarometer survey. Nevertheless the benchmarking survey provides a useful insight into penetration of home telephone services across EU-25 countries, with penetration in Ireland just above the EU-25 average.

Despite fewer residential consumers currently reporting having a fixed line subscription in their home, the Amárach survey found that those who continue to use the service state that their fixed line is still important- either as the principal number at which they can be contacted (47%), fixed line telephony being perceived as less expensive than making calls on a mobile telephone (31%), the perceived reliability of a fixed line service (15%), or that a fixed line is required for a home internet connection (16%). This survey wave also asked fixed line customers if their number was ex-directory. Overall, 31% of fixed line respondents noted that their number was ex-directory; female respondents and older consumers were most likely to state that they have an ex-directory number.

2.2 Bundling

In this survey, respondents were asked about the type of fixed line package they subscribed to, and in particular if they used a “bundled” service. A bundled service is one where a number of previously separately-billed services such as line rental, calls, internet or TV are grouped together as a single “bundled” offering. Eircom Talktime where line rental and a bundle of calls are billed together is an example of a bundle of line rental and calls together. Other operators also offer various combinations of the above services. Figure 2.2.1 outlines the number of fixed line customers at a regional level who claim to subscribe to some form of bundled electronic communications service.

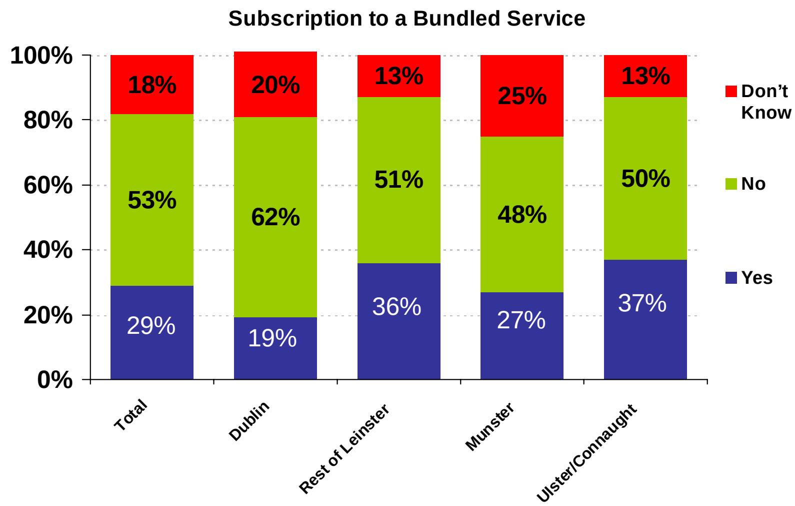

Figure 2.2.1: Proportion of fixed line consumers currently using a bundled service N=697

Fixed line customers in the Rest of Leinster (excluding Dublin) and Connaught/Ulster were most likely to say they were using some type of fixed line bundle.

Fixed line customers who subscribe to some form of bundled service were asked what elements of their fixed line service were included in the bundle. Figure 2.2.2 outlines the types of bundles that fixed line customers are using as part of their bundled subscriptions.

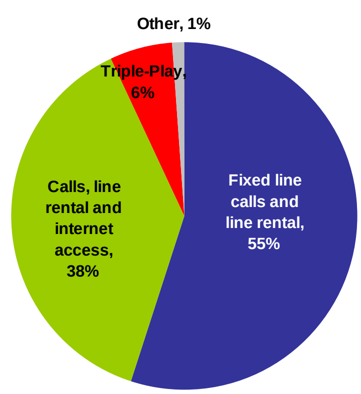

Figure 2.2.2: Types of bundles used by fixed line customers. N= 197

The recent Eurobarometer survey of EU-25 member states examined the proportion of households who used some form of bundled service. While not directly comparable to the Amárach Trends analysis which considered fixed line rental and calls at a fixed price as a bundle, this analysis examines the bundling of fixed voice, broadband and broadcasting services. Figure 2.2.2 indicates the percentage of households who subscribe to a bundle which includes at least two of these voice, internet and broadcasting elements in a single priced bundle.

Country Results	
Estonia	30%
Luxembourg	29%
Denmark	25%
France	25%
United Kingdom	25%
Slovakia	24%
Cyprus*	23%
Austria	22%
Spain	21%
The Netherlands	21%
Sweden	21%
Czech Republic	21%
Slovenia	20%
Belgium	19%
European Union (25)	18%
Latvia	18%
Germany	17%
Ireland	15%
Finland	14%
Poland	14%
Portugal	13%
Lithuania	12%
Italy	11%
Hungary	10%
Greece	3%
Malta	0%

* CY(tcc) = 9%

Other Countries	
Romania	22%
Croatia	18%
Turkey	6%
Bulgaria	4%

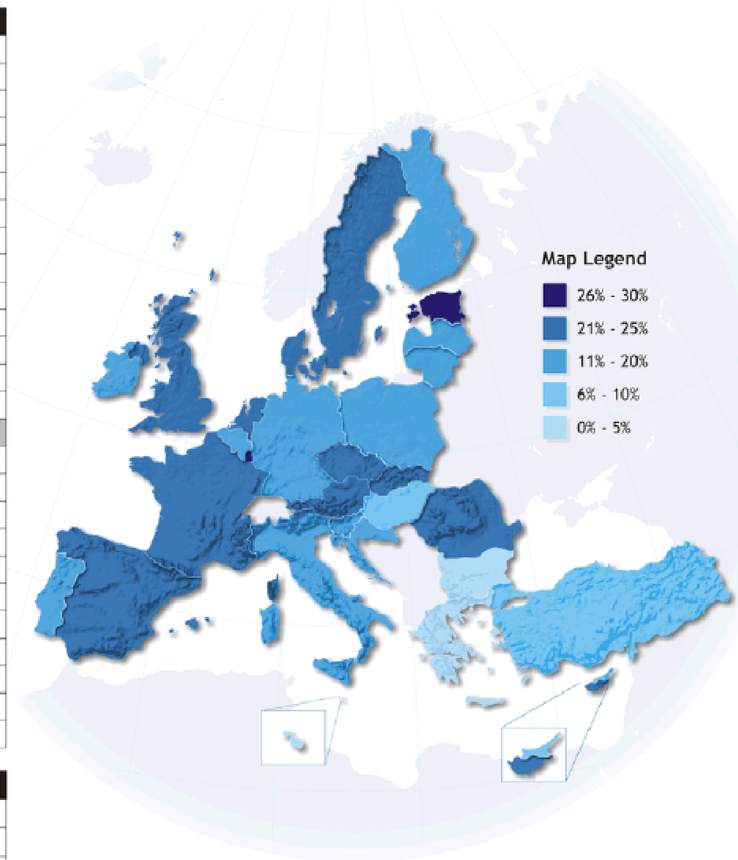

Figure 2.2.2: Percentage of households who bundle together at least two services in a single bundle using either fixed voice, data and broadcasting services. Source: Eurobarometer[4]

2.3 Directory Enquiries

This survey also investigated consumer awareness of directory enquiries (DQ) services in the Irish market. More than half of those surveyed (58%) said that they were aware of more than one DQ service provider. The following table breaks down usage of the various DQ services based on consumer responses.

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4 http://ec.europa.eu/information_society/policy/ecomm/doc/info_centre/studies_ext_consult/ecomm_household_study/eb_jul06_main_report_en.pdf

DQ provider	Percentage of respondents who had ever used this provider
11811 (eircom) national enquiries	69%
11850 (Conduit) national enquiries	32%
11818 (eircom) international enquiries	12%
11860 (Conduit) international enquiries	4%
None of the above	25%

Figure 2.2.3: Percentage of respondents who had ever used a specific DQ service, N= 1,017

Awareness of the cost of calling a DQ service was relatively low among consumers surveyed. 24% of respondents were either exactly or approximately aware of the cost of calling such services while 49%were either unsure of, or had no idea of, the cost to use such a service.

Consumers were also asked if they had ever availed of the call completion service for DQ calls, whereby the DQ provider connects the consumer to the number originally requested. 56% of respondents who had ever used a DQ service said that they had also availed of the call completion service.

However only 18% of all consumers surveyed were either exactly or approximately aware of the costs of using the call completion service for DQ services

ComReg has monitored consumer awareness of DQ call completion tariffs and has recently secured enhanced clarity to certain service providers' tariff information scripts. In addition, ComReg has published a consumer guide to Directory Enquiry services which is available online at http://www.askcomreg.ie/about_us/.77.LE.asp#640

ComReg will continue to raise awareness among consumers of the various Directory Enquiry services available in Ireland and will continue to monitor general awareness of tariffs.

3 The Mobile Market

The Amárach Trends series surveys examine 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[5] which estimates that there is 103% mobile penetration in Ireland. ComReg's 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. In contrast, this survey seeks to understand access to and use of mobile telephony services by residential users in Ireland.

3.1 Mobile Ownership and Mobile Switching

In this survey, 80% of residential consumers reported having a mobile subscription, a small decrease in penetration reported last quarter, however, within the margin of error of the survey. Multiple mobile subscriptions were reported by 7% of mobile subscribers.

Survey respondents were asked about their awareness of mobile number portability, that is, the ability to change mobile operator while maintaining the same mobile number. Figure 3.1.1 outlines awareness of mobile number portability across gender and age profiles.

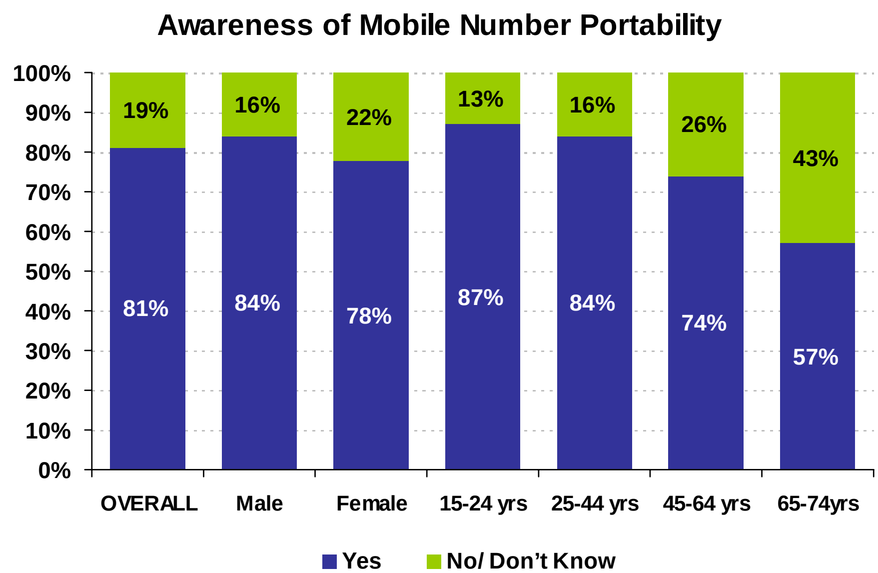

Figure 3.1.1: Awareness of Mobile Number Portability by Gender and Age Profile. N= 827

Of those consumers who were aware of mobile number portability, 16% had switched their mobile operator and kept their number in the previous 12 months. Of all demographic groups, younger mobile consumers are most likely to switch mobile provider, with 27% of 15-24 year olds claiming to have switched mobile supplier in the previous 12 months. Of those who have

[5] ComReg Document 06/52

switched mobile operator in the previous twelve months, respondents expressed a high level of satisfaction with the switching process, with 96% of switchers claiming they were satisfied with the switching process.

3.2 Time Spent using a Mobile Phone

Survey respondents were asked about the amount of time they spent on their mobile phone either texting or making voice calls every month. The average usage recorded was 287 mins, or 4 hours and 47 minutes a month. However there were large variations in usage among a number of demographic groups. Younger respondents, males, and those in Dublin reported the highest levels of usage. Figure 3.2.1 outlines average monthly usage reported between gender groups, age groups and geographical region.

Demographic	Time in Minutes	Time in Hours
Overall	**287**	**4 hours 47 minutes**
Dublin	418	6 hours 58 minutes
15-24 years	371	6 hours 11 minutes
Males	305	5 hours 5 minutes
Rest of Leinster	301	5 hours 1 minute
25-44 years	294	4 hours 54 minutes
45-64 years	221	3 hours 41 minutes
Females	270	4 hours 30 minutes
Connaught/Ulster	251	4 hours 11 minutes
Munster	195	3 hours 15 minutes
65-74 years	118	1 hour 58 minutes

Figure 3.2.1: Average time spent using a mobile phone per month. N= 827

Mobile operators monitor their subscribers' mobile usage by means of a "Minutes of Use" indicator. O2 is the only operator in Ireland to regularly publish usage statistics for Irish consumers compared with subscribers in their other key markets. Figure 3.2.2 uses data from O2's Q2 2006 financial results[6] to indicate minutes of use by O2's Irish subscribers versus its subscribers in other European markets. **O2's minutes of use data is not directly comparable with data above from the survey results as different methodologies are used, and is published here for information purposes only.**

[6] Link to full report: http://www.o2.com/media_files/O2_Q2_2006_Final_Release.pdf

Country	Minutes of Use Q2 2006 (Monthly Average)
O2 Ireland	237
O2 UK	169
O2 Germany	128
Eurotel (Czech Republic)	102

Figure 3.2.2: Quarterly monthly average Minutes of Use (MoU) for O2 subscribers in key European markets. Q2 2006 (Source: O2)

In addition to total time spent using a mobile phone, mobile users were also asked about the times of day during which they use their mobile and the frequency of their mobile use. Figure 3.2.2 outlines overall usage patterns of all mobile users.

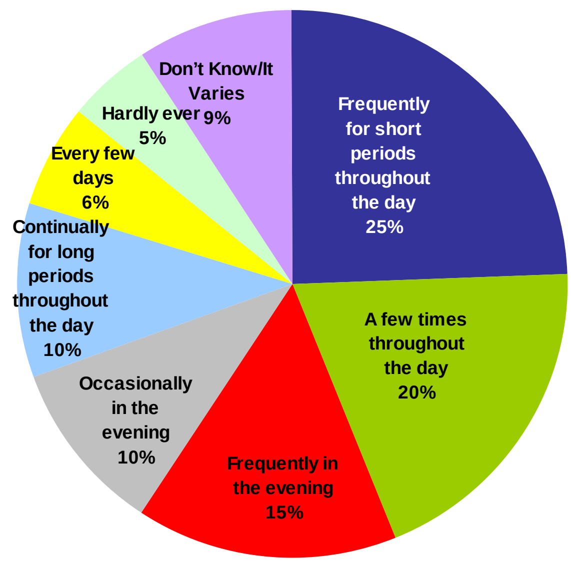

Figure 3.2.2: Profile of Mobile usage, all respondents n=827

Respondents who live in mobile-only households are more likely to use their mobile phone in the evening compared to those with a fixed line in the home. Mobile phone users in older age groups are more likely to state that they use their mobiles every few days, or infrequently (46%).

3.3 Mobile Roaming

The survey asked consumers about their experiences when using their mobile phones while abroad. 71% of mobile phone users who had been abroad in the previous 12 months, had used their mobile phones to roam. Awareness of mobile roaming costs is fairly low, with 39% of those respondents who had used their phone abroad having no idea of how much it cost to make calls while abroad, and 30% of users fairly unsure of the costs involved.

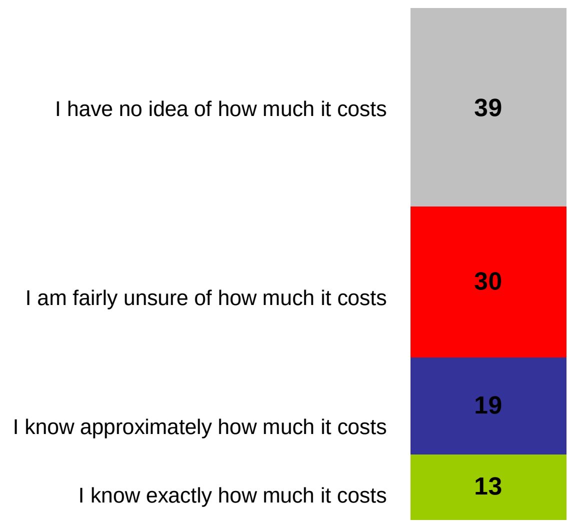

Figure 3.2.3: Awareness of mobile roaming costs, n=283

However, as figure 3.2.4 illustrates, users are keenly aware of methods for reducing costs while abroad and a high percentage stated that they used these methods to reduce their mobile phone bills while roaming in the last 12 months. To further increase consumer awareness of the prices of roaming and methods for reducing roaming costs, ComReg has added information for consumers about roaming to its consumer website, see www.askcomreg.ie/roaming, and currently includes roaming information on thirteen countries.

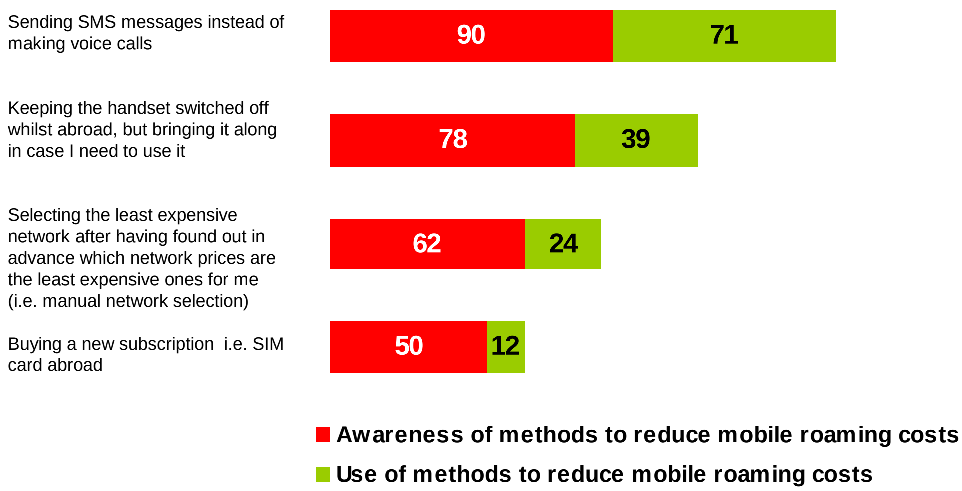

Figure 3.2.4: Awareness of, and use of, methods to reduce mobile roaming costs, n=283

4 Internet and Broadband Usage

4.1 Internet Usage and Internet in the Home

In this survey, 45% of respondents surveyed claimed to use the internet. Those aged 15-24 years old, students, and those working full-time, or self employed were most likely to personally use the internet. Older age groups, those currently unemployed and consumers without a mobile subscription were least likely to use the internet.

The most popular place for internet usage was in the home (66%), followed by at work (36%) or at school or college (13%). Respondents who stated their nationality to be other than Irish were more likely than Irish consumers to use cyber-cafes and public libraries for internet access.

All respondents were asked whether they had an internet connection in their home. 35% of all respondents surveyed stated that they had an internet connection in the home. Of the 65% of respondents who do not have a home internet connection, the survey sought to understand their reasons for not having internet in the home, and their intentions to get a home internet connection in the future. Figure 4.1.1 outlines reasons provided for not having an internet connection in the home. Multiple responses were permitted in answering this question.

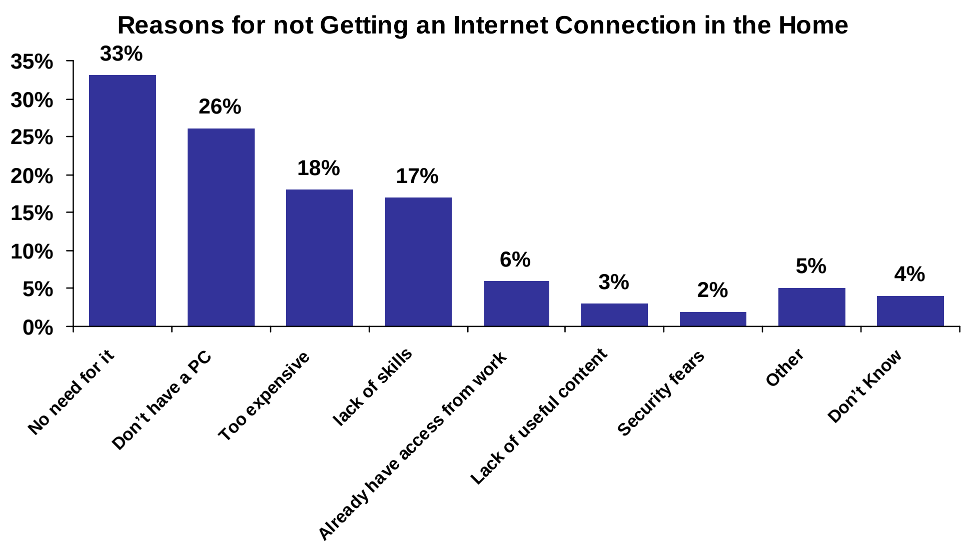

Figure 4.1.1: Reasons for not getting a home internet connection. N=452

Age proved an important factor in understanding different reasons for not having home internet. Younger respondents were most likely to state that they did not have a PC in the home (33%); older respondents aged 65-74 were most likely to state lack of skills (25%) or having no need for a home internet connection (44%) as their reason for not having access to the internet in their home. Of those without a home internet connection (65%), 31% responded that they were likely to get a connection in the future.

The reasons provided by Irish respondents are echoed by the EU Commission Eurobarometer survey, which also asked those respondents without a home internet connection about their reasons for not connecting. Figure 4.1.2. outlines the responses provided in EU-25 countries.

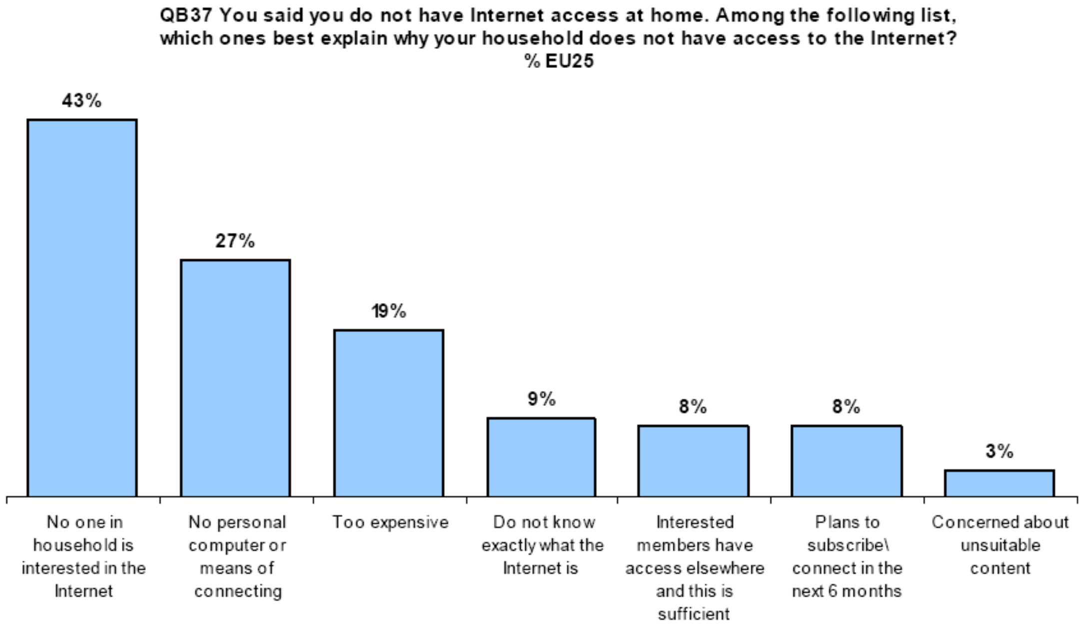

Figure 4.1.2: EU-25 reasons for non-internet homes not having a home internet subscription. Source: EU Commission Eurobarometer

4.2 Use of Broadband

The profile of home internet use in terms of access technology has changed dramatically over the past two years. Figure 4.2.2 indicates the methods by which users connect to the internet at home.

How does your household connect to the Internet? n= 374, 365, 352	Q2 04	Q2 05	Q2 06
Standard telephone line/Regular dial-up	81%	61%	46%
ADSL /Broadband connection	3%	22%	34%
ISDN line	7%	10%	11%
Wireless Broadband	-	-	2%
Broadband via a Cable modem connection	2%	1%	2%
Satellite Broadband	-	-	1%
Other	1%	4%	1%
Don't know	6%	2%	3%

Figure 4.2.1: Method of internet access in the home. N=352

By adding all broadband access platforms, the total percentage of internet households using a broadband connection has increased to 39% this quarter, with over one in three home internet users subscribing to a DSL service. The profile of home internet subscriptions in Ireland continues to indicate a migration from narrowband to broadband access platforms.

Figure 4.2.2 outlines responses where users of a broadband service were asked if their service was an “always-on” unlimited product, or if the product provided them with a set number of internet access hours per month (i.e. time-based).

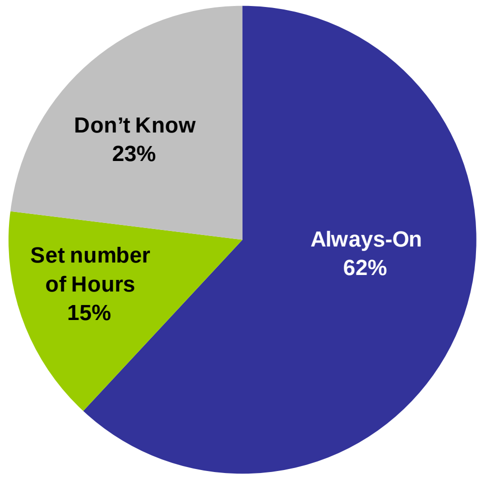

Figure 4.2.2: Always-on versus time based broadband service N=199

Broadband subscribers aged 15-24 were most likely to use a time-based package (25%), while 25-44 year olds were most likely to use an always-on service (75%).

4.3 Switching and Choosing a Broadband Connection

Broadband users were asked if they switched broadband provider in the last 12 months. Levels of switching provider for broadband services are currently at a lower level than those for fixed voice and mobile providers with 11% of broadband users suggesting they had switched broadband provider in the last 12 months.

Survey respondents who are users of a home broadband service were asked to score a variety of factors which they believe to be important when selecting a broadband connection. Respondents were asked to rank all factors where a score of 5 means a factor is very important, and a score of 1 means the factor is not important at all. All the factors broadband users were asked to score were given very high scores overall, suggesting that multiple factors, such as price and quality, are considered very important to broadband customers.

In terms of relative importance, the quality of the connection was rated as the most important factor, followed by the speed of the connection.

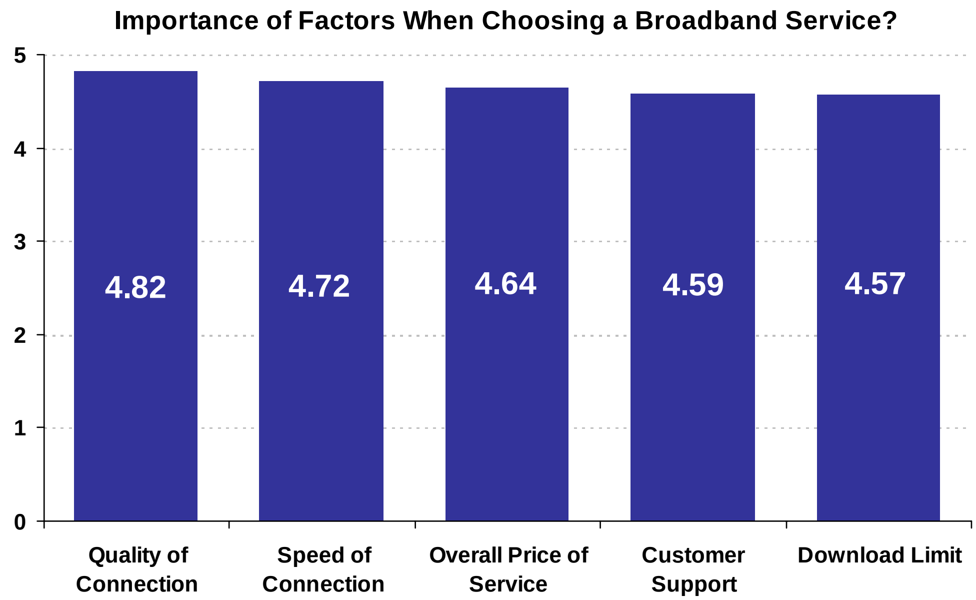

Figure 4.3.1: Importance of factors when choosing a broadband service, n=119

4.4 Internet Activities

Home internet users were asked about the range of activities for which they used their internet subscription. Figure 4.4.1 outlines the types of activities home internet users reported carrying out on the internet.

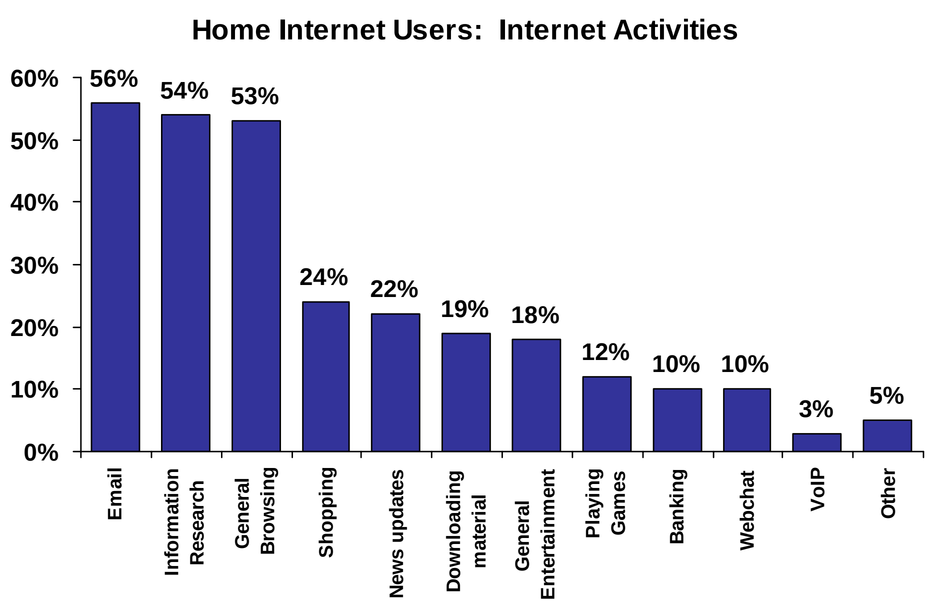

Figure 4.4.1: Range of Internet activities performed by home internet users. N=352

Using the internet for email communication, for research and general internet browsing were the most frequently noted activities. While playing online games and participating in web chats and online communities were ranked lower in terms of popularity by the total respondent sample, they were more popularly used by 15-24 year olds, with 27% of this group playing online games, and 19% saying that they participated in web-chatting and online communities/social networking, e.g. Bebo and MySpace.

Respondents answering this question were permitted to provide multiple answers to this question, enabling ComReg to understand not only the types of activities performed by home internet users, but also the breadth and variety of activities. Overall, internet respondents typically mentioned three different internet activities. Broadband users were more likely to use the internet for a wider variety of internet activities. The average score in the number of activities reported by broadband users was 3.69, compared to a 2.76 average number of activities reported by narrowband internet users. Faster download speeds may enable internet users to access a wider range of content rich applications and internet based services. Having an always-on broadband package may also enable consumers to more freely explore the potential of internet based technologies without “watching the clock”.

5 Appendix

Income Group Categories

ABC1 Brackets

- A
    - These are professional people such as very senior managers in business/commerce and/or top level civil servants.
    - Retired people, previously classed when employed in grade A, and/or their spouses.

- 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 the respondent is classified based on their previous occupation)
    - Casual workers and those without regular income.

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

F Category

- F
    - Farmers

(Farmers are approx 10% of the total population)