Commission for
Communications Regulation

General

Trends Survey Series – Wave 3, 2005

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 in Ireland between the 8th August and the 1st September, 2005. 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 telecommunications operators as presented in the ComReg Quarterly Review.

This report highlights the main findings and trends for Quarter 3, 2005[1]. The complete presentation of survey results by Amárach Consulting is published on our website.

1.1 Summary of Key Findings

- Low prices and value for money are cited as the most important factors in selecting or switching fixed or mobile operator. However the likelihood of customers switching even if they believe they can get a better deal remains low.
- Broadband penetration continues to grow among residential home internet users. 3 out of 10 home internet subscribers claim to use some form of broadband access in the home, either DSL, broadband cable or wireless broadband.
- Home internet users are using the internet more frequently than they did 12 months ago, and using the internet for a wider range of activities. Home internet subscribers suggest that using the internet has changed the way they seek and find information.
- Voice over IP (VoIP) is currently being used by only 2% of home internet users. Future Trends surveys of the residential sector will seek to understand awareness of VoIP and interest in adoption of VoIP in the future.

[1] ComReg Document: 05/86a

2 The Fixed Line Market

2.1 Competition in the Fixed Line Sector

The survey seeks to gain insight into the characteristics of the residential voice telephony market, and in particular to examine competitive activity in the fixed line market. Responses gathered in this quarter suggest that eircom was the sole fixed line provider for 76% of survey respondents, a drop from the previous quarter when 82% of residential users reported only using eircom. A further 6% of respondents used Smart Telecom and 3% used BT Ireland. 10% of residential respondents surveyed listed a number of other smaller operators as their phone services supplier.

Which of the following companies do you use for your residential phone services? n=712	% +/- 3%	Change since Q2, 2005
eircom only	76%	-6%
Smart Telecom	6%	-
BT Ireland (formerly known as Esat BT)	3%	+1%
Others (these include Chorus, Talk Talk, Cinergi, Tele 2, Newtel and other smaller operators)	10%	+4%
Don't Know	7%	+3%

Figure 2.1.1: Residential Fixed line Telephony Providers

The survey asked fixed line subscribers about their intentions to switch operator in the future. Overall, 21% of fixed line subscribers said that they had considered switching fixed line operator in the last three months, an increase from 14% in the previous quarter. This was most pronounced among 35-44 year old respondents; almost one in three of this group had considered switching fixed line provider in the last three months.

2.2 Factors In Selecting or Switching Operator

Figure 2.2.1 provides the main reasons cited by respondents when asked which factors were most important when choosing or switching fixed line provider. The results are detailed for respondents who use eircom or an alternative competing operator (known as an OAO) for their fixed line phone service. Multiple responses were permitted.

What factors are important to you when considering switching or choosing a fixed line provider? n=712	% eircom customers	% OAO customers	% All customers
Value for Money- Lower Prices	58%	86%	62%
Operator has a Good Reputation	10%	7%	9%
Increased Reliability	9%	13%	9%
Better Customer Service	9%	14%	9%
Better Range of Services	7%	15%	9%
Experiences of Family and Friends	7%	12%	7%
Availability of Special Promotions	4%	9%	5%
Other/ Don't Know	15%	8%	13%
None- Would not Switch	20%	-	15%

Figure 2.2.1: Factors which are important when choosing or switching fixed line provider, detailed results by eircom customers and those who use another market competitor

Value for money and the possibility of lower prices were cited as the key motivating factor for switching and selection of an alternative operator among all residential fixed line respondents. Customers who are currently using a market competitior other than eircom were more likely to cite value for money as a priority when selecting an operator. Issues such as the reputation of the operator, customer service and range of services were also stated, but were cited less frequently by respondents.

Given the perceived importance of value for money, consumers were also asked about their likelihood of switching in the next three months, given a scenario where they could move to another provider who would offer them lower prices than their current fixed line provider. Figure 2.2.2 outlines respondents' likelihood of switching, and indicates that although price was considered a key factor in selecting a fixed line operator, over half of respondents would not switch to an operator, even if they thought they could get a better deal.

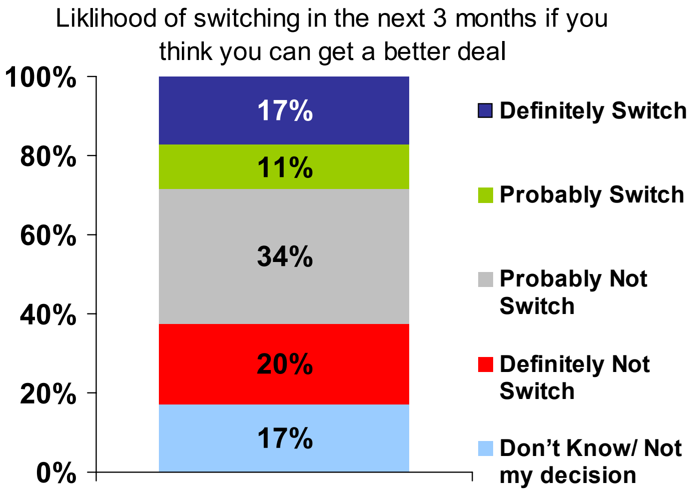


Figure 2.2.2: Respondent likelihood of switching in the next 3 months if they think they can get a better deal than they have at present.

Responses suggest that even though consumers cite value for money and lower prices as a key motivating factor for switching, a range of other factors may determine consumer decision-making. Non-switchers were asked about their reasons for remaining with their current provider, even when better value offerings were available. Key reasons for not switching are summarised in Figure 2.2.3.

What are your main reasons for not switching fixed line operator? Multiple Responses allowed. n=376	%
I am satisfied with my current supplier	78%
It's too much hassle to switch	11%
I don't believe there are savings to be made from switching	7%
Switched before and had to switch back	6%
I have already switched recently	4%
Other	10%

Figure 2.2.3: Main Reasons for not switching fixed line operator

2.3 Payphone Usage

The survey inquired about payphone usage among consumers. Almost 20% of respondents have used a payphone in the last three months. Those aged 15-24 years old were most likely to have recently used a payphone, with 32% of this age group reporting that they had used a payphone during the previous three months. The majority of payphones used by respondents were located on the street.

Respondents were also asked about their reasons for choosing to use a payphone. Figure 2.3.1 summarises the main reasons provided by respondents.

Why did you choose to use a payphone (multiple responses allowed)? n=193	%
It was convenient	46%
I had no call credit on my mobile	21%
I had no mobile phone with me	15%
It was less expensive that using a mobile	11%
I had no mobile coverage	6%
I was abroad	6%
Other	11%

Figure 2.3.4: Reasons for choosing to use a payphone

80% of payphone users paid for their call using cash, with the remaining 20% of respondents using either a pre-paid card, or credit card to pay for the call.

3 The Mobile Market

The Amárach Trends survey series examines residential users' adoption and experience of mobile telephony services. Based on the survey sample, 84% of respondents had a mobile phone subscription. The majority of mobile users had only one subscription, however, 7% of respondents reported having more than one mobile subscription. The main reason provided for having more than one mobile subscription was having one phone for work and one for personal use.

3.1 Mobile Subscriptions

There has been little growth overall in the penetration of mobile usage in the residential sector, perhaps an indication of the market reaching saturation, particularly among younger age groups. Mobile usage was highest among 15-34 year olds, with 96% of these respondents using a mobile phone service. This is in contrast to the 65-74 year old age group, 36% of whom had a mobile phone subscription.

Overall 78% of residential users surveyed used pre-paid credit to pay for their mobile phone, with 15-24 year olds most likely to use pre-paid cards, and higher income groups most likely to have a post-paid contract subscription.

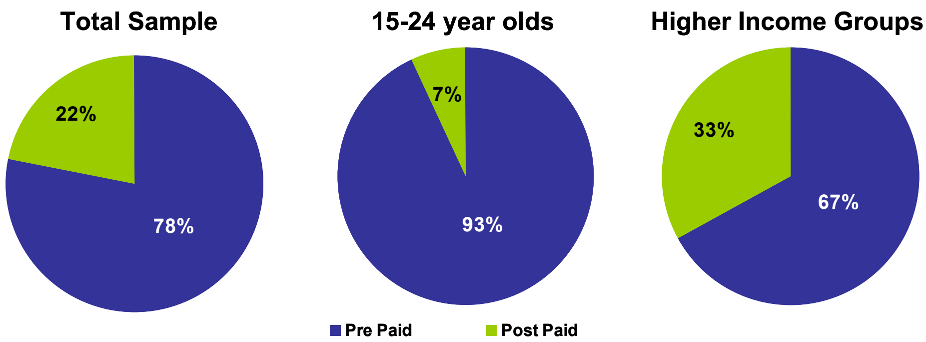


Figure 3.1.1: Type of mobile service used by mobile subscribers

3.2 Competitive Activity in the Mobile Market

While 14% of respondents suggested that they had considered switching their mobile provider in the last three months, just 6% had actually changed provider in the same period.

All mobile subscribers were asked about the factors they considered important when selecting or switching mobile provider. The majority of respondents stated price and value for money as key determining factors in choosing a mobile provider. Figure 3.1.1 summarises the reasons provided by respondents with regard to factors considered when selecting a mobile operator.

Factors important when choosing or switching mobile service provider (multiple responses allowed)? n=848	%
Value for Money	80%
Increased reliability	23%
Better customer service	14%
Provider has a good reputation	13%
Better range of service	12%
Experience of family and friends	10%
Availability of special offers	10%
Other	8%

Figure 3.2.1: Factors considered when choosing or selecting a mobile operator

3.3 Using Mobile Phones Abroad

Respondents were asked whether they had used their mobile phone abroad in the last twelve months. Figure 3.3.1 outlines responses to this question.

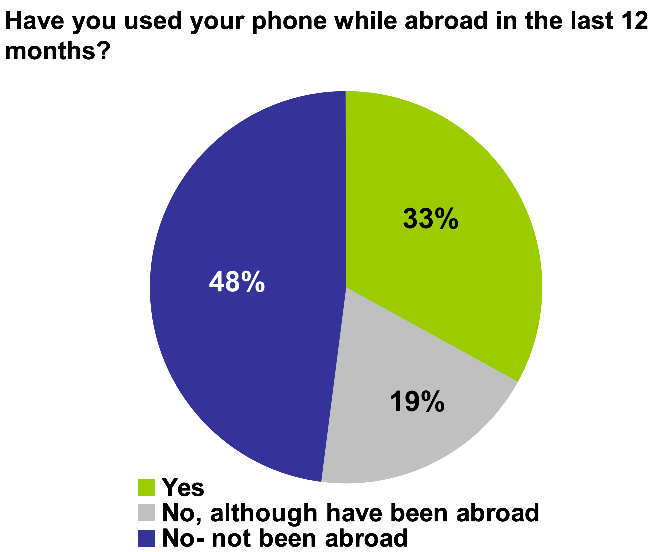


Figure 3.3.1: Whether repondents used their mobile phone while abroad in the last 12 months.

Of those who had been abroad in the last twelve months, 63% had used their mobile while abroad. Those who had used their mobile while abroad were asked about their awareness of the costs involved when internationally roaming. As Figure 3.2.2 outlines, respondents appear to understand that using a mobile abroad involves additional cost, but awareness of the exact additional cost remains relatively low.

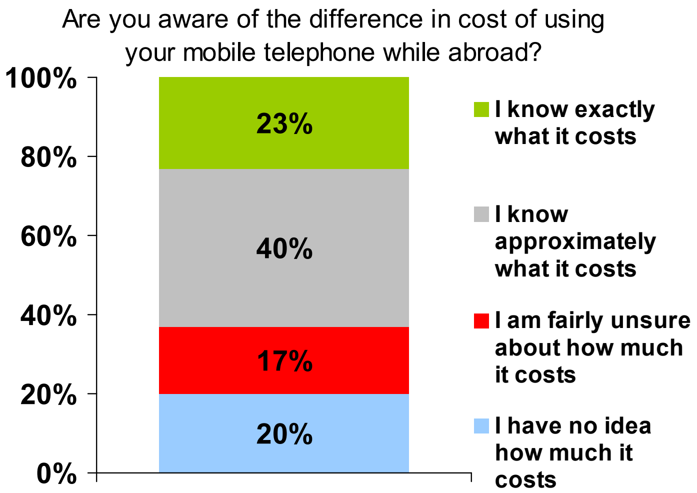


Figure 3.3.2: Awareness of the cost of using a mobile telephone while abroad.

This feedback suggests that 23% of mobile subscribers using their mobiles abroad were aware of the exact costs involved in using their phone while abroad with a further 40% claiming a more general awareness of the additional cost of roaming. ComReg has published an International Roaming Consumer Guide in November 2004[2], to provide consumers with some general information with regard to using their mobile phone when abroad. Furthermore, in recognition of the need for clear presentation of information on options available to mobile phone users when roaming abroad, the European Commission has launched a dedicated website on mobile phone roaming[3].

[2] http://www.comreg.ie/_fileupload/publications/cg02R.pdf

[3] http://europa.eu.int/information_society/activities/roaming/index_en.htm

4 Internet and Broadband Usage

4.1 Home Internet Connections

Overall, 37% of respondents surveyed had some form of internet access in the home, the same percentage reported in surveys carried out earlier this year. Figure 5.1.1 shows the methods of access used by home internet subscribers, and provides comparative data for the same period in 2003 and 2004..

How does your household connect to the Internet? n= 374	Q3, 2003	Q3, 2004	Q3, 2005
Standard telephone line/Regular dial-up	78%	86%	52%
ADSL /Broadband connection	1%	3%	26%
ISDN line	10%	5%	13%
Through a mobile phone via WAP or GPRS	0%	0%	1%
Broadband via a Cable modem connection	3%	4%	3%
Wireless Connection (FWA/ WiFi)	-	-	1%
Other	1%	-	1%
Don't know	8%	1%	4%

Figure 5.1.1: Type of internet access in the household measured among existing home internet subscribers.

Usage of internet access technologies by households continues to follow growth trends reported in previously published Trends surveys. Currently around 3 out of 10 home internet users subscribe to some form of broadband service[4]. DSL adoption is highest in the Dublin area. However, the majority of residential users still use narrowband internet access technologies such as dial-up access and ISDN for home internet access. Future Trends surveys will explore in greater detail the reasons why narrowband users retain this service, particularly when broadband may offer them higher download speeds at less cost.

4.2 Reasons for Adopted, or Not Considering Broadband

Internet subscribers currently using broadband (DSL, cable broadband or a wireless connection) were asked about their reasons for subscribing to this service. Figure 5.2.1 outlines the main reasons provided for users connecting to broadband.

[4] DSL, Cable and Wireless access users combined

Why did you subscribe to a broadband service? (Multiple responses allowed) n=113	%
High Download Speeds	33%
Always-on internet	30%
Flat Fee	23%
Able to use phone and internet simultaneously	22%
Promotional offer from supplier	13%
For work purposes	10%
To try a new technology	10%
To watch, or listen to radio over the internet	5%
Other	11%
Don't Know	8%

Figure 5.2.1: Reasons for connecting to broadband

Respondents who use a broadband service appear to value the key characteristics of broadband such as faster download times, a flat fee payment structure for always-on access and the ability to use the phone while spending time online. It is likely that for the widespread adoption of broadband in the home, these technical characteristics of broadband will become secondary to the breadth of internet activity and content choices that the broadband experience provides.

Home internet users who currently use a narrowband dial-up or ISDN connection to subscribe to internet services were asked if they have considered moving to a broadband service. Almost 30% of those currently using a narrowband internet connection suggested they had considered migrating to broadband. The remaining 70% of narrowband users were asked about their reasons for not considering migration to a broadband service. Figure 5.2.2 lists the reasons provided by respondents for not considering broadband. Respondents were able to provide more than one reason for not considering moving to broadband.

Why have you not considered moving to broadband? (Multiple responses allowed) n=259	%
Would not use the internet enough	32%
Broadband is not available in my area	27%
My current package is sufficient for my needs	21%
Too expensive	15%
Telephone line failed test for broadband	2%
Other	11%
Don't Know	11%

Figure 5.2.2: Reasons for not considering moving to broadband

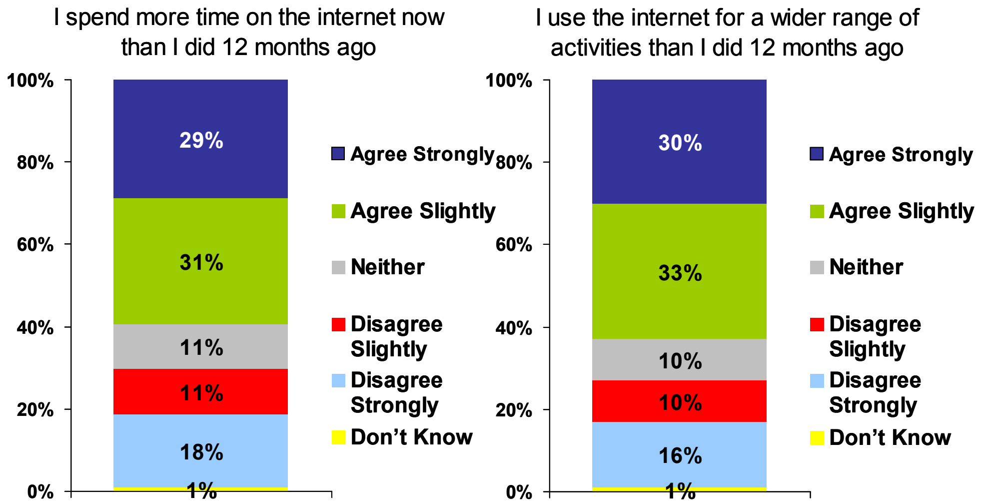
Reasons cited by respondents mention both lack of demand for broadband services and the non-availability of service in their area. Responses appear to suggests there is a perception that broadband internet services only provide value to homes where the internet is used often.

4.3 Uses of the Internet

All home internet users were asked about their current use of the internet. A variety of responses were provided; the main uses included email (62%), information research (56%) and general browsing (50%). Other uses mentioned included downloading online material (20%), shopping (18%), getting news updates (16%) and playing games (14%). Only a small number of internet subscribers surveyed (2%) were using emergent internet voice services such as Voice over IP (VoIP). It is anticipated that awareness and adoption of internet voice services such as VoIP will increase in future quarters. Future Amárach Trends surveys will assess the awareness and adoption of services such as IP telephony in greater detail.

Home internet subscribers were asked about their use of the internet, and the impact it has had on their lives. The results suggest that individuals with the internet are using it more frequently than in the past 12 months, and expect to continue to use the internet more in the future for a wider range of activities. In addition, internet households believe their skills in using the internet have improved in the year, and that using the internet has changed the way they seek and find information.

Figure 5.2.1 illustrates the range of responses provided by respondents on internet activity and behaviour.



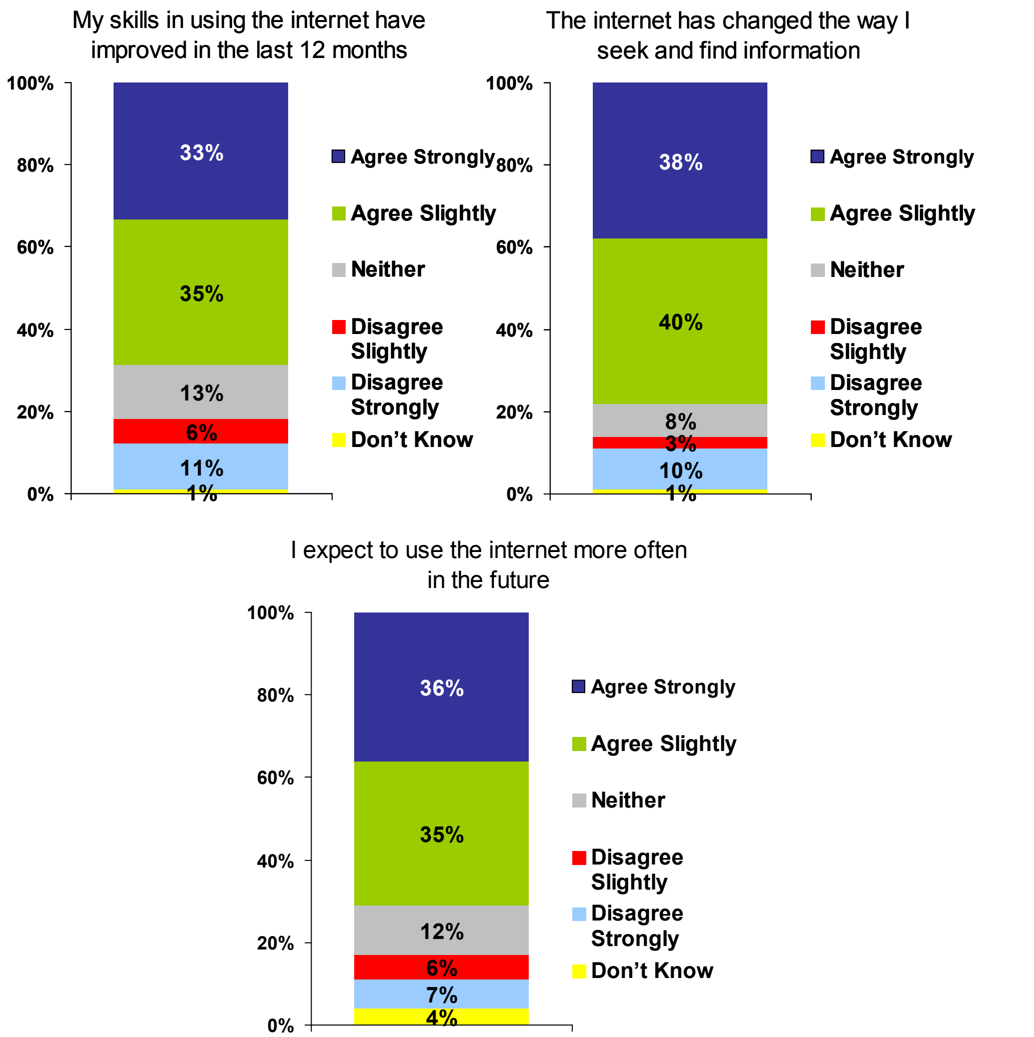


Figure 5.2.1: Internet usage and behaviour.

The results suggest positive benefits of a home internet connection in terms of developing computer skills (otherwise known as e-literacy) and the importance of the internet in providing access to a wide range of activities. The data further suggests that home internet users are finding access to the internet from home an increasingly valuable tool. In particular, the use of the internet for a wider range of tasks, and an expressed view that internet subscribers will use the internet more in the future in particular may suggest that as home internet users demand higher bandwidth to access richer content and services over the internet, they may be compelled to adopt broadband technologies which provide this high bandwidth connectivity.

5 Awareness and role of ComReg

This survey also sought to gauge awareness of ComReg among residential consumers of telecommunications services. In October 2005 ComReg published the results of a survey conducted among SME and corporate users of telecommunications services, including a brief analysis of awareness of ComReg in the business sector[5]. In this quarter's Trends survey, residential consumers were asked a number of similar questions about ComReg.

5.1 Awareness of ComReg

Respondents were asked if they were aware of the Commission for Communications Regulation, also known as ComReg. Figure 6.1.1 outlines the overall response rate among survey respondents, and varying response rates among key demographic groups.

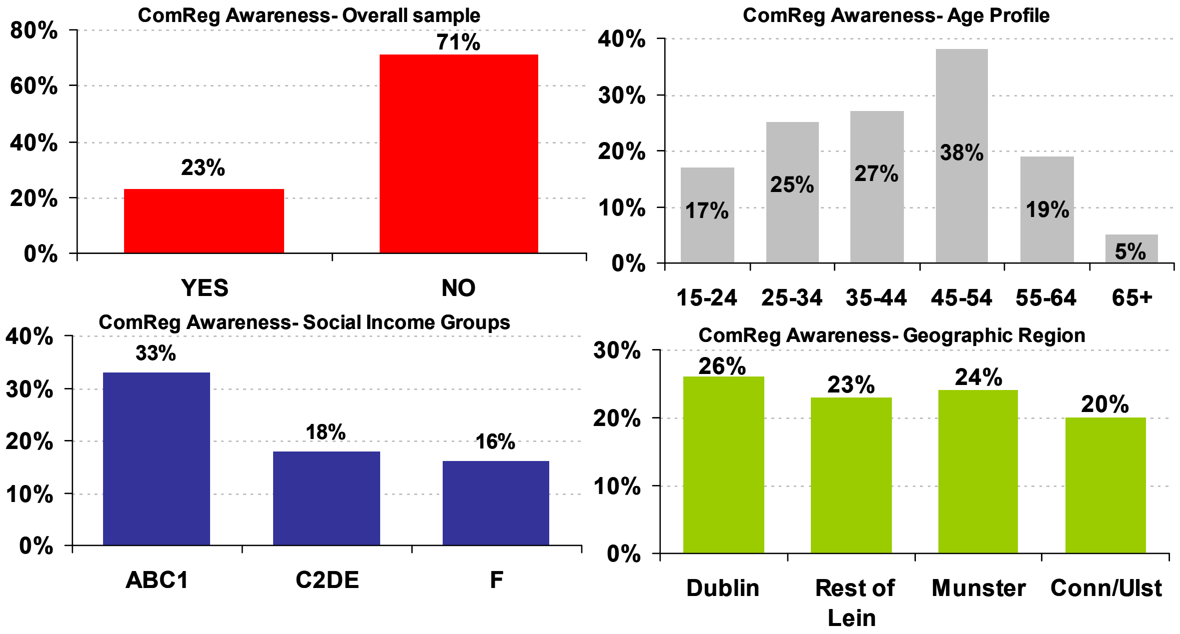


Figure 6.1.1: Awareness of ComReg

All respondents were asked about what they believed were ComReg's areas of responsibility. Responses were wide ranging with regard to the electronic communications and postal industry, and suggested that residential consumers perceived ComReg's role to be wider than its actual legislative remit. A significant percentage of individuals stated that they were not sure of the role of ComReg.

5 ComReg Document 05/76a and 05/76b