



Commission for
Communications Regulation

General

Trends Survey Series – Wave 4, 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 26th October and the 22nd November, 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 electronic communications operators as presented in the ComReg Quarterly Report.

This report highlights the main findings and trends for Quarter 4, 2005¹. The complete presentation of survey results by Amárach Consulting is published on our website. A segment of this survey wave focusing on online shopping by residential users was published separately by ComReg in Dec 2005².

1.1 Summary of Key Findings

- Fixed line penetration has continued to decline among residential users with younger respondents, lower income groups and those in rented accommodation least likely to have a fixed line telephone connection in their home.
- Overall, 35% of respondents have sent a MMS (multimedia message) with activity highest among 15-24 year olds.
- 42% of respondents currently use the internet from any location. Broadband users are typically more likely to use the internet more often than narrowband users.
- 35% of internet users are aware of Voice of IP (VoIP); a further 11% of those aware of VoIP have used it to make a call over the internet.

¹ ComReg Document: 06/08a

² ComReg Document: 05/91

2 The Fixed Line Market

2.1 Fixed Line Telephone in the Home

ComReg uses the Amárach Trends surveys to monitor and gauge the levels of consumer usage and experiences of a wide range of electronic communications services. On an ongoing basis we have asked survey respondents aged 15-74 years about their access to a mobile phone and fixed line telephone service in their home. Figure 2.1.1 indicates that home fixed line penetration in the Irish residential market is gradually declining. Responses in this survey suggest that 67% of residential respondents currently have a fixed line telephone subscription, compared to 84% of respondents who have a mobile phone.

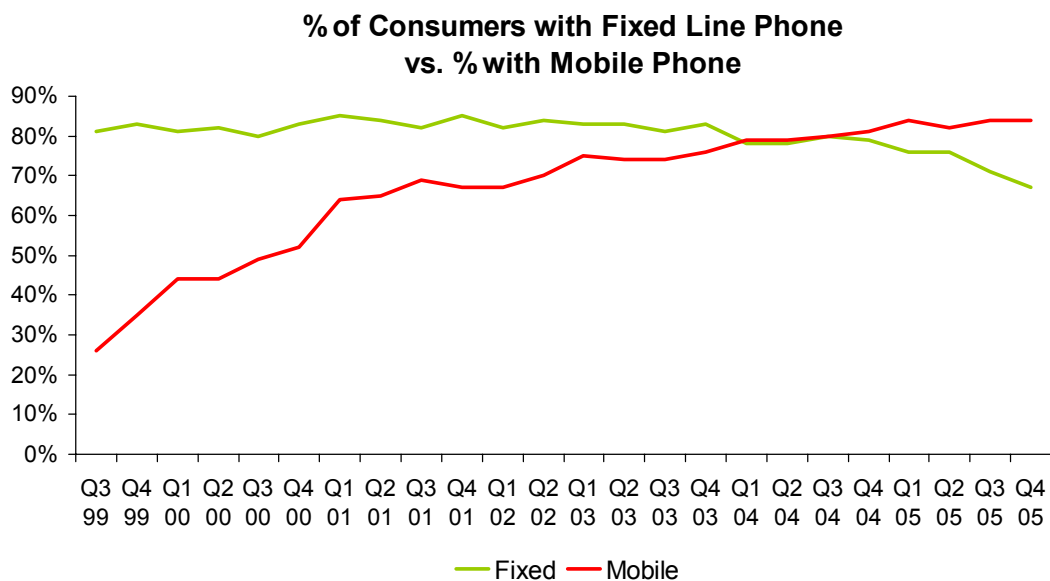


Figure 2.1.1: Residential sector subscription to fixed and mobile phone services. n=1000

Falling penetration of fixed line telephones this quarter is consistent with an overall downward trend in the Amárach Trends series. Fixed line penetration is slightly lower than that reported by other market research which examines the penetration of fixed line telephones within the home. A recent JNLR/TNS mrbi survey (Oct 2004-Sept 2005) suggests that 84% of homes have a fixed line, however it suggests, as does the Amárach survey, that penetration of fixed line telephones in households varies by age-group, geographical region and income levels. This figure for overall penetration of fixed lines is echoed by an EU Commissioned survey for all member states in 2004³ which suggests that 83% of homes have a home telephone subscription.

The differences in penetration rate between the Amárach Trends Series and other surveys are likely to be a result of differing survey methodologies. While all surveys

³ Link to report at:

http://europa.eu.int/information_society/policy/ecommm/doc/info_centre/studies_ext_consult/inra_year2004/report_telecom_2004_final_reduced.pdf

use a face-to-face survey methodology, interviewing respondents in their own homes, and based on a representative sample based on geographic region and age among other demographic factors, the JNLR and EU Survey interview respondents aged over 15 years. The Amárach Trends Series draws its representative sample from respondents aged 15-74 years. It is likely that the higher incidence of fixed line telephones within the home in the JNLR/EU commissioned survey are, at least in part, a result of higher incidences of fixed line ownership among older participants, including those aged 75 and over.

According to the Amárach survey results, fixed line subscriptions vary according to age group, geographical region, income group and whether or not respondents own or rent their property. Respondents aged 45-74, higher income groups and farmers (F), those in Ulster/ Connaught, and those who own their accommodation are most likely to have a fixed line telephone in their home. Figure 2.1.2 illustrates these demographic variances by key demographic indicator.

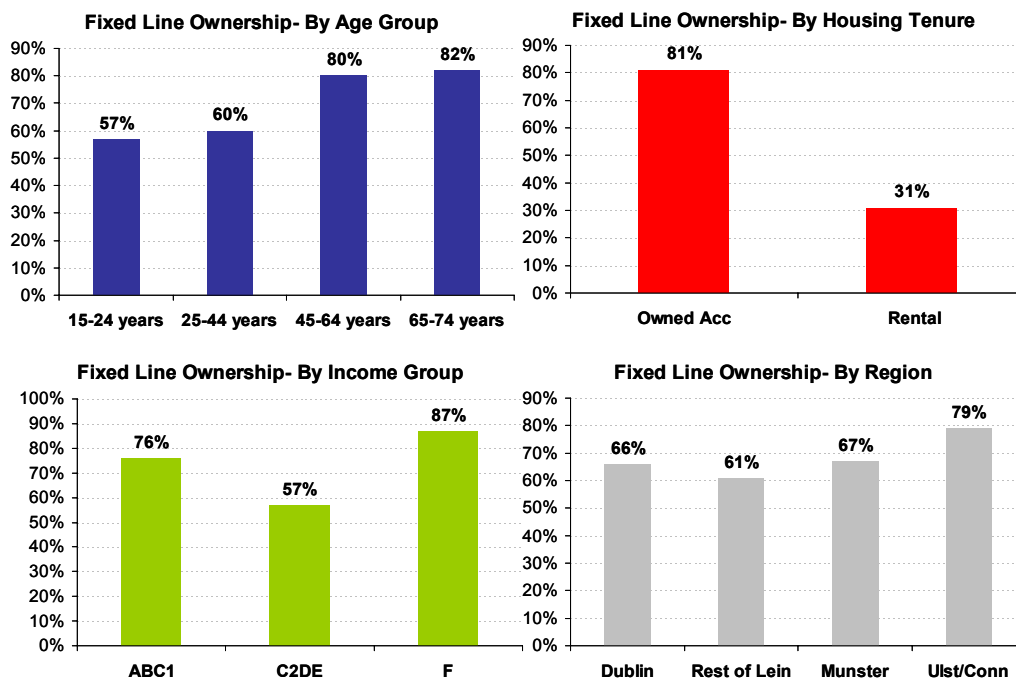


Figure 2.1.2: Fixed line household penetration among a number of key demographic groups. n=676

It should be noted that of those respondents that do not have a fixed line telephone within the home (33%), almost 30% of these, or 9% of the overall sample, have had a fixed line phone at their current address in the past. The main reason for residential users not having a fixed line connection in their home is that they had a mobile subscription.

2.2 Use of Single Billing

Fixed line subscribers who currently use an operator other than eircom (19% of fixed line subscribers) were asked about their use of single-billing. Single billing allows

consumers who use an operator other than eircom to have their line rental and calls billed together on a single-bill.

Do you receive a single bill for rental and calls from this operator?

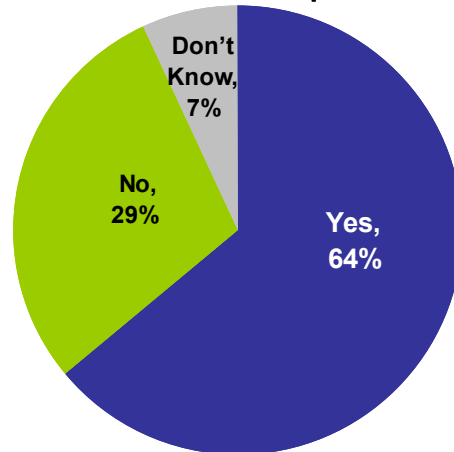


Figure 2.2.1: Use of Single Billing by non-eircom customers n= 98

Of the small number of fixed line users surveyed who use an alternative operator in the market and do not use single-billing, the main reason for not doing so was a lack of awareness about the single-billing service.

2.3 Comparing the Use of Fixed and Mobile Telephony

This survey asked residential consumers about their perceptions of the relationship between fixed and mobile telephony. Figure 2.3.1 outlines consumer attitudes towards giving up their fixed line for mobile-only services. Responses suggest that 63% of home telephone users did not believe their mobile was a substitute for a fixed line telephone. In addition 44% of respondents would not give up their fixed line telephony even if the cost of mobile fell. This may be at least partly due to the role of a fixed line in the home having an Internet and data function, which currently is not widely available over mobile. Where mobile services were able to provide higher speeds and appropriate connections to allow Internet access in the home, 34% of respondents believe that the mobile could be a substitute access platform for home Internet services. However, the results appear to also suggest that awareness of Internet access using mobile is relatively low, given that 20% of respondents answered “Don’t Know” to this question.

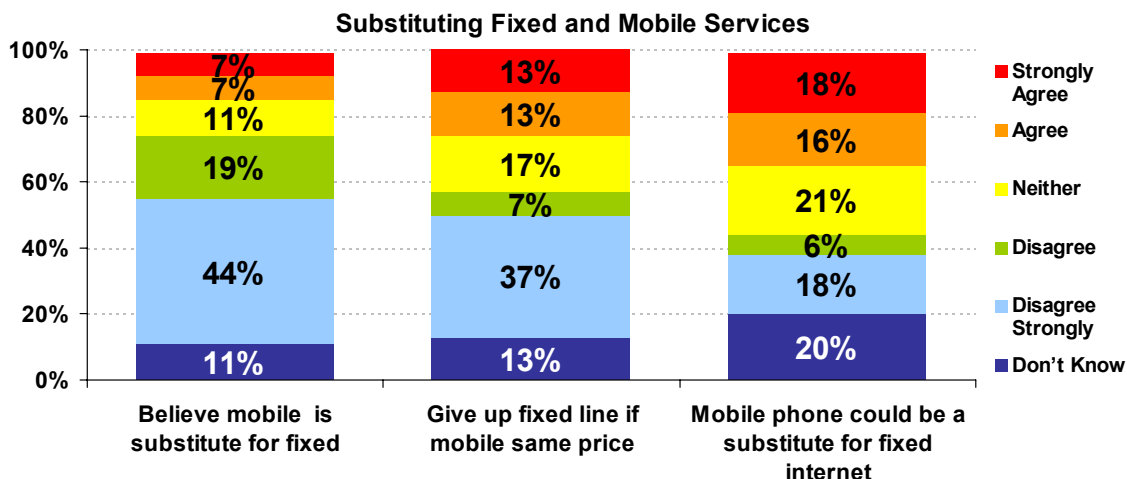


Figure 2.3.1: Attitudes towards substituting fixed for mobile telephony

2.4 Cold Calling and the Opt-Out Register

This survey wave investigated the incidence of unsolicited sales calls or cold calls to residential fixed line subscribers' homes. Figure 2.3.1 illustrates that 44% of respondents had received an unsolicited sales call in the previous three months.

Have you received unsolicited sales calls in the last three months?

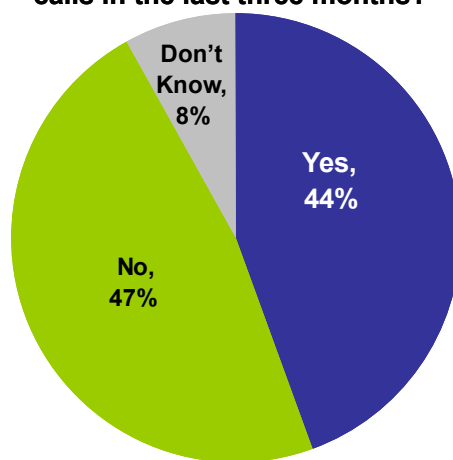
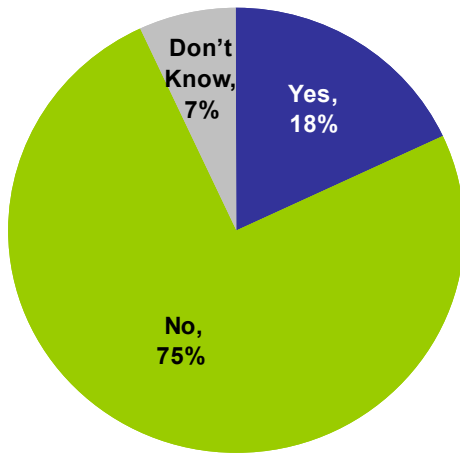


Figure 2.4.1: Receipt of unsolicited sales calls in the last three months among fixed line telephone users. n=676

All residential users of a fixed line telephone were also asked about their awareness of and registration to the opt-out register to block direct marketing calls. Fixed line users can now choose to opt-out of receiving these calls to their home phone by registering with the telephone operator to whom they pay their line rental. Overall awareness of the availability of the service was relatively low at 18% of fixed line telephone users. Awareness of the service was lowest amongst those aged 65 and over (9%), and fixed line users in the Munster region (11%).

Are you aware that you can now register with your operator to opt-out of sale enquiries?



Have you registered your home telephone number to opt-out of receiving sales enquiries?

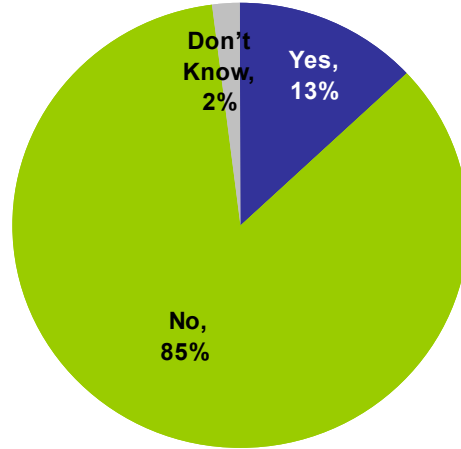


Figure 2.4.2: Awareness and Adoption of the Opt-Out Register for “Cold call” Sales Enquiries? n=676 n=122

The opt-out register is a relatively new service and one for which consumers must actively opt-in. ComReg will continue to work in partnership the Data Protection Commissioner to ensure that all service providers build a sufficient level awareness of this free service for consumers, particularly older consumers who appear relatively unaware of the availability of the service.

3 The Mobile Market

The Amárach Trends series survey examines usage of mobile phone telephony amongst residential customers. It should be noted that this survey is not directly comparable with the latest ComReg Quarterly Market Report⁴ which estimates that there is 100% 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 total population, and includes possible multiple SIM ownership, or mobile data card applications by consumers.

3.1 Mobile Ownership among residential users

Survey responses suggest that 84% of adults aged 15-74 currently have a mobile phone, with around 4% of these residential users claiming to have more than one account. In addition to having more than one mobile subscription, consumers may use multiple SIM cards if they own a PDA (Personal Digital Assistant) or Blackberry mobile email device.

Mobile ownership varies largely amongst different age groups. While ownership and usage of mobiles is almost ubiquitous amongst 15-44 year olds, mobile ownership is less prevalent among older consumers, particularly those aged 65-74 years old.

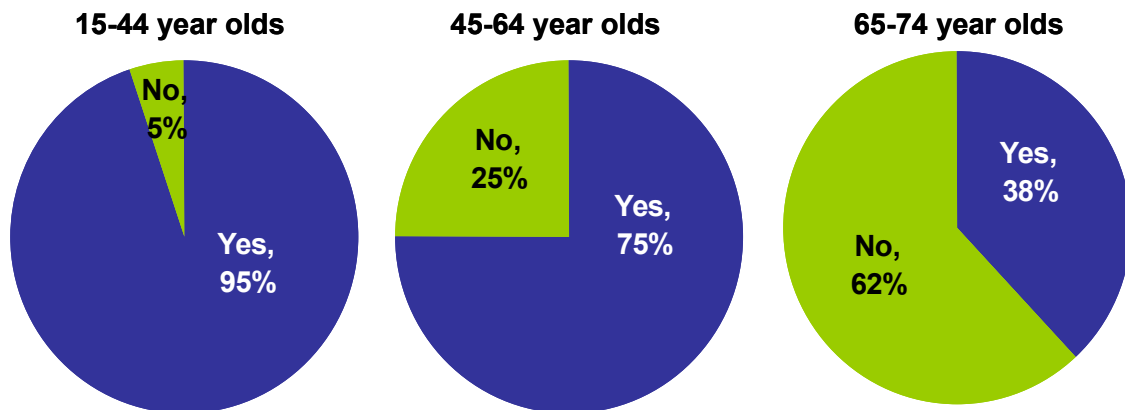


Figure 3.1.1: Mobile ownership among different age groups

Overall, 75% of residential mobile customers use a pre-paid top-up to pay for their mobile phone. Those most likely to have a post-paid contract are 25-44 year olds and higher income groups. Overall, 91% of respondents with a mobile phone paid for their own bill, with a small percentage having their employer pay for the whole, or at least part of their bill.

⁴ ComReg Document 05/92

3.2 3G Awareness and Intention to Adopt

3G services were first commercially launched in Ireland by Vodafone in November 2004. Currently two operators, Vodafone and “3”, now offer a full range of 3G services to Irish consumers. This survey wave asked residential mobile phone users about their awareness of and intention to take-up 3G mobile services. It also asked respondents a number of questions on use of advanced mobile services such as multi-media messaging and mobile based information services and downloads.

The following figures illustrate consumer awareness of and intention to subscribe to a 3G service in the next three months.

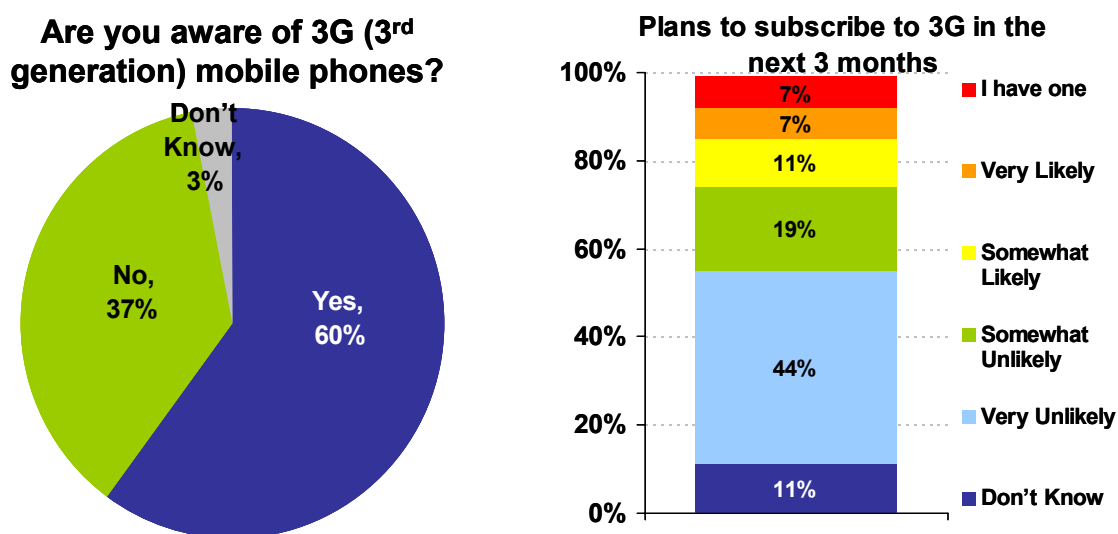


Figure 3.2.1: Awareness of and Intention to subscribe to a 3G service in the next three months.

Awareness of 3G by residential consumers has increased greatly since the beginning of 2005, when 38% of residential mobile users were aware of 3G services. Awareness is particularly high among 15-24 year olds, 85% of whom responded that they were aware of 3G. Increased awareness is likely to be at least partly due to an increase in advertising and sales campaigns undertaken by Vodafone and “3” in the run up to the Christmas shopping period.

Intention to subscribe to a 3G service remains relatively low among residential mobile users overall. Responses suggest that 7% of those surveyed already subscribe to 3G, with a further 18% claiming they are likely to subscribe in the next three months. Highest intention to subscribe to 3G is stated among 15-24 year olds, where 24% of these respondents suggested they are likely to subscribe to a 3G service in the next three months. Intention to subscribe is much lower among 45-64 year olds, 87% of whom are unlikely to subscribe to the service in the same period.

The main reasons cited for not subscribing to 3G services were a general satisfaction with the handset provided by their existing subscription (48%), a perception that 3G handsets were too expensive (28%) and a lack of understanding of the benefits of 3G

(14%). It is likely that for the mass adoption of 3G services, consumers will need to understand the potential benefits of 3G services as a service rather than a new device or handset. Information on, and the marketing of, a range of useful and customer valued content and applications specific to 3G will be essential to drive its future growth in the market.

3.3 The Use of Value-Add and Multimedia Mobile Services

In Q4, 2005 as in Q1, 2005 the survey asked about their use of advanced mobile services. Figure 3.3.1 compares usage of a range of advanced mobile services used by Irish consumers in both periods.

Mobile Services used	Q1 05 n=853 %	Q4 05 n=846 %
Vodafone Live!	11%	18%
Vodafone's 3G service	3%	3%
O2 Active	5%	6%
'3 Ireland' 3G Active	-	1%
None of these	75%	68%
Don't know	8%	8%

Figure 3.3.1: Use of Advanced Mobile services in Ireland.

As with 3G awareness, 15-24 years old were most likely to have tried one of these services, with 48% of this age group suggesting they had used at least one of these services. The main reason provided for using these services appears to be generally based on experimenting with a new technology (38%) or curiosity as it was a feature of a handset that respondents owned (30%). Smaller numbers of respondents suggested content as the driver for using the service, citing downloading of games, video and music clips, news and information as the reason they had used advanced mobile services.

Survey respondents were asked about their use of MMS or picture messaging. Responses indicated that 35% of mobile users have sent a picture message, with 15-24 year olds and students the most likely to have used picture messaging (64%, 66%). Higher income groups were also slightly more likely to have sent a picture message than lower income groups (40% vs 31%).

3.4 Use of Mobile Phone in the Home

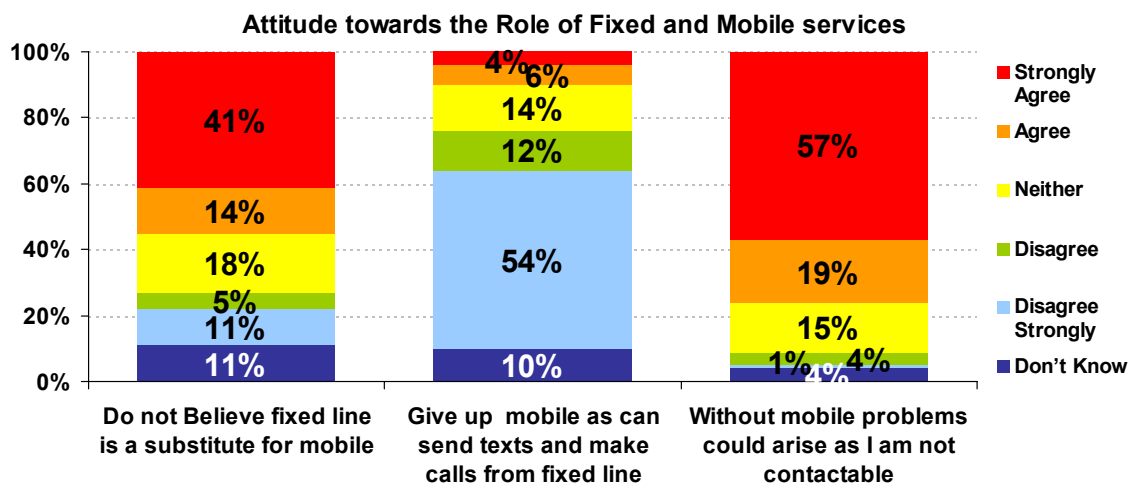


Figure 3.4.1: Attitudes towards the relationship between mobile and fixed telephony.

The survey sought to understand how respondents perceived their mobile telephony service, and whether or not they believed that a fixed line telephone could act as a substitute for a mobile service. Respondents did not believe that a fixed line telephone was a substitute for mobile services, and 76% of mobile users believed that problems could arise if they were not contactable. The responses suggest that the inherent mobility and flexibility associated with mobile telephony is a key attribute of the service, and one which mobile users believe can not be substituted by a fixed line voice services⁵.

⁵ This report also includes discussion the converse relationship and whether or not individuals believe mobile can be a substitute for their fixed line service. The results of this are discussed in section 2.3 of this report.

4 Internet and Broadband Usage

4.1 Personal Usage of the Internet

This survey asked residential consumers about their personal use of the Internet from any location. This measure was an attempt to determine active usage of Internet services compared to Internet subscriptions levels within the home.

The following table illustrates Internet usage levels broken down by age, geographical region and social class.

	Age Profile			
	15- 24 year olds	25-44 year olds	45-64 year olds	65-74 year olds
Internet Usage	63%	49%	27%	4%
	Geographic Region			
	Dublin	Rest of Leinster	Munster	Conn/Ulster
Internet Usage	43%	37%	43%	42%
	Income Group			
	ABC1	C2DE	F	
Internet Usage	66%	27%	22%	

Figure 4.1.1: Personal usage of the Internet by age, geographic region and income group

Of the three demographic factors examined above, age and income level appear to have the most significant impact on personal Internet usage. It should be noted that 76% of students use the Internet, many of whom will be within the 15-24 year old age group demographic. Internet usage is relatively evenly spread across all geographic regions; however outside Dublin, Internet users are more likely to use the Internet from home rather than at work. Higher income groups are more likely to use the Internet at home and from work. Lower income groups are more likely to use the Internet in Internet cafes, public libraries or friends' houses.

4.2 Internet Usage

Those who stated that they used the Internet from their home were questioned about the frequency of their Internet usage. The average home Internet user claimed to use the Internet several times a week, although not every day. There was a marked difference in frequency of use when profiling usage between broadband and narrowband home Internet users.

Figure 4.2.1 illustrates that broadband subscribers use the Internet more frequently than narrowband subscribers. This may be partly due to technology savvy consumers and more frequent Internet users being most likely to adopt broadband in the home. It may also be the case that having a broadband connection in the home enhances the Internet experience making it a more enjoyable activity for home Internet users, who then tend to use the Internet more as a result of high-speeds, always-on connection and fast download capabilities.

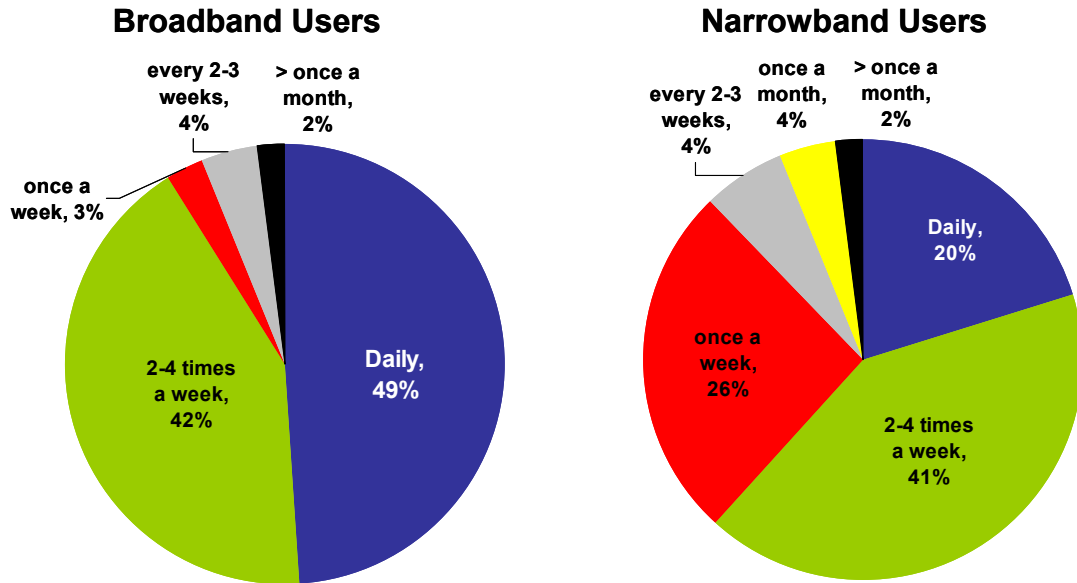


Figure 4.2.1: Frequency of Internet usage of broadband and narrowband Internet users

A 2003 Yankee Group report⁶ suggests that broadband users are more likely to use the Internet more often and for longer periods of time. Their estimates for European Internet users show that dial-up Internet users will use the Internet for an average of 8.6 hours per week, compared with 16.8 hours of Internet use per week by broadband customers. While Yankee Group recognise that these survey results, published in 2003, most likely include a large percentage of early-adopters among the broadband respondents, they consider that “broadband will help to grow time online by about 20 to 25 percent”.

4.3 Awareness of Broadband Technologies

This wave of the survey asked respondents about their awareness of a range of broadband options available to residential customers. Broadband is often associated with the most popular access platform, DSL, however broadband may be also available to residential users through cable broadband, fixed wireless access, (FWA) and satellite connection. The following table outlines overall awareness of broadband, and awareness of specific broadband access technologies among those who personally use the Internet from home.

⁶ “Long-time European Internet Users are First in Line for Broadband” May, 2003. The Yankee Group

	% Yes	% No
Broadband	99%	1%
DSL	91%	9%
Cable Broadband	70%	30%
WiFi or wireless LAN	60%	40%
Fixed Wireless Access (FWA)	58%	42%
Mobile (3G) ⁷	55%	45%
Satellite	46%	54%

Figure 4.3.1: Awareness of various broadband access technologies. n=257

Awareness of DSL remains very high overall. Consumers appear relatively less aware of other broadband platforms. Awareness of fixed wireless broadband is highest among respondents with no fixed line phone in the home, and those in Dublin and Ulster/Connaught, while awareness of satellite broadband is highest in Ulster/Connaught and among those who run a business from their home.

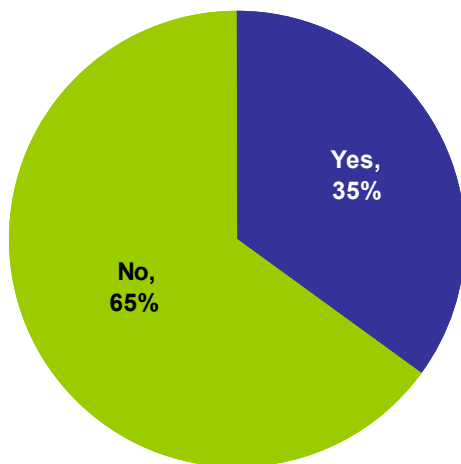
4.4 Awareness and Usage of Voice over IP (VoIP)

Voice over Internet Protocol (VoIP) is a relatively new Internet based service which offers Internet users the technology to make voice calls over a broadband connection at a lower cost than regular fixed line calls. A number of service providers offer VoIP services to Irish consumers including Skype, Blueface and Vonage. As an emerging technology in the residential broadband market, this survey sought to gain understanding of awareness and usage of VoIP.

Overall of those who use the Internet, 35% claim to have heard of Voice over IP. This equates to around 8% of all respondents surveyed. Furthermore, of those who were aware of the service, 11% had claimed to have used Voice over IP to make a voice call over the Internet.

⁷ Broadband is currently considered to be data speeds in excess of 512KBps. While 3G does not currently provide these speeds consistently, future advancements in network development will enable broadband speeds to be achieved over mobile.

**Have you ever heard of Voice of IP
(n=410)?**



**Have you ever used Voice over IP to
make a call over the internet (n=144)?**

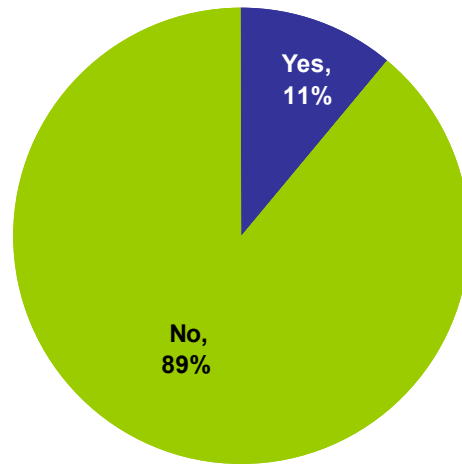


Figure 4.4.1: Awareness and Usage of Voice over IP (VoIP) among Internet users

It is expected that awareness and usage over Voice over IP technology is likely to increase in the medium term among residential Internet users as awareness rises and operators migrate from PSTN to IP-based telephony networks. The most attractive feature of the product is that it offers low-priced or free voice calls to another VoIP user, and lower cost national and international voice calling to fixed and mobile telephones. Both telecoms operators and pure-play voice over IP providers are currently testing and rolling-out VoIP services to the Irish market. In March 2005, ComReg established a non-geographic numbering range (076) to be available to VoIP. More information on VoIP services can be found in the ComReg Quarterly Report, published in June 2005 (ComReg Document 05/43) and ComReg Document 05/50.