Electronic Communication Services Usage by Households and Individuals 2015

Research summary for the National Media and Infocommunications Authority (Hungarian abbreviation: NMHH)

Ariosz Ltd.

SURVEY METHODOLOGY

A report for NMHH, the Hungarian communications regulator

Service provider: Ariosz Ltd.

Fieldwork period: 29.08.2015 – 20.09.2015

Method: Face-to-face interviews with standardised questionnaire

Sample size: 2011 households and 2011 individuals

Average length of interviews: 46 minutes

Symbols:
data referring to households

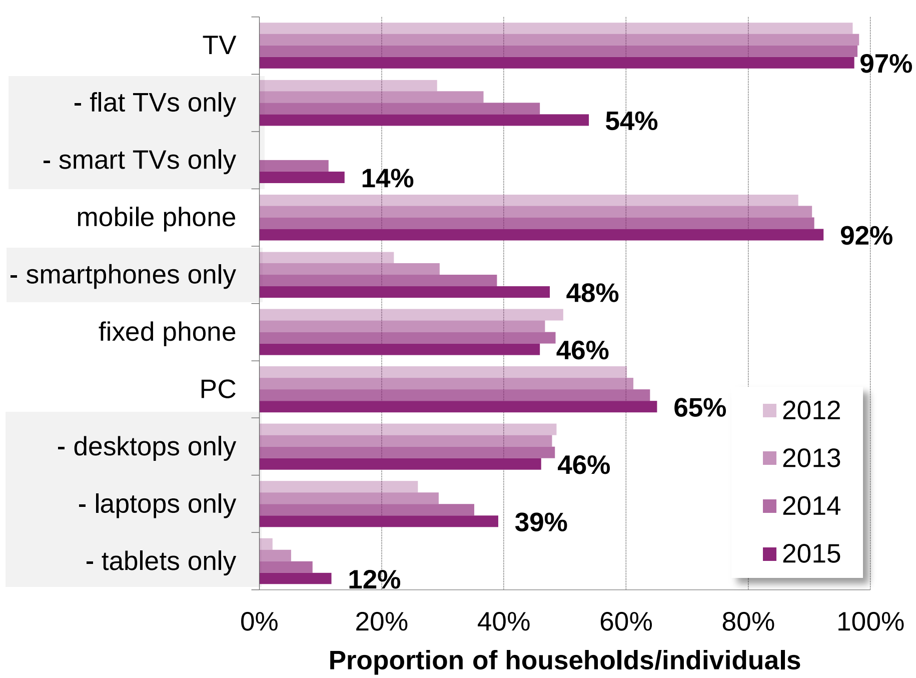
data referring to individuals

Weighting:
In case of households: by size and age distribution of the household, type of settlement, region, and area of incumbent electronic communication service provider.
In case of individuals: by age, gender, level of education, size of household, type of settlement, region, and area of incumbent electronic communication service provider.
Applied weighting method: RIM weighting (multidimensional iterative factor weighting).
Weighting is based on the national census of 2011.

ICT DEVICES

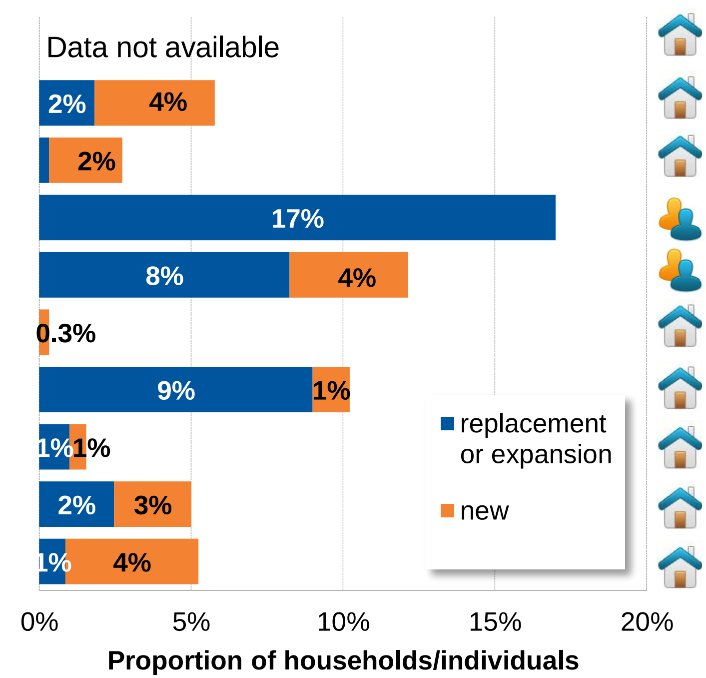
10% of households (i.e. more than 400 thousand) plan to buy a PC in the coming year. 2015 is the fifth year in a row when more households plan to buy laptops than those who want desktops. The proportion of households having a laptop increased from 21% in 2011 to 39% in 2015. The highest increase rates in take-up can be noticed in case of smartphones, flat TVs, and tablets. 12% of households have a tablet and it may grow with another 4 percentage points in the coming year according to purchasing plans.

Take-up



Basis: all households and individuals aged 14+, respectively (N=4.106 million households, 8.59 million individuals, n=2011)

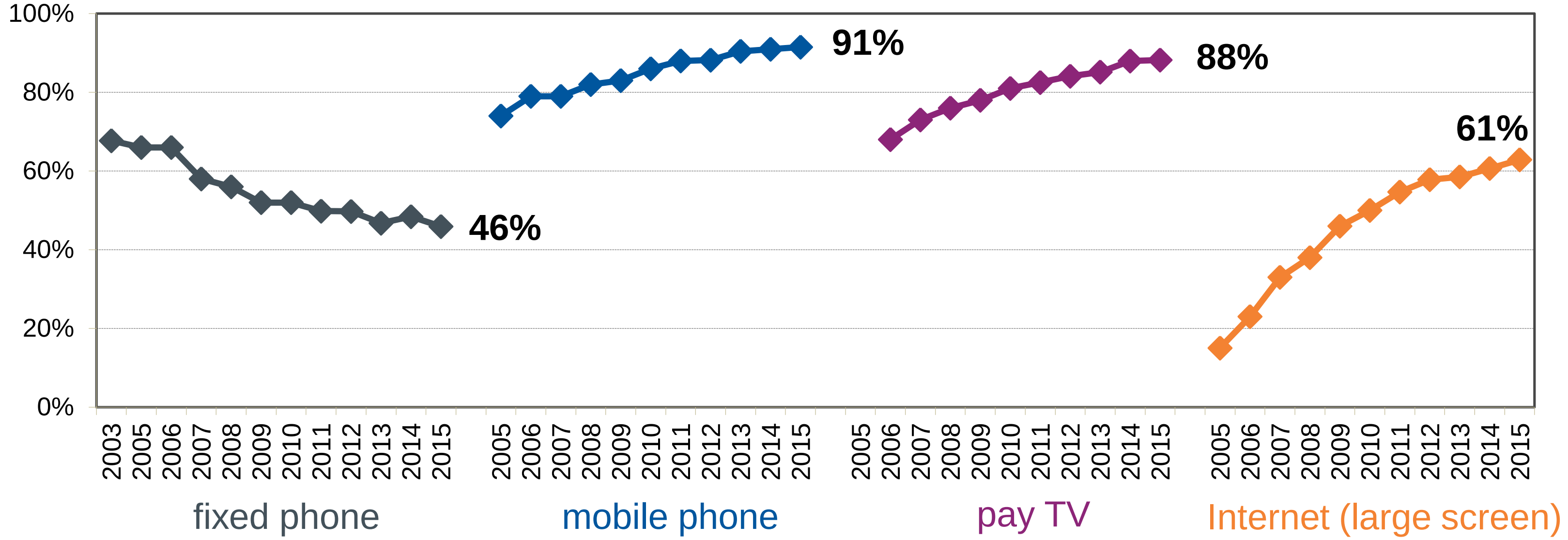
Plans to purchase



Basis: all households and individuals aged 14+, respectively (N=4.106 million households, 8.59 million individuals, n=2011)

HOUSEHOLDS WITH ACCESS TO ELECTRONIC COMMUNICATION SERVICES

In the past years, penetration of Internet and pay TV services have increased in the households. The increase in penetration of mobile phones has slowed down while the drop in the number of subscriptions for fixed phone has stopped.

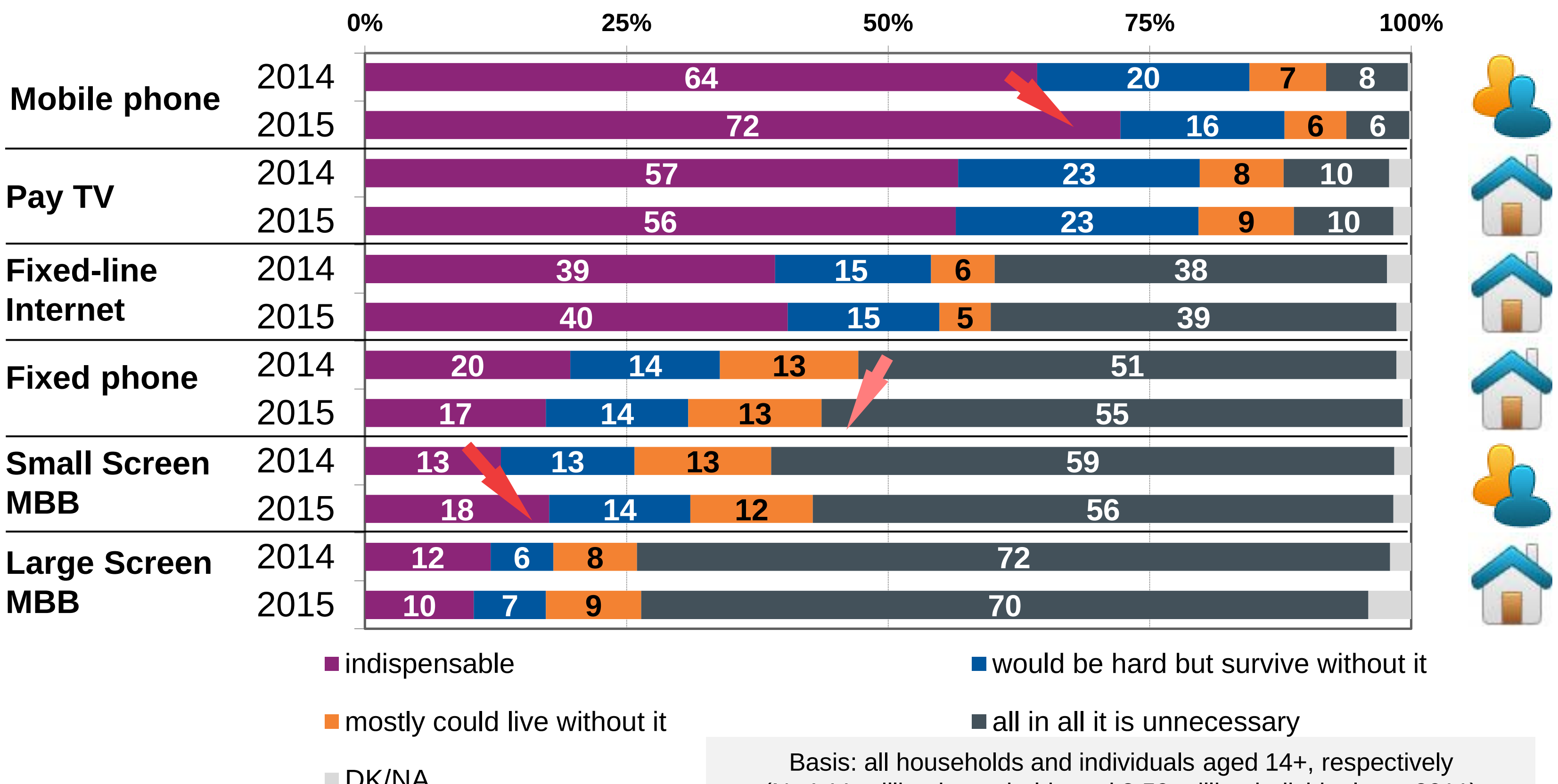


Basis: all households (N=4.106 million households, n=2011)

number of households, million	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
fixed phone	2.55	2.66	2.33	2.24	2.10	2.08	1.99	1.99	1.92	1.99	1.88
mobile phone	2.86	3.15	3.17	3.17	3.33	3.44	3.52	3.53	3.71	3.73	3.76
pay TV		2.63	2.82	2.94	3.11	3.23	3.30	3.37	3.50	3.61	3.62
Internet	0.59	0.93	1.33	1.49	1.86	2.00	2.19	2.31	2.40	2.49	2.58

DEMAND FOR ELECTRONIC COMMUNICATION SERVICES

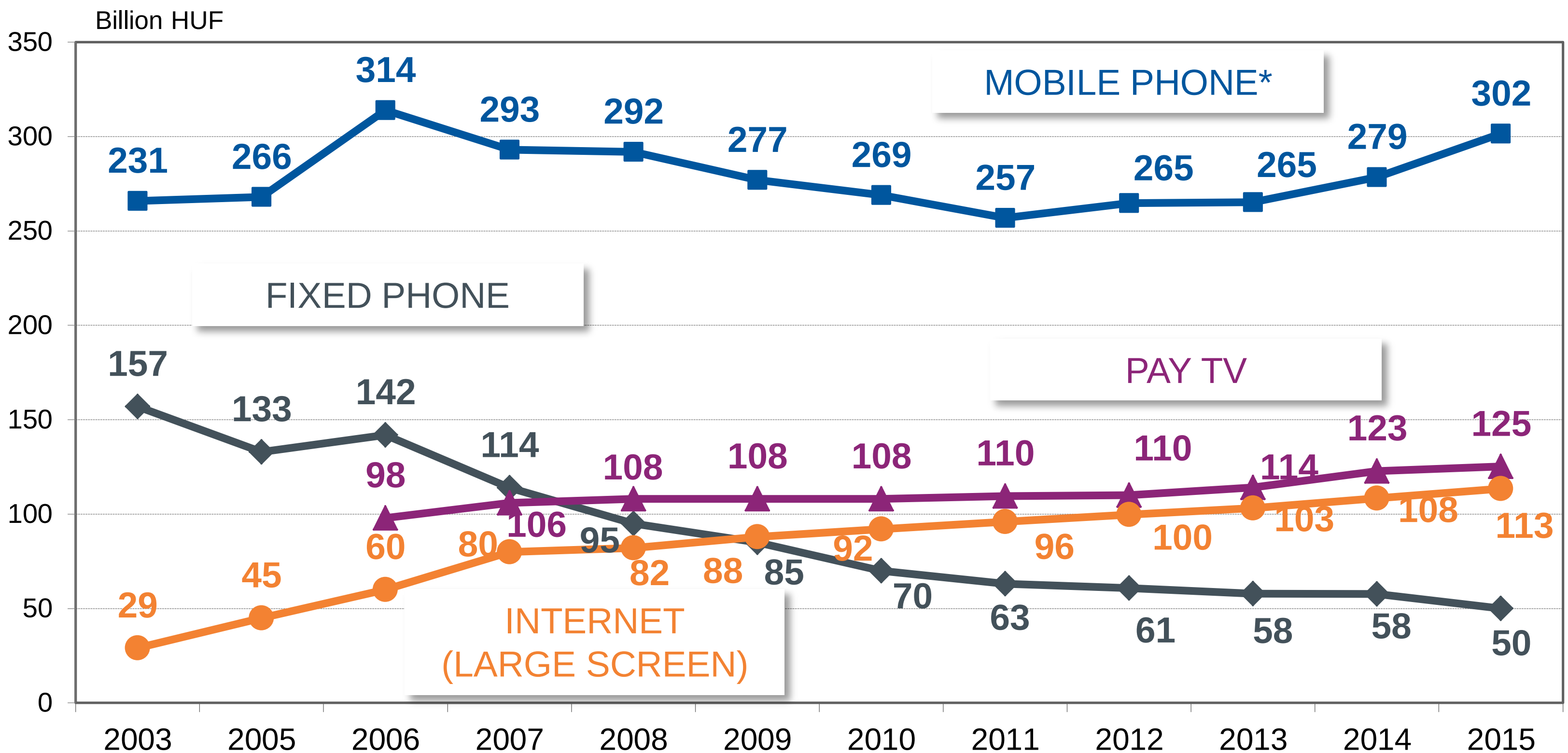
Mobile phone is still the most important electronic communication service for the population – 72% remain of the view that mobile phone is essential, 16% think they could hardly but survive without it. Demand for mobile phone could even grow during 2015 as “only” 64% found it indispensable in 2014. Small screen MBB is the most important electronic communication service for the younger generations (it is indispensable for one third of people aged 14-29), and moreover, compared to 2014, more people in the whole population feel that they just cannot live without this service.



Basis: all households and individuals aged 14+, respectively (N=4.11 million households and 8.59 million individuals; n=2011)

SIZE OF THE ELECTRONIC COMMUNICATIONS MARKET (2003-2015)

In 2015, the size of the fixed telephony market has decreased while the Internet and pay TV markets have slightly increased. According to our data, households spent much more on mobile telephony compared to 2014.



Basis: all households (N=4.106 million households, n=2011)

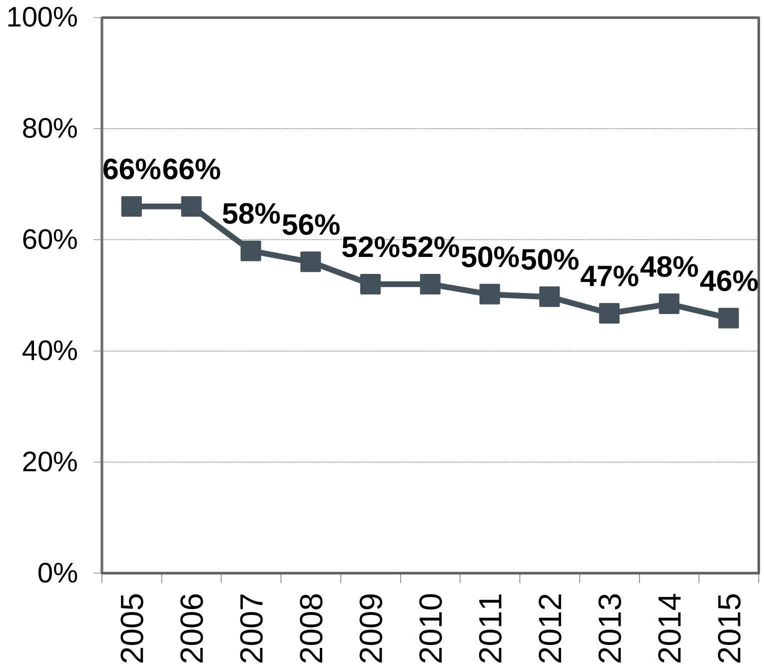
*Average of monthly spending of households on mobile services, i.e. when consumers could not separate their spending on voice and small screen Internet services, these are added together

Size of the residential market was 590 billion HUF in 2015 (2014: 568, 2013: 540)

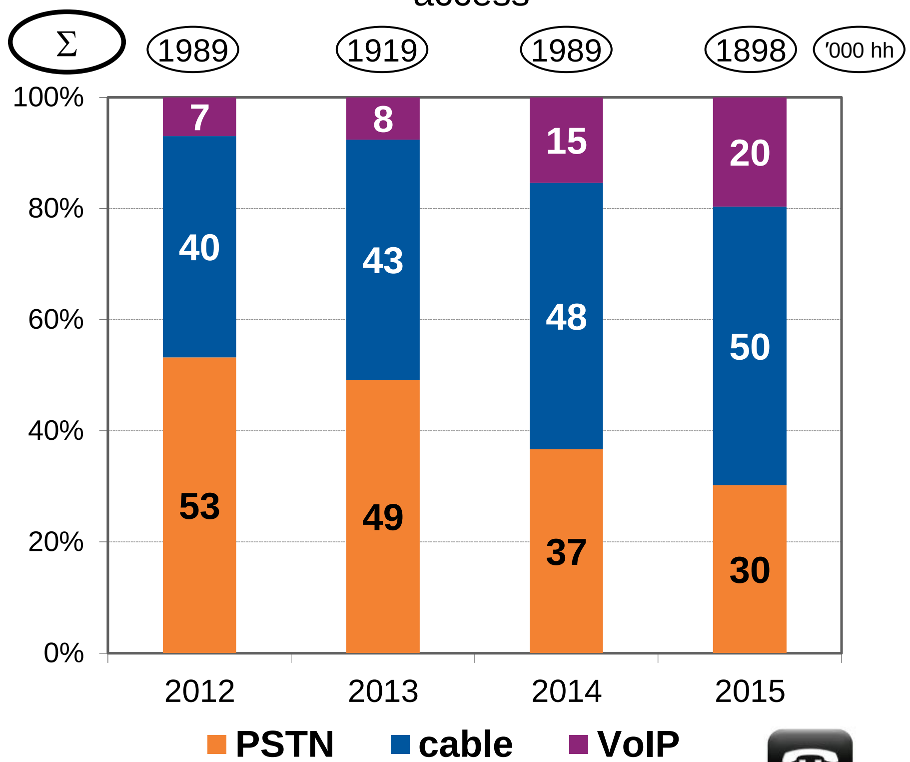
FIXED-PHONE: TAKE-UP

Less than half of the households have fixed phone services. The proportion of households with PSTN technology has further dropped in 2015: only one third of households with fixed phone have it by now. Take-up of cable among fixed phones has not changed significantly while (managed) VoIP could gain a higher market share again.

Households with fixed phone service



Technology of fixed phone access



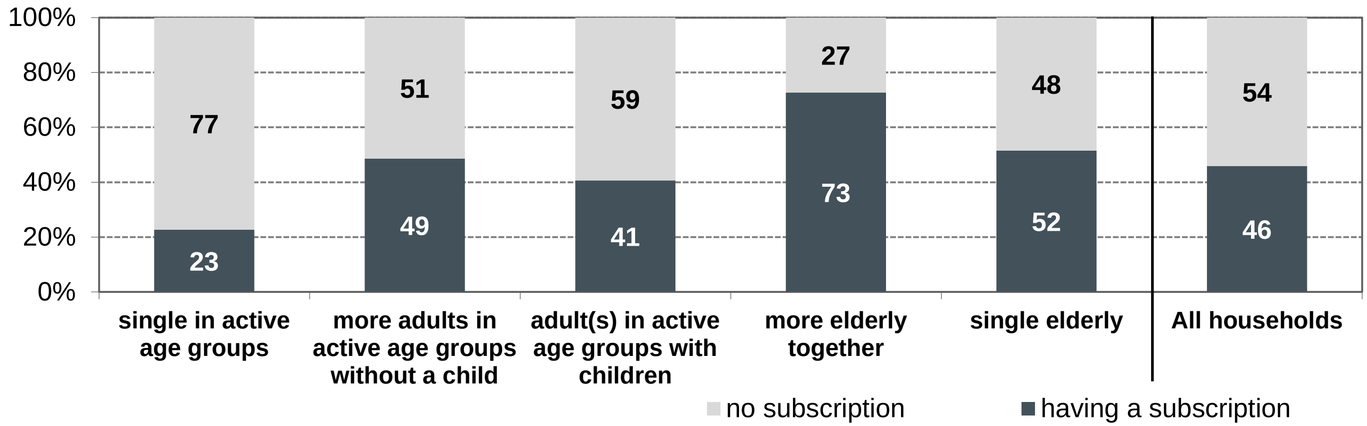
Basis: all households (N=4.106 million households, n=2011)

Basis: all subscriptions for fixed phone (N=1.88 million households, n=923)

SUBSCRIPTION FOR FIXED PHONE BY SOCIAL BACKGROUND

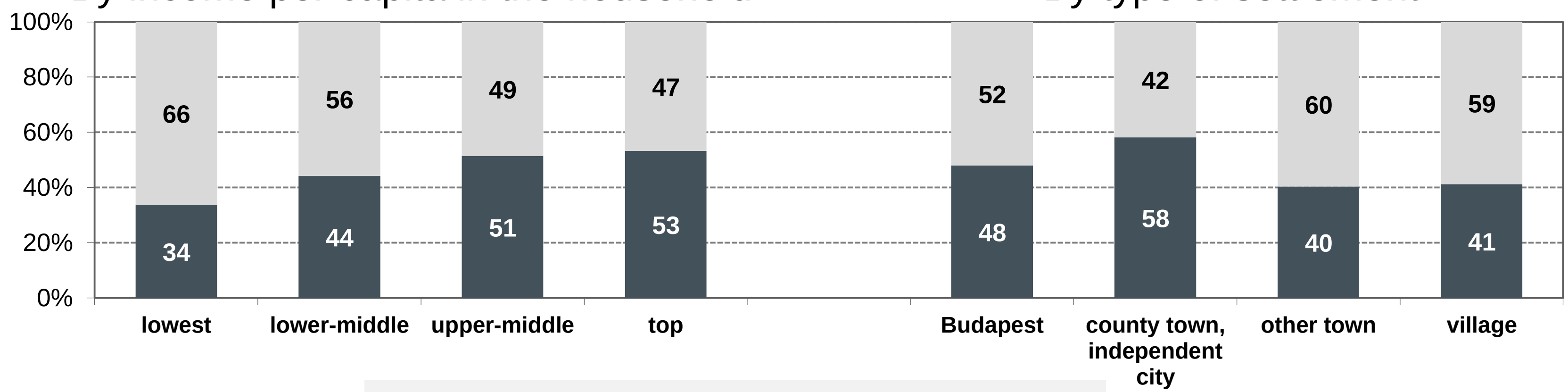
Penetration is lower than average in households of singles in active age groups while it is higher when more elderly live together. Besides, household income also has a strong effect on subscribing for fixed phone services.

By demographic background of the household



By income per capita in the household

By type of settlement

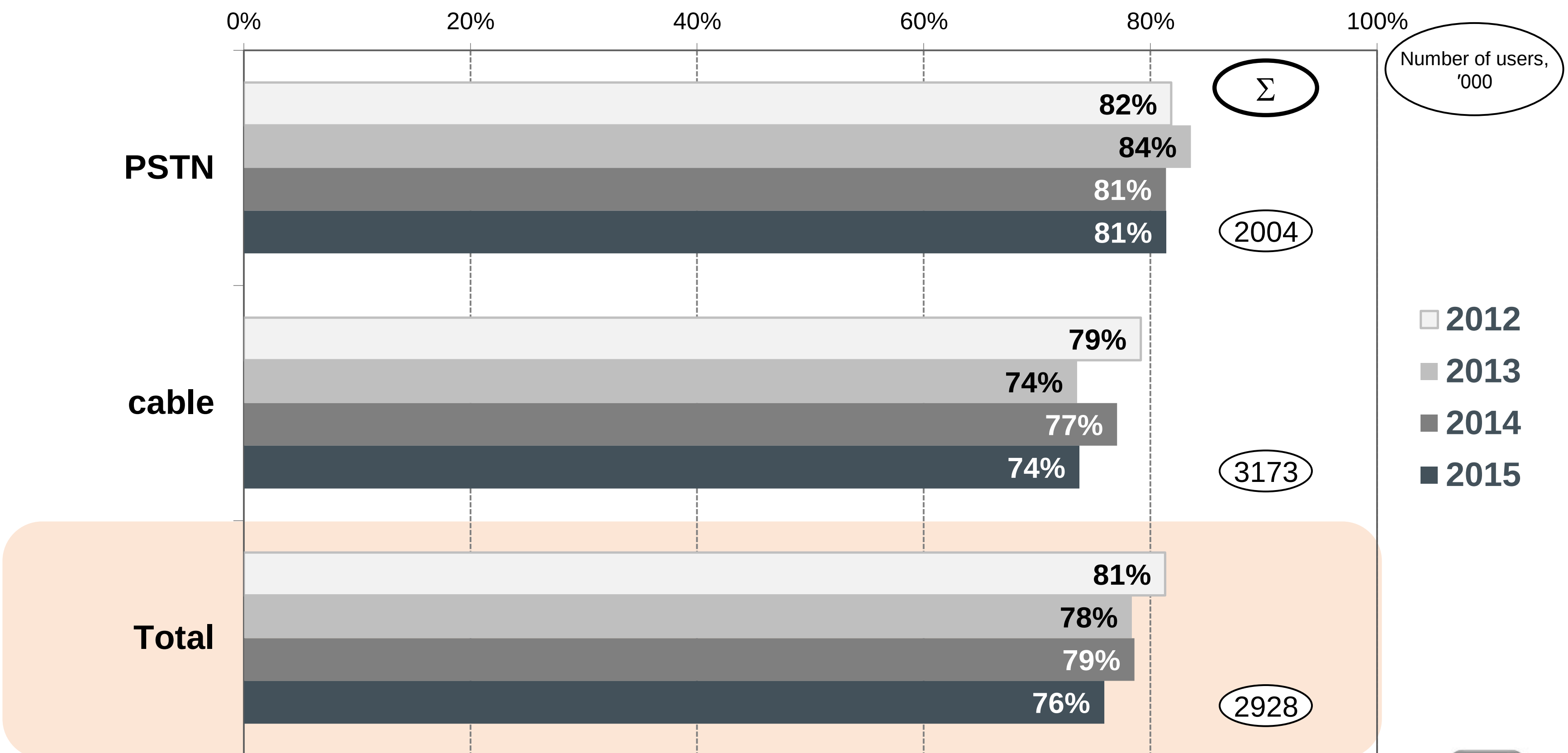


Basis: all households (N=4.106 million households, n=2011)

INDIVIDUAL USE OF FIXED PHONE

The use of fixed phone at home has not changed significantly since last year. About one quarter of people living in a household with fixed phone, and especially young people, never use this service. More subscribers for PSTN use their phone than those having cable technology.

Do you use your fixed phone here at home?

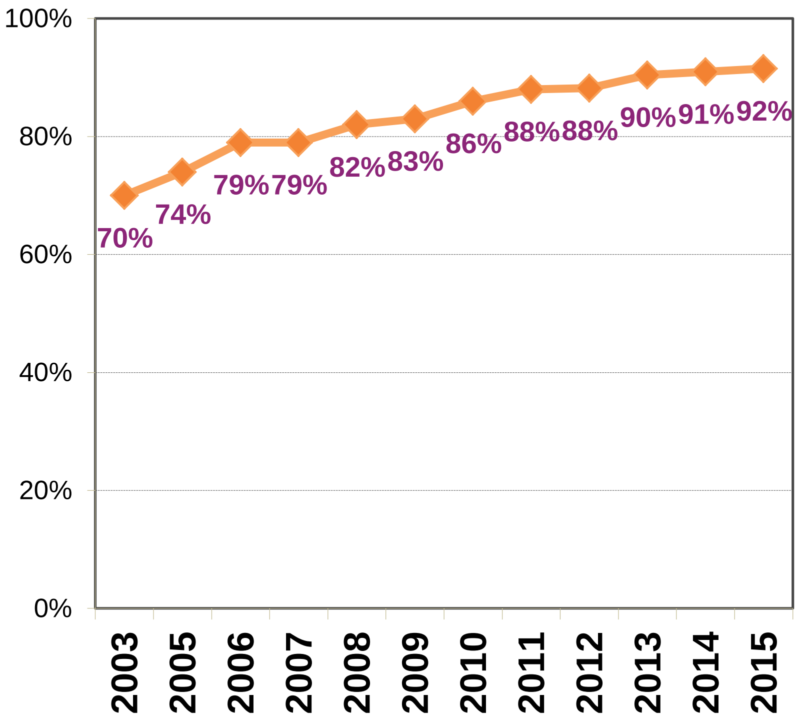


Basis: individuals aged 14+ living in a household with fixed phone (N=3.85 million persons, n=923)

MOBILE PHONE: TAKE-UP

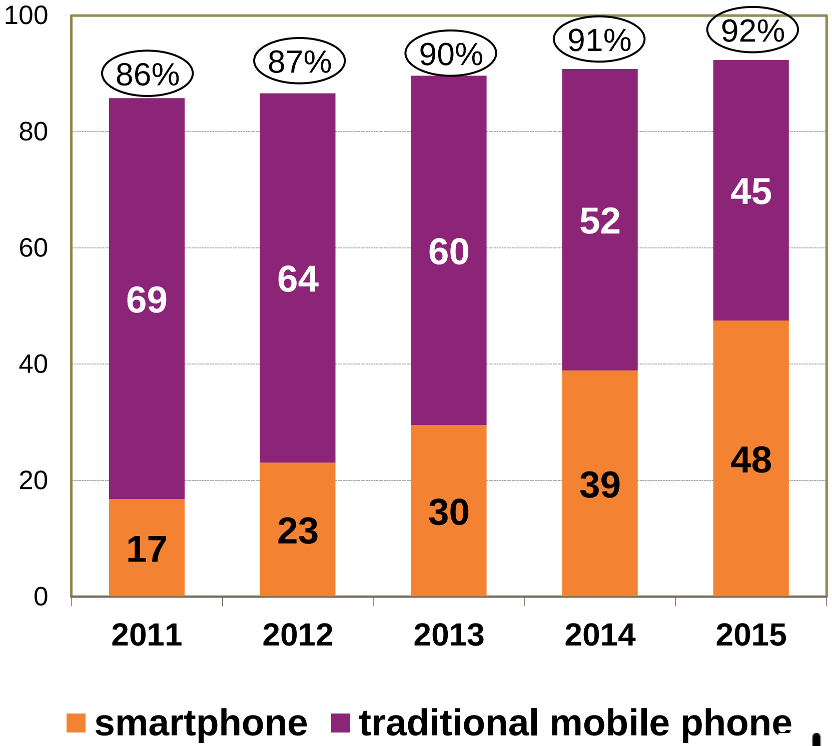
92% of households have at least one mobile phone which is mostly a smartphone. About half of mobile phone users have smartphones by now. The proportion of smartphones has been growing rapidly in the previous years and it could still increase significantly during 2015. This growth may slow down in the coming years, but it may be foreseen that in one year, the majority of mobile phones will be smartphone.

Households
with mobile phone service



Basis: all households (N=4.106 million households, n=2011)

Individuals
with mobile phone service



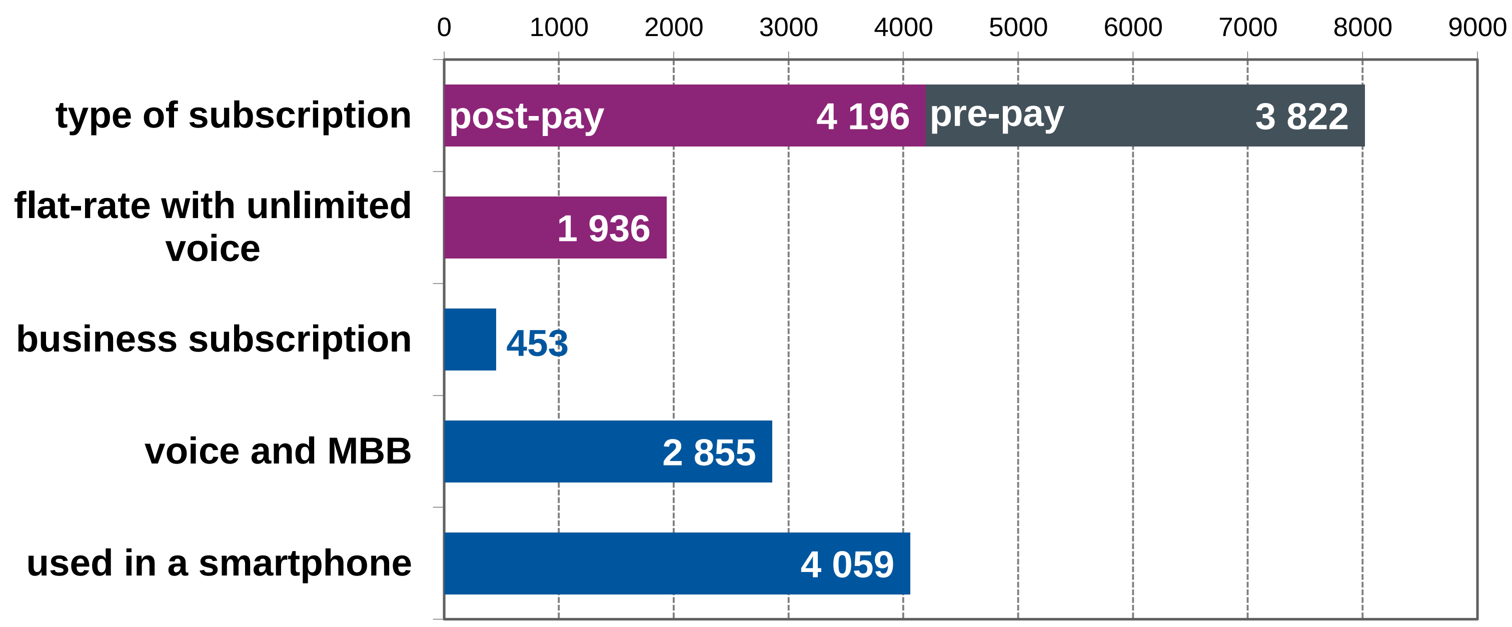
Basis: all individuals aged 14+ (N=8.59 million, n=2011)

SUBSCRIPTION FOR MOBILE PHONE

2 million out of the 4.2 million SIMs with post-pay plan are subscribed for a flat-rate package with unlimited voice* services. Both voice and MBB services are activated on about 3 million SIMs while 4 million cards are used in smartphones. There are 453 thousand business subscriptions in the households. Flat-rate plan with unlimited voice* services is the most widespread among the clients of Vodafone.

*Respondents might have mistakenly mentioned here plans with unlimited voice services only in the same network as well.

Number of SIMs for voice service ('000)

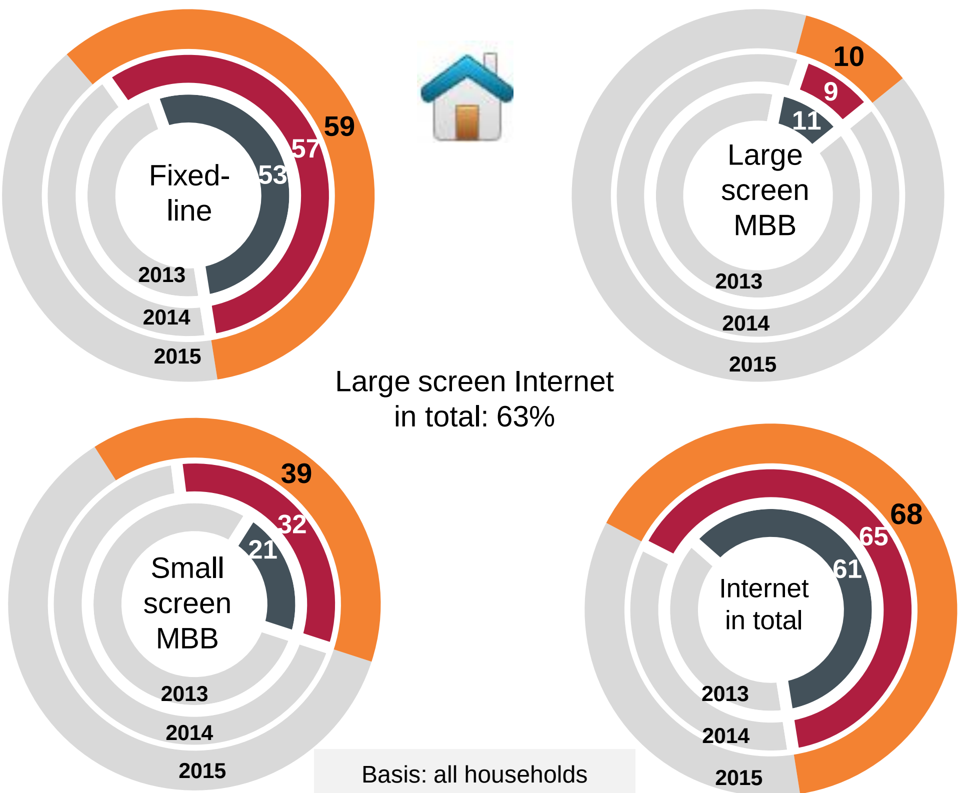


Basis: all subscriptions for mobile phone (N=8.02 million)

INTERNET: DIGITAL MATURITY

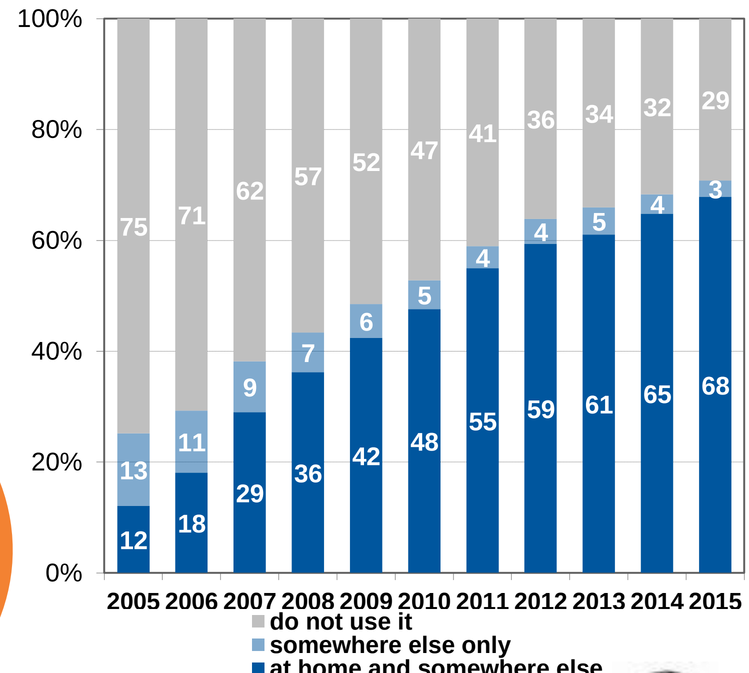
Since 2013, the number of households with Internet access has been growing: 68% could access the Internet by any device (PC or smartphone) during 2014 (61% in 2013). The largest increase can be noticed in small screen MBB access: its penetration has increased from 32% to 39%. This tendency may imply the spreading habit of multi-screen usage.
The proportion of Internet users has constantly increased in the last 10 years, although, this tendency has slowed down.

Internet access in the households



Basis: all households
(N=4.106 million; n=2011)

Place of large screen Internet usage

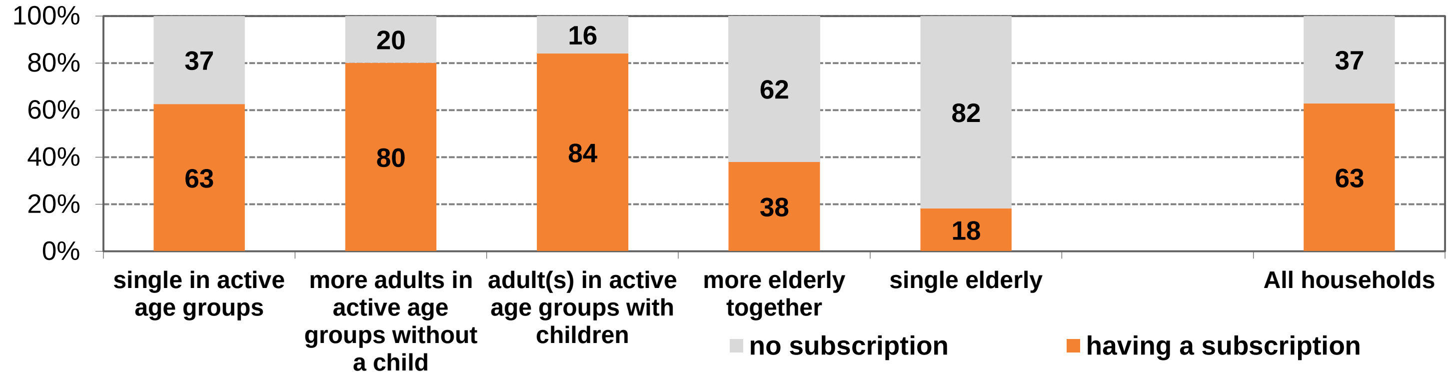


Basis: individuals aged 14+
(N=8.593 million; n=2011)

SUBSCRIPTION FOR LARGE SCREEN INTERNET BY SOCIAL BACKGROUND

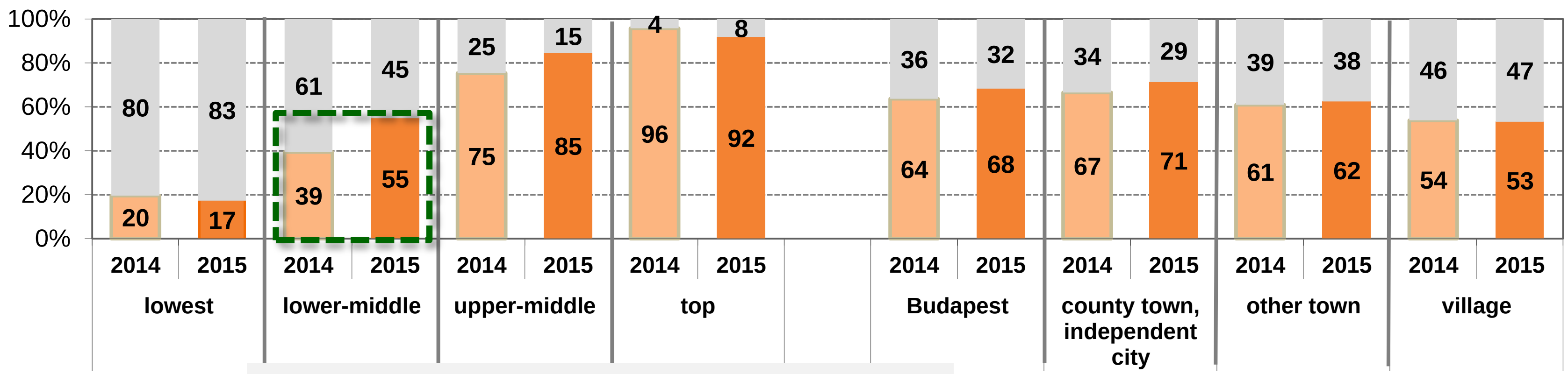
There is a strong correlation between subscribing for large screen Internet and the social background of households. Penetration of subscriptions is higher than average among households with children, with more adults in active age groups, and with higher income per capita, respectively. However, the largest increase can be noticed in the lower-middle income group.

By demographic background of the household



By income per capita in the household

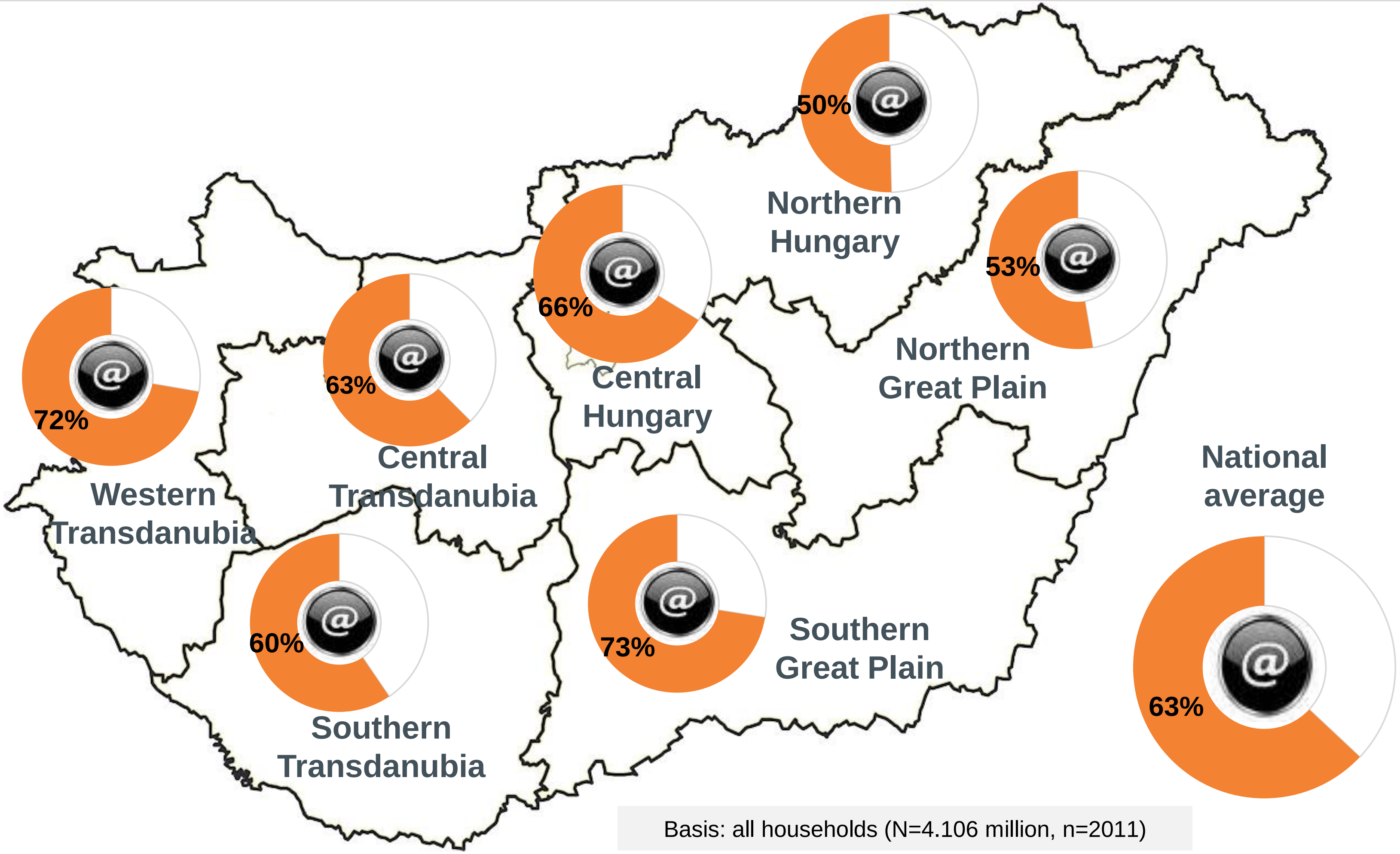
By type of settlement



Basis: all household (N=4.106 million, n=2011)

SUBSCRIPTION FOR LARGE SCREEN INTERNET BY REGION

Take-up of large screen Internet is higher than average in the Western Transdanubia and Southern Great Plain regions while lower than average in the regions of Northern Hungary and Northern Great Plain. These regional inequalities can be explained by the difference in the structure of settlements and social backgound of households living in the different regions.

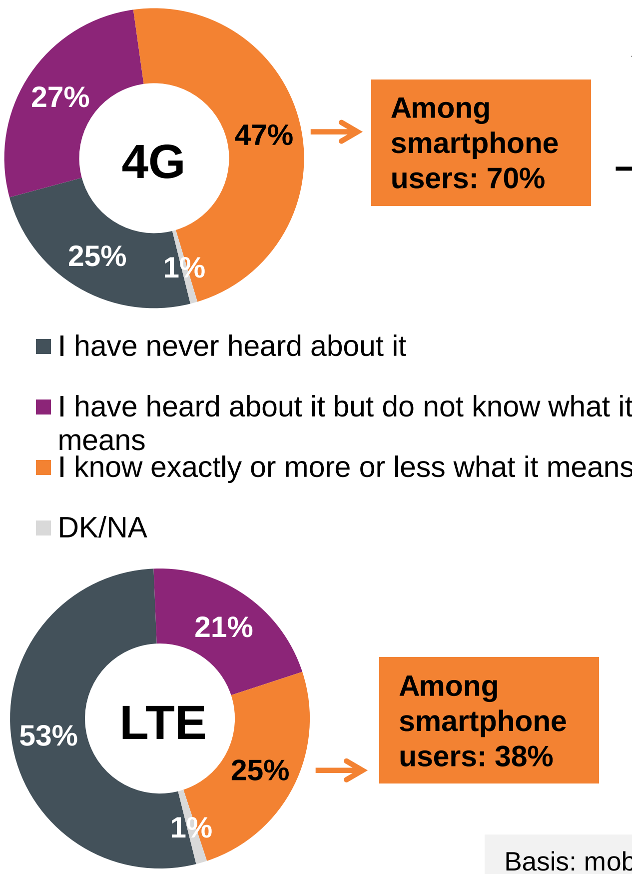


Basis: all households (N=4.106 million, n=2011)

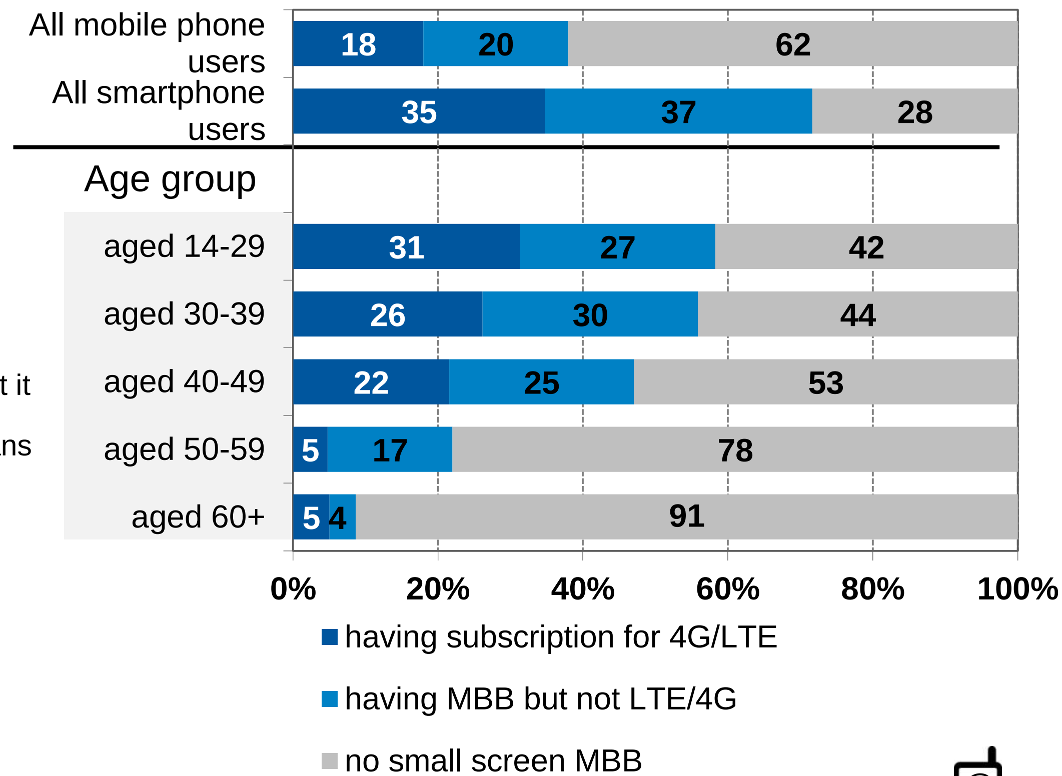
AWARENESS AND USE OF 4G/LTE TECHNOLOGY

Three-fourth of mobile phone users have already heard about 4G technology, but only 47% knows what it stands for. Awareness of LTE is much lower: less than half of mobile users heard about it, but only one-fourth know what it means. According to respondents, 18% of mobile phone users and 35% of smartphone users have 4G/LTE access.

Awareness of 4G/LTE



Use of 4G/LTE

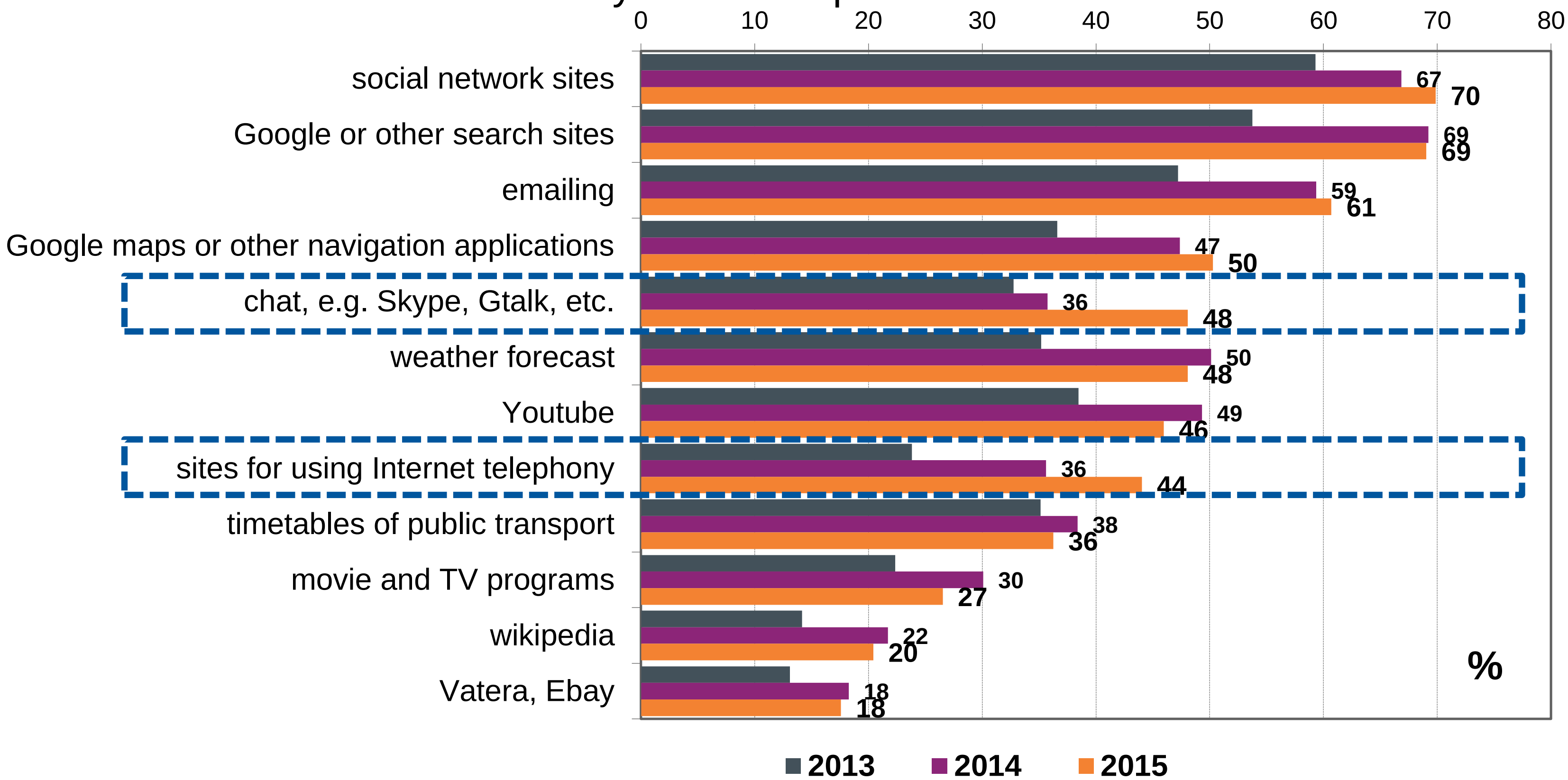


Basis: mobile phone users aged 14+ (N=7.934 million persons; n=1789)

INTERNET USAGE ON SMARTPHONES

A more conscious use of functions of smartphones can be noticed as the use of applications, especially, apps for chat and Internet telephony has increased significantly. 21% of users downloading applications have already paid for the downloaded apps.

In general, do you use the following applications and sites on your mobile phone?

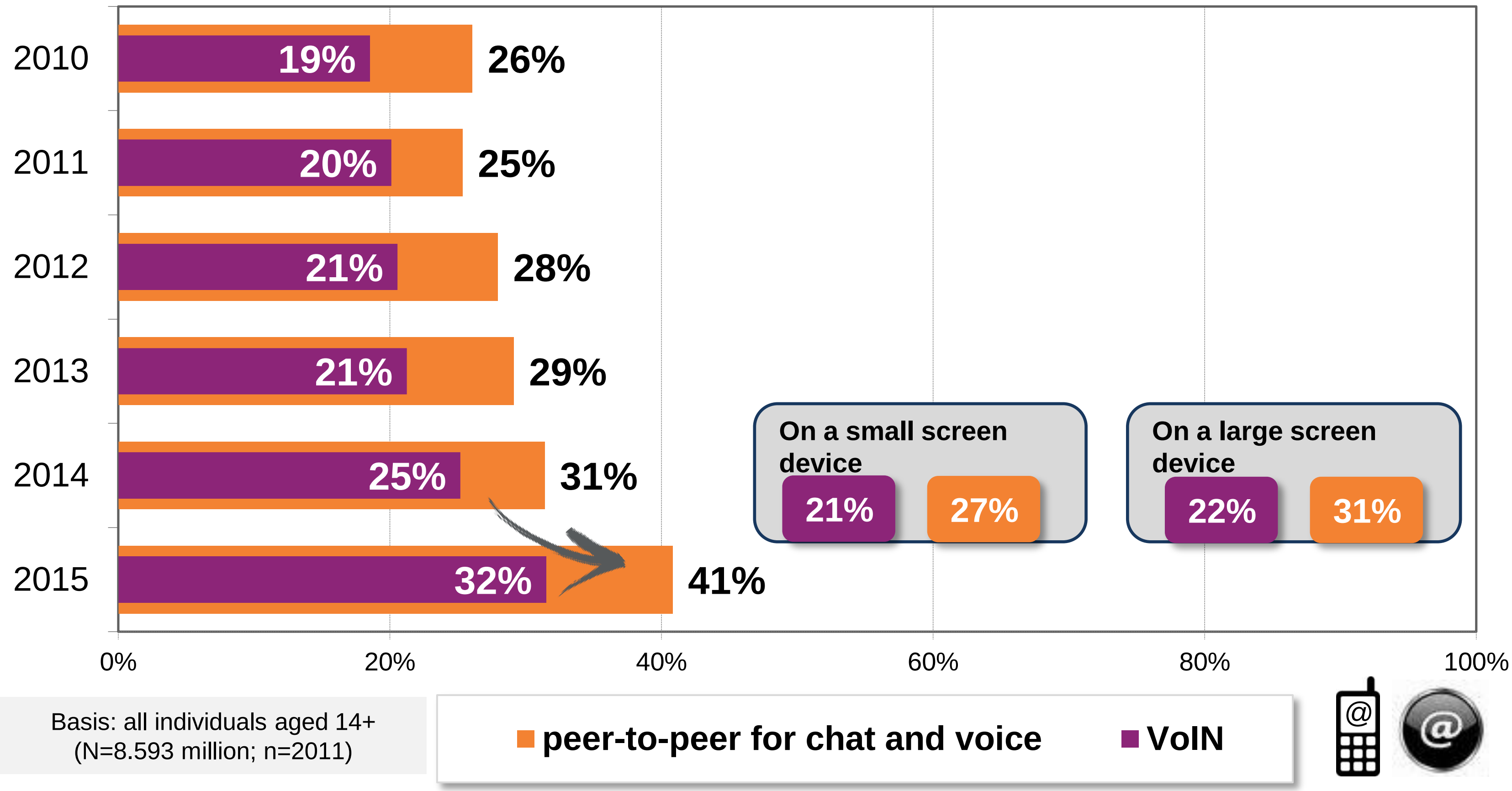


Basis: smartphone users aged 14+ (N=4.08 million; n=789)

VOIN – COMMUNICATION ON THE INTERNET

41% of people aged 14+ use some kind of chat programs (e.g. Skype, Gtalk) which is a significant increase compared to the 31% the year before. More than three-fourth of them do not use these programs only for chat but for phone calls as well. Consumers still use mostly free services and only 5% use pay services.

Usage of online chat and telephony programs

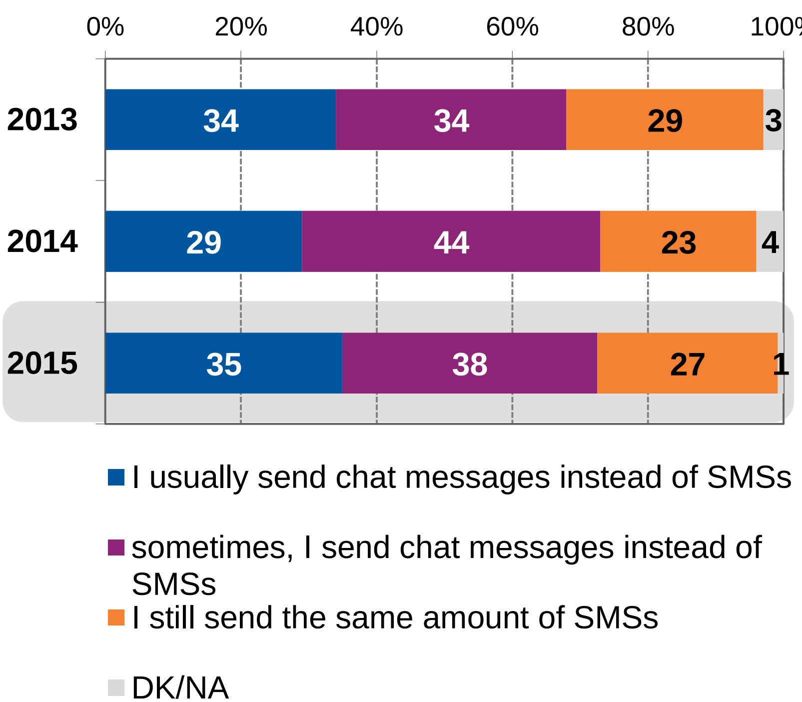


Basis: all individuals aged 14+ (N=8.593 million; n=2011)

SUBSTITUTING USAGE OF SMALL SCREEN CHAT AND VOIN

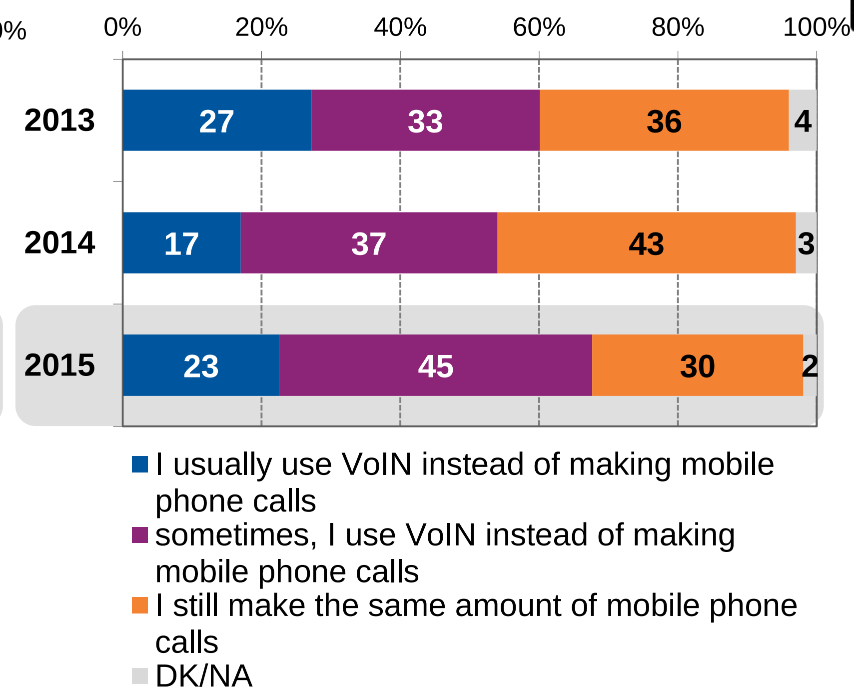
Chat programs on smartphones endanger more the SMS market as more respondents mention the decrease of their SMS traffic than of substituting their voice traffic by VoIN. 73% of people using chat programs substitute SMSs with chat messages. The proportion of consumers substituting traditional voice services has increased significantly since last year (from 54% to 68%).

Small screen chat vs. SMS



Basis: individuals who chat on their mobile phone
(In 2015: N=1.96 million; n=352)

Small screen VoIN vs. mobile telephony

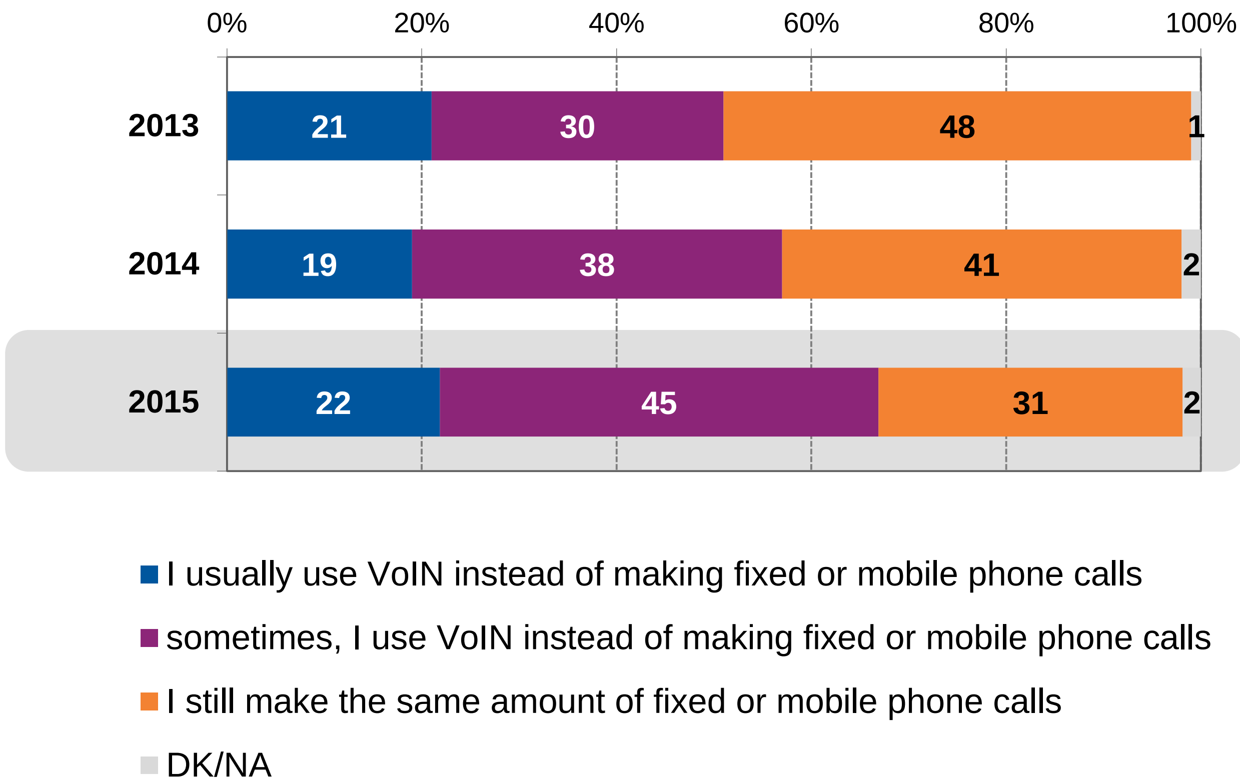


Basis: individuals using VoIN on their mobile phone
(In 2015: N=1.8 million; n=323)

SUBSTITUTING USAGE OF LARGE SCREEN VOIN

67% of people using VoIN on PC substitute fixed and/or mobile phone calls with online calls while it was 57% in 2014.

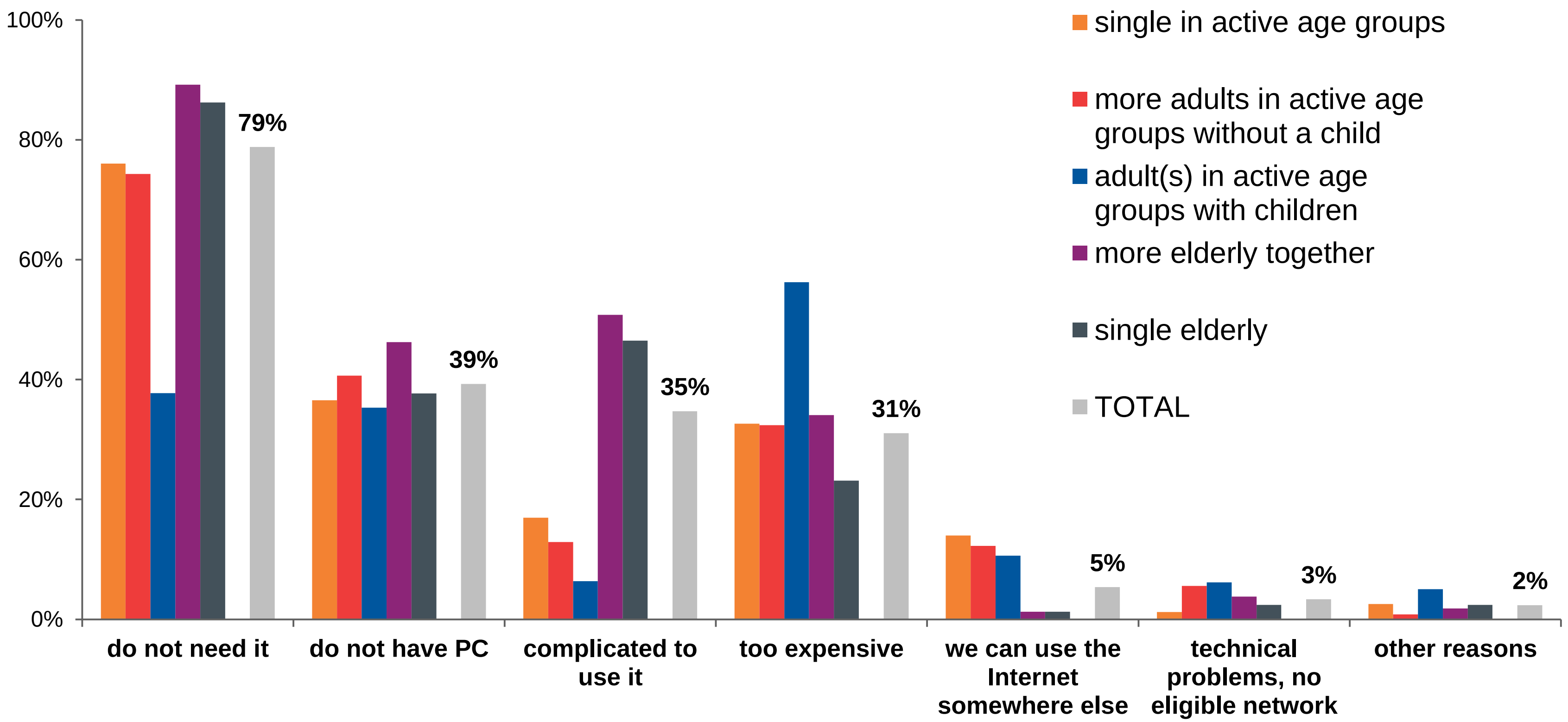
Large screen Internet telephony vs. fixed and mobile telephony



Basis: individuals who use VoIN on PC
(In 2015: N=1.882 million; n=377)

REASONS FOR NOT HAVING INTERNET AT HOME

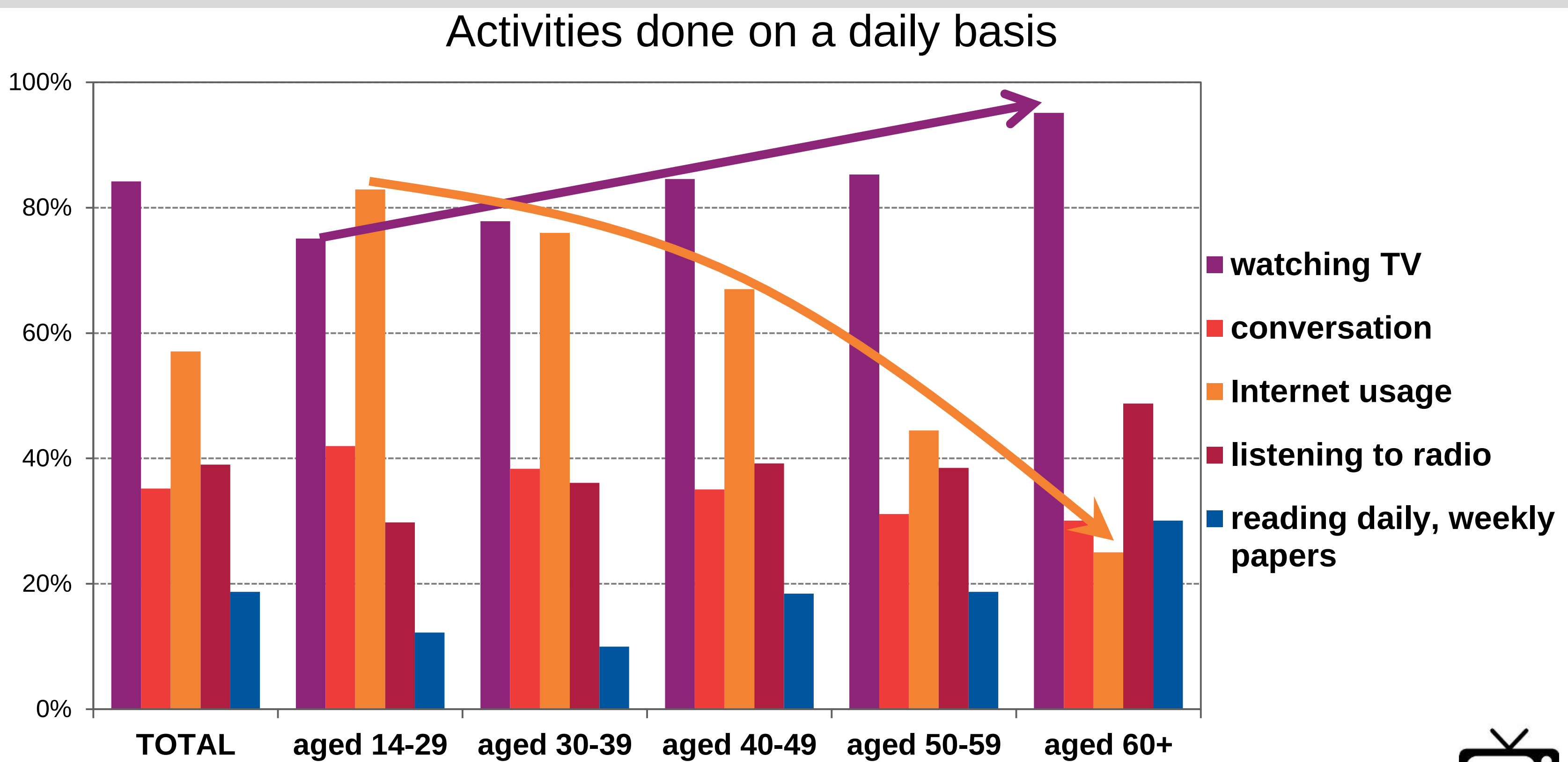
Households with elderly members only say they do not need Internet at home which may be explained by their anxiety or fear about being too complicated for them. Household with children that do not have Internet mostly cannot afford it.



Basis: households without subscription for large screen Internet
(N=1.4 million; n=778)

LEISURE TIME ACTIVITIES

Regarding some leisure activities done on a daily basis, watching TV is the most widespread in mostly all age groups, except the youth aged 14-29 who use the Internet more often than watching TV. 57% of people aged 14+ use the Internet every day while this proportion is 80% among persons younger than 40 and it falls significantly among those older than 50. More young people have conversations every day than old people do. Besides, more people aged 60+ read newspapers and listen to the radio than the youth do.

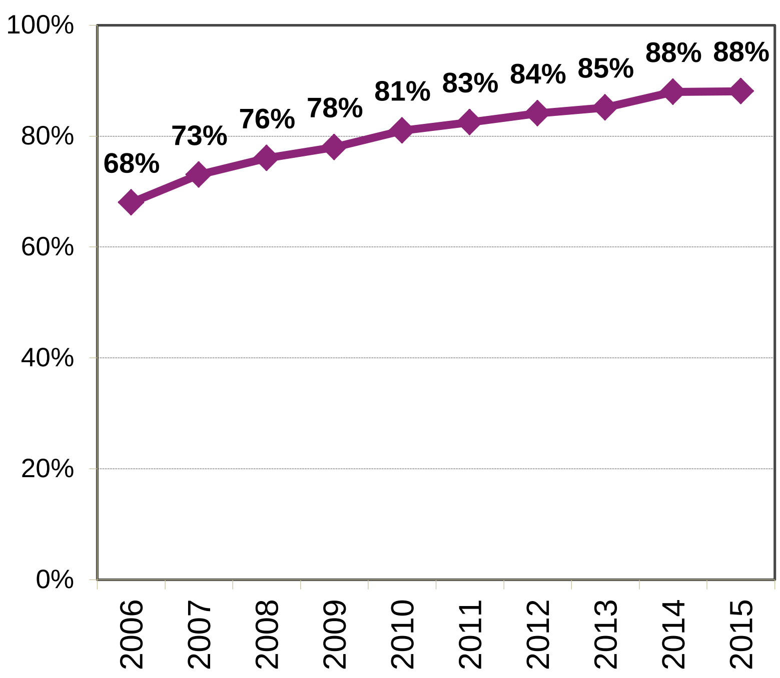


Basis: individuals aged 14+ (N=8.59 million; n=2017)

PAY TV: TAKE-UP

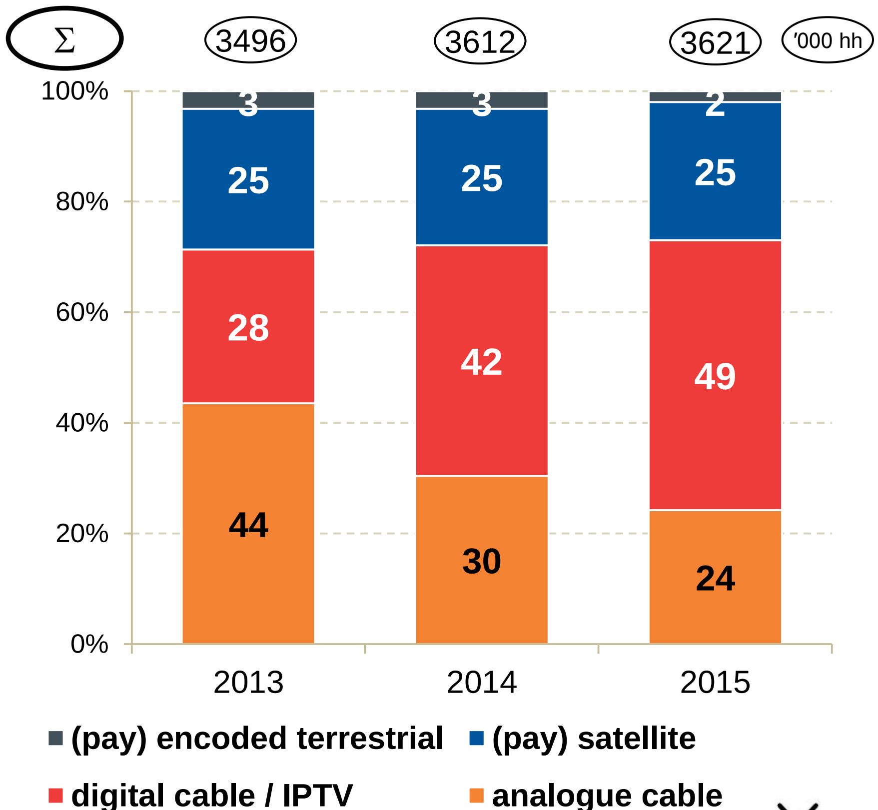
88% of households subscribe for pay TV and it has not changed since 2014. Cable TV still has been the most widespread technology and its take-up has not changed since last year while the proportion of digital cable/IPTV has significantly increased at the expense of subscriptions for analogue cable.

Households with pay TV



Basis: all households (N=4.106 million; n=2011)

Technology of pay TV

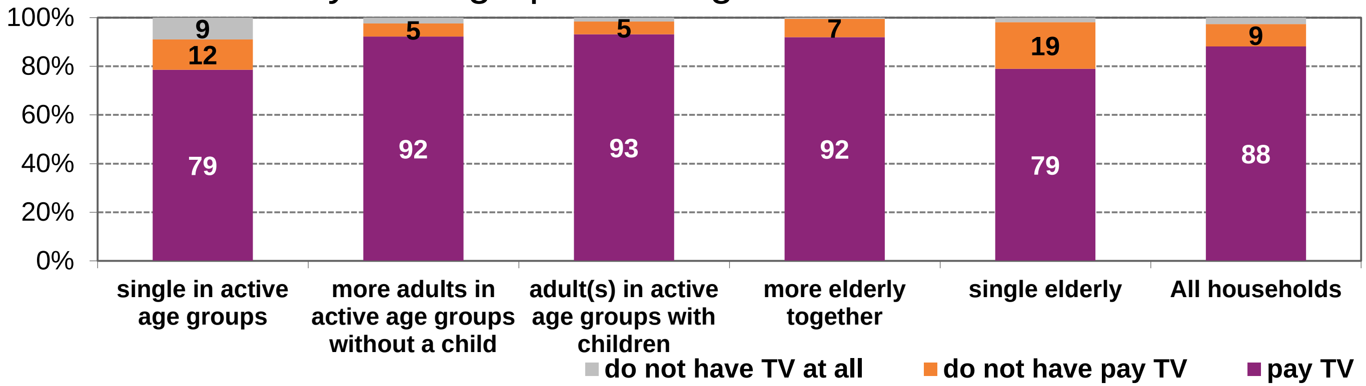


Basis: households with pay TV
(N=3.621 million; n=1765)

SUBSCRIPTION FOR PAY TV BY SOCIAL BACKGROUND

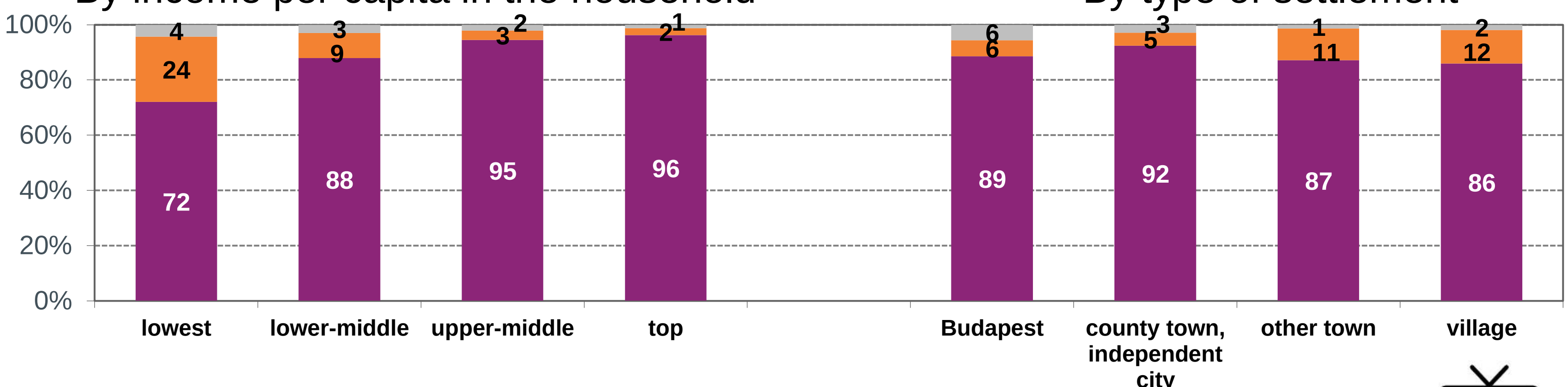
Pay TV is the most widespread in households living in county towns and with more adult members. Although, more households with higher income per capita have pay TV than among low income households, the proportion of subscribers is still 72% in the latter group.

By demographic background of the household



By income per capita in the household

By type of settlement

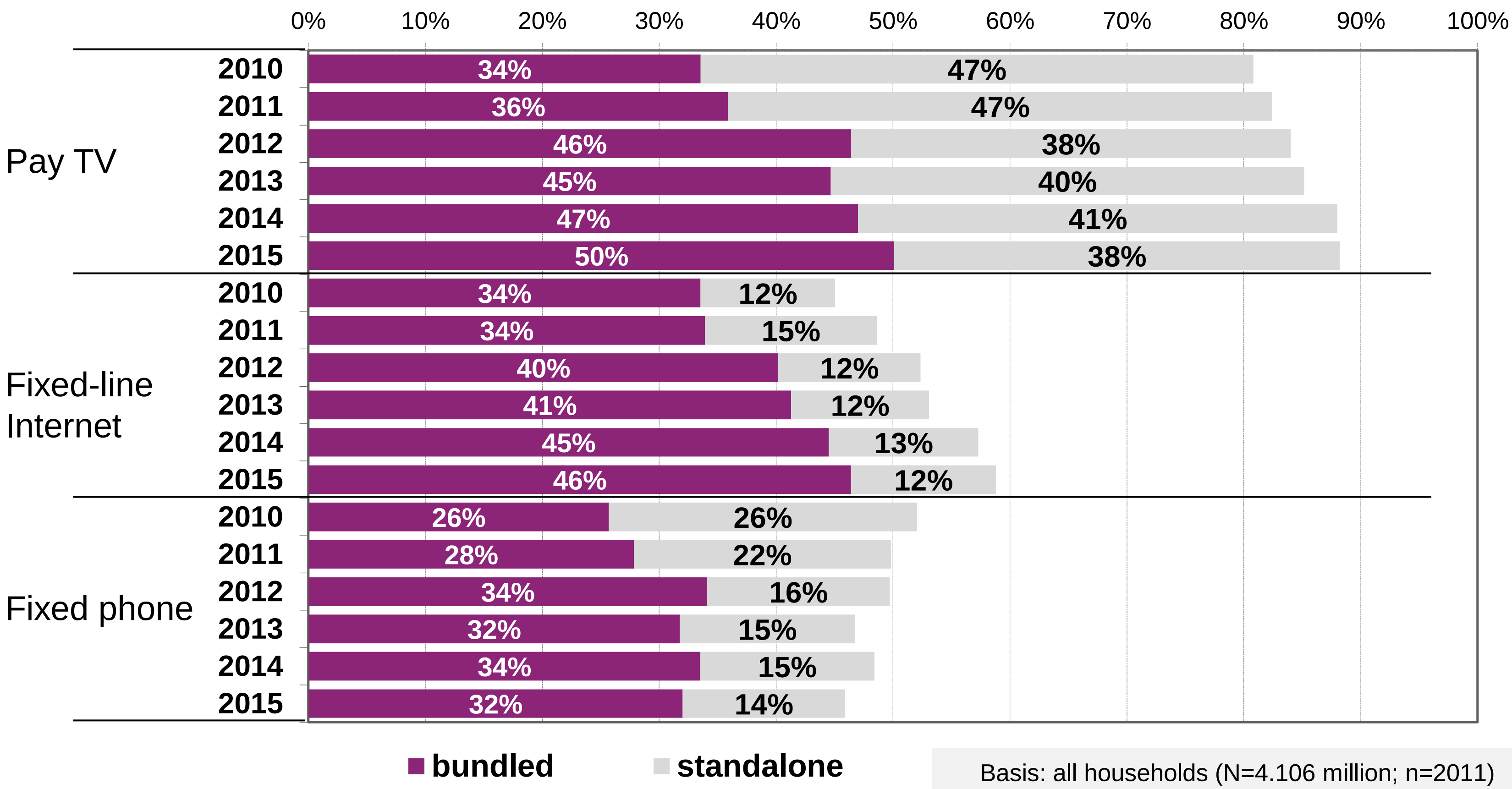


Basis: all households (N=4.106 million; n=2011)

USE OF BUNDLES AMONG FIXED-LINE SERVICES

More than half of subscriptions for pay TV are bundled to other services. 70% of subscriptions for fixed phone and 80% of subscriptions for fixed-line Internet are in bundles.

Bundled and standalone fixed-line services in the households

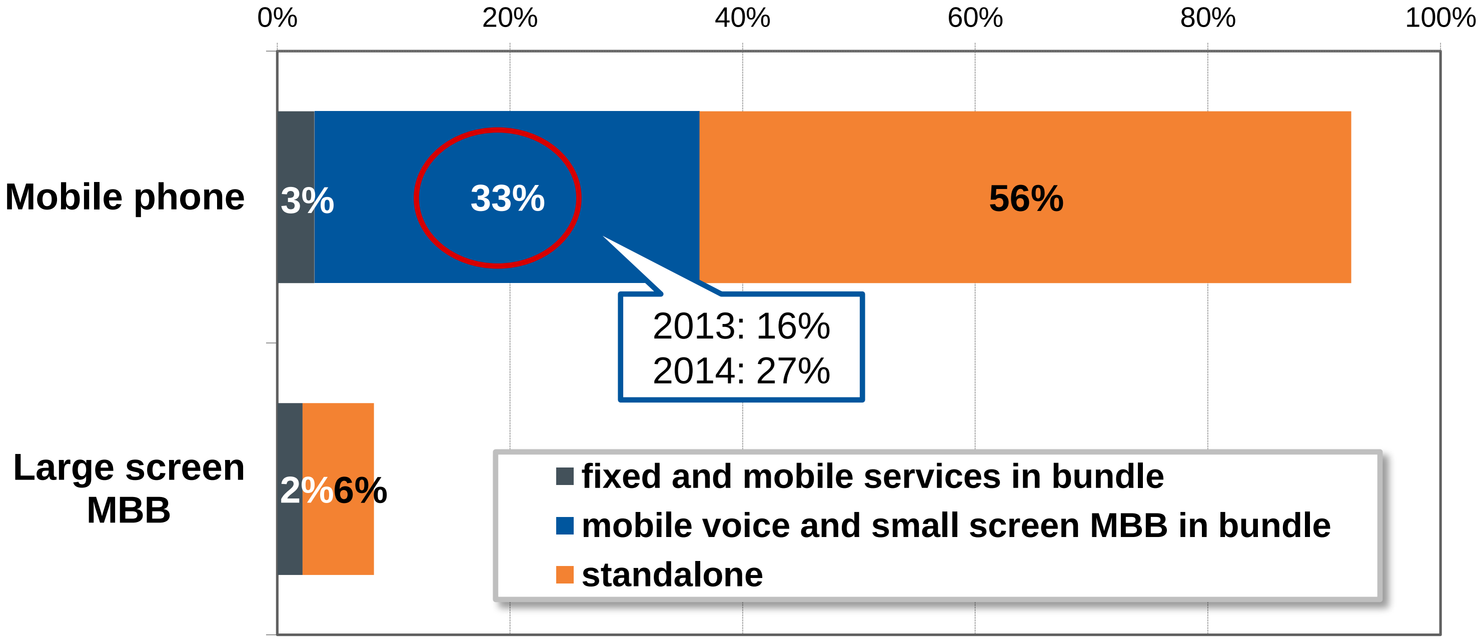


Basis: all households (N=4.106 million; n=2011)

USE OF BUNDLES AMONG MOBILE SERVICES

Hardly any people aged 14+ (3%) subscribe for mobile voice service in a bundle with fixed or large screen MBB services. Although, one-third (36% of mobile phone subscribers) use a bundle of mobile voice and small screen MBB. This latter group could still grow since last year.
One quarter of large screen MBB users have this service in bundles (it makes up 2% of the population).

Bundled and standalone mobile services of individuals

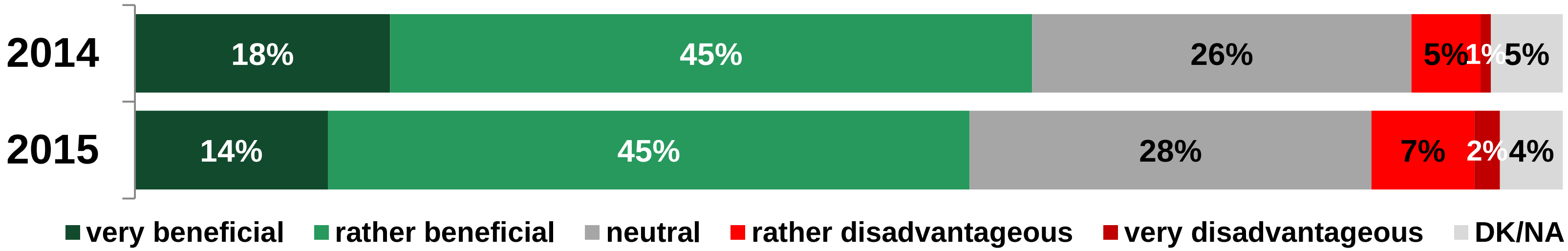


Basis: all individuals aged 14+ (N=8.593 million; n=2011)

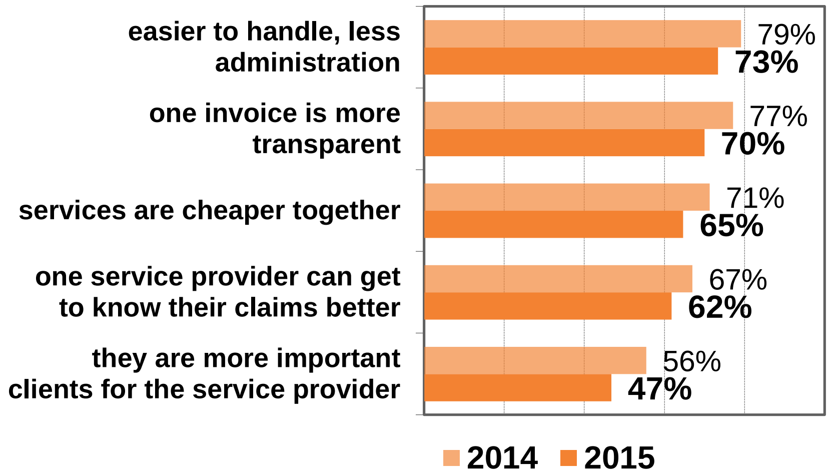
ATTITUDES TOWARDS BUNDLING

According to 59% of households, bundling is a beneficial opportunity while only 9% say it to be disadvantageous. Although, positive assessment has decreased while negative opinions has increased since last year. Ranking of advantages and disadvantages has not changed significantly since 2014. Although, less respondents mentioned this year each positive item while also less complained about having scarce information available about it.

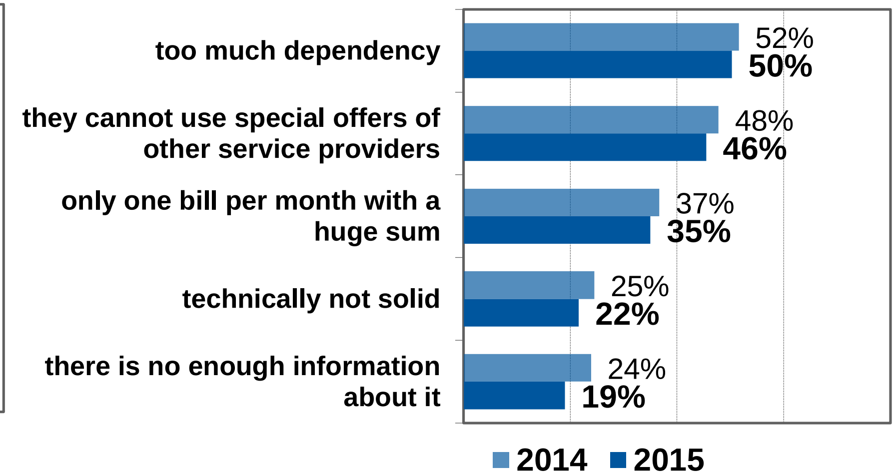
Overall assessment of bundling



Advantages of bundling
(proportion of top-2-box on a 5-point scale)



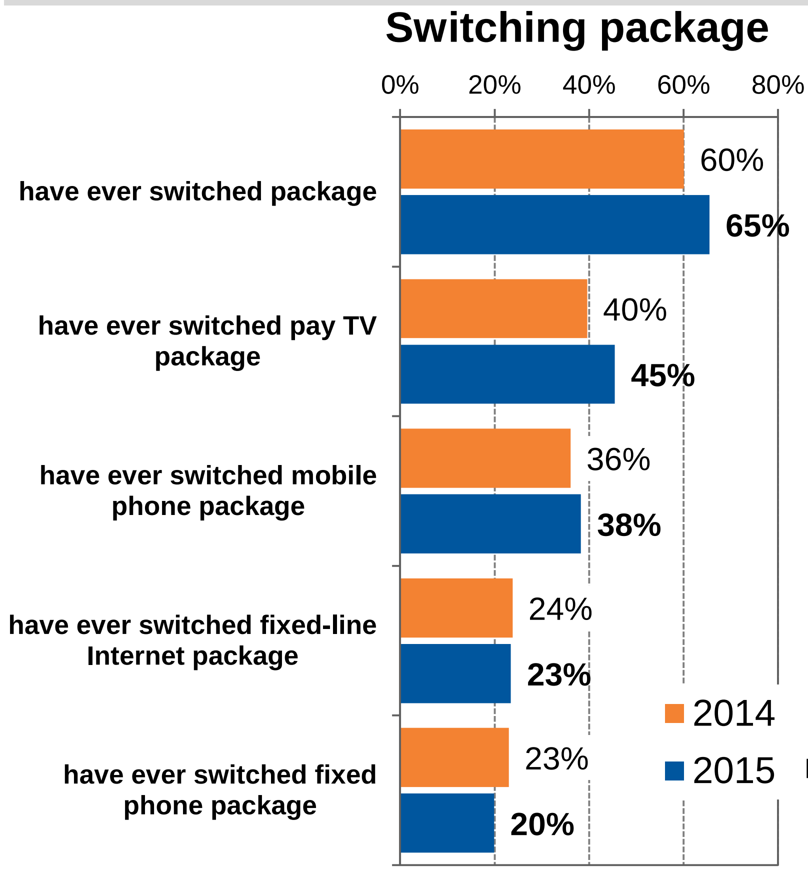
Disadvantages of bundling
(proportion of top-2-box on a 5-point scale)

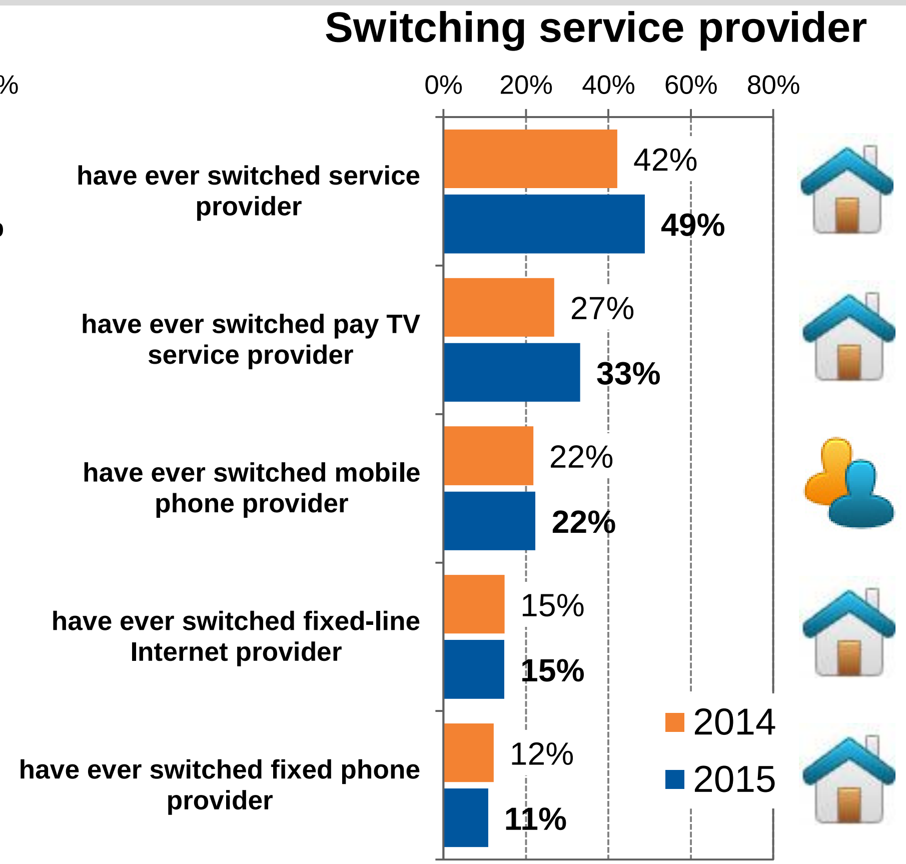


Basis: all households (N=4.106 million; n=2011)

SWITCHING IN THE PAST

Two-third of households have already switched package and half of them service provider. Switching is the most likely on the pay TV market. Compared to 2014, the proportion of switching package and service provider has significantly increased, respectively. The largest rise can be noticed in case of pay TV service.



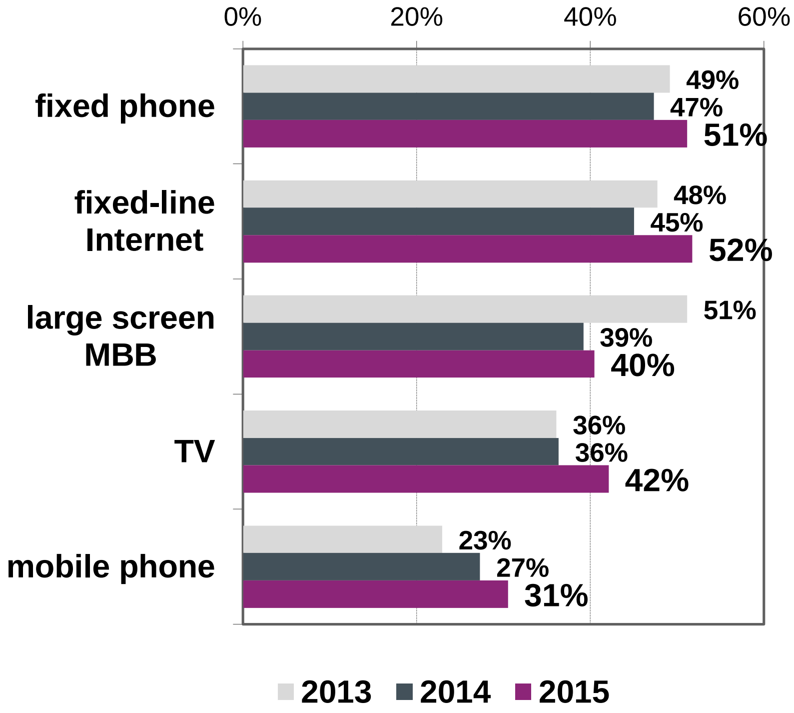


Basis: all households and individuals aged 14+, respectively
(N=4.106 million households and 8.59 million persons, respectively; n=2011)

FIXED-TERM CONTRACTS

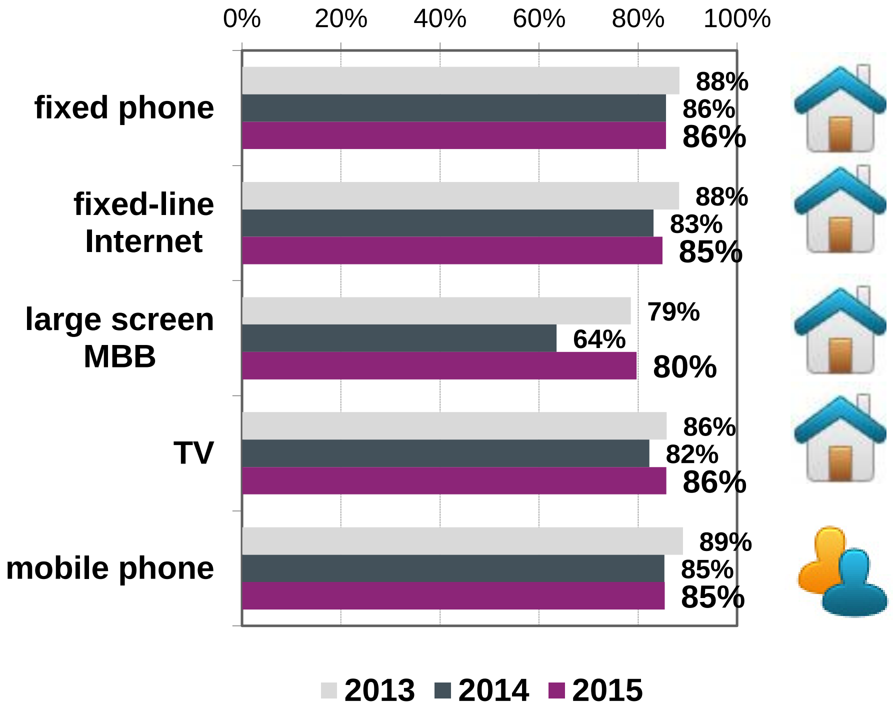
Since last year, the proportion of fixed-term contracts has grown in about all market segments, especially, in the pay TV and fixed-line Internet markets (the rise in these latter markets is significant in statistical terms). The vast majority in about all market segments say it was worth to sign a fixed-term contract and it has not changed since 2014.

Proportion of fixed-term contracts by market segments



Basis: households and individuals aged 14+, respectively, having the given service

Proportion of those who say it was worth to sign a fixed-term contract

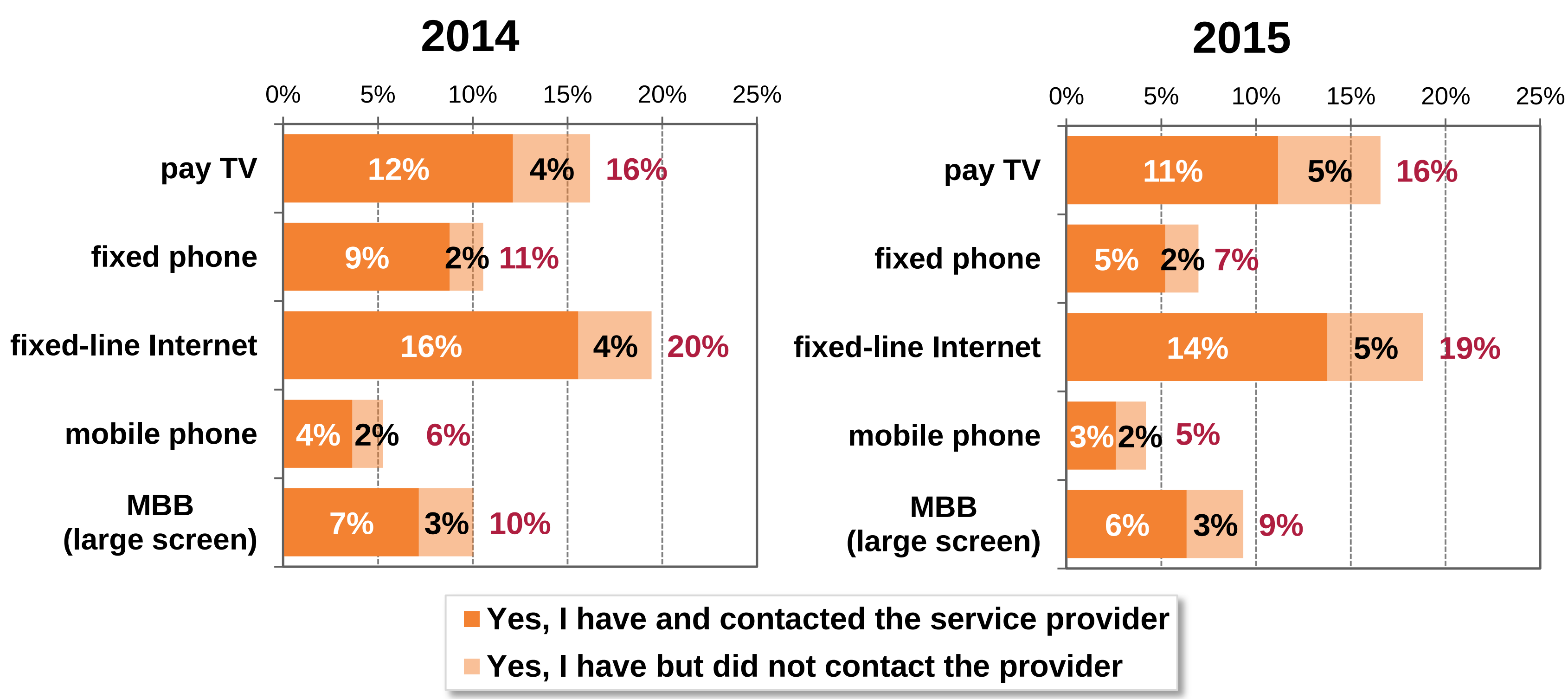


Basis: households and individuals aged 14+, respectively, having a fixed-term contract

CONSUMER COMPLAINTS BY MARKET SEGMENTS

22% of households experienced some kind of problems with electronic communication services during the last 12 months (it has not changed since last year). Most problems were perceived in relation to fixed-line Internet and TV services. Less consumers experienced problems with their fixed phone service than a year before. The majority of subscribers contacted their service provider in case of a problem, just as it was the case the year before.

Have you experienced any problem when using the following services in the last 12 months?



Basis: households having the given service