National Media and Infocommunications Authority • Hungary

Electronic Communication Services Usage by Households and Individuals 2017

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: 03.10.2017 – 31.10.2017

Method: Face-to-face interviews with standardised questionnaire

Sample size: 2019 households and 2019 individuals

Average length of interviews : 48 minutes

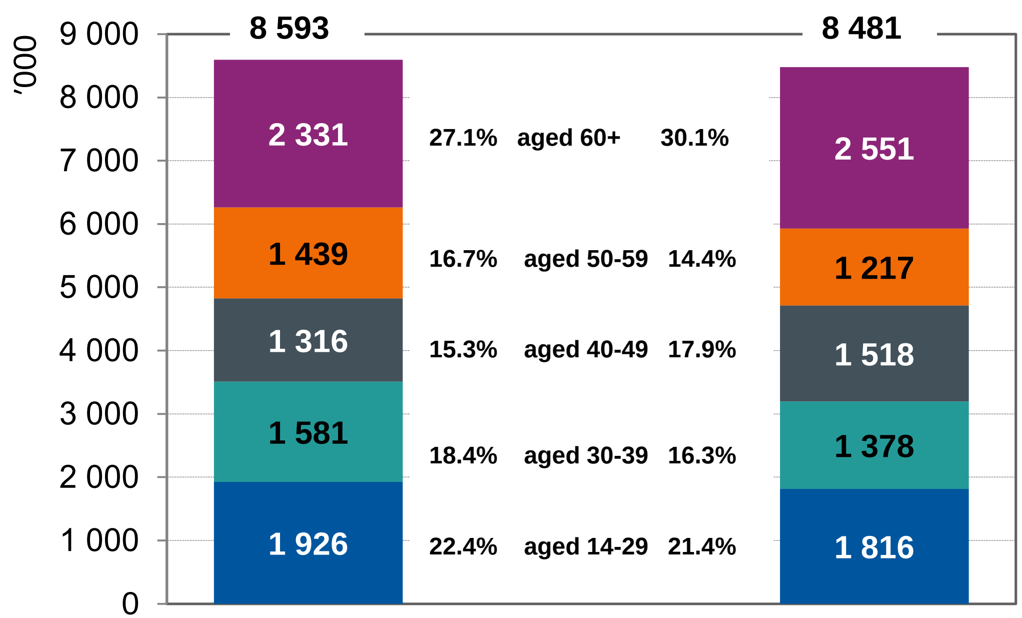
Symbols:
data referring to households

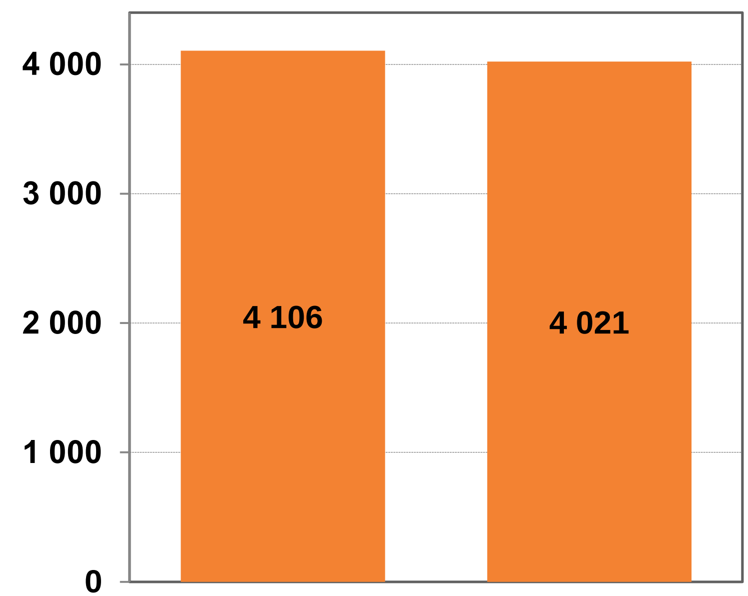
data referring to individuals

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 microcensus of 2016.

CHANGE IN THE BASIS OF WEIGHTING

	Individuals (14+)		Households	
Year of the survey:	**2016**	**2017**	**2016**	**2017**
Basis of weighting:	census of 2011	microcensus of 2016	census of 2011	microcensus of 2016





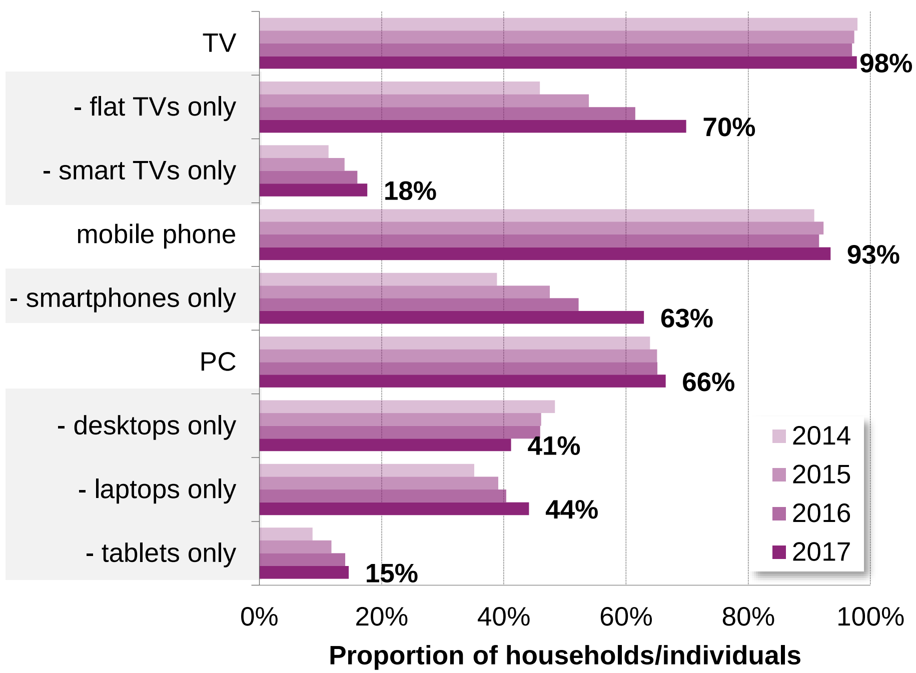
As the proportion of age groups in the society changed, it is possible theoretically that an increase can be noticed in all age groups while the total numbers (percentages or means) decreased between the two years.

It is possible theoretically that an increase in percentages can be noticed between 2016 and 2017, but it shows a decrease in absolute numbers (estimations for the whole population).

ICT DEVICES

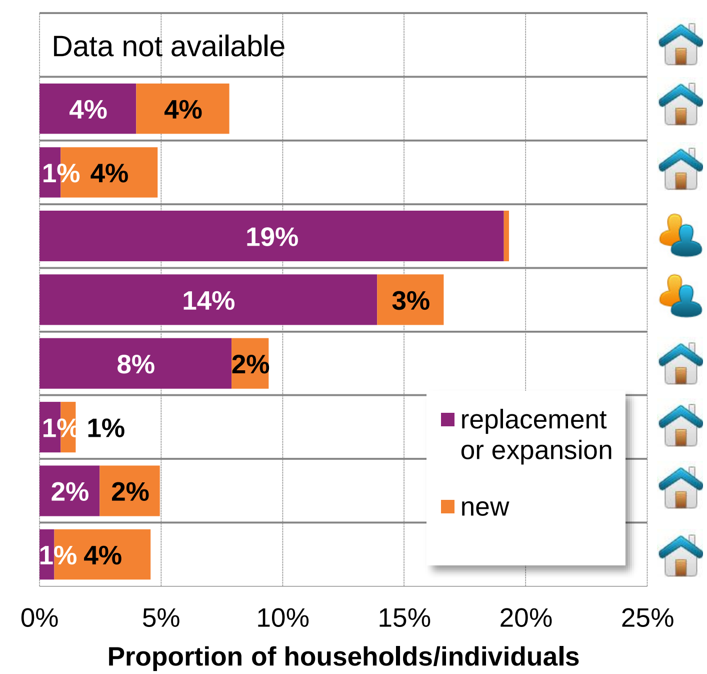
Since 2016, the number of smartphone users has rocketed: about two thirds of the population have this device now. 19% of respondents plan to buy a new mobile in the coming year and most of them want a smartphone.
In 2017, penetration of laptops has reached the level of desktops. And laptops are expected to get ahead of desktops in the future. 15% 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=4.02 million households and 8.48 million individuals, n=2019)

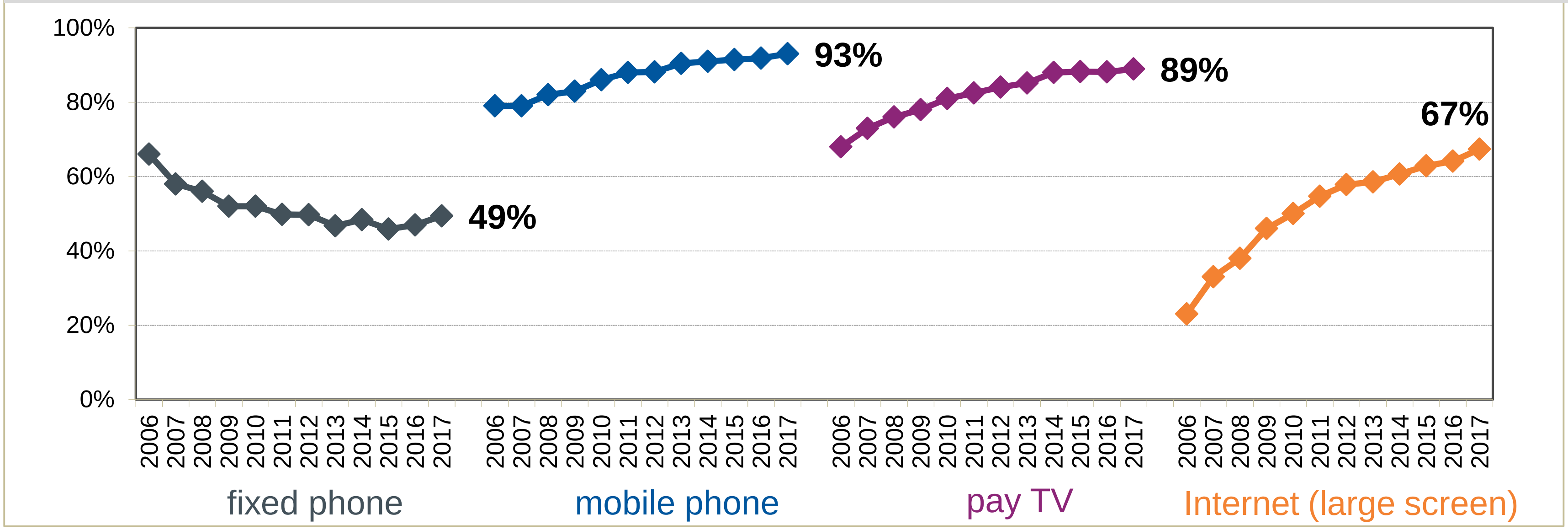
Plans to purchase



Basis: all households and individuals aged 14+, respectively
(N=4.02 million households and 8.48 million individuals, n=2019)

HOUSEHOLDS WITH ACCESS TO ELECTRONIC COMMUNICATION SERVICES

The increase in penetration of mobile phones and pay TV services has basically ended while the drop in the number of subscriptions for fixed phone stopped a few years ago. Since 2016, penetration of the Internet in the households has not changed significantly in statistical terms.

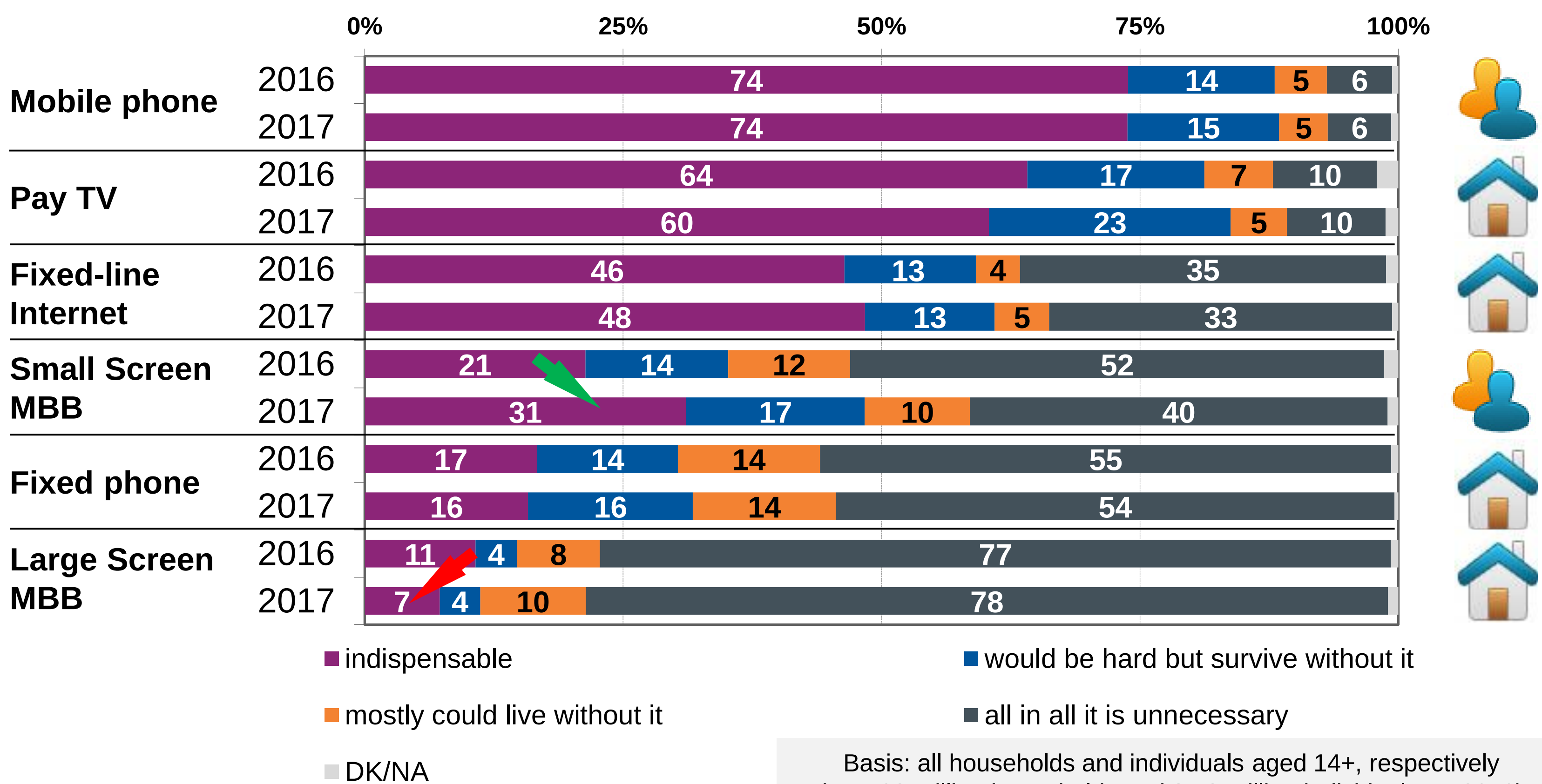


Basis: all households (N=4.02 million households, n=2019)

Number of households, million	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
fixed phone	2.66	2.33	2.24	2.10	2.08	1.99	1.99	1.92	1.99	1.88	1.93	1.99
mobile phone	3.15	3.17	3.17	3.33	3.44	3.52	3.53	3.71	3.73	3.76	3.78	3.74
pay TV	2.63	2.82	2.94	3.11	3.23	3.30	3.37	3.50	3.61	3.62	3.62	3.58
Internet	0.93	1.33	1.49	1.86	2.00	2.19	2.31	2.40	2.49	2.58	2.63	2.71

DEMAND FOR ELECTRONIC COMMUNICATION SERVICES

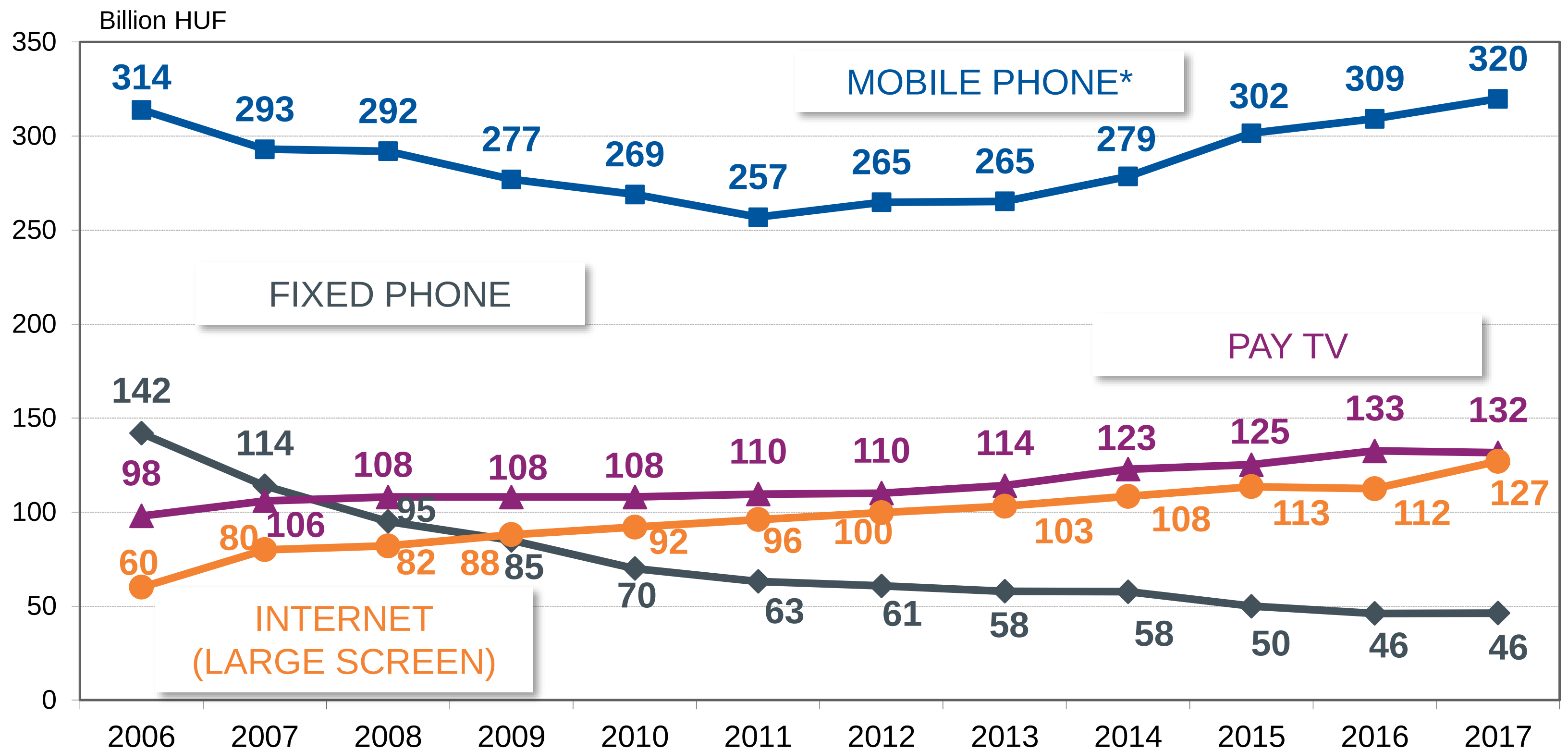
Mobile phone is still the most important electronic communication service for the population – 74% remain of the view that mobile phone is essential, 15% think they could hardly but survive without it. Since 2016, demand for small screen MBB has significantly grown and one third of the population think it to be indispensable.
Small screen MBB is the most important electronic communication service for the younger generations: it is indispensable for nearly half of people aged 14-29. In contrast, it seems that large screen MBB is losing its attractivity.



Basis: all households and individuals aged 14+, respectively (N=4.02 million households and 8.48 million individuals; n=2019)

SIZE OF THE ELECTRONIC COMMUNICATIONS MARKET (2006-2017)

In 2017, the size of fixed telephony and pay TV markets remained stabile while mobile telephony and large screen Internet markets have increased.



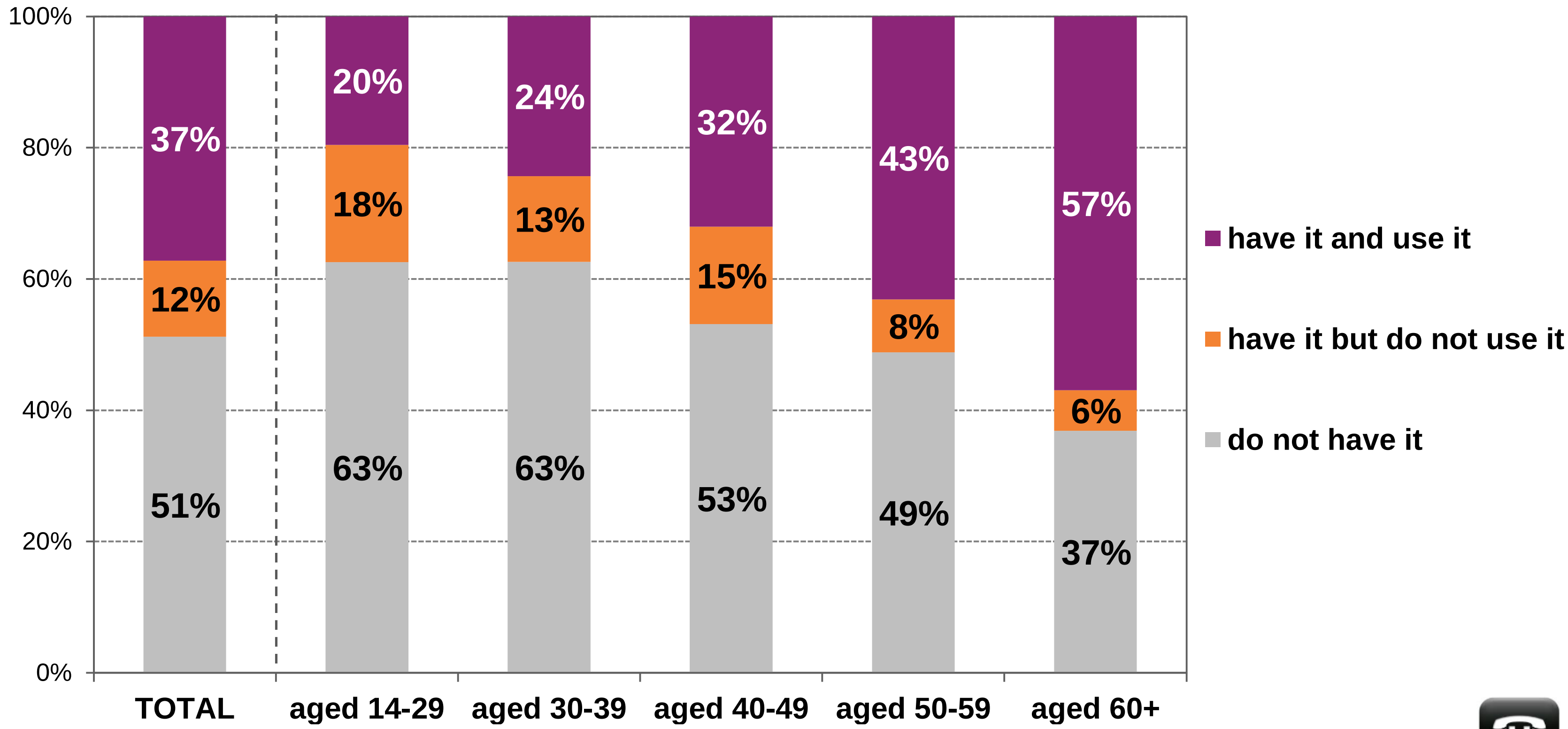
Basis: all households (N=4.02 million households, n=2019)

*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 625 billion HUF in 2017. (2015: 590, 2016: 600)

SUBSCRIPTION AND USAGE OF FIXED PHONE BY AGE GROUPS

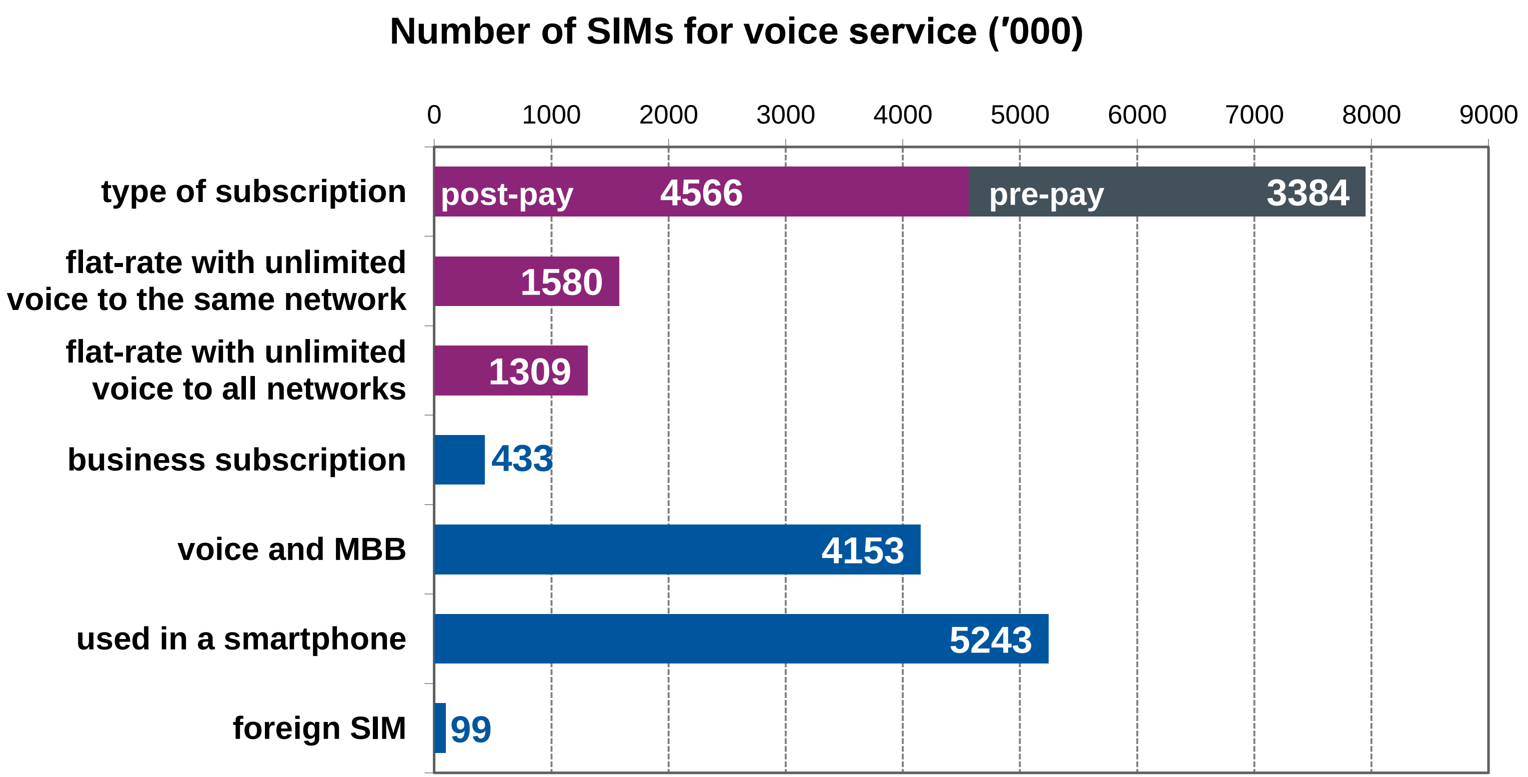
51% of the population aged 14+ live in a household without fixed phone service and another 12% subscribe for this service but do not use it. While nearly half (48%) of people under 30 have fixed phone but never use it, only 10% of subscribers aged 60+ do not use their fixed phone service.



Basis: all individuals aged 14+ (N=8.48 million; n=2019)

SUBSCRIPTION FOR MOBILE PHONE

1.3 million out of the 4.6 million SIMs with post-pay plan are subscribed for a flat-rate package with unlimited voice services. Another 1.6 million SIMs have a package with unlimited voice into the same network only. Both voice and MBB services are activated on about 4.15 million SIMs while 5.2 million cards are used in smartphones. There are 433 thousand business subscriptions in the households and there are only about 100 thousand foreign SIMs in Hungary.

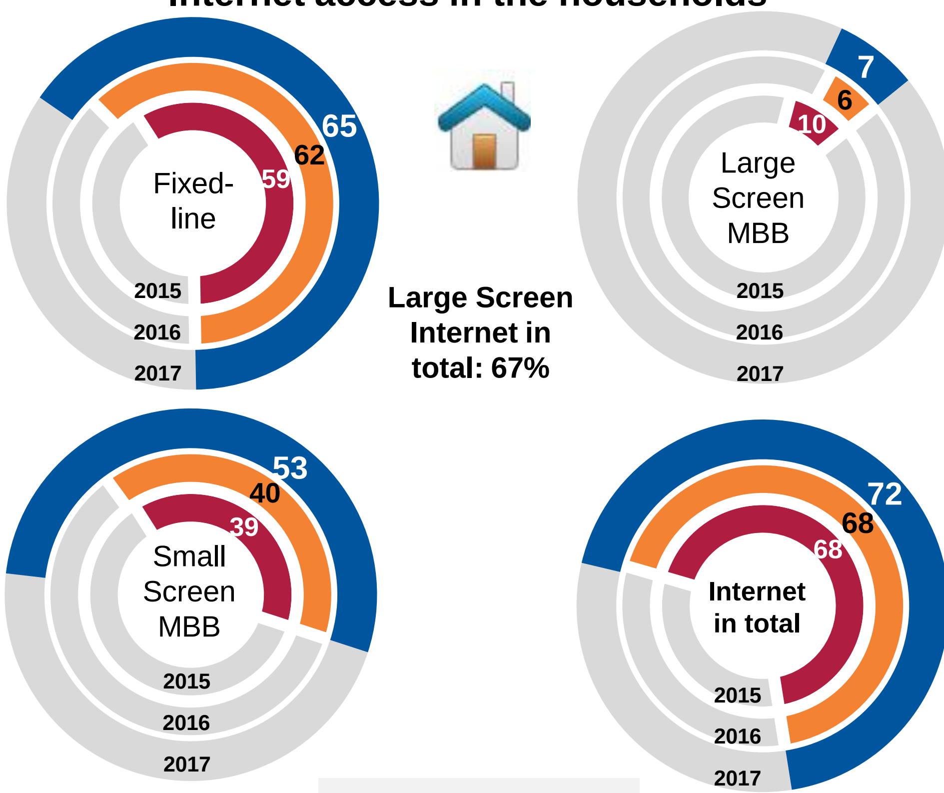


Basis: all subscriptions for mobile phone (N=7.95 million)

INTERNET: DIGITAL MATURITY

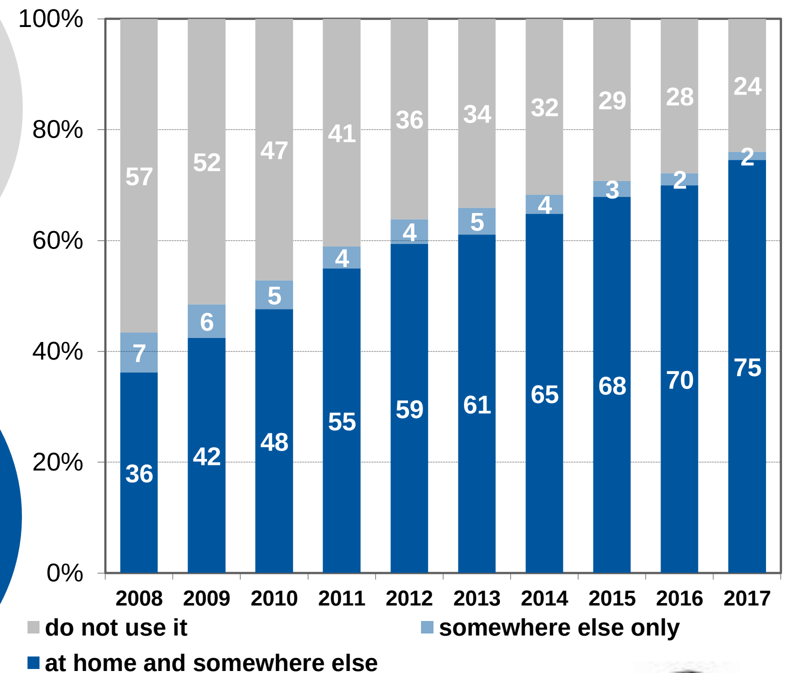
The number of households with Internet access has grown: 72% could access the Internet by any device (PC or smartphone) and 65% have fixed-line Internet at home. Since 2016, penetration of small screen MBB has also increased significantly to 53%. A reason behind this may be that most new mobile offers provide voice and MBB in bundle.
The proportion of Internet users has constantly increased and reached 76% this year. This tendency may imply the spreading habit of multi-screen (PC and smartphone) usage.

Internet access in the households



Basis: all households (N=4.02 million; n=2019)

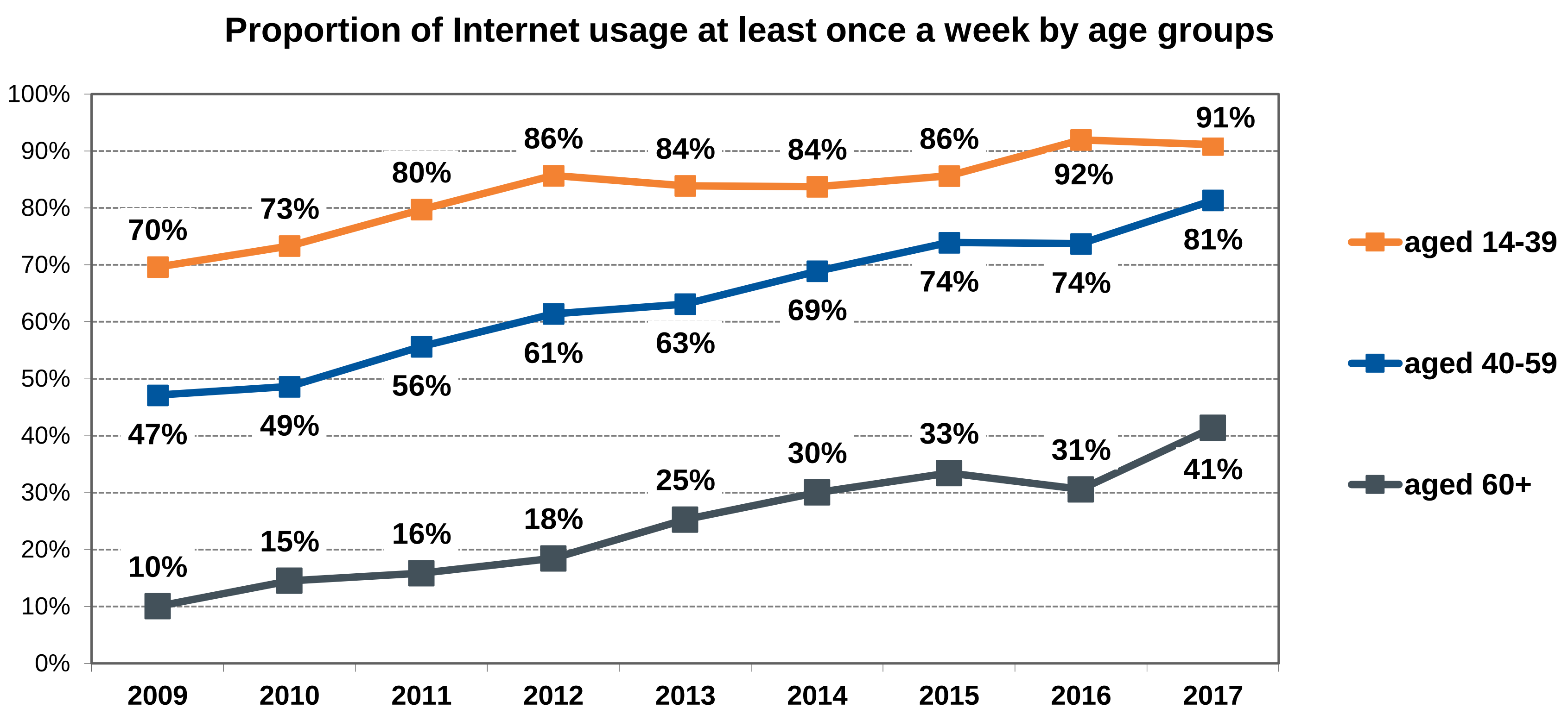
Place of large screen Internet usage



Basis: individuals aged 14+ (N=8,481 million; n=2019)

INTERNET USAGE AT LEAST ONCE A WEEK

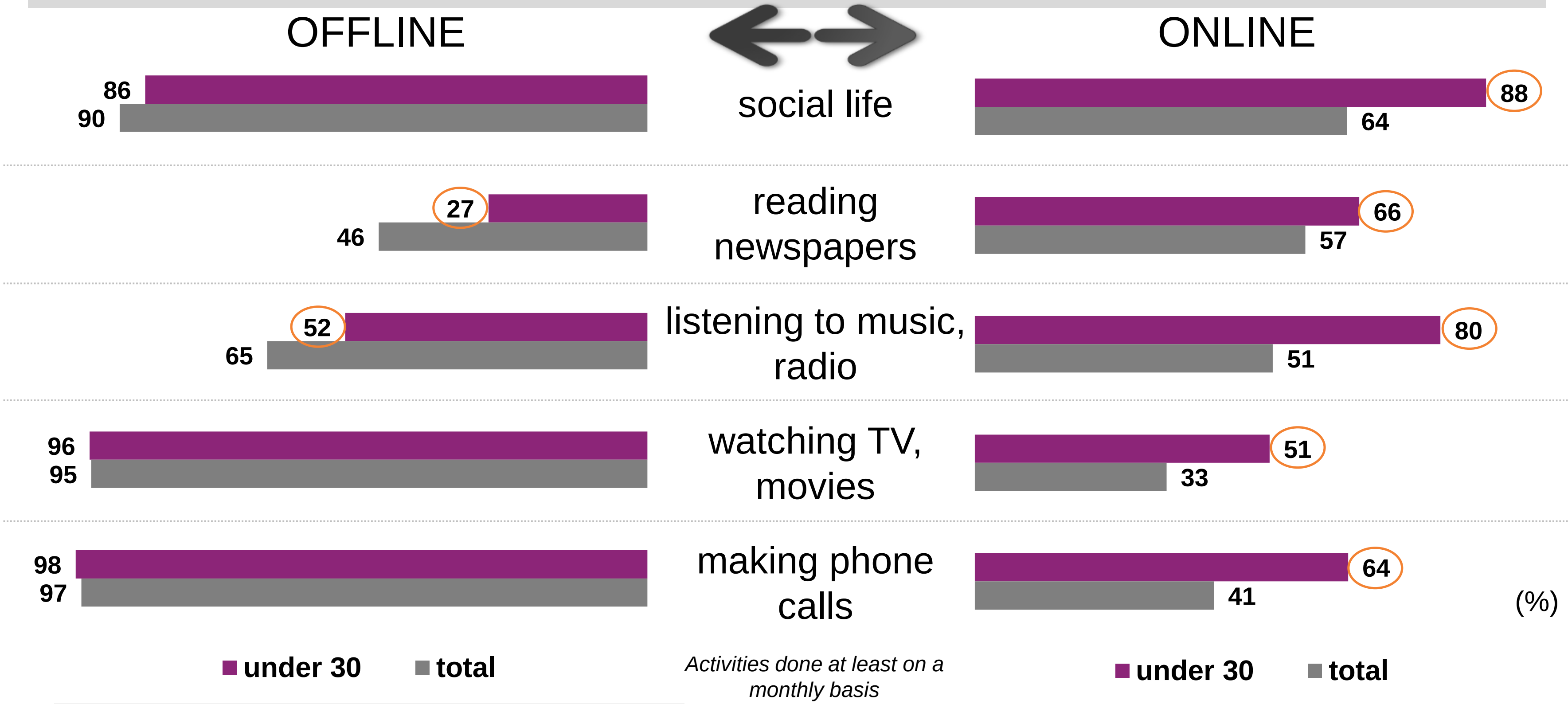
91% of younger people aged 14-39 access the Internet on a weekly basis. Since 2016, this proportion has increased to 81% among people aged 40-59 (this growth is significant in statistical terms). The largest growth can be noticed however among the elderly: 41% use the Internet frequently.



Basis: individuals aged 14+ (N=8.481 million; n=2019)

INTERNET VS. TRADITIONAL SERVICES

The majority of people aged 14+ have already done online activities to substitute traditional communication services (data on how the Internet substitute postal services can be found on slides 20-21). Social networking sites (especially Facebook) are very popular, maybe because of the complextity of their content (news, chat, sharing ads, movies, and music). More people read online news than those reading the traditional press while the level of consuming online music is approaching the level of listening to radio offline. Traditional phone calls and the TV are the less likely to be substituted by the Internet. People under 30 are more likely to do all activities online than the others.

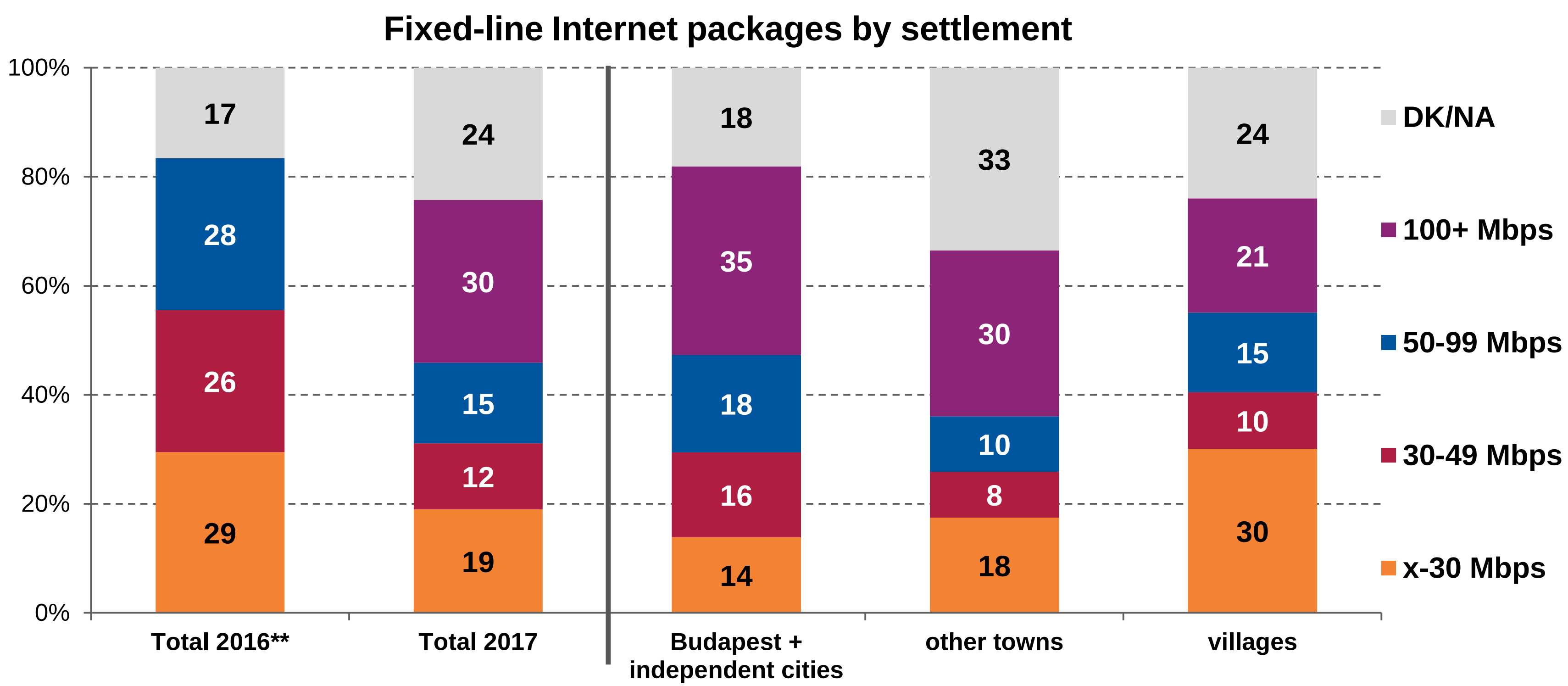


Basis: individuals aged 14+ (N=8.48 million; n=2019)

Significant difference in statistical terms

FIXED-LINE INTERNET PACKAGES

In the past 12 months, penetration of fixed-line Internet packages under 30 Mbps has dropped significantly in the households. It is an EU objective to cover 100% of the population with 30 Mbps Internet access by 2020 while the Hungarian government would like to complete it by 2018*. The proportion of Internet packages with bandwidth over 100 Mbps is higher in big cities while 30% still have an Internet package with less than 30 Mbps in the villages.



**In the questionnaire of 2016, the highest category was 50+ Mbps

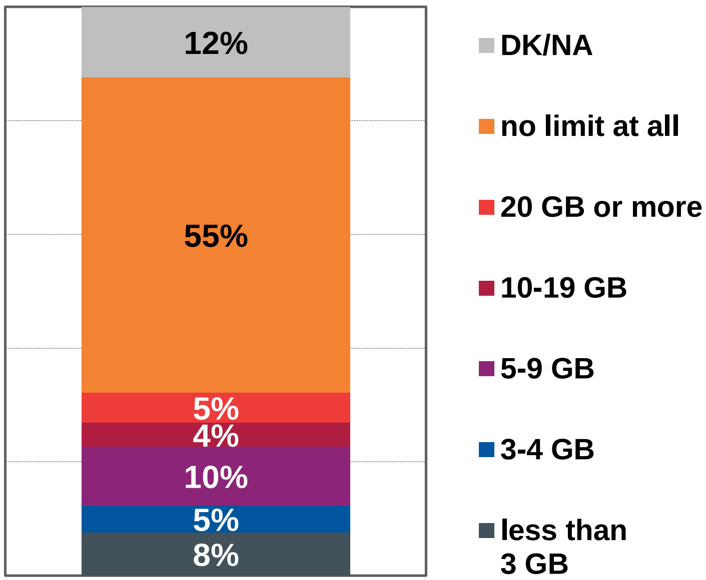
*Data refer to the frequency of packages of present subscribers while the EU and government objectives refer to bandwidth to be reached by all households

Basis: households with subscription for fixed-line Internet (N=2.62 million; n=1217)

LIMIT OF MOBILE DATA TRAFFICKING

55% of large screen MBB users and 32% of small screen MBB users say they use a mobile package with unlimited data trafficking. 1 and 2 GB data limits are the usual data limits among small screen MBB users. The great majority of users having mobile package with unlimited data may be explained by their lack of information*.

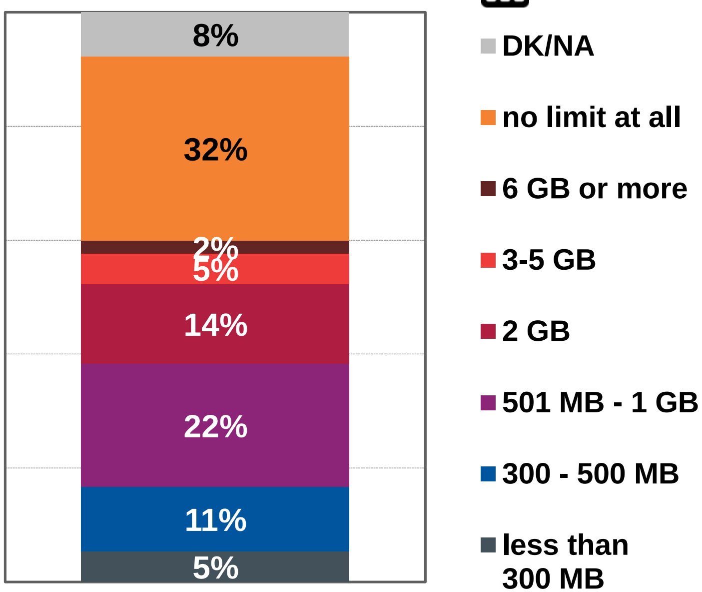
Large screen MBB*



*Data need to be handled carefully because of the low number of respondents

Basis: large screen MBB users (N=636,000, n=107)

Small screen MBB



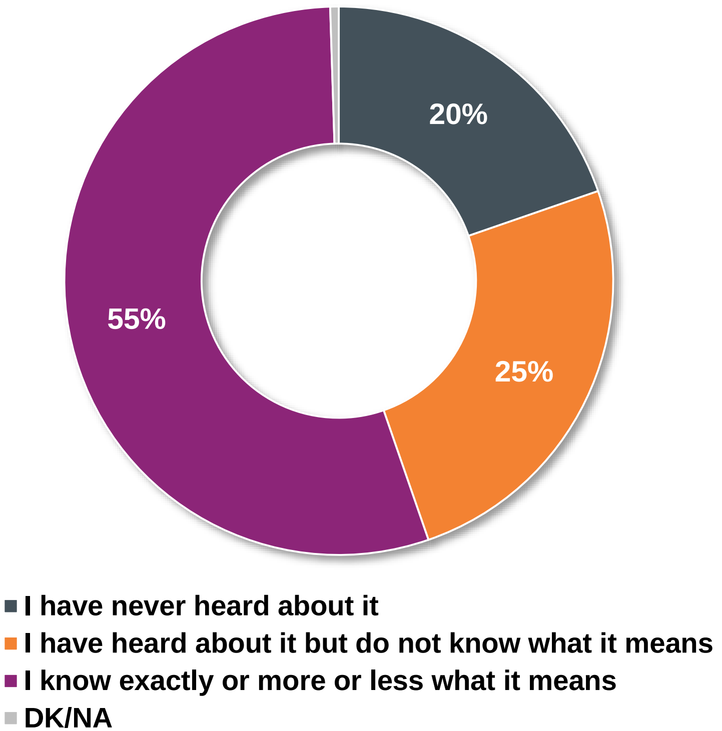
Small screen mobile packages with unlimited data appeared on the Hungarian market only in Spring 2017, so repsondents saying they subscribed for these packages before this date (89% of users with unlimited data package) are wrong.

Basis: small screen MBB users (N=4.44 million, n=815)

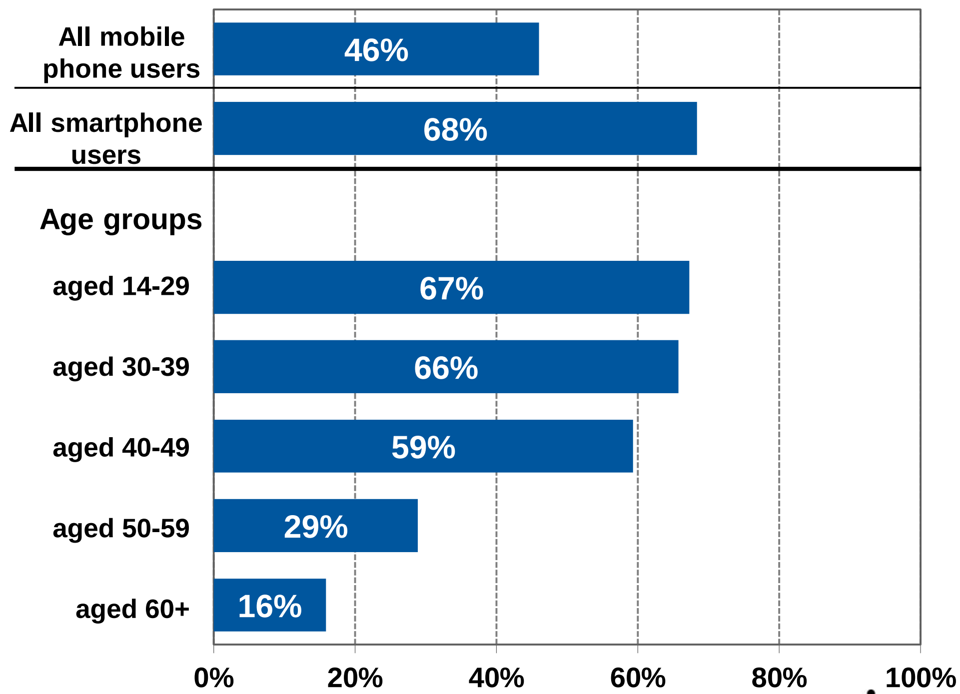
AWARENESS AND USE OF 4G/LTE TECHNOLOGY

Four-fifth of mobile phone users have already heard about 4G technology and 55% (72% of smartphone users) know what it stands for. Since 2016, the proportion of people who never heard about 4G has significantly decreased. According to respondents, 46% of mobile phone users have 4G/LTE access (it has increased from 28% in 2016). A correlation can be noticed between age and the usage of 4G technology.

Awareness of 4G/LTE



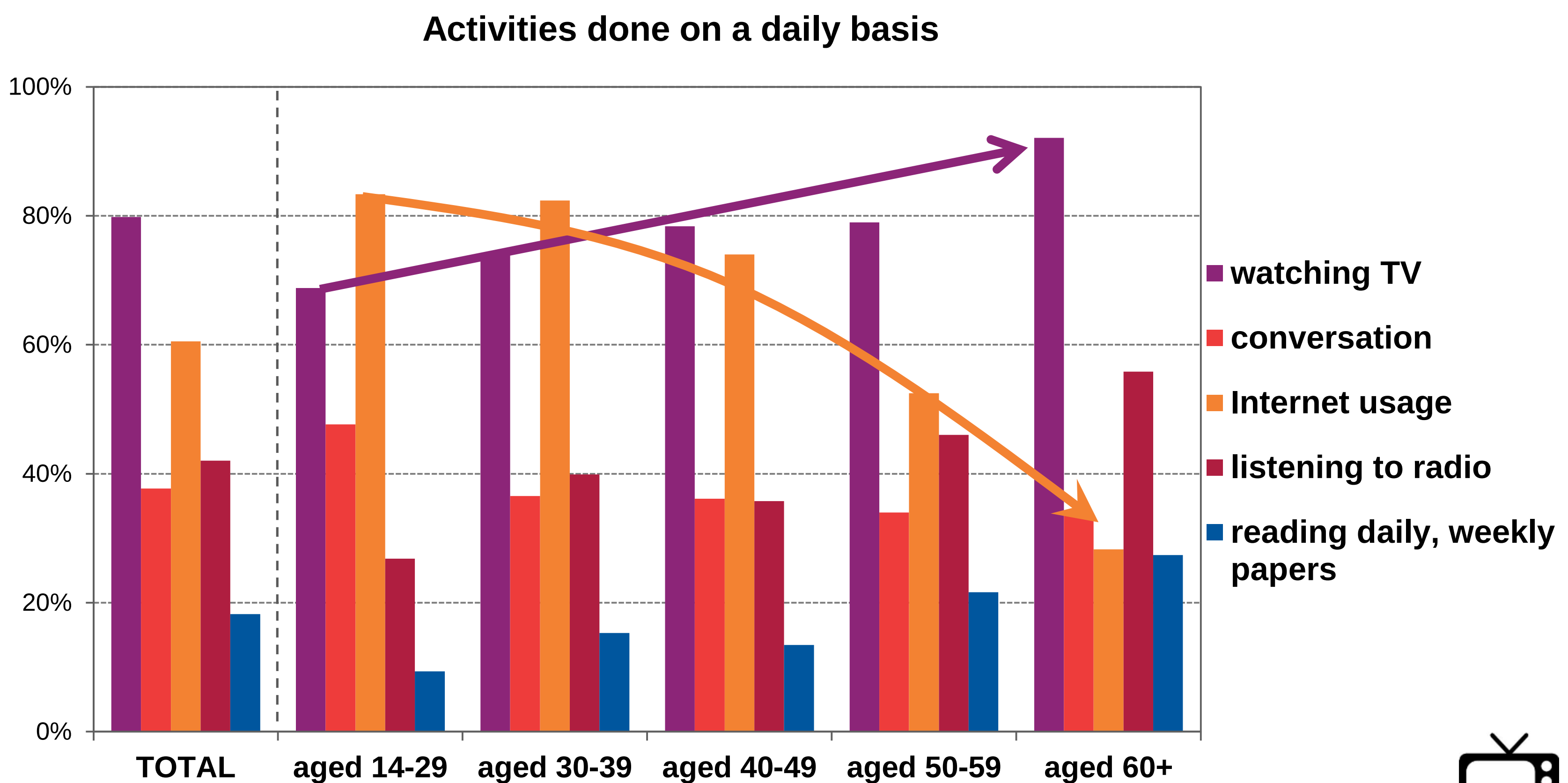
Use of 4G/LTE



Basis: mobile phone users aged 14+ (N=7.93 million; n=1799)

LEISURE TIME ACTIVITIES

Regarding some leisure activities done on a daily basis, watching TV is the most widespread, however, people under 40 use the Internet more often than watching TV. 61% of people aged 14+ use the Internet every day while this proportion is 83% among persons younger than 40 and it falls significantly among those older than 50. More people aged 60+ read newspapers and listen to the radio than the youth do.

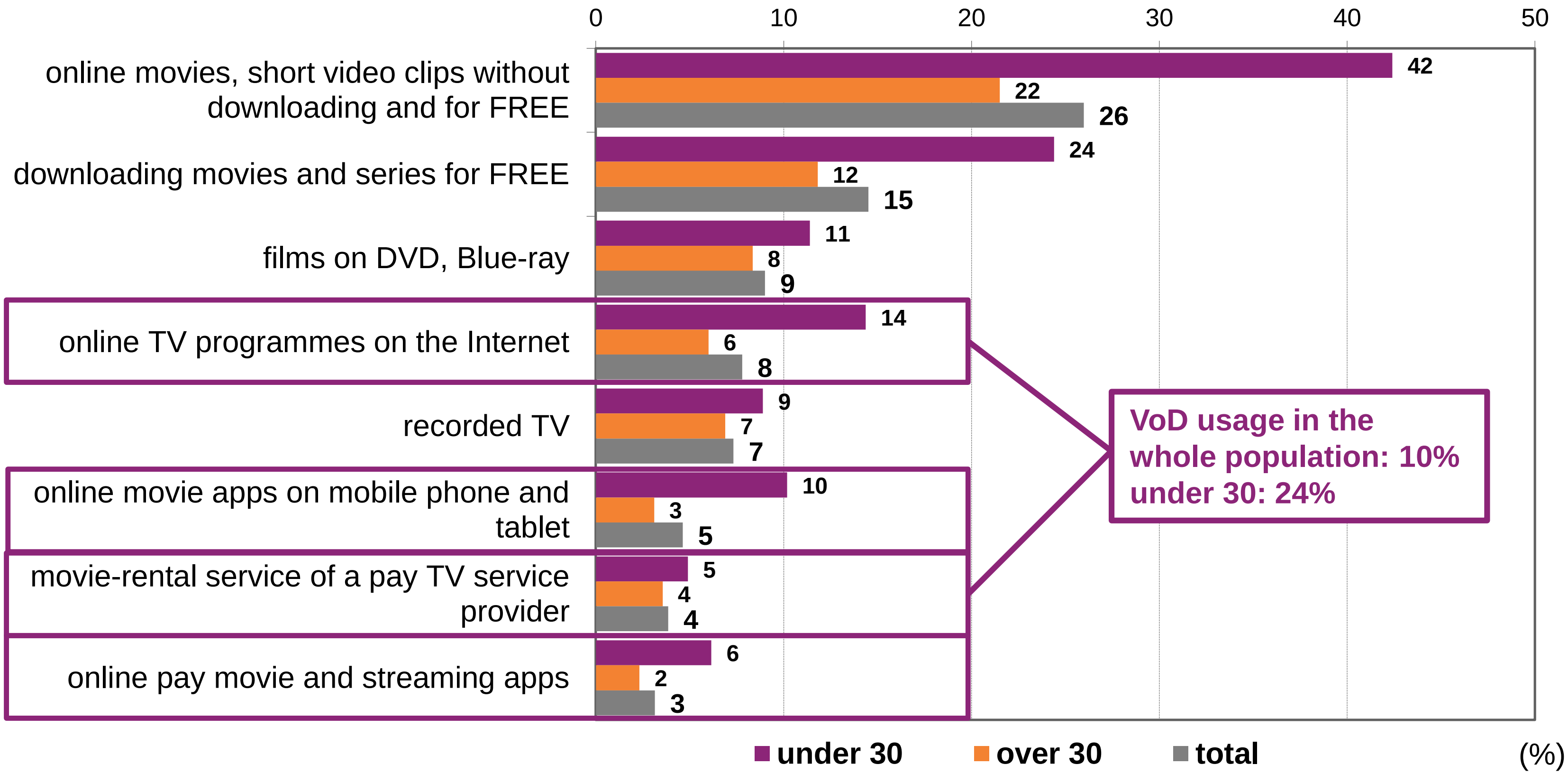


Basis: individuals aged 14+ (N=8.48 million; n=2019)

VIDEO-ON-DEMAND, ONLINE TV AND MOVIES

33% of people aged 14+ use at least one form of watching TV and movies alternative to traditional TV service. These activities are more widespread among the youth under 30: 49%. Short online movies and video clips (e.g. on YouTube) are the most popular. Downloading attracts about half of the proportion of viewers compared to streaming. Only 3-4% watch TV or movies via movie-rental service of a pay TV provider or via pay movie and streaming apps.

Types of watching TV and movies at least once a month

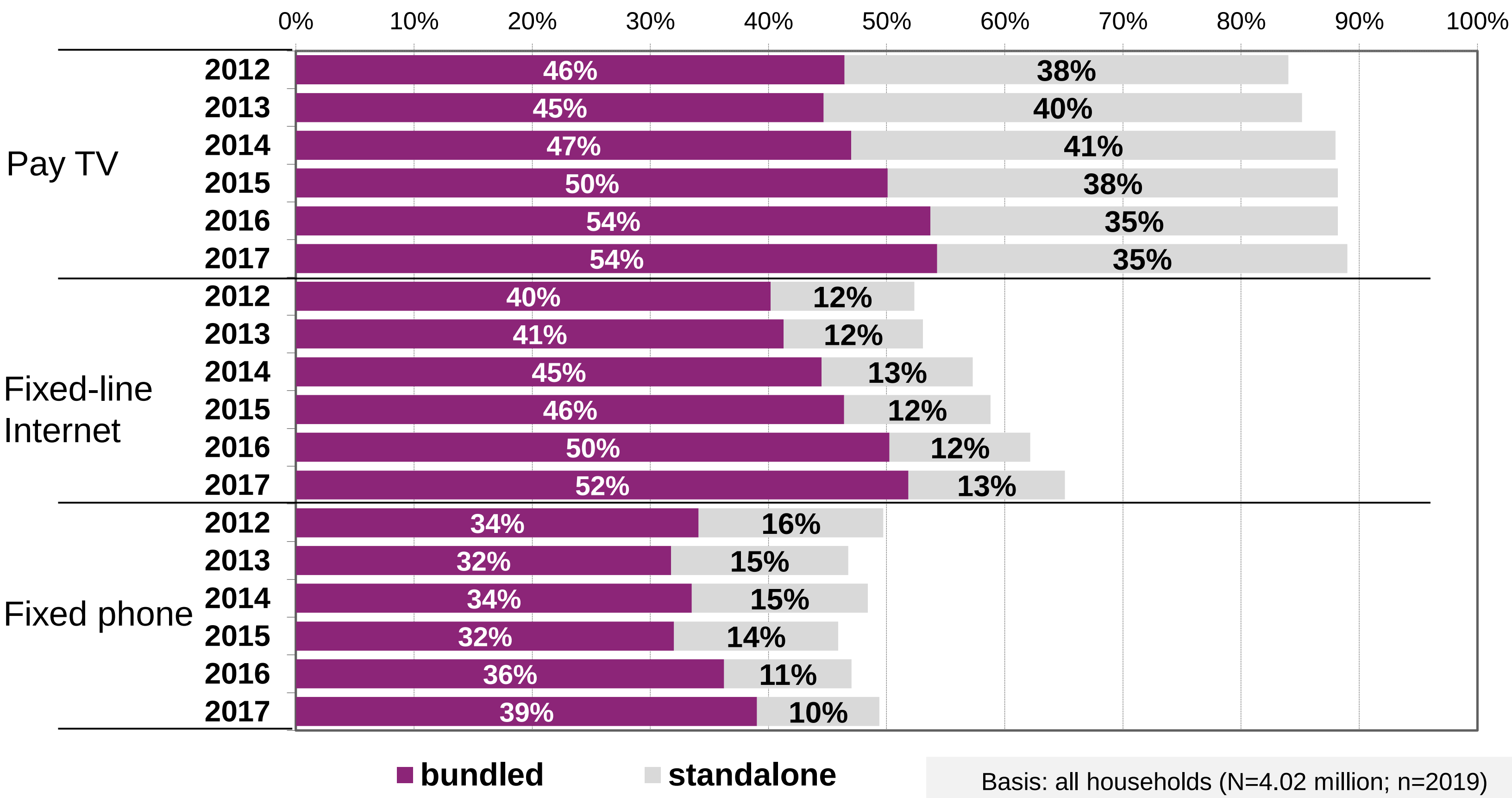


Basis: individuals aged 14+ (N=8.48 million; n=2019)

USE OF BUNDLES AMONG FIXED-LINE SERVICES

61% of subscriptions for pay TV are bundled to other services. 80% of subscriptions for fixed phone and for fixed-line Internet are in bundles. Proportion of bundled has gradually increased during the decade.

Bundled and standalone fixed-line services in the households

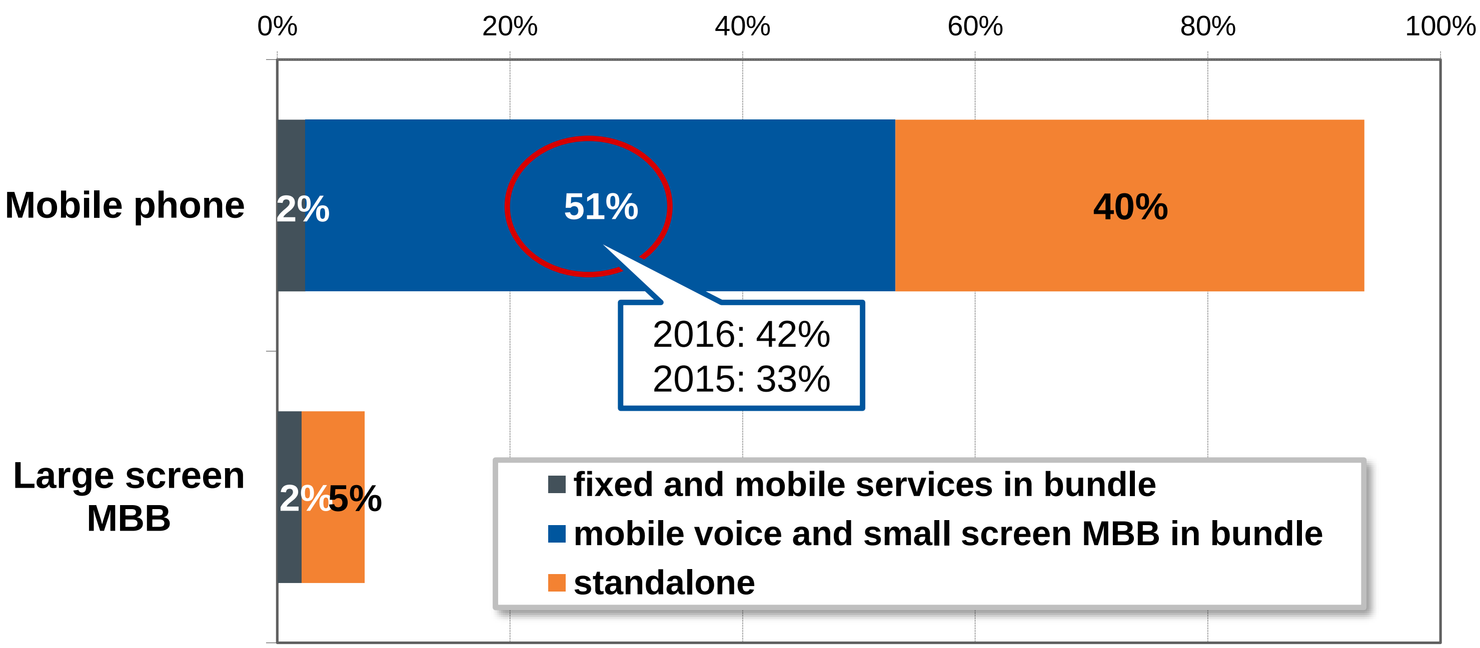


Basis: all households (N=4.02 million; n=2019)

USE OF BUNDLES AMONG MOBILE SERVICES

Hardly any people aged 14+ (2%) subscribe for mobile voice service in a bundle with fixed or large screen MBB services. Although, 51% (54% of mobile phone subscribers) use a bundle of mobile voice and small screen MBB. This latter group could still grow since last year.
More than one quarter of large screen MBB users have this service in bundle (it makes up 2% of the population).

Bundled and standalone mobile services of individuals

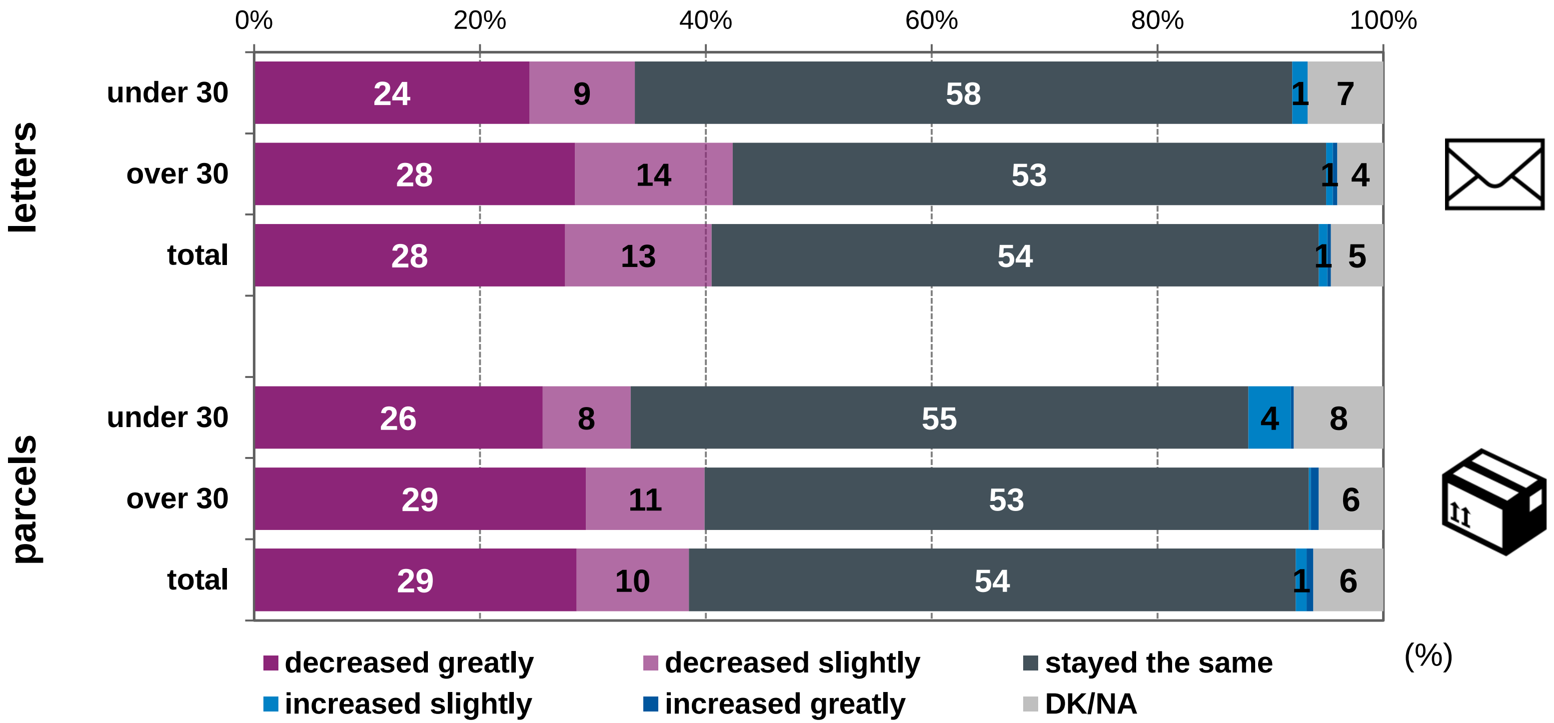


Basis: individuals aged 14+ (N=8.481 million; n=2019)

INCREASING OR DECREASING USE OF POST

54% of the population aged 14+ say they send about the same number of items by post compared with 2 years ago and another four-tenth send less items than before. Only 1-2% of respondents perceive that they send more letters or parcels than 2 years ago. More people aged 30+ have decreased their use of post than among the youth under 30.

Compared with 2 years ago, would you say that the number of items you send through the post has increased or decreased?

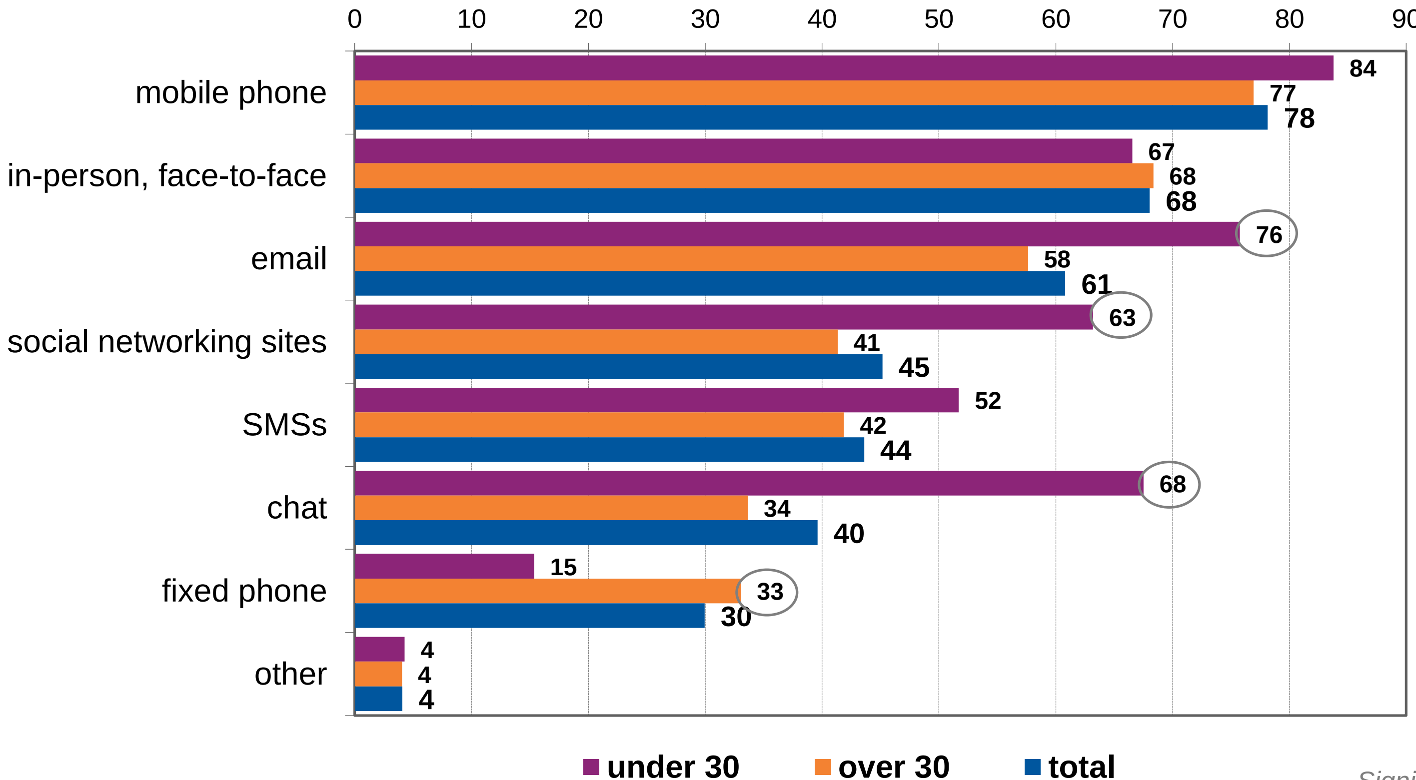


Basis: individuals aged 14+ (N=8.48 million; n=2019)

METHODS OF COMMUNICATION USED AS A REPLACEMENT FOR POST

Mobile phone calls, face-to-face communication and emails are the most common options to replace the decreasing number of postal letters and parcels. A significant difference between younger and older generations can be noticed in the forms of communication to replace post. People under 30 choose electronic communication forms (email, social networking sites, and chat) more often while older people are more likely to make fixed phone calls instead of sending items by post.

Which forms of communication are you using more instead of post?



(%)

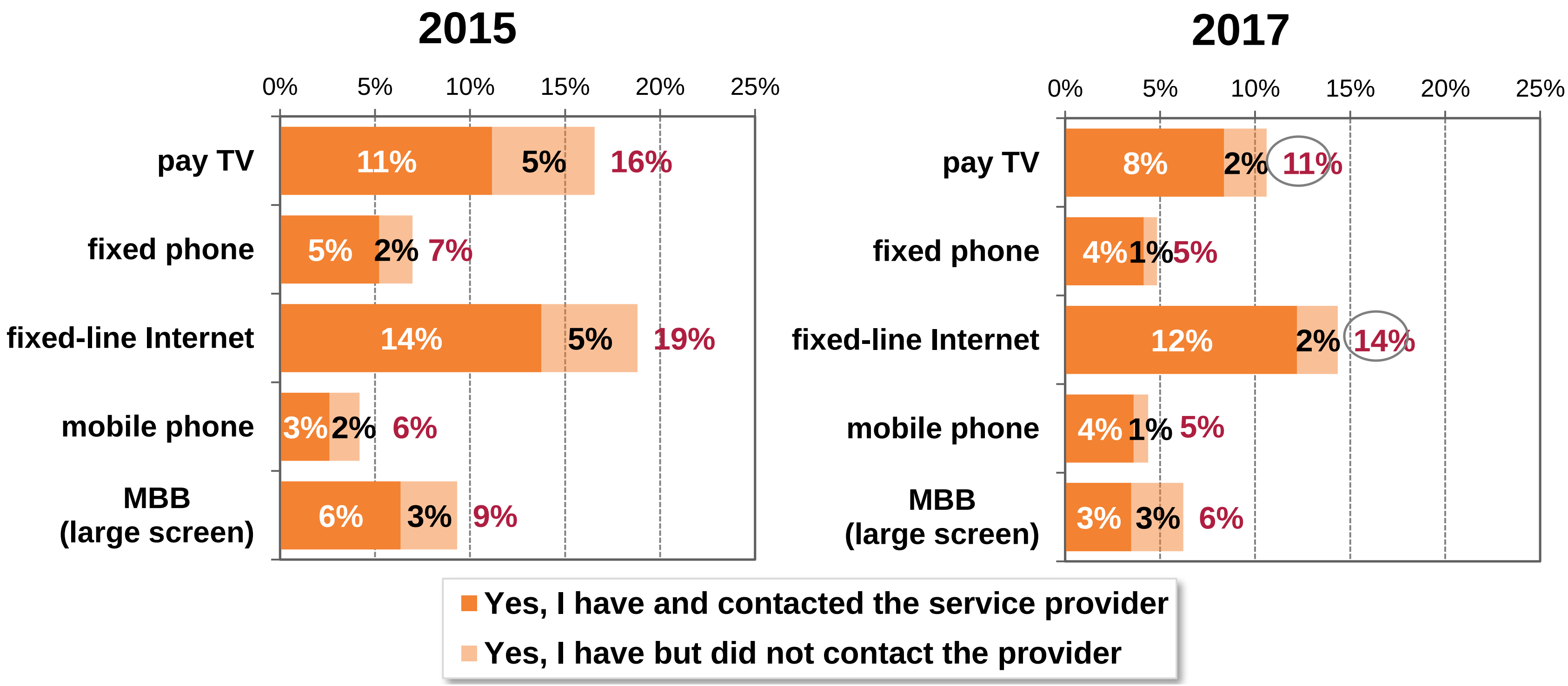
Significant difference in statistical terms

Basis: all who say the number of sent items decreased (N=3.59 million; n=828)

CONSUMER COMPLAINTS BY MARKET SEGMENTS

16% of households experienced some kind of problems with electronic communication services during the last 12 months. It has significantly decreased since last year (22%). Most problems were perceived in relation to fixed-line Internet and TV services. 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?



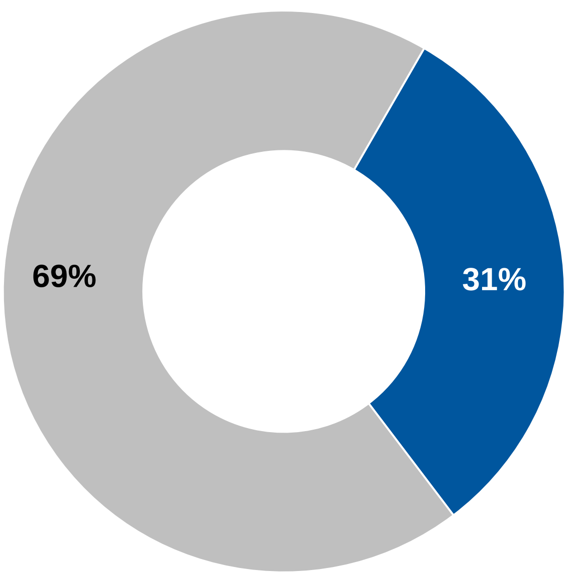
Basis: households having the given service

Significant difference in statistical terms

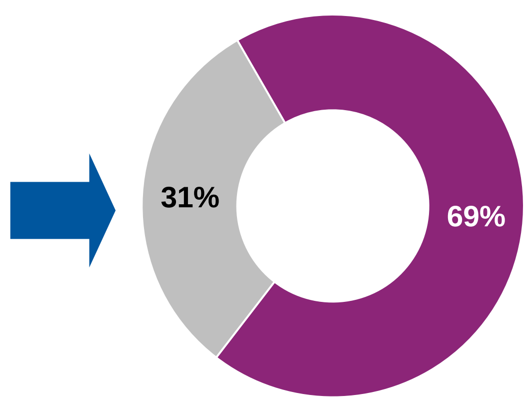
ROAMING ABROAD

31% of mobile phone users (i.e. 2.5 million people) have been abroad. 69% of them (i.e. 1.7 million) used their phone there in the past 3 years and it has not changed since 2016 (66%).
The majority made phone calls, but more people accessed the Internet via MBB than a year before.

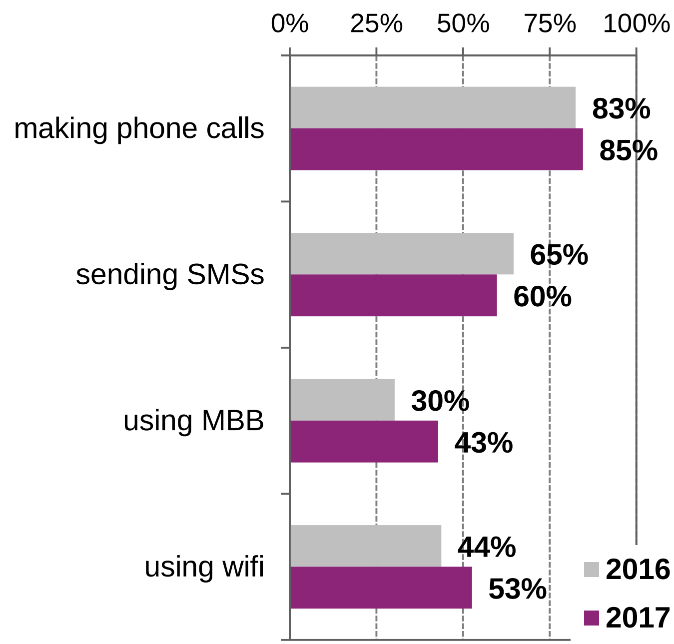
Have you been abroad in the last 3 years?



Have you used your mobile phone abroad?



What did you use it for?



Basis: individuals aged 14+ using mobile phone (N=7.93 million; n=1799)

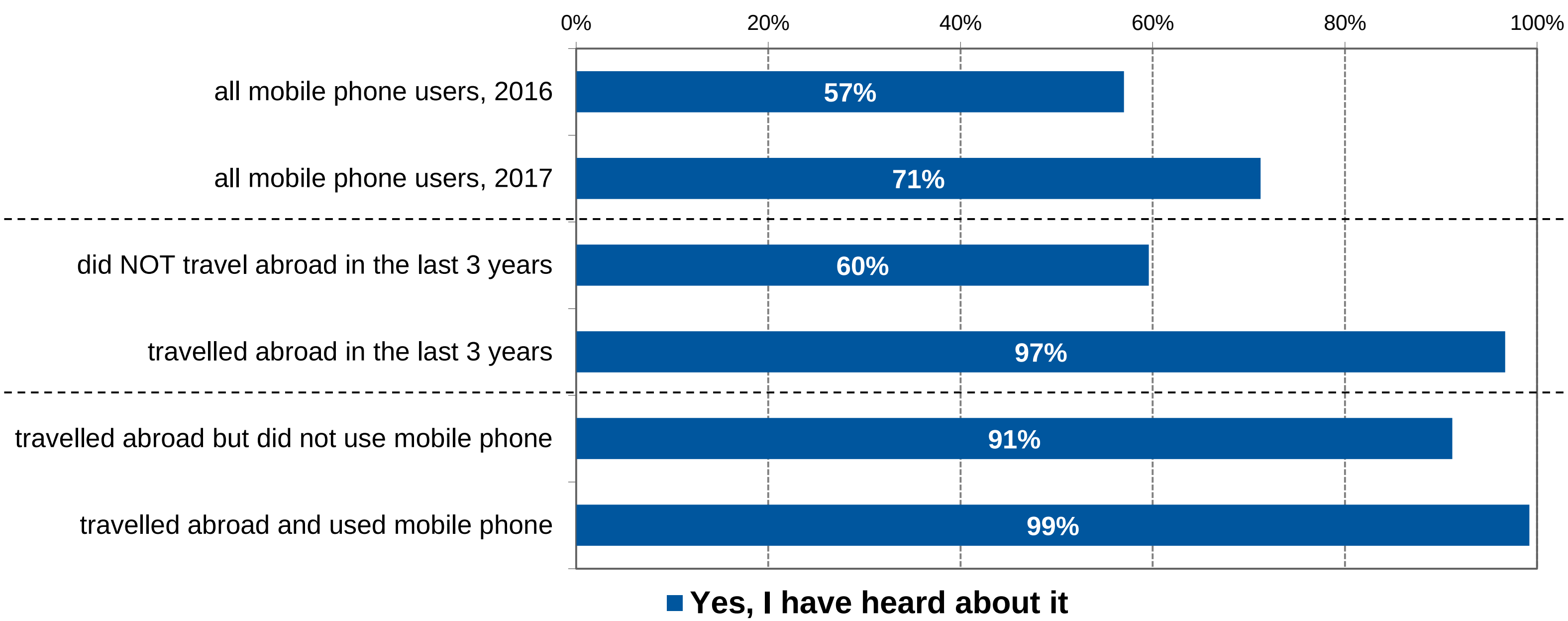
Basis: individuals aged 14+ using mobile phone and spending time abroad (N=2.48 million; n=503)

Basis: individuals aged 14+ using their mobile phone abroad (N=1.71 million; n=340)

AWARENESS OF THE ABOLITION OF ROAMING SURCHARGES

71% of mobile phone users heard about the abolition of roaming surcharges in the EU. (In 2016, only 57% heard about the planned abolition.) Awareness makes up 97% in the respective group (who travelled abroad in the last 3 years) while practically all (99%) mobile users using their phone abroad know about this issue.

Have you heard that the European Union have gradually decreased and finally just abolished roaming surcharges in case of few weeks holidays abroad? I.e., it has been cheaper and cheaper to make phone calls and send SMSs from abroad.



Basis: individuals aged 14+ using mobile phone (N=7.93 million; n=1799)