Usage of Telecommunications Services in the Households

2013

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

SURVEY METHODOLOGY

Service provider: Ariosz Ltd.

Timing of the fieldwork: 12.12.2013 – 04.11.2013

Method: Face-to-face interviews with standardized questionnaire

Sample size: 2001 households and 2001 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 telecommunications service provider.

in case of individuals: by age, gender, level of education, size of the household, type of settlement, region, and area of incumbent telecommunications service provider.

Applied weighting method: RIM weighting (multidimensional iterative factor weighting).

Weighting is based on the national census of 2011.

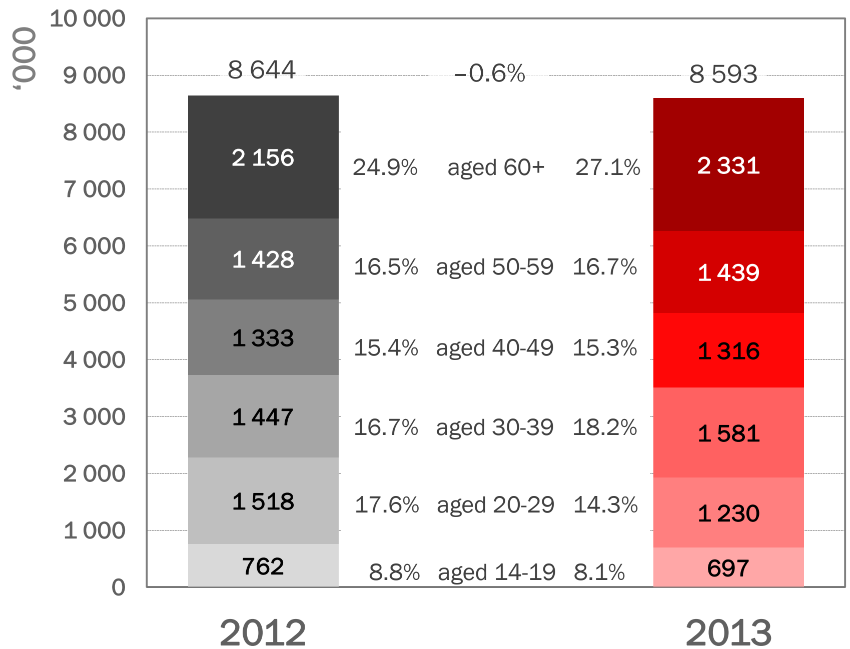
CHANGE IN THE BASIS OF WEIGHTING

Individuals (aged 14+)

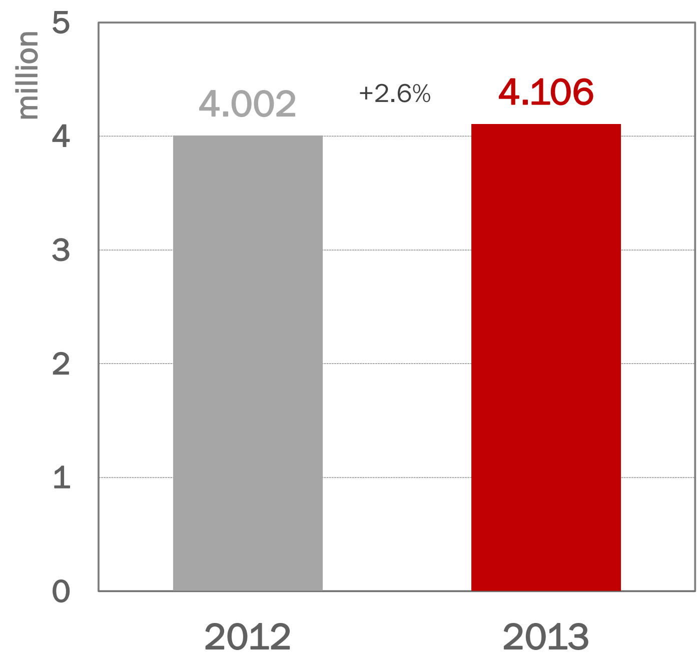
Households

Year of the survey: 2012 | 2013 | 2012 | 2013

Basis of weighting: Microcensus of 2005 | Census of 2011 | Microcensus of 2005 | Census of 2011



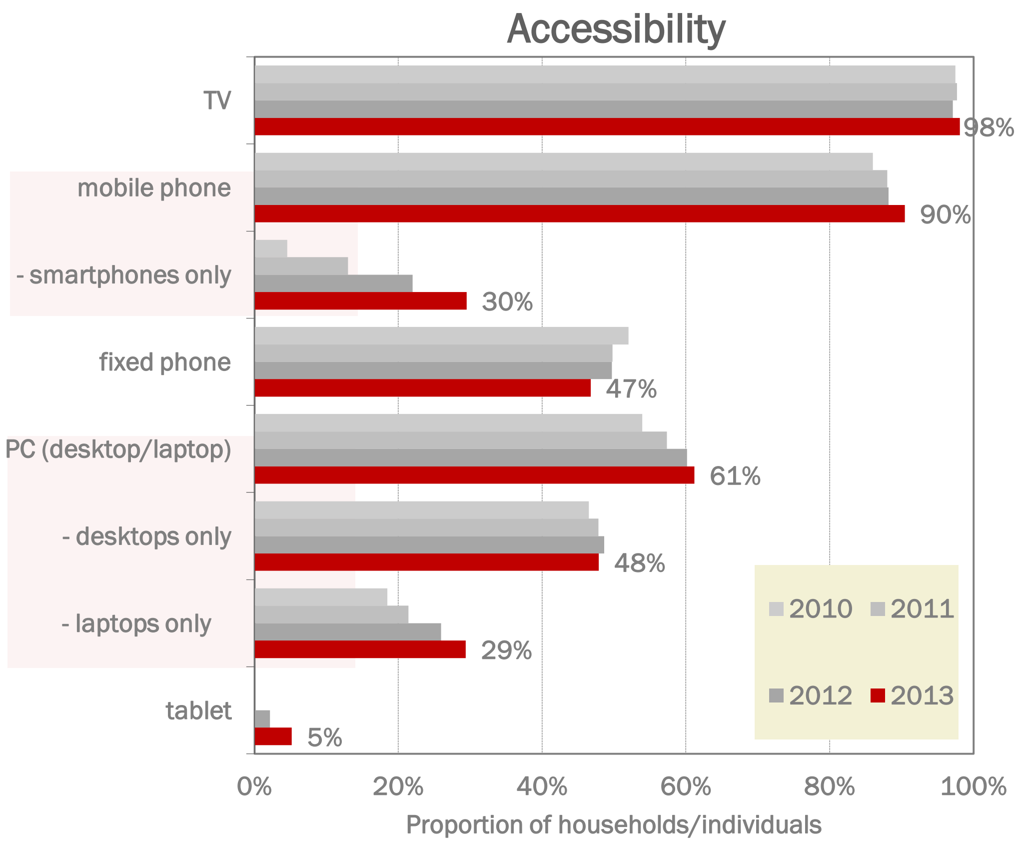
As the proportion of age groups in the society changed, it is possible theoretically that an increase can be noticed in all age groups while the total numbers (percentages or means) did not change between the two years.

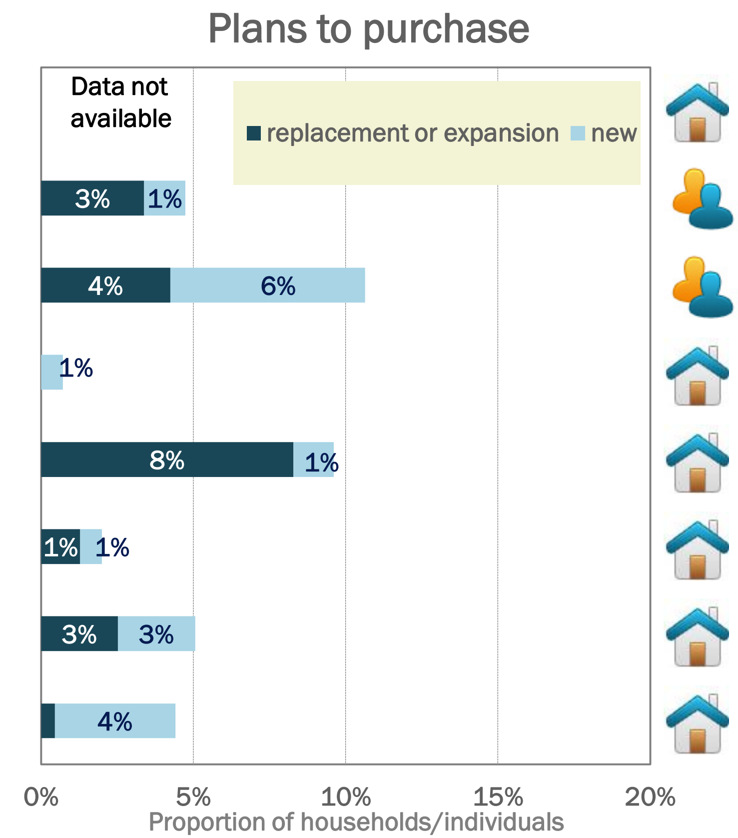


It is possible theoretically that an increase in percentages can be noticed between 2012 and 2013 but it shows a decrease in absolute numbers (estimations for the whole population).

ICT DEVICES

10% of households (i.e. 400 thousand) plan to buy a PC in the coming year. 2013 is the third year in a row when more households plan to buy laptops than those who want desktops. The proportion of households planning to buy a laptop increased from 18% in 2010 to 29% in 2013.
5% of households have a tablet, but this proportion may double in the coming year according to purchasing plans.





Basis: all households and all individuals aged 14+, respectively (N=4.106 million households and 8.59 million individuals, respectively, n= 2001)

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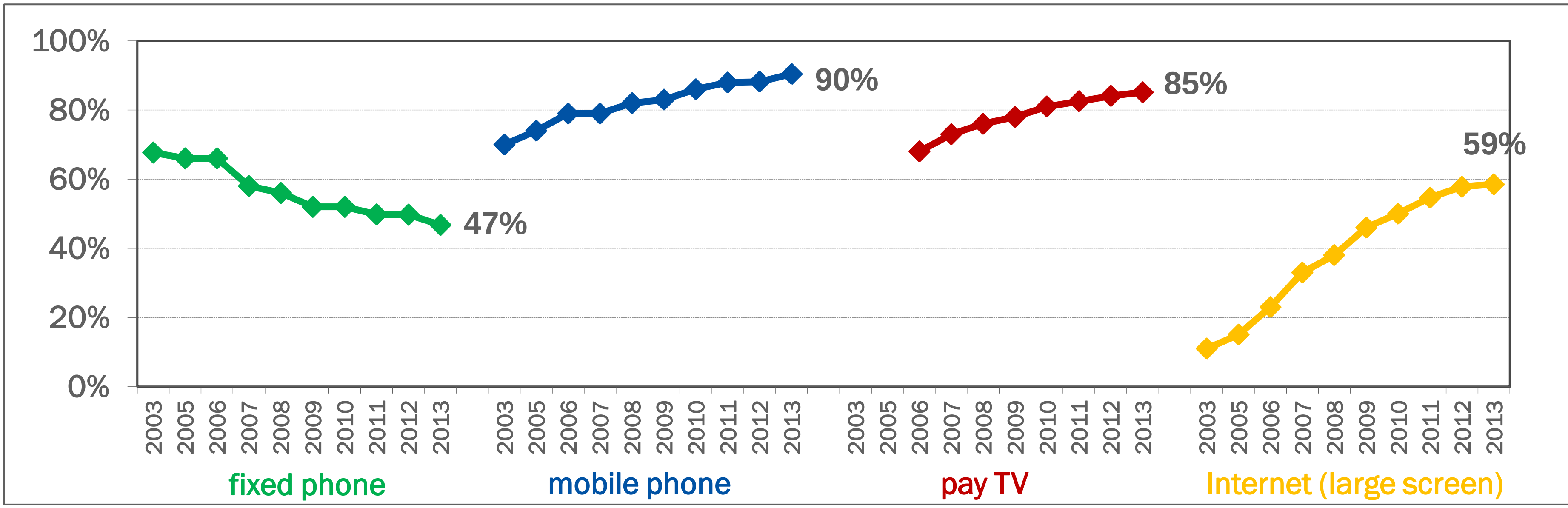
HOUSEHOLDS WITH ACCESSIBILITY TO TELECOMMUNICATIONS SERVICES

Penetration of mobile phone and pay TV services increased in the households. The increase in penetration of the Internet slowed down while the number of subscriptions for fixed phone decreased.



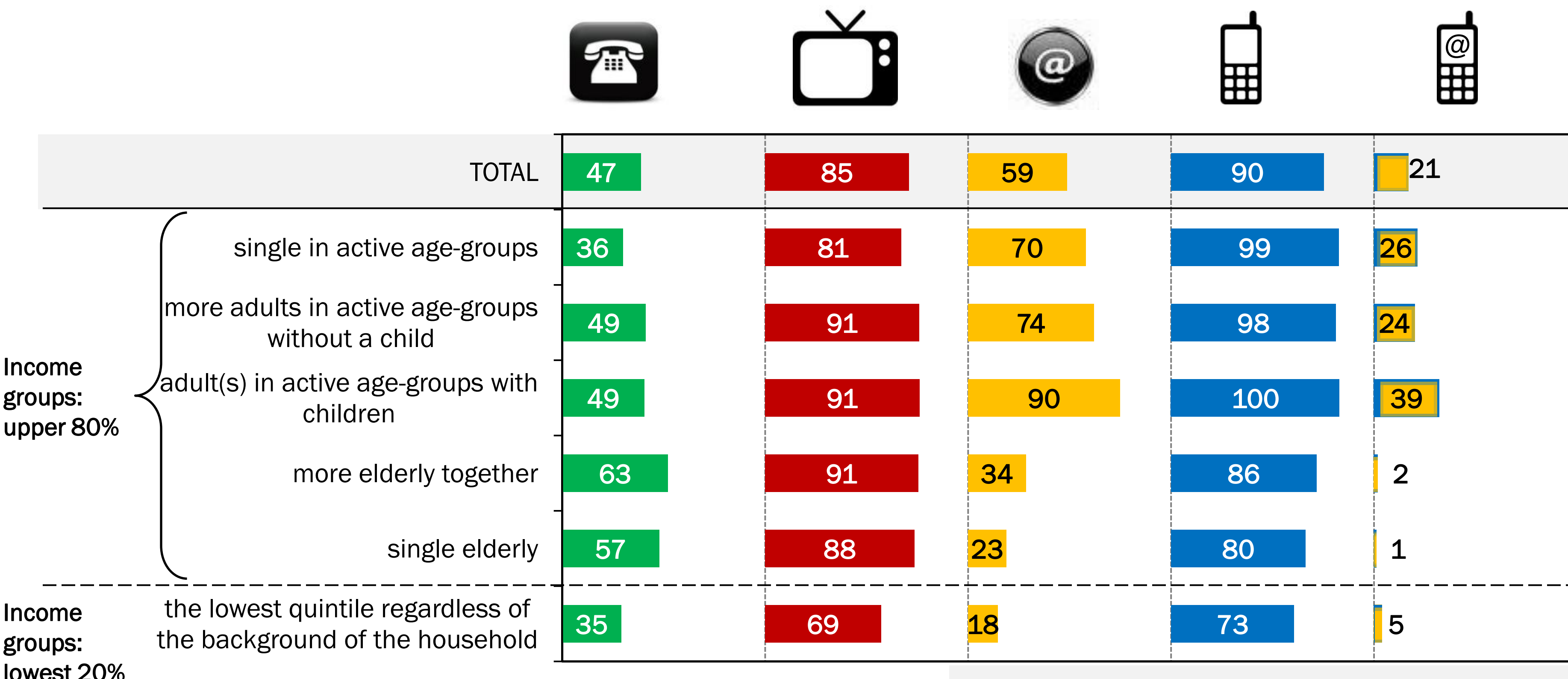
Basis: all households (N=4.106 million, n= 2001)

number of households, million	2003	2005	2006	2007	2008	2009	2010	2011	2012	2013
fixed phone	2.64	2.55	2.66	2.33	2.24	2.10	2.08	1.99	1.99	1.92
mobile phone	2.69	2.86	3.15	3.17	3.17	3.33	3.44	3.52	3.53	3.71
pay TV			2.63	2.82	2.94	3.11	3.23	3.30	3.37	3.50
Internet	0.43	0.59	0.93	1.33	1.49	1.86	2.00	2.19	2.31	2.40

SOCIAL INEQUALITIES ON THE TELECOMMUNICATIONS MARKET

There is a strong correlation between the use of telecommunications services and the number of children and elderly in the household. In general, the proportion of using telecommunications services is much lower in the lowest quintile than in all other income groups together. Regarding the upper four quintiles, penetration of fixed phone and pay TV is much lower in the households of singles in active age groups. Proportion of Internet subscriptions is especially high in households with children. Proportion of subscriptions for fixed phone is higher while it is lower for mobile phone and the Internet in households with elderly members only.

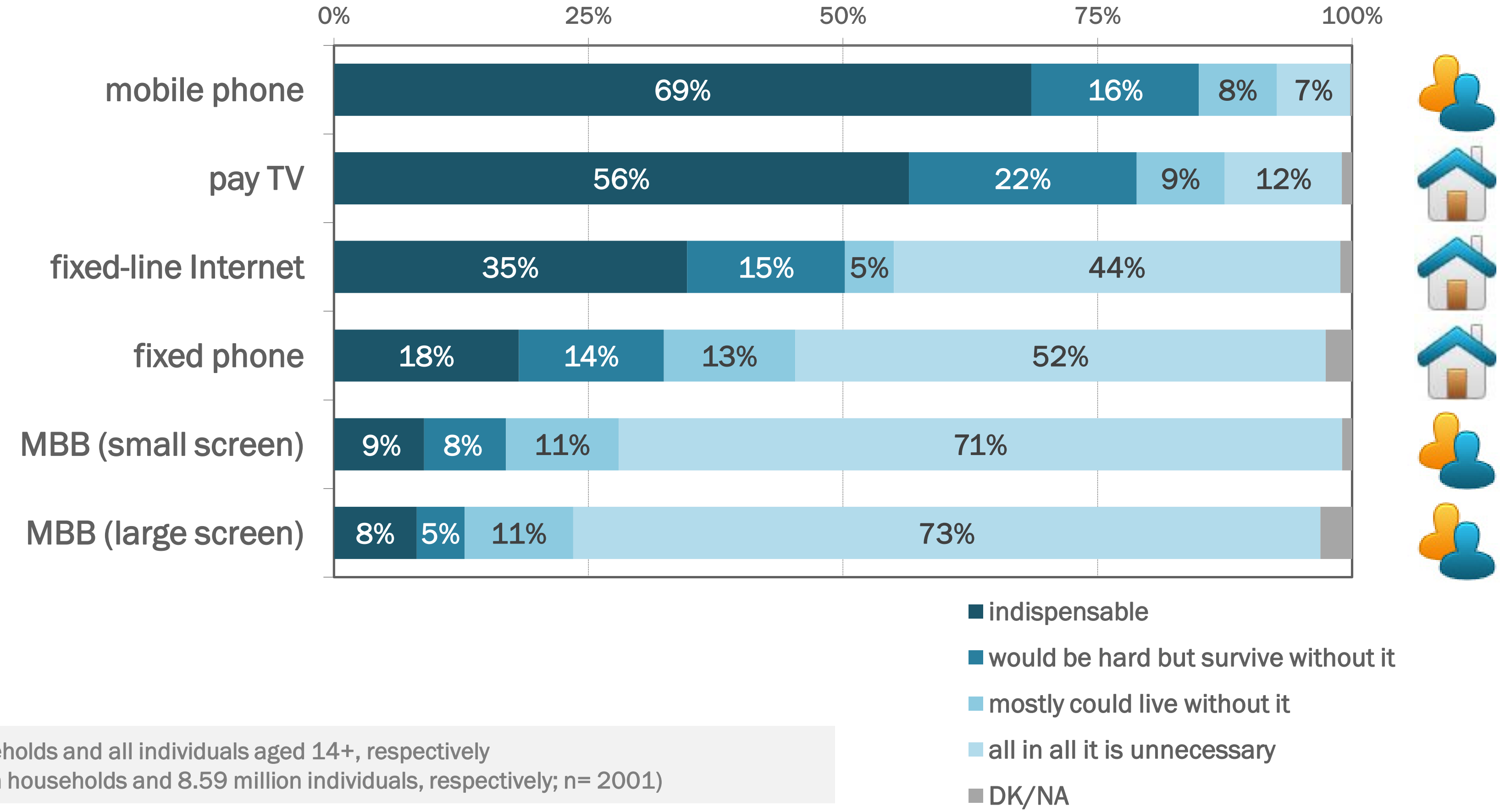
Telecommunications services by social background



Basis: all households (N=4.106 million, n= 2001)

DEMAND FOR TELECOMMUNICATIONS SERVICES

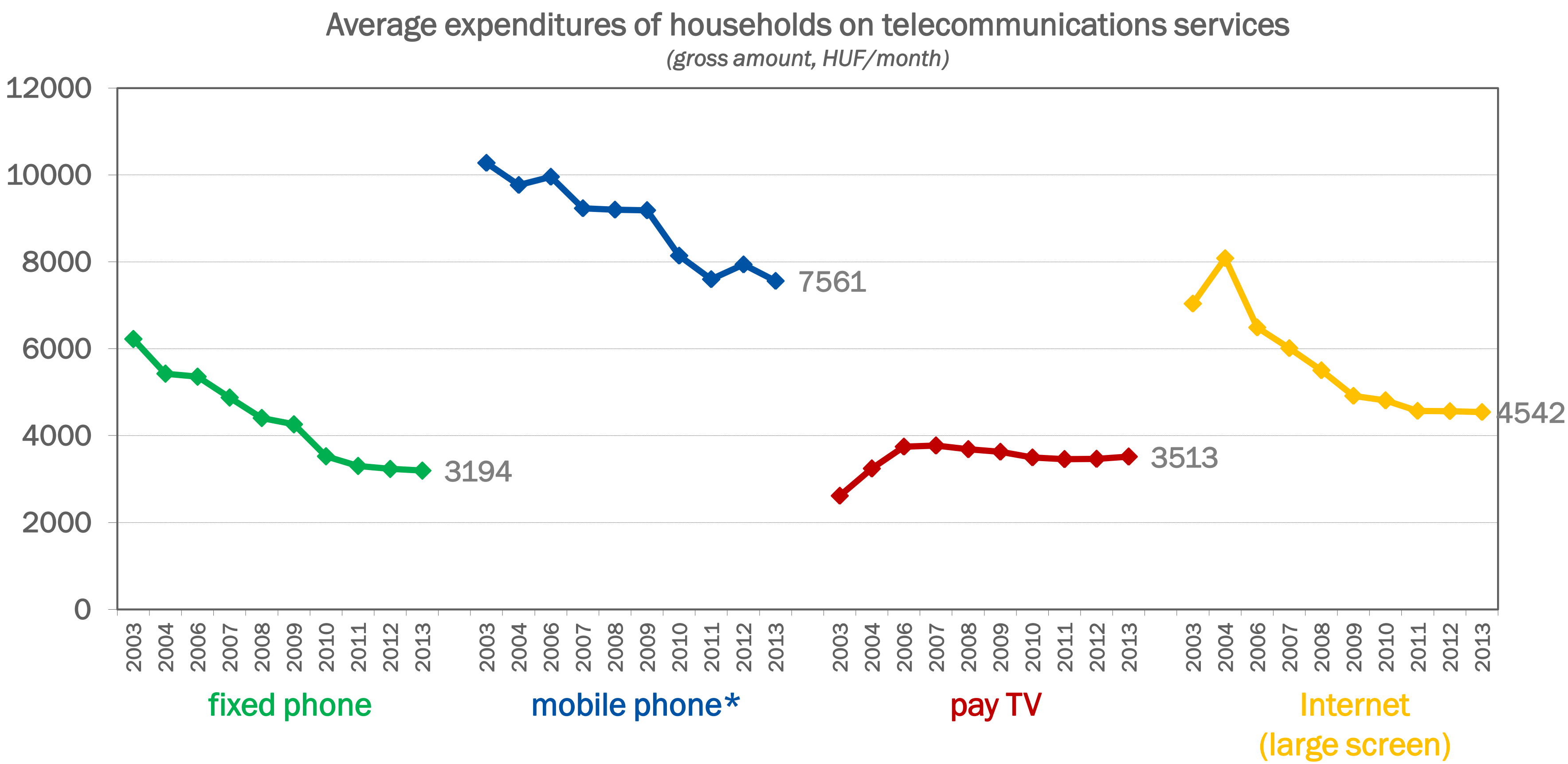
As it was the case in previous years, mobile phone is the most important telecommunications service for the population – moreover, the proportion of those who say it is indispensable has increased from 59% to 69% since last year.
Fixed phone is mostly important for old people while large screen fixed-line and mobile Internet are more important for households with children.
Mobile phone and small screen MBB are the most important for younger generations.



Basis: all households and all individuals aged 14+, respectively
(N=4.11 million households and 8.59 million individuals, respectively; n= 2001)

AVERAGE MONTHLY EXPENDITURES OF HOUSEHOLDS

Monthly expenditures of households on fixed phone and fixed-line Internet have been decreasing. In case of pay TV, a rather stable stagnation can be noted. The increase in mobile phone expenditures noticed last year has turned into decrease again.

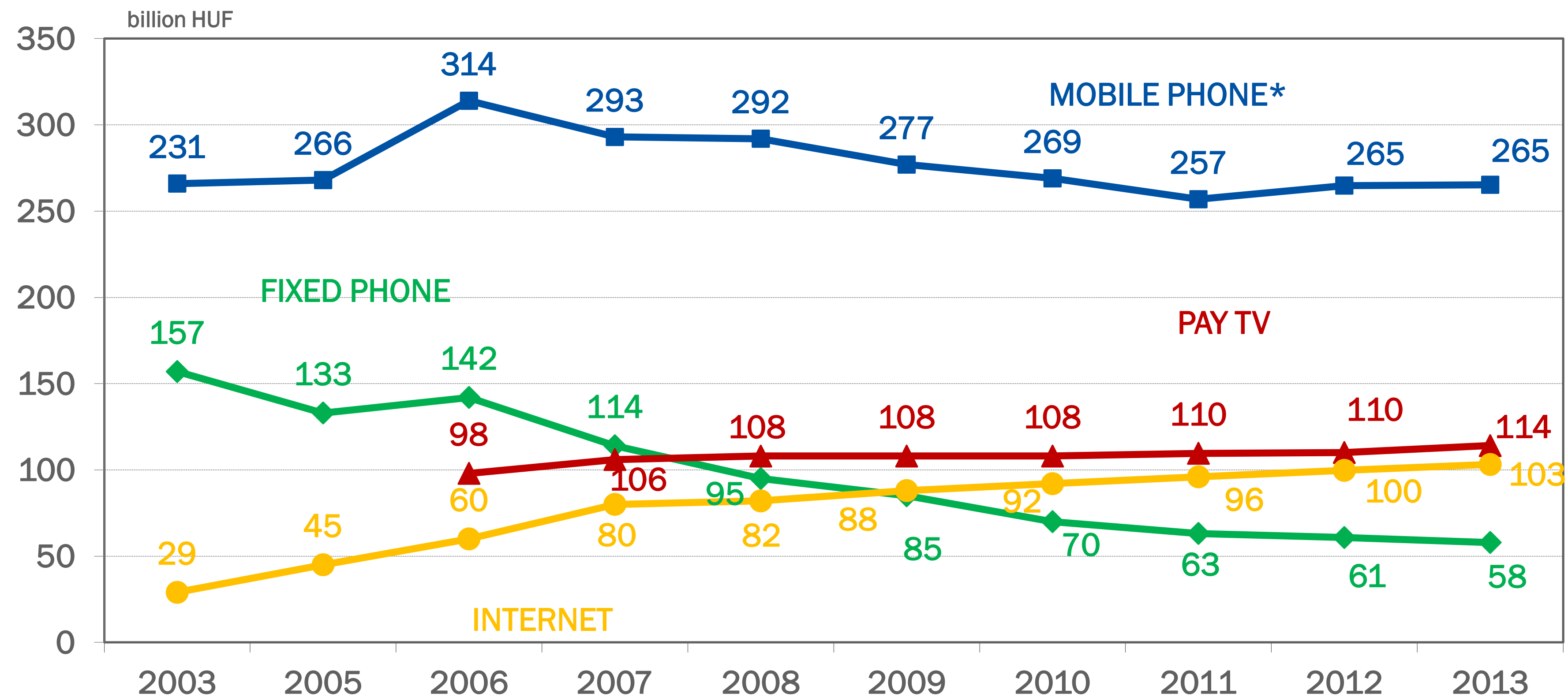


Basis: households having the given service (see exact numbers on page 5)

*Average of monthly expenditures 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 TELECOMMUNICATIONS MARKET (2003-2013)

In 2013, the size of the fixed telephony market has been decreased while the Internet and pay TV markets have been increased. Altogether, the size of the telecommunications market of 2013 exceeds nominally the market of 2012, but does not meet nominally the size of this market before 2010. Regarding the size of the market in real terms, a decrease can be noted.



Basis: all households (N=4.106 million, n= 2001)

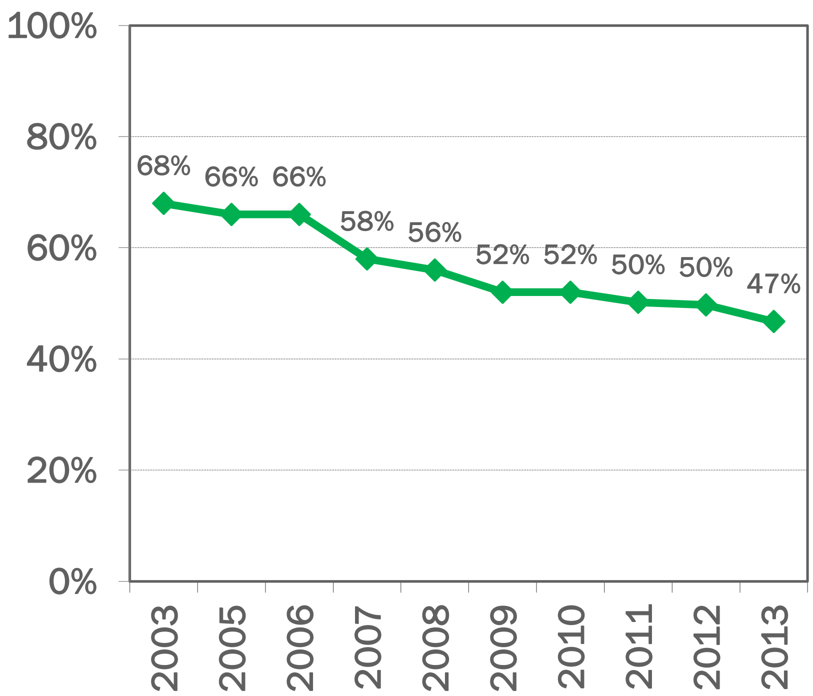
*Average of monthly spending of households on mobile services, i.e. when consumers could not separate their spending on voice and small secreen Internet services, these are added together

Size of the market in 2012 was 540 billion HUF (net; 2011: 526, 2012: 536)

FIXED PHONE: ACCESSIBILITY

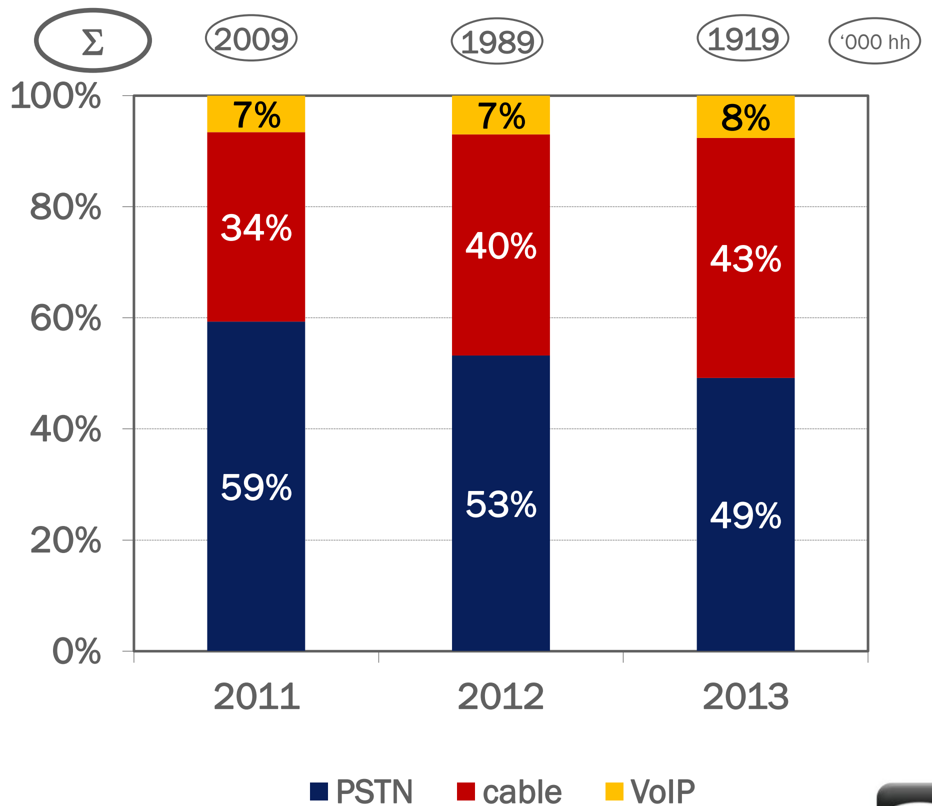
Less than half of the households have fixed phone service.
The proportion of cable among fixed phones has further increased while the proportion of (managed) VoIP has not changed. Only half of the households with fixed phone service use PSTN technology.

Households with fixed phone service



Basis: all households (N=4.106 million, n=2001)

Technology of fixed phone access

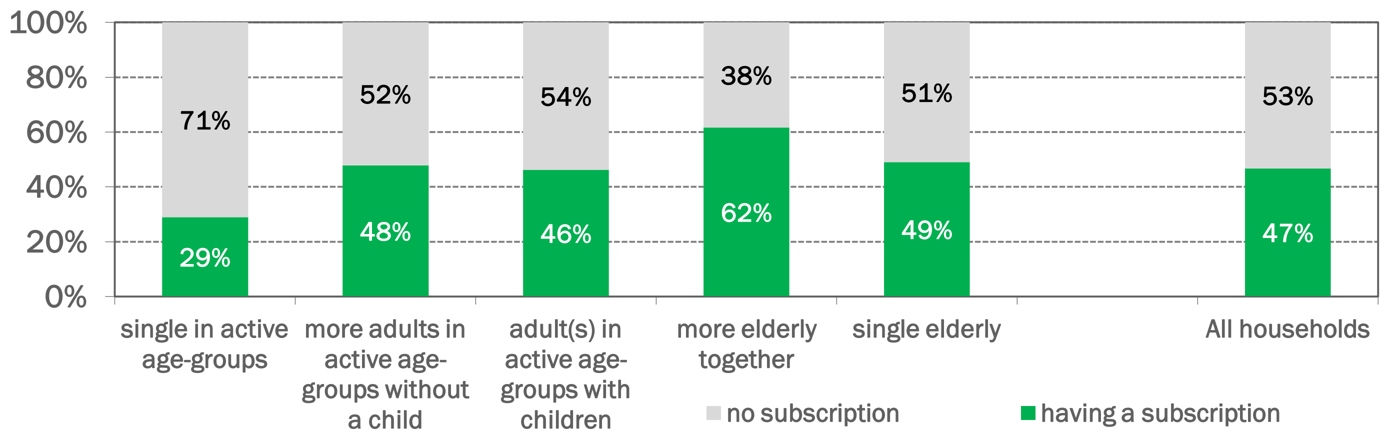


Basis: subscriptions for fixed phone (N=1.92 million households, n=960)

SUBSCRIPTION FOR FIXED PHONE BY SOCIAL BACKGROUND

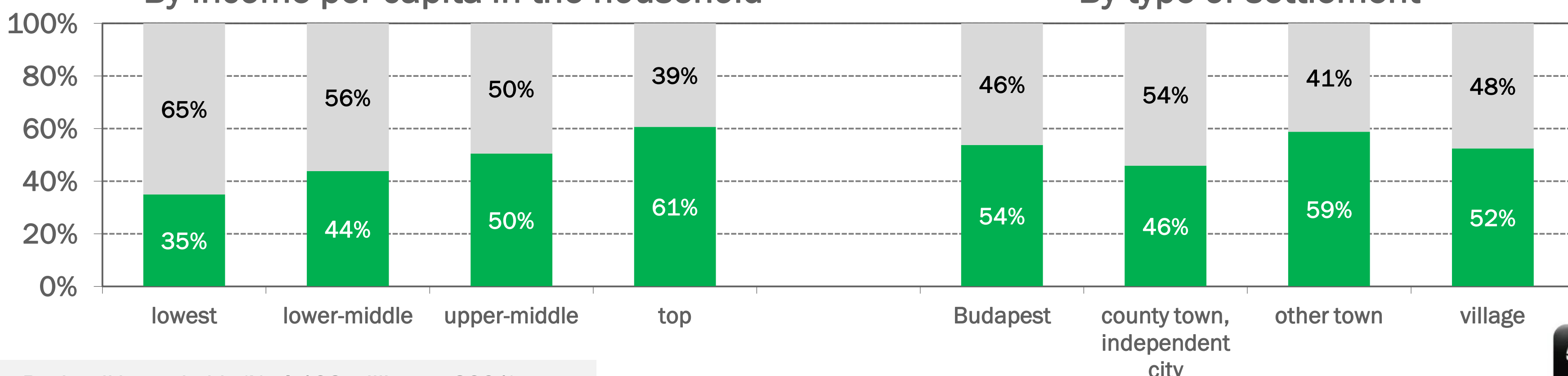
Penetration is lower than average in households of singles in active age groups while it is higher when more elderly people live together. Besides, household incomes also have a strong effect on subscribing for fixed phone service.

By demographic background of the household



By income per capita in the household

By type of settlement

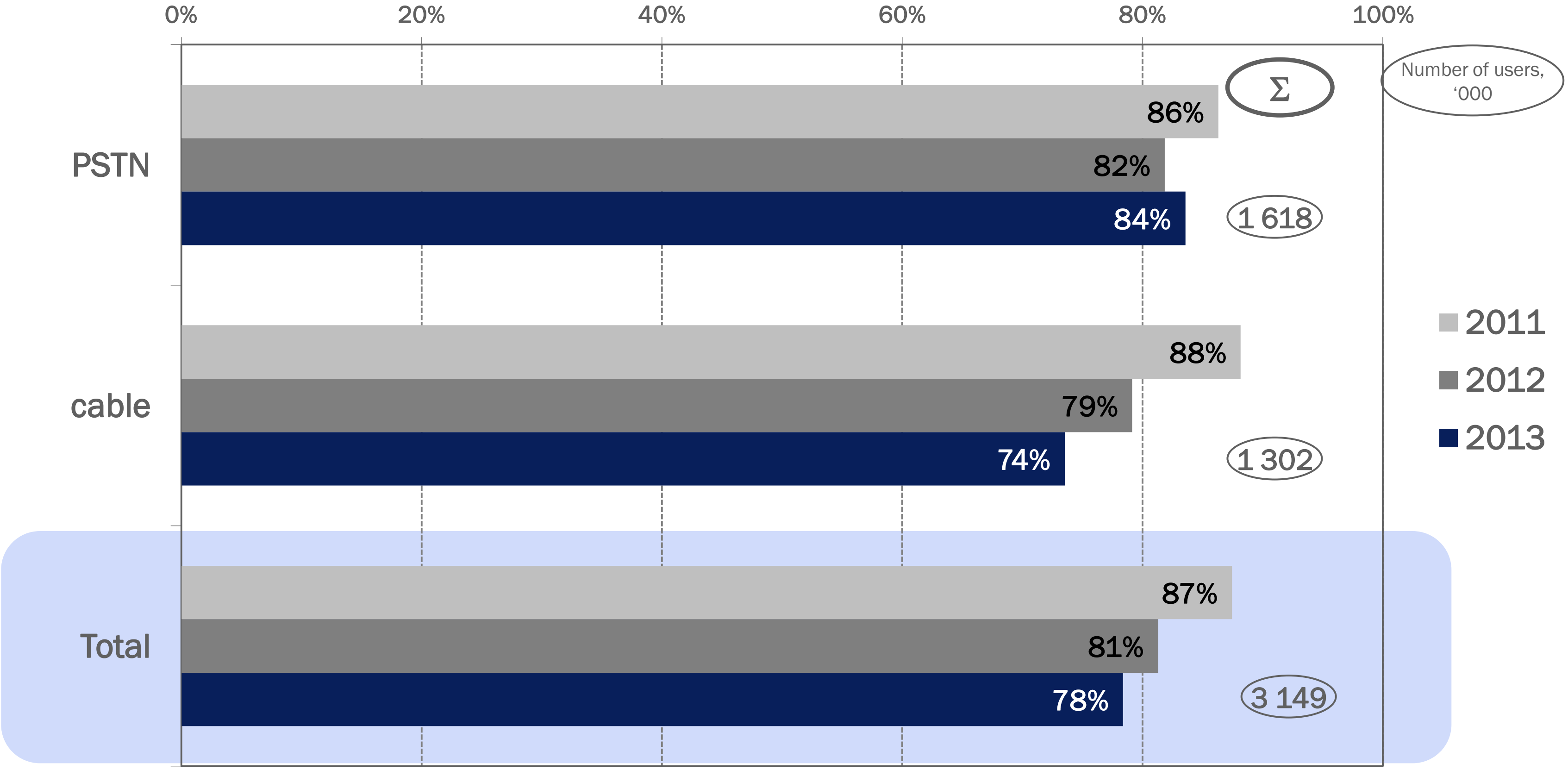


Basis: all households (N=4.106 million, n=2001)

INDIVIDUAL USE OF FIXED PHONE

Two-fifth of people living in a household with fixed phone never use this service. It has further decreased compared to the previous year, especially in case of cable technology.
Young people and members of bigger households are less likely to use their fixed phone.

Do you use your fixed phone here at home?

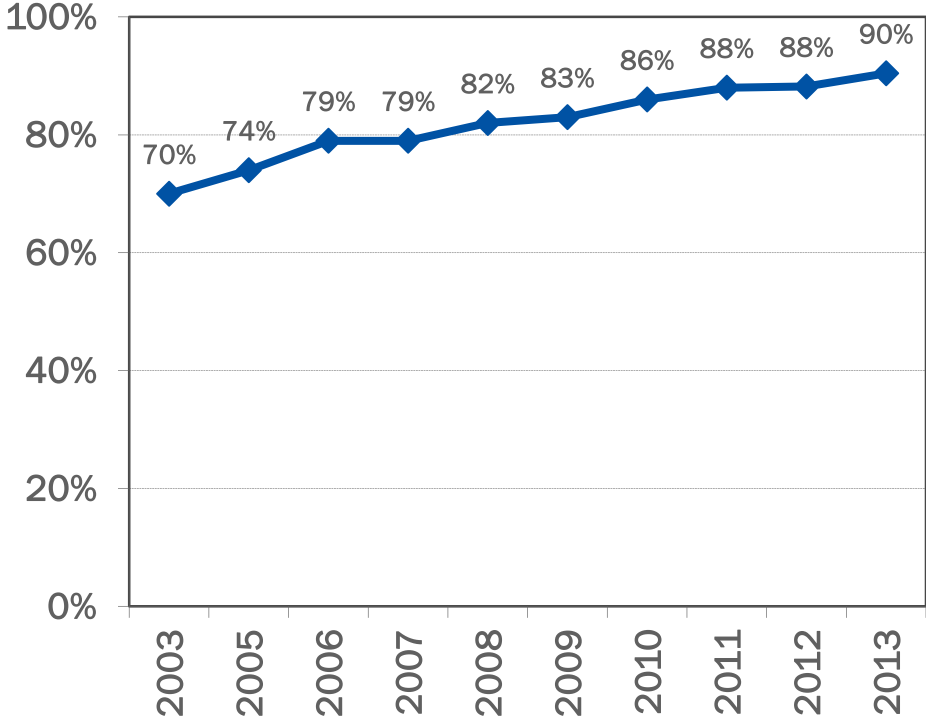


Basis: individuals aged 14+ living in a household with fixed phone (N=4.02 million, n=960)

MOBILE PHONE: ACCESSIBILITY

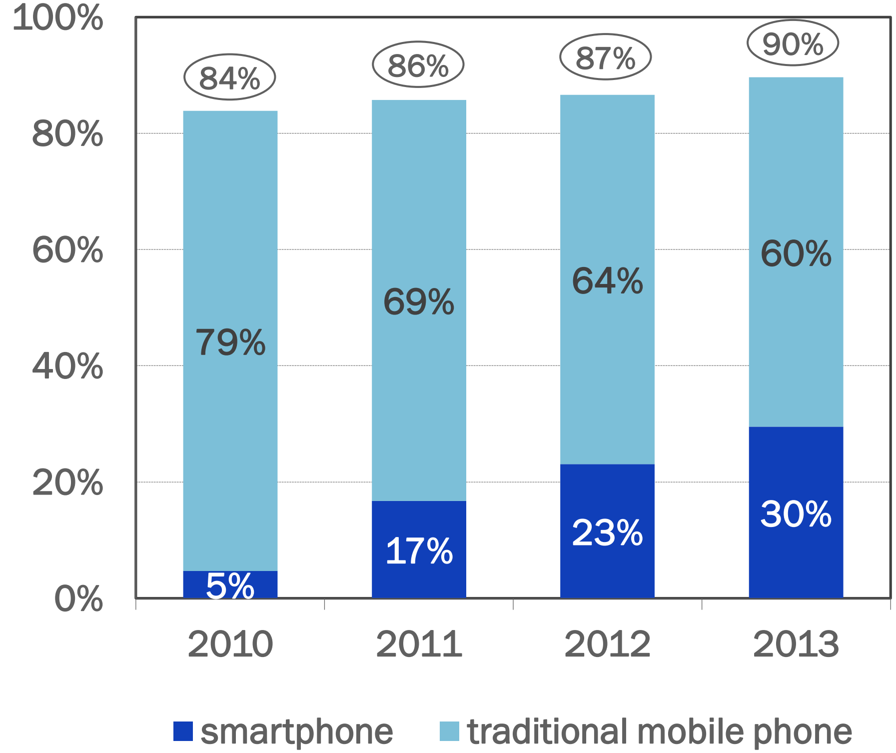
90% of households have at least one mobile phone. The number of households not having a mobile phone has halved during the last 5 years.
Since 2011, smartphones have become more widespread, and by 2013, one-third of mobile phone users have already been using a smartphone.

Households with mobile phone service



Basis: all households (N=4.106 million, n=2001)

Individuals with mobile phone service

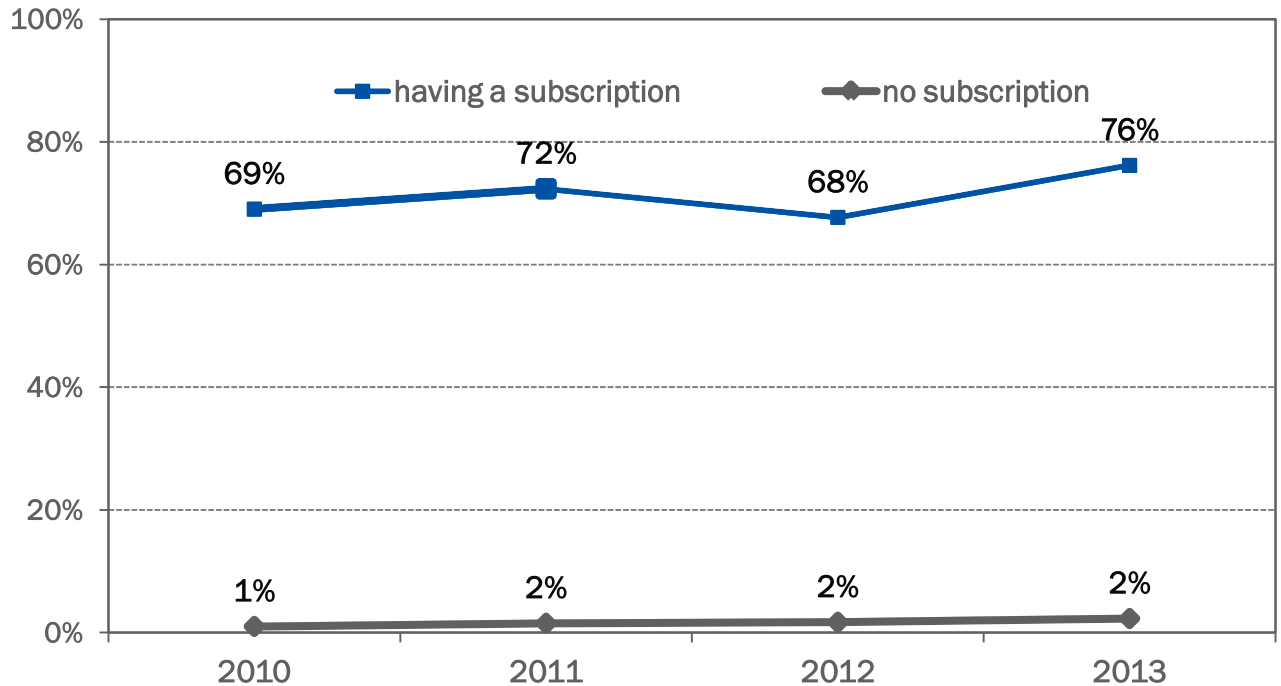


Basis: all individuals aged 14+ (N=8.59 million, n=2001)

CHANGE IN DEMAND FOR MOBILE PHONE SERVICE

More and more people say that mobile phone is indispensable for them. In 2013, it makes up three-quarter (76%) among subscribers. The number of those not having this service has further decreased: 1.21 million in 2011, 1.14 million in 2012, and 890 thousand in 2013. The proportion of those who say mobile phone is indispensable but they do not have it has been still very low (20 thousand people).

Proportion of those who say mobile phone service is indispensable



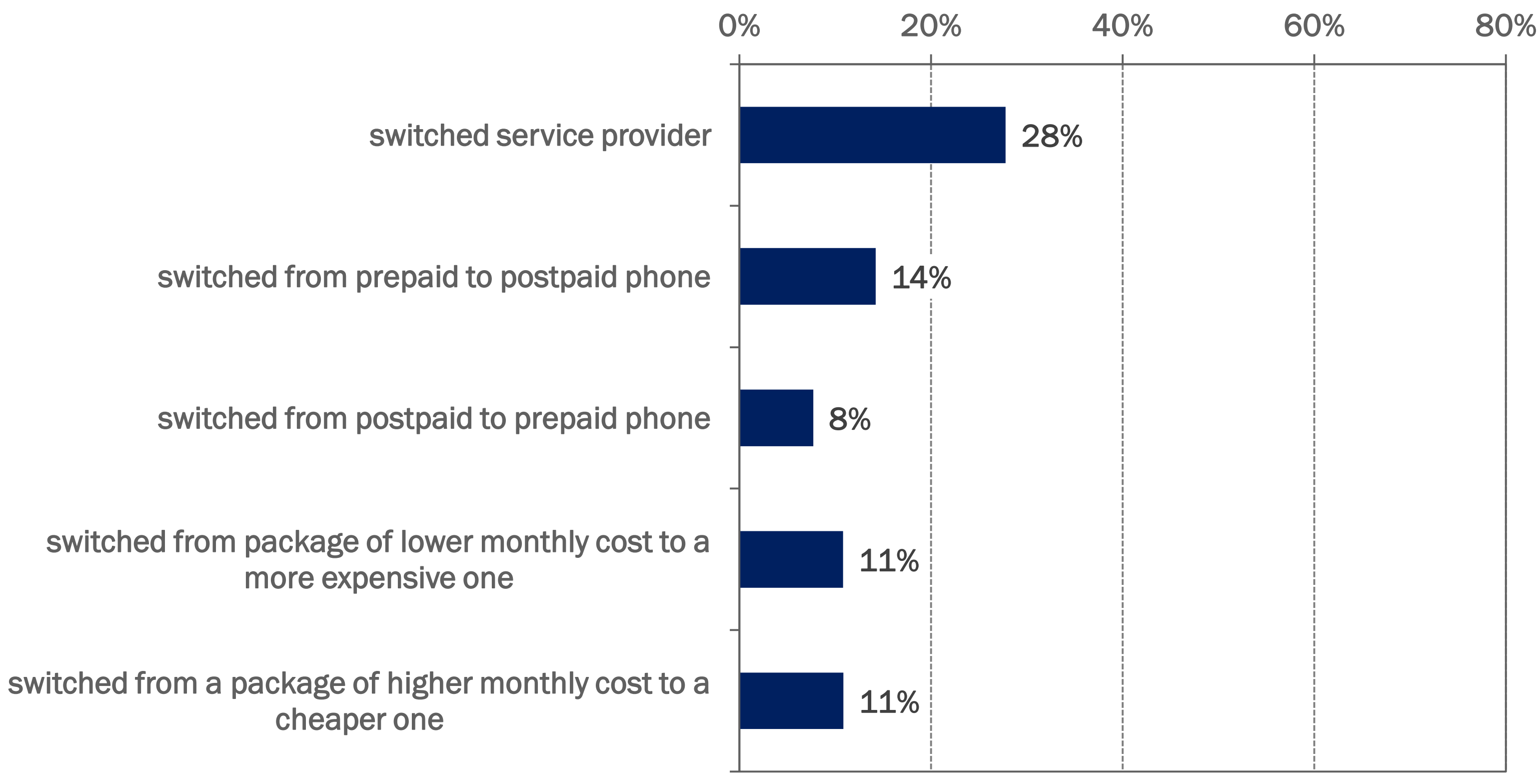
Basis: individuals aged14+

	2010	2011	2012	2013
Having a subscription	84%; N = 7.14 million	86%; N = 7.30 million	87%; N = 7.38 million	90%; N = 7.70 million
No subscription	16%; N = 1.37 million	14%; N = 1.21 million	13%; N = 1.14 million	10%; N = 0.89 million

MOBILE PHONE: SWITCHING IN THE PAST

42% of respondents has already changed mobile phone package and usually it meant switching service provider as well. People aged 30-39 are the most active, they have already switched more often in all categories than people of other age groups.

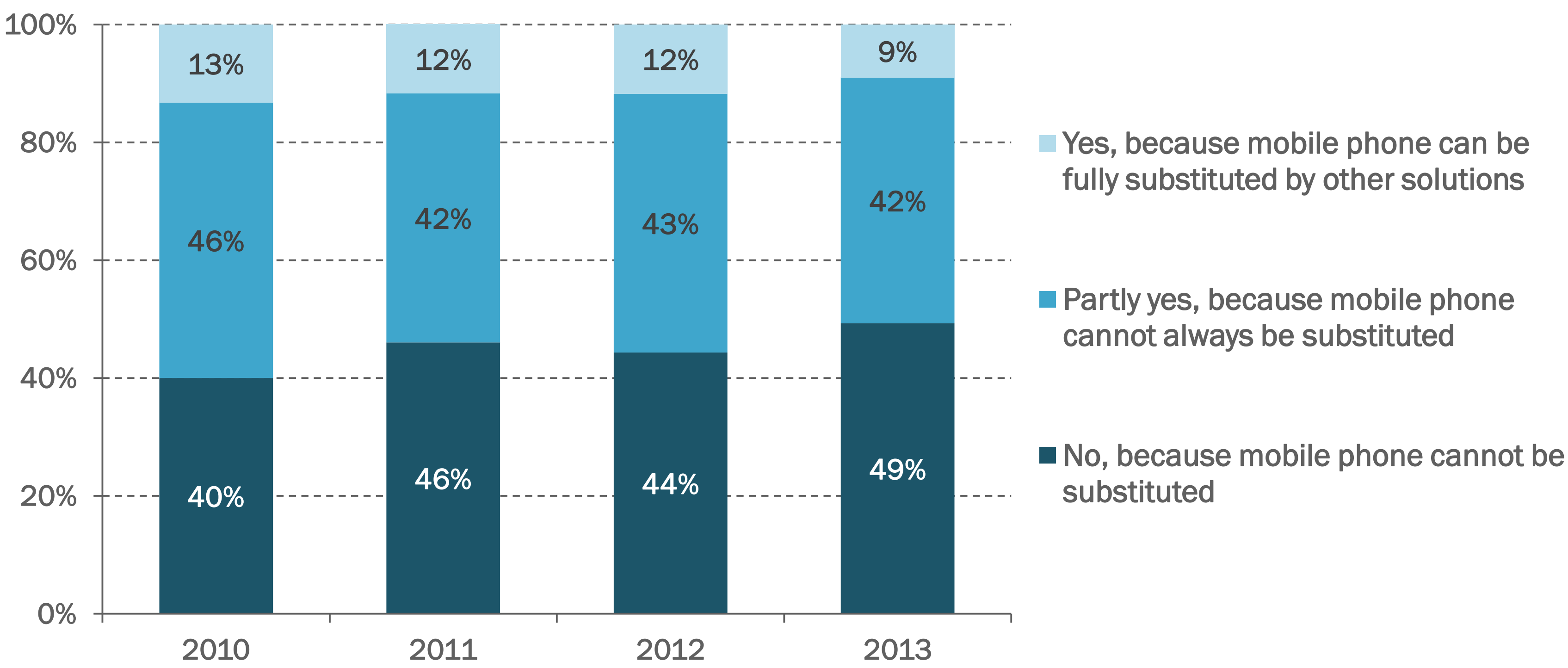
Has it already happened to you since you have had a subscription for mobile phone that you...?



Basis: individuals using a mobile phone (N=7.70 million; n=1729)

Proportion of those who say mobile phone could be substituted with some other solutions has been gradually decreased. Since 2012, the proportion of those who say mobile phone cannot be even partly substituted has increased significantly.

Could you keep contact with other people to the same extent if you did not have a mobile phone?

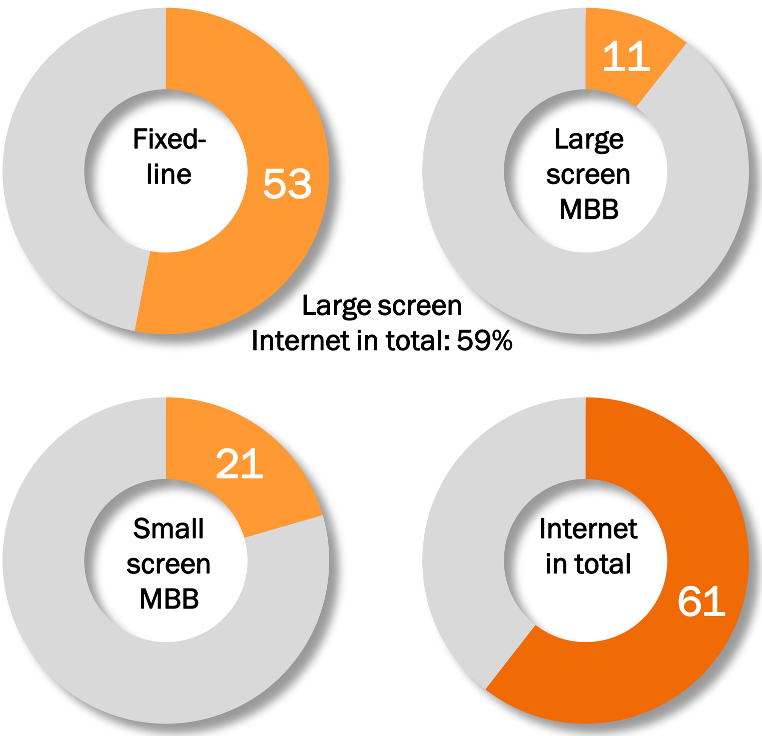


Basis: individuals aged 14+ using a mobile phone (N=7.70 million, n=1729)

INTERNET: DIGITAL MATURITY

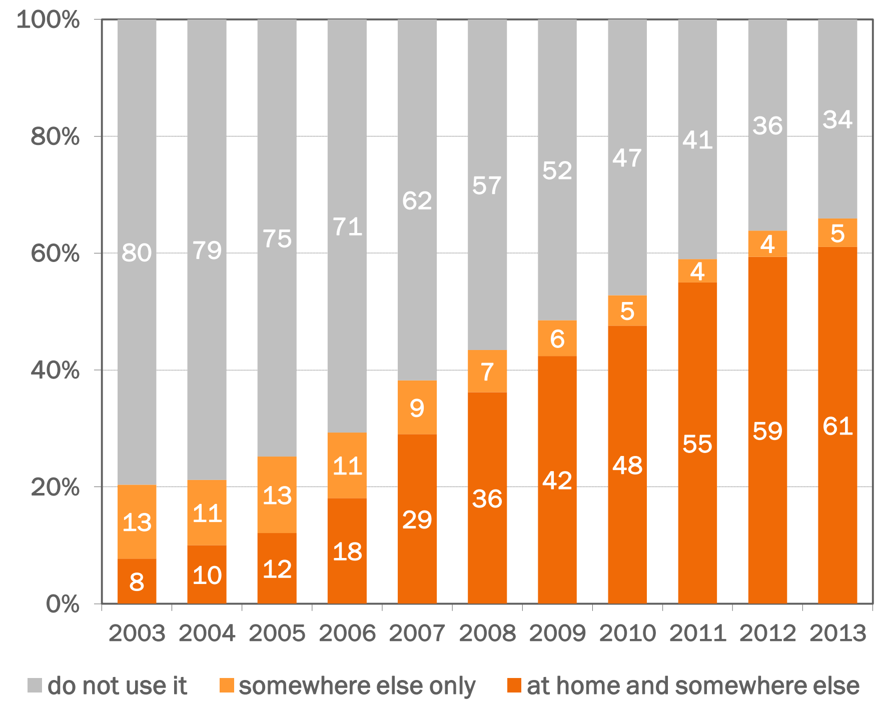
61% of households can access the Internet by any device (PC or smartphone).
Increase of access to large screen Internet at home by individuals has ceased.

Internet access in the households



Basis: all households
(N=4.106 million; n = 2001)

Place of large screen Internet usage



Basis: individuals aged 14+
(N=8.593 million; n = 2001)

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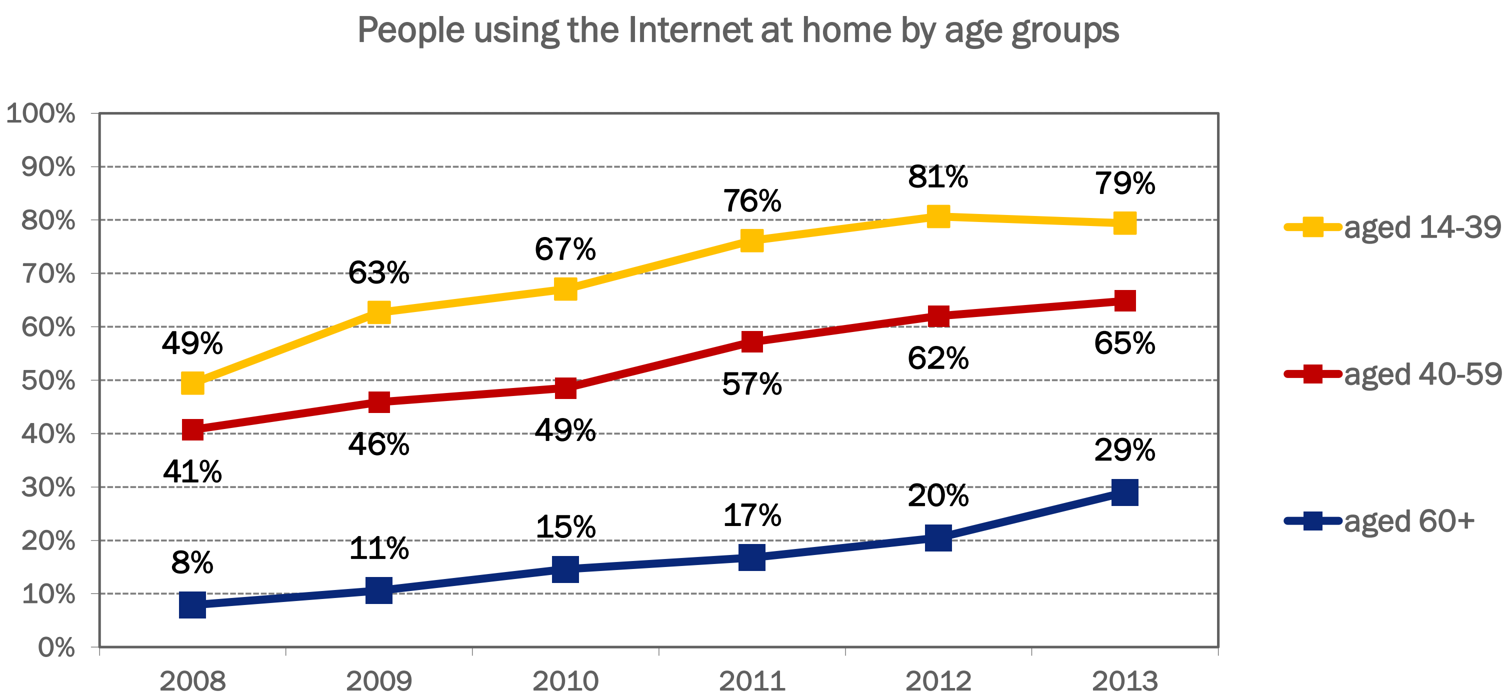
INTERNET USAGE BY AGE GROUPS

Internet usage at home is the highest among people aged 14-39. Since last year, the proportion of Internet users has increased among the elderly (aged 60+) the most.

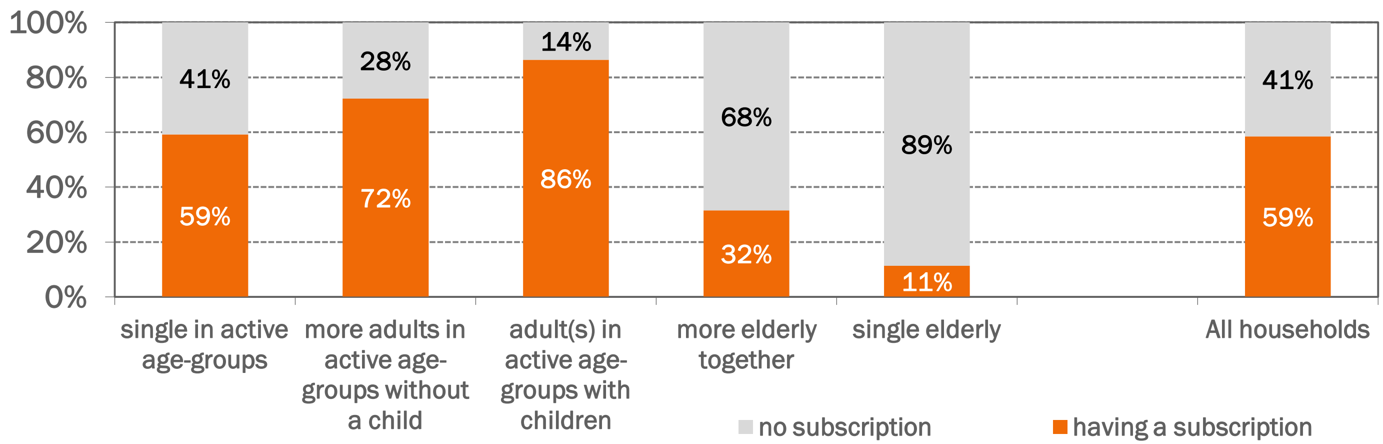


Basis: individuals aged 14+ (N=8.593 million; n = 2001)

SUBSCRIPTION FOR LARGE SCREEN INTERNET BY SOCIAL BACKGROUND

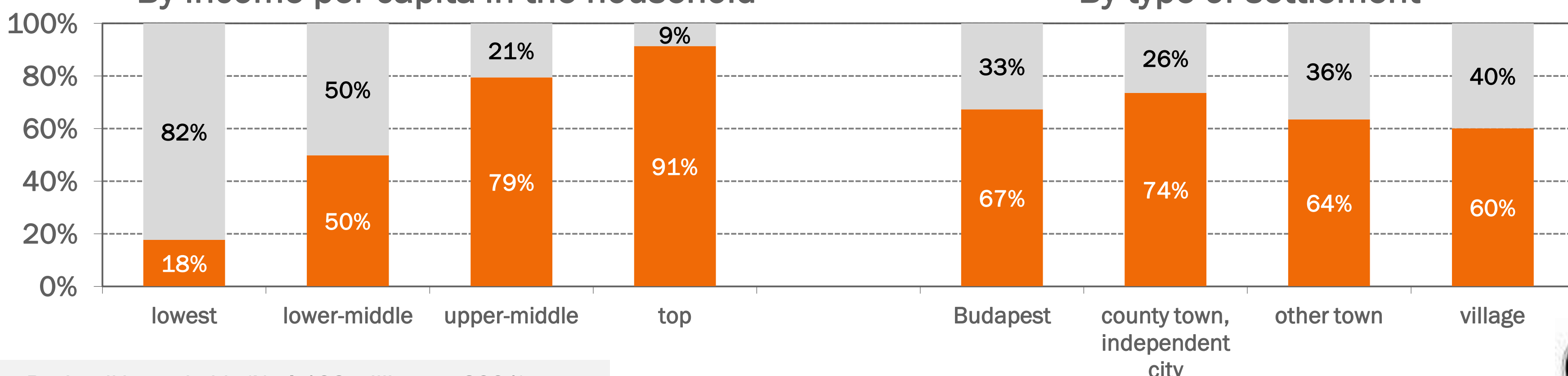
There is a strong correlation between subscribing for large screen Internet and the social background of households. Penetration of subscriptions is higher than average among households with higher income per capita and with more adults in active age groups, respectively.

By demographic background of the household



By income per capita in the household

By type of settlement

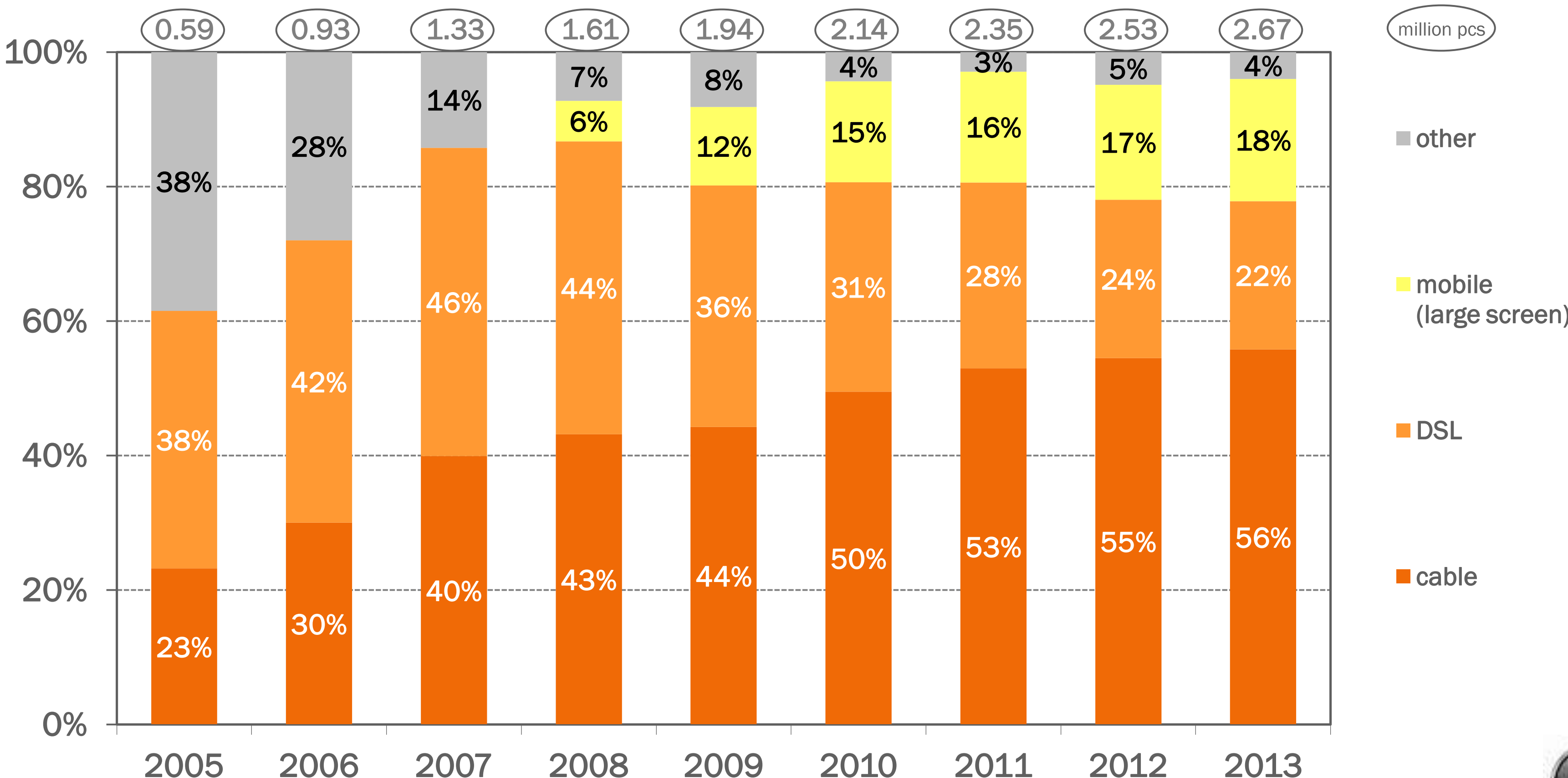


Basis: all households (N=4.106 million, n= 2001)

LARGE SCREEN INTERNET TECHNOLOGY AT HOME

The number of DSL subscriptions has decreased while cable and mobile Internet accesses are more popular. In five years, the proportion of DSL accesses has decreased from 44% to 22%.
In 2013, one out of six Internet subscriptions is for mobile broadband (18%). Although, the dynamic increase of MBB between 2008-2010 seems to have slowed down by now.

Technology of Internet accesses

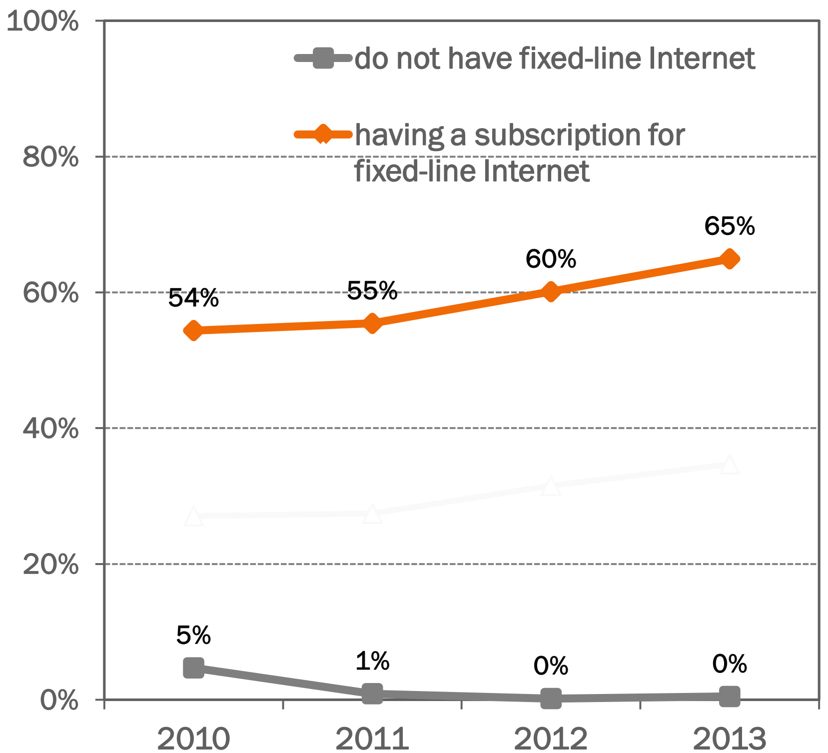


Basis: all subscriptions for the Internet in a given year (N_{2013}=2.66 million pcs)

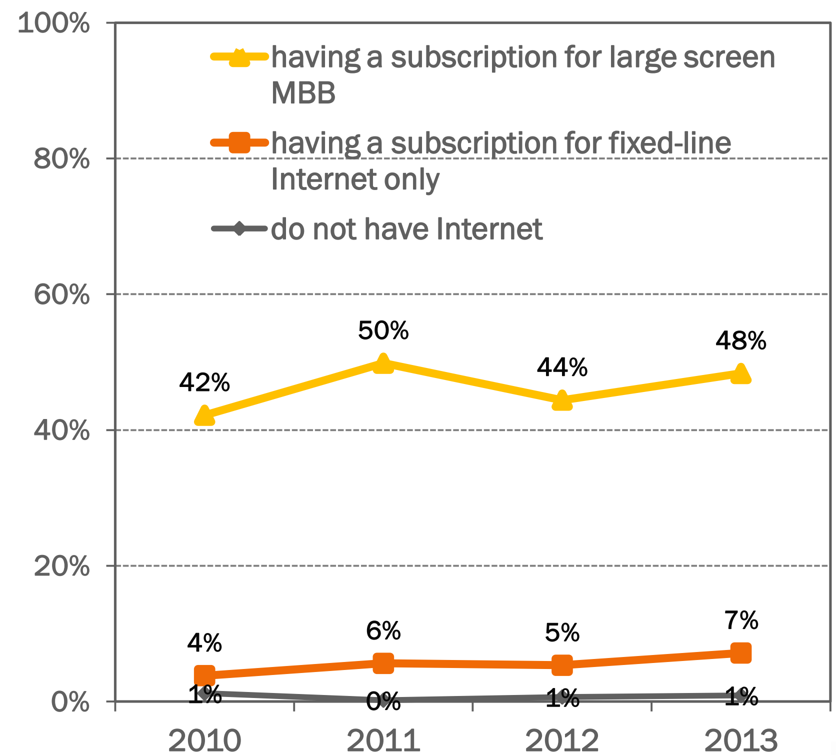
CHANGE IN DEMAND FOR LARGE SCREEN INTERNET SERVICE

65% of households with fixed-line Internet say that they cannot live without this service (it was only 55% in 2011). Households having fixed-line Internet only do not think large screen MBB to be of primary importance for them. In contrast, 48% of households having both technologies say that large screen MBB is (also) indispensable for them.

Proportion of households who say fixed-line Internet (without mobile) service is indispensable



Proportion of households who say large screen MBB service is indispensable

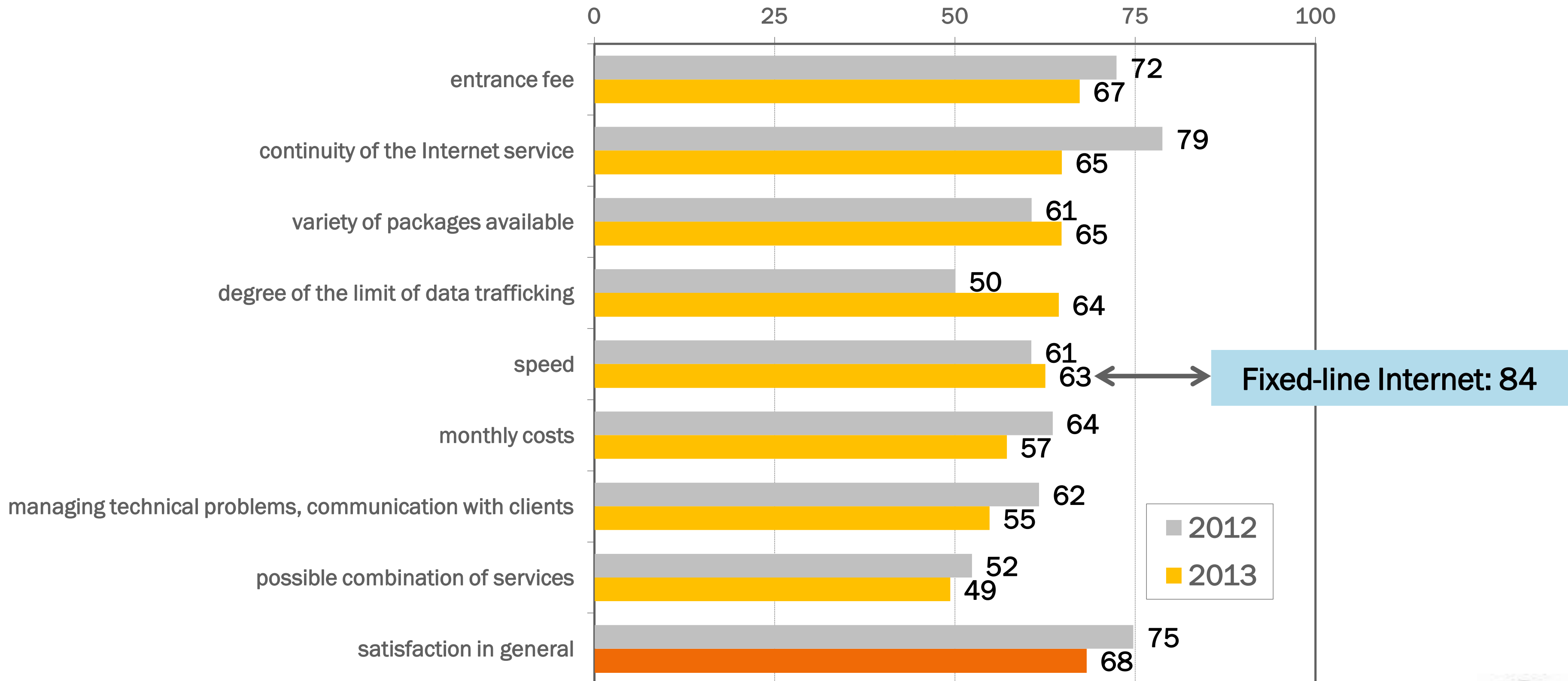


Basis: households with and without subscription for fixed-line Internet and large screen MBB, respectively (in case of fixed-line: 53 and 47% of all households, N=2.18 and 1.93 million, in case of large screen MBB: 11, 48, and 42% of all households, N=436,000, 1.97 and 1.7 million)

SATISFACTION WITH LARGE SCREEN MBB

Satisfaction with large screen MBB service has been declined both in general and by each aspect since last year. Presumably, not the objective quality of service has declined to this extent but consumer expectations have increased somewhat in the last period.

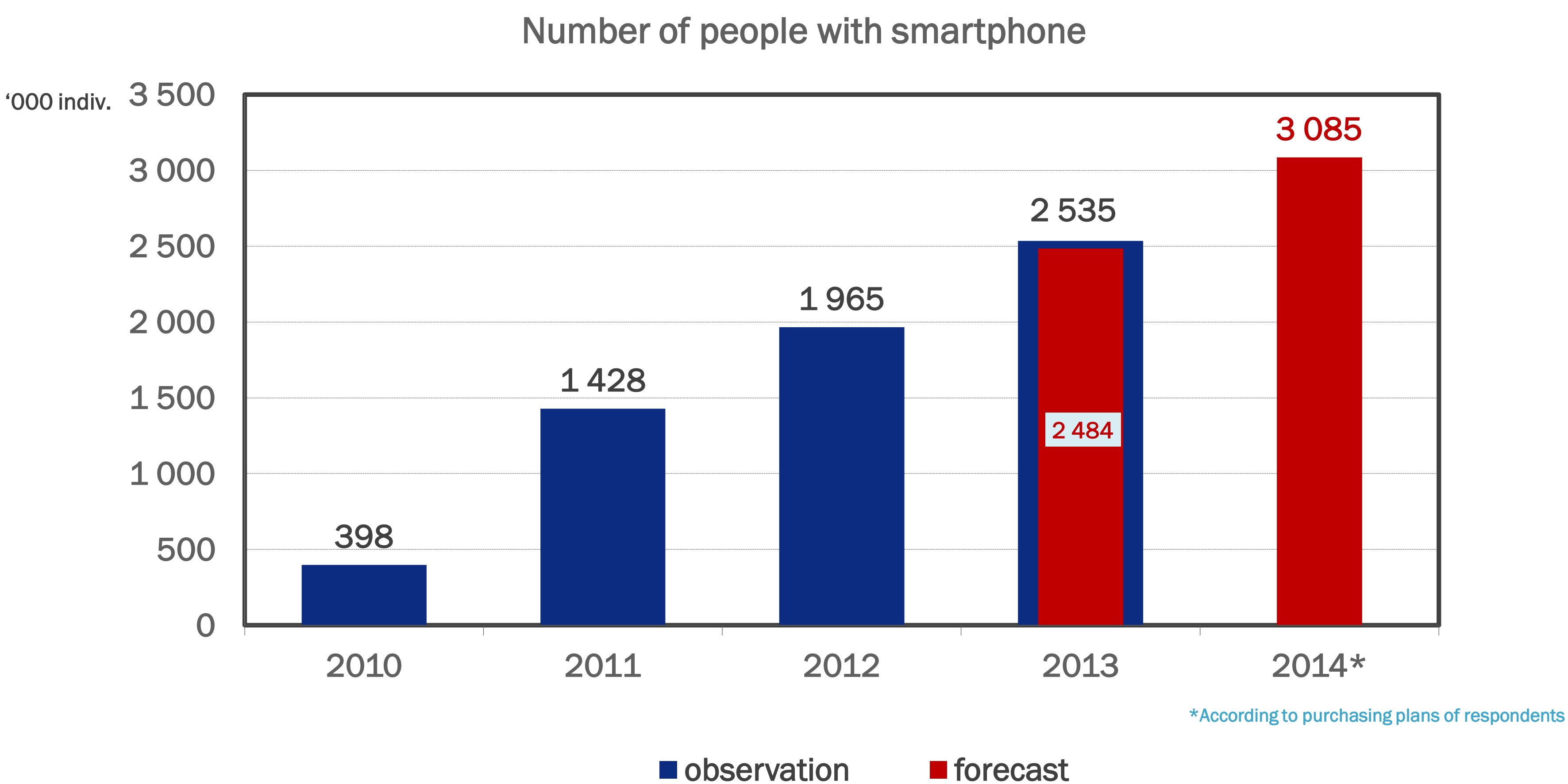
Satisfaction with large screen MBB (proportion of top-2-box on a 5-point scale)



Basis: households with subscription for large screen MBB (N=436,000, n=199)

SPREAD OF SMARTPHONES

The proportion of smartphones increased from 5% to 30% in three years among people aged 14+. More than 2.5 million people aged 14+ use smartphone by now.
According to the purchasing plans of those not having a smartphone yet, the number of smartphone users will increase by 500 thousand in 2014.



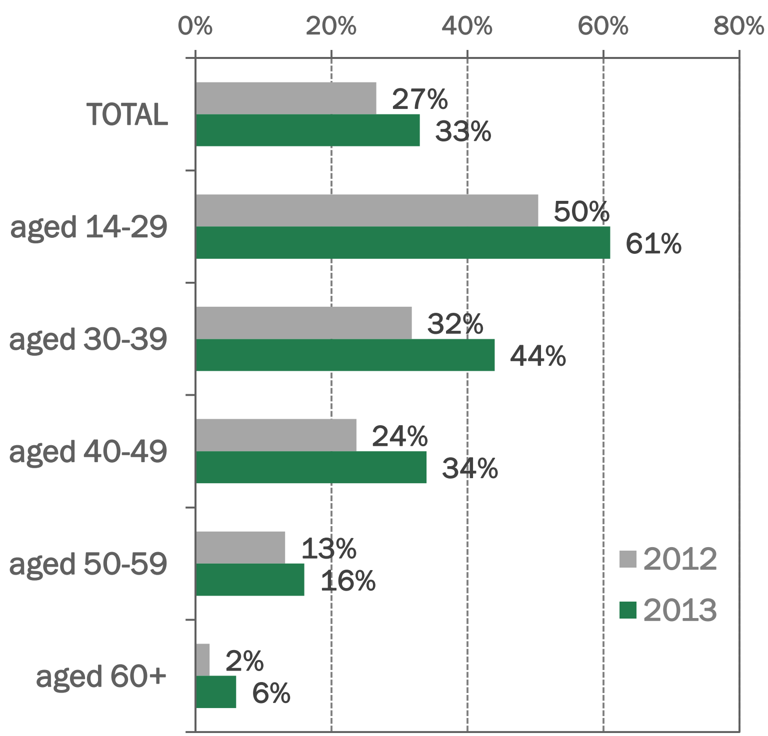
Basis: all individuals aged 14+ (N=8.59 million, n=2001)

SMARTPHONES

Young people use smartphones more than average. Since last year, use of smartphone has increased among people aged 30-50 the most significantly

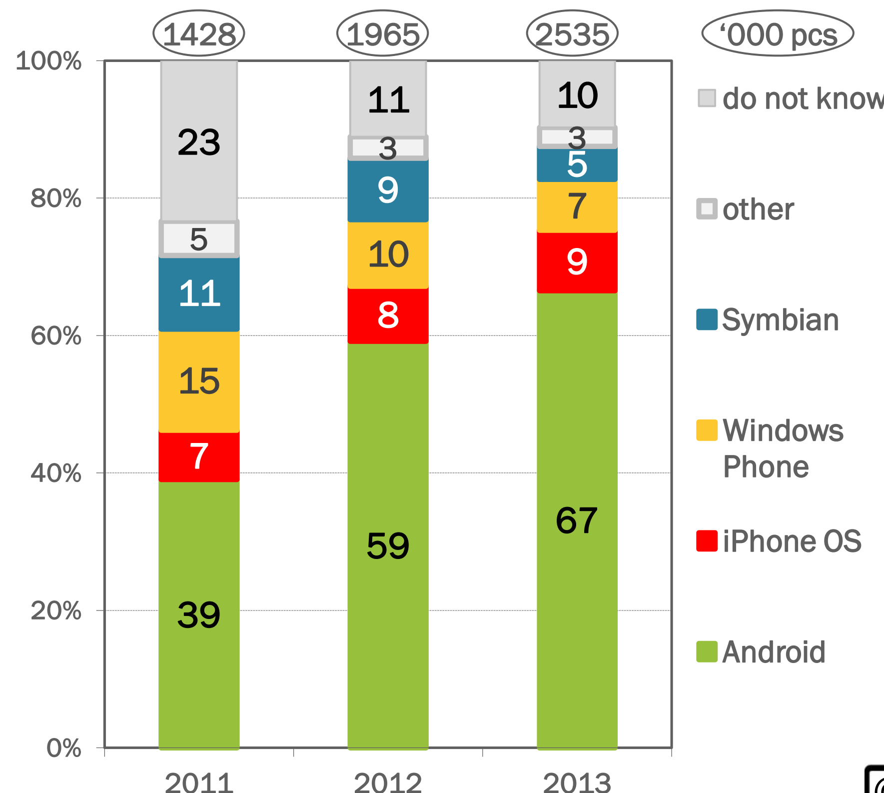
In 2011, one out of four people using a smartphone did not know what operating system runs on his/her phone, but this proportion decreased to one-out-of-ten by now. Android is the most widespread (67%) operation system with an increasing market share.

Is the mobile phone you use a smartphone?



Basis: individuals using a mobile phone (N=7.70 million; n=1729)

What operation system runs on your smartphone?

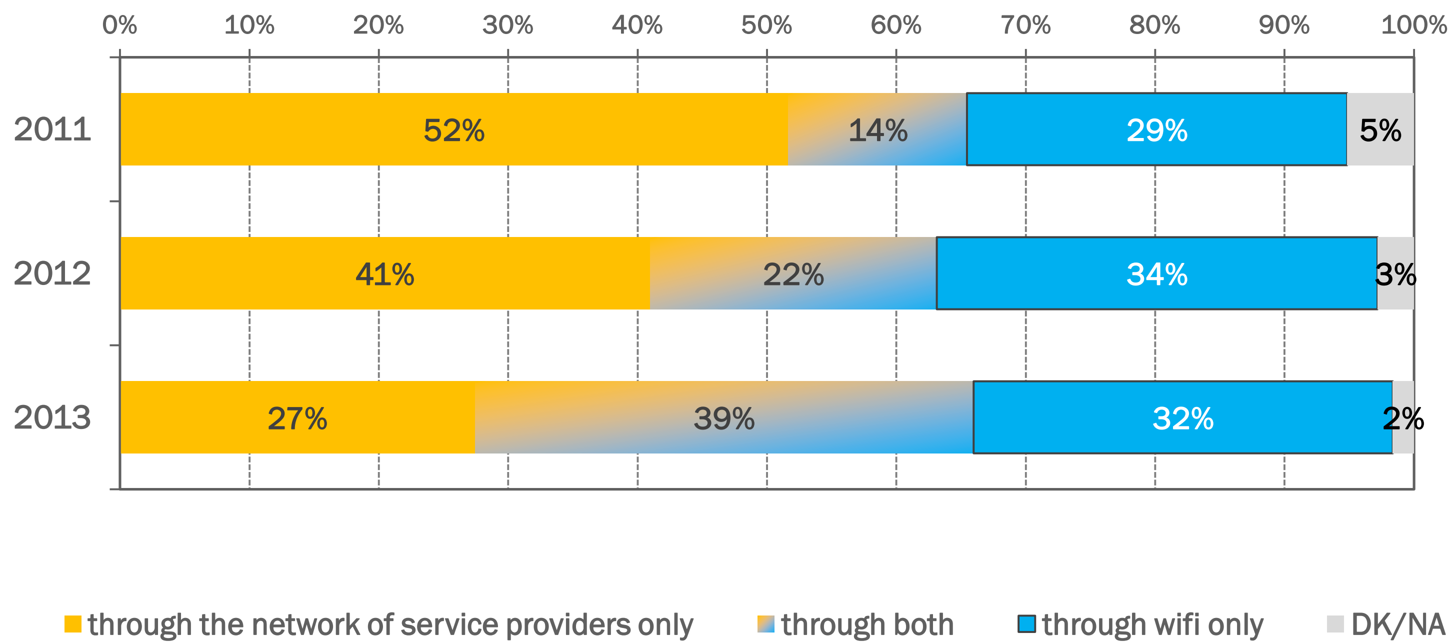


Basis: individuals using a smartphone (N=2.54 million, n=456)

MBB VS. WIFI ON MOBILE PHONE

One third of people using the Internet on their mobile phone access the Internet only through wifi. The vast majority (83%) of them do not have subscription for MBB on their mobile phone at all. Supplementary usage of wifi has increased significantly among those accessing the Internet through mobile 3G on their mobile phone.

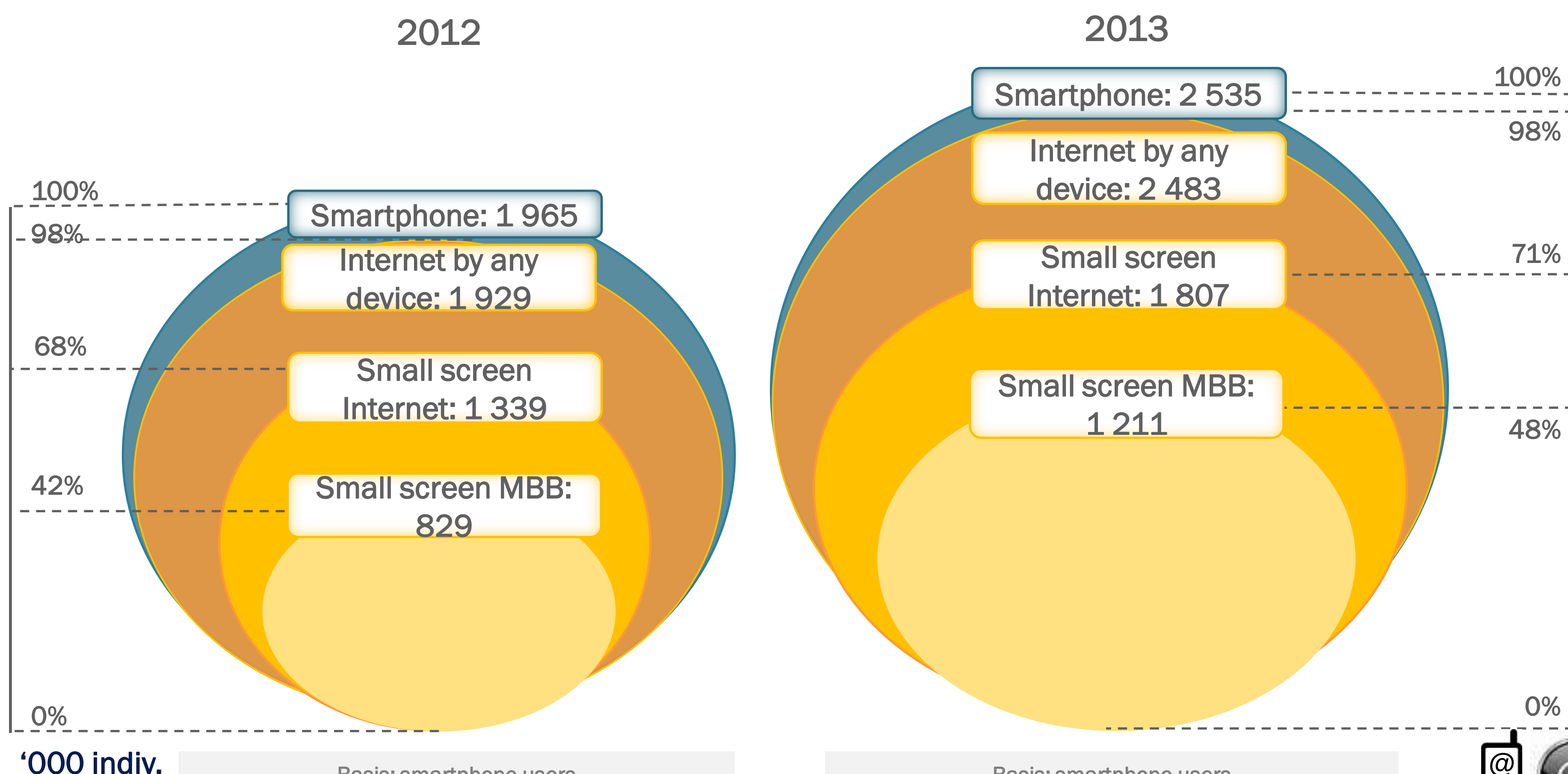
In general, how do you access the Internet with your mobile phone?



Basis: individuals using the Internet on their mobile phone (N=1.91 million, n=334)

USE OF SMARTPHONE AND THE INTERNET

The vast majority (98%) of smartphone users access the Internet by any device and any technology. In case of one third it does not mean that they use the Internet with their smartphone. 48% of smartphone users access the Internet through mobile 3G and this proportion has increased significantly since last year. Another 23% access the Internet with his/her smartphone only through wifi.

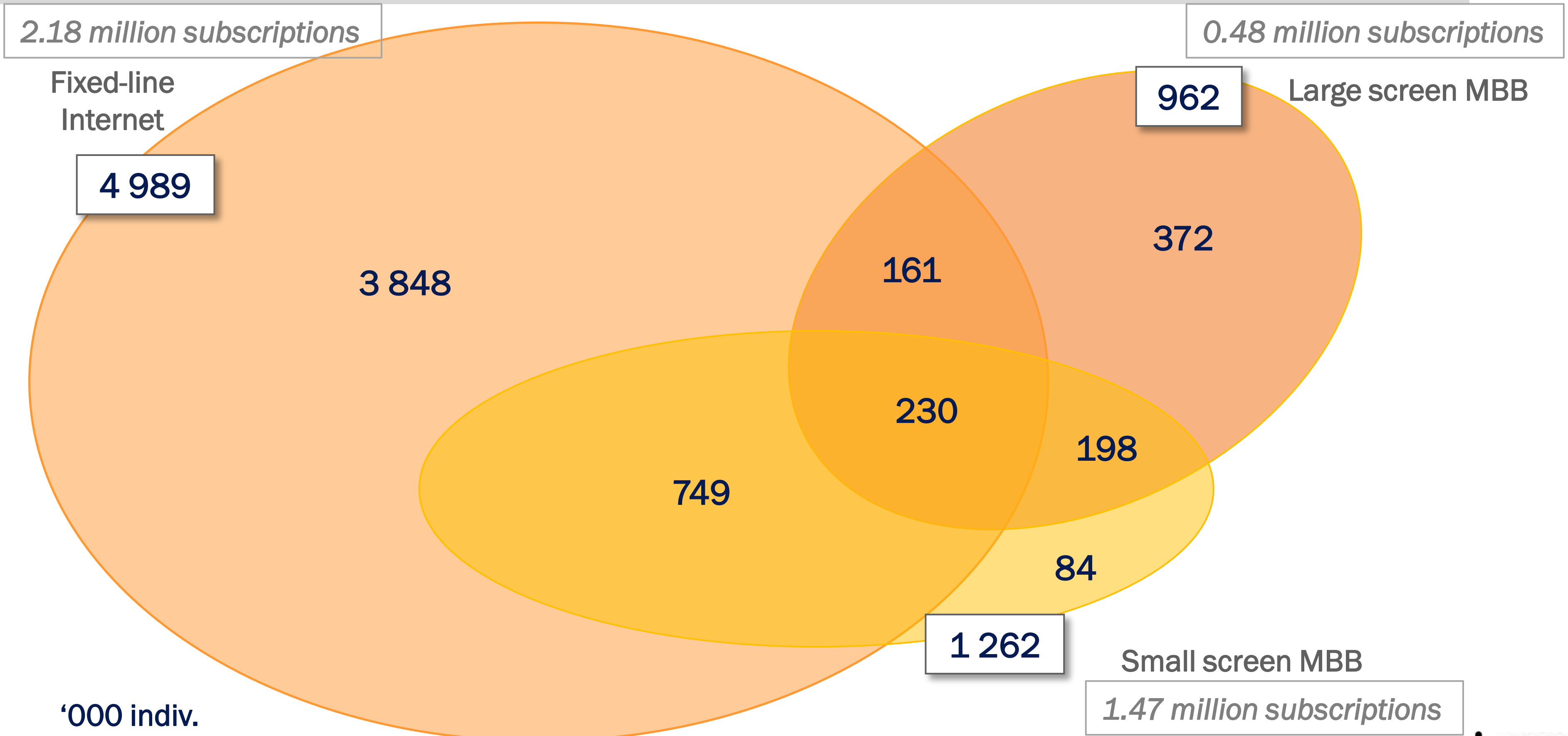


Basis: smartphone users (N=1.96 million, n=349)

Basis: smartphone users (N= 2.54 million, n=456)

USE OF FIXED-LINE INTERNET AND MBB

More than one fifth of people using their own subscription for fixed-line Internet use small screen or large screen MBB as well.
The usage of small-screen MBB only is very rare, only 1% of Internet users access the Internet on smartphone alone.

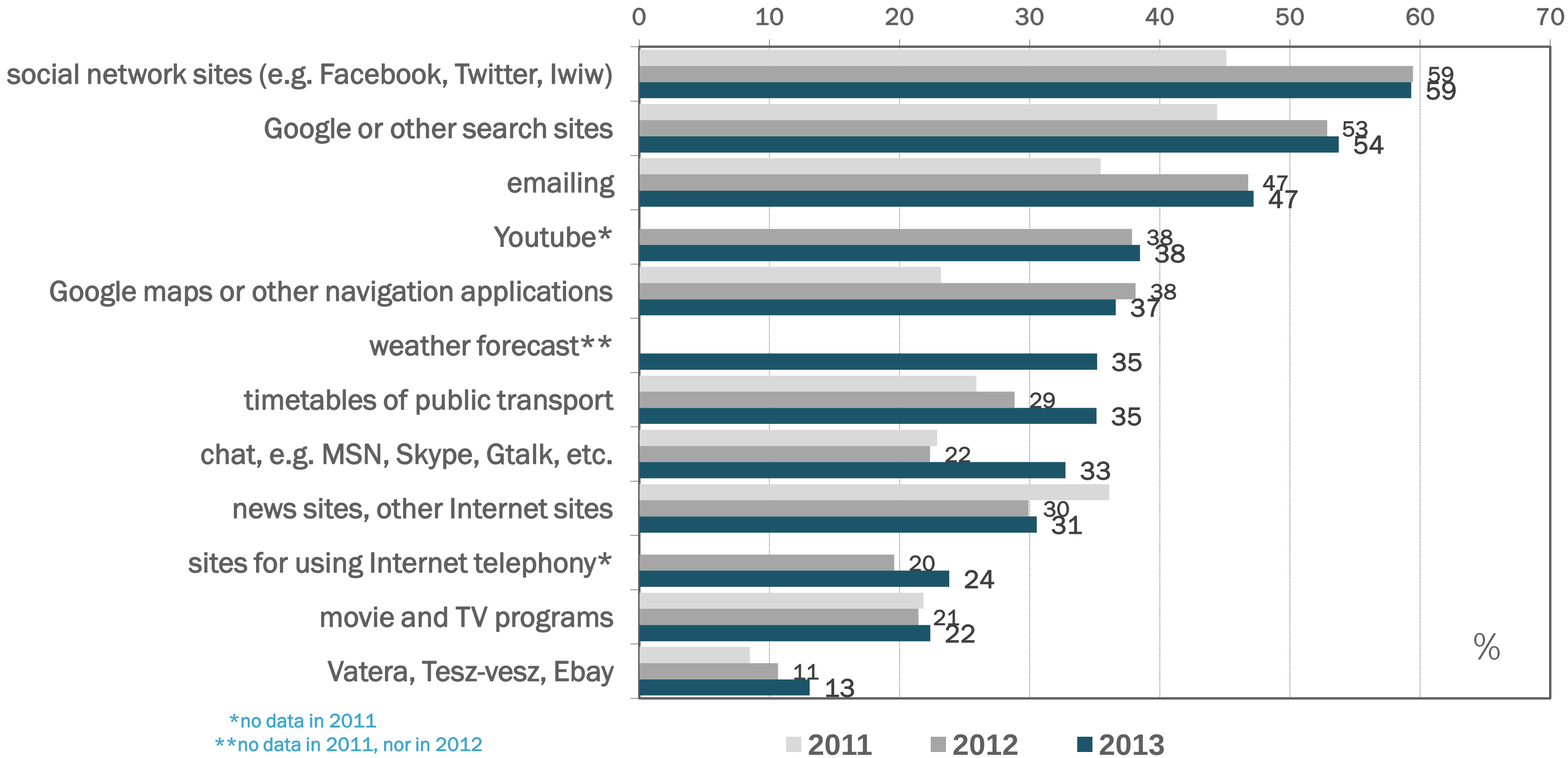


Basis: individuals aged 14+ using their own subscription for the Internet (N=5.644 million, n=1093)

INTERNET USAGE ON SMARTPHONES

Social network sites and search sites still have been the most popular smartphone applications. Since 2012, the use of programs for chat and Internet telephony, and apps of timetables for public transport have increased significantly.

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



*no data in 2011
**no data in 2011, nor in 2012

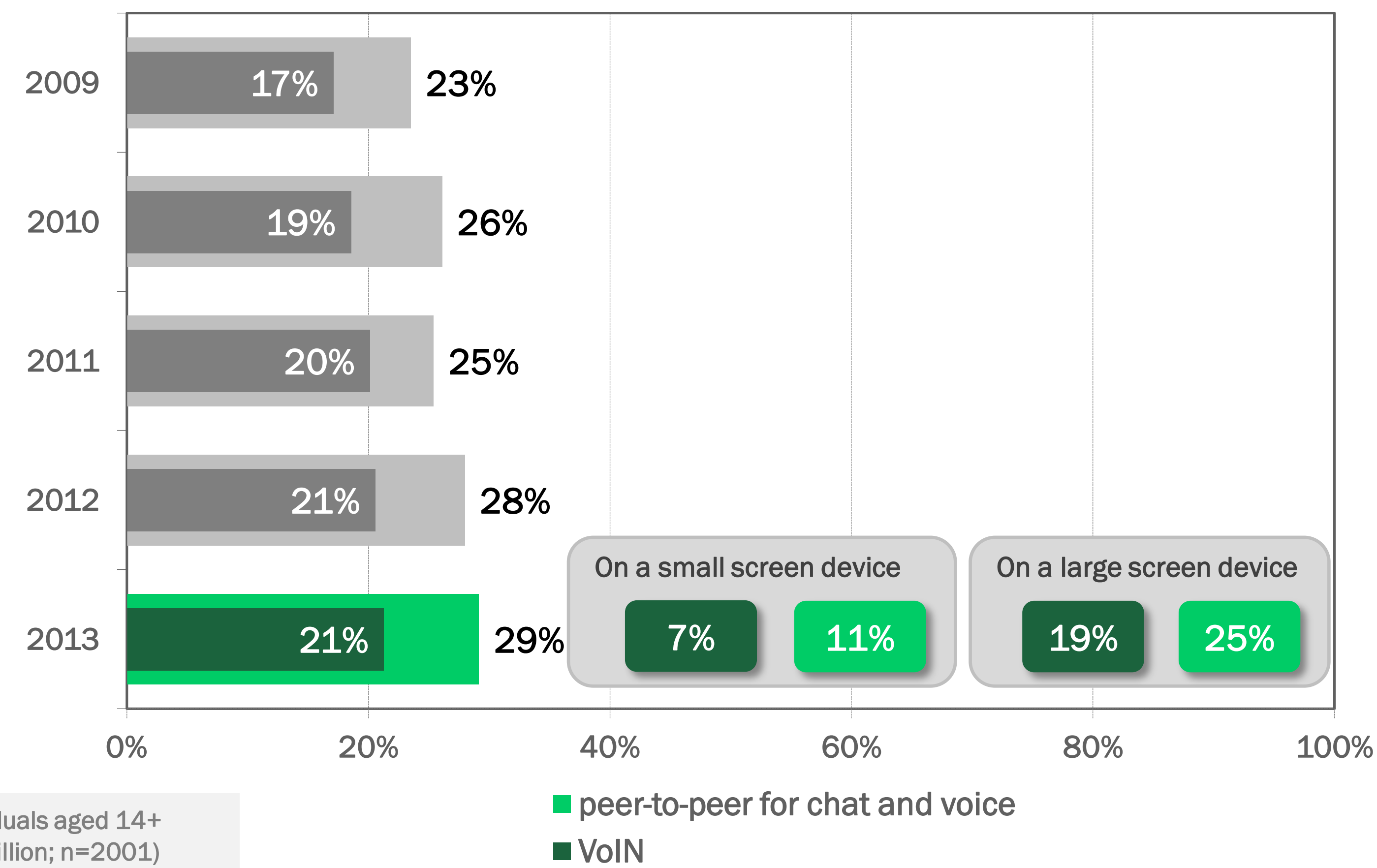
Basis: smartphone users aged 14+ (N=2.54 million, n=456)

NEMZETI MÉDIA- ÉS HÍRKÖZLÉSI HATÓSÁG

VOIN – COMMUNICATION ON THE INTERNET

29% of people aged 14+ use some kind of chat programs (e.g. Skype, MSN). Nearly three-fourth of them do not use it only for chat but for phone calls as well.
Consumers mostly use free services and only 2% use pay services.

Usage of Internet services substituting fixed phone or mobile phone



Basis: individuals aged 14+
(N=8.593 million; n=2001)

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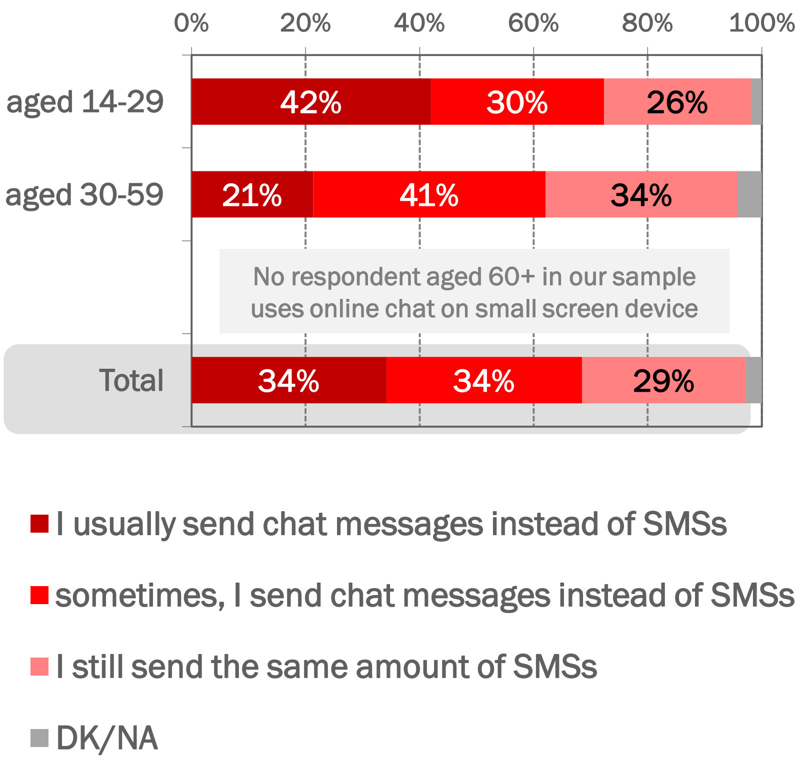
SUBSTITUTING USAGE OF SMALL SCREEN CHAT AND VOIN

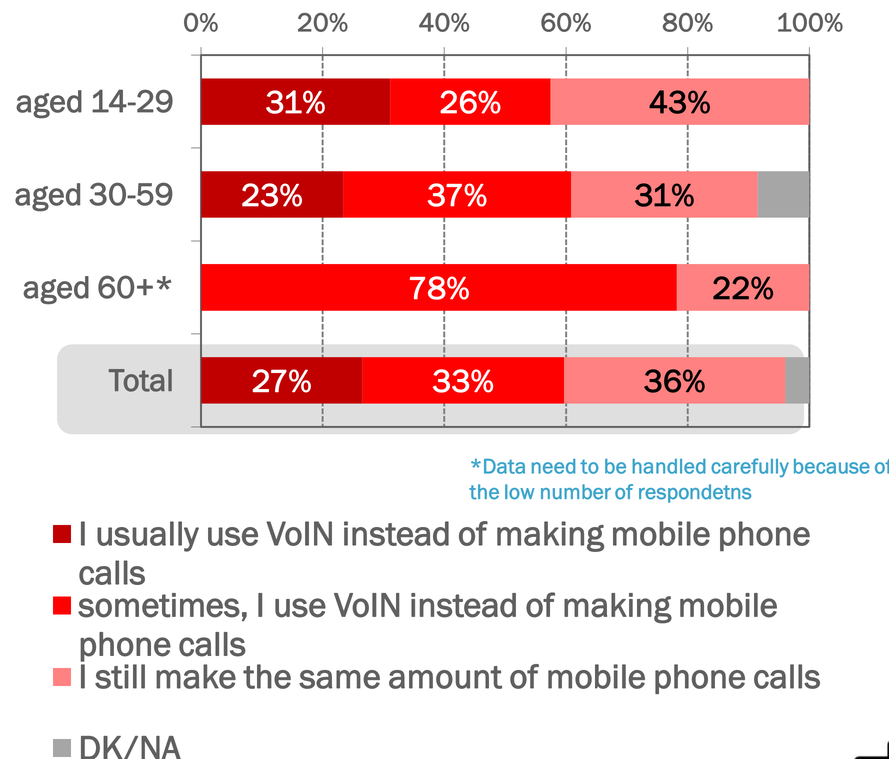
Substituting usage of online chat and VoIN on mobile phone to replace SMSs and mobile phone calls is more widespread among young people.
Chat programs on smartphones endanger more the SMS market as more respondents mention the decrease of their SMS traffic than of substituting their voice traffic by VoIN. 68% of people using chat programs substitute SMSs with chat messages (it was 63% in 2012).

Small screen chat vs. SMS



Basis: individuals who chat on their mobile phone (N=830,000; n=128)

Small screen VoIN vs. mobile telephony

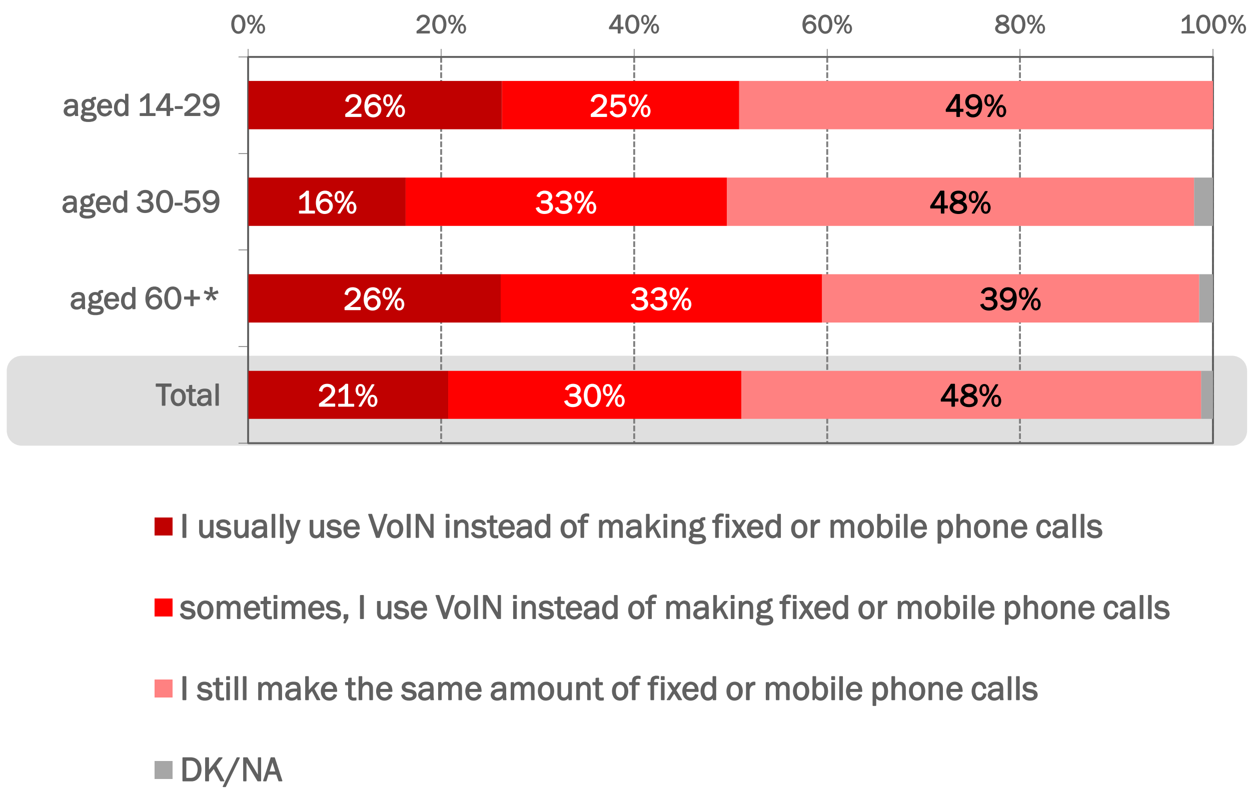


Basis: individuals using VoIN on their mobile phone (N=609,000; n=106)

SUBSTITUTING USAGE OF LARGE SCREEN VOIN

The substituting usage of large screen VoIN against mobile or fixed phone calls is more widespread among young people and the elderly than among middle-aged users.

Large screen Internet telephony vs. fixed and mobile telephony



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

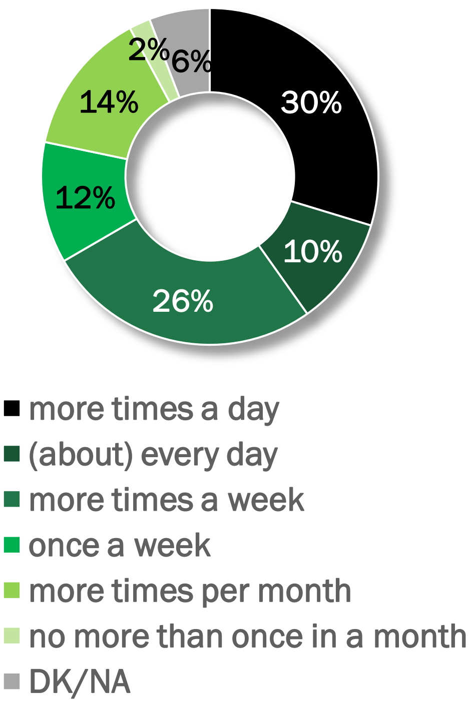
Basis: individuals who use VoIN on PC (N=1.640 million; n=317)

NEMZETI MÉDIA- ÉS HÍRKÖZLÉSI HATÓSÁG

FREQUENCY OF VOIN USAGE BY DEVICES

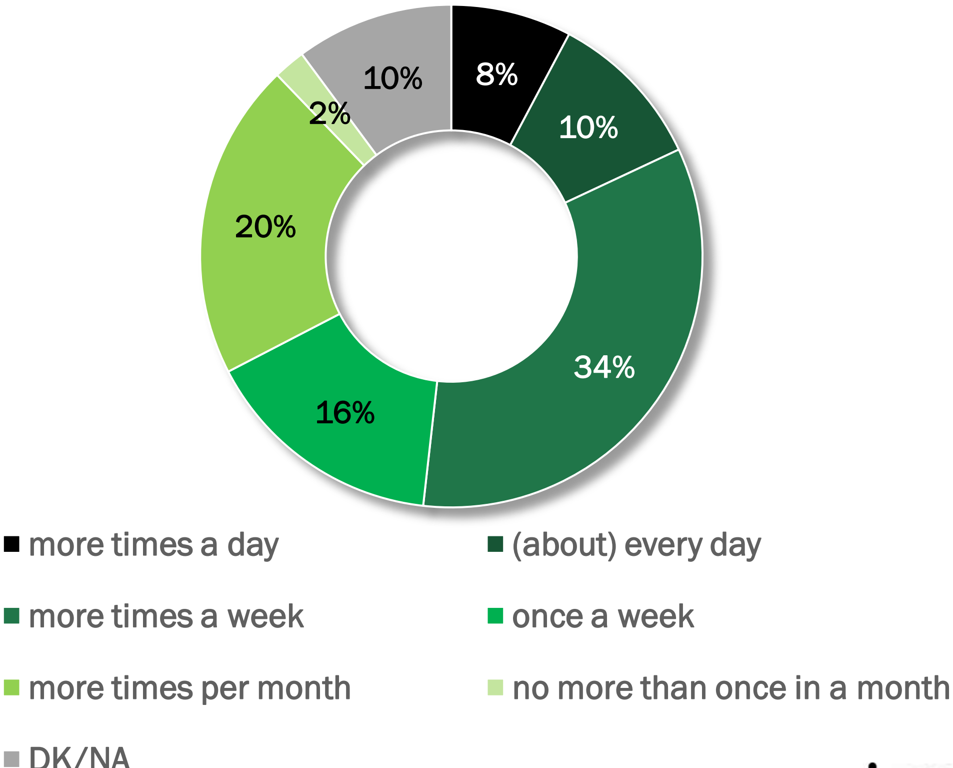
VoIN usage is more intensive on small screen devices (i.e. on mobile phone) than on large screen devices (i.e. on PC). A reason for this difference can be that the latter type is the older and its users are not only the most innovative users any more.

Intensity of VoIN usage on small screen devices



Basis: individuals using VoIN on a small screen device (i.e. mobile phone; N=609,000; n=106)

Intensity of VoIN usage on large screen devices

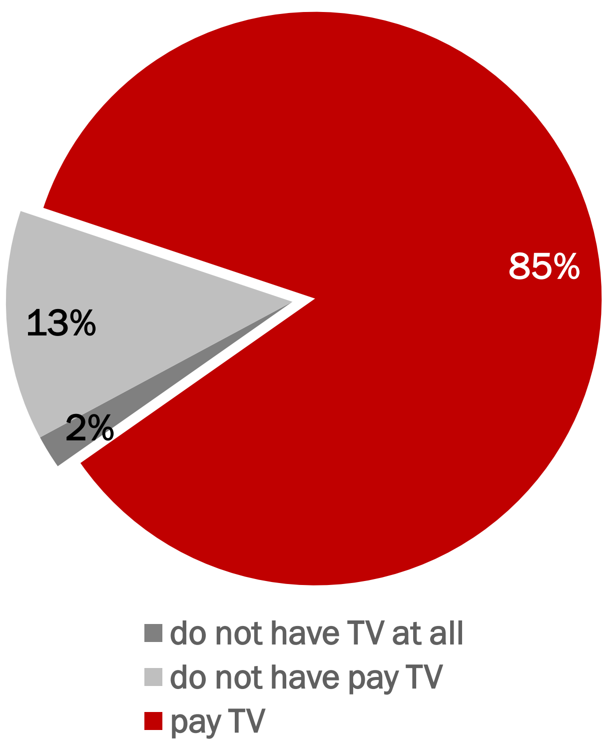


Basis: individuals using VoIN on a large screen device (i.e. on PC; N=1.640 million; n=317)

PAY TV: ACCESSIBILITY

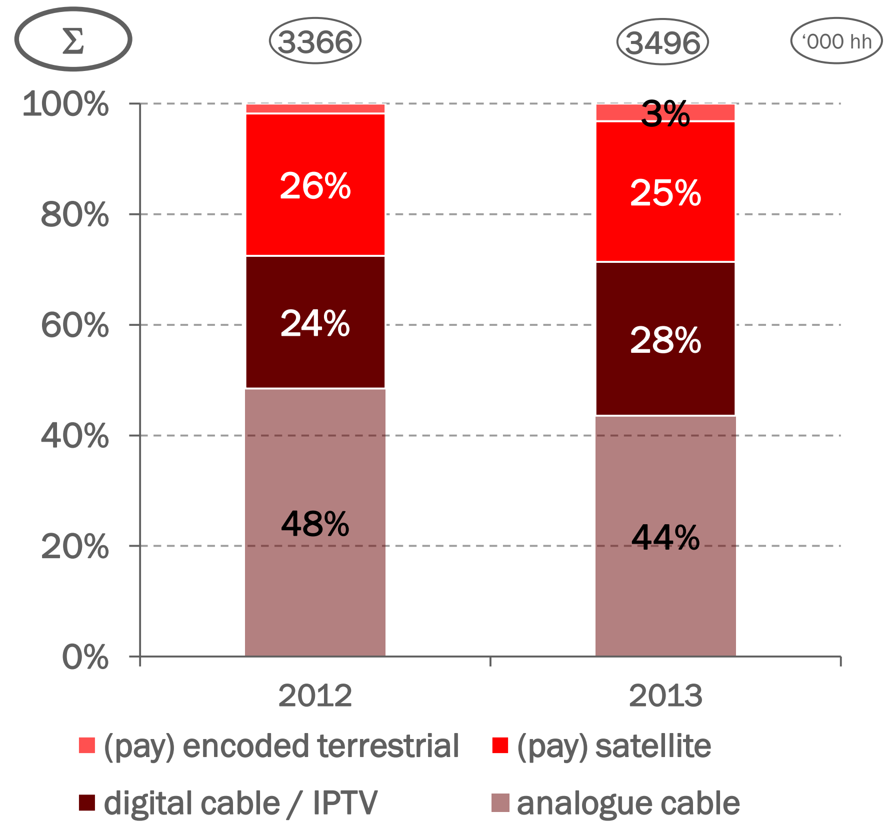
85% of households subscribe for pay TV.
Cable TV is the most widespread technology: 65% of households with pay TV watch TV by this. It has not changed since 2012.

Households with pay TV



Basis: all households (N=4.106 million; n=2001)

Technology of pay TV



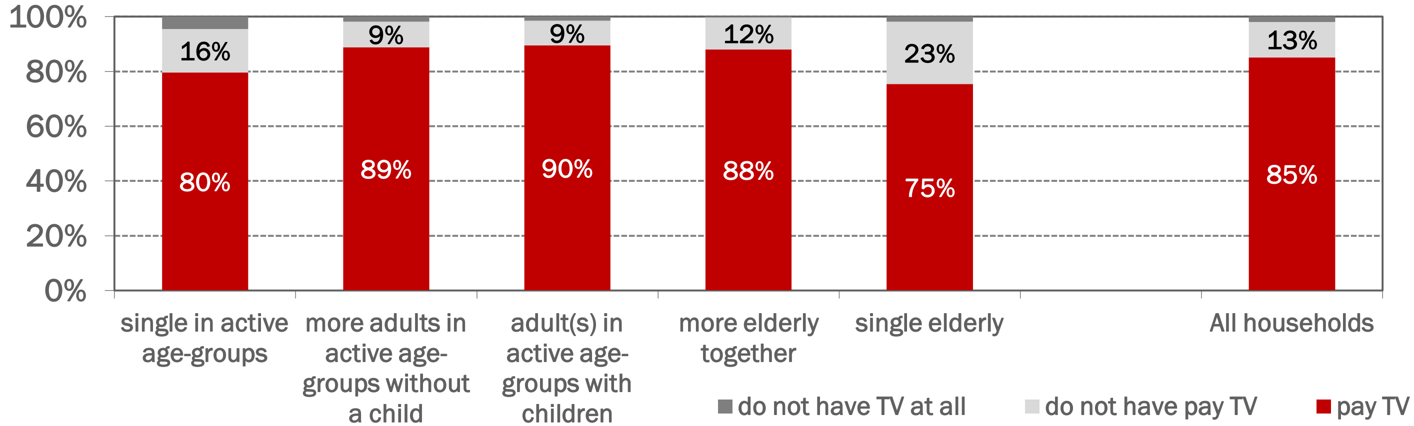
Basis: households with pay TV
(N=3.496 million; n=1701)

ARIOSZ

SUBSCRIPTION FOR PAY TV BY SOCIAL BACKGROUND

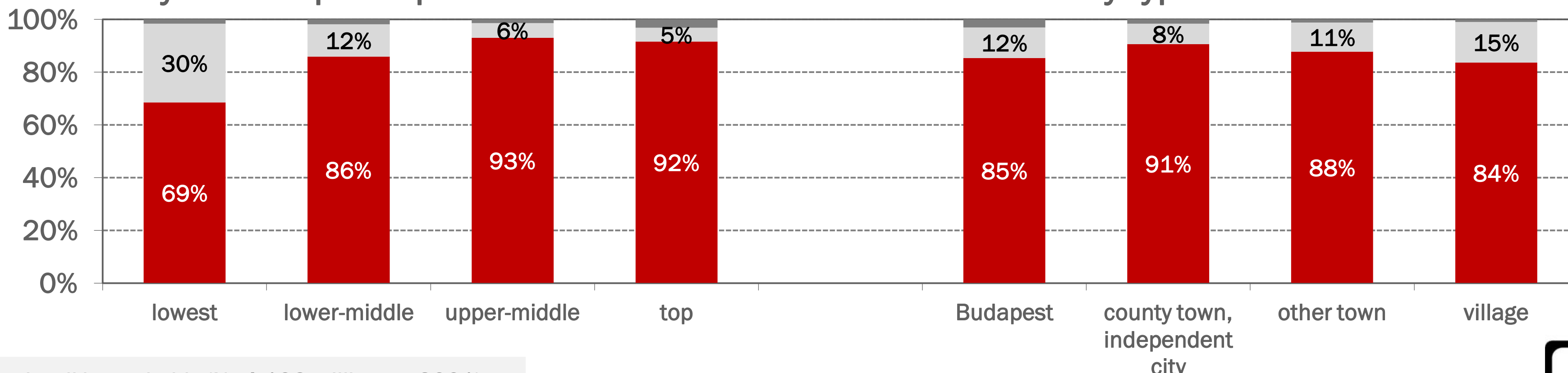
The proportion of free-to-air TV is higher in one-person households. Correlation between pay TV and household income is even bigger: about one third of households in the lowest income group watch free-to-air TV only.

By demographic background of the household



By income per capita in the household

By type of settlement

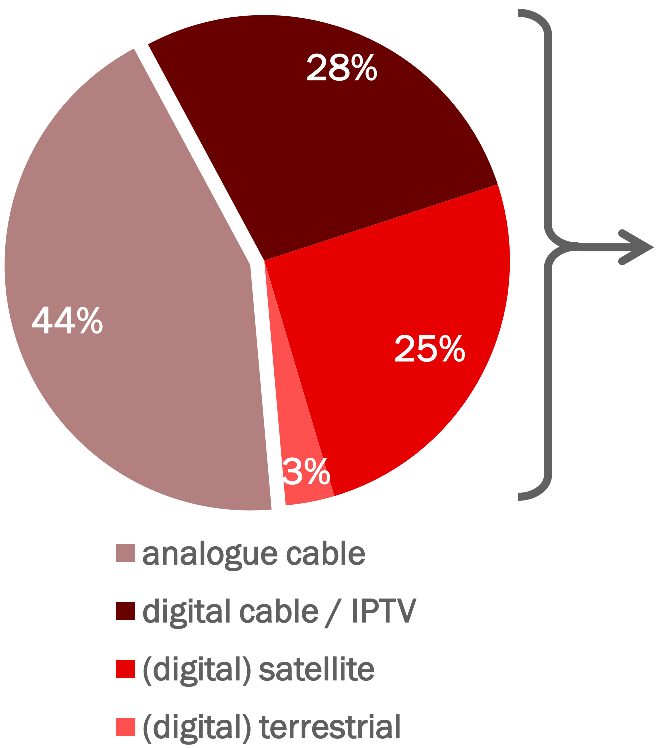


Basis: all households (N=4.106 million, n=2001)

PAY TV: DIGITALISATION

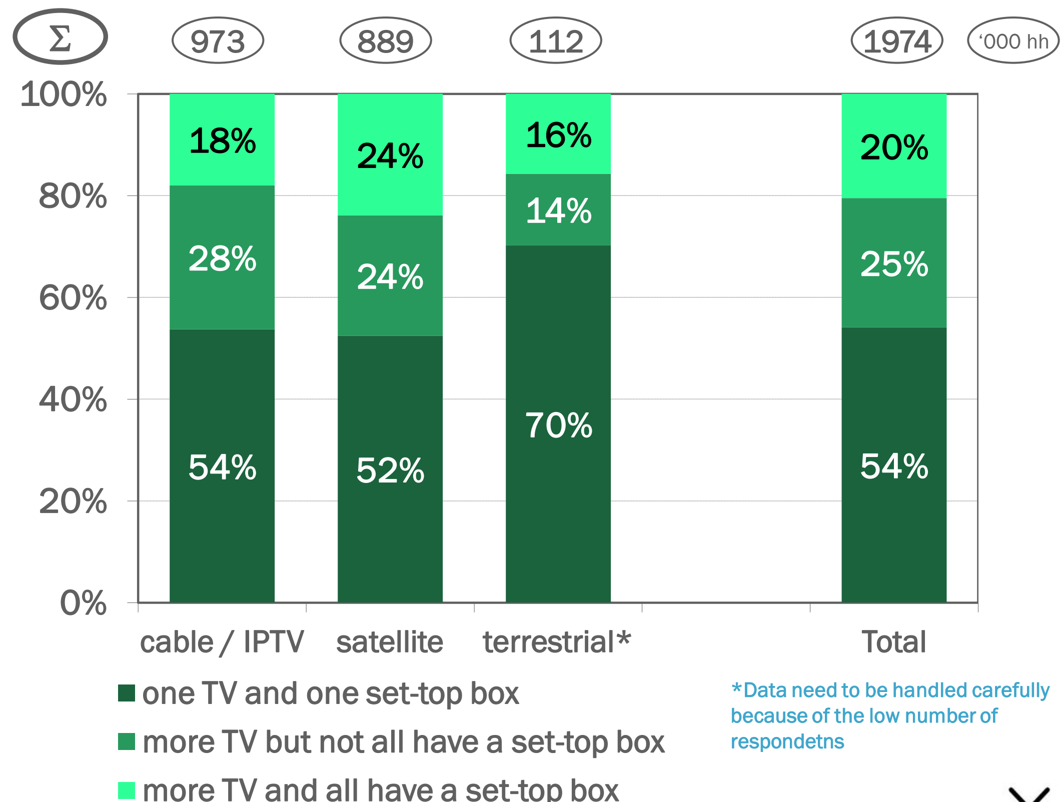
The proportion of subscriptions for digital TV increased from 47% in 2011 and 52% in 2012 to 56% in 2013. 26% of households having digital subscription use more than one set-top boxes.

Proportion of subscriptions for analogue and digital technology



Basis: all households with pay TV (N=4.106 million; n = 2001)

Number of set-top boxes used in the households



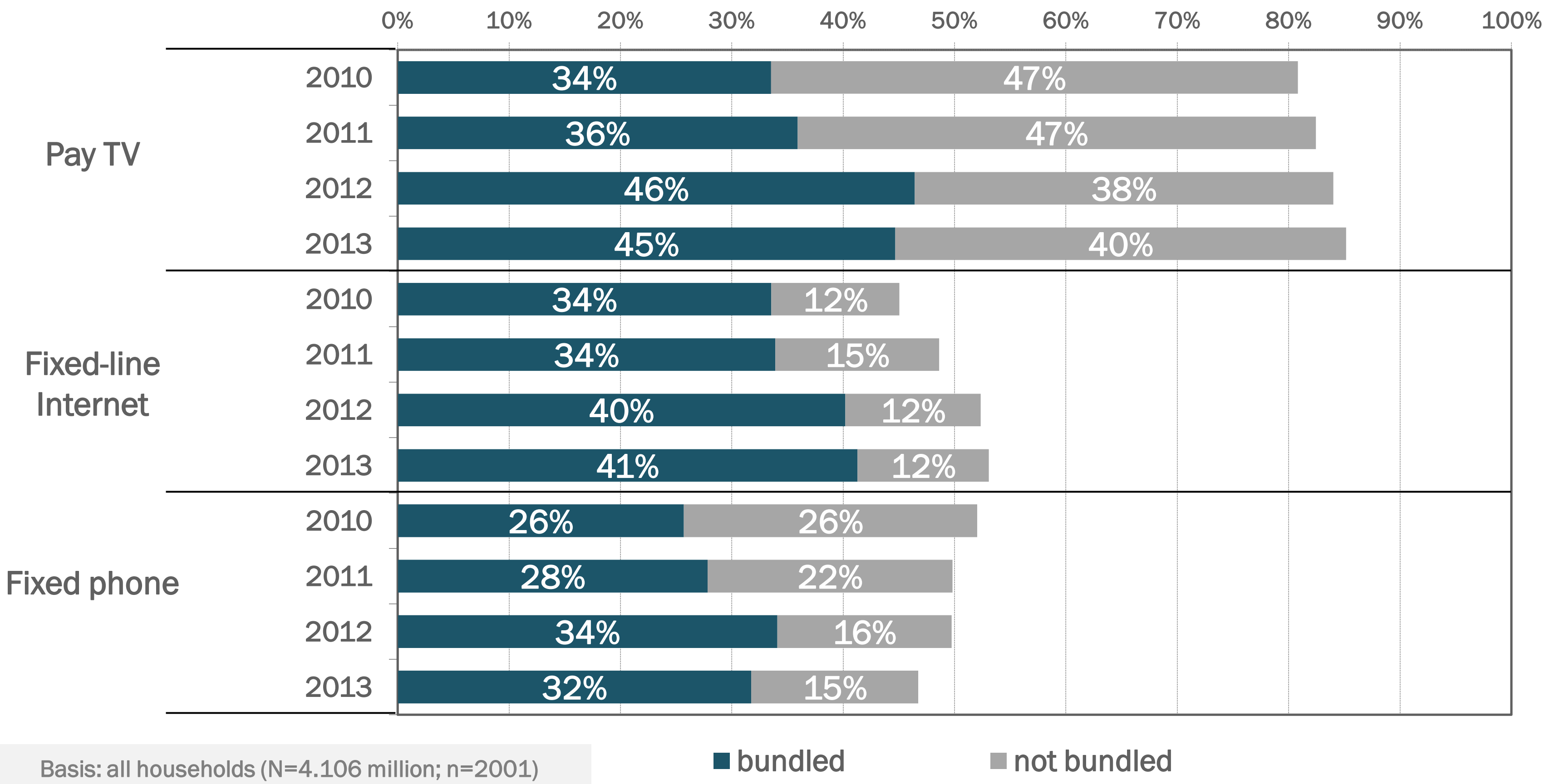
*Data need to be handled carefully because of the low number of respondetns

Basis: households with subscription for digital TV (N=1.974 million; n=951)

USE OF BUNDLES AMONG FIXED-LINE SERVICES

More than half of the subscriptions for pay TV are bundled to other services and it takes 45% of all households. This proportion has not changed since last year.
Two thirds of subscriptions for fixed phone and three quarters of subscriptions for fixed-line Internet are in bundle.

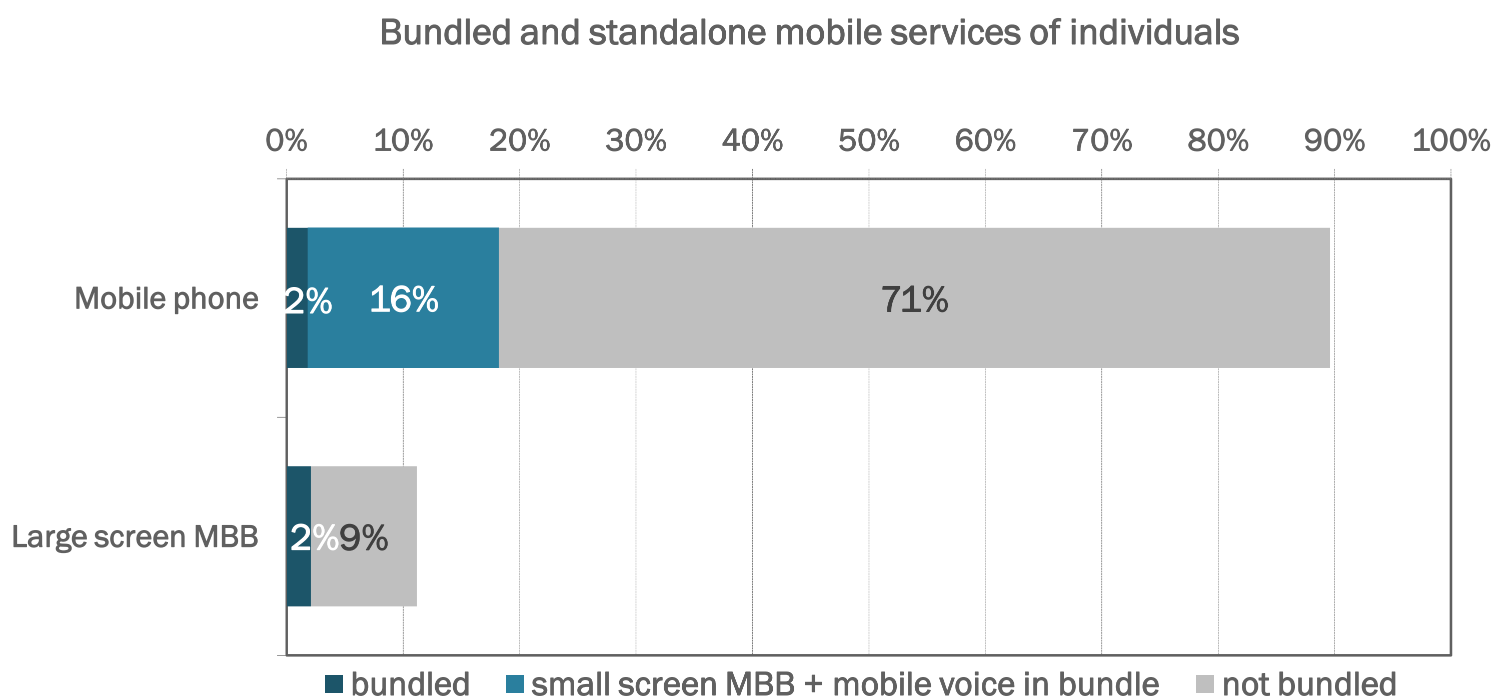
Bundled and standalone fixed-line services in the households



Basis: all households (N=4.106 million; n=2001)

USE OF BUNDLES AMONG MOBILE SERVICES

Hardly any people aged 14+ (2%) subscribe for mobile telephony service in a bundle with a fixed-line service or large screen MBB. 16% of all individuals aged 14+ (18% of all subscribers for mobile phone) have a bundle of mobile voice and small screen MBB only.
Nearly one-fifth of large screen MBB users subscriber for the service in a bundle (it is 2% of all people aged 14+).

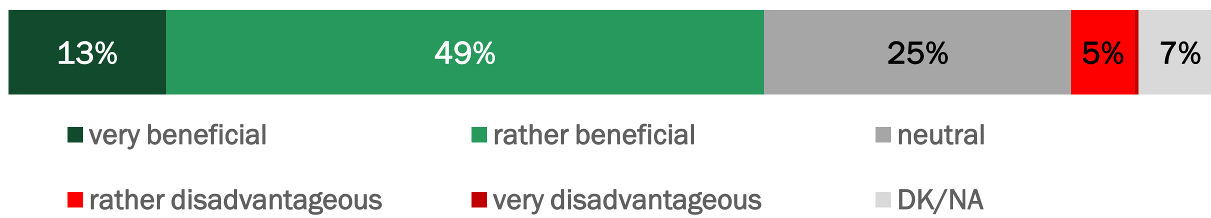


Basis: individuals aged 14+ (N=8.593 million; n=2001)

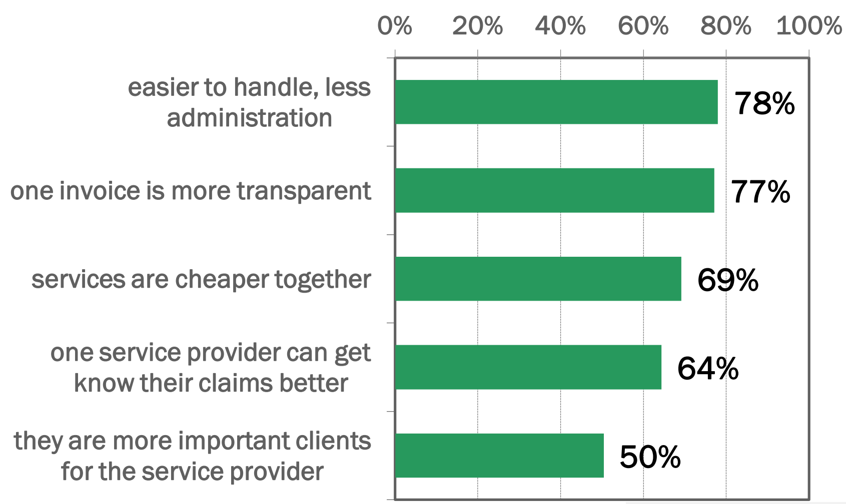
ATTITUDES TOWARDS BUNDLING

According to 62% of households, bundling is a beneficial opportunity while only 5% say it to be disadvantageous (it was 7% last year).
Ranking of advantages and disadvantages has not changed significantly since 2012. Although, more respondents mentioned this year that one invoice was more transparent and that one operator could get to know the claims of its clients better. And less people complained about too much dependency this year.

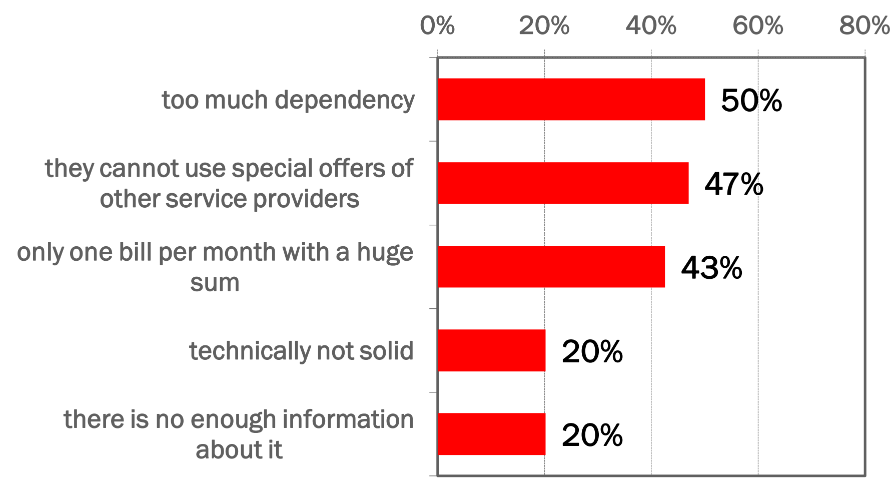
Overall assessment of bundling



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)

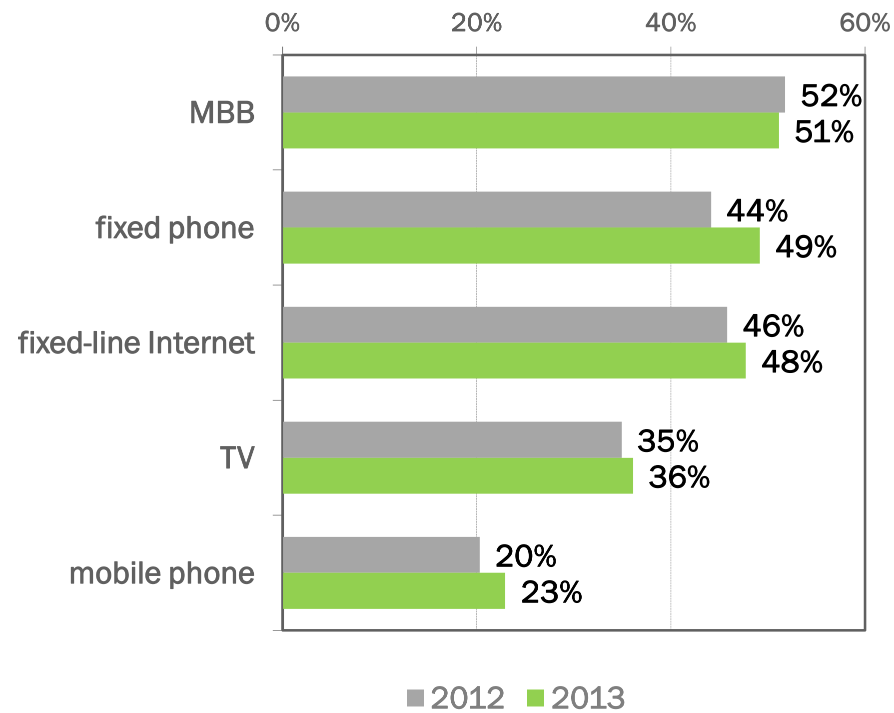


Basis: all households (N=4.106 million; n=2001)

FIXED-TERM CONTRACTS

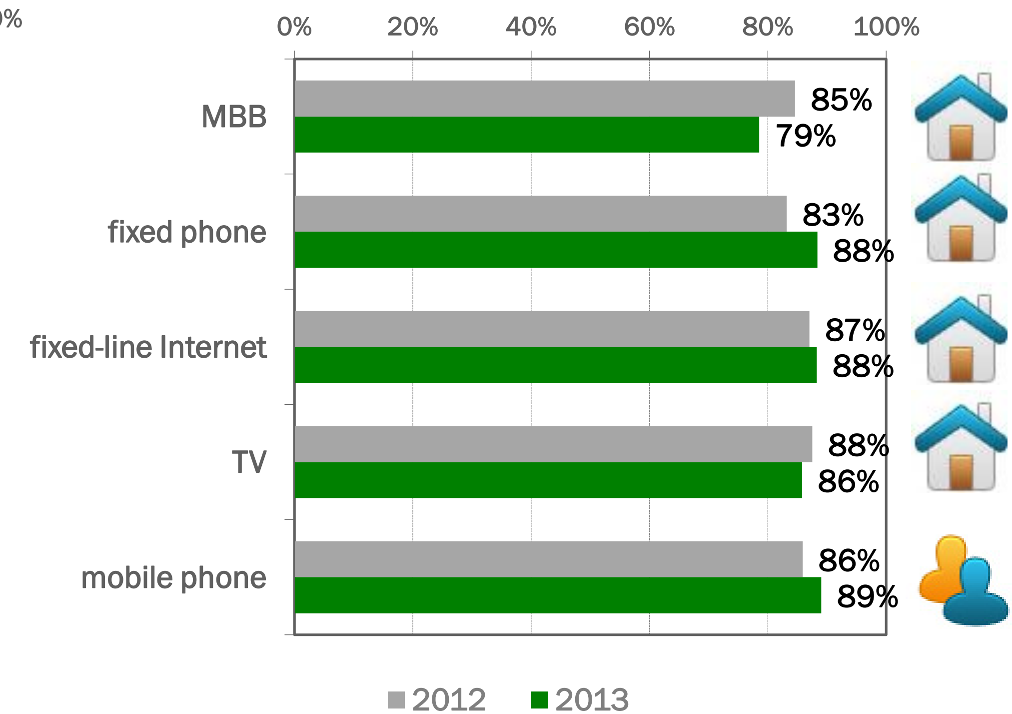
The proportion of fixed-term contracts has slightly increased during the past years, especially in case of subscriptions for fixed phone. Only 23% of subscriptions for mobile telephony is limited by a fixed-term contract. This proportion is 42% if we take into consideration postpaid subscriptions only.
The vast majority in all market segments say it was worth to sign a fixed-term contract.

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

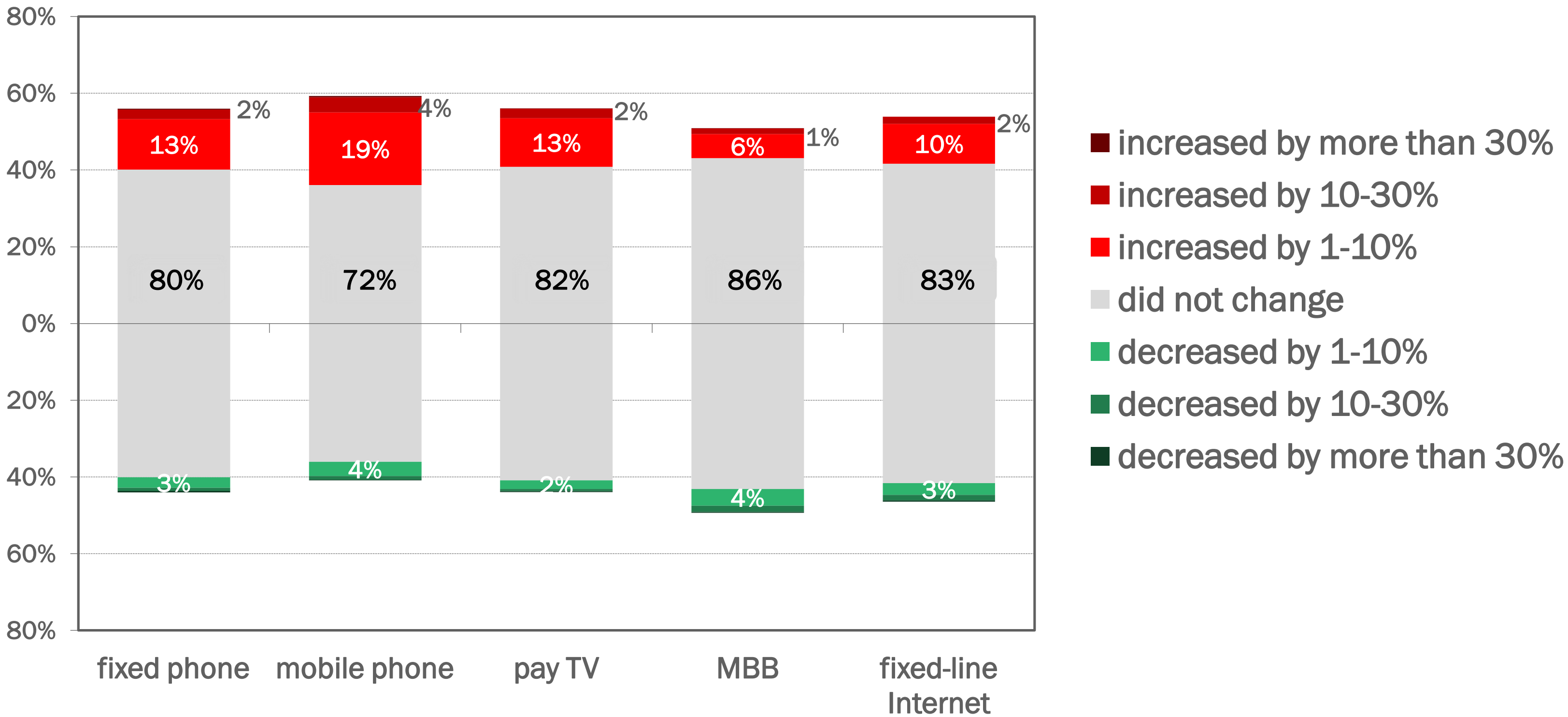


Basis: households and individuals aged 14+, respectively, having a fixed-term contract

PERCEPTION OF PRICES

The majority of consumers did not realize any change in the prices of telecommunications services, except for mobile telephony. The proportion of consumers experienced an increase in prices have decreased significantly in case of all telecommunications services since last year.
More consumers noticed an increase in the price of mobile phone service than in case of other services. 23% of subscribers experienced an increase in costs of mobile telephony in the last 12 months while it makes up only 7-15% in case of other telecommunications services.

How do you think the price of services changed during the last 12 months?



Basis: households having the given service