



NMHH

National Media and Infocommunications
Authority • Hungary

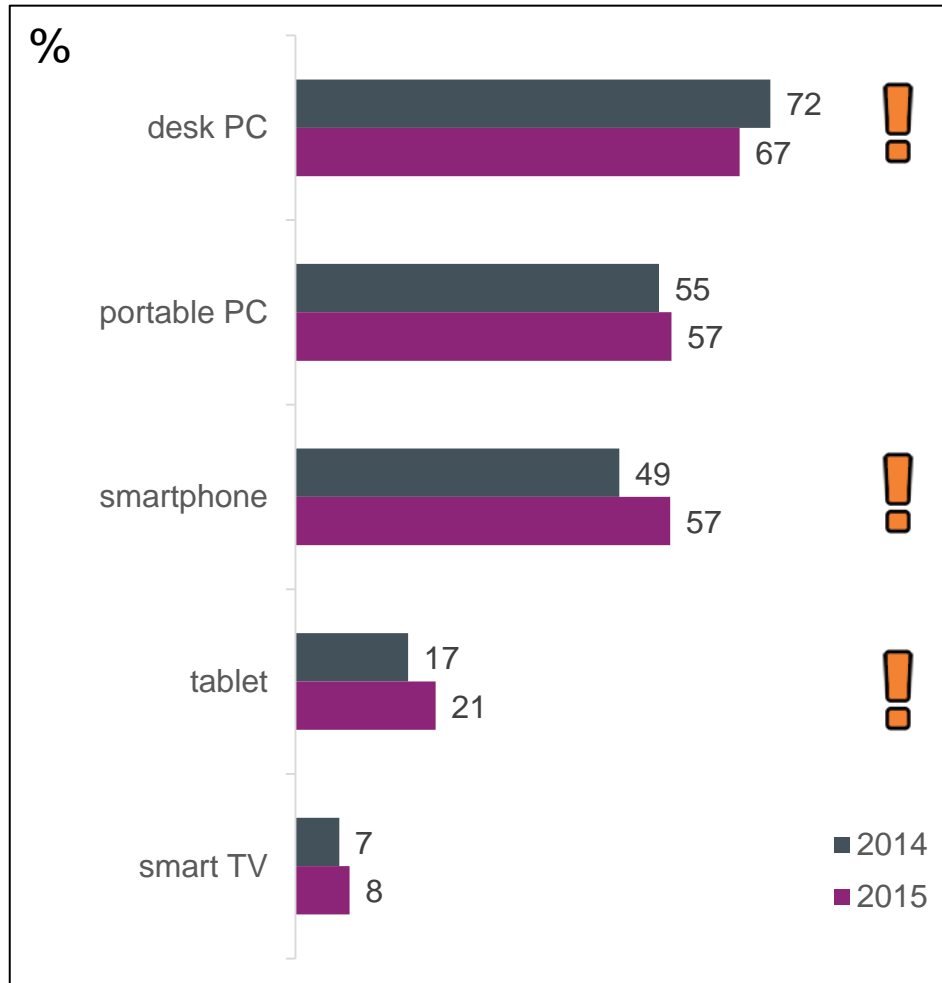
Internet Usage by Individuals

Online Survey, 2015

Research summary for the National Media and
Infocommunications Authority (Hungarian abbreviation: NMHH)
Ariosz Ltd.
NRC Ltd.

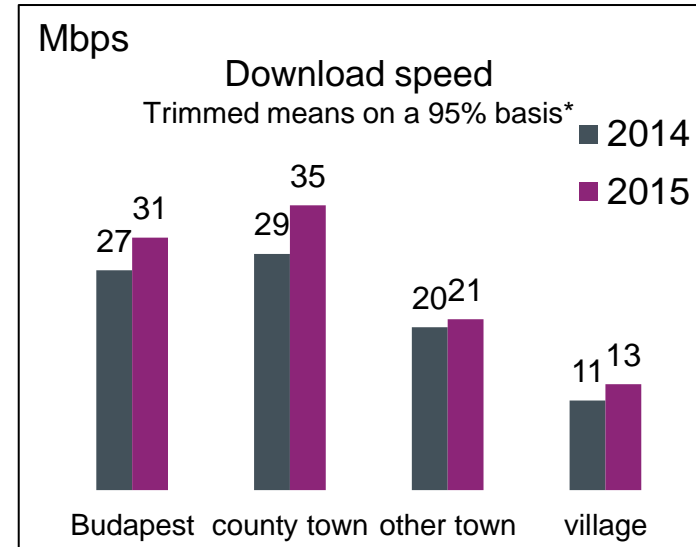
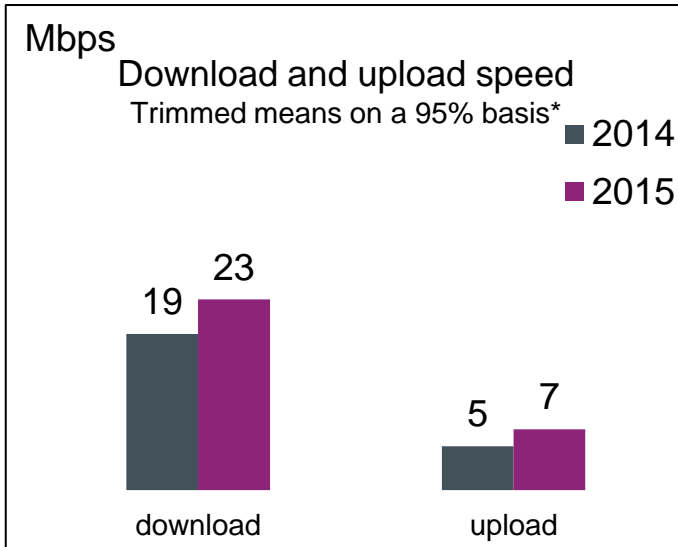
Client	National Media and Infocommunications Authority (NMHH)
Service Provider	NRC Market Research Ltd. Ariosz Service, Informatics, and Consulting Ltd.
Fieldwork Period	26.11.2015 – 17.12.2015
Survey Method	online interviews with standardised questionnaire (CAWI)
Population	individuals aged 16+ with residence in Hungary who use the Internet at least once a week
Sample Size	3115 respondents
Weighting	multidimensional factor weighting by age, gender, level of education, and type of settlement
Statistical Error of Sampling	In case of the whole sample(s): ±2,5% at most between the whole samples of 2014 and 2015; and ±2% at most in case of proportions of one data collection

Population of the survey has been modified between 2014 and 2015 from Internet users aged 14+ to users aged 16+. All comparisons in this document between the years of 2014 and 2015 refer to Internet users aged 16+ (in each year).



- In 2015, respondents were asked to indicate how they access the Internet by listing five devices in the questionnaire.
- Migration to hand-held devices can be noticed, although, desk PC is still the most common device to access the Internet.
- Desk PC as the sole device to access the Internet is used only by 22%, mostly elderly users.
- The proportion of consumers using the Internet on smartphone only is still very low (2%).

Basis: Internet users, n=3115, N=5.6 m

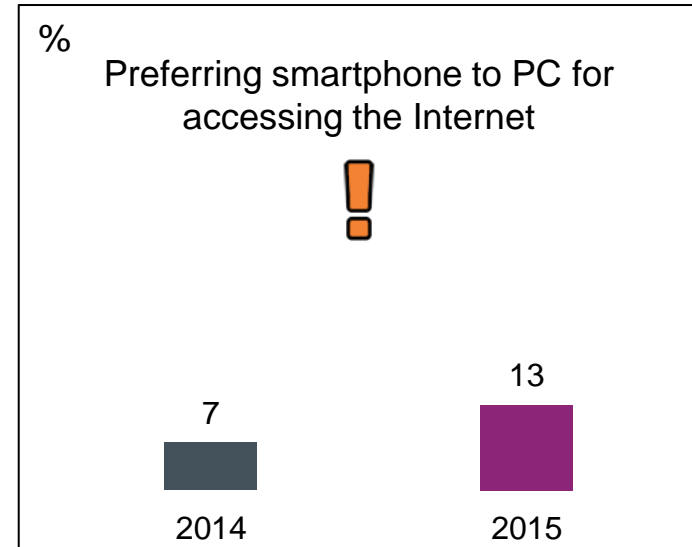
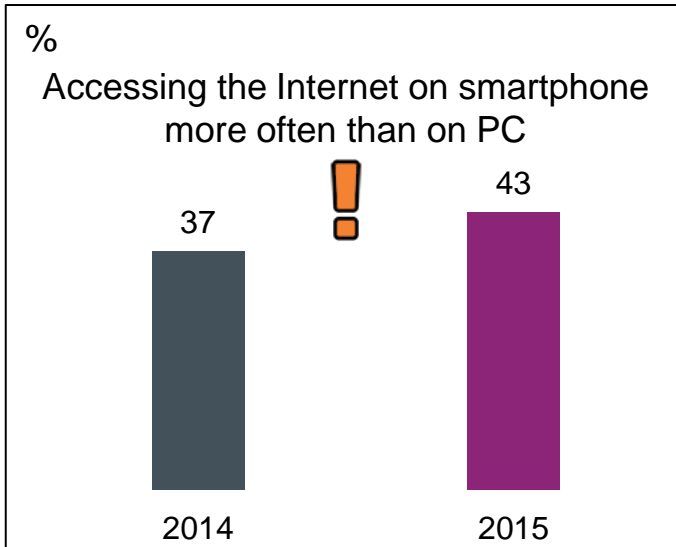


- In 2015, download and upload speed of Internet users filling out our questionnaire on their own device and measured by software** have further increased.
- There is still an excessive inequality in the average speed of Internet access between users living in big cities and in small settlements. Taking into account this inequality in Internet speeds on one hand and on the other, the fact verified by our research surveys as well that people in villages have to pay more for the Internet than those living in big cities, it may be concluded that these two factors generate the main obstacles of the spread of Internet use across Hungary.

*Mean after discarded the lowest and highest values (5% altogether) of frequency

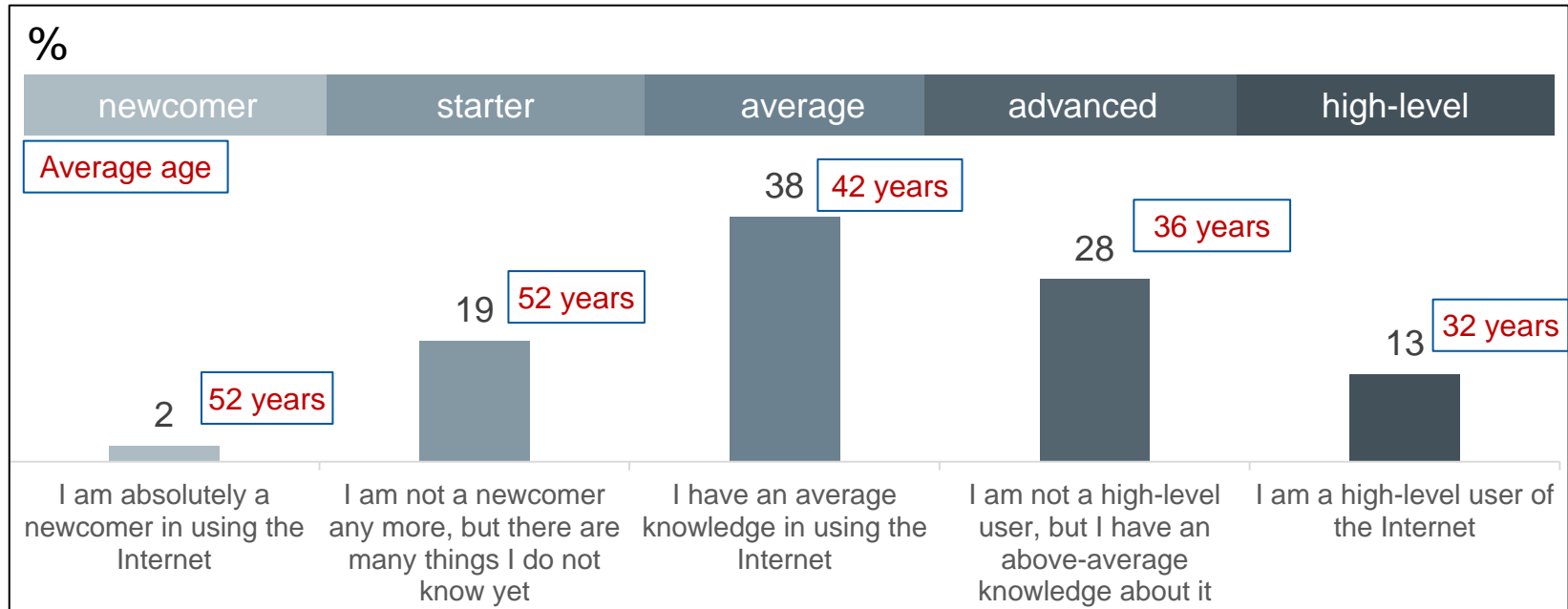
**Application of Ookla, www.speedtest.net

Basis: Internet users having done the speed test during the survey and on their own device, n=1978, N=3,6 m



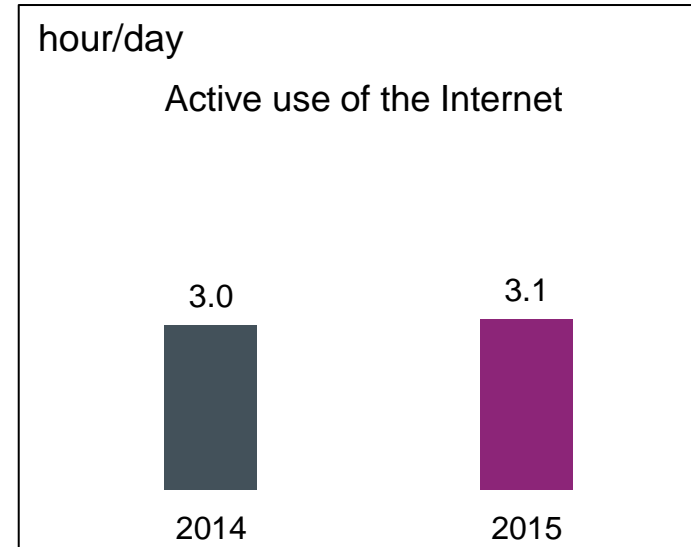
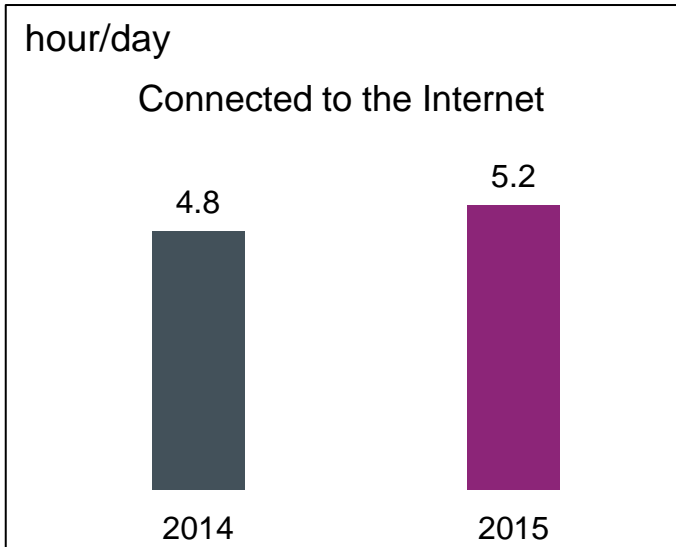
- The proportion of users preferring smartphone to PC when accessing the Internet has further grown in 2015. This attitude is more widespread among the youth.
- Switching to hand-held devices has been a slower process in Europe than predicted 10 year before. This delay have both business and technical reasons (e.g., performance, size, and quality of screen of cheap devices as well as delaying the launch of projecting phone screen apps).

Basis: users accessing the Internet by both PC and smartphone, n=1827, N=3.3 m



- Proficiency in Internet usage have a strong impact on online activities. It is an important indicator for forecasting possible changes in the near future: the activities of advanced users of today will be done by average users tomorrow.
 - In the present phase of the spread of Internet use in Hungary, the knowledge, habits, and economic conditions of middle-age and elderly users have a more and more significant impact on the business models, supply, and practical solutions of content providers. The period in which Internet functions and contents are shaped by the taste, demand, and approaches of the youth has been coming to an end soon.
- Because of lack of space, only short labels of Internet skills are used on other slides of this presentation.

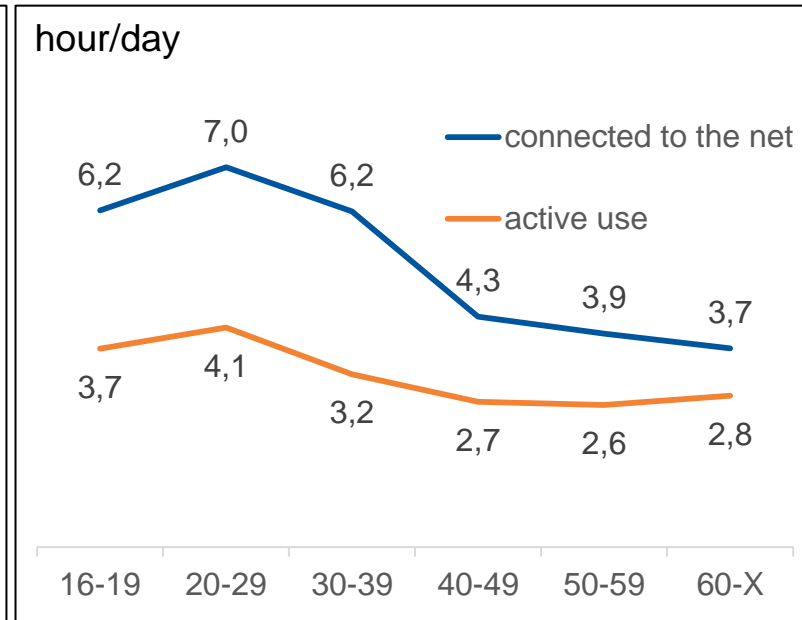
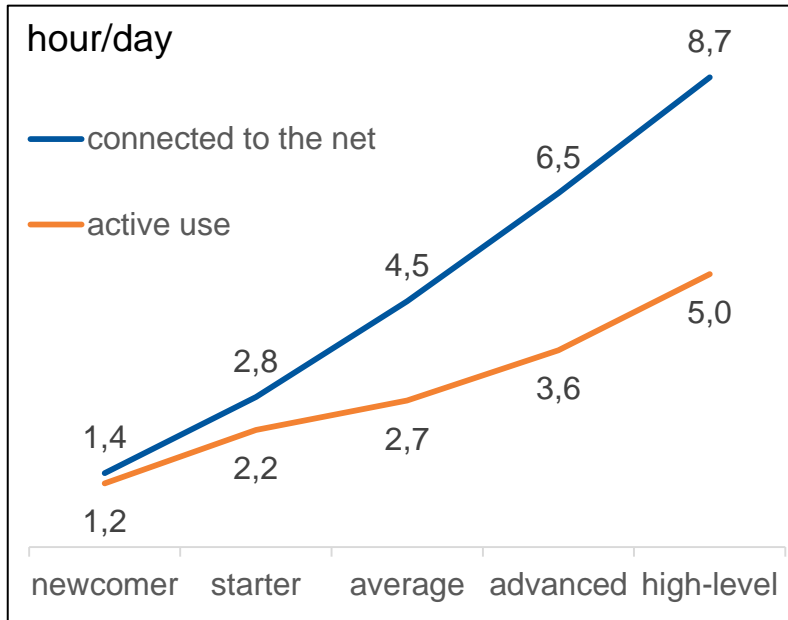
Basis: Internet users, n=3115, N=5.6 m



- Having more and more Internet users is not the only aspect of the spread of the Internet in a country. Another important aspect is that users spend more and more time with being online. Presently, the spread of hand-held devices stimulates this process the most. According to market forecasts, by 2030, this tendency will have been completed by the launch and spread of wearable devices and new upcoming technologies offering cheap or free global Internet services (e.g., Google Loon, Facebook Drone).
- In Hungary, as well as in many other countries, the phenomenon of connectivity can be noticed in the increase of time spent online passively rather than the amount of time spent actively on the Internet.
- Only 5% of Hungarian Internet users aged 16+ spent the whole waketime, i.e. 16 hours or more online on an average day in 2015.

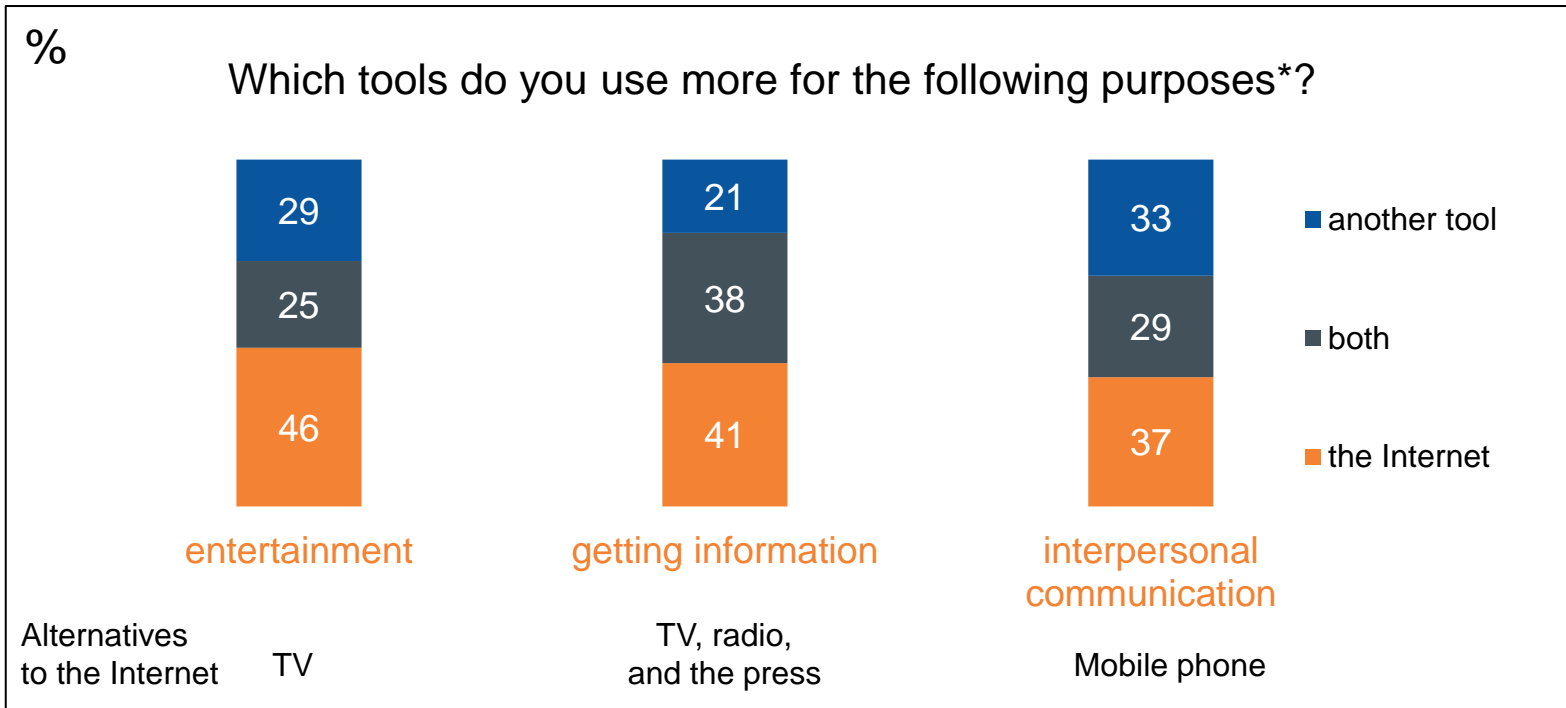
Basis: Internet users, n=3115, N=5.6 m

TIME SPENT ONLINE PER DAY by skills of Internet use and age groups



- Regarding average time spent on active Internet use and simply connected to the net by skills of Internet users predicts that all people over 15 will be high-level Internet users soon and will spend all their leisure time by being connected to the Internet.
- Regarding the time spent online by age group, it can be noticed that users under 40 who are more adapted to the Internet are limited only by studying, work, family duties, and physiological necessities in being online constantly and they spend the remaining 3 to 7 hours out of the 24 hours with active or passive online activities. Users over 40 who are adapted less to the digital world have some free time after having completed all personal duties that they spend with offline activities.

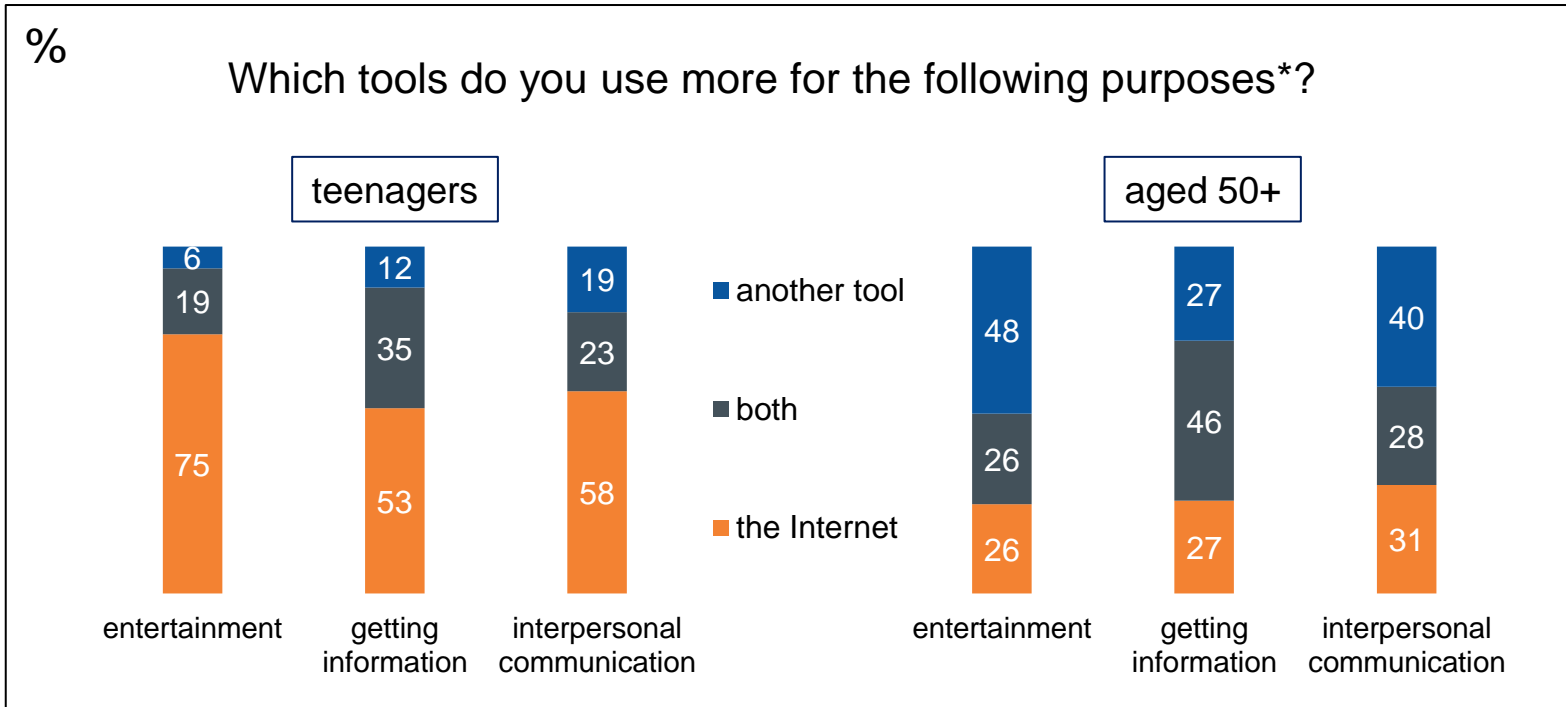
Basis: Internet users, n=3115, N=5.6 m



- Internet users prefer the Internet to traditional media of entertainment, getting information, and interpersonal communication. Only mobile phone could hold on in the competition as a rival of the Internet.
- In 2015, no significant changes can be noticed in case of media consumption habits compared to the previous year.

Basis: Internet users, n=3115, N=5.6 m

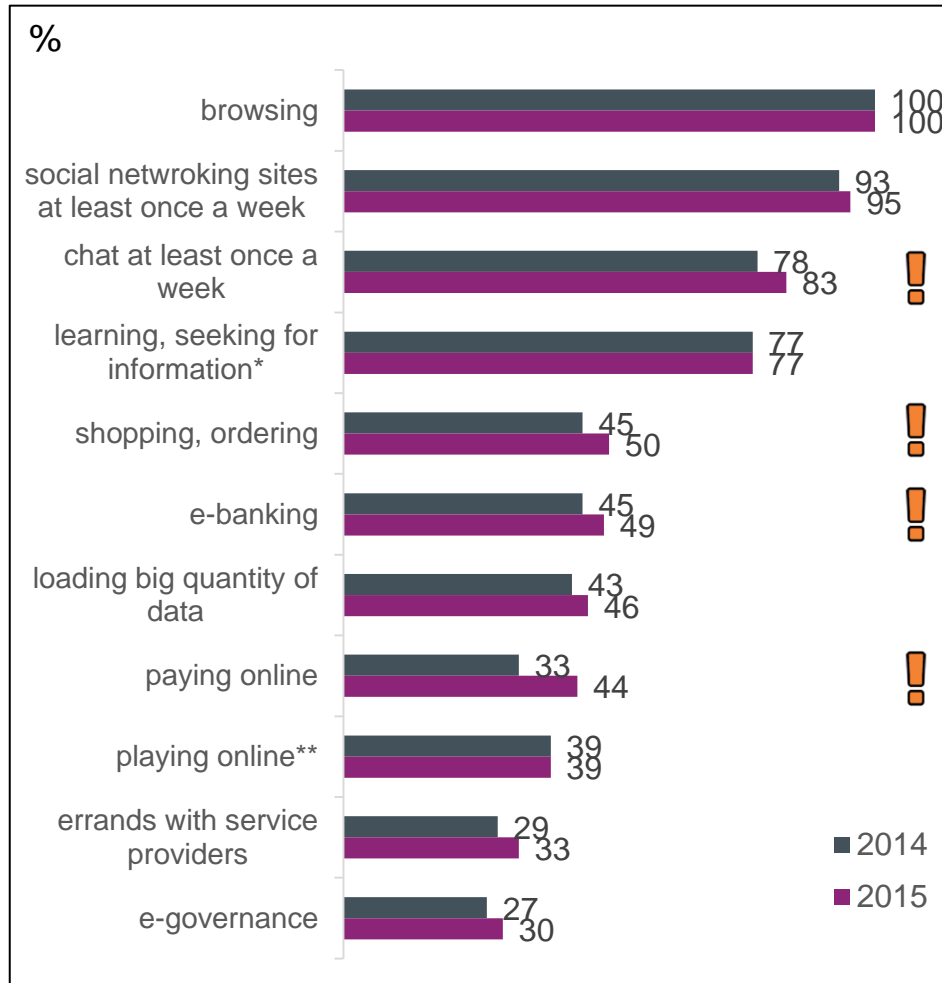
*Question in the survey refers to leisure time Internet activities (excluding compulsory Internet usage, e.g., in school and at the workplace).



- The changing patterns of media consumption habits can be perceived when comparing the media preferences of the youth and the elderly.
- Preferences of the youth may predict the future of traditional media: they either disappear or merge with the Internet. This future has already started all over the world: the market of printed books and newspapers has been declining, the number of subscriptions for pay TV and mobile telephony have been dropping while OTT-based companies have been dynamically growing.

Basis: Internet users aged 16-19/50+, n=251/959, N=0.45/1.7 m

*Question in the survey refers to leisure time Internet activities (excluding compulsory Internet usage, e.g., in school and at the workplace).

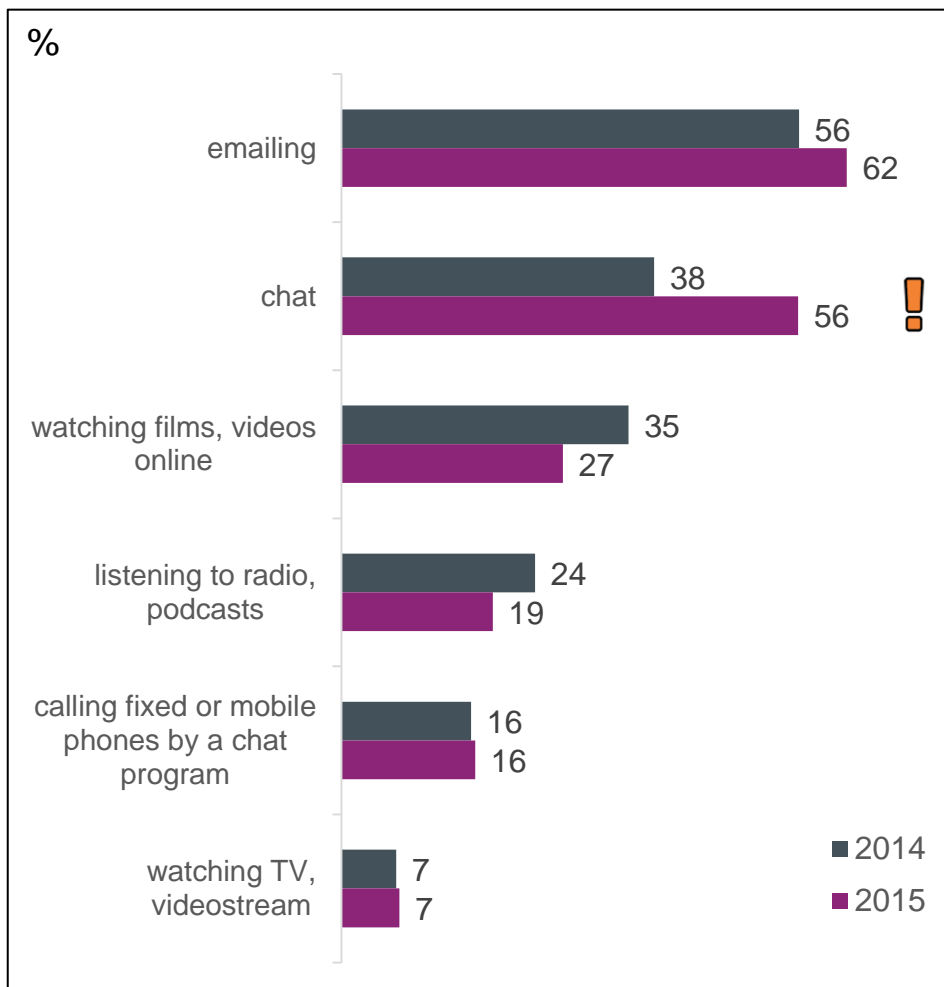


- In 2015, penetration of the following online activities has been growing further:
 - social networking sites
 - chat
 - loading big quantity of data
 - shopping
 - e-governance
 - errands with service providers
- The year 2015 may be the beginning of emerging new tendencies in the following areas:
 - e-banking
 - paying online

Basis: Internet users, n=3115, N=5.6 m

*such as Hungarian/English wikipedia, other wikis, and online dictionary/translator

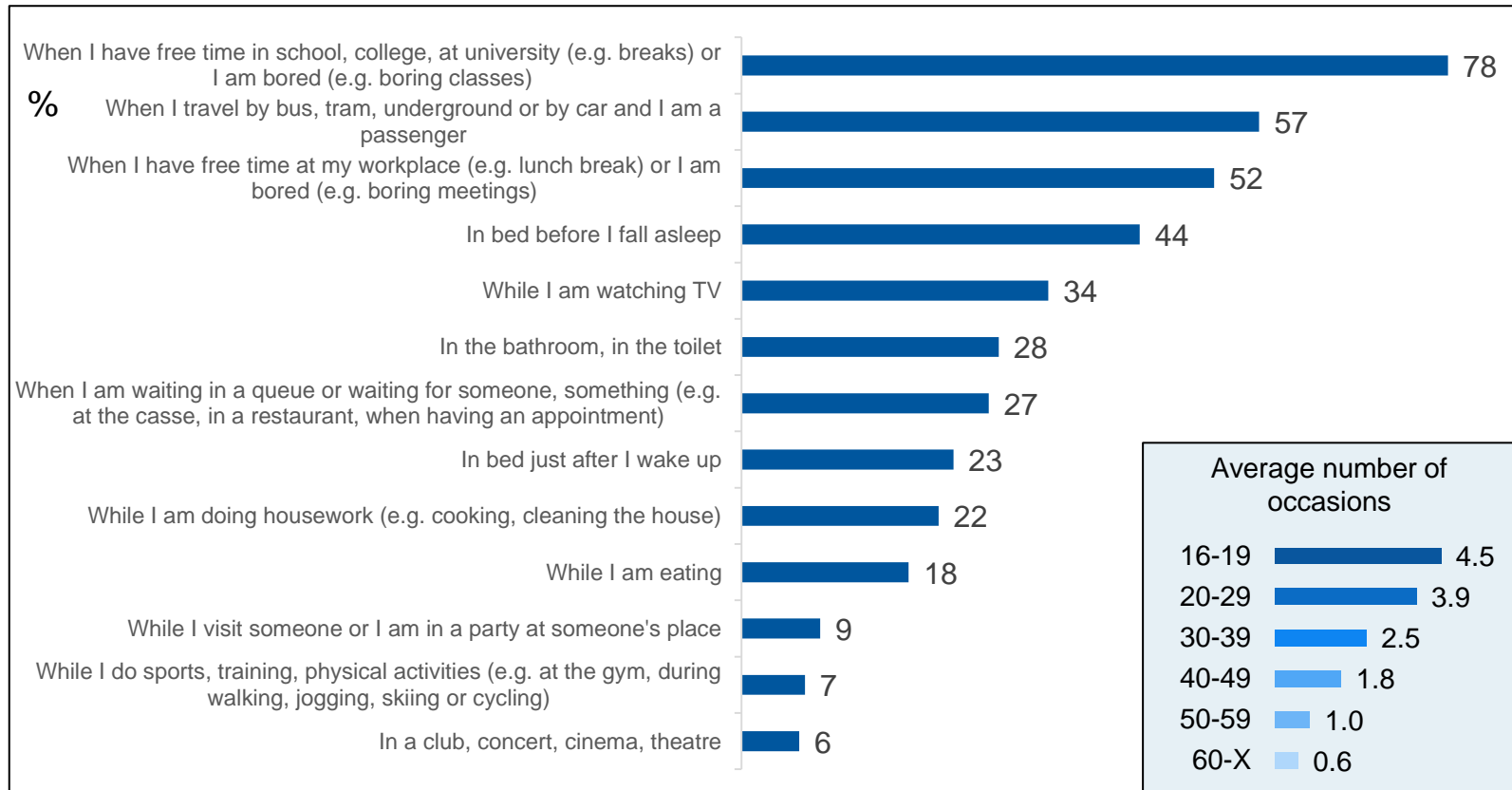
**both free and pay online games, gambling games



Basis: smartphone users, n=2209, N=4 m

- The smartphone as known today showed up on the market about ten years ago. In the first years, it was definitively the favourite device of the youth and geeks all over the world. As a result of the tendency of turning a minority device into a tool used by the majority, it seems to be inevitable that all original youthful characteristics of smartphone use have disappeared by now. This trend can be perceived on this figure as well.
- Penetration of smartphone among Hungarian Internet users aged 16+ has increased from 46% in 2013 to 71% in 2015. During this period, average age of smartphone users has grown from 33 to 38 years.
- A significant drop in the penetration of online radio and videos was already noticed between 2013 and 2014 and can be seen between 2014 and 2015 as well among smartphone users.
- Reaching the present penetration and social heterogeneity of smartphone users, emailing and chatting on smartphone have increased in 2015. A reason of this tendency may be that the use of Facebook on any device has been growing among the middle-aged and the elderly.

Smartphone use is often not a separate but a supplementary activity. There are many occasions in the everyday life when a smartphone is an appropriate tool in hand for making the best of boring events or idle awaiting times. Also, as a result of the demand of constant connectivity, people use their smartphones in about all situations, especially, the youth.

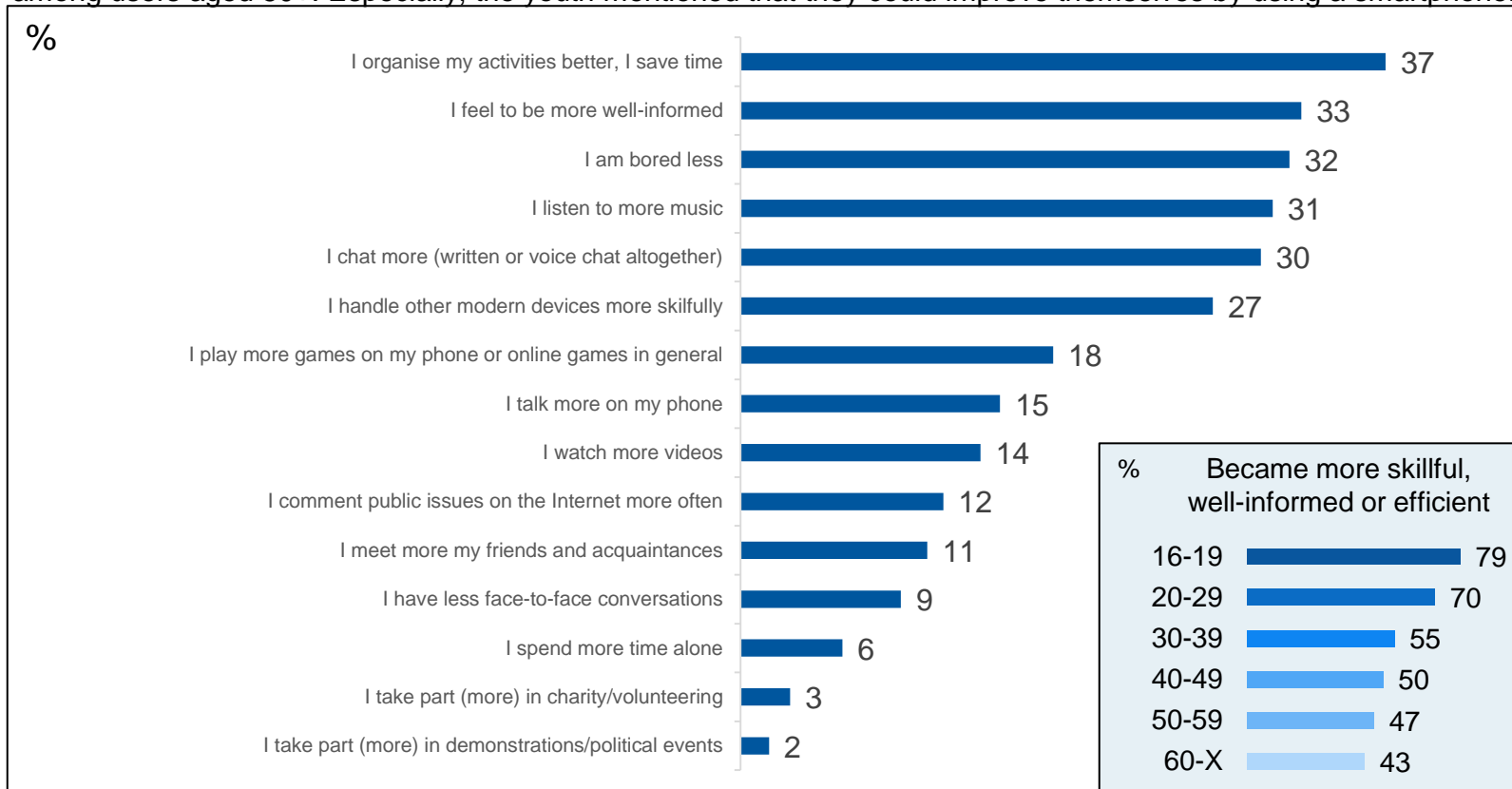


Basis: answers referring to workplace: economically active smartphone users, n=1451, N=2.6 m

Basis: answers referring to school: smartphone users still in school/college/university, n=266, N=0.48 m

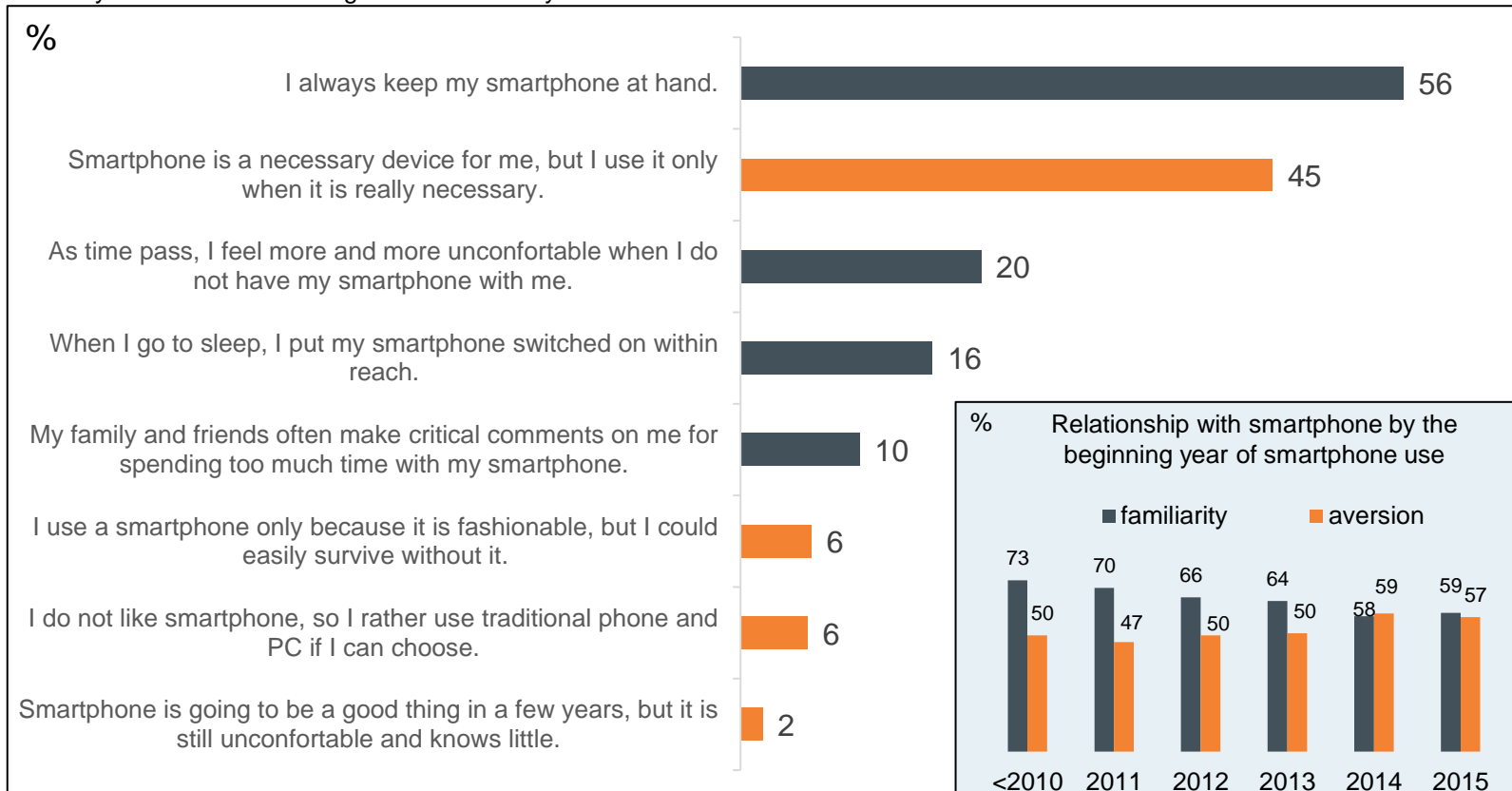
Basis: all other items: smartphone users, n=2209, N=4 m

Regarding possible effects of smartphones separately, it can be seen that the minority of users perceived any change in their habits or intensity of interpersonal relations caused by this device. This impression is more widespread among people having used a smartphone for a longer time period. But still, four-fifth of smartphone users perceived at least one of the possible impacts of smartphone listed in the figure below. This proportion makes up 98% among teenagers and two-third among users aged 50+. Especially, the youth mentioned that they could improve themselves by using a smartphone.

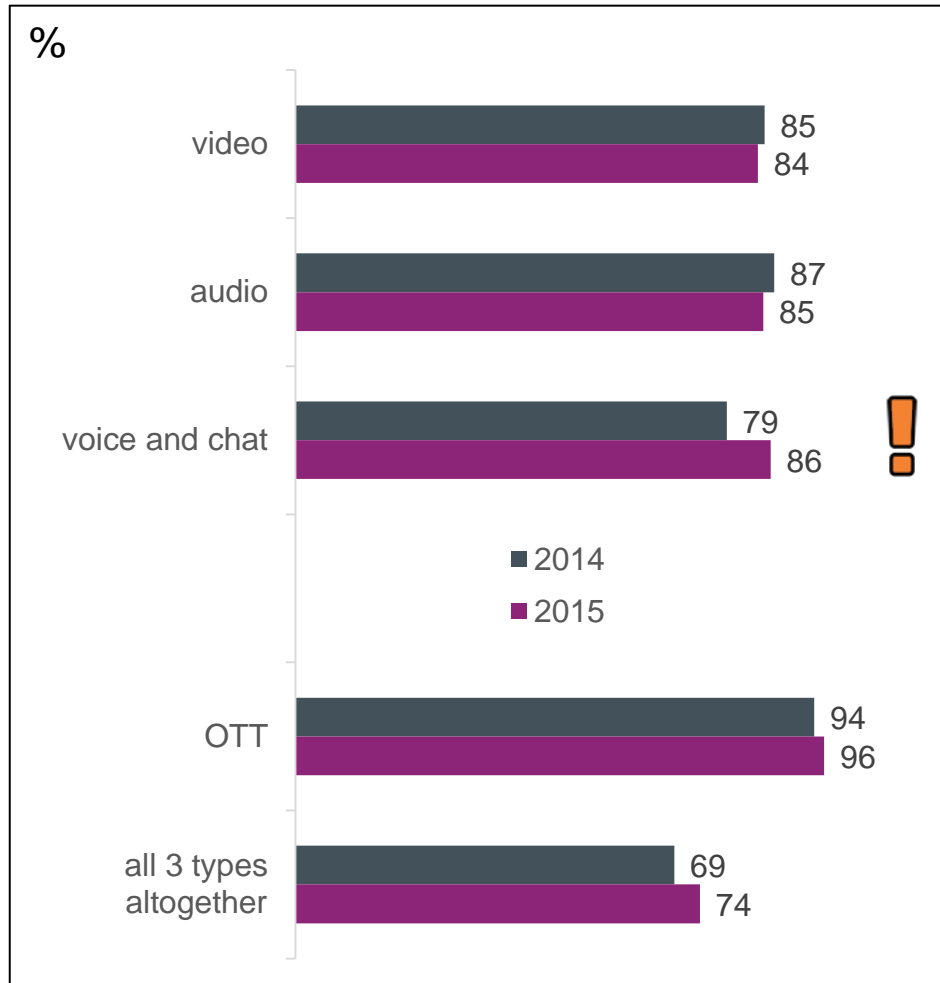


Basis: smartphone users, n=2209, N=4 m

There are more people experiencing one or more signs of getting habituated to their smartphone (64%) than those who mention signs of aversion about this device (52%). Familiarity is more typical among users under 40 while aversion is slightly more widespread among users over 40. These two dispositions are balanced among people having used a smartphone for no more than 2 years. People having had a smartphone for a longer period feel more and more familiarity towards this device. This new trend may be explained not only by the number of years spent as a smartphone user but by the phenomenon that in contrast to previous years, the majority of new entrant users are mostly not the youth but the middle-aged and the elderly.



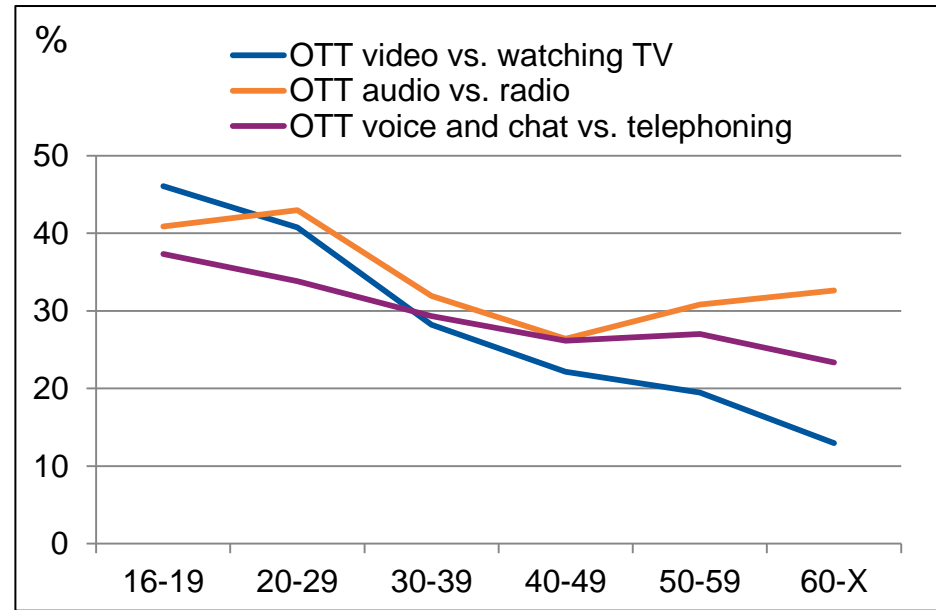
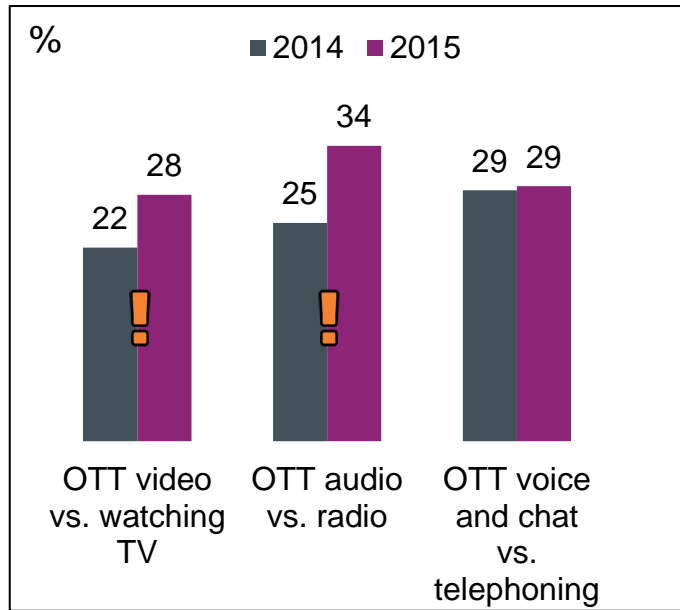
Basis: smartphone users, n=2209, N=4 m



- About all Internet users aged 16+ use OTT contents.
- In 2015, the use of voice and chat OTT contents has closed up to audio and video contents in penetration.
- The proportion of users consuming all 3 types of OTT contents have grown compared to the year before.
- Practically, all teenagers and young adults use all 3 types of OTT contents. Although, the number of users decreases in older age groups, it still exceeds 70% in case of audio and video contents and 80% in case of voice and chat among people aged 60+. The opportunity of keeping contact with loved ones living far away through online voice and chat applications may be the most tempting function of the Internet for the elderly.

Basis: Internet users, n=3115, N=5.6 m

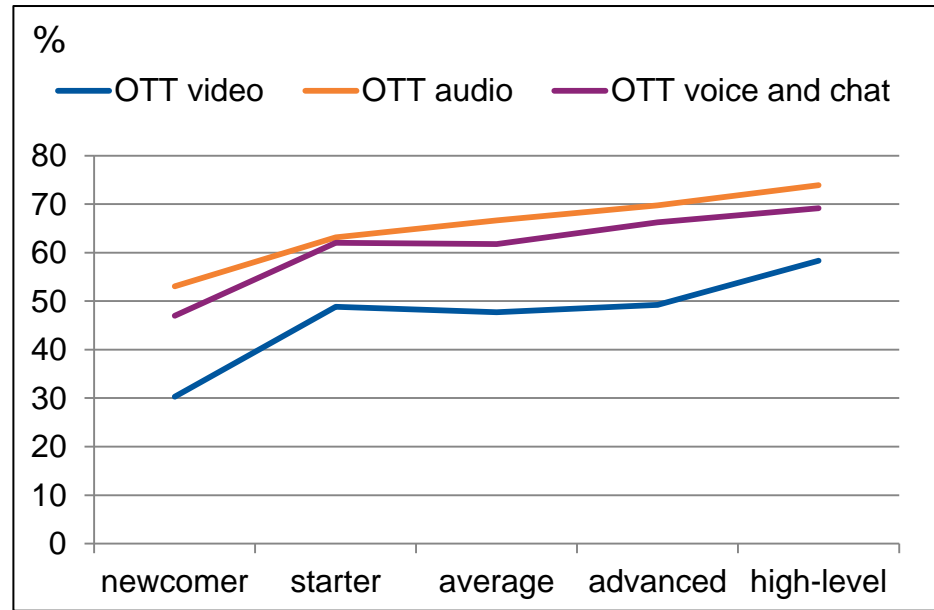
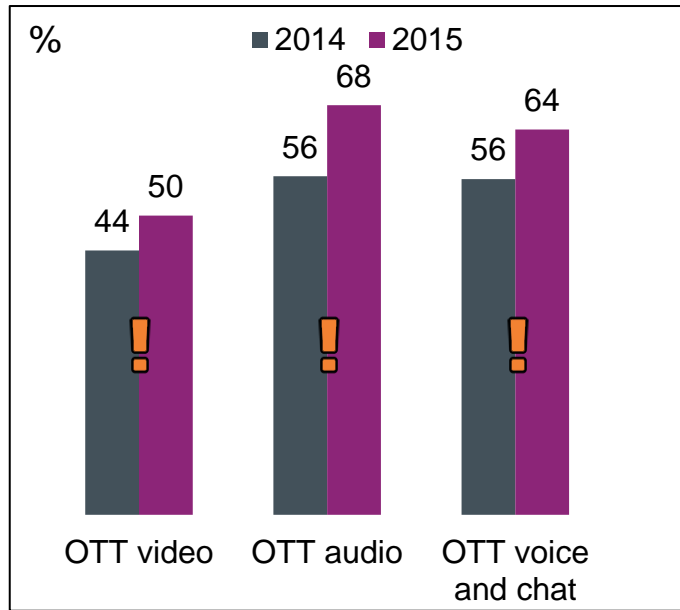
The proportion of people using traditional services less or not any more as a result of accessing OTT contents



- Since 2014, the proportion of people not watching TV any more or watching less in the traditional way as a result of accessing OTT video contents has slightly increased.
- An even greater increase can be noticed in case of users of audio OTT contents who do not listen to the radio any more or do it less because of the Internet.
- The proportion of people using online voice and chat apps to partly or completely substitute traditional fixed or mobile phone calls is similar to the former two groups, but it has not changed since last year.
- Younger people seem to be more inclined to change their previous consumption habits than other users. This difference is especially noticeable in case of watching TV.

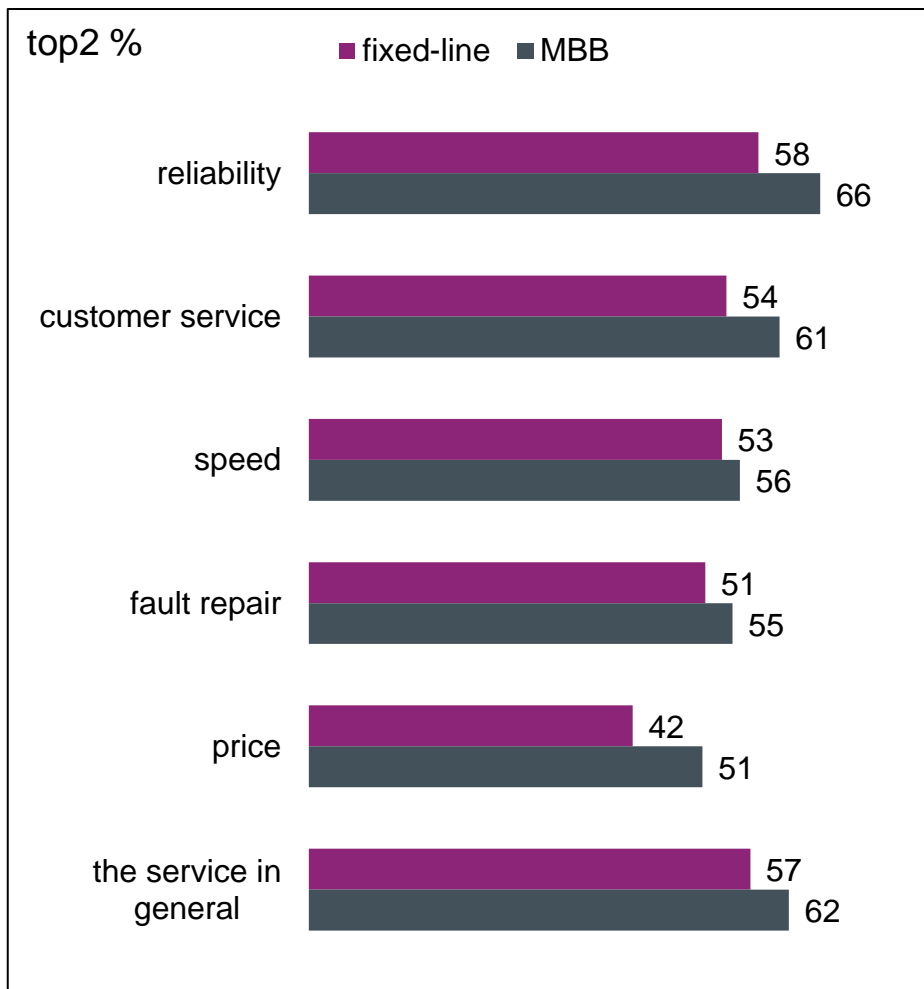
Basis: users of video, audio, and voice and chat OTT contents, n=2622/2653/2694, N=4.6/4.7/4.8 m

Proportion of users satisfied rather or very much with OTT contents
(top 2 boxes on a 5-point scale)



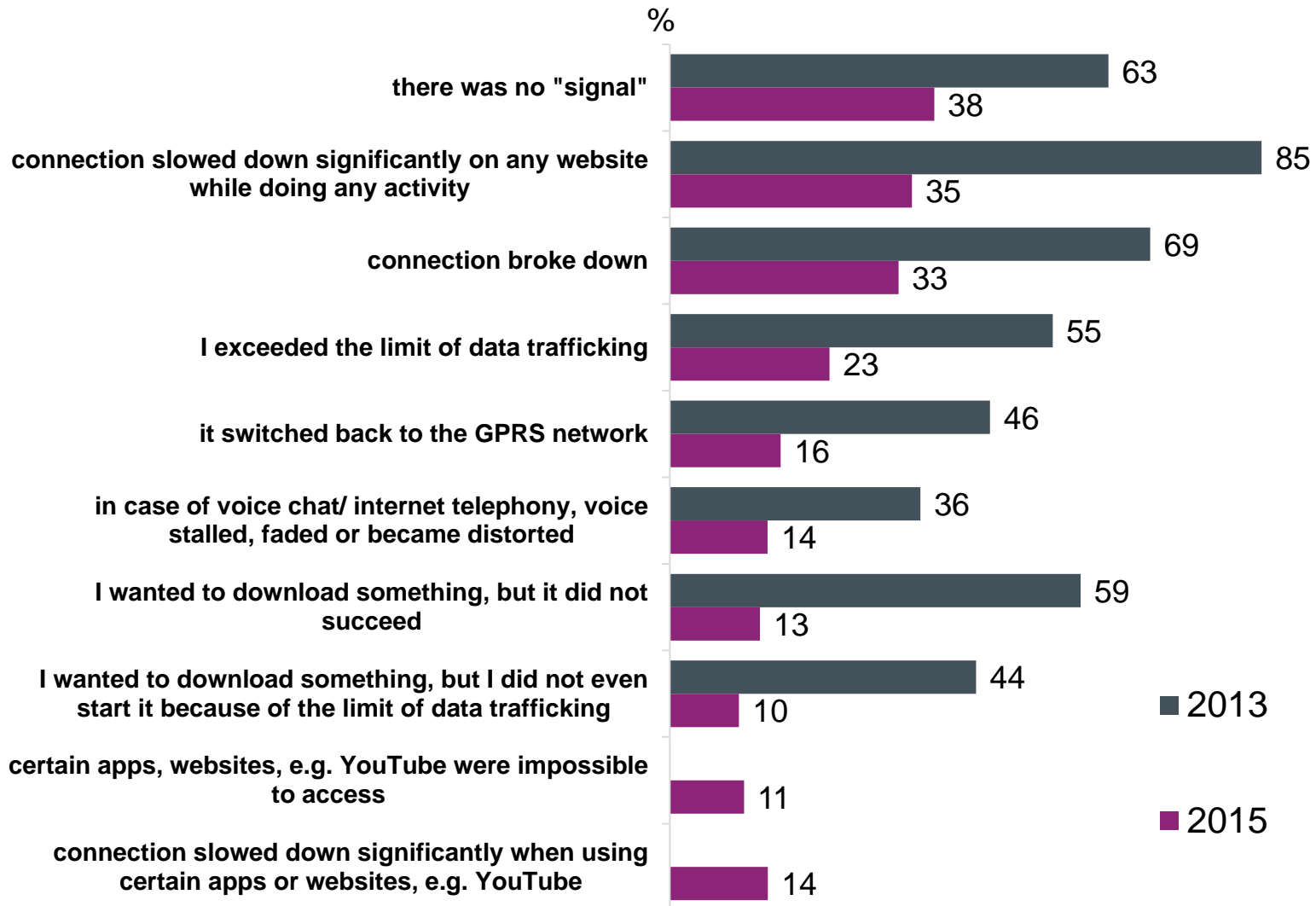
- Consumer satisfaction with all 3 types of OTT contents and services has grown since last year.
- The level of satisfaction with OTT video contents is a bit lower than with other types of OTT contents. An explanation may be the still low quality of image resolution.
- There is no significant difference in satisfaction with OTT contents by age groups.
- Significant differences can be seen in consumer satisfaction by skills of Internet usage. There may be two main reasons for this. One is that more advanced users are more likely to find the appropriate and improved OTT contents. And the other one is that some time may be necessary for beginners to get used to the new ways of communication and media consumption.

Basis: users of video, audio, and voice and chat OTT contents, n=2622/2653/2694, N=4.6/4.7/4.8 m



- In contrast to the beginning of the spreading of MBB in Hungary, subscribers are more satisfied now with mobile than with fixed-line Internet services. The reason may be that users have gained more experience and have more realistic expectations about MBB.
- Subscribers of Digi are the most satisfied with the most important parameters, such as reliability, speed, and price of the service among clients of fixed-line Internet providers.
- Regarding these three parameters in case of MBB services, subscribers of Vodafone are the most satisfied among clients of the three big mobile operators.

Basis: Internet users with subscription for fixed-line and mobile Internet, respectively, n=2708/1464, N=4.9/2.65 m

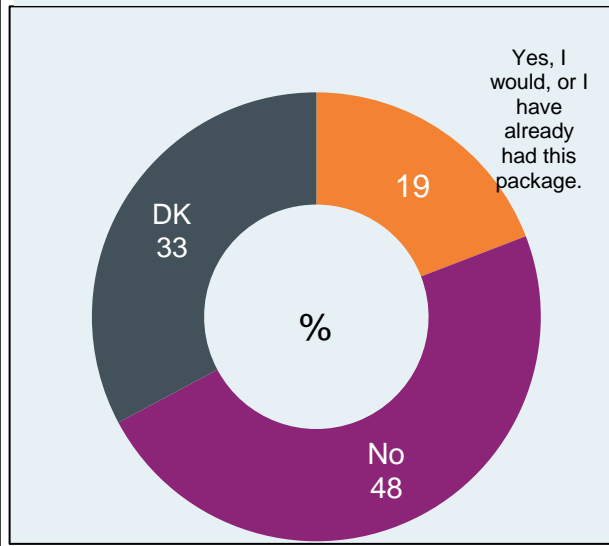


Basis: Internet users with subscription for fixed-line and mobile Internet, respectively, n=2708/1464, N=4.9/2.65 m

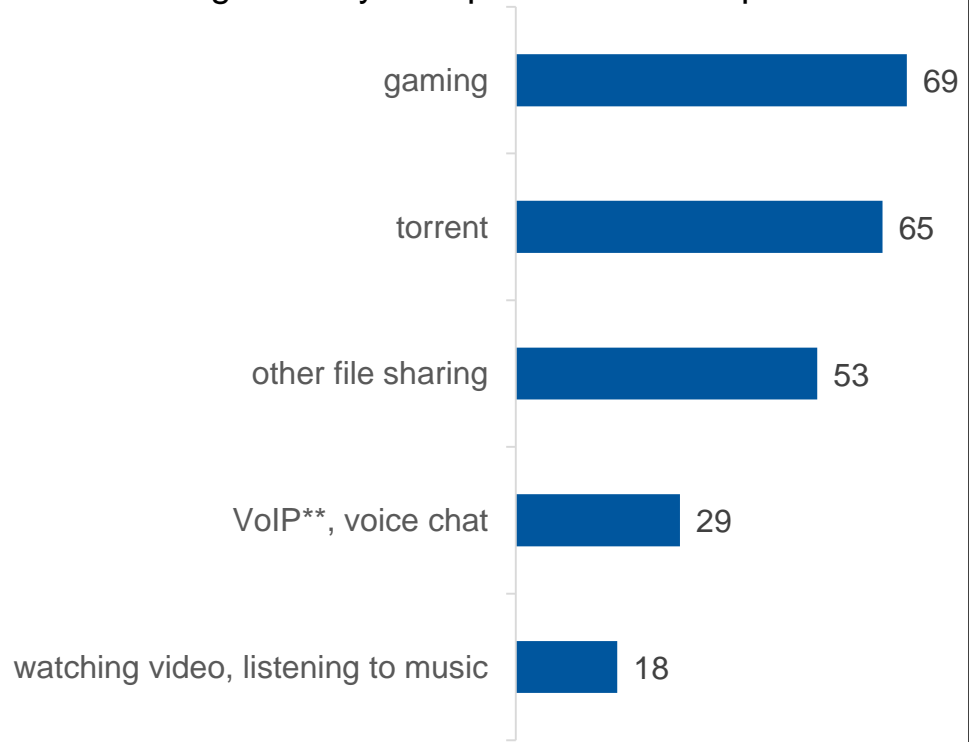
One fifth of Internet users would subscribe for an MBB package that blocks high-data-use activities if it was significantly cheaper than the normal price. Only a minority would give up chat and online videos as the majority of users do this activities online. Half or two-thirds would avoid other online activities that are done by half of Internet users.*

Q: Would you subscribe for an MBB package that is significantly cheaper than the normal price, but certain high-data-use activities are not accessible at all?

These blocked activities could be file sharing, torrent, downloading/watching films and TV programmes, listening to radio, watching videos, voice chat, and calling fixed or mobile phones by a chat program.



Activities that users would give up for significantly cheaper MBB subscription

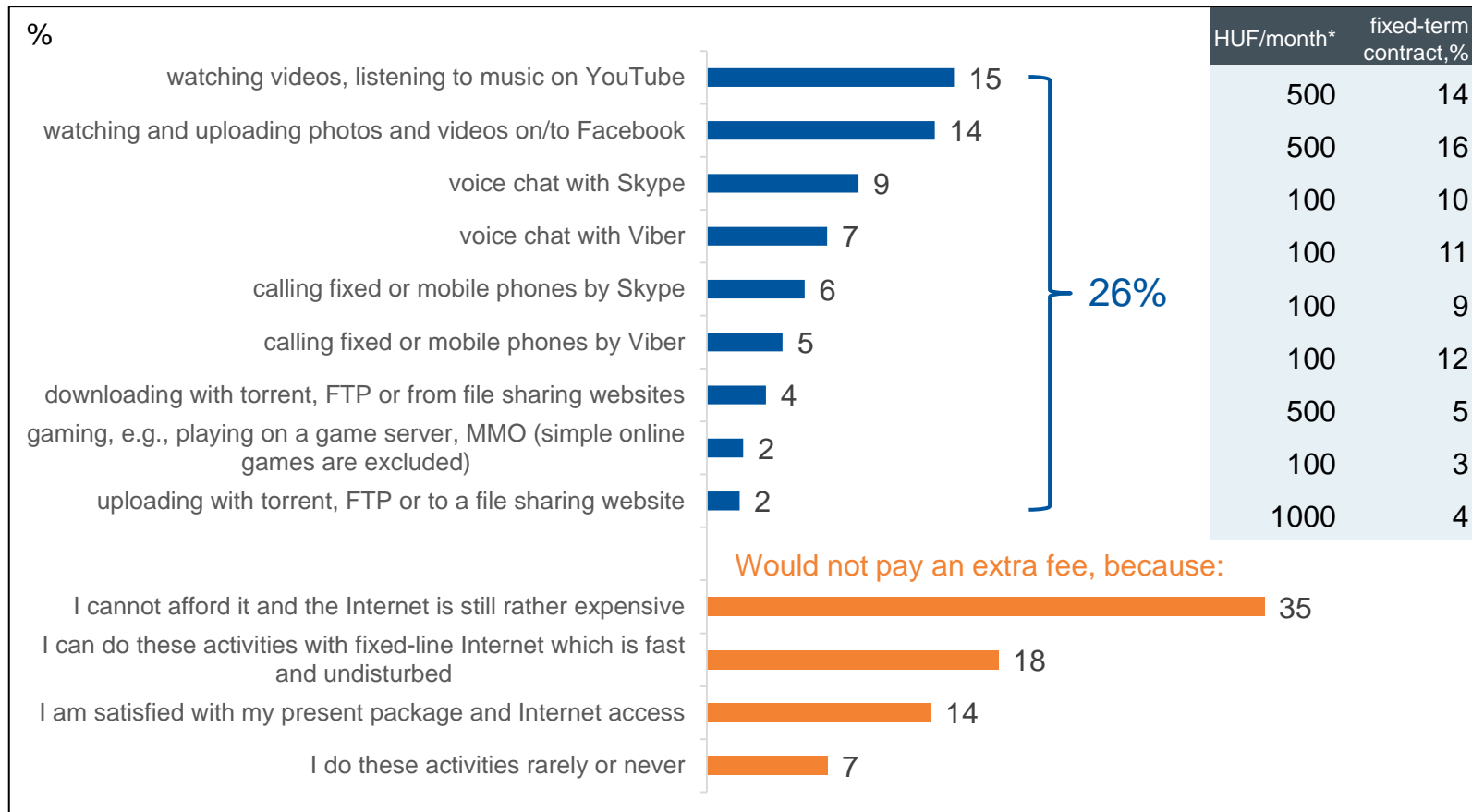


Basis: Internet users, n=3115, N=5.6 m

**Calling fixed or mobile phones by a chat program.

*Among people doing the given activities on their smartphone, 13% would avoid watching videos and listening to music, another 17% voice chat and Internet telephony, and 35% gaming when using MBB. Data on torrent and other file sharing activities on smartphone are not available.

26% of Internet users having a subscription for MBB would be willing to pay an extra fee besides the monthly price for high-data-use activities with MBB access. They mentioned mostly a token fee for these activities. According to the most frequent answers, they would be inclined to pay 500 HUF/month for “hardcore” use of YouTube and Facebook, and for downloading big quantity of data while 1000 HUF/month for uploading big quantity of data. Another 29% are not willing to pay extra fee for high-data-use activities but would sign a fixed-term contract for these opportunities.

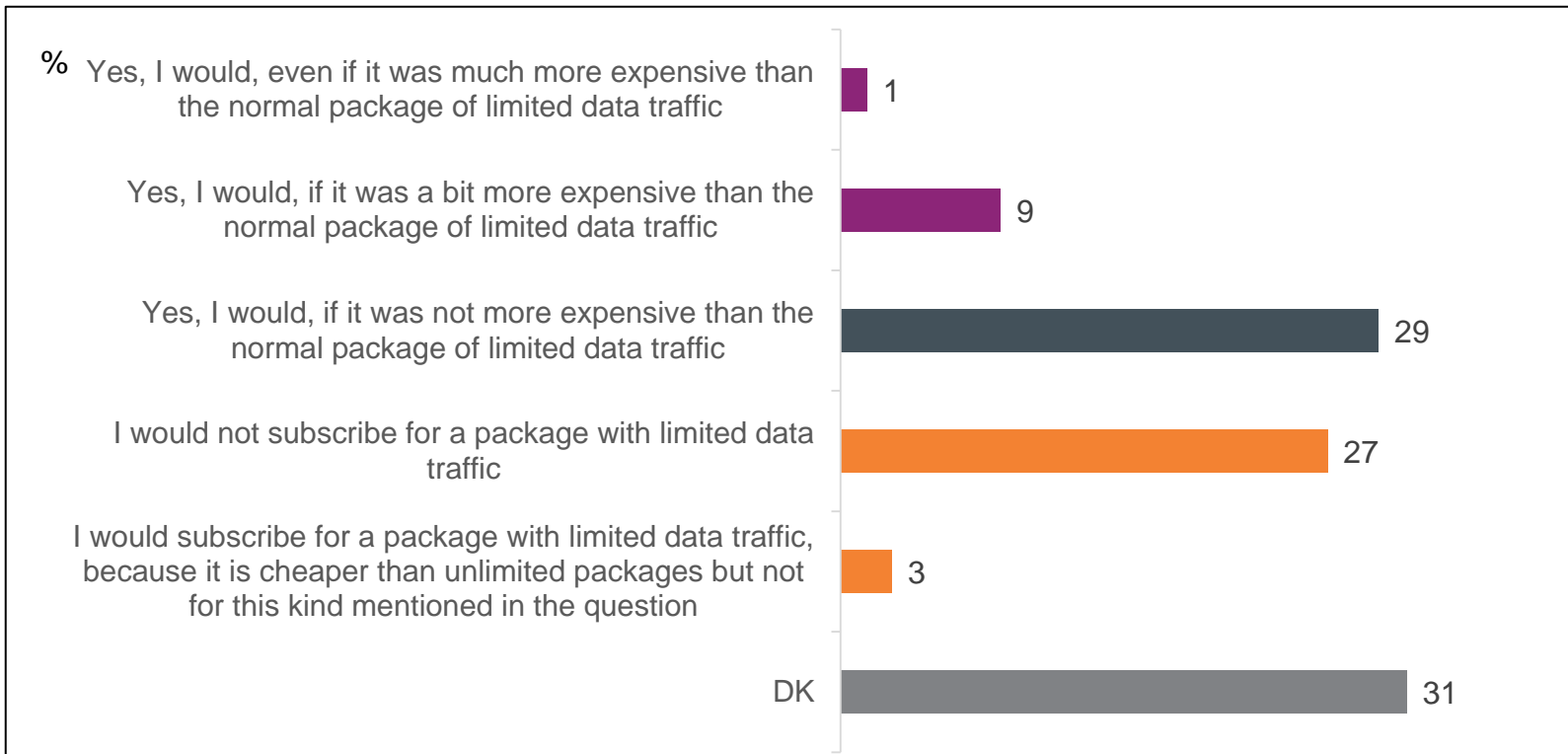


Basis: Internet users with subscription for MBB, n=1464, N=2.65 m

*Mode, i.e., the price chosen the most frequently

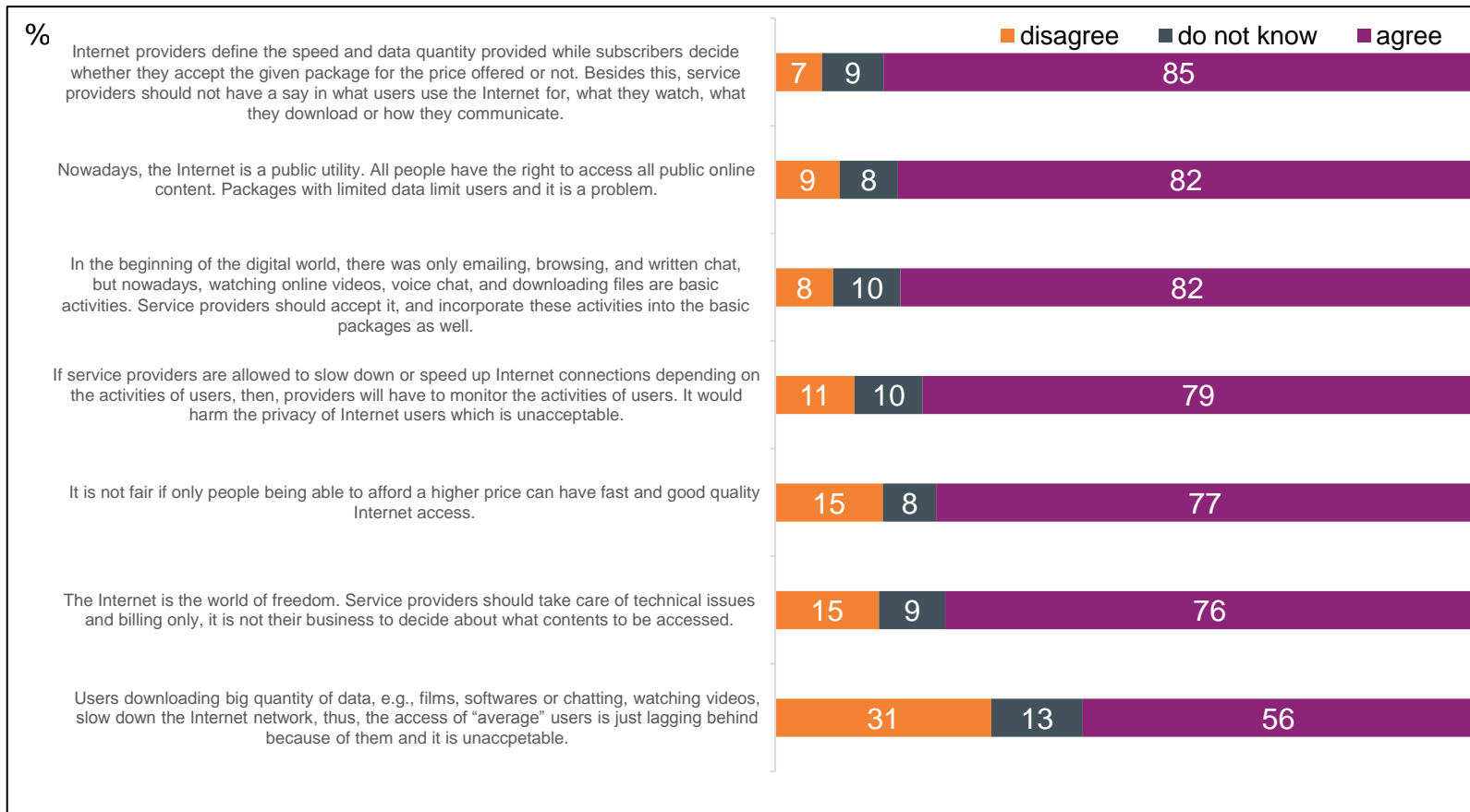
When it is about ensuring net neutrality for consumers, it is an interesting issue how to deal with zero-rating, i.e., packages with limited data traffic when data traffic generated by the use of certain websites (e.g., Facebook) do not count into the data consumption of consumers. In practice, zero-rated packages are mostly offered by mobile operators.

Q: There are telephone packages with 'favourite numbers' service. Internet service providers may introduce similar packages in case of packages with limited data traffic. In this case, the use of certain websites and applications (e.g., Facebook, YouTube, file sharing, and chat programs) would not count into data traffic, thus, these could be used unlimited and without any slowdown by the service provider. Would you be willing to subscribe for this Internet package?



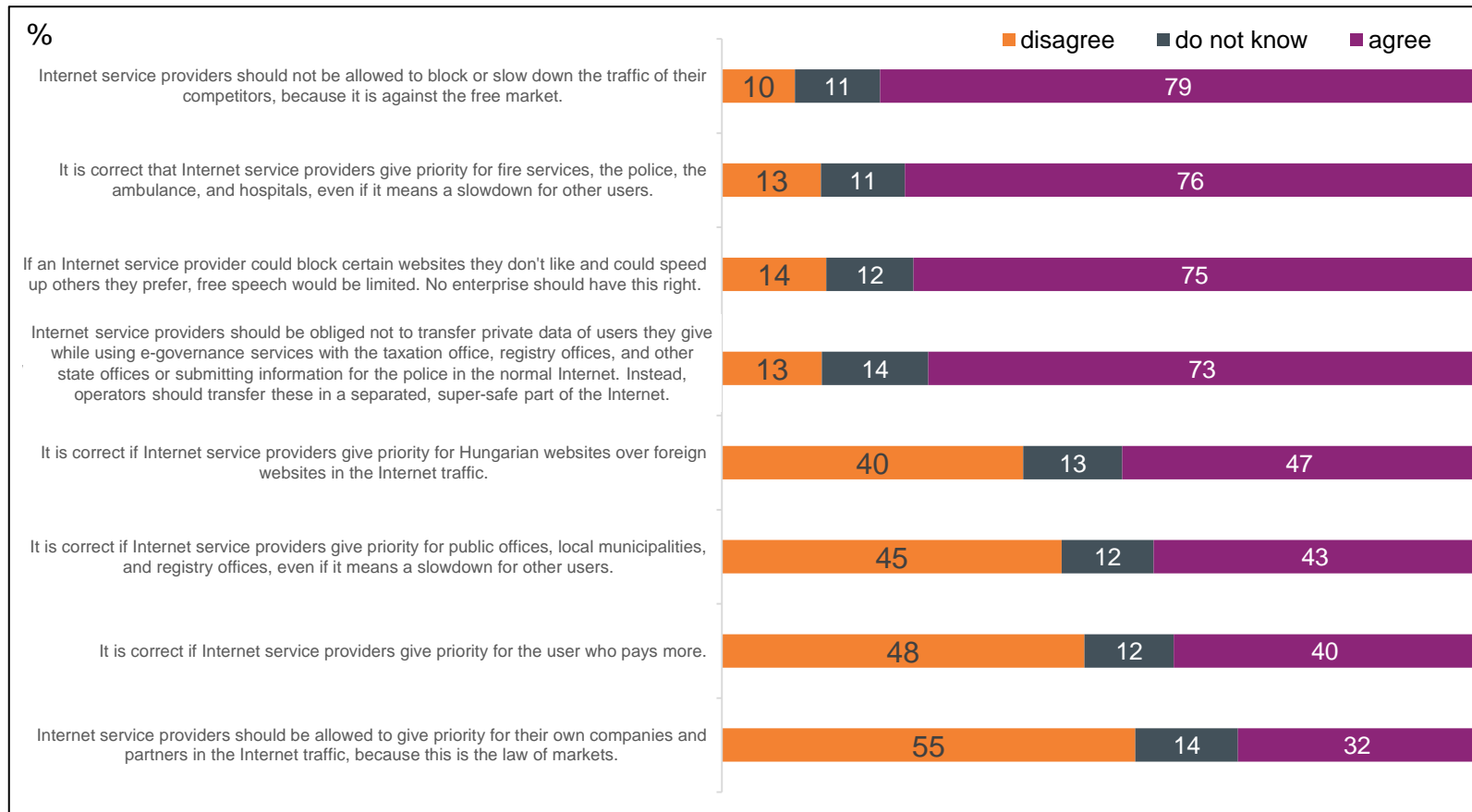
Basis: Internet users, n=3115, N=5.6 m

Q: Traffic is growing in the Internet while users want higher and higher Internet speed. Experts try to find solutions for this challenge. Now, we would like to ask your opinion about some of these suggestions.



Basis: Internet users, n=3115, N=5.6 m

Q: Different opinions can be heard on the issue whether Internet service providers should be allowed or not to decide to let in or block certain contents of the web, and to give priority or slow down the access to these contents. What do you think about these issues?



Basis: Internet users, n=3115, N=5.6 m