

Use of Telecommunication Services in the Households 2010

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

SURVEY METHODOLOGY



Service provider: Ariosz Ltd.

Timing of the fieldwork: 6th November 2010 – 30th November 2010

Method: Face-to-face interviews with standardised questionnaire

Sample size: 2000

Average length of interviews: 52 minutes

Weighting: in case of households: by size and age distribution of the household, type of settlement, region, and area of incumbent telecommunication service provider.

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

Weighting method: RIM weighting (multidimensional iterated cell weighting)

Signs on the slides:  data referring to households



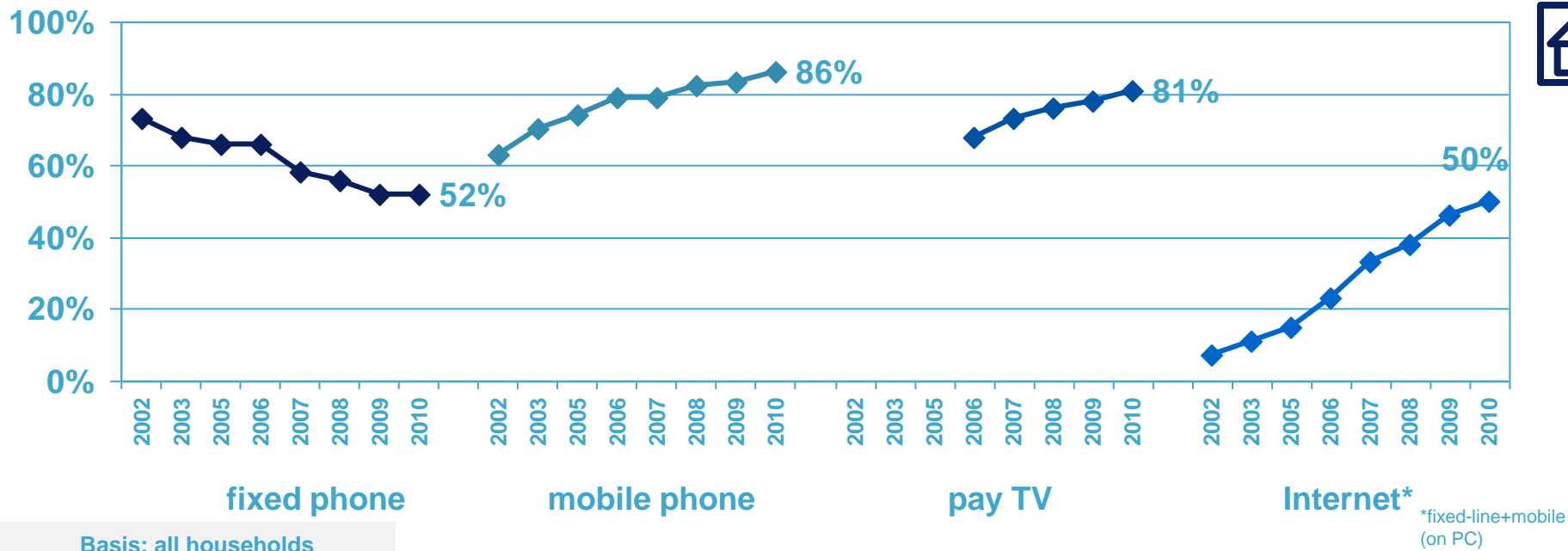
data referring to individuals

Currency on the slides: 1 EUR = 284.18 HUF (ECB, 30th November 2010)



NUMBER AND PROPORTION OF HOUSEHOLDS WITH TELECOMMUNICATION SERVICES

Size of the fixed telephone market is constantly decreasing while the Internet market is increasing.



Number of households, million	2002	2003	2005	2006	2007	2008	2009	2010
fixed phone	2,80	2,64	2,55	2,66	2,33	2,24	2,10	2,08
mobile phone	2,42	2,69	2,86	3,15	3,17	3,17	3,33	3,44
pay TV				2,63	2,82	2,94	3,11	3,23
Internet	0,27	0,43	0,59	0,93	1,33	1,49	1,86	2,00

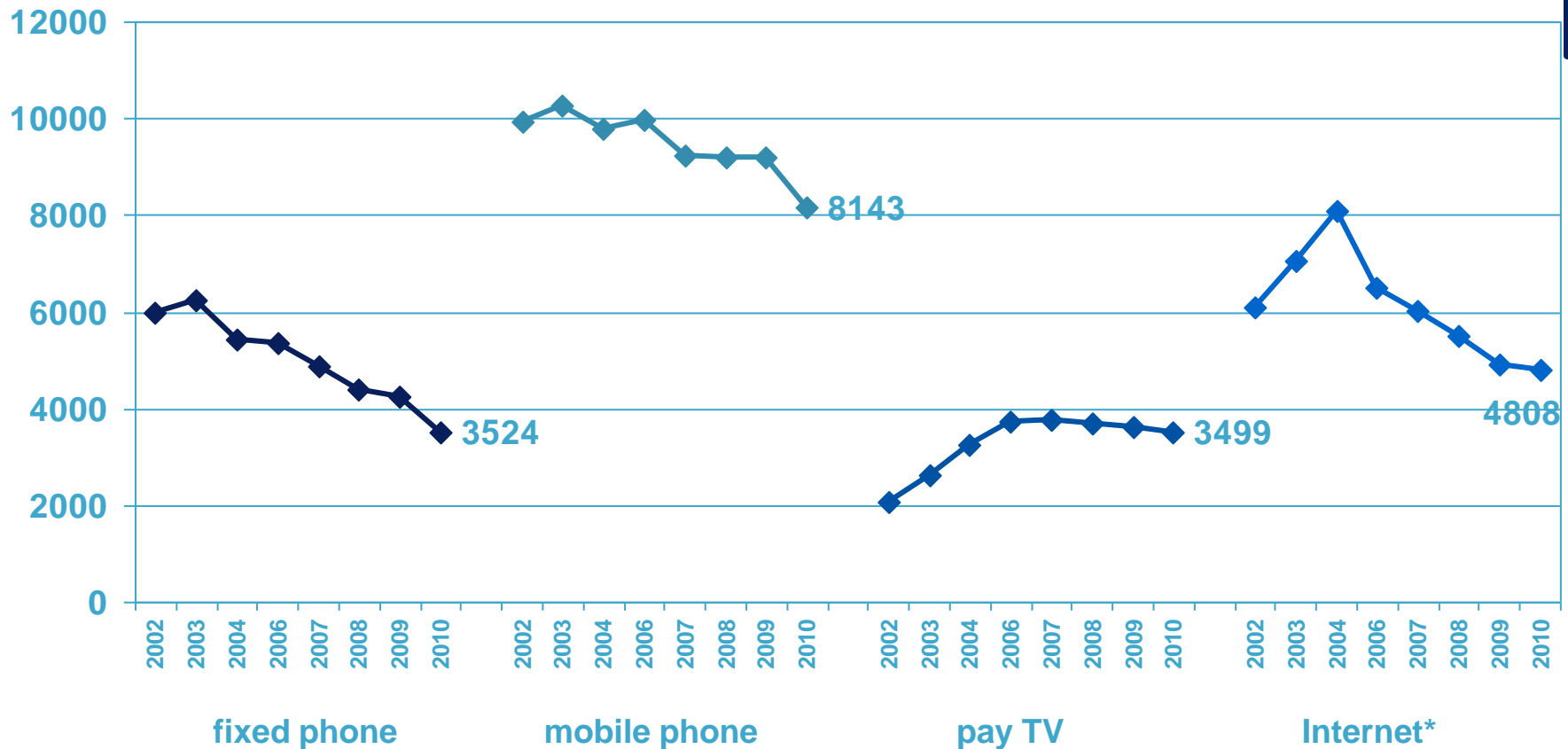




AVERAGE MONTHLY SPENDING OF HOUSEHOLDS ON TELECOMMUNICATION SERVICES

Household spending on fixed and mobile telephony has decreased significantly compared to the previous years. Gross spending on Internet and pay TV stagnate.

Please, be aware that these data contain all changes in VAT of the last years.



Basis: households having the given service

*fixed-line+mobile
(on PC)

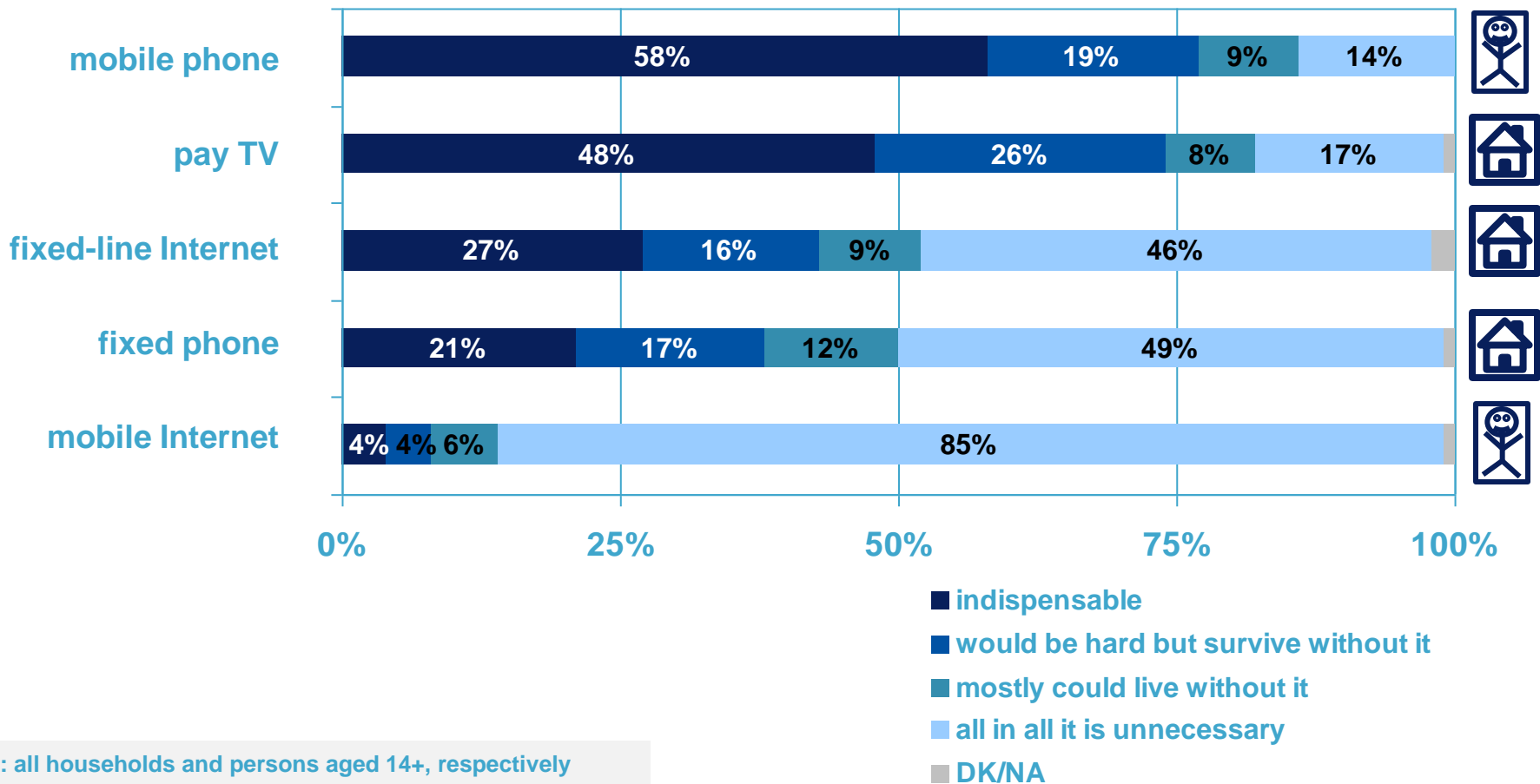
Size of the market in 2010 is 540 billion HUF (net; 2009: 558 billion HUF)



DEMAND FOR TELECOMMUNICATION SERVICES



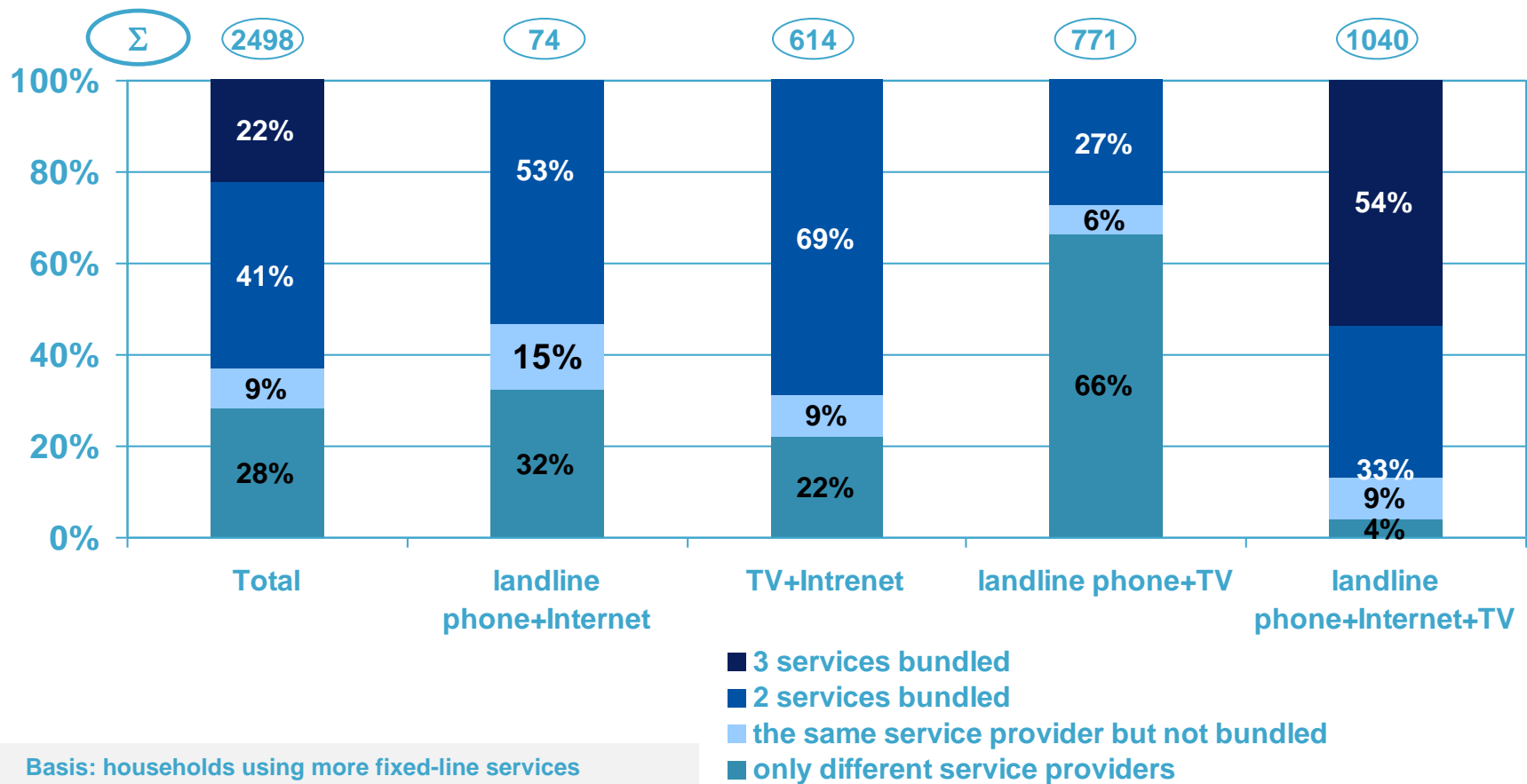
As it was the case also in the past years, mobile phone is the most indispensable service for the population.



2 PLAY / 3 PLAY

More than 70% of households using more services subscribe for more services at one service provider. 90% of these households use bundled services. Internet is the main factor of bundling – these proportions are 33 and 80% in households with Internet.

Use of bundled services by the combination of subscribed services

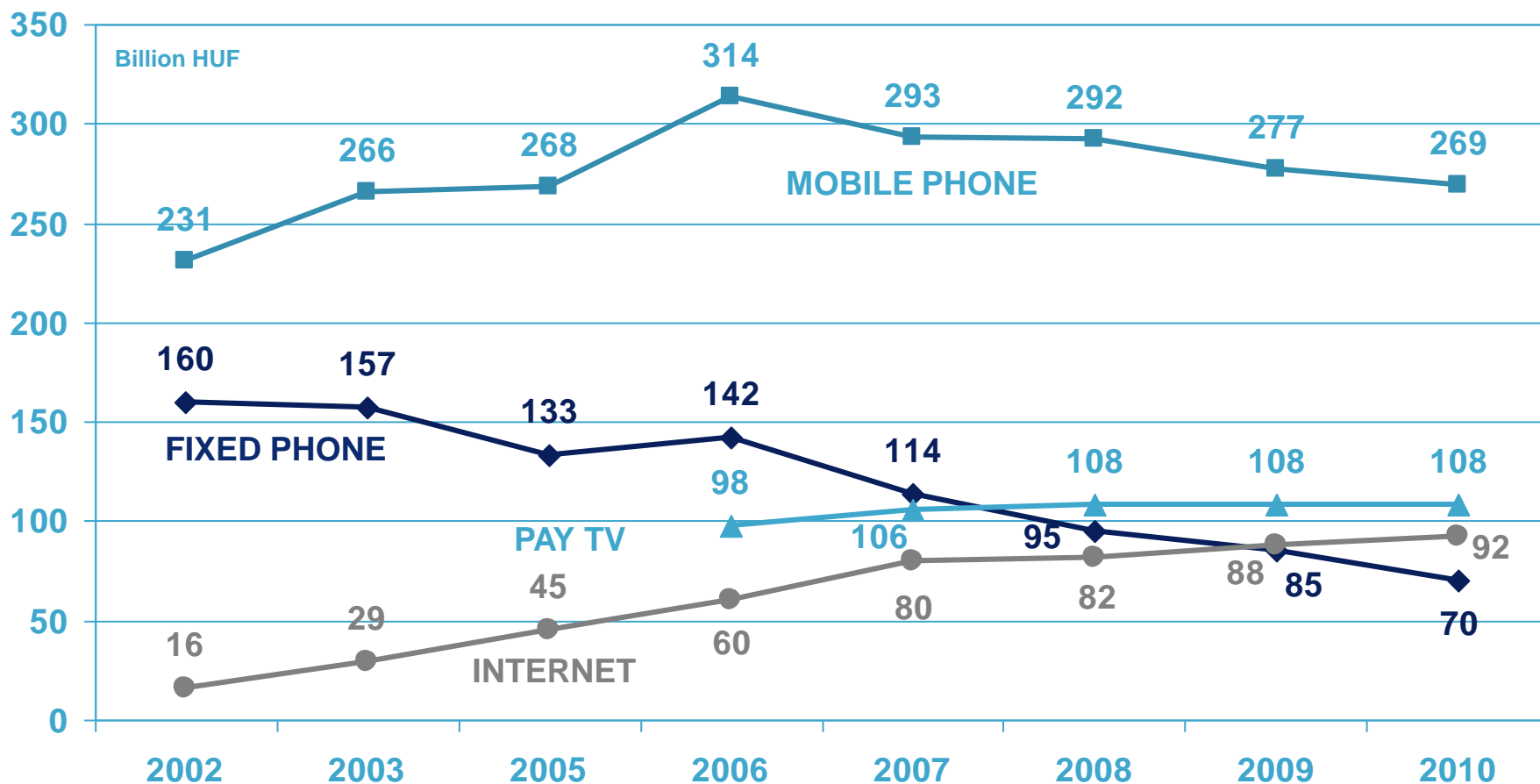


Basis: households using more fixed-line services



SIZE OF THE MARKET OF TELECOMMUNICATION SERVICES, 2002-2010

Fixed and mobile telephony markets have been constantly decreasing, while the market of pay TV has stagnated and the Internet market has increased.



Basis: all households

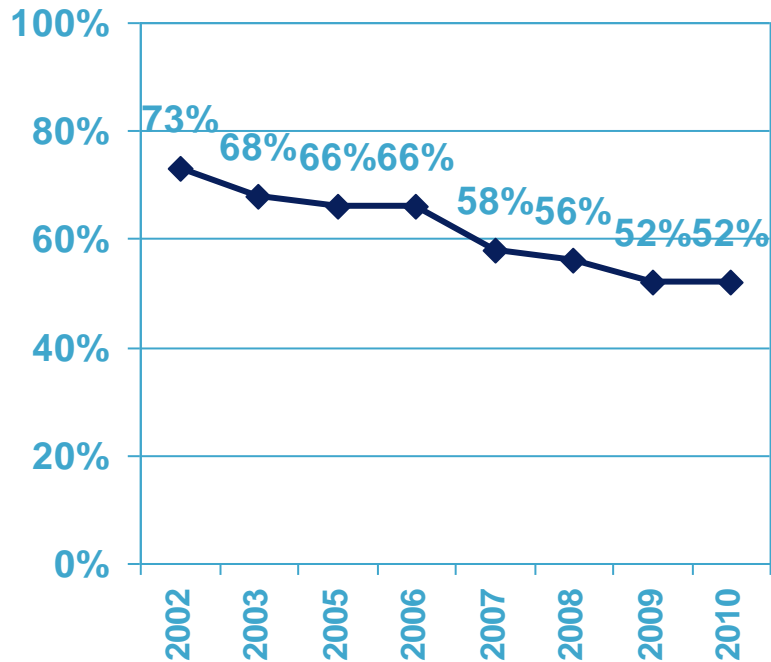


FIXED PHONE: ACCESSIBILITY

Only a bit more than half of the households have fixed phone. There is a strong increase in the proportion of cable phone while PSTN decreased to 71%.

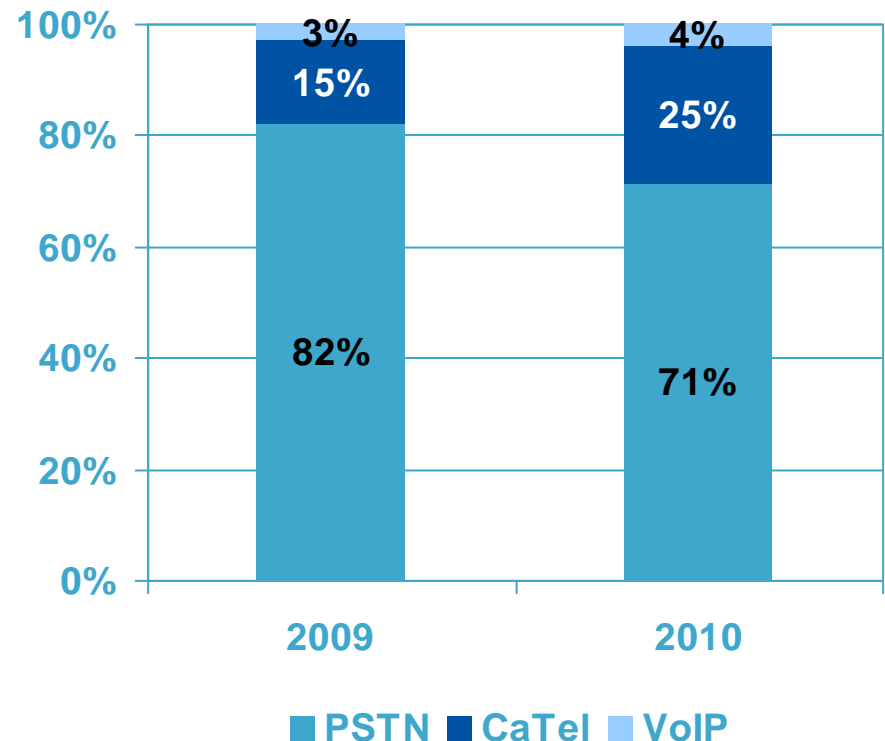


Households with access to fixed phone



Basis: all households

Technology of fixed phone access



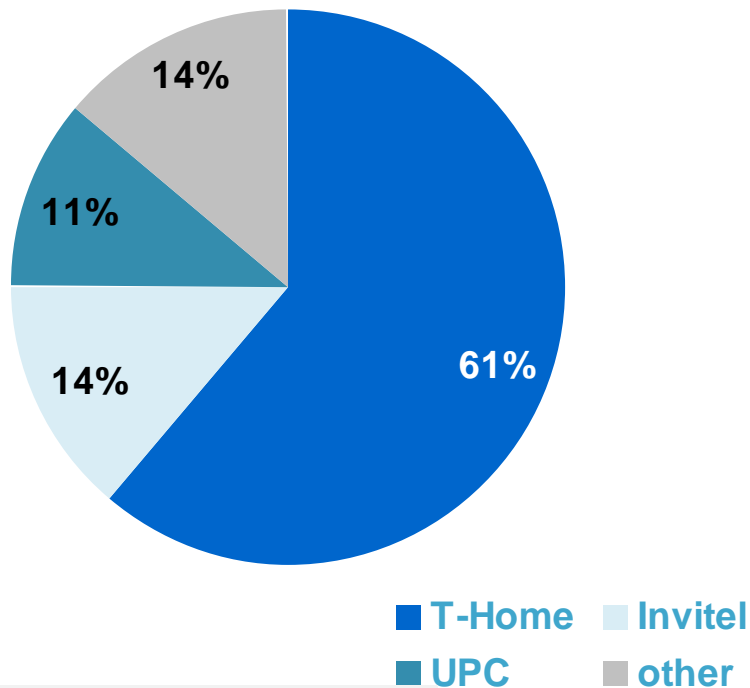
Basis: fixed phone subscriptions

SPENDING ON FIXED TELEPHONY

The main reason is the advantageous price of cable phone to PSTN behind widespreading fast as CaTel is provided almost always in bundling. The average level of VoIP spending is somewhere between these two.

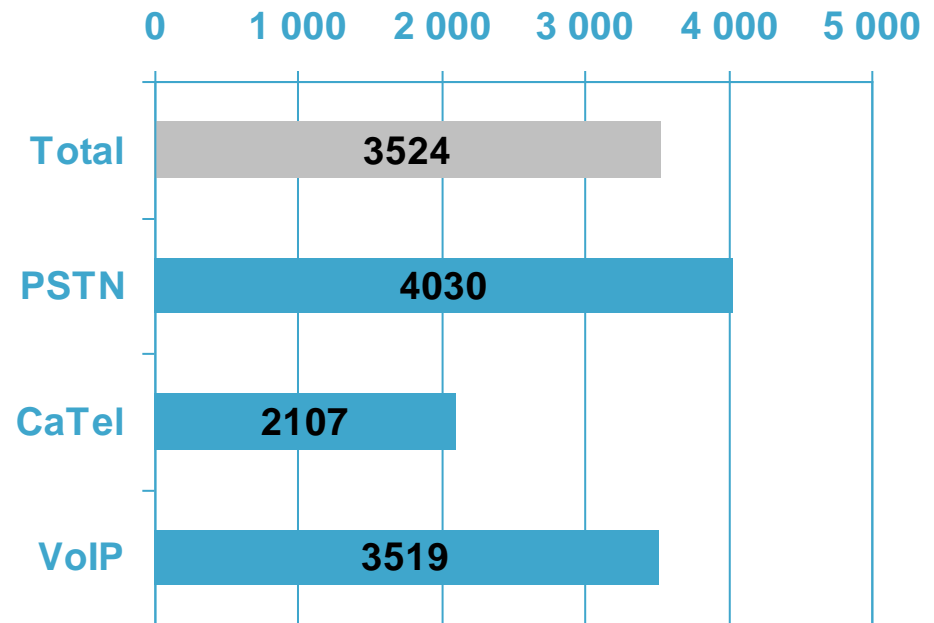


Access to fixed phone by service providers



Bázis: fixed phone subscriptions

Spending by technology (gross sums, HUF/month)

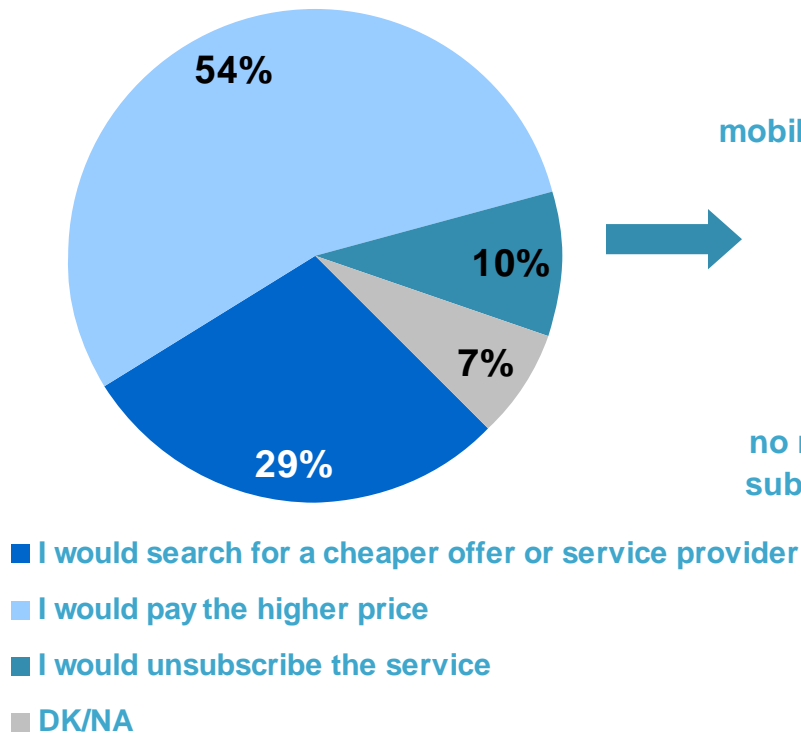


Size of the fixed telephony market: 70 billion HUF (net, 2009=85 billion HUF)

VOICE MARKET: HYPOTHETICAL MONOPOLIST TEST

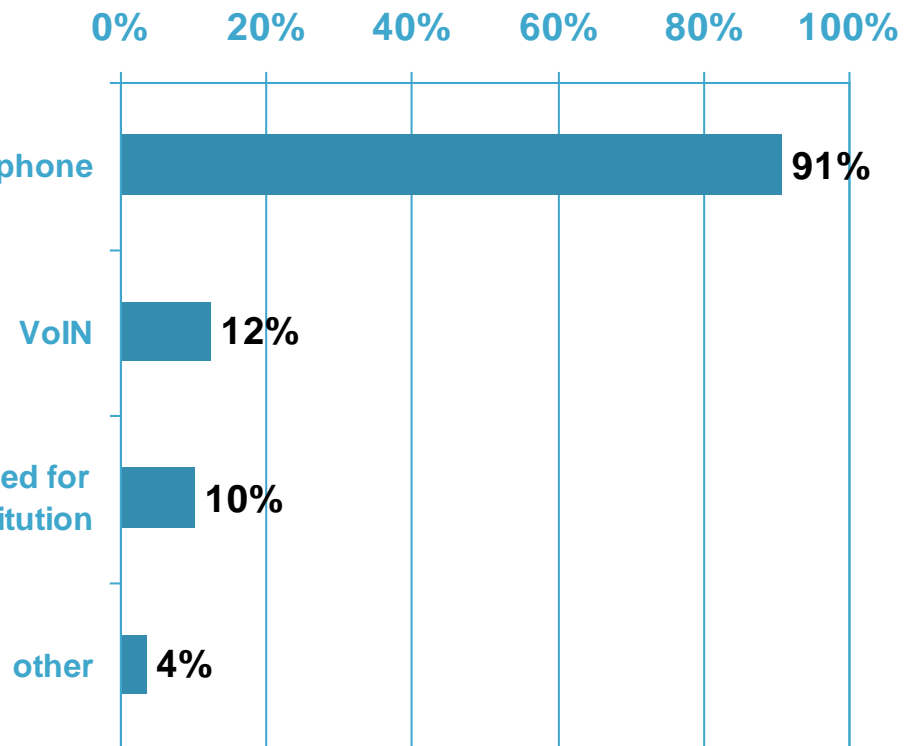
10% of subscribers would unsubscribe their fixed phone service in case of a 10% increase in monthly costs. The chief substitutive tool (91%) would be mobile phone. Only 12% would substitute fixed phone with VoIN.

What would you do if the monthly cost of your fixed phone subscription increased by 10%?



Basis: households with subscription for fixed phone

How would you substitute the fixed phone?



Basis: those households which would unsubscribe the service in case of the higher price

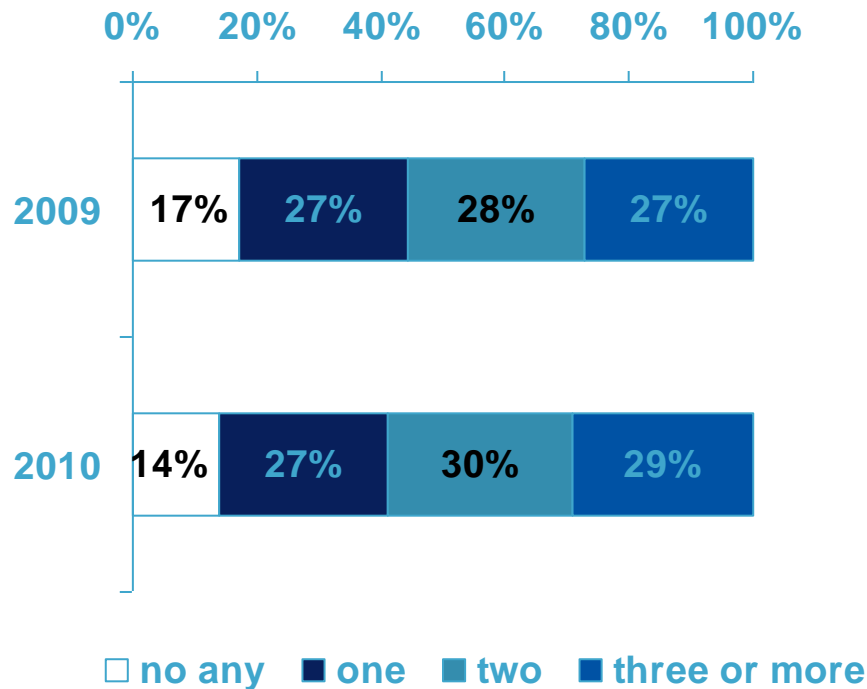
MOBILE PHONE: ACCESSIBILITY

86% of households have mobile phones. (It was 83% in 2009).
There are more households with more SIM cards compared to last year.
There are 7.7 million SIM cards* in the households: 43% are post-pay and 57% are pre-pay cards. (The proportion of pre-pays was 61% in 2009).

*Only those SIM cards are taken into consideration in the survey which are actively used. Thus, inactive and cards for industrial usage are not counted.

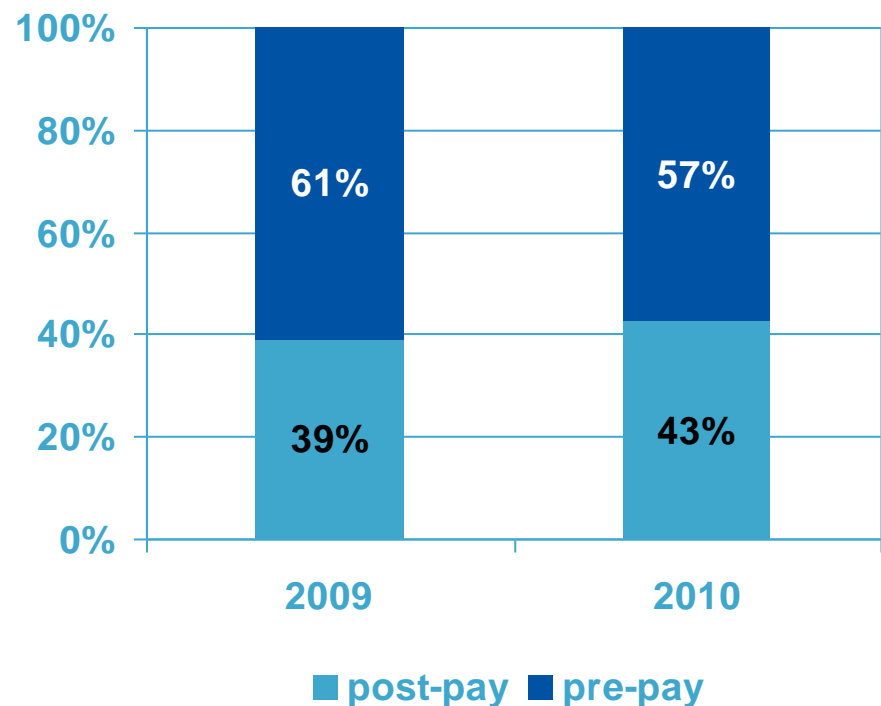


Households by the number of SIM cards



Basis: all households

Proportion of pre-pay and post-pay subscriptions

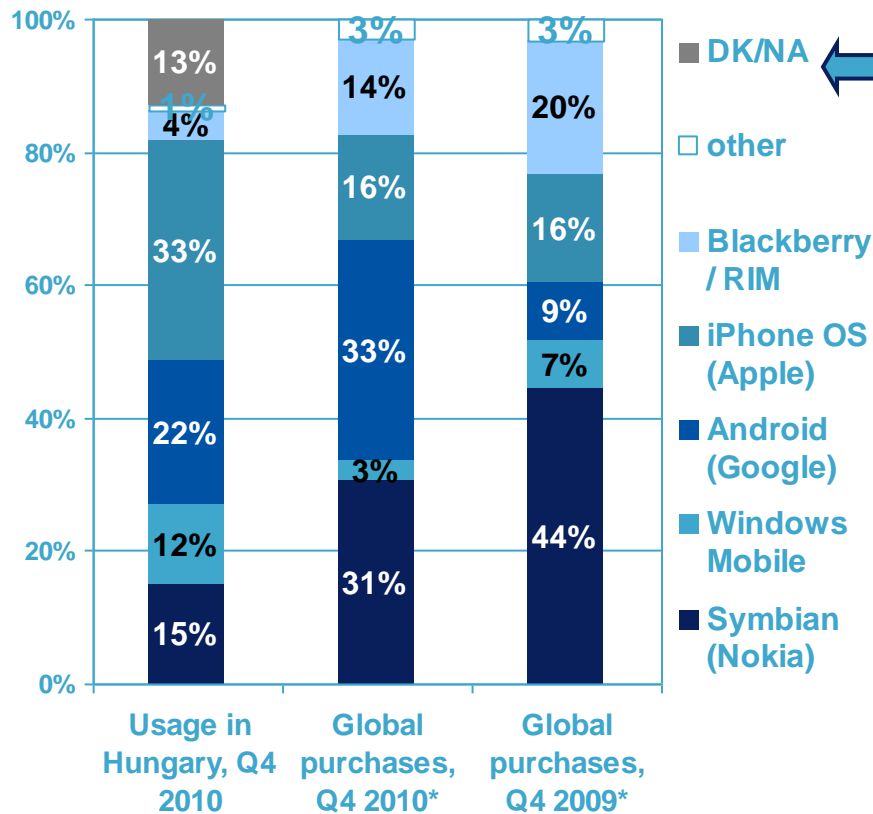


Basis: mobile phone subscriptions

SMARTPHONE

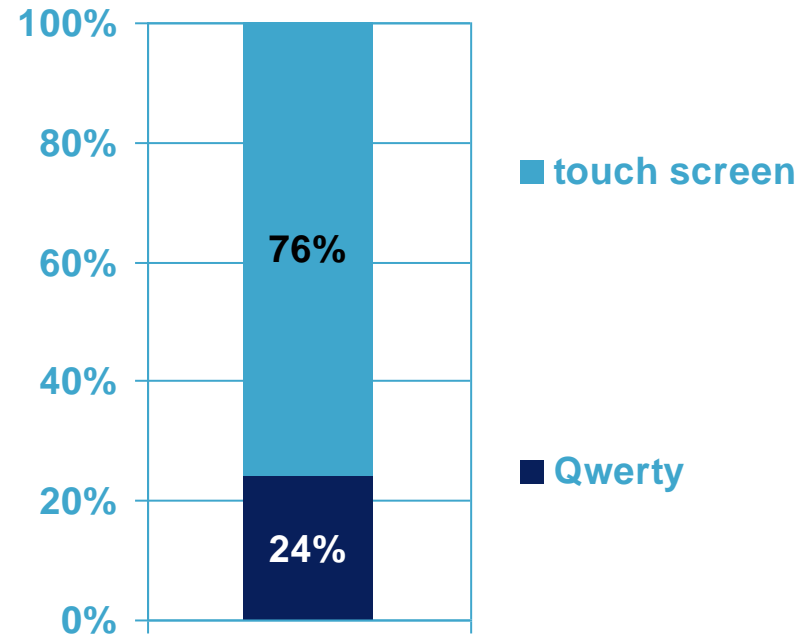
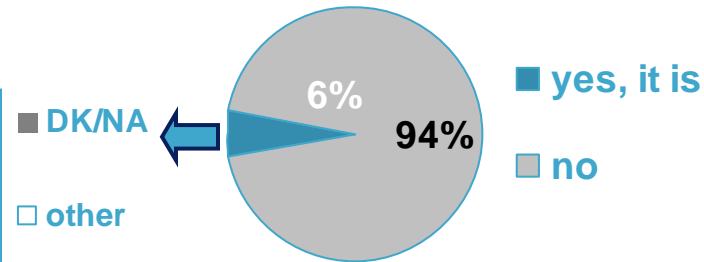
Nearly 400 thousand people (6% of mobile users) use smartphones. One third of these devices have iPhone OS and 22% run Android operating system. (One out of seven smartphone users has no information about his/her operating system.) Three quarters of smartphones have touch screen.

Basis: individuals using mobile phones



*Source: Canalis estimates © Canalis 2011

Is the mobile phone you use a smartphone?



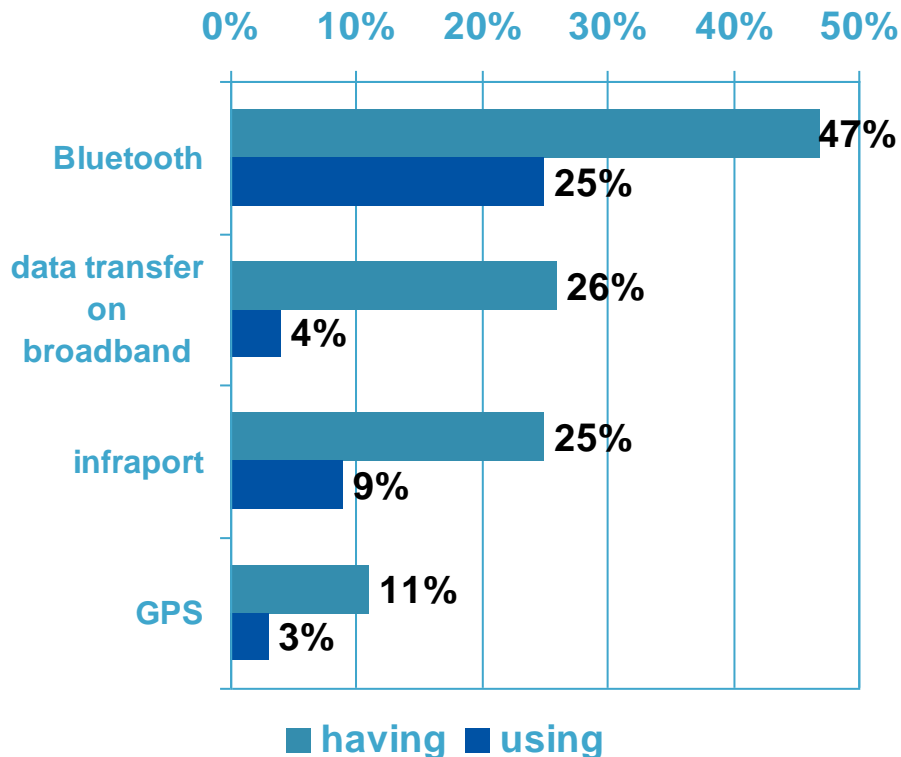
Basis: individuals having a smartphone



ADDITIONAL FEATURES FOR MOBILES

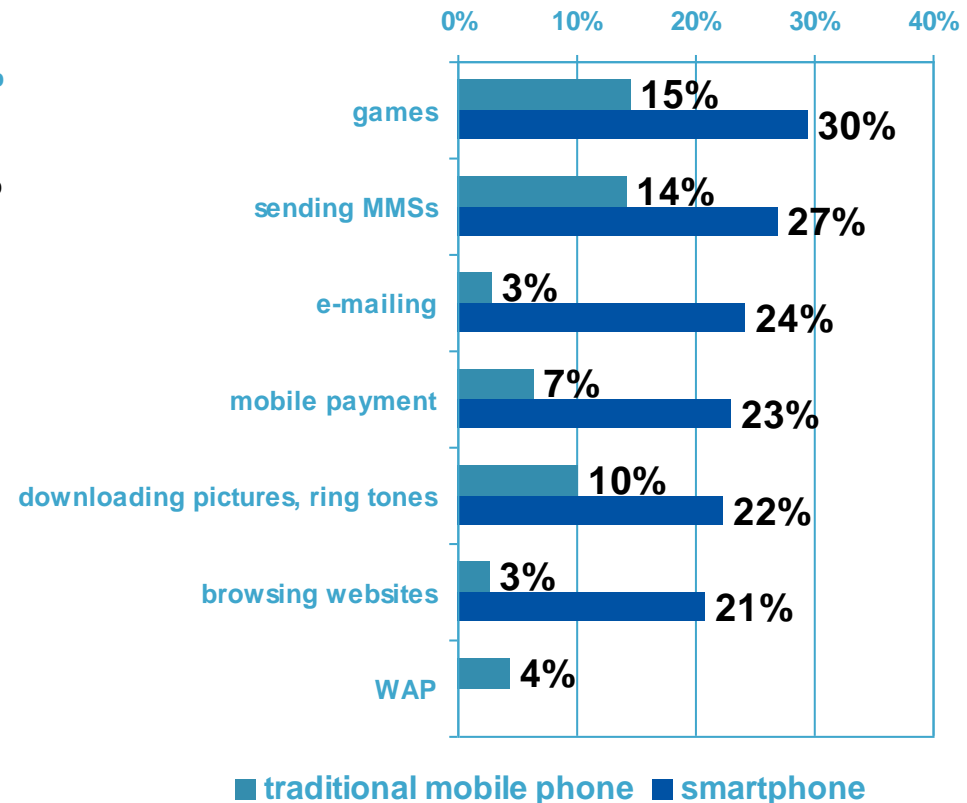
Bluetooth is the most widespread data transferring function. Games and MMSs are the most popular additional features on mobile phones. Paying by mobile phone has increased since 2009, but it still has opportunities to grow. Smartphone users are much more likely to use additional features than others.

Having and using data transferring functions on mobile phones



Basis: individuals using mobile phones

Use of additional features



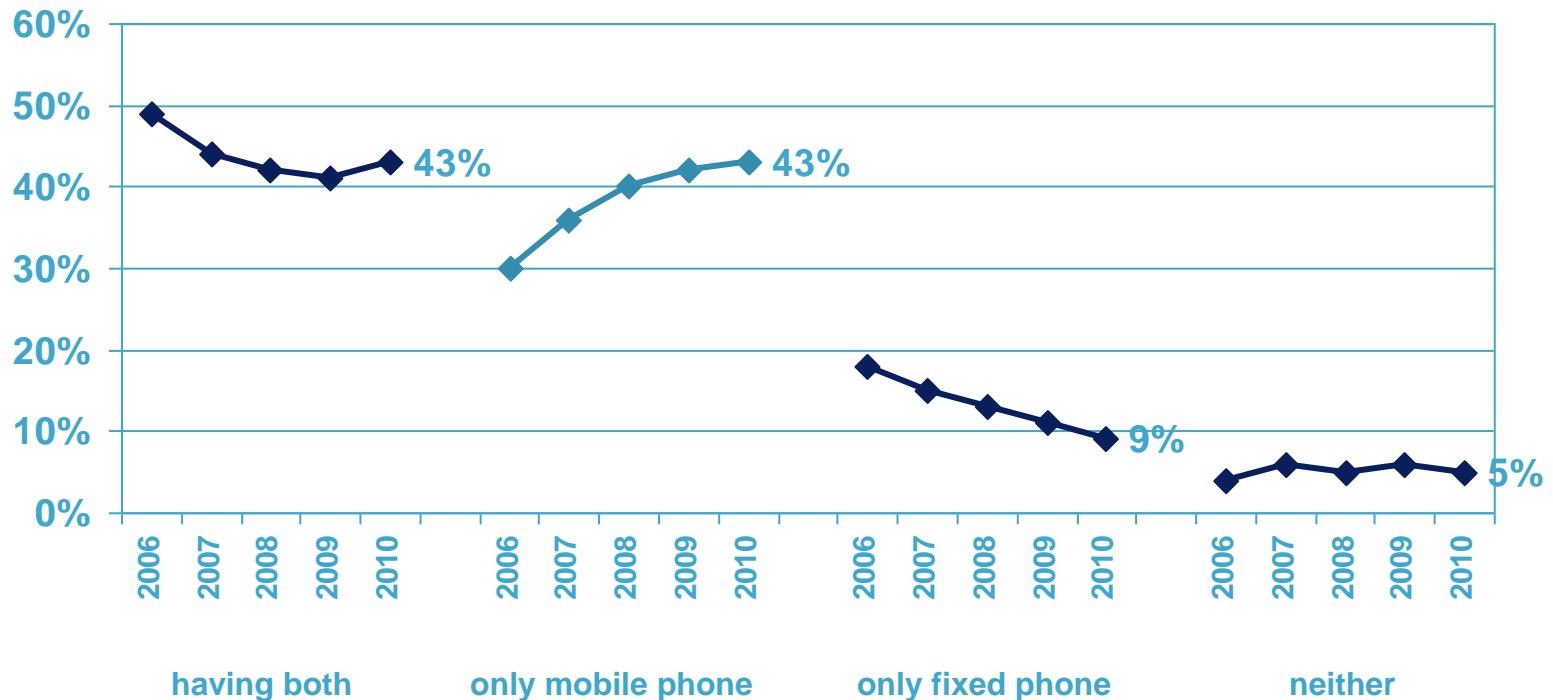


RELATIONSHIP BETWEEN FIXED AND MOBILE PHONES

A permanent tendency can be noted on the voice market: the proportion of households having fixed phone only is constantly decreasing. In line with this, the use of mobile phones increased. However, the decrease of the number of households using both stopped and the reason may be that it is used in bundle with other services.



Households with fixed and mobile phones



Basis: all households

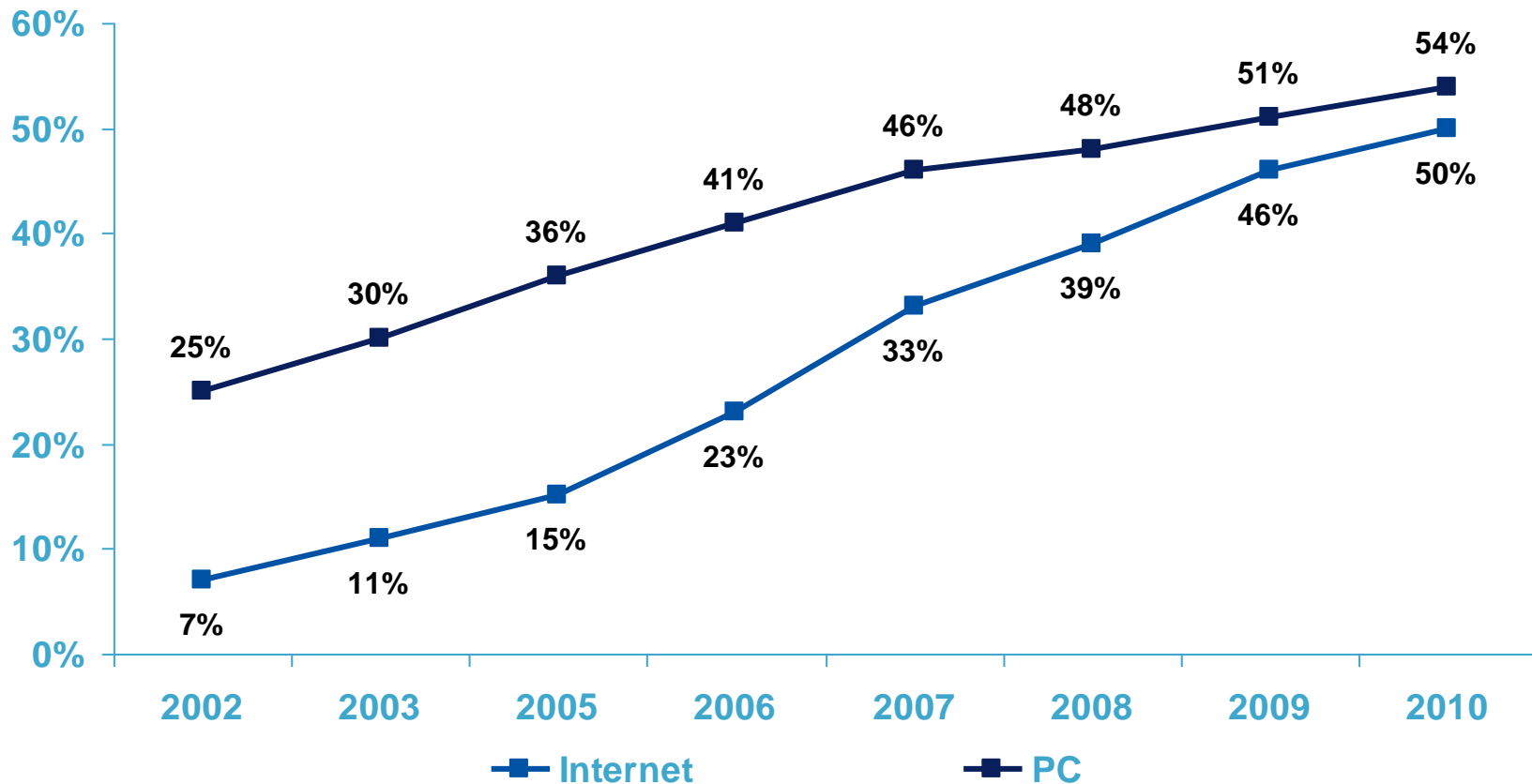


DIGITAL MATURITY



Internet widespread faster in the households than PCs. As the two proportions become closer to each other, it can be noticed that many offline households with PC subscribe for Internet and in contrast to the previous years, many households buy PC and Internet together. The new trend is that having a PC is not a precondition for the Internet.

Households with Internet and PC



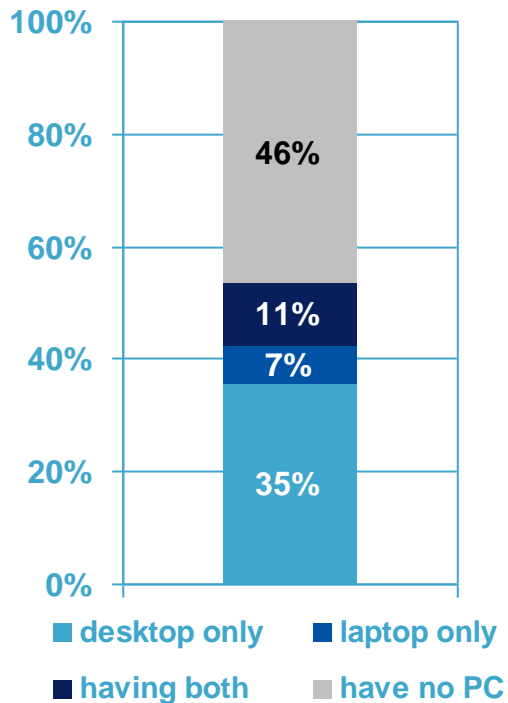
Basis: all households

COMPUTERS AT HOME

More than half of the households have a PC and the vast majority (2 million) have Internet subscription as well. The proportion of laptops increased from 27 to 34 percent in one year. 2010 is the first year when households plan to buy more laptops than desktops.

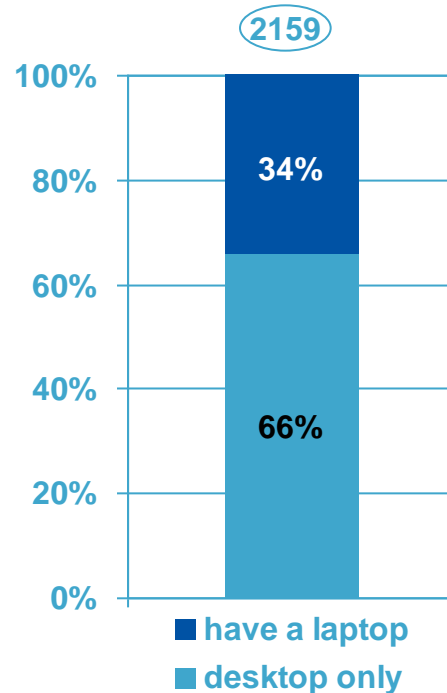


PCs in the households



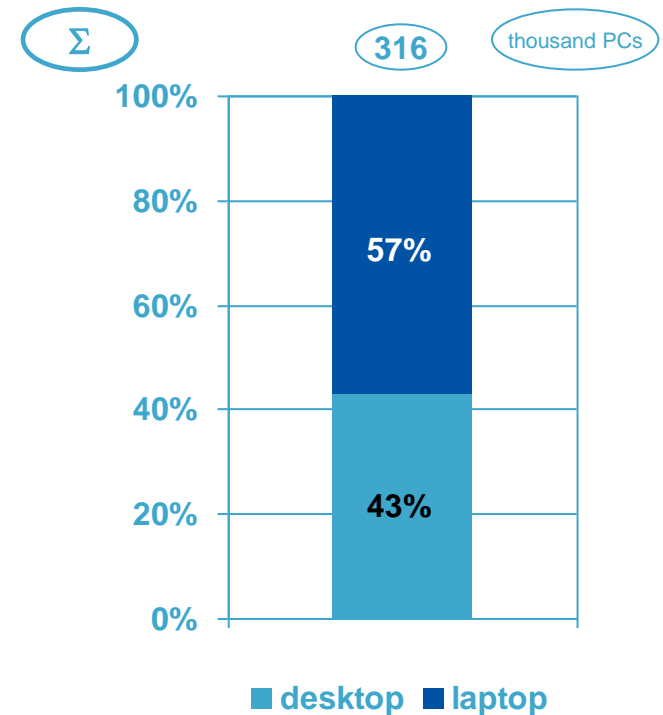
Basis: all households

Households with laptop



Basis: households having a PC

Purchasing plans



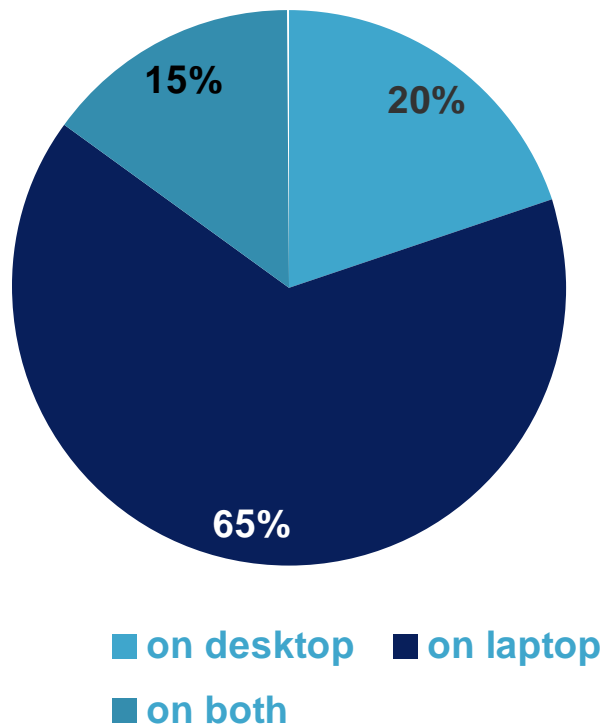
Basis: households planning to buy a PC

8% of households plan to buy a PC in the coming year.

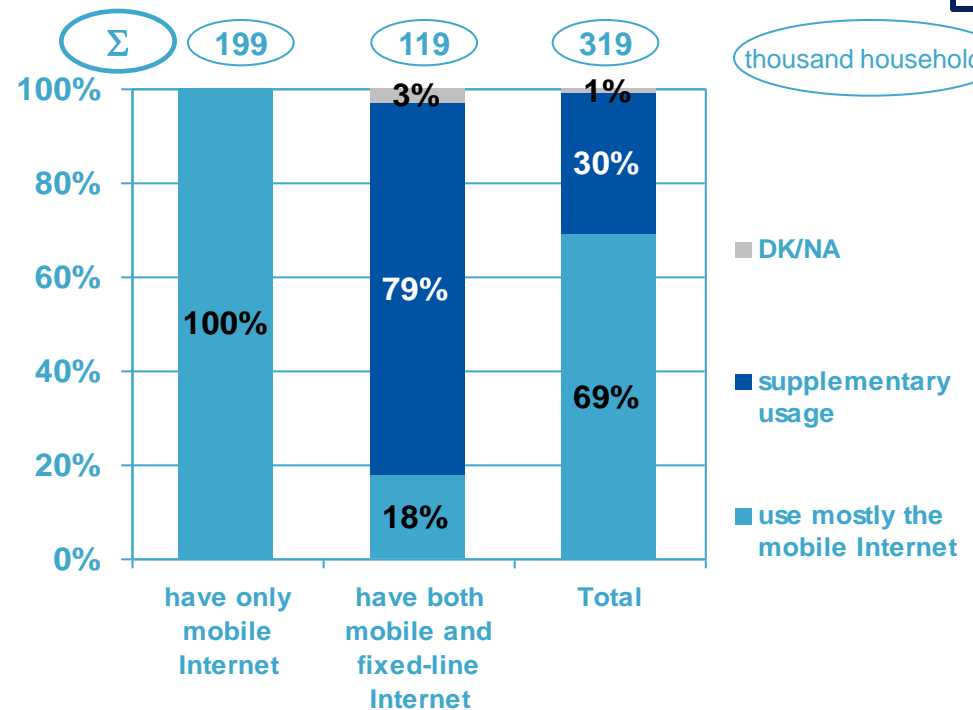
CHARACTERISTICS OF THE USE OF MOBILE INTERNET

The frequency of using mobile Internet on desktop or laptop was about the same in 2009. Now, mobile Internet is mostly used on laptops (it is rather complementary usage on desktops). As a result, mobile Internet relates rather to persons than to households.

Computers used with mobile Internet



Fix-mobile substitution



Basis: households with mobile Internet

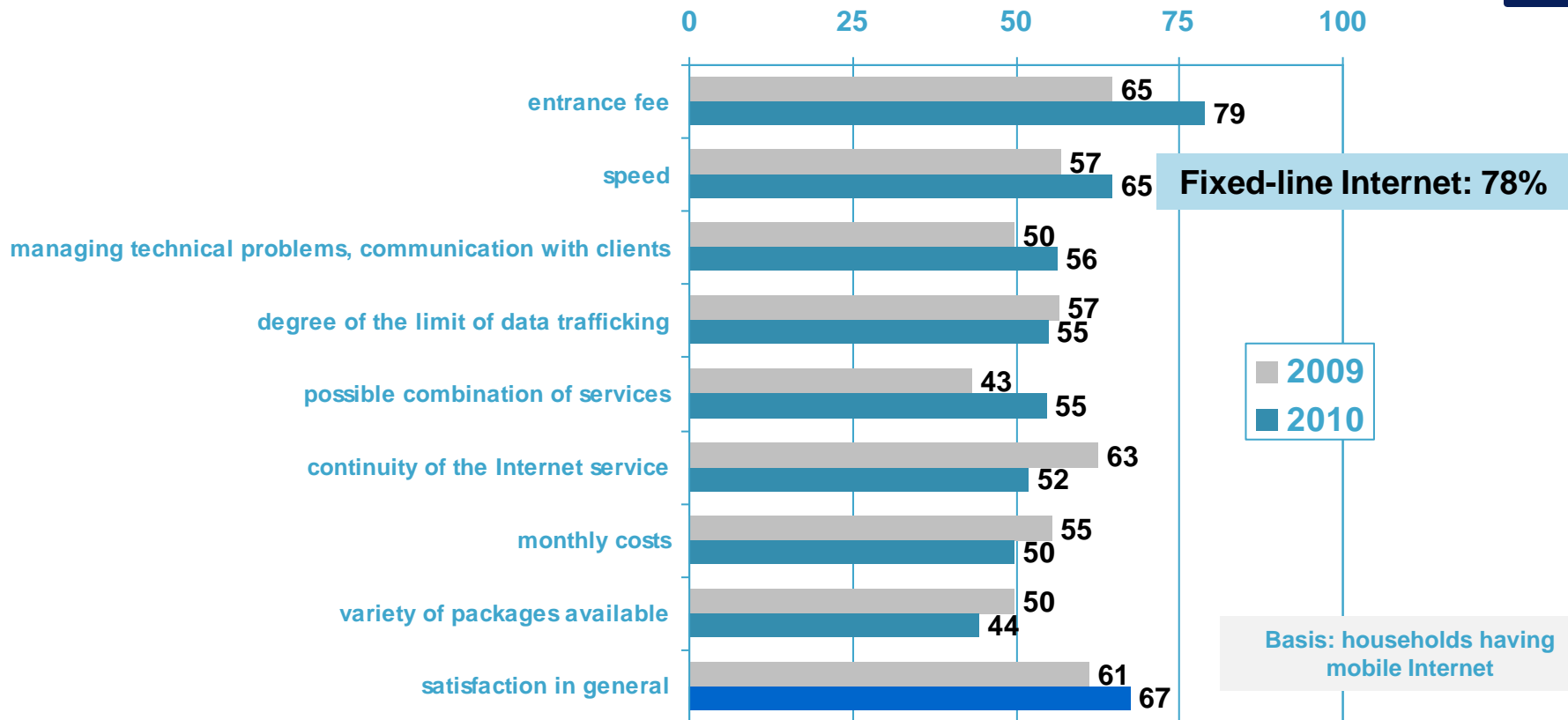


SATISFACTION WITH MOBILE INTERNET



In general, clients became more satisfied with the mobile Internet compared to 2009. Compared to last year, they are more satisfied with the entrance fee, the speed, and the management of technical problems, while less satisfied with monthly costs, the variety of packages available, and the continuity of the service.

Satisfaction with the mobile Internet (proportion of top2box on a 5-point scale)

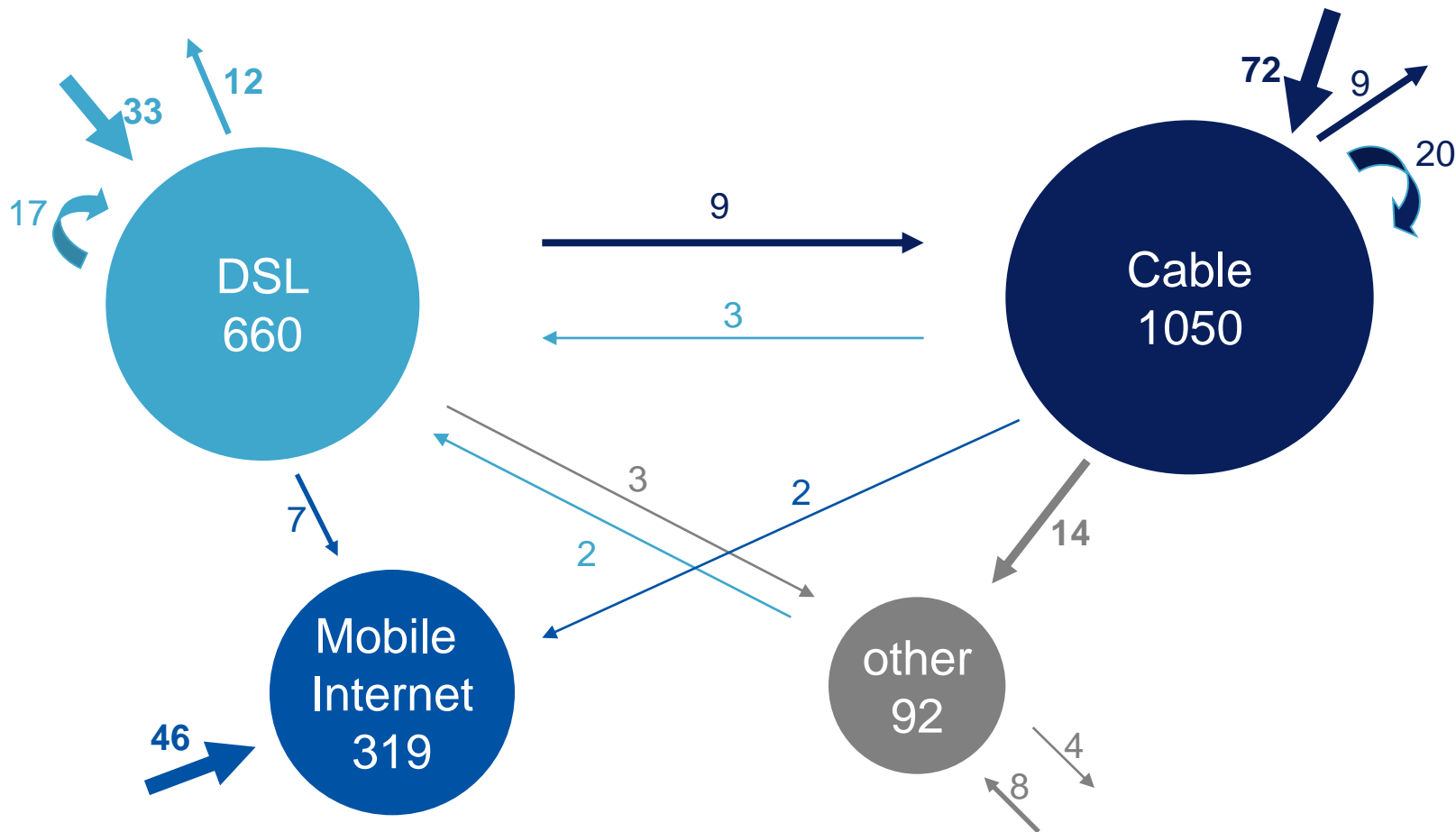


Significantly more users are satisfied with the speed of fixed-line Internet.



MIGRATION ON THE MARKET OF FIXED-LINE INTERNET

It can be forecasted that cable technology will become more dominant compared to DSL. Internet penetration will be increased by 4 percentage points in case of fixed-line and 2 percentage points in case of mobile Internet accesses.



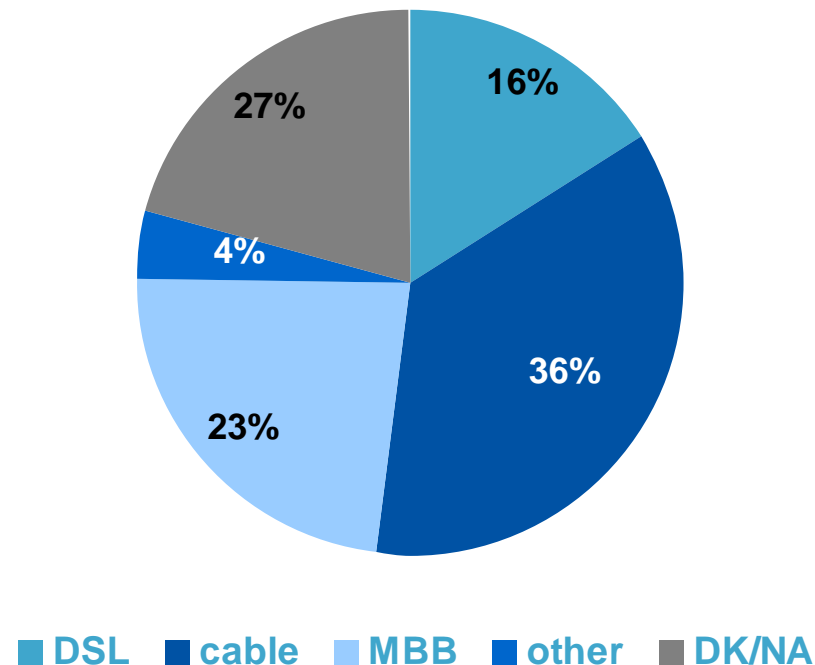
Basis: present and future (planned) fixed-line and mobile Internet subscriptions

PLANS OF NEW ENTRANTS

201 thousand households do not have Internet access but plan to subscribe.

One third of new entrants plan to buy cable Internet, but one quarter do not know yet which technology to choose.

Plans about new Internet technology

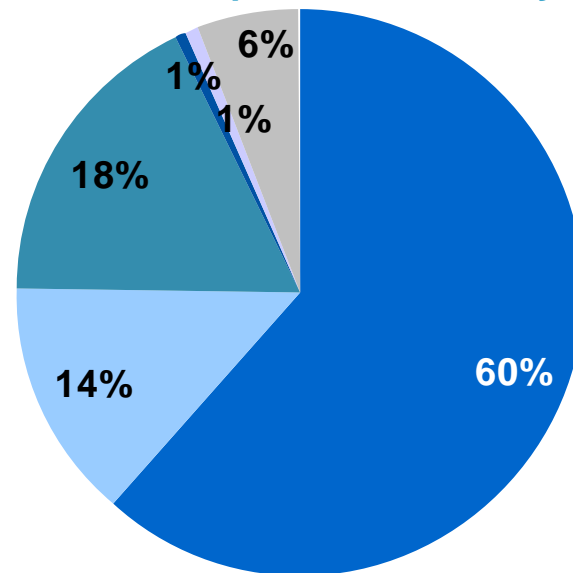


Basis: those who do not have Internet but plan to subscribe

INTERNET MARKET: HYPOTHETICAL MONOPOLIST TEST

40% of subscribers would be sensitive for a 10% increase in the monthly cost, but the majority would change the service provider or the package only. Less than 1% would give up the Internet access.

What would you do if the monthly cost of your fixed-line Internet subscription increased by 10%?



- I would pay the higher price
- I would search for a smaller package
- I would change my service provider
- I would change to mobile Internet
- I would give up the Internet subscription
- DK/NA

n=171



Basis: households having fixed-line Internet subscription

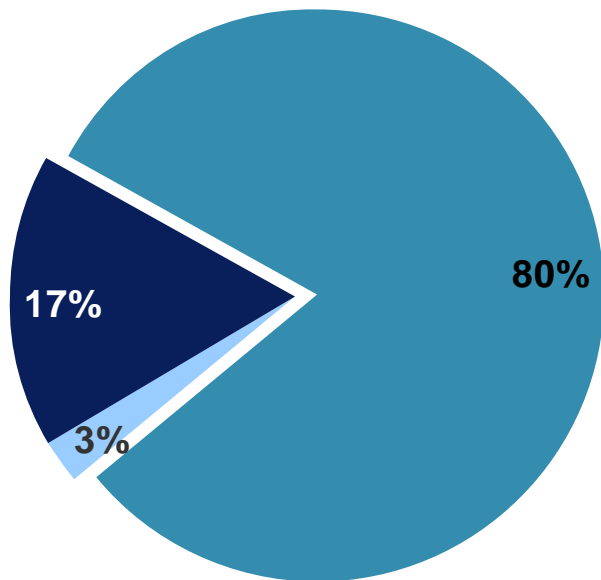
PAY TV: ACCESSIBILITY



Four fifths of households have pay TV service. It is an increase by 2 percentage points compared to 2009. The most widespread technology is cable TV.



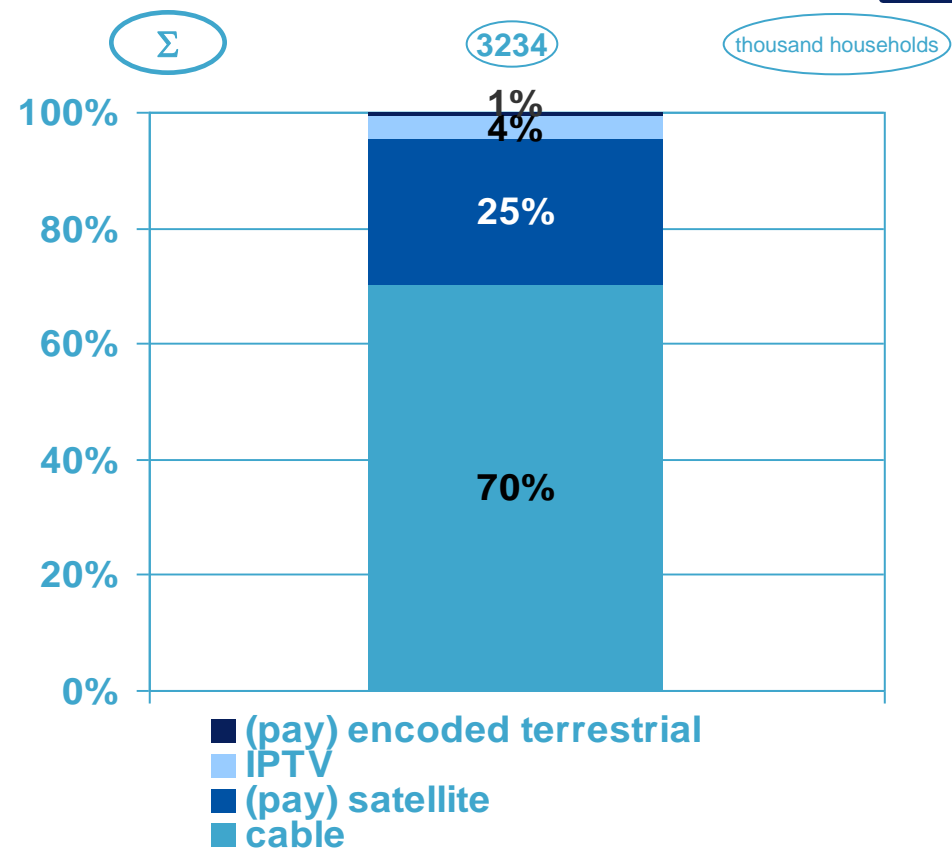
Households with pay TV



- do not have TV at all
- do not have pay TV
- pay TV

Basis: all households

Technology of pay TV



- (pay) encoded terrestrial
- IPTV
- (pay) satellite
- cable

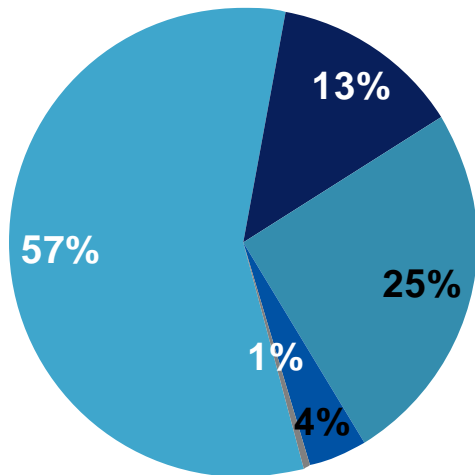
Basis: households having pay TV



DIGITALISATION

The proportion of digital subscriptions increased from 34 to 43% in one year. Among cable TV users it increased from 11 to 18%. 28% of households with digital subscription use more set-top-boxes.

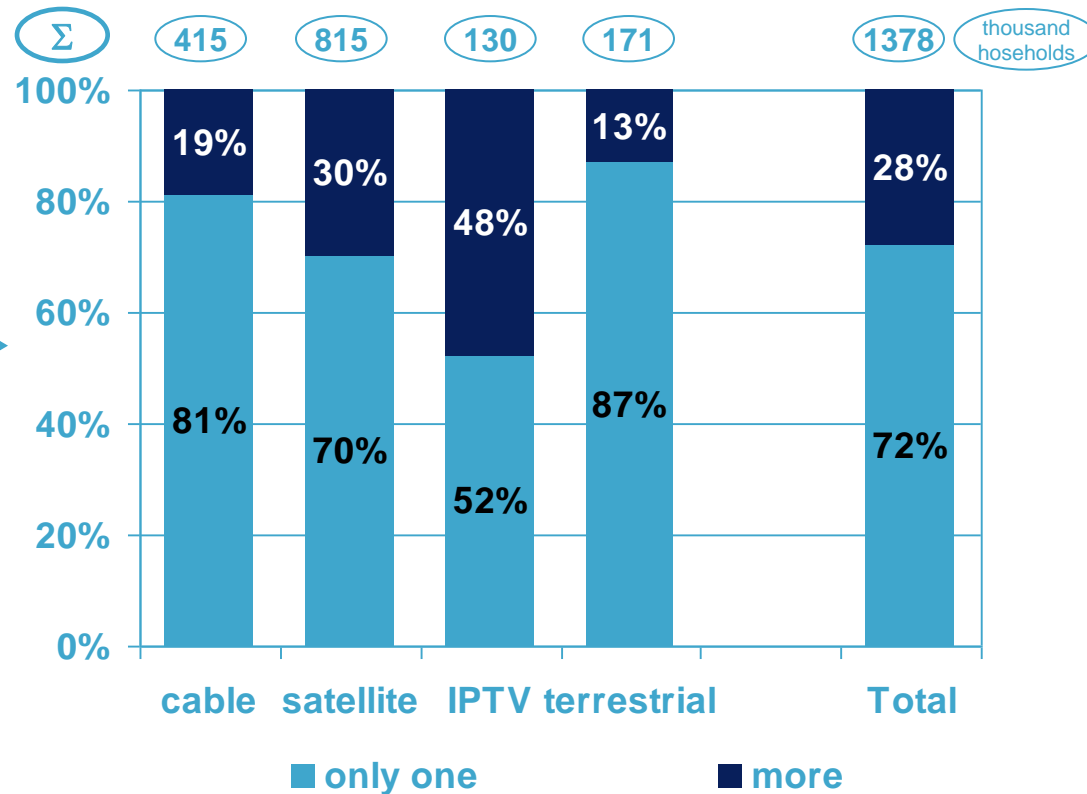
Proportion of subscriptions for digital TV



- analogue cable
- digital cable
- (digital) satellite
- (digital) IPTV
- (digital) terrestrial

Basis: households with pay TV

Number of set-top-boxes used in the households



Basis: households with subscription for digital TV



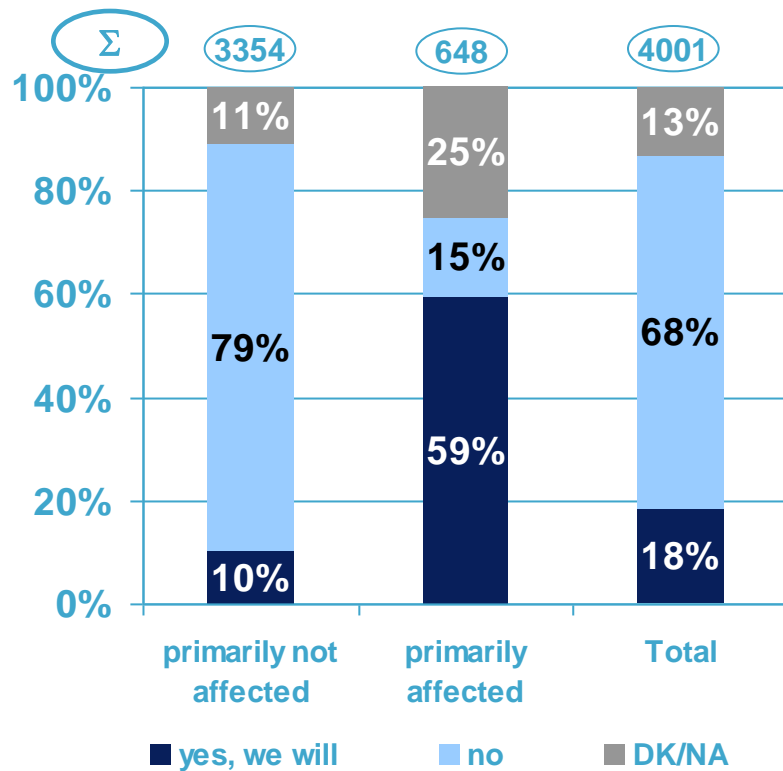
thousand households

FREE DIGITAL TERRESTRIAL BROADCAST

Only 59% of primarily affected households* know that the switch-off of analogue broadcast will affect them.

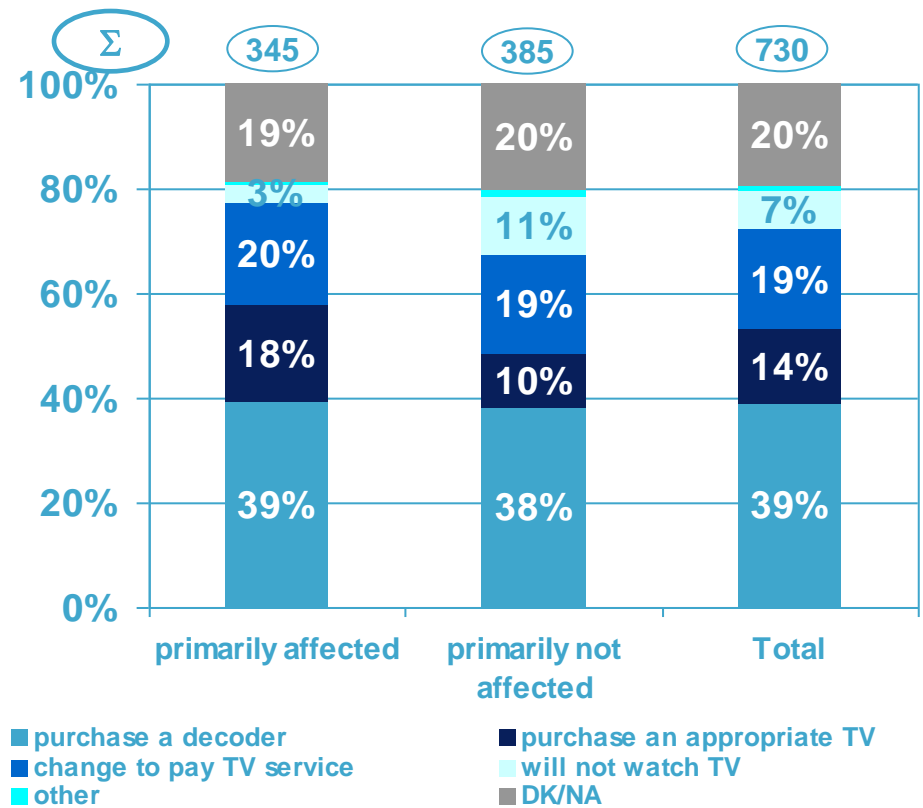
61% of adults heard about the launch of digital terrestrial broadcast, but this proportion is only 49,5% among those who are affected.

Will you be affected by the ceasing of traditional, analogue terrestrial TV broadcast?



Basis: all households

What would you do in case of the ceasing of analogue terrestrial TV broadcast?

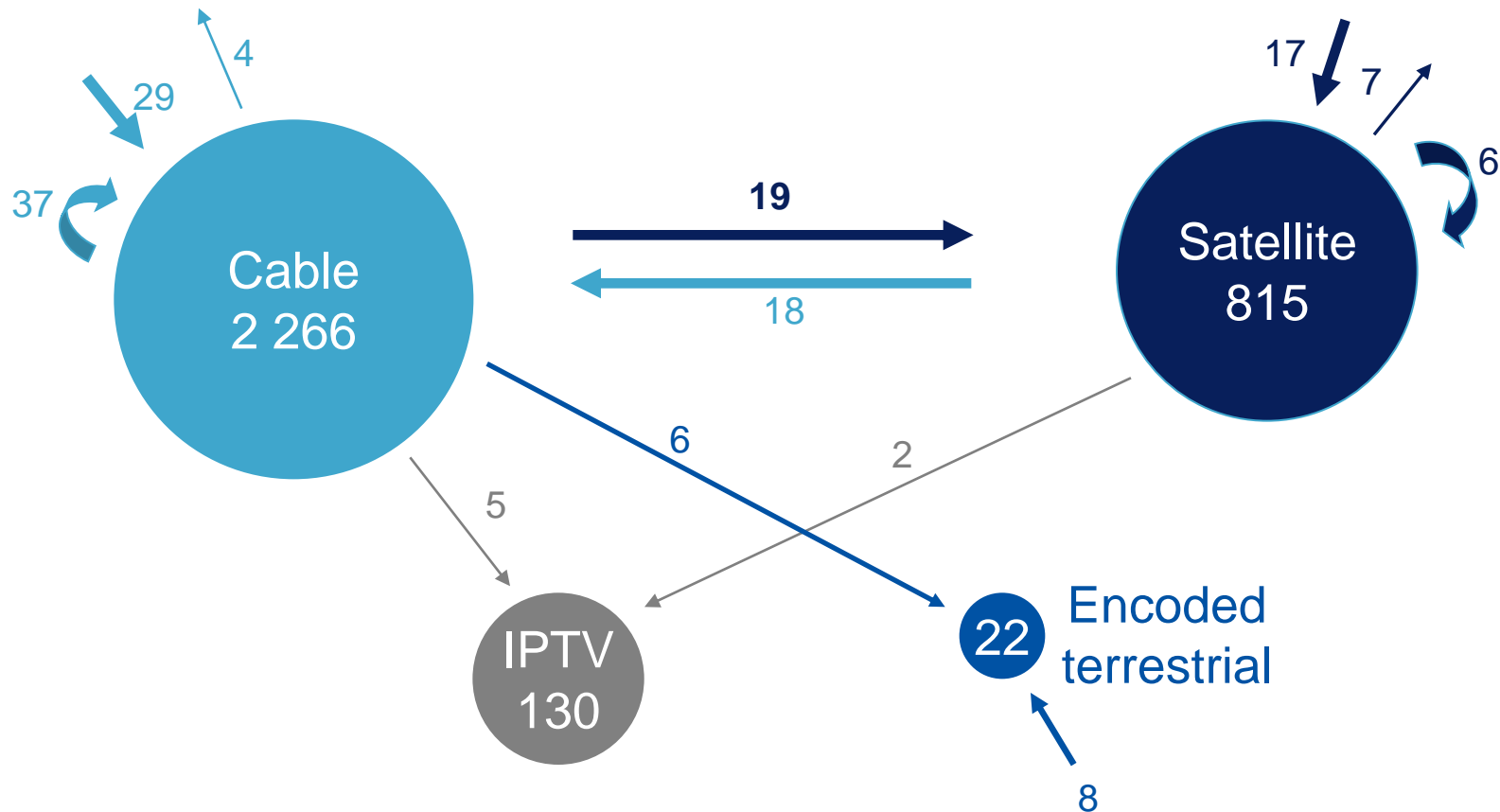


Basis: those who feel to be affected

*Primarily affected households: households without pay TV and do not view digital terrestrial broadcasts

MIGRATION ON THE MARKET OF PAY TV

According to the plans of the households, a moderate increase (7-14 thousand subscriptions) can be forecasted. Our technical estimation predicts that the increase of satellite and IPTV subscriptions will be even more significant.



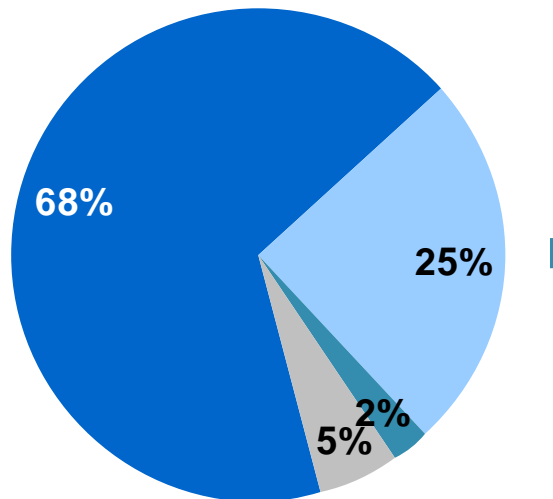
Basis: households having or planning to have subscription for pay TV

PAY TV MARKET: HYPOTHETICAL MONOPOLIST TEST



Two thirds of subscribers would keep their present subscriptions in case of a 10% increase of the monthly costs. There are hardly any people (2%) who would give up watching TV. One out of four would search for another solution: 72% of them would go to another service provider and 16% would watch free-to-air broadcasts.

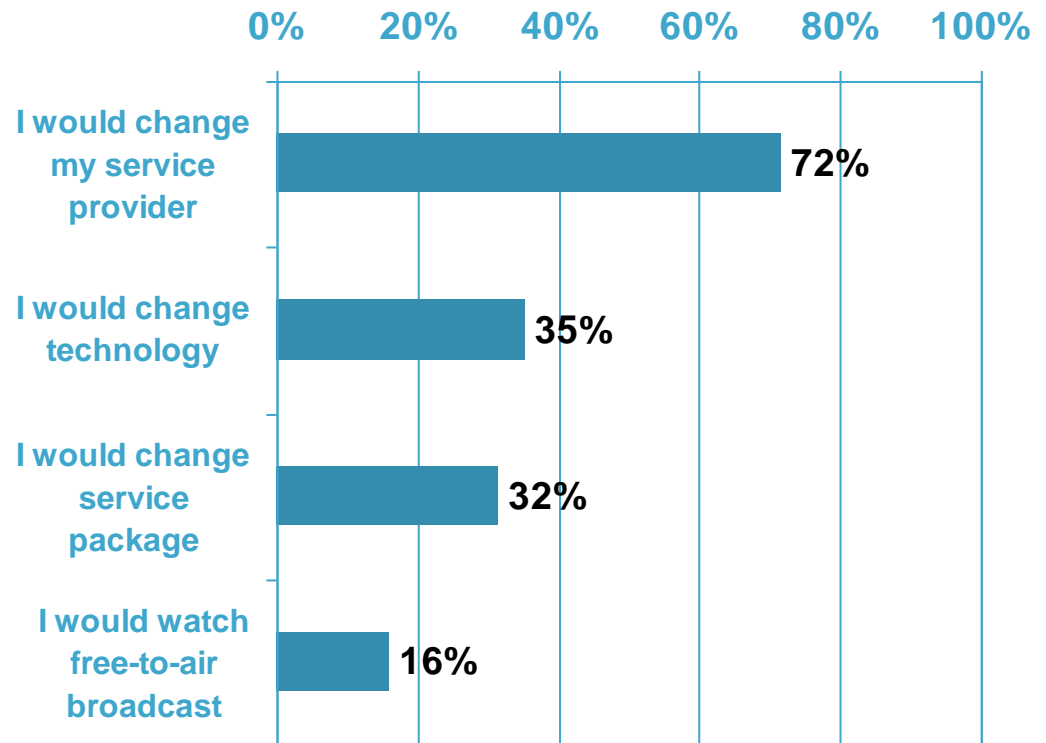
What would you do if the cost of your TV subscription increased by 10%?



- I would pay the higher price
- I would watch TV in another way
- I would not watch TV
- DK/NA

Basis: households with TV subscription

How would you watch TV?



Basis: households that would unsubscribe the service in case of the higher price

