National Media and Infocommunications Authority • Hungary

Research on Electronic Communications Services Users, 2020 | Business Experiences

Presentation for the National Media and Infocommunications Authority

(Hungarian abbreviation: NMHH)

BellResearch Ltd.

Survey Methodology

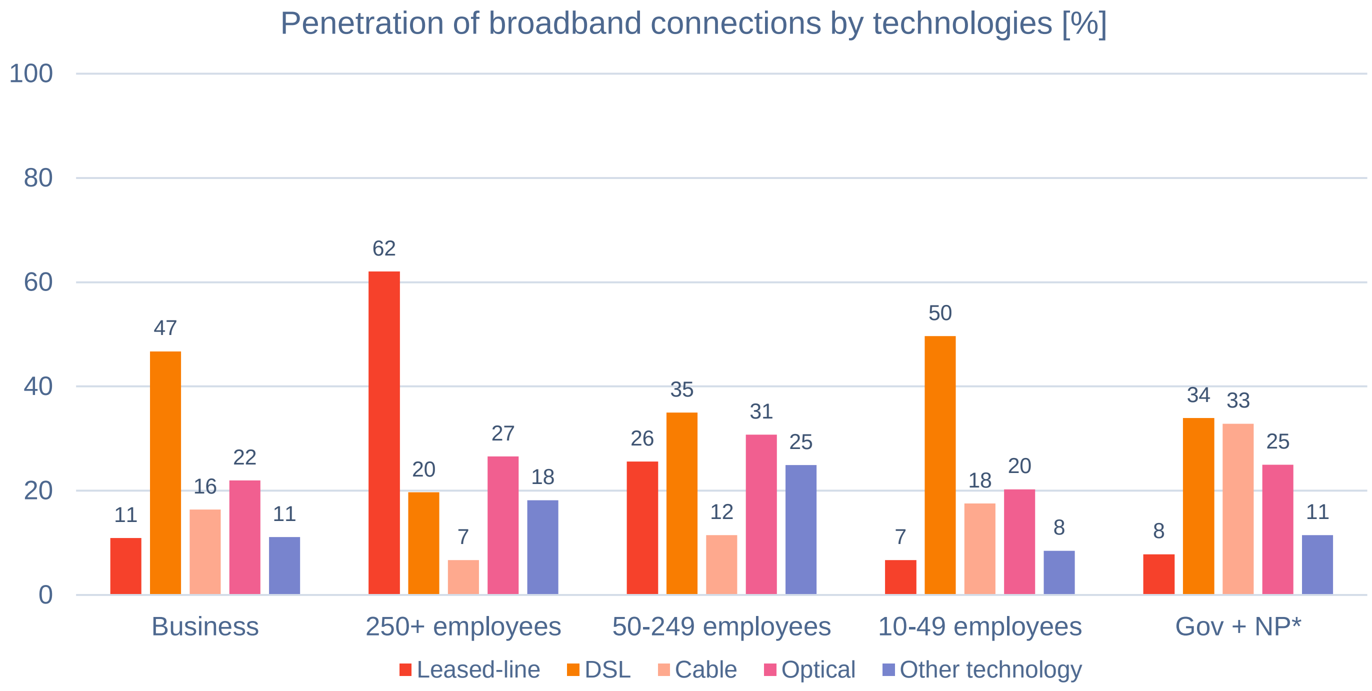
- Background of the Survey:
  - BellResearch Ltd. conducted this survey for NMHH on use, experience of, and attitudes towards electronic communications (including postal) services among SMEs and large enterprises. The basic sample is supplemented with a subsample of public and non-profit organisations. In 2019, following the market trends, focus of this research was shifted from market size in the previous years to usage and attitudes [U&A].
- Target Group:
  - Enterprises with 10+ employees and a small supplementary sample of public and non-profit organisations.
- Methodology:
  - Proportionally stratified sampling by number of employees, legal form, industry sector, and region, then, simple random sampling from each subsegment.
  - The survey was undertaken using laptop aided personal interviewing [CAPI].
  - Interviews were taken with the person with primary responsibility for finances, IT or telecoms.
  - Number of interviews: 1764. Fieldwork lasted from 6th July to 12th October 2020, between the 1st and 2nd wave of Covid-19.
- Universe:
  - Number of businesses with 10+ employees in Hungary: 38 222. The survey is representative of this universe.

	Universe [N]	Sample size [n]	Sampling error [±%]*
Business	**38 222**	**1659**	**2.35**
250 + employees	1046	158	7.19
50-249 employees	5182	232	6.29
10-49 employees	31 994	1269	2.70
Gov + NP	9948	105	9.51

*at 95% confidence level and taking into account the statistically worst distribution: 50%

Fixed broadband connections by technology

DSL is the most widespread Internet access technology.



Basis: organisations with a direct subscription to fixed-line Internet service, Business=1396 [250+ emp.=143, 50-249 emp.=224, 10-49 emp.=1118], Gov+NP=89

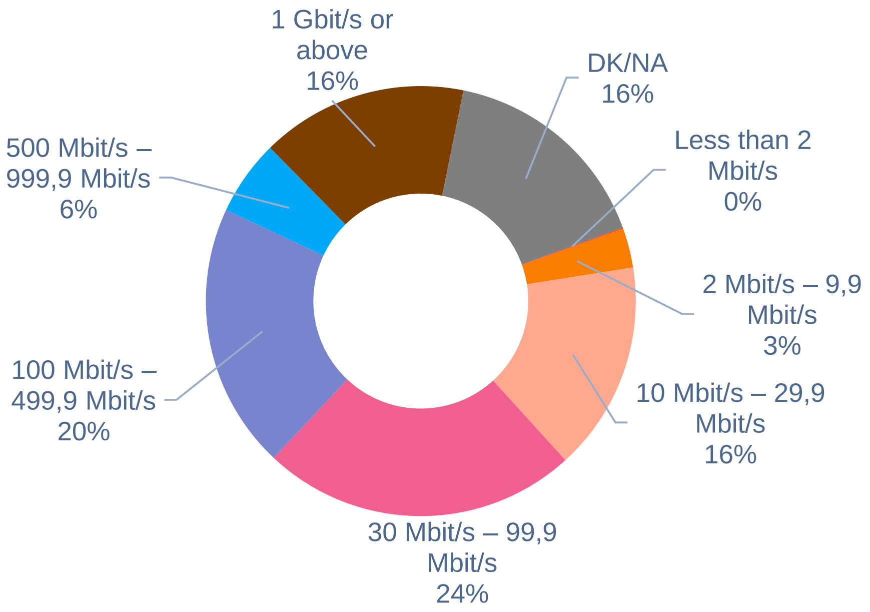
- An important reason for the prevail of DSL is that many organisations have premises located in areas with lower telecommunications infrastructure where no other technologies are available.
- In case of businesses with 250+ employees, leased-line is the most common Internet access technology.

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

Broadband speeds and Wi-fi

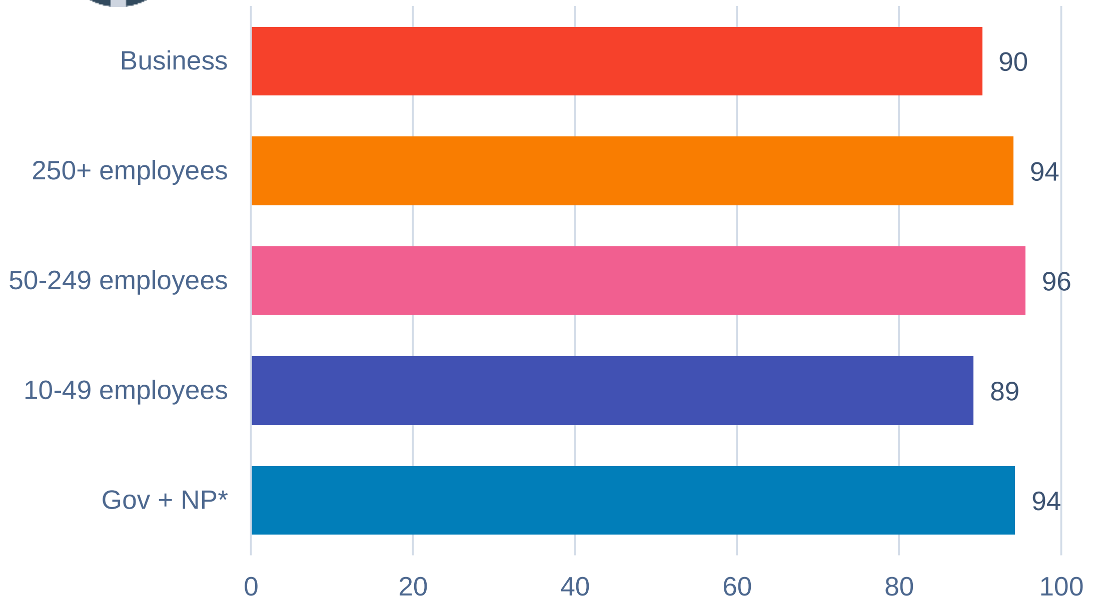
Broadband connection speeds vary at a wide range. Use of wi-fi is in general widespread (90%).

What is the bandwith of the fastest fixed broadband connection your company has? [%]



Basis: organisations with a direct subscription to fixed-line Internet service, Business=1396

Use of wi-fi at any of the business premises [%]



Basis: organisations with a direct subscription to fixed-line Internet service, Business=1396 [250+ emp.=143, 50-249 emp.=224, 10-49 emp.=1118] Gov+NP=89

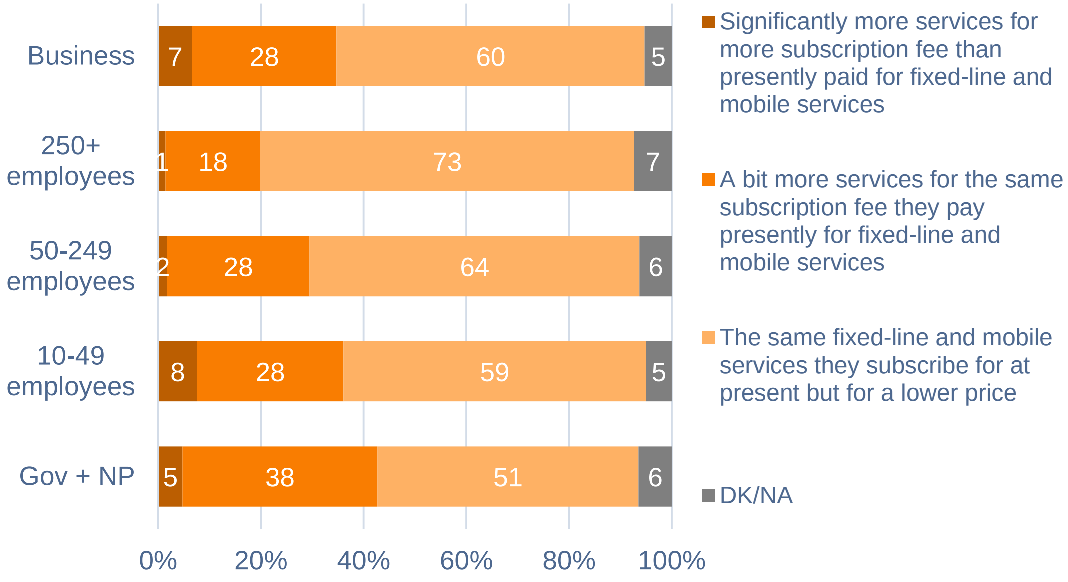
- The proportion of lines delivering speeds of 30 Mbps or less is at least 20%, a quarter of lines deliver a maximum speed of 30-99 Mbps, 16% of respondents don't know the exact broadband speed of their subscription.
- Businesses in the services sector have in general faster connections while 42% of businesses have superfast fixed broadband lines (above 100 Mbps). [2019: 40%]

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

FMC (fixed-mobile convergence) bundles

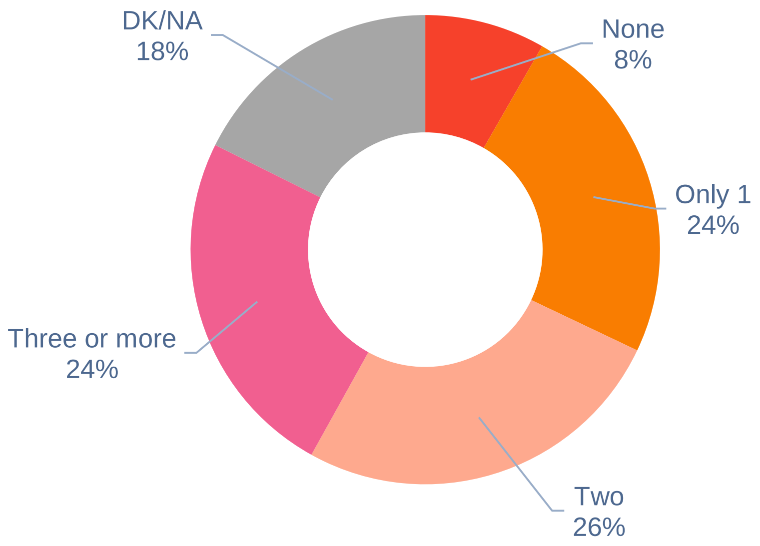
The majority of businesses are rather interested in a discounted subscription plan than fixed-mobile bundles including more service elements.

Demand for bundled services [%]



Basis: all organisations, Business=1659 [250+ emp.=166, 50-249 emp.=255, 10-49 emp.=1343], Gov+NP=105

How many electronic communications service (ECS) providers are available in your area offering fixed-mobile bundles that could cover all your business needs? [%]



Basis: all organisations, Business=1659

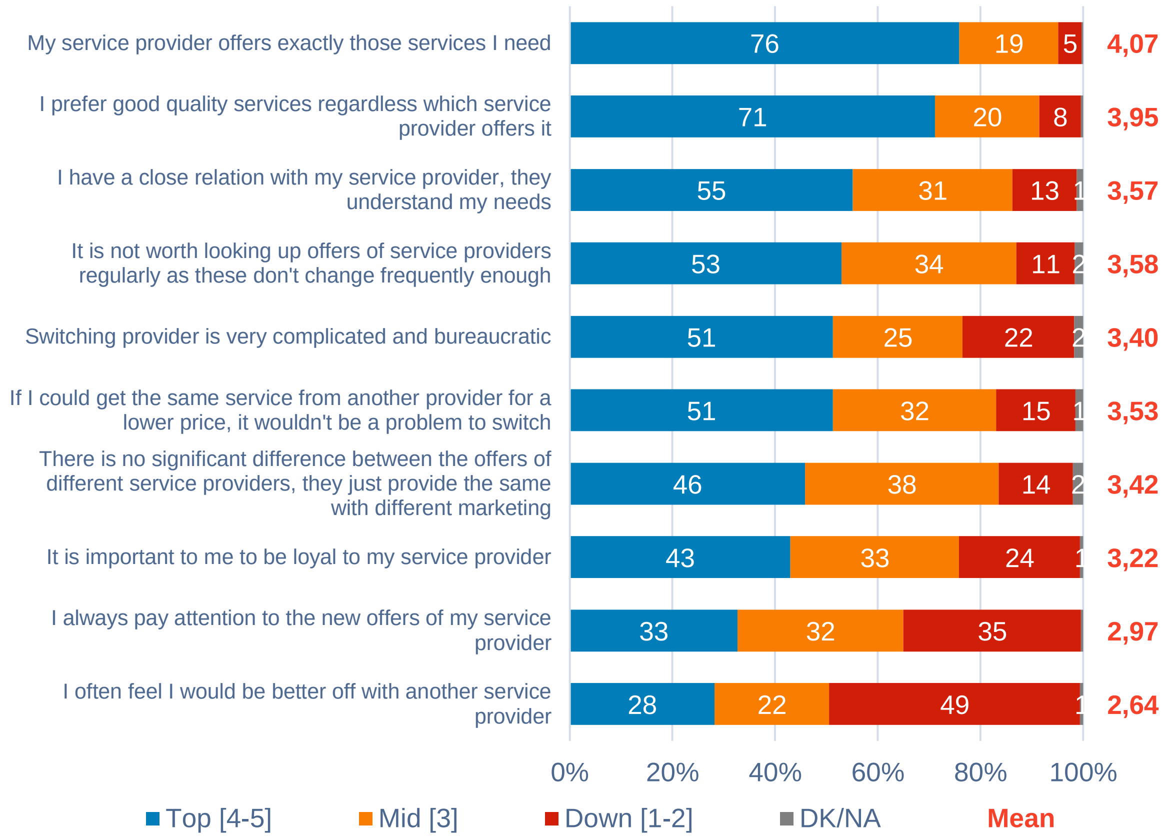
- Only 7% would go for the option ″more-for-more”, i.e., to get more services for a higher price. About one quarter of organisations would like to have a wider range of services included in the same subscription fee they have already.
- Diversity in choice: 24% of interviewed organizations can choose out of 3 or more service providers while 32% have no real choice: only 1 option to choose [for 8%, fixed-mobile bundles are not available at all]. A certain geopgraphical competition can be observed in the Central Region of Hungary meaning that more operators compete for costumers in the area, while in rural areas like Southern Transdanubia customers do not usually have a real choice.

Attitude towards Service Providers

The majority of businesses maintain a good relation to their service provider but are indifferent to which their provider is [71%].

- Three out of 4 businesses are completely satisfied with the services provided by their operator. Half of them say their needs are met and characterise their partnership to the SP as good.
- Although, 51% think switching provider is complicated and bureaucratic, the same proportion would immediately switch for a cheaper offer including the same services they already use. A fine example for price flexibility.
- Even difficulties in switching won’t keep businesses from changing: more than half [58%] of business leaders would switch provider for a cheaper offer despite the complicated process.
- Businesses are less open to changes than public institutions and non-profit organisations.
- 28% describe their present choice as not fully rational and think they would be better off with another service provider.

Opinions on service providers [% and means on a 5-point scale]
[1=Completely disagree, 5=Completely agree]

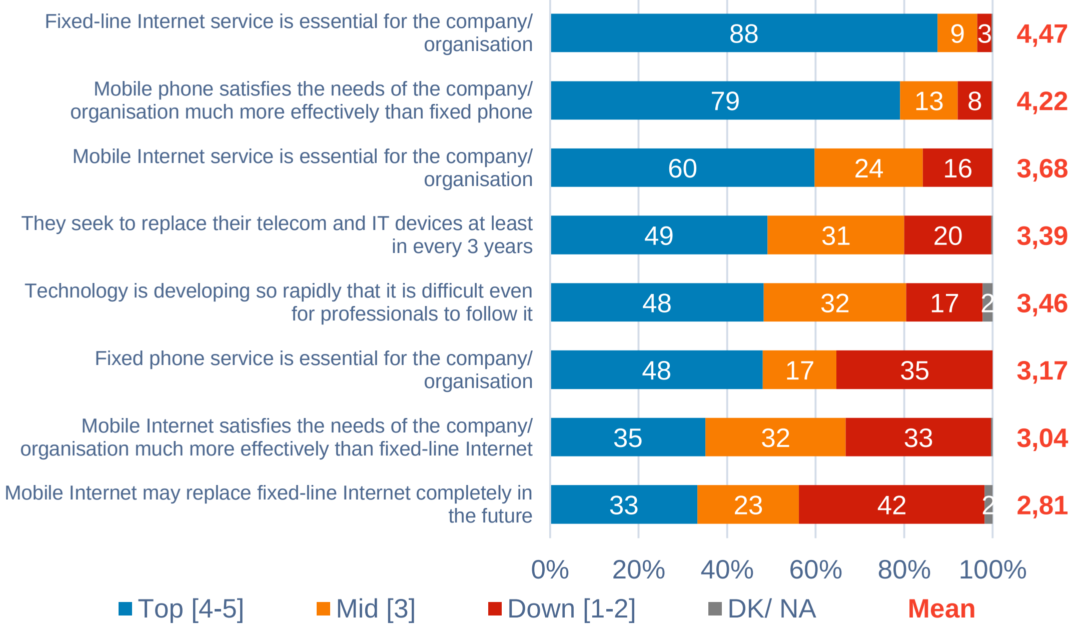


Basis: all organisations, Business=1659

Comparison of Fixed and Mobile Broadband Services

Mobile Broadband Internet connections are claimed to be significantly poorer in comparision to fixed broadband connections.

Assessment of fixed-line and mobile technology
[%, Means on a 5-point scale] [1=Completely disagree, 5=Completely agree]



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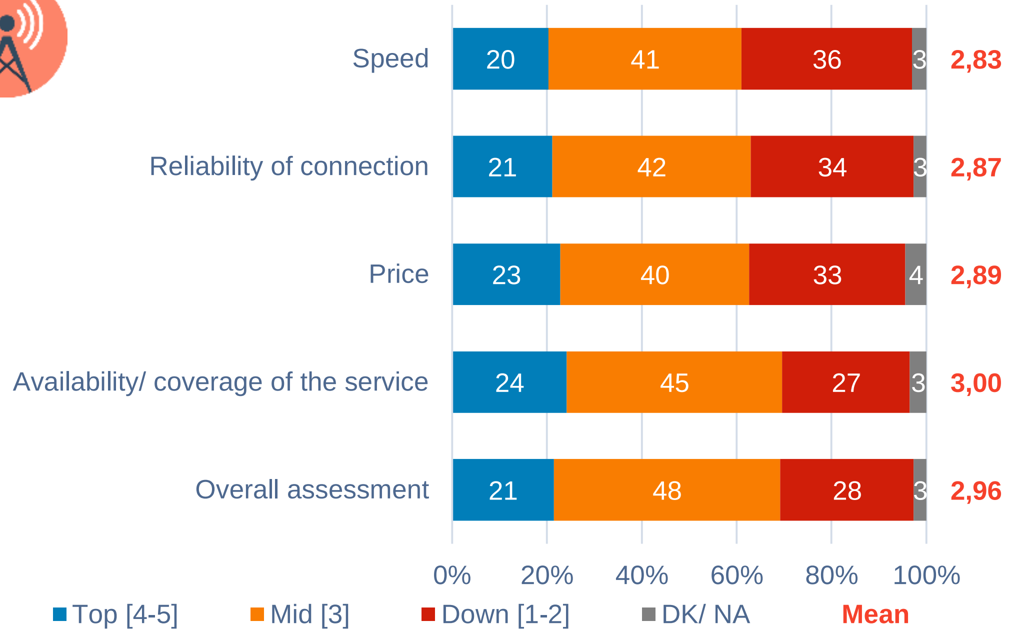
Opinions on fixed-line Internet vs MBB [% and means on a 5-point scale] [1=Mobile Internet is much worse, 5=Mobile Internet is much better]



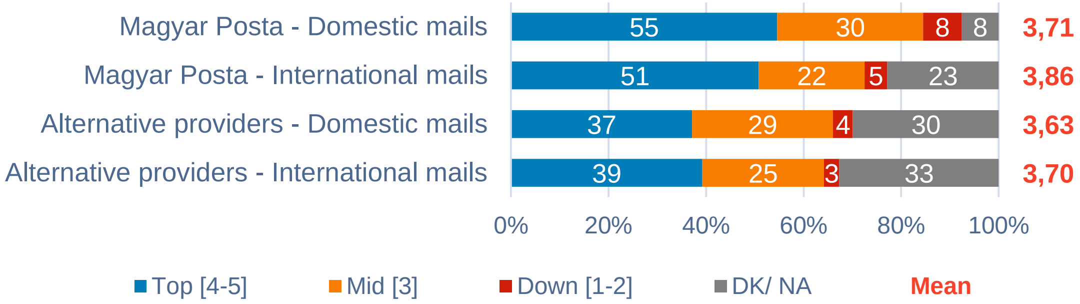
Basis: all organisations, Business=1659

- Speed and reliability are the main drivers of scepticism towards mobile broadband technology.
- It is the reason why the majority doubt that mobile Internet will replace fixed-line Internet in the future.
- However, an opposite trend can be seen in case of voice services. 79% say that mobile phone satisfies the needs of their company much more effectively than fixed phone.

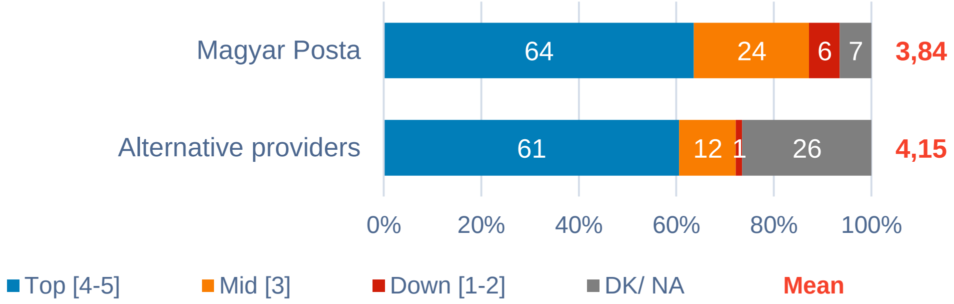
Satisfaction with Postal Services – Mail delivery

SMEs and large companies are very dissatisfied with the costs of international and domestic mails, especially, as regards the incumbent provider Magyar Posta.

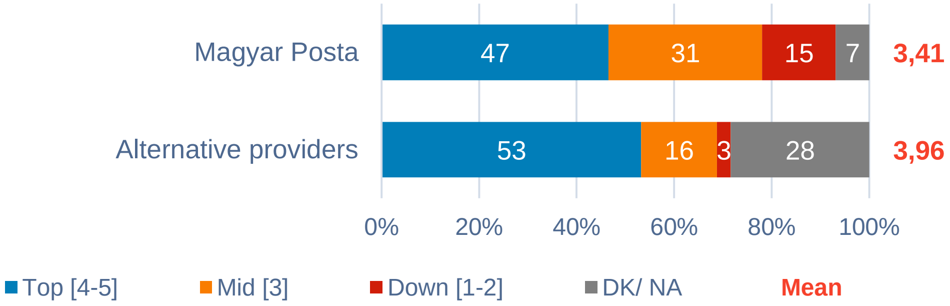
Price of the service [% and means on a 5-point scale]
[1=Very cheap, 5=Very expensive]



Reliability of domestic shipping [% and means on a 5-point scale]
[1=Very unreliable, 5=Very reliable]



Pace of domestic shipping [% and means on a 5-point scale]
[1=Very slow, 5=Very fast]



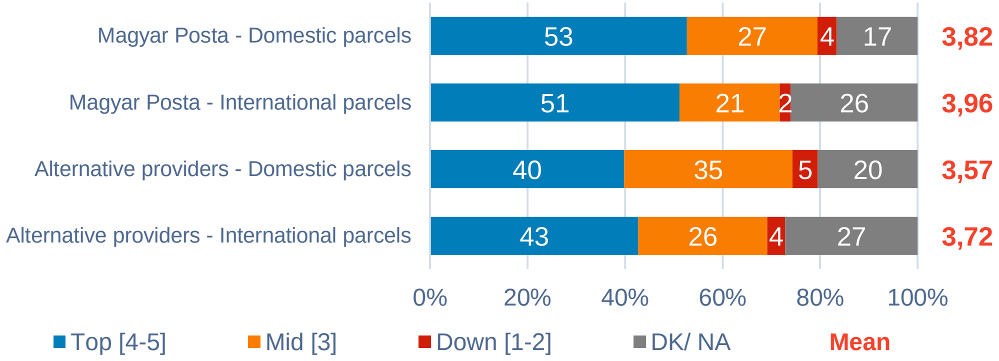
Basis: all organisations, Business=1659

- The proportion of respondents dissatisfied with the costs of mail delivery services of Magyar Posta reaches 50% while dissatisfaction ratio with competitors takes up only 40%. A third of all respondents couldn't form an opinion, though, about the service offered by alternative providers.
- As regards the pace of domestic shipping, 15% are dissatisfied with Magyar Posta while dissatisfaction is not tangible with competitors. Regarding reliability, competitors are also more trusted than Magyar Posta.
- Companies using the services of Magyar Posta are more dissatisfied with the pricing but more satisfied with reliability and pace of shipping than companies that don't use the mail service of Magyar Posta.

Satisfaction with Postal Services - Parcel delivery

Businesses are more satisfied with costs of parcel delivery services of alternative providers than with those of the incumbent Magyar Posta.

Price of the service [% and means on a 5-point scale]
[1=Very cheap, 5=Very expensive]



Reliability of domestic shipping [% and means on a 5-point scale]
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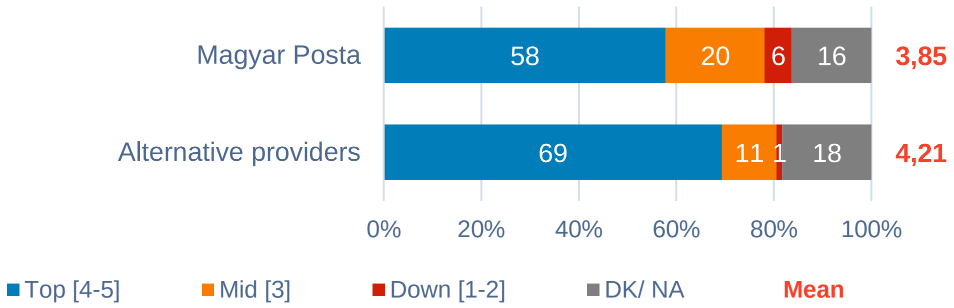
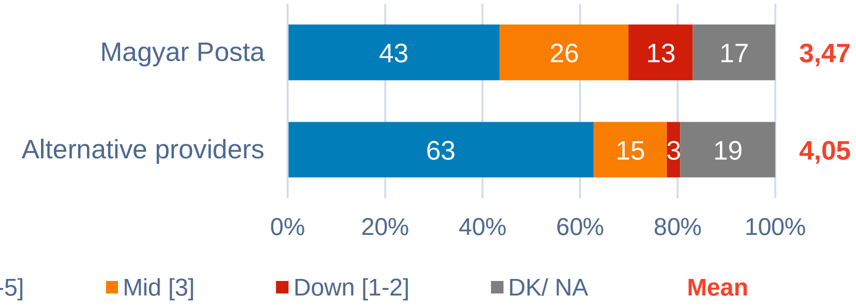


Pace of domestic shipping [% and a 5-point scale]
[1=Very slow, 5=Very fast]



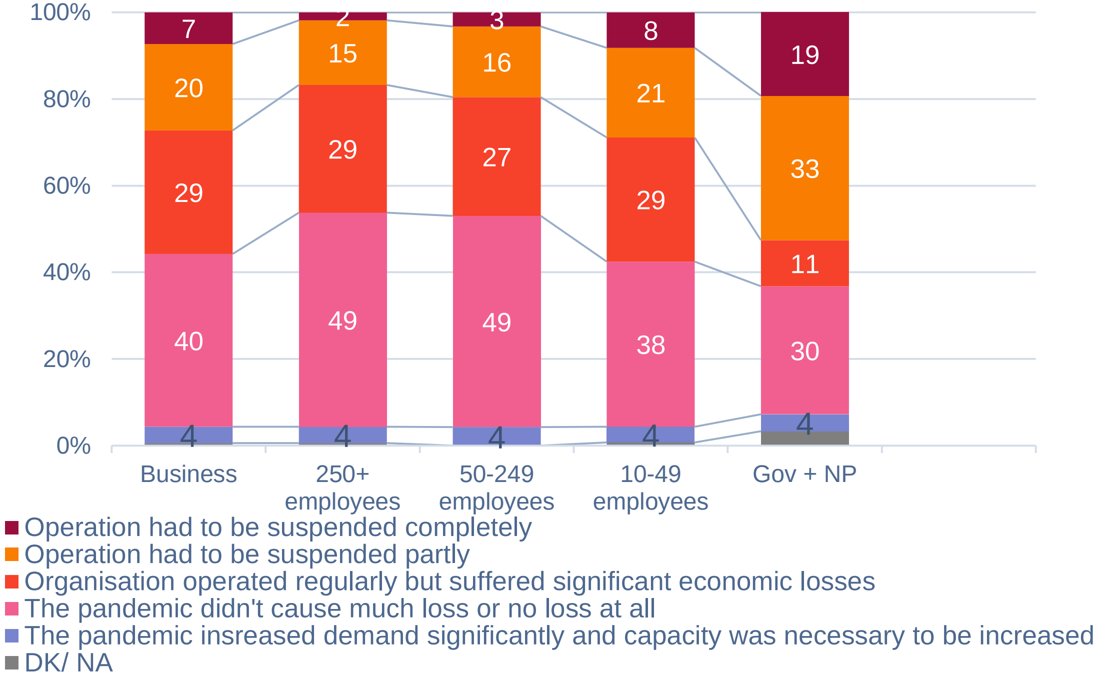
Basis: all organisations, Business=1659

- An advantage of alternative providers can be observed as regards delivery of both domestic and international parcels.
- The advantage of alternative providers to Magyar Posta is even bigger when it comes to reliability, especially to the pace of shipping.

Impact of the COVID-19 Pandemic

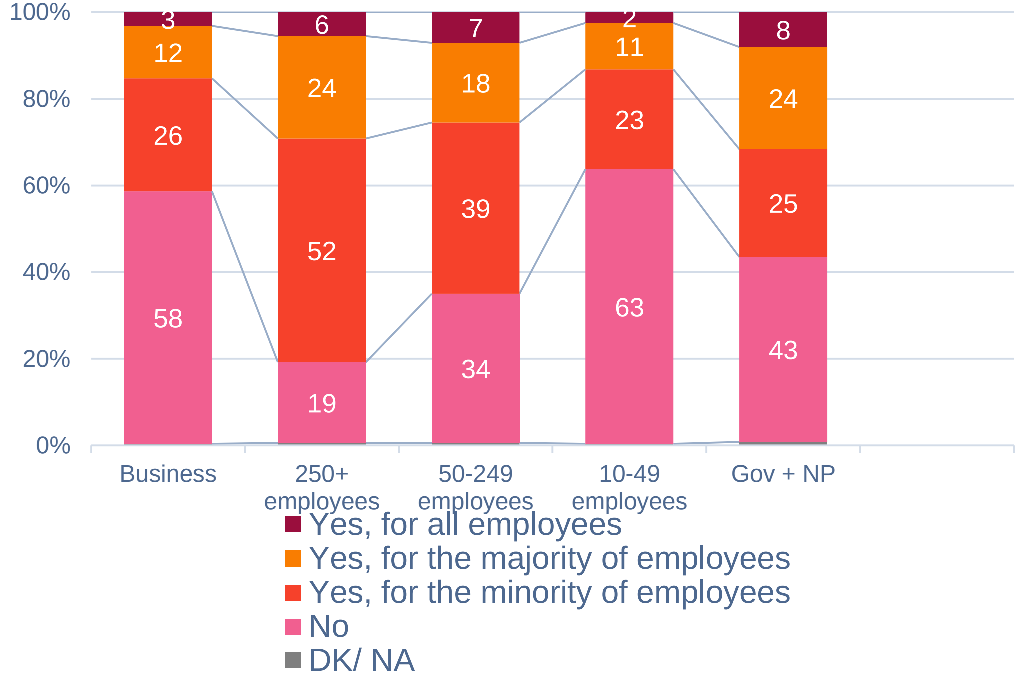
Covid-19 has had a significant impact on small enterprises, especially on pulblic and non-profit organisations. One fourth of companies and half of public and non-profit organisations had to suspend their operation at least partly.
A transition to telework was mainly common at larger companies.

How critically did the COVID-19 pandemic affect your organisation? [%]



Basis: all organisations, Business=1659 [250+ emp.=166, 50-249 emp.=255, 10-49 emp.=1343], Gov+NP=105

Did you transit to or extend telework at your organisation following the outbreak of the COVID-19 pandemic? [%]



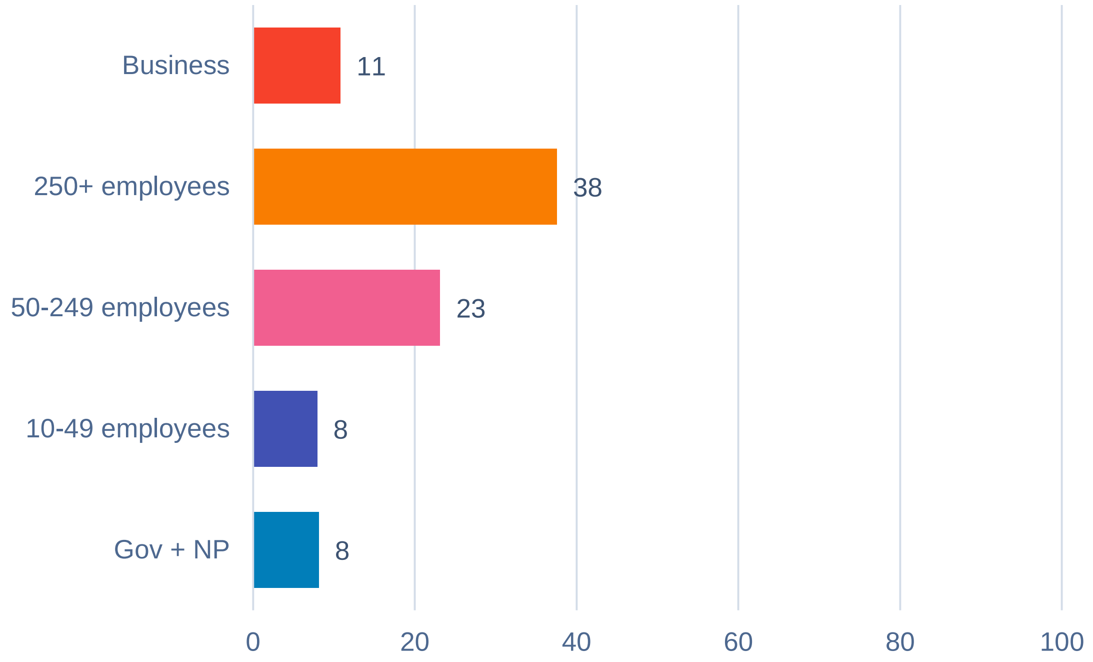
Basis: all organisations, Business=1659 [250+ emp.=166, 50-249 emp.=255, 10-49 emp.=1343], Gov+NP=105

- Although, Covid pandemic caused difficulties, the vast majority of companies operated regularly.
- Small enterprises suffered more serious economic losses. Larger companies were more likely to transit to telework and were less likely to suspend their activities due to increased resources.
- An increase in capacities was necessary critical for companies with less economic resources and for the service sector.

Consumer purchasing habits impacted by the COVID-19 pandemic - 1

An alleged shopping wave of IT devices impacted by the pandemic gained a significant attention in the press. In reality only one out of ten companies bought a new device because of the pandemic.

Did you buy telecom or IT devices because of the Covid pandemic? [%]



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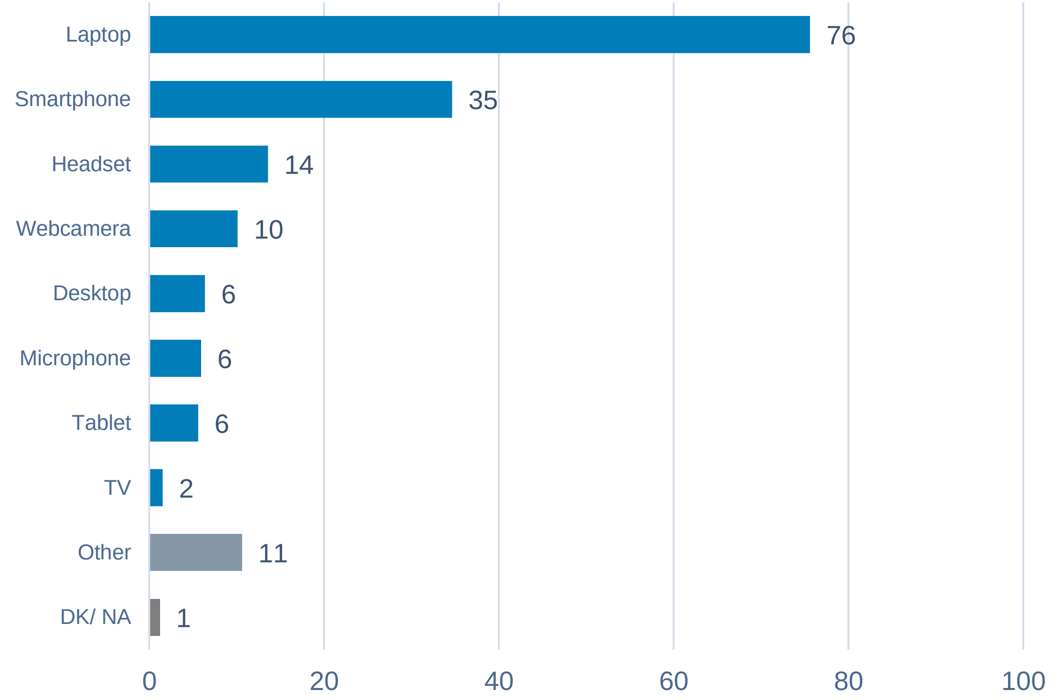
What devices did you buy because of the Covid pandemic? [%]

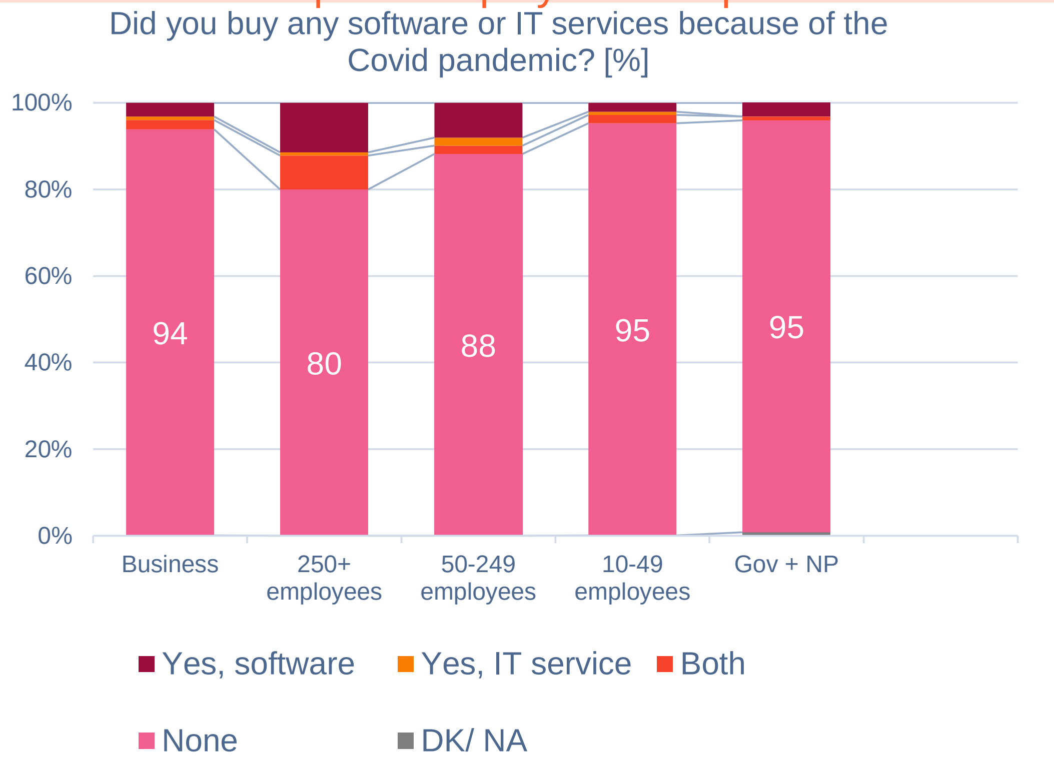


Basis: all organisations, Business=1659

- Rational rearrangement of existing devices was much more typical than buying new ones.
- New devices – mainly laptops and smartphones in favour of telework – were mostly bought by companies that could afford it.
- These are companies with stable economic background, with larger incomes, typically from commercial/ service sectors.

Consumer purchasing habits impacted by the COVID-19 pandemic - 2

The vast majority of companies continued operating during the 1st wave of the COVID-19 pandemic and the lockdown imposed with their own softwares and the same IT services used before. The fact that many of these companies already had existing software and IT services - the potential of which was not necessary exploited before - suitable at least for their basic level operation played an important role in this decision.



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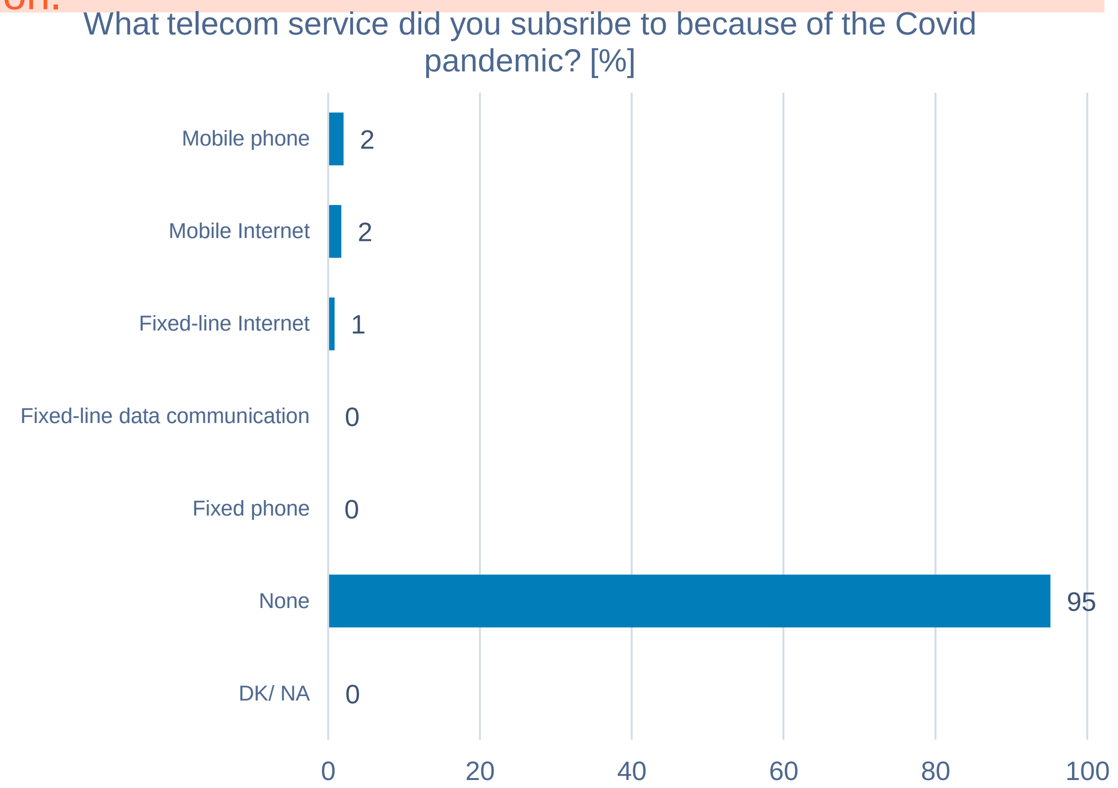

Basis: all organisations, Business=1659

- Even among large companies, only 20% bought an extra software or IT services because of the Covid pandemic. Similarly, just a very small proportion, 5%, subscribed to any new telecommunications service explicitly because of the pandemic.
- Growing awareness will certainly have a market impact, the demonstration of which needs more time, though. Companies simply didn't have any capacities to introduce new softwares/ IT services on the short run as IT departments had other tasks to deal with.