Office of the Director of
Telecommunications
Regulation

MEDIA RELEASE

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Survey shows Consumers more aware of their options in obtaining best price and quality from Telecoms Providers

Mobile Penetration Rate at 67%

Etain Doyle, Telecoms Regulator, today (8th March 2001) issued details of the latest Quarterly Review, which covers the period 1st October 2000 to the 31st December 2000. In addition she published the results of a survey carried out by Irish Marketing Surveys (IMS) on behalf of the ODTR in January / February 2001 which questioned inter alia, consumer interest in and movement to alternative telecommunications suppliers.

According to the Regulator " While the quarterly review shows an increasingly competitive telecommunications environment, I am particularly pleased with the results of the consumer survey which show that the benefits of competition are clearly reaching the consumer who is more aware of their options in attaining the best price and quality from the telecommunications provider."

She continued " Today's survey shows that that 4 out of 5 consumers believe that the home telecommunications market is more competitive than it was 12 months ago and that two in five consumers have been approached by a telecommunications operator other than *eircom* offering an alternative home telecommunications service. 1 in 7 consumers are now using an operator other than *eircom* for local, national and international calls."

Highlights

- The Irish Mobile Penetration Rate has risen to 67% as at 1st February 2001 up from 54% at the start of November 2000. The total number of mobile subscribers increased significantly during the quarter to 2.4 million approximately. Mobile lines continue to exceed fixed lines as the preferred means of telecommunications accounting for nearly 57% of the total access paths.

- Internet penetration now stands at 27%. Just over a million people enjoy home Internet access with around 500,000 using it each month. 16% of those currently offline plan to get connected at home within a year. Of those that use the internet 41% are under 25 confirming Ireland's future Internet growth potential.

- As at the end of December 2000 there were over 150,000 business and residential subscriber lines using Carrier Pre Selection (CPS) i.e. an ability to change supplier from *eircom*. This represents a 25% increase on the last quarter.

- The new entrants share of the fixed line market has increased to over 19%. This is an increase of 2% from September 2000.

- The Telecoms sector is estimated to account for approximately 2.79% of GDP

- Total number of employees in the Telecoms sector is over 17,000.

- Total revenue for fixed, mobile and broadcasting markets are now worth over £2.26 billion a year.

- There are approximately 630,000 Cable/MMDS subscribers in Ireland, an increase of 2% from June 2000, while approximately 1 million households were passed. In European terms Ireland has the 4th highest percentage of households subscribing to cable TV at 51%. The Netherlands, Belgium and Switzerland have the highest rates.

Review of Telecommunications Tariffs

- Overall the trend in Ireland's fixed line tariffs during the quarter has been positive with improvements in most areas. In fact, since February 2000, Ireland's position has improved considerably improving 7 positions in 12 months in the national residential market. Ireland is now ranked 9th out of 18 countries i.e. 4 places ahead of the EU average. In the national business market Ireland is now ranked 12th, 3 positions ahead of the OECD average.

- In the international residential and business markets Ireland is ranked 9th, 6 ahead of the OECD average.

- This quarter for the first time the ODTR included data on the mobile pre-paid market. In this market Ireland is ranked 6th[th] i.e. two positions ahead of the average.

- In the post paid market in the personal mobile sector Ireland remains in 17[th] position 4 places behind the OECD average and in the business post paid sector Ireland lies in 14[th] place.

<u>Key Findings – Survey</u>

Over 51% of respondents are more satisfied with their home telecommunications supplier than twelve months ago.

83% agree that the Irish telecommunications market is more competitive now than it was twelve months ago

53% agree that the overall cost of home telephone has reduced in the past twelve months indicating that consumers are very aware of price reduction offered by *eircom* and their competitors in recent months.

<u>Fixed</u>

Eircom's competitors have been very active in approaching *eircom* customers to win business. 4 in 10 adults claim to have been approached by companies other that *eircom* offering an alternative home telecommunications service.

1 in 7 respondents use a supplier other than *eircom* for their home telephone service.

81% of those who use a supplier other than *eircom* for local, national and international calls believe that their home telephone services has reduced as a result of switching from *eircom*

<u>Mobile</u>

Pre-paid mobile phones are the most popular type of phone. Almost two thirds of mobile phone users buy cards and pay for their calls in advance. This compares with just one third who get bills.

Only a small proportion (11%) of mobile users claim to have switched supplier in the past twelve months. The primary reason for switching are special offers (24%), change of phone (22%) and better coverage/network (20%).

Internet

Almost two thirds of those who have Internet Access at home have never purchased anything on – line either at home or elsewhere. The primary reasons are lack of interest (26%) followed by 24% who feel it is not secure enough and 18% who won't use their credit card over the Internet.

Those who do not have access to the internet at home (63%) cite lack of interest (38%) as the primary reason, followed by a lack of a computer at home (23%) . 15% cited cost.

The quarterly Review and the Consumer Survey can be both be viewed on the ODTR website www.odtr.ie.

ODTR 01/14 The Irish Telecommunications Market Quarterly Review March 2001

Telecommunications Survey – Residential Market (January /February 2001)

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