

MCA Market Research

Business Perception Survey Results

Malta Communications Authority
October 2012

Presentation Structure

1. Purpose and methodology
2. General Overview
3. Fixed Telephony Analysis
4. Mobile Analysis
5. Broadband Analysis
6. Telecom Analysis – Medium to Large Sized Businesses

1. Purpose & Methodology

Purpose

- The **Business Perception survey on telecoms**, which is the first of its kind to be carried out by the MCA, is intended:
 - to complement the findings of other surveys conducted last year with the private household category;
 - while at the same time explore perceptions of a different category – the business community – by gathering qualitative information on telecom services which was never available to the MCA
- To capture these perceptions a number of variables have been analysed, namely the level of satisfaction, price sensitivities, service levels and areas of concern among the business community
- The survey will investigate fixed telephony, mobile and broadband Internet services. For large and/or specialised businesses the survey will also investigate other high quality data services (e.g. Ethernet, IP-VPN, leased lines etc.)

Methodology (1)

- M. Fsadni & Associates was commissioned by the MCA to carry out the survey throughout the months of August and September 2012
- A representative sample of all private businesses in Malta (excluding public administration since most e-communication services are provided for by MITA)
- Sample size of 405 businesses was stratified according to pre-defined sectors / industries agreed upon by the MCA and based upon the 2011 NACE (Nomenclature des Activités Economiques dans les Communautés Européennes) classification
- Sample size was further distributed according to the number of employees in each sector; namely between 0-9 employees, 10-49 employees and 50+ employees

Methodology (2)

SAMPLE FRAME 1	0 - 9 employees	10 - 49 employees	50 + employees	
Primary	25	0	0	
Construction and Utilities	37	1	0	
Manufacturing	19	2	1	
Wholesale & Retail and Transport	111	3	1	
Tourism and Hospitality	36	1	1	
Business Services	115	2	1	
Personal Services	47	1	1	
	390	10	5	405

- The survey was carried out face to face with respondents on behalf of the business chosen for the interview. Each respondent(s), was the one responsible for the procurement of telecom services and was required to be from the technical field of the business
- Margin of error at 95% confidence interval is +/- 4.85%

Methodology (3)

- In 2010, the population of micro enterprises (engaging between 0 – 9 employees) stood at 62,389 business units. This accounts for a significant 97% of Malta's total business population. (NSO, 2011)
- 1,492 units (2.3%) were medium sized enterprises, employing between 10 – 49 employees (NSO, 2011)
- Only 0.7% of Malta's business population comprise large sized enterprises, engaging more than 50 employees (NSO, 2011)

Methodology (4)

- To be able to capture more qualitative information on medium to large sized businesses and investigate high quality data services, the 10 – 49 and 50+ employee categories were boosted to a total of 100 businesses and 50 businesses respectively (Results presented in Section 6)

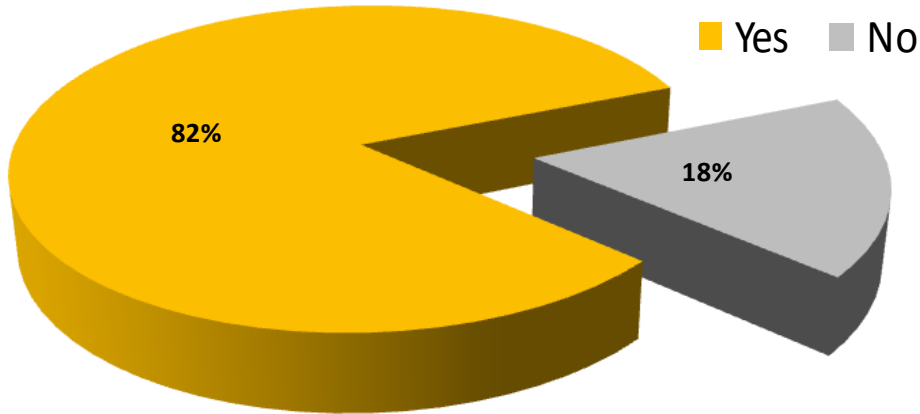
SAMPLE FRAME 2	0 - 9 employees	10 - 49 employees	50 + employees	
Primary	25	1	0	
Construction and Utilities	37	8	3	
Manufacturing	19	14	8	
Wholesale & Retail and Transport	111	35	9	
Tourism and Hospitality	36	12	9	
Business Services	115	21	11	
Personal Services	47	9	10	
	390	100	50	540

2. General Overview

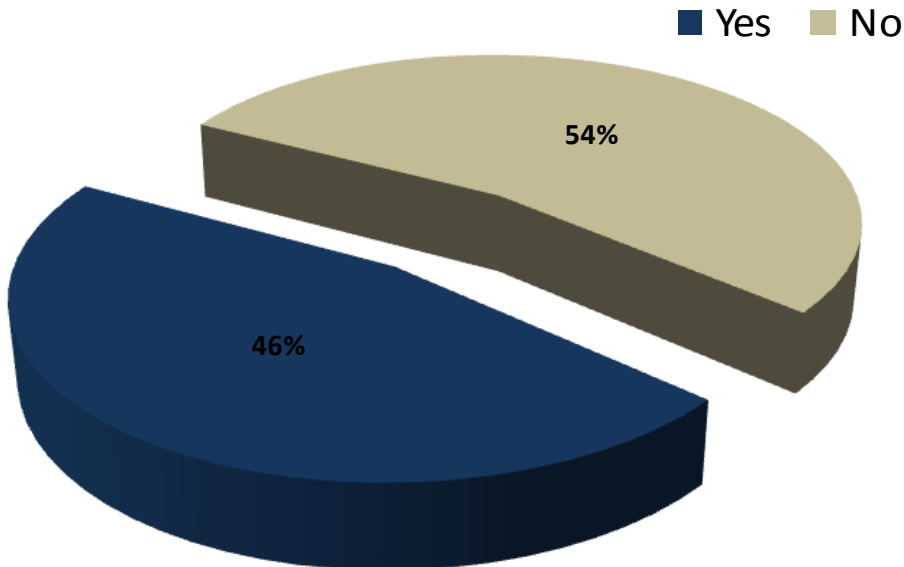
Business Use of Telecom Services

Does your company have a fixed line connection?

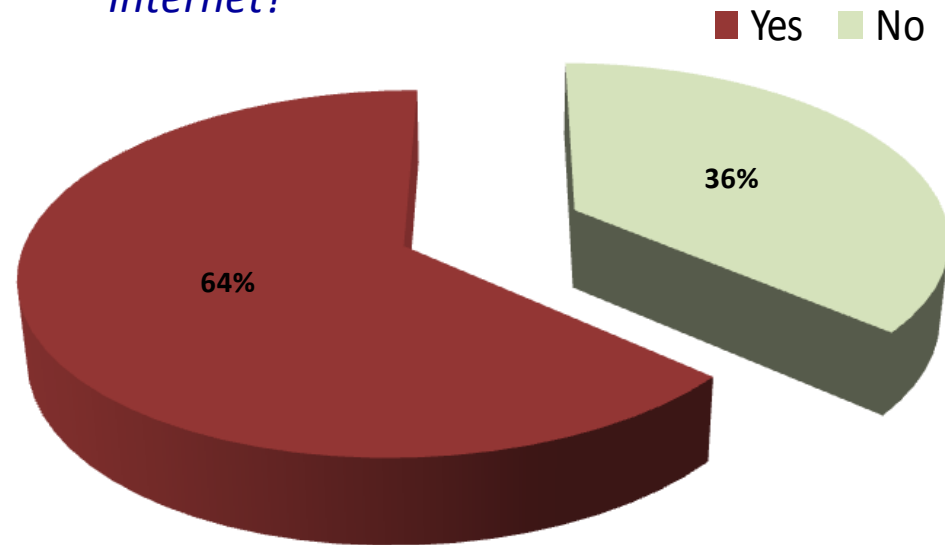
Sample Size – 405



Does the company pay for any mobile phones used by its employees for work purposes?



Does the company make use of broadband Internet?

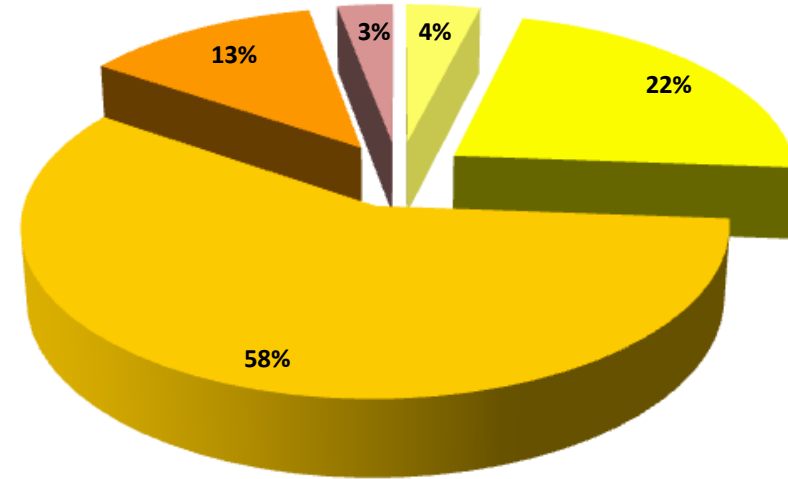
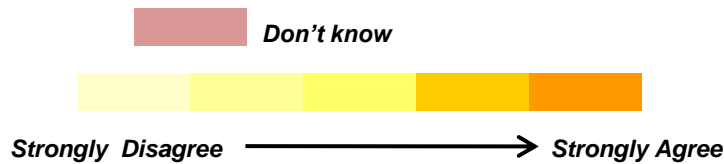


General Perceptions on Telecoms (1)

Overall, how much does the company agree/disagree with the following statements...

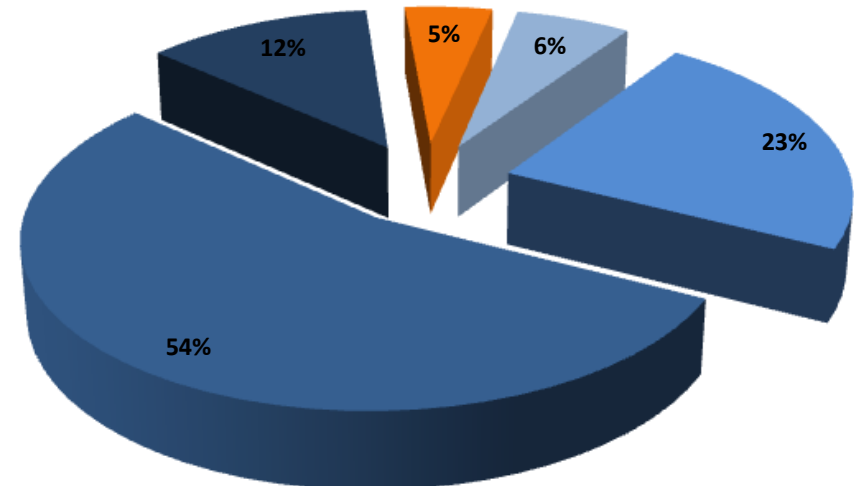
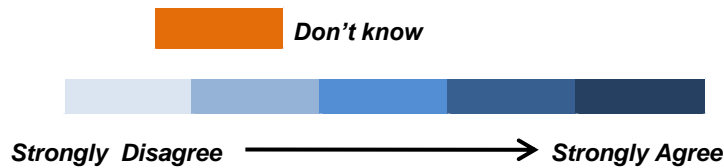
...There is a good choice of telecom products / services available to the company

Sample Size – 405



...It is easy to compare the products of different suppliers

Sample Size – 405

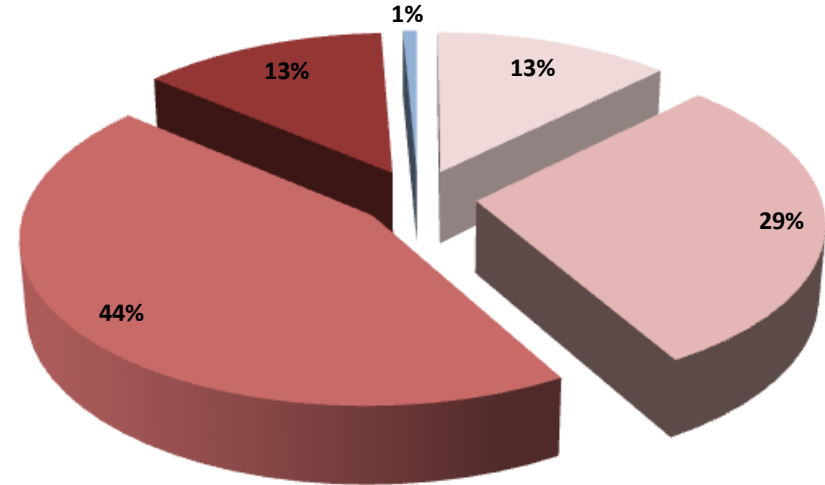
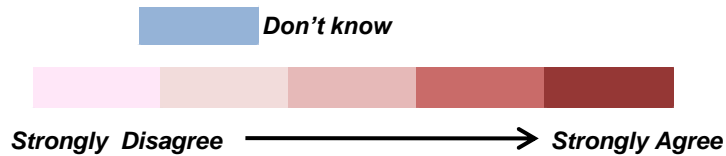


General Perceptions on Telecoms (2)

Overall, how much does the company agree/disagree with the following statements...

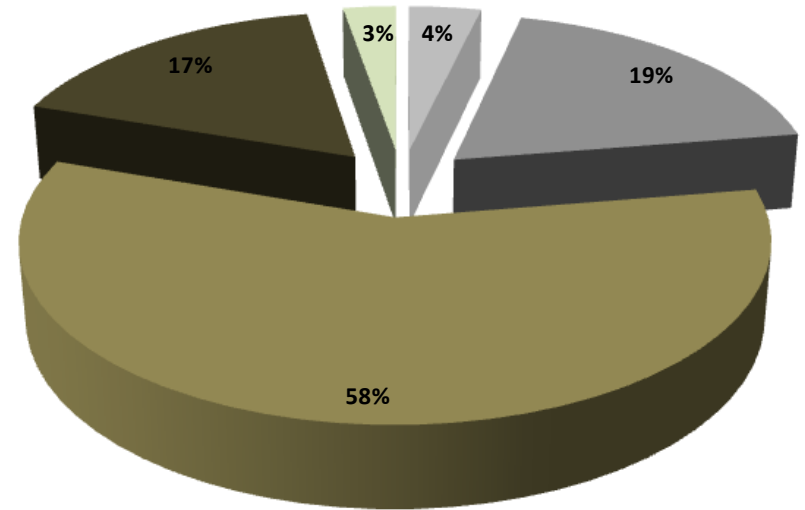
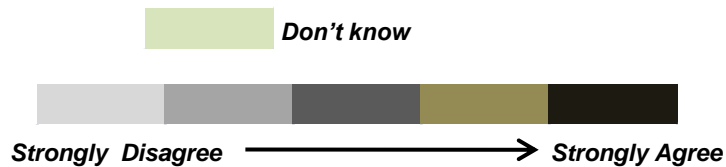
...The prices of telecom services are clear and transparent

Sample Size – 405



...It is easy to get to know about new products and technologies

Sample Size – 405

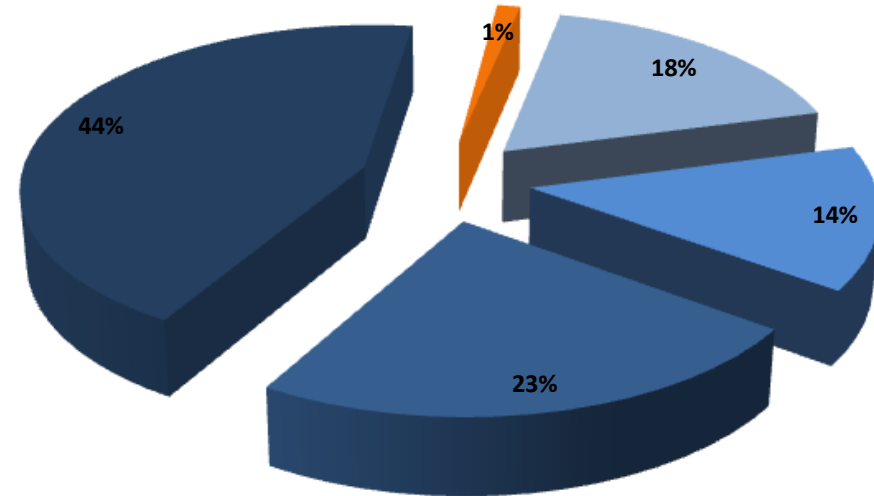
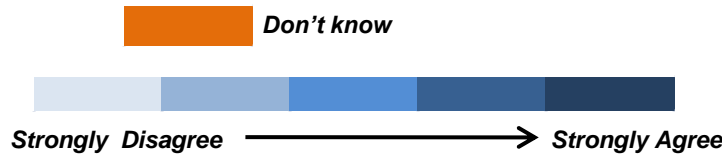


General Perceptions on Telecoms (3)

Overall, how much does the company agree/disagree with the following statements...

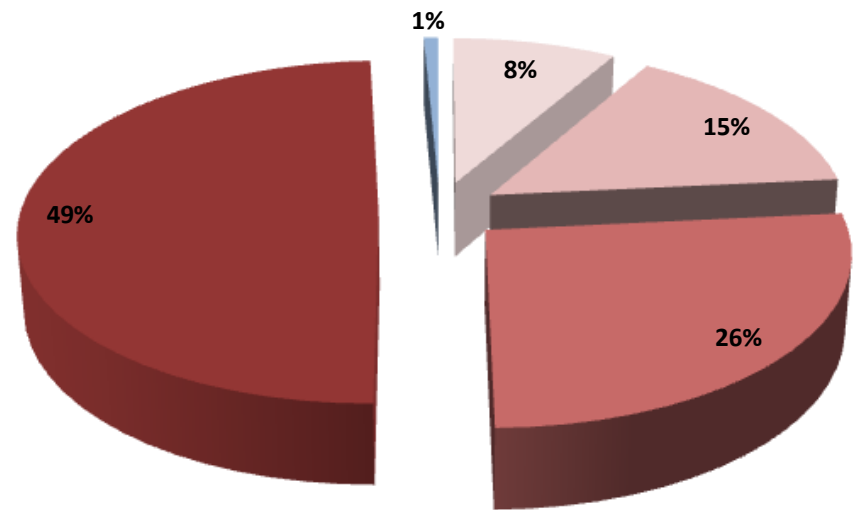
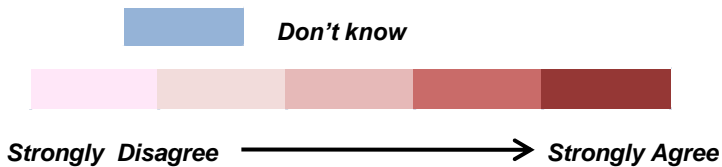
...Without the Internet the company cannot operate

Sample Size – 405



...The mobile service is indispensable for the company's day to day operations

Sample Size – 405

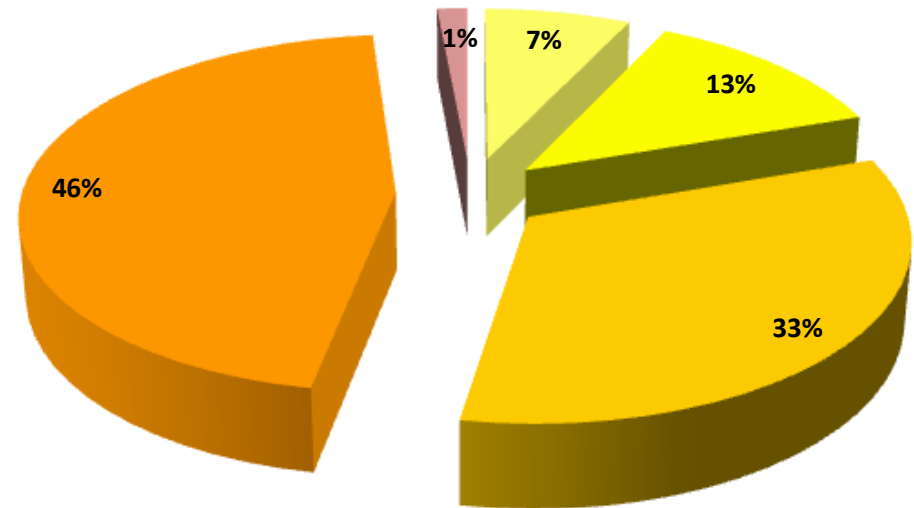
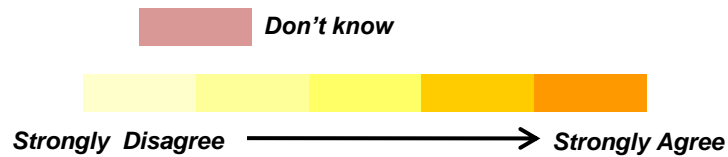


General Perceptions on Telecoms (4)

Overall, how much does the company agree/disagree with the following statements...

...The fixed telephone service is indispensable for the company's day to day running operations

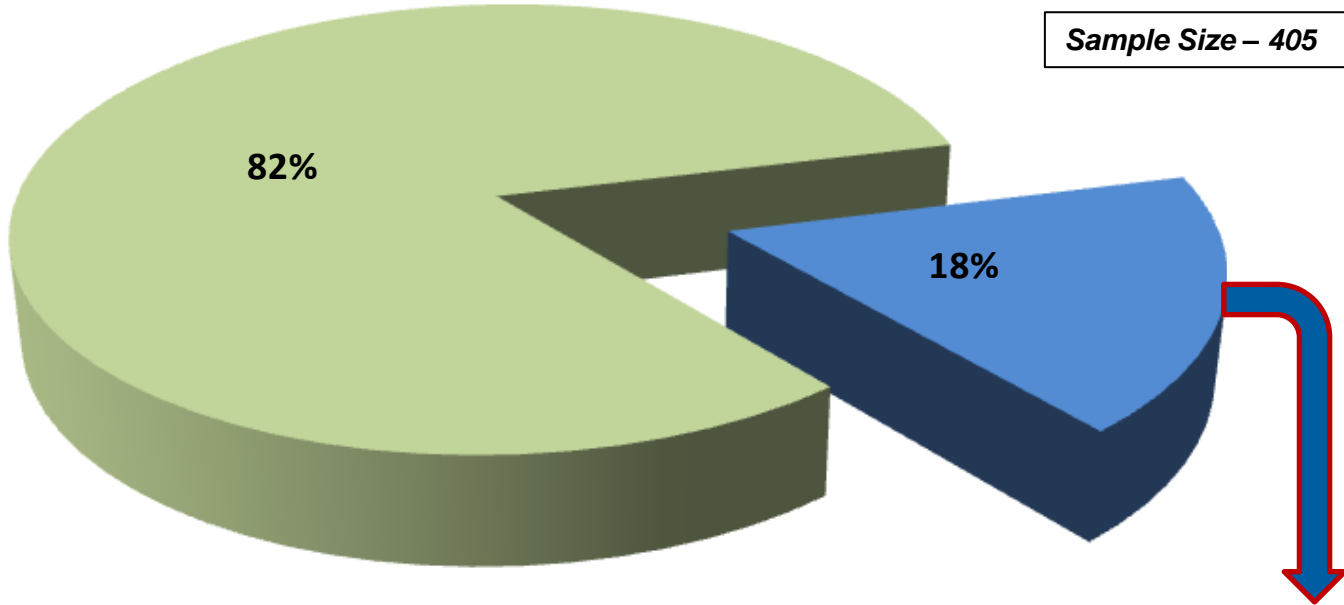
Sample Size – 405



Procurement of Telecom Services

Does the company procure telecom services as a... ■ Standalone ■ Bundle

Sample Size – 405




- Triple play bundle subscription: Internet + Fixed + Mobile

50%




- Two-play bundle subscription: Internet + Fixed

36%




- Two-play bundle subscription: Fixed + Mobile

11%



- Two-play bundle subscription: Internet + Mobile

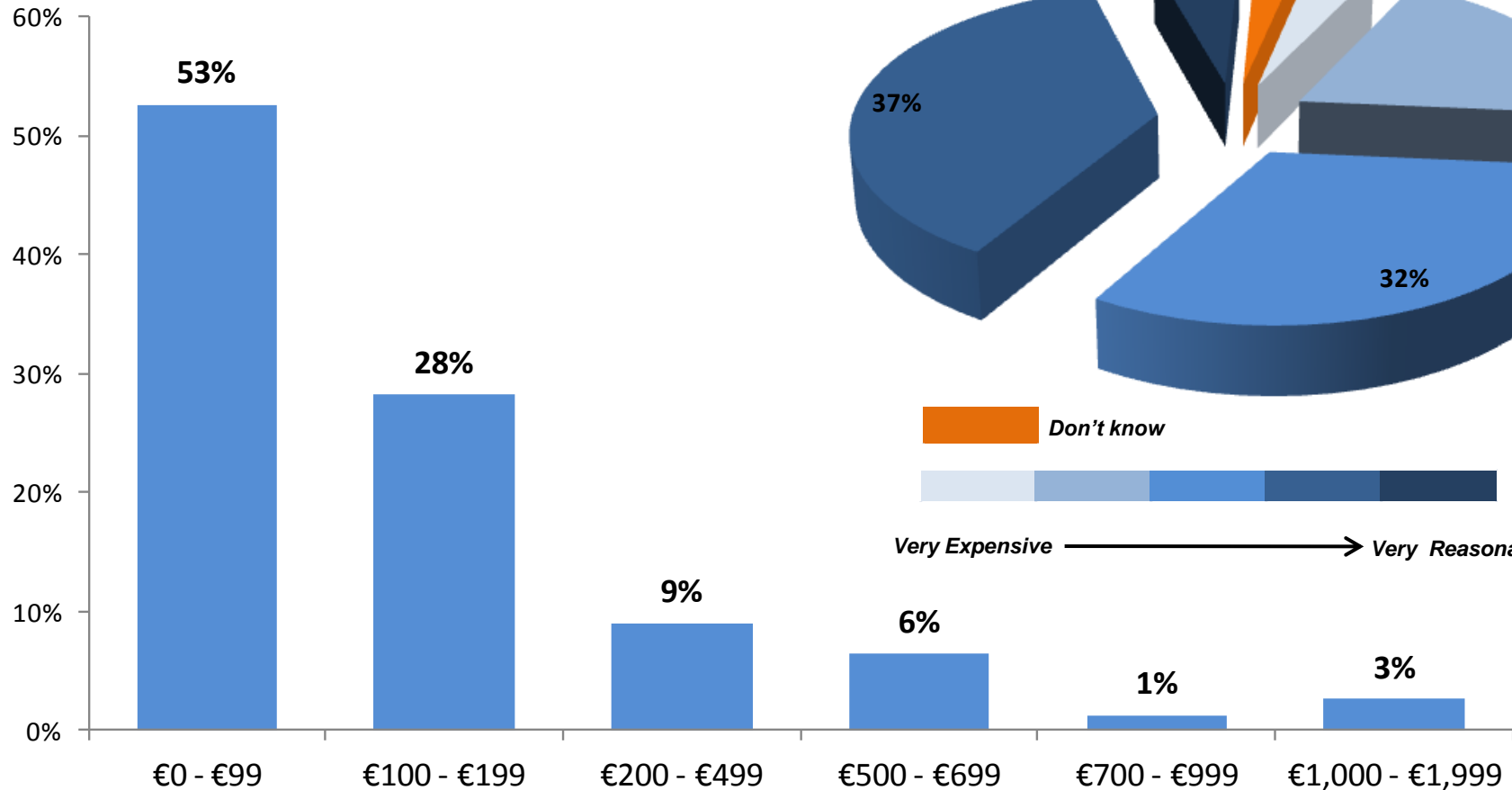
3%



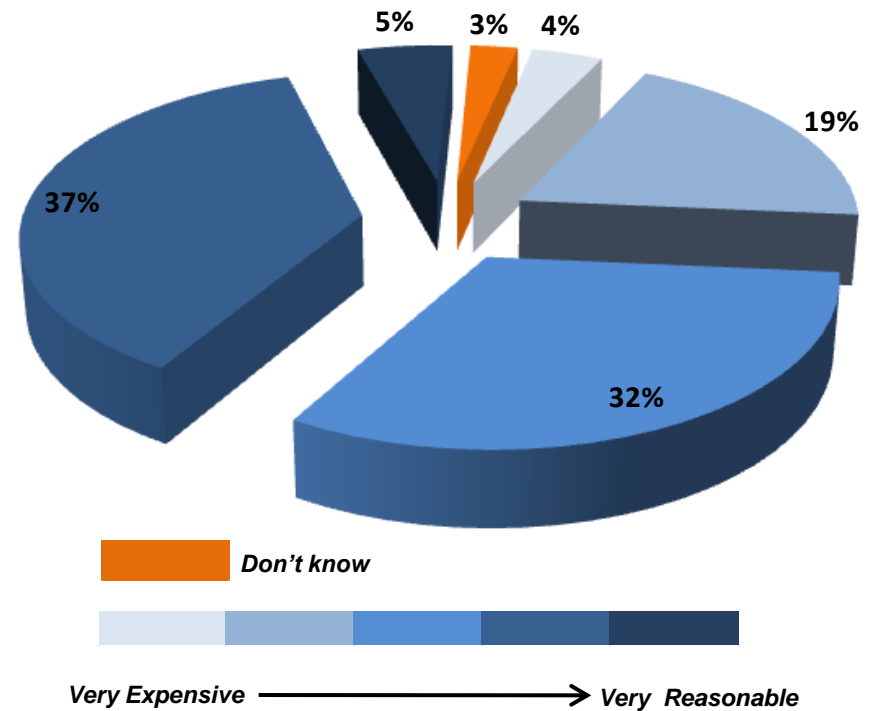
Bundle – Price Analysis

What is the average monthly expenditure by the company on the bundle...

Sample Size – 78
Businesses with a bundle subscription

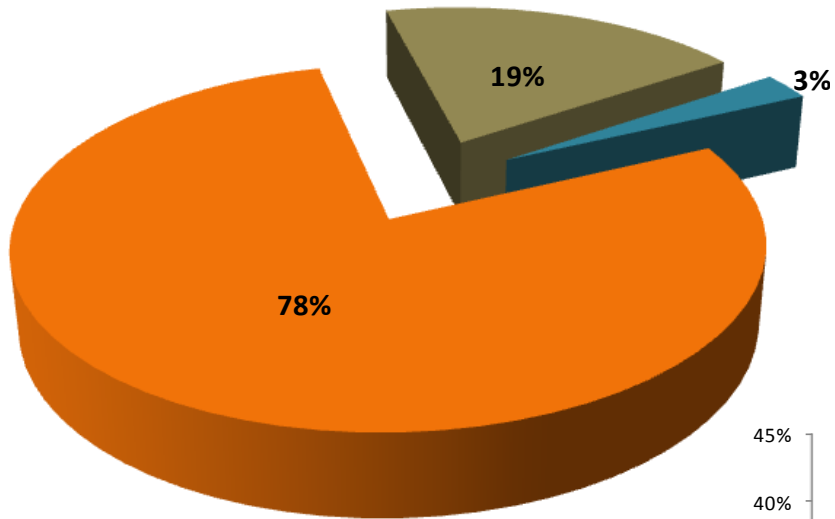


Is this price expensive or reasonable?



Procurement of Bundle

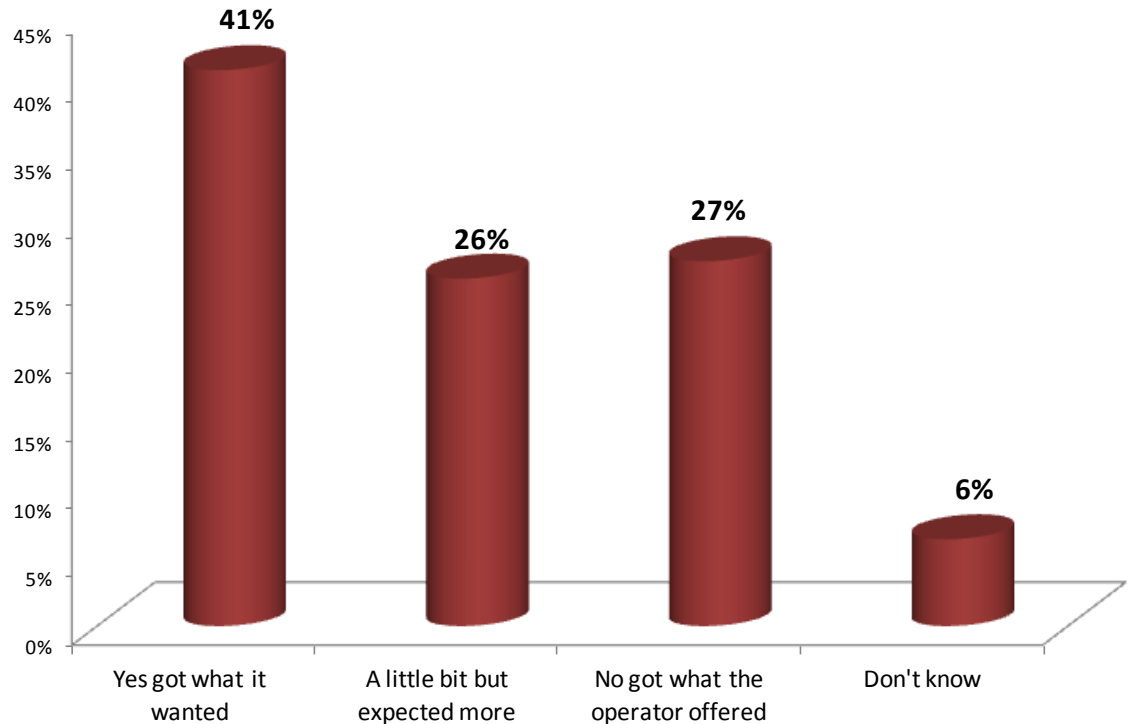
How did the company procure the bundle services?



- Company contacted operator directly
- Operator contacted the company
- Tender (open call procedure)

Sample Size – 78
Businesses with a bundle subscription

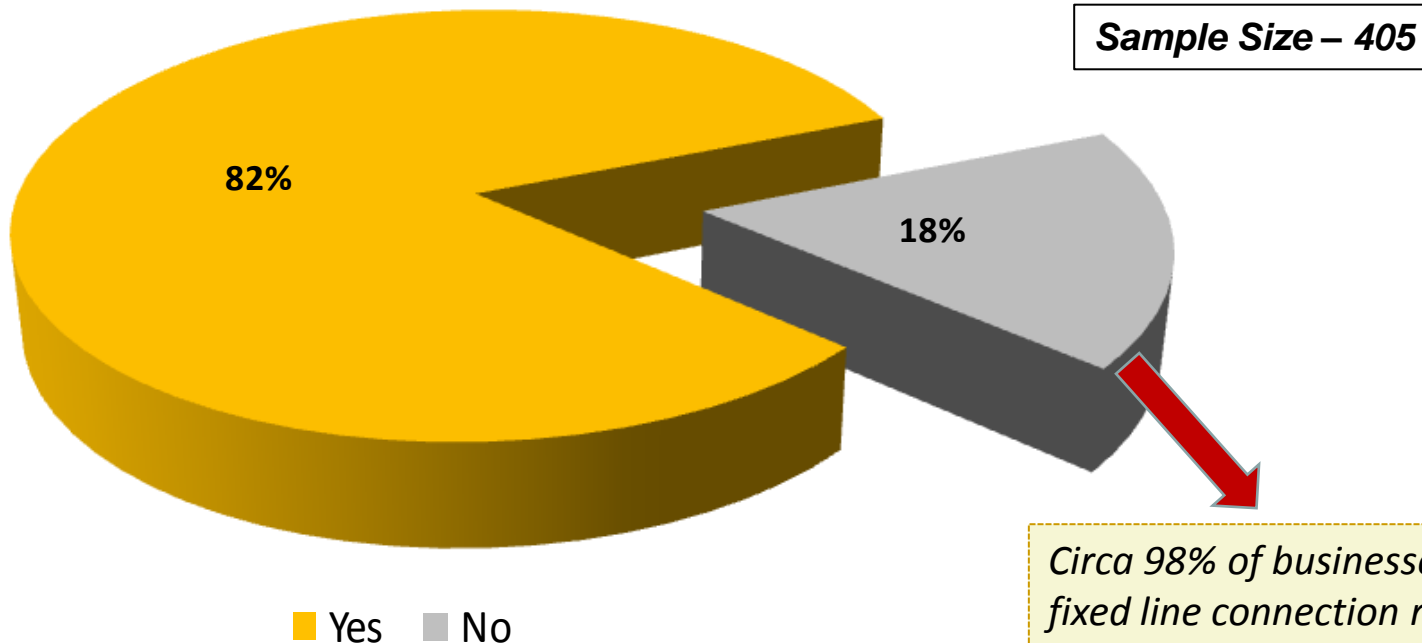
Did the company have the ability to bargain on the terms and conditions and price with the operator?



3. Fixed Telephony Analysis

Fixed Telephony Access

Does your company have a fixed line connection?



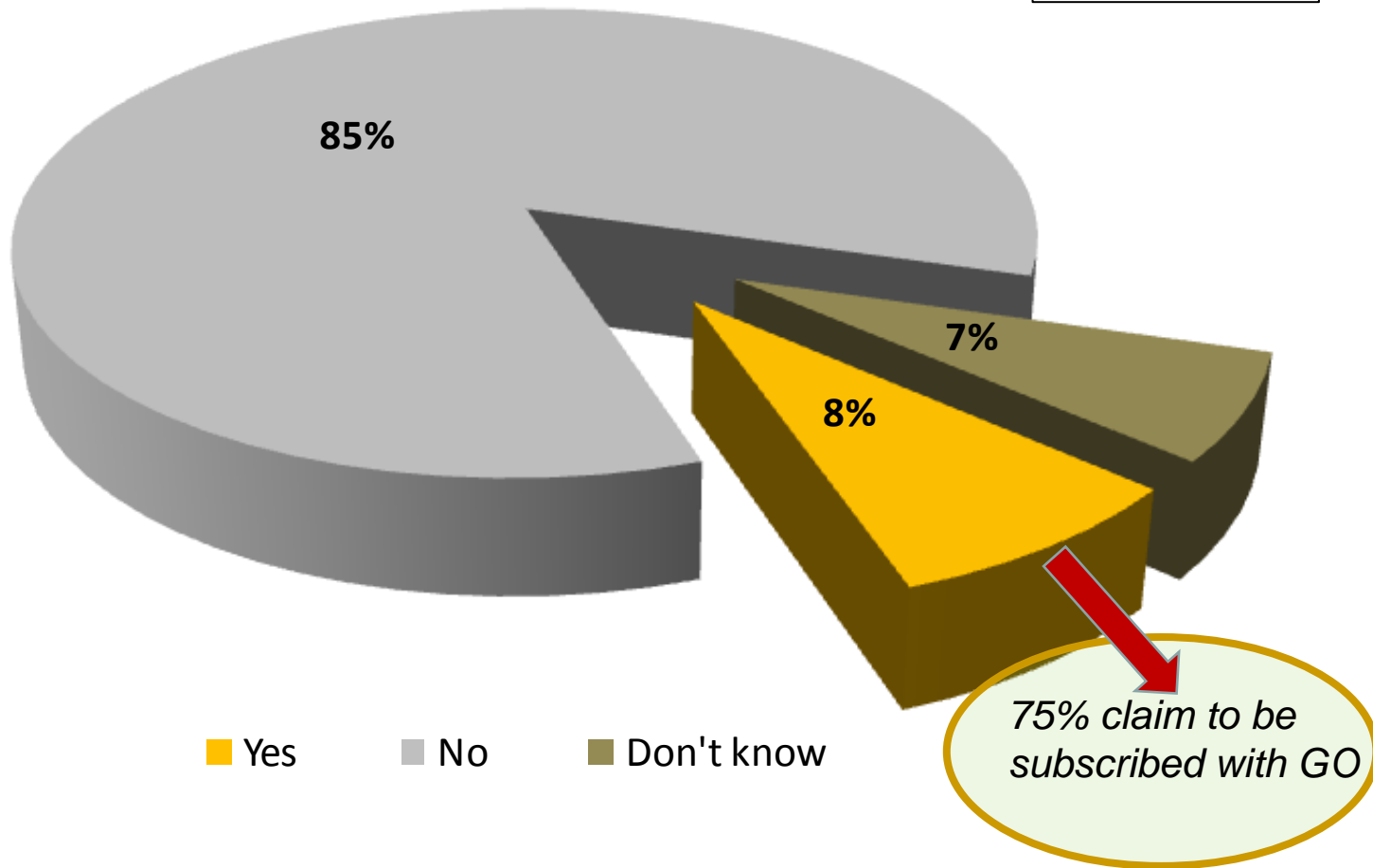
Circa 98% of businesses that don't have a fixed line connection resort to mobile telephony. 2% make use of IP calls over the Internet.

68% of businesses only have one fixed line connection, 30% have between 2-4 lines, while 2% of businesses have more than 5 lines.

Delivery of Fixed Telephony Service

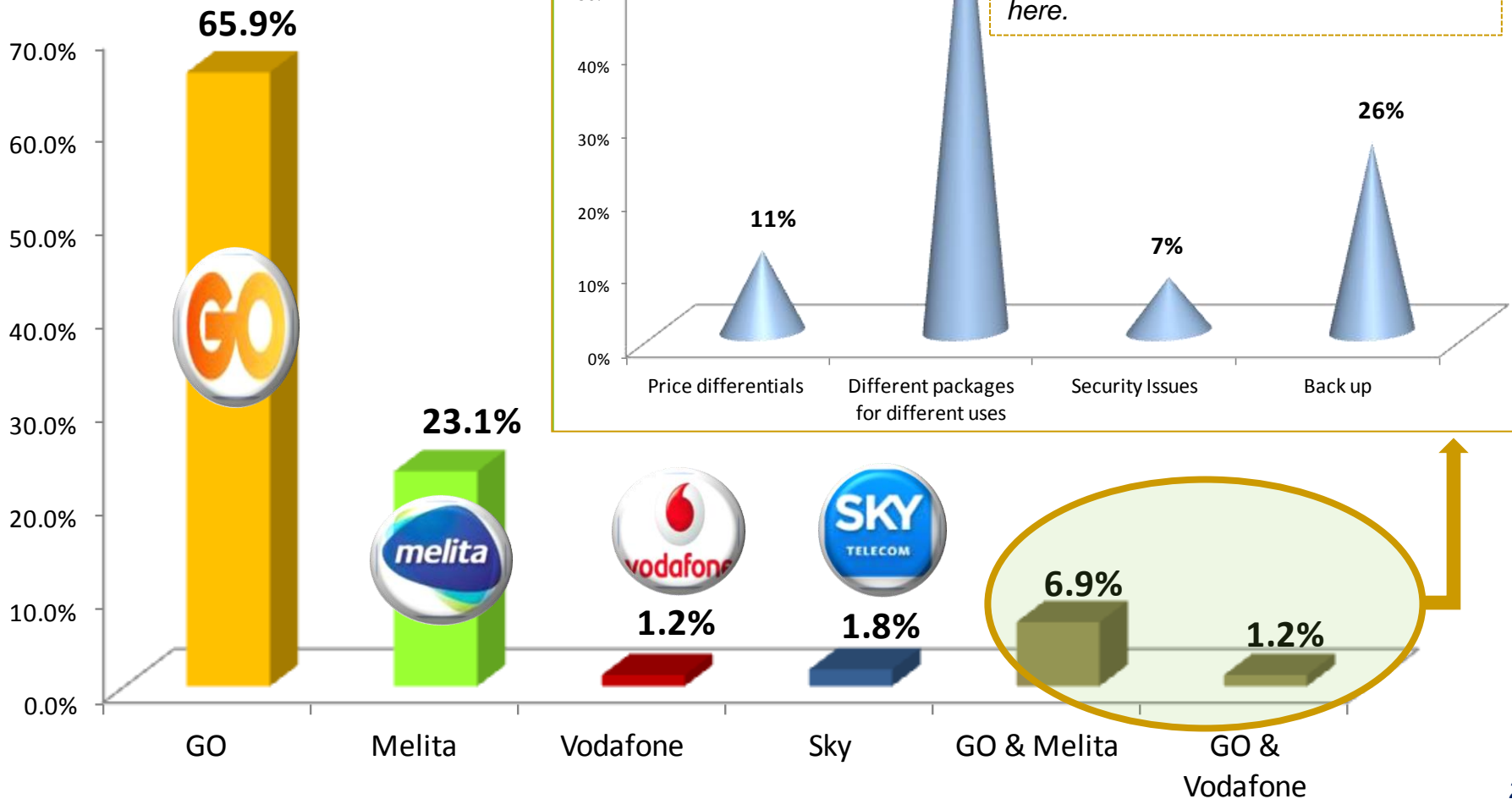
Did the company experience any delays (from as agreed) in getting the fixed telephone connection(s) or other related service ?

Sample Size – 334



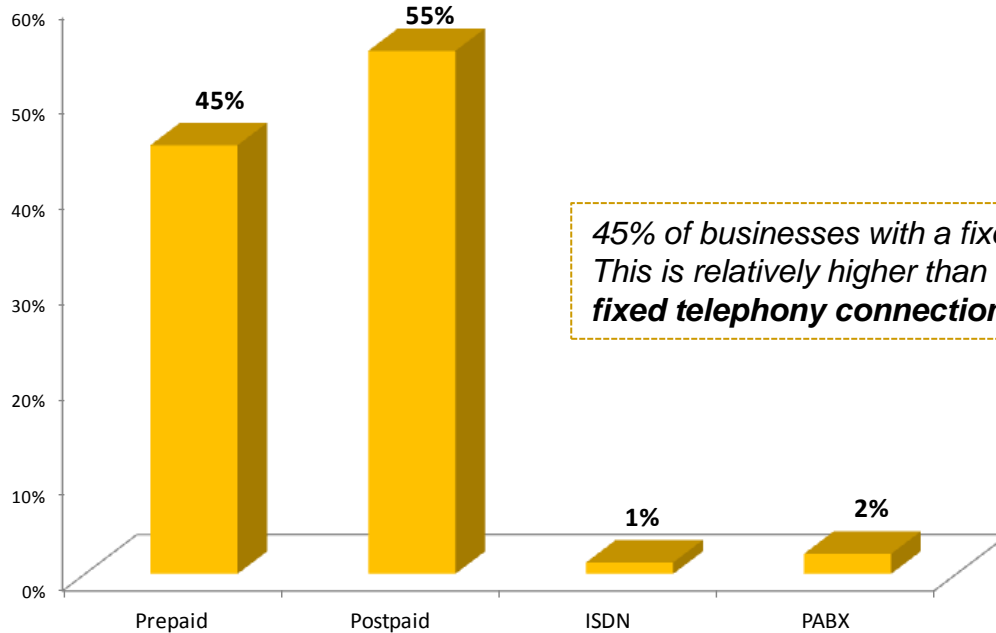
Which operator is the company subscribed to?

Sample Size – 334



Fixed Telephony Connections

What type of fixed connection does the company have?



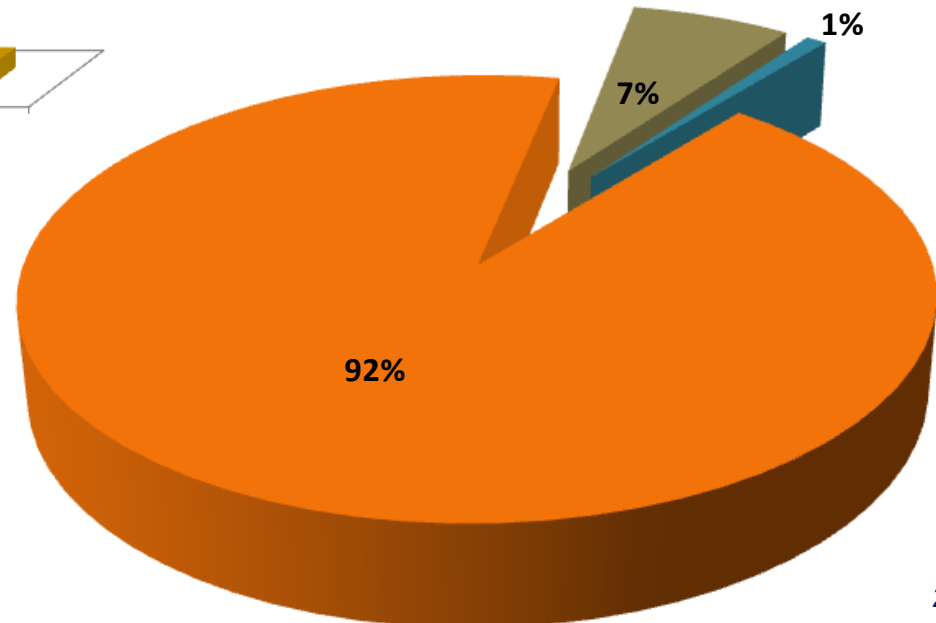
Sample Size – 334
Each respondent could have more than one type of connection

45% of businesses with a fixed telephone connection have a prepaid subscription. This is relatively higher than the overall market statistic where only 18% of **total fixed telephony connections** are prepaid (MCA Statistics).

Is the company's fixed telephony package...

Sample Size – 334

- Standard
- Tailor made
- Don't know

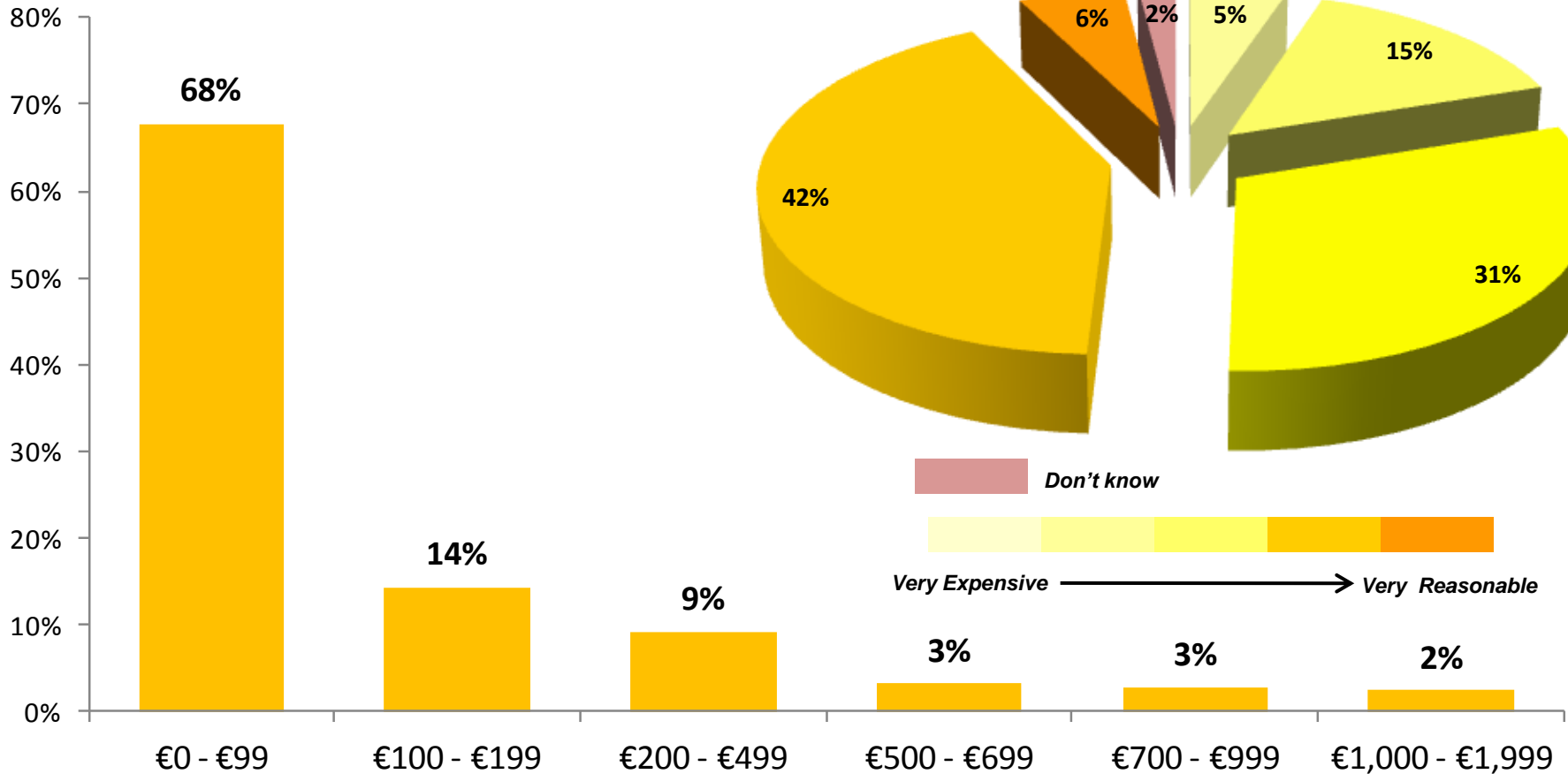


Price Analysis

What is the average monthly expenditure by the company on fixed line telephony...

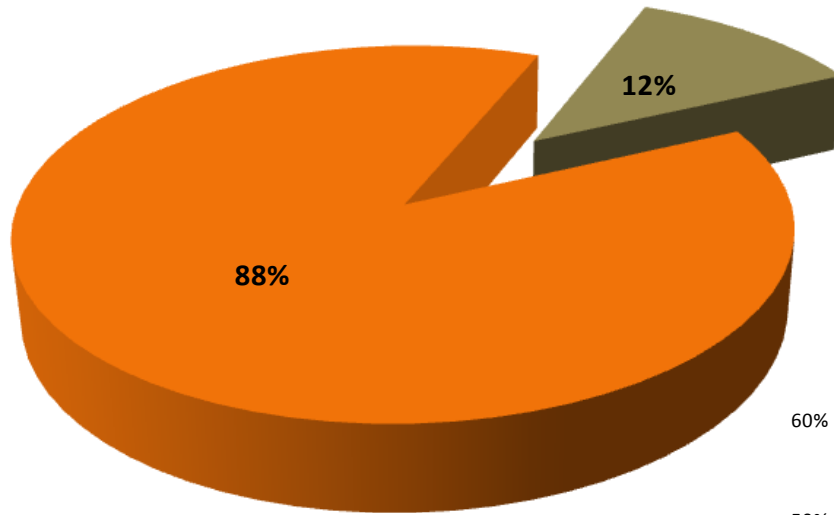
Sample Size – 251
Only businesses procuring fixed telephony as a standalone

Is this price expensive or reasonable?



Procurement of Fixed Telephony Service

How did the company procure the fixed telephony service?

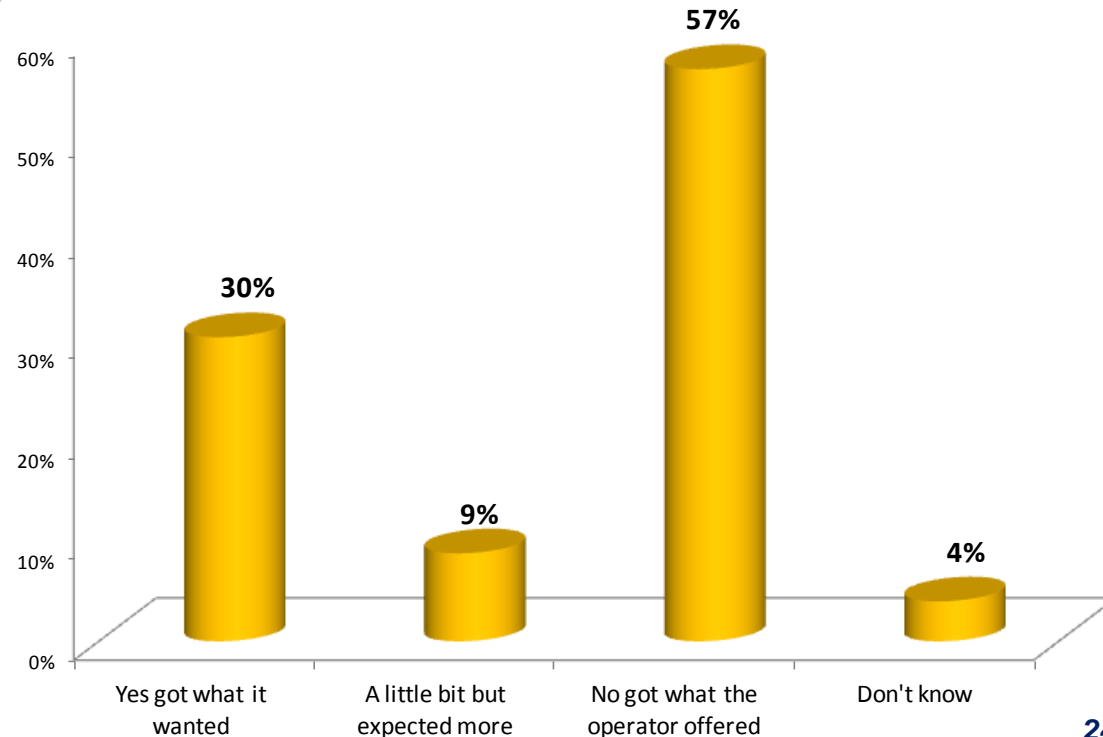


Sample Size – 251

Only businesses procuring fixed telephony as a standalone

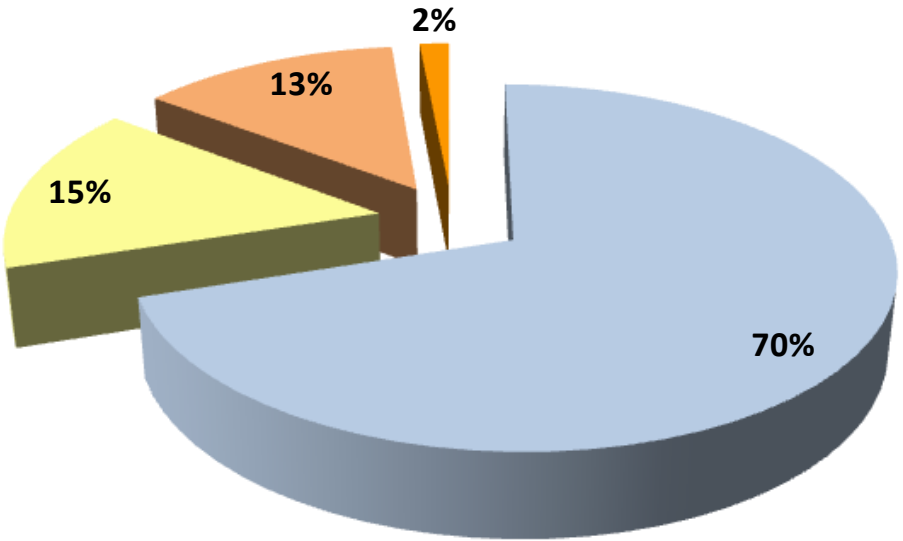
Did the company have the ability to bargain on the terms and conditions and price with the operator?

- Company contacted operator directly
- Operator contacted the company



Fixed Telephony Service Levels (1)

How many (if any) disconnections, faults or other fixed line problems have been experienced by the company during the last 12 months?

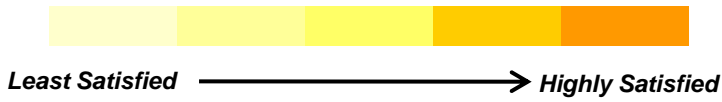
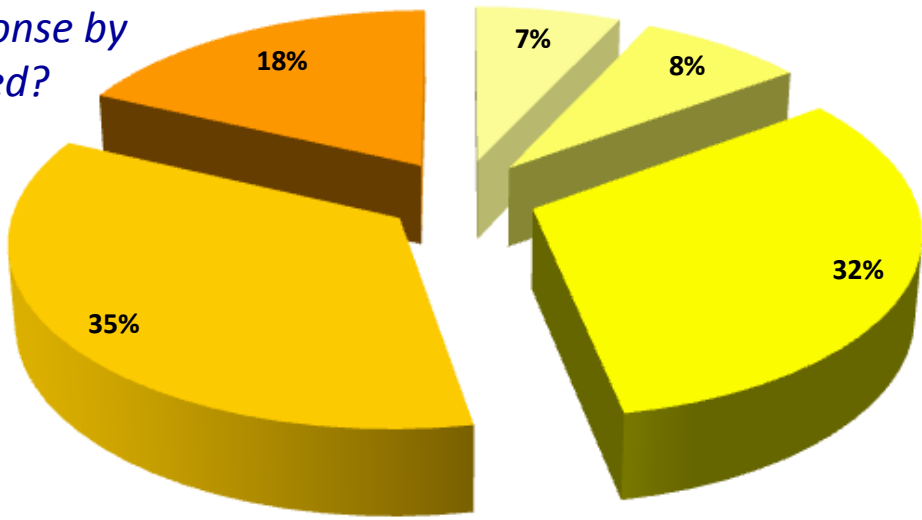


Sample Size – 334

None Once Between 2 - 5 More than 6

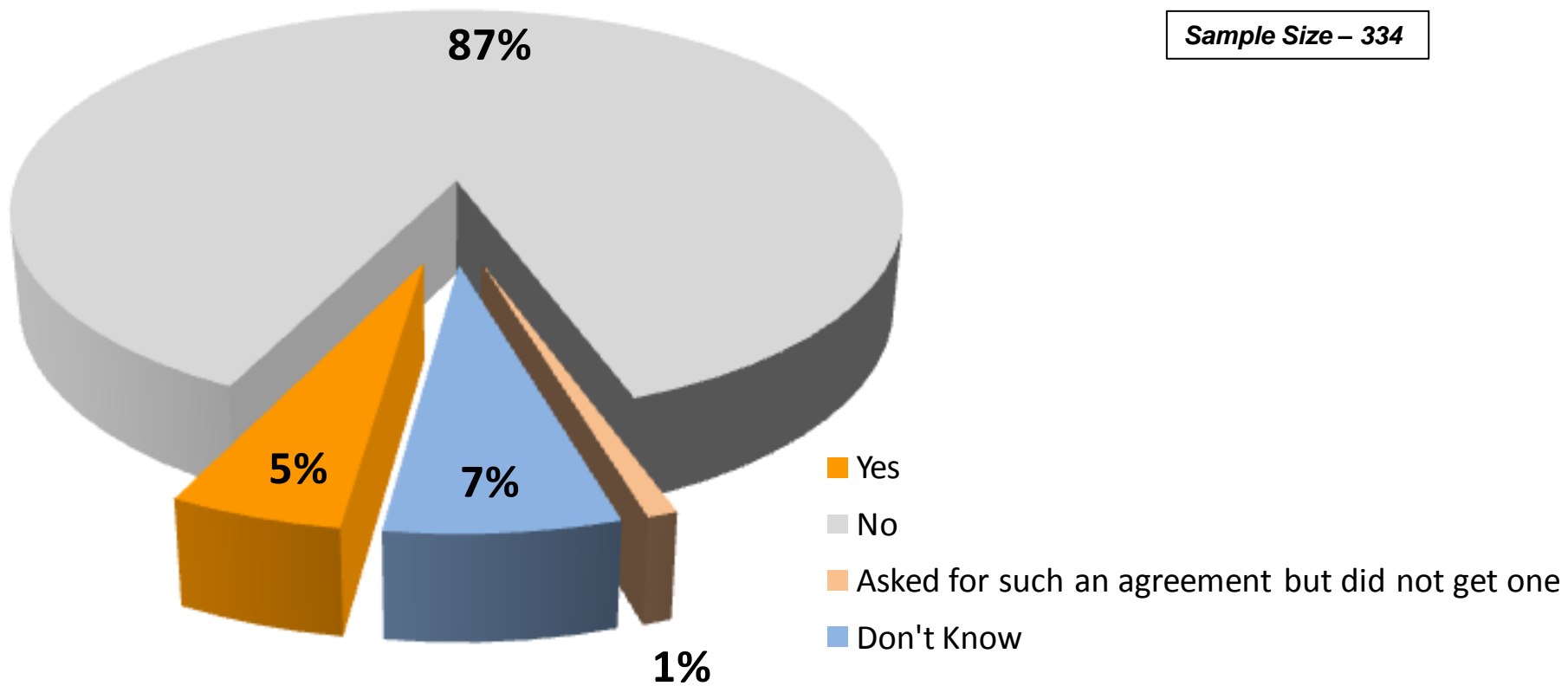
How satisfied is the company with the level of response by the operator when such problems had been reported?

Sample Size – 100
Only businesses that have encountered problems with the fixed service during the last 12 months



Fixed Telephony Service Levels (2)

When it comes to repairs, does the company have a specific service level agreement with the fixed telephone operator specifying repair times etc?

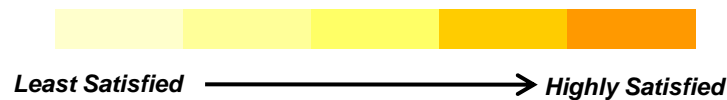
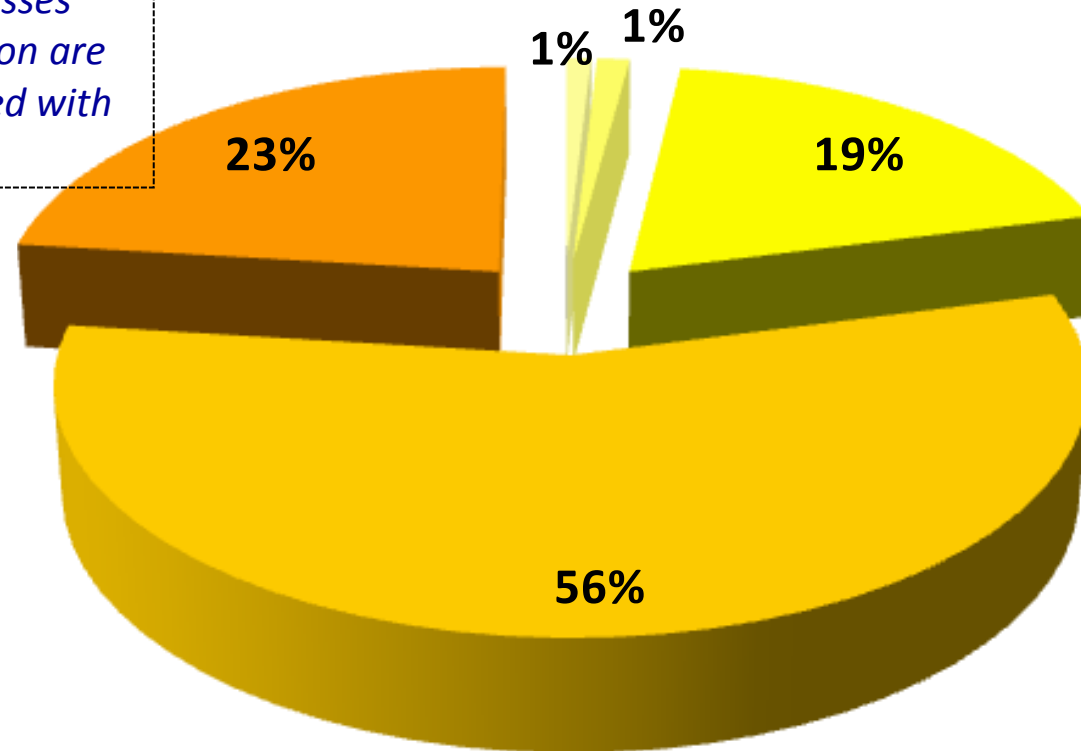


Quality Satisfaction Levels (1)

How satisfied is the company with the quality of fixed line connection?

Sample Size – 334

More than 79% of businesses with a fixed line connection are satisfied or highly satisfied with the level of service.

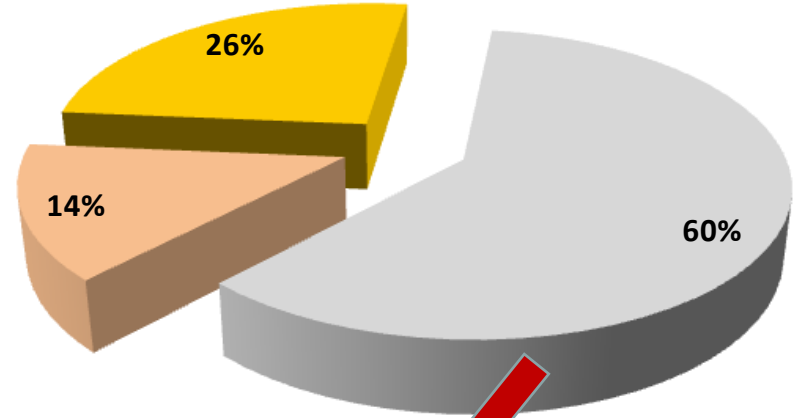


Quality Satisfaction Levels (2)

Does the company consider switching to another operator if it is not satisfied or fairly satisfied?

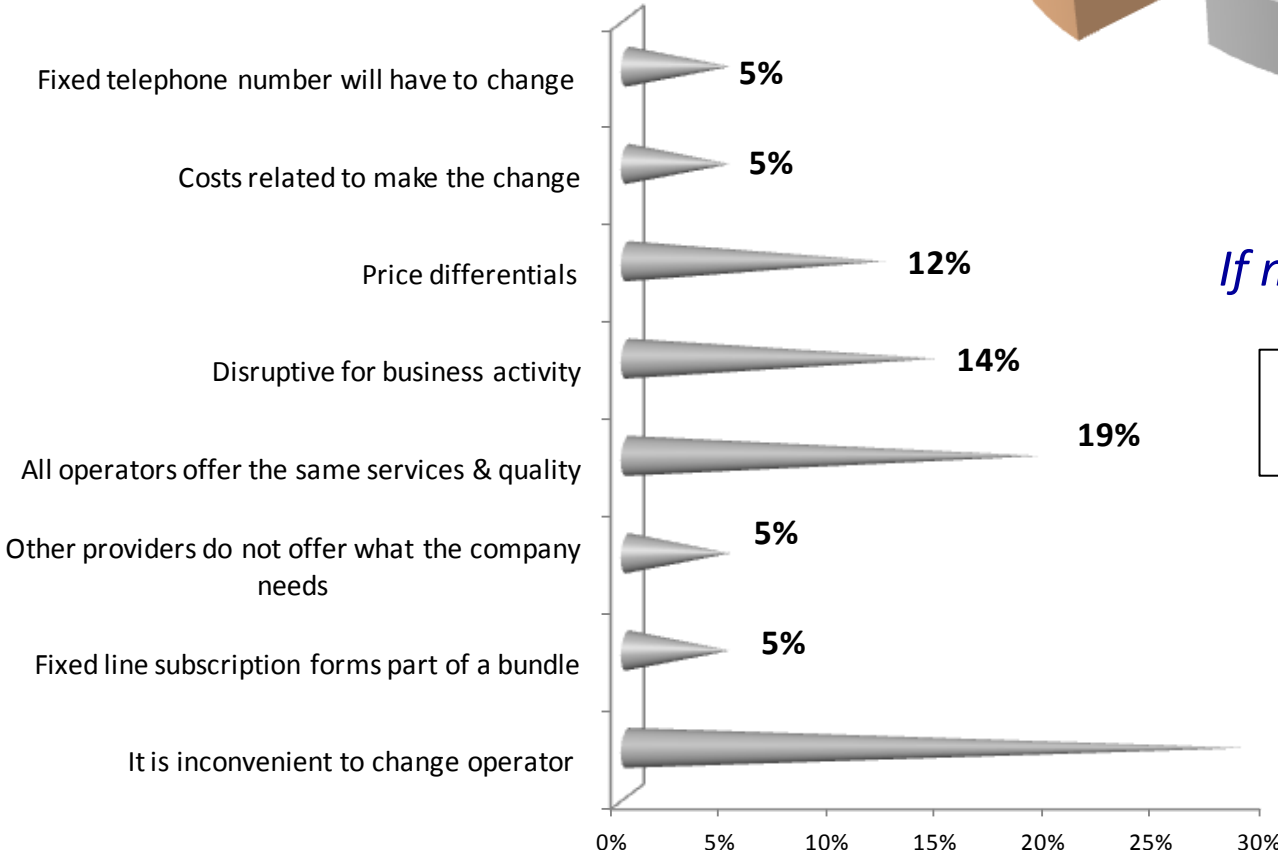
Sample Size – 70

Yes No Don't Know



If no, why?

Sample Size – 42
Each respondent could give more than one reason

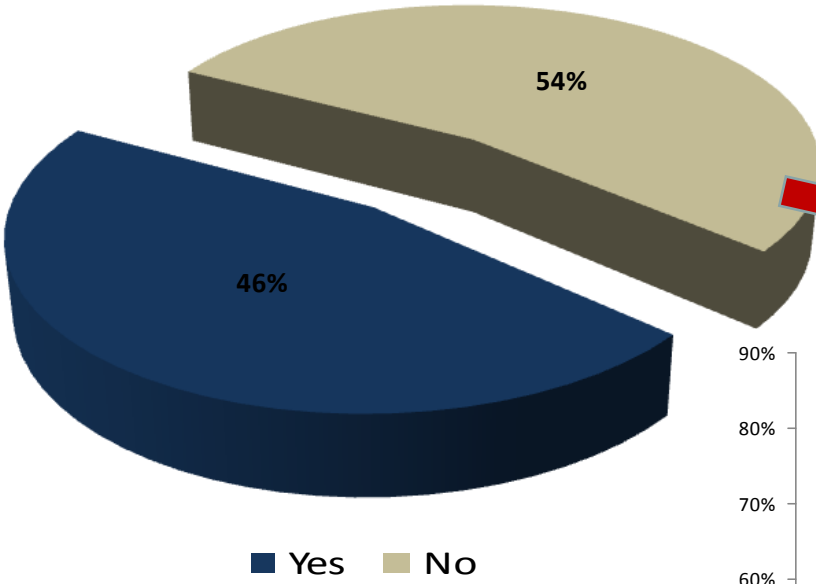


4. Mobile Analysis

Mobile Access

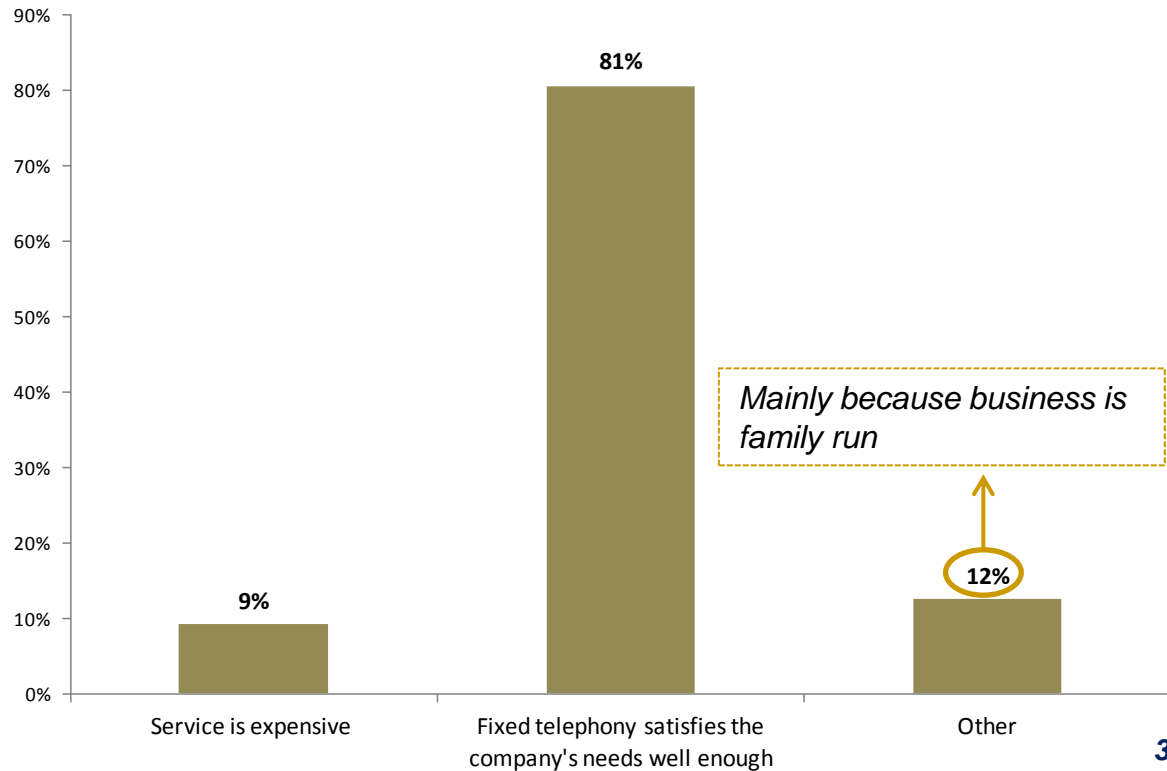
Does the company pay for any mobile phones used by its employees for work purposes?

Sample Size – 405



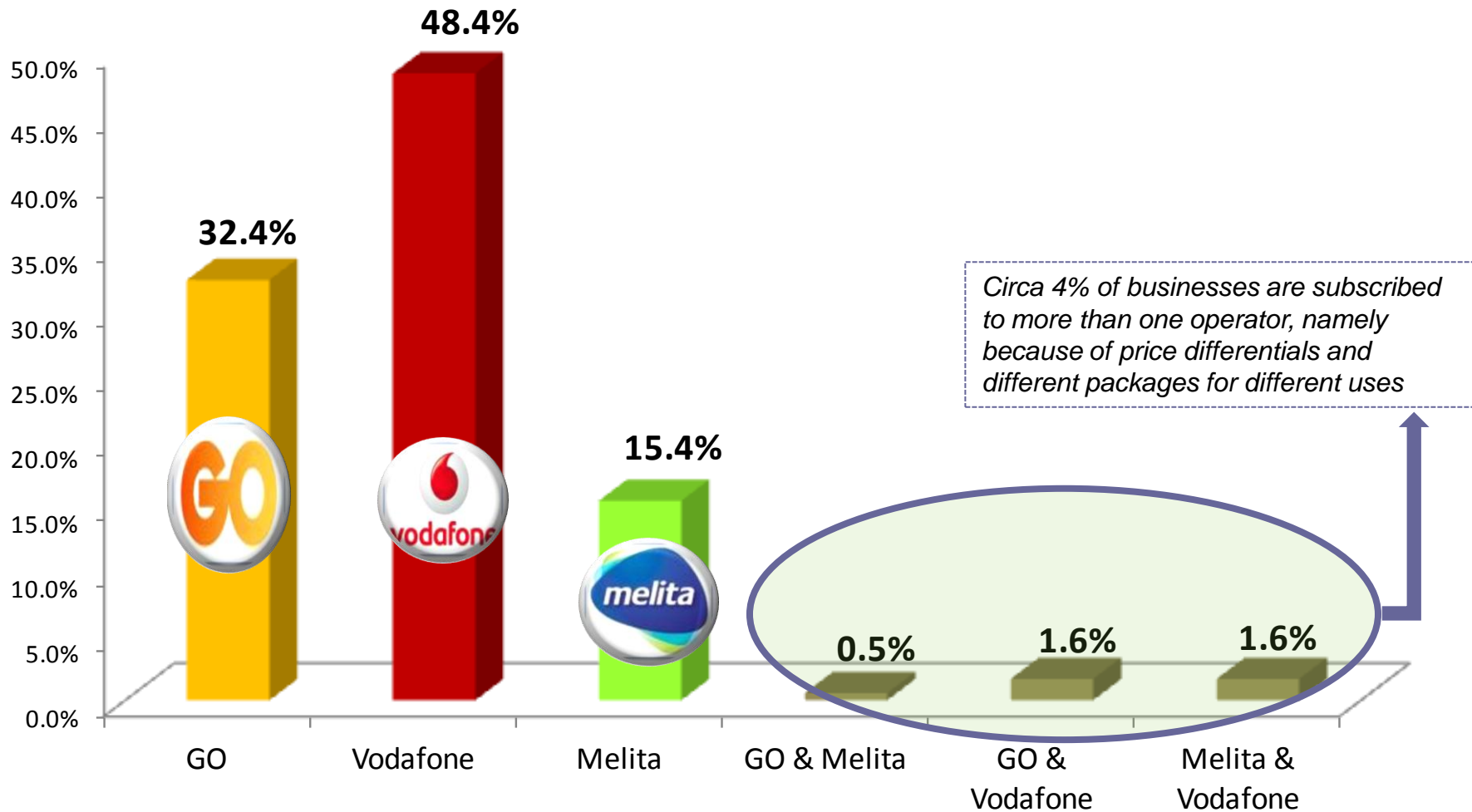
If no, why?

Sample Size – 217
Each respondent could give more than one reason



Which mobile operator is the company subscribed to?

Sample Size – 188

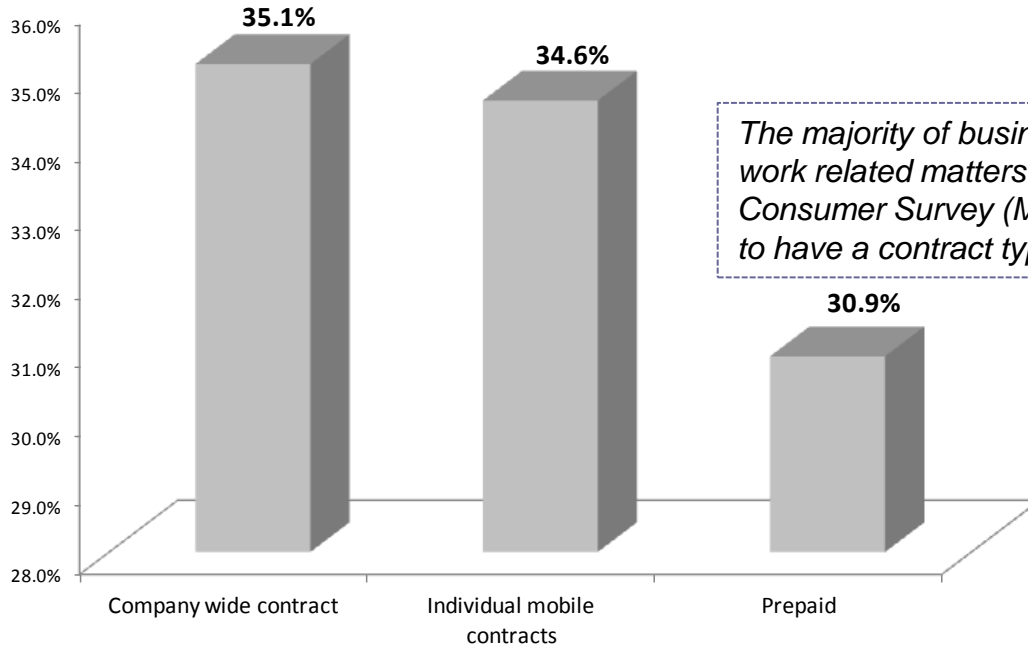


Mobile Connections

What type of mobile plan does the company have?

Sample Size – 188
Each respondent could have more than one type of mobile plan

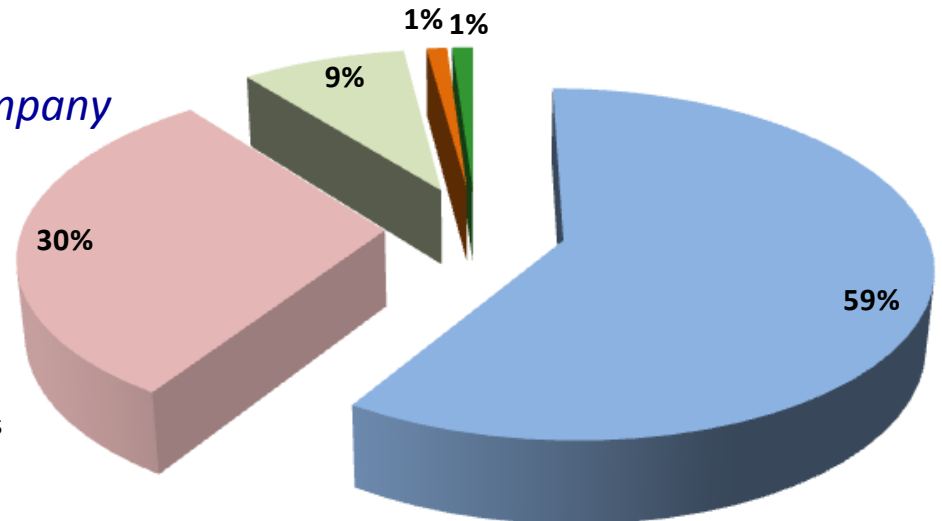
The majority of businesses (70%) making use of mobile phones for work related matters are on a contract type of plan. In the Household Consumer Survey (MCA August 2011) only 20% of households claimed to have a contract type of mobile connection.



How many mobile connections does the company pay for?

Sample Size – 188

■ 1 line ■ 2 - 4 lines ■ 5 - 9 lines ■ 10 - 19 lines ■ 50 - 99 lines

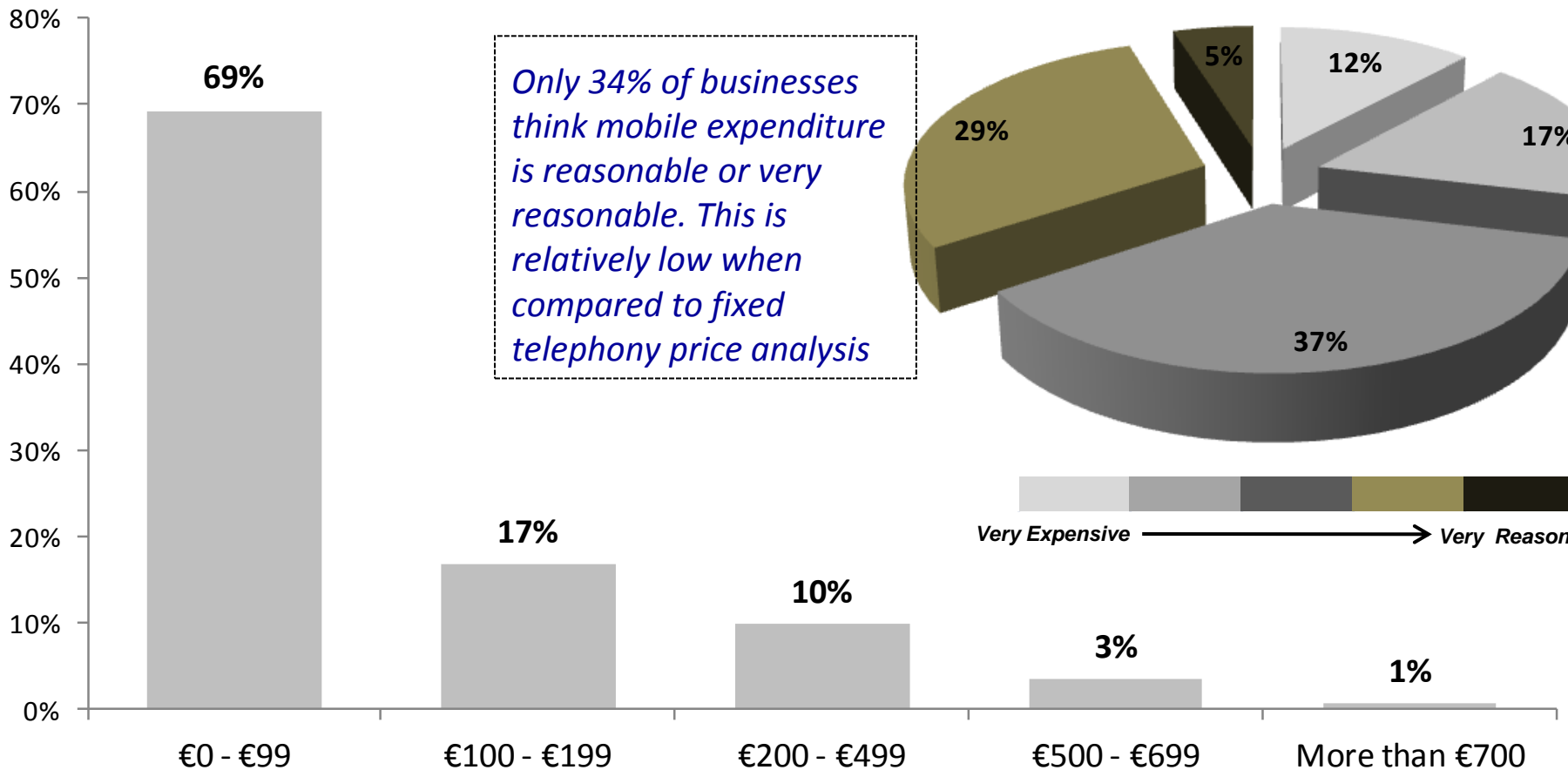


Price Analysis

What is the average monthly expenditure by the company on mobile telephony...

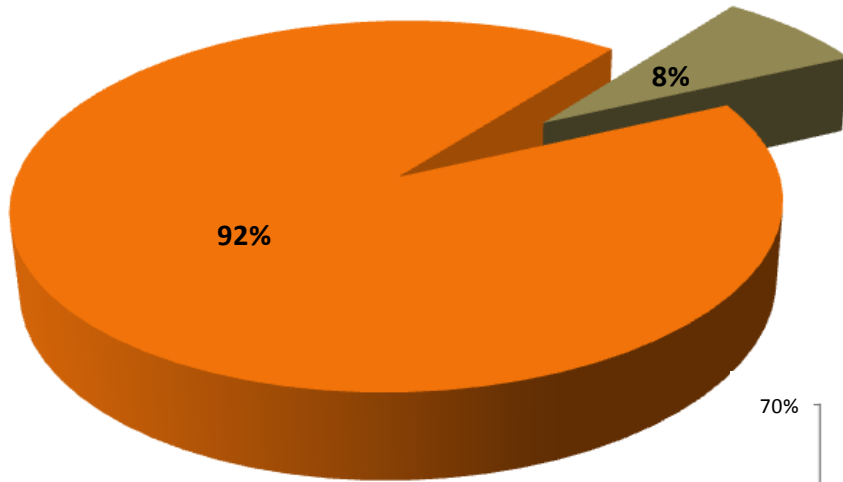
Sample Size – 143
Only businesses procuring mobile telephony as a standalone

Is this price expensive or reasonable?



Procurement of Mobile Telephony Service

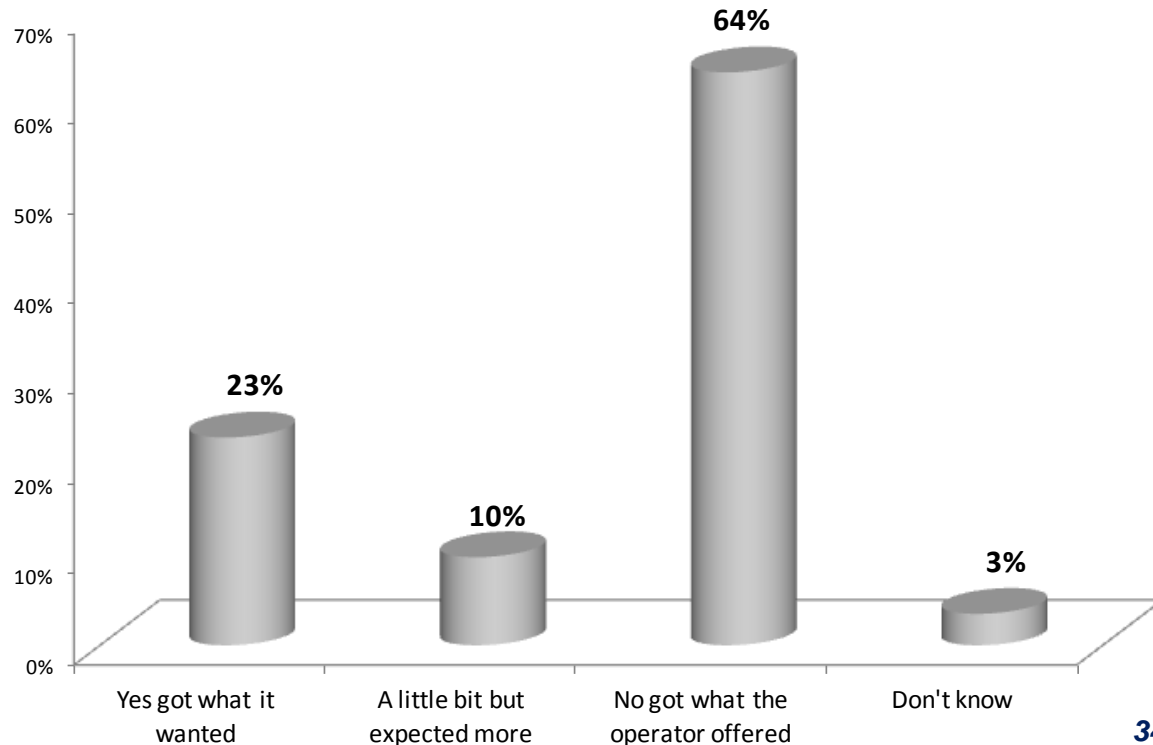
How did the company procure the mobile telephony service?



- Company contacted operator directly
- Operator contacted the company

Sample Size – 143
Only businesses procuring mobile telephony as a standalone

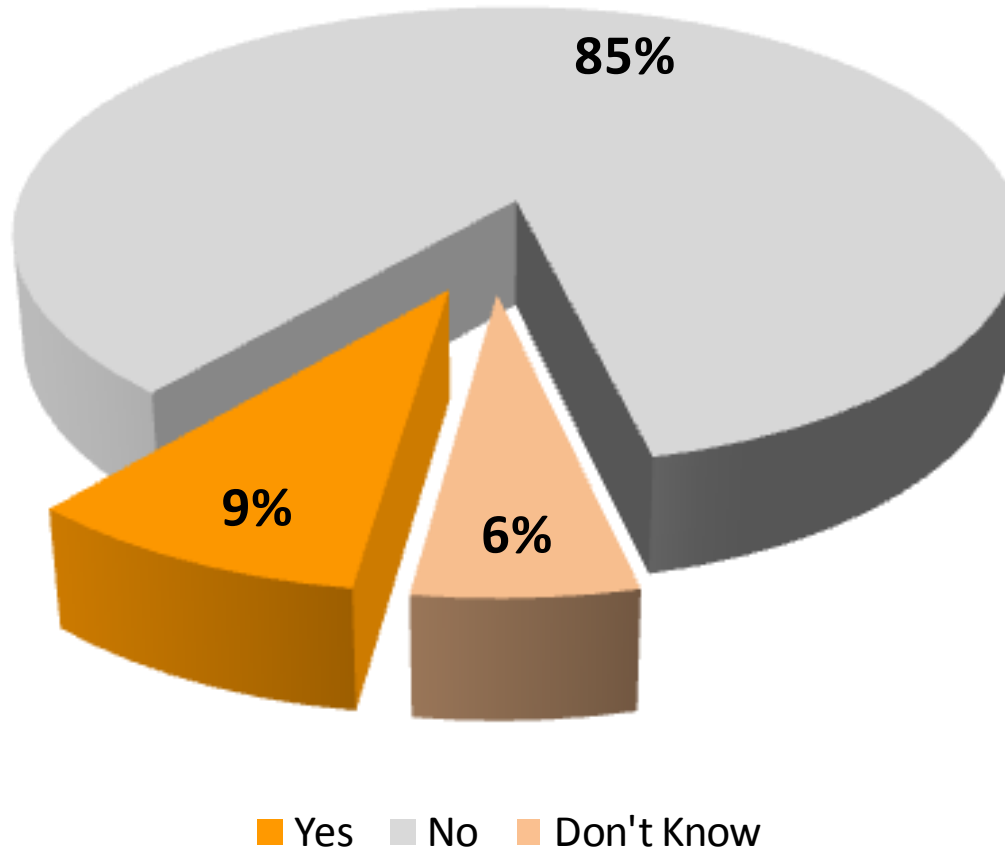
Did the company have the ability to bargain on the terms and conditions and price with the operator?



Mobile Telephony Service Levels

If the company experiences a problem with the mobile connection does it have a specific service level agreement with the mobile operator specifying repair times etc?

Sample Size – 188

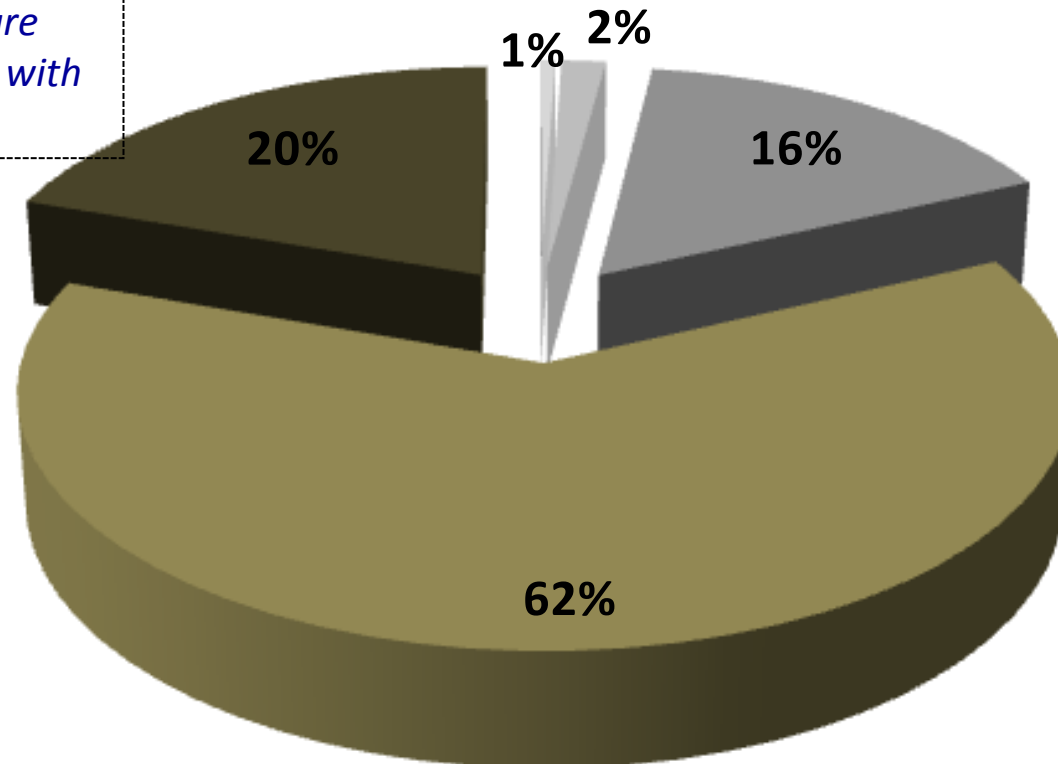


Quality Satisfaction Levels (1)

How satisfied is the company overall with the mobile service it receives?

Sample Size – 188

More than 82% of businesses with a mobile connection are satisfied or highly satisfied with the level of service.

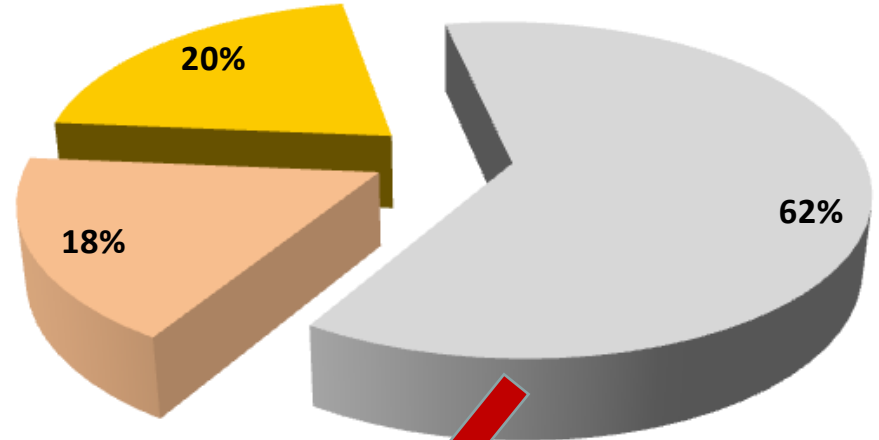


Quality Satisfaction Levels (2)

Does the company consider switching to another operator if it is not satisfied or fairly satisfied?

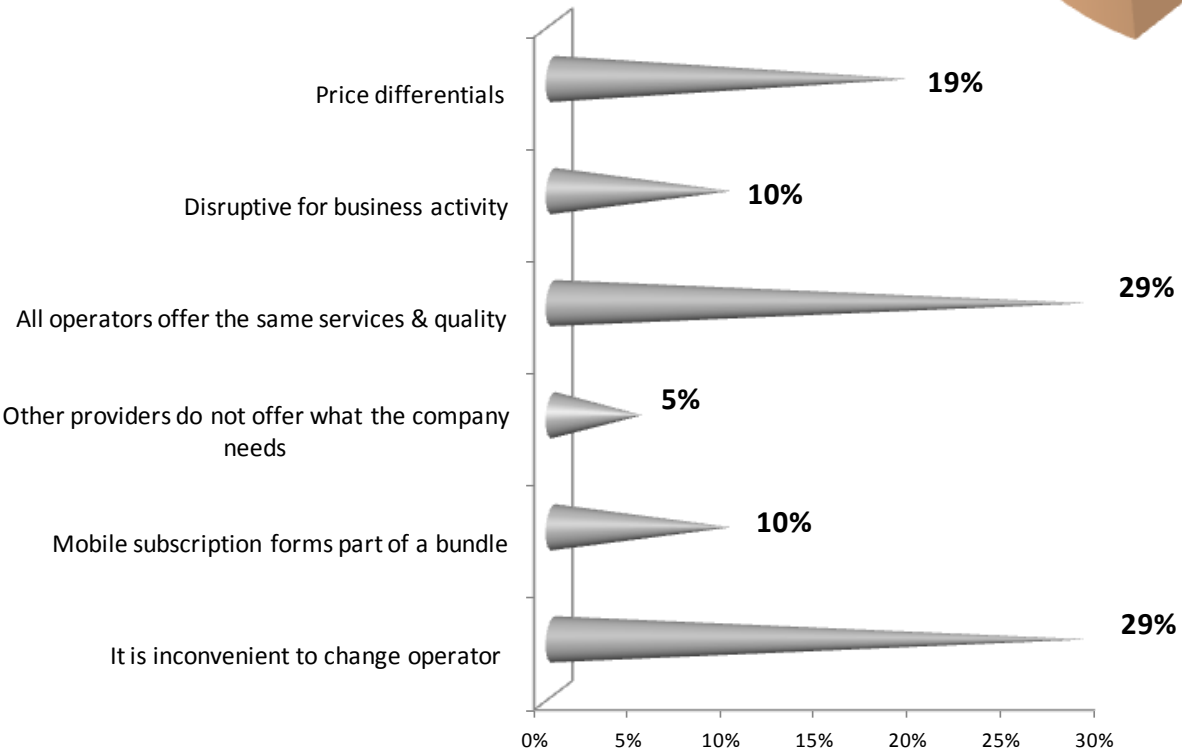
Sample Size – 34

Yes No Don't Know



If no, why?

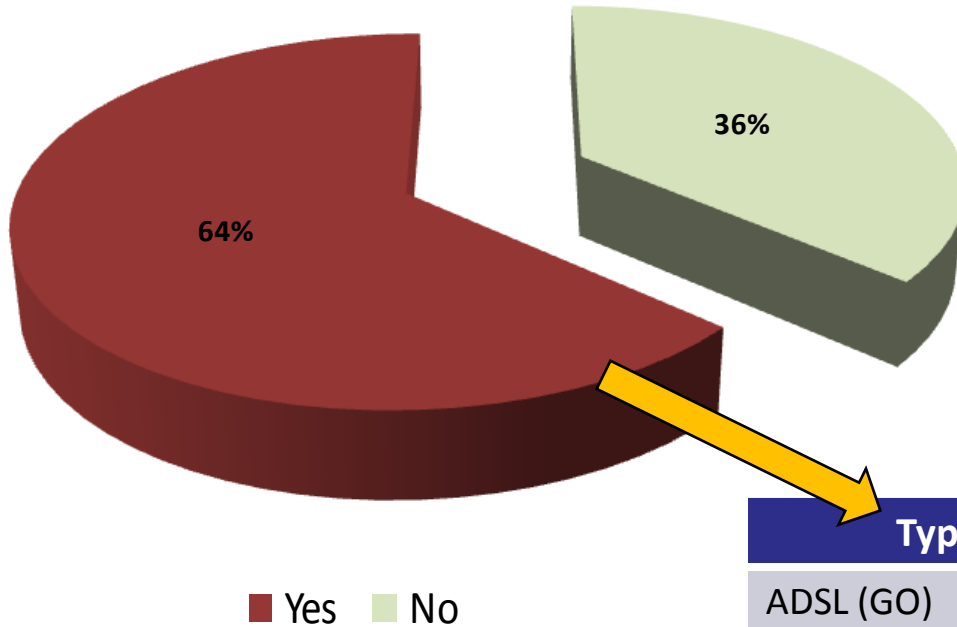
Sample Size – 21
Each respondent could give more than one reason



5. Broadband Analysis

Broadband Access (1)

Does the company make use of broadband Internet?



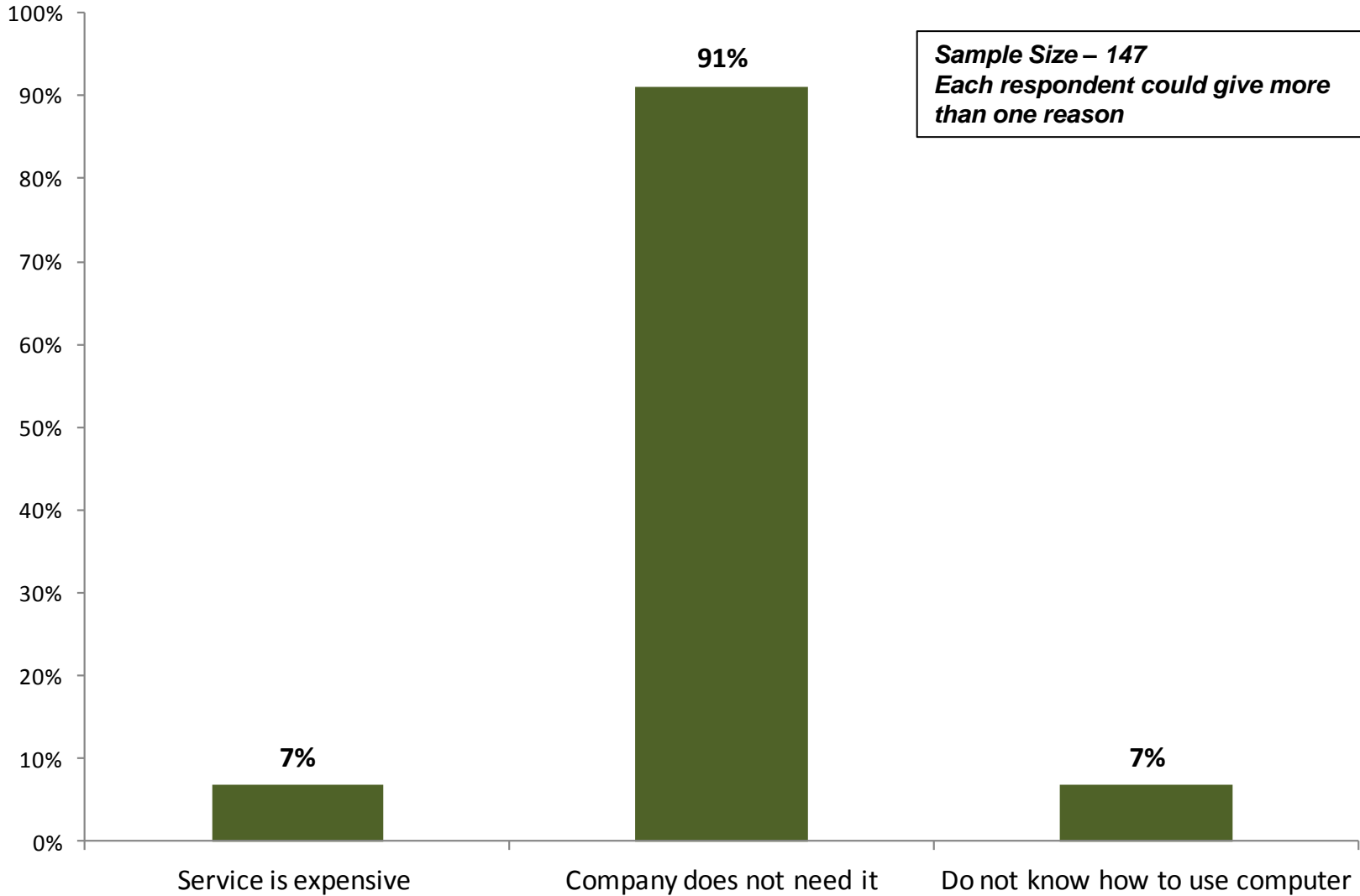
Sample Size – 405

Type of Broadband Connection *	
ADSL (GO)	62%
Cable (Melita)	35%
Wimax (Vodafone)	4%
3G Mobile (dongle, data stick, portable modem)	1%
Fibre	0.4%

* Each respondent could have more than one type of Broadband connection

Broadband Access (2)

Why doesn't the company make use of broadband Internet?

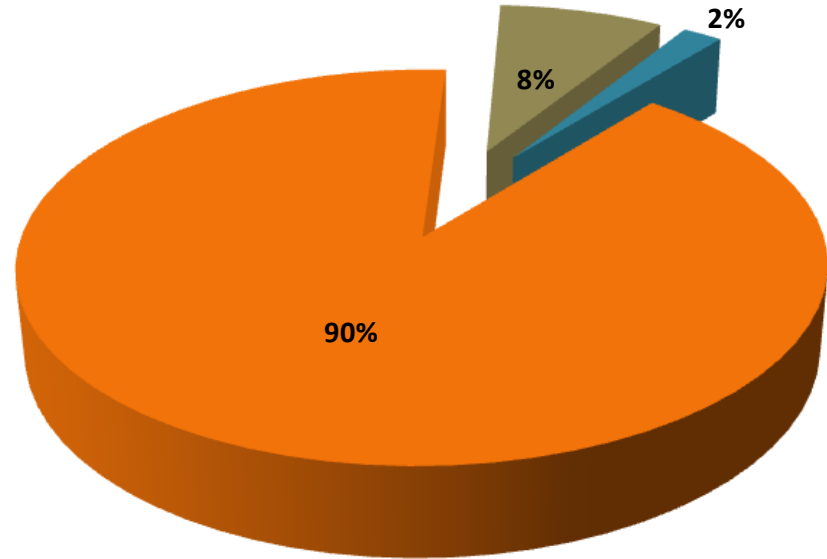


Broadband Connections

Is the company's Internet connection...

Sample Size – 258

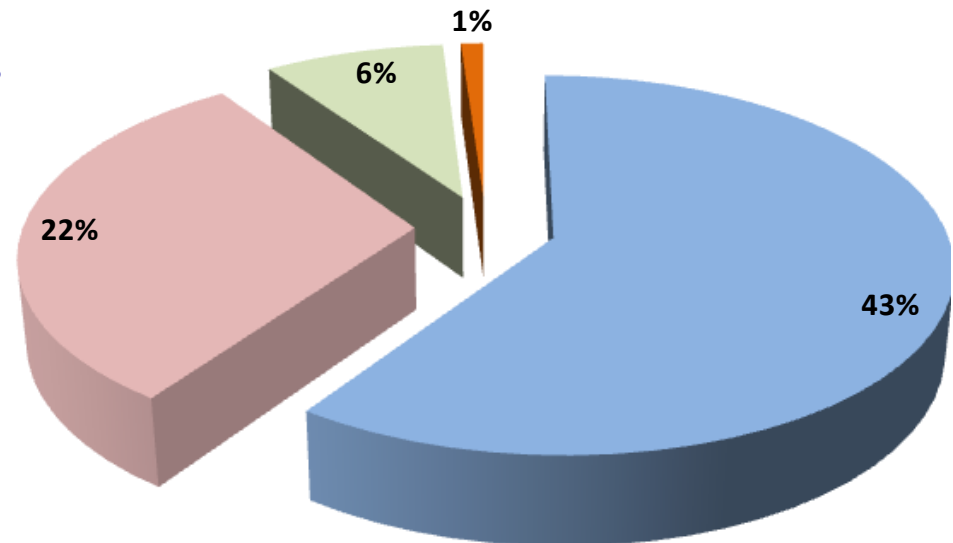
- Standard
- Tailor made
- Don't know



How many broadband connections does the company have?

Sample Size – 258

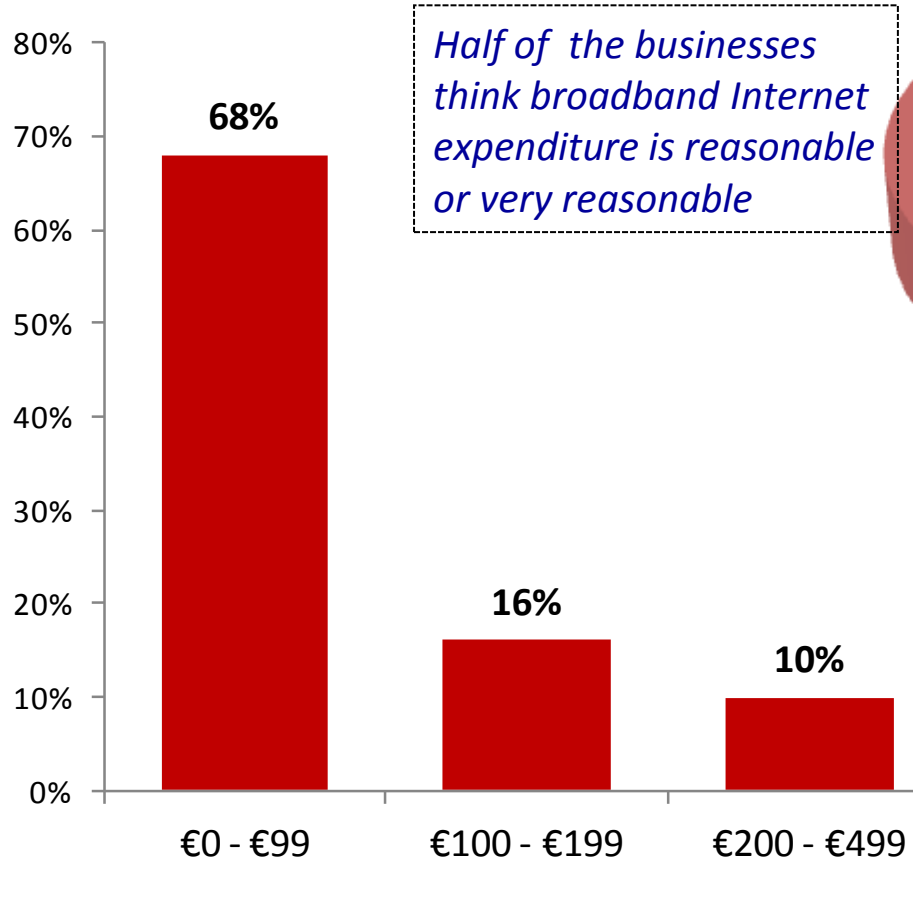
- 1 connection
- 2 - 4 connections
- 5 - 9 connections
- More than 10 connections



Price Analysis

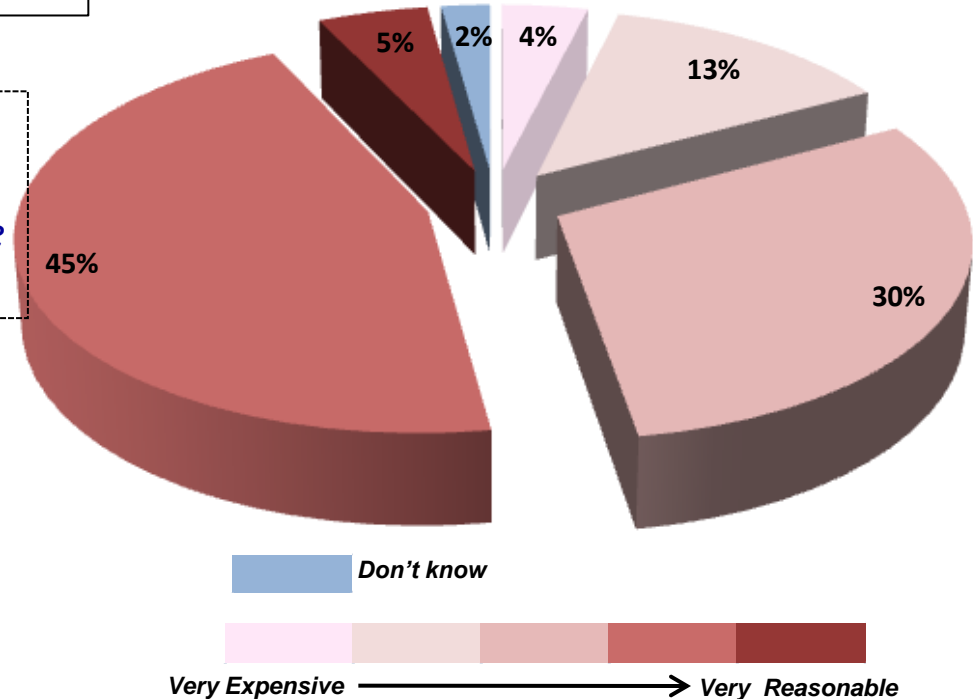
What is the average monthly expenditure by the company on broadband Internet...

Sample Size – 181
Only businesses procuring broadband Internet as a standalone



Half of the businesses think broadband Internet expenditure is reasonable or very reasonable

Is this price expensive or reasonable?

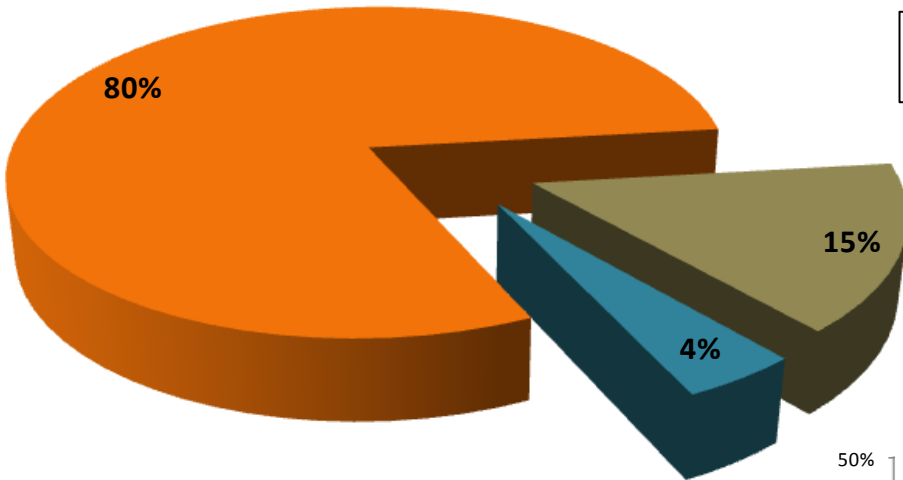


Don't know

Very Expensive → Very Reasonable

Procurement of Broadband Services

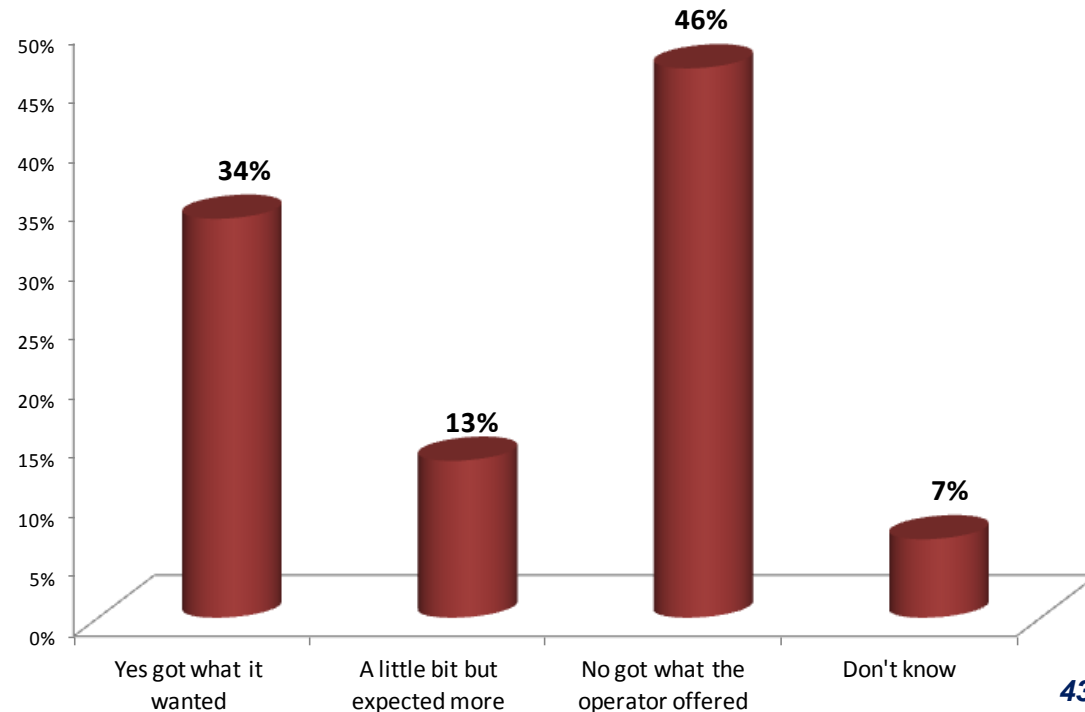
How did the company procure the Internet service?



- Company contacted operator directly
- Operator contacted the company
- Tender (open call procedure)

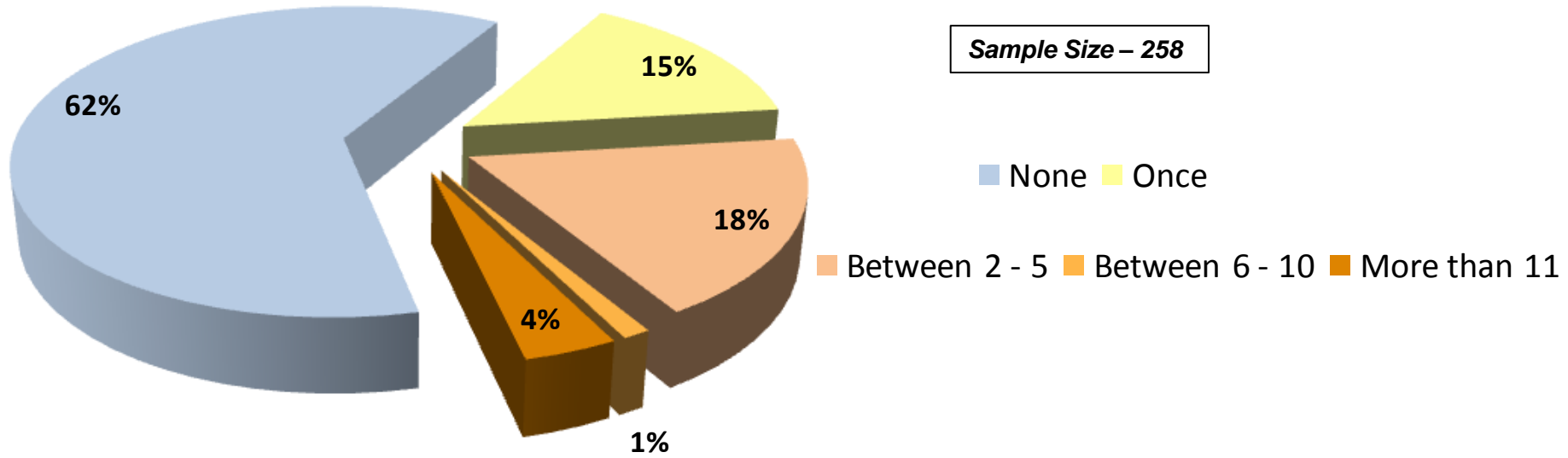
Sample Size – 181
Only businesses procuring broadband Internet as a standalone

Did the company have the ability to bargain on the terms and conditions and price with the operator?



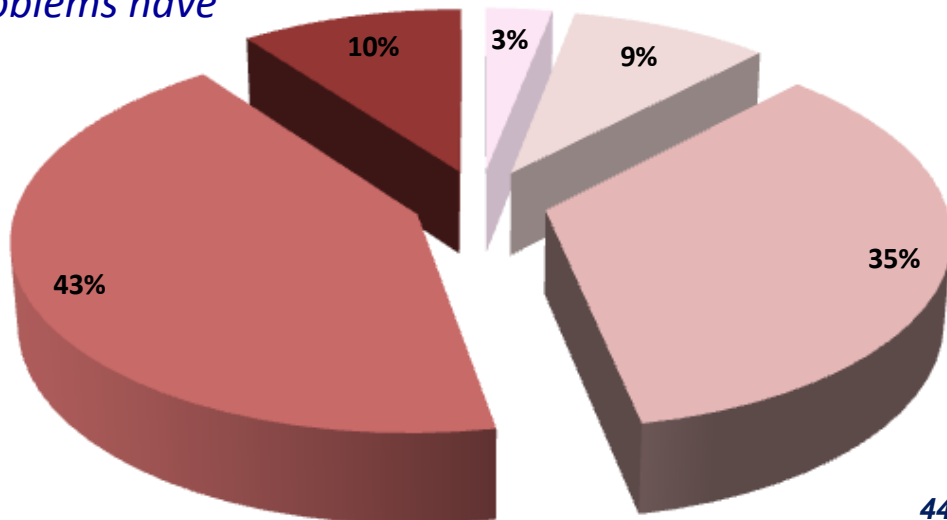
Broadband Service Levels (1)

How many (if any) Internet connection problems have been experienced by the company during the last 12 months?



How satisfied is the company with the way such problems have been addressed by the Internet provider?

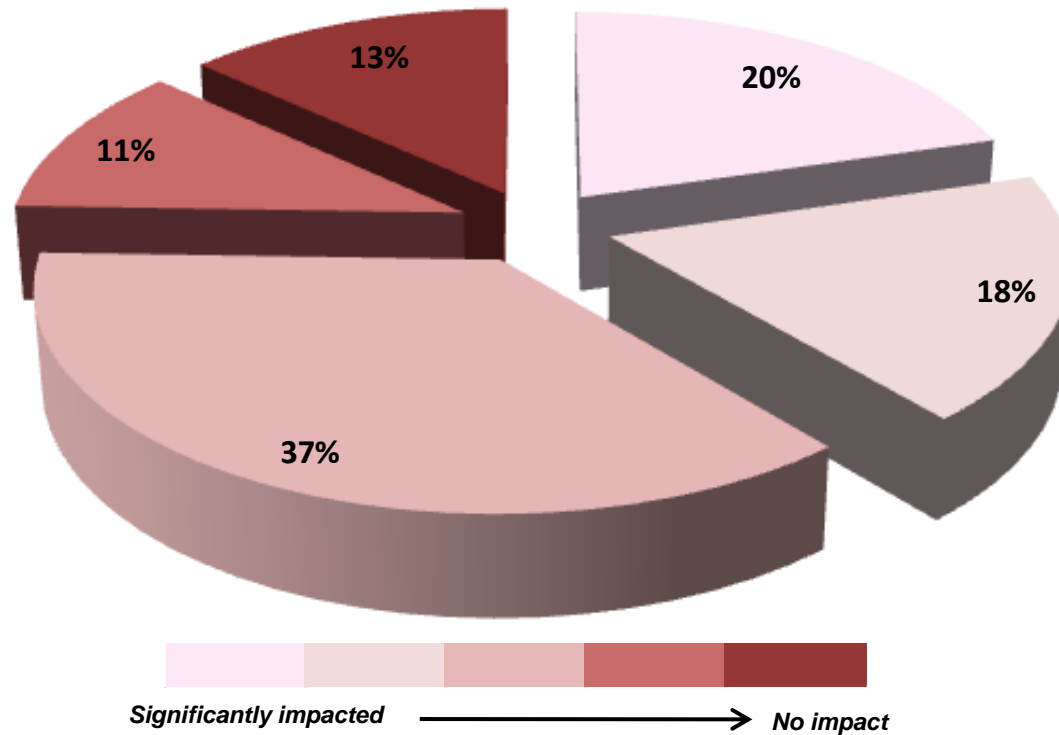
Sample Size – 98
Only businesses that have encountered Internet connection problems during the last 12 months



Broadband Service Levels (2)

How was business activity impacted when the company experienced Internet connection problems?

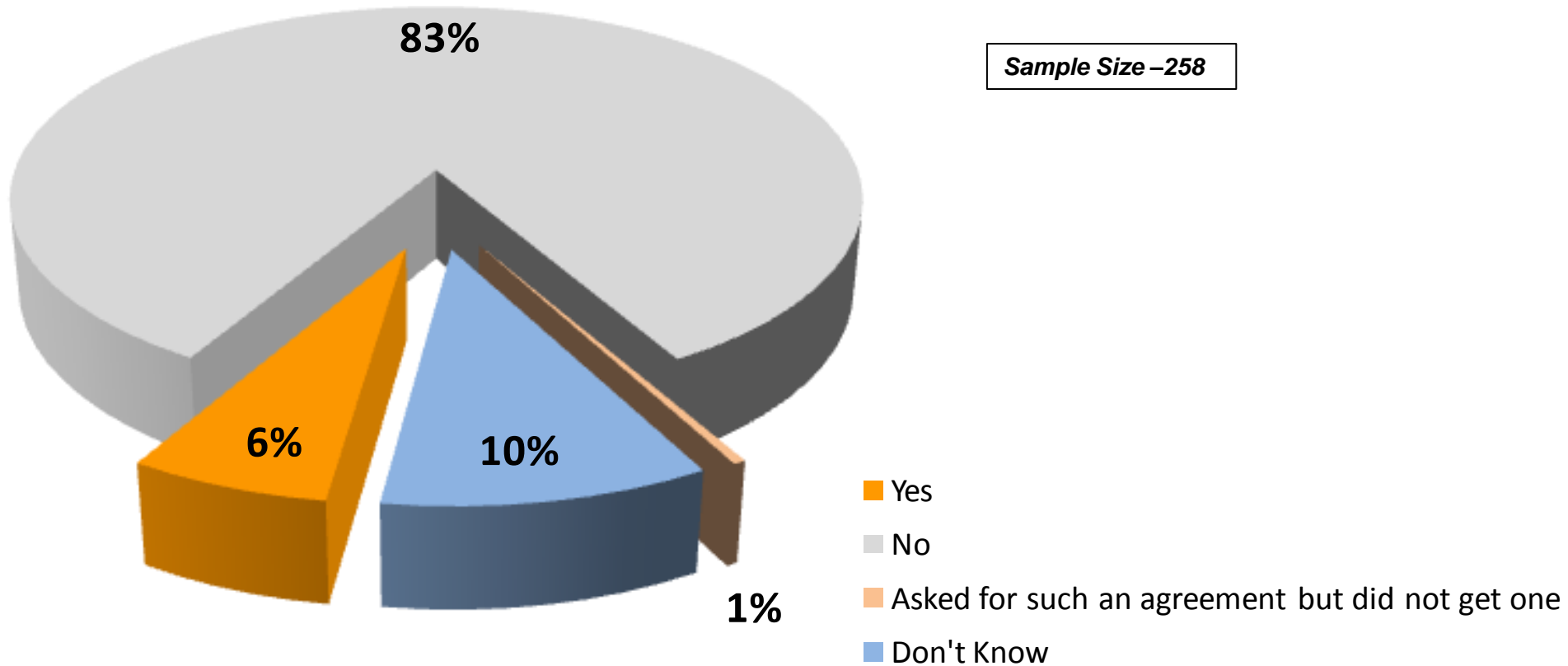
Sample Size – 98
Only businesses that have encountered Internet connection problems during the last 12 months



The majority of businesses (75%) facing internet connection problems state their activity was impacted as a result. This highlights the importance of broadband to businesses today

Broadband Service Levels (3)

If the company experiences a problem with the Internet connection does it have a specific service level agreement with the provider specifying repair times etc?



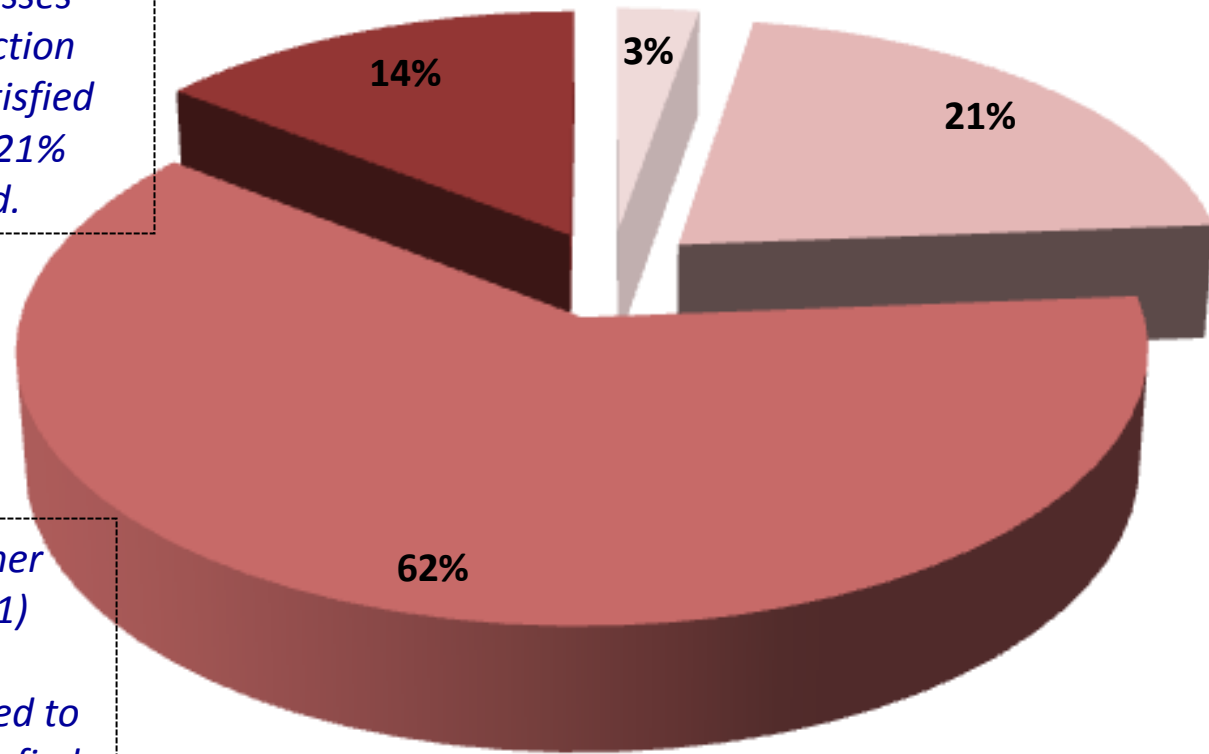
Quality Satisfaction Levels (1)

How satisfied is the company with the overall Internet service it receives?

Sample Size – 258

More than 76% of businesses with a broadband connection are satisfied or highly satisfied with the level of service. 21% claim to be fairly satisfied.

In the Household Consumer Survey (MCA August 2011) 82% of households with broadband access claimed to be satisfied or highly satisfied with the level of service.

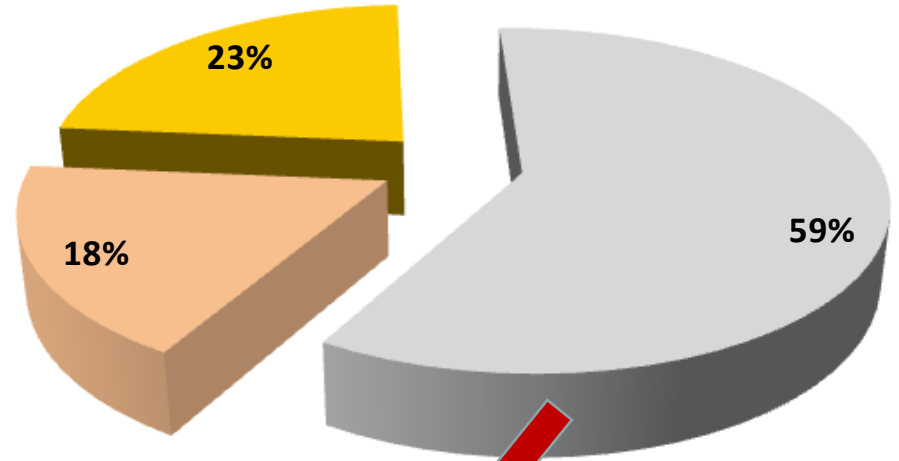


Quality Satisfaction Levels (2)

Does the company consider switching to another provider if it is not satisfied or fairly satisfied?

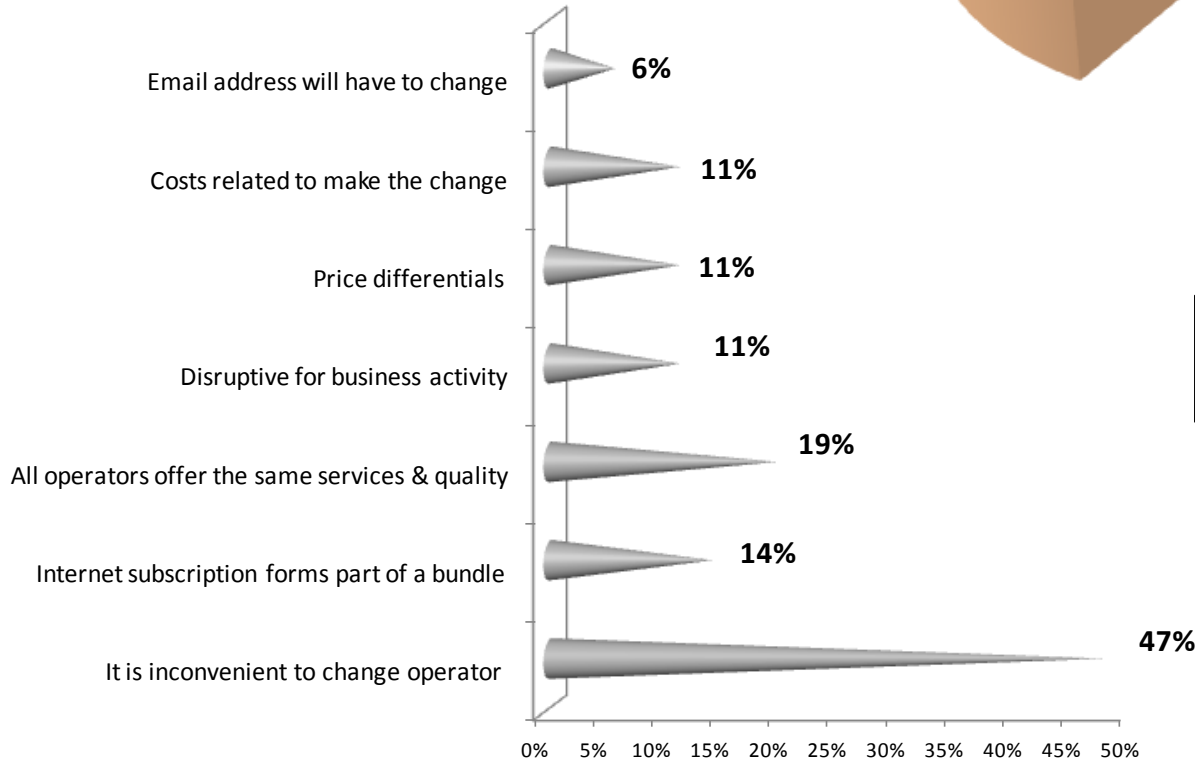
Sample Size – 61

Yes No Don't Know



If no, why?

Sample Size – 36
Each respondent could give more than one reason



6. Telecom Analysis

Medium to Large Sized Businesses

Access to Telecom Services – Medium Sized Businesses

97% of businesses falling within the 10 - 49 employee category have a fixed line connection

61% of medium sized businesses pay for mobile phones used by its employees for work purposes

92% of medium sized businesses have a broadband connection, of which 62% are subscribed to ADSL and 39% to Cable Internet (some businesses have more than one type of subscription)

Does the company procure telecom services as a... ■ Standalone ■ Bundle



More than half of the businesses have a triple play bundle subscription comprising fixed, mobile and broadband

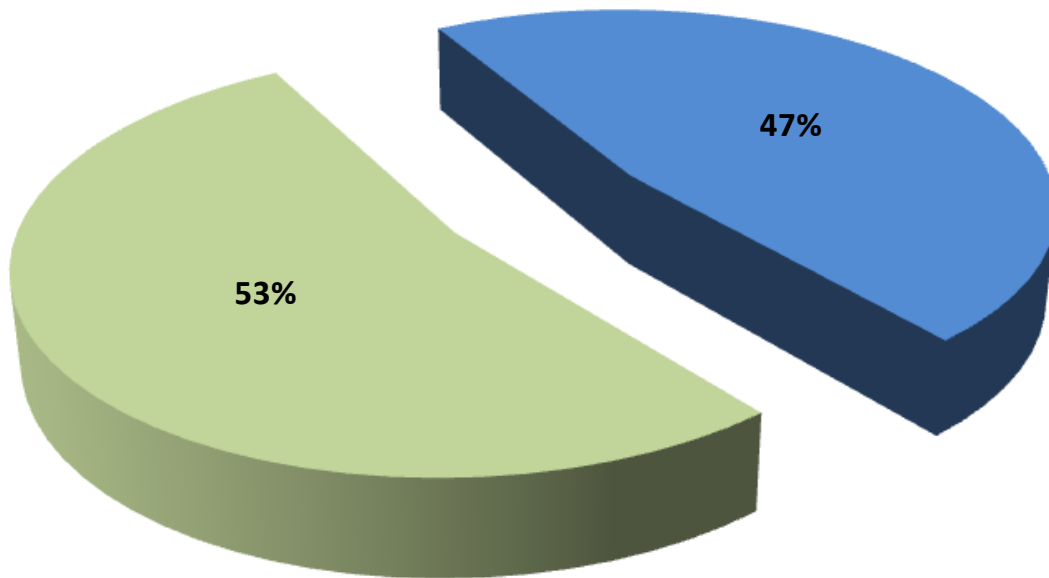
Access to Telecom Services – Large Businesses

All businesses falling within the 50+ employee category have a fixed line connection

76% of large businesses pay for mobile phones used by its employees for work purposes

All large businesses falling within this category have a broadband connection, of which 78% are subscribed to ADSL, 20% to Cable Internet, 8% Wimax and 6% Fibre (some businesses may have more than one type of subscription)

Does the company procure telecom services as a... ■ Standalone ■ Bundle

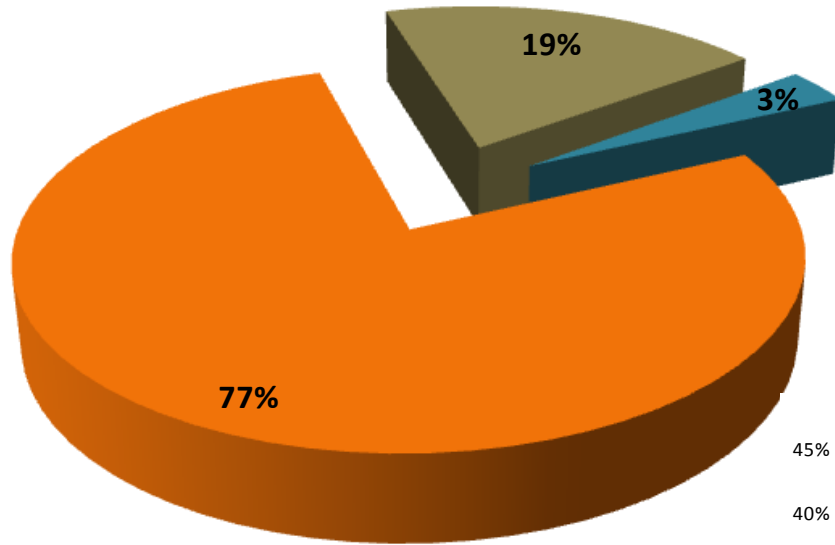


More than half of the businesses have a triple play bundle subscription comprising fixed, mobile and broadband

Circa 58% of large businesses spend more than €1,000 a month on the bundle subscription

Procurement of Bundle – Medium Sized Businesses

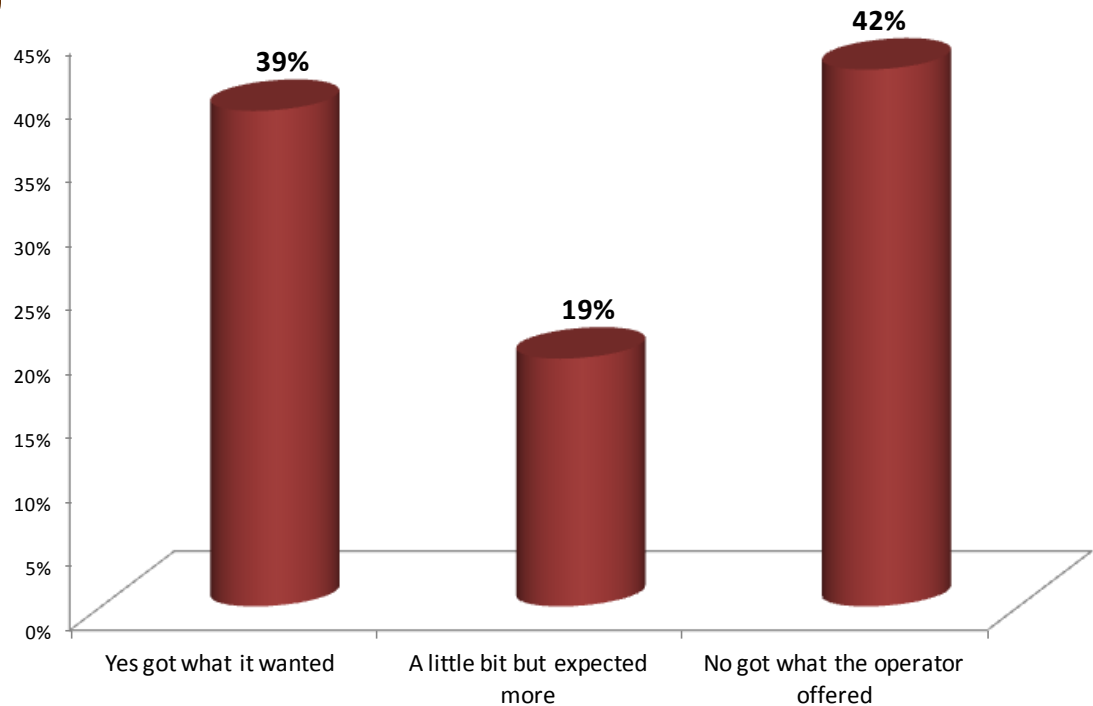
How did the company procure the bundle services?



- Company contacted operator directly
- Operator contacted the company
- Tender (open call procedure)

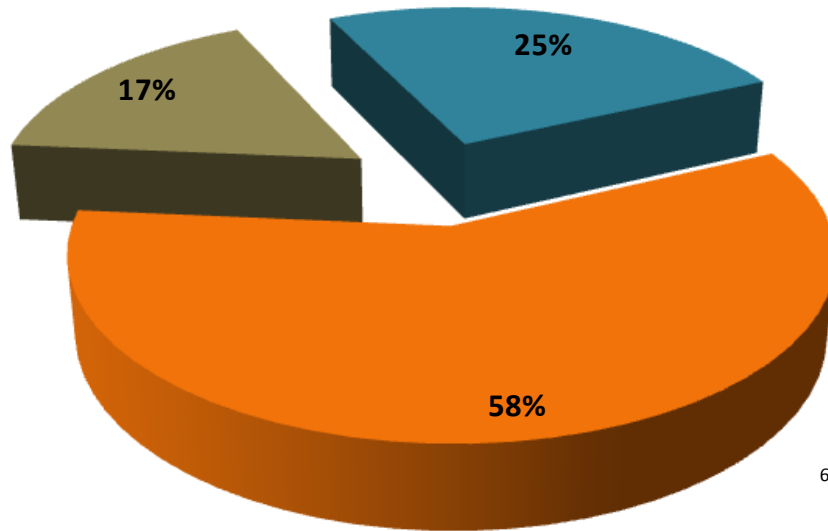
Sample Size – 31
Businesses with a bundle subscription

Did the company have the ability to bargain on the terms and conditions and price with the operator?



Procurement of Bundle – Large Businesses

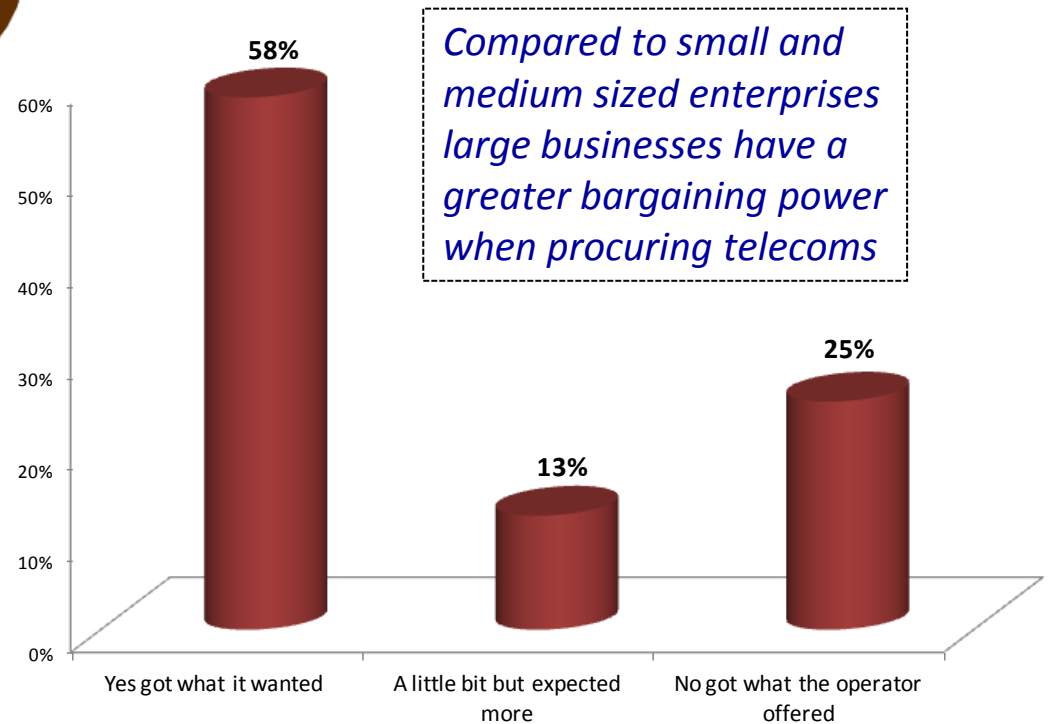
How did the company procure the bundle services?



- Company contacted operator directly
- Operator contacted the company
- Tender (open call procedure)

Sample Size – 24
Businesses with a bundle subscription

Did the company have the ability to bargain on the terms and conditions and price with the operator?



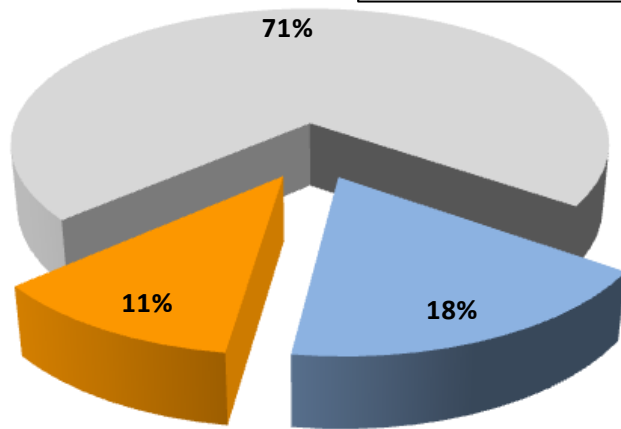
Compared to small and medium sized enterprises large businesses have a greater bargaining power when procuring telecoms

Service Levels – Medium Sized Businesses

Does the company have service level agreements with the telecom operators specifying repair times etc.?

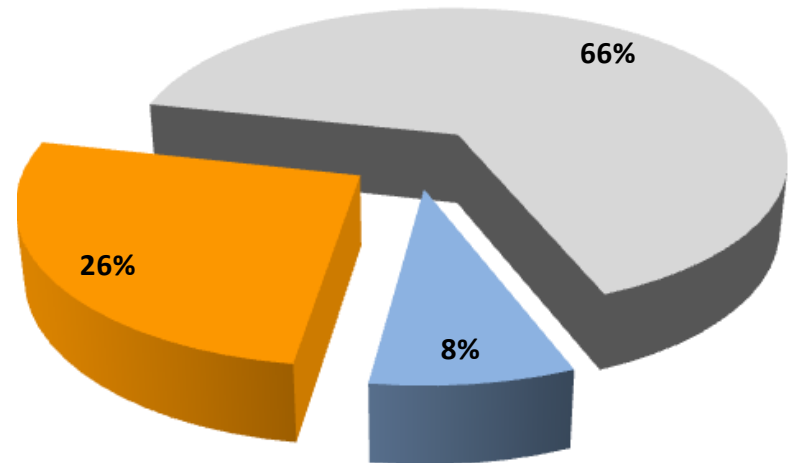
In case of fixed:

Sample Size – 97



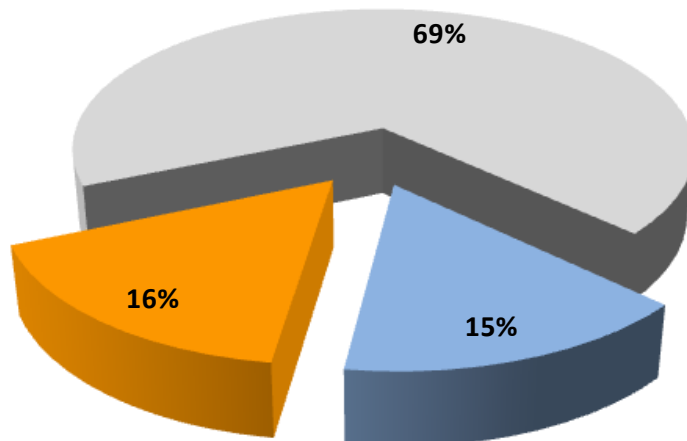
In case of mobile:

Sample Size – 61



In case of broadband:

Sample Size – 92



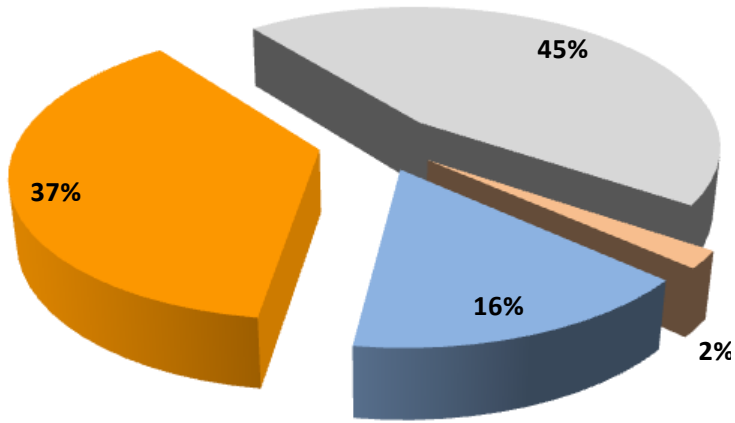
- Yes
- No
- Asked for such an agreement but did not get one
- Don't Know

Service Levels – Large Businesses

Does the company have service level agreements with the telecom operators specifying repair times etc.?

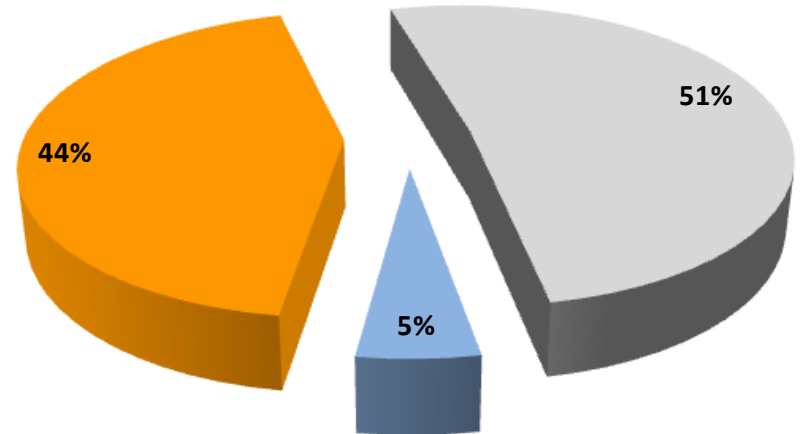
In case of fixed:

Sample Size – 50



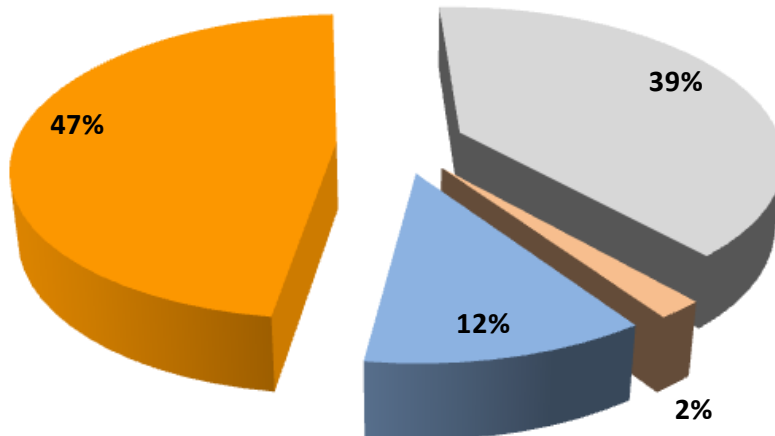
In case of mobile:

Sample Size – 39



In case of broadband:

Sample Size – 50

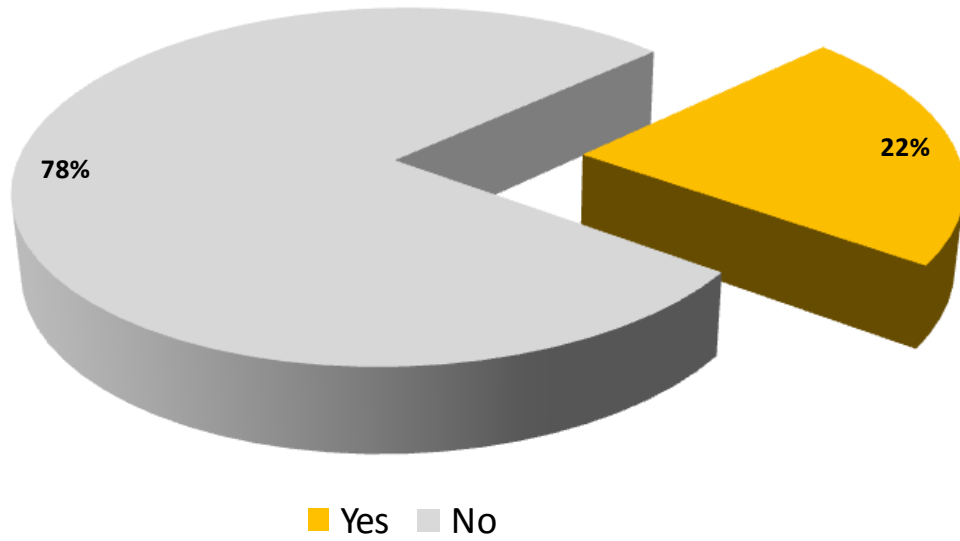


- Yes
- No
- Asked for such an agreement but did not get one
- Don't Know

Access to other Data Services

Does the company use other data services?

Sample Size – 150 (Medium & Large Businesses)



Data Services *	
Ethernet	45%
IP-VPN	48%
Leased Lines	6%
Microwave Links	9%
Satellite	9%
International Connectivity	9%

* Each respondent could be using more than one type of data service

Additional findings:

33% of those claiming to be using other data services fall within the business service category. 21% fall within the tourism and hospitality sector. Another 21% fall within the manufacturing sector

64% of businesses using other data services have more than 50 employees. The rest employ between 10 - 49 employees

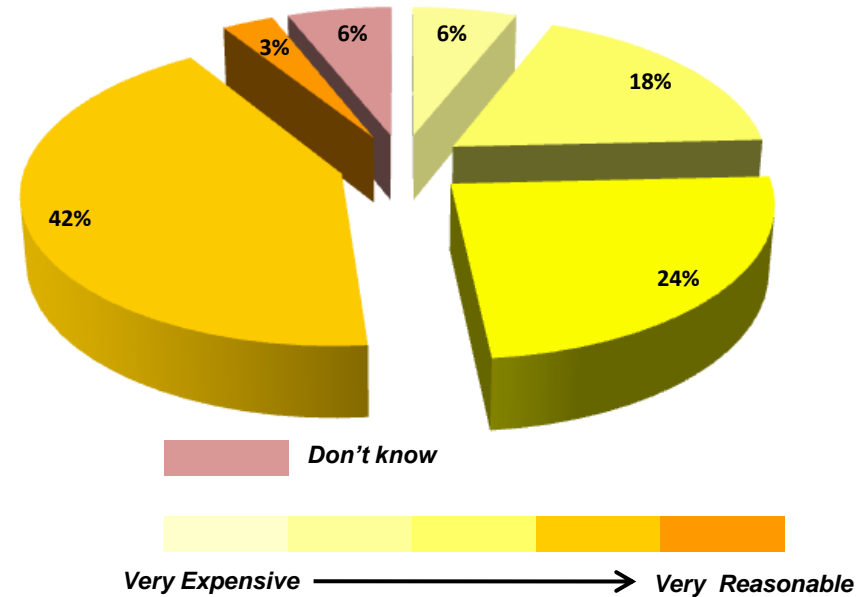
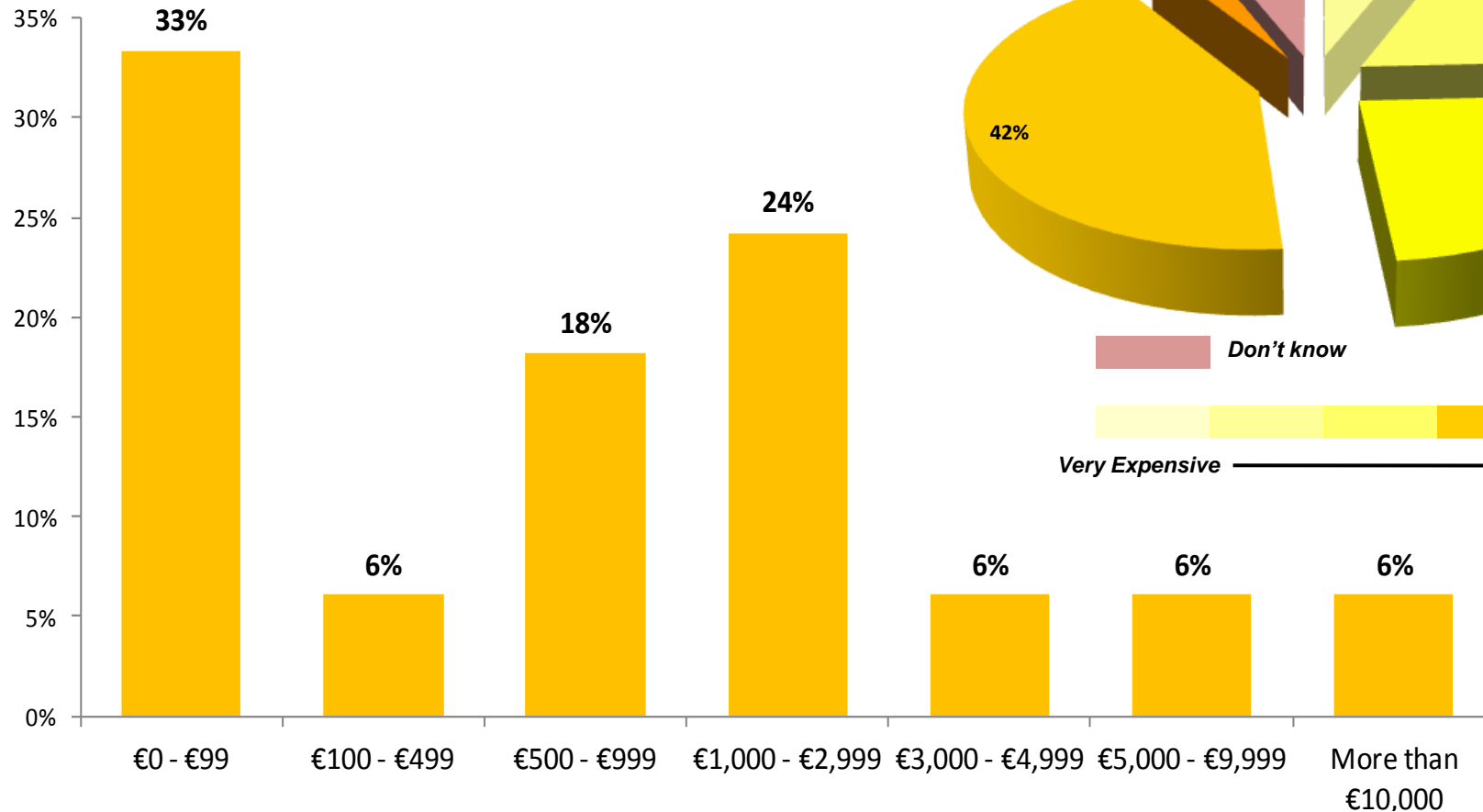
51% of businesses with other data services have less than 5 connections

Access to other Data Services – Price Analysis

What is the average monthly expenditure by the company on these services...

Sample Size – 33 (Medium & Large Businesses subscribed to other data services)

Is this price expensive or reasonable?

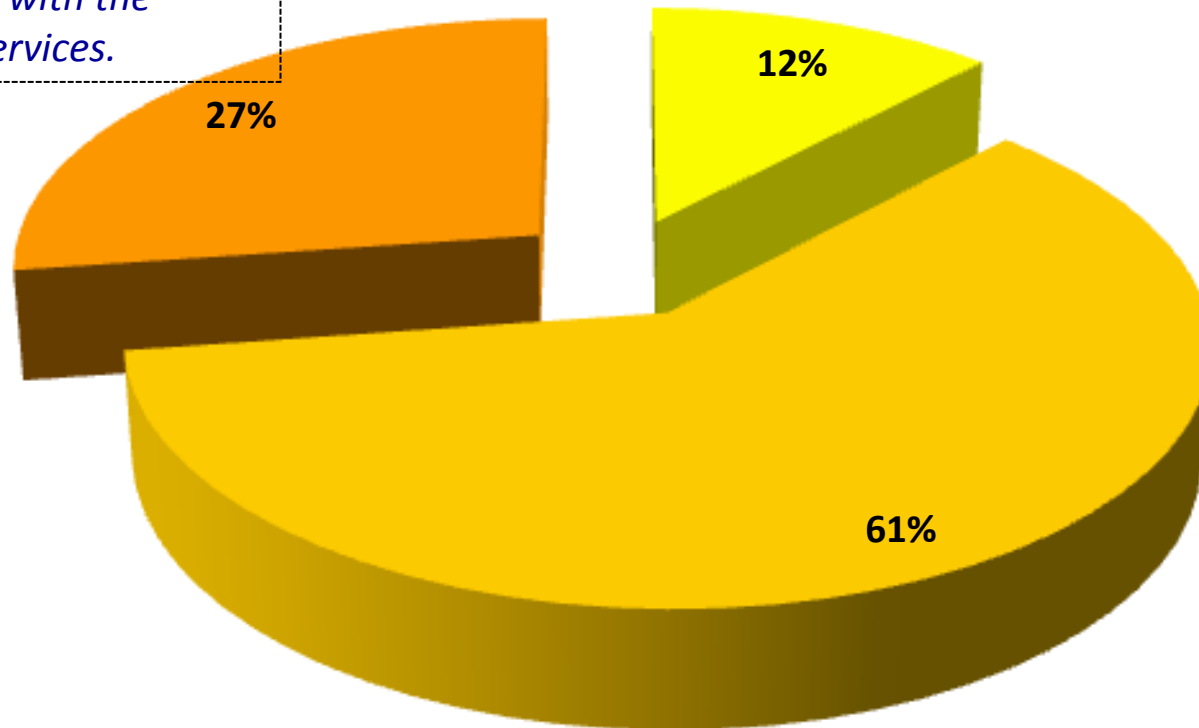


Quality Satisfaction Levels

How satisfied is the company with the overall quality of these services?

88% of businesses are satisfied or highly satisfied with the quality of these services.

Sample Size – 33 (Medium & Large Businesses subscribed to other data services)



Least Satisfied → Highly Satisfied



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