

MCA Market Research

Consumer Perception Survey Results – Bundles

MCA | January 2016

1. Purpose & Methodology

- The Consumer Perception survey on Bundles is intended:
 - to identify household perceptions on bundles by gathering qualitative information on bundle services;
 - to complement the quantitative information on bundle services collected periodically directly from the operators; and
 - to complement the findings of other consumer perception surveys covering individual e-communications services, the results of which have already been discussed in 2015 Q4
- At the same time the results will provide for better analysis and for better regulatory decisions of bundle services

Ernst & Young carried out the survey between September and October 2015 on behalf of the MCA

Fieldwork

- Interviews were carried out by telephone lasting around 12 minutes
- The survey respondents were chosen randomly from the range of GO and Melita fixed telephone numbers
- Only one person per household was interviewed and all respondents were over 18 years old

Sample

- Only households with a bundle service were chosen for the sample
- Targeted population was stratified according to the socio-economic classification of the Maltese population
- The interviews were also distributed among Malta's six official geographic regions

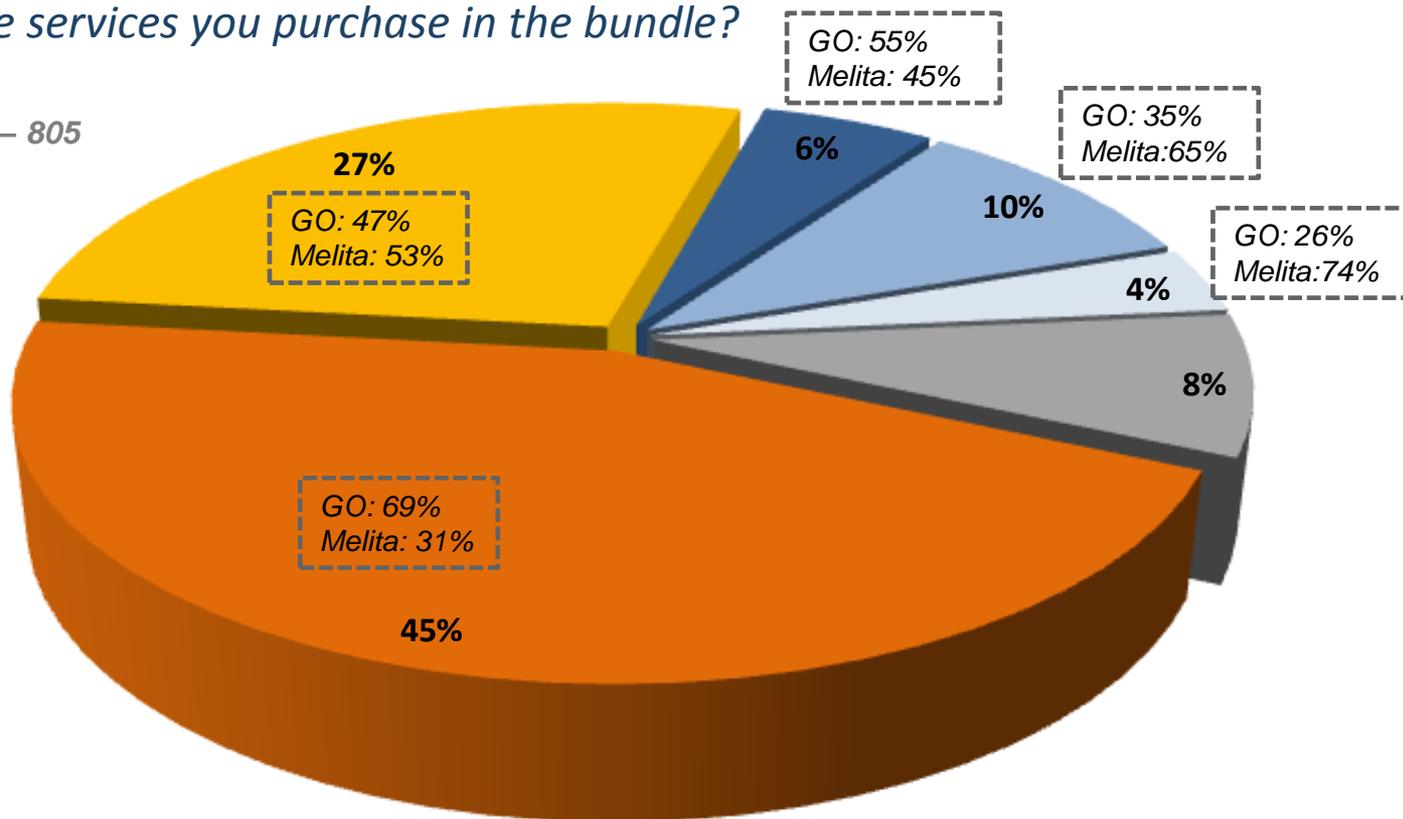
Responses

- 805 net respondents
- Any refusals / incomplete surveys were re-allocated to achieve a net sample of 800 interviewees
- Margin of error 3.45% at 95% confidence interval

2. Analysis of Bundle Services in Malta

What are the services you purchase in the bundle?

Sample Size – 805



■ Quadruple play (Fixed + Internet + TV + Mobile)

■ Double play (Fixed + Internet)

■ Double play (TV + Internet)

■ Triple play (Fixed + Internet + TV)

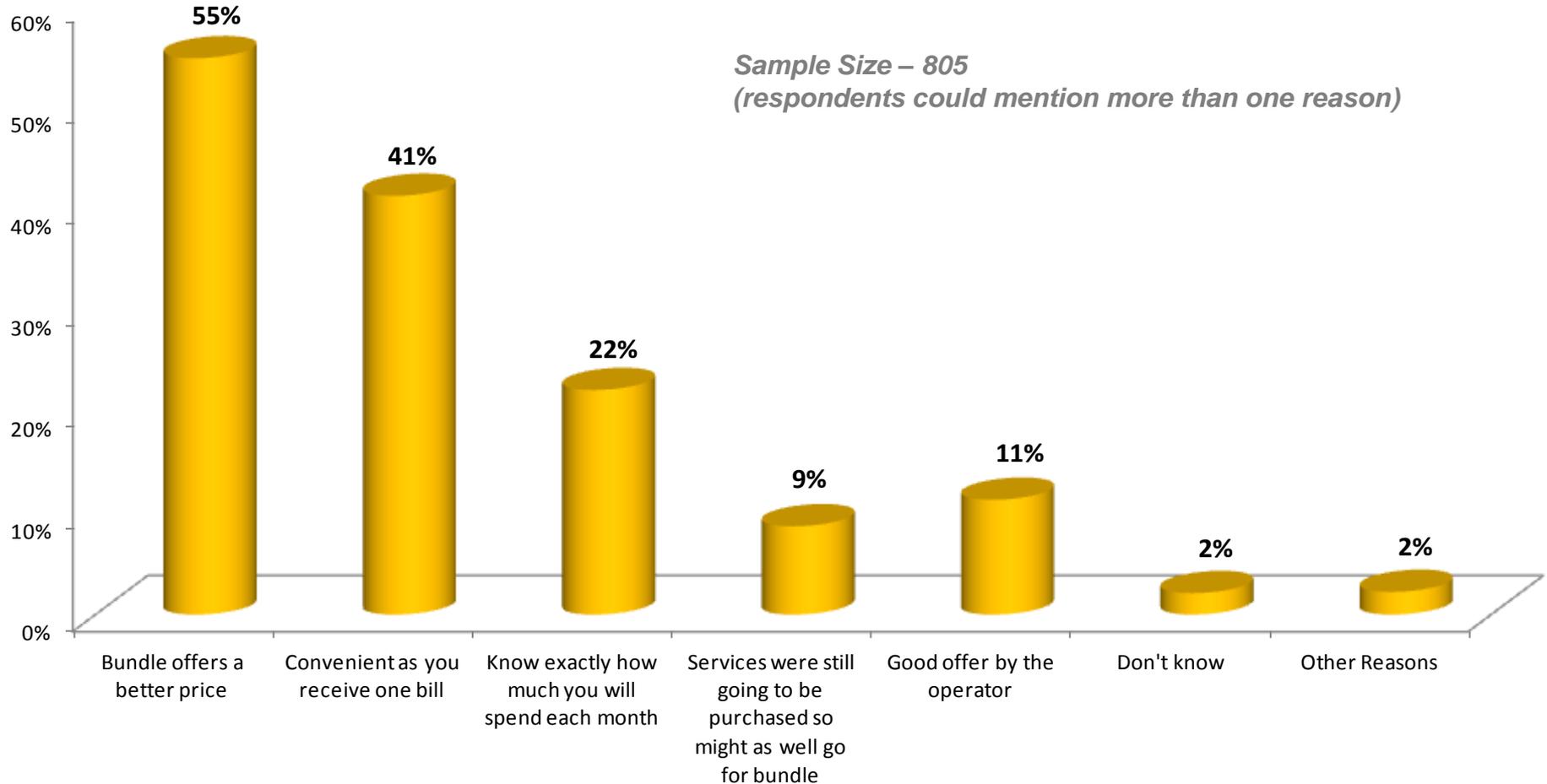
■ Double play (Fixed + TV)

■ Other bundle arrangements

Disclaimer: These are the results of the survey carried out with private households and which exclude business subscriptions. These survey results do not represent the actual market share figures.

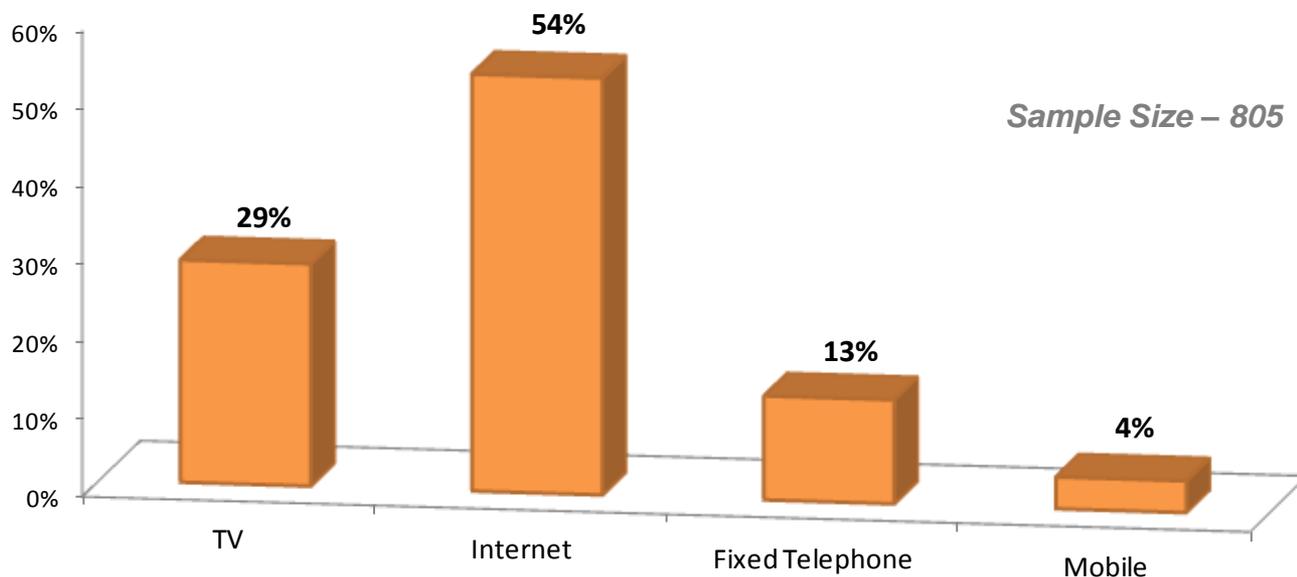
Reasons for choosing Bundle Services

What is/are the main reason(s) you opt for a bundle?



Most Important Service(s) within the Bundle

What is the most important /decisive service in choosing a particular bundle?



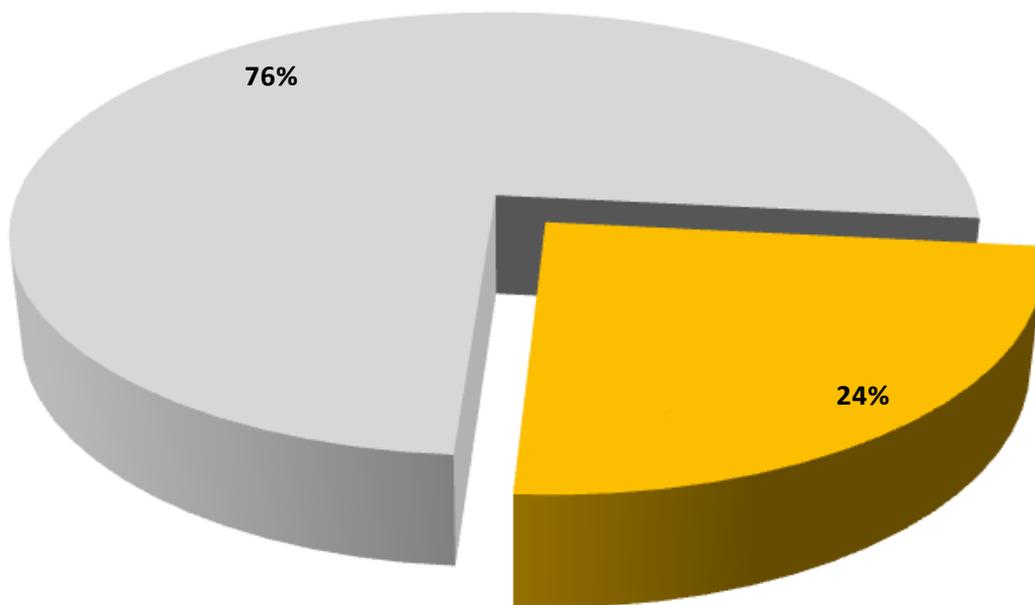
- Internet is the most important service for households when choosing their bundle, followed up by TV and Fixed Telephony*
- 52% of those claiming the Internet to be the most important service within their bundle have chosen GO. 48% have chosen a Melita connection*
- 60% of households claiming TV services to be decisive in their choice of bundle have a GO subscription. The rest opted for a Melita service*
- 51% of households that consider fixed telephony services as the determining factor in their choice of bundle are GO subscribers*

Services outside the Bundle

Apart from this bundle do you have any telecom services with other operators?

[2013 – 92%]

Sample Size – 805



[2013 – 8%]

■ Yes ■ No

If yes, why? :

- 36% - this service is best offered by this operator*
- 42% - have always been subscribed for this service with this operator*
- 6% - there is no financial benefit from subscribing to this service as part of a bundle*

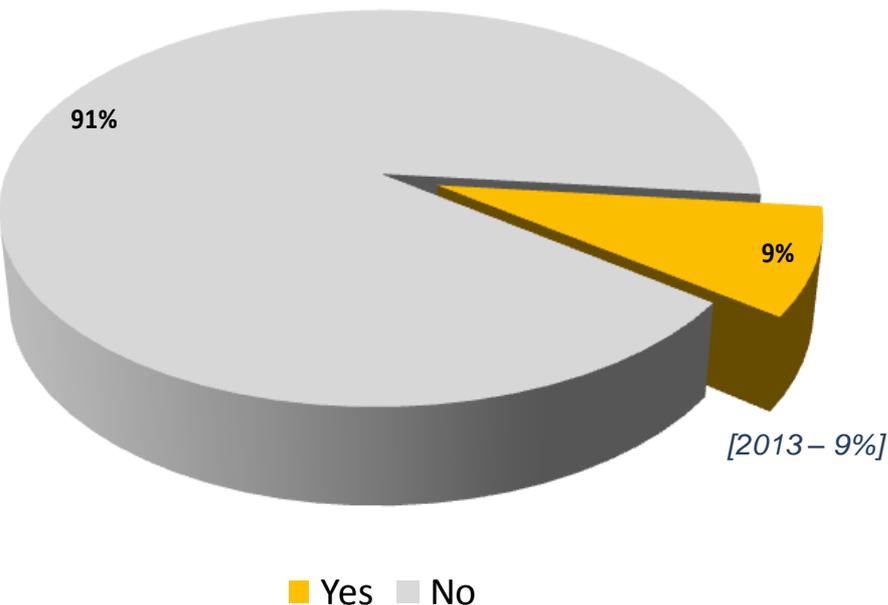
3. Market Developments & Satisfaction Levels

Market Developments – Switching between Operators

During the past two years did you switch between operators for the bundle?

Sample Size – 805

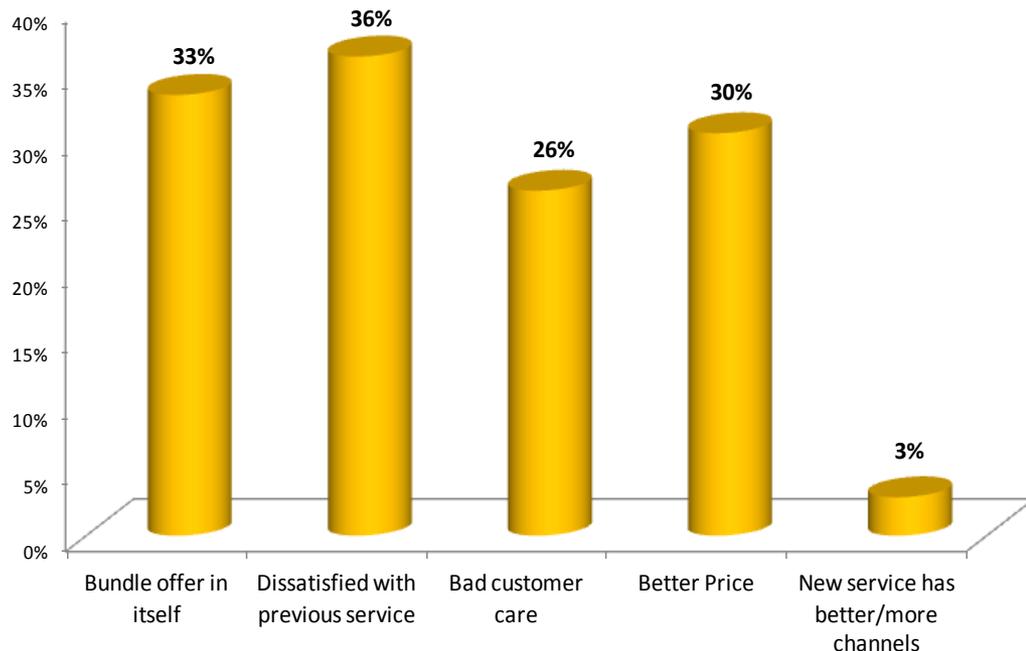
[2013 – 91%]



What was the reason for switching to another operator?

Sample Size – 69

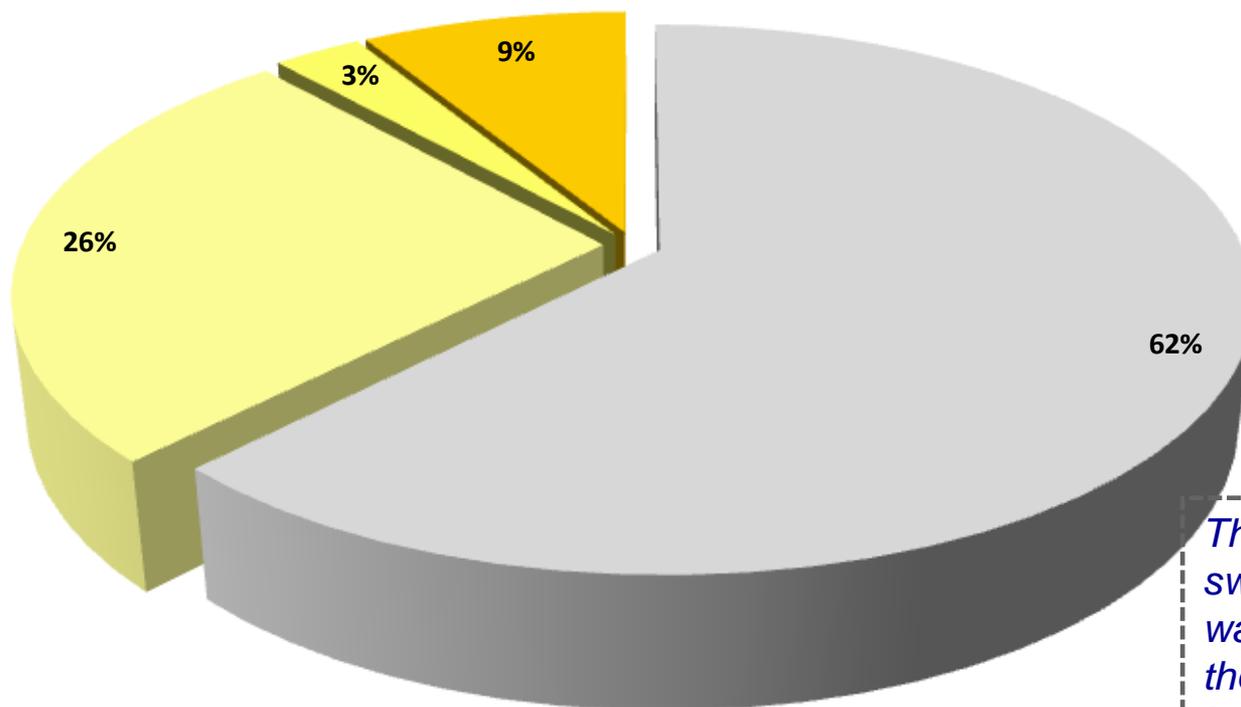
(respondents could mention more than one reason)



Ease of Switching between Bundle Operators

Did you find it difficult to change the original operator? If yes, why?

Sample Size – 69



The majority of those that switched (62%) claim it was not difficult to change the original operator [64% in 2013]

- No
- Yes, bound by a contract
- Yes, logistical inconvenience to remove, install service
- Yes, customer care making it sound impossible

Bundle Satisfaction Levels (1)

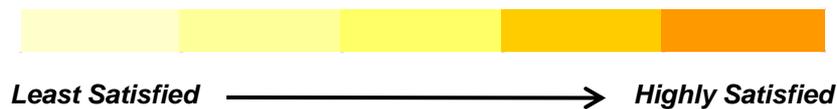
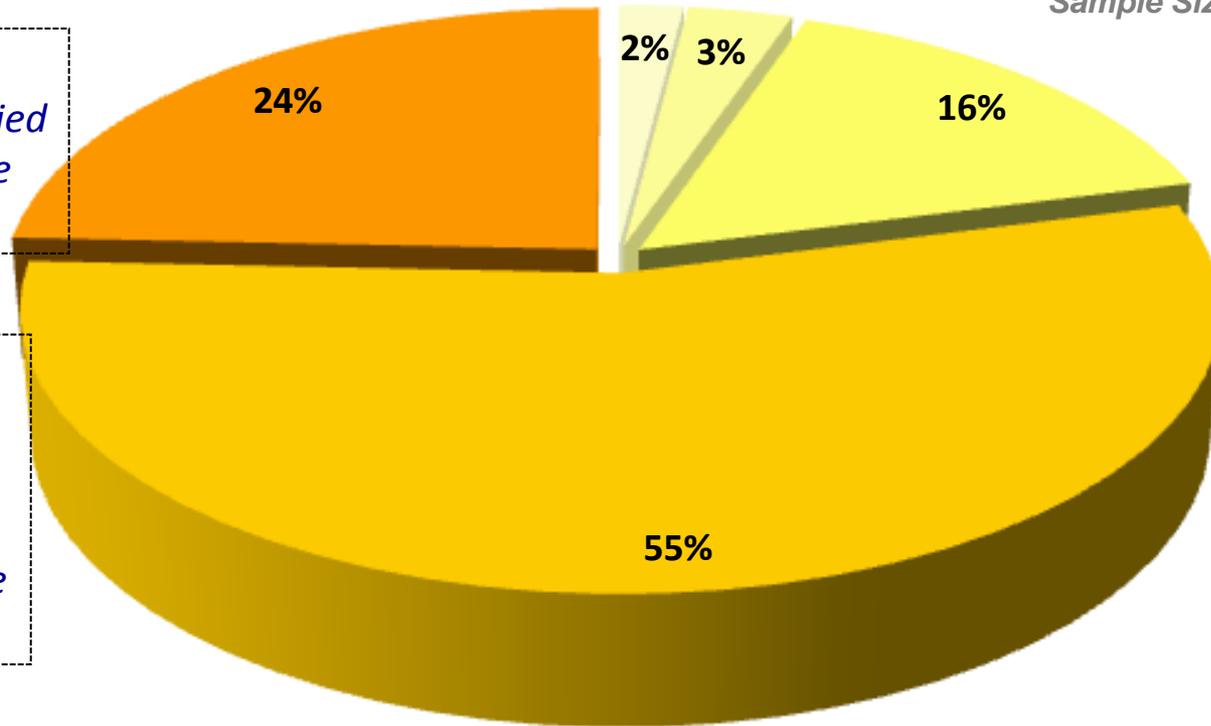
How satisfied are you with the bundle?

Sample Size – 805

79% of households are satisfied or highly satisfied with their bundle service [70% in 2013]

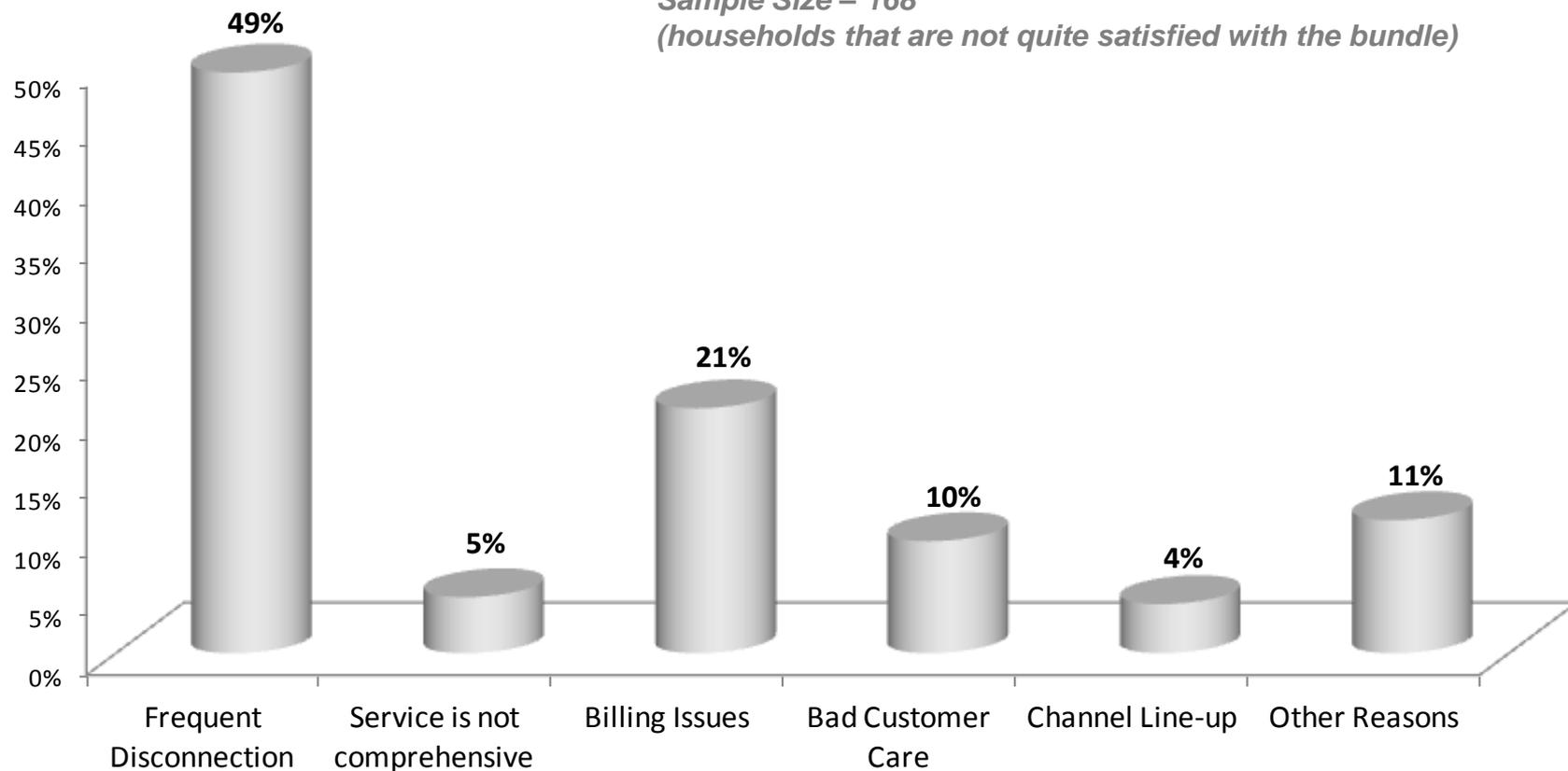


21% of households are not quite satisfied with the bundle service, of which 49% are GO subscribers and 51% are Melita subscribers



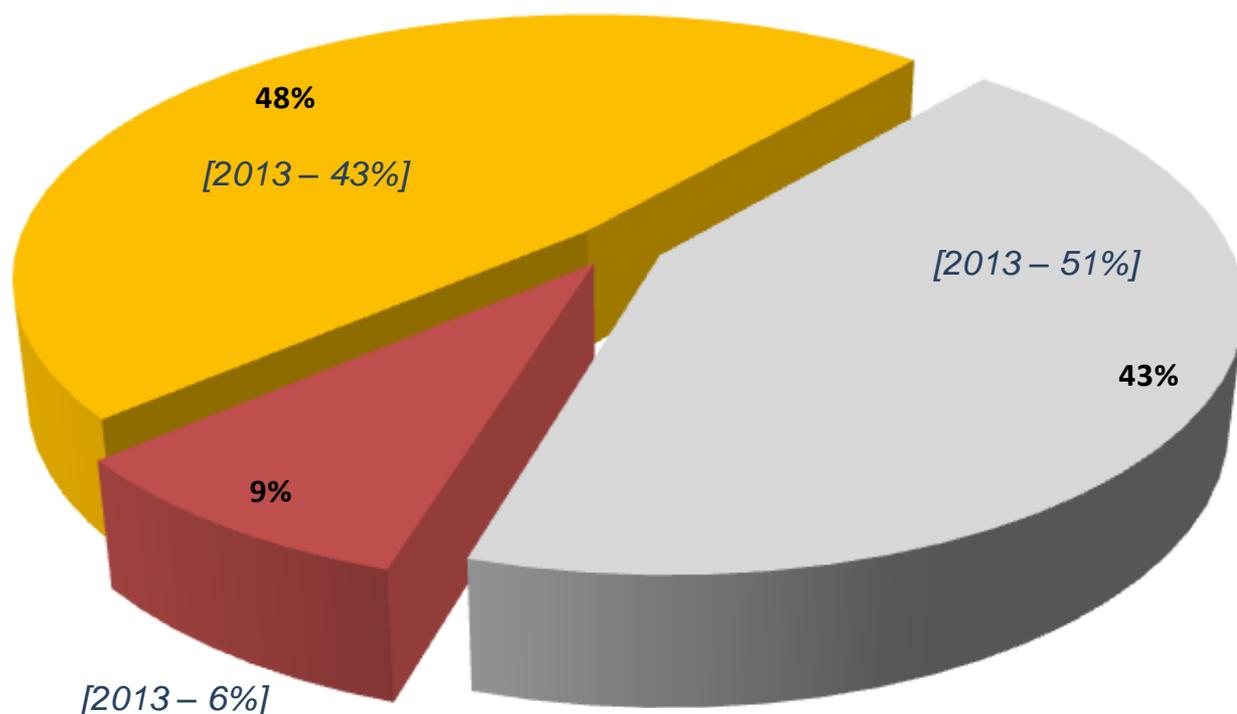
Reasons for dissatisfaction...

*Sample Size – 168
(households that are not quite satisfied with the bundle)*



Do you consider changing the bundle provider?

Sample Size – 168
(households that are not quite satisfied with the bundle)

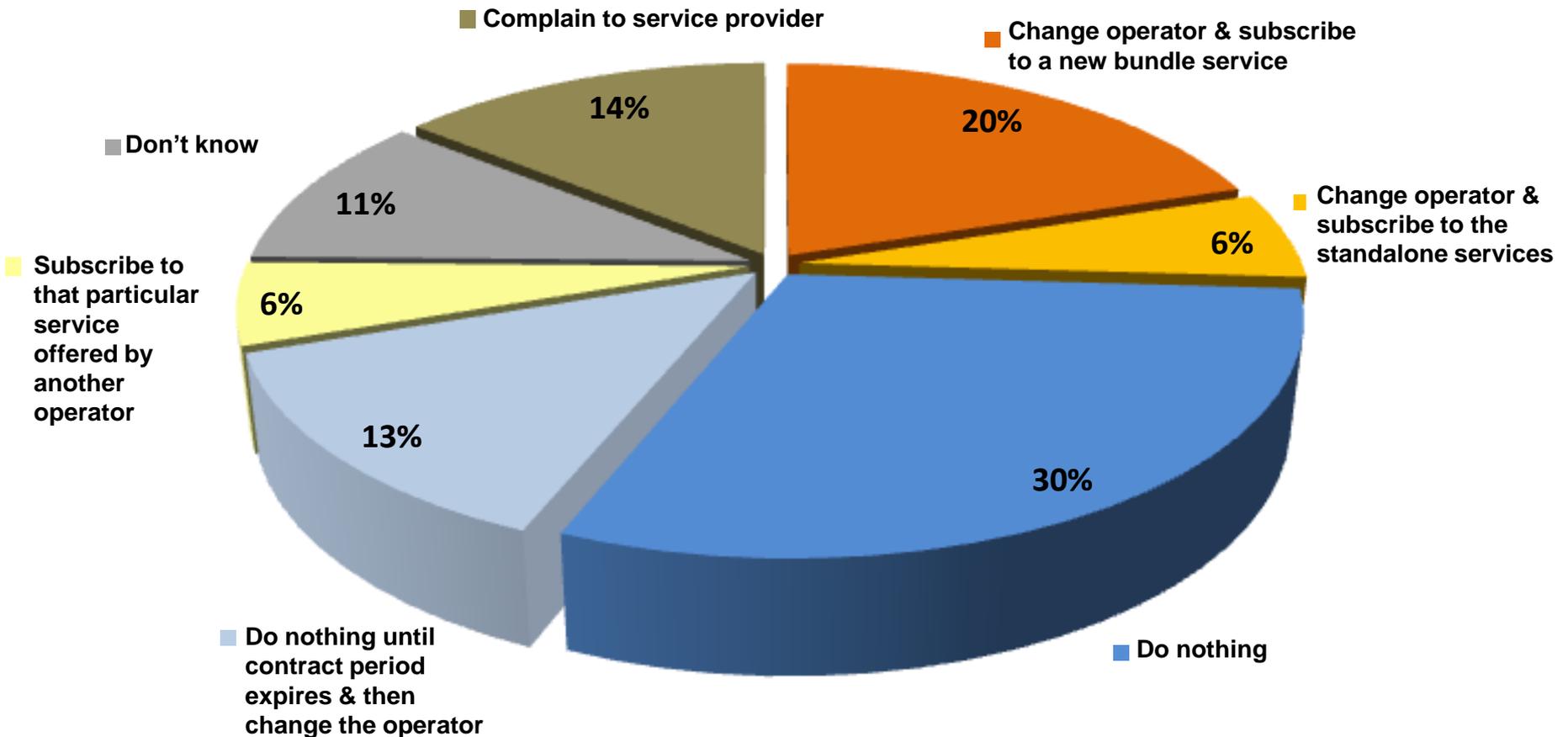


Mainly because it is inconvenient to switch (42%) and because of contract penalties (15%).

■ Yes ■ No ■ Don't know

What do you do if one of the services within the bundle is not good?

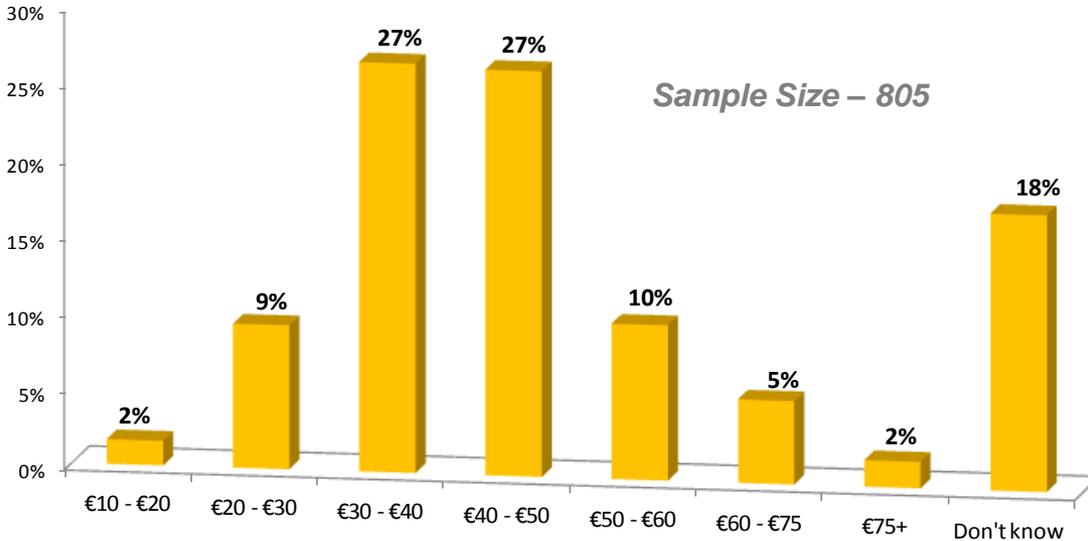
Sample Size – 805



4. Pricing & Substitution Analysis

Overall Expenditure Patterns

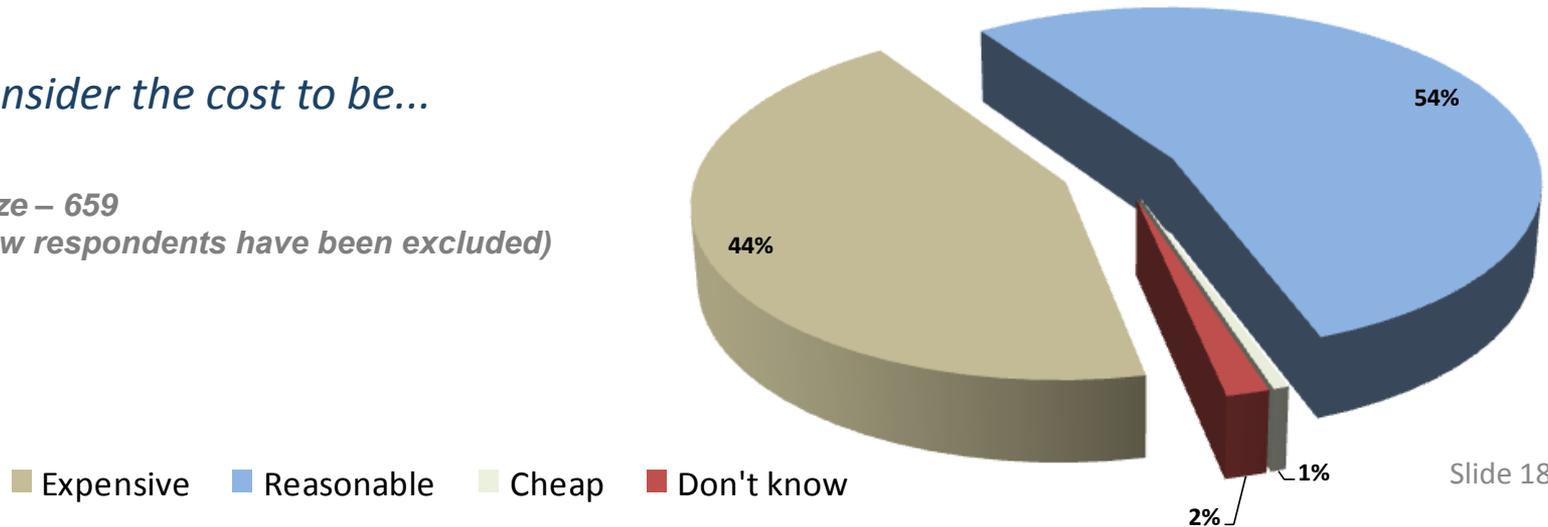
What is the monthly cost of the bundle?



44% of households with a bundle service spend more than €40 a month [42% in 2013]. 55% perceive the cost to be reasonable or cheap [59% in 2013]

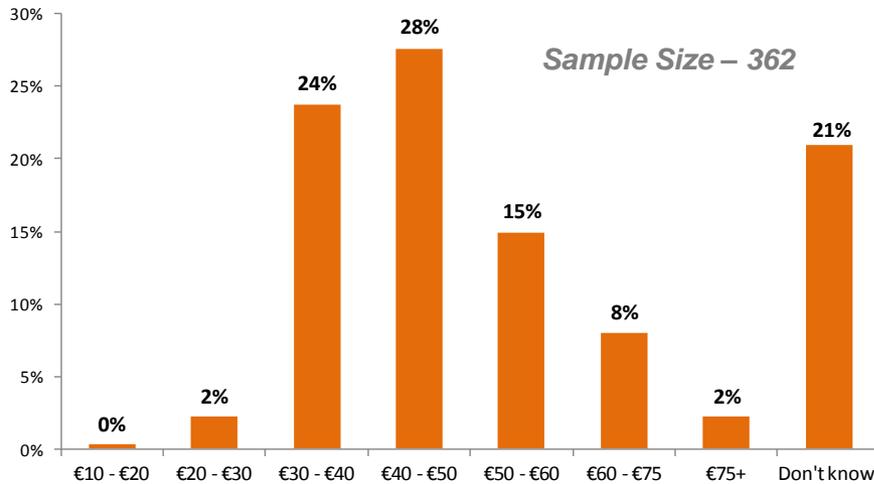
Do you consider the cost to be...

Sample Size – 659
(Don't know respondents have been excluded)

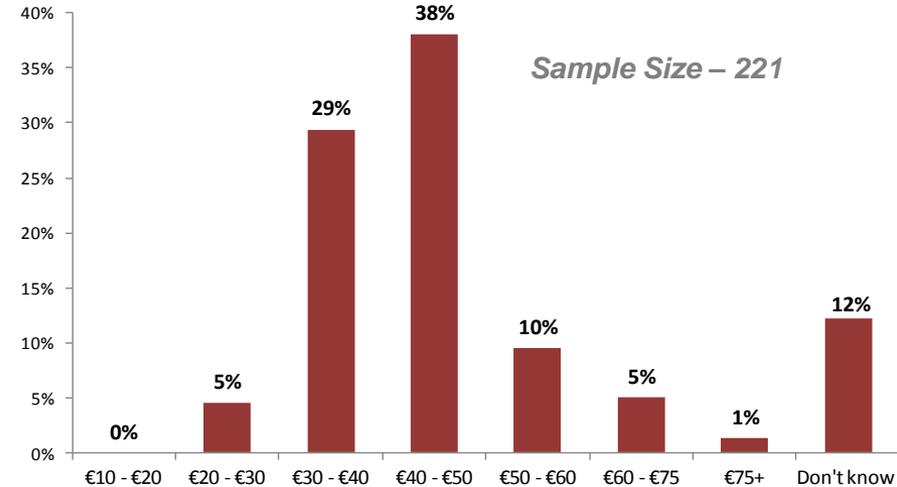


Expenditure Patterns by Type of Bundle

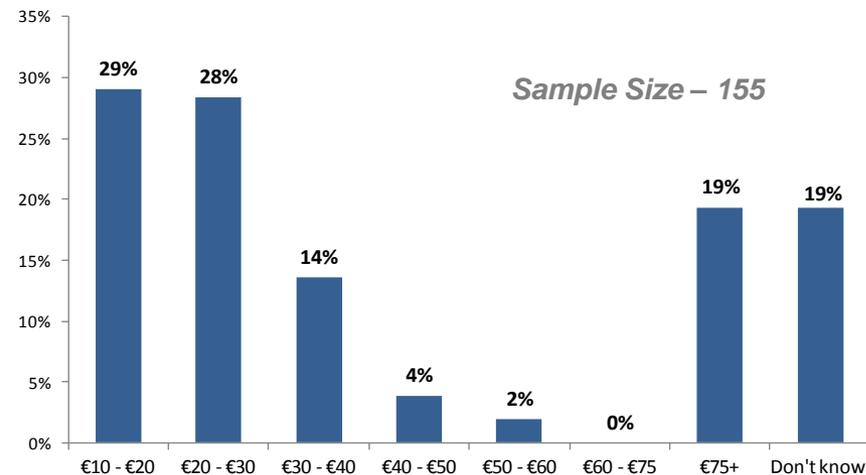
What is the monthly cost of the bundle [Quadruple Play]?



What is the monthly cost of the bundle [Triple Play – Fixed/TV/Internet]?



What is the monthly cost of the bundle [Double Play - Fixed/TV or Fixed/Internet or TV/Internet]?



Households with a quad play and triple play bundle service have similar spending patterns

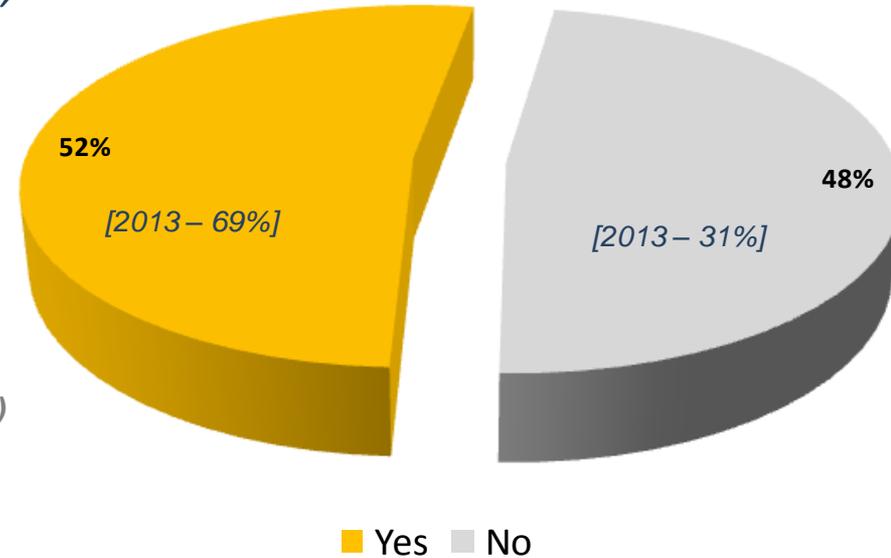
The majority of households (57%) with a double play bundle service spend less than €30 a month

Circa 18% of all households with a bundle service don't know how much they spend each month

Pricing & Substitution Analysis (1)

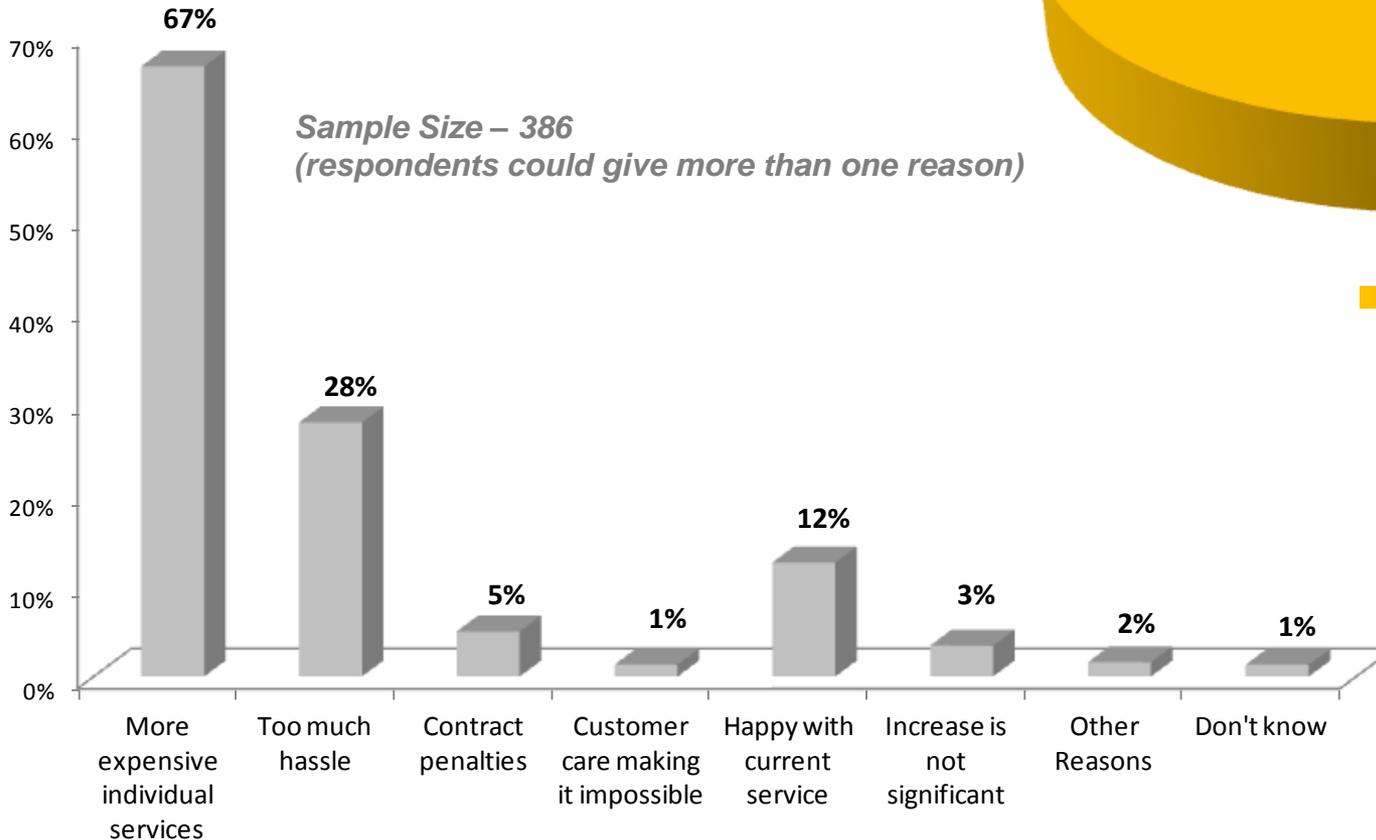
If the price of the bundle were to increase by 10%, would you switch to the individual services?

Sample Size – 805



If no, why?

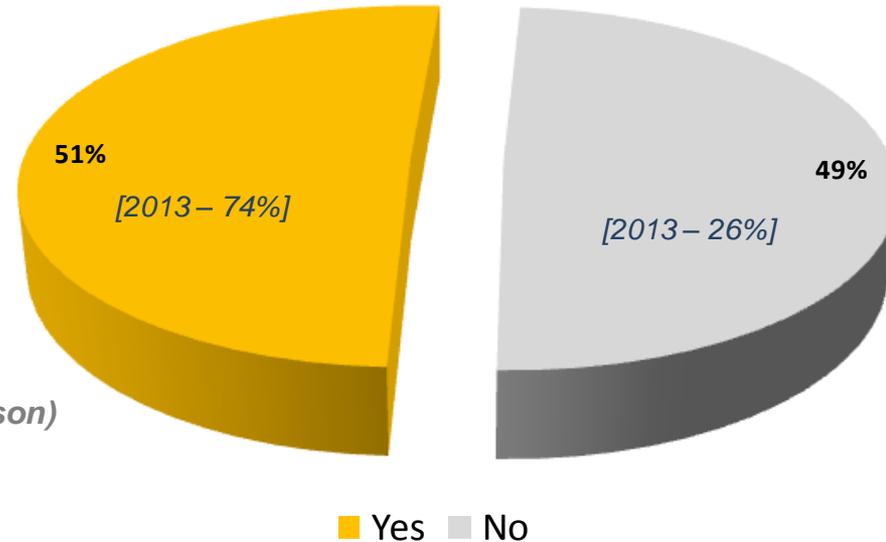
Sample Size – 386
(respondents could give more than one reason)



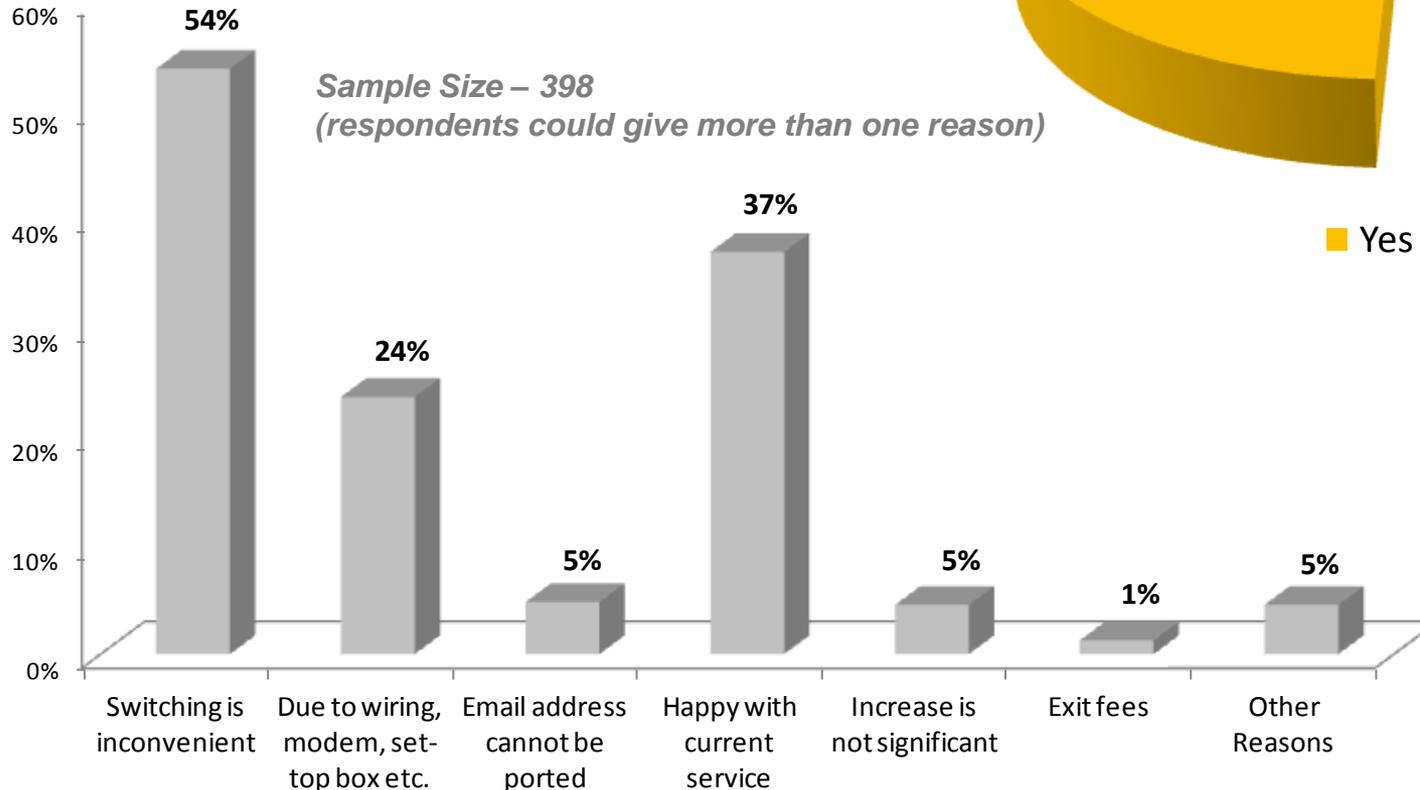
Pricing & Substitution Analysis (2)

*If the price of the bundle were to increase by 10%.
would you switch to another operator offering a
similar bundle?*

Sample Size – 805



If no, why?

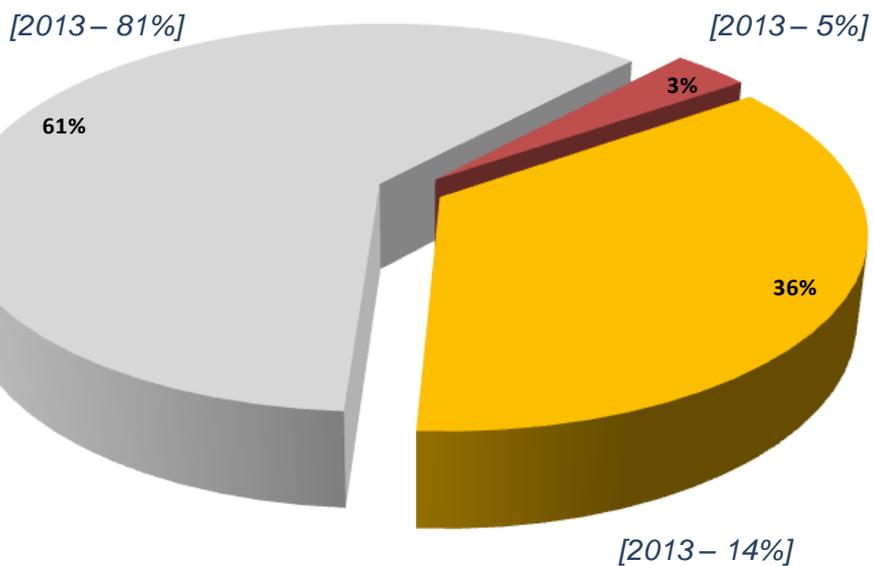


5. Contract Awareness

Contract Awareness (1)

Do you know the cost of the early termination fees attached to the bundle contract?

Sample Size – 805

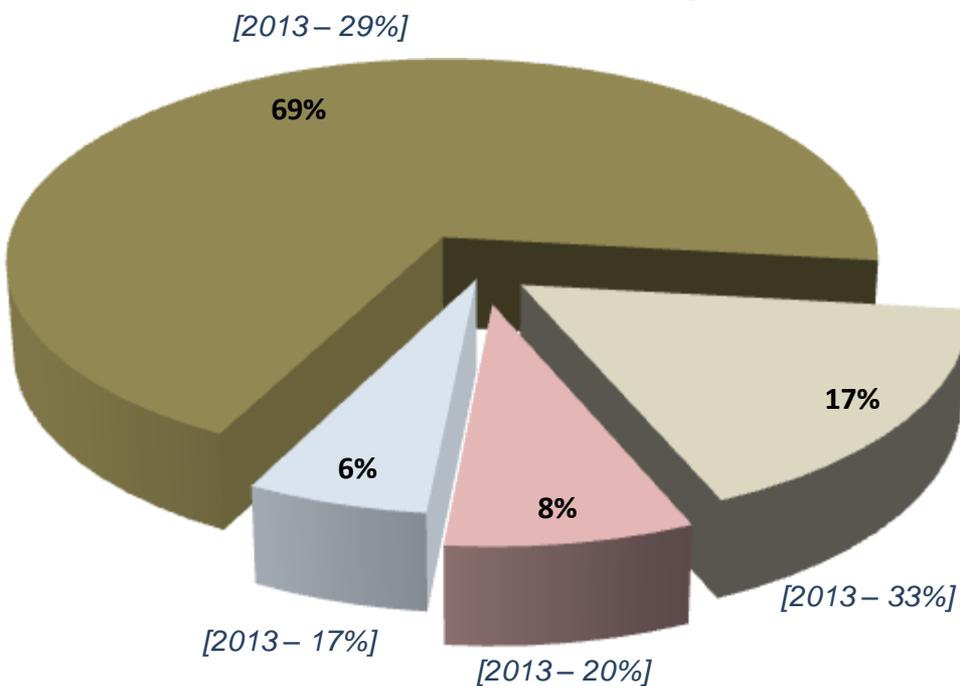


Yes No

No termination fees as contract already expired

If yes, do you consider the fees to be...

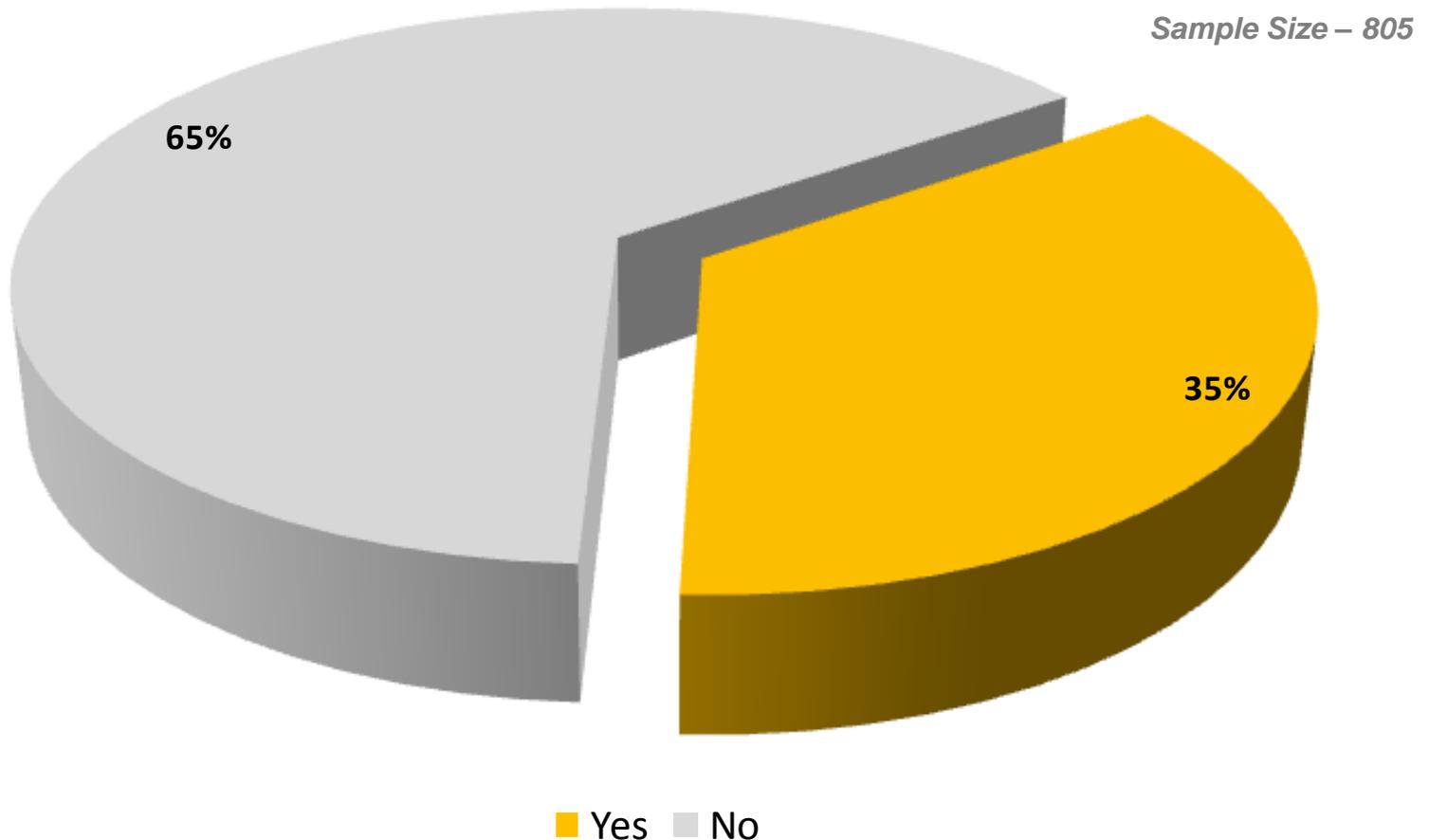
Sample Size – 287



Very Expensive Expensive

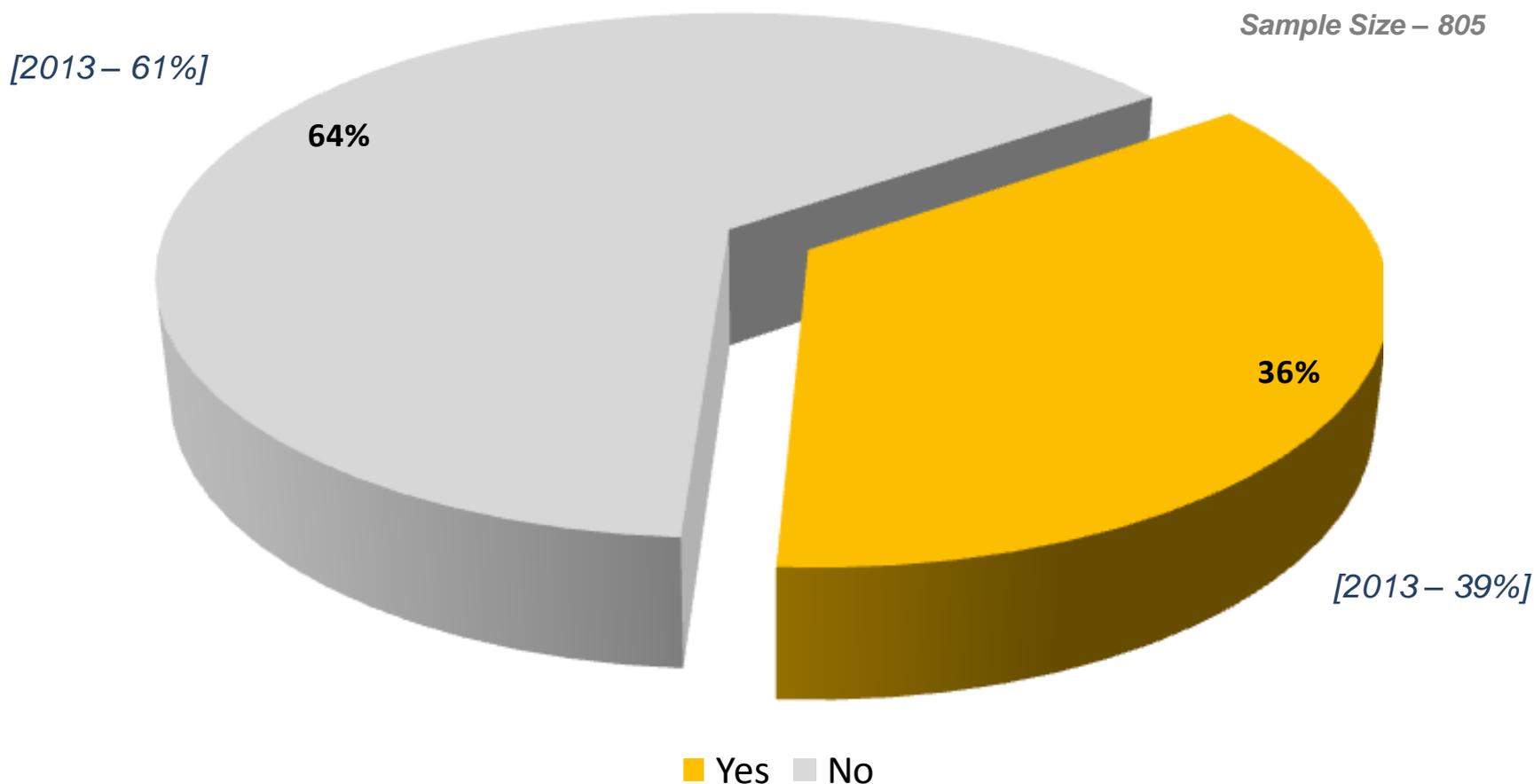
Neither Expensive nor Cheap Don't know

Are you aware that upon expiry of the first contract period, if you keep the same package the operator cannot charge you any termination fees if you stop the bundle?



Contract Awareness (3)

Are you aware that if your operator changes the terms of your contract, it has to give you 30 days written notice to exit the contract without incurring any termination fees?



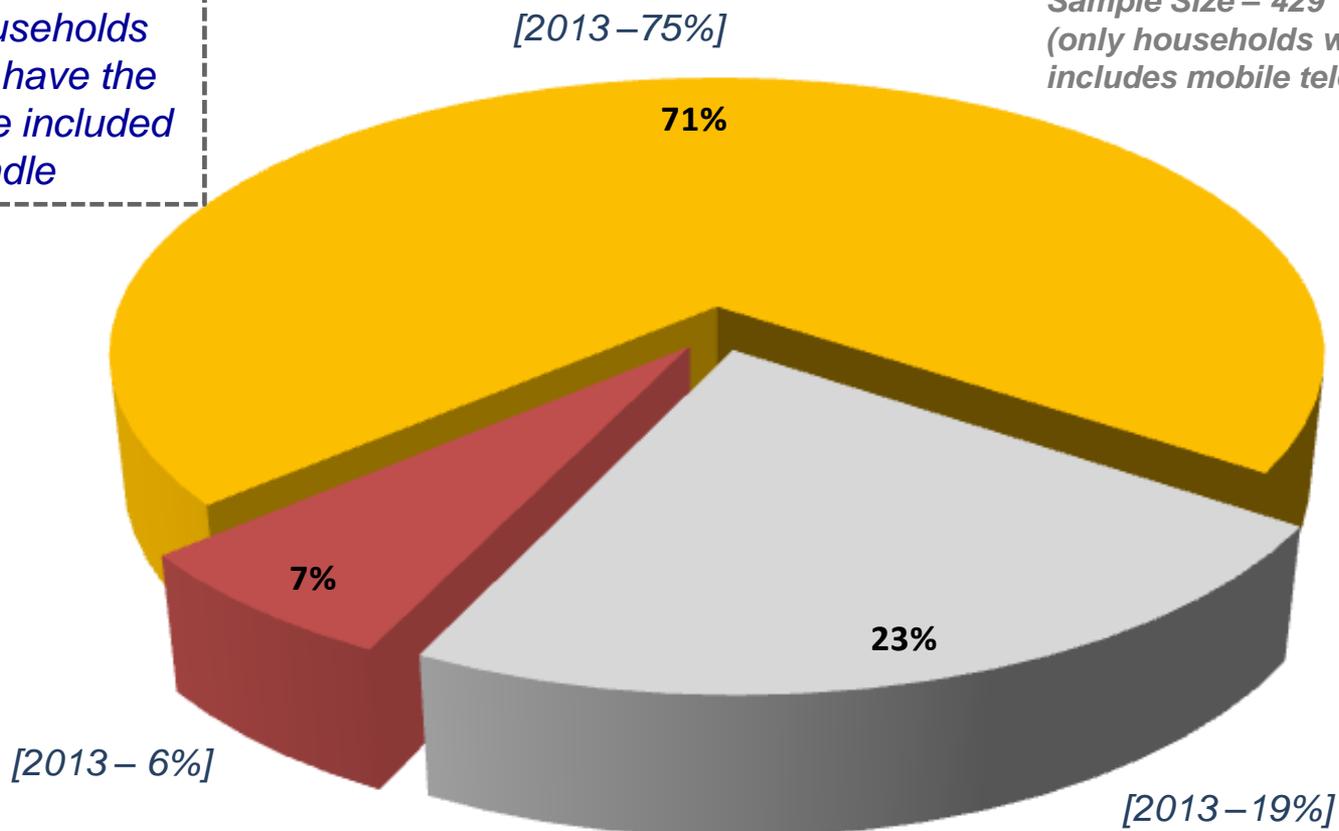
6. Mobile Telephony within the Bundle

Use of Mobile Offers within the Bundle (1)

Do you use the mobile offers that are being provided as part of the bundle?

53% of all households with a bundle have the mobile service included within the bundle

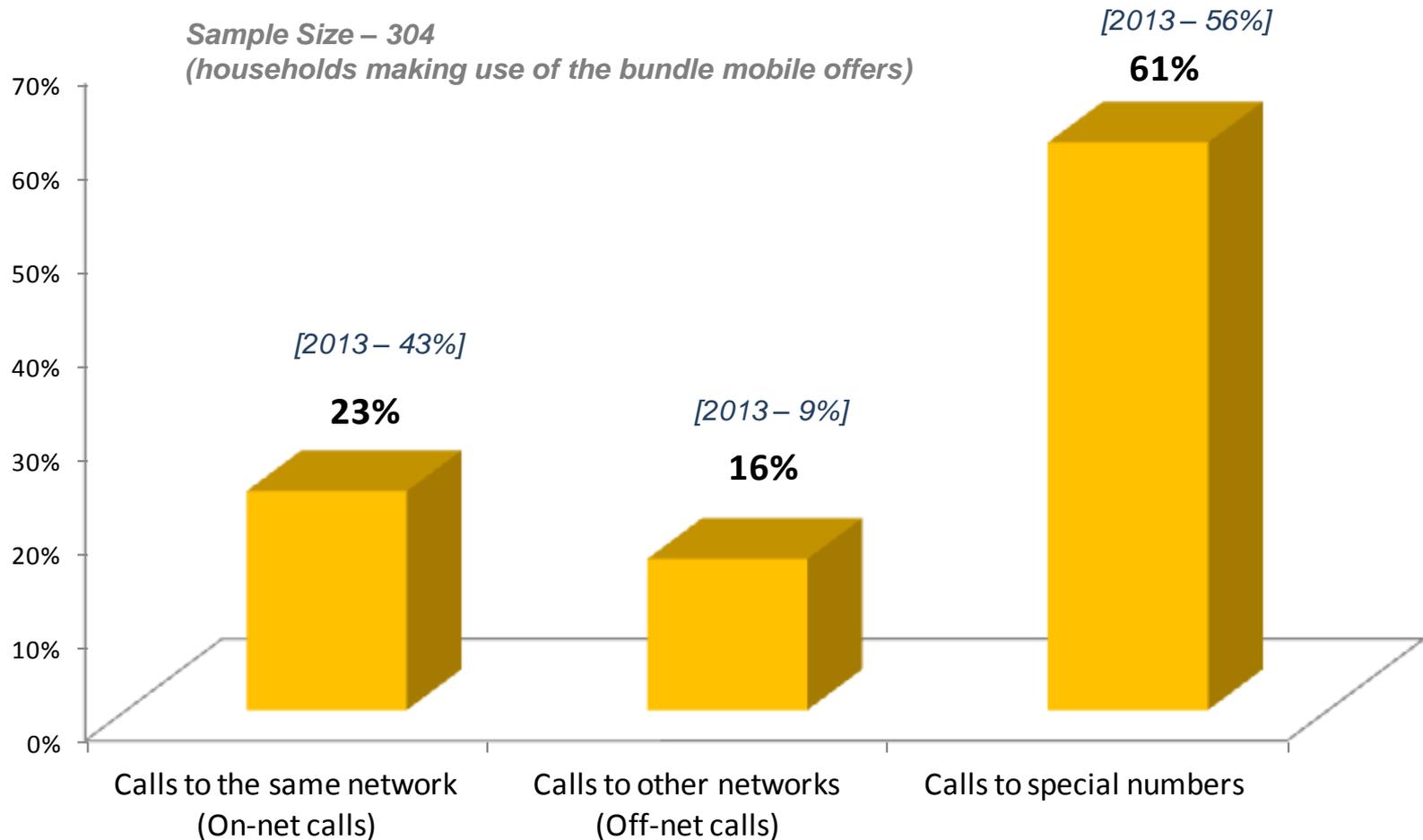
*Sample Size – 429
(only households whose bundle includes mobile telephony services)*



■ Yes ■ No ■ Don't know

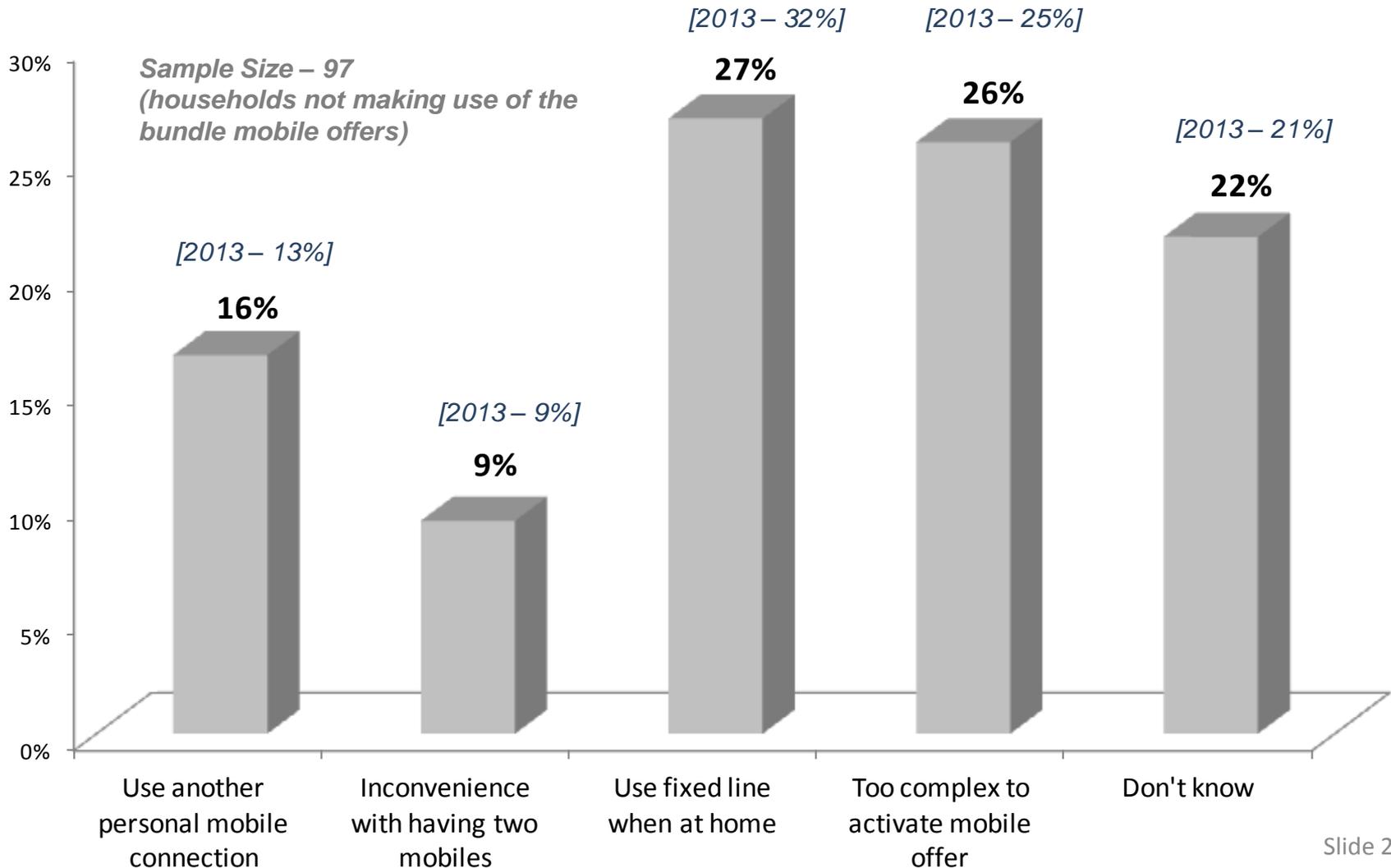
Use of Mobile Offers within the Bundle (2)

If yes, in what way do you use it most?



Use of Mobile Offers within the Bundle (3)

If no, why don't you use it?

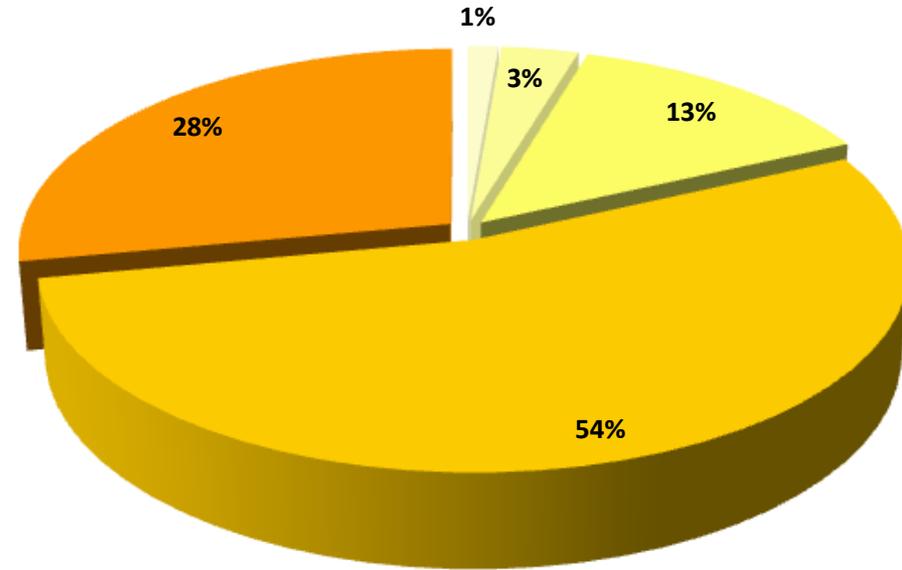
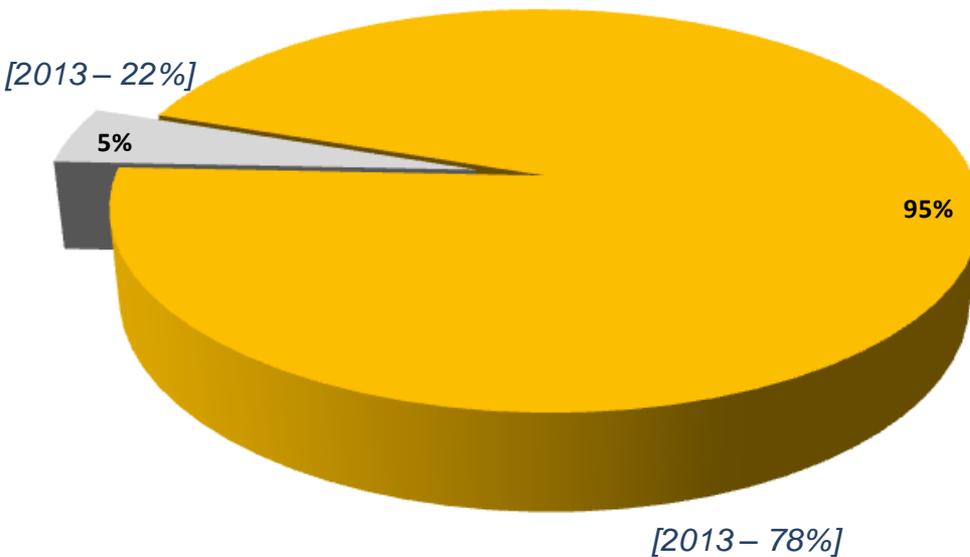


Use of Mobile Offers within the Bundle (4)

Is this your main mobile connection or is it an extra connection?

Are you satisfied with the quality of reception and service of this mobile connection?

Sample Size – 304
(households making use of the bundle mobile offers)



■ Yes ■ No

Least Satisfied → Highly Satisfied

82% of households making use of the bundle mobile offers are satisfied or highly satisfied with the service. Same satisfaction levels were registered in 2013

7. Main Highlights

- 55% of households with a bundle service have opted for this arrangement because it offers them a better price. 41% say they opted for the bundle because it is convenient to receive one bill
- Internet remains to be the most important service for households when choosing their bundle, followed up by TV and Fixed Telephony
- 9% of households with a bundle service claim to have changed their bundle provider during the past two years
- The majority (62%) of those that switched say it was not difficult to change their original operator
- 79% of households are satisfied or highly satisfied with their bundle service [70% in 2013]
- Of those that are not quite satisfied, 49% cite frequent disconnections, 21% mention billing issues and 10% say customer care was bad
- 48% of households that are not quite satisfied consider changing their bundle provider

- 44% of households with a bundle service spend more than €40 a month
- 55% perceive the cost of their bundle to be reasonable or cheap [59% in 2013]
- Circa 18% of all households with a bundle service don't know how much they spend each month
- The majority of households lack awareness on contractual aspects of the bundle service:
 - 61% don't know the cost of the early termination fees;
 - 65% are not aware that upon expiry of the first contract period the operator cannot charge any termination fees; and
 - 64% are not aware that if the operator changes the terms of the contract, it has to give 30 days written notice to exit the contract without incurring any termination fees
- 53% of all households with a bundle have the mobile service included within the bundle, 71% of which claim to use the mobile offers that are being provided as part of the bundle



MALTA COMMUNICATIONS AUTHORITY

Thank you

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