



MCA Market Research

Consumer Perception Survey Results – Bundles

MCA | *January 2014*

1. Purpose & Methodology

- The **Consumer Perception survey on Bundles**, which is the first of its kind to be carried out by the MCA, is intended:
 - to identify household perceptions on bundles by gathering qualitative information on bundle services which was, to date, limitedly available to the MCA;
 - 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 been published in December 2013
- 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 August and October 2013 on behalf of the MCA

Fieldwork

- Interviews were carried out by telephone lasting around 8 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

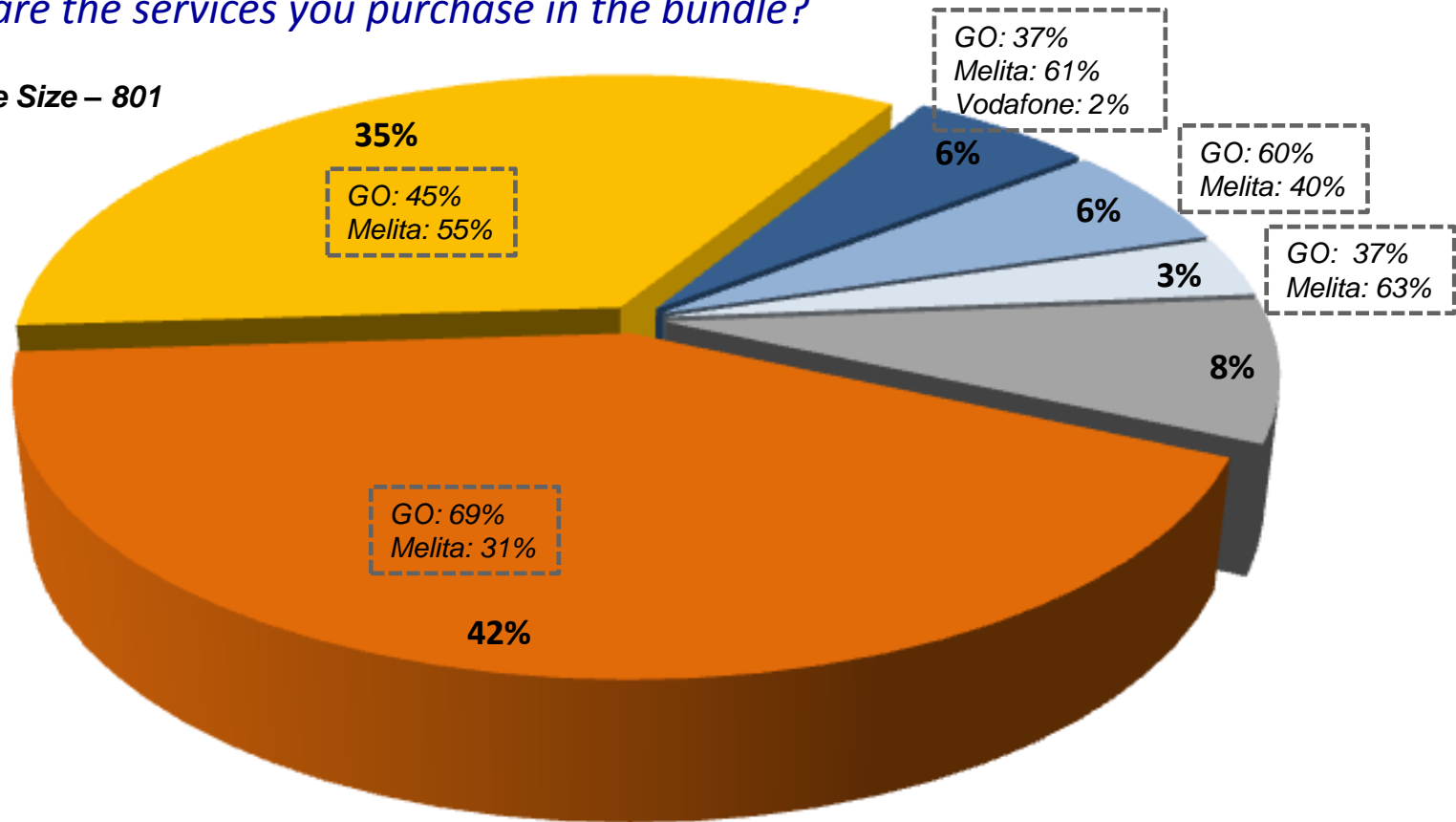
Responses

- 801 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 – 801



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

■ Double play (Fixed + Internet)

■ Double play (TV + Internet)

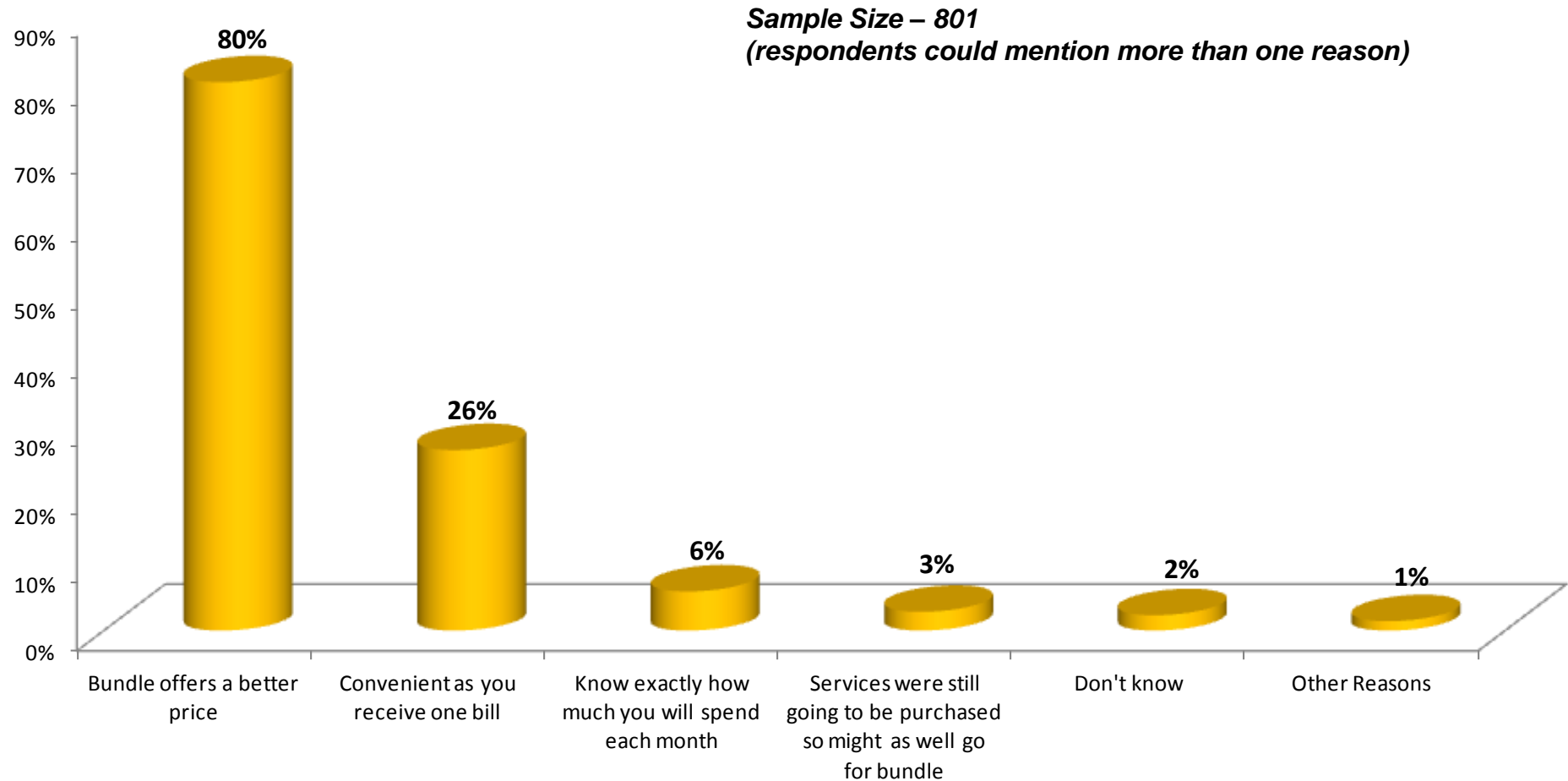
■ Triple play (Fixed + Internet + TV)

■ Double play (Fixed + TV)

■ Other bundle arrangements

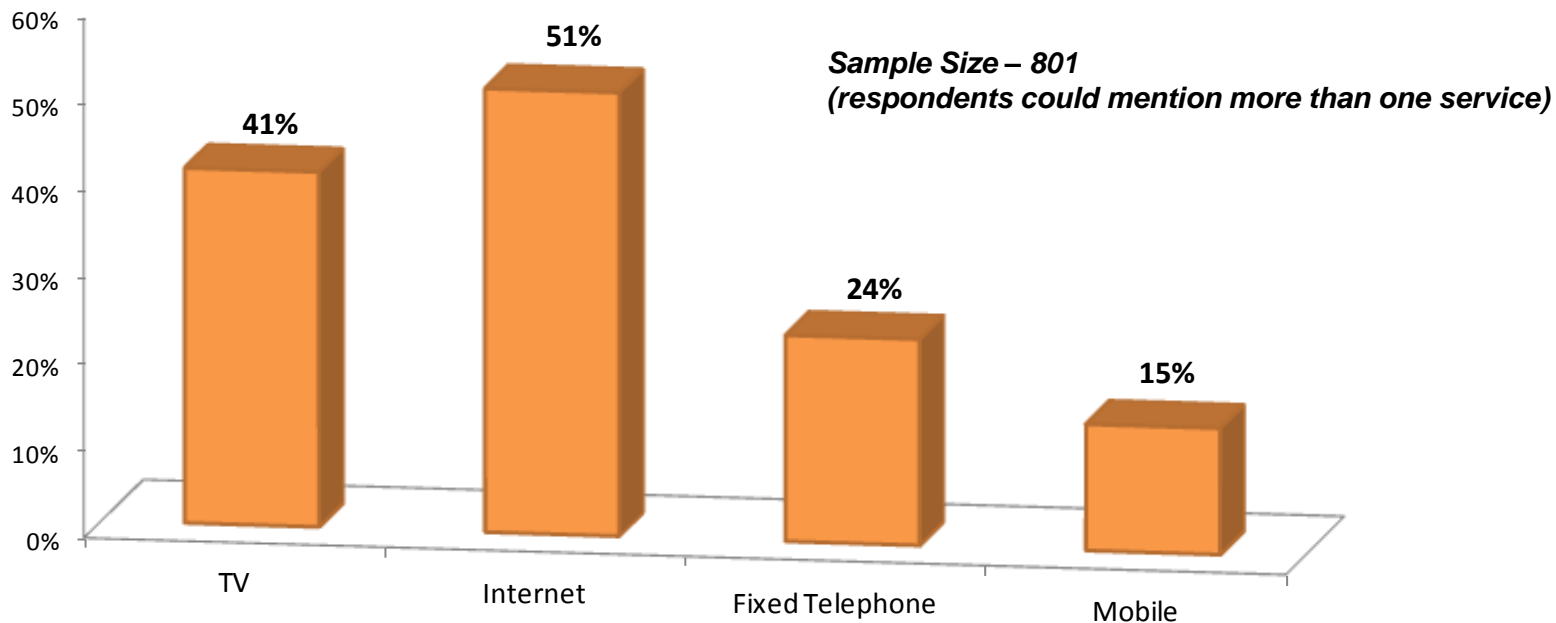
Reasons for choosing Bundle Services

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



Most Important Service(s) within the Bundle

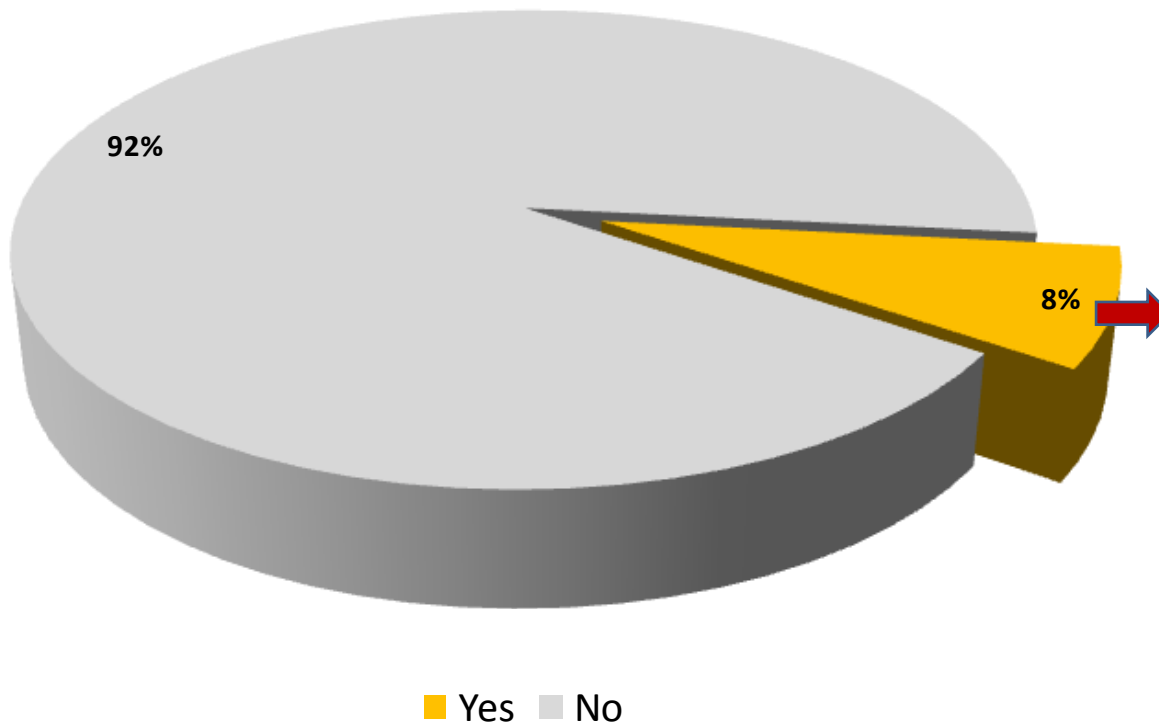
What is the most important/decisive service in choosing a particular bundle?



- Internet is the most important service for households when choosing their bundle, followed up by TV and Fixed Telephony*
- 53% of those claiming the Internet to be the most important service within their bundle have chosen GO. 42% have chosen a Melita connection*
- 58% of households claiming TV services to be decisive in their choice of bundle have a GO subscription. The rest opted for a Melita service*
- 61% of households that consider fixed telephony services as the determining factor in their choice of bundle are GO subscribers*

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

Sample Size – 801



If yes, why? :

44% - this service is best offered by this operator

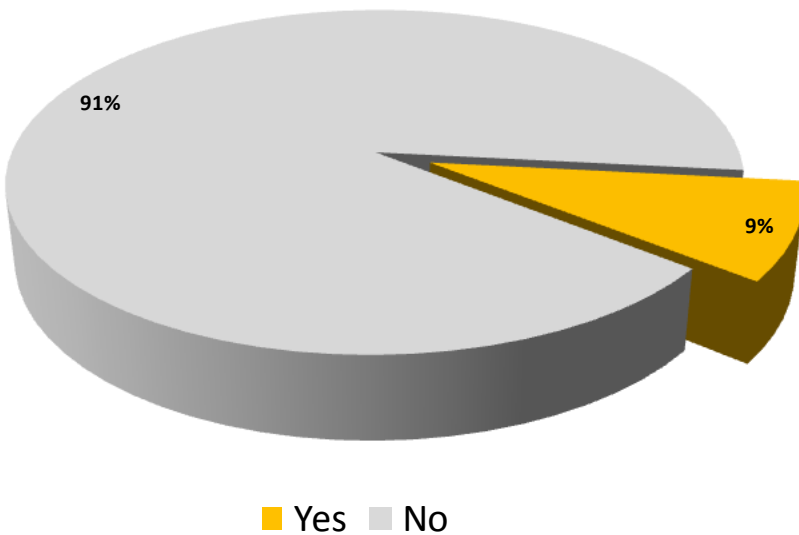
13% - have always been subscribed for this service with this operator

11% - there is no financial benefit from subscribing to this service as part of a bundle

3. Market Developments & Satisfaction Levels

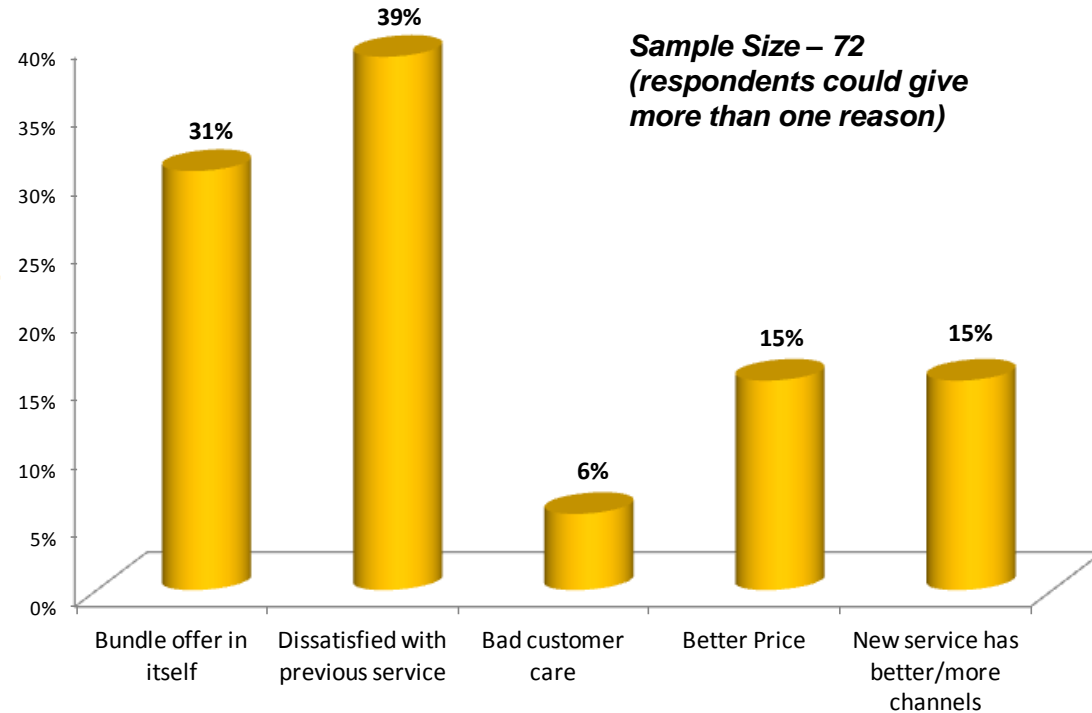
During the past two years did you switch between operators for the bundle?

Sample Size – 801



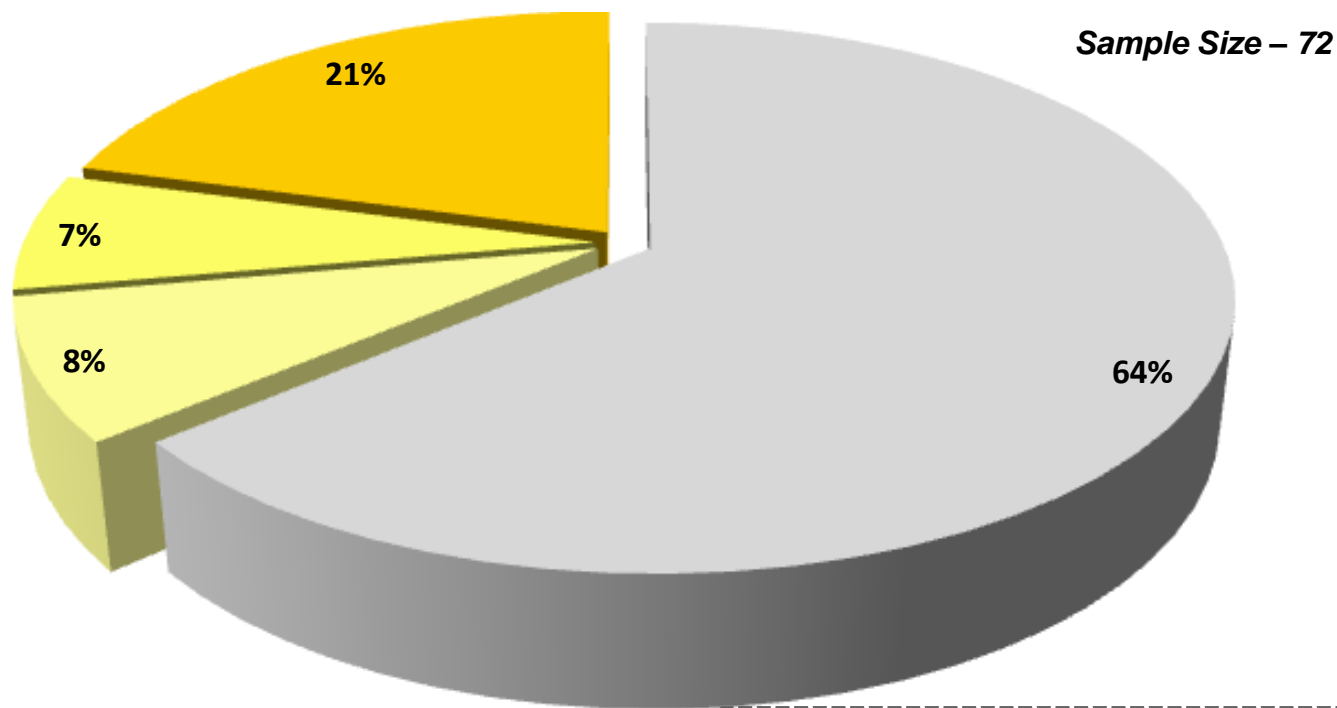
What was the reason for switching to another operator?

Sample Size – 72
(respondents could give more than one reason)



72% of households that have changed their bundle service provider over the last two years claim to have switched to GO

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



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

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

Bundle Satisfaction Levels (1)

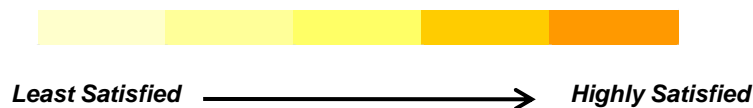
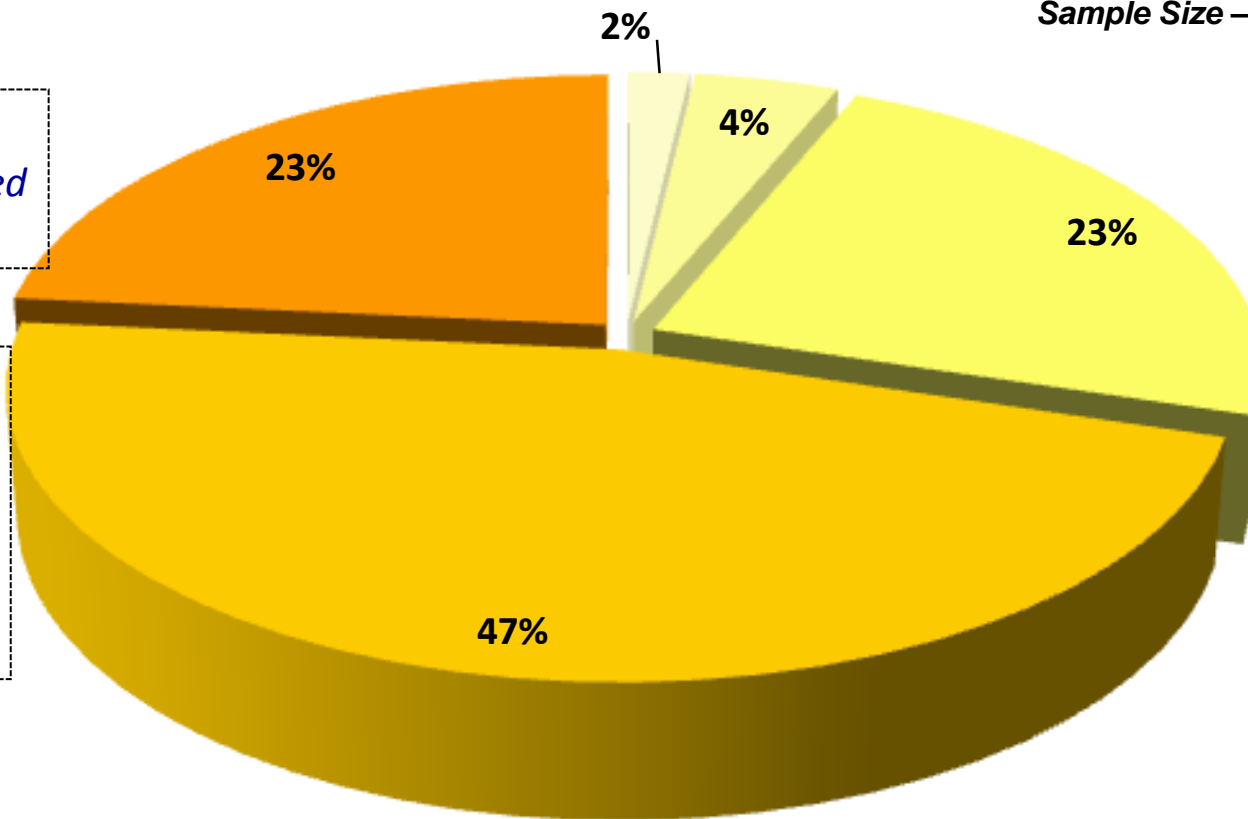
How satisfied are you with the bundle?

Sample Size – 801

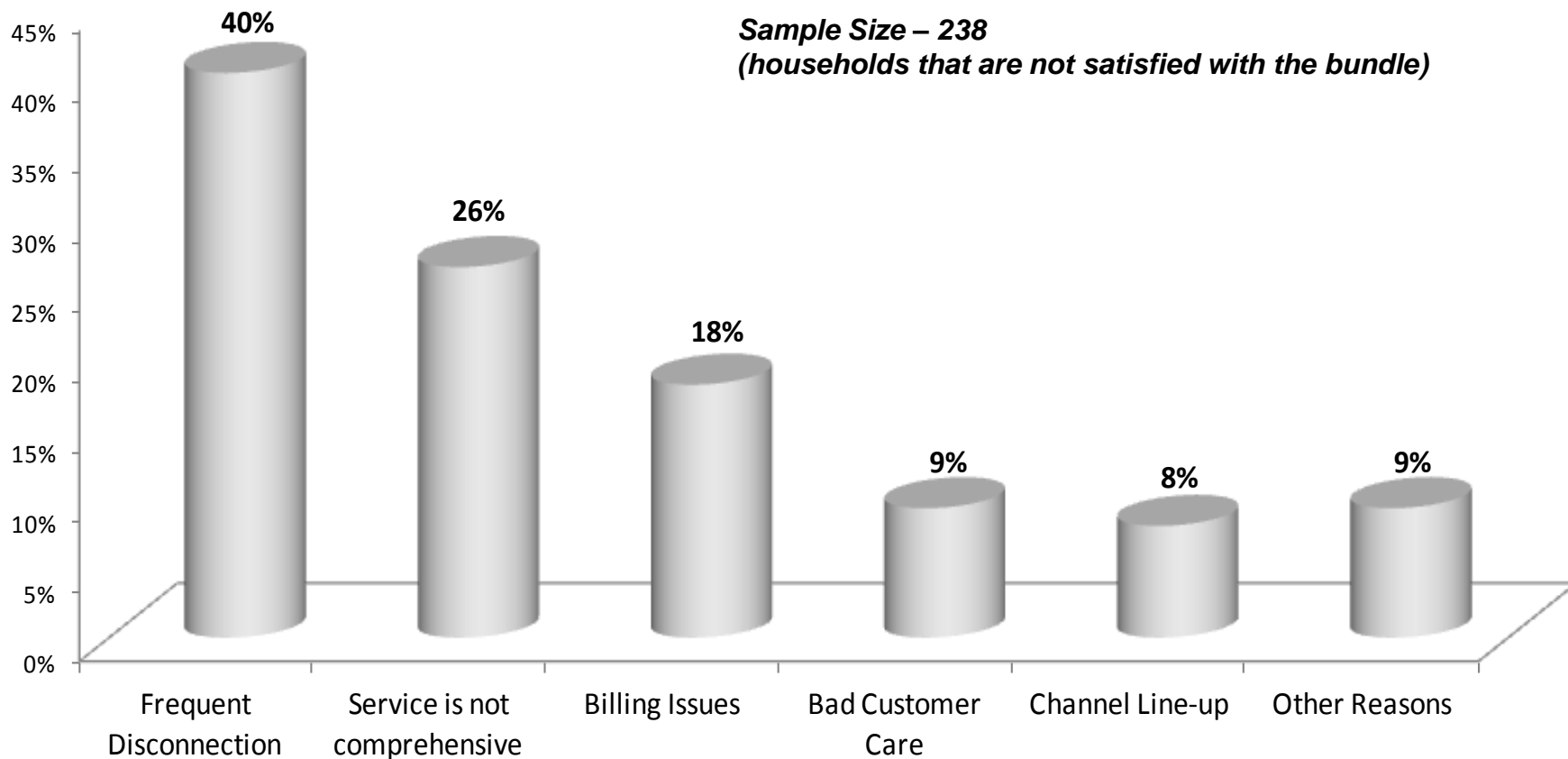
70% of households are satisfied or highly satisfied with their bundle service



30% of households are not quite satisfied with the bundle service, of which 45% are GO subscribers and 55% are Melita subscribers

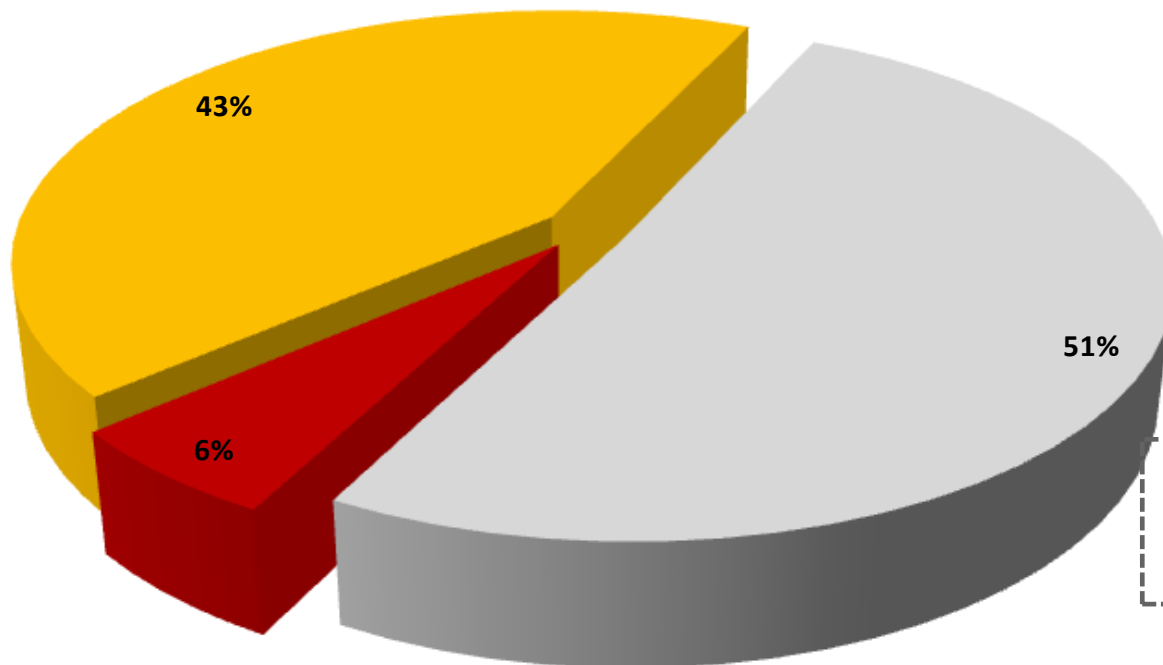


Reasons for Dissatisfaction...



Do you consider changing the bundle provider?

Sample Size – 238
(households that are not satisfied with the bundle)

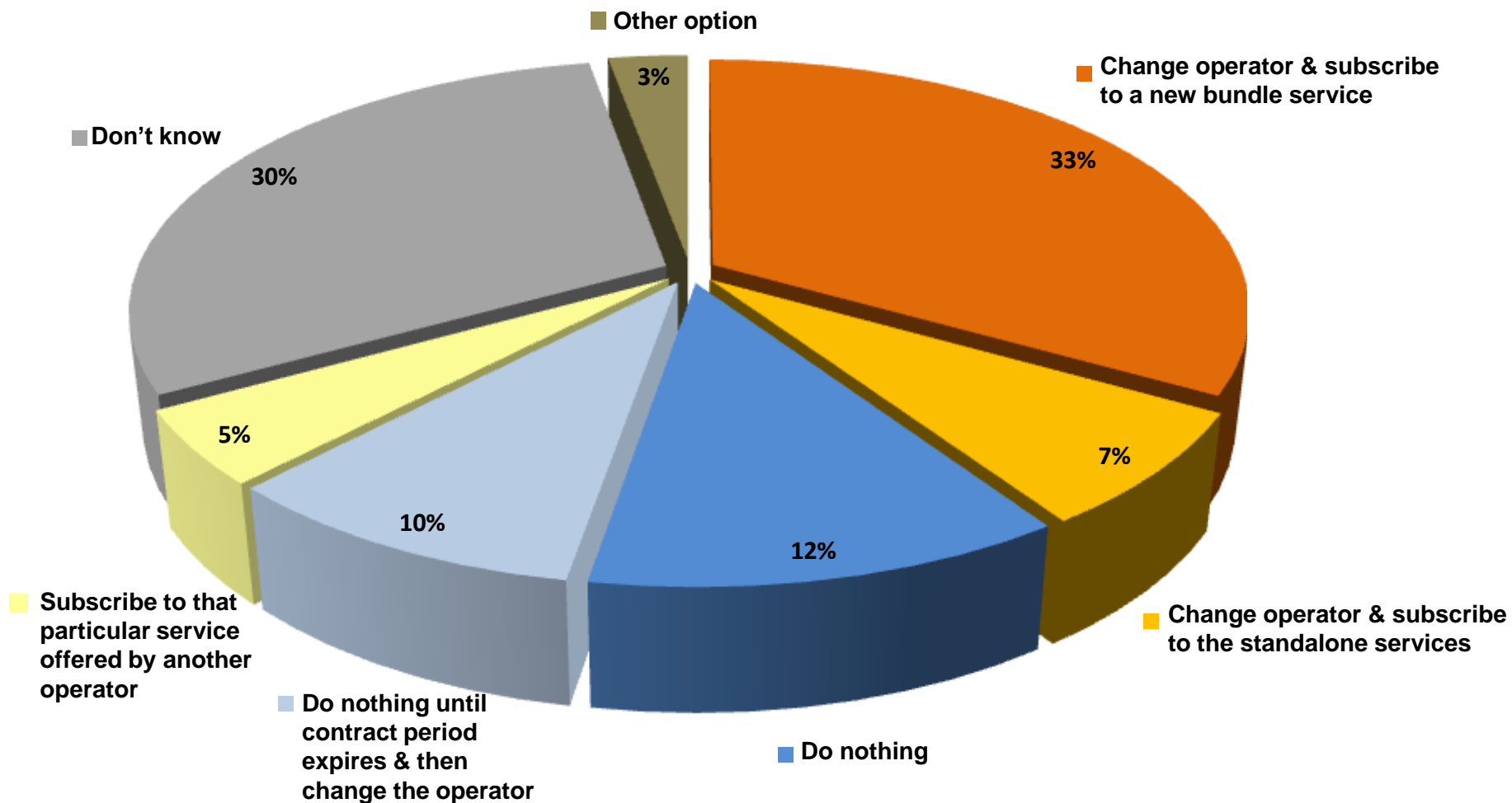


Mainly because it is inconvenient to switch (44%) and because of contract penalties (14%).

■ Yes ■ No ■ Don't know

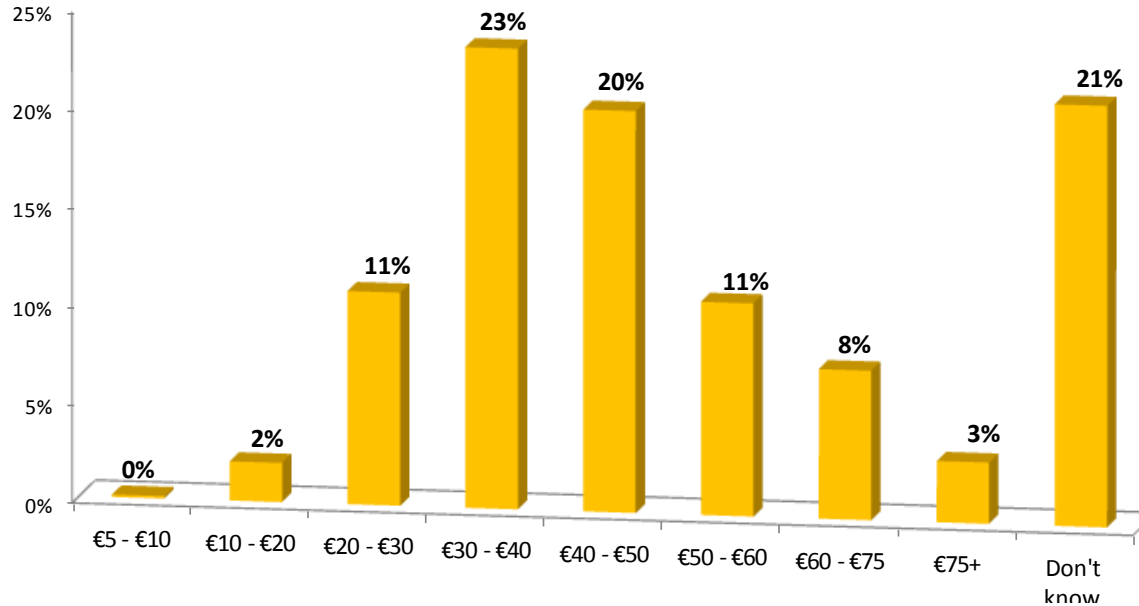
What do you do if one of the services within the bundle is not good?

Sample Size – 801



4. Pricing & Substitution Analysis

What is the monthly cost of the bundle ?

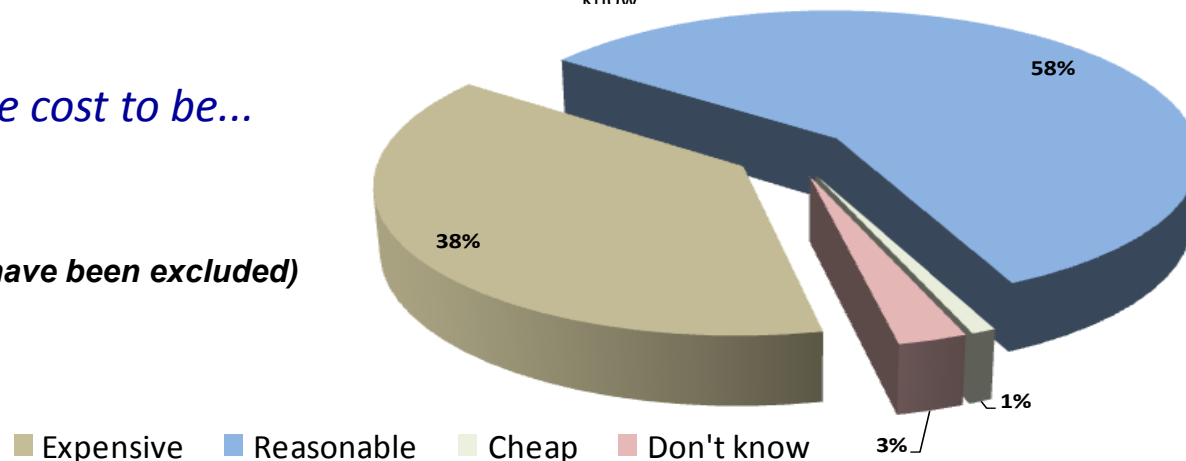


Sample Size – 801

42% of households with a bundle service spend more than €40 a month, of which 52% are Go subscribers and 48% have a Melita connection

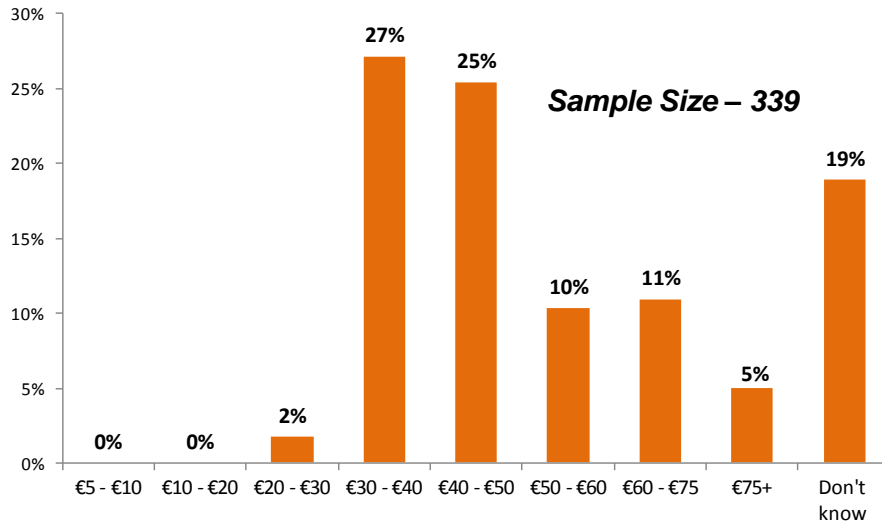
Do you consider the cost to be...

Sample Size – 629
(Don't know respondents have been excluded)

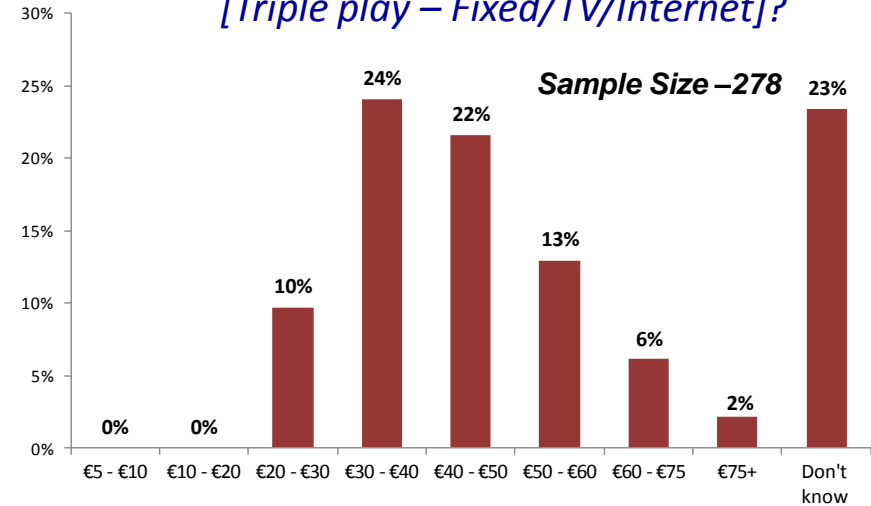


Expenditure Patterns by Type of Bundle

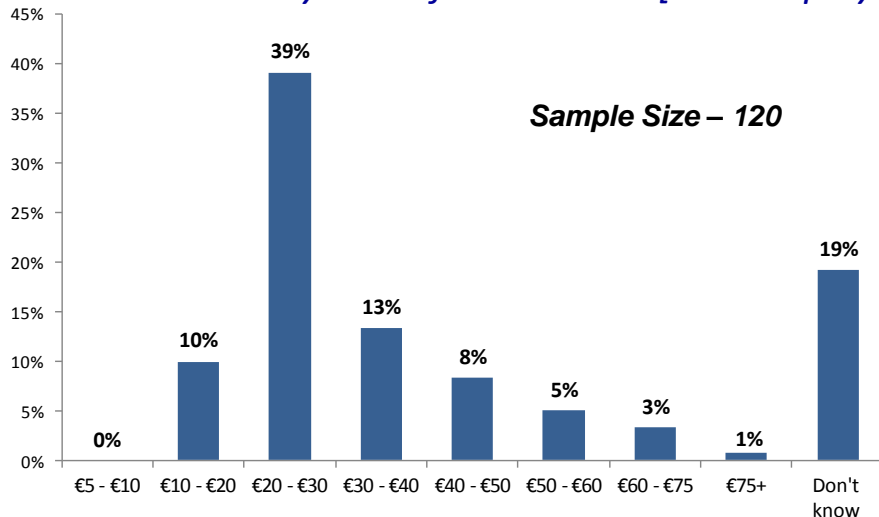
What is the monthly cost of the bundle [Quadruple play]?



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

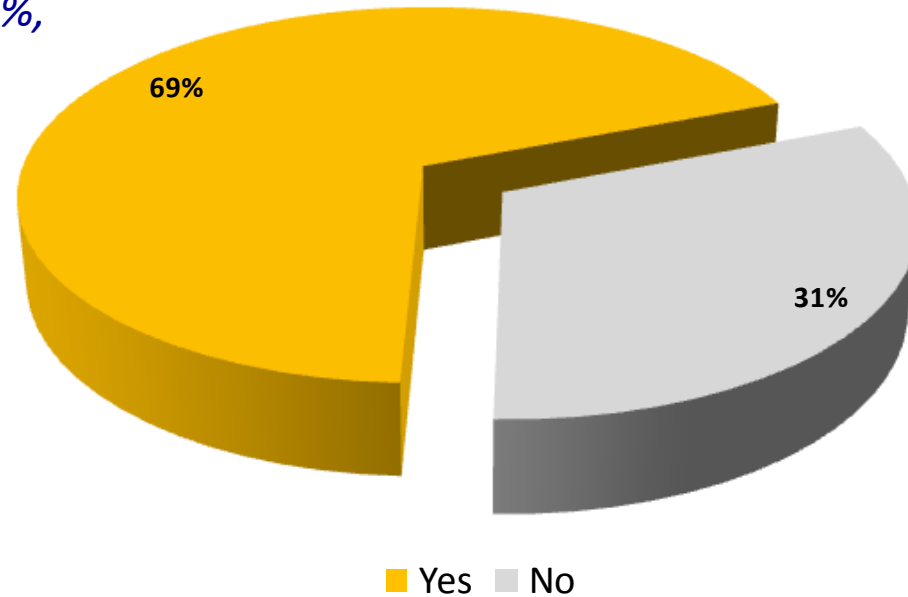
The majority of households (50%) with a double play bundle service spend less than €30 a month

Circa 21% of all households with a bundle service don't know how much they spend each month

Pricing & Substitution Analysis (1)

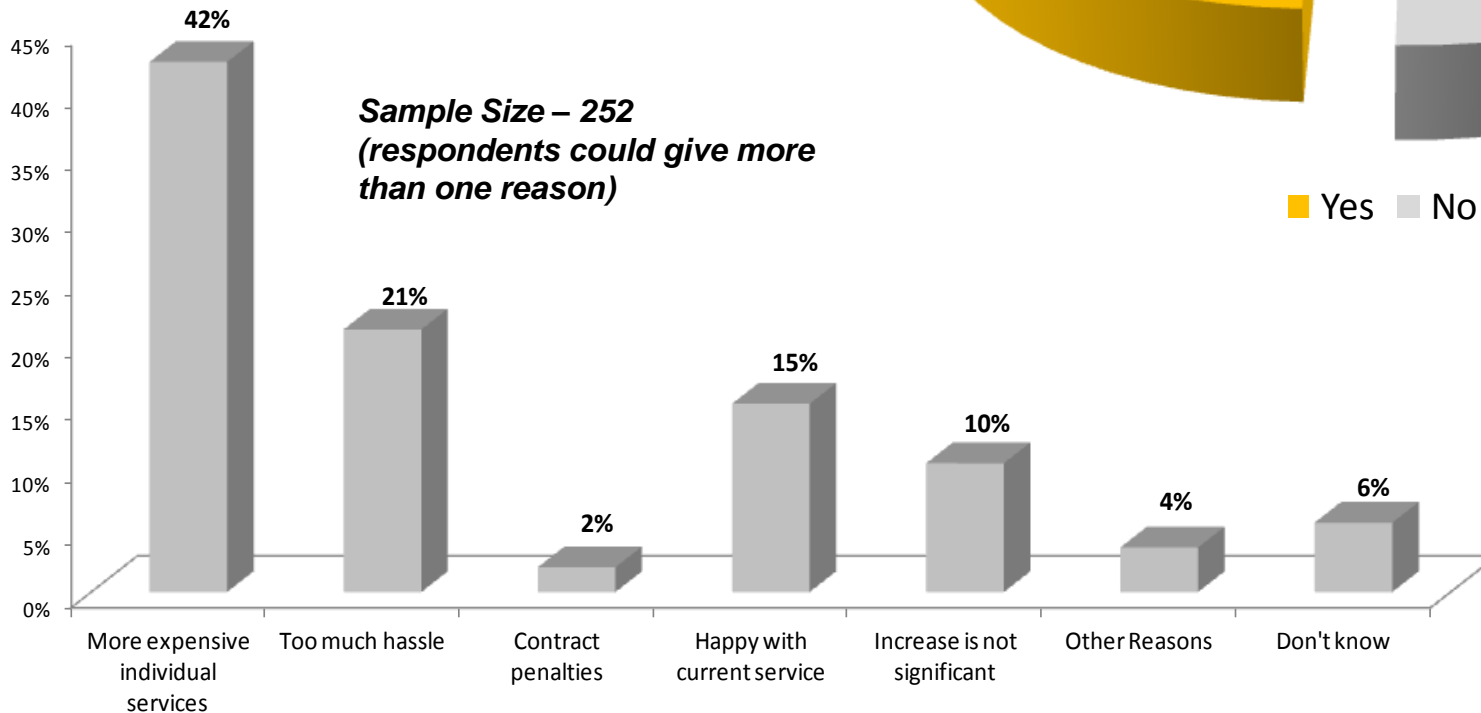
If the price of the bundle were to increase by 10%, would you switch to the individual services?

Sample Size – 801



If no, why?

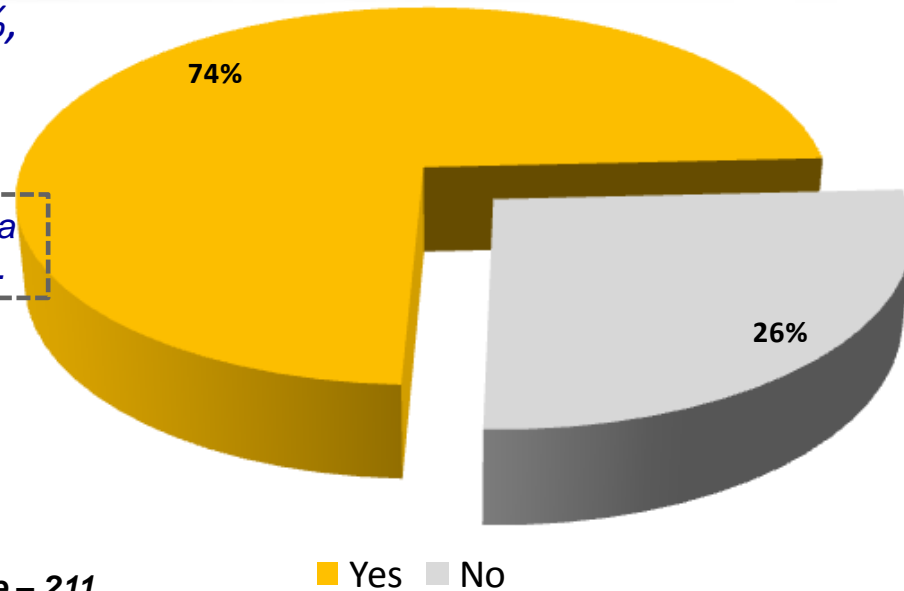
Sample Size – 252
(respondents could give more than one reason)



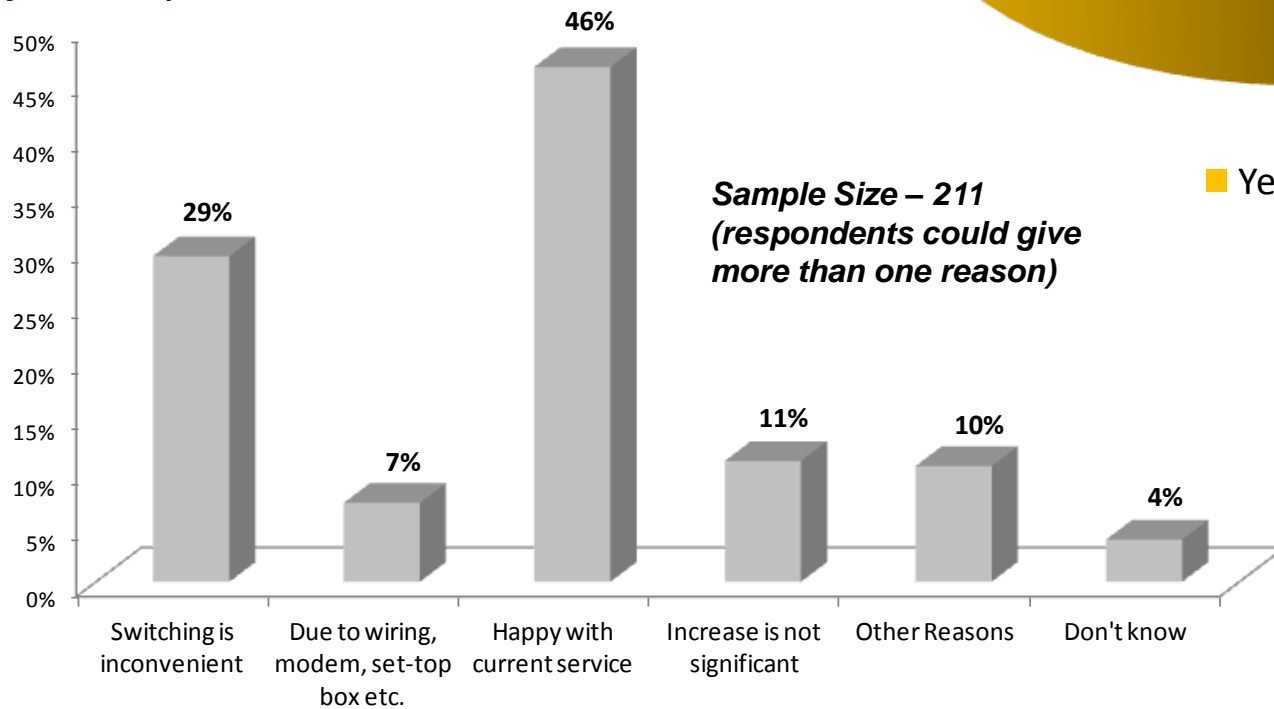
If the price of the bundle were to increase by 10%, would you switch to another operator offering a similar bundle?

Sample Size – 801

Households would rather switch to another operator offering a similar bundle (74%) than switch to individual services (69%).



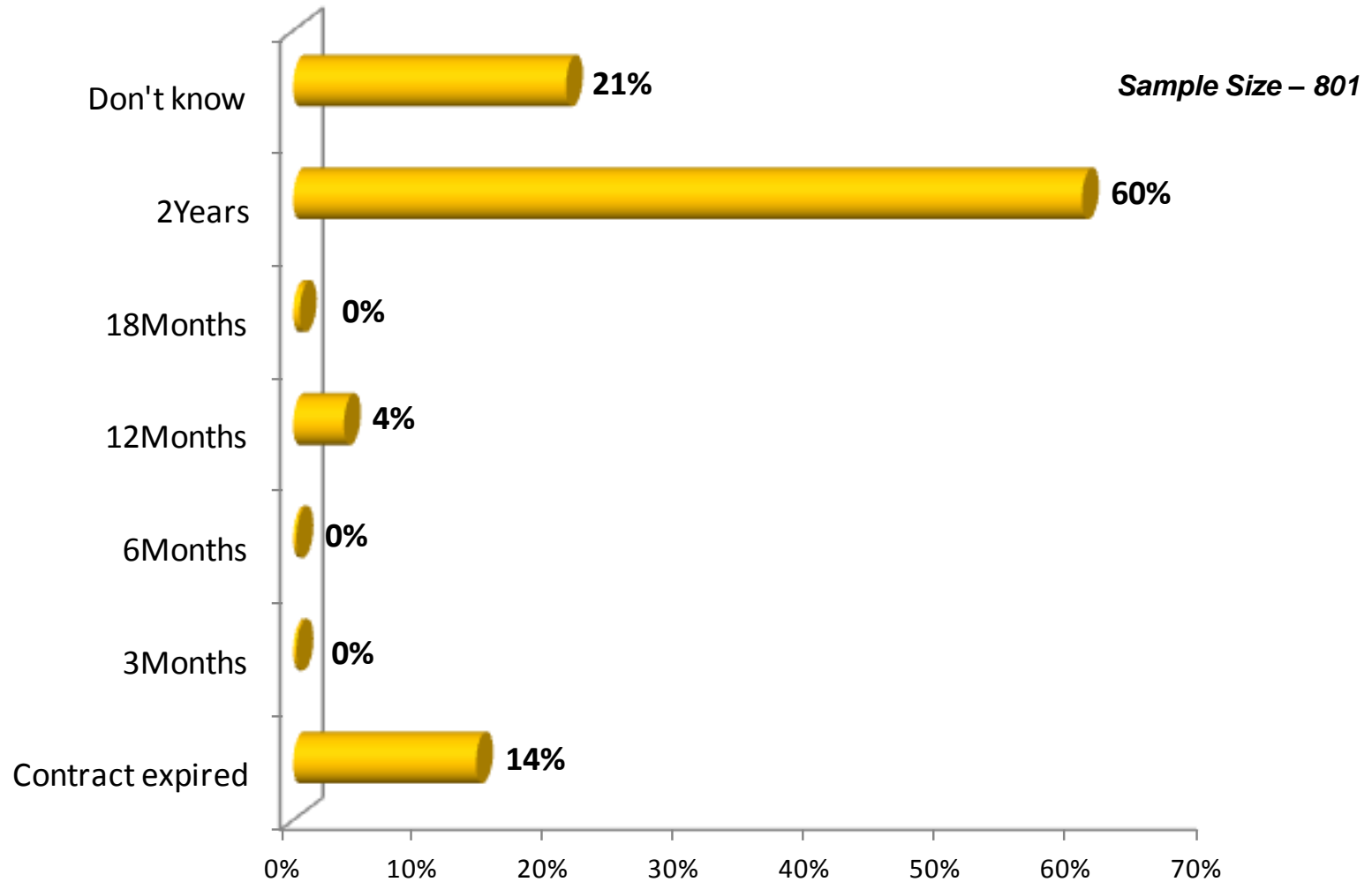
If no, why?



5. Contract Awareness

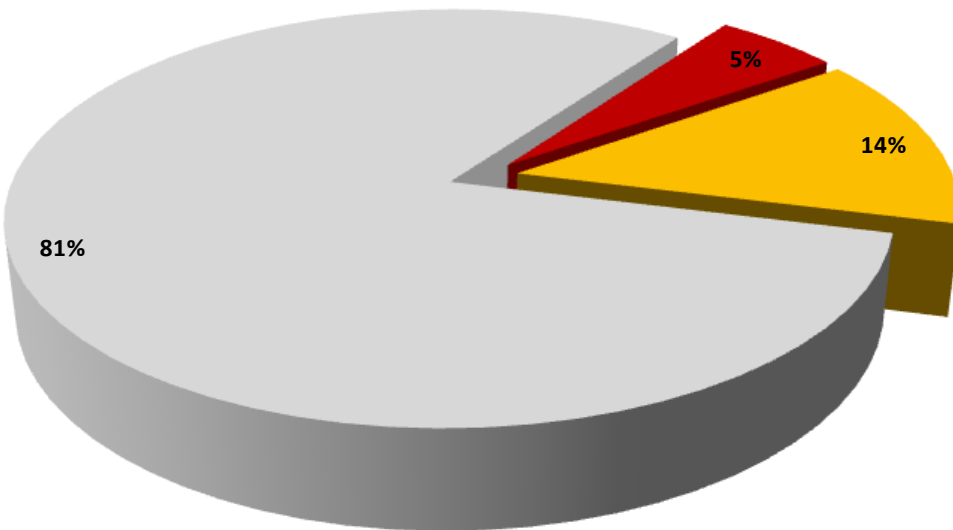
Subscription Period

For how long does your contract bind you before being able to terminate or switch service?



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

Sample Size – 801

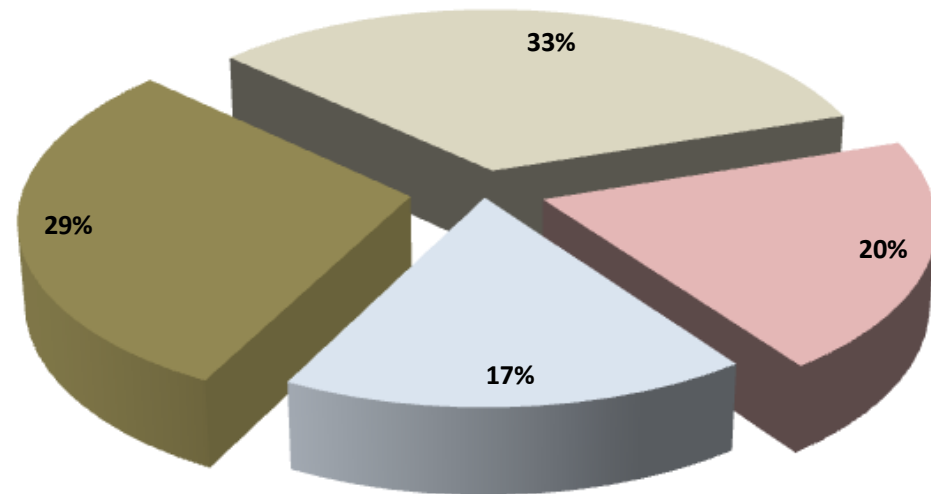


■ Yes ■ No

■ No termination fees as contract already expired

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

Sample Size – 109

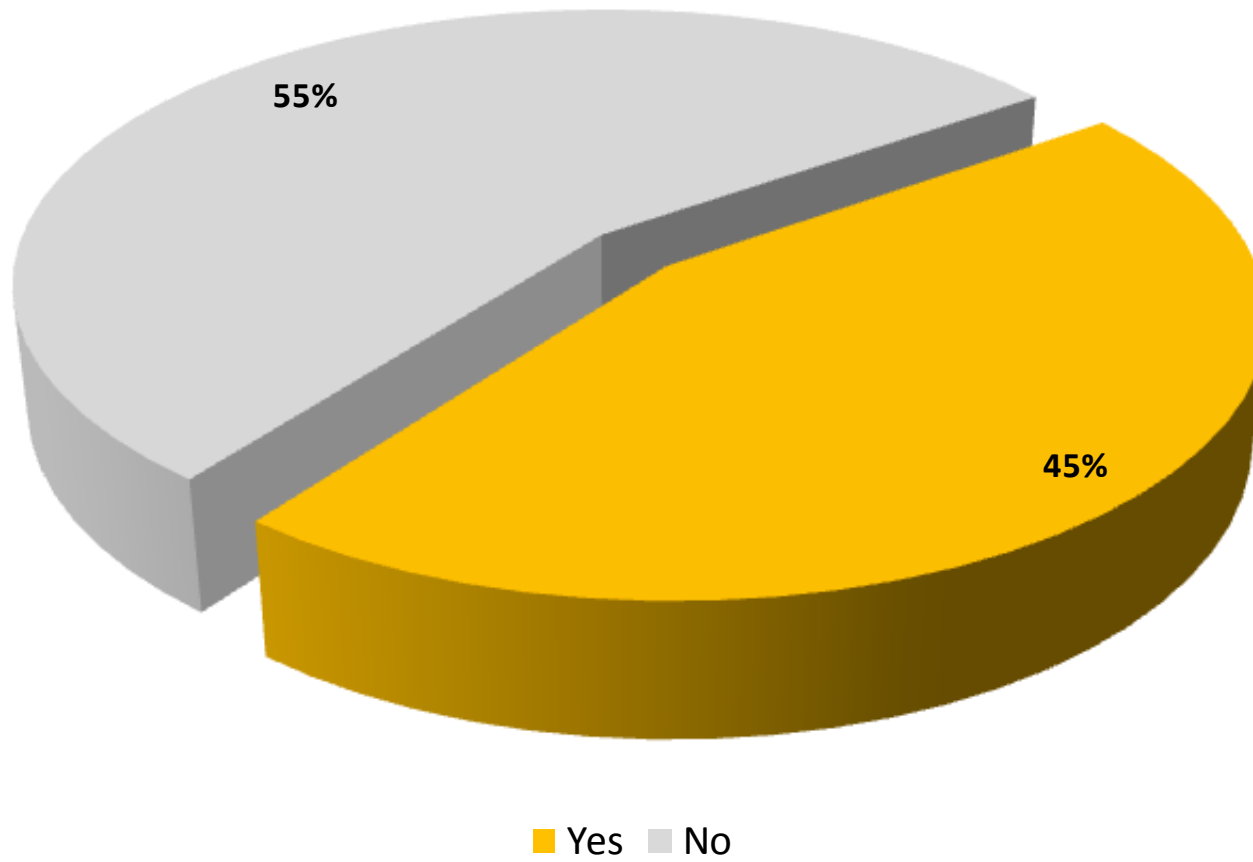


■ Very Expensive ■ Expensive

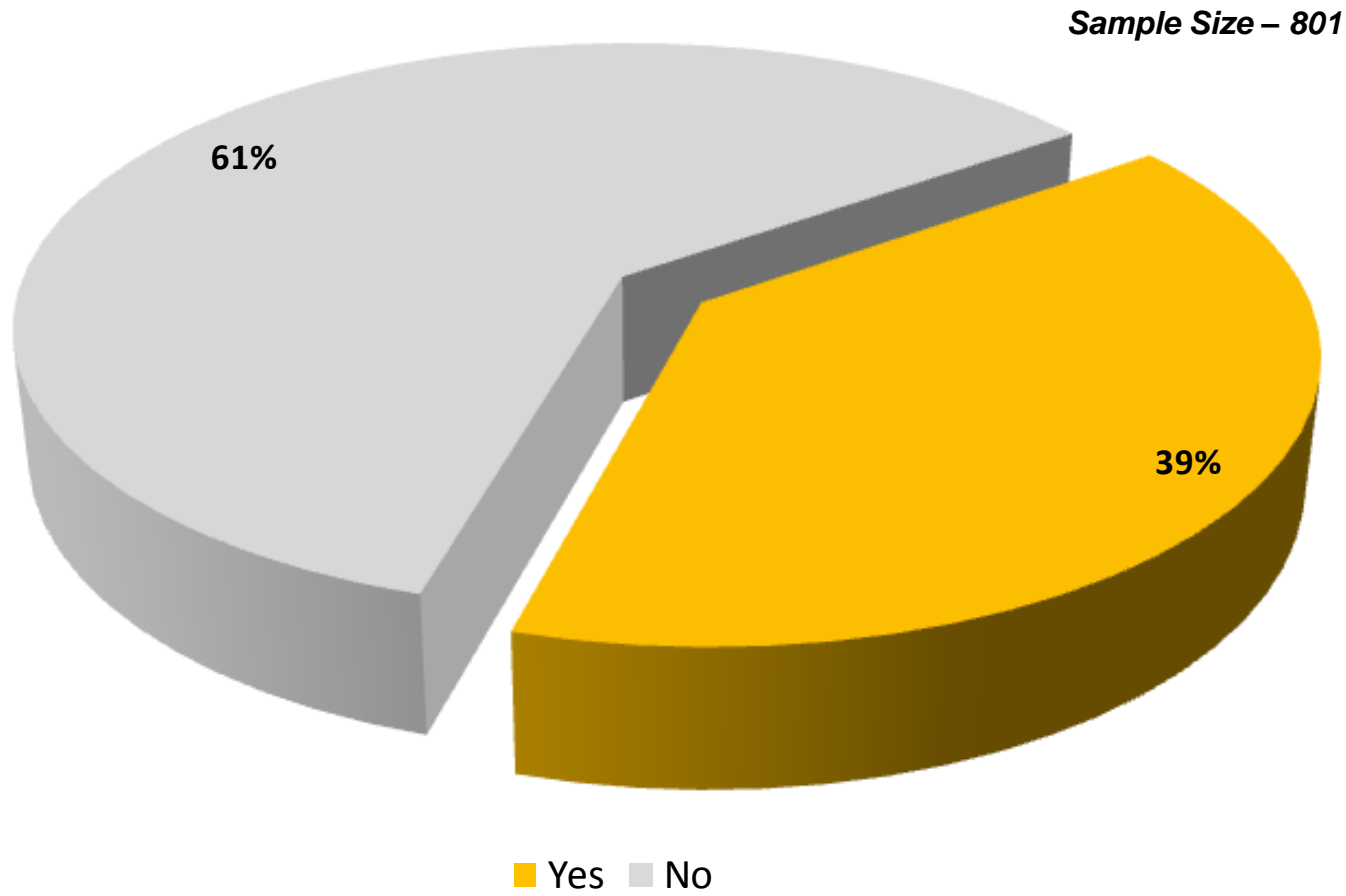
■ Neither Expensive nor Cheap ■ Don't know

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

Sample Size – 801



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?



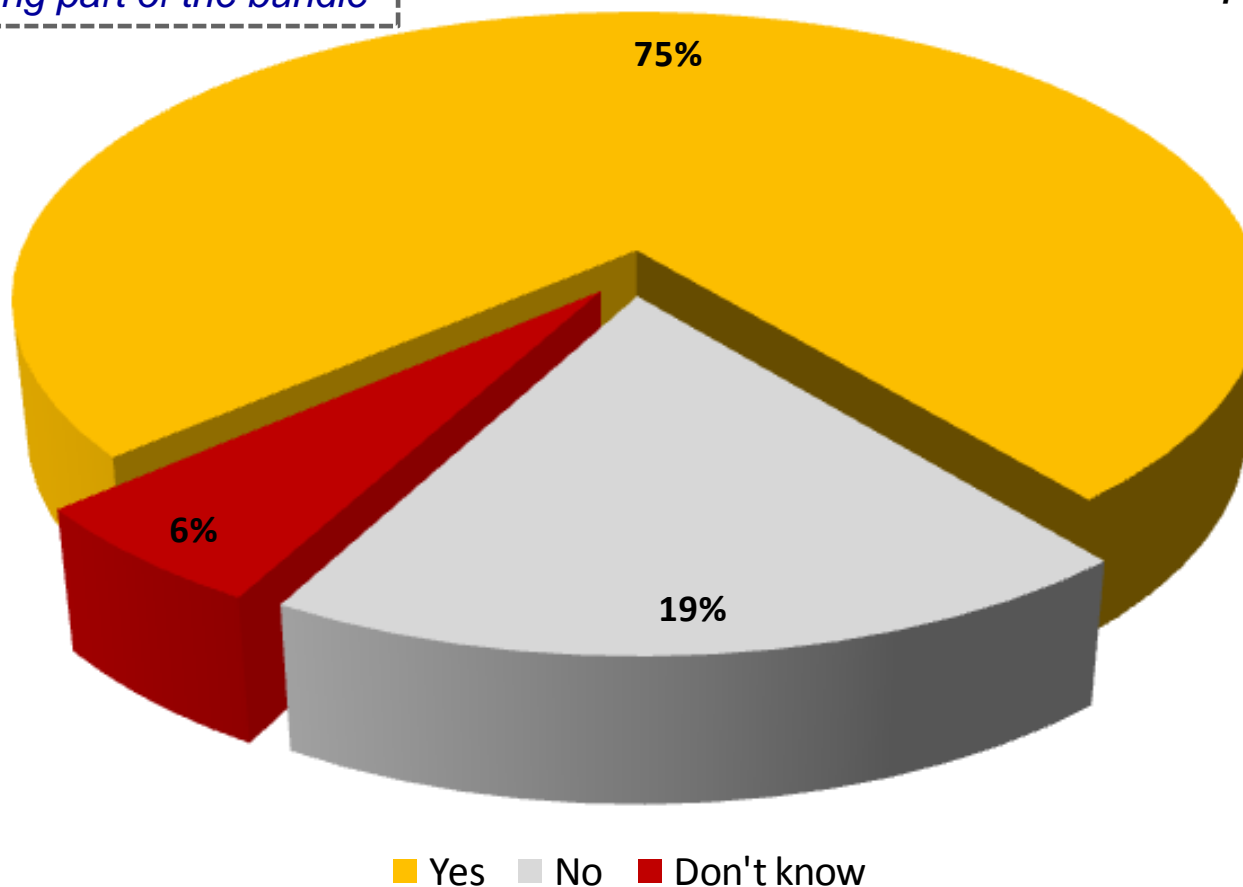
6. Mobile Telephony within the Bundle

Use of Mobile Offers within the Bundle (1)

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

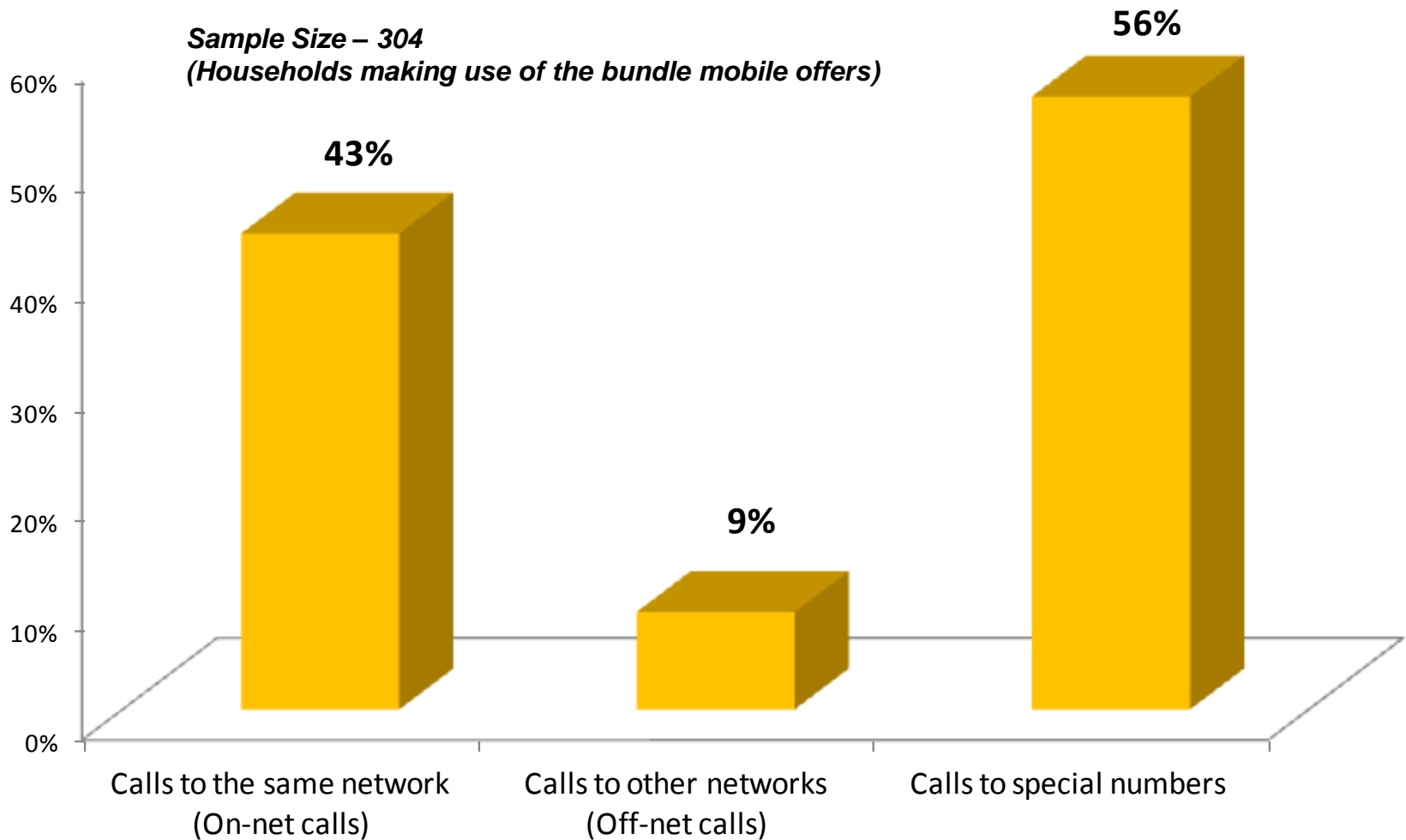
50% of all households have a mobile forming part of the bundle

Sample Size – 403
(only households whose bundle includes mobile telephony services)



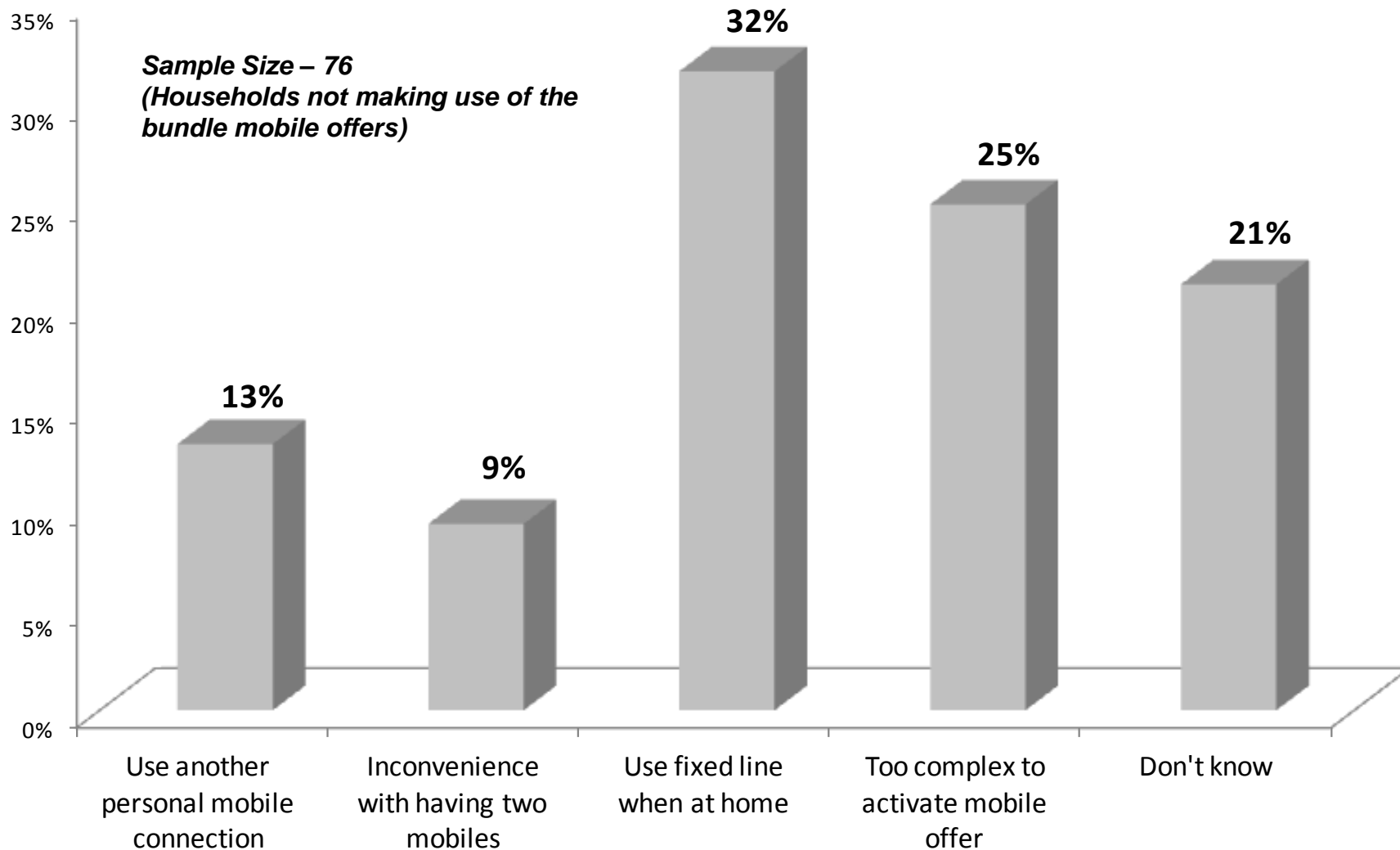
Use of Mobile Offers within the Bundle (2)

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?

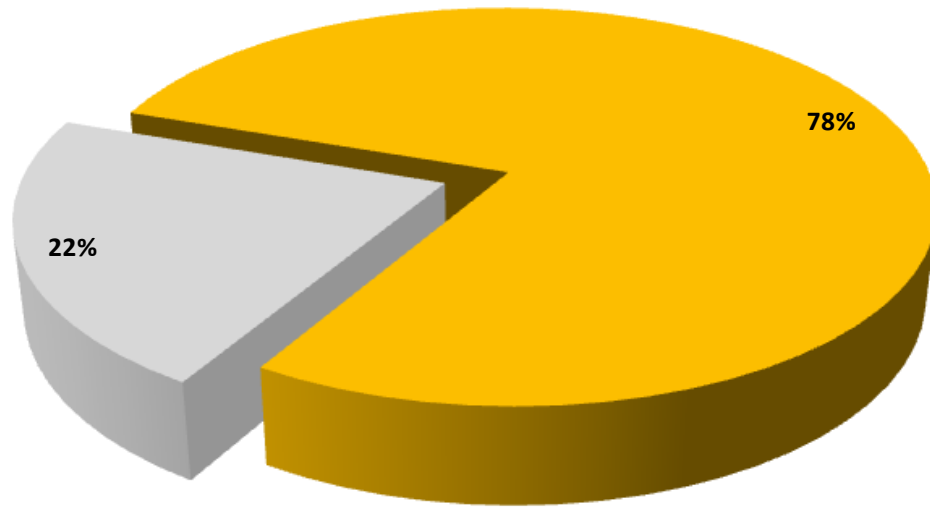


Use of Mobile Offers within the Bundle (4)

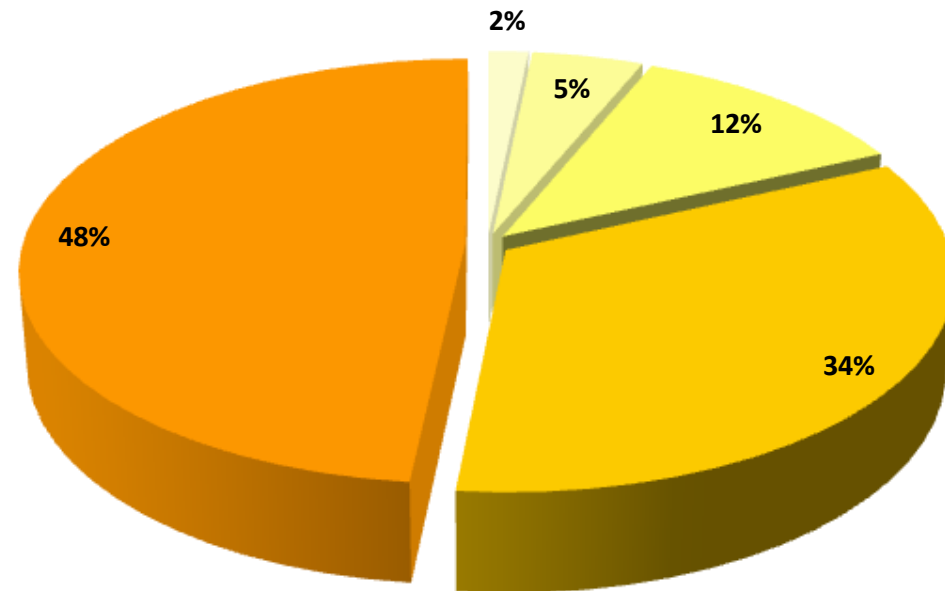
Is this your main mobile connection or is it an extra connection?

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

7. Main Highlights

- 80% of households with a bundle service have opted for this arrangement because it offers them a better price. 26% say they opted for the bundle because it is convenient to receive one bill
- Internet is 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 – 72% of which claim to have switched to GO
- 64% of those that switched say it was not difficult to change their original operator
- 70% of households are satisfied or highly satisfied with their bundle service
- Of those that are not quite satisfied, 40% cite frequent disconnections, 26% say service is not comprehensive and 18% mention billing issues
- 43% of households that are not quite satisfied consider changing their bundle provider
- 42% of households with a bundle service spend more than €40 a month, of which 52% are GO subscribers and 48% have a Melita connection
- 58% perceive the cost of their bundle to be reasonable. 38% say it is expensive

- Households with a quad play and triple play bundle service have similar spending patterns
- The majority of households with a double play bundle service spend less than €30 a month
- Circa 21% of all households with a bundle service don't know how much they spend each month
- Households would rather switch to another operator offering a similar bundle (74%) than switch to individual services (69%) if the price of the bundle were to increase by 10%
- Only 21% of households don't know their contract subscription period
- The majority of households, however, lack awareness on other contractual aspects :
 - 81% don't know the cost of the early termination fees;
 - 55% are not aware that upon expiry of the first contract period the operator cannot charge any termination fees; and
 - 61% 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
- 50% of all households have a mobile forming part of the bundle , 75% of which claim to use the mobile offers that are being provided as part of the bundle



Thank You