

MCA Market Research

Business Perceptions Survey – Findings on the use of electronic communications services by medium & large businesses in Malta

December 2022



MALTA COMMUNICATIONS AUTHORITY

Purpose and methodology



Purpose

- Get insight on preferences of medium and large businesses for electronic communication services (ECSs).
- Research informative on:
 - Availability / usage of electronic communication services;
 - The type of contracts selected and the average monthly expenditures on ECSs;
 - The level of satisfaction with the quality of services on offer;
 - The ability of business users to switch between products and providers;
 - The quality of the operators' response to faults.
- The services under investigation:
 - (i) Fixed & mobile telephony; (ii) mobile & fixed broadband (or mobile / fixed internet); (iii) bundles; (iv) OTTs; (v) other data services.

Methodology (1 of 3)

EMCS Ltd. carried out the survey between April 2021 – June 2021 on behalf of the MCA

Fieldwork

- CATI survey: 99 medium-sized businesses + 51 large businesses;
- Respondents chosen randomly from the range of local operators' fixed telephone numbers.

Sample

- Sample size representatively distributed across 7 predefined industries of the business sector in Malta (Source: NACE Codes);

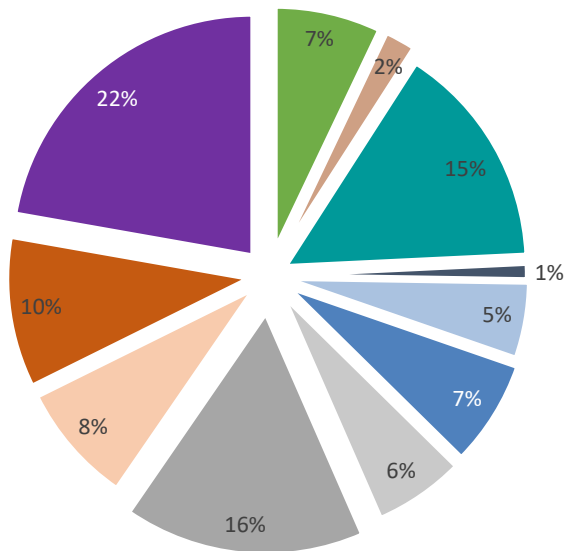
Responses

- 150 responses to the survey;
- Margin of error +/- 10.27% at 99% confidence interval.

Methodology (2 of 3)

Sample distribution – Medium-sized businesses

Number of respondents – 99

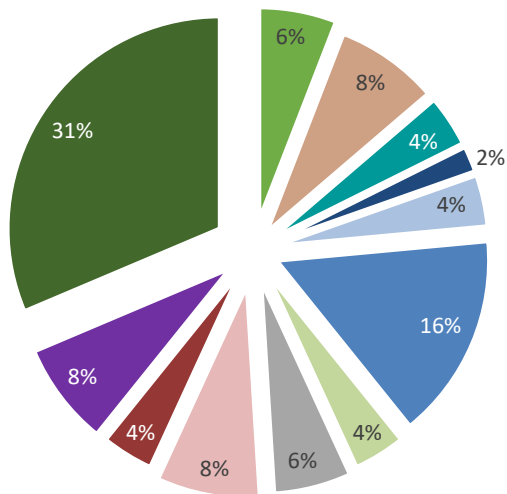


- Admin and Support
- Agriculture, Forestry & Fishing
- Construction
- Human Health and Social Work Activities
- Information and Communication
- Manufacturing
- Other Service Activities
- Professional, Scientific and Technical Activities
- Tourism: Accommodation and Food Service & other tourism activities
- Transport, storage and Courier Services
- Wholesale & Retail

Methodology (3 of 3)

Sample distribution – Large-sized businesses

Number of respondents – 51



- Admin and Support
- Construction
- Education (training centers and English language schools)
- Human Health and Social Work Activities
- Information and Communication
- Manufacturing
- Other Service Activities
- Professional, Scientific and Technical Activities
- Real Estate & Renting
- Tourism: Accommodation and Food Service & other tourism activities
- Transport, storage and Courier Services
- Wholesale & Retail

General developments



General developments (1 of 2)

- With regards to take-up of electronic communication services, an overall slight decline is observed for certain segments when comparing figures to the 2016 survey.
- For fixed telephony, take-up is down by 6-percentage points from 2016, to 84% of total respondents.
- A drop is noted in the share of respondents stating they that supply a mobile telephony connection to their employees, which may be due to decisions of privately-owned businesses still operating in a COVID scenario.
- Take-up of standard fixed internet was unchanged, whilst the share of respondent businesses getting high-end connectivity services (such as connectivity over Ethernet and IP VPNs) was up from 19% in 2016 to 22% in 2021.
- Usage of mobile broadband has increased particularly within the social media context.

General developments (2 of 2)

- From an expenditure standpoint, monthly costs were reportedly up compared to 2016 for a bigger share of respondents, especially for voice telephony services.
- Monthly expenditures for fixed internet in 2021 were predominantly bigger than €100, possibly as businesses shifted to higher data speeds. Considering that most users today consume fixed broadband in a bundle setting, the shift towards higher monthly expenditures also spills over to the bundle product segment.
- More businesses on high-end connectivity products are spending up to €99 per month, from a 10% share in 2016 to a 45% share in 2021. This could be a sign of stronger competition in this niche segment.
- As for the quality of service for fixed internet, around 90% of respondents say they are satisfied to very satisfied. This represents a 4-percentage point improvement with the quality of the service in 2016.

Access and usage of ECSs

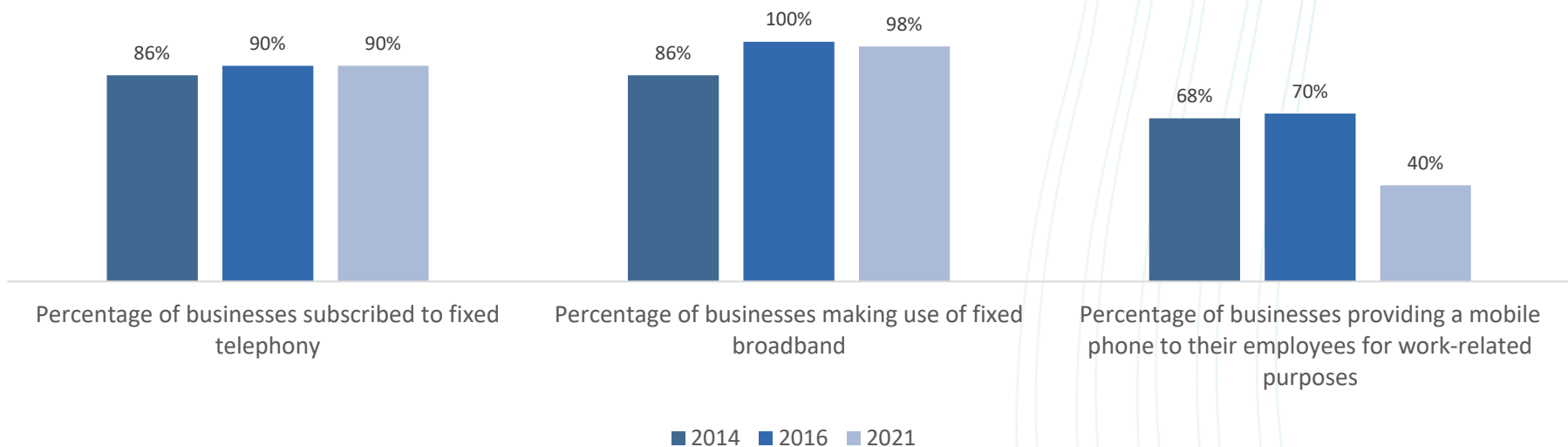


Access and usage (1 of 2)

Access and usage of electronic communication services

Medium-sized businesses

Sample size – 99

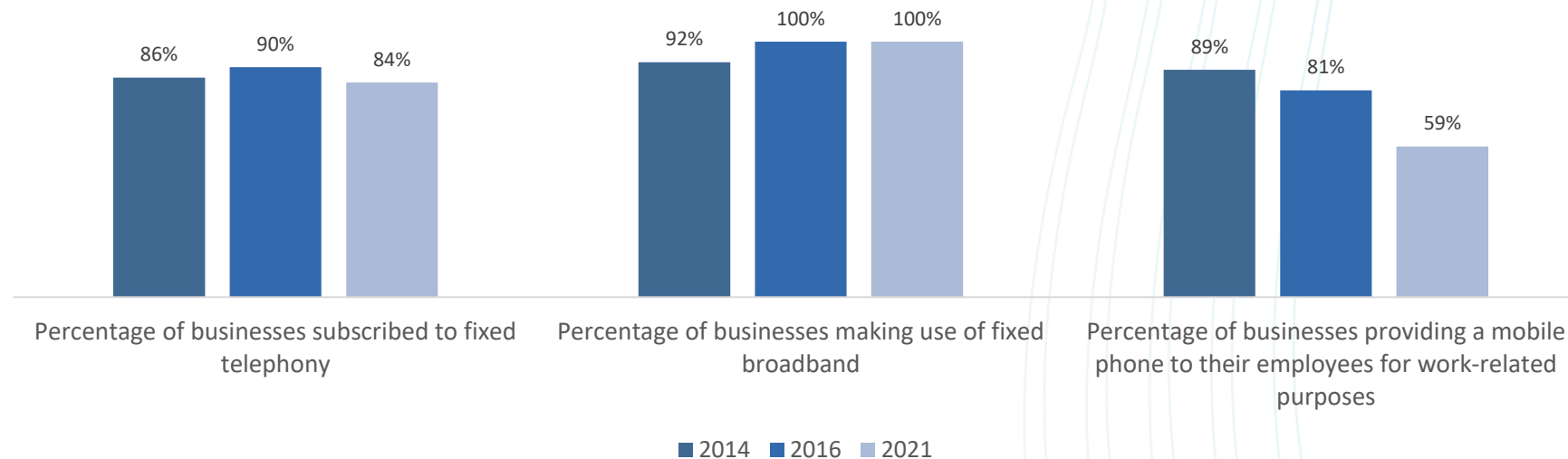


Access and usage (2 of 2)

Access and usage of electronic communications services

Large businesses

Sample size – 51



Fixed telephony

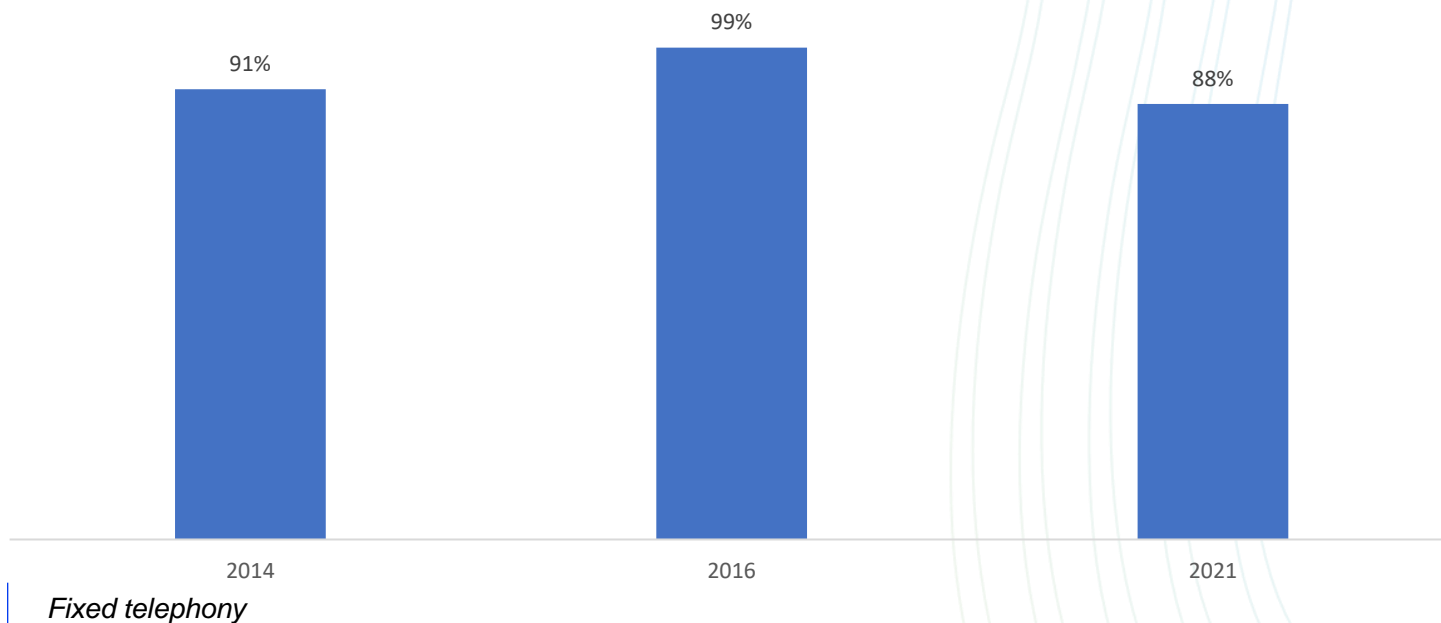


Take-up of fixed telephony

Percentage of respondents having a fixed line connection

Sample size in 2021 – 150

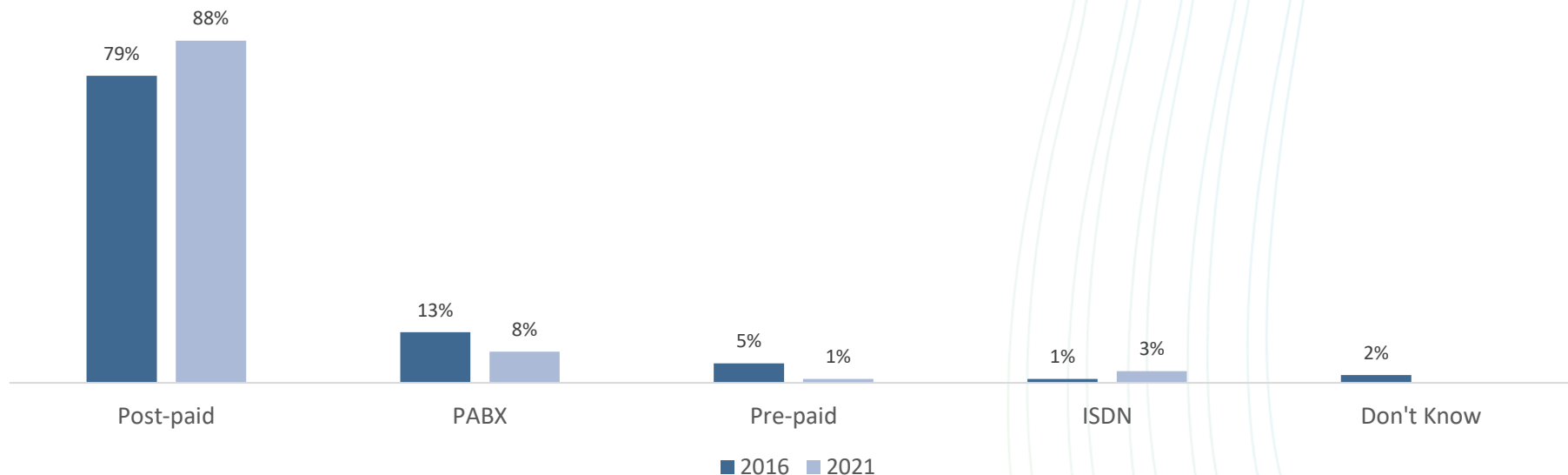
Number of respondents with a fixed line connection – 132 (i.e. 88% of total)



Type of fixed connection

Subscriptions by type of connection

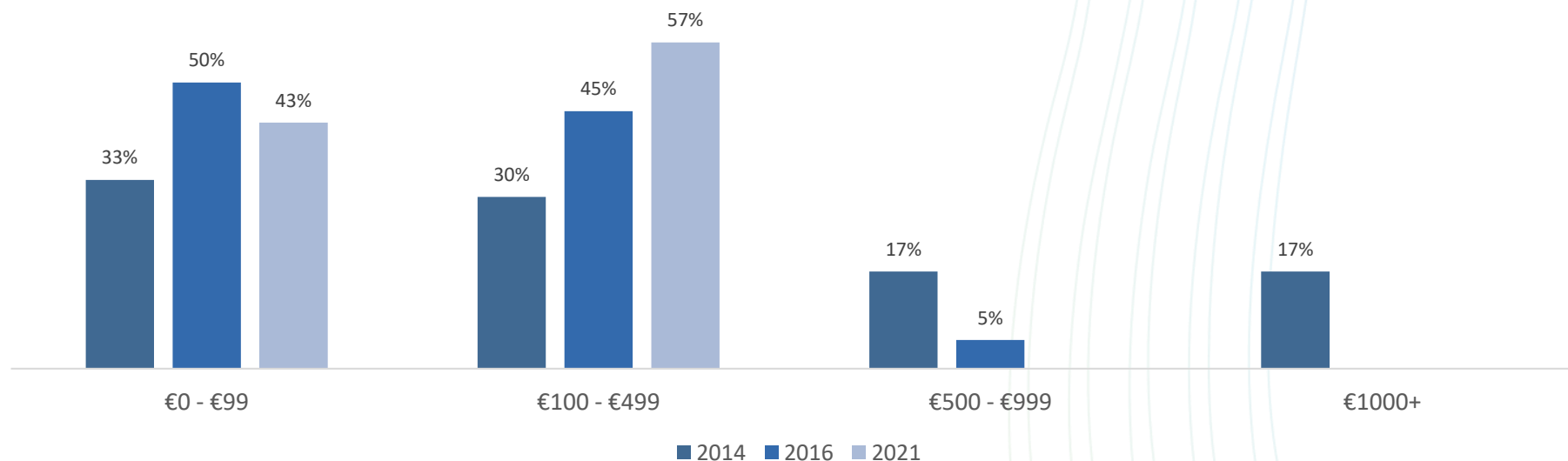
Number of respondents with a fixed line connection – 132



Average monthly expenditure

Average monthly expenditure on fixed line telephony when purchased on a stand-alone basis

Number of respondents with a stand-alone fixed line connection and know their monthly expenditure – 7
(i.e. 29% of total with stand-alone fixed connection)

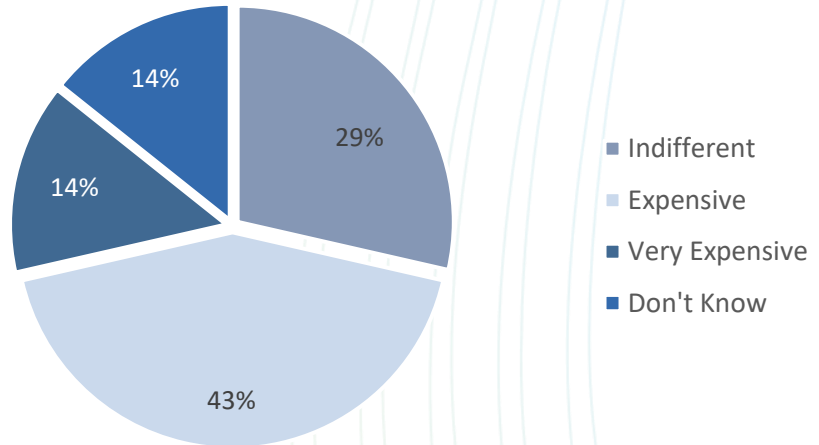


Perception on prices

Reasonability of fixed telephony prices

Number of respondents with a stand-alone fixed line connection and know their monthly expenditure – 7
(i.e. 29% of total with stand-alone fixed connection)

- 57% of medium and large businesses find prices of fixed telephony to be expensive to very expensive.

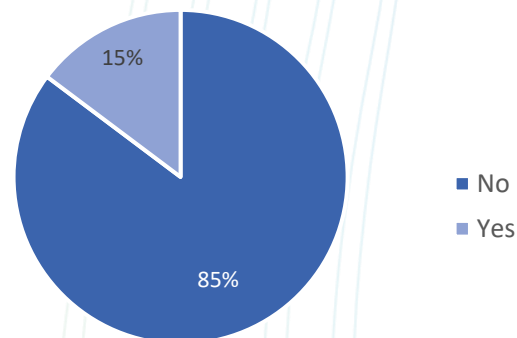
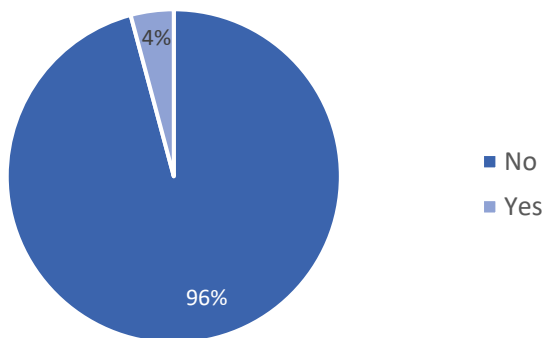


Switching behaviour

Number of businesses that have switched their fixed line operator in the last two years

Number of respondents with a stand-alone fixed line connection – 24

Number of respondents with bundle subscription – 122



- Only 4% of respondents using stand-alone fixed telephony switched operator in the last two years.
- In comparison, 15% of medium and large businesses subscribed to a bundle switched their service providers in the same time.

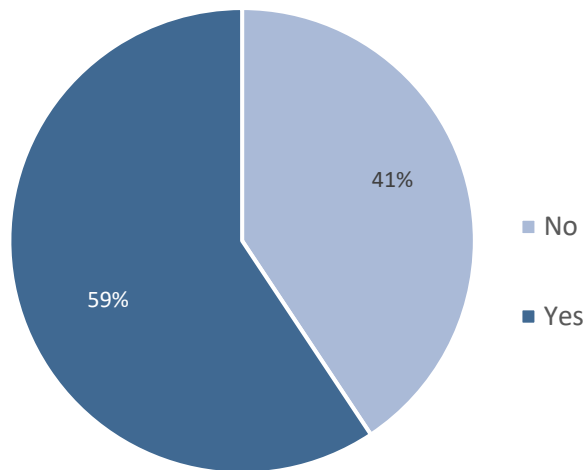
Mobile telephony



Take-up of mobile telephony

Percentage of respondents offering their employees a mobile subscription for work purposes

Number of respondents to the survey – 150

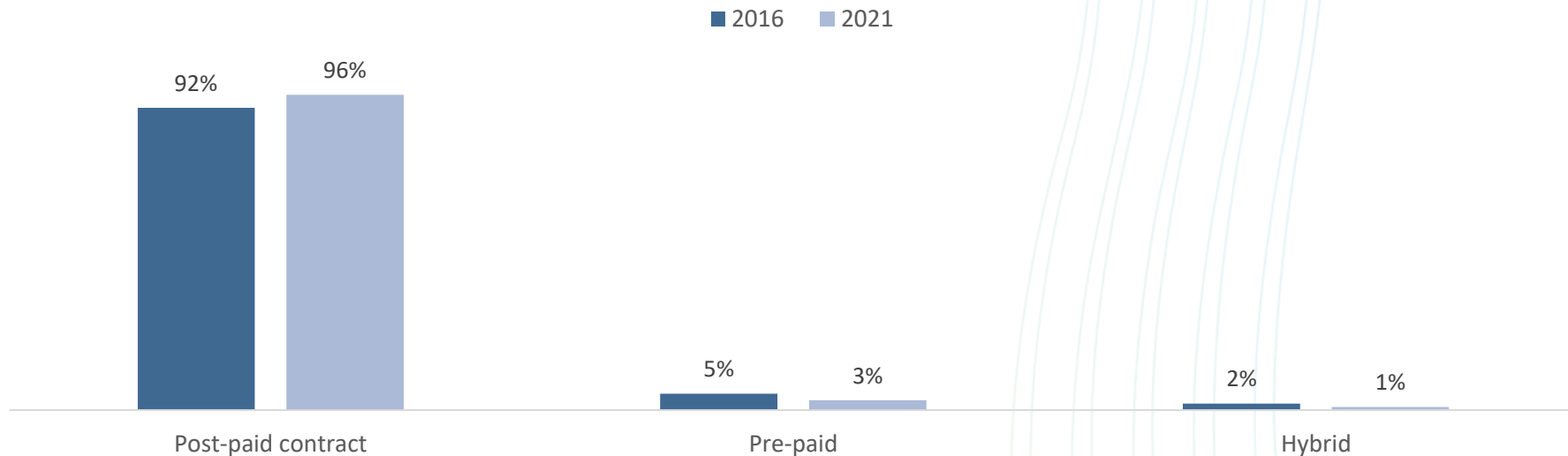


- 59% of surveyed businesses offer their employee a mobile subscription for work related purposes.

Type of subscription

Subscription by type of contract

Number of respondents providing employees with a mobile telephony subscription on a stand-alone – 70



- Similar to previous studies, the majority of respondents provide their employees with a post-paid contract (96%).

Mobile broadband

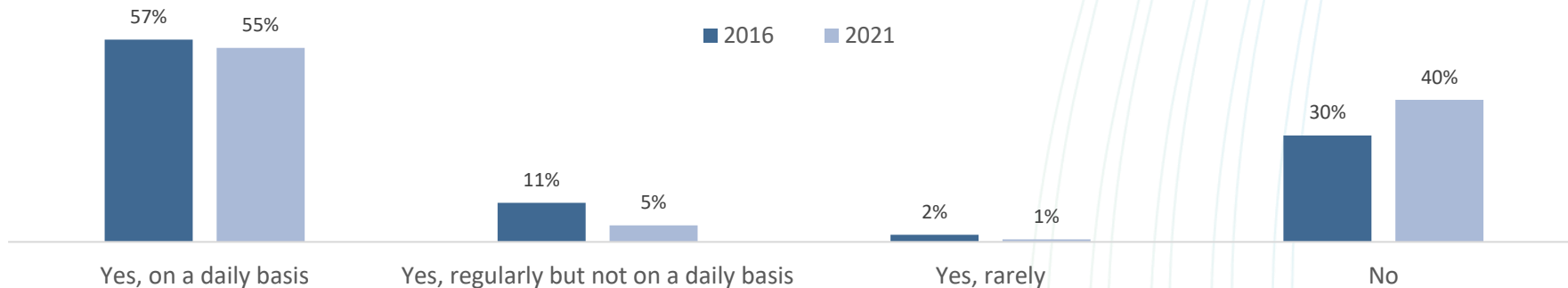


Mobile broadband usage

Usage of mobile broadband services

Number of respondents with a mobile telephony connection – 150

90 respondents use mobile broadband

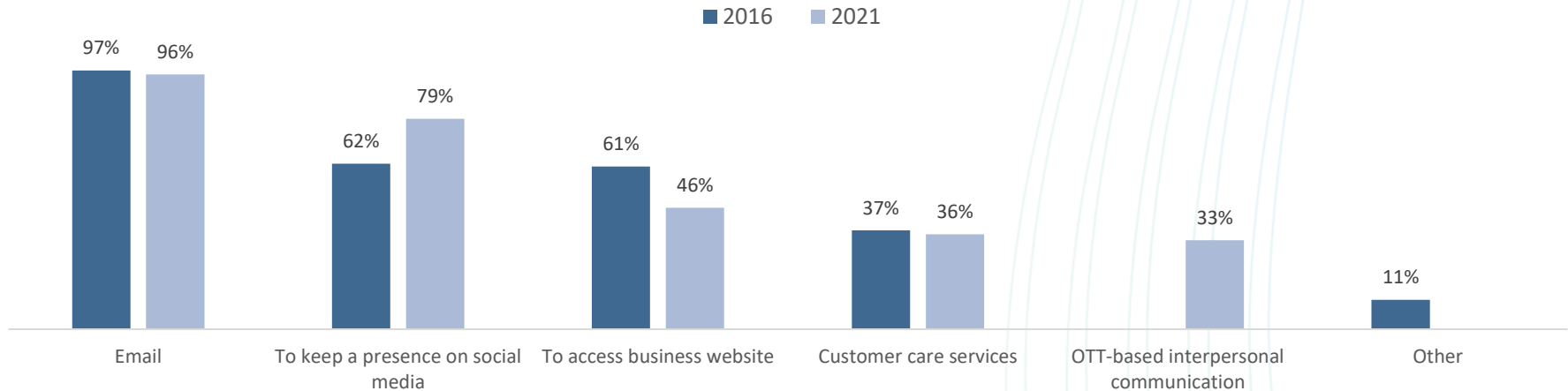


Purpose of use

Applications used over mobile broadband

Number of respondents with a mobile telephony subscription – 150

90 respondents use mobile broadband

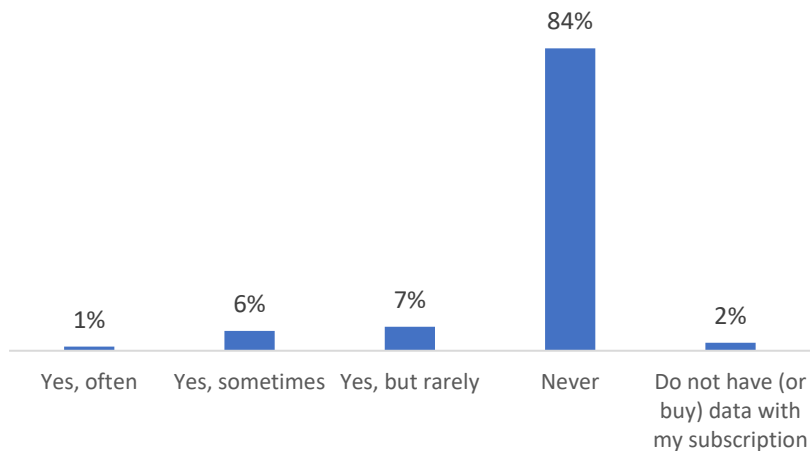


- The majority of respondents utilise applications related to email and social media.

Monthly data consumption and expenditure

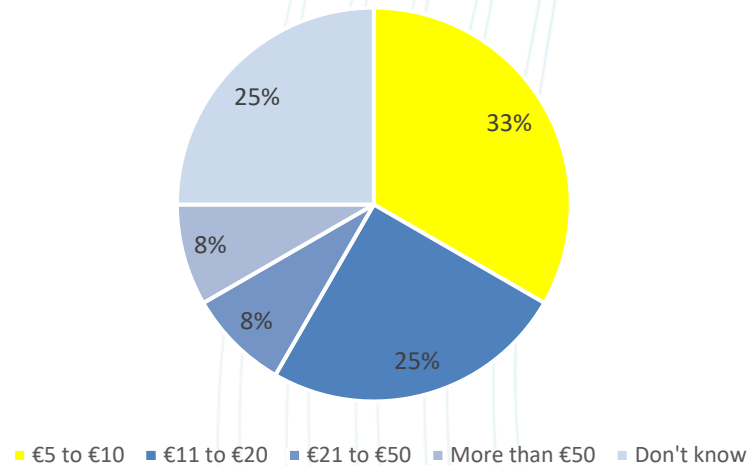
Propensity to exceed monthly data allowance

Number of respondents using mobile broadband – 90



Average monthly expenditure on mobile internet when exceeding allowance

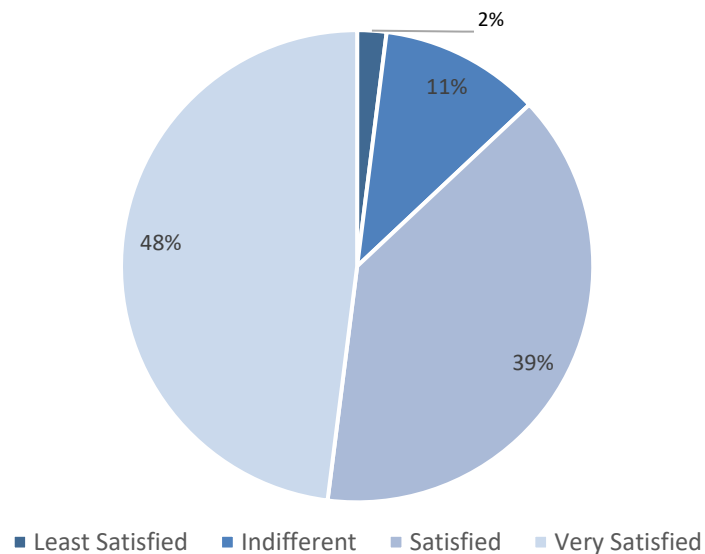
Number of respondents using mobile broadband – 90



Satisfaction with quality of service

Satisfaction with the mobile broadband service

Number of respondents using mobile broadband – 90



- 87% of respondents making use of mobile broadband services say that the service are satisfied with the service.

Fixed internet



Usage of fixed internet

Percentage of businesses having a fixed internet connection

Number of respondents – 150

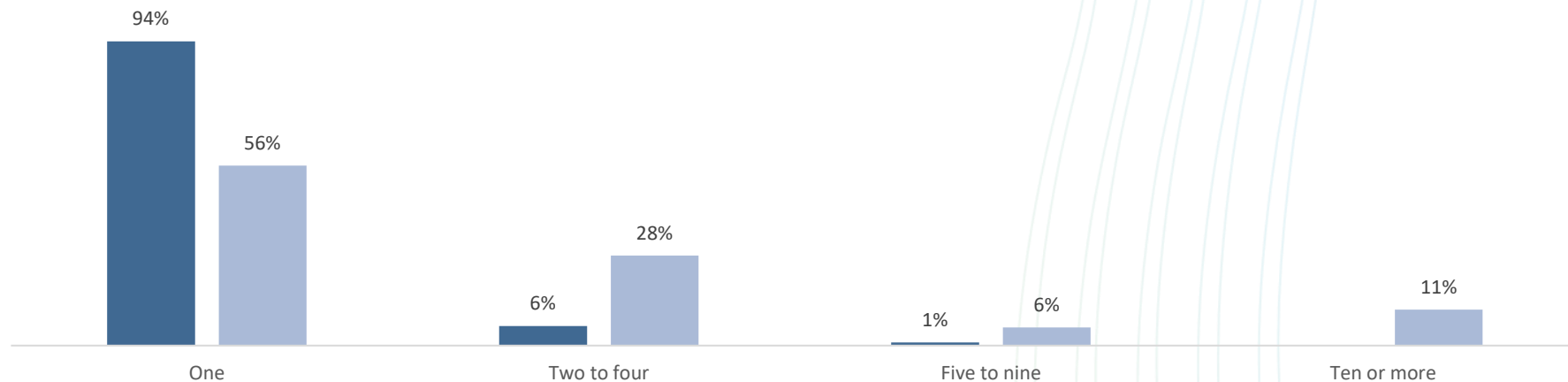


- 148 respondents out of 150 medium and large businesses say that they have a fixed internet connection.

Number of subscriptions per business

Number of internet connections

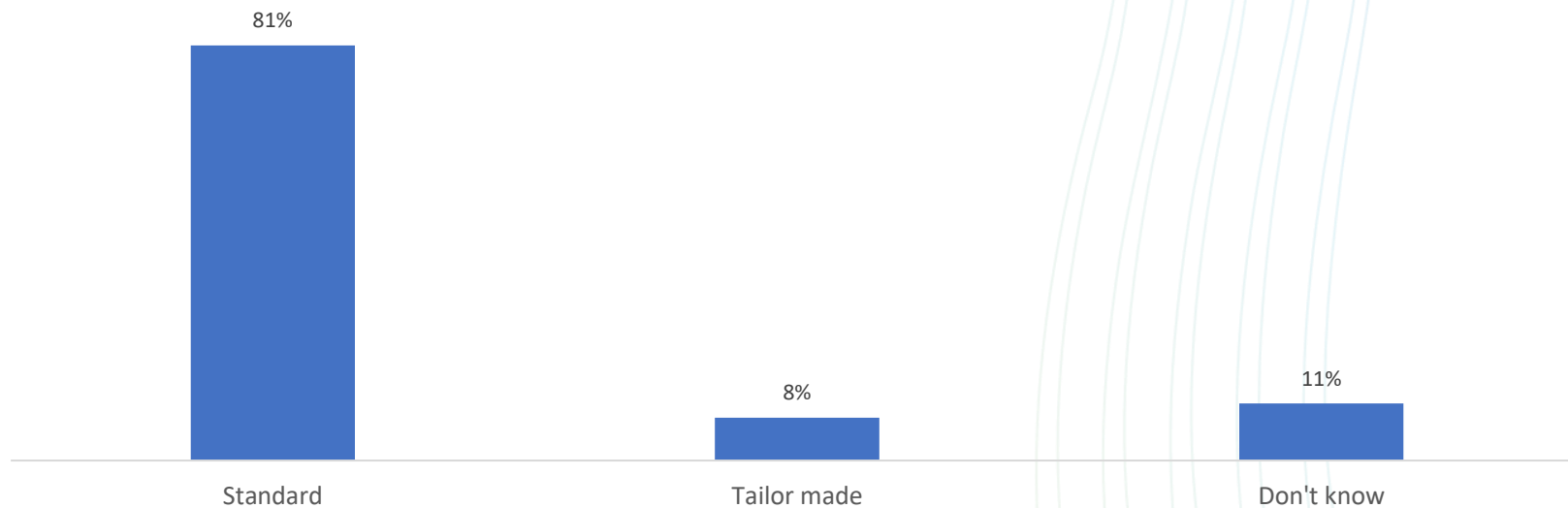
Number of medium and large businesses with a stand-alone fixed internet connection – 36



Subscription by type of contract

Profile of subscriptions – type of connection

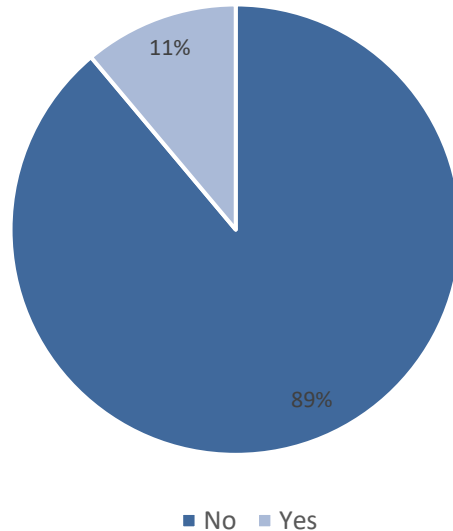
Number of medium and large businesses with a stand-alone fixed internet connection – 36



Switching

Percentage of companies that switched operator in the last two years

Number of medium and large businesses with a stand-alone fixed internet connection – 36



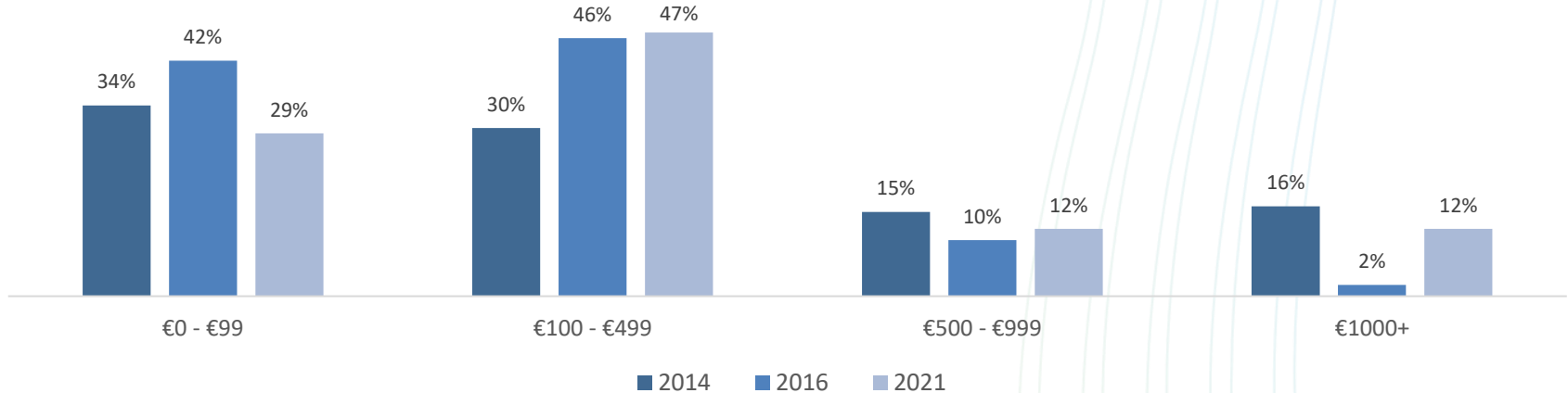
- 11% of medium and large businesses have switched their internet service provider in the last two years.

Monthly expenditure

Average monthly expenditure on fixed internet

Number of medium and large businesses with a stand-alone fixed internet connection – 36

17 respondents (i.e. 47% of the above) know their monthly expenditure

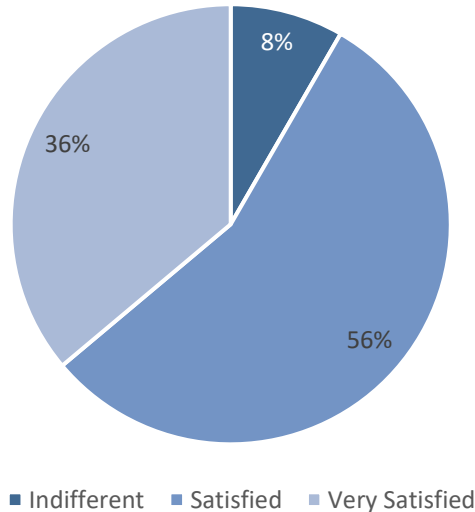


- 47% of medium and large businesses with a stand-alone subscription that know their monthly expenditure spend between €100 and €499 on average, followed by €0 – €99 (29%).
- 12% spend more than €1000 monthly (an increase of 10 percentage points compared to 2016).

Satisfaction with the service

Satisfaction with the fixed internet service

Number of medium and large businesses with a stand-alone fixed internet connection – 36

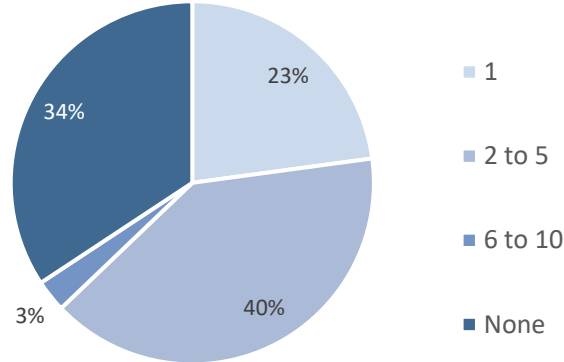


- 92% of respondents making use of fixed internet services feel that the service provided satisfies their needs (86% in 2016).
- Two of those who are not satisfied with the service indicated that the company does not consider switching to another service provider.

Reported faults

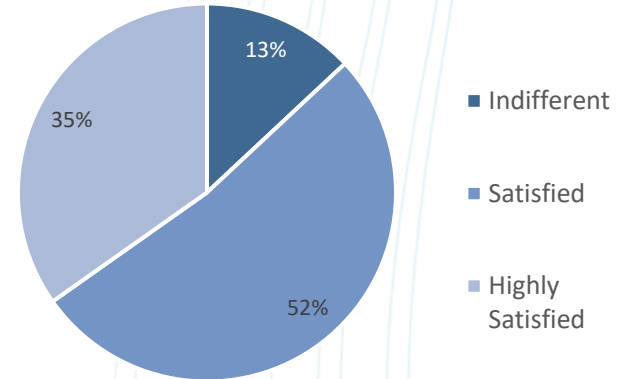
Problems/ faults reported

Number of respondents with a stand-alone fixed internet connection - 36



Satisfaction with the way such problems were addressed

Number of respondents who experienced internet connection problems - 23

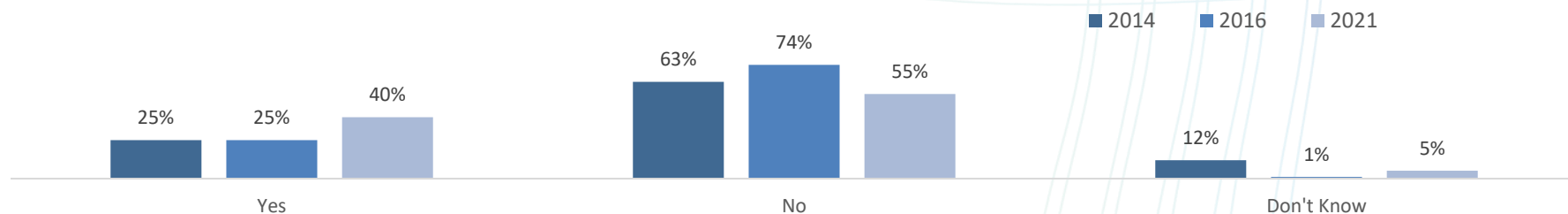


- 66% of businesses experienced a fault / problem with their Internet connection, at least once in the last 12 months.
- 87% of these businesses were satisfied or highly satisfied with the way such problems have been addressed by the operator.

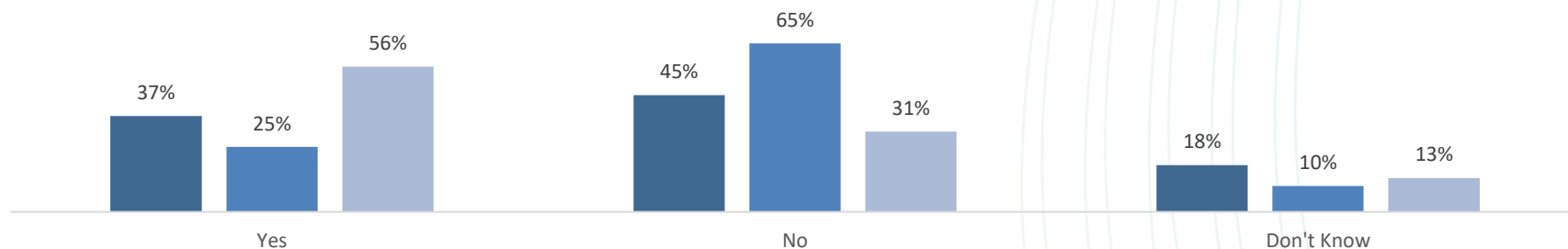
Service level agreement (SLAs)

Number of business with SLAs with the operator, specifying repair times, etc.

Number of medium-sized businesses with a stand-alone fixed broadband connection - 20



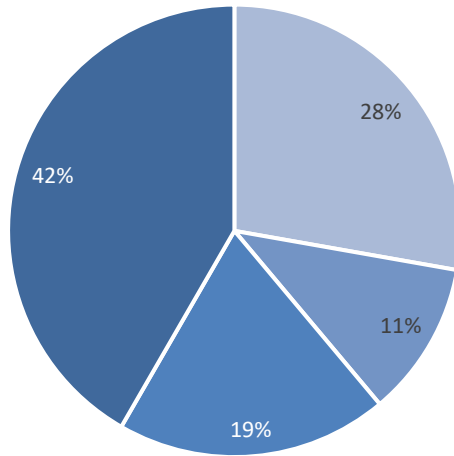
Number of large businesses with a stand-alone fixed internet connection - 16



Terms and conditions

Ability to negotiate on terms and conditions and price

Number of medium and large businesses with a stand-alone fixed internet connection – 36



- Yes, got what it wanted
- A little bit but expected more
- No got what the operator offered
- Don't know

- 39% of medium and large businesses having a stand-alone fixed internet connection were able to negotiate the terms and conditions and price of their contract with their service provider.

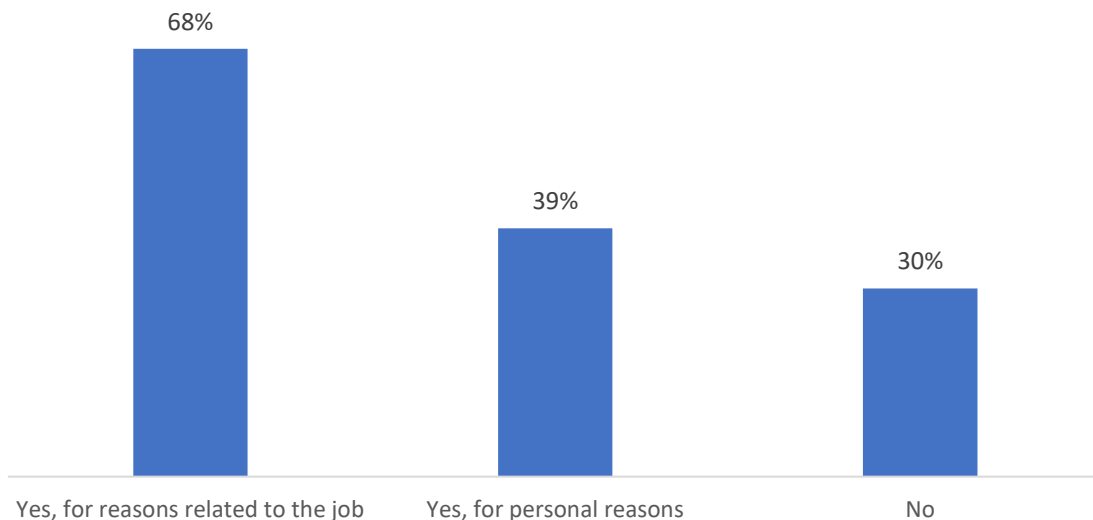
Over-the-top (OTT) services



Accessing OTTs

Accessing OTT services via fixed internet

Number of medium and large businesses making use of fixed internet – 148



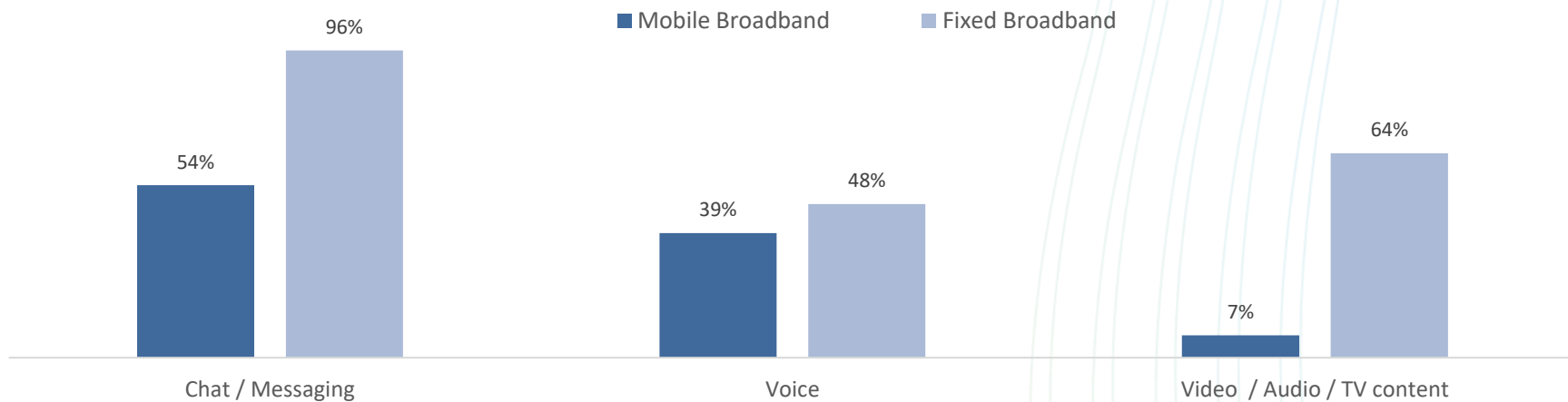
- 68% of medium and large businesses access OTT services via internet for reasons related to the job.
- 30% of medium and large businesses do not access OTT services via fixed internet.

Type of OTT service

Type of OTT service that is used by platform

Number of medium and large businesses using OTTs over mobile over internet – 65

Number of medium and large businesses using OTTs over fixed internet - 100

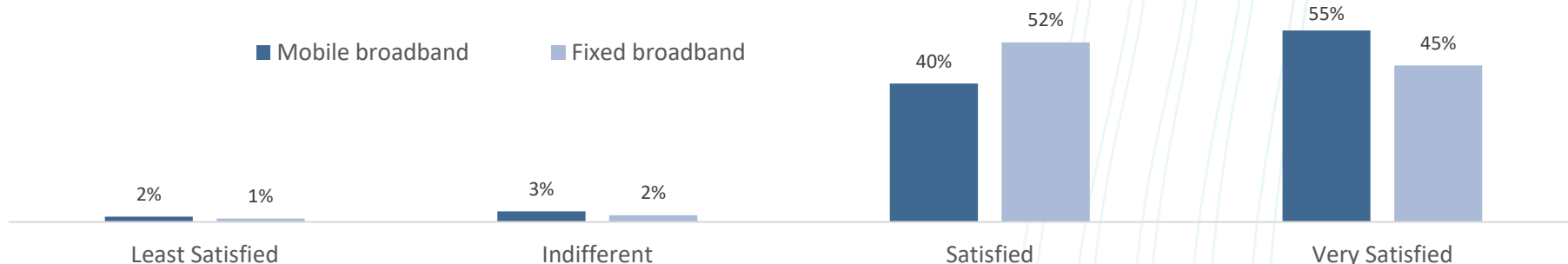


Satisfaction with OTTs

Level of satisfaction with the use of OTTs

Number of medium and large businesses using OTTs over mobile – 65

Number of medium and large businesses using OTTs over fixed internet - 100



- 97% of businesses using a fixed internet connection are satisfied or very satisfied with OTT services.
- 95% of businesses using mobile internet are satisfied or very satisfied with OTT services.
- 87% of businesses use OTTs over fixed internet on a day-to-day basis, whilst 11% frequently.
- 91% of businesses use OTTs over a mobile connection daily, whilst 8% regularly.

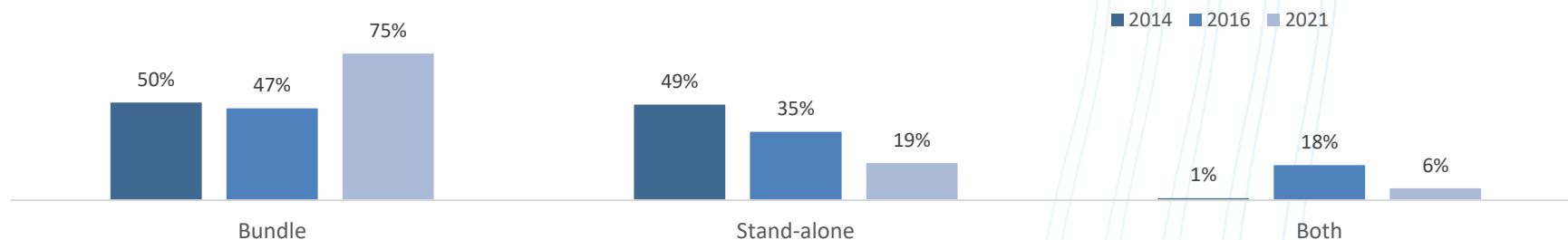
Bundles



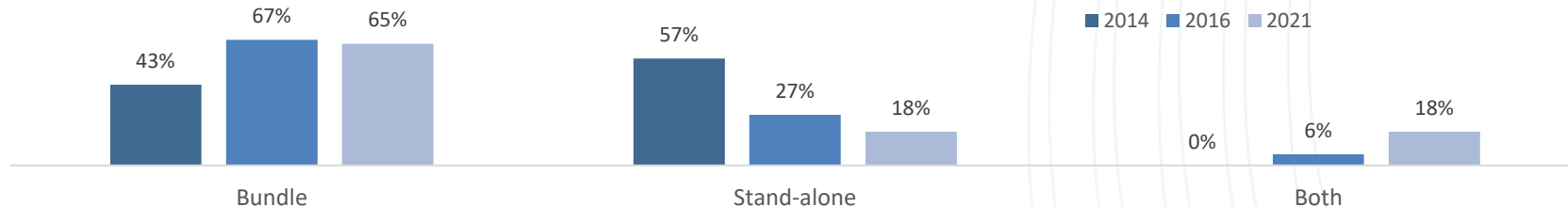
Subscription to bundles

Percentage of businesses purchasing stand-alone services vs. bundled services

Number of medium-sized business responses - 99



Number of large business responses - 51

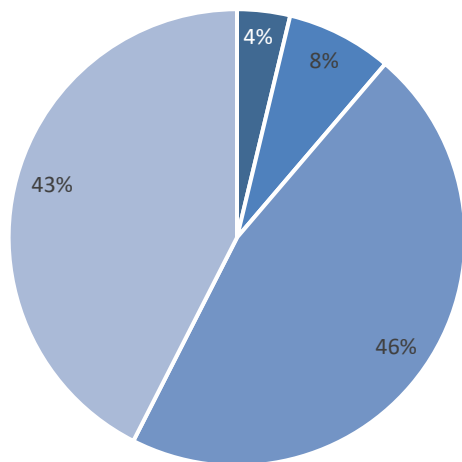


Quality of service

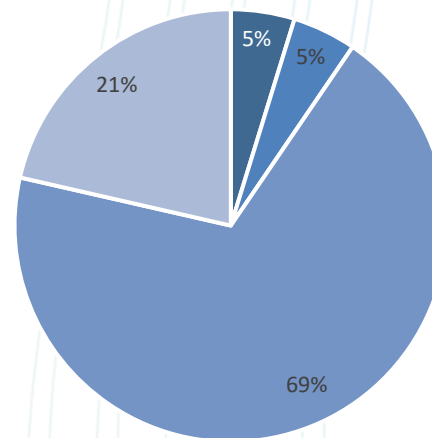
Satisfaction with the quality of service related to the bundle subscription

Number of medium-sized businesses with a bundle – 80

Number of large businesses with a bundle – 42



■ Dissatisfied ■ Indifferent ■ Satisfied ■ Highly Satisfied



■ Least Dissatisfied ■ Indifferent ■ Satisfied ■ Highly Satisfied

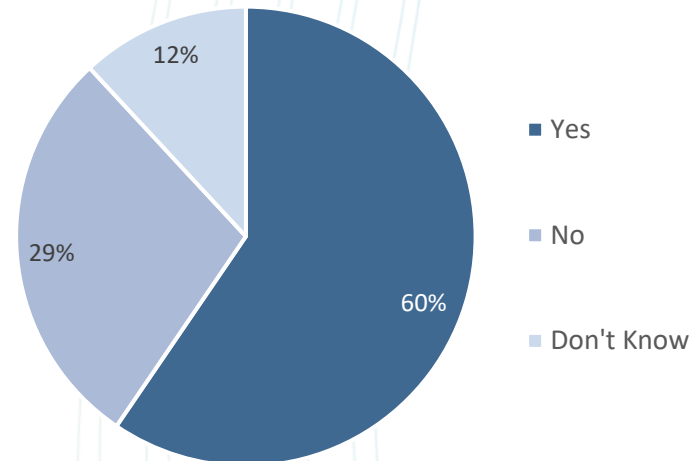
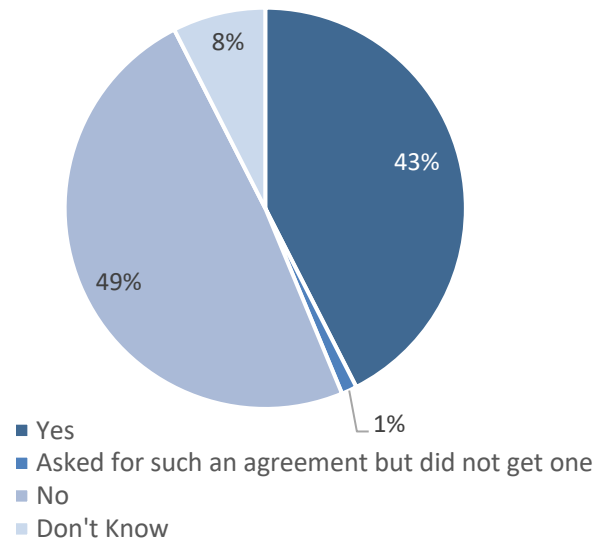
- Overall, 90% of medium and large businesses satisfied with their bundle subscription.

Service Level Agreements (SLAs)

SLAs in bundle contracts

Number of medium-sized businesses with a bundle – 80

Number of large businesses with a bundle – 42

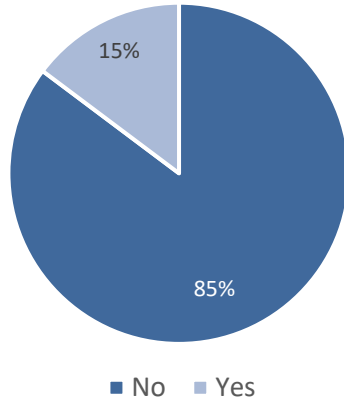


- 43% of medium-sized businesses on a bundle have an SLA in place.
- 60% of large-sized businesses on a bundle have agreed to an SLA.

Switching behaviour

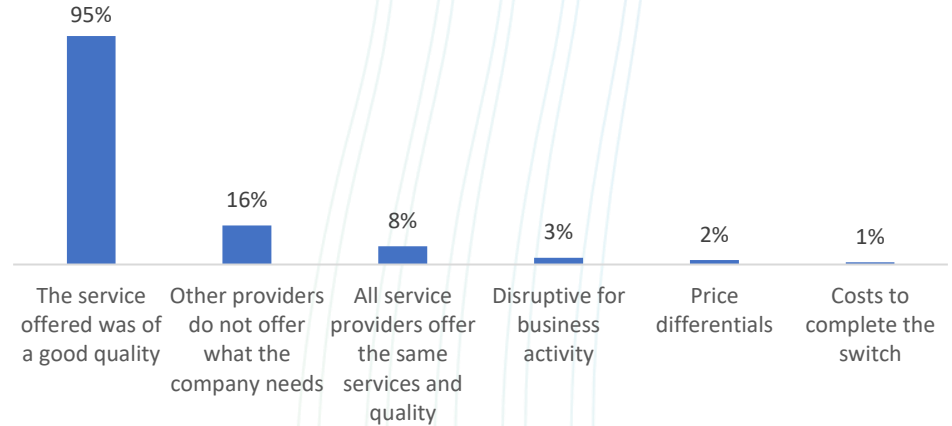
Switching service provider in the last two years

Number of respondents with a bundle - 122



Reasons for not switching service provider

Number of respondents with a bundle saying they did not switch provider - 104



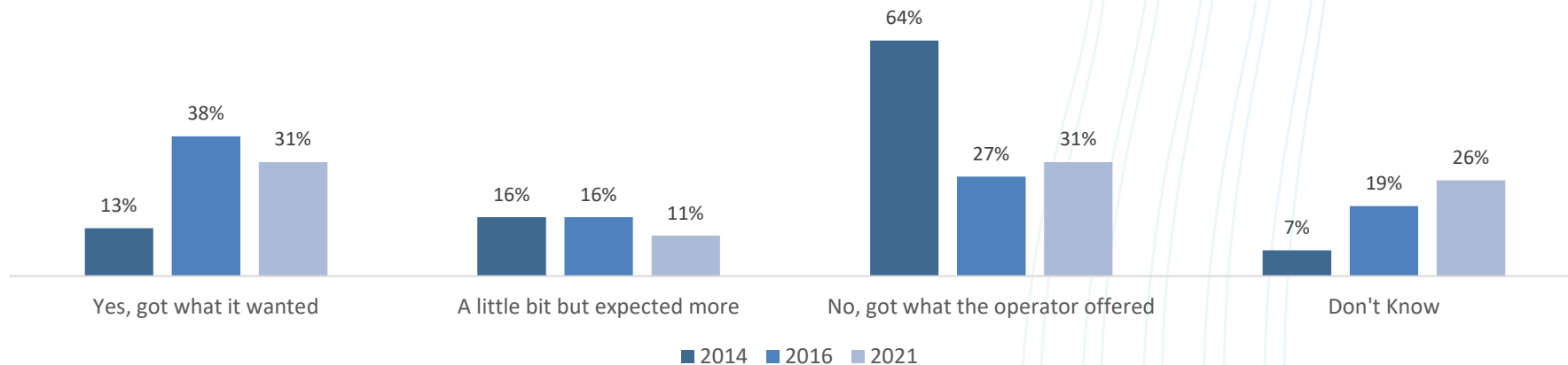
- 15% of medium and large firms have changed their operator in the last two years. The majority of these indicated that they 'found a cheaper alternative' (56%), followed by 'the service offered was not of a good quality' (39%).

- '95% of businesses that did not switch service provider indicated that 'the service offered was of a good quality', followed by 'other providers do not offer what the company needs' (16%).

Negotiating power - medium

Ability to negotiate on the terms and conditions and price with regards to the bundle

Number of respondents with a bundle – 80

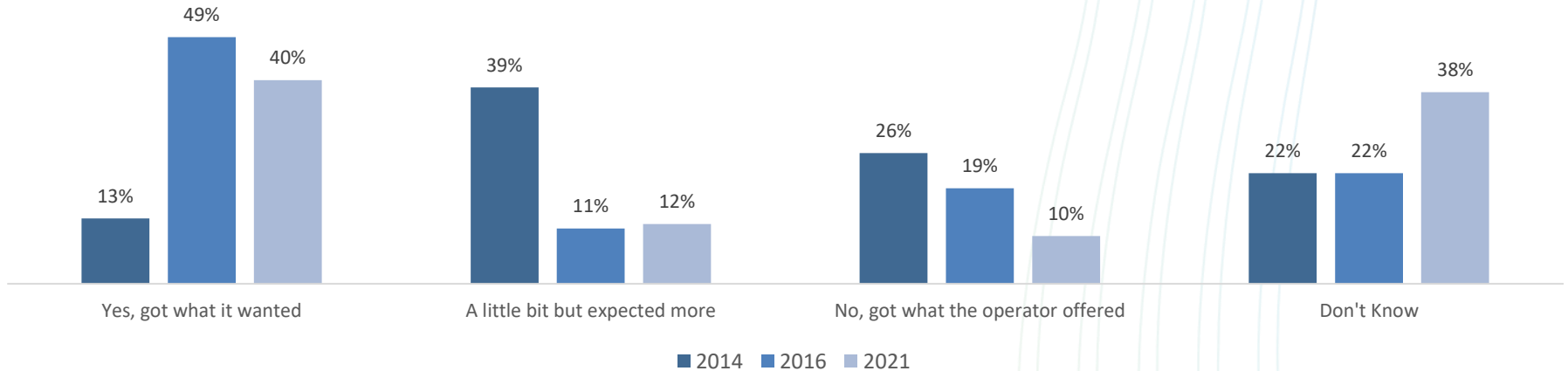


- 42% of medium-sized businesses having a bundle were able to bargain on the terms and conditions and price with their service provider.

Negotiating power - large

Ability to negotiate on the terms and conditions and price with regards to the bundle

Number of large-sized businesses with a bundle in 2021 – 42



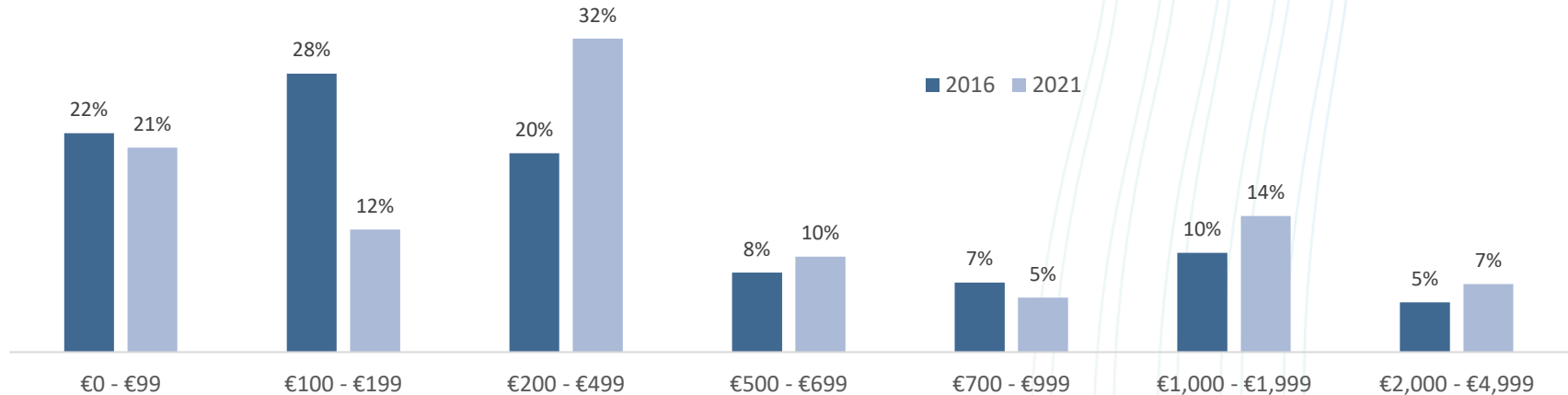
- 52% of large businesses having a bundle were able to bargain on the terms and conditions and price with their service provider.

Expenditure

Average monthly expenditure on bundles

Number of medium and large-sized businesses subscribed to a bundle – 122

Number of medium and large businesses knowing their monthly expenditure – 73 (60% of total)



- 65% of medium and large businesses that are aware of their monthly expenditure on ECS bundles say that their expenditure does not exceed the €500 mark.

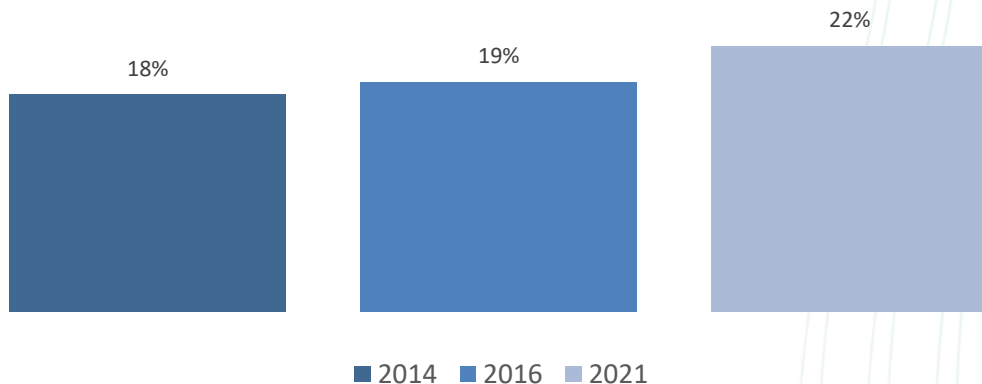
Other data services



Usage of high-end connectivity services

Number of respondents using high-end connectivity services, such as via Ethernet, IP-VPN, etc.

Number of medium and large-sized businesses subscribed to a high-end data service – 33

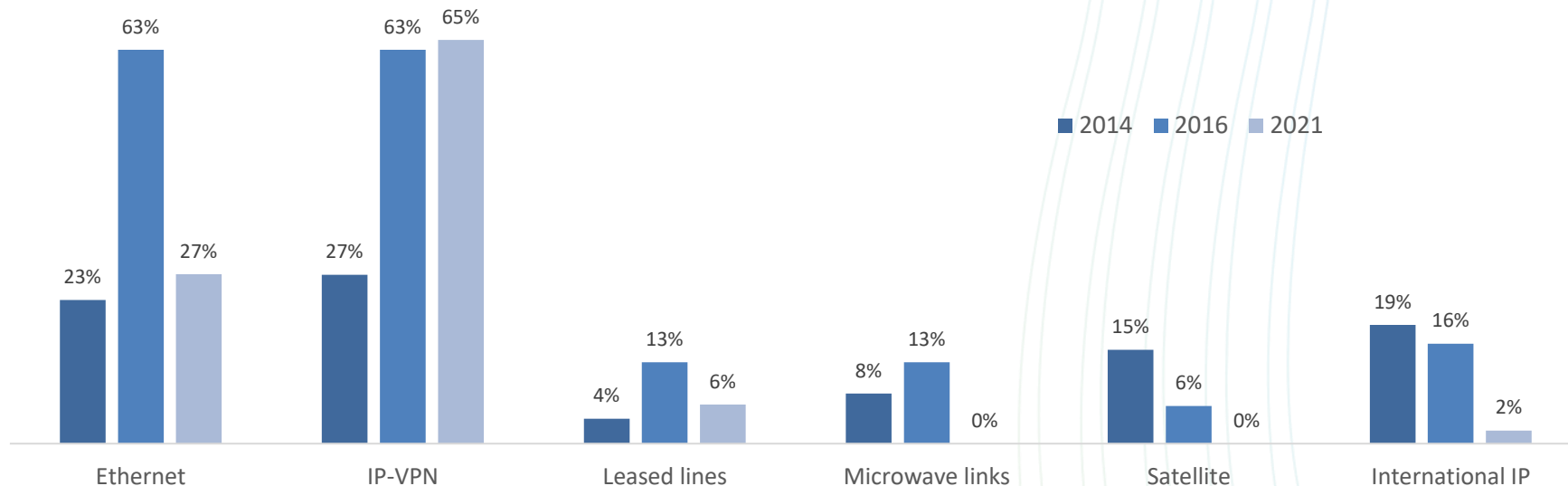


- 'Professional, Scientific and Technical Activities' business operators make most use of other data services, followed by businesses offering 'Wholesale & Retail and Manufacturing'.

Type of connectivity in use

Type of high-quality connectivity in use

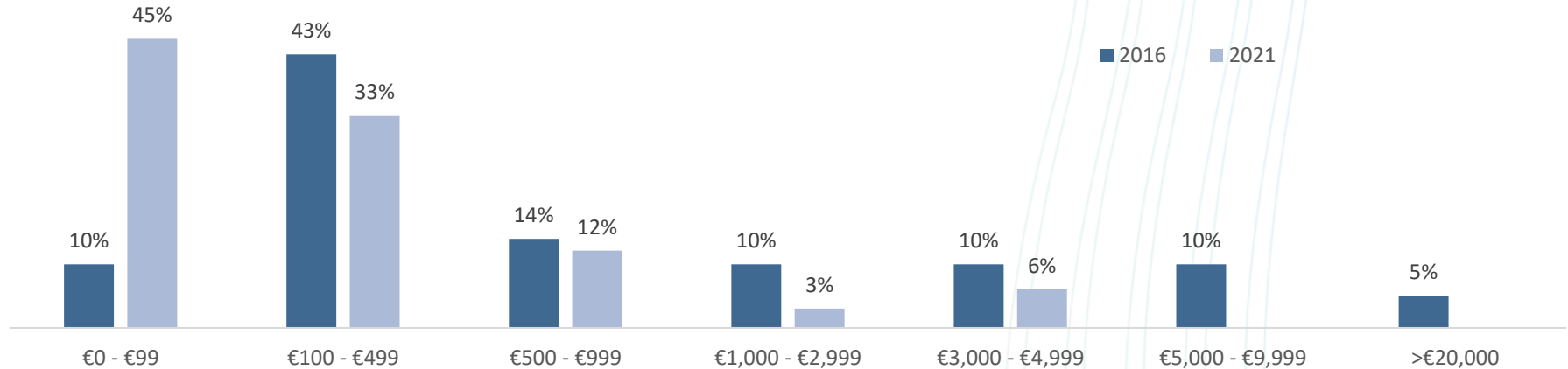
Number of medium and large-sized businesses subscribed to a high-end data service – 33



Monthly expenditure

Monthly expenditure on high-end connectivity services

Number of medium and large-sized businesses subscribed to a high-end data service – 33



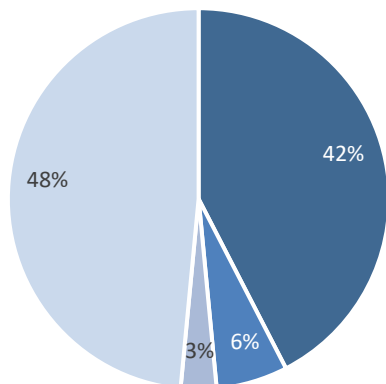
- 82% of respondents making use of high-end connectivity services say they are either satisfied or very satisfied with these services (91% in 2016 – a decrease of 9%).
- More than half of respondents that use high-end connectivity services consider the price as expensive.

Charges for high-end data services

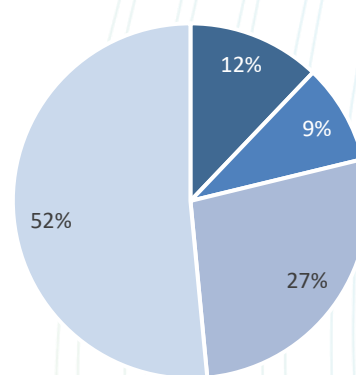
Approach to purchasing the service

Ability to bargain on terms / conditions & price

Number of medium and large-sized businesses subscribed to a high-end data service – 33



- Company contacted service provider directly
- Service provider contacted the company
- Tender (open call procedure)
- Don't Know

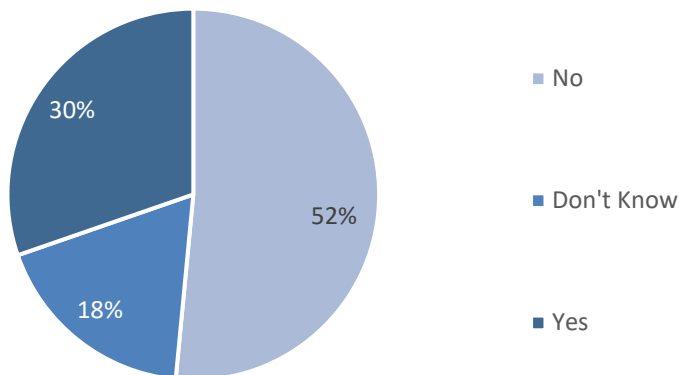


- Yes, got what it wanted
- A little bit but expected more
- No got what the operator offered
- Don't Know

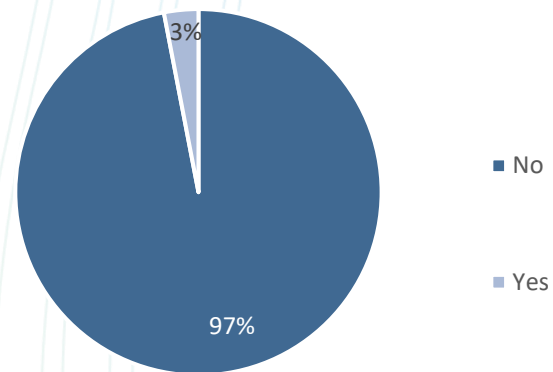
SLAs and switching

Service level agreements in the contract

Number of medium and large-sized businesses subscribed to a high-end data services – 33



Switching over the past two years

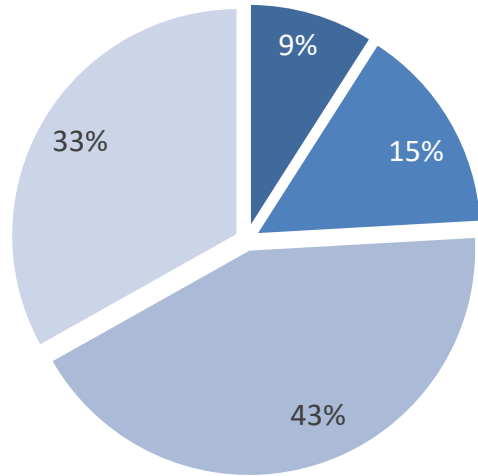


- 30% of medium and large businesses have SLAs specifying repair times etc.
- In the last two years, only 3% of medium and large businesses on high-end data services switched operator.

Satisfaction with solutions to problems/faults

Satisfaction with the way service provider dealt with reported problems / faults

Number of medium and large businesses making use of alternative data services - 33



■ Indifferent

■ Satisfied

■ Highly Satisfied

■ No problems were encountered

- 58% of medium and large businesses were satisfied or highly satisfied with the way their service provider dealt with problems to the service.
- 33% indicated that no problems were encountered.
- Two of the three respondents who are not satisfied indicated that their company does not consider switching operator.

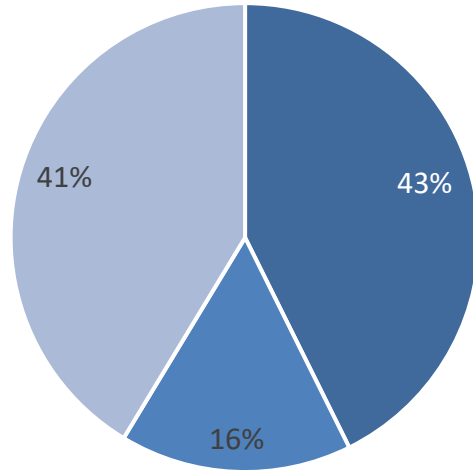
MCA Visibility



MCA visibility (1 of 3)

Percentage of businesses who have heard about the MCA

Sample size - 150



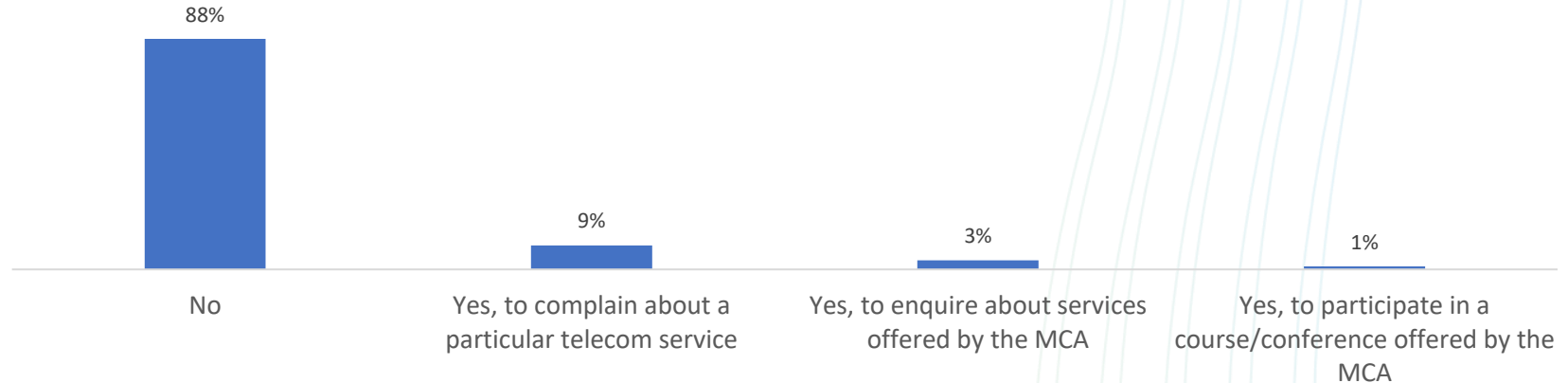
■ Yes, and I have an idea of its role ■ Yes, but I don't have any idea of its role ■ No

- 80 medium and large businesses i.e. 59% of those participating in the survey have heard about the MCA.

MCA visibility (2 of 3)

Percentage of businesses who contacted the MCA

Number of respondents who have heard about the MCA: 88

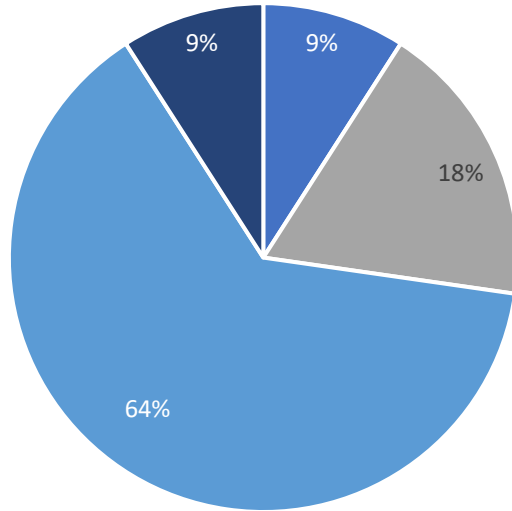


- Of those who heard about the MCA, 88% have never contacted MCA, whilst 9% contacted them to complain about a particular telecom service.

MCA visibility (3 of 3)

Opinion of the work carried out by the MCA

Number of respondents who have contacted the MCA: 11



■ Normal ■ High opinion ■ Very high opinion ■ Don't Know

- 82% of respondents that have contacted the MCA have a high / very high opinion of the work carried out by the MCA.

THANK YOU



MALTA COMMUNICATIONS AUTHORITY