

MCA Perceptions Survey on Electronic Communications Services – Medium and Large Businesses / December 2022

A brief overview of findings for a perception survey carried out between April to June 2021

The MCA is hereby presenting the main findings from a CATI survey carried out in 2021 concerning the views and perceptions of medium and large businesses on electronic communications services provided in Malta. A total of 150 businesses participated in this exercise, representatively distributed across the European statistical NACE (Nomenclature of Economic Activities) classification of economic activities.

General developments in findings

The general picture that emerges from the latest round of the survey shows that, for certain electronic communication segments, take-up by medium and large enterprises was somewhat lower than in 2016. This is particularly the case for fixed telephony, with a 6-percentage-point drop in take-up to 84% of all respondents. This change does correlate with other data compiled by the MCA for the sector, considering for example, the higher consumption observed for mobile voice telephony services as end-users shift consumption away from the fixed voice segment. Meanwhile, the 2021 survey shows a drop in the share of respondents stating they that supply a mobile telephony connection to their employees. This, however, may be due to decisions of privately-owned businesses still operating in a COVID scenario at the time. Take-up of the standard fixed internet segment 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.

Monthly expenditures were stated to be generally up for fixed voice telephony services, albeit it is important to qualify this. For example, the change to higher expenditures in the fixed telephony segment has been influenced by the fact that heavy users got more prevalent in the response to the relevant question as businesses not requiring the service actually stopped purchasing the subscription (this in view of the observed drop in take-up). Monthly expenditures on fixed internet

services for 2021 were reported more predominantly in the categories with an expenditure bigger than €100, possibly as businesses shifted to higher data speeds.

Considering that most business users today purchase fixed broadband in a bundle alongside other telecom services, the shift towards higher monthly expenditures also spills over to the bundle product segment. As for the quality of service for fixed internet, around 90% of respondents stated that they were satisfied to very satisfied with the quality of services on offer. This represents a 4-percentage point improvement over the 86% of medium and large businesses stating being satisfied or very satisfied with the quality of the service in 2016.

The niche segment of businesses purchasing high-end connectivity products (i.e. connectivity products with enhanced characteristics compared to standard internet) saw a bigger share of users spending up to €99 per month, up from 10% in 2016 to 45% in 2021. The fact that more businesses are spending less in this segment may suggest that competition is working to the benefit of clients in this niche market segment.

Fixed telephony

88% of respondents state they are subscribed to a fixed telephony service, with most of these getting the service in a bundle. Just 29% of respondents having a fixed telephony service say they get the service on a stand-alone basis, with more than half of these spending between €100 to €499 per month on the service. In addition, 57% of businesses getting the service on a stand-alone basis state that they consider the service to be expensive. Switching within the stand-alone respondent category was reportedly very low, with just 4% having done so in the previous two years.

Mobile telephony

59% of surveyed businesses offer a mobile subscription to their employees for work related purposes and typically on a post-paid contract. Meanwhile, just 12% of businesses providing their employees with a mobile subscription say that they switched the mobile operator supplying the service to their employees. 82% of medium and large businesses providing employees with a mobile phone say they are satisfied with the quality of the mobile telephony service they get, compared with 93% in 2016.

Mobile internet

55% of surveyed businesses say they use mobile broadband services for work-related purposes daily, whereas 5% use it less frequently. This represents an 8-percentage point decline in usage of mobile broadband by medium and large businesses since 2016. Of those who use internet over their phones, the majority utilise applications related to email and social media.

The monthly data consumption of 13% of respondents using mobile broadband services exceed the allocated data allowance. Slightly more than half of these resort to purchase data add-ons, spending an additional €5 to €20 per month on mobile data services.

87% of respondents making use of mobile broadband services feel that the service satisfies their requirements.

Fixed internet

99% of surveyed businesses are subscribed to a fixed internet service. Out of 148 respondents with a fixed broadband connection, 56% say they are subscribed to just one connection and 44% are subscribed to two or more connections. The majority of respondents, at almost 76%, are subscribed to the fixed internet service in a bundle alongside other ECS services.

Of those on a stand-alone service, 47% are aware of their monthly expenditure on their fixed internet service. For 76% of those knowledgeable on expenditure, the monthly outlay on the service is less than €500.

When it comes to satisfaction on the quality of service, 92% of respondents express satisfaction with the quality of service. On switching, 11% of respondents on stand-alone plans say they did so in the previous two years. Also, 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 (OTTs) services

The survey indicates that 68% of businesses accessing OTT services via fixed internet do so for work-related reasons. 95% are satisfied with the quality of these services.

Bundles

The take-up of ECS services in a bundle is strong within the local business community. 81% of all respondents state that they purchase electronic communications services in a bundle. The prevalence of bundle purchases is stronger for medium-sized businesses, at 75%, compared to 65% for large businesses. 90% of those subscribed to a bundle say that they are satisfied with the service. 15% of respondents on a bundle also say they switched operator over the previous two years.

Around half of respondents consider that they are in a position to deal directly with their operator to get the product they wanted. 42% of medium-sized businesses and 52% of large businesses stated that they were able to bargain on the terms and conditions and price with their service provider.

Other data connectivity services

The survey indicates that 22% of respondents make use of other high quality connectivity services. Two thirds of these are subscribed to products based on Ethernet connectivity and / or IP-VPN. In addition, 78% of respondents with a high-quality connection spend less than €500 per month on the service, with another 12% spending between €500 to €999.

Of those respondents making use of high-end connectivity services, 82% say they are either satisfied or very satisfied with the quality of these services. This figure however is down by 9

percentage points from 2016. Most of those reporting faults, at 58%, say that their concerns were handled well by their service provider and were satisfied or highly satisfied with the response received.

Background to the MCA's survey function

The MCA has been carrying out Business Perception Surveys since 2008. The main purpose of this exercise is to gather information on the level of satisfaction of local businesses with the products and services offered by electronic communication service providers. These surveys also seek insight as to the extent at which local service providers address the demands of local business clients. These surveys allow the MCA to build a better visual as to how the needs of business users developed over time and how local service providers adapt to deal with such developments.

The results of these surveys also serve as an additional source of information for the MCA's regulatory decisions, to ensure an environment that is conducive to sustainable competition and investment in view of the growing demands of the future.