

MCA Market Research

Electronic Communications Services - Business Perception Survey Results Medium & Large Businesses

November 2017

Purpose and Methodology

- The MCA Business Perception Surveys are carried out every two years to get insight on the preferences of local businesses when these purchase electronic communications services.
- This research focuses on medium and large businesses and informs us on:
 - ✓ the average monthly expenditure on the services being purchased and price sensitivities;
 - ✓ the level of satisfaction with the quality of the services and the ability of business users to switch between products;
 - ✓ the type of contract agreements that are selected and the quality of the operators' response to faults.
- The services under investigation:
 - (i) fixed telephony; (ii) mobile telephony (iii) mobile broadband (iv) fixed broadband (v) bundles (vi) OTTs (vi) other data services.

Grant Thornton carried out the survey between December 2016 – February 2017 on behalf of the MCA

Fieldwork

- Face-to-face interviews were carried out: 114 medium-sized businesses + 52 large businesses;
- Survey respondents were chosen randomly from the range of local operators' fixed telephone numbers.

Sample

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

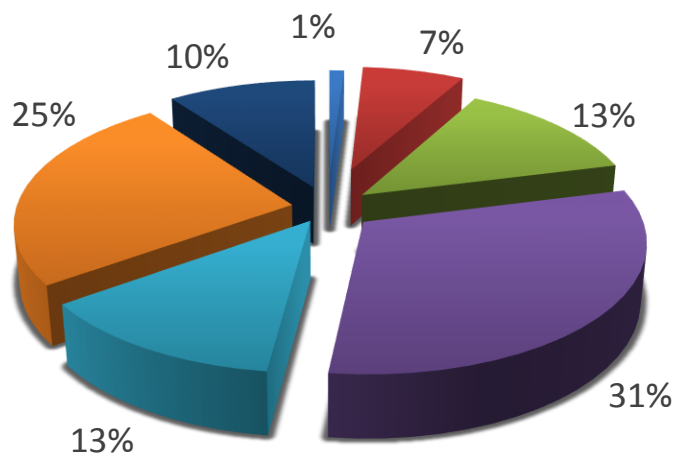
Responses

- 166 responses to the survey;
- Margin of error +/- 4.15% at 99% confidence interval.

Distribution of respondents

Medium-sized enterprises

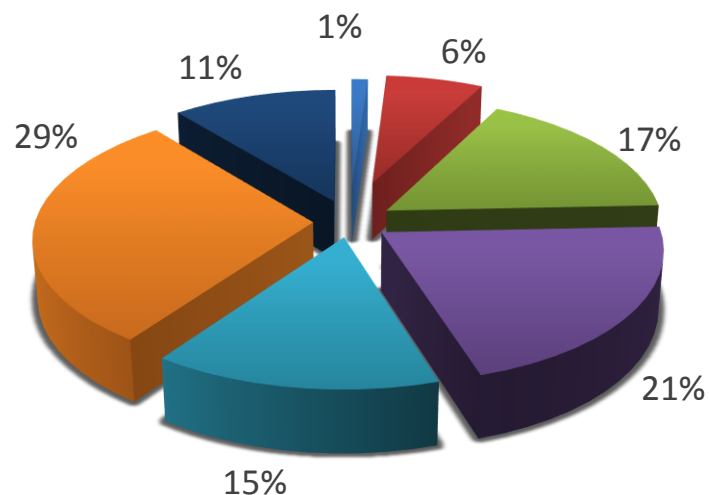
Number of respondents – 114



Sample distribution – Large businesses

Large enterprises

Number of respondents – 52



■ Primary

■ Construction and Utilities

■ Manufacturing

■ Wholesale & Retail and Transport

■ Tourism and Hospitality

■ Business Services

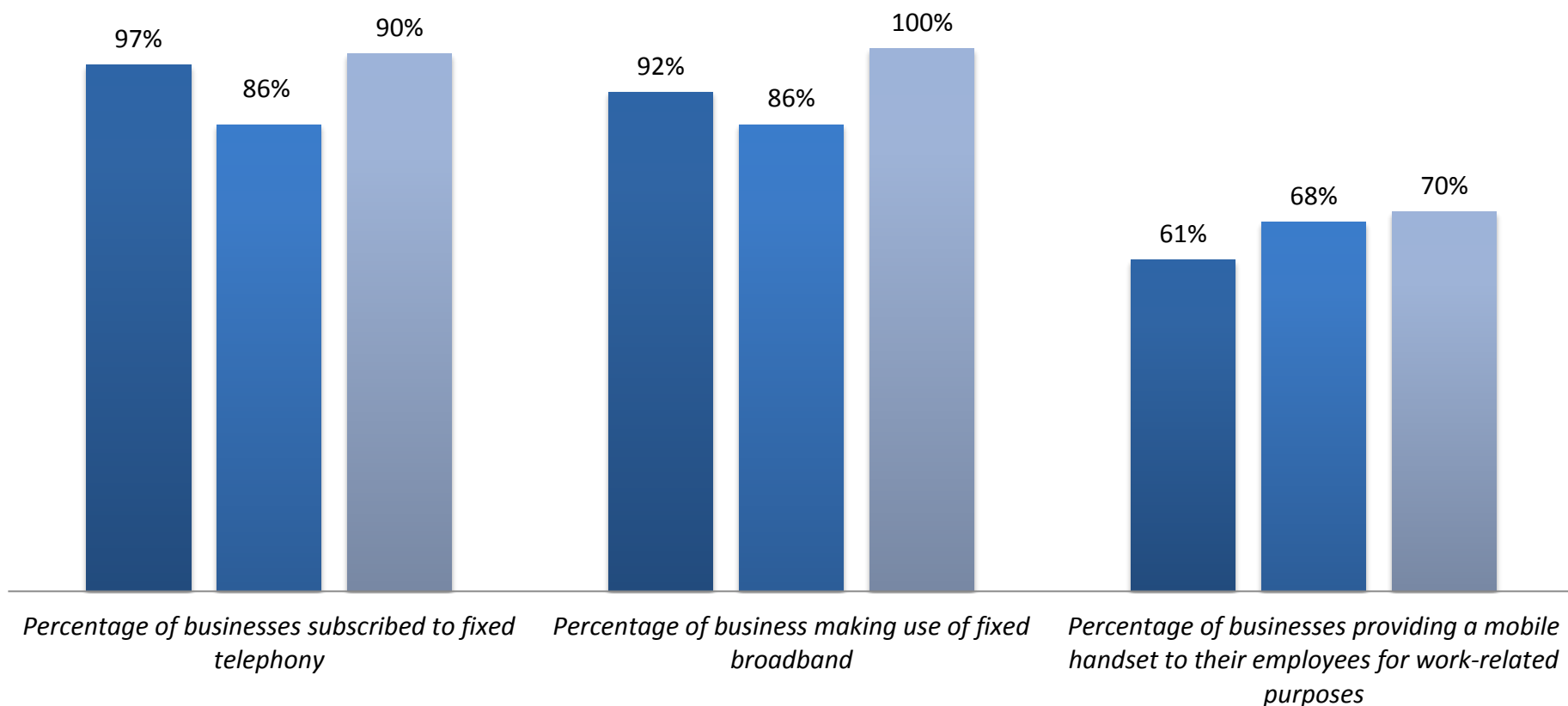
■ Personal Services

Access and usage

Access and usage – medium businesses

■ 2012 ■ 2014 ■ 2016

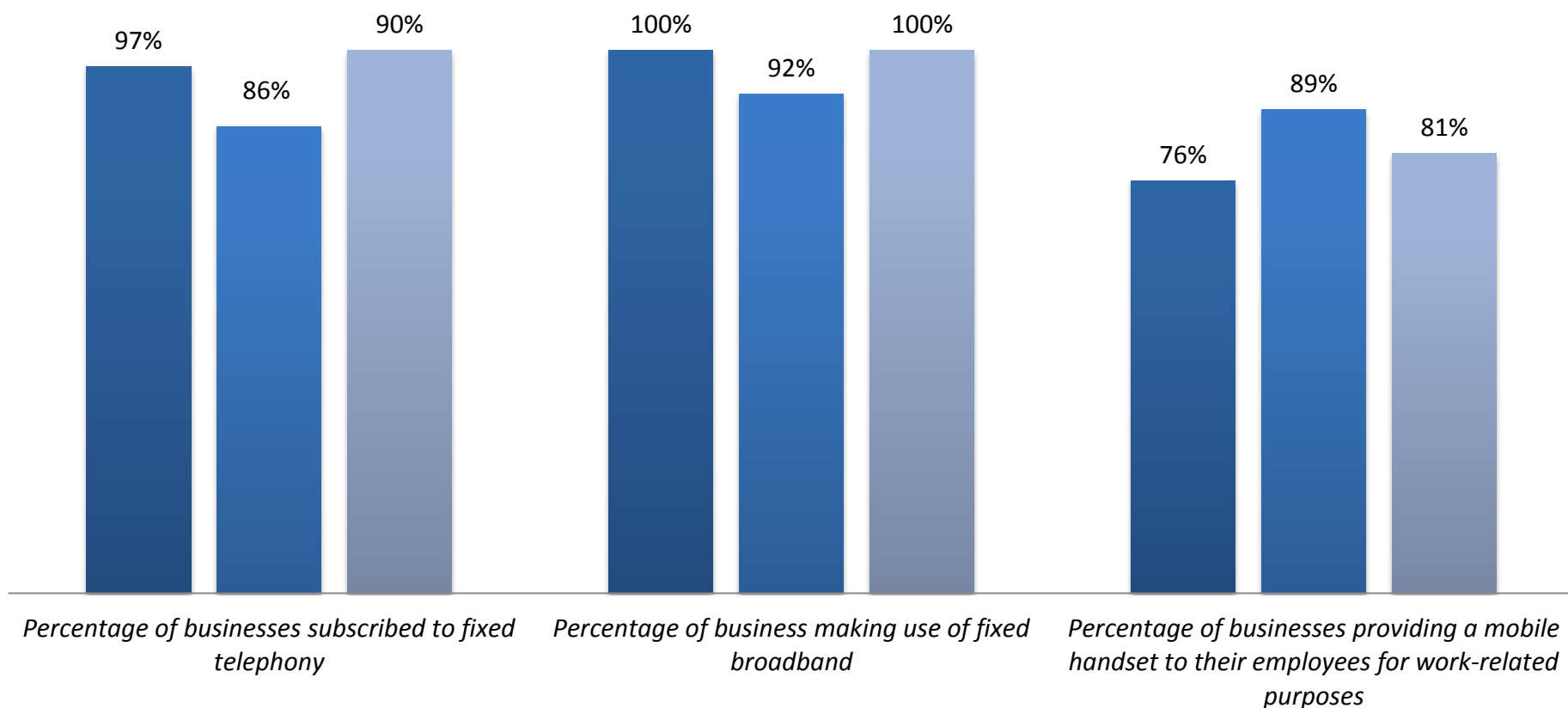
Number of respondents - 114



Access and usage – Large businesses

■ 2012 ■ 2014 ■ 2016

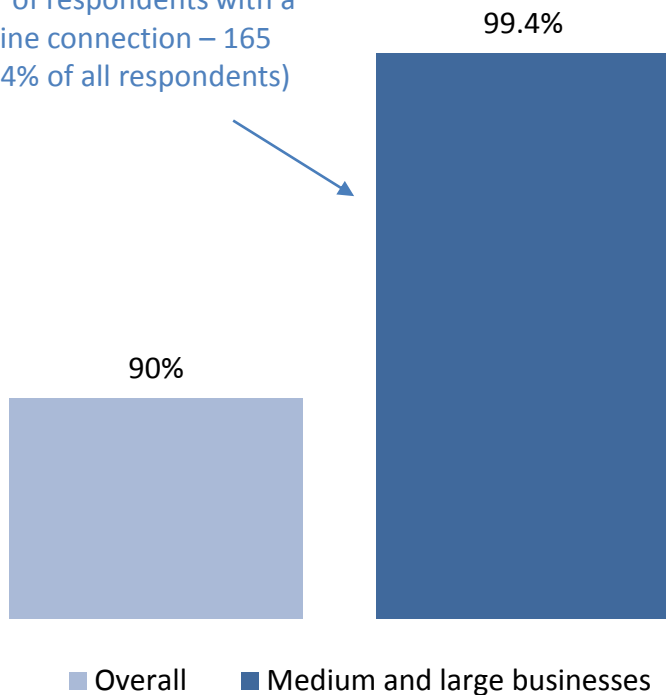
Number of respondents - 52



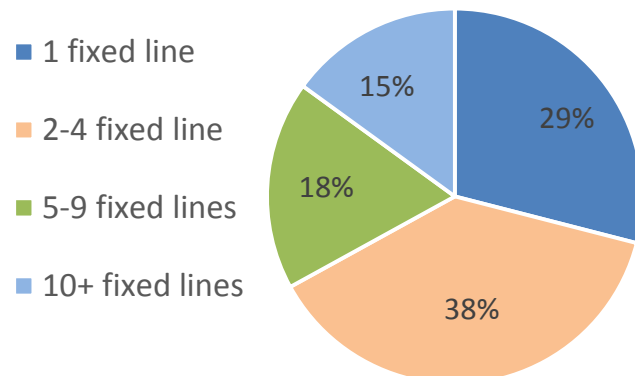
Fixed telephony

Percentage of businesses having a fixed line connection

Number of respondents with a fixed line connection – 165 (i.e. 99.4% of all respondents)

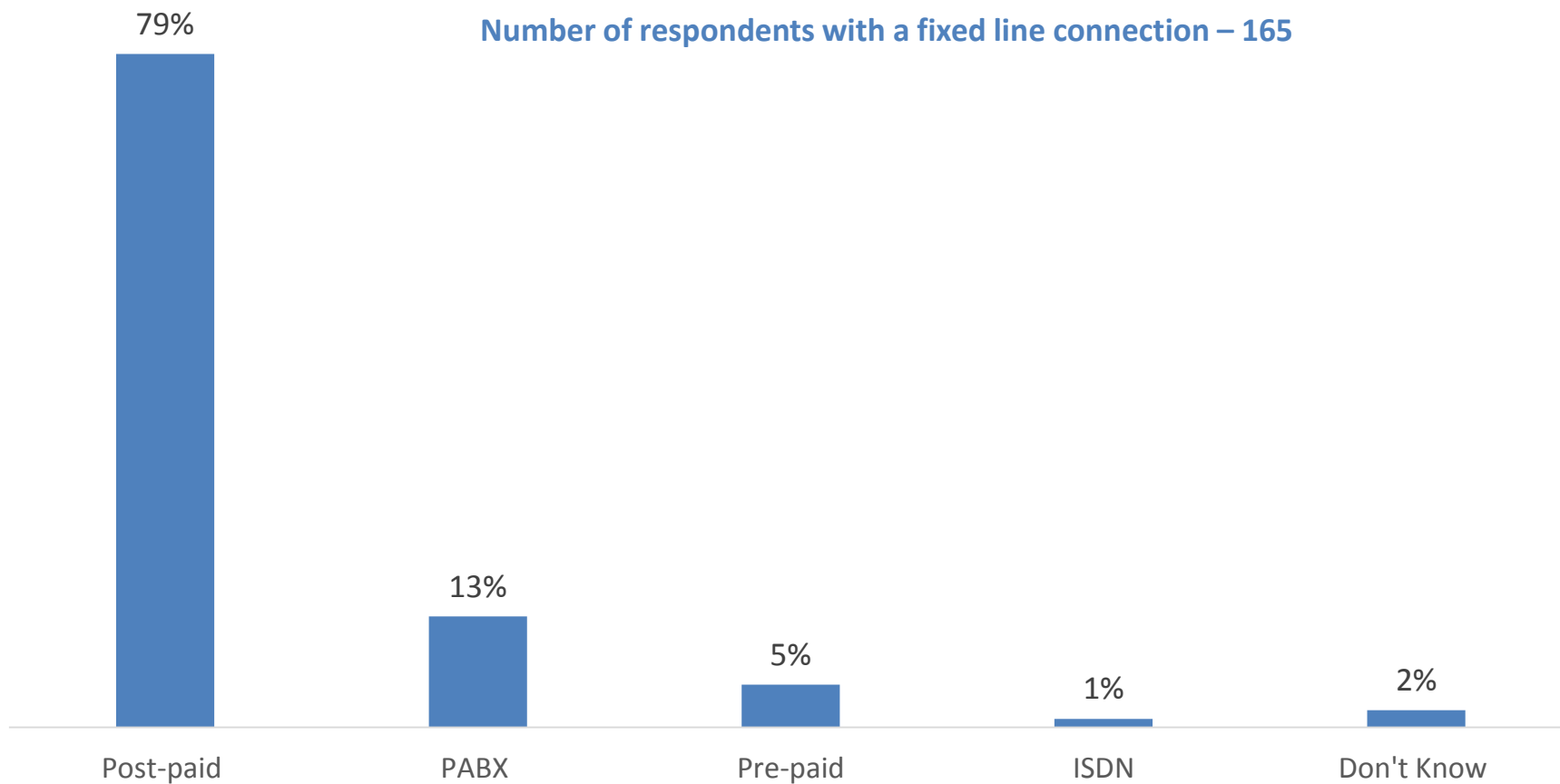


Percentage of respondents by number of connections



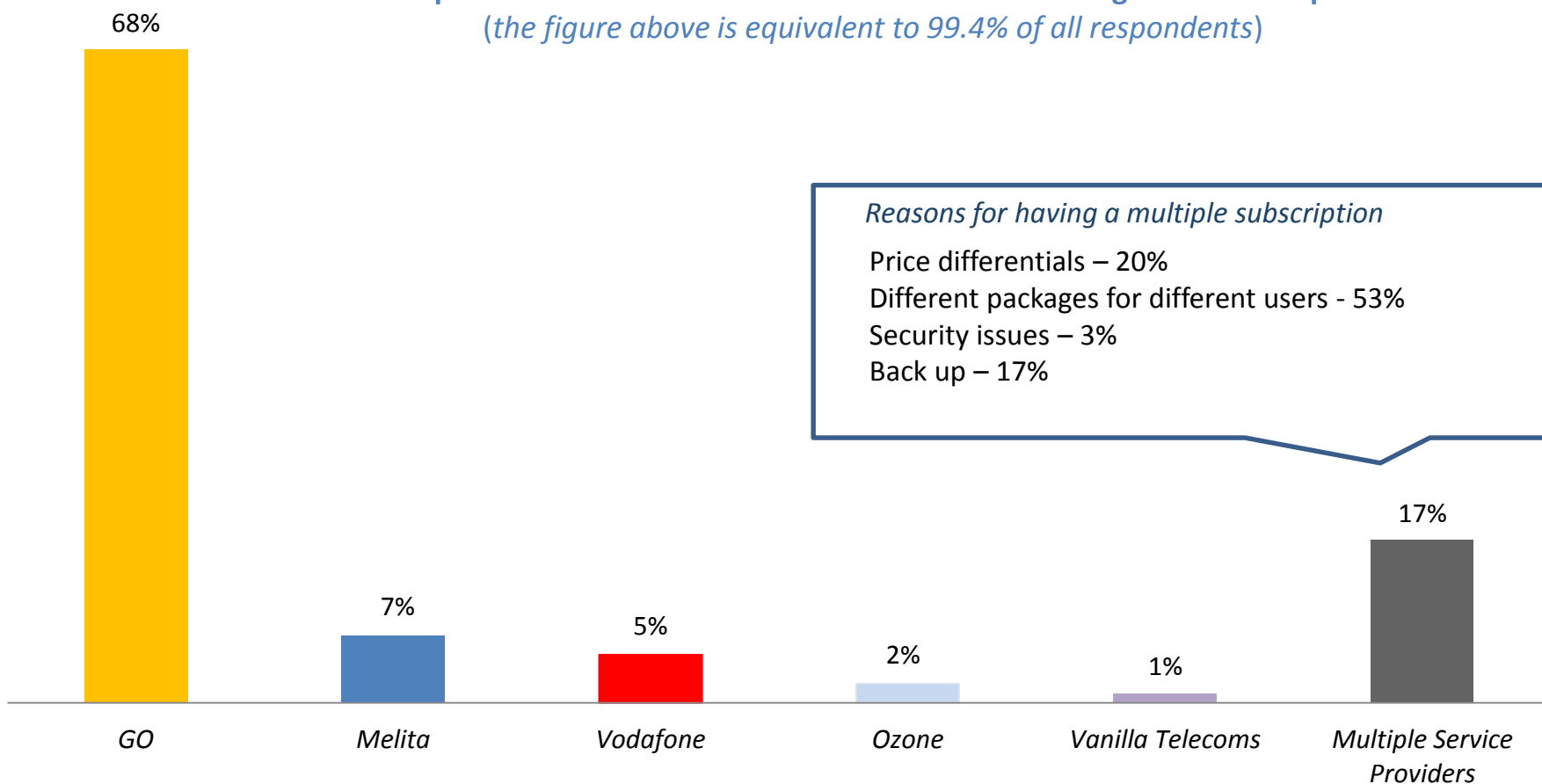
Less than 1% of all medium and large businesses have no fixed telephony and use mobile telephony instead.

Profile of subscriptions – by type of connection



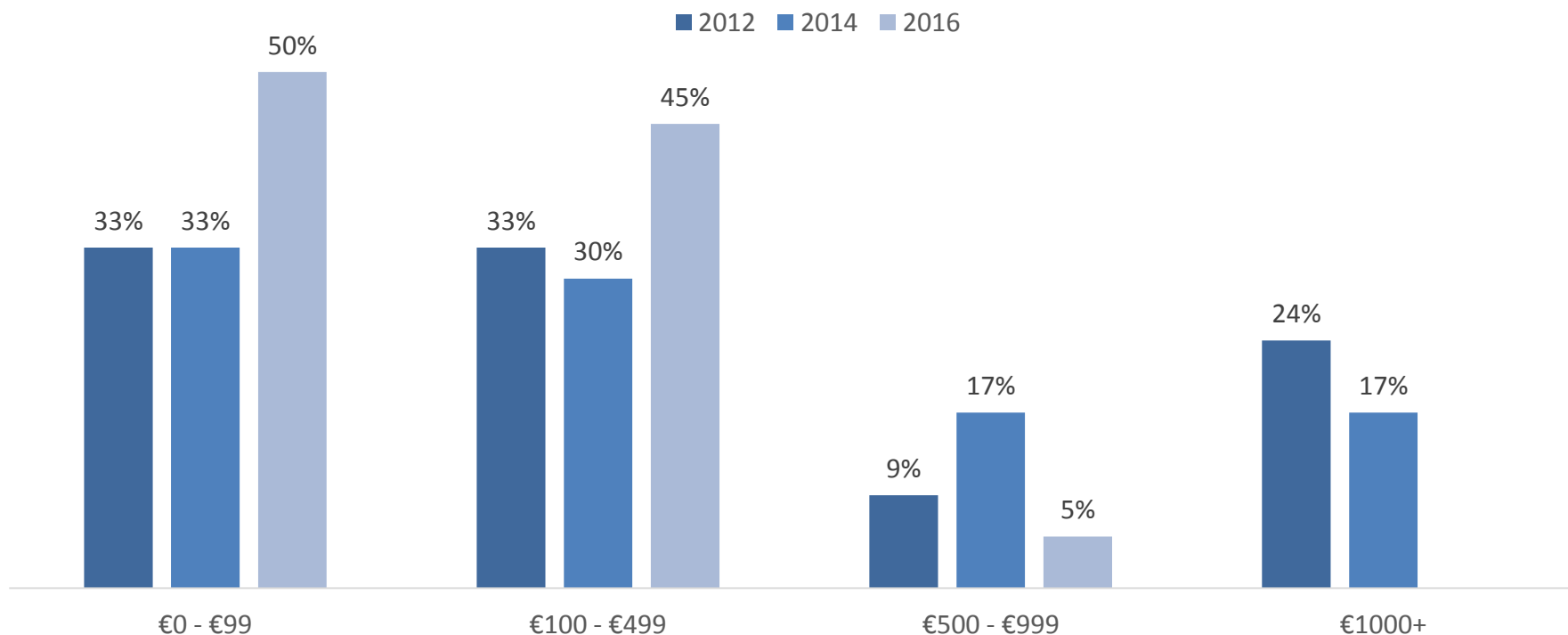
Profile of subscriptions – by service provider

Number of respondents with a fixed line connection and knowing their service provider – 165
(the figure above is equivalent to 99.4% of all respondents)



Average monthly expenditure on fixed line telephony, when service is purchased stand-alone

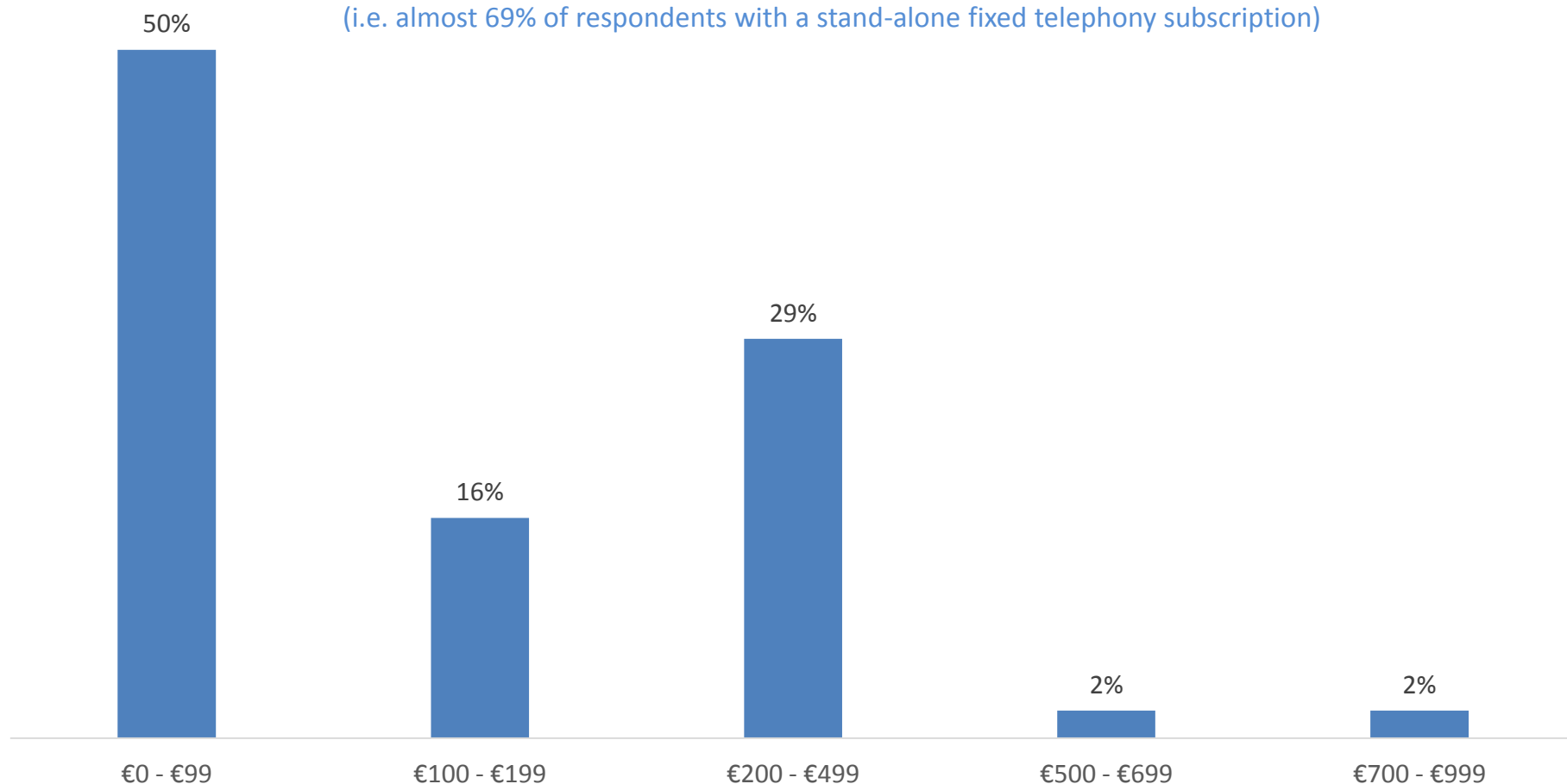
Number of respondents with a stand-alone fixed telephony subscription - 61
(i.e. almost 37% of all respondents with a fixed telephony subscription)



31% of medium and large businesses with a stand-alone fixed telephony connection were unable to identify their monthly expenditure. Half of those aware of their monthly expenditure reported expenses of up to €99 (see chart above).

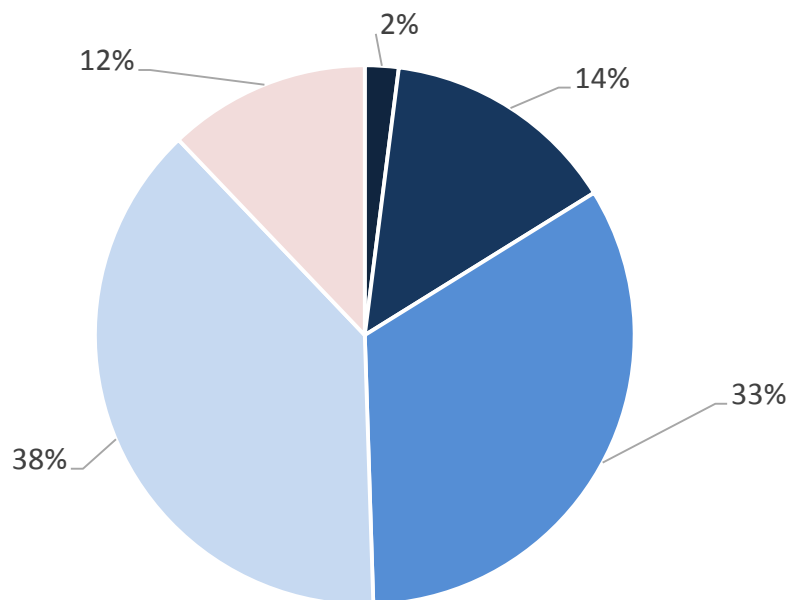
Average monthly expenditure on fixed line telephony when purchased on a stand-alone basis...

Number of respondents with stand-alone fixed telephony knowing their monthly expenditure – 42
(i.e. almost 69% of respondents with a stand-alone fixed telephony subscription)



Perceptions on the prices for fixed telephony as a stand-alone service

Number of respondents with stand-alone fixed telephony knowing their monthly expenditure – 42
(i.e. almost 69% of respondents with a stand-alone fixed telephony subscription)



50% of respondents with a stand-alone fixed telephony service felt that prices for the service were cheap/very cheap.

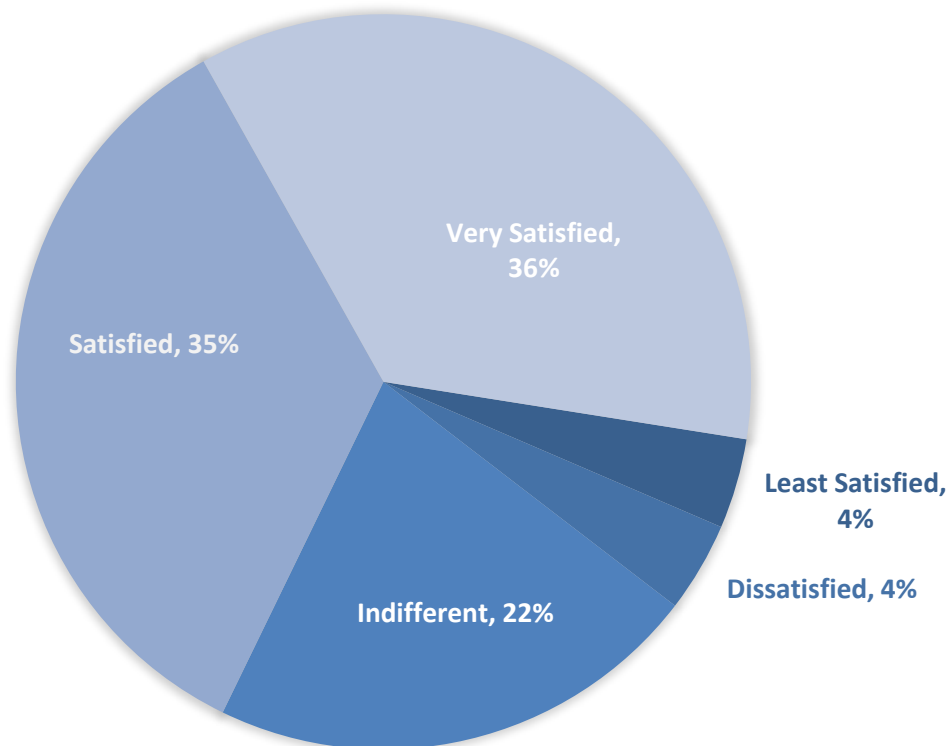
Cheap

Very expensive



Satisfaction levels with the response to a reported fault

Number of respondents reporting a fault – 83
(i.e. 50% of all respondents)

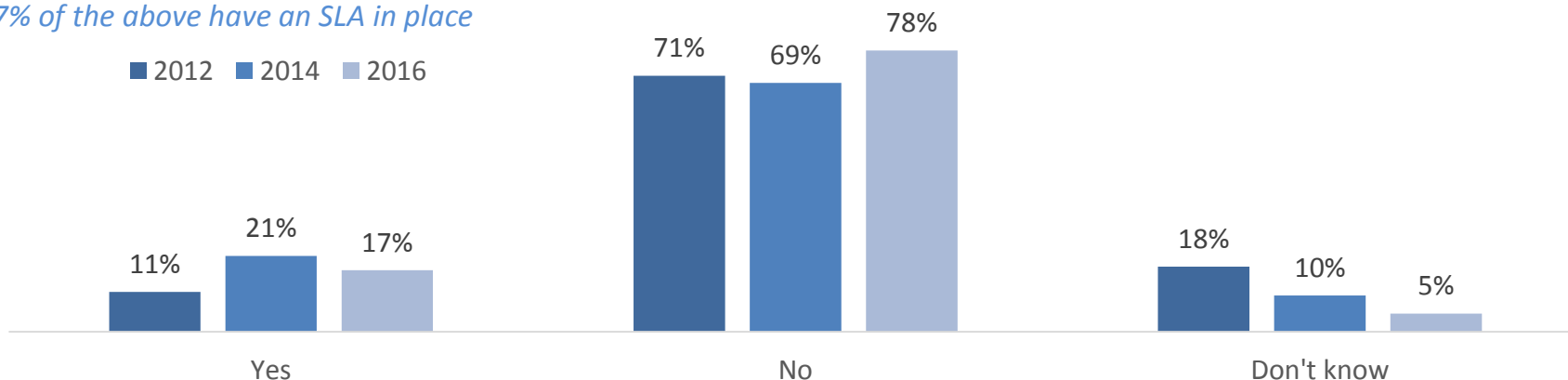


71% of respondents reporting a fault express positive / very positive satisfaction levels with the quality of service offered by their service provider to address faults.

Take up of Service Level Agreements (SLAs) for fixed telephony

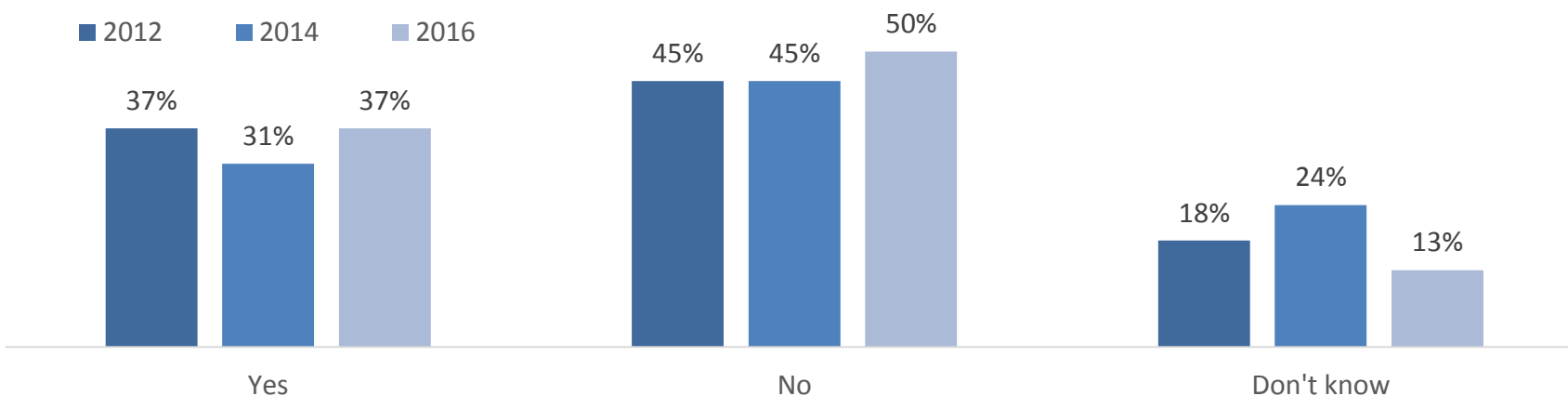
Number of respondents with a medium-sized business – 114

17% of the above have an SLA in place



Number of respondents with a large businesses – 52

37% of the above have an SLA in place



Fixed telephony – additional remarks

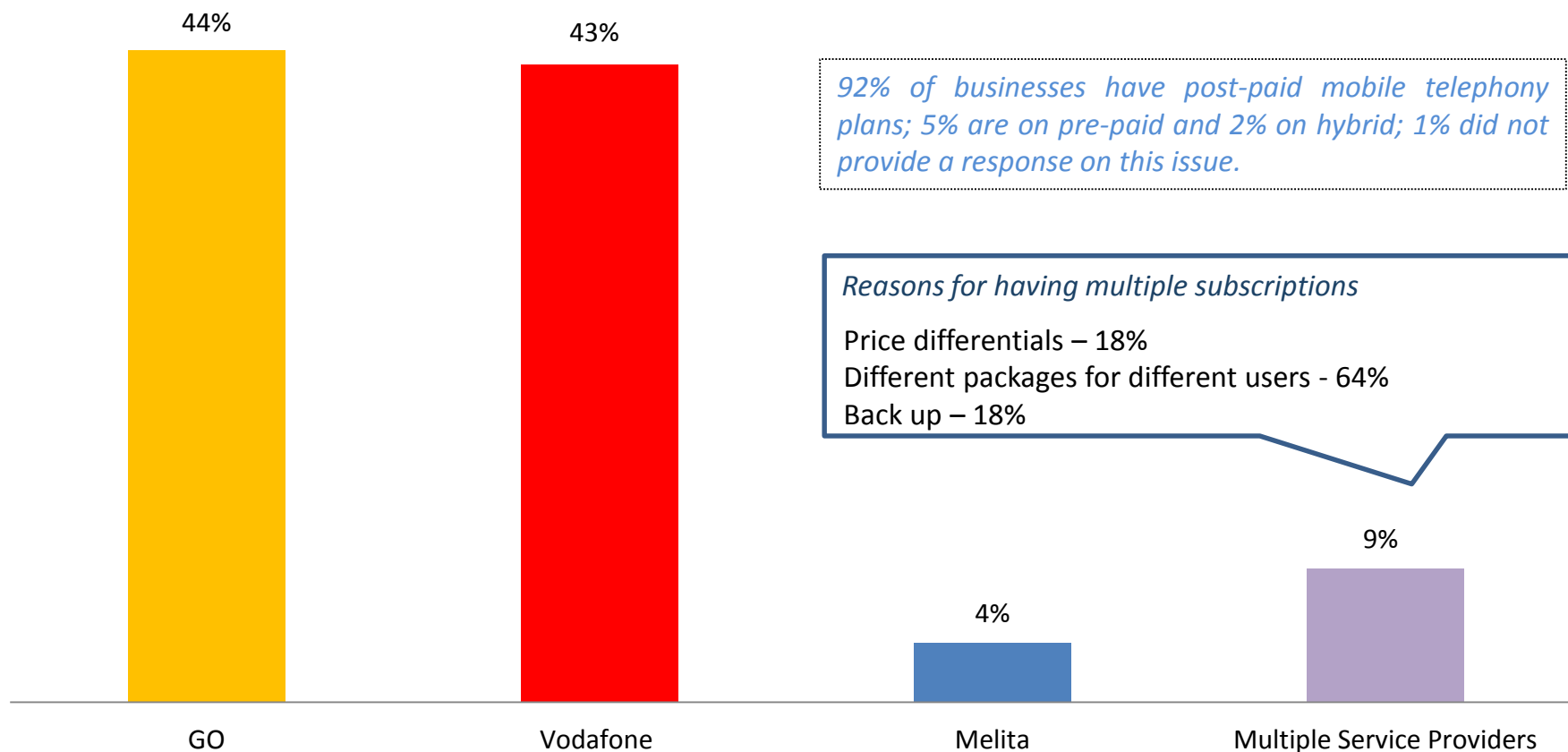
- Slight improvement reported in take-up of fixed telephony between 2014 and 2016.
- Over 60% of medium and large businesses subscribed with GO.
- 50% of medium and large businesses find the price of stand-alone fixed telephony reasonable, despite lower expenditure being reported on a monthly basis in 2016 compared to 2014.
- Declining monthly expenditure on fixed telephony likely attributable to higher usage of mobile telephony and also to a certain extent to the increasing usage of OTTs.
- Satisfaction levels with the quality of the fixed telephony service recorded in 2016 comparable to levels recorded in 2014.
- SLAs more common with large businesses.

Mobile telephony

Profile of subscriptions offered to employees – by service provider

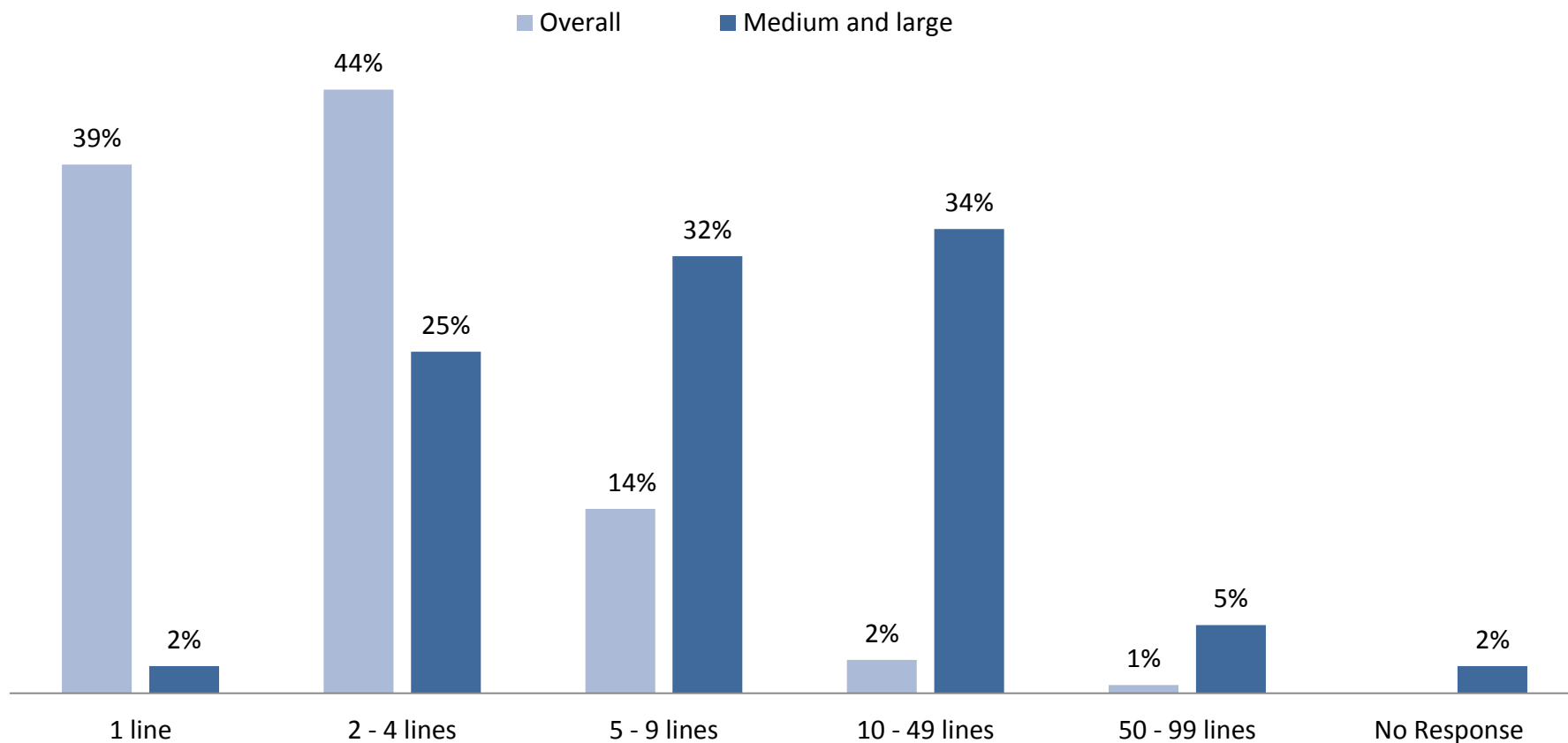
Number of respondents offering employees a mobile connection – 122

91% of the above offer employees a mobile connection with a single service provider



Number of mobile connections distributed amongst employees

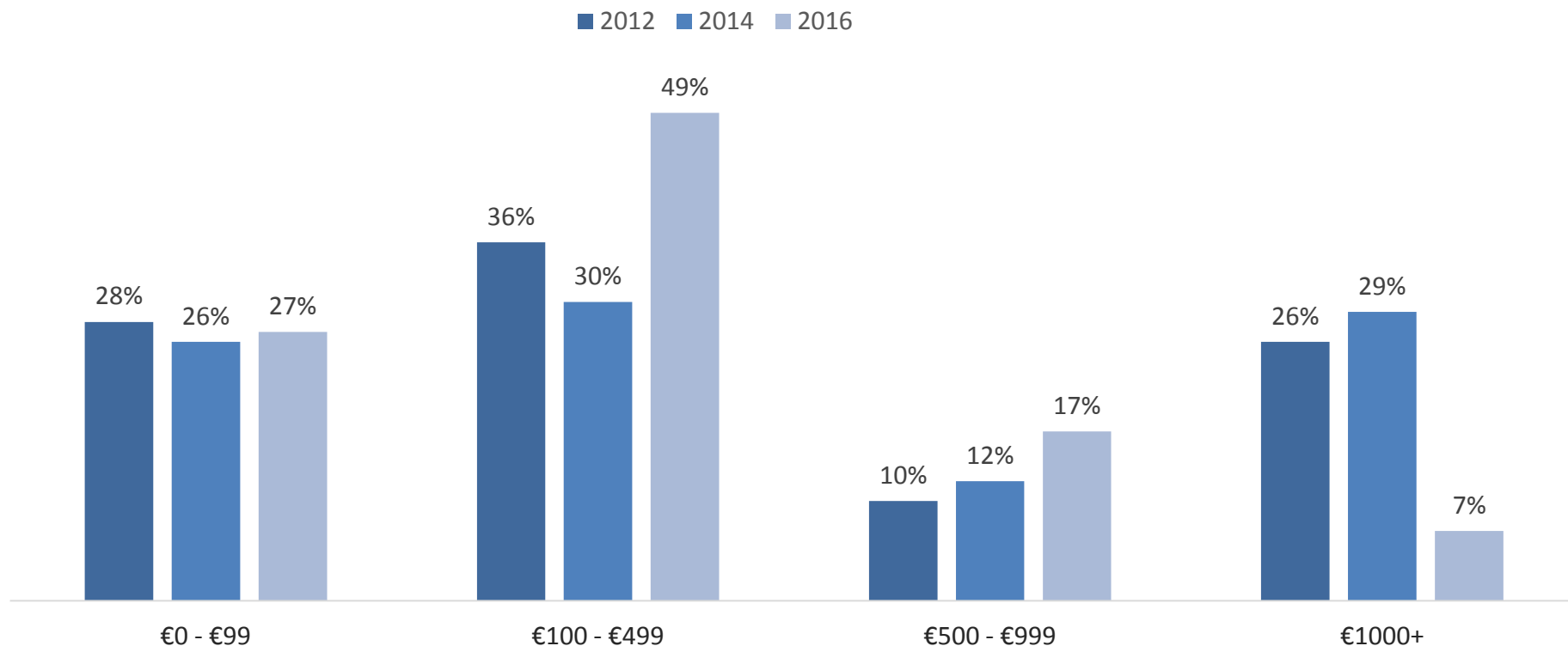
Number of respondents offering employees a mobile connection – 122
(i.e. 73.5% of all survey respondents)



Average monthly expenditure on mobile telephony

Number of respondents offering their employees with a stand-alone mobile connection and knowing their monthly expenditure - 41

(i.e. 34% of respondents offering a mobile connection to their employees)



32% of medium and large businesses did not know the total expenditure mobile telephony.

Average monthly expenditure on mobile telephony offered to employees...

(a more disaggregated picture)

Number of respondents offering their employees with a mobile connection and knowing their monthly expenditure - 41

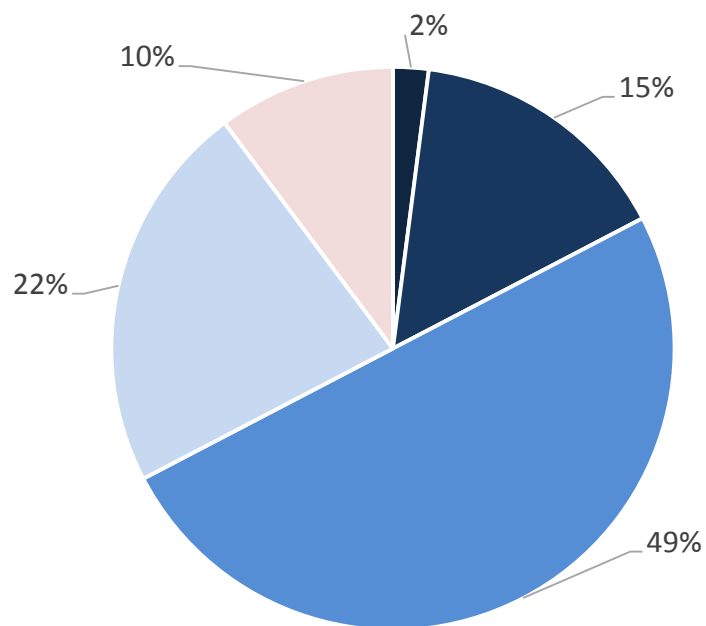
(i.e. 34% of respondents offering a mobile connection to their employees)



Perceptions on the prices for mobile telephony as a stand-alone service

Number of respondents offering their employees with a mobile connection and knowing their monthly expenditure - 41

(i.e. 68% of respondents falling within such a category)



32% of respondents felt that the monthly expenditure on mobile telephony as a stand-alone was cheap/very cheap.

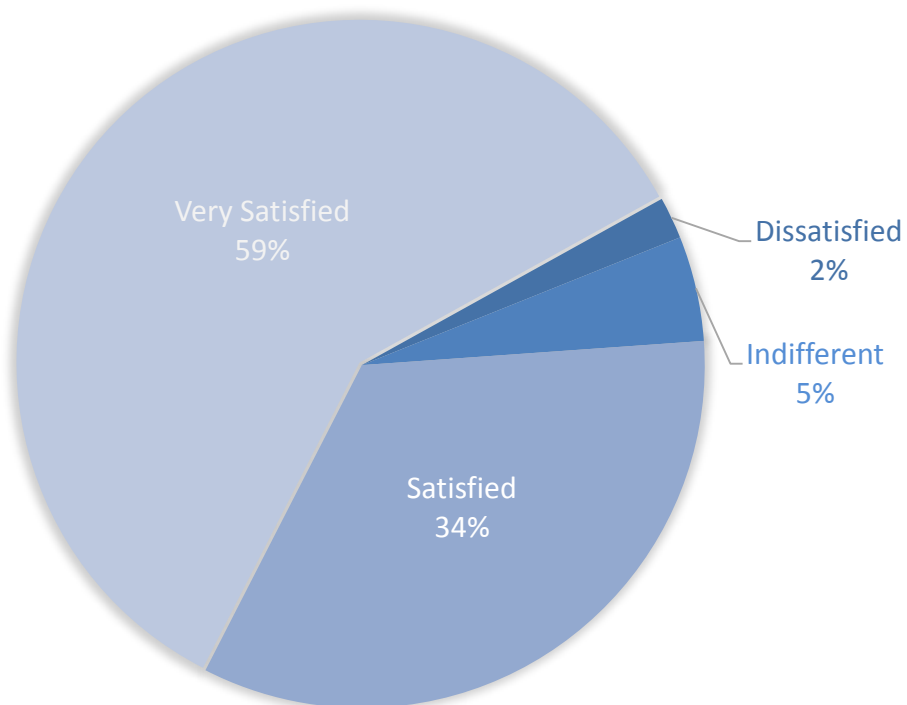
Cheap

Very expensive



Satisfaction levels with the quality of service offered for mobile telephony

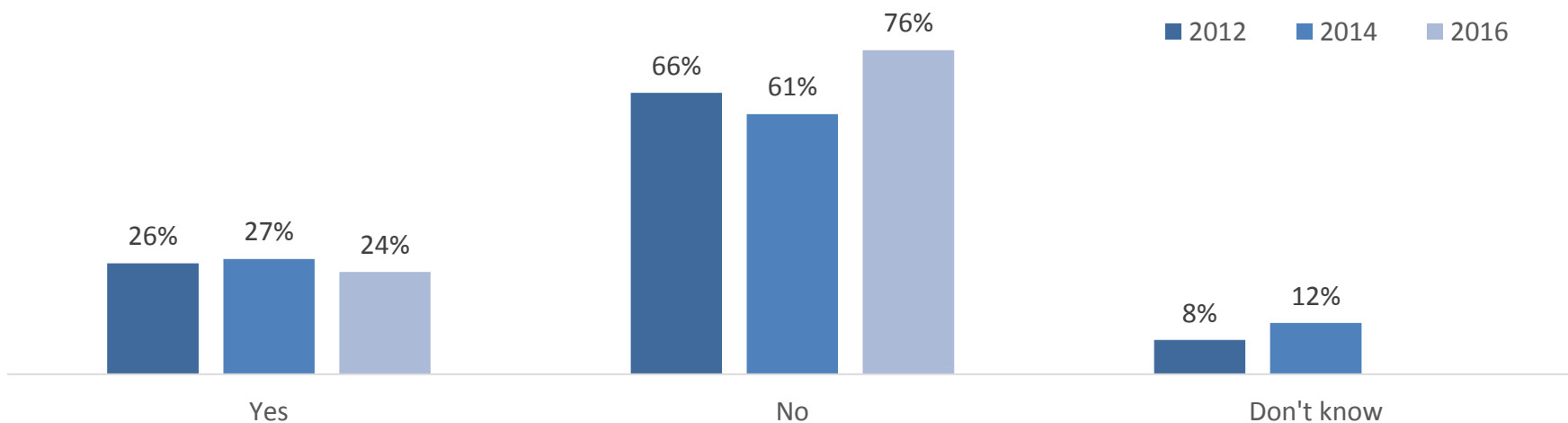
Number of respondents offering employees a mobile connection – 122



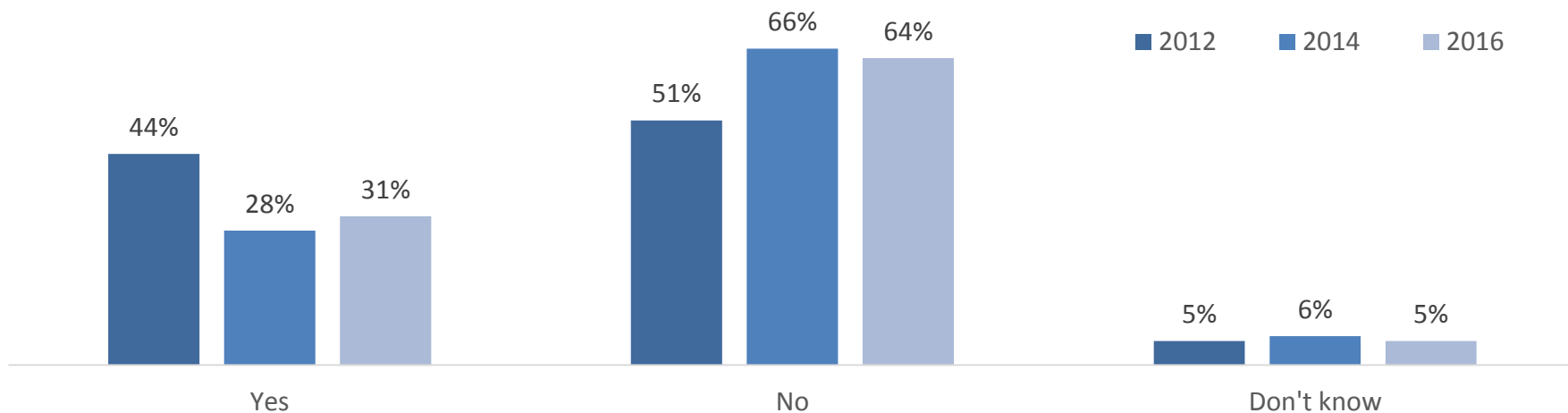
Just 7% of respondents say that they are dissatisfied or indifferent to the quality of the service on offer.

Take-up of Service Level Agreements (SLAs) for mobile telephony

Number of medium-sized businesses offering employees a mobile connection – 80

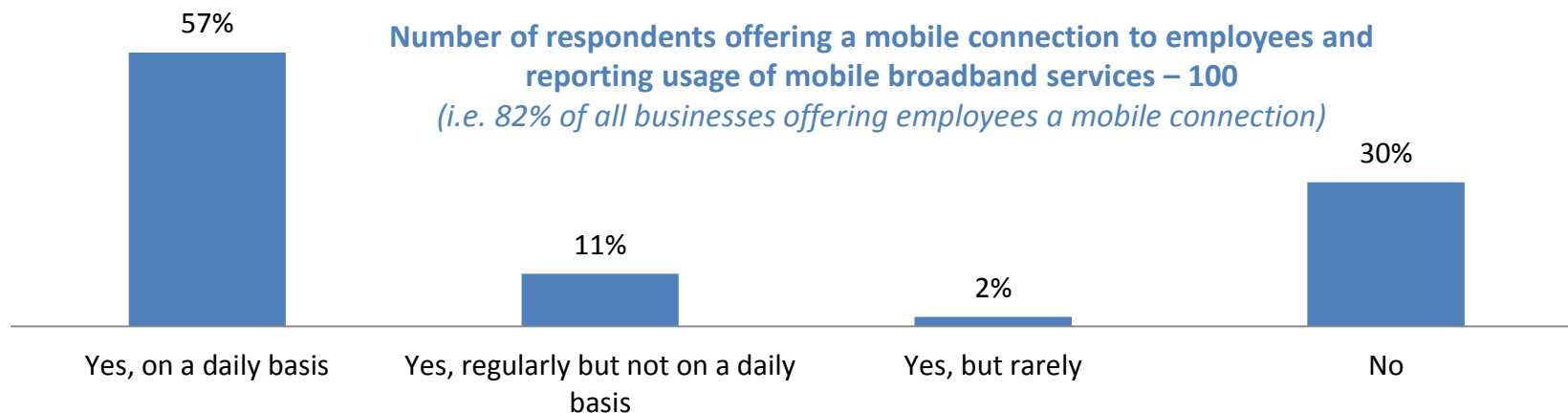


Number of large businesses offering employees a mobile connection – 42



Mobile broadband

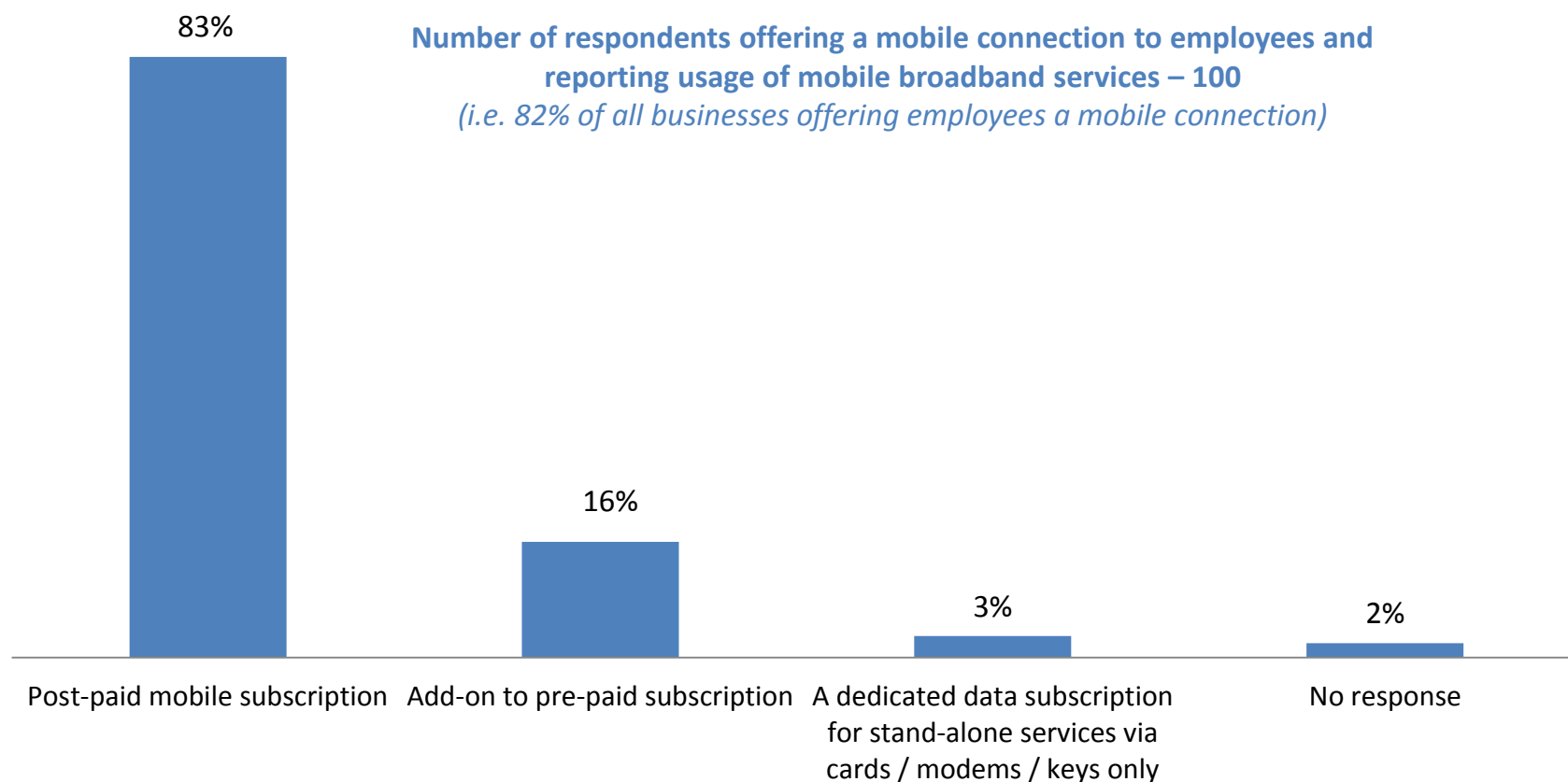
Usage of mobile broadband services



Applications used over mobile broadband



Type of subscription used to access mobile broadband services



Average monthly expenditure on mobile data

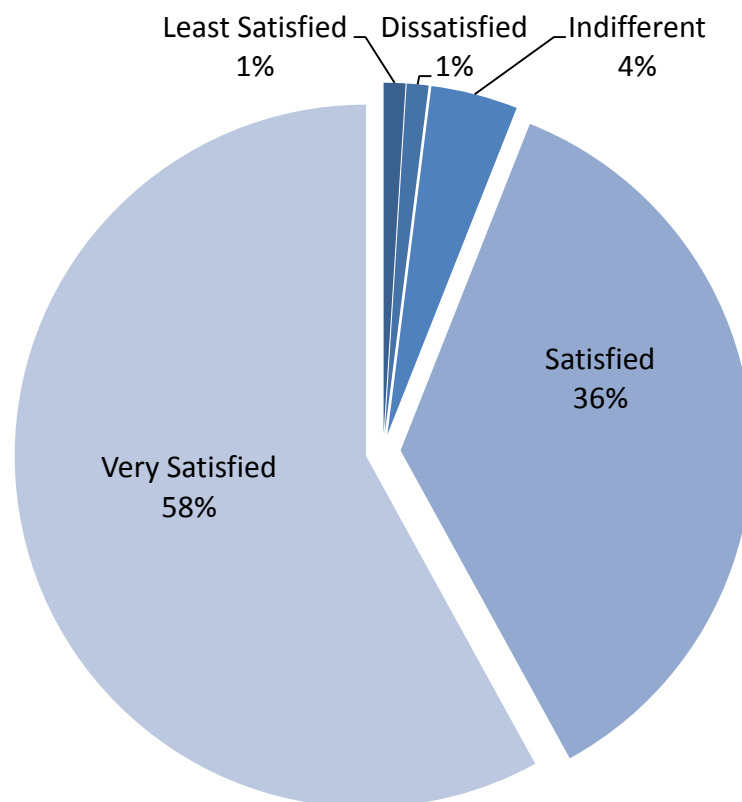
Number of respondents using mobile broadband – 100

44 respondents (44%) were unable to identify their expenditure on mobile data



Satisfaction levels with the quality of service offered for mobile broadband

Number of respondents using mobile broadband - 100



94% of respondents making use of mobile broadband services feel that the service provided satisfies their needs.

Mobile telephony and broadband – additional remarks

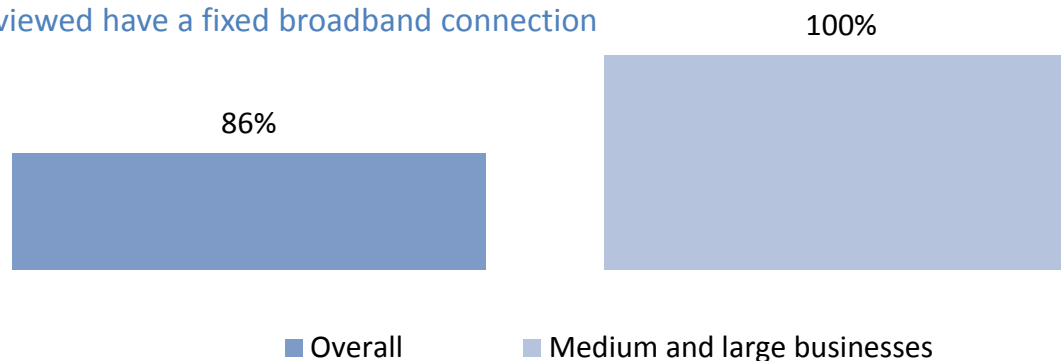
- Large firms are more likely to offer their employees a mobile telephony connection.
- Satisfaction levels with the quality of the service have improved over the years.
- As quality of the service improves, end-users are less likely to negotiate SLAs for the service. In fact, the proportion of respondents saying that they sought SLAs in 2016 has dropped compared to 2014.
- Despite improvement in the perceived quality of the service and changes in consumption patterns, only a small percentage of medium and large businesses know their monthly expenditure on the service.

Fixed broadband

Percentage of businesses having a fixed broadband connection

Number of respondents (medium and large businesses) – 166

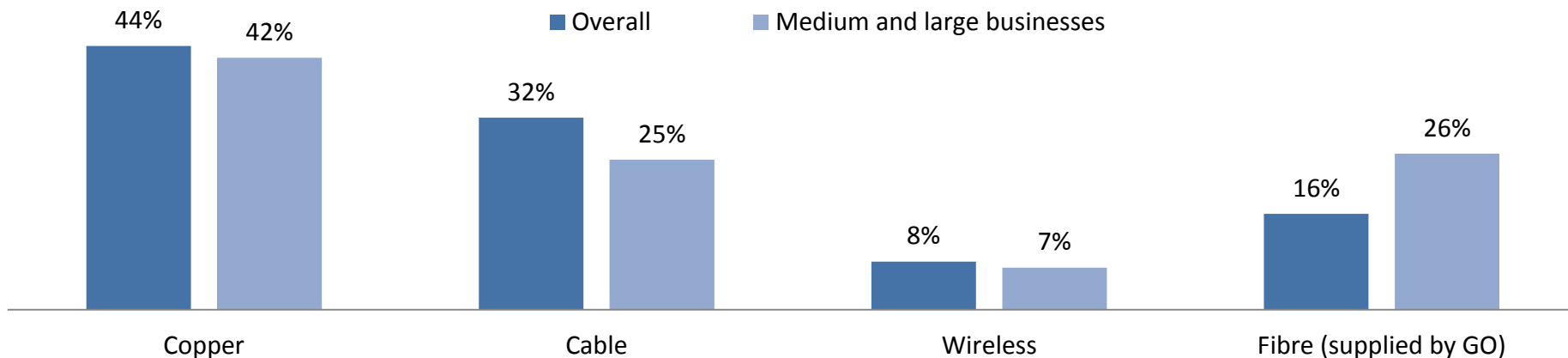
All businesses interviewed have a fixed broadband connection



Profile of subscriptions – by technology

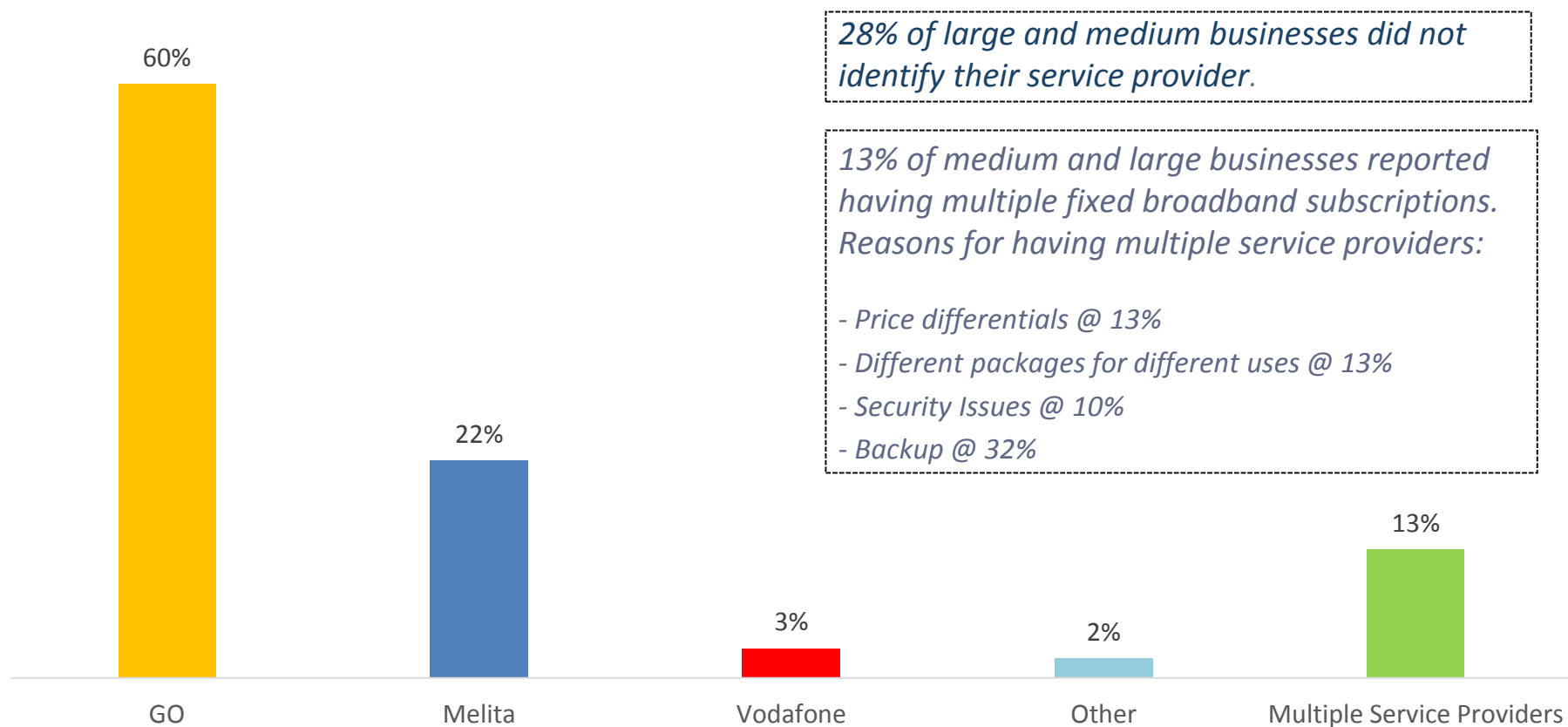
Number of respondents identifying their fixed broadband platform – 104

(i.e. almost 63% of the total)



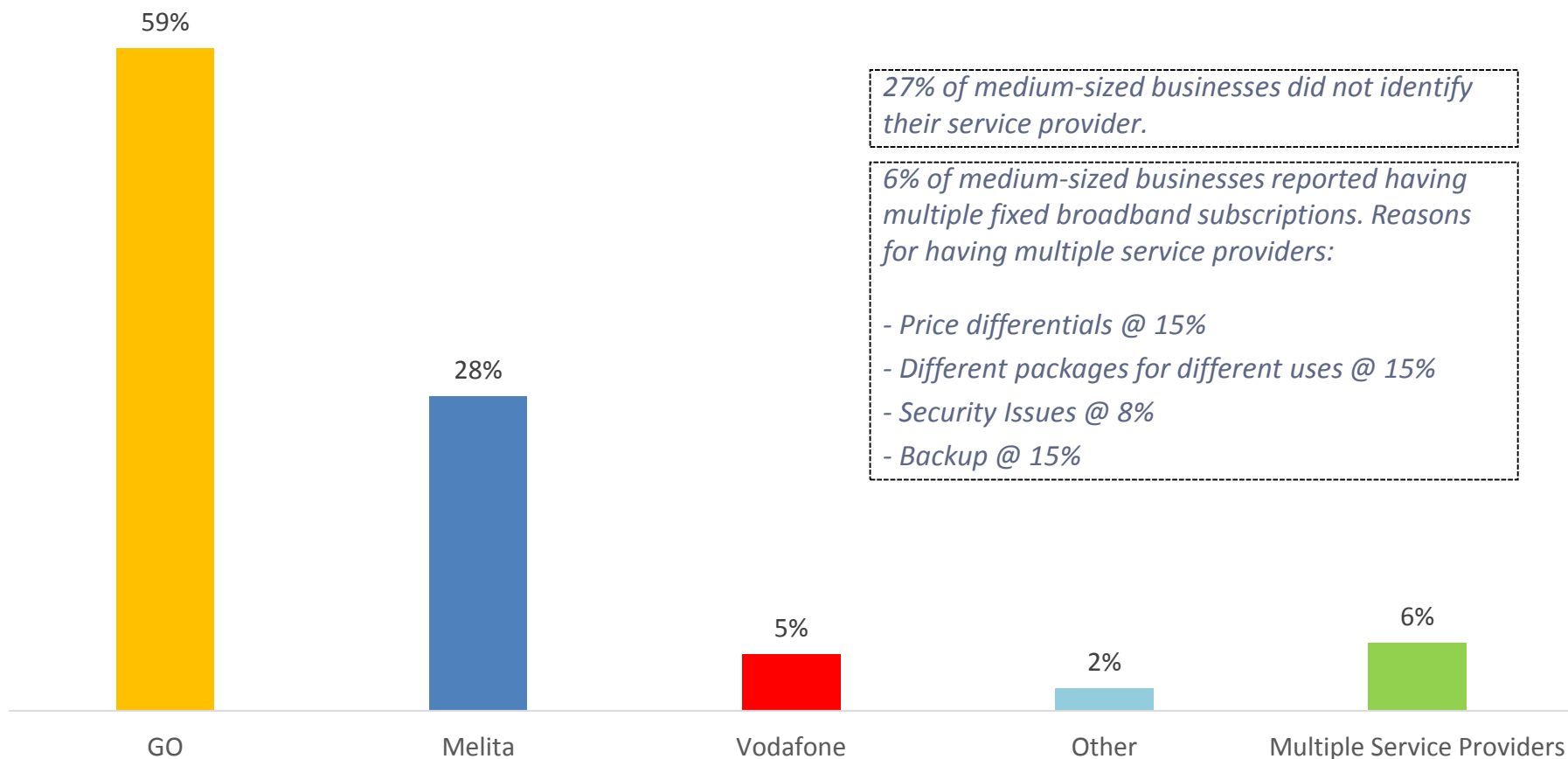
Profile of subscriptions for medium and large businesses – by service provider

Number of respondents identifying their service provider – 119
(i.e. 72% of the all respondents)



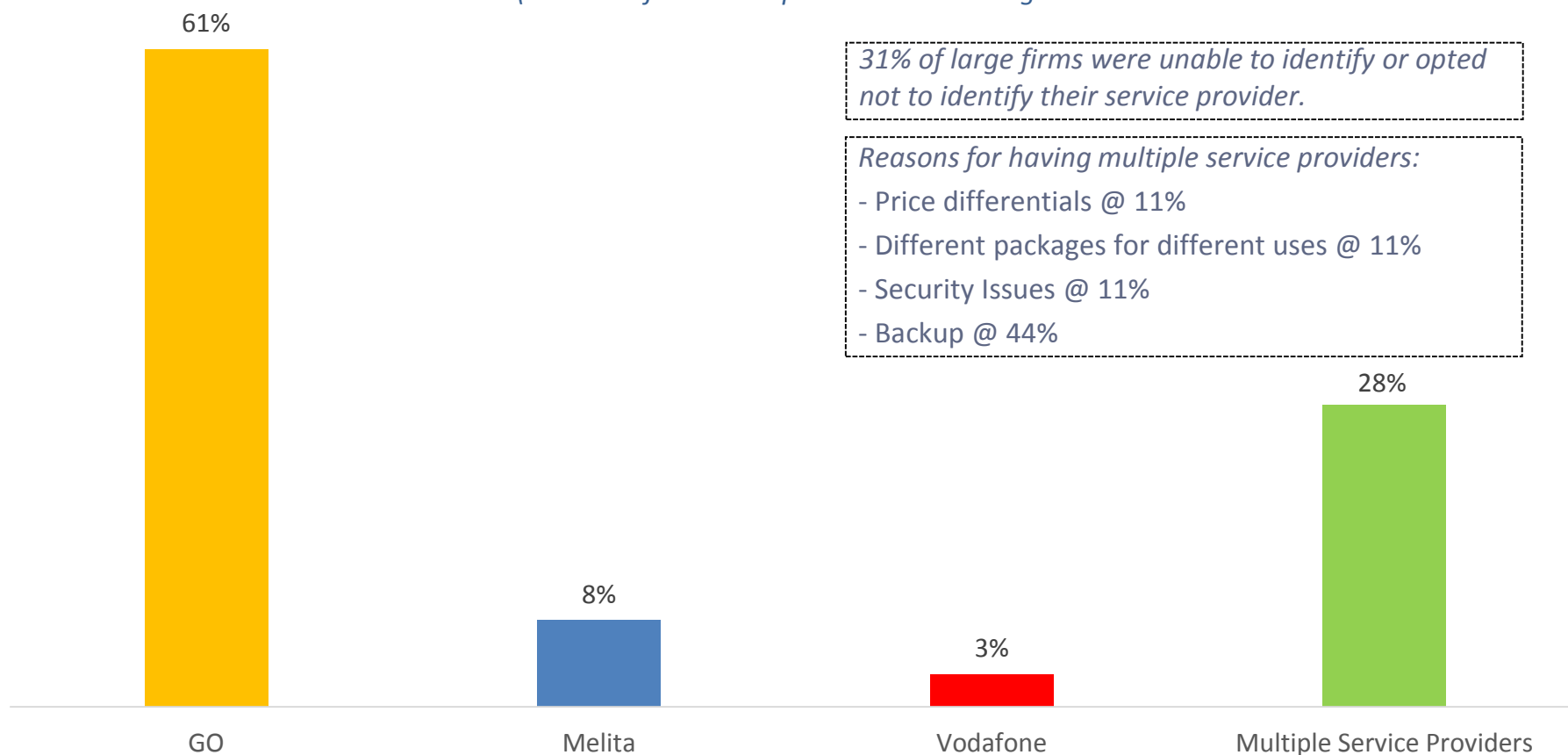
Profile of subscriptions for medium-sized businesses – by service provider

Number of respondents identifying their service provider – 83
(i.e. 73% of all respondents having a medium-sized business)



Profile of subscriptions for large businesses – by service provider

Number of respondents with fixed broadband and knowing their service provider – 36
(i.e. 69% of the all respondents with a large business)





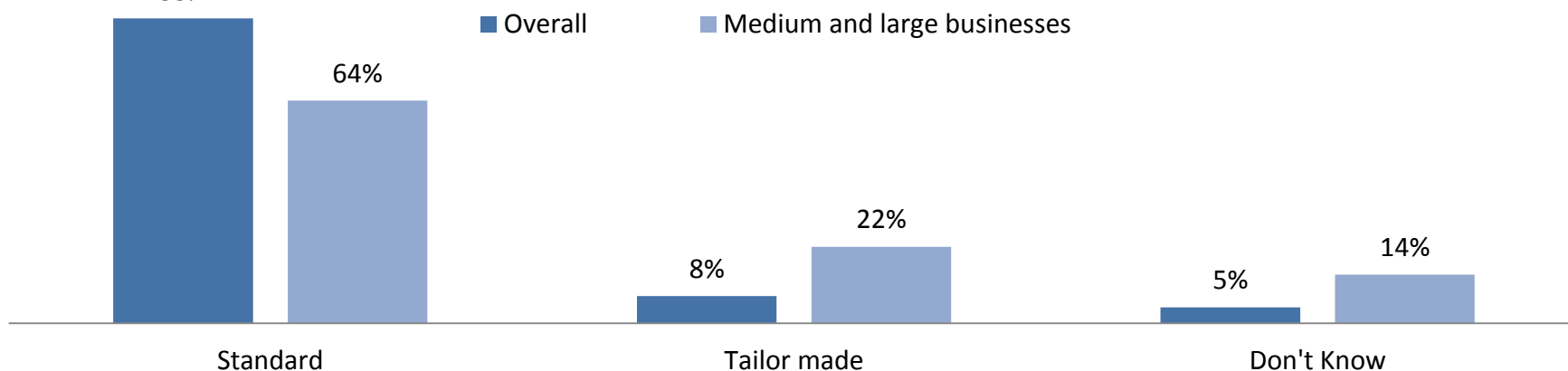
MALTA COMMUNICATIONS AUTHORITY

Fixed broadband (5)

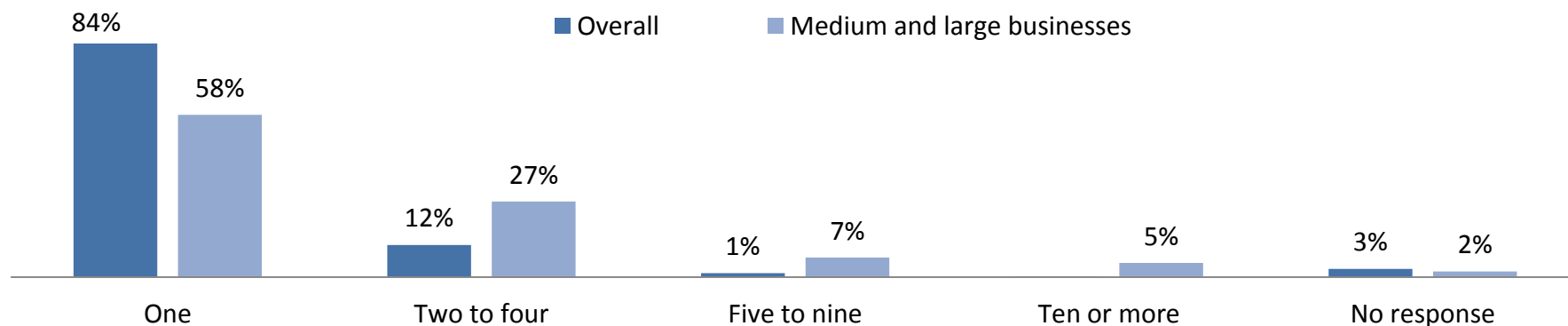
Profile of subscriptions – by type of connection

Number of respondents (medium and large businesses) – 166

All businesses interviewed have a fixed broadband connection



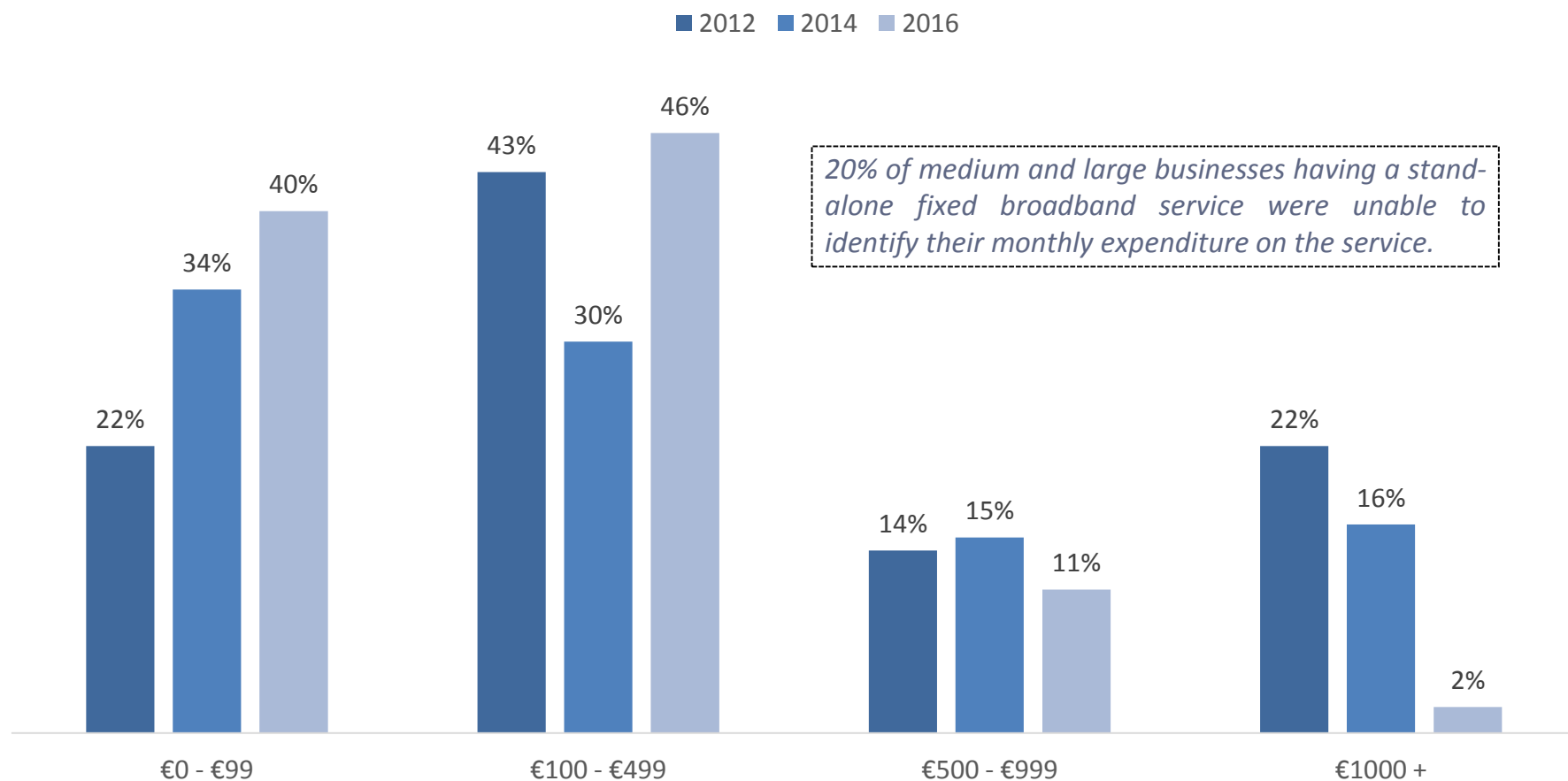
Number of fixed broadband connections at the premises of the business



Average monthly expenditure on fixed broadband, as a stand-alone service

Respondents knowing their monthly expenditure on their stand-alone fixed broadband service - 45

(i.e. 80% of all respondents having a stand-alone fixed broadband service)

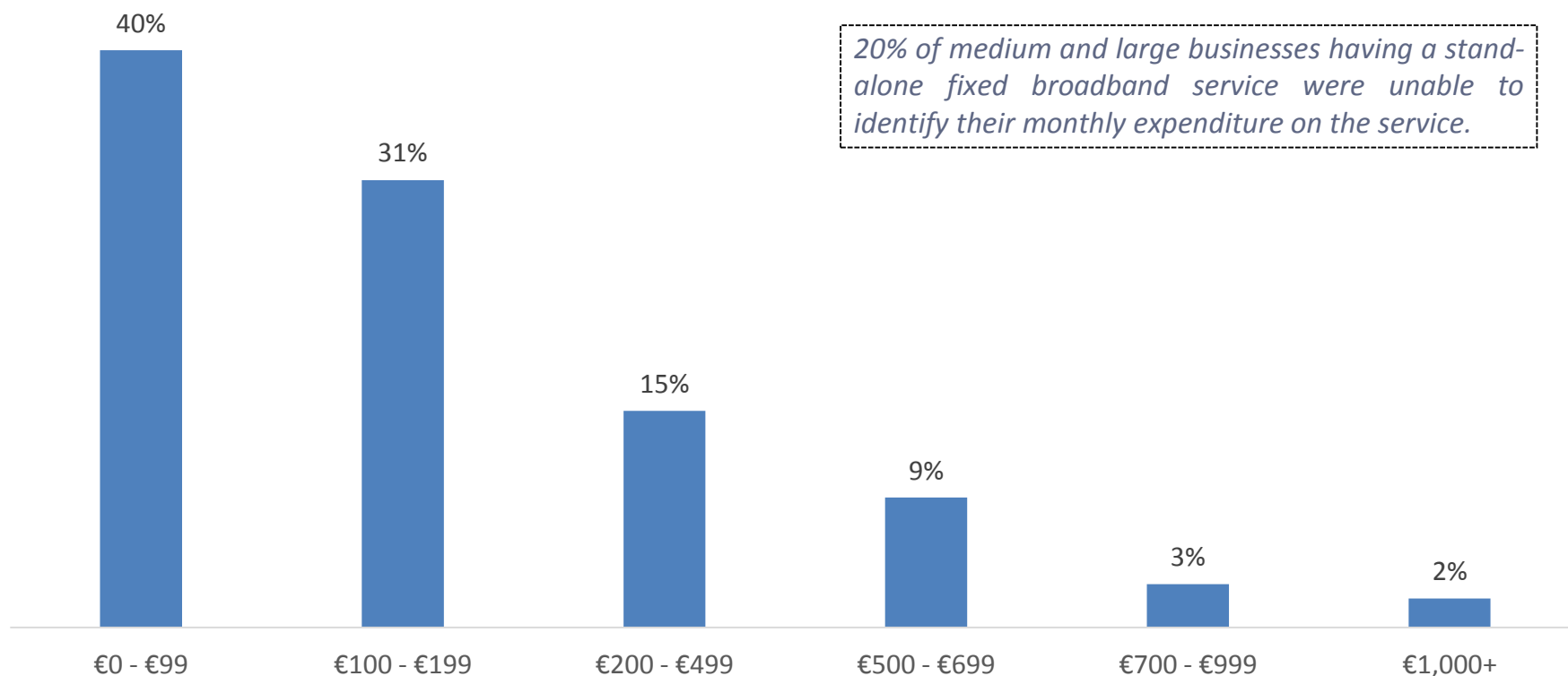


Average monthly expenditure on fixed broadband

(a more disaggregated picture)

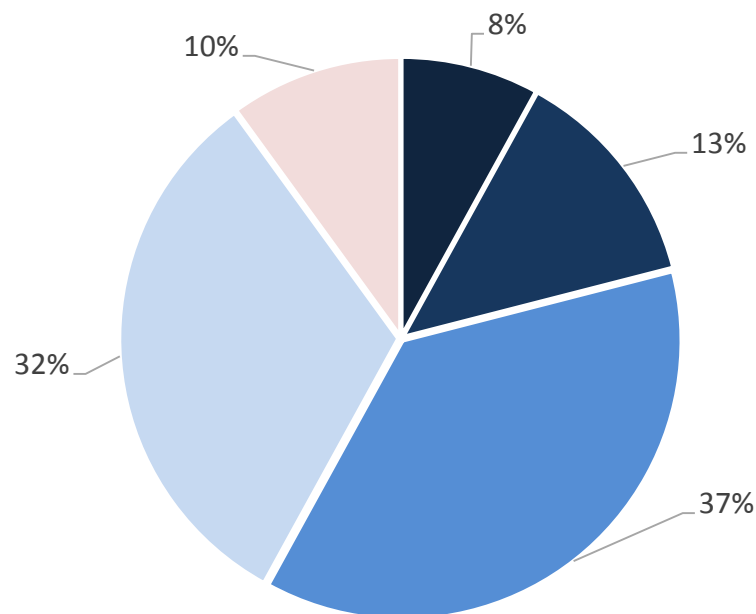
Respondents knowing their monthly expenditure on their stand-alone fixed broadband service - 45

(i.e. 80% of all respondents having a stand-alone fixed broadband service)



Perceptions on the prices for fixed broadband as a stand-alone service

Respondents acquiring a stand-alone fixed broadband connection and knowing their monthly expenditure - 52



43% of respondents felt that the monthly expenditure on fixed broadband as a stand-alone was cheap/very cheap.

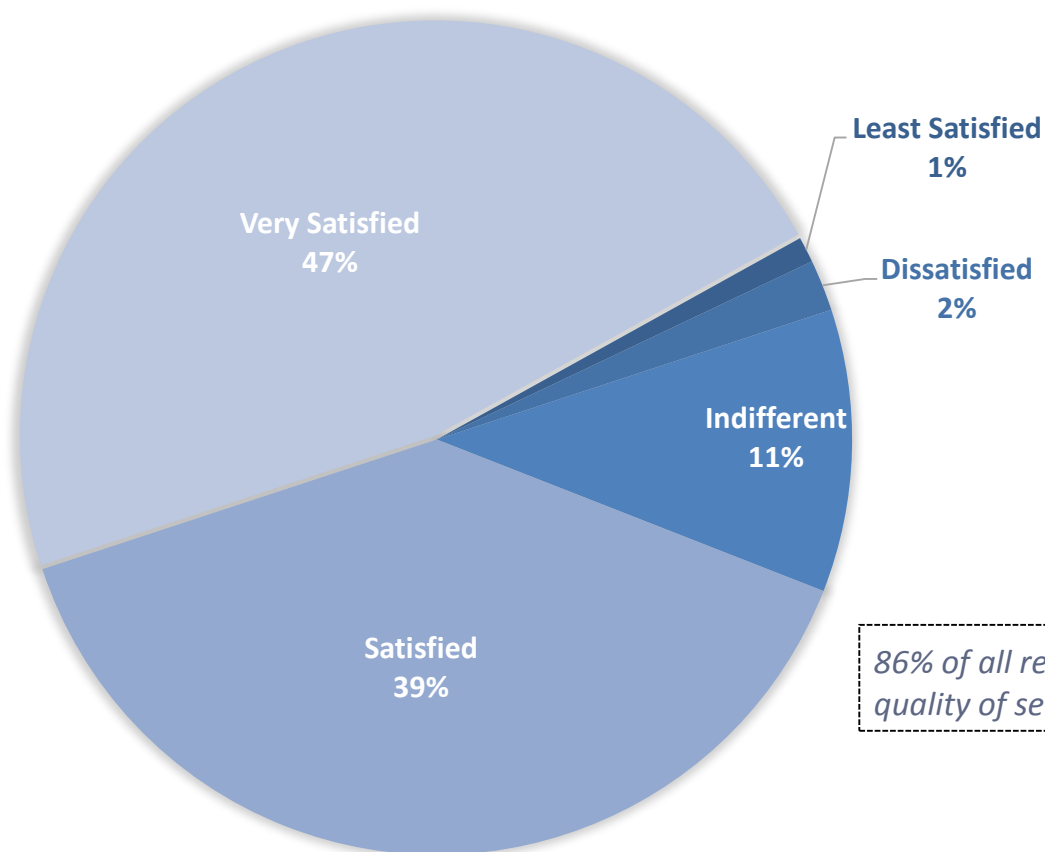
Cheap

Very expensive



Business satisfaction with the fixed broadband service

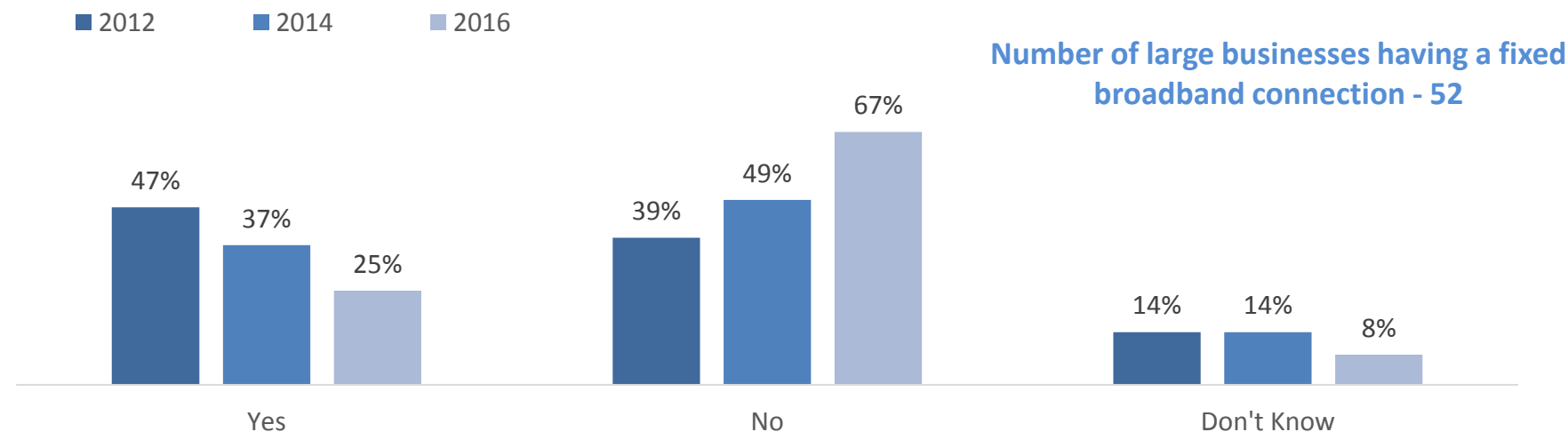
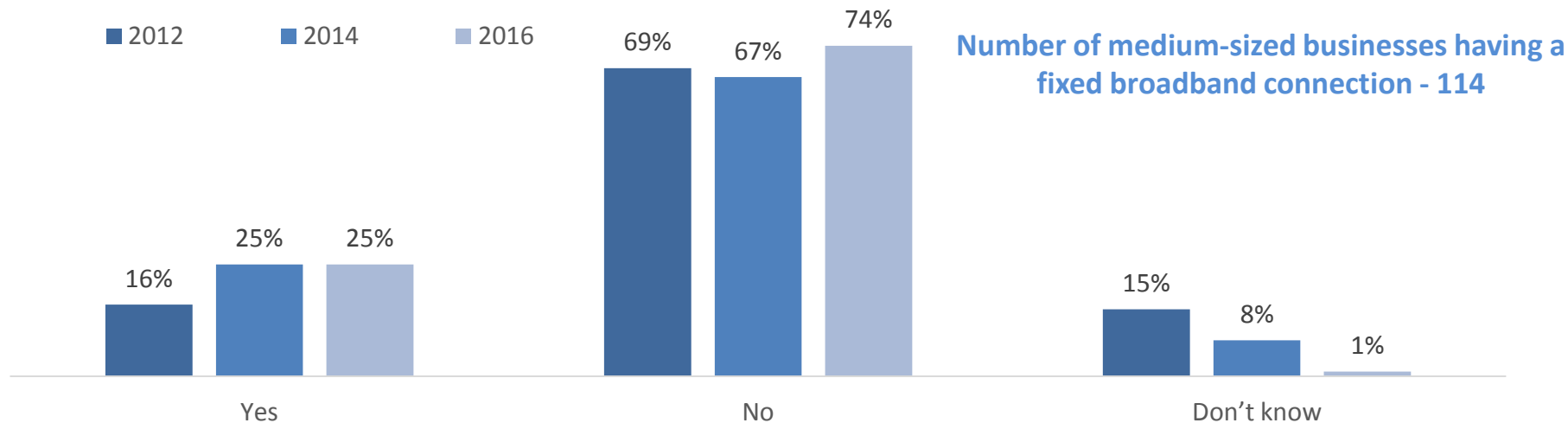
Number of respondents (medium and large businesses) – 166
All businesses interviewed have a fixed broadband connection



86% of all respondents were satisfied/very satisfied with the quality of service offered, up from 72% reported in 2014.

Fixed broadband (10)

Take up of Service Level Agreements (SLAs) for fixed broadband



Fixed broadband – additional remarks

- All medium and large businesses interviewed have a fixed broadband connection, with around 60% subscribed to GO.
- Demand for ultra high-speed internet is growing, with fibre getting increasingly popular with medium and large businesses.
- The number of large businesses having multiple service providers is also significant.
- 43% of respondents with a stand-alone fixed broadband connection find the price of the service as reasonable and 86% are satisfied with the quality of the service they are receiving.

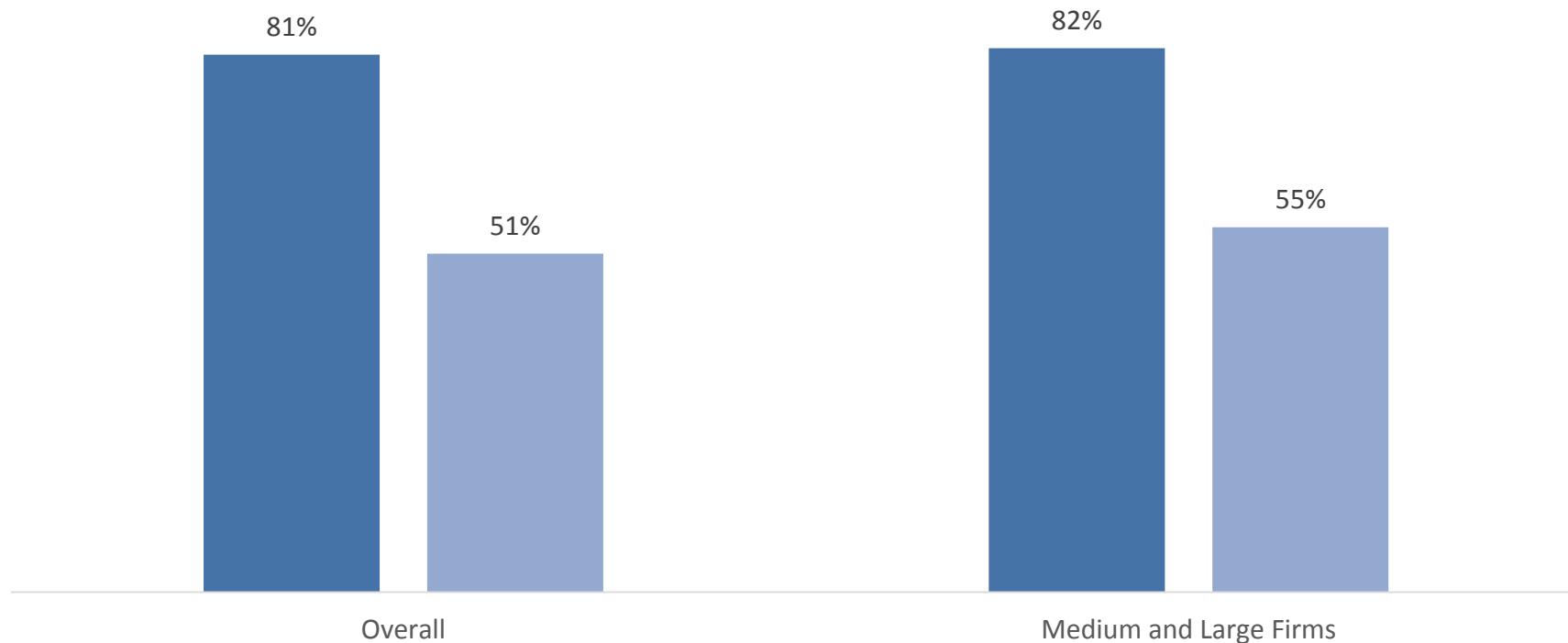
Over-the-top(OTT) services

Percentage of fixed broadband and mobile broadband users making use of OTT services

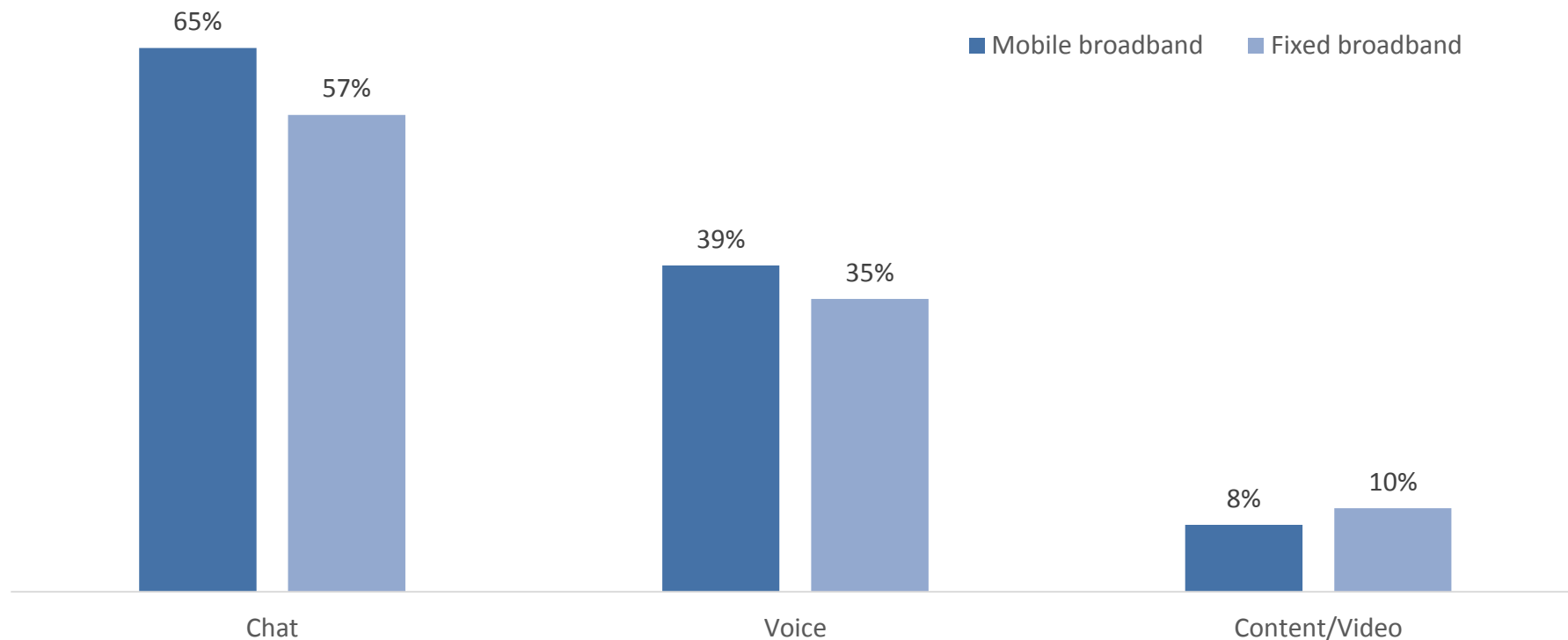
Number of respondents with a
fixed broadband connection – 166

Number of respondents making use
of mobile broadband – 100

■ Mobile broadband ■ Fixed broadband



Type of OTT services that are used



91% of medium and large businesses using fixed broadband are satisfied or very satisfied with OTT services.

95% of medium and large businesses using mobile broadband are satisfied or very satisfied with OTT services.

60% of medium and large businesses use OTTs on a daily basis while 35% use OTTs regularly .

OTTs – additional remarks

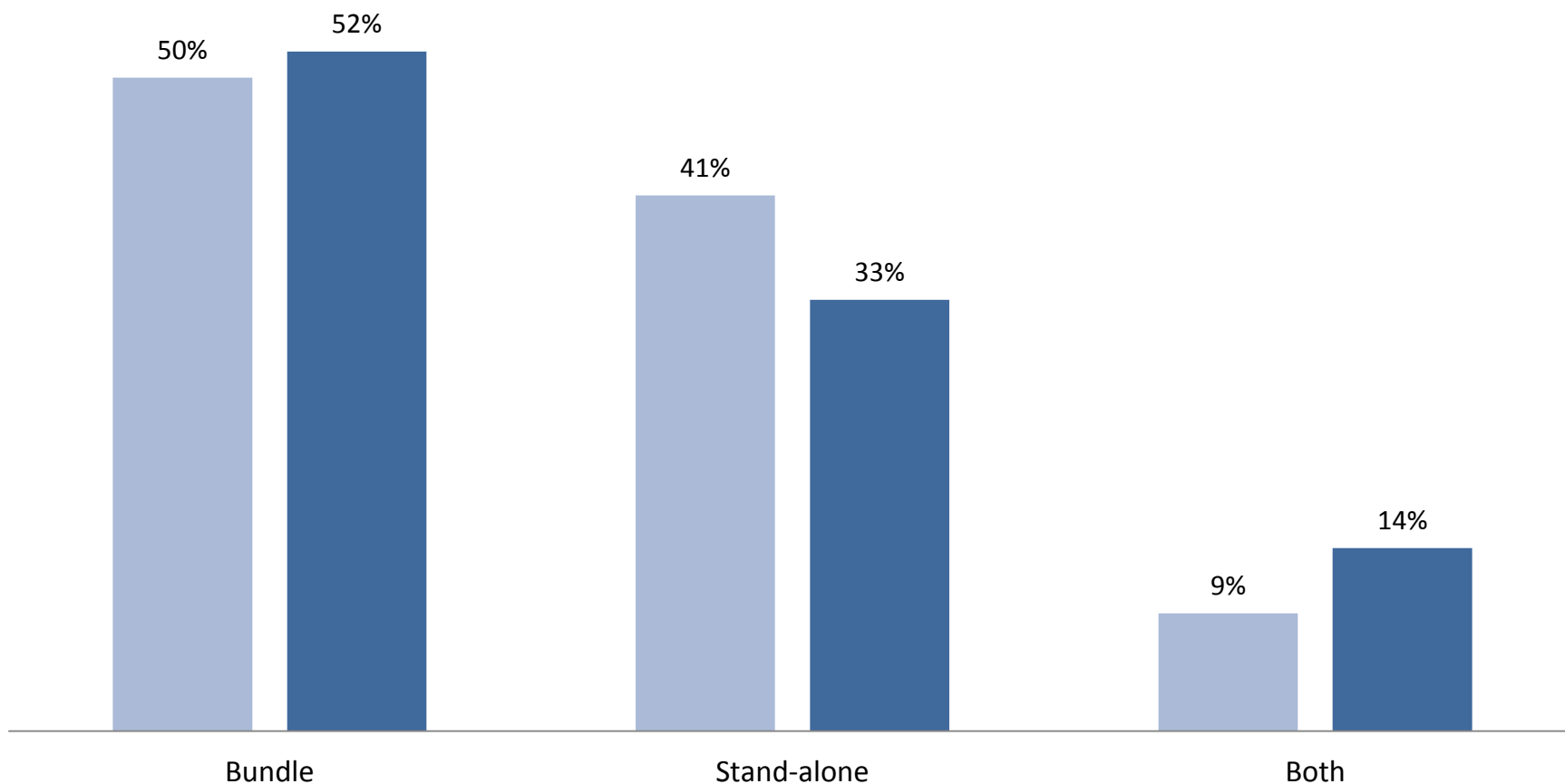
- Usage of OTT services over mobile is far more popular with medium and large businesses than is the case with such usage over fixed broadband. This may be due, for example, to the fact that some applications such as Whatsapp are only available over a smartphone.
- The percentage of medium and large businesses satisfied with the use of OTT services is very high, around 90%.
- 'Chat' remains the most popular type of OTT with businesses.

Bundles

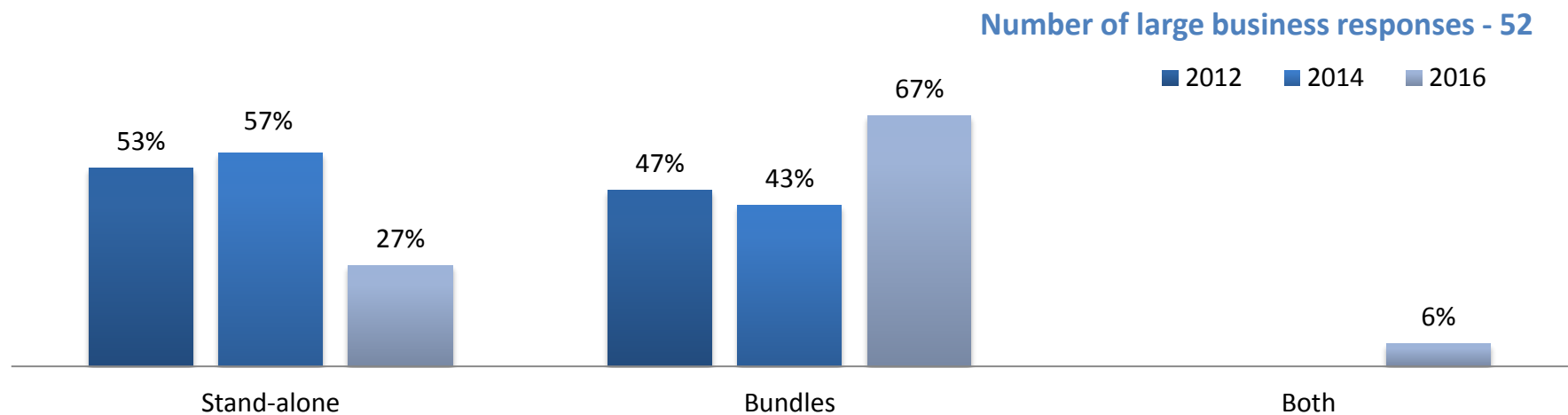
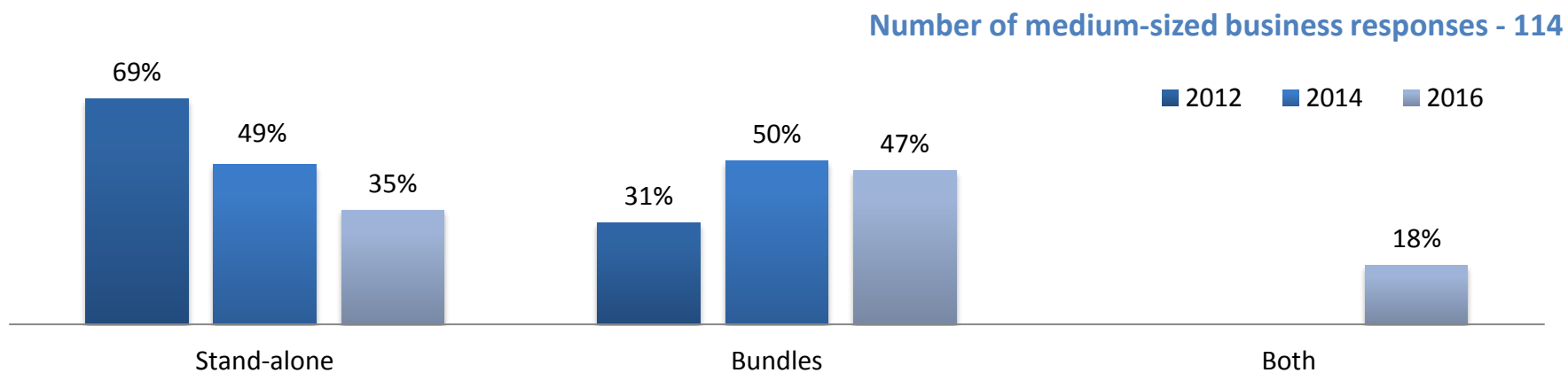
Percentage of businesses purchasing stand-alone services vs. bundled services

Number of respondents – 166

Overall Medium and large businesses

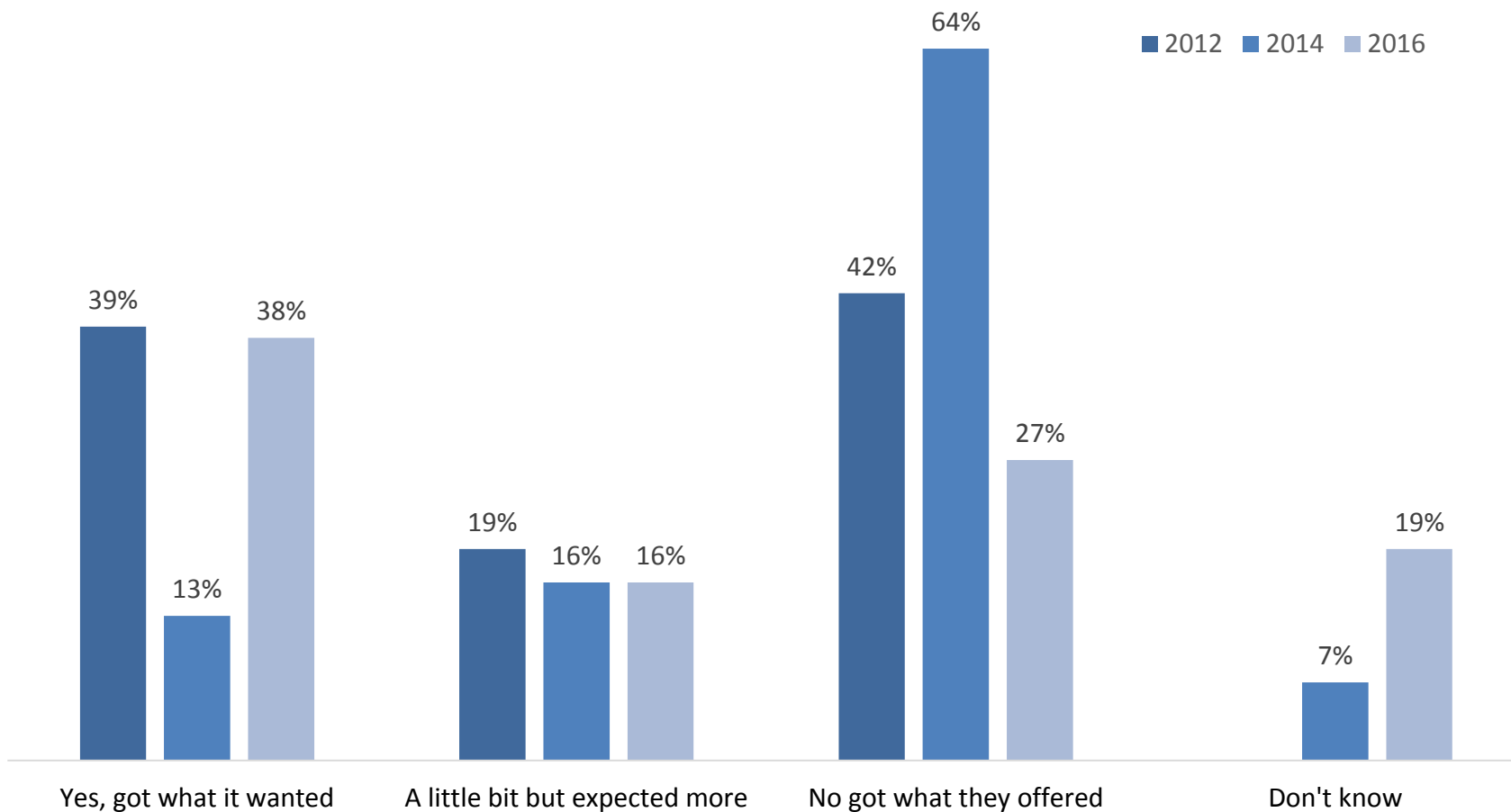


Percentage of businesses purchasing stand-alone services vs. bundled services



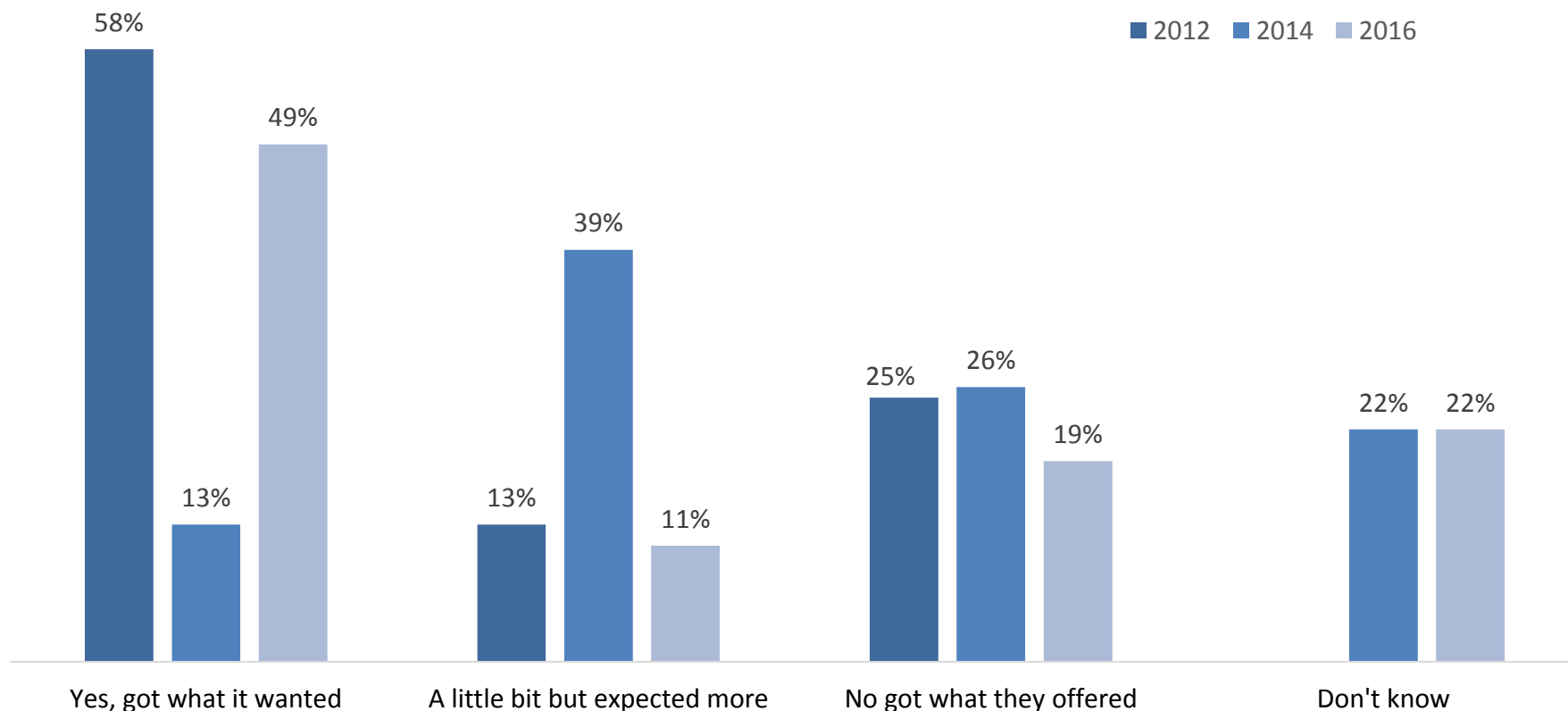
Did the business have the ability to bargain with the service provider on the terms and conditions of the bundle?

Number of medium-sized businesses with a bundle in 2016 – 73



Did the company have the ability to bargain on the terms and conditions and price with the service provider with regards to their bundle?

Number of large businesses with a bundle – 37



Average monthly expenditure on bundles

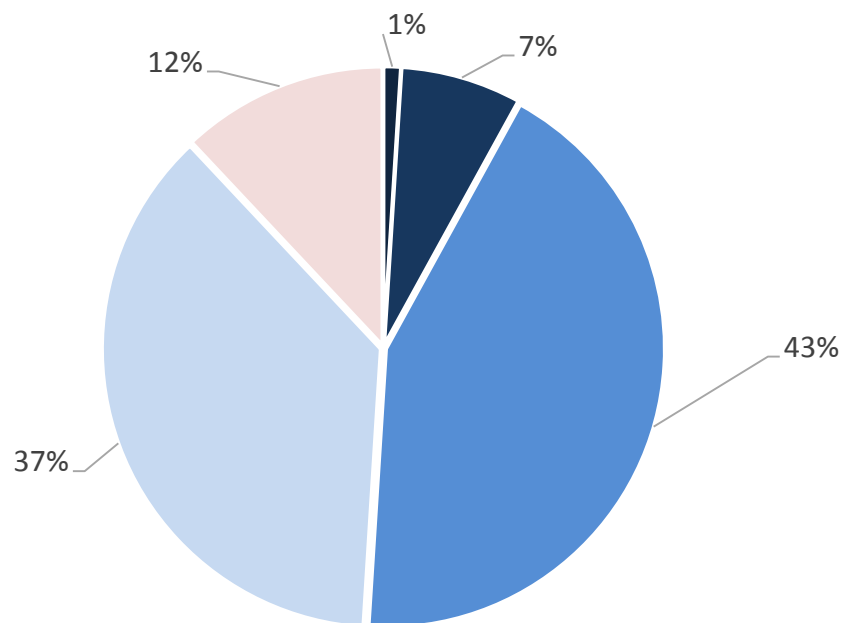
**Number of medium and large businesses purchasing bundles and knowing
their monthly expenditure – 89**

(i.e. 81% of all respondents purchasing a bundle)



Price reasonability of bundles

Number of respondents having a bundle and knowing their monthly expenditure - 89



49% of respondents felt that their monthly expenditure on bundles was cheap/very cheap.

Cheap

Very expensive



Bundles – additional remarks

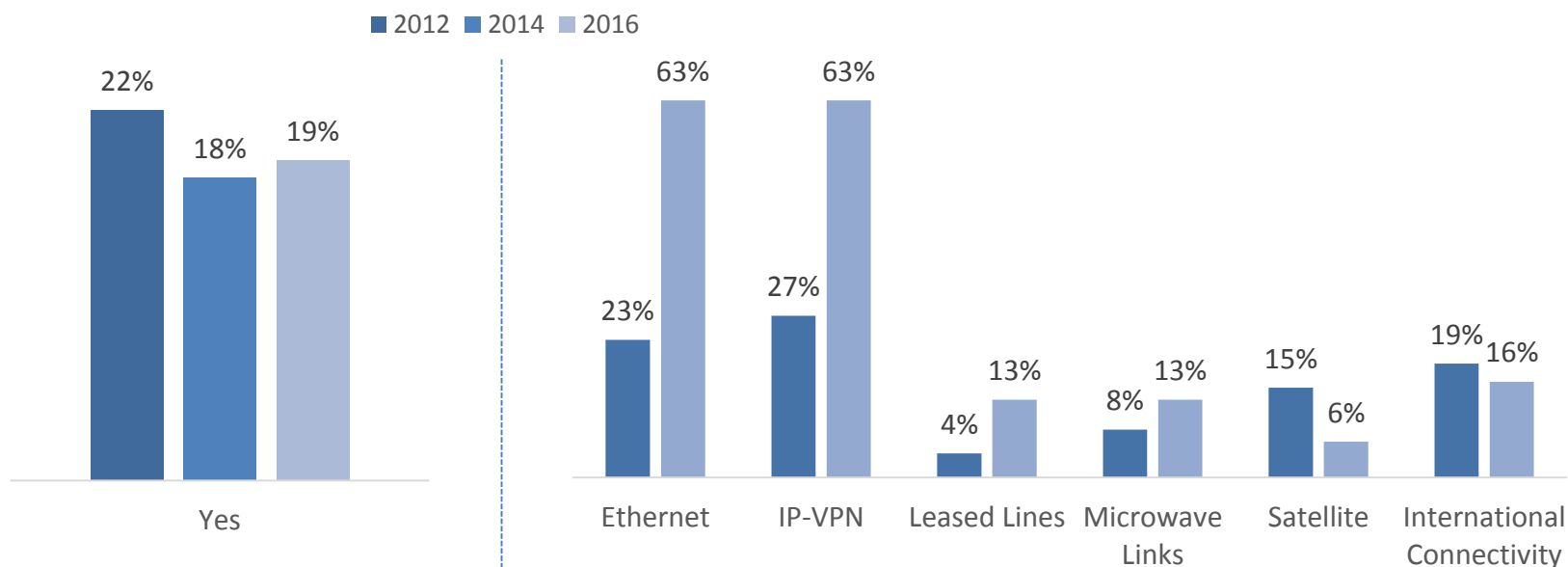
- Bundles are getting increasingly popular with medium and large businesses. This may be indicative of the marketing strategies adopted by local service providers, such as by offering higher broadband speeds only in a bundle.
- No specific advantages noted in 2016 when it comes to bargaining terms on bundled products.

Other data services

Does the company use other data services (e.g. Ethernet, IP-VPN, Leased Lines etc.)?

Number of respondents with a fixed broadband subscription - 166

19% of the above use other data services



Wholesale, retail and transport business operators make most use of other data services, followed by businesses offering personal services and tourism-related services.

56% of the businesses making use of other data services are large.

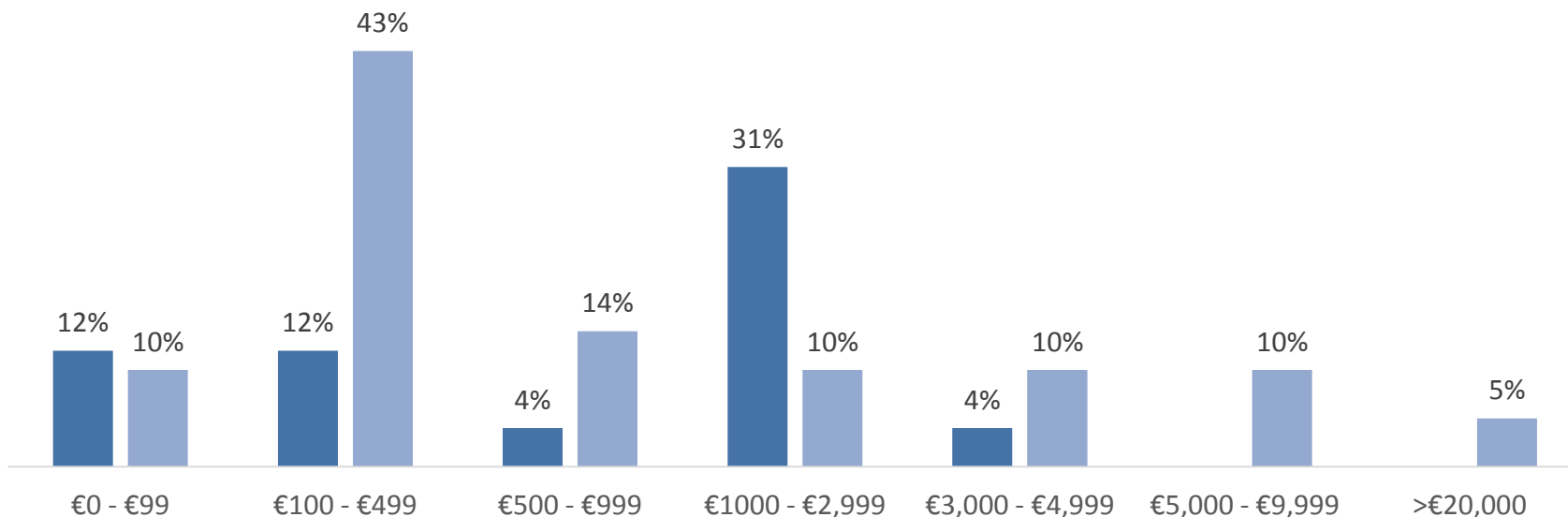
Note: Only 5% of businesses with less than 10 employees make use of other data services.

Monthly expenditure on data services

Number of medium and large businesses making use of alternative data services - 32

66% of the above know their monthly expenditure on these services

■ 2014 ■ 2016



Only 9% of medium and large businesses making use of alternative data services reported being dissatisfied with service. 91% were either satisfied or very satisfied with these services. This is an improvement over a 64% satisfaction rate recorded in 2014.

44% of medium and large businesses using alternative data services reported having negotiated terms and conditions according to their specified requirements.

Other data services – additional remarks

- Only a small number of medium and large businesses purchase alternative data services. Nevertheless, more than 60% of these make use of 'multiple' alternative data services.
- Of those purchasing alternative data services, survey findings indicate that the level of satisfaction may be commensurate with the premium being paid. The satisfaction rate in 2016 stood at 91%, compared to a satisfaction rate of 64% reported in 2014.

Thank you

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