

Narrowband Review 2016

Consumer, SME and Corporate Markets
November 2016



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1. Introduction

1.1. Background

As part of its duties as the UK regulator for the communications industries, Ofcom has a responsibility to further the interests of both residential and business consumers in the longer term, and foster efficient competition.

In keeping with this duty, Ofcom is obliged to conduct regular reviews of certain telecoms markets, and is currently in the process of performing its 2016 Narrowband Market Review.

Research for the last market review, focussing on the landline and fixed voice services, was conducted by Jigsaw during 2012/13. Where possible, this report includes references to the 2012/13 data.

This report presents the findings from five separate studies conducted by Jigsaw during 2015. Where there was overlap between the surveys in terms of questions asked, this report looks only at the most recent data.

1.2. Research objectives

The purpose of undertaking this research was to understand the choices that residential consumers, SME and larger¹ businesses make regarding their use of fixed telecoms services, and to explore how they might react to hypothetical changes in the prices of their services.

The specific objectives of this research were to:

- Measure access to, and usage of telecoms services, in terms of technology, device, package and supplier.
- Understand how choice of service varies for different call types.
- Understand how residential and business (SME) end-users view purchases of line rental in relation to calls.
- Assess in greater detail about how business end-users (SMEs and larger businesses) use ISDN and the issues around migration to VoIP services.
- Understand what effect a small but significant non-transitory increase in price (SSNIP²) of 10% would have on substitution away from fixed line voice calls and access for residential and business end-users.

¹ Larger businesses were only interviewed in the ISDN survey.

² An example of a question used for the SSNIP methodology, proposing a hypothetical change in the cost of their landline service, can be found below.

If the overall monthly price of your landline calls were to increase by 10%, how likely would you be to do each of the following? When answering, please assume that the monthly price offered by other land line providers would also increase by 10%, but the prices offered by providers of mobile, VoIP or other forms of communication services would remain the same. Firstly, how likely would you be to:

- A. Not change any aspect of your landline call behaviour
- B. Switch some calls from landline to mobile phone
- C. Switch some calls from landline to VoIP
- D. Switch some calls from landline to email, mobile phone texts or instant messages
- E. Send emails instead of making some landline calls
- F. Send instant messages (e.g. Facebook messenger, WhatsApp, etc.) instead of making some landline calls
- G. Give up my landline and only rely on mobile and broadband call services

- Analyse the results by sub-group³ to identify those who may differ significantly in their service choices or response to change.

2. Executive Summary

The following key findings are from surveys of 2,137 residential consumers and 502 SME businesses across the UK, conducted between the 27th April and 4th June 2015, and subsequently surveys of 1,354 residential consumers, 502 SME businesses and 301 business users of ISDN and IP alternatives (SME and larger businesses) conducted between 18th & 30th September 2015.⁴

2.1. Residential consumers

2.1.1. Communications landscape

Home mobile usage was almost on a par with landline. To make calls from home, most used a combination of landlines and smartphones/mobiles. Almost all had a mobile (93%), with the majority having a smartphone (72%). Those aged 65+ were more likely to have a simple mobile phone than a smartphone.

84% were using fixed broadband. 8 in 10 had all of landline, fixed broadband internet and mobile services at home. VoIP (Voice over IP⁵) remained niche with just over a quarter (27%) using it.

Respondents aged 65+ and DE socio-economic grade were less likely to have fixed broadband internet, smartphones, pay TV, mobile broadband or VoIP services at home.

Of those using their landline to make or receive calls, 3 in 5 (60%) made calls at least every couple of days (70% of 65+). 3 in 4 (73%) received calls at least every couple of days (79% of 65+). However, the main reason for having a landline was to access fixed broadband. 2 in 5 (40%) cited access to fixed broadband as the main reason for usage. 1 in 3 (30%) cited making or receiving calls, 1 in 10 because 'landline is more reliable than mobile' (8%) or 'in case of emergencies' (8%).

Two-thirds said they called others on their landlines at least a few times per week (much higher amongst over 65s), most often for local, national and Freephone numbers. Mobiles were most likely to be associated with daily usage (more than half of respondents cited using them every day). Mobile and VoIP had different usage patterns to landlines. They were more likely to be used for specific types of numbers (mobile for calling other mobiles, and VoIP for calling internationally and other VoIP users).

Convenience/ease of use and price were the key reasons for choosing landline or mobile services for making calls from home (convenience being more dominant for mobiles and the two equally prevalent for landlines).

The main factors deterring total substitution of landlines to mobiles were price, reliability and coverage. For VoIP and email/SMS/IM, greater usage was deterred by perceived unsuitability of the methods for certain conversations or where talking was required.

³ Analysis of subgroups encompassed a number of elements. For consumers, we largely looked at socio-demographic factors (age, gender, household composition, social grade, income). For SMEs we examined differences by company size, turnover and sector. For both we looked at a region and level of urbanity/rurality.

⁴ Detailed methodologies can be found in Section 3.

⁵ VoIP was described as "a way to make voice or video calls over the Internet e.g. by using Skype, Vonage or Facetime, including use on a smartphone, tablet, laptop or desktop computer".

2.1.2. Suppliers

Four suppliers (BT, Virgin Media, Sky and Talk Talk) combined were cited as providing around 90% of respondents' landline and fixed broadband internet services. BT continued to be the leading landline calls (36%) and fixed broadband (28%) provider.

Choice of landline provider was largely driven by deals or price elements. Inertia and reliability were secondary reasons (higher amongst those with BT).

2.1.3. Bundling and use of same vs. different suppliers

Three quarters received some element of unlimited call packaging as part of their landline package. 3 in 5 bundled broadband, and more than a quarter bundled pay TV.

Of those who did NOT bundle their landline and fixed broadband internet, a quarter said they didn't use the internet, 1 in 5 felt the price was too high and 1 in 10 were offered better deals or had some kind of alternative access to the internet.

Main reasons for using a separate fixed broadband provider (rather than using their landline provider) related to having a good deal or better price, followed by general inertia, trusting the supplier and having a high quality line.

1 in 5 (21%) said they thought about the costs of landline line rental and calls separately, however, only 1 in 50 (2%) bought their landline calls from a different supplier.

More than 9 in 10 (93%) used the same company for both line rental and calls. This was driven by having a good/better deal overall, inertia, the convenience of using the same supplier, or paying for the service as part of a bundle.

2.1.4. Switching

The level of inertia was high. Around 1 in 10 had switched landline or fixed broadband internet in the last 12 months, with younger respondents more likely to have done so. Rationale for switching was driven by price although 1 in 3 had experienced a poor service or sought a more reliable service.

Fewer than half (45%) had ever switched any of their landline, fixed broadband or pay TV services. Two fifths (39%) had ever changed their landline provider (only one in six (17%) amongst those that only have a landline).

2.1.5. Likelihood to give up landline and use of alternatives

2 in 5 landline users agreed that "under certain circumstances I would be prepared to give up my ability to make calls from my landline" (notably higher amongst younger people, ABs, urban dwellers and those with smartphones).

Most were prepared to give up their landline calls if they didn't need a landline to access their fixed broadband (57%). Others would switch their calls if it was cheaper to use mobiles (17%), if it reduced their line rental (17%) or if the price of making landline calls became too expensive (15%).

2 in 5 claimed they would NOT be prepared give up their ability to make calls from their landline. These were typically older, DE or rural, who were less likely to have a smartphone. They preferred to make calls on their landline (34%), liked the reliability of their landline connection (31%) or felt that it was needed in order to access the internet (26%).

2.1.6. Claimed response to a hypothetical 10% price increase

Respondents were introduced to two hypothetical situations whereby the overall monthly price of their landline calls would increase by 10%, and whereby the overall monthly price of their total landline bill (including line rental) would increase by 10%. Responses were very similar across the two scenarios.

Around 1 in 5 residential consumers said they would be certain or very likely to give up their landline if their call costs or overall landline bill increased by 10%. This proportion was significantly higher amongst younger people and much lower for those aged 65+.

- 18% said they would give up their main fixed line and rely on mobiles and broadband call services (19% if total bill went up 10%).
- 33% said they would do nothing (28% for total bill).
- 24% said they would switch some calls to a mobile (23% for total bill).
- 18% said they would switch to email, SMS or instant messaging (19% for total bill).
- 11% said they would switch some calls to VoIP (12% total bill).

Around 1 in 3 said they were certain or very likely to do nothing. On average (mean), the monthly price of either calls alone or total bill would have to increase by 30% in order for these users to change their calls behaviour.

Existing access to alternative communications services was clearly an influential factor for many respondents. Those with the widest access to alternatives were the most likely to say they would switch some calls to other methods.

2.2. SME

2.2.1. Communications landscape

Most ICT (Information and Communications Technology) decision makers were clearly balancing the role with other responsibilities (only larger companies had dedicated specialists). Just under 1 in 10 SMEs⁶ (more than a third of sole traders) were solely home based, and overall 24% of SMEs were based either fully or mainly at home. On average SMEs operated from 1 site (rising in the largest companies) and decision making was usually centralised in multi-site operations.

Standard landline use amongst SMEs was almost universal, with mobile and fixed broadband internet usage also high across all company sizes.

Usage of other fixed lines (ISDN and leased lines) were more prevalent in larger SMEs (those with 10-249 employees), as were VoIP (Voice over IP⁷) and mobile broadband.

Social media marketing and cloud based services were used by around a third of SMEs, again higher usage amongst larger SMEs (10-249).

Only a small proportion of SMEs were considering services they didn't already have; fibre broadband was the most likely to be under consideration (27% had it and a further 7% had been considering it).

Although three-quarters used standard landlines daily, the research found evidence of mobile and VoIP substitution taking place. Almost 2 in 3 used their mobile phones on a daily basis when within reach of their landline phones. Existing levels of VoIP substitution were lower with almost 4 in 10 using VoIP daily while also within reach of their landline.

VoIP use was driven primarily by price, mobile phones by a mixture of convenience and free/bundled minutes.

There were barriers to a greater use of other services instead of fixed lines. Price of calls/reliability were the main barriers to greater mobile use and lack of access/inconvenience for VoIP.

⁶ SMEs are small and medium enterprises, defined for the purposes of this research as employing fewer than 250 employees in the UK either full or part-time

⁷ VoIP was clarified as "includes services that carry voice traffic over the internet, such as Skype and Vonage, and voice over IP services that a provider of communications services may offer, sometimes called IP Voice or SIP trunking services"

The research revealed an apparent cultural barrier associated with shifting from verbal to written communication i.e. using email/SMS/IM more often instead of making calls from their place of work. This was because of the norms that exist around how business relationships are built/executed and the importance of the role of verbal conversation in this.

2.2.2. Suppliers & switching

SME fixed line markets were fragmented. BT was shown to be the most prevalent supplier, followed by a series of other providers used by less than one in ten. The VoIP market had a different supplier set with BT then Skype being the most used. Key reasons for choosing fixed line suppliers were getting a good/better deal and historical reasons (the latter more prevalent amongst those currently with BT). Sole traders were more likely than average to cite quality of customer service or quality of lines or calls.

Package deals dominated the market - 9 out of 10 had the same supplier for line rental and calls, and 8 in 10 had the same supplier for fixed broadband internet as for their fixed line calls. The majority (8 in 10) also tended to think about costs for line rental and calls together.

Half of those using VoIP had a 'managed service' (use the same provider as their fixed line services).

Bundling of services was driven primarily by opportunities to reduce cost or by habit/inertia.

Approximately 1 in 10 had switched fixed line calls or fixed broadband internet in the last 12 months. Larger businesses were more likely to switch compared to smaller businesses (especially those that operated from home). Price was shown to be the main driver to switching, followed by a poor or unreliable service experience from their previous supplier.

2.2.3. Likelihood to give up landline

1 in 4 (26%) agreed they would be prepared to give up the ability to make calls from their main fixed line under certain circumstances. The majority (68%) would not be prepared to give it up.

The convenience of using mobiles and the high price of making calls from their main fixed line were the main justification given for being prepared to give up main fixed line calls.

2.2.4. Claimed response to a hypothetical 10% price increase

Respondents were introduced to two hypothetical situations whereby the overall monthly price of their landline calls would increase by 10%, and whereby the overall monthly price of their total landline bill would increase by 10%. Responses were very similar across the two scenarios.

The SME market was relatively less price sensitive than the consumer market. Only 3% would be certain or very likely to "give up their main fixed line" if main fixed line call costs were to increase by 10%.

- 3% would give up main fixed line and rely on mobiles and broadband call services (4% if total bill went up 10%).
- 50% would do nothing (51% for total bill).
- 9% would switch to a mobile (10% for total bill).
- 4% would switch to email, SMS or instant messaging (4% for total bill).
- 3% would switch to VoIP (3% total bill).

On average, main fixed line call costs or their total main fixed line bill would need to increase by 38% (mean) for calls and 34% (mean) for total bill before SMEs (who would not take action after a 10% increase) change their calls behaviour.

2.3. Business users of ISDN and IP alternatives

2.3.1. Communications landscape

The ISDN and IP based products were more prevalent in the following business sizes:

- ISDN2/2e: <50 employees
- ISDN30: >50 employees
- IP based alternatives: >250 employees.

ISDN2/2e and ISDN30 were considered primary services for 3 in 5. These services were used equally for incoming and outgoing calls, although incoming was typically perceived to be more important.

They were also widely used for internet services and intra-site calling (the latter being more prevalent for ISDN30).

3 in 5 said they have a switch. 3 in 4 of these switches were already IP-enabled. 3 in 5 planned to replace their switch within a year.

Similar proportions purchased ISDN as 'standalone' or 'part of a package of in-house services'. The most popular bundles included call management/routing and ADSL/fibre or leased lines/VPN.

Average annual spend on ISDN30 was somewhat higher than ISDN2 (£605k vs. £523k).

Reliability, ease of use, call management functionality and flexible line capability were the most valuable aspects of ISDN services.

2.3.2. Suppliers & switching

BT was the leading provider of ISDN, followed by a long tail of smaller suppliers.

3 in 5 had ever switched ISDN supplier; primarily because they were offered a better deal/price.

2 in 5 were considering switching to IP based services (40% of ISDN2/2e, 35% of ISDN30). Potential switchers were looking for better value/price (esp. ISDN30 users), greater functionality and better service features. Reliability of the existing service was the key barrier to switching.

Almost all of those considering a move from ISDN have concerns about IP based alternatives; notably in relation to security and reliability

2.3.3. Reactions to price increases

1 in 5 ISDN2/2e users and 1 in 10 ISDN30 users claimed they'd definitely switch away from ISDN if prices were increased by 10%. On average, a c.25% increase would be required to trigger definite action.

2.3.4. Future intentions for ISDN

A majority (53%-57%) envisaged continuing with their ISDN for less than 2 years. When they stop, 2 in 5 planned to use an IP alternative (41% of ISDN2/2e; 43% of ISDN30); however a further 2 in 5 were unsure what they'd do.

If they were forced to replace their ISDN service, half would choose an IP based alternative (48% of ISDN2/2e and 58% of ISDN30).

2.3.5. IP based services

Half of those not already using IP were aware of these alternatives and a quarter claimed they would move to them within the next 2 years.

Key concerns about moving related to:

- ISDN2/2e: Reliability and service quality, then security.
- ISDN30: Price and reliability, then service quality and resilience.

Hosted VoIP was most typically used (69%), followed by SIP trunking (36%) and IP Centrex (27%).

For almost half, a general upgrade triggered their move to IP (46%). Other key triggers included a switch upgrade (27%) or changing their supplier (27%).

3 in 5 IP based users said they have a switch. The key functionalities switches would need to incorporate in the next 12 months included IP based networking (51%), unified communications (46%), LAN connectivity (43%) and call queuing/routing (43%).

As with ISDN, the key business uses of IP were outgoing and incoming calls (incoming typically more important). However, IP services were more likely to be used for internet services, intra site calling and video conferencing than ISDN services.

Reliability was the key reason for choosing IP based alternatives (57%), followed by service quality (42%) and price (36%). NB: These were also the most commonly mentioned concerns about moving to IP.

The most valuable functional aspects of IP were similar to those of ISDN. However, voice connectivity, LAN connectivity and providing voice & data from the same supplier were more important to those using IP systems.

7 in 10 had to invest in new equipment when they moved to IP, but the same proportion felt that IP had saved them money on their regular bills.

3. Research Methodology

3.1. Residential consumers

The residential research involved two quantitative studies. The first comprised 2,137 interviews conducted between 27th April and 4th June 2015 and took place across two stages (as detailed below).

A further 1,354 interviews were undertaken between 18th & 30th September 2015.

Interviews were conducted in home via CAPI (computer assisted personal interviewing) with residential consumers using fixed line services for outgoing voice calls from their home. Mobile-only households were necessarily excluded from the survey.

Respondents were personally or jointly responsible for paying the landline home phone bill, and asked to respond about their own personal communications usage and preferences, not about others in the household or the household as a whole.

The data was weighted to correct for any minor deficiencies or bias in the sample. The omnibus provider uses a system that weights to the latest set of census data and NRS defined profiles for age, social grade, region and working status - within gender and additional profiles on tenure and ethnicity. This approach provided a 'best weighting' (or a least distorted weighting) solution by using computing power to run a large number of scenarios from which the best was chosen.

The questionnaire was 10-15 minutes in length. Copies of the 2015 questionnaires can be found in a separate document.

3.1.1. Fieldwork Stage 1: Face to Face Omnibus. Survey 1.

We initially spoke to a nationally and regionally representative sample of 4,099 adults across the UK, using the Ipsos MORI Capibus (Capibus). A form of random location sampling was used to ensure a good geographical spread of interviews. Controls were applied by region and sub-region, then quotas were set on age, gender, working status and tenure. This initial sample was screened to ensure that we spoke to a representative sample of landline bill payers.

3.1.2. Fieldwork Stage 2: 'Boost' using Face to Face Omnibus. Survey 1.

The initial Omnibus approach did not yield a sufficient number of interviews with the "landline & fixed broadband internet, but no mobile" subgroup, so we boosted numbers by undertaking an additional wave of the Capibus. Separate weightings were applied to down-weight these boost interviews, and ensure they were in line with natural fallout from the previous waves of the Capibus.

3.1.3. Fieldwork Stage 3: Subsequent survey: Face to Face Omnibus. Survey 2.

A further 1,354 in home CAPI interviews were undertaken between 18th & 30th September 2015.

We spoke to a nationally and regionally representative sample of 2,145 adults across the UK, using the same Capibus approach.

3.2. Business consumers (SME)

3.2.1. Fieldwork Stage 1 & 2: CATI

The SME research involved two quantitative surveys, each with a representative sample of 502 UK SME businesses using fixed line services for outgoing voice calls. Respondents were all telecoms decision makers.

Interviews were conducted on the telephone (CATI) using a 15 minute questionnaire, a copy of which can be found in the Appendix along with further detail on the sample profile. The sampling methodology involved random dialling from a business database.

The first phase of fieldwork was conducted between 22nd April and 26th May 2015, and a subsequent phase of fieldwork was conducted between 7th September and 2nd October 2015.

A quota sample based on region and company size was implemented. In addition to controlling the sample this way non-interlocking quotas were set on industry sector to ensure broad alignment with UK business profiles. Weighting was subsequently used to re-align the sample profile with the universe. Weights were applied based on SME statistics for region and company size as profiled in the report entitled 'Business Population Estimates for the UK and Regions 2014', published by the Department for Business Innovation and Skills.

3.3. Business users of ISDN and IP alternatives

The research comprised a quantitative study with a sample of 301 businesses (SMEs and larger businesses) using ISDN2, ISDN30 and IP based alternatives.

Respondents were telecoms decision makers using relevant services. The research used an online business panel methodology, based upon a 15 minute questionnaire.

A quota sample was implemented, based on usage of the following services:

- ISDN2/2e: n=100
- ISDN30: n=100
- IP Alternatives: n=150.

NB: Some respondents used combinations ISDN2/2e, ISDN30 and IP based alternatives.

Fieldwork was conducted between 15th September and 2nd October 2015.

4. Research Findings: Residential Consumers

4.1. Communications landscape

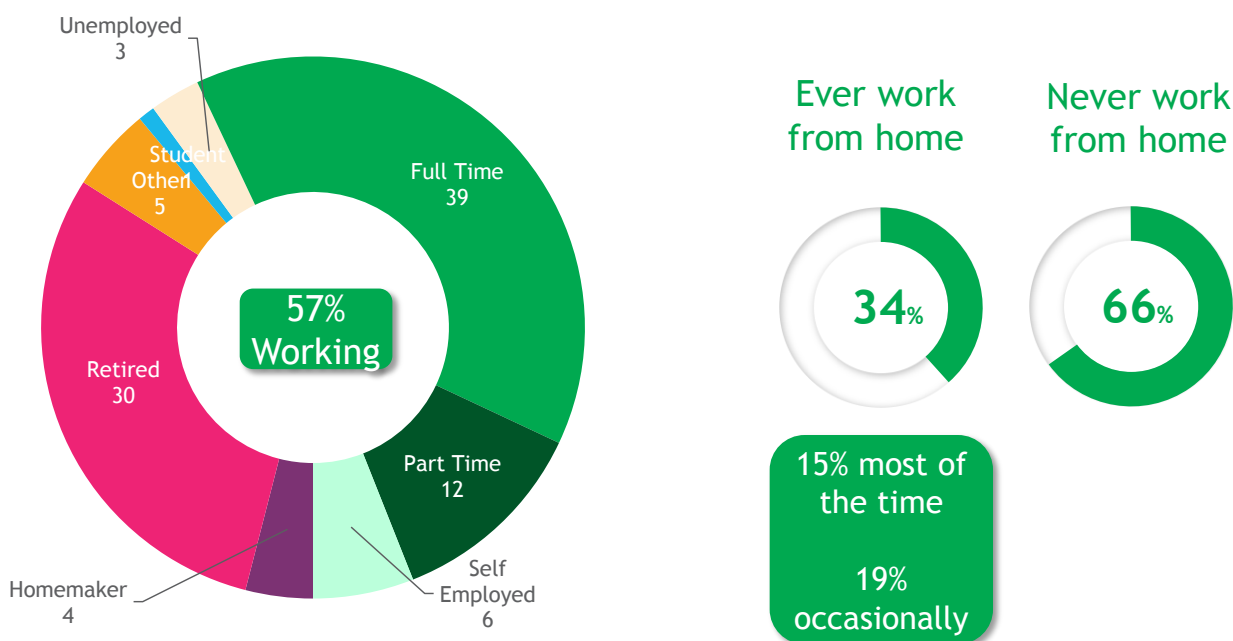
4.1.1. Working from home

Figure 1 shows that respondents were as likely to be non-working as working. More than half (57%) were working full-time, part-time or described themselves as self-employed. The largest group of non-workers were the 30% retired.

Those who were working tended to work away from home. Less than 1 in 6 worked from home most of the time.

While for the purposes of this survey respondents were asked only to consider their personal calling patterns whilst at home (not for work purposes), the potential overlap for some with their business use of communications services is clear.

Figure 1: Working status and place of work



Source: Residential Survey 2. S5 Which of the following best describes your current working status? Base: All landline payers n=1357 S6 Do you ever work from home? Base (unweighted): All landline bill payers currently in work n=618

4.1.2. Attitudes towards prices for communications services

Respondents were shown three statements about the cost of communications services and asked to rate the extent of their agreement or disagreement with these.

- I don't tend to look at my communications bills in any detail.
- I like to keep an eye on my landline bill as costs can spiral out of control if I'm not careful.
- The cost of my landline is bundled up with other products and I think of the cost of the whole bundle rather than any individual component.

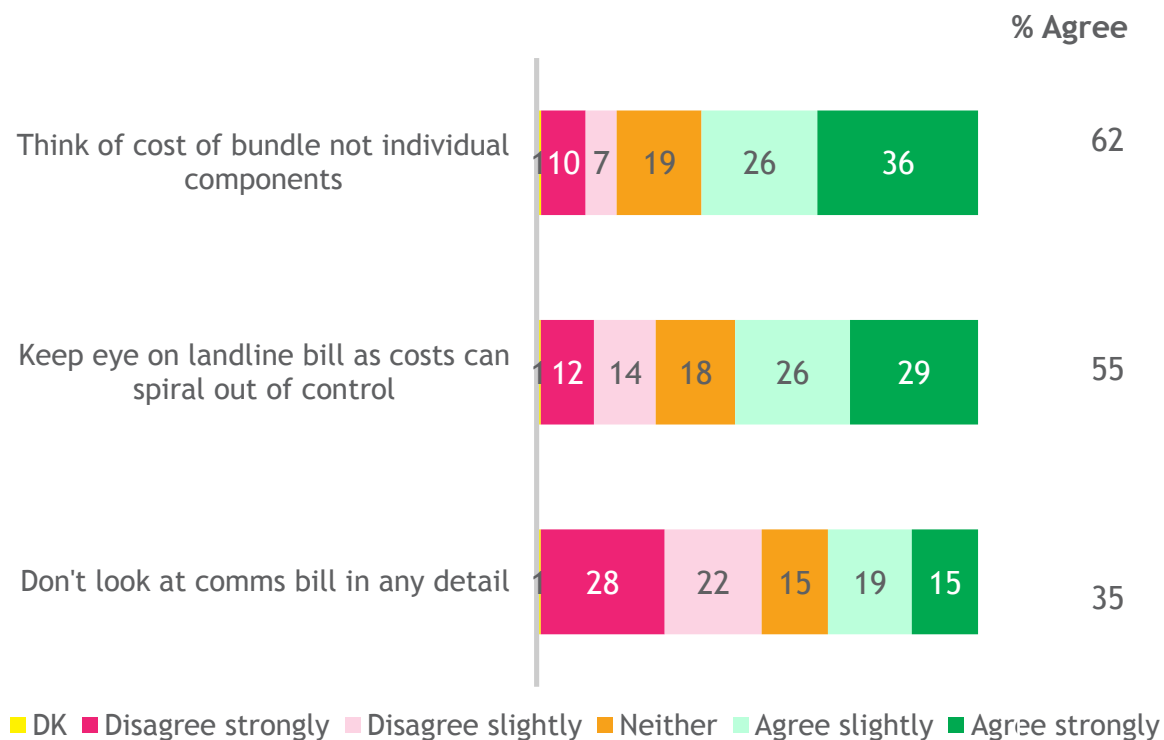
Figure 2 shows that 62% viewed their communications services in terms of the cost of the bundle (not individual components). This was higher amongst the youngest respondents (78% of 16-24s) than the oldest (49% of 65+).

Predictably, those with multiple communications services were more likely to think of their costs in this way, with 71% of those with all of landline, broadband and mobile services in the home agreeing that they viewed their communications services in terms of the cost of the bundle.

More than half agreed that they “kept an eye on their landline bill as costs can spiral out of control”. Agreement with this increased with age, from 47% of 16-24s rising to 59% amongst those aged 65+. Those on higher incomes were less likely to agree with the statement (43% amongst those with £50k+). Agreement was significantly higher (71%) amongst those respondents who never use the internet despite having access to it.

Only one in three (35%) agreed that they didn’t look at their communications bill in any detail. Half of respondents disagreed with this (28% strongly so).

Figure 2: Attitudes towards prices for communications services



Source: Residential Survey 1. Q19 Please tell me how much you agree or disagree with some statements that other people have made about the cost of communications services.

Base (unweighted): All landline bill payers n=2199

4.1.3. Products and Service Usage

Figure 3⁸ shows that to make calls from home, most respondents had access to a combination of landlines and smartphones/mobiles, which were almost universal with 93% using them. 1 in 4 claimed to use VoIP.⁹

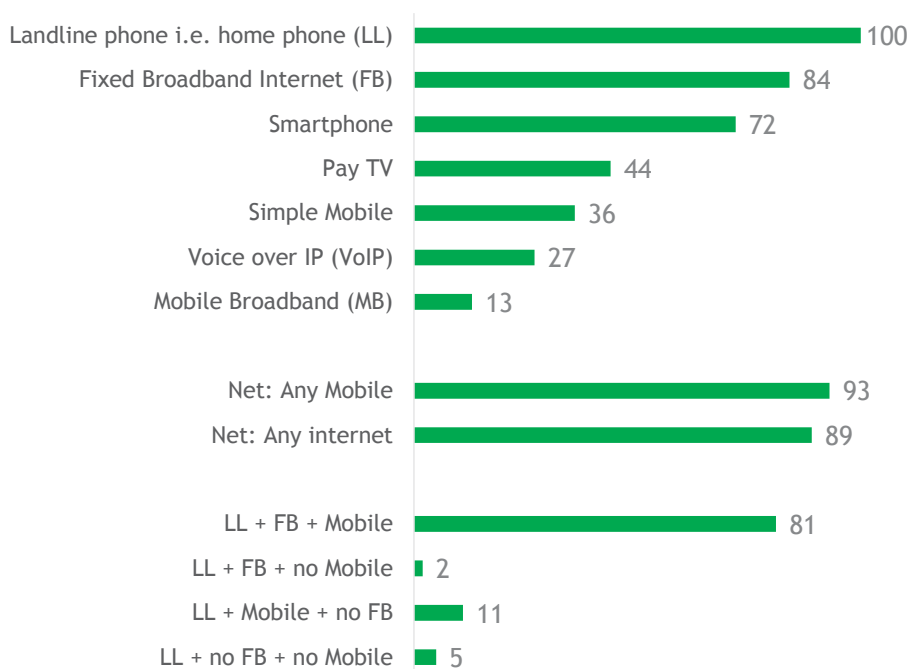
It is important to note that mobile-only users were excluded from the survey (all respondents had to have a landline phone), therefore mobile penetration is likely to be underestimated in these findings.

The incidence of several products/services was higher than in 2012/13, when Ofcom last undertook a Narrowband market review. 84% said they have fixed broadband (up from 76%), 27% VoIP (up from 22%) and 13% mobile broadband (up from 9%). The greatest change was seen for smartphones, with 72% having them (up from 42% in 2012/13), representing a shift away from standard mobiles (36% compared with 75% in 2012/13), but with mobile usage overall remaining the same at 93%. Pay TV incidence was lower compared with 2012/13 (44% using in 2015 versus 50%).

Those from the DE segment or aged 65+ were significantly less likely to have fixed broadband, smartphones, pay TV, mobile broadband or VoIP services at home. 58% of those aged 65+ had a simple mobile phone. Those in the AB segment were more likely to have fixed broadband (92%), a smartphone (84%) or mobile broadband (41%).

Looking at combinations of products or services, more than eight in ten (81%) had landline, broadband and mobile services at home. DEs (64%) and those aged 65+ (63%) were less likely to have all three services.

Figure 3: Product/Service have at home



Source: Residential Survey 2. S7 Which of the following do you have at home (either you personally or anyone else in the household)? Base (unweighted): All landline bill payers n=1354

⁸ Abbreviations used throughout the report are shown in parentheses.

⁹ Incidence of VoIP is lower than seen in other sources, including the Ofcom Communications Market Report (August, 2014) where take-up is 35%. This is likely to be because respondents were asked if they had "Voice Over IP or VoIP" as a service (with a supplementary explanation that it is a way to make voice or video calls over the internet) whereas in other studies respondents have been asked directly if they make video or voice calls over the internet (so an activity rather than a service).

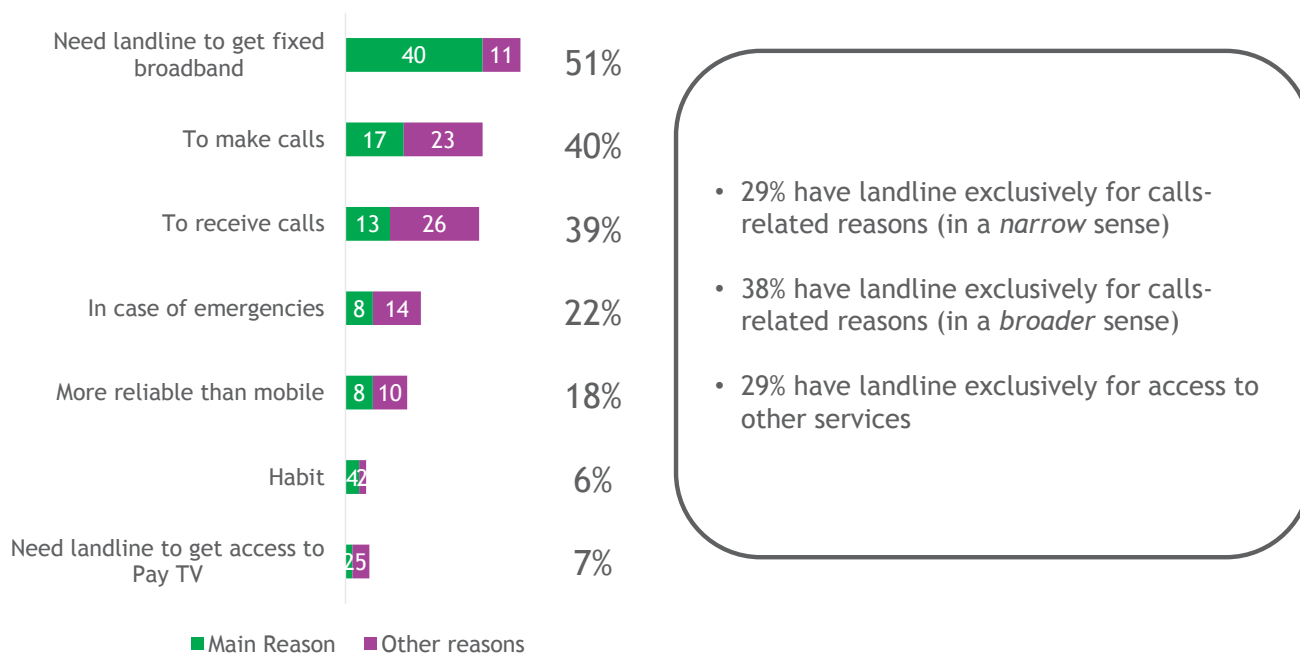
Respondents were asked why they had a landline. Figure 4 shows that 2 in 5 had their landline to either make or receive calls. 1 in 5 used it because it's more reliable than mobile. However, the most stated reason for having a landline was to access fixed broadband internet – 2 in 5 cited this as the main reason, rising to half as a reason at all.

The text box to the right of the chart examines some combinations of reasons and more detailed descriptions of these can be found in the footnote.¹⁰

Around 1 in 3 (29%) said they had a landline exclusively for calls-related reasons in a narrow sense (i.e. they made and/or received calls but didn't say they used landline to get broadband or pay TV). A somewhat higher proportion (38%) had a landline exclusively for calls-related reasons in a broader sense (i.e. they didn't use landlines to get broadband or pay TV, but they made and/or received calls and/or used for emergencies and/or said it was more reliable than mobile).

1 in 3 (29%) said they had a landline exclusively for access to services other than calls (i.e. they said they used their landline to get broadband and/or pay TV but they didn't make and/or receive calls and/or used for emergencies and/or said it was more reliable than mobile).

Figure 4: Why have a landline?



Source: Residential Survey 2. A3a/b Why do you have a landline? What other reasons? What is your main reason for having a landline? Base: total sample n=1354

With the exception of “need landline to get fixed broadband”, those without a mobile or aged 65+ years were likely to give a higher response than average to all of the above reasons for using landlines.

Those where the main reason was “need landline to get fixed broadband” were more likely to be aged 25-44 (52%) or 45-64 years (45%), or in urban areas (46%). Those where the main reason was “making or receiving

¹⁰ Exclusively for calls-related reasons (in a narrow sense): Respondent ticked “Make calls” AND/OR “Receive calls” AND DID NOT TICK “To get BB” AND/OR “To get Pay TV”.

Exclusively for calls-related reasons (in a broader sense). Respondent ticked “Make calls” AND/OR “Receive calls” AND/OR “Emergency” AND/OR “More reliable than mobile” AND DID NOT TICK “To get BB” AND/OR “To get Pay TV”

Exclusively for access to other services (and no calls-related reasons). Respondent ticked “To get BB” AND/OR “To get Pay TV” AND DID NOT TICK “Make calls” AND/OR “Receive calls” AND/OR “Emergency” AND/OR “More reliable than mobile”

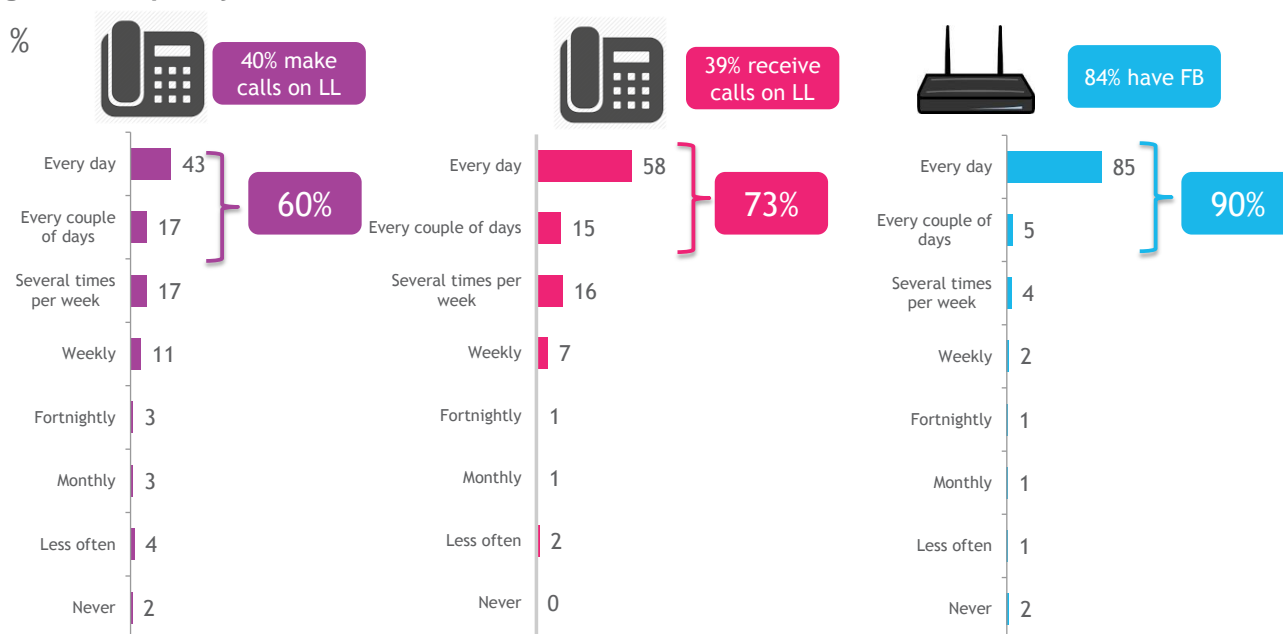
calls” were more likely to be aged 65+ years (27% and 17% respectively). Those where the main reason was “more reliable than mobile” were more likely to live in rural areas (14%).

Respondents using their landline for making or receiving calls were asked to estimate the frequency of making such calls, and those with fixed broadband were asked to estimate the frequency of accessing the internet via this service.

Figure 5 shows that 3 in 5 (60%) of those using their landline to make calls did so at least every couple of days. Almost three quarters (73%) received calls on their landline every couple of days. Those aged 65+ were more frequent users of both making (70%) and receiving (79%) calls on their landline.

85% of those with fixed broadband were using this daily to access the internet, rising to 9 in 10 including those accessing every couple of days. 97% of those aged 25-44 accessed the internet via fixed broadband at least every couple of days.

Figure 5: Frequency of use



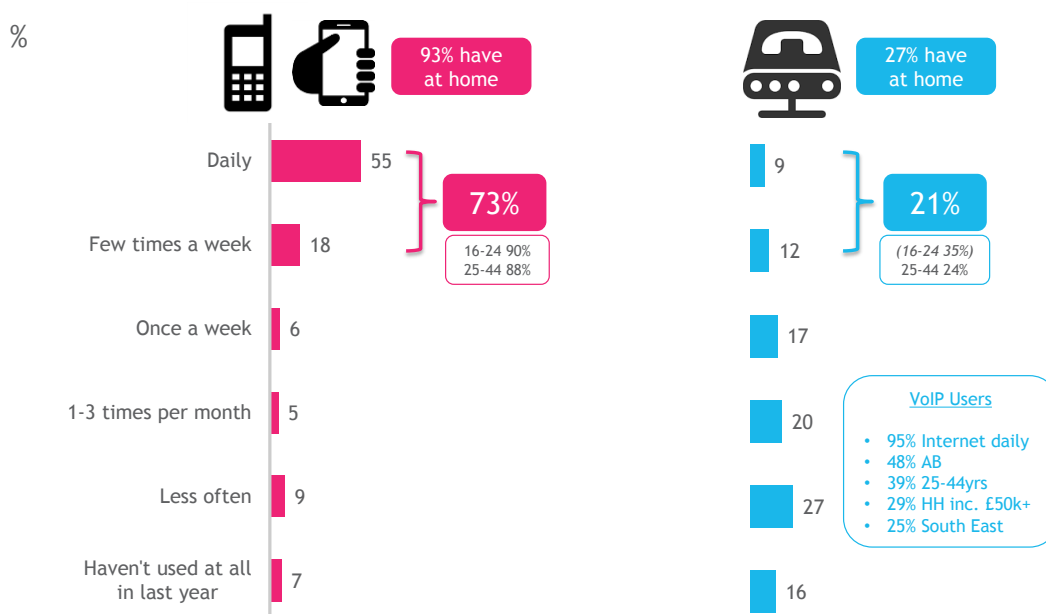
Source: Residential Survey 2. C1 Approximately how often do you make calls on your home landline? Base (unweighted): All landline users that make calls n=555. C2 Approximately how often do you receive calls on your home landline? Base (unweighted): All landline users that receive calls n=541. C3 Approximately how often do you access the internet through your home broadband? Base (unweighted): All who have fixed broadband n=1106

Figure 6 examines the frequency of use of mobile and/or VoIP (where present in the home) over the past year. Respondents were asked how often they used these when they could easily have used their landline instead.

Mobiles were more likely to be associated with daily usage (55%) than VoIP (9%). Almost three-quarters (73%) used mobiles at least a few times per week (rising to 90% of 16-24s and 88% of 25-44s compared with 49% of those aged 65+).

VoIP was used much less often (with only 1 in 5 using at least a few times per week).

VoIP users tended to be heavy internet users (95% access daily) and were more likely to be AB (48% vs. 31% overall) with higher household incomes (29% with £50k+ vs. 14% overall). They were also more likely to be aged 25-44 (39% vs. 29%) and living in the South-East (25% vs. 20%).

Figure 6: Frequency of use over last year

Source: Residential Survey 2. S7 Which of the following do you have at home (either you personally or anyone else in the household)? Base (unweighted): All landline bill payers n=1354.
 Residential Survey 1. Q6 How often did you use your mobile phone/VoIP to contact other people when you could easily have used your landline instead? Base (unweighted): All with a mobile phone n=1912, all VoIP bill payers n=402

Figure 7 looks at calling patterns when at home; specifically the types of numbers that respondents were more likely to call using landlines, mobiles or VoIP services.

Two-thirds had used landlines to call local landline numbers. National landline numbers and Freephone numbers were both cited by around two-fifths of those who had used their landlines in the past year. Almost three-quarters (73%) had used landlines to call any geographic landline number (local or national).

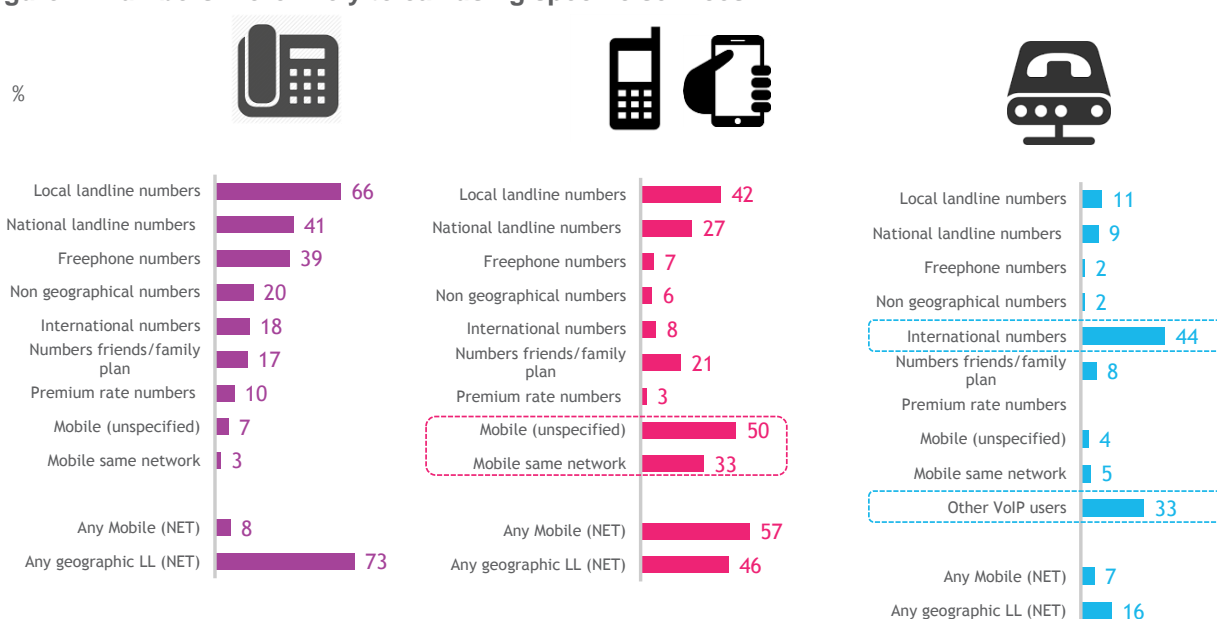
Mobile and VoIP had different usage patterns to landlines. They were more likely to be used for specific types of numbers; mobile for calling other mobiles (57% calling any mobile vs. 8% for landlines calling any mobile), VoIP for calling international numbers and other VoIP users.

Compared to 2012/13, when Ofcom last undertook a Narrowband market review, the proportion who said they were more likely to call local landline numbers from a landline phone was similar. However, the incidence of those saying they were more likely to use their landline to call all other types of numbers was lower: National landlines (down from 50% in 2012/13 to 41% in 2015), Freephone (down from 46% to 39%), Non-geographic (down from 43% to 20%), international (down from 23% to 18%), numbers on friends & family plan (down from 21% to 17%), premium rate (down from 18% to 10%) and mobile (down from 11% to 7%).

Usage of mobiles to call local landlines was higher in 2015 (42%) than 2012/13 (34%), as it was to call numbers on friends & family plans (21% vs. 17%).

With VoIP, in 2012/13 54% were more likely to use this to call international numbers, which is higher than the 44% recorded in 2015.

Figure 7: Numbers more likely to call using specific services



Source: Residential Survey 1. Q15 Thinking about the calls you make from home what types of numbers are you more likely to call using your (service) rather than your (other services)?

Base (unweighted): All who have used landline/mobile/VoIP in last year n=1983/1774/346

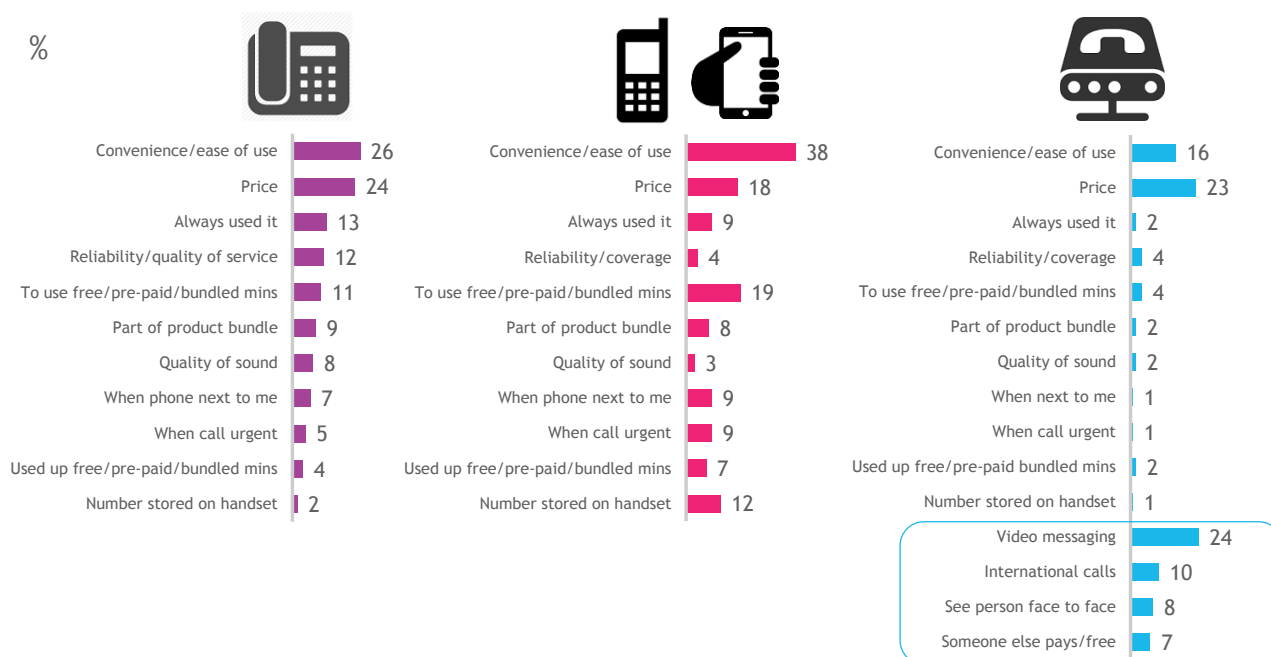
Respondents were then asked why they tended to choose certain services for making calls from home, rather than other services available to them.

Figure 8 examines this rationale for landline, mobile and VoIP calling. Convenience and price were the key reasons for using landline or mobile; video messaging and price were cited as important for VoIP. It shows that convenience/ease of use and price were equally important as reasons to choose landline calling over other communications services, with around a quarter citing each of these.

Four fifths of those who had landline only (nothing else) at home cited 'always used' (39% vs. 13%) as a reason for choosing landline, followed by convenience/ease of use (31% vs. 26%), then price (10% vs 24%) and reliability (10% vs. 12%).

Convenience/ease of use (38%) was twice as likely to be cited as price (18%) with regard to mobile calling. The ability to use free/pre-paid or bundled minutes was also an important factor (19% cited this). 1 in 10 cited the simple convenience of numbers being stored in their mobile handsets.

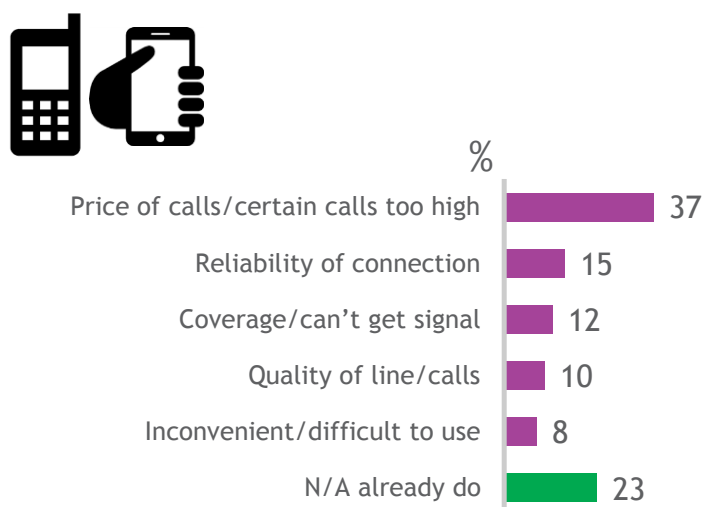
While convenience (16%) and price (23%) were shown to be important reasons for choosing VoIP for outgoing calls, rationale here was also driven by unique elements of VoIP services, notably the ability to access visual telephony; video messaging (24%) or seeing the person face to face (8%). 1 in 10 cited international calls as a reason to choose VoIP over other services.

Figure 8: Reasons for choosing (landlines, mobiles or VoIP) for outgoing calls

Source: Residential Survey 1. Q7 Why do you choose to use your (landline) for making calls from home rather than your (other services) Base (unweighted): All who have used landline in past year n=1983, All who have used mobile in past year n=1774, All who have used VoIP in past year n=346

Respondents were then asked to think about reasons they didn't use their other services more, instead of using their landlines for outgoing calls. Figures 9-11 examine these reasons for mobiles, VoIP and email/SMS/instant messaging (IM).

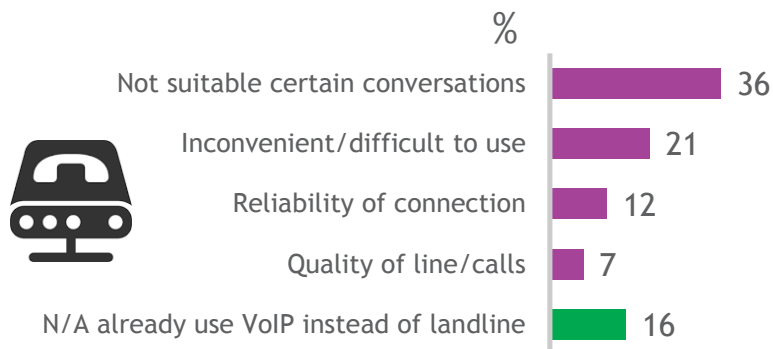
For mobiles (Figure 9) price, reliability and coverage were the main factors deterring total substitution to landlines. 37% said that the price of calls (or certain calls) was too high from mobiles. More than 1 in 10 mentioned each of coverage/lack of signal, quality of line/calls or reliability of the mobile connection.

Figure 9: Why don't you make all calls by mobile when at home?

Source: Residential Survey 1. Q10 Why don't you make all your calls by mobile phone when you are at home? Base (unweighted): All using in past year: Mobile n=1774

For VoIP (Figure 10) greater usage was deterred by unsuitability (36% said the method was not suitable for certain conversations) and a level of inconvenience, or sense of being difficult to use (21%).

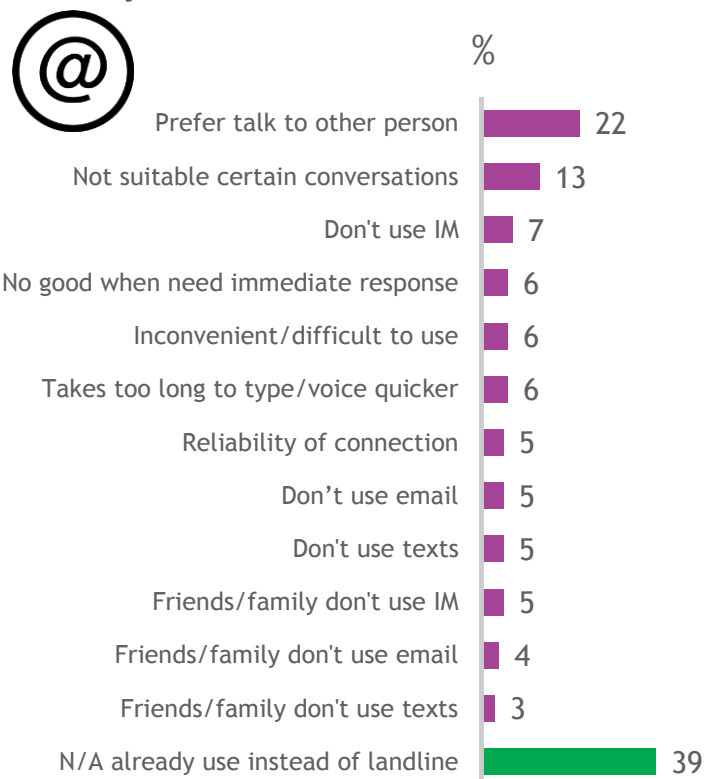
Figure 10: Why don't make all calls by VoIP when at home?



Source: Residential Survey 1. Q12 Why don't you use VoIP more often at home instead of making calls on your landline?
Base (unweighted): All using in past year: VoIP n=346

For email/SMS/IM (Figure 11), the need to actually speak to the other person (22%) and a general sense of unsuitability for certain conversations (13%) were the top reasons cited for limited substitution. 39% said they already were using these methods of communication instead of their landline (rising to 68% of 16-24s).

Figure 11: Why don't use email/SMS/IM more often at home versus landline calls?



Source: Residential Survey 1. Q13 Why don't you use (email, mobile phone texts or IM via an App) more often at home instead of making calls on your landline? Base (unweighted) All who have used mobile phone in past year or have internet access n=1949

4.2. Communications suppliers & switching

4.2.1. Suppliers

Figure 12 shows that the same four suppliers¹¹ (BT, Sky, Virgin Media and Talk Talk) combined were used by around 90% of those with landline or fixed broadband internet.

Those aged 65+ were more likely to use BT for landline (50% vs. 36% overall), whereas 25-44s were more likely to use Sky (29% vs. 22% overall). Those with landline only (nothing else) were also more likely to use BT for landline (65% vs. 36% overall).

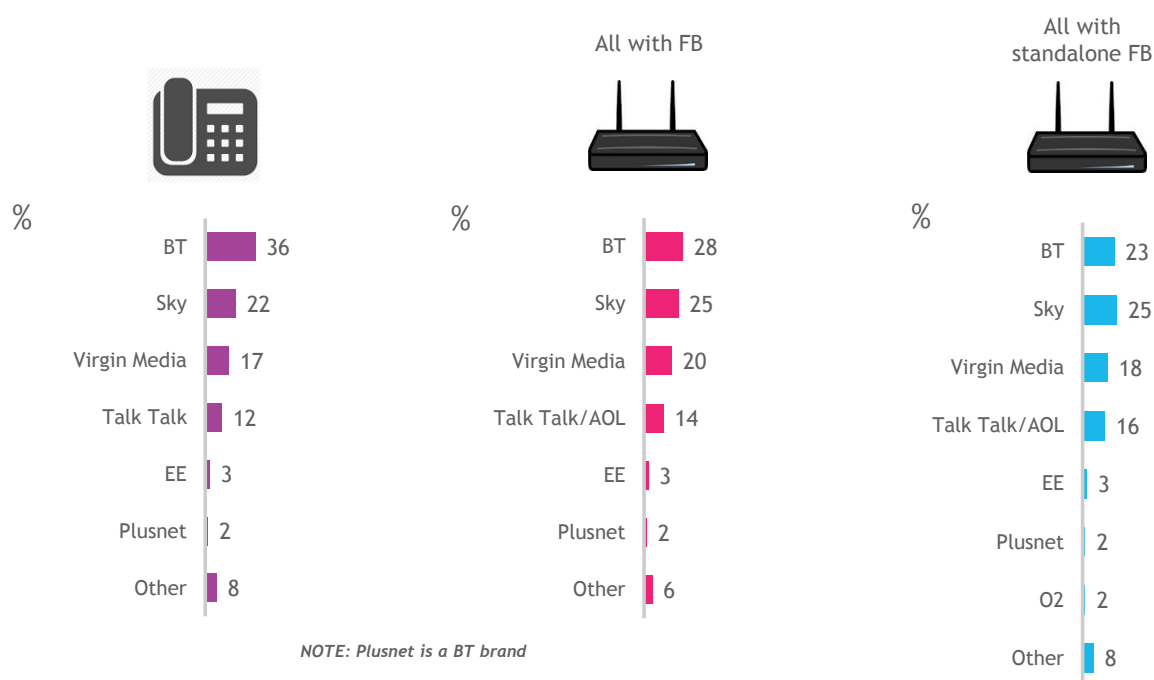
More likely to use Sky for landline were those with pay TV (32% vs. 22% overall) or those with landline (LL) and fixed broadband (FB) and mobile (24% vs. 22%). More likely to use Virgin Media for landline were those with pay TV (29% vs. 17% overall) or those with LL+FB+Mobile (20% vs. 17%).

Looking at fixed broadband, a similar subgroup picture emerges. Those aged 65+ were more likely to use BT for fixed broadband (40% vs. 28% overall), whereas 25-44s were more likely to use Sky (31% vs. 25% overall).

Those with pay TV were more likely to use Sky or Virgin Media for fixed broadband (either bundled or standalone).

Compared to 2012/13, when Ofcom last undertook a Narrowband market review, the figures for fixed broadband suppliers have shown no significant change. However, in terms of landline provision, BT (36% vs. 40% in 2012/13), Virgin Media (17% vs. 20% in 2012/13) and Talk Talk (12% vs. 15% in 2012/13) have all decreased. In contrast, Sky has increased (22% vs. 17% in 2012/13).

Figure 12: Key providers



Source: Residential Survey 2. A1 What is the name of the company that you pay for your landline (home phone) calls? Base: Total Sample all landline bill payers n=1354. A2 Do you receive any of the following as part of your package from (provider)? A4 What is the name of the company that you pay for broadband services? Base: all with Broadband n=1106, all with FB separate to their LL package n=305

¹¹ Plusnet is a BT brand

Figure 13 shows that choice of landline call provider was largely driven by deals/price. 1 in 5 (21%) cited good/better deal overall (higher amongst those with Talk Talk – 28%) and 17% the price of overall calls package (higher amongst those with Talk Talk – 31%).

Inertia and reliability were secondary reasons (higher amongst those with BT). 28% of those with BT said they had always used them (vs. 15% overall), and 18% of those with BT cited reliable service (vs. 14%). 14% of those with BT said they were a well-known/trusted brand (vs. 8% overall), and 15% that they had no reason to change (vs. 9%).

Those aged 65+ were more likely to say they had always had that provider (24% vs. 15% overall) or to say they had no reason to change (13% vs. 9%).

Those with Sky or Virgin were more likely to say their landline was paid for as part of a bundled package (23% and 17% respectively vs. 12% overall).

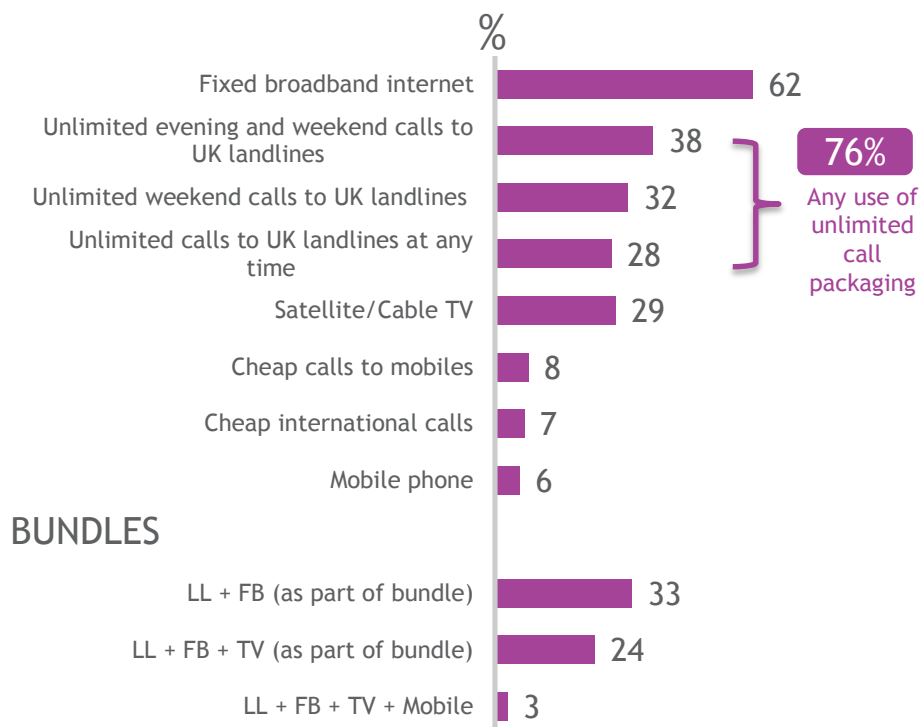
Figure 13: Reasons for choice of landline call provider



Source: Residential Survey 2. A5 What were the main reasons for choosing (supplier) as your current landline (home phone) call provider? Base (unweighted): All landline bill payers n=1354.

Respondents were asked whether or not they received any other communications services as part of their package with their landline supplier (Figure 14). This is commonly referred to as “bundling”. 76% received some element of unlimited call packaging, notably evening and weekend calls to UK landlines. 3 in 5 (62%) bundled fixed broadband internet with their landline as part of the package. More than a quarter (29%) bundled pay TV.

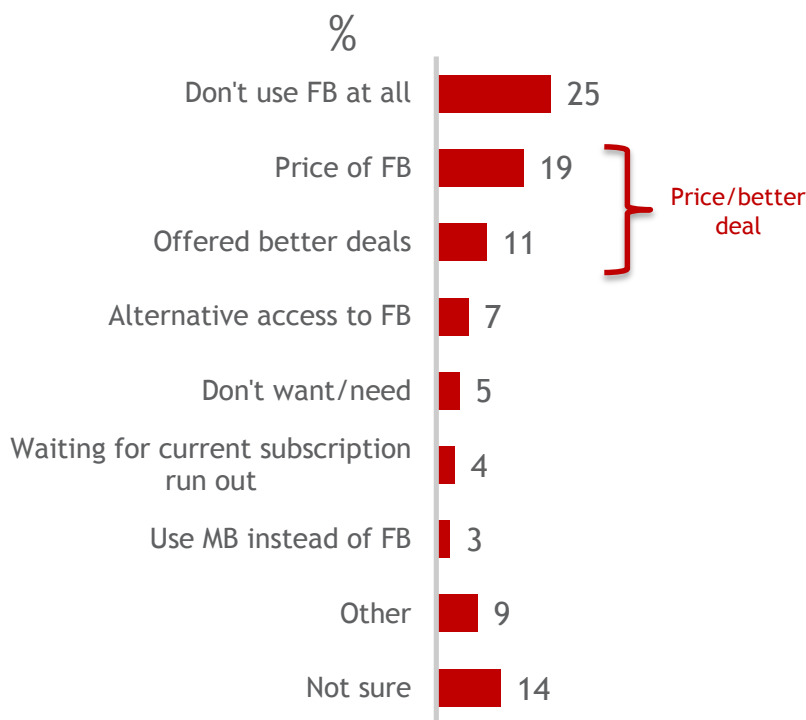
Figure 14: Whether receive anything else with landline (bundling)



Source: Residential Survey 2. A2 Do you receive any of the following as part of your package from (supplier)? Base (unweighted): All landline bill payers n=1354

Of those that didn't bundle landline and fixed broadband internet (Figure 15), a quarter said they simply didn't use fixed broadband internet (higher amongst DE – 49% and the over 65s – 41%). 1 in 5 felt that the price of fixed broadband internet was too high, 11% were offered better deals, and 1 in 10 had some kind of alternative access¹² to fixed broadband internet or used mobile broadband internet instead.

Figure 15: Why not bundle landline and fixed broadband internet?



Source: Residential Survey 2. A7 Which of these statements best describes the main reason why you do not take up a bundle of services from (supplier) that includes broadband? Base (unweighted): All who do not receive BB as part of landline package n=482

¹² The nature of this alternative access was not specifically probed in the research.

Figure 16 shows that 1 in 3 had different providers for landline and fixed broadband internet services (where both services were held). When asked why they chose a different fixed broadband internet provider to that used for landline, a good/better deal or price (of line rental and/or calls) was driving the selection.

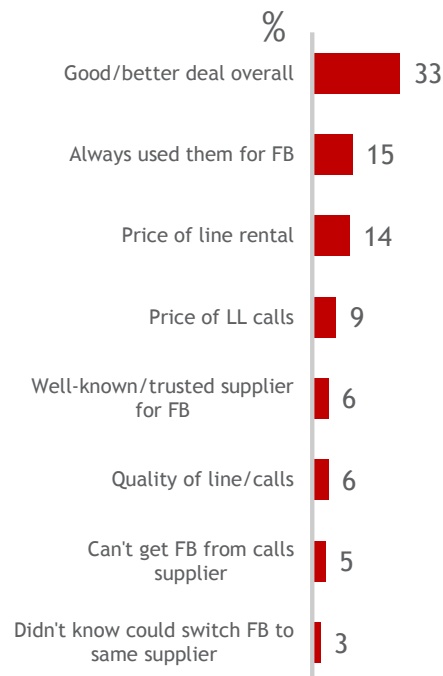
Well known/trusted supplier was more likely to be cited by those living in rural areas (17% vs. 6%).

Those citing a good/better deal overall were less likely to be AB (21% vs. 33%).

Figure 16: Same versus different providers for landline and fixed broadband internet



WHY CHOSE DIFFERENT FB PROVIDER?



Only responses with 3%+ mentions shown

Source: Residential Survey 2. A6 Why do you use (supplier) for your broadband services rather than using (supplier) for your broadband and your landline calls? Base (unweighted): All where landline calls and broadband providers are different n=275

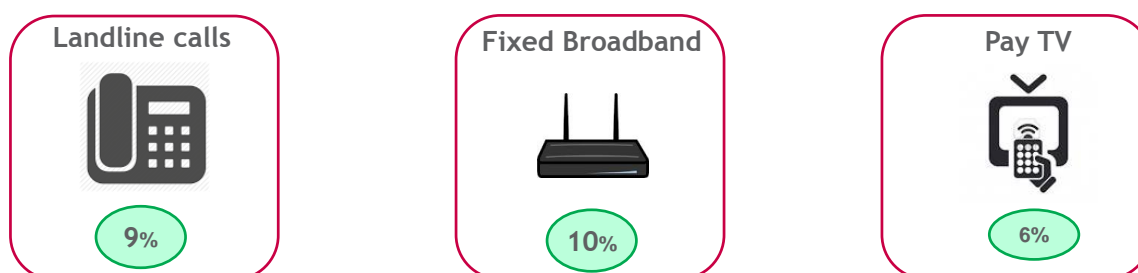
4.2.2. Switching

Respondents were asked if they had switched the company that provided their landline, fixed broadband internet or pay TV services in the last 12 months.

Figure 17 shows that around 1 in 10 had switched landline or fixed broadband internet, with 6% switching their pay TV service.

Younger age groups were more likely to have switched any services than older ones; 23% of 16-24s and 15% of 25-44s had switched any service compared with 9% of 45-64s and 7% of 65+.

Figure 17: Switched provider in past 12 months

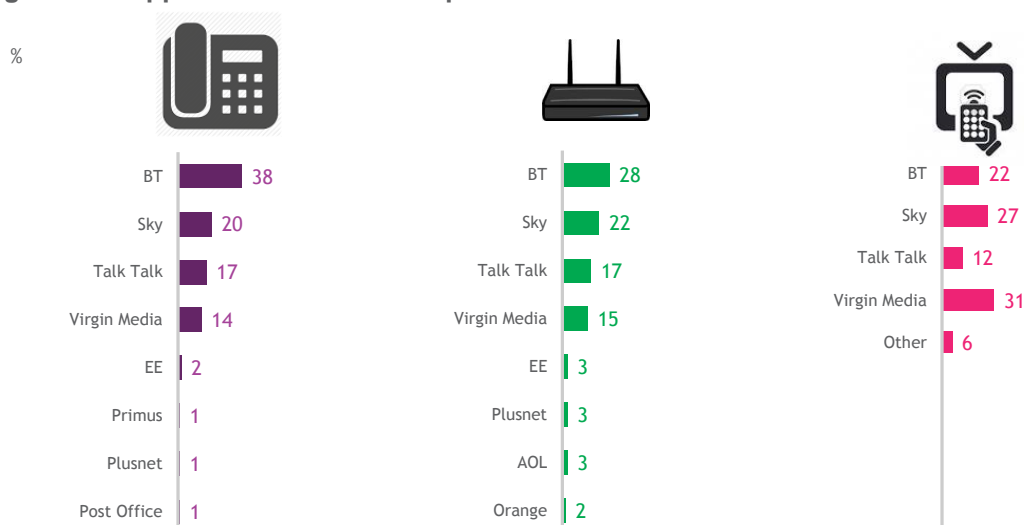


Source: Residential Survey 1. Q5ai Have you switched the company that provides your (service) in the last 12 months? Base (unweighted): Total Sample n=2137. All landline bill payers n=2137; All with fixed broadband internet n=1657; All with pay TV n=881

Service users tended to have switched between the four main communications providers (BT, Sky, Talk Talk, Virgin Media), as shown in Figure 18.

Two-fifths of landline switchers had left BT, a fifth switched from Sky, 1 in 6 from Talk Talk and 1 in 7 from Virgin Media. More than a quarter of broadband switchers had left BT, a fifth from Sky, 1 in 6 from Talk Talk and 1 in 7 from Virgin Media. A third of those who had switched pay TV said they had switched from Virgin Media, more than a quarter from Sky and around a fifth from BT.

Figure 18: Supplier switched from in past 12 months



Source: Residential Survey 1. Q5b Which (service) company did you switch from? Base (unweighted): All who have switched in past 12 months: landline n=187, fixed broadband internet n=159, Pay TV n=47* CAUTION LOW BASE

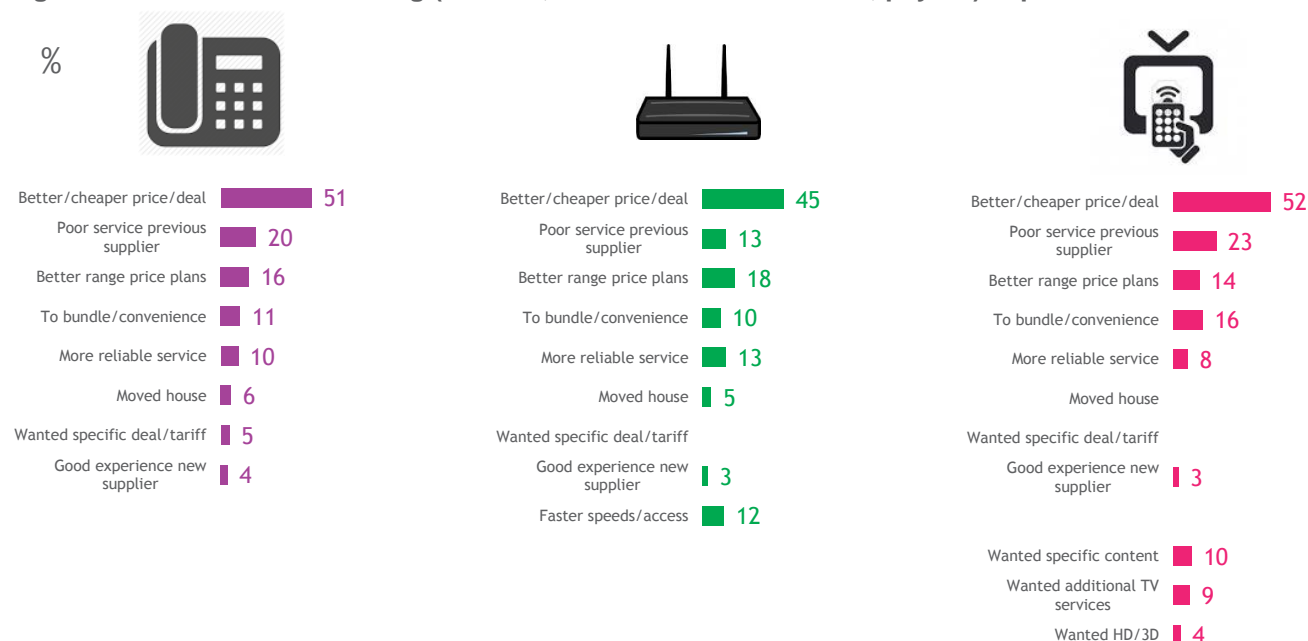
Figure 19 examines reasons for switching each type of service in the past 12 months.

Rationale for switching landline provider was driven by price, although 1 in 3 had experienced a poor service or sought a more reliable service. 1 in 10 wanted to bundle services.

A similar picture emerged for fixed broadband internet with 45% citing better/cheaper price or deal overall and a further 18% seeking a better range of price plans. 26% cited either poor service or seeking a more reliable service.

More than half of those who had switched pay TV cited a better/cheaper price or deal, and 14% sought a better range of price plans. Almost a quarter said they had switched due to poor service from the previous supplier.

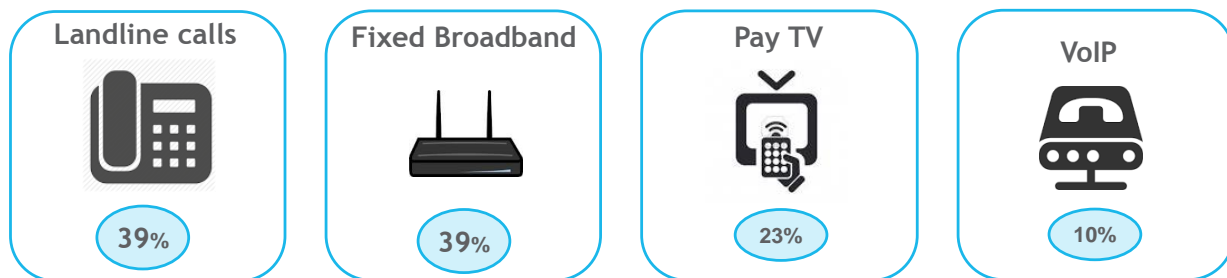
Figure 19: Reasons for switching (landline, fixed broadband internet, pay TV) in past 12 months



Source: Residential Survey 1. Q5c Why did you switch your (service) from (supplier)? Base (unweighted): All who have switched in past 12 months: landline n=187, fixed broadband internet n=159, Pay TV n=47* CAUTION LOW BASE

Figure 20 examines whether or not respondents had ever switched provider for any of the communications services they held. Overall, fewer than half had ever switched at least one of their communications providers.

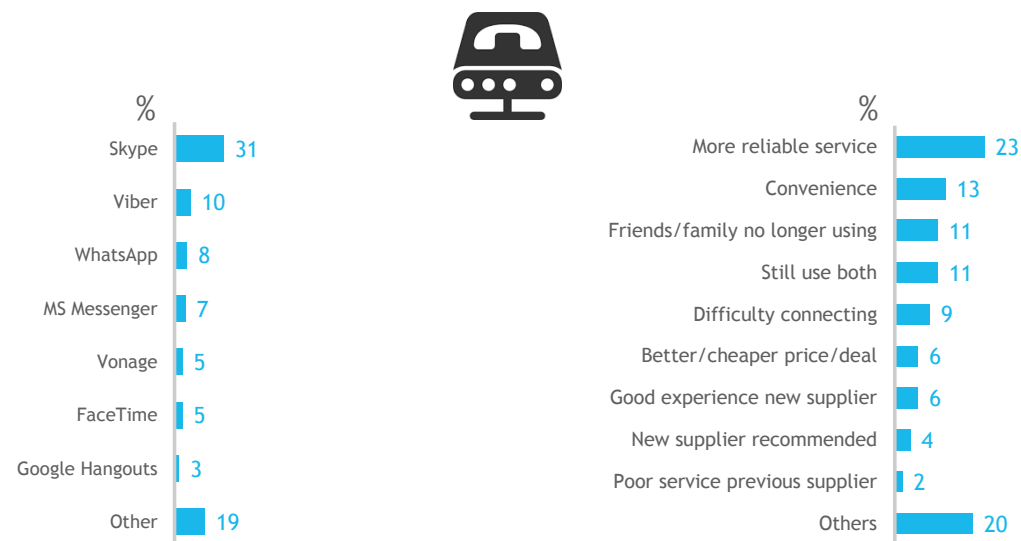
Around 2 in 5 (39%) had ever switched landline or fixed broadband internet. A quarter (23%) had ever switched pay TV and 1 in 10 VoIP.

Figure 20: Ever switched provider

Source: Narrowband Review 2015/16 Research. Q5ai/5d Ever Switched. Have you switched the company that provides your (service) in the last 12 months? Have you ever switched your (service)? Q5aii Have you ever used another VoIP service instead of the one(s) you use now? Base (unweighted): All with landline n=2137; All with fixed broadband internet n=1657; All with Pay TV n=881, All with VoIP n=402

Where no communications alternatives to landlines existed, incidence of switching landline provider was much lower than the 39% overall. Only 23% of those with landline but not fixed broadband internet had ever switched; this compares to 21% for those with landline but not mobile, and 17% for those with landline only (nothing else).

Looking at those who had ever switched VoIP, Figure 21 shows that 1 in 3 switched from Skype. The main reason given in relation to switching from any provider was primarily to achieve a more reliable service.

Figure 21: VoIP (ever switched): supplier switched from and rationale for switching

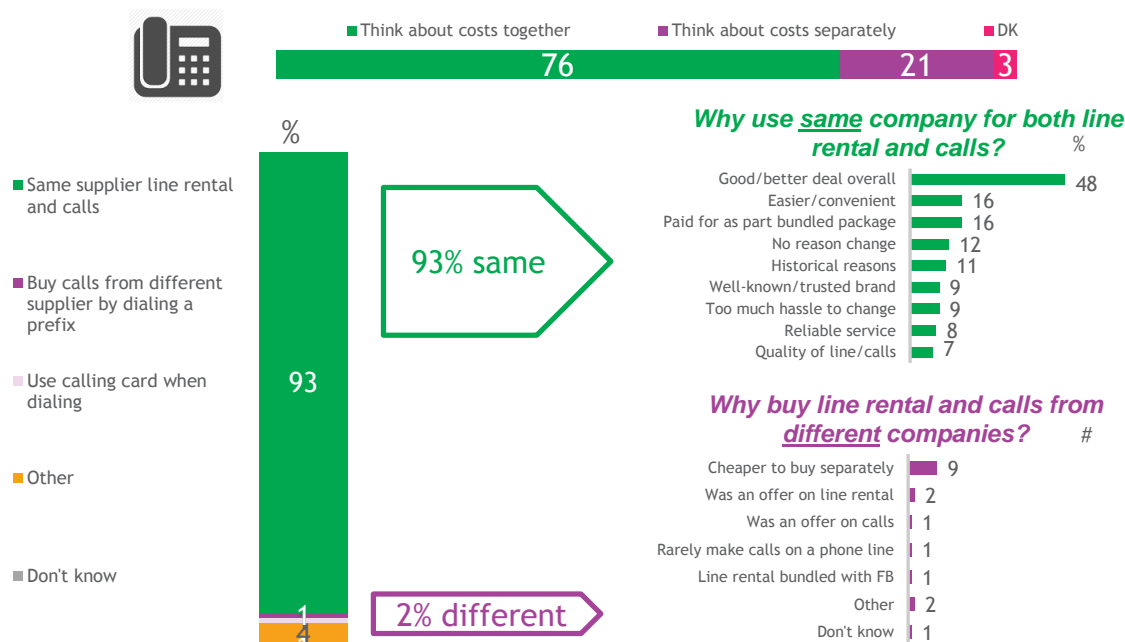
Source: Residential Survey 1. Q5b/c Which company did you switch from? Why did you switch? Base (unweighted): All who have ever used another VoIP service instead of the one they use now n=37* CAUTION LOW BASE

4.3. Attitude towards landline

Respondents were asked how they think about their phone costs with regards to line rental and calls (Figure 22). 1 in 5 (21%) think about the cost of line rental and calls separately, but only 1 in 50 (2%) actually buy their line rental and calls from different suppliers. This shows that 19% of those who use the same supplier for line rental and calls said they think about the costs for line rental and calls separately.

Three quarters (76%) said they think about the costs for line rental and calls together. This is not significantly different across providers. The vast majority (93%) had the same supplier for line rental and calls, with the main reason for this being access to a good/better deal overall. Those buying line rental and calls from different companies were most likely to say this was because it was cheaper to buy separately.

Figure 22: Line rental versus calls



Source: Residential Survey 2. A12 Which of the following statements best describes how you think about your phone costs? Base: All landline bill payers n=1354. A8 Which of the following describes how you buy your calls? Base: All who use LL to make calls n=555. A9 Why do you use the same company for both your line rental and calls? Base: all who use line rental provider for calls n=508. A10 Why do you buy line rental and calls from different companies? Base: all dialling prefix or use calling card n=22** **CAUTION VERY LOW BASE. DATA IS IN ACTUAL NUMBER OF RESPONDENTS (#), NOT %.

4.4. Likelihood to give up landline and use of alternatives

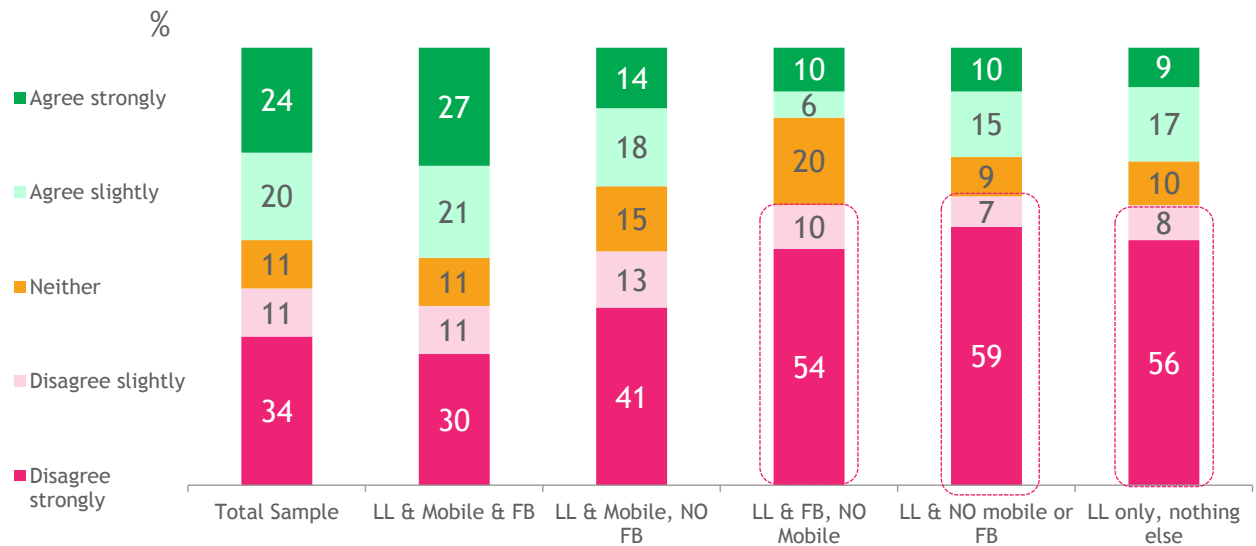
Respondents were asked to give the extent of their agreement with the statement “under certain circumstances, I would be prepared to give up my ability to make calls from my landline”.

Figure 23 shows that overall, 2 in 5 were prepared to give up this ability. 44% agreed with the statement. This was higher amongst young/middle aged respondents (66% of 18-24s, 59% of 25-34s, 58% of 35-44s), ABs (50%), those in urban areas (51%), those with smartphones (53%), and males (49% vs. 39% females).

45% disagreed. This was 73% amongst 65+ and was also higher amongst DEs (49%) and those in rural areas (54%).

Attitudes shift depending on access to alternative means of communication. More than half of those without a mobile disagree strongly that they'd be prepared to give up their landline.

Figure 23: Attitudes towards landline: Agreement that “Under certain circumstances, I would be prepared to give up my ability to make calls from my landline”

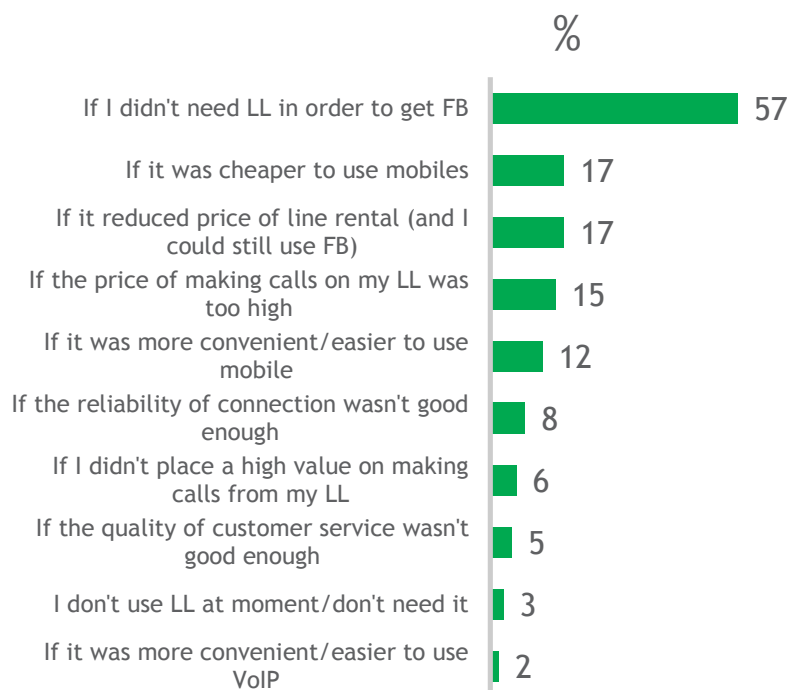


Source: Residential Survey 2. A13 To what extent do you agree or disagree with the following statement about your landline (home phone)? Base (unweighted): All landline bill payers n=1354, All with LL & Mobile & FB n=1074, All with LL & Mobile NO FB n=171, All with LL & FB NO Mobile n=32 *CAUTION LOW BASE. All with LL and NO Mobile or FB n=77, All with LL only (nothing else) n=66

Those agreeing with the aforementioned statement were asked why they agreed (Figure 24).

More than half were prepared to give up their landline calls if they didn't need their landline to access fixed broadband (only 37% of those aged 65+). Others would switch if it was cheaper to use mobiles, if it reduced the price of their line rental, or if landline calls became too expensive (the latter more salient amongst those aged 65+ – 25% vs. 15% overall).

Figure 24: Why prepared to give up ability to make landline calls in future

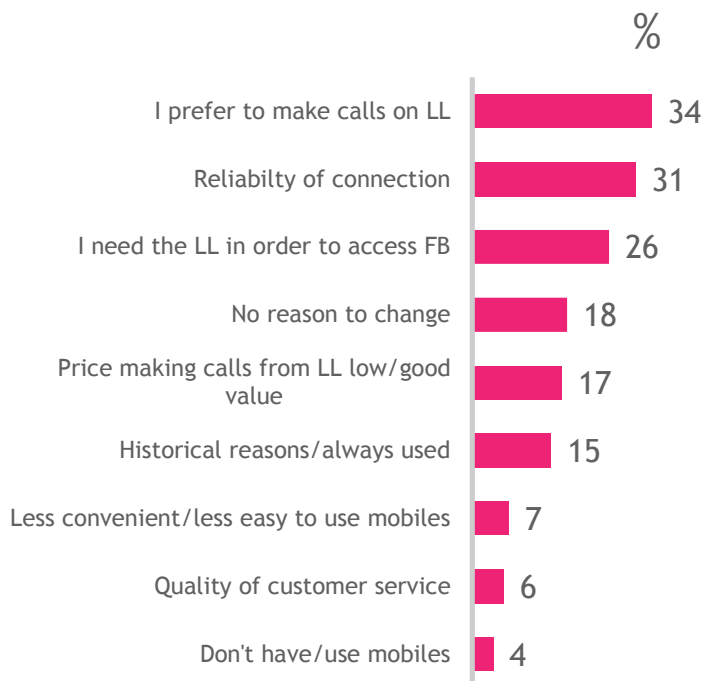


Source: Residential Survey 2. A14 Under which circumstances would you be prepared to give up the ability to make calls from your landline in the future? Base (unweighted): All who WOULD give up landline access (agree they would give up) n=569

Of those NOT willing to give up their landline calls (Figure 25), 34% said they preferred to make calls on their landline (rising to 39% amongst those aged 65+). 31% preferred the reliability of the connection (rising to 41% of those in rural areas) and 26% felt that it was needed in order to access the internet (rising to 35% amongst those aged 25-44).

Those aged 65+ were more likely to say they had no reason to change (22% vs. 18% overall).

Figure 25: Why NOT prepared to give up ability to make landline calls in future



Source: Residential Survey 2. A15 Why would you not be prepared to give up the ability to make calls from your landline in the future? Base (unweighted): All who WOULD NOT give up landline access (disagree they would give up) n=631

4.5. Claimed response to a hypothetical 10% price increase – calls only

Respondents were introduced to a hypothetical situation whereby the overall monthly price of their landline calls would increase by 10%. They were asked to assume that the monthly price offered by other landline providers would also increase by 10% but that the prices offered by providers of mobiles, VoIP or other forms of communications services would remain the same.

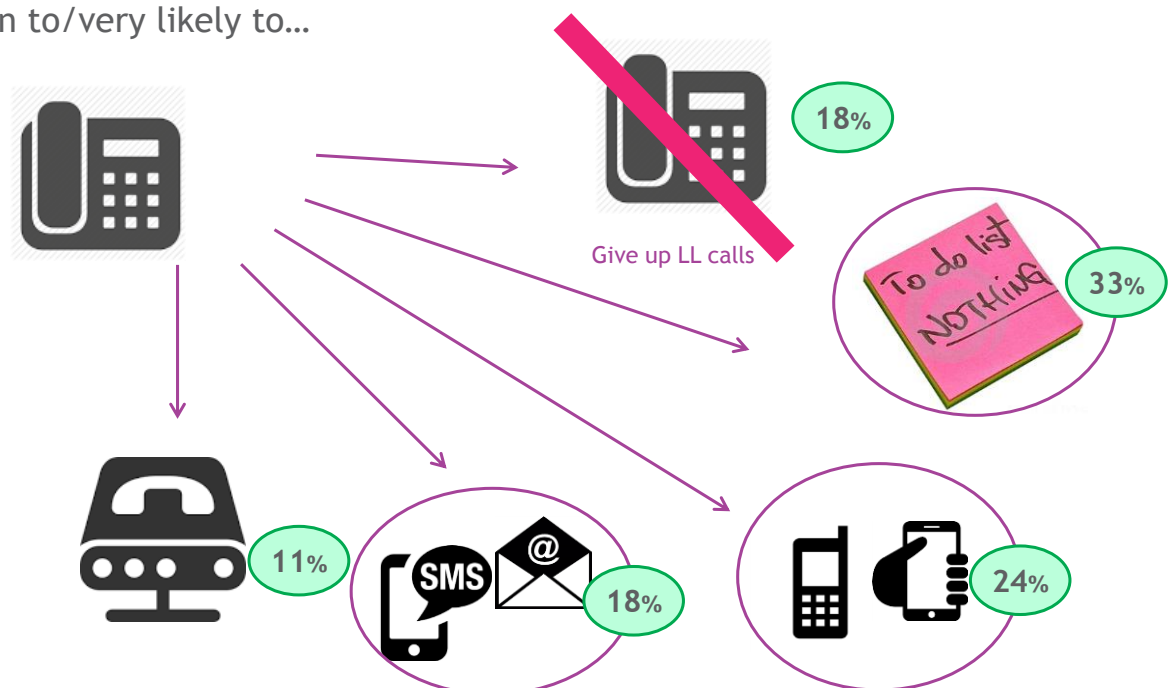
Please refer to Appendix C for detailed tables highlighting statistically significant differences from demographics and other relevant factors.

Figure 26 shows that 1 in 5 (18%) residential consumers say they would be certain or very likely to give up their landline if their call costs increased by 10%. This proportion was significantly higher amongst 16-24 year olds (42%) and 25-44 year olds (33%), and much lower for those aged 65+ (8%).

1 in 3 said they were certain or very likely to do nothing.

Figure 26: Likely actions if overall monthly price of landline calls increased by 10%

% certain to/very likely to...

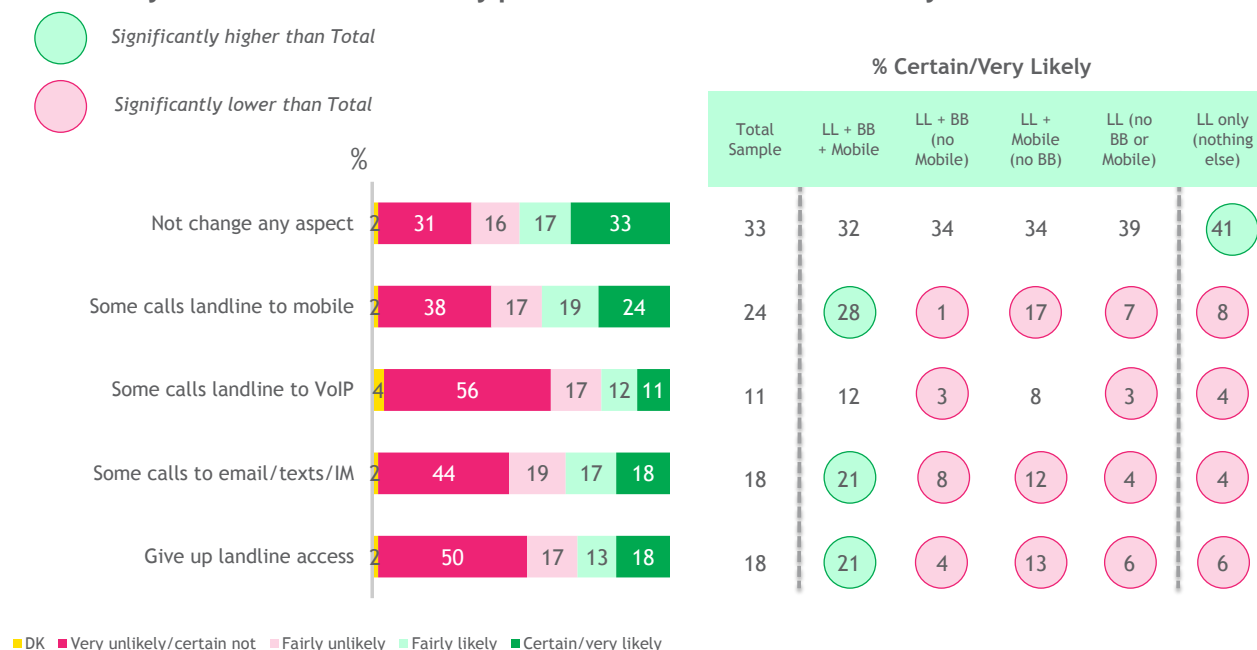


Source: Residential Survey 1. Q16a If the overall monthly price of your landline calls were to increase by 10% how likely would you be to do each of the following? When answering please assume that the monthly price offered by other landline providers would also increase by 10% but the prices offered by providers of mobile, VoIP or other forms of communications services would remain the same. Base (unweighted): All who have used their landline in the last year n=1983

Figure 27 examines responses in more detail, and compares the proportion certain or very likely to take each course of action across various communications services held at home. Existing access to alternative communications services¹³ is clearly influential in the thought process. Those without a mobile were much less likely to give up their landline if call costs increased by 10%.

Those with the widest access to alternatives (landline, fixed broadband internet and mobile) were the most likely to switch some calls to other methods of communication.

Figure 27: Likely actions if overall monthly price of landline calls increased by 10%



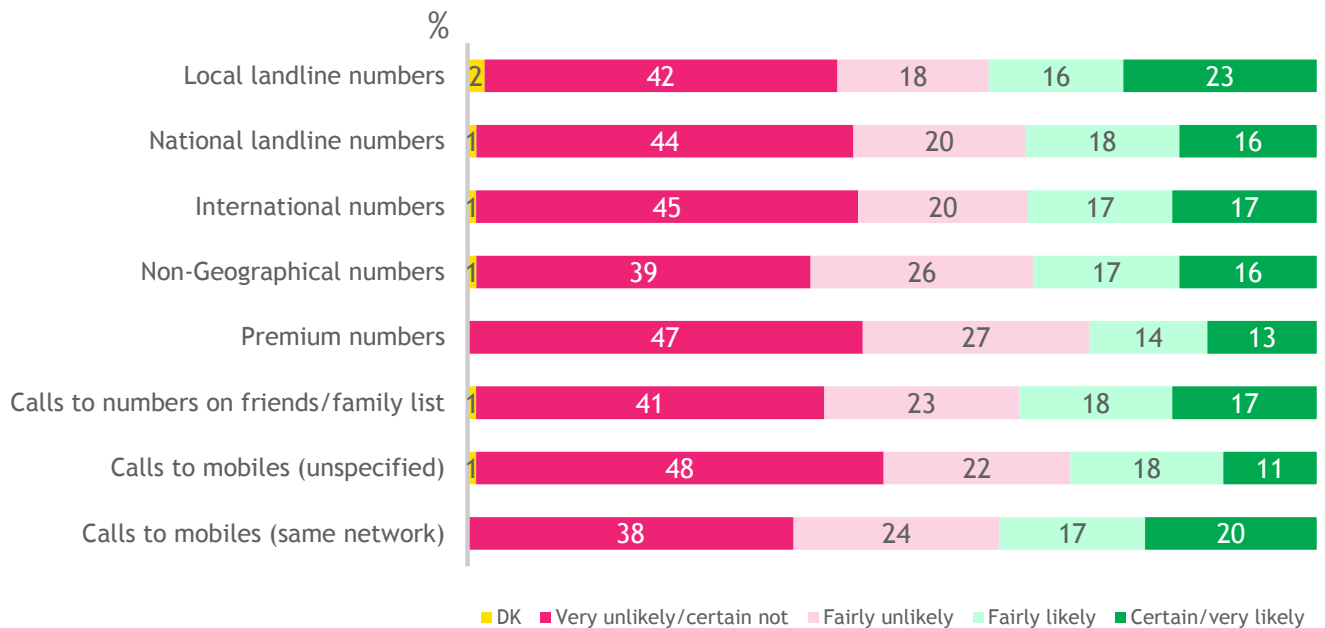
Source: Residential Survey 1. Q16a If the overall monthly price of your landline calls were to increase by 10% how likely would you be to do each of the following? Base (unweighted): All who have used landline in last year n=1983, landline + fixed broadband internet + mobile n=1462, landline + fixed broadband internet (no mobile) n=62, landline and mobile (no fixed broadband internet) n=304, landline (no fixed broadband internet or Mobile) n=155, landline only (nothing else) n=143

Respondents were asked to recall the types of numbers they said they were more likely to make on their landline, and what impact (if any) would occur if the hypothetical monthly cost of making those calls was to increase by 10% (Figure 28).

Most residential landline users would be unlikely to change their call behaviour if the monthly cost of making calls were to increase by 10%. They were most likely to change their calls to local landline numbers and mobiles (same network).

¹³ Within the chart and others which follow, LL refers to Landline and FB refers to Fixed Broadband Internet.

Figure 28: Whether would make types of calls by other means if 10% increase in call costs



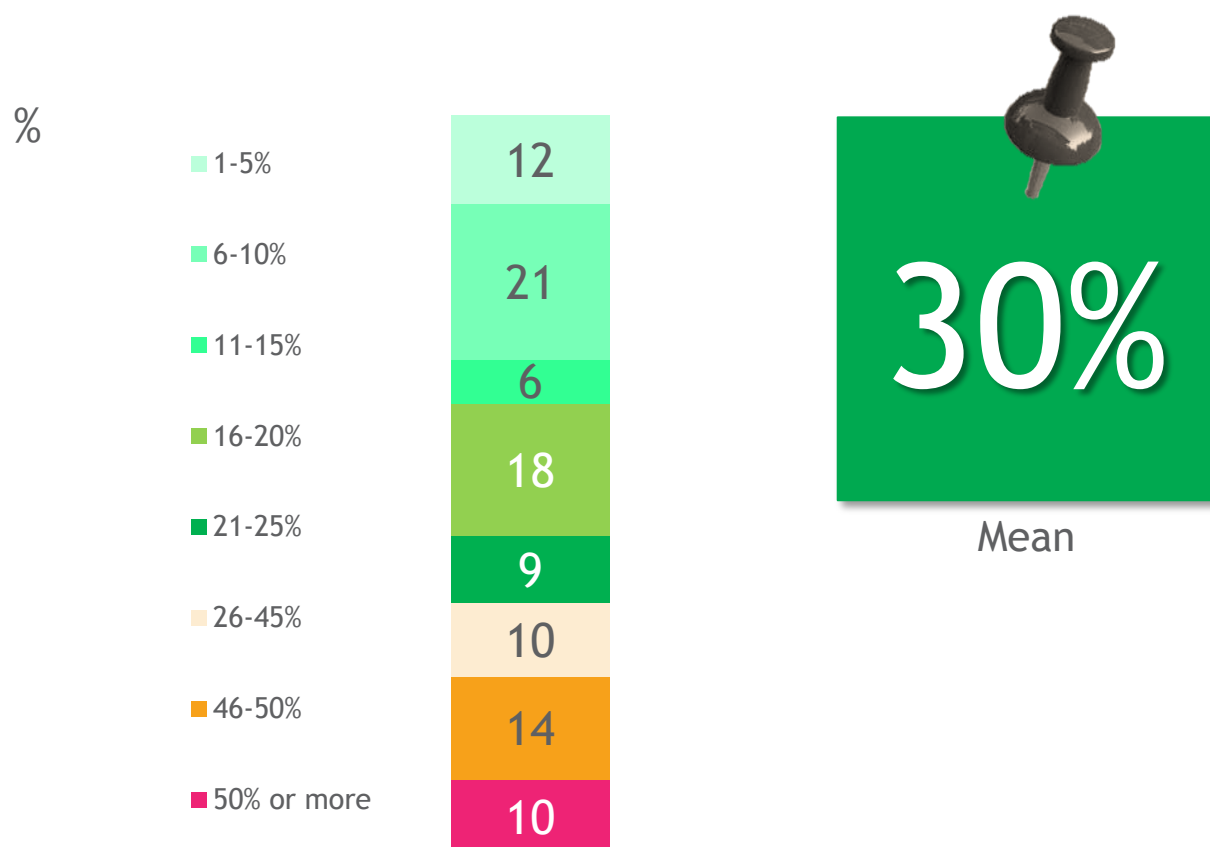
Source: Residential Survey 1. Q18 You mentioned earlier you were more likely to make calls to (type) on your landline. If the monthly cost of making calls on your landline were to increase by 10% how likely would you be to make these types of calls by other means? Base (unweighted): All more likely to make (type of calls) on landline. Local landline numbers n=1331, National landline numbers n=792, International numbers n=317, Non-Geographical numbers n=385, Premium numbers n=195, Calls to numbers on friends/family list n=331, Calls to mobiles n=139, Calls to mobiles on same network n=61

Finally, respondents were asked to consider what level of increase in monthly landline call costs would trigger any behavioural change in terms of changing the number of calls they made from landlines or using alternative means of calling.

Figure 29 shows that on average the monthly price of landline calls would need to increase by 30% (mean) in order for users to change their calling behaviour.

The percentage trigger was higher amongst those with few communications services alternatives (36% if have landline only), those aged 65+ (36% compared with 23% for 16-44s) or living in rural areas (35%) or Wales (36%).

Figure 29: Percentage increase necessary for action to be considered



Source: Residential Survey 1. Q16b By what percentage would the overall monthly price of your landline calls have to increase for you to change the number of calls you make from your landline or use an alternative means of calling? When answering please assume that the monthly price offered by providers of mobile, VoIP or other forms of communications services would remain the same. Base (unweighted): All who have used landline in last year n=1983

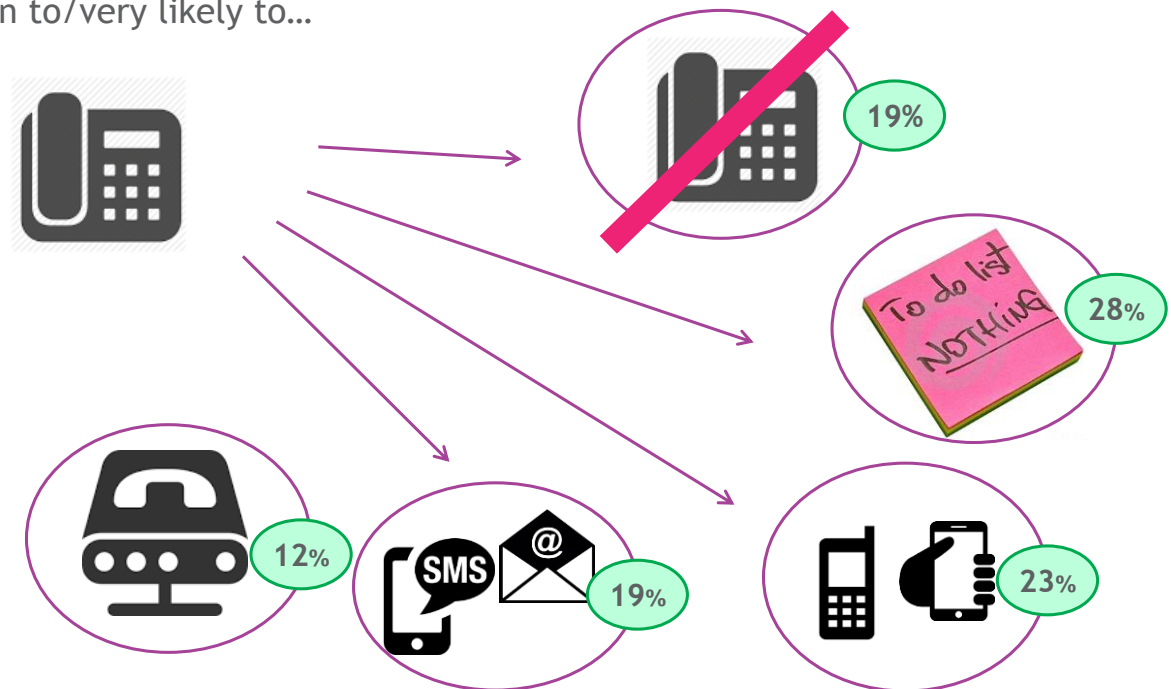
4.6. Claimed response to a hypothetical 10% price increase – overall bill

Respondents were then shown another hypothetical situation whereby the overall monthly price of their total landline bill would increase by 10%. They were asked to assume that the monthly price offered by other landline providers would also increase by 10% but that the prices offered by providers of mobiles, VoIP or other forms of communications services would remain the same.

Figure 30 shows that the results were very similar to those recorded for landline calls. 1 in 5 (19%) residential consumers would be certain or very likely to give up their landline if their call costs increased by 10%. This proportion was significantly higher amongst 16-24s (39%) and 25-44s (33%), and much lower for those aged 65+ (7%).

Almost 1 in 3 (28%) said they were certain or very likely to do nothing.

Figure 30: Likely actions if overall monthly price of total landline bill increased by 10%
 % certain to/very likely to...

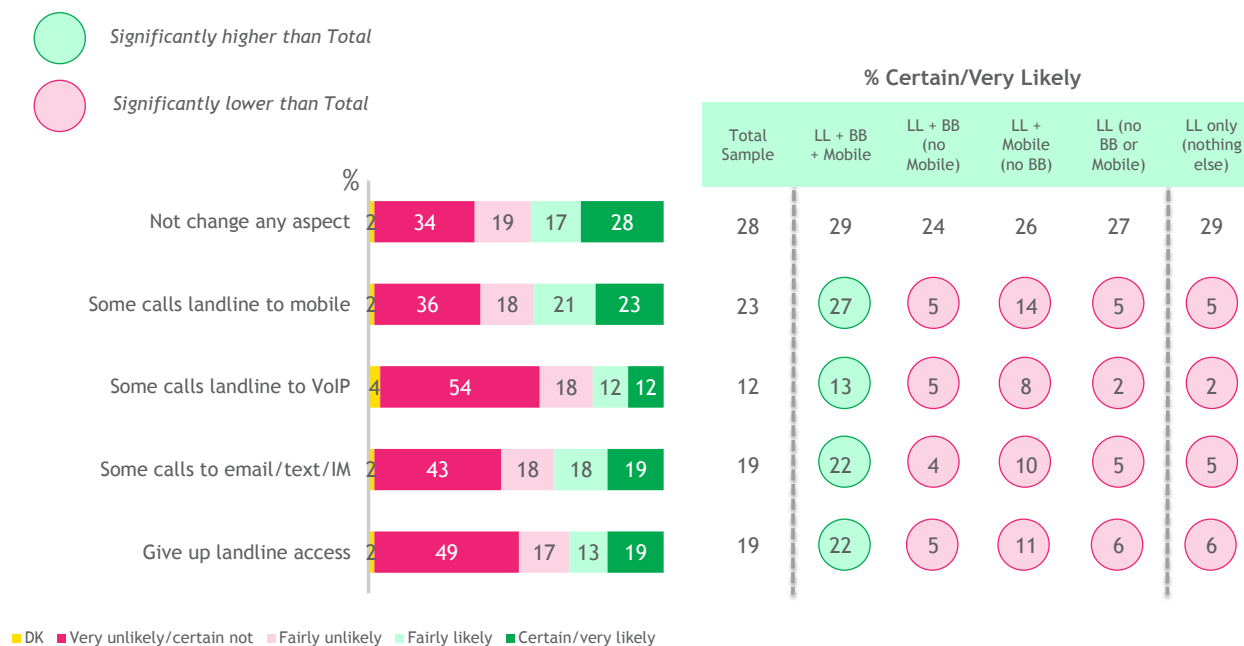


Source: Residential Survey 1. Q17a If the overall monthly price of your total landline bill were to increase by 10% how likely would you be to do each of the following? When answering please assume that the monthly price offered by other landline providers would also increase by 10% but the prices offered by providers of mobile, VoIP or other forms of communications services would remain the same. Base (unweighted): All who have used landline in past year n=1983

Figure 31 examines responses in more detail, and compares the proportion certain or very likely to take each course of action based on the makeup of communications services in their home. As with the 10% increase to call costs alone, existing access to alternative communications services is clearly influential in the thought process.

Those with the widest access to alternatives (landline, fixed broadband internet and mobile) were the most likely to switch some calls to other methods of communication.

Figure 31: Likely actions if overall monthly price of total landline bill increased by 10%



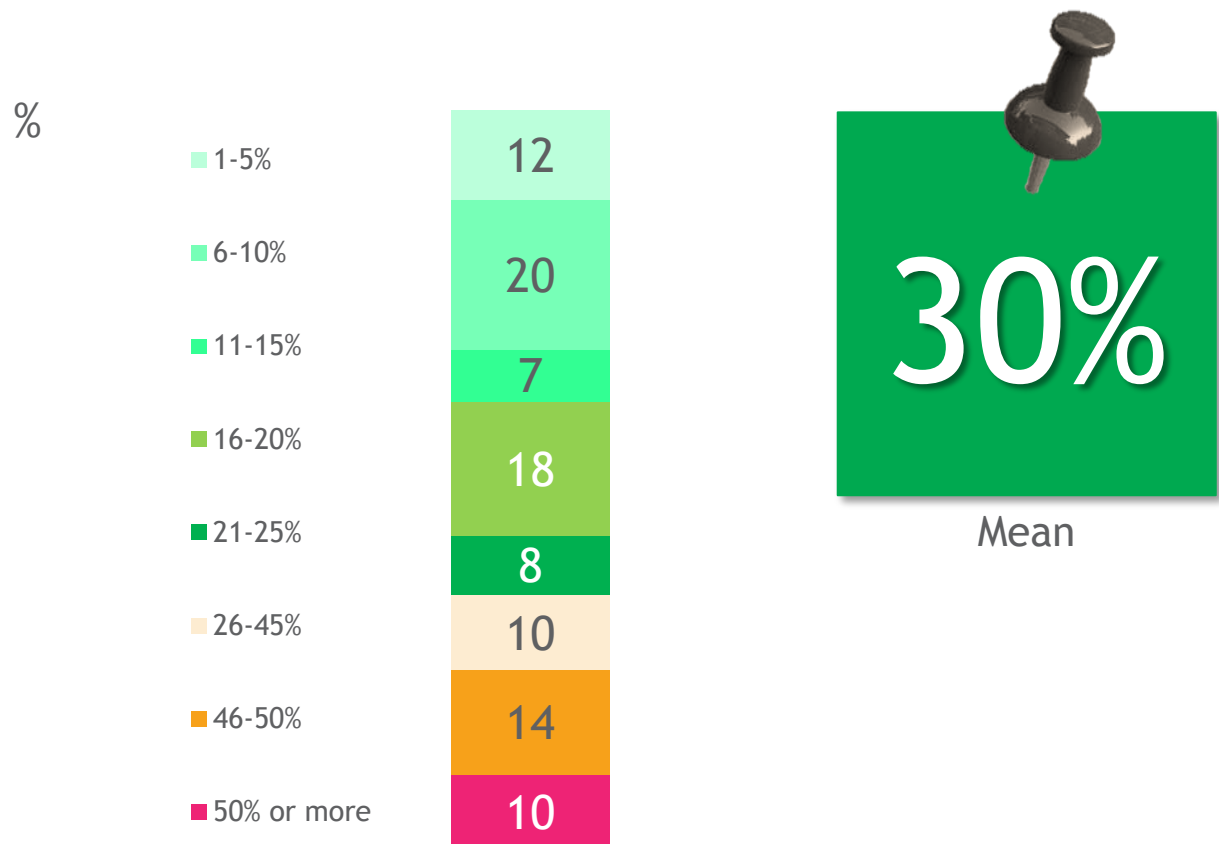
Source: Residential Survey 1. Q17a If the overall monthly price of your total landline bill were to increase by 10% how likely would you be to do each of the following? Base (unweighted): All who have used landline in last year n=1983, LL+FB+Mobile n=1462, LL+FB (no mobile) n=62, LL+Mobile (no FB) n=304, LL (no FB or Mobile) n=155, LL only (nothing else) n=143

Finally, respondents were asked to consider what level of increase in the monthly price of their overall landline bill would trigger any behavioural change in terms of changing the number of calls they made from landlines or using alternative means of calling.

Figure 32 shows that on average the monthly price of the overall landline bill would need to increase by 30% (mean) in order for users to change their calls behaviour.

The percentage trigger was higher amongst those with few communications services alternatives (35% for those with landline only) or those aged 65+ (37%) or living in rural areas (34%) or Wales (35%).

Figure 32: Percentage increase necessary for action to be considered



Source: Residential Survey 1. Q17b By what percentage would the overall monthly price of overall landline bill have to increase for you to change the number of calls you make from your landline or use an alternative means of calling? When answering please assume that the monthly price offered by providers of mobile, VoIP or other forms of communications services would remain the same.
Base (unweighted): All who have used landline in past year n=1983

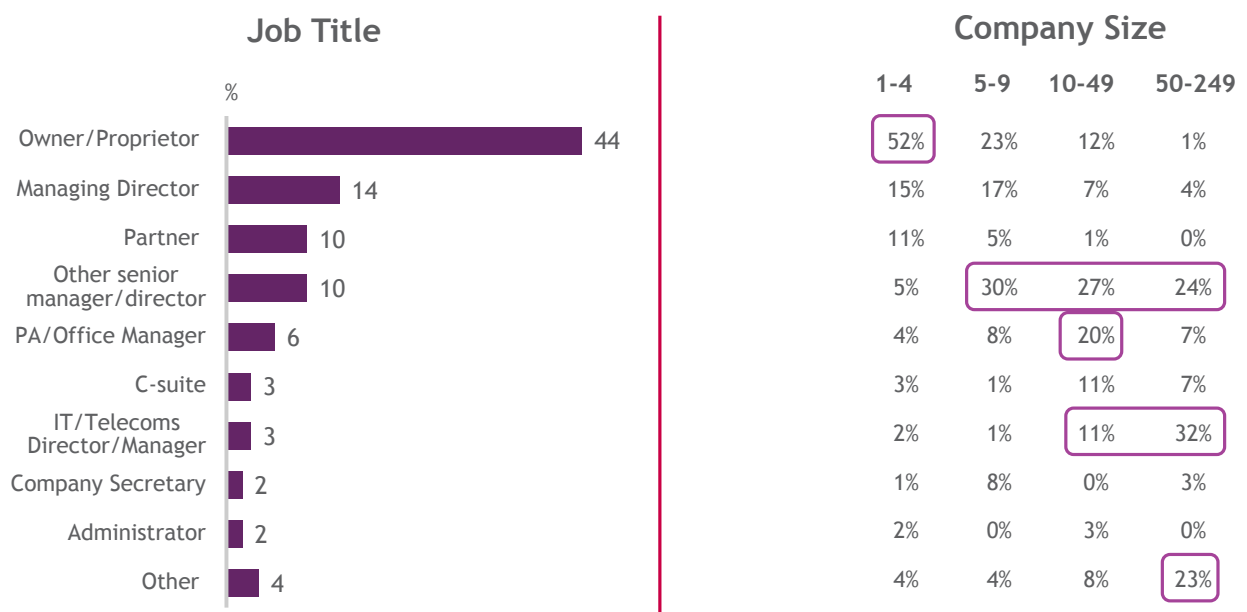
5. Research Findings: Business Consumers

5.1. Communications landscape

5.1.1. Profile of decision making in SMEs

Figure 33 examines differences in decision maker's roles depending on the size of company. Most ICT decision makers were clearly balancing the role with other responsibilities rather than doing it as a specialist function. Only larger companies had dedicated specialists. A third of respondents in companies with 50-249 employees were IT/telecoms managers or directors, compared with just 3% overall. In very small companies (1-4 employees), more than half of the respondents (52%) were the business owner.

Figure 33: Decision making responsibility

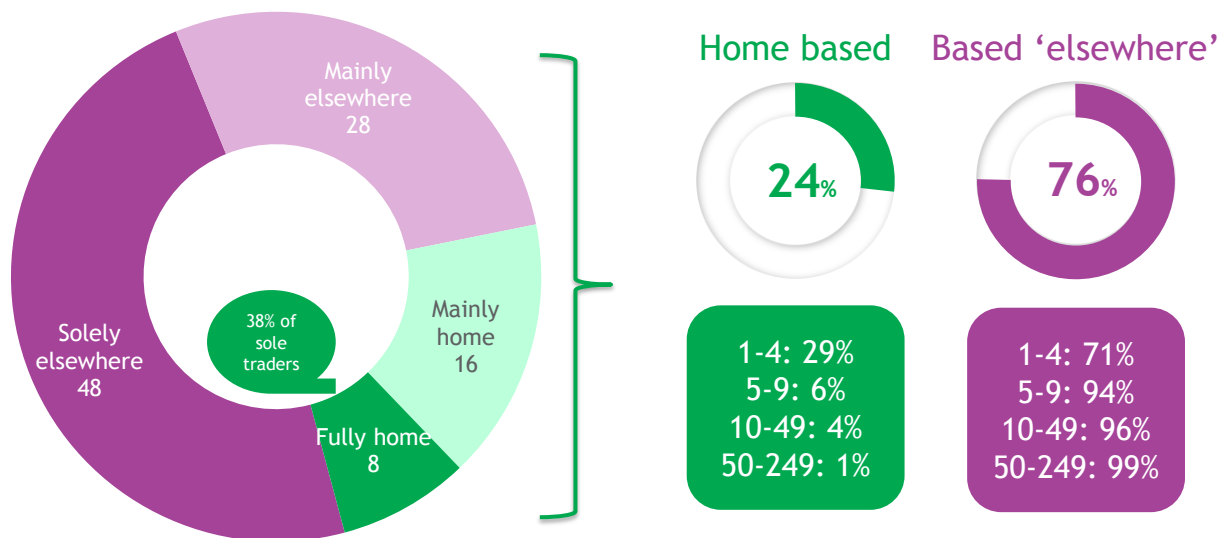


Source: SME Survey 2. S4 Could I please confirm your exact job title? S6a Including yourself, how many people does your organisation currently employ in the UK either full or part time? Base (unweighted): Total Sample n=502, 1-4 n=201, 5-9 n=100, 10-49 n=101, 50-249 n=100

5.1.2. Place of work/telecommuting

Figure 34 shows that around 1 in 10 SMEs were solely home based. Overall 24% of SMEs were based either fully or mainly at home (this figure diminished in proportion to increased company size).

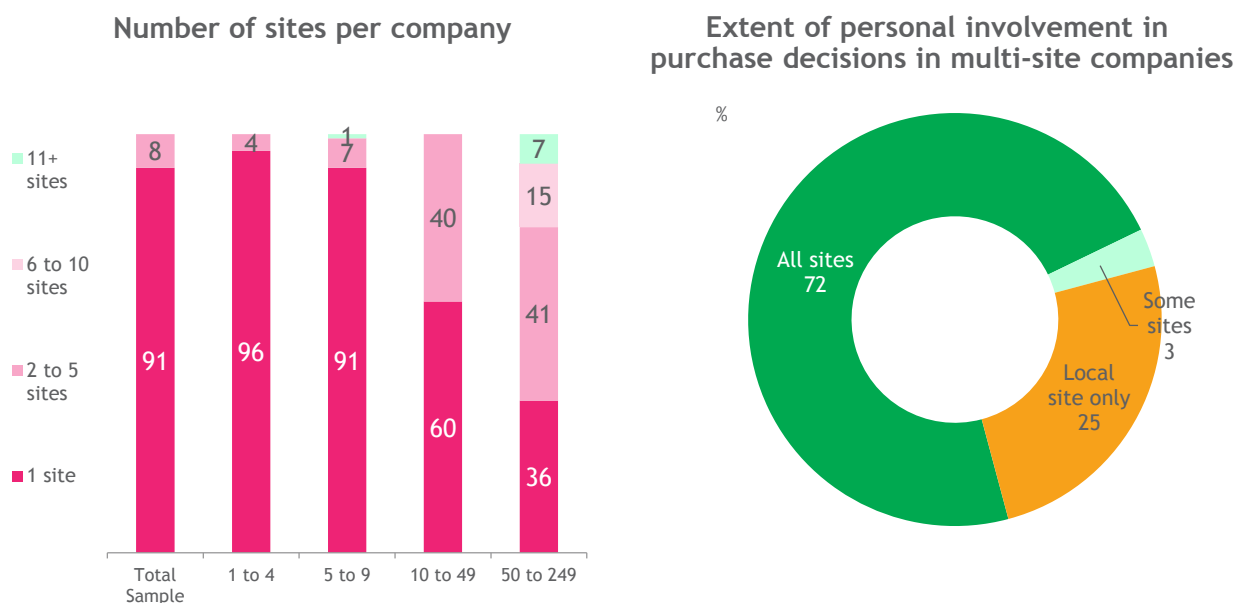
Figure 34: Main work location



Source: SME Survey 2. S6b Which of the following best describes the way you work? Base (unweighted): Total Sample n=502, 1-4 n=201, 5-9 n=100, 10-49 n=101, 50-249 n=100

On average SMEs operated from a single site, with larger companies more likely to have multiple sites. Decisions therefore were typically made in relation to a single site. In multi-site companies the decision-making was centralised in the majority of cases (see Figure 35).

Figure 35: Decision making in multi-site companies



Source: SME Survey 2. S8 How many sites or offices does your organisation operate from in the UK? Base (unweighted):

S8 Total Sample n=502, 1-4 n=201, 5-9 n=100, 10-49 n=101, 50-249 n=100. S8a Does your involvement with purchasing decisions regarding your organisation's telecoms and other communications services extend to all sites, some sites or just the site you operate out of? Base: All with multiple sites n=116

5.1.3. Attitudes towards technology

Respondents were asked about their general attitudes towards technology services (Figure 36). The majority (78%) agreed that they tried to keep up with communications technology, increasing to 93% of larger SMEs (50-249 employees).

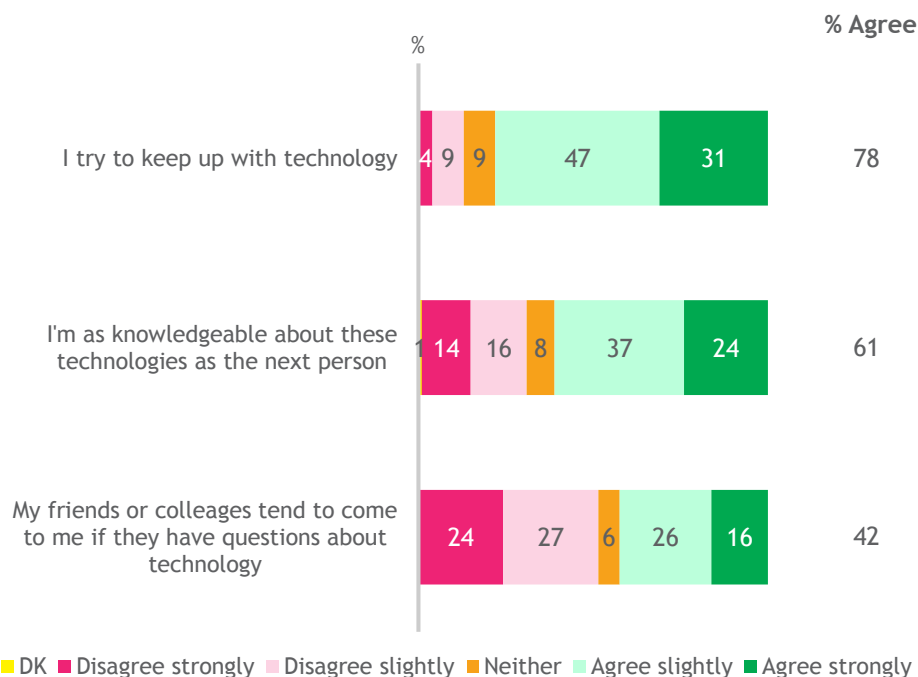
Agreement with all statements was much higher amongst respondents from larger organisations (likely linked to higher proportions in specialist IT/telecoms roles within these).

76% of 50-249 agreed they were as knowledgeable as the next person (vs. 61% overall).

85% of 50-249, 62% of 10-49 and 58% of 5-9 agreed that friends and colleagues tended to come to them with questions.

93% of 50-249 and 89% of 10-49 agreed that they try to keep up with technology.

Figure 36: Attitudes towards technology



Source: SME Survey 2. S10c Before we ask you about the communication services that you and your organisation use, please look at the different statements people have made about technology services such as mobile phones, landline phones, broadband or TV services. To what extent do you agree or disagree with the following statements? Base: Total Sample n=502

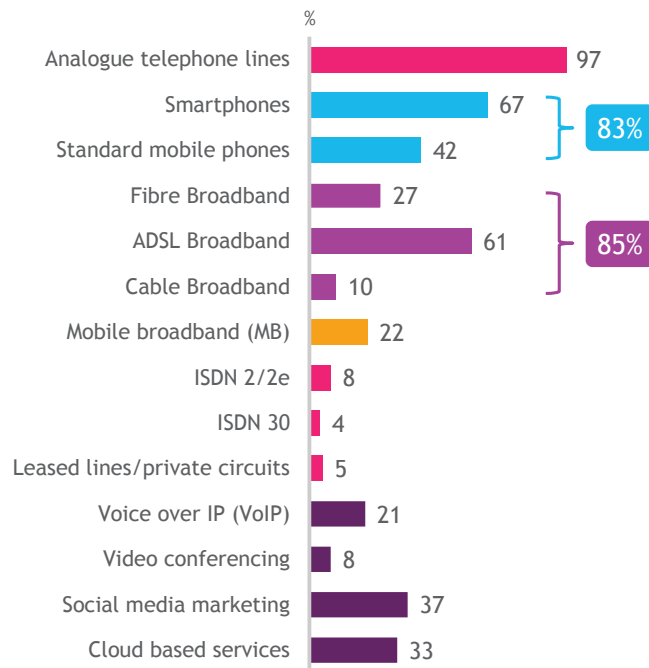
5.1.4. Products and Services Usage

Figure 37 looks at communications services used by SMEs in the past month, and Figure 38 shows how usage differs by company size. Analogue landline use was almost universal in this respect (97%), with other types of fixed lines, such as ISDN2/2e, ISDN30 and leased lines more prevalent in larger companies (Figure 38).

Mobile use was high across all company sizes - 8 in 10 SMEs used them in the past.

85% had used fixed broadband internet (ADSL, Fibre or Cable) in the last month. Mobile broadband had a lower incidence of usage at around 1 in 5 (more than double that in SMEs with 50-249 employees). This is similar for VoIP, with only 21% having used overall, but this rises to 48% of businesses with 50-249 employees.

Figure 37: Products used in last month



Source: SME Survey 2. S11 Has your organisation used any of the following communications services in the last month? Base (unweighted): Total Sample n=502, 1-4 n=201, 5-9 n=100, 10-49 n=101, 50-249 n=100

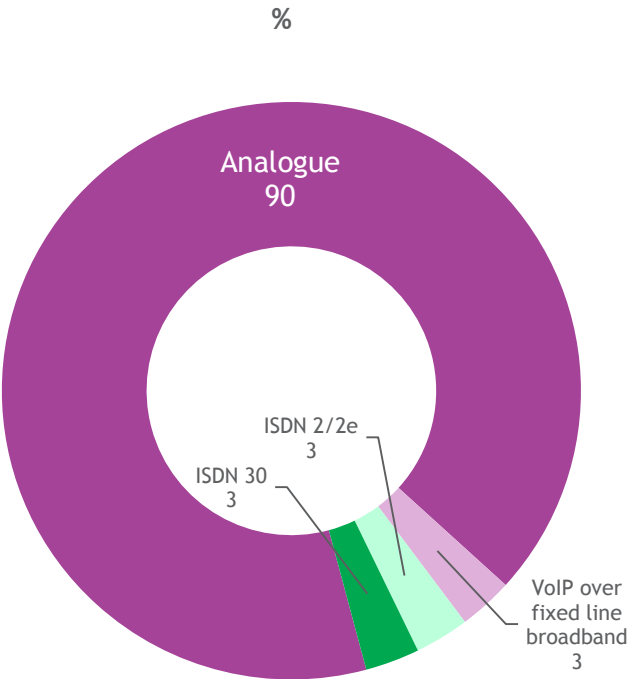
Figure 38: Products used in last month

	Company Size			
	1-4	5-9	10-49	50-249
FIXED LINES				
Analogue	97%	98%	89%	89%
ISDN2/2e	5%	14%	30%	34%
ISDN30	1%	2%	27%	45%
Leased Line	3%	2%	18%	38%
Broadband	83%	94%	92%	96%
FIXED LINE ALTERNATIVES				
Any mobile	82%	91%	86%	92%
VoIP	20%	18%	31%	48%
Mobile Broadband	21%	17%	33%	45%
Social Media Marketing	33%	41%	68%	64%
Cloud based services	30%	32%	55%	55%

Source: SME Survey 2. S11 Has your organisation used any of the following communications services in the last month?
 Base (unweighted): Total Sample n=502, 1-4 n=201, 5-9 n=100, 10-49 n=101, 50-249 n=100

SMEs were asked to identify their primary fixed line source for outgoing voice calls, and 9 out of 10 said it was analogue (Figure 39).

Figure 39: Primary source of outgoing voice calls

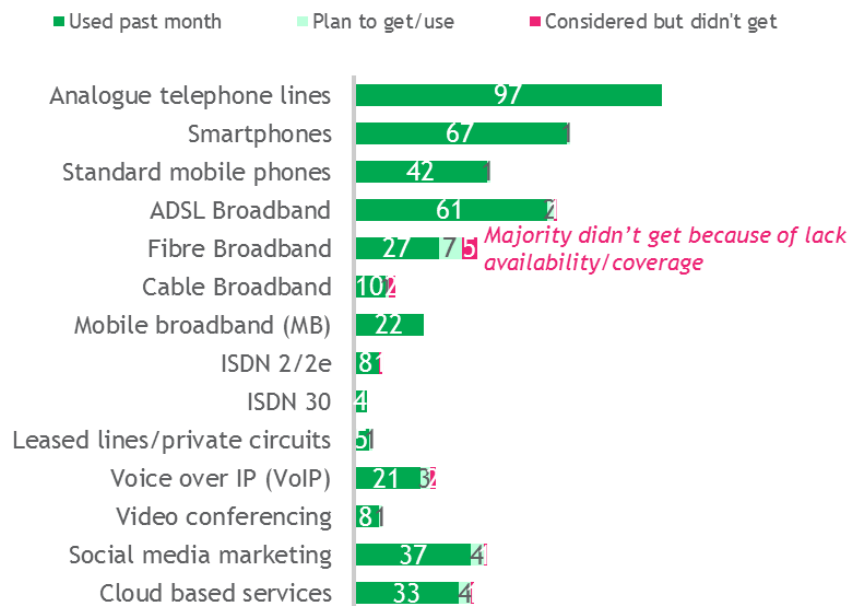


Source: SME Survey 2. S13 From which of your fixed lines were most outgoing voice calls made during the last month?
Base: Total Sample n=502

In addition to products used in the past month, respondents were asked if they were planning to get or use any of the services in the next 12 months, or if they had considered getting any of the services but didn't get them for their business in the past 2 years (Figure 40).

Small proportions had considered products but did not get them; fibre broadband and VoIP primarily, with the former being due to lack of availability/coverage.

Figure 40: Products used, planned or considered

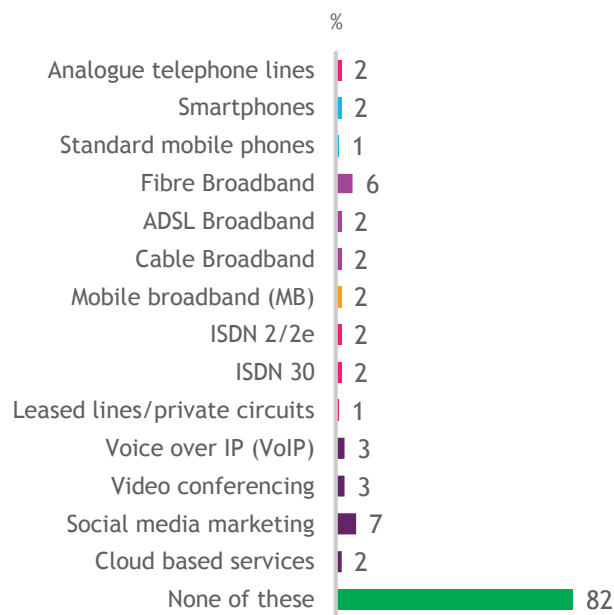


Source: SME Survey 2. S11 Has your organisation used any of the following communications services in the last month? Base (unweighted): Total Sample n=502. S11b Are you planning to get or use any of the following services for your business in the next 12 months? Base: All who do not use each service. S11ci Which if any services have you considered getting but didn't get for your business in the past 2 years? Base: All who do not use or plan to use each service. S13i From which of your fixed lines were most outgoing voice calls made during the last month?

SMEs were then asked if there were any services that they feel they would benefit from being given more information about (Figure 41). Overall, the majority (82%) of SMEs didn't feel they'd benefit from more information. 7% felt they'd like more information about social media marketing and 6% about fibre broadband.

Those with 10-49 employees were most likely to feel they would benefit, notably from information about fibre broadband (18% vs. 6%), cable broadband (10% vs. 2%), VoIP (10% vs. 3%) or cloud based services (10% vs. 2%).

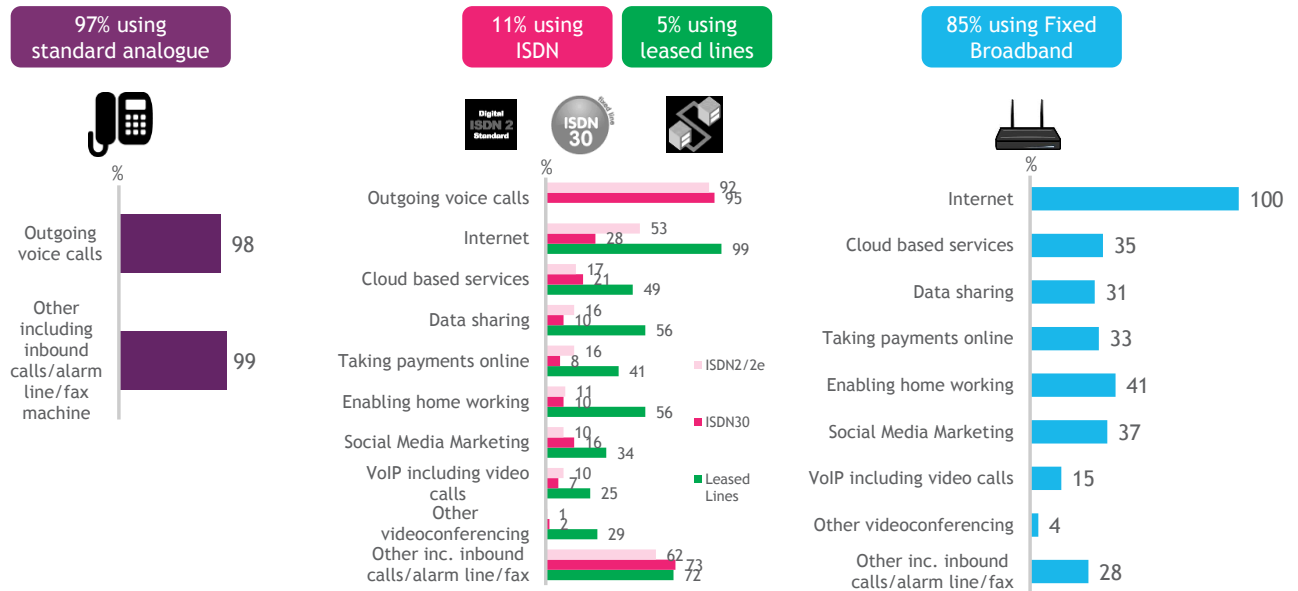
Figure 41: Services would benefit from more information about



Source: SME Survey 2. S11d Which, if any, services do you feel you would benefit from being given more information about in terms of how it works and how it could benefit your business? Base: Total Sample n=502

SMEs were asked what they had used their various services for in the past month. Figure 42 shows that voice calls were mainly carried over standard analogue and ISDN, data on fixed broadband and leased lines.

Figure 42: Product ownership and usage patterns

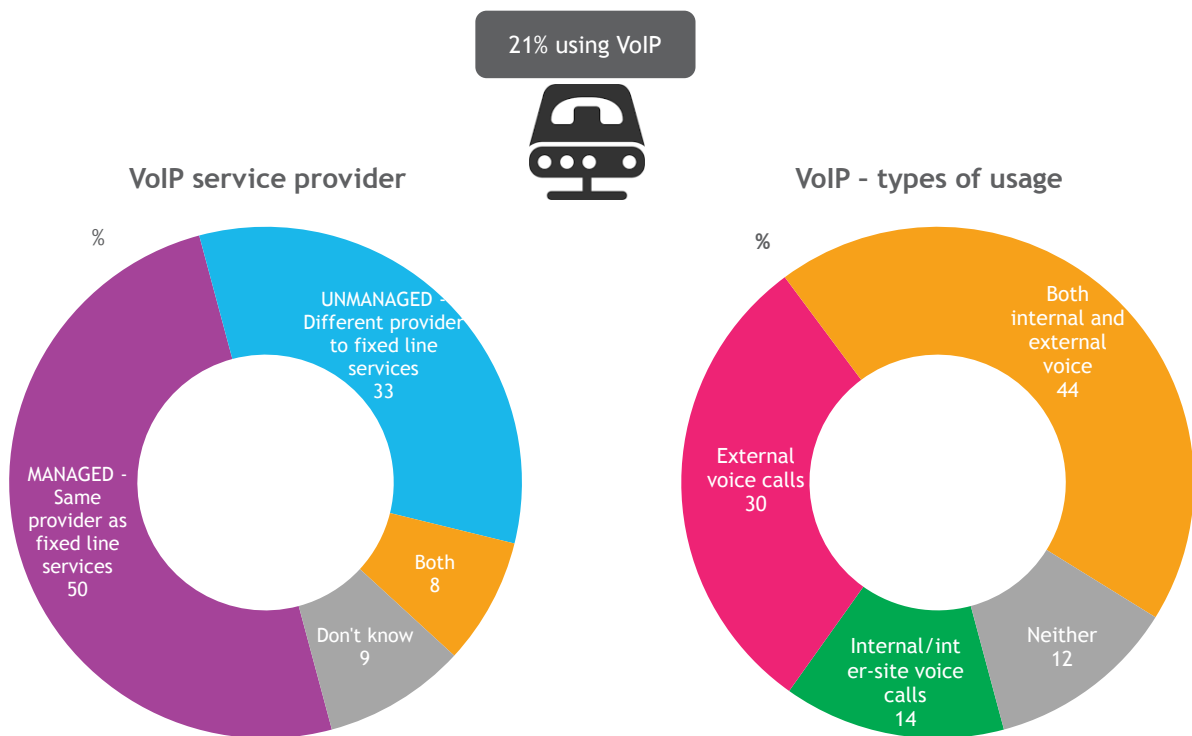


Source: SME Survey 2. S11 Has your organisation used any of the following communications services in the last month? Base (unweighted): Total Sample n=502 S13 What have you used (service) for in the last month? Base (unweighted): Users of each service – Analogue Landlines n=473, ISDN 2/2e n=89, ISDN 30 n=71, Leased line n=63, Fixed Line Broadband n=451.

Looking at those SMEs who had used VoIP in the last month (Figure 43), the majority (50%) used managed VoIP (the same VoIP service provider to their fixed line service provider). A third used unmanaged VoIP.

More than two-fifths (44%) used VoIP for both external and internal voice calls, 30% just for external voice calls and 14% just for internal/inter-site calls.

Figure 43: VoIP Services

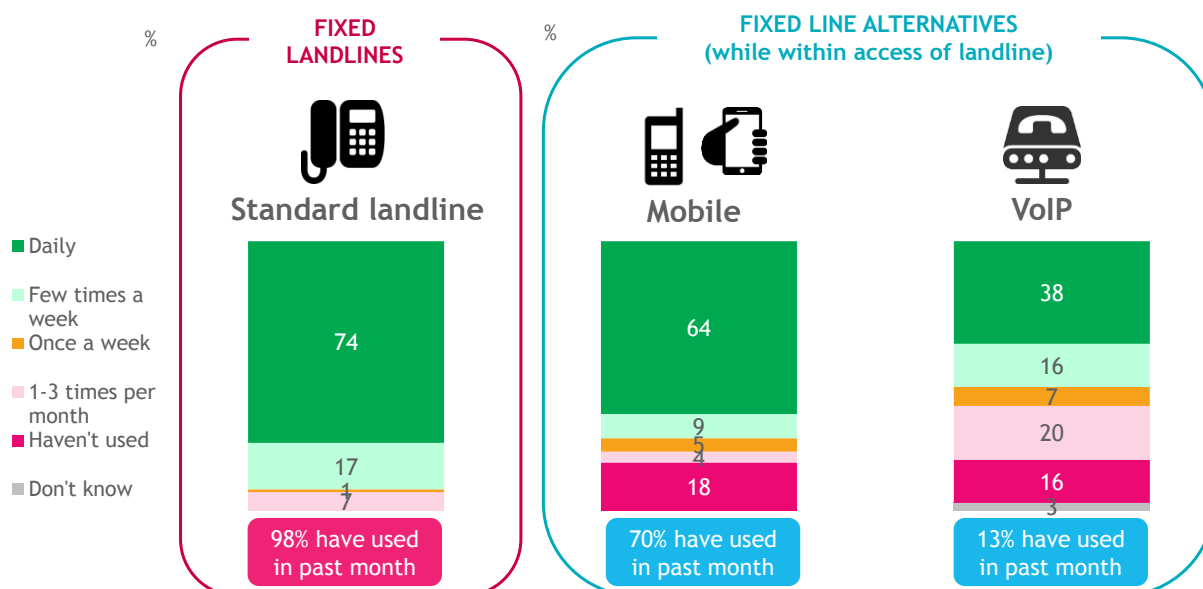


Source: SME Survey 2. S13c What have you used VoIP for in the last month? S13b Is your VoIP service provided by...?
Base (unweighted): All using VoIP n=121

Respondents were asked to think about all the calls made from their place of work over the last month, and how often they or colleagues used fixed landlines to contact other people. Three-quarters (74%) said they did this daily. SMEs were then asked to consider their usage of fixed line alternatives (mobile or VoIP) while still within access of their landline.

Figure 44 shows that almost 2 in 3 (64%) mobile phone users used them daily (when within reach of their landline phones), and 38% used VoIP daily (amongst users of VoIP).

Figure 44: Frequency of using service to contact other people



Source: SME Survey 1. Q6a/b/c We'd now like you to think about all the calls that have been made from your place of work over the last month. How often do you/colleagues use (fixed landline/mobile phones/VoIP) to contact other people (for mobile phones/VoIP: "while also within access of your landline phone")? Base (unweighted): All using fixed lines n=472, mobile phones n=365, VoIP n=115

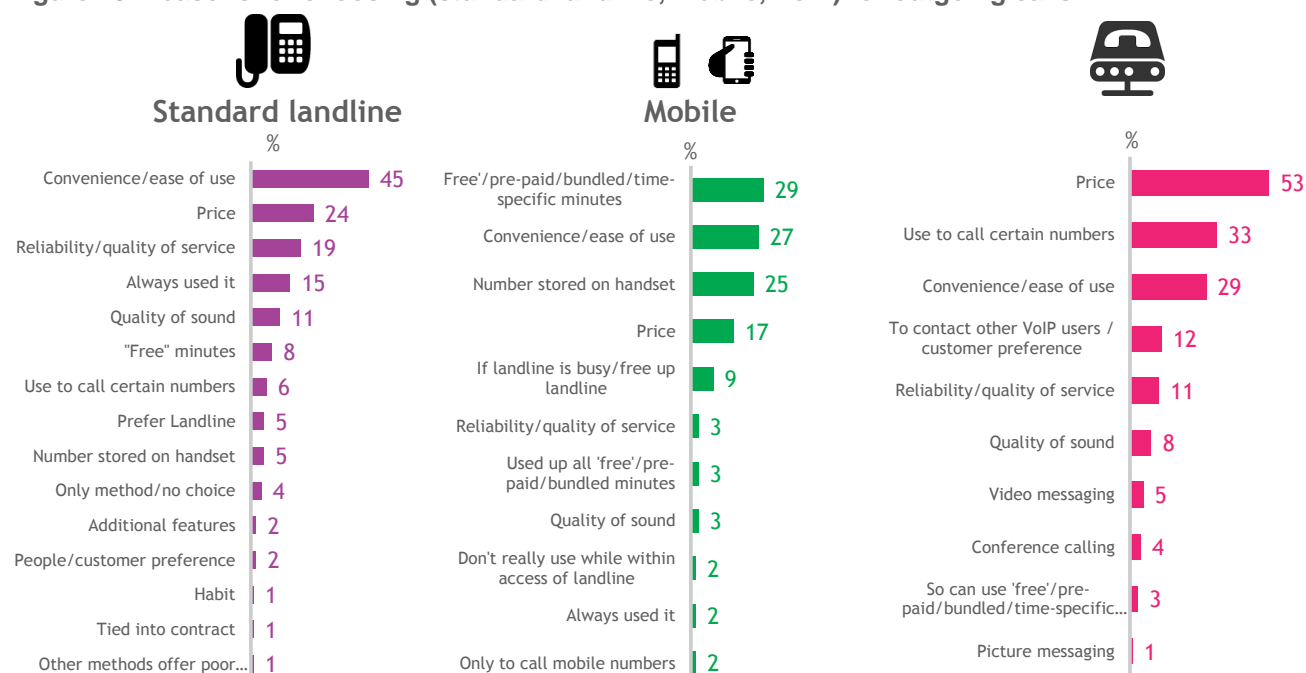
5.1.5. Reasons for using different products for outgoing calls

Figure 45 examines reasons for choosing to use each service when making outgoing calls. Convenience was the main reason why people reached for their landlines. VoIP choice was driven primarily by price, and mobile by a mixture of convenience and free/bundled minutes.

45% of SMEs said that convenience/ease of use was a reason for using standard landlines to make calls from their place of work. A quarter (24%) said price and 1 in 5 mentioned reliability/quality of service.

Free/bundled minutes were important when choosing a mobile phone for outgoing calls, along with convenience (both in general terms and in that numbers were stored on the mobile handset).

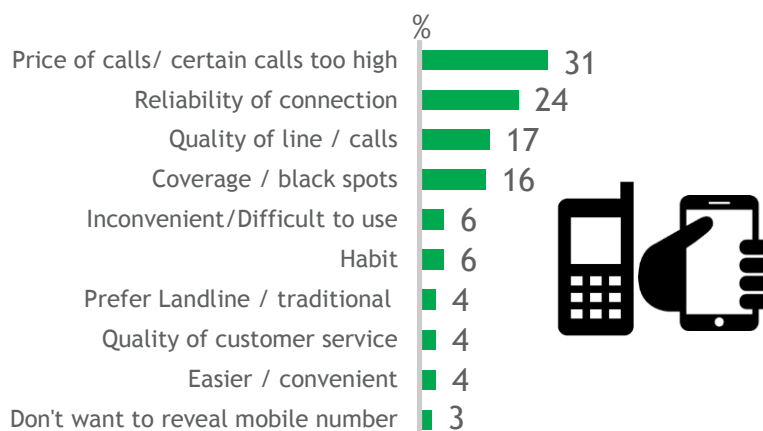
Price was a key driver of choice for VoIP; more than half (53%) cited it. One in three (33%) VoIP users said they used it to call certain numbers, and a similar proportion (29%) said it was convenient/offered ease of use.

Figure 45: Reasons for choosing (standard landline, mobile, VoIP) for outgoing calls


Source: SME Survey 1. Q7a Why do you choose to use your (service) for making calls from your place of work rather than your (other services used)? Base (unweighted): All using fixed lines n=477, All using mobiles n=315, All using VoIP n=98

Respondents were then asked to think about reasons why they didn't use their other services more for work calls, instead of using fixed landline phones. Figures 46-48 examine these reasons for mobiles, VoIP and email/SMS/instant messaging (IM) types of communications services.

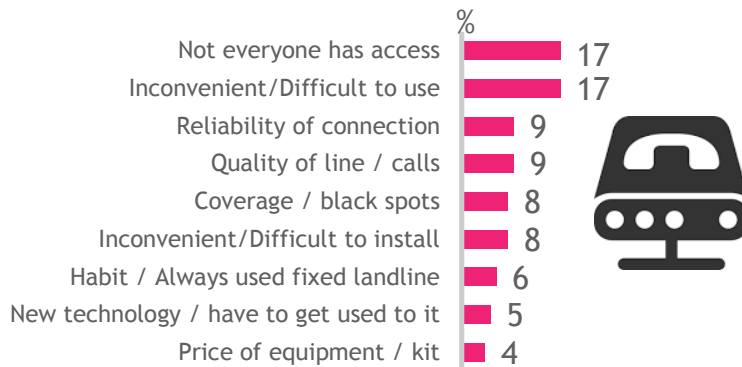
For mobiles, the price of calls and issues around reliability, line quality and coverage are key barriers to greater usage, with 31% citing this as a reason for not using this service more (Figure 46).

Figure 46: Why don't make all work calls by mobile instead of fixed landline?


Source: SME Survey 1. Q7b Why don't you make all your work calls from mobile phones or smartphones instead of making calls via a fixed landline phone? Base (unweighted): All using mobiles n=315

Lack of access and perceived inconvenience were issues related to VoIP for around 1 in 6 users.

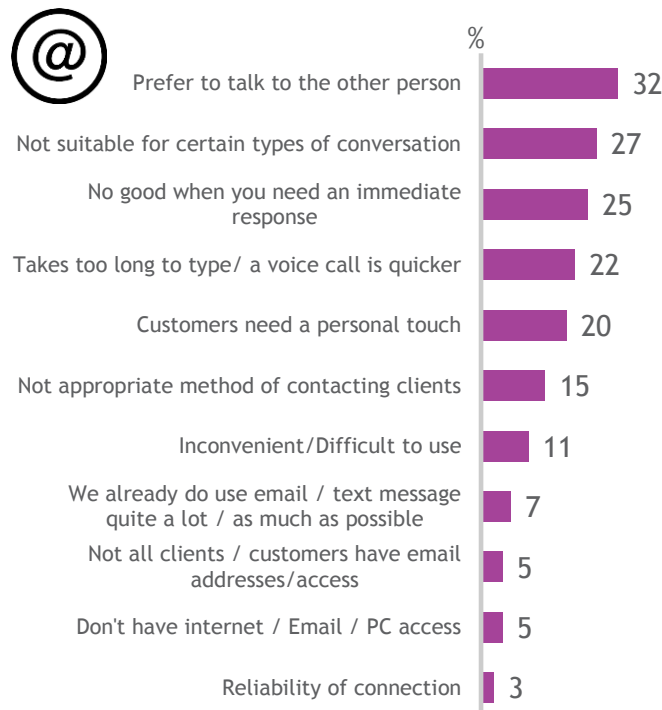
Figure 47: Why don't use VoIP more often at place of work versus fixed landline?



Source: SME Survey 1. Q8a Why don't you use VoIP more often from your place of work instead of making calls via a fixed landline? Base (unweighted): all using VoIP but have other fixed lines n=87

For email/SMS/IM (Figure 48), one in three said they'd prefer to talk to the other person, and around a quarter said that these methods were unsuitable for certain types of conversation, or no good if an immediate response was needed.

Figure 48: Why don't use email/SMS/IM more often from place of work versus landline calls?



Source: SME Survey 1. Q8c Why don't you use email/text messaging or IM via an App more often from your place of work instead of making calls via a fixed line? Base (unweighted): Total sample n=502

5.2. Communications suppliers & switching

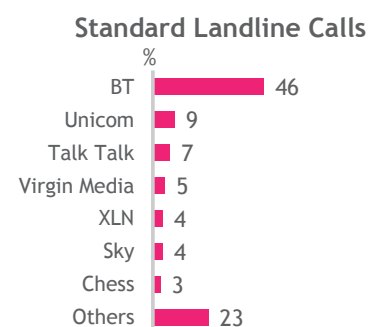
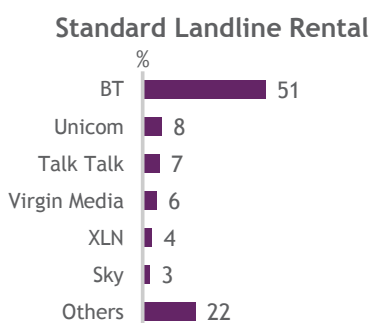
5.2.1. Suppliers

Figures 49-51 show the main communications services providers used by SMEs.

Apart from BT, which was the most prevalent provider amongst SMEs (51% for landline rental, 46% for landline calls and 48% of fixed broadband internet), the landline and fixed broadband internet markets were heavily fragmented with some smaller players (Talk Talk, Unicom, Virgin Media etc) and a long tail of “other” providers with very small market shares. BT (34%) and Skype (23%) were the most prevalent providers for VoIP.

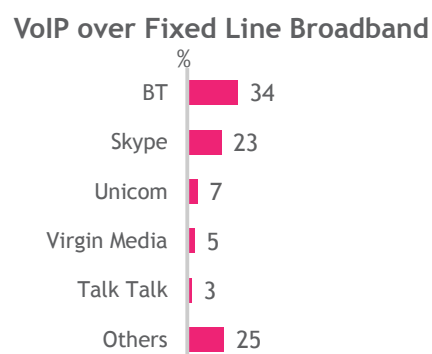
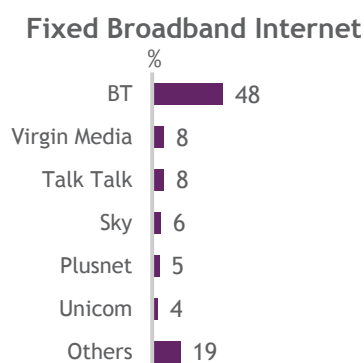
Compared to 2012/13, when Ofcom last undertook a Narrowband market review, the figures for landline providers have seen no significant change. We used a different descriptor for fixed broadband during the latest survey, so we are unable to make a direct comparison to the previous results.

Figure 49: Main Providers for Landline



Source: SME Survey 2. Q1/Q1ai What is the name of the company or companies that provide your communications services? And which company is the main provider of your (service)? Base (unweighted): All with standard landlines n=446

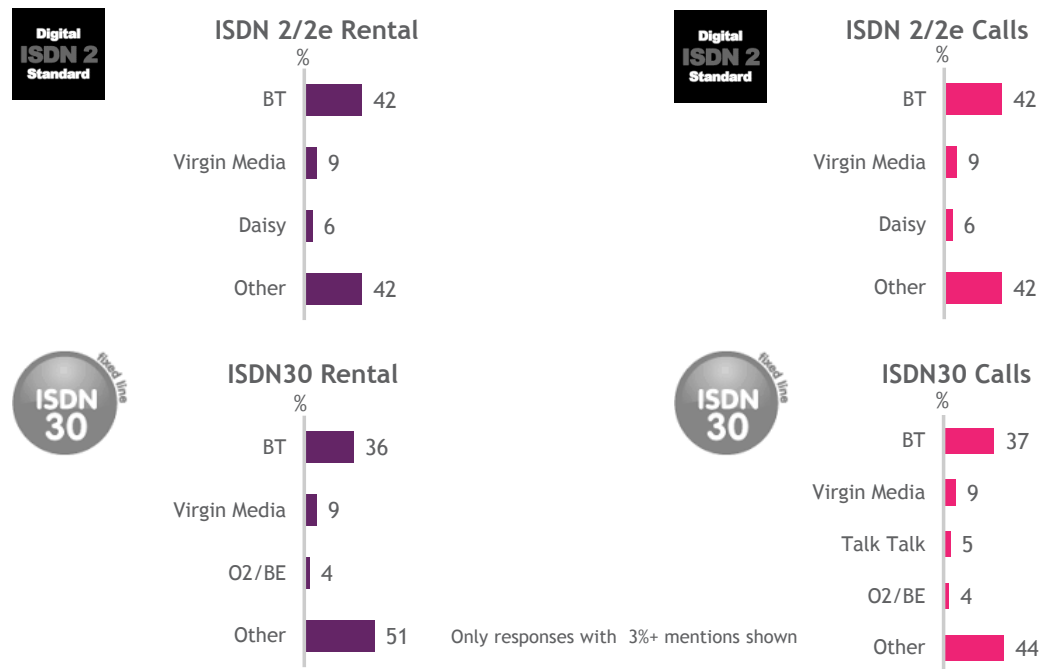
Figure 50: Main Providers for Fixed Line Broadband and VoIP



Source: SME Survey 2. Q1/Q1ai What is the name of the company or companies that provide your communications services? And which company is the main provider of your (service)? Base (unweighted): All with fixed line broadband n=451, all with fixed line broadband using VoIP n=76

The ISDN market was also heavily fragmented behind BT, with a long tail of smaller “other” providers. Base sizes are too low to make comparisons to 2012/13.

Figure 51: Main Providers: ISDN



Source: SME Survey 2. Q1/Q1ai What is the name of the company or companies that provide your communications services? And which company is the main provider of your (service)? Base (unweighted): All with ISDN 2/2e lines n=78, All with ISDN 30 lines n=68

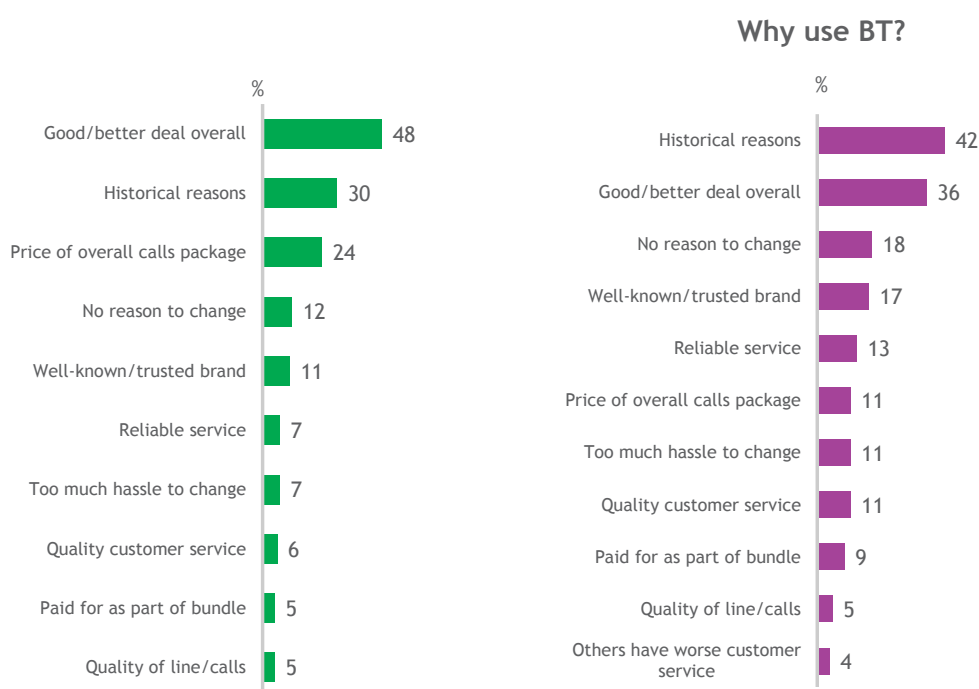
Respondents were asked for their reasons behind choosing the supplier of their main fixed line voice calls method. Figure 52 compares this at the overall level and amongst customers of BT (the most prevalent provider).

The two key reasons given were getting a good/better deal (48%) and historical reasons (30%). The latter was more prevalent amongst BT customers (42%), where the former was lower than the overall proportion at 36%.

Price of overall calls package was cited by around a quarter overall (but half of that proportion amongst BT customers).

6% cited quality of customer service. This was higher amongst sole traders, with 14% saying it was a reason for using that supplier. Sole traders were also more likely to cite quality of line/calls (13% vs. 5% overall).

Figure 52: Reasons for using main fixed line supplier



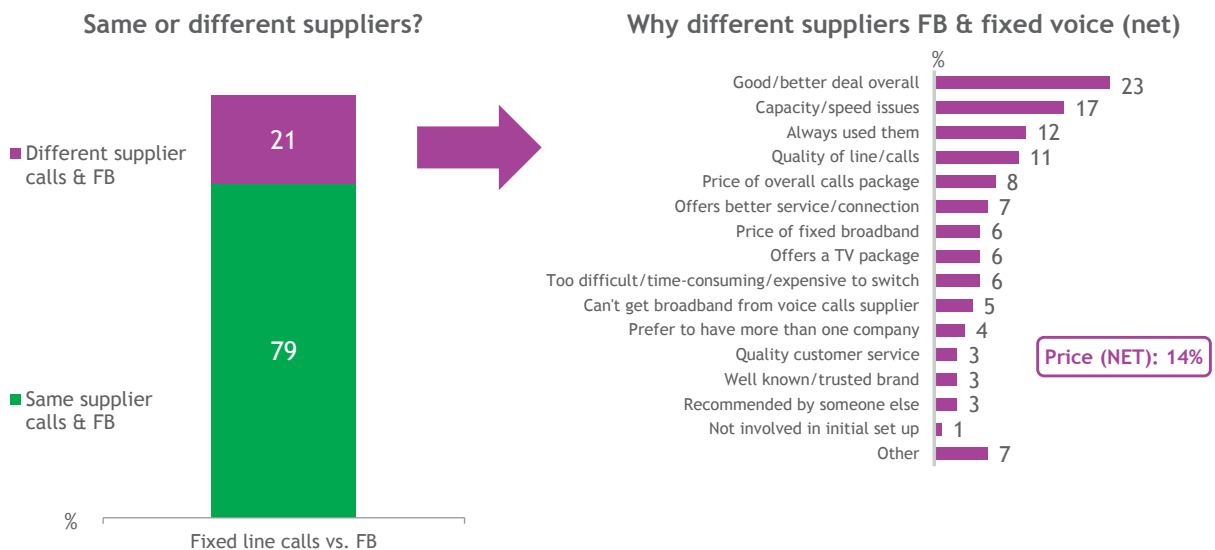
Source: SME Survey 2. Q4a Thinking about your (main fixed line method), why do you use (supplier) as your current fixed voice calls provider? Base (unweighted): Total Sample n=502; all with BT n=225

5.2.2. Bundling services

Figure 53 examines the incidence of bundling fixed line voice and fixed broadband internet.¹ 1 in 5 used a different supplier for fixed line calls and fixed broadband; primarily due to a good/better deal or capacity/speed/quality issues.

The majority opted for the same supplier for both their fixed line calls and fixed broadband internet (79%).

Those using different suppliers for fixed broadband internet were asked why that was the case. Getting a good/better deal overall was cited by almost a quarter (23%), followed by capacity/speed issues (17%). 14% cited something to do with “price”.

Figure 53: Bundling Broadband

Source: SME Survey 2. Q1 What is the name of the company or companies that provide your communications services?
Q4b Thinking about your (main fixed line method) why do you use a different supplier for your fixed line broadband rather than use your fixed voice calls supplier for broadband as well?

Base (unweighted): All with fixed broadband n=451; All with different suppliers for landline and broadband n=113

The proportion of SMEs that paid BT for their landline calls was lower than average amongst those with different fixed voice/FB suppliers (Figure 54).

Figure 54: Bundling Broadband

	Total sample	Different supplier for calls and FB
Pay BT for calls	46%	29%
Pay BT for rental	51%	52%

Source: SME Survey 2. Q1 What is the name of the company or companies that provide your communications services?
Q4b Thinking about your (main fixed line method) why do you use a different supplier for your fixed line broadband rather than use your fixed voice calls supplier for broadband as well? Base (unweighted): All with fixed broadband n=451; All with different suppliers for landline and broadband n=113

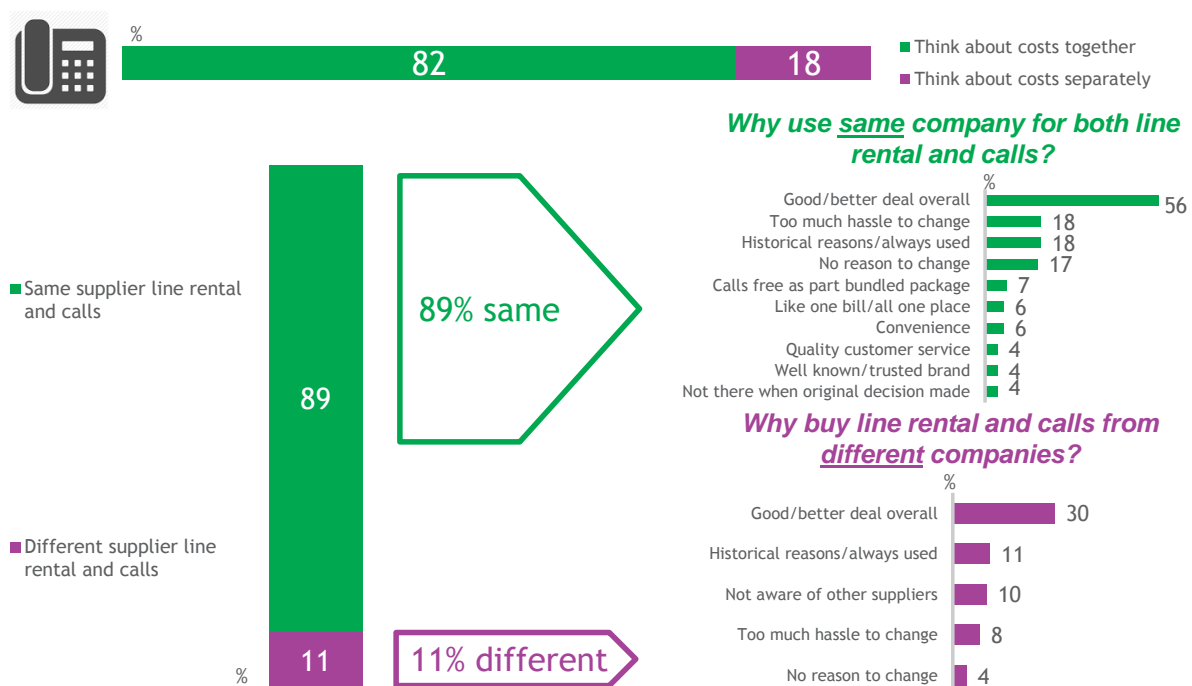
5.2.3. Attitude towards landline

Figure 55 shows that the vast majority of SMEs tended to think about costs for line rental and costs for calls together and also use the same provider for line rental and calls; a good/better deal being the prime reasoning for this.

82% of SMEs thought about line rental and call costs together rather than separately, and 89% used the same supplier for line rental and calls.

Most SMEs were seeking a good/better deal overall when considering using the same or different companies for line rental and calls.

Figure 55: Providers for line rental vs. calls



Source: SME Survey 2. Q4e Which of the following statements best describes how you think about your (main fixed line) costs? Base: All n=502. Q4c Thinking about your (main fixed line method) why do you use the same supplier for your fixed voice calls and your line rental? Base: All using same supplier n=445. Q4d Thinking about your (main fixed line method) why do you use a different supplier for your fixed voice calls rather than use your line rental supplier for fixed voice calls as well? Base: All using different supplier n=57.

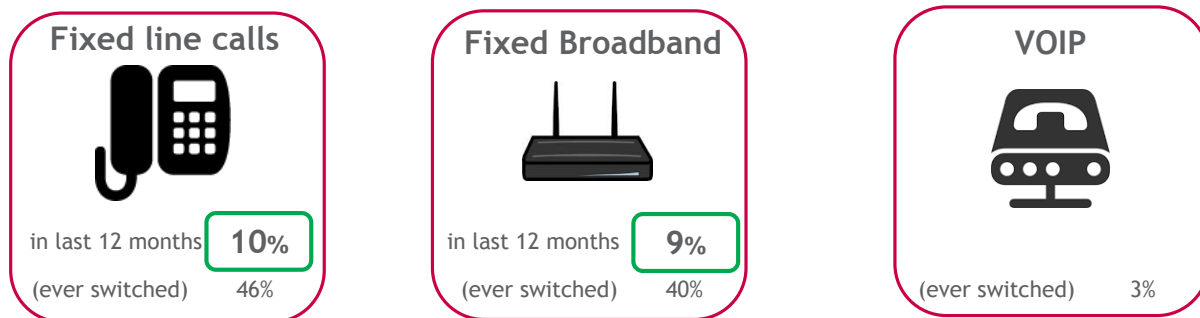
5.2.4. Switching

Respondents were asked if they had switched the company that provided their fixed line calls or fixed broadband internet services in the past 12 months (and also if they had ever switched). Those that had it were also asked if they had ever switched their VoIP service (Figure 56).

One in ten said they had switched fixed line calls (10%) or fixed broadband internet (9%) in the past 12 months, and around 2 in 5 (46% and 40%) said they had ever switched them. Larger businesses were more likely to have switched their fixed line calls (58% of those with 50-249 employees versus 46% overall).

3% of VoIP users said they had ever switched VoIP supplier.

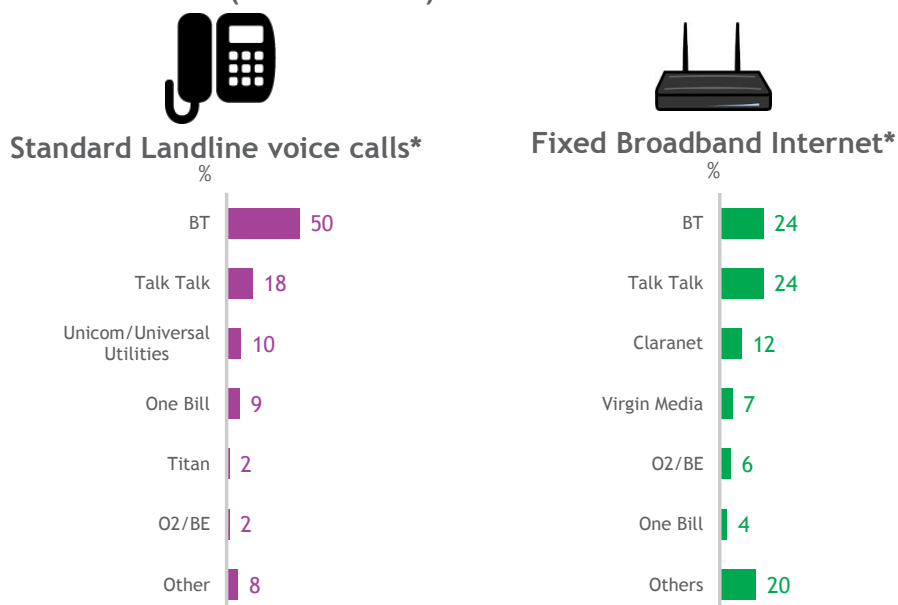
Figure 56: Switching suppliers



Source: SME Survey 1. Q5a Have you switched the company that provides your (service) in the last 12 months? Base (unweighted): All with Standard Landline n=465; All with fixed broadband internet n=431; All with VoIP n=115

BT (50% and 24%) and Talk Talk (18% and 24%) were the suppliers most switched from in terms of landline voice calls and fixed broadband internet (Figure 57).

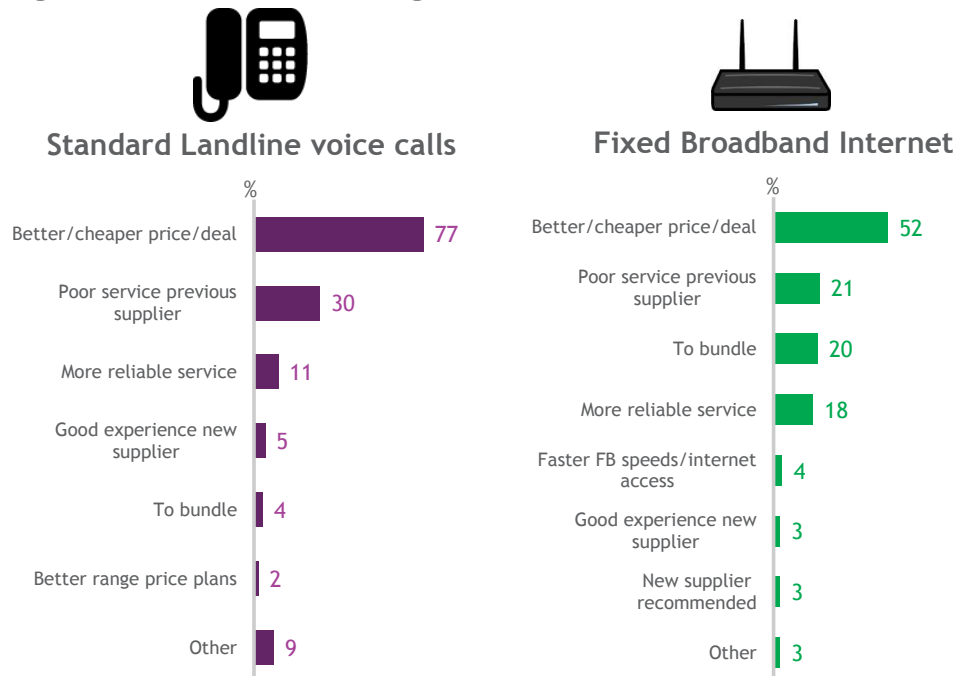
Figure 57: Supplier switched from (last 12 months)



Source: SME Survey 1. Q5b Which company did you switch from? Base (unweighted): All switching landlines n=59* CAUTION LOW BASE, fixed broadband internet n=50* CAUTION LOW BASE

Price (better/cheaper price/deal) was the main driver to switch (cited by three-quarters for standard landline and half for fixed broadband internet), followed by poor or unreliable service from the previous supplier (Figure 58).

Figure 58: Reasons for switching



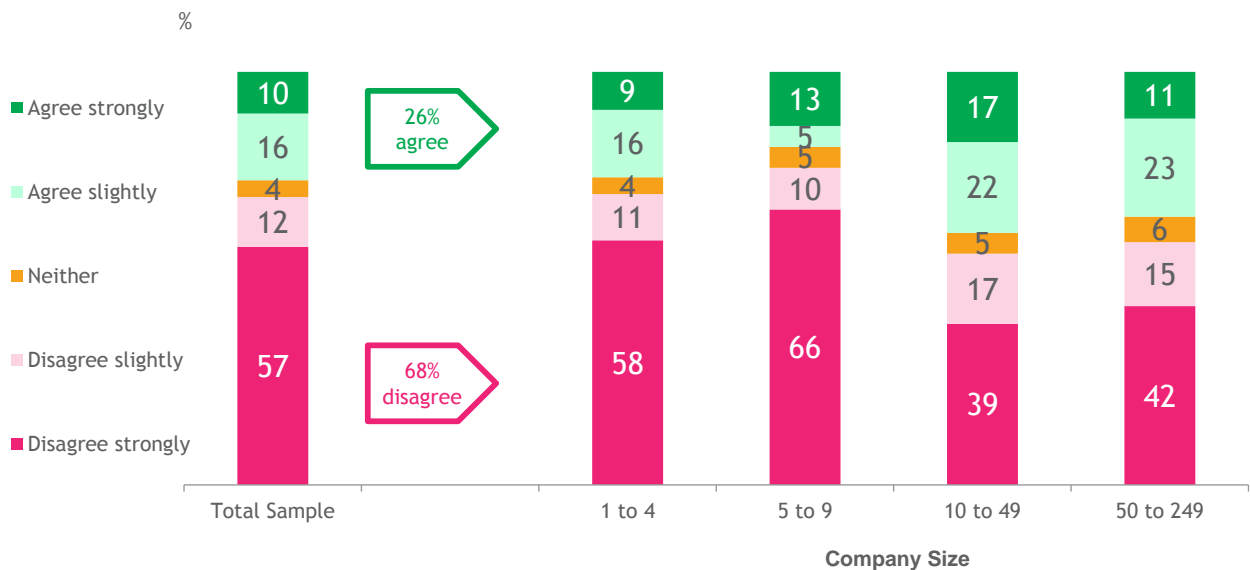
Source: SME Survey 1. Q5c Why did you switch your (service)? Base (unweighted): All switching landlines n=59* CAUTION LOW BASE, fixed broadband internet n=50* CAUTION LOW BASE

5.3. Likelihood to give up main fixed line and use of alternatives

Respondents were asked to give the extent of their agreement with the statement “under certain circumstances, I would be prepared to give up my ability to make calls from (main fixed line)”.

Figure 59 shows that overall, 1 in 4 (26%) were prepared to give up calling from fixed lines. Companies with 10-249 employees were more prepared to do this than smaller organisations.

Figure 59: Agreement that “under certain circumstances, I would be prepared to give up my ability to make calls from my (main fixed line)”

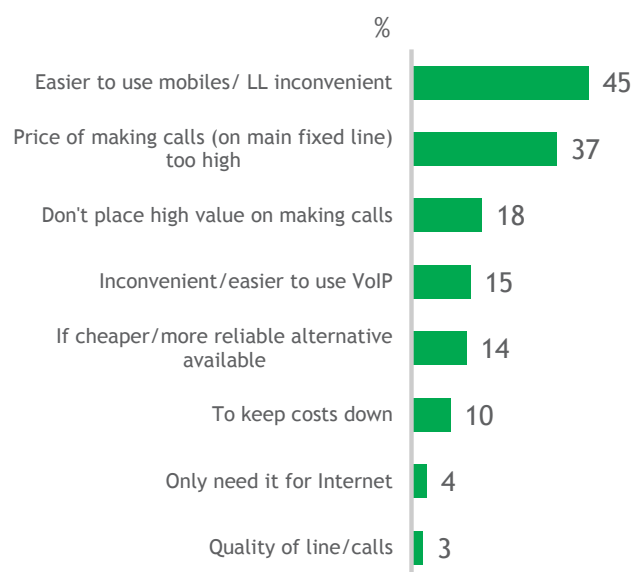


Source: SME Survey 2. Q4f To what extent do you agree or disagree with the following statement?

Base (unweighted): All with a main outgoing call fixed line type (NOT VoIP) n=471, 1-4 n=196, 5-9 n=94, 10-49 n=90, 50-249 n=91

Those agreeing with the statement were asked why they agreed (Figure 60). The convenience of mobiles and price of fixed line calls were the main reasons to give up the ability to make fixed line calls.

Figure 60: Why prepared to give up ability to make calls from main fixed line in future



Source: SME Survey 2. Q4f To what extent do you agree or disagree with the following statement? Base (unweighted):

All with a main outgoing call fixed line type (NOT VoIP) n=471. Q4g Why would you be prepared to give up the ability to make calls from your (main fixed line method) in the future? Base (unweighted): All who WOULD give up fixed line (agree they would give up) n=119

When asked why not (Figure 61), 2 in 5 of those NOT prepared to give up fixed line calls simply preferred to make calls using their fixed line. A fifth (21%) cited reliability of connection, and similar proportions mentioned that it was less convenient to use mobiles, or that they had historical reasons to stick or no reason to change. 16% said it would be too much hassle to change.

Figure 61: Why NOT prepared to give up ability to make calls from main fixed line in future



Source: SME Survey 2. Q4f To what extent do you agree or disagree with the following statement?
Base (unweighted): All with a main outgoing call fixed line type (NOT VoIP) n=471. A4h Why would you not be prepared to give up the ability to make calls from your (main fixed line method)? Base (unweighted): All who would NOT give up landline access (disagree they would give up) n=345

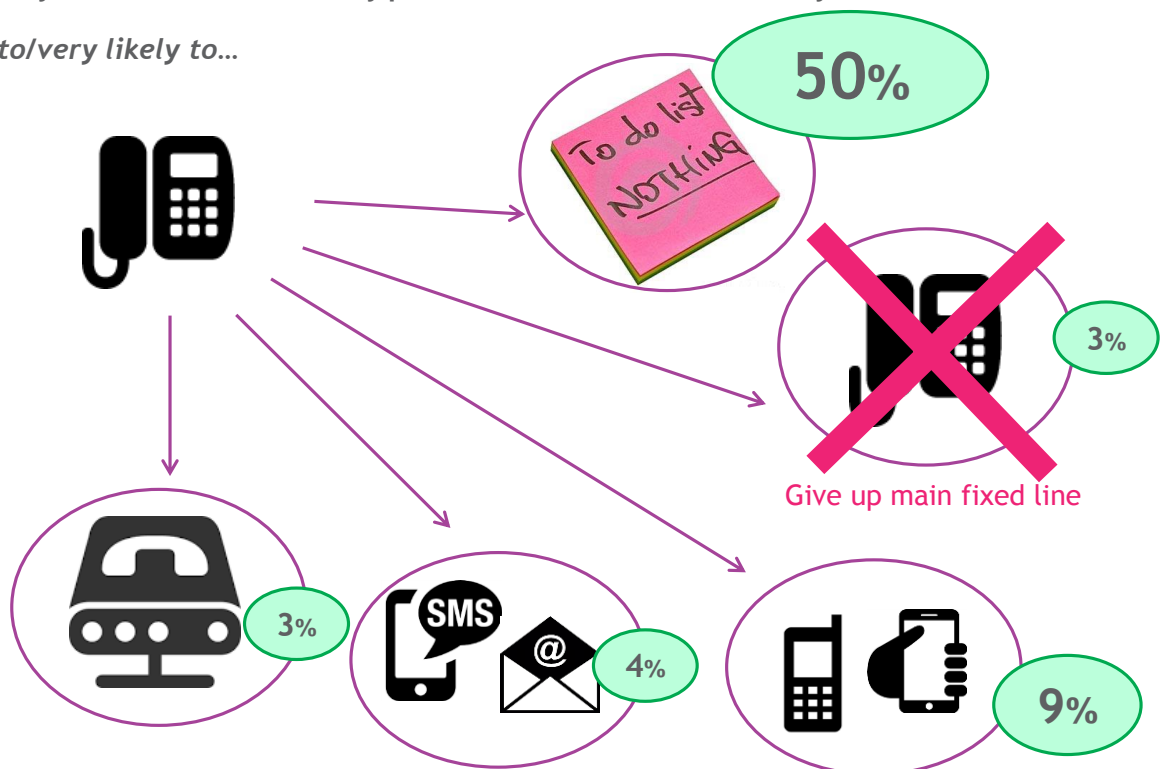
5.4. Claimed response to a hypothetical 10% price increase – calls only

Respondents were introduced to a hypothetical situation whereby the overall monthly price of their landline calls would increase by 10%. They were asked to assume that the monthly price offered by other landline providers would also increase by 10% but that the prices offered by providers of mobiles, VoIP or other forms of communications services would remain the same.

Figure 62 shows that a 10% price increase was not enough to prompt any action from half of SMEs. Half (50%) of them said they were certain or very likely to do nothing at all in reaction.

Figure 62: Likely actions if overall monthly price of landline calls increased by 10%

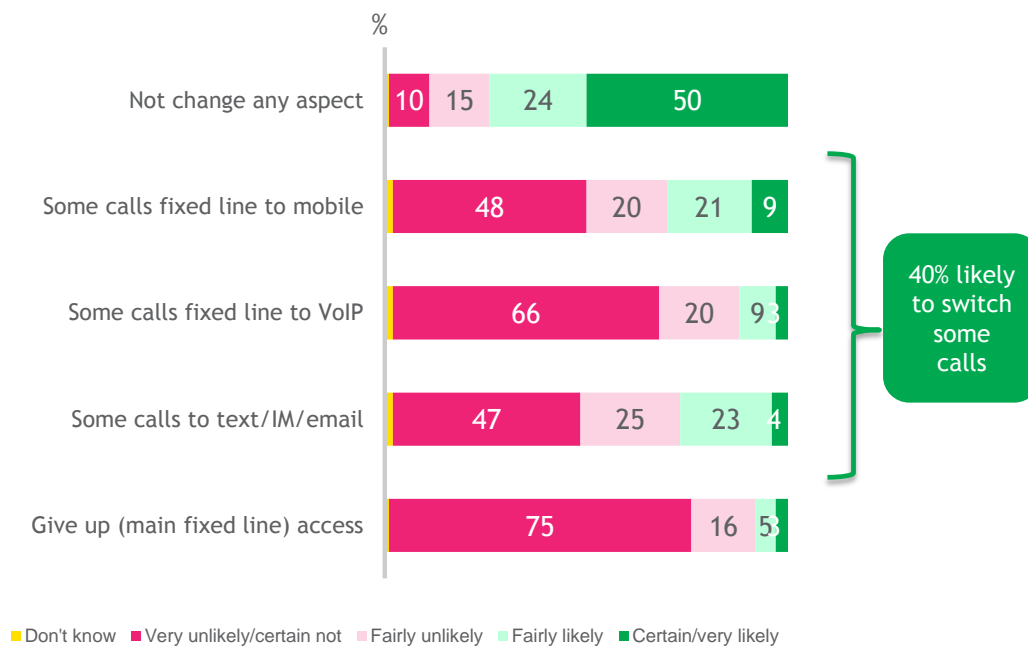
% certain to/very likely to...



Source: SME Survey 1. Q10a If the overall price of your (main fixed line method) calls were to increase by 10%, how likely would you be to do each of the following? Only your call charges would be affected – line rental charges would not change. When answering please assume that the price of calls offered by other fixed line providers would also increase by 10% but the prices offered by providers of mobile, VoIP or other forms of communications services would remain the same. Base (unweighted): All using fixed lines n=471

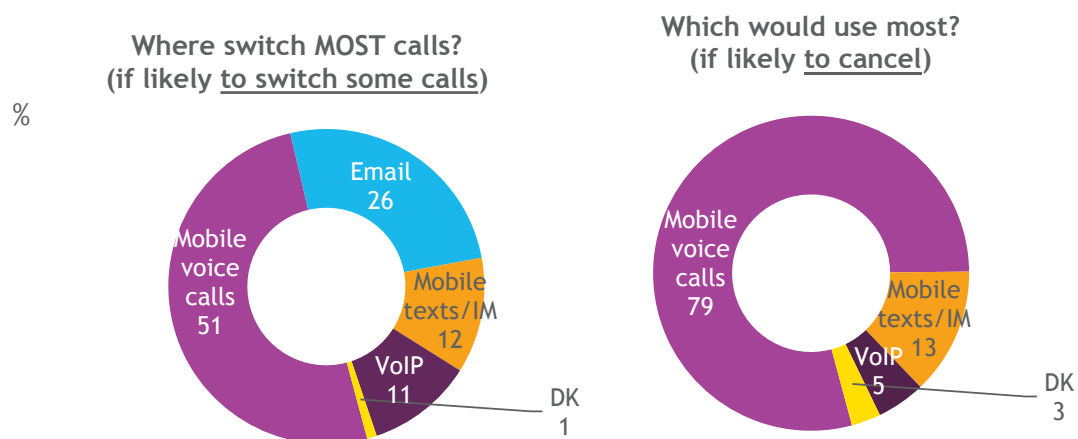
Figure 63 examines responses in more detail. Although three-quarters said they were likely not to change any aspect of their behaviour (half saying they were certain/very likely not to), 2 in 5 (40%) said they were certain/very/fairly likely to switch some calls, and 8% likely to give up their main fixed line access.

Larger companies were significantly more likely to say they would switch some calls (55% amongst those with 50-249 employees).

Figure 63: Reaction to 10% increase (calls only)

Source: SME Survey 1. Q10a If the overall price of your (main fixed line method) calls were to increase by 10%, how likely would you be to do each of the following? Only your call charges would be affected – line rental charges would not change. Please assume that the price of calls offered by other fixed line providers would also increase by 10% but the prices offered by providers of mobile, VoIP or other forms of communications services would remain the same. Base (unweighted): All using fixed lines n=471

Those who were likely to switch some calls were asked where they would switch most of those calls to. Half of those people would switch them to mobile phones and a quarter to email (Figure 64). Those likely to cancel their landline were also most likely to use mobile phones in replacement.

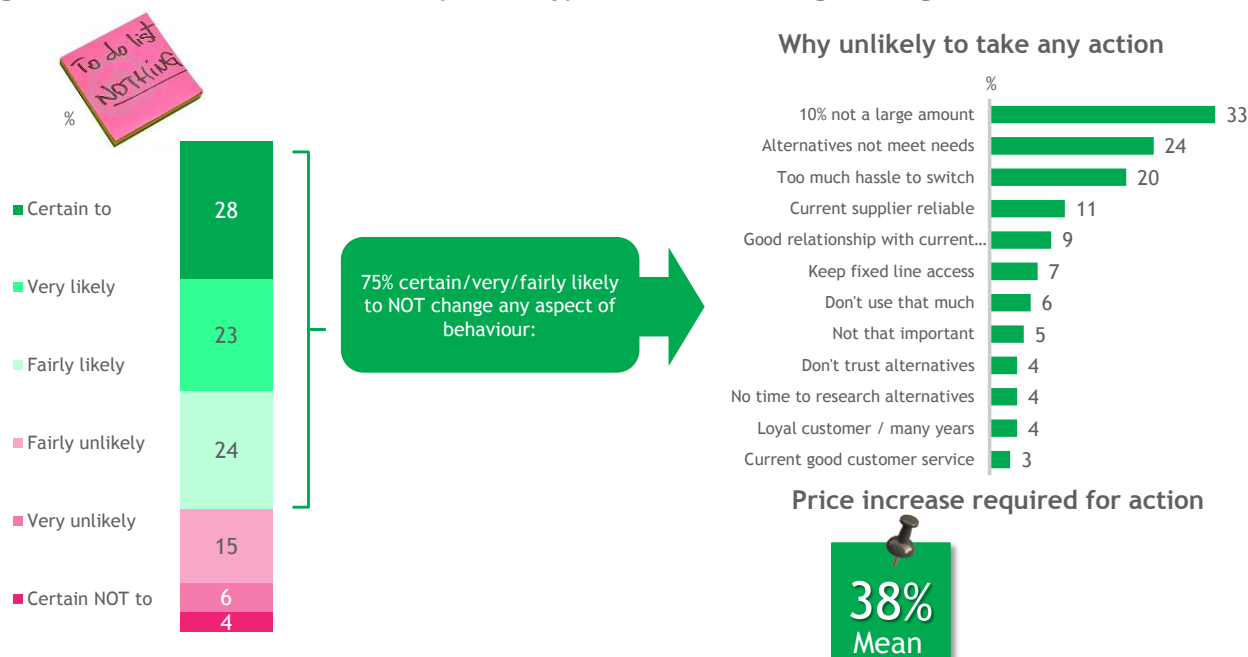
Figure 64: Where calls would switch to (amongst those likely to switch or cancel landline)

Source: SME Survey 1. Q11 You said you would be likely to switch some calls from (main fixed line), which of the following services would you switch most of these outgoing calls to? Base (unweighted): all likely to switch some calls n=219. Q13 If you cancelled your (main fixed line method) which of the following services would you use for most of your outgoing calls? Base (unweighted): all likely to give up main fixed line n=44* LOW BASE

Figure 65 focusses on those certain/very or fairly likely to NOT change any aspect of their behaviour. For those who would take no action, an average calls price increase would have to be 38% to prompt them into action.

When asked why they would be unlikely to take any action, 1 in 3 of these respondents said 10% is not a large amount, a quarter that alternatives do not meet needs, and 1 in 5 that it would be too much hassle to switch.

Figure 65: Reaction to 10% increase (calls only): likelihood of doing nothing



Source: SME Survey 1. Q10a If the overall price of your (main fixed line method) calls was to increase by 10%, how likely would you be to do each of the following? Base (unweighted): All using fixed lines n=471. Q14a Why would you be unlikely to consider taking any action? Q14b By what percentage would the price you pay for calls from your (main fixed line) have to increase for you to change the number of calls you make from fixed lines or use alternative means of calling? Base (unweighted): all likely to take no action n=325

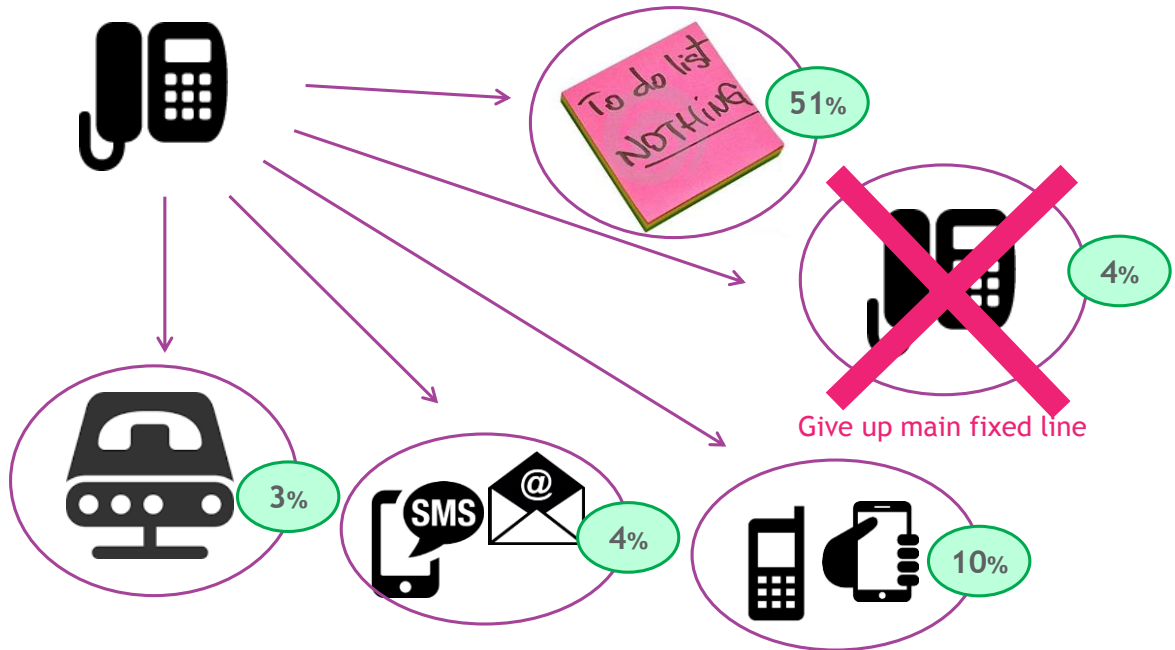
5.5. Claimed response to a hypothetical 10% price increase – overall bill

Respondents were also shown another hypothetical situation whereby the overall monthly price of their total landline bill would increase by 10%. They were asked to assume that the monthly price offered by other landline providers would also increase by 10% but that the prices offered by providers of mobiles, VoIP or other forms of communications services would remain the same.

Figure 66 shows that the results were very similar to those recorded for landline calls. A 10% price increase was not enough to prompt any action from half of SMEs. 51% said they were certain or very likely to do nothing at all in reaction.

Figure 66: Likely actions if overall monthly price of total landline bill increased by 10%

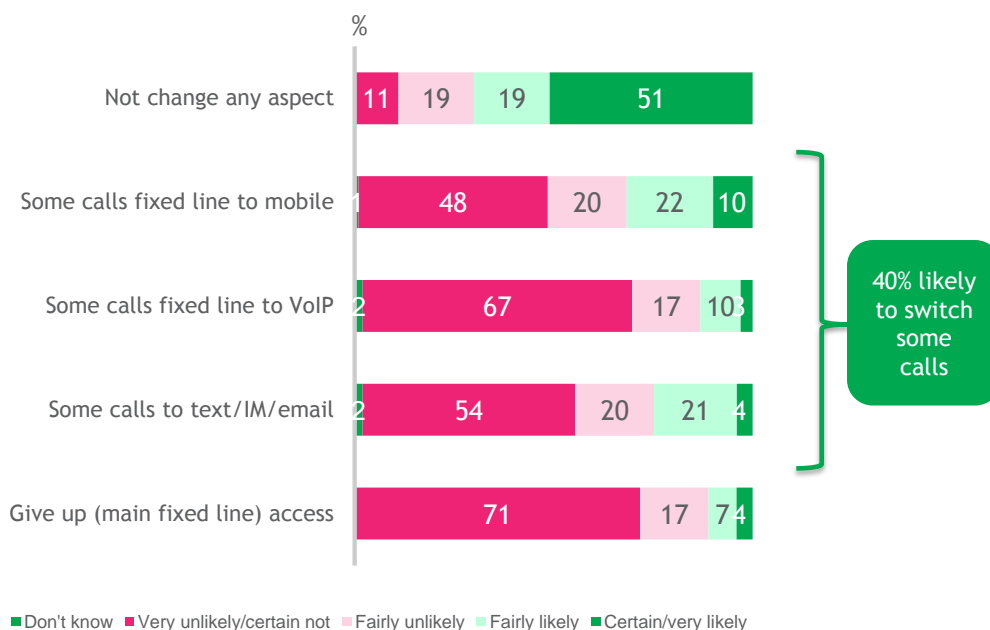
% certain to/very likely to...



Source: SME Survey 1. Q10b If the overall price of your (main fixed line method) bill including line rental and calls were to increase by 10%, how likely would you be to do each of the following? When answering please assume that a similar price increase was made by all other fixed line providers but not providers of mobile, VoIP or other forms of calling/communication.
Base (unweighted): All using fixed lines n=471

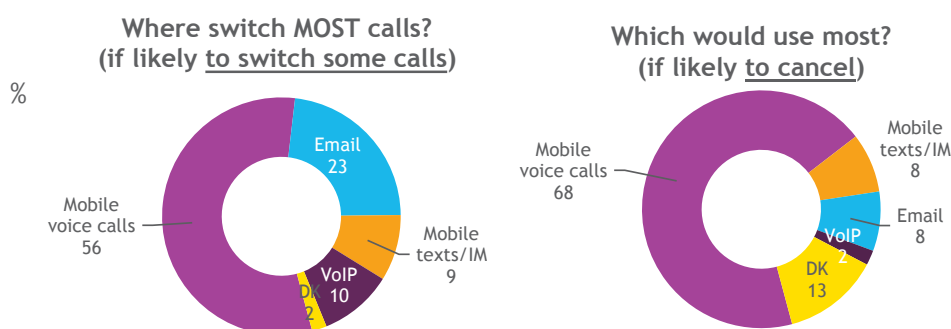
Figure 67 examines responses in more detail. Although 7 in 10 said they were likely not to change any aspect of their behaviour (half saying they were certain/very likely not to), 2 in 5 (40%) said they were certain/very/fairly likely to switch some calls, and 11% likely to give up their main fixed line access.

Larger SMEs were significantly more likely to say they would switch some calls (47% amongst those with 50-249 employees, 49% amongst those with 10-49 employees).

Figure 67: Reaction to 10% increase (total landline bill)

Source: SME Survey 1. Q10b If the overall price of your (main fixed line method) bill including line rental and calls were to increase by 10%, how likely would you be to do each of the following? Base (unweighted): All using fixed line n=471

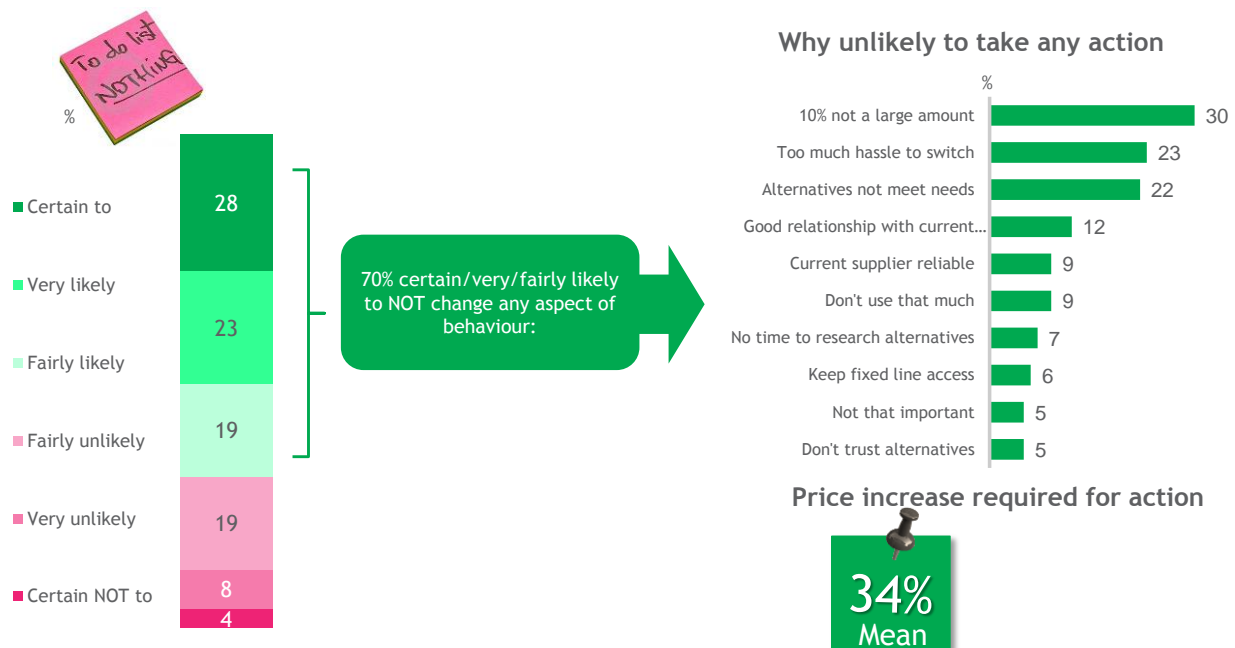
Those who were likely to switch some calls were asked where they would switch most of those calls to. More than half (56%) of those people would switch them to mobile phones and a quarter to email (Figure 68). Those likely to cancel their landline were also most likely to use mobile phones in replacement.

Figure 68: Where calls would switch to (amongst those likely to switch or cancel landline)

Source: SME Survey 1. Q11 You said you would be likely to switch some calls from (main fixed line), which of the following services would you switch most of these outgoing calls to? Base (unweighted): all likely to switch some calls n=213. Q13 If you cancelled your (main fixed line method) which of the following services would you use for most of your outgoing calls? Base (unweighted): all likely to give up main fixed line n=49* CAUTION LOW BASE

Figure 69 focusses on those certain/very or fairly likely to NOT change any aspect of their behaviour (70% of the SME sample). For those who would take no action, a calls price increase would have to be 34% (mean) to prompt them into action. When asked why they would be unlikely to take any action, 1 in 3 of these respondents said 10% is not a large amount, and more than 1 in 5 that alternatives do not meet needs or that it would be too much hassle to switch.

Figure 69: Reaction to 10% increase (total landline bill): likelihood to do nothing



Source: SME Survey 1. Q10a If the overall price of your (main fixed line method) calls were to increase by 10%, how likely would you be to do each of the following? Base (unweighted): All using fixed lines n=471. Q14a Why would you be unlikely to consider taking any action? Q14b By what percentage would the price you pay for calls from your (main fixed line) have to increase for you to change the number of calls you make from fixed lines or use alternative means of calling? Base (unweighted): all likely to take no action n=302

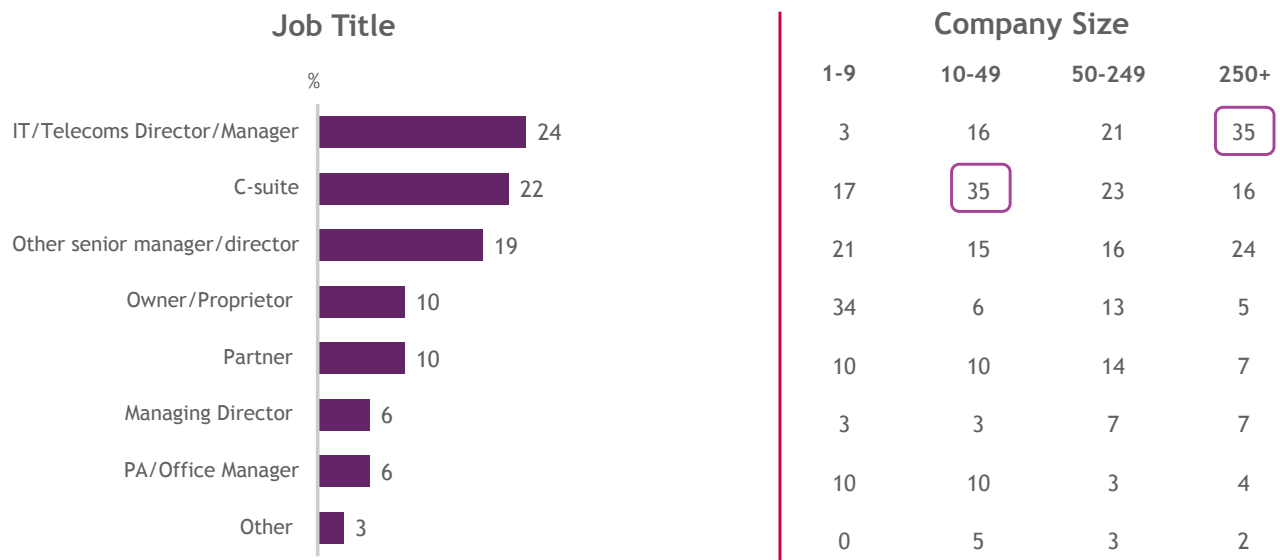
6. Business users of ISDN and IP alternatives

In addition to the two waves of residential and SME surveys, another quantitative study was conducted with a sample of businesses (SMEs and larger businesses) specifically using ISDN2, ISDN30 and IP based alternatives. The purpose of this survey was to examine usage and perceived value of ISDN and IP based services, and amongst ISDN users to assess awareness of and any experience with IP services with a view to future usage of these.

6.1. Communications landscape

Only a quarter (24%) of decision makers were ITC specialists (rising to a third in the largest organisations). Just over a fifth (22%) were C-suite (rising to more than a third in companies with 10-49 employees). A further fifth classed themselves as “other senior managers or directors”.

Figure 70: Decision making responsibility

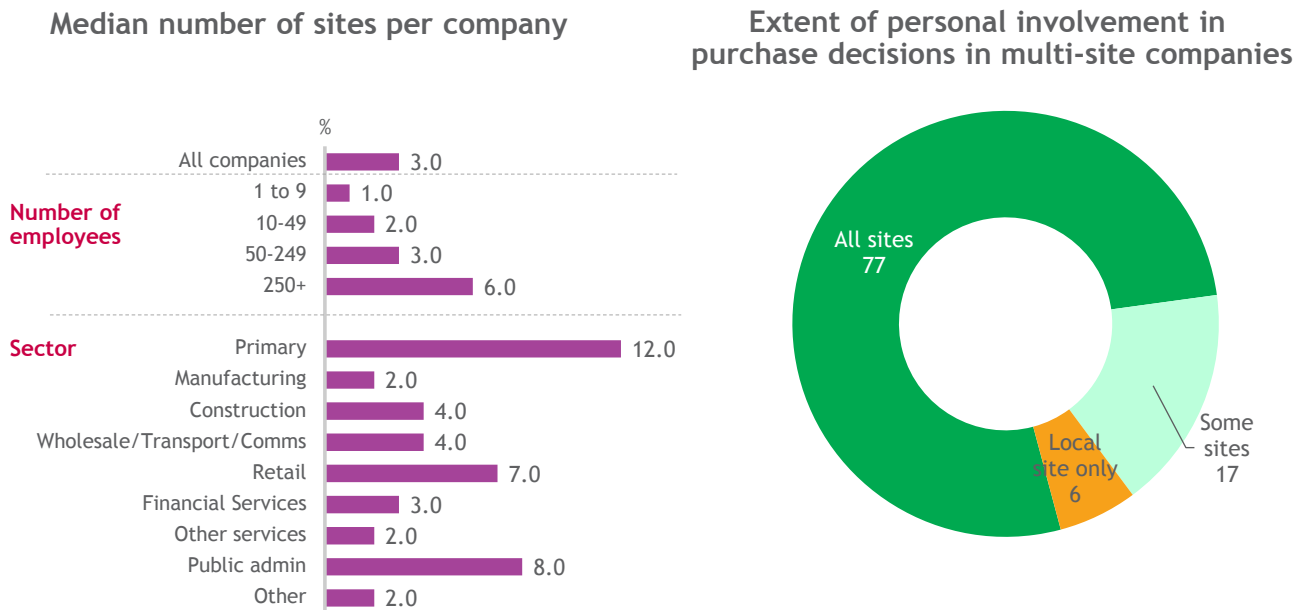


Source: ISDN Survey. S4 Which of the following describes your exact job title? S6a Including yourself, how many people does your organisation currently employ in the UK either full or part time? Base (unweighted): Total Sample n=301, 1-9 n=29* CAUTION LOW BASE, 10-49 n=62, 50-249 n=87, 250+ n=123

Multi-site companies were clearly correlated with overall size of organisation (Figure 71). The average number of sites was 3, rising to 6 amongst organisations with 250+ employees.

Three quarters of decision makers in such companies made decisions across all sites. Those where the main fixed line was IP were less likely to be involved across ALL sites (65%).

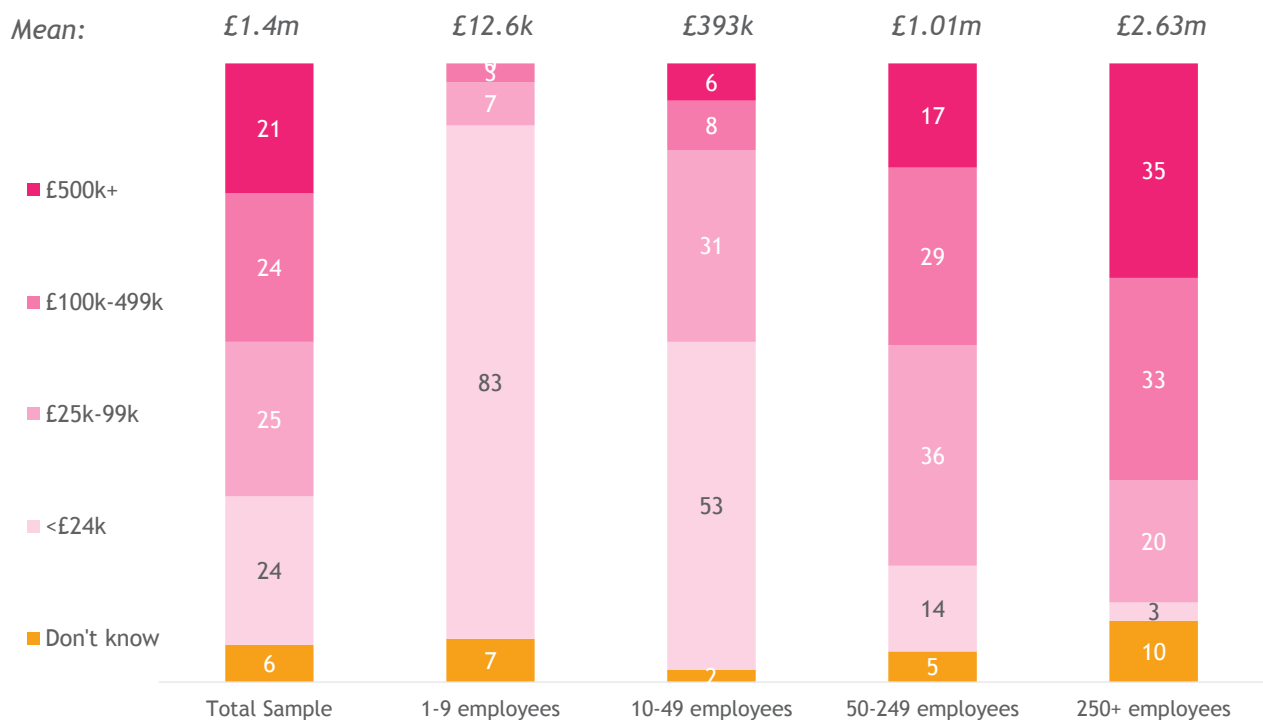
Figure 71: Decision making in multi-site companies



Source: ISDN Survey. S8 How many sites or offices does your organisation operate from in the UK?
 Base (unweighted): S8 Total Sample n=301, 1-9 n=29* CAUTION LOW BASE, 10-49 n=62, 50-249 n=87, 250+ n=123, Primary n=9** CAUTION LOW BASE, Manufacturing n=57, Construction n=19* CAUTION LOW BASE, WTC n=32*, Retail n=24*, Financial Services n=40*, Other services n=59, Public Admin n=30*, Other n=31*
 *CAUTION LOW BASE S8a Does your involvement with purchasing decisions regarding your organisation's telecoms and other communications services extend to all sites, some sites or just the site you operate out of?
 Base: All with multiple sites n=206

Figure 72 compares average annual spend on business communication services across difference sizes of organisation, and shows a clear correlation between rising organisational size and mean spend.

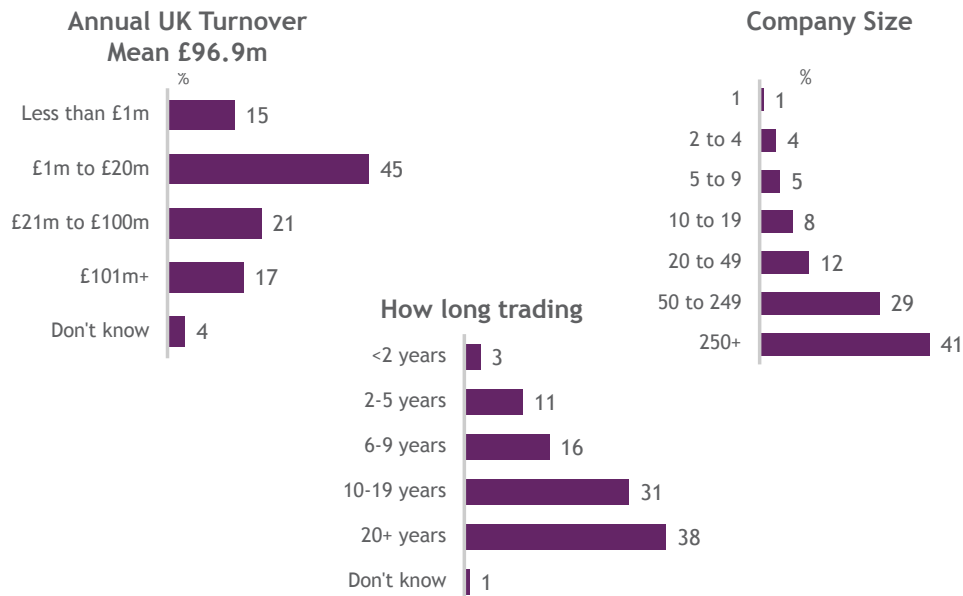
Figure 72: Average annual spend on business communication services within UK across all sites



Source: ISDN Survey. S11 Approximately how much does your organisation spend annually on business communication services in the UK across all sites? Base (unweighted): Total Sample n=301 1-9 n=29* CAUTION LOW BASE, 10-49 n=62, 50-249 n=87, 250+ n=123

Figures 73 and 74 detail the firmographics of businesses surveyed in terms of turnover, company size, trading duration, industry sector and region.

Figure 73: Turnover, company size and duration of trading



Source: ISDN Survey. S10 To the best of your knowledge what would you say is the annual UK turnover for your company? S6a Including yourself, how many people does your organisation currently employ in the UK either full or part time? S7 How long has your organisation been trading? Base: Total sample n-301

Figure 74: Industry sector and region



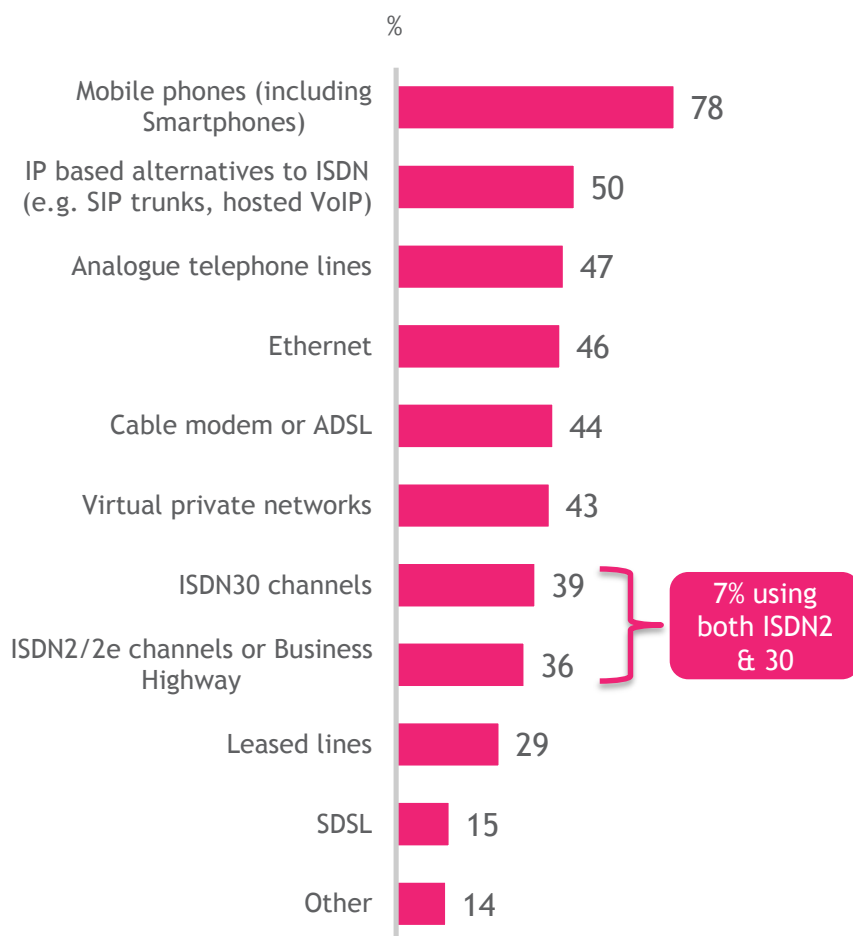
Source: ISDN Survey. S9 In which of these regions are you personally based for work? Base: Total sample n-301

6.2. Product usage

Businesses who qualified for the survey were asked about their company's current telecoms provisions, and whether certain types of business communication services were present in the company.¹⁴

Figure 75 shows that mobile phones were present in almost 8 in 10 companies. Around half were using IP based alternatives, analogue or Ethernet lines. Cable modem/ADSL or VPNs were used by around two-fifths. 39% were using ISDN 30 channels, 36% ISDN2/2e and 7% were using both of these.

Figure 75: Products in the company

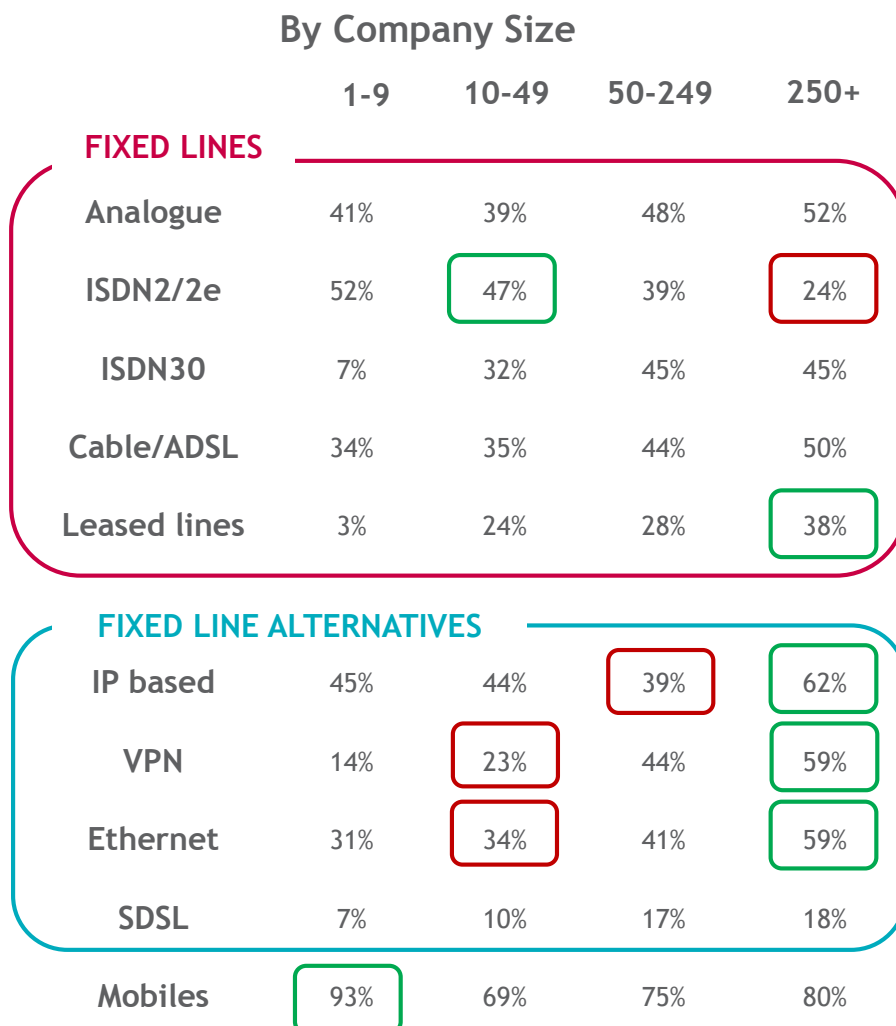


Source: ISDN Survey. S6b Thinking about your company's current telecoms provisions, which of the following types of business communication service does your company have? Base (unweighted): Total Sample n=301

Figure 76 examines differences in terms of company size. ISDN2 was more prevalent in sub-50 employee businesses, ISDN30 in 50+ employee businesses and IP based alternatives in 250+ employee businesses.

¹⁴ Because of quota sampling, this data does not represent incidence of telecoms services across all businesses, simply the incidence within those who qualified for the survey. A quota sample was implemented, based on usage of the following services: ISDN2/2e: n=100, ISDN30: n=100, IP Alternatives: n=150. NB: Some respondents used combinations ISDN2/2e, ISDN30 and IP based alternatives

Figure 76: Products in the company

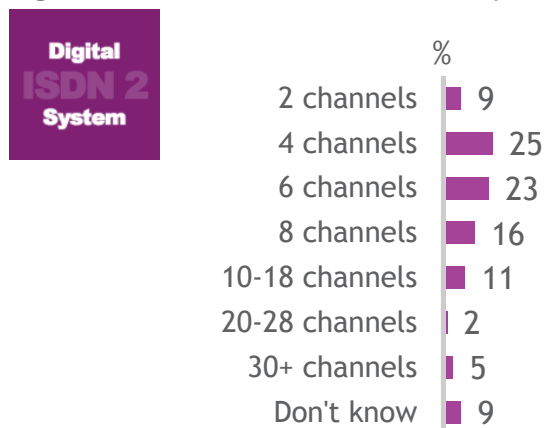


Source: ISDN Survey. S6b Thinking about your company's current telecoms provisions, which of the following types of business communication service does your company have? Base (unweighted): Total Sample n=301

6.3. Focus on ISDN2/2e and ISDN30

Figures 77 to 80 examine the number of ISDN channels in use within organisations and the business uses for which such channels were employed. Respondents were reminded that a single ISDN2/2e subscription equates to 2 channels, whereas a single ISDN30 subscription equates 30 channels. Respondents were first asked for all business uses of ISDN, then to rank these in order of importance to the company.

On average, a mean of 8 channels were used for ISDN2/2e and 220 channels for ISDN30. ISDN was used equally for incoming and outgoing calls, but incoming was seen as most important function. It was also widely used for internet services and intra-site calling.

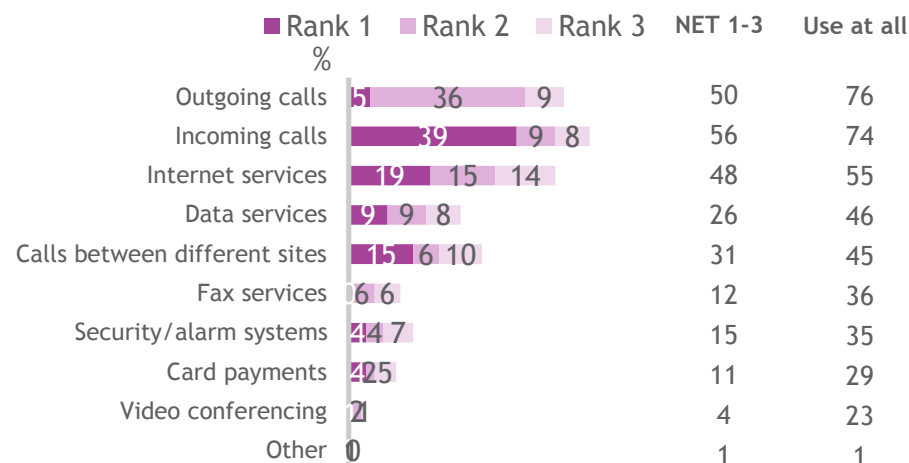
Figure 77: Number of channels in use (ISDN2/2e)

Source: ISDN Survey. A1a/b How many ISDN channels are in use across your organisation in the UK? Note that 1 ISDN2/2e subscription = 2 channels. Base (unweighted): All with ISDN 2/2e lines n=100

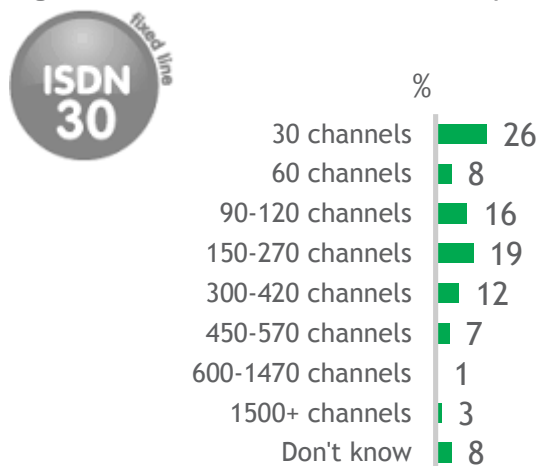
Figure 78 shows the business uses of ISDN2/2e and shows the proportion using it all for such uses. Respondents were also asked to rank these uses and the chart shows an overall percentage ranking 1-3 (and individual rankings within that).

Three quarters of businesses use ISDN2/2e for outgoing or incoming calls, but incoming calls were significantly more likely to be ranked as top priority (39%). Internet services were used by more than half overall, with around 1 in 5 ranking this as the most important business use.

The three areas most commonly ranked in the top 3 were incoming calls, outgoing calls and internet services.

Figure 78: Business uses of ISDN2/2e

Source: ISDN Survey. A2 Can you specify whether you use (service) for the following business uses? A3 You have said that you use (service) for the following purposes. Please rank the top three most important functions for which your company uses (service). Base (unweighted): All with ISDN 2/2e lines n=100

Figure 79: Number of channels in use (ISDN30)

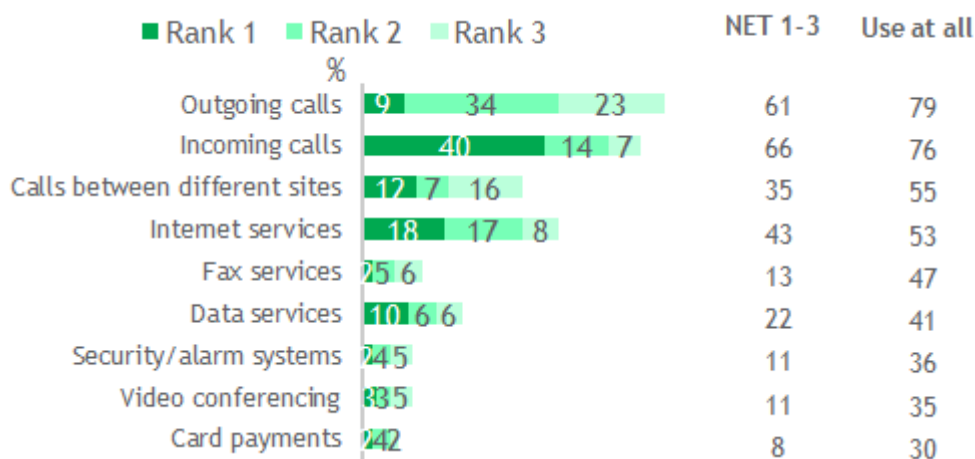
Source: ISDN Survey. A1a/b How many ISDN channels are in use across your organisation in the UK? 1 ISDN30 subscription = 30 channels. Base (unweighted): All with ISDN 30 lines n=100

Figure 80 shows the business uses of ISDN30 and shows the proportion using it all for such uses. Respondents were also asked to rank these uses and the chart shows an overall percentage ranking 1-3 (and individual rankings within that).

More than three quarters of businesses use ISDN30 for outgoing or incoming calls, but incoming calls were significantly more likely to be ranked as top priority (40%). Internet services were used by more than half overall, with around 1 in 5 ranking this as the most important business use.

Intra-site calling and video-conferencing were used more in relation to ISDN30 than ISDN2/2e channels.

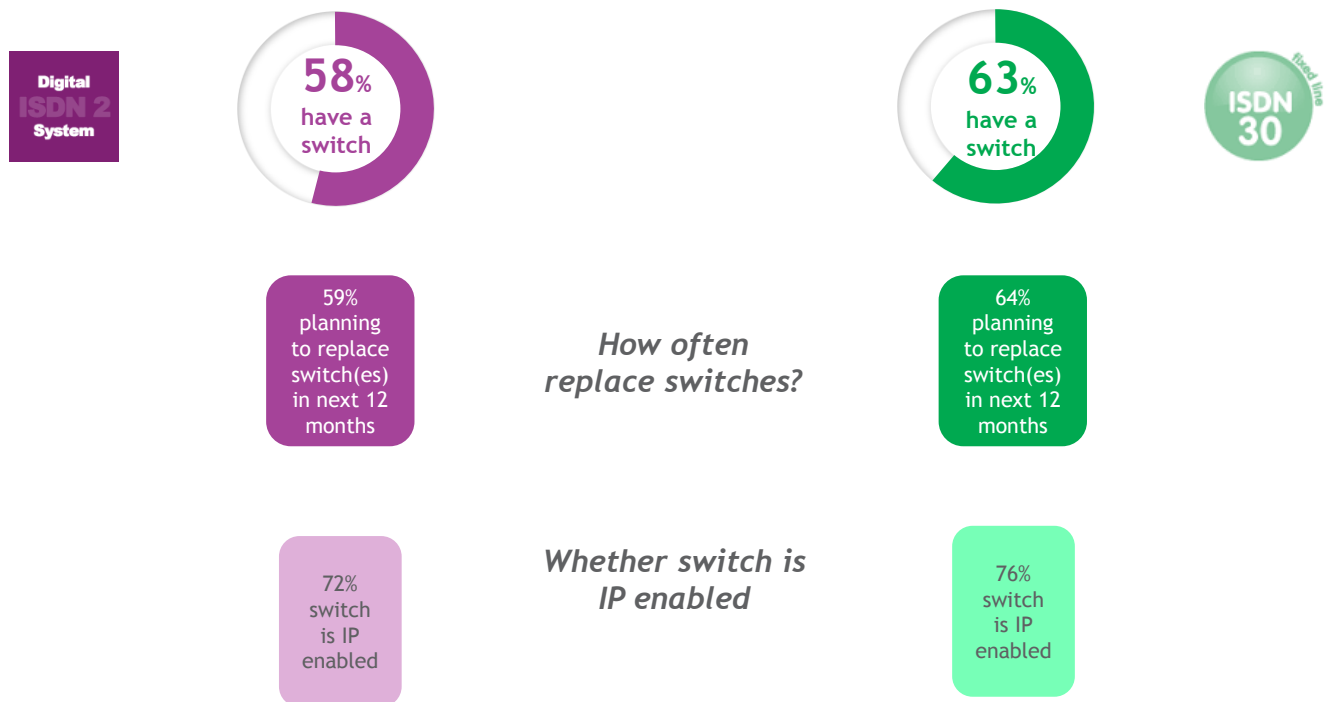
The three areas most commonly ranked in the top 3 were outgoing calls, incoming calls and internet services.

Figure 80: Business uses of ISDN30

Source: ISDN Survey. A2 Can you specify whether you use (service) for the following business uses? A3 You have said that you use (service) for the following purposes. Please rank the top three most important functions for which your company uses (service). Base (unweighted): All with ISDN 30 lines n=100

Businesses were asked about the presence of PBX or PABX switches within their organisations. Figure 81 shows that around 3 in 5 ISDN users had a switch and the same proportion planned to replace this in next year. Approximately three quarters of ISDN switches were already IP-enabled.

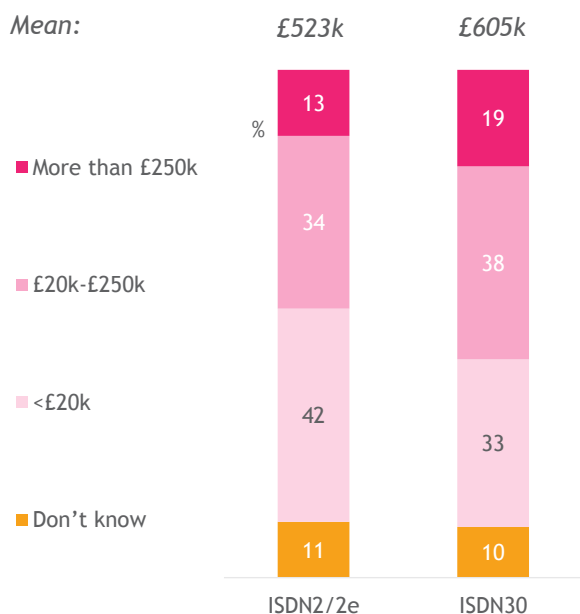
Figure 81: Use of switches



Source: ISDN Survey. A4 Does your company have a switch i.e. PBX or PABX? A5 Approximately how often do you replace your switches? A6 Are you planning to replace your switches in the next twelve months? A7 Is your switch IP-enabled (i.e. can it be connected to IP based telephone services instead of (service)? Base: All with ISDN2/2e as main fixed line service n=93, all with ISDN30 as main fixed line service n=88

Businesses were asked to estimate how much their organisation spent annually, across all UK sites on ISDN2/2e or ISDN30 services. Figure 82 shows that the average annual spend on ISDN30 is somewhat higher than ISDN2 (a mean of £605k compared with £523k).

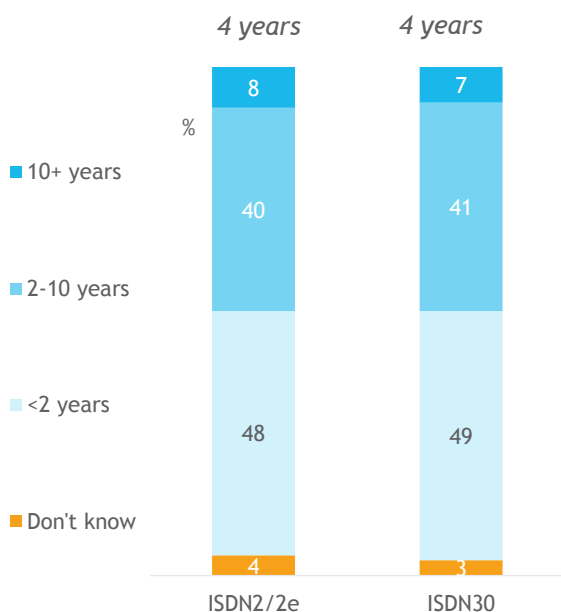
Figure 82: Average spend on service



Source: ISDN Survey. A10 Approximately how much does your organisation spend annually, across all UK sites, on ISDN2/2e / ISDN30 services? Base: All using ISDN2/2e n=100, All using ISDN30 n=100

Respondents were asked to estimate how long they had been using their main ISDN service, and the mean duration for both ISDN2/2e and ISDN30 was 4 years.

Figure 83: Duration of using main ISDN service



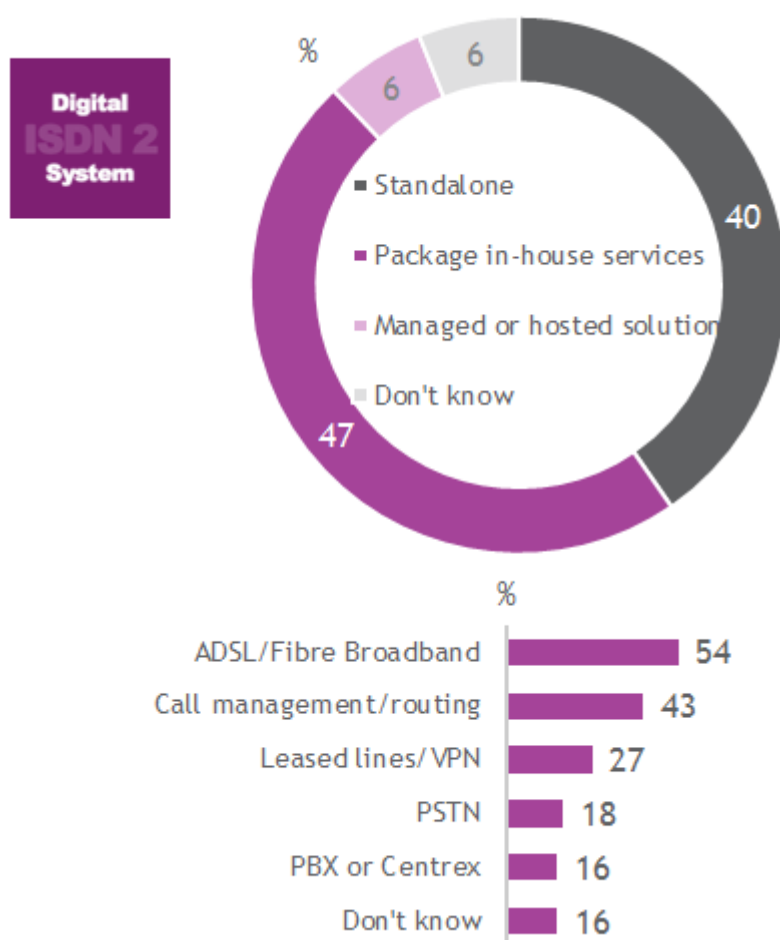
Source: ISDN Survey. A11 Approximately how long have you been using your (service)? Base: All using ISDN2/2e n=100, All using ISDN30 n=100

As shown in Figure 84 and **Error! Reference source not found.** fewer than half (40% for ISDN2/2e and 45% for ISDN30) purchased ISDN as a standalone service. The most popular service bundles included call management/routing (more prevalent with ISDN30), as well as ADSL/Fibre (more prevalent with ISDN2/2e) or leased lines/VPN (more prevalent with ISDN30).

Businesses with ISDN2/2e were asked whether they purchased it as a standalone service or as part of a package of in-house services or a managed/hosted solution. Figure 84 shows that two-fifths purchased ISDN2/2e as a standalone product.

Those not purchasing in this way were asked which other services were provided in addition to ISDN2/2e. The most likely services were ADSL/fibre broadband and/or call management/routing.

Figure 84: How purchase ISDN2/2e and what ISDN2/2e is bundled with (if not standalone)

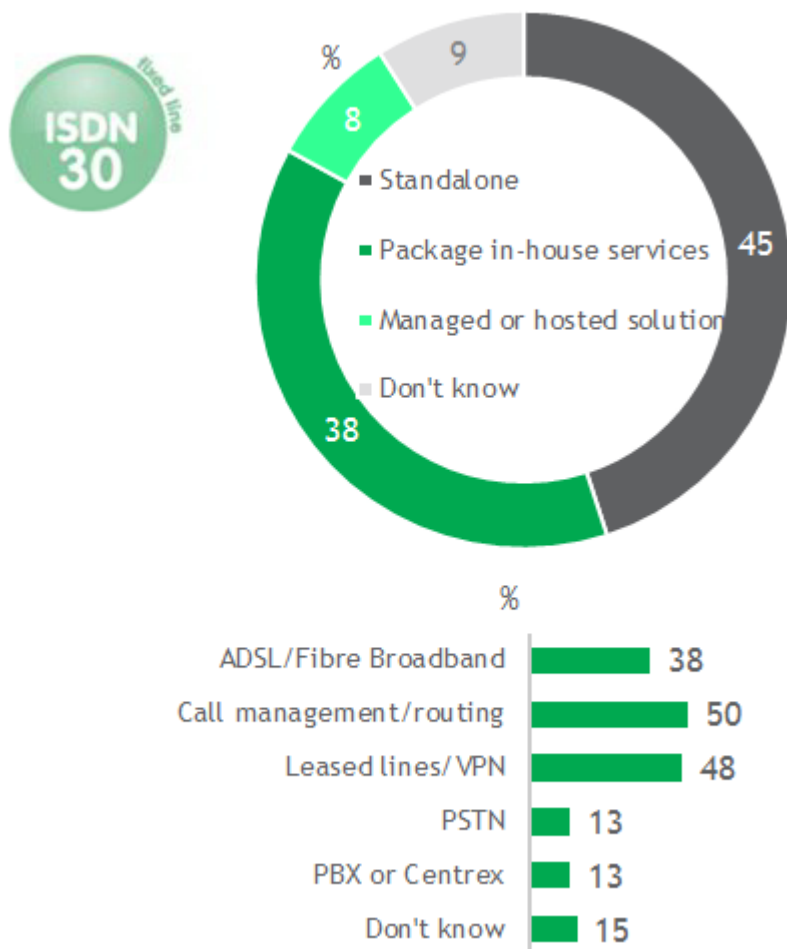


Source: ISDN Survey. B1 Do you purchase (service) as...Base: All with ISDN2/2e as main fixed line service n=93, all with ISDN30 as main fixed line service n=88 B2 What other services are provided as well as (service)? Base: All where services is NOT standalone with ISDN2/2e as main fixed line service n=56, with ISDN30 as main fixed line service n=48* CAUTION LOW BASE

Businesses with ISDN30 were also asked whether they purchased it as a standalone service or as part of a package of in-house services or a managed/hosted solution. Figure 85 shows that 45% purchased ISDN30 as a standalone product.

Those not purchasing in this way were asked which other services were provided in addition to ISDN30. The most likely services were call management/routing and/or leased lines/VPN. ADSL/fibre broadband was also a likely part of the bundle (but less so than with ISDN2/2e).

Figure 85: How purchase ISDN30 and what ISDN30 is bundled with (if not standalone)

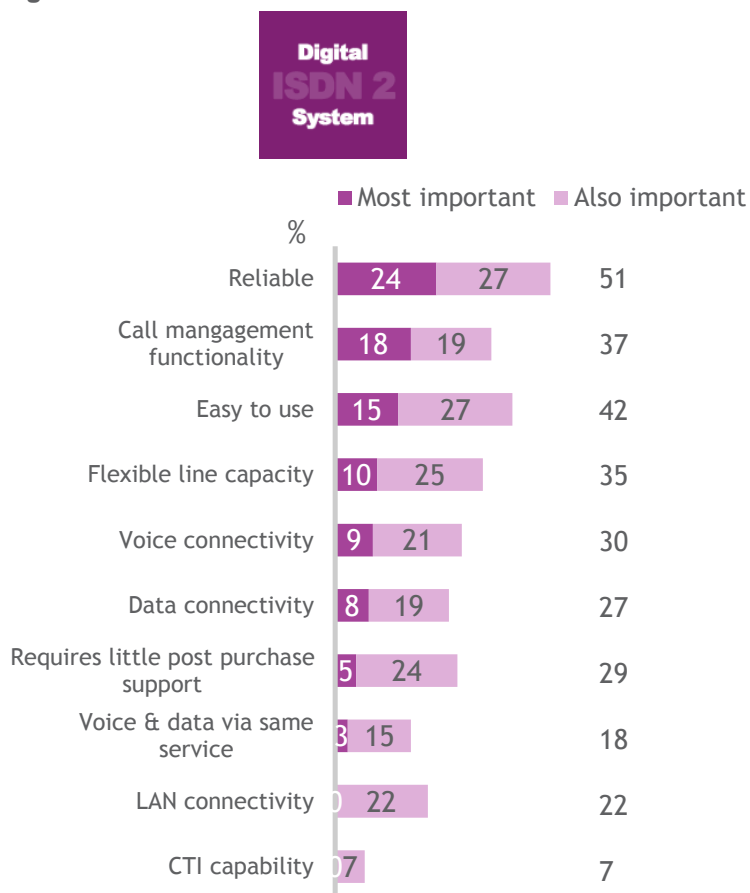


Source: ISDN Survey. B1 Do you purchase (service) as...Base: All with ISDN2/2e as main fixed line service n=93, all with ISDN30 as main fixed line service n=88 B2 What other services are provided as well as (service)? Base: All where services is NOT standalone with ISDN2/2e as main fixed line service n=56, with ISDN30 as main fixed line service n=48* CAUTION LOW BASE

Businesses were asked about the main functional value of ISDN services for their organisation, and then asked to identify the function of most importance.

Figures 86 and 87 examine this for ISDN2/2e and ISDN30 and show that reliability, ease of use, call management functionality and flexible line capability were the most valuable aspects of ISDN. Ease of use and data connectivity were more important for ISDN30 users.

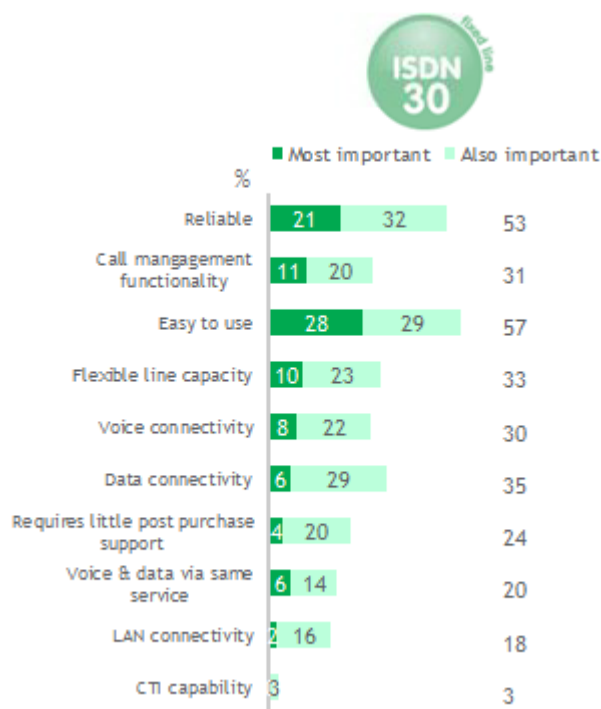
Figure 86 looks at ISDN2/2e. A quarter of businesses ranked reliability as the most important function of ISDN2/2e. Call management functionality and ease of use were also seen as core functions. Overall, more than half said that reliability was important.

Figure 86: Functional value of ISDN2/2e

Source: ISDN Survey. B3a/b Overall what do you regard as the main functional value of (service) for your organisation?
What is the most important functional value? Base: All with ISDN2/2e n=100, All with ISDN30 n=100

Figure 87 looks at ISDN30. Ease of use was the priority functionality here – with 28% saying it was most important, followed by reliability with 21%. Overall more than half said that these two elements represented the main functional value for ISDN30.

Compared with ISDN2/2e, ease of use and data connectivity were more likely to be identified as important for ISDN30.

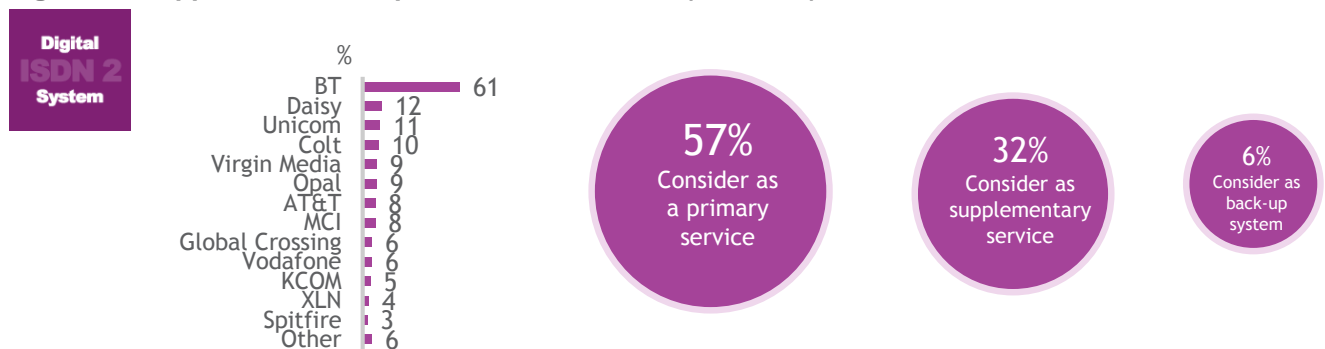
Figure 87: Functional value of ISDN30

Source: ISDN Survey. B3a/b Overall what do you regard as the main functional value of (service) for your organisation? What is the most important functional value? Base: All with ISDN2/2e n=100, All with ISDN30 n=100

6.4. Suppliers and Switching

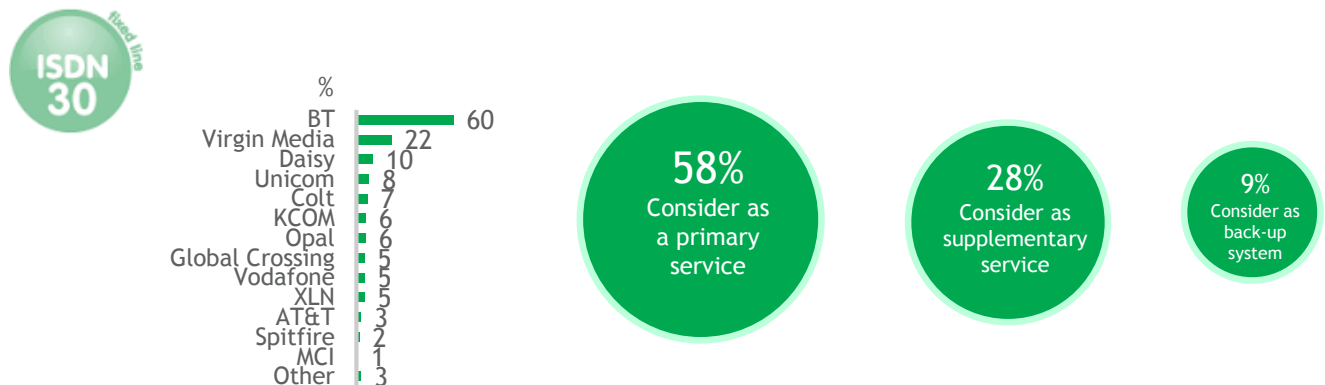
Businesses were asked which suppliers they used for ISDN and to what extent they considered ISDN to be a primary service. Figures 88 to 89 show that BT was the most commonly used supplier of ISDN, followed by a long tail of lesser used suppliers. ISDN was a primary service for 3 in 5, with 1 in 3 considering it to be a supplementary service.

Figure 88: Suppliers used and prominence of service (ISDN2/2e)



Source: ISDN Survey. A9 Which suppliers do you use for (service)? Base (unweighted): All with ISDN 2/2e lines as main fixed line service n=93. A12 Do you consider (service) to be... Base (unweighted): All with ISDN 2/2e lines n=100

Figure 89: Suppliers used and prominence of service (ISDN30)

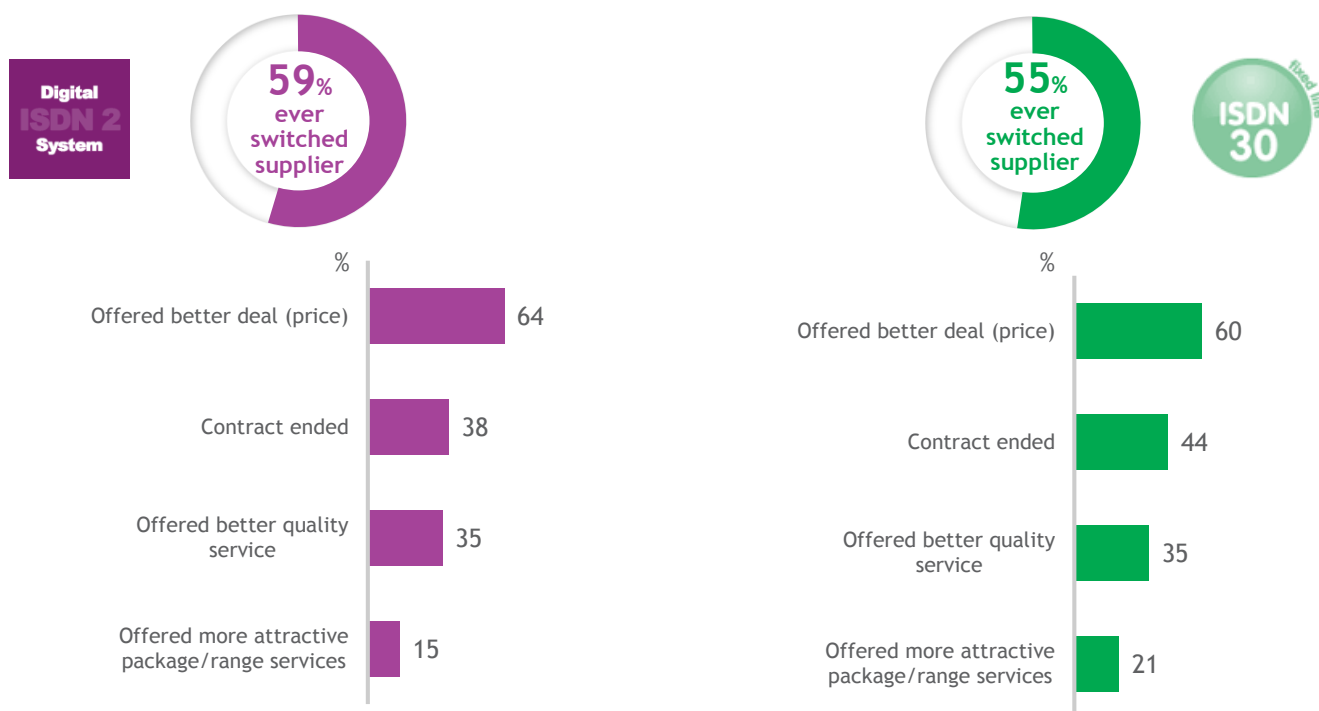


Source: ISDN Survey. A9 Which suppliers do you use for (service)? Base (unweighted): All with ISDN 30 lines as main fixed line service n=88. A12 Do you consider (service) to be... Base (unweighted): All with ISDN 30 lines n=100

Businesses were asked if they had ever switched the supplier they used for ISDN2/2e or ISDN30. Switchers were asked a follow up question probing the rationale for that switch.

Figure 90 shows that 3 in 5 had ever switched ISDN supplier; primarily because they were offered a better deal/price.

Figure 90: Whether switched supplier (and if so what prompted the switch)

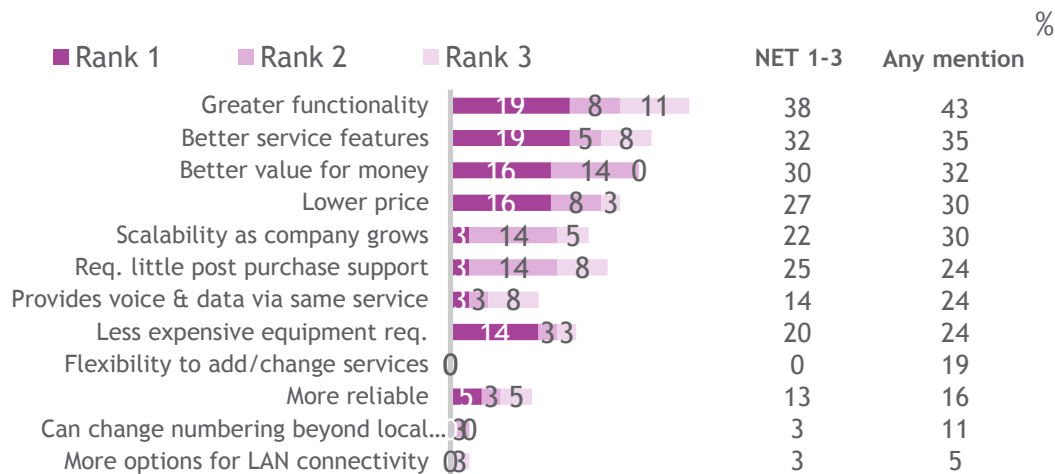


Source: B4 Have you ever switched your (service) supplier? Base: All with ISDN2/2e as main fixed line service n=93, all with ISDN30 as main fixed line service n=88. B5 What prompted you to switch or consider switching your (service) supplier? Base: All switched or considered switching with ISDN2/2e as main fixed line service n=55, all with ISDN30 as main fixed line service n=48* CAUTION LOW BASE

Businesses were asked if they were currently considering switching away from ISDN2/2e or ISDN30 services i.e. changing away from the service not just changing supplier. Two-fifths (40%) of those with ISDN2/2e as their main fixed line service said they were considering switching away from ISDN2/2e. One in three (35%) of those with ISDN30 as their main fixed line service said they were considering switching away from ISDN30.

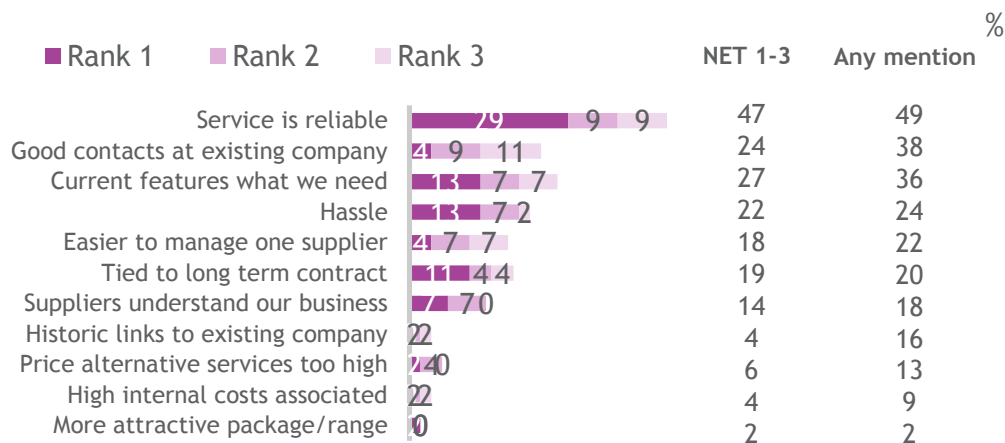
Figures 91 and 92 examine the perceived benefits of switching from ISDN2/2e (amongst those considering it) and the barriers (amongst those not considering it).

As shown in Figure 91, the 2 in 5 considering a switch away from ISDN2 were most commonly searching for greater functionality (43% mentioned this at all), better service features (35%) or better value for money/price (32%).

Figure 91: Perceived benefits of switching away from ISDN2/2e services

Source: ISDN Survey. B6 Are you currently considering switching away from ISDN2/2e services? This is changing away from the service, not just a different supplier. Base: All with ISDN2/2e as main fixed line service n=93 B8 what do you perceive are the benefits of switching away from ISDN2/2e services? Base: All with ISDN2/2e as main fixed line service and would consider switching n=37* CAUTION LOW BASE

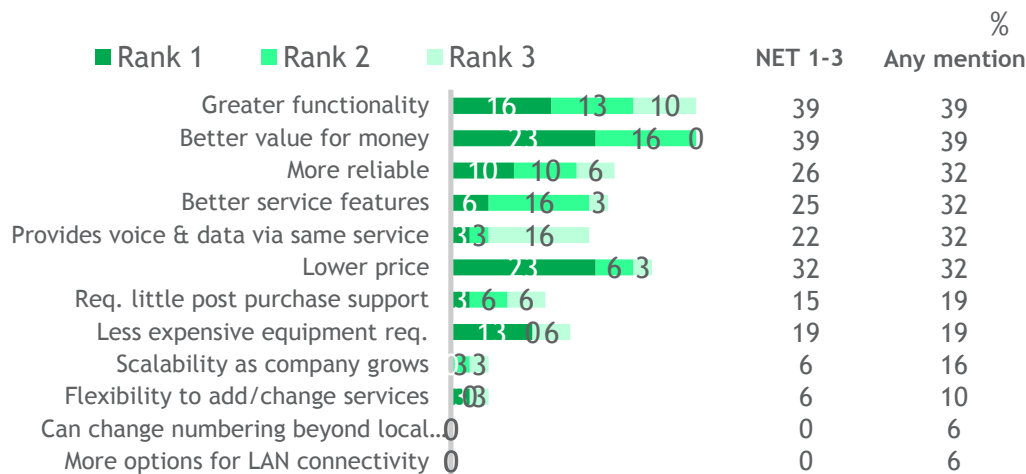
Reliability of the existing service was the key barrier to switching (Figure 92). 29% of those reluctant to switch cited this as the key reason and almost half (49%) mentioned it as a reason overall.

Figure 92: Why not consider switching from ISDN2/2e services

Source: ISDN Survey. B6 Are you currently considering switching away from ISDN2/2e services? This is changing away from the service, not just a different supplier. Base: All with ISDN2/2e as main fixed line service n=93 B7 Why would you not consider switching from ISDN2/2e service? Base: All with ISDN2/2e as main fixed line service and wouldn't consider switching n=45

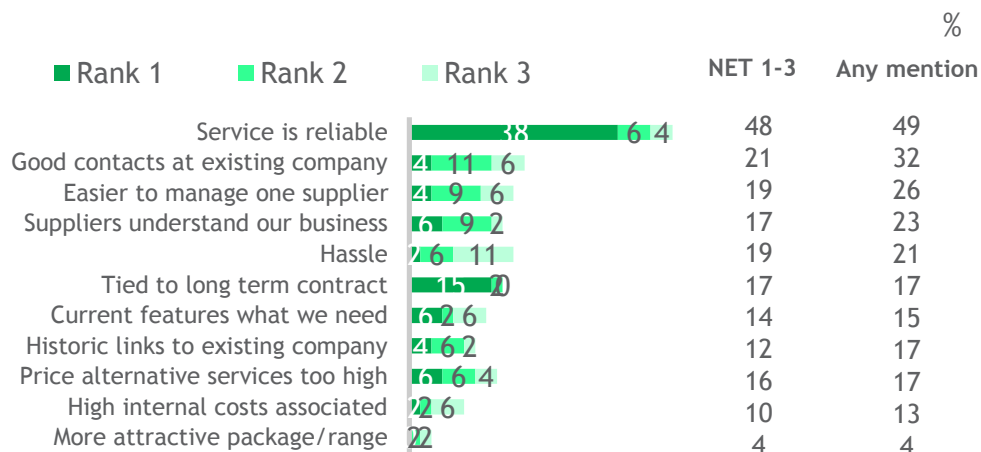
Figures 93 and 94 examine the perceived benefits of switching from ISDN30 (amongst those considering it) and the barriers (amongst those not considering it).

As shown in Figure 93, the 1 in 3 considering a switch away from ISDN30 were most commonly looking for greater functionality (39% mentioned this at all), and better value for money (39%).

Figure 93: Perceived benefits of switching away from ISDN30 services

Source: ISDN Survey. B6 Are you currently considering switching away from ISDN30 services? This is changing away from the service, not just a different supplier. Base: all with ISDN30 as main fixed line service n=88. B8 what do you perceive are the benefits of switching away from ISDN30 services? Base: all with ISDN30 as main fixed line service and would consider switching n=31* CAUTION LOW BASE

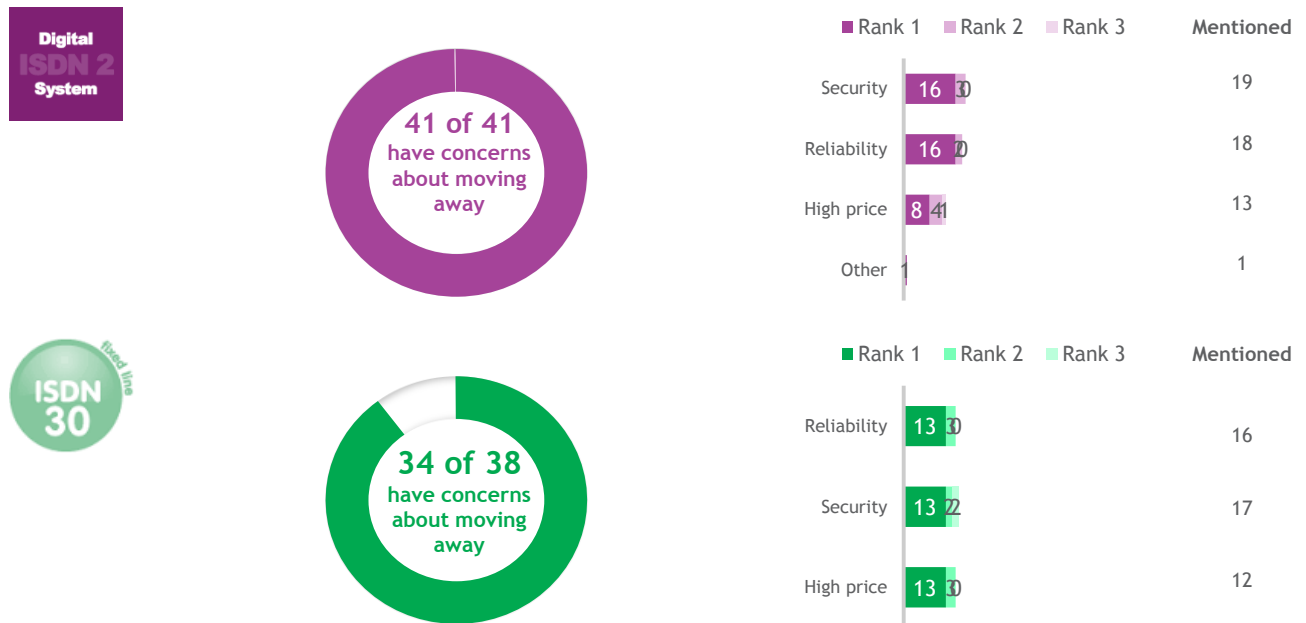
As with ISDN2/2e, reliability of the existing service was the key barrier to switching (Figure 94). 38% of those reluctant to switch cited this as the key reason and almost half mentioned it as a reason overall.

Figure 94: Why not consider switching from ISDN30 services

Source: ISDN Survey. B6 Are you currently considering switching away from ISDN30 services? This is changing away from the service, not just a different supplier. Base: all with ISDN30 as main fixed line service n=88 B7 Why would you not consider switching from ISDN30 service? Base: all with ISDN30 as main fixed line service and wouldn't consider switching n=47.

Almost all of those considering a move from ISDN had concerns about it; notably security or reliability issues (Figure 95). Note that the data in Figure 95 is based on very small sample sizes and therefore the figures shown are reported in actual number of respondents (rather than percentages).

Figure 95: Concerns about moving away from ISDN



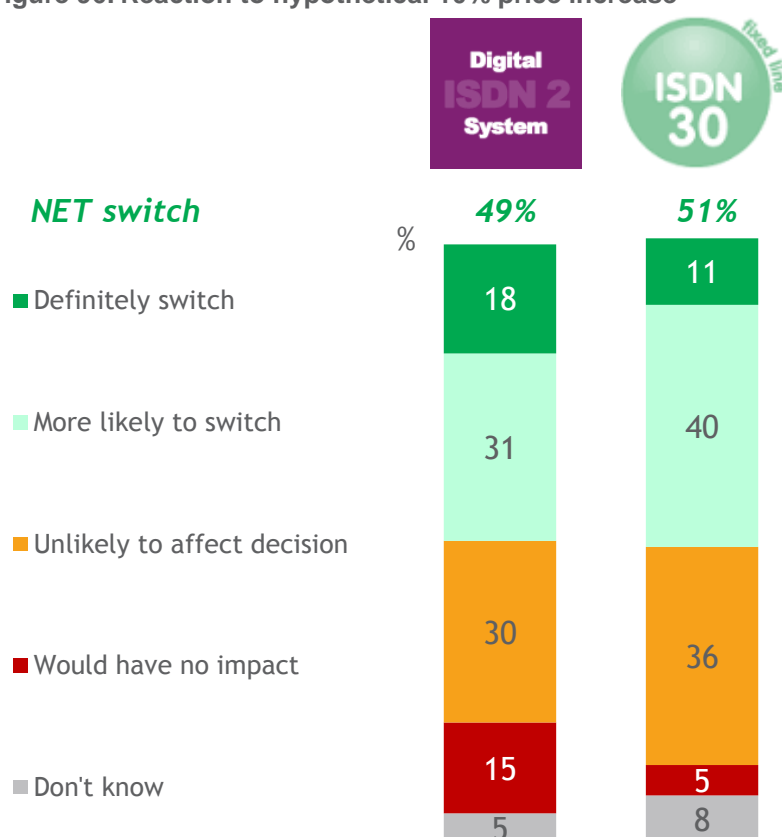
Source: ISDN Survey. B9 Do you have any hang ups/concerns about moving away from (service)? Base: All considering switching and mostly used fixed line is ISDN2/2 n=37* CAUTION LOW BASE, mostly used fixed line is ISDN30 n=31* CAUTION LOW BASE

6.5. Reactions to price increases

Respondents were introduced to a hypothetical situation whereby the price of their ISDN service would increase by 10%. They were asked to what extent this would influence their decision to stay or switch away from their current service.

Figure 96 shows that 1 in 5 ISDN2/2e and 1 in 10 ISDN30 users claimed they would definitely switch if faced with a 10% price increase. Those with ISDN2/2e as their main fixed line service were three times as likely as ISDN30 to claim the increase in price would have no impact (15% vs. 5%).

Figure 96: Reaction to hypothetical 10% price increase



a

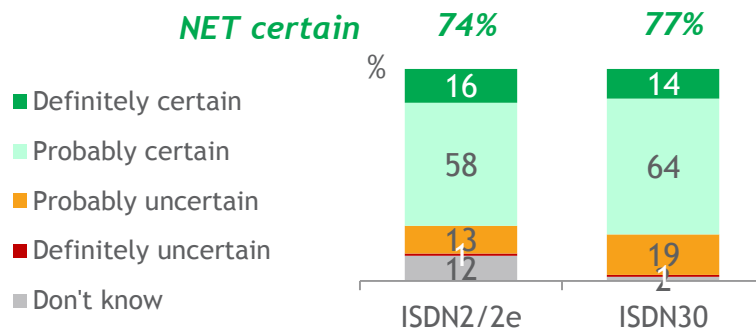
Source: ISDN Survey. B10 If the price of (service) increased by 10% across all suppliers, to what extent would this influence your decision to stay or switch away from (service)? B10b By what percentage would the price you pay for (service) have to increase (assuming the prices of other communication services do not increase) for you to definitely switch away from (service)? Base: All with ISDN 2/2e as main fixed line service n=93, all with ISDN30 as main fixed line service n=88

Those who did not say they would “definitely” switch with a 10% increase in price were asked to give a percentage at which the price for the service would have to increase for them to definitely switch away from it.

This, combined with those respondents who would switch at 10%, gave an average percentage trigger for definite action of 27% (mean) for ISDN2/2e and 25% (mean) for ISDN30.

Businesses were asked a follow up question to clarify the likelihood of them making this claimed decision in a real life situation. Figure 97 shows that around three-quarters were certain that their response to the hypothetical price increase would hold true in a real life situation.

Figure 97: How likely to make that decision in a real situation

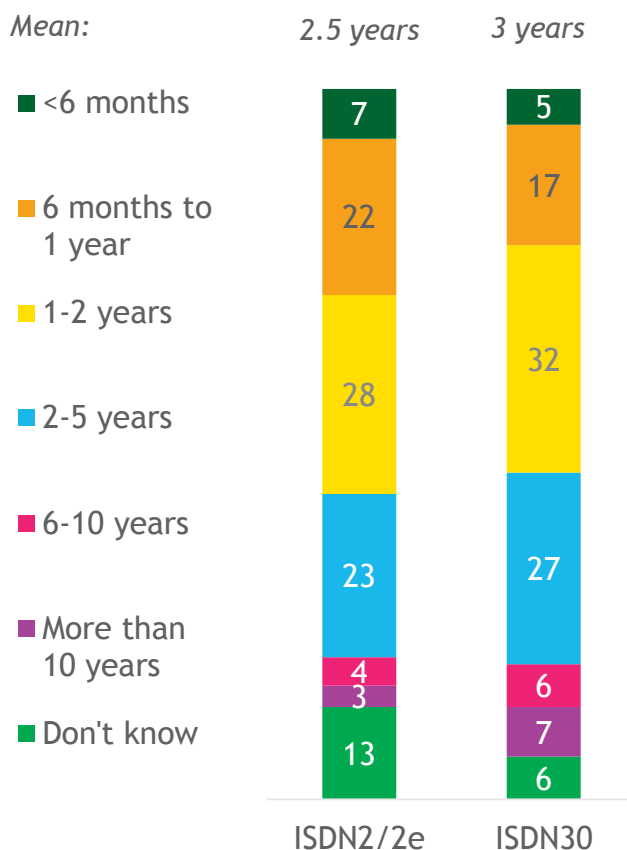


Source: ISDN Survey. B11 How sure are you that you would make this decision in a real situation Base: All with ISDN 2/2e as main fixed line service n=93, all with ISDN30 as main fixed line service n=88

6.6. Future plans for ISDN services

Businesses were asked about their future plans for using ISDN services. Figure 98 shows that on average, those with ISDN2/2e planned to continue using it for 2.5 years, and those with ISDN30 for 3 years. There was a higher level of uncertainty around ISDN2/2e than ISDN30.

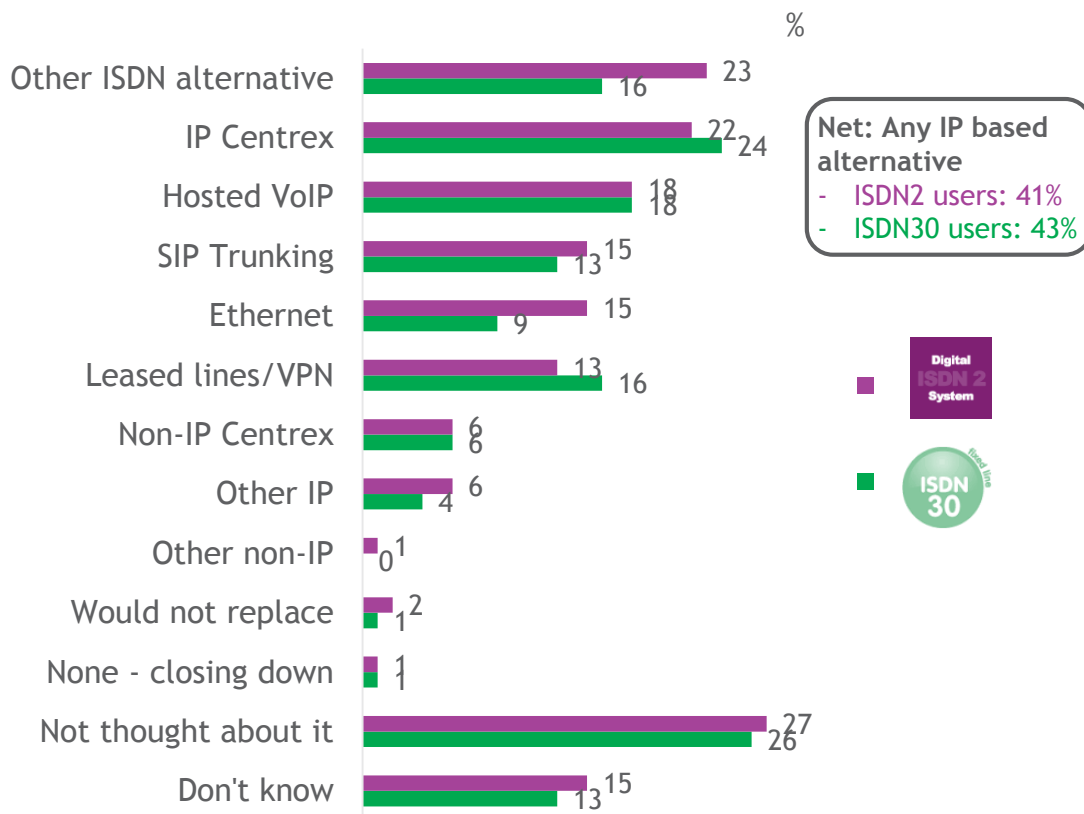
Figure 98: How long envisage continuing to use ISDN



Source: ISDN Survey. B12 How long do you envisage continuing to use (service) for? B13 What are you planning to use when you stop using your (service)? Base: All with ISDN2/2e n=100, All with ISDN30 n=100

All businesses were asked what they were planning to use when they stopped using ISDN services (regardless of whether or not they had current plans to stop). Figure 99 shows that 2 in 5 would replace ISDN with an IP alternative, but a further 2 in 5 had not thought about it or were unsure what they'd do.

Figure 99: What plan to use when stop using ISDN2/2e or 30

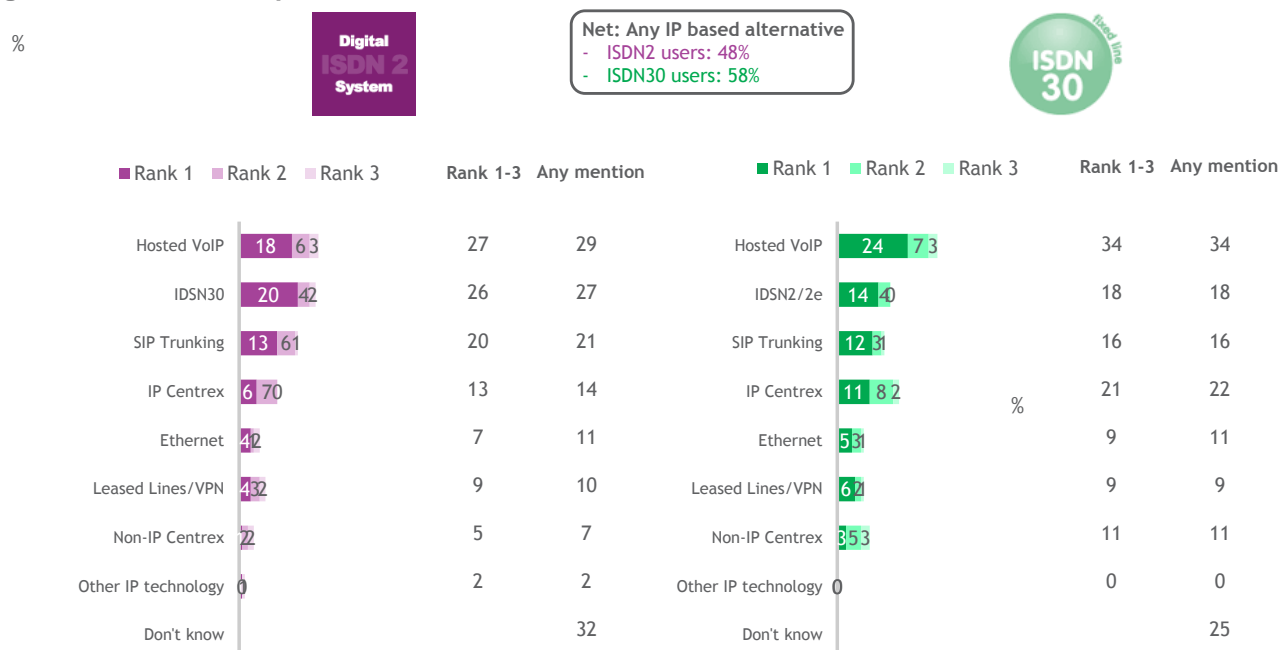


Source: ISDN Survey. B13 What are you planning to use when you stop using your (service)? Base: All with ISDN2/2e n=100, All with ISDN30 n=100

If they had to replace ISDN, half said that they would choose an IP based alternative (Figure 100).

Overall, hosted VoIP was the preferred solution, but ISDN2/2e users would be equally likely to choose ISDN30.

Figure 100: If HAD to replace, what would be best



Source: B14 If you had to replace (service) which services do you think would be the best replacement? Base: All with ISDN2/2e n=100, All with ISDN30 n=100

6.7. Awareness of IP services

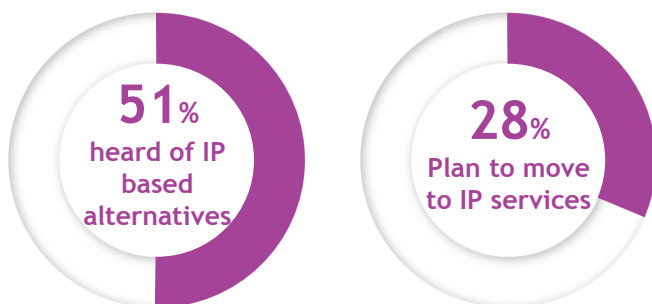
ISDN2/2e users

Figure 101 shows that half of current ISDN2/2e users (not already using IP) were aware of IP and more than a quarter said they planned to move to these alternatives within the next 2 years.

Businesses were asked if they had heard of IP based alternatives to their main ISDN service, and whether or not they had any plans to move from their main ISDN service to IP based services in the next 12 months to 2 years.

51% of those using ISDN2/2e as their main fixed line had heard of them, and more than a quarter (28%) planned to move to IP services in the coming year.

Figure 101: Awareness/plan to move to IP services (based on all using ISDN2/2e as main fixed line)



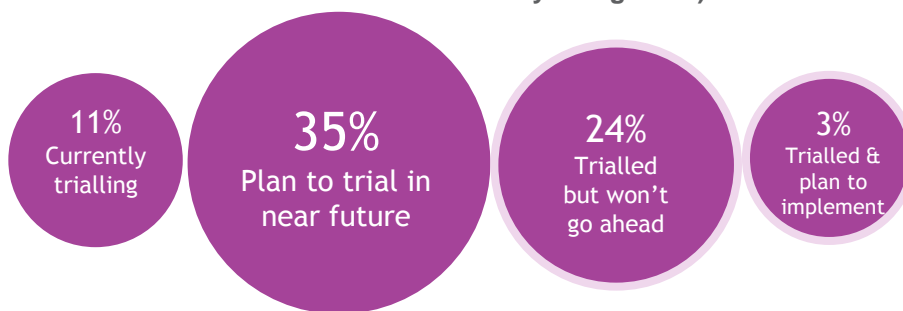
Source: C1 Have you heard of IP based alternatives to (service) e.g. SIP trunking? IP based solutions are services based on internet protocol technology that can be used as a replacement for (services). This includes VOIP telephony services including SIP Trunking solutions and Centrex services provided by IP networks (so called hosted VoIP services). Base: All ISDN users that are NOT using IP based alternatives (all using ISDN2/2e as main n=72) C2

Can I confirm whether you have any plans to move from (service) to IP services in the next 12 months to 2 years? Base: All ISDN users that are NOT using IP based alternatives and who are aware of IP based services (all using ISDN2/2e as main n=37* CAUTION LOW BASE). Data in chart reflects a re-basing of this question on Base: All ISDN users that are NOT using IP based alternatives (all using ISDN2/2e as main n=72)

Those aware of IP based alternatives were asked if their company had ever had experience trialling IP services. 3% had trialled and planned to implement IP based alternatives, 11% were currently trialling. 24% had trialled but decided not to go ahead and 35% planned to trial in the near future (leaving around a quarter with no experience or plans of trialling such alternatives).

11 out of 18 respondents currently trialling or planning to trial thought that they would implement IP permanently at the end of the trial. 7 out of 18 said it was too early to say.¹⁵

Figure 102: Experience trialling IP based (based on all using ISDN2/2e as main fixed line, aware of IP based services but not currently using them)



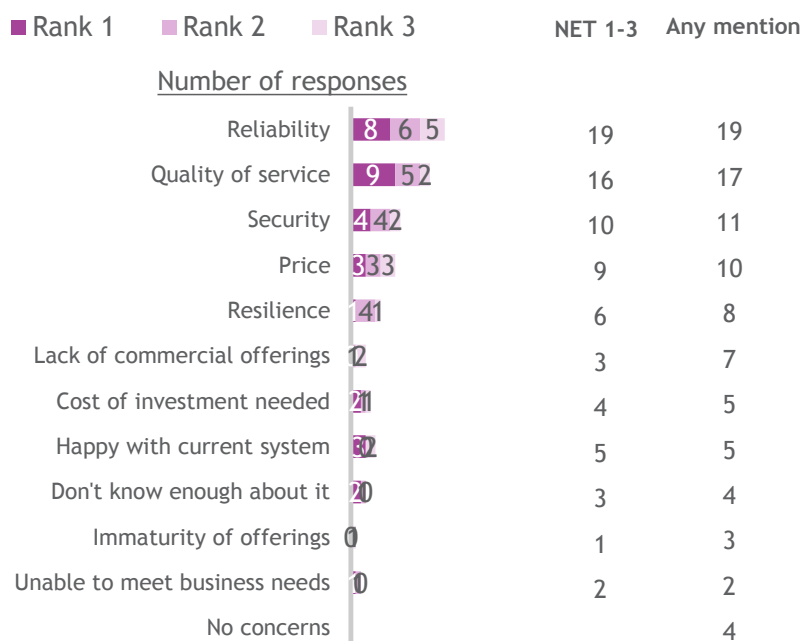
Source: ISDN Survey. C3 Has your company ever had experience trialling IP services? Base: All ISDN users that are NOT using IP based alternatives and who are aware of IP based services (all using ISDN2/2e as main n=37* CAUTION LOW BASE) C4 Are you planning to implement these services permanently at the end of your trial? Base: all trialled/planning to trial (all using ISDN2/2e as main n=18* CAUTION LOW BASE)

Those ISDN users who were not using IP based alternatives but were aware of these were asked if they had any concerns about moving to IP based alternatives.¹⁶

Amongst those using ISDN2/2e as their main fixed line service, Figure 103 shows that key concerns about moving were reliability and service quality.

¹⁵ Due to the small sample size the actual number of respondents is shown, not percentages.

¹⁶ Due to the small sample size the actual number of respondents is shown, not percentages.

Figure 103: Concerns about moving to IP technologies

Source: ISDN Survey. C5a/b Do you have any concerns/what were your concerns about moving to IP technologies?

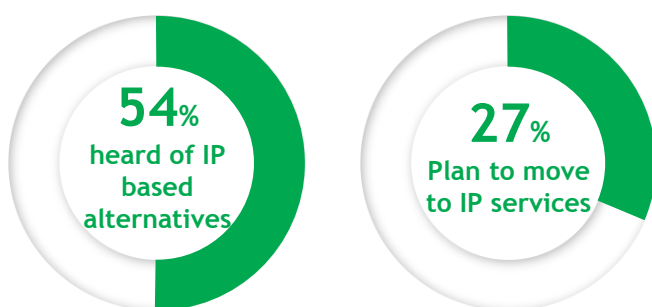
Base: All ISDN users that are NOT using IP based alternatives and who are aware of IP based services (all using ISDN2/2e as main n=37* CAUTION LOW BASE)

ISDN30 users

Figure 104 shows that more than half of current ISDN30 users (not already using IP) were aware of IP and more than a quarter said they planned to move to these alternatives within the next 2 years.

Businesses were asked if they had heard of IP based alternatives to their main ISDN service and whether or not they had any plans to move from their main ISDN service to IP based services in the next 12 months to 2 years.

54% of those using ISDN30 as their main fixed line had heard of these and more than a quarter (27%) planned to move to these services in the coming year.

Figure 104: Awareness and plan to move to IP services (based on all using ISDN2/2e as main fixed line)

Source: C1 Have you heard of IP based alternatives to (service) e.g. SIP trunking? IP based solutions are services based on internet protocol technology that can be used as a replacement for (services). This includes VOIP telephony services including SIP Trunking solutions and Centrex services provided by IP networks (so called hosted VoIP services). Base: All ISDN users that are NOT using IP based alternatives (all using ISDN30 as main n=79) C2 Can I confirm whether you have any plans to move from (service) to IP services in the next 12 months to 2 years? Base: All ISDN users that are NOT using IP based alternatives and who are aware of IP based services (all using ISDN30 as main n=43* CAUTION LOW BASE). Data in chart reflects a re-basing of this question on Base: All ISDN users that are NOT using IP based alternatives (all using ISDN30 as main n=79)

Those aware of IP based alternatives were asked if their company had ever had experience trialling IP services. 12% had trialled and planned to implement IP based alternatives, 16% were currently trialling. 16% had trialled but decided not to go ahead and 26% planned to trial in the near future, leaving a third with no experience or plans of trialling such alternatives.

9 out of 23 of those currently trialling/planning to trial thought they would implement IP permanently at the end of the trial. 14 out of 23 thought it was too early to say.¹⁷

Figure 105: Experience trialling IP based (based on all using ISDN30 as main fixed line, aware of IP based services but not currently using them)



Source: ISDN Survey. C3 Has your company ever had experience trialling IP services? Base: All ISDN users that are NOT using IP based alternatives and who are aware of IP based services (all using ISDN30 as main n=43* CAUTION LOW BASE) C4 Are you planning to implement these services permanently at the end of your trial? Base: all trialled/planning to trial (all using ISDN30 as main n=23* CAUTION LOW BASE)

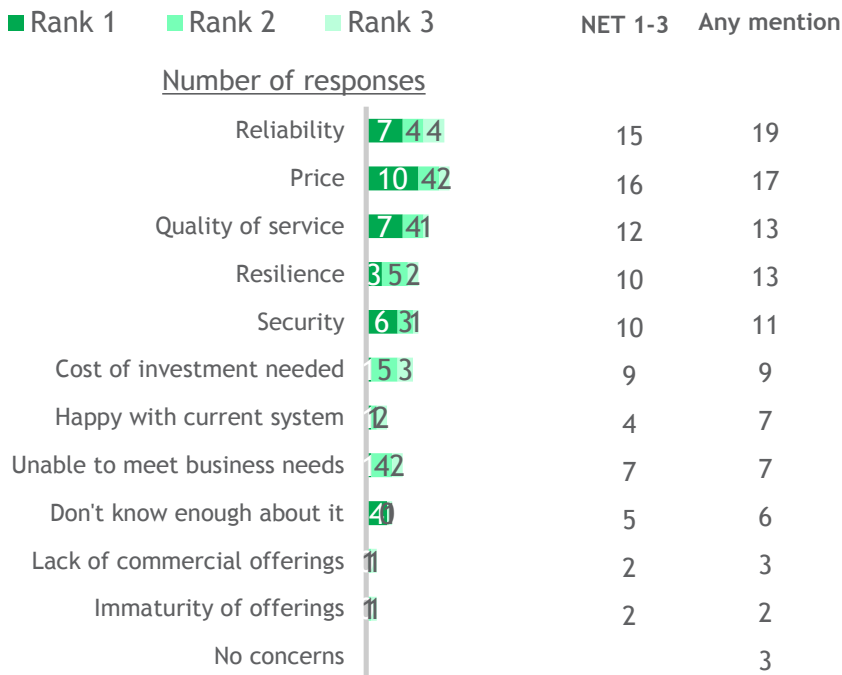
Those ISDN users who were not using IP based alternatives but were aware of these were asked if they had any concerns about moving to IP based alternatives.¹⁸

Amongst those using ISDN30 as their main fixed line service, Figure 106 shows that the key concerns about moving were reliability and price.

¹⁷ Due to the small sample size the actual number of respondents is shown, not percentages.

¹⁸ Due to the small sample size the actual number of respondents is shown, not percentages.

Figure 106: Concerns about moving to IP technologies



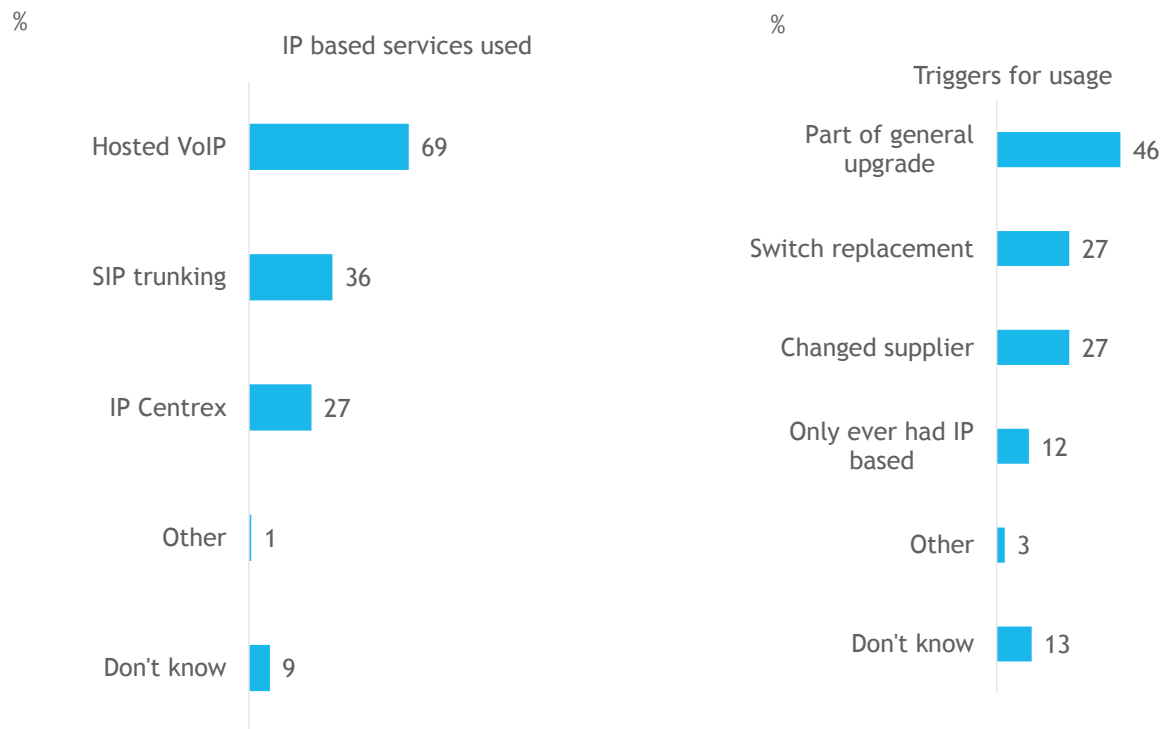
Source: ISDN Survey. C5a/b Do you have any concerns/what were your concerns about moving to IP technologies?

Base: All ISDN users that are NOT using IP based alternatives and who are aware of IP based services (all using ISDN30 as main n=31* CAUTION LOW BASE)

6.8. IP services and business uses

Users of IP services were asked what type of services they used and Figure 107 shows that hosted VoIP (69%) was the most common response. For almost half (46%), a general upgrade triggered a move to IP based alternatives. For a quarter it was related to switch replacement (27%) or a change in supplier (27%).

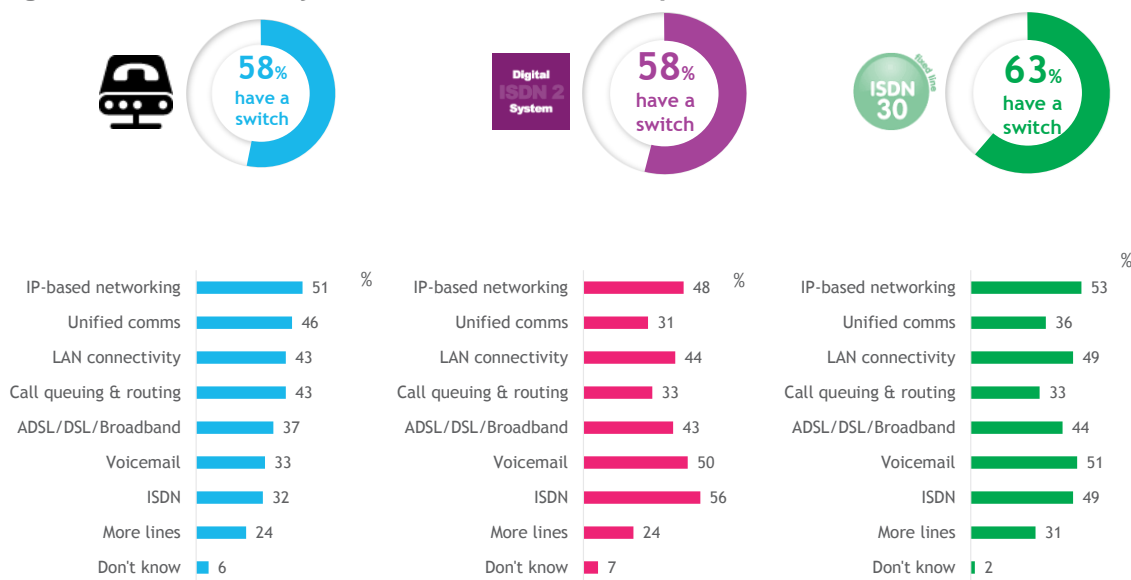
Figure 107: IP based services used, and triggers for usage



Source: ISDN Survey. D1 What type of IP services do you use? D5 Have any of the following previously acted as a trigger for moving to IP based services for your organisation? Base: All that use IP n=150

Figure 108 shows that 3 in 5 IP users had a switch (similar to the ISDN users). The key functionalities for IP based users were IP based networking (51%), unified communications (46%), LAN connectivity (43%) and call queuing/routing (43%).

Figure 108: Functionality switches will need to incorporate in next 12 months



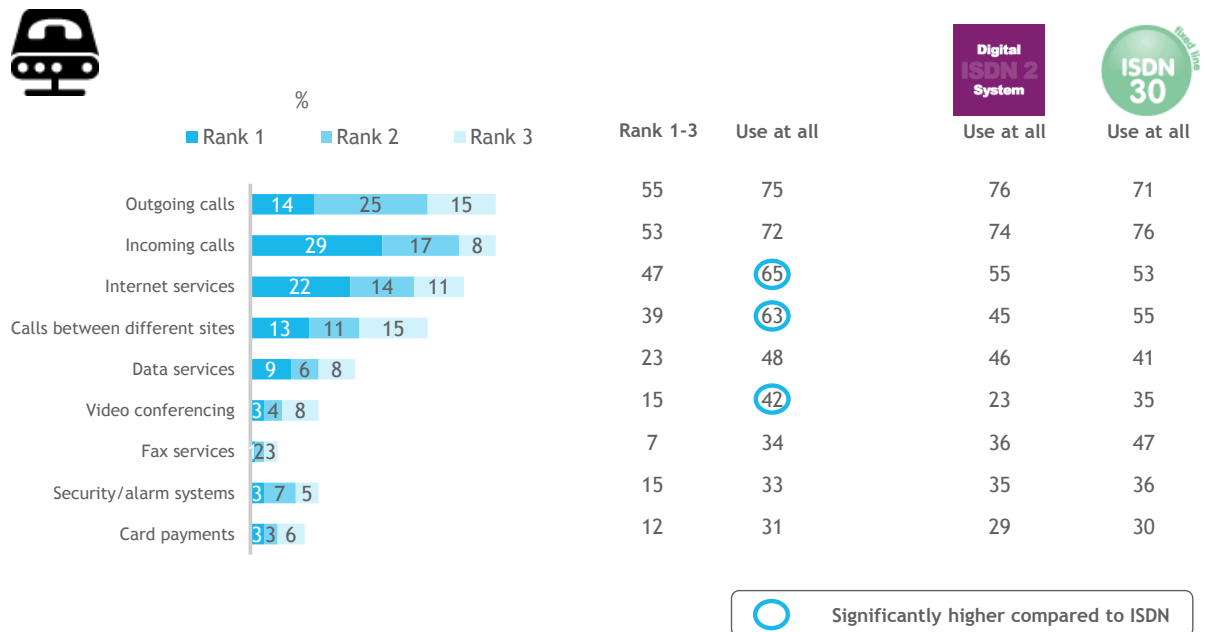
Source: ISDN Survey. A4/D4 Does your company have a switch e.g. PBX, PABX? Base: All that use IP n=150, All with ISDN2 as main fixed line n=93, All with ISDN30 as main fixed line n=88 A8/D6 What functionality will the switches in your organisation need to incorporate over the next 12 months to meet your company's business communication needs? Base: All with a switch that use IP n=87, all with a switch where main fixed line is ISDN2 n=54, ISDN30 n=55

Businesses were asked to specify whether they used IP based services for a number of business purposes.

Figure 109 shows that overall the key business uses of IP were outgoing and incoming calls (with incoming usually considered most important). Around three-quarters were using IP based services for incoming or outgoing calls at all (similar proportions to those using ISDN for these purposes). Incoming calls were twice as likely to be ranked most important than outgoing calls (29% vs. 14%).

Compared to users of ISDN, IP services were more likely to be used for internet services (65% were using at all versus 55% of ISDN2/2e and 53% of ISDN30 users), intra site calling (63% were using at all vs. 45% of ISDN2/2e and 55% of ISDN30) and video conferencing (42% were using at all vs. 23% of ISDN2/2e and 35% of ISDN30).

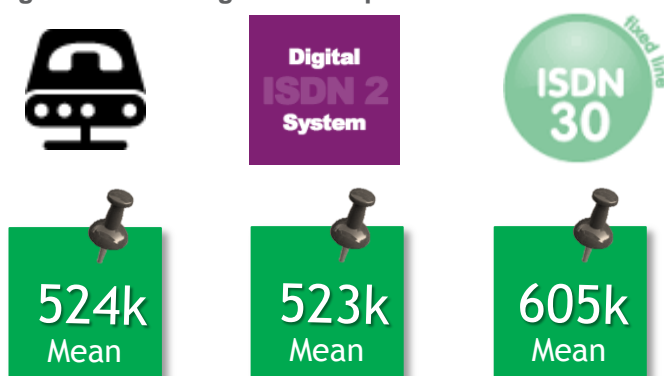
Figure 109: Business uses of IP based services



Source: ISDN Survey. D2 Can you specify whether you use IP based services for the following business uses? D3 You have said that you use IP based services for the following purposes. Could you rank the top three most important functions for which your company uses IP -based services. Base: All that use IP n=150, ISDN2/2e n=100, ISDN30 n=100

Figure 110 shows that spend distribution on IP was broadly in line with that spent on ISDN2/2e, with a mean of £524,000.

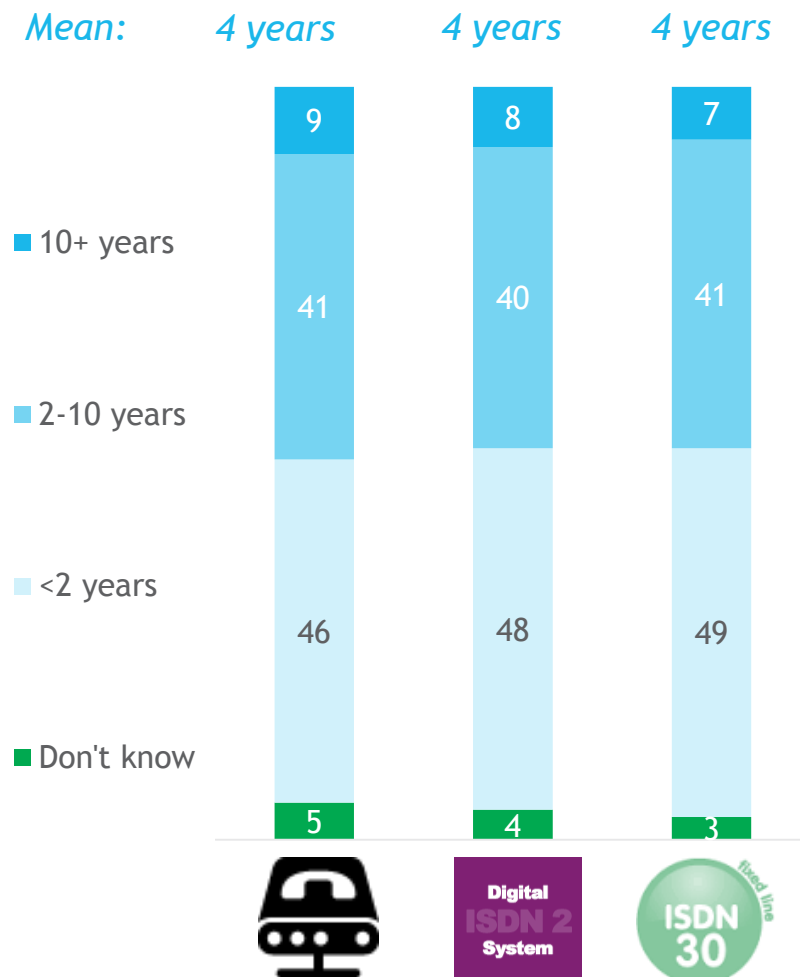
Figure 110: Average annual spend across all sites



Source: ISDN Survey. D8 Approximately how much does your organisation spend annually across all UK sites, on IP based services? Base: All that use IP n=150, ISDN2/2e n=100, ISDN30 n=100

There was no difference in length of time using each of these services (Figure 111), with an average of around 4 years in duration.

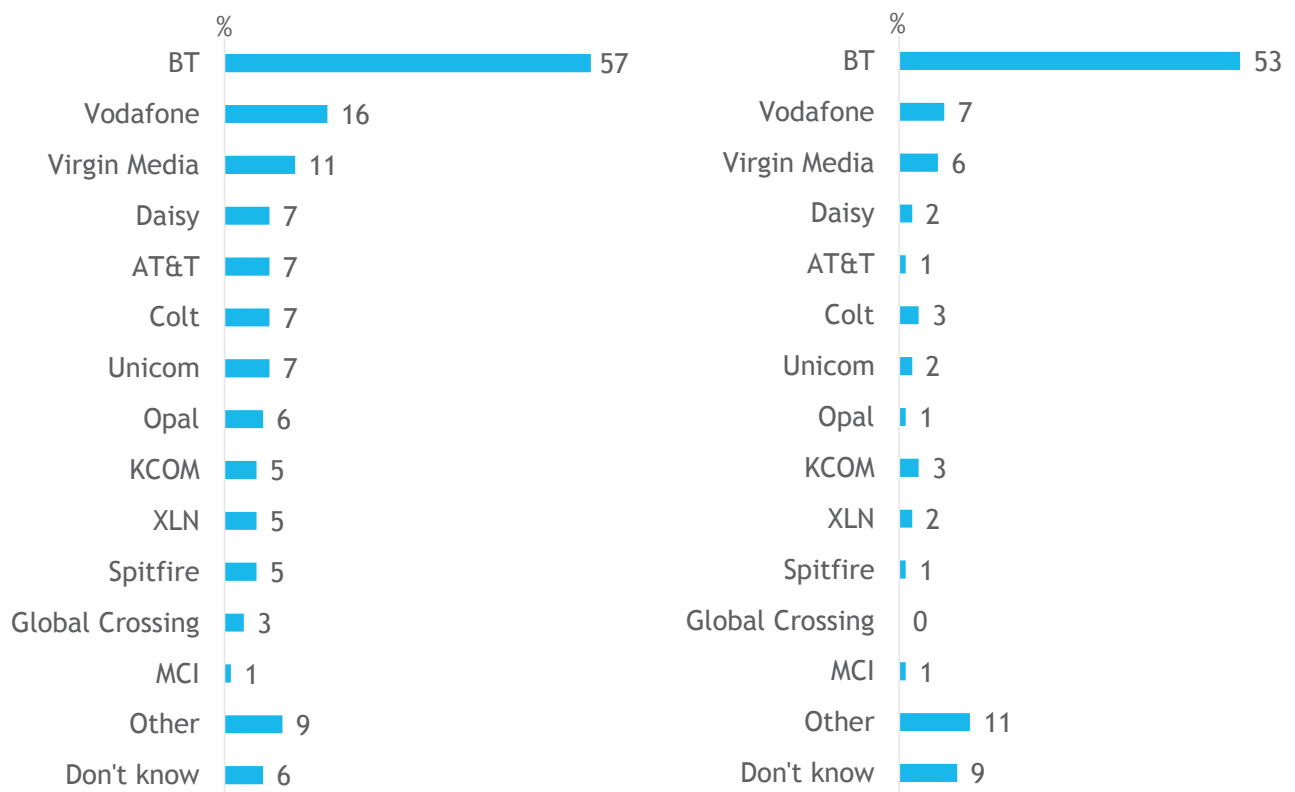
Figure 111: Length of time using service



Source: ISDN Survey. D9 Approximately how long have you been using IP based services? Base: All that use IP n=150, ISDN2/2e n=100, ISDN30 n=100

BT was the most common supplier of IP services with 57% of all IP users (Figure 112) and 53% of all IP users who only used one supplier, followed by a long tail of other providers.

Figure 112: IP based service suppliers (all respondents on left, all that use one supplier on right)

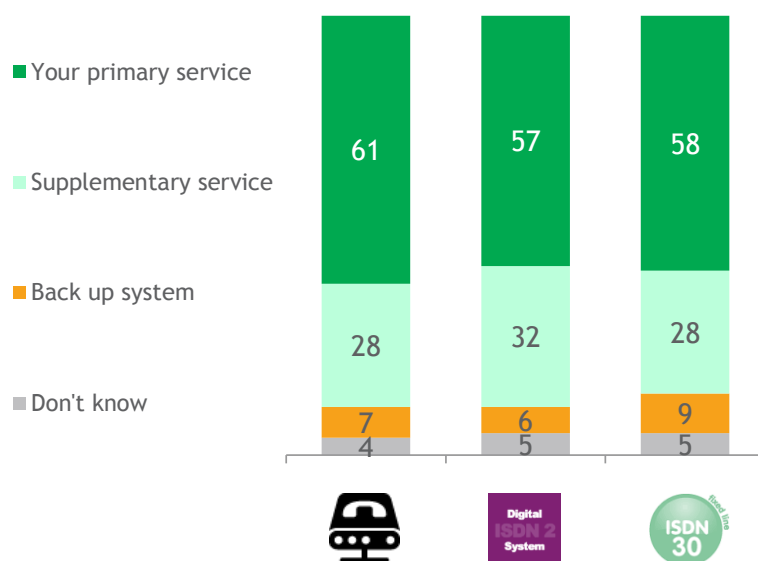


Source: D7 Which suppliers do you use for IP based services?

Base: All that use IP n=150, All that use one supplier for IP based services n=105

For 3 in 5, IP was their primary service (Figure 113), and it was considered a supplementary service for close to 1 in 3. These figures were similar for both types of ISDN service.

Figure 113: Role of IP

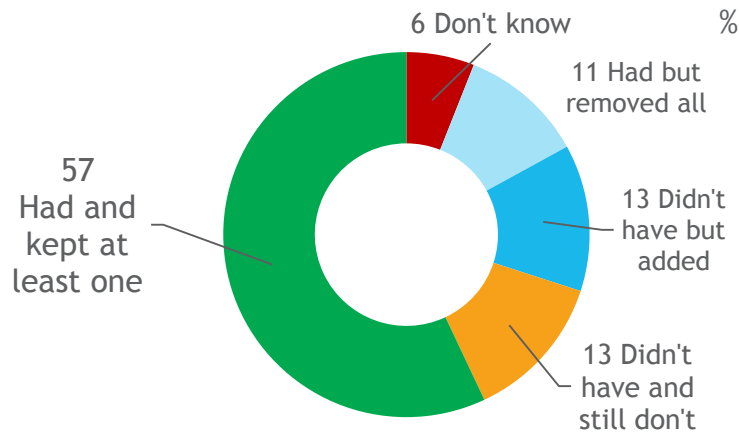


Source: ISDN Survey. D10 Do you consider IP to be...? E5b Which one of the following best describes your use of analogue telephone lines (fixed telephone lines that are not ISDN lines) after you moved to IP services?

Base: All that use IP n=150, , ISDN2/2e n=100, ISDN30 n=100

More than half “had and kept at least one” analogue line, after they moved to IP services (Figure 114).

Figure 114: Use of analogue lines

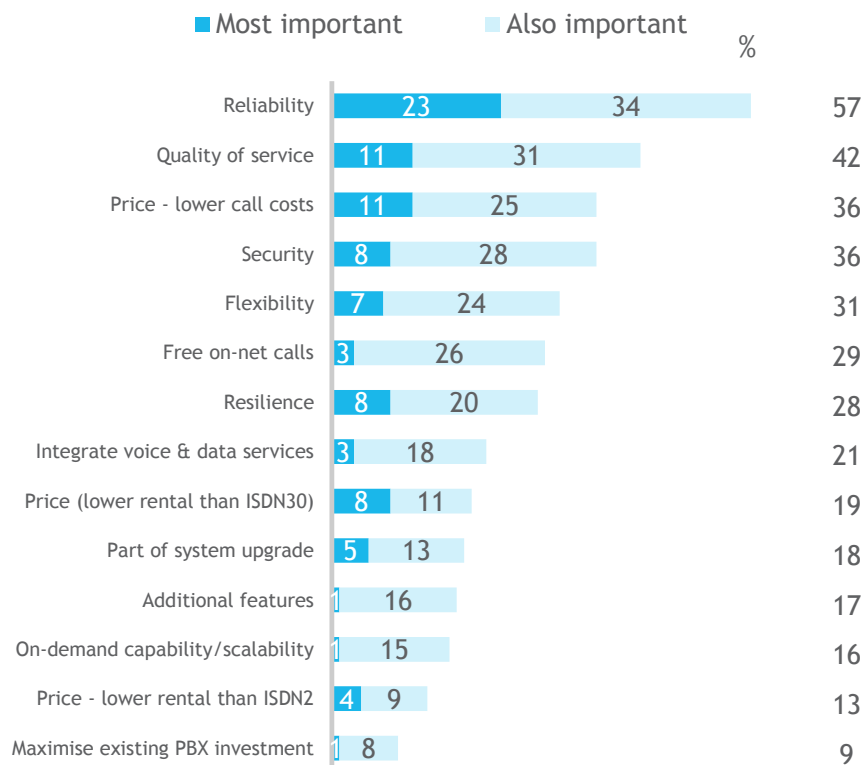


Source: E5b Which one of the following best describes your use of analogue telephone lines (fixed telephone lines that are not ISDN lines) after you moved to IP services? Base: All that use IP n=150

Users were asked for their rationale behind choosing to implement IP services. Figure 115 shows that reliability was the key reason for choosing IP, mentioned by almost 3 in 5 overall and ranked most important by almost a quarter. This was followed by service quality (two-fifths mentioned) and price (more than a third mentioned).

These were also the key concerns raised by ISDN users when asked for their thoughts on moving to IP.¹⁹

¹⁹ Note: We used different wording for the ISDN ‘functional value’ statements, so cannot make direct comparisons with this data

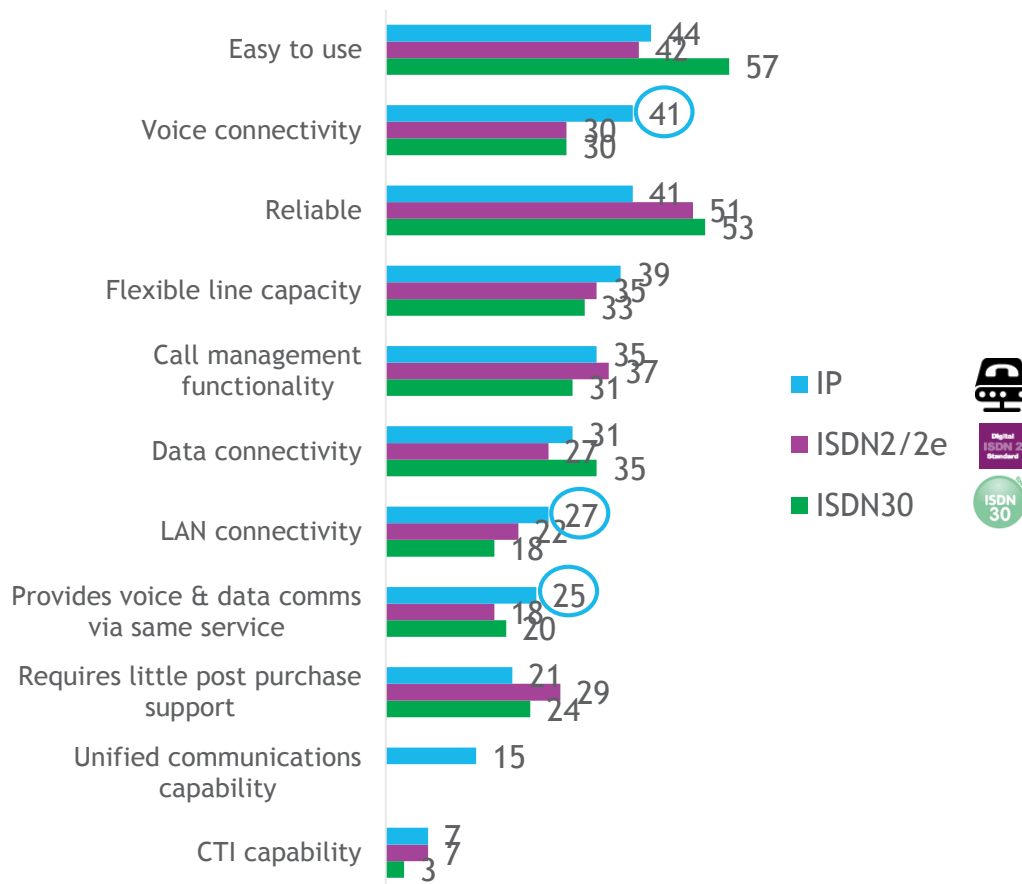
Figure 115: Reasons for choosing IP

Source: E1a/b What were your reasons for choosing to implement IP services? What was your most important reason?
 Base: All that use IP n=150

Users of IP services were asked what they regarded the main functional values of IP to be. Figure 116 compares their responses to those of ISDN users. For IP users, the top three functional values were ease of use, voice connectivity and reliability.

Overall, the functional value of each product was similar. However, voice connectivity, LAN connectivity and provides voice & data from the same supplier were more important to those using IP systems.

Figure 116: Functional value of IP



Source: E9 Overall what do you regard as the main functional value(s) of IP based services for your organisation? Base: All that use IP n=150 B3a/b Overall what do you regard as the main functional value of (service) for your organisation? Base: All with ISDN2/2e n=100, All with ISDN30 n=100

Figure 117 compares the cost of moving to IP with the level of cost savings achieved by such a move. Users were asked if the move to IP required investment in new equipment and 7 in 10 (69%) said this had been the case. This varied by annual telecoms spend, with 64% of those spending less than £100,000 saying the move had required an investment, rising to 78% of those spending more than £100,000 on telecoms.

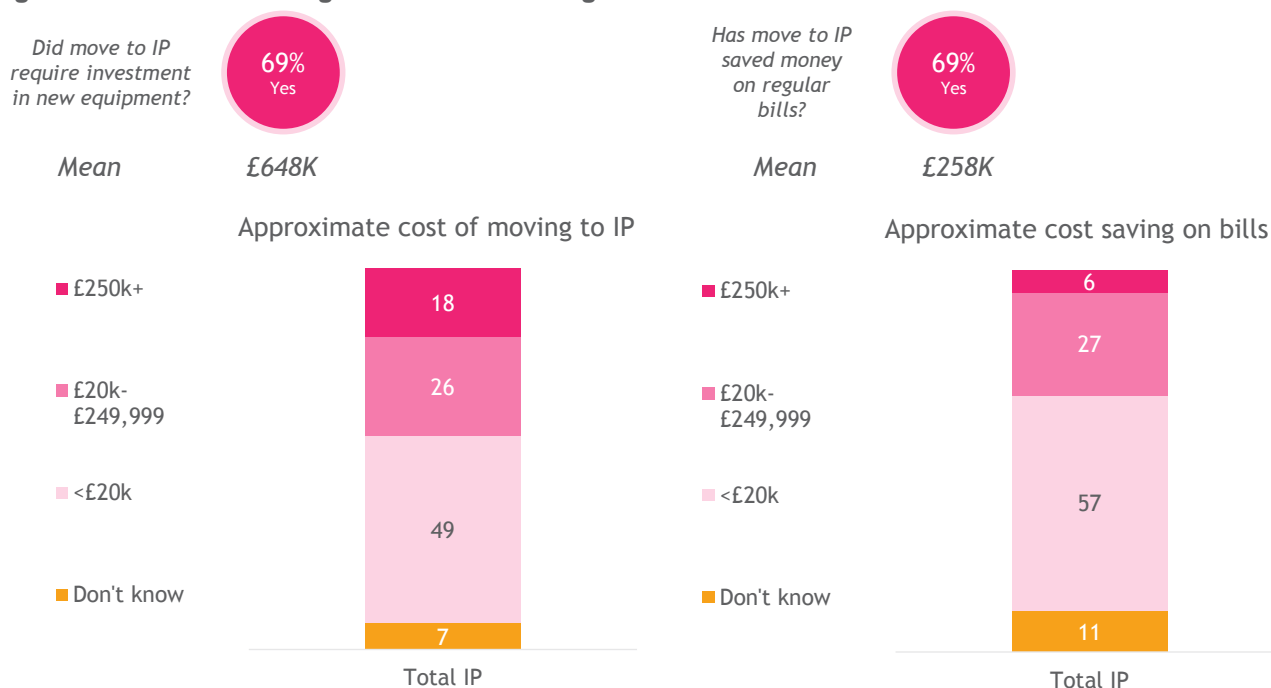
The average (mean) cost of moving to IP was £648,000. This figure was lower amongst those with an annual telecoms spend of less than £100,000 (£28,000) and higher amongst those spending more than £100,000 (£1,205,000).

However the same proportion (7 in 10) agreed that the move to IP had saved them money on regular bills.

Again this varied by annual telecoms spend, with 65% of those spending less than £100,000 saying the move had required investment, rising to 75% of those spending more than £100,000 on telecoms.

The average (mean) cost saving on bills was £258,000. This figure was lower amongst those spending less than £100,000 per annum on telecoms (£27,000) and higher amongst those spending more than £100,000 per annum (£482,000).

Figure 117: Cost of moving to IP vs. cost saving on bills



Source: ISDN Survey. E2 did the move to IP require investment in new equipment? E4 Has the move to IP saved you money on your regular bills? Base: All that use IP n=150. E3 Approximately how much did it cost to move to IP services? E5 Approximately how much did you save by moving to IP services? Base: All where it cost money/saved money on bills that use IP n=104/104

Appendices

A. Consumer Sample Profile

Subsequent to the fieldwork, minor weights were applied to the Capibus data to align the achieved sample profile with the universe.

The composition of the resulting sample, before and after weighting, is detailed in the tables below (Figures 118 to 121). Data from Survey 1 is shown in parentheses.

Figure 118: Sample Profile: Socio-demographics

	% Weighted Sample	# Weighted Sample	# Achieved Sample
Male	49 (51)	665 (1121)	668 (1136)
Female	51 (49)	692 (1078)	686 (1001)
16-24	3 (2)	37 (48)	44 (48)
25-44	32 (29)	436 (643)	412 (564)
45-64	37 (38)	500 (825)	463 (791)
65+	28 (31)	384 (683)	435 (734)
AB	30 (31)	404 (675)	319 (547)
C1	27 (28)	365 (611)	397 (667)
C2	21 (20)	281 (440)	269 (387)
DE	22 (21)	308 (473)	369 (536)

Source: Source: Residential Survey 2 (Residential Survey 1). SEX, AGE, SOCG. Base (unweighted): All landline bill payers n=1354 (2137)

Figure 119: Sample Profile: Standard Region

	% Weighted Sample	# Weighted Sample	# Achieved Sample
North	7 (6)	92 (139)	80 (174)
North West	8 (8)	112 (182)	133 (202)
Yorkshire & Humber	7 (8)	102 (176)	107 (194)
West Midlands	8 (8)	109 (183)	106 (176)
East Midlands	7 (8)	96 (165)	99 (149)
East Anglia	4 (5)	50 (111)	50 (81)
South West	10 (10)	132 (223)	97 (156)
South East	21 (20)	284 (449)	227 (312)
Greater London	9 (8)	122 (177)	128 (214)
England (NET)	81 (82)	1097 (1806)	1027 (1658)
Wales	4 (5)	59 (106)	91 (148)
Scotland	10 (8)	133 (185)	169 (230)
Northern Ireland	5 (5)	67 (101)	67 (101)

Source: Source: Residential Survey 2 (Residential Survey 1). REGION. Base (unweighted): All landline bill payers
n=1354 (2137)

Figure 120: Sample Profile: Urbanity & Household

	% Weighted Sample	# Weighted Sample	# Achieved Sample
Urban	24 (22)	322 (493)	343 (557)
Suburban	41 (48)	559 (1048)	558 (1001)
Rural	30 (25)	409 (557)	386 (478)
Married/living as	65 (59)	879 (1293)	843 (1223)
Single	16 (17)	218 (372)	230 (363)
Widowed/divorced/separated	19 (24)	259 (532)	279 (548)
Children 0-5 in HH	16 (13)	219 (287)	218 (262)
Children 6-9 in HH	11 (11)	148 (237)	156 (218)
Children 10-15 in HH	16 (14)	219 (303)	208 (281)
No children <16 in HH	68 (73)	928 (1601)	939 (1595)

Source: Source: Residential Survey 2 (Residential Survey 1). REGION, MARITAL Which of the following best applies to you? NCH/AGE CHILD How many children aged 15 or under are there in your household? And what ages? Base

(unweighted): All landline bill payers n=1354 (2137) Base (unweighted): All landline bill payers n=2137

Figure 121: Sample Profile: Internet frequency, home tenure, income

	% Weighted Sample	# Weighted Sample	# Achieved Sample
INTERNET FREQUENCY			
Roughly every day	77 (75)	1044 (1645)	1001 (1531)
At least once per week	9 (9)	127 (195)	132 (216)
Less often	2 (1)	25 (46)	28 (47)
Never but do have access	3 (4)	41 (78)	50 (82)
Never and have NO access	9 (11)	121 (235)	143 (261)
HOME TENURE			
Own outright	38 (38)	522 (830)	571 (881)
Mortgaged	34 (30)	455 (664)	369 (526)
Rented	27 (26)	365 (578)	403 (608)
HH INCOME PRE TAX			
Up to £9499	7 (8)	101 (191)	119 (199)
£9500-£17,499	16 (15)	216 (329)	233 (346)
£17,500-£49,0999	28 (29)	387 (644)	367 (608)
£50,000+	17 (14)	222 (295)	179 (232)

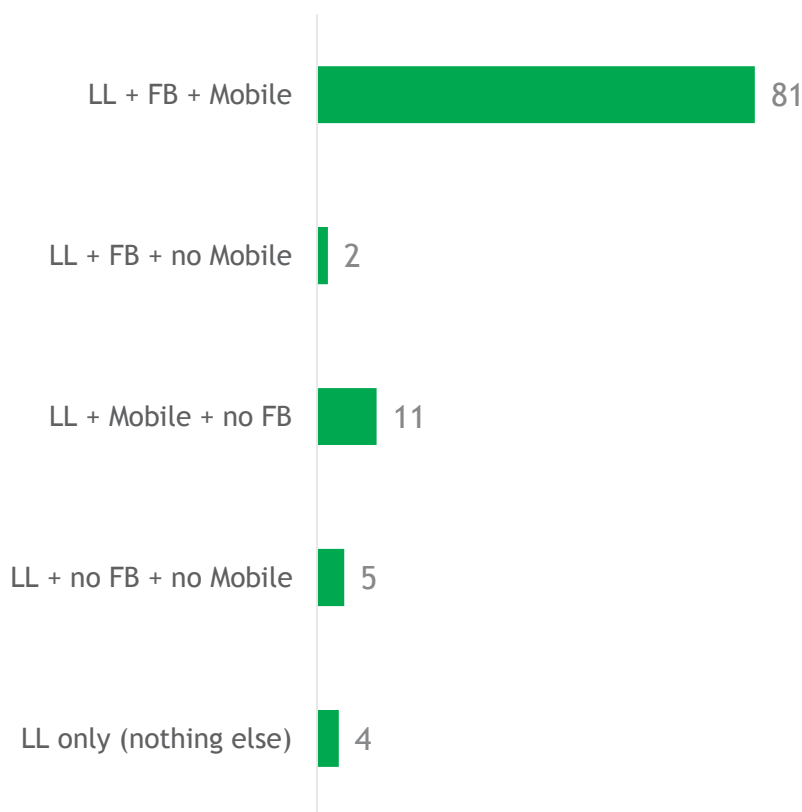
Source: Source: Residential Survey 2 (Residential Survey 1). NETFQ Which of the following best describes your use of the internet? TENURE Which of these applies to your home? INCOME Could you please tell me which band your total household income from all sources before tax and other deductions falls into? Base (unweighted): All landline bill payers n=1354 (2137)

B. Key Usage Subgroup Analysis (Consumer)

This section (Figures 122-126) focusses on the demographic profiles of five key subgroups (incidence of each is shown in Figure 122):

- Those who had all of landline, fixed broadband internet and mobile (Landline + FB + mobile).
- Those who had landline and fixed broadband internet but no mobile (Landline + FB + no mobile).
- Those who had landline and mobile but no fixed broadband internet (Landline + mobile + no FB).
- Those who had landline but no mobile or fixed broadband internet (Landline + no mobile + no FB).
- Those with only a landline phone - nothing else from the list of communications services they were asked about (LL only, nothing else).

Figure 122: Incidence of key subgroups



Source: Residential Survey 2. S7 Which of the following do you have at home (either you personally or anyone else in the household)? Base (unweighted): All landline bill payers n=1354. , LL+FB+Mobile n=1074, LL+FB (No Mobile) n=32* CAUTION LOW BASE. LL+Mobile (No FB) =171, LL (No Mobile OR FB) n=77, LL only (nothing else) n=66

The subgroups were defined according to the responses at question S7 (see Appendix E for the full consumer questionnaire).

Data for SME Survey 2 is shown first, with data for SME Survey 1 in parentheses. Survey 2 was conducted with a smaller sample size than Survey 1, which may explain some variations in the results of significance testing between subgroups across the surveys. In particular the sample size for LL+FB (no mobile) is n=32. This line of data has been written in *italics* and caution is required when interpreting those results.

Those without mobile or fixed broadband internet (or either) had a significantly older profile, with majorities aged 65+. Those without fixed broadband internet were significantly more likely to be found in the DE social group.

Figure 123: Key usage subgroups – socio-demographics

	% Total Sample		LL + FB + Mobile		LL + FB (NO Mobile)		LL + Mobile (NO FB)		LL (NO Mobile OR FB)		LL only (nothing else)	
	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1
Male	49	51	50	53	37	53	46	44	44	39	43	39
Female	51	49	50	47	63	47	54	56	56	61	57	61
16-24	3	2	3	2	5	0	3	2	0	1	0	1
25-44	32	29	36	34	15	8	20	20	12	4	12	5
45-64	37	38	39	41	19	25	28	28	23	16	19	17
65+	28	31	22	22	61	66	50	50	66	78	68	77
AB	30	31	33	34	8	31	17	25	8	13	6	13
C1	27	28	27	30	44	23	26	20	12	15	11	14
C2	21	20	21	19	13	18	18	23	22	21	24	22
DE	22	21	18	17	34	29	40	31	57	50	59	50

Source: Source: Residential Survey 2 (Residential Survey 1). SEX, AGE, SOCG. Base (unweighted): All landline bill payers n=1354 (2137), LL+FB+Mobile n=1074 (1687), LL+FB (No Mobile) n=32*(62) *CAUTION LOW BASE. LL+Mobile (No FB) =171 (312), LL (No Mobile OR FB) n=77 (138), LL only (nothing else) n=66 (146)

Figure 124: Key usage subgroups – standard region

	% Total Sample		LL + FB + Mobile		LL + FB (NO Mobile)		LL + Mobile (NO FB)		LL (NO Mobile OR FB)		LL only (nothing else)	
	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1
North	7	6	7	6	11	8	7	6	7	6	8	5
North West	8	8	9	8	5	5	6	10	3	5	3	3
Yorkshire & Humber	7	8	8	9	0	5	5	5	6	4	6	4
West Midlands	8	8	7	8	15	4	8	12	15	8	15	9
East Midlands	7	8	7	7	2	8	4	7	9	11	7	10
East Anglia	4	5	4	5	3	2	3	4	2	8	2	9
South West	10	10	9	10	15	12	8	8	16	11	16	12
South East	21	20	20	21	34	38	22	19	22	14	21	14
Greater London	9	8	8	7	10	3	17	12	7	11	8	11
England (NET)	81	82	81	82	95	84	80	83	86	77	87	77
Wales	4	5	4	4	0	10	6	4	4	16	4	16
Scotland	10	8	11	9	5	6	4	7	4	4	2	4
Northern Ireland	5	5	4	5	0	0	10	6	6	3	7	3

Source: Source: Residential Survey 2 (Residential Survey 1). REGION. Base (unweighted): All landline bill payers n=1354 (2137), LL+FB+Mobile n=1074 (1687), LL+FB (No Mobile) n=32*(62) *CAUTION LOW BASE. LL+Mobile

(No FB) =171 (312), LL (No Mobile OR FB) n=77 (138), LL only (nothing else) n=66 (146)

Those without fixed broadband or mobile (or either) were less likely to be married (and more likely widowed/separated/divorced) and less likely to have children in the household.

Figure 125: Key usage subgroups – urbanity and household

	% Total Sample		LL + FB + Mobile		LL + FB (NO Mobile)		LL + Mobile (NO FB)		LL (NO Mobile OR FB)		LL only (nothing else)	
	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1
Urban	24	22	24	22	27	18	25	26	13	17	13	18
Suburban	41	48	41	47	47	47	37	46	45	55	46	54
Rural	30	25	30	26	26	35	28	21	36	24	35	26
Married/living as	65	59	68	65	70	40	53	46	33	24	30	22
Single	16	17	16	17	22	29	13	17	16	14	17	15
Widowed/divorced/separated	19	24	15	18	8	31	34	37	50	62	52	62
Children 0-5 in HH	16	13	18	14	4	3	13	13	4	2	5	2
Children 6-9 in HH	11	11	12	12	4	4	9	7	4	3	3	3
Children 10-15 in HH	16	14	18	16	7	4	12	9	4	2	4	2
No children <16 in HH	68	73	65	69	89	95	78	80	90	96	89	95

Source: Residential Survey 2 (Residential Survey 1). REGION, MARITAL Which of the following best applies to you?

NCH/AGE CHILD How many children aged 15 or under are there in your household? And what ages? Base

(unweighted): All landline bill payers n=1354 (2137), LL+FB+Mobile n=1074 (1687), LL+FB (No Mobile)

n=32*(62) *CAUTION LOW BASE. LL+Mobile (No FB) =171 (312), LL (No Mobile OR FB) n=77 (138), LL only (nothing else) n=66 (146)

86% of those with all of landline, fixed broadband internet and mobile accessed the internet daily (compared with 77% overall and far lower proportions in the other subgroups). Subgroups with more limited access to communications services were also more likely to be associated with lower incomes yet higher home ownership (likely related to their higher age and likelihood to be retired).

Figure 126: Key usage subgroups – internet frequency, home tenure and income

	% Total Sample		LL + FB + Mobile		LL + FB (NO Mobile)		LL + Mobile (NO FB)		LL (NO Mobile OR FB)		LL only (nothing else)	
	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1	Survey 2	Survey 1
INTERNET FREQUENCY												
Roughly every day	77	75	86	86	61	51	46	45	12	14	10	15
At least once per week	9	9	10	9	23	16	7	8	2	1	2	1
Less often	2	1	2	2	3	15	0	2	0	2	0	2
Never but do have access	3	4	2	2	13	13	8	9	2	6	3	6
Never and have NO access	9	11	0	1	0	6	38	37	84	77	85	77
HOME TENURE												
Own outright	38	38	36	35	54	67	47	41	55	53	57	53
Mortgaged	34	30	38	35	16	9	17	18	10	9	10	9
Rented	27	26	26	25	22	24	34	31	33	33	31	34
HH INCOME PRE TAX												
Up to £9499	7	8	6	7	3	12	15	11	22	23	23	23
£9500-£17,499	16	15	15	14	17	27	18	14	22	20	22	20
£17,500-£49,0999	28	29	31	34	17	11	18	19	16	5	16	5
£50,000+	17	14	18	17	7	3	7	5	2	2	3	2

Source: Source: Residential Survey 2 (Residential Survey 1). NETFQ Which of the following best describes your use of the internet? TENURE Which of these applies to your home? INCOME Could you please tell me which band your total household income from all sources before tax and other deductions falls into? Base (unweighted): All landline bill payers n=1354 (2137), LL+FB+Mobile n=1074 (1687), LL+FB (No Mobile) n=32*(62) *CAUTION LOW BASE. LL+Mobile (No FB) =171 (312), LL (No Mobile OR FB) n=77 (138), LL only (nothing else) n=66 (146)

C. Call Behaviour Profiles (Consumer)

Figures 127-131 examine the profiles of consumers based upon their responses to the hypothetical 10% increase in landline call prices, those certain to or very likely to:

- Make no change to behaviour.
- Switch some calls to mobile.
- Switch some calls to VoIP.
- Switch some calls to text/online.
- Give up landline access.

These subgroups were defined according to the responses at question FX16a (see Appendix E for the full consumer questionnaire). It is important to note that these are not discrete categories of behaviour, as respondents were asked their likelihood to take each action in turn and were able to respond in favour or otherwise to any of them.

Those who were certain to or very likely to make no change to behaviour were on the whole very similar to the total sample profile. Those who would make some changes showed some similar patterns, being more likely aged 25-44 (and much less likely 65+), to be married and have children aged under 16 in the household. They were more likely than average to access the internet daily.

Those who were likely to switch some calls to VoIP were more likely to be AB and to agree that they didn't look at their communications bills in any detail. Those who were likely to switch some calls to mobile had the highest household incomes.

Figure 127: Sample profile, call behaviour if calls only increase by 10%

	% Total Sample	No change	Some calls to mobile	Some calls to VoIP	Some calls to text/online	Cancel LL calls
Male	51	48	51	54	49	50
Female	49	52	49	46	51	50
16-24	2	2	3	2	3	4
25-44	29	28	45	48	45	48
45-64	38	36	38	38	37	34
65+	31	34	14	12	15	14
AB	31	32	35	42	34	30
C1	28	29	27	28	28	31
C2	20	19	18	13	17	17
DE	22	20	20	17	22	21

Source: Residential Survey 1. SEX, AGE, SOCG. Base (unweighted): All landline bill payers n=2137, those certain/very likely to: no change (649), some calls to mobile (453), some calls to VoIP (202), some calls to text/online (n=345), cancel LL calls (348)

Figure 128: Sample profile, call behaviour if calls only increase by 10%

	% Total Sample	No change	Some calls to mobile	Some calls to VoIP	Some calls to text/online	Cancel LL calls
North	6	8	5	6	6	5
North West	8	9	9	7	10	9
Yorkshire & Humber	8	8	9	7	10	8
West Midlands	8	5	5	7	5	6
East Midlands	8	8	9	14	9	9
East Anglia	5	3	4	4	2	3
South West	10	11	14	8	13	14
South East	20	20	20	26	21	21
Greater London	8	6	6	7	6	7
England (NET)	82	78	82	84	83	83
Wales	5	6	4	4	3	4
Scotland	8	10	8	7	7	7
Northern Ireland	5	6	6	5	7	6

Source: Residential Survey 1. REGION. Base (unweighted): All landline bill payers n=2137, those certain/very likely to: no change (649), some calls to mobile (453), some calls to VoIP (202), some calls to text/online (n=345), cancel LL calls (348)

Figure 129: Sample profile, call behaviour if calls only increase by 10%

	% Total Sample	No change	Some calls to mobile	Some calls to VoIP	Some calls to text/online	Cancel LL calls
Urban	22	20	24	26	26	27
Suburban	48	47	43	47	42	44
Rural	25	27	26	22	26	22
Married/living as	59	55	65	70	65	65
Single	17	18	17	15	17	19
Widowed/divorced/separated	24	27	17	14	17	16
Children 0-5 in HH	13	12	17	19	18	21
Children 6-9 in HH	11	11	17	19	18	19
Children 10-15 in HH	14	15	24	25	24	23
No children <16 in HH	73	74	60	57	59	57

Source: Residential Survey 1. REGION, MARITAL Which of the following best applies to you? NCH/AGE CHILD How many children aged 15 or under are there in your household? And what ages? Base (unweighted): All landline bill payers n=2137, those certain/very likely to: no change (649), some calls to mobile (453), some calls to VoIP (202), some calls to text/online (n=345), cancel LL calls (348)

Figure 130: Sample profile, call behaviour if calls only increase by 10%

	% Total Sample	No change	Some calls to mobile	Some calls to VoIP	Some calls to text/online	Cancel LL calls
INTERNET FREQUENCY						
Roughly every day	75	72	87	91	91	88
At least once per week	9	9	6	6	5	5
Less often	2	3	2	0	1	0
Never but do have access	4	5	2	1	1	2
Never and have NO access	11	12	4	2	3	4
HOME TENURE						
Own outright	38	37	24	24	26	22
Mortgaged	30	30	41	44	38	37
Rented	26	25	28	28	28	34
HH INCOME PRE TAX						
Up to £9499	8	9	7	7	7	8
£9500-£17,499	15	16	12	9	14	13
£17,500-£49,0999	29	30	35	32	33	33
£50,000+	14	12	19	25	15	18

Source: Residential Survey 1. NETFQ Which of the following best describes your use of the internet? TENURE Which of these applies to your home? INCOME Could you please tell me which band your total household income from all sources before tax and other deductions falls into? Base (unweighted): All landline bill payers n=2137, those certain/very likely to: no change (649), some calls to mobile (453), some calls to VoIP (202), some calls to text/online (n=345), cancel LL calls (348)

Figure 131: Sample profile, call behaviour if calls only increase by 10%

	% Total Sample	No change	Some calls to mobile	Some calls to VoIP	Some calls to text/online	Cancel LL calls
INTERNET FREQUENCY						
Roughly every day	75	72	87	91	91	88
At least once per week	9	9	6	6	5	5
Less often	2	3	2	0	1	0
Never but do have access	4	5	2	1	1	2
Never and have NO access	11	12	4	2	3	4
HOME TENURE						
Own outright	38	37	24	24	26	22
Mortgaged	30	30	41	44	38	37
Rented	26	25	28	28	28	34
HH INCOME PRE TAX						
Up to £9499	8	9	7	7	7	8
£9500-£17,499	15	16	12	9	14	13
£17,500-£49,0999	29	30	35	32	33	33
£50,000+	14	12	19	25	15	18

Source: Residential Survey 1. Q2 Which of the following do you have at home? Base (unweighted): All landline bill payers n=2137, those certain/very likely to: no change (649), some calls to mobile (453), some calls to VoIP (202), some calls to text/online (n=345), cancel LL calls (348)

D. SME Sample Profile

The composition of the resulting sample, before and after weighting, is detailed in the tables below (Figures 132-134). Data for SME Survey 2 is shown first, with data for SME Survey 1 in parentheses.

Figure 132: SME Sample Profile: Region

	% Weighted Sample	# Weighted Sample	# Achieved Sample
North East England	3 (3)	15 (15)	17 (16)
North West England	10 (10)	51 (51)	34 (38)
Yorkshire and the Humber	7 (7)	38 (38)	15 (18)
East Midlands	7 (7)	35 (35)	18 (16)
West Midlands	8 (8)	41 (41)	17 (16)
East England	10 (10)	50 (50)	49 (51)
London	16 (16)	80 (80)	44 (44)
South East England	15 (15)	76 (76)	36 (35)
South West England	9 (9)	46 (46)	25 (21)
Net: England	86 (86)	431 (431)	255 (255)
Wales	4 (4)	21 (21)	83 (80)
Scotland	7 (7)	37 (37)	81 (80)
Northern Ireland	3 (3)	13 (13)	83 (87)

Source: Source: SME Survey 2 and (SME Survey 1). S9b In which of these regions are you personally based for work? Base (unweighted): Total Sample n=502

Figure 133: SME Sample Profile: Firmographics 1

	% Weighted Sample	# Weighted Sample	# Achieved Sample
NUMBER OF EMPLOYEES			
1-4	80 (79)	398 (398)	201 (200)
5 - 9	11 (11)	54 (54)	100 (102)
10 - 49	9 (9)	43 (43)	101 (100)
50 - 249	1 (1)	7 (7)	100 (100)
TURNOVER:			
Up to £100k	45 (52)	221 (259)	131 (156)
£100k-£500k	32 (26)	161 (129)	137 (123)
£500k-£3m	11 (11)	55 (54)	99 (103)
£3m-£10m	3 (2)	12 (9)	44 (41)
£10m+	0 (0)	3 (3)	32 (30)
Don't know/refused	10 (9)	49 (47)	59 (49)

Source: SME Survey 2 and (SME Survey 1). S6a Including yourself, how many people does your organisation currently employ in the UK either full or part time? C1 Which of the following bands best describes your organisation's turnover for the last financial year? Base (unweighted): Total Sample n=502

Figure 134: Sample Profile: Firmographics 2

	% Weighted Sample	# Weighted Sample	# Achieved Sample
SECTOR:			
Retail	16 (13)	80 (67)	84 (64)
Construction	14 (12)	71 (59)	59 (61)
Wholesale/Transport/Comms	12 (12)	62 (61)	75 (61)
Manufacturing	9 (8)	45 (39)	45 (38)
Public admin and services	7 (11)	35 (54)	53 (72)
Primary industry	4 (4)	20 (19)	21 (20)
Financial services	4 (4)	18 (18)	16 (21)
Other services	30 (31)	149 (157)	126 (138)
Other	4 (5)	22 (26)	23 (27)
YEARS TRADING:			
Under 2 yrs	2 (0)	11 (1)	9 (5)
2 - 5 yrs	3 (5)	16 (24)	18 (23)
6 - 9 yrs	10 (11)	52 (57)	33 (41)
10 - 19 yrs	28 (31)	141 (155)	119 (134)
20+ yrs	56 (52)	282 (263)	323 (298)

Source: SME Survey 2 and (SME Survey 1). QS5 Industry Sector (from sample), QS7 How long has your organisation been trading? Base (unweighted): Total Sample n=502



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