

**Business use of mobile telephony
Oftel small and medium business survey**

**Q9 May 2002
Published 29 July 2002**

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Chapter 1

Introduction

1.1 This report provides an overview of the key findings of business behaviour in the mobile telecoms market, taken from the ninth wave of Of tel's quarterly business survey, conducted in May 2002 amongst 810 UK businesses. The results are subject to an error margin of about 2-4%, this is slightly higher amongst smaller subgroups. Results referred to as 'significantly' different, have been tested at the 95% level of confidence, please see footnote for further sample details¹.

1.2 Quotas and weighting were applied to small and medium businesses separately so that the sample was representative of SMEs (Small and Medium Enterprises) in the UK in terms of business size, industry sector and region.

1.3 The survey was conducted on behalf of Of tel by Continental Research during May 2002. This report has been prepared by Continental Research based on the results of the survey²

1.4 The report covers:

- number of mobiles used, and mobile telecoms spend;
- service providers and packages used;
- switching network and number portability;
- satisfaction with mobile service;
- text messaging.

1.5 A copy of the questions is attached in Annex 1. Topics to be researched each quarter are requested by Of tel project teams, and results feed into current investigations and reviews in individual market areas.

¹ The survey was conducted amongst a representative sample of small and medium enterprises (SMEs) in the UK, reflecting the UK profile in terms of business size, sector and region. As small businesses (1-50 employees) make up around 97% of businesses in the UK, medium businesses (51-250 employees) were over-sampled in the survey to produce a sufficiently robust sample to allow analysis of the results among medium businesses. The combined results were re-weighted to be representative of UK SMEs as a whole (97% small businesses; 3% medium businesses), consequently the results for small businesses closely resemble those for SMEs as a whole. The error margin for this survey of 810 businesses is about 2-4%, but is higher amongst small subgroups. Results referred to as 'significantly' different, have been tested at the 95% level of confidence and hence are outside of the error margins and therefore can be considered real changes. All data shown is weighted data. Unweighted base sizes are shown on charts and tables to show the number of businesses who were asked the question.

² The report should not be seen as recommended best buys and should not therefore be relied upon when making purchase decisions. Of tel has conducted its own checks on the data in this report and whilst we consider it to be correct, Of tel accepts no liability in respect of any of the results provided to it by Continental or any decisions taken by any person in reliance on the report.

Chapter 2

Summary findings

Headline figures

- 57% of all businesses have a mobile phone
- £155 spent on mobile services per month by small businesses with mobiles
- £1,295 spent on mobile services per month by medium businesses with mobiles
- equates to £16 per month spent on mobile services per employee amongst all SMEs with mobiles
- 94% satisfied with overall mobile service

Mobile ownership has remained around 60% over the last year

2.1 57% of businesses currently own at least one mobile phone, a significant fall on last quarter – we will be investigating this in subsequent surveys. The fall appears to have been driven by small businesses where penetration has fallen from 61% in February to its current 56%.

Number of mobile phones per business stabilises

2.2 Small businesses currently own an average four mobile phones and medium sized businesses own an average 19. These figures are broadly similar to February 2002 where the figures were four and 22 respectively. This stability comes after the number of mobiles per business increased from May 2001 through to February 2002.

UK SME average monthly spend stabilised at around £200

2.3 Small businesses are spending £155 per month on average for mobile telecoms services, and medium sized businesses are averaging £1,281 per month, slight rises from February 2002 (£138 and £1581 respectively). Overall amongst UK SMEs average spend is £201 and has remained around this level since August 2001, apart from a slight dip in November (£159).

Increase in the number of businesses switching network and continued improvement in use of mobile number portability

2.4 34% of businesses have ever switched mobile network/service provider. This is an increase from 29% in February 2002. 39% of those that switched since the introduction of mobile number portability (three years ago) retained all their numbers compared to 75% that switched within the last 12 months indicating a significant improvement in use of number portability over time.

Satisfaction with overall mobile service remains stable at 94%

2.5 Currently 94% of UK SMEs are satisfied with their overall mobile service – the same figure as for February 2002. Small businesses are more satisfied than medium businesses with the various cost aspects of mobile services, however small businesses are less satisfied than medium businesses with network coverage, congestion and dropped calls.

Few businesses have any policies on text message use or have negotiated a deal on text message costs

2.6 Only 3% of companies have any policy regarding texting employees on company mobiles. Similarly only 3% have negotiated a special deal with their mobile supplier on the cost of text message services.

High satisfaction with the speed and reliability of text message delivery

2.7 97% of businesses are satisfied with the speed and reliability of text message delivery. Satisfaction with the cost of sending a text message at 84% is significantly higher than satisfaction with call costs from a mobile (77%).

Chapter 3

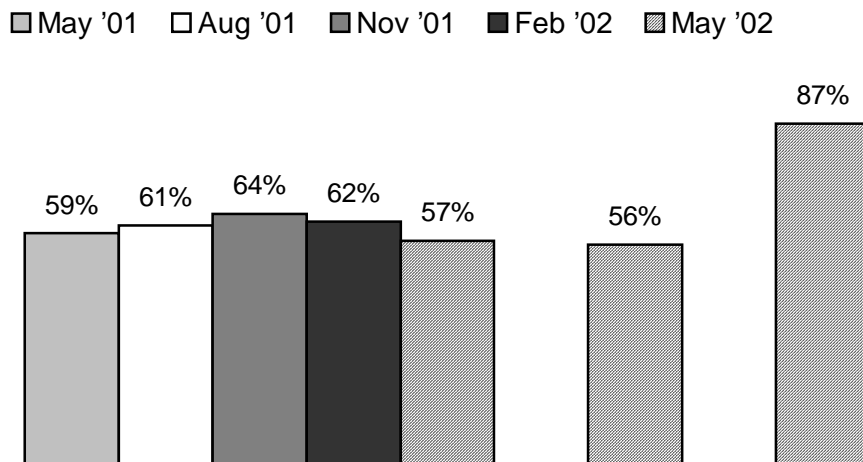
Main findings

Business use of mobile telephony

Ownership of mobiles

3.1 Currently 57% of all UK businesses own at least one mobile phone, this is a significant fall from last quarter. We will be investigating this in subsequent surveys. The fall appears to be mainly driven by small businesses where mobile penetration has fallen from 61% in February to 56% whilst ownership amongst medium businesses has increased from 78% to 87%.

Figure 3a: % UK SME businesses with mobiles
Base: UK SME businesses, May '02 (Base: small – 502, medium – 308)



3.2 On average UK small businesses with mobiles currently have four mobile phones while medium sized businesses with mobiles have 19, as shown in the table below. It appears that the number of mobiles per business has stabilised in 2002 after increasing through 2001 from two mobiles per small business and 15 mobiles per medium sized business in May 2001. Spend per mobile is covered later in this section.

Figure 3b: Average number of mobile phones amongst UK SME businesses
Base: UK SME businesses with mobile phones

	May '01 (Base: 556)	Aug '01 (Base: 587)	Nov '01 (Base: 591)	Feb '02 (Base: 549)	May '02 (Base: 567)
Small businesses	2	2	3	4	4
Medium sized businesses	15	1	Small businesses	Medium-sized businesses	19

Use of service providers and mobile packages

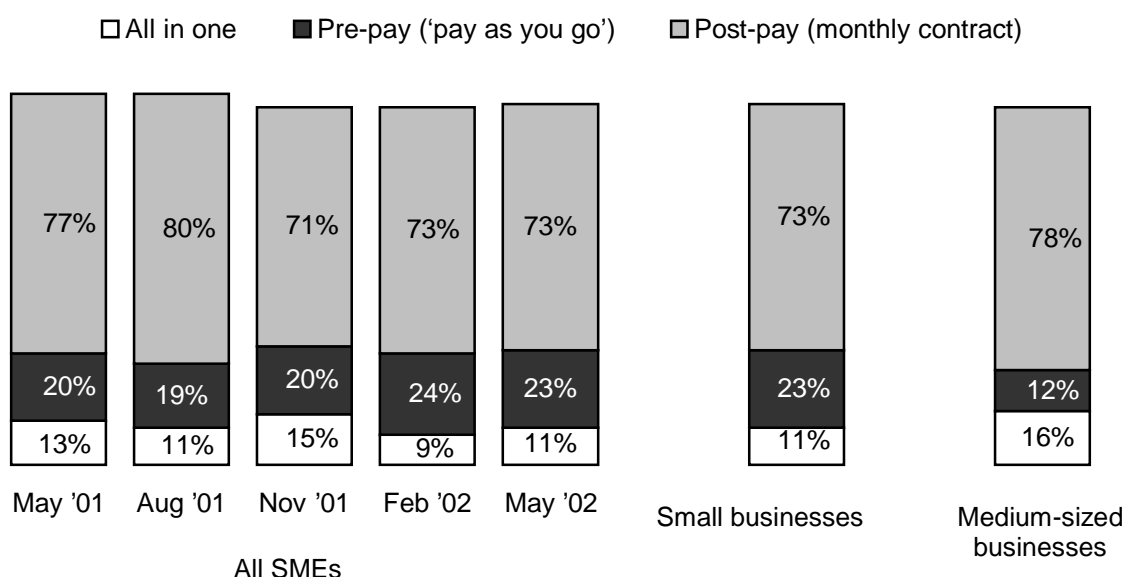
3.3 Monthly contract (post-pay) packages remain most popular amongst businesses. Currently almost three-quarters (73%) of UK SMEs with mobiles are using a post-pay package. This figure is unchanged from February 2002.

3.4 Small businesses are more likely to use pre-pay packages (23%) than medium sized businesses (12%). Whilst the proportion of small businesses with a post-pay monthly contract stayed constant at 73%, the equivalent figure for medium businesses fell from 86% in February 2002 to 78% in May 2002. Some totals add to more than 100% as some businesses were using more than one type of package.

Figure 3c: Use of mobile packages by UK SME businesses

Base: UK SME businesses with mobiles, May '02 (Base: small – 298, medium – 269)

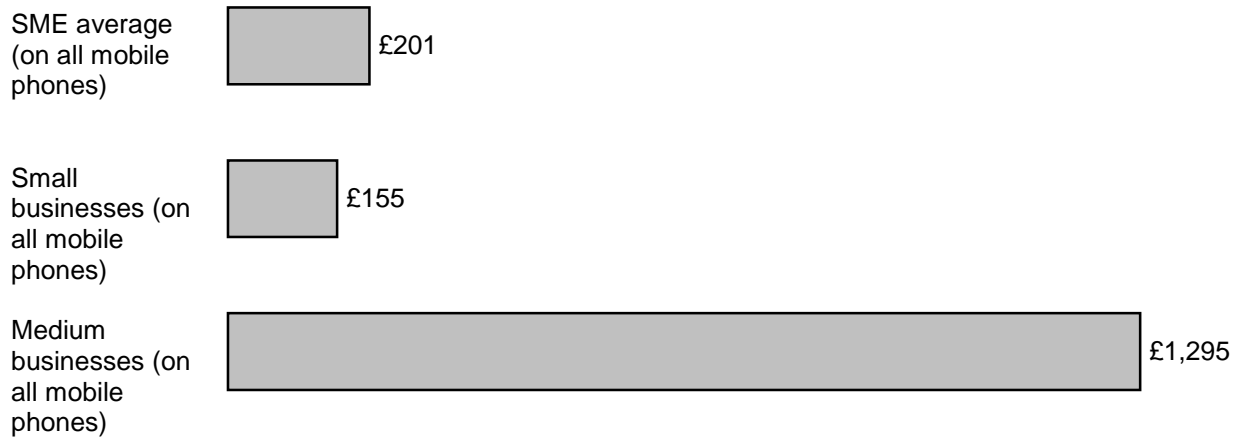
NB packages used total more than 100% as some businesses using more than one type of package



Business spend on mobile telecoms

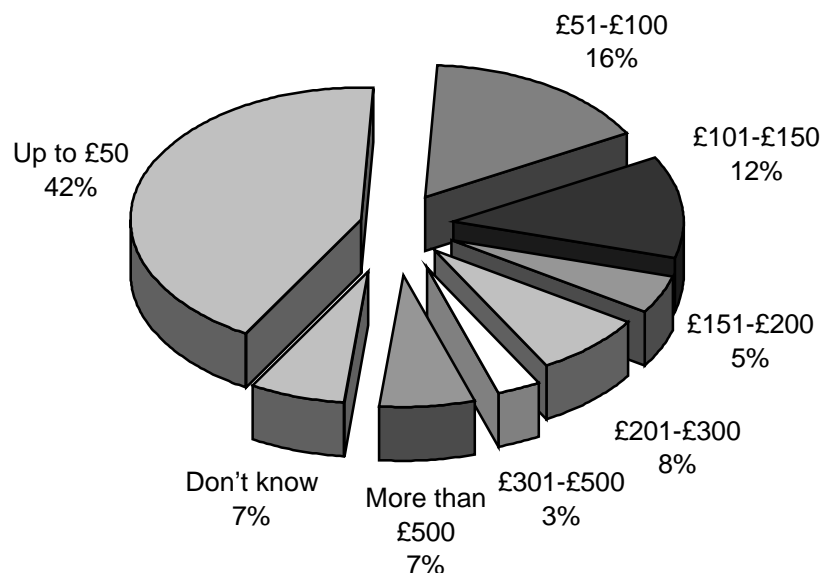
3.5 Average monthly spend amongst UK SMEs appears to have stabilised at around £200 following a slight dip in November 2001 (£159), as shown in figure 3d. Small businesses are currently spending £155 per month on mobile services compared to an average £1,295 spent by medium sized businesses.

Figure 3d: Average monthly business spend on mobile telecoms services
Base: UK SME businesses with mobiles, May '02 (Base: 567), 'don't knows'
have been excluded



3.6 Most businesses actually spend less than these averages (58% spend up to £100 per month – shown in figure 3e) as they are inflated by a small number of higher spenders (7% spending more than £500 per month). In comparison, fixed monthly spend is currently £397 (£324 amongst small businesses and £2,874 amongst medium sized businesses).

Figure 3e: Proportion of monthly spend on mobile services



Base: UK SME businesses with mobiles, May '02 (Base: 567)

3.7 Spend varies according to the type of package used, those using pre-pay packages spend on average less than half as much per month (£93) as those using monthly contract packages (£217).

3.8 Figure 3f compares small and medium businesses average spend per phone. Medium businesses still spend more per mobile than small businesses – £68 and £40 respectively. Amongst medium businesses the average monthly spend per mobile fell from £91 in May '01 and has remained stable at around £70 for the last three quarters.

3.9 Average spend per employee currently stands at £21 for small businesses and £11 for medium businesses. There has been very little change in these figures in recent quarters.

Figure 3f: Average monthly spend on mobile telecoms services per mobile and employee

Base: UK SME businesses with mobiles

Average spend per mobile	Aug '01 (Base: 587)	Nov '01 (Base: 591)	Feb '02 (Base: 549)	May '02 (Base: 567)
All SMEs	£46	£40	£45	£44
Small businesses	£41	£35	£40	£40
Medium businesses	£75	£69	£72	£68
Average spend per employee				
All SMEs	£16	£14	£17	£16
Small businesses	£20	£16	£20	£21
Medium businesses	£13	£12	£14	£11

Chapter 4

Switching mobile networks and number portability

4.1 Over one third (34%) of all UK businesses with mobile phones have ever switched network, this is an increase from 26% in August 2001 and 29% in February 2002. This growth in the proportion of those ever switching network is caused by the proportion switching network in the last 12 months increasing to 16% (compared with 11% in February 2002). The number switching over a year ago remained steady at 18%.

4.2 It is possible that the increase may be an indication of confusion amongst businesses in relation to switching network and the recent rebranding of O2 (formally BTCellnet) and T-mobile (formally One2One). We will continue to monitor consumers switching behaviour in subsequent quarters.

4.3 Medium sized businesses remain more likely to switch mobile network or service provider than small businesses (45% and 38% respectively). However much of the recent increase in switching network comes from small businesses. In February 2002, 44% of medium and 28% of small businesses had ever switched network.

4.4 Mobile number portability was introduced three years ago. two in five (39%) of those businesses who have switched since then retained all of their numbers. This figure rises amongst those businesses that switched more recently – three-quarters of businesses that switched mobile network or service provider within the last 12 months kept all their numbers.

4.5 Overall, the proportion of businesses retaining all their numbers when switching has increased significantly since August '01. There is little difference between the proportion switching and porting in relation to business size – 61% of medium businesses retained their numbers compared to 57% of small businesses.

Figure 4a: % UK SME businesses that kept numbers when switching networks
Base: UK SME businesses with mobiles that switched their supplier, May '02
(Base: 232)

	Total			Switched in last 12 months	Switched since portability
	Aug '01	Feb '02	May '02	May '02	May '02
Kept all numbers	39%	53%	57%	75%	39%
Kept some numbers, changed some	11%	9%	10%	7%	9%
Changed all numbers, kept none	50%	38%	33%	17%	53%

4.6 Around two in five of those who switched since portability and changed number had in fact asked to retain their original numbers however, the base size for this group is fairly small so caution should be applied.

4.7 The main reasons given by those not retaining *all* of their numbers when switching since portability became available were the business actually wanting new numbers or being unconcerned about having new numbers.

Chapter 5

Satisfaction with mobile telecoms service

5.1 Figure 5a shows businesses' satisfaction with a range of aspects of mobile service. Overall satisfaction with mobile telecoms services has remained steady at 94%. Overall satisfaction levels for small and medium businesses are almost identical at 94% and 93% respectively.

5.2 86% of UK businesses with mobiles are satisfied with value for money and 87% are satisfied with their ability to access the network (ie. lack of congestion). Fewer (74%) are satisfied with the incidence of dropped calls (ie. being cut off mid-call), and the cost to others calling your mobile (67%). The cost of off-net calls remains the least satisfactory cost aspect of mobile usage amongst businesses with mobiles with 53% satisfied.

Figure 5a: % UK SME businesses satisfied with various aspects of their mobile service

Base: UK SME businesses with mobiles, 'don't knows' have been excluded

	All SMEs				
	May '01 (Base: 556)	Aug '01 (Base: 587)	Nov '01 (Base: 591)	Feb '02 (Base: 549)	May '02 (Base: 567)
Overall service	95%	94%	88%	94%	94%
Overall value for money	88%	81%	82%	83%	86%
Call costs (from mobiles)	82%	76%	76%	77%	77%
Off-net call costs	59%	51%	55%	49%	53%
Cost to others calling your mobile	71%	68%	63%	66%	67%
Network coverage	85%	81%	78%	81%	86%
Network congestion	89%	87%	89%	91%	87%
Dropped calls	75%	68%	68%	69%	74%

5.3 Figure 5b shows that small businesses are more satisfied than medium businesses with aspects related to cost (overall value for money, call costs (from mobiles), off-net call costs, costs to others calling your mobile). Medium sized businesses are more satisfied than small businesses with network coverage, congestion and the number of dropped calls.

Figure 5b: % UK SME businesses satisfied with various aspects of their mobile service

Base: UK SME businesses with mobiles, 'don't knows' have been excluded

	All SMEs	Small	Medium
	May '02 (Base: 567)	May '02 (Base: 298)	May '02 (Base: 269)
Overall service	94%	94%	93%
Overall value for money	86%	86%	81%
Call costs (from mobiles)	77%	77%	73%
Off-net call costs	53%	53%	46%
Cost to others calling your mobile	67%	67%	63%
Network coverage	86%	86%	93%
Network congestion	87%	87%	91%
Dropped calls	74%	73%	82%

5.4 The individual measures are not meant to 'total' overall satisfaction as there are likely to be many other factors which are not included in this survey which businesses consider important in contributing to their overall satisfaction with their mobile service.

Chapter 6

Text messaging

6.1 Currently 3% of all SME businesses with mobiles have any policies with regard to sending text messages to communicate with employees on company mobiles. Medium sized businesses are more likely to have a policy regarding texting employees than small businesses – the figures being 11% and 3% respectively.

6.2 About half³ of these policies discouraged the use of text messages, compared with around a quarter, encouraging texting. Some of the reasons to discourage texting were to save money and time and prevent frivolous usage of text messages.

6.3 3% of all SME businesses with mobiles have negotiated any special deal with their mobile supplier on the cost of text message services, amongst medium businesses the figure is 5% and amongst small businesses 3%.

Satisfaction with various aspects of text messaging

6.4 As shown in figure 6a there are only very slight differences in attitudes between small and medium businesses with regard to satisfaction with the various aspects of texting.

Figure 6a: % UK SME businesses satisfied with various aspects of their text messaging service

Base: UK SME businesses with mobiles, 'don't knows' have been excluded

	All SMEs	Small	Medium
	May '02 (Base: 567)	May '02 (Base: 298)	May '02 (Base: 269)
The cost of sending a text message	84%	84%	83%
Overall value for money of text message services	85%	86%	84%
The speed of text message delivery	97%	97%	95%
The reliability of text message delivery	97%	97%	95%

6.5 Satisfaction with the speed and reliability of text message delivery is highest – at 97% for both measures. 85% satisfaction with the overall value for money of text message services compares with 86% satisfaction with the overall value for money of mobile services as a whole (see figure 5a). Satisfaction with the cost of sending a text message at 84% is significantly higher than the 77% satisfaction level with call costs from mobile phones (see figure 5a).

³ Please note that the base size of companies with policies regarding sending text messages to communicate with employees is only 42. Results should therefore be viewed with caution.

6.6 The individual measures are not meant to 'total' overall satisfaction with text messaging services as there are likely to be many other factors which are not included in this survey which businesses consider important in contributing to their overall satisfaction with their text messaging service.

Annex 1

Q9 business questions on mobile telephony

Q1 Does your company own any mobile phones which are currently connected to a network?

Q2 How many mobile phones which are currently connected does your company own?

Q3 And thinking just about your company's mobile phones, what is the approximate monthly mobile telecoms bill for your business. Please include all subscription and call costs and VAT.

Q4 Which of the following best describes the mobile phone packages your company uses?

- Pre-paid (ie after paying a one-off fee for the phone, top up is bought as and when required)
- Monthly subscription contract (ie line rental and call charges are paid each month)
- All in one package (ie line rental paid in advance and calls either billed monthly or paid by call vouchers)

Q5 Are you satisfied with the mobile phone service and service supplier you use on the following attributes?

- Overall mobile phone service
- Value for money of overall package
- Overall cost of calls from your mobiles
- Amount it costs for others to call your mobiles
- Network coverage
- Dropped calls ie cut off in middle of call
- Congestion ie ability to access the network
- The cost of calling other mobile networks

Q6 Have you changed your mobile phone network or service provider? Was this in the last 12 months, 1-3 years ago, or more than three years ago?

- Yes in last 12 months
 - Yes 1-3 years ago
 - Yes more than three years ago
 - No never changed supplier
 - Don't know
-

Q7 When you changed mobile phone network or service provider did you keep all the same mobile phone numbers that you had with your old supplier?

- Yes all
- Not all but some
- No none

Q8 Did you ask to keep your original number(s)?

- Yes
- No
- Don't know

Q9 Why did you change your mobile phone numbers?

Q10 Does your company have any policies with regard to sending text messages to communicate with employees on company mobiles?

- Yes
- No
- Don't know

Q11 Does this policy encourage usage of text messages over voice, or discourage use of text messages over voice?

- Encourage
- Discourage
- Neither
- Other

Q12 Why does your company have this policy?

Q13 Has your company negotiated any special deals with your mobile supplier on the costs of text message services?

- Yes
- No
- Don't know

Q14 Are you satisfied with the text message service you use on the following attributes?

- The cost of sending a text message
 - Overall value for money of text message services
 - The speed of text message delivery
 - The reliability of text message delivery
-