

Internet Usage

- Internet usage remained relatively stable throughout 2004 and we expect this to remain the case throughout 2005. Home Internet penetration levels are currently at 36%. This is within the margin of error for current internet penetration as reported by the CSO in Q404 of 38.2%
- It should be noted that internet penetration in this wave was queried only of those who had a PC within the home.
- Home connection to broadband has also increased substantially from the previous quarter and correspondingly standard telephone line/regular dial-up has decreased from the last wave suggesting migration in the marketplace is taking place and Internet penetration may be coming to a saturation point in the Irish market.

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Comment: This is unacceptable, sly and devious misinformation about one of the most alarming survey results.

ComReg has consistently mislead the public and decision makers about the frightening low level of home internet penetration by publishing deliberately skewed data, in breach of OECD recommendations. See snippet from ComReg's website and press release, where ComReg announced an almost 50% home Internet penetration one year ago.

Since they had to abandon this strategy of outright lie, they try to hide the explosive fact that we have a devastatingly low home internet penetration of some 36% in that little sentence: "Internet usage **remained relatively stable** throughout 2004 and we expect this to remain the case throughout 2005."

"..relatively stable"?!?!? This is an alarming situation! With this pathetic level of Internet penetration, brought about by failed regulation, Ireland will not catch up

What's New

ComReg Quaterly Report survey shows home Internet penetration at almost 50%

Tuesday, March 16, 2004

The Commission for Communications Regulation

from second last place in Europe. A regulator who does not understand this, or does not want others to understand, is damaging and should be dealt with. From this low basis of home Internet penetration we cannot grow a sound broadband take-up.

This devastating survey result should be red-flagged and become the prime focus of immediate attention and action.

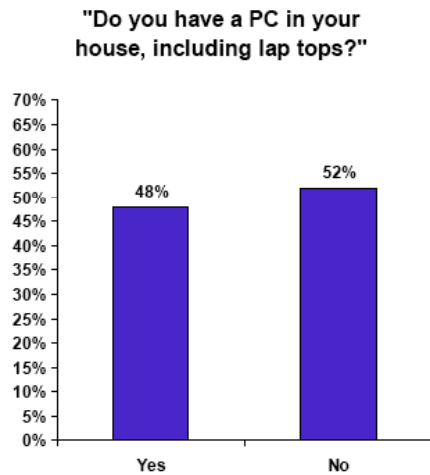
For a regulator, who is under ministerial direction to do all it can to bring Ireland's broadband enduser access and uptake to at least the EU-15 average by June of 2005, to hide this survey result into the small text of this document and hope nobody will notice its implications, is unacceptable.

The Communications Regulator may be independent of the DCMNR, but this can not mean that the DCMNR can allow ComReg to damage and destroy Ireland's Internet future any further.

It is the ludicrous achievement of our regulator that Ireland, as an English-speaking, young and educated country is and remains at second last place in the EU league tables, when it should and could be in the front row.

Don't let you make believe that the privatization of Eircom by the government is the reason for the failure, or the dot-com crash, or the missing cable competition etc. The flawed regulation of ComReg (and ODTR) is the main culprit. An urgent overhaul is necessary.

Household PCs



- Almost half (48%) of Irish households have a PC in their home – of these almost nine out of ten have one PC and one in ten households have over two PC's.
- 78% of ABC1's who have a PC in their homes have Internet Access.
- According to the latest CSO figures (Q4 2004), home Internet penetration currently stands at 46% (this is Internet usage from any location).

29 (n=1015)

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Comment: Public money was used – to publish such nonsense?

“According to the latest CSO figures (Q4 2004), home Internet penetration currently stands at 46% (this is Internet usage from any location).”

That is simply not true! Wishful thinking by our failed Communications Regulator. Home Internet penetration is, as stated on the previous page of ComReg's document, at a dismally low of 36% of households. The CSO does not say otherwise. “Usage from any location”, e.g. from work, college etc has nothing to do with home Internet penetration.

Home Internet Rejecters

Why do you say you won't get the Internet at home?	%
Don't Need it	49%
Already have access from work/college/another location	35%
Too expensive	10%
Lack of skills	9%
Lack of useful content/services	2%
Other	4%
Don't Know	3%

n=44, those not intending to get home Internet access in the future

Note: Small base

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Comment: Public money was used – to publish such nonsense?

On a base of 44 interviewees! What could possibly be gained from such frivolous waste of money for such useless surveys! We don't need to have 0.88 persons of the group (“2%”) telling us that a “Lack of useful content/services” is the hindrance to take up the internet.

Everybody bar the people in ComReg already know for good since a long time that Internet and Broadband is not a demand, but a supply-led issue: Give the people affordable and wide-spread access and the love-affair with the Internet will take its course – deny people affordable access and no amount of demand stimulation etc will make an impact.

For God's sake: Ireland is three years behind the rest of Europe, we only have to look and recognize how they did it! Our ComReg people are stuck in their wrong mind concepts.

Home Internet Connections

The average Internet bill per month (excluding the line rental) is €34.

How does your <u>household</u> connect to the Internet?	Q4 03	Q4 04	Q1 05
Standard telephone line/Regular dial up	84%	73%	63%
ISDN line	7%	8%	15%
ADSL /Broadband connection	2%	6%	16%
Broadband via a Cable modem connection	1%	9%	2%
Through a mobile phone via WAP or GPRS	0%	1%	0%
Other	-	1%	-
Don't know	5%	3%	3%

32 *Base: All those with home Internet access (n=363)*
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Comment: More useless and more worrying figures.

1. The useless part: The fluctuation in the Cable broadband figures makes no sense and should be discounted as a flaw of the survey and discarded.
2. The worrying part: The trend to more ISDN is not a positive one. ISDN is used for dial-up Internet. It is an expensive desperate effort to get some speed benefit by people outside of broadband coverage (that is 40% of the population). Eircom's claim of 80% bb availability, repeated by Comreg(!) is a straightforward misinformation.
3. And more worrying: "The average Internet bill per month (excluding the line rental) is €34." Only 16% of home Internet usage is by means of broadband. The cost for the mostly used home broadband package lies between €29.99 and €39.99. In practical terms even lower, when taking the usual 2-3 month free offer into account.

This means: The dial-up users, still 80% of all Internet users, pay more per month for their dismal Internet access than the broadband users. This is the crux of our regulatory failure: The incumbent makes more from people not being able to avail of broadband. Why should the incumbent then hurry to roll out broadband?

Home Internet Connection Payment Plan

Which one of the following options best describes your <u>home</u> Internet connection payment plan with your main ISP?	Q4 04 %	Q1 05 %
Pay as you go – pay only for time spent online	55%	58%
Pay a monthly subscription cost to your ISP and then pay for time spent online	15%	9%
Broadband flat rate	12%	14%
Dial up flat rate	6%	6%
Don't Know	13%	12%

33 Base: All those with home Internet access (n=363)

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Comment: Two issues here, both are scandalous.

Issue one: Dial up flat-rate is stagnant at 6%. What a shame. Introduction of FRIACO was handled scandalously by ComReg – only belatedly and after a ministerial direction ComReg's limp regulatory effort lead to the introduction of overpriced prepaid minutes packages, whereas Dermot Ahern had demanded the introduction of affordable always on FRIACO! All the hoped for and very necessary effect of using FRIACO to stimulate the poor Irish Internet penetration rate consequently failed to materialise.

Issue two, related to the first issue, but even more scandalous: Still 9% (or over 130 000) of home Internet users are mis-sold a subscription dial-up product. Since mid 2003 these subscriptions are obsolete and should no longer be sold. If an equivalent mis-use happened in the banking area, the financial regulators would cry foul and it would make news headlines. Despite the ODCA investigating the issue and ComReg being informed, nothing happens to protect the Irish Internet user from this unwarranted rip-off. ComReg is implicated in this scandal.

Broadband Consideration

Barriers to the take-up of broadband seem to be demand driven factors i.e. lack of consumer interest or current offerings catering for consumer needs. Further innovative demand driven initiatives and strategies are key to consumers migrating to broadband connections.

Why have you not considered moving to a broadband Internet connection?	%
Would not use the Internet often enough	22%
Current Internet access package sufficient for my needs	17%
Broadband not available in my area	14%
Too expensive	10%
Security concerns	1%
Don't Know/Not my decision	41%

36 Base: those who have not considered moving to broadband (n=279)
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Comment: “Barriers to the take-up of broadband seem to be demand driven factors i.e. lack of consumer interest..” The brass neck of an arrogant and failed regulator: After allowing the Irish incumbent to systematically price the ordinary Irish consumer out of using the Internet, ComReg blames the consumer for not taking up broadband. The figures of this table give no justification for the stupid call for even more demand initiatives.

Internet and Broadband take up are a supply-driven development. As long as our regulator does not understand the basics of the industry we will see no intelligent regulation.

Regulate for widely available and cheap broadband and the Irish consumer will take up Broadband just as the other European consumers have done.