

Quantitative Research Report On Fixed Telephony Market

• Residential Sample •

Report prepared for:
TASC Strategic Consulting

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GENERAL FRAMEWORK AND OBJECTIVES

❑ The Gallup Organization Romania conducted in April 2007 a research to monitor the tendencies in the behavior related to the use of electronic communication services, in order to assess the extent to which the objective to protect the end-users' interest has been achieved through the regulatory activity of ANRC.

❑ The objectives of this research have been to identify:

- End user profile;
- End users' usage habits;
- End users' satisfaction with the quality, tariffs and diversity of services (including price quality proportion and interest in new & innovative services);
- End users' awareness of the quality, tariffs, diversity of services of a competing providers;
- Criteria for choosing a provider (decision making and information used);
- Barriers of switching between providers;
- End users' sensitivity to price
- For non-users – Reasons not to subscribe.

❑ This report presents the fixed telephony market. End-users' investigated segment : residential.

RESEARCH METHODOLOGY – RESIDENTIAL SAMPLE

- **Research target group:** population aged 16 and over, users of fixed telephony services.
- **Survey unit:** household members selected based on Kish grid.
- **Sample size:** 379 respondents – users of fixed telephony services in household, maxim margin error $\pm 5\%$.
- **Sample type:** probabilistic, stratified sample
- **Sampling:** representative sample selected based on two stratification criteria: regional development areas and type of settlement. Regional development areas consist of counties belonging to the same geographic region and having a similar economic and social development level. According to the sampling methodology used by Gallup, 18 such development areas are taken into consideration. There are 6 types of settlements: villages, towns with a population under 50 thousand, towns with a population between 50 and 100 thousand, cities with a population between 100 and 200 thousand, cities with a population over 200 thousand (including Bucharest). The households were selected randomly, the people in the households were selected based on Kish sampling and the selection questionnaire. The urban/rural structure of the sample is in accordance with the structure of fixed telephony users we have obtained in the study conducted in 2006 for ANRC.
- **Field study:** April 16-23, 2007.
- A population representative sample in volume of 546 respondents has been established for this research and, based on its filter, the final sample of fixed telephony users has been obtained.
- The interviews were conducted at the respondents' household, based on a standardized questionnaire applied by the interviewers who received special training for this purpose.

SOCIO-DEMOGRAPHIC PROFILE OF THE SAMPLE

(N=379)

Gender	%
Male	44.6
Female	55.4

Age	%
NA	0.3
16-24	11.9
25-34	13.5
35-44	16.9
45-54	19.3
55-64	18.7
65-74	12.9
75+	6.6

Marital status	%
married	67.3
single	20.1
widowed/divorced	12.7

Education	%
primary / no school	3.7
secondary (5-8 grades)	12.1
crafts school	13.5
10 grades (not graduated high school)	5.3
High school	34.3
Post high school or technical school	12.1
University	19.0

Occupational status	%
NA	0.8
Owner or co-owner of business	3.2
Free lance professional	1.8
Manager	1.6
Engineer, doctor, architect, teacher, economist	10.0
Public administration occupation	3.7
Technician, assistant, school master	6.1
Qualified worker	13.2
Unqualified worker	2.9
Housewife	4.7
On maternity leave	1.1
Retired	38.3
Student / pupil	8.7
Unemployed	1.3
Other	2.6

Household size	%
NA	1.3
1 person	9.5
2 persons	29.6
3 persons	25.9
4 persons	20.1
5+ persons	13.7

Net income per capita	%
NR	15.3
100 RON or less	4.7
101-200 RON	11.1
201-300 RON	16.6
301-400	15.0
401-600 RON	17.4
over 600 RON	19.8

RESEARCH REPORT

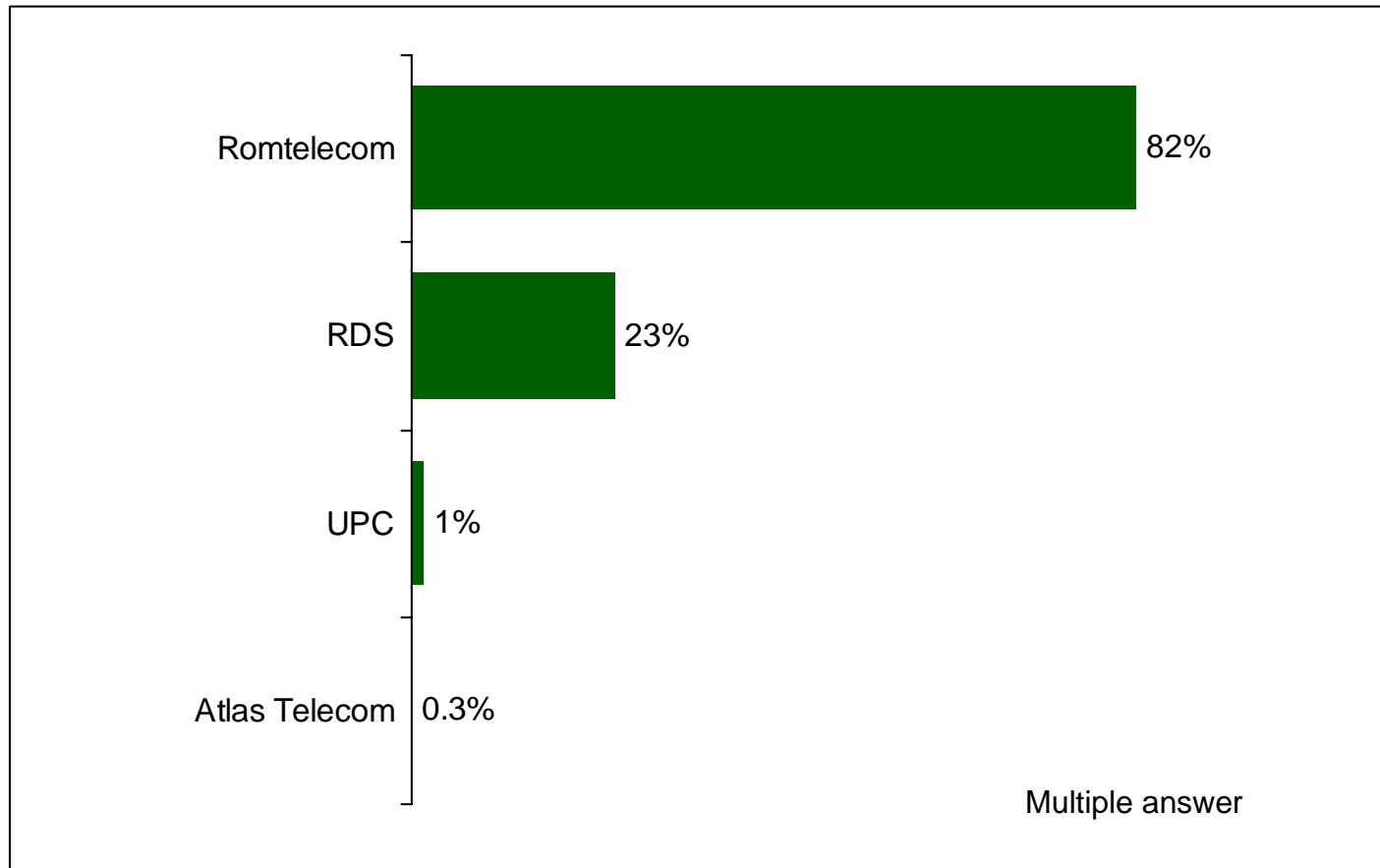
I. End Users Profile

- Used Services and Suppliers**

Fixed Telephony Providers

TF3. What is/are your supplier(s) of fixed telephony services (suppliers that installed a connection line in your household)?

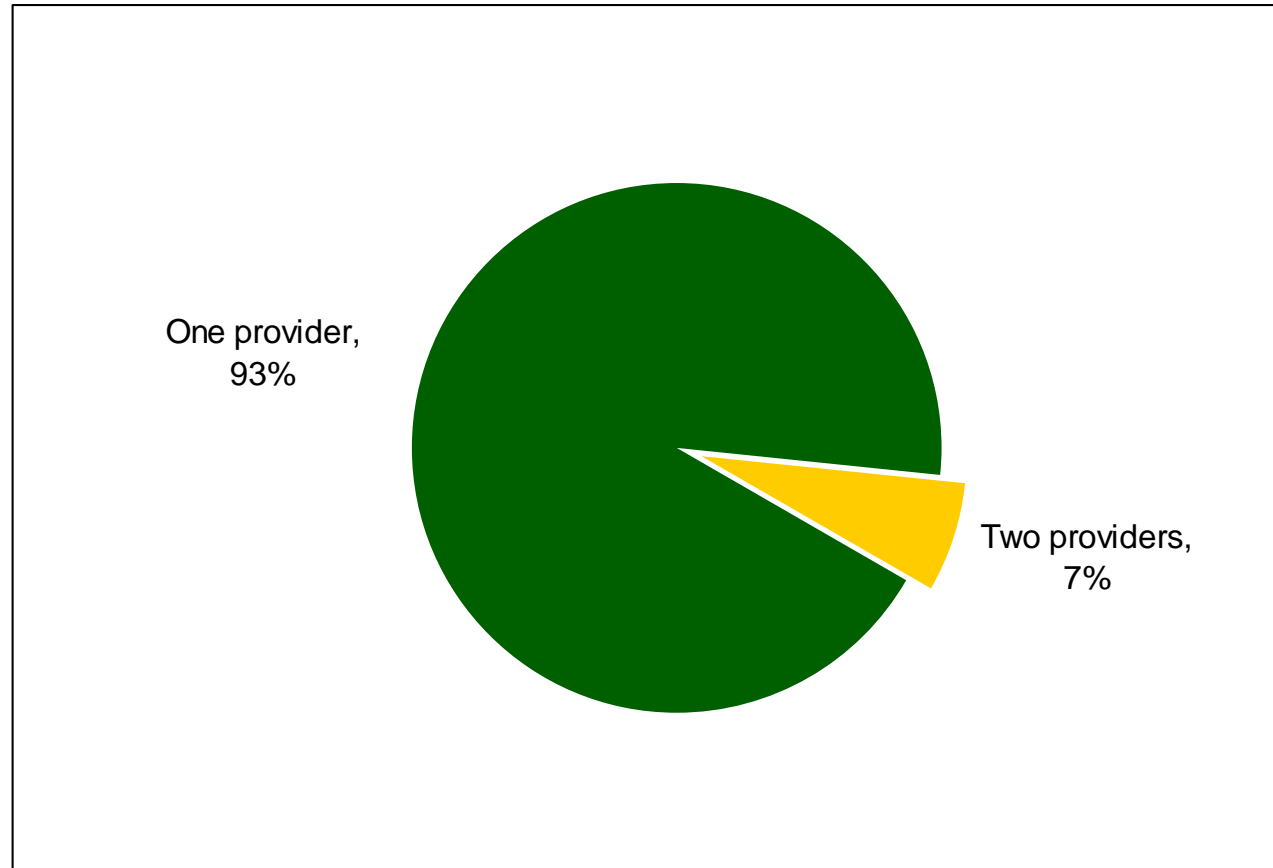
Base: fixed phone users, N = 379



Number of Fixed Telephony Providers

TF3. What is/are your supplier(s) of fixed telephony services (suppliers that installed a connection line in your household)?

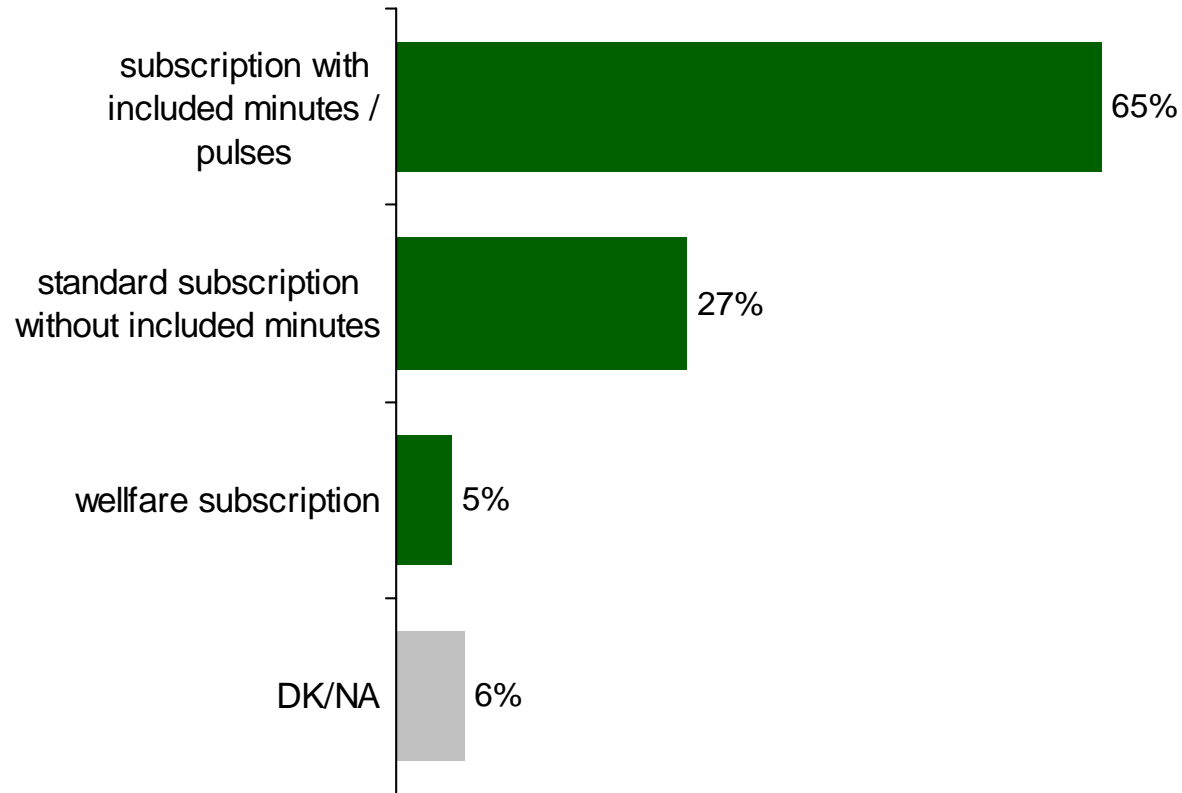
Base: fixed phone users, N = 379



Types of Subscriptions Used

TF4. For each supplier you mentioned, please indicate the type of subscription you have in your household.

Base: fixed phone users, N = 379

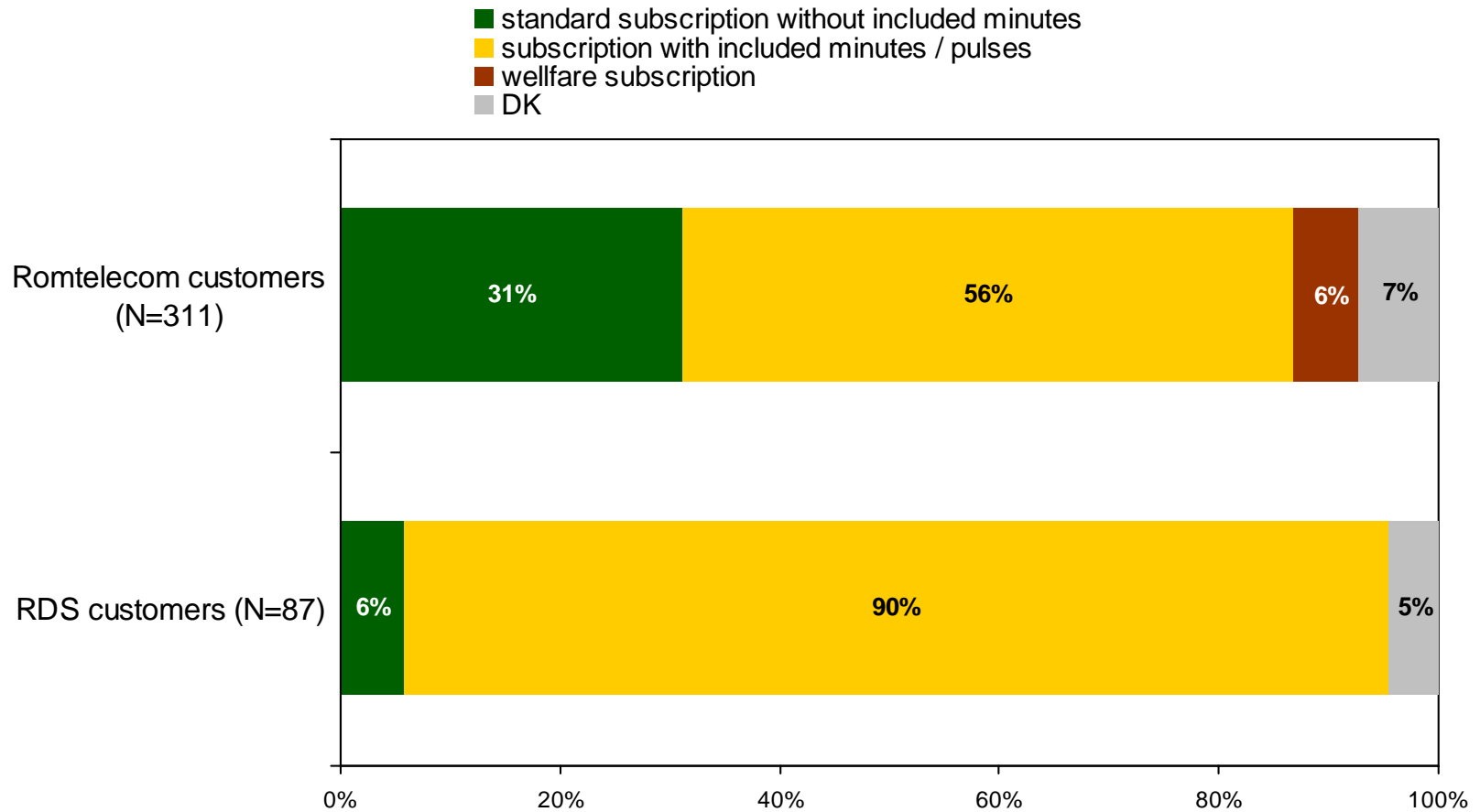


Multiple answer question

Types of Subscription Used from Each Supplier

TF4. For each supplier you mentioned, please indicate the type of subscription you have in your household.

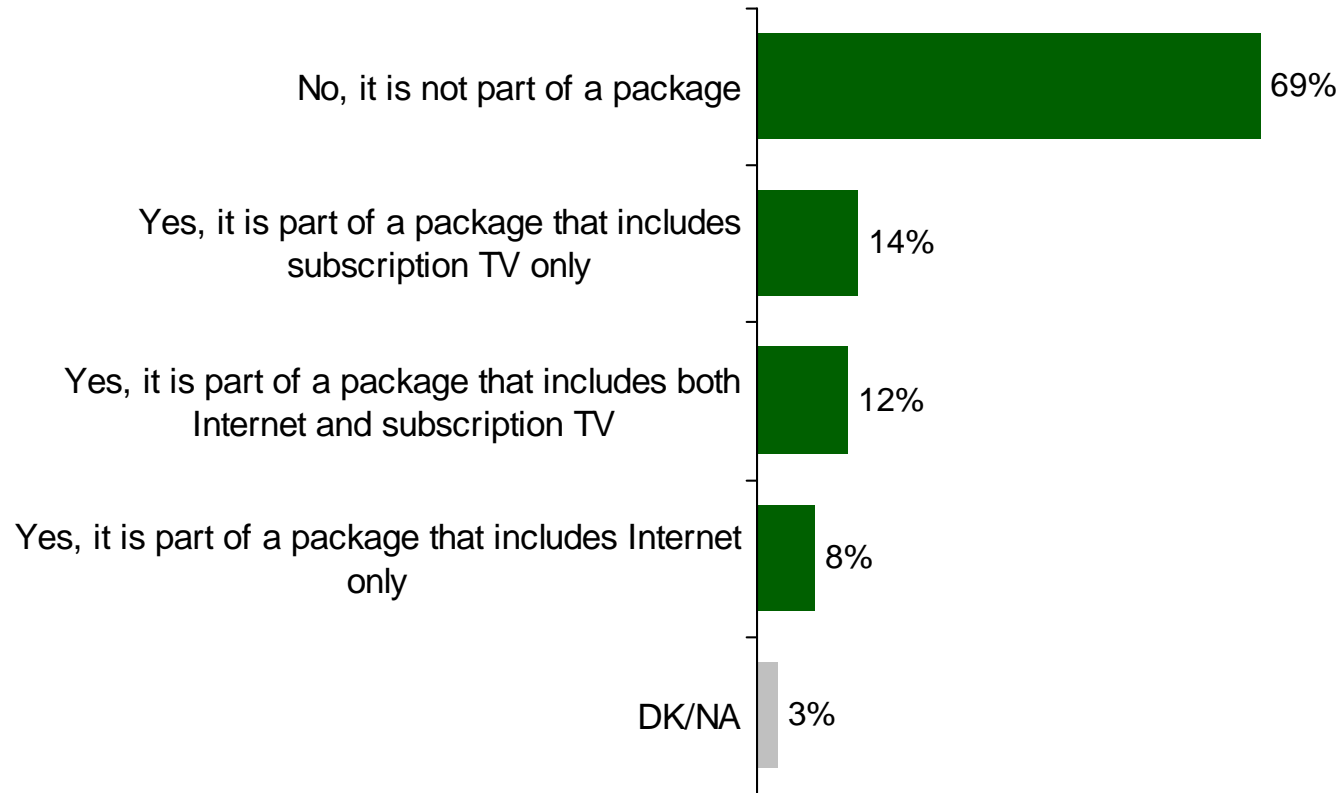
Base: Romtelecom / RDS users



Is Your Subscription a Part of a Package of Services?

TF5. Is your subscription a part of a package of services that includes subscription TV and/or Internet?

Base: fixed phone users, N = 379



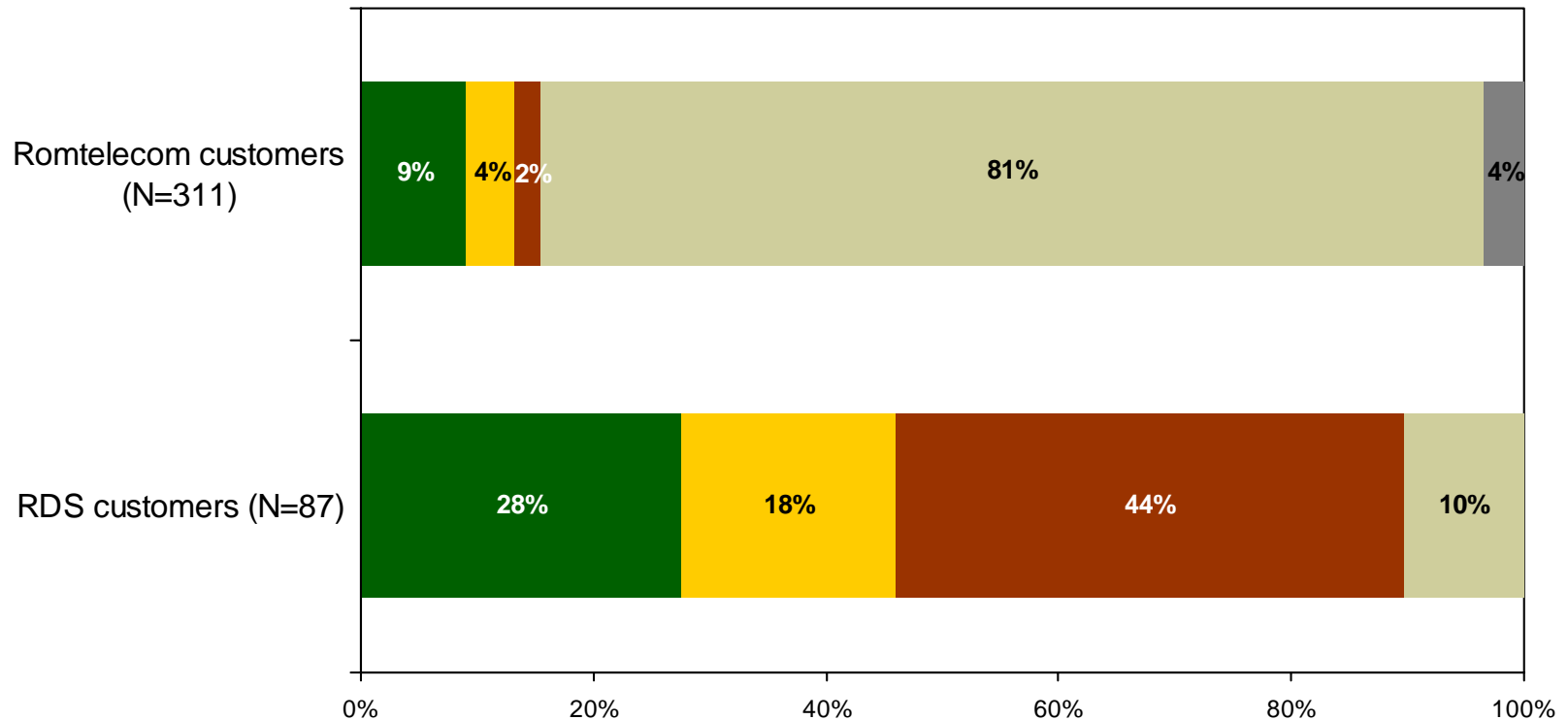
Multiple answer question

Is Your Subscription a Part of a Package of Services?

TF5. Is your subscription a part of a package of services that includes subscription TV and/or Internet?

Base: Romtelecom / RDS users

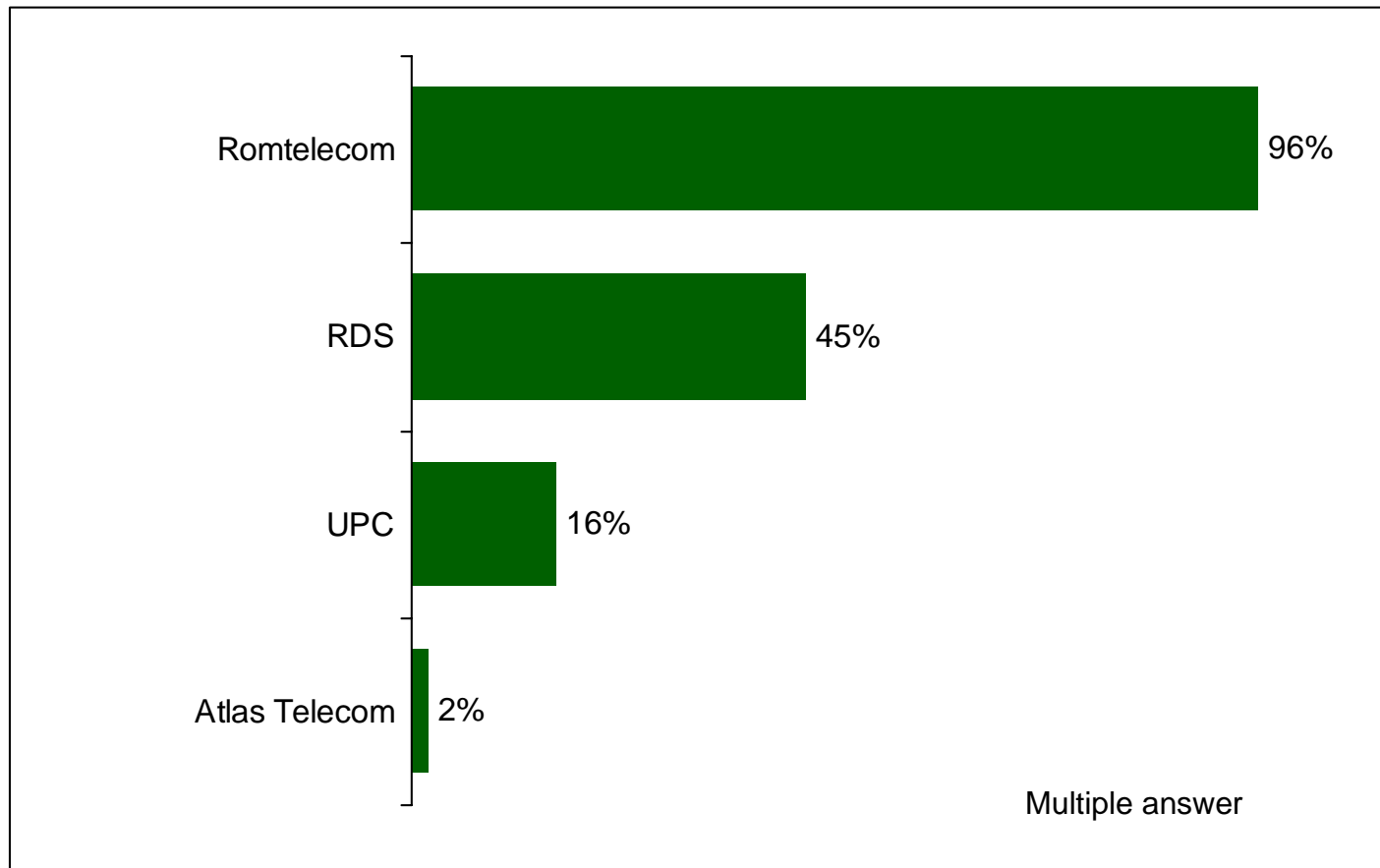
- Yes, it is part of a package that includes subscription TV only
- Yes, it is part of a package that includes Internet only
- Yes, it is part of a package that includes both Internet and subscription TV
- No, it is not part of a package
- DK



Awareness of the Presence of the Fixed Telephony Providers in the Neighborhood

TF5.1. Which of the following fixed telephony services are available in your neighborhood?

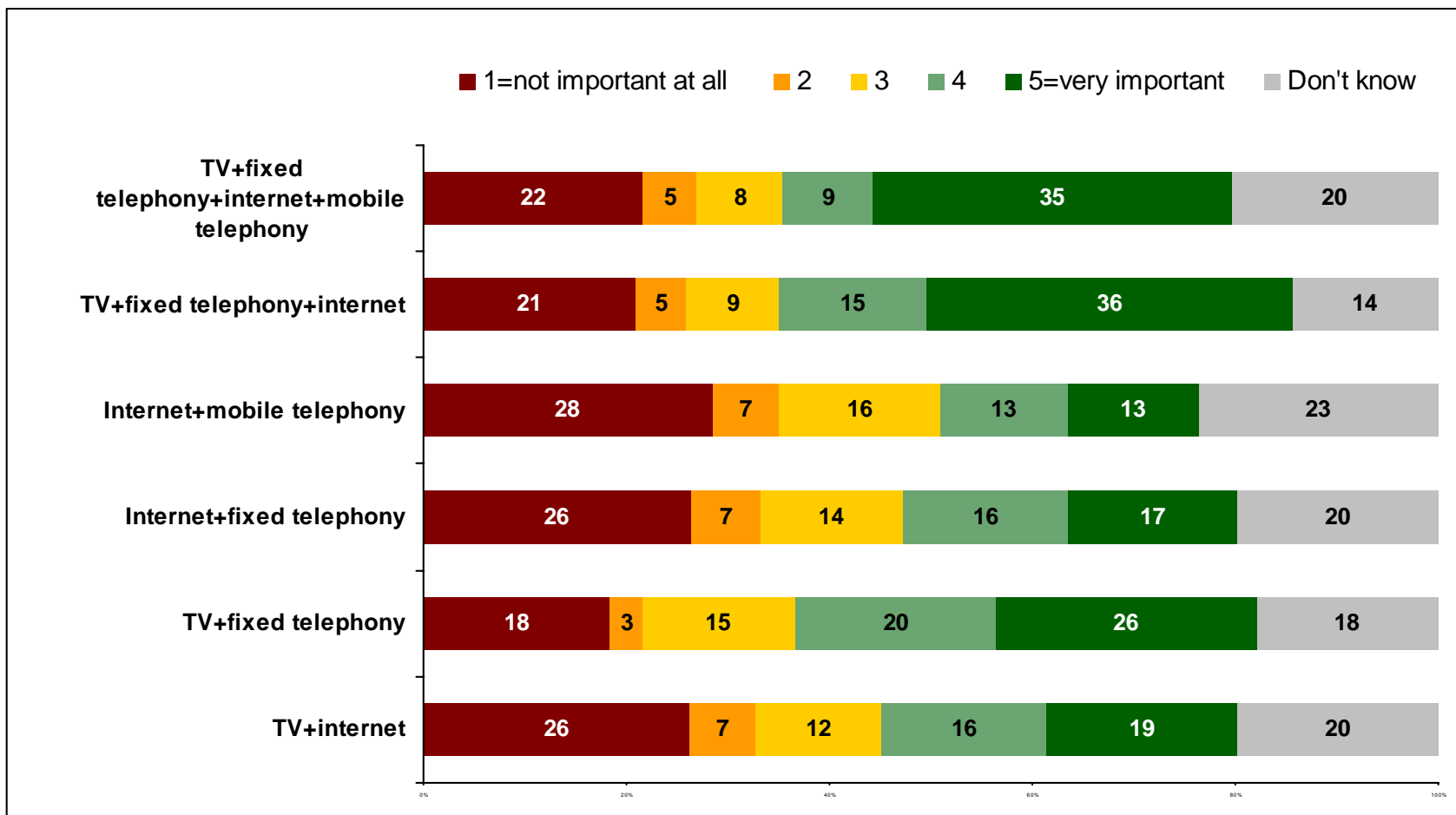
Base: fixed phone users, N = 379



Desired Package

SD10. How important is it for you to receive the following telecom services from one provider:

Base: fixed phone users, N = 379

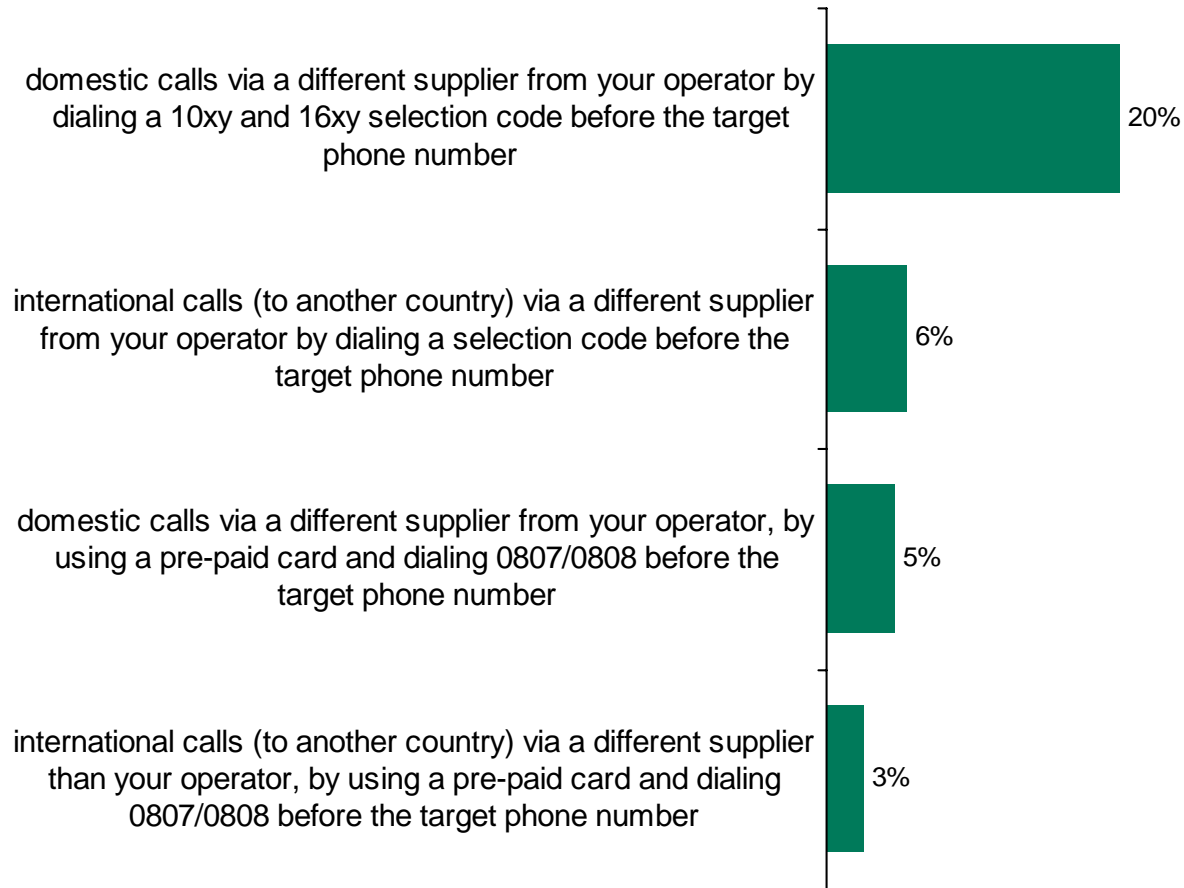


II. Fixed Phone Usage Habits

Usage Levels of the Alternative Fixed Telephony Methods

TF6. Which of these alternatives to make calls do you currently use in your household?

Base: fixed phone users, N = 379

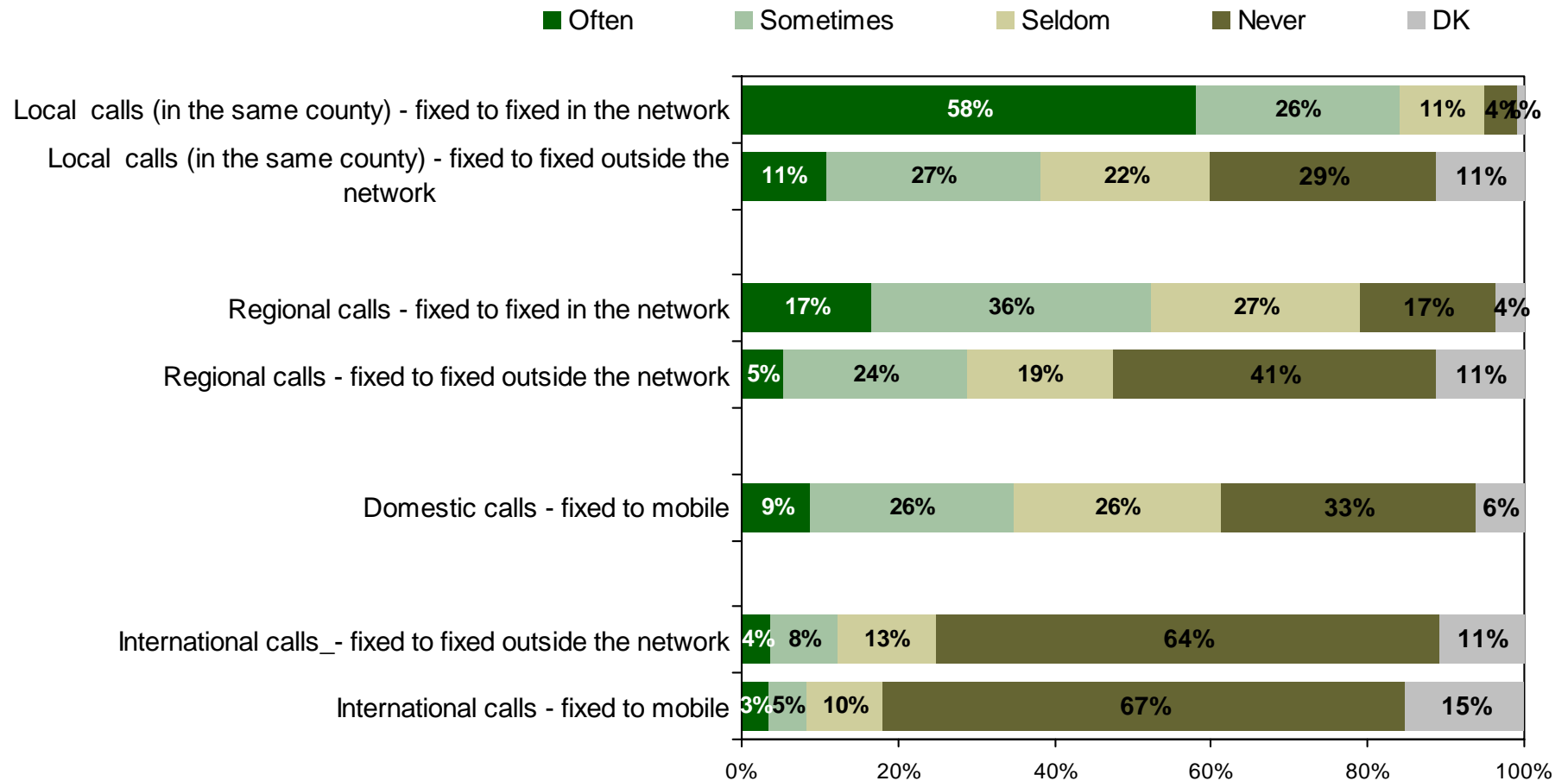


Multiple answer

Frequency of Making the Following Types of Calls

TF7. How often do you personally make the following type of calls from your home fixed line? What about international types of calls?

Base: fixed phone users, N = 379

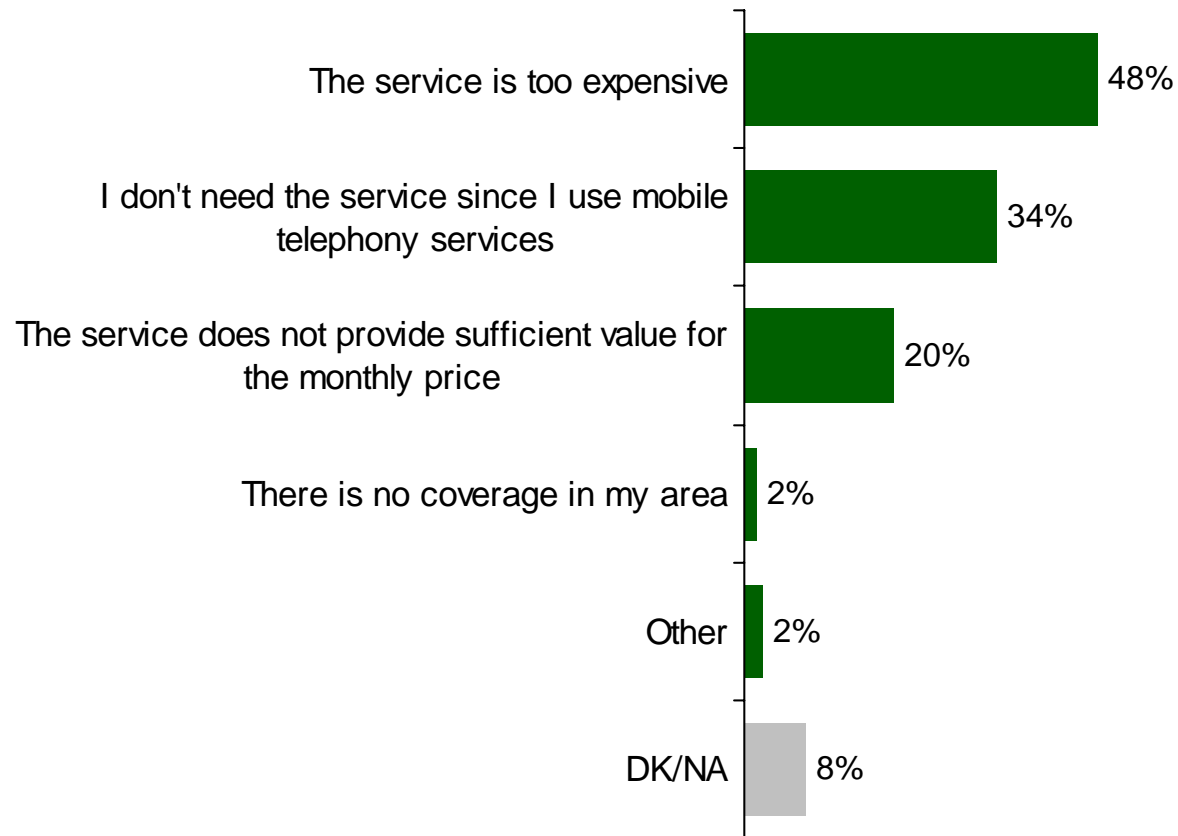


III. Reasons for Not Using Fixed Telephony Services

Reasons for Not Using Fixed Telephony Services

TF2. Why don't you use fixed telephony services?

Base: non-users of fixed telephony services in household, N =167



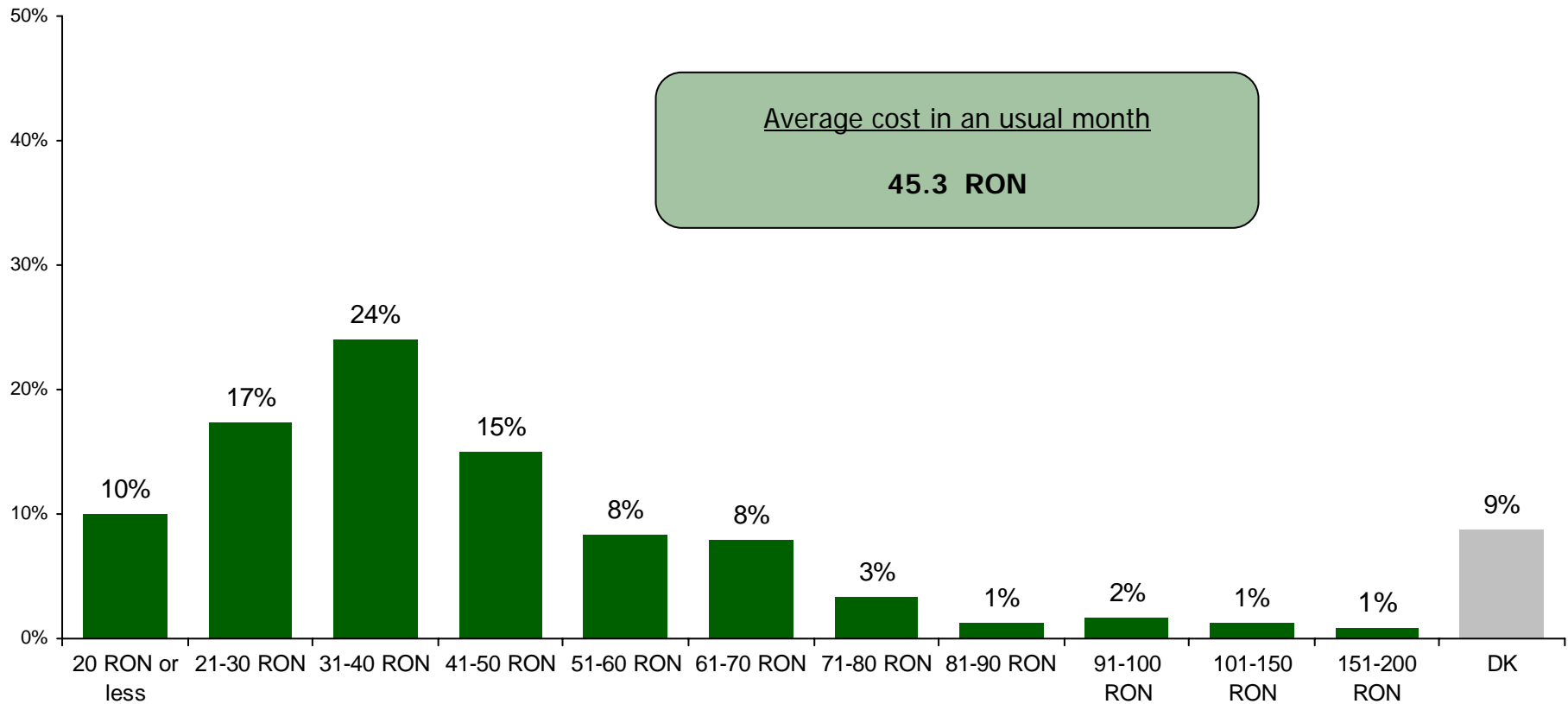
Multiple answer question

IV. Tariffs of Fixed Telephony Services

Total Monthly Costs of Fixed Telephony Services

TF8. How much do you pay for the fixed telephony services used in a regular month?

Base: fixed phone users, N = 379

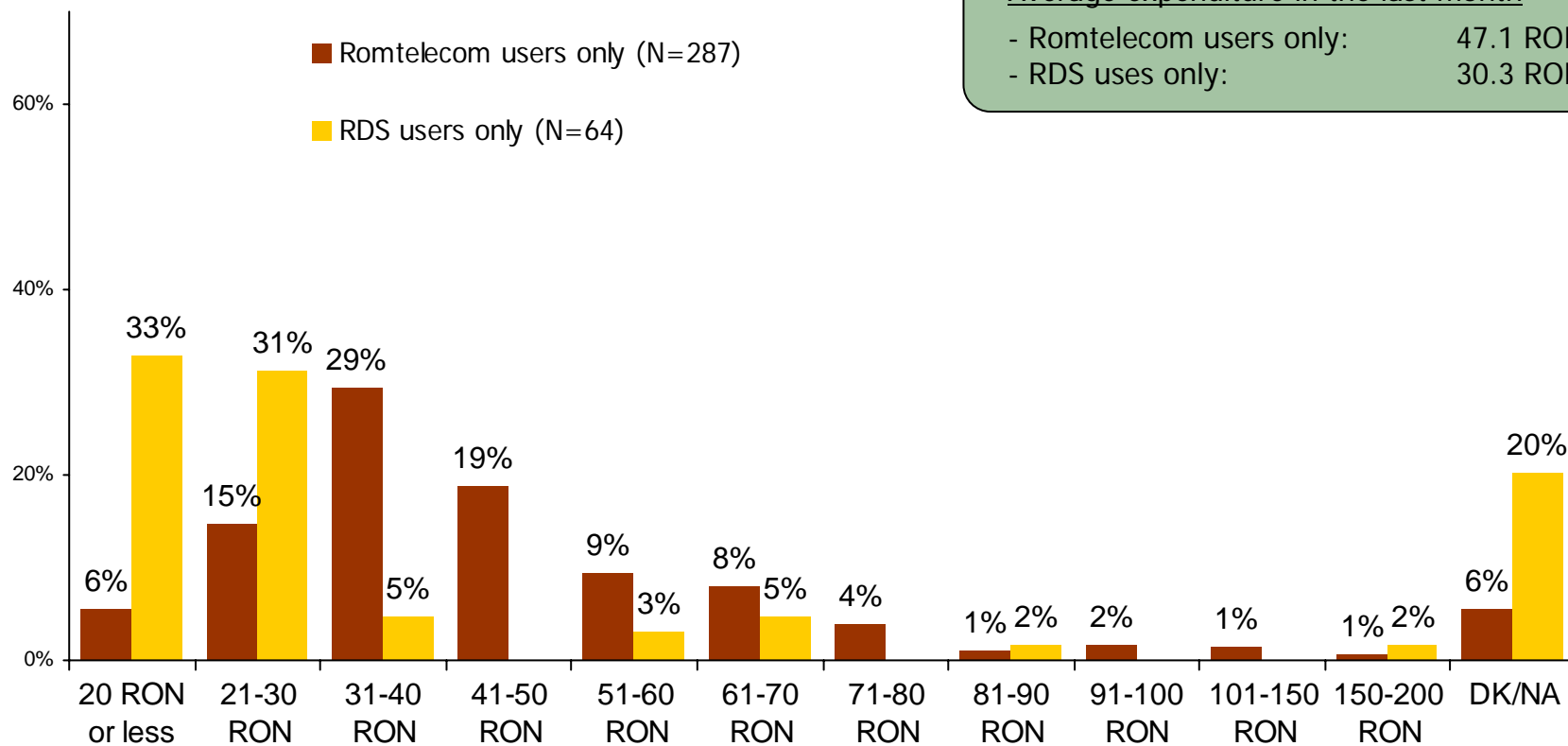


Total Monthly Costs of Fixed Telephony Services

Romtelecom users vs RDS users

TF8. How much do you pay for the fixed telephony services used in a regular month?

Base: Romtelecom / RDS users

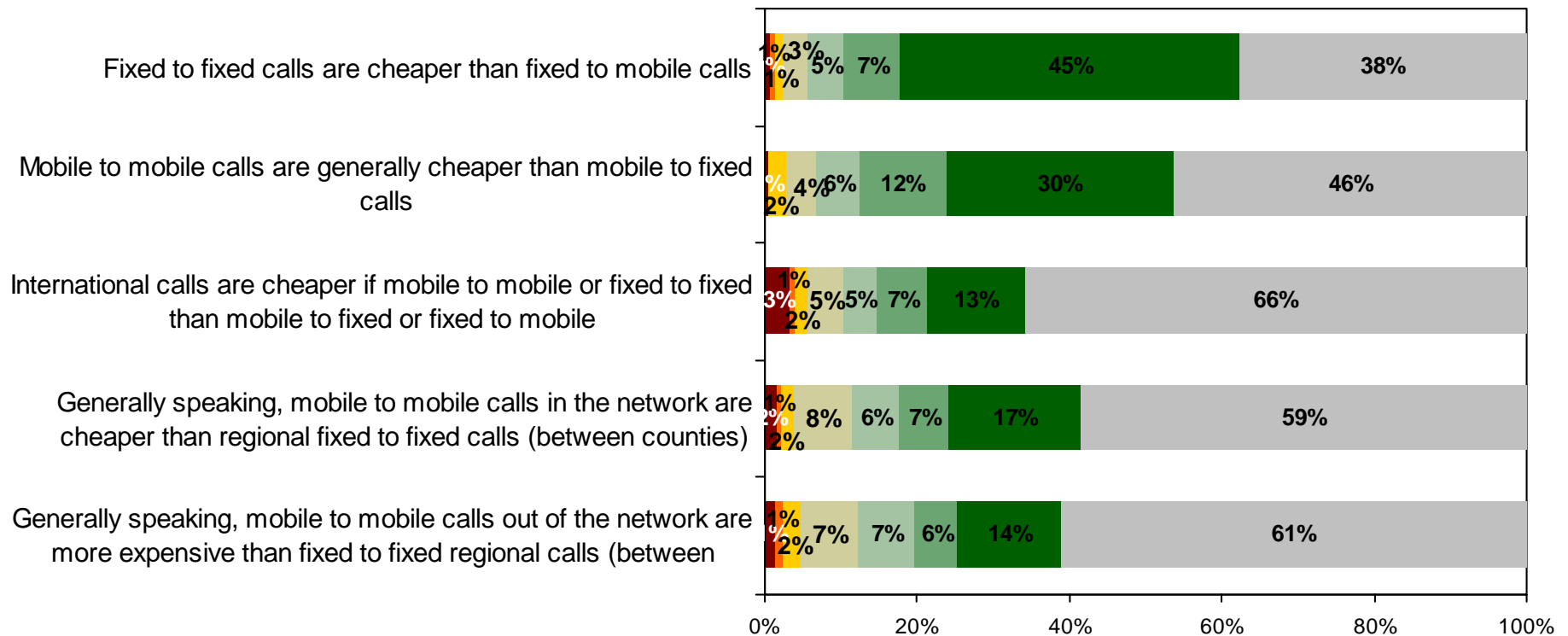


Tariffs Awareness

TF9. I will read a number of statements that other people have made regarding fixed and mobile telephony. On a scale from 1 to 7, where 1 = totally disagree and 7 = totally agree, please indicate whether you agree with these statements. You may use any number between 1 and 7.

Base: fixed phone users, N = 379

1=totally disagree 2 3 4 5 6 7=totally agree DK

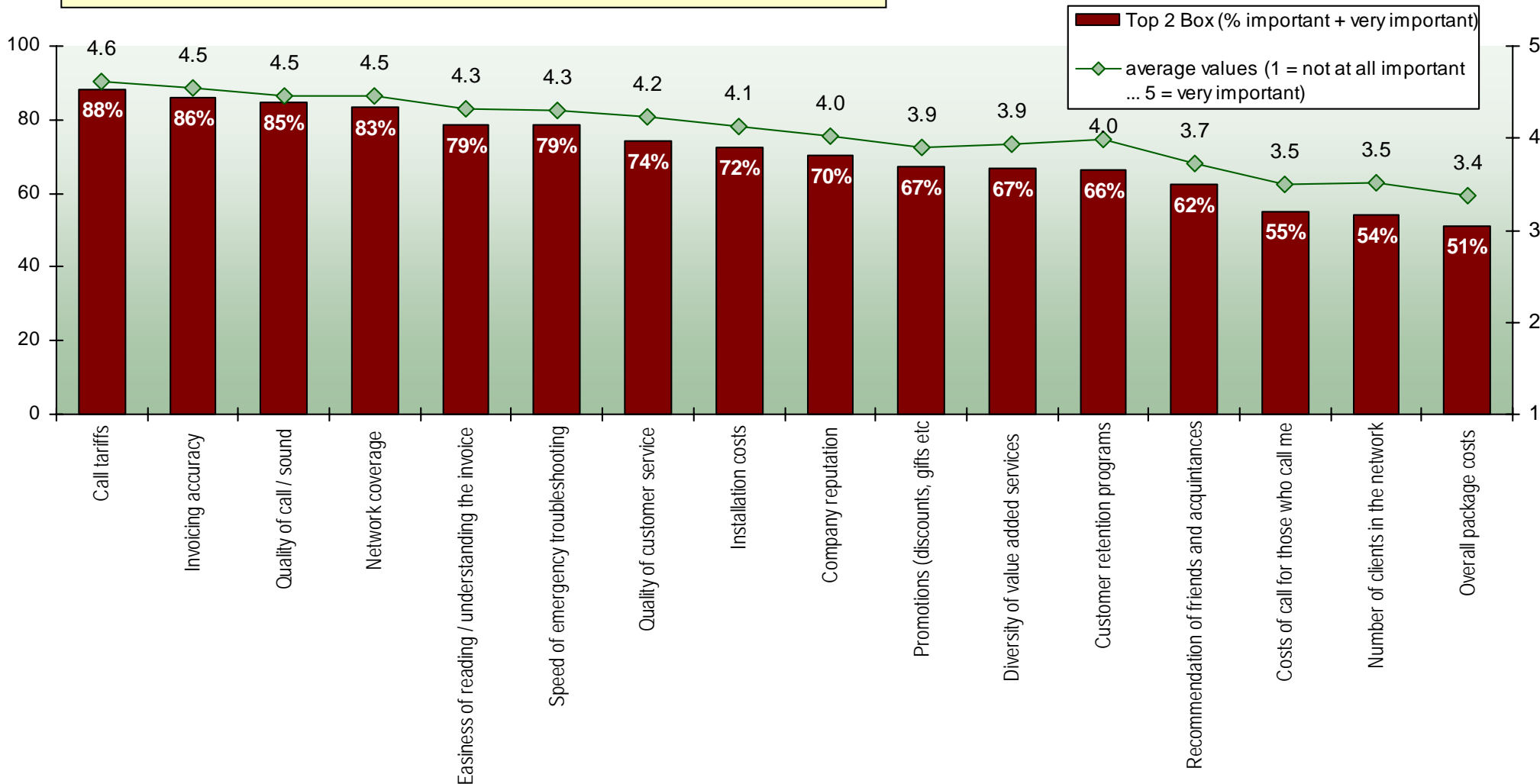


V. Selection Criteria of Fixed Telephony Services

Importance of Selection Criteria for Currently Used Fixed Telephony Service

TF10. When you select a fixed telephony supplier, how important are the following criteria for you? Please use a scale from 1 to 5 where 1 is not at all and 5 is very important. You may choose any number between 1 and 5

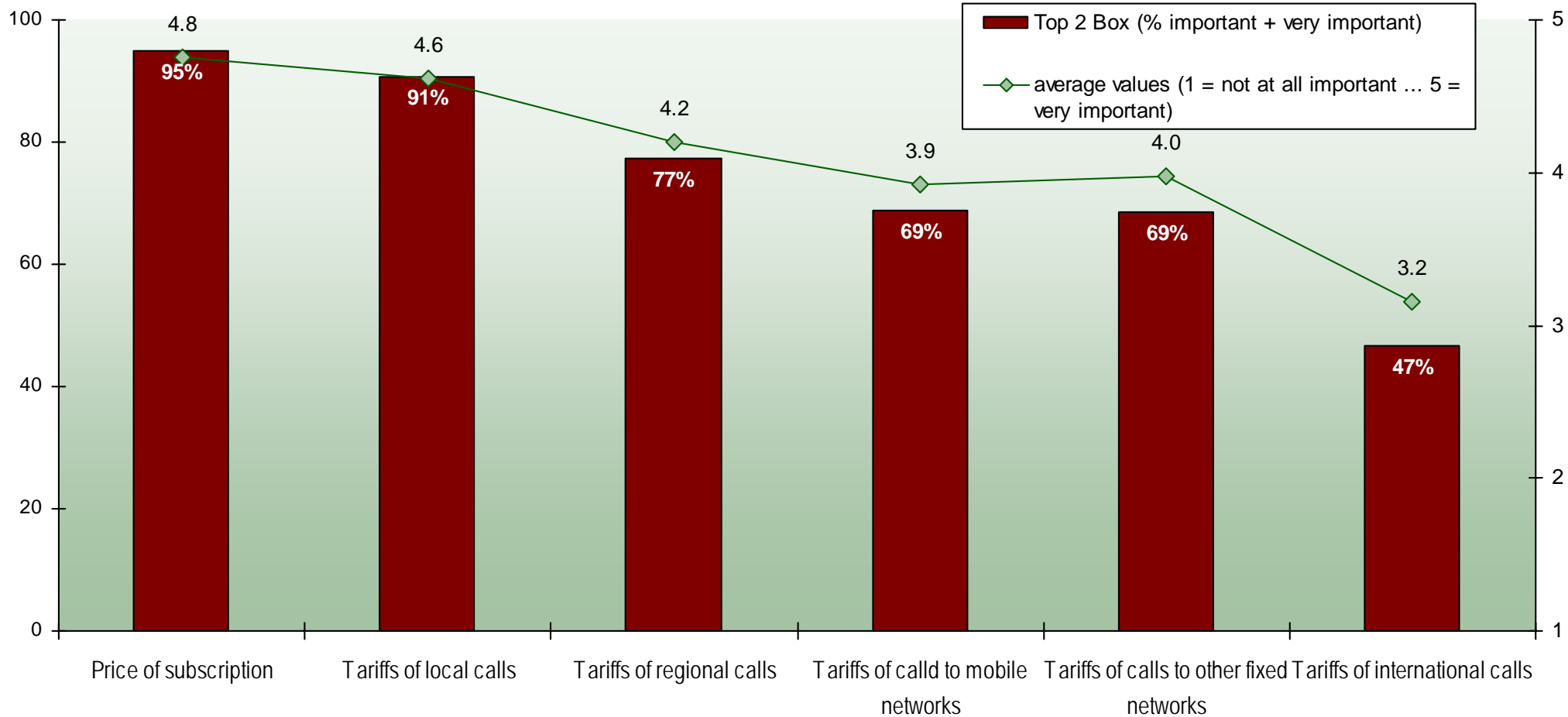
Base: fixed phone users, N = 379



Importance of Type of Tariff for Selection of Currently Used Fixed Telephony Service

TF11. When you select a fixed telephony supplier, how important are the following categories of tariffs for you? Please use a scale from 1 to 5 where 1 is not at all and 5 is very important. You may choose any number between 1 and 5

Base: fixed phone users, N = 379

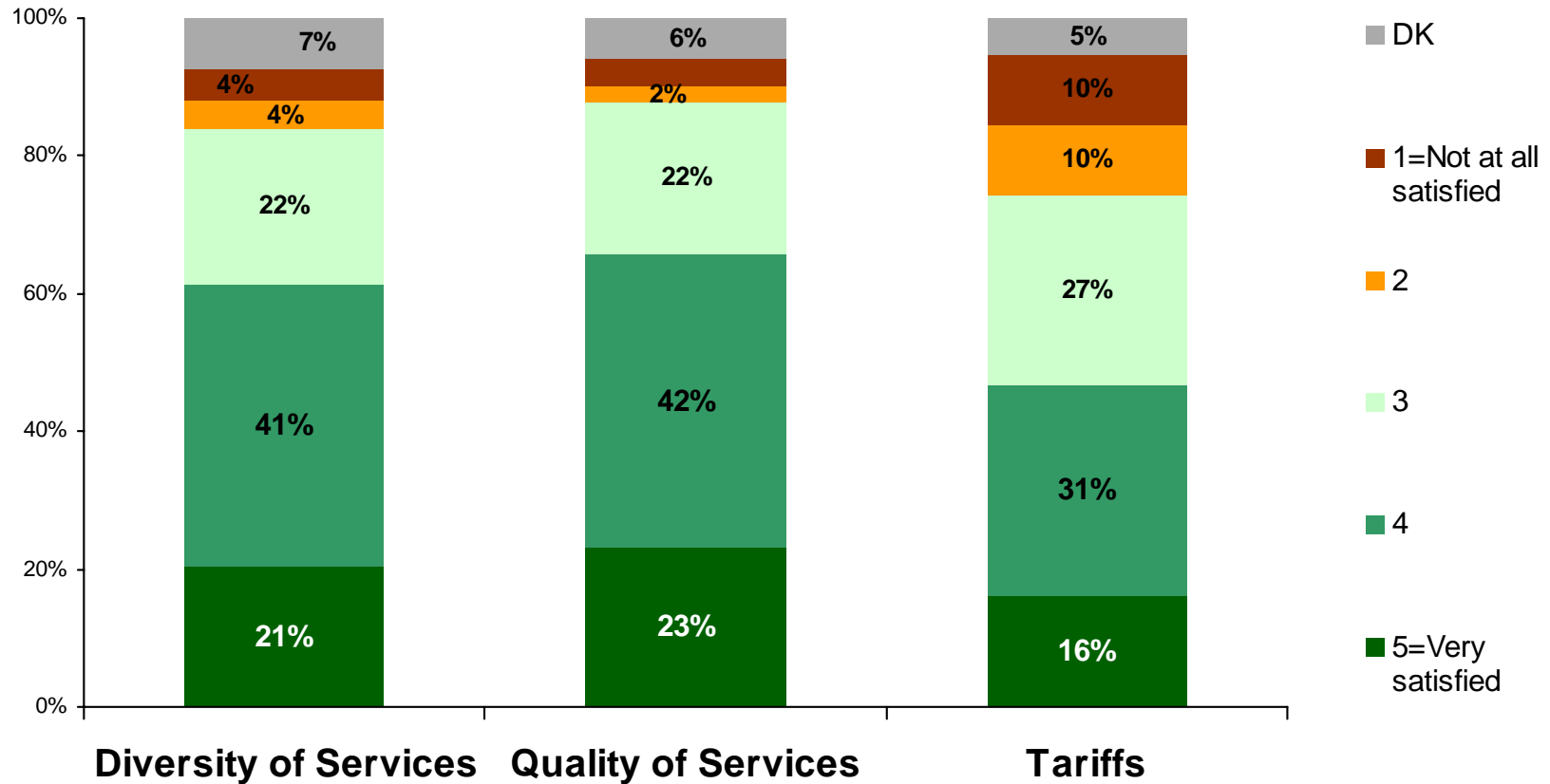


VI. Level of Satisfaction with Fixed Telephony Services

Satisfaction with Fixed Telephony Services in Romania

TF15. How satisfied are you with the of services provided in Romania (diversity, quality and tariffs)? Please use a scale from 1 to 5 where “5” is very satisfied and “1” is not at all.

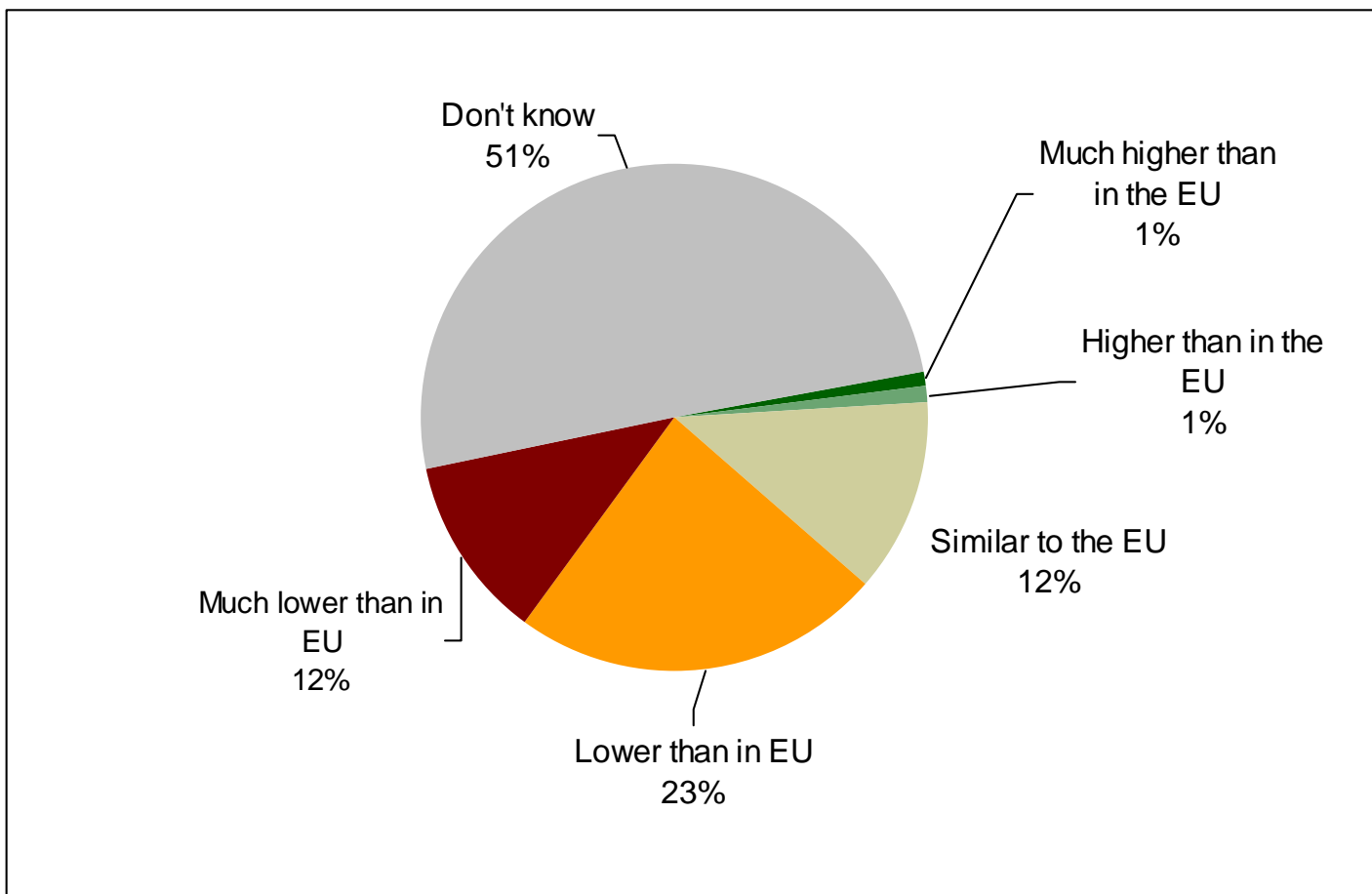
Base: fixed phone users, N = 379



Quality to Price Proportion of the Fixed Telephony Services In Romania compared to EU

TF16. In your opinion, the quality to price proportion as regards to fixed telephony services available to you, compared to the ones available in the EU is:

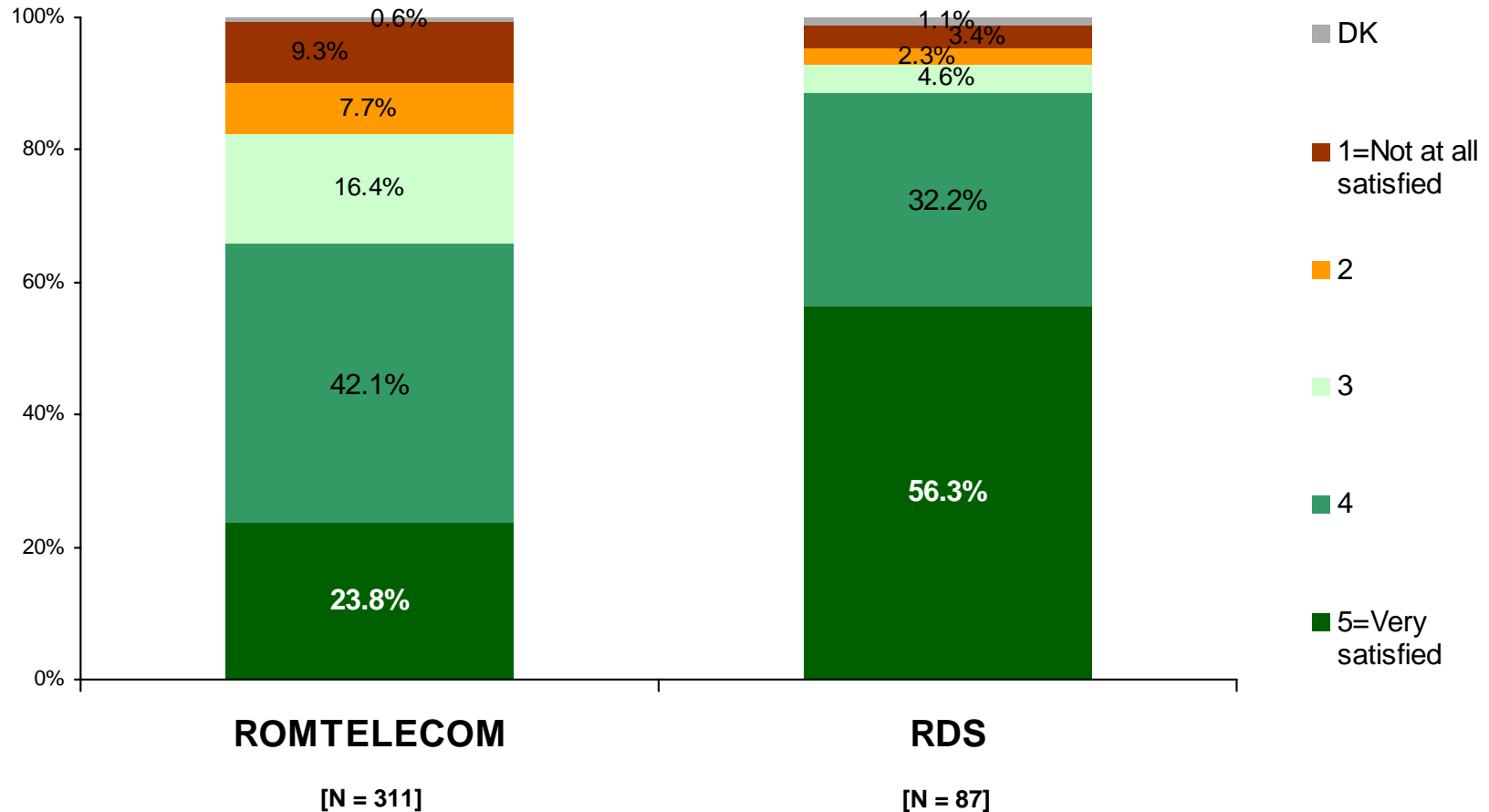
Base: fixed phone users, N = 379



Overall Satisfaction with Fixed Telephony Providers

TF12. Overall, how satisfied are you with the of services provided by your fixed telephony supplier? Please use a scale from 1 to 5 where “5” is very satisfied and “1” is not at all.

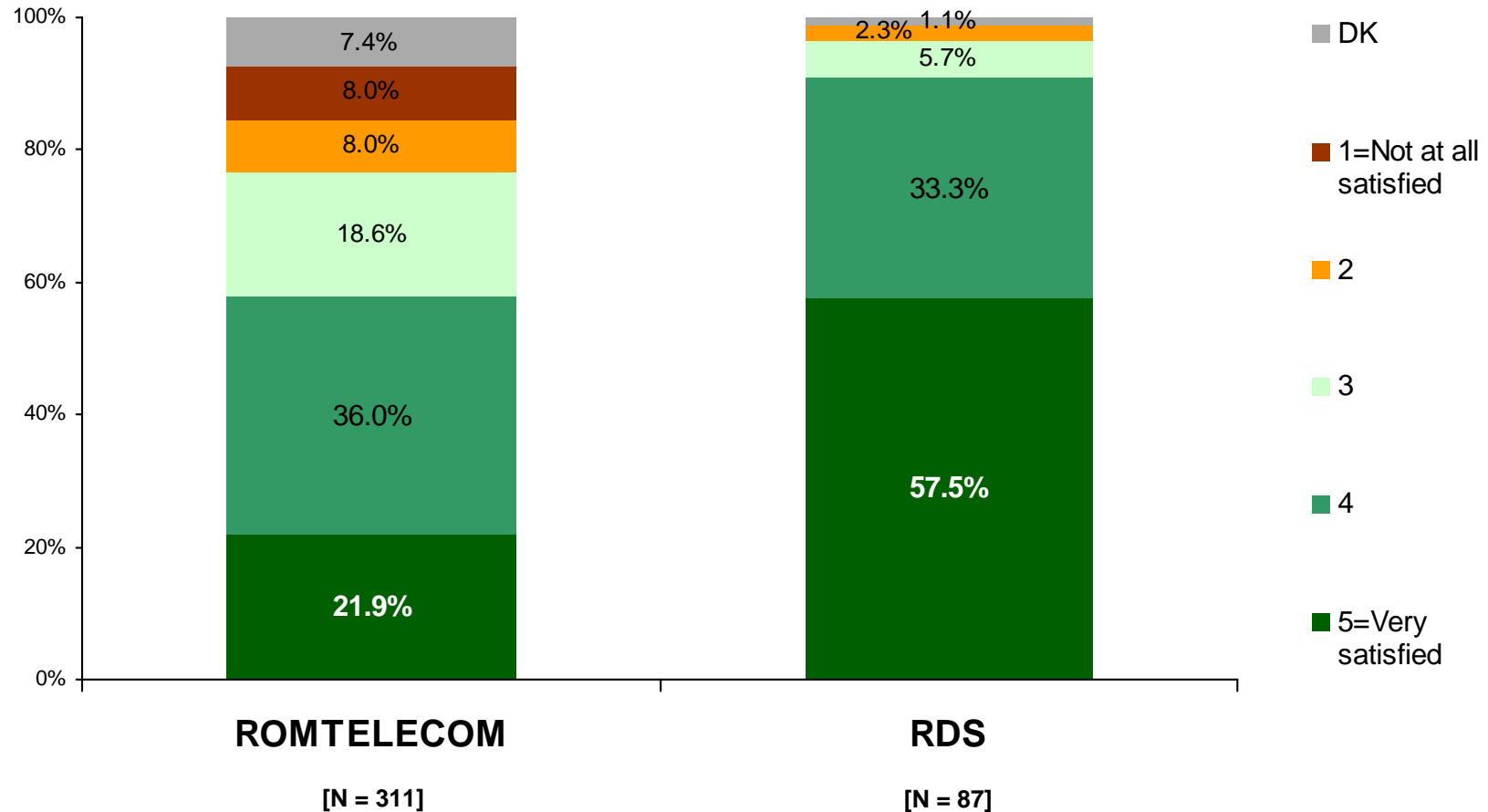
Base: respondents who use fixed telephony services of the respective suppliers



Level of Satisfaction with the Diversity of Fixed Telephony Services

TF12. And how satisfied are you with the diversity of services?

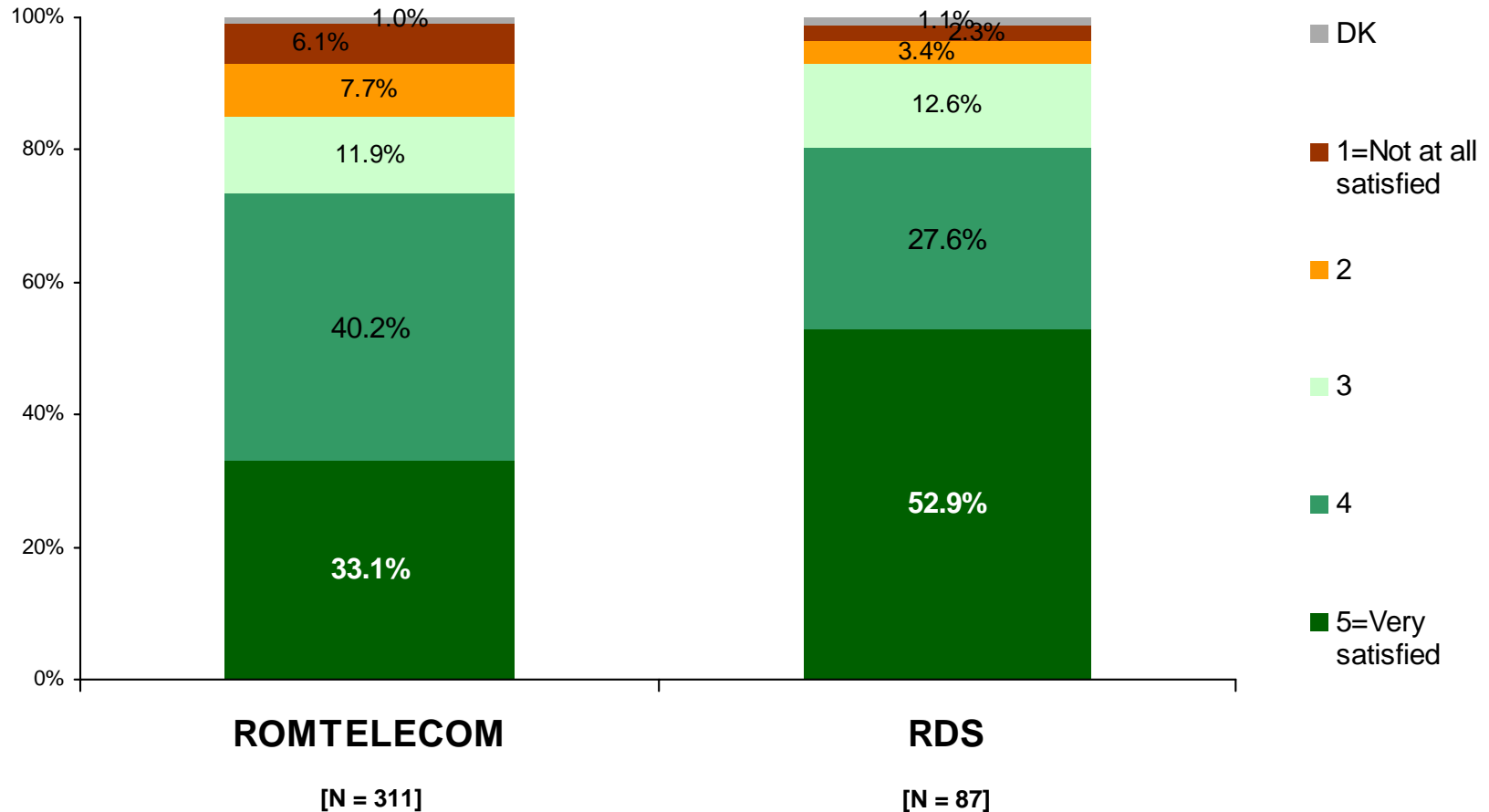
Base: respondents who use fixed telephony services of the respective suppliers



Level of Satisfaction with the Quality of Fixed Telephony Services

TF12. And how satisfied are you with the quality of services?

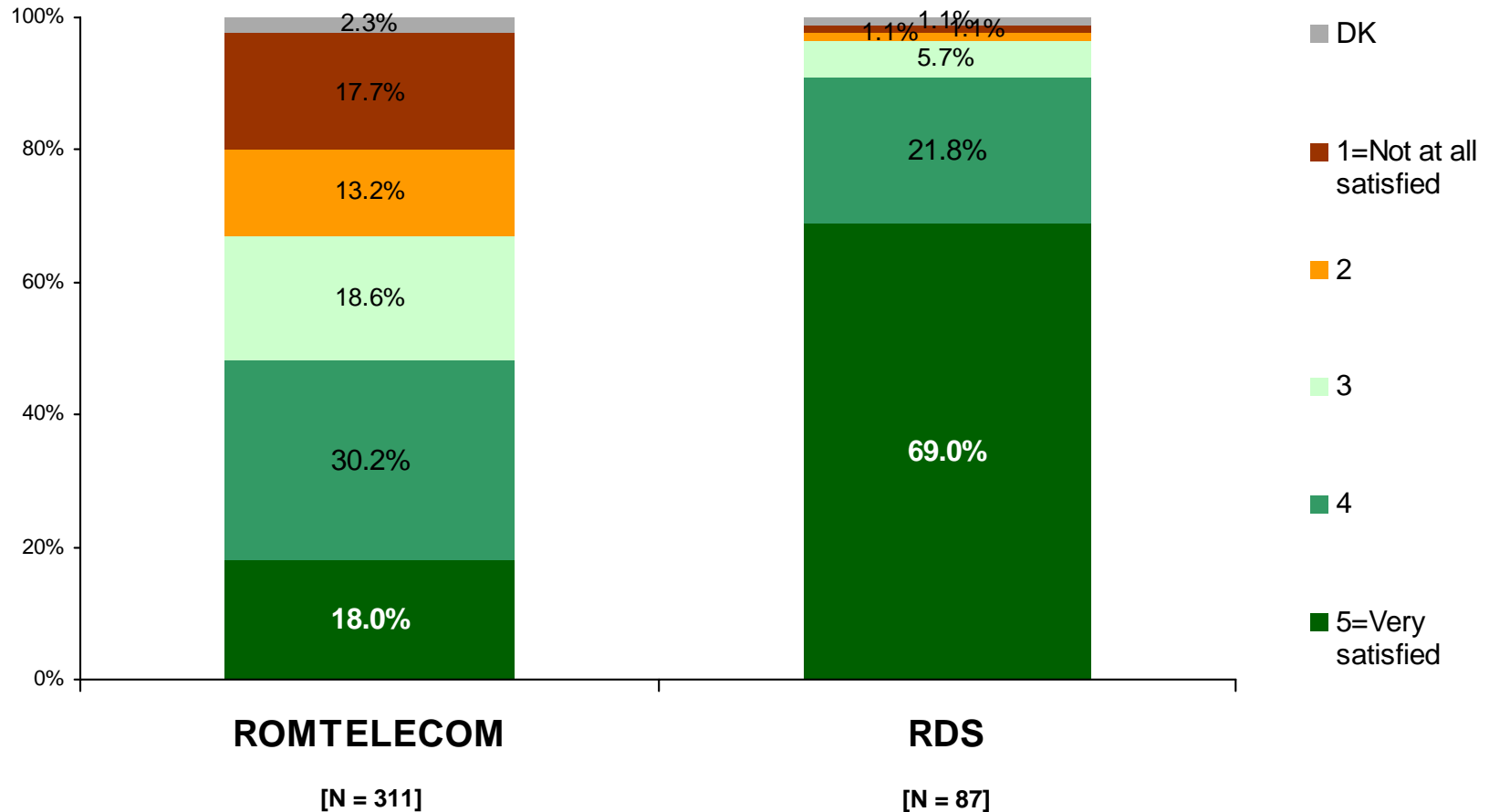
Base: respondents who use fixed telephony services of the respective suppliers



Level of Satisfaction with the Tariffs of Fixed Telephony Services

TF12. And how satisfied are you with the tariffs of fixed telephony services?

Base: respondents who use fixed telephony services of the respective suppliers



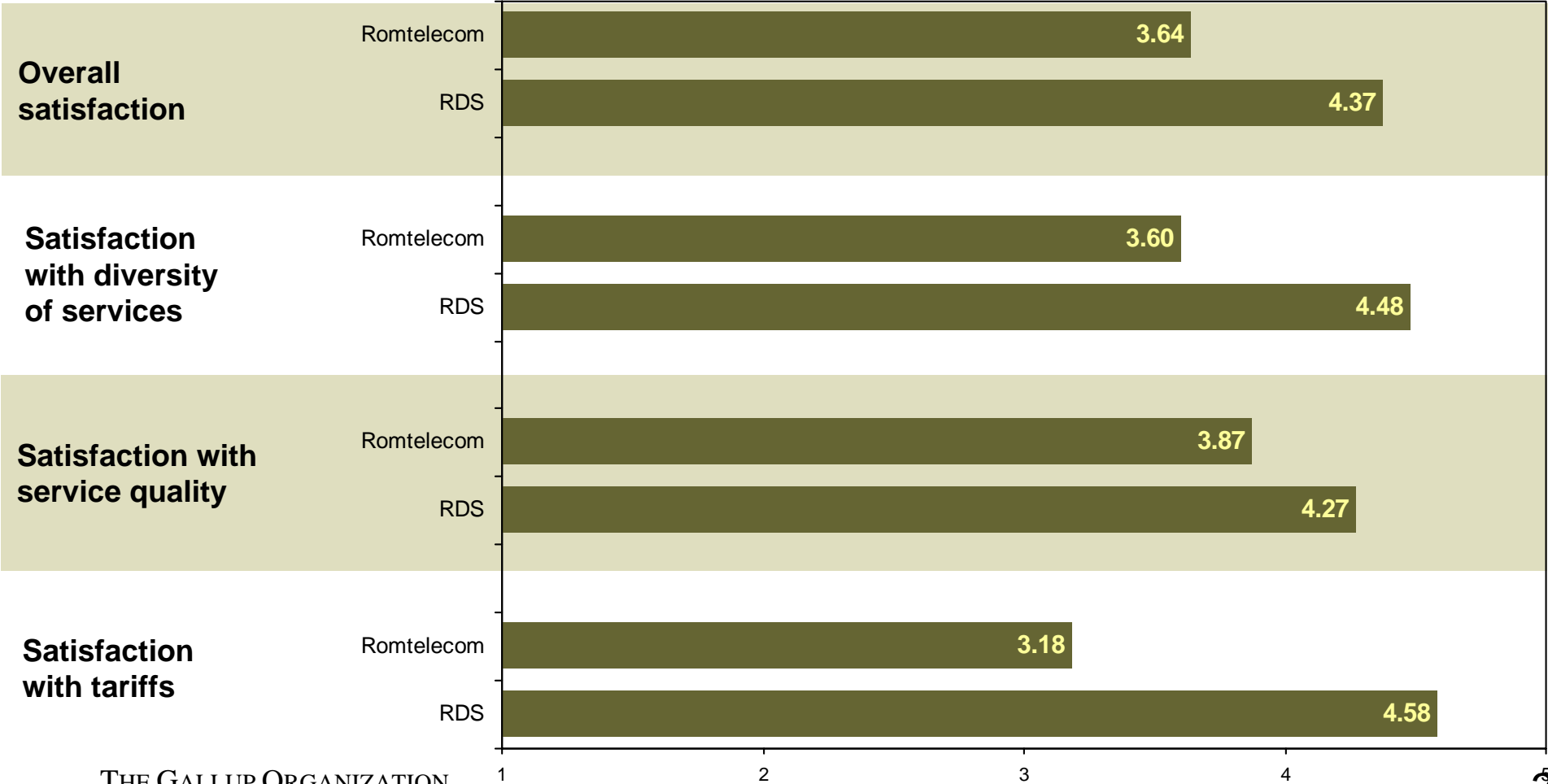
Satisfaction with Fixed Telephony Providers

average values

TF12. Overall, how satisfied are you with this fixed telephony supplier?
And how satisfied are you with the diversity of services?
And how satisfied are you with the quality of services?
And how satisfied are you with the tariffs of fixed telephony services?

Base: respondents who use fixed telephony services of the respective providers

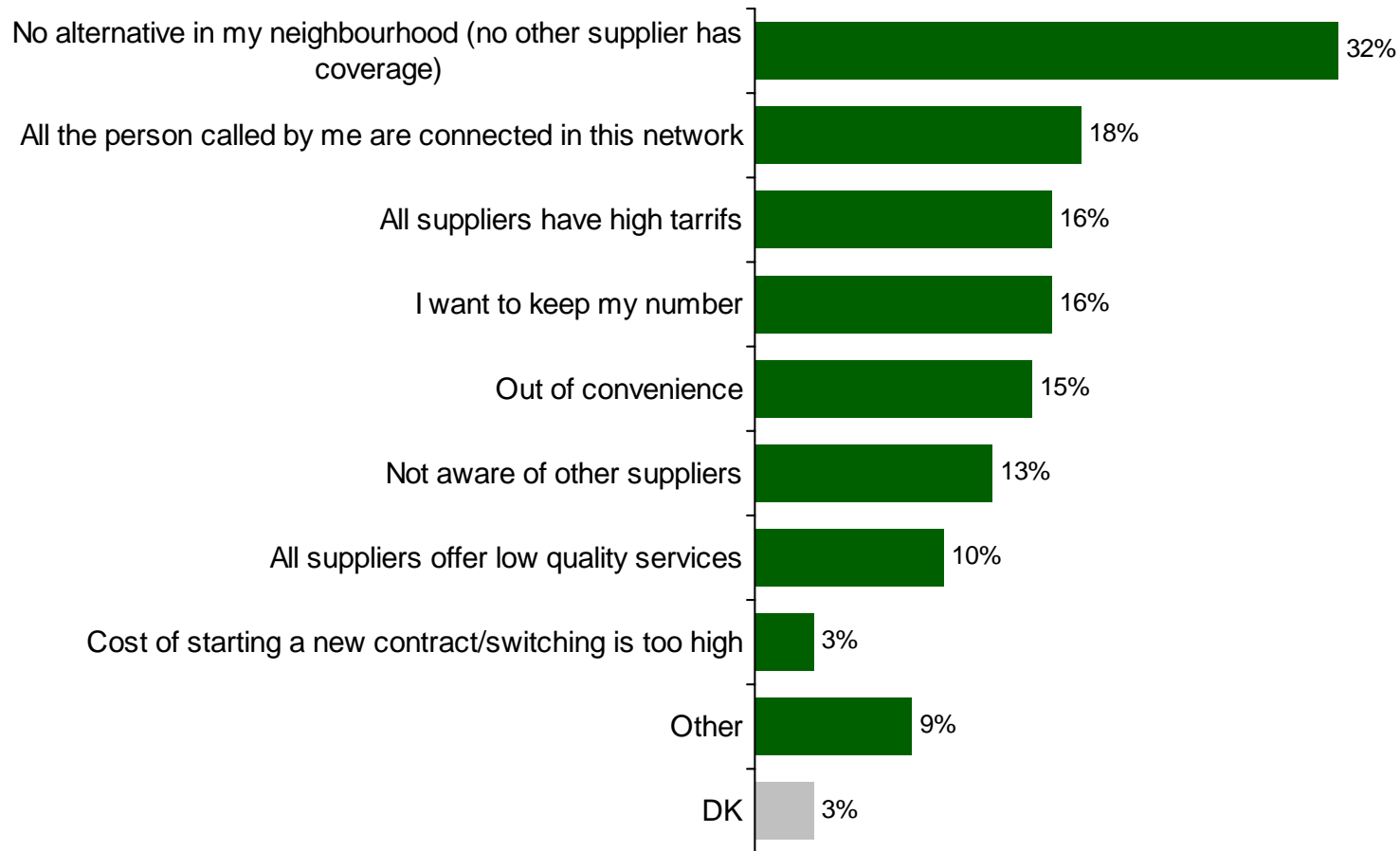
■ average values (1=not at all satisfied...5=very satisfied)



Reasons for Not Giving Up the Services of Fixed Telephony Providers

TF13. You indicated your dissatisfaction with this fixed telephony supplier. Why have you not given up their service so far?

Base: respondents who are not satisfied with quality, diversity or tariffs of fixed telephony services, N = 183



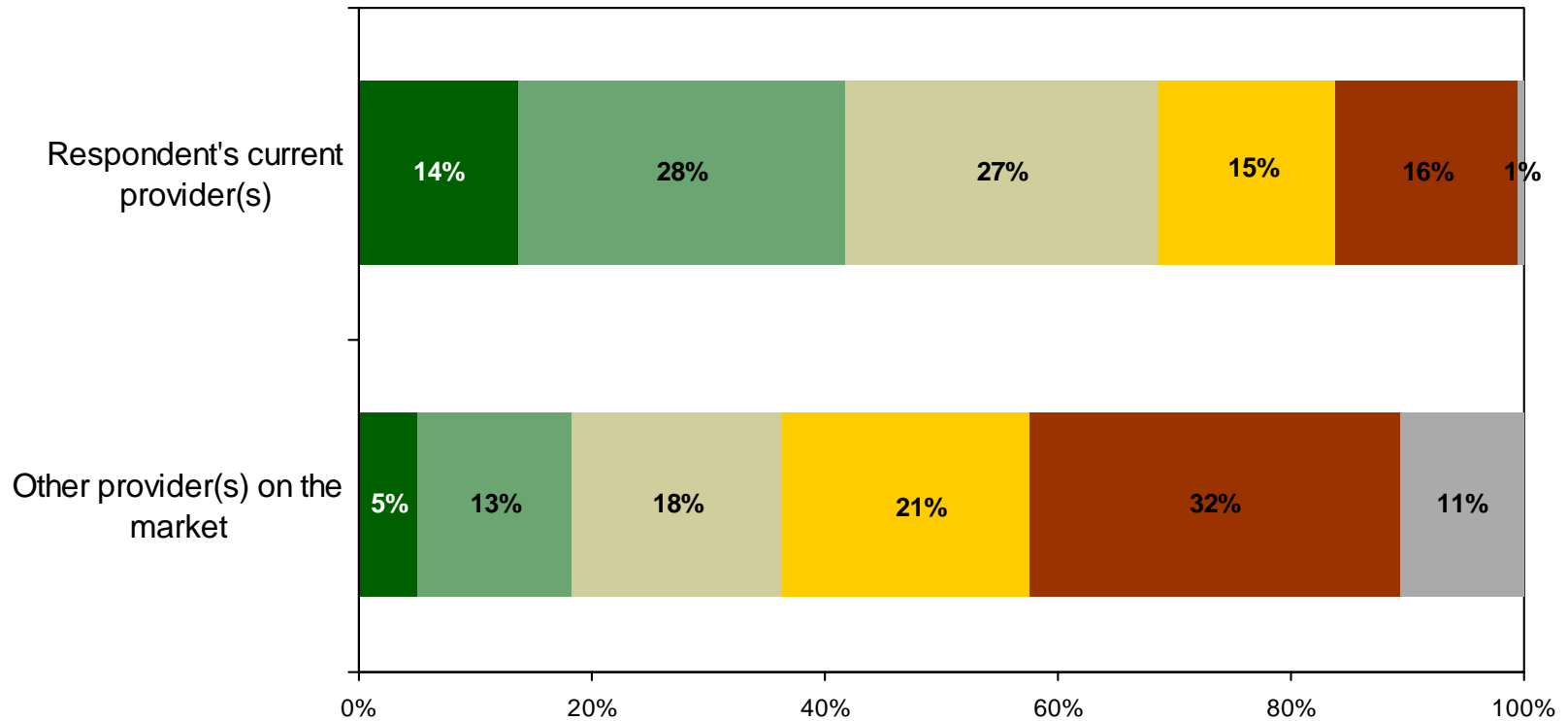
Multiple answer

Level of Awareness regarding the Offers of the Fixed Telephony Provider(s)

TF14. How much do you know about the offers and prices of your current fixed telephony supplier(s)?
Would you say that you know its offer ...
And you know its prices...

Base: fixed phone users, N = 379

I know its offer... ■ Very well ■ Well ■ Some ■ Very little ■ Not at all ■ DK

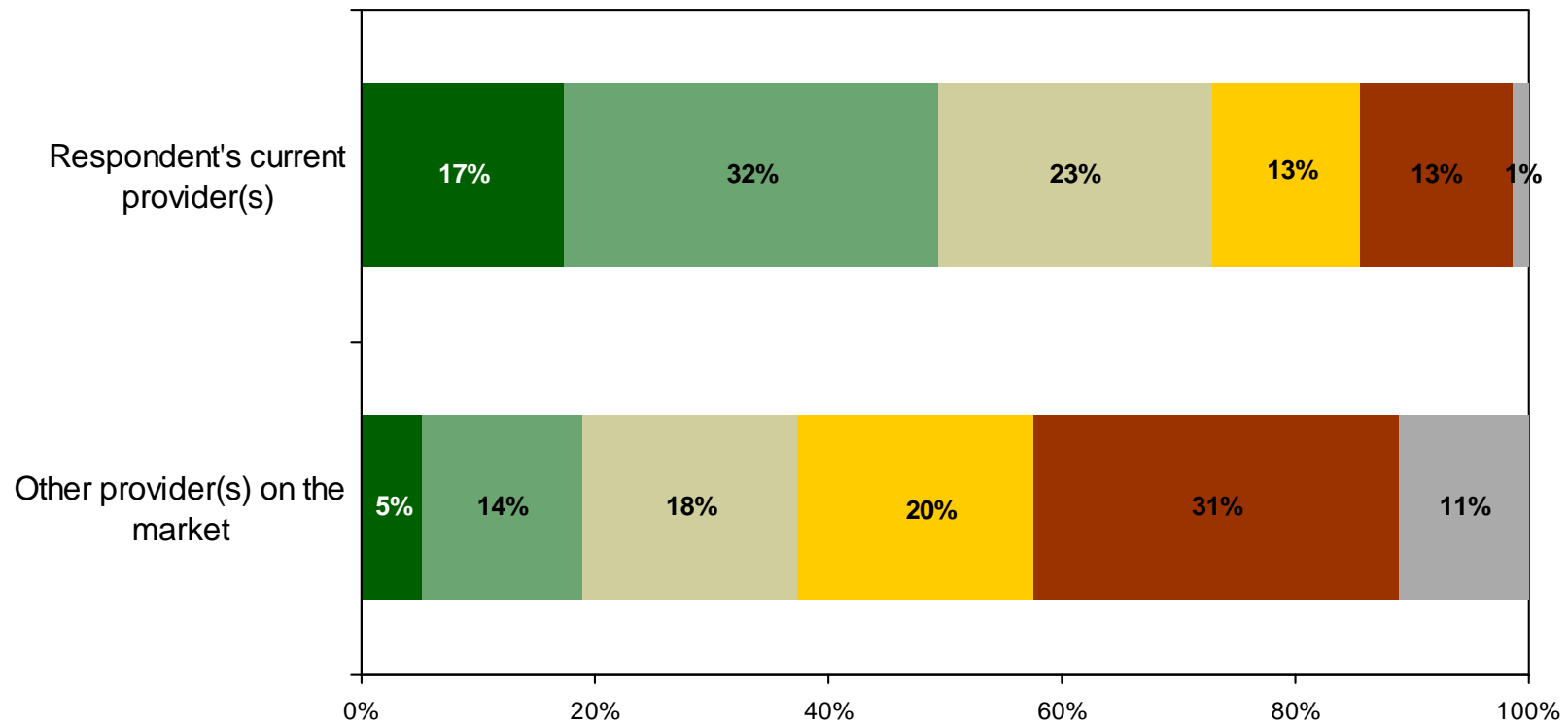


Level of Awareness regarding the Prices of the Fixed Telephony Provider(s)

TF14. How much do you know about the offers and prices of your current fixed telephony supplier(s)?
 Would you say that you know its offer ...
 And you know its prices...

Base: fixed phone users, N = 379

I know its prices... ■ Very well ■ Well ■ Some ■ Very little ■ Not at all ■ Bar 6

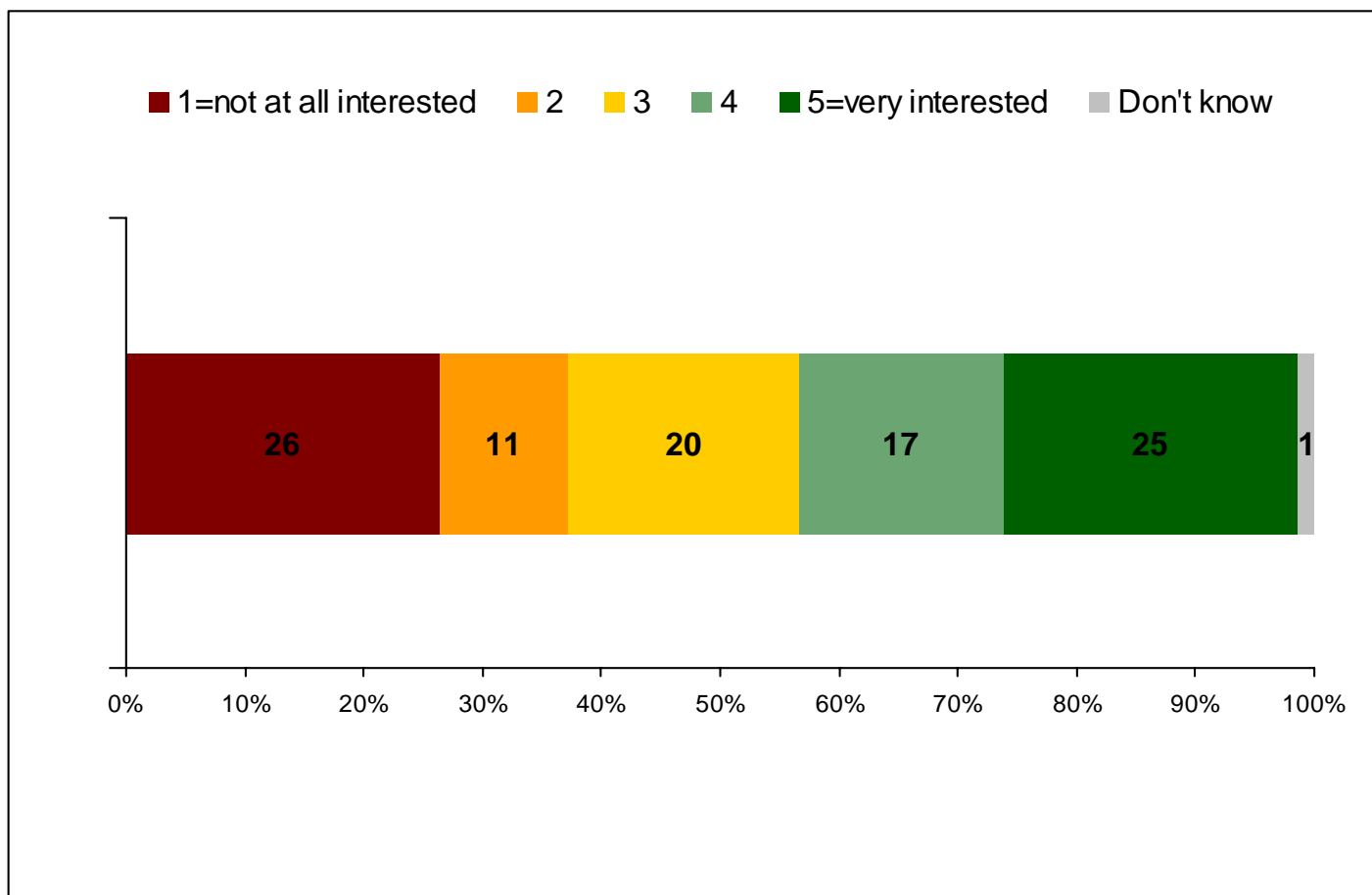


VII. Innovative Services and Information Sources

Degree of Interest in New / Innovative Fixed Telephony Products or Services

TF17. To what extent are you interested in new/innovative fixed telephony products or services (such as caller ID, voice mail)? Please use a scale from 1 to 5 where 5 is very interested and 1 is not at all.

Base: fixed phone users, N = 379

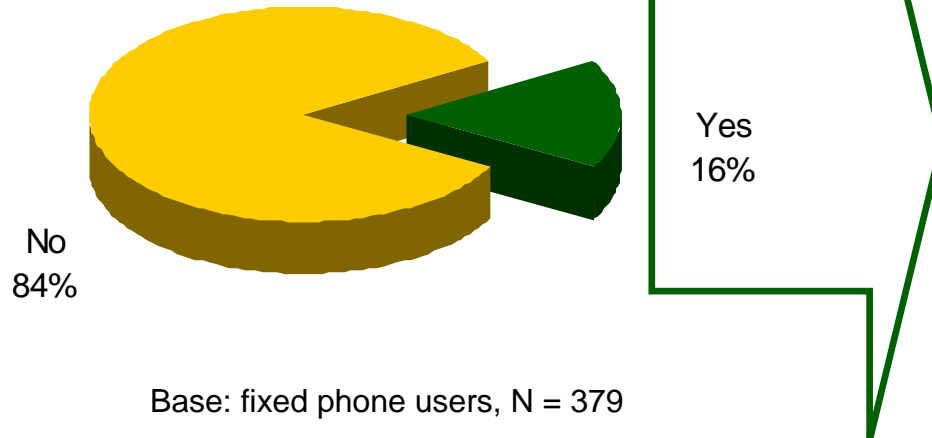


Sources of Information when Purchasing Fixed Telephony Services

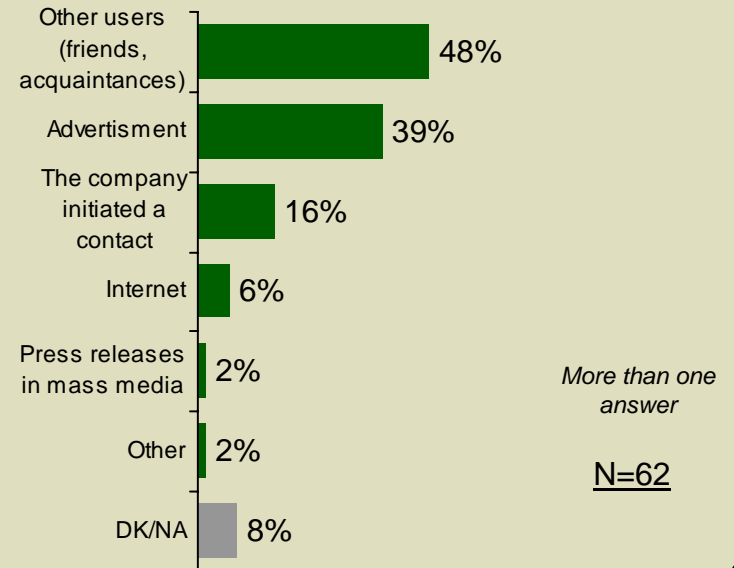
TF18. In the last 2 years did you purchase any fixed telephony service (a new fixed line, a new type of fixed telephony subscription etc)?

[IF YES] TF19. Last time when you purchased a fixed telephony service, how did you hear about that service? ?

Purchased Fixed Telephony Services In The Last 2 Years



Sources of Information about the Service

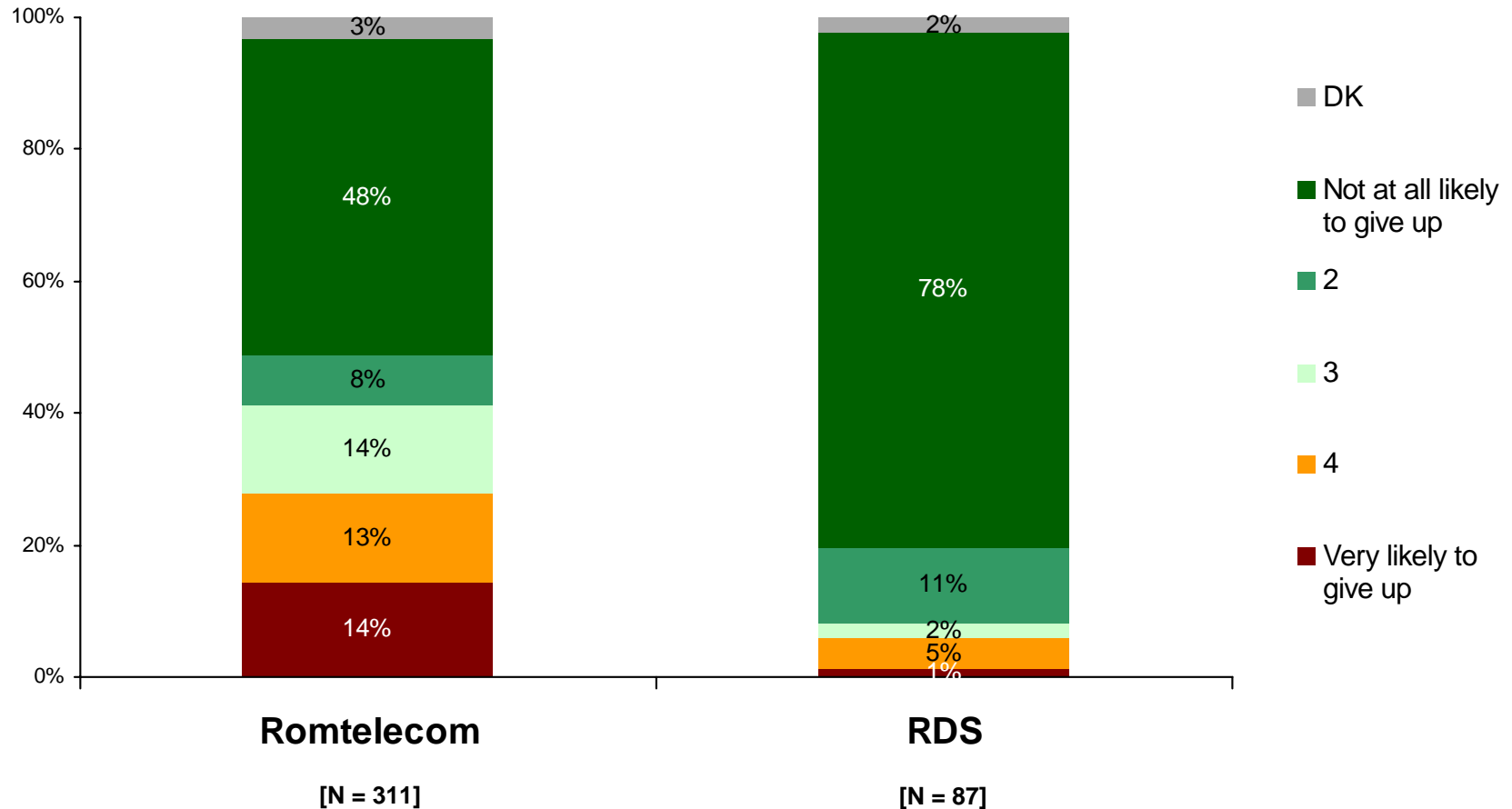


VIII. Level and Reasons for Substitution of Fixed Telephony Services and Suppliers

Intention to Give Up Fixed Telephony Provider's Services

TF20. How likely is it to give up your fixed telephony supplier(s) over the following 12 months? Please use a scale from 1 to 5 where „5” is very likely and „1” is not at all likely.

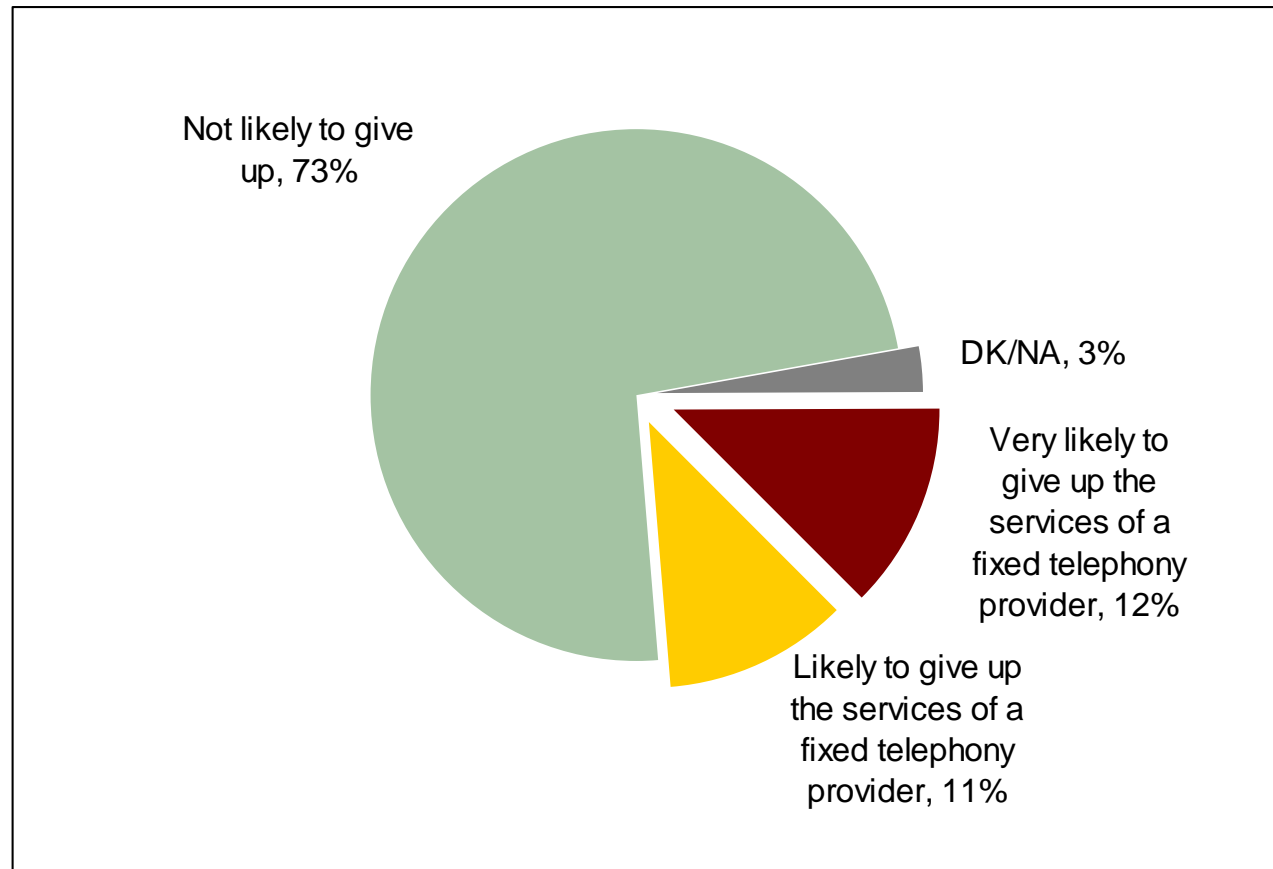
Reference: respondents who use fixed telephony services of the respective providers



Intention to Give Up Fixed Telephony Provider's Services

TF20. How likely is it to give up your fixed telephony supplier(s) over the following 12 months? Please use a scale from 1 to 5 where „5” is very likely and „1” is not at all likely.

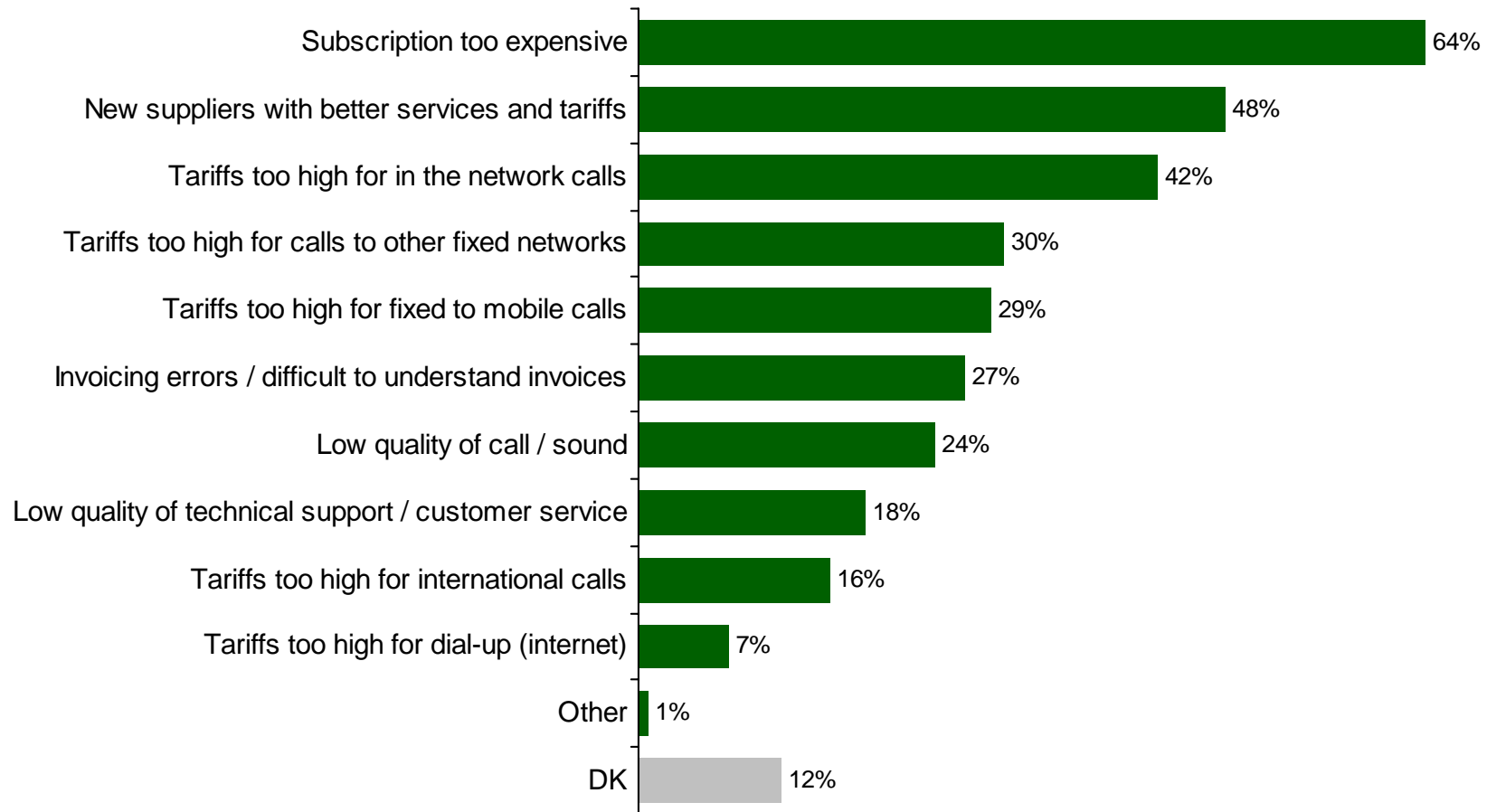
Base: fixed phone users, N = 379



Factors that Could Make a Peerson to Shift to an Alternative Fixed Telephony Services Provider

TF21. What could bring you to shift to an alternative fixed telephony services supplier

Base: fixed phone users, N = 379

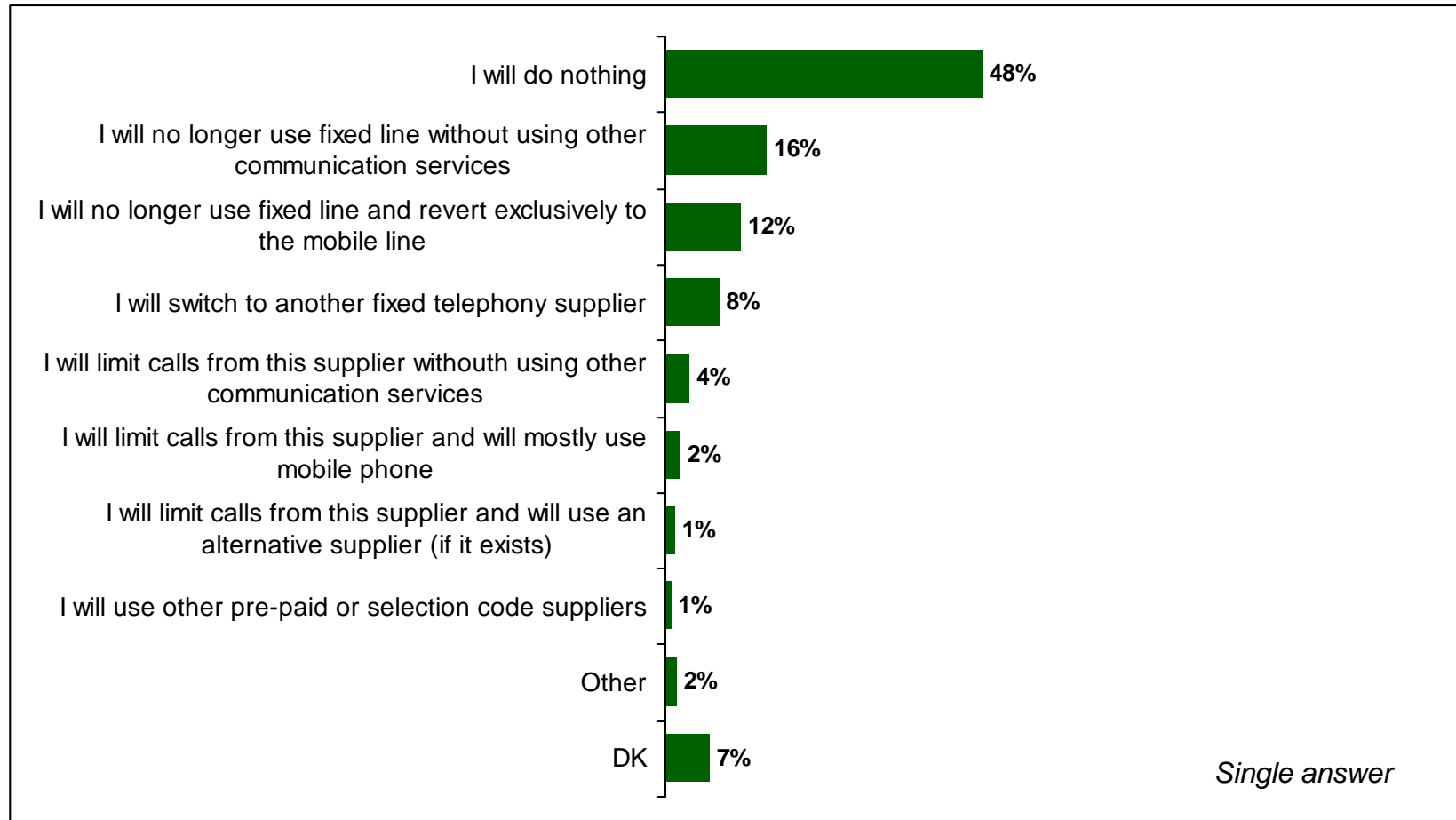


Multiple answer

Consumer Behavior to Subscription Tariffs Increase

TF22. If subscription tariffs for your current service would increase by 5%-10%, how would you proceed?

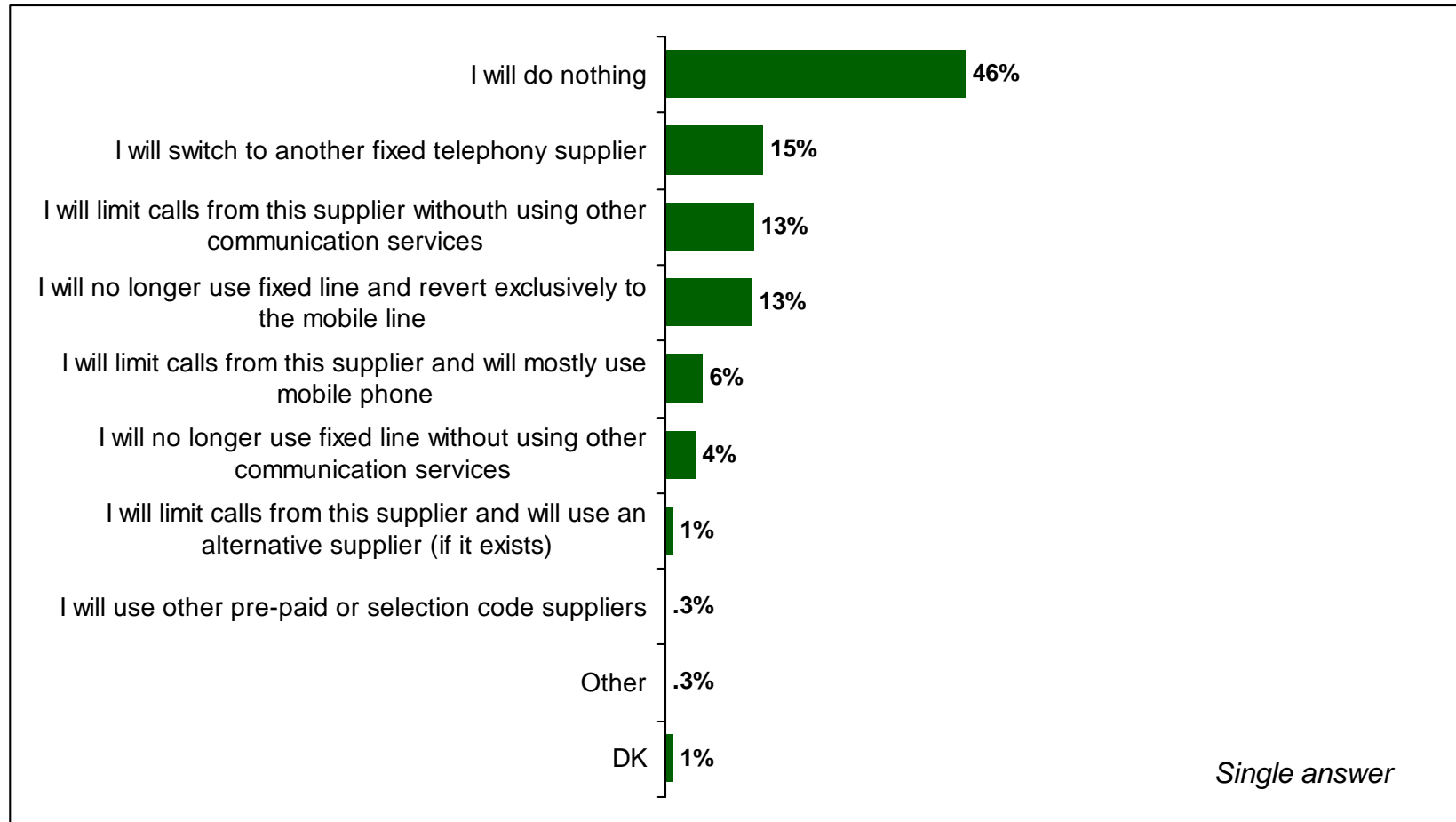
Base: fixed phone users, N = 379



Consumer Behavior to Local Call Tariffs Increase

TF23. If local call tariffs (in the county) for your current service would increase by 5%-10%, how would you proceed?

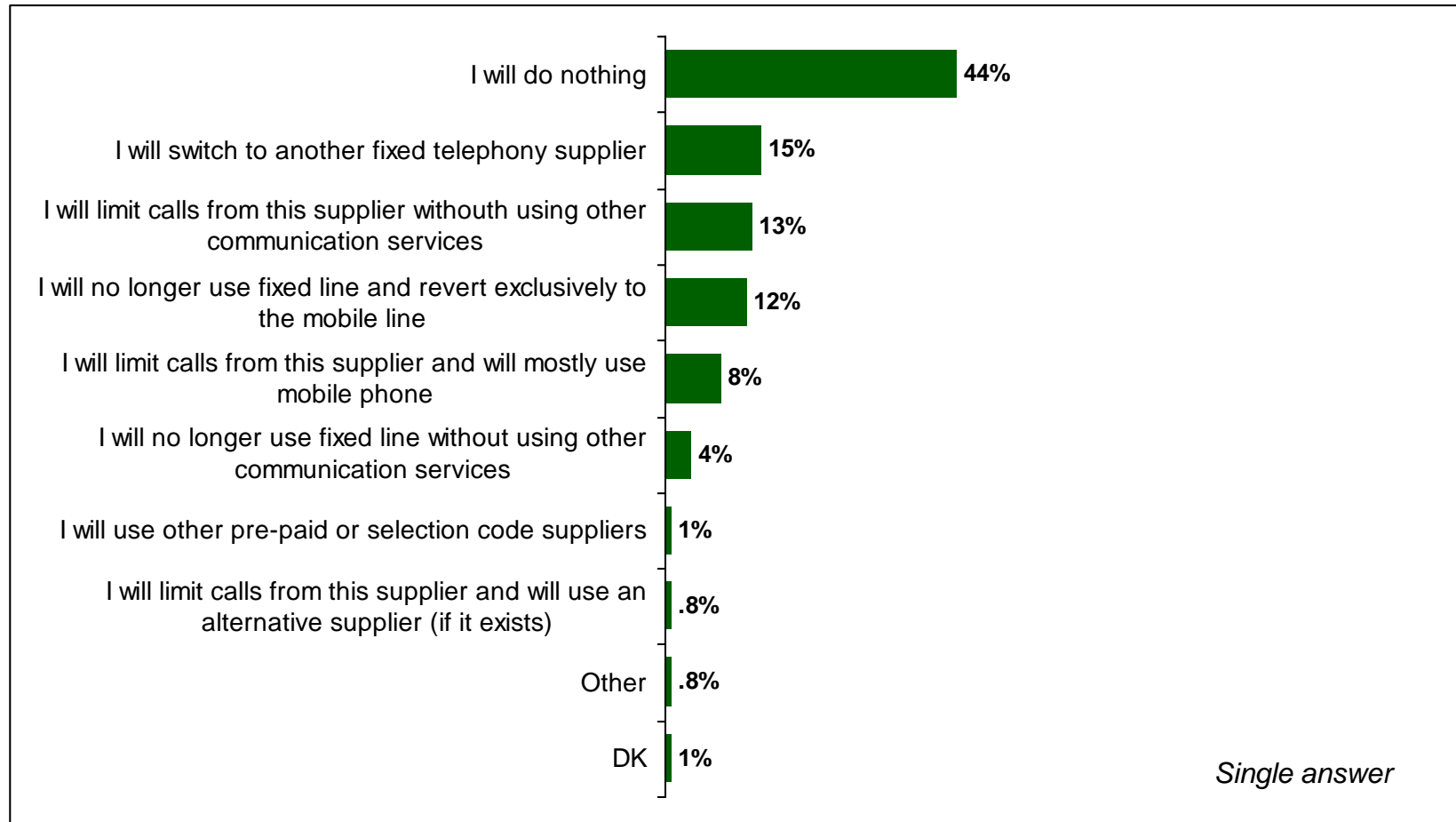
Base: fixed phone users, N = 379



Consumer Behavior to Regional Call Tariffs Increase

TF24. If regional call tariffs (to another county) for your current service would increase by 5%-10%, how would you proceed?

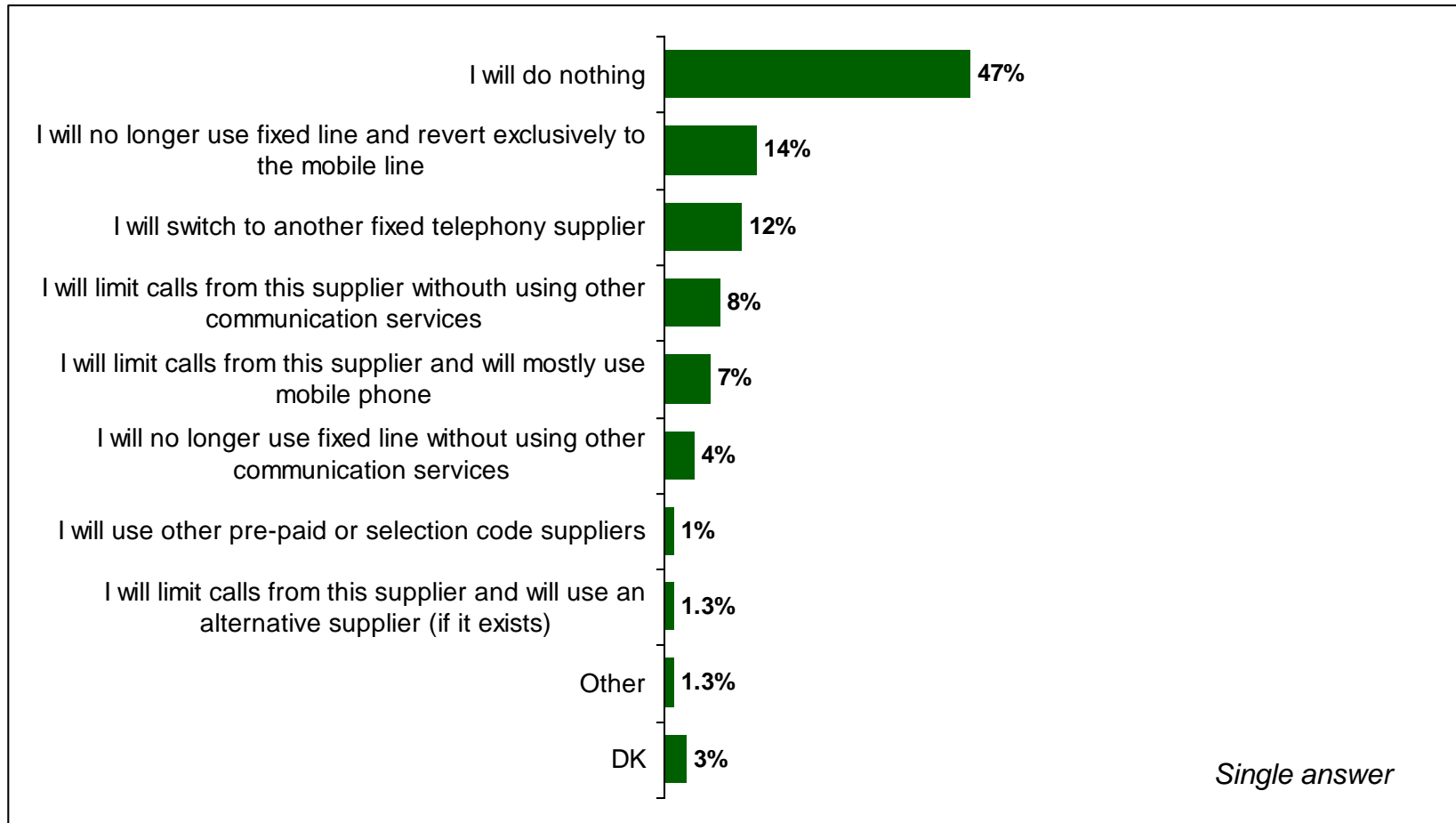
Base: fixed phone users, N = 379



Consumer Behavior to Fixed to Mobile Call Tariffs Increase

TF25. If fixed to mobile call tariffs for your current service would increase by 5%-10%, how would you proceed?

Base: fixed phone users, N = 379



Consumer Behavior to International Call Tariffs Increase

TF26. If international call tariffs for your current service would increase by 5%-10%, how would you proceed?

Base: fixed phone users, N = 379

