Consumer Perceptions Survey – Bundle Subscriptions

Presentation of main findings

January 2024

Reference number: MCA/S/24-5175

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Purpose

The analysis of these survey findings places emphasis on Bundles offered in Malta, reflecting insights into the decision-making process of household consumers when it comes to their choices regarding Bundle offerings. Several aspects are explored, including:

✓ Factors determining bundle preferences;

✓ Expenditure and value perception of bundle offerings ;

✓ Customer satisfaction with service quality of bundles;

✓ Incidence of service disruptions and operators' responses;

✓ End-user switching behaviour.

Methodology

Methodology

EMCS Advisory Ltd carried out survey fieldwork between June and July 2023

Fieldwork

- 20-minute interviews carried out by telephone;
- Participants selected randomly;
- Only one person per household was interviewed, aged 18 or over.

Sample

- Stratification of target respondents: (i) age composition (18+) of Maltese population and (ii) operators' market share of bundles segment (based on MCA data);
- Sample distribution also across Malta's six geographical regions and across the different socio-economic categories of the Maltese population (see Annex).

Responses

- 806 net respondents to the survey;
- Margin of error +/-3.45% at 95% confidence interval;
- Any refusals / incomplete surveys were removed and replaced with new responses.

Key insights

Key Insights (1 of 4)

- **Bundle subscriptions** At 91% of respondents, propensity for a bundle purchase unchanged from 2020 survey.

- **Monthly Expenditure** : A monthly expenditure in the range of € 30 to € 49.99 is most common, with share of respondents reporting such an expenditure up by 7 percentage points (p.p) from 2020, whilst share of respondents spending €50 or more is up by 3 p.p.

- **Perception of bundle prices** : 96% of households, having a subscription in the €20 - €29.99 bundle category range, consider their monthly fee ‘reasonable’, 87% of households spending €10 - €19.99 per month also consider their monthly fee as ‘reasonable’.

Key Insights (2 of 4)

- **Satisfaction levels**: Satisfaction levels for households with their bundle subscription was down by 20 p.p., from 89% in 2020 to 69% in 2023. A notable increase of 15 p.p was also registered in those adopting a neutral stance.

- **Service satisfaction and switching potential** : However, 74% of respondents, who are not completely satisfied with their bundled subscription, do not intend to switch or port their subscription to another service provider. This represents a 9 p.p. increase from last survey.

- **Factors influencing loyalty :** 59% of unsatisfied or neutral respondents consider that all service providers offer the same quality of service (up by 42 p.p. from 2020). Additionally, there was a drop of 14 p.p. in the share of respondents citing 'inconvenience' as a barrier to switching (from 44% in 2020 to 30% in 2023).

Key Insights (3 of 4)

- **Switching operators** : Minimal switching activity in the last three years, with 94% of households reporting no switching to a bundle package offered by another service provider.

- **Potential Price increase / Switching** : A potential 10% increase in the monthly bundle costs would lead to 29% of respondents to switch to another operators. 25% of respondents would opt for a cheaper bundle with same provider whilst 27% would retain the current bundle.

- **Service interruption** : The share of respondents who reported a service disruption increased by 9 p.p., from 56% in 2020 to 65% in 2023. 49% of respondents reporting a fault say they encountered more than 2 disruptive events in the last year.

Key Insights (4 of 4)

- **Satisfaction with operator’s response:** The percentage of respondents who were highly satisfied or satisfied with the operator's response to service restoration declined significantly, dropping from 86% in 2020 to 54% in 2023.

- **Awareness of termination costs** : 83% of households are unaware of the cost associated with an early termination of the bundle contract, representing a slight improvement from the previous survey (at 85% in 2020).

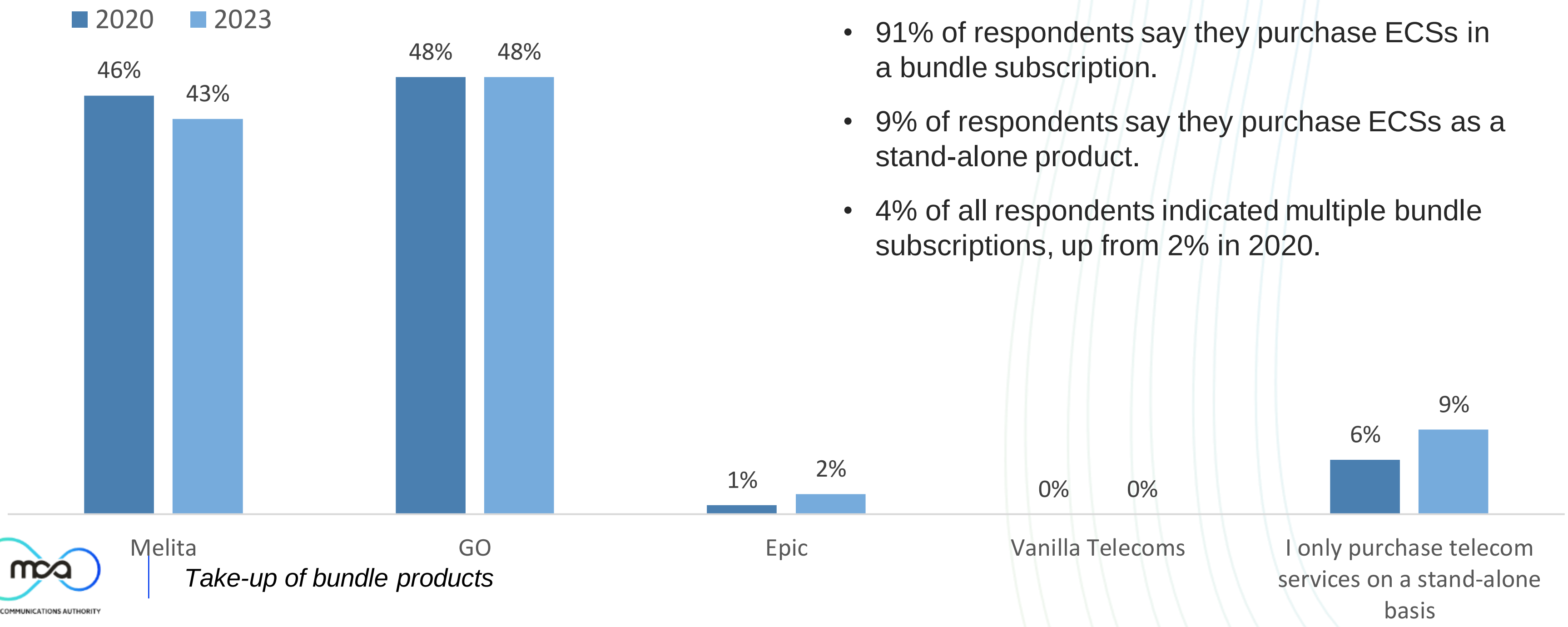
- **Contract exit notice** : There was a significant decrease in the share of respondents who were not aware of their entitlement to be notified and given a 30-day notice period to exit contact if T&C are altered (from 91% in 2020 to 63% in 2023).

Take-up of bundle products

Operators' share of the bundle segment

Share by operator in terms of take-up of bundle products

Total number of households – 806 *(Respondents could give multiple replies)*



- 91% of respondents say they purchase ECSs in a bundle subscription.
- 9% of respondents say they purchase ECSs as a stand-alone product.
- 4% of all respondents indicated multiple bundle subscriptions, up from 2% in 2020.

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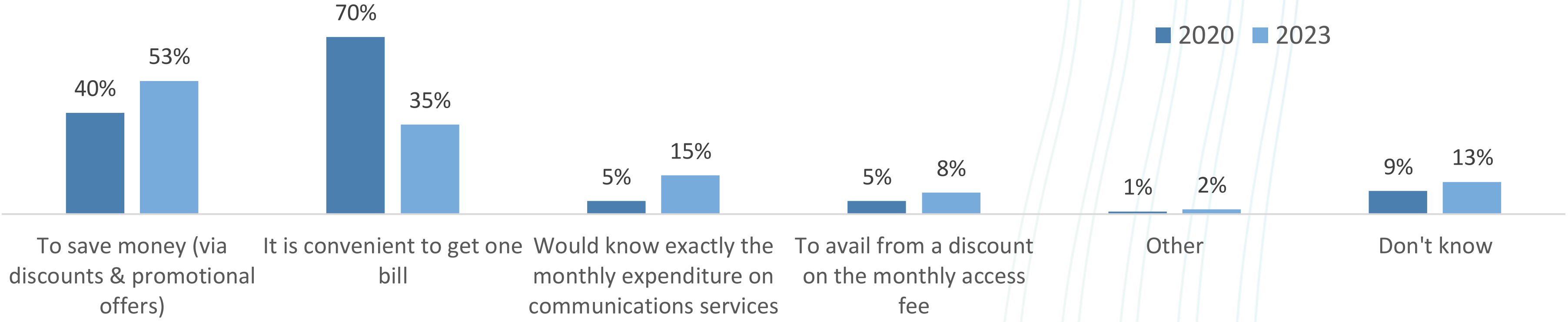
Take-up of bundle products

Take-up of stand-alone vs bundles (1 of 3)

Factors influencing end-user choice for a subscription on a bundle

Number of households that have a bundled subscription – 731 (*Respondents could give multiple replies)*



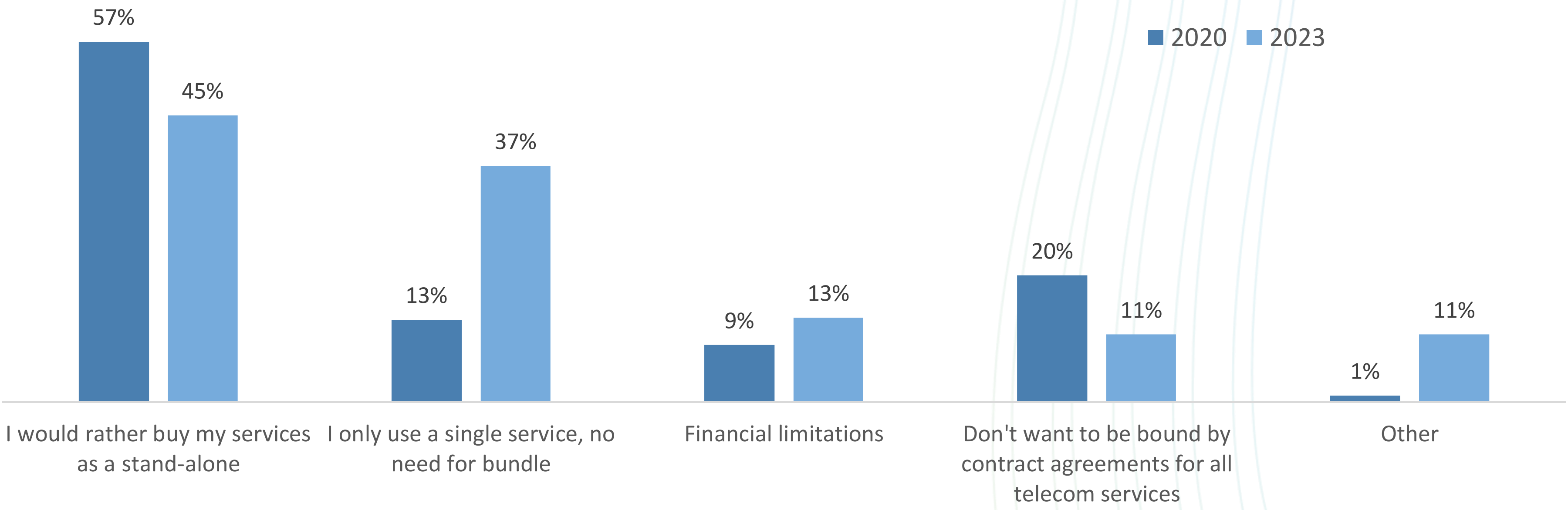
The primary reason for households opting for a bundled subscription is to save money via discounts and promotion offers (53%), marking a significant 13 p.p increase from the previous study. Although decreased by half, the second most cited reason (35%) is the convenience of receiving one bill.

Take-up of stand-alone vs bundles (2 of 3)

Factors influencing end-user choice for stand-alone services

Number of households that do not have a bundled subscription – 75

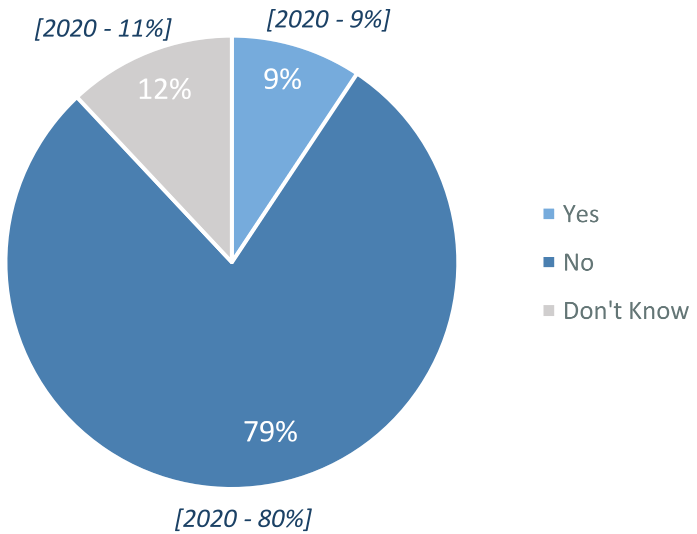
(Respondents could give multiple replies)



Take-up of stand-alone vs bundles (3 of 3)

Potential switching to bundle products over the next six months

Number of households that do not have a bundled subscription - 75



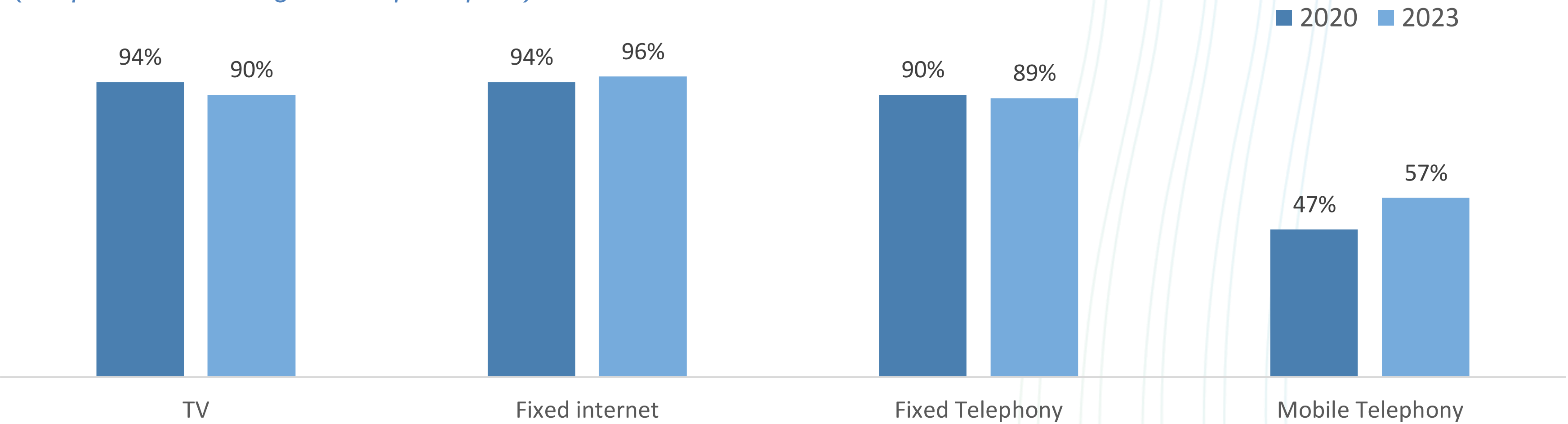
- 79% of respondents with a stand-alone service(s) show no intention to purchase a bundled subscription over the next six months.

Purchase by service in a bundle set-up

Composition of the bundle product

Number of households that have a bundled subscription – 731

(Respondents could give multiple replies)



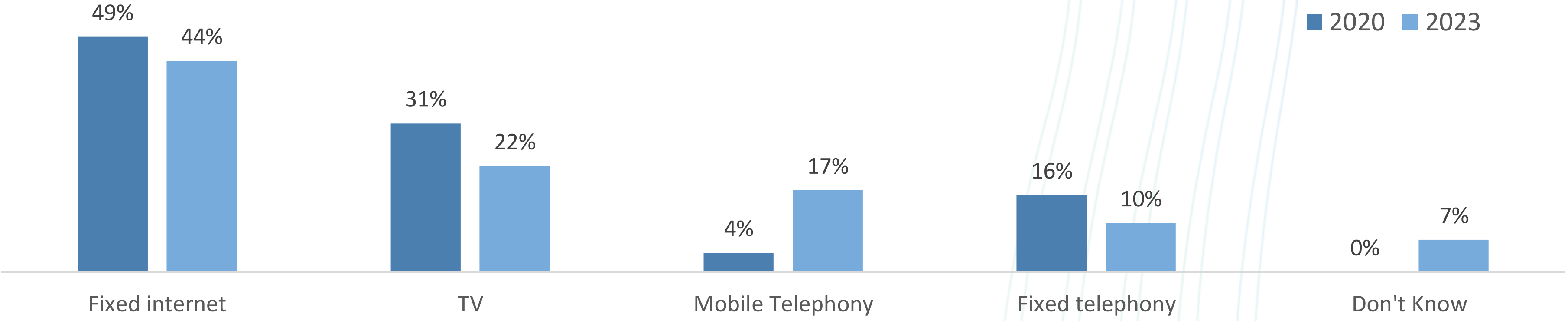
- Fixed internet, TV services and fixed telephony are prevalently purchased in a bundle at 96%, 90% and 89% respectively.
- Mobile telephony is also increasingly purchased in a bundle, up from 47% in 2020 to 57% in 2023.

Factors influencing the purchase of a bundle

Factors influencing adoption of a bundle subscription

Number of households that have a bundled subscription – 731

(Ranking Question)



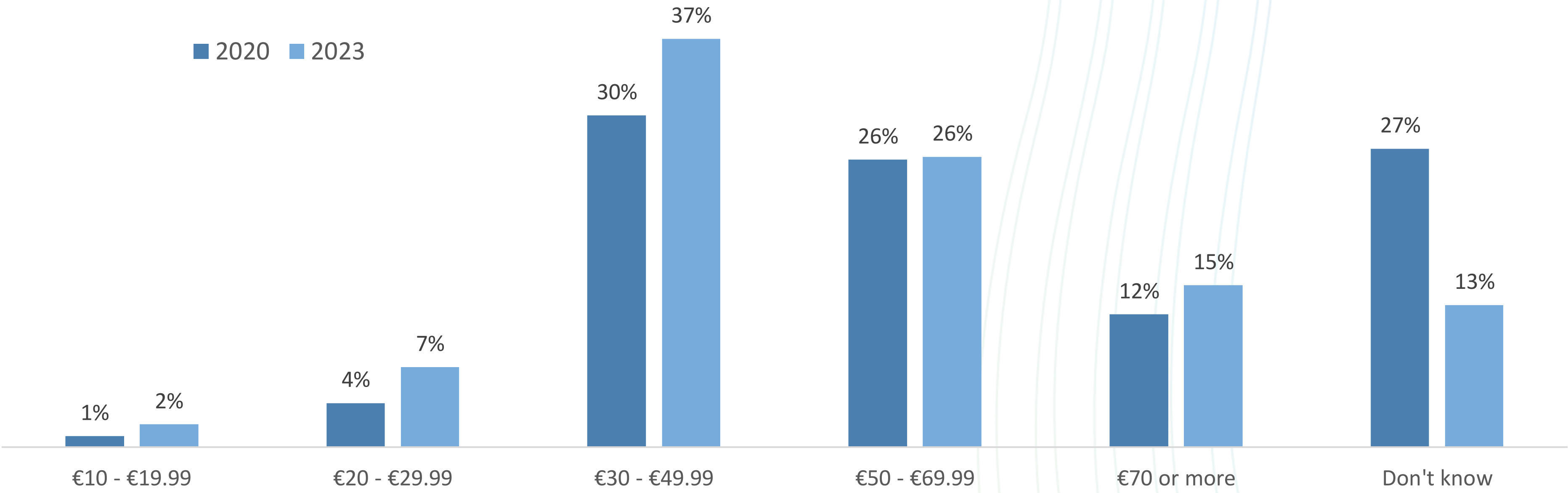
- The influence of mobile telephony on the choice of bundle subscription soared by 13 pp, from 4% in 2020 to 17% in 2023.
- In contrast, fixed internet, TV services and fixed telephony experienced a decline with fixed internet dropping from 49% to 44%, TV from 31% to 22% and fixed telephony from 16% to 10%.
- In the current study, 7% of households were unsure about which service/s had the most significant influence on their decision to purchase a bundle subscription.

Monthly expenditure on bundle subscription

Average monthly expenditure

Average monthly expenditure on main bundled subscription

Number of households that have a bundled subscription - 731



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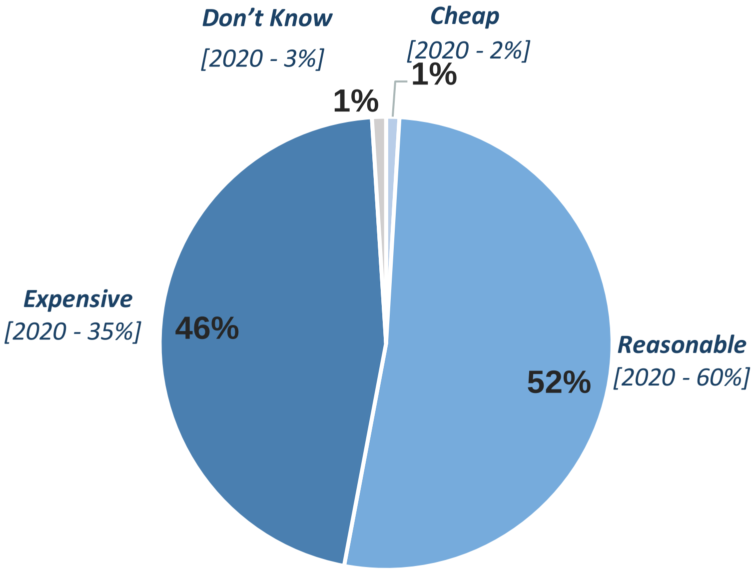
Monthly expenditure on bundle subscription

Perceptions on monthly financial outlay (1 of 2)

Assessing perceptions on monthly expenditure for a bundle subscription

Number of households that know the cost of their bundled subscription – 637 (87% of respondents)



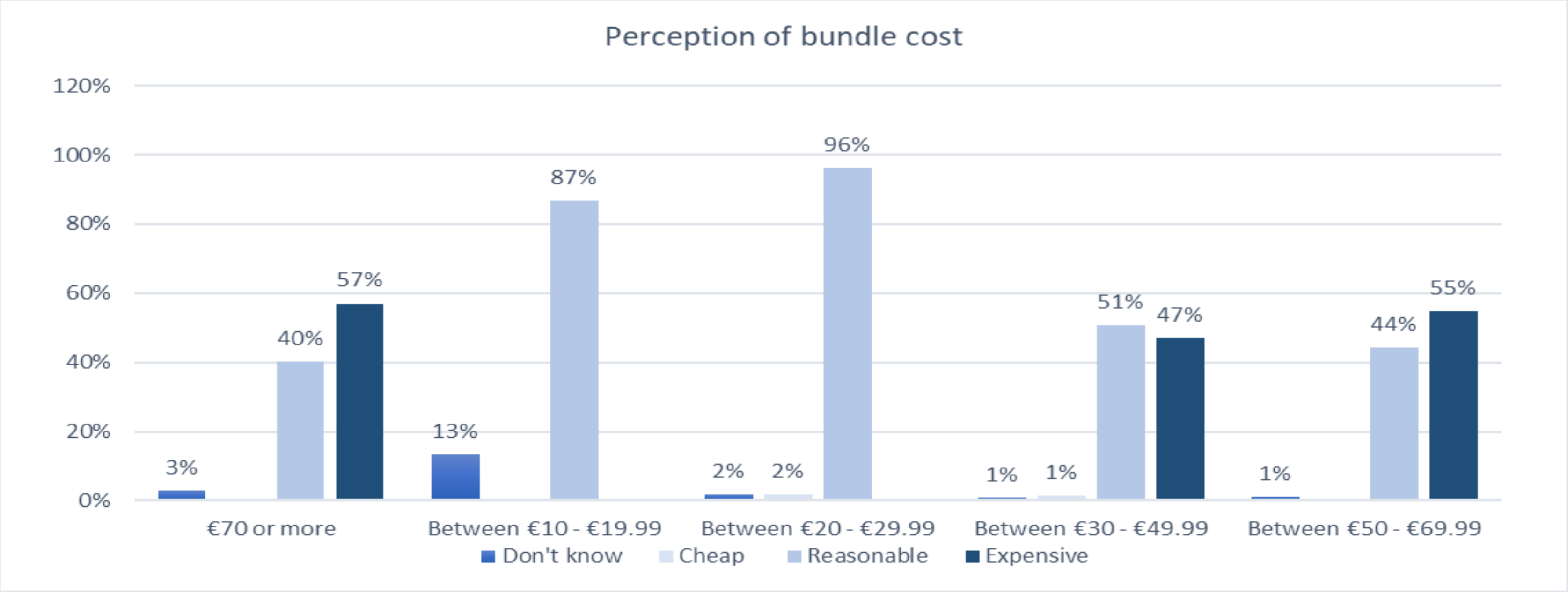
Monthly expenditure on bundle subscription

- 87% of respondents are aware of their monthly expenditure on the bundle service.
- Slightly more than half of these consider their monthly outlay as reasonable (52% in 2023 vs 60% in 2020).
- 46% consider their monthly outlay as expensive (35% in 2020).

Perceptions on monthly financial outlay (2 of 2)

Assessing perceptions on monthly expenditure for a bundle subscription

Number of households that know the cost of their bundled subscription – 637 (87% of respondents)



Monthly expenditure on bundle subscription

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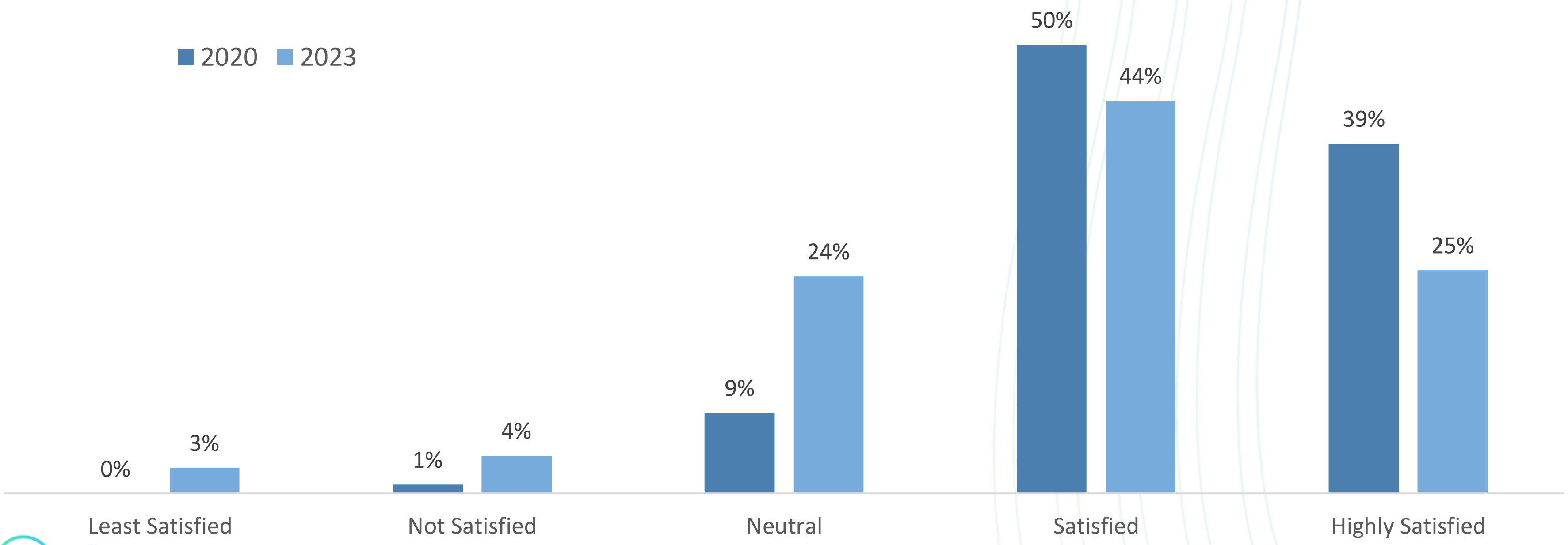
Quality of service, switching and fault resolution

Quality of service (1 of 4)

Customer satisfaction with main home bundle

Number of households that have a bundled subscription - 731

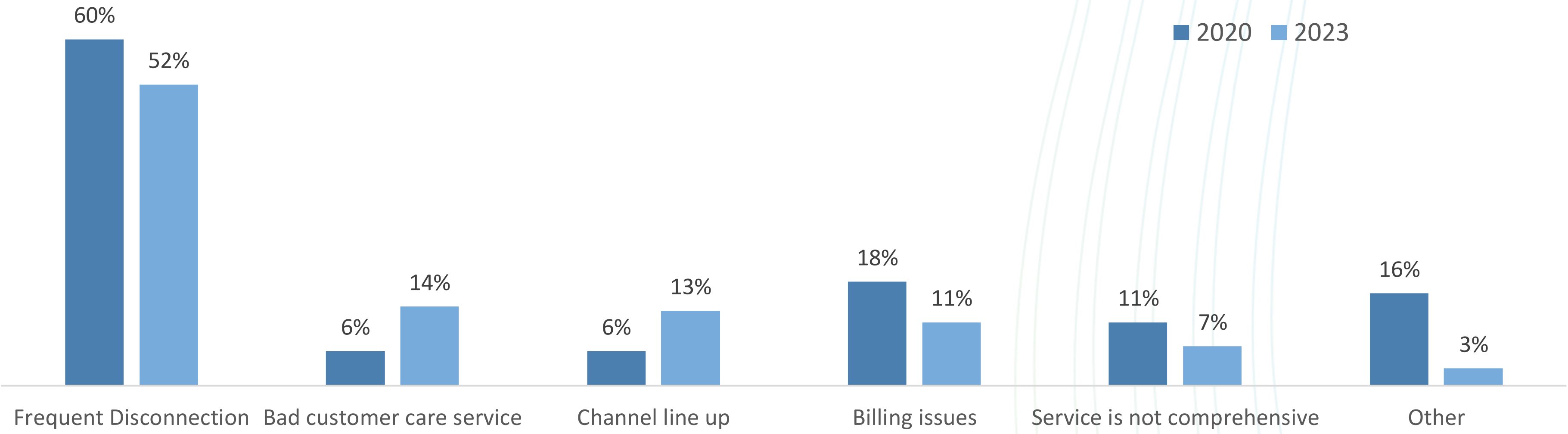


Quality of service (2 of 4)

Reasons for lack of satisfaction with the service

Number of households that are not completely satisfied (including neutral) with their bundle service – 229

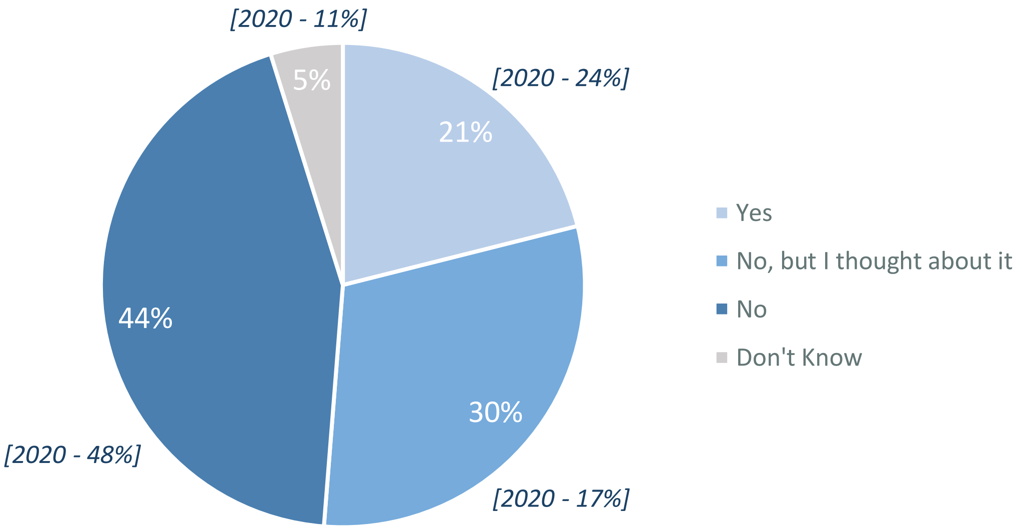
(Ranking Question)



Quality of service (3 of 4)

Potential to switch for “not completely satisfied customers”

Number of households that are not completely satisfied with their bundle service - 229



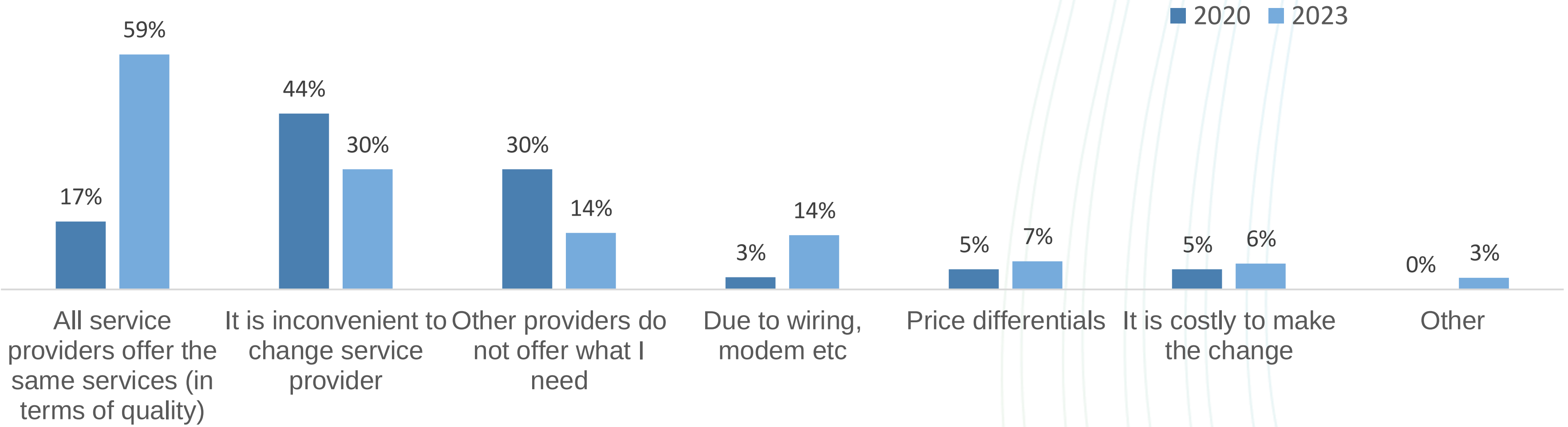
- Almost three-fourths of the total households that are not completely satisfied with their bundled subscription do not intend to switch their main bundled subscription to another service provider. This result represents an increase of 9% from the previous study.

Quality of service (4 of 4)

Customer loyalty to main bundle subscription despite lack of satisfaction

Number of respondents that are not completely satisfied with their bundle service but are not considering to switch their main bundled subscription - 170

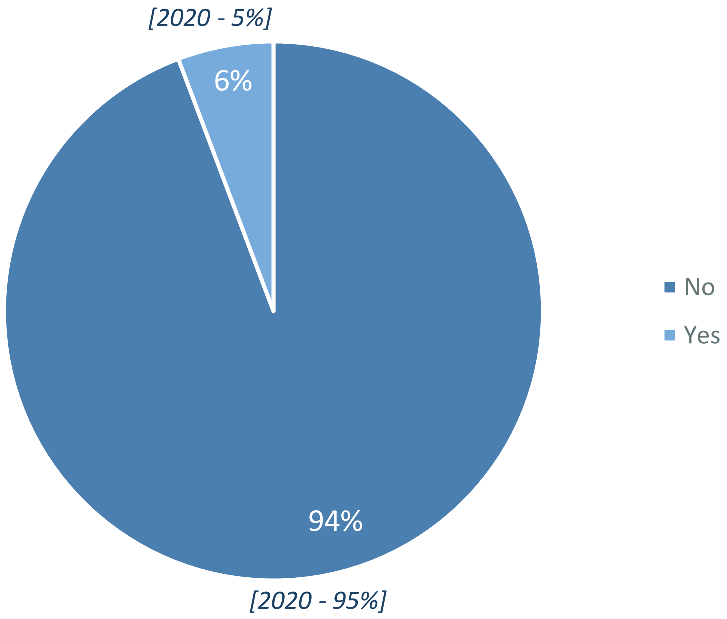
(Respondents could give multiple replies)



Switching (1 of 6)

Switching trends over the past 2 years for respondents with a bundled service

Number of households that have a bundled subscription - 731

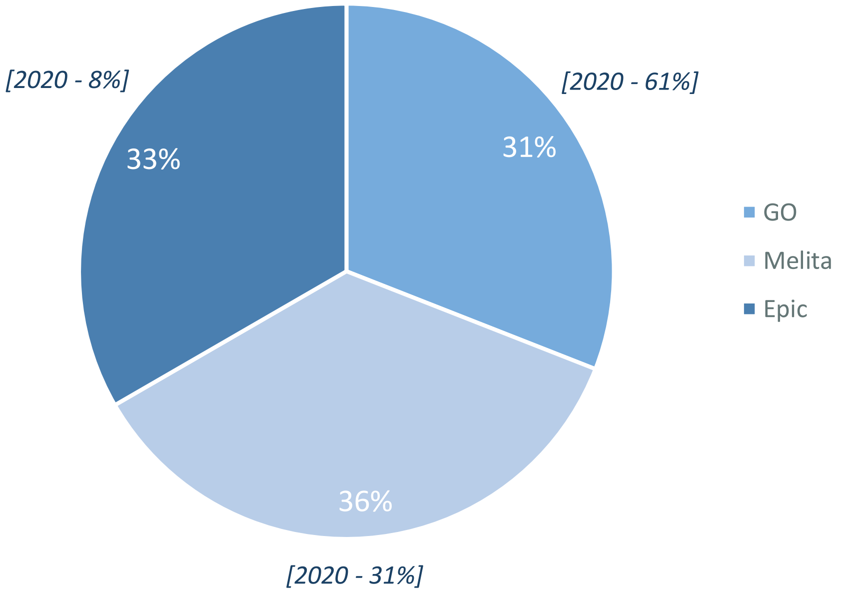


The majority of respondents (94%) indicated loyalty to their operator and have not switched to a bundle offered by another operator (95% in 2020).

Switching (2 of 6)

Switching trends over the past 2 years for respondents with a bundled service

Number of households that have switched a bundle service during the past two years - 42



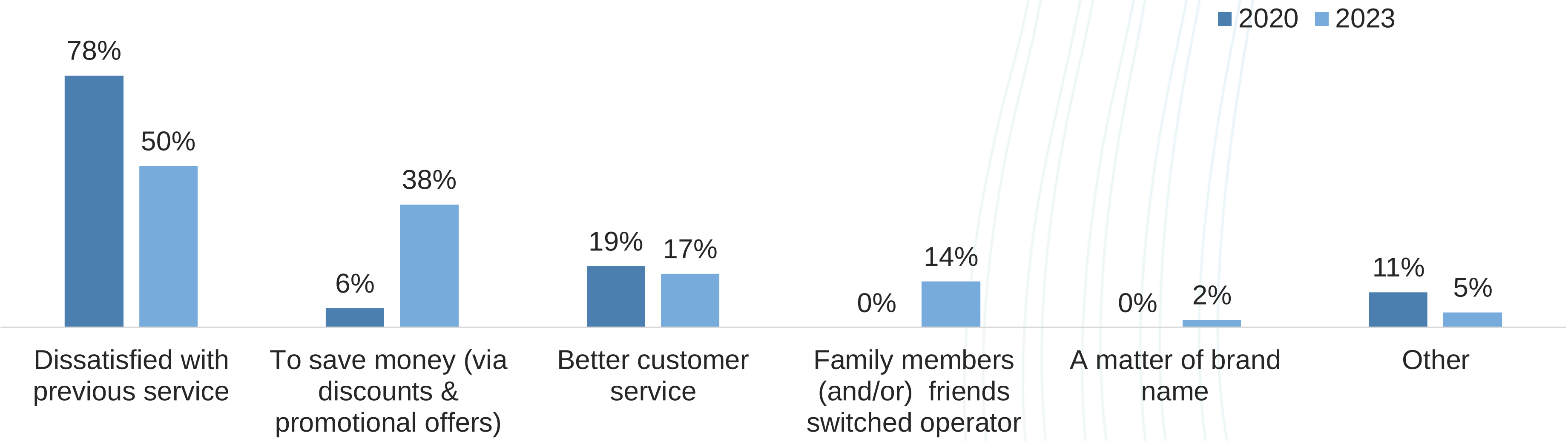
- Over the past two years, the majority of households (36%) that changed their bundle service were previously subscribed to Melita, reflecting a slight increase from the 31% recorded in 2020.
- Notably, 33% of households had a prior subscription to Epic, showing a significant surge from the 8% reported in 2020.
- Conversely, the percentage of households previously subscribed to GO witnessed a notable decrease, falling to 31% from the 61% recorded in 2020.

Switching (3 of 6)

Reasons for switching bundle subscription

Number of households that have switched a bundle service during the past two years – 42

(Respondents could give multiple replies)

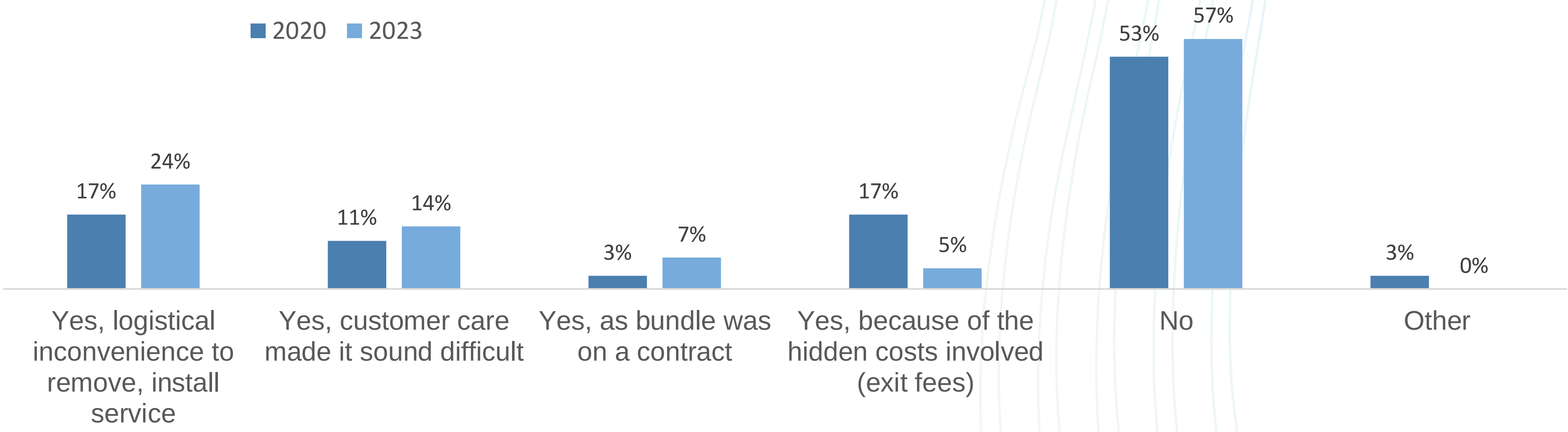


Switching (4 of 6)

Assessing the difficulty of switching service provider for a bundle ssubscription

Number of households that have switched a bundle service during the past two years – 42

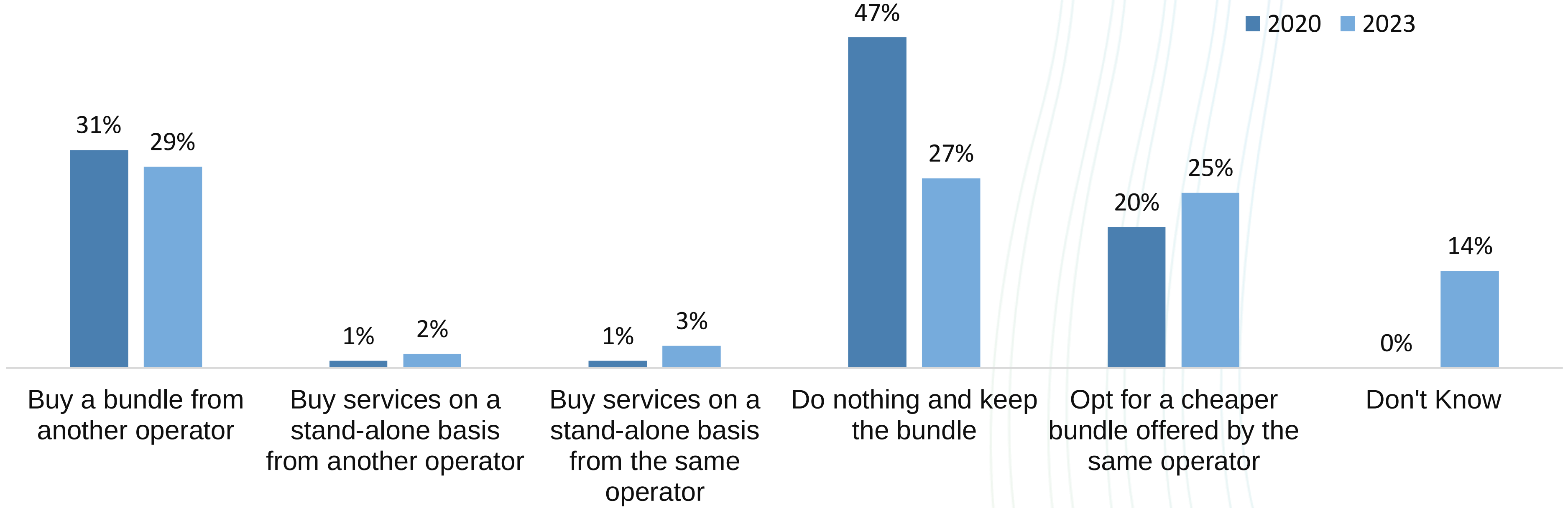
(Respondents could give multiple replies)



Switching (5 of 6)

Analysing consumer behaviour in response to a 10% increase in monthly bundle costs

Number of households that have a bundled subscription - 731

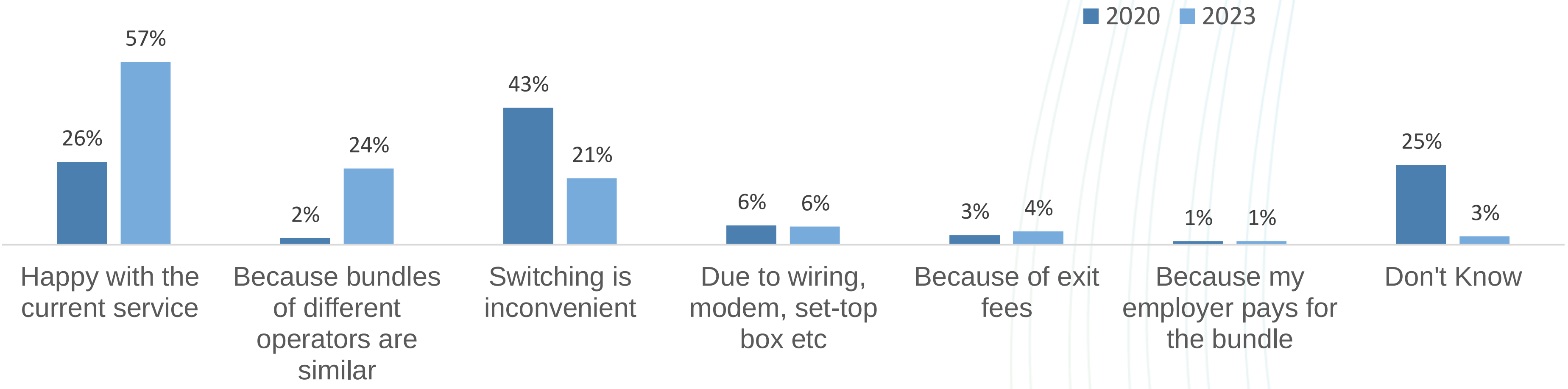


Switching (6 of 6)

Customer loyalty and motives for retaining the current bundle despite a 10% price increase

Number of households that choose to keep their current bundle – 197

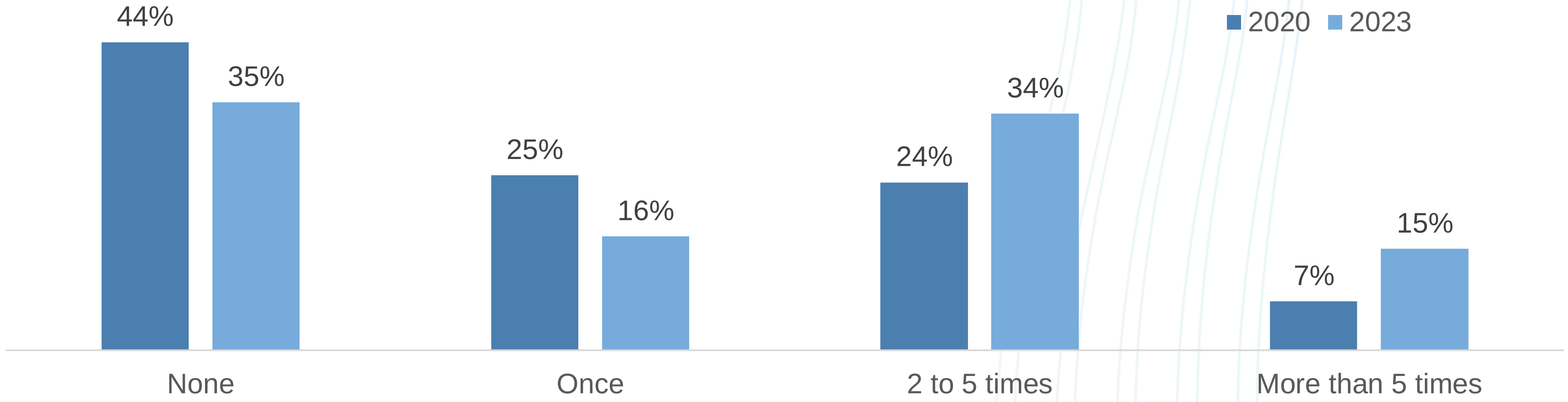
(Respondents could give multiple replies)



Fault reporting and resolution (1 of 3)

Disconnections, faults, and problems in bundled services over the past 12 months

Number of households that have a bundled subscription - 731



- 35% of households reported no faults in the last 12 months (44% in 2020)
- Almost half of households (49%) have experienced more than 2 faults, representing an 18 p.p increase than the previous study

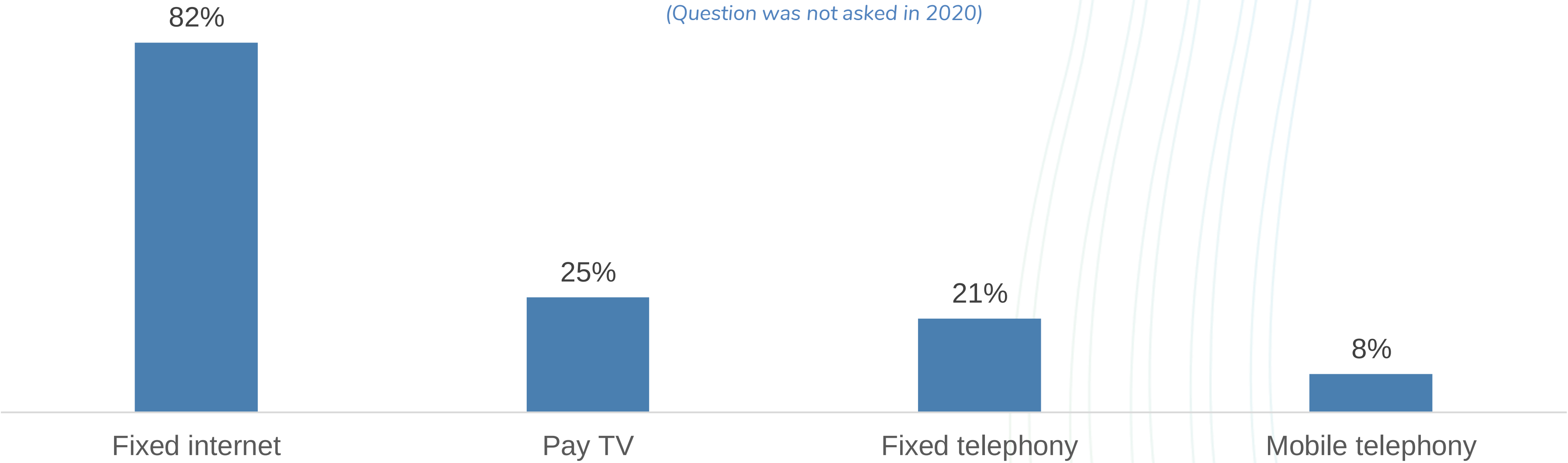
Fault reporting and resolution (2 of 3)

Disconnections, faults, and problems across service offerings in the bundle

Number of households that had one or more faults / disconnections over the past 12 months – 472

(Respondents could give multiple replies)

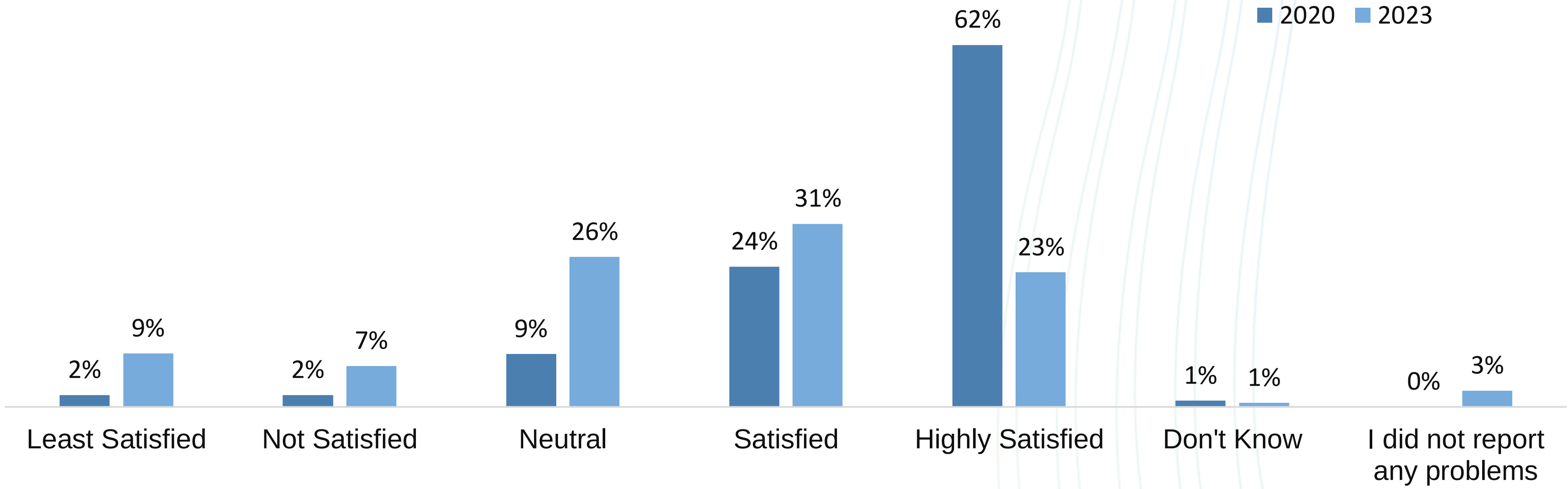
(Question was not asked in 2020)



Fault reporting and resolution (3 of 3)

User perceptions on fault resolution for bundle services

Number of households that had one or more faults / disconnections over the past 12 months - 472

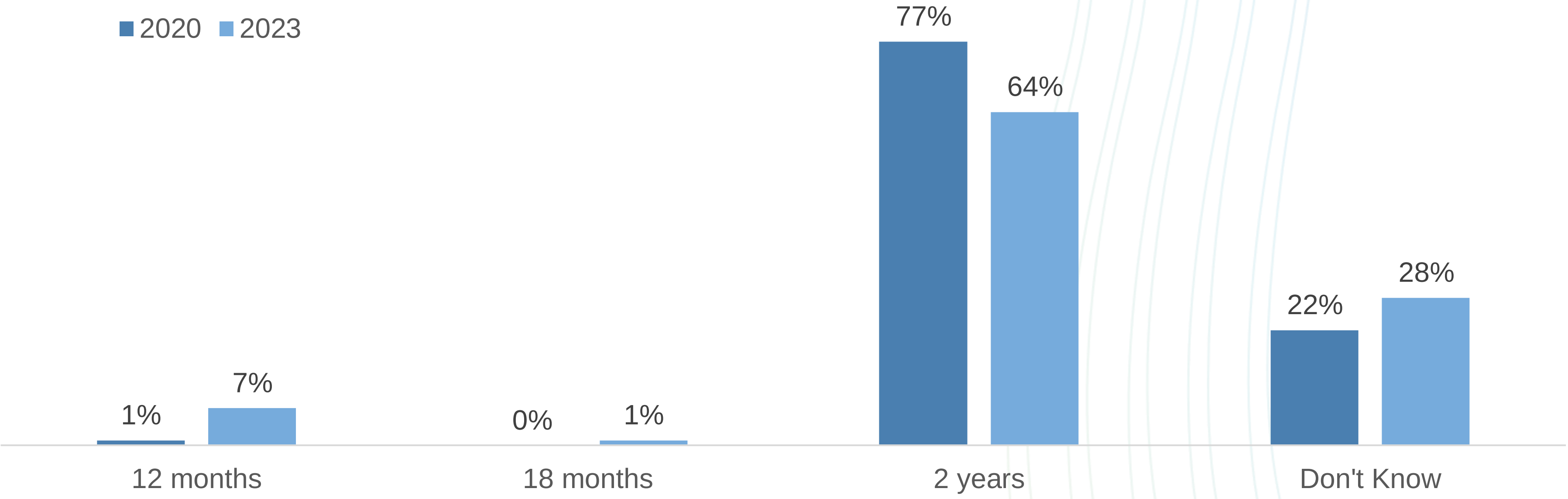


Term of contract and termination fees

Typical contract term

Contract term for bundle subscriptions

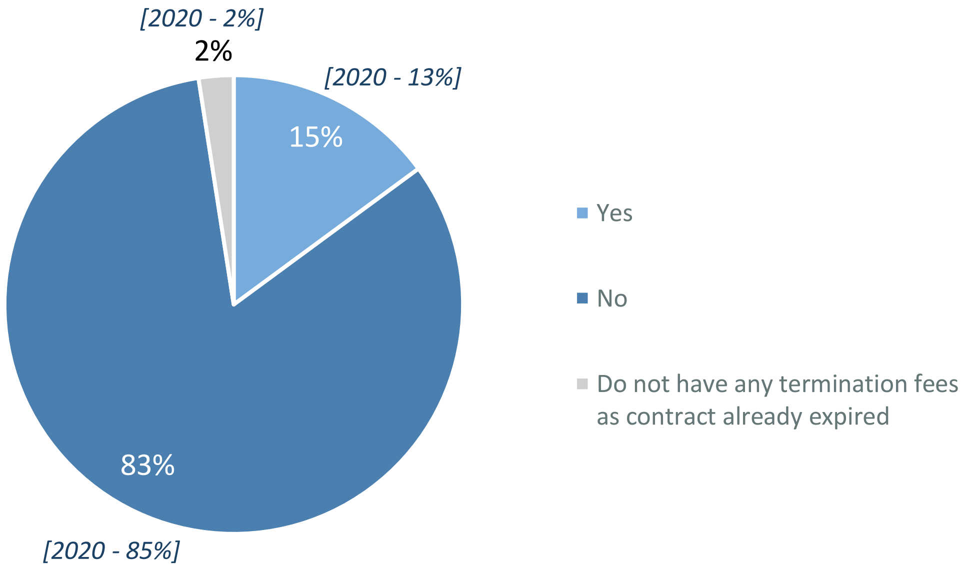
Number of households that have a bundled subscription - 731



Termination fees (1 of 3)

Awareness of the cost of early termination fees in bundle contracts

Number of households that have a bundled subscription - 731

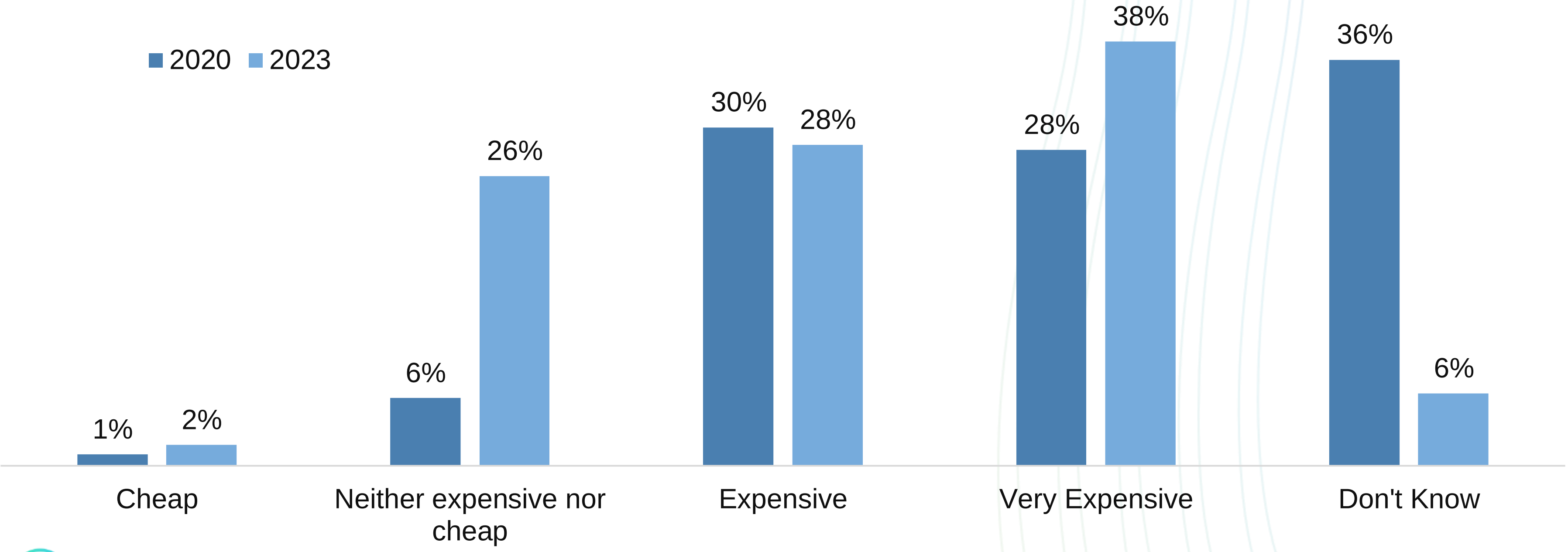


In the current study, 83% of households are not aware of the cost of the early termination fees attached to their bundle contract, which reflects a small change from results obtained in 2020.

Termination fees (2 of 3)

Customer perspectives on early termination fees in bundle contracts

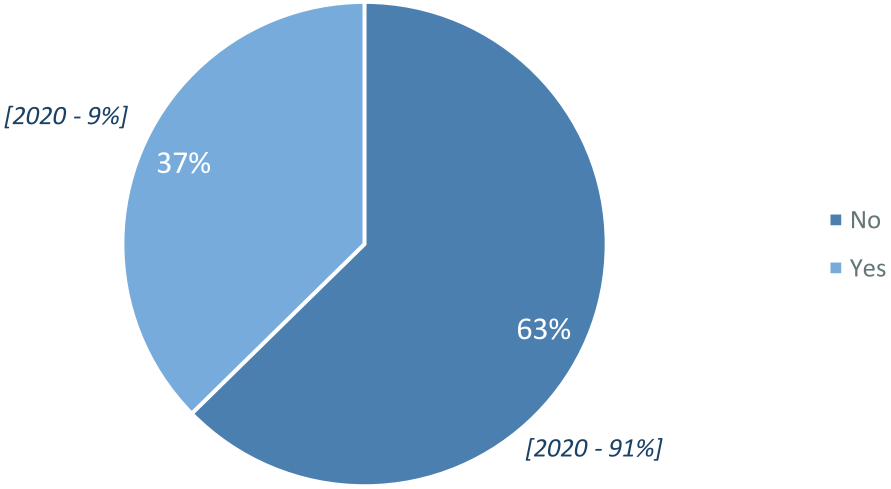
Number of households that know the cost of the early termination fees attached to their bundle contract - 109



Termination fees (3 of 3)

Awareness of exit notice

Number of households that have a bundled subscription - 731



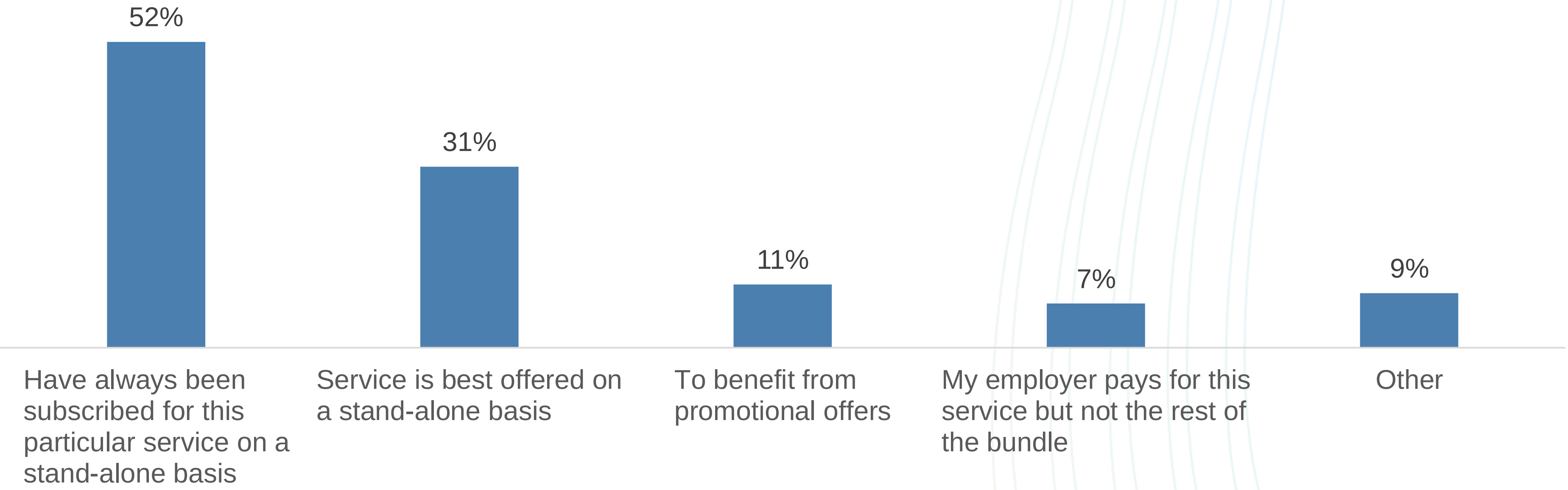
- 63% of respondents are not aware that if their operator changes the terms of their contract, it has to give them 30 days written notice to exit the contract without incurring any termination fees.
- This marks a significant decrease of 28p.p from the 91% registered in the previous study.

Prevalence of stand-alone subscription for users with a bundle

Bundling of mobile telephony and use of this service (1 of 2)

Mobile telephony as a stand-alone subscription

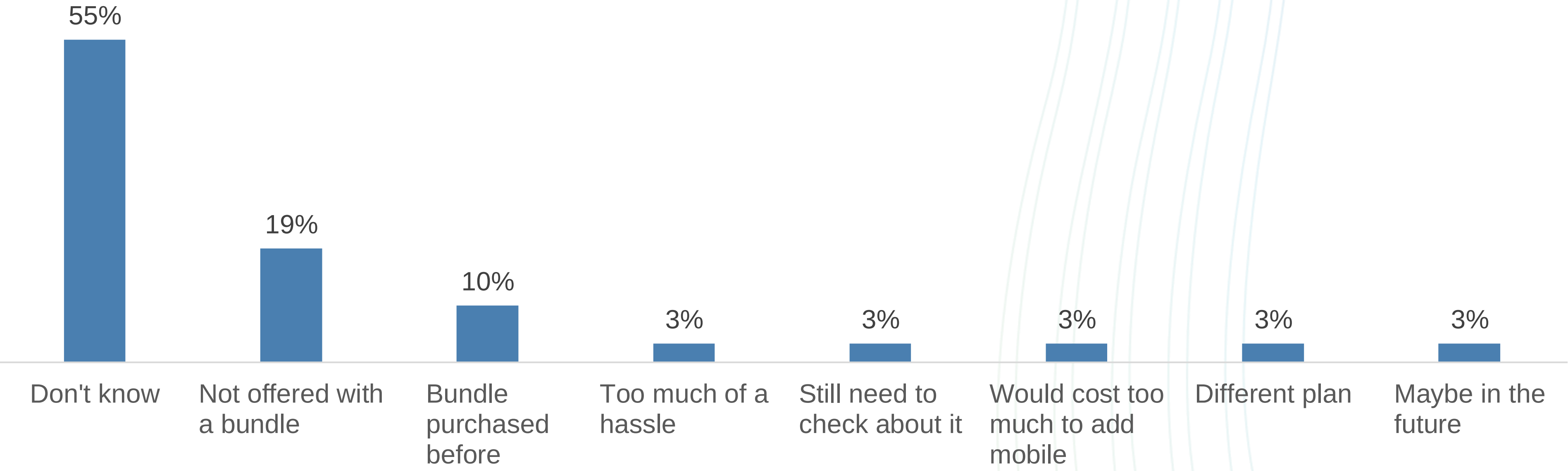
Number of households that have mobile telephony as a stand-alone subscription – 337 (*Respondents could give multiple replies) – Due to different answer options in 2020, comparisons could not be made*



Bundling of mobile telephony and use of this service (2 of 2)

Mobile telephony as a stand-alone subscription (others)

Number of households that mentioned other reasons - 31

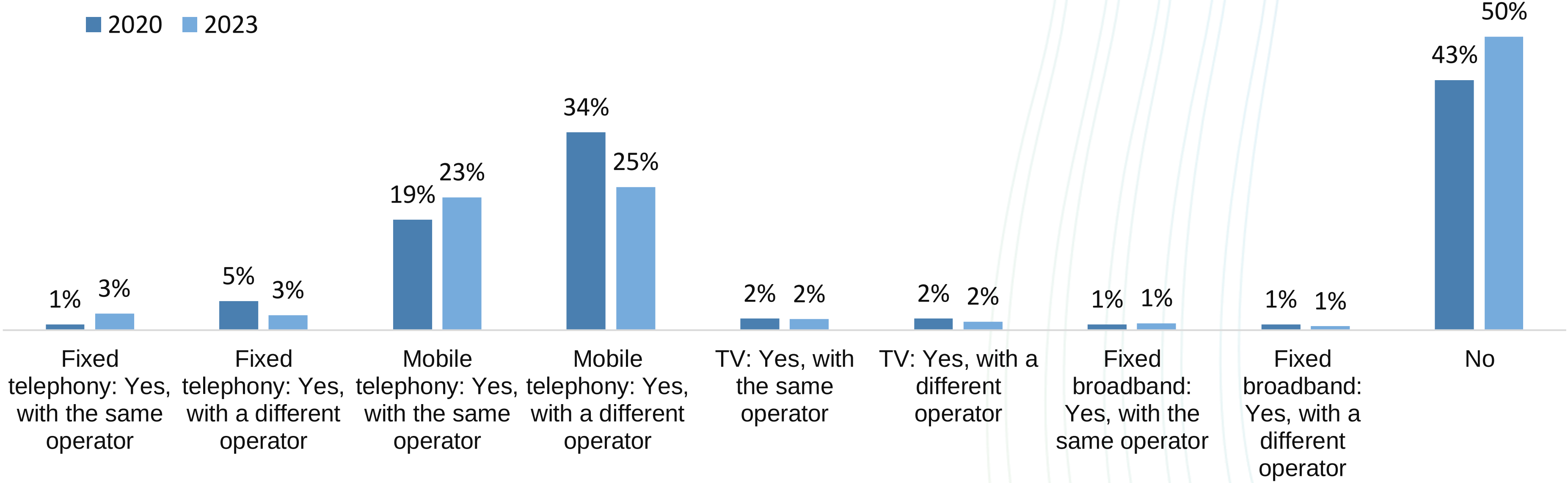


Prevalence of stand-alone alongside bundle subscriptions

Stand-alone telecom service subscriptions among bundle users

Number of households that have a bundled subscription – 731

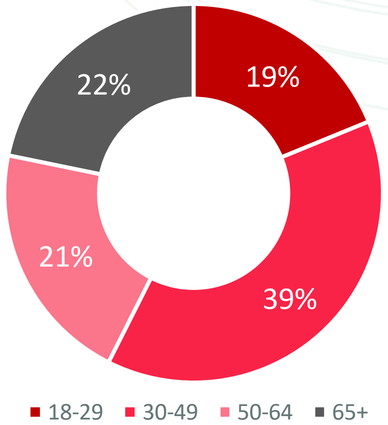
(Respondents could give multiple replies)



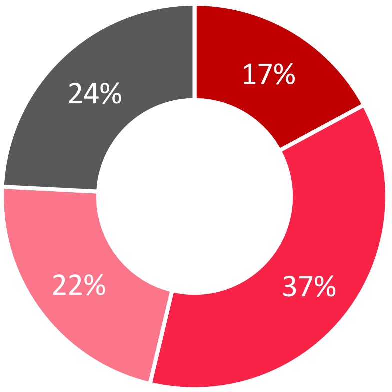
Annex – sample distribution

Sample Distribution

Local Demographics
Data extracted from NSO Publication: Trends in Malta 2021



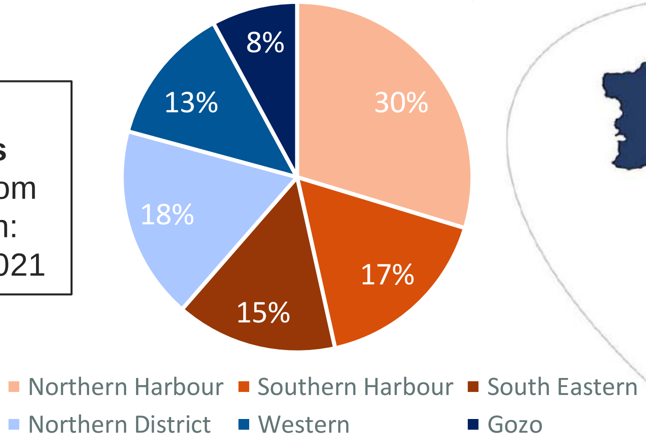
Sample Demographics

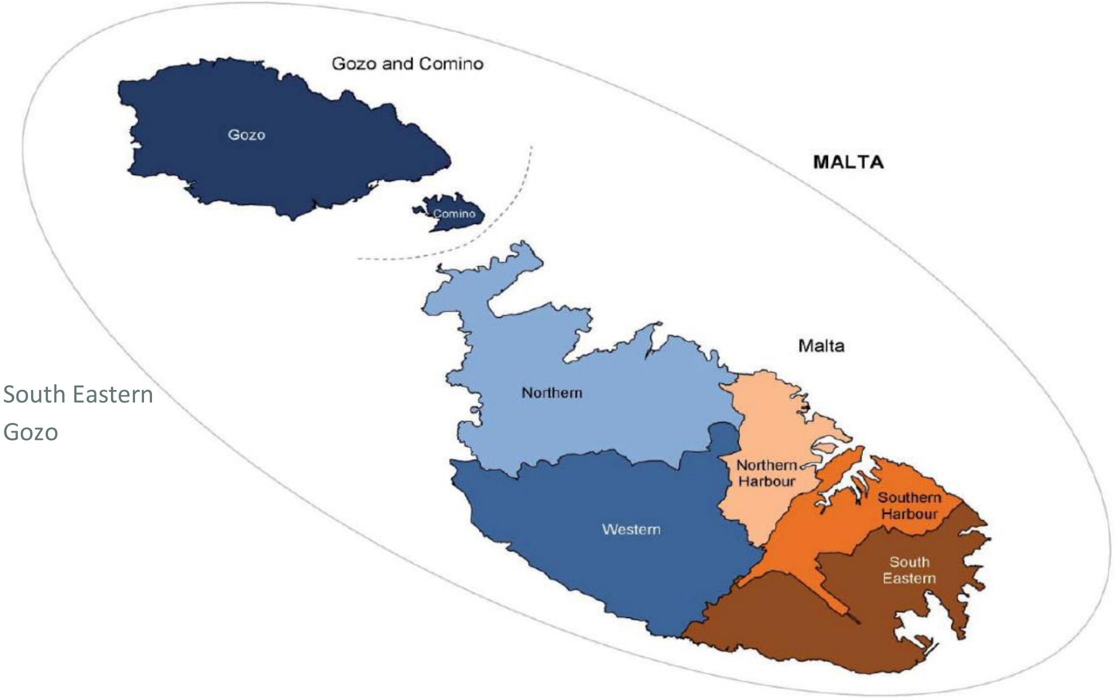


- The sample is equally split in terms of males and females.
- As illustrated here, the sample size is also closely representative of the local population in terms of age.

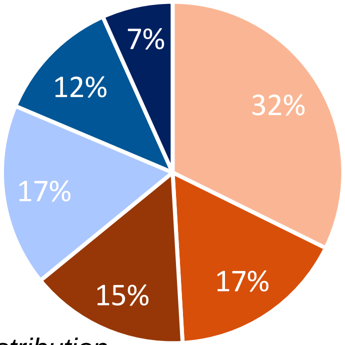
Sample Distribution

Local Demographics
Data extracted from NSO Publication: Trends in Malta 2021





Sample Demographics



The research sample collated is also closely representative of the local population in terms of the respondents' residence.

End

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