SURVEY ON THE USE OF ELECTRONIC COMMUNICATIONS SERVICES BY SMEs - 2016

Main results

April 2017

ANACOM

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Introduction

Once every two years ANACOM conducts a survey on the use of electronic communications services in micro, small and medium-sized enterprises[1] (SMEs) in Portugal.

The main results of the latest survey, carried out in December 2016, are presented below.

A summary of the methodology used for the survey is given in the annex.

1. Summary

- The penetration rate of the fixed telephone service (FTS), the mobile telephone service (MTS) and the Internet access service (IAS) was between 91 and 95 %. Around 65 % used 4 or 5 services, while the most frequent combination of services was MTS+FTS+MIAS+FIAS (45 %).

  Internet penetration in Portuguese companies with 10 or more employees was one percentage point above the EU average. Portugal was 12th in the EU ranking. Portugal's ranking is lower in the "manufacturing" and "construction" sectors. All large companies have Internet as happens in the EU.

- Regarding penetration, there are significant differences between sectors, depending on the activity carried out. For example, the "construction" sector showed the highest penetration rate for mobile services and the lowest for fixed services. The "retail" and "manufacturing" sectors report the opposite scenario. The subscription TV service was mostly subscribed to through "other services", although it recorded the highest growth in other sectors between 2014 and 2016.

- The main barriers to the take-up of services are related to the use of alternative networks/services and/or the lack of need/interest in subscribing to the services.

- 88 % of the surveyed companies subscribed to bundled offers, the same as in 2014. The FTS+MTS+FIAS+MIAS quadruple play (4P) bundle continued to be the most popular (26 % of bundles), followed by the quintuple play bundle (16%).

[1] The following concepts are used in this survey: SME - company with fewer than 250 employees; microenterprise - company with fewer than 10 employees; small enterprise – company with 10 to 49 employees; medium-sized enterprise – company with 50 to 249 employees.

The vast majority of the surveyed companies (75 %) have subscribed standard enterprise offers. About 19 % mentioned having tailor-made offers (+10.4 percentage points than in 2014).

- As regards the use of new technologies and information and communications services, over-the-top (OTT) services stand out, especially the Internet messaging service (34.5 %) and the voice over Internet service (25.7 %). Around 17.9 % of the SMEs surveyed made use of cloud computing (+6.4 percentage points than in 2014).

  On a scale of 1 (no substitutability) to 10 (full substitutability), the survey's respondents reported a degree of substitutability between OTT services and traditional services in their companies of 6.3 in the case of mobile voice, and 5.7 in the case of fixed voice.

- According to the survey, MEO is still the main provider of bundled services and stand-alone fixed services to SMEs. NOS and Vodafone follow, with no significant differences in terms of these services.

  Vodafone was the largest provider of stand-alone mobile services, although with a significant decrease from 2014. In contrast, it was the provider that showed the highest growth in terms of bundled services.

- Between 2014 and 2016 there was a considerable drop in the rate of provider switching by SMEs in most services, with levels being between 5.8 and 6.5 %. The existence of a contract lock-in period continues to be the main barrier to provider switching. About 85 % of the new contracts achieved in 2016 had a 24-month lock-in period (unchanged compared with 2014).

- SMEs' spending on electronic communications decreased on average 1.3 % in 2016.

- The business customers of services included in bundles were the ones that complained most (21.9 %), and they were also the least satisfied with their services (7.4 points on a scale of 1 "completely dissatisfied", to 10 "completely satisfied").

2. Use of electronic communications services by SMEs

This chapter sets out the use of electronic communications services by SMEs, especially as regards the penetration of the various services and combinations of services, service penetration by sector of activity and company size, type of subscription, and possible barriers to the use of services.

Whenever possible, international comparisons are given based on the European Commission's annual *Information and Communication Technologies in Enterprises*[2] survey. This survey presents data for 2016 and covers companies with 10 or more employees, with the possibility of specifically analysing large enterprises.

2.1. Penetration by service and combination of services

According to the results of this survey, as at the end of 2016, the penetration of the fixed telephone service (FTS), the mobile telephone service (MTS) and the Internet access service (IAS) among SMEs was between 91 and 95 %.

Despite having one of the lowest levels of penetration (64.1 %), the mobile Internet access service (MIAS) was the service that grew most between 2014 and 2016 (+9.6 percentage points), followed by the subscription television service (STVS) – which grew by +7.7 percentage points.

[2] Survey on the Use of Information and Communication Technologies in Enterprises, conducted by the EU Member States' national statistical institutes and harmonised and compiled by Eurostat. In Portugal, the sample size was 3421 companies in 2016, and the population consisted of companies in Portugal with 10 or more employees, and whose main economic activity was manufacturing, energy, construction, retail trade and repairs, accommodation and food services, transport and communications, and other services (excluding education and health activities and, after 2015, financial and insurance activities). The reference period of the information is the year 2016 for most variables.

Table 1 - Subscription to electronic communications services

	2007	2010	2012	2014	2016
Fixed telephone service (FTS)	95.8	90.3 ↓	92.3 ↑	93.5	93.7
Mobile telephone service (MTS)	71.5	81.8 ↑	89.7 ↑	89.3	90.9 ↑
Internet access service (IAS)	63.5	76.1 ↑	89.2 ↑	93.3 ↑	95.5 ↑
Fixed Internet access service (FIAS)	:	71.0	83.2 ↑	88.9 ↑	92.2 ↑
Mobile Internet access service (MIAS)	:	32.2	48.6 ↑	54.5 ↑	64.1 ↑
Subscription television service (STVS)	4.5	13.1 ↑	10.9 ↓	15.7 ↑	23.4 ↑

Unit: %.

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2007, 2010, 2012, 2014 and 2016

Base: All companies with fewer than 250 employees

Note: Estimate symbols: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate.[3] An upward arrow signals a statistically significant increase between t-1 and t, and a downward arrow signals a statistically significant decline.[4]

According to the European Commission's annual survey *Information and Communication Technologies in enterprises*, penetration of the Internet access service in Portuguese companies was one percentage point above the EU28 average (12th in the EU28 ranking), while mobile broadband penetration was three percentage points higher than the average (as happened the previous year).

Table 2 – Subscription to Internet access service by companies with 10 or more employees in EU context

	2010	2011	2012	2013	2014	2015	2016
EU28 (%)	94	95	95	96	97	97	97
Portugal (%)	94	95	95	96	97	98	98
PT Ranking in EU28	18th	17th	18th	17th	16th	10th	12th
Difference from EU28 average (p.p.)	0	0	0	0	0	+1	+1

Unit: %, p.p.

Source: Eurostat, European ICT survey: "Information and Communication Technologies in enterprises"

Base: Companies with 10 or more employees (excludes the Financial Sector)

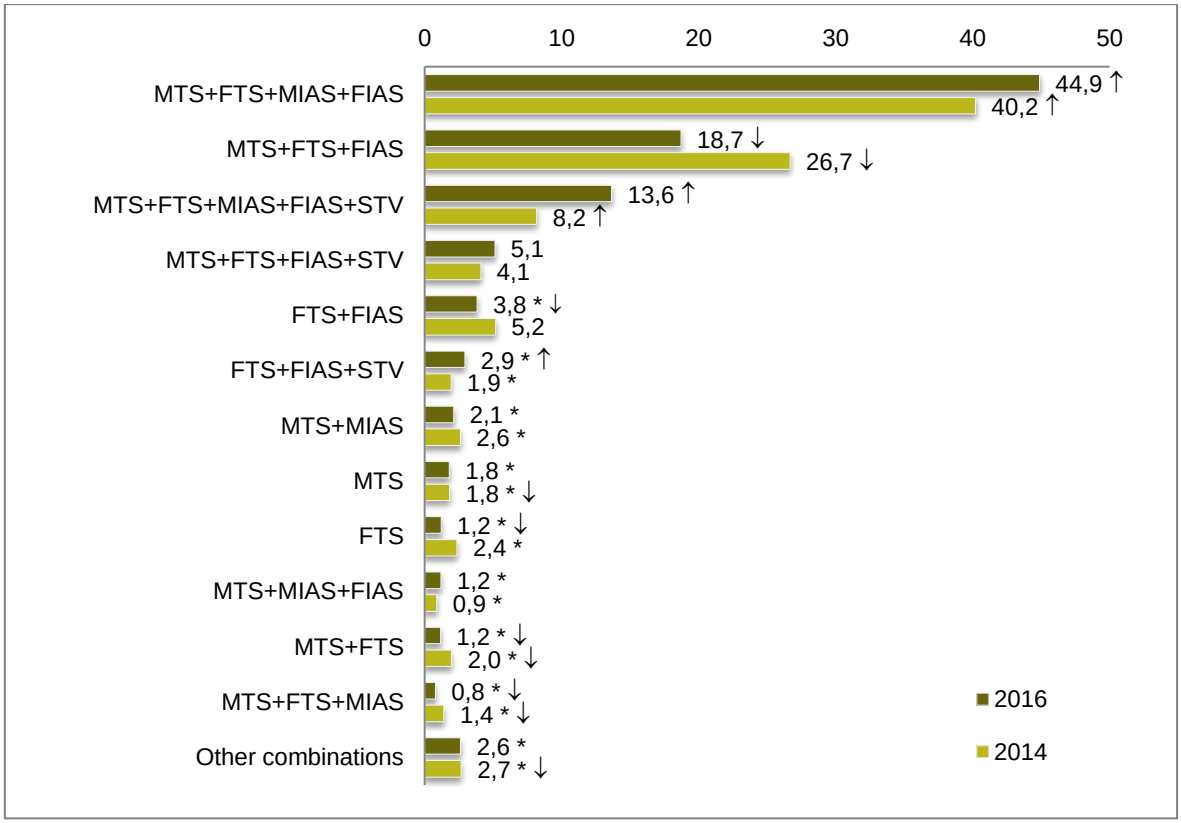
Around 65 % of SMEs used 4 or 5 electronic communications services (+11.6 percentage points than in 2014)[5].

[3] The coefficient of variation is taken as an indicator for evaluating the sampling error, based on the variance of the "proportion" or "average" estimator (as appropriate) of a simple random sample. The following classification was used: reliable estimate when the variation coefficient of is under 10 %; acceptable estimate when the variation coefficient is 10 % or more but less than 25 %; unreliable estimate when the variation coefficient is 25 % or more.

[4] The statistical test used was that of the difference between two proportions for large and independent samples with a confidence level of 95 %.

The most popular combination of (stand-alone or bundled) services among SMEs, was MTS+FTS+MIAS+FIAS (45 %, +4.7 percentage points than in 2014), followed by the combination MTS+FTS+FIAS (19 %). The next combination most used by SMEs was MTS+FTS+MIAS+FIAS+STVS (13.6 %), and this had the highest rate of growth between 2014 and 2016 (+5.5 percentage points).

Graph 1 – Combinations of electronic communication services



Unit: %.

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2014 and 2016

Base: All companies with fewer than 250 employees (excludes non-responses).

Note 1: Estimate symbols: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. An upward arrow signals a statistically significant increase between t-1 and t, and a downward arrow signals a statistically significant decline.

Note 2: FTS - Fixed telephone service; MTS - Mobile telephone service; MIAS – Mobile Internet access services (including those using PC/tablet and the so-called “Internet via mobile phone”); FIAS – Fixed Internet access service; STVS – Subscription television service.

[5] The electronic communication services considered for this analysis were: mobile telephone service (MTS); fixed telephone services (FTS); fixed Internet access service (FIAS); mobile Internet access service, which includes Internet on mobile phones or other devices such as PCs/tablets (MIAS), and the subscription television service (STVS).

2.1.1. Use of leased lines service and private networks

Leased lines and the private network service saw little use by the companies surveyed in 2016 (6.9 and 7.5 %, respectively). Compared to 2014, there was a significant increase in the use of these services.

Table 3 – Use of leased lines and private networks by companies

	2014	2016
Leased lines	4.4	6.9 ↑
Private network management service / virtual private networks	4.0	7.5 ↑

Unit: %.

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2014 and 2016

Base: All companies with fewer than 250 employees

Note: Estimate symbols: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. An upward arrow signals a statistically significant increase between t-1 and t, and a downward arrow signals a statistically significant decline between those two moments.

According to the companies surveyed, these services are mostly used in the company's internal organisation (89 %), particularly for accessing, sharing and transmitting data (38 %), communications within the company (28 %), information storage (19 %), security/surveillance (13 %), billing/accounting (11 %), customer management (10 %), and the access to hardware/software/extranet/Internet/server/datacenter (8 %).

Some of the companies surveyed also mentioned using these services in their external relationships (19 %), particularly in their relationships with customers (13 %) and suppliers (9 %).

2.2. Penetration by sector of activity

Analysis of service penetration by economic sector reveals significant differences in particular cases, depending on the nature of the activity concerned.

Penetration of the telephone service at a fixed location exceeded 93 % across most sectors, in 2016. The "construction" sector was still the exception, with an FTS penetration of 82.8 %.

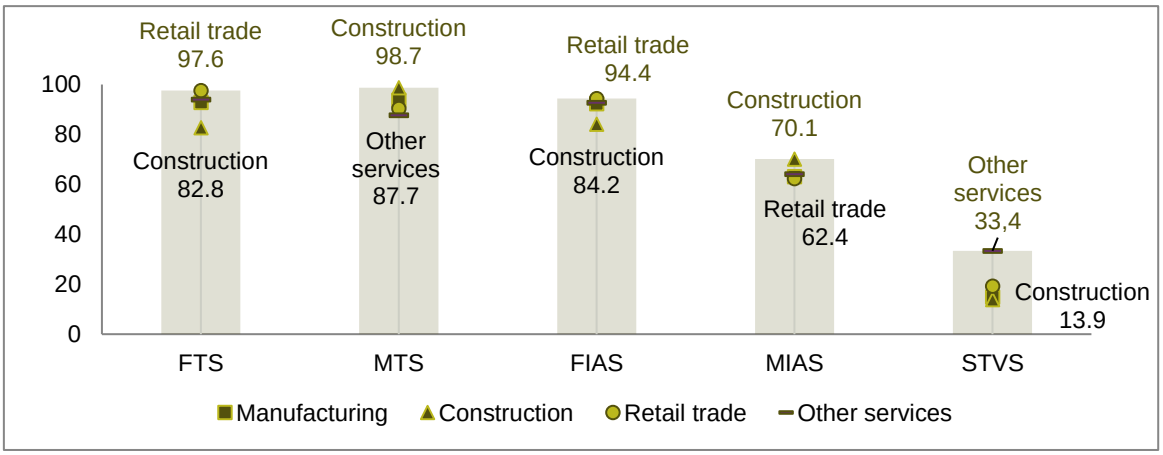
The situation is similar in the case of FIAS, with penetration rates above 92 % in all sectors except "construction", where penetration is reported at 84.2 % (and it is also the only analysed sector with no significant growth relative to 2014).

However, the construction sector has the highest penetration rate for both MTS (98.7 %) and MIAS (70.1 %). As such, construction stands out from the remaining sectors which reported penetration rates between 88 and 94 % in the case of MTS, and close to 63 % in the case of MIAS.

All sectors analysed recorded a significant increase in the use of MIAS between 2014 and 2016, particularly the “manufacturing” sector, which went from 50.7 to 63.1 %.

STVS was mostly subscribed to through "other services"[6] (33 %), which includes “accommodation, food and similar services”. Nonetheless, it was the other sectors analysed, particularly “retail trade”, that reported the highest growth in the use of STVS from 2014 to 2016.

Graph 2 - Services held, by sector of activity



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2016

Base: All companies with fewer than 250 employees, according to the sector of activity (excludes non-responses).

Note 1: Estimate symbols: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. Unreliable estimates are not presented in the graph (#).

Note 2: FTS - Fixed telephone service; MTS - Mobile telephone service; FIAS – Fixed Internet access service; MIAS – Mobile Internet access service; STVS – Subscription television service.

In the majority of sectors considered, Internet penetration was very high and ranked near the top in the EU28 classification. The exceptions were the “manufacturing” and “construction” sectors which, while reporting high penetration rates (98 and 97 %, respectively), were 13th and 16th in the EU28 ranking, respectively.

6 "Other services" include the following: H (transport and storage), I (accommodation and food service activities), J (information and communication activities), K (financial services and insurance), L (real estate activities), M (professional, scientific and technical activities), and N (administrative and support service activities).

Table 4 – Subscription to Internet access service by companies with 10 or more employees by sector of activity, in context of EU28

	EU28 (%)	Portugal (%)	PT Ranking in EU28	Diff. vs. EU28 (p.p.)	Change Portugal 2015/16 (p.p.)
C – Manufacturing	97	97.9	13th	1	+0.2
D+E – Electricity, gas and water (1)	98	100	1st	2	0
F – Construction	97	97.3	16th	0	-0.3
G – Wholesale and retail trade; automobile and motorcycle repair	97	100	1st	3	0
H – Transport and storage	97	100	1st	3	0
I – Accommodation and food service activities	:	91.4	:	:	+0.1
I55 - Accommodation	99	100	1st	1	0
J – Information and communication activities	100	100	1st	0	0
L – Real estate activities	94	100	1st	6	0
M – Professional, scientific and technical activities	98	100	1st	2	0
N – Administrative and support service activities	96	100	1st	4	0

Units: %, p.p.

Source: Eurostat, European ICT survey: "Information and Communication Technologies in enterprises", 2016; INE, *Inquérito à Utilização de Tecnologias da Informação e da Comunicação nas Empresas" (2016)*

Base: Companies with 10 or more employees (excludes the Financial Sector)

Note 1: Economic activities according to CAE Rev. 3.

Note 2: (1) Electricity, gas, steam, hot and cold water, and air conditioning. Water collection, treatment and distribution; sanitation, waste management and depollution

2.3. Penetration by company size

On average, small and medium-sized enterprises (10 to 249 employees) report higher penetration rates for most services, except for STVS. The difference in service penetration in micro-enterprises and small and medium companies is greater for IAS, especially for MIAS, as already seen in 2014.

However, micro-enterprises had the greatest increase in the use of the various services between 2014 and 2016.

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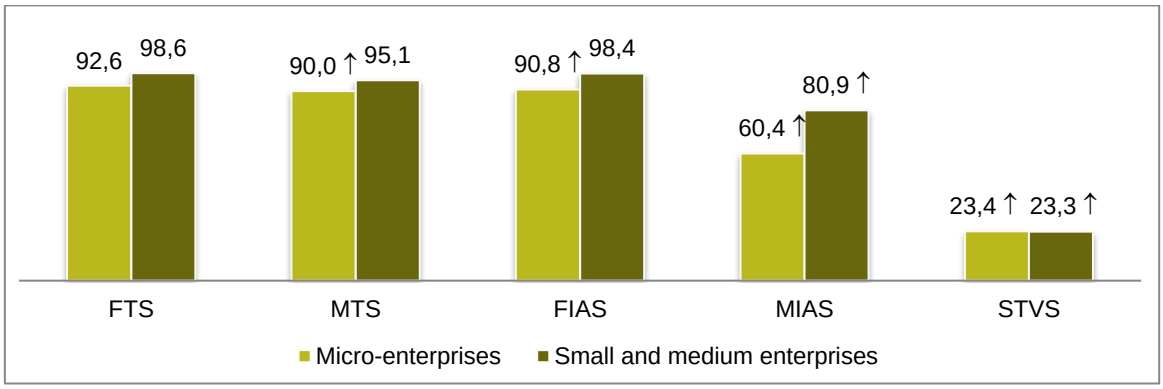
Graph 3 - Penetration of services by company size



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2016

Base: All companies according to company size (excludes non responses).

Note 1: Estimate symbols: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. An upward arrow signals a statistically significant increase between t-1 and t, and a downward arrow signals a statistically significant decline between those two moments.

Note 2: FTS - Fixed telephone service; MTS - Mobile telephone service; FIAS – Fixed Internet access service; MIAS – Mobile Internet access service; STVS – Subscription television service.

Fixed broadband (FBB) and mobile broadband (MBB) penetration in Portugal was higher than the EU28 average. In the case of MBB, Portugal was in 11th place with respect to large companies.

According to the European Commission, all large enterprises (250 or more employees) in Portugal have Internet access, as happens in the EU28.

Table 5 – Subscription to Internet access service by company size in EU28 context

		EU28 (%)	PT (%)	*Ranking*	Diff. vs. EU28 (p.p.)	Var. PT 2015/16 (p.p.)
Internet access	Small and medium enterprises	97	98	12th	+1	0
	Large enterprises	100	100	1st	0	0
Fixed broadband access (FBB)	Small and medium enterprises	92	93	12th	+1	-1
	Large enterprises	99	100	1st	+1	0
Mobile broadband access (MBB)	Small and medium enterprises	66	69	14th	+3	+2
	Large enterprises	93	96	11th	+3	0

Unit: %, p.p.

Source: Eurostat, European ICT survey: "Information and Communication Technologies in enterprises", 2016

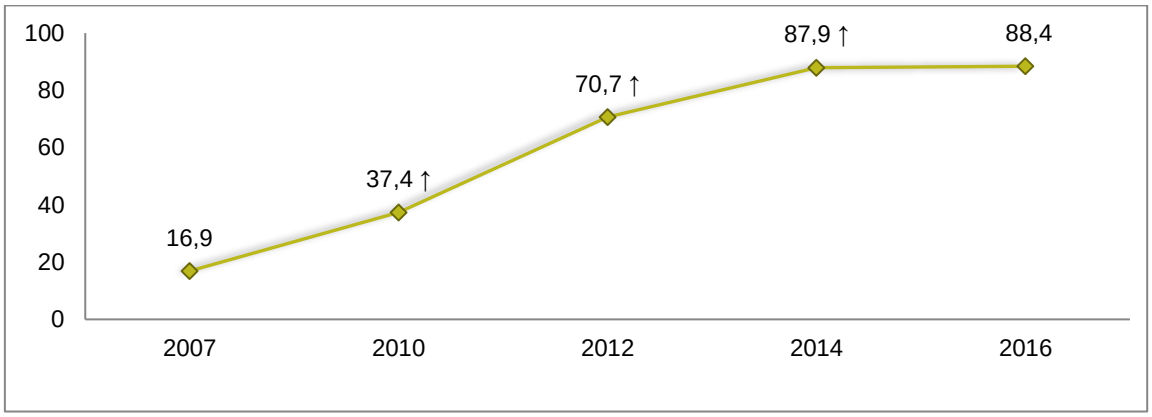
Base: Enterprises according to size

2.4. Type of subscription to services

SMEs mostly subscribe to multiple-play or bundled offers. Penetration of these types of offers at SMEs increased substantially from 2007 to 2014, when it reached 88 %. In 2016, the penetration of bundled services was similar to that of 2014.

About 10 % of companies surveyed in 2016 stated they had more than one bundle of services.

Graph 4 – Percentage of companies with bundle of integrated services



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2007, 2010, 2012, 2014 and 2016 and

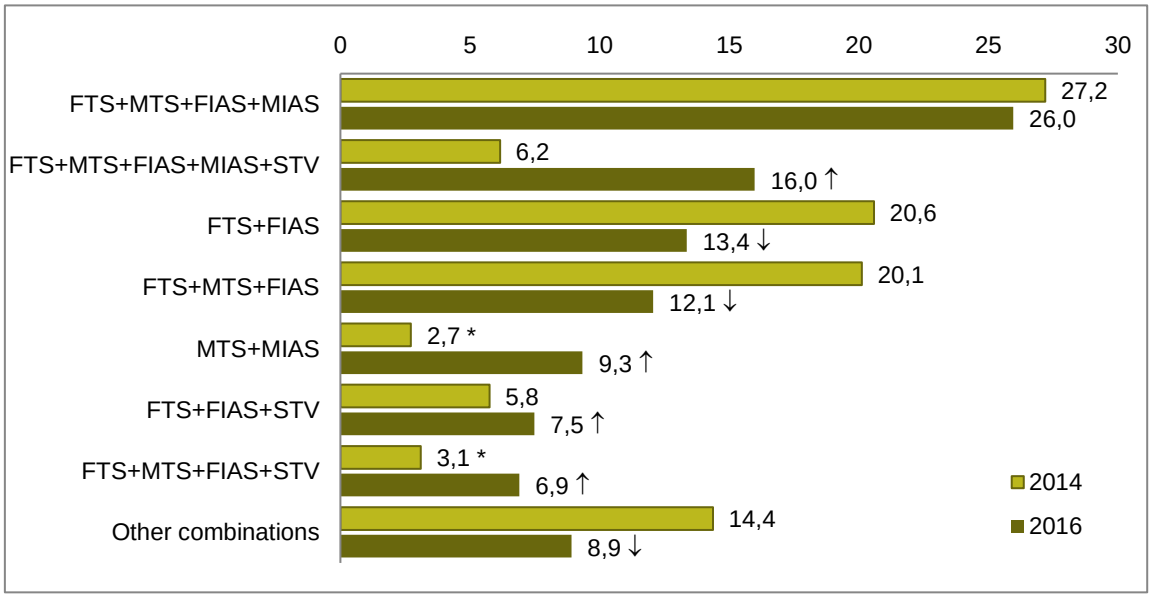
Base: Companies with fewer than 250 employees.

Note: All estimates are reliable (coefficient of variation below 10 %). An upward arrow signals a statistically significant increase between t-1 and t, and a downward arrow signals a statistically significant decline.

In 2016, 4P (FTS+MTS+FIAS+MIAS) bundles continued to be the most commonly used in SMEs (26 % of bundles, with no significant changes relative to 2014).

Compared with 2014, 5P bundles saw the largest growth to become the second most used type of bundle (16 % of bundles).

Graph 5 – Type of bundles of services in companies



Unit: %

Source: ANACOM, Survey on the use of electronic communications by SMEs, December 2014 and 2016

Base: Total service bundles in companies with fewer than 250 employees

Note 1: All estimates are reliable (coefficient of variation below 10 %). An upward arrow signals a statistically significant increase between t-1 and t, and a downward arrow signals a statistically significant decline.

Note 2: FTS – Fixed telephone services; FIAS – Fixed Internet access service; STVS – Subscription television service; MTS – Mobile telephone service; MIAS – Mobile Internet access services (including those using PC/tablet and the so-called “mobile phone Internet”).

According to the survey results, around 19 % of bundles in SMEs related to tailor-made offers (+10.4 percentage points than in 2014).The vast majority (75 %) were standard business offers.

2.5. Barriers to use of services

The survey respondents gave no indication of institutional, structural technological or behavioural barriers to the take-up of services.

In fact, the main reasons for not subscribing to the services appear to be the use of alternative networks or services and/or the lack of need/interest in acquiring those services.

Around 80 % of surveyed companies without mobile network access (MTS or MIAS) never had access to this type of network and around 91 % of these companies expressed no interest in becoming customers. On the other hand, around 32 % reported that mobile

services “[were] not relevant to the business”, 30 % stated they had "no need to communicate by this means", and 23 % mentioned they "use personal mobile phone to make calls".

In the case of the fixed network (FTS or FIAS), around 77 % of the surveyed companies without fixed network never had access to this type of network and around 91 % expressed no interest in becoming customers. Of the micro-, small and medium-sized enterprises without fixed network, around 54 % reported that the main reason for not having one was that they had "no need to communicate by this means". The "use of a mobile phone" was the second reason companies gave for not using the fixed network services (29%).

2.6. Use of new information and communications services and degree of substitutability with respect to traditional services

As regards the use of new technologies and new information and communications services, OTT (over-the-top) services really made their mark in 2016, especially the Internet messaging service (34.5 % of SMEs surveyed) and the voice over Internet service (25.7 %).

Around 17.9 % of the SMEs surveyed used cloud computing (+6.4 percentage points than in 2014).

Table 6 – Use of other services by SMEs

	2014	2016
Voice over Internet service (e.g.: Skype, Viber)	27.2	25.7 ↓
Internet messaging service (e.g.: Skype, Viber, WhatsApp, Twitter, Facebook)	37.3	34.5 ↓
Cloud computing services	11.4	17.9 ↑
Website hosting	43.5	37.4 ↓

Unit: %.

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2014 and 2016

Base: All companies with fewer than 250 employees

Note: Estimate symbols: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate.

On a scale from 1 “no substitutability” to 10 “full substitutability”, the survey respondents reported a degree of substitutability between OTT services and traditional services in their company of 6.3 and 5.7, for mobile voice and fixed voice, respectively. In both cases the degree of substitutability increased relative to 2014.

Acquisition of cloud computing services in large enterprises in Portugal reached 44 % in 2016 (-1 percentage point below the EU28 average and +13 percentage points than in 2014).

Table 7 – Acquisition of cloud computing services

	EU28 (%)	Portugal (%)	PT Ranking in EU28	Diff. vs. EU28 (p.p.)	Var. PT 2014/16 (p.p.)
Small and medium enterprises	20	17	15th	-3	+5
Large enterprises	45	44	15th	-1	+13

Unit: %, p.p.

Source: Eurostat, European ICT survey: “Information and Communication Technologies in enterprises”, 2016

Base: All companies according to sample size (excludes the Financial Sector)

The cloud computing services most widely used are generally still the less sophisticated ones: electronic mail (76 %), file hosting (62 %), and office software (45 %). Although “customer relationship management” shows a more modest use (26 %), it grew +8 percentage points from 2014 to 2016, placing Portugal 12th in the EU28 ranking (20th in 2014).

Table 8 – Cloud computing services acquired by the company, 2016, Portugal and EU28

	EU28 (%)	PT (%)	PT Ranking in EU28	Diff. vs. EU28 (p.p.)	Var. PT 2014/16 (p.p.)
Electronic mail (e-mail)	65	76	3rd	11	-2
File hosting	62	62	14th	0	+13
Office software (e.g.: Word processors, spreadsheets, etc.)	41	45	15th	4	+9
Company’s databank archive	44	37	20th	-7	+6
Financial/accounting software	32	32	16th	0	+1
Customer relationship management (CRM application software for managing customer information)	27	26	12th	-1	+8
Possibility to implement company software	21	34	2nd	13	+4

Unit: %

Source: Eurostat, European ICT survey: “Information and Communication Technologies in enterprises”, 2016

Base: Companies with 10 or more employees that acquired cloud computing (excludes the Financial Sector)

In 2016, about 44 % of companies used Internet based applications to create and exchange online content with customers, suppliers and business partners (+6 percentage points than in 2015), particularly larger-sized companies (68 % of large enterprises).

Portugal was one percentage point below the EU28 average in the use of digital communications media, remaining 15th in the ranking. Among small enterprises, Portugal improved its position in the ranking (13th).

Table 9 – Use of digital communications as a strategy to link up with customers, suppliers or business partners, by company size, 2016, Portugal in the EU context

	EU28 (%)	Portugal (%)	PT Ranking in EU28	Diff. vs. EU28 (p.p.)	Change Portugal 2015/16 (p.p.)
Small and medium enterprises	44	44	14th	0	+6
Large enterprises	68	68	15th	0	+5

Unit: %

Source: Eurostat, European ICT survey: “Information and Communication Technologies in enterprises”, 2016

Base: Companies according to company size (excludes the Financial Sector).

Among the applications used to link up with customers, suppliers or business partners, social networks (43 % of companies with 10 or more employees in 2016) and multimedia content sharing sites (16 %) are prominent. In both cases Portugal was above the EU28 average.

Table 10 – Type of digital communications networks used by companies, 2016, Portugal in the EU context

	EU28 (%)	Portugal (%)	PT Ranking in EU28	Diff. vs. EU28 (p.p.)	Change Portugal 2015/16 (p.p.)
Social networks (Facebook, LinkedIn, etc.)	42	43	12th	+1	+6
Multimedia content sharing sites	15	16	11th	+1	+5
Company blogs or microblogs	14	8	18th	-6	+3
Wiki-based knowledge sharing tools	5	3	21st	-2	+1

Unit: %

Source: Eurostat, European ICT survey: “Information and Communication Technologies in enterprises”, 2016

Base: Companies with 10 or more employees (excludes the Financial Sector)

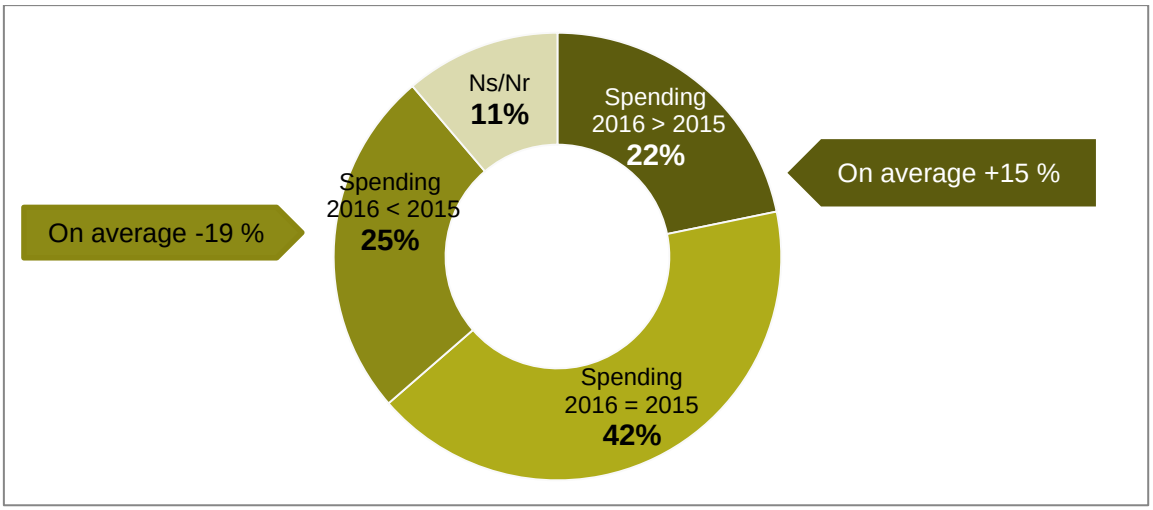
3. Spending on electronic communications

In 2016, for the first time, the surveyed SMEs were asked to compare the amount spent on electronic communications in that year (2016) with the amount spent in the previous year (2015).[7]

Around a quarter of the SMEs surveyed stated that their spending on electronic communications fell 19 %, on average, from 2015 to 2016. About 22 % of SMEs said they had, on average, spent 15 % more in 2016.[8]

Overall, there was an average decrease of 1.3 % from 2015 to 2016 in terms of spending on electronic communications. This result is much the same for all the economic sectors analysed, and for micro- and small and medium-sized enterprises.

Graph 6 – Comparison of spending on electronic communications recorded 2015 and 2016



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2016

Base: All companies with fewer than 250 employees

Note: All estimates are reliable (coefficient of variation below 10 %).

[7] The question asked was: "*Now think about your company's spending on electronic communications in 2016. Was that spending higher or lower than in the previous year (2015)? By what percentage?"*

[8] It should be noted that the average percentages mentioned do not result from absolute values but from an average of the percentages given by the respondents, as indicated in the previous question.

4. Offer structure, reasons for selecting provider, provider switching and number portability

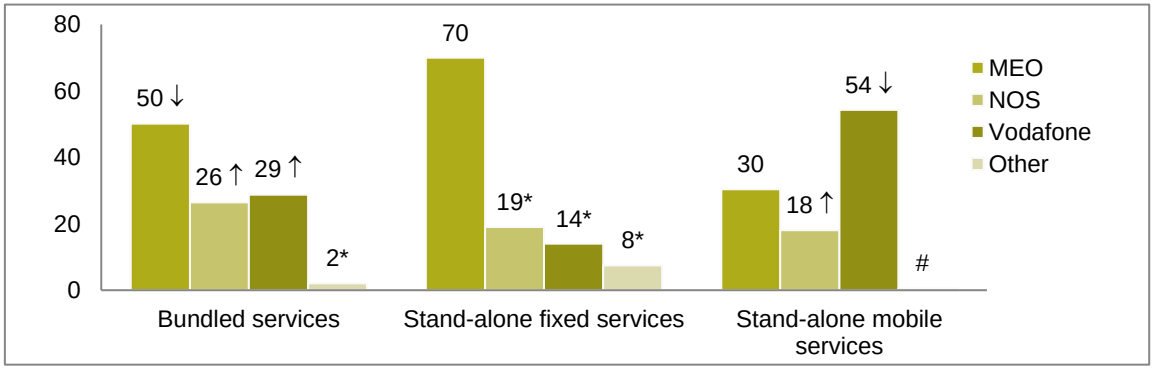
This chapter describes the offer structure, the reasons for selecting a provider, and provides information on provider switching.

4.1. Offer structure and reasons for selecting provider

According to the survey, MEO continues to be the main provider of bundled services and stand-alone fixed services for SMEs, although its share of bundled services shows a downward trend. NOS and Vodafone follow with no significant differences regarding these services.

Vodafone was largest provider of stand-alone mobile services although there was a significant decrease since 2014. However, it was the provider that saw the highest growth in bundled services.

Graph 7 - Percentage of service users by provider



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2016.

Base: Companies with fewer than 250 employees receiving respective service (excludes non-responses)

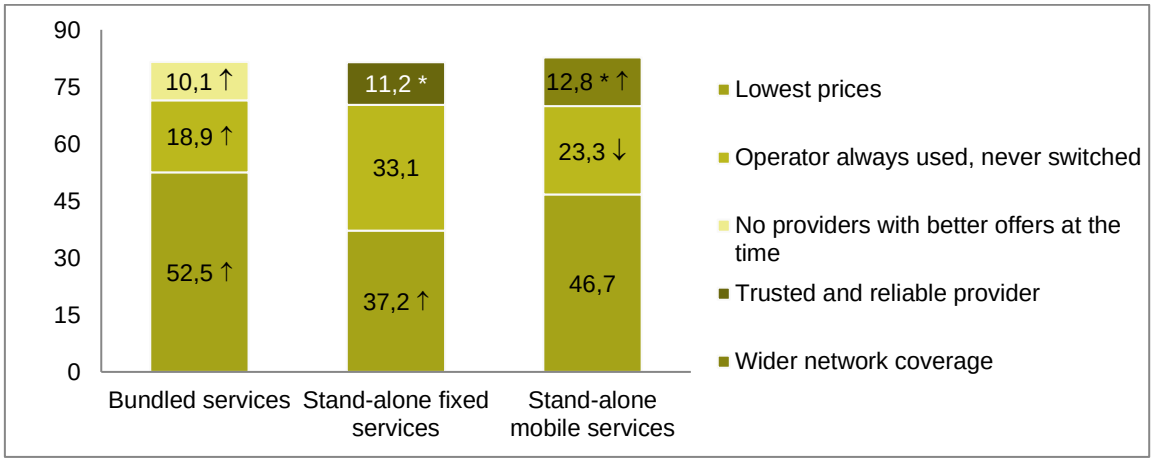
Note 1: Estimate signs relating to proportions: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. An upward arrow signals a statistically significant increase between 2014 and 2016 and a downward arrow signals a statistically significant decline. In the case of stand-alone fixed services there were no differences in relation to 2014 since the survey method was different.

Note 2: Multiple choice question for stand-alone fixed and mobile services.

Note 3: Stand-alone fixed services include FTS - Fixed telephone service and FIAS – Fixed Internet access service; and Stand-alone mobile services include MTS - Mobile telephone service and MIAS – Mobile Internet access service.

"Lowest prices" continues to be the main reason for choice of service provider (from 52.5 % for bundled services to 37.2 % for stand-alone fixed services).

Graph 8 - Reasons for selecting provider by service (TOP3)



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2016

Base: Bundled services: All service bundles in SMEs; Stand-alone fixed / mobile services: SMEs with stand-alone fixed / mobile service

Note 1: Estimate signs relating to proportions: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. An upward arrow signals a statistically significant increase between 2014 and 2016, and a downward arrow signals a statistically significant decline.

Note 2: Multiple choice and free response questions

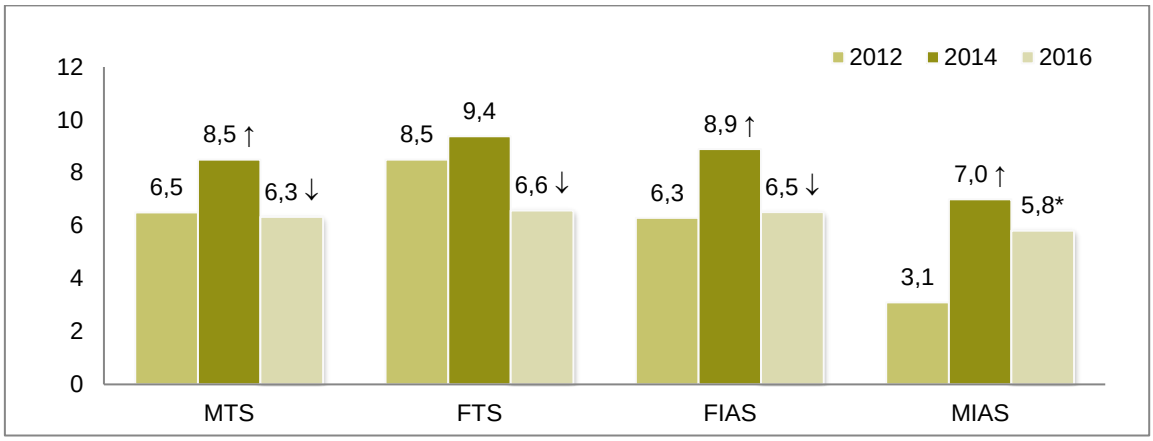
Note 3: Stand-alone fixed services include FTS - Fixed telephone service and FIAS – Fixed Internet access service; and Stand-alone mobile services include MTS - Mobile telephone service and MIAS – Mobile Internet access service.

4.2. Provider switching and number portability

In 2016, the rate of provider switching among SMEs varied between 5.8 and 6.5 %, depending on the service. There were no major differences between services.

Compared with 2014, the FTS, FIAS and MTS services saw a significant drop in the rate of provider switching (-2.8, -2.3 and -2.2 percentage points, respectively).

Graph 9 – Trends in rates of provider switching



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2012, 2014 and 2016

Base: All companies with fewer than 250 employees with the respective service (excludes non-responses)

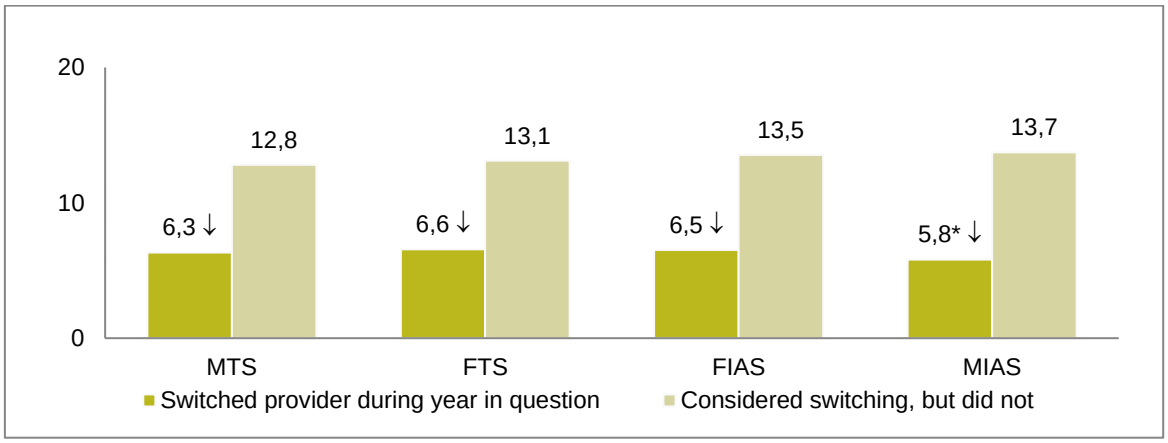
Note 1: Estimate signs relating to proportions: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. An upward arrow signals a statistically significant increase between t-1 and t, and a downward arrow signals a statistically significant decline.

Note 2: FTS - Fixed telephone service; MTS - Mobile telephone service; FIAS – Fixed Internet access service; MIAS – Mobile Internet access service.

Of the SMEs which switched provider in 2016, 72 % concluded the contract on the company premises and 85 % had a 24-month contract lock-in period. There were no major changes relative to 2014.

Between 13 to 14 % of the surveyed SMEs were considering switching provider, a figure similar to 2014. The two main reasons for not having switched provider still relate to the existence of a "contract lock-in period with current provider" (40.8 %; in 2014 it was 65.1 %) and the "lack of better offers on the market" (18%).

Graph 10 – Provider switching by service



Unit: %

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2016

Base: All companies with fewer than 250 employees with the respective service (excludes non-responses).

Note 1: All estimates are reliable. An upward arrow signals a statistically significant increase between 2014 and 2016 and a downward arrow signals a statistically significant decline.

Note 2: FTS - Fixed telephone service; MTS - Mobile telephone service; FIAS – Fixed Internet access service; MIAS – Mobile Internet access service.

The majority of companies (94 %) that switched providers in 2016 were informed about the duration of the contract lock-in period during negotiations (98 % in 2014). However, 14 % reported being "unaware of penalties" in the event of early termination or "became aware after signing the contract".

Assessing the provider-switching process, on a scale of 1 "very difficult" to 10 "very easy", SMEs gave a rating of 6.5, i.e. no change relative to 2014.

The majority of companies switching FTS and MTS provider in 2016 used the number portability service (96 % in both cases; in 2014 the figures were 87 and 88 %, respectively).

According to the results of the survey, the number portability process took one working day for 30 % of FTS customers and for 35 % of MTS[9] customers, 13.9 percentage points 14.4 percentage points less than in 2014, respectively.

5. Levels of satisfaction and complaints

The business customers of integrated services packages were those that complained most (21.9 %). They were also the customers who were least satisfied with their services (7.4 points on a scale from 1 “completely dissatisfied” to 10 “completely satisfied”).

[9] Acceptable estimates (*). The coefficient of variation is between 10 and 25 %. Excludes non-responses.

Table 11 – Satisfaction with the services provided and complaints - comparison between electronic communications services

	Complaints made to provider in 2016 *(%)*		**Average satisfaction** with provider (*scale of 1 to 10*)
Bundled services	21.9 ↓	**Bundled services**	7.4
Stand-alone fixed services (FTS or FIAS)	17.3 *	**Stand-alone FTS**	7.7
		Stand-alone FIAS	7.6
Stand-alone mobile services (MTS or MIAS)	12.4 * ↑	**Stand-alone MTS**	7.9
		Stand-alone MIAS	7.8

Unit: %; scale of 1 (completely dissatisfied) to 10 (completely satisfied)

Source: ANACOM, Survey on the use of electronic communications services by SMEs, December 2016.

Base: All companies with fewer than 250 employees that have the respective service (excludes non-responses). In the case of "bundled services" all bundled services in the SMEs are considered.

Note 1: Estimate signs relating to proportions: (#) Unreliable estimate; (*) Acceptable estimate; (no symbol) Reliable estimate. Absolute error margins on a scale of 1 to 10 do not exceed 0.2 absolute points. An upward arrow signals a statistically significant increase between 2014 and 2016 and a downward arrow signals a statistically significant decline.

Note 2: FTS - Fixed telephone service; MTS - Mobile telephone service; FIAS – Fixed Internet access service; MIAS – Mobile Internet access service.

ANNEX – Summary of methodology

Survey on the use of electronic communications by SMEs, December 2010, 2012, 2014 and 2016

	2010	2012	2014	2016
Population	Micro-, Small and Medium-sized Enterprises (SME), i.e., companies with fewer than 250 employees, with registered offices in Portugal and whose economic activity is covered by one of the following sections and groups of CAE codes (Rev.3): C, F, G, H, I, J, K, L, M and N.			
Sample size	2503	2559	3000	2500
Sample method	Random sample stratified by region (NUTSII), sector of activity and company size			
Maximum absolute margin of error (1)	2.0	1.9	1.8	2.0
Fieldwork conducted by	GFK Metris	TNS – Euroteste	Spirituc	GFK Metris
Survey period	20 October to 16 December 2010	5 November to 21 December 2012	10 November to 24 December 2014	8 October to 23 December 2016
Data collection method	CATI			
Weighting of survey results	By NUTS II, sector of activity and company size			

(1) Semi-amplitude of a confidence interval of 95% for a proportion.