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ECSI PORTUGAL 2007 REPORT – NATIONAL CUSTOMER SATISFACTION INDEX

SUMMARY

1. BACKGROUND

In increasingly competitive markets, information on the characteristics and the quality of the services provided is essential so that consumers can make informed choices with regard to selecting the provider and the service most suited to the satisfaction of their needs.

Accordingly, the protection of consumer interests – specifically with respect to providing with them clarity – and the promotion and realisation of studies in the areas of telecommunications and postal communications form an important part of ICP-ANACOM's statutory remit[1].

In this context, this Authority has been performing a diverse range of activities related to the promotion of the real interests of consumers, which besides regulation measures with a general and profound impact on end users, include the following concrete examples: the Tariff Monitor of the Mobile Telephone Service[2], the regulation on quality of service[3], the studies on the quality and coverage of the GSM/UMTS mobile networks[4], electronic communications consumer surveys[5], the provision of information to the consumer and the handling of complaints (both at its head office and through the use of online services[6]).

Further to these initiatives, ICP-ANACOM now provides exclusive sponsorship to the realisation by ISEGI (Higher Institute of Statistics and Information Management) of Universidade Nova de Lisboa (UNL) – in partnership with APQ (Portuguese Association for Quality) and IPQ (Portuguese Quality Institute) of the ECSI Portugal 2007 study on communications.

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[1] Pursuant to article 6, paragraph 1, points h) and s) of the Statutes in annex to Decree-Law no 309/2001 of 7 December.

[2] Available at http://www.anacom.pt/template30.jsp?categoryId=60307.

[3] Available at http://www.anacom.pt/render.jsp?contentId=279085&languageId=1.

[4] Available at http://www.anacom.pt/render.jsp?categoryId=265182&languageId=1.

[5] Available at http://www.anacom.pt/render.jsp?categoryId=59889&themeMenu=1&languageId=1.

[6] Available at http://www.anacom.pt/render.jsp?categoryId=6334&languageId=1.

It should be noted that without prejudice to the sponsorship and active participation in support of the execution of this study, the conclusions and recommendations presented therein are the entire and exclusive responsibility of ISEGI-UNL and do not necessarily represent any position of this Authority.

ECSI (European Customer Satisfaction Index) is a model for assessing the perception of consumers which is followed in various European countries. In its First Consumer Markets Scorecard[7] of 29 January 2008, in which the problematic of consumer satisfaction is discussed, the European Commission itself presents the results of a questionnaire carried out in 2006 in twenty-five Member States of the EU (including Portugal). The Scorecard was published in 2007 and calculated in accordance with a methodology similar to that of ECSI, relating to a set of eleven network services, including, inter alia, the fixed telephone service, mobile telephone service and postal services. A quarterly index similar to the ECSI has also been in use in the United States since 1994 – the American Customer Satisfaction Index (ACSI).

In Portugal, the index realised by ISEGI-UNL is now in its ninth edition, covering banking, insurance, communications, fuels, bottled gas and passenger transport services.

With respect to the communications sector, as well as providing an overall assessment and overall results of sector, this year's study covers the fixed telephone services, the Internet access service (particularly including broadband), the subscription television distribution service, the mobile telephone service and the postal service.

The companies/brands analysed with respect to each subsector were:

a. Fixed Telecommunications: PT Comunicações and a range of other fixed network operators;

b. Mobile Telecommunications: Optimus, TMN and Vodafone;

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[7] http://ec.europa.eu/commission_barroso/kuneva/media/COMM_PDF_SEC_2008_0087_1_EN_DOCUMENTDETRAVAIL.pdf.

c. Subscription Television: TV Cabo and a range of other subscription television operators;

d. Internet Access: Clix, Netcabo, Sapo, Netvisão and Netmóvel[8].

It is noted that the results broken down by service provider and brand are disclosed, whenever, in view of the adopted methodology, such are representative.

The adopted model of ECSI consists of two submodels:

a. Structural model, which includes the relationships between seven latent variables (image, expectations, perceived quality, perceived value, satisfaction, complaints and loyalty), which are "built" based on others and are not the object of direct observation;

b. Tailored model, associated with latent variables and a set of indicators for which responses are obtained by use of a telephone questionnaire of customers of the respective companies, selected by sample.

2. BREIF SUMMARY OF RESULTS FOR 2007

For each latent variable, the respective index is calculated and presented using a scale from zero to one hundred, with the following consideration of values:

a. Negative below forty;

b. Neutral between forty and sixty.

c. Positive above sixty;

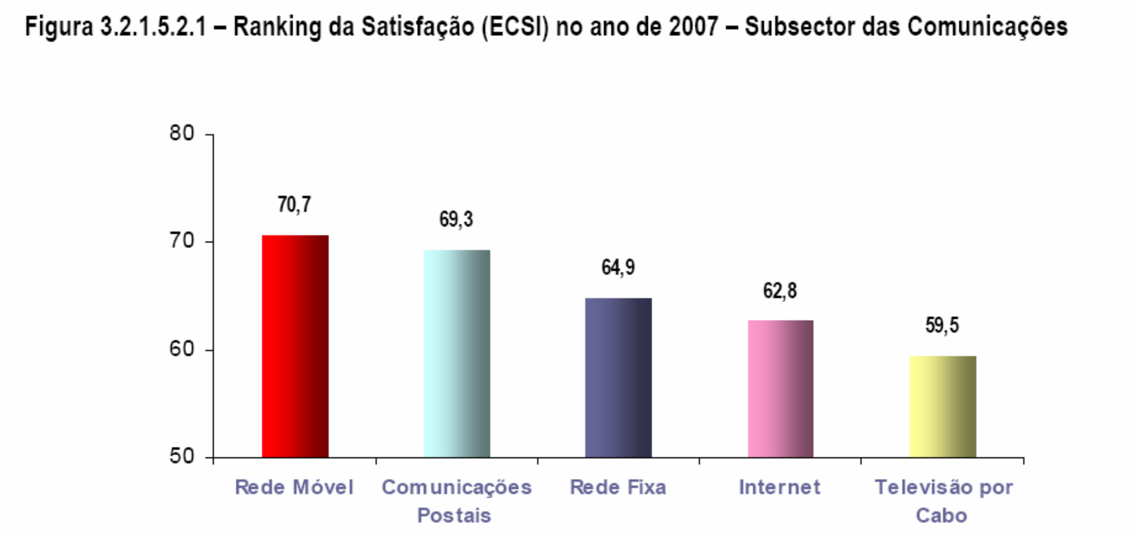
d. Very positive above eighty.

According to the 2007 satisfaction index, the classification of communications subsectors is presented in Table 1 and figure 3.2.1.5.2.1 of the study.

[8] Netmóvel represents a range of mobile broadband offers in the market.

Table 1: 2007 classification – Communications subsectors

Classification	Subsectors	ECSI 2007
1	Mobile Telecommunications	70.7
2	Postal Services	69.3
3	Fixed Telecommunications	64.9
4	Internet	62.8
5	Subscription TV	59.5



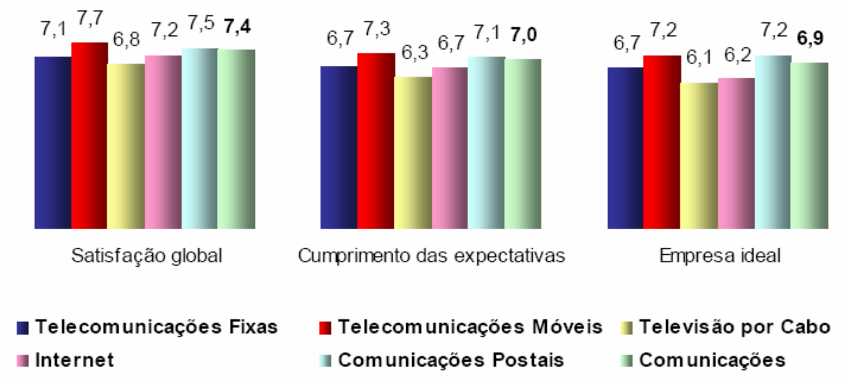
It should be noted that, in each one of the considered variables, mobile telecommunications headed the classification with subscription television taking bottom place. Table 2 presents the results calculated per latent variable for the different communications subsectors.

Table 2: Results calculated for each latent variable in each subsector

Latent Variables	Communications	Fixed network	Mobile network	Subscription TV	Internet	Postal Services
Image	71.6	67.4	74.8	62.2	69.0	74.5
Expectations	68.8	66.5	71.1	61.3	67.4	69.2
Perceived quality	71.5	69.5	74.3	63.6	67.1	72.1
Perceived value	56.6	50.8	60.8	48.4	52.8	58.5
Satisfaction	67.6	64.9	70.7	59.5	62.8	69.3
Complaints	62.1	61.4	65.2	54.0	58.8	67.3
Loyalty	66.8	63.8	70.7	58.5	60.1	58.4

The following figure presents the average values of each specific satisfaction indicator related to overall satisfaction, compared to the meeting of expectations and compared to an ideal operator.

Figura 3.1.1.5.1 - Valores médios dos indicadores de Satisfação dos subsectores das Comunicações e do Sector das Comunicações



The satisfaction index of fixed telecommunications, in 2007, for PTC and a set of other operators is given in Table 3.

Table 3: Classification 2007 – Fixed Telecommunications

Position	Companies	ECSI 2007
1	PT Comunicações	64.9
1	Other fixed network operators	64.9

Table 4 presents the results by latent variable for each operator.

Table 4: Results calculated per latent variable in fixed communications

Latent Variables	PTC	Other fixed network operators
Image	67.6	67.0
Expectations	66.3	67.2
Perceived quality	70.1	67.9
Perceived value	48.6	57.0
Satisfaction	64.9	64.9
Complaints	62.3	58.9
Loyalty	63.6	64.4

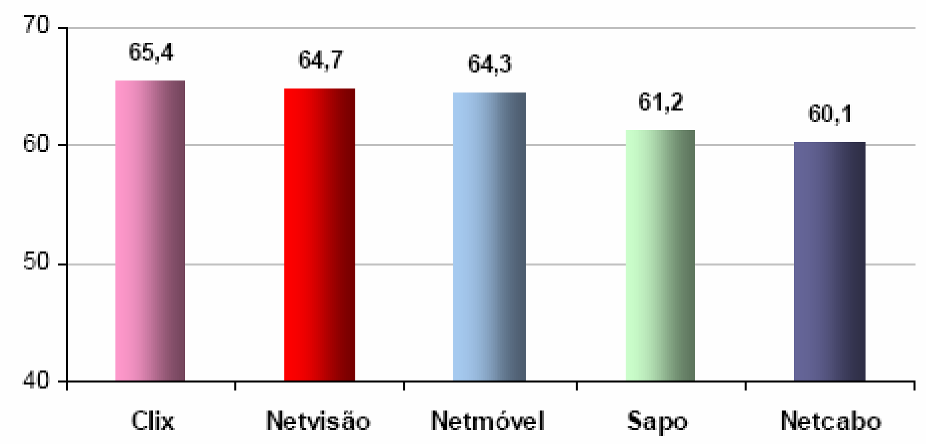
PTC attained first place with respect to “image”, “perceived quality” and “complaints”. On the other hand, the results obtained by the incumbent operator with respect to “perceived value” (price/quality relation) is far below that of “other fixed network operators”.

With respect to the Internet, the 2007 satisfaction index is presented in Table 5 and figure 7.2.2.2.2.1 of the study.

Table5: Classification 2007– Internet

Position	Internet Subsector	ECSI 2007
1	Clix	65.4
2	Netvisão	64.7
3	Netmóvel	64.3
4	Sapo	61.2
5	Netcabo	60.1

Figura 7.2.2.2.2.1 – Ranking da Satisfação (ECSI) no ano de 2007 – Subsector da Internet

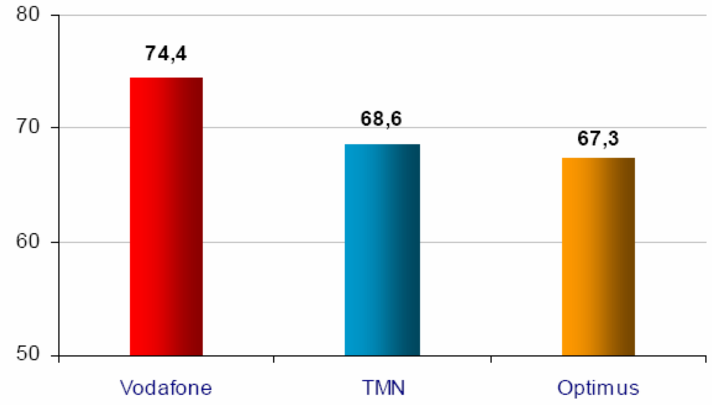


With respect to mobile telecommunications, the results of the satisfaction index are presented in Table 6 and figure 5.2.2.2.2.1.

Table 6: 2007 Classification Mobile Telecommunications

Position	Mobile Telecommunications Subsector	ECSI 2007
1	Vodafone	74.4
2	TMN	68.6
3	Optimus	67.3

Figura 5.2.2.2.2.1 – Ranking da Satisfação (ECSI) no ano de 2007 – Subsector das Telecomunicações Móveis



The figure below shows the average values of indicators for image for the different mobile network operators and the mobile telecommunications subsector.

Figura 5.1.1.1.1 - Valores médios dos indicadores de Imagem dos Operadores de rede móvel e do subsector das Telecomunicações Móveis

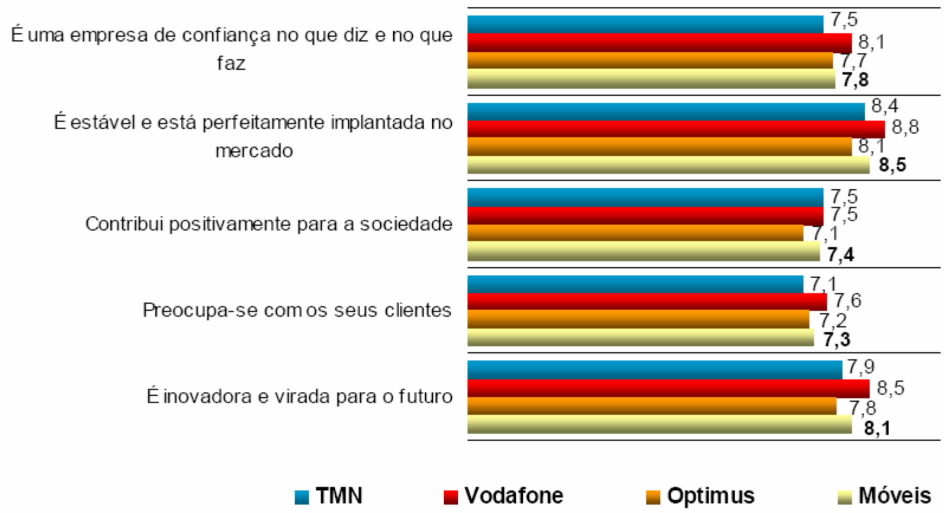


Figure 5.1.1.8.1 of the study shows the percentage of mobile network customers who solely subscribe to the mobile network and the percentage of customers who also subscribe to the fixed network, in both cases broken down by operator.

Figura 5.1.1.8.1 – Proporção de clientes dos Operadores de rede móvel com rede fixa em 2007 (%)

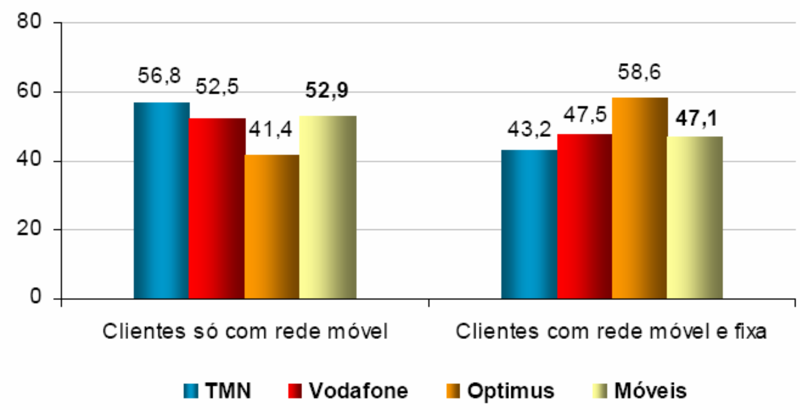


Table 7 presents the values obtained for "perceived quality" and "complaints" with respect to the subsectors of electronic communications. The classification of responses associated with the indicators is made according to a scale of one to ten where values below 5.5 are considered negative. Differences greater than two tenths are significant in terms of statistical analysis.

Table 7: Results of certain indicators which make up the "Perceived Quality" and "Complaints" variables for the subsectors of the Communications Sector

Latent Variable	Associated Indicator	Fixed Network	Mobile Network	Subscription TV	Internet
Perceived Quality	Technical quality of connection	7.9	8.0	7.3	6.9
	Clarity and transparency of information supplied	7.1	7.5	6.7	7.0
Complaints	Way in which latest complaint was resolved	5.3	5.8	4.9	5.1

Table 8 and Table 9 give details of the indicators of perceived quality and complaints for "fixed telecommunications" and for the "internet". As can be seen, the best technical quality of connection is perceived as being that of PTC and, in respect of the internet, is perceived as being that of Netvisão and Clix.

Table 8: Results of certain indicators which make up the "Perceived Quality" and "Complaints" variables for Fixed Telecommunications

Latent Variable	Associated Indicator	PTC	Other fixed operators
Perceived Quality	Technical quality of connection	8.0	7.5
	Clarity and transparency of information supplied	7.2	7.0
Complaints	Way in which latest complaint was resolved	5.4	5.1

Table 9: Results of certain indicators which make up the "Perceived Quality" and "Complaints" variables for the Internet

Latent Variable	Associated Indicator	Sapo	NetCabo	Clix	Netvisão	Netmóvel	Internet
Perceived Quality	Technical quality of connection	6.7	6.9	7.3	7.3	6.9	6.9
	Capacity to resolve technical problems	6.5	6.4	6.5	6.6	6.9	6.6
	Clarity and transparency of information supplied	7.0	6.6	7.2	7.2	7.2	7.0
Complaints	Way in which latest complaint was resolved	4.5	5.4	5.5	5.2	5.4	5.1

It is noted that, in respect of the evolution of customer satisfaction compared to the ECSI of 2006, the mobile network has seen a significantly negative evolution, while satisfaction levels for other sectors were generally higher, although not to a statistically significant degree[9]. These changes may not necessarily result from a deterioration of physical conditions and services, especially with respect to the mobile service. An alternative explanation may be that consumers are becoming increasingly demanding with respect to services.

[9] Given an alteration of the methodology adopted in the assessment of perception with respect to the Internet, it is not possible to draw conclusions on the evaluation registered between 2006 and 2007 for this sector.