



Qualitative Research
Report of Findings to Communicorp – DTT Multiplex
Non- Subscribers Focus Group
Conducted April 21st and 22nd 2008
Prepared by focusgroupsonline.ie
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Introduction

The following sets out the key insights and report of findings from the qualitative research conducted amongst existing non-subscribers to television service providers.

Methodology

The Asynchronous (non-real time) online methodology was used to facilitate the depth of information required to meet the research objectives. This enabled geographically dispersed participants to contribute fully to the discussion through affording them greater flexibility to participate at times that suited them. They were required to participate at least 3 times each day. Many participated at least 6 times each day.

Question “masking” was employed in key areas throughout the research period; this to elicit their candid opinions by ensuring that participants respond to questions in a way that they could not see (or be influenced) by others responses, until they had responded.

The focus group was moderated fully over the two day period from 7am to 6pm each day.

Client Access - Client was presented with “two way mirror” access to the research discussion via a dedicated login and password so that live access was available during the full research period at clients’ discretion.

Focus Group Profile

This focus group consisted of 15 participants.

- All received tv via aerial.
- 6 participants also had FTA Satellite
- All participants could receive the 4 terrestrial channels
- 5 participants had previously subscribed to a television service provider – One in the UK, one in Germany and 3 in Ireland to Chorus/NTL

Research Objectives

To uncover perceptions, amongst current non-subscribing television customers towards Cable and Sky operators exploring service, programming and pricing, in a way that reveals potential commercial opportunities for Communicorp in the provision of a DTT service.

Specifically to explore:

- Existing perceptions of Cable and Sky value and programming offerings
- Drivers behind current inertia
- Their ideal offering
- Likely comparative evaluation criteria – RTE Free DTT versus Potential Communicorp offering

Key Findings

Attitudes to Existing Television Service – Sufficient

A number of participants felt that their television service is sufficient for their needs. These participants tended to be lighter television viewers and have a more varied/ active social life.

Some cited the negative side-effects of having wider viewing choice including excessive channel- hopping to justify their inertia not to subscribe to a paid television service.

I find my 4 channels sufficient for my needs at this time. I work full time, and have activities in the evenings and weekends. I feel that to have too much choice would present me with a challenge of having to decide between participating in activities or sitting on the couch watching TV.

*Earlier this year, I had to stay at a friends house in town, which had a subscription to SKY. I found myself sitting on the couch in the evening, just flicking from channel to channel, watching bits of this and that - and not getting to see anything fully. Too many choices is often as bad as not enough. **Westmeath Female 42***

*I totally agree Margarita, when there's something good on, I enjoy it. But if there is nothing I fancy, there are plenty other things to do. **Kildare Female 49***

*Again I have only the four Irish stations and like some of the others responding I find they meet most of my tv needs. I enjoy now that some of the British soaps are available on these channels as well as some of the major sporting events. We also get to see a decent bit of American drama so I never feel I'm missing out on anything with not having other channels. From a kids perspective too I like not having the extra channels because at least with the local stations kids programs are not on all day so its easier to get them to go out and play rather than sitting in watching endless cartoons **Carlow Female 27***

Whenever i am in a house with multi-channels all they do is hop from one to the other every 5 seconds. Its rare a full programme is ever watched and when it is its usually one of the irish stations. I love watching football and GAA on tv and rte do a very good job on them. Any big match on sky i go to the pub to watch. I also find aertel very usefull

Offaly Male 33

Attitudes to Existing Television Service - Insufficient

Many felt that the four terrestrial channels are insufficient to provide a broader world perspective.

These 4 channels are not bad, but not for life. Wexford Female 42

The four channels satisfy my needs for local news - but there is more to international news that the US elections - there is a whole wide world out there and reliance on the four channels is insufficient for me Dublin Male 48

The thing I would most like... would be to get the BBC channels because of the quality programmes on them as opposed to the drivel on rte. At the moment there is very little incentive to actually turn on the tv and I generally use the internet for my information and entertainment source. Dublin Male 23

Perceptions of Chorus NTL

Poor quality television reception and poor customer service are the hallmarks of peoples' perceptions of Chorus NTL. This presents a new Television Service Provider with an opportunity to outperform Chorus NTL in terms of service.

I've heard people saying they lose coverage or the picture isn't good sometimes

Cork Female 48

i don't know much about Chorus or NTL but know friends who have. All have the same to say about the poor quality of customer service and have heard a lot of negative press on the radio about them too.

Female 27

Carlow

My Mother in law has Chorus and it's really bad. Nearly all of the channels just say 'channel is not available' and the menu is very hard to use and slow at changing between channels.

Dublin Male 23

over priced although i have no idea of the cost, other wise i know nobody who has this

Wexford Female 42

Channels that Appeal from Chorus NTL

There was limited knowledge about the channels they have but some channels appeared to hold particular appeal. These included, Setanta Sports and Discovery Channel

We used to get Setanta with Chorus but don't get it any more - that would be one we wouldn't mind having from time to time for certain sporting events (usually rugby).

Wicklow Female 38

i am not sure which channels are delivered through which provider but I definitely would like the Discovery Channel. I would also like the lifestyle channels but I couldn't watch them with all of the ad breaks on them.

Dublin Female 31

Discovery channel, i could watch that all day **Dublin Male 28**

Perceptions of Sky

There is significantly greater awareness of Sky than Chorus NTL. It is perceived as the premier provider of television services but expensive. This is driven in part by the higher end technology that it provides compared with competitors along with the breadth of channels available, coupled with its perception as THE provider for Sports and Movies.

Having carved out this position in the market, Sky appears also to have secured a cost prohibitive positioning for many non-subscribers where they see it as out-of-reach.

One participant summarized - *NTL, (is an) outdated cheap version of Sky without as much packages.* **Dublin Male 28**

SKY- My sisters children love SKY - it has all the cool programmes **Cavan Female 21**

Sky are in my opinion the best. They seem to be the ones leading the way. Offer HD Sky Plus and huge range of movies. Picture always looks good in the pub. They just seem to be the slickest most professional setup. They aren't cheap though if you want anything more than the basic package. **Offaly Male 33**

Sky is also seen as having a lot of irrelevant channels that present people who currently have limited channel selection with a perception that there simply couldn't be anything worthwhile on them. They see it as attractive in some ways but irrelevant in part and out of reach in terms of cost. This presents Communicorp with a market positioning opportunity.

SKY television viewing: (What I think of)

** confusing remote*

** hundreds of channels*

** many conflicts of viewing options*

** additional expense on top of cost of owning tv - including licence fee !*

Westmeath Female 42

A high subscription charge would be the first thing that springs to mind. After that, it would be availability of sport events to watch and then Sky Movies - must be great to have a choice of current movies to tap into. I'd also think of a huge selection of channels. **Wicklow Female 38**

Sky is great for some things like when 24 was running and for children's TV but there is also a lot of rubbish and channels that are unwatchable. **Cork Female 48**

Perceptions of Sky

Sky Sports, Setanta and Sky Movies resonate with people

I'm not really that familiar with Sky as I've never subscribed to it but the two that would come to mind would be Sky Sports and Sky Movies. **Wicklow Female 38**

Very much tempted to switch over. Will gladly pay the few bob each month. I think I'll save in the long run too. I'll have the sky sports package and won't have to run to the pub to watch any of the games. So the sports is the only reason I'd switch. I wouldn't bother with the movies - think it would be a waste a money ,

I think the Setanta might be the new king of the sports channel because of the wider range. As sky sports only ever show football and cricket and darts and rugby but Setanta shows alot more and I think will be getting even more of the rights to show top sport programmes in the future.. It's just a pity about Setantas' coverage and analysis.

Dublin Male 28

There was general resistance to the idea of paying a subscription fee to a television service provider. Importantly it emerged that a primary reason for this resistance is wrapped up in their attitudes towards the separate license fee.

It was also interesting that a value equation was drawn between television and other sources of entertainment that were cited as being free such as radio, and internet.

I would hate to pay an on going fee for television channels. A once off for a set up would be acceptable.the tv licence - it's an extra tax and rte is not that good.

Dublin Female 31

*I'd be totally in agreement with Sara and indeed this was the reason we cancelled our sub with Chorus and bought our own free to air satellite and aerial. **Wicklow Female 38***

I think it is a bit of a waste, when so much entertainment is available on the internet, DVDs, radio, and iPods.

Kildare Female 49

Lighter TV viewers and those with free-to-air Satellite either didn't value their existing service or perceive alternatives as too expensive.

The only reason I would switch to paid for Television Service Provider would be to improve my reception, which can be pretty terrible where I live. But I wouldn't pay just to get that.

*I would have almost zero interest in any of the extra channels provided by Chorus et al. Mainly I wouldn't switch because I figure I watch plenty tv as it is and I'd rather spend my money on something I really need, like diesel, or food. **Cork Female 41***

The reason we were attracted to free to air was that there was no monthly fee - we've young children and need to keep down our monthly outgoings. It seemed and still does so much simpler to have made a once off purchase and have no further outgoings

If I had to go back to Chorus, I'd choose the basic package which also included Setanta Sports and Channel 4 (these are the only ones I miss but CH4 is due to be added to free to air later this year so Setanta Sports is the only real one).

*A fair price? Hard to answer that one as I'm trying to cut out as many monthly direct debits as possible. But, €9.99 was good! I'd probably go up to €20 a month but certainly not the €40.15 they were charging us at the end! **Wicklow Female 38***

Barriers to Subscription based Television Services

Opportunity to re-frame what they see as free

It is notable that a number of participants who receive BBC Channels and ITV consider these to be free. As the DTT Multiplex licence holders will only be obliged to transmit the 4 terrestrial channels there may be an opportunity to create value for currently perceived free Channels such as BBC.

I'd miss RTE2, BBC1 and BBC2 the most, but I wouldn't like to lose any of them. Even though there's a lot of rubbish on and far too many reality shows and shows about interior decorating and buying houses, there's usually something good on all of them from time to time. **Cork Female 41**

Motivations to Switch

Improved quality of television reception is a primary motivator to switch to a paid service for some. A desire for broader programming will likely motivate others. For others it is the attractiveness of the added higher-end functionality that'd motivate them and they'd likely choose Sky.

What is tempting me to switch is that we are using an indoor aerial at the moment which means that the tv isn't clear all the time - so that's really annoying. Secondly why I might switch is mainly to get additional sports channels - I really miss the F1 from RTE's coverage and also the rugby and gaa on Setanta. Other than that I wouldn't really bother **Carlow Female 27**

Higher-end technology is a driver for others who'd more likely choose Sky

I will be moving into my new house in a month and have kitted out a room specifically for watching tv. It will be a widescreen with surround sound and be HD ready with blu-ray player so i was thinking of getting a package to go with it. Haven't done any homework on it yet but would probably plump for sky. Maybe when i find out how much it is a month i might have to scale back on the idea. i dont really need to get a subscription service as i dont get much time to watch tv anymore. Picture quality would be the seller for me. I hate a bad picture.

Offaly Male 33

Knowledge of Analogue Switch-Off

Very limited knowledge amongst participants as to what Analogue Switch- Off is. Some guessed that it meant everyone would have to have a digital TV.

Any awareness that was evident seemed to be driven by overspill of information about the UK that was recalled by two male participants

I think that the old aerial system is going in 2012 or 2013 and we will all have to switch to digital then. Its taking place in the UK at the minute and you have to buy a set top box and pay a once off fee to get the signal. I don't know does the tv have be upgraded also.

Offaly Male 33

The Market Opportunity

Participants were presented with a choice between two packages to uncover their likely choices relative to the RTE 4 Channel Multiplex offering. The first package

consisted of the 4 Channels at a one off fee of €100. The second package consisted of the basic 4 channels plus BBC1, BBC2, UTV, CH4 and 10-15 other channels.

The majority of participants chose the more expansive offering, nominating a fair monthly subscription fee of between €10 to €20. This suggests that there is a real market opportunity to attract these existing Terrestrial Channel Homes and Terrestrial plus Free-to-air Satellite, subject to creating a relevant channel mix for the market.

It was also notable that there seems to be a basic offering made up of the existing 8 Channels that are currently perceived to be free, that people feel they'd pay €9.99 per month for. It may however be important to re-frame their perception of what constitutes free.

Option 1 is a bit lacking and Option 2 is a bit excessive (10-15 channels on top of the usual 8-10).

Option 1 is what I am getting now, with my basic aerial hanging from a rafter in the attic, and coping fine with it.

My choice? In reality, I need neither of them BUT I would opt for Option 1 if I didn't have my aerial bringing in a crystal clear reception.

*Option 2 **without** the extra 10-15 channels would be "worth" € 9.99/month to me, taking into consideration my time and viewing interests.*

*Option 2 **with** the extra 10-15 channels would be worth between €20 & €25 / month - no more.*

Westmeath Female

42

I'd go for option 2 as would definitely want BBC. The extra channels wouldn't be that important. I'd ideally pay €10 a month but the max I would go to would be €20.

Wicklow Female

38

The issue of relative price positioning re-emerged with participants where they seem to evaluate the offering relative to the Television License Fee

(I'd select) Provider (package) 2 - €100 on top of the license fee is enough –

Dublin Male 48

*I would opt for provide 2 on the basis that I would not also have to pay a seperate tv licence and think that 20.00Euro per month would be reasonable fee. **Mayo Female 33***

A New TV Service Provider – Permission to Compete

Excellent customer service and Transmission Service are critical areas to gain permission to compete in this market and essential for long term market success. Chorus NTL's poor track record has undermined their position in the market and presents a real opportunity for a new provider

(What I need from a Television Service Provider is) good customer service - someone answering the phone quickly

Dublin

Female 31

good service -if something is faulty , to be fixed within 10 hours and an out of hour service. Picture quality, very important. Constant service with no breaks for bad weather

Wexford Female 42

There are some expectations that Television Service Providers should provide Telephone and Broadband services and these services present a potential market opportunity to a new Television Services Provider.

IF there was a new alternative service provider, that would come as a tv/internet package, I might be interested in subscribing - providing it was reasonably priced.

Westmeath Female 42

Summary

There appears to be a good market opportunity for Communicorp to present a variety of offerings to this demographic that will sit below Sky's offering and compete effectively on service and price against NTL

There may also be potential to provide a broader service offering, that embraces phone and broadband services subject to licence permission.

Dave Hanley