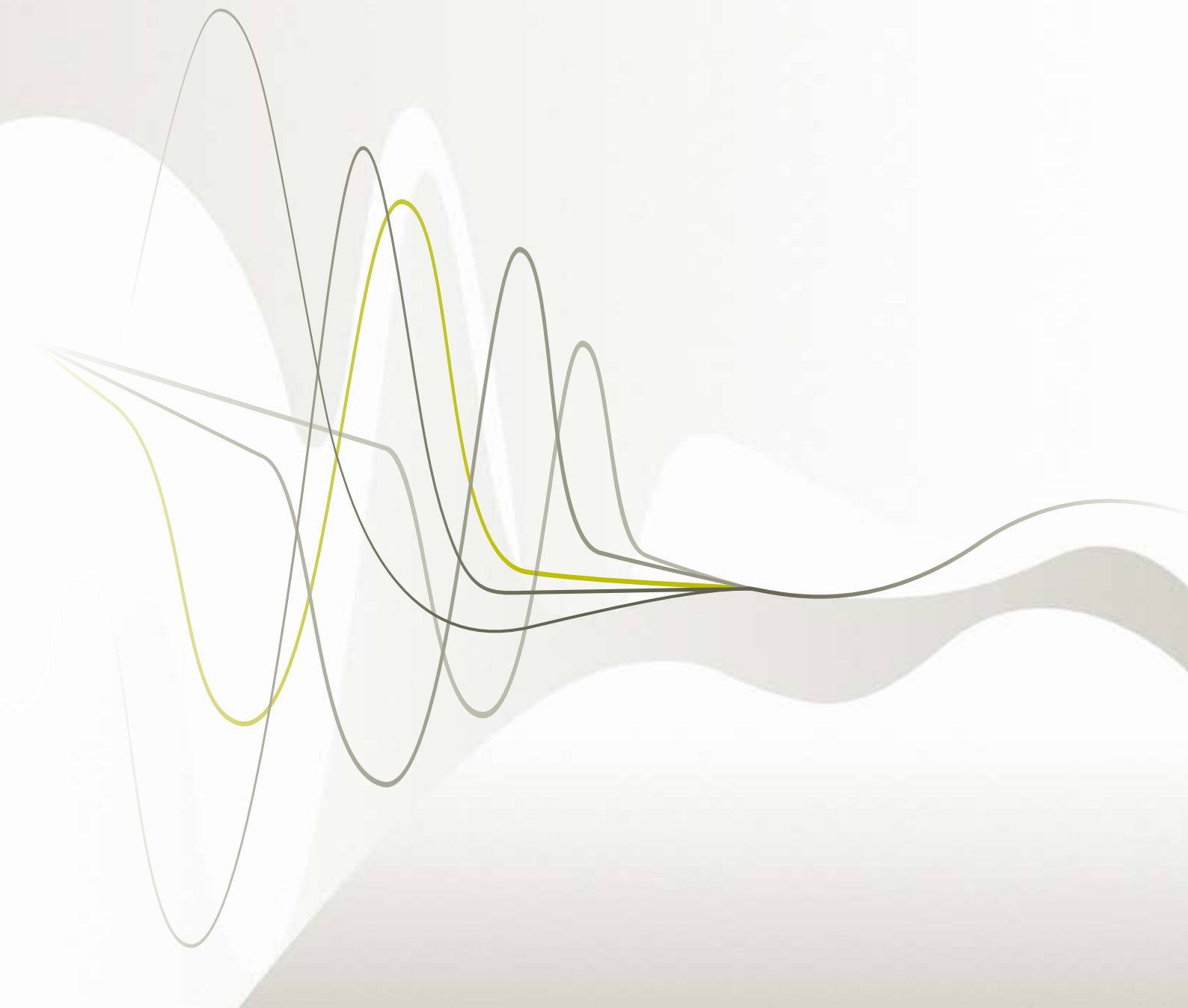


COMMUNICATIONS
CONSUMER
PANEL

Mobile coverage: the small business perspective

RESEARCH REPORT | OCTOBER 2009



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The Communications Consumer Panel was established under the Communications Act 2003 as an independent, evidence-based, advisory body. Its role is to influence Ofcom, Government, the EU, and service and equipment providers so that the communications interests of consumers and citizens are protected and promoted.

The Consumer Panel is made up of ten part-time members with a balance of expertise in consumer issues in the communications sector. There are members representing the interests of consumers in Scotland, Wales, Northern Ireland and England.

Consumer Panel Members are appointed by Ofcom, subject to approval by the relevant Secretaries of State. They are appointed in accordance with Nolan principles and are eligible for re-appointment. Ofcom also funds the Panel, and provides it with a small advisory team. The team are Ofcom employees, but work for and in the interests of the Panel.

Section 1

Introduction

The Communications Consumer Panel (the Panel) was established under the Communications Act 2003 as an independent advisory body with the role of advising Ofcom, and such other persons as the Panel thinks fit, on the interests of consumers and citizens in the communications sector.

The Panel defines its role more specifically as:

“To influence Ofcom, Government, the EU, and service and equipment providers so that the communications interests of consumers and citizens are protected and promoted.”

The Panel’s remit, as set out in the Act, includes a duty to protect the interests of vulnerable consumers, including the elderly, people with low incomes, people with a disability or people living in rural areas. The Panel’s remit also covers the interests of small businesses. Small businesses are defined as businesses with up to 10 employees.

On 8th July 2009 Ofcom published *Mostly Mobile*, its second consultation on the mobile sector assessment.

The consultation document recognises that mobile communications are becoming increasingly central to UK citizens and consumers. However, it also notes that not all consumers are able to benefit equally from the opportunities that mobile communications provide, and that problems persist with both second and third generation coverage (2G and 3G).¹

The Panel believes that these issues also apply to small businesses, and in August 2009 commissioned Continental Research to put a series of questions to its online panel of UK SME businesses. These questions asked small business respondents about their experience of 2G mobile coverage, including: how important coverage was to them in comparison with other issues; whether they had experienced problems with coverage, and if so what kind of problems; whether they had taken action to try to resolve these problems.

The findings of the research have informed the Panel’s position on this issue, including its response to *Mostly Mobile*. The Panel’s response to the *Mostly Mobile* consultation can be found on its website: www.communicationsconsumerpanel.org.uk

The Panel hopes that the findings in this report will also be of interest to others working for the communications interests of small businesses.

¹ 2G networks were built primarily for voice traffic and can be used for voice calls and text messaging (SMS). 3G allows simultaneous use of speech and data services and higher data rates, which means it can support services such as internet access, video calls etc.

Section 2

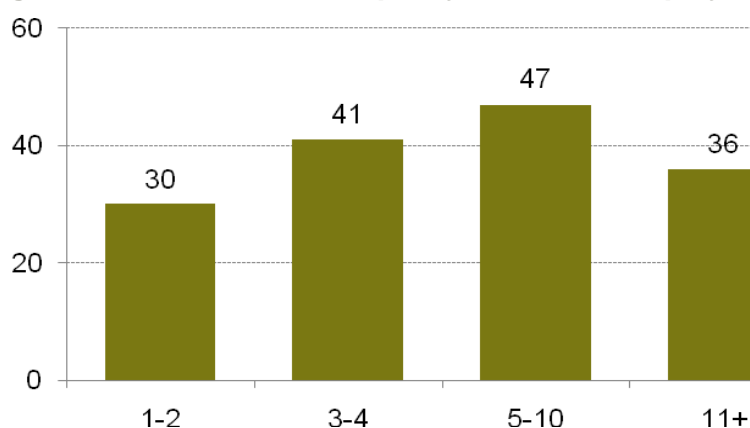
Methodology

This report is based on quantitative analysis of data from Continental Research's online small business panel survey, conducted in August 2009. The Panel consists of 300 senior decision makers, recruited through Continental's regular telephone Small Business Omnibus.

The sample used for the analysis in this report included only those respondents who use a mobile for work. This was 149 respondents: half of the total sample.

In line with the Panel's remit, which is to protect the interests of businesses with up to 10 employees, the majority of the sample is constructed from businesses with between 1 and 10 employees. A small part of the sample is constructed from small businesses with 11+ employees. The sample for the survey is constructed on the basis of turnover rather than employee number. Therefore all businesses, including those with 11 or more employees, have a turnover of £1 million or less. The breakdown of the sample is displayed in figure 1, below.

Figure 1: Breakdown of sample by number of employees



Base: All those who use a mobile for business (n = 154)

The sample includes businesses with turnover ranging from in a mixture of sectors, from across the English regions and from Wales, Scotland and Northern Ireland.

In line with much small business research, the sample size for this research is relatively small. The findings in this report should therefore be viewed as indicative rather than definitive.

Section 3

Summary of findings

The key findings from the research are that:

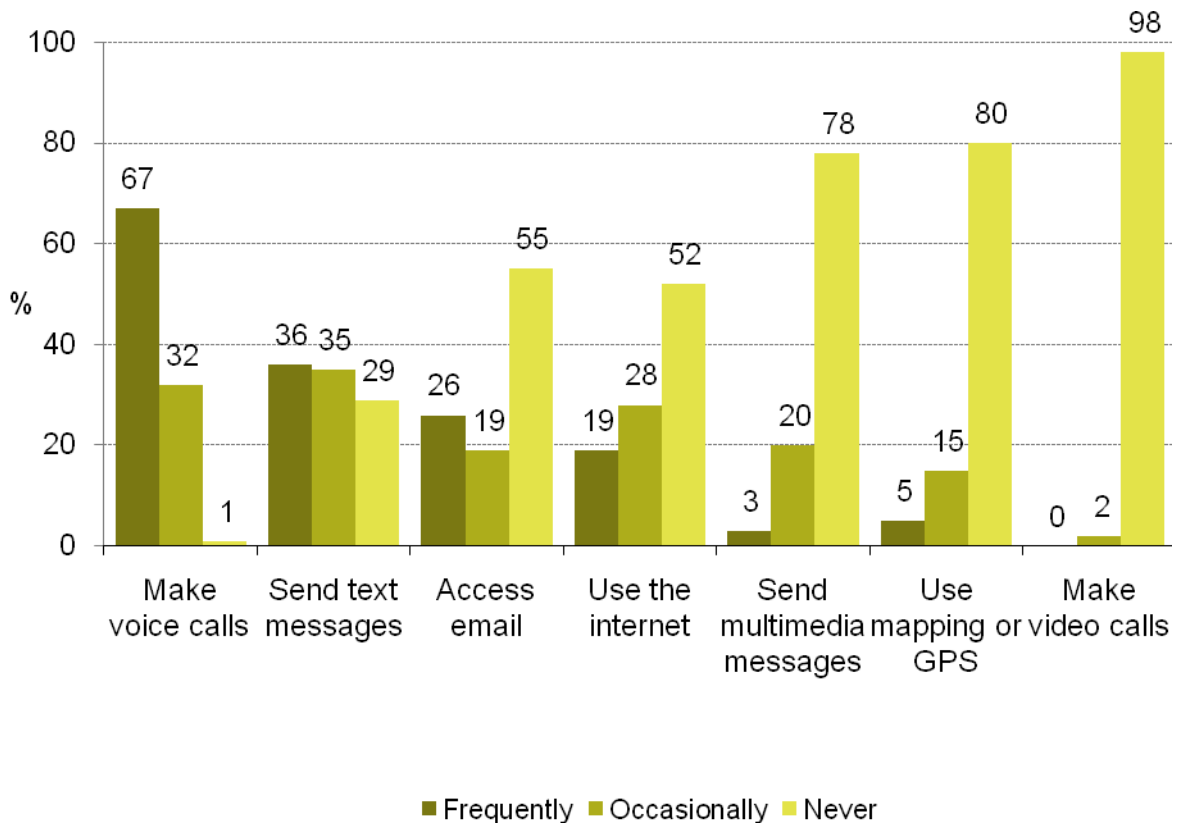
- Mobile phone coverage is important to small businesses, with respondents rating it as more important than cost when choosing a network provider.
- Almost all (91%) of small business respondents had experienced problems with reception, nearly a third of them (32%) regularly.
- The most common problem for small businesses is not spots where they get no reception at all: 82% of respondents say they have experienced this, 25% regularly. The next biggest problem is poor sound quality/breaking up of sound, experienced regularly by 14% of small businesses.
- Reception at work is most important to small businesses, followed closely by reception at home.
- Overall satisfaction with coverage is relatively high, and small businesses do not rate their mobile providers significantly higher or lower for coverage than they do for any of the other areas we asked about.
- When asked to rate the performance of their provider for coverage in different areas, small businesses cited reception while travelling by train as the worst performing area. This was also the coverage type that received the lowest importance rating, although small businesses still gave it an importance rating of 6.4.
- 60% of small business respondents took some sort of action in response to coverage problems.
- The most popular course of action was to stop using the phone in certain situations (38%), followed by asking friends/family for advice (28%) and contacting customer services (26%).
- Over 1 in 10 small business respondents had changed their network provider as a result of problems with coverage.

Section 4

Mobile usage

As figure 2 illustrates (see below), 2G services are the most popular functions, with 99% of small business mobile users making voice calls and 71% sending text messages. However, 3G services are popular too. Nearly half of small business access email (45%) and use the internet (47%) on their mobile phones. Only a minority (2%) say that they make video calls on their mobile phones.

Figure 2: Use of different mobile phone functions



Q. Thinking about the phone you use most often for business, how often do you use your mobile phone to do the following things?

Base: All those who use a mobile for business (n = 154)

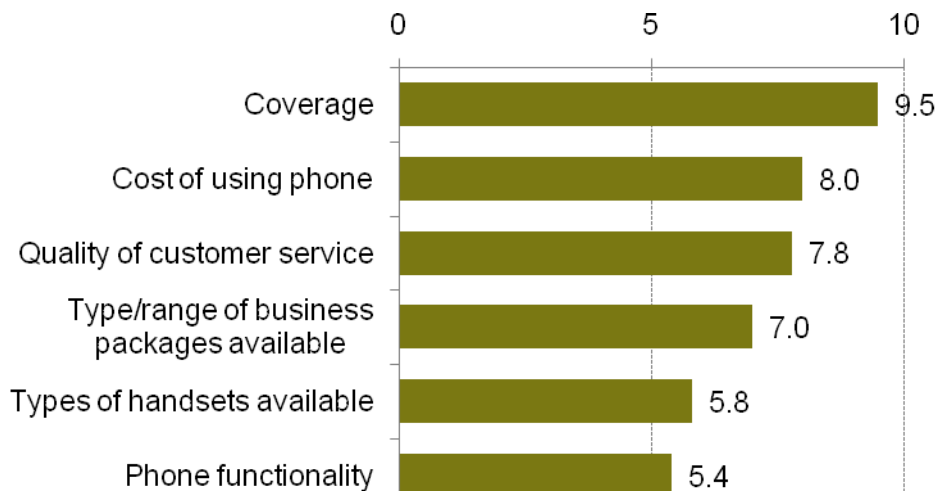
*Not all figures add up to 100 per cent, due to rounding

Section 5

Importance of mobile coverage

The research asked respondents about the relative importance of a number of different factors when choosing a mobile phone provider. The responses show that mobile coverage is very important to small businesses. It is the most important factor when choosing a provider, significantly more important than cost, quality of customer service, the type/range of business packages available, the types of handsets available or the phone functionality (see figure 3, below).

Figure 3: Relative importance of mobile coverage when choosing a network provider



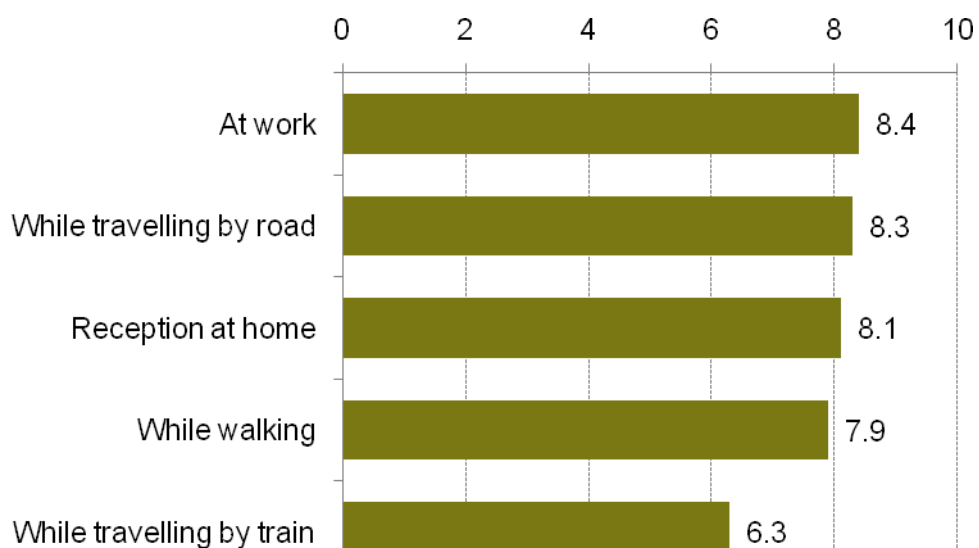
Question: Thinking about choosing which network to use, how important are each of the following factors on a scale of 1-10?

Base: All those who use a mobile for business (n = 154)

The research also asked respondents how important coverage was to them in different locations and situations. Reception at work, at home, while travelling by road and while walking were all rated as very important², with reception at work receiving the highest importance rating of 8.4 (where 1 is not at all important and 10 is absolutely essential). Reception while travelling by train received a rating of 6.3 (see figure 4, below). This was the lowest rating of the various options, but still comparatively high when compared to the importance attached to, for instance, they type of handsets available or phone functionality (see figure 3, above).

² Although there are slight differences between the reported scores set out in figure 4, these are not statistically significant, with the exception of travelling by train.

Figure 4: Importance of mobile coverage in different locations and situations



Question: Thinking about the quality of reception or signal you get in various places and situations, how important are each of the following to you...?

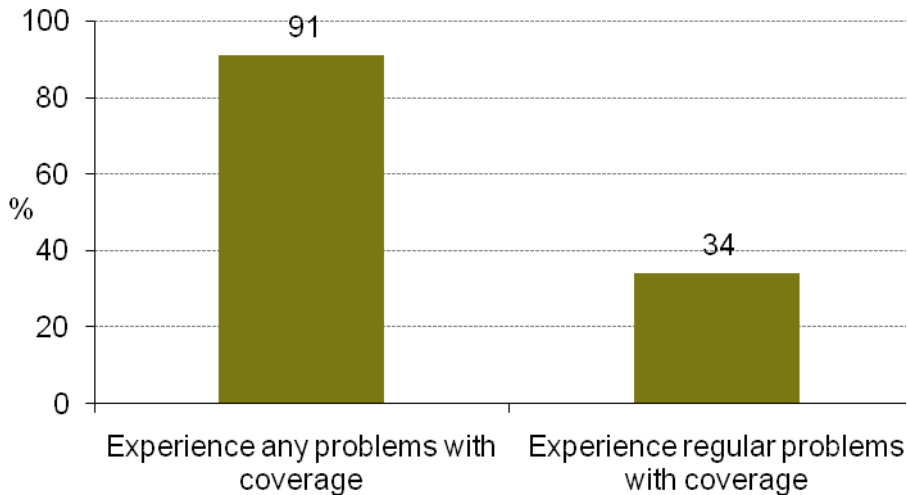
Base: All those who use a mobile for business (n = 154)

Section 6

Problems with mobile coverage

Problems with coverage are common. As figure 5 shows, almost all small business respondents have experienced problems with coverage, and over a third (34%) have experienced problems regularly.

Figure 5: Proportion of UK adults with a mobile phone experiencing problems with coverage

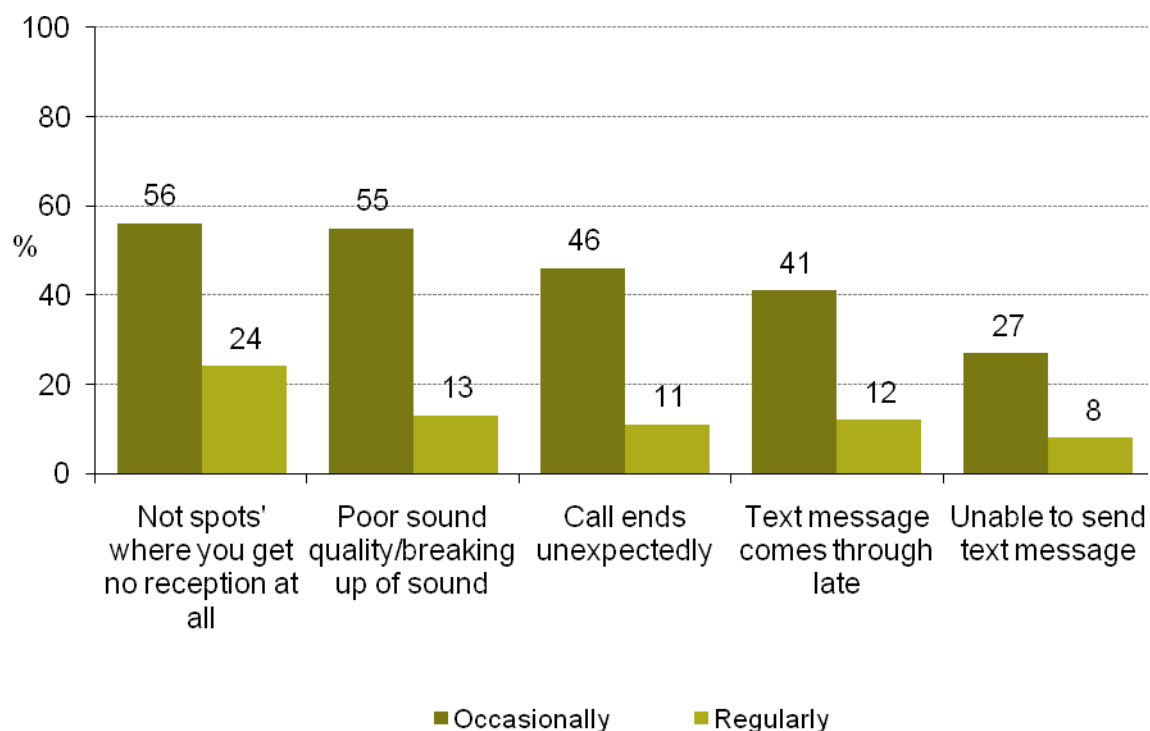


Question: Which of the following problems, if any, have you had in the past in terms of your mobile reception...? Which of them, if any, do you experience regularly?

Base: All those who use a mobile for business (n = 154)

Among those who experienced problems, the most common were 'not spots', where they received no coverage at all. This was experienced by 56% of small business respondents, and was regularly experienced by 24%. The next most common problems were poor sound quality/breaking up of sound and calls ending unexpectedly (see figure 6, below).

Figure 6: Types of problems experienced with coverage



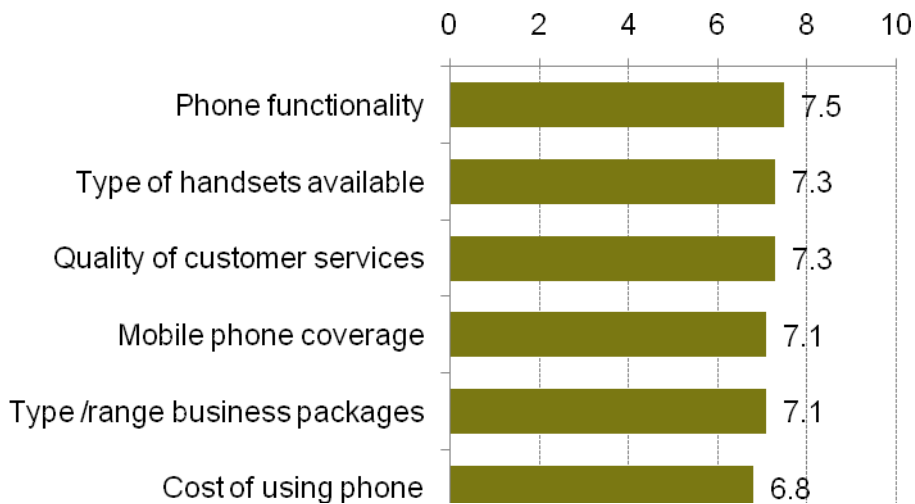
Question: Which of the following problems, if any, have you had in the past in terms of your mobile reception...? Which of them, if any, do you experience regularly?
 Base: All those who use a mobile for business (n = 154)

Section 7

Coverage and perceptions of network providers

Overall small business respondents did not rate their mobile providers significantly higher or lower for coverage than they do for any of the other areas we asked about³ (see figure 7, below)

Figure 7: Rating of provider’s coverage, compared with other areas



Question: Using the same list [list used for the question shown in figure 3], how would you rate your provider on a score of 1-10?

Base: All those who use a mobile for business (n = 154)

There is also no statistically significant difference in the rating respondents gave to their provider for reception in different locations and situations, as figure 8 shows. The exception to this is coverage on trains, which receives a significantly lower rating than other kinds of coverage. As we saw in figure 4, above, people also rate coverage on the train as relatively less important than coverage in areas, although it is still perceived as more important than not, with an importance rating of 6.3.

³ Although there are slight differences between the reported scores set out in figure 7, these are not statistically significant.

Figure 8: Rating of provider's coverage in different locations and situations



Question: Using the same list [list used for the question shown in figure 4], how would you rate your provider on a score of 1-10?

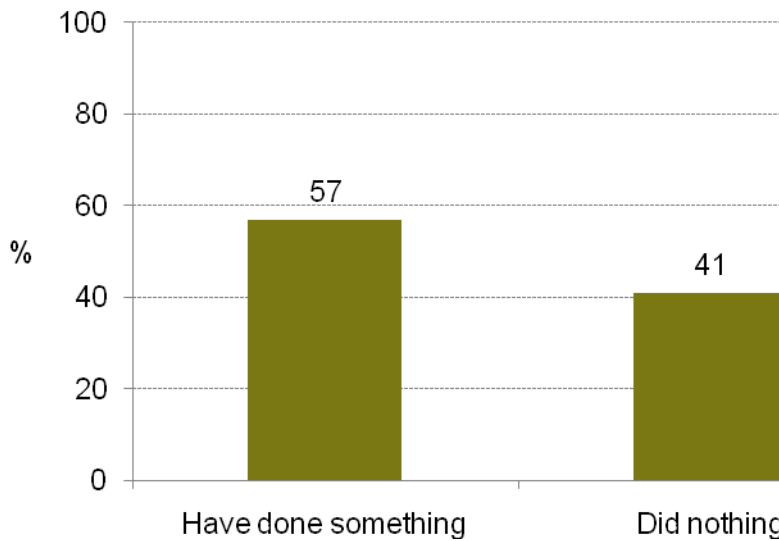
Base: All those who use a mobile for business (n = 154)

Section 8

Action taken to resolve coverage problems

The research also explored the extent to which small businesses take action to try and resolve the problems they experience with coverage. It found that over half (57%) of small business respondents who had experienced problems with coverage had taken some kind of action as a result (see figure 9, below).

Figure 9: Percentage of those experiencing problems who have taken action

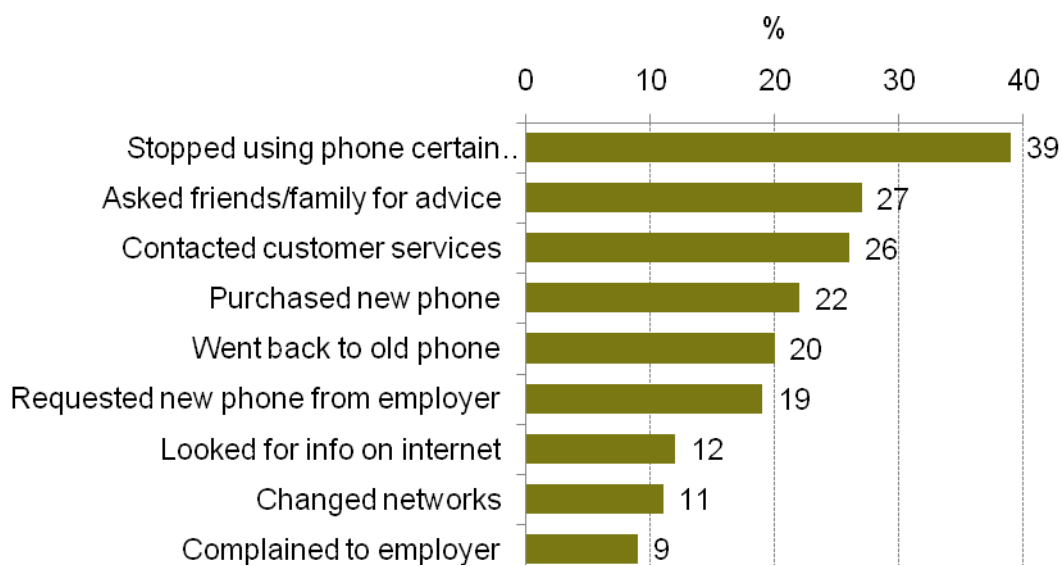


Question: And which of the following have you done in response to the problems you have experienced...?

Base: All those who use a mobile for business and have experienced problems with coverage (n = 138)

As figure 10 illustrates (see below), the most popular course of action among respondents is to stop using their phone in certain situations, a strategy adopted by 38% of this group. Other popular courses of action include asking friends and family (28%), contacting customer services (22%), purchasing a new phone (22%), going back to an old phone (20%) and requesting a new phone from their employer (19%). Over 1 in 10 respondents had changed network as a result.

Figure 10: Action taken to try to resolve problems with coverage



Question: And which of the following have you done in response to the problems you have experienced...?

Base: All those who use a mobile for business and have experienced problems with coverage (n = 138)

Section 9

Summary and conclusions

The research shows that mobile coverage is very important to small businesses. It also highlights the fact that small businesses experience real problems with coverage: almost all the respondents in our survey had experienced problems, and around a third of those experienced regular problems. This is despite the fact that official figures indicate that 2G mobile coverage is near-universal⁴.

Given this, we believe that work is needed to improve 2G coverage, and to provide consumers with accurate, usable information on the level of coverage they can realistically expect.

In its response to the second consultation on Ofcom's Mobile Sector Assessment, informed by and published alongside this research report, the Panel calls on Ofcom to work with industry to provide small businesses with the information, and the coverage, they need.

⁴ See, for instance, page 55 of the Communications Market Report, published by Ofcom in August 2009, available at <http://www.ofcom.org.uk/research/cm/cmr09/>

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