CONSUMER PANEL

Communications usage by Scottish small businesses

A research report

Ofcom
OFFICE OF COMMUNICATIONS

The Ofcom Consumer Panel was established under the Communications Act 2003 as the independent research and policy advisory body on consumer interests in the communications market (with the exception of content issues).

Working from a firm evidence base, we advise Ofcom, the communications regulator, and others on how to achieve a communications marketplace in which all consumers can confidently choose and use products and services that suit their needs.

The Consumer Panel sets its own agenda but works constructively with the Ofcom Board. This enables us to give strategic advice on policies early on in their development – before they are consulted on – so as to build consumer interests into Ofcom's decision-making from the outset.

The Consumer Panel is made up of part-time members with a balance of expertise in consumer issues in the electronic 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. The Consumer Panel is assisted by a small support team.

Contents

Executive summary

Use and reliance on communications technology

Over half of Scottish small businesses have mobile phones, but only 16% have 3G phones and over two thirds use the internet, and 60% have broadband.

Scottish small businesses as a whole are not highly dependent on communications technology to run their businesses; over half said they could manage for a week or more without mobiles and a similar number without the internet. One third of businesses said that they could manage for a week or more without a landline.

Remote rural businesses show higher levels of dependence on landlines and the internet.

Satisfaction, availability and coverage

The vast majority are satisfied with their current supplier, 83% for landline supplier, 87% for mobile supplier and 86% for internet provider.

However there are 4 instances where businesses based in **remote rural areas** are significantly less likely to be '**very satisfied**' than the Scottish average:

- choice of mobile supplier (33% compared to 49%)
- reliability of coverage of mobile supplier (32% compared to 49%)
- choice of internet supplier (27% compared to 41%)
- overall satisfaction with landline supplier (40% compared to 52%)

Of the 601 businesses interviewed, only a handful had specific coverage issues.

None of the respondents said that they wanted a landline service but that it could not be supplied.

2% said that they would like to have access to broadband but that it is not available.

Perception of availability

It was difficult to source accurate data down to postcode level in order to determine whether perceptions of availability matched reality. In the end, the research found as many cases where people thought a service was available and it **wasn't**, as people who thought a service wasn't available and it **was**, therefore results were inconclusive.

Introduction

2.1 Research Objectives

The primary research objective was to understand 'how communications services fit into the business life of Scottish small businesses.'

Specifically:

- Understand which communications technologies Scottish small businesses use and their importance to the business

- Which technologies Scottish small businesses want but cannot access

- Satisfaction with current services and choices available

- Identify whether there are any issues with take-up of communications services

- Identify whether there are any differences between the perception and reality of access to services

The Consumer Panel commissioned Recom Research in Communications to carry out the research.

2.2 Methodology

600 telephone interviews were conducted with people responsible for choosing communications services within a small business. The survey was conducted across Scotland from 23 February to 13 March 2007.

In order to ensure that correct definitions of urban/rural were applied, before the interviewing started, the postcodes of all businesses identified from the sample[1] were matched to the six urban/rural area classifications. The Scottish Executive provided the postcodes that fell into each of the six urban/rural area classifications.

100 interviews were completed within each of six urban/rural area classifications. The sample was drawn randomly within each urban/rural classification, to ensure that a spread of company sizes and industries was represented.

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[1] For sample sources used see Annex C.

The results have been weighted back to the Scottish business spread figures from the Office for National Statistics as shown in the table below.

Figure 2.1 Number of Scottish small businesses in Scotland by geographical areas

6-fold Urban/Rural classification	No of Scottish small businesses in Scotland[2]	% of Scottish small businesses in Scotland	No of interviews	Weighted Interviews
Total	121,420	100%	601	600
Large urban areas (population > 125K)	38,865	32%	101	192
Other urban areas (population 10k–125k)	24,590	20%	100	120
Accessible small towns (population 3K-10K + within 30 minutes drive from settlement with a population of 10K)	9,730	8%	100	48
Remote small towns (population 3K-10K + over 30 minutes drive from settlement with a population of 10K)	3,965	3%	100	18
Accessible rural (population less than 3K + within 30 minutes drive from settlement with a population of 10K)	27,585	23%	100	138
Remote rural (population less than 3K + over 30 minutes drive from settlement with a population of 10K)	16,685	14%	100	84

In order to establish whether there were "any differences between the perception and reality of access to services", desk research was carried out to identify information on coverage by full postcode (See Annex C Desk research).

[2] Source: Interdepartmental Business Register figures from Office for National Statistics. VAT and/or PAYE Scottish small businesses (with 0-10 people working in the business) based in Scotland as of March 2006.

Profile of Scottish small businesses

Overview

Although the maximum company size for this research was 10 people in the business, in actual fact three quarters of the sample were businesses of three people or less

Only one quarter are limited companies and over one third are run from home

The survey picked up a broad range of business sectors, the biggest group being wholesale/retail (28%)

They are not particularly reliant on mobiles and the internet; over half could manage for a week or more without mobiles and a similar number without the internet

3.1 Size of companies

The vast majority of Scottish small businesses defined as having up to 10 people working in the business (74%) have three people or fewer in the business and 40% have only one person working in the business.

Figure 3.1 Company size

Q. Including yourself, how many people does your business have?

40%	34%	15%	7%	5%

■ 1 ■ 2 - 3 ■ 4 - 5 ■ 6 - 8 ■ 9 - 10
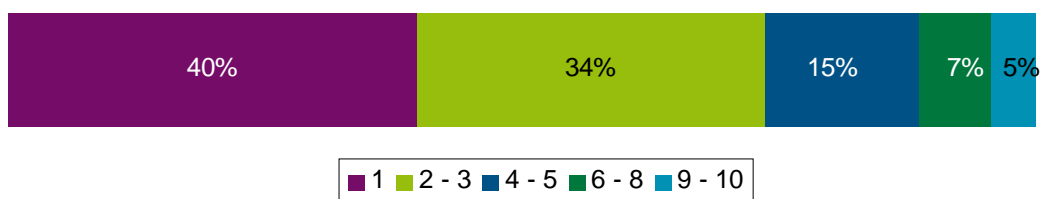
Base: All respondents (601)

There do not appear to be any particular patterns by urban/rural classification.

Figure 3.2 Company size by urban/rural classification

Q. Including yourself, how many people does your business have?
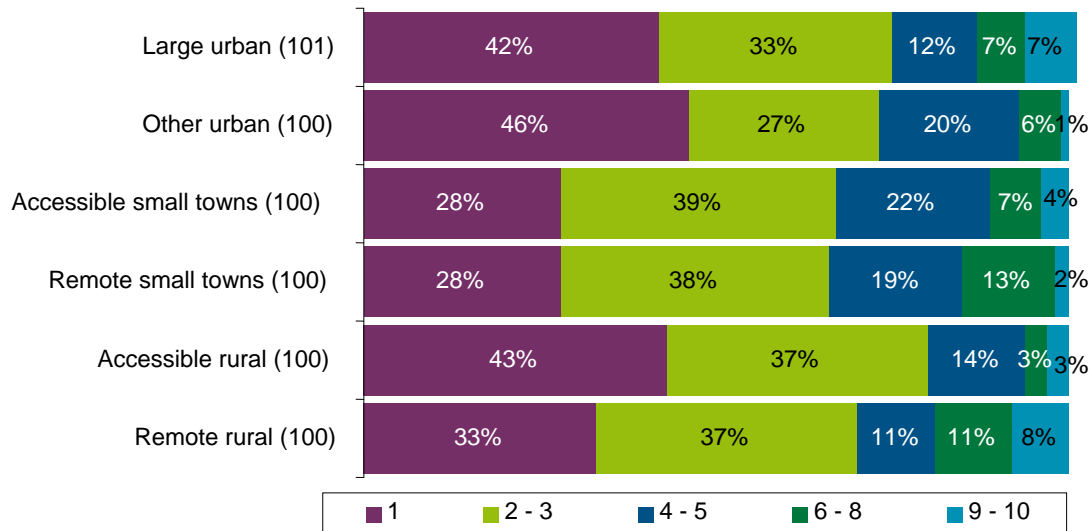
3.2 Business status

The vast majority of Scottish small businesses are run as sole traders (73%), only 25% have limited company status. In general, the more people in the business, the more likely that the business will have limited company status. Rural businesses are less likely to be limited companies (18% compared to 25% of total).

Figure 3.3 Business status

Q. Is your business run as a…?

Base: All respondents (601)

3.3 Industry sector

A broad spread of industry sectors was covered in the research and there was little variation in terms of rural and urban businesses.

Figure 3.4 Industry sector

Q. What does your organisation do?

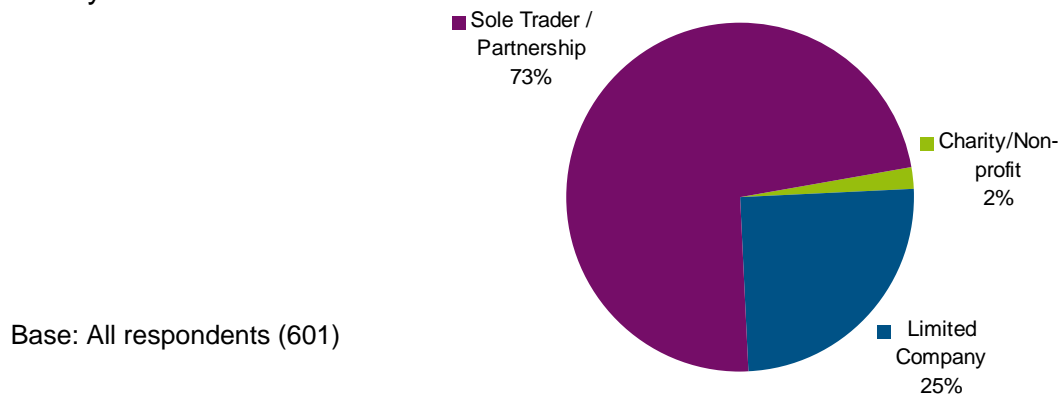| Sector	%
Wholesale retail & repairs	28%
Fin, Prpty & Bus. Activities (incl. High-tech)	16%
Edu, Health, PA and othr. serv (incl. pers. svs.)	16%
Hotels, Restaurant & Catering	10%
Construction	8%
Trans, Storage & Comms	7%
Agriculture, Forestry, Fishing	7%
Manufacturing	7%
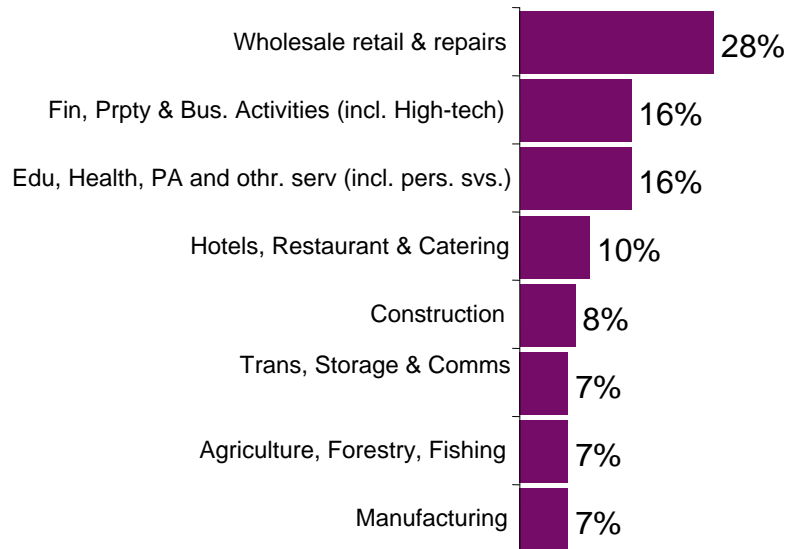
Base: All respondents (601)

Figure 3.5 Industry sector by urban & accessible towns /remote towns & rural

Q. What does your organisation do?

Sector	Urban/Acc Town (301)	Remote Towns/Rural (300)
Wholesale retail & repairs	28%	27%
Fin, Prpty & Bus. activities	21%	14%
Edu, Health, PA and othr. serv	14%	15%
Hotels, Restaurant & Catering	8%	13%
Construction	10%	5%
Trans, Storage & Comms	7%	8%
Agriculture, Forestry, Fishing	6%	10%
Manufacturing	7%	7%

10
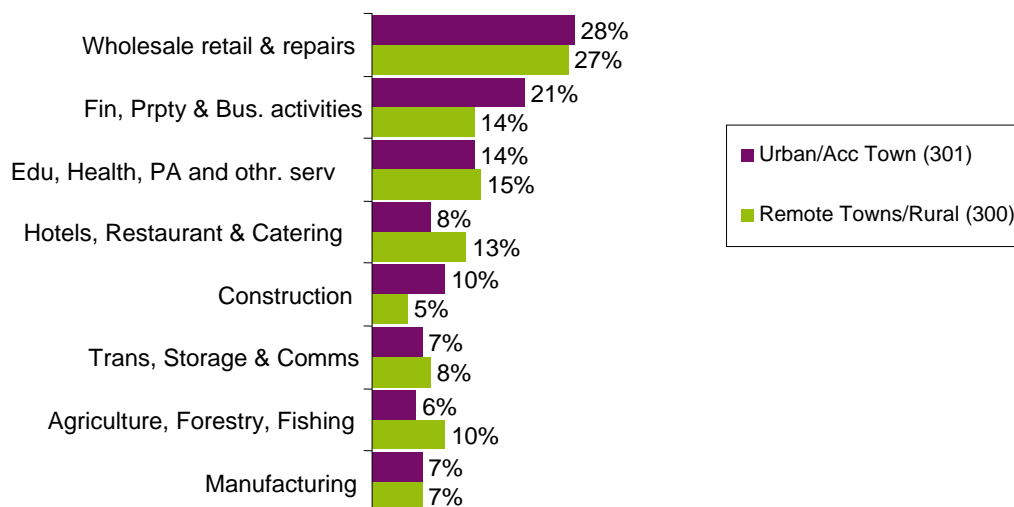
3.4 Type of premises

A significant number of the Scottish small businesses are based at home. These tend to be the sole traders and businesses that have only up to 3 people working in the business. There are no differences between urban and rural areas.

Figure 3.6 Type of premises

Q. And what type of premises do you work from?

Premises	Percentage
Home	37%
Retail / Shop unit (incl. pub. house)	23%
Office (incl. pub. school)	17%
Factory/ Warehouse	15%
Other commercial premises (incl. Mobile Van)	7%

Base: All respondents (601)

3.5 Reliance on communication services

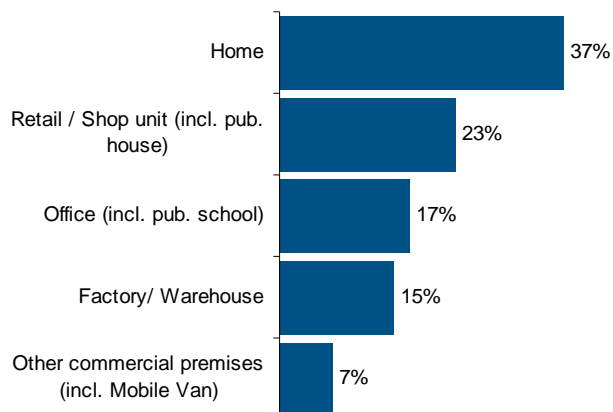Scottish small businesses do not have considerable reliance on internet or mobile communication services - the majority could manage for a week or more without internet services (56%) and/or mobile phone services (53%).

Access to landline services is considered the most vital; 31% stated that they could manage for a week or more if they had no access to a landline, but 67% said they could manage for only a couple of days at the most.

19% of the respondents think their business would stop straightaway if they had no access to their landline service, compared with 11% for mobile services and 11% for internet services.

Figure 3.7 Time could manage without communication services

Q. Now thinking about your communication service, how long do you think your business could manage without it?

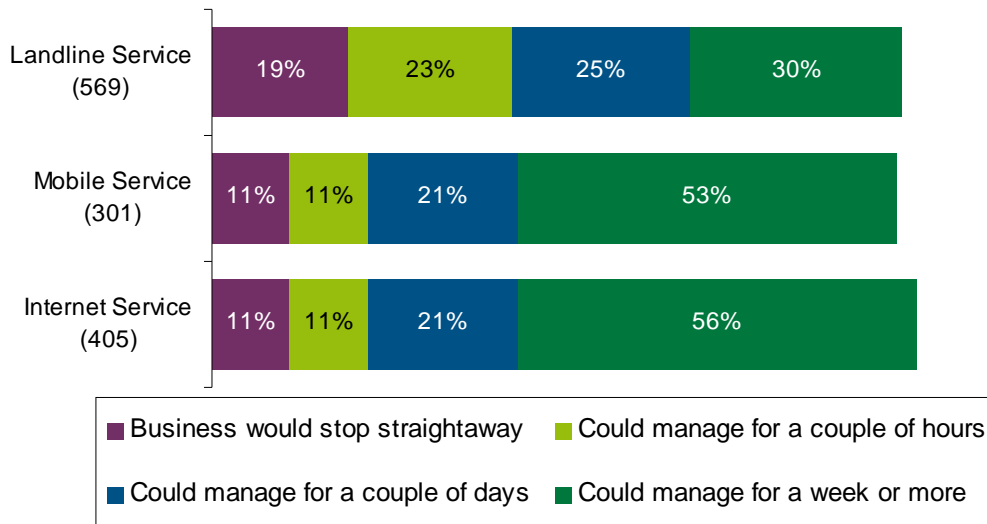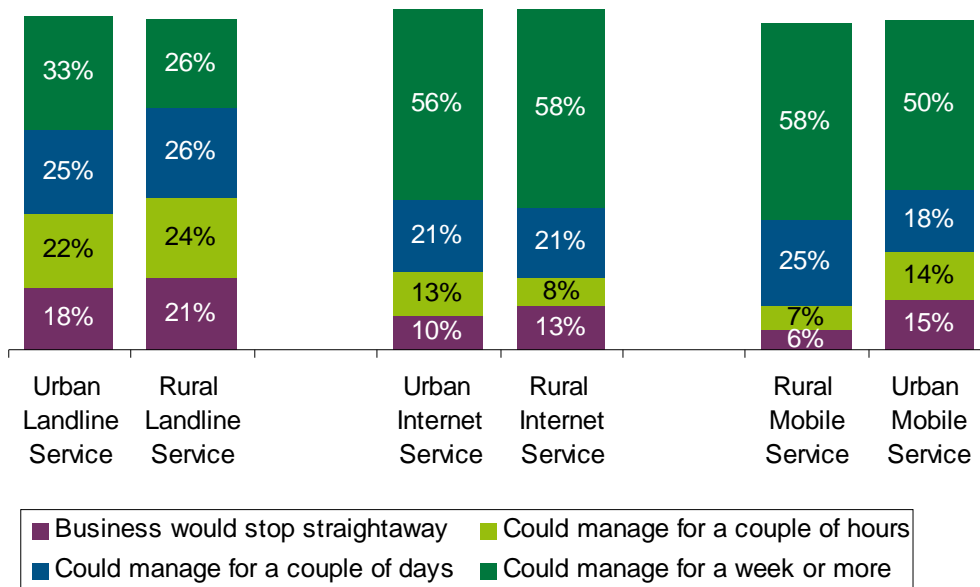|	Business would stop straightaway	Could manage for a couple of hours	Could manage for a couple of days	Could manage for a week or more
Landline Service (569)	19%	23%	25%	30%
Mobile Service (301)	11%	11%	21%	53%
Internet Service (405)	11%	11%	21%	56%

Figure 3.8 Time could manage without communication services by urban/rural classification

Q. Now thinking about your communication service, how long do you think your business could manage without it?

	Urban Landline Service	Rural Landline Service	Urban Internet Service	Rural Internet Service	Rural Mobile Service	Urban Mobile Service
Could manage for a week or more	33%	26%	56%	58%	58%	50%
Could manage for a couple of days	25%	26%	21%	21%	25%	18%
Could manage for a couple of hours	22%	24%	13%	8%	7%	14%
Business would stop straightaway	18%	21%	10%	13%	6%	15%

Urban businesses appear to have a higher reliance on mobiles than rural ones. No significant differences were found between industry sectors, types of premises, size of company.

Landline services

Overview

Virtually all businesses surveyed use a landline - the 6% who do not say this is because they don't need one

None of the respondents said they wanted a landline service but it could not be supplied

The majority (60%) are aware of more than one landline supplier in the area and only 2% are sure that there is only one landline supplier available to them

The majority (83%) are satisfied with their current supplier of landline service

Overall, 31% of the businesses stated that they could manage for a week or more without landline

4.1 Landline usage

As might be expected, virtually all the businesses in this survey use a landline.
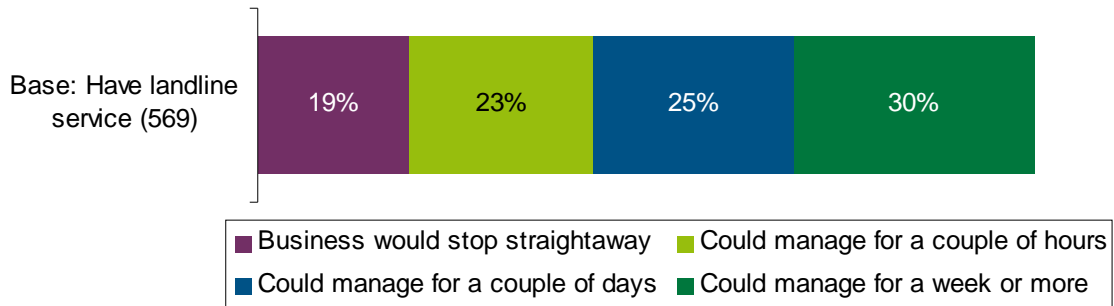
The 6% who don't use a landline do not consider it to be necessary as they use a mobile phone instead. These tend to be sole traders primarily in urban areas and working 'outside' such as in mobile premises (e.g. vans).

4.2 Reliance on landline

When asked how long their business could last without a landline, approximately 67% said they could last for only up to a couple of days.

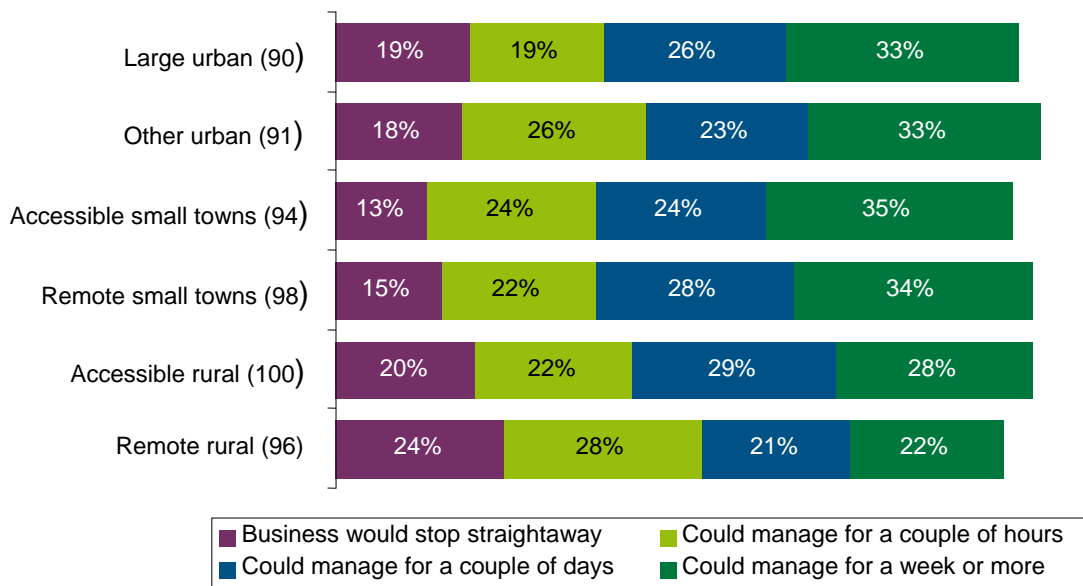## Figure 4.1 How long can businesses last without a landline service

Q. Now thinking about your LANDLINE SERVICE, how long do you think your business could manage without it?

Base: Have landline service (569)			
19%	23%	25%	30%

- ■ Business would stop straightaway
- ■ Could manage for a couple of hours
- ■ Could manage for a couple of days
- ■ Could manage for a week or more

Businesses based in rural areas are more dependent on a landline than businesses based in urban and town areas.

Figure 4.2 How long can businesses last without a landline service by urban/rural classification
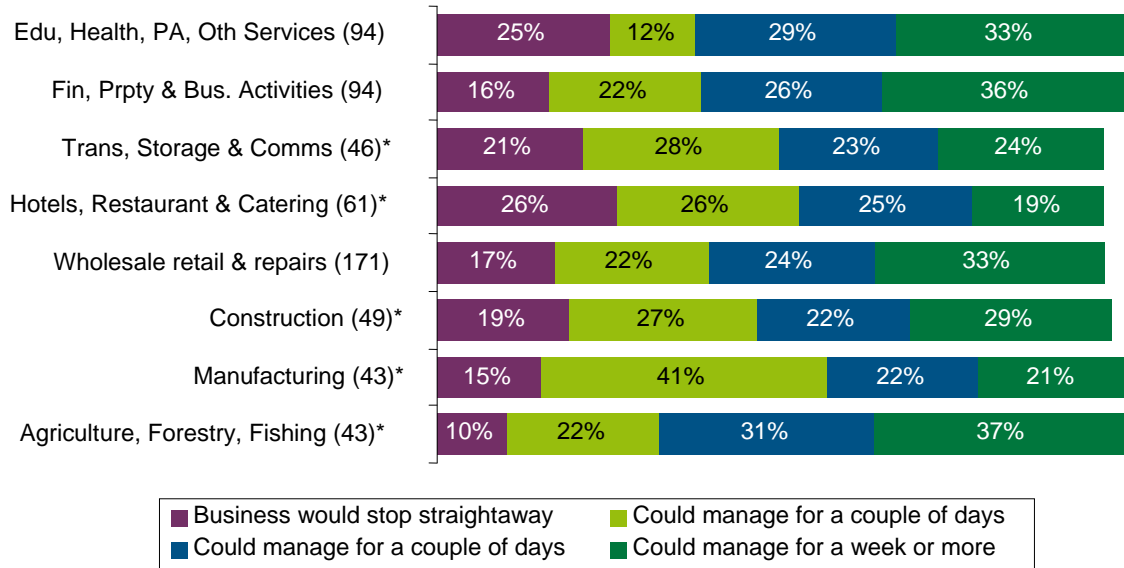
Q. Now thinking about your LANDLINE SERVICE, how long do you think your business could manage without it?

Large urban (90)	19%	19%	26%	33%
Other urban (91)	18%	26%	23%	33%
Accessible small towns (94)	13%	24%	24%	35%
Remote small towns (98)	15%	22%	28%	34%
Accessible rural (100)	20%	22%	29%	28%
Remote rural (96)	24%	28%	21%	22%

- ■ Business would stop straightaway
- ■ Could manage for a couple of hours
- ■ Could manage for a couple of days
- ■ Could manage for a week or more

Businesses in agriculture, forestry and fishing appear to be the least 'dependent' on their landline, one third say they could last for a week or more without it.

Figure 4.3 How long can businesses last without landline service by industry sector

Q. Now thinking about your LANDLINE SERVICE, how long do you think your business could manage without it?
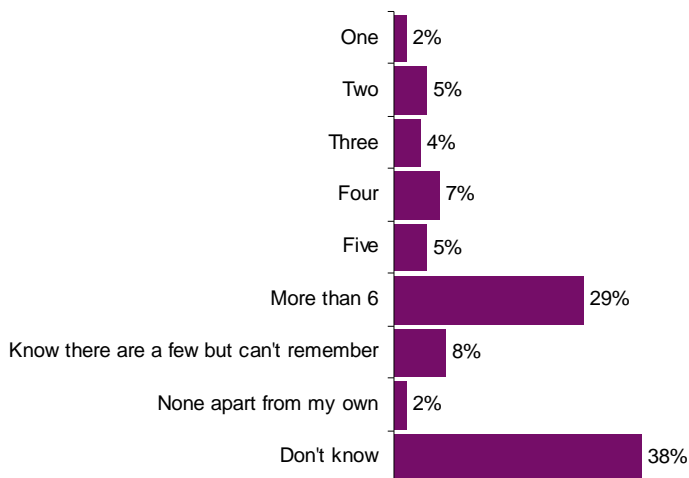
Industry sector	Business would stop straightaway	Could manage for a couple of days	Could manage for a couple of days	Could manage for a week or more
Edu, Health, PA, Oth Services (94)	25%	12%	29%	33%
Fin, Prpty & Bus. Activities (94)	16%	22%	26%	36%
Trans, Storage & Comms (46)*	21%	28%	23%	24%
Hotels, Restaurant & Catering (61)*	26%	26%	25%	19%
Wholesale retail & repairs (171)	17%	22%	24%	33%
Construction (49)*	19%	27%	22%	29%
Manufacturing (43)*	15%	41%	22%	21%
Agriculture, Forestry, Fishing (43)*	10%	22%	31%	37%

■ Business would stop straightaway   ■ Could manage for a couple of days
■ Could manage for a couple of days   ■ Could manage for a week or more

* Low base sizes, results should be seen as indicative only

4.3 Choice of landline suppliers

A high number (38%) were not able to say how many landline suppliers they thought were available to them, but only 2% of respondents think that there is no choice other than their current supplier.

Figure 4.4 Number of landline suppliers thought to be available
Q. Apart from your current supplier, how many landline network suppliers do you think are available in your area (where you can rent a landline for your business)?

One	2%
Two	5%
Three	4%
Four	7%
Five	5%
More than 6	29%
Know there are a few but can't remember	8%
None apart from my own	2%
Don't know	38%

Base: Respondents who use landline (569)

Rural businesses do not seem to be suffering a complete lack of choice, although they are less likely to say there are 6 or more landline suppliers to choose from.

Figure 4.5 Number of landline suppliers thought to be available by urban/rural classification

Q. Apart from your current supplier, how many landline network suppliers do you think are available in your area (where you can rent a landline for your business)?

| Unweighted Base	Large urban (90)	Other urban (91)	Accessible small towns (94)	Remote small towns (98)	Accessible rural (100)	Remote rural (96)
None apart from my own	3%	1%	1%	1%	1%	3%
1	1%	2%	1%	3%	2%	1%
2	8%	5%	2%	2%	3%	1%
3	7%	5%	2%	3%	1%	5%
4	10%	7%	7%	6%	4%	7%
5	2%	4%	3%	4%	11%	3%
6+	30%	33%	36%	28%	31%	16%
Know there are a few but can't remember	7%	5%	7%	10%	9%	9%
Don't know	31%	36%	39%	43%	38%	54%

4.4 Ease of changing / taking up a landline service

Half of the respondents have had their landline service for more than two years and have not tried to change suppliers.

In the past two years, 20% have changed landline supplier and 17% have taken up a new service. The majority (80%) found the process 'very/fairly' easy.

Figure 4.6 Ease of changing / taking up new landline service
Q. You said that you have switched / installed your landline supplier within the past two years. How easy was it to change your current service?
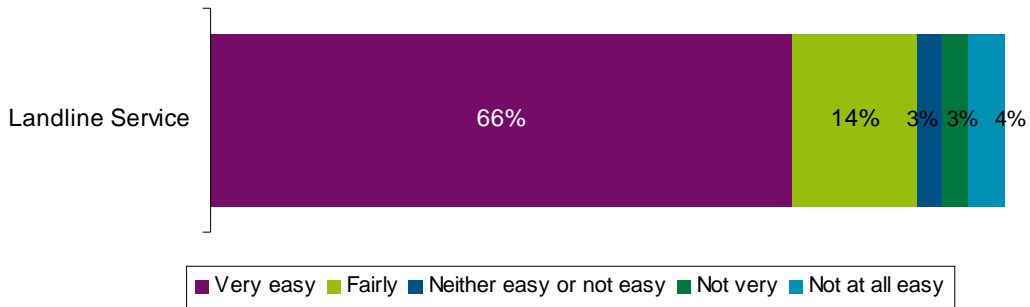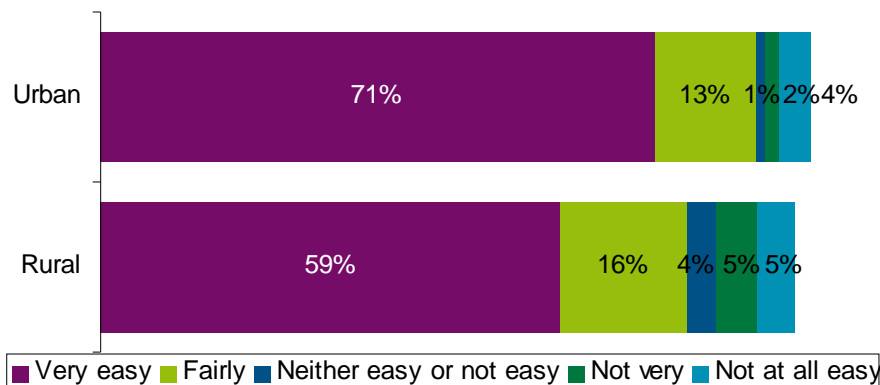

Base: Respondents who changed landline supplier/taken up a service in the past 2 years (214)

However, only 59% of businesses based in 'rural' areas found the process 'very easy' as opposed to 71% in 'urban' areas.

Figure 4.7 Ease of changing / taking up new landline service by urban/rural classification
Q. You said that you have switched / installed your landline supplier within the past two years. How easy was it to change your current service?

Bases vary: Respondents who changed landline supplier/taken up a service in the past 2 years Urban (116), Rural (98)

For the 8% (16 people) who stated changing landline suppliers was 'not very easy' or 'not at all easy', the biggest problems for both businesses in 'rural' and in 'urban/town' were that:

- it took a long time (n = 10)[3]
- customer service was poor (n = 4)

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[3] Actual number of mentions (multi-code weighted figures).

The eleven per cent (38 people) who had tried to change supplier but did not, said that this was because:

- they did not see any benefits in doing so (n = 13)
- they found the process too complicated (n = 12)
- they were locked into their existing contract (n = 7)
- no provider had the service that was needed (n = 6)

4.5 Satisfaction with landline suppliers

Overall, the majority (83%) of the respondents are very / fairly satisfied with their current landline supplier.

Figure 4.8 Satisfaction with landline supplier

Q. Overall, taking everything into consideration, how satisfied are you with your current landline service supplier?
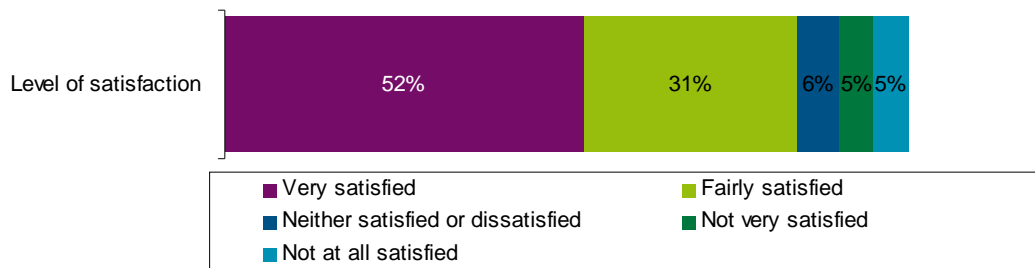

Base: Respondents who use landline (569)

Businesses in remote rural areas are less satisfied with their landline supplier: 40% of businesses based in 'remote rural' areas stated that they were 'very satisfied' as opposed to 52% of businesses based in 'large urban' areas.

Figure 4.9 Satisfaction with landline supplier by urban/rural classification

Q. Overall, taking everything into consideration, how satisfied are you with your current landline service supplier?
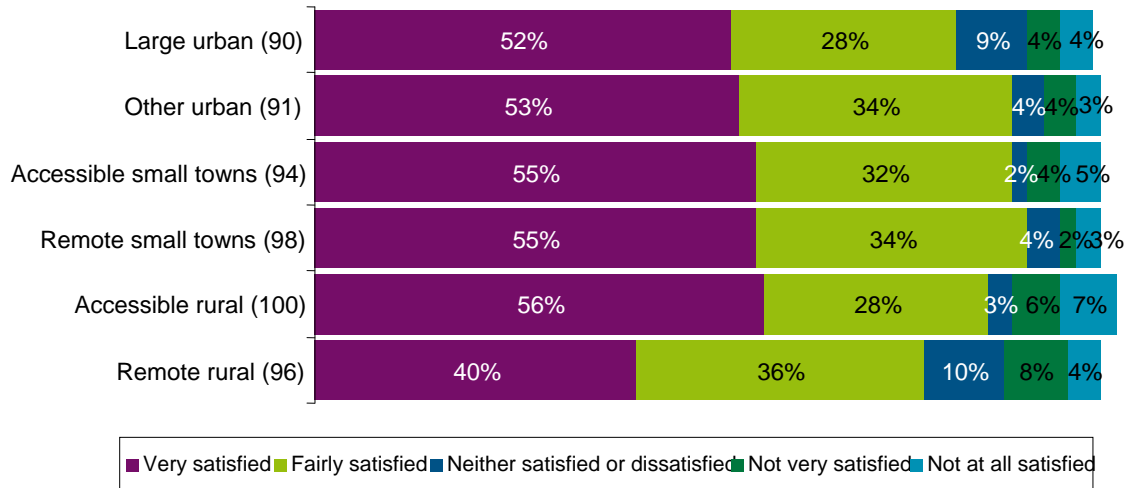
Looking more closely at the 57 businesses who were dissatisfied with their current landline supplier, the main issues were:

in the 'rural' areas:

- Problems take too long to solve / customer service poor (n = 31)
- Cannot get broadband (n = 11)
- Unreliable service (n = 12)

in 'urban/town' areas:

- Calls too expensive (n = 10)
- Unreliable service (n = 7)
- Poor customer service (n = 7)
- Cannot get broadband (n = 5)

Mobile phone services

Overview

- 53% of Scottish small businesses use mobile phones, but only 16% have 3G phones

- 6% use only a mobile phone and have no landline telephone for their business - these businesses tended to be in 'large urban' areas and/or businesses where people spend most of their time on the move

- Approximately 40% of those who do not have them do not think mobile phones are necessary for their business

- Only 2% do not have a mobile because of lack of coverage

- Amongst the 25% of businesses that have changed/taken up a service in the last two years, the vast majority (91%) found the process 'very/fairly easy'

- Businesses based in remote rural areas tend to be less satisfied with mobile network service providers than businesses based in other areas when it comes to:

  • choice of mobile service providers available to their business
  • reliable coverage (being able to use a mobile phone where it is needed)
  • value for money

- 53% of the businesses with mobile phone stated that they could manage for a week or more without them

5.1 Type of mobile phone network used

Half the Scottish small businesses (53%) use mobiles for their business, but only 16% have 3G phones.

Figure 5.1 Mobile phone service usage

Q. Does your business currently use a mobile phone? Which type of network do you use?
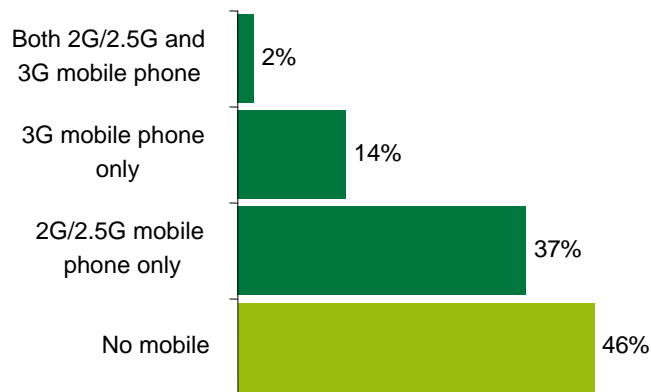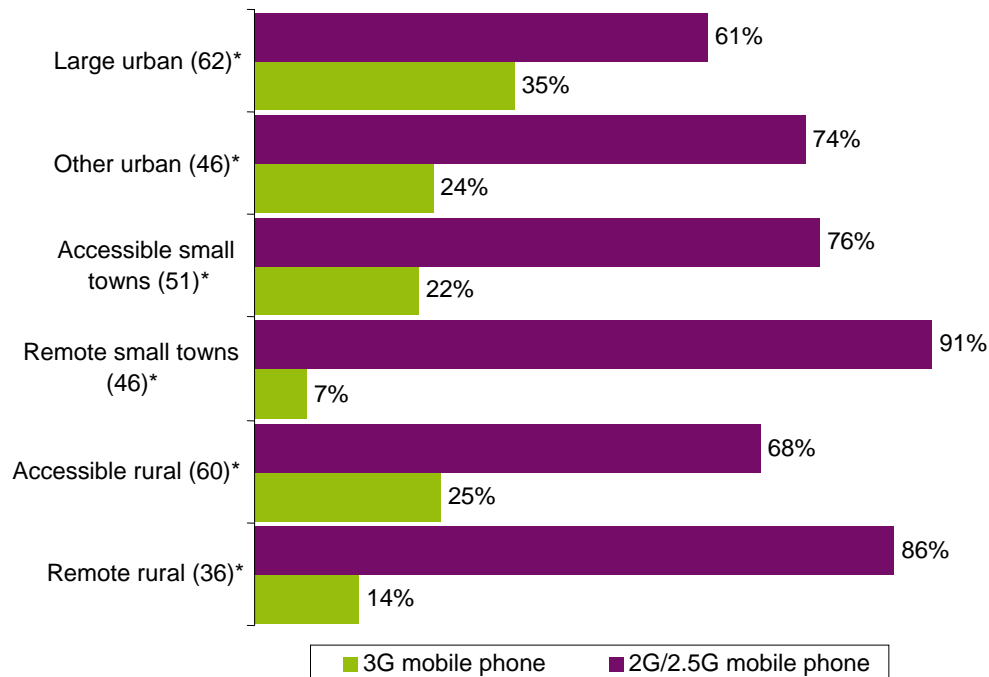

Base: All respondents (601)

Businesses in remote locations (both small towns and rural) are less likely to use 3G. Only 14% of businesses based in 'remote rural' stated that they use 3G, as opposed to 35% based in the 'large urban' areas.

Figure 5.2 Mobile phone service usage by urban/rural classification
Q. Which network do you use?

* Low base, figures should be seen as indicative only

5.2 Why mobile phones are not used

Approximately 40% of businesses that do not have a mobile do not want one (even though they know that the service is available), irrespective of type of network (2G/2.5G/3G). There are two reasons for this:

- they do not need it
- they prefer to use a landline

Only 2% of businesses (3 people, 2 in 'remote rural' and one in 'other urban') say they are unable to have a mobile phone, as they believe the service is not available.

5.3 Mobile phone usage patterns

Irrespective of industry sector, the usage pattern is very similar when it comes to calls and texts. The usage tends to be heavier in industries such as Construction and Transport (where staff working for such businesses spend approximately 50% of their time in a typical working week away from the office), and also where only one person is working in the business.

Although the bases are very small, there is evidence to suggest that the Construction sector has a higher usage of 'picture messaging' and the Finance, Property and Business Activities sector has higher usage of emails.

Figure 5.3 Mobile phone usage in the business by industry sector

Q. Considering a typical working week, how do you use your mobile phone for work?

|	Agriculture Forestry Fishing	Manu facturing	Constr uction	Wholesale Retail Repairs	Hotels Restaurants Catering	Transport Storage Comms	Finance Property Bus. Activities	Educ. Health, PA, Oth Services
Unweighted Base:	(25)*	(21)*	(38)*	(72)*	(26)*	(32)*	(47)*	(40)*
Make/Receive calls	95%	90%	100%	96%	96%	100%	100%	100%
Send/Receive texts	71%	46%	67%	64%	62%	68%	67%	78%
Send/Receive emails	0%	17%	3%	11%	16%	4%	29%	15%
Browse the internet	0%	9%	9%	10%	22%	8%	26%	13%
Send/Receive data	1%	6%	8%	8%	10%	12%	15%	7%
Make/Receive video calls	0%	0%	8%	0%	0%	6%	8%	1%
Take/Send photos	0%	0%	5%	1%	0%	0%	4%	0%
Only use in emerg.	0%	0%	0%	3%	4%	0%	0%	0%

Very low base sizes, results should be seen as indicative only

5.4 Reliance on mobile phones

Only 11% stated that their business would stop straightaway without a mobile phone and 53% said they could manage for a week or more.

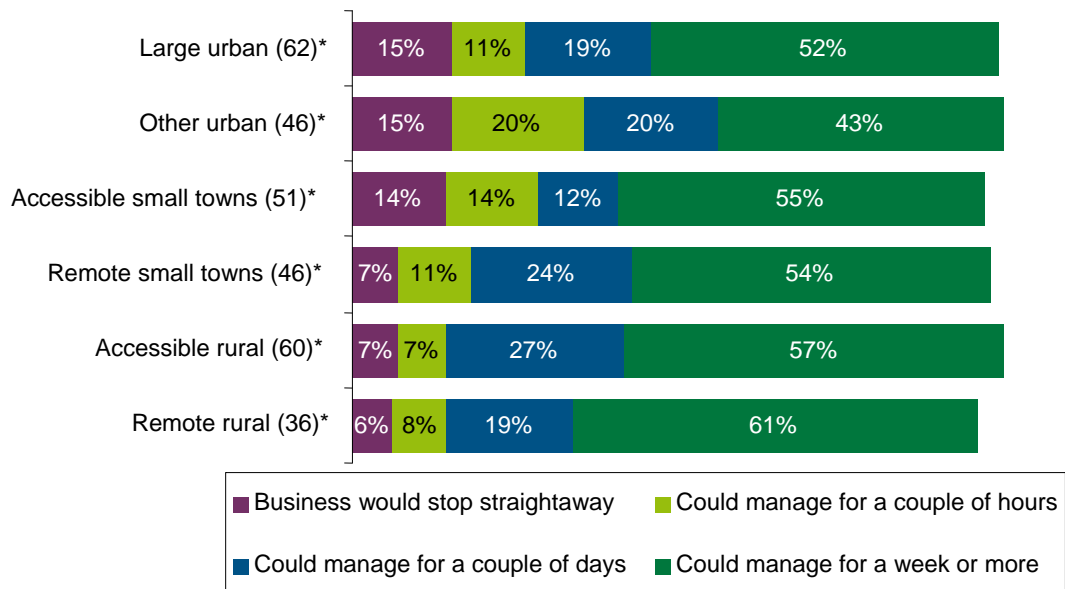**Figure 5.4 How long can businesses last without mobile phones**

Q. Now thinking about your MOBILE SERVICE, how long do you think your business could manage without it?
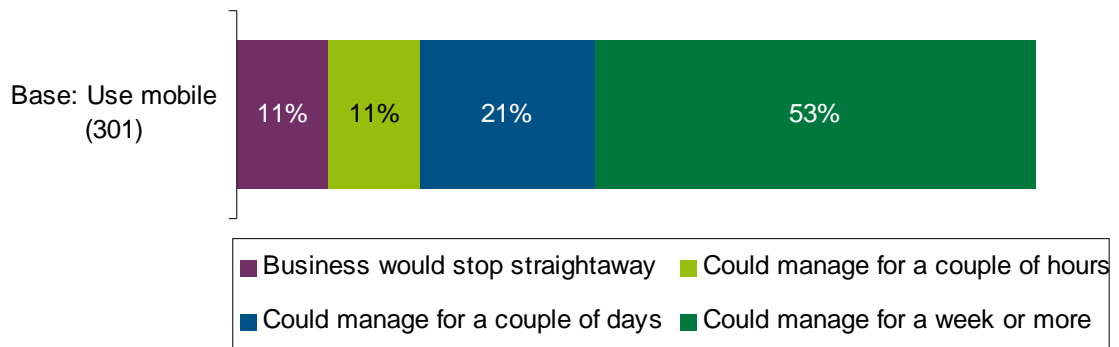
The results suggest that businesses based in 'rural' locations are less dependent on their mobile phones than businesses based in 'urban' locations.

Figure 5.5 How long can businesses last without mobile phones by urban/ rural classification

Q. Now thinking about your MOBILE SERVICE, how long do you think your business could manage without it?
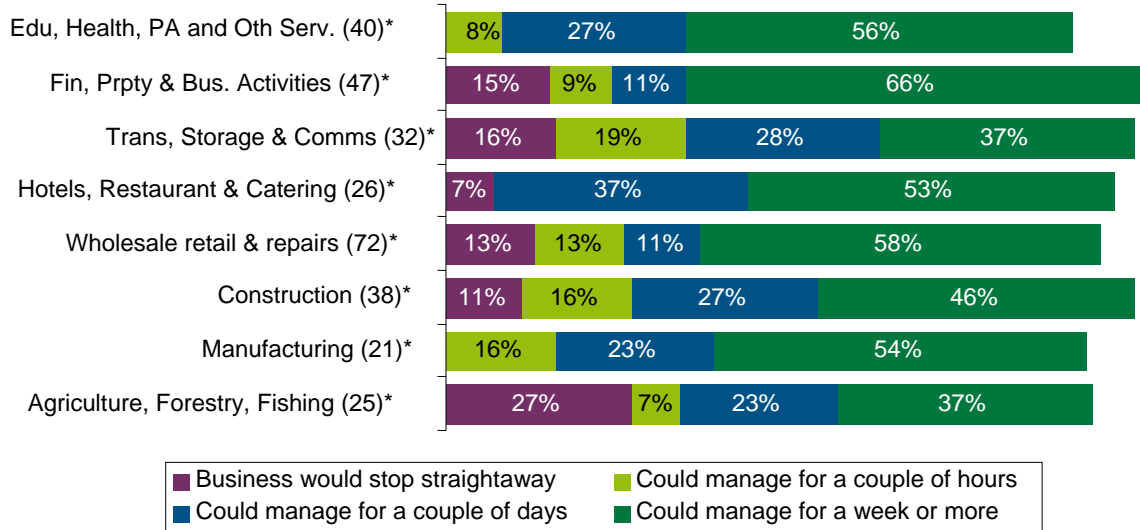

* Low base, figures should be seen as indicative only

Some differences can be seen between business sectors, for example businesses where the staff are 'out and about' rather than office-based, as expected utilise mobile services more.

Figure 5.6 How long can businesses last without mobile phones by industry sector

Q. Now thinking about your MOBILE SERVICE, how long do you think your business could manage without it?

Industry Sector	Business would stop straightaway	Could manage for a couple of hours	Could manage for a couple of days	Could manage for a week or more
Edu, Health, PA and Oth Serv. (40)*		8%	27%	56%
Fin, Prpty & Bus. Activities (47)*	15%	9%	11%	66%
Trans, Storage & Comms (32)*	16%	19%	28%	37%
Hotels, Restaurant & Catering (26)*	7%		37%	53%
Wholesale retail & repairs (72)*	13%	13%	11%	58%
Construction (38)*	11%	16%	27%	46%
Manufacturing (21)*		16%	23%	54%
Agriculture, Forestry, Fishing (25)*	27%	7%	23%	37%

Legend:
- Business would stop straightaway
- Could manage for a couple of hours
- Could manage for a couple of days
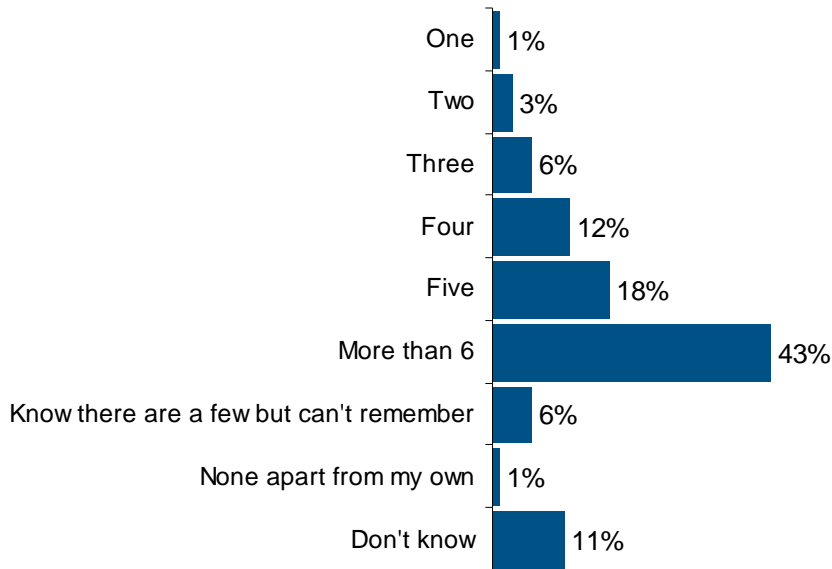- Could manage for a week or more

* Low base, figures should be seen as indicative only

5.5 Choice of mobile phone suppliers

Awareness of other mobile phone suppliers is high, with 73% stating that there are four or more network suppliers available in their area. Only 1% of businesses stated that they were not aware of any other network supplier apart from their own.

Figure 5.7 Number of mobile phone service suppliers thought to be available in the area

Q. Apart from your current supplier, how many mobile phone network suppliers do you think are available in your area?

Category	Value
One	1%
Two	3%
Three	6%
Four	12%
Five	18%
More than 6	43%
Know there are a few but can't remember	6%
None apart from my own	1%
Don't know	11%

Base: Respondents who use a mobile phone (301)

Base sizes are very small but there are indications that 'remote rural' businesses have less choice of mobile suppliers.

Figure 5.8 Number of mobile suppliers thought to be available by urban/rural classification

Q. Apart from your current supplier, how many mobile phone network suppliers do you think are available in your area?

Unweighted Base	Large urban (62)*	Other urban (46)*	Accessible small towns (31)*	Remote small towns (46)*	Accessible rural (60)*	Remote rural (36)*
None apart from my own	2%	-	4%	-	-	6%
1	-	-	-	2%	-	6%
2	-	7%	-	7%	3%	6%
3	5%	2%	-	4%	7%	17%
4	16%	2%	8%	26%	13%	6%
5	21%	24%	10%	7%	17%	14%
6+	44%	52%	63%	30%	40%	22%
Know there are a few but can't remember	6%	4%	4%	7%	5%	8%
Don't Know	6%	9%	12%	17%	15%	17%

* Low base sizes, figures should be seen as indicative only

Overall, the vast majority of business mobile users (84%) are currently satisfied with the choice of mobile service providers available.

Figure 5.9 Satisfaction with current choice of mobile service providers

Q. Now considering your business needs, how satisfied are you with the choice of mobile service providers available to your business?
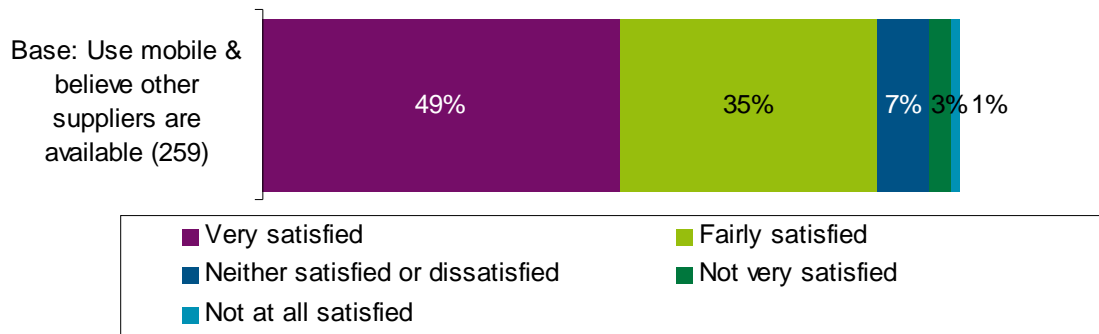
However, this falls to 58% of businesses based in 'remote rural' areas.

Figure 5.10 Satisfaction with current choice of mobile service providers by urban/rural classification
Q. Now considering your business needs, how satisfied are you with the choice of mobile service providers available to your business?
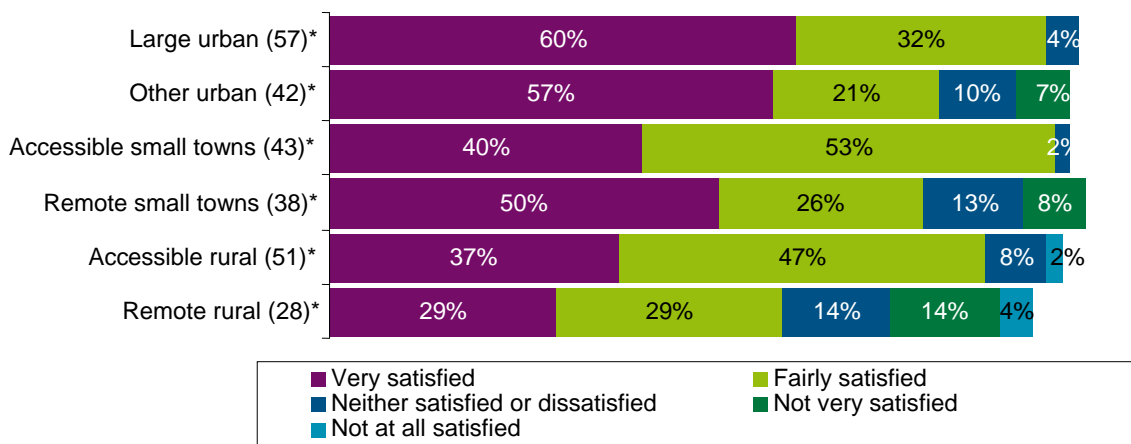
*Low bases, results should be seen as indicative only

When asking all respondents, irrespective of whether they use a mobile phone or not, the vast majority (85%) agree with the statement that there is sufficient choice of mobile network service suppliers in their area.

26

Figure 5.11 Perception of whether there is sufficient choice of mobile network service suppliers

Q. How much do you agree with the following statement: 'there is sufficient choice of Mobile Network Service Suppliers in my area'?
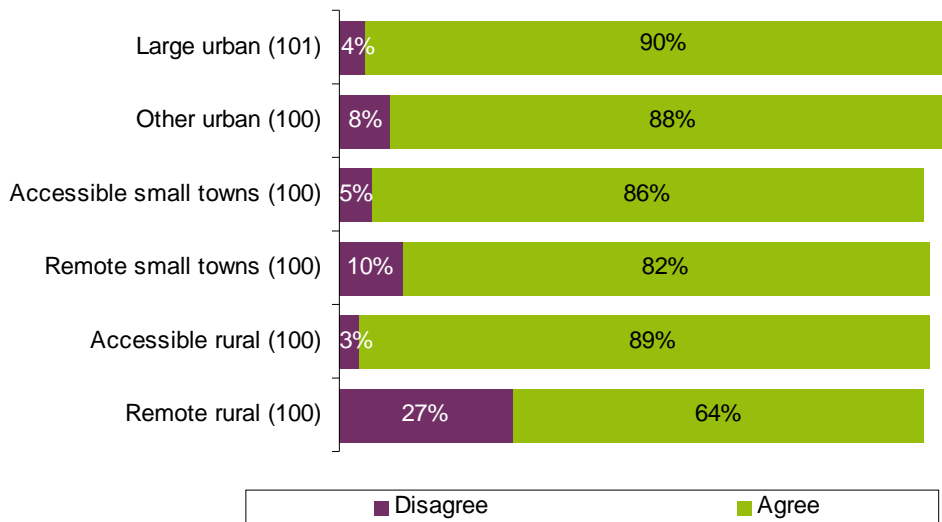
Disagree		Agree
8%	85%	

Base: All respondents (601)

However, there are differences between location, particularly when comparing 'large urban' (90% agree) with 'remote rural' (64% agree).[4]

Figure 5.12 Perception of whether there is sufficient choice of mobile network service suppliers by urban/rural classification

Q. How much do you agree with the following statement: 'there is sufficient choice of Mobile Network Service Suppliers in my area'?

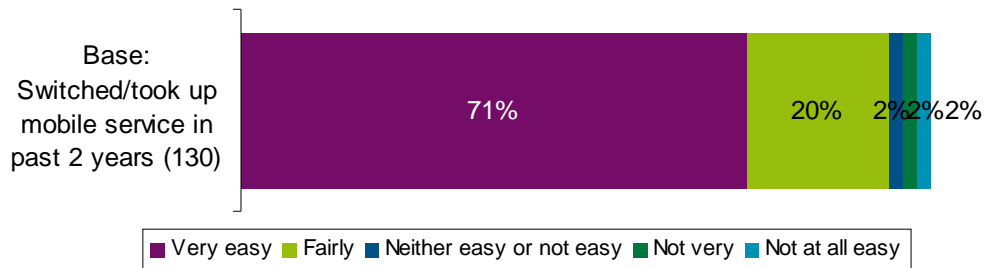|	Disagree	Agree
Large urban (101)	4%	90%
Other urban (100)	8%	88%
Accessible small towns (100)	5%	86%
Remote small towns (100)	10%	82%
Accessible rural (100)	3%	89%
Remote rural (100)	27%	64%

5.6 Ease of changing / taking up mobile phone services

Approximately 25% changed / took up a mobile service in the past two years. Of these, the vast majority (91%), irrespective of location or industry sector, found the process very/fairly easy.

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[4] Bases are small, results to be viewed as indicative only.

Figure 5.13 Ease of changing/ taking up mobile phone service

Q. You said that you have switched or taken up your mobile phone supplier within the past 2 years. How easy was it to take up your current service?

Base: Switched/took up mobile service in past 2 years (130)

71% 20% 2% 2% 2%

■ Very easy ■ Fairly ■ Neither easy or not easy ■ Not very ■ Not at all easy

Literally a handful (4 people) experienced some difficulties when changing/taking up their mobile phone supplier.
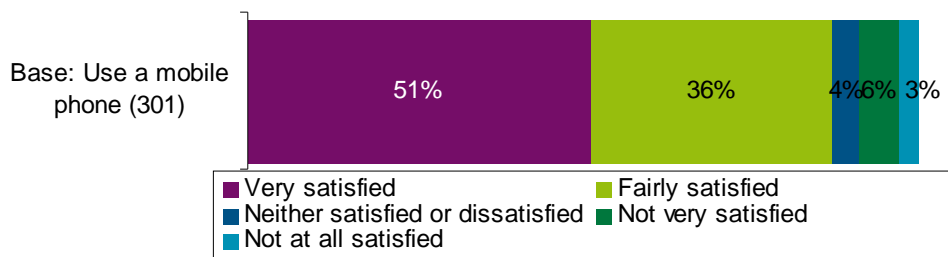
A further 2% tried to change mobile network suppliers but did not, mainly because other network suppliers could not provide the coverage that was required. These businesses tended to be from 'rural' locations.

5.7 Satisfaction with mobile phone suppliers

There seems to be a high level of satisfaction with their current supplier, irrespective of location and industry sector. The vast majority of businesses (87%) stated that they are satisfied with their mobile network supplier 'overall'.
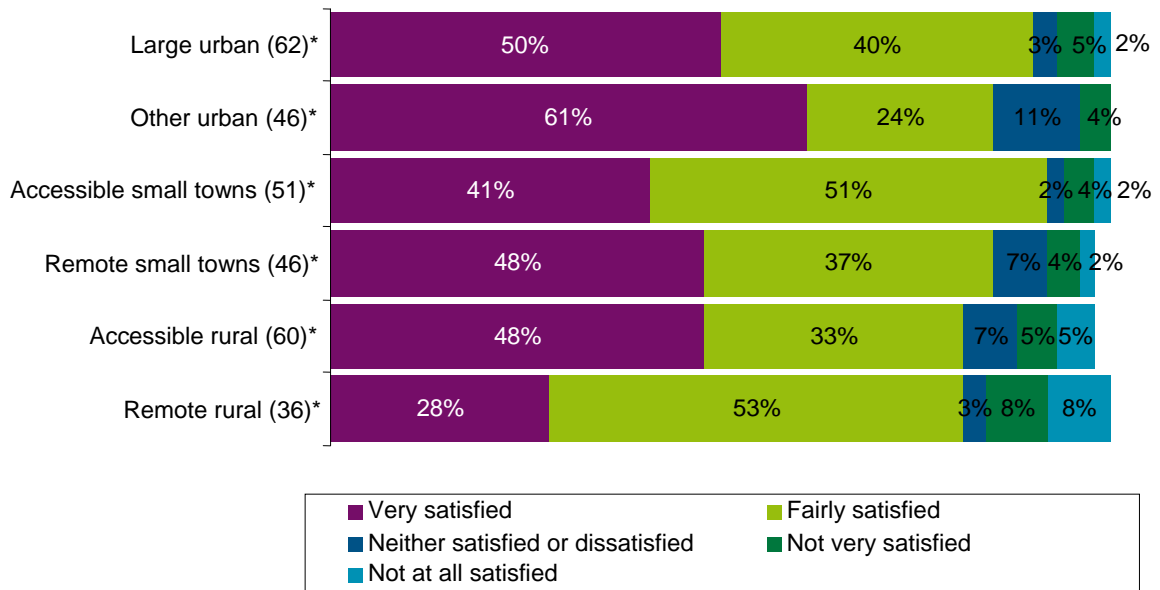
Figure 5.14 Overall - Satisfaction with mobile network suppliers

Q. And how satisfied are you with your mobile phone network supplier in 'overall' terms?

Base: Use a mobile phone (301)

51% 36% 4% 6% 3%

■ Very satisfied ■ Fairly satisfied ■ Neither satisfied or dissatisfied ■ Not very satisfied ■ Not at all satisfied

In terms of 'reliable coverage' there is generally a high level of satisfaction. The majority (87%) of the businesses who currently have mobile services state that they are satisfied. However, only 28% of businesses based in 'remote rural' stated that they were very satisfied with 'reliable coverage.'
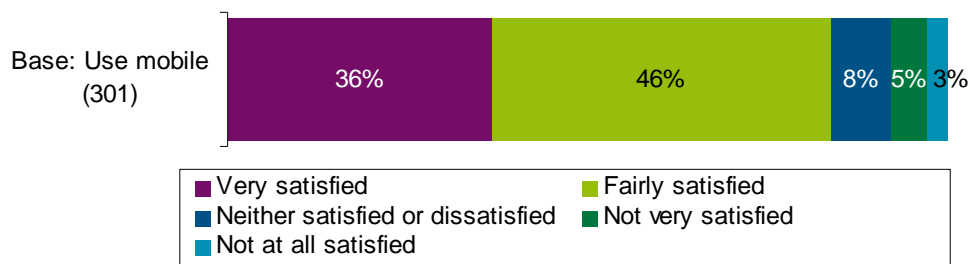
Figure 5.15 Reliable Coverage - Satisfaction with mobile phone supplier
Q. And how satisfied are you with your mobile network supplier in terms of 'Reliable Coverage'?

	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Not very satisfied	Not at all satisfied
Large urban (62)*	50%	40%	3%	5%	2%
Other urban (46)*	61%	24%	11%	4%	
Accessible small towns (51)*	41%	51%	2%	4%	2%
Remote small towns (46)*	48%	37%	7%	4%	2%
Accessible rural (60)*	48%	33%	7%	5%	5%
Remote rural (36)*	28%	53%	3%	8%	8%

Legend:
- Very satisfied
- Fairly satisfied
- Neither satisfied or dissatisfied
- Not very satisfied
- Not at all satisfied

* Low base sizes, results should be seen as indicative only

The vast majority of the businesses (82%) who currently have mobile services stated that they are very/fairly satisfied with value for money regarding the service they receive from their mobile network supplier.
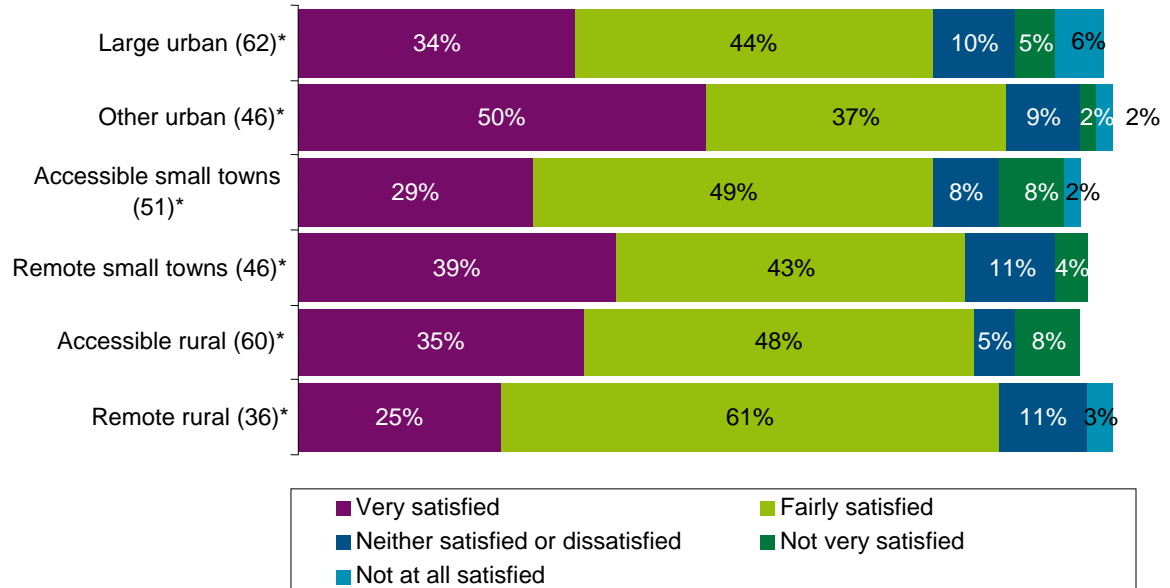
Figure 5.16 Value for Money - Satisfaction with mobile network supplier
Q. And how satisfied are you with your mobile network supplier In terms of 'Value for Money'?

	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Not very satisfied	Not at all satisfied
Base: Use mobile (301)	36%	46%	8%	5%	3%

Legend:
- Very satisfied
- Fairly satisfied
- Neither satisfied or dissatisfied
- Not very satisfied
- Not at all satisfied

However, when comparing 'remote rural' with 'large urban' only 25% said they were very satisfied with value for money, as opposed to 34% in 'large urban.'

Figure 5.17 Value for Money - Satisfaction with mobile network supplier by urban/rural classification

Q. And how satisfied are you with your mobile network supplier In terms of 'Value for Money'?

Legend:
- Very satisfied
- Fairly satisfied
- Neither satisfied or dissatisfied
- Not very satisfied
- Not at all satisfied

Classification	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Not very satisfied	Not at all satisfied
Large urban (62)*	34%	44%	10%	5%	6%
Other urban (46)*	50%	37%	9%	2%	2%
Accessible small towns (51)*	29%	49%	8%	8%	2%
Remote small towns (46)*	39%	43%	11%	4%	
Accessible rural (60)*	35%	48%	5%	8%	
Remote rural (36)*	25%	61%	11%	3%	

*Low base sizes, results should be seen as indicative only

Internet services

Overview

- Over two thirds of the businesses surveyed use the internet; most use broadband (60%) and only a few 'dial up' only (8%)

- 56% of businesses stated that they could manage for a week or more without an internet connection

- The majority of businesses that do not have broadband are aware that it is available, most say they do not have it as it would not help their business

- 10 per cent are planning to have it installed or are in the process of installing it

- 2 per cent stated that they would like to have access to broadband but it is not available

- Half the businesses surveyed have a company website and one fifth have a website through which they can sell online

- Businesses in remote towns and rural areas use the internet more for searching for information and buying online

- 79% are satisfied with the choice of internet provider available, although the number of 'very satisfied' falls to 24% from an average of 41% for the 'remote rural' businesses

- Businesses based in 'remote rural' areas also tend to be less satisfied with 'speed of connection' than businesses based in 'urban/towns'

6.1 Type of internet connection used

Internet usage amongst Scottish small businesses appears to be high, 68% state that they use the internet of which 60% use broadband and 8% use dial-up only.

'Dial-up only' users are more likely to be in 'rural' areas (11%) than 'urban' areas (5%).
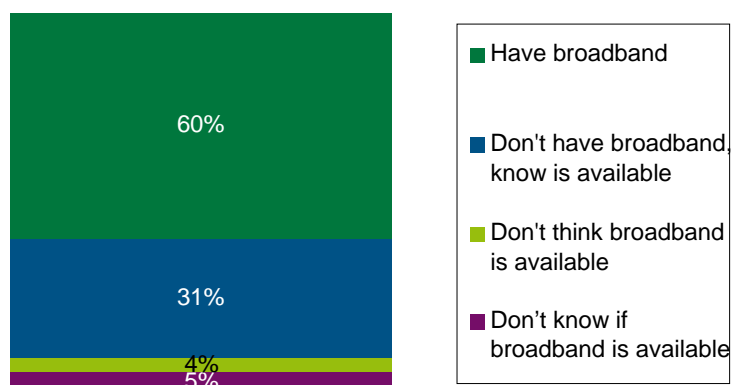
Figure 6.1 Internet service usage

Q. Does your business currently use an internet connection?
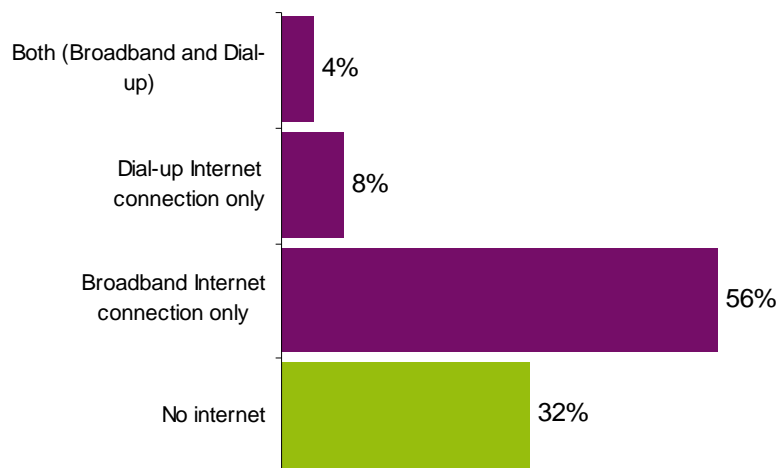
Base: All respondents (601)

The majority (78%) of those who do not currently use broadband believe that it is available in their area.

Figure 6.2 Broadband usage and availability

Base: All respondents (601)

6.2 Non-usage of broadband

When asked why they don't have broadband, the majority of businesses said that it was because they didn't need it, didn't think it could help their business or didn't understand how it could help.

Only 10 per cent of this group are currently planning to install it and only 2 per cent (3 people) said that they didn't have it because it was not available.

Figure 6.3 Reasons for not using broadband internet

Q. Why don't you have broadband internet?
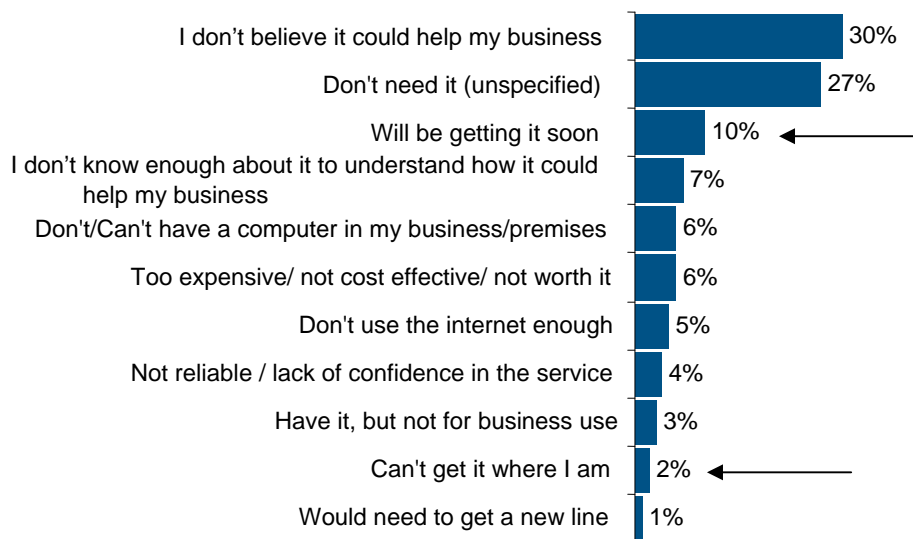
Base: Don't have broadband internet, but know it is available (193)

There is a suggestion in these responses that there are a small number of businesses that would like to have internet access as they think they might be 'missing out on opportunities,' but are not technically aware.

6.3 Internet usage patterns

The majority of businesses that use the internet (68%) use it for email and searching for information. Just over two thirds also use it for purchasing, over half have a company website and 20% have a website and sell online.

Figure 6.4 Internet usage in the business
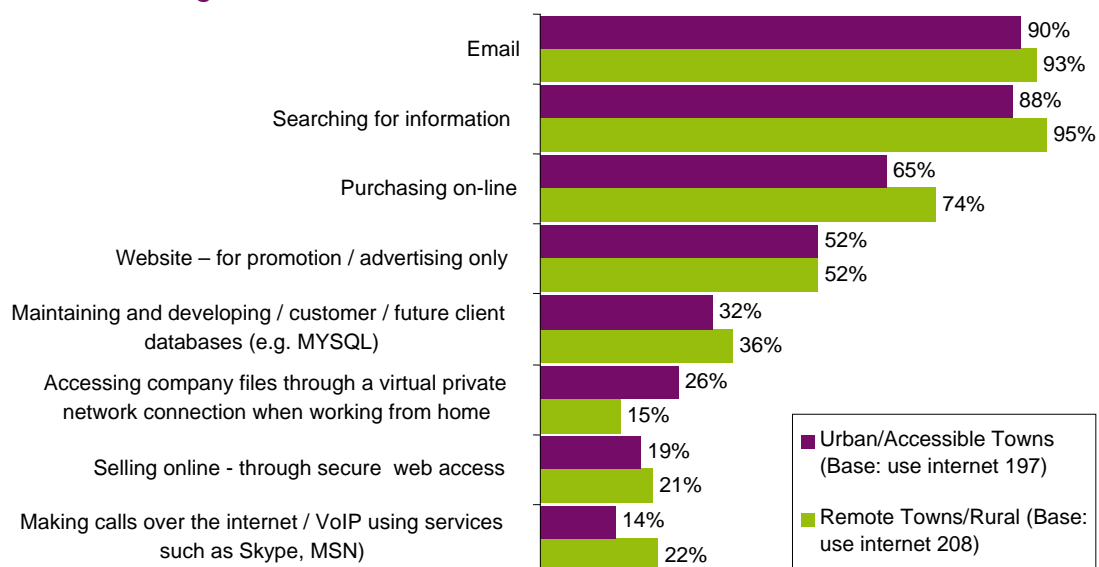*Q. Thinking about a typical week, does your business use the internet for any of the following?*

Category	Percentage
Email	91%
Searching for information	91%
Purchasing on-line	69%
Website – for promotion / advertising only	52%
Maintaining and developing / customer / future client databases (e.g. MYSQL)	34%
Accessing company files through a virtual private network connection when working from home	22%
Selling online - through secure web access	19%
Making calls over the Internet / VoIP using services such as Skype, MSN)	17%
None	1%
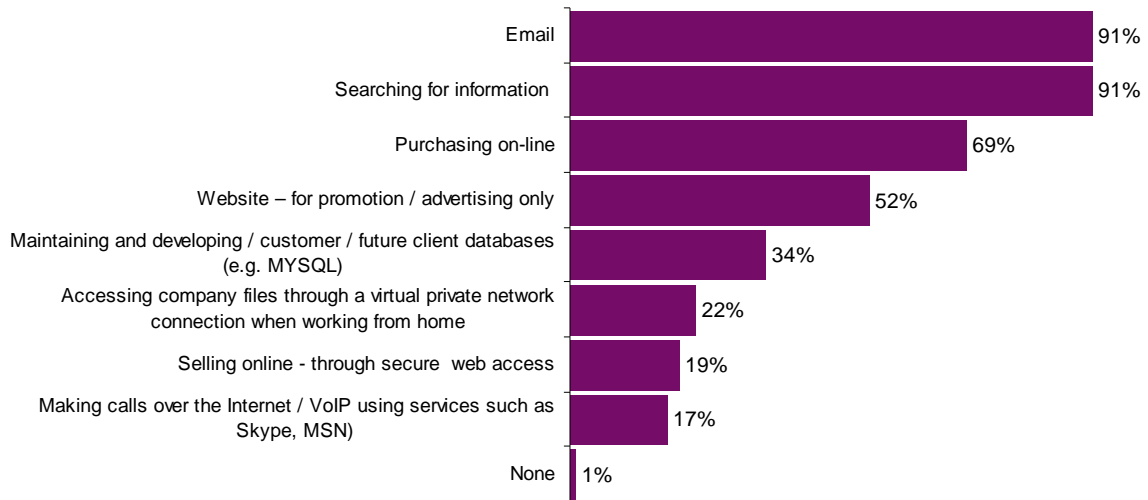
Base: Use an internet connection (405)

Businesses in rural areas are heavier users than businesses based in 'urban/towns,' particularly for searching for information (95% in 'Remote Towns/Rural' as opposed to 88% in 'Urban/Accessible towns') and purchasing online (74% in 'Remote Towns/Rural' as opposed to 66% in 'Urban/Accessible Towns').

23% of businesses in the 'Remote Towns/Rural' areas are using 'VoIP' to make calls as opposed to 13% for 'Urban/Accessible Towns'.

Figure 6.5 Internet usage in the business by urban/rural classification
Q. Thinking about a typical week, does your business use the internet for any of the following?

Category	Urban/Accessible Towns (Base: use internet 197)	Remote Towns/Rural (Base: use internet 208)
Email	90%	93%
Searching for information	88%	95%
Purchasing on-line	65%	74%
Website – for promotion / advertising only	52%	52%
Maintaining and developing / customer / future client databases (e.g. MYSQL)	32%	36%
Accessing company files through a virtual private network connection when working from home	26%	15%
Selling online - through secure web access	19%	21%
Making calls over the internet / VoIP using services such as Skype, MSN)	14%	22%

6.4 Reliance on the internet

43% stated that they could only manage for up to a couple of days, whilst 56% could manage for a week or more.

Figure 6.6 Time could manage without internet

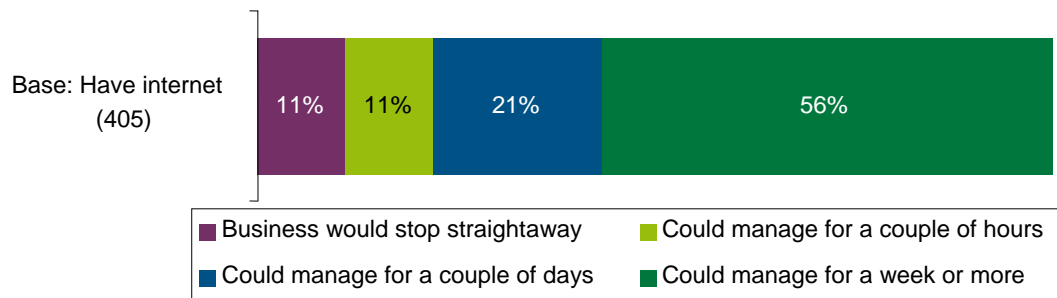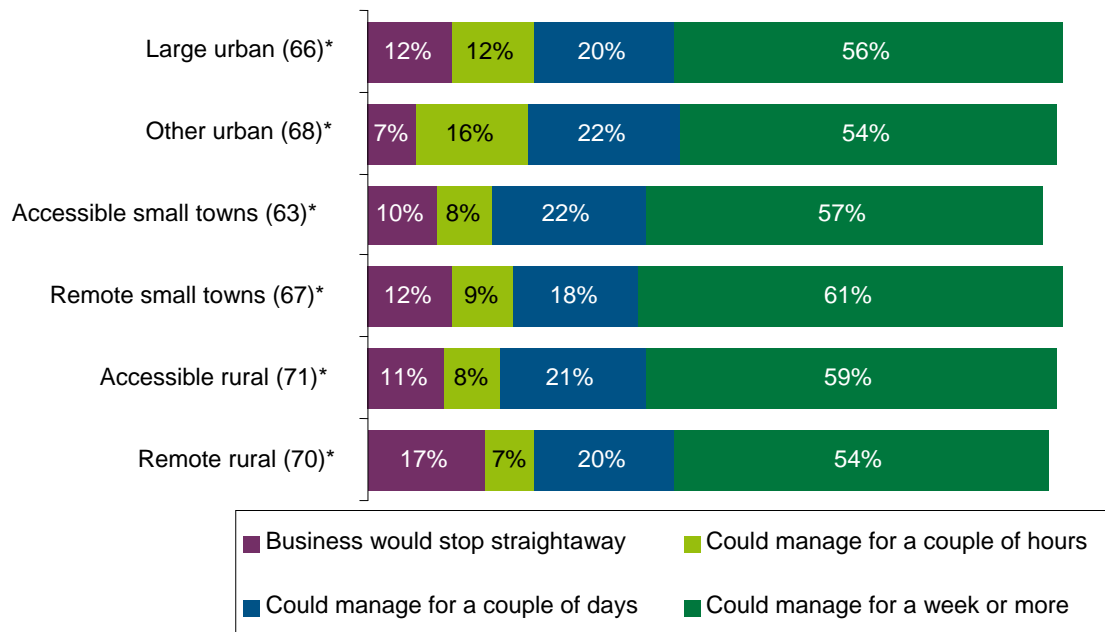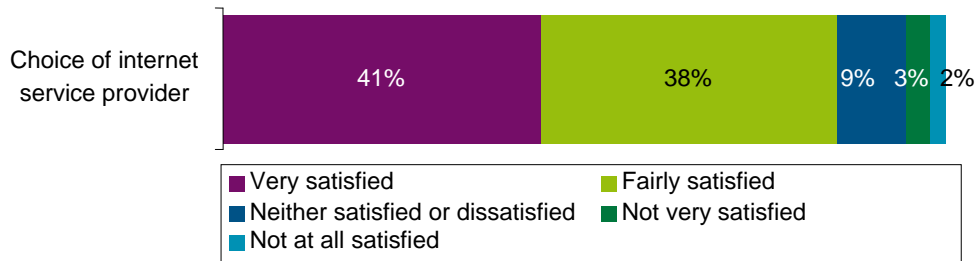*Q. Now thinking about your INTERNET SERVICE, how long do you think your business could manage without it?*

Base: Have internet (405)	11%	11%	21%	56%

- Business would stop straightaway
- Could manage for a couple of hours
- Could manage for a couple of days
- Could manage for a week or more

Figure 6.7 Time could manage without internet by urban/ rural classification

Q. Now thinking about your INTERNET SERVICE, how long do you think your business could manage without it?

	Business would stop straightaway	Could manage for a couple of hours	Could manage for a couple of days	Could manage for a week or more
Large urban (66)*	12%	12%	20%	56%
Other urban (68)*	7%	16%	22%	54%
Accessible small towns (63)*	10%	8%	22%	57%
Remote small towns (67)*	12%	9%	18%	61%
Accessible rural (71)*	11%	8%	21%	59%
Remote rural (70)*	17%	7%	20%	54%

- Business would stop straightaway
- Could manage for a couple of hours
- Could manage for a couple of days
- Could manage for a week or more

* Low base sizes, results should be seen as indicative only

6.5 Satisfaction with choice of internet service providers

The vast majority of current business internet users (79%) are currently satisfied with the choice of internet service providers available.

Figure 6.8 Satisfaction with choice of internet service providers
Q. Now considering your business needs, how satisfied are you with the choice of internet service providers available to your business?

|	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Not very satisfied	Not at all satisfied
Choice of internet service provider	41%	38%	9%	3%	2%

Base: With internet and believe there are other providers available (280)

However, a similar pattern to mobile network coverage can be seen; 24% of businesses in 'remote rural' areas stated that they were 'very satisfied' with the current choice of internet providers as opposed to 47% of businesses based in 'urban' areas.

Figure 6.9 Satisfaction with choice of internet service providers by urban/rural classification

Q. Now considering your business needs, how satisfied are you with the choice of internet service providers available to your business?

	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Not very satisfied	Not at all satisfied
Large urban (49)*	47%	41%	4%		2%
Other urban (45)*	47%	31%	9%	7%	4%
Accessible small towns (48)*	40%	48%		2%	2%
Remote small towns (45)*	42%	40%	7%		
Accessible rural (51)*	39%	31%	16%		2%
Remote rural (42)*	24%	48%	14%	5%	2%
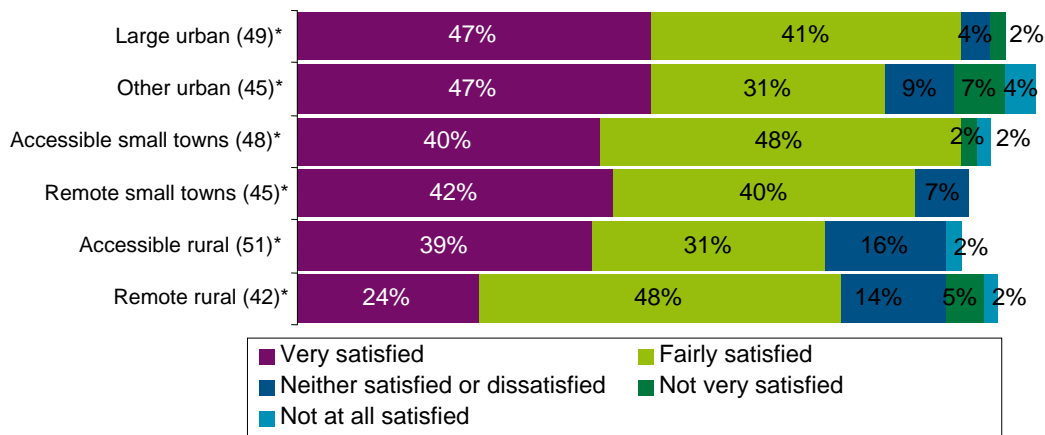
6.6 Ease of changing/taking up new internet service

Approximately 38% changed / took up an internet service in the past two years and the vast majority (81%) of businesses found the process of changing/taking up a new internet service easy, irrespective of location.

Figure 6.10 Ease of changing/ taking up internet service

Q. You said that you have switched / taken up your current internet service provider in the past 2 years. How easy was it to do so?

Internet service: Very easy 55%, Fairly 26%, Not very 5%, Not at all easy 8%
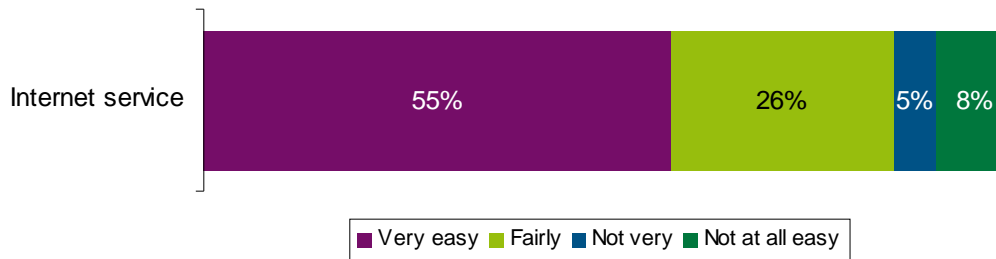
Base: Use an internet connection (405)

Approximately 5% of businesses mentioned that they had some difficulties when changing / taking up their internet service. The main difficulty was 'it takes too long / it is too complicated.'

A further 2% tried to change internet service providers but did not change, mainly due to cost or because the services on offer from other providers were not appropriate. All these businesses were based in 'rural' areas.

6.7 Satisfaction with internet service provider

The majority are satisfied with their current internet service provider; overall it appears that businesses, irrespective of where they are based, share the same views.

Figure 6.11 Satisfaction with internet service provider

Q. Considering your current internet service provider, how satisfied are you in 'overall' terms, in terms of 'value for money', 'reliability of connectivity' and 'speed of connection'?

Overall: Very satisfied 48%, Fairly satisfied 38%, Neither 6%, Not very 5%, Not at all 3%
Value for money: Very satisfied 33%, Fairly satisfied 44%, Neither 10%, Not very 8%, Not at all 3%
Reliability of connectivity: Very satisfied 51%, Fairly satisfied 37%, Neither 3%, Not very 5%, Not at all 4%
Speed of connection: Very satisfied 50%, Fairly satisfied 31%, Neither 6%, Not very 7%, Not at all 4%

Legend: Very satisfied; Fairly satisfied; Neither satisfied or dissatisfied; Not very satisfied; Not at all satisfied

Base: Use an internet connection (405)

However, there is a small difference when it comes to 'speed of connection'. The businesses based in 'rural' areas are slightly less satisfied (79% satisfied) than businesses based in 'urban/town' (83% satisfied).

6.8 Perceptions of internet service availability

Postcodes derived from the survey (which were defined as broadband enabled or not) have been compared with the results of both desk research and Point Topic's database (for broadband DSL services), in order to compare respondents' perceptions with what 'sources' state.

Overall 'perceptions of broadband availability' match with the desk research. There are however a small number of discrepancies when comparing postcodes from the survey with the desk research:

- 4% (22) think broadband is available in their area and the desk research shows it is not available
- 3% (17) think broadband is not available but the desk research shows there is coverage

Glossary

2G Second generation of mobile telephony systems using digital encoding. 2G networks support voice, low speed data communications, and short messaging services.

2.5G In mobile telephony, 2.5G protocols extend 2G systems to provide additional features such as packet-switched connections (GPRS) and enhanced data rate.

3G Third generation of mobile systems providing high-speed data transmission and supporting multimedia applications such as full-motion video, video-conferencing and internet access.

Dial up A service or connection providing data speeds up to 128kbps, such as via an analogue telephone line, or via ISDN.

Broadband A service or connection generally defined as being "always on" and providing a bandwidth greater than 128kbit/s.

GPRS General Packet Radio Service, a packet data service provided over so-called 2.5G mobile networks.

Internet A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

ISP Internet service provider, a company that provides access to the internet.

MMS Multimedia Messaging Service. The next generation of mobile messaging services, adding photos, pictures and audio to text messages.

ONS Office for National Statistics.

PAYG Pay-as-you-go.

PDA Personal digital assistant , an electronic organiser/diary.

SMS Short Messaging Service, a written text message sent using a telephone.

VoIP Voice over Internet Protocol. A technology that allows users to make calls using Internet Protocol, using either the public internet or private IP networks.

Table of Figures

Methodologies & Statistics

1. Statistical analyses

Level of deprivation

The first step involved the creation of a deprivation scale, consisting of four elements which could potentially have an impact on the business:

- Dissatisfaction with coverage of mobile
- Having no mobile and wanting one
- Dissatisfaction with internet connection speed
- Having no internet connection and wanting one

For each element:

- A very big impact/improvement was given a score of 3
- Fairly big impact was given a score of 2
- Not very big impact was given a score of 1
- No impact was given a score of 0

The score produced had a minimum of 0 and a potential maximum of 12. In practice, only 10% of respondents had a score greater than 0, and the overall weighted mean was 0.24, indicating very little deprivation in terms of business impact.

Given the level of deprivation, is there any indication that differences exist between different classifications of business - in particular by location, SIC, size of business and type of premises? In order to test this, multi comparison tests via analysis of variance were conducted - firstly Bonferroni, which is a straightforward multi comparison test of each group against each other, and then Duncan, which suggests different methods of grouping the data with significant differences between the groups.

Bonferroni indicated that remote rural areas (mean 0.47) had significantly higher levels of deprivation than urban/town locations, whilst Duncan suggested that splitting the data into two groups Rural (mean 0.43) versus Urban (mean 0.12) yields highly significant results. For other classifications no significant differences were obtained apart from 11 respondents who worked in agricultural premises (mean 1.70) being significantly higher than all other groups.

Thus levels of perceived deprivation are low. Where they exist, they are more likely to occur in rural areas.

Levels of reliance on communications

Levels of reliance on communications technology were also examined. All respondents who had landlines, mobiles and internet access were asked how long their business could manage without such services. For each of these three elements:

- Business would stop straightaway was given a score of 3
- Could manage for a couple of hours was given a score of 2
- Could manage for a couple of days was given a score of 1
- Could manage for a week or more was given a score of 0

Thus a score ranging between 0 and 9 was created - generating a weighted mean of 2.17 for the population - indicating a considerable level of reliance. However testing for subgroup differences via Duncan and Bonferroni yielded no significant differences.

2. Sample sources

The objectives behind the sample design were to reflect local businesses. The Ofcom Consumer Panel wished:

- not to rely on Chamber of Commerce lists
- not to centre on limited companies but to include sole traders and partnerships
- to use sources that Scottish small businesses use to advertise
- to represent Scottish small businesses that only use mobile services and not a landline

The most complete lists available were a combination of Yellow Pages, Thomson Local and Corpdata, with a total of 80,000 Scottish small businesses (with 0-10 people).

The sample used was representative - within the 6 urban/rural areas classification - of small businesses (with 0-10 people) in Scotland, and a spread of industry sectors and sizes of companies was ensured. The sample included businesses with landline and mobile phone numbers.

Official statistics estimate the number of VAT and/or PAYE Scottish small businesses (with 0-10 people) at 121,425[5] .

Including the businesses under the VAT and PAYE threshold, the total number of small businesses based in Scotland (with 0-10 people) is estimated to be 263,000.

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[5] IDBR figures from the ONS as of March 2006.

3. Desk research

The first generation of broadband has now approached 100% coverage in Scotland. However, the question raised was whether broadband was in reality accessible to all, as it is affected by a) the distance from the switch to the user, b) the condition of the legacy copper access from the switch to the user and c) whether BT has installed the relevant equipment in the area.

A number of sources[6] were approached to identify if a database that has a comprehensive list of full postcodes in relation to broadband and mobile (2G/2.5G & 3G) coverage exists.

However all that is available is maps. Although postcode information from the websites of network operators is available, each postcode has to be keyed in separately.

We also approached the Scottish Executive (who provided postcodes of broadband not spots informed by individuals) and Point Topic. Point Topic were kind enough to run all the postcodes from the completed interviews against their database, the results of which have been used in the report.

For mobile and landline coverage, the network operator sites were consulted.

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[6] Sources: various reports from Scottish Executive, Highlands and Islands and network operators' websites.

Follow-up interviews

Further interviews (in total 10 interviews) were conducted with the Scottish small businesses that stated they currently are unable to access a particular technology, in order to clarify their requirements and the impact it would have on their business.

Broadband

Clients of these Scottish small businesses tended to be local, and it appeared the need for 'broadband services' changes depended on:

a) if more of the Scottish small businesses clients are national rather than local

b) the types of services offered by the business

Broadband is used, not just for communicating with clients, but also as a source for self , professional and business development, and for access to information for business improvements.

A few of the respondents had very little awareness of how technology works. For example, they said that they wished for 'internet' as they have heard from others that it was a 'good thing to have' for their business, but they did not even have a PC. Therefore the cost of having Broadband installed becomes greater, and a bigger investment than anticipated.

The main motivation factor is keeping in touch with clients and making it easy for clients to keep in touch with them. It appears that businesses that have clients all over Scotland are more likely to specifically want Broadband service rather than just a connection to the internet.

Mobile

Some respondents just needed basic voice coverage to run their business more efficiently on the whole. However irrespective of whether respondents were referring to 2G/2.5G or 3G, reliable coverage was the key requirement.

"It's not just me you know, the hotel down the road really has a problem as guests often get lost in trying to find it." [as guests can't use their mobile phone in the area due to poor coverage]

One respondent (in the IT industry) wanted to be able to use 3G:
"I need 3G, I am on the move at all times and I just need to be in touch with my clients and my office."

The requirements for technology are 'need' based, and this is determined by the product / service offered and by how aware Scottish small businesses are of a) their client expectations and b) the need to keep up with the competition.