

# Consumer Spending Trends in Canadian Wireless



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# Agenda

- **Introduction**
- **Penetration**
- **Satisfaction**
- **Spending**
- **Services**
- **Future trends**
- **Questions and Answers**



# About the 2005 Canadian Technologically Advanced Family Survey

## Background

- Yankee Group has conducted the *Canadian Technologically Advanced Family (CTAF) Survey* since 1999. It captures information about consumer adoption of and potential interest in communications products and services.
- Using a proprietary index, we segment Canadian households into the following categories: Technologically Advanced Families (TAFs), Early Mass, Late Mass and Laggards. By doing this we can identify households across the adoption spectrum, ranging from early-adopting TAFs to late-adopting Laggards.
- More specifically, the survey measures:
  - **Penetration of and consumer demand for communications, computing and entertainment products**
  - **Consumers' interest in new products, technologies, services, packages and providers**
  - **Consumers' perceptions of service providers and willingness to switch**



# About the 2005 Canadian Technologically Advanced Family Survey

## Methodology

(continued)

- We collected data using a survey that was mailed to randomly selected Canadian households in May and June 2005.
- The survey consisted of 34 pages and covered entertainment (cable/satellite), telephony products and services, wireless products and services, home computing, online/internet, home networking, single service provider (bundling), and information on consumer attitudes, lifestyle and background.
- We collected 1,103 surveys.



# The TAF Household

			12%	33%	40%	15%
		Avg. Cdn. Households	TAFs	Early Mass	Late Mass	Lag
		Mean Household Income	\$80,899	\$70,899	\$63,799	\$44,749
		Households with Children	62%	52%	34%	12%
		Home-Based Business <sup>1</sup>	23%	15%	9%	7%
Services		VoIP Awareness	54%	36%	22%	8%
		High-Speed Data <sup>2</sup>	95%	84%	70%	32%
		Home Networking	65%	34%	3%	0%
		Digital Cable <sup>3</sup>	50%	37%	21%	11%
Devices		HDTV <sup>4</sup>	22%	10%	4%	0%
		PCs	100%	94%	81%	37%
		MP3 Player	66%	40%	12%	0%
Spending		Total Monthly Communications and Entertainment Spending <sup>2</sup>	\$247.25	\$214.41	\$194.55	\$181.67

<sup>1</sup> Anyone in household

<sup>2</sup> Of those with internet access

<sup>3</sup> Of those with cable or satellite

<sup>4</sup> Those with HDTV-compatible sets

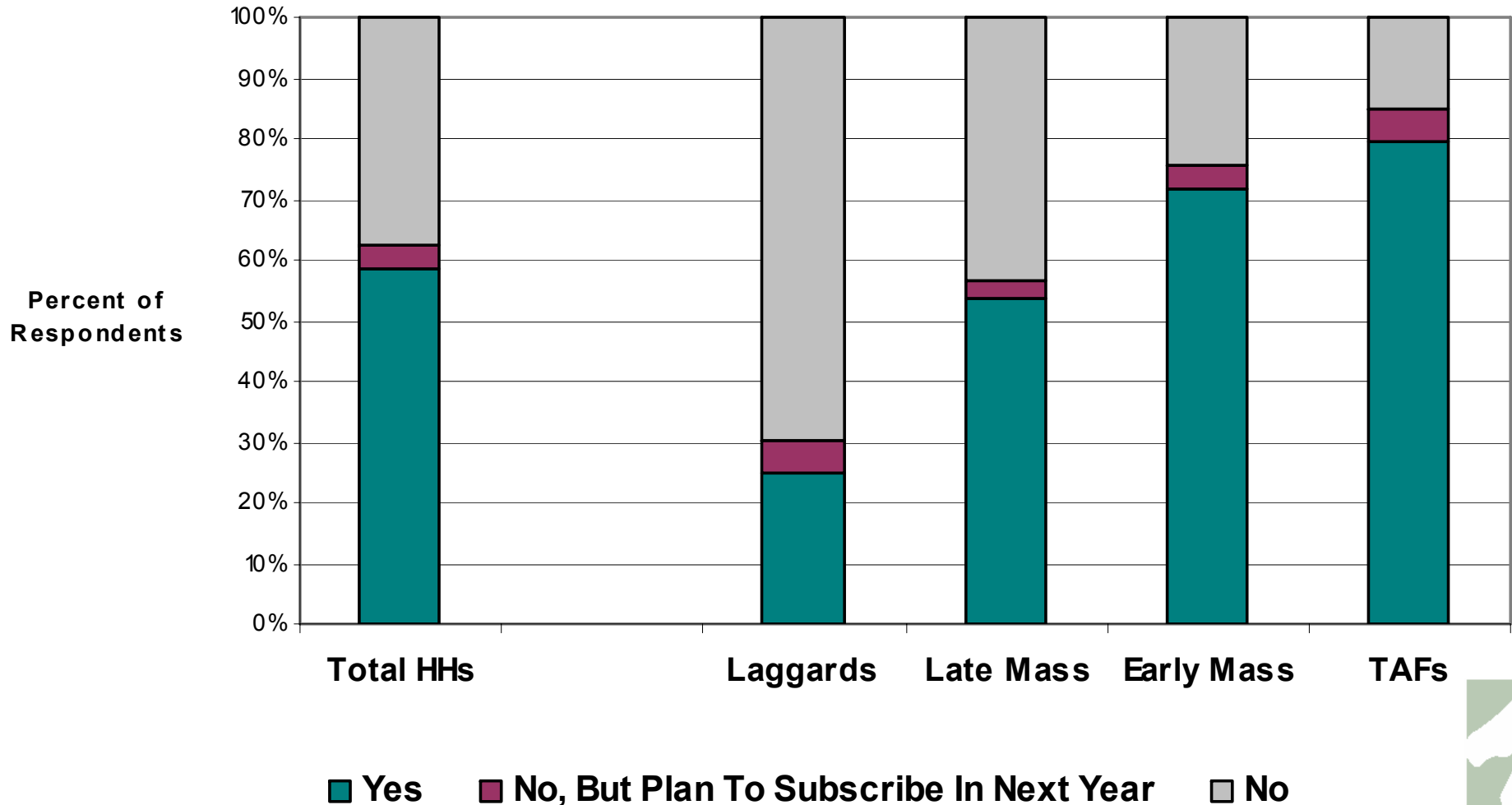
Source: Yankee Group 2005 Canadian Technologically Advanced Family Survey

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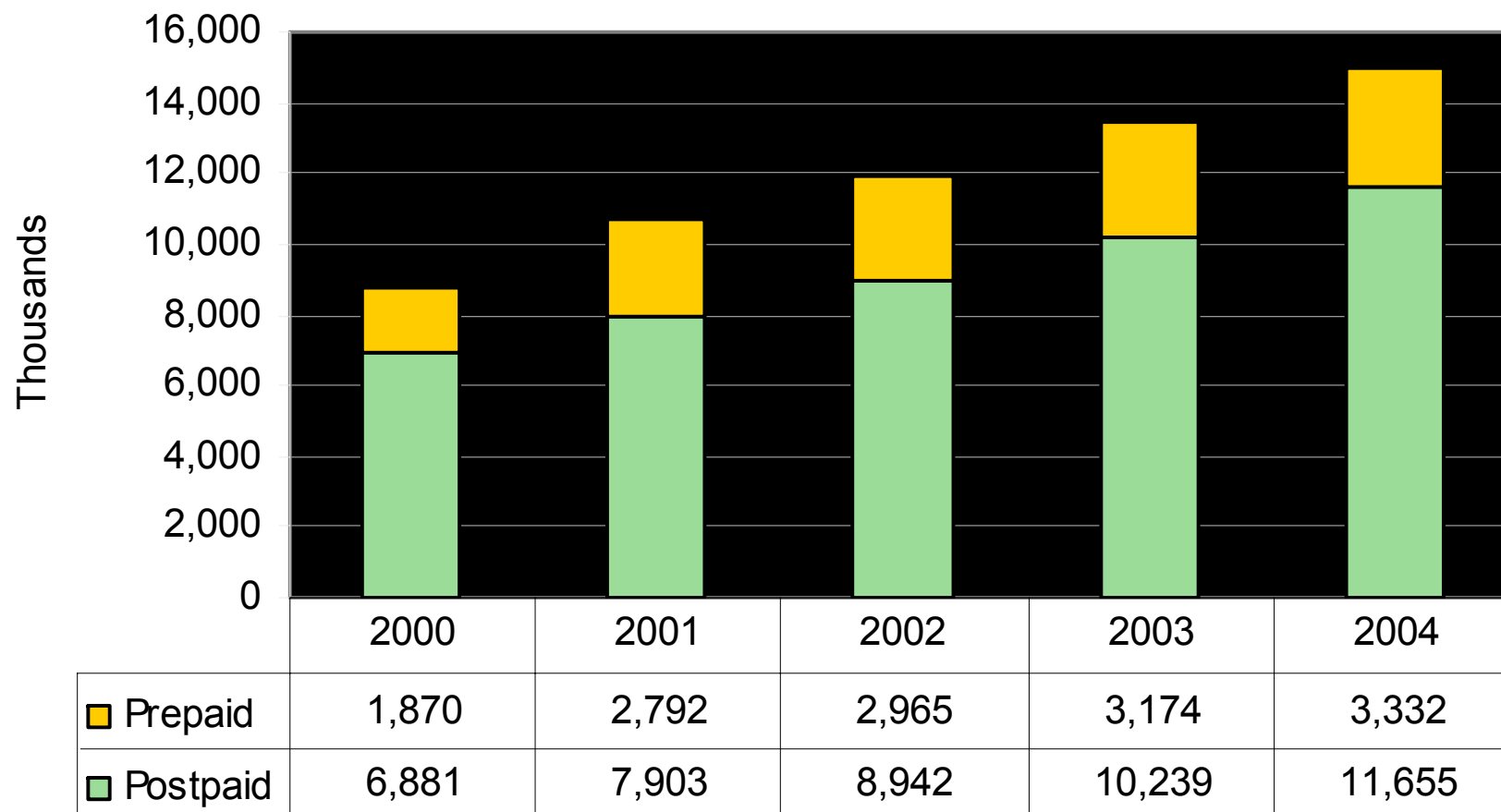
# Most Advanced Households Have at Least One Wireless Plan



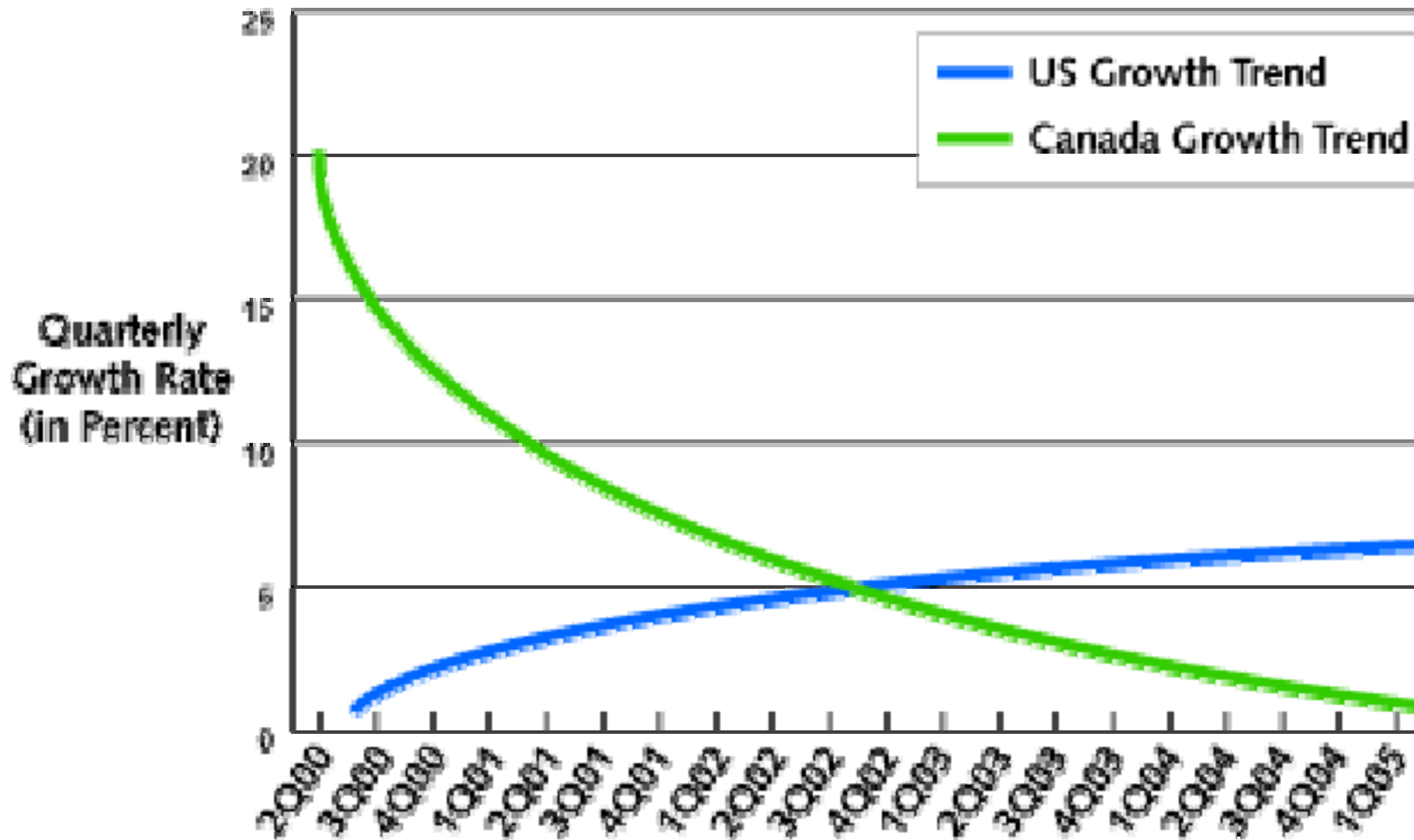
Source: Yankee Group 2005 Canadian Technologically Advanced Family Survey



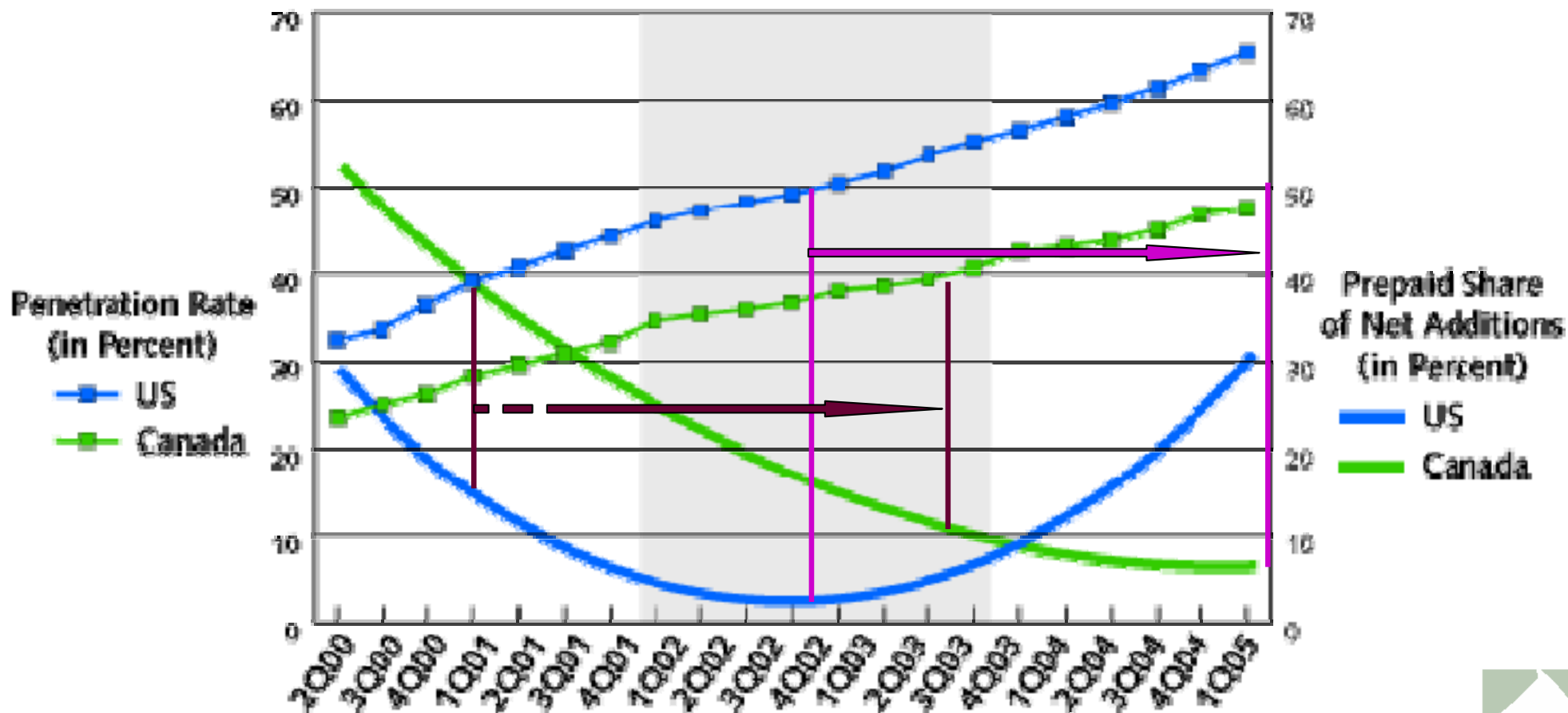
# Wireless Subscriptions Are Rising



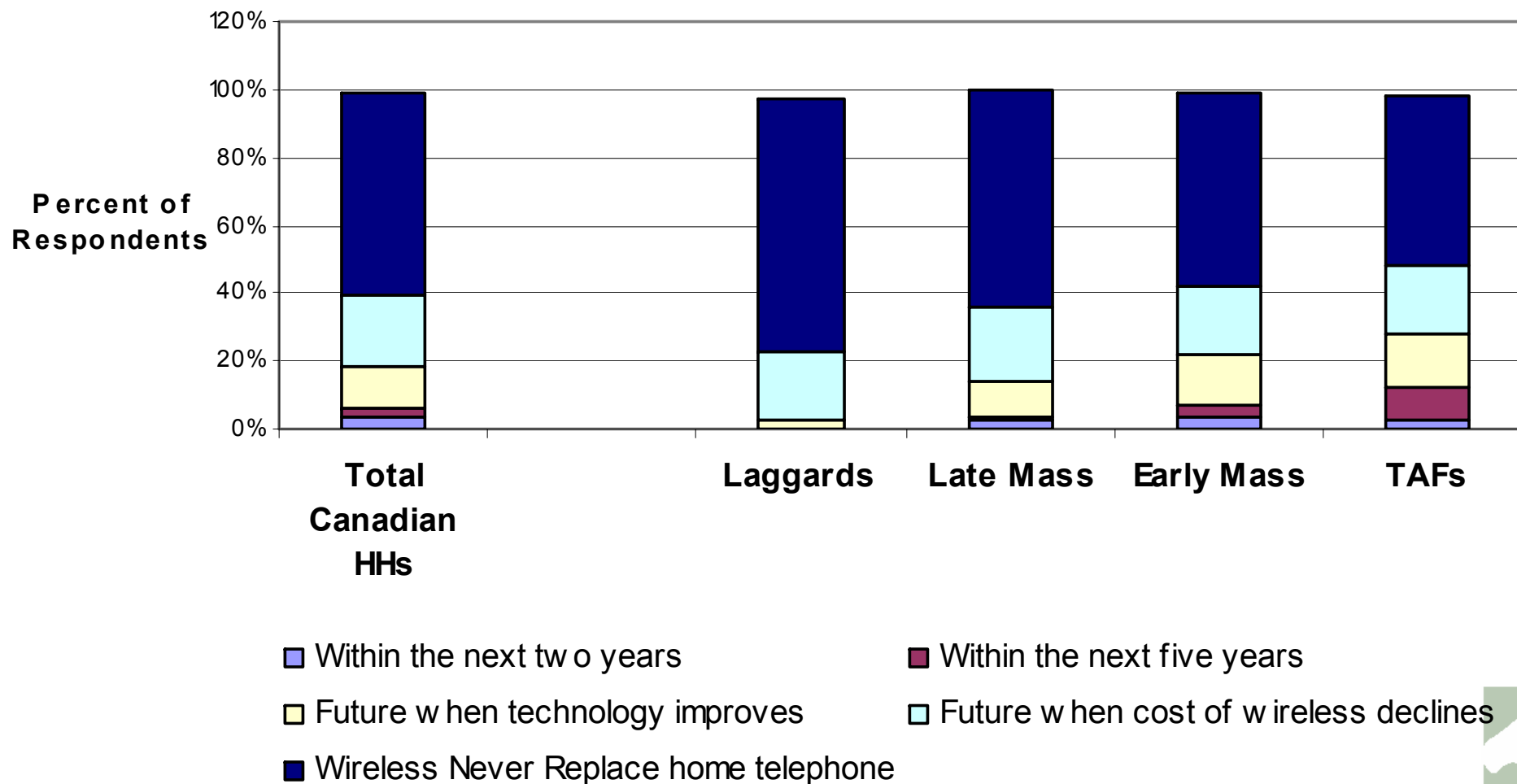
# Prepaid Is Seen as a Less Important Market in Canada



# Prepaid Is Seen as a Less Important Market in Canada, but Not for Long



# Interest in Cutting the Cord



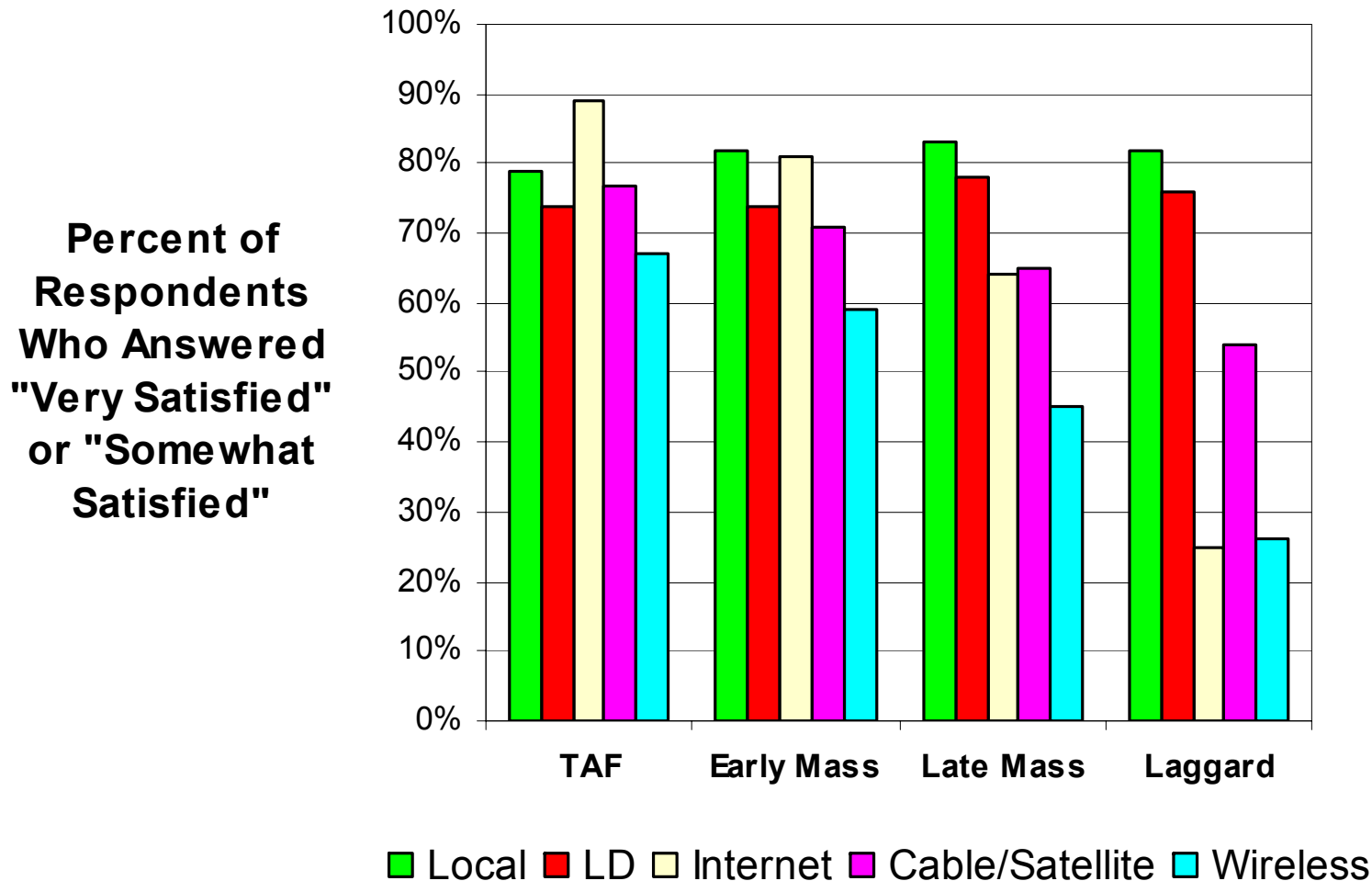
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# Local Telephony Enjoys Relatively High Levels of Satisfaction with Providers

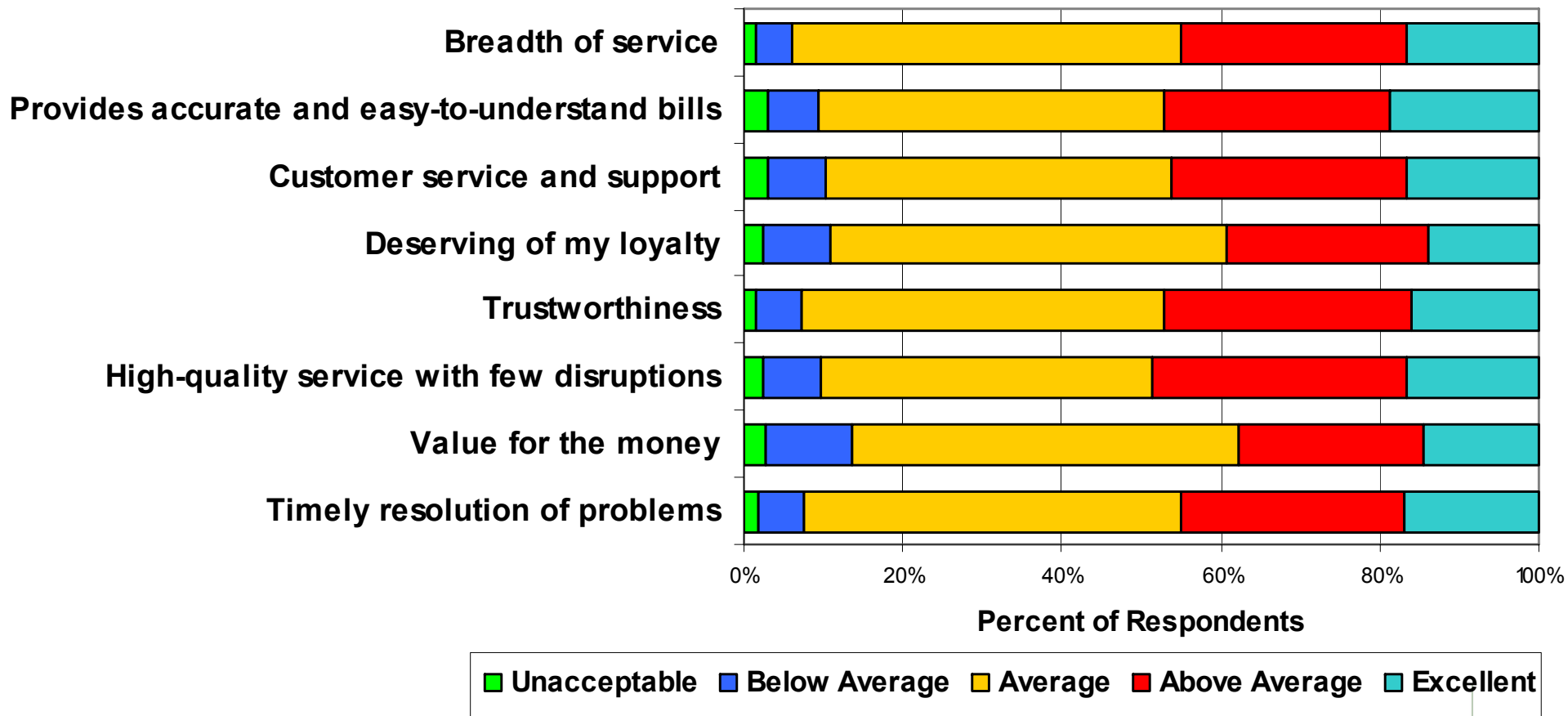
How satisfied are you with your service provider?



Source: Yankee Group 2005 Canadian Technologically Advanced Family Survey



# Consumers Are Generally Happy with Their Mobile Services

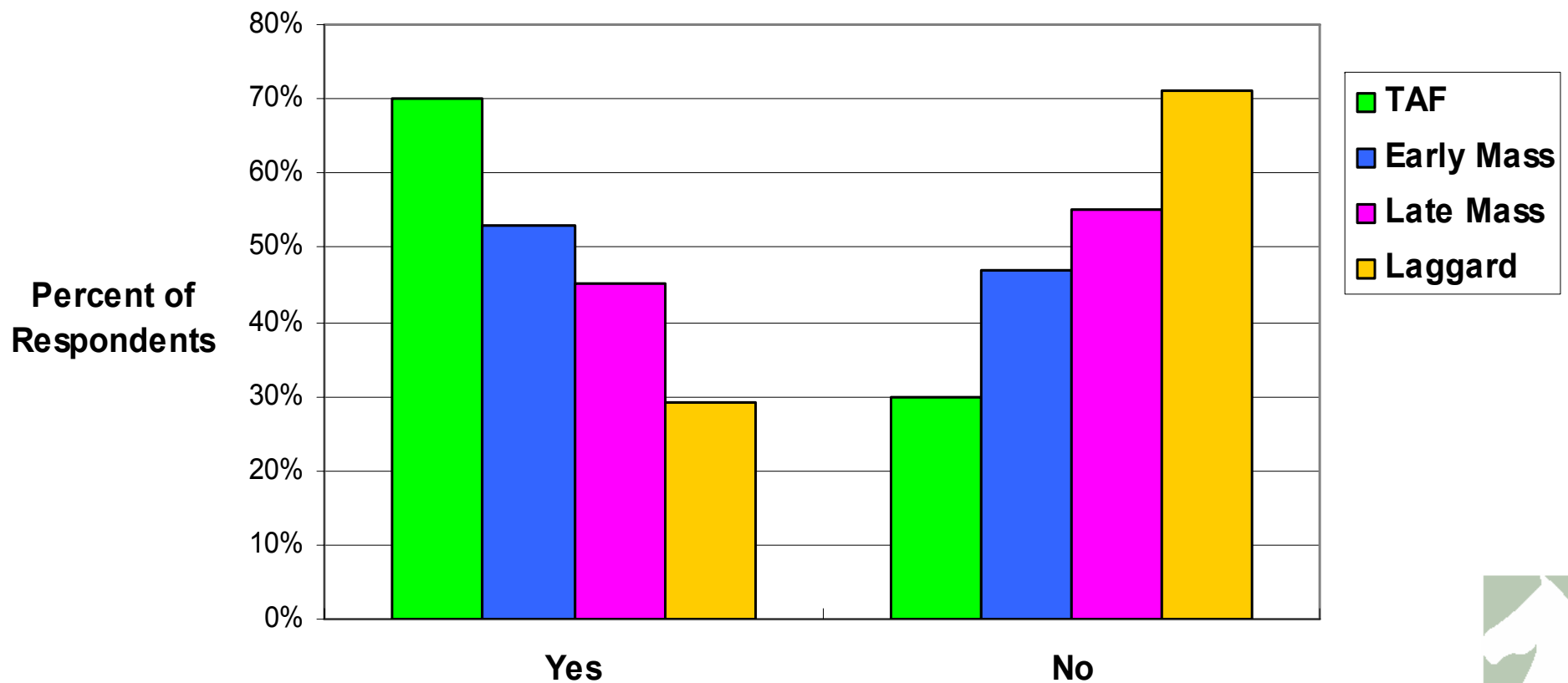


**Few respondents rated their provider as underperforming across a range of metrics.**

Source: Yankee Group 2005 Canadian Technologically Advanced Family Survey

# TAFs Are Likely to Port Their Wireless Numbers, While Non-TAFs Are Not

Would you be more likely to switch wireless providers if you could keep the same wireless number?



Source: Yankee Group 2005 Canadian Technologically Advanced Family Survey



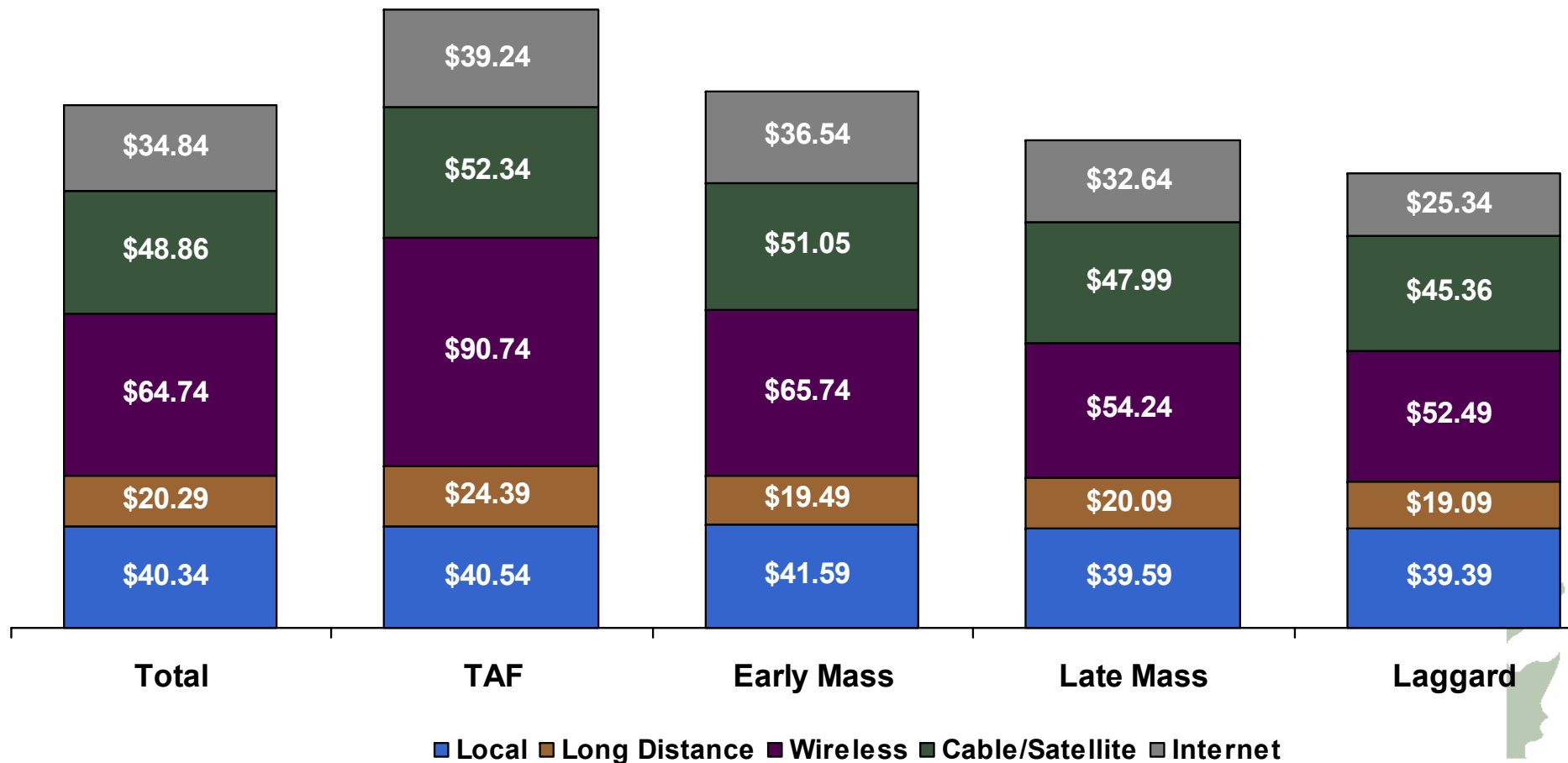
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# Monthly Spend on the Bundle

Perceived Monthly Spend for Communications Services & Products among Subscribers of Each Service



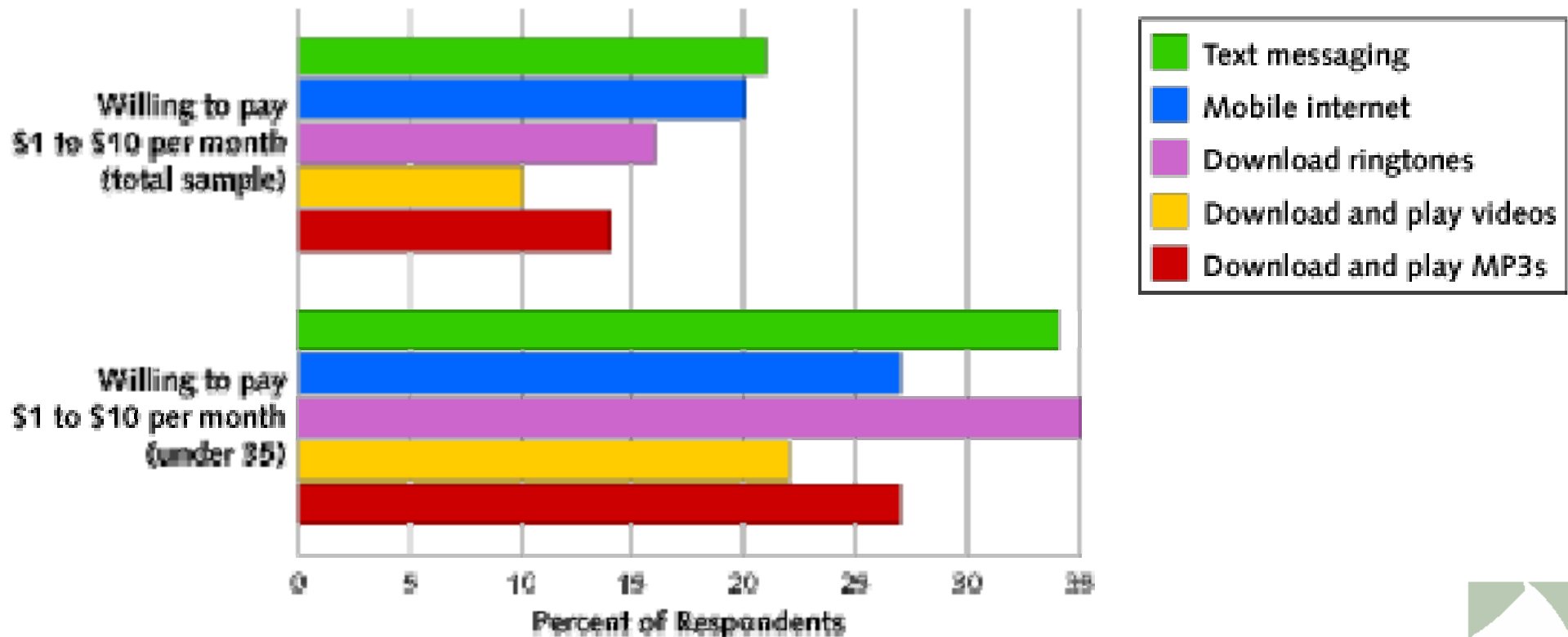
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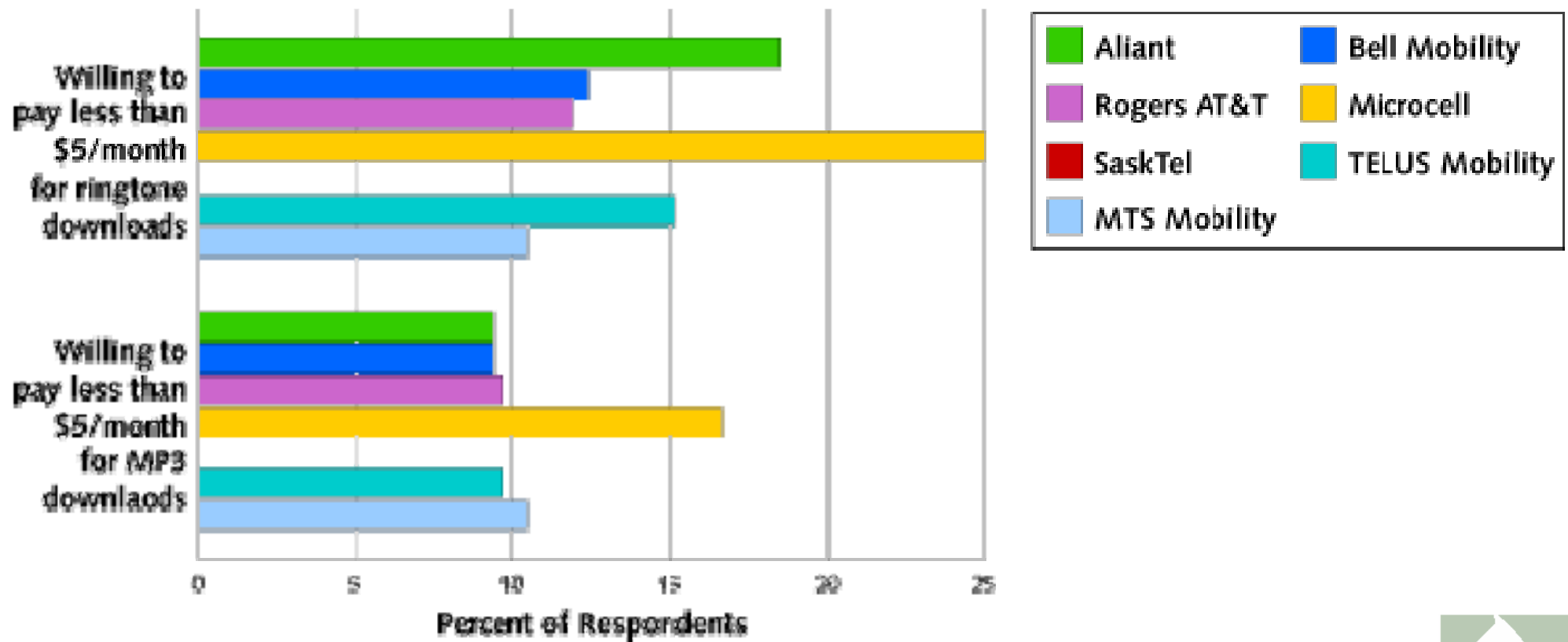


# Value-Added Services

How much would you be willing to pay to use the following on your wireless phone? (overall)



# Music downloads



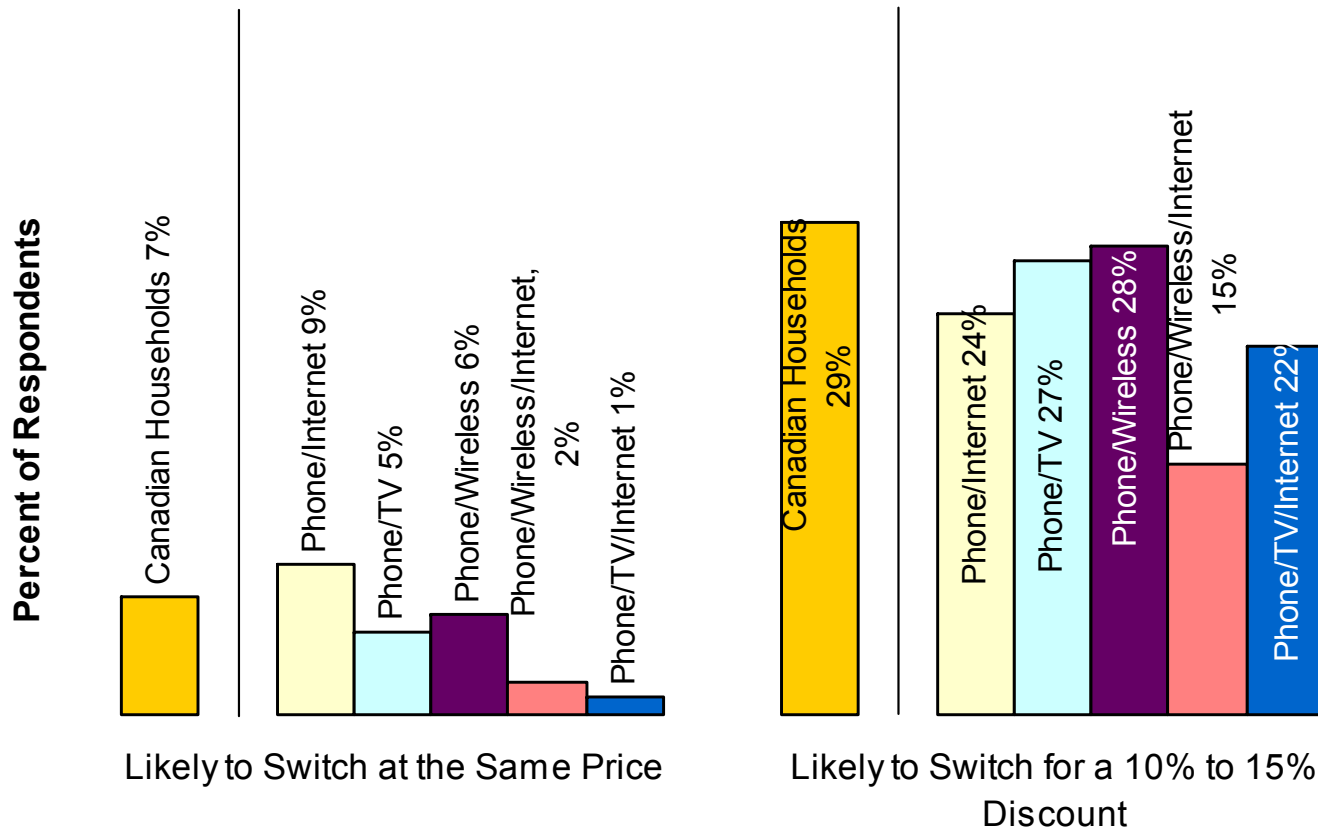
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# The Triple Play Is the Best Defense Against Churn to Cable Companies

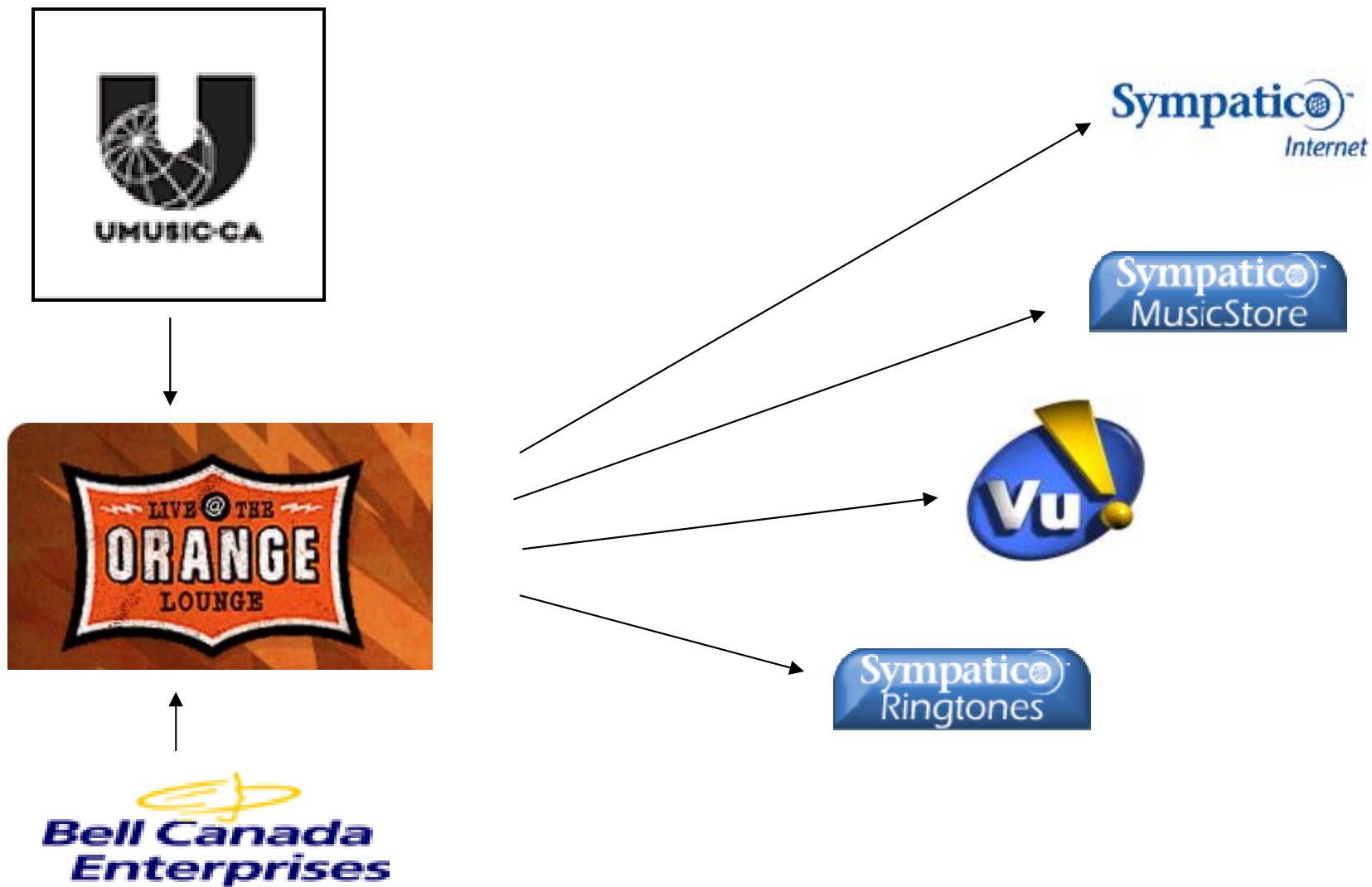
How likely are you to switch voice service to your cable company if the price were the same or 10% to 15% less?



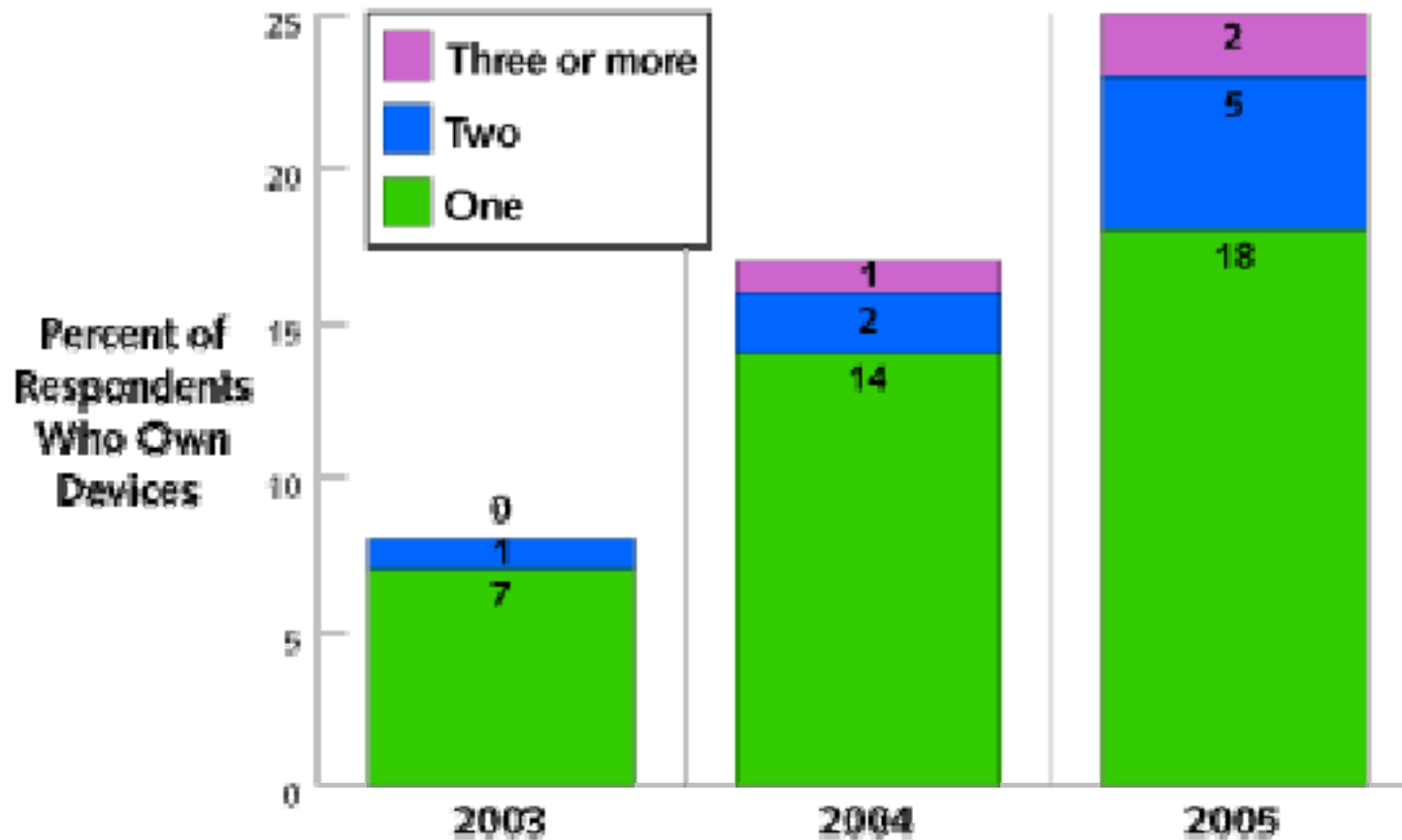
- Customers who currently combine phone service with two of internet, wireless or television from a single provider are significantly less likely to consider churning to a cable TV provider for telephone service (“phone” = LD and local).
- Sample sizes are small, but a triple play of phone, wireless and internet appears to provide the best protection against churn.

Source: Yankee Group 2005 Canadian Technologically Advanced Family Survey

# Live @ Orange

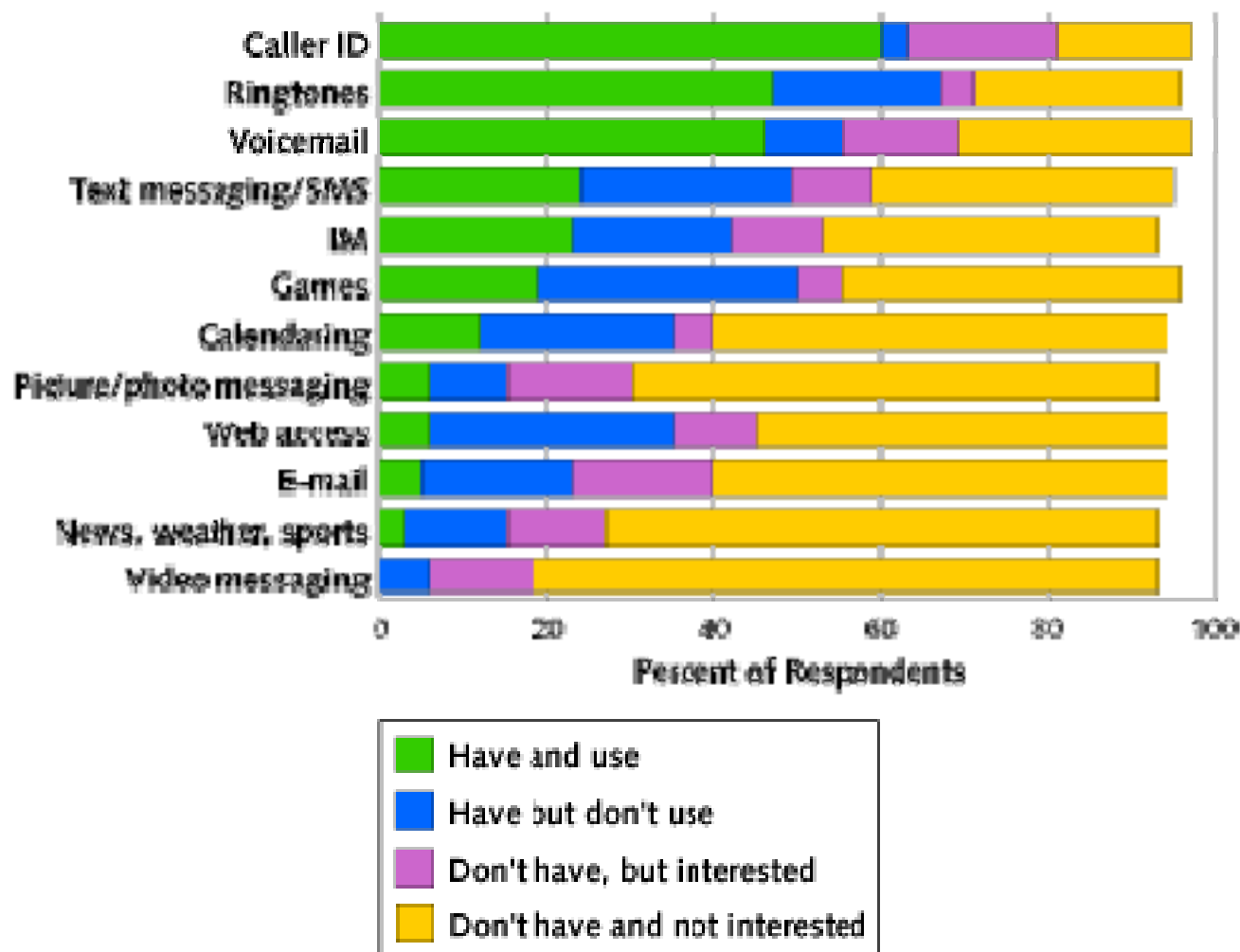


# MP3 Players



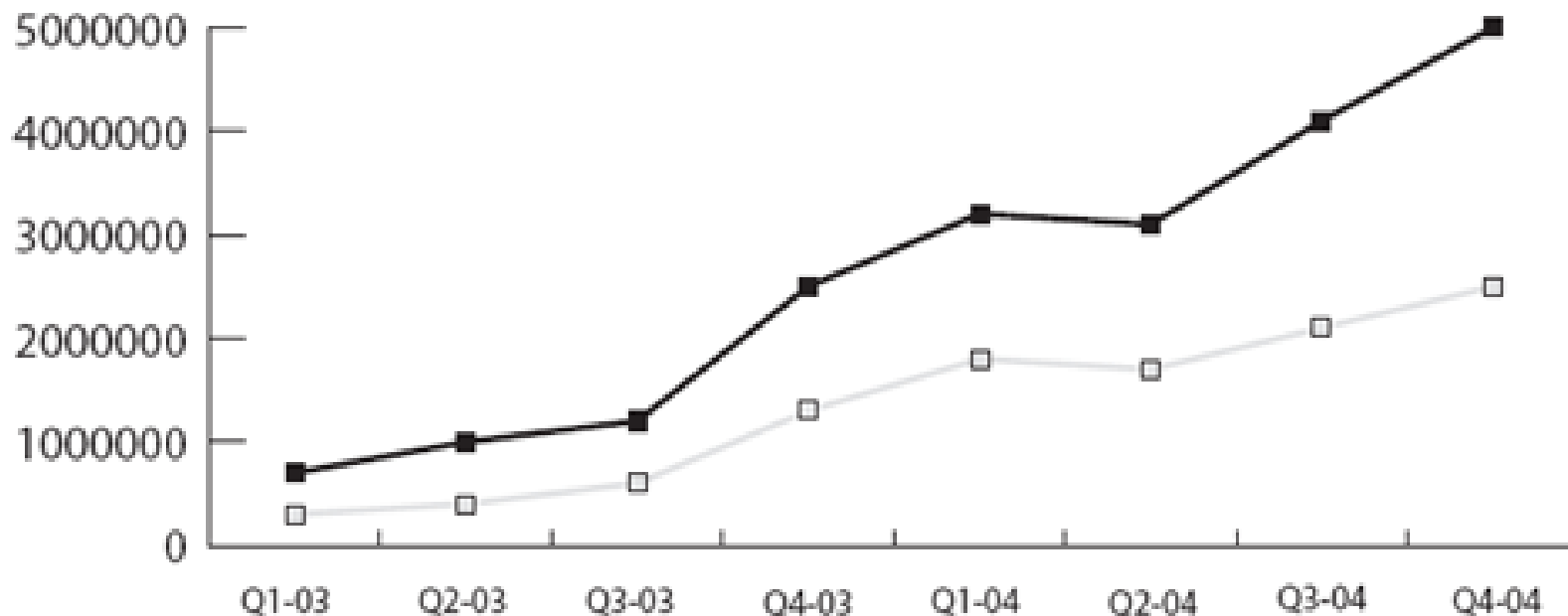
# Ringtones

Which do you have or would you be interested in having?



# Ringtones

## Aggregated Wireless Carrier Ringtone Data



The top line represents revenue generated from ringtone sales.

The bottom line represents number of ringtones sold.

Source: Presented at the Copyright Board of Canada's hearing into adopting a tariff on ringtones, *Tariff 24*.



# Live @ Orange

**“At the end of the third quarter, 59% of Bell households in Quebec and Ontario subscribed to at least two Bell services, up from 57% in the second quarter. Of this total, 1.34 million households subscribed to at least three services, up 70,000 from the second quarter. This contributed to a steady increase in average revenue per household in the quarter. Consumer segment revenues grew by 1.1% over the same quarter of 2004, at \$1.9 billion. This increase was driven by a continued expansion of video, wireless and high-speed subscriber bases, as well as higher ARPU performance. This was partly offset by greater wireline erosion, which led to lower long distance and local access revenues. Year-to-date Consumer revenues were \$5.7 billion, up 1.5% from the same period last year.” – BCE 3Q05 results**

*Bell Canada  
Enterprises*



# Why MAX?

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# Thank You

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