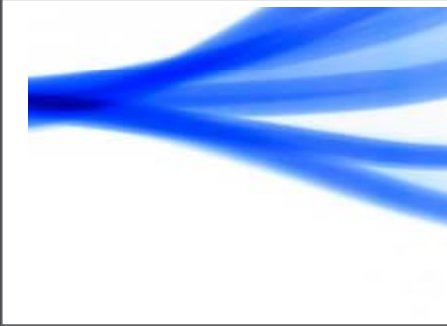


SME Survey Results



nielsen

Agenda

- Research design – our objectives and what we did?
- Findings
 - Current Context: Broadband in 2011
 - The Future of Broadband
 - Barriers to Upgrading

Objectives

Do they understand what they get and are they happy with their current broadband services?

What services are they using and how satisfied are respondents?

Understand SMEs in relation to potential uptake

What are the barriers to upgrading to a faster broadband service e.g. rewiring?

How much extra would respondents pay for high speed broadband?

Research design

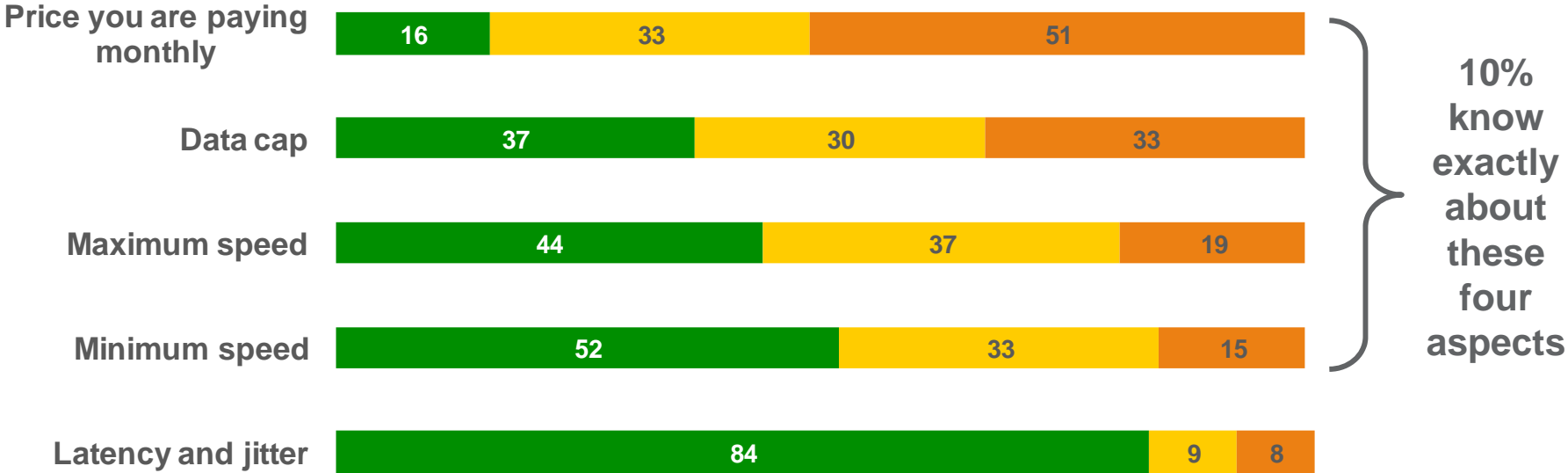
- Telephone survey with 500 SMEs with 1-20 employees.
- Pre-notification letter to encourage response.
- Survey conducted between 20 October 2011 and 8 November 2011.
- Businesses with cell phone numbers in their contact details were not excluded.
- Quotas for number of employees, industry and region (including rural) so representative of SMEs in New Zealand.
- Businesses without broadband currently were excluded.

Broadband in 2011



- What knowledge do they have of the current offering?
- Are they satisfied with the current offering?

Knowledge of current broadband



■ Have no knowledge of this at all (Have no idea for my business)
 ■ Know a little (Have a rough idea)
 ■ Know exactly

Question: To what degree do you know about the following aspects of your current broadband experience?



**1 to 5
employees**



63% know exactly compared to average of 51%

No differences between city, provincial and rural.

Knowledge varies by different uses e.g. downloading or streaming videos then more aware of data cap.

Satisfaction with current broadband service

| Attribute | % satisfied |
|--------------------------|-------------|
| Ability use applications | 76% |
| Reliability | 70% |
| Size data cap | 69% |
| Customer support | 64% |
| Coverage (mobile) | 61% |
| Time upload/download | 55% |
| Price (mthly) | 53% |

} **1/4 dissatisfied**

Question: Using a scale of very satisfied, quite satisfied, neither satisfied nor dissatisfied, quite dissatisfied and very dissatisfied, how do you feel about the following aspects of your current broadband service?



Exporters/ Importers = ability to use applications

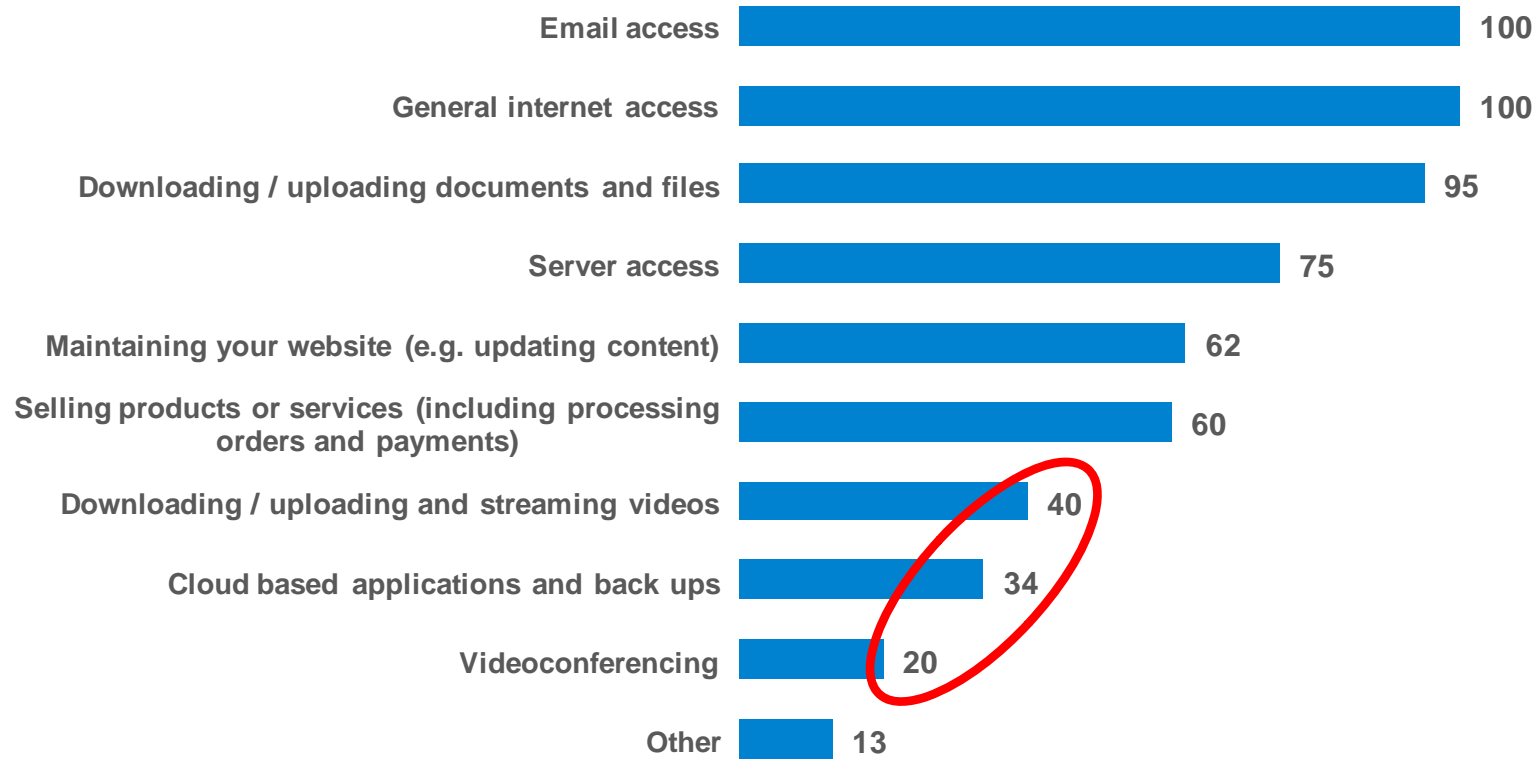
Provincial South Island = time to download/ upload

**Those who use video conferencing = time to download/
upload**



Aucklanders = ability to use applications
Not for profit orgs = customer support

Finally, keep in mind...



Question: Which of the following applications do you currently use your broadband for?

The Future of Broadband



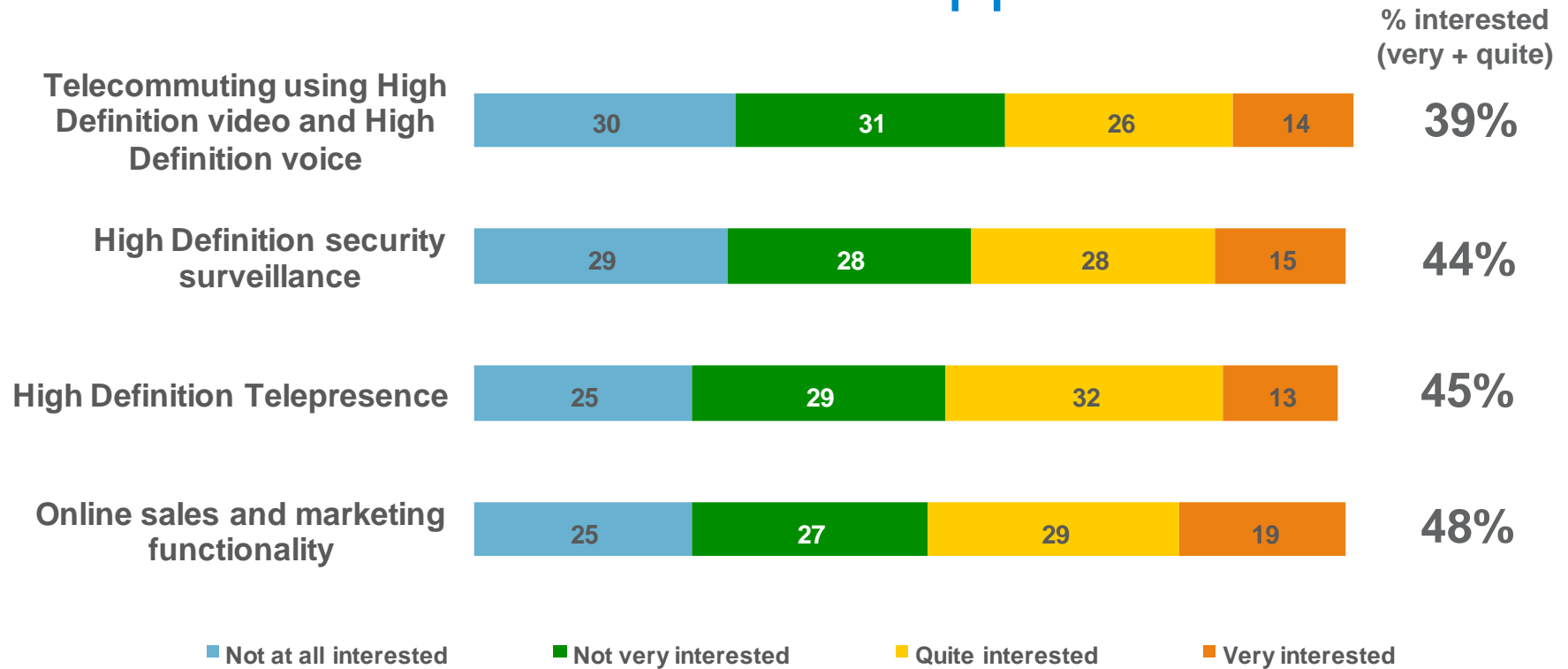
- What interest do SMEs have in potential future uses of broadband?
- Are they willing to pay more for this service?

The Future of Broadband in New Zealand

- Tested four potential applications (which could be used across a range of industries) to help respondents understand some of the advantages of the faster broadband service.

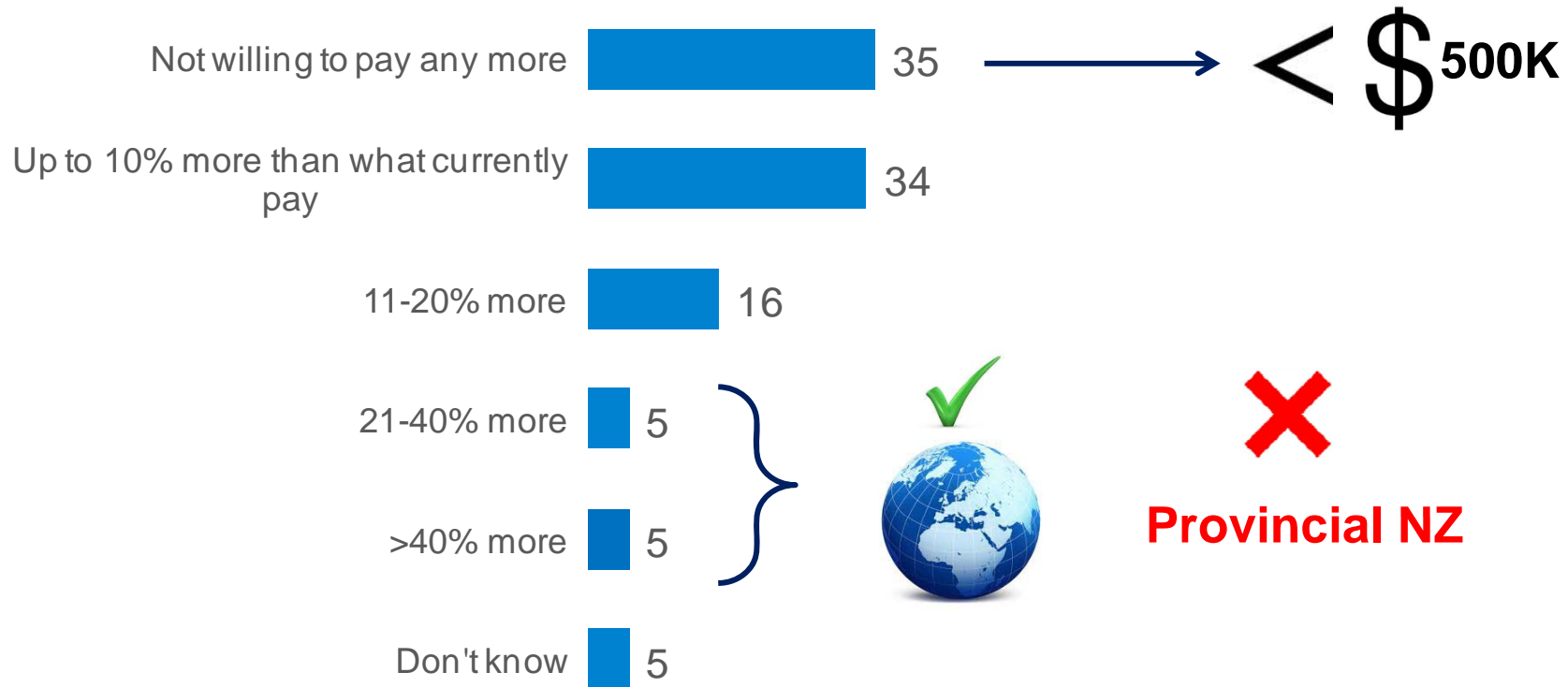
| High Definition Telepresence | Online sales and marketing functionality | Telecommuting using High Definition video and voice | High Definition security surveillance |
|---|---|---|---|
| <p>It's like people are in the same room even though they could be anywhere in the world – the quality of sound and picture is like they are right in front of you e.g. examination of person or animal by a specialist, receive or provide clinical health care at a distance, sales pitches or consultations, meetings and presentations, virtual training.</p> | <p>Uploading of desired specifications for product or service from customers, or providing high definition demonstrations of products and services for customers e.g. measurements for clothes or interior design, or machine specifications.</p> | <p>The daily commute to the place of work is replaced by telecommunication links.</p> | <p>The use of High Definition videos for surveillance purposes – it would enable photographic quality images.</p> |

Interest in each of the four applications....



Question: Using the following scale not at all interested, not very interested, quite interested and very interested please indicate how interested your business would be in the following potential uses of broadband?

Amount they would pay...



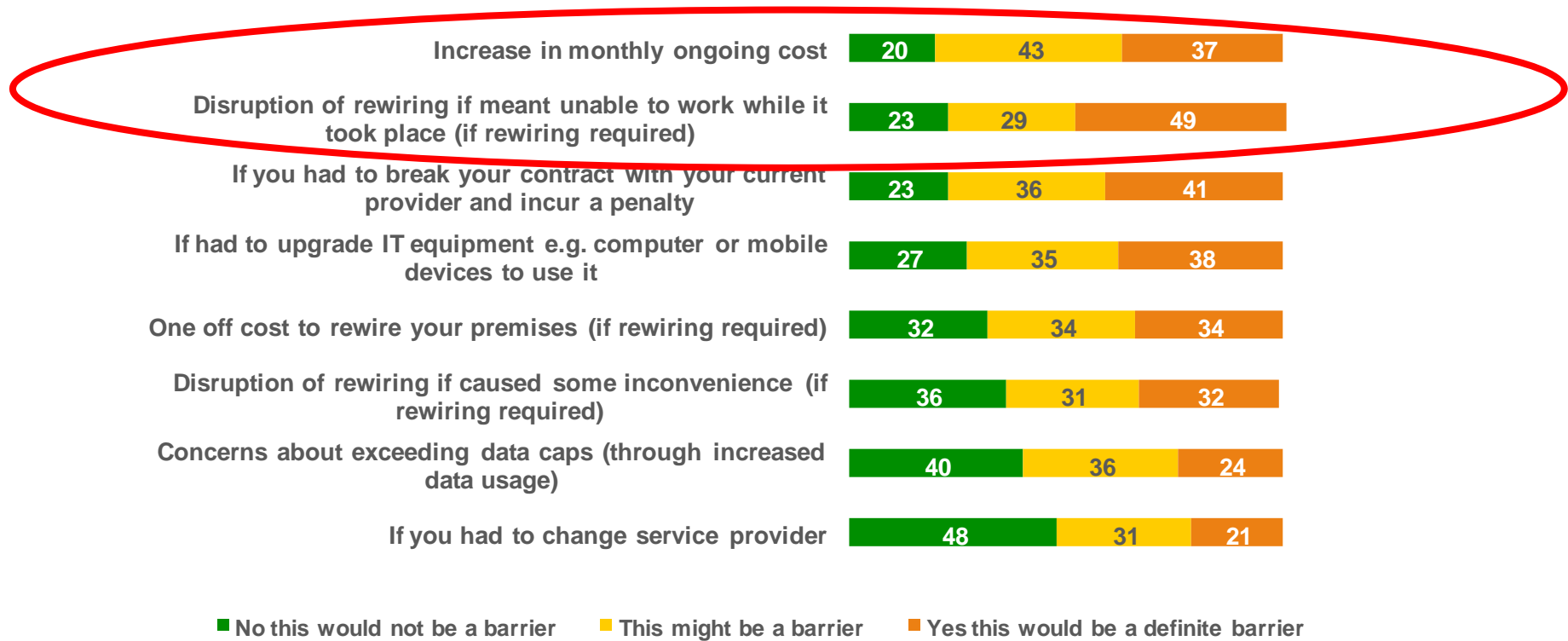
Question: How much more than you currently pay, would you be willing to pay for a faster broadband service that enabled you to use the type of applications in the previous question?

Barriers to Upgrading



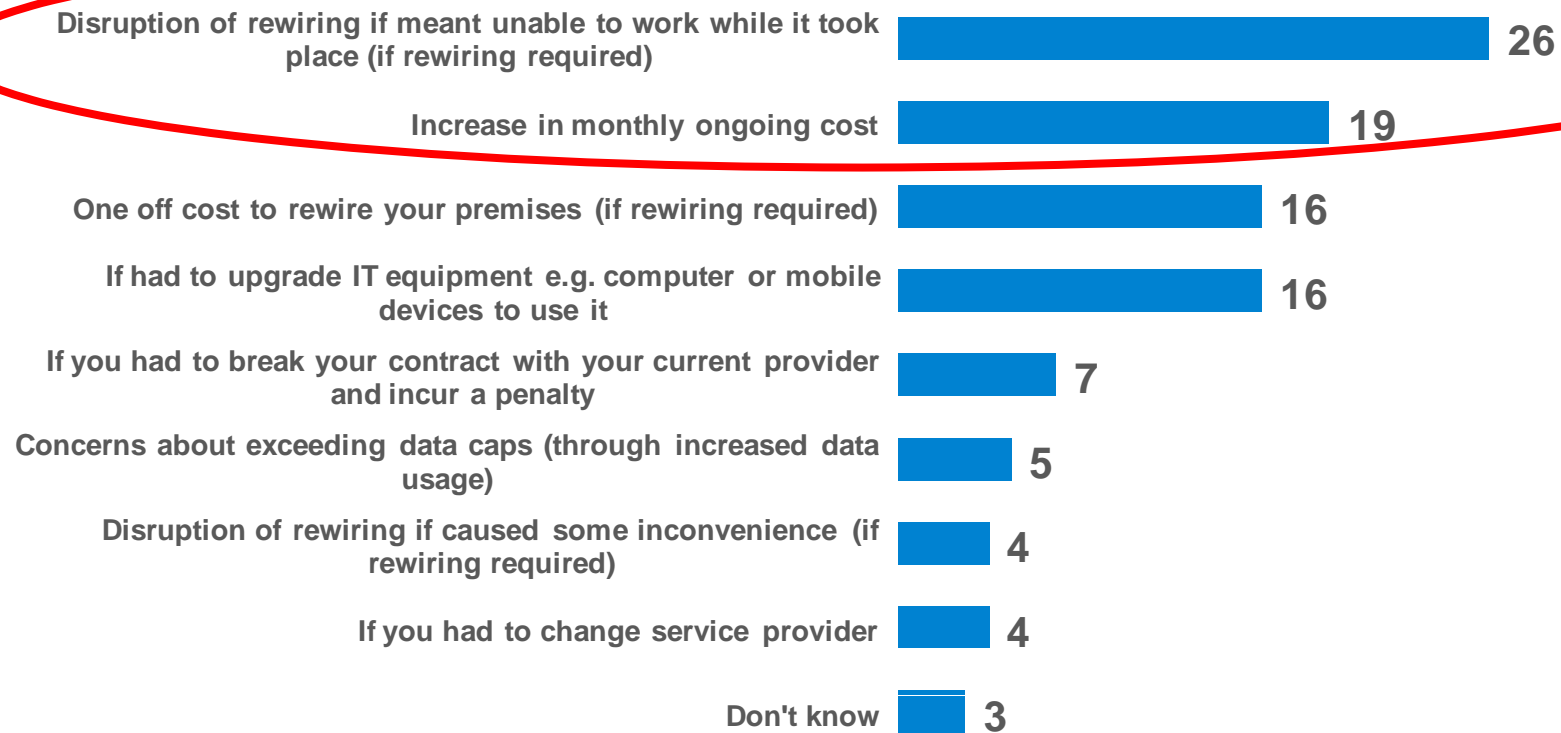
- What are the barriers to upgrading?
- What is the biggest barrier?

Potential barriers to upgrading to a faster service



Question: Please indicate to which degree the following would be a barrier to your business?

Single biggest barrier



Question: And if you had to pick one, what would you see as the biggest barrier to your business to upgrade your current broadband to a faster service?

Conclusion

- Overall satisfied with current service, though there is some dissatisfaction with time it takes to upload/ download, monthly costs and reliability of mobile
- Majority have some idea of what they currently pay
- Not a strong level of interest in possible applications of faster broadband that were tested
- Barriers to upgrading are mostly cost related – disruption resulting from rewiring if required and increase in monthly costs

Requires clear communication of benefits to encourage upgrade

Importers and exporters potential advocates as using right services, less satisfied with current, more interested in potential applications, and more willing to pay more