SME consumer experience in the communications market

October 2022

making communications
work **for everyone**

Contents

Background, methodology and objectives

Objectives

To update Ofcom's understanding of and evidence on the experiences of UK SMEs in the communications market

To identify relevant attitudinal segments of the SME consumer

Methodology

Ofcom commissioned **BVA BDRC** to conduct research into SMEs experiences in the communications market.

Pilot:
Qualitative research among 20 SME decision makers consisting of:

- An online interactive platform
- Depth interviews

Main phase:
A mixed CATI*/online methodology with SME (1-249 employees) decision makers:

- 902 CATI interviews
- 1,207 online interviews

Minimum quotas were set on employee size, nation, English region, industry sector and urbanity.

A dual weighting approach was used to account for methodology, company size, regions/nations and urbanity. For more detail, please see the technical report.

Topics included:

- Services used
- Satisfaction
- Attitudes & perceptions
- Switching
- Contracts
- Net neutrality

Research into the SME experience of communications services was last reported on in 2017. Given changes to both the methodology (moving from a purely CATI to mixed mode approach to improve research design, respondent experience and cost-efficiency) and the wider business landscape, it is not appropriate to make direct comparisons to the previous research. However, any implied trends are indicated throughout the report.

*CATI, Computer Assisted Telephone Interviewing

Sample

Fieldwork: 28th January – 4th April 2022

Employees	Proportion of weighted sample	Total interviews achieved (n=2109)	Online (n=1207)	CATI (n=902)
1	78.8%	564	325	239
2-4	12.7%	456	175	281
5-9	4.4%	277	100	177
10-19	1.8%	221	111	110
20-49	1.7%	210	157	53
50-99	0.3%	178	149	29
100-249	0.3%	203	190	13
Micro (1-9)	95.9%	1297	600	697
Small (10-49 employees)	3.5%	431	268	163
Medium (50-249 employees)	0.6%	381	339	42

Region/Nation	Proportion of weighted sample	Total interviews achieved (n=2109)	Online (n=1207)	CATI (n=902)
North East	2.7%	116	51	65
North West	9.4%	184	128	56
Yorkshire and the Humber	7.1%	158	112	46
East Midlands	6.6%	140	94	46
West Midlands	8.1%	159	114	45
East of England	10.0%	154	111	43
London	19.0%	237	162	75
South East	15.6%	233	127	106
South West	9.4%	167	110	57
Wales	3.5%	183	57	126
Scotland	6.2%	214	91	123
Northern Ireland	2.5%	164	50	114
Urbanity within nation				
England Rural	12.0%	263	158	105
England Urban	88.0%	1285	851	434
Scotland Rural	22.0%	56	16	40
Scotland Urban	78.0%	158	75	83
Wales Rural	17.0%	68	18	50
Wales Urban	83.0%	115	39	76
NI Rural	37.0%	54	11	43
NI Urban	63.0%	110	39	71

Icons used in this report

Fixed Landline

Internet
Including fixed broadband, dedicated internet, mobile broadband, dial-up or satellite broadband

Mobile Phone

Urban

SMEs in an **Urban** area
Any large city, smaller city, medium town, smaller town

RURAL

SMEs in **Any Rural** area
Any rural area or remote rural area

1-9

Micro SMEs with 1-9 employees

10-49

Small SMEs with 10-49 employees

50-249

Medium SMEs with 50-249 employees

Executive summary

Executive summary

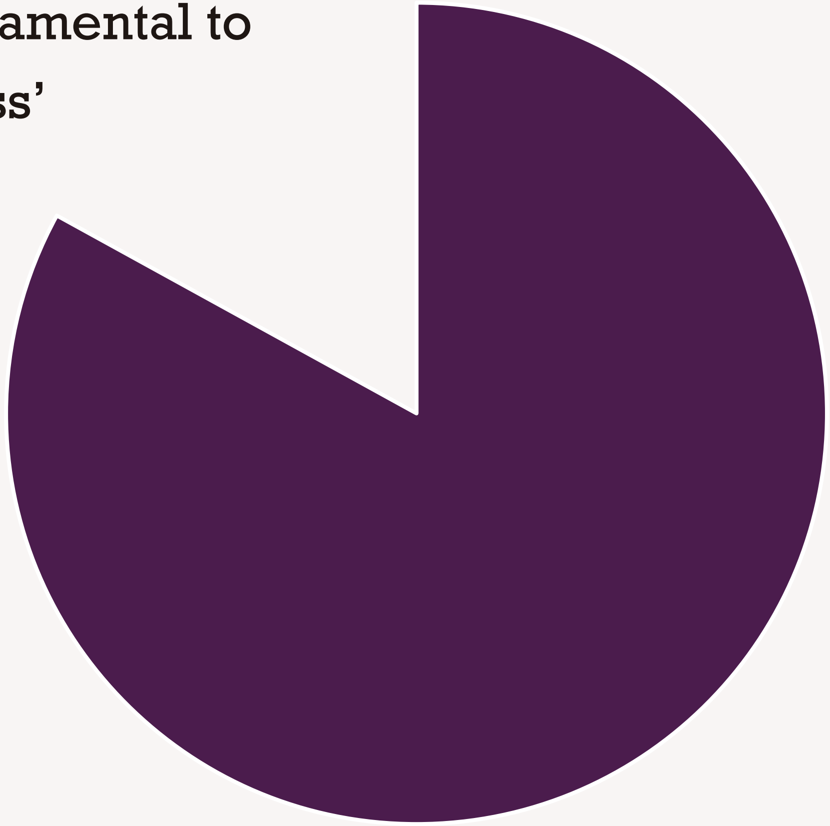
Ofcom commissioned independent research agency BVA BDRC to conduct quantitative research into the SME consumer experience in the communications market. A mixed methodology was used to capture the views of 2,109 SME telecom decision makers. The research also incorporated a segmentation, which identified six relevant attitudinal segments of the SME consumer. The key findings are:

1. **Communication services are critical to UK SMEs:** use of internet is near universal and mobile is important, particularly to micro SMEs who are more likely to use it for a greater variety of functions than small or medium SMEs; 83% of SMEs say they could not function as a business without communications services.
2. **There are signs of change in the use of communication services:** The majority of medium SMEs (78%) are looking to acquire and/or upgrade at least one of their services over the next 12 months, which could reflect recent changes in the SME landscape following the pandemic. Only half (51%) of SMEs are using 'traditional' landline telephones, with signs of a shift towards VOIP and a lesser need for leased lines.
3. **The pandemic has been transformative to the working arrangements of some SMEs:** the pandemic has substantially increased hybrid working practices for small and medium SMEs, increasing the importance of in-home as well as corporate connectivity. The pandemic has also further increased the importance of fixed internet, mobile and voice services for UK SMEs.
4. **For the majority of SMEs, the communications market is meeting their needs:** the majority of SMEs are satisfied with the service they receive across landline, mobile and internet. Those switching are tending to do so for a better deal, whilst non-switchers typically cite high satisfaction with their current provider as a reason for remaining with them.
5. **Micro, rural, and SMEs in Scotland and Wales are facing challenges:**
    - Micro SMEs are less resilient to communication failures as they are less likely to have a communication service back up in place; the majority of micro SMEs are operating on residential contracts for their communication services so could be forgoing the additional benefits and protections offered by business contracts
    - Mobile reliability and internet connectivity, availability and speed are more likely to be issues for rural SMEs
    - SMEs in Scotland and Wales are less satisfied with their mobile service
6. **There is room for improvement with service availability and responses when issues arise:** SMEs, and in particular micro SMEs, expect faster fault repairs, improved customer service access and better compensation when faults occur. A lack of adequate communication services has also been a barrier to moving location for nearly a third of medium SMEs (30%).

1. Communication services are critical to UK SMEs

Communication services are fundamental to the functioning of the majority of UK SMEs

83% of SMEs agree 'Communications services are fundamental to our business, without them we could not function as a business'



There is no difference in the importance placed on communication services between micro, small and medium SMEs

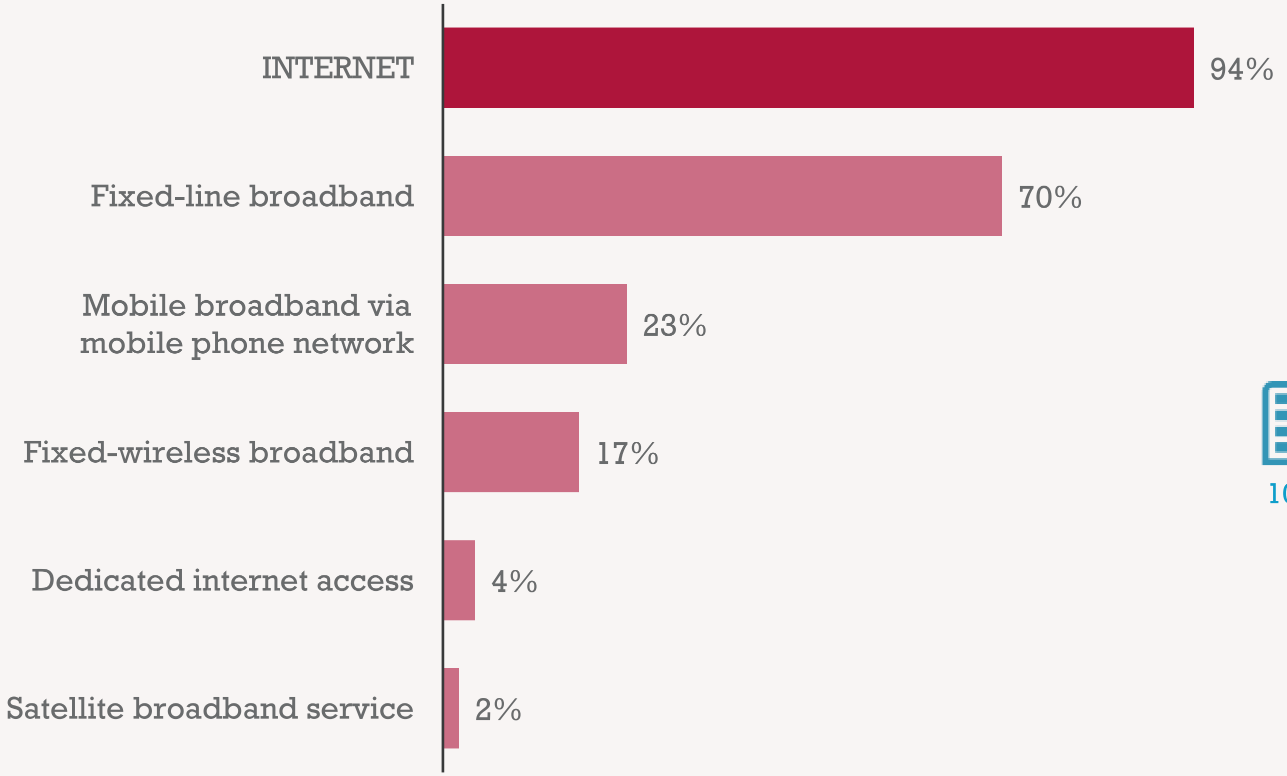
Urban ALL RURAL

Similarly, there is no difference in the fundamentality of communication services between urban and rural SMEs

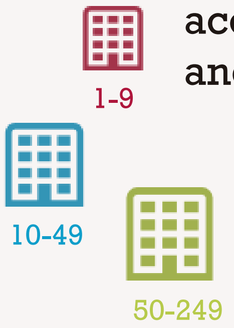
Source: SME Communications Experience Research 2022
QF8. The following are a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. For each one please can you say how much you agree or disagree with it? 'Communications services are fundamental to our business, without them we could not function as a business'
Base: Total sample (2109)

Use of the internet by UK SMEs is near universal

SMEs using each service:



Micro, small and medium SMEs are equally likely to have an internet connection, however medium SMEs are more likely to use more advanced methods for internet connectivity (such as dedicated internet access and satellite broadband) than small and micro SMEs.



Source: SME Communications Experience Research 2022
QA1b. Which of the following does your company use for internet connectivity?
Base: Total sample (2109)

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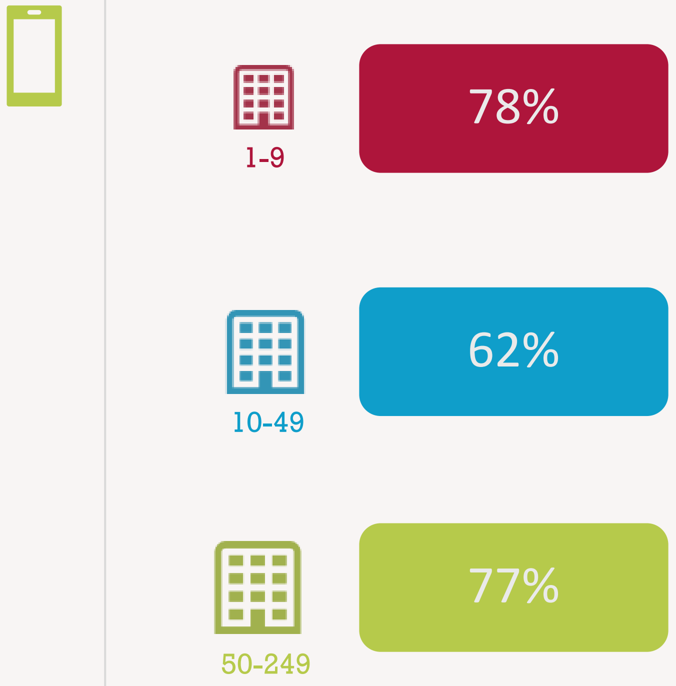
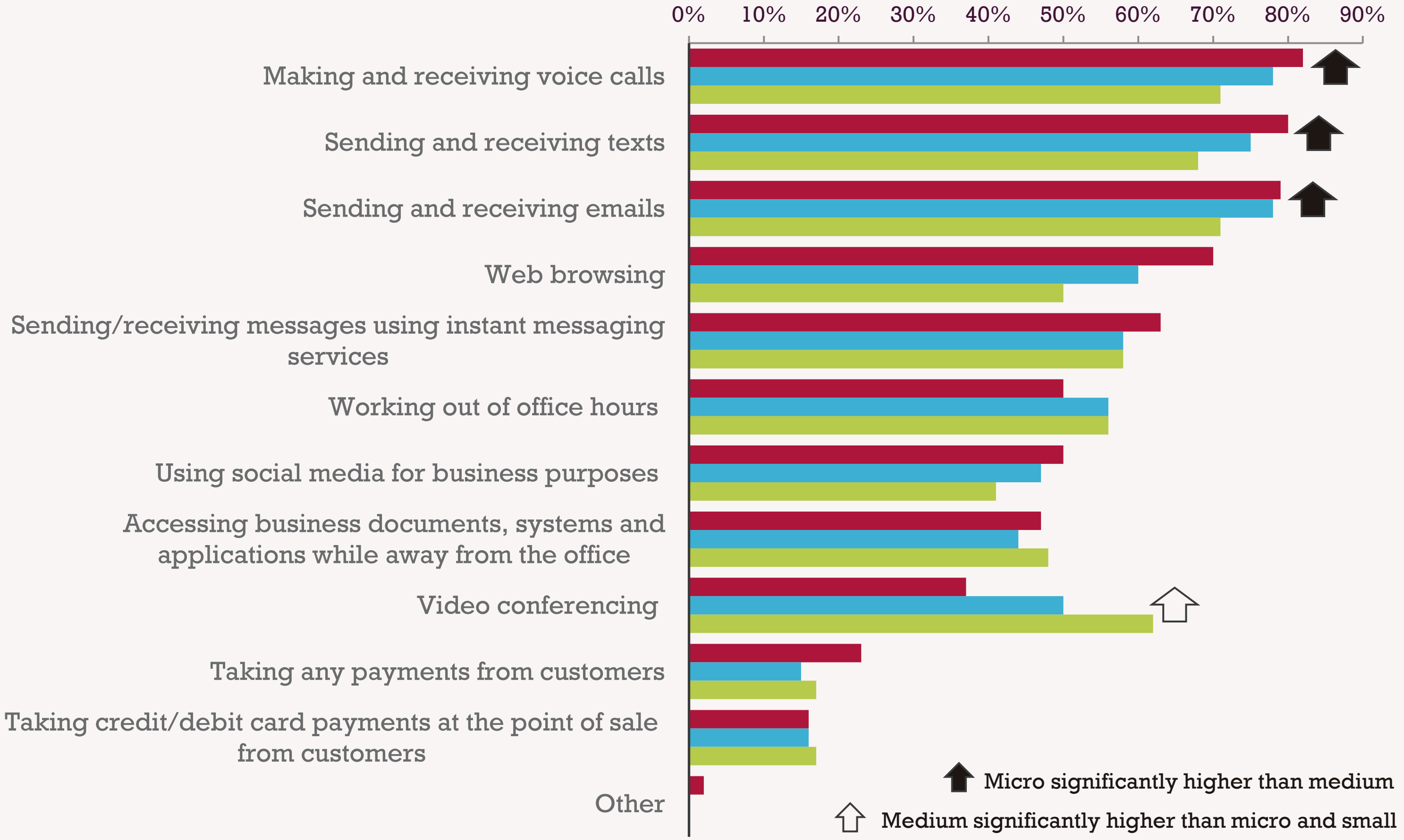
Micro SMEs are more likely to use mobile for a greater variety of functions than small or medium SMEs



of SMEs use mobile for business purposes



Source: SME Communications Experience Research 2022
QA1a. Which of the following does your organisation use for business purposes? / QA5. Thinking now about any mobile phones your organisation uses, which of the following do you or your staff ever use a smartphone for business purposes?
Base: Micro (1297); Small (431); Medium (381) / Micro (All with a mobile phone service, 907); Small (All with a mobile phone service, 273); Medium (All with a mobile phone service, 294)

2. There are signs of change in the use of communication services

There are signs of a downwards trend in the use of traditional landline with a shift towards VOIP

51%

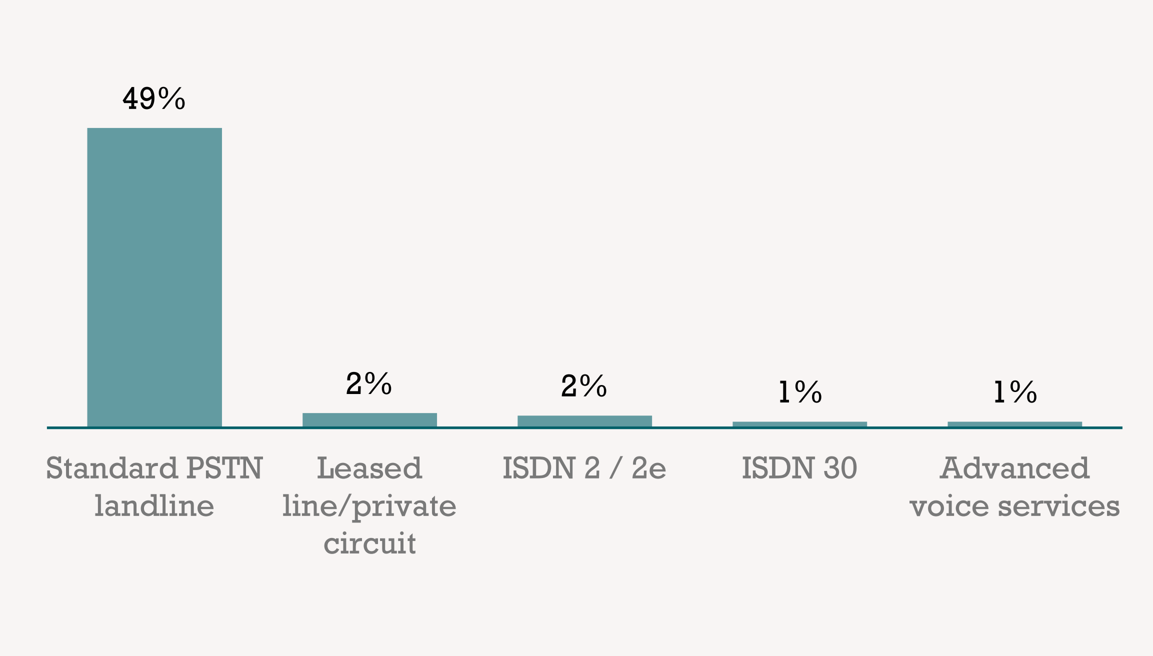
of SMEs use a traditional landline service for business purposes

Use of landline from the 2016 research was 96%; whilst the data is not directly comparable*, this shift suggests a downwards trend in the use of traditional landline.

25% of SMEs who don't use traditional landlines use VOIP, suggesting a **migration to other forms of landline service**.

Rural SMEs (61%) and SMEs with 2-3 sites (73%) make greater use of traditional landline than the total average.

Medium (70%) and small (68%) SMEs are more likely to use traditional landline than micro SMEs (53%).



Source: SME Communications Experience Research 2022
QA1a. Which of the following does your organisation use for business purposes?
Base: Total sample (2109); rural SMEs (441); SMEs with 2-3 sites (334); micro SMEs (1297), small SMEs (431), medium SMEs (381)
VOIP is the net of 'Managed VoIP which uses a data connection for high-quality voice calls' and 'Other VoIP or video conferencing e.g. using an unmanaged Over The Top service such as Skype, Facetime, Microsoft Teams, Google Meet, Zoom etc.'

*The majority of the 2016 interviews were conducted over landline whereas methodology changes were made in 2021

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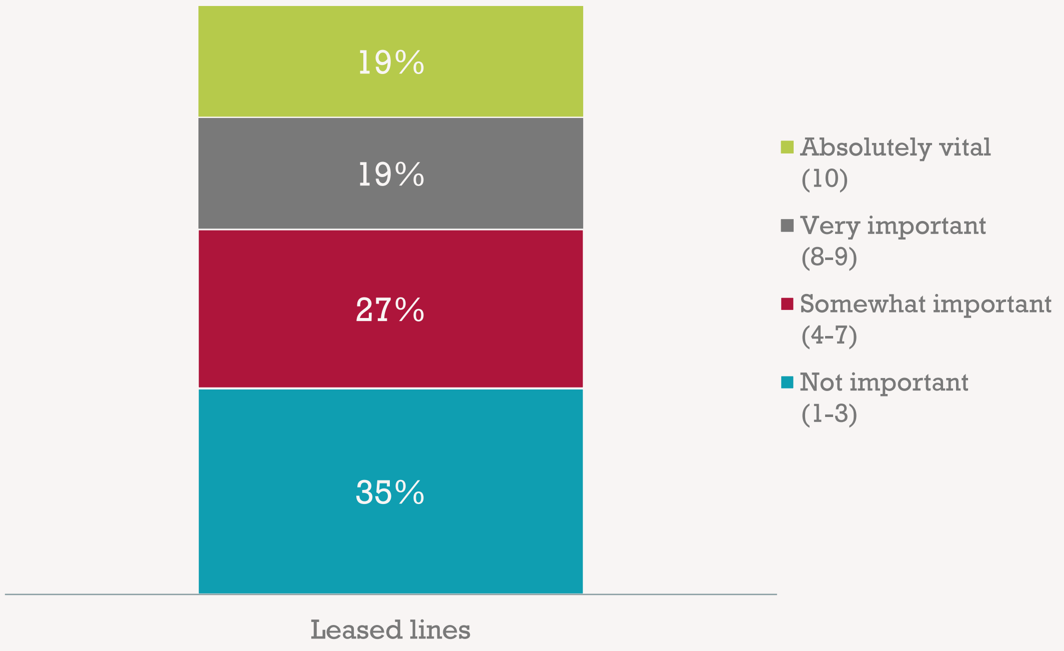
Following fibre roll out, there are signs of a lesser importance of leased lines

61%

of SMEs with leased lines agree they are not or only somewhat important

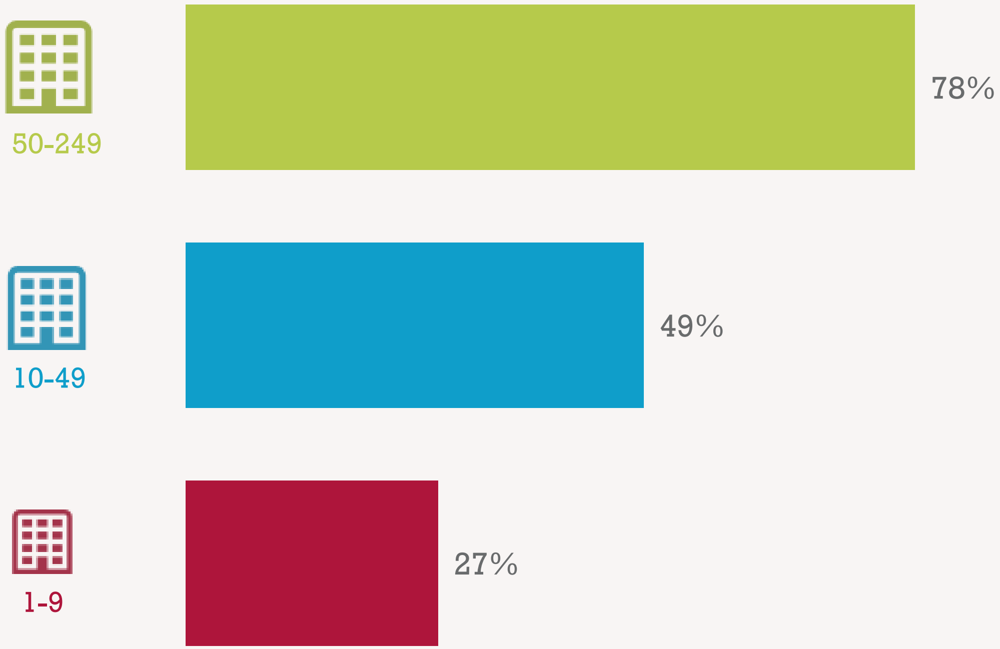


Source: SME Communications Experience Research 2022

QF4. Thinking about each of the communication services your organisation uses, how important is each of these to your organisation?

Base: All with leased lines or private circuits used for purposes other than dedicated internet access (125). "Fibre" refers to the net of 'Fibre/superfast provided using a cable network [nearly always provided by Virgin Media, or provided by WightFibre in the Isle of Wight]' 'Fibre/superfast provided using the traditional copper network – Fibre to the Cabinet (FTTC)' '"Full-fibre"/Fibre/superfast using new fibre networks – Fibre to the Premises (FTTP)' and 'Fibre/superfast, but not sure which type'.

The majority of medium SMEs are looking to acquire or upgrade at least one communication service



The top three communication services medium SMEs are considering:

5G services, 49%

Any fixed broadband*, 42%

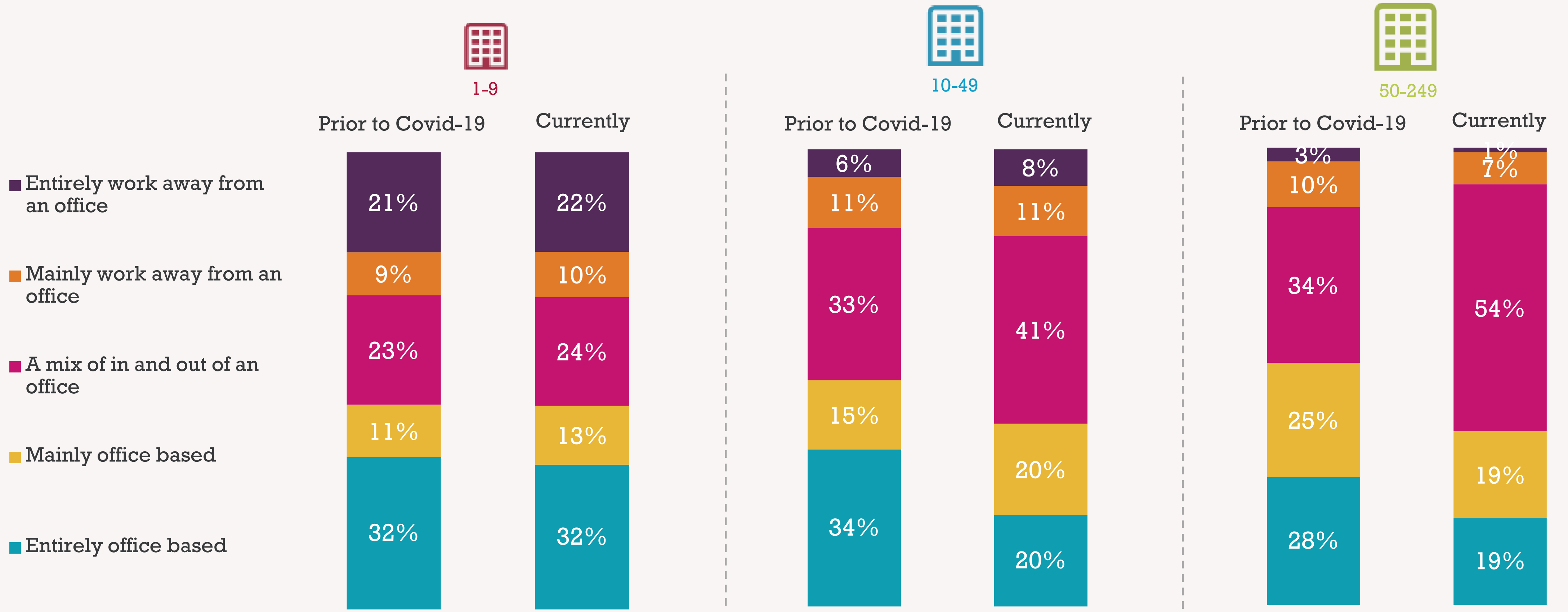
Video conferencing, 17%

Source: SME Communications Experience Research 2022
QF2. Which of the following communications services, if any, are you actively looking at acquiring or upgrading in the next 12 months?
Base: Micro (1297); Small (431); Medium (381)
"Fibre" refers to the net of 'Fibre/superfast provided using a cable network [nearly always provided by Virgin Media, or provided by WightFibre in the Isle of Wight]' 'Fibre/superfast provided using the traditional copper network – Fibre to the Cabinet (FTTC)' '"Full-fibre"/Fibre/superfast using new fibre networks – Fibre to the Premises (FTTP)' and 'Fibre/superfast, but not sure which type'.

*This includes any fibre/superfast and ADSL Broadband (internet via fixed line)

3. The pandemic has been transformative to the working arrangements of some SMEs

The pandemic has accelerated a shift towards hybrid working for small and medium SMEs, increasing the importance of in-home as well as corporate connectivity



Source: SME Communications Experience Research 2022
S7. Are you [SOLE TRADER] / members of your organisation? / S8. And what were your [SOLE TRADER] / members of your organisation's [2 OR MORE Staff] working arrangements prior to the start of the COVID-19 pandemic?
Base: Micro (1297), Small (431), Medium (381)

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The pandemic has increased the importance of communication services for UK SMEs

Despite already playing an important role to the functioning of SMEs, the pandemic has further increased the importance of fixed internet, mobile and voice services. Whilst overall the use of traditional landline and leased lines has fallen, among the SMEs who still value these services, their importance has also increased over the pandemic across both landline (8%) and leased lines (10%).

Net increase in the importance of the service since the pandemic

% it has become more important - % it has become less important

29%	28%	21%
Fixed internet	**Mobile**	**At least one form of voice service**

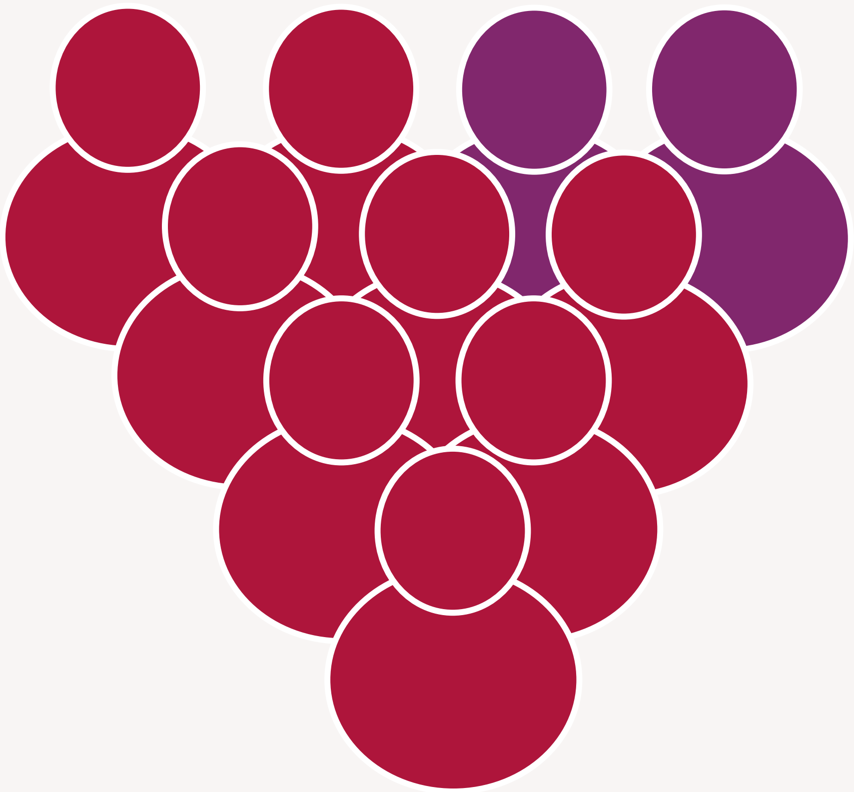
Source: SME Communications Experience Research 2022
QF4. Thinking about each of the communication services your organisation uses, how important is each of these to your organisation? Please use a scale of 1 to 10 Not important – Absolutely vital
QF5. For each service, to what extent has this changed since the start of the COVID-19 pandemic?
Base: All with Fixed internet (1892), Mobile phones (1474), Mobile internet (482), At least one form of voice service (2109), Fixed phone line service (1306), Leased lines (125) and operating before the start of the pandemic

4. For the majority of SMEs, the communications market is meeting their needs

The majority of SMEs feel their business needs are well catered for in the communications market

8 in 10

SMEs agree the needs of their business are well-catered for in the communications market



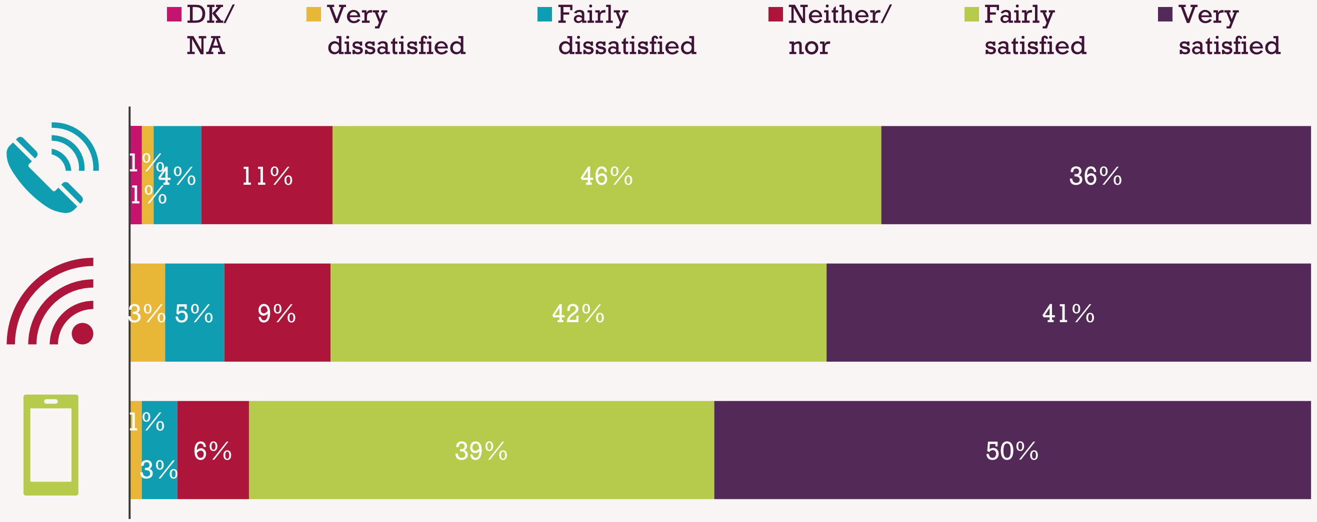
Source: SME Communications Experience Research 2022
QF8. The following are a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. For each one please can you say how much you agree or disagree with it? The needs of our business are well-catered for in the communications market
Base: Total sample (2109)

The majority of SMEs are satisfied with the service they receive across landline, mobile and internet

More than

8 in 10

are satisfied with their overall experience for each of the three services



Satisfaction with mobile is higher than landline and internet.

Medium SMEs are more likely to be satisfied with their internet and landline services than micro and small SMEs.

Source: SME Communications Experience Research 2022
QB1. Thinking about the following services your organisation uses, please can you say how satisfied or dissatisfied you are with your overall experience?
Base: Service users (Landline, 1306; Broadband, 1994; Mobile, 1474)

One in four SMEs have switched a communication service provider over the past two years

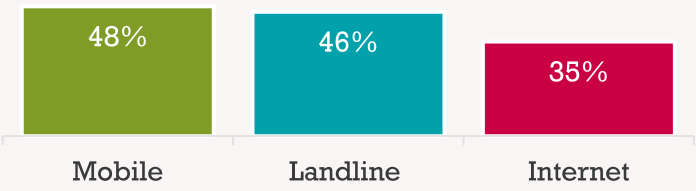
25%
of SMEs have switched a provider over the past two years

16%
have switched mobile provider

15%
have switched landline provider

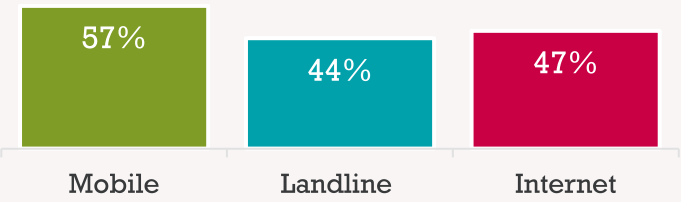
17%
have switched internet provider

Of those switching, the most cited reason for doing so is for a cheaper deal



The majority also experienced no issues during the switching process for mobile (82%), landline (62%) and internet (73%).

Of those not switching, the most cited reason is satisfaction with their current provider



SMEs who hadn't switched were also less likely to have experienced issues compared to the SME average.

Source: SME Communications Experience Research 2022
QC1/QC2/QC3. Have you ever switched your provider for each of the following services (mobile/landline/ internet)? If so, when was this? Base: All with mobile (1474), landline (1306), internet (1994) service.
QC9/QC14/QC18. What were your reasons for switching your (service) provider? Base: All switching service in past 2 years (mobile, 264; landline, 222; internet 387). QC8/QC13/QC17 Why have you not switched your mobile/landline/ internet provider in the last two years? Base: Non-switchers (mobile, 750; landline, 704; internet 1027)

5. Micro, rural, and SMEs in Scotland and Wales are facing challenges

Three groups of SMEs who show signs of facing greater challenges are:

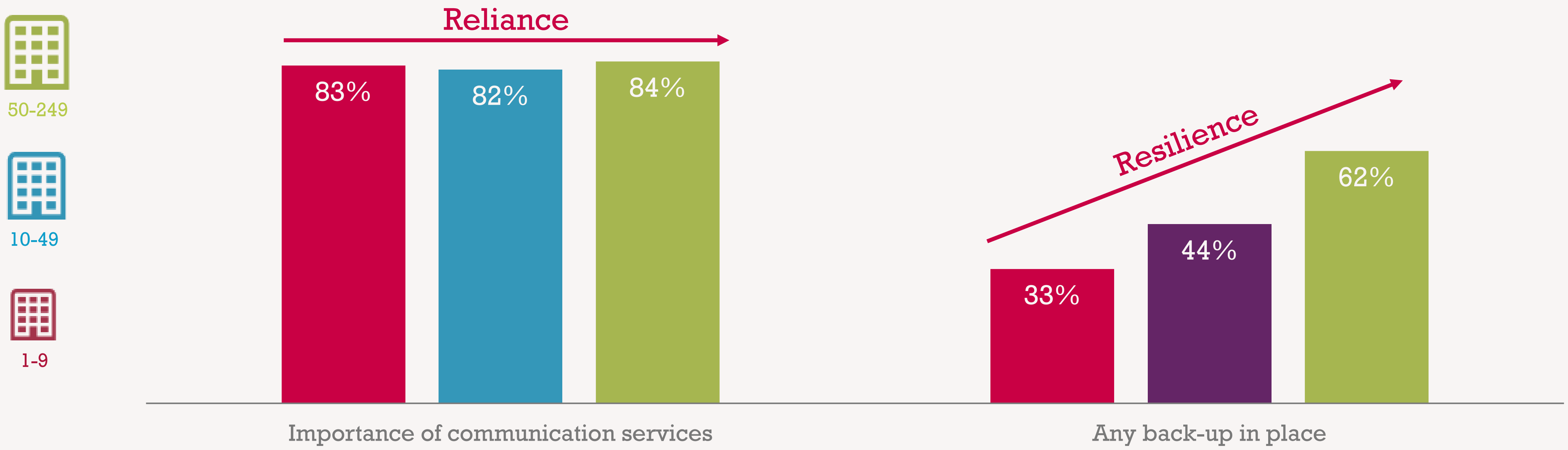
Micro SMEs

Rural SMEs

SMEs in the devolved nations

Micro SMEs are less resilient in the event of communication failures as only a third have a communication service back-up in place

Micro, small and medium SMEs are equally reliant on communication services to function. However, their resilience in the face of communication failures varies as only a third of micro SMEs have any form of communication service back-up in place, compared to nearly two thirds of medium SMEs. For medium SMEs, the most popular back-up's in place are having **more than one mobile provider** (25%), **more than one internet provider** (23%) and **tethering to a mobile for internet connectivity on other devices** (23%).



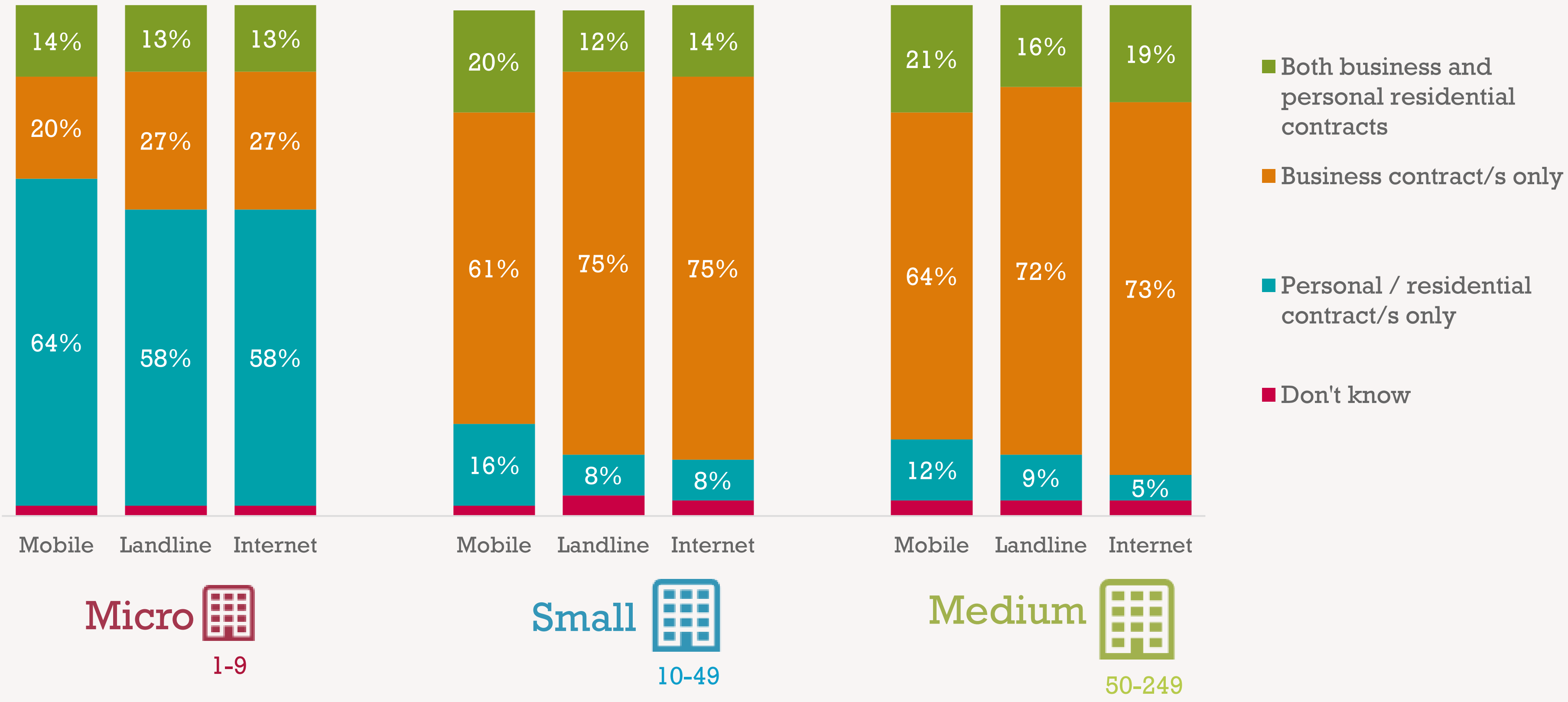
Source: SME Communications Experience Research 2022
QA8. What, if any, back-up communications services do you have in place for your business, for example if your mobile or internet goes down, or isn't working at the level you need? / QF8. The following are a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. For each one please can you say how much you agree or disagree with it? Communications services are fundamental to our business, without them we could not function as a business
Base: Micro (1297); Small (431); Medium (381)

The majority of micro SMEs are operating on residential communication service contracts

Incidence of types of contract by SME size:

The majority of micro SMEs say they have not chosen a business contract as a residential contract is fine for their business needs across mobile (72%), landline (74%) and internet (72%).

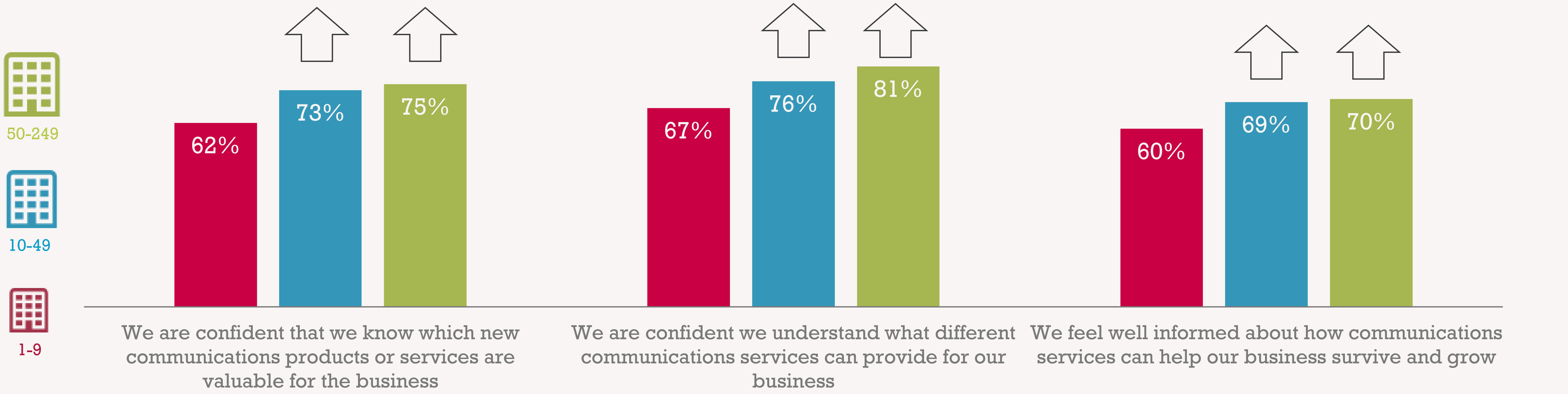
However, some micro SMEs have never considered a business contract for their mobile (18%), landline (25%) and internet (20%) service and could be forgoing the additional benefits and protections offered by business contracts.



Source: SME Communications Experience Research 2022
QD2/QD3/QD4. For each of your communications services, does your organisation have a specific business contract or do you just use an ordinary personal/residential service, or do you have both?
Base: Micro (All with mobile service, 907; All with landline service, 743; All with internet service, 1212); Small (All with mobile service, 273; All with landline service, 294; All with internet service, 414); Medium (All with mobile service, 294; All with landline service, 269; All with internet service, 368)

Micro SMEs feel less confident and informed about the communications market than small and medium SMEs

Some micro SMEs are struggling to engage with the market and do not feel confident and informed about communication services and products that could benefit their business. Small and medium SMEs, who may be more likely to have dedicated communication services specialists, are more likely feel confident and informed about the communications market than micro SMEs.

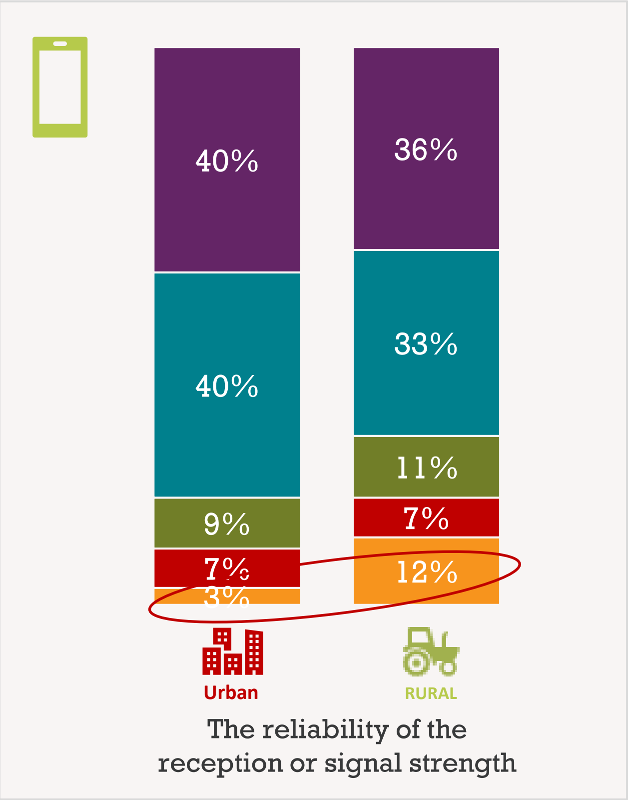


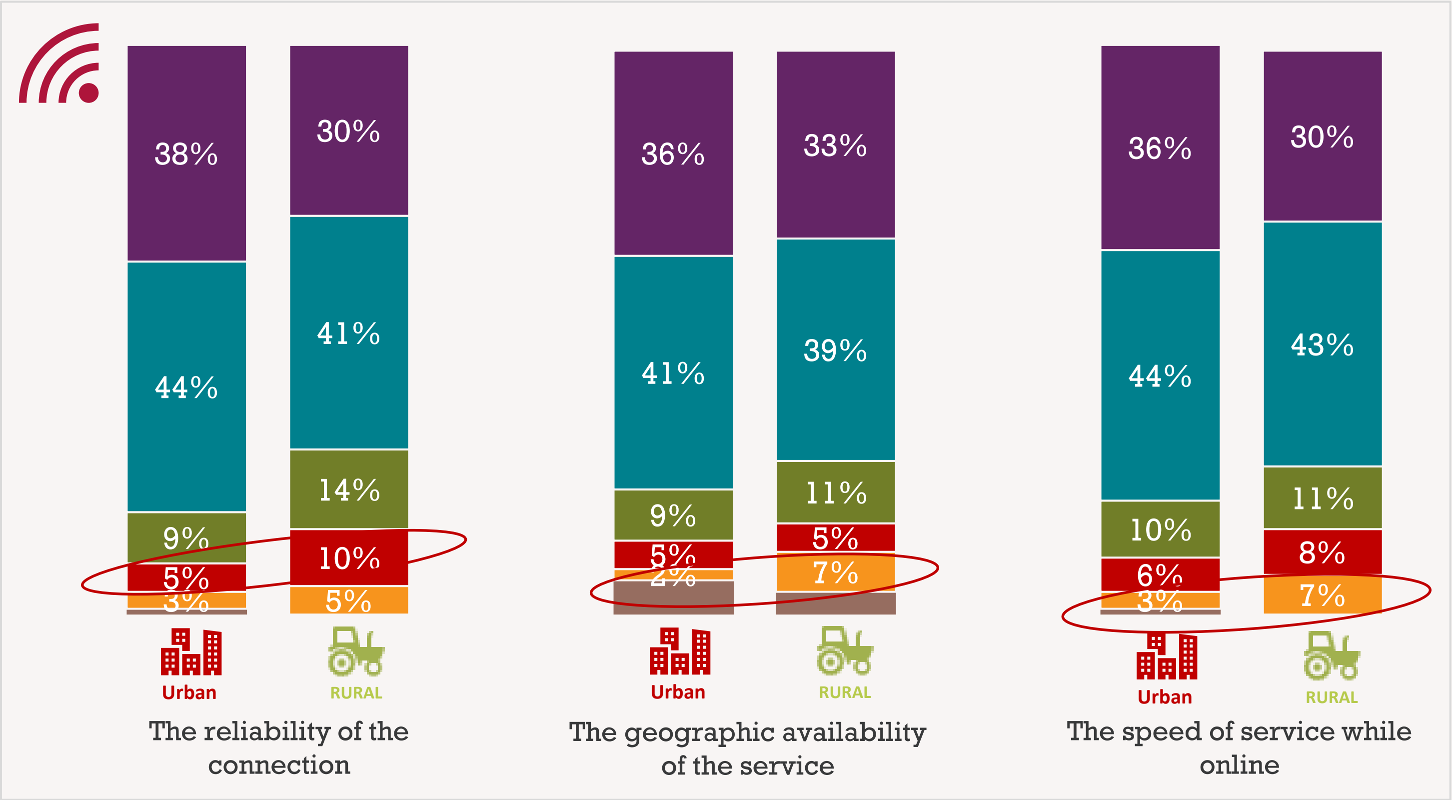
Source: SME Communications Experience Research 2022
QF8. The following are a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. For each one please can you say how much you agree or disagree with it?
Base: Micro (1297); Small (431); Medium (381)

Rural SMEs are more likely to be dissatisfied with mobile reliability and internet connection, availability, and speed

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfed
- Fairly dissatisfied
- Very dissatisfied
- Don't know/n.a.

Ringed figures indicate where rural SMEs are significantly higher than urban SMEs





Source: SME Communications Experience Research 2022

QB2. Thinking specifically about the mobile phones (including smartphones) that you or staff at your organisation use for business purposes (whether or not your organisation pays for or contributes towards them), the following are some different aspects of the service experience. For each one, please can you say how satisfied or dissatisfied you are with this area of your organisation's mobile phone service, using the following scale / QB8. The following are some different areas of the service experience. For each one, please can you say how satisfied or dissatisfied you are with this area of your internet service?

Base: All with mobile service (urban, 1166; rural, 308); All with internet service (urban, 1577; rural 417)

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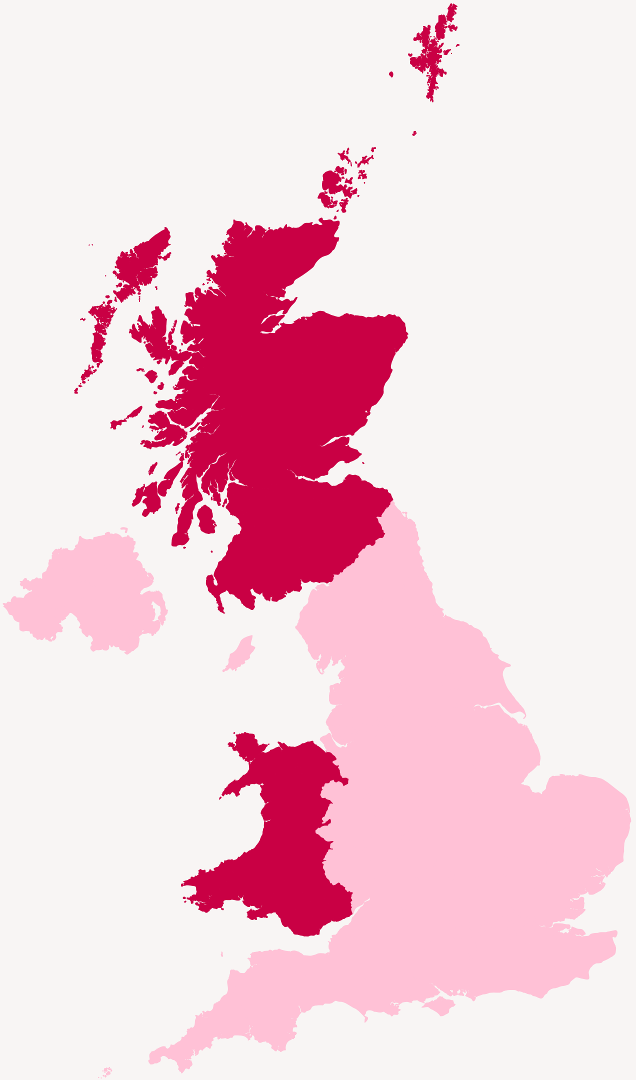
SMEs in Scotland and Wales are more likely to be dissatisfied with their mobile service

Proportion of SMEs very dissatisfied with their mobile service:

England	Wales	Scotland	Northern Ireland
1%	5%	7%	2%

SMEs in Scotland are more likely to face issues with mobile **slow upload speeds** (7%) and **increased mobile charges** (7%) than SMEs in England.

Please note: base sizes are low across the devolved nations, so this finding should be treated as indicative.



SMEs in Scotland and Wales significantly higher than the UK total

Source: SME Communications Experience Research 2022
QB1. Thinking about the following services your organisation uses, please can you say how satisfied or dissatisfied you are with your overall experience, using the following scale. / QB3: What, if any, issues or problems has your organisation encountered with your mobile phone service in the last 12 months?
Base: All with a mobile service, England (1113); Wales (117); Scotland (148); Northern Ireland (96)

6. There is room for improvement with service availability and responses when issues arise

When there are issues, SMEs expect better compensation, improved customer service access and faster fault repairs

Top areas of dissatisfaction	Landline	Mobile	Internet
1st	The level of compensation provided by the provider when something goes wrong, 19%	The level of compensation provided by the provider when something goes wrong, 13%	The level of compensation provided by the provider when something goes wrong, 23%
2nd	The value for money of the service provided, 17%	The ease of contacting the provider's customer service department, 12%	The ease of contacting the provider's customer service department, 19%
3rd	The repair time for faults with the connection, 16%	The reliability of the reception or signal strength, 11%	The value for money of the service provided, 14% The repair time for faults with the connection, 14%

The level of compensation provided by the provider when something goes wrong and issues with contacting the provider's customer service department are the top areas of dissatisfaction for both micro and small SMEs, while frustration with fault repair times is more prevalent for medium SMEs. For the data on micro, small and medium SMEs please see Annex 3.

Source: SME Communications Experience Research 2022
QB5/QB2/QB8. The following are some different aspects of the service experience. For each one, please can you say how satisfied or dissatisfied you are with this aspect of your landline service?
Base: Service users excluding DK/NA (Landline: 743, 1258, 887; Mobile: 819, 1245, 1451; Internet: 1163, 1733, 1930, 1439)

A lack of communication services has been a barrier to moving location for nearly a third of medium SMEs

Medium and small SMEs are more likely to have been prevented from moving location due to a lack of communication services available than micro SMEs. Any form of fibre is cited as the most commonly unavailable communication service.

Whilst the data is not directly comparable, the 2016 research highlighted availability as a challenge faced by SMEs, which suggests the issue is still prevalent for some.

1-9

Micro SMEs prevented from moving: **8%**

Top cited unavailable communication service among micro SMES:
Any fibre, **4%**

10-49

Small SMEs prevented from moving: **18%**

Top cited unavailable communication service among small SMEs:
Any fibre, **12%**

50-249

Medium SMEs prevented from moving: **30%**

Top cited unavailable communication service among medium SMEs:
Any fibre, **24%**

Source: SME Communications Experience Research 2022
P11: Has your business ever wanted to move to a different location but not been able to due to the communications services your business requires not being available in the chosen location?
Base: Micro (1297); Small (431); Medium (381). "Fibre" refers to the net of 'Fibre/superfast provided using a cable network [nearly always provided by Virgin Media, or provided by WightFibre in the Isle of Wight]' 'Fibre/superfast provided using the traditional copper network – Fibre to the Cabinet (FTTC)' '"Full-fibre"/Fibre/superfast using new fibre networks – Fibre to the Premises (FTTP)' and 'Fibre/superfast, but not sure which type'.

Segmentation

Approach

Questions from the satisfaction, switching and attitudes section of the survey were used to determine which segments respondents should be assigned to. For more detail on the approach, please see the technical report.

Content with the basics

Disengaged but satisfied

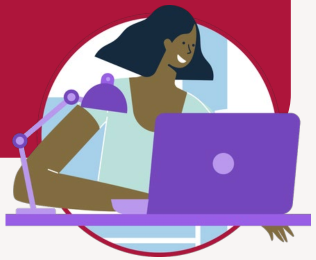
Engaged and active

Cautious and apprehensive

Resigned and bewildered

Established but underserved

Content with the basics
Size: 14%



Firmographics: average size, higher turnover, least likely to be based in London

Communications use: lower than average landline usage

Satisfaction: highest overall satisfaction with communications services

Switching: average switching rates, satisfaction with current provider cited as the main reason for not switching

Attitudes: confident, informed and engaged – willing to pay more for a better service and invest time to get the best value for money

Case study: Accountancy company

Based in Cambridge.

Has superfast internet. Highly satisfied with their communications services and feels very confident and knowledgeable about them.

Ambitious and looking to grow their business. They invest time and money in order to get a better service, switching internet supplier regularly.

They find it easy to compare the different suppliers and services.

Disengaged but satisfied

Size: 19%

Firmographics: average size, more likely to be urban, least likely to use an office

Communications use: lower than average

Satisfaction: higher than average satisfaction, particularly internet and landline

Switching: less likely to have switched mobile but more likely for landline

Attitudes: communications services are not as fundamental to the business so they are less engaged in the market

Case study: Freelance window cleaner

Based in Swansea. Uses a mobile and has internet access but doesn’t have a landline.

Doesn’t view communications services as fundamental to their business as the business could still function without them. Therefore, they are less willing to pay more for a better service.

Has not had many problems with their services and has high satisfaction with them.

Feels their communication needs are well catered for. Therefore, doesn’t feel it’s worth investing time to get the best value for money.

Engaged and active
Size: 15%

Firmographics: smaller size, more likely to be urban

Communications use: highest use of mobile and high number of individual services used

Satisfaction: higher than average satisfaction, particularly internet and mobile

Switching: more likely to have switched internet

Attitudes: confident, informed and engaged, looking to grow, and invests time to get the best value for money

Case study: Online store selling independent artwork

Based in Brighton. Has its own ecommerce website.

Heavy user of the internet, including online advertising. Internet is key in helping them search for information on how to run their business.

Has not had many problems with their services and is highly satisfied with them.

Communications services are vital to their business so when they aren't satisfied they switch (especially internet). They feel able to make comparisons between providers.

Overall, they feel their communication needs are well catered for.

Cautious and apprehensive
Size: 16%

Firmographics: small, low revenue, most likely service companies

Communications use: most likely to use landline

Satisfaction: slightly higher satisfaction with communications services overall

Switching: least likely to have switched internet and landline

Attitudes: uncomplex needs; generally satisfied but not confident – struggle to make comparisons and concerned about security

Case study: Freelance window cleaner

Based in Belfast. Has no intention of growing the business over the next few years.

Has internet and landline but is particularly reliant on mobile, and sends and receives many texts. Has personal contracts for communications services.

Generally quite content with services but doesn't know a lot about the market, finds it difficult to make comparisons between providers and has never switched internet or landline supplier.

Doesn’t feel confident about which new communications products or services are valuable for the business, and is quite worried about possible breaches of security in his communications services.

Resigned and bewildered

Size: 13%

Firmographics: smaller, lowest revenue, most likely to be urban, more likely to be office based

Communications use: more likely to use internet and landline

Satisfaction: lower satisfaction over the three services

Switching: less likely to have switched internet and landline but most likely to switch mobile

Attitudes: lacks confidence and knowledge in how to engage with the market

Case study: Single-person business selling of handmade decorations on Etsy

Based from a home office in Burnley. They have mobile, internet and landline. Being an e-commerce business, they are reliant on the internet but have had lots of problems with it.

They've had scam emails and calls and are worried about security breaches in their communications services.

Don't feel knowledgeable about communications services and lack the confidence to engage with the market. They find it difficult to make comparisons between providers, as such they have been using the same internet and landline suppliers for over five years.

Their mobile service is very important to them and for this service they do switch frequently, looking for the best deal. They use their mobile for both business and personal calls and have a personal contract for their mobile service.

Established but underserved

Size: 24%

Firmographics: largest, highest comms spend, less likely to be in services, more rural

Communications use: average communications use

Satisfaction: lowest overall satisfaction

Switching: most likely to have switched landline and internet

Attitudes: knowledgeable and able to engage but less happy with the service received and choice available

Case study: Franchise chain of convenience stores across Scotland

They are ambitious and looking to grow their business. They would be willing to pay more for a better service and are confident and knowledgeable about communication services used. They have business contracts for all their communications services.

Not very satisfied with their communications services and don't feel that their business needs are well-catered for in the communications market. They have had problems with their internet and as access is integral to dealing with their suppliers, when it's down it has a big impact on them.

They switch internet and landlines suppliers regularly and want to be sure they have the best provider for each service (both for reliability and cost). They have lots of mobile handsets and use different networks to take advantage of the best coverage in each area, and also as a backup in case of any issues with their fixed services.

SME segments have varying priorities and preferences

- Business growth is a priority for *Engaged and active* and *Established but underserved,* around three in five *Resigned and Bewildered*, *Content with the basics* and *Disengaged but satisfied* are looking to grow and it is not a priority for the *Cautious and apprehensive*
- *Content with the Basics* and *Established but underserved* are willing to invest both time and money for a better service, however *Resigned and Bewildered* prioritise paying more whereas *Engaged and active* and *Disengaged but satisfied* are more willing to invest time

Engaged and active

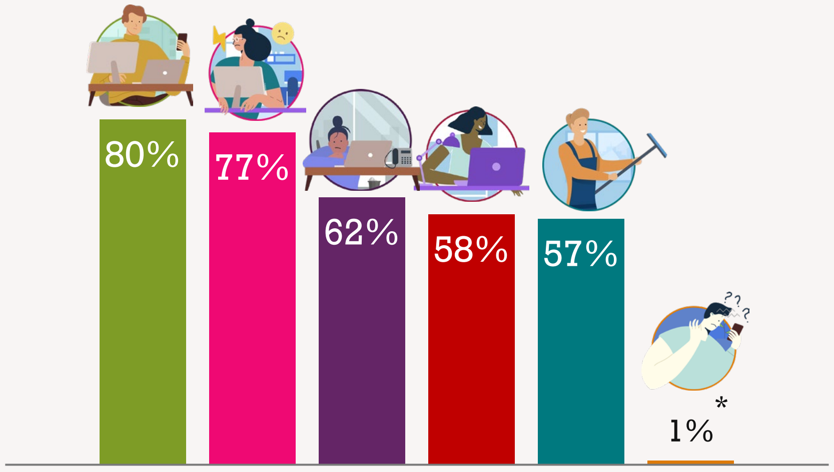
Established but underserved

Resigned and bewildered

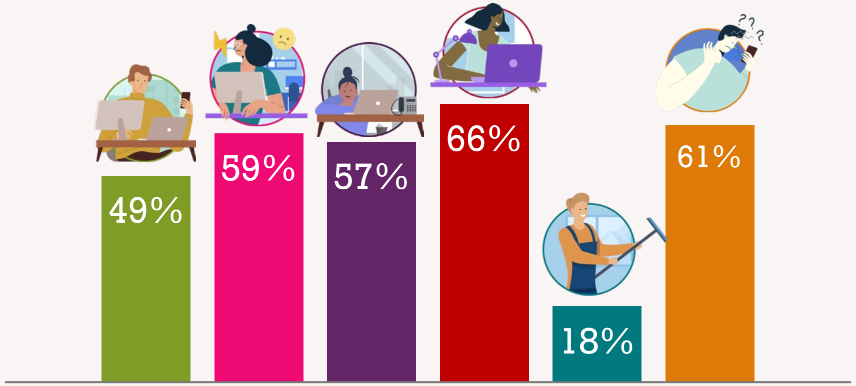
Content with the basics

Disengaged but satisfied

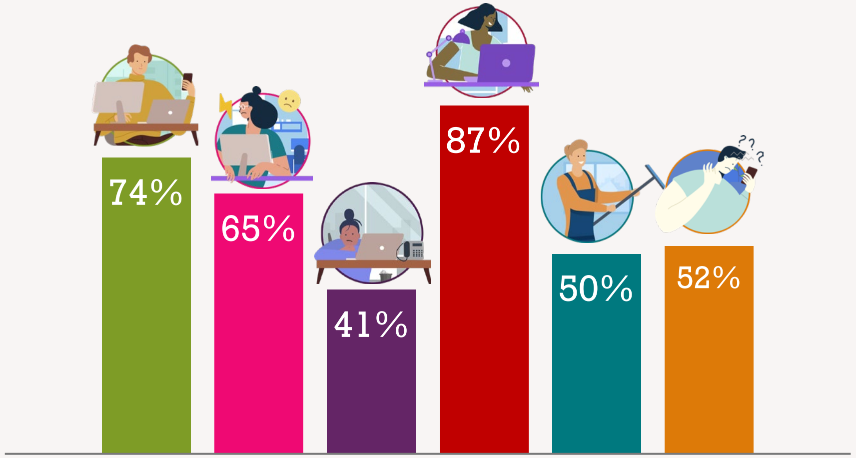
Cautious and apprehensive



Our business is looking to grow over the next few years



We are willing to pay more for a better service



We invest time to get the best value for money from our communications services

*This datapoint is highly differentiated as the question is a primary driver for the segment

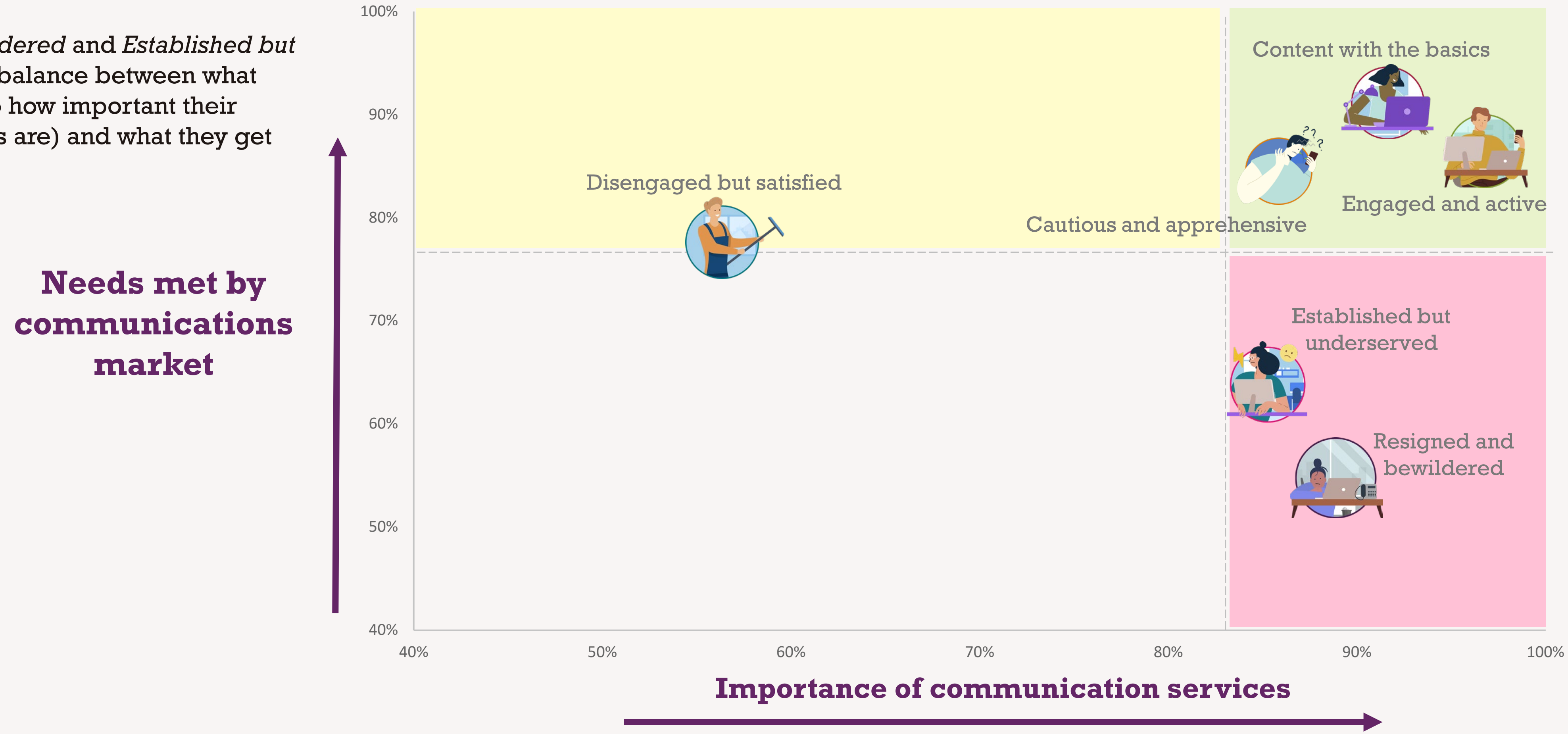
Source: SME Communications Experience Research 2022

QF8. The following are a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. 'Our business is looking to grow over the next few years' and 'We are willing to pay more for a better service' and 'we invest time to get the best value for money from our communication services'

Base: Total Sample (2109) (Resigned and bewildered, 211; Cautious and apprehensive, 203; Established but underserved, 696; Engaged and active, 290; Disengaged but satisfied, 402; Content with the basics, 307)

The needs of some groups of SMEs are not being met given the importance of communication services to their business

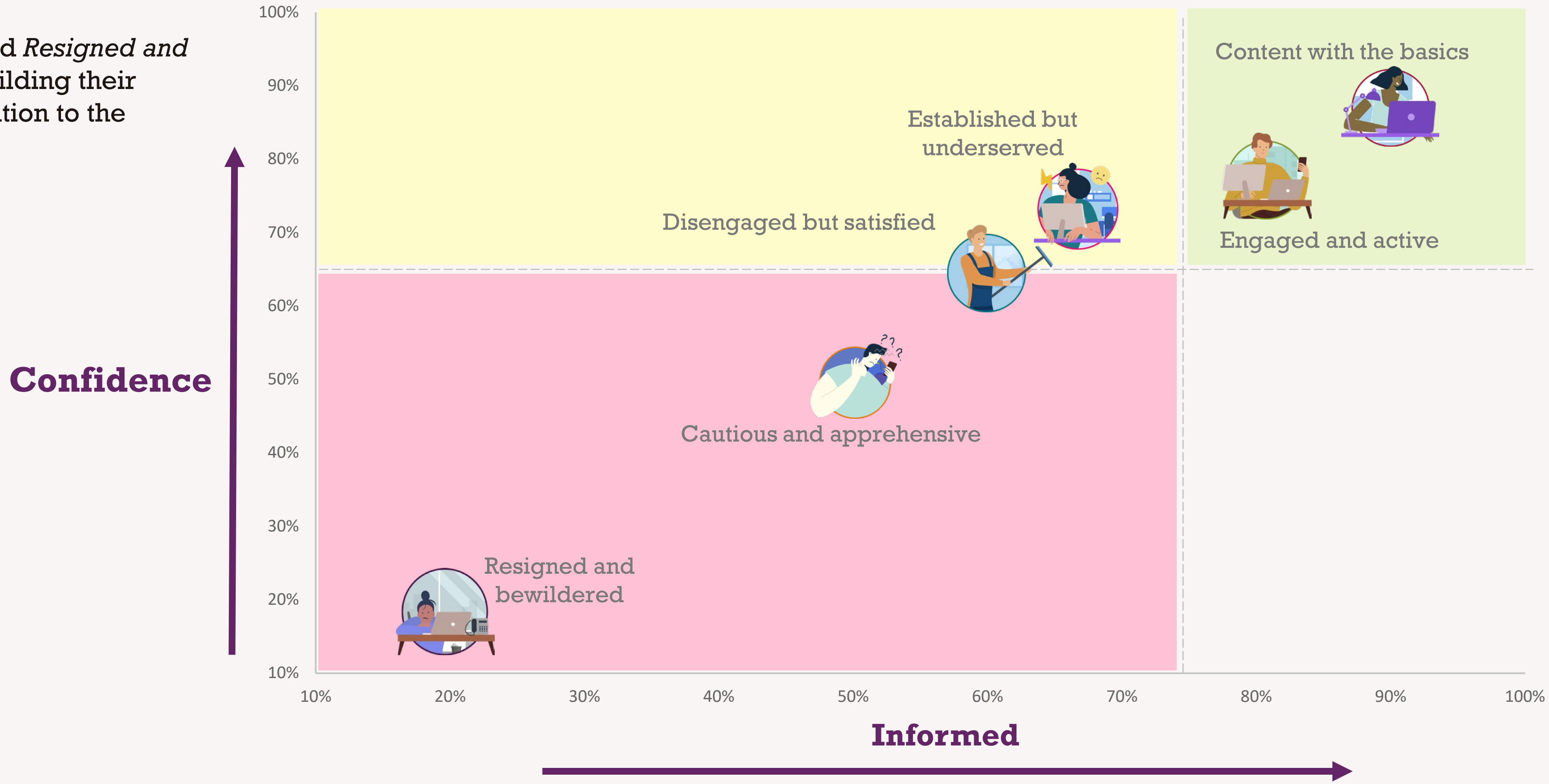
The *Resigned and bewildered* and *Established but underserved* face an imbalance between what they need (in relation to how important their communication services are) and what they get from the market.



Source: SME Communications Experience Research 2022
QF8. The following are a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. 'Communications services are fundamental to our business, without them we could not function as a business' and 'The needs of our business are well catered for in the communications market'
Base: Total Sample, 2109 (Resigned and bewildered, 211; Cautious and apprehensive, 203; Established but underserved, 696; Engaged and active, 290; Disengaged but satisfied, 402; Content with the basics, 307)

Some groups of SMEs feel they lack confidence and knowledge in relation to the communications market

The *Cautious and apprehensive* and *Resigned and bewildered* face a challenge in building their knowledge and confidence in relation to the communications market.



Source: SME Communications Experience Research 2022

QF8. The following are a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. 'We feel well informed about how communications services can help our business survive and grow' and 'We are confident that we know which new communications products or services are valuable for the business'

Base: Total Sample, 2109 (Resigned and bewildered, 211; Cautious and apprehensive, 203; Established but underserved, 696; Engaged and active, 290; Disengaged but satisfied, 402; Content with the basics, 307)

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Appendix
Annex 1: The UK nations

The nations – summary

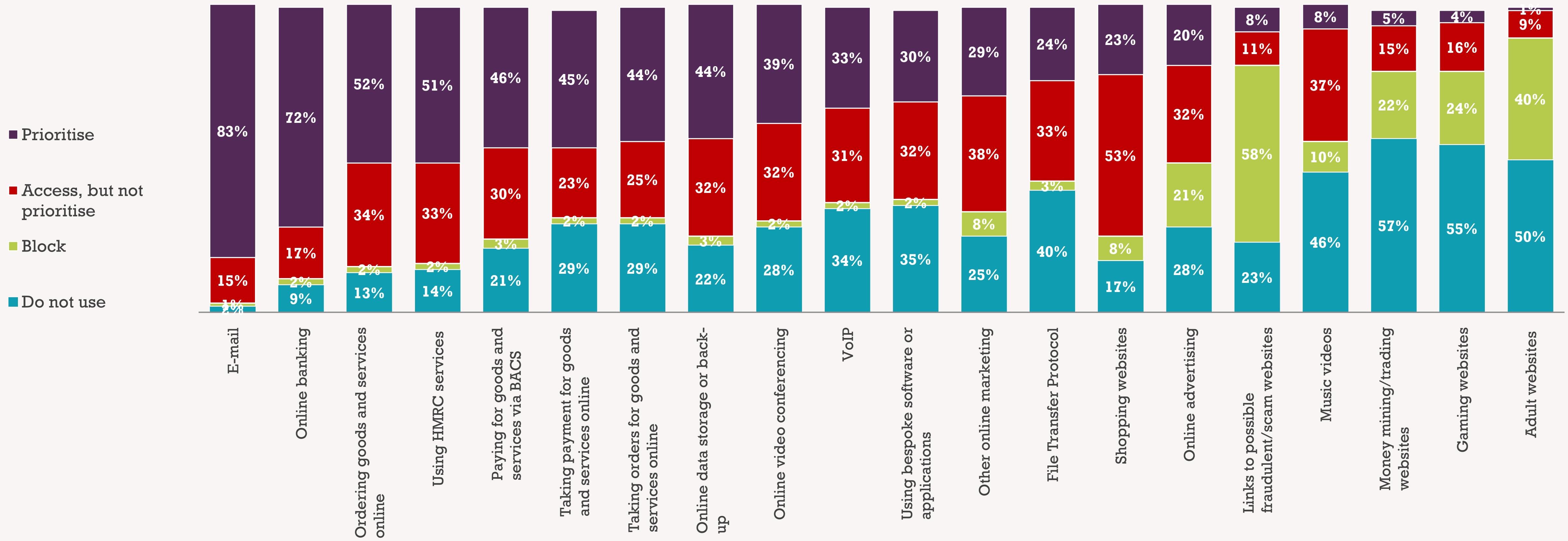
	England	Wales	Scotland	Northern Ireland
Services used	Use equivalent to the devolved nations and UK total. Internet, 94% Mobile, 79% Landline, 50%	Use equivalent to the devolved nations and UK total. Internet, 95% Mobile, 69% Landline, 53%	Use equivalent to the devolved nations and UK total. Internet, 92% Mobile, 76% Landline, 61%	Use equivalent to the devolved nations and UK total. Internet, 95% Mobile, 71% Landline, 65%
Satisfaction	**Mobile:** no significant differences from the devolved nations. **Landline:** more likely to be fairly satisfied (48%) than SMEs in Wales (27%) and Scotland (33%). **Internet:** no significant differences from the devolved nations.	**Mobile:** more likely to be very dissatisfied with service (5%) compared to England (1%) and UK total (1%). These dissatisfied SMEs are more likely to be micro and rural SMEs. **Landline:** more likely to be very satisfied (55%) than SMEs in England (34%) and the UK total (36%). **Internet:** more likely to be fairly dissatisfied (10%) than SMEs in England (4%).	**Mobile:** more likely to be very dissatisfied with service (7%) compared to England (1%) and UK total (1%). More likely to face problems with being unable to connect to the Wi-Fi (11%) and increased charges (7%) than English SMEs and the UK total. More likely to face issues with slow mobile upload speeds (7%) than English SMEs (2%). These dissatisfied SMEs are more likely to be remote rural. **Landline:** more likely to be very satisfied (49%) than SMEs in England (34%). **Internet:** more likely to be fairly dissatisfied (11%) than SMEs in England (4%) and the UK total (5%).	**Mobile:** no significant differences from the devolved nations or UK total. **Landline:** no significant differences from the devolved nations or UK total. **Internet:** more likely to face problems with poor internet customer service than the UK total (17% vs. 5%) and the other devolved nations.

The nations – summary

	England	Wales	Scotland	Northern Ireland
Attitudes	More likely to agree 'We trust our communications providers to look out for our business' (60%) than SMEs in Scotland (47%).	More likely to strongly agree 'We feel well informed about how communications services can help our business survive and grow' (27%) than SMEs in Scotland (14%).	No significant differences from the devolved nations or UK total.	No significant differences from the devolved nations or UK total.
Switching	**Mobile:** no significant differences from the devolved nations. **Landline:** no significant differences from the devolved nations. **Internet:** no significant differences from the devolved nations.	**Mobile:** more likely to have never switched (55%) than SMEs in Scotland (34%). **Landline:** no significant differences from the devolved nations or UK total. **Internet:** no significant differences from the devolved nations or UK total.	**Mobile:** more likely to have switched more than two years ago (44%) than English SMEs (29%) and the UK total (30%). **Landline:** no significant differences from the devolved nations or UK total. **Internet:** no significant differences from the devolved nations or UK total.	**Mobile:** no significant differences from the devolved nations or UK total. **Landline:** no significant differences from the devolved nations or UK total. **Internet:** no significant differences from the devolved nations or UK total.

Annex 2: Content prioritisation

There is a clear hierarchy for the prioritisation of types of internet traffic for SMEs, with emails and online banking being most valued

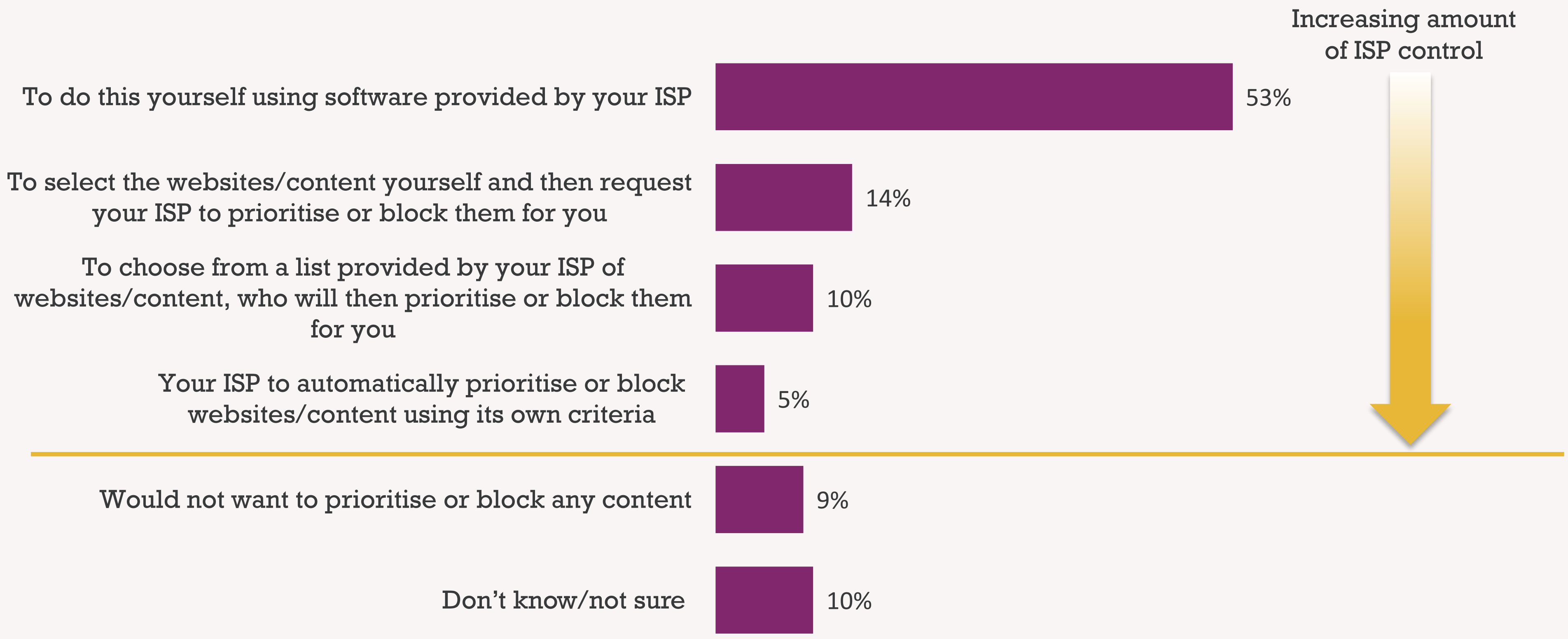


Source: SME Communications Experience Research 2022

QN1. There are various types of content that you may find it valuable to your business to either prioritise or block access to. Please imagine that this was possible to do and for each of the following types of content or activity, please indicate whether you would like to be able to prioritise it over other services, block it or do not feel strongly either way.

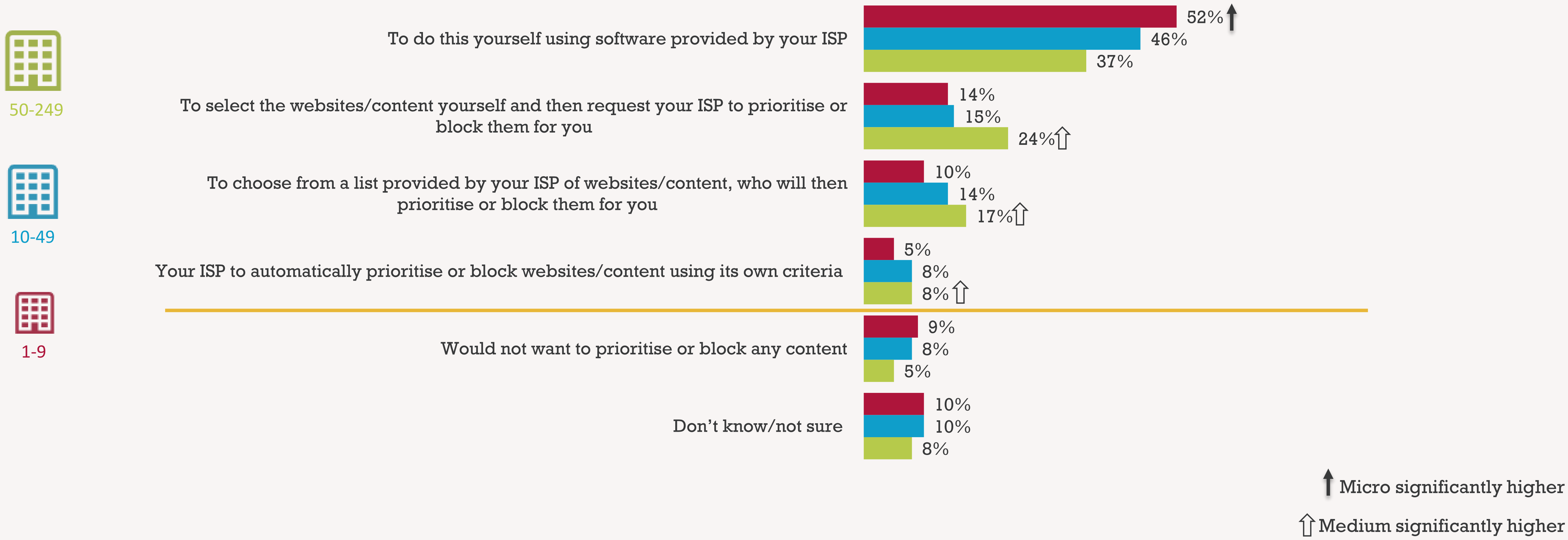
Base: Total sample (n=2109)

SMEs say they prefer approaches that give them greater control over content prioritisation



Source: SME Communications Experience Research 2022
QN2. Again, assuming it was possible to specify which types of sites/ content could be prioritised or blocked, which of the following methods of control would you prefer to have available from your Internet Service Provider (ISP)?
Base: Total sample (n=2109)

Medium SMEs are more likely to prefer ISP involvement whereas smaller SMEs say they want greater individual control



Source: SME Communications Experience Research 2022
QN2. Again, assuming it was possible to specify which types of sites/ content could be prioritised or blocked, which of the following methods of control would you prefer to have available from your Internet Service Provider (ISP)?
Base: Total sample (n=2109) Micro (1297) Small (431) Medium (381)

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Annex 3: Additional data

The top areas of dissatisfaction for micro SMEs:

Top areas of dissatisfaction			
1st	The level of compensation provided by the provider when something goes wrong, 21%	The level of compensation provided by the provider when something goes wrong, 14%	The level of compensation provided by the provider when something goes wrong, 23%
2nd	The value for money of the service provided, 18%	The ease of contacting the provider's customer service department, 12%	The ease of contacting the provider's customer service department, 19%
3rd	The repair time for faults with the connection, 16%	The reliability of the reception or signal strength, 10%	The value for money of the service provided, 14% The repair time for faults with the connection, 14%

Source: SME Communications Experience Research 2022
QB5/QB2/QB8. The following are some different aspects of the service experience. For each one, please can you say how satisfied or dissatisfied you are with this aspect of your landline service?
Base: Micro service users (excluding DK/NA, base varies per statement)

The top areas of dissatisfaction for small SMEs:

Top areas of dissatisfaction	Landline	Mobile	Broadband
1st	The level of compensation provided by the provider when something goes wrong, 13%	The level of compensation provided by the provider when something goes wrong, 11%	The level of compensation provided by the provider when something goes wrong, 15%
2nd	The repair time for faults with the connection, 12%	The reliability of the reception or signal strength, 10%	The repair time for faults with the connection, 13%
3rd	The ease of contacting the provider's customer service department, 10%	The ease of contacting the provider's customer service department, 8%	The ease of contacting the provider's customer service department, 12%

Source: SME Communications Experience Research 2022
QB5/QB2/QB8. The following are some different aspects of the service experience. For each one, please can you say how satisfied or dissatisfied you are with this aspect of your landline service?
Base: Small service users (excluding DK/NA, base varies per statement)

The top areas of dissatisfaction for medium SMEs:

Top areas of dissatisfaction			
1st	The repair time for faults with the connection, 10%	The repair time for faults with the connection, 12%	Ease of contacting the customer service department, 9% Level of compensation provided by the provider, 9%
2nd	The level of compensation provided by the provider when something goes wrong, 10%	The level of compensation provided by the provider when something goes wrong, 9%	The repair time for faults with the connection, 7%
3rd	The value for money of the service provided, 6% Ease of contacting the customer service department, 6%	The geographic availability of the service, 6%	The value for money of the service provided, 5% The speed of service, 5%

Source: SME Communications Experience Research 2022
QB5/QB2/QB8. The following are some different aspects of the service experience. For each one, please can you say how satisfied or dissatisfied you are with this aspect of your landline service?
Base: Medium service users (excluding DK/NA, base varies per statement)

Annex 4: Technical report

Sample – Urbanity

Where a valid postcode was provided, respondents were automatically assigned to a locale group using Ofcom provided definitions; this reflects 77% of respondents. The remaining 23% were assigned based on their responses to S10.

Category	Description	Population	Name	Interviews
A	Large City	500,000+	Very Urban	342
B	Smaller city or large town	100,000 – 500,000	Urban	402
C	Medium town	15,000 – 100,000	Urban	579
D	Small town (within 10 miles of A,B or C)	2,000 – 15,000	Urban	270
E	Small town (more than 10 miles from A,B or C)	2,000 – 15,000	Urban	75
F	Rural area (within 10 miles of A,B or C)	0 – 2,000 Town fringe, Villages, Hamlets Open countryside	Rural	347
G	Rural area (more than 10 miles from A, B or C)	0 – 2,000 Villages, Hamlets Open countryside	Very rural	94

URBAN

RURAL

REMOTE RURAL

ANY RURAL

Weighting approach

Data was collected both online and via CATI with targets set for number of employees, region/nation, rural within nation, remote rural within the UK, and industry sector.

Medium SMEs, SMEs in the devolved nations and rural SMEs were boosted to enable individual analysis among these groups. Towards the end of fieldwork, the decision was made to further boost medium SMEs via online interviews as the benefits of extending fieldwork to achieve the quota of CATI interviews for this band was deemed to not exceed the disadvantages of prolonging fieldwork. As a result, over 90% of medium SME interviews were collected online.

When looking at the UK total and data split by nation, region, urbanity and sector, the most appropriate weighting approach was to correct for the over and under sampling of these specific groups. Weighting was applied within individual method to allow for differences in the numbers of interviews achieved via online and CATI and each method was then weighted to 50% of the total.

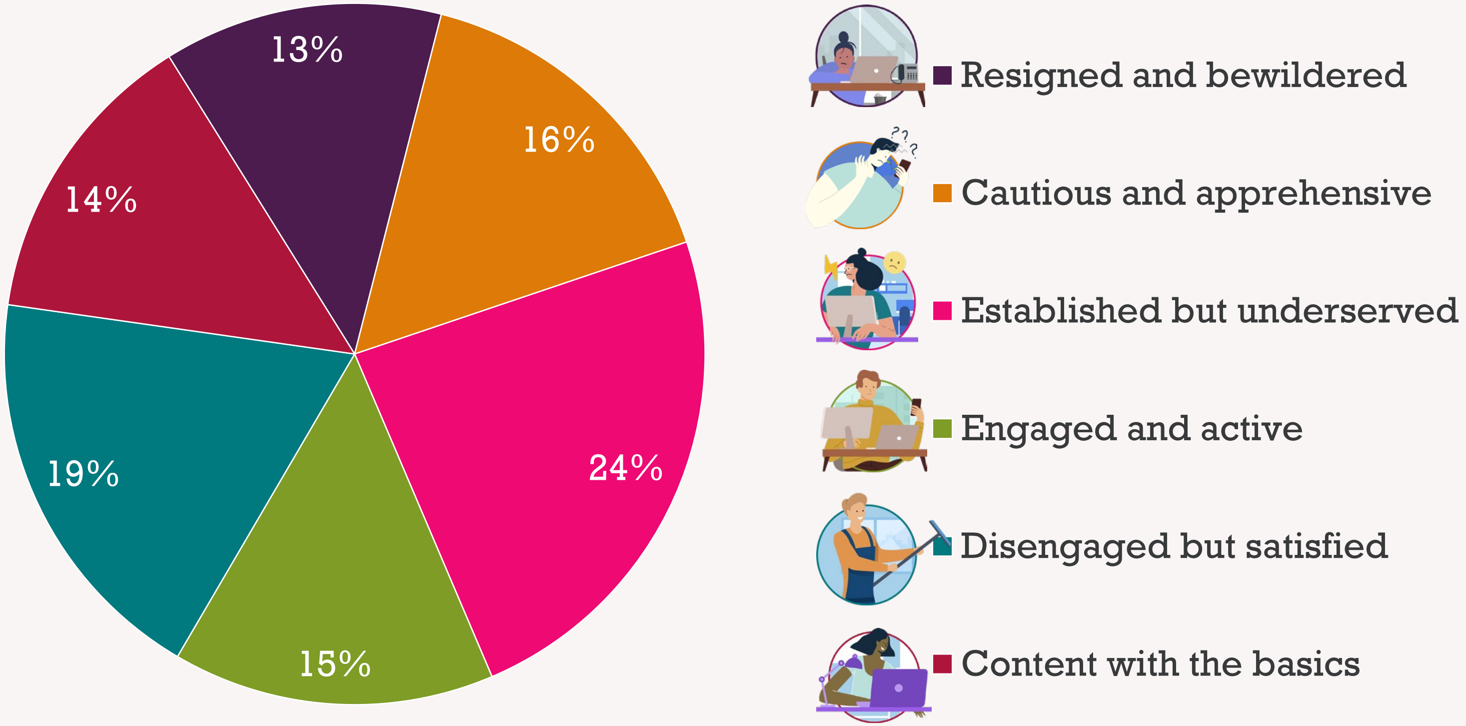
When looking at the data split by company size, this approach was not suitable due to the proportion of medium SME interviews coming from online fieldwork. There was concern with applying a modal weight here due to significant variations in responses between CATI and online, and the small CATI sample size for the larger organisations. After exploring multiple options, it was decided the most appropriate weighting approach for company size bands was to weight companies with 1-49 employees by demographics within collection mode, and weight companies with 50-249 employees by demographics only (allowing natural fallout between collection modes).

Two sets of tables have been created for the UK total and company size band breaks to keep the different weighting approaches separate. Data broken down by company size should not be directly compared to the UK total, with comparisons being kept to between company size. UK totals have been omitted from the company size table set.

Segmentation approach

Latent class analysis was used to identify patterns across a series of variables to determine the probability of a respondent being within a given cluster. The analysis maximised the overall fit of the model to the data to allocate respondents to the cluster they most likely belonged to. Variables included were taken from the satisfaction, switching and attitudes sections of the survey, as detailed on the next slide.

Segments:



Segmentation variables

QF8. Attitudinal statements

Next I'm going to read you a number of statements that people have made about their organisation's attitude towards communications technology and services and other areas. For each one please can you tell me how much you agree or disagree with it, using the following scale

a) We are confident that we know which new communications products or services are valuable for the business
b) We feel well informed about how communications services can help our business survive and grow
c) The needs of our business are well-catered for in the communications market
d) We are aware of the regulations that protect our business when buying and using communications services
e) Communications services are fundamental to our business; without them we could not function as a business
f) We are worried about possible breaches of security in the communications services our business uses
g) We are confident we understand what different communications services can provide for our business
h) Our business is looking to grow over the next few years
i) We are willing to pay more for a better service
j) We invest time to get the best value for money from our communications services
k) We trust our communications providers to look out for our business

QB1: Mobile, landline and broadband satisfaction

Thinking about the following services your organisation uses, please can you tell me how satisfied or dissatisfied you are with your overall experience, using the following scale.

a) Mobile service
b) Landline service
c) Internet service

QC7/QC12/QC16: Mobile, landline and broadband switching statements

Next I'm going to read you a series of statements that businesses have made about switching [mobile phone/landline/internet] service providers. For each one please can you tell me how much you agree or disagree with it, using the following scale

a) There is a good choice of providers available to my business
b) There is a good choice of products and/or services available to my business
c) It is difficult to make comparisons between providers on price
d) It is difficult to make comparisons between providers on quality of service
e) The prices of services are clear and transparent
f) I am able to negotiate effectively with my provider on tariffs and services
g) There is not much difference between the providers on the market
h) I am aware I am able to transfer my existing number/s to a new provider
i) It is difficult to make comparisons between providers because my service needs are complex
j) I find price comparison sites useful to help me compare providers

Pilot: qualitative methodology

Two-stage qualitative research:

- **Stage one:** an online messaging platform (Recollective) to cover the context of the business, experience of the pandemic and the way in which they purchase communication services
- **Stage two:** depth interviews (via Zoom) to obtain more detail on topics covered in stage one and to focus on views of providers and more complex issues such as net neutrality

Recollective:
The platform (Recollective) allows respondents to login at a time convenient to them within a certain start and end date. They complete a number of tasks which are made up of open-ended questions to which they can reply using text, video and images. Their answers are completely private in that no other respondents can see their answers. During the research, moderators review their answers and follow-up with further probe questions as and when required to gain additional insight.

Sample:
The same 20 SME telecom decision makers were included at both stages.

- Primary (sole/joint) telecoms decision makers for their business
- Mix of businesses size (number of employees)
- Mix of business sectors
- Mix of regions
- Mix of users of communications services
- Mix of reliance on communications post-pandemic

Fieldwork was conducted between 8th and 30th November 2021.