

# COMMUNICATION MARKETS MONITORING SYSTEM

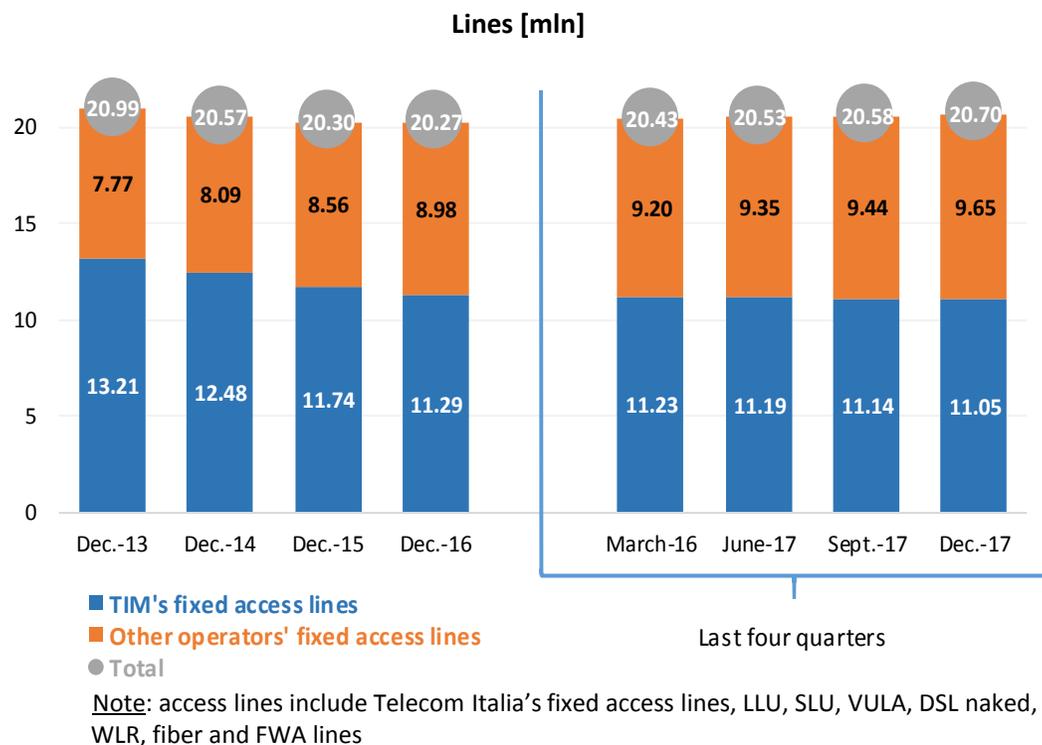
no. 1/2018



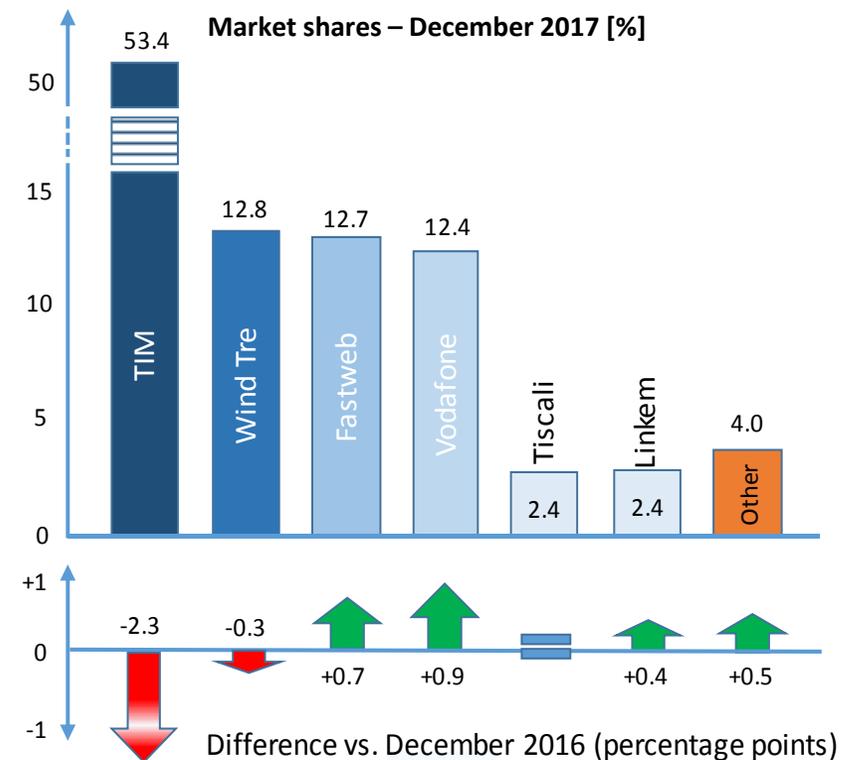
1. Electronic communications
  - 1.1 Total fixed access lines 
  - 1.2 Fixed access via TIM's network and own infrastructures 
  - 1.3 Broadband and ultrabroadband fixed lines 
  - 1.4 Broadband and ultrabroadband fixed lines by speed 
  - 1.5 Broadband fixed lines by speed and operator 
  - 1.6 Fixed Wireless Access (FWA) services 
  - 1.7 Mobile subscribers 
  - 1.8 Mobile subscribers by type of customer 
  - 1.9 Mobile subscribers by type of contract 
  - 1.10 Mobile data traffic 
  - 1.11 Mobile number portability 
2. Media
  - 2.1 Media: TV 
  - 2.2 Media: TV News audience by target users 
  - 2.3 Media: Newspapers 
  - 2.4 Media: Internet 
  - 2.5 Media: Internet social network audience by target users 
3. Postal services and express couriers
  - 3.1 Postal services and express couriers: revenues 
  - 3.2 Postal services and express couriers: revenues historical trend 
  - 3.3 Postal services and express couriers: volumes 
  - 3.4 Postal services and express couriers: volumes historical trend 
  - 3.5 Postal services and express couriers: competitive framework 
4. Communication services' prices
  - 4.1 Harmonised consumer price index and other utilities price indices 
  - 4.2 Mobile and fixed telephony price indices 
  - 4.3 Daily newspapers, magazines, TV and postal services price indices 
  - 4.4 International benchmark 

The following figures are based on AGCOM's elaborations on firms' data and other sources (updated to December 2017). Due to changes in firms' accounting methods, some figures cannot be compared directly with those reported in previous issues.

# 1.1 Total fixed access lines

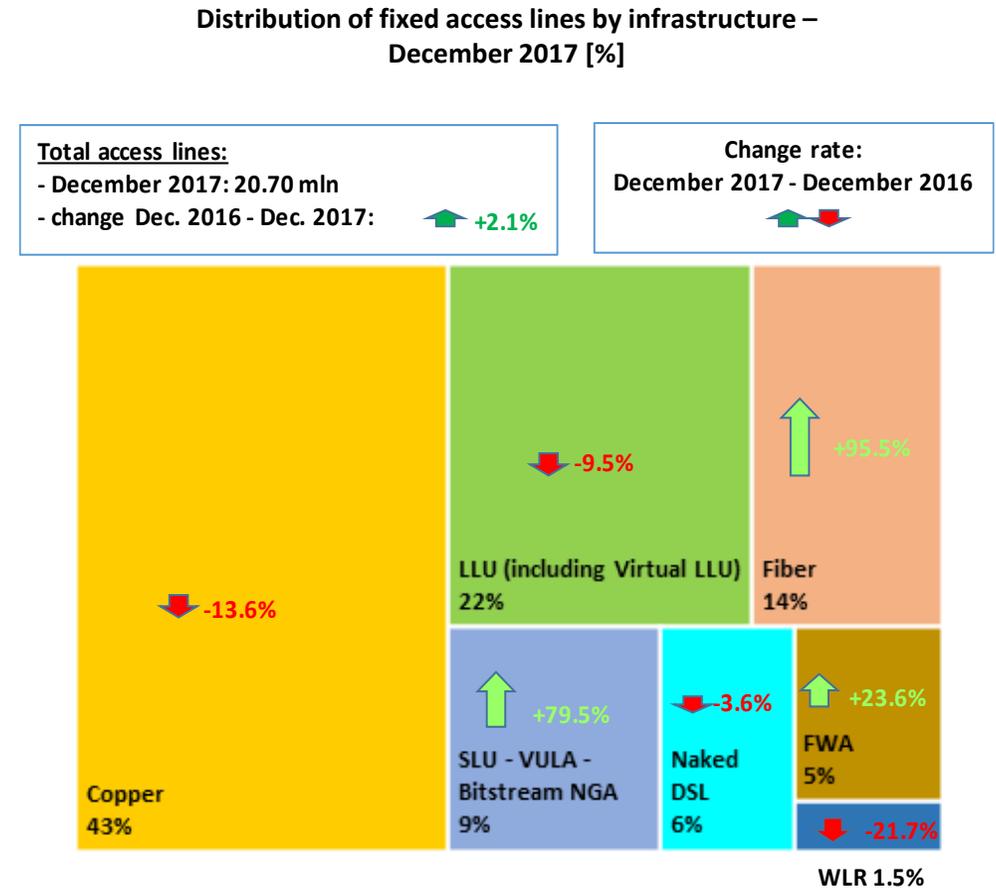
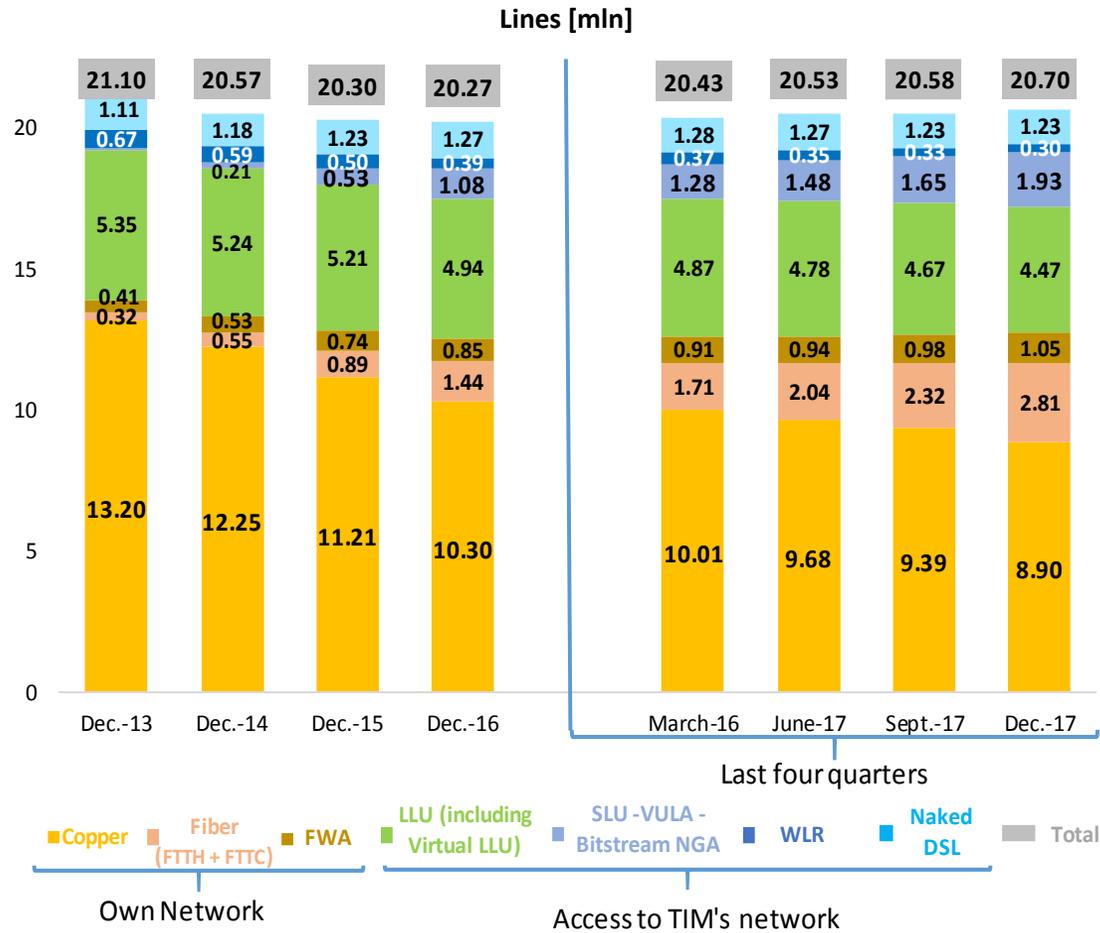


- For the fifth quarter in a row, total access lines have increased
- On a yearly basis, TIM's access lines have decreased by **240** thousand units, while other operators' access lines have increased by about **670** thousand units



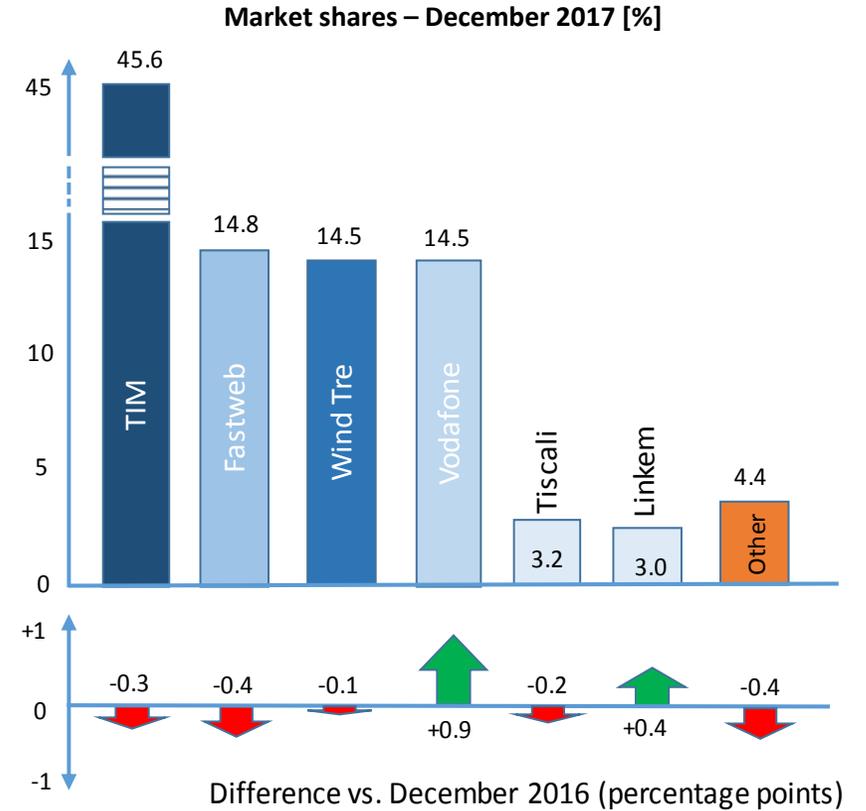
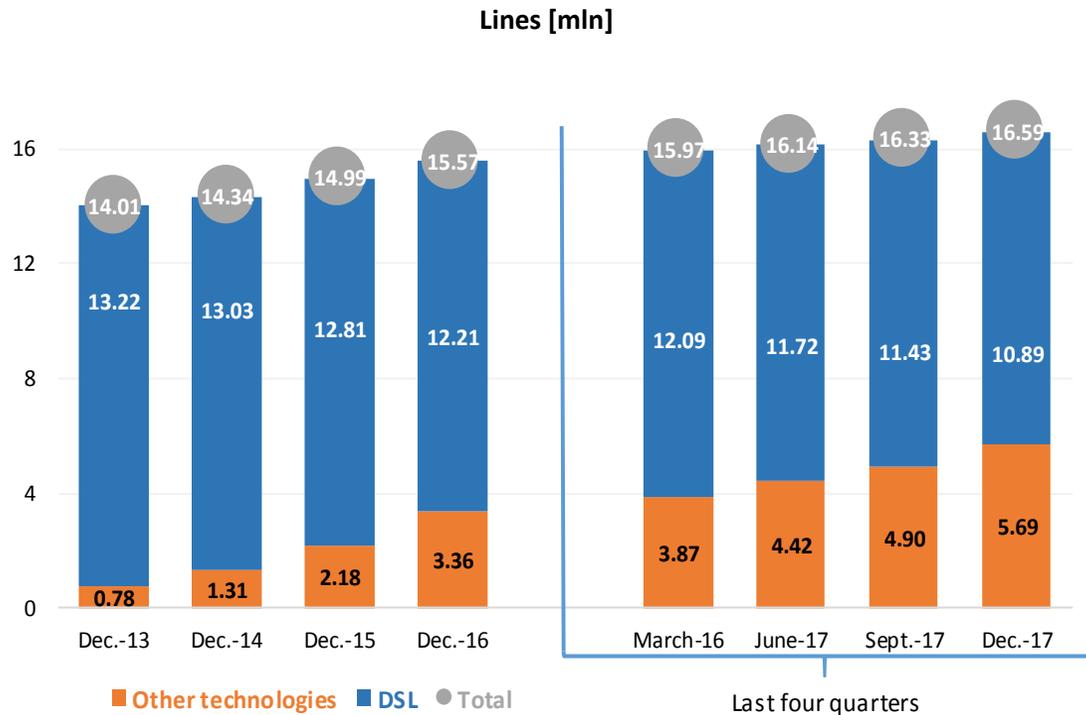
- TIM's market share dropped to **53.4%** at the end of December 2017 (**-2.3** pp.)
- Wind Tre's market share has reached **12.8%**, with a decrease of **0.3** pp (YoY); Fastweb's market share has reached **12.7%** with a growth of **0.7** pp, similarly, Vodafone's market share has reached **12.4%** with a growth of **0.9** pp
- Other operators have, as a whole, increased their market share by **0.5** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

# 1.2 Fixed access via TIM's network and own infrastructures



- Access lines provided by copper infrastructure have decreased by **13.6%** (YoY)
- A substantial part of direct access lines growth (**+2.1%** YoY) is essentially due to the new NGA services offered by TIM (SLU and VULA) that compensate for the reduction in LLU and WLR lines
- FWA and fiber lines have increased, respectively, by **+23.6%** and **+95.5%** (YoY)

# 1.3 Broadband and ultrabroadband fixed lines



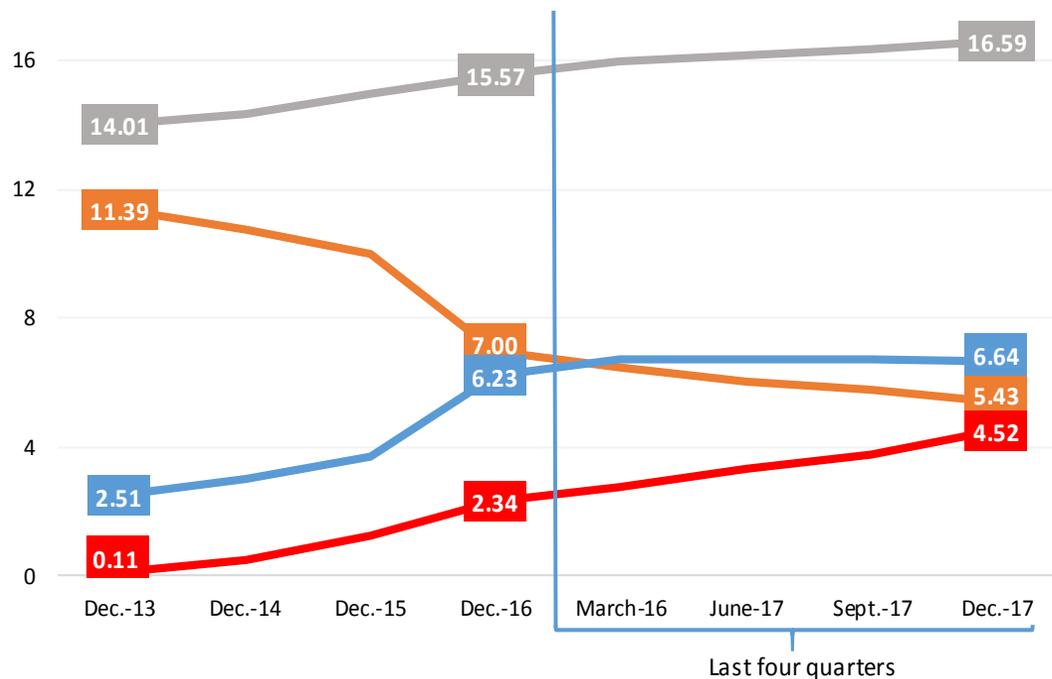
- Broadband lines have increased by about **1** million units YoY
- DSL lines (**10.89** million lines) have decreased by about **1.3** million units (YoY), now accounting for the **65.6%** of broadband lines
- Other technologies, in particular NGA lines, have increased by **2.33** million units YoY

- TIM's market share has reduced by **0.3** pp (YoY)
- Fastweb, Wind Tre and Vodafone hold comparable market shares (**14.5-15%**); but while for the first two operators the market shares have shown a decrease (respectively **-0.4** pp and **-0.1** pp), for Vodafone it's possible to observe an increase (**+0.9** pp)

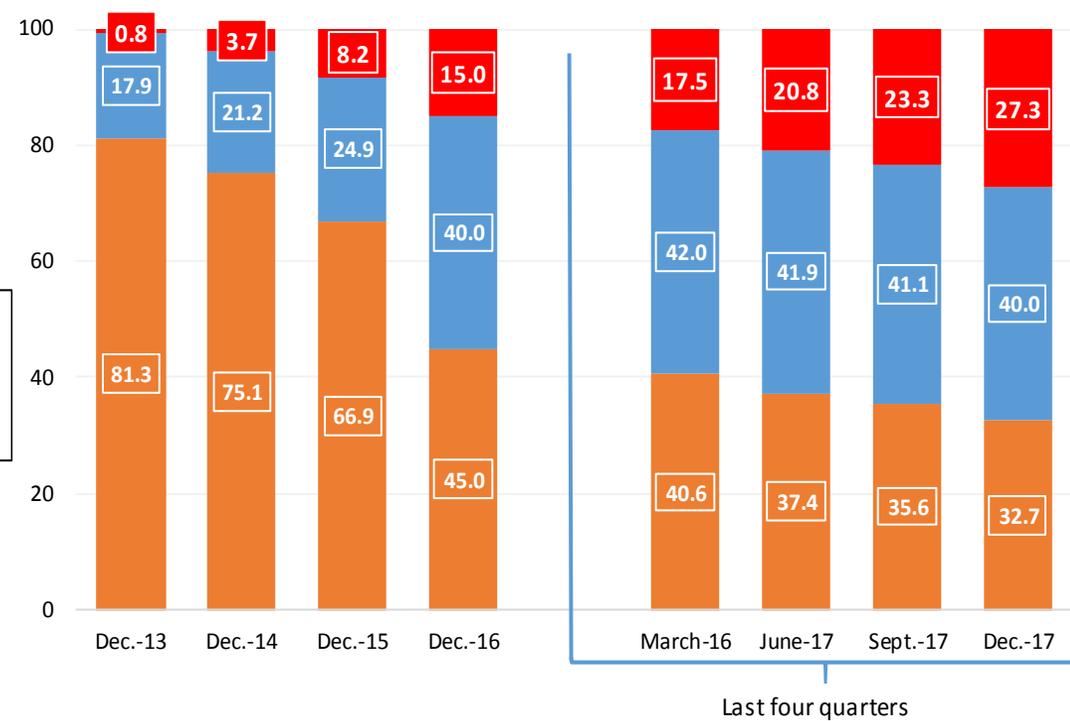
# 1.4 Broadband and ultrabroadband fixed lines by speed



Access lines by speed classes [mln]



Access lines by speed classes [%]

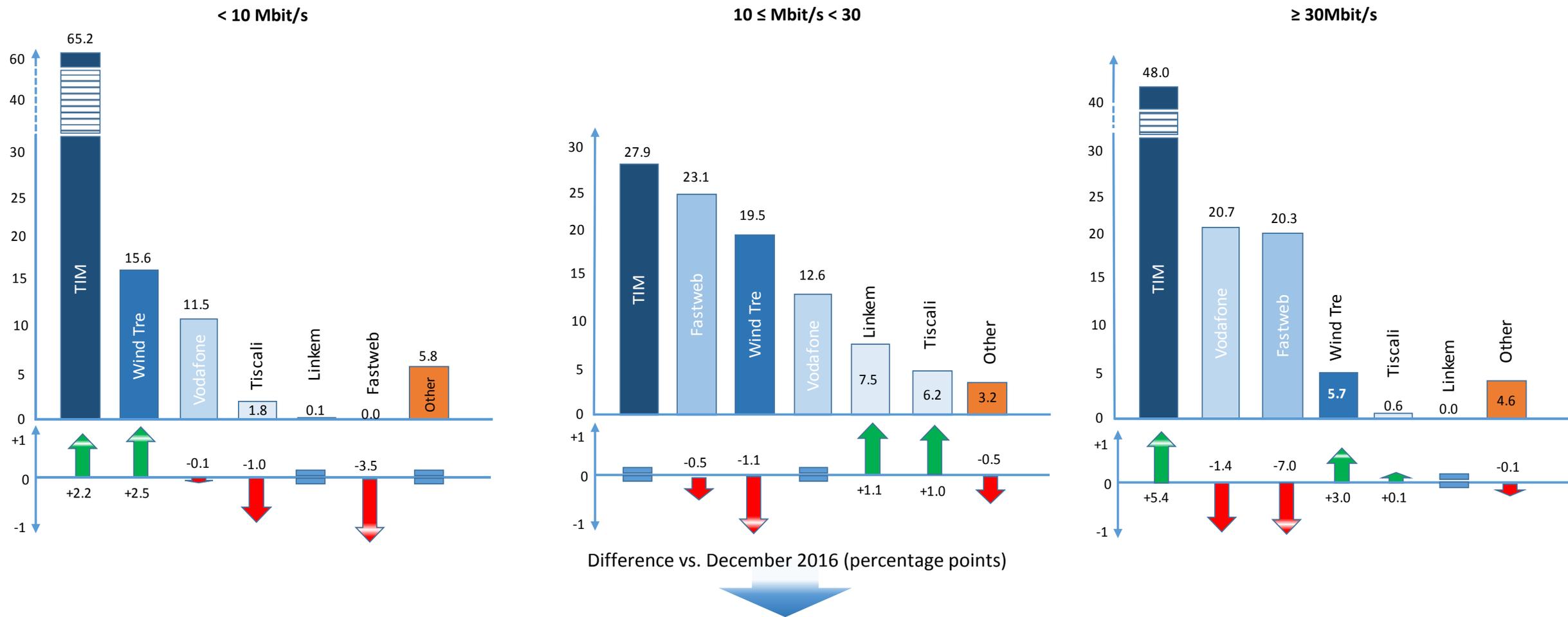


■ total access lines  
■ < 10 Mbit/s  
■ 10 ≤ Mbit/s < 30  
■ ≥ 30 Mbit/s



- Broadband lines with speed up to 10 Mbps have decreased by **1.6** million thousand units YoY and account for approximately **32.7%** of total broadband lines
- Broadband lines faster than 10 Mbps but below 30 Mbps have increased by **410** thousand units YoY and account for approximately **40.0%** of total broadband lines
- Broadband lines faster than 30 Mbps have increased by **2.2** thousand units YoY and account for **27.3%** of total broadband lines

# 1.5 Broadband fixed lines by speed and operator (Dec. 2017) [%]

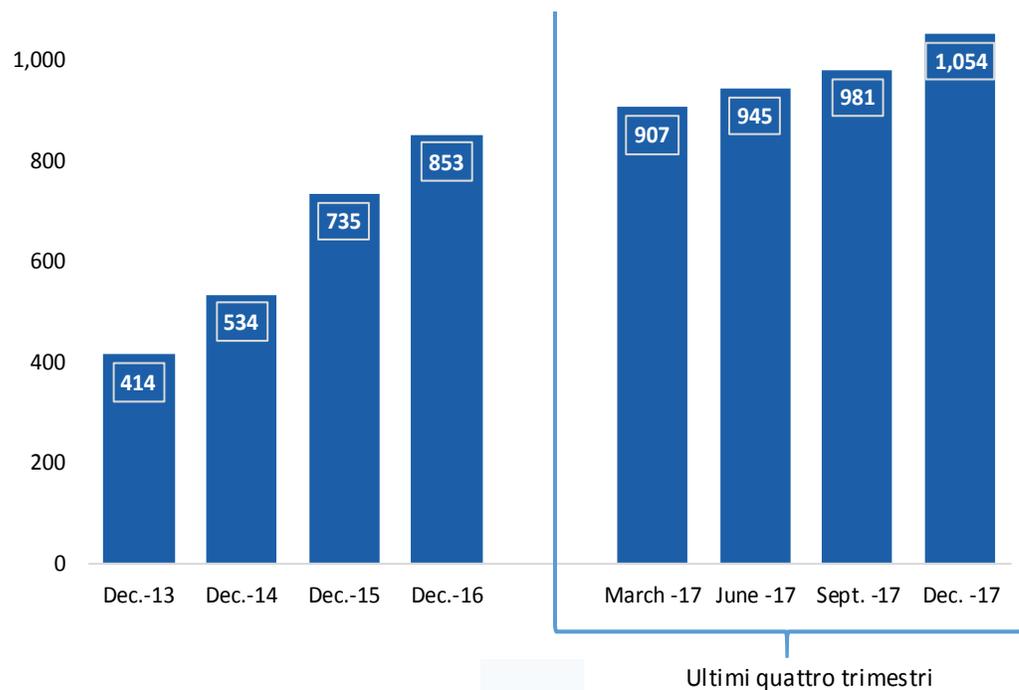


- In the segment up to 10 Mbps, TIM, as a consequence of its historical monopolistic position, still holds **65.2%** of lines
- In the segment between 10 Mbps and 30 Mbps, TIM still holds the leadership with a share of 27.9%
- TIM, Fastweb and Vodafone own together approximately **90%** of high-speed lines (faster than 30 Mbps)

# 1.6 Fixed Wireless Access (FWA) services

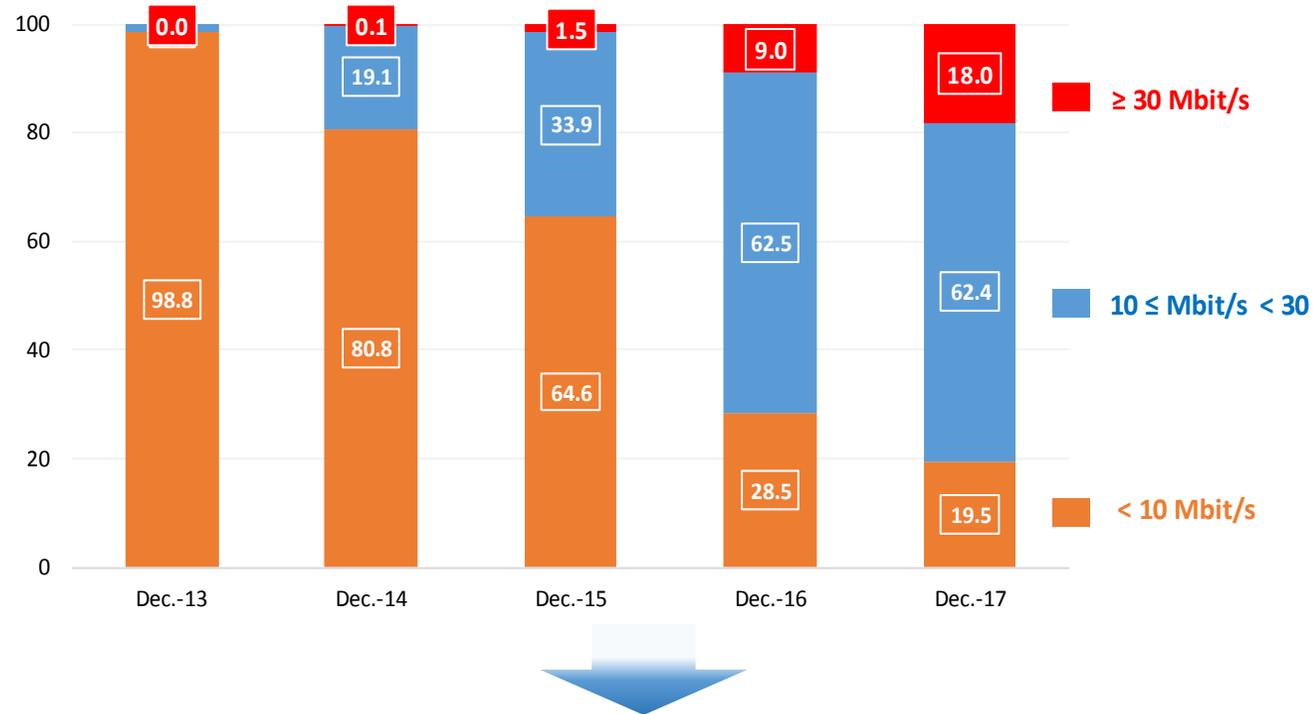


Subscribers [thousands] \*



- For the first time at the end of 2017 FWA lines exceed **1 million units**, with an increase of **23.5%** (YoY)
- Linkem and Eolo, historically the main operators in the market segment, together represent slightly less than **75%** of total FWA lines

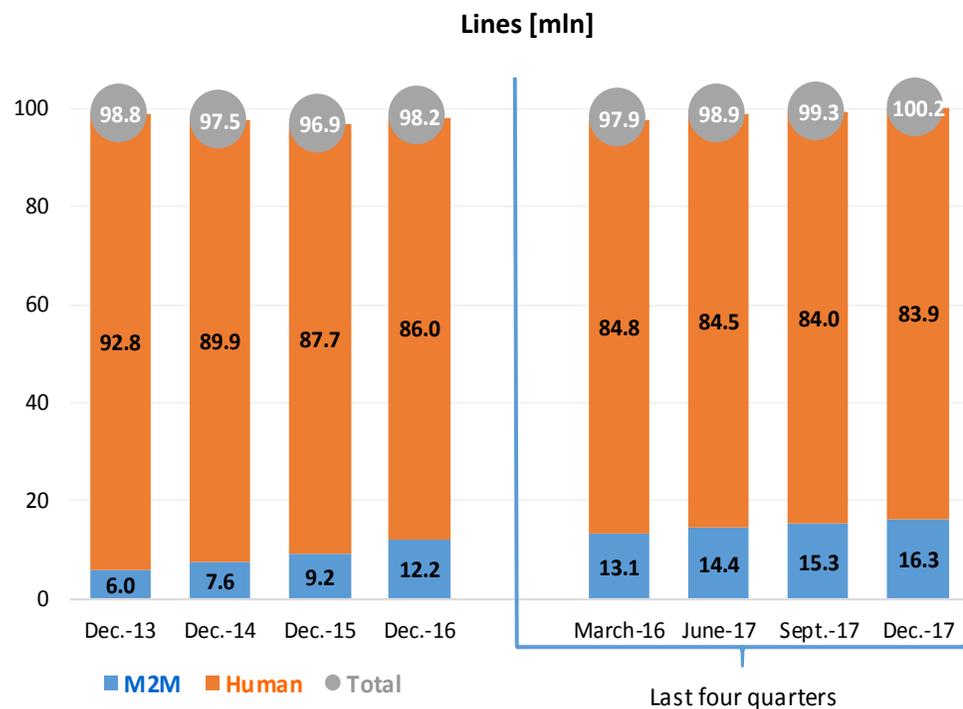
Access lines by speed classes [%]



- Over the last five years a rapid increase of the overall performance can be observed
- At the end of 2017 access lines services faster than 30 Mbps, which were practically absent in 2015, represent **18%** of total FWA lines

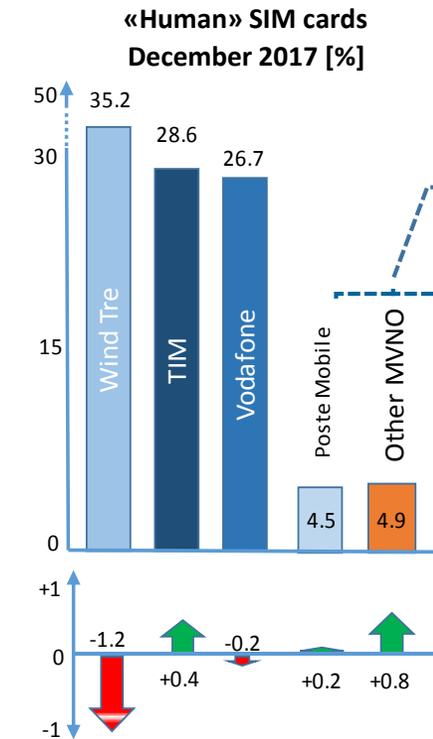
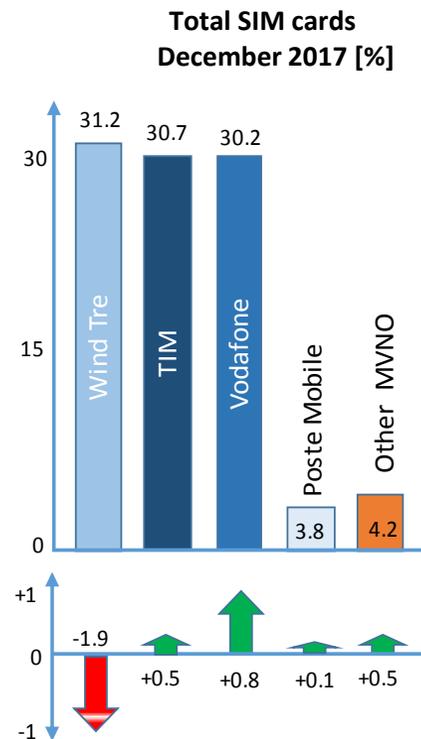
(\*) Includes seasonal subscriptions and rechargeable SIMs

# 1.7 Mobile subscribers

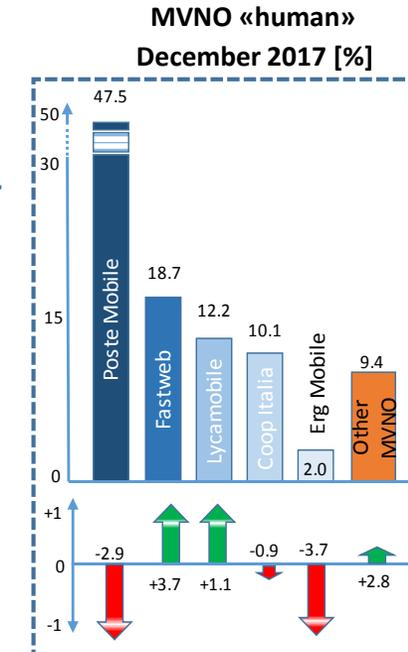


**M2M SIM CARDS:** Machine-to-Machine SIMs are based on the technologies that enable devices and sensors or “things” (within the IoT) to communicate with each other and with other Internet-enabled devices and systems.

- On a yearly basis, mobile lines have increased by about **2** million units
- Over the last five years, M2M SIM cards have increased by **4.1** million units, now accounting for **16.3** million lines



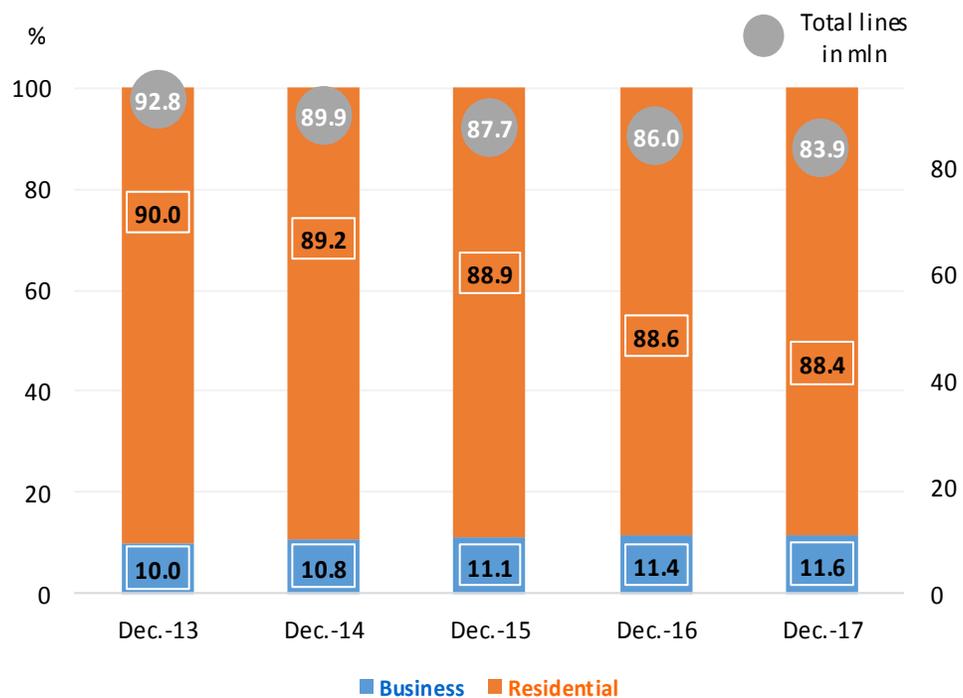
Difference vs. December 2016 (percentage points)



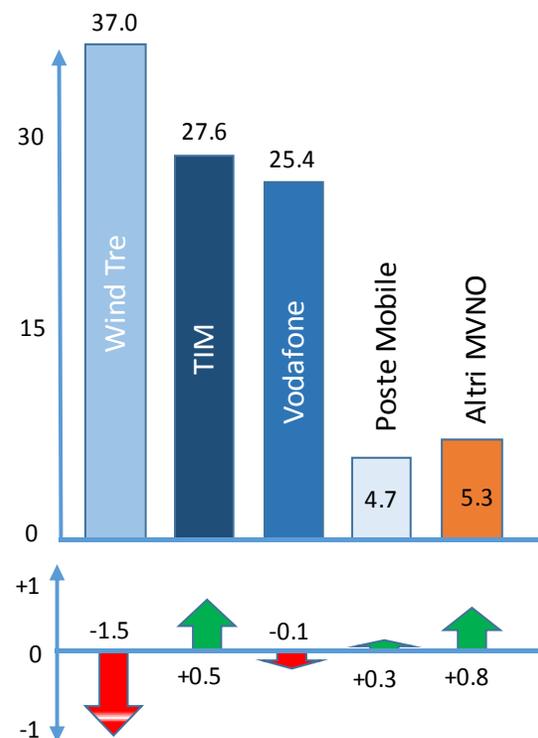
- In terms of total SIM cards, Wind Tre’s share has decreased by **1.9** pp (YoY), while TIM’s and Vodafone’s market shares have increased respectively by **0.5** pp and **0.8** pp
- For «Human» SIM cards, Wind Tre has reached **35.2%** of lines (**-1.2** pp YoY), TIM’s market share has increased by **0.4** whereas Vodafone’s share has decreased by **0.2** pp (YoY)
- Among MVNOs, Poste Mobile holds a share of **47.5%**, followed by Fastweb (**18.7%**)

# 1.8 Mobile subscribers by type of consumer

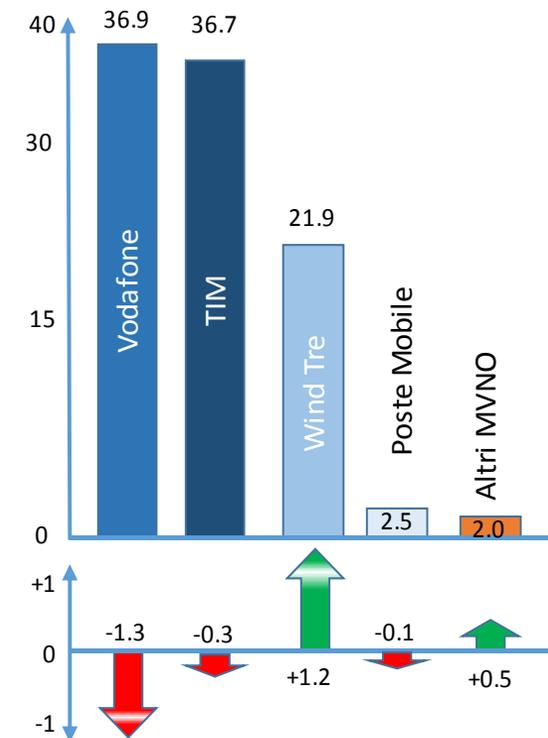
Total «human» lines by consumer type



Residential - December 2017 [%]



Business - December 2017 [%]

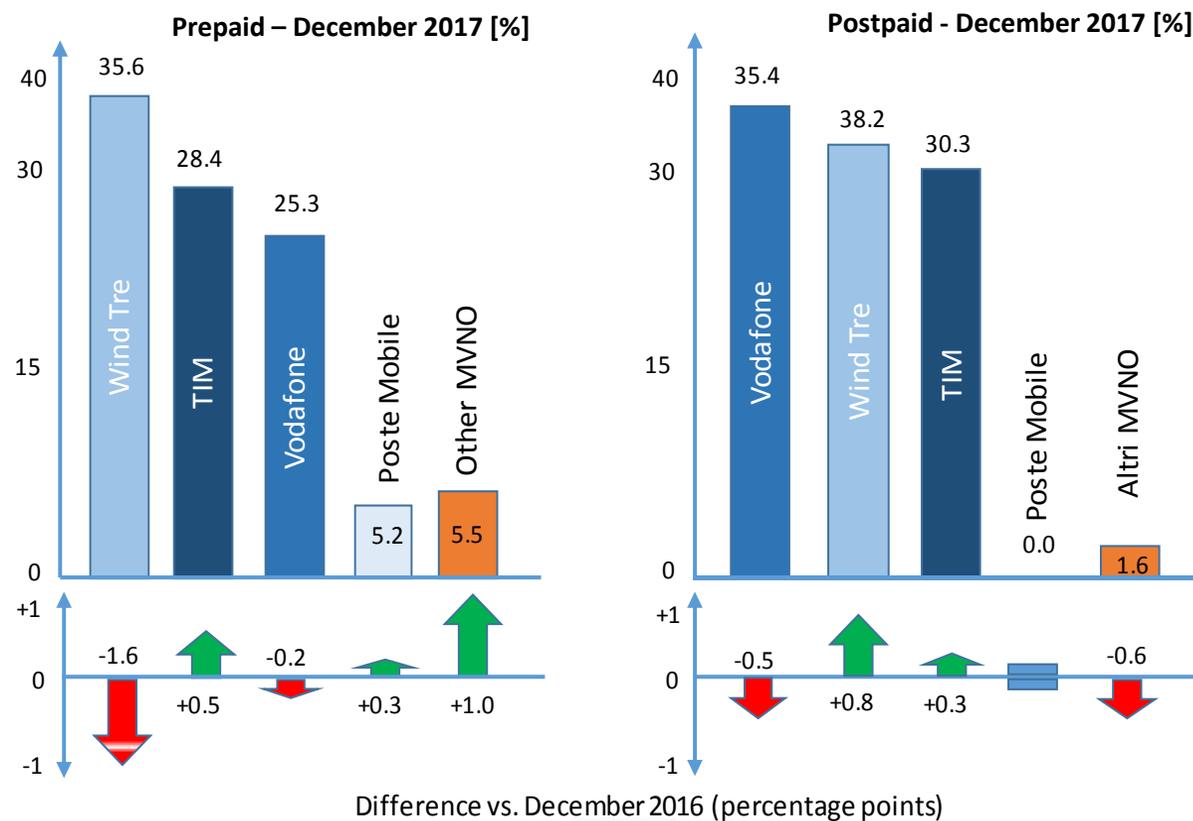
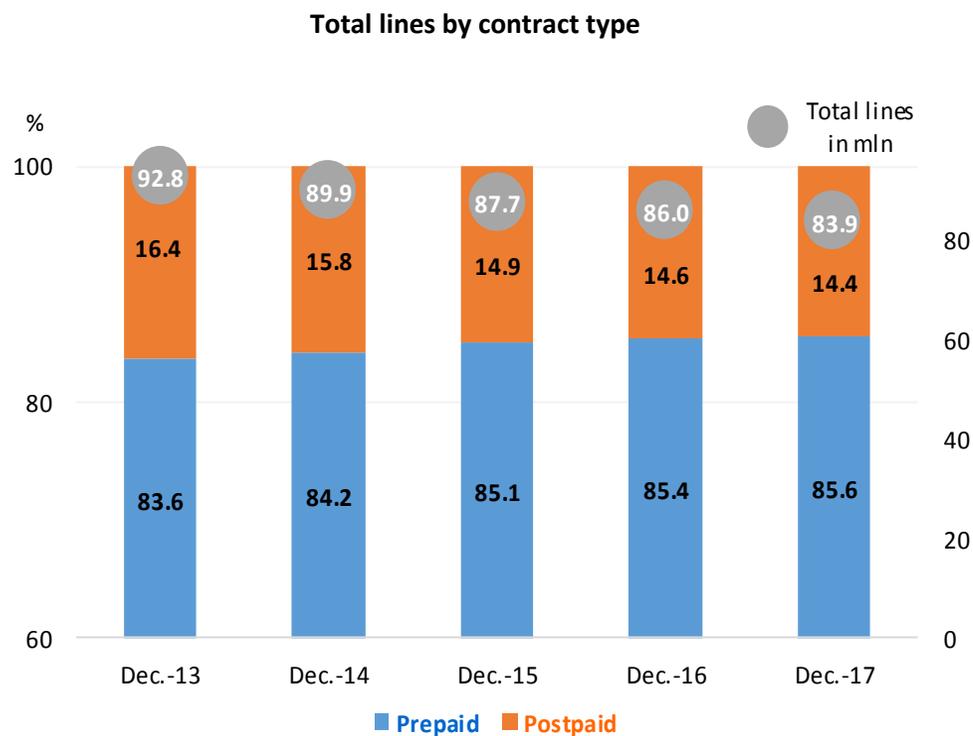


Difference vs. December 2016 (percentage points)

- On a yearly basis, non residential SIM cards (9.7 million units at the end of December 2017) have decreased by 100 thousand units, and residential SIM cards (74.2 million units at the end of December 2017) have decreased by 2 million units (YoY)

- In the **residential** segment, Wind Tre's market share has reduced by 1.5 pp (YoY)
- In the **business** segment Vodafone is the first operator with a market share of 36.9%, despite a decrease of 1.3 pp

# 1.9 Mobile subscribers by type of contract

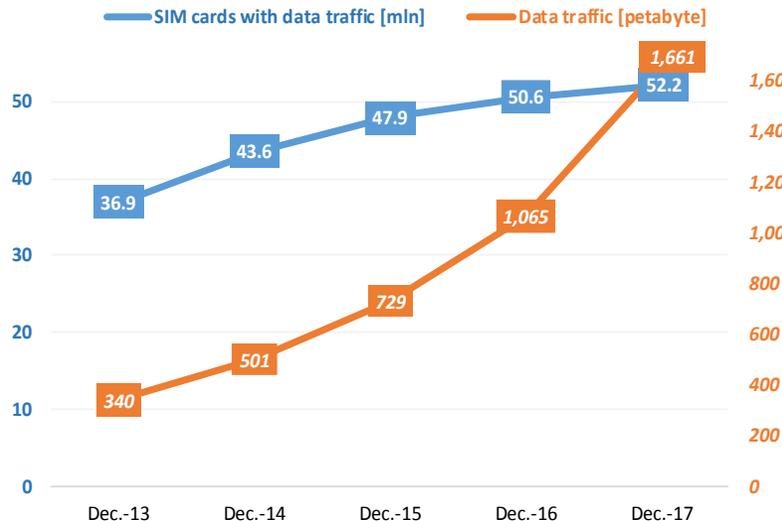


- At the end of December 2017, **prepaid** SIM cards reached **71.8** million units (**85.6%** of total lines), with a decrease of **1.7** million units YoY
- At the end of December 2017, **postpaid** SIM cards reached **12.1** million units (**14.4%** of total lines), with a decrease of **0.4** million units YoY

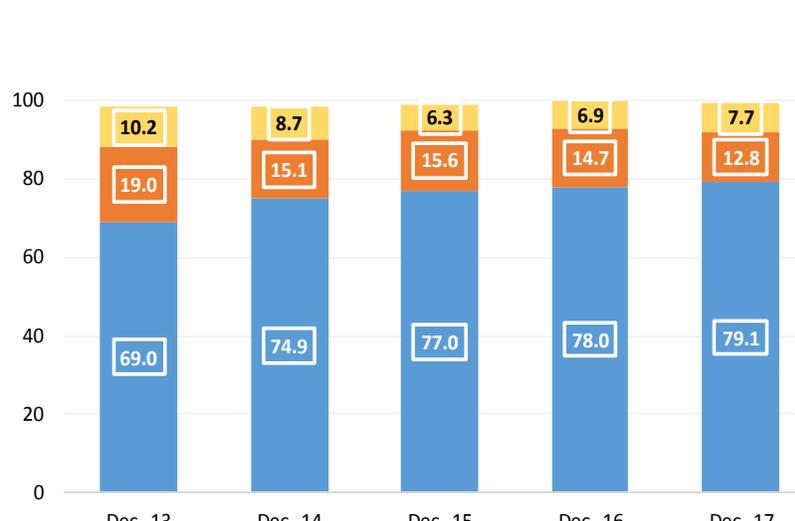
- In the **prepaid** segment, TIMS's (+0.5 pp), Poste Mobile's (+0.3 pp) and other MVNO (+1 pp) market shares have increased, whereas Wind Tre's (-1.6 pp) and Vodafone's (-0.2 pp) market shares have decreased (YoY)
- In the **postpaid** segment, with a share of about **36%**, Vodafone has strengthened its leadership (-0.5 pp YoY)



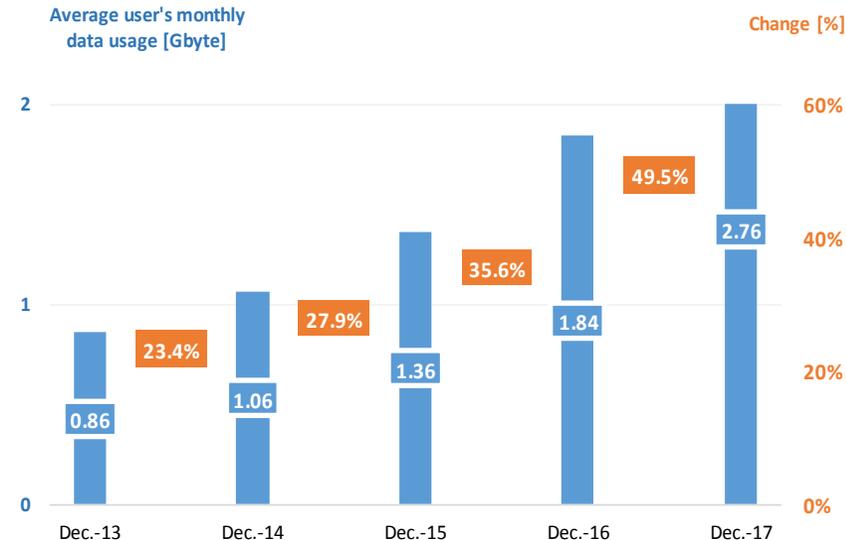
### Data traffic since the beginning of the year



### SIMs with data traffic by contract type [%]



### Average mobile data consumption



■ Type 1 ■ Type 2 ■ Type 3

According to European Commission definitions (CoCom):

**Type 1:** "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"

**Type 2:** "dedicated data subscriptions for stand-alone services"

**Type 3:** "actual usage of standard mobile subscriptions"

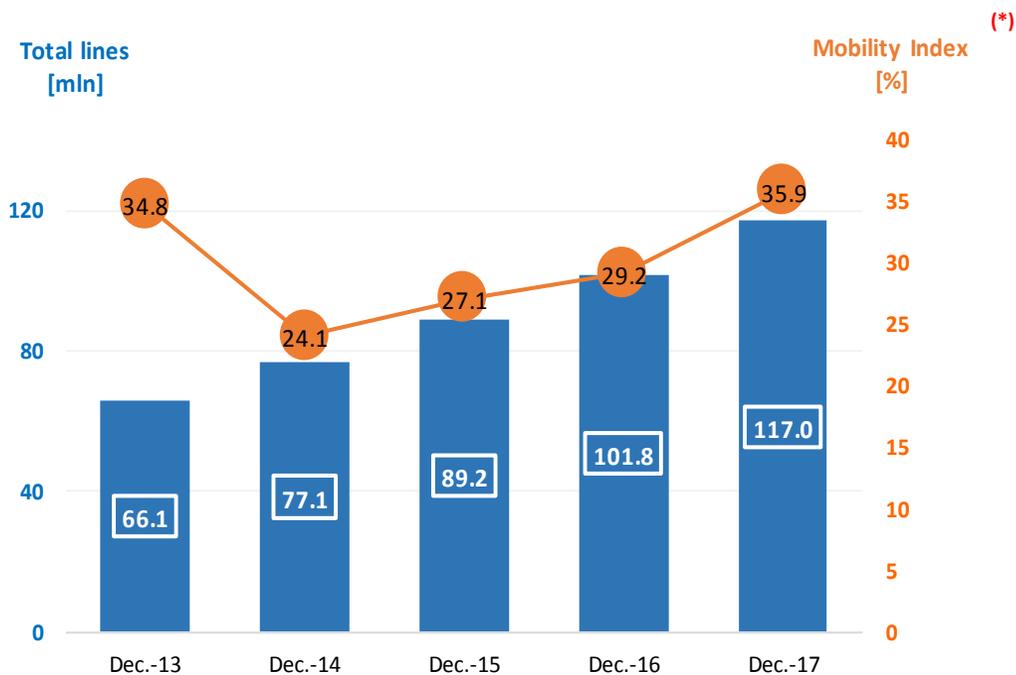


- Since December 2013, the number of SIM cards with data traffic has increased from **39.8%** to **63.9%** of the «human» SIM cards
- SIM cards with data traffic have increased over the last year from **50.6** to **52.2** million units, with a growth rate of **3.1%**
- In December 2017, data traffic showed a **56%** increase as compared to December 2016
- At the end of December 2017, the average mobile data consumption per smartphone increased by **50%** (YoY), from 1.84 to 2.76 Giga byte per month

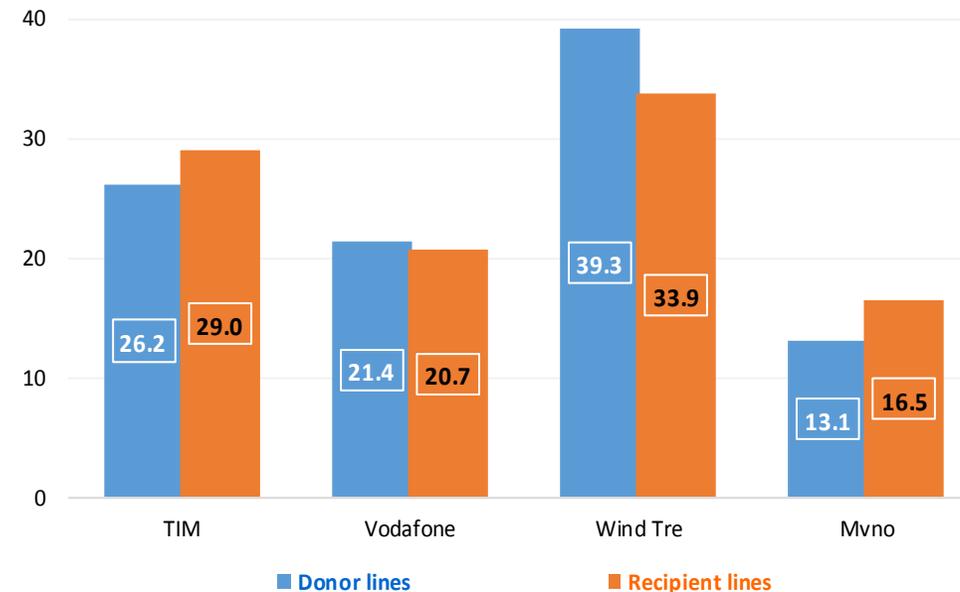
# 1.11 Mobile number portability



Number portability



Distribution of donor and recipient lines – December 2017 [%]

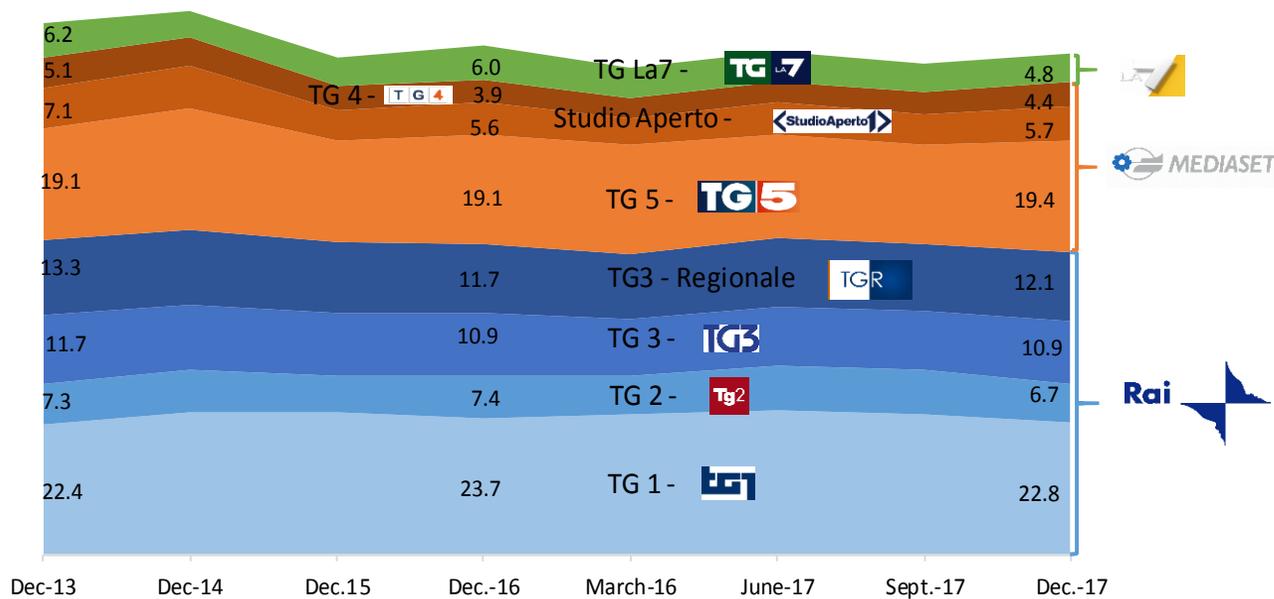


- At the end of December 2017 the total amount of mobile number portability operations reached **117** million
- On a yearly basis, the net «donating-recipient» balance has improved for TIM (+**418** thousand lines) and MVNO (+**521** thousand lines), whereas it has worsened for Wind Tre (-**829** thousand lines) and Vodafone (-**96** thousand lines)
- At the end of December 2017, the «Mobility Index»<sup>(\*)</sup> was **35.9%**, higher as compared to the previous years

(\*) The ratio between (i) total donating lines plus total recipient lines since the beginning of the year, and (ii) the corresponding average customer base

## 2.1 Media: TV

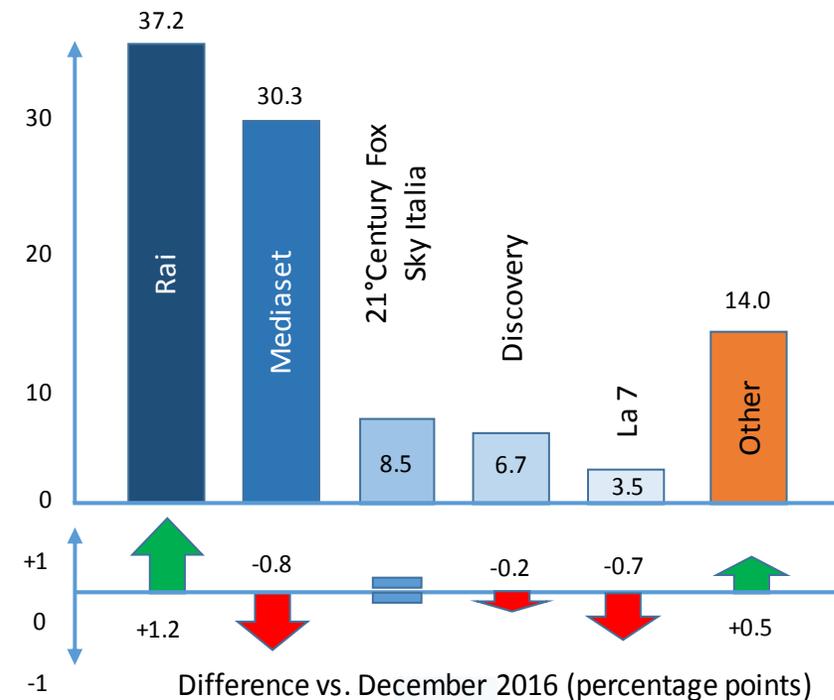
Evening news programs audience on an average day - (Dec. 2013 – Dec. 2017) [%]



Source: Agcom elaboration on Auditel's data

- Over the 2013-2017 period, the evening news program audience of the two most important players, Tg 1 and Tg5, has increased respectively from 22.4% to 22.8% and from 19.1% to 19.4%

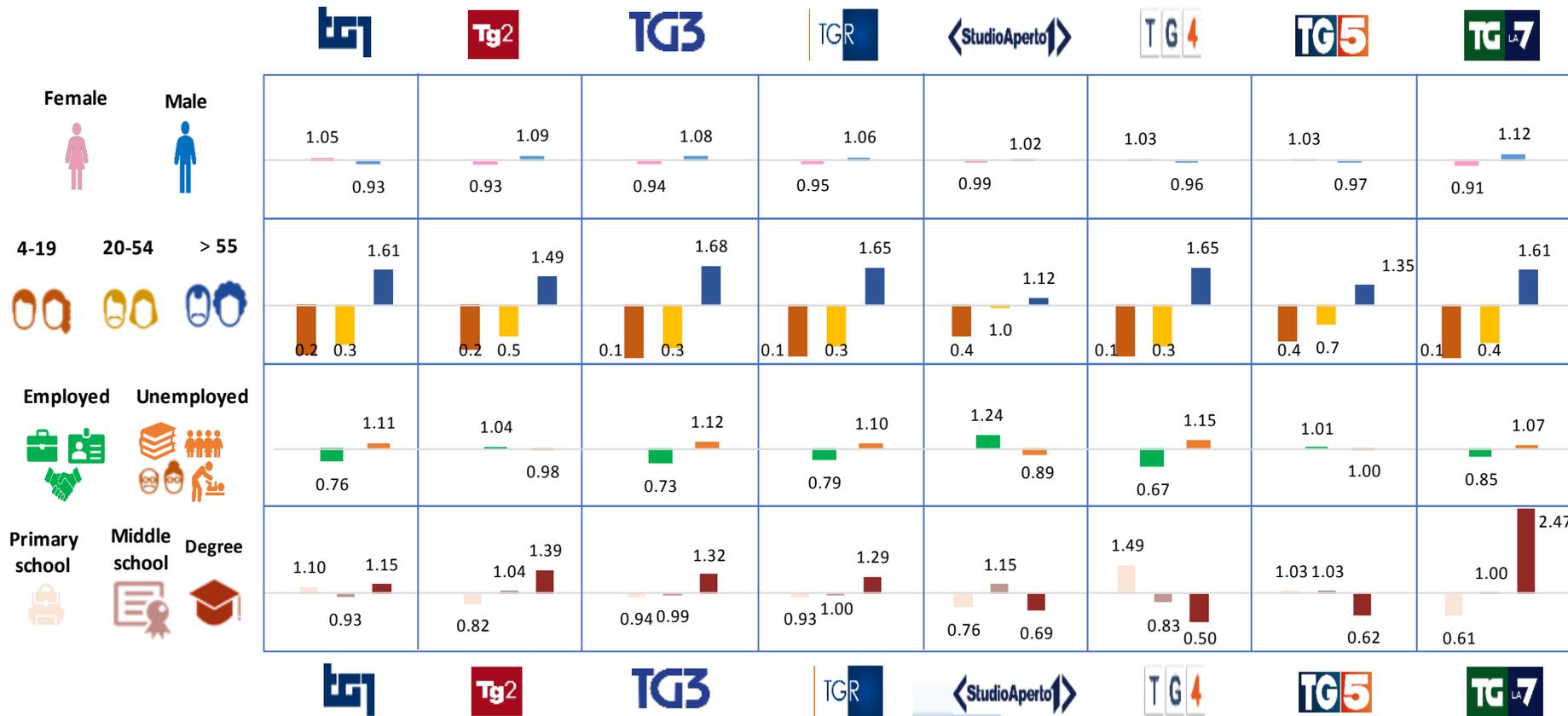
Audience on an average day – December 2017 [%]



- Rai is still the first operator (**37.2%**), with a growth of **1.2** pp (YoY); Mediaset holds **30.3%** of share, but its share has shown a decrease of **0.8** pp (YoY)
- In the same period, the audience of Discovery (**-0.2** pp) and La7 (**-0.7** pp) has experienced a decrease, whereas the audience of 21 Century Fox / Sky Italia has remained stable
- The audience of smaller operators (**14%**) has increased as compared to the previous year (**+0.5** pp)

## 2.2 Media: TV News audience by target users

Main news program affinity index – December 2017



### Affinity Index

An "efficiency indicator" in media planning. It shows the weight of a specific Target Audience compared to the total population in case of a specific program (News program).

The indicator shows how much the values obtained for the target group differ from the values obtained for a different comparative group (eg. whole population).

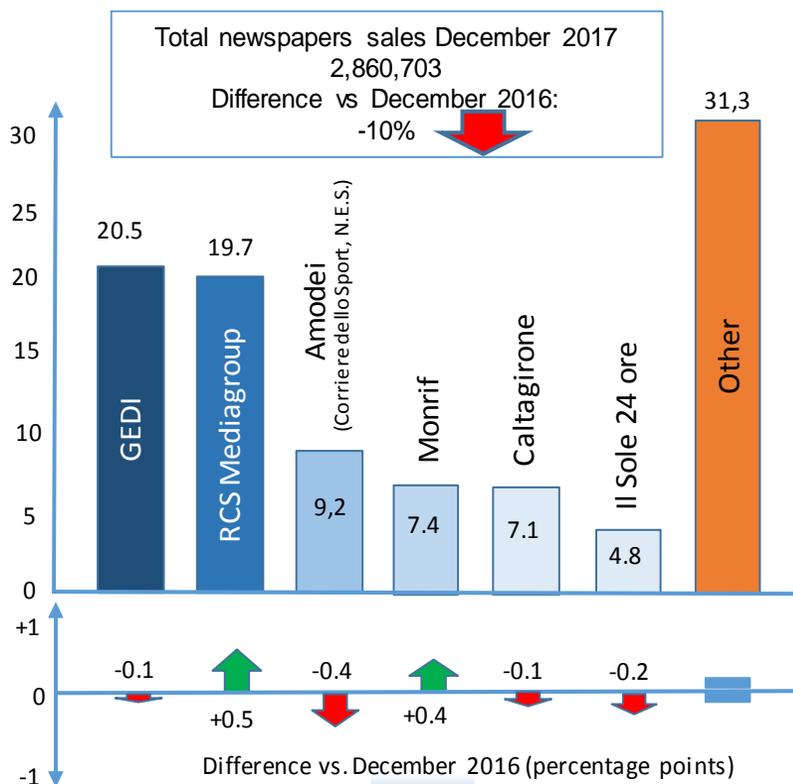
In case this figure is higher than 1, it means that the programme/medium is well targeted for our Target Audience. The higher this index the better the targeting is.

Source: Agcom elaboration on Auditel data

- **Gender:** Tg1, Tg5 and Tg4 attract a wider female audience; La7 news is able to better attract the male audience
- **Age:** news programs are mainly viewed by mature population (age > 55); Studio Aperto is currently the most widespread news program among younger age groups
- **Occupational status:** given that 69% of the TV news audience is not employed, Tg2, Studio Aperto and Tg5 are, among news programs, those which attract a wider audience of employed people
- **Educational status:** Rai's news programs (Tg1, Tg2, Tg3 and TgR) and Cairo's (Tg La7) have a wider audience of graduates compared to the whole population

## 2.3 Media: Newspapers

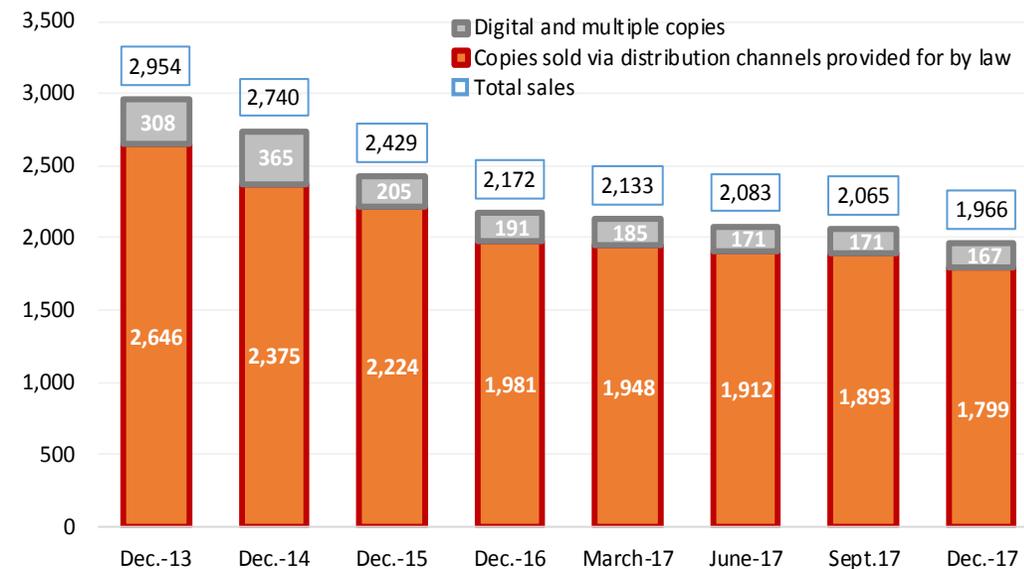
Newspapers' sales by editorial groups – December 2017 [%]



Source: Agcom elaboration on data from ADS and IES

- Newspapers' sales showed an overall **10%** reduction YoY (**-300** thousand units)
- GEDI and Rcs Mediagroup currently share the leadership of the market with comparable percentages

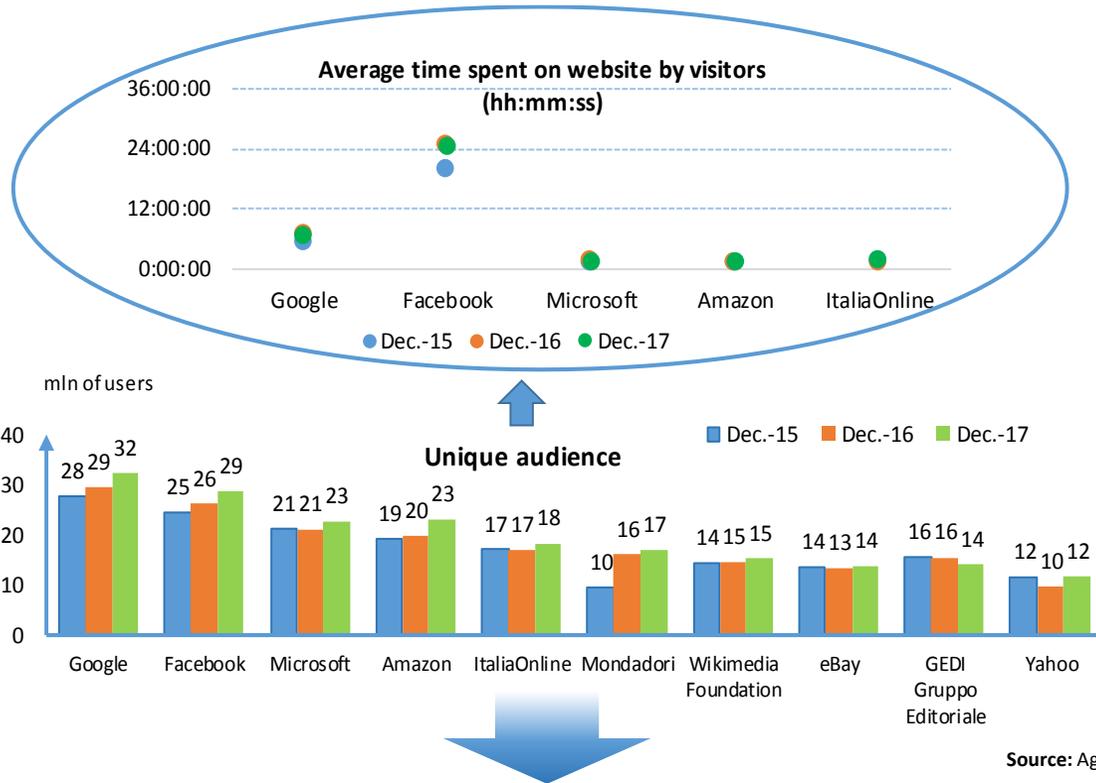
Newspapers' sales by 6 major editorial brand and type of distribution channels – December 2017 [%]



- Printed newspaper sales show a structural reduction of **9%** from December 2016
- In December 2017, digital copies remained stable compared to December 2016, whereas, compared to December 2013, digital copies decreased by **44.7%**

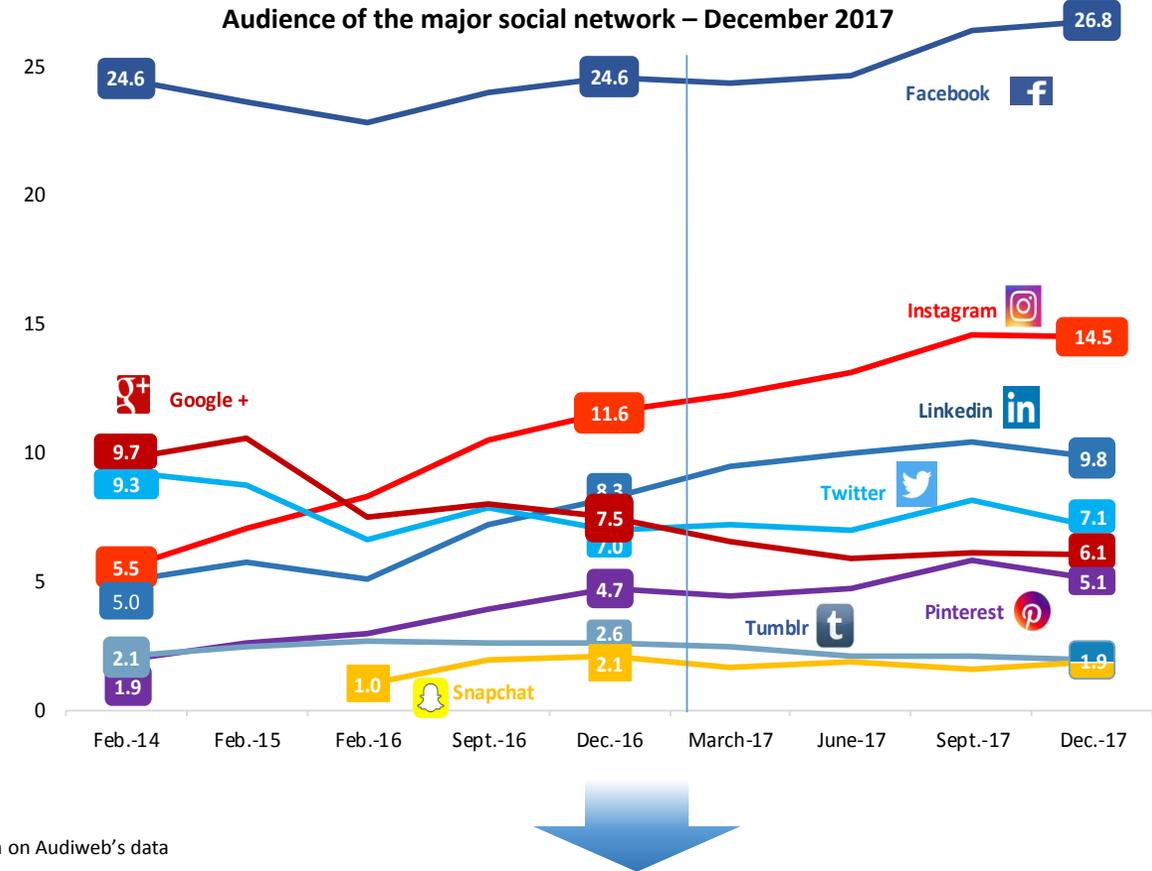
# 2.4 Media: Internet

Audience on an average day and average time spent on website by visitors  
- Dec.. 2015, Dec. 2016 and Dec. 2017 - [%]



Source: Agcom elaboration on Audiweb's data

Audience of the major social network – December 2017



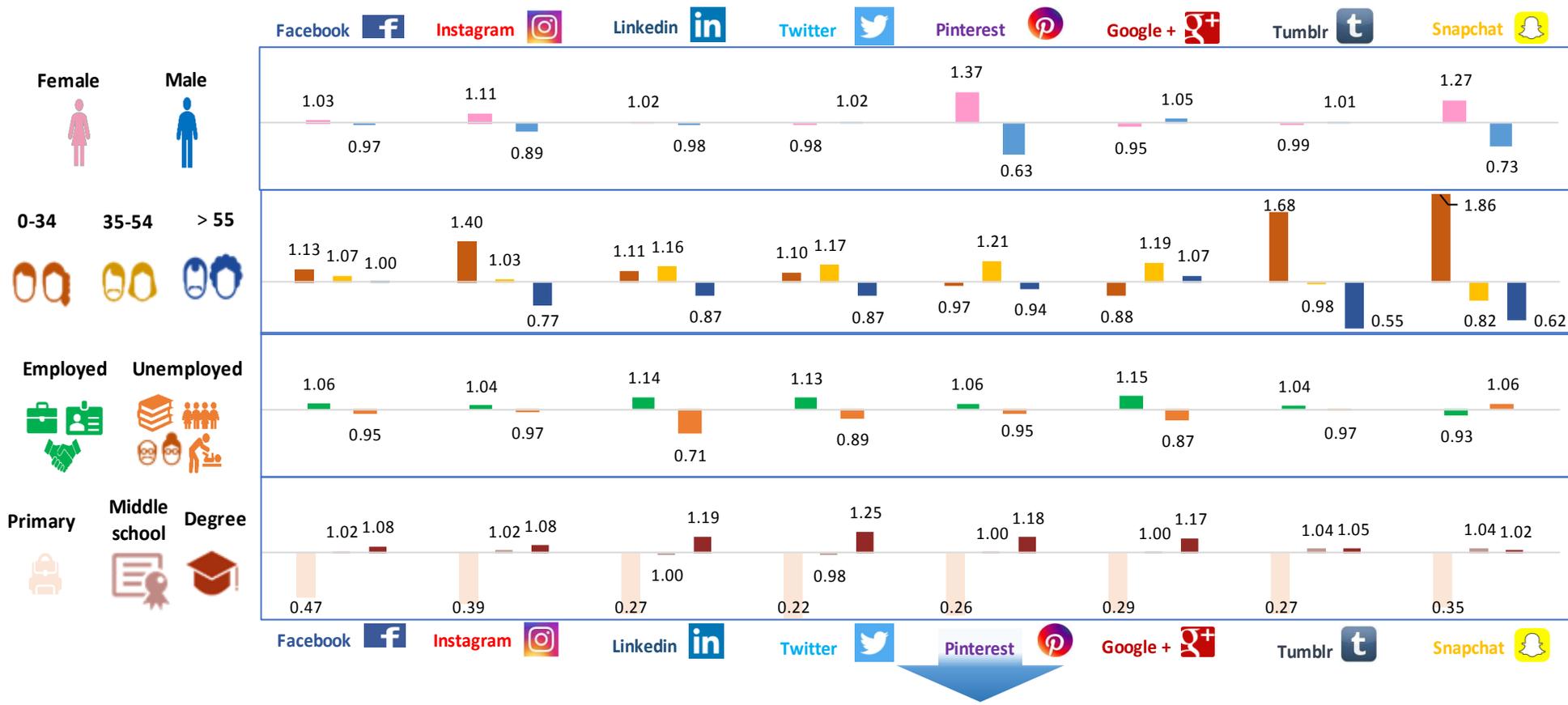
- Google and Facebook parent entities (brands aggregation) hold the leadership in terms of unique reach, confirming a trend of several year steady growth
- The main portals to web navigation show the higher active reach
- In December 2017, Facebook has experienced an increase in the average time spent on its web page compared to December 2015 (from about 19h:57mm to 24h:18mm)

- Among social networks, the daily audience of Facebook is almost twice that of Instagram, the second most relevant social network
- Instagram recorded the highest increase in daily audience: from 5.5 to 14.5 mln of unique users (+163.6%) between February 2014 and December 2017

# 2.5 Media: Internet Social network audience by target users



Main news program affinity index – December 2017



### Composition Index

The Composition Index measures the concentration of a particular target group of consumers on a given website or ad network, compared to the concentration of that target in the total Internet population for the category "Search, Portals, Communities".

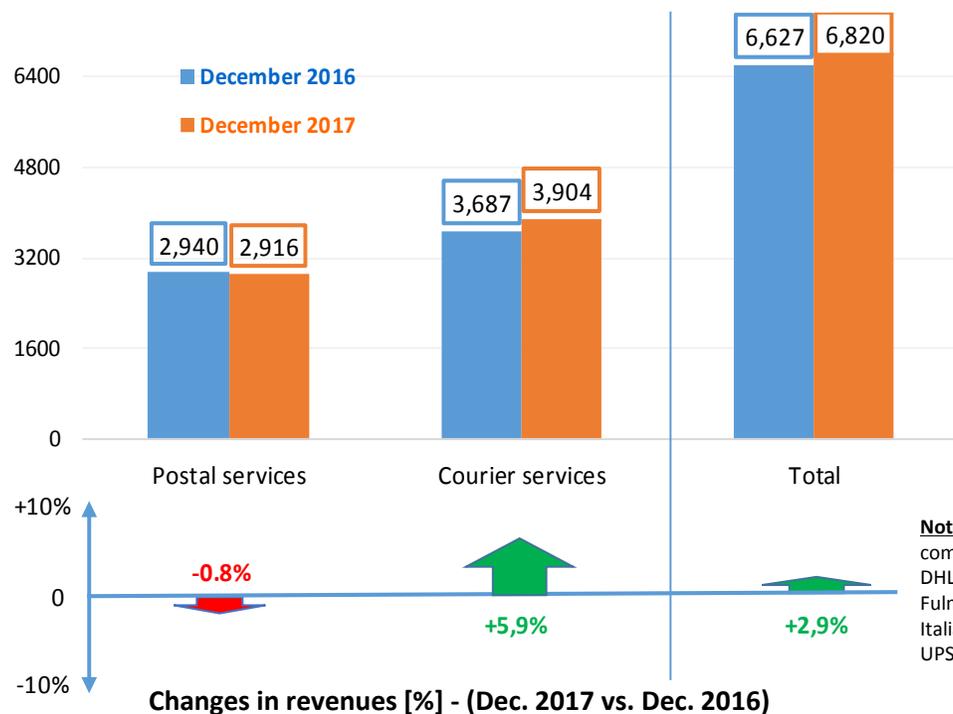
In case this figure is higher than 1, it means that the programme/medium is well targeted for our Target Audience. The higher this index the better the targeting is.

Fonte: Agcom elaboration on Audiweb's (Nielsen) data

- **Gender:** Pinterest and Snapchat, among the category «Search portals and communities», are those characterized by a wider female audience
- **Age:** Instagram, Tumblr and Snapchat, are the social media platforms most preferred by young people (age 0-34)
- **Occupational status:** Google+, LinkedIn and Twitter are the most preferred social media by employed people
- **Educational status:** Twitter and LinkedIn have a wider audience of graduates compared to the mean

# 3.1 Postal services and express couriers: revenues

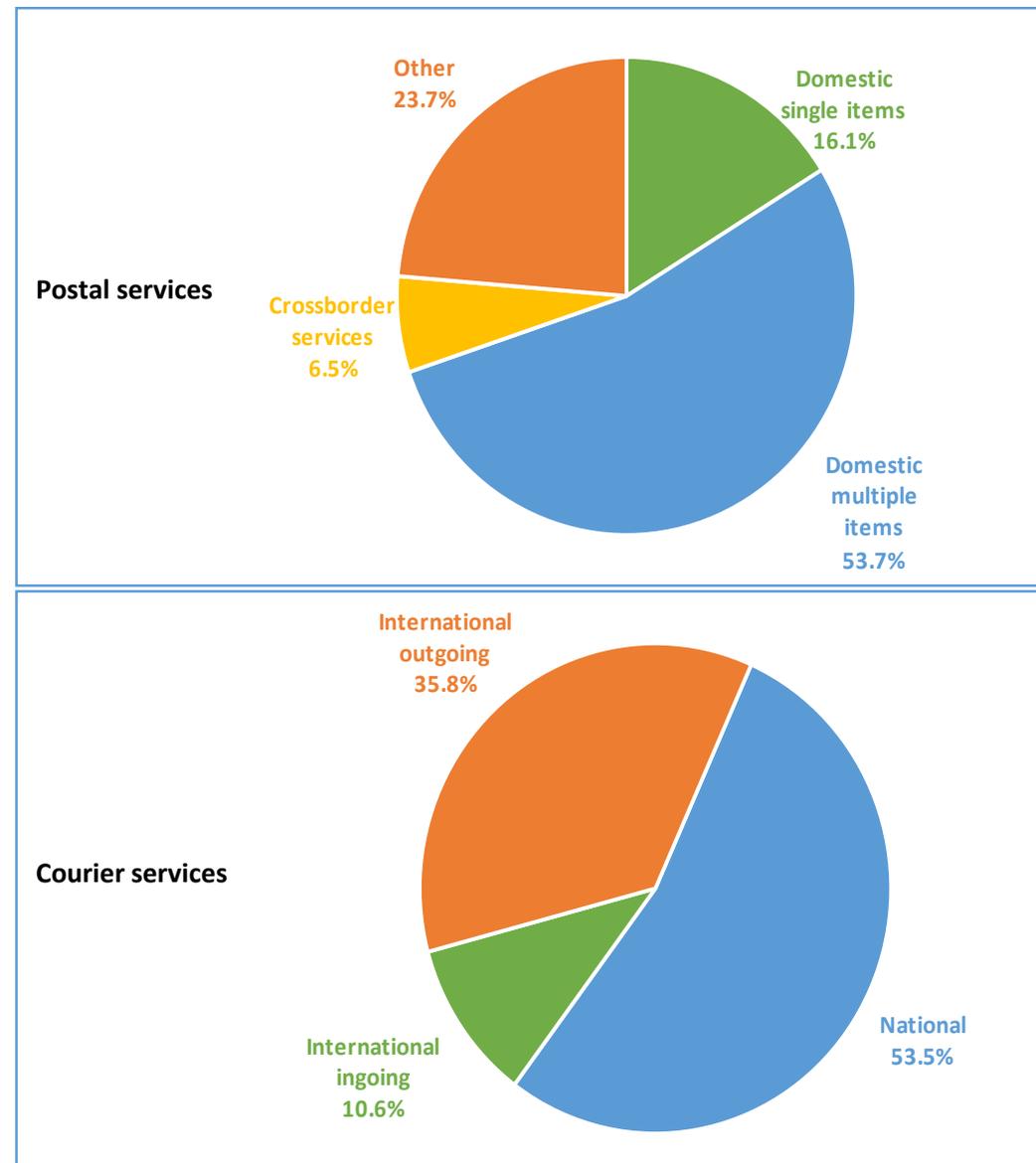
Revenues since the beginning of the year [million of €]



**Note:** The figures relate to the following companies: 1) Bartolini, 2) Citypost, 3) DHL Express, 4) Federal Express Europe, 5) Fulmine Group, 6) Nexive, 7) Poste Italiane, 8) SDA, 9) TNT Global Express, 10) UPS, 11) GLS Italy

- At the end of December 2017, overall revenues are about **6,820** million of €, with an increase of **2.9%** YoY
- YoY, postal services' market has shown a decline in revenues (**-0.8%**), whereas the courier services' market, driven by the growth in e-commerce volumes, has shown an increase in revenues (**+5.9%**)

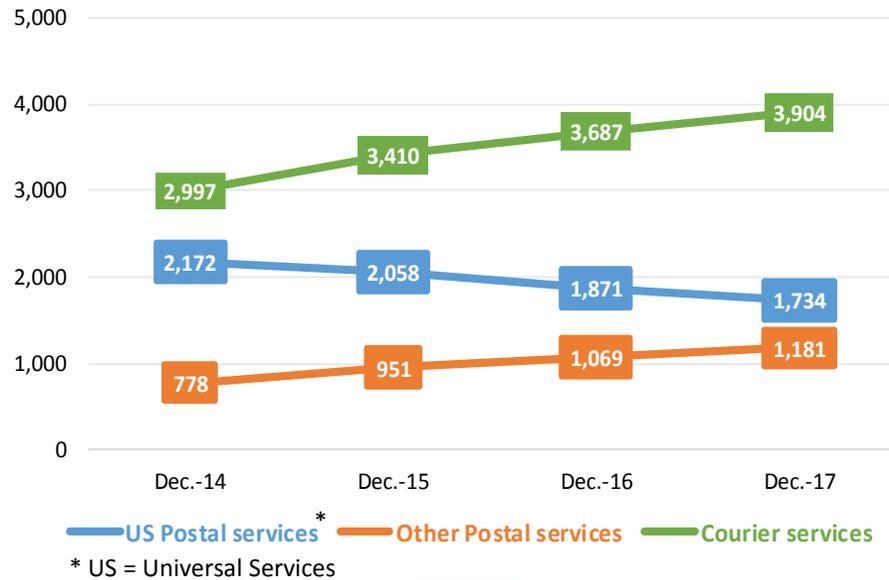
Revenues by source type [%]



## 3.2 Postal services and express couriers: revenues historical trend

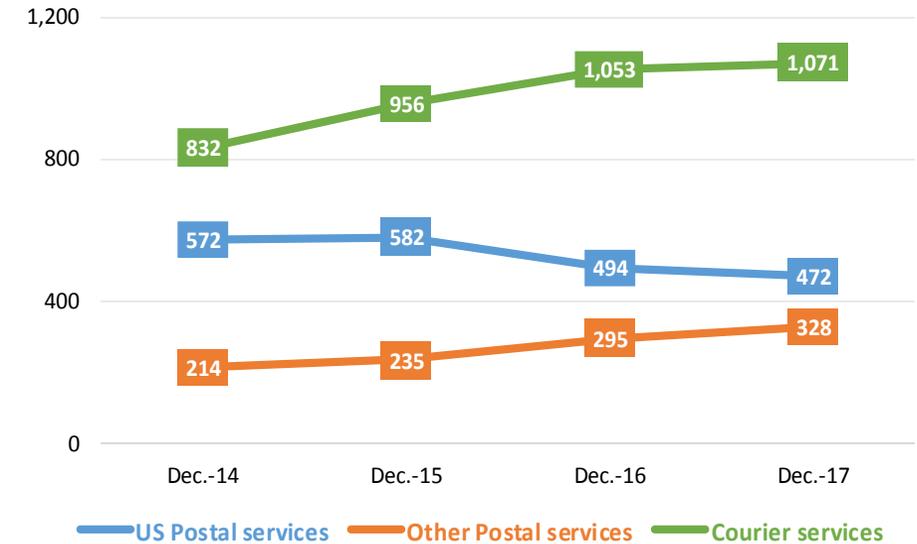


Revenues since the beginning of the year [million of €]



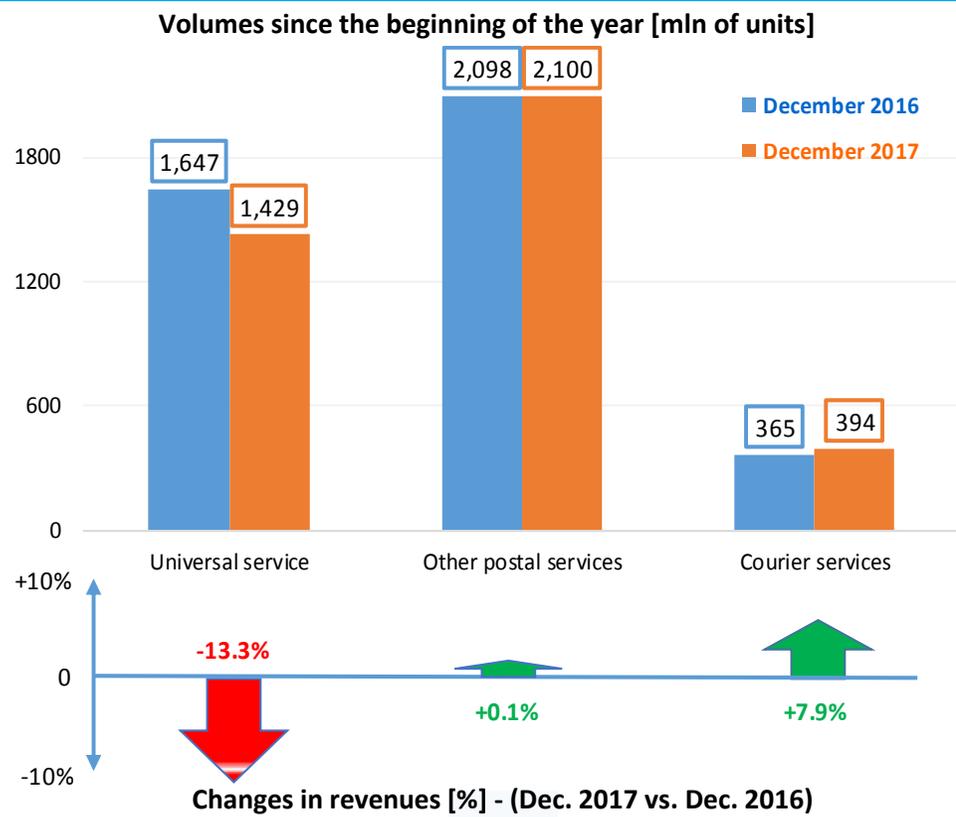
- Over the last four years, revenues from Universal postal services have decreased by **20%**, while revenues related to other postal services have grown by **50%**
- Other postal services have shown a **10.5%** increase in revenues YoY
- For the courier services segment, it is possible to observe a **30%** increase in revenues

Quarterly revenues trends [million of €]



- A gradual convergence process between universal services' and other postal services' revenues is ongoing
- For the courier services, quarterly revenues shows a **28.8%** increase compared to the quarterly value of 2014

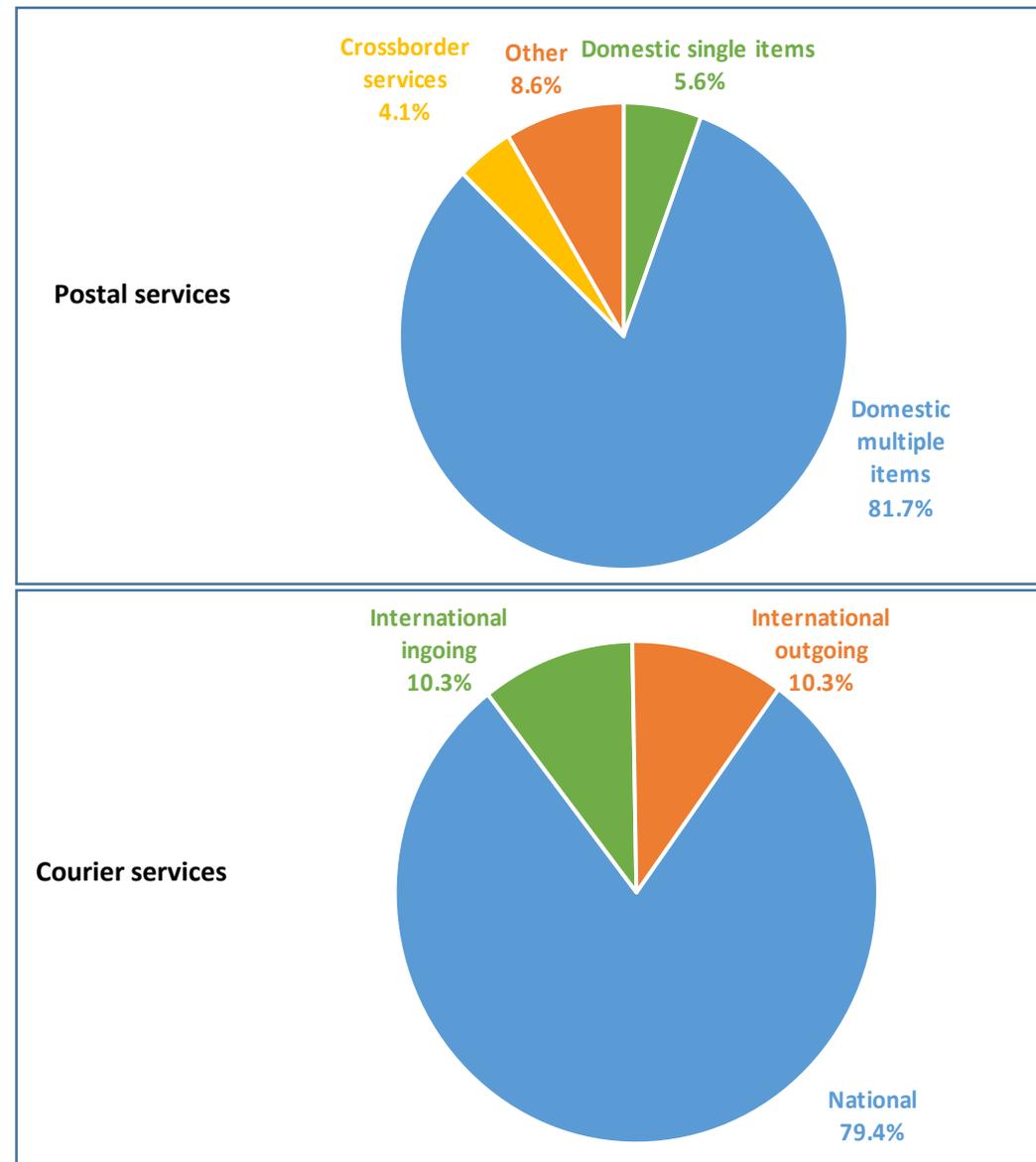
# 3.3 Postal services and express couriers: volumes



**Note:** The figures relate to the following companies: 1) Bartolini, 2) Citypost, 3) DHL Express, 4) Federal Express Europe, 5) Fulmine Group, 6) Nexive, 7) Poste Italiane, 8) SDA, 9) TNT Global Express, 10) UPS, 11) GLS Italy

- At the end of December 2017, volumes of universal services amounted to **1,429** million units, showing a contraction of **13.3%** YoY
- As for the courier services segment (**394** million units from the beginning of the year), volumes have increased by about **7.9%** YoY

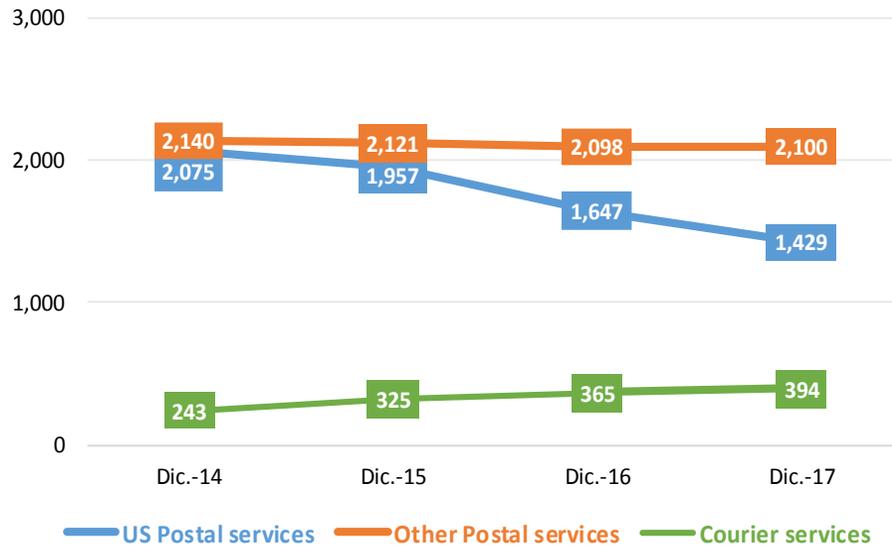
**Revenues by source type [%]**



# 3.4 Postal services and express couriers: volumes historical trend

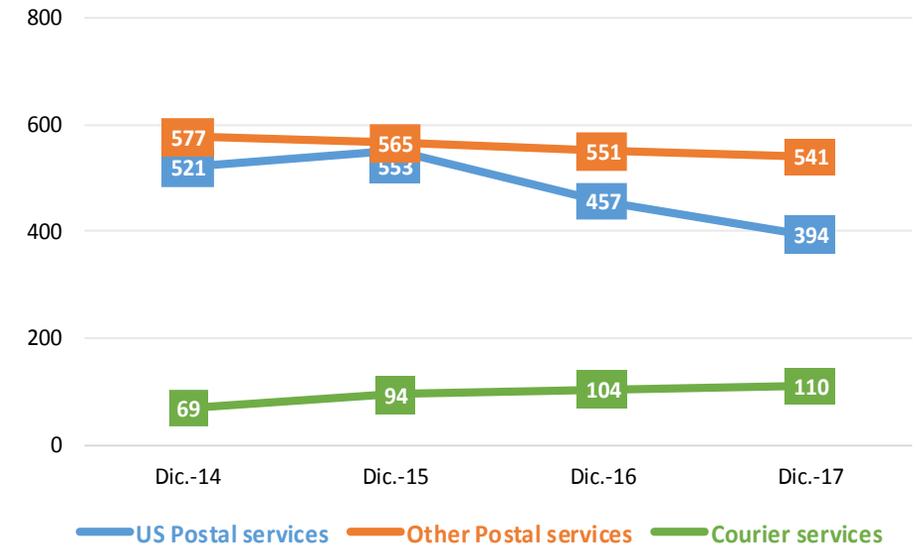


Volumes since the beginning of the year [mln of units]



- Over the last four years, volumes from Universal postal services have decreased by **31.1%**; other postal services have also shown a decreasing trend, but less significant (**+1.9%**)
- For the courier services segment, it is possible to observe a **62.6%** increase in volumes

Quarterly volumes trend [mln of units]

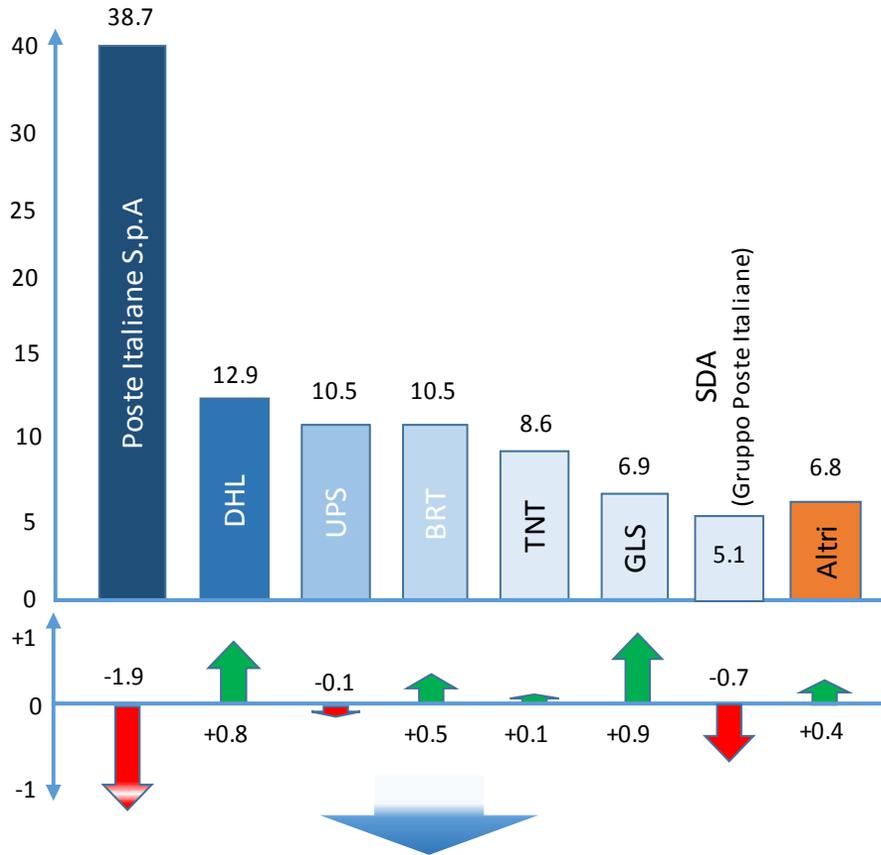


- On a quarterly basis, there was a decrease of **15%** in the volumes of postal services (Universal plus other services), mainly due to the significant decrease of universal services (**-24%**)
- For courier services, quarterly volumes shows a **60%** increase compared to the quarterly value of 2014

# 3.5 Postal services and express couriers: competitive framework

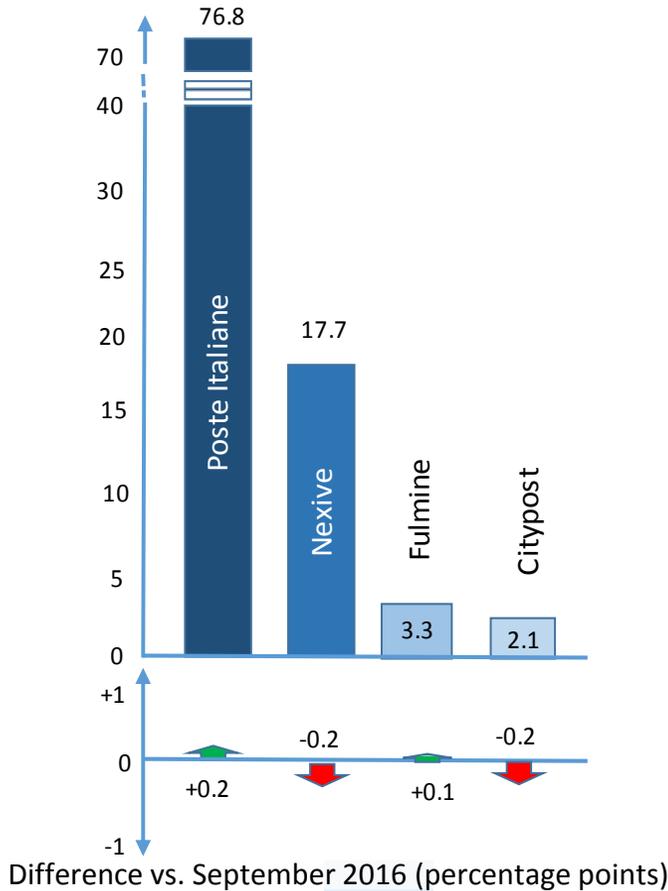


**Total postal services (including express couriers)**



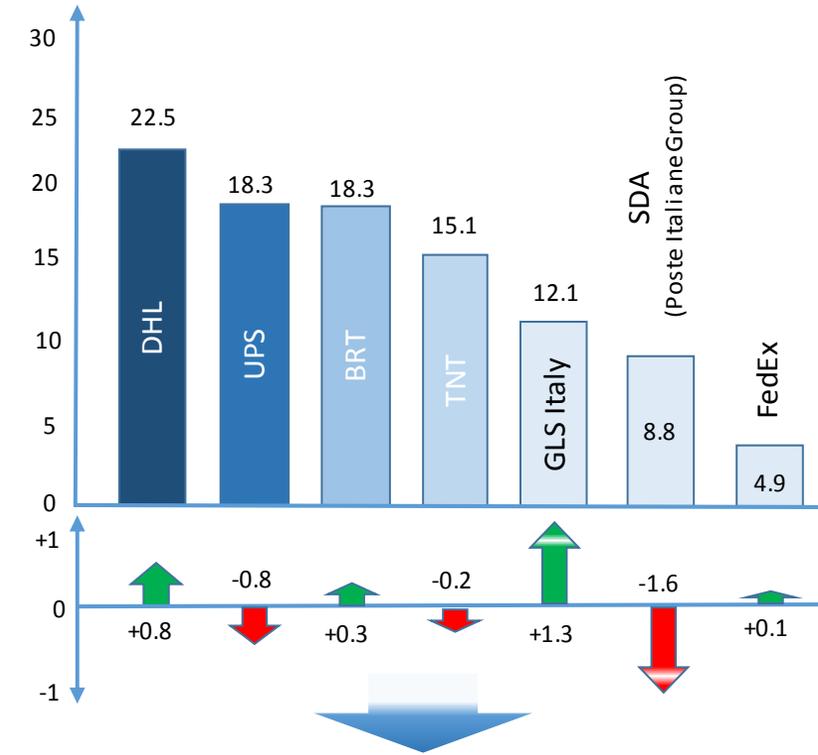
- Poste Italiane is still the first postal operator, but its share has shown a decrease of **1.9 pp** (YoY)
- The aggregate market shares of DHL, UPS, BRT and TNT is **42.5%**, increasing by **1.3 pp** compared to December 2016

**Services not included in the universal postal services category**



- In the segment of services not included among the universal postal services, Poste Italiane, as a consequence of its historical monopolistic position, still holds **76.8%**

**Express couriers**

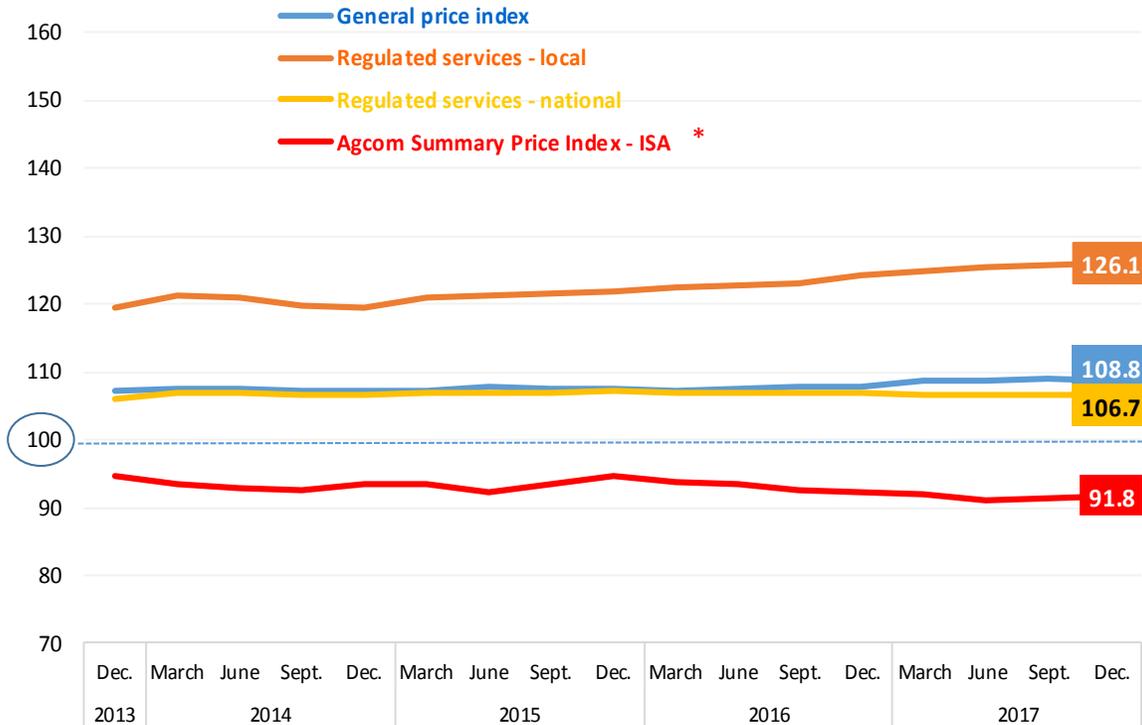


- The market share's scenario of express courier services at the end of 2017 shows a stronger competition among operators
- The differences between market shares are less noticeable as compared to other segments

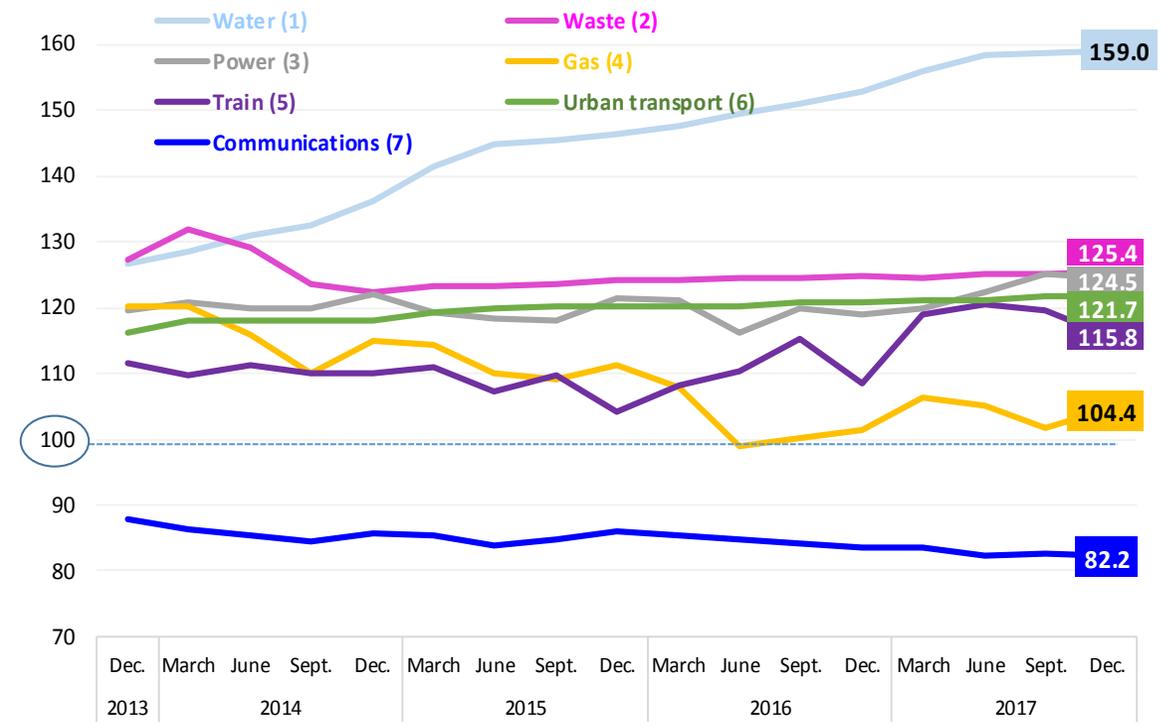
# 4.1 Harmonised consumer price index and other utilities price indices



Average price index (2010=100)



Utilities price index (2010=100)



Istat Services Codes:

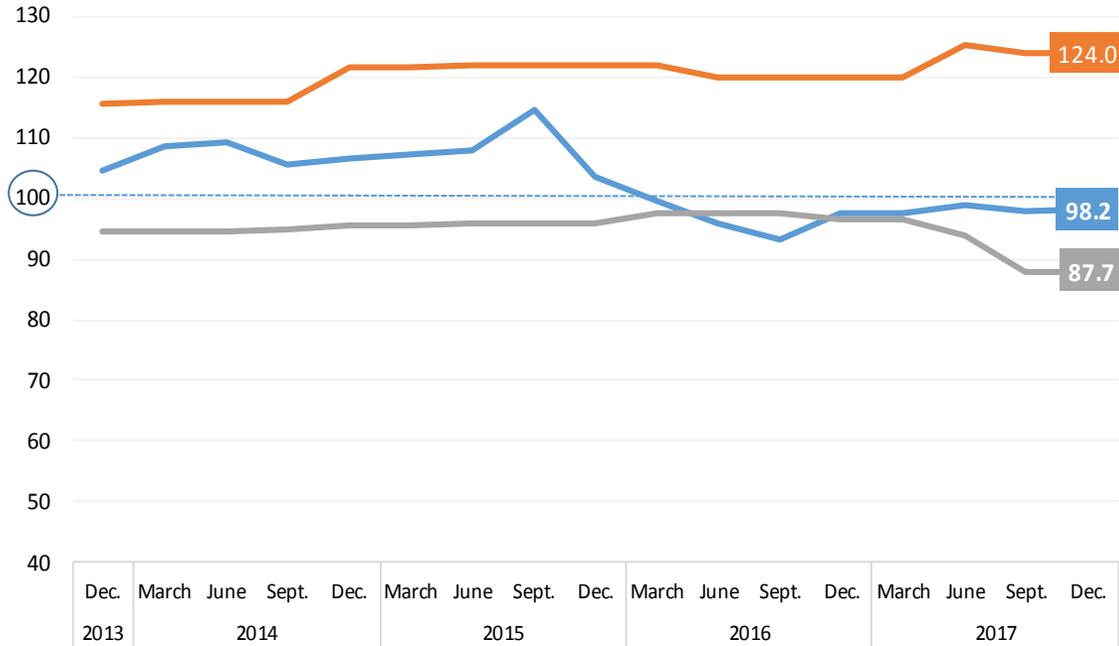
- (1) 04 41
- (2) 04 42
- (3) 04 51
- (4) 04 52
- (5) 07 31
- (6) 07 32 11
- (7) 08

\* The ISA («Indice Sintetico Agcom») price index includes postal services, services and devices for fixed and mobile telephony, public TV license fee, pay TV, newspapers and magazines (10 items). In compliance with the procedure adopted by ISTAT for the indices of consumer prices, the aggregate communications index is calculated by the "method of chaining", by which the system of weights assigned to the items is updated yearly.

# 4.2 Mobile and fixed telephony price indices



Fixed telephony price indices (2010=100)

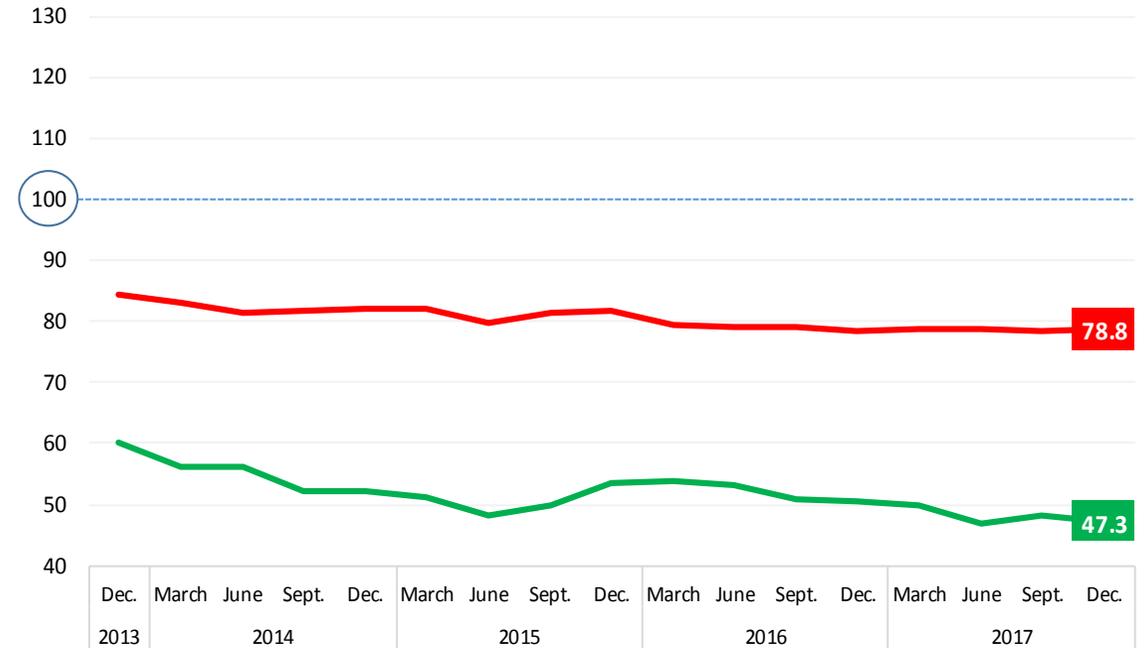


— Devices (1)      — Access / basic services (2)      — Broadband /Internet (3)

Istat services codes:

- (1) 08 20 10
- (2) 08 30 10
- (3) 08 30 30

Mobile telephony price indices (2010=100)



— Devices (4)      — Services (5)

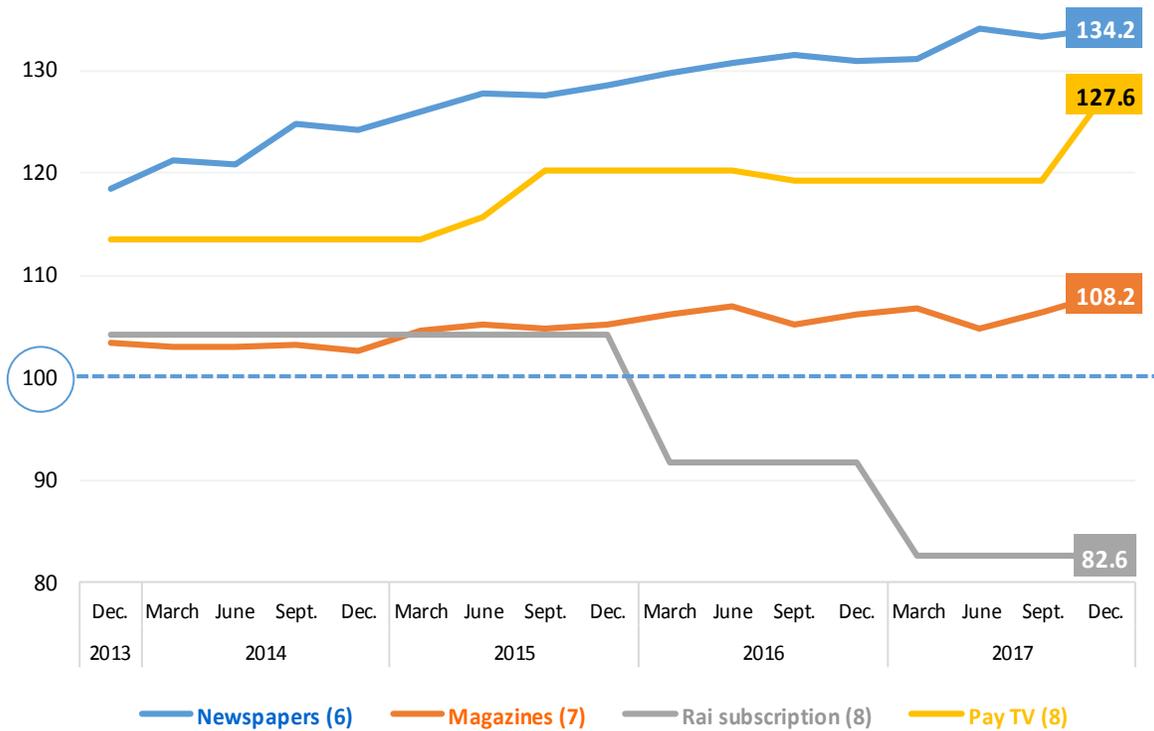
Istat services codes:

- (4) 08 20 20
- (5) 08 30 20

# 4.3 Daily newspapers, magazines, TV and postal services price indices

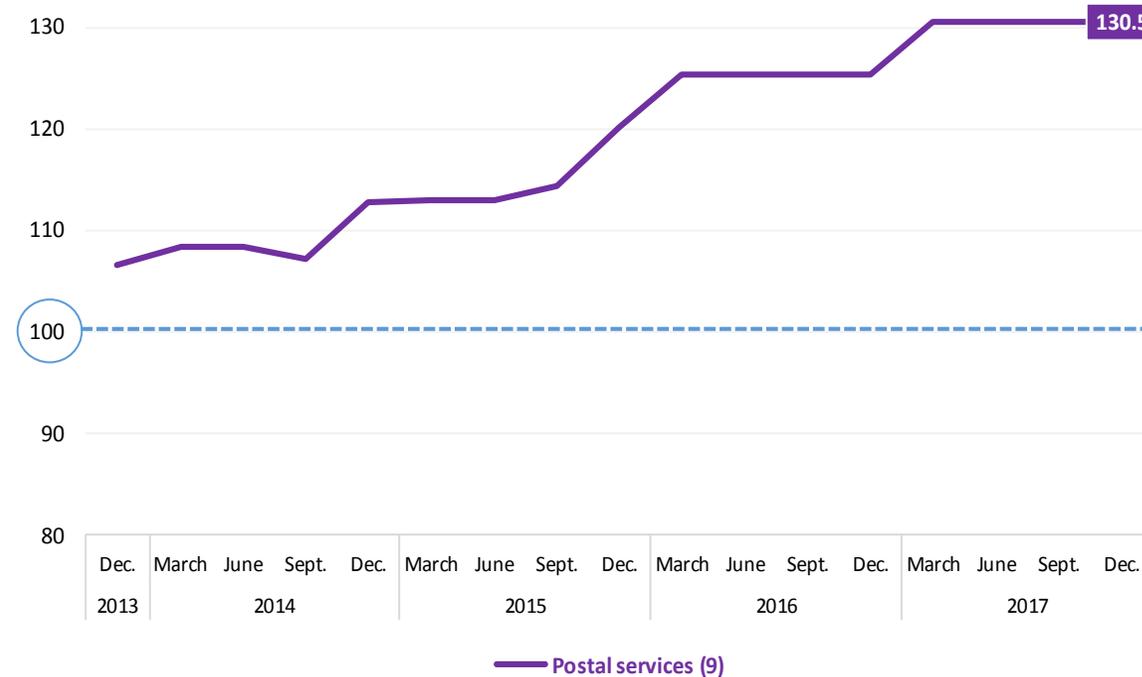


Newspapers, magazines, Tv price indices (2010=100)



Istat services codes :  
 (6) 09 52 10  
 (7) 09 52 20  
 (8) 09 42 30

Postal services price index (2010=100)

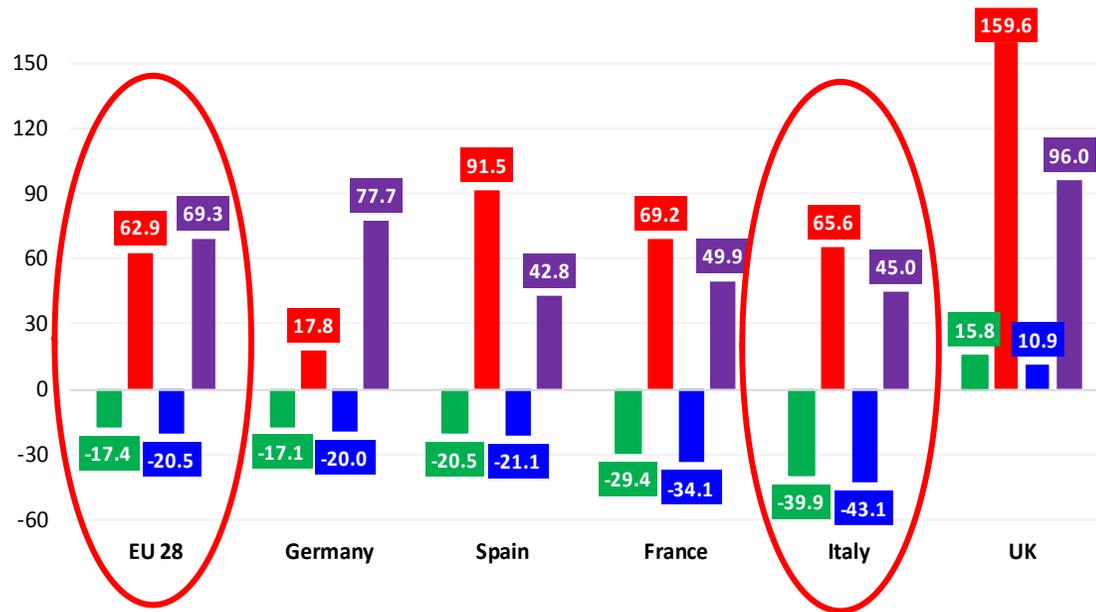


Istat services codes  
 (9) 08 10 00

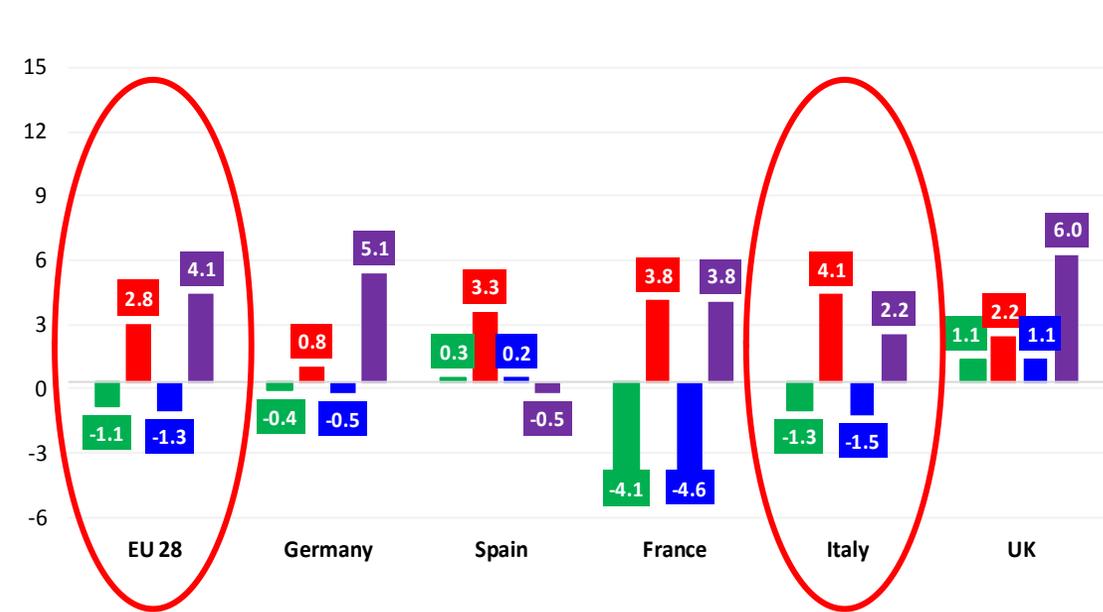
# 4.4 International benchmark



Changes in prices - December 2017 vs. December 2001 [%]

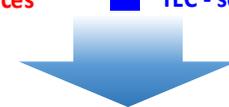


Changes in prices - December 2017 vs. December 2016 [%]



Source: Agcom elaboration on data from Eurostat

■ Communications   
 ■ Postal services   
 ■ TLC - services and equipments   
 ■ Newspapers and periodicals



- Since December 2001, in Italy the communications price index has decreased at a faster pace than the EU average (-43.1 and -17.4 pp respectively), thanks primarily to the decrease of prices of devices
- Since December 2001, the Italian inflation rate of postal services (+65.6 pp) has increased slightly more than the EU average increase (+62.9 pp); Germany showed a lower increase (+17.8 pp), whereas UK showed the highest increase (+159.6 pp)
- Since December 2001, in Italy the newspapers and periodicals price index has increased (+45 pp) less than the EU average (+69.3 pp)



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