Finnish Communications Regulatory Authority

Market review 1/2010

Communications Markets in Finland 2009

annual review

Table of contents

Introduction

The economic downturn that characterized the economy in 2009 had only a minor influence on the market for electronic communications, except for the fall in media marketing. Telephone and broadband services form such an essential part of daily life in Finland that Finns are reluctant to sacrifice them, even in bad times. Therefore, ensuring the availability of communications services has become a key part of FICORA's activities.

The market information collected by FICORA still forms the key content of this review. Also, users of services contribute valuable perspectives on the development of communications services. In 2009, FICORA commissioned several consumer surveys providing versatile information on the use of communications services and consumer needs. FICORA is hopeful that the results of these surveys and the key figures depicting the development of the market will serve the readers of the market review.

The usage habits of consumers change slowly. However, a generation gap in the use of telecom services already exists. According to the Survey on the Use of Telecommunications Services commissioned by FICORA, about 90 per cent of persons under 45 years of age have a broadband connection in their home, but only about ten per cent have a fixed-line telephone. Correspondingly, only one in four of persons over 65 years of age have a broadband connection, but every second still uses a fixed-line telephone. On the other hand, nearly everyone in Finland has a mobile telephone subscription.

Also, different age groups show variation in the use of the internet. In general, using electronic services, searching for information and communicating with other people are the most important reasons why the Finns use the internet. In contrast, keeping in touch is the main motivation for young people to use the internet. Young people keep in touch by sending e-mail, making calls over the internet, instant messaging and using communities such as Facebook. Despite the growing popularity of the internet, the status of telephone services is still strong, because nearly all Finns are of the opinion that telephone calls are the most important way to keep in touch with friends and family.

Television viewing habits are also at a turning point. Although, according to a survey commissioned by FICORA, watching television during broadcasting is still the most common manner of viewing programmes, the use of other distribution platforms is becoming more common. Every third respondent estimated that they will watch more TV content over the internet in the next year. In particular, those in the age group of 45-64 believe that they will increase the time they spend watching TV programmes over the internet. Young people are already now watching fewer and fewer television programmes during broadcasting.

In order to close the generation gap that has been detected in the use of communications services, it would be important to ensure that each citizen has the opportunity to enhance their information and communications technology skills. A partial reason for the lower penetration of broadband among older age groups may be due to the fact that the electronic services that interest these age groups are low in numbers.

In recent years, authorities have been burdened by the poor quality of telecom services, e.g. the long response times of customer service departments and slower broadband speeds than promised by the service provider. According to a survey commissioned by FICORA on the quality of telecom services, consumers not only value the customer service provided over the telephone, but also that there are enough service points available. Users also hope that telecom operators reward their current and long-term customers in particular. In addition, when customers assess the quality of telecom services, they value receiving prompt service and that the pricing is transparent. They also pay attention to the functionality of the subscription and to the promised connection speed, and that the service provider keeps its promises when the product is delivered.

Consumers have modest wishes for telecom operators. It may not be too much to ask that the service functions as agreed upon and that the terms of the agreement are clear. Consumers also pointed out that on-site service locations are important, which indicates that users find it difficult to buy telecom services without face-to-face contact with the service provider. So far, telecom operators have competed amazingly little with the quality of their services. There seems to be demand for a company marketing reliable, clearly-priced and easy-to-use telecom services. Even the elderly may dare to try the products of such a company.

The number of fast broadband connections has not risen in recent years. For example, only about one per cent of all broadband subscriptions in late 2009 had connection speeds of 100 megabytes. Although very few consumers have so far acquired fast broadband subscriptions, an increasingly larger majority of respondents of the Survey on the Use of Telecommunications Services reported that they use or are willing to use television services provided over the internet. In other words, they would like to use IPTV services and internet video-on-demand services, which require fast broadband access. Also, companies have increasingly introduced into the market more IPTV services and service packages that include a fast broadband connection. Thus, it is expected that the number of fast broadband connections will grow rapidly in the future.

Johanna Juusela
Director, Communications Markets and Services

Telecom Markets and Services

In 2009, the telecom markets were accentuated by the geographic expansion of mobile networks and the introduction into the market of fast, fibre-optic broadband connections. Despite the most recent technologies and the versatility of services, telephone services retained their position as the primary communications method.

Mobile network operators resumed the geographic expansion of 3G networks and updated them so that they can support faster broadband connections. Also, mobile network operators obtained access to new frequencies for mobile broadband connections, as the Government granted them frequencies within the 1,800 MHz frequency band at the beginning of 2009. Furthermore, a spectrum auction was held at the end of the year where frequencies were auctioned within the 2,600 MHz band. In particular, the plan involving the 2,600 MHz frequency band was considered significant because the band will probably see the use of new 4G technology, which enables the provision for faster mobile broadband connections than the current ones.

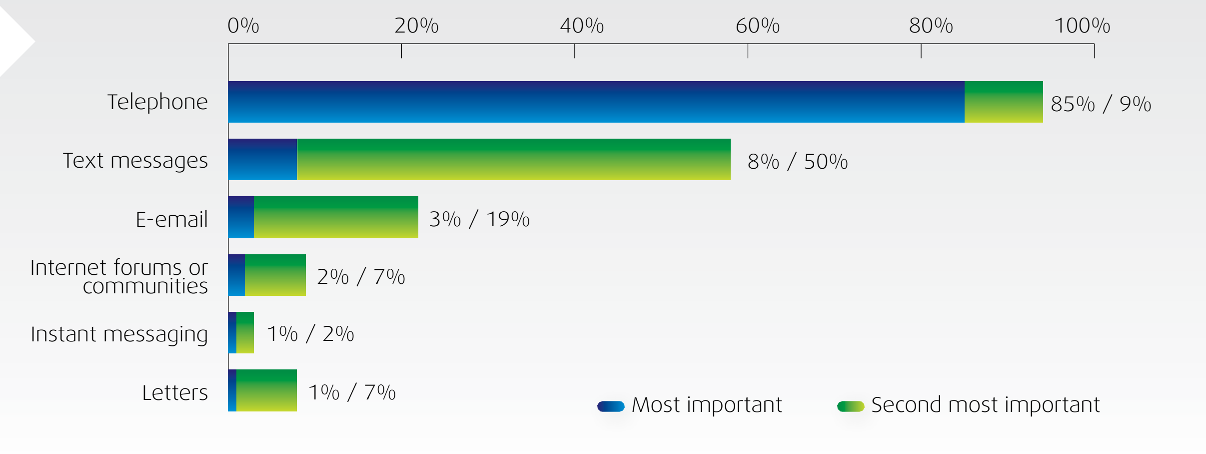
For the first time in Finland, radio frequencies were allocated at an auction. In November 2009, a spectrum auction was held where the 2,500–2,690 MHz frequency band, suitable for the next generation of mobile broadband use, was auctioned. The spectrum licences were obtained by three of the largest mobile network operators in Finland (TeliaSonera Finland Oyj, Elisa Oyj and DNA Oy). Also, Pirkanmaan Verkko Oy, which is backed by telecom operators belonging to the Finnet Group, obtained spectrum licence.

Also, the investments made by telecom operators in fibre-optic networks in earlier years began to show in the telecom operators' provision of services and marketing. Operators introduced new service packages into the market. They included, for example, a fast broadband connection and TV services provided via internet connection. One after another, the operators announced that they would build and start providing broadband connections based on optical fibre.

The national broadband project gave additional speed to the construction of fibre-optic connections. The objective of the project is to provide almost all citizens in Finland a possibility to have a fast broadband connection by the end of the year 2015. A new decree on Internet access as a universal service also promotes the availability of broadband. The decree aims at ensuring all those who wish to have a broadband connection with a minimum speed of 1 Mbit/s per broadband connection for all permanent places of residence and business establishments. In late 2009, fibre-optic local loops became subject to regulation, and competing telecom operators received the opportunity to lease fibre-optic connections from traditional telecom operators.

According to a survey commissioned by FICORA, Finns as Consumers of Communications Services, the majority of Finns viewed that telephone conversation was the most important communication method. The significance of text messages as the second most important communication method was accentuated when communicating with friends and the family.

Figure 1. **The most important ways of communicating with friends and relatives**



In business, however, sending e-mail was more important than text messages, and more than one in five Finns considered them to be even more important form of communication than call services. The traditional letter was appraised as the fourth important form of communication for business purposes. But, when it comes to other forms of communication, respondents considered that internet communities or other corresponding community services represent a more important form of communication than a hand written letter.

In late 2009, FICORA examined how consumers experienced the quality of telecom services, as well as what sort of expectations and goals they had at different stages as customers. In general, users of telecom services hope that operators would see to and reward their current and long-term customers in particular. In addition to telephone customer service, it is important to customers that operators have a sufficient number of service locations. In particular, when customers are considering buying an internet connection, they wish to take care of that at an on-site service location.

Broadband services

Broadband subscriptions and technologies

In 2009, the number of broadband connections grew due to the lead taken by mobile broadband subscriptions. At the end of the year, there were nearly 2.5 million broadband connections in Finland. Of these, approximately 76 per cent were used by household customers and the remaining 24 per cent by business customers. As a whole, the subscription volume grew by about 377,000 units during the year, and thus there were about 18 per cent more subscriptions at the end of the year than there were at the end of 2008. The growth was almost entirely due to the growth in mobile broadband subscriptions, which totalled more than 400,000.

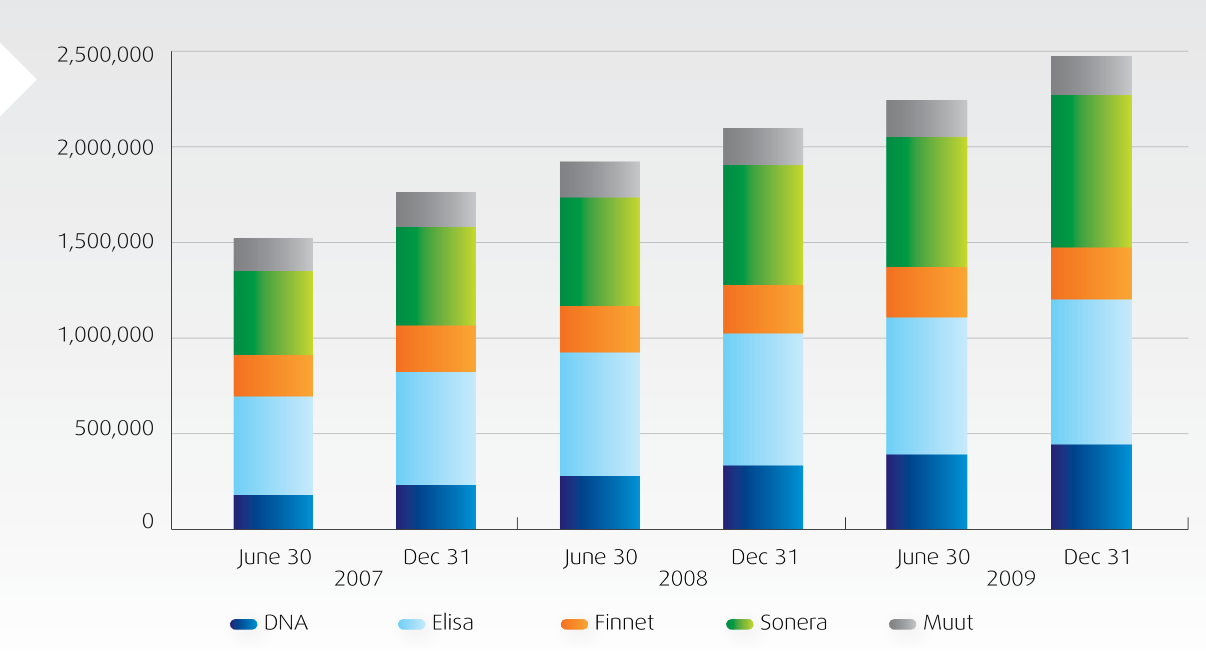
Based on subscription volumes, there was a change in the order of the greatest telecom operators providing broadband services, as TeliaSonera rose to the market leader position with a market share of 32 per cent at the end of 2009. TeliaSonera's market share rose by two percentage points from the end of 2008. Elisa's market share dropped by two percentage points to 31 per cent, and correspondingly, DNA's market share rose by two percentage points to 18 per cent. The combined market share of the Finnet group dropped from 12 per cent to 11 per cent. There was a drop of one percentage point to eight per cent in the combined market share of other telecom operators providing broadband services. Of other telecom operators providing broadband services, Welho retained its status as the largest one. Similar to last year, the greatest changes in market shares were due to changes in mobile broadband volumes.

According to the Survey on the Use of Telecom Services commissioned by FICORA, about 68 per cent of households had an internet connection, which was a few percentage points less than the year before. The change is within the

Table 1. **Development of broadband connections 2007–2009**

Year	2007		2008		2009	
Date	**June 30**	**Dec 31**	**June 30**	**Dec 31**	**June 30**	**Dec 31**
DSL	1,210,900	1,270,500	1,270,100	1,231,300	1,216,300	1,185,900
Real estate and housing company subscription	98,100	114,000	104,600	134,900	104,700	106,600
Cable modem	192,900	209,600	212,900	214,800	215,500	222,700
Mobile broadband		143,100	307,100	479,700	664,300	908,000
Wireless broadband		15,300	19,600	26,100	31,600	31,800
FTTH						12,600
Other	18,300	7,700	9,000	9,800	11,500	6,000
Total	1,520,200	1,760,200	1,923,300	2,096,600	2,243,900	2,473,600

Figure 2. **Broadband connections and market shares of operator groups 2007–2009**



survey's margin of error. Approximately 95 per cent of households with an internet connection reported that they use a connection based on broadband technology as their internet connection.

The connection speeds for broadband connections grew at a slow pace. At the end of 2009, about 46 per cent of all broadband connections had a connection speed of 2 Mbit/s or faster, and, correspondingly, 54 per cent of subscriptions had a speed of less than 2 Mbit/s. The connection speed for 10 per cent of broadband subscriptions was equal to or greater than 10 Mbit/s, whereas the share of connections equal to or greater than 100 Mbit/s was roughly 1 per cent. The share of connections of 2 Mbit/s or faster without mobile broadband subscriptions was about 61 per cent, and the share of connections of under 2 Mbit/s was 39 per cent. The share of broadband subscriptions with a connection speed equal to or greater than 10 Mbit/s was about 16 per cent, whereas the share of connections equal to or greater than 100 Mbit/s was nearly 2 per cent. There was no provision for mobile broadband connections with a connection speed of 10 Mbit/s or faster to end-customers.

In 2009, no major changes occurred in the connection speed needs of households. As stated in the Survey on the Use of Telecommunications Services, approximately 70 per cent of households maintained that they need a connection with a connection speed of at least 1 Mbit/s, which was two percentage points less than at the end of 2008. Approximately 44 per cent of the respondents considered a connection of at least 2 Mbit/s to be sufficient, which was two percentage points less than the year before. These changes can partly be explained by the growing number of those respondents who were unable to identify which broadband connection speed would suit them. The changes are within the survey's margin of error.

On the other hand, an even greater share of the respondents reported that they use or are willing to use IPTV services demanding higher broadband speeds as well as video-on-demand services. IPTV services are television services provided via a broadband connection. About five per cent of the respondents reported that they had used IPTV services, which was three percentage points higher than before. Respectively, about six per cent of the respondents reported that they use

Table 2. Development of broadband connection speeds 2007–2009

<table>
<tr><th>Year</th><th colspan="2">2007</th><th colspan="2">2008</th><th colspan="2">2009</th></tr>
<tr><th>Date</th><th>June 30</th><th>Dec 31</th><th>June 30</th><th>Dec 31</th><th>June 30</th><th>Dec 31</th></tr>
<tr><td>Less than 2Mbit/s</td><td>66%</td><td>70%</td><td>54%</td><td>40%</td><td>43%</td><td>39%</td></tr>
<tr><td>2 Mbit/s – less than 4 Mbit/s</td><td rowspan="5">34%</td><td rowspan="2">26%</td><td rowspan="2">40%</td><td rowspan="2">50%</td><td rowspan="2">47%</td><td>26%</td></tr>
<tr><td>4 Mbit/s – less than 10 Mbit/s</td><td>19%</td></tr>
<tr><td>10 Mbit/s – less than 25 Mbit/s</td><td rowspan="3">4%</td><td rowspan="3">6%</td><td rowspan="2">9%</td><td rowspan="2">9%</td><td>14%</td></tr>
<tr><td>25 Mbit/s – less than 100 Mbit/s</td><td>< 1%</td></tr>
<tr><td>100 Mbit/s or more</td><td>1%</td><td>1%</td><td>2%</td></tr>
</table>

video-on-demand services, which was five percentage points higher than before. Also, both the willingness to use and the actual consumption of computer games and interactive media content demanding a fast internet connection grew by two percentage points.

Broadband subscriptions based on ADSL or other DSL technology was still the most common broadband subscription type. The share of DSL subscriptions out of the total number of subscription types decreased, however, by 11 percentage points to 48 per cent, whereas the share of DSL subscriptions in late 2008 was still 59 per cent. The noticeable change is explained by the strong growth in mobile broadband subscriptions. The share of mobile broadband subscriptions grew from 23 per cent to 37 per cent. In 2009, the number of mobile broadband subscriptions grew by 90 per cent, which represents about 428,000 subscriptions. The growth in volume was 90,000 more than in 2008. At the end of 2009, the total number of mobile broadband subscriptions was 908,000.

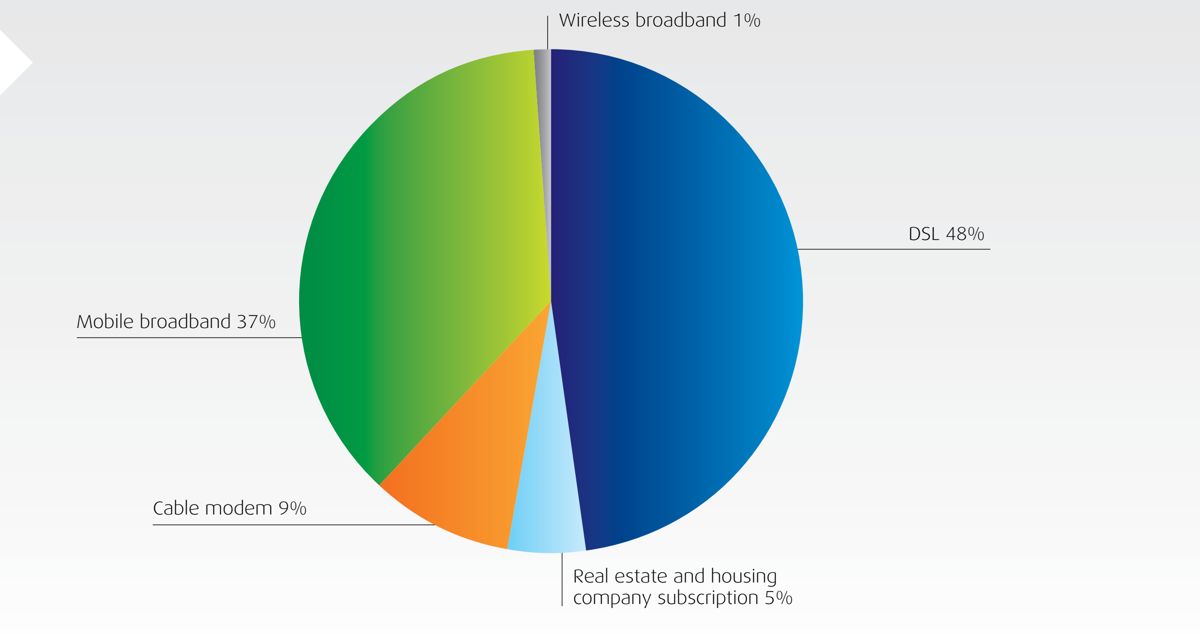
Cable modem subscriptions was the third most common subscription type, but its share out of all subscription types decreased by one percentage point to nine per cent. In spite of this, the number of cable modem subscriptions rose by almost 8,000 in 2009. The growth was slightly faster than in past years. The number of wireless subscriptions provided at a fixed location, i.e. broadband subscriptions based on Flash-OFDM technology provided via the @450 network and WLAN and WiMAX technology, grew by a over a fifth in year. At the end of 2009, there were about 31,800 subscriptions.

The number of broadband subscriptions implemented entirely by optical fibre to the end-customer, i.e. the so-called FTTH/O subscriptions (Fibre to the Home/Office), was over 12,000 at the end of 2009. The number of real estate and housing company subscriptions, of which some are partly based on fibre-optic connections, was over 106,000. So far, the number of fibre-optic connections is relatively small compared to the nearly 100,000 buildings that have been connected to telecom operators' networks via optical fibre.

Broadband services and pricing

The year 2009 saw little change in the pricing of fixed broadband subscriptions. The monthly price of the most common subscription type – targeted at consumer customers, a broadband subscription with 2 Mbit/s, was approximately 40 Euros on average. The prices of broadband subscriptions for 100 Mbit/s or faster, prevalent in some households, remained moderate. On average, a subscription for 100 Mbit/s costs 54 Euros a month. The pricing of wireless broadband subscriptions has undergone the most significant changes. For example, the average price of a wireless broadband connection of 1 Mbit/s dropped from 35 to 32 Euros. The changes are mainly due to the price changes in mobile broadband subscriptions. In addition, among wireless broadband subscriptions, mobile broadband subscriptions in particular were on special offer. Their monthly fees differed significantly from the service provider tariffs. These offers were mainly fixed-term tied-in sales agreements and included a terminal device, which was often a 3G modem.

Figure 3. **Broadband subscriptions by type, 31 Dec. 2009**



Universal service broadband and Broadband 2015 project

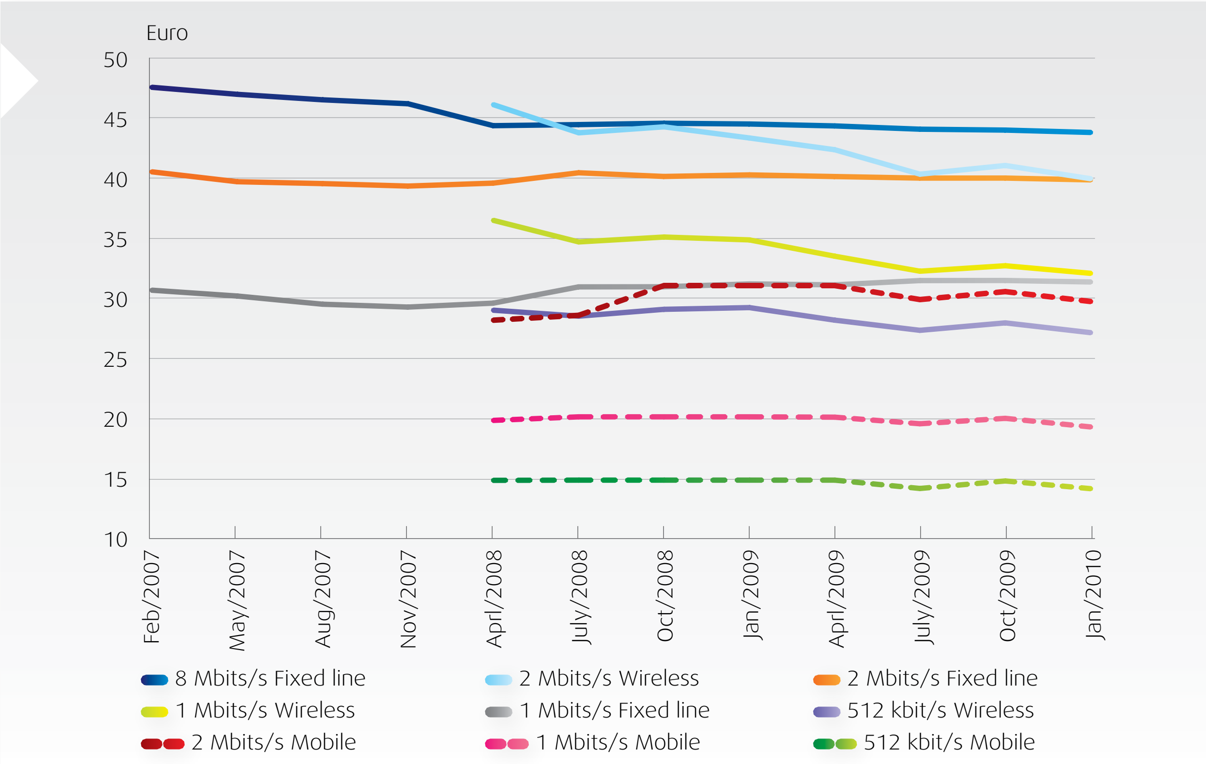
In July 2009, an amendment to the Communications Market Act and the Decree of the Ministry of Transport and Communications on the minimum rate of a functional Internet access as a universal service entered into force. Telecom operators, on which universal service obligations in accordance with the Communications Market Act have been specifically imposed, are responsible for the provision of universal service. The objective of the universal service obligation is to ensure a basic broadband connection to each permanent place of residence or business establishment in Finland.

The Ministry of Transport and Communications defined the minimum rate of downstream traffic for internet access, i.e. from the network to the customer, as 1 Mbit/s. No minimum speed has been determined for upstream traffic, i.e. from the customer to the network. According to the Act on universal service, FICORA analysed the provision of broadband under universal service and issued the designated decisions in December 2009 and January 2010. It was deemed necessary to designate universal service providers for about 380 municipalities or parts of municipalities in an area where about 60 per cent of Finland's population lives. For the municipalities or parts of municipalities in question, at least one telecom operator in the area was charged with the obligation to provide broadband connection as part of universal service to a fixed place of residence or business establishment. The new universal service obligations will enter into force in July 2010.

The Broadband 2015 project was launched in December 2008 with the support of the Government's Decision-in-Principle. The objective of the project is to construct networks capable of providing top-speed broadband subscriptions of 100 Mbit/s in the most sparsely-populated areas in Finland. The State is responsible for at least a third of the costs, and the municipalities for at most a third of the costs. The support is directed at constructing the core network and subscriber lines located at more than a two-kilometre distance from the subscribers. The rest of the funding comes from telecom operators.

The project, which will extend into 2015, has been well-received by the provinces. In 2009, a total of 800 project plans

Figure 4. **Price development of broadband connections Feb 2007–Jan 2010**
(wireless connections include mobile broadband connections)



were presented to FICORA, which is the coordinator of the broadband project. These plans concerned 250 municipalities. The plans cover nearly 130,000 subscribers in the least sparsely-populated areas.

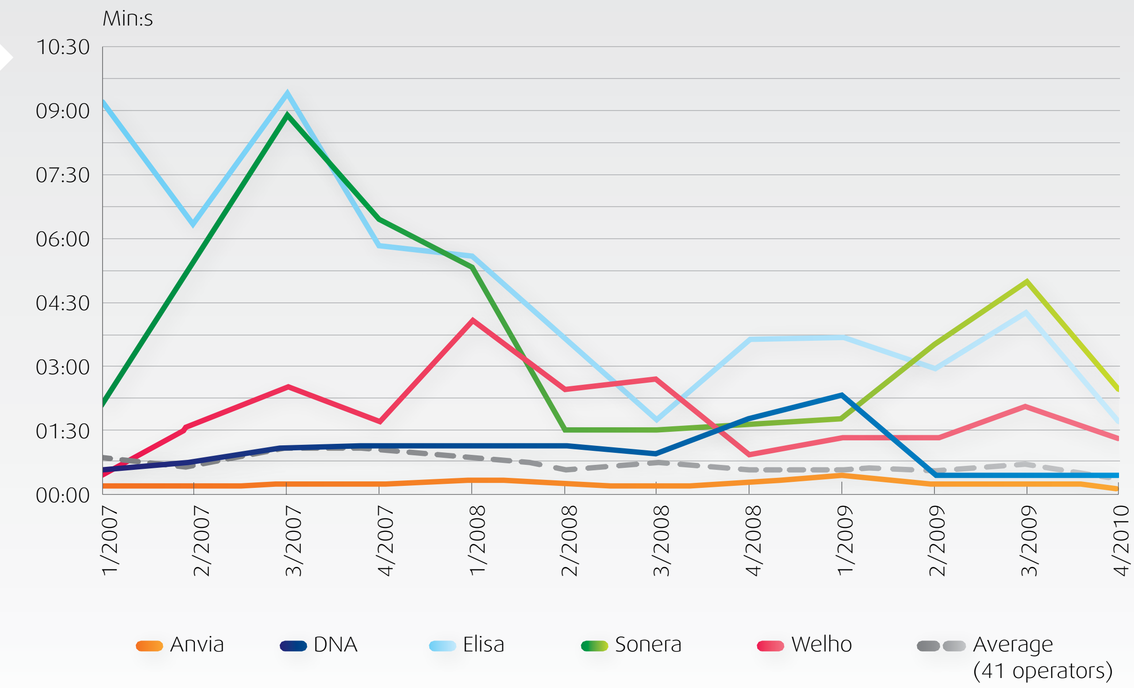
Quality of broadband services

According to the Survey on the Quality of Telecom Services commissioned by FICORA, consumers define the quality of internet services primarily according to the functionality of the connection. Other important quality criteria included a good price-quality ratio, and that the speed and quality of the connections were as promised. Especially at the buying phase, consumers pay attention to the price-quality ratio of the service, whereas at the delivery phase, keeping promises and informing the consumer of the delivery phases were considered to be the most important.

In particular, customers feel that the expertise of the customer service is particularly important when it comes to internet services. When customers contact the customer service or visit the service point personally, they want their problems to be solved immediately. They expect expertise, the service representatives to use plain language and behave politely. Also, customers maintain that it is important to reach the customer service during office hours as well as in the evenings and on weekends. This affects their idea of good quality service. The customers' idea of high-quality internet access was that there must not be any disruptions in the service. Customers perceived the quality to be good when they do not have to pay attention to the functionality of the connection. Customers hope that operators would reward them for loyal customer relationships. For example, customers expect that they would be rewarded for combining all of their services with one operator.

The objective has been to improve the quality of customer service on the basis of statistics regarding customer service response times collected from telecom operators. The customer service response times of the four largest

Figure 5. **Response times of broadband operators' customer service**
(Elisa's response times do not cover Saunalahti)



companies providing broadband services, i.e. DNA, Elisa, TeliaSonera and Welho, have improved as a whole since 2008. Overall, the customer service response times of all telecom operators providing broadband services have, on average, improved for the better towards the end of 2009. There are still differences in the customer service response times between telecom operators, although the differences are not that great anymore. However, the customer service response times of smaller telecom operators were shorter than those of larger telecom operators.

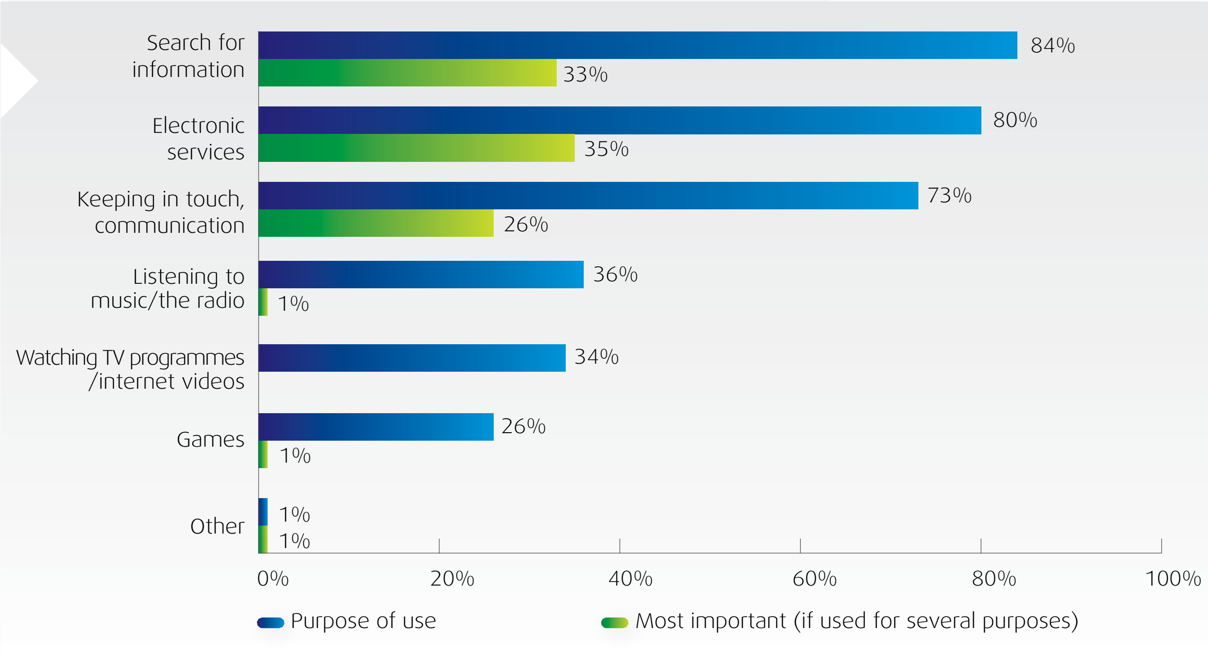
Use of internet services

As stated in the Finns as Consumers of Communications Services survey, three-quarters of consumers use the internet at least once a week. The majority of them reported that they use the internet in their spare time to search for information, for electronic services and for keeping in touch. These three ways of using the internet were also clearly the most important reasons for using the internet. Other reasons for using the internet included listening to music or the radio, viewing television programmes or online videos and playing games.

When the entire population is examined, e-mail was the most used service among all ways of communicating via the internet. Among young people, the place of e-mail has been challenged by online discussion forums as well as instant messaging. The role of the telephone and text message as the most important forms of communication was still strong for the entire population as well as for young people.

About three-quarters of Finnish people reported that they read free newspapers on the internet at least once a week. Only a few respondents read newspapers subject to a fee on the internet. Fifteen per cent of internet users had produced their own, publicly-available content on the internet. It was particularly popular to publish one's own pictures, home pages and writings in blogs and columns. Those who reported

Figure 6. **Use of internet in free time**



playing online games via the internet, use on average nearly six hours in a week for the purpose.

Mobile services

Mobile subscriptions and call and text message volumes

In 2009, the number of mobile subscriptions grew by 13 per cent, which represents nearly 870,000 subscriptions. At the end of 2009, there were nearly 7.7 million mobile subscriptions in Finland. The majority of them – about 78 per cent – were by households. Most of the growth was due to mobile broadband subscriptions primarily meant for data transmission. The share of prepaid subscriptions out of all mobile subscriptions remained at around 10 per cent. The number of valid tied-in subscriptions was 1.3 million. The so-called tied-in sales act permitted their marketing permanently from the beginning of 2009. According to the Survey on the Use of Telecommunications Services, roughly 99 per cent of Finns aged 15–79 years used mobile phones.

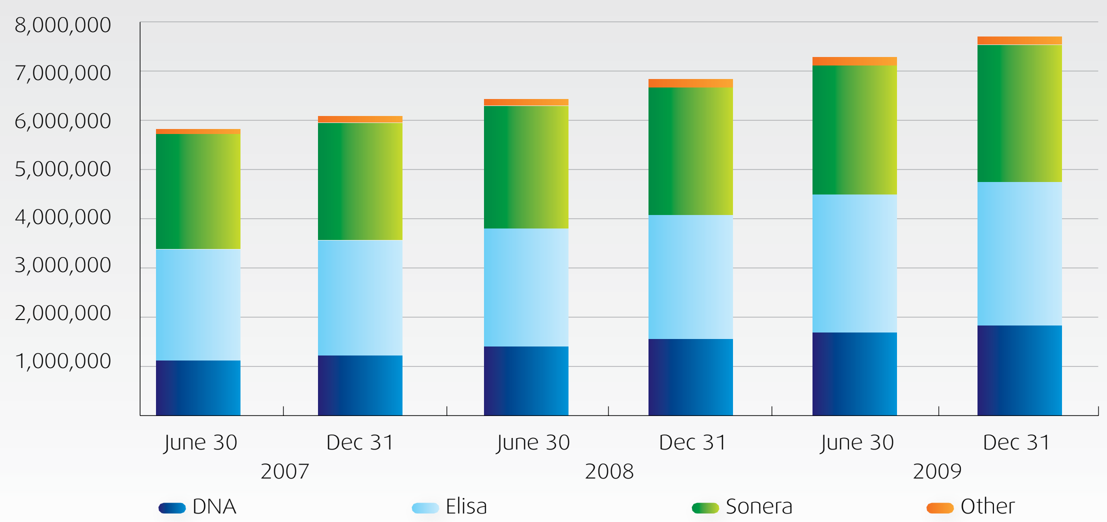
Measured by subscriptions, Elisa took the market leader position in the first half of 2009, but TeliaSonera, which placed second in terms of market shares, kept the difference in subscription volume tight and was able to equalize the market share difference a little at the end of the year. At the end of 2009, Elisa's market share was 38 per cent and TeliaSonera's was 36 per cent, whereas the corresponding figures from the year before were 37 and 38 per cent, respectively. DNA, which was the third largest company by market share, increased its market share from 23 per cent to 24 per cent during the year. The combined share of other operators remained at two per cent.

According to the number portability statistics by Numpac Oy, 2009 was the busiest year with regard to porting of mobile telephone numbers since 2005. Roughly a third more mobile telephone numbers were ported than in 2008. In other words, a total of 575,000 numbers were ported. However, according to the Survey on the Use of Telecommunications Services, household customers did not change mobile service providers any more often than in 2008. Only about 10 per cent of the respondents claimed that they had changed mobile service providers within the past year.

Table 3. **Development of mobile subscriptions and number of phone calls 2007–2009**

Year	2007		2008		2009	
Period	January-June	July-December	January-June	July-December	January-June	July-December
Mobile subscriptions	5 810 000	6 080 000	6 430 000	6 830 000	7 280 000	7 700 000
Telephone calls (no.)	2 342 000 000	2 467 000 000	2 472 000 000	2 490 000 000	2 439 000 000	2 547 000 000
Call minutes	6 687 000 000	6 859 000 000	7 233 000 000	7 315 000 000	7 479 000 000	7 641 000 000

Figure 7. **Mobile subscriptions and market shares**



The number of calls made remained roughly at the level of 2008, but the volume of call minutes increased by four per cent in 2009. The duration of the average mobile call reached as much as three minutes and two seconds, whereas it was six seconds shorter the year before. The average durations for mobile and fixed network calls have moved closer over the past few years. At the end of 2009, an average mobile call lasted only 19 seconds less than a phone call made from a fixed network. For example, in 2005, an average mobile call was clearly more than two minutes shorter than a call made from a fixed network.

In 2009, 3.8 billion text messages were sent, which was about nine per cent more than the year before. In other words, 59 text messages a month were sent per each Finn, whereas the corresponding figure was about 55 in 2008. The number of multimedia messages sent grew from 12 per cent to nearly 40 million in 2009.

During the year, the relatively large growth was seen in the volume of data transmission in the mobile network, which more than tripled since 2008. The trend is familiar from the past few years. In 2009, 16 million gigabytes of information

Figure 8. **Mobile telephone calls 2007–2009**

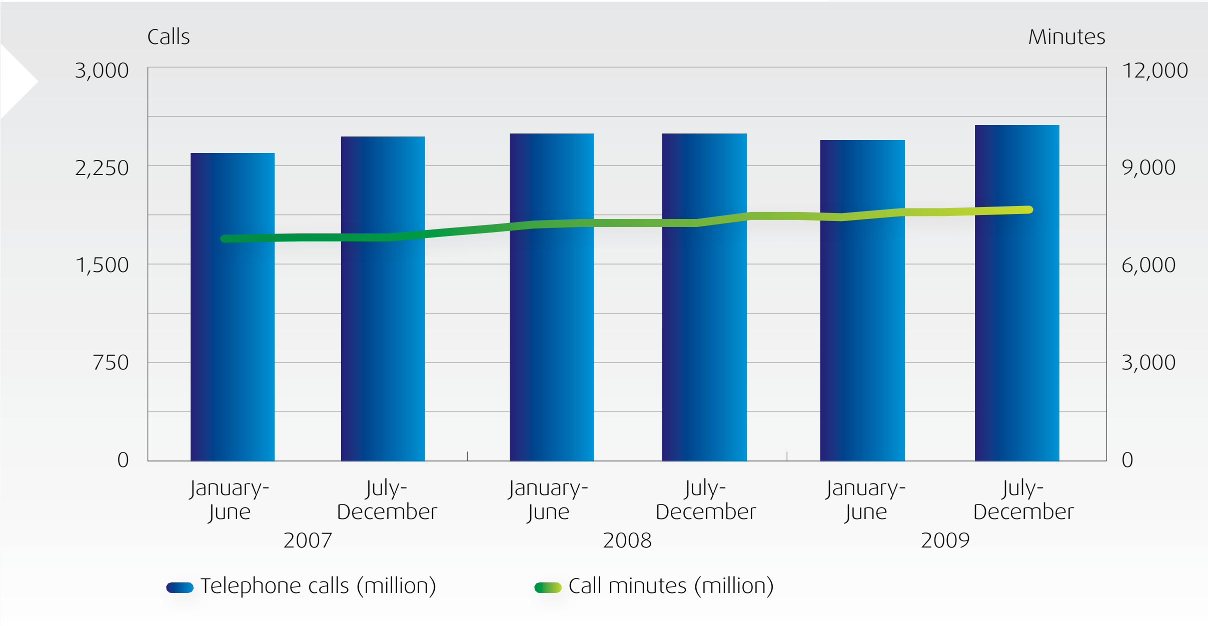
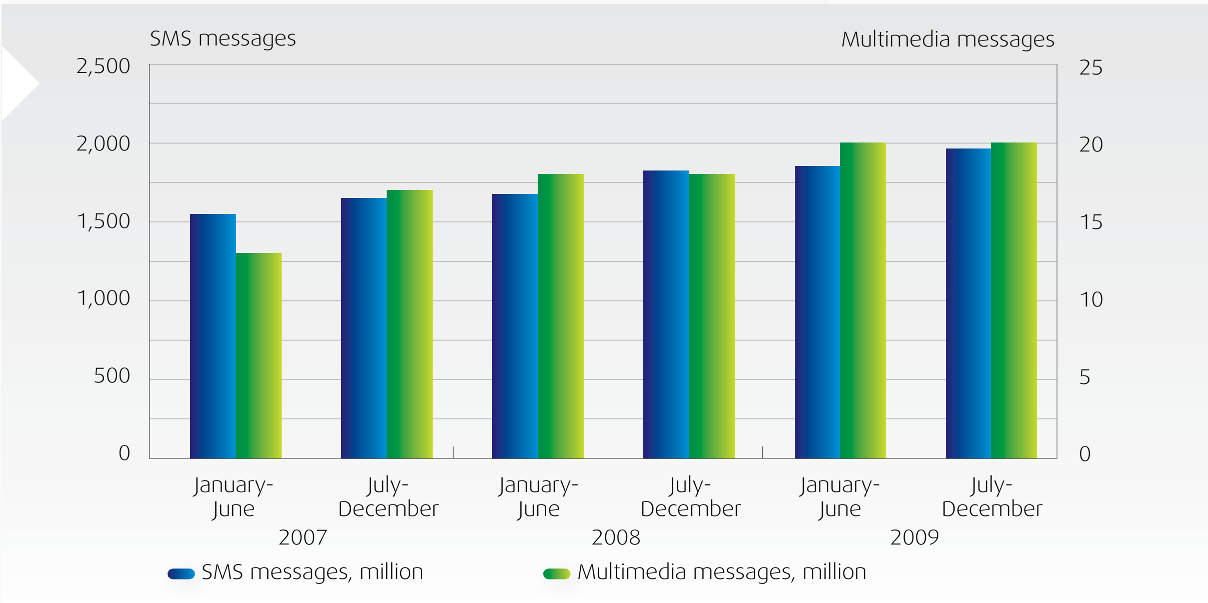


Figure 9. **SMS and MMS messages sent 2007–2009**



was transferred in the mobile network, which means that the amount of data transmitted per each mobile broadband subscription fits onto two CDs. In all, data transmission services via the mobile network were used by more than 2.9 million mobile subscriptions.

Mobile services and pricing

The prices of mobile calls remained stable in 2009, and the prices per minute did not change very much during the year. When it comes to pricing, changes were mainly seen in the supply of various voice and SMS packages which operators use with the aim of reaching various customer groups. At the end of the year, a phone call lasting three minutes made from the basic subscriptions of mobile operators cost 21 cents on average. Also, the data transmission prices of the mobile network were in decline. Monthly prices have become more common as mobile broadband subscriptions have gained in popularity.

According to the Survey on Use of Telecommunications Services, the call rates of slightly over half of mobile phone users were based on per-minute charges for their personal phone calls. Various voice packages, which more than one-third of respondents had, and voice deals (e.g. calls during the weekend for one euro per day), which more than 40 per cent of respondents had, were also popular. 28 per cent of the respondents used a fixed-term subscription agreement. Nearly half of data transmission service users in the mobile network paid a fixed, monthly fee for the service, irrespective of the transferred amount of data.

Table 4. **SMS and MMS messages sent 2007–2009** (million)

Year	2007		2008		2009	
Period	**January-June**	**July-December**	**January-June**	**July-December**	**January-June**	**July-December**
Mobile subscriptions	1,543	1,645	1,668	1,818	1,845	1,955
Telephone calls (no.)	13	17	18	18	20	20

Figure 10. **Data volume transferred over mobile networks 2007–2009**

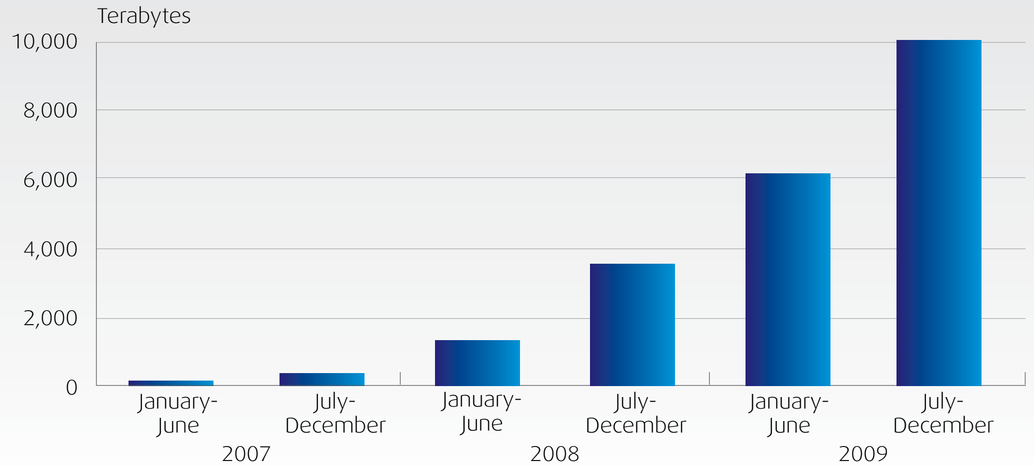
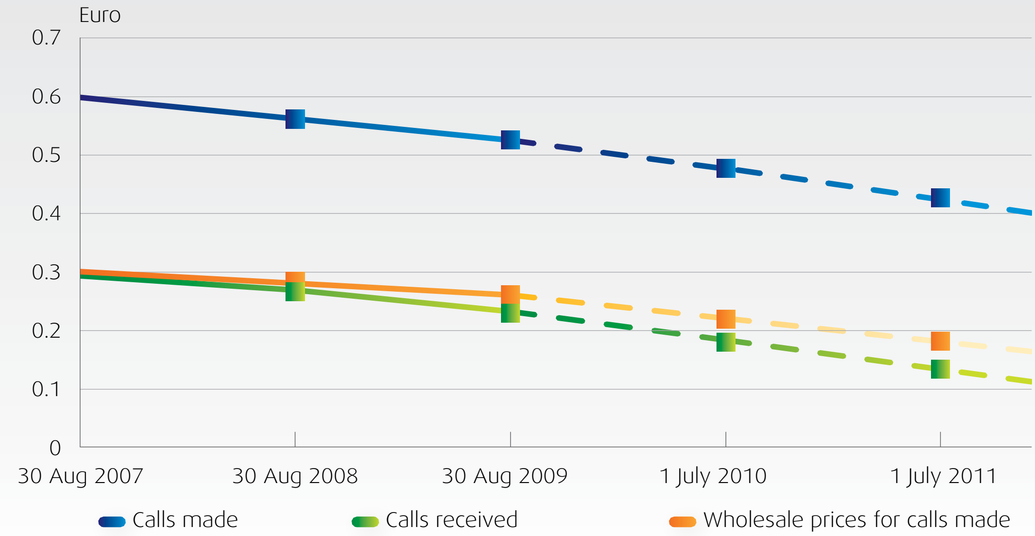


Figure 11. **Maximum roaming charges 2007–2011**
(retail prices include VAT of 22%)



Caps for roaming charges in the EU

On 1 July 2009, the second Roaming Regulation of the European Union entered into force. It concerns the use of mobile phones abroad within the EU; in other words, the so-called roaming services. The new roaming rules amended the first EU Roaming Regulation that entered into force in the summer of 2007. The Roaming Regulation sets a price cap on roaming calls and text messages. The regulation also sets a price cap on the wholesale prices of data services between operators. Data services are used for downloading e-mail, websites, photos or movies to your mobile phone or other mobile device. The objective of the Roaming Regulation is to promote the protection of consumers. The new Roaming Regulation is valid until 30 June 2012.

According to the price cap on calls, or "Eurotariff", the maximum price for a roaming call made when abroad in the EU is 52.46 cents a minute and the maximum price for an incoming call when abroad is 23.18 cents a minute. The voice call minutes of the price caps on calls will gradually drop by about 5 cents each time on 1 July 2010 and 1 July 2011. The price cap for text messages is 13.42 cents for each message. The prices include value added tax. The charging of calls must be based on seconds, except for the calls for which a setup fee of a maximum of 30 seconds can be charged.

The price of data transmission via mobile phone or other mobile device, i.e. the use of mobile data, has been capped at 1 euro per transferred megabyte, and concerns the wholesale prices network operators charge one another. This price cap set for mobile network operators is, however, expected to reduce the prices for the data transmission services charged to end-users. The wholesale price cap for mobile data will gradually be reduced on 1 July 2010 and 1 July 2011.

In addition, consumers will have considerably better possibilities to protect themselves from extraordinary large bills for the use of mobile data. There was a deadline of 1 March 2010, by which telecom operators had to provide the customers who so wished with a service enabling the interruption of data service once the agreed upon financial limit, for example 50 Euros or the corresponding amount of data transmission, is reached. If the customer does not want to continue using the service, the telecom operator must stop providing the data service and charging for it. The before-mentioned cut-off limit concerns all customers automatically as of 1 July 2010, unless otherwise agreed upon by the customer and the home operator.

Home operators must inform their roaming customers of the prices they charge for calls and text messages by sending automatic price information to the customers as they arrive in the roaming area. The price information must include basic price information regarding calls made in the country of visitation and calls made to the home country, as well as information on calls received and sending text messages within the EU. The price information must also include information on a telephone number from which additional, free-of-charge information can be obtained, as well as ways of reaching the 112 emergency number at no cost.

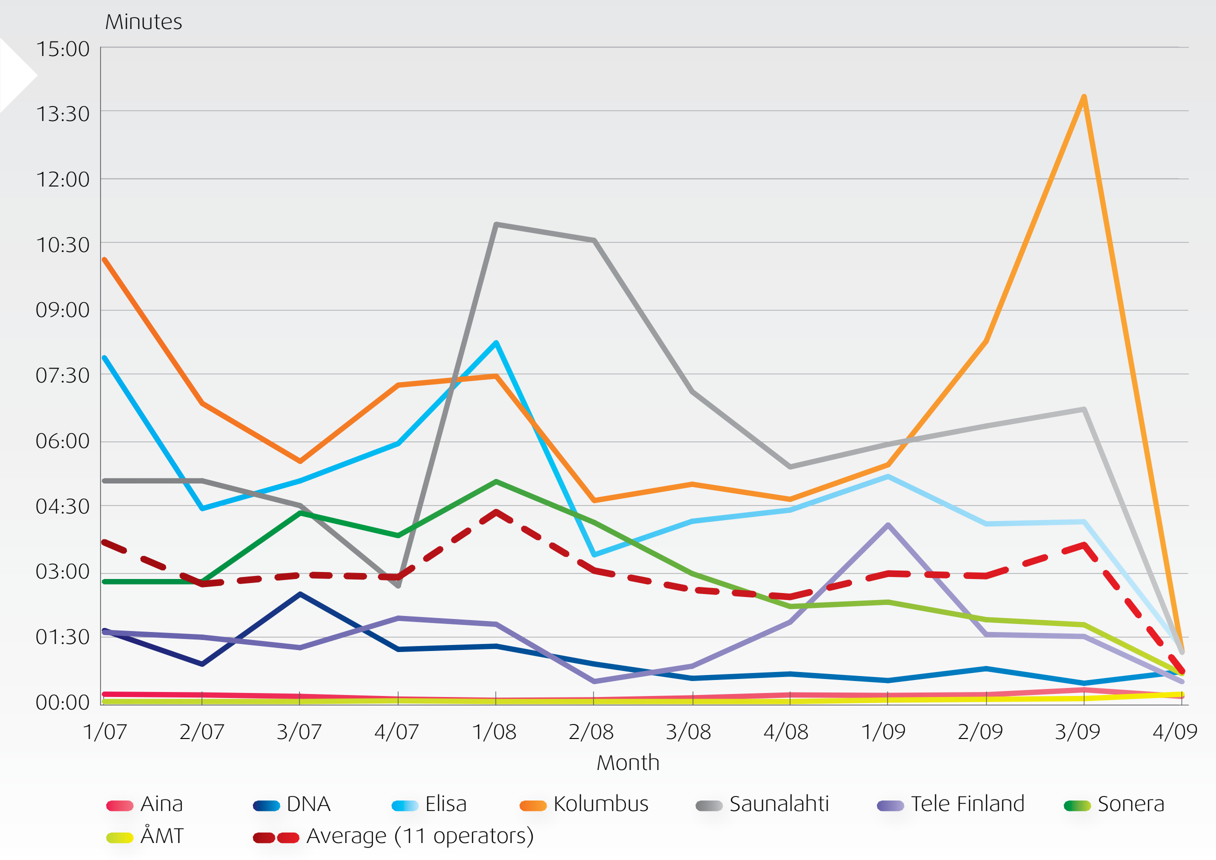
When it comes to data transmission services, the home operator must inform customers about basic price information for services as soon as customers use the roaming data service for the first time and connect to the roaming network. The basic price information must be sent to the customer's mobile phone or other mobile device by text message, e-mail or via a pop-up window on the customer's computer. Customers must be informed about data transmission service tariffs so that they understand the economic consequences of using the data transmission services and are able to control their use of the data transmission services.

As of 1 July 2010, the reception of voice mail while abroad must be free-of-charge within the EU. Listening to voice mail remains subject to a fee.

Quality of mobile services

According to a Survey on the Quality of Telecom Services, at times it is difficult for customers to distinguish between the quality of mobile services provided by operators and the quality of a terminal device, i.e. the functionality of a mobile phone and

Figure 12. **Response times of mobile operators' customer service**

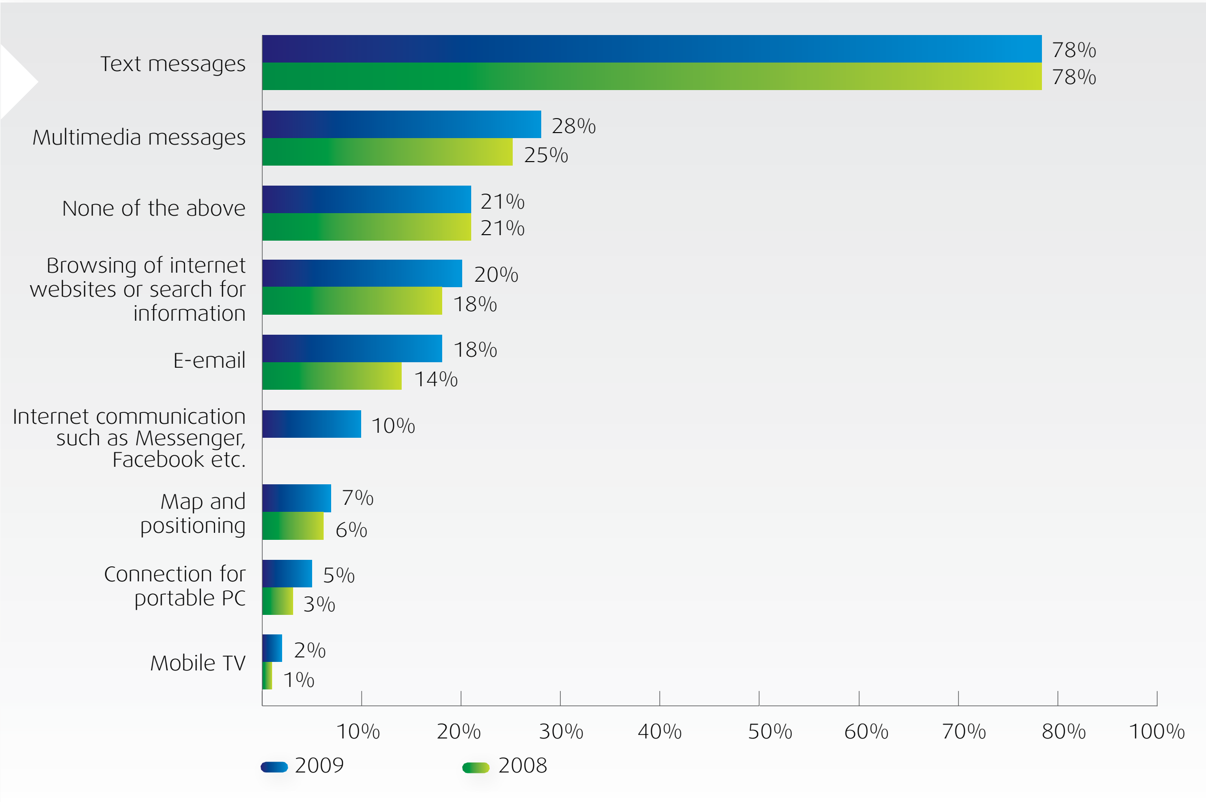


the quality of the related service. The consumers' spontaneous idea about the quality of a mobile service encompasses the technical quality and the quality of customer service. In the consumer's view, the quality of mobile services consists of good audibility and functionality, inexpensive prices and the availability of customer service. Similar to internet services, mobile service customers also wish that operators would reward them for long-term customer relationships.

Inexpensive price and the reliability of the provider are the most important criteria when selecting the service provider. In particular, those who are heavy users of communications services change operators easily on the basis of price offers. Also, the buying decisions of basic users are affected by other users' recommendations and the operators chosen by friends. At the delivery phase, customers value the smoothness of the delivery or transfer and that they are kept informed. During their time as customers, customers value such qualities in mobile service as the functionality of a service, reliability and the extent to which customers are taken into consideration.

Mobile service providers have followed the example of broadband service providers and directed their resources towards improving customer service. In 2009, the response times of mobile operators' customer service developed in a positive direction. The customer service response times of the three largest mobile operators – DNA, Elisa and TeliaSonera, as well as the so-called brand operators of Elisa and TeliaSonera – have improved since 2008. As with broadband providers, there are still differences in the customer service response times between mobile operators, although the differences between the response times have diminished.

Figure 13. **Use of mobile services 2008–2009**



Use of mobile services

On the basis of the Survey on the Use of Telecommunication Services, no major changes have taken place in the use of mobile services in households customers. Unless voice services are taken into consideration, text messages are the most common mobile service. Slightly less than 80 per cent of respondents claimed that they use text messages. The share has remained the same since 2008.

Nearly 30 per cent of mobile subscription holders claimed that they use multimedia messages. About 20 per cent claimed that they browse the internet and use e-mail via their mobile phone. About seven per cent of respondents use their mobile phone for map and positioning services, and five per cent use their mobile phone as a connection for their laptop. The use of these services witnessed some growth from the previous year. About ten per cent use their mobile phone for communication on the internet. In other words, they use instant messaging services or participate in community communication. Seldom did anyone claim to watch mobile television. It is still noteworthy that about 20 per cent of mobile phone users do not use their mobile phone for any other purposes than making or receiving calls.

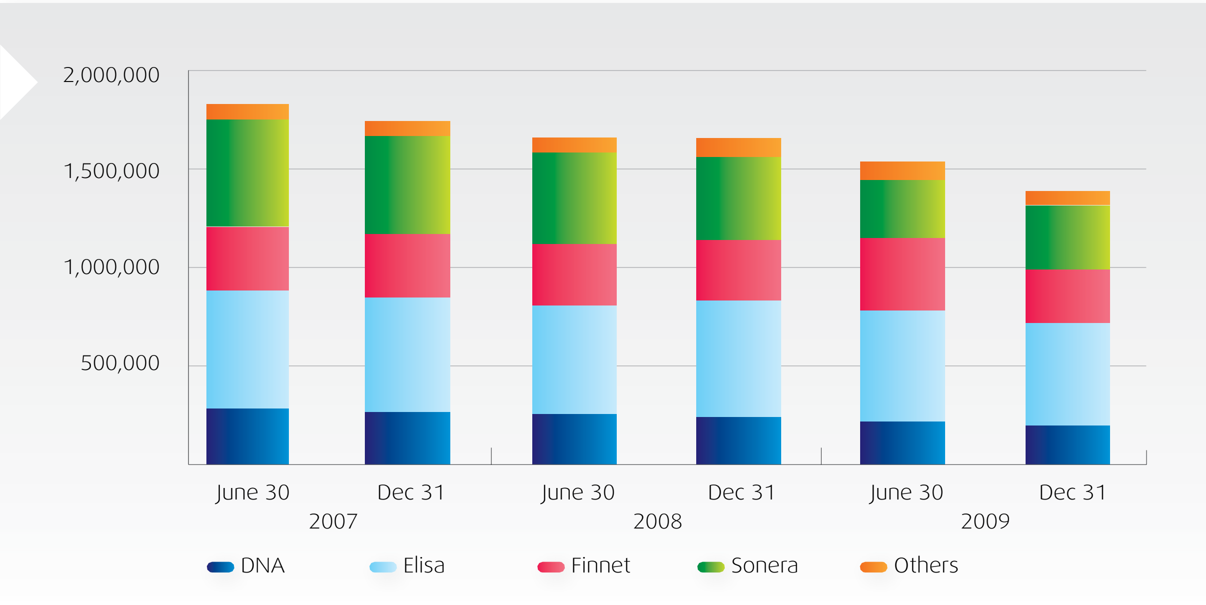
Fixed telephone network services

Fixed network telephone subscription and call volumes

In the latter half of 2009, the development of the fixed telephone network services continued to decline. In 2009, the number of fixed network subscriptions dropped by about 14 per cent, and at the end of the year there were about 1.4 million fixed telephone network subscriptions in Finland. The figure includes not only the traditional fixed network subscriptions, but also the VoIP subscriptions subject to a fee provided by telecom operators. The number of VoIP subscriptions underwent little change during the year.

In late 2009, based on subscription volumes, Elisa was the largest operator by a market share of 38 per cent. TeliaSonera's market share was 23 per cent, Finnet Group's was 19 per cent and DNA's was 14 per cent. Elisa's market share grew by two percentage points in 2009. The Finnet Group's market share remained the same, and TeliaSonera's market share dropped by two percentage points and DNA's by one. The market shares of other independent service operators grew by one percentage point to six per cent.

Figure 14. **Fixed-line subscriptions and market share by operator**



On the basis of the Survey on the Use of Telecommunications Services, about a quarter of Finnish households have a fixed telephone network subscription. From the regional perspective, the fixed telephone network subscriptions were more common in Western and Southern Finland than in Eastern and Northern Finland. Only one per cent of the households had a fixed-line telephone as their only telephone subscription. The majority of fixed-line telephone users claimed that they make do with a mobile phone alone. According to the survey, the most common reasons for retaining a fixed-line subscription were related to established purposes of use, such as the users' or their circle of acquaintances' habits of using the fixed-line telephone.

As in former years, the voice call minutes and volumes of the fixed telephone network have dropped more strongly than the subscription volume. Call minutes made from the fixed network dropped by nearly a fourth in 2009 and call volumes by a fifth. Thus, the average duration of a call was three minutes and 21 seconds.

The pricing of fixed-network telephone services

The year 2009 saw few changes in the pricing of fixed network telephone subscriptions or calls. The activation fee for a fixed-line telephone connection averaged around EUR 80 and the monthly fee around EUR 10. For example, making a local call lasting two minutes and 45 seconds from a fixed-line telephone costs on average 17.3 cents on weekdays. Making a long-distance call of the same duration costs about 33.3 cents. Making a call from a fixed-line telephone to a mobile phone costs the most. The price of a sample call varies from 49.7 cents to 85.5 cents.

The quality of fixed network telephone services

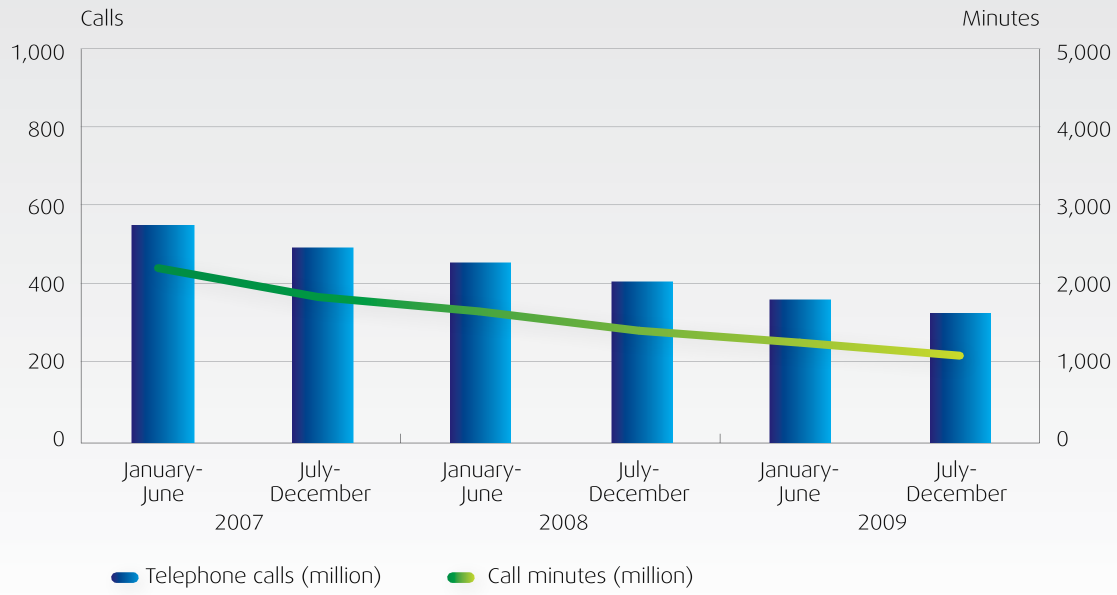
In a Survey on the Quality of Telecom Services, consumers rated in particular the quality of fixed-line service with regard to the quality of mobile services. Quality is also determined as reliability in the technical sense, the ease of use and voice quality. Reliability gives the consumer a sense of security because it is believed that the functionality of a fixed-line telephone in any kind of circumstance is different than that of a mobile phone. Also, voice quality was compared to mobile services and regarded as excellent.

Only the price level of calls was considered as a factor that might influence giving up fixed-line service. The current prices for basic fees were considered to be a poor quality of service.

Table 5. **Development of fixed-line connections and number of phone calls 2007–2009**

Year	2007		2008		2009	
Period	**January-June**	**July-December**	**January-June**	**July-December**	**January-June**	**July-December**
Fixed-line connections	1,830,000	1,740,000	1,650,000	1,650,000	1,530,000	1,430,000
Telephone calls (no.)	553,000,000	495,000,000	458,000,000	409,000,000	363,000,000	329,000,000
Call minutes	2,198,000,000	1,827,000,000	1,644,000,000	1,396,000,000	1,244,000,000	1,077,000,000

Figure 15. **Phone calls in the fixed-line network 2007–2009**



TV and Radio Broadcasting

The year 2009 was significant for mobile and high definition television. It was the first full year when television transmissions were digitally received in Finland by both terrestrial and cable television networks. During the year, the validity of some old licences was continued and new licences were given out for application. A new round of radio licences should take place in 2010. Some re-arrangements were made for currently valid licences.

In October 2009, DNA claimed that it was going to begin providing mobile television as the first service operator in cooperation with the communications network operator Digita. As a service operator, DNA provides consumers with the content of various programme providers as a packaged service entity. At the initial stages of its operations, DNA provided all viewers with an introductory period to the service. After the introductory period, the transmissions were encrypted and the service was available only to DNA's mobile customers against a monthly fee. In addition, a mobile phone suitable for viewing mobile television is needed.

Mobile television programmes are broadcast in the frequencies of multiplex D, which are primarily reserved for the use of mobile television. The coverage area of the DVB-H network constructed by Digita covers about 40 per cent of all Finns. The network covers most of the Helsinki Metropolitan Area, areas of Tampere, Turku and Oulu as well as the centre of Salo.

High definition broadcasts received more space in the terrestrial network, as the Government granted DNA network licenses for high definition trial broadcasts in the terrestrial network on multiplexes HD1 and HD2 in the summer of 2009. The licences are allocated for long-term trial broadcasts and licence holders must file an annual report with FICORA regarding the development of the activities. Earlier, high definition transmissions had been broadcast through the cable television network and via IPTV and satellite. Trial broadcasts have also taken place via the terrestrial network. The licences for multiplexes HD1 and HD 2 will be valid until the end of 2016. According to the conditions of the licence, the transmission network should cover 60 per cent of the population of mainland Finland by 2011 and the broadcasting technology will be DVB-T2. However, DNA also has the right to use the older DVB-T broadcasting technology until the end of 2010.

At the end of 2009, the Government also declared two completely new network licences to be open for application. The network licences are for the nationwide multiplex F and multiplex HD3 allocated to the Helsinki Metropolitan Area. The multiplex HD3 is dedicated to high definition broadcasts, but also the network licence holder of multiplex F has been given the opportunity to use high definition broadcasting technology. Decisions regarding the granting of network licences will be issued in 2010. At the end of 2009, the Government granted to Digita network licences once again for the old multiplexes A, B and C. The network licences already held by Digita are valid until 31 August 2010, after which the new licences enter into force and continue until the end of 2016.

As part of the granting of network licences, the Government granted new programme licences and it is planned that old programme licences will be extended for multiplexes B and C. The current programme licences for multiplexes B and C are valid until 31 August 2010. In accordance with previous

Table 6. **Digital television broadcasting channels in national multiplexes, 19 Feb. 2010**

Multiplex A	YLE TV1	YLE TV2	YLE Teema	YLE FST5	SVT World
Multiplex B	MTV3	Nelonen	Sub	JIM	MTV3 MAX
	Sub Juniori	Sub Leffa			
Multiplex C	Nelonen Sport	The Voice/TV Viisi	Klubi.tv	Iskelmä	Canal+ First
	Canal+ Hits	Canal+ Sport 1	Canal+ Sport 2	Harju & P.	Nelonen Sport Pro
	URHOtv	DIGIVIIHDE		Disney Channel	
Multiplex E	Liv	SuomiTV	Discovery Channel	Eurosport	MTV3 Fakta
	Music Television MTV	Nickelodeon	KinoTV		

Government decisions, the licences for multiplex E are valid until 31 December 2016, excluding the channel Liv, whose programme licence will expire on 31 August 2010. In addition, programme licences valid until 31 December 2016 for the multiplex in the Vaasa region have been granted to KRS-TV rf (in the Kristiinankaupunki region), När-TV rf (in the Närpiö region) and Vaasan Läänin Puhelin Oy.

In the beginning of 2010, television programmes in the terrestrial antenna network were broadcast on five nationwide multiplexes with a regionally varying coverage and channel offering.

The ten nationwide or corresponding programme licences granted for radio broadcasting, as well as 47 local programme licences, are valid until the end of 2011. The Ministry of Transport and Communications has already begun to prepare for the second round of licences. The objective is to grant the licences in 2010.

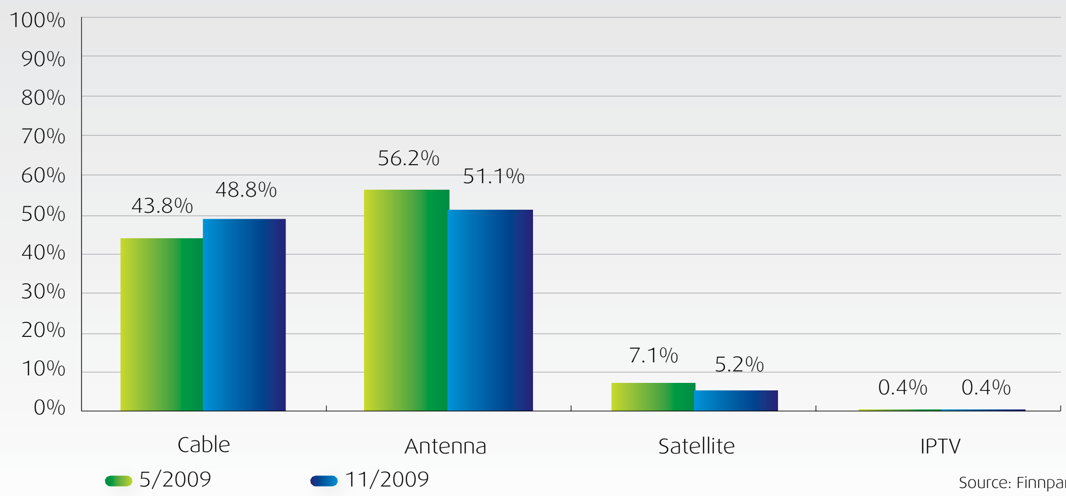
In 2009, the operations of Salon Alueradio Oy and Turun Paikallisradio Oy were combined due to economic reasons. The name of the Salo-based Radio 88.2 was changed to Radio Melodia 88.2 and Radio Rogmo became Auran Aallot Salo, as the production of the programmes was concentrated. In addition, Classic Radio gave up its licence and terminated analogue transmissions in September in the middle of its licence period. The licence that became available from Classic Radio was declared open for application and was granted to Classicus Oy, which publishes Rondo-Classica, a magazine specializing in classical music. The licence is valid from December 2009 until the end of 2011. Classicus Oy has claimed that it will begin broadcasting on 22 March 2010.

Television broadcasting

Reception of television broadcasts

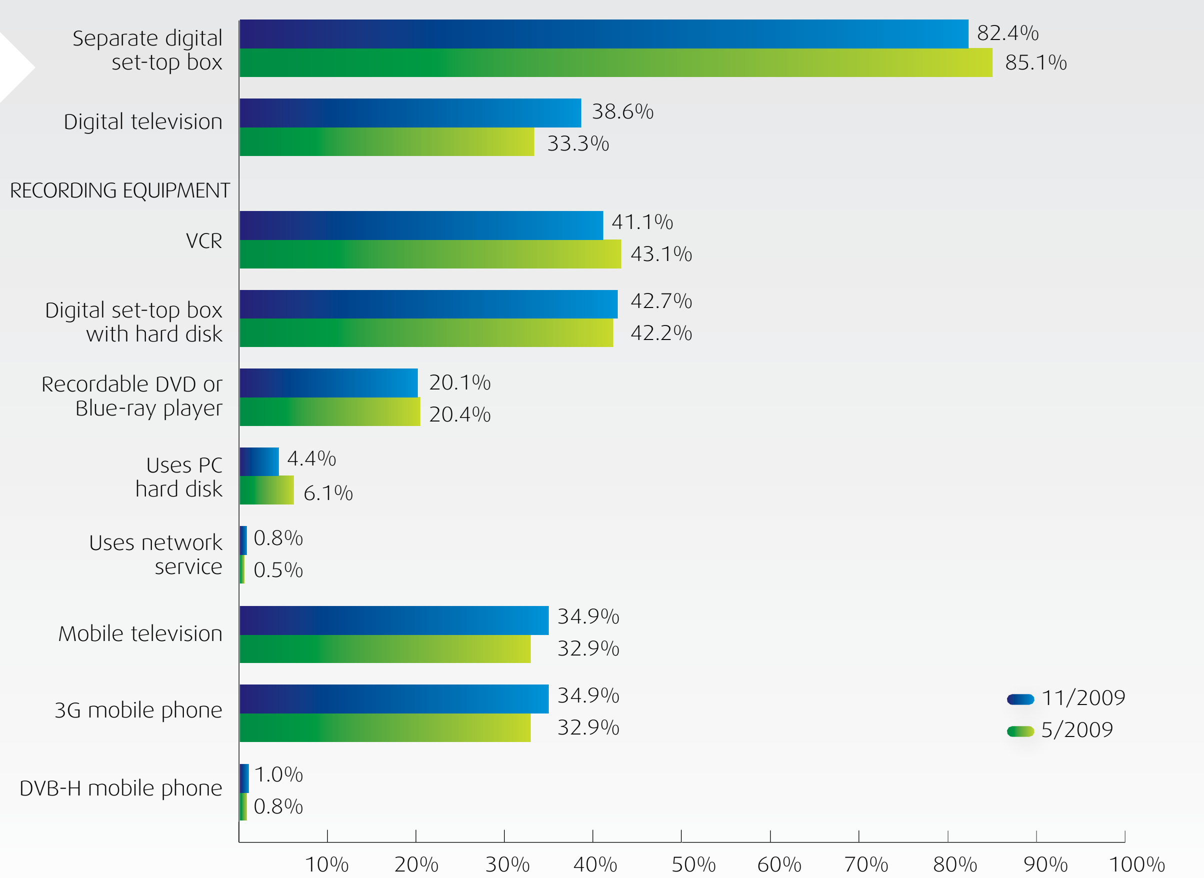
At the end of 2009, the number of TV households was at the same level as the year before. In other words, 92 per cent of all households received television broadcasts. Less than half of all TV households claimed that they receive television transmissions via the cable television network. The remaining, more than half of all respondents, reported that they were primarily receiving broadcasts via the terrestrial antenna network and by means of other technologies such as satellite antennas. Less than one per cent of TV households followed television broadcasts via IPTV. The shares for the reception methods are partly overlapping because the same household can receive television broadcasts in more than one way, and satellite reception often compliments other reception methods. The number of digital televisions, or so-called integrated televisions, continued to grow and approached the boundary

Figure 16. **Reception of television transmissions**
(share of TV households)



Source: Finnpanel Oy

Figure 17. **Penetration of digital equipment in TV households 2009**



Source: Finnpanel Oy

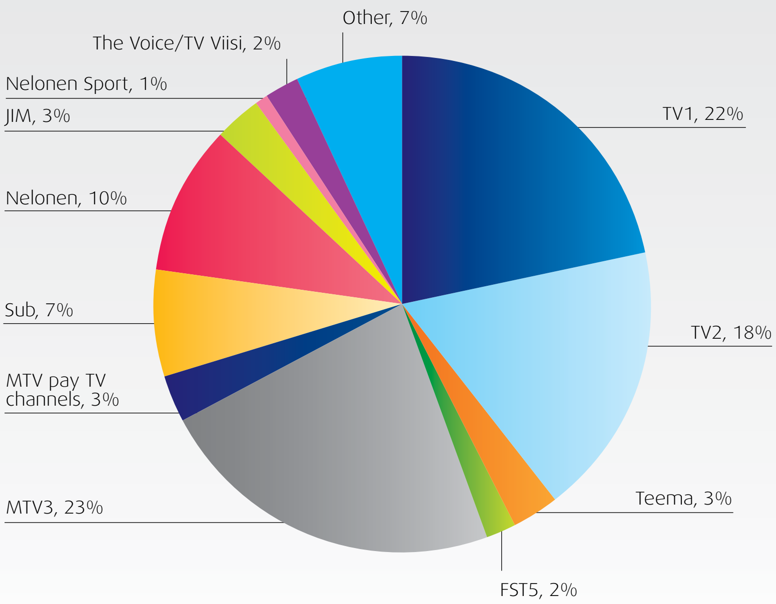
of 40 per cent at the end of 2009. A separate digital set-top box is still the most popular digital receiver. Many Finns also had the opportunity to watch TV programming through their mobile phones. Roughly a third of TV households claimed that they own a mobile phone for TV viewing. Mobile phones that enable the reception of television broadcasts, either through the terrestrial network (DVB-H) or via mobile communications network, were both included in this figure.

When it comes to recording devices, the same number of TV households had a digital set-top box with a hard disk and a VCR, in other words more than 40 per cent of TV households. In addition, a DVD or Blue-ray recorder could be found in 20 per cent of TV households. It is still rather rare to record TV programmes on the computer's hard disk or via online services.

Television viewing

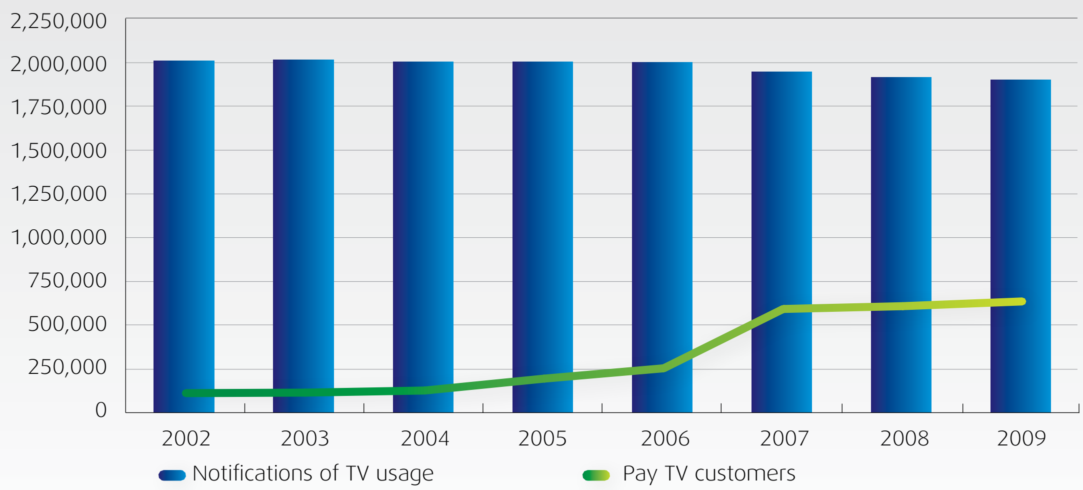
In 2009, television viewing was as popular as in the previous year, i.e. nearly three hours a day. However, there was strong variation in the daily TV viewing among age groups. Whereas 4–24 year-olds watched television for about 1.5 hours a day, the time spent watching television grew to three hours among 45–64 year-olds, and to 4.5 hours among those who had turned 65. Women spent about 10 minutes more time watching television than men. During the year, television viewing had dropped among those under 25 years.

Figure 18. **Shares of TV channels of minutes of viewing 2009**



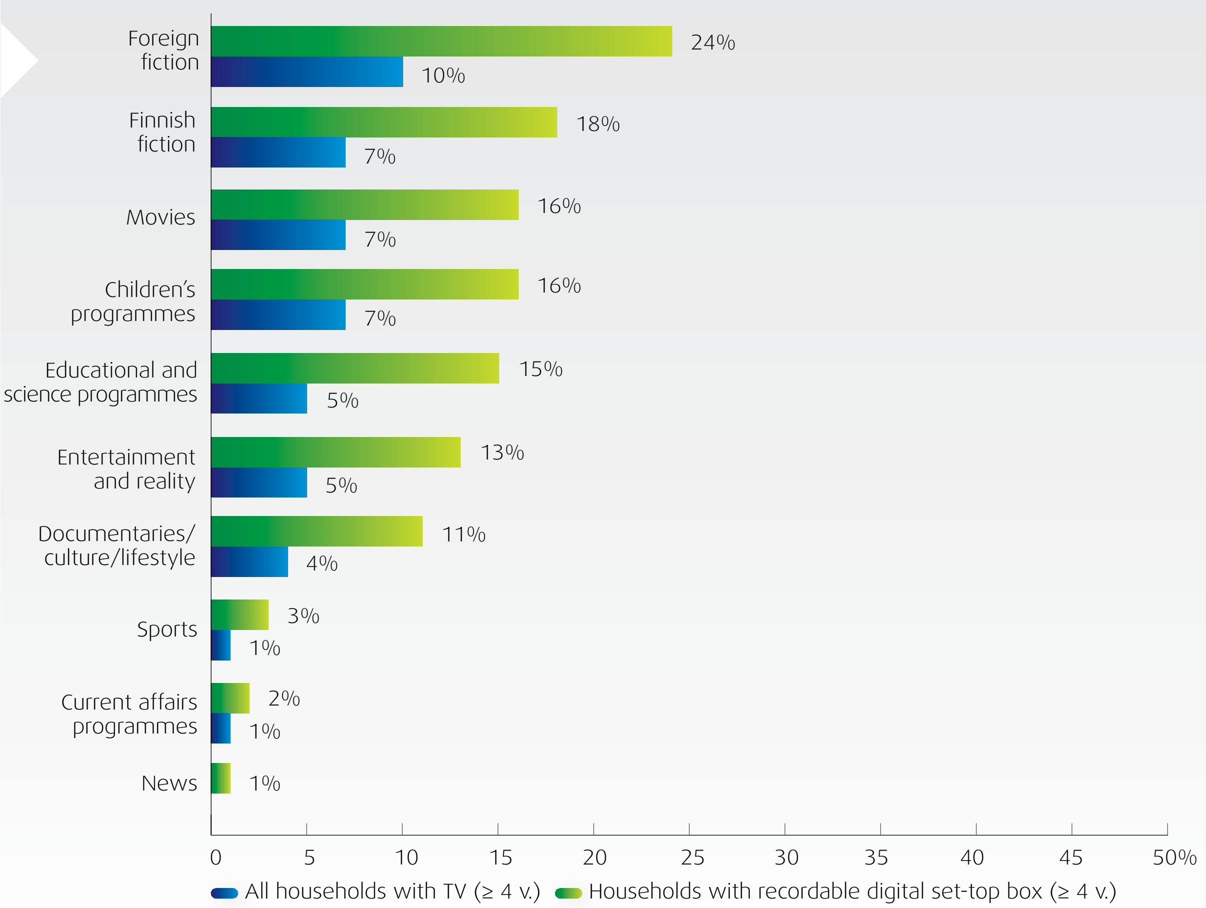
Source: Finnpanel Oy

Figure 19. **Pay-TV subscribers in relation to TV households 2002–2009**



Source: FICORA/Finnpanel Oy

Figure 20. **Addition of time shift to live viewing by programme type**



Source: Finnpanel Oy

The number of television channels has increased greatly due to digitalisation. At the end of 2009, there were 12 free-to-air television channels. Another sign of increased growth is that the combined share of viewers for the four largest television channels had dropped to almost 70 per cent by the end of the year. Television viewing has been divided among increasingly more channels, and in 2009, Finns watched on average five different channels a day.

As many as 636,000 households, or a third of all TV-households, watched pay-TV channels. However, the popularity of pay-TV has stabilised and remained at about the same level for the past two years. Seven per cent of daily TV viewing by Finns consisted of watching pay channels. On average, pay-TV is more common in families with small children, and men accounted for two-thirds of pay-TV viewing.

Slightly less than a million households had a digital set-top box with a hard disk recorder (i.e. recordable digibox) at the end of 2009. The share of TV programmes recorded and viewed afterwards, i.e. the share of so-called time shift viewing in households, was five per cent and that of households owning a recordable digibox was thirteen per cent. On average, time shift viewing was slightly more popular among 25–34 -year olds and women.

Viewing of audiovisual content

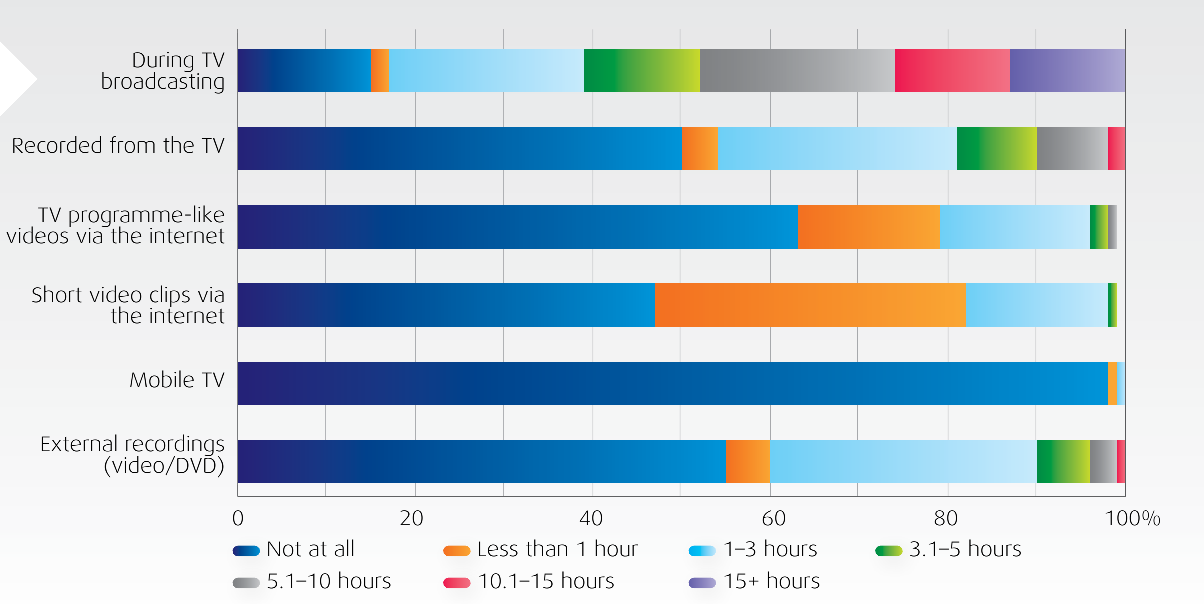
The objective is to amend the Act which provides provisions on television and radio operations during the spring of 2010 so that it would correspond to the European Directive on audiovisual media services. The key change to the act means that its scope of application will extend to not only concern traditional linear television activities, but also non-linear audiovisual content, i.e. video-on-demand services provided mainly via the internet.

At the end of 2009, FICORA commissioned a survey about the Finns' habits of viewing audiovisual content services. In the survey, consumers estimated that during the past year they spent considerably less time viewing television programmes or other similar audiovisual content on television at the time they were broadcast, whereas they spent more time viewing content on the internet. In particular, the drop was particularly sharp among young people aged between 15 and 19 years when it comes to watching television during regular broadcasting times. Also, the consumers' own assessments of the changes in their viewing habits over the next year are similar, but not as strong.

However, viewing audiovisual content during broadcasting times was still the most common form of viewing. Eighty-six per cent of persons who had some sort of device at their home that enabled viewing reported that they at least sometimes in their spare time watch audiovisual content during the broadcasting time. Approximately two out of three respondents reported that they watch the content in question as external recordings (video or DVD) or short video clips on the internet. Fifty-seven per cent of respondents claimed that they watch programmes as time shift, i.e. afterwards as a recording from the television, and forty per cent watch them on the internet. Two per cent of respondents reported that they watched mobile broadcasts.

Also, the respondents spent the most time watching television programmes during broadcasting, approximately a little more than nine hours a week, which outnumbered the viewing of

Figure 21. **Time spent on watching audiovisual content**
(% of viewers watching AV content)



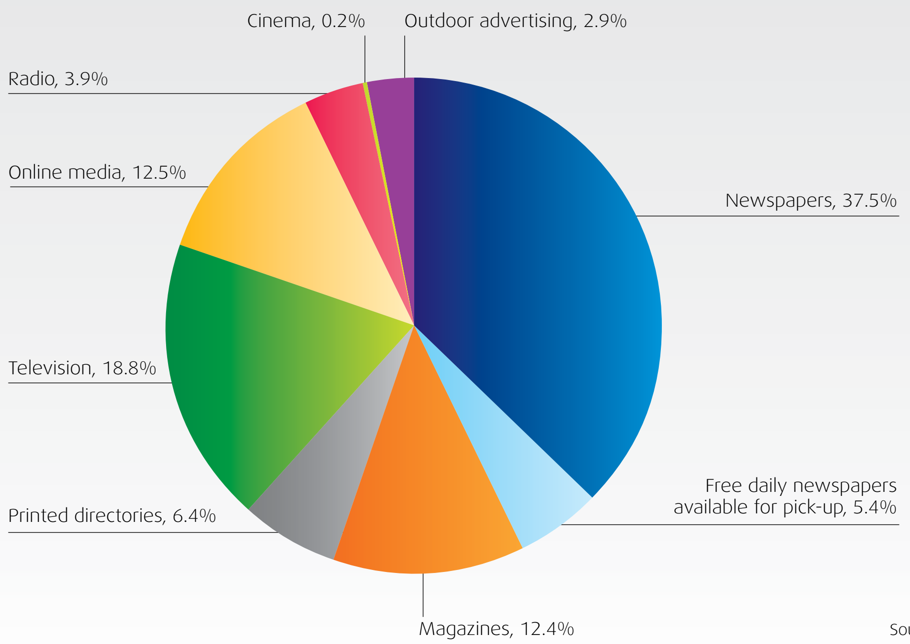
other audiovisual content. And, they spent more than four hours watching recorded broadcasts and less than three hours a week watching external recordings. The respondents spent about two hours a week watching television programmes or similar broadcasts on the internet, whereas the time spent watching short video clips and mobile broadcasts remained at about one hour per week.

Especially among the older age groups, TV viewing during broadcasting was still the most important way of viewing audiovisual content. The second most important form of viewing was time shift, especially among the age group 35–54. Viewing other sources was of minor significance to viewers, but those in the age group 15–24 regarded them as, on average, important.

Viewers' order of preference when viewing programmes during broadcasting was: news, series, current affairs programmes, documentaries and movies. The order of preference for programme types viewed regularly as time shift was: series, movies, documentaries and other entertainment programmes. Viewing the internet differed greatly from the above-mentioned two forms of viewing. Viewing the internet was relatively irregular, and the list of most viewed content not only included news and series, but also content filmed and placed on the internet by other users, music programmes and video and sports.

YLE Areena was the most used service among those who viewed audiovisual content on the internet. More than half of respondents had also used MTV3's Katsomo service and less than half had used Sub.fi and Nelonen's Ruutu.fi services. On average, YLE Areena's services were used more by men than by women, whereas MTV3's Katsomo was more popular among women. Less than half claimed that they had used some other service providing audiovisual content than the services of the above-mentioned television channels. Of these, the most common were the BBC, CNN, online services of tabloid papers, JIM, SVT, TV7, TV-kaista and Youtube.

Figure 22. **Shares of media advertising 2009**



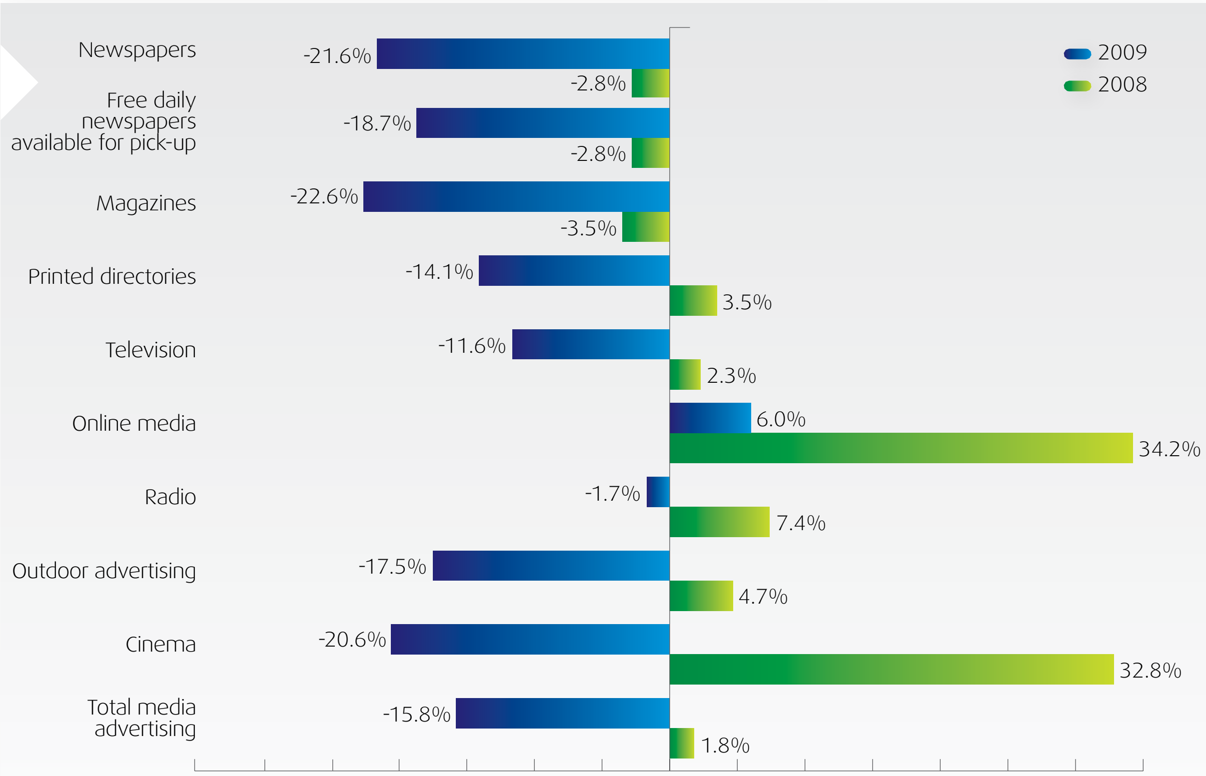
Source: TNS Media Intelligence

The respondents claimed that the most important reasons for not viewing programmes on the internet were the trouble of searching and choosing, lack of interest, the small size of the computer's screen or the poor quality of service, a poorly-placed computer for viewing purposes and an internet connection that was too slow. Mobile broadcasts do not attract viewers because people are unwilling to pay for them, they do not interest people, the screen of the phone is too small or the quality of the voice is poor; viewers want to use the phone for making calls or sending SMS only or because their current phone does not support TV viewing. Also, the trouble of searching and choosing was mentioned as an obstacle to viewing mobile broadcasts. The simultaneous viewing of audiovisual content on different platforms is rather rare. Simultaneous use concerned mainly television and the internet, and more often than not between 9 and 12 o'clock.

Amount of media advertising

In 2009, the total amount of media advertising expenditure was €1.3 billion. This was down 15.8 per cent from 2008. The amount of media advertising dropped in 2009 during all quarters, but the decline was lowest in the last quarter due to December. Newspapers retained their position as the largest media group with respect to media advertising shares. As in past years, television had the second greatest advertising share. In past years, magazines were the third largest media group, but in 2009 online media advertising surpassed advertising in magazines with a 12.5 per cent share compared to that of the magazines, which had a 12.4 per cent share.

Figure 23. **Development of media advertising by media group 2008–2009**



Source: TNS Media Intelligence

The volume of media advertising continued to fall in 2009, which began in the latter half of 2008. The decline was greatest in magazines and the second greatest in newspapers. The share of printed media represented roughly 62 per cent of all advertising. The share of electronic media out of all media advertising grew roughly from 32 to 35 per cent from the year before. The only media group that grew in 2009 was online media, which owes its growth to electronic directories and search engine advertising in particular. For radio, media advertising dropped by only 1.7 per cent.

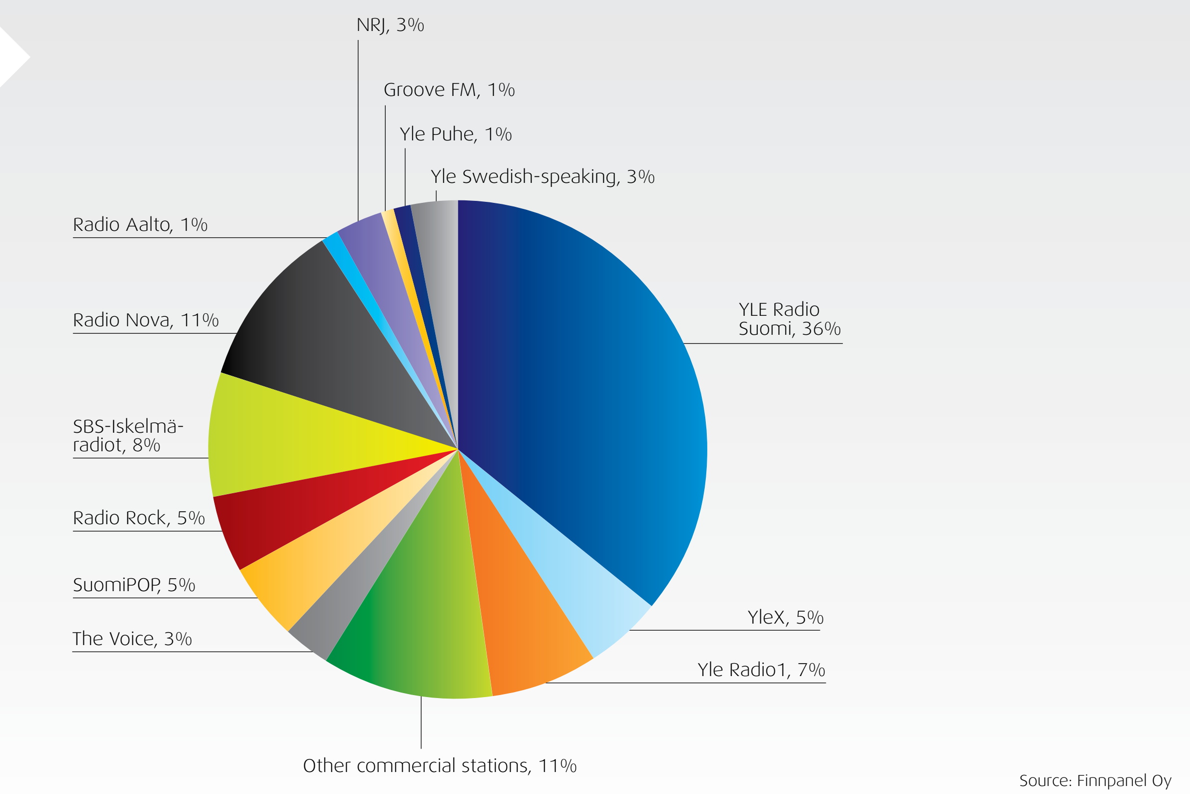
In 2009, the only sector that increased its media investments was medicine and other pharmaceutical products. Their growth was nine per cent. Cars and financing were the sectors that most cut their media investments. Each sector's cut was over 20 per cent. Despite this, cars as a sector remained among the top three sectors that spent the most money on advertising. Retail stores spent the most money on advertising, the second most cars and the third most food products.

Radio broadcasting

Shares of radio listening

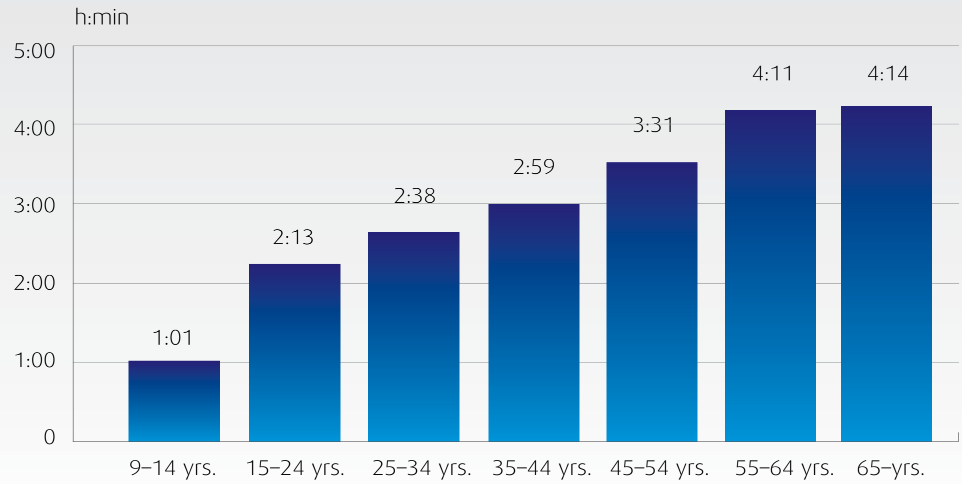
On average, radio listening amounted to 3 hours and 11 minutes per day in 2009. The listening time dropped by four minutes from the previous year. In early 2009, changes were made to universes and sampling methods of the National Radio Survey, so the listening times are not completely comparable with one another. Finns still listened to 1.5 radio stations on an average day, but the number of channels they listened to over a week had slightly risen from 2.7 stations to

Figure 24. **Shares of radio channels of minutes of radio listening 2009**



Source: Finnpanel Oy

Figure 25. **Daily share of listening by age group 2009**



Source: Finnpanel, National Radio Survey

2.8 stations. Depending on their place of residence, Finns had the opportunity to listen to 12–23 radio stations. Each week, the radio reached 95 per cent of Finns, and 78 per cent of Finns listened to the radio every day.

Radio listening

According to surveys carried out with respect to the National Radio Survey, the share of Finns who had a mobile phone equipped with a FM radio grew from 46 to 55 per cent from the spring of 2008 to the spring of 2009. The share of those who regularly listened to the radio via their mobile phone on a weekly basis remained almost the same and was six per cent of the entire population in 2009.

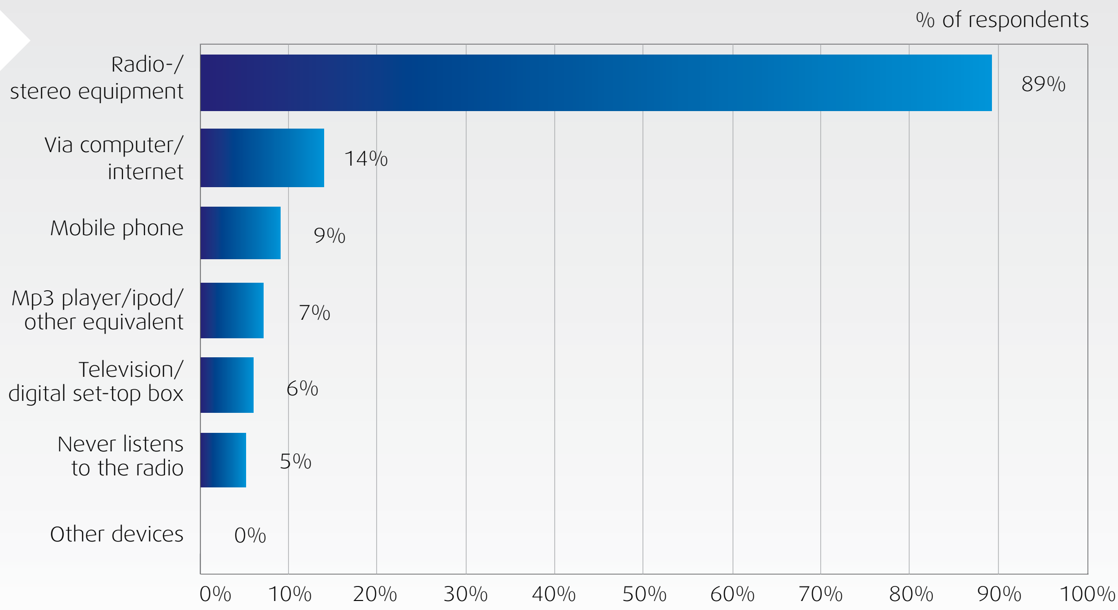
In connection with the National Radio Survey in November 2009, there was an inquiry about radio listening via the internet. The share of those listening to radio channels via the internet on a weekly basis has remained the same compared to November 2008, which is nine per cent of the population. Instead, the share of those who had tried listening to the radio online increased. The respondents had claimed a total of 100 different online radio stations they had listened per survey week. The internet has extended the range of radio stations, but still, 90 per cent of radio listening consisted of listening to 14 different traditional radio stations.

In the survey Finns as Consumers of Communications Services commissioned by FICORA, the respondents were also asked about devices Finns use for listening to the radio in their spare time. Radio or stereo devices were by far the most popular listening devices, and eighty-nine per cent of listeners used them for listening to the radio. The second most popular way of listening to the radio in one's spare time was online via the computer, but this listening device was chosen by only 14 per cent of the respondents. Only five per cent of the respondents claimed that they never listen to the radio.

Programming content of commercial radio channels

The conditions of the radio licences granted by the Government include obligations concerning the content of radio programmes. For example, they concern how much speech content they must include. The proportion of speech programmes out of the weekly broadcasting time of local stations must be at least 15 per cent, and 20 to 30 per cent on nationwide or similar stations, depending on the licence. It is the responsibility of FICORA to monitor the compliance with licence conditions. For the purpose of this monitoring duty, FICORA has commissioned annual sampling surveys, in which the programming of ten radio stations have been described on one weekday from 6 am to 6 pm.

Figure 26. **Radio listening devices in free time**



According to the 2009 survey, The Voice had the largest amount of speech content, i.e. more than three hours (26.9 per cent). Auran Aallot Salo came second (23.6 per cent). Classic Radio had the least amount of speech content (9.9%), and the second least amount of speech content was provided by Metro FM (11.3%).

The licences of local radio stations include obligations for the handling of matters pertaining to the coverage area of the programming. Radio Manta from Sastamala had the largest amount of editorial speech content with respect to local affairs, i.e. one hour and 20 minutes. Radio Sata from Turku had the second largest amount of editorial speech content covering local affairs, amounting to one hour and 11 minutes during the survey period. Of all the stations in the survey sampling, Auran Aallot Salo had the least amount of speech with respect to local affairs, i.e. less than 20 minutes. The broadcast samples of Auran Aallot Salo and Auran Aallot were nearly completely identical with one another. Also, the editorial contents of the samples of Radio Melodia 88.2 and Radio Melodia were, in principle, the same and the broadcast samples were partly congruent.

Postal Services

Mail delivery volumes

According to the statistics for 2008, the total number of postal deliveries was roughly 3,966 million. Growth from the previous year was approximately two per cent. Of all mailing categories, roughly 1,825 million pieces of unaddressed mail, i.e. direct-marketing letters and cost-free newspapers and magazines, were distributed. The increase from the previous year's result was five per cent. The number of letters grew by roughly one per cent to 1,088 million pieces. The volume of newspaper and magazine deliveries and parcels remained at the previous year's level. The newspaper and magazine delivery volume was roughly 1,017 million and the number of delivered parcels was about 36 million. International deliveries totalled roughly 87 million pieces of mail.

The Postal Directive and amending of the Act on Postal Services

The third Postal Service Directive of the European Union was adopted in February 2008. The changes required by the Directive must be implemented within national legislation by the end of 2010. The objective of the new Directive is to open the European postal service markets to broader competition.

The key changes to the Directive concern, for example, the removal of the exclusive right of the so-called reserved services. The exclusive right status means that a position is created for a certain operator, who has the right to provide a postal service which has been determined in advance. In addition, the purpose of the Directive is to promote the possibilities of competing operators to provide postal services to end-customers so that they do not need to construct extensive postal delivery networks. The key objective is to enable and ensure that competing operators have access to the same postal distribution network and other infrastructures of competition as the current postal operators. An example of a postal service entity that the Directive is expected to influence is letter services.

Besides promoting competition, the Directive obliges Member States to see to universal service, i.e. the equal availability of postal services provided as a minimum requirement to all citizens and companies. The equal availability of universal service products can, if necessary, be ensured by imposing on postal operators the obligation to provide universal service in a certain area. The prices of universal products must be reasonable and based on actual costs incurred from the provision of the service. Member States can, if necessary, introduce financing mechanisms which ensure that the postal operator is compensated for the eventual unreasonable, additional costs due to the retail service provided to all citizens and companies.

Table 7. **Mail delivery volumes 2007–2008**
(expressed in million of items)

	2007	2008
Domestic deliveries	3,876	3,966
letters	1,078	1,088
parcels	36	36
unaddressed mail	1,745	1,825
newspapers and magazines	1,016	1,017
International deliveries	86	87
letters	62	61
parcels	9	9
other items	16	17
All deliveries (domestic + international)	3,963	4,053
letters	1,140	1,149
parcels	45	45

In Finland, postal operations were completely opened to competition in early 1994. However, in the market for correspondence items, for example, the special legislation related to postal service operations has weakened the competitors' possibilities to entry into the market and to participate in competition in postal market. The legislation has a strong influence on the prerequisites for carrying out postal operations. In Finland, provisions on postal operations are given in the Act on Postal Services as well as in a special act on taxes.

Delivery time of 1st class letters

At least 85 percent of domestic letters belonging to universal service and submitted to the postal company for delivery on the following day (i.e. so-called 1st class letters) must be delivered the next working day after they are sent, and at least 98 percent must be delivered by the second working day.

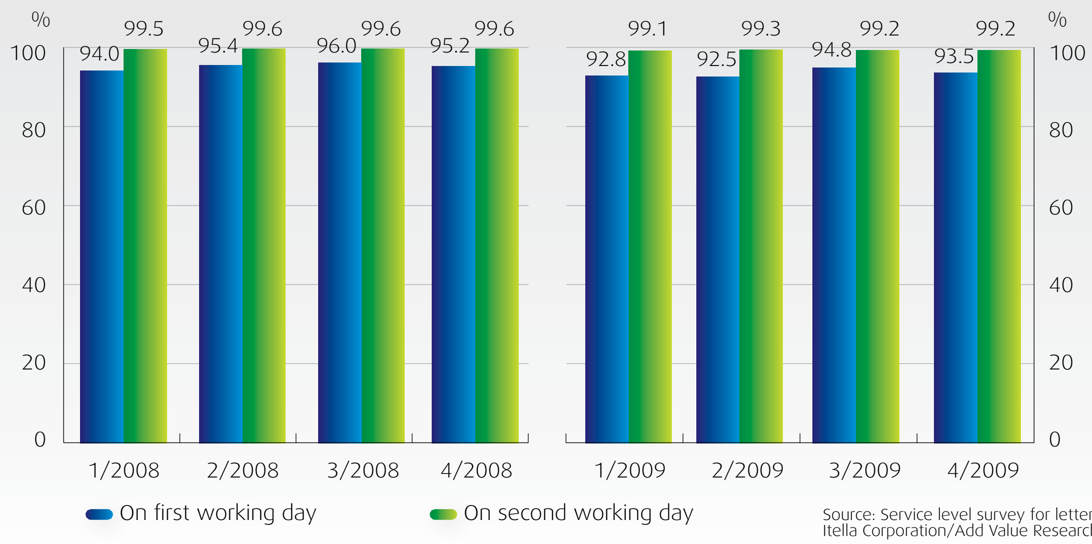
Itella Corporation monitors the delivery time of 1st class letters through a continuous panel survey. In 2009, an average of around 94 per cent of 1st class letters were delivered on the working day following their posting, whereas the corresponding share from the previous year was 95 per cent. Accordingly, in 2009, an average of around 99 per cent of 1st class letters were delivered no later than the second working day after they were posted, which has remained nearly the same as the year before.

Physical accessibility of postal agency shops

Accessibility often refers to the physical accessibility of a constructed environment, but it should be examined also in a wider context. This encompasses several matters: ensuring that citizens have an easy access to working life, hobbies, culture and education, the availability of services, usability of services, an understanding of information and the possibility to participate in decision-making that concerns the person herself or himself. Accessibility has a principle entailing that all citizens have equal opportunities to access services.

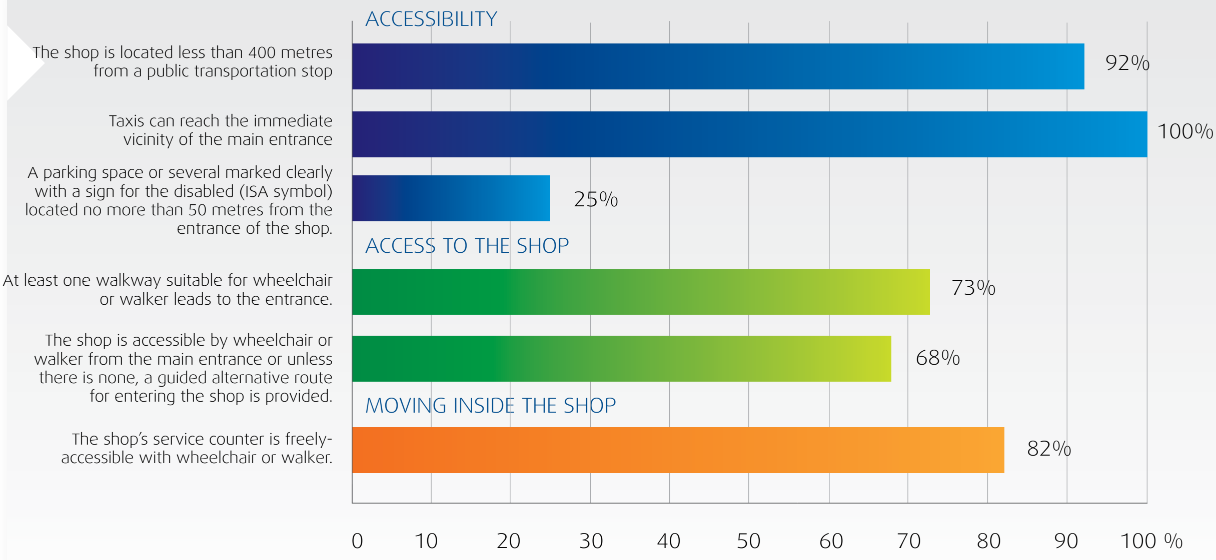
Since 2005, FICORA has monitored the compliance with the Act on Postal Services in the entrepreneur-driven establishments of the Itella Oyj, i.e. postal agency shops, with the help of a so-called mystery shopping survey. The purpose of the Act on Postal Services is to ensure the availability of postal services of good quality. The 2009 survey on postal agency shops introduced for the first time the realization of physical accessibility in postal agency shops. According to the decision of 7 September 2009 by the Parliamentary Ombudsman, taking accessibility into consideration with respect to an assessment of the fullfilling of the obligation of the Act on Postal Services is a manifestation of the obligation to promote basic rights imposed on public administration by the Constitution. The survey was carried out by Taloustutkimus Oy in Western Finland in the spring of 2009.

Figure 27. **Delivery time of 1st class letters 2008–2009**



Source: Service level survey for letters by Itella Corporation/Add Value Research Ltd

Figure 28. **Physical accessibility of postal agency shops**



With respect to accessibility, the survey set out to examine the availability of postal agency shops, accessibility to the shop and the ability to move around inside the shop. Accessibility was best realized in that it was easy to take a taxi to the main entrance of postal agency shops. But accessibility was worst when a disabled person would use his or her own car to run errands at a postal agency shop, because only every fourth postal agency shop had parking space reserved for the disabled next to the entrance of the shop. In addition, the survey set out to examine the possibility of using the elevator, unless the shop was located on the ground floor. However, all the shops included in the 2009 survey were located on the ground floor.

The postal office network and changes to it

The number of shops engaging in postal operations has dropped in recent years, and in particular the number of Itella's own shops has been halved during the past five years. At the end of 2009, there were a total of 1,106 post offices, whereas in 2005 they numbered 1,297. The number of Itella's own shops was only 146, whereas there were 960 post agency shops. The number of post agency shops has dropped by 47 during the past five years.

Table 8. **Number of establishments carrying out postal services 2005–2009**

	2005	2006	2007	2008	2009
Total number of establishments	**1,297**	**1,252**	**1,222**	**1,167**	**1,106**
Post office establishments	290	229	208	186	146
Postal agency shops	1,007	1,023	1,014	981	960

Terminology

3G (third generation) networks, services and terminal devices
- represent third generation wireless data transfer solutions enabling the use in mobile communication networks of services that require high data transfer rates

ADSL (Asymmetric Digital Subscriber Line)
– the most common DSL technology in use, in which the rate of data transfer from the network to the subscriber is higher than from the user to the network

DSL (Digital Subscriber Line)
- digital telecommunication connection technology over the telephone network

DVB-H (Digital Video Broadcasting – Handhelds)
- the standard for digital television broadcasting for mobile terminal devices such as mobile phones

DVB-T (Digital Video Broadcasting, Terrestrial)
- the standard for digital television broadcasting in the terrestrial television network

DVB-T2 (Digital Video Broadcasting, Terrestrial)
- the standard for digital television broadcasting in the terrestrial television network, a more advanced technology than DVB-T technology

Non-linear broadcasting
- broadcasting enabling the viewer to select the programming content at a desired time

Flash-OFDM (Fast Low-latency Access with Seamless Handoff Orthogonal Frequency-Division Multiplexing)
- technology for the wireless broadband network that enables a mobile connection

HDTV (High-definition Television)
- high-resolution technology in which the frame size comprises a minimum of 1,280 horizontal pixels and 720 vertical pixels, whereas the resolution of the frame size of conventional digital television is 768 x 576 pixels at best

HSPA (High-Speed Packet Access)
- technology for enhancing data transfer rates of 3G mobile telephone networks IPTV

IPTV (Internet Protocol Television)
- technology that broadcasts digital television broadcasting or video through an IP-based receiver and broadband connection

Linear broadcasting
- broadcasting the same programme stream to all viewers in real time

Live viewing
- watching television programmes in real time

MMS (Multimedia Messaging Service)
- standard used in mobile telephone communication, enabling the use of images, sound and video in the messages, in addition to text

Mystery Shopping
- survey method where the researchers observe and assess the performance of customer service disguised as ordinary customers

SMS (Short Message Service)
- text message system for mobile phones

Programming service
- service where viewers can select programmes to be watched based on a list of programmes drafted by a content service provider

VoD (Video on Demand)
- chargeable programming service which can be subscribed to and delivered via a broadband connection

VoIP (Voice over Internet Protocol)
- real-time voice and image transfer technology provided through an Internet connection which can be used similarly to conventional basic telephone service

WiMAX (Worldwide Interoperability for Microwave Access)
- radio-based wireless connection technology enabling broadband connections many kilometres away from base stations, and it offers a wireless network connection as fast as the current cable modem and xDSL connections

WLAN
- radio-based wireless connection technology enabling broadband connections near the base station

Figures

Tables

Sources

Survey on postal agency shops 2009 (FICORA)

Consumer survey on Audiovisual Content Services 2009 (FICORA)

Digita Oy and Digitv.fi

Finnpanel Oy

Finnish Association of People with Physical Disabilities and www.esteeton.fi

Itella Oyj

The Ministry of Transport and Communications

Statistics of postal operations and small transport consignments 2008

Finns as Consumers of Communications Services 2009 (FICORA)

Survey on the Use of Telecommunications Services 2009 (FICORA)

Survey on the Use of Telecommunications Services 2008 (FICORA)

Survey on the Quality of Telecom Services 2009 (FICORA)

Interim and annual reports and press releases of telecommunications companies

TNS Media Intelligence

FICORA market monitoring

Finnish Communications
Regulatory Authority

Finnish Communications
Regulatory Authority (FICORA)
Tel. switchboard +358 9 69 661
Fax 358 9 6966 410
P.O. Box 313 (Itämerenkatu 3 A)
FI-00181 Helsinki
www.ficora.fi