

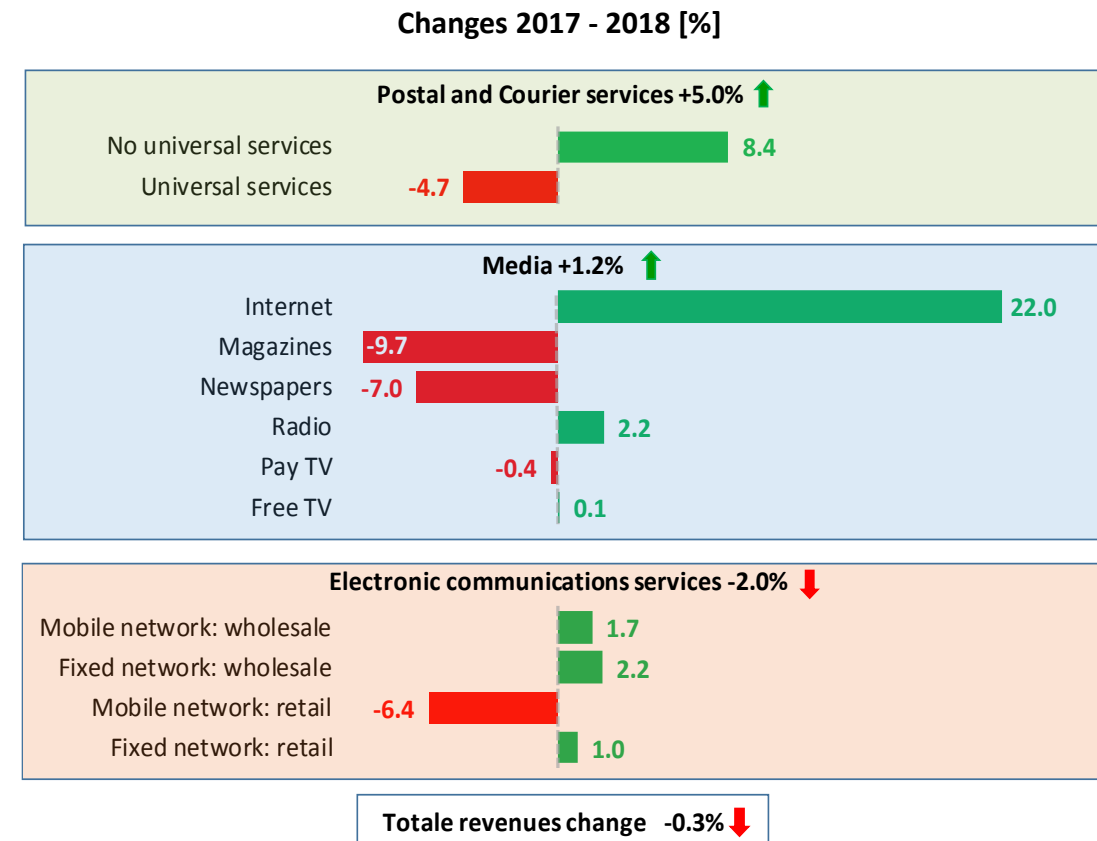
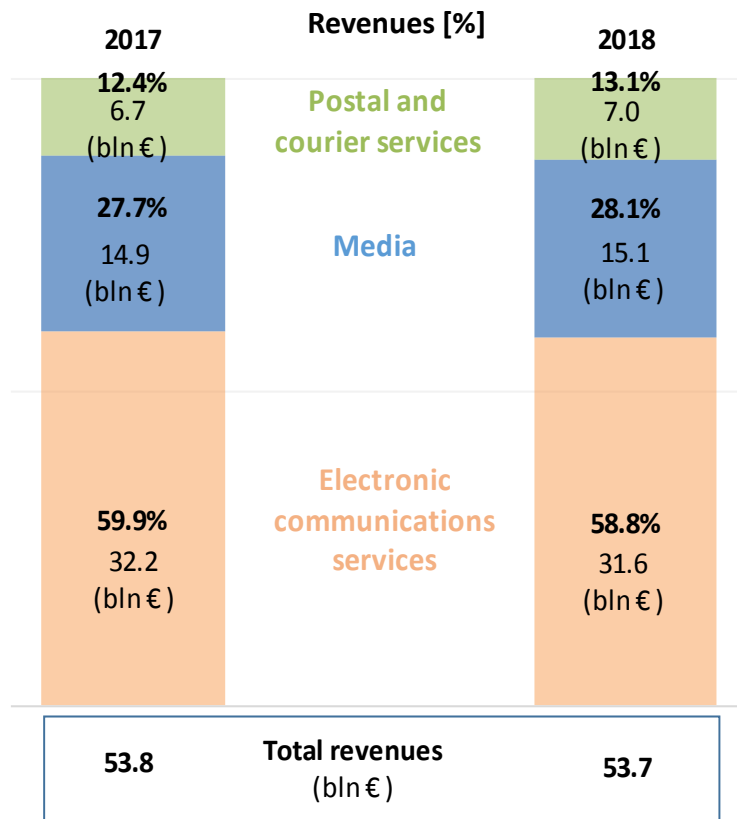
COMMUNICATION MARKETS MONITORING SYSTEM

no. 2/2019

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The following figures are based on AGCOM's elaborations on firms' data and other sources (updated to March 2019). Due to changes in firms' accounting methods, some figures cannot be compared directly with those reported in previous issues.

1.1 Communications sector by macro area

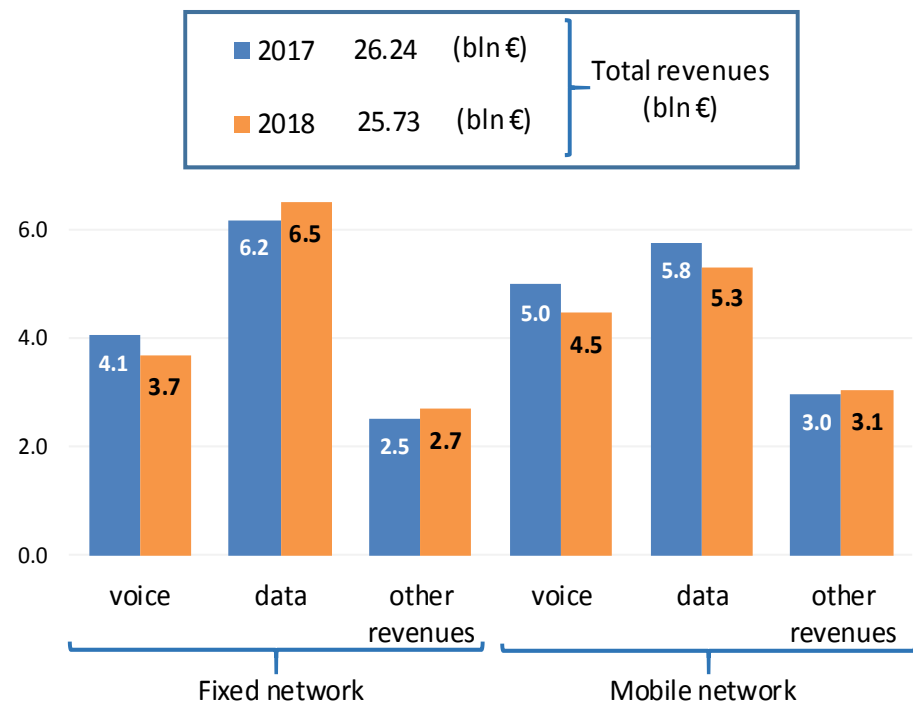


- At the end of 2018, total revenues amounted to approximately € **53.7** billion, with an YoY decrease of **0.3%**, corresponding to **3.16%** of gross domestic product
- The weight of electronic communications services is about **58.8%** of total revenues, followed by media (**28.1%**) and by postal and courier services (**13.1%**)
- Overall, electronic communications services revenues have decreased by **2%** (YoY), due in particular to the decrease of mobile retail revenues
- In the media sector, Internet has increased by **22%** (YoY), followed by radio (**+2.2%**), whereas magazines and newspapers, as a whole, shows a declining trend
- In the postal and courier services sector, total revenues show a growth of **5%** (YoY); revenues from universal services decreased by **4.7%** (YoY)

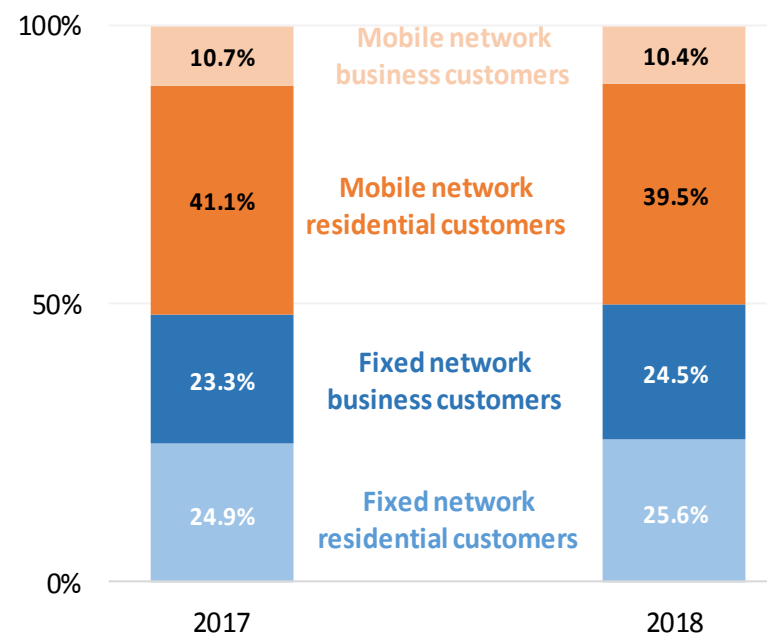
1.2 Electronic communications services



Final expenditure of residential and business users [€ billions]



Final expenditure of residential and business users [%]

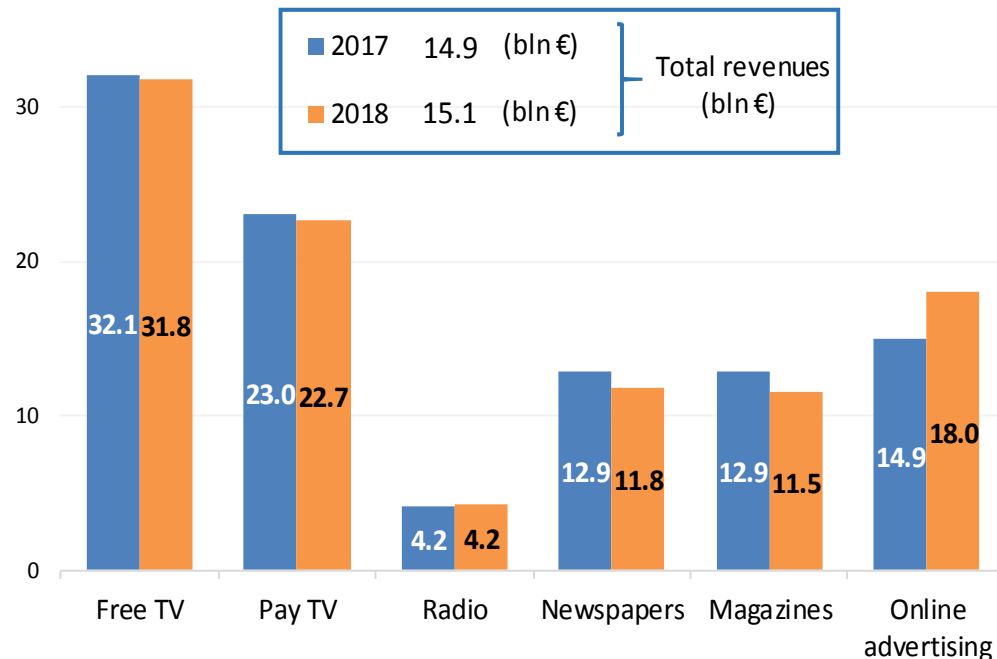


- The final expenditure of residential and business users has decreased by **2%** (YoY), reaching **€ 25.73** billion of € at the end of 2018
- The contribution of revenues from fixed business customers grew slightly
- Revenues from fixed data traffic has increased, while mobile network data traffic revenues has decreased

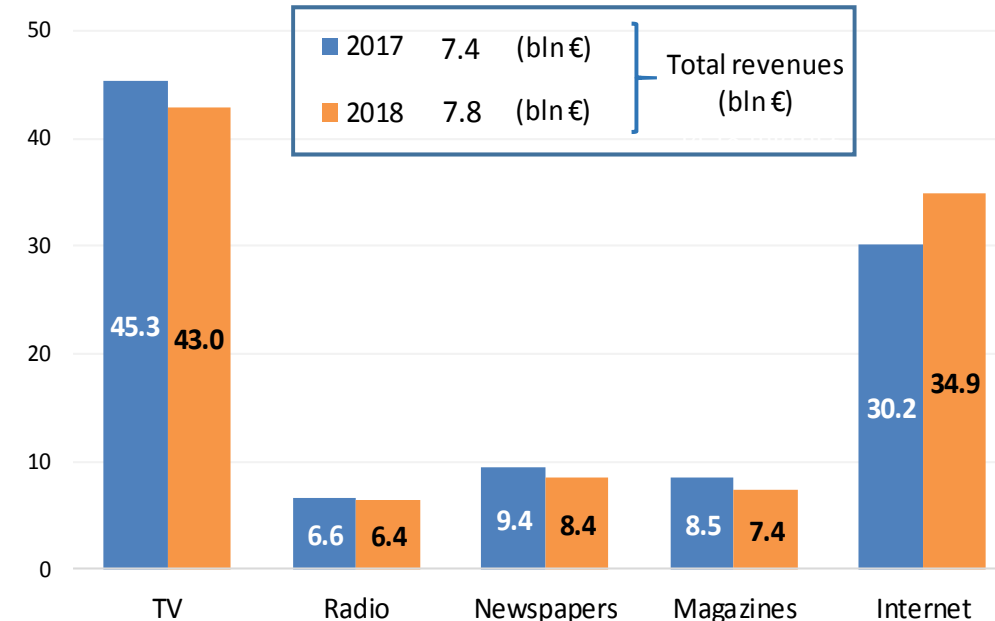
1.3 Tv, radio, publishing and online advertising



Revenues by media type [%]

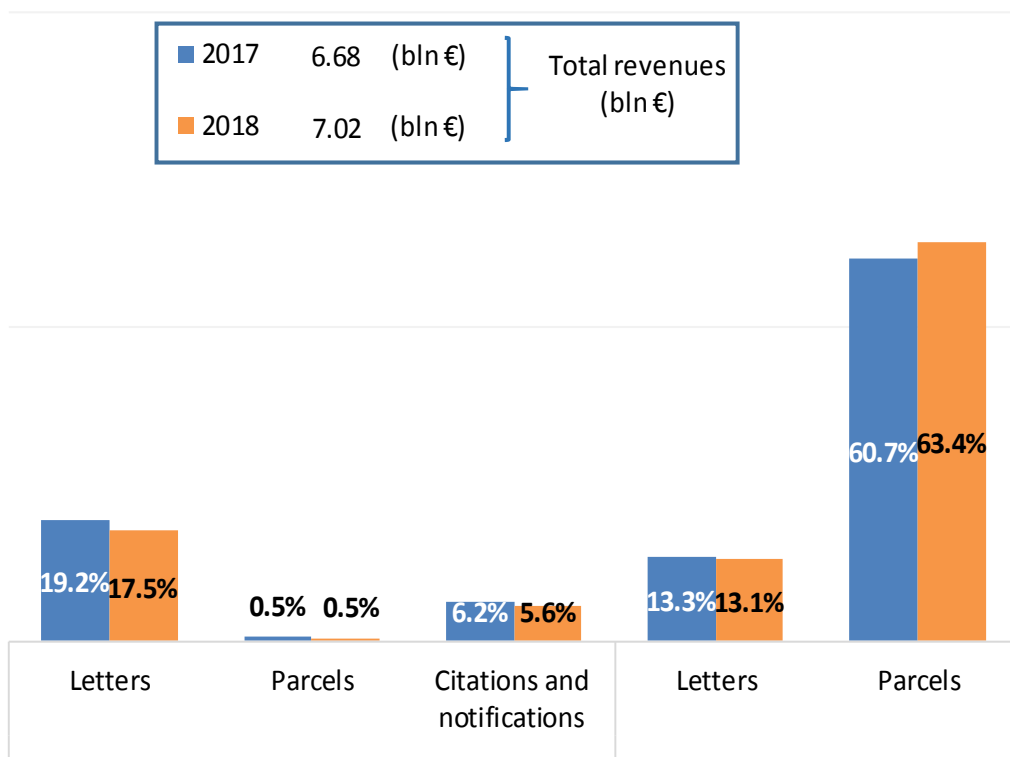


Advertising revenues by media type [%]

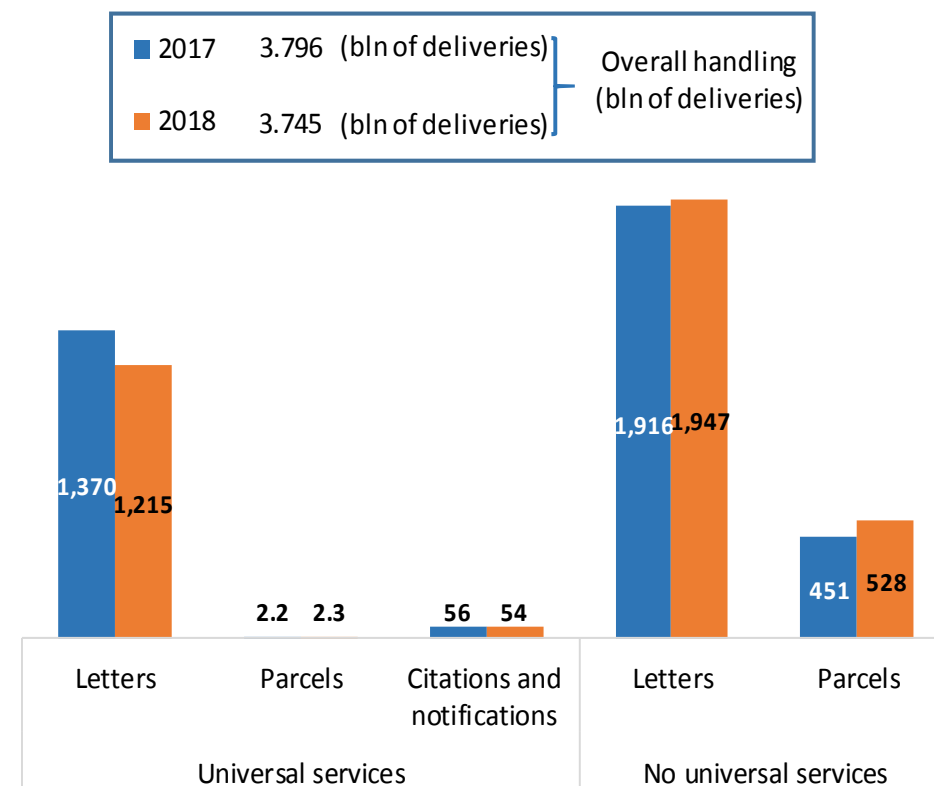


- At the end of 2018, media sector total revenues were **15.1** billion of €, with a YoY increase of **1.2%**
- TV sector (free TV + pay TV) revenues reached **54.4%** of total media revenues
- Revenues in the press sector (newspapers and magazines) decreased by **8.4%** YoY, now accounting for **15.8%** of total media revenues
- In the media sector, advertising is the main revenue stream; at the end of 2018, it represents half (€ **7.8** billion) of the total media revenues, showing a growth of **5.4%** compared to 2017
- **43%** of total advertising concerns TV (**-1.7%** compared to 2017)
- Online advertising accounts for **34.9%** of total media revenues, **+12.8%** compared to 2017

Revenues by type of service [%]

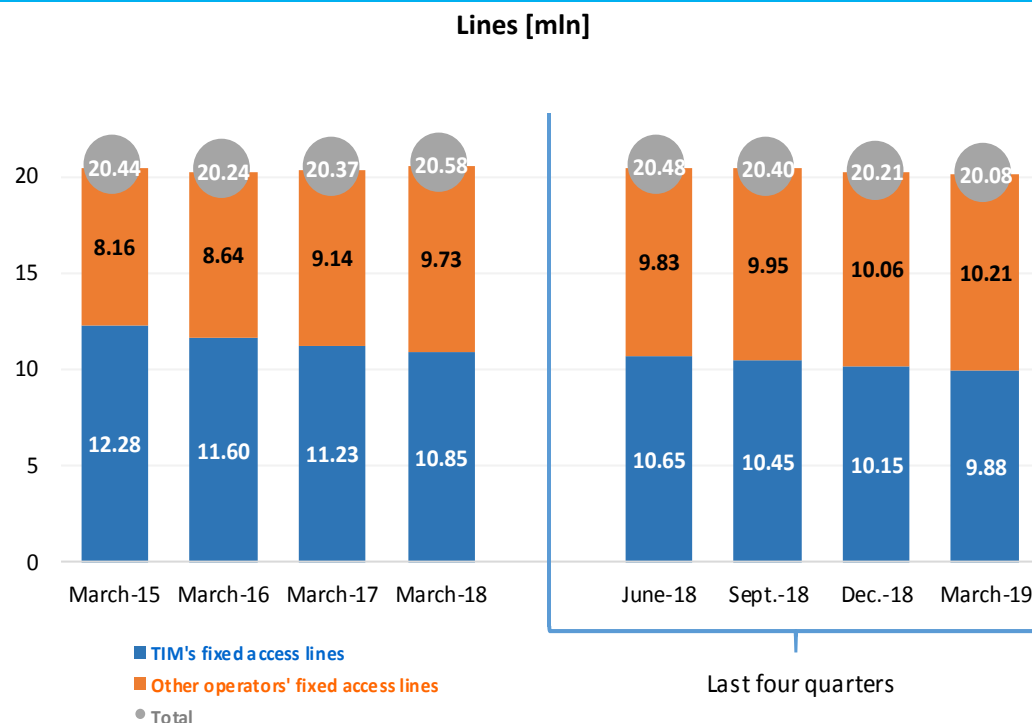


Volumes: deliveries by type of service [million of units]

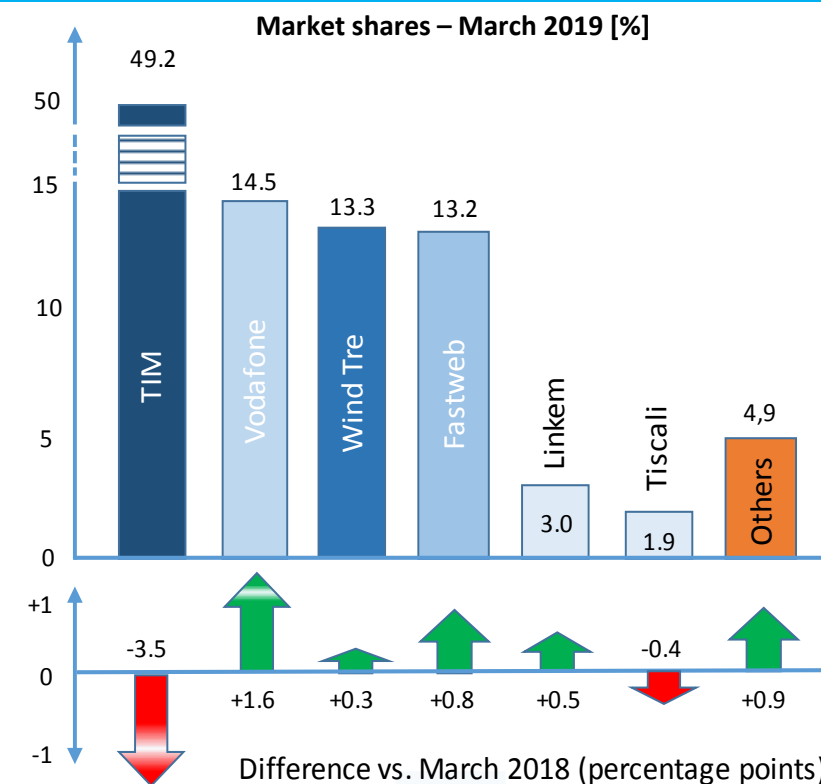


- At the end of 2018, postal and courier services total revenues were **7.02** billion of €, with a YoY increase of **5%**
- Revenues generated from the provision of Universal Service obligations have declined, YoY, by **4.7%**
- The trend of volumes shows a decrease of **1.3%**
- This trend is the effect of the decline of the deliveries deriving from the Universal services which was offset by the growth of parcel services

2.1 Total fixed access lines

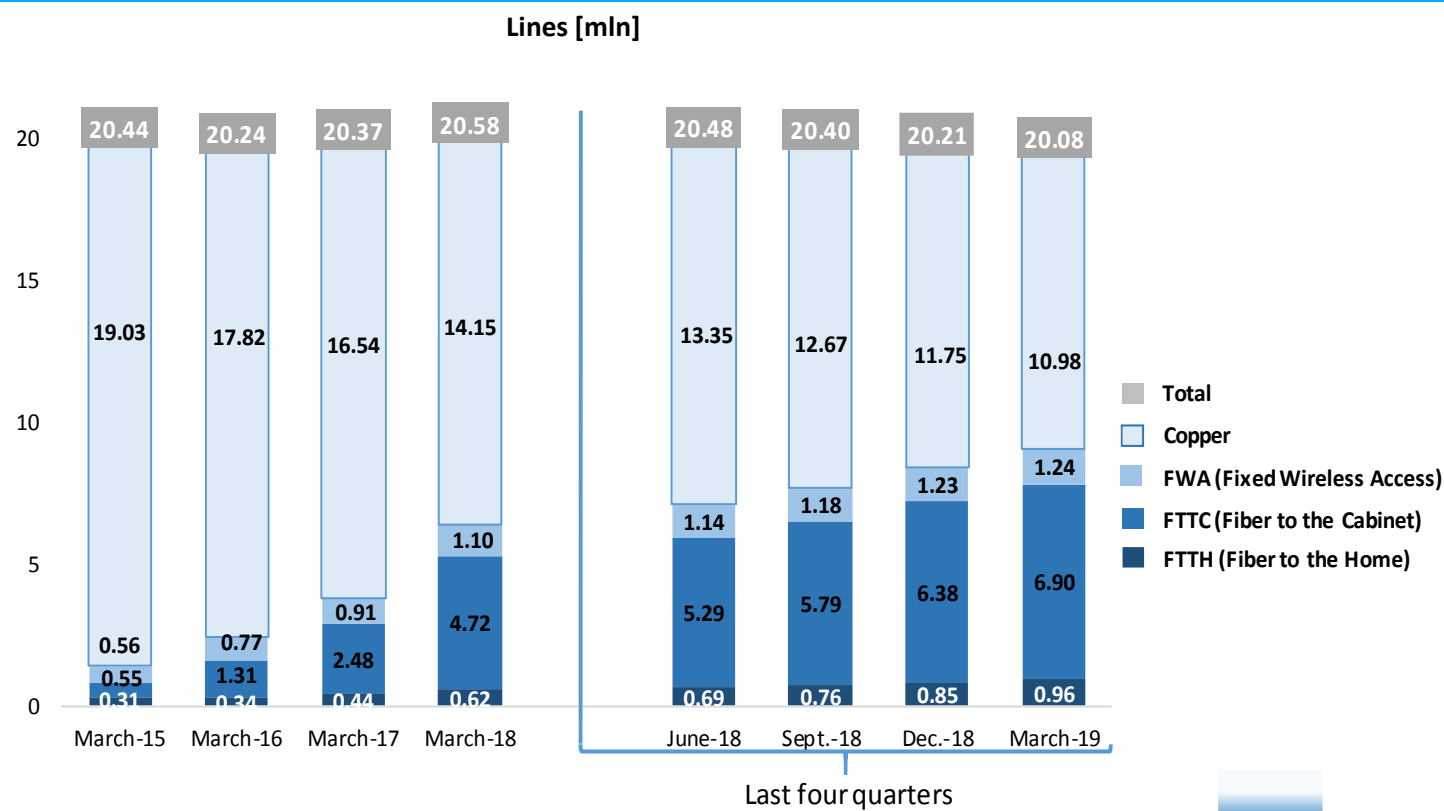


- A decrease in the total number of lines is recorded in the last quarter (**-130** thousand lines)
- On a year over year basis, while TIM's access lines have decreased by **970** thousand units, other operators' access lines have increased by about **470** thousand units

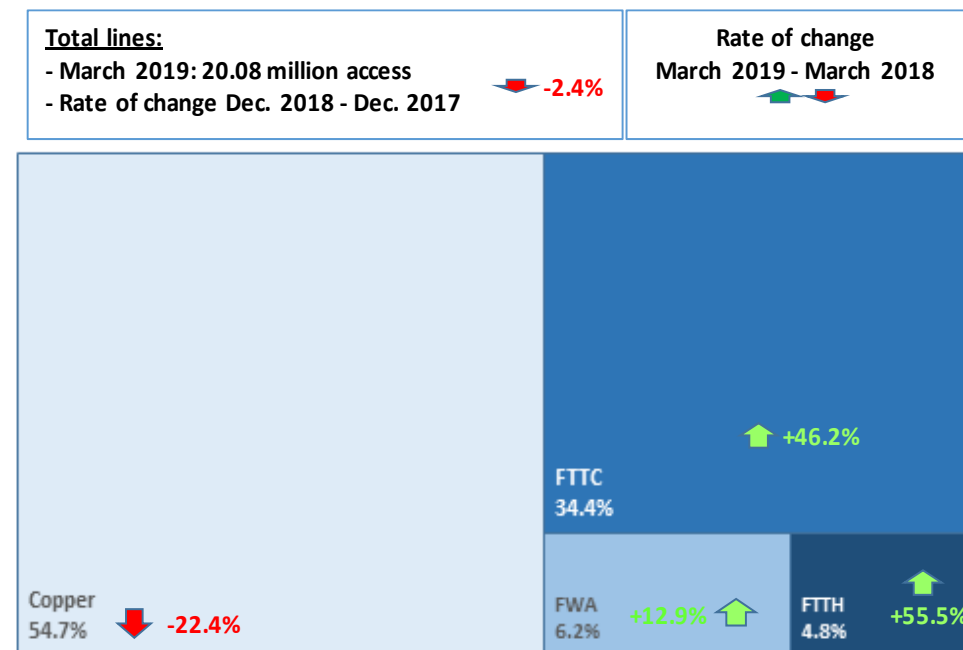


- TIM's market share dropped to **49.2%** (**-3.5** pp)
- Vodafone's market share has reached **14.5%** with a growth of **1.6** pp, Wind Tre's market share has reached **13.3%** (**+0.3** pp), and Fastweb's market share amounts to **13.2%** (**+0.8** pp)
- Other operators have, as a whole, increased their market share; the increase has been more evident for Fixed Wireless Access (FWA) operators

2.2 Access lines by infrastructure



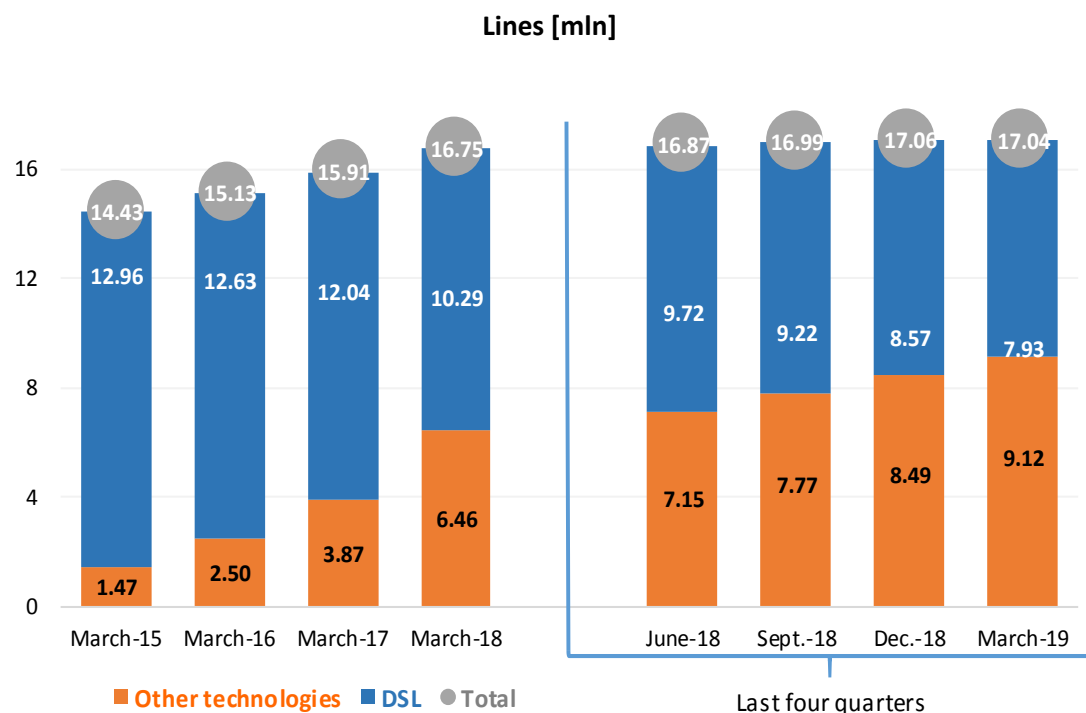
Distribution of fixed access lines by infrastructure and its trend compared to March 2018 [%]



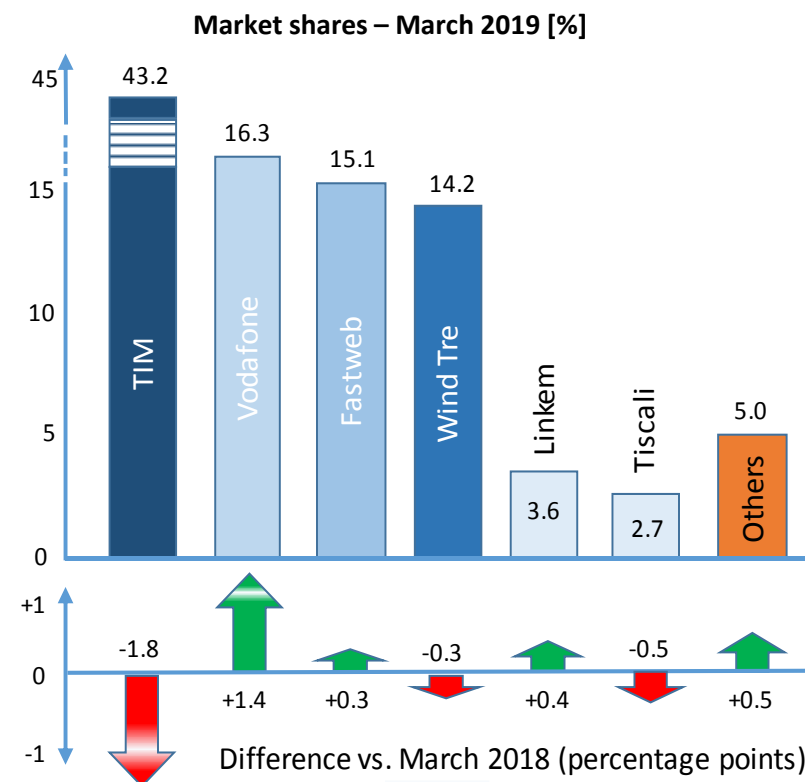
- Access lines through TIM's copper network have decreased by **22.4%** (YoY), and by **42,3%** as compared to March 2015
- FTTC access services increased by **46.2%** (YoY), and, most of all, due to wholesale services offered by TIM; a similar trend was observed also for FTTH access services (**+55.5%**)
- Over the entire period observed, the weight of FTTC + FTTH accesses has increased from **4.2%** to around **39%** of total access lines
- FWA lines have increased by **12.9%** (YoY), reaching an amount of **1.24** million units



2.3 Broadband and ultrabroadband fixed lines



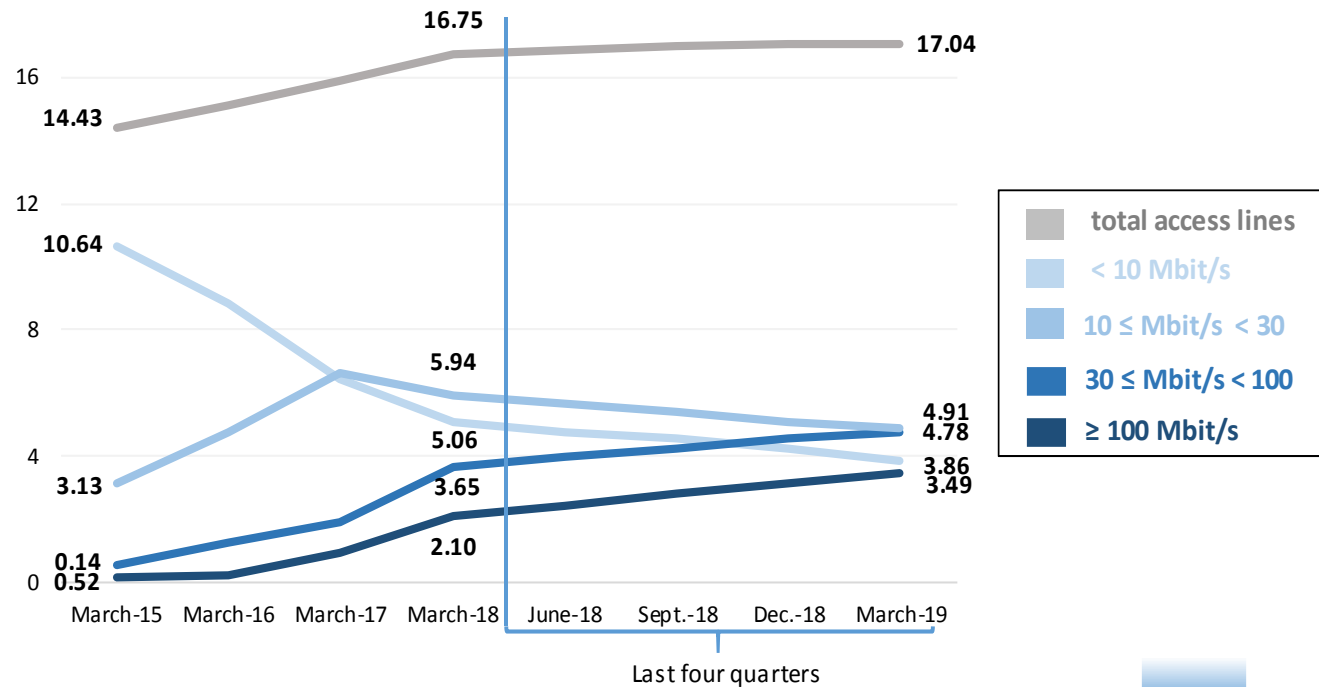
- Broadband lines have increased by about **290** thousand units YoY
- DSL lines (slightly below **8** million lines) have decreased by about **2.36** million units (YoY), now accounting for the **46.5%** of broadband lines (**90%** in March 2015)
- Other technologies, in particular NGA lines, grew from **6.46** to **8.49** million units (YoY)



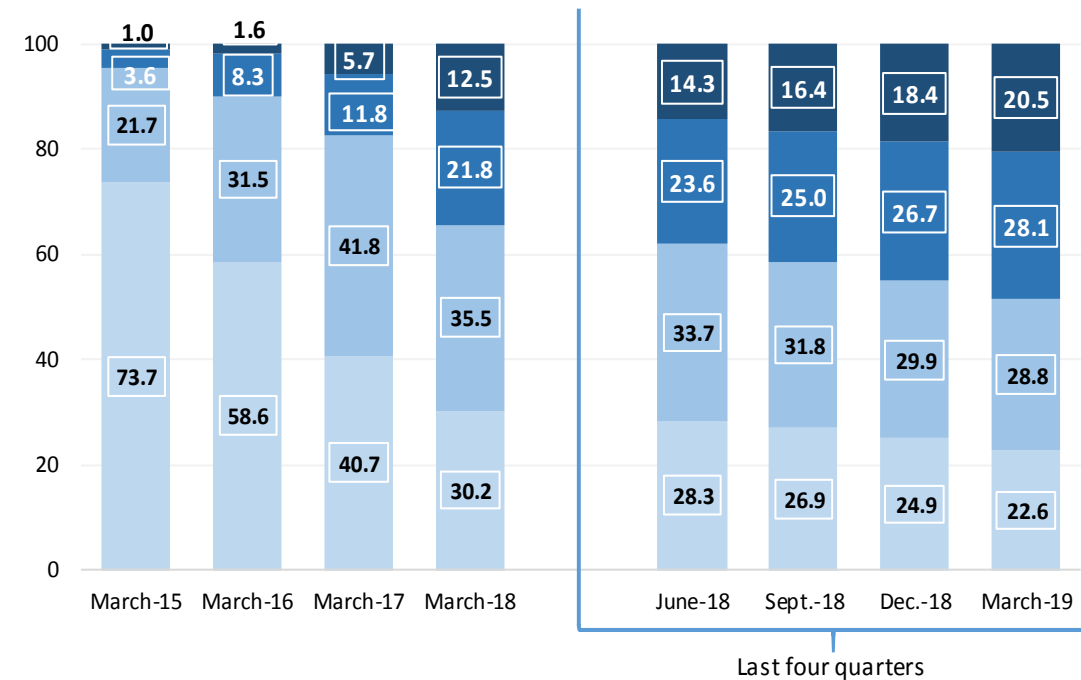
- TIM's market share (**43.2%**) has reduced by **1.8** pp (YoY)
- Vodafone's and Fastweb's market shares have increased by **1.4** and **0.3** pp (YoY), respectively, while Wind Tre's market share has decreased by **0.3**
- The cumulative growth of other operators' market share (**+0.4** pp) is essentially due to the increase in the number of FWA lines

2.4 Broadband fixed lines by speed

Broadband access lines trend by speed classes [mln]

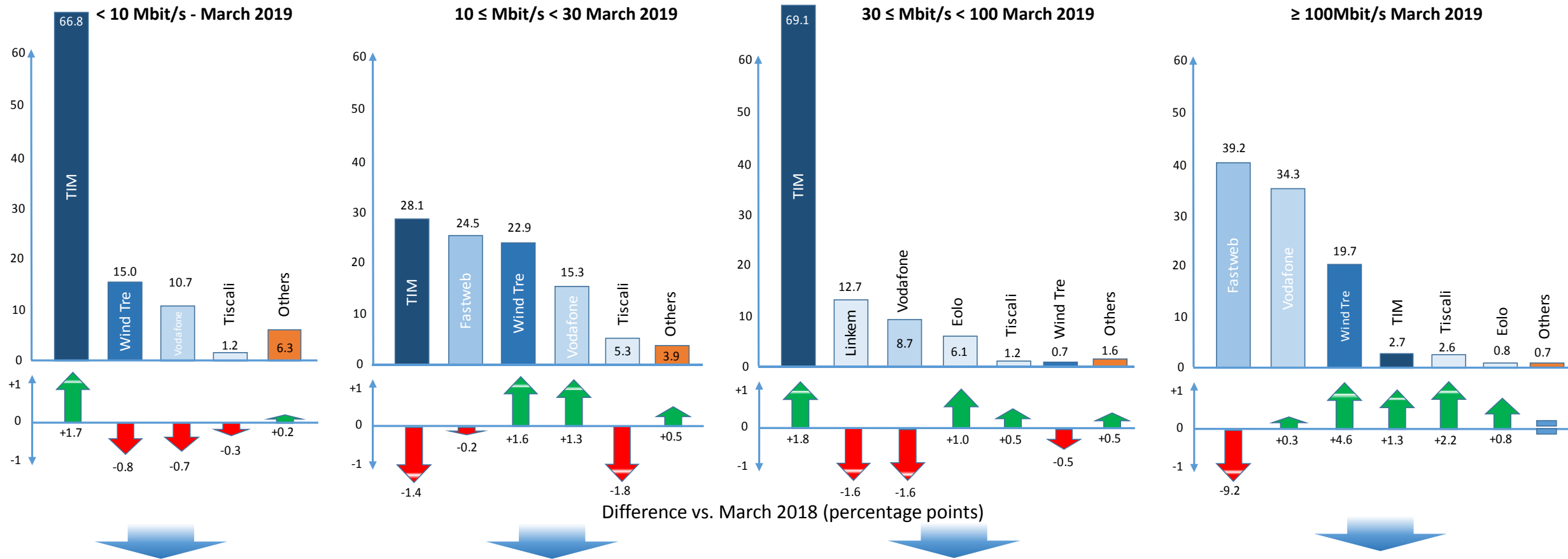


Access lines by speed classes [%]



- In March 2019, lines faster than 30 Mbps have increased by **2.53** million units (YoY) and now account for **48%** of total broadband lines
- This trend is attributable, in equal measure, to the growth of lines faster than 30 Mbit/s but below 100 Mbit/s (**+1.13** million of lines YoY) and of lines with speeds faster than 100 Mbit/s (**+1.39** million of lines YoY)
- Broadband lines faster than 10 Mbit/s but below 30 Mbit/s have decreased by **1.0** million units YoY and now account for approximately **28.8%** of total broadband lines
- Lines below 10 Mbit/s have decreased by **1.2** million units YoY, and by about **6.8** million units over the entire period observed

2.5 Broadband fixed lines by operator and advertised speed



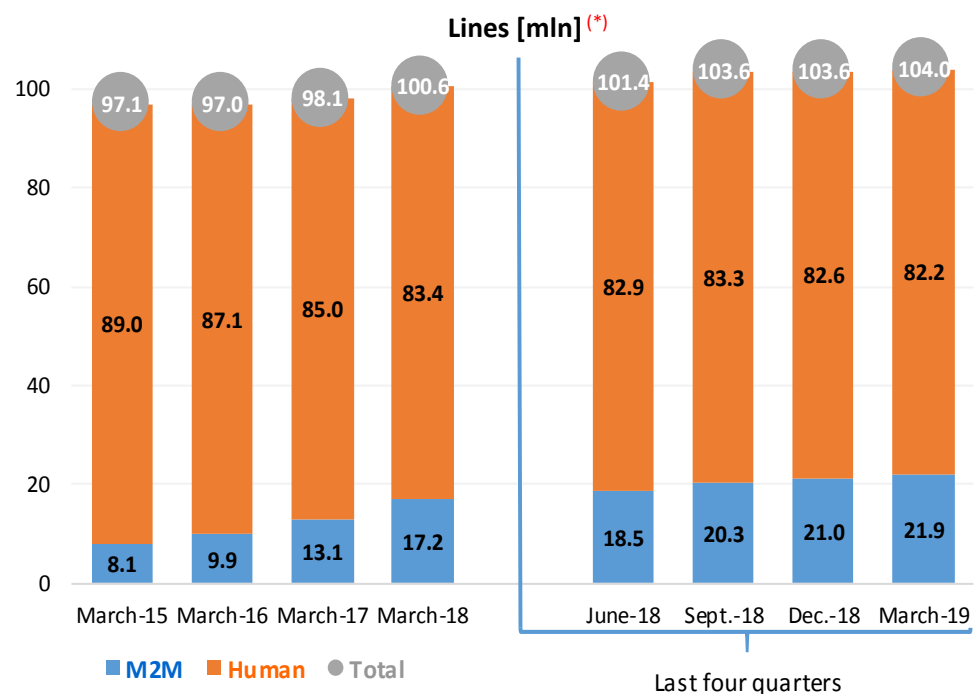
- TIM, as a consequence of its historical position in the broadband services, still holds **66.8%**

- In this speed class it is possible to observe a stronger competition

- TIM, thanks to the migration to FTTC solution, reached **70%** of the class speed

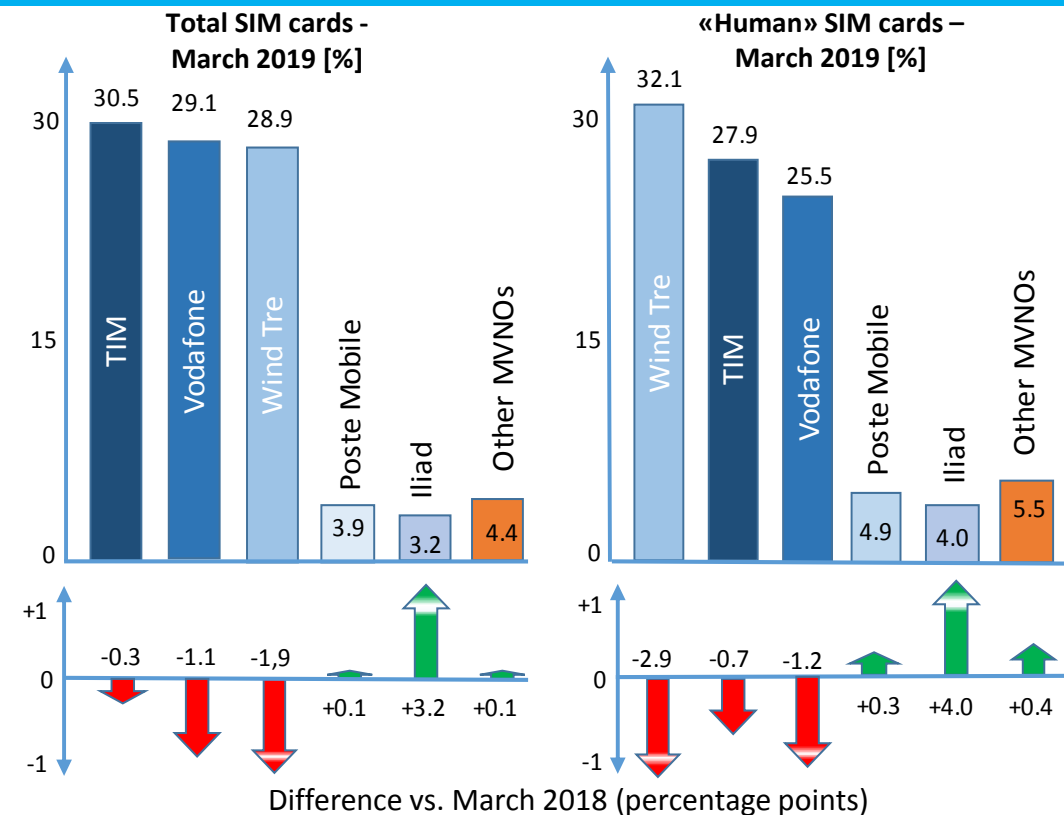
- Fastweb is the main operator despite the drop of **9.2 pp** (YoY) in market share

2.6 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.

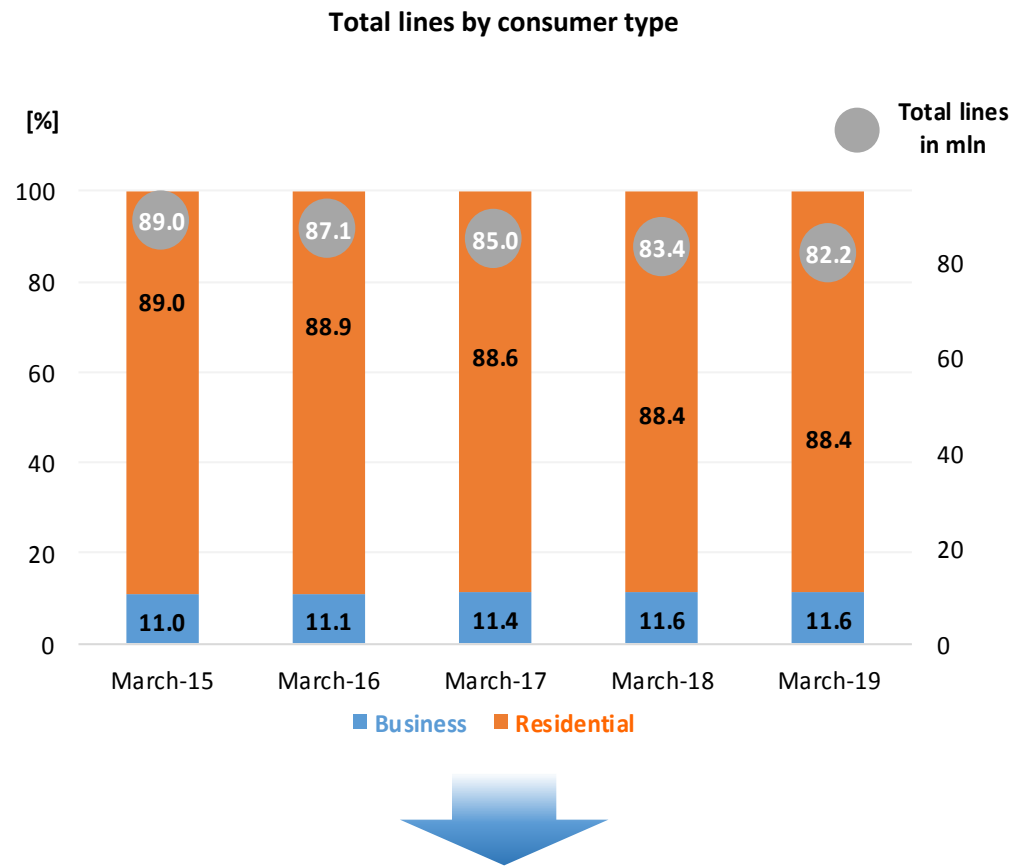
- Mobile lines have increased by about **3.5** million units YoY (**+6.9** million units compared to March 2015)
- During the period considered, «M2M» SIM cards have increased by **13.8** million units, now accounting for **21.9** million lines



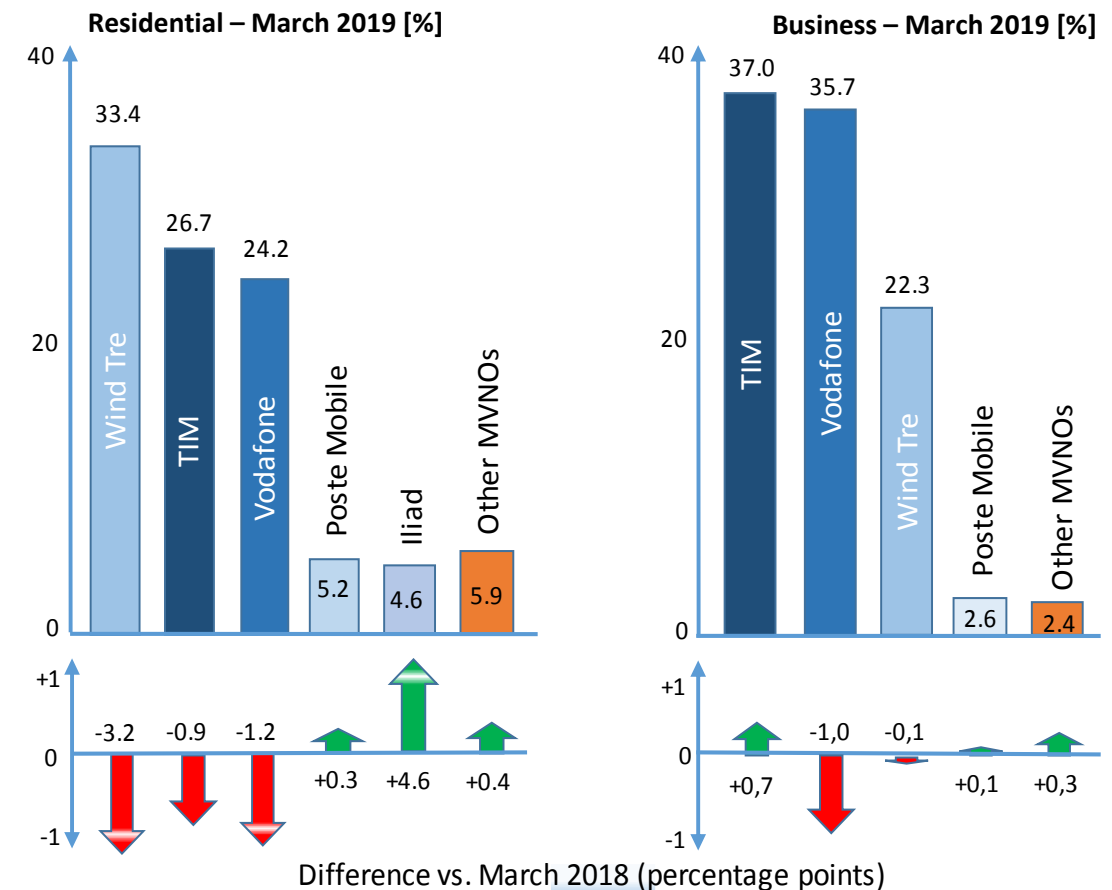
- TIM's market share has remained relative steady (YoY), while Vodafone's and Wind Tre's market share have reduced by **1.1** pp and by **1.9** pp, respectively
- With regard to the "human" SIM cards, at the end of the first quarter 2019, Iliad reaches a market share of **4%**

(*) - The data collected on TIM and Vodafone include the lines of the 100% subsidiaries, respectively Kena mobile and VEI (which offers mobile telephony services called .ho)

2.7 Mobile «human» subscribers by type of consumer

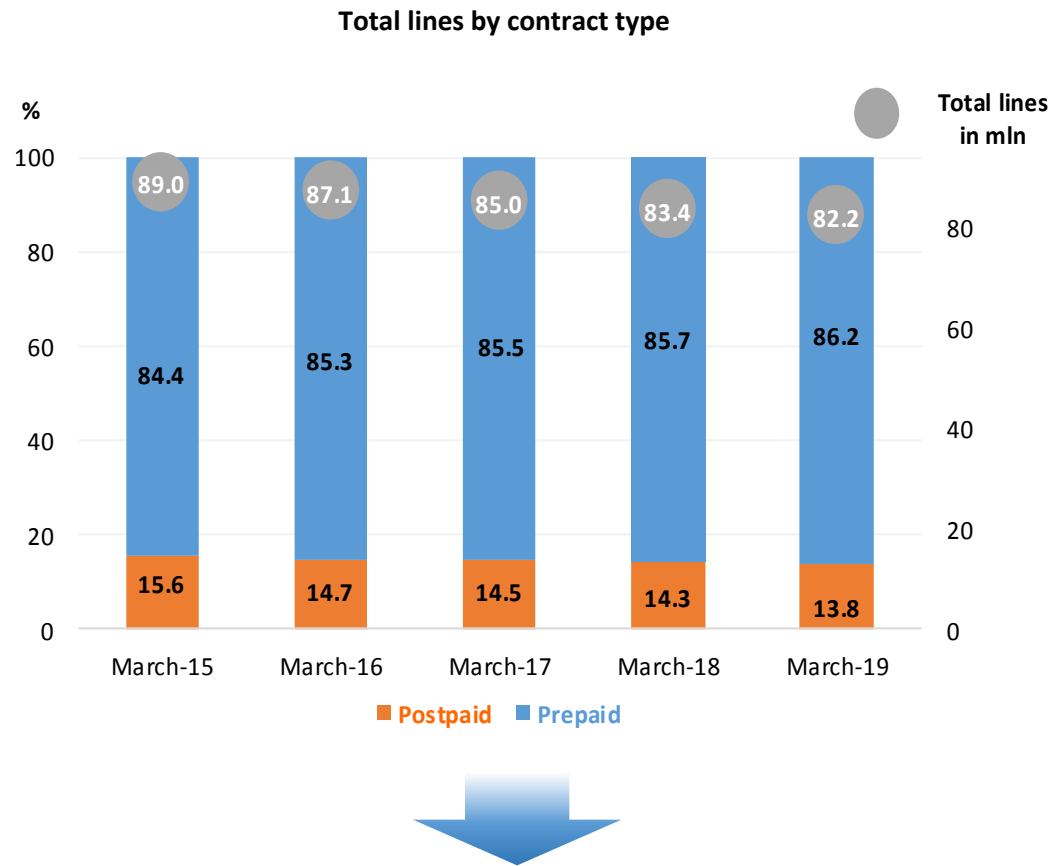


- Non residential SIM cards (**9.5** million units at the end of March 2019) remain stable on a yearly basis, whereas residential SIM cards (**72.7** million units at the end of March 2019) have decreased by **1.1** million units (YoY)

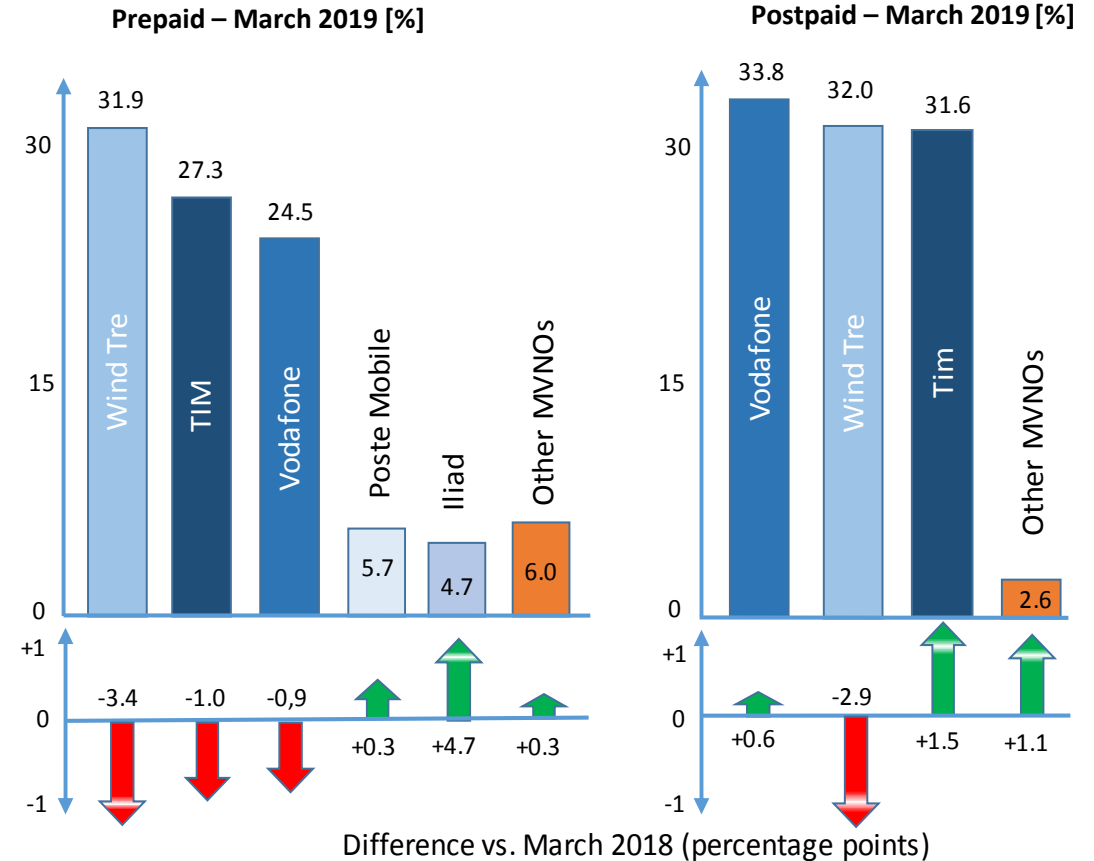


- In the **residential** segment, the shares of the first three operators have decreased, while other operators have, as a whole, increased their market share (YoY)
- In the **business** segment TIM and Vodafone hold a similar share, while Wind Tre's position is **13** pp lower

2.8 Mobile «human» subscribers by type of contract



- At the end of March 2019, prepaid SIM cards reached **70.8** million units (**86.2%** of total lines), with a decrease of **0.6** million units YoY
- At the end of March 2019, postpaid SIM cards reached **11.3** million units (**13.8%** of total lines), with a decrease of **0.6** million units YoY

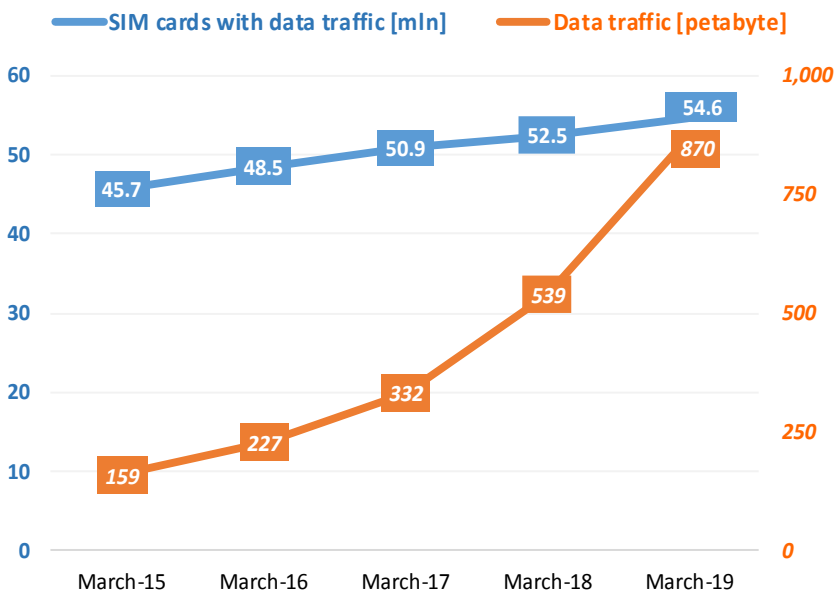


- In the **prepaid segment**, Wind Tre, despite a reduction (**-3.4** pp), retained the leadership position with a market share of **31.9%**
- In the **postpaid segment**, with a share of **33.8%**, thanks to the increase (**+0.6** pp), Vodafone leads the segment, followed by Wind Tre with a share of **32.0%** (**-2.9** pp) and TIM with a share of **31.6%** (**+1.5** pp)

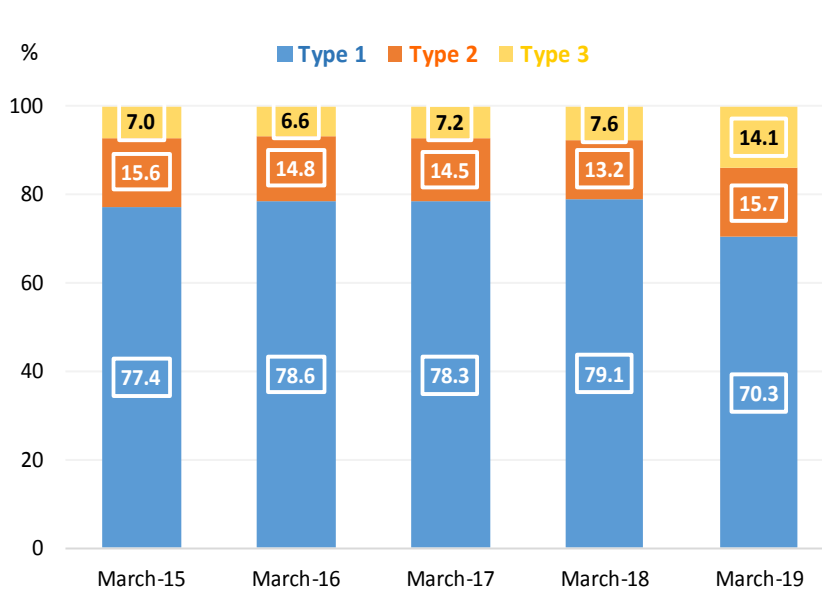
2.9 Mobile data traffic



Data traffic since the beginning of the year



SIMs with data traffic by contract type [%]



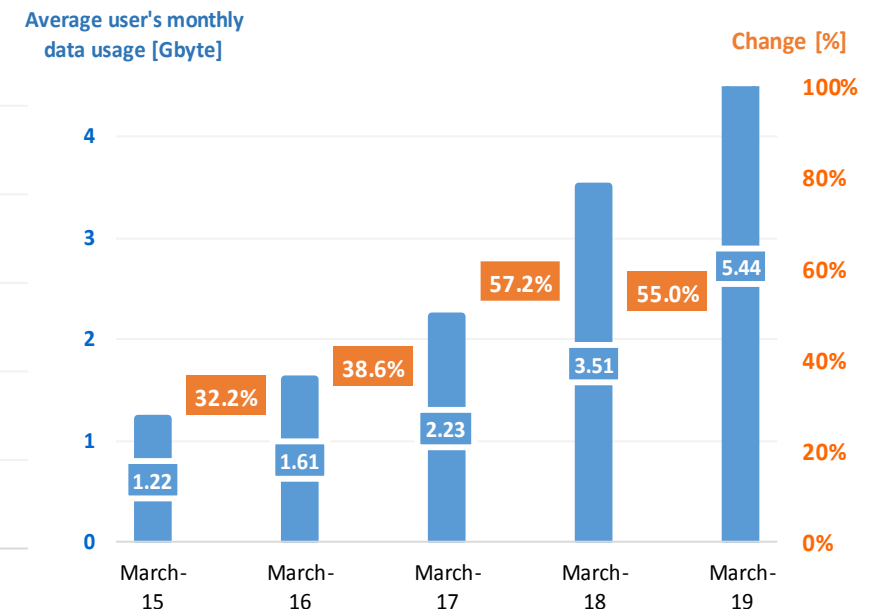
According to European Commission definitions (CoCom):

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"

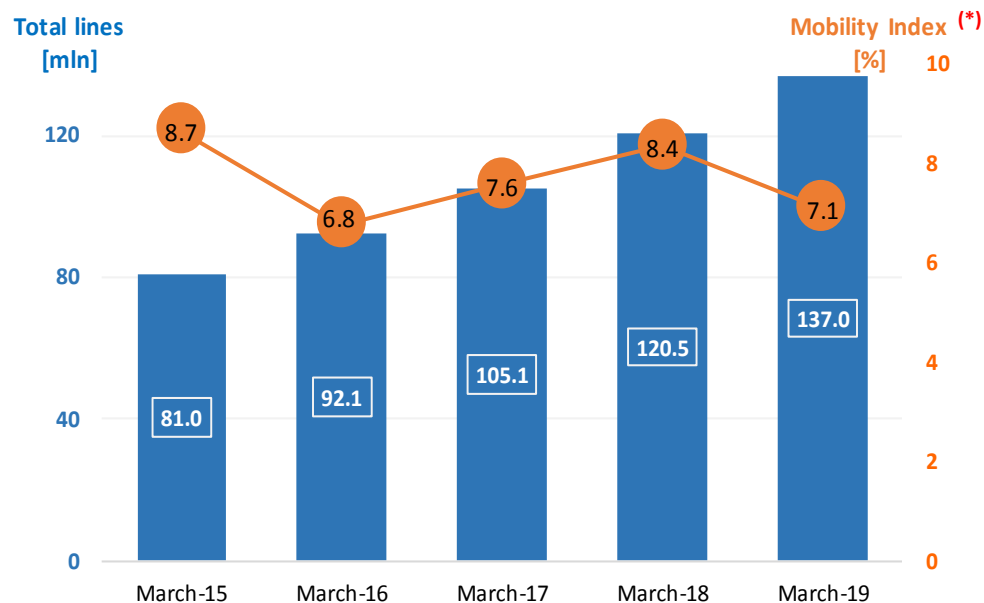
Average mobile data consumption



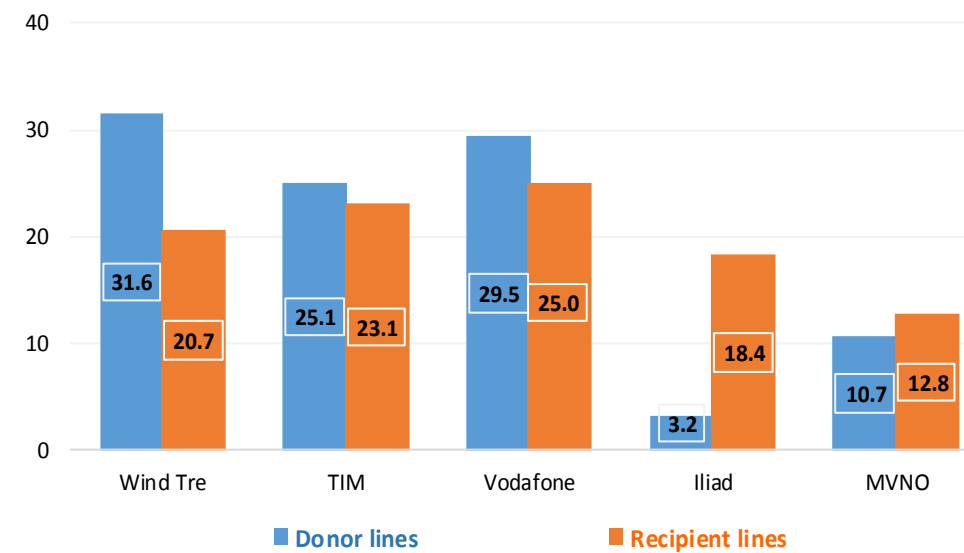
- Since March 2015, SIM cards with data traffic have increased from the **50%** to the **70%** of the overall SIM cards
- At the end of March 2019, the number of SIM cards with data traffic has increased by **3.9%** (YoY) reaching **54.6** million units
- Overall data traffic increased by about **64.5%** compared to March 2018
- At the end of March 2019, the average mobile data consumption per smartphone increased by **55%** (YoY), from **3.51** to **5.44** Giga byte per month



Number portability
(since the beginning of the year)



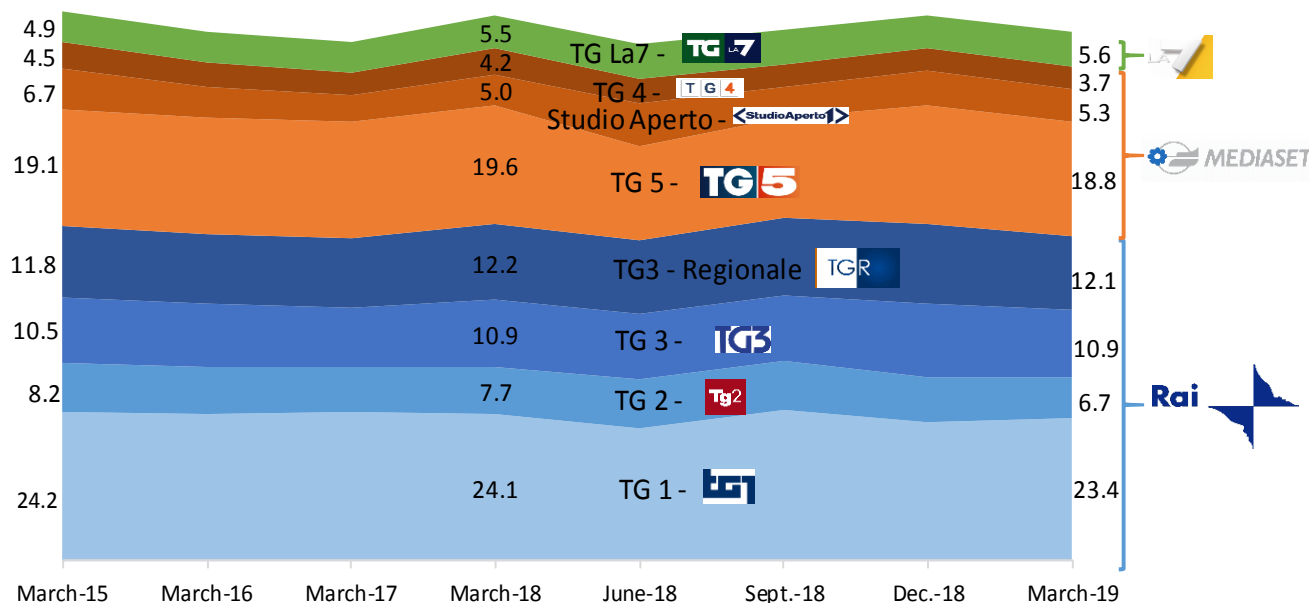
Distribution of donor and recipient lines – March 2019 [%]



- At the end of March 2019, the total amount of mobile number portability operations is equal to **137** million units
- On a yearly basis, the net «donating-recipient» balance has improved for Iliad (+**2.499** thousand lines) and for MVNO operators (+**340** thousand lines) whereas it has worsened for Wind Tre (**-1.796** thousand lines), Vodafone (**-726** thousand lines) and for TIM (**-317** thousand units),
- At the end of March 2019, the «Mobility Index»^(*) was equal to **7.1**

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

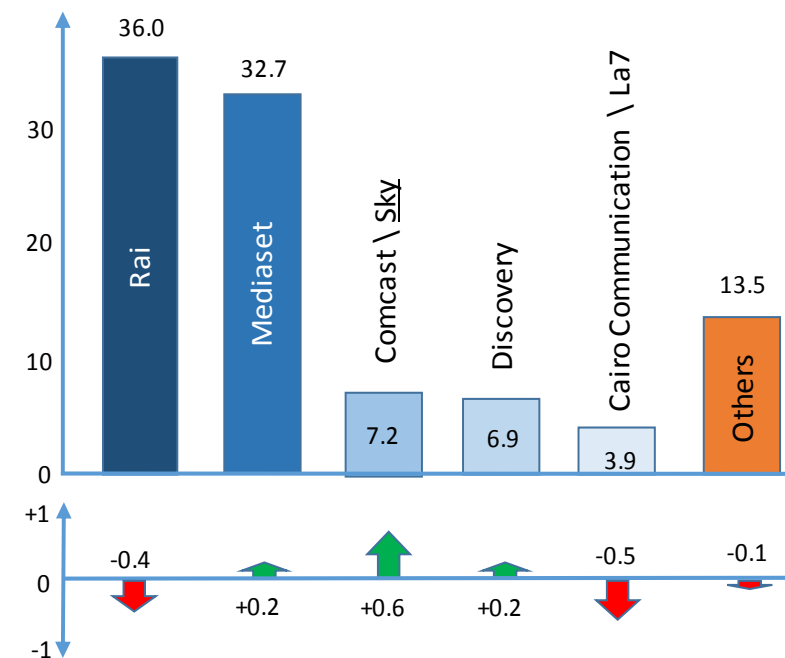
Evening news programs audience on an average day - (March 2015 – March 2019)
[%]



Source: Agcom elaboration on Auditel's data

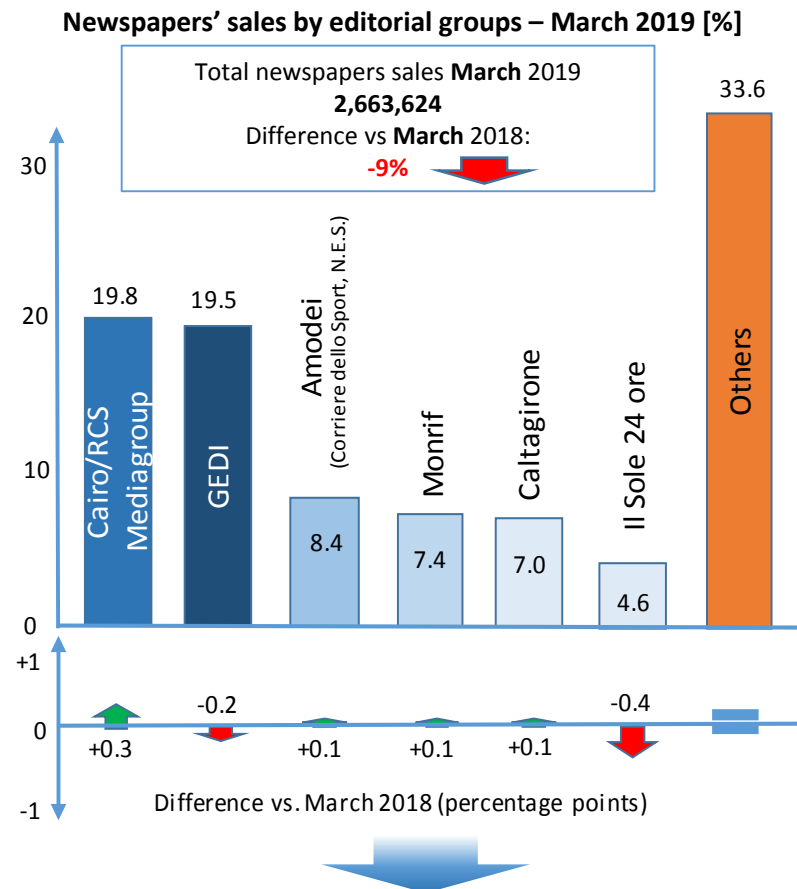
- Over the whole period considered, from March 2015 to March 2019, the evening news program audience of the two most important players, TG 1 and TG5, has decreased respectively from **24.2%** to **23.4%**, and from **19.1%** to **18.8%**

Audience on an average day – March 2019 [%]



- Rai, with over **3.8** million viewers on the average day, holds the leadership in terms of share (**36%**), despite a decrease **0.4** pp YoY
- In the same period, the audience of Mediaset (**+0.2** pp), Comcast (**+0.6** pp) and Discovery (**+0.2** pp) increased, while the audience of Cairo has decreased by **-0.5** pp
- Smaller operators maintain an audience of **13.5%**

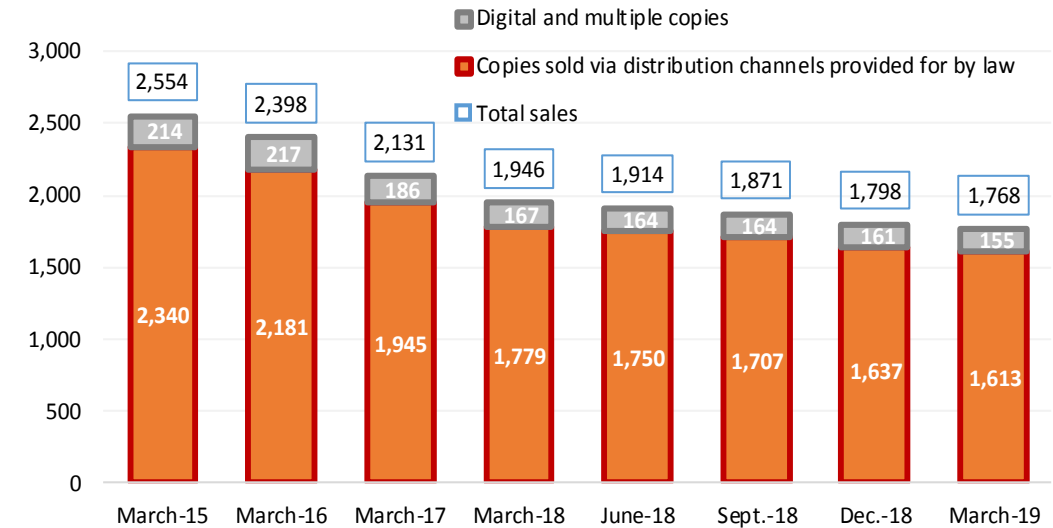
3.2 Media: Newspapers



Source: Agcom elaboration on data from ADS and IES

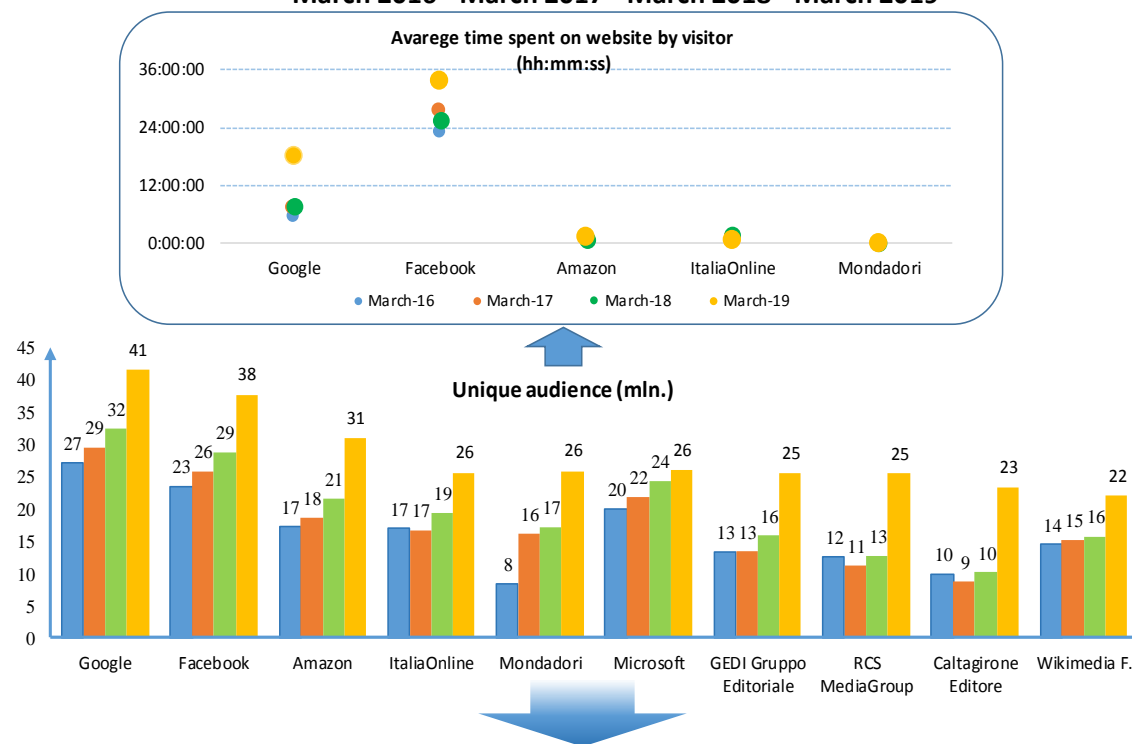
- Newspapers' sales showed an overall **9%** reduction YoY (**-178** thousand units)
- Cairo/Rcs Mediagroup and GEDI currently share the leadership of the market with a similar share

Newspapers' sales by 7 major editorial brand and type of distribution channels – March 2019 [%]



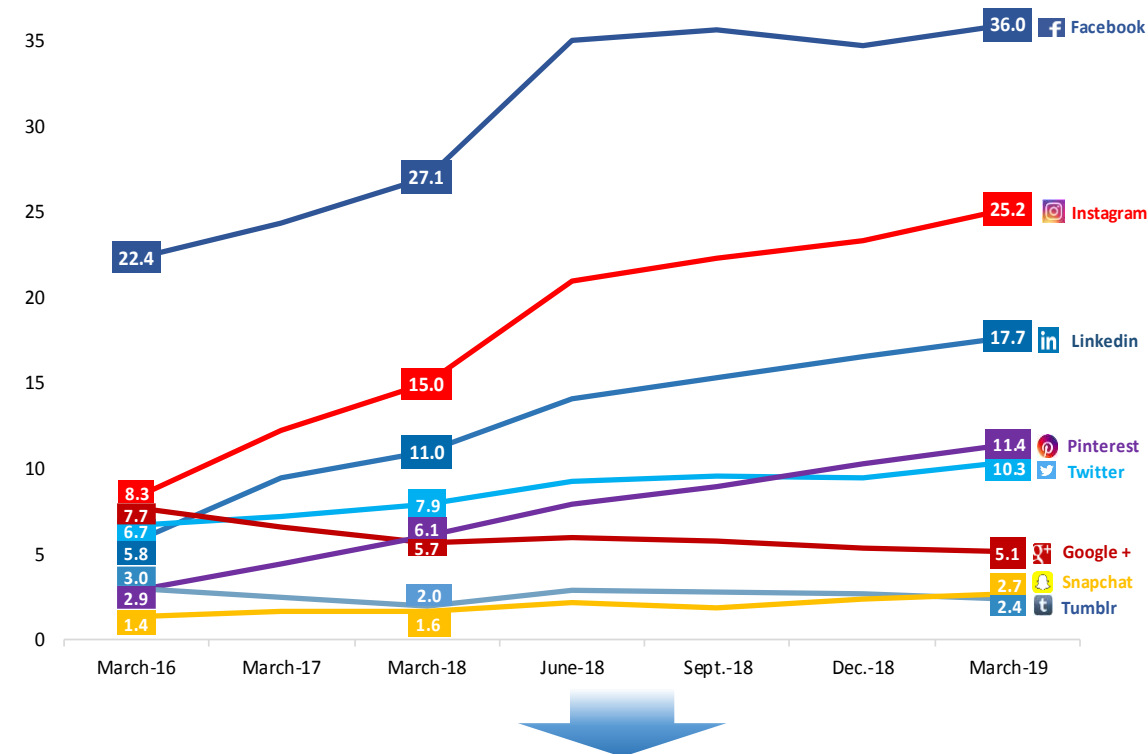
- Printed newspaper sales of the major editorial brand show a structural reduction of **9%** from March 2018 (**-31%** from March 2015)
- In March 2019, the number of digital copies decreased by **7%** compared to March 2018, whereas, compared to March 2015, they decreased by **28%**

Audience on an average day [%] and the average monthly time [hh.mm.ss.] spent on website by visitors
- March 2016 - March 2017 - March 2018 - March 2019 -



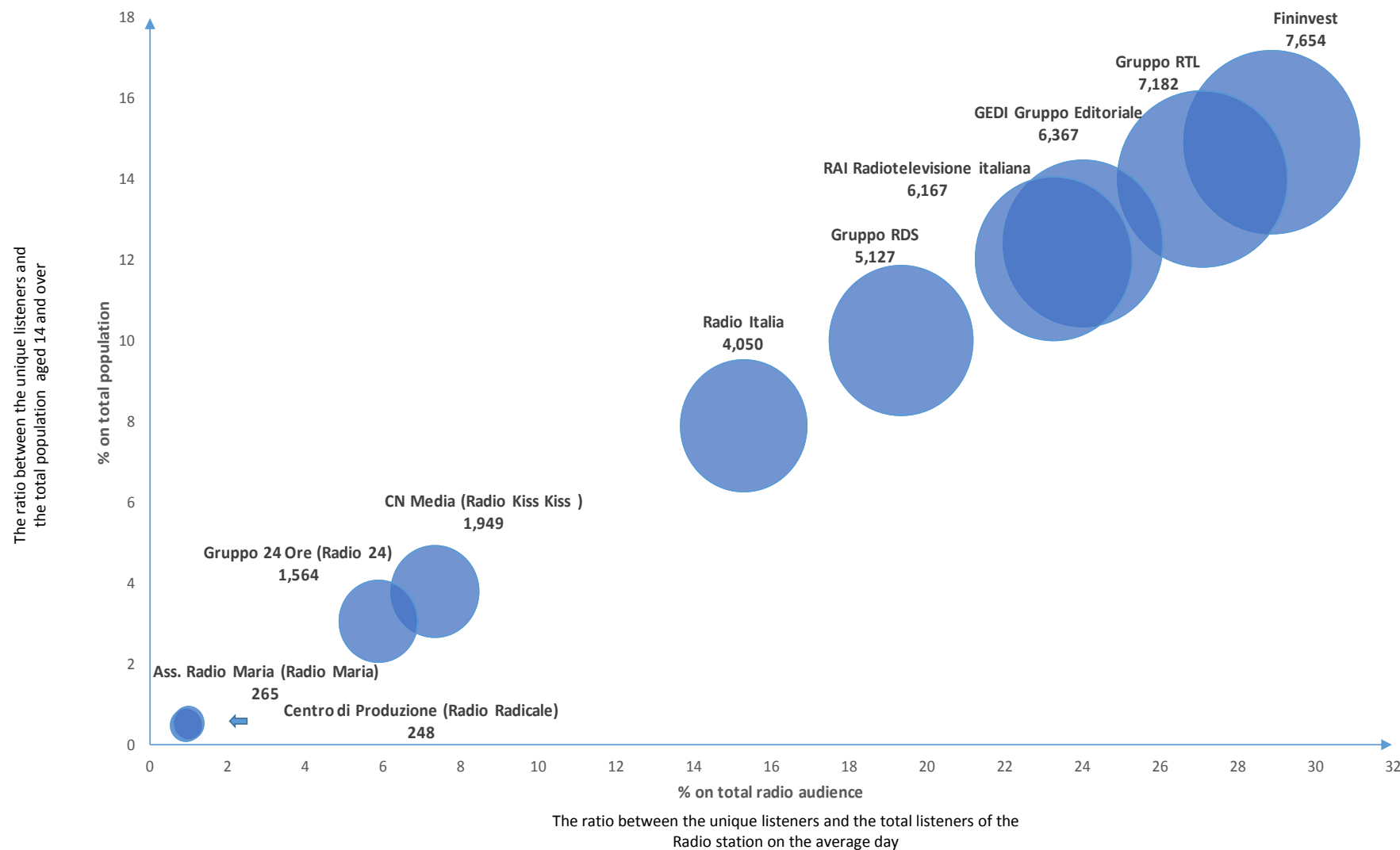
- Google and Facebook parent entities (brands aggregation) hold, with a growth trend, the leadership in terms of unique reach
- Overall, the unique audience of national platforms (Italiaonline, Mondadori, GEDI, RCS Mediagroup and Caltagirone Editore) show a growth
- In March 2019, **42** million unique users connected to the Internet, for around a total amount of **87** hours of surfing per person per month

Audience of the major social network in % – March 2019



- Among social networks, in March 2019, Facebook, with **36** million unique users equal to **85%** of surfers, confirms its position as a market leader, while Instagram follows in the second place with **25.2** million unique users equal to **60%** of surfers
- In March 2019, among the social networks considered, only Google+ shows a decrease trend in the number of unique users, compared to March 2016

Main radio stations by unique listeners on the average day [% , 2018]



Note

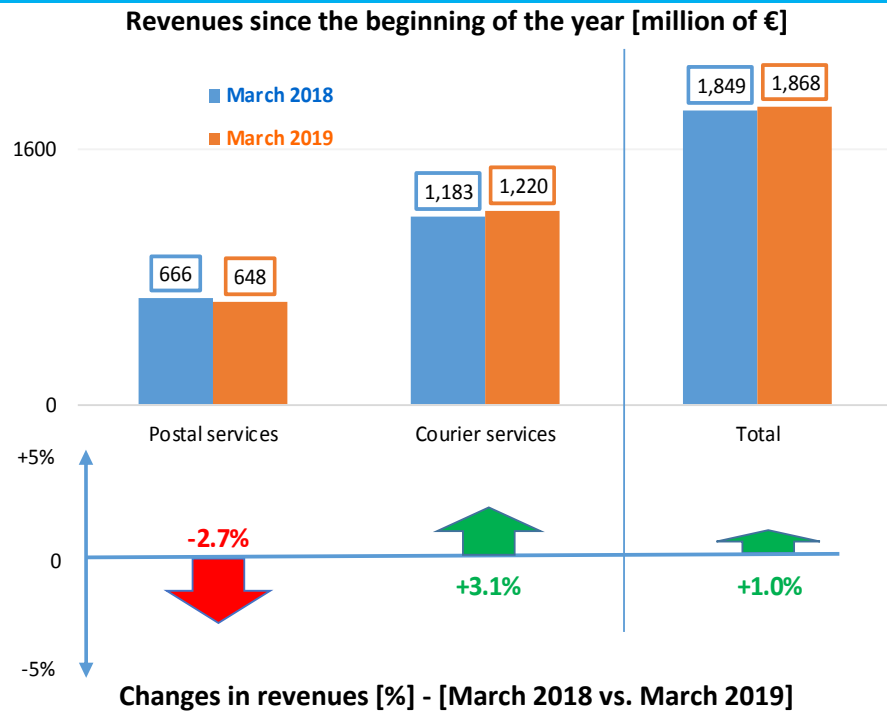
The size of the bubble corresponds to unique listeners (expressed in millions), i.e. those exposed for at least one minute on the average day, net of overlaps between radio listeners of radio programs belonging to the same corporate group.

The Sinottica research detects only national radios (and Radio Subasio for 2018).

Source: Agcom elaboration on Sinottica's, TSSP SNT 2018C (September 2017 - July 2018), GfK Eurisko's data

- Fininvest's radio station (R101, Radio 105, Virgin Radio, Radio Subasio) are the most popular radio stations, with **7.6** million unique listeners

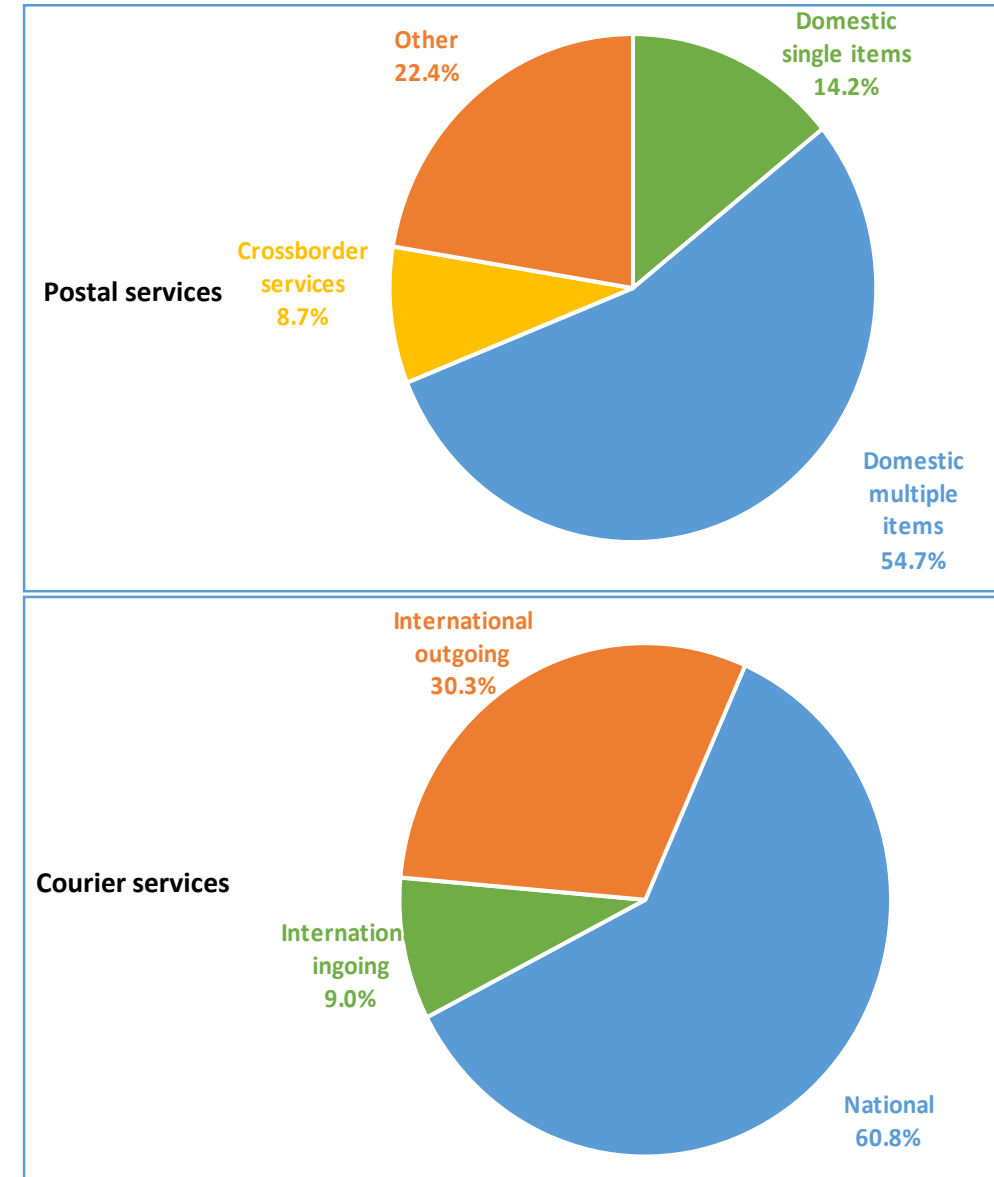
4.1 Postal services and express couriers: revenues



Note: The figures relate to the following companies: Bartolini, Citypost, DHL Express, Federal Express Europe, Fulmine Group, GLS Italy, Nexive, Poste Italiane, SDA, TNT Global Express, UPS.

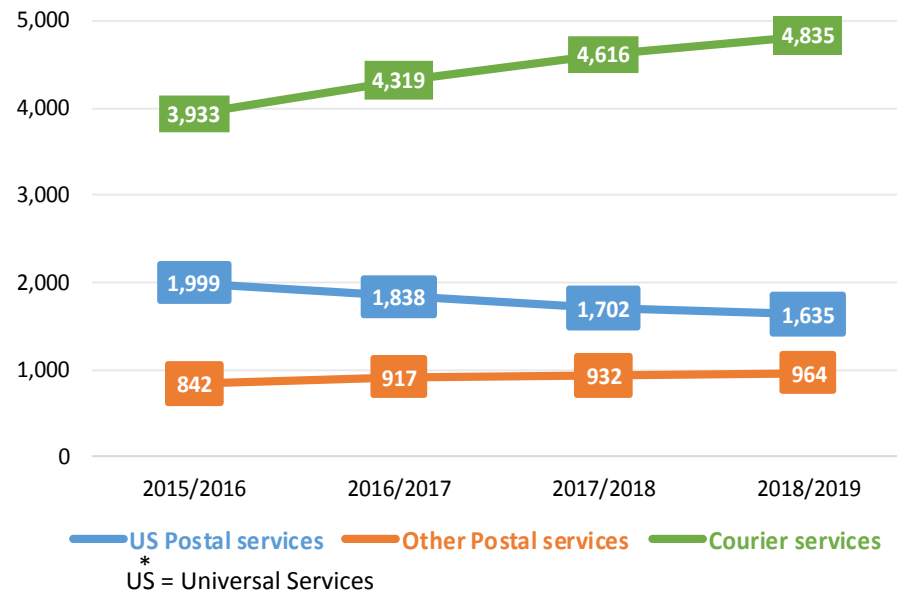
- At the end of March 2019, overall revenues are about **1,868** million of €, with an increase of **1%** YoY
- YoY, postal services' market has shown a decline in revenues (**-2.7%**); nearly **55%** of revenues are represented by "Domestic multiple items" (**-4%** YoY), while revenues from "Other" services increased YoY (**+11.3%**), mainly due to "exclusive services" and "parcels delivery"
- YoY, courier services' market has shown a growth in revenues (**3.1%**); over **60%** is represented by revenues from services with national sender and receiver (**+3.9%**); overall international deliveries increased by **1.8%**, due to the increase in revenues from both "ingoing" (**+0.3%**) and "outgoing" (**+2.3%**) deliveries

Revenues by source type - March 2019 [%]



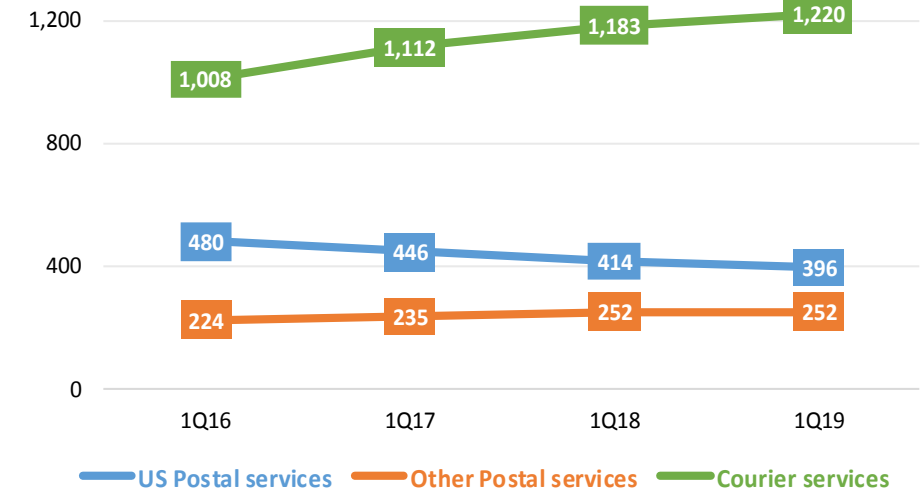
4.2 Postal services and express couriers: revenues historical trend

Revenues: annual cumulative figures [million of €]



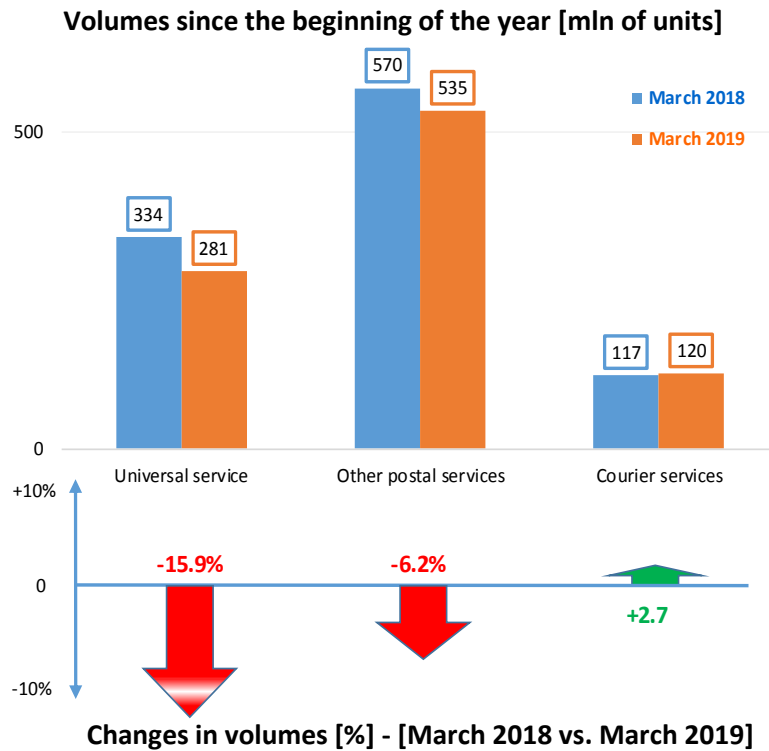
- Postal services: over the last four years, revenues from Universal postal services (US) have decreased by **18.2%** (from **1,999** to **1,635** million €), while revenues related to other postal services have grown by **14.5%** (from **842** to **964** million €)
- Courier services: over the four years, it is possible to observe a **22.9%** increase in revenues (from **3,933** to **4,835** million €)

Quarterly revenues trends [million of €]



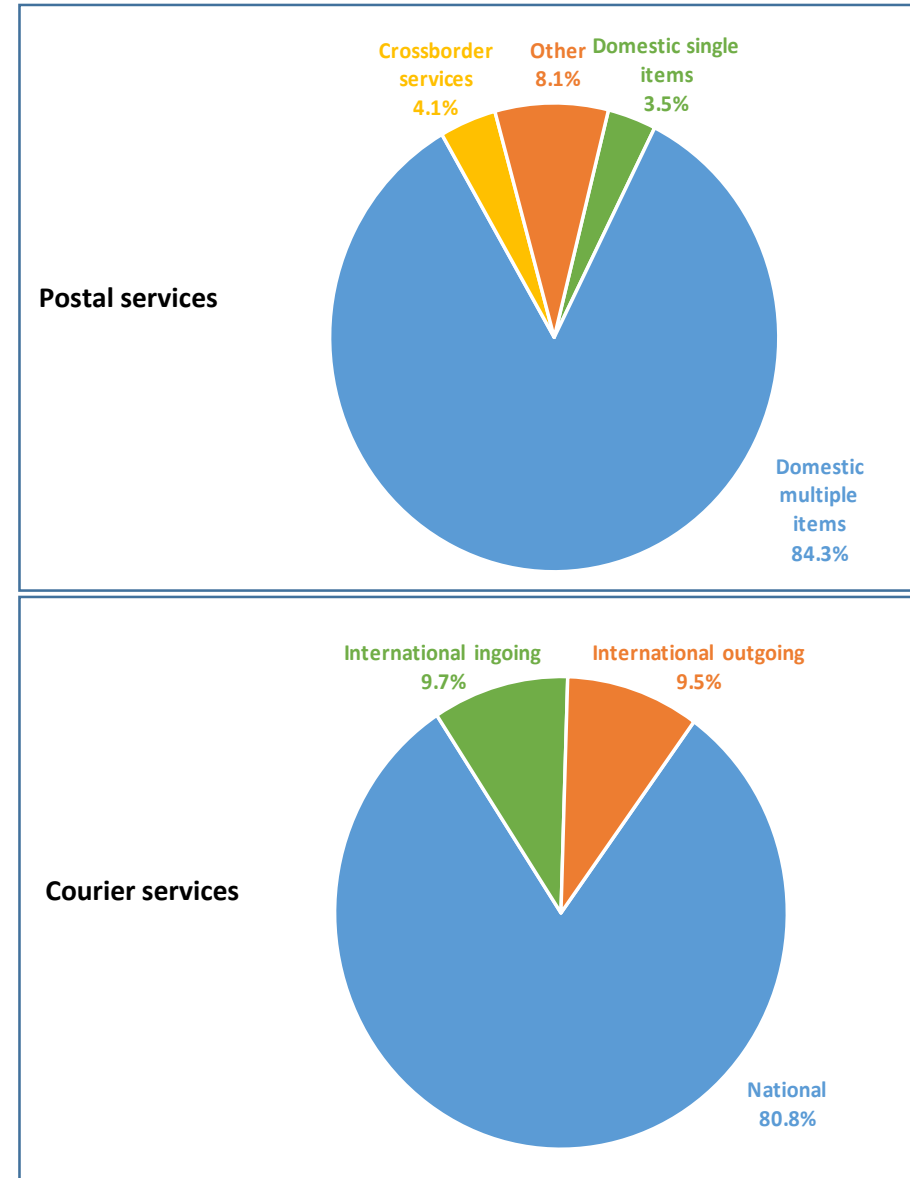
- Postal services: over the whole period considered, quarterly revenues from US have decreased by **17.4%**, while revenues related to other postal services have grown by **12.3%**
- Courier services: quarterly revenues shows a **21.0%** increase compared to the first quarter of 2016

4.3 Postal services and express couriers: volumes



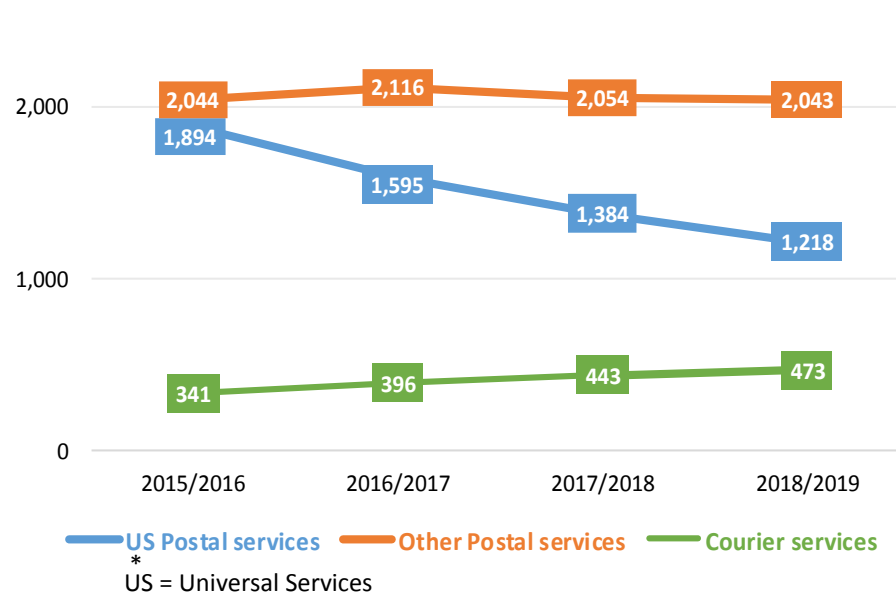
Note: The figures relate to the following companies: Bartolini, Citypost, DHL Express, Federal Express Europe, Fulmine Group, GLS Italy, Nexive, Poste Italiane, SDA, TNT Global Express, UPS.

- At the end of March 2019, volumes of universal services (US) amounted to **281** million units, showing a contraction of **15.9%** YoY; similar trend for other postal services (**-6.2%**), while volumes have increased by **5.2%** for the courier services segment (**120** million units from the beginning of the year)
- Postal services: “domestic multiple items” decreased by **9%**, now accounting for about **84.3%** of total volumes
- Courier services: volumes on a national basis grew by **5.7%** YoY, now accounting for **80.8%** of total volumes; over the same period, the volumes of services based on delivery or reception to and from foreign countries show a higher growth rate (**+3.1%**)



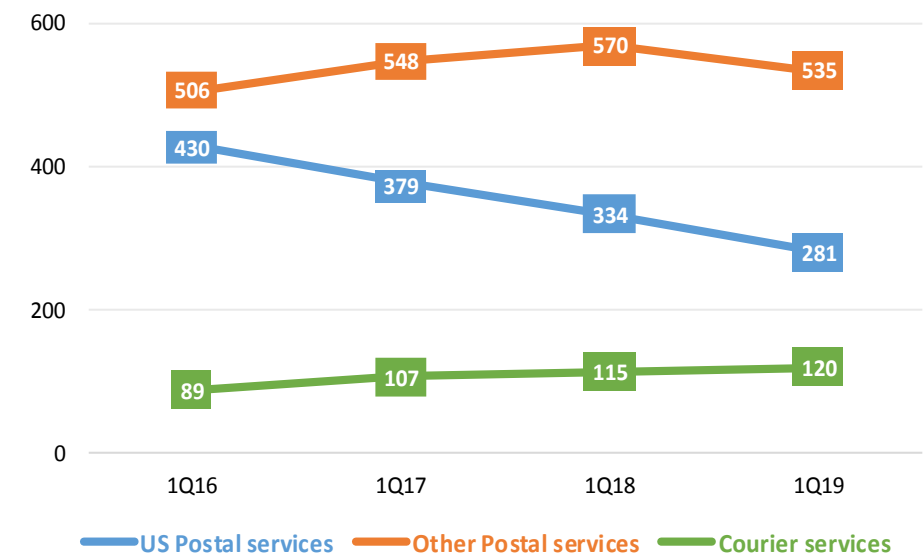
4.4 Postal services and express couriers: volumes historical trend

Volumes: annual cumulative figures [million of units]



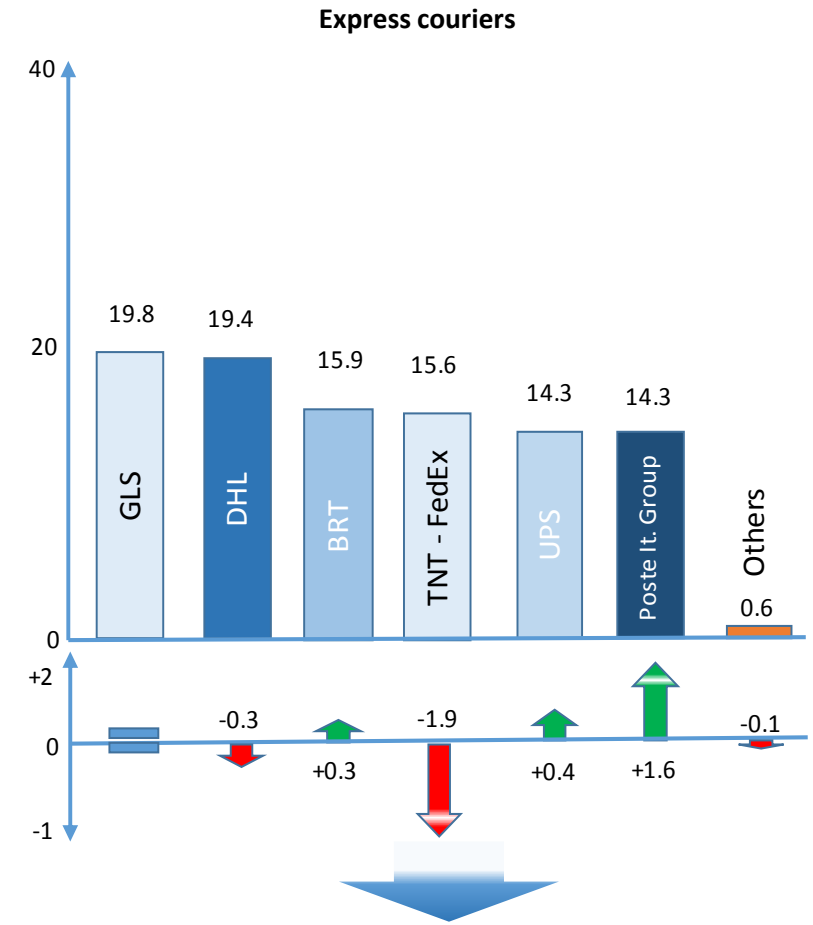
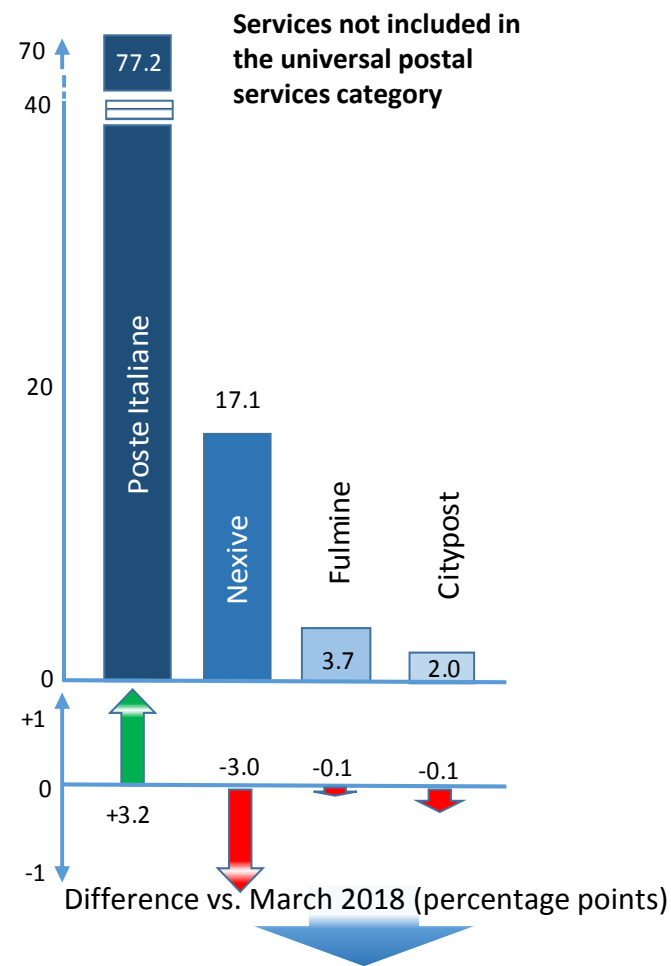
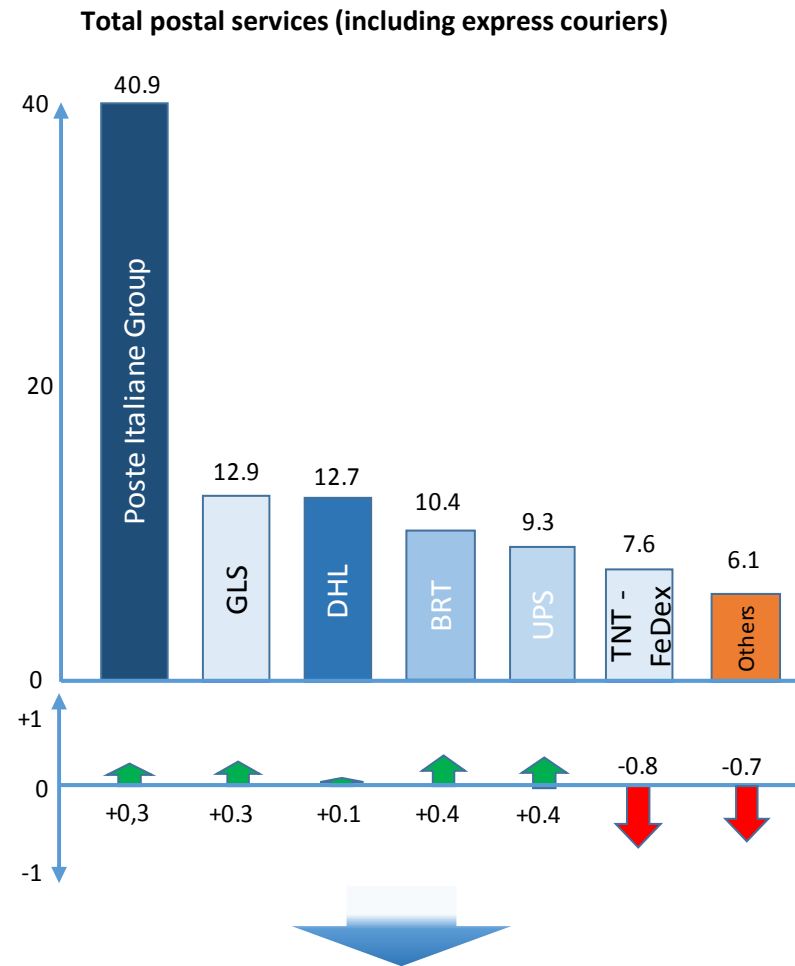
- Postal services: over the last four years, annual volumes from US have decreased by **35%**; the volumes related to other postal services remained quite stable
- Courier services: over the four years, it is possible to observe a **38.9%** increase in annual volumes

Quarterly volumes trends [million of units]



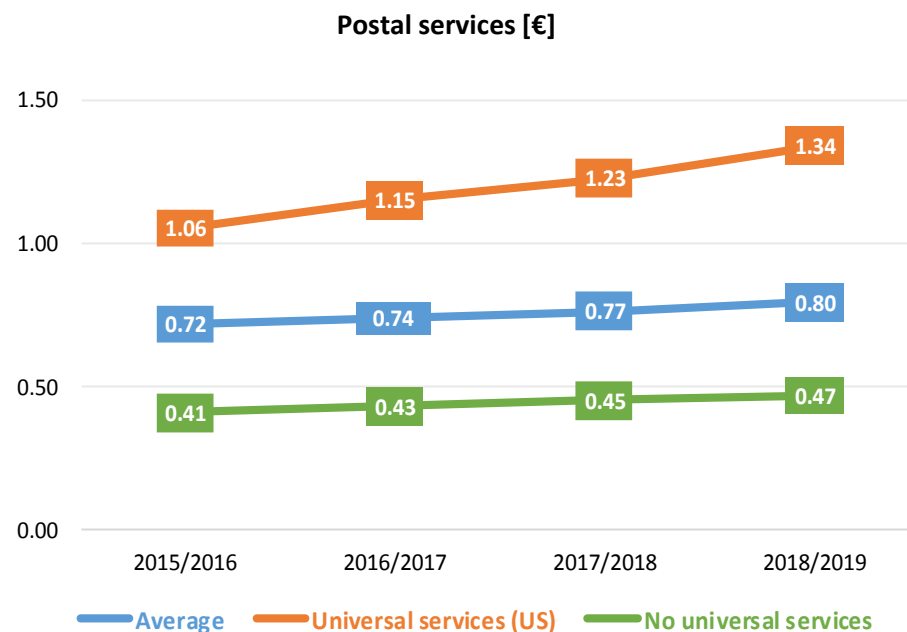
- Postal services: over the whole period considered, it is possible to observe an average reduction of **12.9%**, due to the decrease of US volumes (**-34.7%**) and the increase of other postal services volumes (**+5.6%**)
- Courier services: quarterly volumes show a **37.4%** increase compared to the quarterly value of the first quarter of 2016

4.5 Postal services and express couriers: competitive landscape

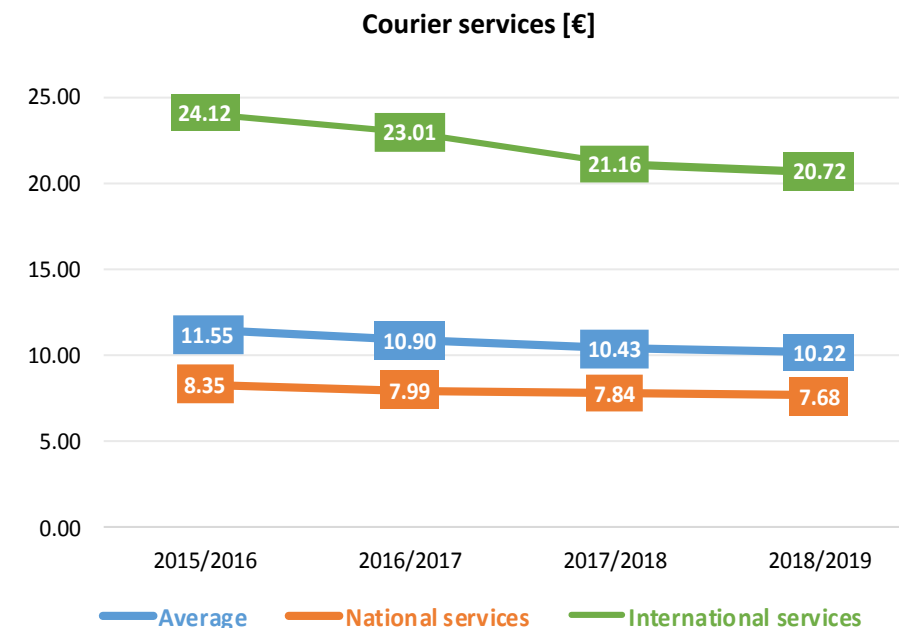


- Poste Italiane is still the first postal operator, but its share has shown a decrease of **0.6 pp** (YoY)
- The aggregate market shares of GLS, DHL, BRT and UPS is **45.4 %**
- In the segment of services not included among the universal postal services, Poste Italiane, as a consequence of its historical monopolistic position, still holds **77.2%**
- The market share's scenario of express courier services at the end of March 2019 shows a stronger competition among operators

4.6 Postal services and express couriers: per-unit revenue historical trends



- Over the last four years, the average unit revenue has grown by **10.5%** and is equal, for the period March 2018 – March 2019, to **€ 0.80**
- The per-unit revenue of services included in the US is above the average (**€ 1.34**), while that of other services is below the average (**€ 0.47**)

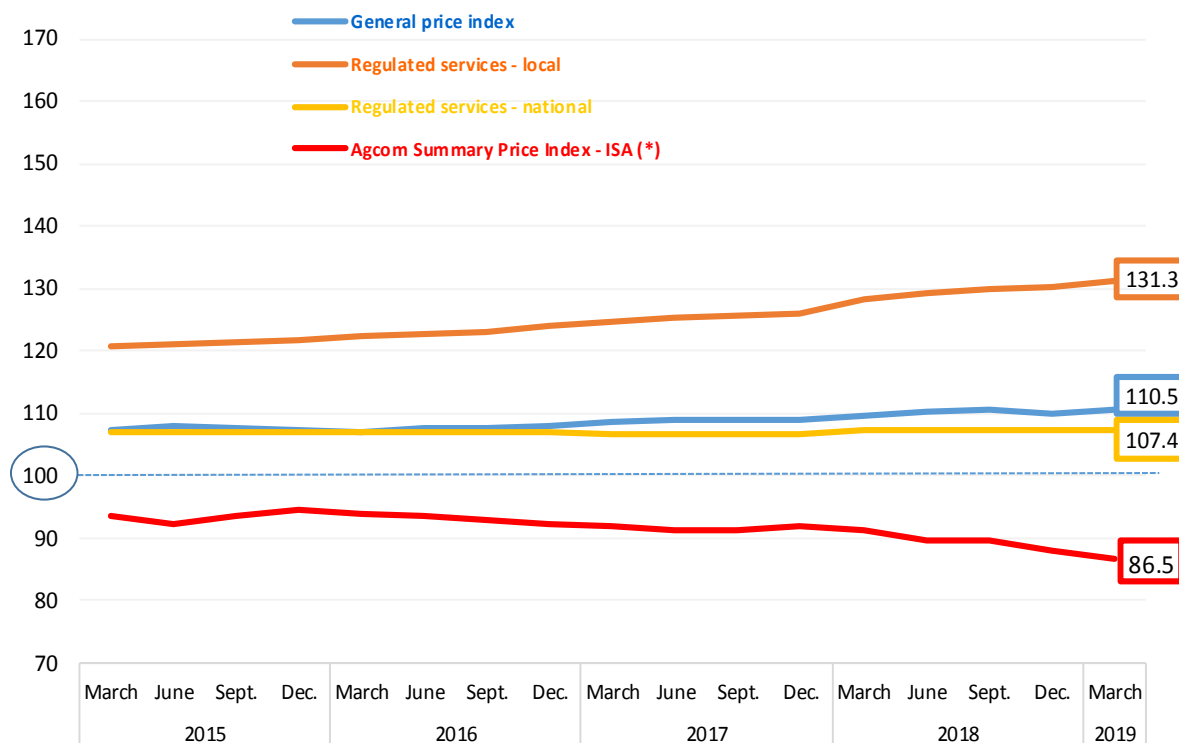


- Over the last four years, the average unit revenue has decreased by **11.5%** and is equal to **€ 10.22** for the period March 2018 - March 2019
- Unit revenue of international services is above the average (**€ 20.72**), while that of national services is below the average (**€ 7.68**), and both show a reduction trend

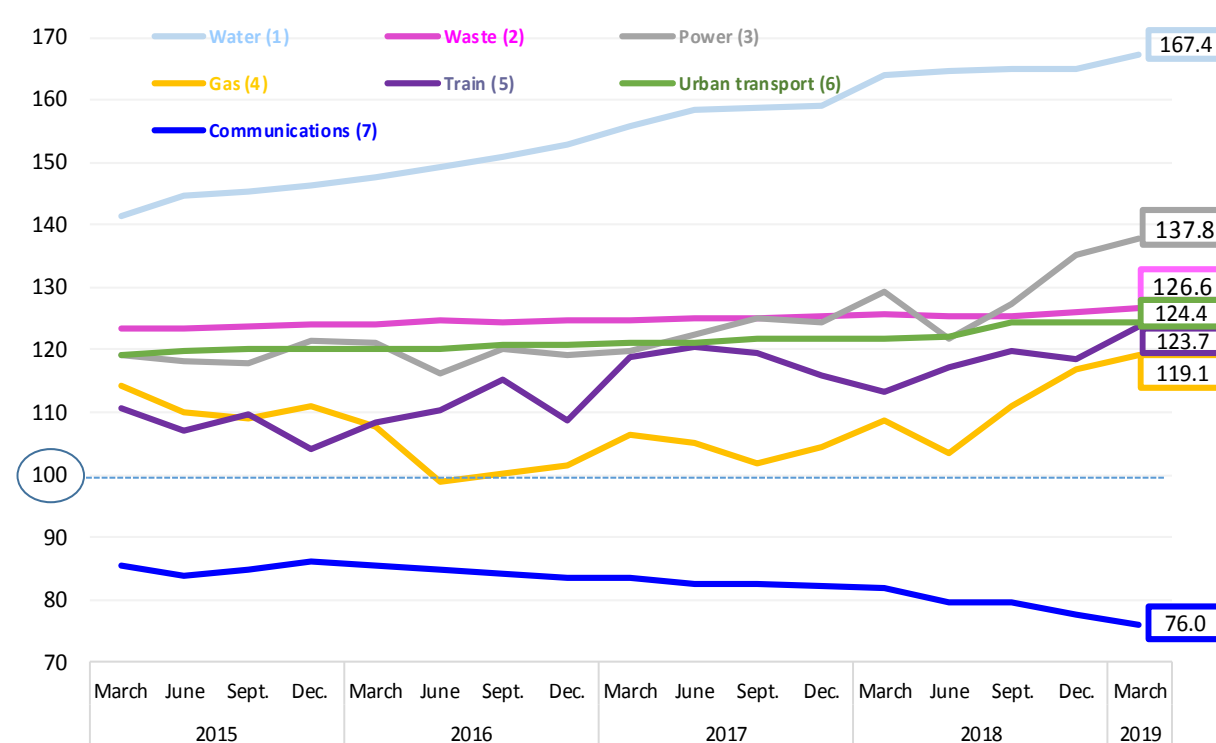
5.1 Harmonised consumer price index and other utilities price indices



Average price index (2010=100)



Utilities price index (2010=100)



Istat Services Codes:

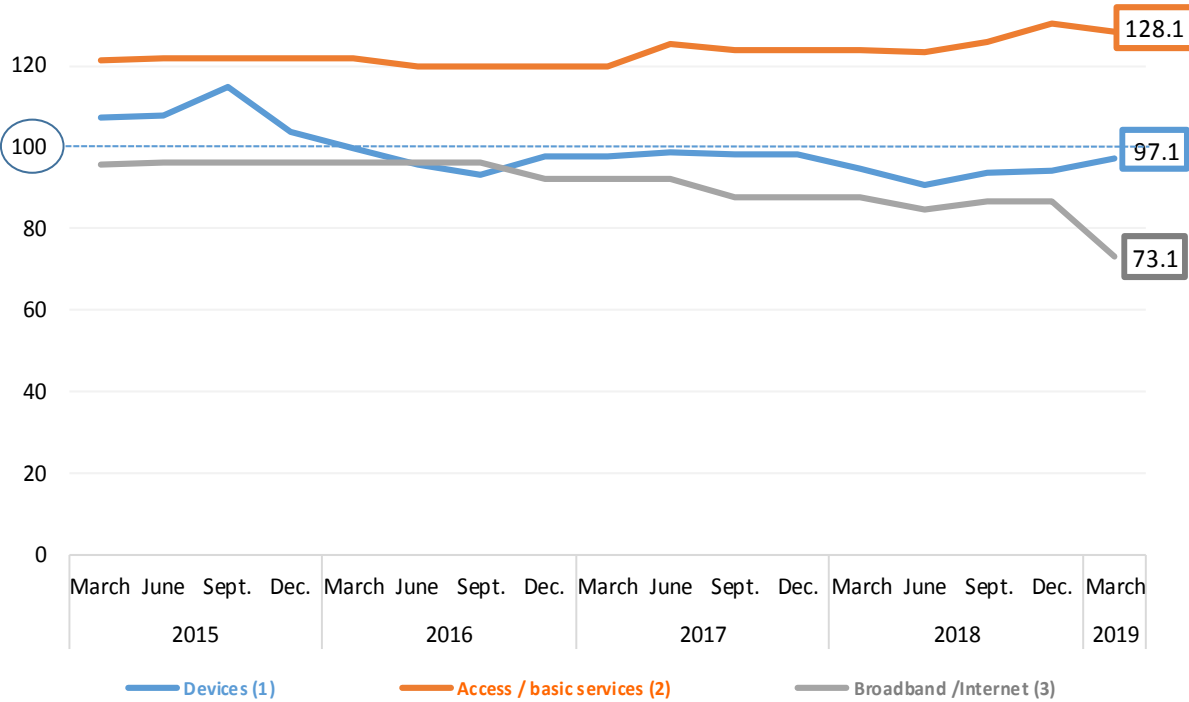
- | | |
|-----------|--------------|
| (1) 04 41 | (5) 07 31 |
| (2) 04 42 | (6) 07 32 11 |
| (3) 04 51 | (7) 08 |
| (4) 04 52 | |

* 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.

5.2 Mobile and fixed telephony price indices



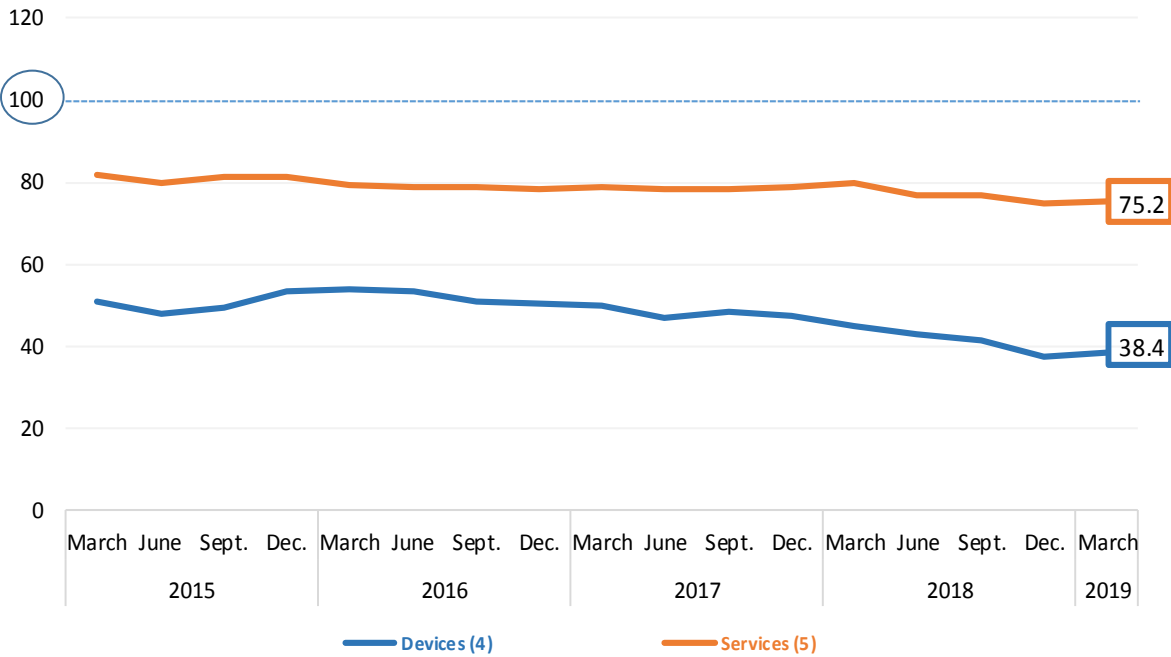
Fixed telephony price indices (2010=100)



Istat services codes:

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

Mobile telephony price indices (2010=100)



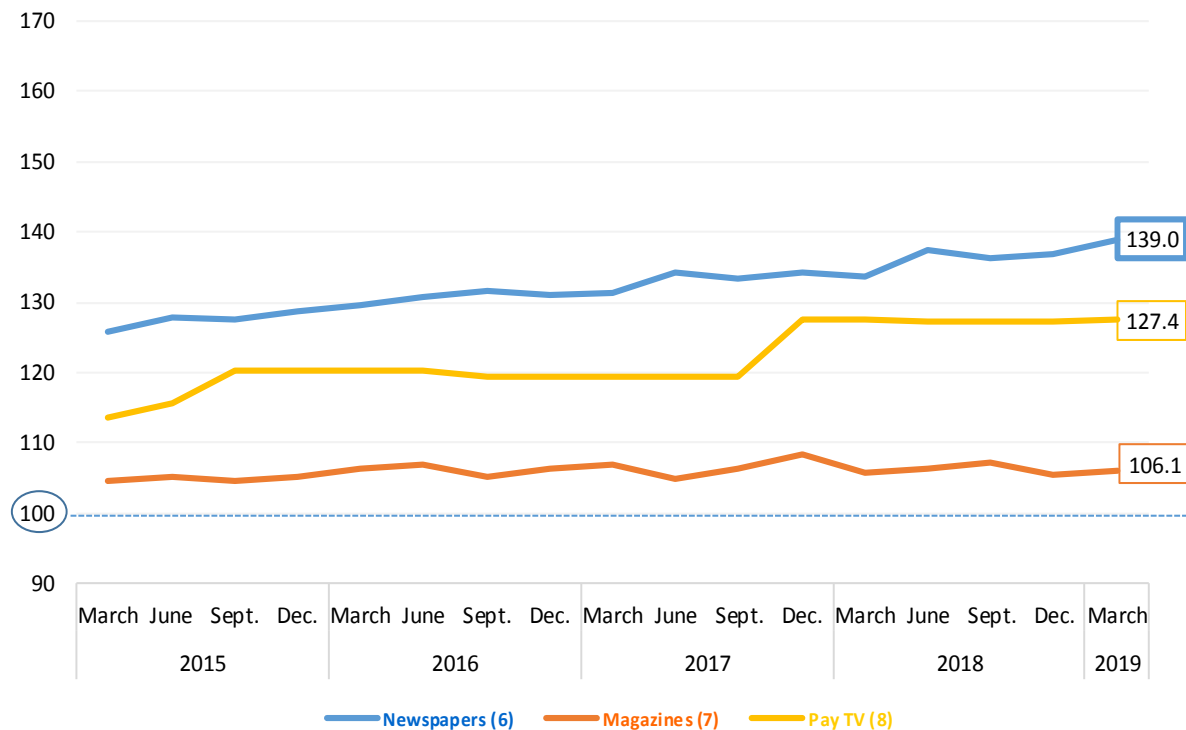
Istat services codes:

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

5.3 Daily newspapers, magazines, TV and postal services price indices



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



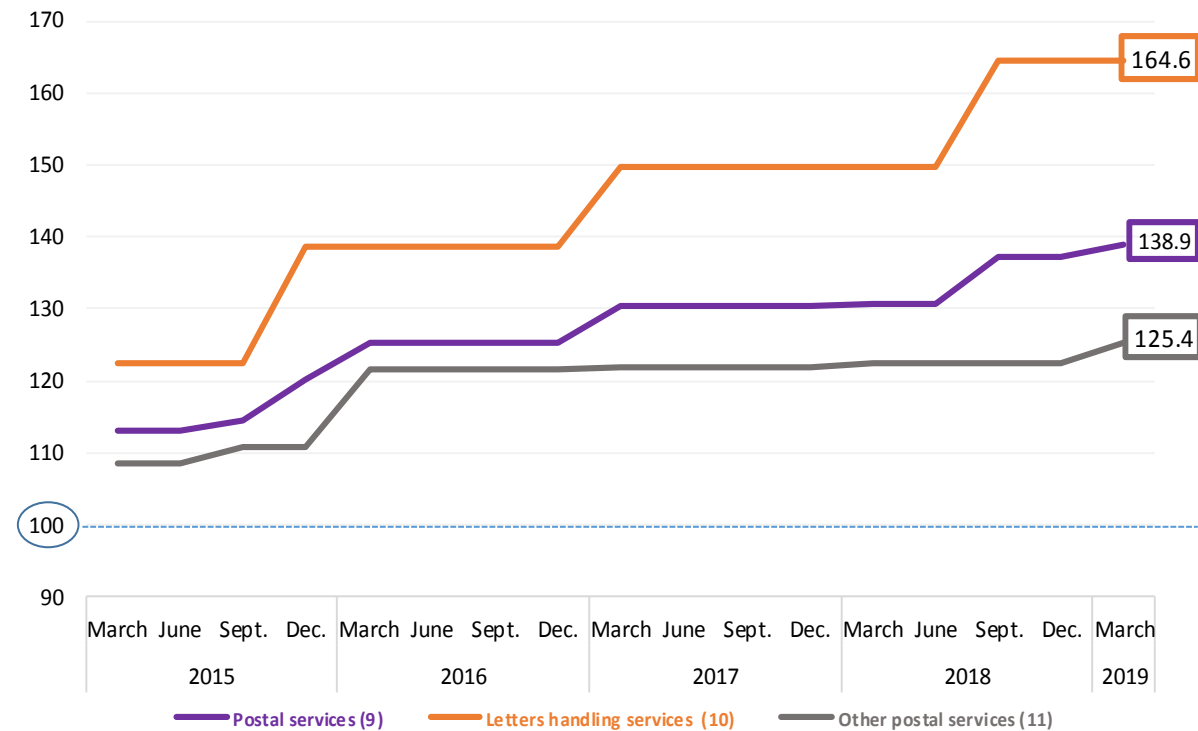
Istat services codes :

(6) 09 52 10

(7) 09 52 20

(8) 09 42 30

Postal services price index (2010=100)



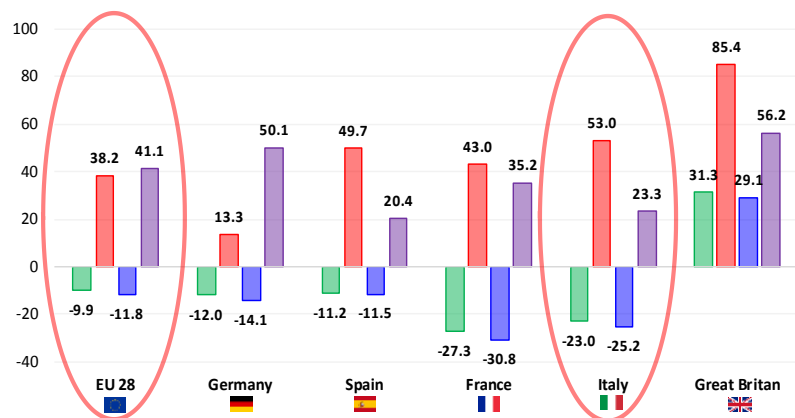
Istat services codes

(9) 08 10 00

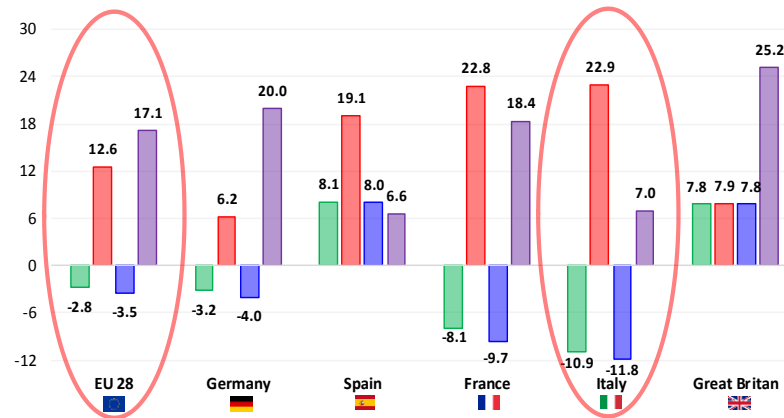
(10) 08.1.0.1.0.00

(11) 08.1.0.9.0.00

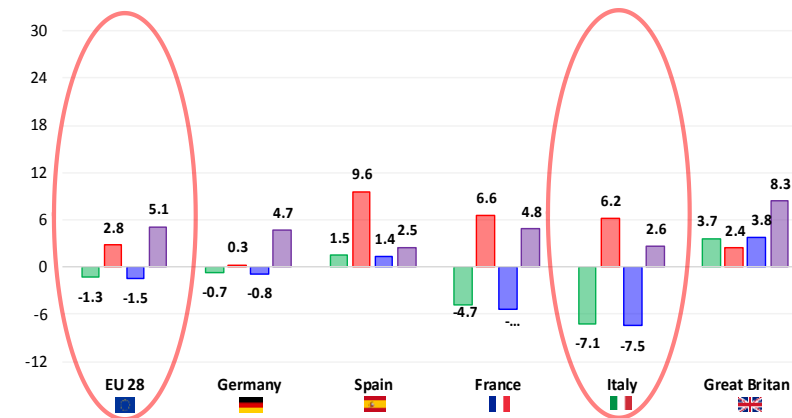
Change in prices – March 2009 vs. March 2019 [%]



Change in prices - March 2015 vs. March 2019 [%]



Change in prices - March 2018 vs. March 2019 [%]



Source: Agcom elaboration on Eurostat data



- In Italy, the communications price index has decreased at a faster pace than the EU average; this trend is observable in the long, medium and short time period
- Since March 2009, the Italian inflation rate of postal services is higher than that of EU; a similar trend can be observed for the short and medium price comparison
- Since March 2009, in Italy the newspapers and periodicals price index has increased less than the EU average



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