

***Residential Internet and Broadband
take-up in Portugal****

Executive Summary

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* This study, including its presuppositions and conclusions, is the exclusive responsibility of its authors and does not necessarily represent or is in any way binding upon the position of ANACOM.

Residential internet and broadband take-up in Portugal: a second study

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Executive summary

1. Governments have long been concerned about making the internet more accessible to residential users. With the availability of broadband technologies, policies to promote residential broadband internet access became the focus of attention.
2. Fast broadband access allows its users to draw on the internet for learning, shopping, banking and access public services such as paying taxes. It also facilitates telecommuting (i.e. working from home). Users with broadband access therefore have an advantage over those who cannot access the internet this way.
3. Historically, it is the more educated and more affluent segments that have access to new technologies. If this is the case with broadband access then it is possible that the divide within the society will further escalate unless broadband access is promoted to a wider group of people.
4. This study aims at analysing which segments of the Portuguese people possess broadband technology to access the internet. Learning about the drivers of internet - and in particular broadband - access will help policymakers to focus their policy interventions on segments which need the most support to become part of the information society.
5. The analysis is performed using discrete choice econometric models on a sample of over 4000 Portuguese households. The data was collected in December 2005. This type of econometric analysis attributes 'probabilities' of having an internet/broadband connection to different explanatory variables such as age, educational attainment, family income. That is, the results of the analysis will enable us to compare, for example, whether a family in the Lisbon region or another family, that has the same characteristics but resides in the Algarve will have a higher chance to have an internet/broadband connection. Another question that could be answered using the results is whether a household where the head of the family is employed is more or less likely to be connected to the internet than another identical household but where the head of the family is unemployed.
6. First, the drivers of internet access are identified. We find that there is a digital divide: respondents with *more schooling* and households with a *higher income* are more likely to have an internet connection. Age and having school-aged children also play an important part in explaining internet take-up.
7. Then, the choice of broadband over dial-up connection is analysed. It is found that most socio-economic factors are not important – except social 'class' – but geographic variables such as region and settlement size do explain differences in

the choice between broadband and narrowband connections. This is possibly due to the fact that the choice is driven by non socio-economic variables, such as geographical coverage of broadband, availability of broadband at the workplace, etc.

8. The above analysis was also performed on data that was collected one year earlier, in 2004. In the one year between the two sample collections more people opted to be connected to the internet. Within the population of people connected a greater percentage chose broadband over narrowband. Although data on family income was not collected at this earlier date it is instructive to compare the results of the econometric analysis of the two data sets.
9. First, differences in the probabilities implied by geographic variables suggest that the roll-out of broadband offers was uneven in the country. Second, it appears that the digital divide is not so important in 2005 as in 2004 in the sense of what type of internet connection is chosen but only whether *any connection* is being bought by a household.
10. This latest conclusion suggests that policies that make the internet more accessible to the less affluent segments of the society – such as subsidised computer purchases – would be effective in widening the information society.