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What will TPG look like after its takeover of iiNet?

TPG Telecom's $1.4b takeover offer for the iiNet Group would create Australia's second biggest fixed internet service provider after Telstra—so what does this expanded provider look like? If approved by the ACCC (and if Optus keeps its hands pocketed), the new TPG will service proportionally fewer share-houses, more child-free couples, and a few more people living alone, household segmentation data from Roy Morgan Research shows.

Although there are affinities between the two ISPs in terms of their customer service, price, and bundled offerings to customers, segmenting current fixed line internet customers by their Household Living Arrangements reveals some stark, perhaps unexpected, differences between TPG and the iiNet Group.

The latest data for the six months to January 2015 shows that 35% of the households with iiNet (or a subsidiary provider) are a couple with no children, compared with just 26% of TPG's. A TPG household is over twice as likely as an iiNet one to contain housemates (17% vs 8%), but is less likely to be someone living alone (11% vs 13%).

An expanded, post-takeover TPG would therefore look quite different, with more couples without kids and fewer shared households in its mix. Single and two-parent homes now comprise 44% of both TPG's and iiNet Group's households—which would continue to be the case within a new TPG post-takeover.

Composition of TPG and iiNet by Household types serviced
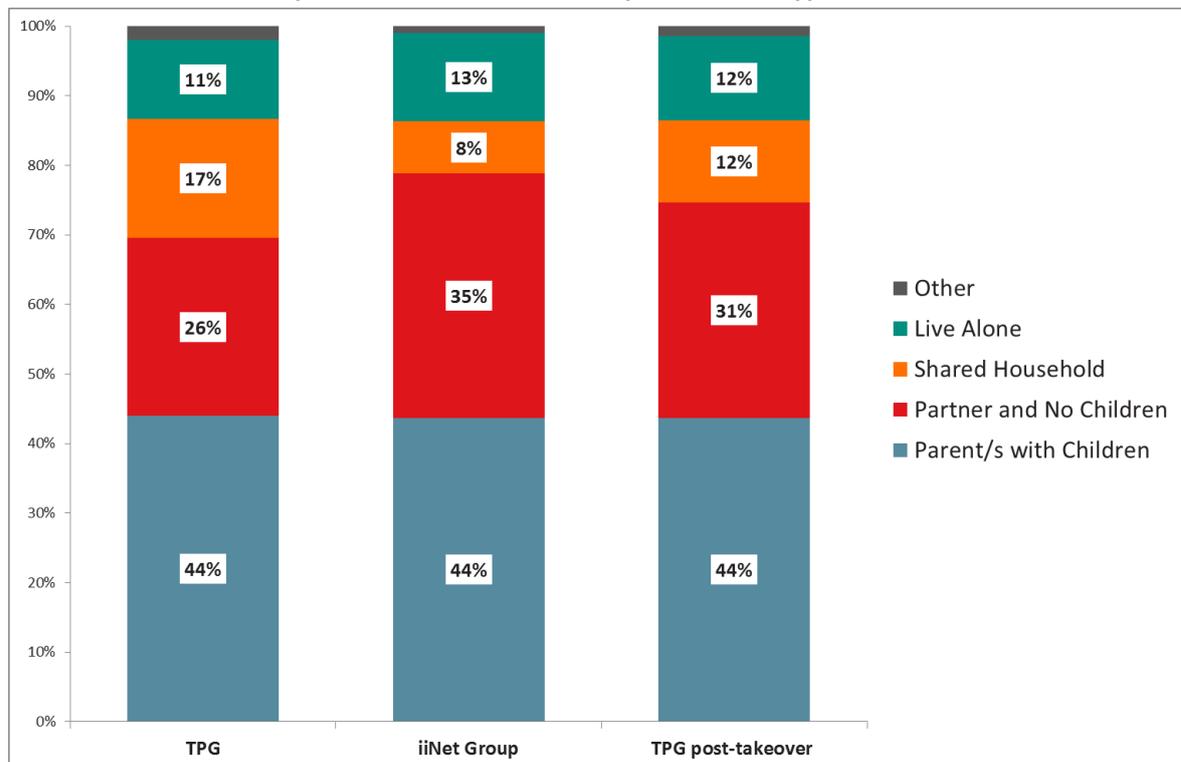
Source: Roy Morgan Single Source, August 2014 – January 2015, sample n = 13,336 Australians 14+ weighted to Households. Columns may not equal 100% due to rounding.

Tim Martin, General Manager - Media, Roy Morgan Research, says:

"Whether it's a person living alone or a share-house of seven, empty-nesters or parents with four kids under 16, households only need one internet service provider. But household composition is a major driver of internet usage habits and attitudes, reasons for choosing provider, data requirements, and likelihood of switching. A simple count of the number of households as customers does not provide a complete picture.

"In taking over iiNet, TPG will dramatically alter its customer profile—and these results suggest the change will be beneficial.

"Households comprising couples without children in the home are the least likely to intend to switch provider, while shared households are the most likely. The takeover will increase TPG's exposure to the former group. However, while coupled but child-free homes are less price-sensitive than those with kids, they are also perhaps less likely to need to increase their data allowance due to high-bandwidth activities like streaming or downloading television."

For more information about the composition and value of telecommunications companies' customer profiles, contact:

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Browse our range of ready-to-download Internet Service Provider profiles showing the demographics, attitudes, behaviours and media usage of Australian consumers, including their ISP Selection Reasons and ISP Satisfaction.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in New Zealand, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3

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| 50,000 | ±0.4 | ±0.4 | ±0.3 | ±0.2 |

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