OFFICE OF COMMUNICATIONS

Consumer decision making in the telecoms and TV broadcast markets

Annex 6

Research Document

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Contents

Section 1

Introduction

1.1 Background and objectives

Under the Communications Act 2003, it is Ofcom's principal duty, in carrying out its functions:

- to further the interests of citizens in relation to communications matters: and
- to further the interests of consumers in relevant markets, where appropriate by promoting competition.

For Ofcom to promote consumer interests effectively, we need to understand the ways in which consumers make decisions about their communications service suppliers. We also need to understand the extent of their non-participation in the market, the reasons why some consumers do not participate, and what, if anything, can or should be done about it.

Research[1] conducted on decision-making in 2006 gave important insights into consumers' participation; indicating that full participation was not limited to the actual switching, but also involved researching the market and negotiating with current suppliers.

As part of Ofcom's 2007 *Consumer Experience* report, we have commissioned a further research study. The objectives of this study are:

- to understand consumers' decision-making processes and switching behaviour in the fixed-line, mobile, broadband and broadcasting markets;
- to track any changes in decision-making/ switching behaviour since the previous wave of research and to explore the reasons for these changes; and
- to establish the effects of converged services and bundling on the decision-making process and on switching behaviour.

The 2007 study differs from the previous wave of research in two respects:

- whereas the overall internet market was covered in 2006, only the broadband market was covered in 2007; and
- multichannel TV[2] and bundled services[3] were not covered in 2006, but were covered individually in 2007.

Coverage of fixed-line and mobile remained unchanged.

Wherever possible, we will show comparisons with the 2006 study.

[1] [1] http://www.ofcom.org.uk/research/tce/report/annex4.pdf

[2] Multichannel TV defined as either Digital Terrestrial Television (Freeview services), Digital Satellite Television (Sky subscribers and free-to-view satellite services) or Cable Television (Virgin Media plus others)

[3] Bundled services defined as two or more of fixed-line, mobile phone, broadband or multichannel TV received from the same supplier through a subscription with a discount or special deal for subscribing to the bundle of services

1.2 Research methodology

In 2006 the research was conducted across three separate studies for the three markets identified: fixed-line, mobile phone and internet services.

In 2007, all relevant services (i.e. all those the respondent made decisions about) were covered in one study. This was achieved by first establishing which communications services (fixed telecoms,, mobile telecoms, broadband, multichannel TV) were used within a household, and of these, which ones the respondent made decisions about.

Where decisions were made by the respondent about two or more of the four services, it was then established whether any of these were bought from the same supplier, either as a subscription with a discount or as a special deal covering the bundle of services. The services were therefore identified as either ‘standalone/ single services’ or as ‘bundled services’. In cases where a household received more than one service from the same supplier, but the decision maker did not state that the subscriptions to these services were subject either to a discount or a special bundled deal, the services have been treated as single services.

The questionnaire followed a modular format, with questions asked, as appropriate, about the single services (fixed, mobile, broadband, multichannel TV) or the bundle of services that the decision maker was responsible for within the household. On average, each decision maker answered questions on 2.4 of the four possible modules within the questionnaire.

As in 2006, this research was conducted by telephone with decision makers (defined as the person in the household primarily responsible for the service). For a service to be eligible to be covered in the survey, the bill for the service concerned had to be paid within the household. The telephone numbers called were generated through random digit dialling; where known dialling prefixes are coupled with six randomly generated numbers. Random digit dialling was used both for fixed and mobile numbers, to ensure that ex-directory households and households without a fixed-line were included in the study.

A total of 1,600 interviews were conducted, with 1,200 of these via a fixed-line random digit dialled number and 400 via a mobile phone random digit dialled number.

Figure 1 Breakdown of interviews conducted and services covered

Fixed-line single service	Mobile phone single services	Broadband single service	Multichannel TV single service	Bundled services
1018	1211	403	800	384

Interviewing took place between 18 July and 20 August 2007.

Significance testing at the 95% confidence level was carried out on the results reported here. Where findings are reported as ‘significant’, this is what is being referred to.

1.3 Definitions used in the report

The following table defines two terms used throughout the report to describe the sample.

Bundled service	Where more than one communications service comes from the same provider, and the price the customer pays is based on the specific package of services received
Single service	Refers to each communications service supplied by an individual provider, e.g. fixed-line telephony supplied by BT and broadband supplied by Tiscali. Also used where more than one service is supplied by the same provider, but the prices of these services are not reduced by being part of a 'bundle'.

1.4 Structure of the report

This report focuses on the behaviour of UK consumers in the fixed-line, mobile phone, broadband, and multichannel TV markets. Within these markets, bundled services and single or standalone services are examined separately. Consistent with other *Consumer Experience* reports, each section describes the findings for all of the markets covered by this study.

Section 3 details how a 'Participation Index' was used to define participation in the markets, taking into account previous and current behaviour. Comparisons are made between the 2006 and 2007 studies for each market (where comparable data is available), and the section also looks in detail at variations within the consumer base for each service. It also investigates the extent to which consumers are engaged in one market but not in another.

Section 4 assesses past behaviour; in terms of experience of switching supplier, considering and shopping around for an alternative supplier, and negotiating with the existing supplier. Reasons for switching, considering but not switching and not considering switching are detailed for each of the services, along with information sources that were used by those switching or considering switching and the ease of finding information.

Section 5 assesses the current mindset of consumers; their attitudes to switching supplier and making comparisons between suppliers, information sources that they would use to look for an alternative supplier, awareness of alternative suppliers, attitudes towards, and satisfaction with, the current supplier, and reasons for any dissatisfaction.

Section 6 assesses stated future intentions regarding switching supplier and negotiating with the current supplier.

Section 2

Executive summary

Participation has been defined by both past and future behaviour, including;

- switching and considering switching;
- looking for information and keeping informed about the market; and
- satisfaction with current supplier

The proportion of consumers participating has increased in the fixed line and broadband markets with an increase in the consumers who are interested.

The participation profile of the broadband market is very similar to the profile of bundled services. This is not particularly surprising considering the majority of bundles include a broadband service.

Participation in the multichannel TV market is quite different from that of other communications services with 9% engaged compared with between 20% and 30% in other markets.

Charges and affordability are the main reasons for switching across all services

In broadband and bundled services quality of service is the second most mentioned reason for switching. While a combination of satisfaction, hassle and no perceived cost benefit are reasons given for not switching even when the supplier has considered it.

In most communications markets consumers are split between currently considering and happy with their current suppliers.

Although the majority of consumers perceive it is easy to find information about suppliers they also believe it is difficult to make comparisons.

Section 3

Participation Index

3.1 Defining the Participation Index

Each decision maker was allocated a total score out of 100, based on their previous behaviour (with a maximum score of 50) and their current behaviour (again with a maximum score of 50). The resulting Participation Index score per service is therefore a maximum of 100 and a minimum of zero.

The potential scores for each type of previous and current behaviour are detailed in Figure 2.

Figure 2 Calculating the Participation Index score

Previous behaviour (maximum score of 50)	Score
Switched provider in last 4 years	50
Considered switching & shopped in last 4 years	50
Considered switching & did not shop in last 4 years	20
Not switched, but negotiated with current supplier	20
Current behaviour (maximum score of 50)	Score
Very active considerers (actively looking for an alternative provider)	50
Active considerers (open to the idea of a new provider)	35
Not considerers, but happy with current supplier and rate them as definitely the best provider in the market	40
Not considerers, but happy with current supplier and rate them as probably the best provider in the market	25

The Participation Index gives equal weighting to previous and current behaviour, and a score of zero would result if none of the previous or current behaviours detailed in Figure 2 applied to a decision maker for a particular service. Consumers do not have to have switched, or even considered switching, supplier in order to be ‘engaged’. Those who are both happy with their current supplier and rate their supplier as either ‘definitely’ or ‘probably’ the best provider for that market are also engaged consumers.

Claimed future behaviour is not taken into consideration when calculating the Participation Index, experience shows while some consumers claim to be likely to switch, consider switching, or negotiate with their current supplier, they often do not follow through these intentions.

In order to make comparisons between the 2006 and 2007 studies, the 2006 Participation Index has been remodelled in line with the 2007 format detailed in Figure 2.

Using the Participation Index there are four participation categories, as follows:

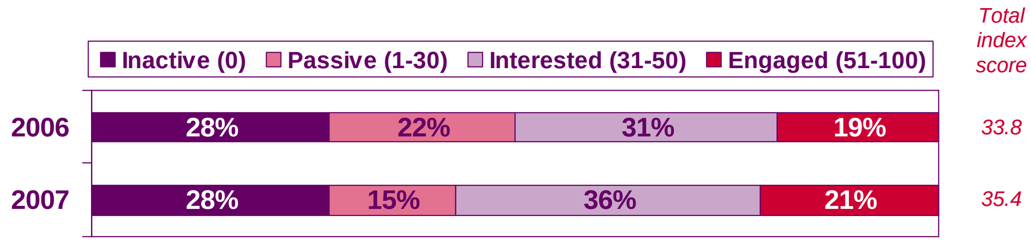
- Inactive (Participation Index score of 0 out of 100)
- Passive (Participation Index score of 1-30 out of 100)
- Interested (Participation Index score of 31-50 out of 100)
- Engaged (Participation Index score of 51 or more out of 100)

This approach allows us to compare both the Participation Index scores and the relative shares of the consumer base, in all four participation categories, across the 2006 and 2007 studies.. We can also make comparisons across the individual services and service bundles covered in 2007, and within the consumer bases for each of the services.

3.2 Fixed-line telephony as a single service

Figure 3 illustrates the Participation Index in the fixed-line market and compares it against 2006.

Figure 3 Participation Index and categories in 2006 and 2007 for fixed-line as a single service[4]



The Participation Index for fixed-line as a single service has increased (from 33.8 to 35.4) since the 2006 study. As shown in the figure above, there has been a drop in those categorised as passive and a rise in those categorised as interested. This has resulted in a significant increase in the top two participation categories (from 50% in 2006 to 57% in 2007). The majority of consumers are now interested or engaged.

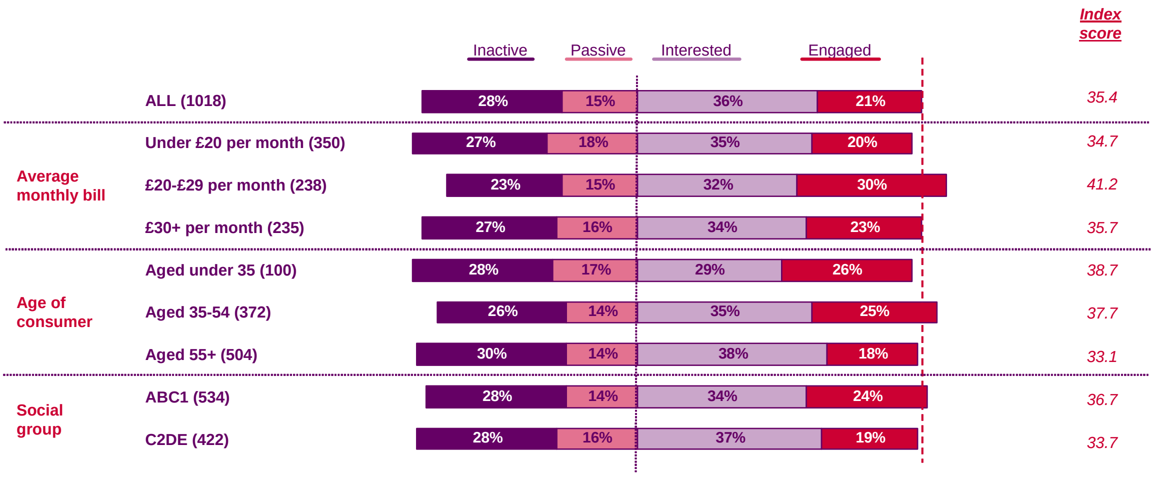
However, the level of inactive consumers, displaying no participation with the fixed-line market, is unchanged since 2006 and accounts for close to one in three (28%) of consumers.

Demographic profile of participation index in the fixed-line market

Figure 4 shows the two most engaged categories (interested and engaged) to the right of the central line and the two least engaged categories (inactive and passive) to the left.

[4] Base: Decision makers for fixed-line as a single service (302 in 2006, 1018 in 2007)

Figure 4 Demographic profile of the participation index for fixed-line as a single service[5]

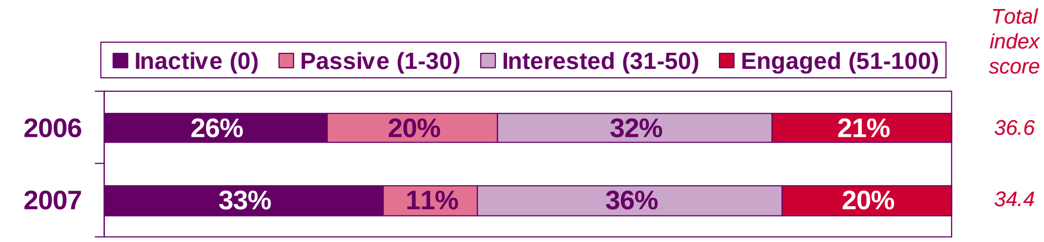


There is relatively little difference across the different customer groups for fixed-line as a single service.

3.3 Mobile phone as a single service

Figure 5 illustrates the Participation Index in the mobile phone market and compares it with 2006.

Figure 5 participation index in 2006 and 2007 for mobile phones as a single service[6]



The overall Participation Index for mobile as a single service has decreased from 36.6 to 34.4 since the 2006 study (although this is not a significant change). A comparison of the participation categories shows the basis of this decrease to be a significant rise in those categorised as inactive. This least engaged category accounts for one in three (33%) consumers with mobile as a single service in 2007 compared to one in four (26%) in 2006. The proportion in the top two participation categories still accounts for the majority of consumers and the major change is the shift from passive to inactive.

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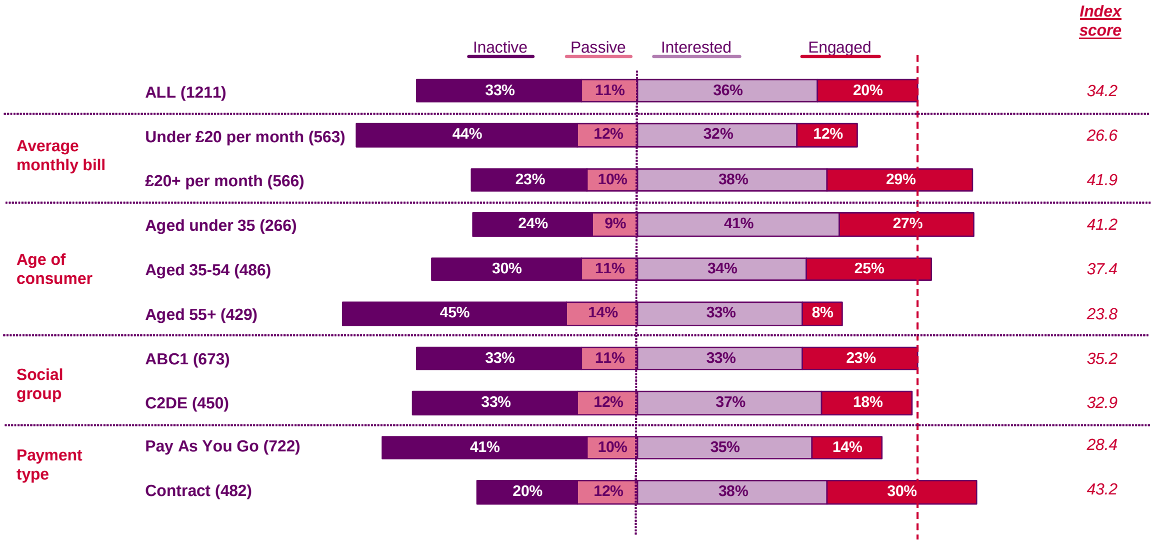
5 Base: Consumers with a fixed-line at home as a single service (base sizes shown within Figure 4)

6 Base: Decision makers for mobile phone as a single service (466 in 2006, 1211 in 2007)

Demographic profile of participation Index in the mobile phone market

Figure 6 Demographic profile of participation index in 2007 for mobile phone as a single service[7]



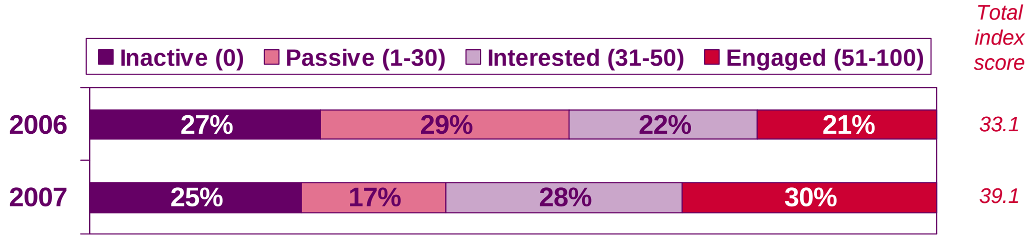
Variations in participation are much more evident within the mobile phone consumer base than within the fixed-line consumer base. Significantly higher levels of participation within the mobile phone consumer base are evident among higher spending, younger consumers.

As those with a contract for their mobile phone are typically higher spenders, it is unsurprising to see that these consumers are significantly more engaged than those using pay-as-you-go. Inactive consumers among those using pay-as-you-go account for two in five (41%) of the base, compared to one in five (20%) of those with a contract.

[7] Base: Consumers with a mobile phone as a single service (base sizes shown within Figure 6)

3.4 Broadband as a single service

Figure 7 Participation index in 2006 and 2007 for broadband as a single service[8]



The Participation Index for broadband as a single service has increased significantly (from 33.1 to 39.1) since the 2006 study, and a comparison of the participation categories shows the basis of this increase to be a significant rise in those categorised as interested or engaged and a drop in those categorised as passive. The significant rise in the top two participation categories (from 43% in 2006 to 58% in 2007) results in these categories now accounting for the majority of consumers.

However, as with the fixed-line consumers, the level of inactive consumers displaying no participation with the broadband market remains almost unchanged since 2006 and accounts for one in four (25%) consumers.

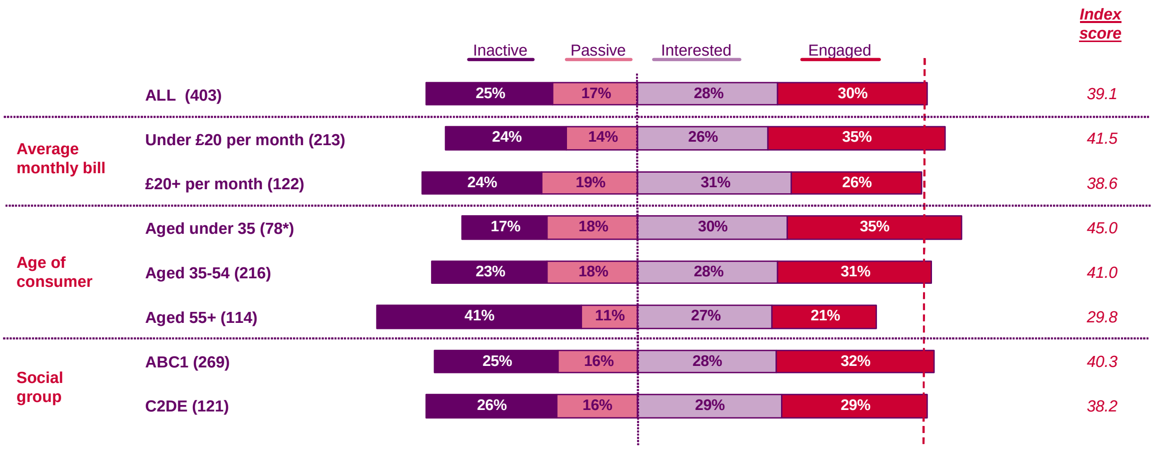
The level of engaged consumers is, however, significantly higher for broadband (at 30%) than for fixed-line (at 21%) or mobile (at 20%).

There is some scope to look within the overall consumer base for broadband as a single service to make comparisons across customer groups, although lower penetration levels for broadband compared to fixed-line and mobile mean that base sizes are smaller.

[8] Base: Decision makers for broadband as a single service (232 in 2006, 403 in 2007)

Demographic profile of participation index in the broadband market

Figure 8 Demographic profile of participation index in 2007 for broadband as a single service[9]



***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

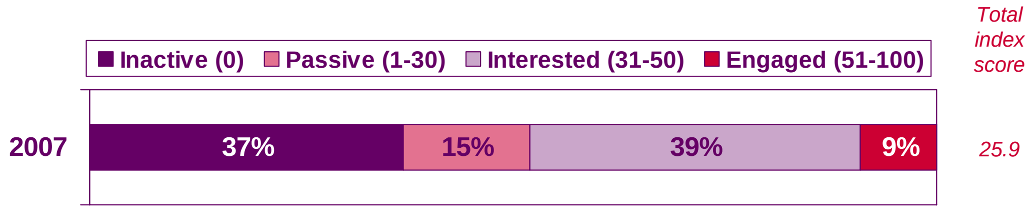
As with the consumer base for mobile phones, the variations in participation are much more evident within the broadband consumer base than within the fixed-line consumer base. However, smaller base sizes mean that these differences should be treated as indicative rather than significant. As with fixed-line and mobile consumers, younger broadband consumers appear to be more engaged. Unlike fixed-line and mobile consumers, however, those spending less on their broadband access appear to be more likely to be engaged consumers.

[9] Base: Consumers with broadband as a single service (base sizes shown within Figure 9)

3.5 Multichannel TV as a single service

Figure 9 illustrates the Participation Index in the multichannel TV market. It is not possible to compare this measure over time.

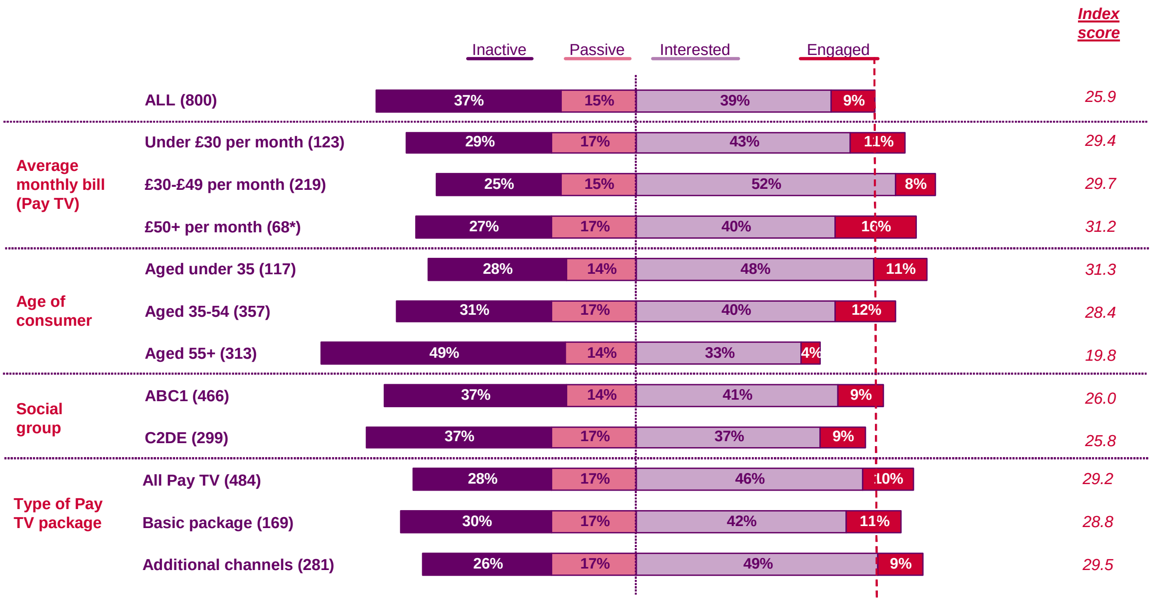
Figure 9 Participation index for multichannel TV as a single service[10]



The participation profile of multichannel TV consumers is quite different from the other communications services. The level of engaged consumers is significantly lower for multichannel TV (at 9%) than for fixed-line (at 21%), mobile (at 20%), and broadband (at 30%). While nearly half (48%) of all consumers with multichannel TV as a single service fall into one of the top two participation categories, two in five (37%) are in the inactive category.

Demographic profile of participation index in the multichannel TV market

Figure 10 Participation Index and categories for multichannel TV as a single service[11]



***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

As with the consumer base for mobile phones and broadband, the variations in participation are much more evident within the multichannel TV consumer base than within the fixed-line consumer base. Significantly higher levels of participation within the multichannel TV consumer base are evident among higher spending, younger consumers.

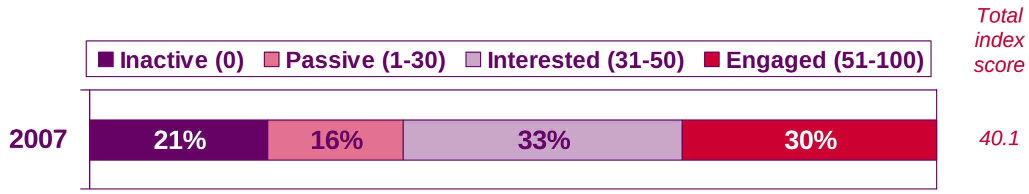
[10] Base: Decision makers for multichannel TV as a single service (800 in 2007)
[11] Base: Consumers with multichannel TV as a single service (base sizes shown within Figure 11)

There is relatively little difference in the Participation Index and categories for pay-TV consumers who have the basic package compared to those who pay an additional amount each month for sports, movies or other channels.

3.6 Bundled services

As stated previously, bundled services (which includes two or more of fixed-line, mobile phone, broadband or multichannel TV from the same supplier) were covered for the first time in the 2007 study. Figure 11 details the share of the consumer base for bundled services in each of the participation categories as well as the Participation Index measure.

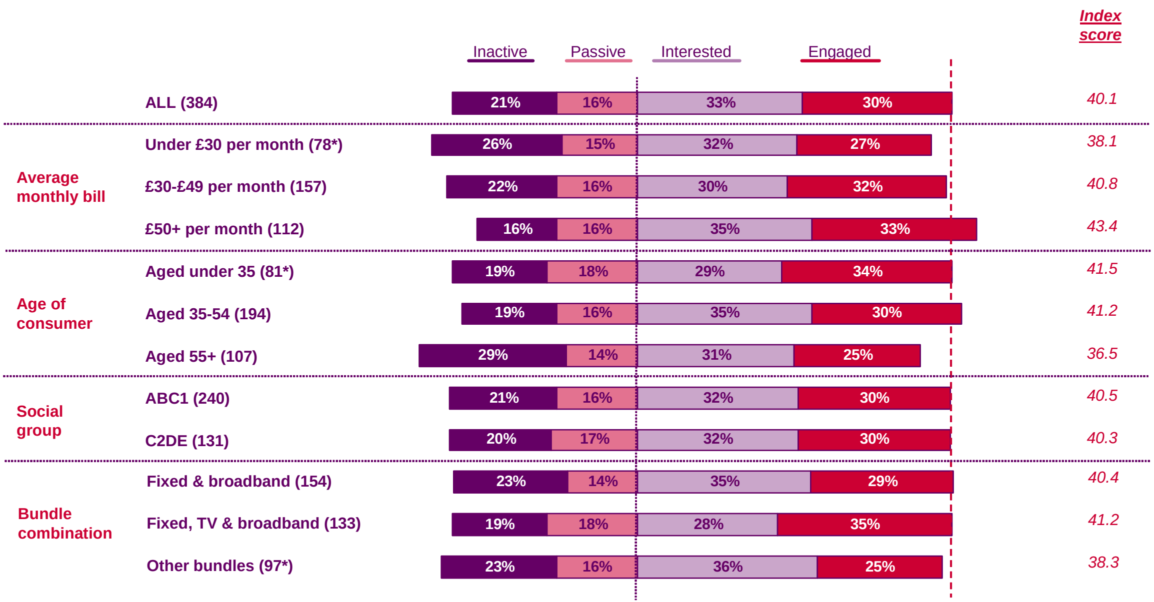
Figure 11 Participation index for bundled services[12]



The engaged and interested profile for consumers with a bundle of services is similar to that for consumers with broadband as a single service. Close to two-thirds (63%) of consumers fall into the top two participation categories. Levels of engaged consumers are significantly higher for bundled services (30%) compared to fixed (at 21%), mobile (20%), and multichannel TV (9%) and at the same level as broadband (30%).

Demographic profile of the participation index in the bundled communications market

Figure 12 Participation Index and categories for bundled services [13]



***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

12 Base: Decision makers for a bundle of services (384 in 2007)

13 Base: Consumers with a bundle of services (base sizes shown within Figure 13)

As with the single services, those spending more have higher levels of participation and older consumers (aged 55 and over) have lower levels of participation. There is, however, no difference across the social groups ABC1 and C2DE.

Bundles are available either as two services, triple play (three services) or quad play (four services). Two combinations account for three-quarters of all bundles: fixed-line and broadband (40% of all bundles), and fixed-line, pay TV and broadband (35% of all bundles). Across all types of bundles, over half (59%) comprise just two services. Figure 12 shows a comparison of the bundle combinations and bundle sizes.

A comparison of the top two participation categories (interested and engaged) shows little variation across the different combinations and sizes of bundle. It appears, however, that those with the combination of fixed, pay-TV and broadband are more likely to be in the engaged category than bundle consumers as a whole.

3.7 A cross-market comparison of the Participation Index and categories in 2007

Figure 13 shows an overview of the Participation Index and categories for each of the services from the 2007 study.

Figure 13 Participation Index and categories across services [14]

At a cross-market level, bundled services and broadband stand out as having the highest levels of participation. By contrast, those with multichannel TV are significantly more likely to be inactive in the market than those with any of the other services.

Regardless of variations in the level of participation, each service has a significant proportion of its customer base in the inactive category; ranging from one in five (21%) with a bundled service to two in five (37%) with multichannel TV.

As detailed earlier, when comparing 2006 and 2007 findings, there is no indication that the inactive category of participation is decreasing for fixed, mobile and broadband as single or

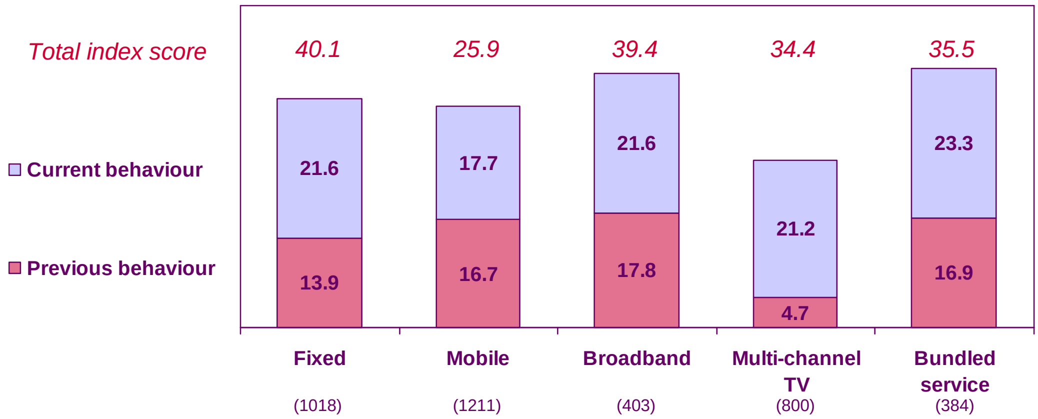
[14] Base: All decision makers (base sizes shown within Figure 15)

standalone services. In terms of their profile, inactive consumers tend to spend less on the service concerned, and also tend to be older.

3.8 The balance between previous and current behaviour in determining participation

As shown in Figure 2, the Participation Index assigns equal weight to past and current behaviour. This balance between the influence of previous and current behaviour in determining participation is shown in Figure 14.

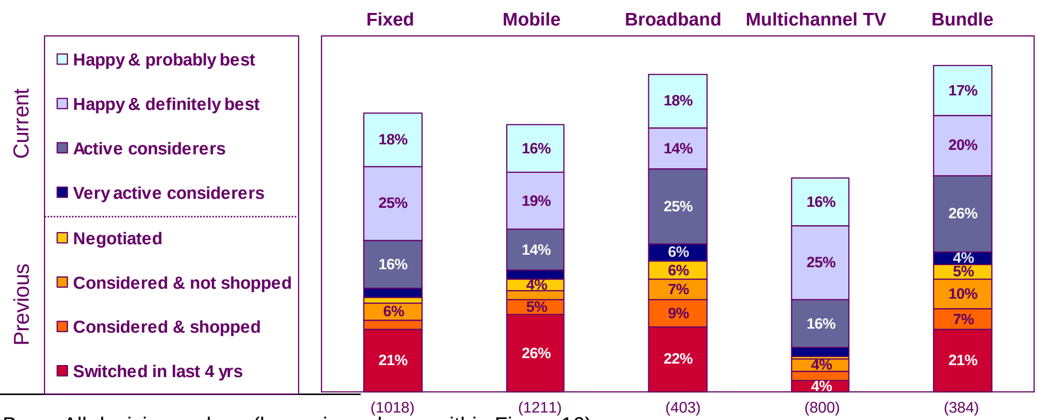
Figure 14 Contribution of previous and current behaviour to participation levels (out of a maximum of 50 each)[15]



Comparing past and current behaviour, it is clear that current behaviour has more influence in determining the overall level of participation for most of the services. This is most clearly the case for multichannel TV, where the index score for previous behaviour is markedly lower than each of the other services (at 4.7 out of a maximum of 50), while the index score for current behaviour is similar to that of fixed-line and broadband consumers (at 21.2 out of a maximum of 50).

The balance in the Index between previous and current behaviour for mobile is different from the other services, as it is broadly equal. While participation in the mobile market through previous behaviour is on a par with bundled services, mobile has the lowest current participation level of all of the services.

Figure 15 Breakdown of previous and current behaviour in the Participation Index[16]



15 Base: All decision makers (base sizes shown within Figure 16)
16 Base: All decision makers (base sizes shown within Figure 17)

Within current behaviour there are variations across the services in terms of which individual type of participation is predominant. For fixed-line and multichannel TV, the dominant component of participation is satisfaction with the current provider, combined with the belief that the supplier is definitely the best in the market (shown in Figure 15 as ‘Happy and definitely best’). For broadband and bundled services, however, the dominant component of participation is being open to the idea of a new provider (shown in Figure 15 as ‘Active considerers’). For mobile, unusually, the dominant component of participation is a previous behaviour; having switched provider in the past four years.

Section 4

Past behaviour

In this section we compare the components of past behaviour for each service to assess the extent to which these have changed. We also refer to any differences between the past behaviour of consumers of a single or standalone service and that of consumers taking the same service as part of a bundle.

We then investigate the key reasons for consumers switching supplier in the last year, as well as the information sources they used to decide on an alternative supplier, and the ease of finding this information.

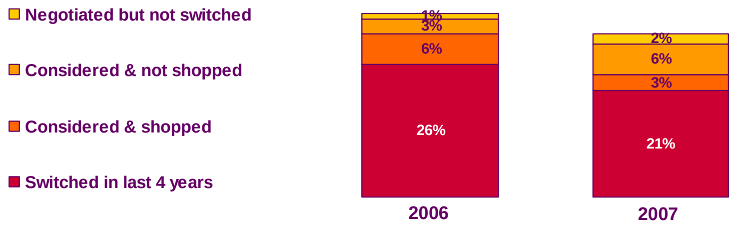
Among those who have not switched in the past year, we look at the reasons given by those who considered, and those who did not consider, switching. Among those not considering switching, we look in more detail at those who also stated that they were not satisfied with their current supplier in order to highlight the potential barriers to switching for this group of consumers. We also investigate the incidence of consumers negotiating with their current supplier as an alternative to switching supplier.

Wherever possible we will compare 2006 and 2007 data.

4.1 Fixed-line as a single service – components of past behaviour

Figure 16 shows the components of past behaviour among those with a fixed-line as a single or standalone service, and compares the presence of these components in the 2006 and 2007 studies.

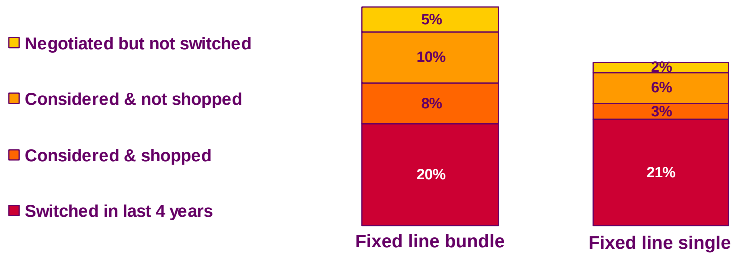
Figure 16 Fixed-line as a single service - past behaviour[17]



The incidence of switching supplier for fixed-line as a single service has not changed significantly since 2006, and it remains the case that very few fixed-line consumers have specifically contacted their supplier to negotiate with their current supplier as an alternative to switching. Overall levels of participation through past behaviour (across all four components) are at much the same level.

[17] Base: Decision makers for fixed-line as a single service (302 in 2006, 1018 in 2007)

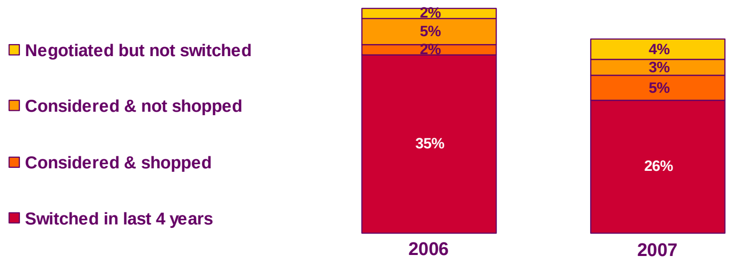
Figure 17 Comparing past behaviour between fixed-line as part of a bundle and as a single service[18]



This comparison, between those whose fixed-line is part of a bundle of services and those taking their fixed-line as a single or standalone service, shows no real difference in switching behaviour. However, those with a fixed-line bundle are significantly more likely to have considered an alternative provider, resulting in a much higher overall level of past participation behaviour compared to single-service consumers.

4.2 Mobile phone as a single service – components of past behaviour

Figure 18 Mobile phone as a single service - past behaviour[19]



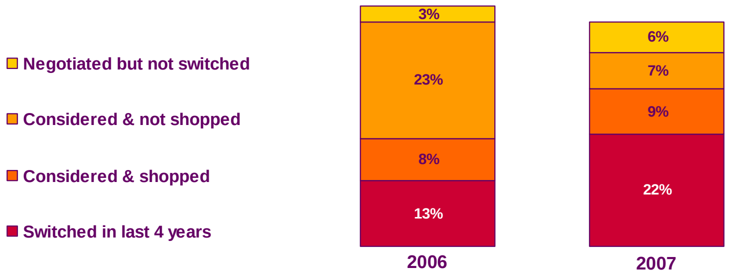
We see a significant decline since 2006 in the level of switching provider in the last four years. Both studies show much lower levels of consideration of alternative providers, compared to fixed-line, as a result of higher levels of switching behaviour.

In the 2007 study, just 45 of the 1600 respondents interviewed took their mobile phone service as part of a bundle of services. As a result, it is not possible to look at the findings from those with a mobile phone as part of a bundle or to make comparisons between these consumers and those with their mobile phone as a single service.

[18] Base: Decision makers for fixed-line as part of a bundle (347) or as a single service (1018)
[19] Base: Decision makers for mobile phone as a single service (466 in 2006, 1211 in 2007)

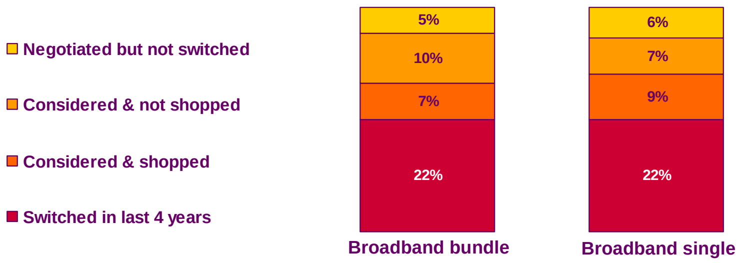
4.3 Broadband as a single service – components of past behaviour

Figure 19 Broadband as a single service - past behaviour[20]



The 2007 study shows a significant increase in switching supplier for broadband as a single service. The very high level of consideration of an alternative supplier in 2006, however, means that overall levels of participation through past behaviour (across all four components) are at much the same level.

Figure 20 Broadband bundle and single service – past behaviour[21]



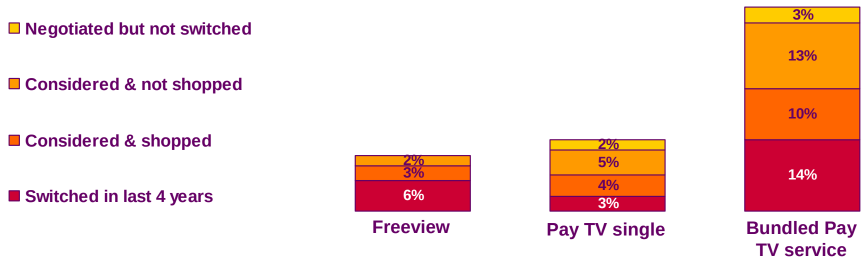
Unlike in the fixed-line market, there is no real difference in levels of past behaviour between consumers who have broadband as a single service and those who have it as a bundled service. The past behaviour components and the overall level of participation through past behaviour are both at very similar levels.

4.4 Multichannel TV as a single service or part of a bundle – components of past behaviour

Within the multichannel TV market detailed in figure 21, consumers with Freeview and pay TV (through satellite and cable) are shown separately, as well as those who have pay TV as part of a bundle.

[20] Base: Decision makers for broadband as a single service (232 in 2006, 403 in 2007)
[21] Base: Decision makers for broadband as part of a bundle (344) or as a single service (403)

Figure 21 Multichannel TV: single service and bundled - past behaviour[22]



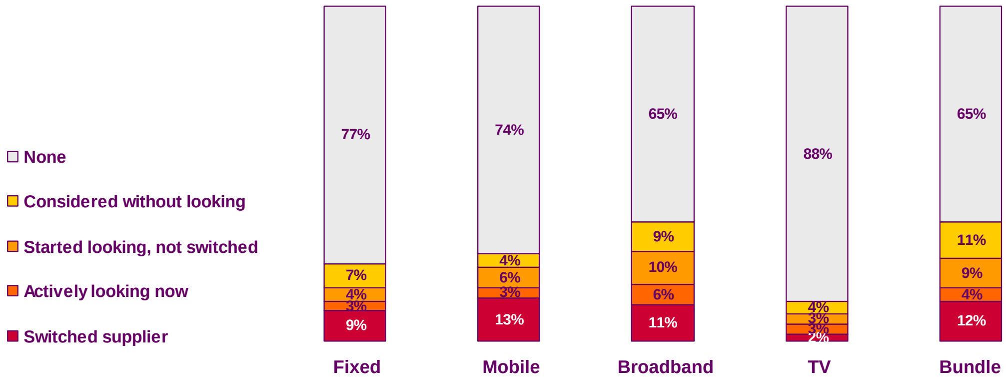
Participation through past behaviour is at very low levels for the two single service options of Freeview and pay TV (through satellite or cable). Very few of these consumers have switched provider in the past four years or considered doing so.

By contrast, those with pay TV as part of a bundle show much higher levels of participation. However, this participation is more likely to be through consideration of an alternative supplier (whether the consumer actually shopped for a supplier or not) than through the experience of actually switching pay TV supplier.

4.5 Switching and consideration in the past 12 months

For the rest of this section we focus on switching and consideration of alternative suppliers within the last 12 months.

Figure 22 Cross-market comparison of behaviour in the past 12 months[23]

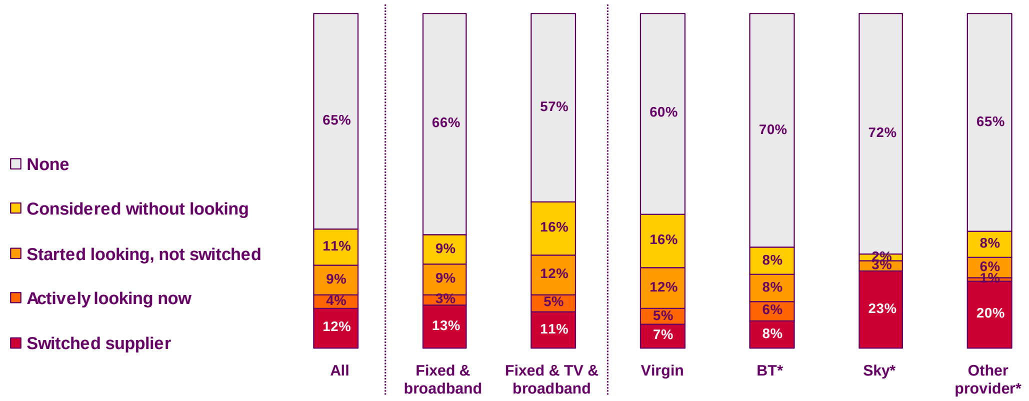


From this analysis it is clear that for each of the services, the majority of consumers have neither switched nor considered a new provider in the past 12 months. Such activity is, however, more common for those with broadband as a single service (35% involved in switching or considering) and those with a bundle of services (also 35%), and notably less common among those with pay TV as a single service (12% involved in switching or considering).

Other than pay TV, each of the other services sees around one in ten consumers having switched provider in the past 12 months, with very little variation in this level across fixed-line, mobile, broadband and bundled services.

[22] Base: Decision makers for TV as a single service through Freeview (330), or Pay TV (470), or as part of a bundle (205)
[23] Base: Decision makers for fixed-line (1018), mobile (1211), broadband (403), multichannel TV (800), bundled services (384)

Figure 23 Bundled service consumers' behaviour in the past 12 months[24]



***Please note** small base sizes for some bundles which are indicated with an asterisk (*) and these findings should be treated with caution.

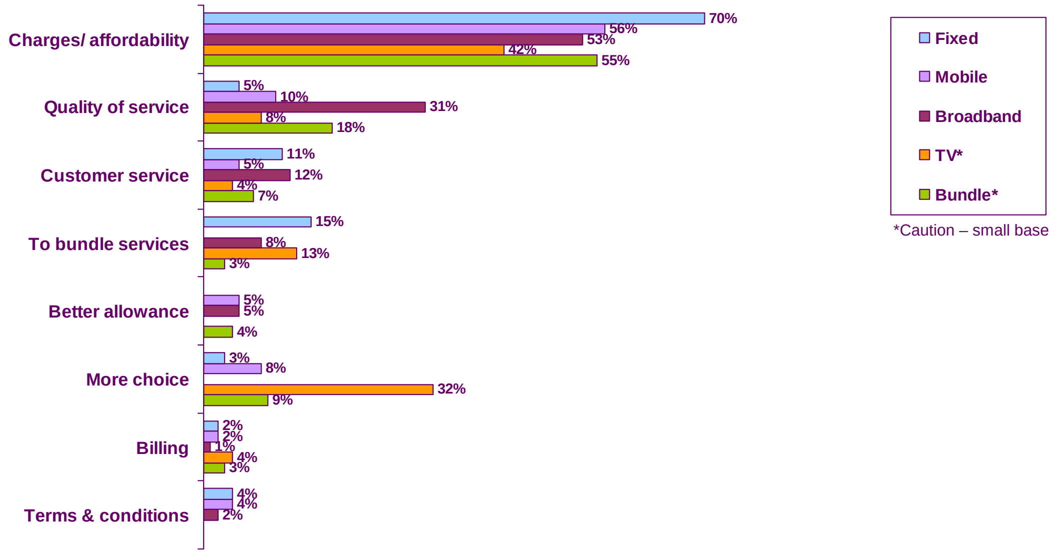
Looking within the overall base of consumers with a bundle of services, we see more recent activity in terms of switching and consideration among those with the larger bundles of fixed-line, pay TV and broadband (43%), compared to those whose bundles include just fixed-line and broadband (34%).

Across the different bundle providers, it is unsurprising to see more recent switching activity among newer providers in the bundled services market.

24 Base: Decision makers for bundled services overall (384), with fixed & broadband (154), fixed, Pay TV & broadband (133), from Virgin Media (170), BT (81), Sky (51), and other providers (82)

4.6 Reasons for switching, and information sources used, in the past 12 months

Figure 24 Cross-market comparison of reasons for switching or considering switching in the past 12 months[25]



***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

The key reason for switching provider across all services is charges/ affordability. This is most notable for those switching fixed-line provider, and while it is still the most common reason given by those switching, or looking to switch, multichannel TV provider, it is mentioned less than for the other services.

There were fewer mentions of charges/ affordability by multichannel TV consumers, but this was countered by the higher level of mentions of 'more choice' being a factor in the decision to switch provider. In the context of multichannel TV, 'choice' relates to more channels or more digital TV features. Among mobile phone consumers, 'choice' relates to the range of phone handsets available from different mobile phone networks.

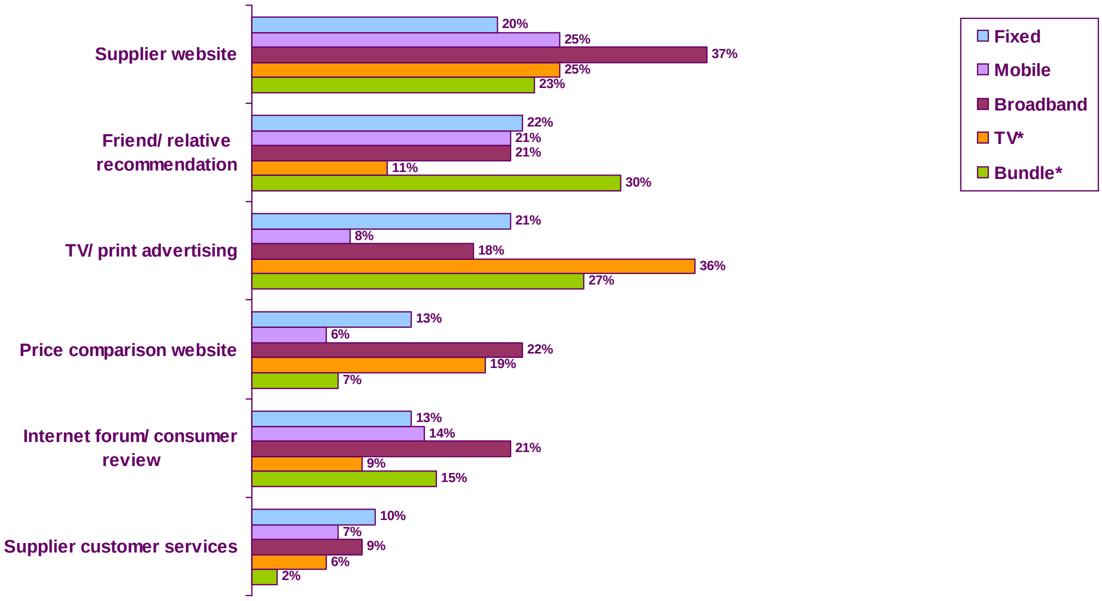
While charges and affordability dominate the reasons given for switching, service also features as a reason for a significant minority. Figure 24 distinguishes between quality of service (whether line or picture quality/ reception/ speed of connection) and customer service (how the consumer is treated by representatives of the supplier).

Quality of service is more of an issue for broadband and bundled service consumers than for the other services, with customer service also featuring highly for broadband and fixed-line consumers.

Figure 24 shows that some consumers with fixed-line, broadband or multichannel TV as single services said that they were looking to bundle services. This response was mainly from consumers who wanted to switch provider but did not actually do so, or who were currently looking for an alternative provider. Typically, those saying they were looking to switch in order to bundle services also said they were looking to switch because of charges/ affordability.

[25] Base: Decision makers who changed/ are looking to change/ looked at changing in the last 12 months for fixed-line (163), mobile (238), broadband (106), multichannel TV (59), bundled services (94)

Figure 25 Cross-market comparison of information sources used to look for an alternative supplier in the past 12 months[26]



***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

No individual source of information stands out across the services, and it is clear that consumers are referring to multiple sources. Whether supplier websites, price comparison websites or consumer forums/ reviews, it is clearly evident that the internet is the key source of information for those recently switching provider or looking to switch. This is particularly the case for broadband and bundled service consumers.

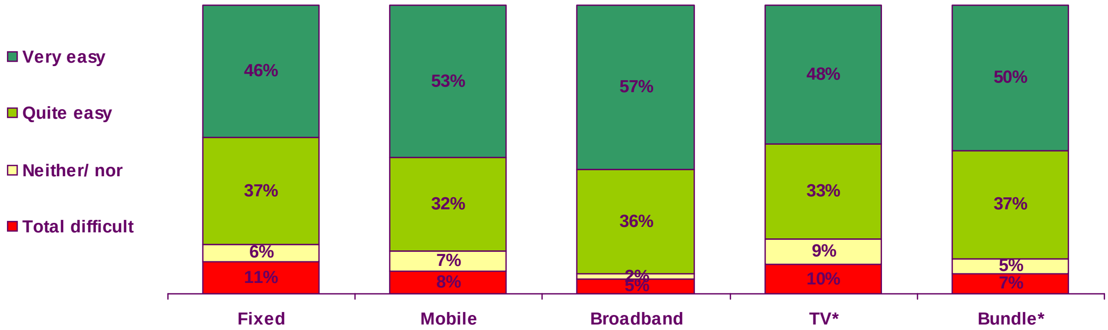
Figure 25 shows that the overall proportion using price comparison websites and/ or online consumer forums/ reviews as an information source is roughly equal to the proportion using supplier websites.

In comparison with the other information sources mentioned, relatively few consumers contact the suppliers' customer services.

Consumers were asked how easy or difficult they found finding information to help them decide on an alternative supplier.

[26] Base: Decision makers who changed/ are looking to change/ looked at changing in the last 12 months for fixed-line (163), mobile (238), broadband (106), multichannel TV (59), bundled services (94)

Figure 26 Cross-market comparison: ease of finding information on an alternative supplier in the past 12 months[27]



* **Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

It is clear that the majority of those switching or looking to switch in the last 12 months found sourcing information easy rather than difficult, with the majority of these saying ‘very’ rather than ‘fairly’ easy. At first glance it appears that broadband consumers had the easiest time, with fixed-line and multichannel TV consumers comparatively less likely to have found the process easy. In addition to the process of finding information, we also need to take into account the different consumer profiles for the services; with older consumers and those in the DE social group more prominent among the fixed and multichannel TV base than the broadband base.

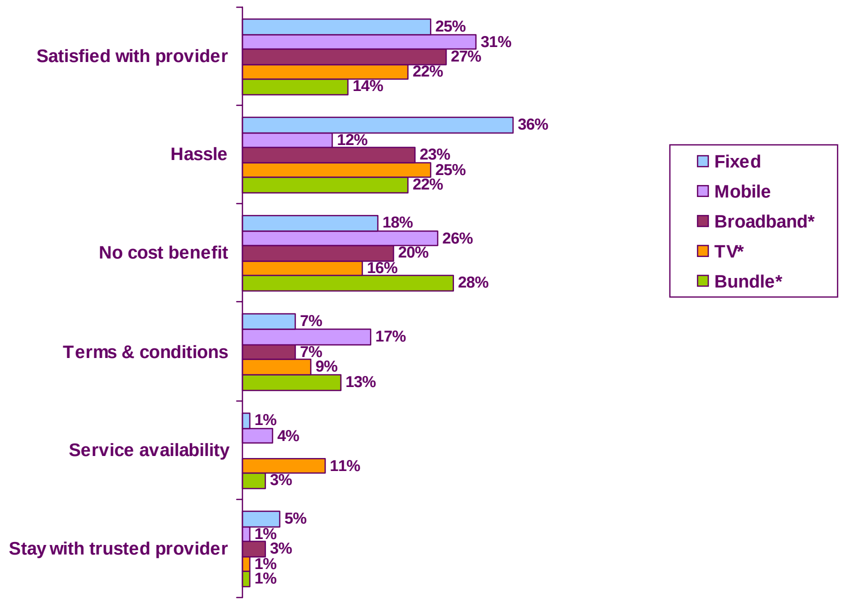
Relatively few who have switched or actively looked to switch stated that they found it at all difficult to source information to help them decide on an alternative provider. However, for each service, such difficulty is more common among those who are currently looking, and those who have looked at switching, but not switched, in the past 12 months. It could be, therefore, that this is an indication that finding information on alternative suppliers is a barrier to switching supplier. Base sizes are small, but indicate that those finding the process difficult tend to be older consumers and those relying on supplier websites, supplier customer services or advertising.

4.7 Reasons for considering but not switching in the past 12 months

Figure 27 illustrates the reasons given spontaneously by consumers for considering but not switching supplier in the last 12 months.

[27] Base: Decision makers who changed/ are looking to change/ looked at changing in the last 12 months for fixed-line (163), mobile (238), broadband (106), multichannel TV (59), bundled services (94)

Figure 27 Cross-market comparison of reasons for considering but not switching in the past 12 months[28]



***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

Three reasons for not switching stand out among those who have considered but not switched provider in the past 12 months.

Among fixed-line and multichannel TV consumers considering but not switching, the main reason given for not switching was the hassle and time involved. For mobile and broadband consumers, the main reason given was the judgement that their current supplier was good enough, or put another way, not bad enough, to warrant switching. For bundled service consumers, the main reason given was the lack of a sufficient cost benefit to justify switching to a new provider. None of these three main reasons are exclusive to any particular service.

Several responses relate to terms and conditions – in particular having a fixed length contract – and these responses are more likely to be given as a reason for not switching provider by consumers with a mobile phone or a bundle of services.

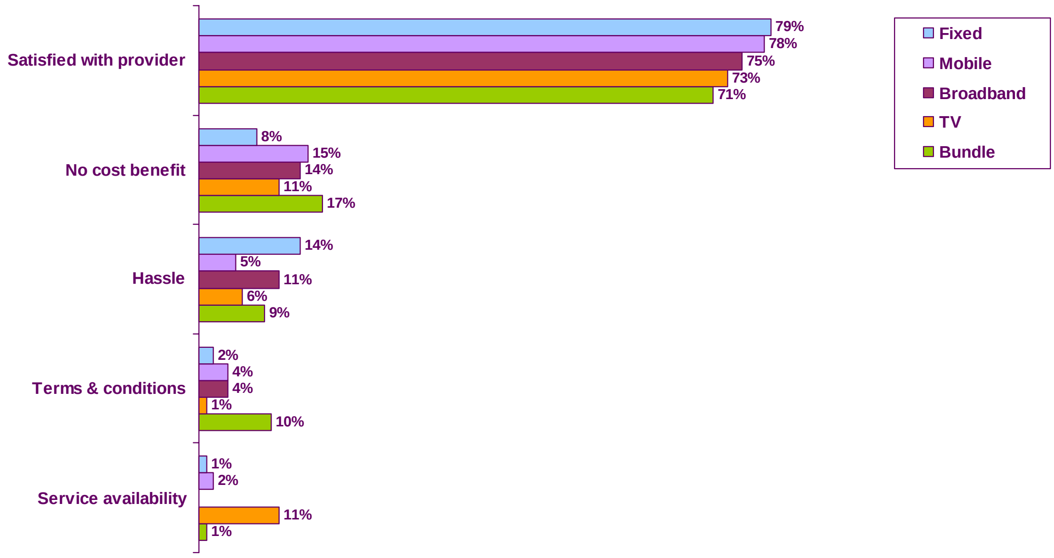
Not switching because of perceived lack of availability of an alternative service provider is a reason for multichannel TV consumers, but not for the other services.

4.8 Reasons for not considering switching in the past 12 months

A majority of all consumers had not switched and had not considered switching to an alternative provider in the past 12 months, as Figure 22 shows.

[28] Base: Decision makers who considered switching but did not switch in the last 12 months for fixed-line (116), mobile (124), broadband (78), multichannel TV (60), bundled services (71)

Figure 28 Cross-market comparison of reasons for not considering switching in the past 12 months[29]



For each service, judging the current supplier to be good enough (or not bad enough) is the key reason for not considering switching provider.

Secondary reasons are a perceived lack of a cost benefit, (though less so for fixed-line consumers), and perceived hassle and time involved, though less so for mobile and multichannel TV.

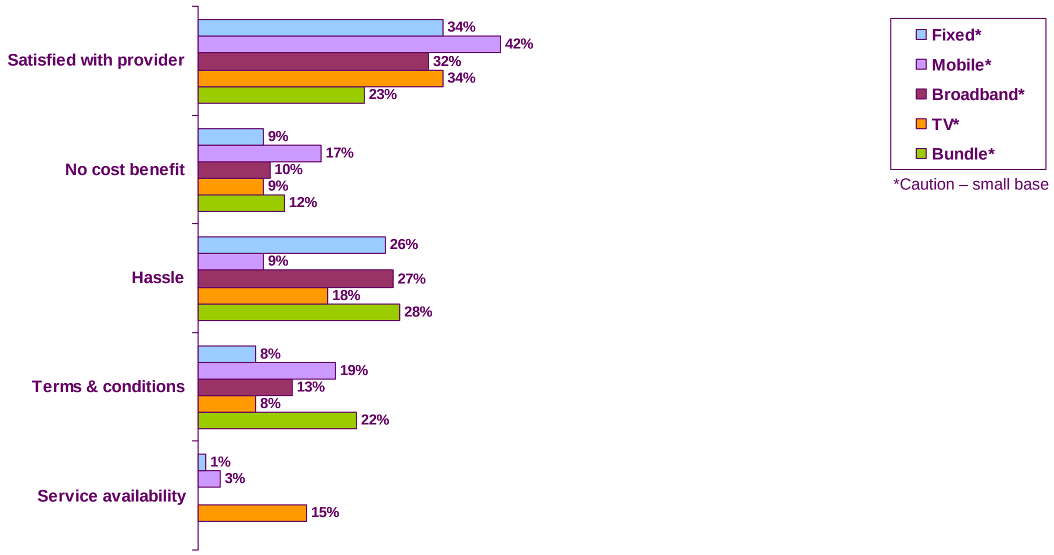
As with reasons for deciding against switching, terms and conditions of the current supplier are a factor for consumers with bundled services, and perceived lack of alternative providers for multichannel TV consumers.

Figure 29 shows the reasons why those who are either not satisfied with their current supplier or are neither satisfied nor dissatisfied, have still not considered switching.

[29] Base: Decision makers who have not considered switching in the last 12 months for fixed-line (781), mobile (920), broadband (237), multichannel TV (705), bundled services (250)

Figure 29 below shows even among those who are not satisfied with their current supplier, the key reason for not considering an alternative provider in the past 12 months is the judgement that the current supplier is good enough, or that the issues with the supplier are not bad enough to warrant switching. This appears more common for mobile consumers and less so for bundle consumers.

Figure 29 Reasons for not considering switching in the past 12 months among those who are not satisfied with the current supplier[30]



***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

However, the perceived hassle and time involved in switching supplier is much more likely to be given as a reason for not switching among those who are not satisfied than among consumers generally.

Once again we see the terms and conditions of the current supplier being more of a factor for mobile and bundle consumers than for the other services, and perceived lack of service availability as a factor for multichannel TV consumers.

As indicated later in this report, dissatisfaction with the current supplier among consumers is often due to supplier charges. However, figure 29 shows that a core of this group of consumers who are not satisfied still do not see a sufficient cost benefit to warrant switching supplier.

4.9 Negotiating with current supplier

Figure 30 shows that the incidence of consumers proactively asking the incumbent supplier to match a better deal remains low, but shows signs of increasing for the three services covered in both the 2006 and 2007 studies.

[30] Base: Decision makers who have not considered switching in the last 12 months and who are not satisfied with the current supplier for fixed-line (94), mobile (65), broadband (40), multichannel TV (99), bundled services (68)

Figure 30 Experience of negotiating with current supplier[31]

Negotiated and not switched	Fixed	Mobile	Broadband	Pay TV	Bundle
2006	1%	2%	3%		
2007	2%	4%	6%	2%	5%

Only a minority of consumers have experience of approaching and actively negotiating with their current supplier; a higher proportion will have gained a better deal as a result of being approached by the supplier (or being made a counter offer when the consumer contacted their supplier with the intention of switching). While those who have made an approach to their supplier can be judged to be participating, this cannot be said of those who have been approached by their supplier. There are indications that those who have negotiated tend to be younger and in the ABC1 social group.

[31] Base: All decision makers

Section 5

Current behaviour

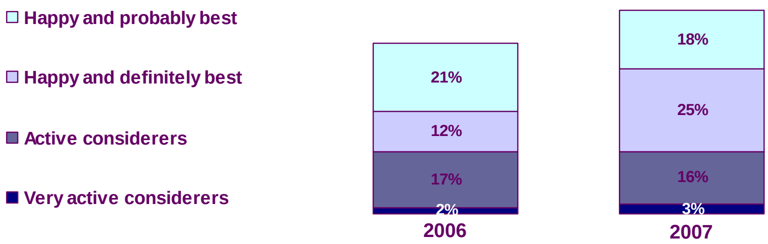
In this section we compare the components of current behaviour for each service as well as looking at any differences between those consumers who have bundled services and those who have individual services.

This section then looks at attitudes towards switching supplier, how consumers who are open to the idea of switching would look for an alternative supplier, and their awareness of alternative suppliers. Levels of satisfaction with the current supplier and reasons for dissatisfaction are assessed, as is the relationship between satisfaction and openness to switching supplier across the different services and attitudes to switching and suppliers.

Wherever possible we will compare 2006 and 2007 data.

5.1 Fixed-line as a single service – components of current behaviour

Figure 31 Fixed-line as a single service – current behaviour[32]



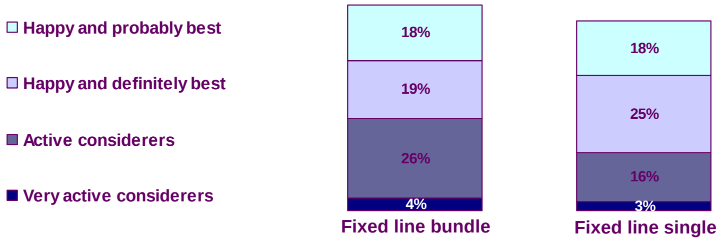
The levels of consideration of an alternative supplier (either ‘very active’ through current active looking, or ‘active’ through being open to the idea of a new supplier) show little difference between 2006 and 2007.

There has, however, been a significant increase in 2007 in the share of the fixed-line consumer base who are engaged with the service through being satisfied with their current supplier and believing them definitely to be the best fixed-line supplier (shown in Figure 31 as ‘Happy and definitely best’).

Within the 2007 findings, we can also compare those who have their fixed-line as a single service with those whose fixed-line is part of a bundle of services; as shown in Figure 32.

[32] Base: Decision makers for fixed-line as a single service (302 in 2006, 1018 in 2007)

Figure 32 Fixed-line: bundle and single service – current behaviour[33]

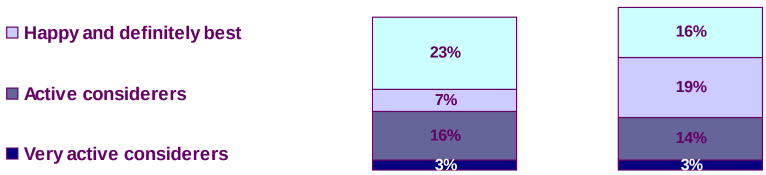


This comparison between those whose fixed-line is part of a bundle of services and those taking their fixed-line as a single or standalone service sees significantly higher levels of active considerers (open to the idea of a new supplier) among bundle consumers.

Higher levels of participation among single-service fixed-line consumers mean that the overall level of participation through current behaviour (across all four components) does not differ greatly across the two groups of consumers.

5.2 Mobile phone as a single service – components of current behaviour

Figure 33 Mobile phone as a single service - current behaviour[34]



Across the two studies there is little difference between levels of consideration, but there has been a significant increase in 2007 in participation, through consumers being satisfied with their current supplier and believing it is definitely the best mobile phone network.

Overall levels of participation through current behaviour (across all four components) are slightly (though not significantly) higher in 2007. In comparison with fixed-line consumers (as previously shown in Figure 31), mobile phone consumers have lower levels of participation in their current behaviour.

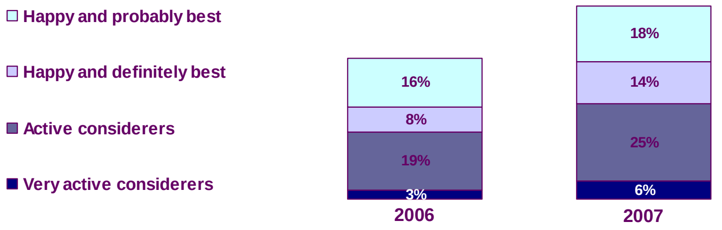
Due to small base sizes it is not possible to look separately at consumers who have their mobile as part of a bundle.

[33] Decision makers for fixed-line as part of a bundle (347) or as a single service (1018)
[34] Base: Decision makers for mobile phone as a single service (466 in 2006, 1211 in 2007)

5.3 Broadband as a single service – components of current behaviour

Figure 34 compares current behaviour among broadband consumers between the 2006 and 2007 studies.

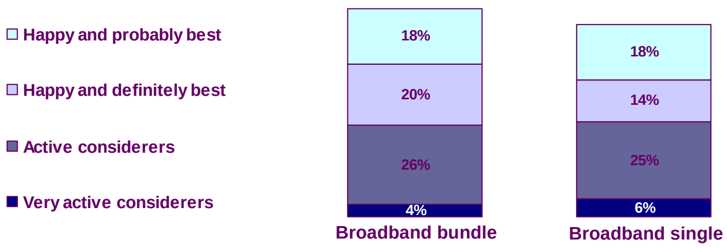
Figure 34 Broadband as a single service - current behaviour[35]



The 2007 study sees significant increases both in the level of active considerers (open to the idea of a new supplier) and in those who are satisfied with their provider and believe it definitely to be the best internet service provider (shown in Figure 34 as 'Happy and definitely best'). Consequently, levels of participation through current behaviour (across all four components) have increased significantly in 2007, and the overall level is comparable with current behaviour among fixed-line consumers.

Figure 35 compares consumers who have their broadband as part of a bundle with those who do not.

Figure 35 Broadband: bundle and single service – current behaviour[36]



There has been little variation in the level of consideration between 2006 and 2007. However the has a decrease in the percentage of consumers who say they are happy with their current supplier and thinking they are definitely the best supplier.

35 Base: Decision makers for broadband as a single service (232 in 2006, 403 in 2007)
36 Base: Decision makers for broadband as part of a bundle (344) or as a single service (403)

5.4 Multichannel TV as a single service or part of a bundle– components of past behaviour

As multichannel TV comprises both digital terrestrial television (Freeview) as well as pay TV (satellite or cable), these services have been shown separately in Figure 36. Current behaviour among those with pay TV as part of a bundle are also shown here for comparison.

Figure 36 Multichannel TV: single service and bundled - current behaviour[37]

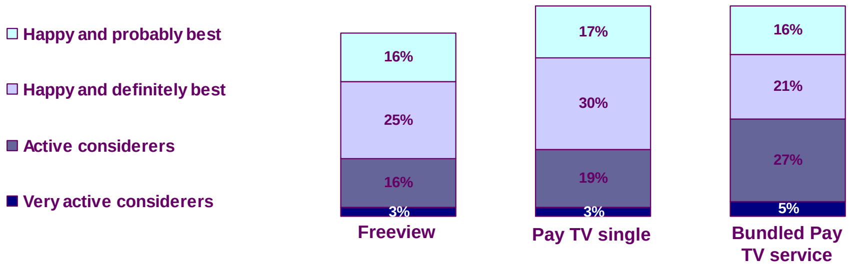


Figure 21 shows significant differences in levels of participation through past behaviour for the three groups of consumers, also detailed in Figure 36 above. In terms of participation through current behaviour, however, the differences are less dramatic.

Among those with multichannel TV as a single service, pay TV consumers are significantly more likely than Freeview consumers to participate through being satisfied with their current provider while believing them definitely to be the best (shown as 'happy and definitely best' in Figure 36).

Those with pay TV as part of a bundle of services show significantly higher levels of participation through their current behaviour as a result of being very active considerers; open to the idea of a new supplier for their TV service.

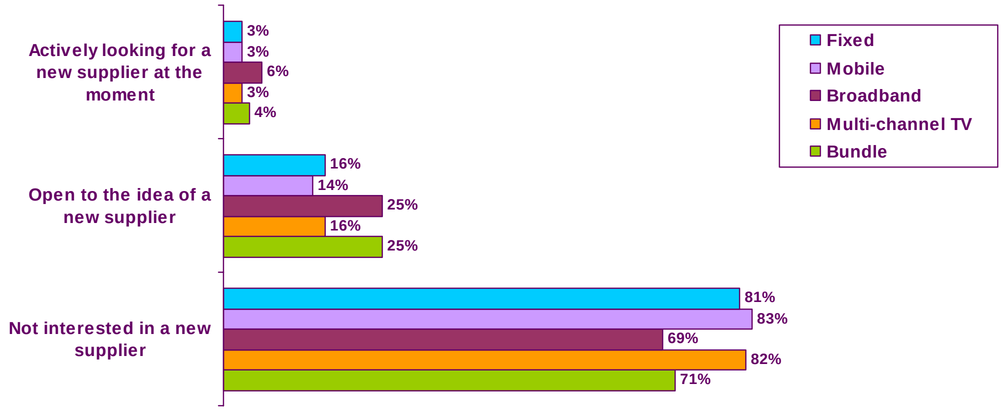
Overall participation through current behaviour (across all four components) is higher for the two groups of pay TV consumers (single service and bundled service) than for Freeview consumers. The degree of this difference is, however, much less marked than for past behaviour of these consumers.

5.5 Attitudes towards switching supplier

Figure 37 shows the proportion of consumers for each service who are either 'very active' considerers or 'active' considerers, together with the remainder of the consumers who are not interested in a new supplier for the service concerned.

[37] Base: Decision makers for TV as a single service through Freeview (330), or Pay TV (470), or as part of a bundle (205)

Figure 37 Consumers open to a new supplier[38]



Consumers with broadband, either as a single service or part of a bundle, are more likely to be open to the idea of a new supplier than others. Across each of the services, those with previous experience of switching supplier (although not in the last year) are more open to the idea of a new supplier.

Among consumers with a bundle of services, those with the broader bundle of fixed-line, TV and broadband are more open to a new supplier than those with a bundle for fixed-line and broadband only. Consumers with a bundle of services show more interest in replacing the whole bundle than in replacing parts of the bundle.

Across each of the services, those not interested in a new supplier are more likely to be:

- lower spenders;
- aged 55 and over; and
- within the DE social group.

Consequently, participation is generally lower among these consumer groups. Of those with multichannel TV, consumers with Freeview are less interested in a new supplier (85% not interested) than those with pay TV through satellite or cable (78% not interested).

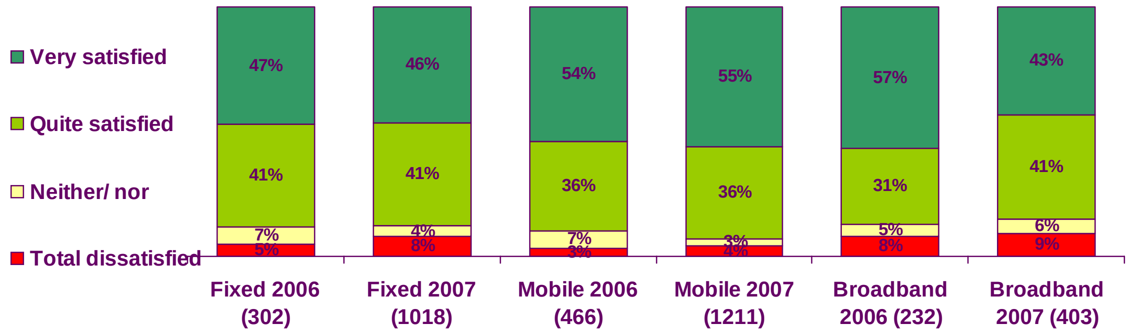
5.6 Satisfaction with current supplier

The degree of satisfaction with the current supplier will affect attitudes to changing supplier, and we look at this in more detail later in this section.

Figure 38 below shows levels of satisfaction among fixed-line, mobile and broadband consumers.

[38] Base: Decision makers for fixed-line (1018), mobile (1211), broadband (403), multichannel TV (800), bundled services (384)

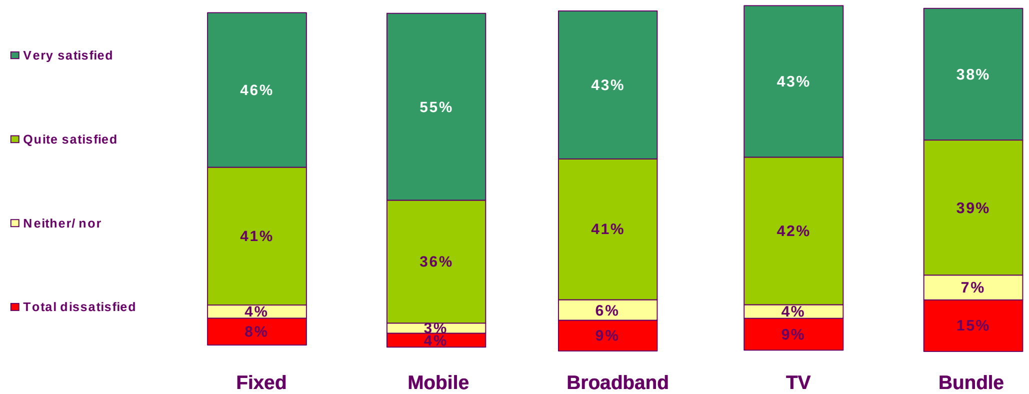
Figure 38 Satisfaction with supplier – 2006 and 2007 comparison[39]



For each of the services, this year-on-year comparison shows no change in overall levels of satisfaction (or dissatisfaction) from 2006 to 2007. The measure 'very satisfied' decreases in 2007 for broadband consumers (from 57% to 43%), with a commensurate increase in the next level of satisfaction; to 'quite satisfied' rather than an increase in dissatisfaction. This trend is consistent with results collected in a separate survey, the Ofcom *Communications Tracking Survey*[40].

The overall picture for 2007 for each of the five services is shown in Figure 39.

Figure 39 Satisfaction with supplier, across all services[41]



In 2007, while it is still the case that the majority of consumers are satisfied with their current supplier, some differences are evident across the services. Mobile phone consumers are the most likely to be satisfied, and also to be 'very satisfied' with their current supplier. Although the majority are satisfied, a higher proportion of consumers with a bundle of services say they are dissatisfied (15%) compared with others. By contrast, fixed-line, broadband and multichannel TV consumers have very similar levels of satisfaction and dissatisfaction.

Across the different services, dissatisfied consumers tend to be:

- higher spenders;
- aged under 55; and
- within the ABC1 social group.

[39] Base: Decision makers in 2006 and 2007 for fixed-line, mobile phone, broadband (base sizes shown in Figure 40)
[40] http://www.ofcom.org.uk/research/
[41] Base: Decision makers for fixed-line (1018), mobile (1211), broadband (403), multichannel TV (800), bundled services (384)

This group of consumers are arguably more likely to be participating with the services they use.

As detailed in Figure 39, levels of dissatisfaction among consumers with their current supplier range from 4% for the mobile phone group to 15% for the bundled services group.

Dissatisfied consumers were asked to state the reasons for their dissatisfaction, without any prompting, and these have been summarised into themes in Figure 40, with the key reasons given for each service circled in red.

Figure 40 Reasons for dissatisfaction with current supplier[42]

	Fixed*	Mobile*	Broadband*	TV*	Bundle*
Customer service	35%	28%	48%	22%	39%
Quality of service	18%	21%	51%	30%	35%
Charges	46%	47%	23%	35%	34%
Less choice	-	-	-	41%	22%
Billing	16%	7%	3%	3%	12%
Terms & conditions	10%	-	-	-	4%
Lower allowance	-	6%	3%	-	-

***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

Figure 40 distinguishes between quality of technical service (whether line or picture quality/ reception/ speed of connection) and customer service (how the consumer is treated by representatives of the supplier).

For fixed-line and mobile phone consumers, the key reason for dissatisfaction is charges, followed by customer service.

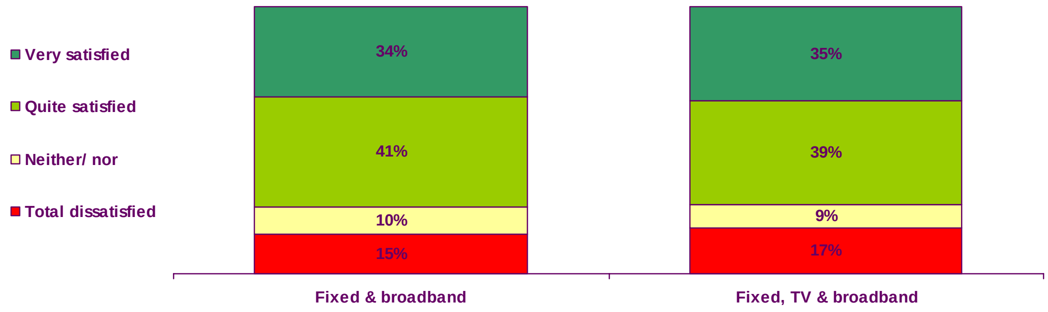
Among broadband and bundled services consumers, dissatisfaction is at equal levels for customer service and quality of technical service (in terms of speed/ reliability of connection). Bundled service consumers are, however, more likely to have issues with charges, compared to broadband consumers.

Multichannel TV consumers differ from those with other services, in terms of nominating ‘less choice’ as the key reason for dissatisfaction; relating to choice of channels/ programmes and digital TV features.

Figure 41 below shows levels of satisfaction with the current supplier, among those with the two main types of bundled services.

42 Base: Those dissatisfied with the current supplier for fixed-line (84), mobile phone (50), broadband (35), multichannel TV (73), bundled services (58)

Figure 41 Satisfaction with supplier among bundled service consumers[43]



Levels of satisfaction and dissatisfaction do not vary particularly across the two types of bundles. The reasons for dissatisfaction suggest issues with programme choice or channel choice and with customer service.

5.7 Relationship between satisfaction and being open to a new provider

By looking at the relationship between satisfaction with a supplier and being open to a new provider, we can see that satisfaction in itself is not sufficient to deter consumers from considering switching. Similarly, dissatisfaction with a supplier does not necessarily imply openness to switching provider.

Figure 42 below illustrates this analysis, and shows the cross-analysis between levels of satisfaction and openness to a new supplier for each of the services. Small base sizes are indicated with an asterisk (*) and these findings should be treated with caution.

[43] Base: Decision makers for a bundle of services covering fixed & broadband (154), fixed, Pay TV & broadband (133), provided by Virgin Media (170), BT (81), Sky (51), and others (82)

Figure 42 Satisfaction, and openness to a new supplier[44]

***Please note**, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

As detailed in Figure 42, even among those who are 'very satisfied' with their current supplier, a significant minority are open to the idea of a new supplier. This level stands at around one in ten 'very satisfied' consumers for fixed, mobile and multichannel TV, but is higher for bundled service and broadband consumers, at around one in six 'very satisfied' consumers. This is another indication of the higher degree of participation among consumers with these services.

Conversely, it is not the case that a clear majority of dissatisfied consumers are open to the idea of changing provider; with this shown most clearly for multichannel TV consumers (with 56% of dissatisfied consumers not interested in a new supplier). The relationship with the current provider is investigated in more detail in section 5.10.

5.8 Awareness of alternative providers among those open to a new supplier

A clear potential barrier to switching provider for a given service is a lack of awareness of an alternative provider for that service. Awareness of alternative providers is significantly higher among those open to the idea of a new supplier for each service, as might be expected. Those not interested in a new provider are unlikely to be sufficiently invested in or engaged with the service to place any importance in knowing more about the market..

In this section we look at awareness of alternative providers, among those who are open to the idea of a new supplier but who have not switched supplier in the past 12 months..

Figure 43 indicates the proportion of those who are open to the idea of a new supplier but who have not switched in the last 12 months who are able to name at least one alternative provider.

[44] Base: Decision makers for each service split by the level of satisfaction with the current supplier (base sizes shown in Figure 44)

Figure 43 Awareness of alternative providers among those open to a new supplier[45]

Fixed line single service – open to switching and not switched in last year

	All (185)	Use BT (126)	Use other (59*)
Aware of alternative fixed line provider	75%	66%	96%

Mobile single service – open to switching and not switched in last year

	All (184)
Aware of alternative mobile network	92%

Broadband single service – open to switching and not switched in last year

	All (111)	Use BT (20*)	Use other (91*)
Aware of alternative broadband provider	86%	68%	91%

Multichannel TV single service – open to switching and not switched in last year

	All (145)	Use Sky (85*)	Use other (60*)
Aware of alternative TV service provider	77%	72%	86%

Bundled service – open to switching and not switched in last year

	All (105)	TV (57*)	Fixed line (97*)	Broadband (96*)
Aware of alternative bundle provider	72%	68%	71%	76%

Please note, small base sizes are indicated with an asterisk (*) and findings should be treated with caution.

As indicated in Figure 43, among fixed-line consumers open to the idea of a new provider, three in four (75%) are able to name an alternative fixed-line provider. This overall figure, however, varies significantly by the current supplier used; two-thirds (66%) of those currently using BT can name an alternative supplier, compared to almost all (96%) of those using a fixed-line supplier other than BT.

This variation in awareness of an alternative provider is not evident among mobile phone consumers, and a very high proportion (92%) are able to name another mobile phone network.

Among broadband consumers, we can again see an impact on awareness according to the current supplier used. Those receiving broadband as a single service from BT are significantly less able to name an alternative provider (at 68%) compared to those using another broadband provider (at 81%).

Awareness of an alternative multichannel TV provider is 77%; a similar level as awareness of an alternative fixed-line provider. Again we see variation according to the current supplier, with those receiving their TV service from Sky being less able to name an alternative provider (at 72%) than those using another multichannel TV provider (at 86%).

Among consumers with a bundle of services, awareness of an alternative provider of bundled services is at the lowest level for each of the services shown in Figure 45; with around three in four (72%) able to name an alternative provider. Awareness of an alternative bundled services provider is therefore at a similar level as awareness of an alternative fixed-line or multichannel TV provider. Awareness is lowest for those receiving pay TV or their fixed-line in their bundle (at 68% and 71%), and slightly higher (at 76%) for those receiving broadband in their bundle.

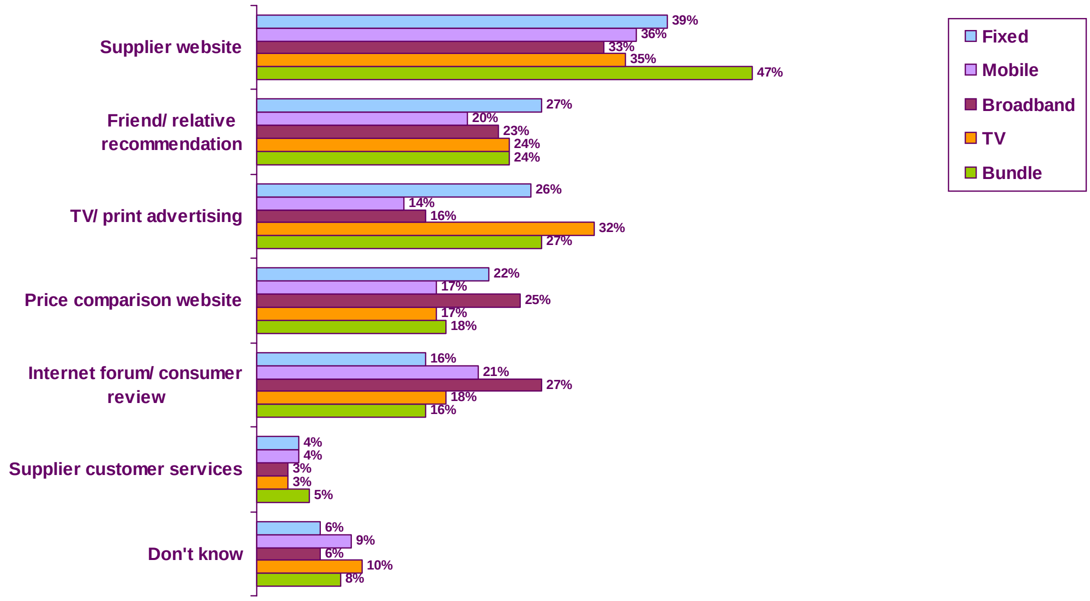
45 Base: Decision makers open to the idea of a new supplier for each service who have not switched in the last 12 months (base sizes shown within Figure 45)

The conclusion, therefore, is that awareness of alternative providers is a potential barrier to switching for each of the services except mobile phones.

5.9 Information sources those 'open to switching' would use to look for an alternative supplier

Another potential barrier for consumers who are open to the idea of a new supplier for the services they use (and who have not switched supplier in the last 12 months) is the availability of information about alternative suppliers.

Figure 44 Cross-market comparison of information sources used to look for an alternative supplier in the past 12 months[46]



In contrast to the behaviour of consumers who recently switched supplier (shown in Figure 25), those open to the idea of switching are more likely to mention supplier and price comparison websites as a source of information, and less likely to mention supplier customer services.

Not surprisingly the internet is the key source of information, particularly for broadband and bundle service consumers. Mentions are divided between price comparison websites and/ or online consumer forums/ reviews and supplier websites. However, bundled service consumers are more likely to mention supplier websites, while broadband consumers are more likely to mention comparison or review websites.

Relatively few (between 6% and 10%) of those open to a new supplier could not name any information sources they would use.

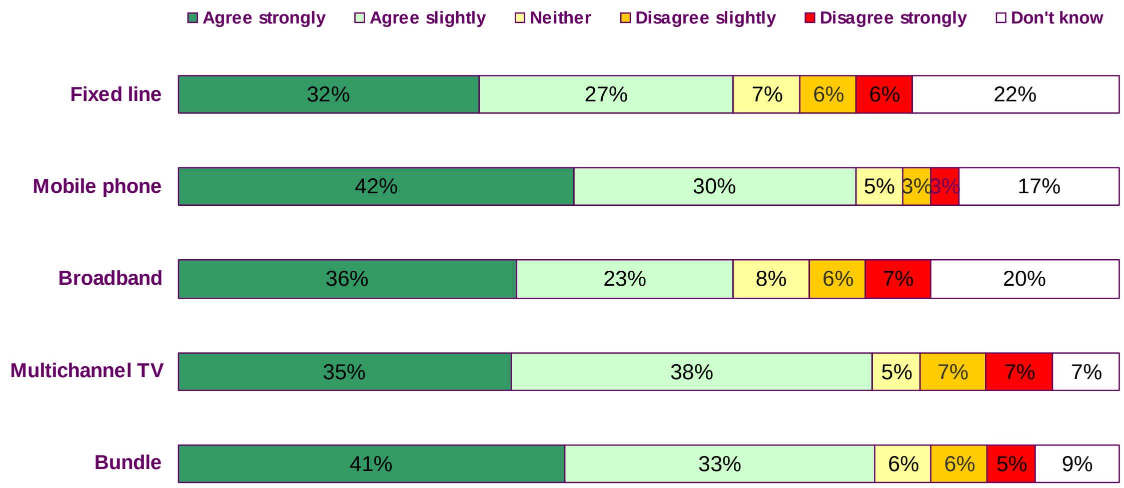
5.10 Attitudes towards current supplier

Consumers might reasonably be expected to be more likely to stay with their current provider for a given service if they believe they are getting a good deal financially, and/ or if they believe their provider to be the best in the market.

46 Base: Decision makers who are open to the idea of a new supplier and have not switched supplier in the last 12 months for fixed-line (185), mobile (184), broadband (111), multichannel TV (145), bundled services (105)

Figure 45 compares the extent to which all consumers for each service agree or disagree with the statement ‘Their prices are competitive with other suppliers’.

Figure 45 Attitudes towards the competitiveness of current supplier[47]

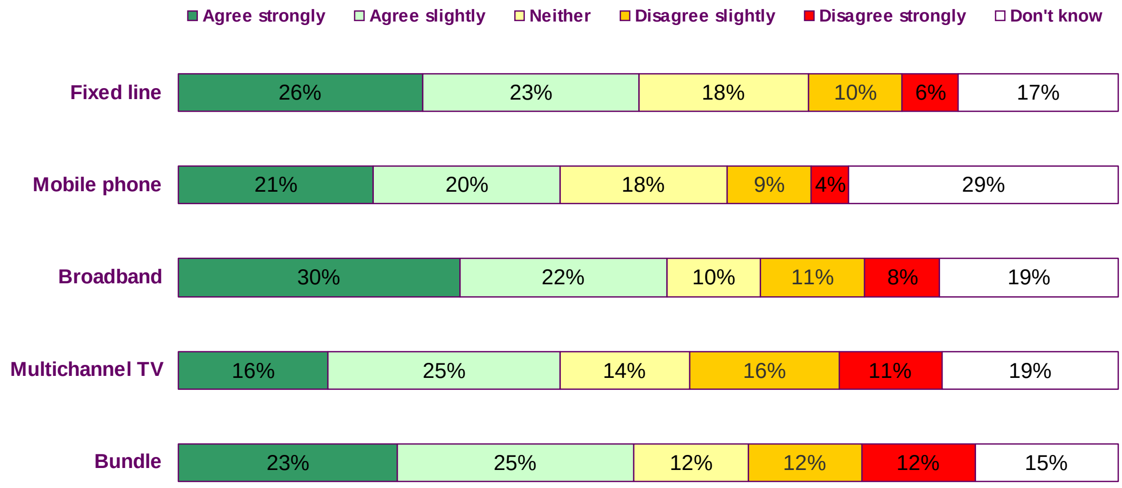


The relatively high proportion of consumers for each service (in particular for fixed-line, mobile phone and broadband) who are unable to respond to this statement is a clear indication of the lack of participation among some consumers. Having an opinion about the competitiveness of the supplier is certainly higher (and more positive) among those who have ever switched supplier, and lower among those not interested in the idea of a new supplier. In addition, not being able to respond as to the competitiveness of the current supplier is significantly more common among those categorised as inactive in the Participation Index.

Figure 46 compares the extent to which all consumers for each service agree or disagree with the statement ‘They are the best provider on the market’.

[47] Base: Decision makers for fixed-line (1018), mobile (1211), broadband (403), multichannel TV (800), bundled services (384)

Figure 46 Attitudes towards current supplier being the best on the market[48]



In terms of being 'best in market', we see a similar if not higher proportion of consumers unable to rate their current supplier; again indicating a lack of participation in the market. This is most evident for mobile phone consumers, but accounts for a significant minority of consumers in each of the markets.

Whereas those who have switched provider in the last 12 months are significantly more likely to agree that their supplier's prices are competitive, this is not the case in terms of responses to their supplier being best in the market. Those who have never switched supplier are as likely to agree as those who have switched that their supplier is the best on the market.

5.11 Attitudes towards switching suppliers

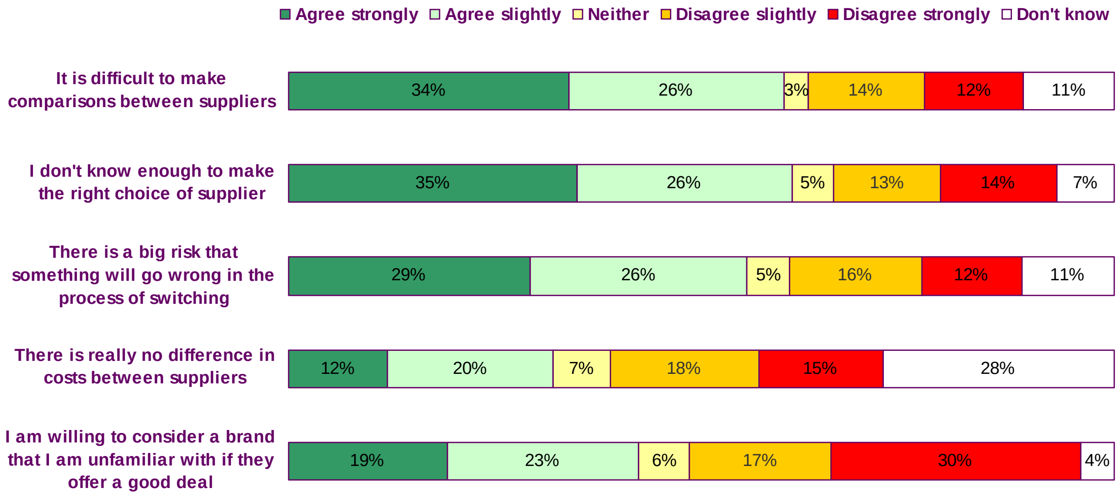
All decision makers for each of the five services covered in the 2007 study were prompted with a series of statements to ascertain their attitudes towards switching suppliers. These statements covered

- the perceived difficulty (or otherwise) of making comparisons between suppliers;
- knowing enough to make the right choice of supplier;
- the risk that something will go wrong in switching;
- the extent to which there is a different in costs between suppliers; and
- willingness to consider an unfamiliar brand if it offers a good deal.

Responses to these statements are detailed for each of the services, starting with fixed-line as a single service.

[48] Base: Decision makers for fixed-line (1018), mobile (1211), broadband (403), multichannel TV (800), bundled services (384)

Figure 47 Attitudes towards switching suppliers – fixed-line as a single service[49]



Responses to the first three statements indicate that a majority of fixed-line consumers perceive difficulty in comparing and choosing a supplier and see risk in the process of switching fixed-line supplier. In addition, a significant minority (around one in ten) are unable to respond to these statements at all.

A majority of all fixed-line consumers agree that it is difficult to make comparisons between suppliers;

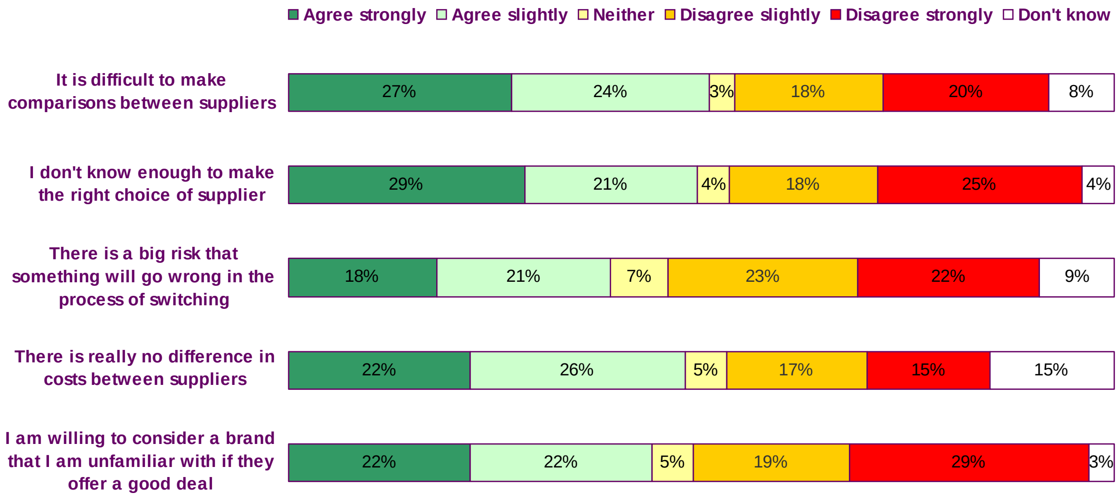
- those recently switching agree to the same extent (59%) as those who have never switched fixed-line supplier
- a majority (59%) of those open to the idea of a new fixed-line supplier agree that they don't know enough to make the right choice of supplier
- little difference in the level of agreement (61%) among those not interested in a new supplier
- agreement that there is a big risk of something going wrong in the process of switching is also consistent, applying to the majority of fixed-line consumers, and does not differ significantly between those who have recently switched and those who have never switched.

Fixed-line consumers are broadly equally split between whether there is a cost difference or not, or whether they are unsure. Those open to the idea of a new fixed-line supplier are less likely to agree that there is no difference in costs (at 25%) compared to those not interested (at 34%), but a similar proportion across these groups are unable to respond.

Figure 47 shows that only a minority of fixed-line consumers are willing to consider an unfamiliar brand if it offers a good deal. Willingness is, however, higher among those open to the idea of a new supplier (at 70% compared to 36% of those not interested).

[49] Base: Decision makers for fixed-line as a single service (1018)

Figure 48 Attitudes towards switching suppliers – mobile phone as a single service[50]



Responses to the first two statements shown in Figure 48 indicate that a majority of mobile phone consumers perceive difficulty in comparing and choosing mobile phone networks. In comparison with responses for fixed-line suppliers, however, levels of agreement are lower and a higher proportion of consumers with mobile phone are able to answer. Similarly, fewer mobile phone consumers agree there is a big risk that something will go wrong in the process of switching network, compared to fixed-line consumers. Levels of agreement with this statement are lower among those with experience of switching mobile phone networks, and experience of switching mobile phone network is higher than experience of switching fixed-line supplier.

Similar proportions of mobile phone consumers agree that it is difficult to make comparisons between suppliers and that there is really no difference in costs between suppliers. Although agreement with these statements is lower among those recently switching network, close to half of recent switchers are in agreement here.

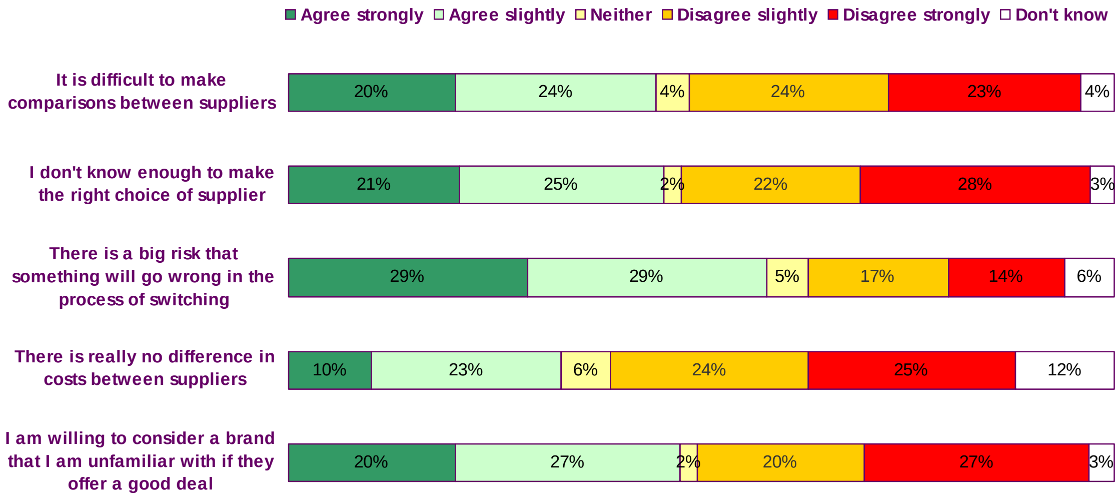
Agreement that there is a big risk of something going wrong in the process of switching is lower than among fixed-line consumers, and accounts for significantly fewer of those who have recently switching network (at 30%) compared to those who have never switched (at 43%).

In terms of supplier differentiation on cost, mobile phone consumers are more likely to agree with this statement than fixed-line consumers, and fewer are unable to respond. Those open to the idea of a new mobile phone network do not differ from those who are not interested at this measure; both with 48% agreeing there is really no difference in costs between suppliers.

Figure 48 shows that only a minority of mobile phone consumers are willing to consider an unfamiliar brand if it offers a good deal. Levels of agreement and disagreement on this statement are very similar to those from fixed-line consumers. Willingness is, as with fixed-line, significantly higher among those open to the idea of a new mobile phone network supplier (at 71% compared to 39% of those not interested).

[50] Base: Decision makers for mobile phone as a single service (1211)

Figure 49 Attitudes towards switching suppliers – broadband as a single service[51]



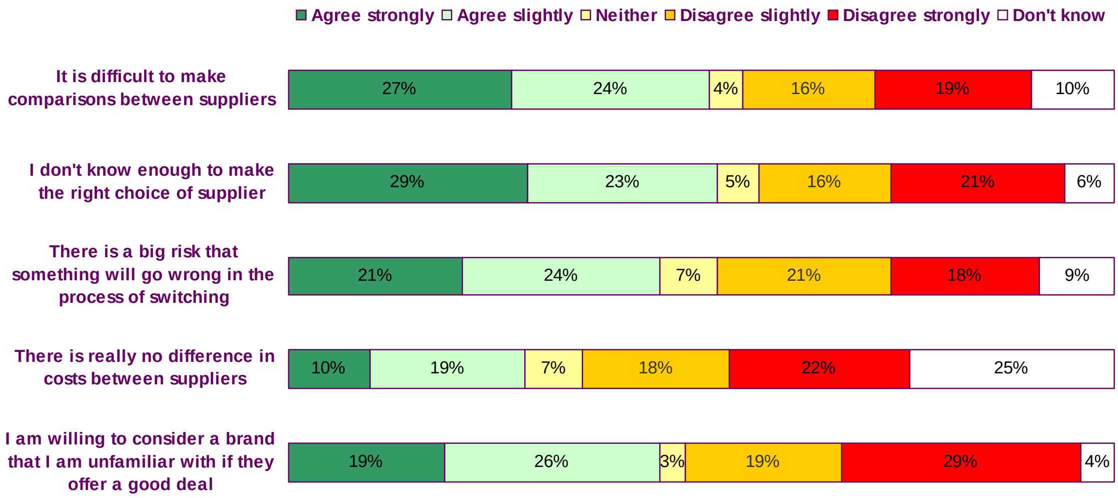
Responses at Figure 49 show relatively fewer broadband consumers perceive difficulty in comparing and choosing broadband suppliers relative to fixed-line and mobile phone consumers.

By contrast, a higher proportion of broadband consumers agree that there is a big risk that something will go wrong in the process of switching, compared to telephony consumers. Although base sizes are low, there is an indication that agreement with this statement is higher among those who have recently switched broadband supplier.

Broadband consumers are less likely to agree that there is no difference in costs between suppliers than fixed-line or mobile phone consumers, with one in three (33%) agreeing this is the case, and a higher proportion able to respond.

Willingness to consider an unfamiliar brand if it offers a good deal accounts for close to half (47%) of all broadband consumers; higher than among fixed-line and mobile phone consumers. As previously, willingness is significantly higher among those open to the idea of a new broadband supplier (at 67% compared to 38% of those not interested).

Figure 50 Attitudes towards switching suppliers – multichannel TV as a single service[52]



51 Base: Decision makers for broadband as a single service (403)
52 Base: Decision makers for multichannel TV as a single service (800)

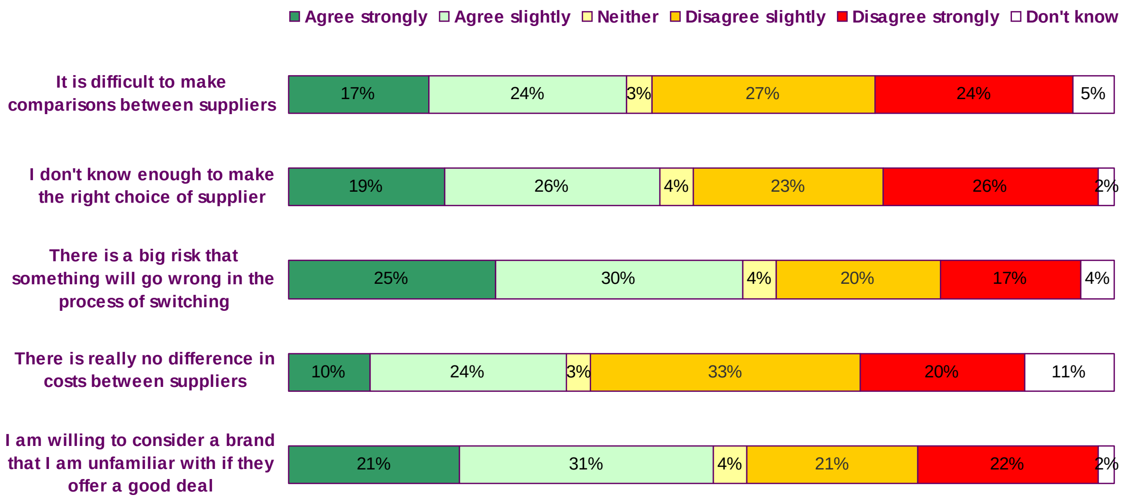
Responses to the first two statements, as shown in Figure 50, indicate that the majority of multichannel TV consumers perceive difficulty in comparing and choosing a TV service supplier, with levels of agreement similar to those from mobile phone consumers.

Compared to mobile phone consumers, however, a higher proportion of multichannel TV consumers agree that there is a big risk that something will go wrong in the process of switching network. Levels of agreement with this statement do not differ significantly between those with and without experience of switching TV service supplier, but older consumers and those with their TV service from Freeview are less likely to be able to respond.

In terms of supplier differentiation on cost, a higher proportion of multichannel TV consumers disagree with ‘there is really no difference between suppliers’ than agree with this statement. It should be noted, however, that one in four multichannel TV consumers could not respond.

Figure 50 shows that only a minority of multichannel TV consumers are willing to consider an unfamiliar brand if it offers a good deal. Levels of agreement and disagreement with this statement are very similar to those from fixed-line and mobile phone consumers. Willingness is, again, significantly higher among those open to the idea of a new TV service supplier (at 70% compared to 39% of those not interested).

Figure 51 Attitudes towards switching suppliers – bundled services[53]



In comparison with the other services detailed in Figures 47 to 50, consumers with a bundle of services stand out in that a higher proportion of them were able to respond to each of the statements detailed in Figure 51.

Bundled service consumers are less likely than consumers of single services to perceive difficulty in comparing and choosing a TV service supplier, but respond similarly that there is a big risk that something will go wrong in the process of switching. Those open to the idea of switching bundle provider are as likely to agree with this statement as those who are not interested in switching.

The majority of consumers with a bundle of services disagree that there is really no difference in costs; with those with experience of switching the most likely to disagree in this respect.

Half (52%) of all consumers with a bundle of services agree that they are willing to consider an unfamiliar brand offering a good deal; a higher proportion than among consumers of the other services. Willingness is, again, significantly higher among those open to the idea of a new supplier (at 70% compared to 43% of those not interested).

53 Base: Decision makers for a bundle of services (384)

Section 6

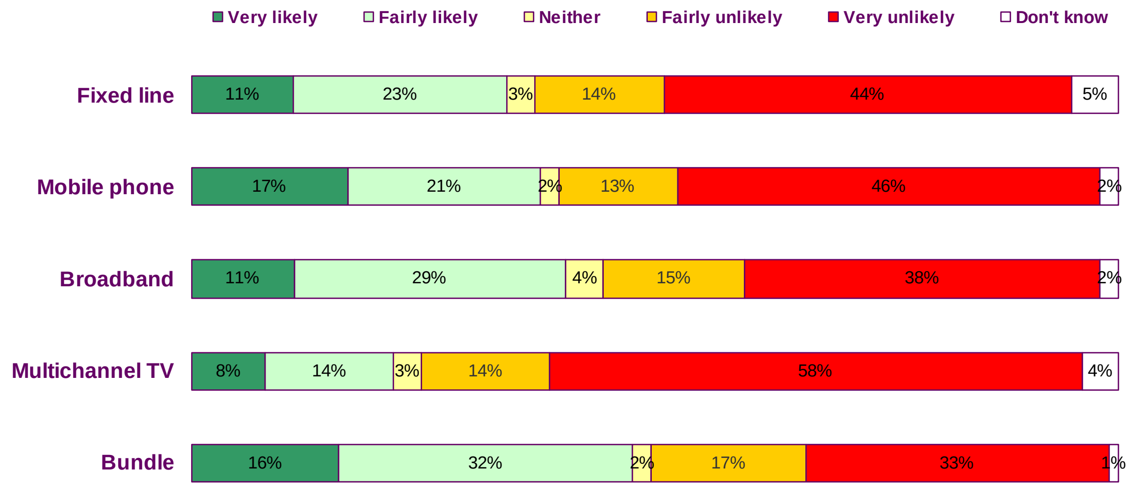
Future intentions

In this section we assess the extent to which consumers rate themselves as being likely to make changes to the supplier relationships they have in place at the moment; whether through negotiating or switching to a different provider.

6.1 Likelihood of renegotiating with current supplier in the next 12 months

All consumers for each of the services were given a series of possible actions they could take in the next 12 months and were asked to use a five point scale to indicate how likely they were to take each action in the next 12 months.

Figure 52 Likelihood of renegotiating with current supplier in the next 12 months[54]



From Figure 52 it is evident that a significant proportion of consumers for each service see themselves as being likely to renegotiate with their current supplier in the next 12 months. By contrast, we have seen at section 4.9 that very few consumers have actively approached their supplier to match a better deal, and so these levels of claimed future behaviour seem likely to be exaggerated.

Looking at these findings in relative terms, it is clear that mobile phone and bundled service consumers rate themselves as the most likely to renegotiate with their current supplier.

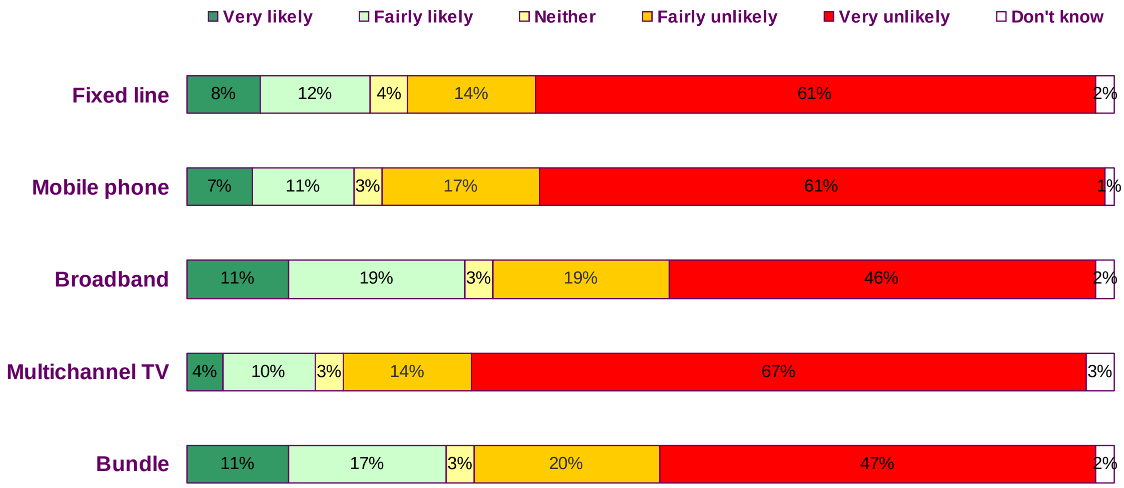
Across each of the services, those most likely to say they will take this action in the next 12 months are those consumers who are open to the idea of switching supplier, tend to spend more on the service per month, are younger, and are categorised as 'engaged' through their previous and current behaviour.

6.1 Likelihood of renegotiating with current supplier in the next 12 months

Figure 53 shows responses in terms of stated likelihood of switching to a different provider for each service in the next 12 months.

54 Base: Decision makers for fixed-line (1018), mobile (1211), broadband (403), multichannel TV (800), bundled services (384)

Figure 53 Likelihood of switching supplier in the next 12 months[55]



Compared to the responses shown in Figure 52 regarding likelihood of renegotiating with the current supplier in the next 12 months, fewer consumers state they are likely to switch provider in the next 12 months.

As with recent experience of switching, intention to switch is highest among broadband and bundle service consumers, and lowest among multichannel TV consumers.

Across each of the services, those most likely to say they will take this action in the next 12 months are those consumers who are dissatisfied with their current supplier, are open to the idea of switching supplier, tend to spend more on the service per month, are younger, and are categorised as 'engaged' through their previous and current behaviour.

[55] Base: Decision makers for fixed-line (1018), mobile (1211), broadband (403), multichannel TV (800), bundled services (384)