



Low income consumers and the communications market

An attitudinal study into people living on a low income
and their experience of communications services

Annex 4

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Chapter 1

Introduction

Under the Communications Act 2003 Ofcom must have regard, in performing its duties, to the needs of those on low incomes, the elderly and persons with disabilities.

As part of its regard Ofcom publishes the Consumer Experience Report. This is the second annual report of the Consumer Experience in relation to telecoms, the internet and digital broadcasting. The reports lists the full results of our research programme aimed at measuring how well consumers have fared over the past year in respect of these services.

Following publication of the 2006 Consumer Experience Report we identified knowledge gaps regarding an indepth understanding of the experiences consumers on low incomes have with communications services – understanding how they use services, what issues they have and how they feel about the communications services they use.

Ofcom therefore commissioned specific qualitative research into low income consumers in the fixed-line, mobile, internet and pay TV markets to fill these knowledge gaps.

Chapter 2

Executive summary

Take-up of communications services – influences and barriers

Take-up of services among low income consumers was based on a variety of social and environmental influences, in which income was often a consideration but generally not the deciding factor.

Only among those on the lowest incomes (c. £7.5k) – generally pensioners and younger singles and families on full benefits – did take-up appear to be affected in any significant way by their income level.

For the majority, other factors such as age, family status, working status, health and financial management were, variously, key influences on take-up of different services:

- over-60s appeared to be more limited in their take-up of the internet compared with other age groups;
- among families with teenage children, take-up of the internet was seen as almost essential for schoolwork;
- those on a regular wage were more likely to take-up services than those working irregularly or on full benefits. A wage brought access to banking facilities and the regularity of payment enabled these consumers to plan more effectively than those relying solely on benefit payments;
- those with poor health or homebound were more likely to take up a range of services than those who were active and liked to be out of the house; and
- financial management was important for almost everyone and pay as you go (PAYG) rather than contract was felt to be the most effective way of managing costs with mobiles. As a result take-up of PAYG mobiles was widespread across all the different user segments.

For the majority of the sample there were few barriers to take-up¹. Communications services, with the exception of pay TV, were generally considered to be affordable and for the most part consumers had the services that suited their needs.

For a significant minority, predominantly at the lowest end of the income scale and on full benefits, there were a number of inter-related issues that, in combination, became significant barriers to take-up. These issues were real barriers only for the younger users, as many of the pensioners in this income bracket were largely uninterested in new services.

- Lack of a bank account was seen as a major barrier to take-up of new services and most of this audience neither had access to banking facilities nor felt they were eligible for a bank account due to poor credit history.

¹ Note: To meet the objectives of the study respondents were recruited on the basis of already having at least one communications service. Therefore, this sample is not necessarily representative of the population of low income people.

- Lack of a regular wage was also a barrier to signing up to a contract which required regular monthly payments. The benefits payments system was not considered sufficiently reliable to risk missed payments and bank charges.
- Most preferred to avoid banks in any case and operated on a pay as you go basis, collecting benefits via the Post Office and paying bills through PayPoint. Managing finances in this way was felt to be easier and more transparent than running direct debits through the bank.

Use of and attitudes towards communications services

Use varied considerably across the sample but attitudes towards individual communications services were generally consistent and positive:

- fixed-lines were the standard for voice calls for most households and were seen as good value for money by heavy users (the majority) and poor value by light users, who felt the line rental was out of proportion to their call charges;
- mobile usage varied from emergency calls to monthly expenditure of over £100. Mobiles on a PAYG basis appealed widely to this audience and most were satisfied with their mobile set up and the variety of PAYG packages available to suit different needs;
- broadband use was widespread among those on the higher income levels and in families with teenage children, and the flat monthly fee was welcomed for budgeting purposes. Without exception, broadband was considered very good value for money; and
- pay TV usage was limited to those on the highest incomes and several of the more homebound. Overall, pay TV was felt to be the one luxury out of all the services.

Switching / keeping informed

Switching activity was somewhat limited due to a general lack of interest rather than problems relating to financial status; only a tiny minority of those on the lowest incomes had avoided switching due to potential difficulties with credit checks. With most people on PAYG mobiles, switching activity was related to fixed-lines and bundled packages, and experiences were generally positive.

The television and friends were the most common and trusted sources of information about new products and services. In general, consumers appeared to be relatively well informed about the details of their package (free calls and texts) but were very poorly informed about the details of their contract, the implications of missed payments and where to go for help if there was a dispute with an operator.

Conclusions

- The majority of low income consumers did not appear to be significantly affected by their status, in terms of their take-up and experience of communications services. In fact, the evidence suggests that most not only had the services they wanted but these services were considered affordable and, in many cases, good value. As a result fixed, mobile and increasingly broadband services were largely considered priorities in the same way as utilities would be.
- Overall, the most visible effect of low income status appeared to be an avoidance of contract mobile phones. Many had run into financial difficulties with contract mobiles

in the past and, as a result, the vast majority used a mobile on a PAYG basis as this was considered to be the most effective means of managing finances.

- There was however a significant minority – generally those on full benefits or a state pension – who were significantly affected by their status. These consumers did not have or want a bank account and operated almost exclusively through the Post Office on a PAYG / cash basis as this was the way they had always done it, or because it was the best way of controlling costs.
- A combination of low income, no bank account, irregular benefit payments and perceived poor credit history meant that many of these consumers would not enter into any long term commitments for fear of ending up in debt. There was also some degree of hesitancy about switching supplier for fear of being exposed to credit checks. As a result, these consumers tended to limit themselves to a fixed-lined and a PAYG mobile and it seems that they will continue to do so unless their perceptions of, and arrangements with, banks change.

Chapter 3

Objectives and methodology

3.1 Objectives

The overall aims of the research were to add attitudinal and behavioural insight to the Consumer Experience Report data and to support the specific information needs of ongoing work involving low income consumers.

To meet these aims, it was agreed that the following areas should be investigated in detail:

- use of, and attitudes towards, current communications services;
- awareness and knowledge of services and competitor offerings;
- switching experiences and level of participation in the market place; and
- perceived costs and affordability of communications services.

3.2 Method

A qualitative approach was felt to be appropriate for this study, as our aim was to explore how and why use of, participation in, and knowledge of the communications market might be affected by a low income. In addition, the subject matter was potentially sensitive and of a personal nature and a qualitative approach was needed to explore these issues in an appropriate way and at the level of detail required.

The research was conducted using in-depth interviews because it was clear that there was a need to understand the issues from an individual household perspective and to look at the particular set of circumstances that dictated each household's needs. A mixture of individual and paired in-depth interviews was conducted. Paired interviews were included because the subject matter was potentially sensitive and some respondents would be more comfortable participating with a friend.

Overall, 98 face-to-face interviews were conducted, of which 40 were one-to-one and 29 were paired. The interviews were conducted in a central location, such as a hotel or community centre, in six locations around the UK, including London, Studley, Oldham, Belfast, Glasgow and Cardiff. Fieldwork was conducted during August 2007.

3.2.1 Sample Structure

There were a number of variables to be considered when sampling among the UK's low income population, including:

- household earnings (<£15k and <£11.5k);
- channel usage (fixed, mobile, internet, pay TV);
- life stage;
- working status;
- age;
- gender;
- national and rural / urban locations; and
- ethnicity.

In keeping with the Office of National Statistics (ONS), low income was defined as a total household income of less than £11k. Also included was representation of those on a slightly higher income level - between £11k and £15k - in order to understand whether these households had similar or different experiences to those on the lower incomes.

Respondents were recruited on the basis of having at least a fixed-line or a mobile. It was also agreed that those consumers with just a mobile phone (i.e. no fixed-line) should be treated as a separate segment as their usage and experience would probably be very different to other user groups.

Life stage was also considered to be a key differentiating factor and the following segments formed the basis of the sample

- Over-60s

- Families
- Singles / Cohabiting

It was also considered important to be able to assess whether consumers' working status had any effect on their experience of communications services and to understand whether there were differences in attitudes between those who were unemployed and those working. The sample included representation of those on full benefits, part-time workers supported by benefits and those working full-time without benefits.

The Consumer Experience Report 2006 indicated that low income consumers switched somewhat less than other user groups and were less knowledgeable about consumer protection processes. To understand this in more detail, it was agreed that a broader quota, segmented by their level of participation in the market, would be more useful than simply representing different switching experiences. The sample was divided into 'active' and 'inactive' consumer groups.

- 'Active' was used to define those who had had some involvement in the past, e.g. shopping, switching or changing some element of their package and had some interest in market developments.
- 'Inactive' was used to define as those who had had little or no past involvement in the market and had little or no interest in keeping up with the market

In addition, the sample included representation of

- The UK's Nations
 - England (split into the North, Midlands and South), Wales, Scotland and Northern Ireland
- Urban / rural locations
 - Research locations were selected to include urban (London, Oldham, Cardiff, Glasgow) and some rural representation (Belfast, Studley)
- Gender
- Ethnic minority groups

Chapter 4

Take-up of communications services

4.1 Key influences

Take-up of communications services varied considerably among low income consumers and tended to be based on a range of different social and environmental factors, in which income was a consideration but by no means the key driver.

The effect of income level differed considerably across the sample. For those households within the relatively higher income brackets (closer to £15k) income did not appear to affect their consideration in any way. For those on mid-level incomes (around £11.5k), income level was a consideration but often in conjunction with other influential factors such as family status. Unsurprisingly, those on the lowest incomes (c. £7k) – often young singles or families on full benefit or older people on state pensions – were most affected but, even among this audience, income level was rarely the only factor.

Other factors that had a strong influence on take-up were, variously:

- age;
- family status;
- working status;
- health;
- managing finances;
- changing circumstances / accommodation; and
- personality / lifestyle.

Age appeared to have little influence, apart from on the over-60s, among whom take-up appeared to be more limited compared with other age groups. Many of the over-60s were uninterested in services beyond a fixed-line, although several had been given a mobile as a gift by their family.

There were significant differences between families with teenage children and those with younger children. The influence of teenage children in the household was very significant and for most of these families, take-up of the internet, in addition to fixed-lines and mobiles, was considered to be priorities, in the same way as utilities. Families with younger children were under less pressure to provide the internet at home and therefore tended to prioritise their budgets somewhat differently.

“We’ve had to cut back on one or two things, but the internet is absolutely essential for school so we don’t have a choice” (Oldham, Teen family)

Working status appeared to be a key differentiator across the sample. Those working full-time or part-time with a regular salary were considerably more likely to take-up services beyond basic fixed-lines and/or mobiles, compared with those who were not working or whose income was irregular.

Health also played a significant role, particularly among the over-60s and singles. Those who were physically healthy and active tended to prioritise differently to those who were less active, and take-up tended to be much more limited among the active users compared to those who were more housebound or inclined to spend more time at home.

Managing finances was important to almost all low income consumers and this had a strong influence on take-up of mobile phones across the sample. PAYG was seen as the most effective way of keeping on top of costs and as a result almost all had PAYG mobiles, including many of the over-60s.

“It’s the best way of avoiding getting into trouble, you’ve either got the money or you haven’t. I don’t think I’d have a mobile if I had to be on a contract, I’ve been there before and had lots of problems with huge bills” (Single, Belfast)

A recent change in circumstances or type of accommodation appeared to be a common theme among mobile-only consumers, and, alongside managing finances, this was an important influence on this segment. Largely made up of single people who were active and able to use services such as the internet and pay TV outside the home, this segment was divided into younger and older age groups:

- younger people, generally in their 20s, living in shared temporary accommodation and for whom the logistics of sharing services could be difficult; and
- older people, generally in their 40s and 50s, who had experienced a recent change in circumstances, such as a divorce, and wanted to keep overheads to a minimum.

“I’ve just been through a divorce and my circumstances have changed completely – from a house, I’m now in a single housing association room with very little money, so just having a mobile suits me for the moment” (Single, Cardiff)

“I’ve just moved into a shared house and it would be nice to get the internet but we haven’t sorted things out about how we’d all do it – someone’s got to be responsible and we don’t know how long we’re going to be here” (Single, Studley)

4.2 Barriers

For the majority of the sample, barriers to take-up were limited to the more general issues of inertia and lack of interest, rather than income levels or affordability. Communications services, with the possible exception of pay TV, appeared to be largely affordable for most low income consumers and decisions about take-up mainly concerned prioritising.

For those on the lowest incomes, income level was a significant issue, although even in this circumstance it was rarely the only factor. There were a number of additional inter-related issues that, when combined, became significant barriers to take-up among those on the lowest incomes. These issues related to financial status, eligibility and financial management.

It should be noted that while all at this income level faced similar financial constraints, the effect on take-up was felt only by younger consumers, who were most likely to be interested in taking up services beyond fixed-lines and mobiles. Pensioners, who comprised a sizeable proportion of this income level, were generally not interested in new services and so, for them, these issues were not real barriers to take-up.

A significant number of those on the lowest incomes did not have a bank account and they saw this as a significant barrier to take-up of new services

“As far I know you can’t sign up for these services without a bank account so I don’t even think about them as I don’t have one” (Single, Cardiff)

In addition, several respondents did not feel they were eligible for a bank account due to their past credit history as well as a lack of funds. A few thought they would be eligible for a cash account but, without the benefit of any banking facilities, such as direct debit or an overdraft, this did not seem any different from their account at the Post Office.

Overall, there was widespread ambivalence towards banks and banking facilities among the lowest income consumers.

- The majority of pensioners were happy to use the Post Office as their bank and, given their disinterest in new services, did not see the need for a bank account.
- Younger consumers understood the benefits of a bank account for new services, but were worried about their ability to manage their finances properly and not run into debt. A large number had run into problems with their bank in the past by not keeping up their monthly direct debit payments.

“It’s just so risky with the banks, if you miss a payment, go over your limit, you’re into charges and these are crippling, £30 is a lot on our income, you’re into debt again” (Family, Belfast)

The absence of a regular wage also appeared to be an important practical and psychological barrier to take-up

- Firstly, a regular wage would ensure access to a bank account and banking facilities, thereby facilitating the take-up of a new service
- Secondly, the regularity of a wage appeared to give other low income consumers more confidence with managing their finances than if they were on an irregular wage with benefits or on full benefits. This confidence was not always due to the amount of income – many indicated they would be on the same income if they were claiming full benefits or working – but due to the regularity of payment. Consumers felt that benefit

payments were not sufficiently regular to allow them to commit to contracts that would require making regular monthly payments

“We have quite a few bills going out every month and we can’t afford to miss a payment. There’s always a bit of juggling, and if our giro is a few days out, we can miss a payment and then we’re into bank charges” (Single, Oldham)

“It’s just very tight – miss one payment and it’s like dominos, late payments, bank charges, it can be catastrophic. Best not to take the risk” (Family, London)

Alongside these issues with banks, there were also some concerns about their eligibility for new services due to poor credit history and mandatory credit checks by operators. Several had not tried to take-up a new service because of their perceived poor credit rating.

There were also some general concerns among those on the lowest income about contracts and committing to something long-term; if their circumstances should change, they could be committed to long-term monthly payments for a service which they could neither use nor afford.

However, for the majority, contracts did not appear to be a significant barrier to take-up. Contractual problems were almost exclusively associated with mobile operators, rather than fixed-line or broadband suppliers, and potential barriers to take-up of mobiles because of contracts were largely mitigated by the fact that most consumers were using PAYG mobiles.

4.3 Use of and attitudes towards individual services

Overall, use of, and monthly expenditure on, individual services varied considerably across the sample, although there was some consistency within the different user segments.

- The fixed-line was the primary communications channel for the over-60s, and its use by this segment varied considerably from light to very heavy. Monthly expenditure varied somewhat between the light and heavy users, but was largely consistent, because almost all the over-60s were extremely careful to minimise costs and make the most of free call times. Mobile take-up was widespread but use, and therefore expenditure, was minimal.
- Families with teenagers differed considerably in their levels of usage to families with younger children. Families with teenagers tended to be heavy users of fixed-lines, mobiles and broadband, but were careful to manage costs and their monthly expenditure was generally very consistent. Families with younger children tended to use fixed-lines and mobiles, but appeared to be less mindful of costs and often ended up paying the same as families with three or four services.
- The singles / cohabs segment was the most varied segment in terms of usage – generally those on the lowest incomes used a fixed-line and a mobile compared with higher earners who would also have broadband, and, in a few cases, pay TV. Expenditure was similarly very varied, with several of those on the lowest incomes paying considerably more than those on higher incomes.
- The mobile-only segment was largely consistent in terms of their usage – mobiles were used almost exclusively for voice and text only, with limited use of multi-media or the internet. Expenditure was also very consistent among this audience, and largely in keeping with other segments.

Overall, the majority of low income consumers took precautions to manage their expenditure - by taking advantage of fixed-line packages and operating mobiles on a PAYG basis – but many were surprised to find how much they were paying when they reviewed their monthly expenditure. This indicates that the costs of communications services were, for the majority, affordable.

Furthermore, there was strong evidence to suggest that most of the sample felt that the services they used suited their needs and were not just affordable but also good value for money.

“If I compare the £80 I spend a month on fixed, mobile, broadband and pay TV with what I’d pay to take the boys to a Man United game, then it seems very good value. The kids are on the internet all the time and I get to watch the sport I like” (Oldham, Families)

Just a few young unemployed and one or two pensioners felt they were missing out on the internet due to lack of funds.

“All my mates are downloading music and stuff, I’d like the internet at home but I just can’t afford it yet” (Oldham, Single)

4.3.1 Fixed-line

With the exception of mobile-only users, and two respondents who had taken up a cable offering of just mobile and broadband, the remainder of the sample had a fixed-line.

Fixed-lines appeared to be the standard voice channel for most households, as call charges were considered much cheaper than using PAYG mobiles.

Fixed-line usage varied considerably across the sample - those with extended families tended to be the heaviest users, with some pensioners and contract mobile users the lightest.

There did not appear to be any problems in relation to fixed-lines contracts; in fact, many did not think they were in a contract as they had been with the same operator for so long. There was a general perception that fixed-lines were for the long term and so 12 month contracts were seen as acceptable.

Fixed-lines tended to be seen as good value by heavy users and expensive by light users. Heavy users, the majority, tended to take full advantage of packages offering free calls and felt that the line rental was acceptable in proportion to their use of the service. Light users, often pensioners or those who only had a fixed-line for internet use, felt that the line rental was out of proportion to their call charges and represented poor value.

Overall, the evidence suggests that the majority of heavy users would tolerate a small increase in line rental costs. Light users, however, would be strongly against any increase, and, for a number of pensioners, any increase would be unaffordable.

“The line rental seems a bit steep but then I’m on the phone all the time when it’s free so it’s pretty reasonable really” (Pensioner, Studley)

“I think the line rental is ridiculous for the amount I use it, I’d prefer to get rid of it altogether but I don’t want to have to rely on a mobile (Over 60, Studley)

4.3.2 Mobile

The vast majority of the sample had mobile phones, including many of the over-60s, and almost all were on PAYG rather than contract. Evidently, PAYG was an ideal payment method for low income consumers and mobile take-up was widespread as a result.

Usage varied considerably – from emergency use among many of the over-60s to monthly expenditure of over £100 among some of those on the highest and lowest incomes.

Overall, the majority appeared satisfied with their mobile set-up and welcomed the variety of PAYG packages available to suit different needs.

Mobile contracts were largely avoided by everyone except a minority of those on higher / regular incomes. A large number had been on contracts in the past and had experienced difficulties with call costs and missed payments and so had reverted back to PAYG.

There were a number of common issues with mobile contracts in particular:

- the fear of being locked in to a contract and not being able to make the payments;
- the perception that they would not be able to get out of the contract if the service was not what they expected;
- difficulty managing costs and the potential for spiralling costs; and
- the perception that they might be tied to a long-term package and so miss out on better offers.

Overall, there was a general lack of trust; both in the operators and in the information they were giving out, and in themselves, as they felt there was a risk they would fall for the headline hype.

“You only get to hear the good stuff, they never tell all the details and suddenly you’re tied into something you don’t want” (Single, Glasgow)

None of the mobile-only users, some of whom had been mobile-only for over seven years, had experienced any problems with their set-up in relation to emergency services.

4.3.3 Internet

Take-up of the internet was widespread among singles on higher incomes and families with teenage children.

Among the over-60s and those on the lowest incomes, take-up was much more limited. For many of the over-60s the internet was of no interest, but for younger consumers, affordability appeared to be the main barrier to access.

For most users, particularly families with teenage children, internet access was considered as much a priority as fixed and mobile services. All were on broadband rather than dial-up and the fixed cost was welcomed for budgeting purposes.

There did not appear to be any concern over broadband contracts – similar to fixed-lines, consumers expected the contract to be for 12 months.

Overall, broadband was seen as excellent value for money by the vast majority of users.

“Knowing it’s a flat rate every month makes it easy to budget – it’s always on and you can use it as much as you like – great” (Single, Glasgow)

4.3.4 Pay TV

Take-up of pay TV was much more limited compared to other services.

Higher income singles, families and those who were in poor health or homebound were the most likely to have pay TV. Among the more active and those on middle to lower incomes take-up was very limited.

Overall, pay TV was seen as a luxury and disposable by all except dedicated TV fans.

"I don't know why I've got it really, I never watch it, it's all rubbish and I end up watching the usual 5" (Single, London)

4.3.5 Bundled packages

Take-up of bundled broadband and fixed-line services among non-cable users was roughly equally divided between bundled packages and separate suppliers, with a variety of different suppliers used in both cases. For cable users, bundling of these services was the only option.

Take-up of triple play or quadruple play packages were, however, limited to those on higher incomes and one or two other families with teenage children.

Overall, the headline costs of bundled packages appeared to be very attractive to consumers, though there was some concern that actual monthly costs could be higher.

“It sounds too good to be true, I’m a sucker for these deals but I’d be worried about extra costs” (Family, Cardiff)

4.4 Problems with current services

The issues most commonly mentioned were concerns about late payment charges, unexpected call charges and contractual issues.

Several complained that, even though they had called their operator in advance to warn them that they would not be able to make payment on the contracted date, operators tended to take the money anyway, thereby starting a spiral of debt.

Others had run into problems with payment to bundled operators because they had not understood the call charges in the contract.

“My first bill from Virgin was over £70, I nearly died – I thought my calls were part of the package” (Single, London)

Several, under contract, had encountered service problems and had stopped making payments to their operator until their service was working. In the meantime, the operator had continued to charge a monthly fee which consumers had refused to pay. Many of these disputes had continued for several months, ending up in letters from debt collectors and threats of court proceedings.

“I was on a contract with Orange, my phone died on me, and they replaced it with another phone that didn’t work and all the time it didn’t work they were trying to charge me a monthly fee. I refused to pay and they started sending me threatening letters, I’m still arguing that one 18 months later” (Single mother, Cardiff)

There were a large number of stories across the sample about disputes with operators over bills and early termination fees and generally each story had the same underlying theme – low income consumers had a tendency to be taken in by the headline costs and often overlooked the details of a contract and call charges.

It was also clear that low income consumers did not have a great deal of confidence in their abilities to resolve a dispute with an operator and certainly had no idea of the options available to them.

“They just bully you until you either give in or just ignore them and hope they go away – the point is that what was often a mistake on their part turns into something completely different months later. It’s very stressful and you feel trapped” (Single mother, Oldham)

4.5 Switching

For most segments, there appeared to be little hesitation or concern about switching supplier connected with their relatively low income status.

The few exceptions tended to come from the lowest income segments, often those who were longer-term unemployed:

- one single mother on full benefits had to pay two bills to two suppliers when switching her gas supplier and this had put her in debt; and
- a minority in other segments had decided against switching their fixed-line because they thought they would be credit checked and refused.

The majority of switching activity was with fixed-line operators, for cheaper calls, or to take-up recently-offered bundles from Sky, Virgin Media or BT.

Overall, those who had switched appeared to have had no problems and were happy with the process

“It was easy – my friend told me about Talk Talk and I rang them up and switched no problem” (Single, Cardiff)

Overall, switching activity appeared to be fairly limited for a number of reasons, including:

- consumers were generally happy with their current services and felt no need to switch;
- general inertia;
- recent experiences with switching utilities had shown there was little benefit;
- several thought, mistakenly, that switching PAYG mobiles meant a change of number; and
- perception that the market was designed to reduce switching - extended contracts, perceived lack of competition in bundled offerings and large numbers of offerings overall left many consumers confused as to whether there was any benefit in switching.

“No need to switch mobile supplier when PAYG, they’re all pretty much the same and I think you have to change your number” (Single, Glasgow)

“I’m quite happy with what I’ve got – can’t see the need for it” (Pensioner, Cardiff)

“I changed gas supplier and the bills were no cheaper - they’re all basically the same so I can’t see there’s much point” (Family, Cardiff)

“Our broadband’s part of a package – only Sky and Virgin do these” (Family, Glasgow)

“There are so many deals, I can’t be bothered with it all - it’s only if you use the phone a lot and I don’t” (Single, London)

4.6 Sources of information

As recruited, the sample was divided among those who kept up to date with the market (generally younger) and those who did not (generally older).

Participation in the market did not appear to have any significant effect on switching behaviour and the majority of interest in the market tended to be about mobile phone models rather than new deals or packages.

TV adverts, flyers and friends were the sources of information common to everyone – with TV adverts and friends' advice the most trusted sources.

- Younger people also visited mobile shops.
- Older people tended to rely on their families.
- Pensioners without extended families tended to use the library and Post Office.

Door-to-door salesmen were notorious for highlighting the good parts of the deals and not providing full details of the contract. Many consumers were aware of this, but also openly admitted how easily they could be taken in.

“They come round and never tell you about the bad bits do they, just the stuff you want to hear – I’m a total sucker for them” (Young Family, Cardiff)

There was a strong sense that the majority were informed about their current package / service in terms of free minutes / texts – but had very little awareness and understanding about the contractual details such as the implications if payments were missed.

Overall, the evidence suggests that it was very easy for consumers to sign up for a contract and there could be a greater onus on both operators and consumers to ensure that the details and implications of the contract are more explicit and better understood before signing.

Annex 1

Sample Frame

Mobile Only	Mixed Channel (fixed, mobile, internet, pay TV)		
Mixed Age / Lifestage	Over 60s	Families	Singles / Cohabs (no kids)
Mix of working / non working Mix of income levels (£6-11.5k, £11.5k-15k) 50% 'Active' / 50% 'Inactive' Mix of gender / ethnicity			