

OFTEL

Competition in International Calling

Qualitative Research

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2. BACKGROUND AND METHODOLOGY

2.1 Background

A large number of telecoms suppliers have recently entered the IDD (international direct dial) calling market in the UK, offering increased calling choice to consumers. Oftel wanted to examine behaviour in this market - in particular, consumer use of the suppliers and methods available to make international calls, as well as awareness of alternatives.

In 1999 Oftel examined the state of competition on the 'top 23' international countries (in terms of millions of minutes of calls made from the UK to these countries). As a result of this investigation Oftel relaxed regulations on BT in respect of these 23 routes. Oftel would now like to examine consumer behaviour in relation to the remaining international routes (i.e. all countries apart from the top 23). The purpose of this research was to assist in the assessment of the degree of competition in this market.

2.2 Research Objectives

The objectives of this research were to determine:

- Were consumers aware of, and making use of, the range of different methods and fixed line suppliers available for making international calls?
- What factors did consumers take into account when selecting a supplier for international calls?
- Did consumers choose their supplier for international calls based on prices for an individual country, or based on generally cheaper international prices?
- Did frequent international callers exhibit different behaviour in terms of choice of supplier / method, than less frequent callers?

2.3 Method

A mix of methods were employed during this research:

Depth interviews: which allowed us to examine calling behaviour in great detail, including motivations for choice and reasons for usage of different suppliers.

Family group sessions: given the social nature of much international calling, we felt that it would be useful to discuss the issues surrounding choice of calling provider with wider family groups, whether these were couples or adults and children. These sessions were closer to extended depth interviews than traditional focus groups.

2.4 Sample

The research brief indicated that a number of respondent criteria were important:

⇒ All respondents were to be **calling internationally to countries outside the list of the top 23 countries** for international calls – respondents were recruited if they called at least one of a number of areas, such as:

South America (e.g. Brazil, Mexico, Venezuela etc)

Indian Sub-continent (e.g. Bangladesh, Sri Lanka etc)

Caribbean (e.g. Jamaica, Barbados etc)

Eastern Europe (e.g. Czech Republic, Slovenia, Hungary etc)

Far/Middle East (e.g. Saudi Arabia, UAE, Iran, Thailand etc)

Africa (e.g. Somalia, Morocco, Gambia etc)

New World (e.g. New Zealand, Tonga etc)

The sample reflected a broad mix of calling destinations (details of which are given in Appendix 2)

- ⇒ **A mix of regular and more infrequent international calling:** the sample was biased towards more regular callers, since they were more likely to provide a richer source for data
- ⇒ **Age:** based upon previous experience, five age bands were used: 15-19; 20-24; 25-39; 40-59; 60+
- ⇒ **Social grade / Income:** from all social groups A-E / mixed levels of income – two SEG groups were used: BC1 and C2DE
- ⇒ All respondents had **sole or joint responsibility for the home fixed phone bill / decisions** (where the household had and used a fixed line for international calls)
- ⇒ The sample covered **use of a range of calling methods** – fixed phone at home (direct and indirect), mobile, payphone, calling card, accounts, calling shops
- ⇒ The sample included **a range of suppliers for international calls** (i.e. not just BT or cable)
- ⇒ The sample was structured to cover a **variety of geographical locations** within the UK. This included both urban and rural locations for research, including locations in Scotland and Wales
- ⇒ Also included was a **gender split** – dividing the sample 50/50 between male and female callers.

Overall, the following sample structure was used:

Sixty Individual Depth Interviews or Family Group Sessions – at least two of the interviews in each location segment were Family Group Sessions:

London/S.East:

Urban/Suburban (South London)

1. 15-19 years; Male; BC1; Infrequent Caller
2. 20-24 years; Female; C2DE; Infrequent Caller
3. 20-24 years; Male; C2DE; Infrequent Caller
4. 20-24 years; Female; BC1; Frequent Caller
5. 25-39 years; Male; BC1; Frequent Caller
6. 25-39 years; Female; C2DE; Frequent Caller
7. 40-59 years; Male; C2DE; Frequent Caller
8. 40-59 years; Female; BC1; Frequent Caller
9. 60+ years; Male; BC1; Frequent Caller
10. 60+ years; Female; C2DE; Frequent Caller

North:

Urban (Manchester)

11. 15-19 years; Female; BC1; Frequent Caller
12. 20-24 years; Male; C2DE; Frequent Caller
13. 20-24 years; Male; BC1; Infrequent Caller
14. 20-24 years; Female; C2DE; Infrequent Caller
15. 25-39 years; Male; C2DE; Infrequent Caller
16. 25-39 years; Female; BC1; Frequent Caller
17. 40-59 years; Male; BC1; Frequent Caller
18. 40-59 years; Female; C2DE; Frequent Caller
19. 60+ years; Male; C2DE; Frequent Caller
20. 60+ years; Female; BC1; Frequent Caller

East Anglia

Rural (East Dereham)

21. 15-19 years; Male; BC1; Frequent Caller
22. 20-24 years; Female; C2DE; Frequent Caller
23. 20-24 years; Male; C2DE; Frequent Caller
24. 20-24 years; Female; BC1; Frequent Caller
25. 25-39 years; Male; BC1; Infrequent Caller
26. 25-39 years; Female; C2DE; Infrequent Caller
27. 40-59 years; Male; C2DE; Infrequent Caller
28. 40-59 years; Female; BC1; Frequent Caller
29. 60+ years; Male; BC1; Frequent Caller
30. 60+ years; Female; C2DE; Frequent Caller

Scotland
Urban (Edinburgh)

31. 15-19 years; Female; BC1; Frequent Caller
32. 20-24 years; Male; C2DE; Frequent Caller
33. 20-24 years; Male; BC1; Frequent Caller
34. 20-24 years; Female; C2DE; Frequent Caller
35. 25-39 years; Male; C2DE; Frequent Caller
36. 25-39 years; Female; BC1; Frequent Caller
37. 40-59 years; Male; BC1; Infrequent Caller
38. 40-59 years; Female; C2DE; Infrequent Caller
39. 60+ years; Male; C2DE; Infrequent Caller
40. 60+ years; Female; BC1; Frequent Caller

Wales
Urban/Suburban (Swansea)

41. 15-19 years; Male; BC1; Infrequent Caller
42. 20-24 years; Female; C2DE; Frequent Caller
43. 20-24 years; Male; C2DE; Frequent Caller
44. 20-24 years; Female; BC1; Frequent Caller
45. 25-39 years; Male; BC1; Frequent Caller
46. 25-39 years; Female; C2DE; Frequent Caller
47. 40-59 years; Male; C2DE; Frequent Caller
48. 40-59 years; Female; BC1; Frequent Caller
49. 60+ years; Male; BC1; Infrequent Caller
50. 60+ years; Female; C2DE; Infrequent Caller

Kent
Rural (Lydd)

51. 15-19 years; Female; BC1; Frequent Caller
52. 20-24 years; Male; C2DE; Frequent Caller
53. 20-24 years; Male; BC1; Infrequent Caller
54. 20-24 years; Female; C2DE; Frequent Caller
55. 25-39 years; Male; C2DE; Frequent Caller
56. 25-39 years; Female; BC1; Infrequent Caller
57. 40-59 years; Male; BC1; Frequent Caller
58. 40-59 years; Female; C2DE; Frequent Caller
59. 60+ years; Male; C2DE; Infrequent Caller
60. 60+ years; Female; BC1; Frequent Caller

⇒ *All respondents were residential domestic telephone customers*

3. MANAGEMENT SUMMARY

Factors which were stated as important when choosing a supplier for international calls included:

- **Cost** – which was generally cited as the most important consideration, although this was clearly not actually a prime concern for some
- **Line quality** – which was more important for those making a greater number of international calls
- **Convenience** – important for those calling to different time zones and those making a larger number of calls

In relation to destination for calls, the sample seemed to fall into two main segments:

- Those who made calls to a **variety of countries and regions**
- Those who only made calls to a **single country or region**

This segmentation seemed to affect responses in relation to a number of important issues:

The **first group** (calling a **variety** of locations) typically:

- called mainly from their fixed home phone
- seemed to be largely calling UK friends or family now living abroad
- were often using BT or cable operators for international calls
- were making more calls overall
- were more concerned with convenience, quality and comfort than cost

This group tended to know that, while some calling destinations might be expensive, others were quite cheap and the cost equation 'balanced' overall.

Generally, these respondents expressed considerable inertia regarding international calling options – many had stayed with BT because of custom and perceived quality factors. Those that had switched to cable or used indirect suppliers had responded to approaches by these companies and few had actively sought out alternatives.

The **second group** (calling **specific** countries or regions) typically:

- were from particular ethnic communities
- had extended families in the UK and abroad, which generated additional calls
- had used many methods to make calls in an attempt to identify the cheapest option
- were typically using indirect suppliers, calling cards, calling shops or payphones
- despite extended families respondents were making less international calls overall in comparison to group one
- tended to call one country or region
- were more concerned with cost than either convenience or comfort

This group were aware of the often high costs of calling their home regions or countries and had invested considerable time in finding the most economic calling option. Access to family and friends was more important than connection quality or convenience.

These respondents had been forced, by financial pressures, to seek out alternatives to traditional calling options and it was clear that many ethnic groups have created a 'grapevine' regarding the cheapest options.

Overall awareness of different international calling options was mixed and, again, responses varied according to the segmentation outlined above. Those making calls to a number of countries or regions seemed less aware of alternatives and essentially reactive, while those with a more specific calling focus tended to be very aware of the different options available.

Frequency of calling tended, once more, to be linked with the sample segmentation already identified. The first group were making more international calls and prioritised line quality and convenience over cost - while the second group, which made less calls overall, were focussed upon cost and made sacrifices in relation to line quality and convenience.

Responses to the idea of easy-access Carrier Pre-Selection through BT were mixed. At first respondents liked the idea of being able to make simple use of cheaper call providers, but after consideration some were concerned about issues such as: receiving multiple phone bills; continuing to pay BT's rental charges; responsibility for repairs; line quality and likely problems with switching contracts or preferences through BT.

Overall, however, respondents were pleased that consumers would be offered more choice in relation to carriers for international calling.

Generally it was apparent that cost was only a constraining factor for a particular segment of this sample of international callers. This segment comprised mainly ethnic communities and seemed trapped between a need to maintain contact with relatives at home and, in some cases, extremely high call costs. These respondents chose international calling options on the basis of call charges for a specific country or region.

Many other respondents were using relatively expensive carriers in order to meet quality or convenience requirements – and were largely unaware of (and uninterested in) cheaper alternatives. This group – mainly group one respondents - represented a largely reactive section of the marketplace – there was little active seeking of alternatives to BT or other direct suppliers. Those who had switched to either another direct supplier, such as cable, or indirect suppliers, had generally only done so when approached by the companies concerned. These respondents chose an international carrier on the basis of overall cheapness of international calling costs.

4. MAIN FINDINGS

4.1 Telephony History

4.1.1 Countries Called

Across the sample respondents called a large range of countries. These included representation from all the seven sub-regions listed in the proposal (South America, Indian Sub-continent, Caribbean, Eastern Europe, Far/Middle East, Africa, Scandinavia and the New World – for a full list of countries see Appendix 2).

Many respondents were multiple country callers with most calling at least two countries throughout the year. A smaller number called between four and eight different countries and a single respondent called more than ten.

Some respondents were also callers to countries in the ‘top twenty-three’ most-called countries. For many of these, calls to countries such as the USA, Australia, Canada, Germany and Ireland were important.

“I call friends in about five countries but my main would be U.S.A and Canada where I have family”

Equally, however, many other respondents only called countries outside the ‘top twenty-three’.

4.1.2 Frequency of Calling

In terms of frequency, respondents varied significantly in relation to the number of international calls made during a year. The general range was from one call every three months (clearly infrequent callers) to around four or five international calls per

week. Respondents who were multiple country callers also varied in the levels of frequency of calling, often according to seasonal factors:

“I’d call my sister at least twice a week in the Czech Republic and this would increase at holiday times, Christmas etcetera. I also call my friend in Denmark about once a month”

Respondents generally found it difficult to quickly quantify the total number of calls made each year. Estimates ranged from five to six calls a year to more than one hundred and fifty calls, with respondents in the higher category actually being surprised at their own level of international calling.

4.2 Methods of Calling Internationally

For a majority of respondents, international calls were made from home via a fixed land line. Indeed, many were surprised to hear that other options were available with these sometimes requiring explanation by researchers.

Recognition of the differences between indirect and direct suppliers was also low. Even those who made use of indirect suppliers were unfamiliar with the term and generally only understood that they had an indirect supplier when explanations had been made,

“Yes I have a little pin number, but I just assumed it was just another service from the telephone company”

There were clear differences by ethnic community in terms of knowledge and understanding of some of the ‘alternative’ methods of calling and these are explained later in the report.

Very few respondents were regularly using multiple options for making international calls, although many had access to more than one telephone service supplier. Many respondents did reveal that they had tried different options in the past, but these

changes tended to merely involve experimenting with various telephone suppliers – both direct and indirect,

“I’ve tried X (indirect supplier) and Y (indirect supplier) before, as well as BT. I’m with X now. Y were crap”

4.2.1 Fixed Line

Respondents using fixed lines could be broken into three main categories:

- those using fixed line direct suppliers only
- those using fixed line direct suppliers plus an indirect supplier
- those with a fixed line direct supplier that was rarely used – with most calls made through an indirect supplier instead.

Direct Supplier only

A majority of respondents using direct suppliers only, were using BT for all calls (both national and international). There were a number of reasons offered for using BT. For many, particularly older respondents, BT was a company they had known and used throughout their life,

“We’ve always had BT. I remember them as the GPO. They are what I know and what I trust”

Interestingly a number of respondents who were using BT for international calls were aware that other options existed for both international and national calling – generally via word of mouth. These different options were generally other direct telephony suppliers. However, BT remained their first choice.

“My son has told me about some other company that he uses and he says he gets cheaper calls but, I don’t know, I’ve never really considered changing”

A lesser number of fixed-line direct supplier-only users were using cable companies. The main cable companies used were Telewest and NTL. Generally these respondents had been approached by the cable company (either over the phone or by a salesperson at the door) regarding the availability of a cable phone and/or TV package.

“Some bloke came to the door with some information. He chatted me through the savings I could make and I signed up”

Only a small number had been proactive and approached a cable company directly to enquire about phone options and these respondents tended to already have television provided by the company. A majority of these respondents were attracted by the lack of a telephone-specific line rental, which they disliked paying to BT.

“They had an offer that if you had the TV you didn’t pay line rental for the phone, just the calls. So I did that because I had the TV and I also had to pay BT for their line.”

Direct Supplier plus Indirect Supplier

Respondents were again using the direct suppliers mentioned above (BT, Telewest, NTL) as their main telephone supplier. These main suppliers tended to be used for local and national calls with the additional indirect supplier used purely for international calls. A number of respondents using a cable TV/phone package had also been offered a set price for local and national calls whatever the time of day, which meant they continued to use the direct supplier,

“All my calls, except international, are 2p per minute whatever”

In addition to their direct supplier these respondents were also using indirect suppliers such as One-tel, AXS, Eurobell and Planet Talk. Again, very few respondents had

sought out information about these indirect suppliers and had tended to either be approached by the company themselves or had seen advertisements in the press or on public transport,

“I saw an advert for X (indirect supplier) in the Sunday Times and thought I’d see what it was about”

“I was on the tube and saw an ad for cheaper calls and thought I’d ring up to see what it involved”

In general, these respondents tended to use their indirect supplier for international calls only, although a small number had begun to use them for local calls as well,

“I did start using it just for international calls but they offered me a deal where all local and national calls were 2p per minute so I just leave the box plugged in now”

Indirect Supplier as Main Carrier

This segment comprised a small group of respondents. They had begun using an indirect supplier for similar reasons to those mentioned above. However, these respondents had also found that local and national calls were also cheaper and had either left their box plugged in or just used the pin number permanently.

A number admitted that they had become lazy and just left the box plugged in because they had *‘never got around to unplugging it’*. These respondents had not noticed any significant changes in levels of phone bill – and so continued their behaviour.

The pin number and box themselves were a problem for some respondents. Many either forgot to input their pin number before dialling or forgot to plug in or unplug their box between calls. The pin number option was least liked as,

“I’ve already got about 5 pin numbers to remember for all my cards, so another one was a real pain”

4.2.2 Mobile Phones

Mobile phones were used by only a small number of respondents for calling internationally. Respondents were aware, or assumed based on general perceptions of mobile phone costs in general, that calling abroad would be, “...*very expensive*...”.

A small number had called internationally from mobiles but these calls tended to be classed as ‘emergency’ calls when a fixed phone was not available. The interpretation of ‘emergency’ was wide and varied, encompassing: a quick check to see when someone’s flight arrives and to see what a nephew/niece wanted for Christmas when shopping in town. Emergencies did also include questions about hospitalisation of friends and family.

A very small number of respondents had arranged deals with their mobile supplier where costs were cheaper than generally advertised calls costs,

“I told them I was wanting to use my mobile when travelling and I arranged a special tariff, which has continued since”

Generally, however, respondents kept mobiles for making calls to the UK when on holiday. International calls from the UK on a mobile were generally avoided by the large majority of respondents because of expense and the disgust they felt at being charged twice to receive calls to their mobile when abroad,

“My son called me from home and I was charged £1.70 a minute just to receive the call. Of course it also went on the bill at home!”

Most mobile owners did not have a roaming tariff for their mobiles and felt that, because of the perceived costs, were unlikely to get one.

4.2.3 Prepaid Calling Cards

Prepaid calling cards were only used by a segment of the sample - generally ethnic community members. Most of the wider sample had no knowledge of this method of international calling.

When the subject was initially raised there was a general assumption that this meant account cards,

“I had one of these from BT. I could call from anyone’s house by dialling my account number first”

Respondents who had travelled abroad knew of the existence of these cards in foreign countries and many had used them to call home. However, even these respondents were generally unaware of the existence of the cards in the UK.

Calling cards were more popular amongst ethnic communities. For these groups of respondents the calling card was a general topic of conversation in social circles, with respondents receiving recommendations from family and friends,

“There are loads out there. Friends will give you information on which is currently the best one”

It appears that the social context in which these cards were marketed accounted for the fairly high level of use amongst ethnic minority groups.

4.2.4 Account

No respondents currently had a specific account set up for international calling. A small number had previously used BT accounts but these had been more general telephone accounts – parents whose children had gone to university had applied for, and used, account calling cards.

Generally, there was little or no knowledge of the existence of specific international accounts or account options in general (outside of BT).

4.2.5 Calling Shop

Calling Shops were most typically used by members of ethnic groups. A majority of other respondents were unaware of the existence of calling shops.

Again those respondents who had travelled – to India in particular – had used calling shops to phone the UK. These shops were generally seen as a telephony solution for poorer economies and respondents could not see why these would be an option in the UK,

“You’ve got a phone at home or there are phone boxes everywhere”

Generally, those ethnic respondents who used calling shops more frequently felt the connection quality was generally poor, although calls were cheap.

4.2.6 Public Phone Box

A very small number of respondents used pay-phone as their first choice. For these respondents it was their only perceived option – with no phone at home and no knowledge of, or access to, other options. There was some feeling that phone boxes were expensive but respondents felt that they had to make the call.

One respondent used her pay-phone as a method of limiting international calling costs. Despite having a fixed phone at home, she made her weekly international call using the local phone box. The call was to an Eastern European location and could be made at the caller’s convenience – the respondent simply put five pounds into the pay-phone and spoke for as long as this lasted:

‘It stops me spending too much – once the pips go then that’s it...’

4.2.7 Overview

In terms of the methods covered here, many respondents had tried more than one method, with ethnic minorities being more aware of a greater number of the methods available .

Other respondents were more likely to use methods that involved fixed telephone lines only, with little knowledge or experience of calling cards or calling shops.

4.3 Reasons for Using the Selected Methods of Calling

When initially asked about the reasons for using their stated methods for international calling, respondents immediately indicated price as being a key factor. However, upon further examination, price - while still important - was evidently not always a primary concern.

For those respondents who were committed home phone users for international calls, there was recognition that convenience was important,

“I’m at home, I want to make a call. I don’t want to go out and stand in a call shop or phone box”

“I just want to sit in my arm chair, dial the number and make a call there and then”

Convenience was also an important consideration when calling to different time zones was involved,

“If I’m calling New Zealand I’m not going to stand outside at some ridiculous hour when I can call from my own home”

Those respondents with experience of calling internationally with BT generally felt that BT was more expensive than other suppliers – a reason why some had looked

elsewhere. However, despite that, BT was seen to provide “...*top notch*” overall service quality:

“You know you are going to get connected pretty much directly and that the person you call is going to sound like they are in the next room”

This quality issue was actually the most influential factor for those respondents who initially felt that price was key. Respondents were seemingly making a cost/benefit trade-off between price and quality of line connection,

“I wouldn’t go for the cheapest option just because it was the cheapest option. You want to be able to hear the person you are talking to”

“I don’t really want an echo-y conversation, like in the old days, just because I’m saving a few pence”

The cost/benefit approach was also relevant for respondents using cable and indirect suppliers,

“I got this box from X (indirect supplier) because it was cheaper than BT, but I wouldn’t keep it if the line was crap!”

This type of analysis raised issues of overall market knowledge as well as perceptions of suppliers other than BT. Respondents in this research, were clearly prepared to give ‘new’ companies (including cable) “...*a go*” with very little knowledge of success or history. With most ‘new’ companies being discovered via sales staff, adverts or word of mouth the general consensus was that “...*you won’t know until you try*”. Very few, however, were actively seeking alternatives.

Many respondents expected these ‘new’ companies to have a similar level of quality to that offered by BT, with new technology being the key factor in shaping expectations,

“Technology is so good nowadays that these companies must have it, so why should it be any different to BT?”

Interestingly, very few respondents had been disappointed with the quality of service provided by alternative direct or indirect suppliers. There were, however, a few specific complaints:

A number of respondents who had switched to a cable supplier, with no line rental charge, had found that the call costs in general had slowly risen over a period of time and were now similar to BT,

“I don’t think I am paying much less than I was with BT, but I do get the TV as well”

Line quality offered by cable companies was felt to be the same as that offered by BT.

Those respondents who had selected indirect suppliers reported varied experiences. Generally the line quality was felt to be a little poorer than BT, but there were no major concerns. For example, some suppliers were felt to be of equal quality to BT.

Problems had mostly arisen when attempting to make initial connections,

“There are sometimes problems where I just don’t get through for 4 or 5 attempts”

Respondents were not especially annoyed by these problems and in terms of their cost/benefit trade-off, the cheapness of calls outweighed any ‘minor’ problems.

Respondents who had selected indirect suppliers had initially done so because of the projected savings. Overall, most who had done so were pleased with these savings – some had saved as much as £1.30 per minute.

This cost/quality analysis was also an issue for those respondents who used pre-paid calling cards. As mentioned previously, calling cards were generally used more often by ethnic communities (African-Caribbean, Chinese, Indian, Iranian).

For these respondents the costs of calling internationally were generally higher, per minute, than for many others in the sample. Pre-paid calling cards had been found to be considerably cheaper than any fixed line calling options and this information had passed on to other members of the community. For many in these groups any contact with families and friends was welcomed, within restricted budgets, whatever the line or connection quality.

With larger family groups both at home and abroad the norm, these groups were making a regular number of calls internationally. Given this pressure, as pre-paid cards had been found to be the cheapest option, any potential connection and line problems were accepted.

Generally, respondents were aware of 'good and bad' cards to use. These were constantly changing,

“At the moment we are using a X card which is better for connections and sound at the moment”

Pre-paid calling cards generated specific problems - although many used them from home phones for convenience, the large number of digits needed for access did become problematic for many respondents,

“You type in huge numbers, code, pin and number and then you either get a digit wrong or can't get a connection and have to dial again”

Those non-ethnic respondents who had tried calling cards were also discouraged by this problem,

“I have used them abroad and here. They are cheap but it gets annoying and tedious. I'd rather just dial and get charged more for the convenience”

Overall, for pre-paid calling card users, the cost benefits and associated increased access to more and, longer phone conversations, outweighed any negatives associated with long numbers or lower quality connections.

Calling shop users formed a small proportion of the sample. Those who did use them did so only occasionally and as a back-up to a home fixed phone,

“I tend to use them if I’m out and about in town, and happen to think about calling Barbados. Otherwise I use my BT line”

Cost appeared to be secondary to convenience for these respondents, with very few specifically planned trips to calling shops being made.

Quality was felt to be poorer than when using fixed lines and, in some instances, less than that offered by calling cards. However, this poorer quality was expected and accepted as a consequence of lower call costs.

4.4 Selection by Country or Region?

Those respondents who had selected cable companies or indirect suppliers as alternatives to BT had specifically enquired about international calls before making the switch. However, very few had made the selection based on specific countries called. Equally, decisions were not generally made according to geographic region, except in a few cases such as the Caribbean

Some respondents who called more than one country had enquired about the country that was most frequently called and international calls in general,

“I did ask about Hong Kong because I call there two or three times a week. But with the other countries I just asked if international calls would be cheaper than what I was paying before”

Other respondents enquired only about international calls generally and were generally pleased,

“As long as they are cheaper than what I paid with BT then I am happy”

Respondents buying pre-paid calling cards, due to the nature of these cards, were more specific in their purchases in terms of country or region called. Most cards are either country or region-specific and as such purchasing was more limited.

In contrast with much of the sample, a few respondents who use cards to call more than one country did buy according to region,

“I have to call Jamaica and St Kitts so I just tend to buy Caribbean cards rather than a Jamaica specific one and a St Kitts one”

Those calling a number of different regions, using cards, selected the cards that were cheapest for either the specific country or region - being entirely driven by the current best card with the best price.

In general, however, households selected supplier(s) who offered cheap international calls generally and were generally less likely to check out specific prices for individual countries being called regularly.

4.5 Carrier Pre-selection

Most respondents were aware that many changes are currently underway within the telecoms industry and that they, as consumers, were likely to be affected by these changes. Details of these changes were limited with most hoping that at some stage,

“...we should be getting free local calls like in America”

or, particularly by those with strong feelings about BT,

“It would mean more competition and BT’s smugness should end”

All respondents needed explanations of the possibility of carrier pre-selection, as none had previously heard of the concept.

When explained in detail, the concept proved divisive. Many respondents initially felt that increasing choice and avoiding plug-in boxes or PIN numbers would be a victory for the consumer,

“So you mean I could choose if I want a different company for international calls, or even calls to New Zealand. That would be good”

“Anything that does away with my pin number is good because I keep forgetting to use it”

However, as the subject was discussed further, respondents raised a number of concerns:

The first was that the consumer would still have to rent a line from BT - which would mean the continued presence of rental costs, which irritated many.

Respondents also recognised that the increased involvement of other carrier companies would result in an increased numbers of bills. Many respondents did not like the perceived lack of control - in terms of knowing who and when to pay for what, as well as anxiety about keeping track of how much would be being spent with each company throughout the month,

“I get paid at the end of the month, so I’d want to pay them all when I get paid”

“I just wouldn’t know where I am. I’d have different bills to look at to make sure the right numbers were listed”

Respondents were also concerned about the potential lack of flexibility a system such as this could involve,

“Say I’m with one company for calls to Hungary, then I find one that is cheaper. That would mean the rigmarole of breaking a contract and informing BT, then starting a new contract and informing BT again. Now if I find something cheaper I change the box or change the pin. And BT is bypassed!”

There were also a small number of respondents who tried to avoid contracts of any kind. Currently, indirect suppliers offer a 'no ties' option for users,

"I made sure when I got my One-tel box that if I wanted I could just unplug it and not be tied or liable for any costs"

A number of respondents also raised the issue of repair responsibilities,

"I have BT and a little box. Once there was a fault on the line and neither company said it was their fault. Where do I go? Eventually I had to pay BT to fix it! 30 odd quid!"

Reflecting this feeling, many respondents were currently happier to stick with one or two main suppliers, one for local and national calls and one for international calls.

Generally, respondents were looking for reassurance about the operation of these alternative systems from individual suppliers - for example, any difficult clauses?, would the quality be as good as BT? and if not, could they leave immediately?

Consequently, many respondents felt that it would be difficult to judge whether this new idea would actually change their international calling behaviour. However, a significant number felt that given the right reassurances, this system could offer interesting choices for the consumer, potentially cheaper calls and wider supplier choice. Without further information respondents would be reluctant to commit.

Many of the sample were unsure whether they would be able to find cheaper phone suppliers in the market place. BT users, however, were more likely to assume that cheaper suppliers would be available if they look for them.

It is interesting to note, however, that across the sample there was a general lack of enthusiasm for proactive behaviour in relation to finding new international calling suppliers. Respondents were essentially reactive and preferred to wait for new providers to emerge and make themselves known.

For most, cost was felt to be an important issue. However, cost could not be seen in isolation from quality of line and connection. Most respondents could not recall exact cost per minute figures and the general feeling was of pragmatism,

“If I want to call, I want to call. I’m not going to think about the cost of staying in touch. Of course I sometimes curse when I get the bill but it has to be done”

Appendix 1: Topic Guide

- **Introductions and explanations** – confidentiality, independence etc
- **Background** – name, family, work status
- **Frequency and method of international calling:**
 - Which countries do you currently call?
 - Which is your main country to call?
 - How frequently do you call these countries?
 - How many international calls do you make each year? (*If difficult probe weekly/monthly amount*)
- **Method used to make international calls:**
 - Where do you make most of your international calls from? (*If respondents unsure then probe from list below*)
 - Fixed phone at home – direct supplier
 - Fixed phone from home – indirect supplier? (*i.e. where dial an access code or have a box attached to the phone which provides calls over the line already in your home*) – *Are you aware of these differences?*
 - Mobile phone
 - Prepaid calling cards (from any phone) – (*purchase an amount of call time, call the card company and enter a pin number*)
 - Account (from any phone)
 - Calling shop
 - Other

Probe respondents awareness of the different methods for making international calls

- Have you heard of any of these other methods of calling internationally?
- What do you know about these other methods?
- Have you tried any of these other methods in the past? Which?
- Why did you change from these methods?
- **Reasons for using this / these methods:**
 - Price – cheaper than other methods
 - Cheaper for a specific country
 - Cheaper for specific geographic regions
 - Convenience
 - Line / sound / connection quality
 - Privacy
 - Don't have a phone at home
 - Other reasons – what are these?

- If use more than one method – why use more than one method, and how decide which method to use?
- If use only fixed phone at home – why? Why not use other methods?
- **Choice of fixed line suppliers for international calls (for those using fixed phone at home to make international calls):**
 - Which company (or companies) do you use to make international calls from your fixed phone at home?
 - Do you use a direct or an indirect supplier? ?

***DIRECT = via the provider of the fixed telephone line into your home
INDIRECT = where you dial an access code or have a box attached to the phone which provides calls over the line already in your home)***

- Why do you use indirect suppliers?
- Do you use the same supplier for you domestic calls and your international calls?
- If use the same supplier – why?
- If use a different supplier for domestic calls – why?
- How did you select your supplier for international calls – examine relative importance of price vs. quality vs. brand name of company etc.

If price:

- When selecting your supplier did you consider the price for the **individual country** you were calling or for **broad geographic region** you were calling or just **international calls generally**?
- If use more than one supplier for international calls – why, how decide which to use for which calls or why using same supplier for all calls?
- Where did you get you information about the different suppliers?
- Ever used other supplier for international calls in the past – why have they stopped using these?
- Ever considered using different supplier for international calls – why have they decided not to use them, or why they have never considered them?

“In the future it will be possible for you to use operators other than BT to make most types of calls (including International calls) without the need to dial a four digit access code, or to have a box fitted at your home, or to change phone line. All you have to do is set up a contract with the operator you would like to use, and return a confirmation slip to BT, then any calls would automatically be routed by the operator of your choice. You will continue to receive a bill from BT for the line rental and for any calls carried on BT’s network, and you would get another bill for calls carried over the other operator’s network”

- Do you think this would change the way you currently buy your international calls? Why/why not?
- In what way would it change?

- **Which best describes household policy and behaviour in relation to international calling?:**
 - Household thought about the countries it wanted to call and chose supplier(s) who offered cheap rates for those **individual countries**
 - Household thought about broad international regions (e.g. Asia, South America, Caribbean etc) and chose supplier(s) who offered cheap rates for these **regions**
 - Household selected supplier(s) who offered **cheap international calls generally**, but we did not check out the specific prices for the individual countries we wanted to call
 - Household did not choose the supplier(s) it uses for its international calls for their international call prices

- **Price perceptions regarding international calls:**
 - Price – do they think they're getting good value for money on international calls
 - Do they know how much they pay to call individual countries – exactly, approximately or no idea
 - Do suppliers differ on international call charges or quality of call / line / sound
 - Do they think their current supplier(s) are cheapest or could they get a better deal elsewhere
 - If think could get cheaper deal elsewhere – why not use different supplier
 - Explore perceptions of alternative suppliers – their reputation, perceptions of prices, line/sound quality etc

- **Any other comments – summing-up**

Appendix 2. List of Countries Called (non-top 23)

1. Antigua
2. Bangladesh
3. Barbados
4. Cameroon
5. Colombia
6. Costa Rica
7. Czech Republic
8. Dominican Republic
9. Dubai
10. Ethiopia
11. Fiji Islands
12. Gambia
13. Gibraltar
14. Grenada
15. Hungary
16. Iran
17. Jamaica
18. Malaysia
19. Malta
20. Mauritius
21. Morocco
22. New Zealand
23. Nicaragua
24. Philippines
25. Puerto Rico
26. Romania
27. Saudi Arabia
28. Slovak Republic
29. Sri Lanka
30. St. Helena
31. St. Kitts
32. Tanzania
33. Thailand
34. Trinidad & Tobago
35. Turkey
36. U.A.E.
37. Uruguay
38. Venezuela
39. Zimbabwe