

Ofcom Mobile Switching Research 2017: Technical Report

Updated in December 2017 to include details of approach to WTP analysis taken for the Statement.

Preface

This volume contains detail of the sampling and weighting for the Ofcom Mobile Switching Research undertaken in 2017 by BDRC Continental on behalf of Ofcom.

It is important for consumers to be able to switch providers easily in order to exercise their choice and take advantage of competition in the communications sector.

This research was carried out in order to assess:

- The current consumer experience and attitudes in relation to contact with their previous provider when switching mobile network provider.
- Attitudes to Ofcom's proposed switching process reform options.

Fieldwork took place from 23rd January to 6th February 2017 via an online panel with an overall sample of 2009.

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1.1 Sample design

A nationally representative sample of UK mobile users by gender, age, region and socio-economic group was invited to take part in the survey and screened for having switched mobile provider in the previous 18 months.

This nationally representative profile of mobile users was derived from a face-to-face omnibus survey, nationally representative of the UK, carried out separately in November and December of 2017. The total sample achieved via the omnibus was 4325 UK adults, of which a sample of 491 were mobile customers who had switched network provider in the last 18 months.

Quotas

No quotas or targets were set, and no weights were applied to the online sample. The sample was allowed to fall out naturally, but monitored against the expected demographic profile and switching subgroup incidence rates obtained via the omnibus survey. A comparison of the online and omnibus sample profiles was undertaken and it was not deemed necessary to weight the online data.

The following table shows the number of interviews achieved for each overall switching sample group used in the analysis.

Sample group	Sample definition	Interviews
Switched in the last 18 months (All)	Switched mobile network provider in the last 18 months	2009
Switched in the last 18 months (PAC)	Switched mobile network provider in the last 18 months and <u>ported number</u>	1251
Switched in the last 18 months (C&R)	Switched mobile network provider in the last 18 months and <u>did not port number</u>	758

The profile of switchers achieved in the face-to-face omnibus and online samples is set out in the table on the following page.

	Omnibus	Online
<i>Unweighted base</i>	<i>491</i>	<i>2009</i>
Male	51%	47%
Female	49%	53%
16-24	20%	18%
25-34	25%	25%
35-44	16%	18%
45-54	17%	15%
55-64	12%	13%
65+	10%	12%
AB	24%	31%
C1	32%	34%
C2	20%	17%
DE	25%	19%
North East	6%	5%
North West	9%	12%
Yorkshire and The Humber	8%	9%
East Midlands	7%	9%
West Midlands	8%	9%
East of England	7%	6%
London	14%	14%
South East	15%	14%
South West	9%	9%
Wales	6%	4%
Scotland	8%	8%
Northern Ireland	2%	2%
Switched PAC	65%	62%
Switched C&R	35%	38%
Switched Prepay	18%	22%
Switched Contract	82%	78%

1.2 Weighting of responses to reform options

To understand attitudes to Ofcom's proposed switching process reform options, respondents were presented with alternative hypothetical methods of switching/requesting their port authorisation code (PAC), i.e. the code that enables switchers to keep their mobile number when they switch. They were asked for each option whether they were likely to use this rather than the way they switched/requested their PAC previously, and answered using the following scale: Definitely wouldn't; Probably wouldn't; Possibly would/possibly wouldn't; Probably would; and Definitely would. The order of the response scale was reversed from respondent to respondent to mitigate the influence of any order effect.

Analysis of take-up is focussed on the top two boxes only as the mid-point was believed to reflect uncertainty.

The sequence the hypothetical switching methods were presented in was alternated from respondent to respondent, also to mitigate the influence of any order effect.

Weighting of stated take-up

When analysing stated take-up of a future scenario/product it is appropriate to down-weight responses. This is to reflect that people will not always do what they say they will.

The analysis applied a down-weight of 80% for those stating they would 'definitely' take up each new option and 20% for those stating they would 'probably' take up the option. Both the stated and down-weighted take-up figures are reported.

The weights were applied to reflect a reasonable view of likely take-up of the core process reforms posed to respondents, and the price they would be willing to pay for these (see below for further detail on willingness to pay analysis).

We have taken similar approaches to down-weighting in other projects requiring estimated take up of a hypothetical product/service. For this project, various down-weights were considered, e.g. 70/30, 60/40. It was concluded that an 80/20 adjustment was reasonable, following a review of other weights being applied in the industry and an assessment of the error margins of the adjusted data i.e. these broadly encompassed the results produced by applying alternative weights.

Weighting of stated willingness to pay (WTP)

'Consultation' approach to estimating values

Any respondent who answered that they definitely or probably would, or might take up an option was also asked whether they would pay a given price to use the relevant process. We presented respondents with the following price points, in random order: 50p; £1; £2; £5; and £10. Respondents were asked whether they would pay each price, in turn. If they said they probably or definitely *would not* pay to a price point, then they were not shown a higher value; and if they said they definitely *would* pay to a price point, they were not shown a lower value. Responses for these higher or lower values were imputed at the data processing stage. As part of this process, we discounted the answers from a selection of respondents who gave conflicting responses at different price points, which could not be reconciled. In the calculation of averages detailed below, these respondents were given a £0 value.

Based on these responses, we calculated the average stated price that various sub-groups of respondents were at least definitely willing to pay, and/or the average stated price that they were at least probably willing to pay, as well as a number of adjusted averages.

We determined the average stated values based on an average of the maximum price respondents said they were at least definitely willing to pay, and/or the maximum price that they were at least probably willing to pay (taking the maximum price respondents were definitely willing to pay if no 'probably' value was given).

These averages were calculated on responses from those respondents stating they would either definitely or probably *take up* the option. The average WTP values (both stated and adjusted) automatically apply a £0 value to respondents who *did not* say they would 'definitely' or 'probably' take up the option if it were free.

The adjustments are down-weights to stated WTP values, using stated take-up responses and replicating the down-weighting approach taken with take-up data, i.e. 80% of the WTP value for those respondents who said they would 'definitely take-up the option' and 20% of the WTP value for those respondents who said they would 'probably take-up the option'. This ensured the willingness to pay data also reflected the likelihood that actual take-up may be lower than stated.

Two stated average values for each option were calculated, the first only takes account of the highest value respondents said they would 'definitely' be willing to pay (referred to as

'definitely'). The second also takes account of the highest stated value respondents said they would 'probably' be willing to pay (referred to as 'probably'). Both values are based on the responses of those who said they would either definitely or probably take up the option.

Four adjusted average values for each option were calculated:

- The amount in £ respondents were 'definitely' willing to pay – among those who would 'definitely' take-up the process, adjusted for lower than stated take-up (80% definitely).
- The amount in £ respondents were 'definitely' willing to pay – among those who would 'definitely' or 'probably' take-up the process, adjusted for lower than stated take-up (80% definitely/20% probably).
- The amount in £ respondents were 'probably' willing to pay – among those who would 'definitely' take-up the process, adjusted for lower take-up than stated (80% definitely).
- The amount in £ respondents were 'probably' willing to pay – among those who would 'definitely' or 'probably' take-up the process, adjusted for lower take-up than stated (80% definitely/20% probably).

In each case the average was based on the maximum value each respondent would 'definitely' or 'probably' pay (as appropriate for each of the four values above).

'Statement' approach to estimating values

For the Statement we analyse 'take-up' as a measure of the proportion who would take up at each price point, with responses to take up if free treated as 'take up if £0'. For each price point (including take-up if £0), we established the proportion of respondents 'definitely' or 'probably' willing to take-up Auto-Switch. We then applied a down-weighting to these proportions to derive an 'adjusted take-up' at each given price. Average adjusted WTP was derived by taking x% of the amount for 'definitely willing to pay' and y% of the additional amount for 'probably willing to pay'. This was 80% and 20% for the base case, 80% and 0% for the low case, and 80% and 40% for the high case.

For the Statement we reviewed individual responses of respondents who said 'probably' to use for free, but then provided 'definitely' pay amounts. We concluded that their WTP responses in most cases appear internally consistent i.e. that these respondents were 'definitely' willing to pay, and so we consider a reasonable approach is to allocate these respondents to the 'definitely use for free' category. We consider the approach taken in the Consultation (and noted above) to be a conservative estimate of willingness to pay.

Approach to WTP for combined Auto-Switch SMS and online (PAC switchers)

Due to the questionnaire structure, the values for combined Auto-Switch SMS and online options among PAC switchers (in the Consultation) are based on a reduced sample. This sample excluded those respondents who said they 'might' take up the SMS option but would 'definitely or probably' take up the online option. These respondents did not provide a value they were willing to pay for the online option. We did not consider it appropriate to attribute their SMS value¹, nor at the time a £0 value because we consider these respondents placed some value on the online method. In the absence of robust data for this value, we judged excluding these 61 respondents from the base to be the best approach to this analysis.

To facilitate analysis required in the Statement, we ran a more conservative approach to this analysis. This includes these (61) respondents in the base, and assigns them a value of £0. This approach is consistent with their treatment in the combined SMS/online take-up estimates, i.e. that they 'might' take up the SMS option, and therefore do not appear in the take-up estimates.

The WTP value for the combined SMS/online option among the PAC switcher sample broadly reflects attitudes to SMS. This is because the questionnaire restricted the number of willingness to pay questions for each respondent to a maximum of two i.e. one Auto-Switch (prioritising the SMS option over the online option) and one GPL, to limit respondent fatigue and potential drop out, thereby maintaining data quality.

While some PAC switcher respondents went on to state a preference for online over SMS we do not have any WTP values for online among this group. As noted above establishing the value of the SMS option was prioritised over online among this sample group. In these instances, the SMS value has been used in the combined SMS/online WTP calculations.

¹ The WTP values that we do have for these respondents for SMS (after a giving mid-point value for take-up) were substantially below that of those giving 'definitely' or 'probably' take up SMS responses, so we considered them unlikely to provide a good proxy for responses that might have been given for those stating 'definitely' or 'probably' take up online.

Willingness to accept

Respondents' answers could have been influenced by what they considered reasonable to pay in a market context in which switching is generally free. A proportion of respondents, who said they would use each hypothetical switching option, but not be prepared to pay anything for it, said this was because they should not (as a point of principle) have to pay for a switching process. Nevertheless, it is likely that at least some of these respondents placed some positive value on these reforms, which the WTP questions were not capturing.

In anticipation of this, and as a means to attempt to understand the magnitude of this potential bias, the survey asked these respondents how much they would be *willing to accept* to switch the same way they did last time, rather than through Auto-Switch or GPL. However, there were indications that a substantial part of respondents asked their willingness to accept had not sufficiently understood the question, so we did not consider that these data were sufficiently reliable to accurately estimate the magnitude of the bias.