

Consumer Transparency in Telephone Numbering research

Introduction

Background

- 1.1 This research report was originally commissioned in January 2009 as part of the development of our numbering strategy. Ofcom is responsible for the management and allocation of telephone numbers to communications providers in the UK, and ensuring that consumers are able to make informed choices about the services they are using is a key part of managing the numbering system. For this reason Ofcom wished to better understand consumers' usage of and attitudes towards telephone numbers.
- 1.2 The objectives of the report were:
- To understand consumers' current telephone usage and call behaviour
 - To assess the impact of packages¹, including the level of take-up, consumers' understanding of their package and level of influence packages have in terms of call behaviour
 - To understand how often consumers think about individual call costs², the circumstances in which this might happen and the overall importance of call costs
 - To gauge how informed consumers consider themselves to be about call costs and the numbers they would like more information about
 - To identify how often consumers look up call costs and the reasons why they do or do not
 - To understand how often consumers are surprised by their bills, the reasons for their surprise and the effect the surprise has on their call behaviour
 - To evaluate the importance of price transparency overall and the effect that increased transparency might have on consumers' call behaviour
- 1.3 Clearly the results for a number of these objectives will be informative for understanding the retail markets for which MCT is a wholesale input. For example, the more important mobile call costs are to consumers and the more informed consumers are about these costs, the more they are likely to be aware of and respond to increases in retail prices which could result from a SSNIP in input prices, such as MTRs.
- 1.4 However, it should be highlighted that, since the report was commissioned and prepared for a different purpose initially, it is not a 'perfect fit' for the information we

¹ Packages were defined as having the facility to make calls to certain numbers or at certain times of the day / evening and these would be included within the monthly agreement, i.e. at no extra costs

² Throughout this annex, the term 'call costs' is used to refer to the cost of calls to consumers i.e. retail charges, and not the cost to operators of providing the call

would ideally wish to have. For example, the research includes information on calls other than those made to mobile numbers, which are largely irrelevant to this market review. Thus the results can only be used to illustrate more general consumer perceptions and reactions and cannot be interpreted as indicative of likely consumer responses to specific changes which may occur in the retail market as a result of changes in MCT charges.

Method and Sample

1.5 The research was conducted in two phases simultaneously:

Quantitative Phase: 20 minute face-to-face interviews with a nationally representative sample of UK adults (aged 16+). Quotas were applied to ensure a suitably robust sample for different telephone usage, including

- Landline only users
- Landline and pay as you (PAYG) go mobile users
- Landline and contract mobile users
- Contract mobile only users
- PAYG mobile only users

1.6 Qualitative Phase: 40 in-depth interviews with friendship pairs, divided between Manchester and London, with the following five user groups

- Fixed line only
- Fixed line, mobile pay as you go
- Mobile only, monthly contract
- Fixed line, mobile monthly contract – high expenditure (over £75 combined per month)
- Fixed line, mobile monthly contract – low expenditure (less than £75 combined per month)

1.7 The project was conducted during January and February 2009.

Executive Summary

The majority of consumers were signed up to a landline package, although take up varied among different age groups and socio economic grades.

1.8 Overall, just over 60% of consumers were signed up to a landline package. Take up among 16-24 yr olds and those aged 65+ was significantly less than other age groups, and take up amongst ABs and C1s was significantly higher than C2s and DEs.

There was widespread understanding of these packages and the majority of landline calls were made within their package

- 1.9 Eight one per cent were confident that they understood what was included in these packages and just over 60% made three quarters or more of their calls within package. Many consumers in the qualitative sample had sought out landline packages that reflected their call behaviour and would stick closely to their package to regulate costs.

Take up of mobile packages was, not surprisingly, in keeping with the proportion of consumers on a monthly contract

- 1.10 Fort three per cent signed up to a mobile package (45% were on a monthly contract) compared with 56% who were not on a package (55% were PAYG). However a proportion of 16-24 yr olds considered themselves on a package, even though they were PAYG users.

The majority of mobile contract users understood what was in their package and made most of their calls within their package

- 1.11 Eight four per cent were confident that they understood what was included in their mobile package and 65% made three quarters or more of their calls within package.

In the qualitative research, consumers appeared to fall into three different user types in their attitudes towards call costs and their call behaviour

- 1.12 **Careful / Cost conscious** – the majority – they tended to limit their calls overall and / or make almost all of their calls within package, thereby ensuring consistent bills
- 1.13 **Carefree / Flexible** – the minority - tended to keep within their package but would sometimes go over their allowance and make calls to numbers outside their package, if convenient
- 1.14 **Out of Control** – a tiny minority – tended to be mostly careful but would intermittently call premium rate numbers and incur huge bills as a result.

With the exception of mobile PAYG users, most consumers rarely think of individual call costs

- 1.15 Sixty seven per cent of consumers spend less than 25% of the time thinking about costs when making calls. PAYG users however spent much more time thinking about call costs with just under a third thinking about call costs 75% or more of the time.

Most consumers only considered call costs when calling numbers outside of their package

- 1.16 Consumers tended to think about call costs when calling international, 08xx and mobile numbers, although the order of priority differed somewhat between landline users, mobile contract and PAYG users. PAYG users thought more about call costs generally and 08xx numbers, in particular.

From the qualitative findings, there was a strong sense that consumers were increasingly distanced from individual call costs

- 1.17 Most consumers made most of their calls within their package and so the cost of calls to numbers included in packages was increasingly irrelevant. Bills also were mostly consistent so consumers tended only to glance at the bill and, with the increased uptake of bundles, a single bill for different services meant individual call costs were becoming much less visible.

Consumers varied by how informed they felt about call costs but almost all made assumptions that helped them manage expenditure

- 1.18 58% of consumers felt they were informed about call costs, although one in five PAYG mobile only and landline only users felt very uninformed. From the qualitative phase, most consumers made assumptions about call costs and these would influence their behaviour in such a way that they did not encounter many surprises. For example, calls to mobiles would be made from other mobiles as landline calls to mobiles were considered more expensive.

The number of consumers looking up call costs was very limited

- 1.19 Just 18% of consumers looked up call costs and this happened less than 25% of the time. 08xx numbers and international numbers were the most often researched, but, overall, the vast majority did not feel the need to look up costs because they felt sufficiently well informed or they had no need.

08xx numbers were a source of confusion and suspicion for many consumers

- 1.20 The cost of these calls was most likely to be considered by landline or mobile users and many consumers thought they were considerably more expensive than their actual cost and closer to premium rate numbers. Confusion about cost combined with time consuming call centre experiences led many consumers to think that operators were profiteering from these numbers.

Different perceptions of 08xx provoked a range of different behaviours

- 1.21 Some consumers, particularly those on PAYG and landline only, would try to avoid calling these numbers altogether; others would make arrangements to call from a landline, thinking the cost would be cheaper than from their mobile. In spite of these negative perceptions, the majority would ultimately still make the calls to these numbers because they felt they had to.

Over half of consumers would always check their bill but the majority consumers had not been surprised by their bill in the past 12 months

- 1.22 Marginally more contract mobile users had been surprised by their bill (28%) compared with landline (21%) and PAYG (17%) but bills surprises were limited to the minority. From the qualitative findings, it was clear that the vast majority of consumers would simply glance at the total amount to check that it was consistent with previous bills. Only when the bill was noticeably more expensive would consumers check their bill in detail – the amount of additional expense varied according to user type.

The few bill surprises were reported to be due to international, 08xx and mobile numbers, but, when reviewing their bills, perceptions of 08xx numbers were very different

- 1.23 In the qualitative phase, almost no one expressed surprise at the high cost of 08xx numbers, rather most were surprised how inexpensive these calls were once they received the bills. On the other hand, the majority of consumers in the qualitative phase changed their behaviour as a result of surprise extra charges in their bills arising from specific call types (e.g., some international calls) – by switching supplier, reducing the time spent on the calls or avoiding making these calls.

Conclusions

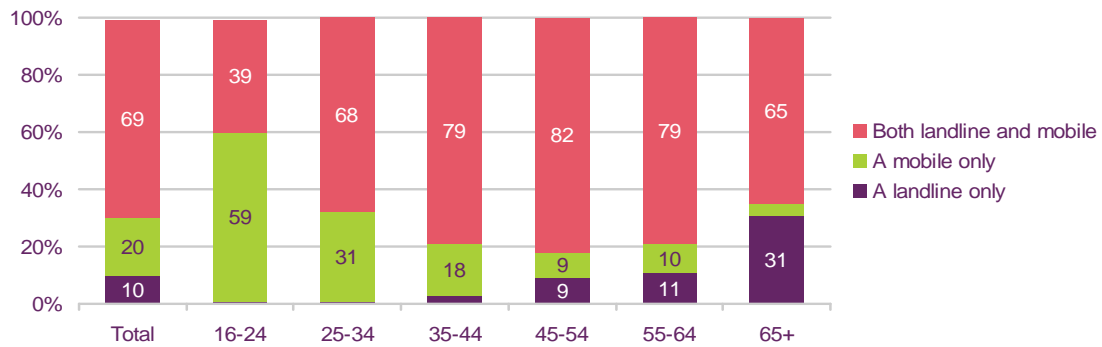
- 1.24 Overall, the majority of consumers appeared to be in control of their call use and expenditure. For those consumers with packages, most appeared to be well informed about what was included and, as most of their calls were made within package, their bills contained few surprises.
- 1.25 The evidence suggests that individual call costs are becoming less relevant to many consumers due to the increasing role of packages as a means of managing expenditure. In addition, consumers' lack of knowledge of the numbering system and their limited awareness of call costs do not appear to cause them many difficulties.
- 1.26 The implications are that increased price transparency may not have much effect on their behaviour or result in any tangible benefit for consumers.
- 1.27 The exception would be around 08xx numbers where there is currently considerable confusion and some detriment to consumers, not necessarily in terms of costs but in the time and effort to work around these numbers.
- 1.28 Increased transparency for 08xx numbers might reduce some of the anxiety associated with these calls as well as preclude the need for some to behave in a way that was considered largely unnecessary once the actual call costs were known (e.g. calling geographic numbers, calling from work, etc)

Main Findings

Telephone Usage

- 1.29 The majority of consumers were signed up to a landline package, although take up varied among different age groups and socio economic grades.
- 1.30 Telephone use differed significantly between the youngest and oldest - 59% of 16-24 yr olds used a mobile only and 31% of those aged 65+ used a landline only.

Figure 1, Use of landline and mobile phones for personal calls by age

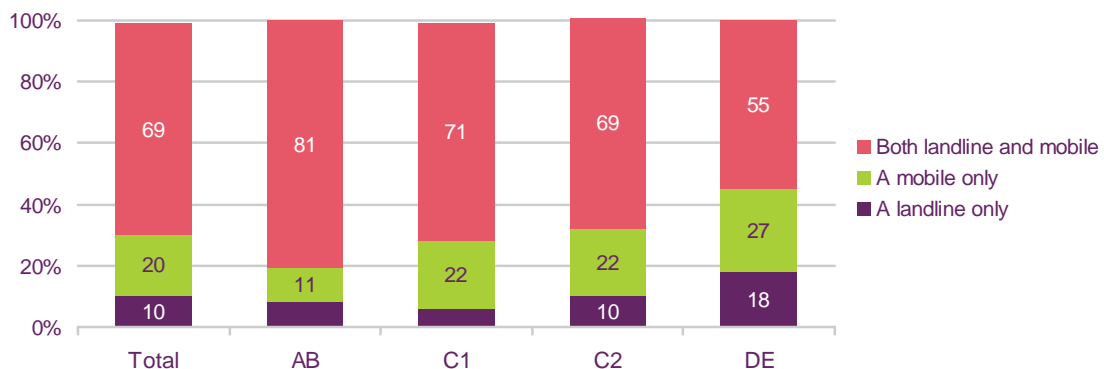


Q. When making telephone calls for personal use do you..?

Base: All adults, n = 1229

1.31 Telephone usage was also affected by socio-economic grade. Landline and mobile usage was significantly higher among ABs, and mobile only and landline only usage was significantly higher among DEs.

Figure 2, Use of landline and mobile phones for personal calls by SEG



Q. When making telephone calls for personal use do you..?

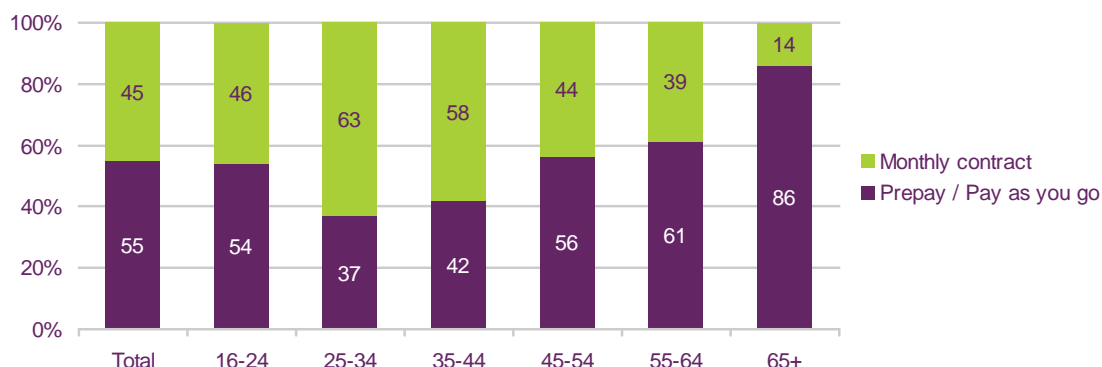
Base: All adults, n = 1229

Payment Models

1.32 Overall, there was a higher proportion of PAYG users compared with monthly contracts.

1.33 Among those aged 65+, there were significantly higher numbers of PAYG users and among 25-44 yr olds there were significantly higher numbers of monthly contracts.

Figure 3, Mobile phone payment method by age

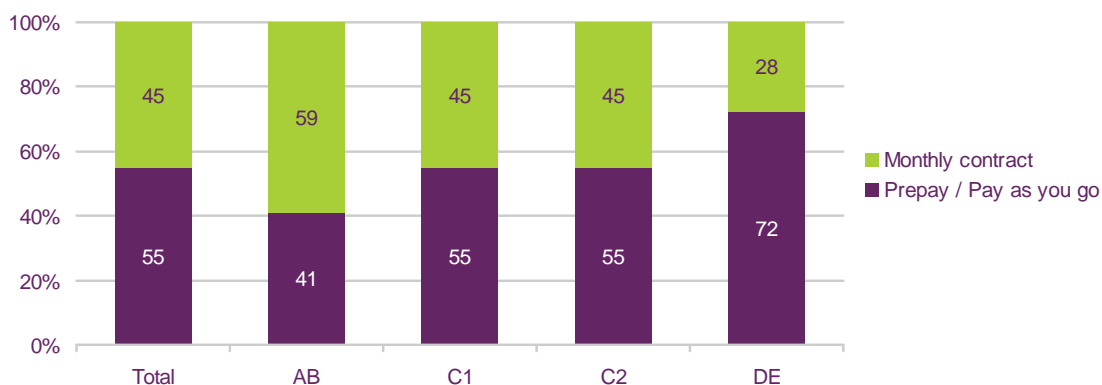


Q. Which of these best describes the mobile payment method you use most often?

Base: All adults with a mobile phone, n = 1102

1.34 There were some differences in preferred payment method between social grades, with significantly higher numbers of mobile monthly contracts among ABs, and significantly higher numbers of PAYG mobile users among DEs.

Figure 4, Mobile phone payment method by SEG



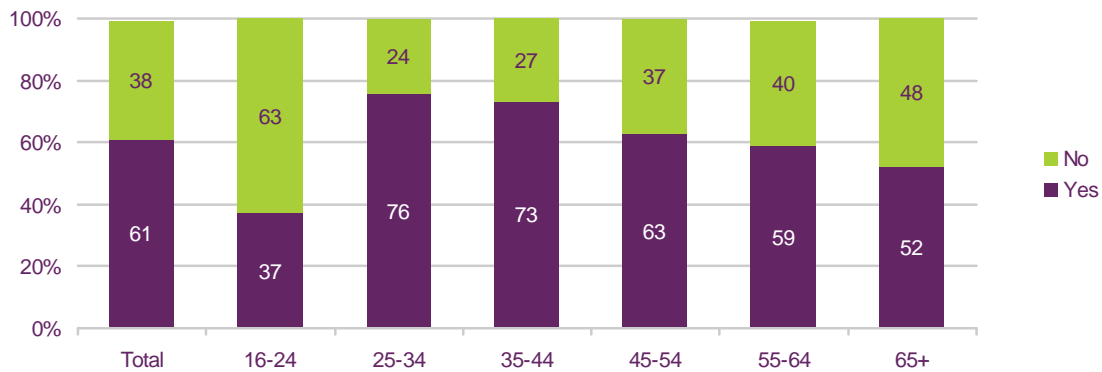
Q. Which of these best describes the mobile payment method you use most often?

Base: All adults with a mobile phone, n = 1102

Landline Packages (take up, awareness of contents, % of calls made within package)

1.35 There were some differences in take up of landline packages between age groups - significantly higher numbers of 25-44 yr olds were signed up to packages, whereas sign up among the 65+ was significantly lower.

Figure 5, Use of landline packages by age

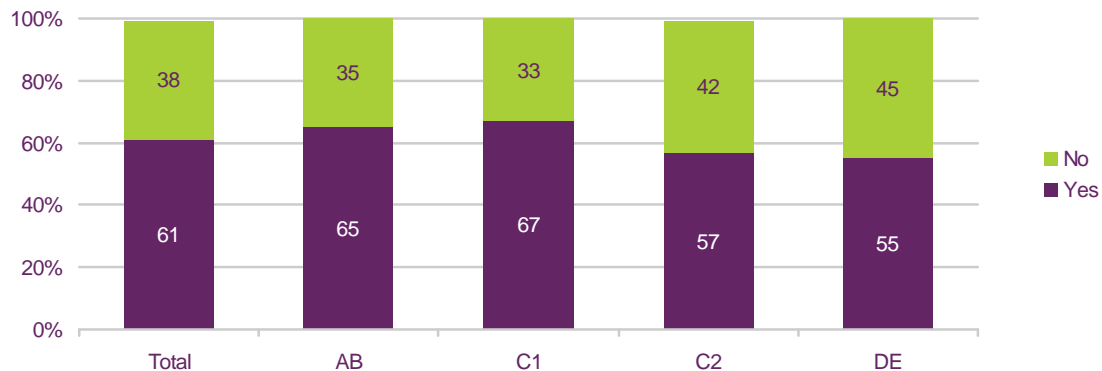


Q. Are you signed up to a package on your landline? E.g. calls to certain numbers are certain times are inclusive

Base: All adults with a landline at home, n = 979

1.36 Similarly, there were differences in take up amongst socio-economic grades – significantly higher numbers of ABs and C1s were signed up to landline packages compared with C2s and DEs. Lower take up of packages amongst DEs, in particular, is interesting given the trend for controlling costs through a package. However, from the qualitative findings, many DEs were older long-term BT loyalists and were unaware that they were on a package. This group tended to control costs by limiting the amount of calls.

Figure 6, Use of landline packages by SEG



Q. Are you signed up to a package on your landline? E.g. calls to certain numbers are certain times are inclusive

Base: All adults with a landline at home, n = 979

1.37 Among the qualitative sample, the vast majority of fixed line users were on some sort of package, although these varied in their sophistication

- Basic BT friends and family
- Free weekend / evening calls
- Unlimited free calls to landlines

- Low cost calls to specific countries (up to 59 minutes)

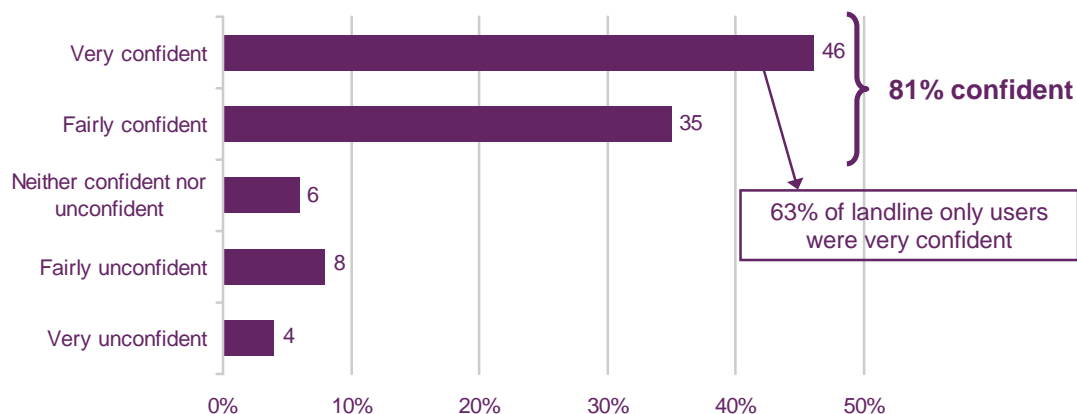
1.38 Many of these landline users had sought out particular packages that would suit their call behaviour, often driven by family or friends abroad

“I used to be with BT but it was costing a fortune to call my son in Australia, so I switched to Talk Talk and now I can call for up to an hour and it’s virtually nothing”

There was widespread understanding of these packages and the majority of landline calls were made within their package

1.39 The vast majority of landline users were confident that they understood what was included in their package

Figure 7, Confidence in knowledge of what is included in landline package

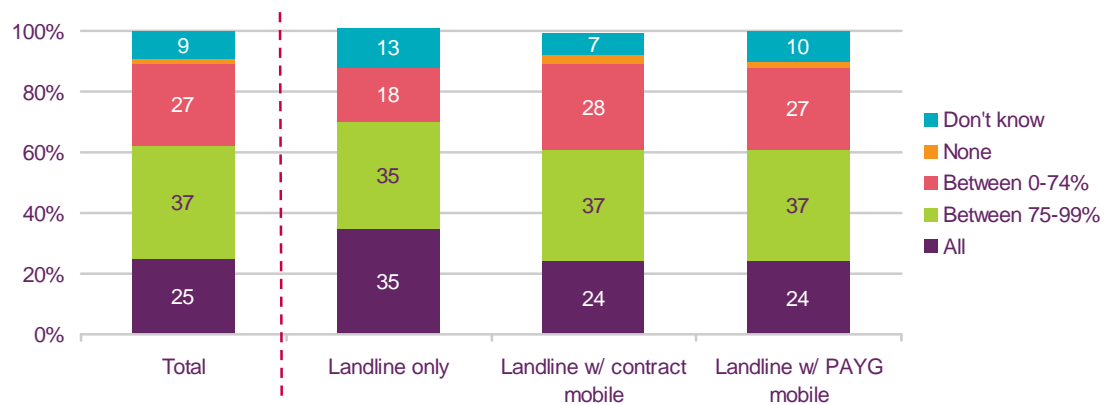


Q. How confident are you that you know what is included in your landline package? E.g. calls to other landline numbers

Base: All adults with a landline package, n = 602

1.40 The majority of calls were made within package - 62% of consumers made three quarters or more of their calls within package, and landline only users made more calls within packages than other user groups.

Figure 8, Proportion of calls made within package



Q. Roughly what proportion of your calls are made to numbers that are included and/or at times specified in your landline package?

Base: All adults with a landline package, n = 602

1.41 Among the qualitative sample, the proportion of calls made to numbers / at times within their package varied according to the type of user

1.42 The cost conscious / careful users tended to make almost all their calls within their fixed line package and would try to avoid making calls outside of their package

1.43 Amongst the more carefree, the proportion of calls would be somewhat less but generally these types would try to keep within package - it would depend on the degree of inconvenience this caused

“If I’ve got to make the call in the daytime, I’d just make it regardless of whether it’s in my package or not”.

1.44 There was a small minority of people who were less controlled than other users and would make calls to premium numbers, such as competition and advice lines. Amongst these few, the vast majority of calls would be within their package, but the additional premium rate calls would be made regardless of cost

“I know I shouldn’t as these calls do cost the earth, but sometimes I need to call these numbers and I don’t care about the cost at the time”

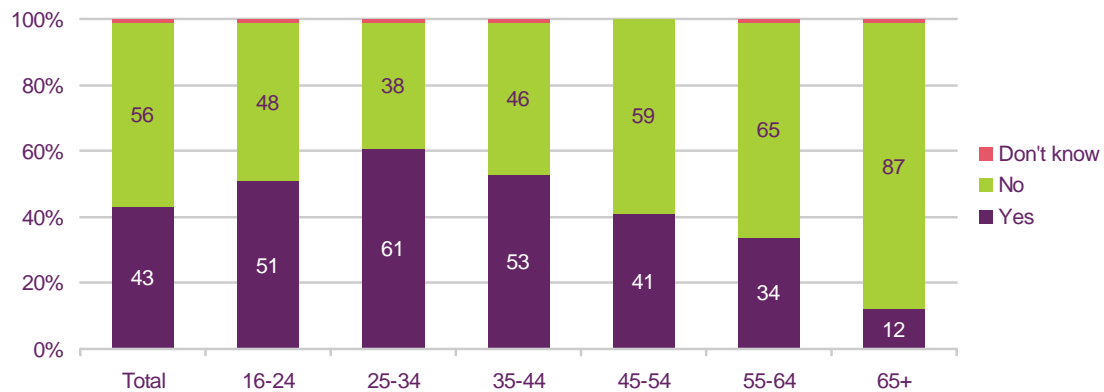
Mobile Packages (take up, awareness of contents, % of calls made within package)

Take up of mobile packages was, not surprisingly, in keeping with the proportion of consumers on a monthly contract

1.45 Take up of packages on mobile generally reflected payment method – for example, the numbers of packages among 25-44 yr olds was in keeping with the number of monthly contracts

1.46 However, the number of 16-24 yr olds signed up to packages was significantly higher than expected given the predominance of PAYG in this age group.

Figure 9, Use of mobile phone packages



Q. Are you signed up for a package on your mobile? (for example calls to certain numbers are inclusive or cheaper rates for same network, etc)?

Base: All adults with a mobile phone, n = 1102

1.47 Among the qualitative sample, almost all monthly contract users considered themselves on some sort of package, whereas PAYG users generally did not.

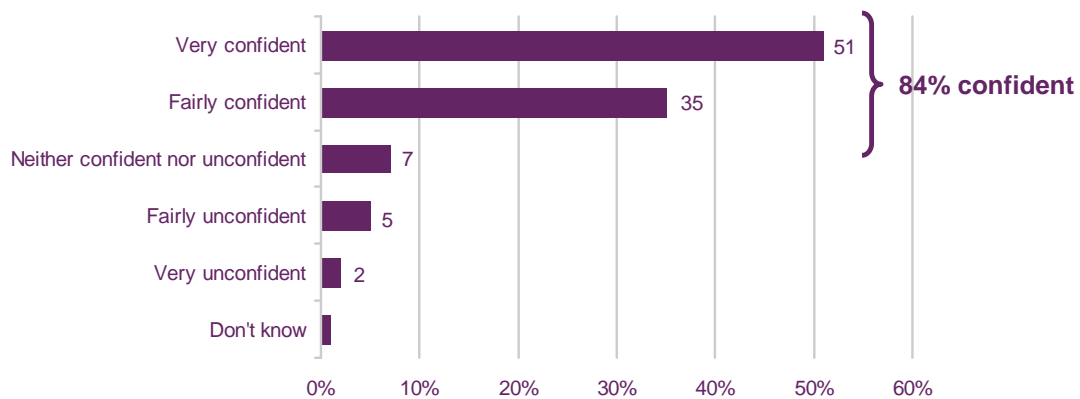
1.48 There was, however, a minority of PAYG users, predominantly users of one network, who considered themselves on a package

“We get a certain amount of free minutes and texts depending on the numbers we call, so it’s a bit like a monthly contract deal”

The majority of mobile contract users understood what was in their package and made most of their calls within their package

1.49 As with landline users, the vast majority of those signed up to a package were confident that they knew what was included

Figure 10, Confidence in knowledge of what is included in mobile package



Q. How confident are you that you know what is included in your mobile package (e.g. calls to other mobile numbers might be included in your minutes, but calls to other numbers might not)?

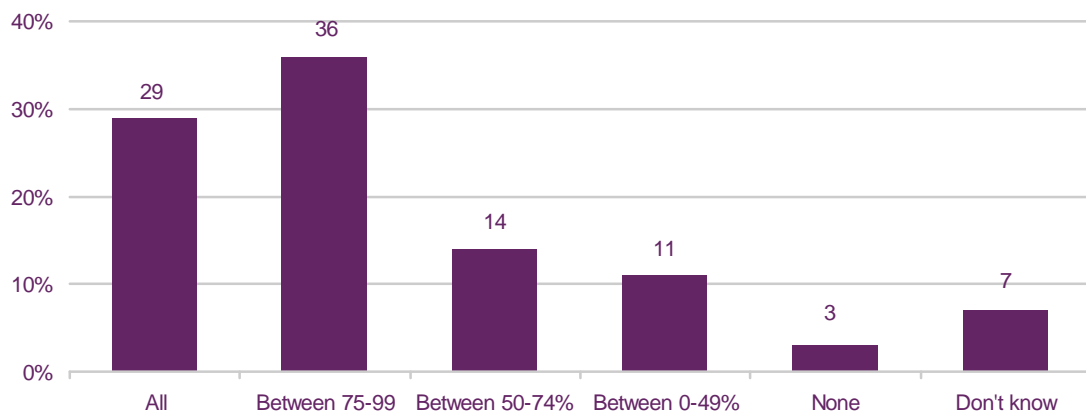
Base: All adults with a mobile phone package, n = 474

1.50 Among the qualitative sample, there was some uncertainty amongst a few as to whether landlines were included, but overall, almost all felt they knew the details of their package

“I’ve just switched to [x] because they now include all mobiles and landlines in the package so I’m covered for almost all of my calls”

1.51 As with landlines, the majority of consumers made most of their calls within their mobile package - 65% make three quarters or more of their calls within package and this was consistent across different demographics and user groups.

Figure 11, Proportion of calls made within mobile package



Q. Roughly, what percentage of your calls are made to numbers included and/or at the time specified in your mobile package?

Base: All adults with a mobile phone package, n = 474

In the qualitative research, consumers appeared to fall into three different user types in their attitudes towards call costs and their call behaviour

- 1.52 Among the qualitative sample, the proportion of calls made within their mobile package was defined by the type of user
- 1.53 The cost conscious / careful users tended to make almost all their calls within their mobile package and would rarely go over their package allowance. If calls needed to be made to numbers outside of their package, they tended to make alternative arrangements to using their mobile

“If I’ve got to call an 08xx number, then I’ll do this from a landline or at work, not from my mobile as I know they’re expensive”

- 1.54 For the more carefree, the majority of calls would be within package, but they would also continue to make calls beyond their allowance. For numbers outside of their package, e.g. 08, 09 and international calls, some attempt would be made to call from a landline but it would depend on the circumstances and the urgency of the call

“I generally stay within my allowance but I sometimes go over and don’t worry too much. For 08 numbers, I’ll try to call from a landline as it’s cheaper but if I need to make the call there and then, I’ll just do it from my mobile”.

- 1.55 Those consumers who were at times out of control tended to act in the same way as the carefree with their mobiles and only use their fixed lines for premium rate calls

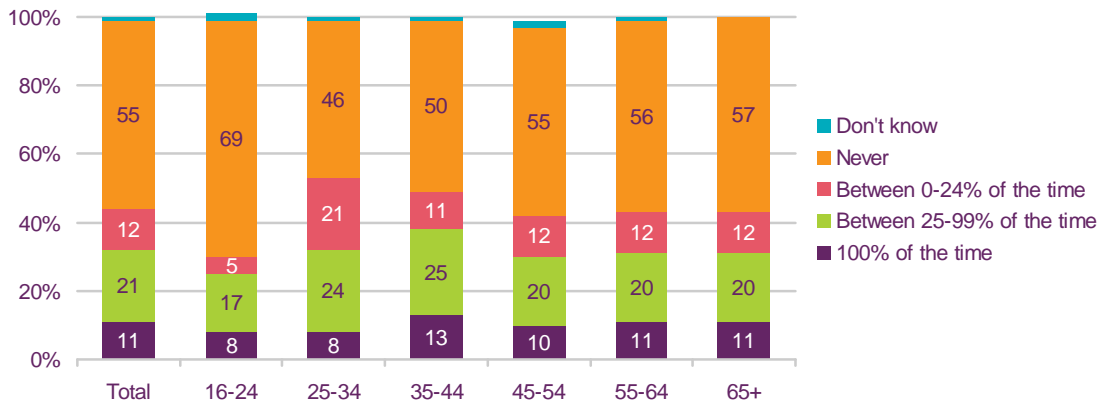
“I’m aware of the cost of these calls and wouldn’t make them from my mobile – they’re expensive enough from the landline”

Consideration of call costs (overall frequency, circumstances when costs considered and numbers considered)

With the exception of mobile PAYG users, most consumers rarely think of individual call costs

- 1.56 The majority of landline users (67%) spend less than 25% of the time when making a call thinking about call costs and nearly 70% of 16-24 yr olds never think about call costs. However, overall about a third do still think about call costs more than 25% of the time when making a call.

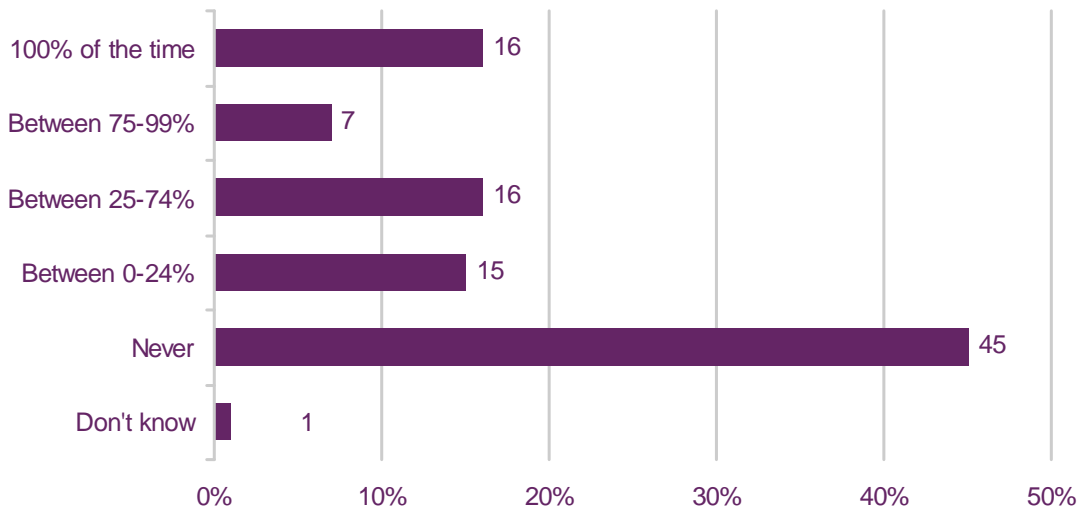
Figure 12, Frequency callers think about the cost of landline calls



Q9. When using a landline, how often do you think about the cost of a call?
 Base: All adults with a landline, n = 979

1.57 Mobile users were largely similar to landline users. 60% of mobile users spend less than 25% of the time thinking about calls costs, although slightly more mobile users (39%) did spend 25% or more thinking about call costs some of the time.

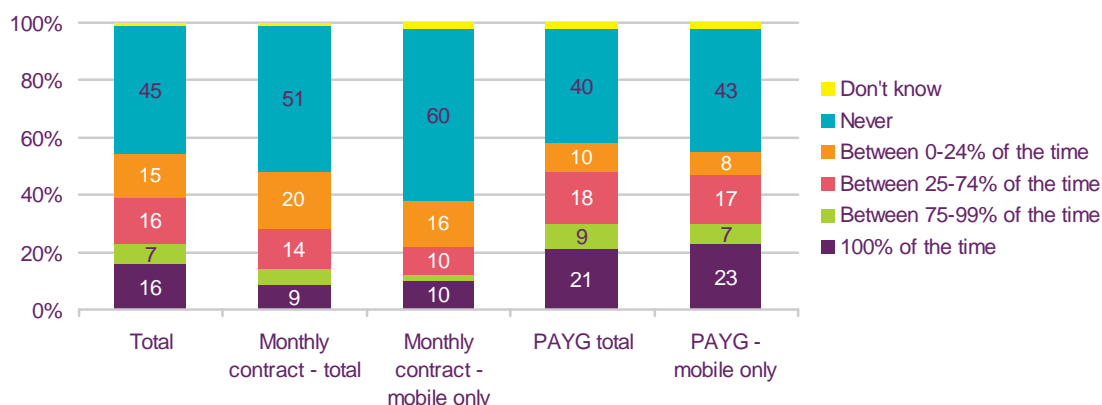
Figure 13, Frequency callers think about the cost of mobile calls



Q. When making a call from your mobile, how often do you think about the cost of the call?
 Base: All adults with a mobile phone, n = 1102

1.58 There were some differences in attitudes between contract and PAYG mobile users – PAYG users think about call costs significantly more frequently than contract users.

Figure 14, Frequency callers think about the cost of mobile calls, by payment type



Q. When making a call from your mobile, how often do you think about the cost of the call?

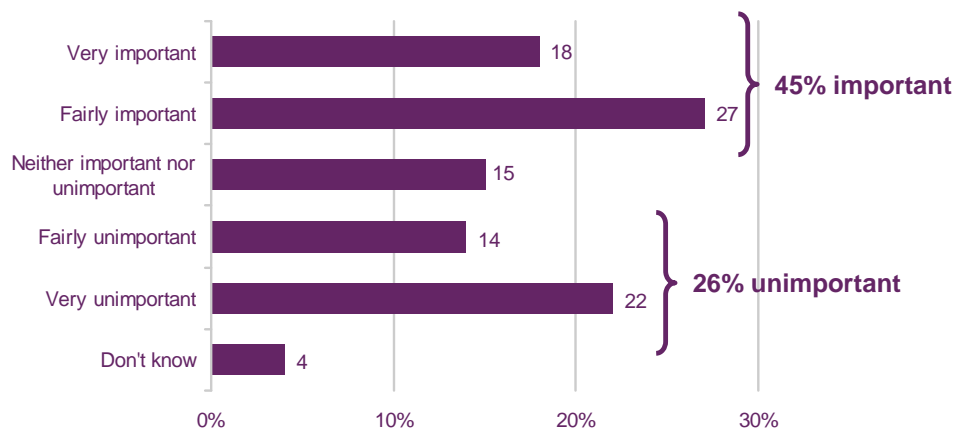
Base: All adults with a mobile phone, n = 1102

Most consumers only considered call costs when calling numbers outside of their package

- 1.59 Amongst the qualitative sample, there was a clear distinction made between calls made within their package and calls made outside of their package.
- 1.60 Almost no-one considered the cost of calls made within their package and, given that the majority of calls were made within their package, most consumers did not think about call costs very often.

“You just think about it in terms of how many minutes you’ve got left or the number of texts, I never think about call costs for most of my calls”.
- 1.61 However, 45% of consumers in the quantitative survey still considered call costs within packages important and these results were largely consistent across the sample, albeit PAYG users thought costs were more important than monthly contract users.
- 1.62 It is difficult to identify why the findings differ from the qualitative results. One explanation is that this question was not asked alongside questions relating to packages but at the end of the survey alongside questions relating to costs of calls (Q.38). This might have had the effect of provoking a purely rational response in isolation of the context of making most calls within their package.

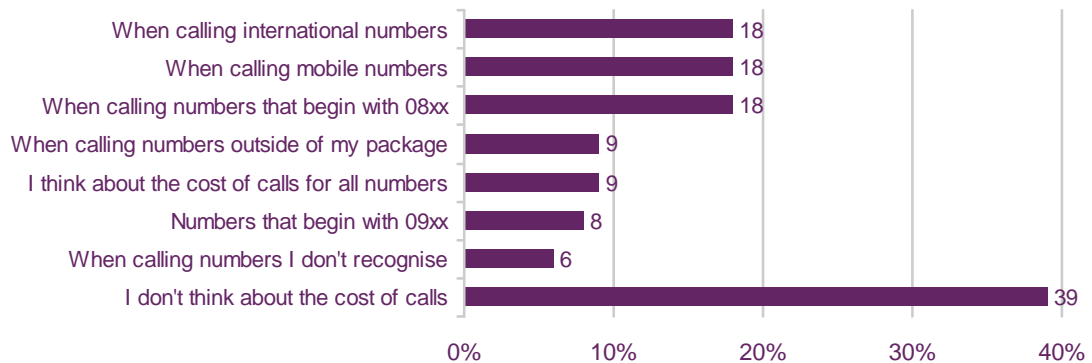
Figure 15, Importance of the cost of calls that are within packages



Q. When calling numbers that you know are contained within your package, for example mobile to mobile numbers or landline to landline numbers, how important is the actual cost of the call?
 Base: All adults, n = 1229

1.63 When calling from a landline, whilst most did not consider call costs at all, consumers considered costs when making calls to international, mobile and numbers beginning with 08xx.

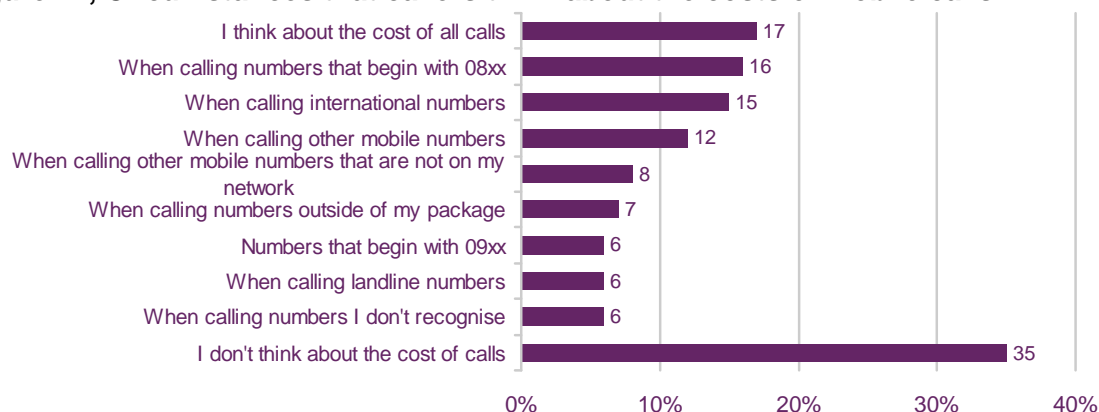
Figure 16, Circumstances that callers think about the costs of landline calls



Q. When calling from a landline, under what circumstances might you think about the cost of the call?
 Base: All adults with a landline, n = 979

1.64 These results were largely similar when calling from a mobile, although slightly more mobile users thought about the cost of all calls overall than landline users. This was due to the inclusion of PAYG users in the sample, who thought about the cost of all calls more than other user groups.

Figure 17, Circumstances that callers think about the costs of mobile calls



Q. When making a call from your mobile, under what circumstances might you think about the cost of the call?

Base: All adults with a mobile phone, n = 1102

1.65 In the qualitative sample, the vast majority only considered call costs when making calls outside of their package – to mobiles, 08xx and international numbers

“When I go over my allowance, that’s when I get charged a lot but I have no idea really how much, even to the regular numbers I call”

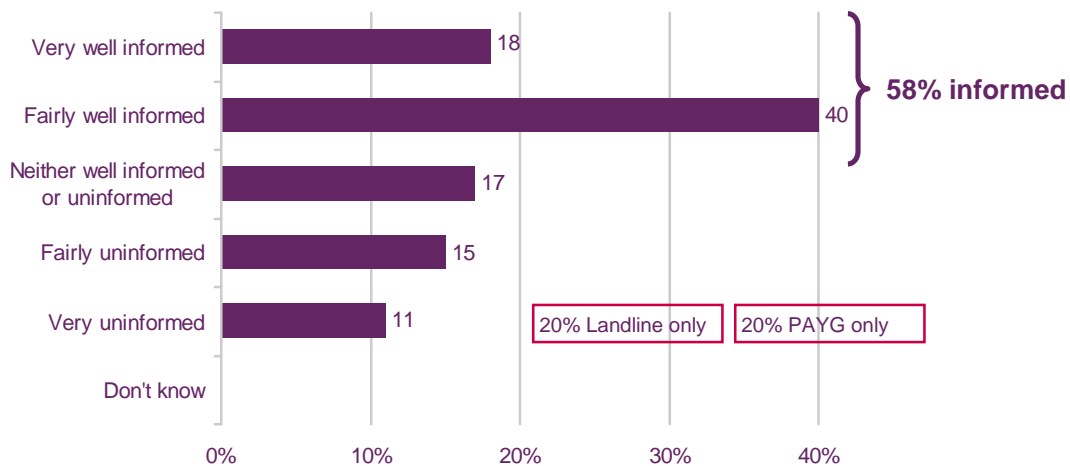
“I have no idea how much these 0845 and 0870 numbers cost, it would be good to know these costs so I know how long to hang on”

“International calls are where I’ve been caught out a few times”

Knowledge of call costs / looking up call costs

From the qualitative findings, there was a strong sense that consumers were increasingly distanced from individual call costs

1.66 Over half of consumers felt informed about call costs, but 1 in 5 landline only and PAYG only users felt very uninformed

Figure 18, How well informed consumers feel about call costs

Q. In general, how well informed about call costs would you say you are?

Base: All adults, n =1229

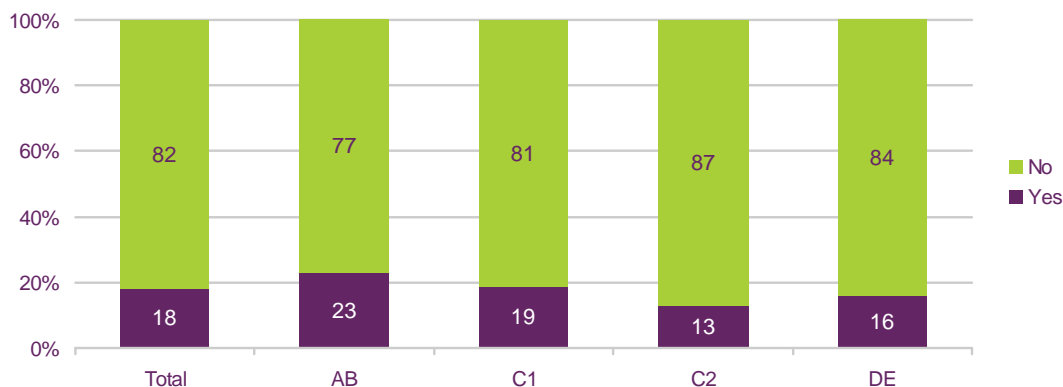
Consumers varied by how informed they felt about call costs but almost all made assumptions that helped them manage expenditure

- 1.67 Amongst the qualitative sample, respondents varied considerably in their perceived knowledge of call costs. Overall, most felt fairly uninformed, particularly about the cost of calls outside their package.
- 1.68 Nevertheless, respondents would make assumptions about call costs and these would influence their call behaviour.
- 1.69 Calls to landlines were seen as relatively inexpensive from another landline and more expensive from a mobile. This had little effect on many of the more carefree respondents who would make calls from either a landline or mobile, but the cost conscious tended only to make calls within package.
- 1.70 Calls from landlines to mobiles were generally seen as expensive and were avoided by most, particularly the cost conscious / careful. Calls to mobiles tended to be made from mobiles.
- 1.71 Calls to 08xx numbers were seen as expensive, even premium rate, but they were considered cheaper from landlines than mobiles and so most would try to use the landline. PAYG customers were particularly sensitive to these numbers, although some were not allowed to make these calls by their operator.
- 1.72 Calls to 09xx numbers were considered expensive and almost all respondents would avoid calling these numbers. However, calls to these numbers from a fixed line were seen as less expensive than from a mobile and respondents would use fixed lines generally when calling these numbers.
- 1.73 International calls were seen as expensive and often the catalyst for finding out a new operator / tariff – several had been badly caught out on these calls.

The number of consumers looking up call costs was very limited

1.74 The number of consumers who looked up the cost of calls was very limited, and those that had looked up calls generally did this less than 25% of the time.

Figure 19, Proportion of consumer who have looked up the cost of a call

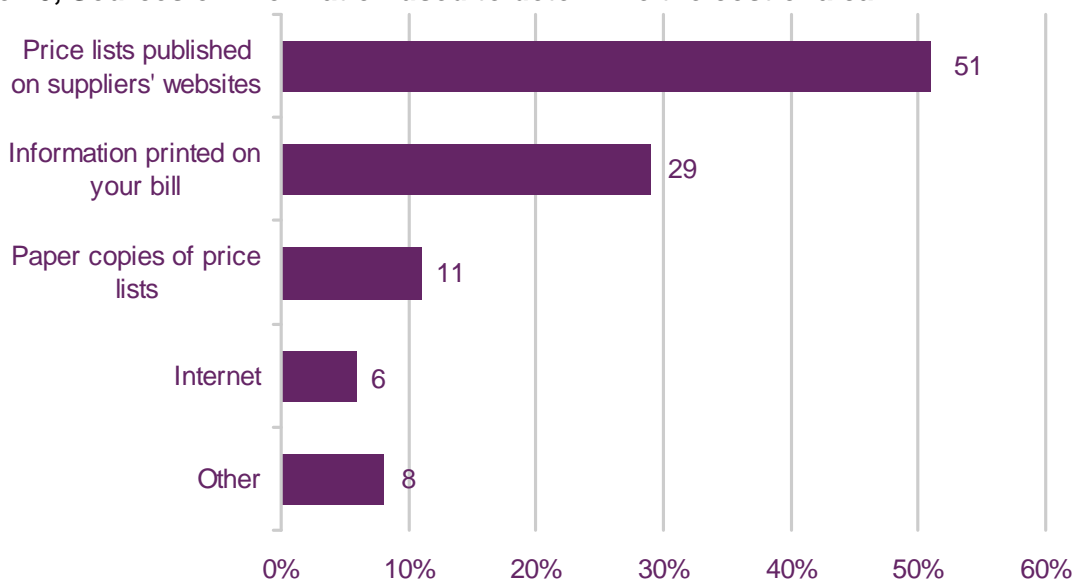


Q. Have you ever looked up pricing information to determine the cost of a call?

Base: All adults, n =1229

1.75 Websites were by far the most popular sources of information for those looking up call costs

Figure 20, Sources of information used to determine the cost of a call

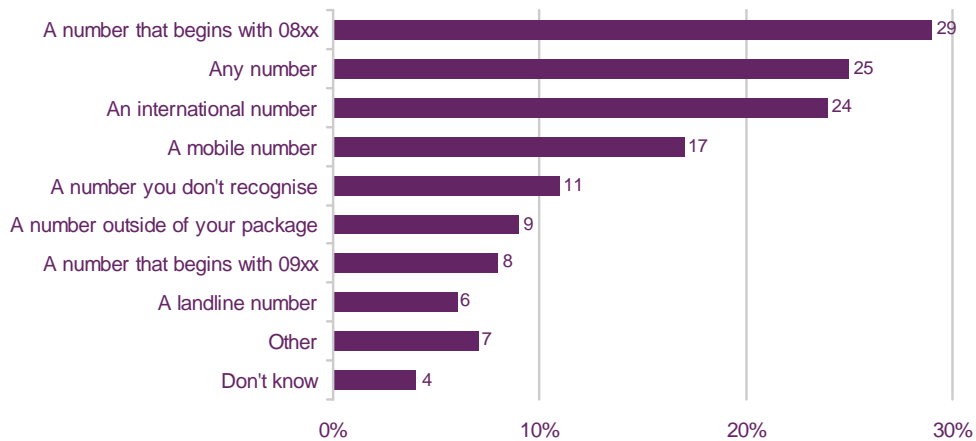


Q. What sources of pricing information do you use?

Base: All respondents who have ever looked up pricing information to determine the cost of a call (n=221)

1.76 Consumers looked for information about the cost of 08xx numbers, any number and international numbers the most frequently.

Figure 21, Types of telephone numbers that pricing information is used for

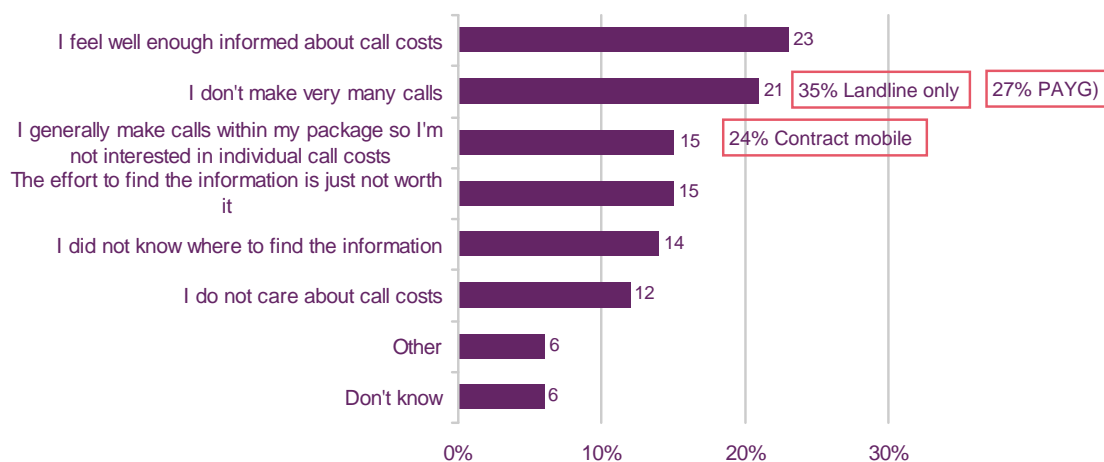


Q. For what type of telephone numbers do you look up pricing information?

Base: All respondents who have ever looked up pricing information to determine the cost of a call (n=221)

1.77 The reasons given for not looking up calls costs were a combination of having enough information about call costs, not making many calls (landline only, PAYG mobile users) or making calls within package (contract mobile users)

Figure 22, Reasons that consumers have not looked up call costs



Q. What is the reason you have never looked up call costs?

Base: All respondents who have never looked up pricing information to determine the cost of a call (n=1008)

1.78 Amongst the qualitative sample, similar reasons were given

"I'm sure there's information there but by the time I've looked it up, it's really not worth it"

"I feel I know enough not to rack up huge bills, I've got better things to be doing"

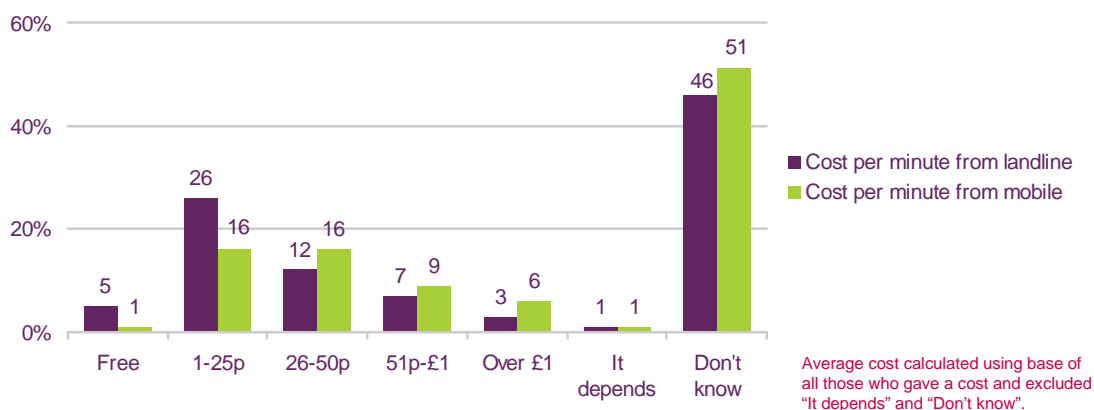
"I don't make that many calls and my bills tend to be the same, so there's no need"

08xx numbers – perception vs reality

08xx numbers were a source of confusion and suspicion for many consumers

- 1.79 08xx numbers appear to be a focal point for consumers
- 1.80 The costs of these calls and international calls were mostly likely to be considered by consumers from either a landline or a mobile (particularly PAYG)
- 1.81 And those that looked up call costs would look up 08xx numbers more than any other
- 1.82 This was no doubt due to consumers' perceptions of the costs of calling these numbers – most were unsure of the cost and tended to think of them as expensive, even premium rate numbers.
- 1.83 The average cost of calling 0845 numbers from a landline / mobile was thought to be much higher than the actual cost
 - From a landline: 29.75ppm
 - From a mobile: 45.69ppm

Figure 23, Estimated cost of calling 0845 numbers



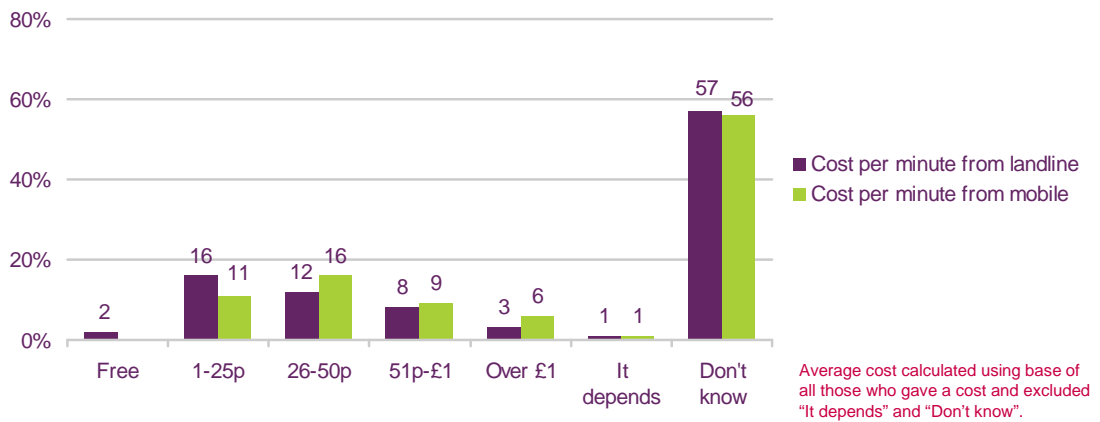
Q. How much do you think it costs to call the following types of telephone numbers from your landline phone / mobile at home during the daytime on a weekday? 0845
 Base: All respondents with a landline and/or mobile (landline: n=979; mobile: n=1102)³

- 1.84 The average cost of calling 0870 numbers from a landline / mobile was also thought to be much higher than the actual cost
 - From a landline: 38.72ppm

³ Please note that the proportion of respondents who answered "don't know" to the question reported in Figures 23 and 24 was higher than we have seen in similar questions in the past. This may be because the question was positioned at the end of a relatively lengthy interview that may have meant that respondents were less confident about the cost of calling these number by this stage in the research process.

- From a mobile: 50.98ppm

Figure 24, Estimated cost of calling 0870 numbers



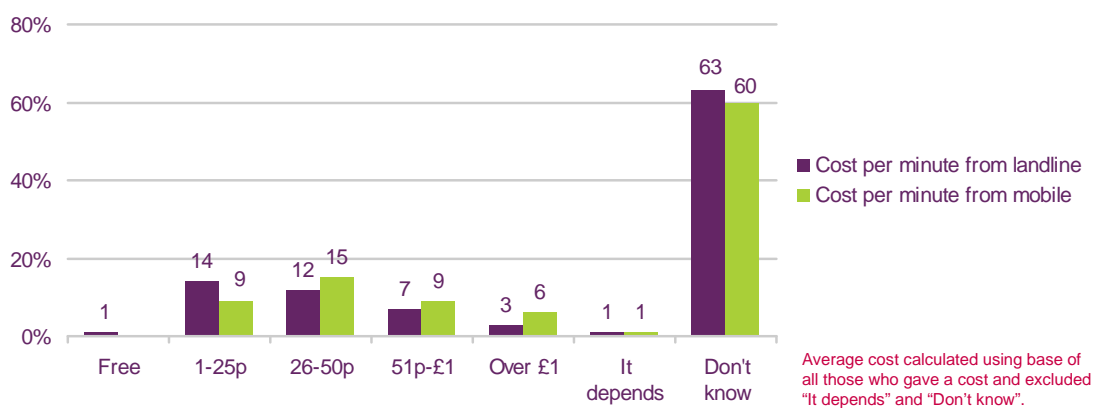
Q. How much do you think it costs to call the following types of telephone numbers from your landline phone / mobile at home during the daytime on a weekday? 0870

Base: All respondents with a landline and/or mobile (landline: n=979; mobile: n=1102)

1.85 Similarly, perceptions of the cost of calling 0871 numbers was much higher than the actual Rate:

- From a landline: 40.56ppm
- From a mobile: 51.76ppm

Figure 25, Estimated cost of calling 0871 numbers



Q. How much do you think it costs to call the following types of telephone numbers from your landline phone / mobile at home during the daytime on a weekday? 0871

Base: All respondents with a landline and/or mobile (landline: n=979; mobile: n=1102)

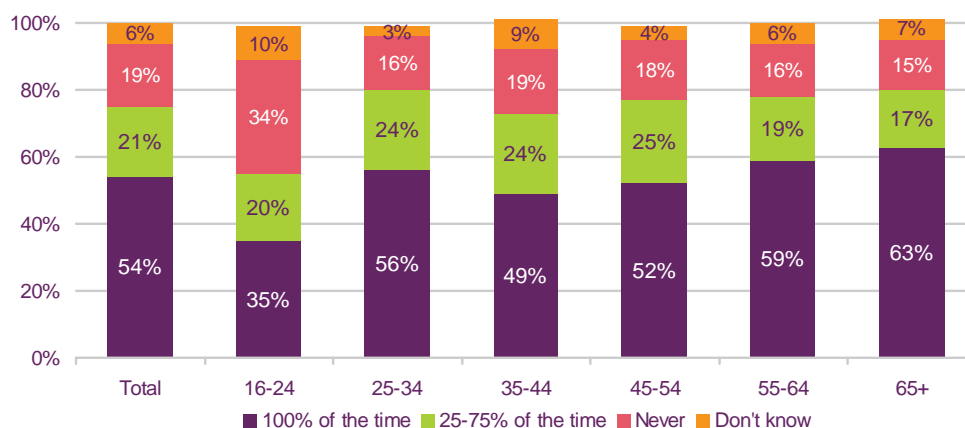
Different perceptions of 08xx provoked a range of different behaviours

- 1.86 From the qualitative sample, consumers knew these numbers were not included in their package and were therefore a cost and often seen as expensive (otherwise they would be included in their package)
- 1.87 Most did not know the cost of these calls, but they thought they varied considerably and concluded that they were expensive / premium rate numbers
“They sit between 07 and 09 numbers, both of which are expensive”.
- 1.88 There was also considerable antagonism when calling these numbers because they were seen as business numbers which they did not wish to call but were obliged to. Many respondents objected to being charged for calls to many of these services.
- 1.89 In addition, respondents believed that they were made to hold for a considerable amount of time, thereby fuelling their anxiety about call costs and general feelings of helplessness. Many also complained that the experience of some call centres was often less than satisfactory.
- 1.90 Many were aware of “Say no to 0870” website, which appeared to be fuelling the conspiracy mindset. The lack of transparency surrounding these numbers led respondents to suspect that operators were being deliberately obtuse and were making money on these numbers.

Bill checking, surprises and subsequent behaviour

- 1.91 Over half of consumers would always check their bill but the majority consumers had not been surprised by their bill in the past 12 months.
- 1.92 Most consumers (76%) check their bills some of the time, with over half saying they check them 100% of the time.
- 1.93 Not surprisingly, perhaps, as some are likely not to be bill payers, 16-24 yr olds check their bills significantly less than other age groups.

Figure 26, Frequency of bill checking by age

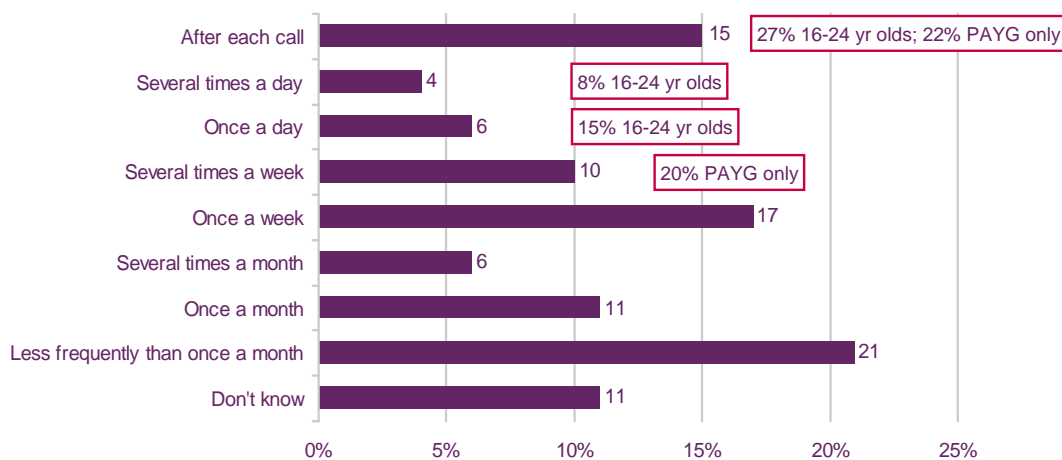


Q. How often do you check your bills?

Base: All respondents who use a landline or contract mobile phone (n=1098)

- 1.94 From the qualitative interviews, it was clear that the vast majority do not scrutinise their bills, rather they glance at the overall figure to see whether it is in keeping with their usual amount.
- 1.95 Only if the bill was significantly more than the usual amount would respondents look at the detail. This amount appeared to vary from £5 among the more cost conscious / lower expenditure to £10-15 amongst the higher spenders.
- 1.96 Frequency of checking credit among PAYG mobile users varied considerably, with 16-24 yr olds and those with a PAYG mobile only (no landline) checking their credit significantly more frequently than others.

Figure 27, Frequency of checking credit on pay as you go mobile phones

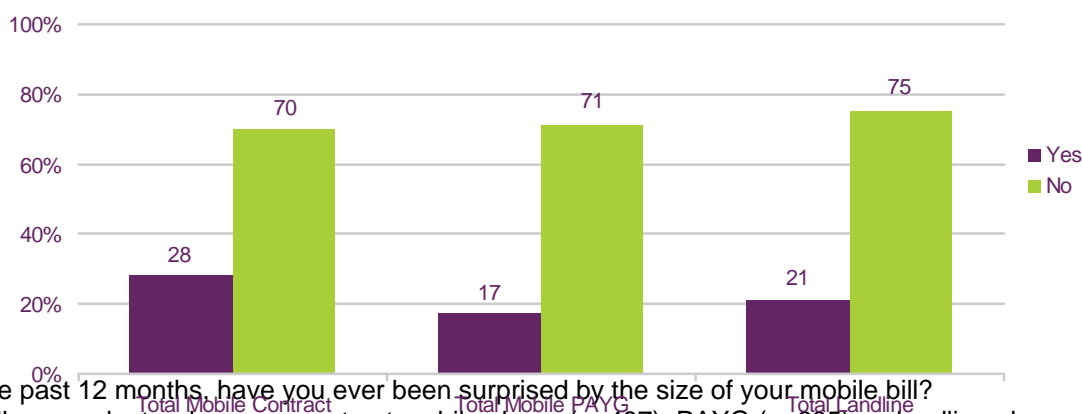


Q. How often do you check the credit you have remaining?
 Base: All Respondents who have a pay as you go mobile (n=605)

The few bill surprises were reported to be due to international, 08xx and mobile numbers, but, when reviewing their bills, perceptions of 08xx numbers were very different

- 1.97 The numbers of contract mobile users who have been surprised by their bill in the last 12 months was higher than landline and PAYG users, but the majority of consumers had not encountered any surprises.
- 1.98 16-24 yr olds however were significantly more likely than other PAYG groups to be surprised by their bills (31%).

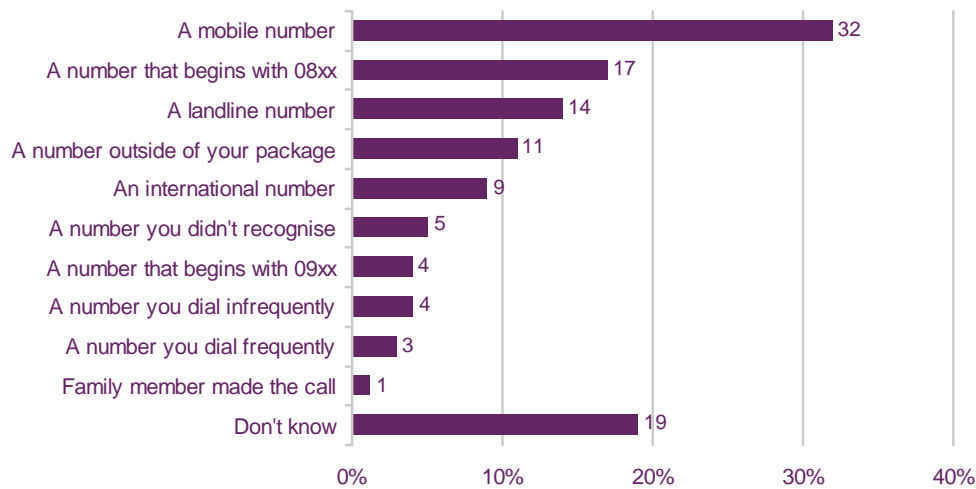
Figure 28, Whether consumers have been surprised by the cost a mobile phone bill



Q. In the past 12 months, have you ever been surprised by the size of your mobile bill?
 Base All respondents who use a contract mobile phone (n=497), PAYG (n=605), or landline phone (n=979)

- 1.99 Amongst the qualitative sample, the frequency of bill surprises was similarly limited, and usually only amongst the more carefree. The cost conscious / careful respondents very rarely had surprises, aside from when the bill was thought to be incorrect.
- 1.100 The majority of landline users reported that they were surprised by the bill that they received for services between two and five times in the past 12 months, although there was a small minority (14%) that were surprised by the bill each time that they received it.
- 1.101 Amongst contract mobile users, the frequency varied, with customers reporting surprise with the bill that they received either once, or between 2 and 5 times, in the past 12 months. Just over a quarter of PAYG users were surprised on about half of the occasions, in the preceding 12 months when they received their bill.
- 1.102 Most of those surprised by their bill would check where the extra charges came from – contract mobile users were marginally less likely to check their bill (76%) compared with landline users (84%).
- 1.103 The most common causes of extra cost for both landline and mobile (contract and PAYG) users were call charges to particular numbers or the cost of calls generally. The cost of texts/ downloads were also the cause of surprise to some mobile users, both contract and PAYG.
- 1.104 When consumers paid more for a call than expected, the type of number differed somewhat between the different user groups
 - 1.104.1 Mobiles were the most common source of extra cost for landline users, followed by 08xx and other landline
 - 1.104.2 International calls, 08xx numbers and numbers outside their package were the most common source of extra cost for contract mobile users
 - 1.104.3 Mobiles, 08xx and landline numbers were the most common source for PAYG mobile - 08xx numbers, in particular for PAYG mobile only users.
- 1.105 The perception that 08xx numbers were a source of extra cost was common to all users.

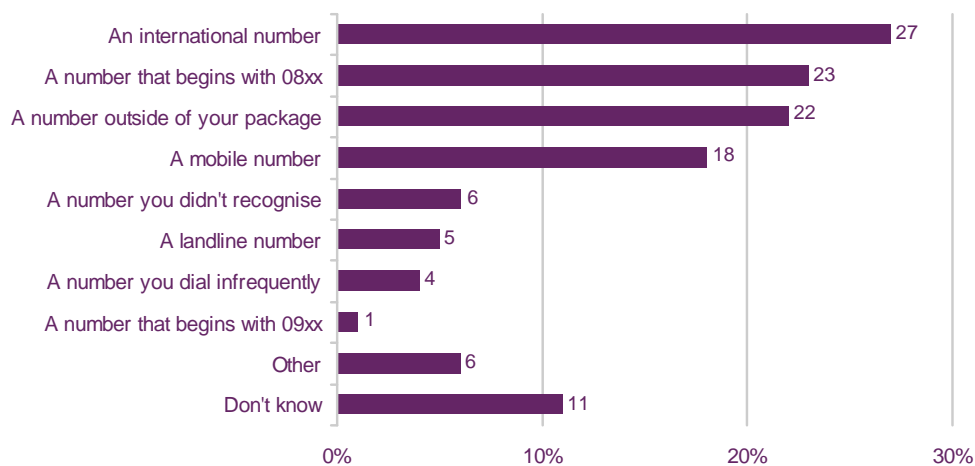
Figure 29, Type of number that caused surprise at landline bill cost



Q. When you paid more for a call than you expected, what sort of number was it?

Base: All respondents who check their bill when they have been surprised by the size of their landline bill in the last 12 months, (excl those whose extra cost came from a billing error) (n=171)

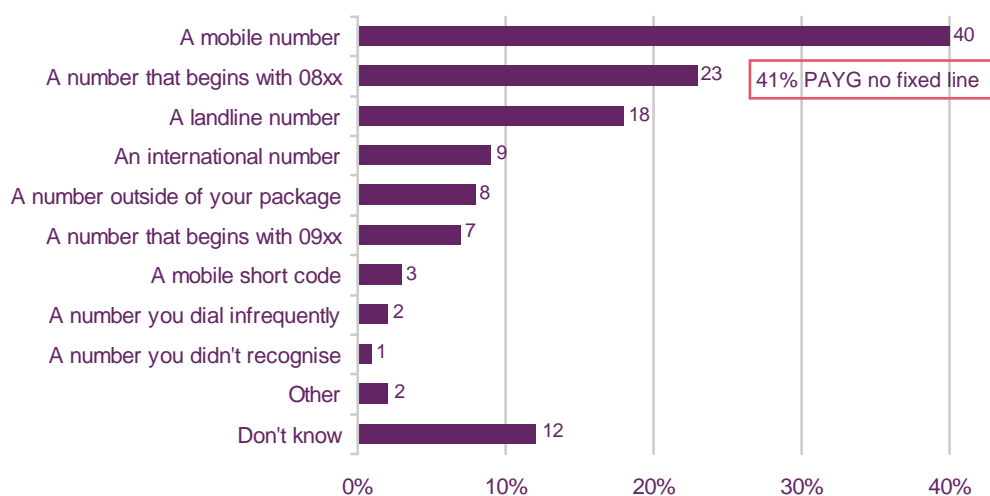
Figure 30, Type of number that caused surprise at mobile phone bill cost (contract mobile)



Q. When you paid more for a call than you expected, what sort of number was it?

Base: All respondents who check their bill when they have been surprised by the size of their mobile phone bill in the last 12 months (excl those whose extra cost came from a billing error) (n=107)

Figure 31, Type of number that pay as you go customers have paid more to call than expected



Q. For which numbers have you paid more for a call than you expected?

Base: All respondents who have been surprised by the cost of some of their calls on their pay as you go mobile phone (n=101)

1.106 The effect of these extra costs on landline and contract mobile users who had been surprised by their bill was very similar

1.106.1 Extra call costs resulted in some action or a change in call behaviour (e.g. spending less time on, or avoiding calling the number again) by about 60% of consumers. But for 29%, the extra costs made no difference

1.107 For PAYG users, the extra costs cause a change in behaviour for about a third of consumers (spending less time on the call, avoiding the call). For 26%, the extra costs made no difference.

1.108 Amongst the qualitative sample, bill surprises were similarly rare. Surprises were generally related to international calls, 09 numbers and directory enquiries and, with a few exceptions, almost all respondents had changed their behaviour as a result of the surprise

"I was calling my boyfriend in Amsterdam for a month and then I got the bill, it was huge so now I get him to call me back or limit the amount of time we spend on the call"

"I was calling my son in Australia and the bills were huge, so I changed to Talk Talk and now I talk for as long as I like"

"I went through a phase of calling these competition lines until I got the bill, then I stopped"

"I thought 118 118 directory enquiries were free, and then I saw my mobile bill and it was huge – never again"

1.109 The exceptions were the carefree who had used up their minutes and the out of control consumers

“I always seem to go over my minutes and get stung, but I still make the calls because I like talking to my mates”

“I had a bill for over £500, it was silly but I told myself that it was worth it and set up a regular payment so I wouldn’t have to think about it”

1.110 A few respondents claimed that they had been surprised by the cost of calls to 08xx numbers. However, on close examination of their bill, all were surprised at how little these calls actually cost

“I thought it would be about £5 for a few minutes, but it’s only 50p; it would make me much less annoyed if I knew that”

Attitudes towards price transparency

1.111 From the qualitative sample, the majority of respondents appeared to be in control of their call usage and expenditure and felt that increased price transparency would be unlikely to have much effect on their behaviour.

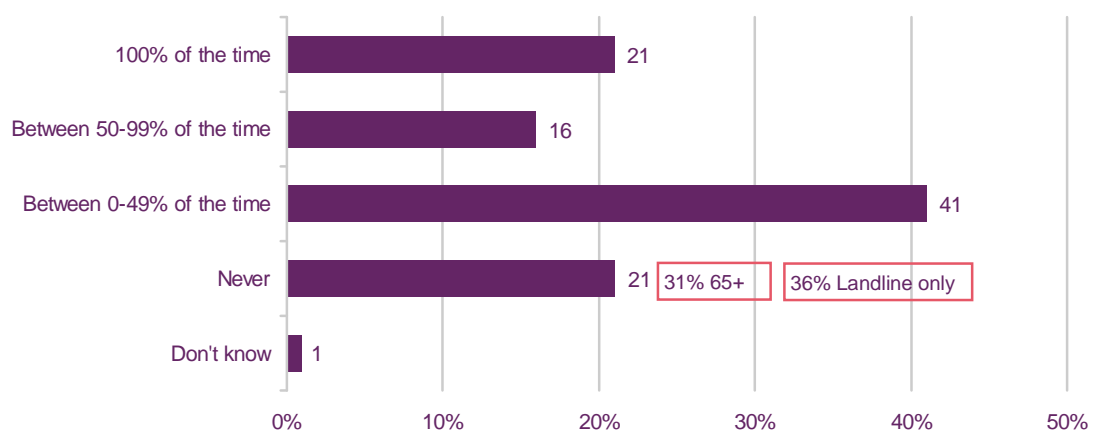
“The thing is, it would be nice to know how much a call costs to one of these businesses, but in reality, I know it doesn’t affect my bill that much so I don’t really care”

“Generally we already make arrangements for calls outside our package which seem to work as I never notice them on the bill, so I don’t think knowing the cost of the call would make any difference”

1.112 But confusion and uncertainty around 08xx numbers appeared to have an effect on consumers’ call behaviour.

1.113 When asked how often consumers would make the call that they knew was not contained in their package and they did not know the cost (e.g. calling 08xx numbers), response was very varied, with the over 65s and landline only users avoiding these calls where possible.

Figure 32, Frequency that consumers would make calls to out of bundle numbers that they don’t know the cost of (e.g., 0845, 0870 or 0871 numbers)

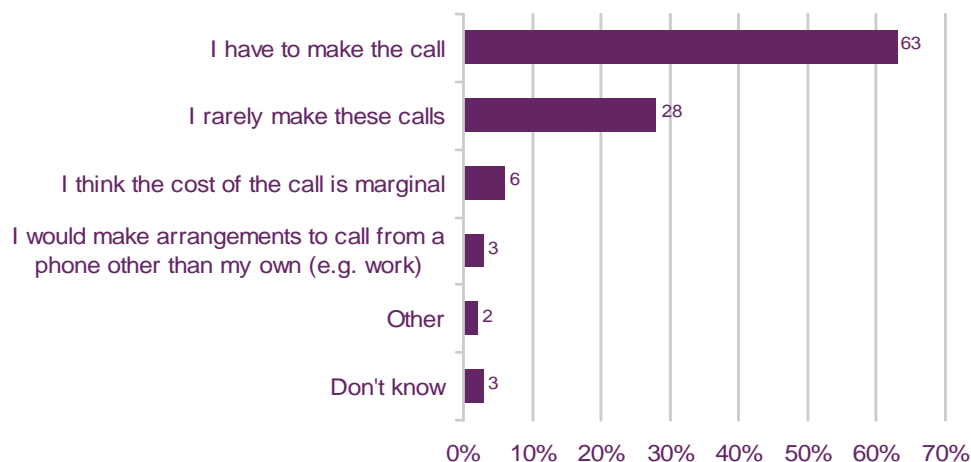


Q. Let's say you are calling a number that you know is not contained in your package and you also don't know the cost (for example calling a number beginning 0845 or 0871 or 0870), how often would you make the call?

Base: All respondents (n=1229)

1.114 When asked why consumers still made the call when they knew the number was not contained in their package and they did not know the cost (e.g. calling 08xx numbers), most said it was because they had to make the call.

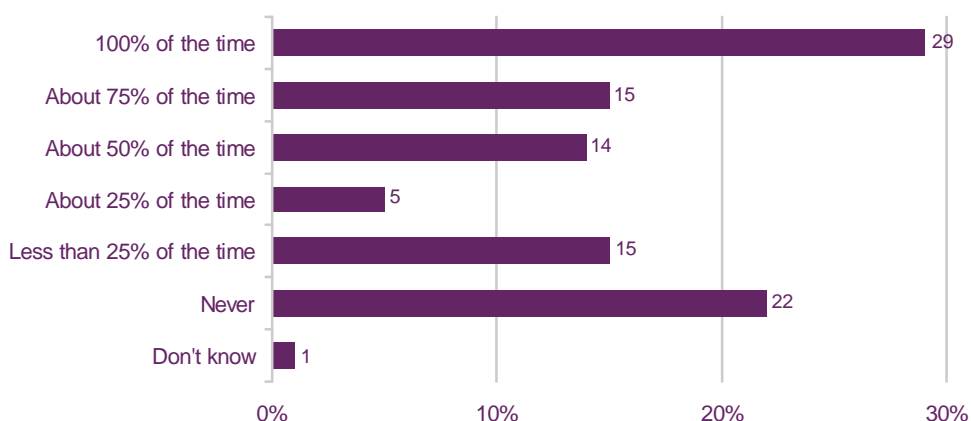
Figure 33, Reasons given for making out of bundle calls to numbers when the cost is not known



Q. When calling a number that you know is not contained in your package and you also don't know the cost (for example calling a number beginning 0871), why do you still make the call?
 Base: All respondents who would make the call (n=967)

1.115 When asked how often consumers spent less time on the call to a number that they knew was not contained in their package and they did not know the cost (for example calling a number beginning 0871), response was similarly varied.

Figure 34, How often do consumers spend less time on out of bundle calls when the cost is not known?



Q. When calling a number that you know is not contained in your package and you also don't know the cost (for example calling a number beginning 0871), how often do you spend less time on the call?
 Base: All respondents who would make the call (n=967)

1.116 It appears from these results that behaviour around 08xx numbers is varied and often based on a mistaken perception of costs.

1.117 From the qualitative interviews, it was clear that most consumers would make the call if they had to, and only some, mostly PAYG users, would take steps to avoid making the call from their own phone due to concern about call costs.

“If I’ve got to make the call I’ll make it whatever the number and cost – it hasn’t seemed to affect me much in the past so I’m not that interested”.

1.118 Several felt that the confusion around 08x numbers was encouraging them to behave in a way that was perhaps unnecessary (e.g. going online to find out the geographic number, calling from work rather than home, avoiding these calls altogether, becoming anxious about the length of the call and hanging up, etc).

1.119 These consumers felt that increased price transparency around these 08x numbers would mean they might spend longer on the calls without the cost anxiety and it might also reduce the antagonism felt towards the companies being called.

“We think these calls are much more than they are and so we get really annoyed having to hang on, but actually they’re pretty cheap and it’s all a lot of fuss about nothing”.

1.120 A minority of the more carefree users also wanted more transparency for any number outside of their package

“It would be good to know how much a call costs when I go over my minutes as this is when I tend to get stung; it might make me think about how long I spend on the call”.

1.121 Overall, the majority of consumers appeared to be in control of their call usage and expenditure and felt that increased price transparency would be unlikely to have much effect on their behaviour.

“The thing is, it would be nice to know how much a call costs to one of these businesses, but in reality, I know it doesn’t affect my bill that much so I don’t really care”.

“Generally we already make arrangements for calls outside our package which seem to work as I never notice them on the bill, so I don’t think knowing the cost of the call would make any difference”.

“If I’ve got to make the call I’ll make it whatever the number and cost – it hasn’t seemed to have affected me much in the past so I’m not that interested”.