



FIXED BROADBAND ADVERTISING OF PRICES

MCMR / 117

A RESEARCH STUDY

FINAL REPORT

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**Prepared for:
Ofcom and the ASA**

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1. Executive Summary

1.1 Introduction

Ofcom is working with the ASA to assess whether current advertising for the fixed broadband market provides fixed broadband decision-makers with information that is sufficiently clear to allow them to make informed choices and to avoid them being misled.

The ASA's current position on fixed broadband advertising states that if consumers are required to take line rental from the marketer in order to obtain the advertised services, marketers should include line rental in quoted prices or state the price of line rental clearly alongside the most prominent prices for the advertised services. One-off set up costs may be set out in small print and positioned away from the total cost per month.

As part of this work, in June 2015 Ofcom commissioned Futuresight to conduct qualitative and quantitative research among fixed broadband decision-makers.

The overall objectives of this study were to test and assess fixed broadband decision-makers' ability to identify and correctly calculate . . .

- The total cost per month¹ for fixed broadband, that typically comprises two separate components, i.e., the price for the broadband service itself (which is sometimes free for a certain period) and the monthly line rental (which is payable throughout the contract)
- Any other pricing information relevant to the deal advertised that allows fixed broadband decision-makers to determine the overall cost of the contract, e.g., the cost of the broadband service after any discounted introductory period (or any introductory offer that is stated as being offered for free), any one-off installation, activation or hub delivery charges and the length of the contract.

The research comprised a communication test² and in-depth assessment of responses to a representative selection of TV, press and outdoor advertising, plus fixed broadband offers presented by fixed broadband providers online.

Further details of the research background and approach can be found in Section 2 and in Appendix 4.1.

¹ We define the total cost per month as the cost (if any) of the broadband service itself plus the monthly line rental. Combined, this forms the **total cost per month** at the outset of the contract, **after** any one-off set-up costs have been paid and accounted for, and **before** the end of any introductory period. Please see section 2.4 for further details and an example that illustrates the method used.

² See Sections 2.3 and 2.5 for a detailed explanation of the communication test employed.

In brief, the key details are as follows:

- This was a combined qualitative and quantitative study in the form of a communication test and in-depth assessment of fixed broadband decision-makers' response to current fixed broadband advertising
- A total of 300 participants took part. Quotas were set, using Ofcom's Switching Tracker survey 2014 to ensure that the full range of fixed broadband decision-makers was fully represented
- All participants in the study were current owners of fixed broadband in their home and were the primary or joint decision-maker for fixed broadband
- The fieldwork was conducted in June 2015.

In designing the study, there were a number of critical elements that needed to be considered carefully. These elements were as follows:

- Testing of actual behaviour, and the need to mitigate any tendency for participants to adapt their behaviour in order to 'pass the test' we set them
- To avoid the task becoming solely a memory test
- Capturing '1st look' (spontaneous recall) responses to the deals offered in the advertising whilst avoiding any leading or prompted reference to specific pricing elements.

To address these elements, the advertising was shown initially, i.e., the '1st look', to capture spontaneous recall at an unaided level, and then shown again, i.e., the '2nd look', with an instruction, *'to pay attention to the deal being offered'*, to test for communication and understanding of the total cost per month. This was done by asking the question: "from the information in the ad that you saw, please tell me what you think the total cost per month would be".

In addition to the total cost per month, the study also focused on understanding broadband decision-makers' identification and calculation of any additional and on-going costs related to the contract as a whole.

Full versions of the questionnaires used in the research may be found in Appendices 4.5 and 4.6. A list of key definitions of terms referred to in this report may be found in Section 2.4.

1.2 Summary of key insights from the research

1.2.1 Communication of the total cost per month in fixed broadband advertising

Around a quarter (24%) of the total sample were unable to correctly state the total cost per month, despite viewing the ad twice and being asked to focus on the deal.

- Around a fifth (22%) of the sample did not identify the total cost per month³ correctly, when asked to focus on the deal and state the total cost per month. This was evident for advertising in all four media represented in the research⁴, and particularly so when exposed to multiple deals online and in press advertising (compared to single deals in other tested media)⁵
- 2% were not focused on the fixed broadband offers in the advertising at all. These participants did not recall or mention any pricing information, either spontaneously or when asked to state the total cost per month.

Around three-quarters (76%) of the total sample of fixed broadband decision-makers recalled the total cost per month of a broadband deal correctly, either spontaneously or when asked to focus on the deal.

- Almost a quarter (23%) of the total sample focused on and noted the total cost per month correctly in their spontaneous recall, after their 1st look at the advertising
- Around half (53%) identified and calculated the total cost per month correctly when asked to focus on the deal and state the total cost per month after the 2nd look (communication test).

³ We define the **total cost per month** as the cost (if any) of the broadband service itself plus the monthly line rental. Combined, this forms the cost per month at the outset of the contract, **after** any one-off set-up costs have been paid and accounted for, and **before** the end of any introductory period. Please see section 2.4 for further details and an example that illustrates the method used.

⁴ The communication test was applied to TV advertising in isolation, i.e., the advert was not shown in a reel alongside other advertisements.

⁵ All online sites and three out of the eight press advertisements shown featured multiple deals. Single deals were presented in the remaining five press advertisements and in all TV and outdoor advertisements shown. Please see Appendix 4.4 for the full list of advertisements shown.

- The 53% of the total sample who correctly identified the total cost per month after the 2nd look (communication test), gave the following responses in their 1st look (spontaneous recall):
 - 19% spontaneously mentioned the price of the broadband service only⁶
 - 19% spontaneously mentioned non-price related elements only or pricing elements that were unrelated to the broadband service and line rental
 - 10% spontaneously mentioned incorrect pricing for the broadband service and line rental
 - 3% spontaneously mentioned the landline rental amount only
 - 1% spontaneously mentioned the correct broadband and line rental pricing mentioned, but did not identify it as broadband and line rental
 - 1% spontaneously identified the landline rental, but not the amount.

Overall, our communication test analysis is focused on the 22% of participants in the sample who, despite seeing the advertising twice and focusing on the deal within the advertising, did not identify the total cost per month correctly. This 22% represents approximately 4.3 million households, when extrapolated to the UK population of fixed broadband subscribers in the UK as a whole⁷.

The demographic profile of this 22% of participants was broadly similar to the average of the total sample. In other words, they tended to be represented in all age and socio-economic status groups.

⁶ As a spontaneous recall question, it is not possible to confirm whether participants failed to notice the line rental element when mentioning the cost of the broadband service only. They may have seen it but not considered it important or relevant to mention when asked what they recalled from the ad.

⁷ Approximately 73% of households in the UK population have fixed broadband installed. This equates to 19.5 million households. In household terms, 22% of the sample could be extrapolated to be 4.3 million households.

Sources: Ofcom and Office of National Statistics.

1.2.2 Common sources of error in the total cost per month communication

Of the 22% of fixed broadband decision-makers who did not identify the total cost per month correctly, just under two thirds of this group considered the total monthly cost to be the broadband service only.

- 64% (14% of the total sample) considered the broadband deal to be the cost per month of the broadband service on its own, i.e., they did not take the monthly line rental into account
- 36% (8% of the total sample) confused the line rental with other pricing elements i.e., they did not view the line rental cost as payable throughout the contract and / or considered it to be an 'option' or pricing element that applied after the end of a free or discounted introductory period
- The responses of half of this sub-group (i.e., half of the 22% who did not identify the total cost per month correctly), equating to 11% of the total sample, related to instances of advertising for cable deals
- These participants either did not spot the line rental element in advertising for cable and did not consider that a landline was required, or did spot it but considered that it was optional⁸.

In summary, for both cable and non-cable deals, the main sources of perceptual error and confusion around the total cost per month were as follows:

- **Lack of awareness / knowledge:** that landline rental must be added to the cost of the broadband service
- **Unequal prominence:** of the line rental element compared to the size and position of the broadband service price
- **Lack of clarity:** poor standout / contrast and variation of the line rental element against the background of the advertisement
- **Confusion:** with other price elements that are next to, or placed before, the line rental price element
- **Ambiguity:** and lack of meaning in the way that the line rental element is worded, e.g., use of the '+' sign being interpreted as an 'optional' addition
- **Separation:** In the case of one provider (online), the line rental element was situated away from pricing information related to the broadband service itself
- **Partial omission:** In the case of one other provider (online), no explicit mention was made of the line rental amount, i.e., a link instead stating '+ line rental'.

⁸ Line rental was payable in **all** of the cable ads used in this study.

When questioned, the 22% of participants who did not identify the total cost per month correctly (after the 2nd look, communication test) tended to focus on the larger and more prominent broadband service price. They either missed the line rental element altogether or did not 'look beyond' the more prominent broadband service price and take the line rental into account.

This contrasted with those in the sample who correctly identified the total cost per month and who, for the most part, spotted the line rental element, or sought it out. These participants claimed to be well-informed about the line rental element and were somewhat 'suspicious' and unwilling to believe that the price for the broadband service was the only price payable. Many of these participants said they were uncertain and claimed that they could not satisfy themselves that there were no other additional costs in the 'small print'. Many participants said that they needed to keep tight control over their finances and were hesitant to engage in a market unless they were certain about costs.

Finally, participants reported a particularly strong level of uncertainty and suspicion, when the cost of the broadband service was advertised as 'free' and a volume of 'small print' was included in a footnote. In this kind of instance, participants stated that they could not feel certain that the cost per month (broadband service plus line rental) was the only price that they would be paying. This led some to scrutinise the offer and others to claim that they would avoid further consideration.

1.2.3 Customer context

A major factor in identifying and calculating the total cost per month correctly was what fixed broadband decision-makers did and did not know already (prior to being exposed to the advertising).

- The majority (82%) of fixed broadband decision-makers in the sample claimed to be aware that a fixed landline was generally required for broadband
- The correct understanding of how broadband prices are normally presented in advertising varied among this 82%. The breakdown of this 82% of fixed broadband decision-makers is as follows:
 - Around two-thirds (63%) of fixed broadband decision-makers had the correct understanding of how broadband prices are normally presented in advertising
 - Around one in ten (11%) said that line rental tends to be required in addition to the broadband service, but thought that the broadband price advertised *included* the cost of the line rental
 - A similar proportion (8%) were not sure whether or not the line rental was included in the headline broadband price
- Nearly a fifth (18%) of the total sample were not aware that a fixed landline was normally required for fixed broadband. Around half of this 18% identified the total cost per month correctly and around half 'got it wrong'.

In all, prior awareness and understanding is a major factor in identifying and understanding the total cost per month.

Broadly, those with a lower level of familiarity with fixed broadband deals (that normally present the broadband price and the line rental element separately) tended to apply less diligence and scrutiny to the advertising, and were more likely to either miss the line rental element altogether or to register it but not take it into account.

By the same token, a higher level of familiarity tended to result in a greater diligence and scrutiny (and particularly so when the broadband service was advertised as free). What this meant was that greater diligence and scrutiny, via greater familiarity, increased the chances of identifying the total cost per month correctly.

When questioned, many of those in the sample who did not identify the total cost per month correctly were inclined to regard the method of presenting the broadband price and the line rental element separately as a 'dishonest' and a sometimes 'cynical' attempt to present broadband pricing in a way that made it 'look cheaper than it was'.

1.2.4 Communication of additional one-off and on-going costs⁹

The majority (81%) of fixed broadband decision-makers were unable to correctly identify the total cost of the contract, and around three-quarters of the total sample (74%) considered that one-off and on-going costs were unclear.

Analysis suggests that error, effort and difficulty was widespread across the sample, even amongst the most diligent respondents, in relation to other costs associated with current fixed broadband deals. Specifically, participants reported that this effort and difficulty made them sceptical, and put them off looking further into the detail of what was being offered.

The key supporting evidence is as follows:

- Around 8 out of 10 participants in the total sample (81%) could not identify or correctly calculate the total cost of the contract when asked to do so¹⁰. In total, 59% of fixed broadband decision-makers stated a figure incorrectly. The remaining 22% could not state a figure.
 - Of the 59% in the total sample who stated the figure incorrectly, around three-quarters (77%) under-estimated the total cost of the contract
 - Of the 22% in the total sample who could not state a figure, the reason given was that it was either 'too complicated' or 'not enough pricing information was provided'
- Nearly 6 out of 10 participants in the total sample (58%) did not see or take account of the cost per month at the end of a free or discounted introductory period. In these cases, the tendency was to assume that the total cost per month applied over the entire length of the contract
- Around half of the total sample (52%) did not see or take account of the total length of the contract
- Just over a third of the total sample (35%) thought that a free or discounted introductory period was being offered, when none applied.

⁹ Section 1.2.4 (above) covers communication of the total of all costs that were payable over the entire length of the contract in the advertising that was tested. This included the cost of the broadband service during and after any free or discounted introductory period, the line rental that applies throughout the length of the contract, any one-off set-up, installation or activation charges, any router delivery charges, plus any other charges that a provider applies in connection with the contract.

¹⁰ It should be noted that most participants in this research claimed that they did not normally calculate the total cost of the contract. Rather, they considered the cost in terms of a monthly amount. In our exercise at the end of the interview, participants were therefore assisted by being given a pen, paper and calculator and were further assisted by being **prompted** to consider and to take account of the monthly payment (both before and after any discounted introductory period), the monthly line rental and any one-off charges for set-up / installation and router delivery.

- The perception of nearly three-quarters of the total sample (74%) was that these one-off and on-going costs were either fairly unclear or very unclear.

The majority of participants claimed that they would need to seek out additional information, in order to identify relevant contract information.

In our qualitative analysis the majority of participants complained that additional costs were 'hidden', 'hard to find', and in some cases 'not provided' or that wording was 'confusing', 'difficult to understand' or 'hard to read'.

In cases where participants claimed that they could not identify these costs (and facts about the costs), participants reported that they would: (i) have to find out more information, or make an enquiry of a provider, or (ii) rely on a provider to inform them, were they to seek to enter into a contract as a result of seeing the advertising.

1.2.5 Interactions between the total cost per month and additional set-up and on-going costs

The prominence of the contract length, in relation to the total cost per month, has an influence on (i) identification and understanding of whether a free or discounted introductory period applies and (ii) what monthly cost applies at the end of a free or discounted introductory period.

In many instances, participants thought the total cost per month applied throughout the length of the contract when, in reality, it only applied for an introductory period.

Current broadband pricing was seen by participants as confusing and difficult to navigate.

The more detailed qualitative discussions provide indications that errors, effort and difficulty in understanding all the costs and aspects of a contract that are associated with fixed broadband deals, relate to differing levels of prominence and / or 'information overload':

- Participants said that the differing levels of prominence (particularly between the total cost per month and additional one-off and on-going costs) created a tendency for more prominent elements to attract attention and divert attention away from less prominent elements
- Participants also said that information overload was evident (particularly when looking at multiple deals online and in press advertising). They felt that this decreased their ability to 'take in' all pricing elements and identify these correctly.

On balance, and when these participants were asked to consider the pros and cons of equal and unequal prominence of all price elements, participants reported that a clear order of prominence was desirable i.e. a clear 'line' or 'thread' that guided them, in a step by step fashion, through the essential pricing information. This was felt by the majority of participants to be needed to determine the actual cost, and to allow them to make like-for-like comparisons. This was often seen by participants to be at odds with current methods that made it 'easy' to identify the cost per month of the broadband service itself but 'difficult' to find other pricing information.

2. Introduction

2.1 Background

The Office of Communications (Ofcom) is the UK's independent communications regulator. It regulates fixed-line communications, mobile, the TV and radio sectors, postal services, and the airwaves over which wireless devices operate. Ofcom's principal remit is to further the interests of citizens and consumers in relation to communications matters and relevant markets. One of Ofcom's key priorities is to, *'Promote effective competition and informed choice through clear information.'*

The Advertising Standards Authority (ASA) is the UK's independent regulator of advertising across all media. It applies the UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing and the UK Code of Broadcast Advertising (the CAP Code and the BCAP Code, collectively known as 'the Advertising Codes'). The Advertising Codes contain rules about misleading advertising which seek to reflect the provisions of the Consumer Protection from Unfair Trading Regulations 2008. These provisions seek to prevent consumers from being misled by commercial practices, including advertising.

Ofcom is working with the ASA to assess whether current advertising for the fixed broadband market provides fixed broadband decision-makers with information that is sufficiently clear to allow them to make informed choices and avoid them being misled.

The ASA's current position on fixed broadband advertising states that, to avoid misleading consumers, marketers should include line rental in quoted prices or state the price of line rental clearly alongside the most prominent prices for the advertised services. This applies if consumers are required to take line rental from the marketer in order to obtain the advertised services. One-off set up costs may be set out in small print and positioned away from the total headline price.

In June 2015, Ofcom commissioned Futuresight to conduct research among fixed broadband decision-makers. The overall aim was to determine whether the pricing information conveyed by current advertising for fixed broadband is sufficiently clear to fixed broadband decision-makers to allow informed choices to be made.

This report presents the findings of the research study.

2.2 Research objectives

The overall objectives of this study were to test and assess fixed broadband decision-makers' ability to identify and correctly calculate . . .

- The total cost per month for fixed broadband, that typically comprises two separate components, i.e., the price for the broadband service itself (which is sometimes free for a certain period) and the monthly line rental (which is payable throughout the contract)

- Any other pricing information relevant to the deal advertised that allows fixed broadband decision-makers to determine the overall cost of the contract, e.g., the cost of the broadband service after any discounted introductory period (or any introductory offer that is stated as being offered for free), any one-off installation, activation or hub delivery charges and the length of the contract.

A more detailed description of these research objectives (and how they were addressed in this study) may be found in Appendix 4.1.

2.3 Method and sampling

This was a combined qualitative and quantitative study in the form of a communication test and in-depth assessment of broadband decision-makers' responses to current fixed broadband advertising.

A total of 300 participants took part. Quotas were set, using Ofcom's large-scale tracking survey 2014¹¹ to ensure that the full range of fixed broadband decision-makers was fully represented. All participants in the study were current owners and decision-makers of fixed broadband in their home.

The interviewing was conducted over 3 weekdays and 2 weekend days in halls that were located in the main central shopping areas of Stratford (in East London), Birmingham, Manchester, Glasgow and Cardiff. 275 participants were recruited off the street, using a qualifying screener. The remaining 25 participants were pre-recruited, using the same qualifying screener. This element of pre-recruitment was included in order to ensure that full-time employees were fully represented in the quotas set.

All in the sample:

- Currently had fixed broadband installed in their homes
- Were the principal or joint decision-maker for the choice of fixed broadband provider
- Had never worked or were not involved in any way in the communications services industry (including close members of family).

¹¹ Ofcom's Switching Tracker 2014

In summary, the final sample achieved is shown in Figure 1.

Figure 1: Sample set and achieved

	Total n		Total %	
	Required	Achieved	Required	Achieved
Gender:				
Male	150	156	50%	52%
Female	150	144	50%	48%
Age:				
18-24	37	37	12%	12%
25-34	54	59	18%	20%
35-44	63	57	21%	19%
45-54	48	52	16%	17%
55-64	57	48	19%	16%
65+	41	47	14%	16%
Social class:				
ABC1	182	182	61%	61%
C2DE	118	118	39%	39%
Total:	300	300		

A more detailed breakdown of the sample achieved may be found in Appendix 4.2.

All participants were interviewed individually and face-to-face¹². The fieldwork was conducted in June 2015.

The research design comprised two main elements:

1. The Communication Test

All 300 participants were interviewed individually for 20 minutes using a semi-structured questionnaire. The content of this questionnaire was designed to measure spontaneous recall of the advertising after the 1st look, test for communication of the total cost per month after the 2nd look, and to then collect responses to additional pricing information relating to cost over the duration of the contract. Four versions of this questionnaire were produced, one for each medium, i.e., TV, outdoor, press and online.

¹² Interviews were conducted face-to-face to facilitate in-depth assessment and ensure inclusion of those who are exposed to advertising via offline media. A purely online approach risked their exclusion (or at least not fully including them).

Whilst the questions were the same in all four versions, the method of presenting the advertisements (and the duration of their exposure) varied by medium¹³.

250 of these 300 Communication Test interviews were conducted by fully trained IQCS-certified interviewers. The remaining 50 were conducted by senior Futuresight qualitative researchers.

2. In-depth assessment

The 50 participants interviewed by senior Futuresight qualitative researchers were drawn from the total of 300 using a set of quotas that were matched to the main Communication Test sample of 275. These 50 participants were interviewed in greater depth for an additional 25 minutes. This in-depth assessment comprised a set of open-ended qualitative probes relevant to each of the questions in the Communication Test. An additional section was included, to explore comparative responses to a representative range of different fixed broadband advertisements drawn from the overall selection¹⁴. As with the Communication Test itself, four versions of the in-depth assessment were produced to reflect the manner in which the advertisements were presented (and their duration) through different media.

Selection and representation of current advertising

A full representation of current fixed broadband advertising and deals offered was achieved¹⁵. These were selected to represent a good cross-section of fixed broadband speeds (standard, fibre optic) and providers (BT, EE, Plusnet, Post Office, Sky, TalkTalk and Virgin Media).

The advertising was also selected to ensure a wide range of media that fixed broadband is advertised through, i.e., TV, outdoor, press and online¹⁶.

For the main communication test, each participant was shown one advertisement. This made it possible to test for understanding of the total cost per month in an unbiased fashion. (To have shown more than one advertisement to each respondent would have introduced a major bias, i.e., having tested the first advertisement, participants would then know what to look for when viewing the second advertisement). At the end of the in-depth interviews, participants were shown up to four different advertisements to allow us to compare and contrast responses between different advertising formats. By showing these at the end of the interview, any bias in the response to the total cost per month was eliminated.

¹³ See Appendix 4.5 for copies of the Communication Test questionnaires used in this study, that include descriptions of how the advertising was presented and the durations of exposure

¹⁴ See Appendix 4.6 for copies of the extended, in-depth version of the Communication Test questionnaires

¹⁵ See Appendix 4.4 for copies of all advertising shown to participants

¹⁶ Some of the deals and their pricing offered by providers online changed over the period of the fieldwork. These changes were fully accounted for in the analysis.

The advertisements were rotated across the sample to ensure reasonably equal coverage of all advertising selected for the different media. Figure 2 shows the total number of participants for each of the providers' advertisements shown, and the number of advertisements / offers per provider.

Figure 2: Number of participants for offers shown – by provider and medium¹⁷

	TV		Outdoor		Press		Online		Total	
	No. of offers	n=	No. of offers	n=	No. of offers	n=	No. of offers ¹⁸	n=	No. of offers	n=
BT	1	11	3	24	2	12	7	9	13	56
EE							3	8	3	8
Plusnet	2	26			1	11	6	10	9	47
Post Office					1	9	3	9	4	18
Sky	1	12	2	19	3	30	2	12	8	73
TalkTalk	1	15	1	11	2	11	2	10	6	47
Virgin	1	12	2	21	3	10	4	8	10	51
Total	6	76	8	75	12	83	27	66	53	300

Note: n= number of participants

2.4 Definitions used in this research study

When reading the summary and main body of this report, a number of definitions should be kept in mind:

Fixed broadband decision-maker

All participants in the sample were current owners of fixed broadband installed in their home, and responsible for decision-making with regard to the choice of fixed broadband provider and service. Demographic quotas were set to ensure a full representation of UK fixed broadband decision-makers in terms of gender, age and socio-economic status.

The total cost per month

This relates to the price (if any) of the broadband service itself plus the monthly line rental. Combined, this forms the **price paid per month** at the outset of the contract, **after** any one-off set-up costs have been paid and accounted for, and **before** the end of any introductory period.

¹⁷ See Appendix 4.4 for the full description of advertisements and online offers shown. See Section 2.5 for a detailed explanation of the communication test employed.

¹⁸ For online, before the 1st look (spontaneous recall) question, participants were invited to browse the website as a whole. For the 2nd look (communication test), participants were asked to focus on a deal or offer that they spent most time looking at.

It should be noted that the cost of the broadband service itself is stated by some providers as free over an initial introductory period. In this case, an accurate interpretation of the total cost per month is one that consists of the monthly line rental only.

Figure 3 shows two examples of how the total cost per month is defined in the study.

Figure 3: Examples¹⁹ of how the total cost per month is defined in this study:

	Example 1	Example 2
		
Cost of the broadband service:	Free	£10.00
Cost of the monthly line rental:	£16.70	£16.70
Total cost per month:	£16.70	£26.70

The total cost of the contract

This relates to the total of all costs that are payable over the entire length of the contract. They include the cost of the broadband service during and after any free or discounted introductory period, the line rental that applies throughout the length of the contract, any one-off set-up, installation or activation charges, any router delivery charges, plus any other charges that a provider applies in connection with the contract, e.g., a surcharge for non-Direct Debit payment.

2.5 A note on the method of communication testing

In designing the study, there were a number of critical elements that needed to be considered carefully. These elements were as follows:

- Testing of actual behaviour, and the need to mitigate any tendency for participants to adapt their behaviour in order to 'pass the test' we set them
- To avoid the task becoming solely a memory test
- Capturing 1st look spontaneous recall responses to the deals offered in the advertising whilst avoiding any leading or prompted reference to specific pricing elements.

To address these elements, the advertising was shown initially, i.e., the '1st look' to capture participants' spontaneous recall at a completely unaided level, and then shown again, i.e., the '2nd look', with an instruction: *'to pay attention to the deal being offered'*, to then test for communication and understanding of the total cost per month.

¹⁹ Note: the examples used are intended solely to aid the reader's understanding of how the total cost per month is defined. This is not the way that participants were presented with pricing information. Please see Appendix 4.4 for a full list of the advertising presented to participants and Figure 4 for a description of how the advertising was presented.

More specifically, the following approach was adopted . . .

- **'1st look' (spontaneous recall):** to show the advertisement and then, after this first showing, to assess spontaneous, unaided recall, i.e., no prompting . . .
Q1. *"There is no right or wrong answer. To the best of your recall, please tell me everything you remember about the deal on offer from the broadband advert I just showed you".*
- **'2nd look' (communication test):** to show the advertising again, with an instruction, *'to pay attention to the deal being offered,* and, after this second showing, to ask the key communication test question . . .
Q2. *"Imagine that you signed up for this broadband deal and it was set up in your home. From the information in the ad you saw, please tell me what you think the total cost per month would be. If you're not absolutely sure, please tell me what pricing information you saw".*

Note: In a small number of cases (n=9), the advertisement was shown a third time to those participants who identified the total cost per month correctly, at Q2, but did not fully describe how they calculated it, when asked to do so at Q8, at a later stage in the questionnaire. For these participants, the advertisement was shown again and the following question was repeated: *"In your own words, please describe how you calculated this total cost per month from the pricing information given in this advert"*. This was done to allow us to understand more about how the total cost per month was calculated. Please see Q8 and Q9 in any of the four versions of the questionnaire to be found in Appendix 4.5.

The method and length of exposure and opportunity for in-depth review of each advertisement and online site was varied in relation to the medium to replicate how such advertisements might be viewed in real life. Figure 4, overleaf, shows the method used of presenting the advertising and online offers by medium.

Figure 4: Method of presenting the advertising by medium²⁰

			TV	Outdoor	Press	Online
1st look: (spontaneous recall)	Method:	➡	Test ad embedded in a reel	Shown briefly (c. 10 seconds)	Shown briefly (c. 30 seconds)	Invited to browse for up to 5 minutes
	Question after 1st look:	➡	To the best of your recall, please tell me everything you remember seeing about the deal on offer from the broadband advert that I just showed you			
2nd look: (communication test)	Method:	➡	Test ad shown in isolation	Shown again for longer (c. 1 minute)	Shown again for longer (1-2 minutes)	Focused on specific deal for as long as the participant wished to view it
	Question after 2nd look:	➡	From the information in ad you saw, please tell me what you think the total cost per month would be. If you're not absolutely sure, please tell me what pricing information you saw.			

Note: It is important that the reader keeps in mind that the 1st look was a measure of spontaneous recall. Participants were **not** prompted to specify anything about the cost or pricing elements in the advertising shown to them. To have done so would have biased their response to our communication test question on the 2nd look unprompted showing. Our key analysis for communication testing is therefore the response to the 2nd look, to determine whether participants were able to identify and calculate the total cost per month correctly.

2.6 A note on analysis and reporting of quantitative and qualitative data

It is important to note that the findings of this report are not statistically representative of the views of the general public. The quantitative sample size (n=300) of fixed broadband decision-makers is reasonably robust but is not large enough to assess for statistical significance. Caution should be applied in particular when analysing for differences between specific sub-samples and where the cell-sizes fall below n=100.

The primary focus of this research is qualitative, using the numerical data as a guide on proportionality and the degree of similarity of responses to the average of the total sample. This qualitative research element is designed to be illustrative, detailed and exploratory and provides insight into the perceptions, feelings and behaviours of people rather than conclusions drawn from a robust, quantifiably valid sample.

The perceptions of participants make up a proportion of the evidence in this study, and it is important to remember that although such perceptions may not always be factually accurate, they represent the truth for those who hold these views.

As far as possible we have stated the prevalence of a particular point made by a participant, across all participants. In some cases it has not been possible to provide a precise or robust indication of the prevalence of a view, due to the small numbers of participants taking part in the research or within individual segments. This is a generally accepted characteristic of qualitative research.

²⁰ See Appendix 4.5 for the full question versions used, plus further detail on the advertising selected and presented.

For our qualitative assessment, we indicate the prevalence of a particular point with use of approximate quantifiers, e.g., 'majority' and 'minority'. Again, this is a generally accepted characteristic of qualitative research.

Verbatim comments have been used throughout this report to help illustrate and highlight key findings. Where verbatim quotes are used, they have been anonymised and attributed with relevant characteristics of age, gender, socio-economic status and location.

For example: [Male, 44, C1, London](#).

The verbatim comments we have included reflect both spontaneous views and views after deliberation, and where relevant we have indicated which types of views are represented. The comments can be taken to reflect genuine views held by participants.

3. Main Findings

3.1 Communication of the total cost per month in fixed broadband advertising

3.1.1 Overview

This section provides an overview of response to the communication test that assessed participants' ability to identify and correctly determine the total cost per month²¹ that is communicated by current fixed broadband advertising and deals.

In summary . . .

Around a quarter (24%) of the total sample, were unable to correctly state the total cost per month, despite viewing the ad twice, and being asked to focus on the deal.

- Around a fifth (22%) of the total sample did not identify the total cost per month correctly, in either their spontaneous recall or when asked to focus on the deal and state the total cost per month. This was evident for advertising in all four media represented in the research²², and particularly so when exposed to multiple deals in online and press advertising (compared to single deals in other tested media)²³
- 2% were not focused on the fixed broadband offers in the advertising at all. These participants did not recall or mention any pricing information, either spontaneously or when asked to state the total cost per month.

Around three-quarters (76%) of the total sample of fixed broadband decision-makers recalled the total cost per month of a broadband deal correctly, either spontaneously or when asked to focus on the deal.

- Almost a quarter (23%) of the total sample focused on and noted the total cost per month correctly in their spontaneous recall, after their 1st look at the advertising.
- Around half (53%) of the total sample identified and calculated the total cost per month correctly when asked to focus on the deal and state the total cost per month after the 2nd look (communication test).

²¹ We define the **total cost per month** as the cost (if any) of the broadband service itself plus the monthly line rental.

Combined, this forms the total cost per month at the outset of the contract, **after** any one-off set-up costs have been paid and accounted for, and **before** the end of any introductory period. Please see section 2.4 (page 17) for further details and an example that illustrates the method used.

²² The communication test was applied to TV advertising in isolation, i.e., the advert was not shown in a reel alongside other advertisements.

²³ All online sites and three out of the eight press advertisements shown featured multiple deals. Single deals were presented in the remaining five press advertisements and in all TV and outdoor advertisements shown. Please see Appendix 4.4 for the full list of advertisements shown.

Our key analysis for communication testing relates to the figure of 22% above. This equates to approximately 4.3 million households when extrapolated²⁴. This sub-group of participants did not identify the total cost per month correctly. This was despite viewing the advertisement twice and being asked to identify the pricing information contained in the advertisement.

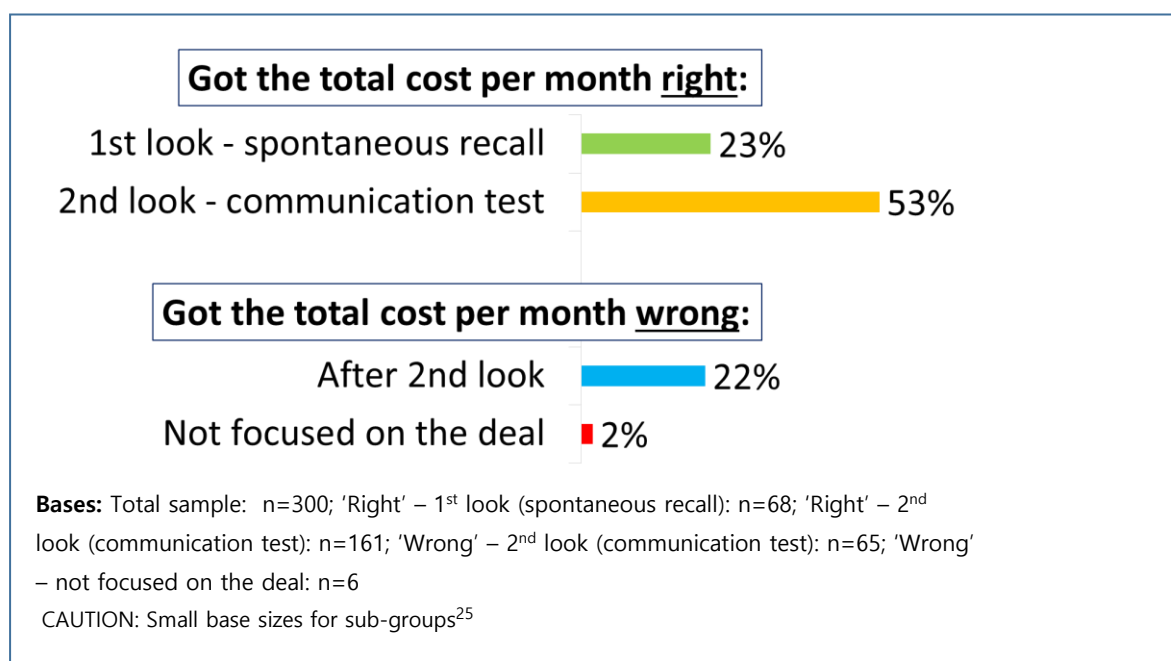
As a percentage of the total sample, this figure of 22% breaks down as follows:

- 14% considered the total cost per month to be the price for the fixed broadband service only, i.e., they did not take the monthly line rental into account
- 8% confused the line rental with other pricing elements, i.e., they did not view the line rental cost as payable throughout the contract and / or considered it to be an 'option' or pricing element that applied after the end of a free or discounted introductory period.

3.1.2 Detailed responses of four sub-groups identified

Figure 5 shows that, in total, four sub-groups were identified.

Figure 5: Four sub-groups identified

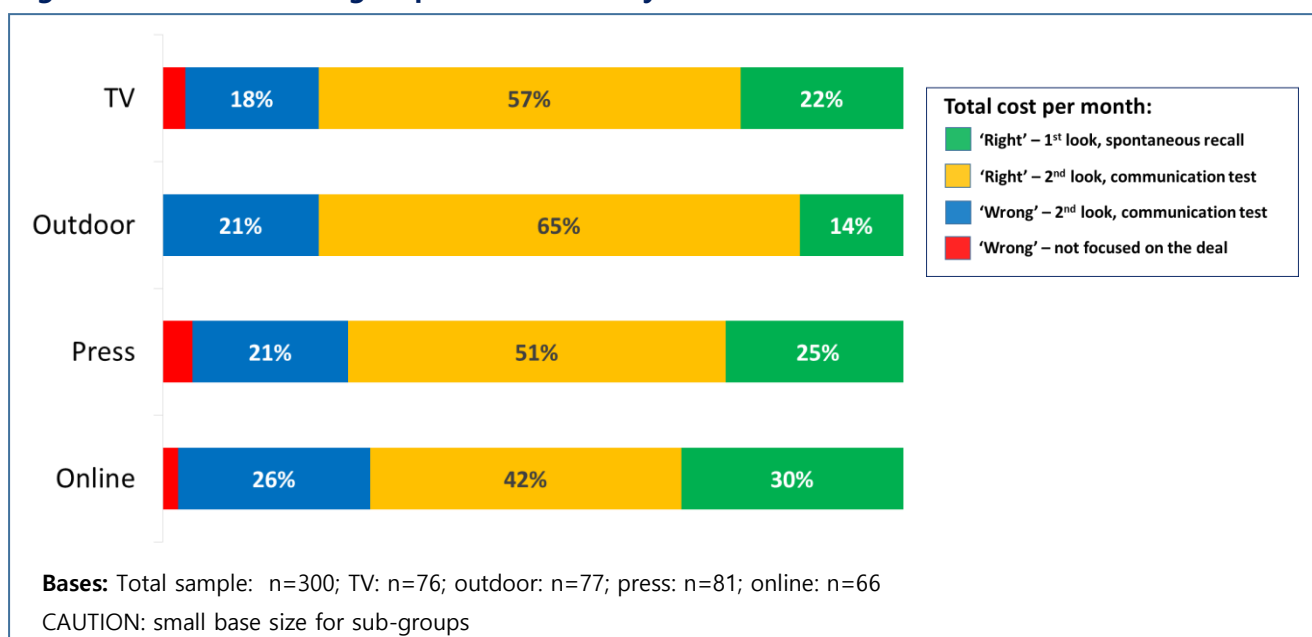


²⁴ Approximately 73% of households in the UK population have fixed broadband installed. This equates to 19.5 million households. In household terms, 22% of the sample could be extrapolated to be 4.3 million households. Sources: Ofcom and Office of National Statistics.

²⁵ Caution is required when drawing conclusions from the data. This is particularly the case when analysing for differences between specific sub-samples and where the cell-sizes fall below n=100. It is important to note that the findings of this report are not statistically representative of the views of the general public. The quantitative sample size (n=300) of fixed broadband decision-makers is reasonably robust but is not large enough to assess for statistical significance. All numerical findings should therefore be treated as indicative rather than conclusive.

Figure 6 shows these proportions of the sample who 'got it right' and 'got it wrong' for each advertising medium.

Figure 6: The four sub-groups identified – by medium



As Figure 6 above indicates, the sub-group who did not identify the total cost per month correctly (i.e., **'Wrong' – 2nd look, communication test**), is represented in all media. The indications from the qualitative analysis suggests that the scope for 'getting it wrong' is apparent in all media but was particularly so for deals and offers that were advertised online. In this, participants were more inclined to report that they had difficulty in taking in and understanding pricing information when presented with multiple details online, compared to executions of single deals (particularly via press and TV).

Qualitative analysis suggests in addition that outdoor fixed broadband advertising is most likely to require review at a more strongly considered level. Many participants claimed that outdoor advertising provided 'too little' information 'at first glance'. This included information other than the total cost per month, e.g., contract length, broadband speed, standard versus superfast broadband, etc.

Further detail on each of the four sub-groups identified is provided in the following sub-sections.

Sub-group 1: 'Right' – 1st look (spontaneous recall)

Almost a quarter (23%) of the total sample identified the total cost per month and calculated it correctly, in their spontaneous recall, from memory after the 1st look. This was evident across all media. In the case of TV, this was after one exposure to a broadband advertisement that had been embedded in a reel of four unrelated advertisements. In the case of online, these participants noted and calculated the total cost per month correctly from one of the deals they chose to focus on (without prompting or direction to do so).

Online: *"The first deal was £2.50 for the first 12 months and then increasing to £9.99, plus the line rental of £15.95"*

Male, 25-34, AB, Glasgow

Press: *"Free for 12 months plus line rental at £16.40, and a router delivery charge of £6.95"*

Female, 55-64, D, Birmingham

TV: *"£16.70 for the line rental. The rest of it is free for a year"*

Female, 35-44, E, Cardiff

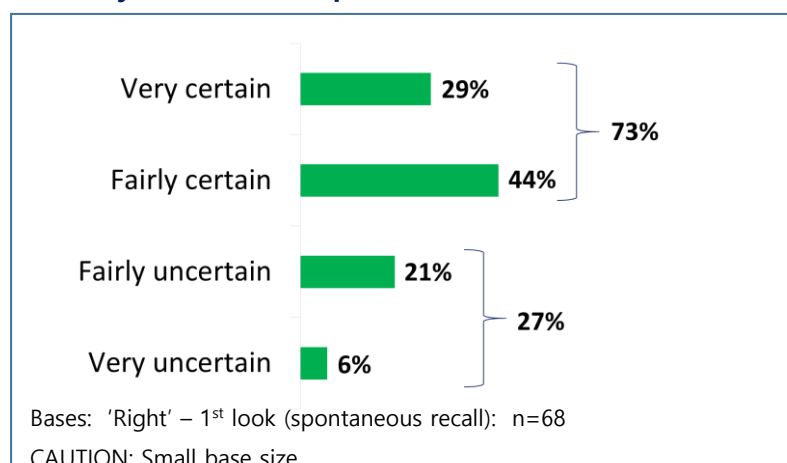
Outdoor: *"Starts from £4.50 plus £16.99 line rental. No calls are included"*

Male, 18-24, C1, Birmingham

All in this sub-group were asked to state how certain or uncertain they were that the total cost per month they stated was the actual price they would pay per month, after they had been given the opportunity to look at the ad a second time. Figure 7 shows that 73% in this sub-group claimed to be either very certain or fairly certain.

Figure 7: Sub-group 1: 'Right' – 1st look (spontaneous recall):

Certainty re: total cost per month after 2nd look (communication test)



Between a quarter and a third (27%) in this sub-group claimed to be either fairly uncertain or very uncertain that the cost they had stated was the actual price they would pay. This is despite them having identified the total cost per month correctly and mentioned it spontaneously in the recall after the initial exposure. These participants reported that they could not feel certain that there would not be other costs in addition to the total cost per month quoted that would be added to the monthly payment. Others claimed to be suspicious of pricing that was preceded with the phrase 'from' or 'starting from'.

"That's what it says, but you know it's not going to be like that. They do it to try to hook you in"

Male, 45-54, C1, London

"It says 'starting from', which sets off alarm bells"

Female, 55-64, C1, Cardiff

"It's all this other stuff [in the footnote of the ad]. It makes you feel they are trying to hide something"
Male, 65-74, C1, Glasgow

Sub-group 2: 'Right' – 2nd look (communication test)

Around half (53%) of the total sample identified and calculated the total cost per month correctly, in the 2nd look, communication test, when asked to state the total cost per month.

In their spontaneous recall, after the '1st look', this sub-group of 53% mentioned a variety of price and non-price elements, as follows . . .

Broadband / line rental price-related mentions (34%):

- Broadband service price mentioned only: **19%**²⁶
(e.g., *"I saw the word 'free', that's all"*)
- Broadband and line rental pricing mentioned, but quoted wrongly: **10%**
(e.g., *"I remember seeing the cost. It was about £6.50 for the broadband and something like £12.50 for the line rental"*)
- Landline rental amount mentioned only: **3%**
(e.g., *"They said £16.95 for the line rental but can't remember what the other cost said"*)
- Correct broadband and line rental pricing mentioned, but not identified as broadband and line rental: **1%**
(e.g., *"It said £7 and then £13 next to it but it didn't say what it was for"*)
- Landline rental mentioned, but not the amount: **1%**
(e.g., *"It said line rental but I can't remember how much it said"*)

Non-broadband / line rental price-related mentions (19%):

- Non-price elements mentioned only: **12%**
(e.g., *"Minions, being chased by a tiger, I think it's an ad for the film"*)
- Mention of pricing elements other than broadband and line rental: **7%**
(e.g., *"There was a big bubble that said it was £110 cheaper than BT"*)

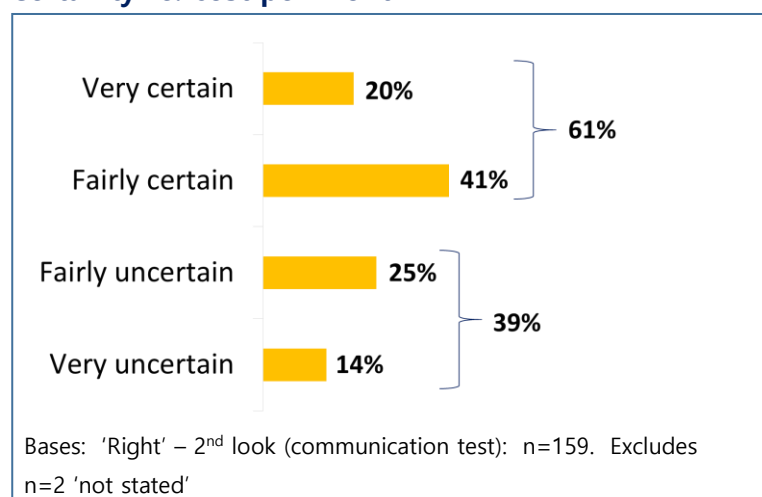
In summary, 34% of the total sample spontaneously recalled pricing that was related to the broadband service only, the line rental element only, or incorrect figures for both the broadband service and line rental. The remaining 19% spontaneously recalled non-price related elements only or pricing elements that were unrelated to the broadband service and line rental.

²⁶ As a spontaneous recall question, it is not possible to confirm whether participants failed to notice the line rental element when mentioning the cost of the broadband service only. They may have seen it but not considered it important or relevant to mention when asked what they recalled from the ad.

All in this sub-group were asked to state how certain or uncertain they were that the total cost per month they stated was the actual price they would pay per month. Figure 8 shows that 61% in this sub-group claimed to be either very certain or fairly certain.

Figure 8: Sub-group 2: 'Right' – 2nd look (communication test)

Certainty re: cost per month



39% in this sub-group claimed to be either fairly uncertain or very uncertain that the total cost per month they stated was the actual price they would pay per month. As with sub-group 1: **'Right' – 1st look (spontaneous recall)**, the indications are that many could not feel certain that other costs would not be payable, in addition to the cost per month quoted.

*"Your attention is taken away from that [line rental element].
It needs to be bigger. It doesn't stand out"*

Male, 45-54, E, London

"It forces you to have to look carefully"

Female, 18-24, C2, Manchester

Qualitative analysis suggests that lack of certainty related, for the most part, to 'suspicion' that other costs were likely to apply. The evidence does not suggest that participants in this sub-group were uncertain because they thought that they calculated the cost per month incorrectly.

Participants reported a particularly strong level of uncertainty and suspicion, when the cost of the broadband service was advertised as 'free' and a volume of 'small print' was included in a footnote. In this kind of instance, participants stated that they could not feel certain that the cost per month (broadband service plus line rental) was the only price that they would be paying. This led some to scrutinise the offer and others to claim that they would avoid further consideration.

Sub-group 3: 'Wrong' – 2nd look (communication test)

Around a fifth (22%) of the total sample did not calculate the total cost per month correctly when asked to state it, after the second look.

Around 6 out of 10 participants in this sub-group (14% of the total sample) stated the price of the broadband service only, i.e., they did not refer to or take into account the monthly line rental when asked to state the total cost per month.

The remaining 4 out of 10 (8% of the total sample) noted the monthly line rental element but confused it with other price elements, e.g., the price payable for the broadband service at the end of a free or discounted introductory period. In some instances, the monthly line rental was considered to be an option and related in some way to a calls package.

Subgroup 3a: 'Wrong' – 2nd look (communication test). A focus on cable versus non-cable deals

Cutting the data in a different way: of the 22% of participants who 'got it wrong' when asked to state the total cost per month, around half of the responses (11% of the total sample) related to instances of advertising for cable deals²⁷. It should be noted that while broadband only cable deals (i.e. no line rental required) are available, **all** deals in this study required line rental to be paid.

In a minority of cases, participants reported that cable did not need a landline. In most of these cases, it was apparent that the idea of needing a landline was not considered.

When viewing the advertising as a cable offering, the tendency was to assume that a landline was **not** necessary, i.e., they spotted the landline rental element but disregarded it. Others didn't consider the need at all. Ultimately, these participants (who **'got it wrong' – 2nd look, communication test**), concluded that landline rental was unnecessary or optional, rather than applying effort to explore whether or not this was the case.

Awareness of the ability to purchase some cable deals without line rental may have contributed to participants not stating the line rental element in their calculation of the total cost per month.

²⁷ Caution: Cable advertisements shown in this study were different in certain respects to non-cable advertisements, i.e., 4 of them included a TV package and pricing for these was relatively higher than that for non-cable deals. This said, each participant was shown only one advertisement and so perceptions of relative cost are unlikely to have impacted on their response. In addition, while some cable broadband packages are offered without the requirement to take a landline, none of these packages were shown in this study, i.e., each of the cable ads shown **did** require a landline. Awareness of the ability to purchase some cable deals without the line rental may have contributed to participants not stating the line rental element in their calculation of the total cost per month. See Appendix 4.4 for a full list of the advertising shown.

Subgroup 3b: 'Wrong' – 2nd look (communication test). A focus on non-cable deals

For the remaining half (of the 22% who **'got it wrong' – 2nd look communication test**), the evidence suggests that, for the advertising of **non**-cable deals, communication is unclear in one of two ways: (i) that the line rental cost needs to be added to the cost of the broadband service, and (ii) line rental needs to be paid monthly over the entire length of the contract.

*"It states that it is free for the first 12 months,
so my understanding is that it is free"*

Female, 35-44, C1, London

"Free for 12 months and then it goes up to £15.95 a month"

Male, 55-64, D, Glasgow

"The broadband is free and the line rental is £9.99.

I saw it at the bottom, which is where it usually is"

Female, 45-54, E, Birmingham

Specific examples of both cable and non-cable advertising of deals that these participants who **'got it wrong' – 2nd look (communication test)** are detailed in Section 3.1.4 of this report.

Overall, for Subgroup 3: 'Wrong' – 2nd look (communication test)

In summary, the sources identified of perceptual error and miscommunication in this sub-group were as follows:

- **Lack of knowledge / uncertainty:** related mainly to cable deals, with the assumption that the line rental does not apply or is optional²⁸
- **Unequal prominence:** of the line rental element compared to the size and position of the broadband service price
- **Lack of clarity:** poor standout / contrast and variation of the line rental execution against the background of the advertisement
- **Confusion:** with other price elements that are next to, or placed before, the line rental price element
- **Ambiguity:** and lack of meaning in the way that the line rental element is worded, e.g., use of the '+' sign being interpreted as an 'optional' addition
- **Separation:** In the case of one provider (online), the line rental element, was situated away from pricing information related to the broadband service itself

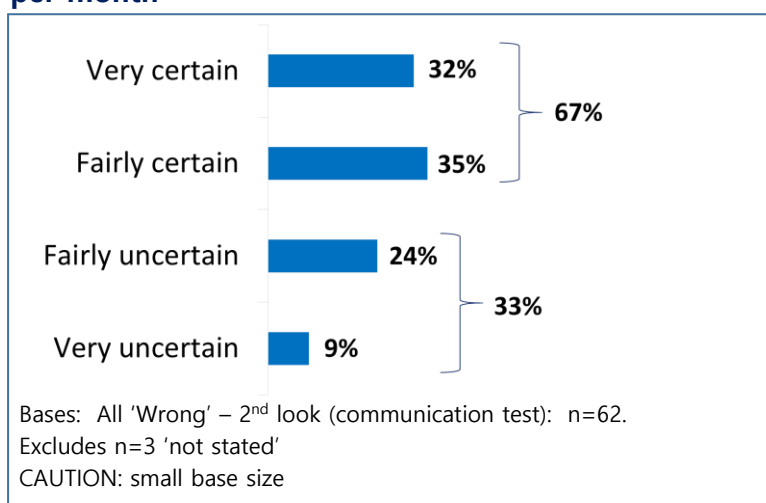
²⁸ Please see footnote 27

- **Partial omission:** In the case of one other provider (online), no mention was made of the line rental amount, i.e., a link was provided instead stating '+ line rental' leading to a different page with pricing information.

As with the other sub-groups, participants in this sub-group were asked to state how certain or uncertain they were that the cost per month they stated was the actual price they would pay per month.

Figure 9 shows that 67% in this sub-group claimed to be either very certain or fairly certain, and around a third claimed to be fairly or very uncertain.

Figure 9: Sub-group 3: 'Wrong' – 2nd look (communication test): Certainty re: cost per month



All in this sub-group failed to identify the total cost per month correctly, when asked to state what it was. Among the 67% who claimed to be fairly or very certain that they were right, the tendency was to accept what they saw at face-value, i.e., they saw a statement saying 'free' for example, and 'took this as read'.

Among the 33% who claimed to be fairly or very uncertain, scepticism and wariness was expressed. The majority claimed that they were less confident, particularly when seeing the cost per month in conjunction with a footnote or small print.

It was evident that many in this sub-group did not read the footnote and 'presumed' instead that it contained additional costs that would be applied in addition to the total monthly cost. .

"It says free. That's what it says. So, I believe that it will be free"

Male, 25-34, D, Manchester

"The cost per month is £10, but there's bound to be extras"

Male, 55-64, C2, London

"It's probably going to go up. It's not likely to be constant"

Female, 35-44, C1, Cardiff

Sub-group 4: 'Wrong' – not focused on the deal

The fourth and final sub-group identified comprised 2% of the total sample. This is a relatively small number compared to the size of all other sub-groups identified.

These participants clearly demonstrated that they were not focused on the deal and price elements of the advertising shown, despite an instruction to focus on the deal after the 1st look. Qualitative analysis suggests that, for the most part, this sub-group of participants were not engaged at all by the deal or price elements of the advertising and had no real interest in viewing it as a potential alternative to the broadband service they had already. Instead, this small sub-group were heavily focused on non-deal related imagery. This was particularly the case for TV, given its often more animated nature.

Lack of focus was also evident for much of the outdoor advertising that was seen (typically) to convey less information, and online sites that were seen (typically) to convey a heavier degree of information and content. Most participants in this small sub-group complained that it required too much effort to figure out the costs.

"I wasn't really listening. They bore me, those silly ads so I switch off"

Female, 45-54, D, London

"I just remember the Minions. Can't say I remember anything about the deal"

Male, 55-64, C1, Glasgow

"It's about [provider] TV offers, that's all"

Male, 25-34, D, Cardiff

"Too busy, too much information, all over the place"

Male, 65-74, C1, Birmingham

"There's loads of small print and I never read that"

Female, 65-74, C2, Birmingham

Overall, across the sample as a whole

When questioned, most participants in the sample as a whole considered that the method of presenting the line rental element was 'misleading'. This was despite the fact that the majority identified and calculated the total cost per month correctly in the communication test, after the second look.

"It's deceptive, no doubt. But you can see through it"

Male, 25-34, C1, Glasgow

"I think it is misleading, but it's not something I'd be caught out by"

Female, 35-44, D, London

"I wouldn't say it was misleading. I'd say it's crafty. They want you to see the big free word and hope you don't spot the line rental in small letters"

Male, 18-24, AB, Manchester

*"Strictly, it's not misleading because I can work it out.
But it's a bit misleading because it requires an effort"*

Male, 65-74, AB, Glasgow

Concerns were often expressed about being misled but these tended to be directed towards others rather than themselves.

Spontaneously, many claimed that they could envisage that the 'vulnerable' in society could be caught out. This typically meant certain members of the elderly who were thought to lack sufficient knowledge of technology in general and broadband pricing in particular. This was also considered by some participants to mean people from other age-groups and minority ethnic groups with poor English literacy skills.

*"I think it's bad. There are people who could get
caught out. People who aren't as clued up as I am"*

Male, 35-44, AB, Glasgow

"I think of my elderly neighbour. She'd get confused by this"

Female, 35-44, C1, Birmingham

*"It [the line rental element] needs to be bigger and bolder
so that people can see it. My mother would miss that, for sure"*

Male, 45-54, AB, Manchester

Except for the majority of the 22% of the sample who **'Got it wrong' – 2nd look (communication test)** the method of presenting the line rental element raised doubt, scepticism and wariness. This had the effect of increasing diligence and scrutiny with regard to the 'true' cost of the deals presented. Many claimed that they could not satisfy themselves that there were no other 'additional' costs in the 'small print' and said it was likely to deter them from engaging any further with the advertising.

*"It's not something that I'd miss. The way they do it.
They are trying to make it look cheaper, but it just makes you more suspicious"*

Female, 25-34, C2, Cardiff

"There are always extras, but I'm prepared for that"

Male, 35-44, C2, Birmingham

*"You know for sure that there's going to be some hidden
costs down here [in the small print]. They make
it look too good to be true"*

Female, 25-34, C1, Manchester

"Somewhere in the contract, you'll end up paying for it"

Male, 45-54, AB, Glasgow

In a minority of cases, the method of presenting the total cost per month was viewed negatively as a 'dishonest' and sometimes 'cynical' attempt to present broadband pricing in a way that made it look cheaper than it was. More generally, participants expressed some degree of understanding that the method was sufficiently familiar and 'commonplace', leading many to claim that they were not 'threatened' by it and, for the most part, could 'see through it'.

A small number of participants claimed that the method was 'patronising' and reflected badly on providers.

"I think it's dishonest"

Female, 25-34, C1, Manchester

"It's so obviously not free. They must think I'm stupid"

Female, 45-54, C2, London

3.1.3 Customer context

This section provides background context for participants' response to the broadband advertising tested. It assesses the role that awareness, understanding and familiarity plays in responses to the method of presenting the total cost per month in current broadband advertising.

This section also provides a more in-depth understanding of the diligence of specific sub-groups and the role this plays in correctly interpreting the cost per month.

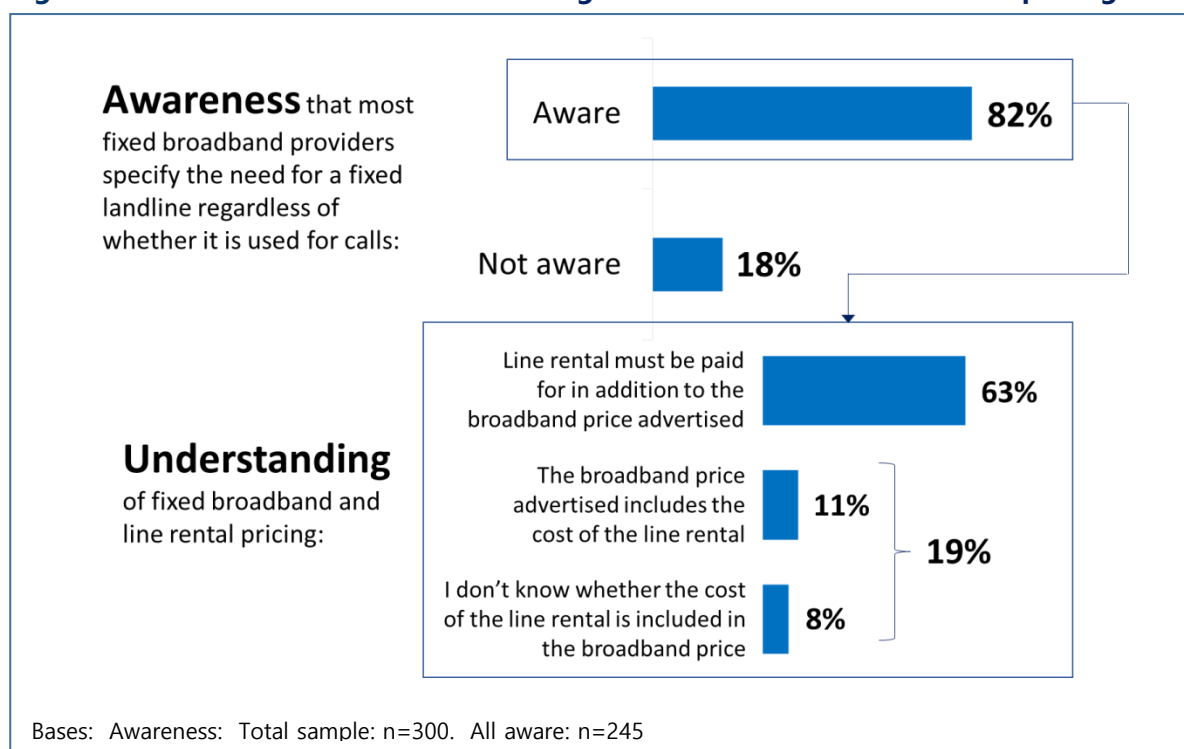
3.1.3.1 Prior awareness and understanding of broadband pricing

What current fixed broadband decision-makers know or do not know already (prior to being exposed to the advertising) was a major factor in identifying and calculating the total cost per month correctly.

Figure 10 shows that around 8 out of 10 participants in the sample were aware that a fixed landline was required for broadband. Among this number, there was some variation in understanding of how the line rental was applied. When asked:

- Nearly two-thirds (63%) of the total sample understood (correctly) that most fixed broadband providers specify the need for line rental to be paid in addition to the broadband price
- Around 1 in 10 (11%) of the total sample stated an understanding that the broadband price advertised includes the cost of the line rental
- 8% of the total sample could not say whether the cost of the line rental was included in the broadband price or not.

Figure 10: Awareness and understanding of broadband and line rental pricing

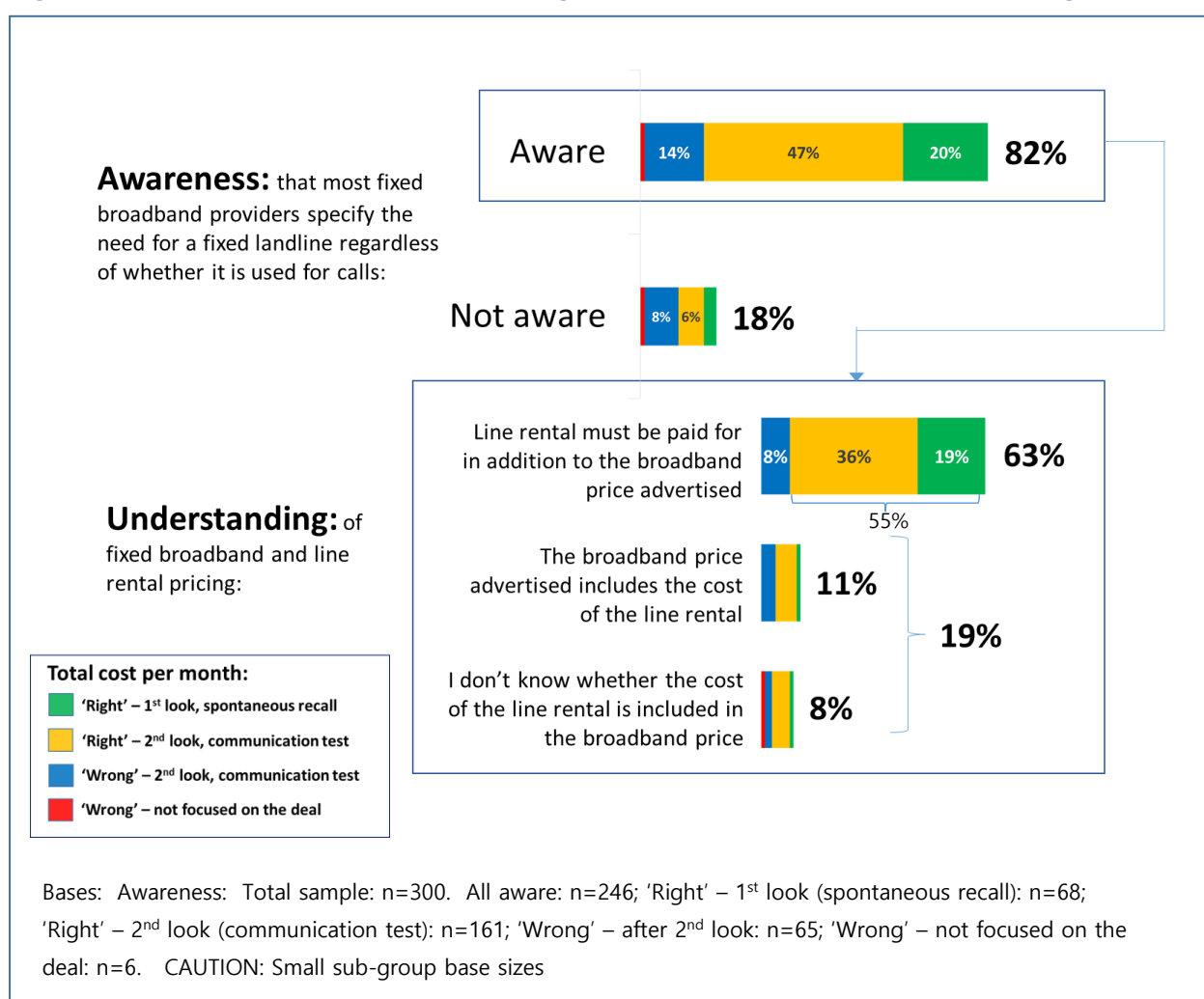


In all, the participants' ability in this study to identify and calculate the total cost per month correctly looks to be strongly associated with this awareness and understanding.

Figure 11 shows that just over half (55%) of the sample identified the total cost per month correctly and had the correct understanding of broadband and line rental pricing. (This comprises the 19% who identified the total cost per month correctly in their spontaneous recall plus an additional 36% who were correct when asked to state what the cost per month was on their 2nd look (communication test)).

Nearly a fifth (18%) of the sample were **not** aware that a fixed landline was generally required for broadband. Around half of these participants did not identify the total cost per month correctly and half **did** identify the total cost per month correctly.

Figure 11: Awareness and understanding of broadband and line rental pricing



3.1.3.2 Familiarity with the method of presenting the cost per month in current advertising

Whether participants already knew about the way that fixed broadband pricing was currently advertised was also important. In this, qualitative analysis suggests that familiarity with the method (of presenting the broadband service price in larger font size and the monthly line rental separately in smaller font size) played a major role in identifying the cost per month correctly.

Whether participants identified the cost per month correctly or not, the method tended to be understood by many as an attempt on the part of fixed broadband service providers to stand out and make their products / services appear 'cheap' and affordable. Familiarity was also evident with the use of this method in other markets, e.g., mobile.

This level of familiarity increased diligence and scrutiny among some. This was particularly evident when the broadband service was advertised as free. Very few claimed that they were prepared to believe that 'anything' was for 'free'. For others, familiarity appeared to increase levels of aversion to considering what the advertising had to offer. Either way, it led to a view that the service being advertised 'must' cost more than it appeared at first sight to suggest.

"There's no such thing as free"

Male, 25-34, C1, Manchester

"If it's too good to be true, then it probably is"

Female, 65-74, E, Glasgow

"I see free and immediately I'm suspicious"

Female, 35-54, C1, Cardiff

Whether familiar or not, the majority of the sample claimed to 'understand' why fixed broadband service providers presented the cost per month in this way. Providers 'had to compete' and needed to 'catch the eye' if broadband decision-makers were to notice the advertising and act on it.

Many mentioned spontaneously that this method of advertising was the 'way of the world' and, depending on levels of familiarity with it, were not threatened or daunted by it: they were accustomed to the method and claimed spontaneously that they could easily see through it.

"It's deceptive, but I don't think that people would look at it [the advertising] if [all the pricing details] were up front.

It'd make it look too expensive and very dull"

Female, 45-54, C1, Cardiff

"What's probably better is to make it one price, but that would put people off. They'd think it was too expensive and daunting"

Female, 25-34, C1, London

"It's the way of the world"

Female, 55-64, AB, Manchester

"You see it done this way all the time. If it were from an unknown company, I'd be worried about it, but you know with [fixed broadband provider] that it's going to be stated and explained as to what it actually costs if you look into it. It doesn't fool me, but it doesn't entice me either"

Male, 65-74, C1, Glasgow

"I don't object to them saying 'free'. We all know it isn't, but they wouldn't have any customers if they didn't do it like that"

Male, 35-44, C2, Birmingham

Others, who did not identify the total cost per month correctly, could clearly not see through it, and could be less forgiving of the method. As described in the previous section, some of these participants were 'indifferent' and others saw the method as a 'dishonest' and sometimes 'cynical' attempt to present broadband pricing in a way that made it look cheaper than it was.

3.1.3.3 Sub-group differences in terms of demographics and market engagement

The research collected background information on participants in terms of demographics and market engagement, i.e., whether switched fixed broadband before (within the last 4 years), whether currently considering switching, reliance on a landline for making and receiving calls and internet usage. These differences are discussed in detail, by sub-group, in the following sub-sections.

Sub-group 1: 'Right' – 1st look (spontaneous recall)

23% of the total sample demonstrated a very high level of engagement, with strong awareness, understanding and familiarity with fixed broadband advertising and pricing. Figure 12 shows that the demographic profile of sub-group 1 ('Right' – 1st look, spontaneous recall) is closely aligned with the total sample. No particular age-group or socio-economic group stood out.

Figure 12: Sub-group 1: 'Right' – 1st look (spontaneous recall): demographic profile

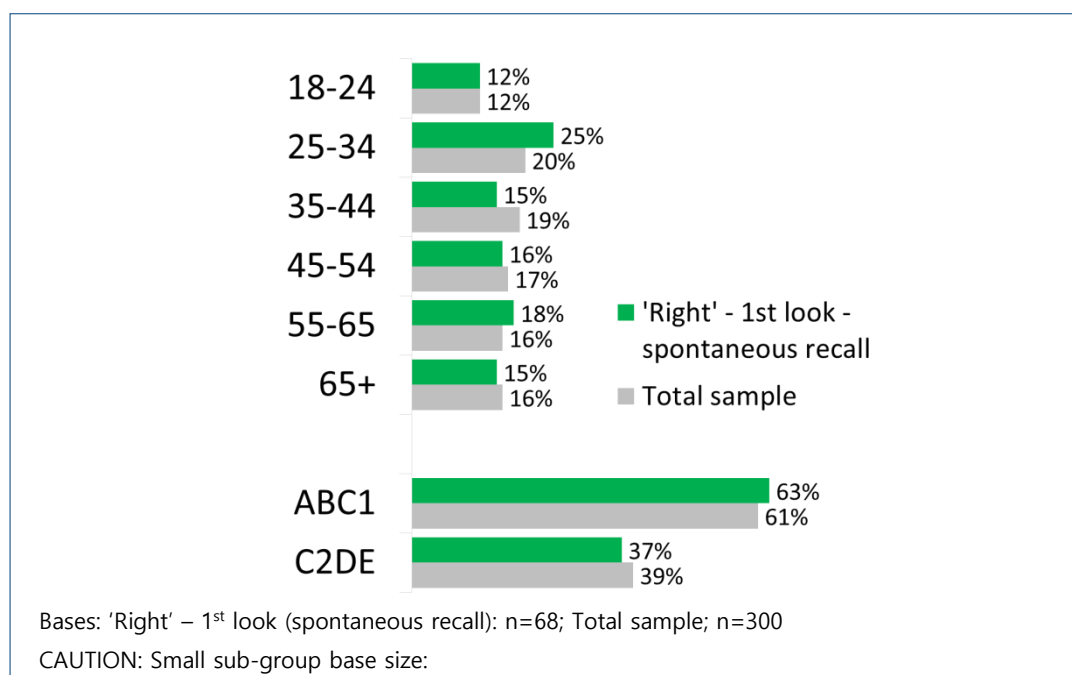
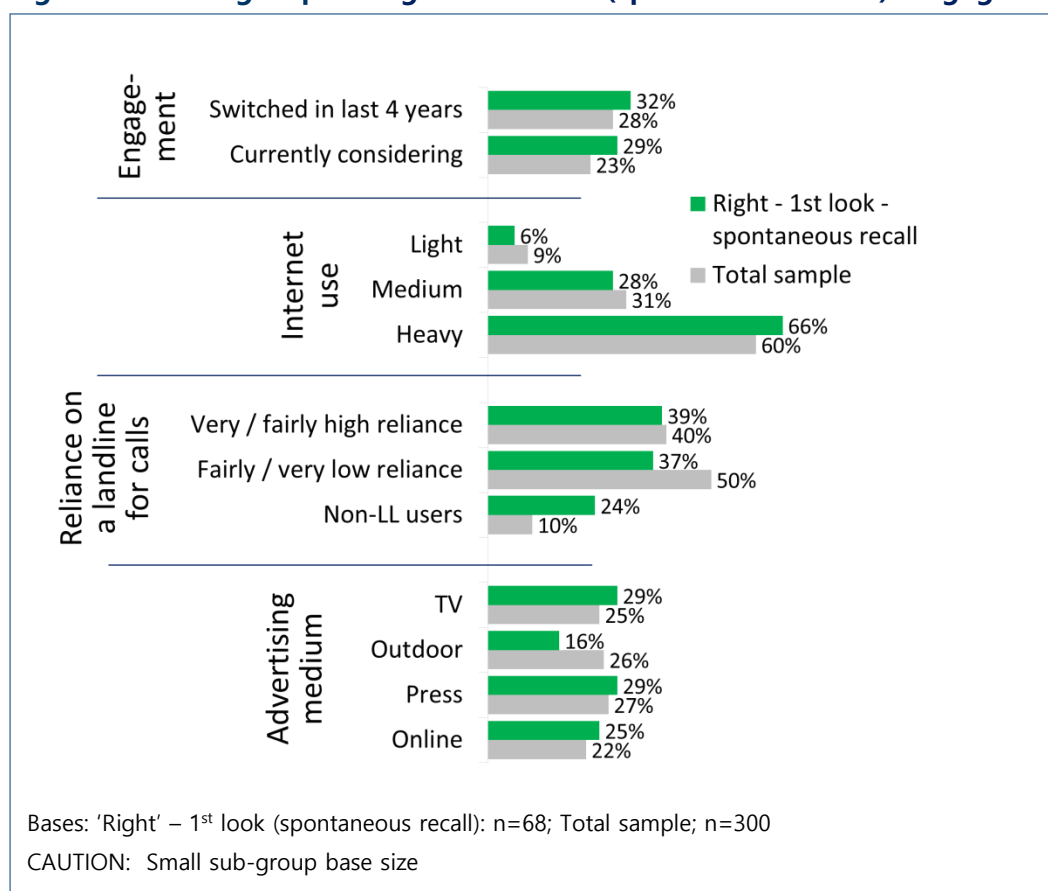


Figure 13, overleaf, shows that this sub-group also corresponds closely to the pattern for the sample in total in terms of existing engagement with the market and internet use.

Figure 13: Sub-group 1: 'Right' – 1st look (spontaneous recall): engagement

Qualitative analysis suggests that, rather than demographics or levels of current engagement, this particular sub-group: **'Right' – 1st look (spontaneous recall)** differs from the total sample as a whole in terms of background and past experience, when it comes to assessing contractual offers and deals, prior to take-up.

Participants in this sub-group clearly demonstrated an agility with figures and an ability to absorb and comprehend pricing information and messaging in advertising more quickly than others in the sample. This was sometimes the result of their background education and training (e.g., accountancy, financial administration, engineer, mathematics). It was sometimes due to past 'bad' experience, with some claiming to have been 'caught out' by not having read the details of a contract. This bad experience was not necessarily related to fixed broadband. When asked, it could relate, for example, to experiences in the mobile and energy markets.

Others, over time, had accumulated experience from regular and routine review in a variety of other markets, e.g., home insurance, car insurance, energy, etc. Through this, it appeared that they had developed greater familiarity with contract specifics. What tended to come with this was a greater sense of the importance (to them) of focusing on the detail, in order to fully understand what it actually cost and what they were actually paying for.

"I sell foreign currency and am good with figures"

Male, 18-24, C1, Birmingham

"I work for a housing association and deal with contracts all the time. You get to know all the pitfalls and can spot them easily. People don't realise that it's their responsibility to understand exactly what's entailed before they enter into a contract. They can't complain about being misled if they don't do that. It's the company's responsibility to ensure that they make the information available. If they don't do that, then it's misleading"

Female, 55-64, C1, Birmingham

In all, among these participants who got it **'Right' – 1st look (spontaneous recall)**, there appears to be no strong link to a particular demographic sub-group. Correct identification of the total cost per month was prevalent across all age groups and socio-economic backgrounds.

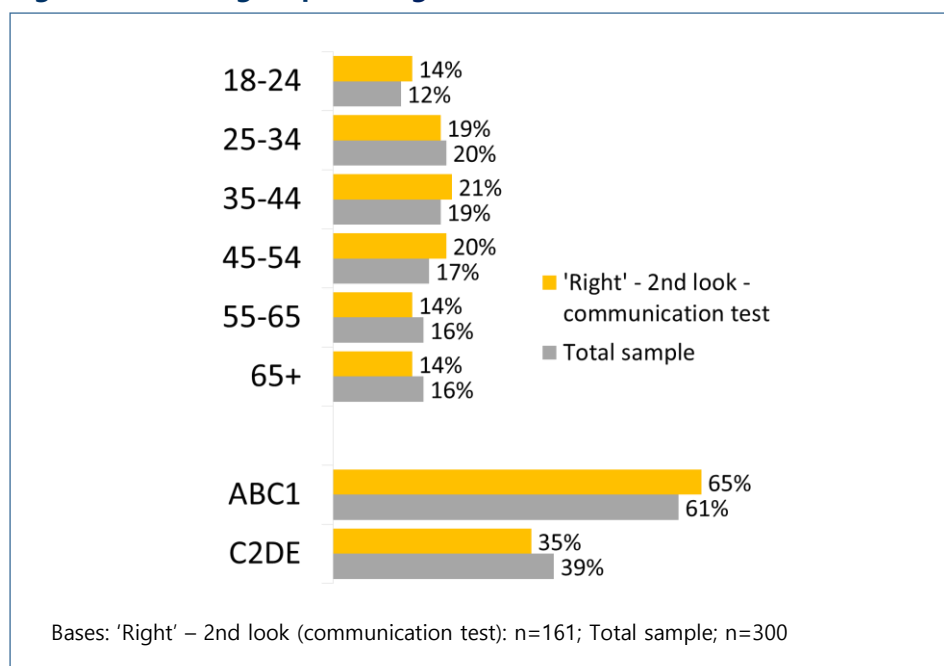
Sometimes, it was evident that participants in the socio-economic group DE were the most diligent. These participants reported a feeling of financial vulnerability, i.e., which drove a need to save money on the one hand and avoid the risk or danger of entering into a contract on the other; a risk or danger that exposed them to a higher than expected financial outlay. Many claimed that they had a strong need to keep a very tight control over their finances and were hesitant to engage in a market unless they were really certain about what the costs of it entailed.

By the same token, some participants in the socio-economic group AB appeared to be least diligent with regard to cost and were more focused instead on 'added-value' elements, e.g., broadband speed, fibre-optic, unlimited, customer service quality, etc. For these people, specifics related to cost played a largely secondary role.

Sub-group 2: 'Right' – 2nd look (communication test)

This sub-group demonstrated moderate to strong levels of focus and diligence, and spontaneously made an effort to consider the costs of the deal / deals presented to them by the advertising. By definition, they did not identify or mention the total cost correctly in their spontaneous recall, after the 1st look, but did identify and mention it correctly when asked to state the cost per month and when asked to focus on the deal.

In terms of profile, as with the **'Right' – 1st look (spontaneous recall)** sub-group (who mentioned the total cost per month correctly in their spontaneous recall), no specific demographic grouping stood out. Figure 14, overleaf, shows that this sub-group corresponded closely to the pattern for the total sample in terms of age and socio-economic status.

Figure 14: Sub-group 2: 'Right' – 2nd look (communication test): demographic profile

These participants also corresponded closely to the pattern of the sample in total in terms of engagement in the market (i.e., currently considering a switch and switched fixed broadband in the last four years). Figure 15 shows that internet usage (light, medium and heavy) also follows a similar pattern to the profile of the sample as a whole.

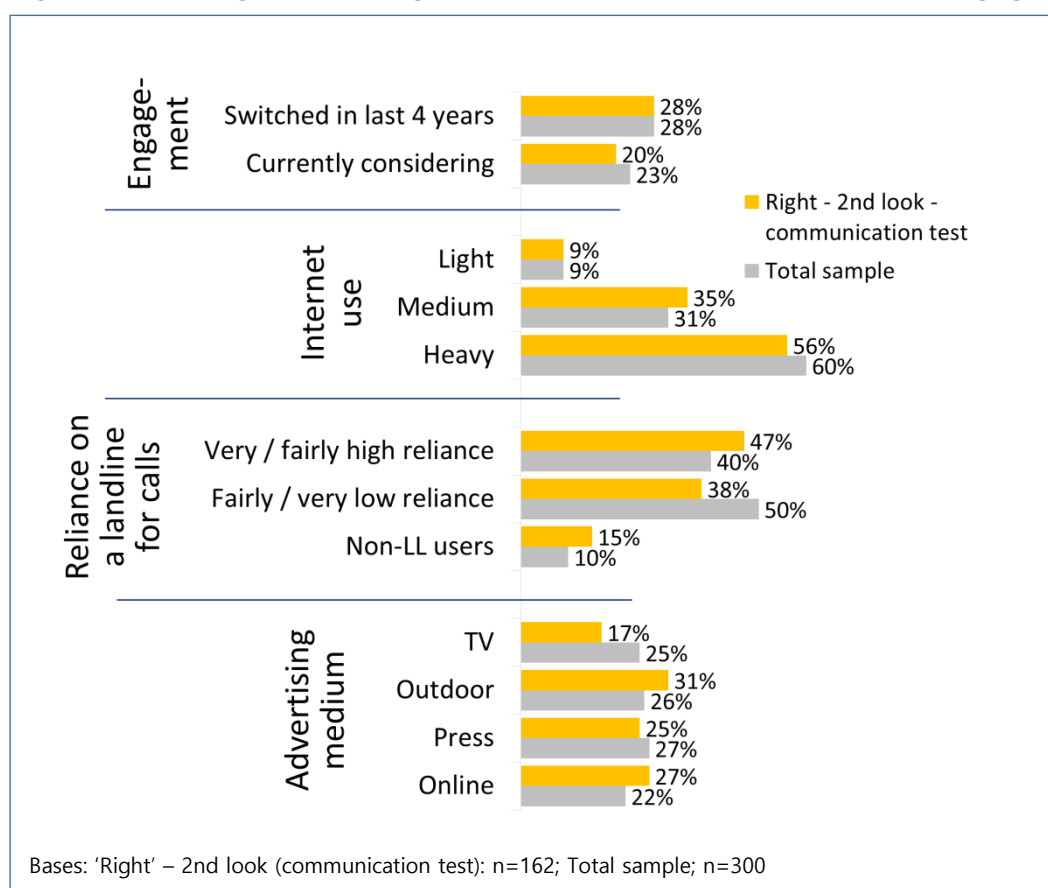
Figure 15: Sub-group 2: 'Right' – 2nd look (communication test): engagement

Figure 15, above, also shows no obvious difference in response in this sub-group by medium. This said, qualitative analysis suggests that respondents in general were less inclined to pick up on the line rental initially from the deals presented online and particularly via outdoor advertising.

In the case of outdoor advertising, some participants claimed that greater scrutiny and diligence was required to pick up on messaging and information in the advertising (compared to other media). The indications were that this was due to the nature of the medium, i.e., it being harder to take in information when 'on the move' and / or when further away from the advertising (via a billboard for example). In the case of online presentation of fixed broadband deals, 'information overload' appears to be the most likely reason for spontaneously stating a wider range of price and non-price related information in the initial exposure. Participants expressed a degree of difficulty in taking information in when looking at deals online.

Sub-group 3: 'Wrong' – 2nd look (communication test)

This sub-group represents the key focus in this research given that participants 'got it wrong', despite the fact that: (i) they made an effort to understand and calculate the cost per month advertised, and (ii) were given an opportunity to state the cost per month when asked to focus on the deal.

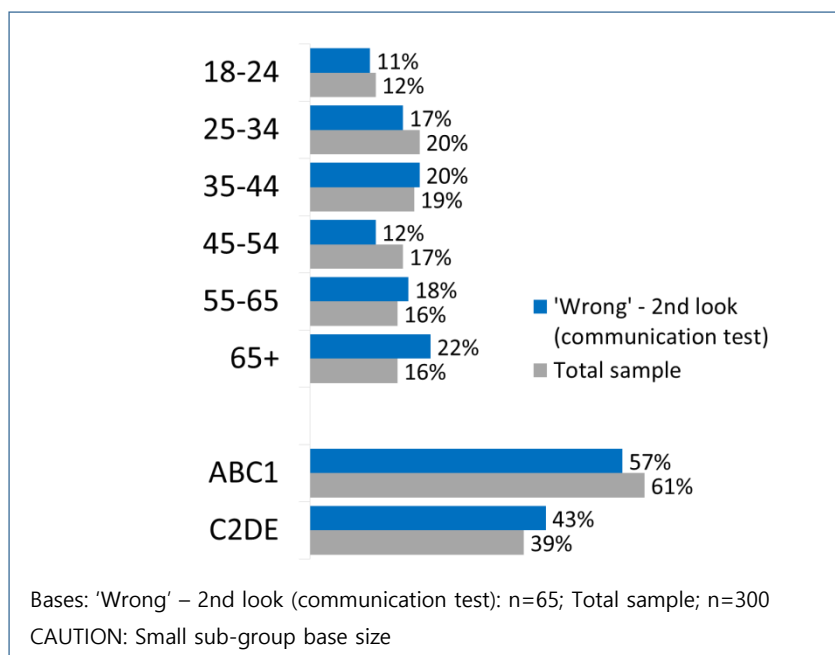
The indications are that this sub-group tended (though not always) to be less knowledgeable about broadband pricing and less familiar with the most common method of presenting the cost per month. Qualitative analysis suggests that many of these participants were more open and accepting of information at face value (compared to those sub-groups who 'got it right'), and either not willing or able to apply sufficient diligence required to 'look beyond' the larger and more prominent broadband service price figure presented. In some instances, there were indications that participants were less 'agile' with figures, and less able to absorb information. Complaints were more evident in this sub-group with regard to information-overload, particularly online and in press advertising that presented more than one fixed broadband deal.

This was unlike those in the sample who correctly identified the total cost per month, who, for the most part, were more suspicious and unwilling to believe that the price for the broadband service was the only price payable. Compared to these others, those who identified the total cost per month incorrectly were less inclined to 'look beyond' the larger and more prominent broadband service price figure presented.

In this, greater prominence of the broadband service price, and the smaller font size of the line rental element, was regarded widely as potentially misleading.

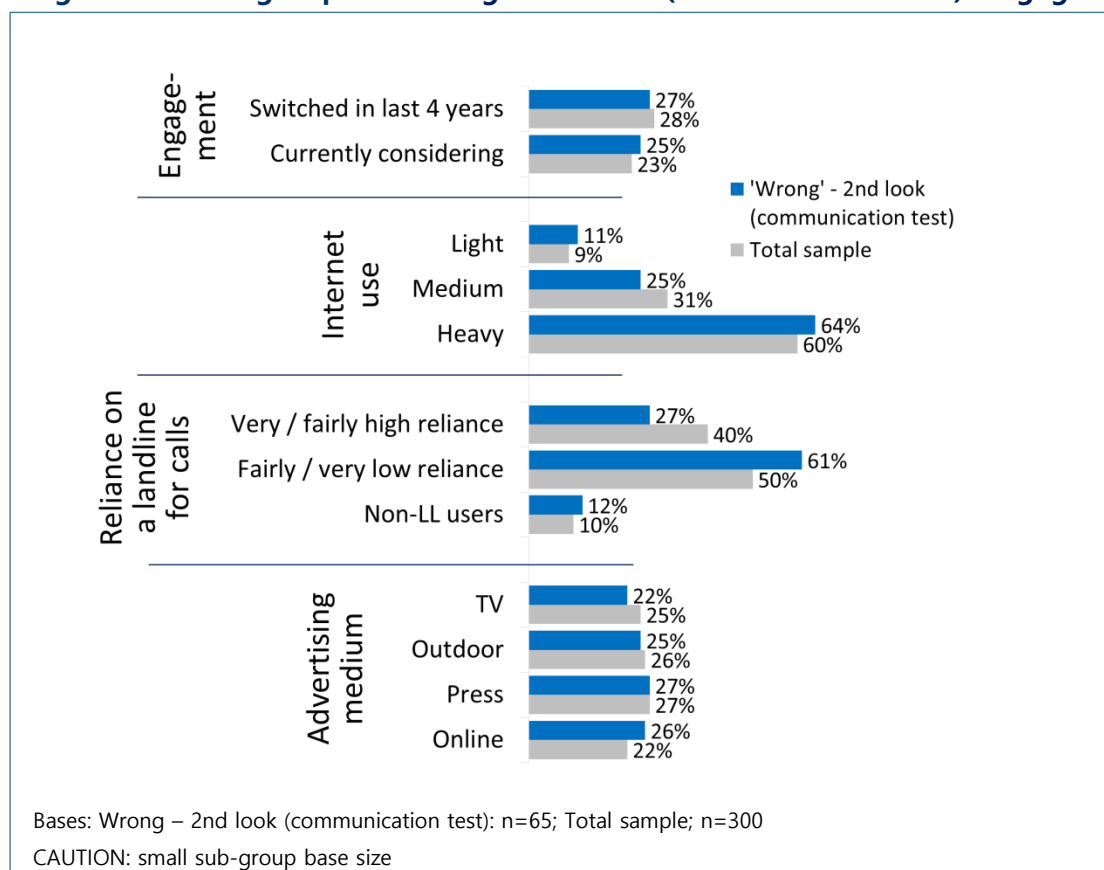
Figure 16, overleaf, shows that the above characteristics were prevalent in all age and socio-economic status groups.

Figure 16: Sub-group 3: 'Wrong' – 2nd look (communication test): demographic profile



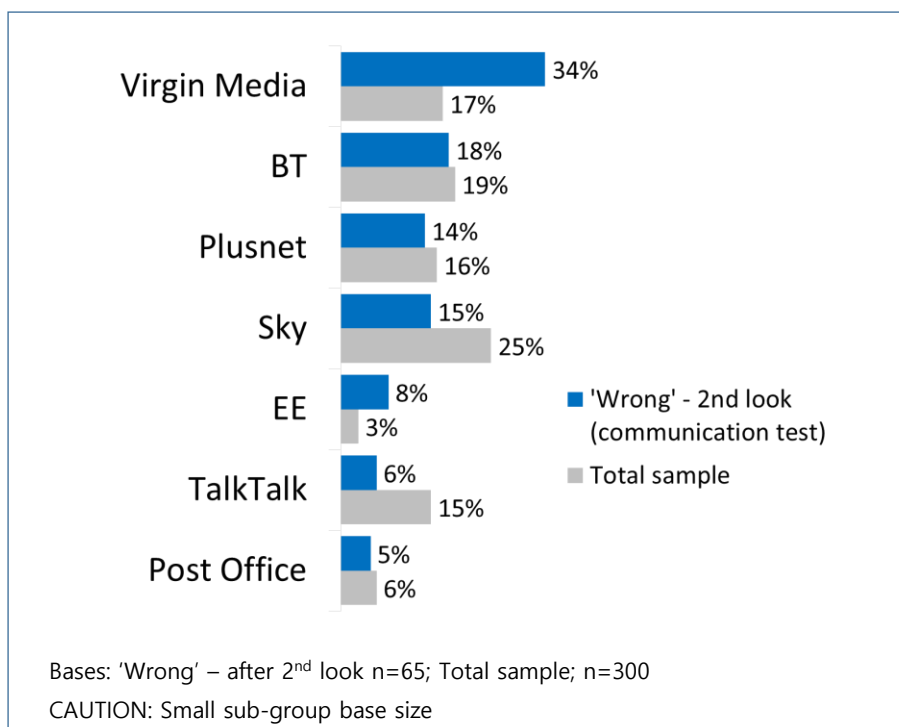
Similarly, Figure 17 shows no obvious differences were evident between participants who got it **'Wrong' – 2nd look (communication test)**, and the total sample in terms of engagement, landline use and the advertising medium. Qualitative analysis suggests that the main factors were lack of knowledge of broadband pricing, relatively lower levels of diligence and less familiarity with the method of presenting the cost per month.

Figure 17: Sub-group 3: 'Wrong' – 2nd look (communication test): engagement



For this sub-group, there was a strong pattern of difference across providers. Figure 18 shows that a greater number of 'errors' were evident for cable deals advertised compared to the average of the total sample.

Figure 18: Sub-group 3: 'Wrong' – 2nd look (communication test): response by provider



In this, it appears that participants in this sub-group lacked sufficient prior knowledge and understanding that, for cable, the landline rental element can be required, and in the case of all cable ads in this study, **was** required in addition to the cost of the fixed broadband service. Perceptual errors were evident, as they were for advertising from all other providers, i.e., the landline element could be missed given its lack of prominence and smaller font size. However, the main factor for cable was lack of consideration, i.e., participants in this sub-group did not tend to consider that a landline was required for cable or considered that a landline was optional.²⁹

In all other cases, i.e., among non-cable providers, the tendency was for participants in this sub-group to miss the line rental element, due to lack of prominence and clarity.

²⁹ Caution: Cable advertisements shown in this study were different in certain respects to non-cable advertisements, i.e., 4 of them included a TV package and pricing for these was relatively higher than that for non-cable deals. This said, each participant was shown only one advertisement and so perceptions of relative cost are unlikely to have impacted on their response. In addition, while some cable broadband packages are offered without the requirement to take a landline, none of these packages were shown in this study, i.e., each of the cable ads shown **did** require a landline. Awareness of the ability to purchase some cable deals without the line rental may have contributed to participants not stating the line rental element in their calculation of the total cost per month.

Sub-group 4: 'Wrong' – not focused on the deal

A small proportion (2%) of the total sample (relative to the size of all other sub-groups) were clearly not engaged with the advertising. This sub-group is too small to determine its demographic profile.

There were some indications to suggest that people in this sub-group were least open-minded about the idea of switching, most uninformed about fixed broadband, and unfamiliar with current fixed broadband advertising. Some were also most easily confused by the terminology used, e.g., 'fibre', 'Mb/s', 'unlimited'.

"What does 'fibre' mean? Makes me think of clothing"

Female, 65-74, C2, Birmingham

"It's not something I normally look at, unless it stopped working"

Male, 65-74, C1, Birmingham

3.1.4 Specific examples of 'error' in cost per month communication

This section details specific examples of 'errors' made by the 22% of participants in the sample who represent the **'Wrong' – 2nd look (communication test)** sub-group. These errors in cost per month communication were identified as falling into the following categories . . .

- Lack of knowledge / uncertainty
- Unequal prominence
- Lack of clarity
- Confusion
- Ambiguity
- Separation
- Partial omission.

Examples in each of the above categories are given in the following sub-sections³⁰.

3.1.4.1 Lack of knowledge / understanding

Errors in total cost per month communication in this category related mainly to cable deals. They tended to be knowledge-based rather than perceptual, given a belief (or no certainty) that the line rental was either included in the price for the broadband service or was 'optional'.

For cable advertising, the indications are that participants misconstrued the headline pricing. This was due, in part, to a lack of consideration that a landline was needed for cable. (Please see 'caution' in footnote 29).

This was also due, in part, to consideration that a landline for cable was optional. For 'higher' priced cable deals (i.e., £39+), a few participants mentioned that they thought that the cost of the cable service itself 'included everything'. From this, it could be inferred that 'everything' included the landline rental. However, our analysis suggests that 'everything' meant the 'whole package', of broadband and TV channels, and that the landline was not thought of or considered to be part of this package. (Again, please see caution in footnote 29).



³⁰ **Note:** the visual examples shown in these sub-sections are extracts taken from the advertising. Participants were, of course, exposed to the advertisements as a whole. In addition, the quality of the visuals shown to participants were higher in quality than the visuals that have been reproduced here in this report, i.e., a quality that was equivalent to the original advertising.

In all, these factors tended to create a different 'mind-set' when attempting to identify and calculate the cost per month and a considerable amount of confusion over whether a landline was necessary, optional or included.

"I just saw the price of £39 and thought that it must include everything"

Female, 25-34, AB, London

"I think of a landline as optional for [cable]"

Male, 35-44, C1, London

"You don't need a landline [with cable]"

Male, 35-44, C1, Cardiff

3.1.4.2 Unequal prominence

This type of error related to the lesser prominence of the line rental element (and its small font size) compared to the greater prominence and font size of the price for the fixed broadband service itself. Participants in

the '**Wrong**' – 2nd look (communication test) sub-group missed the line rental element because of this lack of prominence and size relative to the broadband service price.

A typical response in this sub-group was to quote the larger amount only, i.e., missing the landline rental element altogether. The degree of emphasis (and animation in the case of TV) appeared to contribute to this. Participants' attention looked to be taken away from the smaller line rental detail. In some instances, it appeared that attention was split, i.e., participants had difficulty actually seeing both the broadband service price and landline rental amount at the same time.



"£10 a month and £15 after that"

Female, 55-64, E, Manchester

"£7.50 for the first 12 months. That's it"

Male, 35-44, AB, London

3.1.4.3 Lack of clarity

This type of error in communication related to poor visual standout and contrast of the line rental execution against the background of the advertisement.



Participants who were '**Wrong**' – **2nd look (communication test)** complained of difficulties in seeing pricing information, beyond that of the price of the fixed broadband service itself. This was given the use of font colours that 'matched' the background colour or used a 'light' / 'narrow', font style that was difficult to read.

"I have no idea what the cost including line rental is because I couldn't read the stuff at the bottom."

"I can only give you the figure of £10 because that was big and bold"

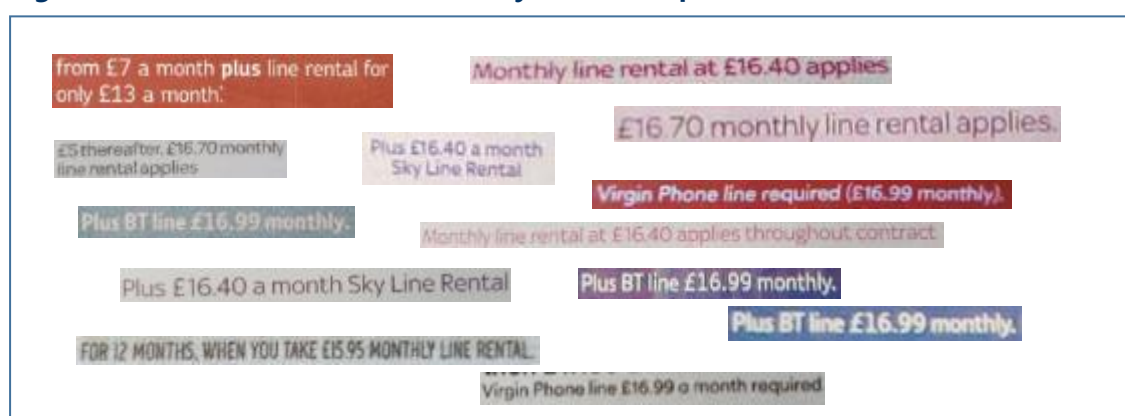
Female, 35-44, C1, Glasgow

"It makes me uncertain and untrusting about the hidden costs if they make it this difficult to see it"

Male, 55-54, C2, Cardiff

Figure 19 shows a similarly wide degree of variation and lack of visual clarity in the press and outdoor advertisements tested . . .

Figure 19: Variations in visual clarity shown in press and outdoor³¹



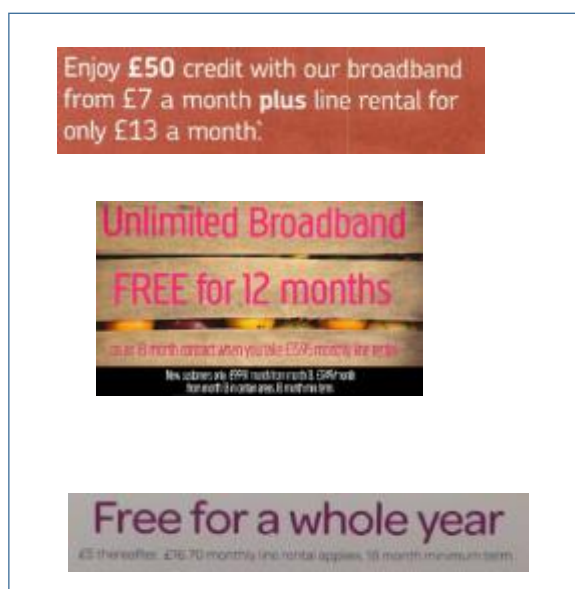
³¹ The visual quality shown in the figures in this and other sections is not an exact replication of the quality of the same in the advertisements shown to participants. The quality of the visuals shown to participants were higher in quality than the visuals that have been reproduced here in this report, i.e., a quality that was equivalent to the original advertising. Lack of 'clarity' relates to poor contrast in colours, making the wording harder to read and producing poor standout.

3.1.4.4 Confusion with other price-related price elements

This type of error related to confusion that appeared to be brought about by the inclusion of other price-related information placed near to, or in conjunction with, the line rental price element.

Figure 20 shows a number of examples.

Figure 20: Examples of confusion with other price-related elements



"£50 a month, and the line rental is £7, but I'm not really sure what it's saying"

Female, 35-44, E, Cardiff

"The broadband is free and the line rental is £9.99. I saw it at the bottom where it usually is"

Female, 45-54, E, Birmingham

"Free for 12 months and then it goes up to £15.95 a month"

Male, 55-64, D, Glasgow

"£15.95 after 12 months"

Male, 45-54, C1, London

"The line rental is £5 a month"

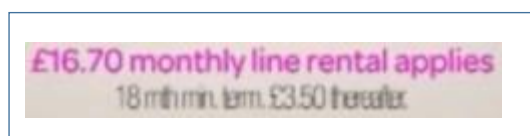
Male, 25-34, AB, Birmingham

"It's deceptive. You can't calculate on the strength of the advert. Too many amounts are being shown"

Male, 18-24, D, Manchester

In addition, participants reported that footnote figures were not shown clearly, shown only briefly or were easily confused with other price-related elements. Figure 21 shows an example.

Figure 21: Examples of confusion with other price-related elements

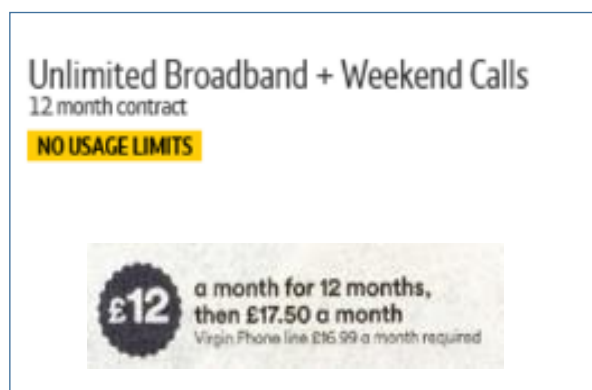


"It was £18 a month for the line rental with the broadband free for 18 months and then an additional £3.50 per month"

Male, 25-34, C1, London

Some confusion was also evident among participants with landline call packages, and the mistaken impression that landline rental only applied if the customer wished to use the landline for making and receiving calls. Figure 22 shows two examples.

Figure 22: Examples of confusion with other price-related elements



"Unlimited landline calls which means that the landline wouldn't cost anything"

Male, 35-44, E, Birmingham

"£12 if you don't go for the telephone costs"

Male, 25-34, C1, London

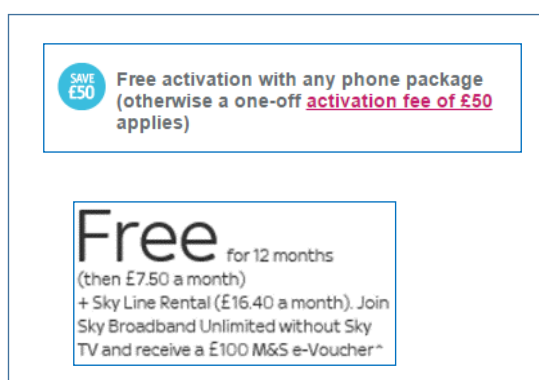
"I expect them to mention the line rental."

The calls are what increases the costs"

Female, 55-64, E, Glasgow

Figure 23 shows two other types of error that illustrate the confusion and difficulty of interpretation among participants who 'got it wrong', despite an opportunity to review the deal.

Figure 23: Examples of confusion with other price-related elements



"A surcharge of £50 if the line rental is not taken"

Male, 55-64, C1, Cardiff

"Free for the first 12 months, then £7.50 a month plus £16.40 line rental which kicks in after 12 months"

Male, 18-24, AB, London

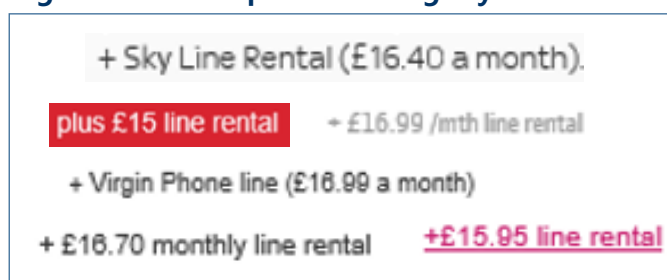
3.1.4.5 Ambiguity

This error related to a lack of certainty as to whether the landline rental element was payable. This appeared to be due to the way in which the line rental element was worded.

Use of the '+' sign or 'plus' in words was commonplace in the advertising (particularly online). The use of the plus sign, or the term 'plus' was sometimes misinterpreted as 'optional'.

Figure 24, opposite, shows some examples.

Figure 24: Examples of ambiguity



In addition, it was rarely the case that any explanation was given as to when the monthly line rental was payable, or over what period it was payable. Only one deal in the advertising tested stated that the line rental was payable over the entire contract.

"It's not clear that landline is payable. I know it is, but it doesn't specify it. What does 'plus' mean? It could be an optional extra. It could be anything"

Female, 35-44, C2, London

"It's not clear that it's extra"

Male, 65-74, C1, Birmingham

3.1.4.6 Separation

In the case of one provider, the line rental element presented online was situated away from pricing information related to the broadband service itself. It was apparent that some of the participants missed the line rental element because of this. Figure 25 shows this.

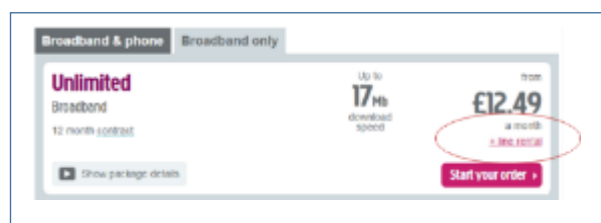
Figure 25: An example of separation

Pay monthly (12 months)	£2.95 a month for the first 12 months then £9.95 a month	£4.95 a month for the first 6 months then £14.95 a month	£9.95 a month for the first 6 months then £19.95 a month
	BUY NOW	BUY NOW	BUY NOW
All plans subject to line rental at £16.40 a month			

3.1.4.7 Partial omission

In the case of one provider, no mention was made online of the line rental amount. Instead, the line rental element comprised stating '+ line rental'. It did not occur to some participants that they needed to click on the link, and could therefore come to the view that only the cost of the fixed broadband service itself was payable. Figure 26 shows this.

Figure 26: An example of partial omission



3.2 Communication of additional one-off and on-going costs

This section sets out the findings that relate to current fixed broadband advertising communication of any additional one-off and on-going costs associated with the contract as a whole. These additional costs may relate to . . .

- The amount payable per month for broadband service after any free or discounted introductory period
- The total length of the contract
- Any set up, installation or activation costs
- Any router delivery charge
- Any additional charges, e.g., a surcharge for non-Direct Debit payment.

In all, this section describes the perceived ease or difficulty that participants report having, in determining the actual cost of the contract as a whole, as well as the perceived clarity of key set up and on-going pricing information. A particular focus in this section is on whether any perceived effort or difficulty acts as a barrier to engagement with the advertising. By engagement, we mean involvement and an inclination to look further at the detail of what is being offered.

3.2.1 Overview

Compared to responses to the total cost per month, error, effort and difficulty was evident among a larger proportion of the total sample when attempting to determine other price elements of the fixed broadband deals advertised. This error, effort and difficulty was widespread across the sample and even seen amongst the most diligent.

In all, participants reported that this effort and difficulty made them sceptical, and put them off looking further into the detail of what was being offered. The key supporting figures are that . . .

- Around 8 out 10 (81%) could not identify or correctly calculate the total cost of the contract when asked to do so³². Of these, 59% stated a figure incorrectly. The remaining 22% could not state a figure

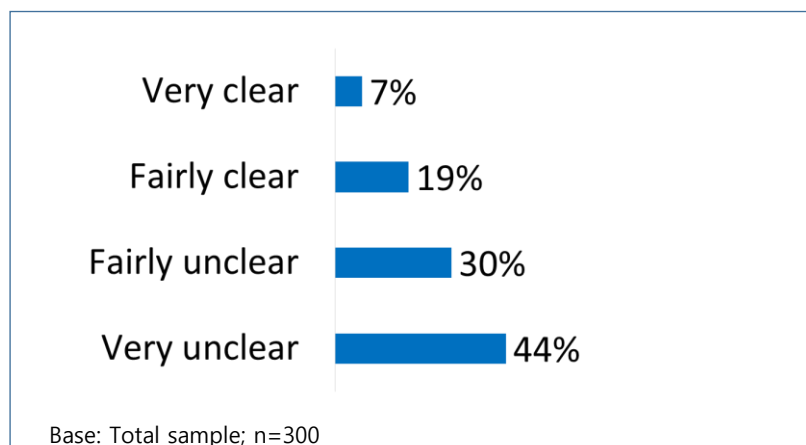
³² Towards the end of the interview, participants were asked to look at the deal advertised (for as long as they wished to) and provide an estimate of the total cost that they would pay over the entire length of the contract. Participants were given a pen, paper and calculator, and were **prompted** to take account of the monthly payment (both before and after any discounted introductory period), the monthly line rental and any one-off charges for set up / installation and hub / router delivery. This figure of 81% is based on deals shown that actually **included** the information required to determine the total cost of the contract. 33 cases were excluded because either insufficient information was provided, or the information in the footnote was illegible (in both the original and reproduced version of the advertising).

- Of the 59% who stated the figure incorrectly, around three-quarters (77%) underestimated the total cost of the contract
- Of the 22% who could not state a figure, the reason given was that it was either 'too complicated' or 'not enough pricing information was provided'
- Nearly 6 out of 10 (58%) did not see or take account of the cost per month at the end of a free or discounted introductory period
- Around half of the total sample (52%) did not see or take account of the total length of the contract
- Just over a third of the total sample (35%) thought that a free or discounted introductory period was being offered, when none applied
- The perception of nearly three-quarters of the total sample (74%) was that these one-off and on-going costs were either fairly unclear or very unclear.

Having had an opportunity to review the advertising, participants were asked to state how clearly the ongoing and one-off set up costs were communicated for the fixed broadband deal that they saw advertised.

Figure 27 shows the level of perceived clarity across the total sample, which indicates that the majority (74%) did not think that the costs were clear.

Figure 27: Perceived clarity of any ongoing and one-off set up costs



In the qualitative analysis, many across the sample complained that these additional costs were 'hidden', hard to find or, in some cases 'not provided'. In cases where costs were identified, complaints were sometimes made that the wording was confusing, difficult to understand and hard to read.

Participants reported that these factors made it difficult to make like-for-like comparisons.

"It makes you think about the first 12 months and not the whole thing. It doesn't tell you the contract length"

Male, 25-34, C1, Glasgow

In the in-depth interviews, these additional costs, and 'facts' that related to the contract as a whole, were claimed by participants to be important to know and understand. Many claimed that they needed to know in particular what the on-going cost would be (after any free or discounted introductory period).

In cases where participants claimed that they could not identify these costs and facts, a need was expressed to either (i) have to find out more information, or make an enquiry of a provider, or (ii) rely on a provider to inform them, were they to seek to enter into a contract as a result of seeing the advertising.

"It's too much effort. I don't have the time. So, what do you do? I'd have to ask I suppose, and then you get drawn in"

Male, 44, C1, Belfast

"Too many complications. I think they are trying to confuse me"

Male, 65-74, AB, Cardiff

"I look for hidden things, like extra charges for making calls.

There's nothing said about that up front"

Male, 25-34, E, Cardiff

"There's things you have to find out when you phone them up. I mean it says here, in tiny print: 'prices may go up during your contract'.

That's not right. A contract is a contract"

Female, 45-54, C2, Birmingham

"It makes you wonder about the extras you don't know about, which is why I prefer to phone up to clarify what all the costs are"

Female, 18-24, C1, Manchester

"Deep down, I know about the one-off costs, but I would forget about them unless it was easier to see them"

Female, 55-64, C1, Glasgow

3.2.2 Communication of the total length of contract

Figure 28 shows that around half (48%) of the total sample identified the length of the contract stated and around half (52%) of the sample did not identify it. This was based on all fixed broadband advertising shown that stated the total length of the contract.

Figure 28: Communication of the total length of contract

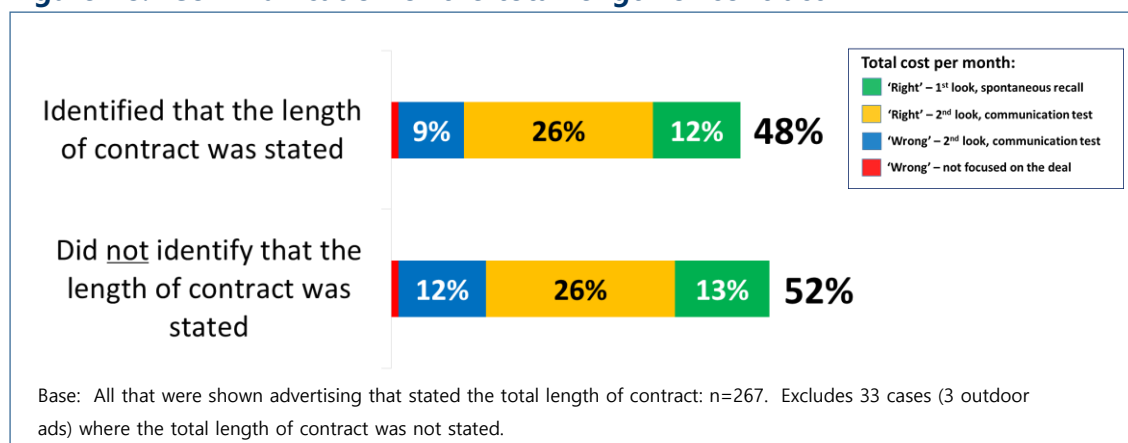


Figure 28 (above) also shows the pattern of response for each of the sub-groups of participants who got the cost per month 'right' and 'wrong'. The green and yellow parts of the bars above are similar. This suggests that around half of the more diligent in the sample, i.e., those that got the cost per month 'right', either after the 1st look (spontaneous recall) or the 2nd look (communication test) fail to identify the length of contract. This suggests a perceptual difficulty in identification, as opposed to lack of diligence.

Among the 52% who did not identify the total length of contract, difficulty and some confusion was especially evident for press and online advertising that presented multiple deals. Figure 29 shows an example.

Figure 29: Example of press advertising showing two separate deals, side by side



In this example, participants could sometimes appear to consider (mistakenly) that one deal was being presented rather than two. Participants then selected pricing information from both deals when attempting to calculate the cost per month, and did not pick up on the total length of contract.

In Figure 29 (above), the deal on the left offers a free introductory period of 12 months. The deal on the right offers no introductory period. Both deals have a contract length of 18 months which is stated in the footnote of the advertisement.

"It's £10 a month for 12 months"

Male, 35-44, C1, Birmingham

In this case, the participant did not identify either the total contract length or the monthly line rental and perceived that the headline £10 a month figure was payable for 12 months. (The actual cost per month for the deal on the right (above) was £26.70 for a total of 18 months).

"There are so many different figures, dotted around.

Some down here [in the footnote], some up here. It's confusing"

Male, 35-44, D, London

"I'd like less work please. You have to decrypt it"

Male, 18-24, AB, Glasgow

"12 months free suggests that 12 months

is the contract length"

Female, 25-34, C1, Birmingham

Figure 30 shows an example of a footnote in one of the press advertisements shown to participants that related to two deals presented in the advertisement.

Figure 30: Example of a press advertisement footnote³³

Subject to status, age, sex & availability in your area. Payment by Direct Debit only. You must take TalkTalk line rental (£16.70/mth). Line rental & subscription fee subject to change. £50 connection fee & £6.75 router delivery charge apply. 18 mth min. term. The standard rate for calling UK landlines is 11.5p/min. Calls to 0871 will cost no more than 14.16p/min & to 070 no more than 50.88p/min. All chargeable calls subject to 16p connection fee. All in **price comparison** correct as of 22/05/15 and exclude new line installation and connection charges. **12 months free totally unlimited broadband**: Available to new customers only. 100% subscription discount will be applied to the first 12 bills; full monthly package price payable thereafter. Line rental, calls and other charges still apply as standard. Offer ends 18/06/2015; subject to removal, change or withdrawal at any time. **Save £179 vs BT**: 18 mths cost comparison of promotional price of TalkTalk SimplyBroadband compared to promotional price of BT Unlimited Broadband. ***Save £154 vs BT**: 18 mths cost comparison of promotional price of TalkTalk Essentials TV compared to promotional price of BT TV Starter, Unlimited Broadband and Evening & Weekend Calls. **Totally unlimited broadband**: Refers to TalkTalk SimplyBroadband at £5/month plus £16.70 per month line rental. **Essentials TV**: New customers are entitled to a free YouView box worth £149. New/reconnect lines may be subject to £20 connection fee and credit check. £50 installation options: engineer installation or Speedy install. £50 Welcome Credit applied to your bill only when you make your order online and select Speedy install and a TV Help engineer visit is free when booked within 10 days of receiving your YouView box, thereafter standard engineer charges still apply. Optional powerline adapters from £35. YouView subject to aerial reception, min. line speed of 3Mb (5Mb for TV Boosts). £75 charge may apply for YouView boxes if you leave in your min. term; standard early termination charges still apply. **7-day catch up**: Catch up available for certain channels only and not all programmes available on channels where catch up is available. **Evening & Weekend calls to UK landlines**: Landline calls are available between 7pm to 7am weekdays, and between midnight Friday & midnight Sunday. The offer applies to calls to UK numbers starting 01/02/03 only (excludes calls to Channel Island, dial-up internet, indirect access & all other numbers). **~99.99% Reliability**: TalkTalk's core network is operational 99.99% of the time. 99.99% reliability applies to TalkTalk's core network and not overall connection reliability. Other factors may affect overall connection reliability including home wiring, equipment, websites you visit and telephone line between the exchange and your home. **HomeSafe®**: Applies security features to your broadband at the point of entry to your home to protect every internet enabled device without additional software downloads. TalkTalk Network areas only. T's & C's at talktalk.co.uk/policies & prices at talktalk.co.uk/pricing.

Note: the contract length is highlighted above to show its presence and position in the footnote.

The highlight is our highlight and is not part of the original footnote

In the above example (and others like it in the advertising shown) participants reported a number of types of difficulty . . .

- Difficulty in reading the footnote, either because it was 'too small' and difficult to read, or too lengthy

³³ **Note:** the visual examples shown in this section are extracts taken from the advertising. Participants were, of course, exposed to the advertisements as a whole. In addition, the quality of the visuals shown to participants were higher in quality than the visuals that have been reproduced here in this report, i.e., a quality that was equivalent to the original advertising

- Difficulty in determining which information in the footnote applied to which deal presented
- Difficulty in 'picking out' relevant pricing information from amongst a range of non-price-related or price-specific information.

"It doesn't tell you what the contract length is"

Female, 18-24, AB, London

"The contract length needs to be upfront, in the big print. You can't really work out anything without that"

Male, 35-44, C1, Manchester

"Why do they make it so hard to find the contract length?"

It's buried in all this other stuff about network reliability, TV channels, call costs"

Male, 55-64, C2, Cardiff

"It feels like they hide the costs in amongst all this other blurb, to put you off reading it. It [the blurb] is not relevant"

Female, 25-34, D, Glasgow

"There's no clarity. It's all over the place"

Male, 55-64, C1, Glasgow

Figure 31 shows another example of a press advertisement footnote that contains pricing information (highlighted) that is (as participants claimed) ‘mixed in’ with non-price-related information.

Figure 31: Example of a press advertisement footnote

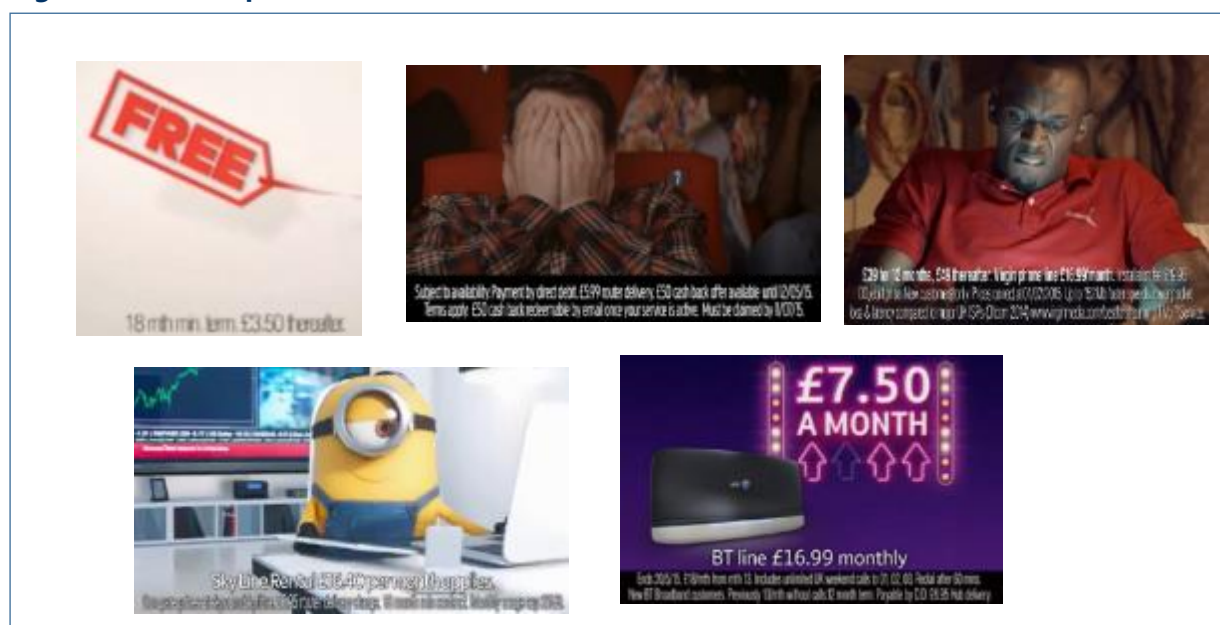


This was reported as making it ‘difficult’ and a ‘hassle’ to make like-for-like comparisons. This was compounded by variation (across providers, and sometimes across different advertisements from the same provider) in the location, prominence, and availability of pricing information (within the footnote and in other parts of the advertisement).

Specific difficulties related to outdoor and TV

Error, effort and difficulty were also evident with fixed broadband advertising via TV and outdoor. Rather than 'information overload', it appeared that difficulties in picking up on additional costs and contract length related to lack of prominence. This was despite the opportunity to review the advertising in isolation and in greater depth.

In the case of TV, this could be seen in many cases to be compounded by the shortness of duration, small font sizes and poor contrast and the use of imagery and animation that either split or distracted participants' focus and attention. Figure 32, overleaf, shows a number of stills from the TV advertisements shown, by way of examples.

Figure 32: Examples of stills taken from TV advertisements shown

"It splits my attention. It's impossible to take it all in at the same time"

Male, 25-34, C1, Birmingham

"It's all fragmented. They aren't telling you the actual cost"

Male, 45-54, AB, Manchester

In three of the nine outdoor advertisements shown, specific additional costs (that applied) and the length of contract were not stated. In some instances of outdoor advertising, similar perceptual difficulties were evident with the footnotes used, as described above for press.

Overall

Overall, participants reported difficulty in finding the contract length in the advertising, particularly when it was included in the footnote of the advertising. The tendency, instead, was to focus on, and refer instead to, pricing information that was more prominent and closer in position to the cost per month, i.e., located in the main body of the advertisement, as opposed to the footnote.

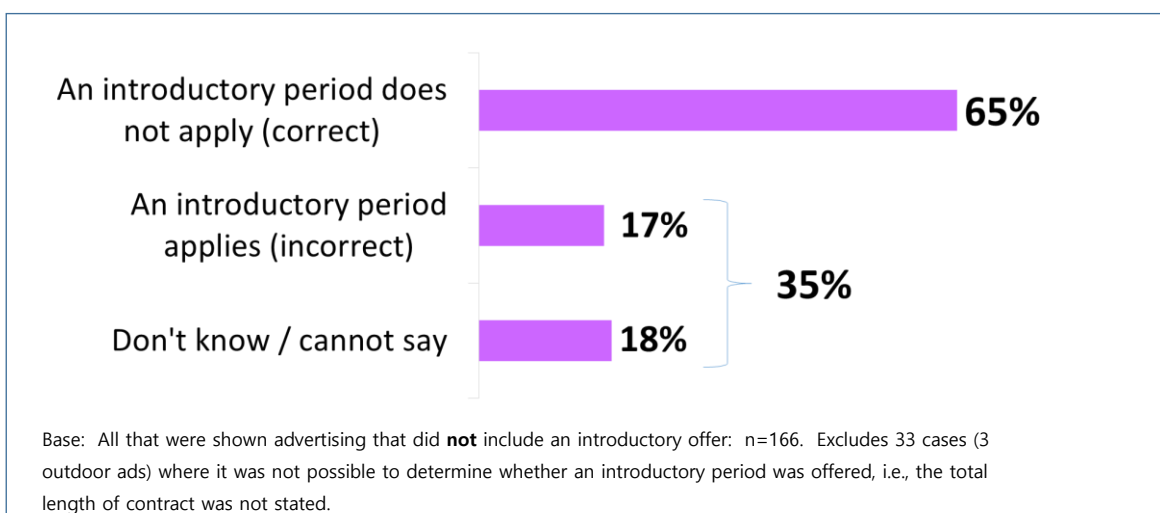
Failing to pick up on the total length of the contract could often create confusion with free or discounted introductory periods and pricing that applied after these introductory periods. This is detailed in the following section.

3.2.3 Communication of any introductory period

Participants were asked to identify and state the length of any free or discounted introductory period that applied in the fixed broadband advertising they were shown.

As Figure 33 shows, in instances where an introductory period did **not** actually apply, 35% of participants believed that an introductory period **did** apply, or they could not say.

Figure 33: Communication of any free or discounted introductory period



As Figure 34, below, shows, in instances where a 'thereafter' price for the broadband service is stated (i.e., a revised price that applies at the end of an introductory period), 58% of participants did not state the new monthly cost correctly or could not say. The tendency among some participants was to assume that the total cost per month applied over the entire length of the contract.

Figure 34: Cost per month at the end of a free or discounted introductory period

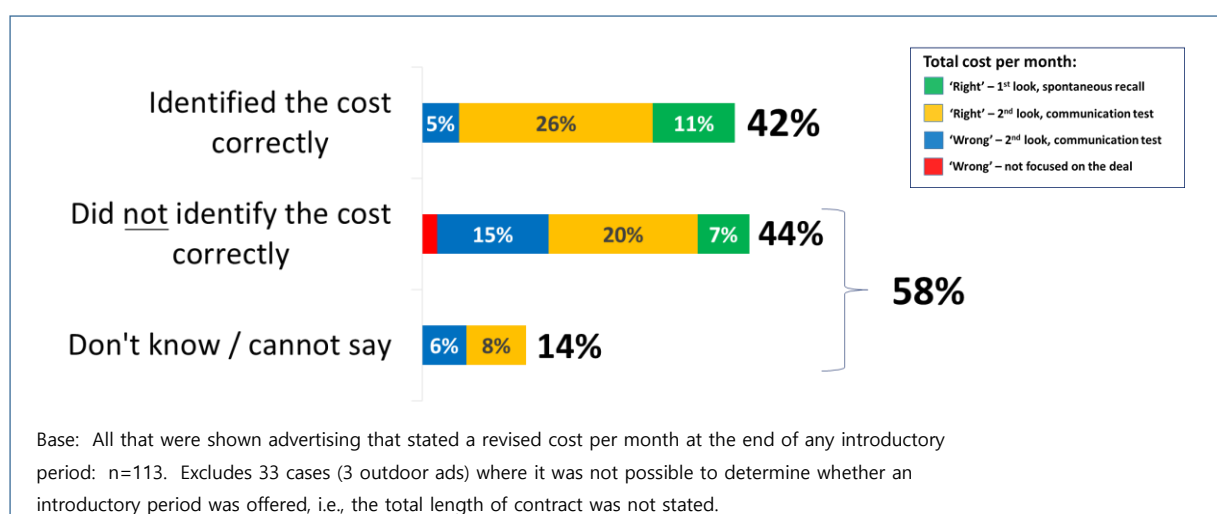


Figure 34 (above) also shows the proportions of participants who got the total cost per month 'right' and 'wrong'. Roughly equal proportions of the different sub-groups fall into each of the categories. This suggests that participants can get an assessment of the on-going costs 'wrong', despite applying diligence to understanding what the advertising is offering. This, in turn, suggests again a perceptual difficulty in identification, given that many of the more diligent 'knew' what they did not know.

"I can't see the costs after the first 12 months. I'm certain they will go up, because the length of the contract is 18 months"

Female, 18-24, C1, London

"It's easy to get caught out. It leads you to think that the offer applies for 18 months"

Female, 45-54, C2, London

"It's easy to see the price for the first six months. They make it more difficult to see the price after that"

Female, 18-24, D, Glasgow

"If you get 12 months at half price, what's the catch with the whole contract length? It's not clear to me"

Male, 25-34, AB, Manchester

"It's a process of labour. It needs to be clearer: what the contract length is, whether the price remains the same over the length of the contract"

Male, 18-24, AB, Glasgow

3.2.4 Participants' ability to calculate the total cost of the contract

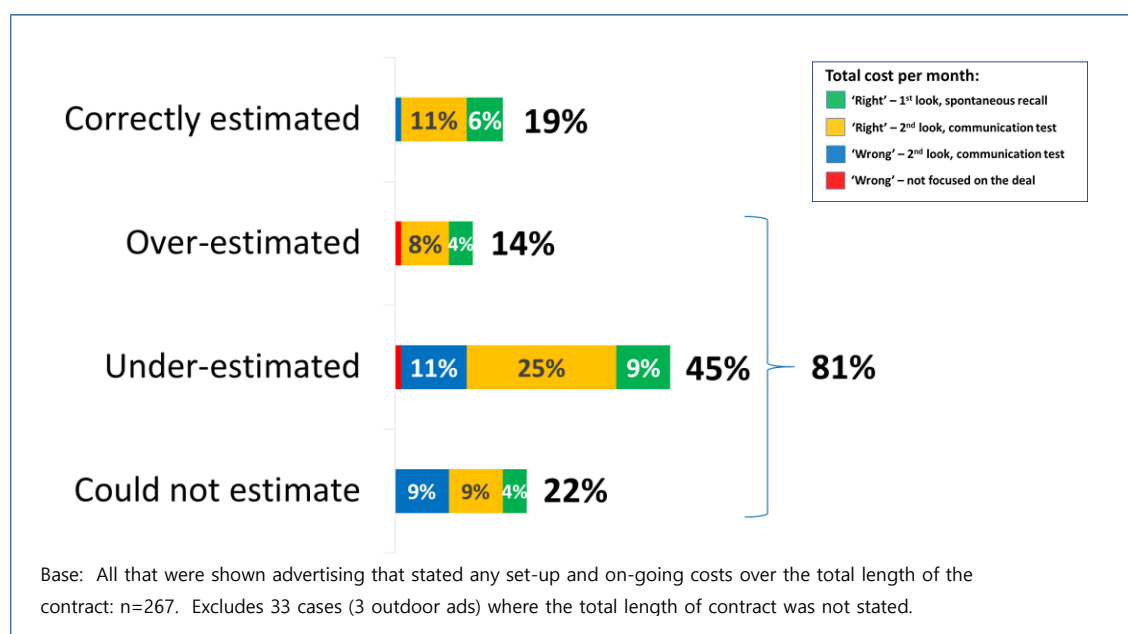
At the end of the interview, participants were asked to provide an estimate of the total cost that they would pay over the entire length of the contract.³⁴

In instances where costing information was actually available in the advertising (sufficient to be able to estimate the total cost of the contract), 81% of participants were not able to calculate the cost of the contract or cost it correctly.

45% of participants in the total sample under-estimated the total cost.

Figure 35 shows the breakdown of participant responses in relation to calculating the total cost of the contract.

Figure 35: Ability to calculate the total cost of the contract



Again, it is clear that the proportions of participants who got the total cost per month 'right' and 'wrong' are fairly evenly represented in each of the above categories, i.e., those who get the total cost per month 'right' are as likely to over or under-estimate the total cost of the contract as those who get the total cost per month 'wrong'.

³⁴ It should be noted that most participants in this research claimed that they did not normally calculate the total cost of the contract. Rather, they considered the cost in terms of a monthly amount. In our exercise at the end of the interview, participants were therefore assisted by being given a pen, paper and calculator and were further assisted by being **prompted** to consider and to take account of the monthly payment (both before and after any discounted introductory period), the monthly line rental and any one-off charges for set-up / installation and router delivery.

In either case, the indications are that there are general difficulties in picking up and taking all related costs into account.

*"It feels like you are not going into it on equal terms.
They know more than you do. It's a kind of concealment"*

Male, 18-25, AB, Glasgow

*"It's a game of hide and seek. It's good at catching the eye, but
if it's not true then I will have wasted my time and I won't switch"*

Female, 35-44, C1, Birmingham

"You can't get the costs out of it. There's too much going on"

Female, 55-64, E, Manchester

*"It's more misleading than I thought,
once you try to work out all the costs"*

Female, 25-34, C1, Cardiff

3.3 The relationship between the total cost per month and additional costs

This section assesses the relationship, if any, between participants' understanding of the total cost per month and any additional set up and on-going costs that are presented in current fixed broadband advertising. The findings and observations in this section are based mainly on the sub-sample of 50 participants who undertook the longer in-depth interviews.

It includes a focus on current fixed broadband advertising's communication of the total contract length and, in cases where a free or discounted introductory period is offered, participants' ability to understand any change to the total cost per month over the length of the contract.

The tendency for fixed broadband decision-makers to adopt a 'top-down' approach

A combination of observation and questioning (at the outset of the interview at an unprompted level) indicated that participants, for the most part, assessed the advertising and online fixed broadband offers in a 'top-down' fashion. This meant that, when determining the cost of the deal, most participants in the sample took account of the cost per month first. They appeared to do this because of its greater prominence and eye-catching nature (relative to other information presented).

Depending on the level of diligence they applied, participants would then 'drill down' to identify and assess any additional pricing information contained in other parts of the advertising and the footnote. Their ability to do this also varied by medium: there being more scope and opportunity to apply diligence to online and press advertising compared to outdoor and TV in particular.

As reported in Section 3.2.2 of this report, it is clear that even some of the most diligent in the sample made errors and report effort and difficulty in identifying and understanding pricing information that applies beyond the cost per month.

The prominence of the contract length as part of the total cost per month

Qualitative analysis suggests that the prominence of the contract length, in relation to the total cost per month, has an influence on identification and understanding of . . .

- Whether a free or discounted introductory period applies
- What monthly cost applies at the end of a free or discounted introductory period.

Two examples from the evidence illustrates this:

- i. When shown a total cost per month that was free or £xx for the broadband service for 'six months', participants tended to assume that the contract length was longer than six months. This was because they were accustomed to a typical contract length being longer than 6 months. This prompted them to look further for details to identify the contract length and the cost for the broadband service that applied after the initial 6 month period

- ii. When shown a total cost per month that was free or £xx for the broadband service for '12 months', participants could assume that the 12 months was the total length of the contract. This meant that some were less inclined to look further into the detail to determine this.

As detailed in Section 3.2.2, in many instances, it is clear that participants considered that the total cost per month applied throughout the length of the contract when, in reality, it applied for an introductory period.

In all, those participants who 'knew' what 'they didn't know', succeeded in finding information relating to the total length of the contract in the detail of the advertisement or online offer. With this, they came to the 'right' view that the period stated alongside the total cost per month is less than the contract length. This, in turn, prompted them to search for a 'thereafter' figure. In some cases, this appeared to be relatively easy to find. In other cases it was difficult because it was embedded in a footnote, or impossible because it was not stated.

Those participants who 'didn't know' what 'they didn't know' were inclined to assume that the total cost per month applied over the total length of the contract. In some cases, it did apply. In other cases, it did not apply. In only a minority of cases was the total length of contract clearly and prominently stated.

The presentation of pricing information and the problem of 'information overload'

The indications in this research are that errors, effort and difficulty in understanding all costs associated with a fixed broadband offer relate to differing levels of prominence and information overload . . .

- Differing levels of prominence (particularly between the total cost per month and additional one-off and on-going costs) created a tendency for more prominent elements to attract attention and divert attention away from less prominent elements;
- Information overload was also evident (particularly when looking at multiple deals online and in press advertising) and was observed and stated by some to increase the difficulty in 'taking in' all pricing elements and identifying these correctly.

As detailed in Section 3.1.2.2 participants claimed to 'understand' why service providers apply different levels of prominence in their advertising, and focus in the main on the total cost per month. This was understood by participants to be done to 'catch the eye' and encourage consumers to consider what is being offered in more depth. By the same token, some participants expressed concern that equal prominence of **all** pricing information³⁵ could be 'daunting', 'too much to take in', and even off-putting.

³⁵ By all pricing information, we mean all information that is sufficient to determine the total cost of the contract and not just the total cost per month, i.e., the cost of the broadband service after any discounted introductory period (or any introductory offer that is stated as being offered for free), any one-off installation, activation or hub delivery charges, plus the length of the contract.

On balance, when asked to consider the pros and cons of both equal and unequal prominence of all price information, participants reported that a clear order of prominence was desirable. In other words, this meant a clear 'line' or 'thread' that guided them through this, in a step by step fashion.

Some participants also called for the need for consistency in presentation (across different advertisements and providers) to make like-for-like comparisons easier, e.g., a 'box' containing key pricing 'facts' that all advertisers conformed to.