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Telecommunications today

Consumer attitudes to take-up and use

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1. Introduction

The Australian Communications and Media Authority (ACMA) is undertaking an examination and analysis of a number of aspects of the use and provision of telecommunications services in Australia. The work program has been designed to assist ACMA in its role as the industry regulator and is consistent with its regulatory responsibilities to make available information and report about the telecommunications industry.

Over the coming months, ACMA intends to publish additional research reports with further analysis on some of the issues covered within this report. These issues include the level of substitution and complementarity between mobile and landline services, consumer attitudes and potential take-up of new emerging services and technologies, as well a study on consumer satisfaction with telecommunications services.

As the first study in this work program, this report presents the findings of qualitative (focus groups) and quantitative (consumer survey) research into consumer attitudes towards take-up and use of telecommunications services in Australia. The purpose of this research is to provide an understanding of consumer demand within the telecommunications market.

This study has three main objectives:

1. To identify the levels of take-up and use of various telecommunications services by consumers.
2. To explore consumer attitudes and behaviours towards these services, such as:
    - What motivates consumers to take up particular services?
    - Why do consumers use particular services?
    - How do consumers decide which services to purchase?
    - What do consumers perceive to be critical telecommunications services?
3. To ascertain how factors such as age, gender, occupation, income, household structure and locality influence consumer take-up and use of telecommunications services.

In investigating these issues, ACMA is also seeking to gain an understanding of the significance of specific telecommunications services to Australians. ACMA has found that there is limited consumer attitudinal information and research on telecommunications.

This research was also undertaken to meet ACMA's statutory reporting requirements under the *Australian Communications and Media Authority Act 2005* and section 105 of the *Telecommunication Act 1997*, which require the ACMA to report and advise on matters

affecting consumers of carriage services including consumer satisfaction and benefits and to further disseminate consumer demand research into the broader Australian community.

For the purpose of this research the term ‘telecommunications’ includes all voice—landline telephone, mobile and voice over internet protocol (VoIP)—and data services—dial-up and broadband in all its forms, such as ADSL, cable, satellite and wireless.

2. Methodology

ACMA commissioned the consultancy Woolcott Research to undertake the research. This included a series of qualitative focus groups and in-depth interviews, as well as a national quantitative survey.

Qualitative (focus groups) phase

The qualitative phase was made up of 12 focus group discussions in five locations, as well as eight in-depth interviews in remote areas. The breakdown of this phase is shown in Table 1.

The focus group discussions were conducted among residential consumers selected on the basis of age and a self-measure of technological literacy or confidence. Focus group respondents were recruited from a random sample, with each group containing between eight and 10 participants.

Throughout this report, quotes from focus group participants have been included. The names have been changed to ensure confidentiality of participants.

Table 1: Qualitative sample

Number of groups / interviews					
Metropolitan		Non- metropolitan			
Sydney	Adelaide	Bathurst (NSW)	Glen Innes (NSW)	Murray Bridge (SA)	Remote in-depths
3	3	3	2	1	8

Quantitative phase

The quantitative phase consisted of a representative quantitative telephone survey of 1,600 respondents.

Sampling

The electronic WhitePages® was used as the sampling frame for Australian households and the interviews were undertaken using computer assisted telephone interviewing (CATI). All respondents were aged over 18 years and screened to ensure they were the main or joint decision maker in relation to at least one household telecommunications service.

The target sample of 1,600 was structured to boost the non-metropolitan component with post-weighting by age, gender and location to the true proportions. The sample is outlined in Table 2.

Table 2: Quantitative sample

	Number of interviews		
	Metropolitan	Non-metropolitan	Total
NSW/ACT	272	272	544
Vic	192	192	384
Qld	112	112	224
SA	88	88	176
WA	88	88	176
Tas	32	32	64
NT	16	16	32
Total	800	800	1,600

Survey design

The questionnaire was designed and prepared by ACMA and the consultancy. The questionnaire was informed by the qualitative phase and was designed to explore consumer attitudes. Many questions and terms within the questionnaire were not defined, which allowed the respondents to self-interpret or assess questions; this is highlighted in the research report where relevant.

Fieldwork

The fieldwork was conducted throughout April 2007. Randomly selected calls were made to households across Australia in order to reach the sample target of 1,600 respondents. Surveys averaged 20 minutes in duration.

Data analysis

The quantitative survey was analysed by socio-economic and demographic factors, including by geographic location to identify any areas with significant differences. Only results with significant differences were reported in this research.

Limitations of the methodology

CATI surveys

While all survey methodologies have their advantages and disadvantages, there are some specific limitations of CATI surveys which had an impact on the sample:

- CATI surveys exclude people without a landline telephone and people with silent numbers;
- CATI surveys may also be biased towards those who normally stay at home (for example, older or retired people, or those whose occupation is home duties). This was addressed in the survey by scheduling interviews across time slots to ensure this bias was limited.

Sample size

While all results within this research are statistically significant, the sample size limits any further analysis by smaller sub-groups, for example, data at state level.

Rounding

Discrepancies may occur between the sums of the component items and totals due to the effects of rounding.

Other sources of information

Analysis from the *Roy Morgan Single Source Survey, January–March 2007* is also included in this research.

3. Results

3.1 Overview of consumer take-up and use of telecommunications services

An assessment of consumer behaviour carried out within focus groups showed there is no uniform consumer profile of take-up and use of telecommunications services. Instead, consumers can be segmented based on their adoption levels, their perceived need of services, attitudes towards service take-up and their usage levels (Figure 1).

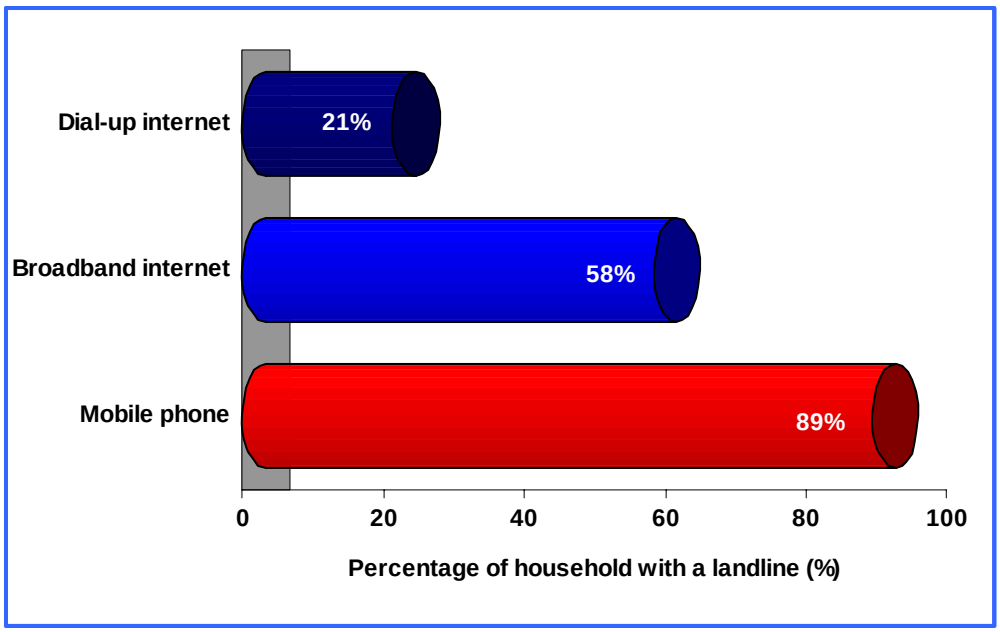
Figure 1: Consumer behavioural segments

Enthusiastic embracers	Mainstream followers	Techno non-adopters
Enjoy knowing and using new services/technology.	Try to keep up with services on a required basis.	Need help or do not see a need to adopt new technology.
This group tended to be knowledgeable and aware of the latest technology.	This group tended to follow the lead of the enthusiastic embracers and did not want the hassle of seeking out information and catching up on every new development. They just did enough to enhance and aid their lifestyle.	This group was unlikely to take up new technology unless pushed or helped by someone else. They did not easily integrate the technology into their lives or they just did not see a need.
Likely to do without the landline telephone. Likely to actively use their 3G mobile for internet services. Heavier internet users who had traded up to faster speeds and or wireless access. Tended to be younger age group (18–30).	Likely to be users of both landline telephone and mobile. While they may have had a 3G capable mobile phone, they were using it solely for communication. Moderate internet users. Tended to be aged between 31–50 years.	Likely to be users of landline telephone and some used mobiles. Internet was used invariably less. Some consumers did not see the need for certain services. Tended to be older age group (50–60+).

Consumer behavioural segments were based on focus group participants' answers to behavioural and attitudinal statements relating to telecommunications services.

Whether consumers were 'enthusiastic embracers', 'mainstream followers' or 'techno non-adopters', they saw the use of their existing telecommunications services as an ingrained part of life. The survey results revealed that the majority of households had access to some form of voice and data service (Figure 2). Eighty-nine per cent of households with a landline had a mobile phone, 58 per cent had broadband internet and 21 per cent had dial-up internet. Due to the methodology adopted (CATI), all respondents had a landline telephone.

Figure 2: Household take-up of telecommunications services

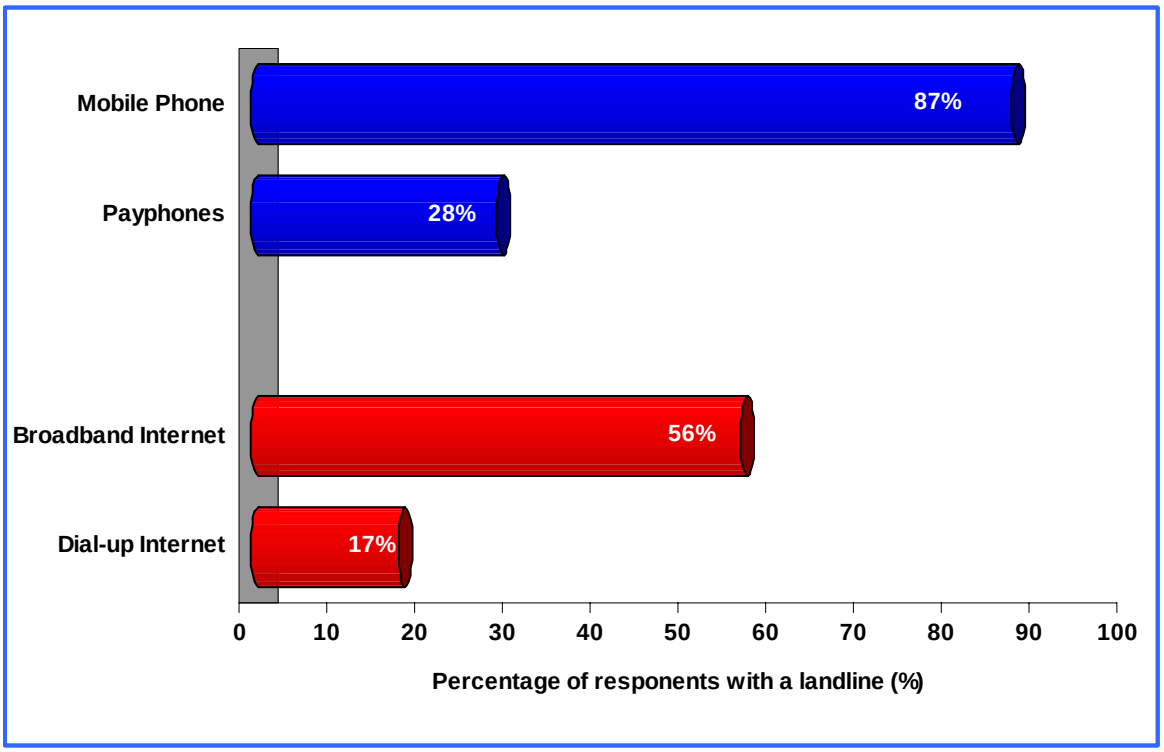


Base: n=1600

3.1.1 Use of telecommunications services

All survey respondents were asked if they were users of the voice and data services connected in the household and a large majority indicated that they were (Figure 3). Eighty-seven per cent of total respondents used a mobile phone and 30 per cent of these indicated their mobile phone was 3G capable. Of these 3G users, 32 per cent regularly used data services via their 3G phone. Over half (56 per cent) of respondents used a broadband service and 17 per cent used a dial-up service. Eighty-one per cent of the internet users indicated they were aware of VoIP and 21 per cent of these had actually used the service. Over a quarter (28 per cent) of respondents also indicated that they had used a payphone in the last 12 months.

Figure 3: Use of telecommunications services



Base: n=1600

The focus groups highlighted that penetration of each voice and data service appeared to be at levels well past the early adopter stage, with most respondents, including the traditional techno non-adopters, having some form of access to each service.

Despite the availability of converged technology such as 3G mobiles, which allow users to access the internet, the use of voice and data services was still relatively compartmentalised. A phone was seen as the device to use for voice services, and the computer was used for data services. The enthusiastic embracers—who were familiar with service offerings and capabilities of new services such as VoIP—were the exception.

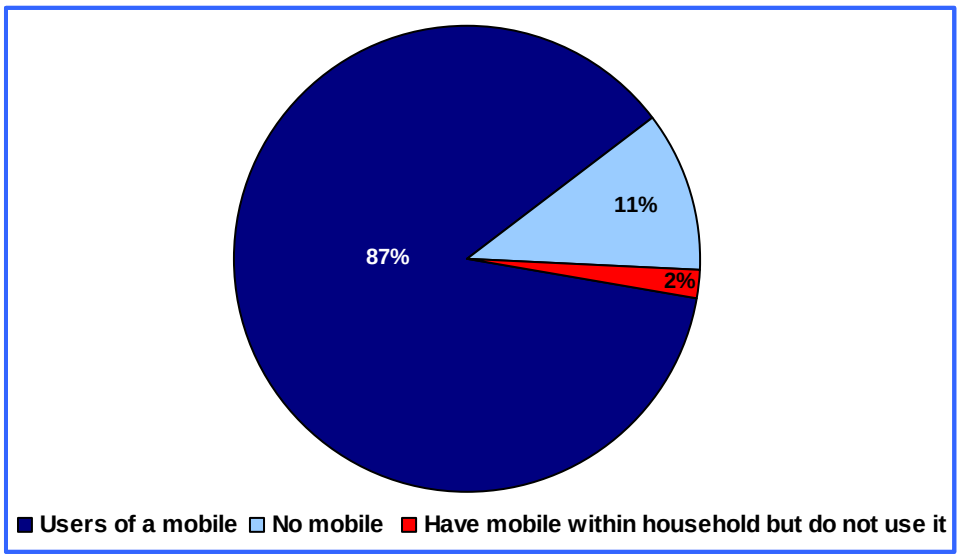
Focus group participants suggested that telecommunications services such as mobile phones were continually changing the way they communicate, making it easier to stay in contact with family and friends and access information. However, this ease of access and communications was perceived as leading to a more hectic lifestyle and their increased dependence on technology left participants feeling somewhat lost when they were unable to access these services.

3.2 Voice services

3.2.1 Take-up of voice services

The research results indicated that overall the landline and mobile phone were an essential part of consumers' lives. Mobile penetration in households was high and the majority of respondents (87 per cent) were actual users of mobile services (Figure 4).

Figure 4: Take-up of mobile phones



Base: n=1600

Age directly affected the take-up and use of mobile phones. All respondents aged between 18 and 34 years had a personal mobile phone and in the focus groups the younger consumers indicated they depended heavily on them, feeling lost without them. This compared with only 63 per cent of those aged over 60 years having a personal mobile phone. This age group generally used their mobile phone for occasional or emergency use and they had often been encouraged by family to purchase and use the service.

'... I feel lost without my mobile ...'

Keira, 28, Sydney

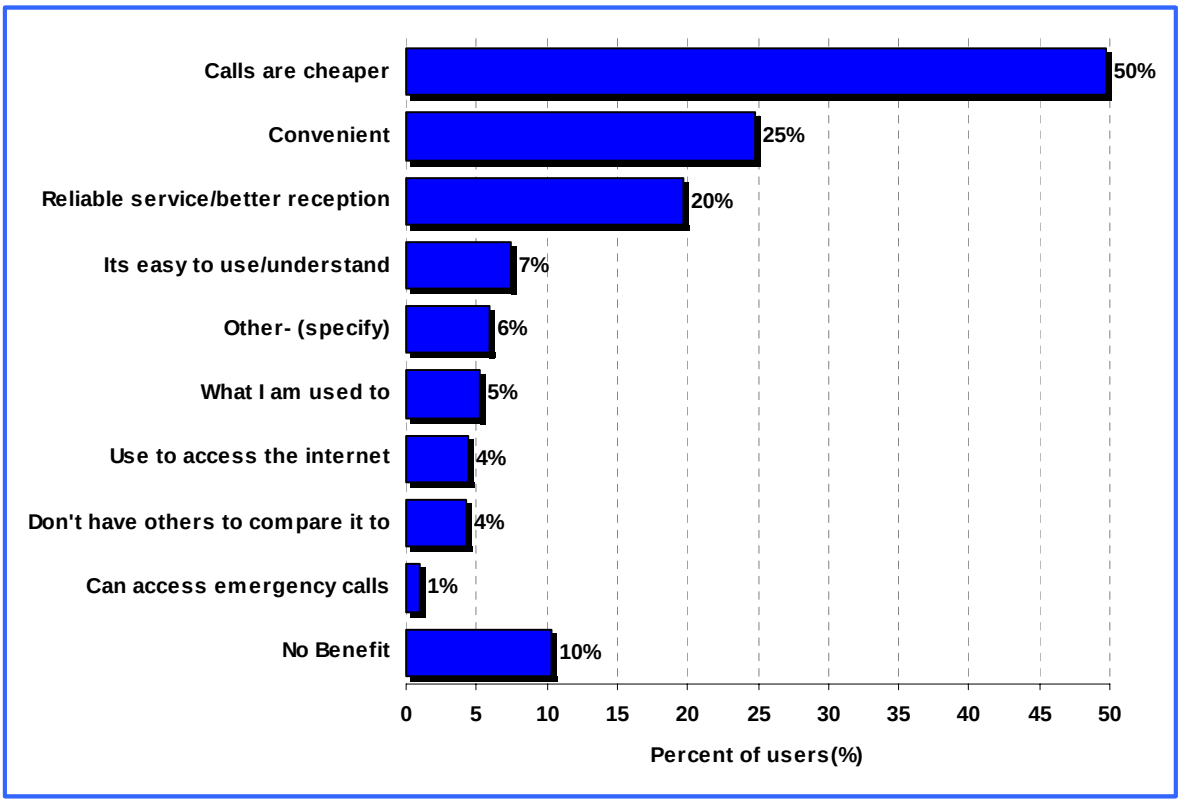
3.2.2 Factors influencing take-up of voice services

According to the results of the survey and focus group discussions, what motivates consumers to take-up a voice service depends on the perceived benefits of available telecommunications services.

Landline telephone

Half of the survey respondents believed that calls were cheaper using a landline telephone compared with other forms of voice communication (Figure 5). Other benefits mentioned were convenience and being a reliable service and having better reception. These results were reflected in the focus groups as participants generally pointed towards cost, convenience and reliability as the main motivators for using a landline.

Figure 5: Benefits of using a landline telephone



Base: n=1600; multiple responses

Only 10 per cent of respondents felt there were no benefits from having a landline telephone. The focus groups indicated that these participants were more likely to be aged less than 31 years or to be enthusiastic embracers. These consumers were more knowledgeable about other forms of voice communications and had little use for a landline telephone other than for occasional use, emergency purposes or internet services.

‘ … when you want to have a long talk, ring on landline’.

Kate, 30, Bathurst

Mobile phone

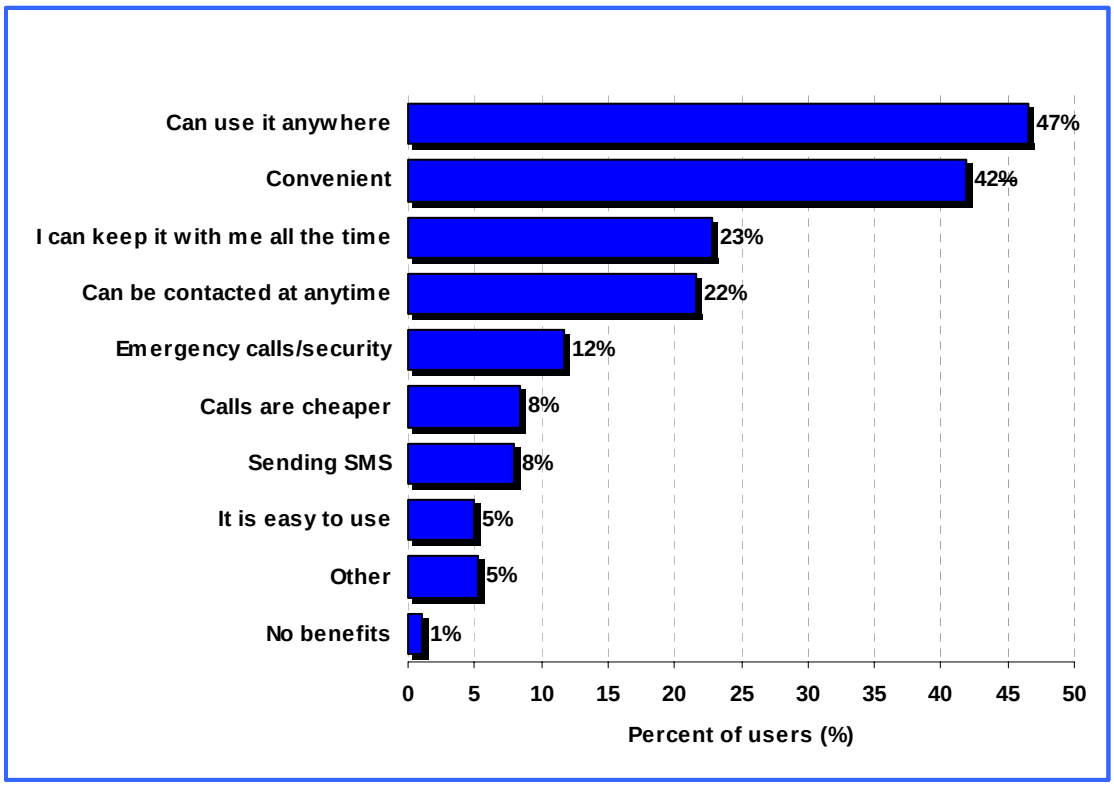
As Figure 6 shows, the main motivators for using a mobile phone are:

- portability (mobile phone’s capability to be used anywhere);
- convenience; and
- the ability to keep in touch at all times.

Focus group participants further highlighted that people tended to keep their mobile phone closer to their bodies, for example in their pockets or in their handbags, and in situations where it was left behind or missing owners experienced feelings of loss and discomfort.

Parents also talked about the added security benefits that a mobile phone provided and how they relied on it to keep in touch with their children.

Figure 6: Benefits of using a mobile phone



Base: Respondent users of mobile phone (n=1334); multiple responses

No mobile phone

Only 11 per cent of survey respondents did not have a mobile phone and the most common reason for this was that respondents did not see a need (64 per cent). Other reasons indicated were the perceived high cost of mobile calls (16 per cent) and the perception that mobile phone handsets and plans were confusing (13 per cent). Within this group, intention to take up a mobile phone in the future was relatively low at only two per cent.

3.2.3 Use of voice services

Landline versus mobile phone

Consumers use their landline and mobile phones for a variety of reasons (Table 3). For landline telephones, the dominant use was short local calls, followed by calls to mobiles and long distance calls.

Making calls to other mobiles was the most popular use for a mobile phone, followed by sending SMS messages and making short local calls to landlines. Using mobiles for business-related calls was also common and confirms the findings of focus group discussions, where participants reported using their mobile phones for dual work and personal purposes.

Apart from using the mobile for SMS and MMS messaging (75 per cent and 18 per cent) or using the landline for an internet connection (42 per cent), it was still evident that both the landline and mobile phone were predominately used for voice services.

Table 3: Use of the landline and mobile phone

Landline	Per cent[a]	Mobile	Per cent[a]
Short local calls	94%	Calls to other mobiles	88%
Calls to mobiles	78%	SMS messages	75%
Long distance calls	71%	Short calls to landlines	65%
Long local calls	68%	Business-related calls	44%
International calls	45%	Long distance calls to landlines	26%
For an internet connection	42%	Long calls to landlines	22%
Other	1%	MMS messages	18%
None of these	1%	International calls	11%
		Emergency calls	2%
		Other	2%
		None of these	1%

Base: n=1600

[a] More than one use of the landline and mobile may be nominated

Survey respondents self-defined the term 'use' based on their own perception of length and frequency of calls

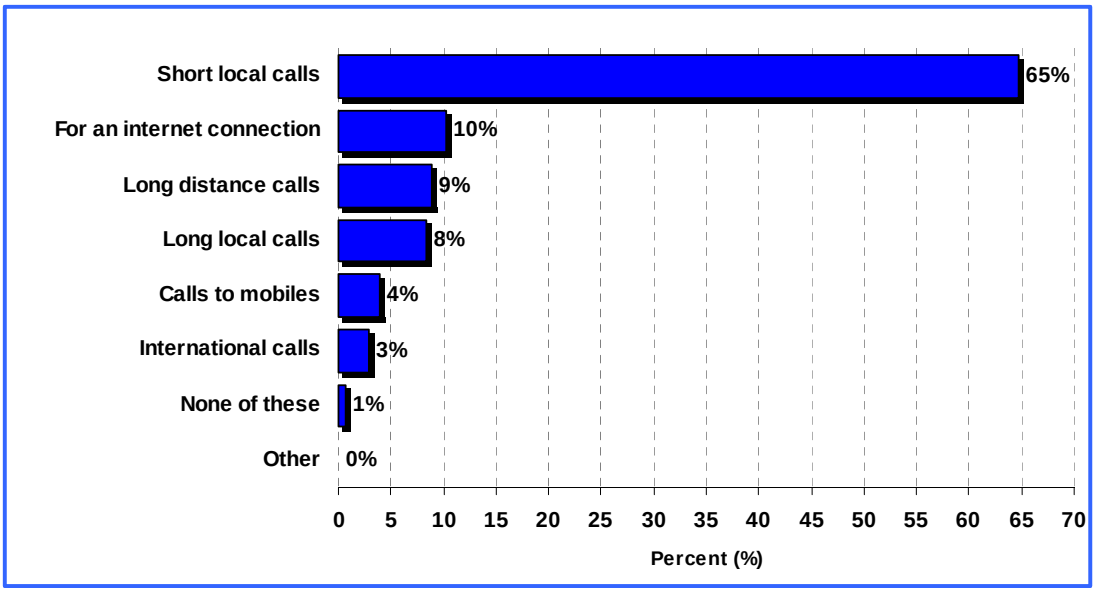
'If you were waiting for someone and they are one minute late you just call or text so you don't look stupid waiting.'

Danielle, 23, Sydney

To gain more understanding of the use of voice services, respondents were asked to identify the single main use for their landline and mobile phone (Figures 7 and 8).

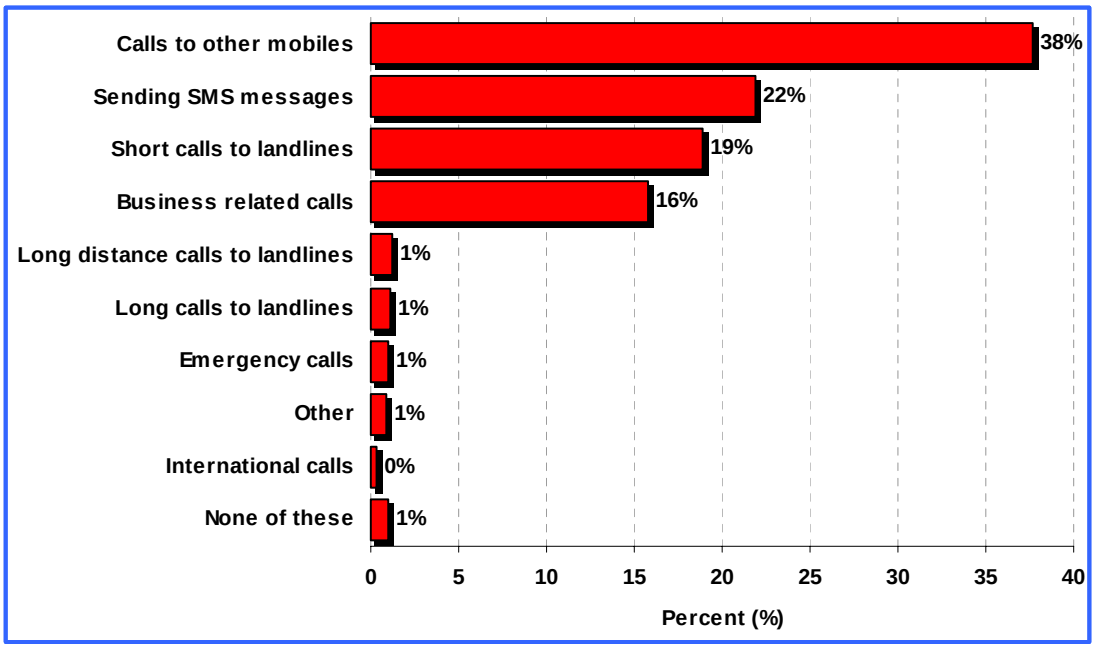
Once more, for landlines, the dominant use was short local calls (65 per cent), followed by using it for an internet connection (10 per cent). For mobile users, calls to other mobile phones was the main use (38 per cent) followed by sending SMS messages (22 per cent).

Figure 7: Single main use of the landline telephone



Base: n=1600

Figure 8: Single main use of the mobile phone



Base: Respondent users of mobile phone (n=1334)

A number of demographic and geographic characteristics influence the main use of the landline and mobile phone, including:

- **Locality**—people in non-metropolitan areas were more likely to use their landline to make long distance calls (15 per cent) compared with those living in metropolitan areas (six per cent). In comparison, people in metropolitan areas were more likely to use their mobile phone to make calls to other mobiles (41 per cent) compared with those living in non-metropolitan areas (32 per cent).
- **Gender**—females were more likely to use their landline for long local calls (11 per cent) compared with males (six per cent).

- **Occupation**—managers (38 per cent), professionals (26 per cent) and technician or trade workers (33 per cent) were more likely than any other occupational group to indicate that their main use of their mobile phone was for business-related calls.
- **Age**—people aged between 18 and 44 years were more likely to have a landline for an internet connection (13 per cent) compared with those aged 45 years and over (seven per cent). Similarly, people aged between 18 and 34 years were more likely to use their mobile phone to make calls to other mobiles and send SMS messages (46 per cent and 30 per cent respectively) compared with those aged 61 and over (23 per cent and 13 per cent respectively).

' ... I use my landline for nearly everything.'

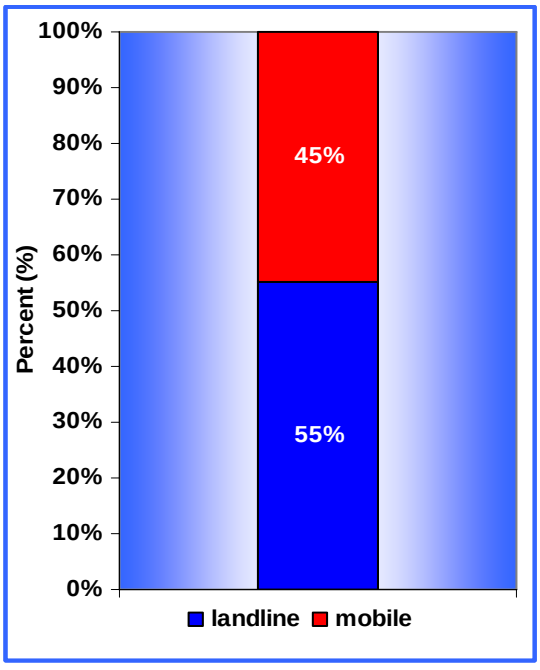
David, 48, Bathurst

Complementary use of voice services

Respondents who had a mobile and a landline phone (89 per cent) were asked which form of voice communication they used more (Figure 9). Just over half of the respondents (55 per cent) indicated they used their landline more often than their mobile phone. Respondents more likely to use their landline included retirees (91 per cent), those over 61 years of age (86 per cent), those with a partner and children over 12 (66 per cent), those living in non-metropolitan areas (65 per cent) and females (63 per cent).

Respondents more likely to use their mobile phone included 18 to 34 year olds (76 per cent), trade workers (55 per cent), managers and professionals (53 per cent) and males (53 per cent).

Figure 9: Comparative use of the landline and mobile phone



Base: Respondent users of mobile phone (n=1334)

The majority of respondents reported complementary use of both the landline and the mobile phone for voice services, with only 10 per cent of respondents indicating that the main use of their landline was to connect to the internet. The focus groups highlighted that the portability of mobile phones outside the home was seen to be one of their main benefits and that mobiles were suitable for short conversations or for texting quick messages. In comparison, the landline was the preferred means of conducting longer phone conversations or long distance calls. Both forms of telephony were seen to have security benefits and were a way of keeping in touch with relatives and friends.

The focus groups also highlighted that participants used payphones for complementary voice services. Payphones were perceived to be a back-up service when needed (i.e. when mobile battery goes flat or to account for areas without mobile coverage) or to cater for those without a mobile phone.

Cost of voice services

Both the survey and focus groups showed that the perceived cost of voice services had an impact on consumers' take-up and use of these services. One of the main benefits of using a landline was the perception that calls were cheaper (50 per cent) compared with mobile phones (eight per cent). Nevertheless, this perception varied with age, as the older age groups tended to see mobile phones as an extra cost and hence they relied on or used these services less. In contrast, the younger age groups accepted mobiles and their cost as a part of life and were more likely to regard them as their main form of voice communication.

3.2.4 Decision making about voice services

Mobile phone users were asked about their decision to purchase a mobile phone. The focus group results indicated that decision making generally revolved around a change in handset or plans. Purchase was often driven by the need to renew a plan, the need for a new or updated handset, or the need to keep up with friends or colleagues with the latest equipment.

In the survey, respondents with a mobile phone were asked where they obtained information about their mobile phone services. The results showed that consumers relied on multiple sources of information, including:

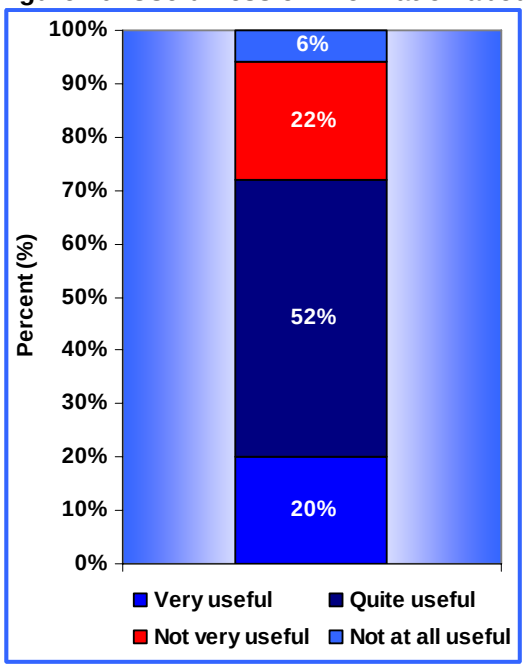
- talking to representatives in mobile phone retail stores (26 per cent);
- advertising (24 per cent);
- word of mouth (22 per cent);
- service providers (22 per cent); and
- carrying out internet searches (20 per cent).

When asked to indicate how useful they found these information sources, the majority of mobile users thought the information they had received was useful or very useful (Figure 10). However, those respondents who felt the information was not useful felt there was no need for further information (23 per cent), or that the information provided did not tell them what they needed to know (17 per cent) or was difficult to understand (16 per cent).

'I use mine for texting and the landline for calls. But if I'm calling another mobile I usually call on my mobile.'

Ralph, 26, Bathurst

Figure 10: Usefulness of information about mobile phone services



Base: Respondent users of mobile phone that receive information (n=1175)

The focus groups further highlighted that the purchasing process was regarded as relatively confusing, complex and difficult for many people. There were thought to be too many plans, all expressed in a complex way, which made it difficult to compare 'apples with apples'. Sales people reportedly often used a lot of jargon and were more interested in closing a sale than in providing useful advice.

3.3 Internet services

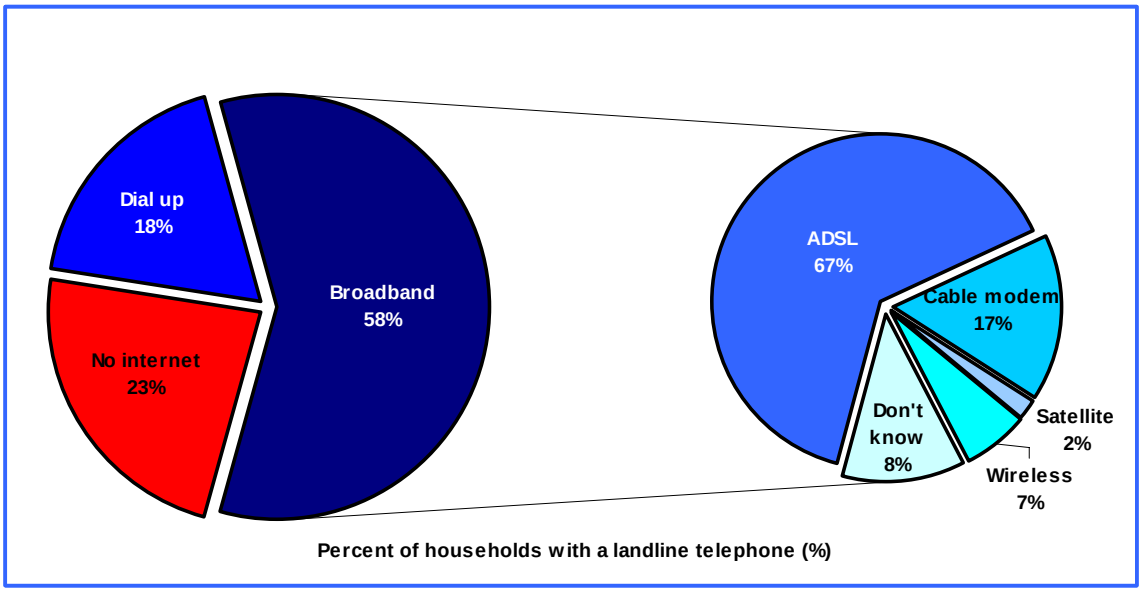
3.3.1 Household take-up of internet services

The survey also explored the take-up and use of internet services. Survey results showed that 77 per cent of households had some form of internet service, as shown in Figure 11.

'Because there are so many providers, it's all confusing. I don't want everything.'

Clara, 56, Sydney

Figure 11: Internet take-up



Base: (n=1600); three per cent of households had a dial-up and broadband service and were considered broadband households

3.3.2 Factors influencing take-up of internet services

The age of respondents was one of the main influencers of internet take-up, with take-up decreasing with age. Only 28 per cent of respondents aged 75 years and over and 57 per cent of respondents aged between 61 and 74 years had an internet service compared with an average of 85 per cent for other age groups.

'You have to have broadband for them [children].'

Helen, 37, Adelaide

The 35 to 44 year olds had the highest internet take-up at 91 per cent. This was predominantly driven by the presence of children in the household. Of this age group, 81 per cent of internet users had a broadband service. The focus groups suggest that many households connect to the internet for children's schooling and homework.

Location also had an impact on internet take-up, but it had a greater effect on the type of access technology, as shown in Table 5.

Table 5: Internet take-up by metropolitan/non-metropolitan area

Internet service	Metropolitan	Non-metropolitan	Total
Broadband	64%	48%	58%
Dial-up	16%	23%	18%
Both	3%	3%	3%
All internet connections	80%	71%	77%

Base: All those with internet (n=1226)

There are a number of reasons for these differences. The focus group participants perceived that lack of availability was a factor influencing broadband take-up in non-metropolitan areas. However, the survey found there were also a number of other demographic factors which influenced broadband take-up in non-metropolitan areas.

For example:

- The proportion of survey respondents aged over 61 was higher in non-metropolitan areas (29 per cent of the respondents in non-metropolitan areas compared with 18 per cent of respondents in metropolitan areas). This age group has the lowest rate of broadband take-up.
- The proportion of survey respondents in higher income occupations, such as managers and professionals, was lower in non-metropolitan areas (21 per cent of respondents in non-metropolitan areas compared with 32 per cent respondents in metropolitan areas). This occupational group has a higher rate of broadband take-up.

Other factors influencing take-up of broadband include:

- **Income**—those earning more than $80,000 a year were more likely to have a broadband service (79 per cent).
- **Occupation**—those working in professional or managerial positions were more likely to have a broadband service (74 per cent).
- **Age**—those aged between 18 and 24 years were more likely to have a broadband service (72 per cent).

Broadband internet services

Overall, 58 per cent of households had a broadband service and the majority (67 per cent) had an ADSL connection (see Figure 11). Cable modem was the next most common access technology (17 per cent), followed by wireless (seven per cent) and then satellite (two per cent). From the focus groups, it became apparent that apart from the enthusiastic embracers, many respondents were vague about the speed of service they subscribed to and many were not aware if they had ADSL or ADSL2+. The distinction between different types of broadband services was also vague—people just thought broadband was broadband. While there was a general notion that cable provided the highest quality internet option available in Australia, respondents were unable to say why.

The majority of the broadband respondents (82 per cent) indicated they had previously had a dial-up service. The most common motivation for upgrading to broadband was the desire for more speed (77 per cent). Other reasons identified included that it did not tie up the phone line (16 per cent), the price of broadband is the same as or cheaper than dial-up (12 per cent) and broadband is more reliable than dial-up (10 per cent).

Dial-up internet services

Eighteen per cent of households had a dial-up service. Overall, dial-up was generally used by light users, those only accessing email and for cost reasons.

'Mine's too slow …. you have to read a magazine while you are waiting online … '

Mark, 46, Sydney

Dial-up users were often frustrated by its slow speed but many rationalised their usage by saying that they had time to wait, or that they traded off the speed against perceived cost savings. Others stated their usage was so low that they did not really care if it was slow. Many of the focus group dial-up users claimed that they would like broadband but they perceived it as being significantly more expensive.

The survey found that just over half of respondents with a dial-up connection indicated they were interested in taking up broadband in the future. This equates to 10 per cent of total respondents. The desire to take up broadband was more prominent for people under 61 and those earning more than $80,000 a year.

No internet service

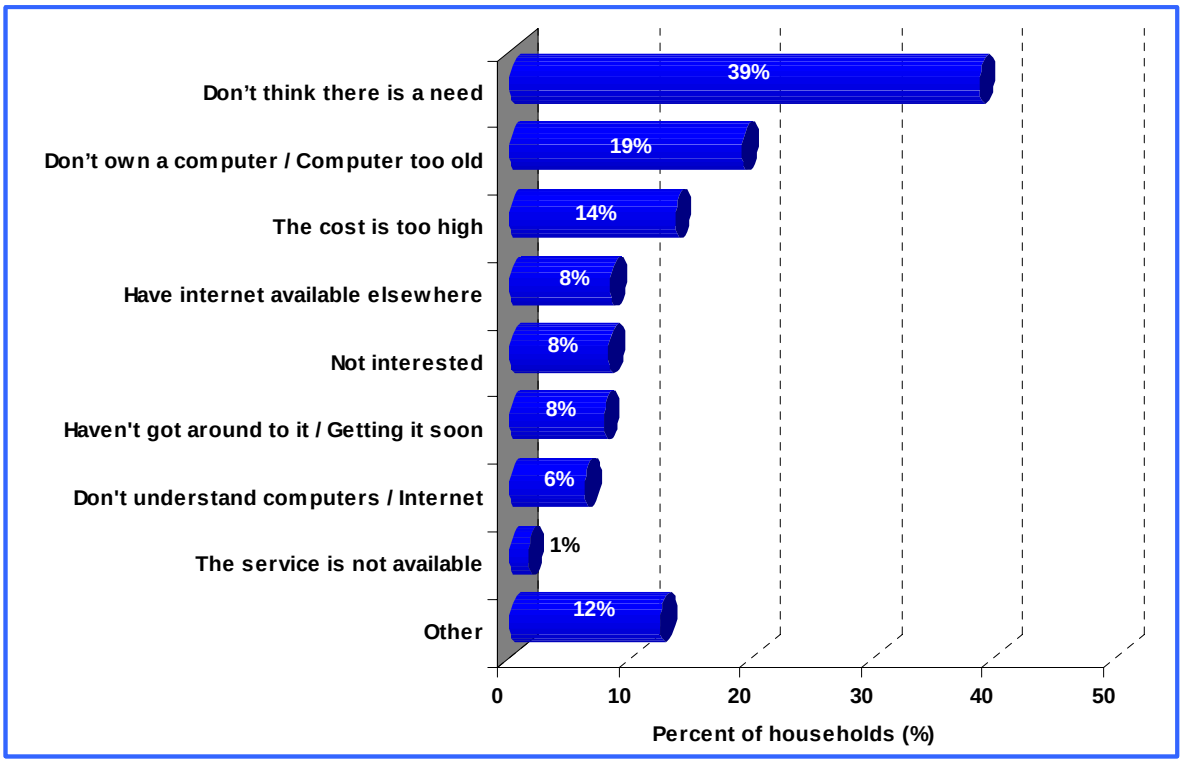
Nearly a quarter (23 per cent) of survey respondents did not have any internet service at home. Of these a third plan to connect to the internet in the future.

Those who planned to get an internet service were motivated to do so for their children's school work (32 per cent), for convenience reasons such as being always on and not tying up the phone line (28 per cent), for general information (24 per cent) and to contact family and friends (22 per cent).

Of those intending to connect to the internet, 66 per cent were planning to do so via broadband without specifying the type of broadband access technology (potentially due to a lack of knowledge). A quarter (25 per cent) did not know what they would connect to and four per cent indicated they planned to connect to dial-up.

As shown in Figure 12, the most common reason for not planning to get a broadband service was the perception there was no need for this service. Financial factors were also prominent, with a number of respondents stating the cost was too high or that they did not own a computer. A smaller proportion also stated that broadband was available to them elsewhere; these respondents were more likely to be aged between 25 and 34.

Figure 12: Reasons for not having the internet



Base: Respondents from household without an internet service (n=439); multiple choice question

Five per cent of survey respondents who had an internet service in the household did not use it. Among this group, the most common reasons for not using the service tended to relate to either lack of interest or an inability to use the service—35 per cent of these respondents indicated they did not know how to use the internet, 20 per cent stated they did not see a need and 18 per cent stated they were not interested.

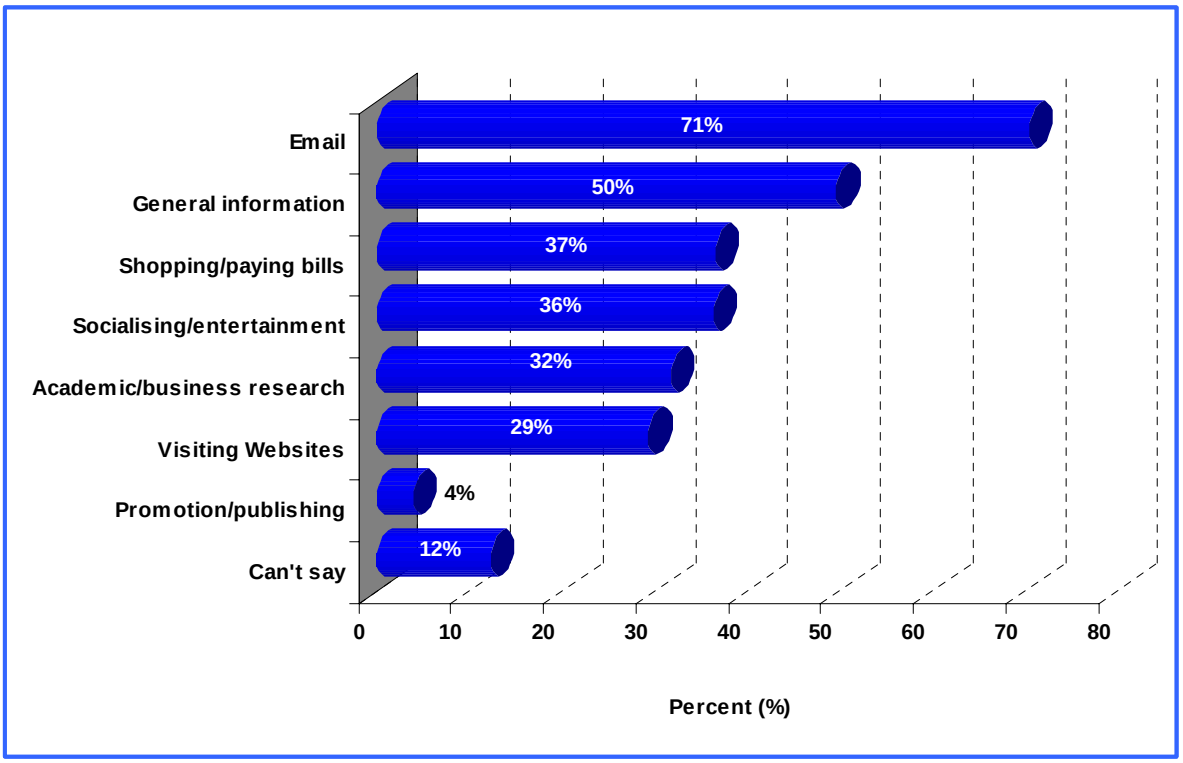
'I hardly know how to turn on a computer.'

Marlene, 63, NSW

3.3.3 Use of the internet

The most common use of the internet is for email and general information searches, as shown in Figure 13.

Figure 13: Main uses of the internet



Source: Roy Morgan Single Source Survey, January–March 2007, total aged 14+ ever accessed the internet, n= 5,942

Other popular uses mentioned were for shopping and paying bills and socialising/entertainment. Nearly half (45 per cent) of internet users had bought products online, with the most common purchases during the three months to June 2007 being travel (25 per cent), books/magazines/newspapers (17 per cent) and DVD/videos (12 per cent).

Of internet users, 82 per cent of those with broadband and 49 per cent of those with dial-up used the internet at least once a day, with 23 per cent of those with broadband using it continuously (see Figure 14).

A number of demographic factors influence frequency of internet use, including:

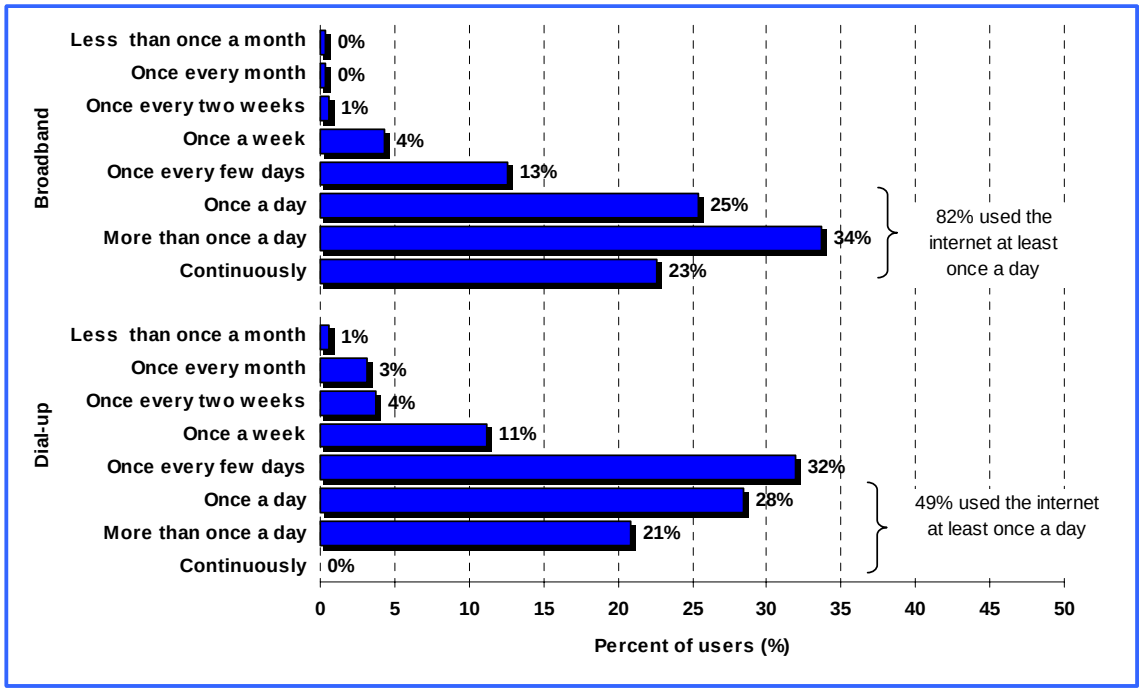
- **Age**—frequency of use decreased with increasing age (for example, 13 per cent of those aged over 60 years used their broadband service continuously compared with 39 per cent of those aged between 18 and 24 years); and

- **Gender**—27 per cent of males used their broadband service continuously compared with 17 per cent of females.

'I've had the internet forever, and I guess for my reasons … that's because you start using it at work everyday, you start to realise you can do banking, you can do research, you can do shopping, you can keep in contact. Basically it's about convenience.'

Mark, 29, Sydney

Figure 14: Frequency of internet use



Base: *Respondents users of dial-up internet (n=284)*

Respondents users of broadband internet (n=796)

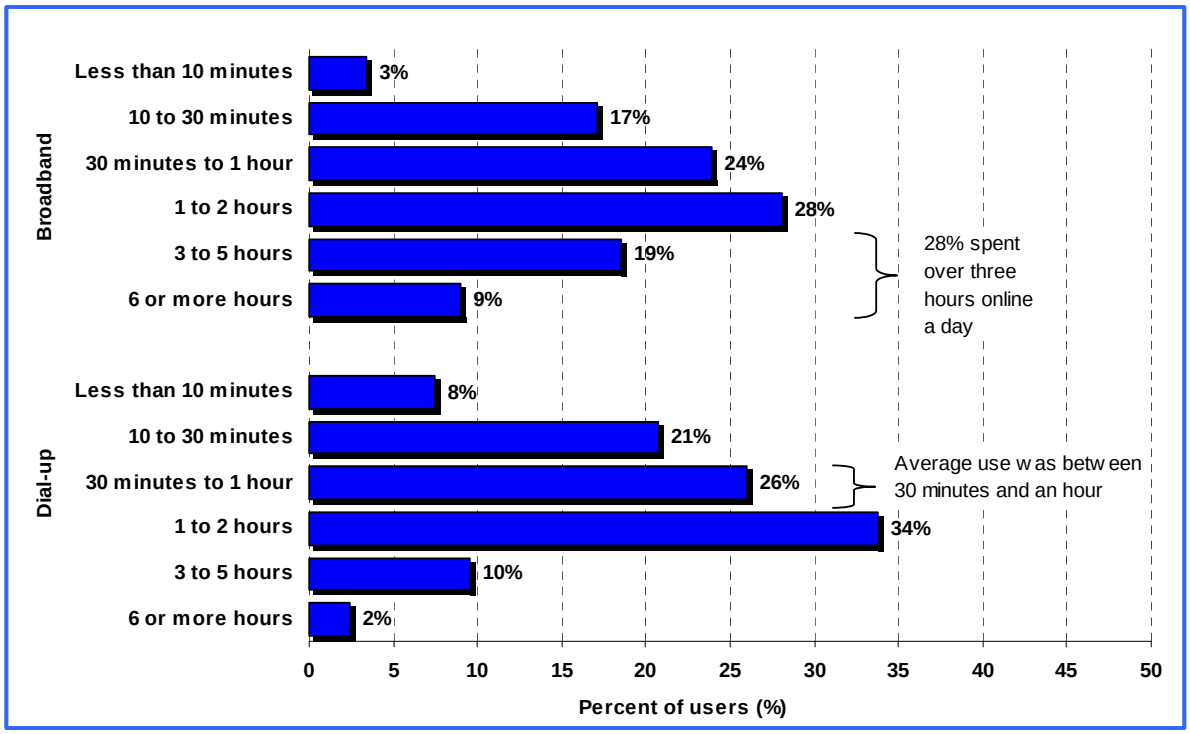
The survey also asked respondents to indicate the average amount of time they spent online in a day. Dial-up users spent an average of between 30 minutes and an hour a day online, with nearly half of users connected to the internet for over an hour. In contrast, broadband users spent on average between one and two hours a day online, with nearly a third spending over three hours online a day (see Figure 15).

'I spend a couple of hours (online a day) not in big chunks, but in bits and pieces.'

Carrie, 24, Bathurst

Older people tended to spend less time online, with 79 per cent of those aged 61 years and over spending less than an hour on dial-up and 61 per cent spending less than an hour on broadband. Gender also influences time spent online, with 62 per cent of males accessing their broadband service more than one hour per day compared with 48 per cent of females.

Figure 15: Amount of time spent online



Base: *Respondents users of dial-up internet (n=284)*

Respondents users of broadband internet (n=796)

3.3.4 Decision making about internet services

When it came to deciding which service to purchase, focus group interviews indicated that the enthusiastic embracers were more likely to shop around and research their options. This group generally felt they were able to obtain a reasonable deal or value for money.

On the other hand, many of the mainstream followers and techno non-adopters found the choice confusing and tended to rely on advertising or word of mouth from family and friends, or spoke to their existing service providers. These groups were led by price; they determined how much they wanted to spend and worked within that range. Many let their service providers determine which packages best suited their budget and usage patterns.

'…there is too much information. You get bombarded with it. It makes it hard to make a choice.'

Joseph, 23, Adelaide

The results of the survey supported the focus groups findings and indicated that nearly a third of dial-up customers get their information from some form of advertising. Other common means of acquiring information for dial-up users included:

- word of mouth (28 per cent); and
- general internet search (24 per cent).

Broadband users relied more heavily on general internet searches and comparison sites (34 per cent). Other means of acquiring information for broadband users included:

- service providers with whom they had initiated contact (29 per cent); and
- word of mouth (22 per cent).

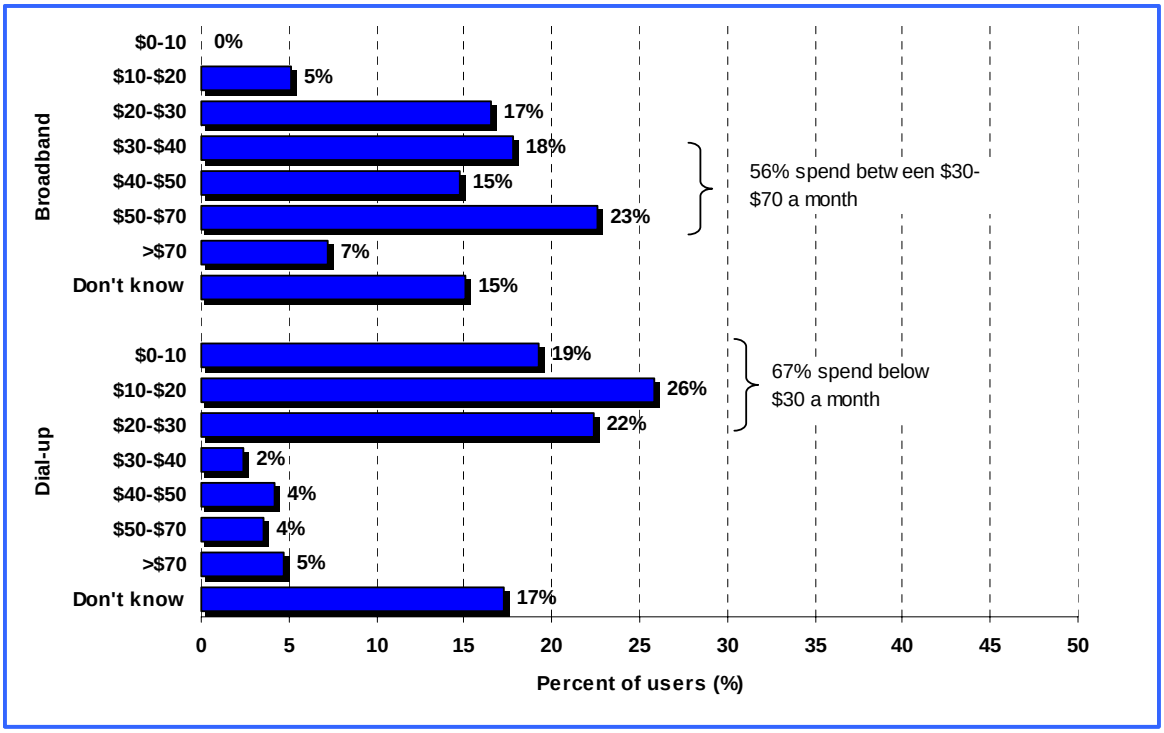
Overall, the majority of respondents thought the information they had received on internet services was useful or very useful (73 per cent for dial-up users and 82 per cent for broadband users). However, respondents who felt the information was not useful generally felt that it did not tell them what they needed to know (24 per cent of dial-up users and 17 per cent of broadband users), that there was too much information (13 per cent dial-up and 10 per cent broadband) and the information was difficult to understand (nine per cent of dial-up users and 19 per cent of broadband users). The focus groups also highlighted that consumers found it hard to compare plans.

3.3.5 Cost of internet services

The focus groups indicated that although participants were vague about the type and features of their broadband services, the majority claimed to know how much they were spending each month. In the survey, 16 per cent of respondents were unable to determine their monthly internet expenditure.

Of those who did know their expenditure, 67 per cent of dial-up users stated it was under $30 a month and 56 per cent of broadband users stated it was between $30 and $70 a month, as shown in Figure 16.

Figure 16: Internet expenditure



Base: *Respondents users of dial-up internet (n=284)*

Respondents users of broadband internet (n=796)

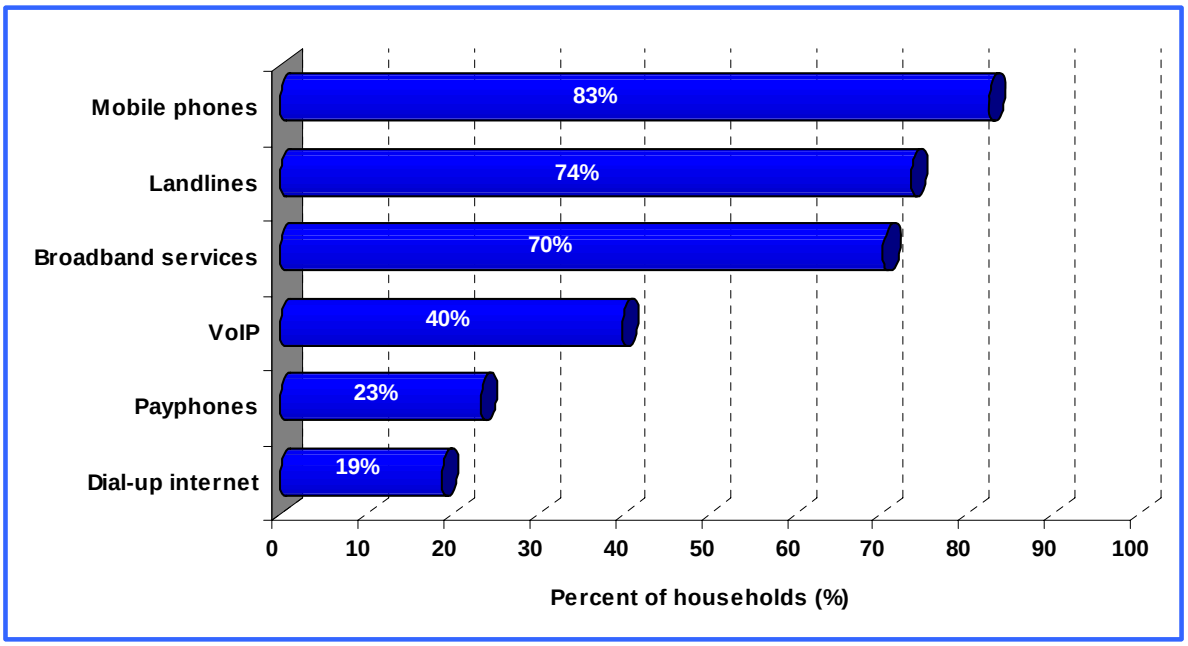
This may not be a true reflection of what respondents actually pay

3.4 Future outlook

Respondents were asked what they perceived to be critical telecommunications services for their household in the future (Figure 17). The term ‘critical’ was not defined in the survey and was left to the respondent to assess. The mobile phone was considered by most

respondents to be a critical service for the future. Unsurprisingly, current users of each service type were generally more likely to indicate that those services would be critical.

Figure 17: Critical services for the future



Base: (n=1600); multiple responses

Parents with children in the household were more likely to nominate mobile phones as a critical service. The focus groups indicated that parents see mobile phones as a safety device so children and parents can contact each other at any time.

'…my mobile basically is for the kids to contact me in emergencies.'

Sarah, 45, Adelaide

Landline telephone also rated highly. Those over 61 years and those in non-metropolitan areas were also more likely to nominate the landline telephone as a critical service. The focus groups indicated that in non-metropolitan areas this was due to patchy or limited mobile reception.

Broadband was also high on the list of critical services for the future. Respondents nominating broadband tended to reflect the factors influencing broadband take-up, such as income, age, occupation and the presence of children in the household.

Respondents who felt that dial-up was critical were more likely to be currently using a dial-up service, including those in non-metropolitan areas.

Overall, the focus groups indicated that people expect good reliable mobile coverage and access to broadband at a reasonable speed and price. There was also a sense that landline and payphone services should be provided even if they are only used when there was no mobile coverage or for emergency situations (this included calls to emergency access services as well as situation where participants had a flat mobile battery).

4. Conclusions

Today, telecommunications services are well embedded in the lives of Australian consumers, with most people having access to multiple voice services as well as the internet.

This research suggests that regardless of socio-economic background or locality, Australians are generally well connected, 89 per cent of households have access to both a landline and mobile services and 77 per cent have access to the internet.

While usage of telecommunications services is generally high, there is no single profile of consumers' take-up and use of telecommunications, with use of services varying according to age, occupation, income and perceptions of cost and benefits.

Australians have a high level of dependency on telecommunications services. However, the scope and scale of this dependence was greatly influenced by socio-economic factors with age in particular influencing attitudes towards mobile telephony and broadband internet.

Many older respondents were more likely to rely on their landline telephone and less likely to have an internet connection or a mobile phone; they did not see the benefit of these services or perceived cost as a barrier.

Younger Australians indicated they were more likely to rely on a mobile phone and have access to and use broadband. This group expressed strong dependence on these services and some even felt lost without them.

The influence of children in the household also had a prevalent affect on take-up and use of services. The research showed parents choose to take up services for their children and felt that broadband was required for study and schooling. Parents also felt that mobile phones were a useful security tool enabling family members to stay in touch.

In terms of locality, while the research indicated that metropolitan Australians generally have a higher level of take-up of services, it was the socio-economic and demographic profile of consumers in each locality that were critical drivers of take-up and usage. Consumer awareness of new services and their propensity to see a benefit in these services will be shaped by the consumer profile, independent of geographic location.

The research also suggested that consumers compartmentalise services and that awareness of the notion of convergence is low. The landline, mobile phone and even payphones were all perceived as having a specific purpose differing between consumer segments, particularly age group. However, in general a phone (whether landline or mobile) was used for voice calls and a computer was used for internet. Although knowledge of converged technologies and new emerging services such as 3G was high, at present use is low.

Over the coming months, ACMA intends to publish additional research reports with further analysis on some of the issues covered within this report. These issues include the level of substitution and complementarity between mobile and landline services, consumer attitudes and potential take-up of new emerging services and technologies, as well a study on consumer satisfaction with telecommunications services.