

Ofcom Consumer Panel Consumer Research Key Findings May 2005

1. Research Approach

Ofcom's Consumer Panel conducted qualitative and quantitative research to establish:

- What is the level of consumer knowledge about the communications market and the choices/alternatives consumers have now and will have in the future?
- What is the current consumer experience in the communications market?

The research focused on consumers' experiences of telecommunications (fixed and mobile), the internet (including broadband), broadcasting (including digital switchover) and use of technology. It was conducted in two phases – an initial qualitative study (conducted by MORI) followed by a quantitative study (over 2,500 residential customers and 300 SMEs conducted by saville rossiter-base).

This paper provides a summary of key findings of the research, key findings for Wales, Scotland and Northern Ireland and research conclusions.

2. Key Findings

Ownership of Communications Technology

- **Landlines** are the key communication method for large groups of the population and were owned by 93% of respondents.
- **Mobile phones** are owned by four out of five of respondents. Only two out of five older people own a mobile – half the national average – whilst **low income households are four times more likely to have only a mobile phone** than higher income households.
- Just over half the population has access to the **internet** at home (56%). Only one in three low-income households have the internet at home.
- Over half the respondents (57%) are already in households with **digital television** and one in seven would like digital television but do not own it for cost or other reasons.

Awareness & Understanding

- Consumers' awareness of terms such as broadband, digital television, 3G, and digital radio **declines with age. Only one in five older people understand the terms broadband and digital radio.** Those who are retired and/or over 65 are significantly less likely to keep themselves

- informed, whilst those who are working and/or are under 35 are significantly more likely to keep up to date.
- The research identified very little awareness of the switchover from analogue to digital television and **much confusion** on the subject.

Information Overload

- Friends and family are the most popular sources of advice on communications services and technology, **but one in three people over 65 said they had no sources of advice.**
- Consumers complain about having too much information and about **not being able to make easy comparisons between networks and tariffs.**
- The language used in the communications sector inhibits many consumers other than the young (only 15% of our respondents understood the term 3G).

Switching Suppliers

- Few UK consumers have ever switched supplier for home communications services. Mobile users are the most likely to change, 34% compared to 23% changing landline supplier, 18% changing internet supplier and only 11% changing multi-channel TV.
- There is a perception of marginal differences between the offerings of different service providers along with the feeling that the hassle of changing outweighs the benefits. Consequently **people tend to switch suppliers only if they have a bad experience with their existing supplier.**

Disadvantaged Consumers

- **Older people, those on low incomes and some disabled people are amongst those most likely to feel disenfranchised from advances in communications services and technology.**
- **Low income households spend only £6 less per month on communications technology than the UK average.** Despite this, they are less likely to have home access to the internet. They also have a higher dependence on mobile phones and are **four times more likely than higher income households to own only a mobile phone and no landline.** This group are also more likely to use the pay as you go/prepaid option rather than monthly contract and this payment method can be less cost effective.
- Disabled people under 65 reported twice the level of difficulty (26%) in using mobile phones compared to the UK average. Consumers over 75 years of age reported similar levels of difficulty in using telephony equipment.

- One in 20 UK adults experience difficulties using a PC; rising to one in six of those with a disability and one in ten older people aged 65 and over.
- One in seven of those with a disability and one in ten older people aged 65 and over experience difficulties using a television, whereas one in 25 UK adults experience difficulties.

Digital Switchover

- **Less than one in three UK consumers has heard of the term ‘digital switchover’** and only one in five is able to describe what it means.
- **One in four people say they do not know where to turn to for advice** about digital switchover.

Small Businesses

- It is not uncommon for small businesses to use domestic packages for mobile phones or broadband connections.
- Twice as many SMEs as consumers express dissatisfaction with their landline and mobile phone suppliers (around one in four) and three times as many express dissatisfaction with their internet provider (one in five).
- **45% of the businesses researched said they did not need access to the internet for business purposes.**
- **SMEs have a high level of understanding of the term ‘broadband’ but do not necessarily see it as beneficial to their business.**

3. Significant findings per nation

In a number of areas the findings in the Nations varied significantly from the UK figures:

Northern Ireland

- Amongst consumers in Northern Ireland, older people and those in low income households are significantly less likely to have access to the internet at home.
- Consumers are less likely to have heard the term digital radio or understand the term digital switchover.
- A higher proportion of consumers were dissatisfied with their home communications services.

Scotland

- Consumers are significantly more likely to understand digital TV and digital radio.
- People are more likely to have only one source of information or advice on communications services (36%).

- Amongst consumers in Scotland, older people and those in low income households are significantly less likely to have the internet at home.

Wales

- Amongst consumers in Wales, older people and those in low-income households are significantly less likely to keep informed of developments in communications services.
- Whilst they were less likely to have access to the internet at all than the UK average, Welsh respondents were more likely to have digital TV.

4. So what does the research suggest consumers need?

- Less but more effective and targeted information to help them understand the different communications technologies and to make informed decisions about providers and equipment.
- Equal participation for all types of consumer – age, isolation, low income and some kinds of disability can lead to reduced usage of communications technology. In some cases there are also difficulties in using the physical equipment. There is a need to find routes through which older people and other excluded customers can build and maintain an appropriate degree of knowledge, understanding and confidence and acquire the skills they need to ensure they participate in the information age.
- Clarity about what the benefits of digital switchover, how much it will cost and where to get advice, particularly amongst older and low income consumers.
- SMEs need trusted sources of advice and information to develop their understanding of the communications world and how it can help their business.

The research suggests that the market is working against the interest of low income households and the Consumer Panel would like to understand more about this and the choices that are available to low income and disadvantaged consumers.

For more information

For copies of the report *Consumers and the communications market: where are we now*, please visit www.ofcomconsumerpanel.org.uk or contact Flora Demetriou on (+44) (0)20 7783 4027 or at flora.demetriou@ofcom.org.uk.

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