

Research examines how consumers adopt and use telecommunications services

The latest report in ACMA's ongoing *Telecommunications Today* research program highlights the changing trends in fixed-voice, mobile and internet service take-up and use among Australian consumers.

The majority of Australian household consumers now use their landline and mobile phones interchangeably or as a complementary service. The landline is used at home and for longer calls, while the mobile is used when out of the home and for calls to other mobiles. In contrast, internet consumers see broadband as a substitute or replacement service for dial-up connections.

Mobile phone use in Australia has increased significantly—in 2006–07 there were 21.2 million mobile phone subscribers, an increase of 165 per cent since 1999–2000. However, since 2003–04, fixed-line subscriptions have decreased at an average of two per cent each year, with 10.9 million services in operation in 2006–07.

Consumers surveyed believe the main benefits of a mobile phone are its portability outside the home and its suitability for quick conversations or short text messages. Other benefits included convenience and constant communication. However, the landline is still widely perceived as being more reliable.

A small proportion of consumers do not have a mobile phone and choose to rely solely on a landline for voice communications. These consumers tend to comprise the older age group (86 per cent of those aged over 61 years and 91 per cent of retirees). They also tend to live in non-metropolitan areas (65 per cent) and to be female (63 per cent).

Conversely, an increasing proportion of consumers intend to replace or have already substituted their landline with a mobile phone. These respondents, along with technologically advanced 'mainstream followers', tend to comprise the younger age group (70 per cent of those aged between 18 and 31 years).

Consumers from small and medium enterprises (SMEs) also see their landlines and mobiles as complementary, with 93 per cent using both services.

However, SME reliance on landlines is more prominent than among general household consumers—77 per cent use this service as their main form of communication.

Nearly a quarter of household consumers surveyed who have both a landline and mobile phone would consider substituting their landline with another form of communication, if certain conditions were met.

For example, just over a third of these respondents would substitute their landline if mobile calls were cheaper, if they did not need it for an internet connection or if mobile coverage was better. Other reasons included cost savings—line rental is seen as expensive—and satisfaction with their mobile service and cost.

For those who would not consider substituting their landline, cost was again a deciding factor—half of these respondents believe the landline offers cheaper calls. Consumers also believe that landlines are more reliable, offer better quality of service, are easier to use and have better coverage. Some consumers also need a landline for internet connection.

SME consumers are less likely than household consumers to substitute their landline with other forms of communication because of the perception that customers prefer to deal with a business using a landline.

Household consumers do not consider dial-up and broadband internet access to be complementary services. Consumers believe that the benefits of broadband make it a superior service. The majority of broadband consumers surveyed (82 per cent) previously had a dial-up connection and the most common reason for upgrading to broadband was the desire for more speed (77 per cent). Sixteen per cent upgraded because broadband does not tie up the phone line.

Broadband connections grew 37 per cent in the past year, while dial-up connections decreased by 25 per cent. Despite the availability of converged technologies such as 3G, and applications such as voice over internet protocol (VoIP) and mobile email, which offer both voice and data services on the one device, most service substitution currently relates to traditional voice services.

This report is the fifth in the *Telecommunications Today* series and was undertaken to:

- identify residential and business consumers' preferences and choice of telecommunications services
- consider consumer attitudes towards their choice of and preference for services
- ascertain the level of uptake and use of new and emerging services such as mobile email, VoIP and 3G
- consider how location, income, family structure, age and profession affect consumer substitution of voice services and the take-up of new and emerging services.

Information in the report is drawn from several sources, including:

- commissioned work from Woolcott Research, which undertook 12 focus group discussions with residential household consumers recruited from a random sample, as well as quantitative research using 1,600 respondents
- Sensis® Business Index telephone survey of 1,800 SMEs conducted between 24 April and 31 May 2007
- Roy Morgan Single Source Survey of individual consumers aged over 14 years.

The report can be found on the ACMA website at <www.acma.gov.au> (go to About ACMA: Publications & research > Telecommunications publications > Telecommunications today: research report series).

Changing trends in voice and data provision

