

Consumers' use of mobile telephony
Summary of Oftel residential survey Q7
November 2001

29 January 2002

Chapter one

Introduction

1.1 This report provides an overview of the key findings of consumer behaviour in the mobile market, taken from the seventh wave of Oftel's quarterly residential consumer survey conducted in November 2001. Results from previous waves are used for comparison purposes and referred to throughout this report.

1.2 The report provides trend information to which subsequent quarterly results can be compared, and examines differences between consumers with different social characteristics.

1.3 The survey was conducted for Oftel by MORI, amongst 2159 UK adults¹ during November 2001, of whom 75% claimed to personally own or use a mobile phone. A further 7% who do not personally use a mobile claim to live in a home with at least one mobile. The report has been prepared by Oftel², based on the results provided by MORI.

1.4 This report covers:

- UK penetration of mobile phones, networks, packages and services used
- which consumers are using mobiles
- mobile spend
- length of time with handset
- using multiple SIM cards
- switching network and retaining handset
- satisfaction with mobile service, value for money, complaint handling

1.5 A copy of the questions is attached in appendix 1. Topics to be researched each quarter are requested by Oftel project teams and results feed into current investigations and reviews in individual market areas.

¹ This survey was conducted amongst a representative sample of UK adults, reflecting the UK profile of sex, age, social grade, region and employment status. Data has also been weighted to ensure the sample is representative of the UK adult population. All data shown is weighted data. Unweighted base sizes are shown on charts and tables to show the number of people who were asked the question. Because the survey was conducted amongst a sample of adults, rather than the whole population, the data may be subject to a small margin of error. The error margin for this survey of 1596 consumers with mobiles is about 2-3%, but is higher amongst smaller subgroups.

² The report should not be seen as recommended best buys and should not therefore be relied upon when making purchase decisions. Oftel has conducted its own checks on the data in this report and whilst we consider it to be correct, Oftel accepts no liability in respect of any of the results provided to it by MORI or any decisions taken by any person in reliance on the report.

Chapter two

Summary findings, conclusions and recommendations

Headline figures

75% UK adults own/use a mobile phone
72% mobile owners use a pay-as-go phone
23% mobile owners subscribe to a monthly contract
5% mobile owners use an all-in-one phone
£19 was the average amount spent on a mobile phone bill monthly
93% mobile customers are satisfied with their overall mobile service

Speed of growth in mobile ownership beginning to slow and pre-pay packages remain most popular amongst mobile owners

2.1 Three-quarters UK adults currently claim to own or use a mobile phone. The proportion of adults with mobiles continues to rise although the speed of growth has slowed since February 2001. Approximately 21 million homes (82%) have at least one mobile phone.

2.2 Younger consumers and higher income households remain the most prominent owners of mobile phones. The rise in ownership amongst consumers aged 75+ has been sustained this quarter – currently 24% of consumers in this age bracket own a mobile phone compared to 9% in November 2000.

2.3 Pre-paid packages remain the most popular package amongst mobile owners with 77% of UK adults preferring them (72% pay as you go and 5% all-in-one).

2.4 6% of UK homes currently use a mobile as their only method of telephony, this figure remains unchanged since May 2001. These consumers are continuing to move towards using pre-paid packages - currently used by 9 in 10 mobile only homes, up from almost 8 in 10 last quarter.

2.5 Currently WAP phones are being used by 10% of adult mobile customers. The proportion of consumers claiming to own a WAP phone is up 3 percentage points from last quarter (7%).

Mobile customers are aware of additional and alternative SIM card use but few customers are using these alternatives

2.6 Almost half of all mobile customers claim to have owned their handset for less than 1 year – 8% for less than 3 months, 12% between 3-6 months and 26% between 6 months to 1 year.

2.7 Additional or alternative SIM card use is recognised by 63% of mobile customers. Awareness is generally highest amongst younger consumers and those using monthly subscription packages. 6% of those aware were currently using more than one network by using more than one SIM card with their phone (equating to about 4% of all mobile customers), and 11% had previously switched network but kept the same handset (7% of all mobile customers). Around 20% customers not aware or using either option were interested in using SIM cards in this way. Interest in using each of these alternatives was expressed mainly by men, younger consumers, and higher social grades.

Mobile customers continue to be satisfied with their overall mobile service but slightly less satisfied with their value for money than in previous quarters

2.8 Satisfaction with mobile services overall remains stable with 93% satisfied. Monthly subscription users, mobile only homes, higher spenders and heavy users of the Internet were slightly less satisfied than other mobile users. Overall value for money has fallen in satisfaction levels with currently 85% claiming to be satisfied – previously 88%.

Main findings

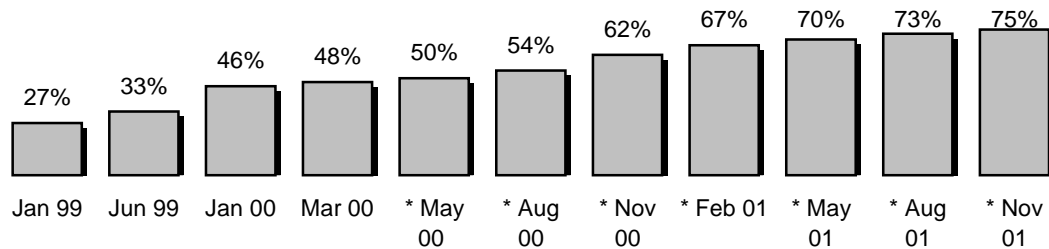
Chapter three

Mobile phone usage

3.1 During November, 75% of UK adults claimed they owned or used a mobile phone. The number of UK residential consumers using mobile phones continues to rise although the speed of growth has slowed over recent months.

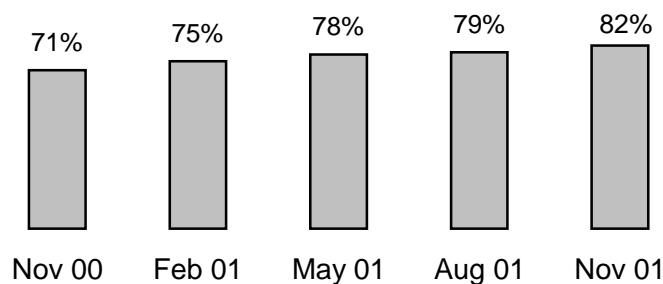
Figure 3a *Mobile growth - % *UK adults who have a mobile phone*
Base: *UK adults, November '01 (Base: 2159)

* Note - Figures up to March 2000 are based on GB population and are taken from MORIs Technology Tracker. Figures from May 2000 onwards include Northern Ireland and therefore represent the UK adult population.



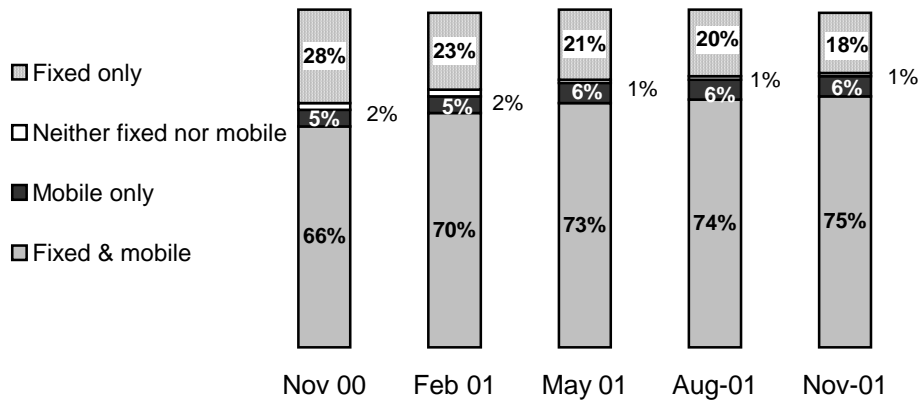
3.2 The number of UK homes with at least one mobile phone has risen over the last quarter to 82%, figure 3b. This equates to approximately 21 million homes with at least one mobile phone. This figure includes both adult and child users, but it is not possible to accurately establish from this survey the split between the two. The proportion of UK homes with mobile phones has risen faster this quarter than the proportion of UK adults. This indicates that for many homes the mobile owner is a child. Currently 32% of child mobile owners are aged 7-10, 40% are aged 11-13 and 28% aged 14-15, based on some recent Ofcom research into mobile usage amongst children.

Figure 3b *% UK homes with at least one mobile phone*
Base: UK homes, Nov '01 (Base: 2159, 'don't knows' have been excluded)



3.3 Figure 3c shows the proportions of consumers using each method of telephony. The number of UK homes without a fixed line phone remains at 7%. This figure remains unchanged since November 2000. 1% of homes have no method of telephony and 6% of homes are without a fixed line and use a mobile instead. The proportion of mobile only homes has not changed since the slight rise.

Figure 3c Penetration of mobile telephony in UK homes
Base: UK homes, Nov '01 (Base: 2159, 1% don't knows have been excluded)



Note – rounding of data resulted in occasional months showing totals of more or less than 100%

Which consumers use mobile phones?

3.4 Figure 3d and 3e show mobile ownership levels across various demographic groups of the UK population. Mobile ownership is most prominent amongst younger consumers and those with higher annual income.

3.5 Ownership continues to rise across most groups of consumers. Penetration amongst those in the two youngest age groups (15-24 and 25-34) has risen to an average 90% along with higher income groups (92%). Take up amongst consumers in the older age categories continues to grow – the rise amongst mobile owners aged 75+ reported in August 2001 has been sustained this quarter with 24% claiming to have a mobile phone.

Figure 3d % UK adults with mobiles
Base: UK adults Nov 01 (Base: 2159)

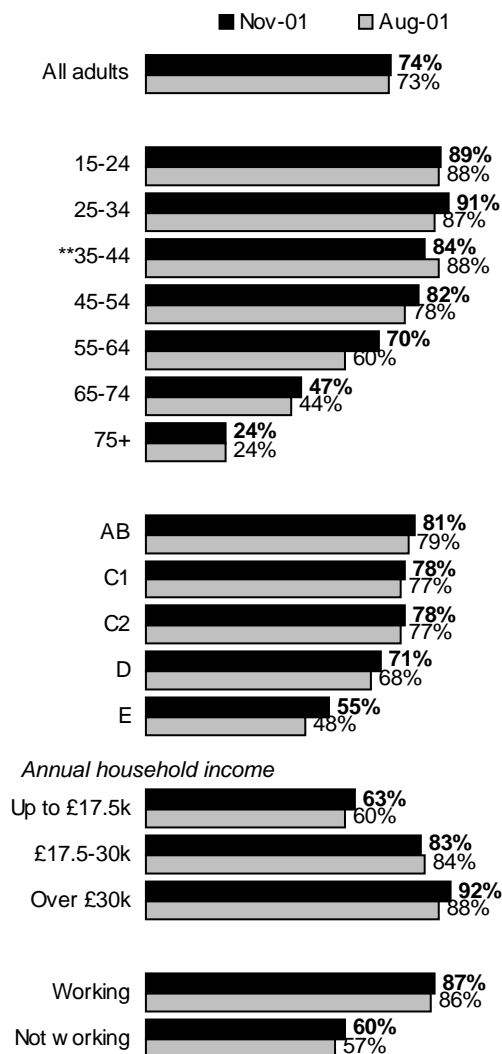
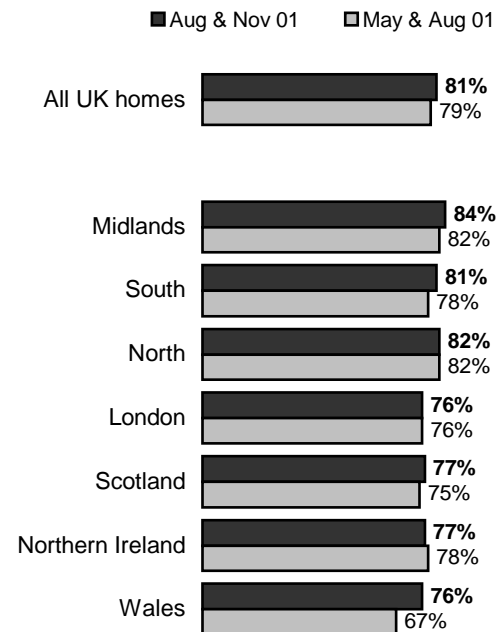


Figure 3e % UK homes with at least one mobile
Base: UK homes*



* Combined quarterly data is shown for regions to ensure more robust base sizes of at least 200 in each area

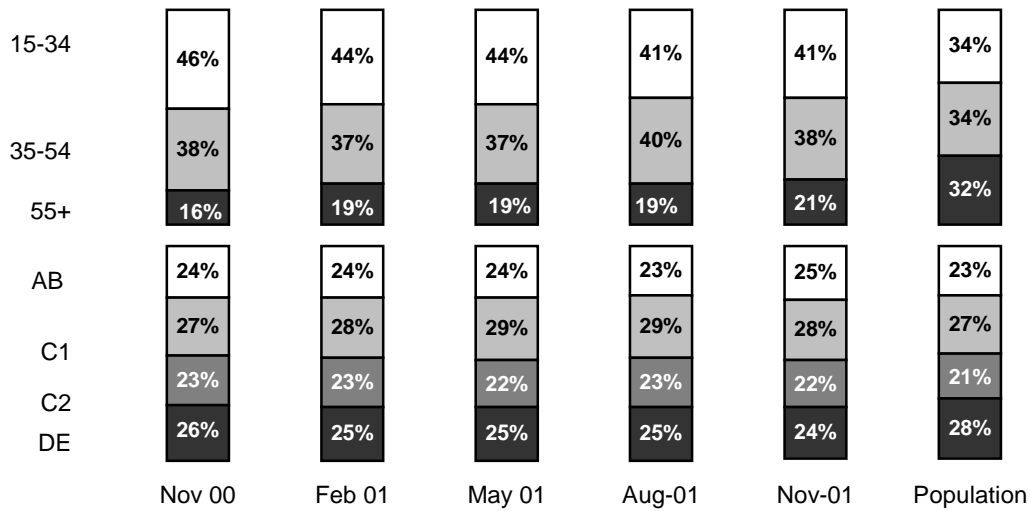
** not likely to be real drop as within margin of error

3.6 Figure 3e shows combined quarterly rolling data from the May and August, and August and November surveys for geographic region. This provides more robust sample sizes (minimum of 200 for each area) on which to base conclusions. Most regions have seen a slight increase in the number of mobile owners again this quarter and all have risen since February/May 2001. Mobile ownership in Wales in particular seems to have increased significantly since last quarter, up 7 percentage points, bringing it more in line with the rest of the UK on average.

3.7 Distribution across social grades remains fairly unchanged over the last year and broadly in line with population distributions as shown in figure 3f. Mobile

ownership amongst consumers aged 55+ continues to rise – currently up 5 percentage points over the last year.

Figure 3f *Changing profile of mobile usage*
 Base: Mobile users, Nov '01 (Base: 1596)

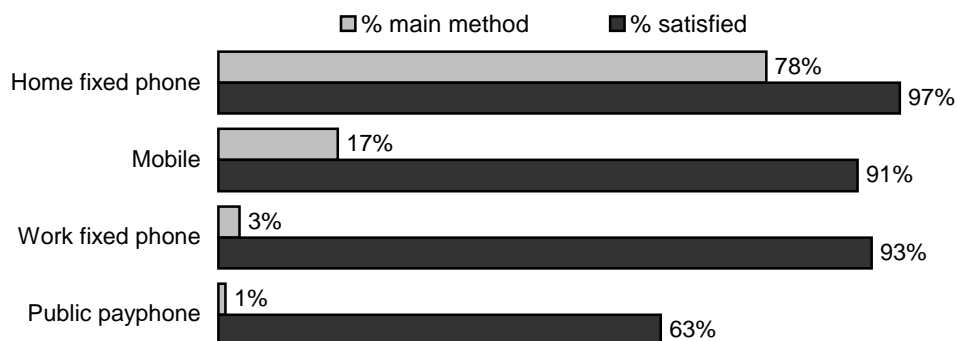


Mobile as main method of calling

3.8 Currently 17% of residential consumers claim to use their mobile phone as their main method of telephony (previously 16%). Similarly to previous quarters' results almost 7 in 10 (69%) of these consumers also have a fixed phone at home. Consumers using their mobile as their main telephony service tend to be younger (aged between 15-34).

3.9 Satisfaction with using a mobile as a main method of telephony remains broadly similar to last quarter, at 91%. Customers using a mobile as their main method of telephony remain slightly less satisfied than those using a fixed line phone either at work or home. Satisfaction with using a mobile seems to be more in line with satisfaction for the work fixed phone.

Figure 3g % UK consumers using and satisfied with their main method of telephony
Base: UK residential consumers, Nov '01 (Base: 2159)



Mobile only homes

3.10 Currently 6% of UK homes are using a mobile phone and don't have a fixed line. Mobile only customers remain predominantly younger (15-34), small households, low income groups and DE social grades. Further details on mobile only homes can be found in the August 2000 report www.oftel.gov.uk/publications/research/mob1100.htm.

3.11 Not surprisingly mobile only homes are among the higher mobile spenders. On average these consumers are spending £28 per month compared to an average £19 (spent on mobile bill) by mobile customers as a whole. Of tel is currently researching mobile customer calling patterns and spend in more detail and results are due to be published in March 2002.

3.12 Pre-paid packages are becoming increasingly popular amongst this group of consumers, 9 in 10 claim to be using either 'pay as you go' or 'all in one' phones, up from 79% last quarter.

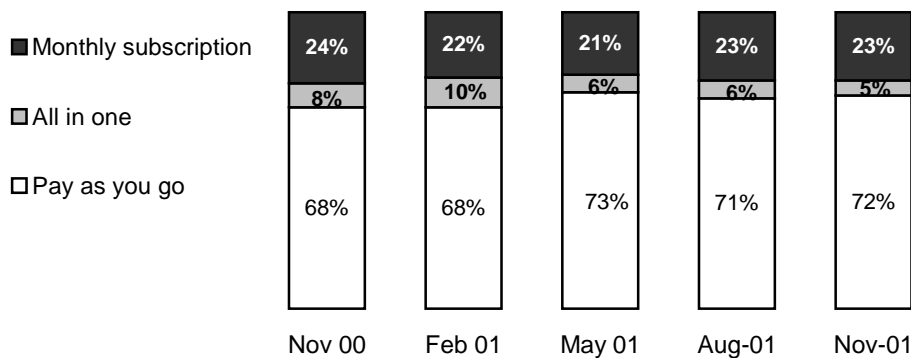
Chapter four

Consumers' use of mobile packages and suppliers

Packages used

4.1 Pre-paid packages remain the most popular package, with 77% of UK mobile customers preferring them (figure 4a). Following the withdrawal of all-in-one packages for some networks during Spring 2001 the number of consumers using them is falling. All-in-one packages currently claim half the number of customers as reported in February 2001 (10% - February '01 and 5% - November '01). Those customers reaching the end of their yearly all-in-one contract are most likely switching to 'pay as you go' or contract packages and new customers do not have the option to use all-in-one phones for all networks.

Figure 4a Profile of mobile package usage
Base: UK mobile users/owners, Nov 01 (Base: 1596, 5% 'don't know/other' have been excluded)



4.2 Pre-paid packages are preferred by women, low income households and DE social grades. Recent Oftel research into children's use of mobile phones showed that 96% of child (7-15 year olds) mobile owners use pre-pay packages, 94% 'pay as you go' and 2% 'all-in-one'. Users of 'pay as you go' spend less than average per month on their mobile bill (£13) compared to an average £19 spent by mobile users as a whole. Full details of mobile spend are reported in section 5. Owners of 'pay as you go' and 'all-in-one' phones tend to be slightly more satisfied with their mobile service overall (93% and 92% respectively) than those using monthly subscription packages (89%).

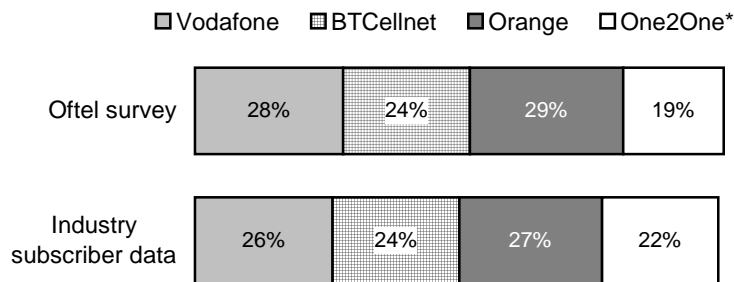
4.3 Monthly subscription packages continue to be most popular amongst younger mobile owners (under 35), AB social grades and high income groups. They were also favoured by more men than women.

4.4 WAP phones seem to be becoming more popular amongst mobile owners. 10% of adult mobile customers currently claim to own a WAP phone. This figure is up from 7% last quarter.

Suppliers used

4.5 Figure 4b shows a comparison between Oftel's survey and published sources of mobile market share information (in terms of numbers of subscribers using each of the four networks). The results this quarter indicate that the survey remains broadly reflective of the current mobile market in terms of the proportion of customers using each network. It should be noted that industry figures include business subscribers.

Figure 4b % mobile users using each network
Base: UK mobile users, Nov '01 (Base: 1596: 3% 'don't know/other' have been excluded)
Industry data source: Fintec Mobile Communications, Nov '01



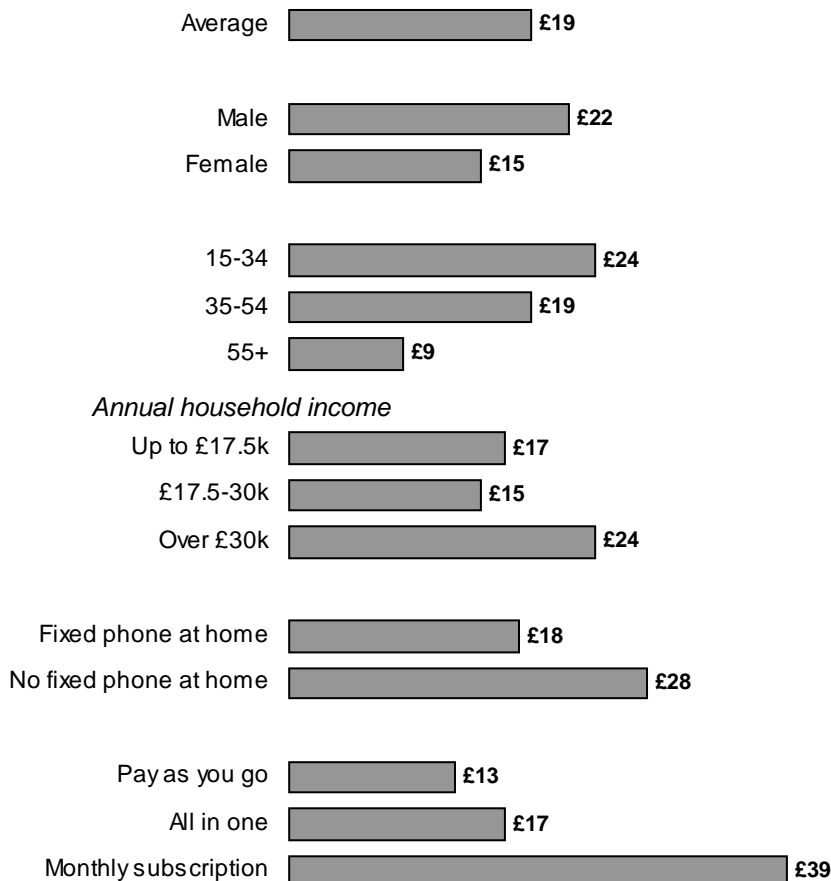
* includes Virgin

Chapter five

Mobile spend

5.1 On average mobile customers are spending £19 per month, (figure 5a). This has recovered from the reported slight drop last quarter. As reported in previous quarterly results the average spend (£19) is inflated by 15% of UK mobile customers spending more than £30 per month. Currently slightly less than half (47%) say they are spending less than £10 each month on their mobile bill.

Figure 5a Average monthly mobile spends
 Base: UK mobile users, Nov '01 (Base: 1596, 6% 'don't knows' have been excluded)



5.2 Men tend to spend more on average per month on their mobile bill than women, in contrast with the younger generation (children aged 7-15) where girls spend more on average each month than boys. Younger adult mobile owners (15-34), AB social grades, higher income groups and homes with no fixed line phone tend to be amongst the higher spenders. Consumers who fall into the group of

lower spenders are aged 55+ and those with a household annual income of less than £17.5K.

5.3 Mobile spend also differs according to the types of package consumers are using. Users of 'pay as you go' packages are spending least each month (average £13) while those contracted to monthly subscriptions continue to spend three times as much (£39) each month.

5.4 Mobile customers with Internet access at home tend to spend more on their monthly bill as their Internet usage increases. 95% of heavy users of the Internet also have a mobile phone – these customers spend an average £28 per month on their mobile bill compared to £22 and £19 spent by medium and light Internet users. This suggests that these mobile customers may be using their mobile phone to make calls when their fixed phone line is connected to the Internet. This was mentioned by 14% consumers with both a fixed and mobile phone during August 2001 when asked about substituting their fixed phone for their mobile.

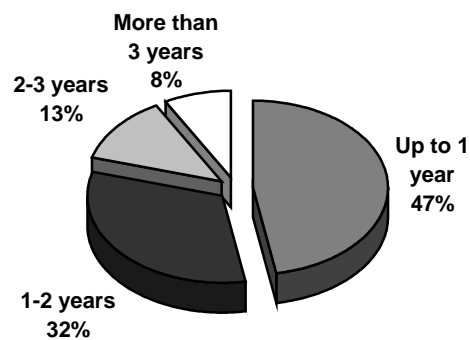
Chapter six

Length of time with handset

6.1 Almost half of all mobile owners claim to have had their current mobile handset for up to 1 year, as shown in figure 6a. 8% for less than 3 months, 12% between 3–6 months and 26% between 6 months to 1 year. Most (79%) mobile customers have had the same handset for less than 2 years. We are unable to establish from this survey the split between new users and those who have switched handset.

6.2 There are very few differences in the types of mobile customers who have had their current mobile handset for more than 2 years in relation to their mobile operator, package or monthly spend. Older consumers (55+) and AB social grades are slightly more likely to have had their handset for longer than 2 years than younger mobile customers and lower social grades - who also tend to switch network more frequently. As reported in May 2001, 28% of those under the age of 34 had ever switched network and a fifth of these retained their handset.

Figure 6a. *Length of time with current mobile handset*
Base: UK mobile users, Nov '01 (Base: 1596, 1% don't know have been excluded)



Chapter seven

Use of mobile SIM cards

7.1 Almost two-thirds (63%) of mobile customers were aware that it is possible to use different SIM cards in their mobile phone handset to enable them to use additional or alternative networks. A third were not aware that this was possible and the remaining 3% were unsure.

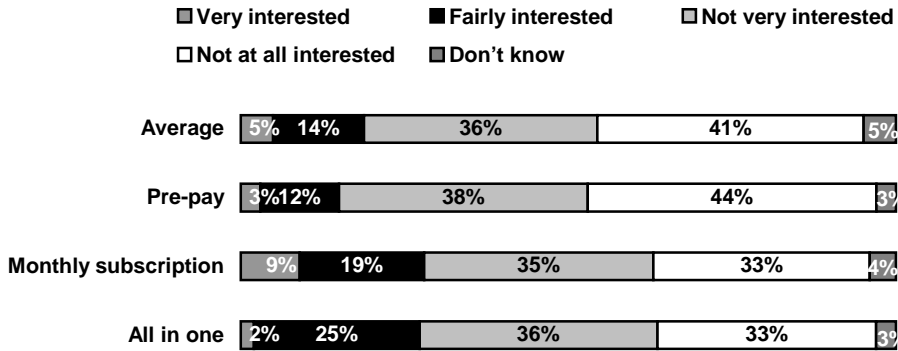
7.2 Mobile customers who were aware of alternative/additional SIM card use tended to be men, younger consumers (15-34), and those using monthly subscription packages. Amongst those least aware of this alternative were mobile customers over 55, DE social grades, low income groups, and low monthly mobile spenders (spending up to £10 per month on their mobile bill).

7.3 6% of mobile customers who are aware of these options currently claim to use more than one network by using more than one SIM card in their mobile handset (additional SIM card use), this equates to 4% of all mobile customers. Recent OfTel research into use of multiple SIM cards in other countries, conducted in April 2001 found 13% of mobile customers in Italy, 7% in Finland, and 4% in Portugal currently using more than one SIM card in their mobile phone. The full report can be found at www.oftel.gov.uk/publications/research/2001/sim0701.htm

7.4 Slightly more than 1 in 10 (11%) mobile customers who were aware of alternative/additional SIM card use had ever switched network but kept the same mobile phone handset (7% all mobile customers), therefore using an alternative SIM card in their phone. Consumers over 55 and lower monthly spenders (less than £10) were least likely to have used an alternative SIM card. In comparison, during May 2001 23% of all mobile customers claimed to have ever switched network although this survey did not research whether they retained their handset.

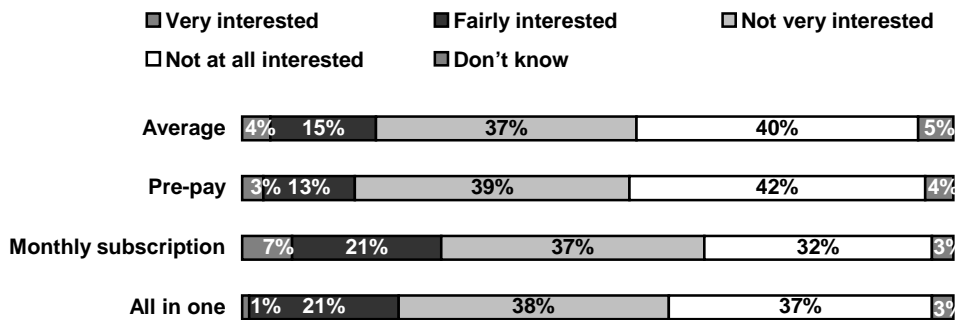
7.5 2 in 10 mobile customers not currently using multiple SIM cards thought they might be interested in using this in the future. 14% fairly and 5% very interested. However, this survey did not explore consumer opinion of the process or costs involved. Men, younger consumers (15-34), and ABC1 social grades were amongst those interested in using more than one SIM. Almost twice as many customers using monthly subscription packages were interested in using an additional SIM card than those using pre-pay packages (29% and 16% respectively), as shown in figure 7a.

Figure 7a. % interested in using more than one network with mobile handset, multiple SIMs
 Base: Mobile customers not aware of or using more than one SIM card, Nov '01
 (Base: 1540)



7.6 19% of mobile customers who were unaware of the ability to switch network and retain mobile handset were interested in this option, 4% very and 15% fairly. Men, younger mobile customers, and those using monthly subscription packages – as shown in figure 7b - again showed most interest in this use of mobile SIM cards.

Figure 7b. % interested in switching to different network and retaining handset
 Base: Mobile customers not aware or previously switched network retaining handset, Nov '01 (Base: 1494)



7.7 In a recent Ofcom survey into consumers' awareness of roaming charges, 18% claimed that they knew that using an alternative SIM card could lower roaming charges. This, in relation to the results above, suggests that consumers are aware that it is possible to use different SIM cards in their handsets but unaware of the benefits, or think that there are little differences in charges between networks.

7.8 5% of mobile customers who had ever roamed claimed to have used an alternative SIM card to lower roaming charges. The most popular method of reducing costs whilst abroad was to send text messages rather than make voice calls (used by 21% of roaming customers). Full details of this research can be found at: [\(link to report\)](#)

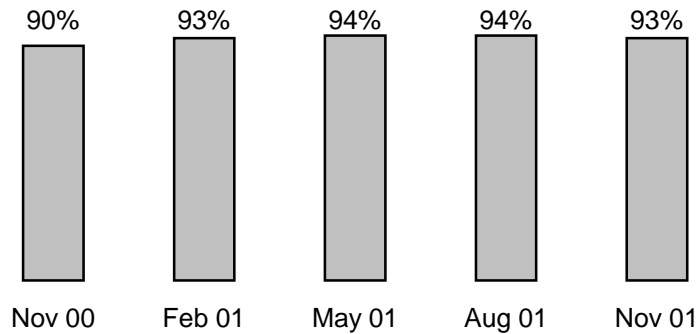
Chapter eight

Customer satisfaction

Mobile service overall

8.1 Satisfaction with the overall service of mobile phones has remained fairly stable over the last 7 months with 93% customers currently claiming to be fairly or very satisfied, as seen in figure 8a.

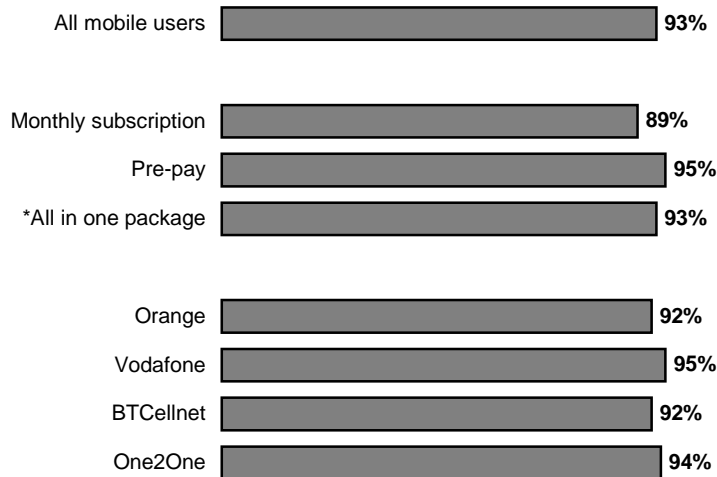
Figure 8a % UK mobile customers satisfied with overall mobile phone service
Base: UK mobile users, Nov '01 (Base: 1596, 2% 'don't knows' have been excluded)



8.2 Customers using monthly subscription packages, mobile only homes and higher spenders (over £30 per month on their mobile phone bill) were slightly less satisfied than average. Mobile customers who are also heavy users of the Internet tend to be slightly less satisfied than lower Internet users, perhaps relying more on their mobile for voice calls when online. On the whole satisfaction across most groups remains relatively high. Satisfaction with packages and networks is shown in figure 8b. The difference between suppliers is not significant.

Figure 8b % UK mobile customers satisfied with overall mobile phone service
Base: UK mobile users, Nov '01 (Base: 1596, 'don't knows' have been excluded)

* Caution should be applied as base less than 100



8.3 Satisfaction with overall value for money provided by customers' mobile supplier, has fallen slightly from 88% to 85% this quarter. Satisfaction remains lowest amongst higher monthly spenders (£30+) and customers using monthly subscription packages the most likely reason for this being that they are spending more than other mobile users.

Complaint handling

8.4 During November 31% of UK adults claimed to have ever made a complaint to any telephone company, fixed and mobile. 36% of mobile customers have ever made a complaint to either a fixed or mobile telephone company.

8.5 Over half (52%) mobile customers who had made a complaint at some time claimed to have been satisfied with the way the company handled it.

8.6 Satisfaction with the handling of complaints amongst all UK adults was 53% with little difference in the levels of satisfaction across all consumer groups. Heavy to medium Internet users were less satisfied than average with their complaint handling perhaps indicating that the fixed or mobile phone is of greater importance therefore these consumers have higher expectations.

Annex 1

Q7 November 2001 residential questionnaire – Mobile questions

How many mobile phones in total do you and members of your household use?

- None
- One
- Two
- Three
- Four or more

Which mobile phone supplier do you personally use?

- BTCcellnet
- One2One
- Orange
- Virgin
- Vodafone
- Other.

Which of these statements best describes the mobile phone package you have?

- Pre-paid package (ie after paying a one-off fee for the phone, 'top up' is bought as and when required)
- Monthly subscription contract (ie line rental and call charges are paid each month)
- All in one package (ie phone and any line rental is paid in advance and calls are either billed monthly or paid by call vouchers)
- Other

Approximately how much would you estimate the monthly cost of your mobile phone to be?

- Less than £6
 - £6-£10
 - £11-£20
 - £21-£30
 - £31-£40
 - £41-£50
 - £51-£100
 - £101-£200
 - More than £200
-

How satisfied are you with the following ...

(a) Your mobile service overall?

(b) Overall value for money from your mobile phone supplier?

Very satisfied

Fairly satisfied

Not very satisfied

Not at all satisfied

How long have you had your current mobile handset?

Less than 3 months

3-6 months

More than 6 months up to 1 year

More than 1 year up to 2 years

More than 2 years up to 3 years

More than 3 years

Don't know

Mobile handsets contain a SIM card which can be changed to enable you to use your phone with additional networks. Before now were you aware that you could use your mobile in this way?

Yes

No

Don't know

Do you personally use more than one network by using more than one SIM card in your existing mobile phone?

Yes

No

Don't know

Have you ever switched network but kept the same mobile phone handset?

Yes

No

Don't know

How interested would you be in the following...?

a) Using more than one network with your mobile phone?

b) Switching to a different network but keeping the same handset?

Very interested

Fairly interested

Not very interested

Not at all interested

Have you ever made a complaint to ANY telecoms company – mobile or fixed?

Yes

No

Don't know

Overall, how satisfied were you with the way the company handled your most recent complaint?

Very satisfied

Fairly satisfied

Not very satisfied

Not at all satisfied
