

RSQ PRODUCT DISCLOSURE RESEARCH

REPORT
DECEMBER 2023

gravitasOPG

Introduction

The Commerce Commission has highlighted Product Disclosure in the Telecommunications domain as a critical vector for consumer experience enhancement. The purpose of this research is to inform the improvement of retail service quality through effective research with end-users.

The research focuses on key areas identified from the submissions on the Retail Service Quality-Product Disclosure Emerging Views paper, with an overarching aim to bolster Retail Service Quality (RSQ) by simplifying the evaluation process and ensuring cost transparency for plan or bundle selections in mobile and broadband services.

Survey Aim

Explore end-users' preference in three areas:

- **Average pricing** of plans/bundles, taking into account all costs.
- Disclosure of **total minimum cost** (TMC) of contract figure, under any circumstances.
- Communication of **early termination fees** (ETFs).

Purpose

- To inform the improvement of retail service quality through effective research with end-users to evaluate potential solutions in the three areas.
- Quantification of consumer preferences (demand) and response to each of the solutions tested.

Reporting

The report covers the results of testing of solutions for average pricing and early termination fees in turn showing results for both mobile and broadband plan selection in relation to each.

Solutions for total minimum costs were tested with mobile plan decision makers only.

Research Approach

Preparatory Work

Understanding, Testing

- **In-depth interviews with a range of consumers** – n=20 interviews including some with more vulnerable consumers to understand the approaches and responses to evaluating the potential solutions to be tested in the survey and to inform development of survey questioning. Some illustrative comments from these interviews are included in reporting.
- **Testing and further refinement of survey questions** through n=6 cognitive testing interviews.

Survey Research

Measuring

- **Online self-completion survey conducted via a consumer research panel of n= 998** aged 18 years and above who are the main or joint decision maker when choosing mobile telephone and/or home broadband plans for themselves and/or for others.
- **Sample split to cover mobile and broadband groups** – eligible respondents randomly allocated selected from mobile and broadband plan decision makers to provide **n=498 for mobile and n= 500 for broadband**. Maximum and minimum quotas set to ensure a range of more and less regular plan comparing behaviours. Details on sample approach and sample profile are appended.
- **Fieldwork** was conducted from: from 5th to 21st October 2023

Potentially Vulnerable Consumers

Alongside researching the views and preferences of the overall consumer market, this study assessed any differences among potentially vulnerable consumer populations.

This included analysis to check for any statistically significantly different results for the groups shown, both separately and collectively (Note, there is overlap among these groups.)

The total collective base for these potentially more vulnerable consumers was n= 252, including n=145 for mobile respondents and n=107 for those answering the broadband survey.

Any statistically significant different results (at the 95% confidence interval) for these groups, the collective group, and for other demographics are noted in the report.

Where none are noted, this means no useful statistically significant differences in results were found for potentially vulnerable consumers or other demographic groups.

Older

75 years or over

Lower Household Income

<= \$30K OR
Single/couple with NOT adult child/ren (0-17 years) and household income <=\$50K OR
Older aged people & lower income:
65-74 years and household income <= \$30K OR
75 years or over and household income <=\$50K

Māori and Pasifika with lower income and/or lower educational achievement

Māori or Pasifika with:
Lower income: under \$50k
Lower educational achievement: High school qualification, or No formal educational qualifications

Lower education achievement

No formal education qualifications

A close-up photograph of a person's hands holding a smartphone. The person is wearing a light-colored, long-sleeved shirt. The phone is held in a way that the screen is facing the person. Below the phone, a laptop keyboard is visible. The right side of the image is overlaid with a warm, orange-tinted semi-transparent rectangle. The text 'AVERAGE MONTHLY PRICES' is written in white, bold, uppercase letters across the bottom of this orange area.

**AVERAGE MONTHLY
PRICES**



**Average Monthly Pricing and Comparing
Plans with Different Billing Periods**

Plan comparison over differing billing periods can be difficult for some

Higher proportions rated the comparison of plan value over different billing periods as easy in the stimulus we provided, but notable proportions did not.

Between 21% (broadband) and 10% (mobile) found it difficult to establish the best value plan from those shown.

Q: Broadband plans can be billed over different time periods. Imagine you want to sign up for a home broadband plan and are comparing between prices with different billing periods, shown below.

Plan A

\$3 /day
Maximum speed
broadband

Plan B

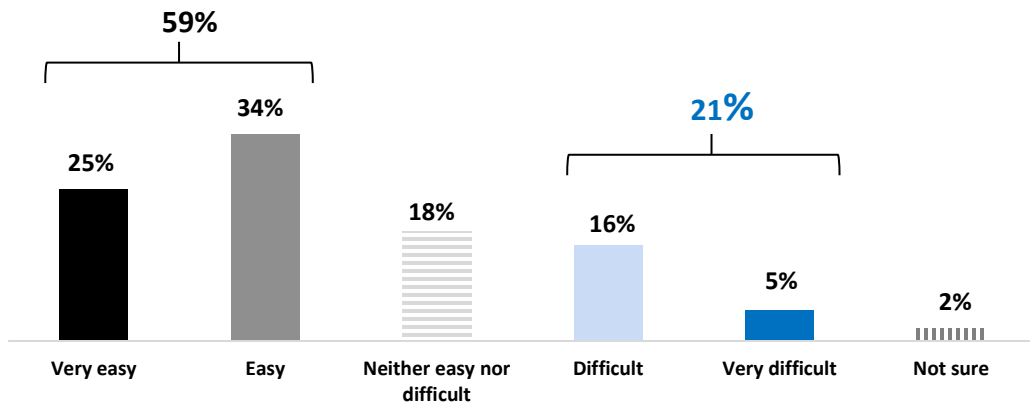
\$78 /28 days
Maximum speed
broadband

Plan C

\$80 /month
Maximum speed
broadband

How easy or difficult is it to compare these plans to see which one offers the best value?

Ease of Comparing the Value of **Broadband** Plans Shown



Base: n=500

Q: Mobile phone plans can be billed over different time periods. Imagine you want to sign up for a mobile phone plan and are comparing between the prices shown below with different billing periods.

Plan A

\$2 /day
Endless Data
Unlimited Texts
Unlimited Calls

Plan B

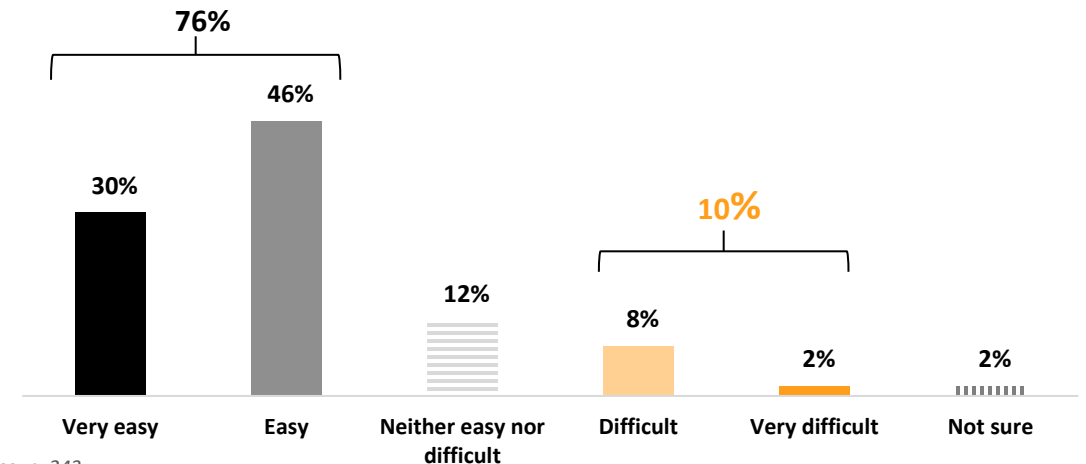
\$39 /28 days
Endless Data
Unlimited Texts
Unlimited Calls

Plan C

\$40 /month
Endless Data
Unlimited Texts
Unlimited Calls

How easy or difficult is it to compare these plans to see which one offers the best value?

Ease of Comparing Value of **Mobile** Plans Shown



Base: n=243

Reflecting that some didn't find the value comparison easy, notable proportions didn't choose the best value plan

Around one quarter didn't choose the best value broadband and mobile plan from the examples offered when asked.

Q: Which one do you think is the best value plan?

Plan A

\$3 /day
Maximum speed
broadband

Plan B

\$78 /28 days
Maximum speed
broadband

Plan C

\$80 /month
Maximum speed
broadband

Q: Which one do you think is the best value plan?

Plan A

\$2 /day
Endless Data
Unlimited Texts
Unlimited Calls

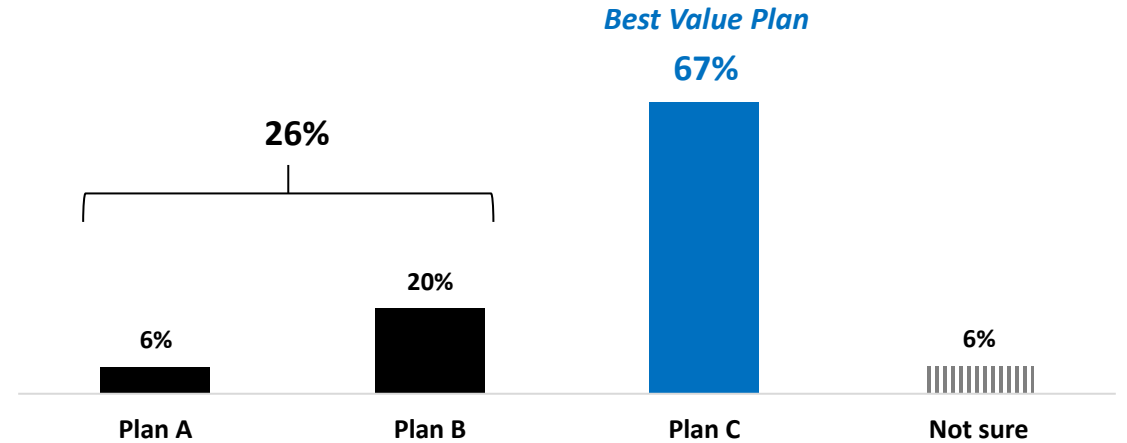
Plan B

\$39 /28 days
Endless Data
Unlimited Texts
Unlimited Calls

Plan C

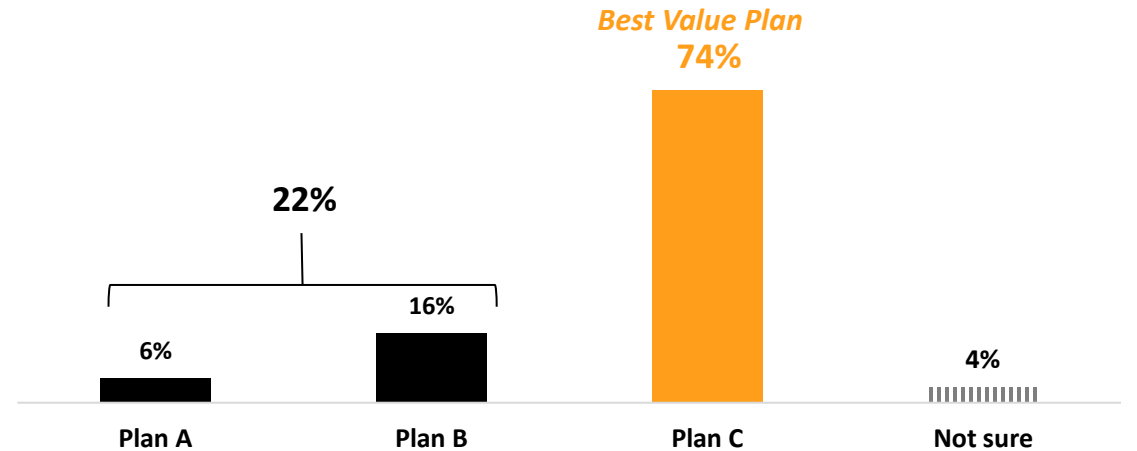
\$40 /month
Endless Data
Unlimited Texts
Unlimited Calls

Selecting Best Value Broadband Plan



Base: n=500

Selecting the Best Value Mobile Plan



Base: n=243

Most found it easier to compare value of plans with average monthly prices added

Once shown the same plans with average monthly prices added, 80% (both mobile and broadband) indicated this made the comparison easier, 60% indicated it was much easier. This addition impacted the group most affected – those who initially indicated assessing best value was *difficult* – with the majority indicating average monthly prices made comparison easier or much easier (88% mobile plans, 86% broadband).

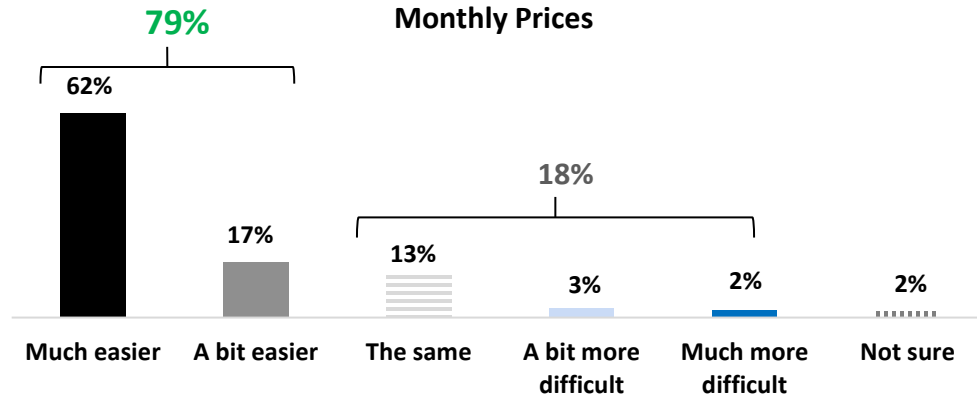
Q: These are the same home broadband plans shown with average prices per month. How much easier or more difficult does this make it to compare plans to see which is the best value?

Plan A	Plan B	Plan C
\$3 /day Maximum speed broadband	\$78 /28 days Maximum speed broadband	\$80 /month Maximum speed broadband
Average monthly price: \$91.25	Average monthly price: \$84.73	Average monthly price: \$80

Q: These are the same mobile phone plans now shown with an average price per month. How much easier or more difficult does this make it to compare plans to see which is the best value?

Plan A	Plan B	Plan C
\$2 /day Endless Data Unlimited Texts Unlimited Calls	\$39 /28 days Endless Data Unlimited Texts Unlimited Calls	\$40 /month Endless Data Unlimited Texts Unlimited Calls
Average monthly price: \$60.83	Average monthly price: \$42.36	Average monthly price: \$40

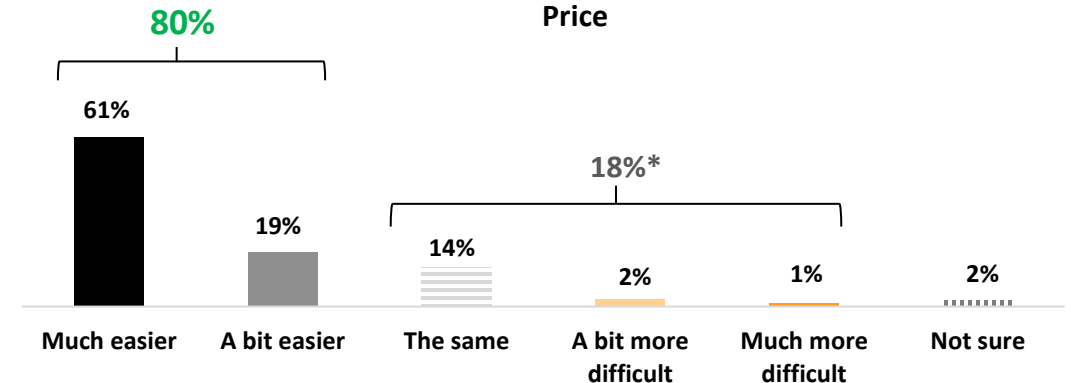
Ease of Comparing **Broadband** Plan Values with Average Monthly Prices



Base: n=500

*Oh, definitely easier. It saves me having to go, I would do exactly the same kind of calculations. So, it saves me a job.

Ease of Comparing **Mobile** Plan Values with Average Monthly Price



Base: n=243

*Note: Total differs from sum of component results due to rounding.

The bottom line makes it, in my eyes, a bit fairer for the consumer, so they can see exactly what they are paying.



**Average Monthly Pricing and Comparing
Plans with Free/Discount Incentives**

Understanding plan value of the examples shown with discounted periods was not always felt to be easy

54% thought it was easy to understand the actual value of a broadband plan with a half-priced months incentive, just under half did not, within this, 24% found it difficult or not possible.

71% thought it easy to understand the actual value of a mobile plan example with a free months incentive element, 29% did not with 9% indicating it was difficult or not possible.

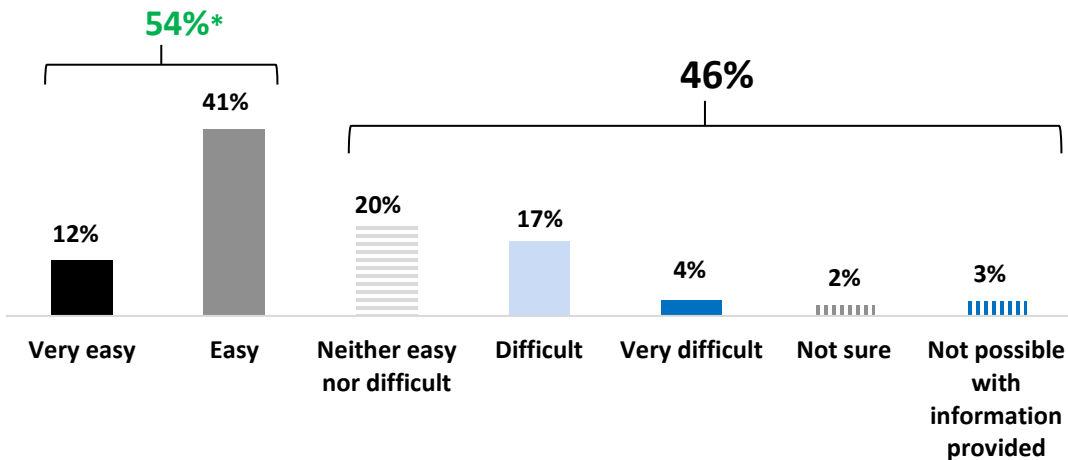
Q: Some plans come with free or half-price months (or other incentives) when signing up to a contract. Imagine if you were considering a plan like this. How easy or difficult is it to understand the actual value of this plan?

4 months ½ price
then **\$100 /month**
Maximum speed broadband

Q: Some plans come with free months (or other incentives). Imagine if you were considering a plan like this. How easy or difficult is it to understand the actual value of this plan?

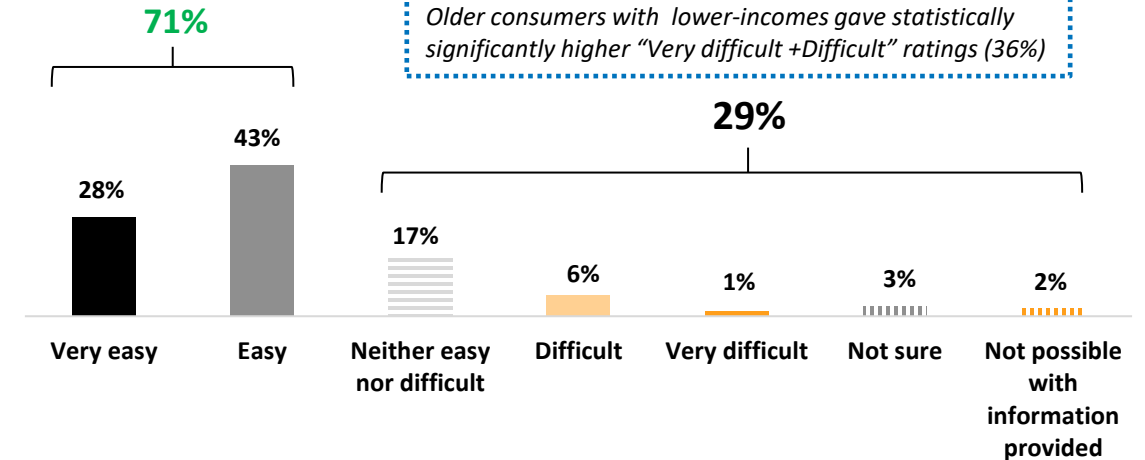
3 Months Free
then **\$50 /month**
Endless Data
Unlimited Texts
Unlimited Calls

Ease of Understanding - Discounted Months – Broadband Plan



Base: n=500 *Note: Total differs from sum of component results due to rounding.

Ease of Understanding Value - Free Months – Mobile Plan



Base: n=243

Adding monthly prices improved the ease of calculating value of plans with incentives shown

62% thought it easier to work out the value of the example broadband plan with free months once an average monthly price was added and 65% found the mobile plan example easier - 36% found the broadband plan example *much* easier and 39% the broadband plan. This addition impacted the group most affected – those who initially indicated understanding the value of the example plans was *difficult* – with the majority indicating average monthly prices made it easier or much easier (66% broadband, 88% mobile plans).

Q: Here is the same home broadband plan now shown with an average price per month (calculated over 24 months). How much easier or more difficult does this make it to work out the value of this plan?

4 months ½ price
 then **\$100 /month**
 Maximum speed broadband

Average monthly price:
\$91.66 over 24 months

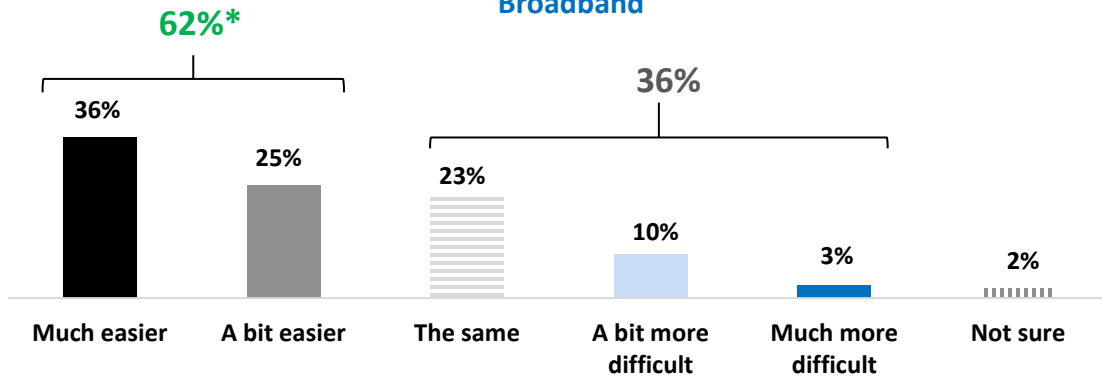
Q: Here is the same mobile plan now shown with an average price per month (calculated over 24 months). How much easier or more difficult does this make it to work out the value of this plan?

3 months free
 then **\$50 /month**
 Endless Data
 Unlimited Texts
 Unlimited Calls

Average monthly price:
\$43.75 over 24 months

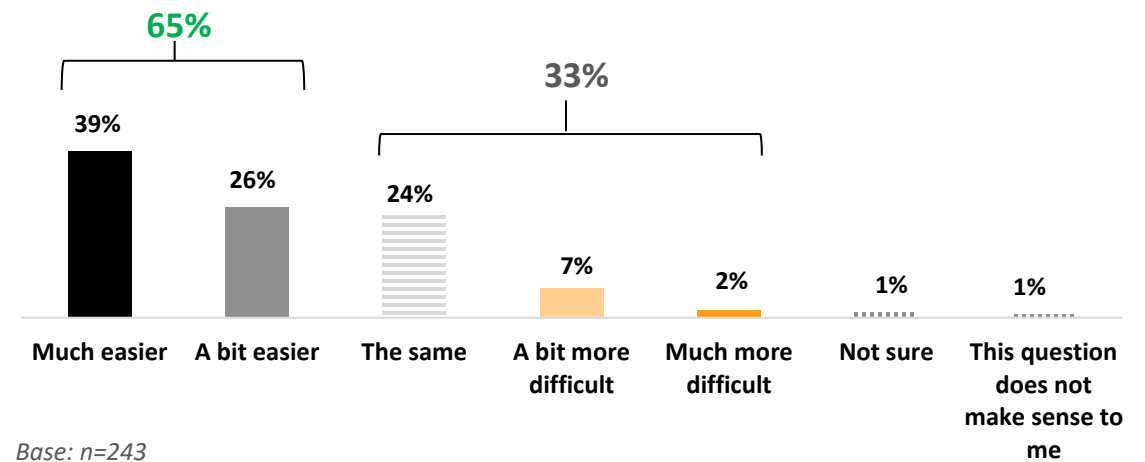
Ease of Understanding Value with Average Monthly Price -

Broadband



Base: n=500 *Note: Total differs from sum of component results due to rounding.

Ease of Understanding Value with Average Monthly Price - **Mobile**



Base: n=243

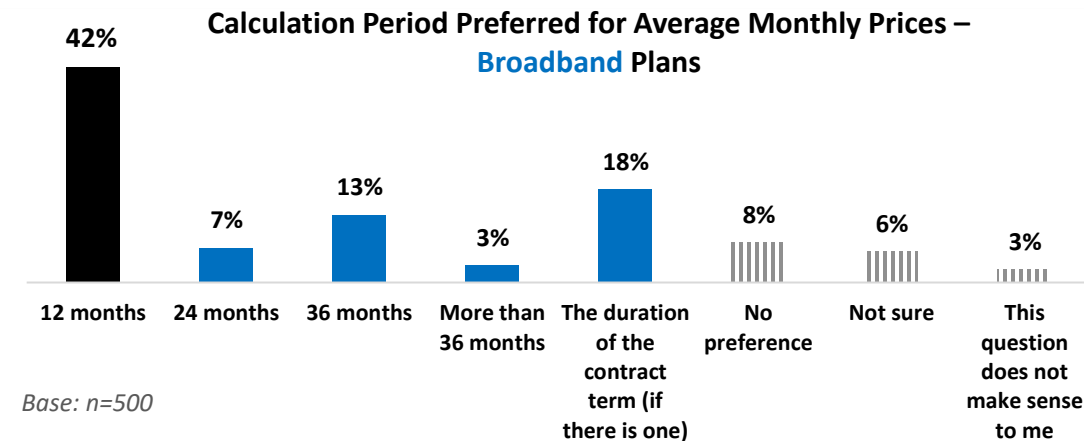
More think 12 months is the best calculation period to show monthly averages over

12 months was the most preferred period at about twice the proportion of the two next largest nominations of 36 months and the duration of the contract term (where there is one).

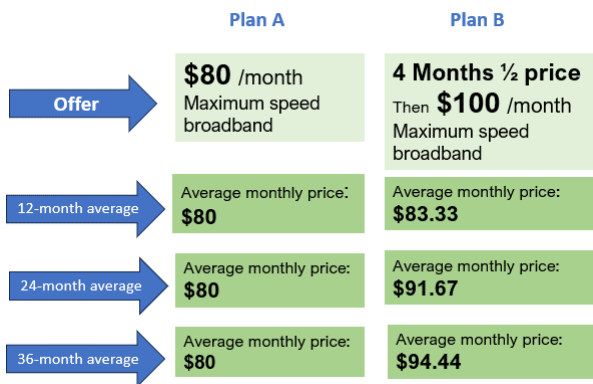
Q: Average monthly prices can be calculated over different time periods and will appear different for some offers depending on the way they are calculated. When there are free months or other discounts included in the plan offer, average monthly prices will be lower if calculated over shorter time periods and higher if calculated over longer time periods. What time period do you think is best to show average monthly prices calculated over (Broadband)/ best represents the true value of the offer (Mobile)?

- | | |
|------------------------|--|
| 1) 12 months | 5) The duration of the contract term (if there is one) |
| 2) 24 months | 6) No preference |
| 3) 36 months | 7) Not sure |
| 4) More than 36 months | 8) This question does not make sense to me |

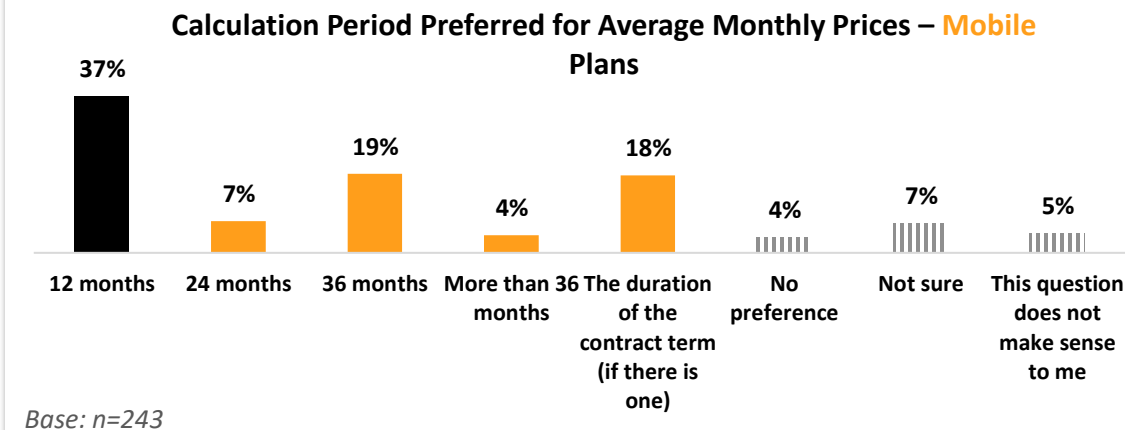
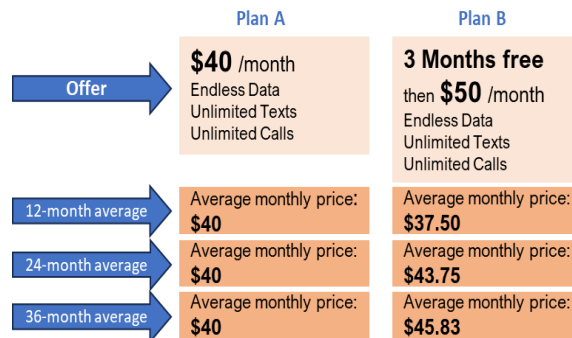
* I personally would rather the year because I usually review mine, where I lock-in to a contract usually for a year and then reassess.



Broadband Plan Example Shown:



Mobile Plan Example Shown:



The main reasons given for time periods chosen were: since the cost was accurate, the period is more affordable/a better deal, and to match preferred contract term/review period

Q: Why did you choose [period selected] for average monthly prices to be calculated over?

Broadband respondents had similar patterns to mobile: to get accurate costs 21%, preferred contract/review term 21% and ease of understanding, calculation, budgeting 20%.

Mobile respondents placed more emphasis on a calculation period that corresponded to the term offering best value.

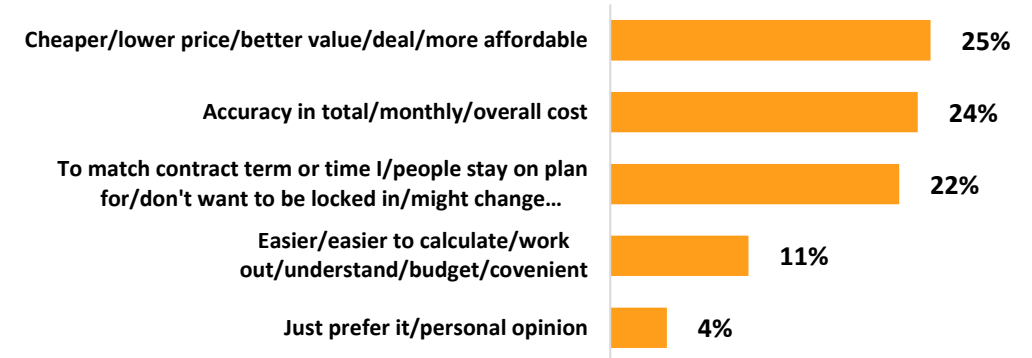
For broadband*, easier/ more accurate comparison of cost/value was more significant for those preferring a 36-month, or longer comparison or selected the duration of the contract as the preferred calculation time period.

Those selecting a 12-month period did so for ease of calculation/budgeting and comparison, or because it reflected their preferred/common terms and review periods.

Among those who chose 36-months or more, or the duration of the contract the key reason given was that it more accurately reflected the true cost for them.

Potentially vulnerable consumers responding on mobile plans gave statistically significantly higher levels of cost/affordability reason "Cheaper/lower price.." (51%).

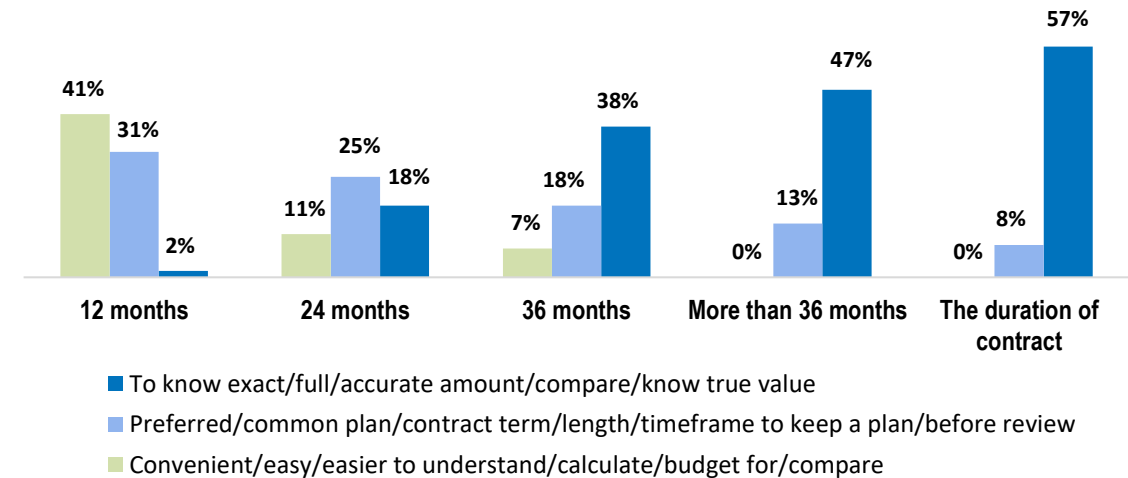
Main Reasons for Calculation Period Preference – Mobile Plans



Base: n=243

Note: Only reasons with a percentage of 4% or greater displayed.

Reasons for Time Period Preference – Broadband Plans



Base: n=418



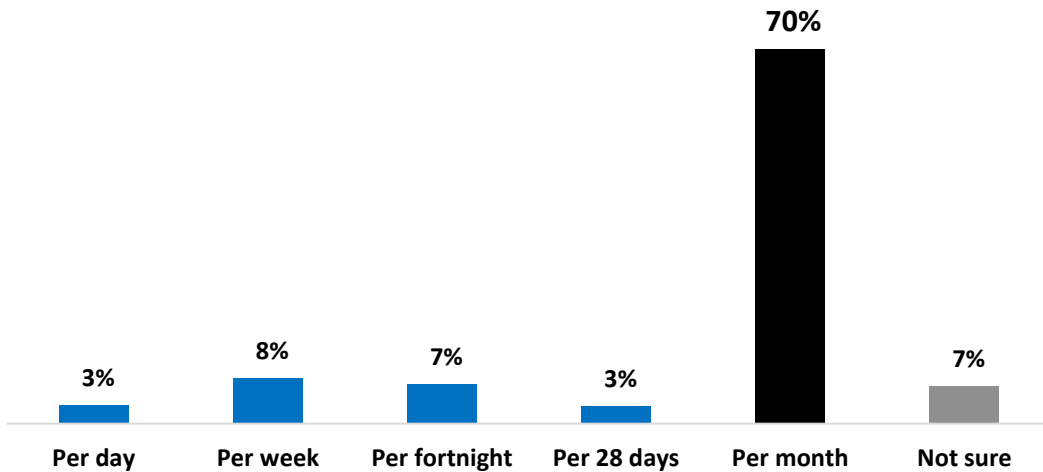
**Preferred Time Periods for Averages,
Usefulness of Average Prices and Views on
Information Placement**

Showing average plan prices per month was clearly preferred over other time periods for both mobile and broadband plan descriptions

Q: Average prices for plans could be shown for different time periods as below. Note that these all equate to \$80 per month and are all of equal value. Which time period would you prefer to see average plan prices expressed over?

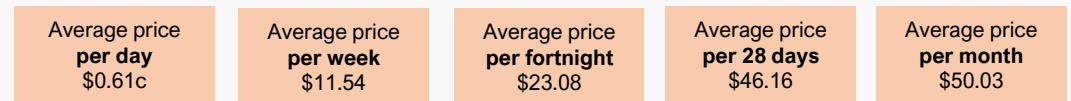


Preferred Time Period for Average **Broadband** Plan Price Display

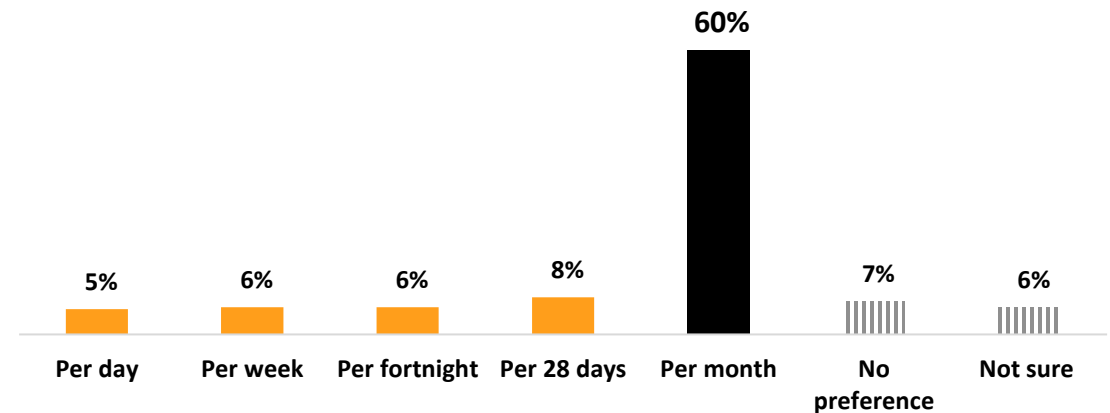


Base: n=500

Q: Average prices for plans could be shown for different time periods as below. Note that these are all of equal value. Which time period would you prefer to see average plan prices expressed over?



Preferred Billing Time Period for Average **Mobile** Plan Price Display



Base: n=243

Mobile:

- Consumers aged 75 years or over had significantly higher preference for "Per day" (23%).
- Consumers with No formal educational qualifications had significantly higher "Not sure" (38%).
- Consumers with household type "Single/couple with preschool aged child/ren (0-3 years)" had significantly higher preference for "Per fortnight" (27%).

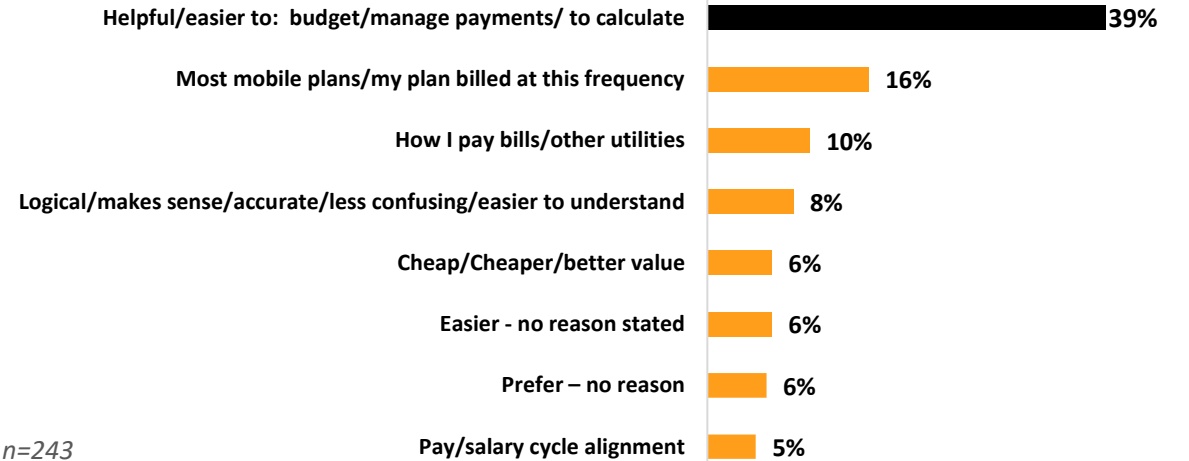
Reasons for preferred billing period are about ease of budgeting and to be consistent with existing patterns

Q: Why did you choose [period] as your preferred time period to see average plan prices expressed over?

Ease of calculating, budgeting, and comparing and for consistency with usual or preferred billing/payment cycle drive preferences for billing period.

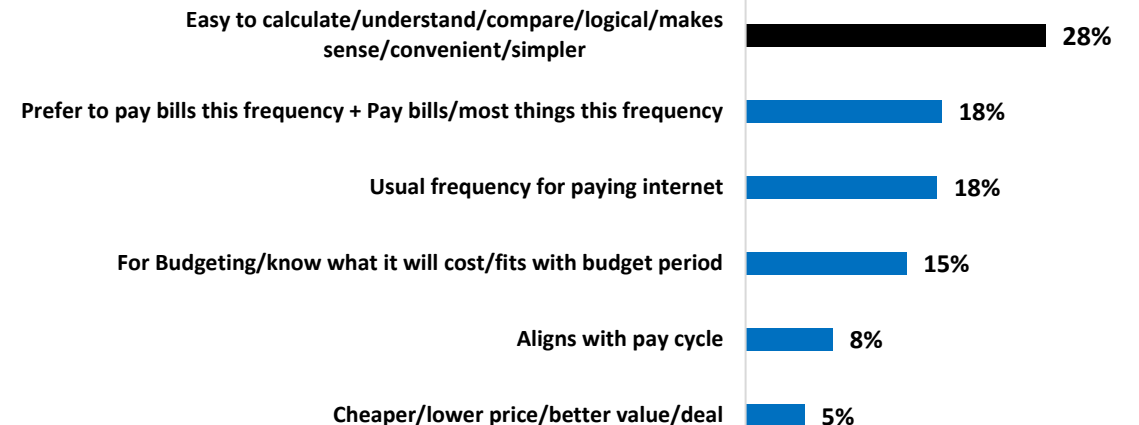
Broadband consumers with household incomes of less than \$30K (39%) and potentially vulnerable consumers in total (31%) were significantly more likely to cite that they had a preference to align with their bill frequency/ that they pay bills/most things this frequency.

Reasons for Preferred Billing Period - Mobile



Base: n=243

Reasons for Preferred Billing Period - Broadband



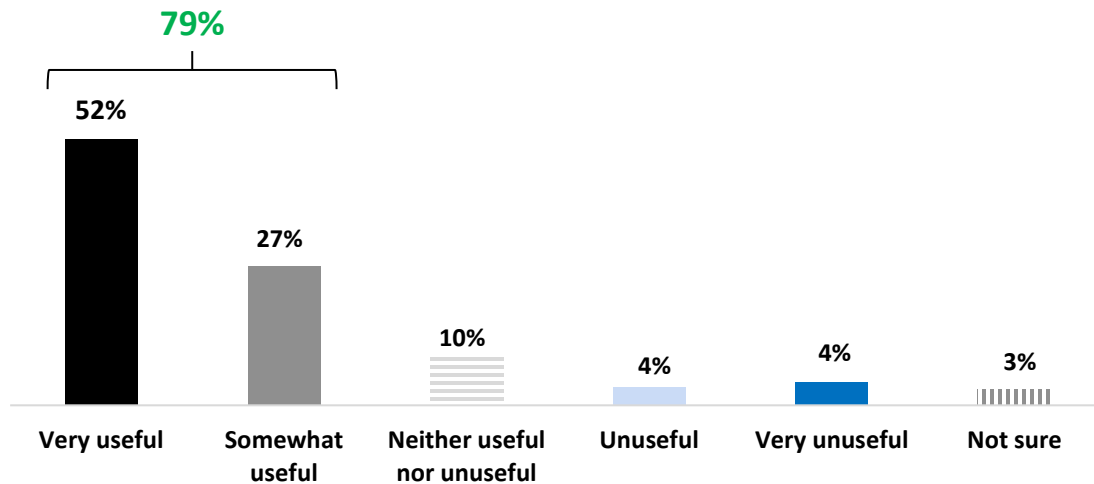
Base: n=461

Note: Only reasons with a percentage of 5% or greater displayed.

Showing average mobile and broadband plan prices are seen as useful for comparison by most

The great majority (79% broadband, 84% mobile) indicated seeing average prices of plans for comparison would be useful, including 62% mobile and 52% broadband who felt it would be very useful. Earlier comments and the qualitative interviews indicate this is useful for assessing affordability and budgeting as well as for comparing plan offers.

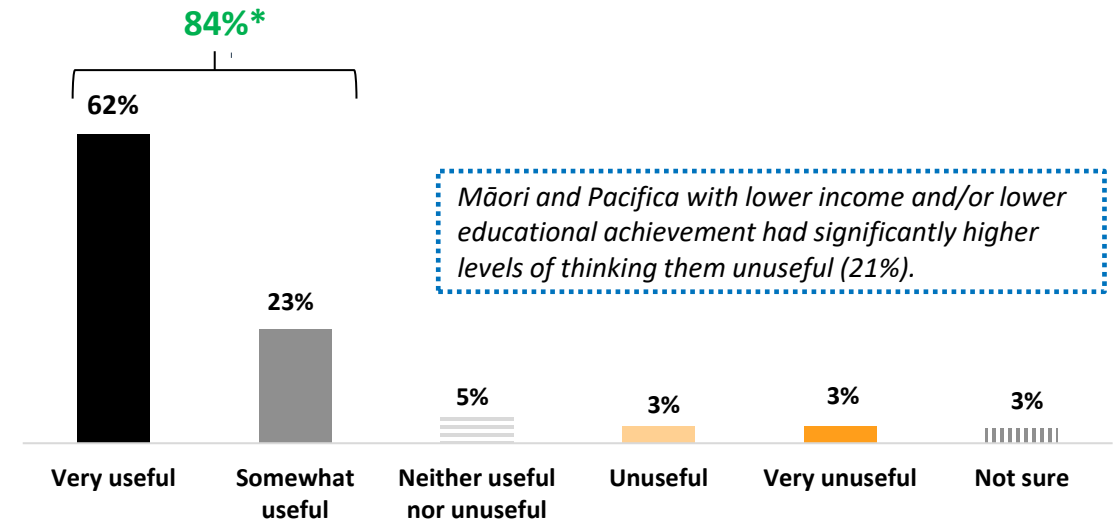
Perceived Usefulness of Viewing Average **Broadband** Plan Prices per Time Period for Comparison



Base: n=496

Q: How useful would it be for you to see average [per preferred time period] prices for mobile plans when comparing different plans?

Perceived Usefulness of Viewing Average **Mobile** Plan Prices per Time Period when Comparing Plans



Base: n=237

*Note: Total differs from sum of component results due to rounding.

Q: How useful would it be for you to see average [preferred time period from earlier question] prices for broadband internet plans when comparing different plans?

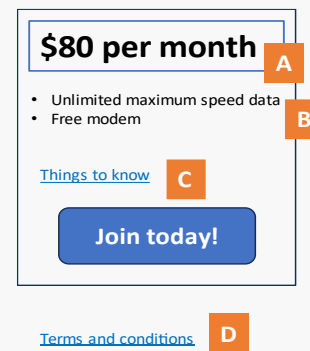
Prominent placement is preferred for average prices in plan descriptions

Close to the price was the most favoured position. 17%-18% felt average prices should be in all of the places shown – a vote for strong prominence. 18%-24% felt that placement on a second page as additional plan information, or in T&Cs would be suitable.

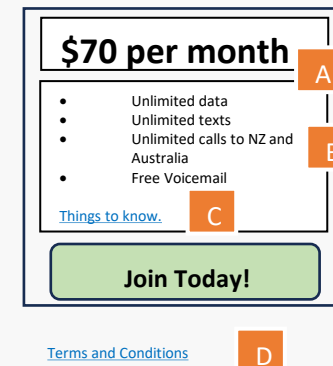
Q: If introduced, where on a typical plan description layout like this one should average prices be presented to consumers?

- 1) Up front, near the price in a similar size (A)
- 2) Listed in plan inclusions (B)
- 3) In additional plan information area (which would be on another page accessed via a link) (C)
- 4) In the 'terms and conditions' (which would be on another page accessed via a link) (D)
- 5) Somewhere else, for example in a plan comparison table
- 6) All of the above [Exclusive]
- 7) No preference [Exclusive]
- 8) Not sure [Exclusive]
- 9) Nowhere, this information is not necessary [Exclusive]
- 10) Other: _____

Broadband Plan example shown:



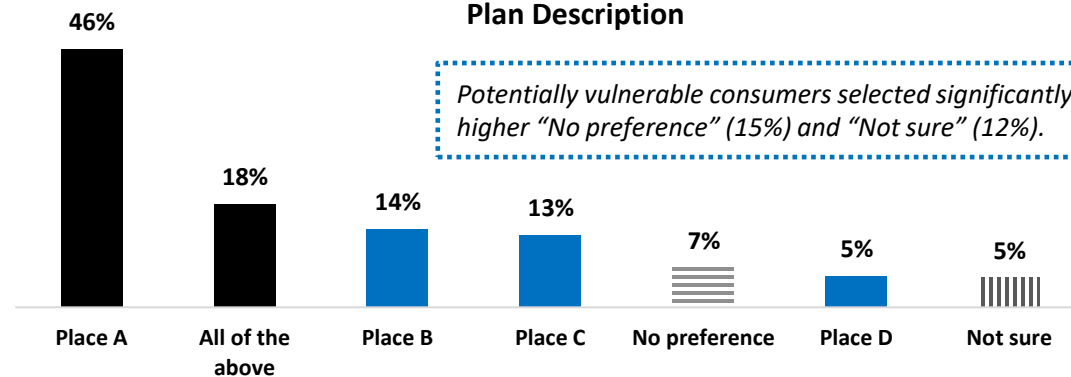
Mobile Plan example shown:



* Definitely before the sign-up process, like I don't want to see that after sign-up .

* Most companies would have that in the fine print right at the bottom. A lot of people don't read the fine print.

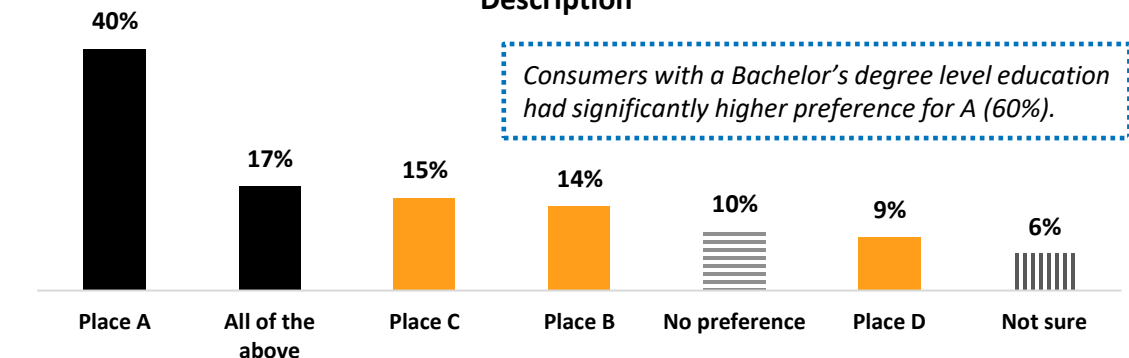
Preferred Placement of Average Price on an Example **Broadband** Plan Description



Potentially vulnerable consumers selected significantly higher "No preference" (15%) and "Not sure" (12%).

Base: n=456 Multiple responses allowed, so does not sum to 100%

Preferred Placement of Average Price on an Example **Mobile** Plan Description



Consumers with a Bachelor's degree level education had significantly higher preference for A (60%).

Base: n=213



TOTAL MINIMUM COSTS

(This section was asked of mobile plan respondents only)



**Solutions for Improving Information
Transparency on Total Minimum Costs
(TMCs) for Mobile Offers that Include Device
Purchases were Tested**

Six in ten had purchased a phone as part of a mobile plan in the past or indicated likelihood to do so

38% of respondents indicated that they had purchased a phone by paying it off as part of a plan in the past (38%).

A further 22% said they would be likely to consider paying off a phone as part of a plan in the future.

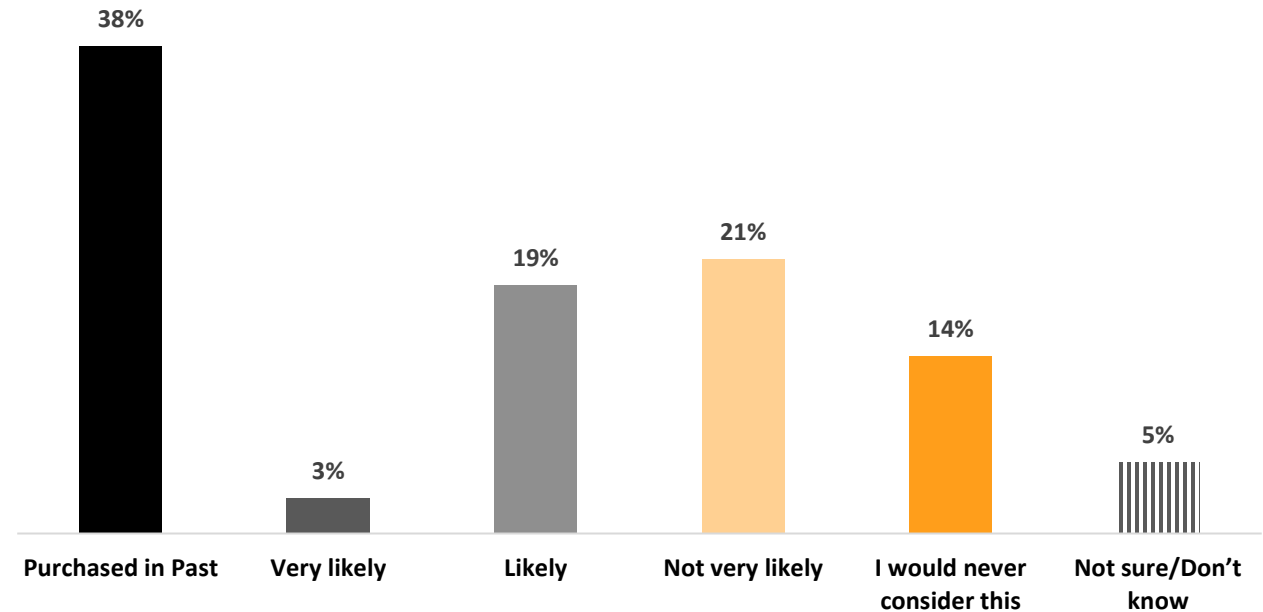
In total, 60% of the mobile plan sample had either purchased a phone by paying it off as part of a plan in the past or showed some likelihood to consider doing so in the future.

Potentially vulnerable consumers (as a group) had significantly lower levels of having purchased in the past (24%).

Q: Have you ever purchased a phone by paying it off as part of a plan?

Q: How likely would you be to ever consider paying off a phone as part of a plan in the future?

Likelihood of Choosing Payment Plans for Future Phone Purchases



Base: n=243

Preferences varied for three repayment period and discount examples shown (no Total Minimum Costs (TMCs) shown), but 36 mths most preferred

A range of preferences for repayment periods were given, with 36 months the most popular choice (43%).

A similar proportion in total chose either the 24 months or 12 months combined (41%).

16% were unsure which plan to choose or could not answer - higher levels of uncertainty than for other questions in the survey.

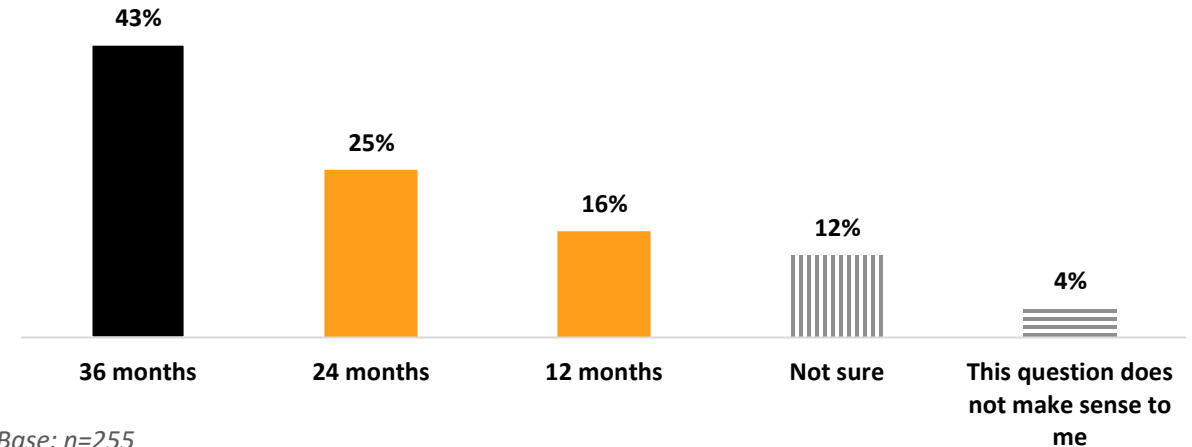
- Potentially vulnerable consumers had significantly lower levels of choosing “24 months” (7%), and higher levels of “Not sure” (33%).
- Older consumers with lower incomes had significantly higher levels of “Not sure” (42%).
- Consumers who are “Single/couple with adult children living at home” had significantly higher levels of choosing 12 months (45%).
- Consumers with “No formal educational qualifications” had significantly higher levels of “Not sure” (36%).

Imagine that you wanted a new phone and preferred to pay it off in monthly interest-free instalments. The price of the phone is \$1,500 and it comes with a \$60 a month plan which has enough data, texts, and calling mins for your needs. Different repayment periods offer different discounts off the phone.

Which repayment period would you choose?

12 Month Term		24 Month Term		36 Month Term	
Monthly Price		Monthly Price		Monthly Price	
Phone Payments	\$125.00	Phone Payments	\$62.5	Phone Payments	\$41.67
Plan	\$60	Plan	\$60	Plan	\$60
Discount	\$0	Discount	-\$8.33	Discount	-\$13.89
Total	\$185.00	Total	\$114.17	Total	\$87.78

Preference for Repayment Term for Example Plan with Phone



Base: n=255

Reasons given for term preferences reflect a mix of budgetary needs, value/best price seeking and the desire of some to pay off as quickly as possible

The main reasons given (41% of those choosing a plan term) for repayment period choice reflected affordability of the monthly cost, fitting the respondent's budget and seeking the lowest monthly repayment cost to ease the financial burden.

27% of comments were influenced by perceptions of savings, the discount, a cheaper deal.

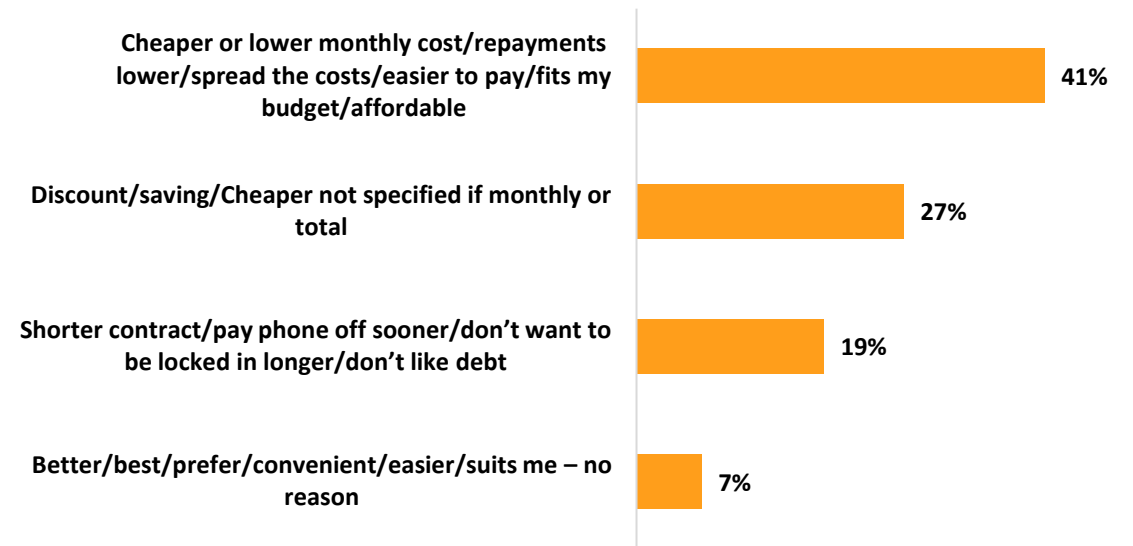
19% of reasons given related to paying off soonest/preferring shorter contracts/disliking debt.

Q: Why did you choose XX months?

12 Month Term		24 Month Term		36 Month Term	
Monthly Price		Monthly Price		Monthly Price	
Phone Payments	\$125.00	Phone Payments	\$62.5	Phone Payments	\$41.67
Plan	\$60	Plan	\$60	Plan	\$60
Discount	\$0	Discount	-\$8.33	Discount	-\$13.89
Total	\$185.00	Total	\$114.17	Total	\$87.78

Note: 24 Month Term includes \$200 Discount; 36 Month Term includes \$500 Discount.

Main Reasons for the Preferred Billing Period



Base: n=213

* Note: Only reasons with a percentage of 5% or greater displayed.

Longer term selectors were more likely to be seeking lower monthly payments and the discount with those choosing 12 months wishing to pay off sooner

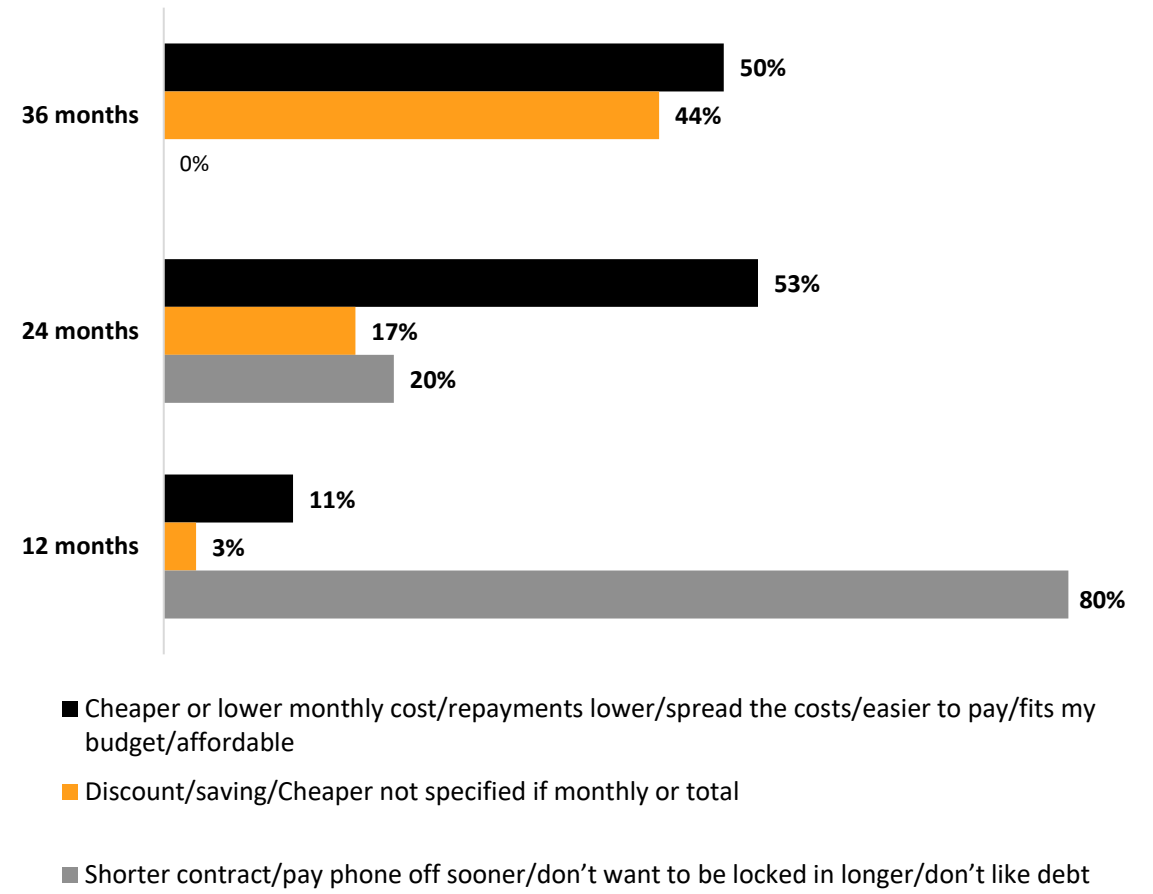
Q: Why did you choose XX months?

Affordability of the monthly cost and fitting the respondent's budget were mainly given by those choosing the longer terms with over half those choosing 36-months or 24-month terms noting these factors.

Perceived savings, the discount, a cheaper deal were mainly noted by those choosing the two longer term plans.

Those whose choice was motivated by paying off soonest/preferring shorter contracts/disliking debt were substantially those who had selected the 12-month plan.

Reasons for Repayment Preference by Time Period Chosen



Base: n=213

Preferences for repayment periods changed after showing total minimum costs, with a shift to the shortest term

Over four in ten (44%) of those that chose a preferred term plan at the earlier question (no total minimum costs shown), did not choose the same term once TMCs were shown.

Preferences shifted to shorter terms: the proportion choosing the 12-month contract doubled, and proportions choosing the 24-month and the 36-months both reduced. With the greatest reduction for the 36-month term - the highest total minimum cost option.

Those who selected a 12-month term initially were more likely to stay with this term once TMCs were provided (78% same term choice).

Those who initially selected the 36-month term were most likely to change to another term or become unsure – 41% of this group choosing another term, 8% becoming unsure which to choose.

** It would definitely have made my decision easier.*

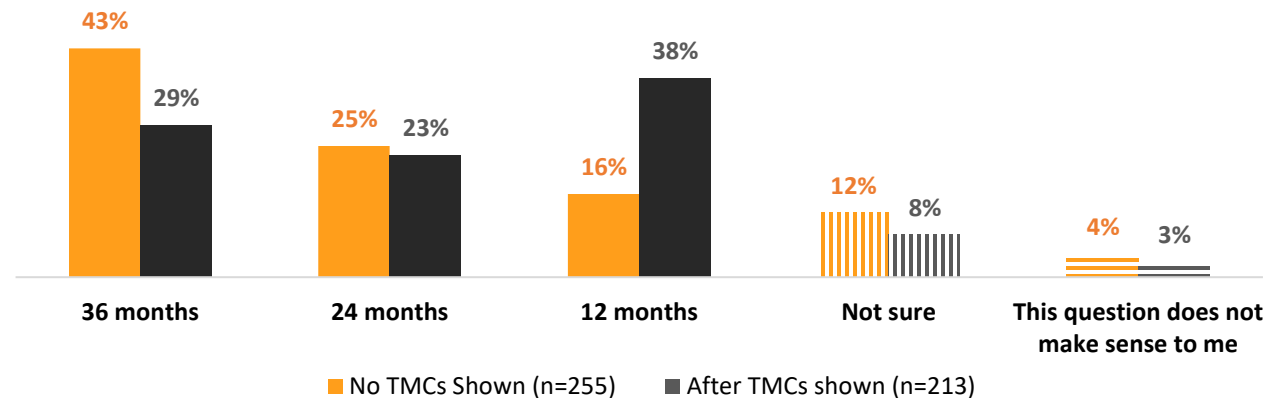
Those that indicated a preferred repayment term were then asked:

Q: Which repayment period would you choose?

12 Month Term		24 Month Term		36 Month Term	
Monthly Price		Monthly Price		Monthly Price	
Phone Payments	\$125.00	Phone Payments	\$62.5	Phone Payments	\$41.67
Plan	\$60	Plan	\$60	Plan	\$60
Discount	\$0	Discount	-\$8.33	Discount	-\$13.89
Total	\$185.00	Total	\$114.17	Total	\$87.78
		Includes \$200 Discount		Includes \$500 Discount	

12 Month Term		24 Month Term		36 Month Term	
Monthly Price		Monthly Price		Monthly Price	
Phone Payments	\$125.00	Phone Payments	\$62.5	Phone Payments	\$41.67
Plan	\$60	Plan	\$60	Plan	\$60
Discount	\$0	Discount	-\$8.33	Discount	-\$13.89
Total	\$185.00	Total	\$114.17	Total	\$87.78
Total Minimum Cost:	\$2,220.00	Total Minimum Cost:	\$2,740.00	Total Minimum Cost:	\$3,160.00

Repayment Term Preferences - TMCs Shown and Not Shown



Base: n=213 (those answering both questions)

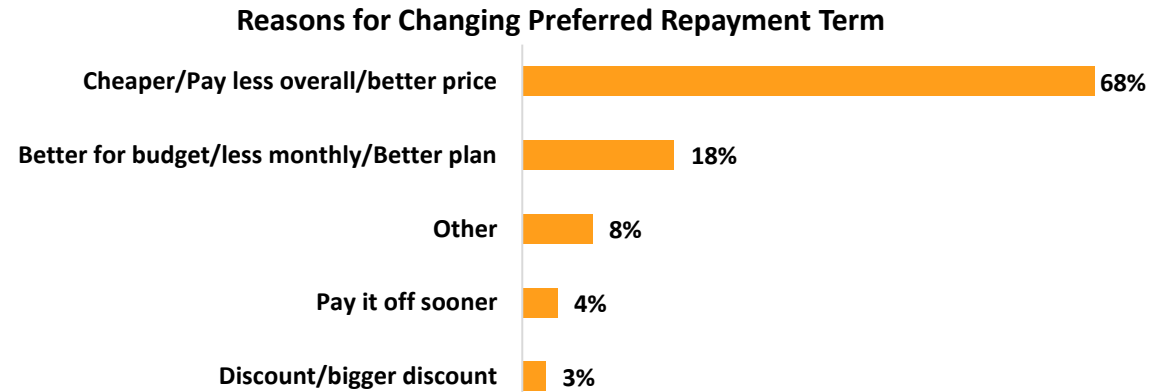
Reason for changing plan term choice once TMC information was shown predominantly reflect perceptions of a lower cost

Those who changed plan (44% overall) mainly noted that they felt they would pay less overall, get a better price/cheaper than the other term options. This was most noticeable for the those moving to the 12-month term.

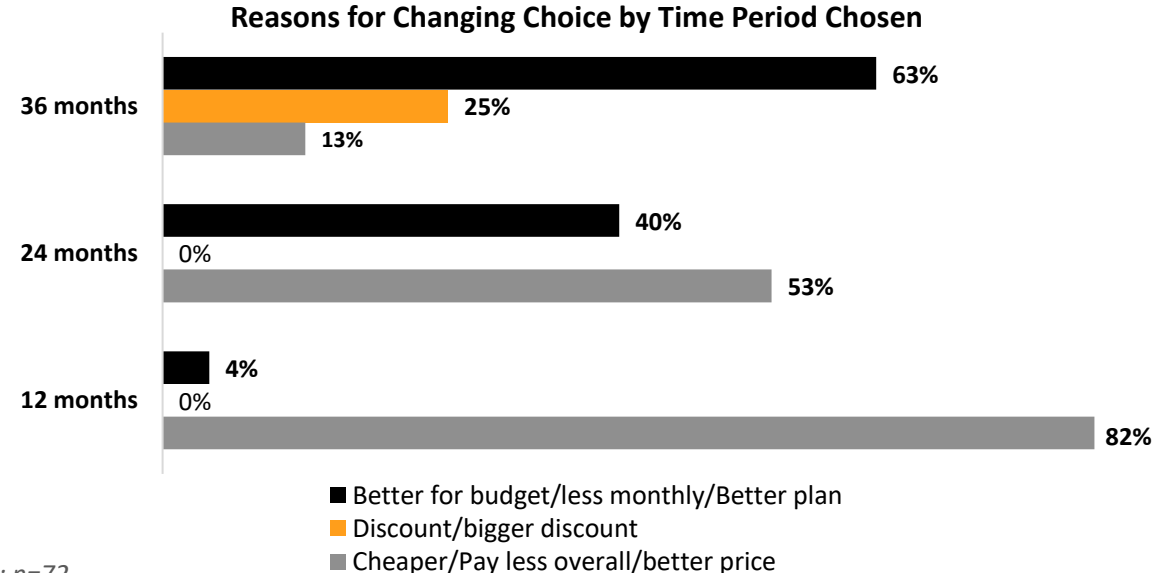
Analysing reasons by preferred repayment period, shows and that the 36-month term was selected mainly to suit people's budget for monthly payments and for its discount.

** I think it [showing TMC] could potentially sway a decision. If, you know, if I was on the fence between the \$60 plan and the \$75 plan that information could be quite useful.*

Q: Why did you change your choice of repayment period once you could see the total minimum costs?



Base: n=72



Base: n=72

Reasons for retaining the original choice were mainly the suitability of the monthly payment and perceived value

Q: Why did you stay with the same choice of repayment period once you could see the total minimum costs?

In total, 56% stayed with the same term plan they had originally chosen at the earlier question, where TMCs were not shown.

The main reasons given for staying with the original choice were that the plan offered the most suitable/affordable monthly payments (particularly for the 36-month term and then the 24-month period); or that the term plan they chose seemed cheapest or the best value, the best deal.

Those preferring the 12-month offer were more likely to see it as cheapest/best value for them.

Shorter contract period supported choice of the 24 and 12-month terms for some to an extent.

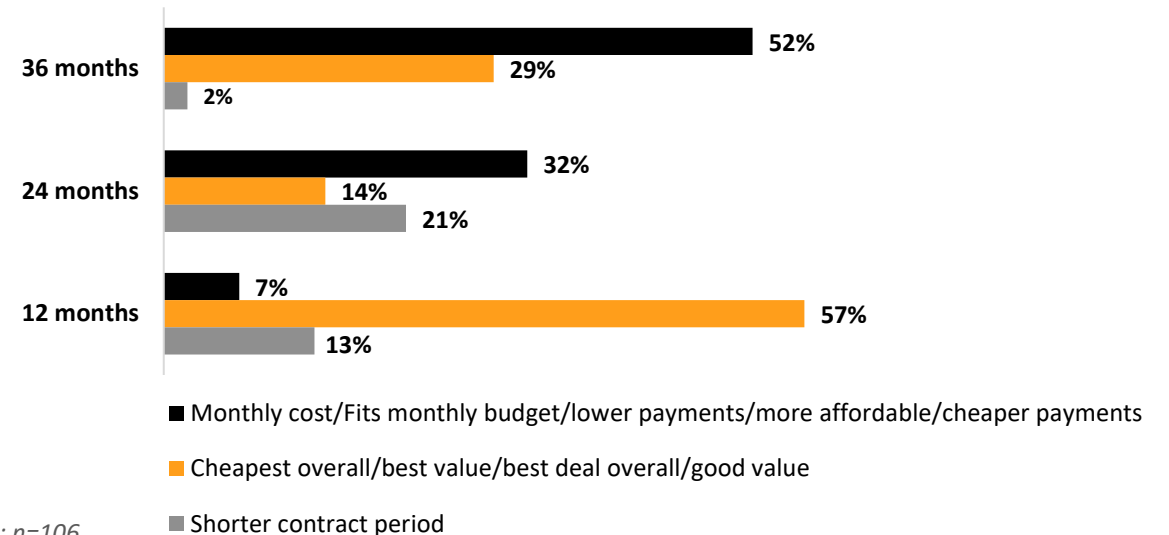
Reason for Staying with Original Choice of Term



Base: n=106

* Note: Only reasons more than 5% are displayed.

Reasons for Staying with the Same Choice by Time Period Chosen



Base: n=106

A close-up photograph of a person's hands holding a smartphone. The phone is held in a way that the screen is facing the person. The background shows a laptop keyboard and a mouse. The right side of the image is overlaid with a semi-transparent blue filter. The text 'EARLY TERMINATION FEES' is written in white, bold, uppercase letters across the bottom of the blue overlay.

**EARLY
TERMINATION FEES**

Notable proportions felt it would be difficult or were uncertain how to calculate ETFs from the examples they were shown

The largest share of broadband consumers (38%) found it difficult to work out ETFs. Although the largest share of mobile service consumers (33%) found it easy to work out ETFs, 29% found it difficult and a further 7% were unsure.

Q: Home broadband plans often have charges if you want to leave a fixed term contract before the full term, these are called early termination fees (ETFs). This is an example of wording explaining how much the ETF would be on a 12-month fixed term home broadband plan if the contract was ended early by the consumer.

Fibre broadband on 12-month plan (\$100 per month) with \$100 credit.

If you choose to terminate your service within 12 months of activation, a proportion of the account credit amount will be repayable based on the number of months remaining until the 12-month anniversary of your plan activation and 50% of the monthly plan charge will be payable for each of the remaining months until the 12-month anniversary of your plan activation.

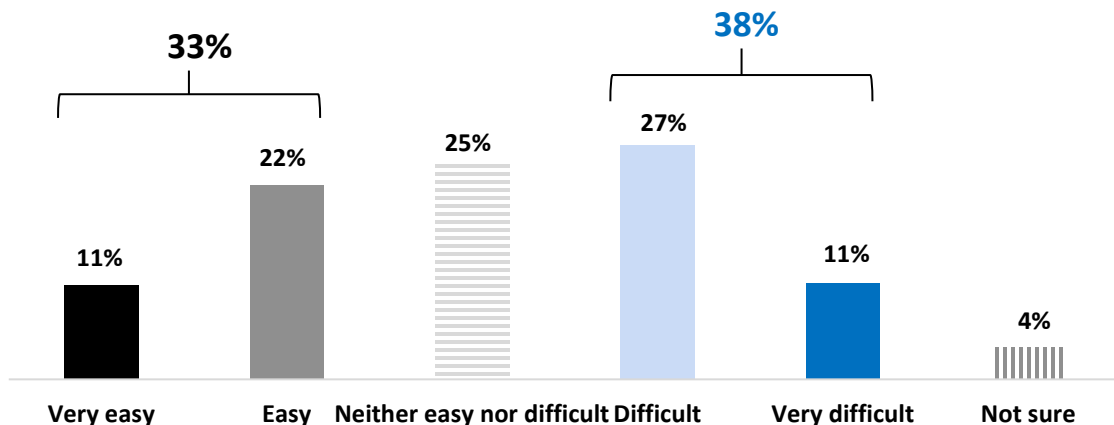
How easy or difficult would it be for you to work out how much you would pay if you ended the contract early, say after eight months?

Q: Mobile phone providers often have charges if you want to leave a fixed term contract before the full term, these are called early termination fees (ETFs). This is an example of wording explaining how much the ETF would be on a 24-month fixed term mobile plan if the contract was ended early by the consumer. How easy or difficult would it be for you to work out how much you would have to pay if you ended the contract early, say after twelve months?

Mobile phone plan with a \$200 sign-on bonus and a phone valued at \$1500 on interest free payments over 24 months.

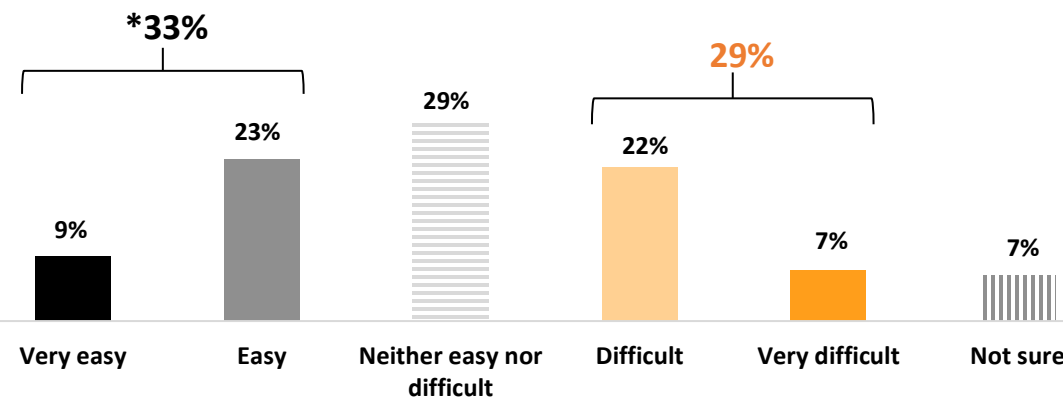
If you choose to terminate your service within 24 months of activation, the sign-on bonus and phone value will be repayable on a pro rata basis based on the number of months remaining until the 24-month anniversary of your plan.

Ease of Calculating Early Termination Costs – Broadband Plans



Base: n=500

Ease of Calculating Early Termination Costs – Mobile Plans



Base: n=498

*Note: Total differs from sum of component results due to rounding.

Depicting repayment amounts in a table made ETFs easier to work out

67% of broadband consumers and 62% of mobile service consumers found it easier to understand what ETFs would be when repayment amounts were shown in tables.

Those with no formal education qualifications were significantly more likely to respond with 'Not sure' (mobile phone, 30%; broadband, 19%).

**When you start to see figures and time frames, that is way easier.*

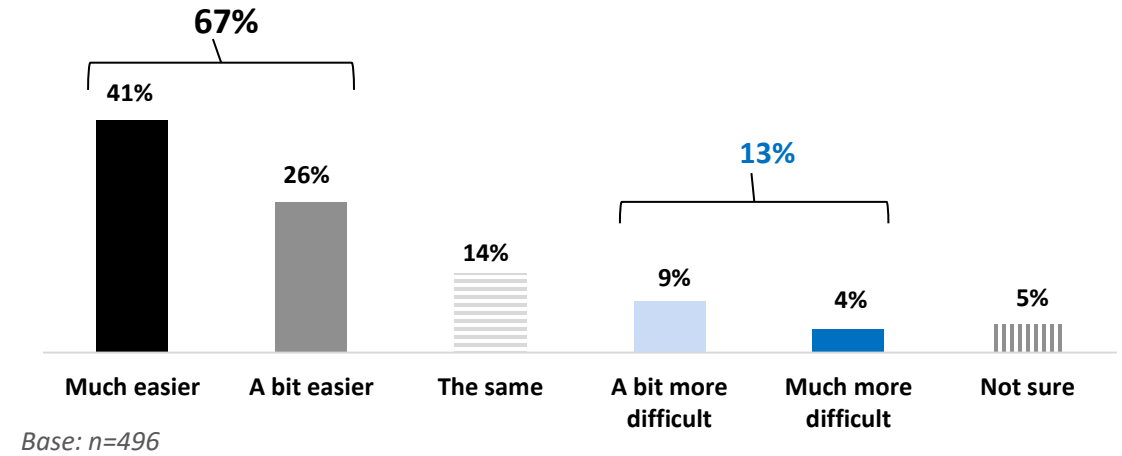
Q: Early termination fees (ETFs) could be shown in a table. How much easier or more difficult, compared to the wording only, would this make it to know how much you would pay if you ended a contract early?

	Month left in contract	Repayment amount
Fibre broadband on 12-month plan (\$100 per month) with \$100 credit.	12	\$700
	11	\$642
	10	\$583
If you choose to terminate your service within 12 months of activation, a proportion of the account credit amount will be repayable based on the number of months remaining until the 12-month anniversary of your plan activation and 50% of the monthly plan charge will be payable for each of the remaining months until the 12-month anniversary of your plan activation.	9	\$525
	8	\$467
	7	\$408
	6	\$350
	5	\$292
	4	\$233
	3	\$175
	2	\$117
	1	\$58

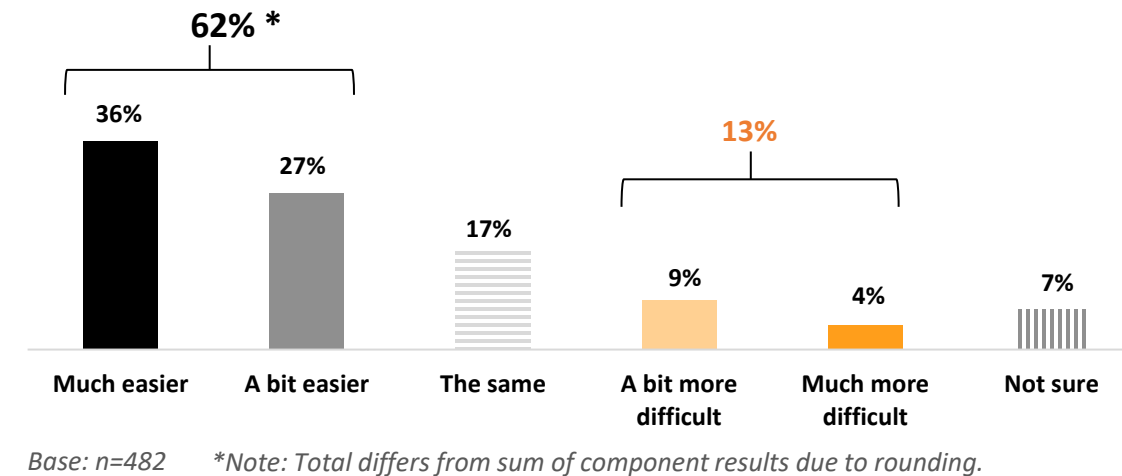
Q: Early termination fees (ETFs) could be shown in a table. How much easier or more difficult, compared to seeing the wording only, would this make it to know how much you would have to pay if you ended a contract early?

	Month left in contract	Repayment amount
Mobile phone plan with a \$200 sign-on bonus and a phone valued at \$1500 on interest free payments over 24 months.	24	\$1,700.00
	23	\$1,629.17
	22	\$1,558.33
	21	\$1,487.50
	20	\$1,416.67
	19	\$1,345.83
	18	\$1,275.00
	17	\$1,204.17
	16	\$1,133.33
	15	\$1,062.50
	14	\$991.67
	13	\$920.83
	12	\$850.00
	11	\$779.17
	10	\$708.33
	9	\$637.50
	8	\$566.67
	7	\$495.83
	6	\$425.00
	5	\$354.17
	4	\$283.33
	3	\$212.50
	2	\$141.67
	1	\$70.83

Ease of Calculating ETFs When Shown in a Table - Broadband



Ease of Calculating ETFs When Shown in a Table - Mobile



Similarly, repayment amounts in a graph also improved accessibility of ETFs

57% of broadband consumers and 57% of mobile service consumers found it easier to understand what an ETF would be when repayment amounts were shown in graphs

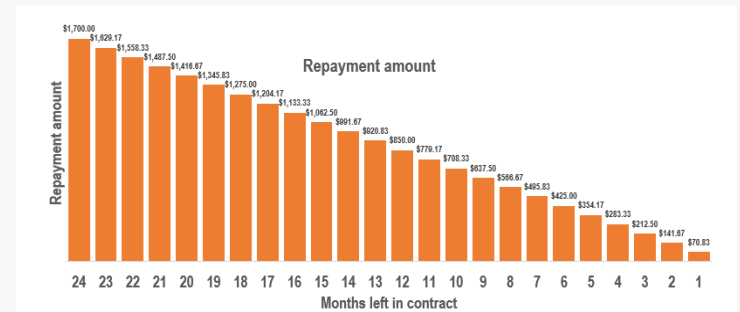
**It shows you visually, so I love a good [graph] and I'm more of a visual thinker.*

Q: Early termination fees (ETFs) could be shown in a graph. How much easier or more difficult, compared to the wording only, would this make it to know how much you would pay if you ended a contract early?

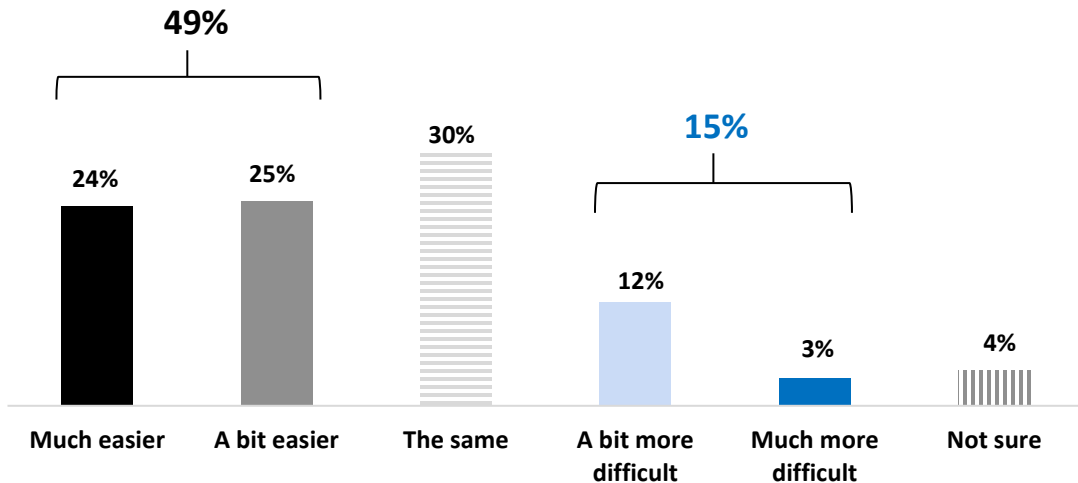


**It's more graphic...I can see what I'm looking at and don't have to read it all.*

Q: Early termination fees (ETFs) could be shown in a graph. How much easier or more difficult, compared to seeing the wording only, would this make it to know how much you would have to pay if you ended a contract early?

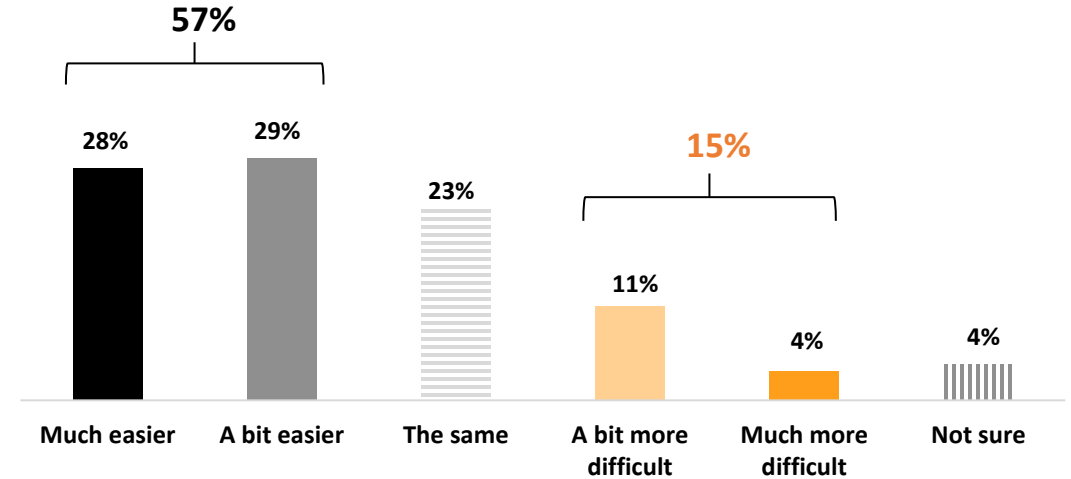


Ease of Calculating ETFs When Shown in a Graph - Broadband



Base: n=485

Ease of Calculating ETFs When Shown in a Graph - Mobile



Base: n=485

Preference was stronger for ETFs to be shown in table format

50% of mobile service consumers surveyed and 45% of broadband preferred to see ETFs shown in a table. Just over one-quarter (28% mobile; 26% broadband) preferred a graph.

Potentially vulnerable consumers were significantly more likely to be 'Not sure' on broadband plans (15%).

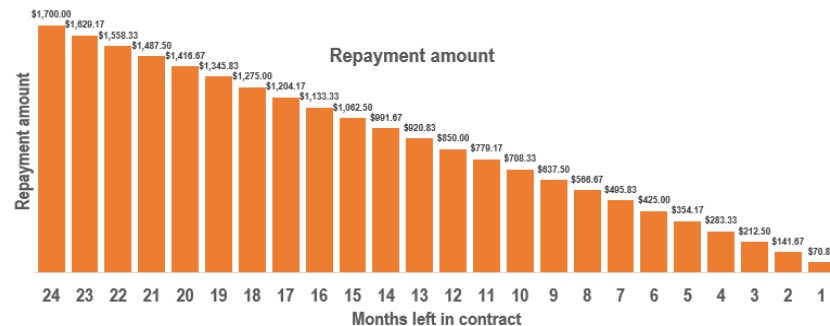
Q: Would you prefer to see ETFs shown in a table or in a graph?

Month left in contract	Repayment amount
12	\$700
11	\$642
10	\$583
9	\$525
8	\$467
7	\$408
6	\$350
5	\$292
4	\$233
3	\$175
2	\$117
1	\$58

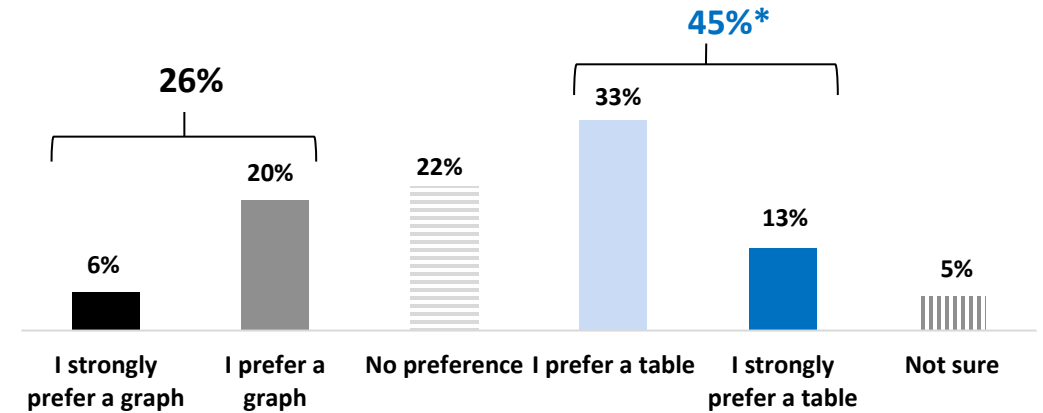


Q: Would you prefer to see ETFs shown in a table or in a graph?

Month left in contract	Repayment amount
24	\$1,500.00
23	\$1,437.50
22	\$1,375.00
21	\$1,312.50
20	\$1,250.00
19	\$1,187.50
18	\$1,125.00
17	\$1,062.50
16	\$1,000.00
15	\$937.50
14	\$875.00
13	\$812.50
12	\$750.00
11	\$687.50
10	\$625.00
9	\$562.50
8	\$500.00
7	\$437.50
6	\$375.00
5	\$312.50
4	\$250.00
3	\$187.50
2	\$125.00
1	\$62.50



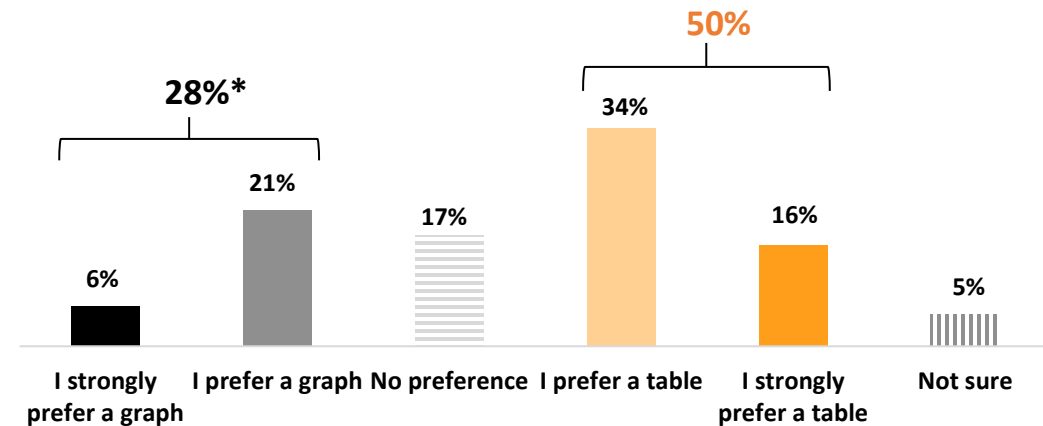
Preference for Graph or Table - Broadband



Base: n=486

*Note: Total differs from sum of component results due to rounding.

Preferences for Graph or Table - Mobile



Base: n=480

*Note: Total differs from sum of component results due to rounding.

Monthly increments are preferred for showing ETFs

Reflecting more usual billing intervals, preference was strongest for depiction of ETFs on a 'months left in contract' basis (70%, broadband consumers; 62% mobile). Much smaller shares preferred quarterly, or half yearly.

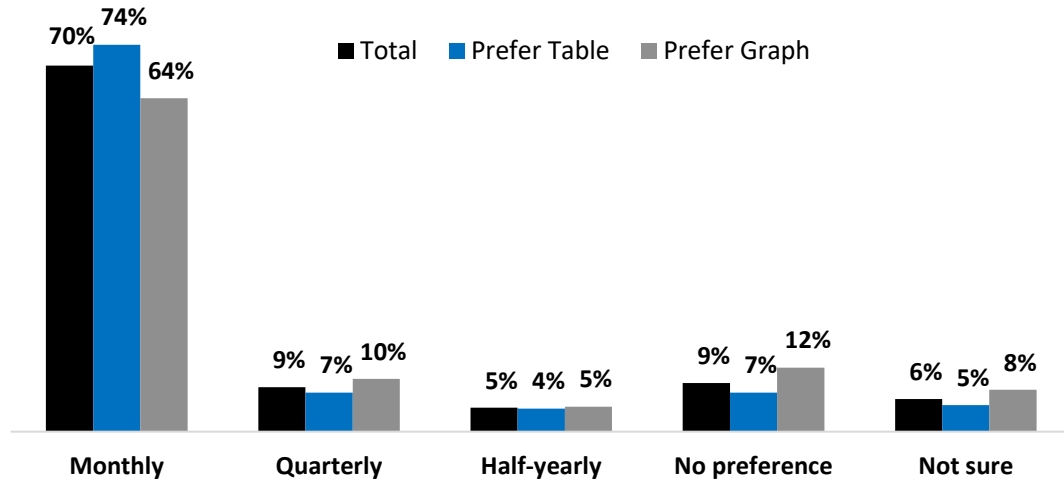
Q: Early termination fees could be shown over different time intervals, for example monthly, quarterly, or half-yearly. Which do you prefer?

Months left in contract	Repayment amount	Quarters left in contract	Repayment amount	Half years left in contract	Repayment amount
12	\$700	4	\$700.00	2	\$700
11	\$642	3	\$525.00	1	\$350
10	\$583	2	\$350.00		
9	\$525	1	\$175.00		
8	\$467				
7	\$408				
6	\$350				
5	\$292				
4	\$233				
3	\$175				
2	\$117				
1	\$58				

Q: Early termination fees could be shown over different time intervals, for example monthly, quarterly, or half-yearly. Which do you prefer?

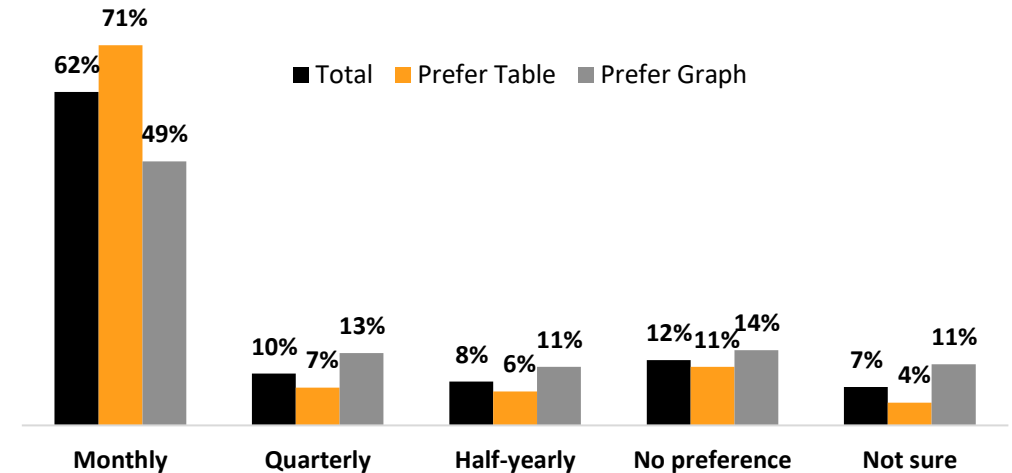
Month left in contract	Repayment amount	Quarters left in contract	Repayment amount	Half years left in contract	Repayment amount
24	\$1,700.00	8	\$1,700.00	4	\$1,700
23	\$1,629.17	7	\$1,487.50	3	\$1,275
22	\$1,558.33	6	\$1,275.00	2	\$850
21	\$1,487.50	5	\$1,062.50	1	\$425
20	\$1,416.67				
19	\$1,345.83				
18	\$1,275.00				
17	\$1,204.17				
16	\$1,133.33				
15	\$1,062.50				
14	\$991.67				
13	\$920.83				
12	\$850.00				
11	\$779.17				
10	\$708.33				
9	\$637.50				
8	\$566.67				
7	\$495.83				
6	\$425.00				
5	\$354.17				
4	\$283.33				
3	\$212.50				
2	\$141.67				
1	\$70.83				

Preferred Remaining Time Interval for ETFs Depiction - Broadband



Base: n=481

Preferred Remaining Time Interval for ETFs Depiction - Mobile



Base: n=478

- Females who preferred a table had a significantly stronger preference for "Monthly" (79%)
- Males who preferred a table had a significantly higher rating of "No preference" (19%).
- Consumers with 'No formal education qualifications' who prefer a graph had significantly higher percentage of "Not sure" (38%).

Time left in contract is preferred approach for expressing ETFs

Those preferring a table were asked how ETFs should be expressed. Views were somewhat mixed, but the largest shares for both broadband consumers (45%) and mobile service consumers (40%) preferred **months left in contract**.

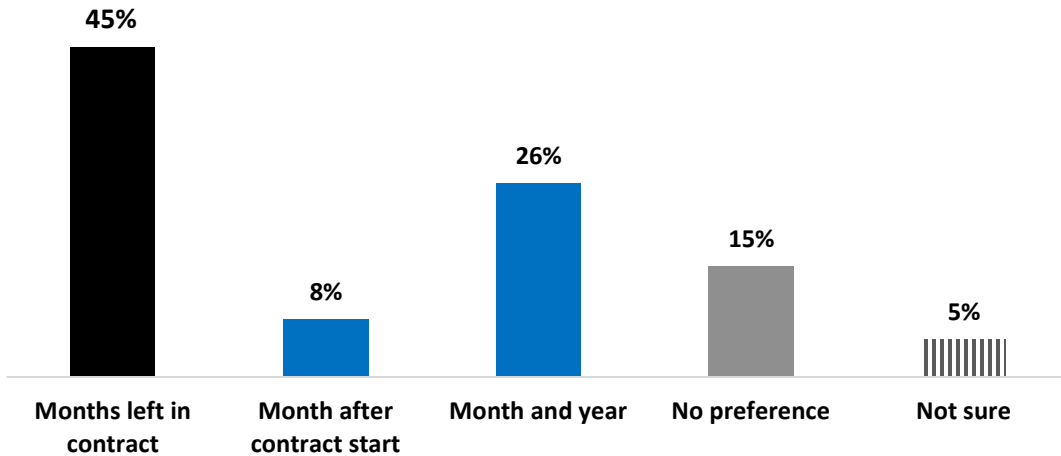
Q: Early termination fees (ETFs) could be expressed as 'months left in contract', 'month after contract start', or month and year (once a contract has been signed). Which would you prefer to see ETFs expressed as?

Months left in contract	Repayment amount	Month after contract start	Repayment amount	Month and year	Repayment amount
12	\$700	1	\$700	Aug 23	\$700
11	\$642	2	\$642	Sept 23	\$642
10	\$583	3	\$583	Oct 23	\$583
9	\$525	4	\$525	Nov 23	\$525
8	\$467	5	\$467	Dec 23	\$467
7	\$408	6	\$408	Jan 24	\$408
6	\$350	7	\$350	Feb 24	\$350
5	\$292	8	\$292	Mar 24	\$292
4	\$233	9	\$233	Apr 24	\$233
3	\$175	10	\$175	May 24	\$175
2	\$117	11	\$117	Jun 24	\$117
1	\$58	12	\$58	Jul 24	\$58

Q: Early termination fees (ETFs) could be expressed as 'months left in contract', 'month after contract start', or actual month and year (once a contract has been signed). Which would you prefer to see ETFs expressed as?

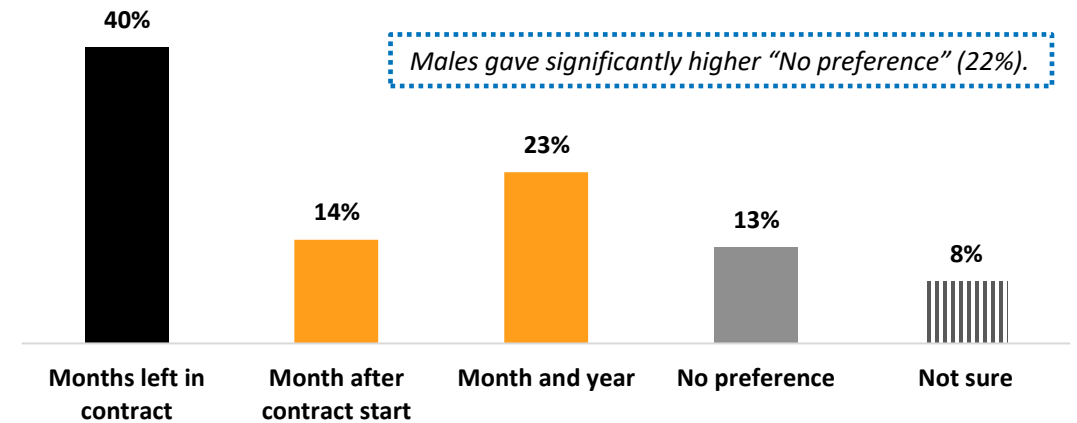
Month left in contract	Repayment amount	Month after contract start	Repayment amount	Month and Year	Repayment amount
24	\$1,700.00	1	\$1,700.00	Aug-23	\$1,700.00
23	\$1,629.17	2	\$1,629.17	Sep-23	\$1,629.17
22	\$1,558.33	3	\$1,558.33	Oct-23	\$1,558.33
21	\$1,487.50	4	\$1,487.50	Nov-23	\$1,487.50
20	\$1,416.67	5	\$1,416.67	Dec-23	\$1,416.67
19	\$1,345.83	6	\$1,345.83	Jan-24	\$1,345.83
18	\$1,275.00	7	\$1,275.00	Feb-24	\$1,275.00
17	\$1,204.17	8	\$1,204.17	Mar-24	\$1,204.17
16	\$1,133.33	9	\$1,133.33	Apr-24	\$1,133.33
15	\$1,062.50	10	\$1,062.50	May-24	\$1,062.50
14	\$991.67	11	\$991.67	Jun-24	\$991.67
13	\$920.83	12	\$920.83	Jul-24	\$920.83
12	\$850.00	13	\$850.00	Aug-24	\$850.00
11	\$779.17	14	\$779.17	Sep-24	\$779.17
10	\$708.33	15	\$708.33	Oct-24	\$708.33
9	\$637.50	16	\$637.50	Nov-24	\$637.50
8	\$566.67	17	\$566.67	Dec-24	\$566.67
7	\$495.83	18	\$495.83	Jan-25	\$495.83
6	\$425.00	19	\$425.00	Feb-25	\$425.00
5	\$354.17	20	\$354.17	Mar-25	\$354.17
4	\$283.33	21	\$283.33	Apr-25	\$283.33
3	\$212.50	22	\$212.50	May-25	\$212.50
2	\$141.67	23	\$141.67	Jun-25	\$141.67
1	\$70.83	24	\$70.83	Jul-25	\$70.83

Preferred Methods for Expressing Early Termination Fees (ETFs) - Broadband



Base: n=291

Preferred Methods for Expressing Early Termination Fees (ETFs) - Mobile



Base: n=283

Highest preference was for ETFs being shown as part of a plan summary before signing

Q: How should the ETF (early termination fee) be shown to consumers?
Choose as many as you like.

The largest share of both mobile service consumers (55%) and broadband consumers surveyed (46%) preferred ETFs to be shown as part of a summary before signing to the plan.

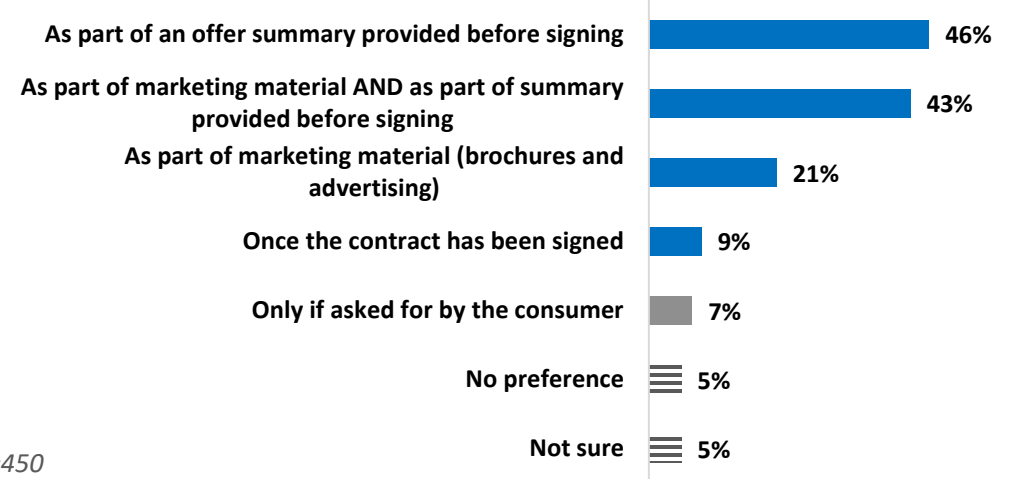
43% of broadband consumers and 39% of mobile would like to see ETFs as part of summary before signing AND as part of marketing material.

Only 12% of mobile service consumers and 9% of broadband thought that ETFs should only be shown once a contract plan has been signed.

**I think the termination fee should be last order of information, like before you buy the product it should be bolded that this is going to be your fee if you want to end it before the term ends. This way it is transparent for all.*

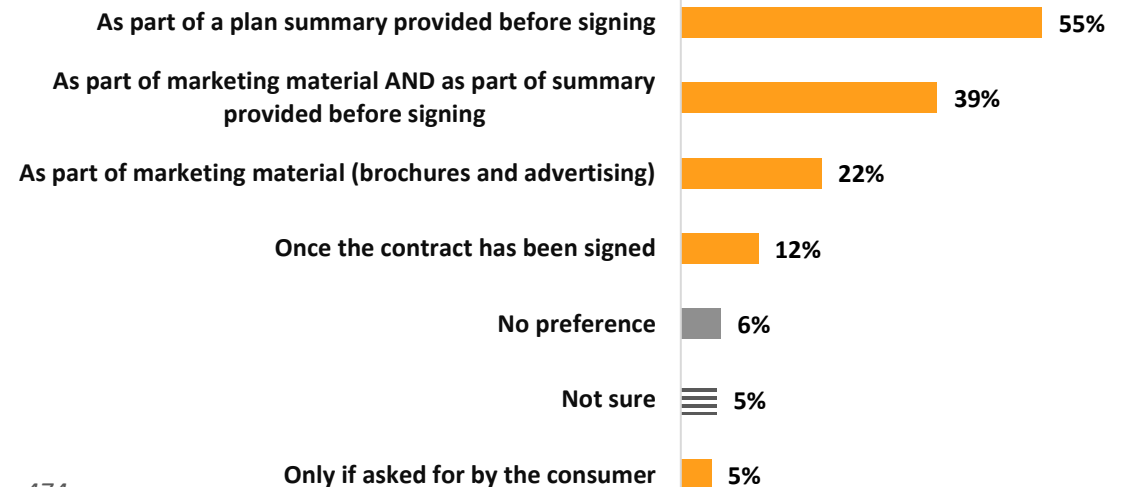
Broadband Plans - Māori or Pacific consumers were more likely to prefer "once the contract has been signed" (21%).

How Should ETFs be Shown to Consumers – Broadband Plans



Base: n=450

How Should ETFs be Shown to Consumers – Mobile Plans



Base: n=474

A high proportion saw usefulness in showing ETF repayments on bills

More than three-quarters of consumers (mobile 79%; broadband 77%) said it would be useful to see ETFs on bills, including 46% of mobile service consumers and 42% of broadband consumers who would find it **very useful**.

**That's an easy way to remind people of it [their EFT]. It'll also reduce the amount of time people call their provider to ask how much is left to pay and that sort of stuff. So, it's a win-win for everyone.*

Q: Early termination fees (ETFs) repayment amounts could also be shown on bills. How useful would it be for you to see this information on bills?

Bill Date: 1 st September 2023	
Home internet 1-30 August	\$80.00
Payment due date: 20 th September 2023	

You are in month 6 of your 12- month contract. Early termination fee (repayment amount) as at today's date: \$350	

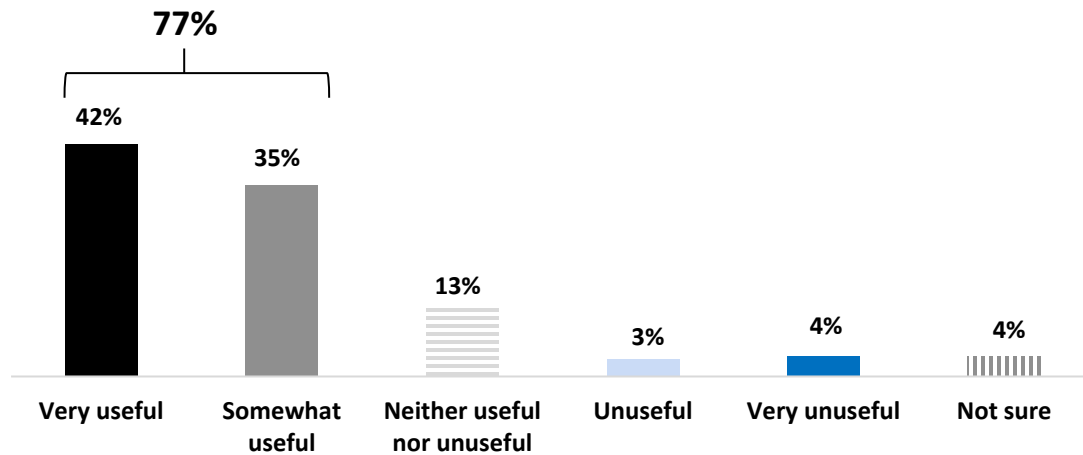
Q: Early termination fees (ETFs) repayment amounts could also be shown on bills. How useful would it be for you to see this information on bills?

	Bill Date: 1 st September 2023
Monthly plan:	\$60.00
Phone repayment installation:	\$62.50
Total due:	\$122.50
Payment due date: 20 th September 2023	

You are in month 12 of your 24-month contract. Early termination fee (repayment amount) as at today's date: \$920.83	
<i>Payable ONLY if you terminate your service.</i>	

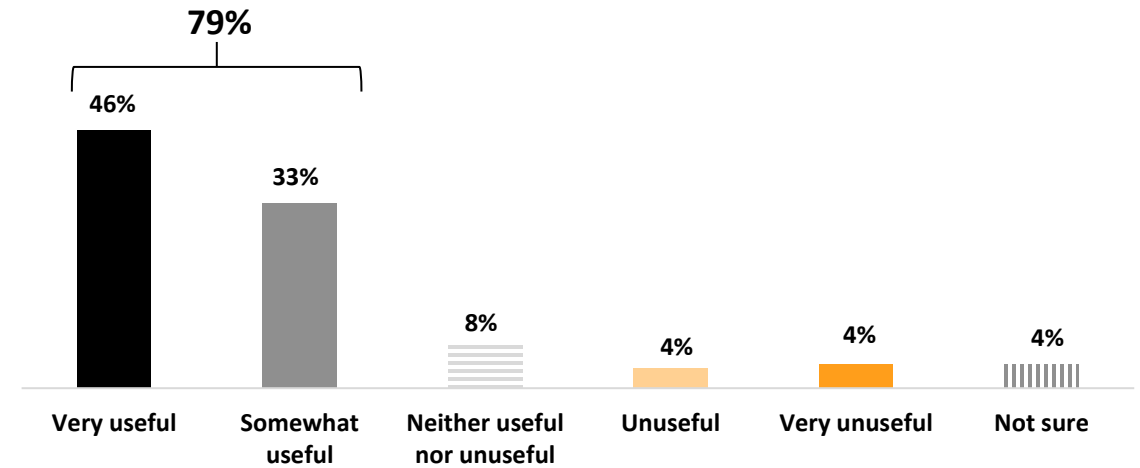
Potentially vulnerable consumers (10%), 75 years or older(14%), older and lower income(18%), and consumers with no formal educational qualifications(15%) all showed statistically significantly higher levels of "Not sure".

Usefulness of Displaying ETF Amounts on Bills - Broadband



Base: n=450

Usefulness of Displaying ETF Amounts on Bills - Mobile



Base: n=474

*Note: Total differs from component results due to rounding.

Most would prefer to see ETF amounts on every bill

Most consumers, who indicated that seeing ETFs on bills would be useful, preferred to see this information on every bill (broadband consumers 69%: mobile 64%). The next most preferred frequency was quarterly, with 16% and 14% of mobile service and broadband consumers, respectively preferring this.

Q: How frequently would you like to see this ETF repayment amounts on your bill?

Bill Date: 1st September 2023

Home internet 1-30 August **\$80.00**

Payment due date: 20th September 2023

You are in month 6 of your 12- month contract. Early termination fee (repayment amount) as at today's date: \$350

Q: How frequently would you like to see this ETF repayment amount on your bill?

Bill Date: 1st September 2023

Monthly plan: \$60.00

Phone repayment installation: \$62.50

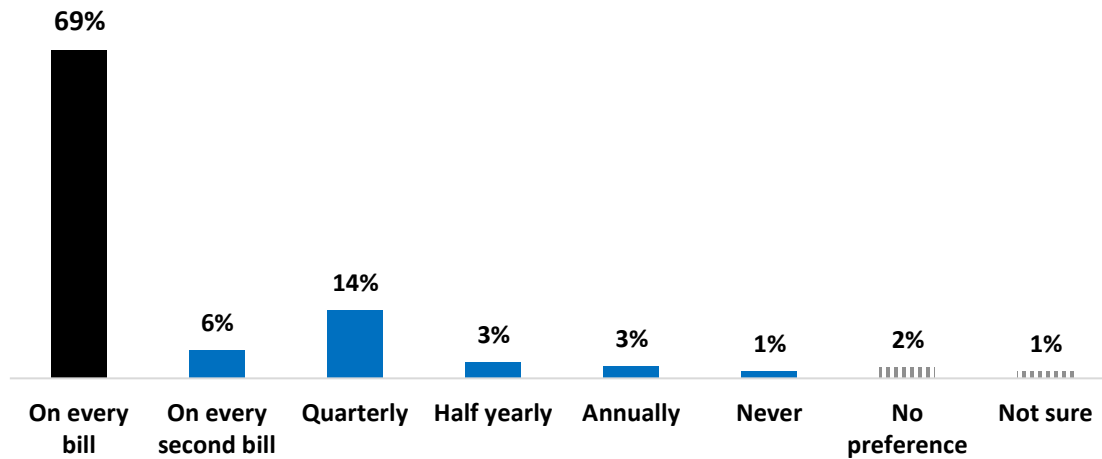
Total due: \$122.50

Payment due date: 20th September 2023

You are in month 12 of your 24-month contract. Early termination fee (repayment amount) as at today's date: \$920.83

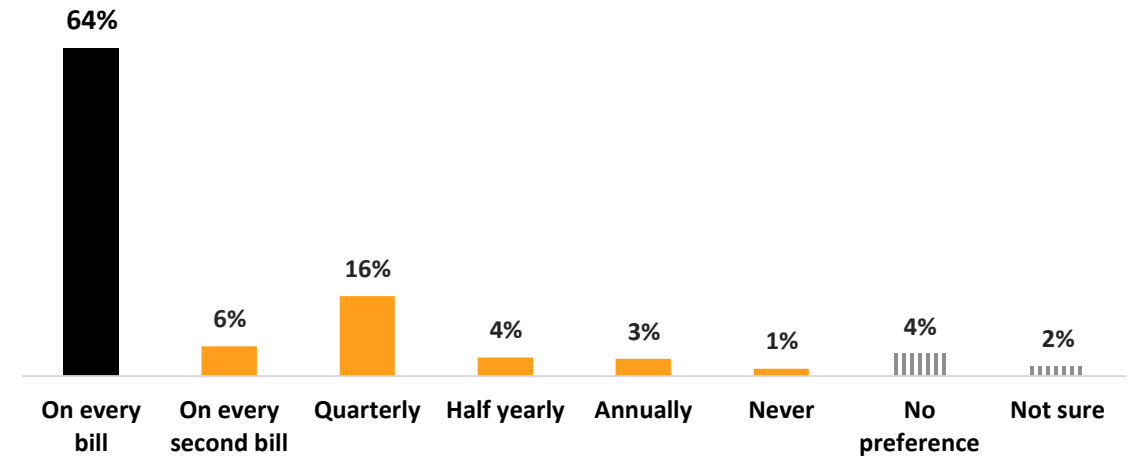
Payable ONLY if you terminate your service.

Frequency of Displaying ETF Amounts on Bills - **Broadband**



Base: n=345 (Those that indicated that displaying ETFs repayment amounts on bills was useful or were neutral).

Frequency of Displaying ETF Amounts on Bills - **Mobile**



Base: n=416 (Those that indicated that displaying ETFs repayment amounts on bills was useful or were neutral).



**Summary Points on Solutions Testing
from Qualitative Interviews**

Qualitative Interviews - Summary Points

When considering mobile phone and internet products, total minimum costs, average monthly prices, and early termination fees **are all considered valuable and useful information** to have by consumers interviewed.

Total minimum costs stand out as a key factor among participants, as this offers a comprehensive overview of the overall expenditure involved, with several participants surprised to see how much plans add up to over several years.

Understanding and comparing average monthly prices contributes to a clearer understanding of ongoing financial commitments, which would assist participants in more easily making an informed purchasing decision in line with what they could afford – this is particularly important to those on tighter budgets.

Early termination fees, while relevant for some, appear to assume a lesser priority in the decision-making process, as potential customers often don't envisage requiring this information during their initial evaluation of service plans – with participants often indicating that they would always stay for the term of their contract. However, participants noted that the **current wording examples shown for ETFs was not easy to understand** and few were confident that they could calculate what the ETF would be.

I would order it [the importance of information] as total minimum cost, so I know how much money I would be spending on the phone and the plan in total. And then average price as second, being able to see the options weekly/fortnightly for how I can pay the plan off and then the early termination fee last.



A close-up photograph of a person's hands holding a silver smartphone. The person has pink nail polish. The phone is held over a laptop keyboard. In the background, another person's hands are visible, one with a gold ring and pink nail polish, resting on a wooden desk. A blue USB drive is also visible on the desk. The image has a dark blue overlay on the right side.

**APPENDIX:
SAMPLE APPROACH
AND DESCRIPTION**

Survey Sampling Approach

The sample collected (total sample, n=998) was screened to ensure respondents were decision-makers (for themselves or for others) for either mobile or home broadband plan selection.

The screening survey was sent to a nationally representative profile by age, gender and location. As the qualitative interviews had shown that some consumers review their plans often and others much less frequently, maximum and minimum quotas were set for recency of plan comparison to ensure adequate data was collected across the spectrum of regularity of comparison behaviours.

The sample collected using this approach had a slightly lower proportion of those that claimed to have compared their plan in the last 2 years (more recent plan comparers) compared to their natural incidence. To assess if this affected total results materially the survey data was weighted to the natural distribution of plan comparison by demographics (age, gender and region) gathered in the screening survey and the unweighted and weighted data compared.

The weighting made very little difference to the statistics recorded for the survey questions – in most cases less than 1%, with largest differences only up to 1-2%. On this basis and for simplicity, the unweighted data was used for reporting - since applying a post-weighting process adds a layer of complexity and reduces the statistical reliability a little.

Base: n=998

**Natural incidence of plan comparison frequency is calculated based on the patterns in the survey data prior to quota closures being employed and so are nationally representative.*

Sample Profile of Decision Makers and Comparison Behaviors

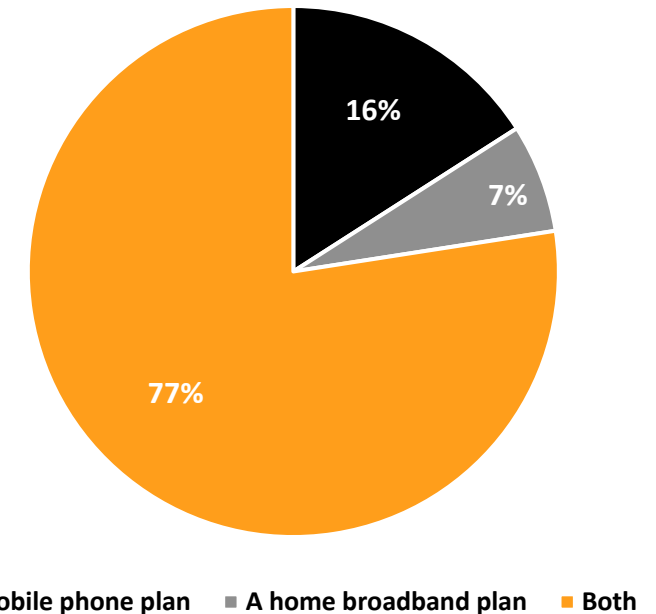
Recruitment to the survey screened participants to focus on those that are main or joint decision makers when choosing plans for mobile or broadband (these could be for their own plan or on behalf of someone else) – 16% make decisions just regarding mobile plans, 7% broadband plans and 77% are responsible for choosing both mobile and broadband plans.

Natural incidence data collected* shows, well over half of consumers (63%) indicated they had have compared mobile plans within the past two years and almost three quarters (72%) had compared broadband plans. Quotas were employed to ensure reasonable data was collected from those who have compared plans less recently/regularly.

Six in 10 (61%) of those in the screener survey indicated that they intend to reassess their mobile plans within the next two years and 71% their broadband plans.

A more detailed profile of the sample collected is provided below.

Decision-Making in Plan Selection

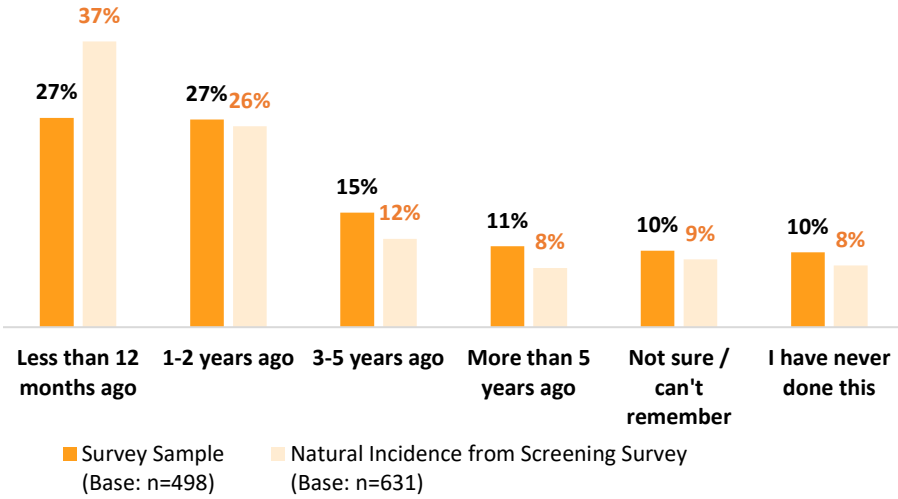


Base: n=998

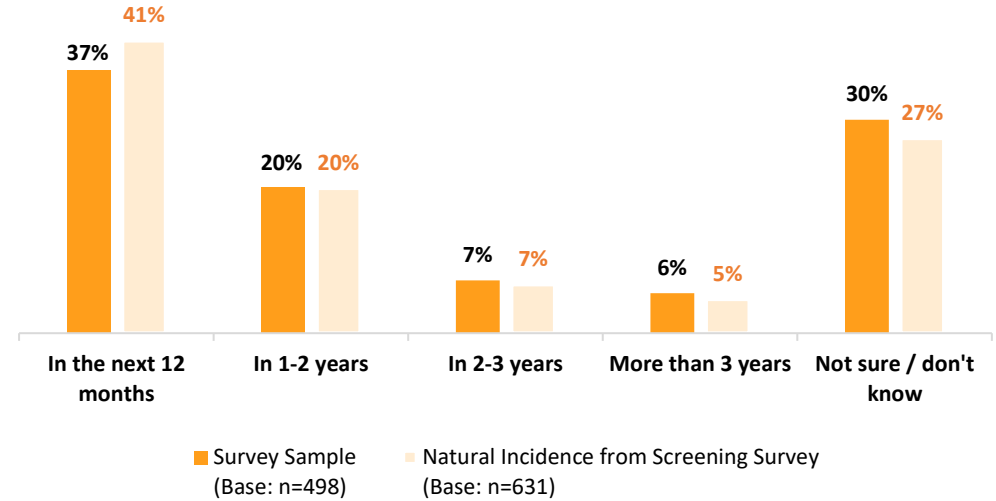
*Natural incidence of plan comparison frequency is calculated based on the patterns in the survey data sent to a nationally representative profile prior to quota closures being employed.

Plan Comparison Behaviors

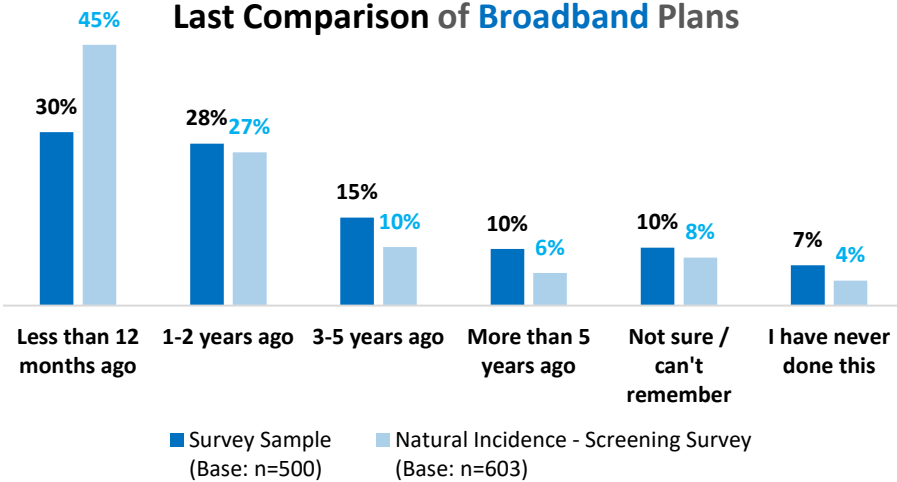
Last Comparison of Mobile Phone Plans



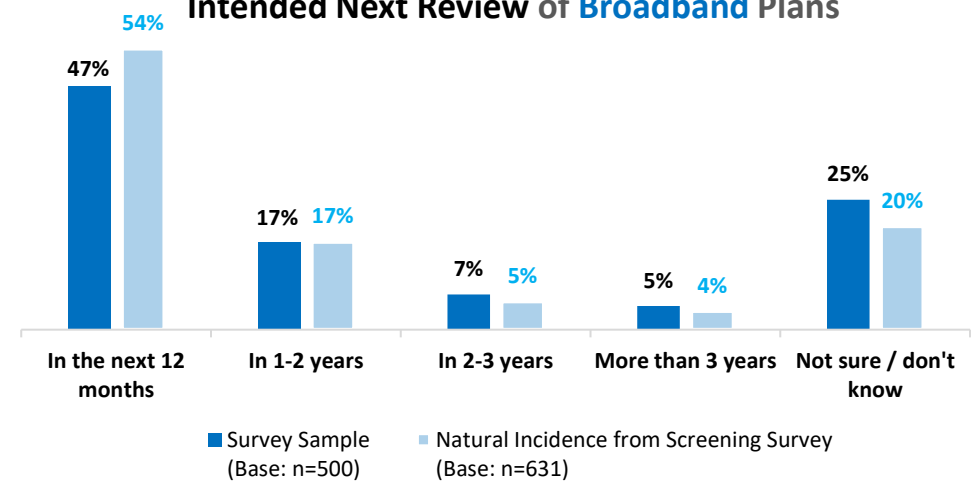
Intended Next Review of Mobile Phone Plans



Last Comparison of Broadband Plans



Intended Next Review of Broadband Plans



Base: n=998/631 *Natural incidence of plan comparison frequency is calculated based on the patterns in the survey data prior to quota closures being employed and so are nationally representative.

Sample Demographics (1)

Region	Mobile Phone	Home Broadband
Northland	4%	3%
Auckland	30%	34%
Waikato	6%	10%
Bay of Plenty	5%	5%
Gisborne	2%	1%
Hawke's Bay	5%	4%
Taranaki	3%	4%
Manawatū-Whanganui	6%	5%
Wellington	13%	10%
Tasman	1%	1%
Nelson	1%	1%
Marlborough	1%	0%
West Coast	1%	1%
Canterbury	12%	13%
Otago	6%	5%
Southland	3%	2%
<i>Base (n)</i>	<i>498</i>	<i>500</i>

Base: n=998

Gender	Mobile Phone	Home Broadband
Male	42%	55%
Female	57%	44%
Gender fluid/diverse/non-binary	1%	0%
Prefer to self-describe (state if you would like to)	0%	0%
Prefer not to say	0%	0%
<i>Base (n)</i>	<i>498</i>	<i>500</i>

Age	Mobile Phone	Home Broadband
Under 18 years	0%	0%
18-24 years	14%	6%
25-34 years	15%	20%
35-44 years	20%	18%
45-54 years	18%	18%
55-64 years	14%	17%
65-74 years	11%	14%
75 years or over	8%	7%
Prefer not to say	0%	0%
<i>Base (n)</i>	<i>498</i>	<i>500</i>

Ethnicity	Mobile Phone	Home Broadband
Māori / New Zealand of Māori descent	19%	16%
NZ European / New Zealander of European descent	66%	64%
New Zealander of Pacific Island descent	4%	4%
European such as Australian, English, South African or Canadian	6%	5%
Other European	4%	3%
Chinese	2%	6%
Korean	1%	0%
Indian, Pakastani or Sri Lankan	3%	7%
Other Asian Group	6%	4%
Other Pasifika group	1%	1%
Middle Eastern	1%	1%
Latin American	1%	0%
African	1%	1%
Other	1%	2%
Prefer not to say	1%	1%
<i>Base (n)</i>	<i>498</i>	<i>500</i>

Sample Demographics (2)

Household Income (pre-tax)	Mobile Phone	Home Broadband
Up to \$30,000	13%	11%
\$30,001 - \$50,000	16%	13%
\$50,001 - \$70,000	16%	15%
\$70,001 - \$100,000	14%	16%
\$100,001 - \$130,000	11%	11%
\$130,001 - \$150,000	9%	11%
\$150,001 - \$200,000	7%	9%
\$200,001 to \$300,000	2%	3%
\$300,001+	1%	3%
Prefer not to say	8%	7%
Don't know	3%	1%
<i>Base (n)</i>	<i>498</i>	<i>500</i>

Base: n=998

Geographic Setting	Mobile Phone	Home Broadband
A main city (e.g. Auckland, Hamilton, Wellington, Christchurch, Dunedin)	58%	59%
A provincial centre (e.g. Whanganui, Invercargill, Gisborne, Masterton)	26%	27%
A rural area	15%	12%
A remote area	0%	1%
<i>Base (n)</i>	<i>498</i>	<i>500</i>

Education Level	Mobile Phone	Home Broadband
Ph.D	1%	3%
Master's degree	6%	8%
Post graduate diploma	7%	5%
Bachelor's degree	23%	29%
Diploma or certificate	27%	25%
High school qualification	26%	23%
No formal educational qualifications	8%	6%
Other (please state)	1%	1%
<i>Base (n)</i>	<i>498</i>	<i>500</i>

Household Structure	Mobile Phone	Home Broadband
Single person living alone	15%	15%
Single person sharing with friends / group flatting	13%	8%
Couple with no children	15%	17%
Single/couple with preschool aged child/ren (0-3 years)	7%	8%
Single/couple with school aged child/ren (4-12 years)	10%	12%
Single/couple with high school aged child/ren (13-17 years)	6%	5%
Single/couple with a mix of preschool, school, high school, or adult children living at home	4%	7%
Single/couple with adult children living at home	7%	8%
Single/couple with adult children who have left home	15%	16%
Grandparent(s) with grandchildren who live with me	1%	1%
Single/couple living with parents	3%	1%
Other (please specify)	4%	3%
<i>Base (n)</i>	<i>498</i>	<i>500</i>