Roy Morgan Research

Discover your edge

Consumer Switching Behaviour in Telecommunications Markets

Prepared for the New Zealand Commerce Commission

December 2011. Released April 2012.

Please direct any queries to pip.elliott@roymorgan.com
Roy Morgan Research – 52 Swanson St, Auckland 1010
Telephone: (09) 912 7032

Roy Morgan Research

Table of Contents

Discover your *edge*

Roy Morgan Research

Project objectives

The project primarily focussed on the mobile market, but consumer behaviour in the fixed-line market was also given some consideration. The objectives of the project were to identify and assess:

1. the extent of consumer switching of telecommunications service providers
2. why consumers switch telecommunications service providers
3. barriers to mobile consumers switching telecommunications service providers
4. consumer satisfaction with the switching experience
5. the extent to which contract breakage (early termination) fees for mobile services limit consumer switching
6. the extent to which consumer preferences for remaining on the same network as friends and family limit switching
7. the impact of consumer broadband concerns on switching of fixed-line telecommunications services provider.

Discover your *edge*

Roy Morgan Research

Survey approach

The first stage in the survey utilised Roy Morgan's existing 'Single Source' database of consumer behaviour. This is compiled from annual surveys utilising a 'mail-out' questionnaire and a short computer-assisted telephone interview. The database provided historical data on consumer behaviour in relation to telecommunications services and covers 12,000 consumers across New Zealand. Comparisons with Australia were possible by utilising the database of 50,000 Australian consumers.

Data from the 'Single Source' was drawn from the 6-month period November 2010 to April 2011. This period was chosen because the earliest data available for 2degrees was that for August 2010, and that the most recent survey data available was that for April 2011. Where useful earlier data was also utilised.

The second stage in the survey involved the development of a customised questionnaire. Field work was undertaken between mid October and early November 2011. 1,053 respondents were selected from the Roy Morgan 'Single Source' database, and through a short computer-assisted telephone interview asked specific questions relating to their mobile, fixed-line and broadband services.

Discover your *edge*

Roy Morgan Research

Discover your *edge*

The qualifying respondents***** for the customised questionnaire met all of the following criteria:

- they were 'Single Source' respondents from May 2010 – April 2011**
- they had a fixed-line phone at home
- they had a mobile phone and were the main user of the mobile phone ***
- they had a broadband fixed-line at home
- their fixed-line broadband service was bundled with their home fixed-line service.

Quotas and weighting were implemented for age groups and gender by North Island and South Island to enable Roy Morgan to obtain a nationally representative sample.

* Given all respondents have both a mobile and fixed lines phone accounts, the survey cannot be used to assess switching from a fixed line account to a mobile account.

**In order to achieve our target quotas, some respondents were Single Source recontacts from prior May 2010 (less than 8% of respondents).

*** Referred to in the tables to this report as the Main Mobile User (MMU).

Key observations – mobile phone services

- Just over 37% of respondents had switched mobile telecommunications service providers, and just under 14% had switched in the previous 12 months.
- Almost 80% of respondents indicated that they were unlikely to switch mobile telecommunications service providers in the next 12 months.
- The main reason for switching mobile service providers has consistently been to obtain 'cheaper rates'. This driver has become stronger since 2degrees entered the market.
- The overwhelming majority of respondents who had switched mobile phone service providers in the past 12 months indicated that it had been a positive experience.
- Respondents were fairly evenly split on the importance of being on the same network as family and friends with a small majority (53.8%) indicating it was not important. 46% regarded it as important. 19.4% regarded it as very important.
- For those that regarded it important to be on the same network as family and friends obtaining cheaper rates (on-net discounts) was the main reason for regarding it as important
- Of those respondents that had not switched mobile phone service providers, 77.4% indicated they were satisfied with their current service provider and only 5.6% indicated that they were dissatisfied.

Discover your *edge*

Roy Morgan Research

Key observations – mobile phone services: comparisons with Australia

- The proportion of active mobile users in New Zealand (85.9% of the population over 14 years old) is very similar to Australia (85.3%).
- Of active mobile users more had switched service providers in Australia (43.2%) than New Zealand (37.2%).
- Switching was more heavily driven by ‘cheaper rates’ in New Zealand with 46.6% of main mobile users stating this as the reason for switching, compared to 37.1% in Australia.
- Overall, satisfaction with the service provider was higher in New Zealand, with 74.7% stating they were satisfied, compared to 68% in Australia.
- The proportion of people who had switched fixed-line service providers in the past 12 months was higher in New Zealand (9.4%) than in Australia (6.8%).

Discover your *edge*

Key observations – fixed line services

- Around 10% had switched fixed-line telecommunications service providers.
- The biggest driver for switching fixed-line service providers was 'in order to improve my broadband service', with approaching half (48.6%) agreeing with this statement.
- Of those respondents that switched service providers or dropped broadband services in the previous 12 months, over 40% indicated that it was because the cost of their previous broadband service was too high, and over 33% indicated that it was because they needed a higher data cap.
- Over 60% of respondents indicated that it was important to have all their telecommunications services billed together by the same provider.
- The amount spent on a bundle of fixed-line, Pay TV and Internet has increased by almost $30 per month over the past 5 years, driven largely by increased spend on Internet.

Discover your *edge*

Roy Morgan Research

Mobile Phone Services

Discover your edge

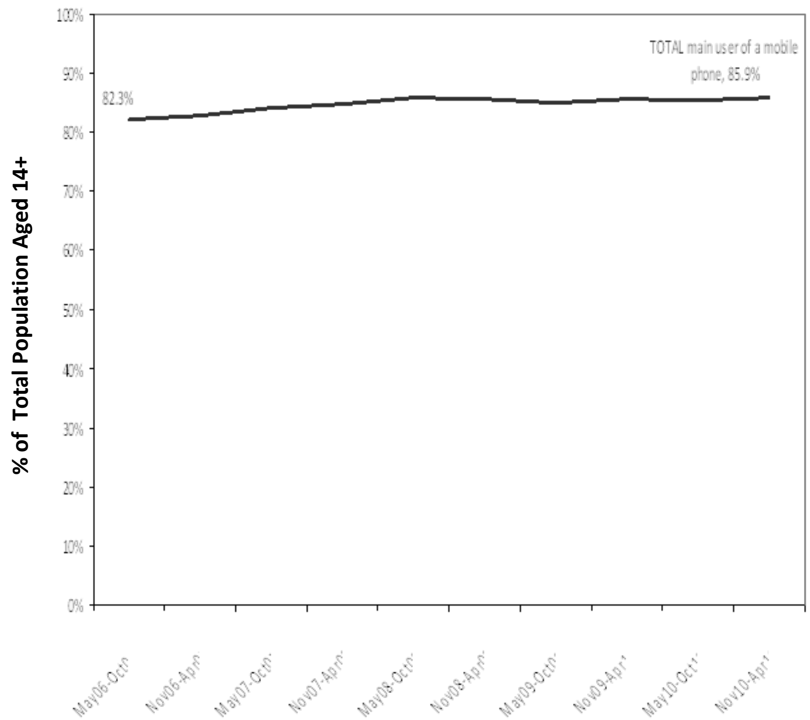
Roy Morgan Research

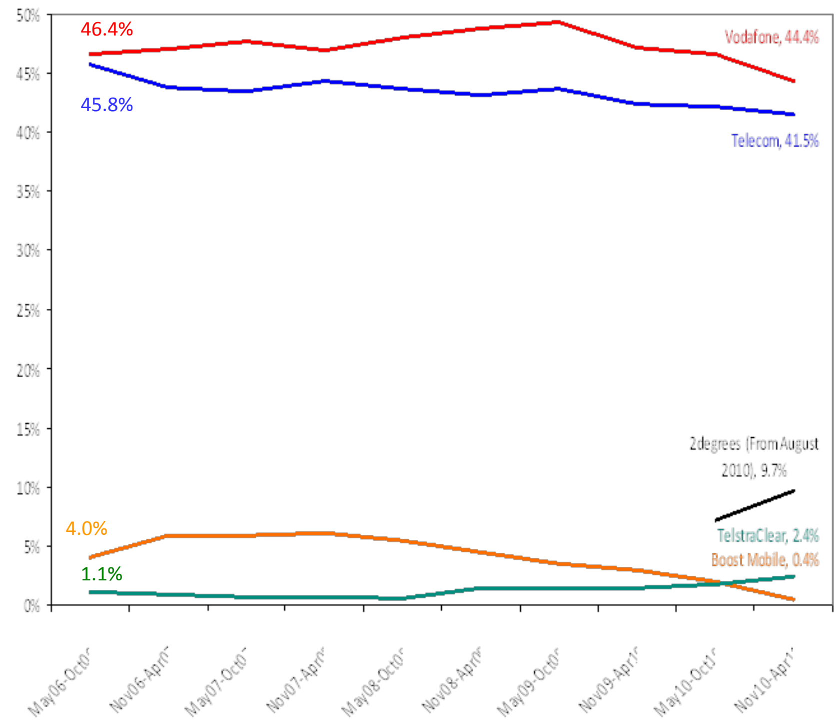
Mobile user demographics (May 2006 – April 2011)

Discover your *edge*

As of April 2011, 85.9% of the population aged 14+ were active mobile users, an increase from 82.3% in May 2006.

Both Telecom and Vodafone have lost market share of main mobile users age 14+,with 2degrees the main beneficiary.

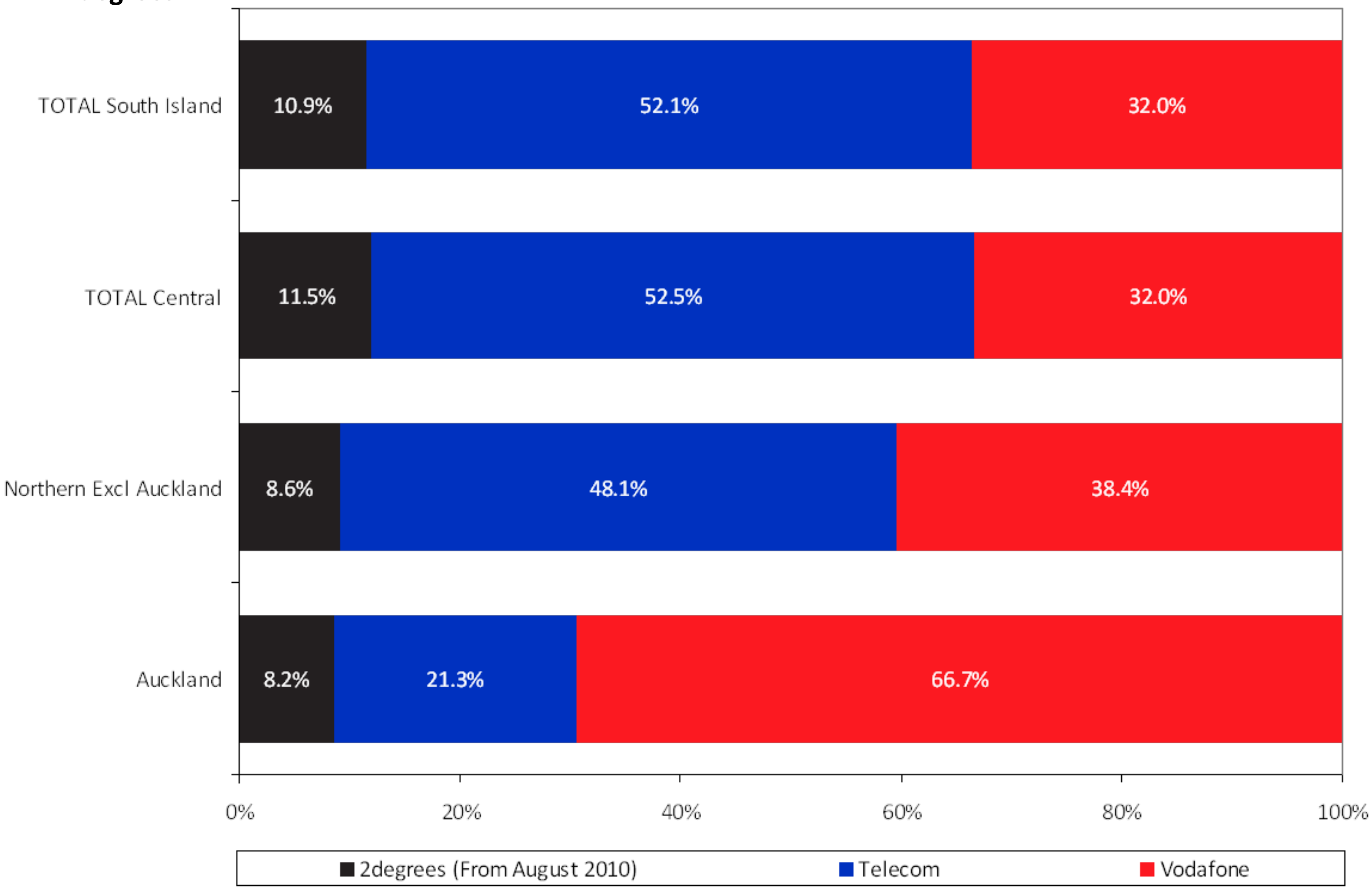




Base: Single Source data: total NZ Population Aged 14+ (May 2006 – April 2011) n=57,792

Users by region by service provider (November 2010 – April 2011)

Two-thirds (66.7%) of the Auckland main mobile user population were on Vodafone, while 8.2% were on 2degrees.



E.g. 66.7% of NZ main mobile users aged 14+ living in Auckland were on Vodafone

Base: Single Source data: total NZ MMU Population Aged 14+ (Nov 2010 – April 2011), n=5,048

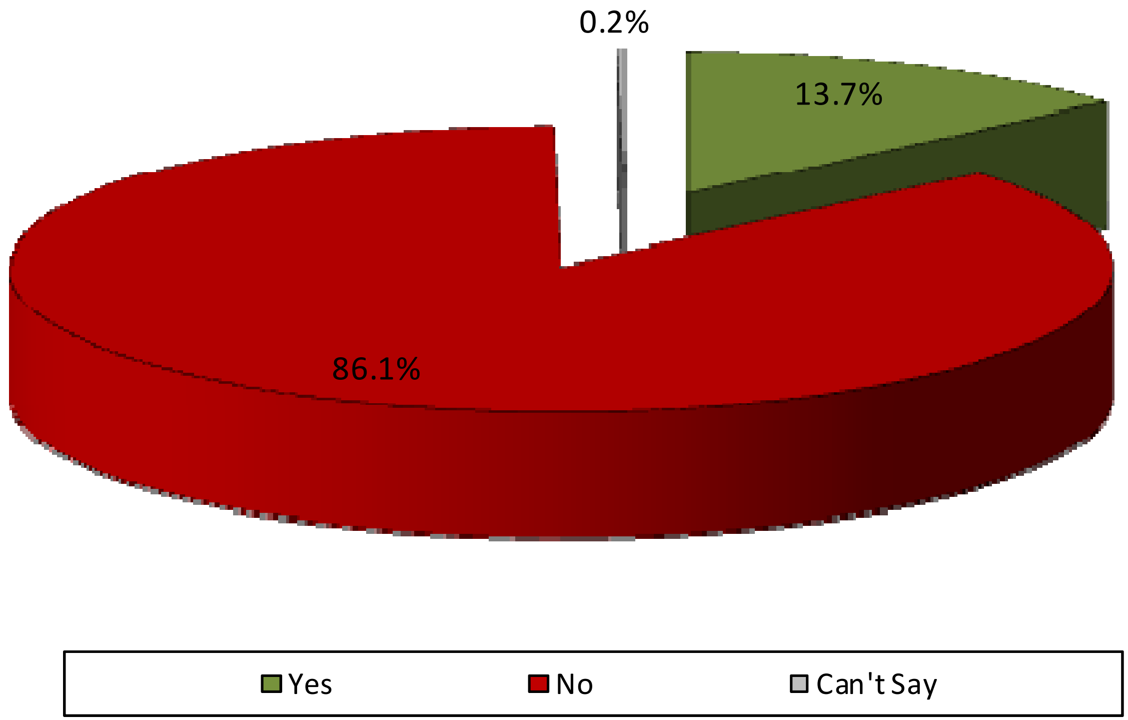
Roy Morgan Research

Discover your edge

Roy Morgan Research

Switching in the past 12 months

13.7% of respondents to the customised survey had switched mobile phone service provider in the preceding 12 months to November 2011.

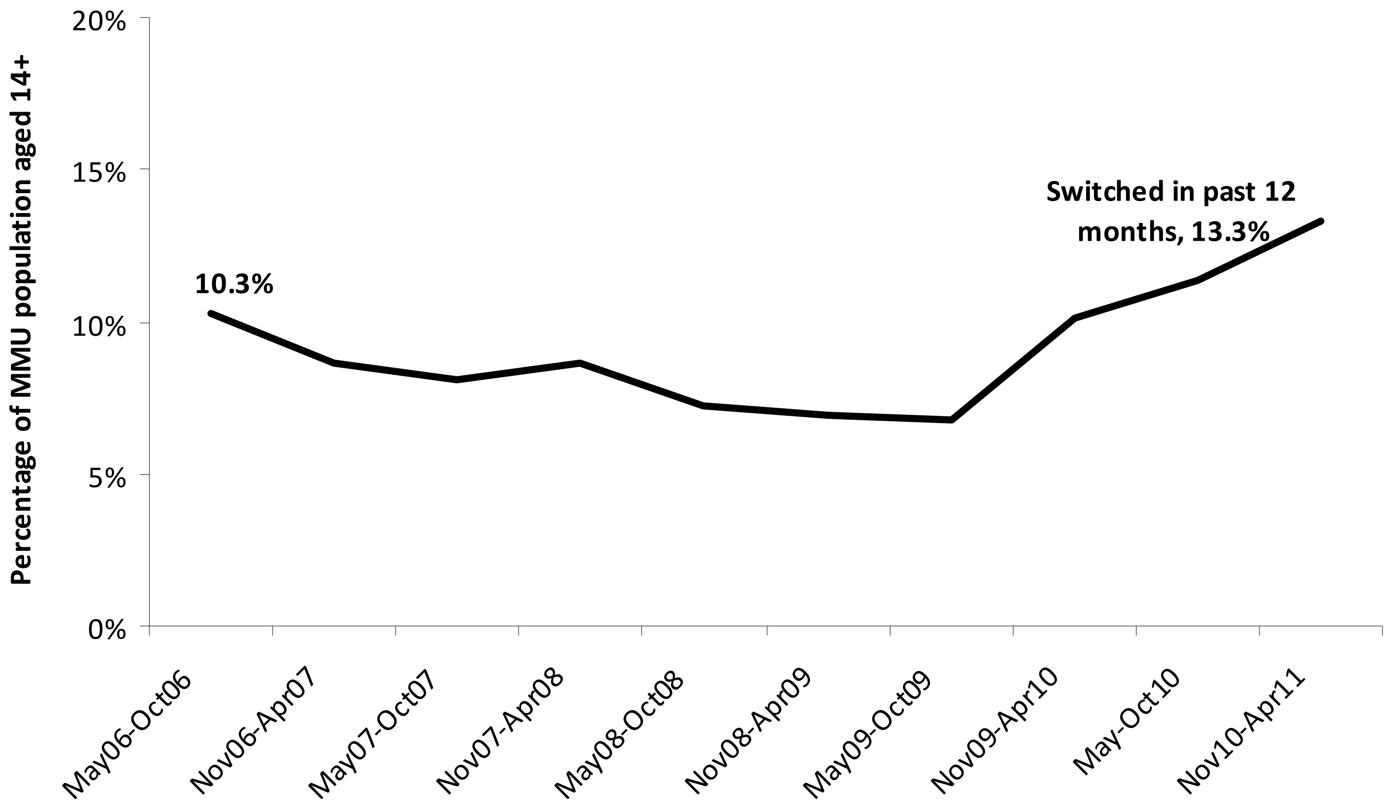


Base: Has mobile phone, n=1,025

Discover your edge

Respondents switching within the previous 12 months: May 2006 to April 2011

Single source data indicates that after mid 2009 there was a sharp increase in consumers who had switched in the preceding 12 months. As of April 2011 13.3% had switched in the preceding 12 months.*

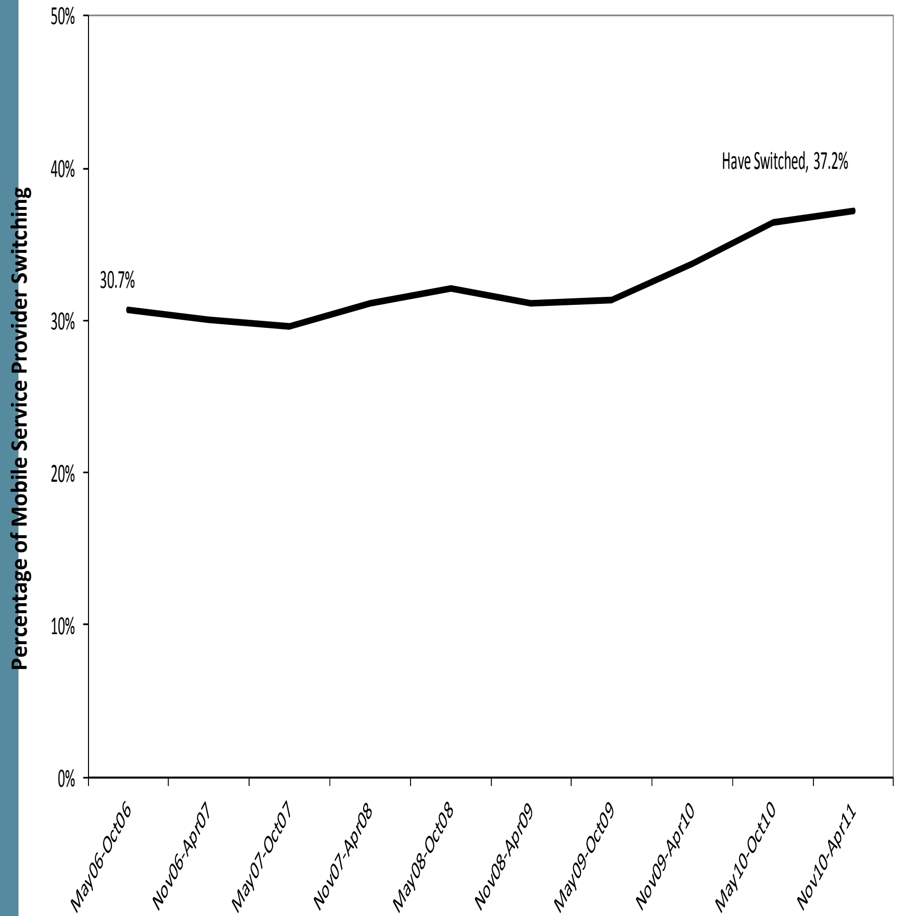


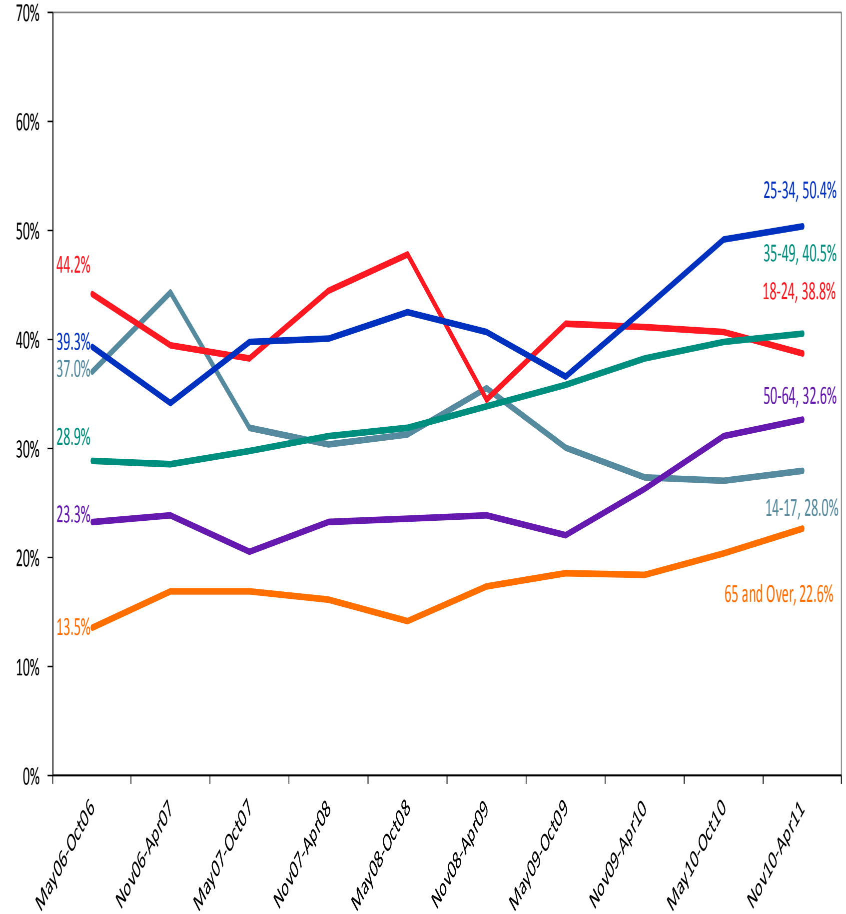
*The previous slide (Slide 12) compiled from customised data, indicates that 13.7% had switched service providers in the previous 12 months to November 2011.

Base: Single Source data: Main Mobile User Aged 14+ (May 2006 – April 2011), in NZ n=48,371

Switching overview (May 2006 – April 2011)

Main mobile users that indicated that they had switched mobile service providers increased from 30.7% in May-October 2006 to 37.2% in November-April 2011. An upward trend in switching is evident for all age groups 25 and over, but not for those in the 14-24 age groups.

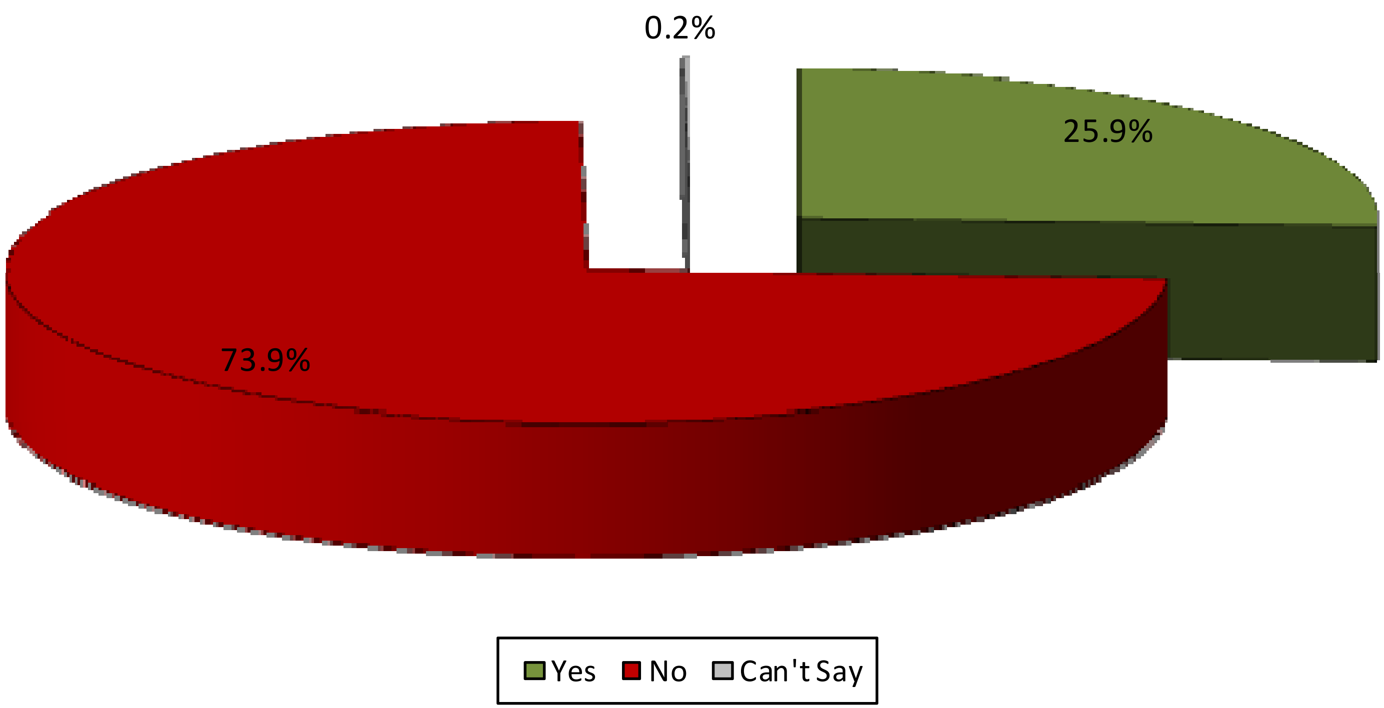




Base: Single Source data: Main Mobile User (May 2006 – April 2011), n=48,371, sample for 14-24 year olds = 6,502

Thought about switching?

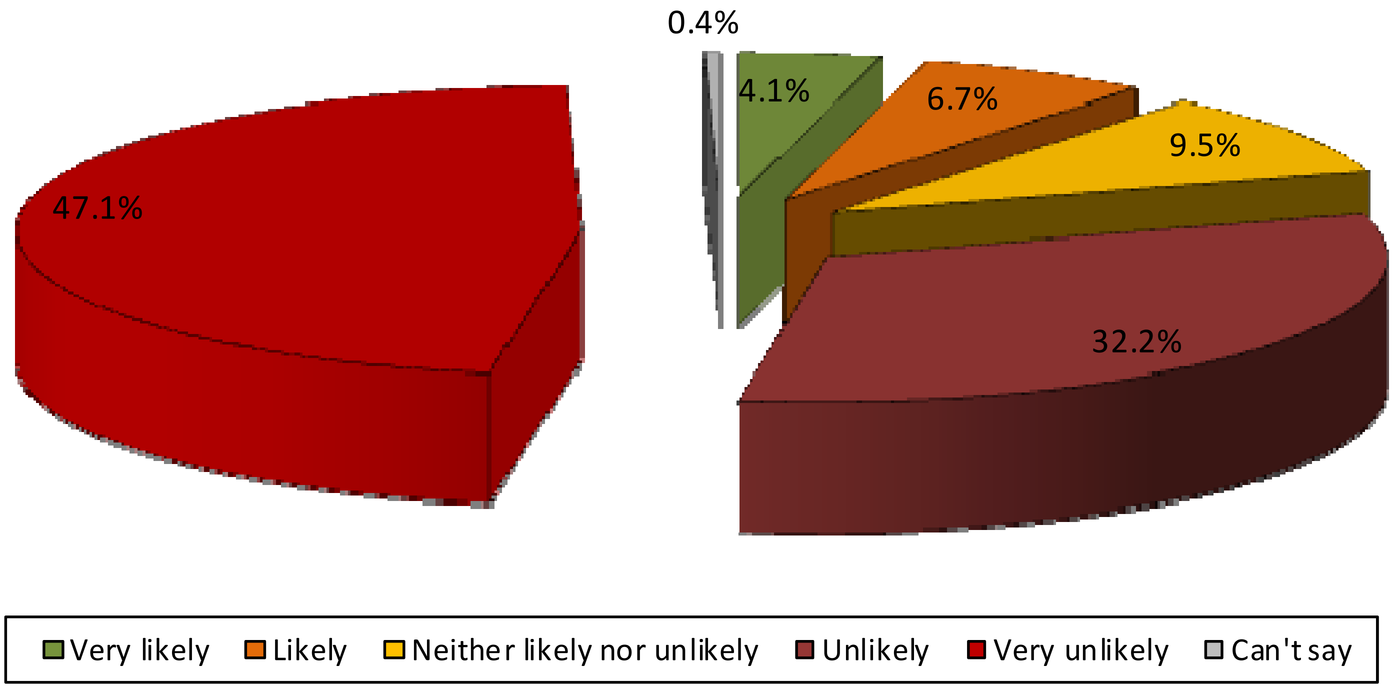
Of those who had not switched in the preceding 12 months, a little over one-quarter (25.9%) had thought about switching.



Base: Has mobile phone and has not switched mobile phone service providers in the past 12 months, n=886

Likelihood of switching

The majority (79.3%) of respondents indicated that they were unlikely to change mobile service providers in the next 12 months.



Base: Has mobile phone, n=1,025

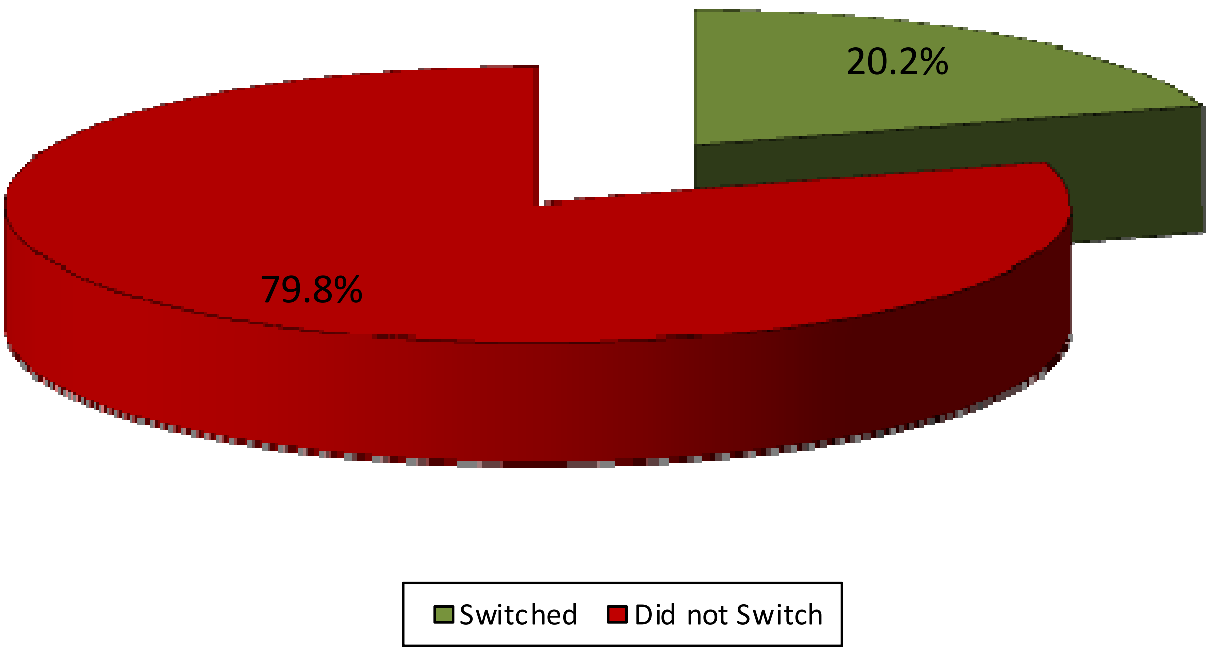
Discover your edge

Discover your *edge*

Roy Morgan Research

Intention to switch vs. actual switching

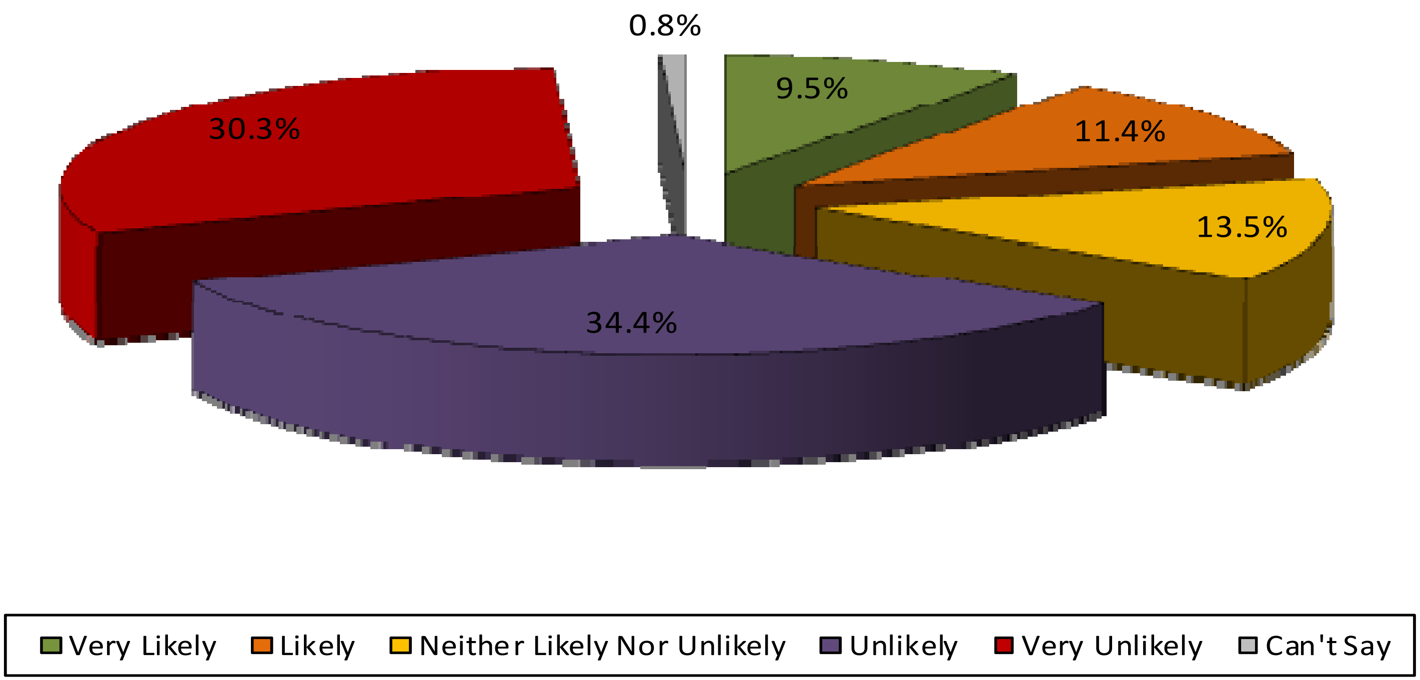
Most of respondents that said they were likely to switch did not. Of those respondents who said they were likely to switch mobile phone service providers when interviewed between May 2010 and April 2011, only 20.2% had actually switched by September 2011.



Base: Has mobile phone and stated they were likely to switch, n=110.

Intention to switch revisited

Of those respondents who indicated in the 'Single Source' survey that they were likely to switch, but had not switched by the time of the customised survey, 64.7% indicated that they were then unlikely to switch in the next 12 months. *



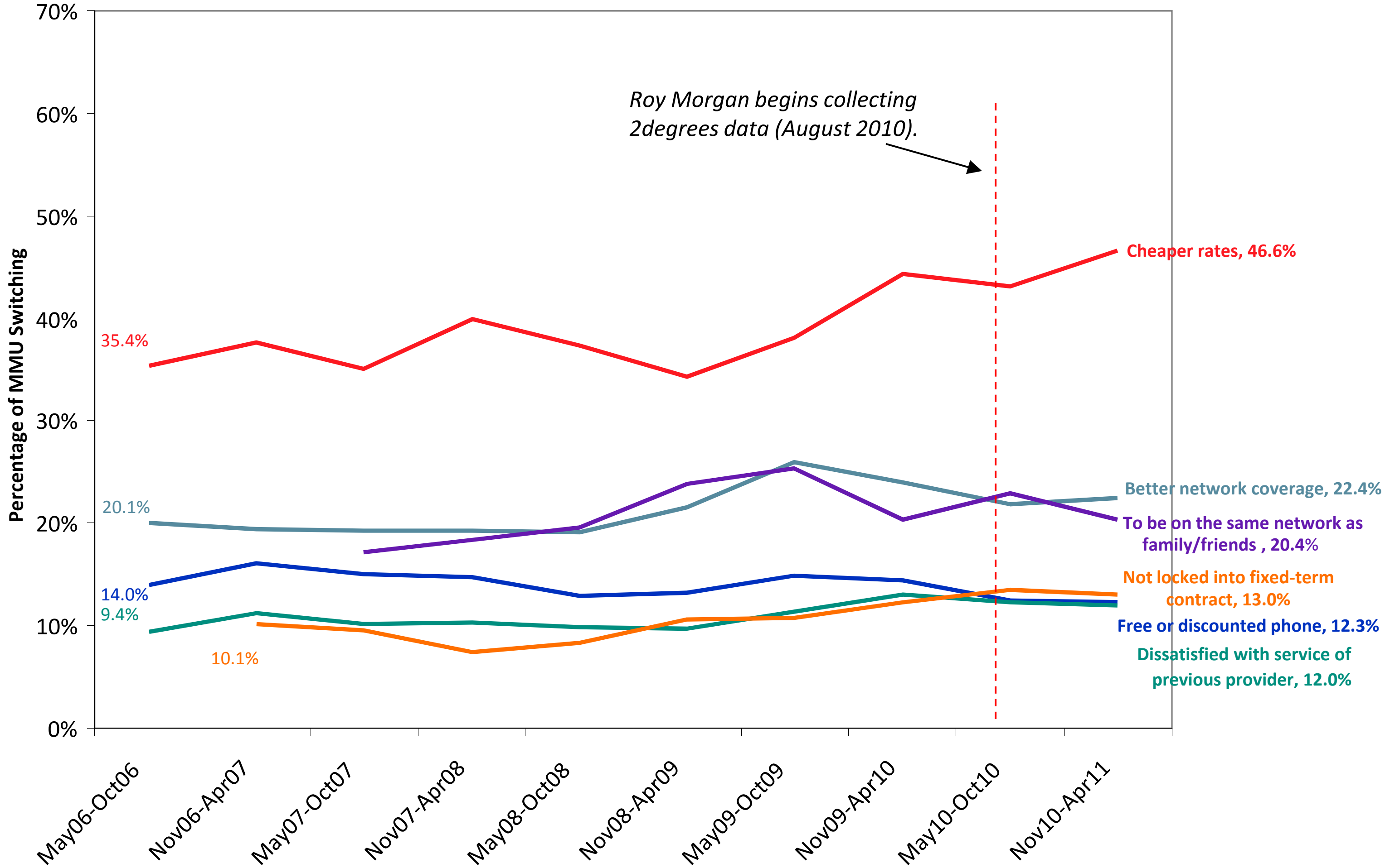
* The 'Single Source' survey asked about intention of switching without stipulating a defined time period, whereas the customised survey specified a time period of 12 months for switching.

Base: Has mobile phone stated they were likely to switch, but didn't n=130

Roy Morgan Research

Reasons for switching mobile – (May 2006 – April 2011)

Obtaining 'cheaper rates' was consistently the most cited reason for switching over the period from May 2006 to April 2011.

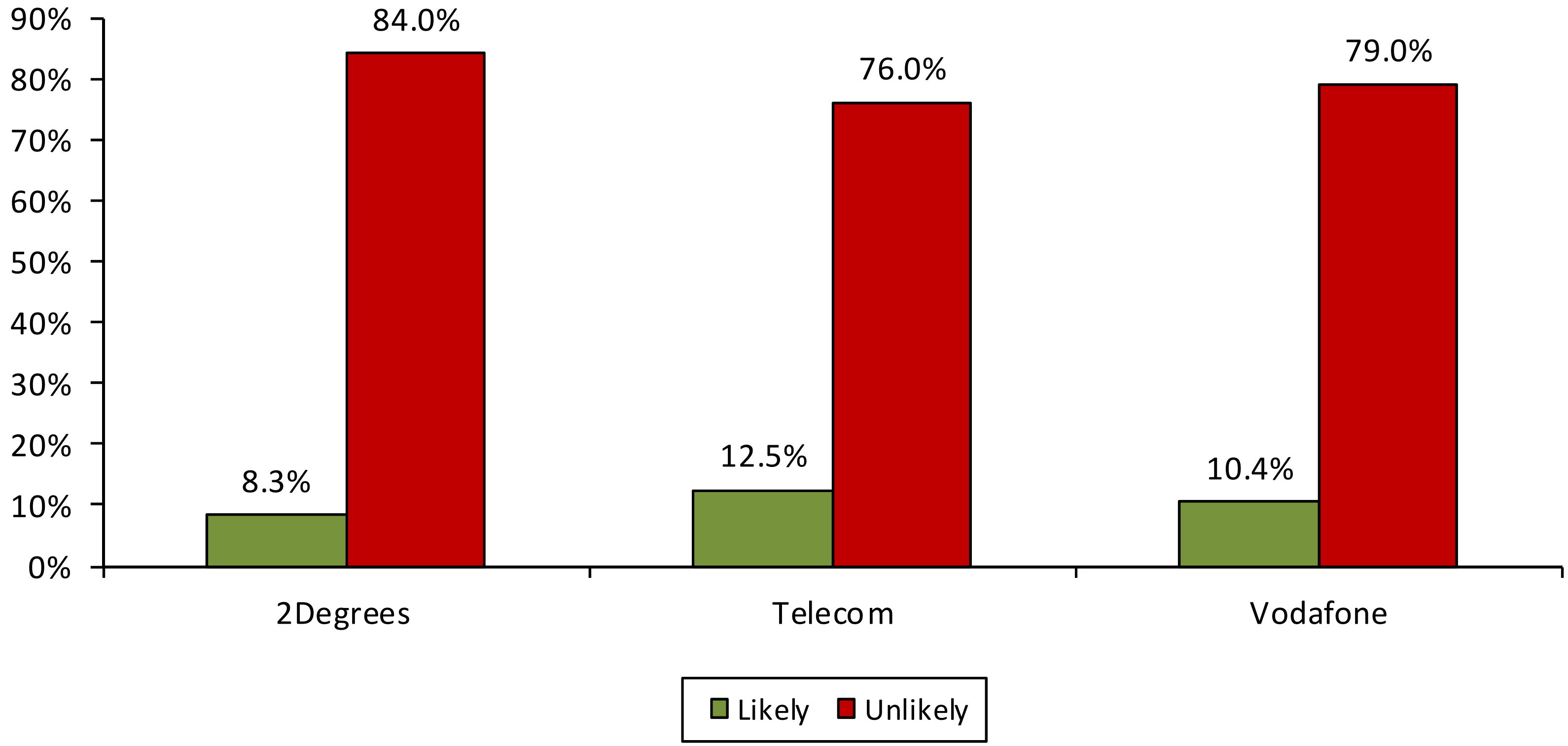


Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source data: Main Mobile User & Switched Provider Aged 14+ (May 2006 – April 2011), n=14,882

Likelihood of switching – by mobile service provider

Likeliness to switch in the next 12 months was found to be low across the three main service providers. 2degrees' customers were less likely to switch in the next 12 months.



Note: percentages do not add up to 100% because "neither likely nor unlikely" and "can't say" responses are not included in this graph.

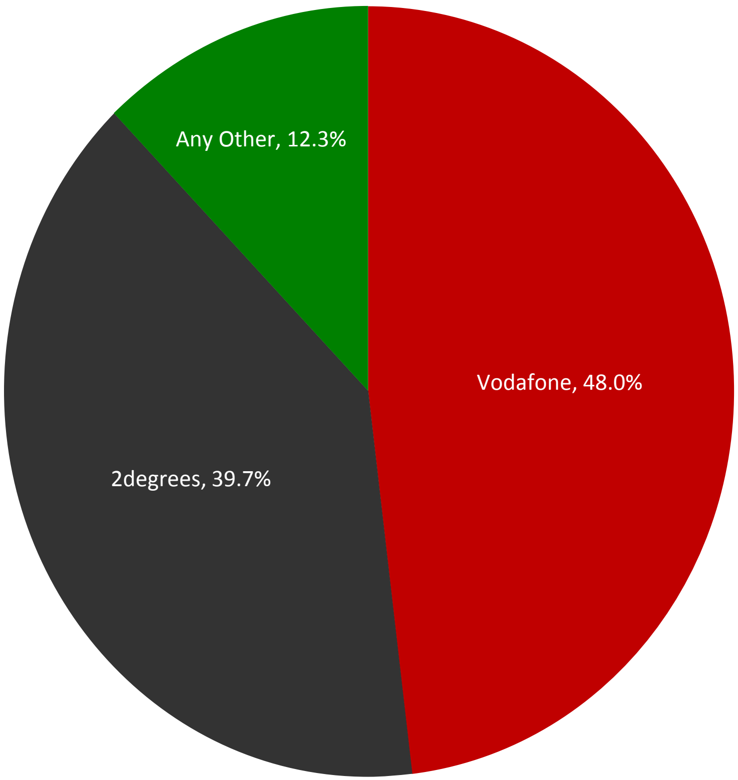
Base: Has mobile phone and has not switched in the past 12 months, n=886

Roy Morgan Research

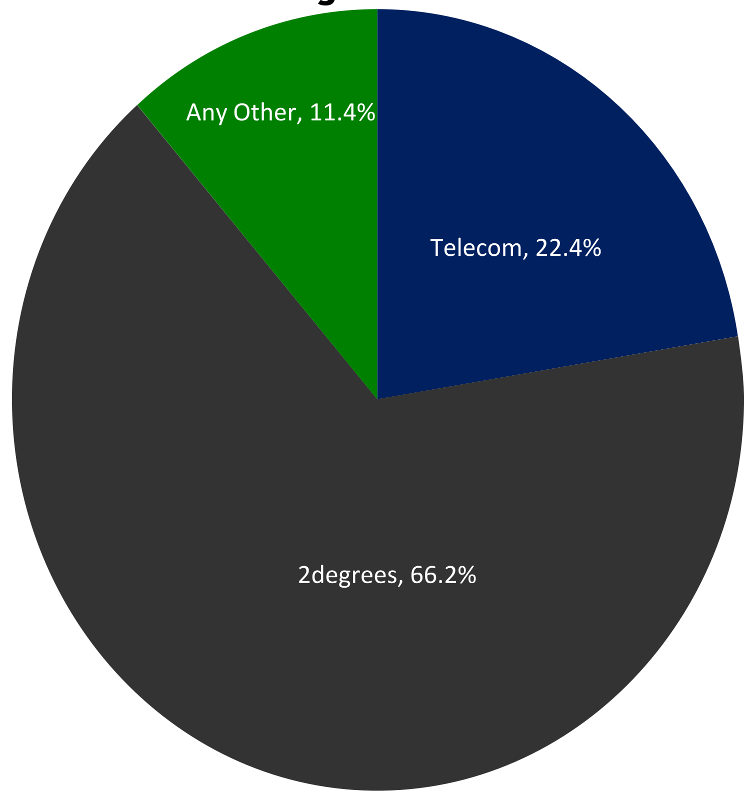
Switching by service provider* (November 2010 – April 2011)

Discover your *edge*

Switching from Telecom to...



Switching from Vodafone to...



E.g. 48.0% of those who switched from Telecom in the past 12 months, switched to Vodafone.

* 2degrees is not charted because insufficient data was available.

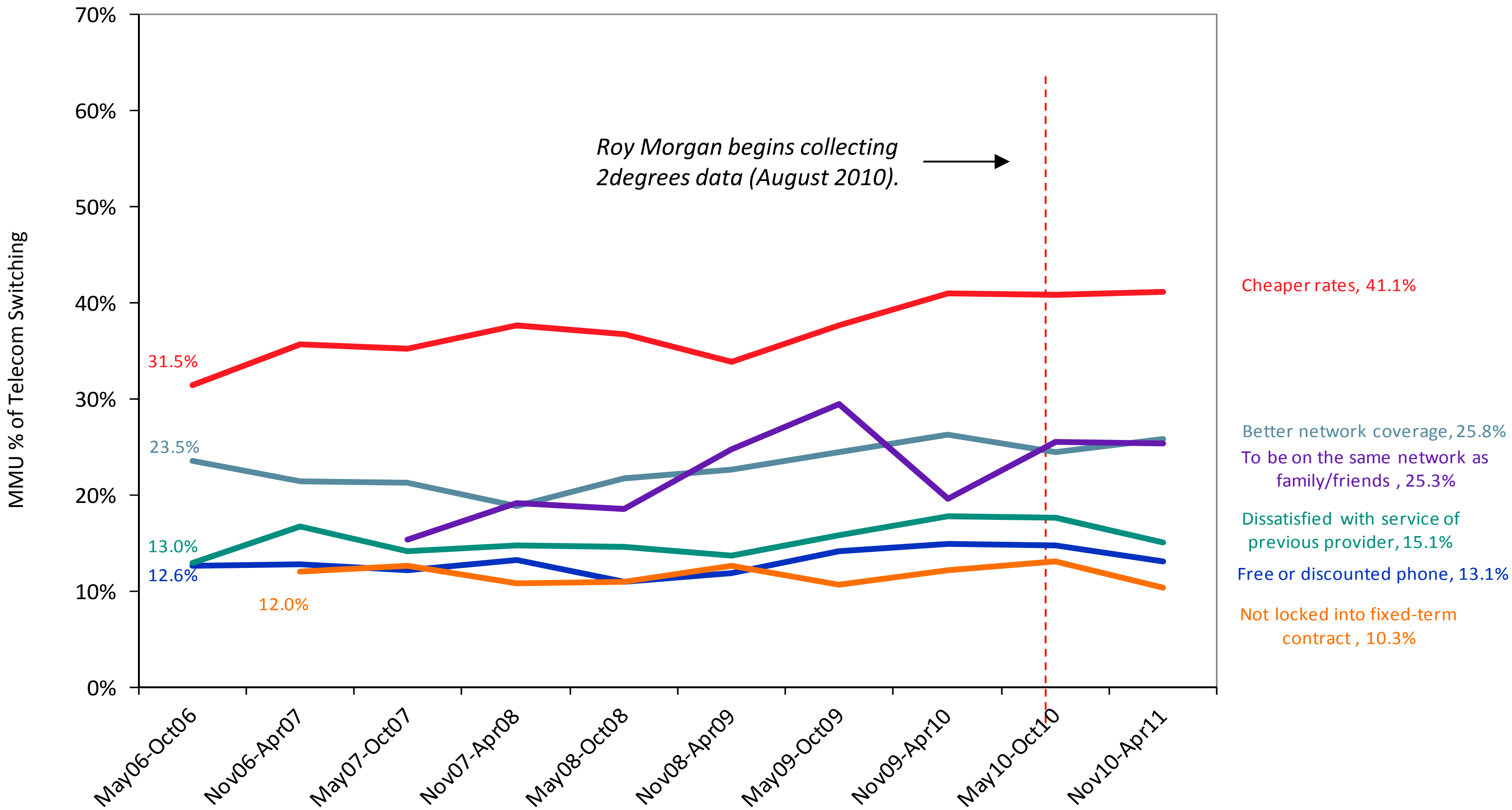
Base: Main Mobile User & Switched Provider Aged 14+ (November 2010 – April 2011), n=580

Roy Morgan Research

Discover your edge

Reasons for Switching from Telecom (May 2006 – April 2011)

The most cited reason for having switched from Telecom over the 5 years to April 2011 was to obtain cheaper rates.



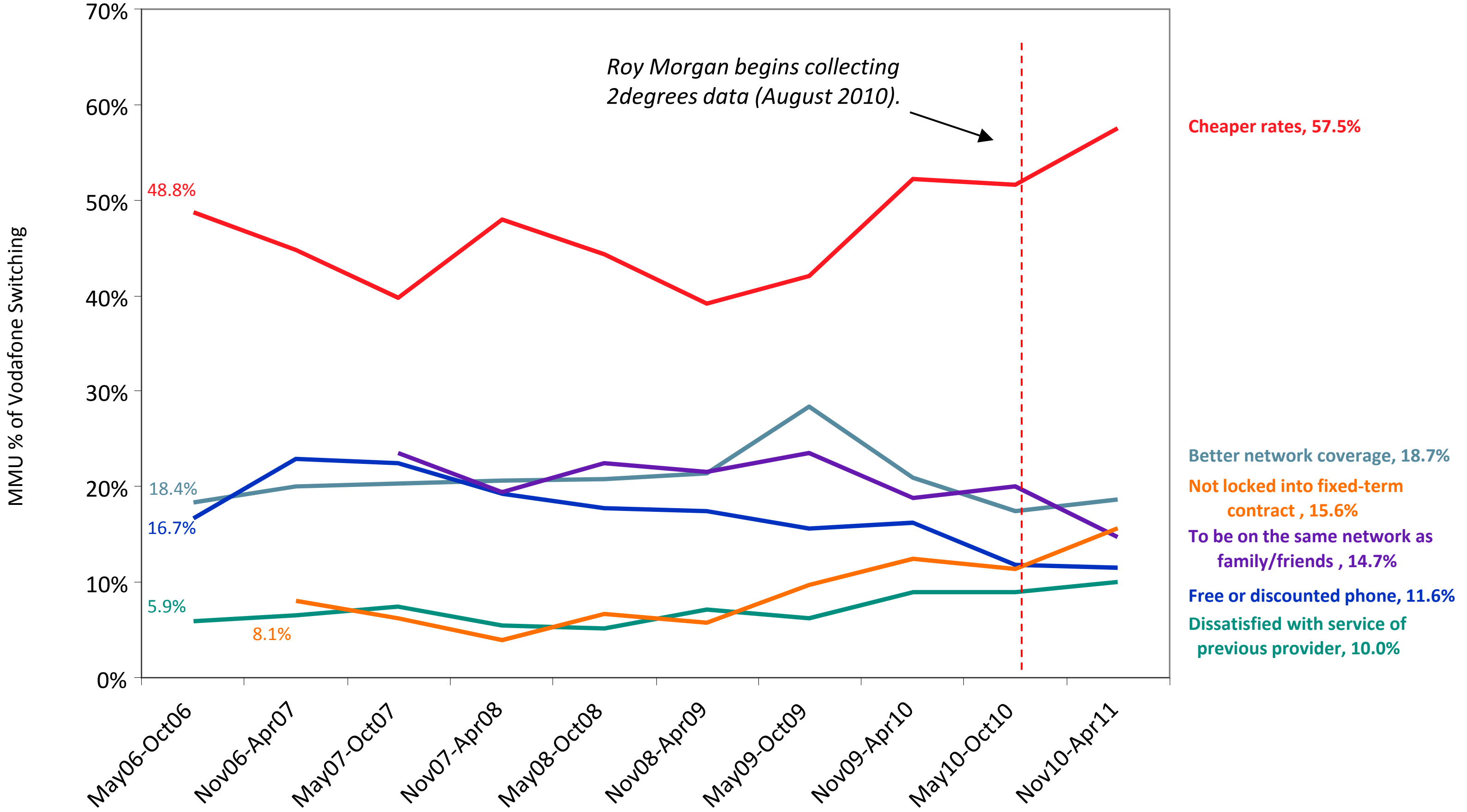
E.g. 41.1% of NZ main mobile users aged 14+ that switched from Telecom did so because of cheaper rates.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User & Switched From Telecom Aged 14+ (May 2006 – April 2011). n=7,227

Reasons for switching <u>from</u> Vodafone (May 2006 – April 2011)

The most cited reason for having switched from Vodafone over the 5 years to April 2011 was also to obtain cheaper rates.



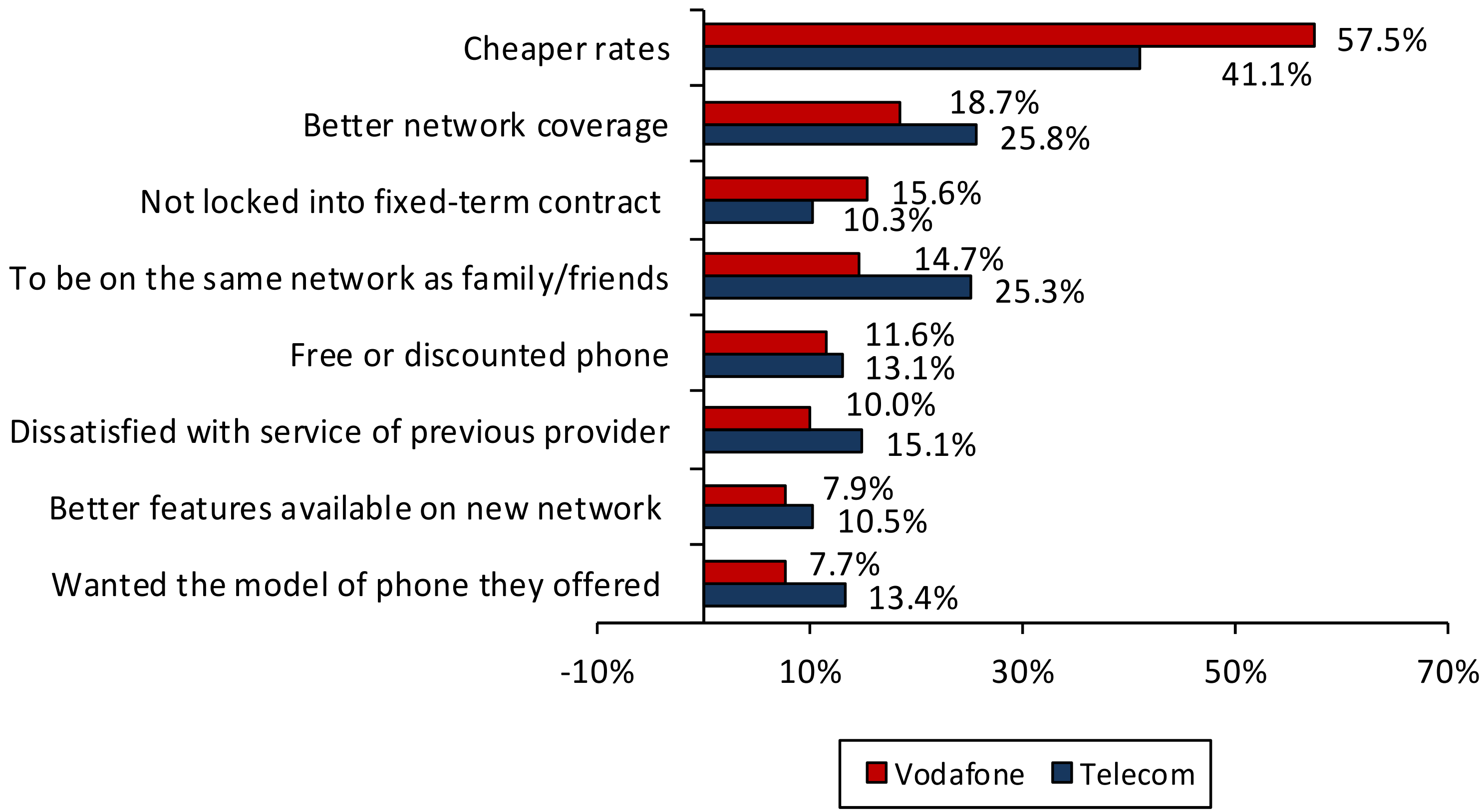
E.g. 57.5% of NZ main mobile user saged 14+ that switched from Vodafone did so because of cheaper rates.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User & Switched From Vodafone Aged 14+ (May 2006 – April 2011), n=5,558

Reasons for switching from Telecom and Vodafone (November 2010 – April 2011) (1)

'Cheaper rates' and 'not being locked into a fixed term contract' were mentioned as reasons for switching more often by ex-Vodafone respondents than ex-Telecom respondents. 'Better network coverage 'and 'to be on the same network as family and friends' was mentioned more by ex-Telecom respondents than ex-Vodafone respondents.



E.g. 57.5% of NZ main mobile users aged 14+ that switched from Vodafone had done so because of cheaper rates.

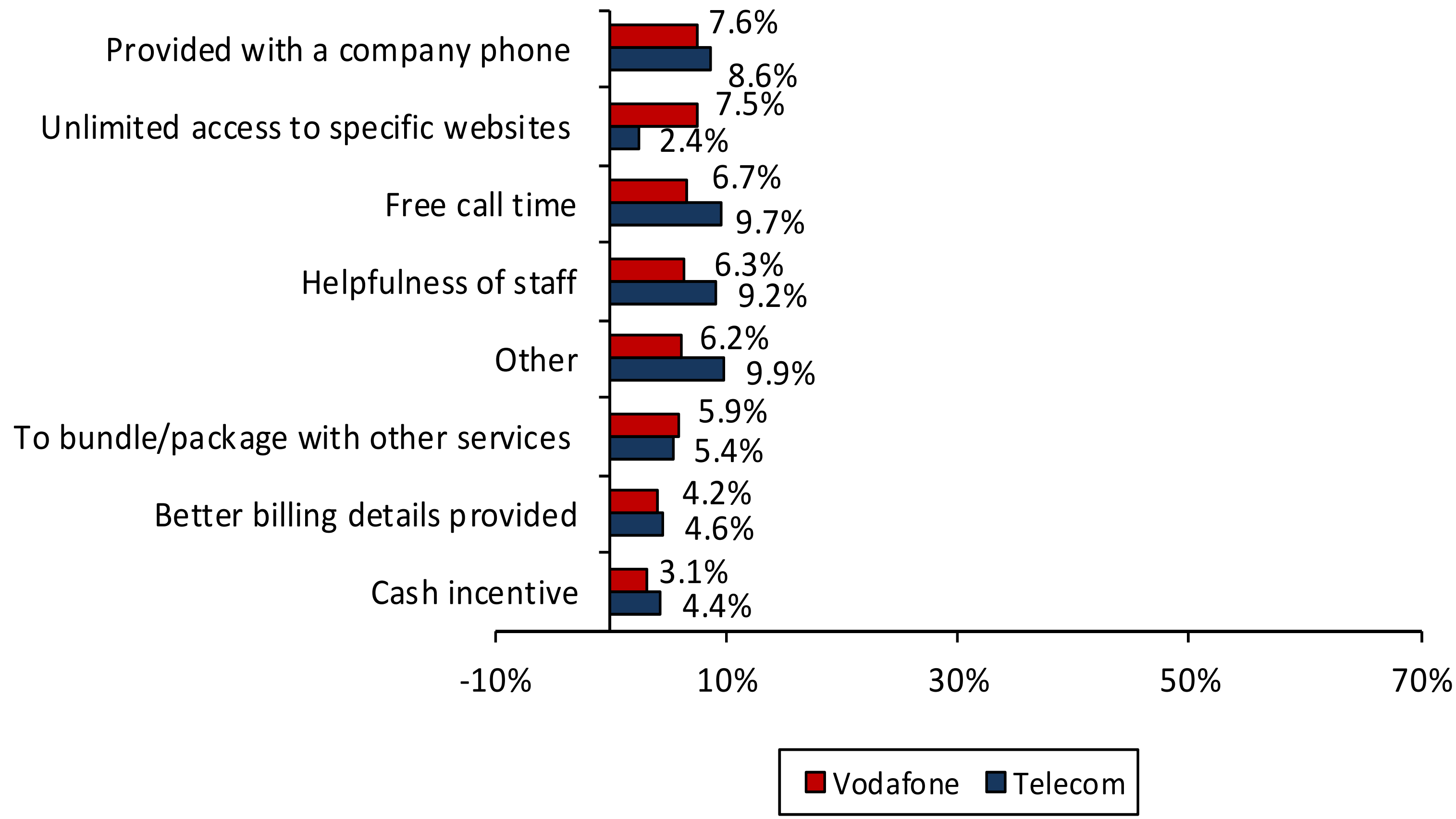
Note: percentages do not add up to 100% because multiple responses were permitted.

Note: 2degrees is absent from this graph due to a low sample size.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011). & Switched From Telecom n=788. Vodafone n=759.

Reasons for switching from Telecom and Vodafone (November 2010 – April 2011) (2)

Discover your edge

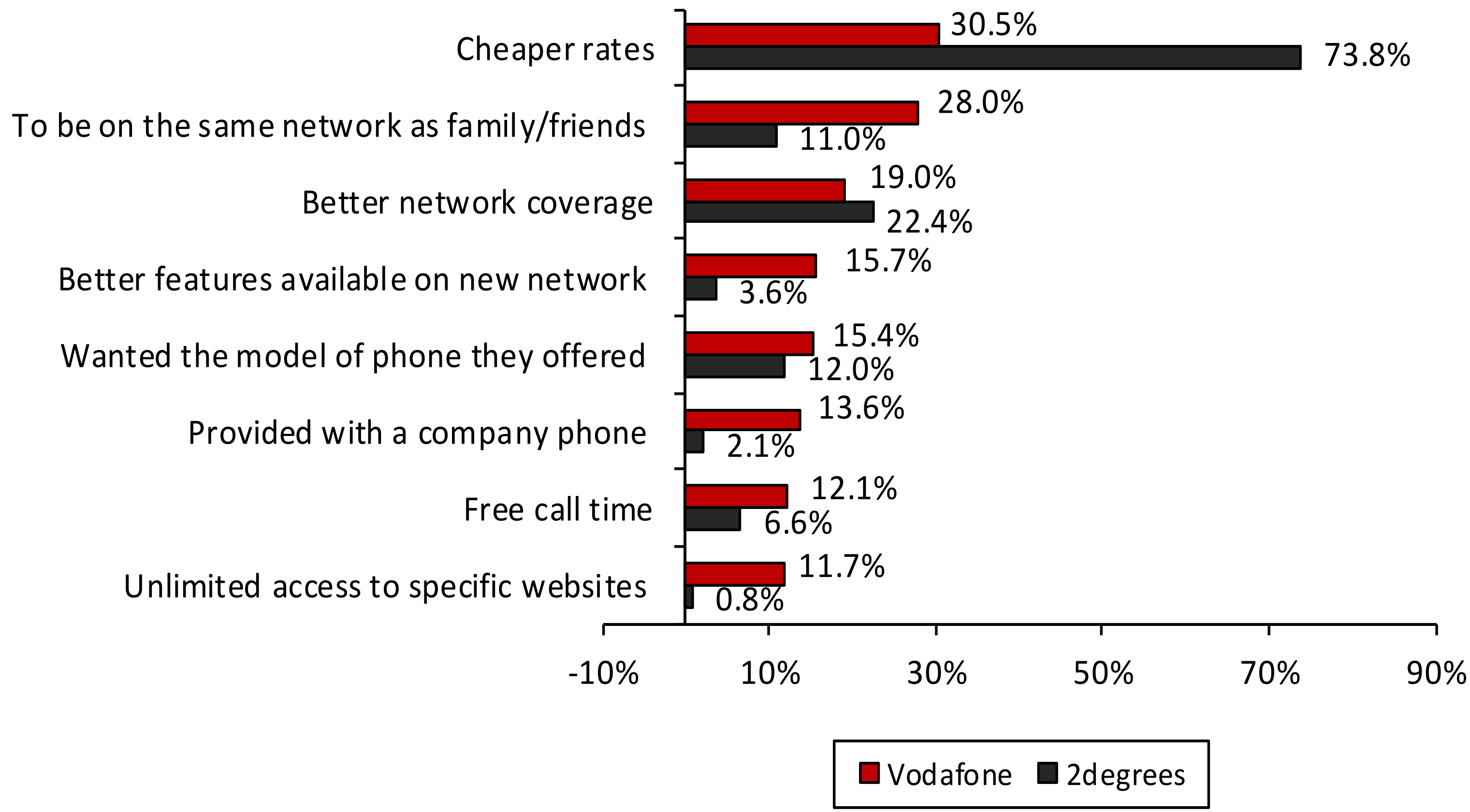


Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011), & Switched From Telecom n=788, Vodafone n=759.

Reasons for switching from Telecom to Vodafone or 2 Degrees (November 2010 – April 2011) (1)

Cheaper rates was the key driver for respondents switching from Telecom to 2degrees. Cheaper rates and 'to be on the same network as family and friends' were cited as the leading reasons for switching from Telecom to Vodafone.

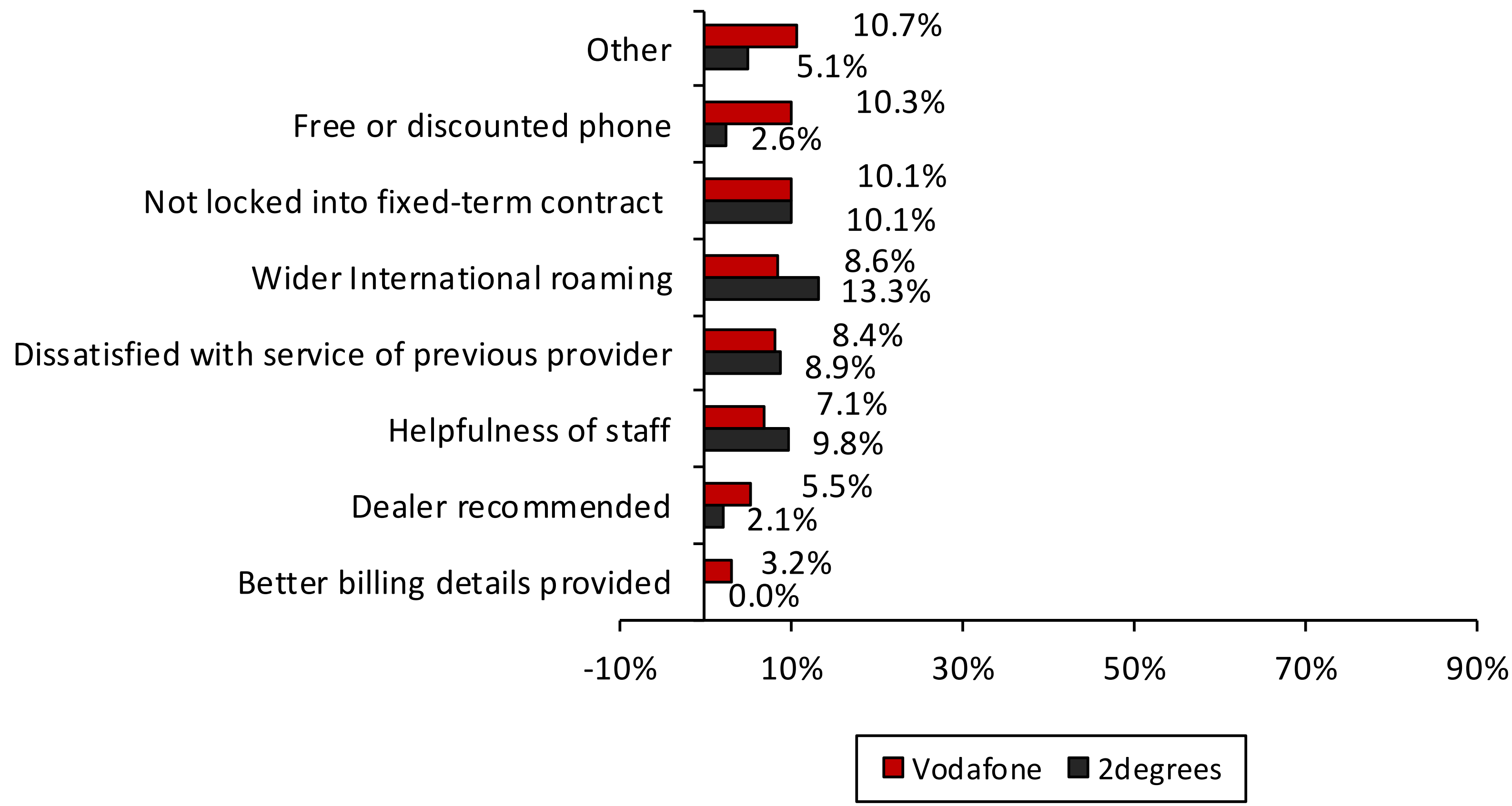


E.g. 73.8% of NZ main mobile users aged 14+ that switched from Telecom to 2 Degrees in the past 12 months indicated that they did so for cheaper rates.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011) & Switched from Telecom to Vodafone n=120, to 2degrees n=88.

Reasons for switching from Telecom to Vodafone or 2 Degrees (November 2010 – April 2011) (2)



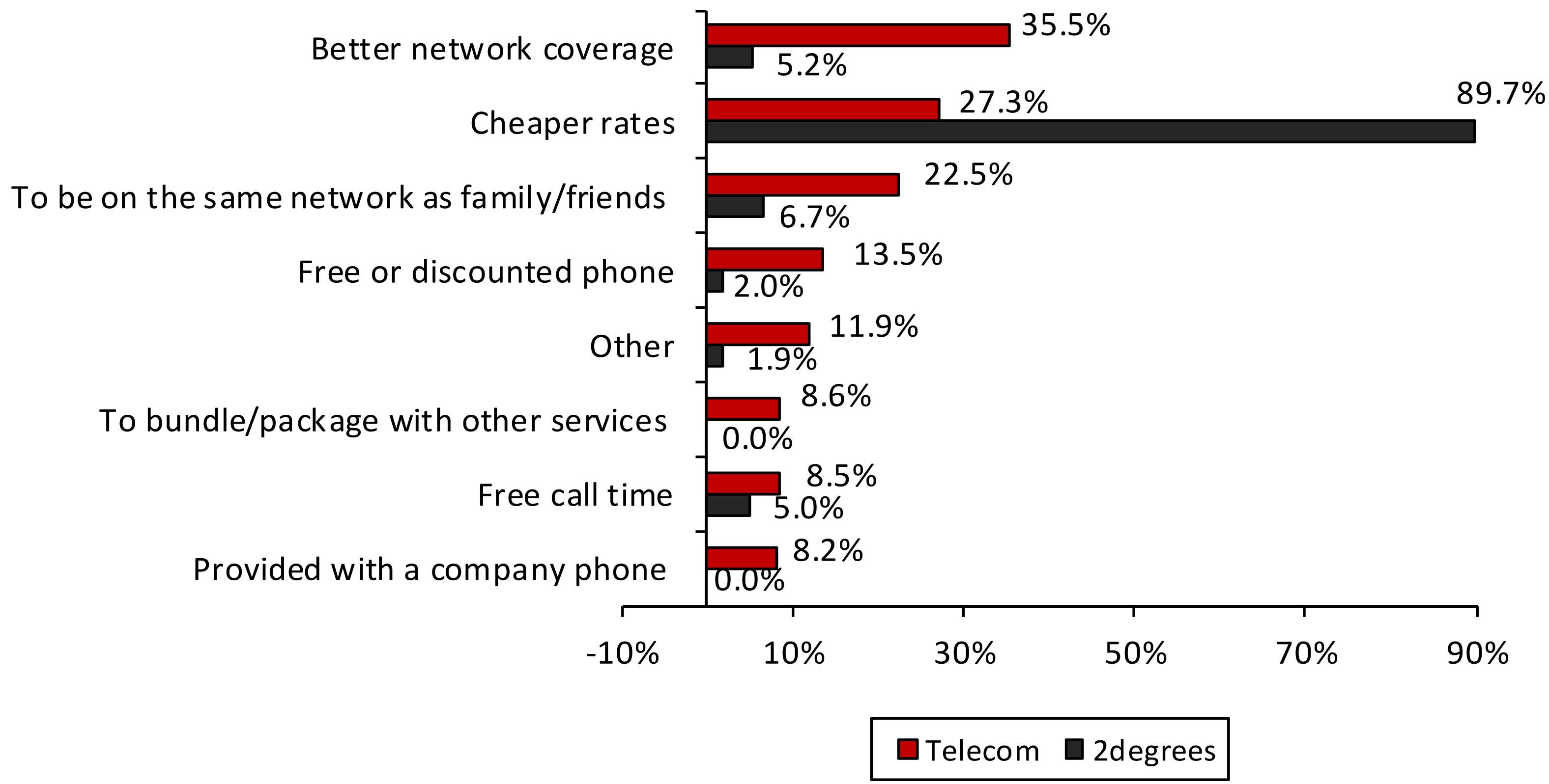
E.g. 10.3% of NZ main mobile users aged 14+ that switched from Telecom to Vodafone in the past 12 months indicated that they did so for a free or discounted phone.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011) & Switched from Telecom to Vodafone n=120, to 2degrees n=88.

Reasons for switching from Vodafone to Telecom or 2 Degrees (November 2010 – April 2011) (1)

Cheaper rates was the leading reason by far in switching from Vodafone to 2degrees. The leading reasons given for switching from Vodafone to Telecom were to obtain better network coverage, cheaper rates, and to be on the same network as family and friends.



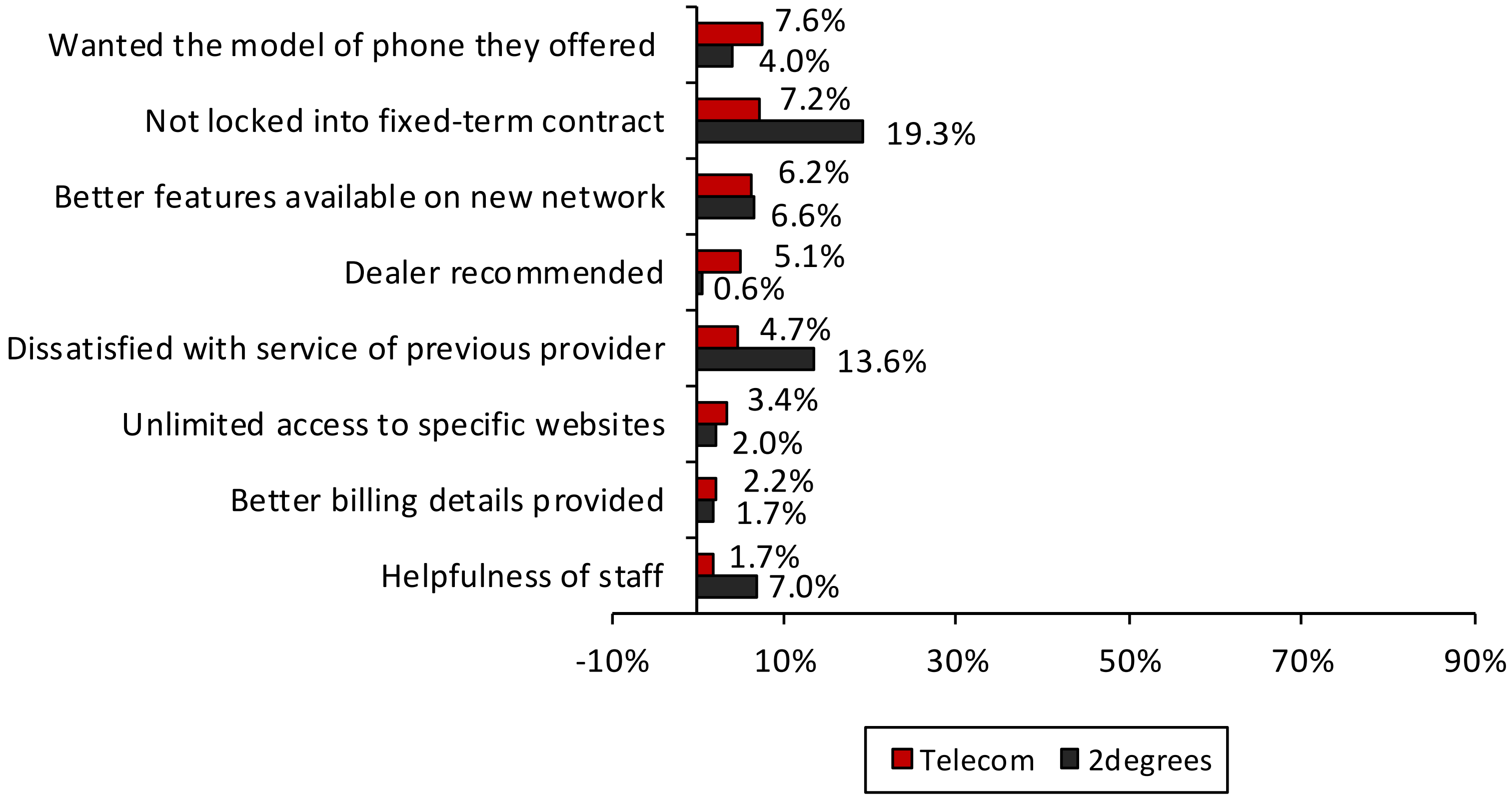
E.g. 89.7% NZ main mobile users that switched from Vodafone to 2degrees in the past 12 months did so for cheaper rates.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011) & Switched From Vodafone to Telecom n=73 and to 2degrees n=182

Reasons for switching from Vodafone to Telecom or 2 Degrees (November 2010 – April 2011) (2)

Not being locked into a fixed-term contract, dissatisfaction with service, and helpfulness of staff in the new provider were mentioned significantly more as factors in moving from Vodafone to 2degrees than to Telecom.



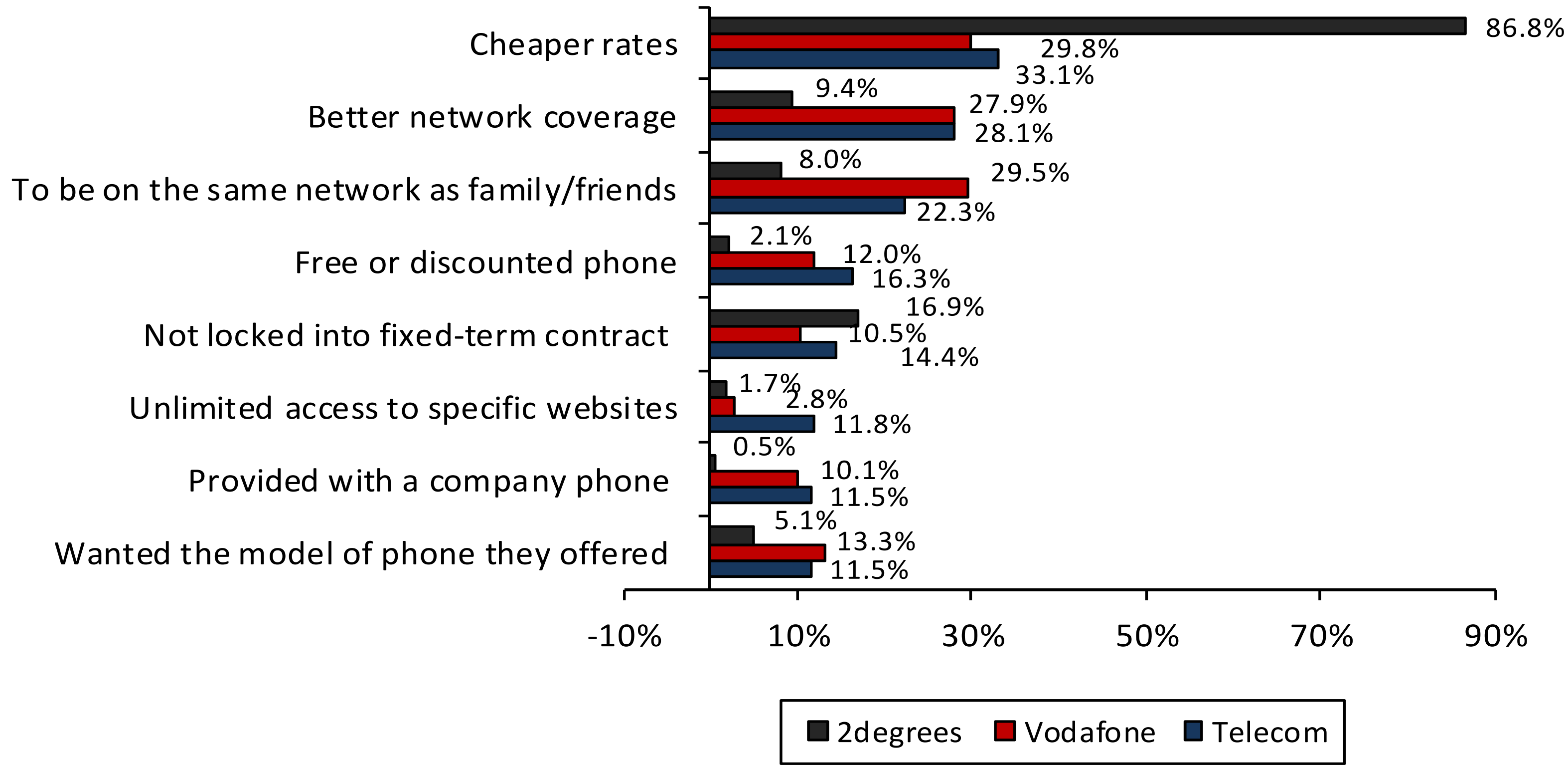
E.g. 8.2% of NZ main mobile users aged 14+ that switched from Vodafone to Telecom in the past 12 months did so because they were provided with a company phone.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011) & Switched From Vodafone to Telecom n=73 and to 2degrees n=182

Reasons for switching to 2degrees, Telecom and Vodafone (November 2010 – April 2011) (1)

'Cheaper rates' was by far as the main reason for switching to 2degrees. 'Better network coverage' and 'to be on the same network as family and friends' were most mentioned as reasons for switching to Telecom and Vodafone.

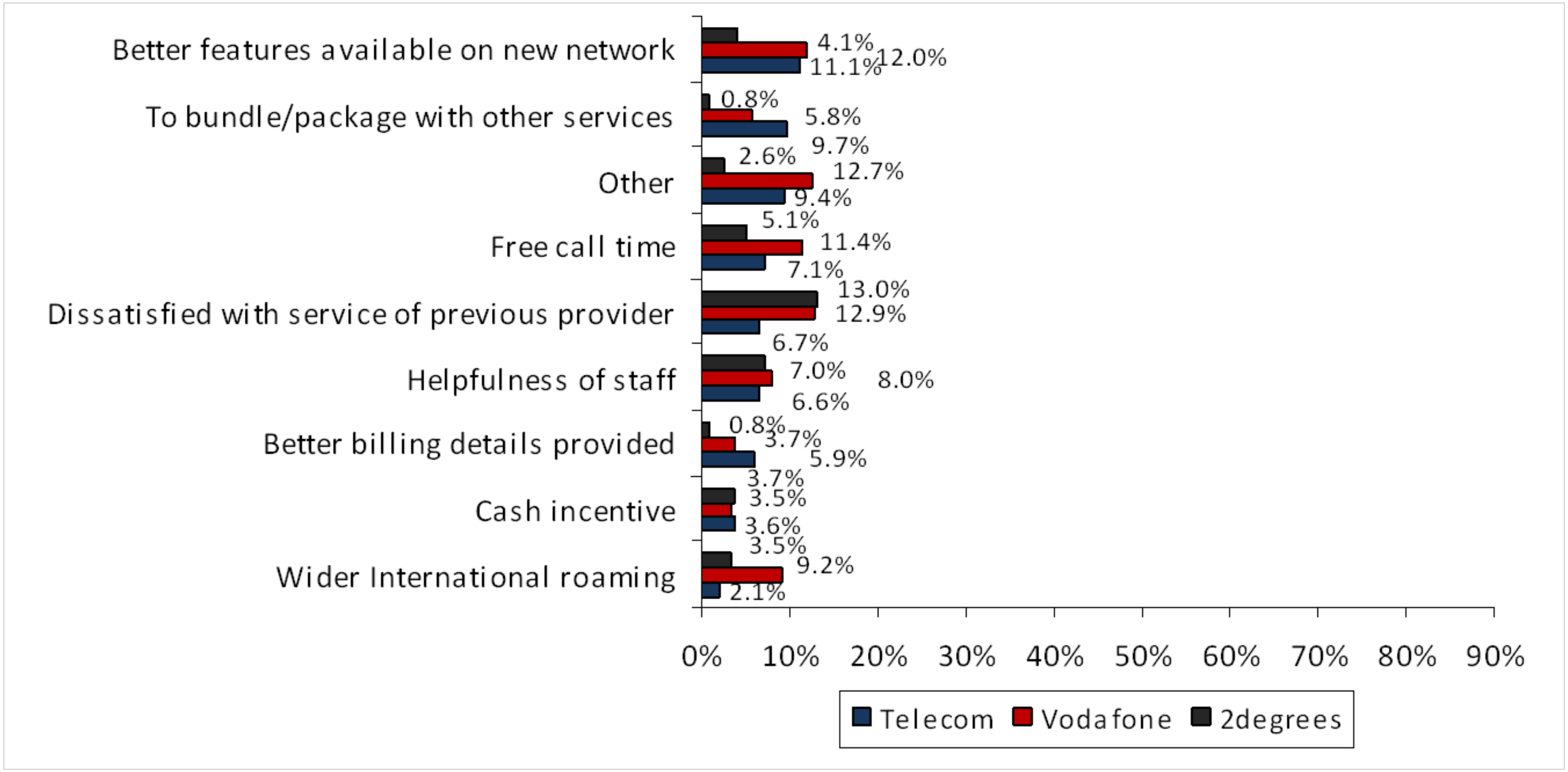


E.g. 86.8% of NZ main mobile users aged 14+ that switched mobile phone service providers and switched to 2degrees did so because of cheaper rates.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011) & Switched to 2degrees n=397, to Telecom n=503, to Vodafone n=715

Reasons for Switching to 2degrees, Telecom and Vodafone (November 2010 – April 2011) (2)



E.g. 13.0% of NZ main mobile population aged 14+ who have switched mobile phone service providers and switched to 2degrees, did so because they were dissatisfied with the service of their previous provider.

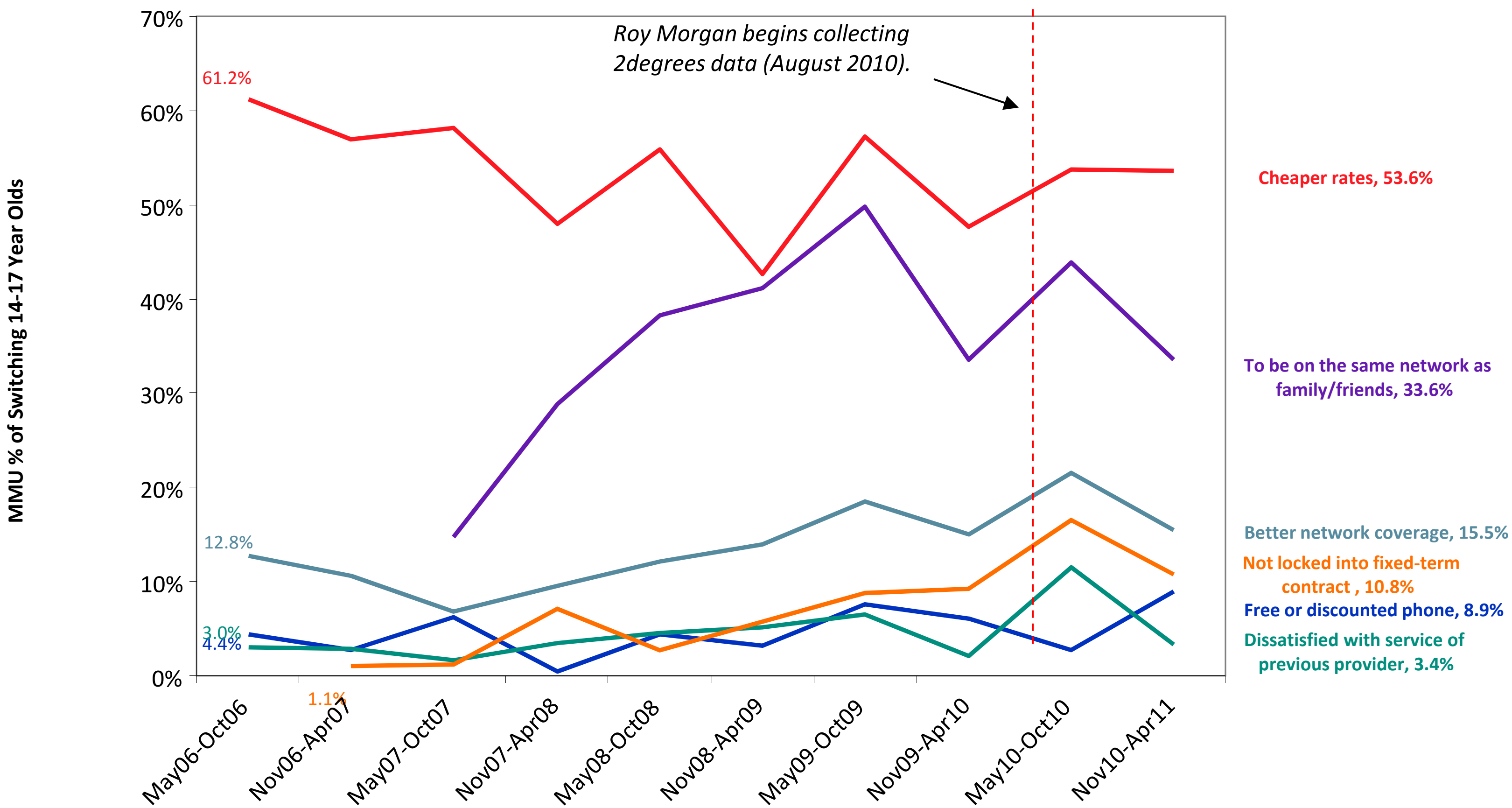
Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14+ (November 2010 – April 2011) & Switched to 2degrees n=397, to Telecom n=503, to Vodafone n=715

Roy Morgan Research

Reasons for switching – the 14-17 age group (May 2006 – April 2011)

The main reason for having switched amongst 14-17 year old respondents was for cheaper rates, although being on the same network as family and friends was also cited as an important factor.



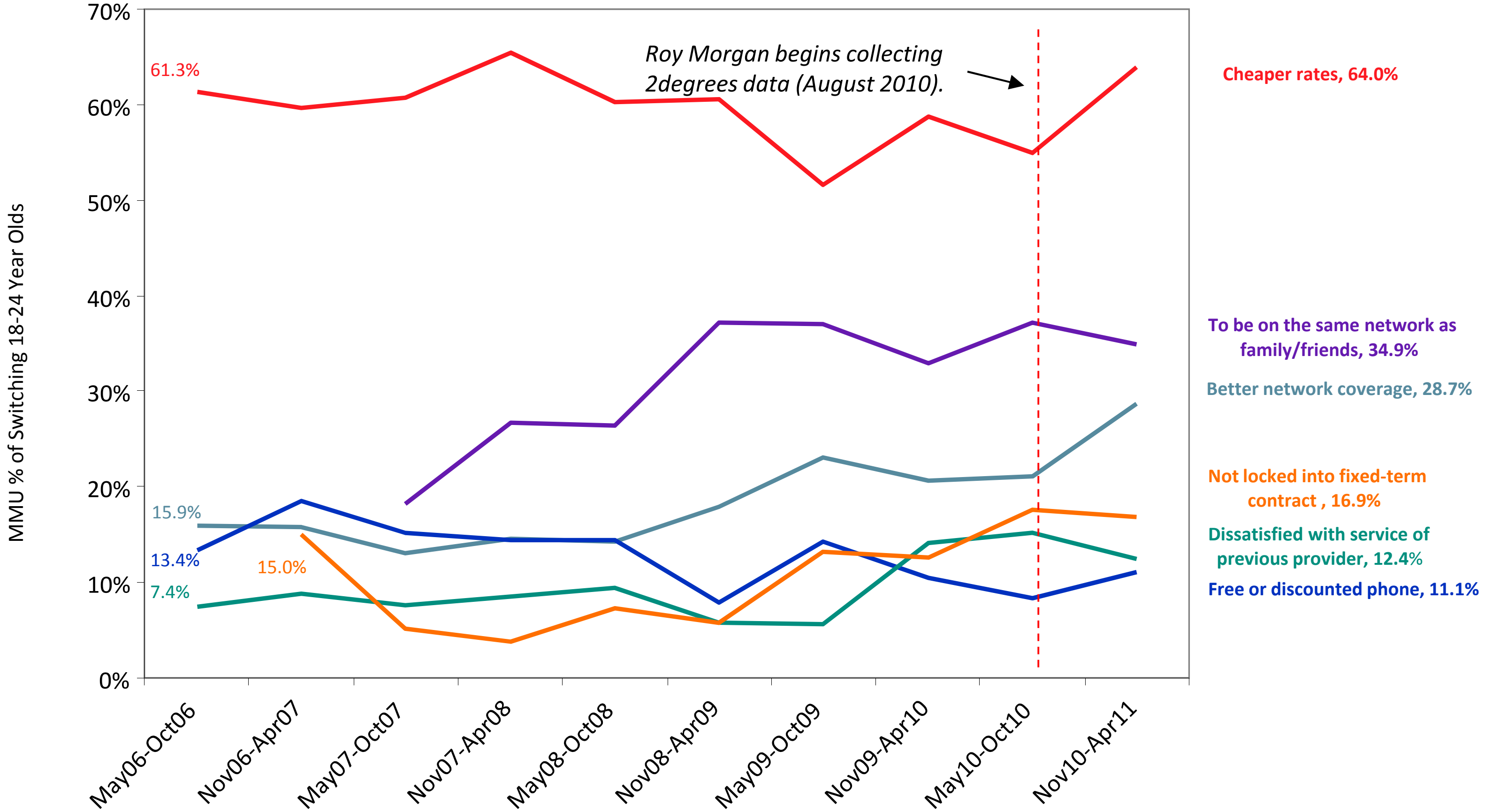
E.g. 53.6% of NZ main mobile users aged 14-17 that had switched mobile phone service providers did so because of cheaper rates.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 14-17 (May 2006 – April 2011) & Switched Provider n=977

Reasons for switching – the 18-24 age group (May 2006 – April 2011)

The main reason for having switched amongst 18-24 year olds was for cheaper rates. Being on the same network as family and friends and obtaining better network coverage also appear significant.



E.g. 64.0% of the NZ main mobile users aged 18-24 and had switched mobile phone service providers had done so because of cheaper rates.

Note: percentages do not add up to 100% because multiple responses were permitted.

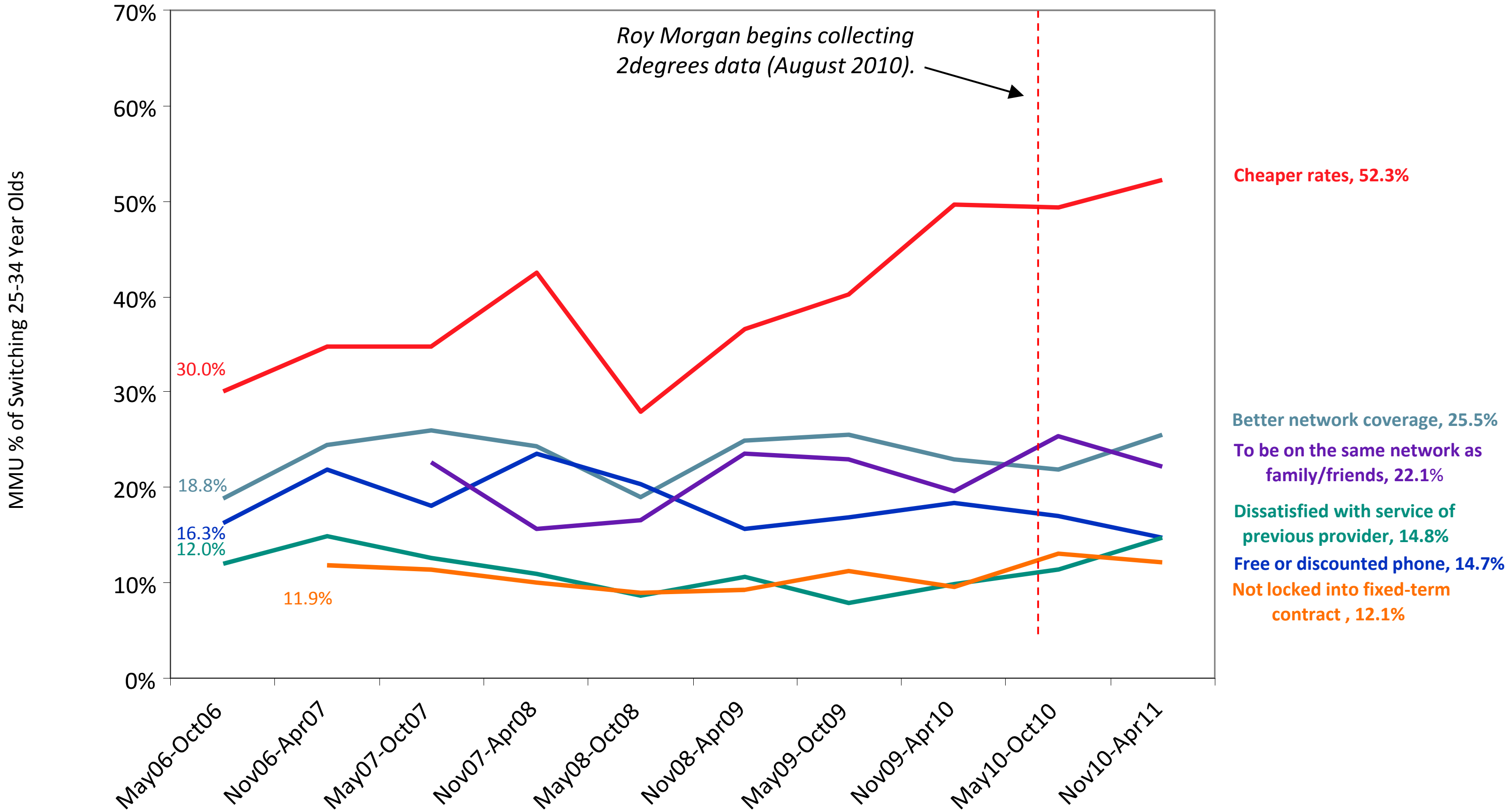
Base: Single Source: Main Mobile User Aged 18-24 (May 2006 – April 2011) & Switched Provider n=1,509

Discover your edge

Roy Morgan Research

Reasons for switching – the 25-34 age group (May 2006 – April 2011)

The most cited reason for having switched amongst 25-34 year olds was for cheaper rates.



E.g. 52.3% of main mobile users aged 25-34 that had switched mobile phone service providers had done so because of cheaper rates.

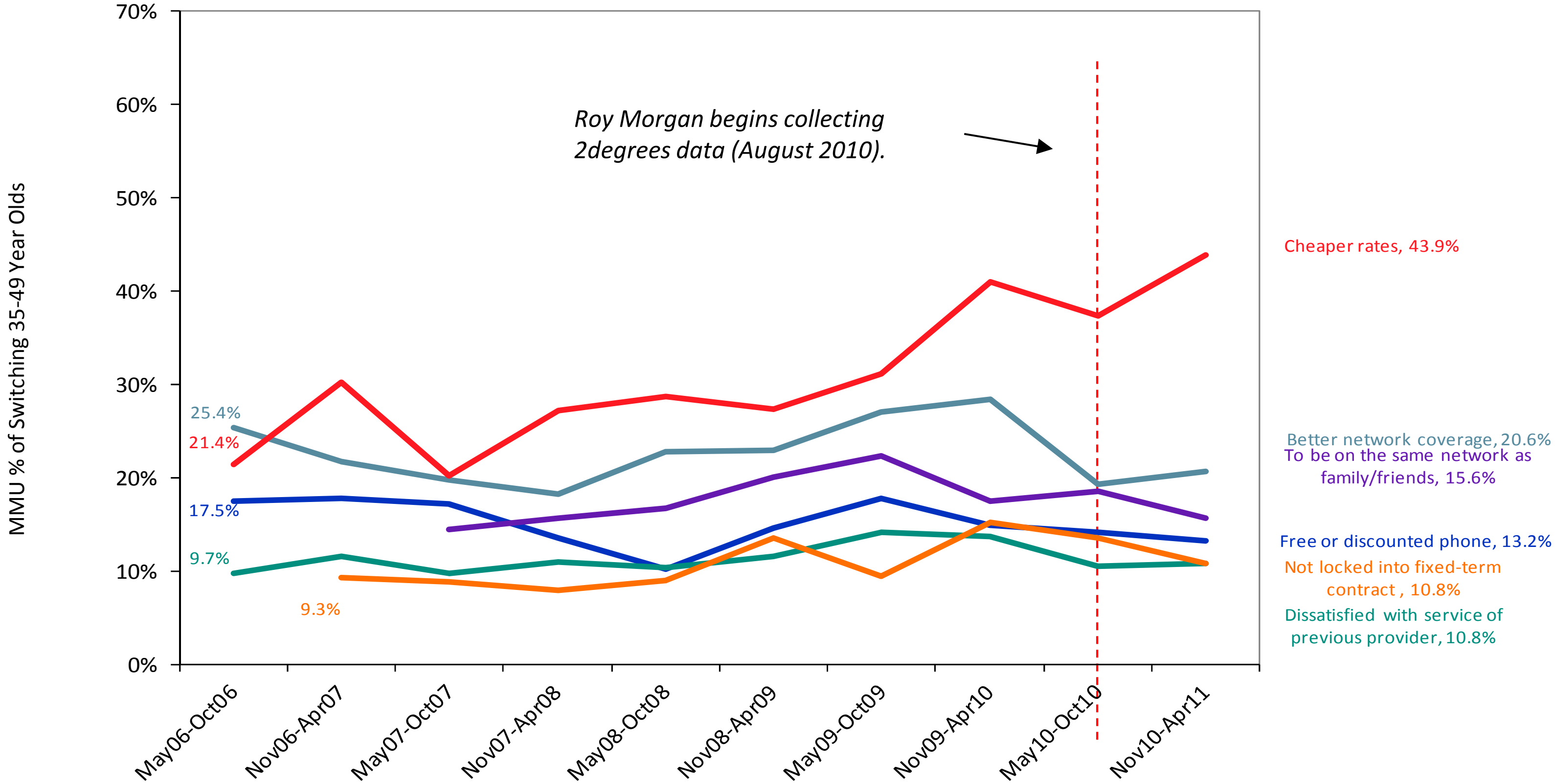
Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 25-34 (May 2006 – April 2011) & Switched Provider n=3,404

Reasons for switching – the 35-49 age group (May 2006 – April 2011)

Roy Morgan Research

The main reason for having switched amongst 35-49 year olds was for cheaper rates.



E.g. 43.9% of NZ main mobile users aged 35-49 that switched mobile phone service providers,had done so because of cheaper rates.

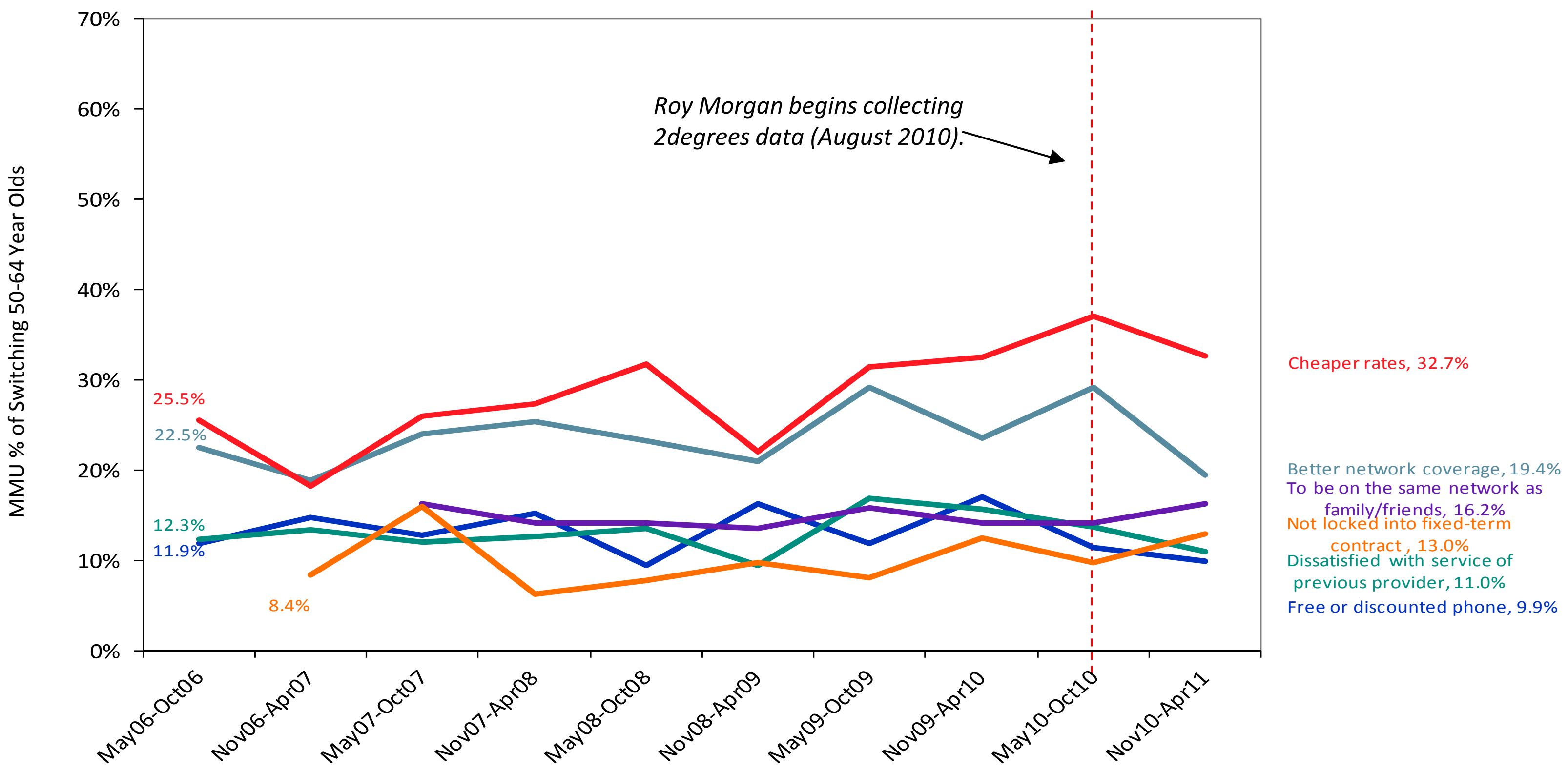
Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 35-49 (May 2006 – April 2011) & Switched Provider n=4,882

Discover your edge

Reasons for switching – the 50-64 age group (May 2006 – April 2011)

The main reason for having switched amongst 50-64 year olds was for cheaper rates. The second most common reason was better network coverage.



E.g. 32.7% of NZ main mobile users aged 50-64 that had switched mobile phone service providers had done so because of cheaper rates.

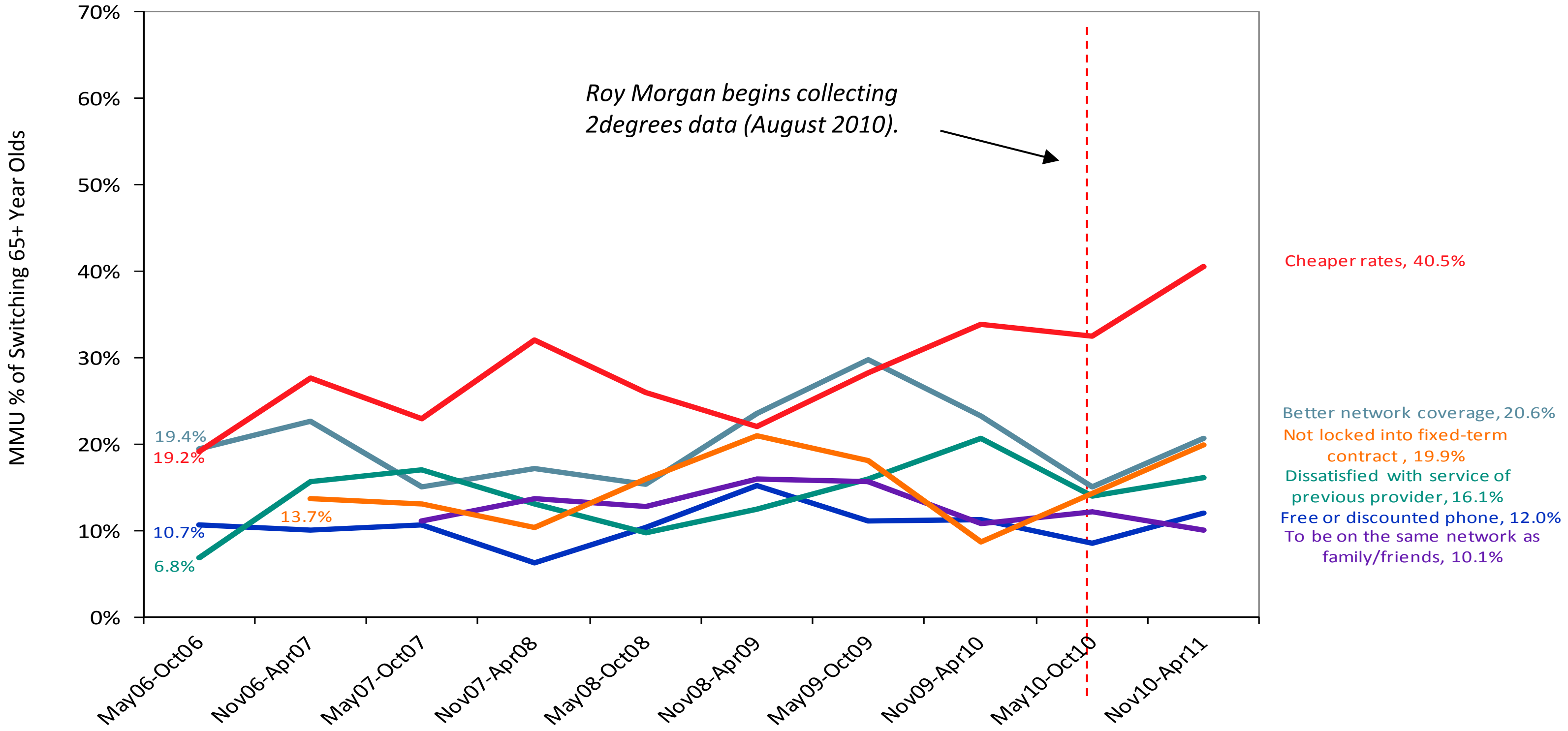
Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Main Mobile User Aged 50-64 (May 2006 – April 2011) & Switched Provider n=2,890

Discover your edge

Reasons for Switching – the 65 + age group (May 2006 – April 2011)

The main reason for having switched amongst 65+ year olds, was for cheaper rates.



E.g. 40.5% of NZ main mobile users aged 65+ that switched mobile phone service providers had done so because of cheaper rates.

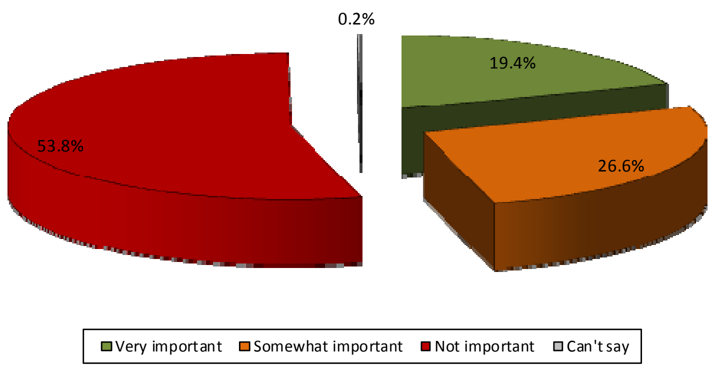
Note: percentages do not add up to 100% because multiple responses were permitted.

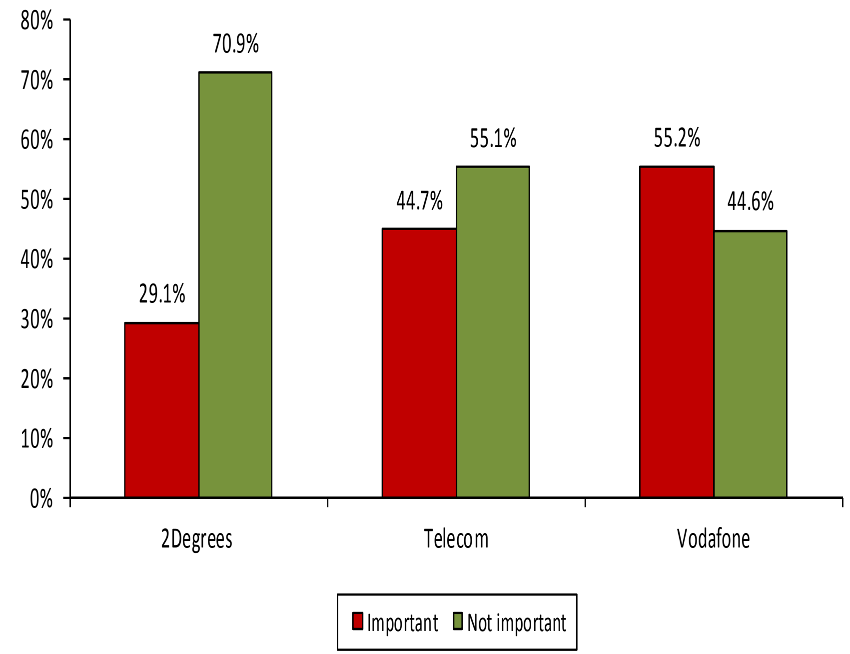
Base: Single Source: Main Mobile User Aged 65+ (May 2006 – April 2011) & Switched Provider n=1,220

Importance of being on same network as family and friends

Respondents were fairly evenly split on the importance of being on the same network as family and friends. A small majority (53.8%) of respondents indicated that it was <u>not</u> important to be on the same network as family and friends. 46% regarded being on the same network as family and friends as important.

There were significant differences by service providers with 55.1% of respondents on Vodafone considering this important whilst over 70% of respondents on 2degrees considered this not important.





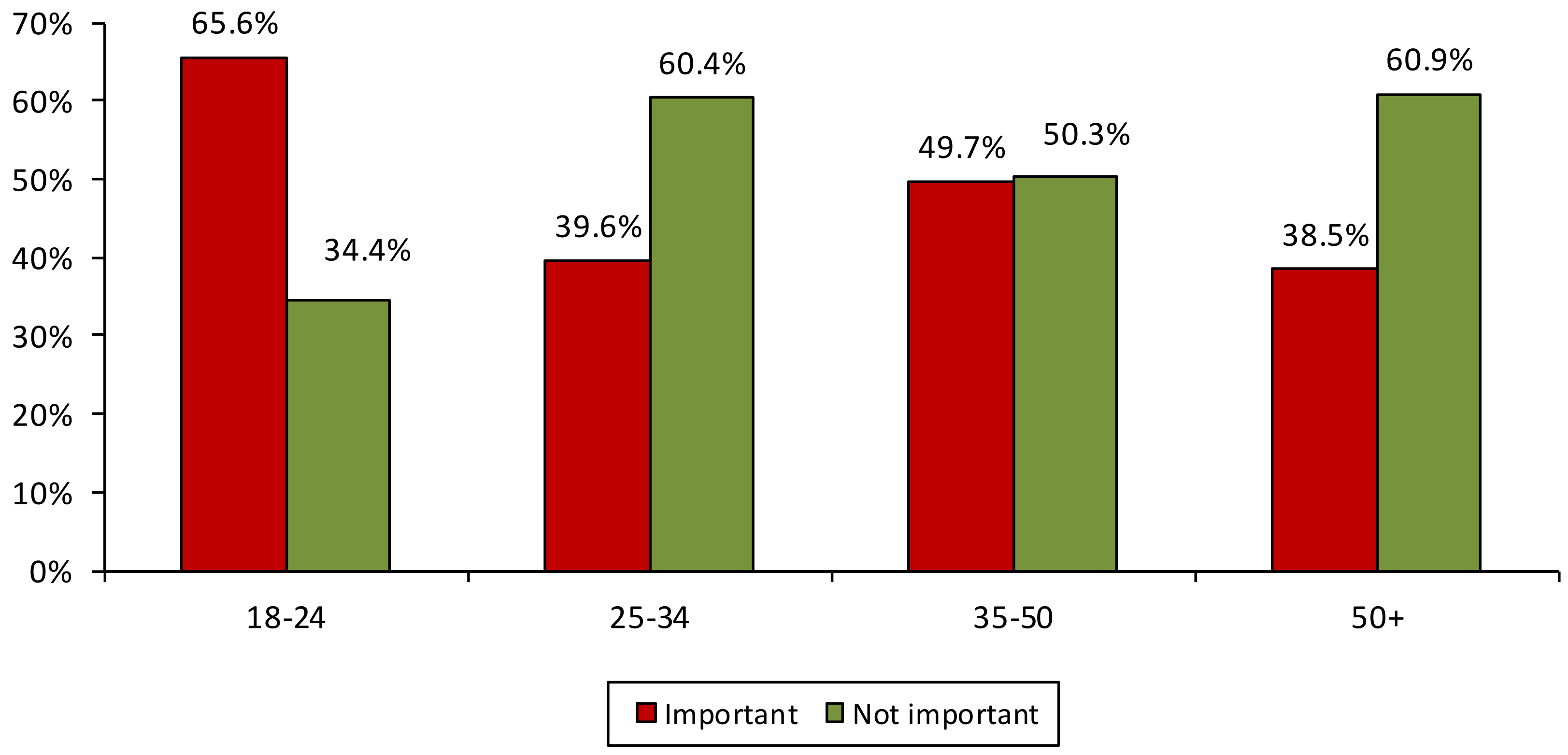
Discover your edge

Base: Has mobile phone, n=1025

Roy Morgan Research

Importance of being on the same network as family and friends – by age group

18-24 year olds place much more importance on being on the same network as family and friends compared to older age groups.



Note: percentages do not add up to 100% because “can’t say” responses are not included in this graph.

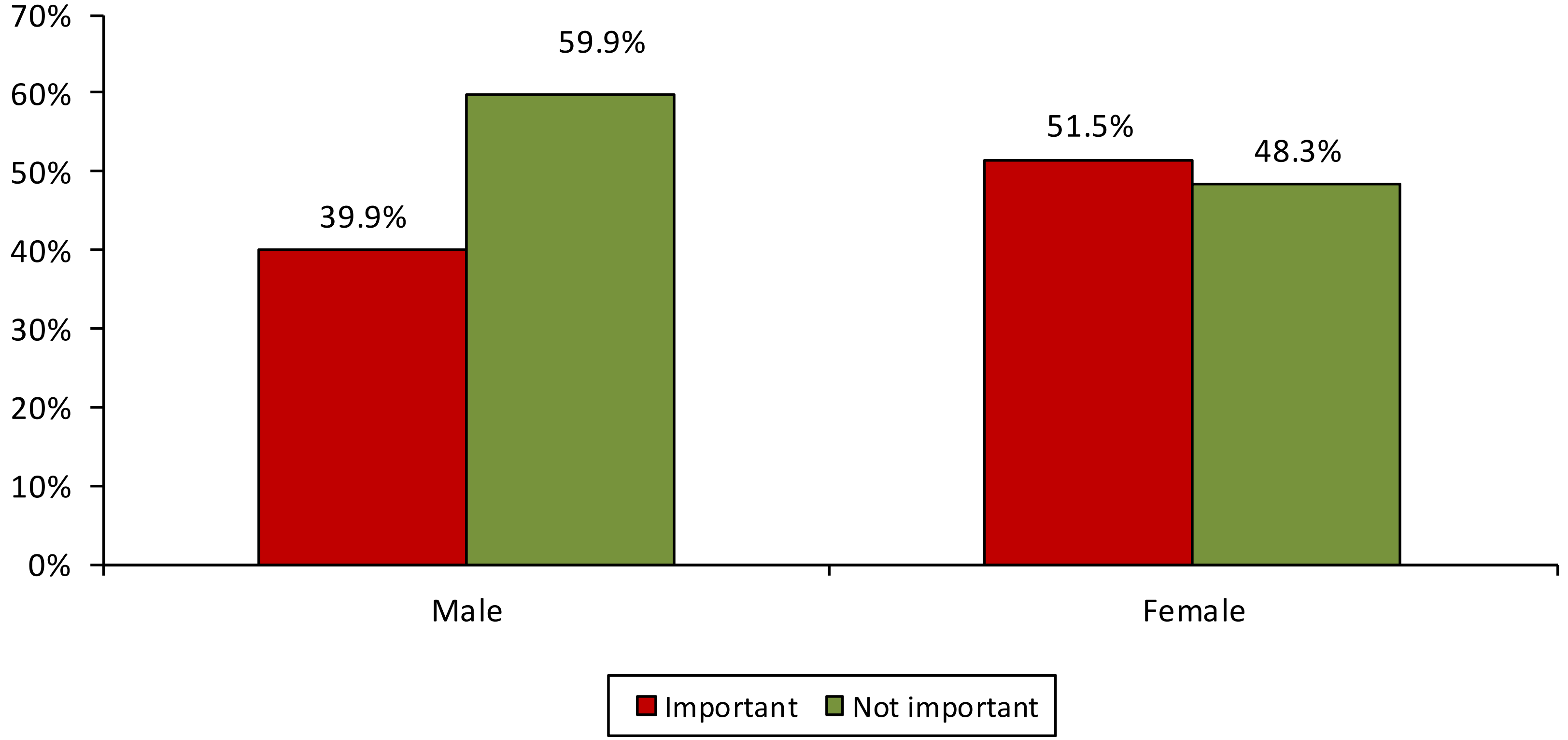
Base: Has mobile phone n=1,025

Discover your edge

Importance of being on the same network as family and friends – by gender

Roy Morgan Research

Female respondents placed more importance on being on the same network as family and friends than males.



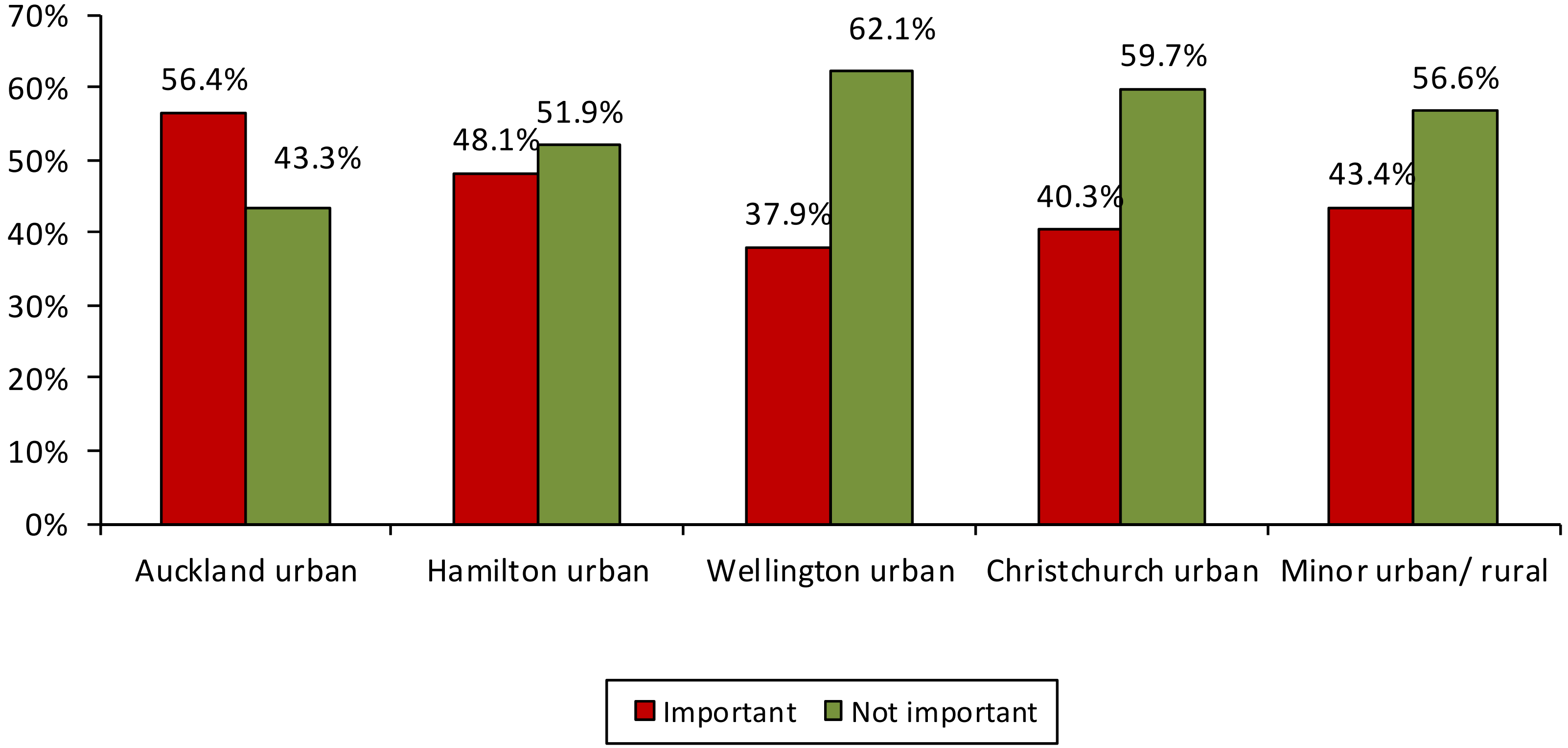
Note: percentages do not add up to 100% because “can’t say” responses are not included in this graph.

Base: Has mobile phone n=1,025

Discover your *edge*

Importance of being on the same network as family and friends – by region

Being on the same network as family and friends was more important for Auckland respondents than those elsewhere.



Note: percentages do not add up to 100% because “can’t say” responses are not included in this graph.

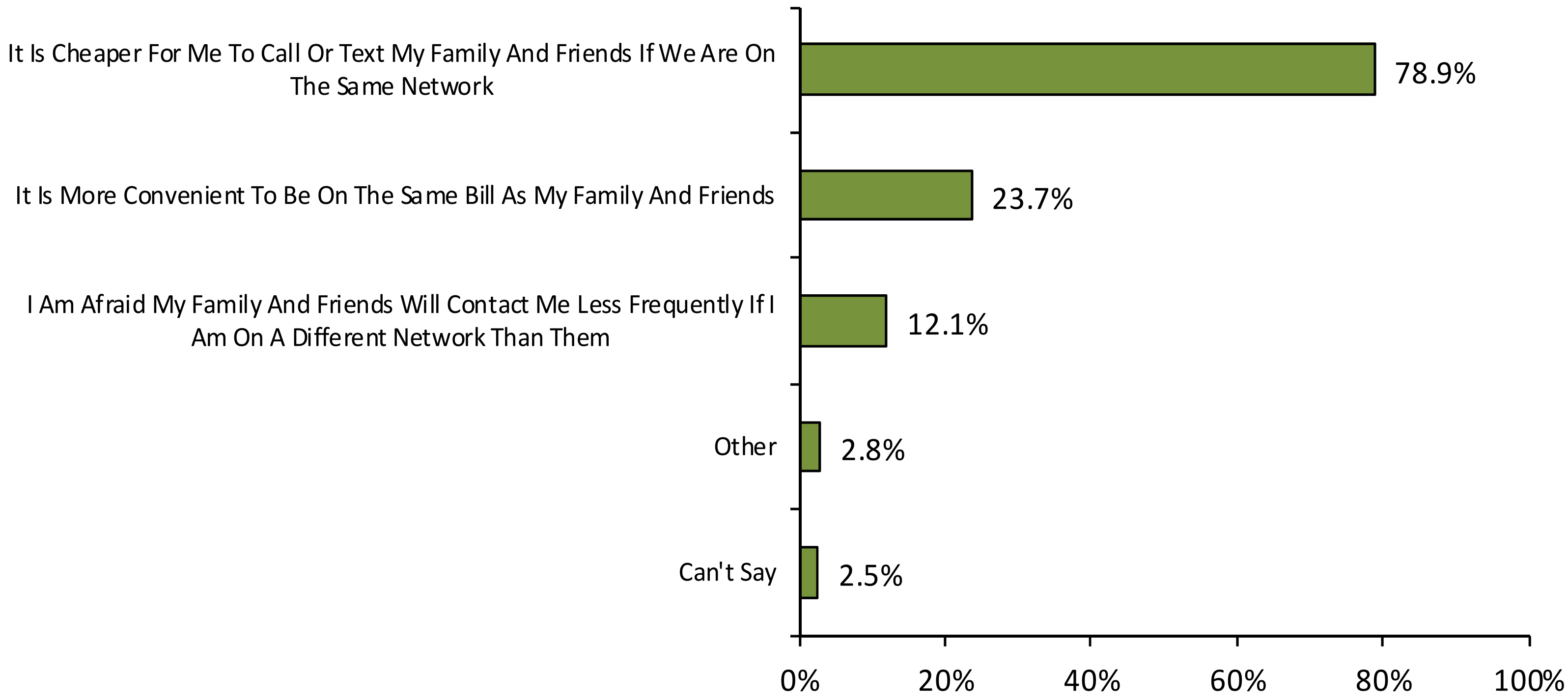
Base: Has mobile phone n=1,025

Discover your edge

Roy Morgan Research

Reasons why it is important to be on the same network as family and friends

The importance placed on being on the same network as family and friends was overwhelmingly because of cheaper service costs (78.9%) rather than convenience (23.7%) or concern that family and friends would contact them less frequently if on a different network (12.1%).



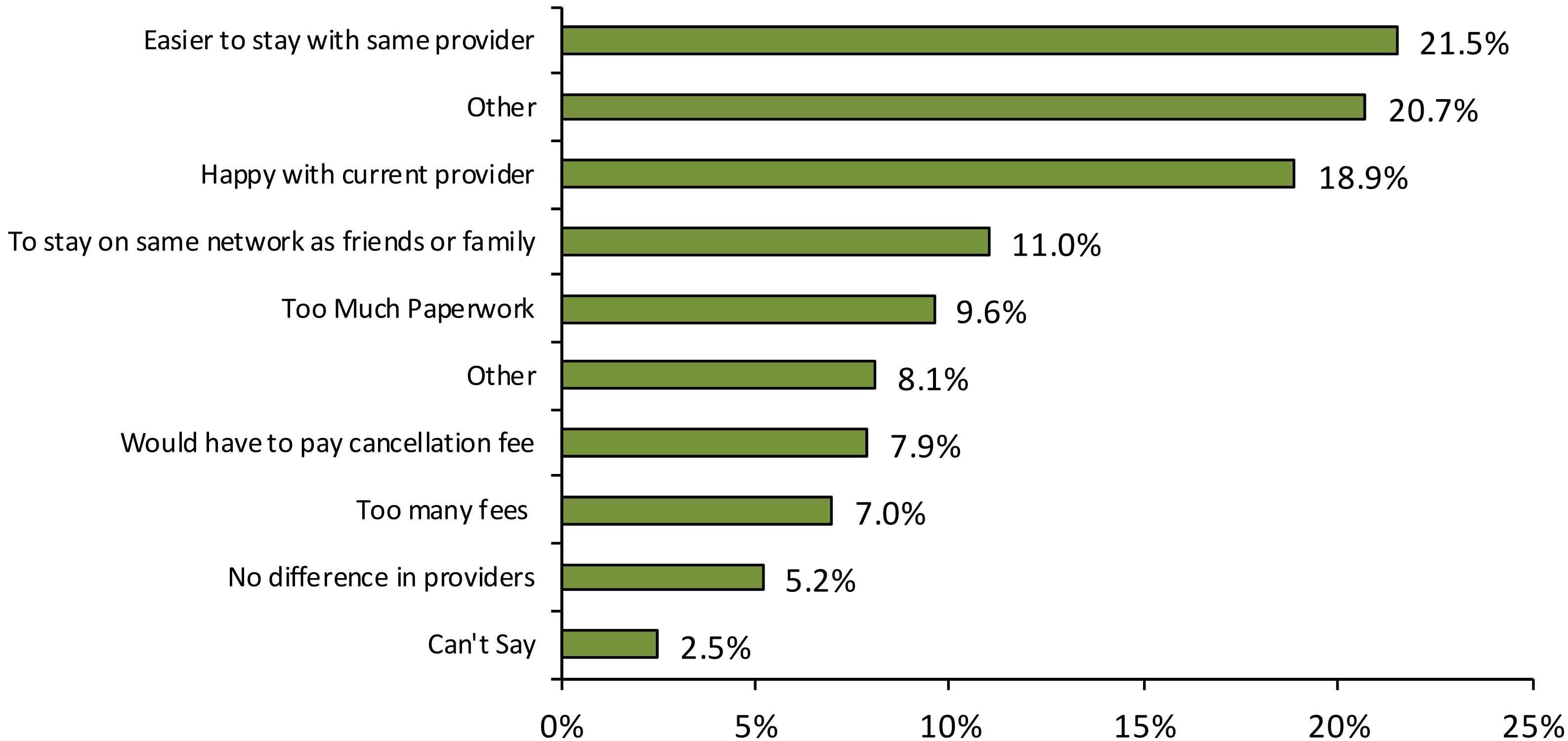
Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Has mobile phone and thinks it is important to be on same network as family and friends, n=469

Discover your edge

Thought about switching but haven't – all main mobile users: the reasons

Around a fifth of respondents indicated that it was 'easier to stay with their current provider' as a reason why they had not switched and a slightly smaller proportion indicated that being 'happy with current provider' as a reason.



'Other 'category comprised of following: 'couldn't keep same mobile number', 'changed plan but stayed with same provider', 'other providers have bad coverage', 'waiting for a better deal', 'on CDMA network', 'cannot afford new phone', 'don't use mobile phone very much', 'my employer pays for my mobile service', 'my mobile phone is new', and handset availability.

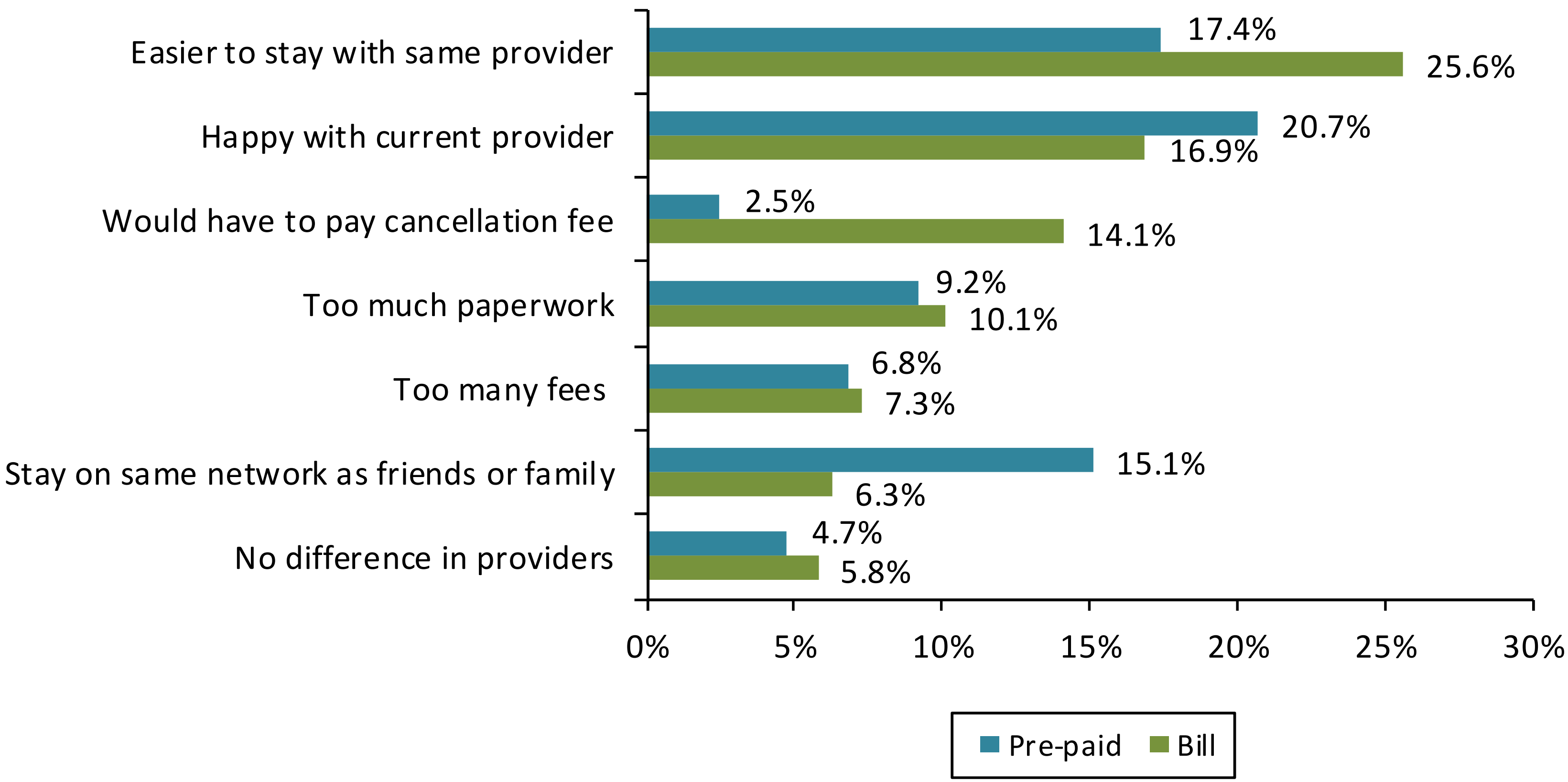
Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Has mobile phone and has not switched mobile phone service providers in the past 12 months, but has thought about it, n=227

Discover your edge

Thought about switching but haven't – the reasons: pre and post-pay compared

Of those who had thought about switching but hadn't, more post-pay (bill) customers indicated that it was 'easier to stay with same provider' than pre-pay customers. Just over 14% post-pay customers gave having to pay a cancellation fee as a reason for not switching. Significantly more respondents on pre-paid than post-paid indicated that to 'stay on same network as friends and family' was a reason for not switching.

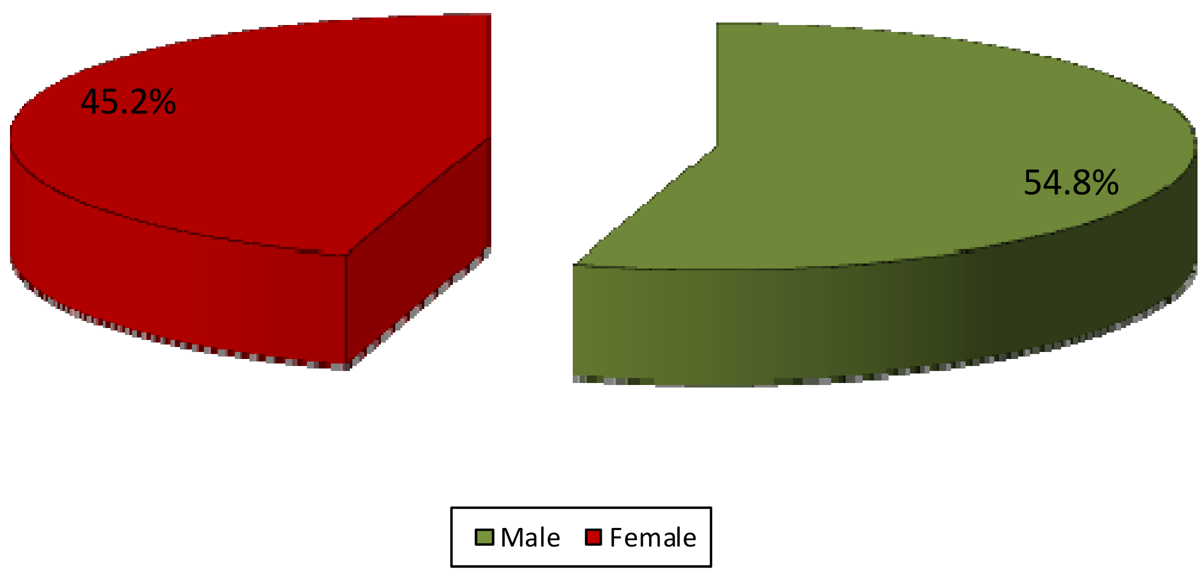


Note: percentages do not add up to 100% because multiple responses were permitted.

Base: has mobile phone and has not switched mobile phone service providers in the past 12 months, but has thought about it. Pre-pay sample =119, post-pay sample 107. Total =226.

Thought about switching but haven't – by gender

More men than women had thought about switching but had not switched service providers.

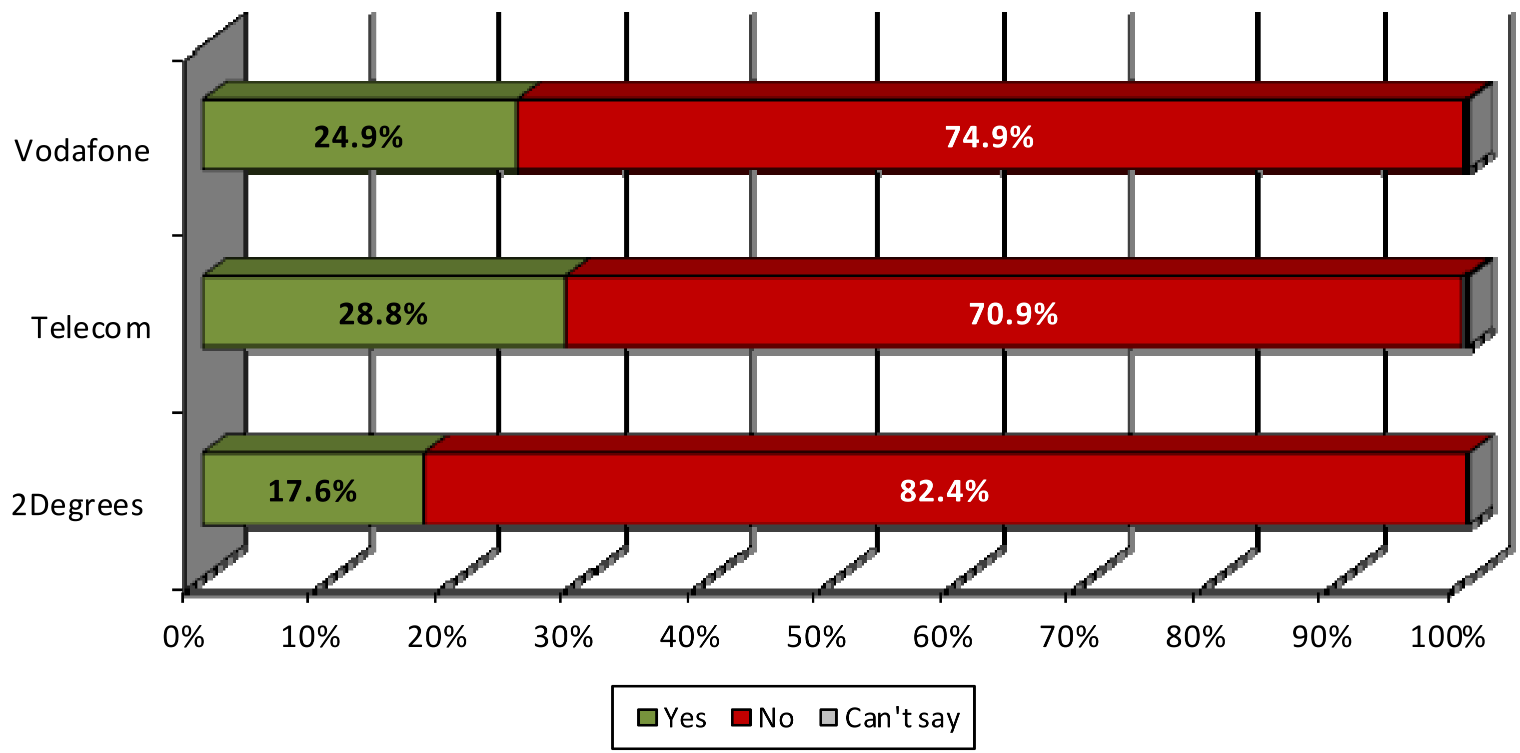


Base: Has mobile phone and has not switched mobile phone service providers in the past 12 months, but has thought about it, n=227

Roy Morgan Research

Thought about switching – by mobile service provider

2degrees customers were least likely to have thought about switching.

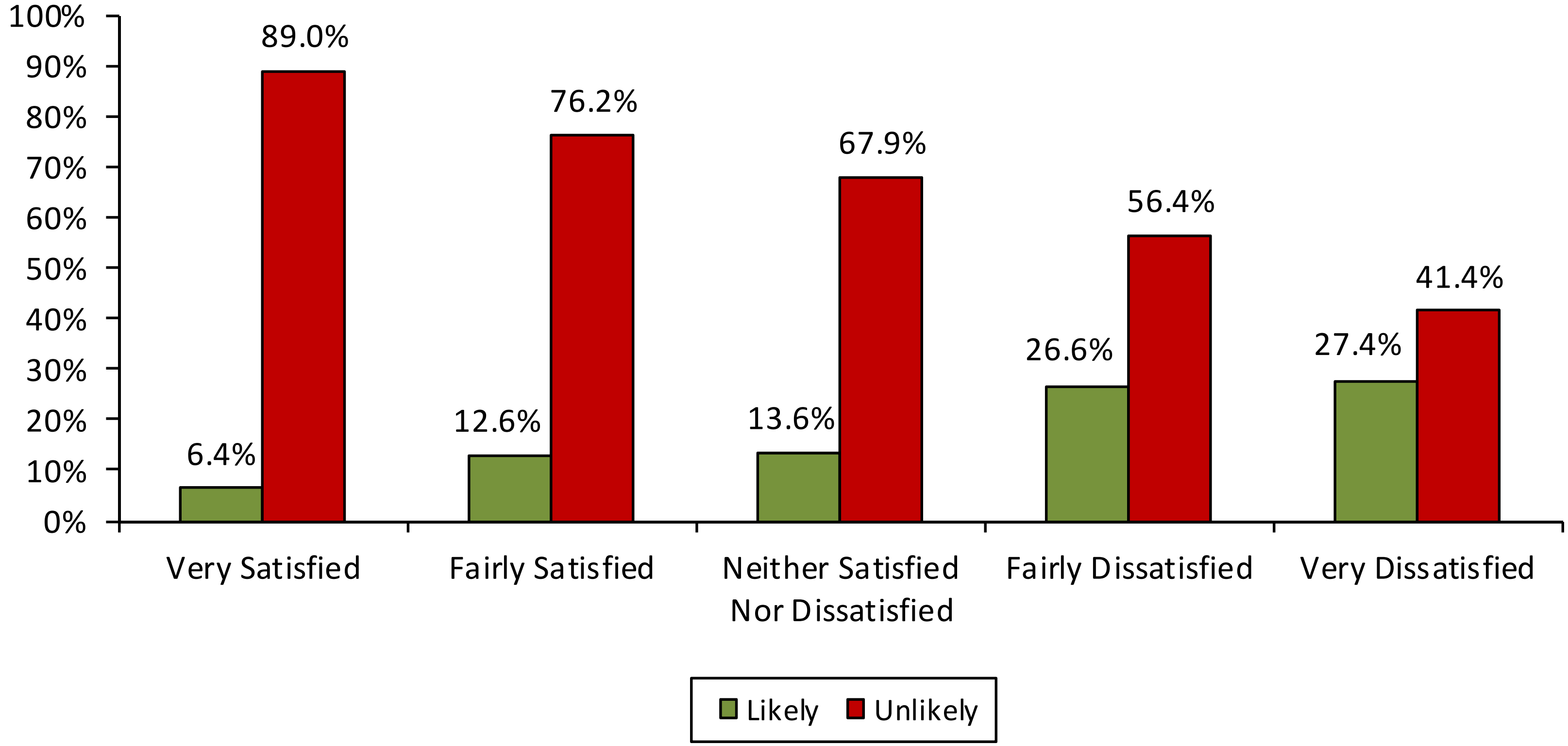


Base: Has mobile phone and has not switched mobile phone service providers in the past 12 months, n=886

Discover your *edge*

Likelihood of switching – by level of satisfaction

The more dissatisfied the respondent was with their current service provider, the more respondents indicated that they were likely to switch in the next 12 months.



Note: percentages do not add up to 100% because "neither likely nor unlikely" and "can't say" responses are not included in this graph.

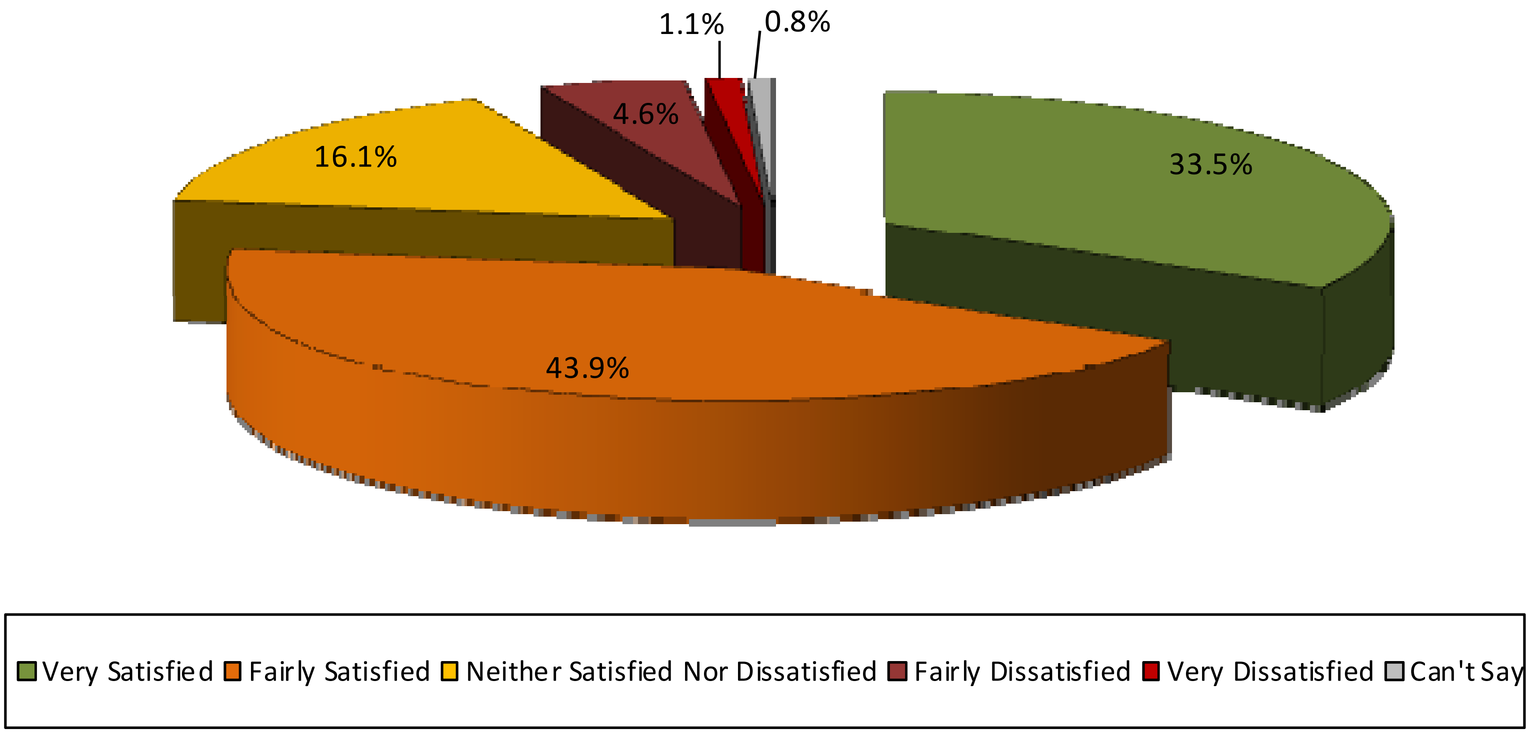
Base: Has mobile phone and has not switched in the past 12 months, n=886

Discover your edge

Discover your edge

Levels of satisfaction amongst non-switchers (1)

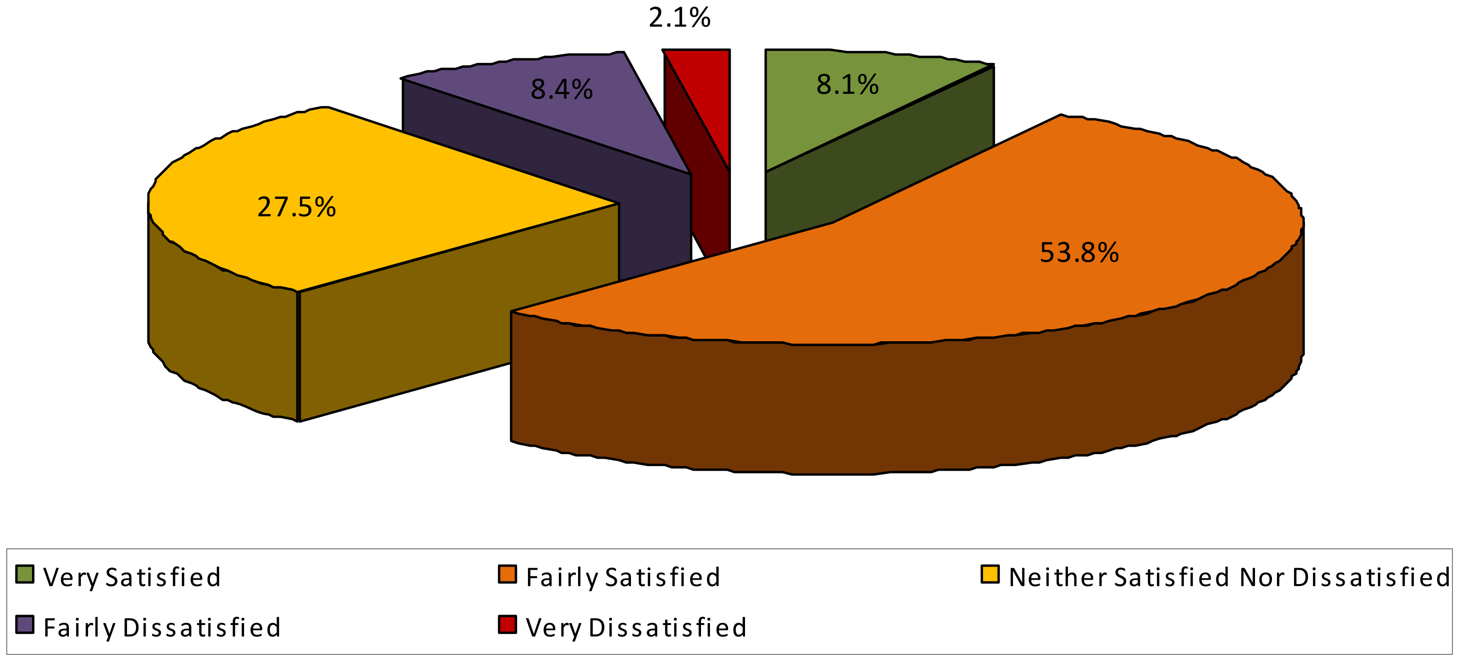
Of the respondents who had not switched mobile phone service providers in the past 12 months, 77.4% stated that they were satisfied with their current service provider. Only 5.7% of respondents who had not switched were dissatisfied with their current service provider.



Base: Has mobile phone and has not switched mobile phone service providers in the past 12 months, n=886

Levels of satisfaction amongst non-switchers (2)

Of those respondents who had thought about switching but had not because ‘it was easier to stay with my current service provider’ 61.9% were satisfied with their current service provider.



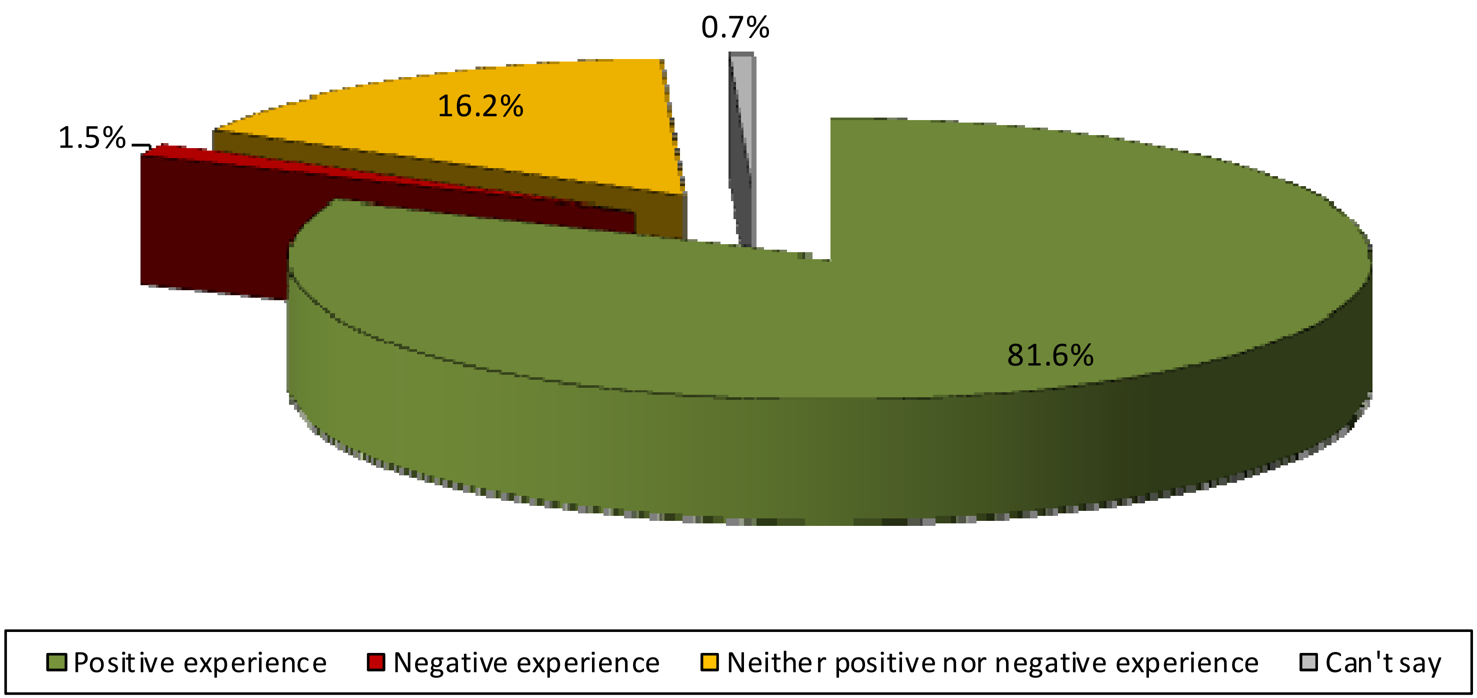
Base: Has mobile phone and has not switched mobile phone service providers in the past 12 months because “it’s easier to stay with current service provider, n=49

Roy Morgan Research

Discover your edge

The mobile switching experience

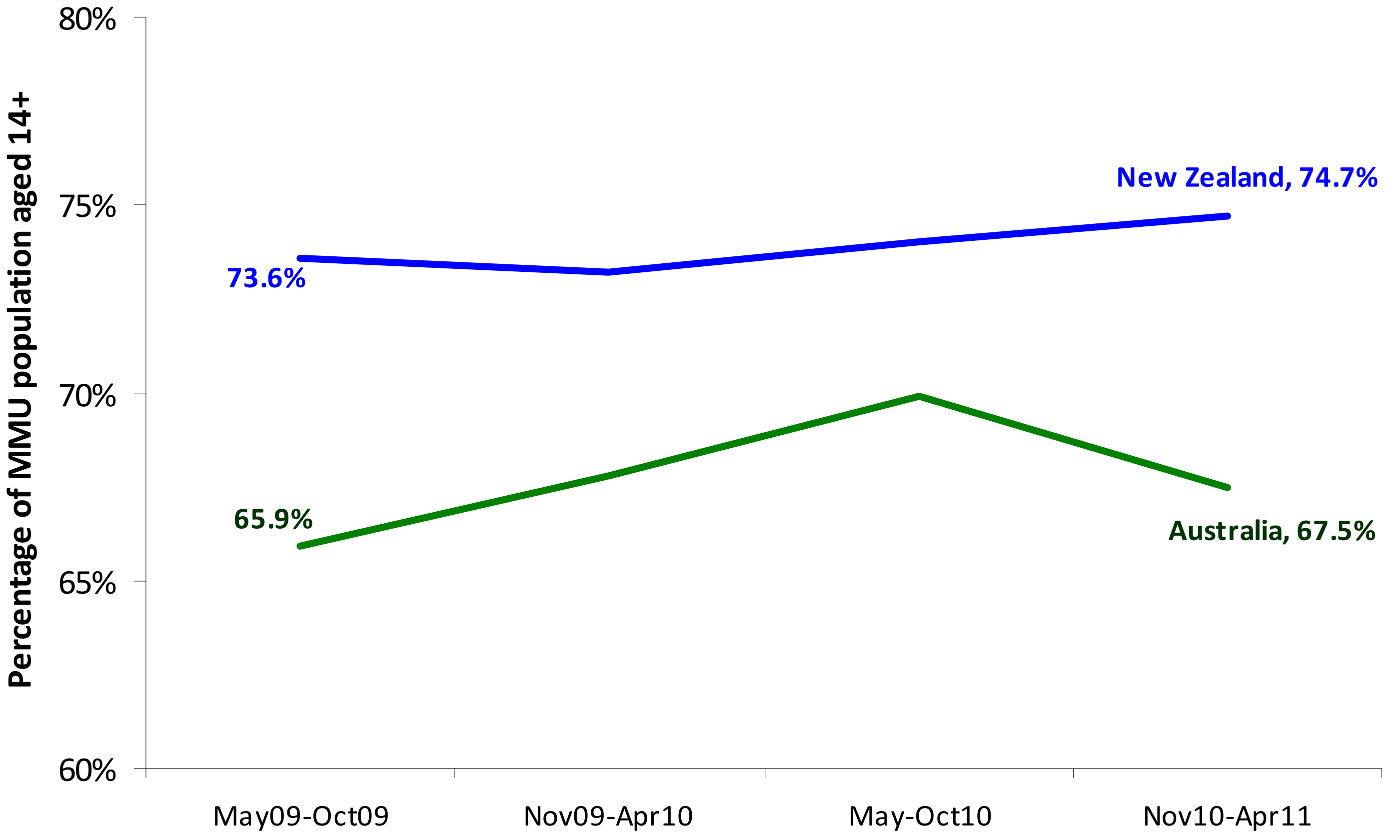
The overwhelming majority (81.6%) of mobile phone users who had switched service providers indicated that switching providers had been a positive experience.



Base: Has mobile phone and switched mobile phone service providers in the past 12 months, n=137

Main mobile user satisfaction – NZ vs. Australia

Satisfaction with mobile telecommunications service providers was consistently higher in New Zealand than in Australia over the two-year period May 2009 to April 2011.

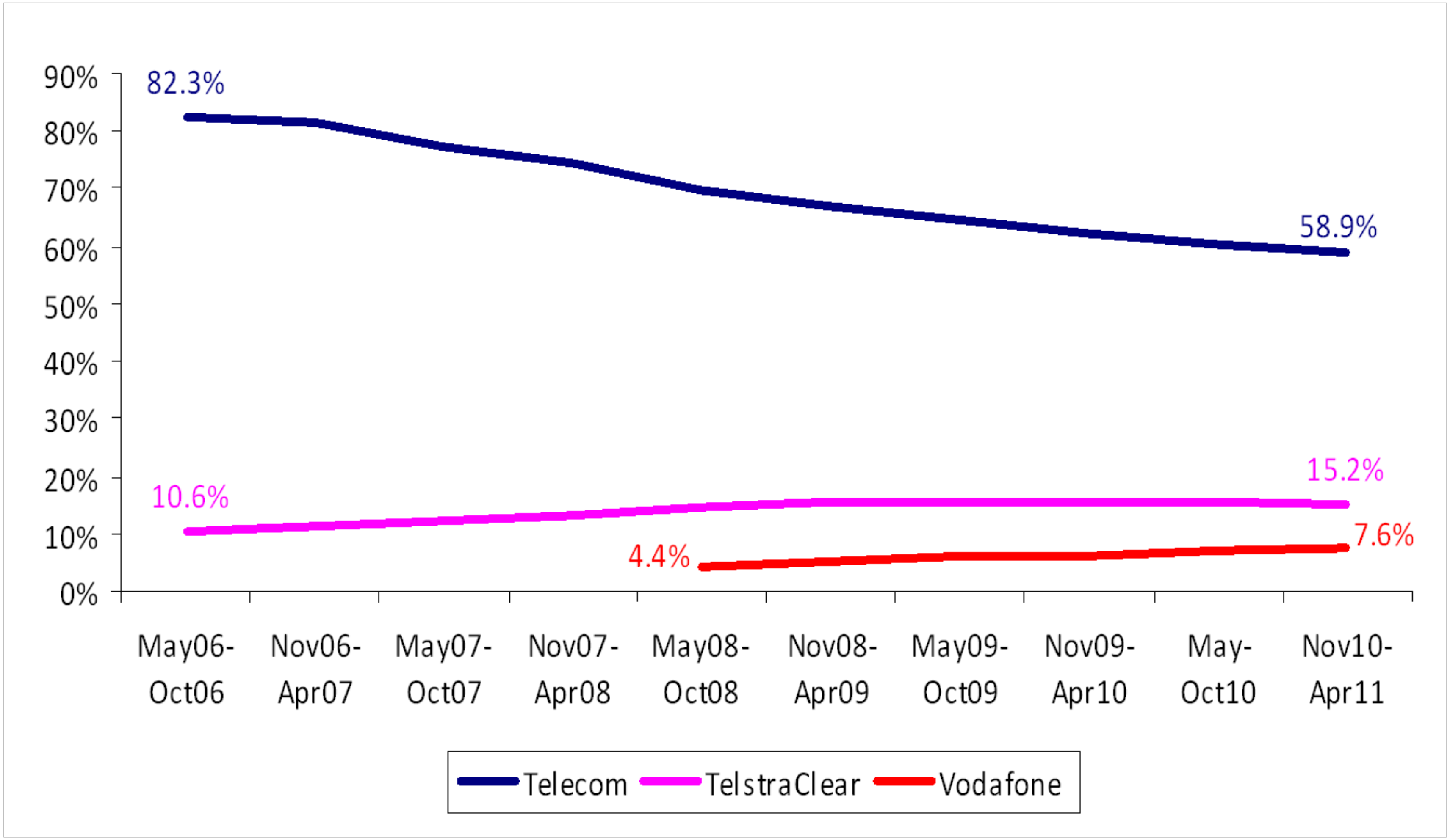


Base: Single Source data: Main Mobile User Aged 14+ (May 2009 – April 2011), in NZ n=19,462, in AUS n=38,084

Fixed-line Services

Line rental by service provider

Though Telecom held the majority of fixed-line customers, its share of this market declined over the 5 years to April 2011 from 82.3% to 58.9%.



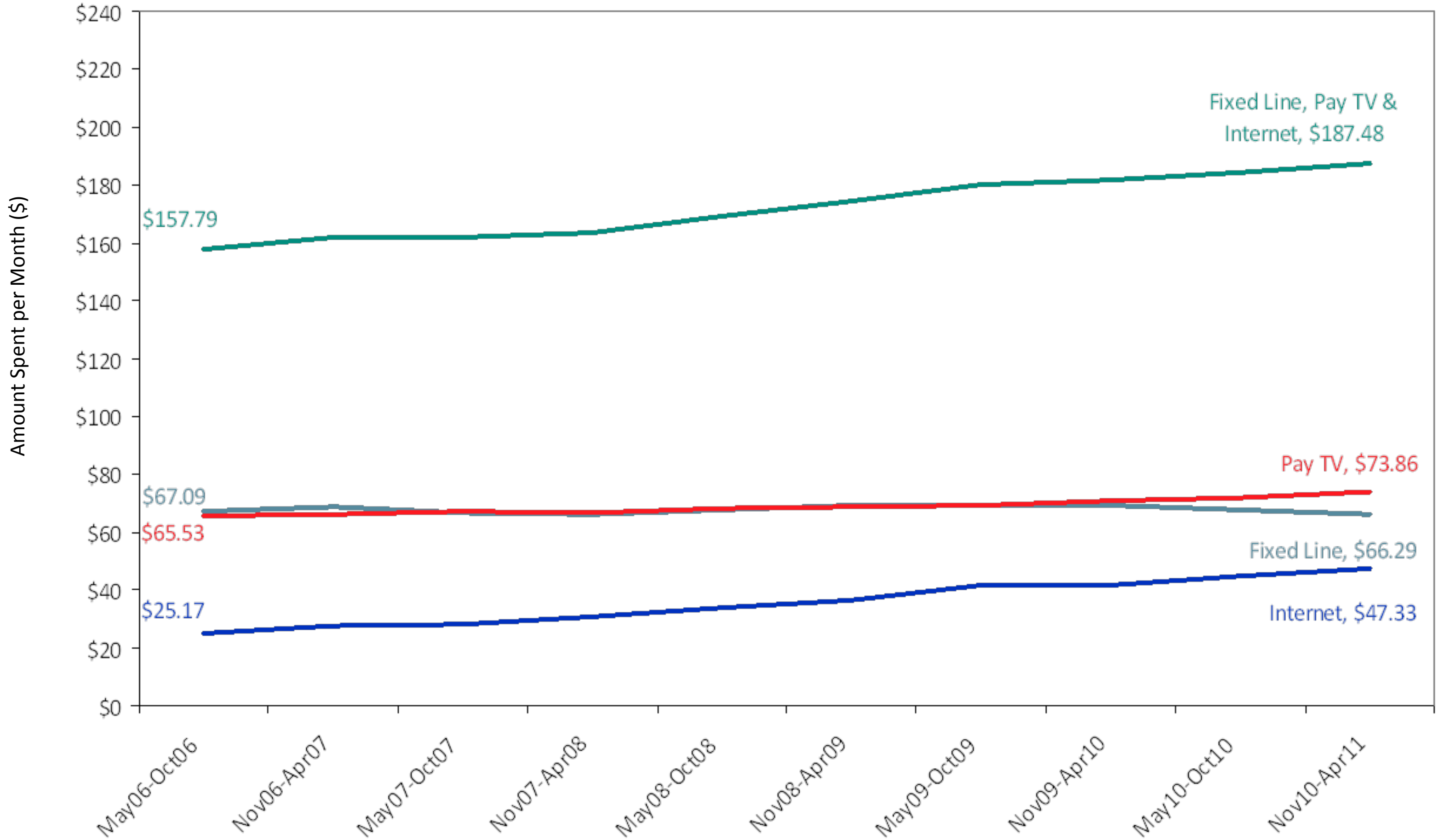
Base: Single Source: NZ pop 14+ with Fixed Line (May 2006 - April 2011) n=57,792

Discover your *edge*

Roy Morgan Research

Monthly spend (May 2006 – April 2011)

The amount spent on a fixed-line, pay TV and Internet had increased by roughly $30 per month over the past 5 years. Around $22 of this increase is accounted for by internet spend and $8 by pay-TV spend. Spend on fixed-line fell slightly.

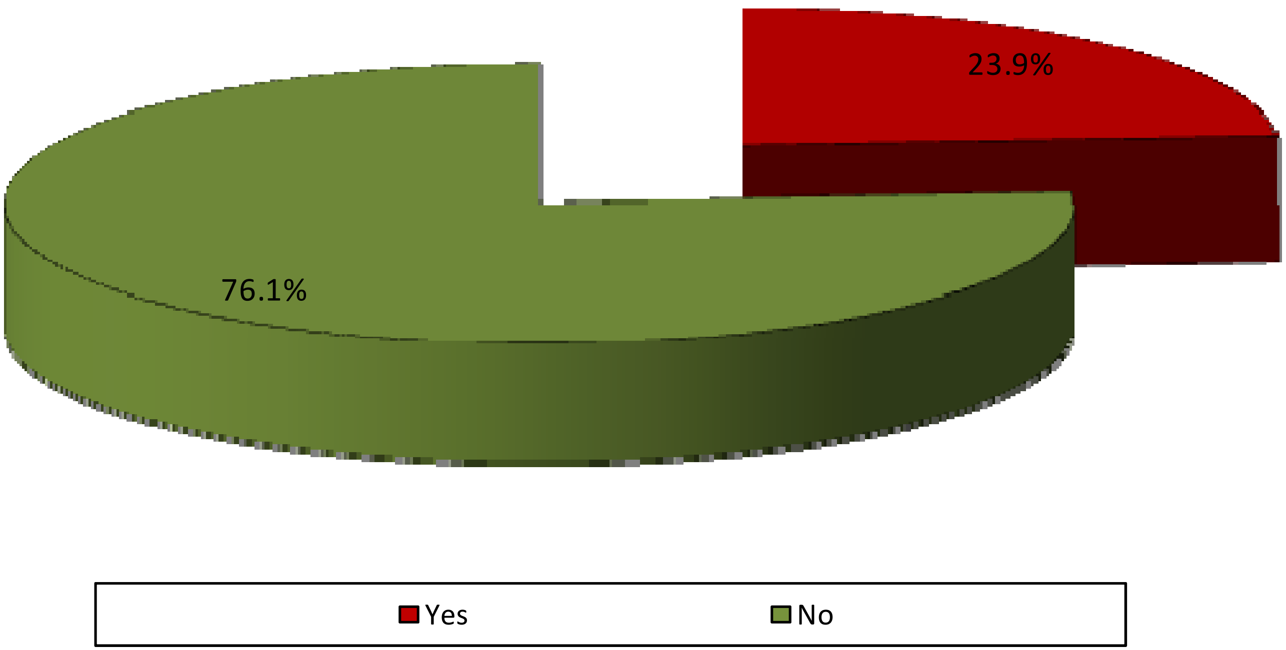


As of April 2011, the average household that has a fixed line, Pay TV and Internet spends $187.48 per month on their Fixed line, Pay TV and Internet.

Base: NZ pop 14+ with Fixed Line, Pay TV and Internet at home (May 2006-April 2011) n=23,715

Fixed line switching & changing service package – an overview

Approaching one-quarter of respondents had switched service providers or changed their service package in the previous 12 months.



Base: Has fixed line n=1,048

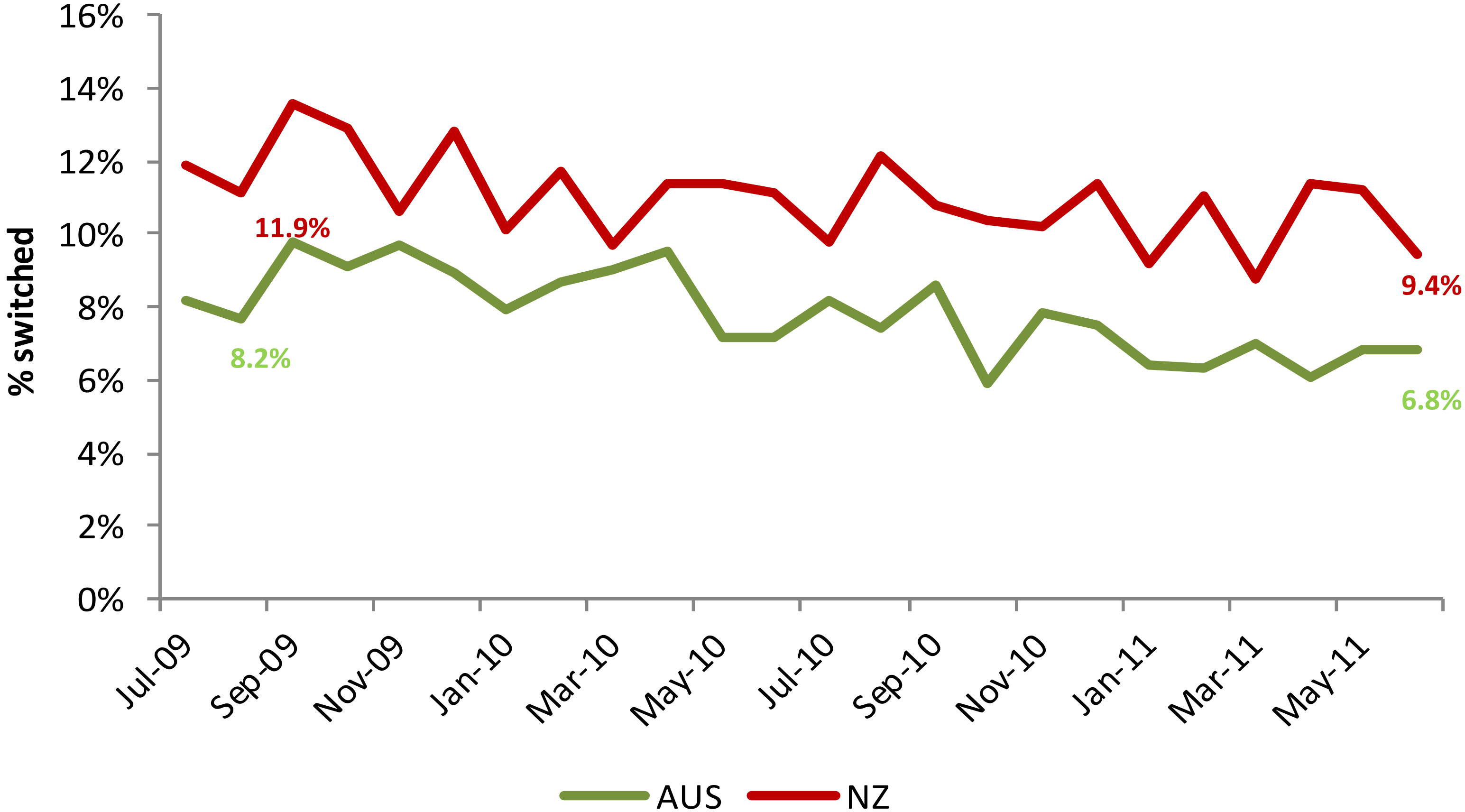
Discover your edge

Fixed line switching
Comparison with Australia (July 2009 – June 2011)

Roy Morgan Research

Discover your *edge*

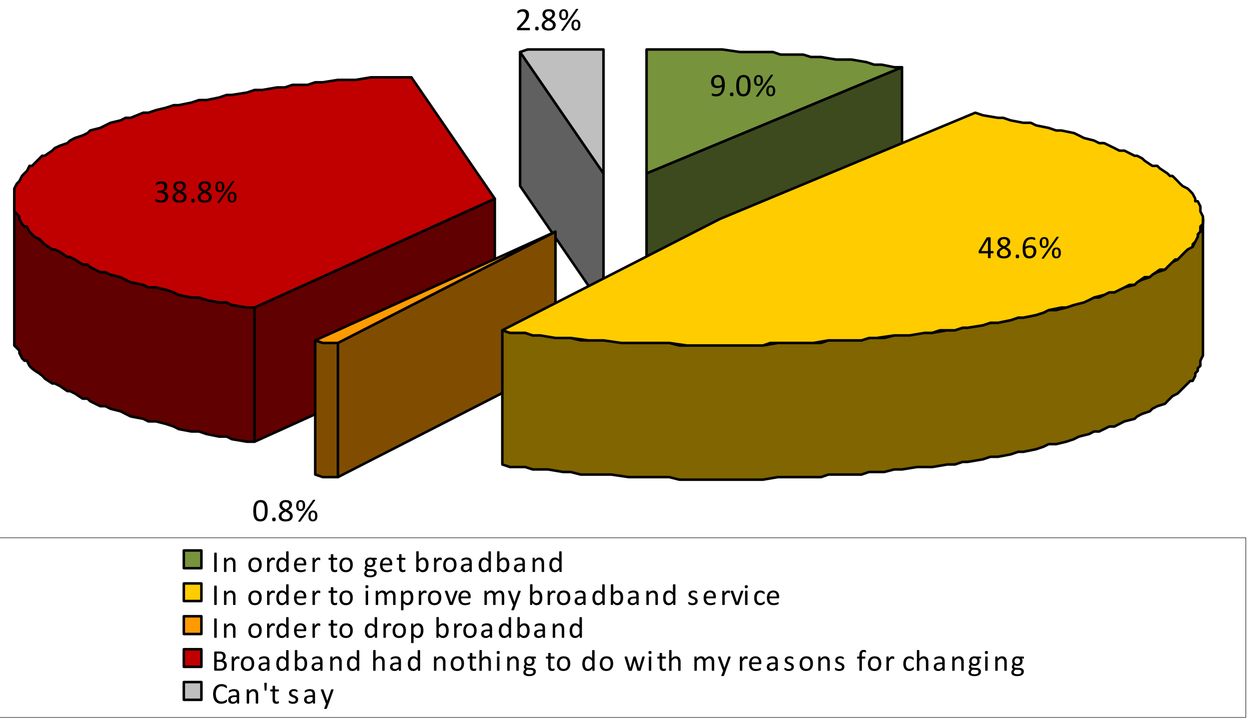
Fixed-line switching was consistently higher in New Zealand than in Australia. In both countries a downward trend in fixed-line switching was observed over this period.



Base: Pop 14+ with Fixed line (July 2009 – June 2011) for NZ n=23,031 and for AUS n=33,332.

Reasons for switching fixed-line service

The most significant reason given for switching fixed-line services by respondents was improvement in broadband service. Nearly half of respondents (48.6%) gave this as a reason for switching.

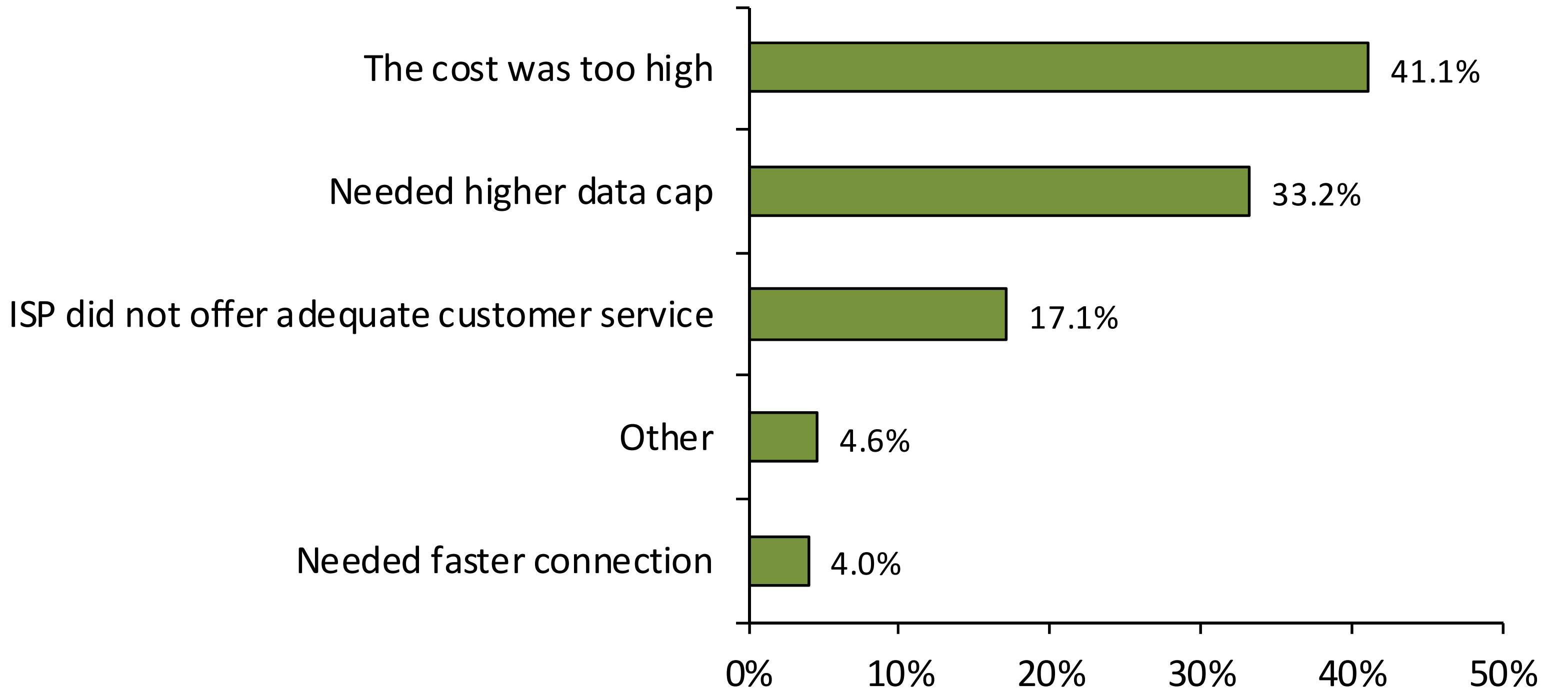


Base: Has fixed line and switched in past 12 months, n=247

Discover your edge

Reasons broadband service provided switched or service dropped

Of those respondents that switched internet service providers or dropped broadband services, the leading reason given was the high cost of services (41.1%) followed by need for a higher data cap (33.2%).



Note: percentages do not add up to 100% because multiple responses were permitted.

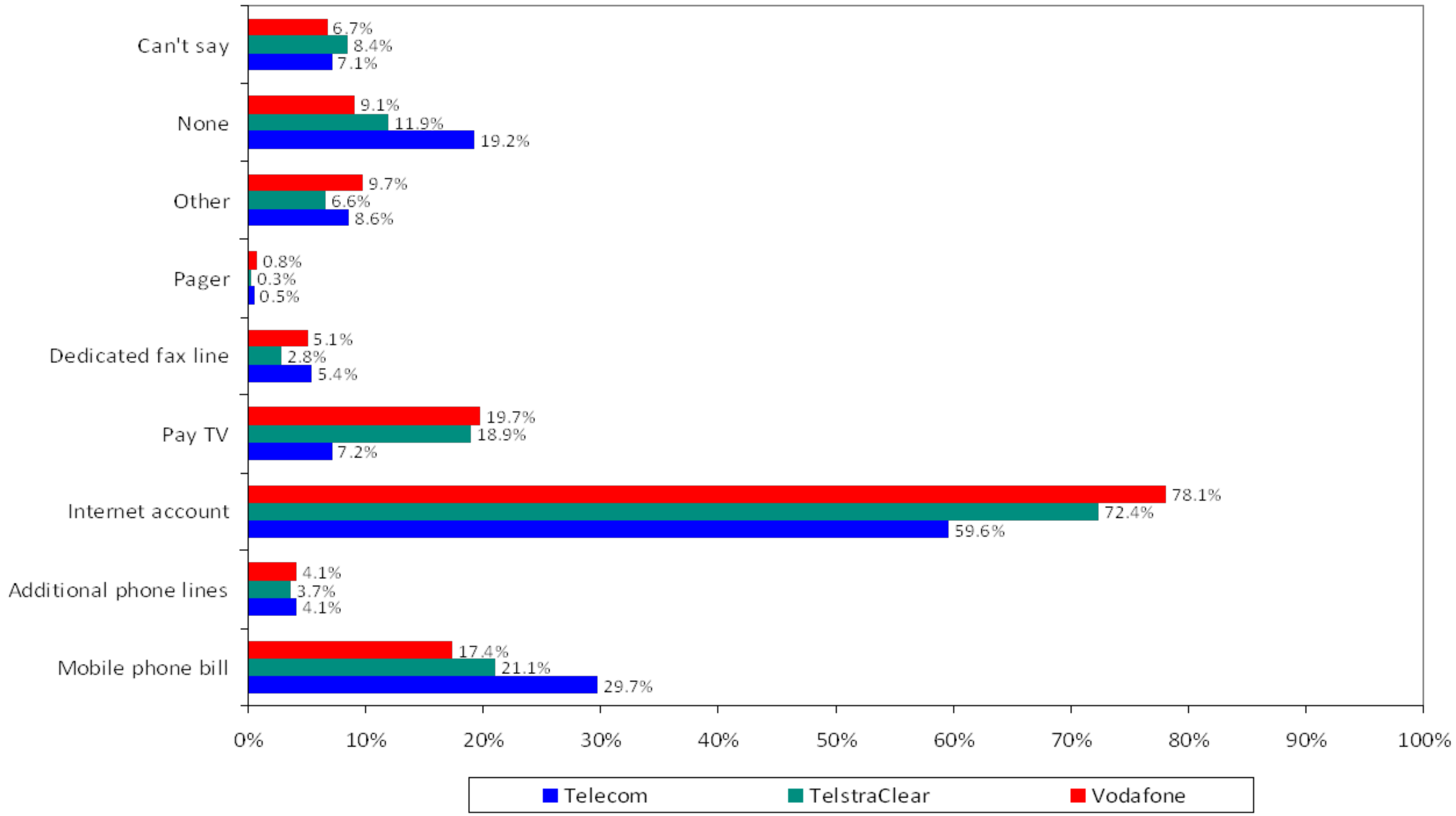
Base: Has fixed line, switched in past 12 months and switched to improve or drop broadband, n=121

Discover your *edge*

Additional services included in phone bill by service provider (November 2010 – April 2011)

Discover your *edge*

Those respondents that had Vodafone fixed-line services were more likely to have an internet account included in their bill (78.1%) than those with TelstraClear (72.4%) or Telecom (59.6%).



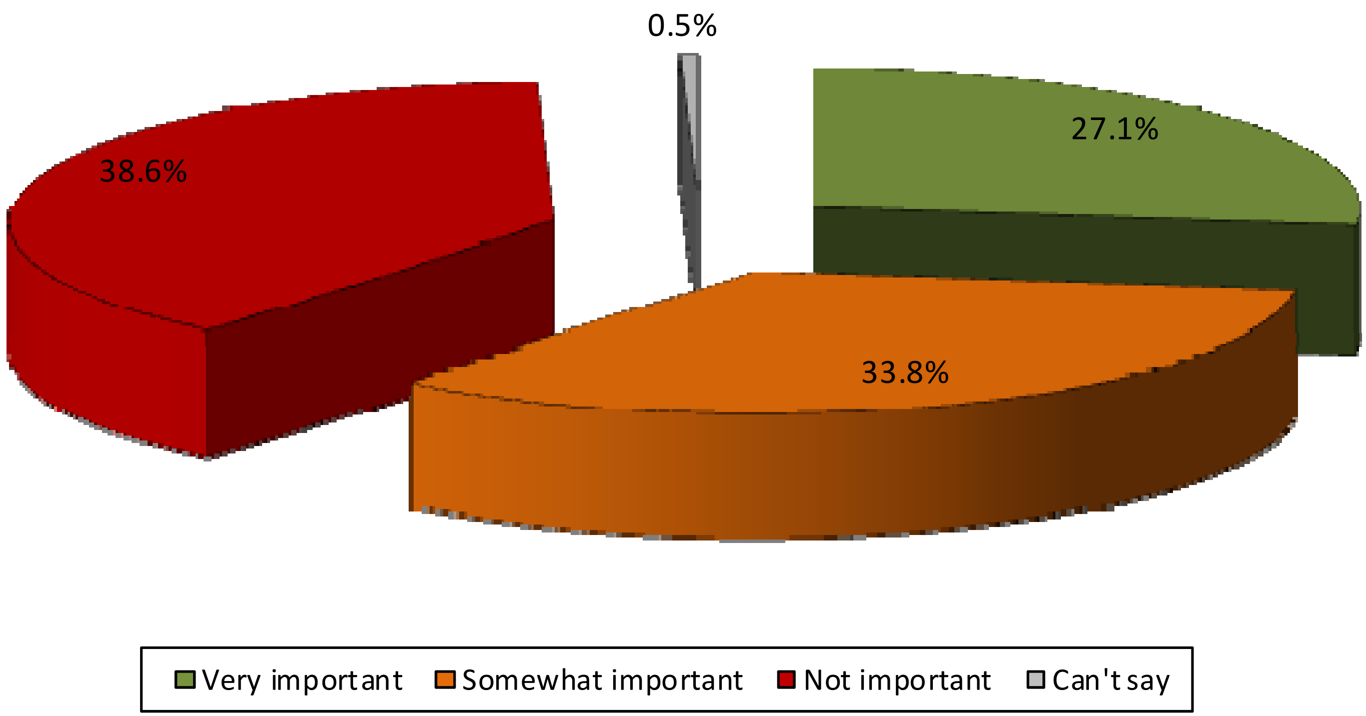
E.g. 78.1% of NZ fixed-line respondents aged 14+ that had a fixed-line with Vodafone, also had an internet account included on the phone bill.

Note: percentages do not add up to 100% because multiple responses were permitted.

Base: Single Source: Fixed Line (November 2010 – April 2011) n=5,910

Importance of having services billed together

Approaching two-thirds (60.9%) of respondents from the customised survey indicated that they considered it important to have all of their telecommunications services billed together by the same service provider.

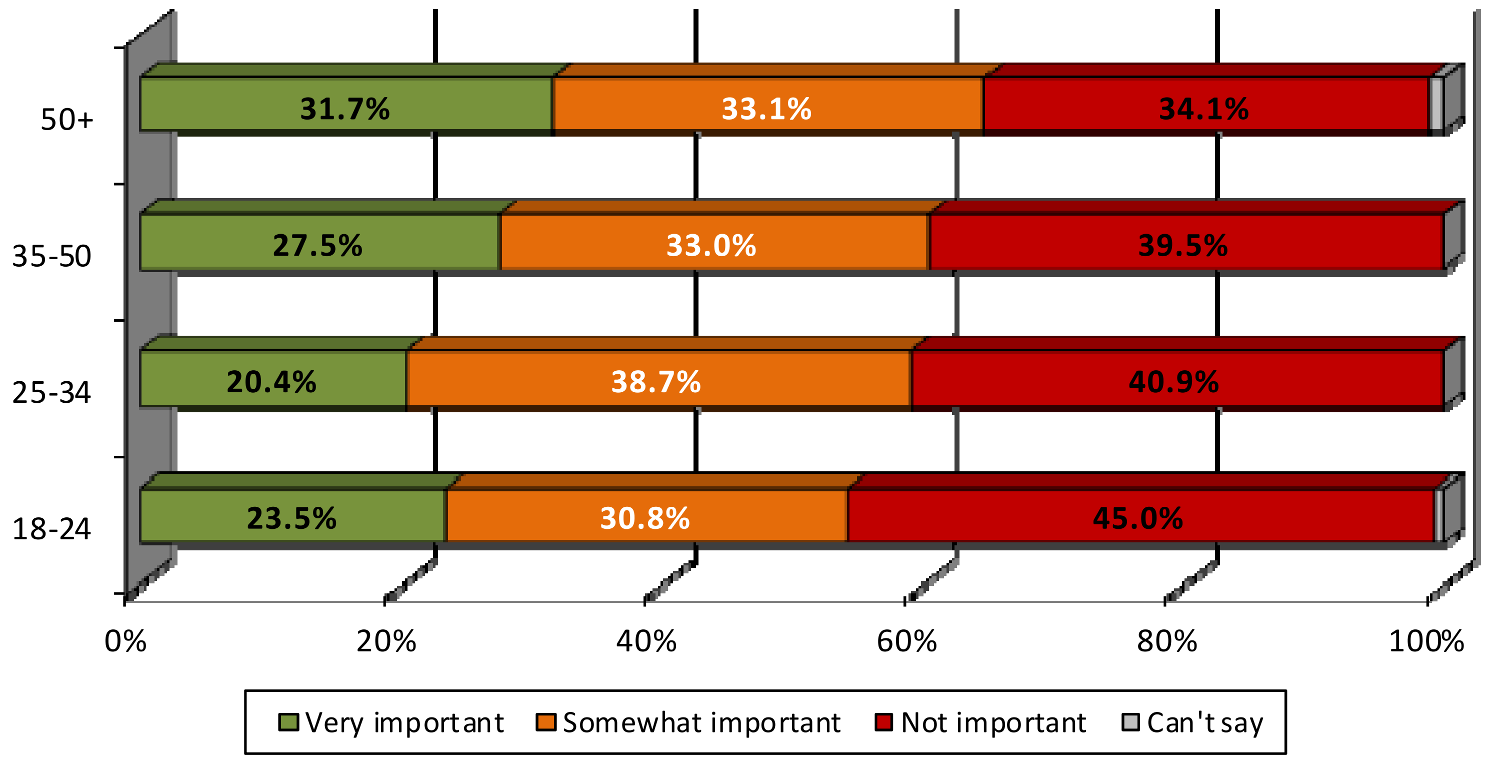


Base: Has fixed line, n=1,048

Discover your edge

Importance of having services billed together – by age group

The importance to respondents of having services billed together increased with age.

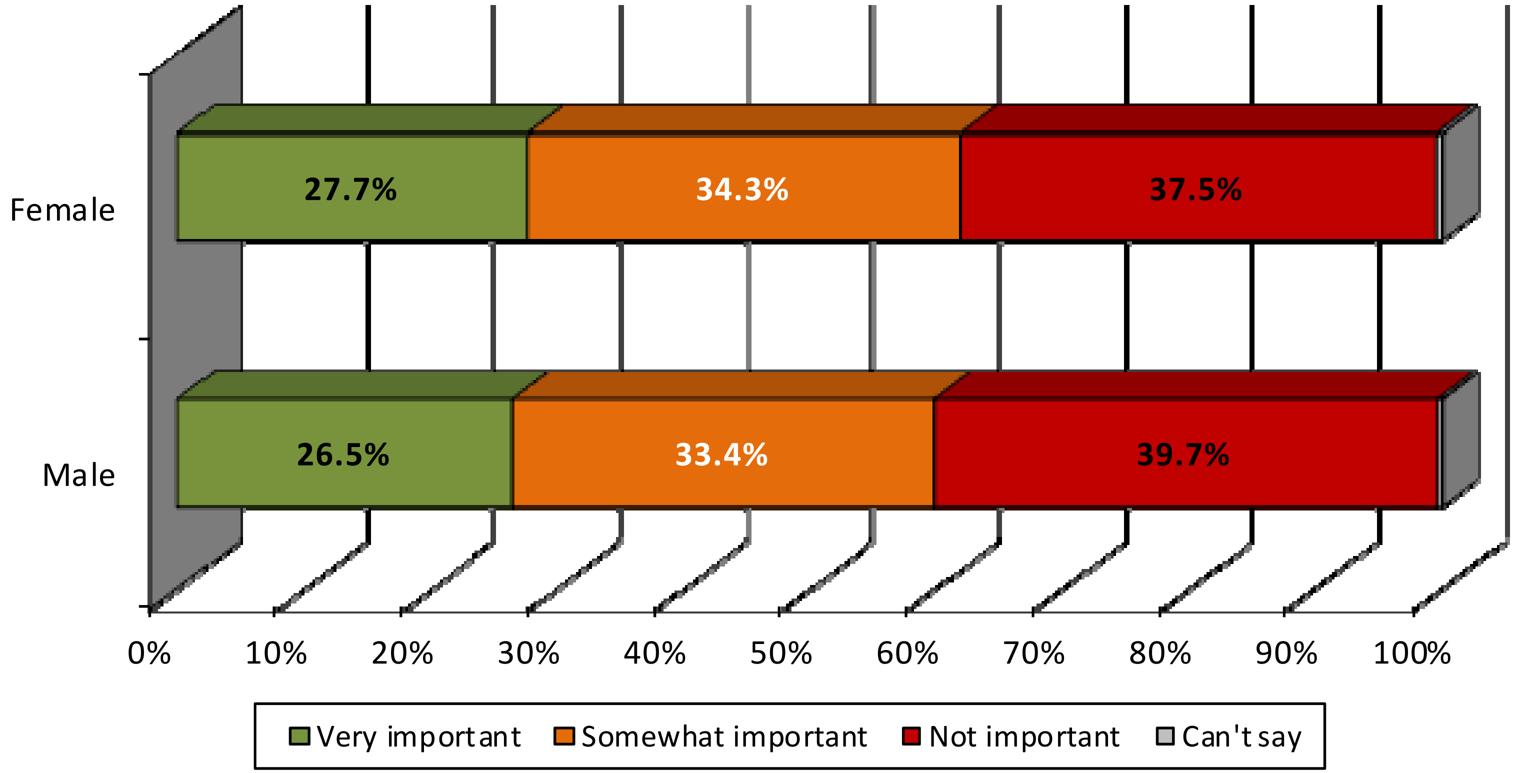


Base: Has fixed line, n=1,048

Discover your edge

Importance of having services billed together – by gender

Although fairly evenly-balanced, female respondents were slightly more likely to regard packaging of services in a bill as very important.

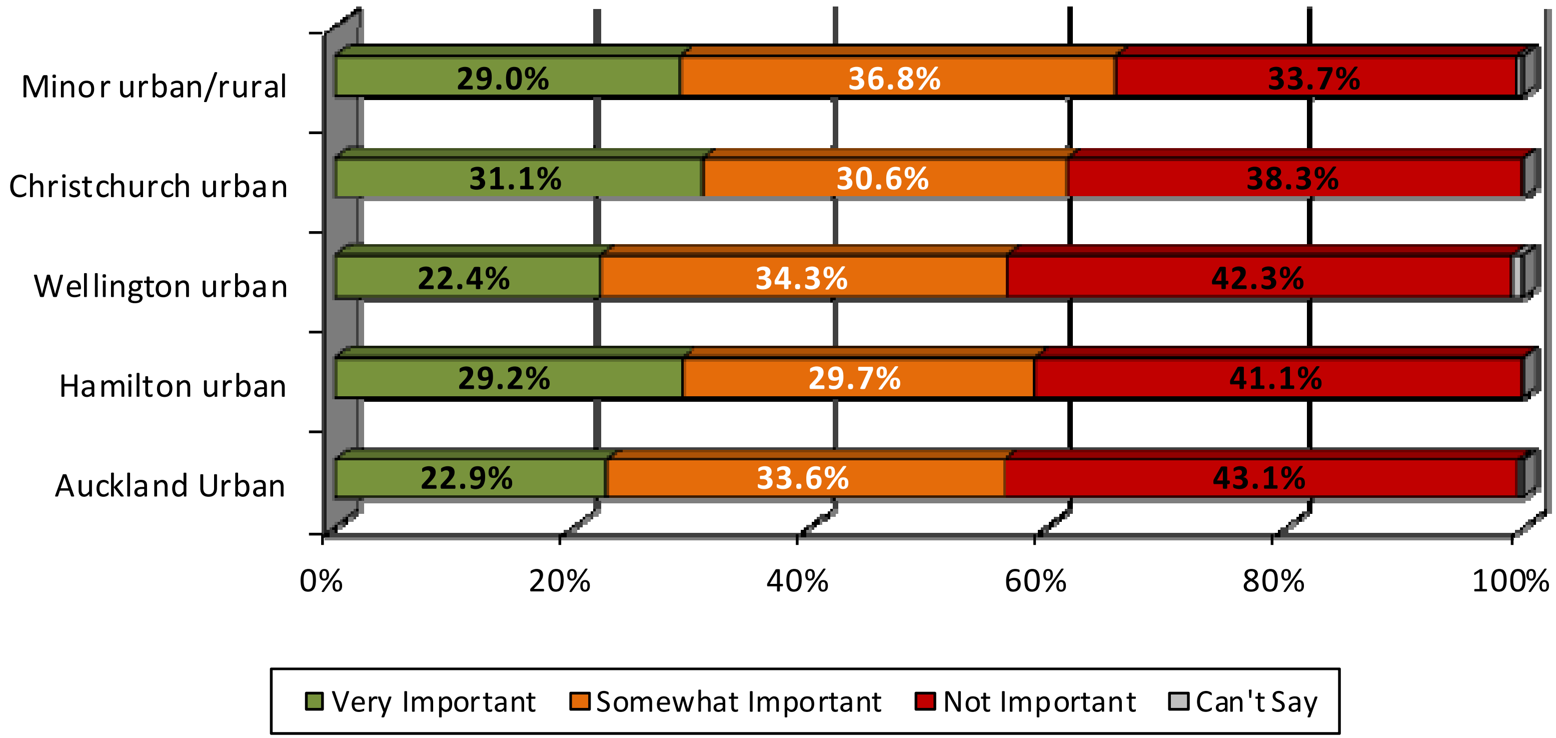


Base: Has fixed line, n=1,048

Discover your *edge*

Importance of having services billed together – by region

In general respondents in the main urban areas regarded billing of services together as less important than in 'minor' urban and rural areas.



Base: Has fixed line, n=1,048

Discover your *edge*