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Consumer Response to Unit Pricing for Mobile Telephony

Assoc. Prof David H. B. Bednall
Professor Michael J. Polonsky
School of Management & Marketing
Deakin University
Consumer Response to Unit Pricing for Mobile Telephony
Authored by David H B Bednall and Michael J Polonsky

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Deakin University
Website: www.deakin.edu.au
Email: dbednall@deakin.edu.au
Telephone: +613 9244 6904

Australian Communications Consumer Action Network
Website: www.accan.org.au
Email: info@accan.org.au
Telephone: 02 9288 4000
TTY: 02 9281 5322


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Consumer Response to Unit Pricing for Mobile Telephony
Executive Summary

This project is a co-operative study between ACCAN and Deakin University. It focuses on Unit Pricing, the practice of displaying the price of goods or services based on a standard quantity, to allow a direct comparison between competitive offers. This study aimed at gauging whether the new unit pricing information for mobile phone contracts assists consumers in assessing and comparing the value provided across alternative contracts within and between suppliers. Some 24 in-depth interviews were conducted with consumers who had recently bought or renewed a mobile phone contract.

The research showed that most consumers could use unit pricing information and some found it useful. Where consumers’ plans had unlimited or infinite capacity, unit pricing information was not relevant. Many consumers preferred voice allowances to be expressed in minutes, rather than in dollar allowances. Data was the most problematic category, as consumers typically had only limited understanding of the amount of data that various applications used. Most did have a broad understanding of what total capacity in data they would need, typically expressed in gigabytes.

Consumers commonly sought simplicity in deciding on which plan they would purchase or renew. A key issue for consumers was not “going over”, that is not exceeding their call, text or data allowances. For that reason, they were prepared to choose a plan that commonly resulted in them not using their full allowances each month. Some consumers used Apps on their smartphones to monitor their usage. Not all consumers had experienced advisory messages about nearing the limits of their plan’s allowances.

The Report recommended that:

R1. Unit pricing should be maintained
R2. Where unit pricing is provided for call costs, these should be expressed in terms of a one-minute call.
R3. Unit pricing for data should be expressed in terms of gigabytes or part thereof.
R4. In advertising mobile phone plans and at point of sales, customers should be provided with three levels of information – 1) overall plan features, 2) unit pricing information and 3) a data calculator.
R5. Level 2 and 3 information should be provided in a standard format across the industry, enabling consumers to make ready comparisons between plans and between competitive offers from different providers.
R6. Continuing public education is needed.
R7. Warnings about going over should always include the date when the allowance period ends and tell consumers what the rate will be if they “go over” based on the Level 2 information.
R8. The Consumer Protection Code should be reviewed in the light of these findings and recommendations.
**Introduction**

Unit Pricing refers to the practice of displaying the price of goods or services based on a standard quantity, to allow a direct comparison between competitive offers. For example, if one telco provides a two minute mobile telephone call for $1.98 and another telco provides a two-minute call for $1.58, then consumers can readily see which the more expensive provider is. In 2011 a research report (Deakin-University and Australian Communications Consumer Action Network, 2011) *Seeking Straight Answers: Consumer Decision-Making in Telecommunications* contained the following commentary:

Our findings suggest that telcos may actually benefit by introducing unit pricing information, as consumers’ perceptions of the value of their product offerings appear to be enhanced in the presence of this information. This may be a function of a belief that the telco has “nothing to hide” if it is providing this type of information. The results also show that consumers may be unfamiliar with unit pricing (particularly in relation to the telco sector). The information processing capacity required to interpret the detailed numbers involved in unit pricing calculations might be too great, as unit pricing was shown not to reduce or increase confusion, perceptions of risk, or purchase intentions. More in-depth research is required to investigate unit pricing further. (p.13).

The report recommended consumer-friendly trials of unit pricing and strategies to increase consumer awareness of unit pricing.

In 2012, the Australian Communications and Media Authority (ACMA) authorised a revised industry code, the Telecommunications Consumer Protections Code (TCP) (Communications Alliance, 2012). According to ACMA it aimed to end confusion over mobile phone pricing. “From 27 October 2012, most print advertisements that mention ‘included value’ for mobile plans will include standard charges for a two-minute national call, a standard SMS and using 1MB of data.” (ACMA, 2013). This is based on Section 4.2.6 of the TCP Code. A further requirement from March 2013 was that consumers taking out a new plan be given a ‘Critical Information Summary’ setting out key terms and conditions, including standard charge information. While the Code does not use the term “unit pricing”, that is one effect of these requirements.

Anecdotally, ACCAN was troubled by the potential exacerbation of consumer confusion by the inclusion of unit pricing in ads according to the formula required by the TCP Code. Assessing whether the new unit pricing information assists consumers in assessing and comparing the value provided across alternative products within and between suppliers was the fundamental reason for conducting this project.

As suggested in the earlier Report, in-depth research was conducted with these issues in mind.
Method

The research was conducted by means of depth interviews conducted at Deakin University in Melbourne. The research targeted consumers who had either renewed or taken out a mobile phone contract within the last three months. This was done so that the consumers could comment on their thinking at the time of organising their most recent contract, as well as commenting on issues regarding unit pricing. Table 1 below shows the characteristics of the 24 people who were interviewed. People were selected on the basis of age, gender and whether they had finished year 12. The people interviewed were mostly with the major networks (5 Telstra, 7 Optus and 8 Vodafone), but Virgin mobile, Woolworths, inet and TPG customers were also represented. They were recruited by a professional recruiting agency. The ID letter is used in the result tables below and reflects the order in which the interviews were conducted.

Interviews lasted approximately one hour and were transcribed for later analysis. The interviews were conducted by Assoc. Prof. Bednall and Professor Polonsky. A topic list was used to guide the interviews. (A copy is in Appendix 1). The topic list was aimed at first gaining a broad understanding of how the interviewees used their phone, how they came to make a decision about their recent new or renewed mobile phone contract and the pricing issues involved.

They were then shown three catalogue advertisements for three different telco plans (Vodafone, Optus and Telstra) and asked to comment on the details. An example is shown in Figure 1 below. One of these advertisements from Optus actually used the term “unit pricing” and reaction was sought. Then interviewees were shown three advertisements from the internet (Telstra, Optus and Vaya) and asked to comment on the details. Vaya was chosen because it was a minor supplier and because it used a different format for presenting pricing information. All were based on “bring your own” plans, for comparability and to avoiding conflating the pricing of handsets with the other elements of the plan pricing. Copies of all the advertisements used are in Appendix 2. Finally, respondents were asked about “unit pricing” specifically. In this way, unit pricing could be considered in the context of the consumers’ actual circumstances and views of mobile plans. The order of showing plans was rotated to control for order effects.

The quotes shown were selected to represent key themes in the research and are derived from the transcripts.
1. CHOOSE YOUR MY SIM PLAN
You’ve got the freedom to go where the wind takes you with our month-to-month plans.

<table>
<thead>
<tr>
<th>MY SIM PLAN</th>
<th>$25</th>
<th>$40</th>
<th>$65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes for talk to standard Australian mobiles and landlines, 13/1900 numbers and voicemail</td>
<td>200 mins</td>
<td>500 mins</td>
<td>UNLIMITED</td>
</tr>
<tr>
<td>Standard text and MMS to Australian mobiles</td>
<td>UNLIMITED</td>
<td>UNLIMITED</td>
<td>UNLIMITED</td>
</tr>
<tr>
<td>Included data</td>
<td>200MB</td>
<td>1GB</td>
<td>2GB</td>
</tr>
<tr>
<td>Contract length</td>
<td>Month to month</td>
<td>Month to month</td>
<td>Month to month</td>
</tr>
<tr>
<td>Additional minutes or data</td>
<td>See page 15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ALL FOR USE WITHIN AUSTRALIA

Table 1  Characteristics of People Interviewed

<table>
<thead>
<tr>
<th>ID</th>
<th>Gender</th>
<th>Age</th>
<th>Yr 12</th>
<th>ID</th>
<th>Gender</th>
<th>Age</th>
<th>Yr 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>m</td>
<td>21</td>
<td>yes</td>
<td>M</td>
<td>m</td>
<td>24</td>
<td>yes</td>
</tr>
<tr>
<td>B</td>
<td>f</td>
<td>21</td>
<td>yes</td>
<td>N</td>
<td>m</td>
<td>21</td>
<td>yes</td>
</tr>
<tr>
<td>C</td>
<td>m</td>
<td>61</td>
<td>yes</td>
<td>O</td>
<td>m</td>
<td>34</td>
<td>yes</td>
</tr>
<tr>
<td>D</td>
<td>m</td>
<td>34</td>
<td>yes</td>
<td>P</td>
<td>f</td>
<td>23</td>
<td>yes</td>
</tr>
<tr>
<td>E</td>
<td>f</td>
<td>21</td>
<td>yes</td>
<td>Q</td>
<td>m</td>
<td>20</td>
<td>yes</td>
</tr>
<tr>
<td>F</td>
<td>m</td>
<td>38</td>
<td>yes</td>
<td>R</td>
<td>f</td>
<td>30</td>
<td>yes</td>
</tr>
<tr>
<td>G</td>
<td>m</td>
<td>53</td>
<td>yes</td>
<td>S</td>
<td>f</td>
<td>67</td>
<td>Yes</td>
</tr>
<tr>
<td>H</td>
<td>f</td>
<td>47</td>
<td>yes</td>
<td>T</td>
<td>f</td>
<td>41</td>
<td>Yes</td>
</tr>
<tr>
<td>I</td>
<td>m</td>
<td>22</td>
<td>no</td>
<td>U</td>
<td>f</td>
<td>22</td>
<td>Yes</td>
</tr>
<tr>
<td>J</td>
<td>f</td>
<td>40</td>
<td>yes</td>
<td>V</td>
<td>f</td>
<td>68</td>
<td>no</td>
</tr>
<tr>
<td>K</td>
<td>m</td>
<td>54</td>
<td>no</td>
<td>W</td>
<td>m</td>
<td>68</td>
<td>yes</td>
</tr>
<tr>
<td>L</td>
<td>f</td>
<td>61</td>
<td>no</td>
<td>X</td>
<td>m</td>
<td>67</td>
<td>no</td>
</tr>
</tbody>
</table>
**Results**

The results are presented in the order shown on the topic guide. In some interviews, the order was varied if interviewees at some point mentioned issues which were scheduled to be asked at a later point of the interview.

**Current Services**

New and Existing Plans

Table 2 shows the phones the participants were using and their new and old mobile phone plans.

**Table 2**

<table>
<thead>
<tr>
<th>ID</th>
<th>Existing</th>
<th>New phone</th>
<th>Existing Supplier</th>
<th>New Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>iPhone 4</td>
<td></td>
<td></td>
<td>Woolworths (Optus) prepaid</td>
</tr>
<tr>
<td>B</td>
<td>iPhone 5</td>
<td></td>
<td>Vodafone Infinite 45</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Nokia Lumia 820</td>
<td>Optus $25 + phone $15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>HTC with keypad</td>
<td>Optus $29 (pays $19 didn't upgrade phone)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>iPhone 5</td>
<td>Optus $80 plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>iPhone 5</td>
<td>Telstra $79 plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>iPhone 4</td>
<td>Optus $69 or $79?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>iPhone 5</td>
<td>Vodafone had smaller plan - didn't say cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>iPhone 5</td>
<td>Vodafone $80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>iPhone 5</td>
<td>Telstra $80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>iPhone 5</td>
<td>Vodafone $52/$54?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Galaxy IV</td>
<td>Vodafone $56 (was with 3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Nexus 4</td>
<td>TPG $17.99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>iPhone 5S (hasn't got it yet)</td>
<td>Optus $99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Blackberry</td>
<td>Vodafone $65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>iPhone 5</td>
<td>Telstra $69 (father pays)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q</td>
<td>iPhone 5</td>
<td>Optus $67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>iPhone 4S</td>
<td>Vodafone $49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>Smartphone</td>
<td>iiNet $15 plan + $20 phone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T</td>
<td>iPhone 5</td>
<td>Optus $79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U</td>
<td>iPhone 4S</td>
<td>Telstra $79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V</td>
<td></td>
<td>Telstra $20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td>Existing</td>
<td>New phone</td>
<td>Existing Supplier</td>
<td>New Supplier</td>
</tr>
<tr>
<td>----</td>
<td>----------</td>
<td>-----------</td>
<td>-----------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>W</td>
<td></td>
<td>iPhone 4S</td>
<td>Telstra $60 (+ $8 phone)</td>
<td></td>
</tr>
<tr>
<td>X</td>
<td></td>
<td>Galaxy IV</td>
<td>Optus $50</td>
<td></td>
</tr>
</tbody>
</table>

The pricing shown is based on each interviewee’s recall of their plans. Most had what could be considered medium to expensive plans. Some had gone with much cheaper plans, as they needed only minimal services outside phone calls and texts. For those who switched, dissatisfaction with either network coverage, pricing or a poor service at the sales counter were the reasons. Two interviewees (an accountant and an honours maths student) carefully compared plans and worked out for themselves what was the best value plan.

Yeah. I’d made out a spreadsheet and I put in all the options, ‘cause I figured if I’m spending $18 a month say, versus $50 a month that I’m actually using the data… like the way it calculates it maybe it’s doing it two or three times as fast, maybe it’s not that big difference. (male, 24).

Many were happy to stay with their current supplier and conducted limited research.

How new or renewed plans were arranged.

Plans were mainly settled at retail outlets, with a phone call the next most common method.

My parents have always been going to the same Vodafone kiosk…might as well go there, they’ll always look after me, they give me the best possible deal (Female, 21).

One person had a sales visit at home, while another arranged the service over the internet.

Gaining advice

Friends and family were influential in deciding to stay or switch suppliers. But most also sought advice from the telco retail outlets. One theme shown here, which was repeated in many interviews, was to keep things simple and unproblematic.

Because my whole family’s with Optus… I think it allows me… well, it gives me free calls and free texts, but I think it’s also free to my home landline and all that, just thought if we keep it simple, all the same, you know… (Male, 21).
**Features of Plans Bought**

Table 3 shows how the interviewees described the features that they received from their mobile phone plan.

**Table 3: Recalled Features of Mobile Phone Plan**

<table>
<thead>
<tr>
<th></th>
<th>Per month</th>
<th>Length</th>
<th>Calls</th>
<th>Data</th>
<th>Paying for Handset</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$29 per 45 days (prepaid)</td>
<td>24 mths</td>
<td>$400 ‘I think’ Unlimited texts</td>
<td>5 Gb</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>$45</td>
<td>24 mths</td>
<td>Unlimited calls and texts (excludes 1800&amp; 1300 numbers)</td>
<td>500mb Free social networking</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>$25 (calls) $15 (phone) = $40</td>
<td>24 mths</td>
<td>200 minutes</td>
<td>200mb</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>$19 ($29 - $10 had phone)</td>
<td>24 mths</td>
<td>$250 (calls &amp; texts)</td>
<td>1Gb</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>$80 + approx $20 for ‘going over’ and $13 insurance ‘if break phone’</td>
<td>24 mths</td>
<td>$600 calls, unlimited texts</td>
<td>‘I think it’s 1.5 and I always have to add on another 1.5.’</td>
<td>Thinks it is free with plan</td>
</tr>
<tr>
<td>F</td>
<td>$79</td>
<td>12 mths</td>
<td>Unlimited text … ‘calls up to $79’…13/1800 ‘not sure’</td>
<td>2Gb</td>
<td>‘no idea’ cost of phone</td>
</tr>
<tr>
<td>G</td>
<td>$69 – said $79 later in interview</td>
<td>24 mths</td>
<td>Unlimited calls and texts</td>
<td>2Gb I think</td>
<td>Doesn’t include phone</td>
</tr>
<tr>
<td>H</td>
<td>$64 - $59 plan + $5 or $10 phone – ‘forgot’</td>
<td>24 mths</td>
<td>$750 calls/ unlimited texts</td>
<td>2 Gb</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>$80 + insurance (about $15)</td>
<td>24 mths</td>
<td>Unlimited calls/texts</td>
<td>3 Gb</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>$85</td>
<td>24 mths</td>
<td>$800 calls/unlimited texts</td>
<td>1Gb</td>
<td>‘I think about $15’</td>
</tr>
<tr>
<td>K</td>
<td>$54/$52?</td>
<td>24 mths</td>
<td>Unlimited calls to 10 numbers</td>
<td>5Gb</td>
<td>‘no idea’ cost of phone</td>
</tr>
<tr>
<td>L</td>
<td>$56</td>
<td>24 mths</td>
<td>$450 calls/texts</td>
<td>5Gb</td>
<td>Don’t know, ‘as far as I understand the handset or the phone is free with that plan’</td>
</tr>
<tr>
<td>M</td>
<td>$17.99 (Optus network)</td>
<td>No contract</td>
<td>$500 calls/texts $1000/5000 credit to other TPG phones</td>
<td>1.5Gb (downloads and uploads)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>$99</td>
<td>24 mths</td>
<td>Unlimited calls/texts</td>
<td>5 Gb</td>
<td>‘It’s free’</td>
</tr>
<tr>
<td>Per month</td>
<td>Length</td>
<td>Calls</td>
<td>Data</td>
<td>Paying for Handset</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>----------------</td>
<td>-------------------------------</td>
<td>-----------------------------------</td>
<td>----------------------</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td></td>
<td></td>
<td>unlimited social media</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>$69</td>
<td>24 months</td>
<td>Not sure calls/texts. Free calls to family</td>
<td>Don’t know ‘a fair bit’</td>
<td></td>
</tr>
<tr>
<td>Q</td>
<td>$67</td>
<td></td>
<td>Unlimited Optus to Optus Unlimited text $400 calls (he thinks)</td>
<td>1 GB $15 per month</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>$49</td>
<td>mthly</td>
<td>$200 calls/ unlimited texts</td>
<td>2 or 3 Gb internet Not included</td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>$15</td>
<td>24 mths</td>
<td>$200 calls/texts</td>
<td>200mb $20 per mth</td>
<td></td>
</tr>
<tr>
<td>T</td>
<td>$79 + phone = about $100</td>
<td>24 mths</td>
<td>Don’t know</td>
<td>Don’t know Incl. phone</td>
<td></td>
</tr>
<tr>
<td>U</td>
<td>$79</td>
<td></td>
<td>$900b calls/unlimited text</td>
<td>2 Gb $10 per month</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>$20</td>
<td>24 mths</td>
<td>Don’t know</td>
<td>none No extra for phone</td>
<td></td>
</tr>
<tr>
<td>W</td>
<td>$60 + $8 phone</td>
<td>24 mths</td>
<td>$450-500 calls (not sure)/unlimited texts</td>
<td>2 Gb $8 phone</td>
<td></td>
</tr>
</tbody>
</table>

Even in the relatively short period since changing or renewing their contracts there was some imprecision in recalling what they were actually getting for their fees. For data in particular, there was a vagueness for a number of people about the features of their plan.

**Usage**

Interviewees were asked to estimate their usage of their mobile phones. Table 4 shows their estimated usage for calls and texts.
### Phone Calls and Texts

#### Table 4: Phone Calls and Text Usage

<table>
<thead>
<tr>
<th></th>
<th>Phone - Outgoing</th>
<th>Phone - Incoming</th>
<th>SMS - Outgoing</th>
<th>SMS - Incoming</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2 min per day</td>
<td>2 min per day</td>
<td>5-10 per day</td>
<td>5-10 per day</td>
</tr>
<tr>
<td>B</td>
<td>50-60 per month</td>
<td></td>
<td>100 per day</td>
<td>100 per day</td>
</tr>
<tr>
<td>C</td>
<td>20-30 per month</td>
<td>20-30 per month</td>
<td>15-20 per month</td>
<td>15-20 per month</td>
</tr>
<tr>
<td>D</td>
<td>80 per month</td>
<td></td>
<td>120 per month</td>
<td>170 per month</td>
</tr>
<tr>
<td>E</td>
<td>5-8 per day</td>
<td></td>
<td>50-100 per day</td>
<td>50-100 per day</td>
</tr>
<tr>
<td>F</td>
<td>8 per day</td>
<td>10-15 per day</td>
<td>5-6 per day</td>
<td>5-6 –per day</td>
</tr>
<tr>
<td>G</td>
<td>20 per day</td>
<td>12 per day</td>
<td>8 per day</td>
<td>15 per day</td>
</tr>
<tr>
<td>H</td>
<td>20 per day</td>
<td>20 per day</td>
<td>20 per day</td>
<td>20 per day</td>
</tr>
<tr>
<td>I</td>
<td>10-15 per day</td>
<td>2 or 3 per day</td>
<td>100 per day</td>
<td>50 per day</td>
</tr>
<tr>
<td>J</td>
<td>3-4 per day (long calls)</td>
<td>3 or 4 per day</td>
<td>20-30 per day</td>
<td>20-30 per day</td>
</tr>
<tr>
<td>L</td>
<td>5-6 per day</td>
<td>5-6 per day</td>
<td>5-6 per day</td>
<td>5-6 per day</td>
</tr>
<tr>
<td>M</td>
<td>2-3 per day</td>
<td>2-3 per day</td>
<td>9 per day</td>
<td>9 per day</td>
</tr>
<tr>
<td>N</td>
<td>20-60 per day</td>
<td>20-30 per day</td>
<td>60 per day (mostly iMessage)</td>
<td>60 per day (mostly iMessage)</td>
</tr>
<tr>
<td>O</td>
<td>20 per day</td>
<td>20 per day</td>
<td>5 per day</td>
<td>5 per day</td>
</tr>
<tr>
<td>P</td>
<td>5-10 per day</td>
<td>5-10 per day</td>
<td>10-15 per day – mostly uses Whatsapp</td>
<td>10-15 per day</td>
</tr>
<tr>
<td>Q</td>
<td>5-10 per day</td>
<td>5-10 per day</td>
<td>100 per day</td>
<td>100 per day</td>
</tr>
<tr>
<td>R</td>
<td>6-7 per day</td>
<td>6-7 per day</td>
<td>15 per day</td>
<td>15 per day</td>
</tr>
<tr>
<td>S</td>
<td>1 per day</td>
<td>2 per day</td>
<td>3 per day</td>
<td>3 or 4 per day</td>
</tr>
<tr>
<td>T</td>
<td>15-20 per day</td>
<td>6-10 per day</td>
<td>12 per day</td>
<td>18-20 per day</td>
</tr>
<tr>
<td>U</td>
<td>30 per day</td>
<td>20 per day</td>
<td>50 per day</td>
<td>50 per day</td>
</tr>
<tr>
<td>V</td>
<td>2 per day</td>
<td>2 per day</td>
<td>1-2 per day</td>
<td>1-2 per day</td>
</tr>
<tr>
<td>W</td>
<td>3-4 per day</td>
<td>3-4 per day</td>
<td>12 per day</td>
<td>12 per day</td>
</tr>
<tr>
<td>X</td>
<td>4-5 per day</td>
<td>6-10 per day</td>
<td>10 per day</td>
<td>10 per day</td>
</tr>
</tbody>
</table>

Texting for these people was generally more frequent than calls. There was a huge variation in the amount of usage.

#### Data Usage

Table 5 shows that data usage was also a commonly used feature given that almost all the phones were recent smartphone devices. Social media usage, especially Facebook, was common. Many also used other internet connected applications, including mapping. Google maps, which requires data downloading while in use was common, while a stored data application like the Metroview GPS application, was rare.
Table 5  Data Usage

<table>
<thead>
<tr>
<th>ID</th>
<th>Internet</th>
<th>Apps</th>
<th>Email</th>
<th>Social Media</th>
<th>WiFi/mobile data</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Safari</td>
<td>Public Transport, Chat App, Music, Translator</td>
<td>Gmail – not many</td>
<td>Facebook</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>Personal email – sends 'hardly any' 2 or 3 per week</td>
<td>Facebook</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Google occasionally – prefers bigger screen at home</td>
<td>My Car – finds Apps useful</td>
<td>Learning how to do it – prefers bigger screen</td>
<td>No</td>
<td>Both</td>
</tr>
<tr>
<td>D</td>
<td>Web browsing occasionally – prefers bigger screen at home</td>
<td>Football, weather, bank, google maps, eBay, kids games, kids lock, train, happy hour, Travel Zoo,</td>
<td></td>
<td>Facebook (occasionally)</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Internet 1-4hrs per day</td>
<td>Banking, PayPal, EBay, Candy Crush, messenger apps, maps</td>
<td>Facebook ‘don’t use it much’</td>
<td>Both</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>‘very rarely’</td>
<td>SEN (sports radio)</td>
<td>Facebook ‘not really on it that often’</td>
<td>Facebook</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Internet occasionally ‘prefer the big screen’</td>
<td>Com Sec, Maps</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>‘Lots of use as well’, researching, finding addresses, searching</td>
<td>Maps, Metroview</td>
<td>Facebook ‘when I’m waiting somewhere, 5/10 minutes’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>‘A lot’ of browsing of the internet</td>
<td>YouTube, Google maps</td>
<td>‘A lot of Facebook and social media stuff’</td>
<td>Mobile data</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>Google</td>
<td>YouTube, Maps</td>
<td>‘lots for email’</td>
<td>Facebook</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>‘Probably six hours a day; it’s a fair chunk’.</td>
<td>Instagram, YouTube</td>
<td></td>
<td>Just got Facebook</td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td>Internet</td>
<td>Apps</td>
<td>Email</td>
<td>Social Media</td>
<td>WiFi/mobile data</td>
</tr>
<tr>
<td>----</td>
<td>----------</td>
<td>------</td>
<td>-------</td>
<td>--------------</td>
<td>------------------</td>
</tr>
<tr>
<td>L</td>
<td>No</td>
<td>Google Maps</td>
<td></td>
<td>Facebook – an hour per day. Free usage through the App</td>
<td>Both</td>
</tr>
<tr>
<td>M</td>
<td>Browsing, music streaming</td>
<td>Google Maps</td>
<td></td>
<td>Facebook – uses to read news</td>
<td>Both</td>
</tr>
<tr>
<td>N</td>
<td>Browses news sites, Wikipedia</td>
<td></td>
<td>A lot</td>
<td>Facebook – ‘a few hours’ per day</td>
<td>Mobile data</td>
</tr>
<tr>
<td>O</td>
<td>Browses news sites, Wikipedia</td>
<td>Disappointed with limited Apps on Blackberry</td>
<td>About 30 per week day</td>
<td></td>
<td>both</td>
</tr>
<tr>
<td>P</td>
<td>Browse internet – 45 minutes per day</td>
<td>Whatsapp, Google maps</td>
<td>Emails – get notification when receive</td>
<td>Facebook – 20 minutes per day</td>
<td>Both</td>
</tr>
<tr>
<td>Q</td>
<td>½ hr per day, mostly uses WiFi</td>
<td>Viber, messenger apps</td>
<td></td>
<td>Facebook</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>Browse 1.5 hrs (incl. Facebook)</td>
<td>Google Maps</td>
<td>Emails- receive 40 – send 10</td>
<td>Facebook</td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>Doesn’t use internet on phone</td>
<td></td>
<td></td>
<td>Uses wireless mostly</td>
<td></td>
</tr>
<tr>
<td>T</td>
<td>Browse ½ - hour per day</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U</td>
<td>Browse ½ hr per day ‘I find my phone annoying’</td>
<td>Google Maps, Pandora</td>
<td>Facebook – 3 hours per day</td>
<td>Wifi at home</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>Doesn’t use internet on phone</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>W</td>
<td>1 hour day – internet/Facebook</td>
<td>Weather</td>
<td>Emails – checks but mostly sends from computer</td>
<td>Facebook</td>
<td>Mobile data</td>
</tr>
<tr>
<td>X</td>
<td>Don’t use internet much – use laptop at home</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Consumer Response to Unit Pricing for Mobile Telephony
People had a broad idea of how much data they needed.

Yep, 500 MB, because we also get free social network, which is pretty much what I use it for, Facebook and all that. … So my 500 MBs pretty much goes to checking emails when I need, searching up any phone numbers or something, yeah, I don’t use it for big things ‘cause I don’t have that data usage for it. (female, 21).

Yeah, I think [my plan’s] two gig or something like that, two or three gig. I don’t use much data. I never go near the limit anyway with it. (male, 53).

While mostly the packages kept the consumer from excess charges, this was not always the case where insufficient data allowances were provided.

It should cost me $80 a month, but I’m always going over, because I… even with the wi-fi I’ve got at home, I always go… going over my internet… seems so… I never used to over my internet on my last contract, so I don’t actually know for sure whether I have less internet, or whether I’m just using it more, but I’ve had to add on extra… extra gig… including insurance and everything and then I end up paying about, at least a 100 a month, sometimes 120, because of the additional, the gig… it’s all for internet. That’s rare that I’ll go over for phone usage. (Female, 21).

One interviewee (female, 61) reported free Facebook time if used through the application rather than the browser, a handy feature.

**Consumer Perceived Value**

Consumers were asked about their plans and this led to a number of comments about whether they considered them to be good value. In some cases this raised the issue of data allowances and what they meant, a theme that was picked up elsewhere in the interviews. Table 6 shows the details.
Two interviewees, one a maths honours student, the other an accountant, were able to use the various plans and work out for themselves what they considered the best value. One them actually entered the figures into a spreadsheet and based on their usage, worked out the best value plan. However, for most people, decision making was simpler involving a number of heuristics.

Table 6  Perceived Value and Commentary on Allowances

<table>
<thead>
<tr>
<th>ID</th>
<th>Value for money</th>
<th>‘Enough limit?’</th>
<th>Pay more not worry about limit</th>
<th>How much data does downloading use?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>More data, longer time period (45 days)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Good value for money. Previous plan worried would ‘go over’</td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>‘Value for money is not that good. The only reason it suits me is because I don’t use so much’. ...Says - very good value for what he wants (new phone, able to download things)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>‘With the contract, yeah, I think it’s pretty fair. The phone, no. The phone, I’ve had issues with the phone from day one, but I guess that’s not an Optus issue, that’s a Mac issue. So, yeah, no, I think it’s pretty reasonable, except for the internet, the internet usage. I think they’re a bit unfair with, like how quickly I can go over. I don’t... I don’t know why it’s... the internet’s so much. I don’t really download anything.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Network coverage was most important</td>
<td>‘I would just work it out on years of I suppose of what I’ve been paying, and I’d’</td>
<td>‘Maybe I could get something cheaper, I don’t know. But I suppose’</td>
<td></td>
</tr>
</tbody>
</table>

Consumer Response to Unit Pricing for Mobile Telephony
<table>
<thead>
<tr>
<th>Consumer Response to Unit Pricing for Mobile Telephony</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G</strong> Good value for money because not paying for phone</td>
</tr>
<tr>
<td><strong>H</strong> I was going to leave Vodafone because their coverage isn't very good... And when I found out that they've got 4G and it said in my area, oh I thought, that's fantastic. ..Well guess what? No 4G in my area'.</td>
</tr>
<tr>
<td><strong>I</strong> 'Yes, except with the internet. I seem to go over on my internet usage both times so far, so'</td>
</tr>
<tr>
<td><strong>J</strong> 'I'm not happy with it because I'm finding I'm using my credit too quickly. I think, I think the calls are too expensive in the $800 cap...Whereas before I was Swapped from Vodafone because 'the reception was terrible and messages'</td>
</tr>
</tbody>
</table>

Consumer Response to Unit Pricing for Mobile Telephony
<table>
<thead>
<tr>
<th></th>
<th>with Vodafone...and I was paying $80 or $85 a month, it was unlimited calls’.</th>
<th>weren’t always going through, calls were dropping out. Now reception’s been brilliant’.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>Phone in respondents name but used by daughter. Originally took out plan with Telstra. Issues with phone not working, referred to Ombudsman, swapped to Vodafone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Yes, for my... for my usage these day, or my usage. And yes, I do. I think it’s... I think it’s a good deal...And I’ve certainly, you know when I first started using mobile phones I was paying a lot more for... pay much less now than I was many years... years ago.</td>
<td>Don’t know. YouTube ‘I know it’s a lot, but I wouldn’t know how much it was’.</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>When I got it I couldn’t find anything better... I think there’s a few around now that might rival it or maybe beat it, but, yeah...’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>'Yeah, for sure. Like, you can look at it as a $100 a month; I don’t know what seems better, $25 a week, $100 a month; it’s the same thing, but it’s quite a bit of money, but at the end of the day it allows me to do what I want to do’</td>
<td>‘So, I’d probably be spending more than that anyway, if I wasn’t on this plan’.</td>
<td>‘wouldn’t have a clue’</td>
</tr>
<tr>
<td>O</td>
<td>‘I had a look at the other stores, but the Vodafone plan was pretty good, like I mean it’s pretty cheap, I mean it’s quite reasonable for 65 bucks’</td>
<td>it’s unlimited calls so you don’t have to worry about it’. Used to be on a $20 plan and always ‘went over’</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>I don’t know, it’s hard to know. I think so, it seems like a lot of money. But I think having a phone, like, I guess me and people my age are so attached to their phones, that they’re almost like they can sometimes feel invaluable, which I don’t really like to think of it like that. But, it’s, yeah, it’s a lot of money but I guess it’s worth it.</td>
<td>Doesn’t know. ‘I sometimes feel frustrated because a lot of it seems… it’s hard for me to understand, it’s hard to…keep track’.</td>
<td></td>
</tr>
<tr>
<td>Q</td>
<td>Myself, my brother, my other brother, my mum are on, we get unlimited, like, Optus to Optus calls’.</td>
<td>No, no idea. I just know that it doesn’t go over the quota that I’ve got. So…and it never has’. Although you would need to know what a megabyte is. So for someone that has no idea about computers, like I don’t know what a megabyte, like, constitutes in, like, technology language. But I know, like, it’s a unit of data’.</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>Hasn’t been over limit</td>
<td>‘And I’d always rather pick a plan that I think I’m going to be well under rather than going over it’. ‘I’m not sure what megabytes and gigabytes… and all of those are to be honest’.</td>
<td></td>
</tr>
</tbody>
</table>
| S | Good value for money
   ‘it’s not cheap. It’s not like some people get really cheap calls. It’s about 30 cents, but I still figure that I can do a lot of phone calls in a month for $200’. | I have no idea’ |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>T</td>
<td>‘Sometimes I do, sometimes I don’t. I don’t know what is probably the best option, but I think that they – they do take a lot of money for some things that realistically I don’t think we ever do use’.</td>
<td>Don’t know</td>
</tr>
<tr>
<td>V</td>
<td>‘For someone who doesn’t use it a lot, yeah, I’m quite happy to pay, if I don’t go over that amount, as I don’t seem to very often, that seems pretty reasonable for a use of a telephone... mobile phone’.</td>
<td>Doesn’t go over limit</td>
</tr>
<tr>
<td>W</td>
<td>Good value ‘it suits me’</td>
<td>Don’t know</td>
</tr>
<tr>
<td>X</td>
<td>Continued with previous supplier</td>
<td>Don’t know</td>
</tr>
</tbody>
</table>

A recurrent theme was “going over”, that is using more services than allowed under the plan and therefore facing additional charges, possibly unknown. Thus having a plan that was more than enough to meet a consumer’s needs was desirable, even if it involved a plan that was not necessarily the most economical. From this perspective, the price paid was reasonable. Those who commented on data downloading had little knowledge of how much data any particular use, such as downloading a video, would entail.

**Pricing for Individual Components & Consequences of Going Over**

Table 7 deals with knowledge of the individual elements and the consequences of exceeding these limits. These issues are relevant to the issue of unit pricing in the sense of dealing with their perceptions of what they get and its price. The question about what happens when the allowance is exceeded, that is ‘going over, is related to the warnings consumer now get when this occurs. Not all people could comment on what their plan included.
### Table 7: Allowances for Each Plan, Going Over and Telco Warnings

<table>
<thead>
<tr>
<th>ID</th>
<th>Pricing</th>
<th>‘Going Over’</th>
<th>Warning/Notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Not clear on how pricing works</td>
<td>Charged 'a ridiculous amount' when go over data allowance. Can pay extra for 'add on' data.</td>
<td>No, they don't send me the message</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>$10 penalty for 'going over' phone calls/data</td>
<td>Has an app, that shows how much data/calls have used</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>‘Well what happens, you just pay the difference … if you go over they charge you per megabyte, so I’m not sure how much it is but it’s like at least probably like 20, 30 cents a megabyte. So I’d hate to know if I did go over like 500, how many dollars it would cost me…’</td>
<td>‘they send you a text once you’re like only got like 15% or ten per cent left’</td>
</tr>
<tr>
<td>D</td>
<td>Free calls between 8-midnight…’ if it’s not free time it’s like about 90 cents a minute, which is quite a lot’.</td>
<td>‘they send you a text once you’re like only got like 15% or ten per cent left’</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Doesn’t know how much per mb or phone call. Doesn’t worry about call – doesn’t ‘go over’</td>
<td>Able to purchase an ‘additional gig’. ‘The extra one gig of internet I think is $10’</td>
<td>Gets a text</td>
</tr>
<tr>
<td>F</td>
<td>Doesn’t know how much each component of plan costs</td>
<td></td>
<td>Never received a warning</td>
</tr>
<tr>
<td>G</td>
<td></td>
<td></td>
<td>Didn’t receive a warning when went over</td>
</tr>
<tr>
<td>H</td>
<td>Doesn’t know individual pricing components. Doesn’t know if 13/1800 numbers included</td>
<td>Doesn’t know cost</td>
<td>Has an app that shows usage. Shows kids accounts as well. Gets text when close to limit. ‘Gives peace of mind’</td>
</tr>
<tr>
<td>I</td>
<td>‘I’m not entirely sure. I know for the actual handset it’s about $12 a month on top of what the actual plan costs…So I think</td>
<td>‘Actually I was speaking to them the other day to put more on and it was, I think if you go one gig over it’s an extra $100…Every gig. But they do it based on the megabytes, but I</td>
<td>Gets a text. Didn’t know about an app.</td>
</tr>
</tbody>
</table>

Consumer Response to Unit Pricing for Mobile Telephony
<table>
<thead>
<tr>
<th>Consumer</th>
<th>Response to Unit Pricing for Mobile Telephony</th>
</tr>
</thead>
<tbody>
<tr>
<td>the actual plan’s like $59 a month’</td>
<td>can’t remember exactly how much it was each megabyte’.</td>
</tr>
<tr>
<td>13/1800, ‘I know one of them is supposed to be free’</td>
<td>Get a text. Has App to see data but not calls ‘I wish they had the same method’</td>
</tr>
<tr>
<td><strong>J</strong> Picture messaging comes out of the cap, and 13/1800 numbers are not included</td>
<td>Pay $0.99 per minute for calls when over limit</td>
</tr>
<tr>
<td><strong>K</strong> 13/1800 not included</td>
<td>It's huge...no, not off the top of my head, because she hasn't done it, but I know... they did warn us that if she goes over that limit that it's a substantial charge.</td>
</tr>
<tr>
<td><strong>L</strong> 25c per text, calls ‘Thirty cents a minute, or 30 cents for 30 seconds, half a minute’. 13/1800 ‘I think I might pay extra for those’</td>
<td>Calls: would be charged call rate. Data: ‘That I’m really not sure about, because ... I’ve got an awful lot of data, far more than I would ever use’.</td>
</tr>
<tr>
<td><strong>M</strong> 13/1800 ‘So you pay a deposit when you sign up to the contract, which I think is $50, and then that’s allocated towards all that sort of stuff, so toll numbers, if you go over your allowance and you get excess charges you incur’.</td>
<td>‘So you get charged per megabyte. And it’s calculated in megabytes, so if you only use half, they still charge for a whole, which I think is pretty standard...And then I don’t know what the price is per megabyte. And so say I used 5MB more, then it was a dollar amount that’s more than it is, but...’ Taken out of the deposit, similarly with calls</td>
</tr>
<tr>
<td><strong>N</strong> ‘I think it’s free to 1800 numbers... but I’d assume free calls is free calls, is it not?’</td>
<td>Phone allows you to set a warning and cut of threshold.</td>
</tr>
<tr>
<td>Old plan: Doesn’t know how much was charged for exceeding limit but ‘it’s quite a bit of money’. New plan: ‘this is an unlimited cap, so regardless of how much... as long as you don’t exceed the five gigabyte of data, which is a lot, you’ll be paying that $99’.</td>
<td>Didn't receive warning when data exceeded</td>
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<tr>
<td>O</td>
<td>$65 credit for 1300 and international calls</td>
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<td>------------------------------------------</td>
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<tr>
<td>P</td>
<td>13/1800 numbers – don’t know</td>
</tr>
<tr>
<td>Q</td>
<td>13/1800 – thinks you have to pay extra</td>
</tr>
<tr>
<td></td>
<td>‘The last plan I went over a few times, so I’ve never used it for international calling again’.</td>
</tr>
<tr>
<td>R</td>
<td>13/1800 – thinks the plan includes</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>‘I tend to go back to how much ... could be using, you know, $200 worth of calls is probably about 200 minutes... then I can sort of think well 200 minutes, that’s you know, a few hours...I think gee, I’m not likely to exceed that</td>
</tr>
<tr>
<td>T</td>
<td>Used to know how much calls cost when received a paper bill, but not now bills are electronic</td>
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<td></td>
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<td>---</td>
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</tr>
<tr>
<td>U</td>
<td>13/1800 thinks they are included (guess)</td>
</tr>
<tr>
<td>V</td>
<td>13/1800 doesn’t know if included</td>
</tr>
<tr>
<td>W</td>
<td>13/1800 charged extra</td>
</tr>
<tr>
<td>X</td>
<td>13/1800 charged extra doesn’t know how much Didn’t go into detail with pricing when took out contract because it was all ‘unlimited’</td>
</tr>
</tbody>
</table>

These comments were based on what people could recall. In this sense, they match everyday experience where consumers use their phones having some idea of their plan and what it entitled them to use, but not in great detail. As long as they were not faced with extra costs, this vague knowledge was of little concern.

I think it gives you – how many texts? Oh my God, I should know this. I looked at it too and I said to my husband oh this means nothing to me, I’m just going to keep texting. I don’t know how many you get per – you get quite a lot, I know that and I’ve never actually gone over the texting limit, so you must get a lot ‘cause I text more than I call. (female, 41).

There was some uncertainty about charging for data, vague knowledge of calling charges at times when the rates were cheaper and uncertainty about charges for 1800 and 13 numbers when called from a mobile.

Yeah, I think sometimes the problem for me feels like the more I try to understand the less I understand. So, like, you know, like it’s one of the… it’s just a really… it’s an area that I think is, I don’t know, it’s kind of baffling, and when I try to have a sense of what my plan is and what I’m spending I just get more confused. So I sometimes just switch off. (male, 34).

This indicates that for some consumers at least, mobile phone plans are complicated and difficult to understand. As the further questions below will indicate, people are generally able to make sense of the plans when they are shown to them and asked to

Consumer Response to Unit Pricing for Mobile Telephony

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comment item-by-item. But if they have not taken the trouble to review their own plan carefully, there will be considerable vagueness about what they have bought. This was true of many in this group, despite having recently arranged their current plan.

Are allowances wasted?
Because of the concerns about “going over”, many people bought plans that had capacity they did not fully use.

Yeah. Maybe I could get something cheaper, I don’t know. But I suppose I’d rather pay that little bit more and know that I’m not going to go over it. I’d rather pay $20 to save me (male, 38).

I know, I’m probably one of those suckers that, you know, hardly ever goes near half … maybe I could get … a plan that’s $10.00 or $20.00 less but … I’d just rather pay that little bit extra. (female, 47).

And I’d always rather pick a plan that I think I’m going to be well under rather than going over it… So I’d rather have something which I think I would definitely be under even if I’m not going to use it. (female, 30).

The plans therefore offered consumers reassurance that the plan would be enough to meet their needs without the hassles of going over. It was, in one sense, the paying of an insurance premium. There was however little sense that this represented a loss to themselves because of the reassurance it gave them. There was also no mention they would have expected the unused amounts to roll-over into the next month.

Reactions to Mobile Phone Advertising
Subsequent to this more general discussion, interviewees were shown a series of print and internet advertisements (copies are in Appendix 2).

Choice of Plan – Catalogue Advertising
Interviewees were shown the catalogue plans from the three telcos (Telstra, Vodafone and Optus), then asked to say that if their choice was limited to choosing one of the plans shown to them, the one they would choose.
Table 8 shows what plans were chosen.

Table 8  Plan Chosen

<table>
<thead>
<tr>
<th>ID</th>
<th>Telco</th>
<th>Monthly cost</th>
<th>Comparison with Interviewee's Current Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Optus</td>
<td>$40</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>B</td>
<td>Vodafone</td>
<td>$35</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>C</td>
<td>Optus</td>
<td>$25</td>
<td>Same Telco/same plan</td>
</tr>
<tr>
<td>D</td>
<td>Optus</td>
<td>$25</td>
<td>Same Telco/different plan – but would want more data</td>
</tr>
<tr>
<td>E</td>
<td>Optus</td>
<td>$65</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>F</td>
<td>Telstra</td>
<td>$60</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>G</td>
<td>Optus</td>
<td>$65</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>H</td>
<td>Optus</td>
<td>$40</td>
<td>Different Telco/different plan</td>
</tr>
<tr>
<td>I</td>
<td>Vodafone</td>
<td>$65</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>J</td>
<td>Optus</td>
<td>$65</td>
<td>Different Telco/different plan</td>
</tr>
<tr>
<td>K</td>
<td>Optus</td>
<td>$25</td>
<td>Different Telco/different plan (but plan discussed is for daughter/picked plan here for himself)</td>
</tr>
<tr>
<td>L</td>
<td>Vodafone or Optus</td>
<td>$35</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$40</td>
<td>Different Telco/different plan</td>
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<tr>
<td>M</td>
<td>Telstra</td>
<td>$50</td>
<td>Different Telco/different plan</td>
</tr>
<tr>
<td>N</td>
<td>Vodafone</td>
<td>$35</td>
<td>Different Telco/different plan</td>
</tr>
<tr>
<td>O</td>
<td>Vodafone</td>
<td>$65</td>
<td>Same Telco/ Same plan</td>
</tr>
<tr>
<td>Q</td>
<td>Optus</td>
<td>$65</td>
<td>Same Telco/ Similar plan</td>
</tr>
<tr>
<td>R</td>
<td>Vodafone</td>
<td>$45</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>S</td>
<td>Vodafone</td>
<td>$20</td>
<td>Different Telco/different plan</td>
</tr>
<tr>
<td>T</td>
<td>Optus</td>
<td>$65</td>
<td>Same Telco/different plan</td>
</tr>
<tr>
<td>U</td>
<td>Vodafone</td>
<td>$65</td>
<td>Different Telco/different plan</td>
</tr>
<tr>
<td>V</td>
<td>Optus</td>
<td>$25</td>
<td>Different Telco/different plan</td>
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<td>W</td>
<td>Telstra</td>
<td>$60</td>
<td>Same Telco/same plan</td>
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<tr>
<td>X</td>
<td>Optus</td>
<td>$40</td>
<td>Same Telco/different plan</td>
</tr>
</tbody>
</table>

Generally the choices made were for plans cheaper than their current plan.
Comparisons between plans were difficult to make.

I find it very difficult to compare the time on that one with the time on that one because they’re not the same. You see in order to compare apples with apples you’ve got to have the same amount of data in each one. That is not the same data. That’s just telling me I’ve got 200 minutes and that’s telling me I’ve got $200. So I don’t know which is the better value. (male, 61).

This interviewee is actually endorsing a “unit pricing” approach, to compare “apples with apples”. The Optus plan includes 200 minutes of talk time, while Vodafone included $200 of call value. When questioned about this different way of expressing plan features, most but not all favoured “minutes” rather than a value figure as being a clearer indication of what you were getting.
Comparing the plans could be difficult, if it required the consumer to go into detail.

I’ll tell you one thing that turns me off - when these pamphlets are confusing. I like them nice and simple, you know, where it just shows you the three plans and the prices of the gig and people I spoke to they say the same, they want to see it simple (male, 53).

Reasons for Choice of Plan

They were then asked to give reasons for the plan they had chosen. Table 9 summarises the results, and the importance given to the various features where 1 was the highest importance. Some of the choices were unrelated to the plan, either having a good

‘I don’t think I’d change from Optus. I’ve been pretty happy with them’ (male, 61) …
or a bad experience with a network provider

due to past experience with Vodafone I’m pretty hesitant to go back again (male, 24)
or reputation for higher prices

I know Telstra is always the most expensive, so even though I’m a shareholder, I wouldn’t go with them, just because I always think they charge more. (male, 34).

Price and value or the matching of the plan to their current use were the main reasons for the selection.

One of the features of some plans was the offer of “infinite” or “unlimited” services.

I wouldn’t probably lean towards that [Telstra], only reason being I like… I much prefer the look of unlimited than I do a number. Even though I might not go anywhere near it, the sight of it makes me feel accountable, whereas this, I’ve got nothing to … account… [for]’ (male, 68).

Yeah I’d probably go for an unlimited I’d say. Because I just can’t be bothered working out how many minutes… How many have I done today, how many minutes? I can’t be bothered trying to add up how many minutes. (male, 53).

The convenience of just being able to use the phone as desired was appealing, rather than taking the time and effort to monitor and regulate usage.

Where call pricing was given, the value quoted could be hard to assess

Well what’s the $600? They create some arbitrary price which isn’t the same then. I mean you can’t compare that. I mean if the price was the same for every single provider then you could compare that. So they’re just giving you an arbitrary number multiplied by another arbitrary number to give you an arbitrary number, which you then have to divide by the arbitrary… find out what the arbitrary number is then divide it, and then you work it…(male, 20),
Data could be less of a known quantity in terms of the value offered by plans:

None of them mention how much you can do as an upload. You can get a gigabyte of download, but they never mention how much you can upload (male, 54).
<table>
<thead>
<tr>
<th>ID</th>
<th>Price</th>
<th>Value</th>
<th>Eye catching</th>
<th>No. of Calls</th>
<th>No. of Texts</th>
<th>Amount Data</th>
<th>Contract Length</th>
<th>Network coverage</th>
<th>Matches Usage</th>
<th>My/others experience</th>
</tr>
</thead>
<tbody>
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<td>A</td>
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</table>
Comparing the plans could be quite difficult

…it’s not that easy to compare them. If you want to compare things and say “Oh, that’s the best plan.” Alright I’ve said to you that that’s the best plan just by looking at those but I had to go into it a fair bit. I wasn’t “Oh, oh, that’s the best one,” was it? It was “Oh, look read the fine print down below.” (male, 61).

particularly if there were additional fees and charges

You know, yeah they add all these little bits and pieces on. Yeah. Account charge is three dollars eighteen, GST six dollars sixty-four. So they add these little bits and pieces. So that’s not really the… you think you’re signing up and I’ll only be paying $65 a month and your first bill comes it’s $74’. (male, 53)

Overall, interviewees were able to make a choice. For at least some people, there was too much information, for others crucial information was hidden in fine print. The value of a quoted figure like $600 of calls was not necessarily clear. Even “unlimited” or “infinite” calls may not include certain types of calls and be subject to other charges.

Opinions differed on whether Telstra offered value

It’s not as affordable, in my eyes, as this one [Vodafone]. (female, 21).

I’m surprised that Telstra do not have a cheaper plan than $50 because by the look of this the cheapest one they’ve got is $50. (male, 61).

Not expensive. (female, 21).

With call costs, some were having difficulty understanding the plans, others thought it was clear

That’s good as a comparison. So yeah, rather than you working it out. How much it costs, say 90 cents by two minutes, plus call connection, they’ve already done it (male, 34).

The costing of a two-minute call, as laid down in the standards, puzzled some consumers
Standard national voice calls. See, I don’t understand this, two minute standard call, why do they measure it by two minutes. (male, 34).

Others found it helpful

Average call time? ‘Yeah I guess that’s just to have an idea because maybe people usually call for two minutes, that might be the average or something. (male, 21)

yes, the two – the $2.38’s coming out of the 800 I’d assume, so once you’ve done your 2.38 times whatever it is to get 800, then you get charged past that. (female, 41).

Reduced call costs under certain conditions (like calling at a particular time) did not necessarily add value to the plan

all these seven PM and seven AM. I can’t be bothered with all that personally. If I want to make a phone call I’m not going to be watching my clock and think “Oh I’d better wait until seven” (male, 38).

With data it was more difficult to discern the value

I don’t really understand data all that much. Minimum standard… is that this bit here, excess data ten cents, is it, a megabyte? I don’t know. No, I don’t really (male, 68).

However, when the excess data rate per megabyte was pointed out, interviewees could work out the cost once the number of megabytes was known. As will be seen below, there was limited consumer understanding of what data various applications used and the per megabyte rate was not particularly helpful.

Finally, the Telstra catalogue included the term “MRO”, but this was nowhere explained on the page. No-one commented on it spontaneously, but when pointed out it evoked a puzzled or uncertain response.

I don’t know what M.R.O. means, but I’m guessing that’s the handset fee (male, 34).

MRO ‘I don’t know’… Mobile… maybe extra…Roaming. Is it to do with roaming? (female, 61).

MRO…’ No idea. My something or other. I mean I don’t even want to know what it is, you know what I mean? (male, 34).

Overall the Telstra catalogue page was seen as complex which made it difficult to discern the value on offer, without effort.
Reaction to the Optus Catalogue Advertising

Table 11 shows the reaction to Optus advertising. The main page was clear and offered simple choices. However, just what was on offer in the second page (p.15) was not at all clear

Confusing (female, 21).

Wow. See that’s all price, but it’s all mumbo jumbo (males, 53, referring to data rates, top of page 15).

However, one person was asking for unit pricing details

The only thing I would have liked, which Telstra and Vodafone had, was how much a two minute phone call costs. With connection fee, so you can then compare apples with apples…I don’t think it tells you anywhere here how much a call costs per minute (male, 34).

Because of the way Optus expressed its offer (minutes or unlimited), this information was only relevant where the person went over their allowances in the $35 and $45 plans. Details were in fine print and not expressed in unit pricing terms. Rather consumers would be “moved up and charged for the next level of additional minutes” (Brochure, p.15) which was unclear. Consumers were referred to an Optus webpage for further details.

However, most but not all favoured the Optus approach of offering a number of minutes of calling, rather than expressing the offer in terms of a dollar amount. One curious comment in this respect was the person who said

I’d go the $500. I find 500 minutes because it’s so easy to imagine 500 minutes, it doesn’t seem like much, whereas $500 you don’t how much calling, you don’t know how much many minutes that will be but you assume it’s going to be a lot (female, 22).

Here the dollar sum seemed more valuable than an offer expressed in actual calling time.

With data, there was limited knowledge of what the various units were.

I don’t really understand it, actually. I... yeah, because I’m hopeless with differentiating between meg and gig anyway (female, 21).

The issue of “going over” the allowed usage was problematic because it was often in fine print or expressed in a way that was complicated

Well they make that very small. I can’t even read it with glasses … additional data used in Australia costs ten cents, what’s MB? (male, 53).
Overall, the Optus catalogue front page was seen as clear, but it was difficult to follow the detail attached in the accompanying page without effort.

One consumer expressed the regret she has not seen the plan before she took out her recent one.

Oh it looks like Optus has a better deal. I wish I’d looked at it more carefully (female, 47).

Reaction to Vodafone Catalogue Advertising

Table 12 shows the reactions to the Vodafone advertising. Overall the page was seen as clearly laid out and the plans providing good value in comparison with the others. However, the details could be confusing or difficult to discern.

‘... but where is says asterisk four, there’s no mention of asterisk four down here in your terms and conditions, so where is it? (male, 54).

‘…which means infinite, I’m just reading what eight means, ‘cause I thought there might be a catch… just can’t find eight there, so yeah, there’s some catch (male, 34).

The unit pricing information could be discerned, if attention was drawn to it

The only thing it says is that the cost of a standard text is 30 cents…And a two minute standard call is $2.36…And it doesn’t say, but I would imagine that the shortest call you could make would be two minutes… I imagine as soon as you dial it’s $2.36, and then for every minute over you’d spend. (male, 24).

I don’t understand what it means by charge per kilobyte, I’m guessing it’d be one per cent or whatever (male, 22).

The cost of sending a national standard text is 30 cents. So I’m assuming that’s all going to come out of the 500 (female, 47).

Those on an unlimited plan had fewer concerns about pricing.

Well, for me, the value of phone calls is... it’s not relevant to me, because it’s for free, so... and neither is minutes, because it’s also free and it’s not... when I’m looking at a plan, I don’t like to calculate how many minutes is it in a month and dividing and doing all these figures, you know (male, 21).

Special conditions or discounts for calls to others with the same carrier were not greatly valued

Unlimited calls/texts to Vodafone. … I quite don’t like this feeling to like get hope and then no it’s only for people who have Vodafone (male, 21).

Some concerns over what happens when the customer goes “over” were expressed
‘… I would be worried that I’d be able to go over even though, I think like number of minutes is sort of open to interpretation like I’d rather go with infinite if it’s sort of close to the same (female, 30).

Not clear on what happens when you go over [on data] (female, 21).

Overall, the plans were clear at the top level and if attention was drawn to it, the unit pricing could be followed and used to estimate costs. However, the fine print was difficult to discern and some of the footnotes referred to pricing details found elsewhere in the catalogue. While the rate for data was shown, its meaningfulness was not high. Some anxiety about going over was expressed.
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<tr>
<th></th>
<th>Overall</th>
<th>Plan</th>
<th>Handset</th>
<th>MRO</th>
<th>Calls</th>
<th>Data</th>
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<tbody>
<tr>
<td>A</td>
<td>Seems expensive.. 'but I don’t really know why I feel that is expensive'</td>
<td>Cheaper if you sign a contract</td>
<td>Includes price of phone</td>
<td></td>
<td>Average call time? 'Yeah I guess that’s just to have an idea because maybe people usually call for two minutes, that might be the average or something'</td>
<td>Able to explain cost of additional fee if you ‘go over’ data</td>
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<tr>
<td>B</td>
<td>Not expensive</td>
<td>Don’t have to sign a contract ‘is that correct?’</td>
<td>More if you include a phone ‘I don’t understand why its more ... oh you get a phone with it’</td>
<td>‘I don’t know what MRO is... and a new mobile MRO... I’ve never heard that term before, to be honest, no’.</td>
<td>Broken down so can see cost. ‘I don’t know, actually (if other companies break down cost). It’s something I would have to read in fine print, wouldn’t it?</td>
<td>Additional charge - More difficult to read than other companies</td>
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<td>‘It doesn’t emphasise the more you pay, the less the excess data is’.</td>
</tr>
<tr>
<td>C</td>
<td>‘This one I find, of all of the three of them I find this one is the most confusing’</td>
<td>I’m surprised that Telstra do not have a cheaper plan than $50 because by the look of this the cheapest one they’ve got is $50. The cheapest Telstra (Optus) one is $25, half the price.</td>
<td></td>
<td>‘I have no idea what an MRO is, to be quite honest with you. Do you know what an MRO is?’</td>
<td>‘If that was a three minute call are you going to be using up more of your $200? I think you would be quite frankly. If you stay on for an hour that's going to knock a hell of a great big hole I that $200 isn’t it?’</td>
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<td>Overall</td>
<td>Plan</td>
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<td>Calls</td>
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<td>D</td>
<td>‘The only good thing with Telstra, like the only... like they tell you how much it costs over 12 months...So at least you know what you're out of pocket’ ‘So if you're getting a new mobile then you have to go on the $60 plus, pay the handset fee, which will be at least five, ten dollars a month, so you're looking at least $70 a month... so that's why Telstra is no good’ ‘What I noticed was if you bring your own mobile you get ten dollars off the plan’ ‘I don't know what M.R.O. means, but I'm guessing that’s the handset fee’.</td>
<td>That’s good as a comparison. So yeah, rather than you working it out. How much it costs, say 90 cents by two minutes, plus call connection, they've already done it, so.</td>
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<tr>
<td>E</td>
<td>‘It's not as affordable, in my eyes, as this one’ (Vodafone) ‘I'd be hesitant to just jump straight into that plan’</td>
<td>‘I don't even know what MRO means’.</td>
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<tr>
<td>F</td>
<td>Says you're getting $600 but ‘Telstra aren't paying $600 for your calls’</td>
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<tr>
<td>G</td>
<td>‘It’s not as clear as (Vodafone) ‘No lock-in plans, every day connect, BYO plans, I don’t even know what all that means’</td>
<td>‘all these seven PM and seven AM. I can't be bothered with all that personally. If I want to make a phone call I’m not going to be watching me clock and think “Oh I’d better wait until seven.”</td>
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<tr>
<td>H</td>
<td>Not clear on first glance the difference between plans. ‘they could’ve said month to month contract, as they say, with your ‘. . . the problem is how long – if you bring your own, sometimes phones don’t last as long and they play up. ‘I don't know what MRO is. I've never heard of that before’</td>
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Consumer Response to Unit Pricing for Mobile Telephony
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<tr>
<th>Overall</th>
<th>Plan</th>
<th>Handset</th>
<th>MRO</th>
<th>Calls</th>
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<tbody>
<tr>
<td></td>
<td>own phone’. Respondent writes on brochure to simplify.</td>
<td>They’re like they’re designed to die on you in…’</td>
<td>MRO ‘absolutely no idea’</td>
<td></td>
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<tr>
<td>A1</td>
<td>Paying less if you are on a 12 month plan with a phone</td>
<td>Get a $10 discount with your own phone but you are locked in to a contract</td>
<td>MRO ‘I don’t know’... Mobile... maybe extra...Roaming. Is it to do with roaming?</td>
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<td>L</td>
<td>‘I still can’t read this one to be honest’... .It doesn’t really give me the information..</td>
<td></td>
<td>‘there’s no real information about how Telstra do their work, so it is a bit cheaper, it’s only $1.40 per call minimum charge sorry, versus $2.36’.</td>
<td></td>
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<tr>
<td>M</td>
<td>‘... the first two at least expect you to bring your own phone. The second one is, as far as I can tell, the same as the first except it’s 12 months rather than one month. And then the third one it says you can choose a new mobile. It’s also 24 month term.’</td>
<td>MRO ‘...I don’t know if I can tell what the abbreviation is, but to me it sounds like that would be the phone’</td>
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<td>O</td>
<td>Would not look at Telstra believes they are unclear about their call costs</td>
<td>‘And look 130 a month right and that’s unlimited, that’s 65. So why am I going to pay double for a Telstra network as opposed to Vodafone</td>
<td>MRO...’ No idea. My something or other. I mean I don’t even want to know what it</td>
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<tr>
<td>Overall</td>
<td>Plan</td>
<td>Handset</td>
<td>MRO</td>
<td>Calls</td>
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<td>P</td>
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<td>is, you know what I mean?</td>
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<td>Q</td>
<td></td>
<td></td>
<td>‘Standard national voice calls. See, I don’t understand this, two minute standard call, why do they measure it by two minutes?’</td>
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<td>R</td>
<td></td>
<td></td>
<td>I don’t know what M.R.O is.</td>
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<td>T</td>
<td></td>
<td></td>
<td>‘No, not that I can see...I’ll look, but hang on. Yeah, here. ‘Oh yes, the two – the $2.38’s coming out of the</td>
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Consumer Response to Unit Pricing for Mobile Telephony
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<th>Overall</th>
<th>Plan</th>
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<th>MRO</th>
<th>Calls</th>
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<td>800 I’d assume, so once you’ve done your 2.38 times whatever it is to get 800, then you get charged past that’</td>
<td>Can explain additional call charge</td>
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<tr>
<td>W</td>
<td></td>
<td></td>
<td></td>
<td>‘I don’t really understand data all that much. Minimum standard… is that this bit here, excess data ten cents, is it, a megabyte? I don’t know. No, I don’t really’.</td>
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<td>X</td>
<td>‘Yeah, it’s not as plainly written out as the other two is it’?</td>
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### Table 11  Key Comments on Optus Catalogue Advertising

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<thead>
<tr>
<th>Overall</th>
<th>Unit Charge</th>
<th>Additional charge</th>
<th>Data</th>
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<tbody>
<tr>
<td><strong>A</strong></td>
<td>Likes expressed as minutes, would prefer expressed as hours. ‘Yeah it’s a bit clearer’</td>
<td>Confusing ‘I’m not sure if it’s because of my English but I’m not sure I understand completely what “we just move you up a level for the rest of the month” means’</td>
<td></td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>Confusing Similar to others but $5 more</td>
<td>Easier to understand expressed as minutes. ‘I think minutes. Because most people just look at hey, minutes. And not many people look at the fine print’.</td>
<td>Confusing/unclear ‘The cost of one MB... it’s very unclear. I don’t know if, for example, it costs that much for a MB... but that’s in...’ ‘It’s not bad. It’s pretty good. But I think when most people sign up to plans they don’t really look at that tiny little thing. They’re just like, OK, great, sounds good’</td>
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<tr>
<td><strong>C</strong></td>
<td>‘Oh. This is so confusing. That’s what they told me at Southlands Optus shop. They said “Oh we’ve changed it all, you can now only get $25 or $50,” yet you go and get a brochure yesterday and tells you you can still get a $40 or a $65’.</td>
<td>Easier to understand expressed as minutes. ‘So I take my hat off to Optus for doing that because I can interpret that a lot better than I can interpret that’</td>
<td>Confusing ‘Cost of one megabyte included data 50 cents. Um. No I’m having a lot of trouble interpreting what that means. I don’t think that’s at all clear. ‘But if you go to the $40 plan you’re only paying one cent per megabyte because the price drops... (is the $40 plan better value than the $25)...’ That would depend on your usage, wouldn’t it really? For me it’s not because I found that what I’ve got at the moment is sufficient’.</td>
</tr>
<tr>
<td><strong>D</strong></td>
<td>‘The only thing I would have liked, which Telstra and Vodafone had, was how much a two minute</td>
<td>Likes it expressed as minutes ‘it’s simpler’, ‘this is a lot easier to figure out’</td>
<td>‘it’s half the price of what Telstra’s is’, ‘you get more data as well’</td>
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Consumer Response to Unit Pricing for Mobile Telephony
<table>
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<tr>
<th>Overall</th>
<th>Unit Charge</th>
<th>Additional charge</th>
<th>Data</th>
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<tbody>
<tr>
<td>phone call costs. With connection fee, so you can then compare apples with apples...I don’t think it tells you anywhere here how much a call costs per minute'.</td>
<td>‘the minutes is definitely easier to track than... than the dollars’.</td>
<td></td>
<td>'I don’t really understand it, actually. I... yeah, because I’m hopeless with differentiating between meg and gig anyway, I’m looking at costs of one being included data and seeing that there, is giving me a very different number to what it gives here.... I’d need to ask them at Optus’</td>
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<td>E</td>
<td></td>
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<tr>
<td>F</td>
<td>‘The more your pay the more you are going to get’</td>
<td>‘hard to say’ if minutes or $ calls easier</td>
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<tr>
<td>G</td>
<td>‘It’s very clear it’s $65, it’s unlimited text, unlimited phone’... similar to Vodafone</td>
<td>‘Yeah the minutes. I like it where it says minutes. You just got ’Alright well 200 minutes is three and a half hours.” You know, you know straight away by looking at it’.</td>
<td>‘Well they make that very small. I can’t even read it with glasses’ ‘additional data used in Australia costs ten cents, what’s MB?’</td>
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<tr>
<td>H</td>
<td>Wow. See that’s all price, but it’s all mumbo jumbo’ (top of page 2).</td>
<td>Discussing $500 or 500min. Says minutes is better ‘Because a minute’s being charged at $2.36, so they’re giving you 500 minutes, which would be over $1,000 in value compared to that’.</td>
<td>‘the more you pay, costs you less’</td>
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Consumer Response to Unit Pricing for Mobile Telephony

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<th>Overall</th>
<th>Unit Charge</th>
<th>Additional charge</th>
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<td>‘I think on the Optus one they should just have in bigger writing, if they want to put their things down in minutes, I’d personally be putting dollar value there, because that would – if they had the 1000 – say just over 1000 from what I figured out before, its immediately a lot better value and they would be getting their customers in’.</td>
<td>‘so the minutes is probably better. I’d find it easier to ... keep track of the minutes than I would to keep track of the dollar spend, because ... I never know how much an actual phone call costs, even. ‘Cause there always seems to be hidden charges and stuff, so I would prefer to know how many minutes I’d have’.</td>
<td>What happens to connection fee when expressed in minutes? ‘Well I don’t know what it is. I’m not sure. I don’t know. That’s a good question’... ‘And I can’t even find it on here anyway’ 1300/voicemail – I don’t use so is not ‘a big issue for me’</td>
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<td>I More confusing (than Vodafone).. I wouldn’t understand what any of this meant when I was reading through...’</td>
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<td>J</td>
<td>Prefers dollar’s 'Because the dollars makes, like I figure one dollar is one minute'.</td>
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<td>Overall</td>
<td>Unit Charge</td>
<td>Additional charge</td>
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<td></td>
<td>Confusing – ‘Didn’t like that they might restrict data’</td>
<td>Cost for ‘going over’ … ‘Nah I cannot find it’ ‘But, you automatically go up a level. So, if you go up a level, you go from $25 to $40…’</td>
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<tr>
<td>K</td>
<td>Prefers expressed as minutes</td>
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<td>L</td>
<td>I guess we’re so used to looking at dollars... That it appears that that’s the same, but as you say it’s not.</td>
<td>Additional phone calls… ‘I’m assuming that I would pay, let’s say a dollar a minute, for however minutes I went over the 500 minutes’. Cost for additional data ‘And I would look... I would look at... I would look at those things (fine print)…But I hate looking at this sort of data anyway.</td>
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<tr>
<td>M</td>
<td>I suppose minutes … you get more of a sense of what it is, whereas a dollar amount can be so arbitrary that it doesn’t necessarily hold any value because this is the set up with, everything under the sun was included in that $500, and seeing as I don’t know... well I know that an international call would be outrageously expensive and $500 of international calls would only be ten minutes or something...’</td>
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**Consumer Response to Unit Pricing for Mobile Telephony**

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<th>Overall</th>
<th>Unit Charge</th>
<th>Additional charge</th>
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<td>0</td>
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<td>‘You’d have to work it out, but the thing is though, the thing about these plans which I like is, I mean there’s nothing wrong with them telling me… I mean it’s how many gigs, how much that is, ‘cause that’s like the base figure. When you start getting random numbers and multiplying them and to hide it like…(Telstra)</td>
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<td>P</td>
<td>‘I’m sort of thinking about that. I think… I was thinking maybe minutes, because I don’t think I make a huge amount of phone calls but sometimes they go for a really long time. So, which I know can be expensive. So maybe minutes, kind of, struck me as appealing initially’.</td>
<td>Unit pricing – ‘Yeah but it’s, kind of, meaningless to me. No, so I don’t think it’s helpful…I would have to really, kind of, do some more research for it to be meaningful’.</td>
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<tr>
<td>Q</td>
<td>‘And Optus doesn’t even give you… (call cost)’</td>
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<td>R</td>
<td>Prefer minutes 'Just so you could think to yourself OK I'll probably spend this many minutes on the phone'.</td>
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Consumer Response to Unit Pricing for Mobile Telephony
### Consumer Response to Unit Pricing for Mobile Telephony

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<th>Unit Charge</th>
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<tbody>
<tr>
<td>U</td>
<td>‘I’d go the $500. I find 500 minutes because it's so easy to imagine 500 minutes, it doesn't seem like much, whereas $500 you don’t’ how much calling, you don't know how much many minutes that will be but you assume it's going to be a lot (feels more valuable)’</td>
<td>Do you know what, to be honest, looking at this, I would just call up and ask, I wouldn’t look at that, I’d find that too confusing…So much detail, there’s numbers and words everywhere, it’s just too much for me.</td>
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<td>W</td>
<td>Dollars – because can see how much has spent and how much is remaining</td>
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Consumer Response to Unit Pricing for Mobile Telephony
Table 12  Key Comments on Vodafone Catalogue Advertising

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<tr>
<th>Overall</th>
<th>Included Calls</th>
<th>Data</th>
<th>Infinite</th>
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<tbody>
<tr>
<td>A</td>
<td>Unlimited calls/texts to Vodafone. ...’I quite don’t like this feeling to like get hope and then no it’s only for people who have Vodafone’.</td>
<td>Unlimited overseas texts – likes this ‘Yeah the amount of calls. So two minutes standard call is $2.36 so mostly the same, a little bit cheaper’.</td>
<td>Can’t find the reference. Would look for further detail.</td>
</tr>
<tr>
<td>B</td>
<td>Doesn’t tell you much until you read detail Which ‘most people won’t read, its tiny’ Doesn’t include phone Always go for the ‘middle’ plan</td>
<td>Good value ‘Five hundred dollars... so you get a good 500 minutes. It’s a pretty good deal, I would say. Call and text cost expensive</td>
<td>‘It’s a fair bit’</td>
</tr>
<tr>
<td>C</td>
<td>‘the Vodafone one looks pretty good. It’s five dollars cheaper than that one but I don’t know whether you can pay off a phone like that.</td>
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<td>D</td>
<td>They recommend to go on the $35 ’cause it’s in big red...I can see why, ’cause you obviously get double the data, double the calls, and you’re only paying extra five dollars between the two. all costs, SMS and data costs are very similar</td>
<td></td>
<td>‘...which means infinite, I’m just reading what eight means, ’cause I thought there might be a catch... just can’t find eight there, so yeah, there’s some catch, but...’</td>
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<tr>
<td>Consumer</td>
<td>Response</td>
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<tr>
<td><strong>Overall</strong></td>
<td><strong>Included Calls</strong></td>
<td><strong>Data</strong></td>
<td><strong>Infinite</strong></td>
</tr>
<tr>
<td>I don't know what Red + means...it's probably international roaming’</td>
<td>‘It says, included value, but then standard minutes plus voicemail, so what is... I'm not sure what the included value...?’</td>
<td>Not clear on what happens when you 'go over’</td>
<td>‘I like the fact that Vodafone says infinite’</td>
</tr>
<tr>
<td>E</td>
<td>‘I don’t understand the hyphen there. What does that mean?’</td>
<td>‘The cost of sending a national standard text is 30 cents. So I'm assuming that's all going to come out of the 500’.</td>
<td>‘I like the fact that Vodafone says infinite’</td>
</tr>
<tr>
<td>H</td>
<td>‘I don’t understand the hyphen there. What does that mean?’</td>
<td>‘The cost of sending a national standard text is 30 cents. So I’m assuming that’s all going to come out of the 500’.</td>
<td>‘I like the fact that Vodafone says infinite’</td>
</tr>
<tr>
<td>I</td>
<td>Not worried about the call charge ‘if its infinite’ if I chose one of the other plans 'then I guess that would be more important (the standard call)’</td>
<td>I don’t understand what it means by charge per kilobyte, I’m guessing it’d be one per cent or whatever.</td>
<td>‘I like the fact that Vodafone says infinite’</td>
</tr>
<tr>
<td>J</td>
<td>$65 – ‘I think they give you an extra $65 as a bonus...it includes international calls’</td>
<td>‘... but where is says asterisk four, there’s no mention of asterisk four down here in your terms and conditions, so where is it?... (Laughs) sorry, I know I’ve been too... it’s being picky, but that’s... those are sorts of things that I think of, because I have been caught out way back in the past, so...’</td>
<td>‘I like the fact that Vodafone says infinite’</td>
</tr>
<tr>
<td>M</td>
<td>$500 value ‘They just put a dollar value on every service they provide and they add it all up</td>
<td>‘You’d pay ten cents per MB’</td>
<td>‘I like the fact that Vodafone says infinite’</td>
</tr>
<tr>
<td>Overall</td>
<td>Included Calls</td>
<td>Data</td>
<td>Infinite</td>
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<td></td>
<td>and say we can provide this many services for this price’.</td>
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<td></td>
<td>The only thing it says is that the cost of a standard text is 30 cents...And a two minute standard call is $2.36...And it doesn’t say, but I would imagine that the shortest call you could make would be two minutes... I imagine as soon as you dial it’s $2.36, and then for every minute over you’d spend.</td>
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</tr>
<tr>
<td>N</td>
<td>‘..The plan I’ve got at the moment, I think is better than all these, although this plan, the Most Popular Vodafone one, it would be perfect for people who don’t use the internet all that much, but they want some access to it. It’s a very good plan.’</td>
<td></td>
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<tr>
<td>O</td>
<td></td>
<td></td>
<td>‘OK, but other than that, all I want to know what’s not covered in the infinite plan and pretty much that’s it’</td>
</tr>
<tr>
<td>Q</td>
<td>‘the cost of a two minute standard call is $2.36. No, that’s pretty vague’.</td>
<td></td>
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<tr>
<td>R</td>
<td></td>
<td></td>
<td>‘... I would be worried that I’d be able to go over even though, I think like number of minutes is sort of open to interpretation like I’d</td>
</tr>
<tr>
<td>Overall</td>
<td>Included Calls</td>
<td>Data</td>
<td>Infinite</td>
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</tr>
<tr>
<td>S</td>
<td>Commented on the plan in red</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>‘Not necessarily the best value, just the most popular’.</td>
<td></td>
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</tr>
<tr>
<td>T</td>
<td>‘Yeah, here. The cost of a two minute standard call is 2.36. Christ, well who would read that though? Tiny’.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>‘so they’ve got their standard rates on that and they just stay, they don’t go up and down. I’d say well it doesn’t really explain, does it’.</td>
<td></td>
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</tr>
</tbody>
</table>

‘I’d want to know that. Infinite that means’
Choice of Plan – Internet Advertising

Interviewees were shown copies of plans derived from the internet (see Appendix 2). Three companies were chosen, Telstra, Optus and Vaya. The Optus plans were identical to the Catalogue plans (though the colour scheme used was different). The Telstra plans were somewhat different from the Catalogue and expressed in a more detailed format. Vaya was a smaller telco (that used the Optus network) and the plan was set out in a detailed table that included much unit pricing information. These different ways of expressing mobile plans gave useful insights into the unit pricing issues.

Interviewees were again asked to choose which of the plans from these sources they would choose if they were the only ones on offer. Table 13 shows the key responses involving the telco chosen, the plan price and a commentary on what was chosen. The Vaya plan was a surprise to many, given the cheaper rates featured. One comment that was common was that Vaya gave too much detail and that the complication was off-putting

Power Plan 16, monthly for $16 - $200 of texts and talk…I don’t want to be calculating how long I text or how many words or minutes or… call rate 90 cents per sixty seconds, flag fall...
Look as soon as I saw that I’d just throw that away. I wouldn’t even bother with that.
[Telstra’s] a bit easier, you know, a little bit easier… You can read through it easier …
[Optus] is pretty simple as well (male, 53).

This repeats a recurring theme. For many consumers, there is a desire to keep the decision making process simple. So long as the plan chosen includes the key features that people want and is affordable, then it is likely to suffice. For some Vaya seemed too cheap – but knowing that it ran over the Optus network delivered some reassurance about the quality of service.
### Table 13 Choice of Internet Plan

<table>
<thead>
<tr>
<th>ID</th>
<th>Network</th>
<th>Cost</th>
<th>Overall</th>
<th>Concerns</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Vaya</td>
<td>$18</td>
<td>Vaya: ‘... I’m not sure how long is the contract I have to sign up for because they say if you can sell your plan early you may have fees to pay. Is it I can have a month to month thing or...?’</td>
<td>I require ‘at least a gig’ of data</td>
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<tr>
<td>B</td>
<td>Vaya</td>
<td>$18</td>
<td>Vaya: ‘But I think there might be some add on charges...this is where it gets complicated. You can't say that that’s the same as that because there could be some add-ons ... $16 a month, a call rate per sixty seconds, ninety cents. I don’t know. I’m confused with this, I really am’.</td>
<td></td>
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</tr>
<tr>
<td>C</td>
<td>Vaya</td>
<td>$18</td>
<td>Vaya: ‘pretty good isn’t it’</td>
<td></td>
<td>Vaya: ‘Oh, I would have to look into it a little bit. There are other concerns. Are they using the Optus network? Are they using the Telstra network?’</td>
</tr>
</tbody>
</table>
| D  | Vaya    | $18  | Vaya: Good value  
‘Wonder what the catch is. Unlimited S.M.S., jeez, triple the data’.  
Vaya: ‘even if they fall down, all I’m risking is a month ... I would be a bit | | Vaya: I’d want to know what network they run on |
<table>
<thead>
<tr>
<th>ID</th>
<th>Network</th>
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<th>Overall</th>
<th>Concerns</th>
<th>Comments</th>
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<tr>
<td></td>
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<td></td>
<td>more sceptical if I had to sign for 24 months'.</td>
<td>Vaya: ‘Why is it so cheap?.. I’d be a bit concerned...but definitely I’d consider it’</td>
<td></td>
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<tr>
<td>E</td>
<td>Vaya</td>
<td>$37</td>
<td>Vaya: Very affordable and flexible</td>
<td>Vaya: ‘Oh it’s cheap, yeah, $37. Yeah. If you’re sort of that...2GB, yep. Yeah, you could be saving yourself $43, but it’s a Vodafone. I went down the path and...I'm back, so yeah I suppose’</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Telstra</td>
<td>$80</td>
<td>‘Vaya. You always hear bad press. Like I think it was in the News, there was a...There was another mob who were tagging off the Telstra tower and they were...Grogan or someone, and a lot of people changed to them, and then they went...either they went bust or they couldn’t provide their service....I’d only really consider three, Optus being the third.</td>
<td></td>
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<tr>
<td>G</td>
<td>Optus?</td>
<td>$65?</td>
<td>‘Power Plan 16, monthly for $16 - $200 of texts and talk...I don’t want to be calculating how long I text or how many words or minutes or...call rate 90 cents per sixty seconds, flag fall...Look as soon as I saw that I’d just throw that away. I wouldn’t even bother with that’.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>‘(Telstra’s) a bit easier, you know, a little bit easier... You can read through it easier.. (Optus) is pretty simple as well’.</td>
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<tr>
<td>H</td>
<td>Optus</td>
<td>$40</td>
<td>‘I won’t even need a home phone (with Vaya), yeah. Yeah, their megabyte rate</td>
<td>‘I would have to question it with them (Vaya)’</td>
<td>‘Which network do they use (Vaya)’</td>
</tr>
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</table>

Consumer Response to Unit Pricing for Mobile Telephony
<table>
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<tr>
<th>ID</th>
<th>Network</th>
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<th>Overall</th>
<th>Concerns</th>
<th>Comments</th>
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<tr>
<td></td>
<td><strong>Vaya</strong></td>
<td><strong>$52</strong></td>
<td>is cheaper, so basically although they’re giving me 8.50, they’re still giving me over 1000’&lt;br&gt;‘I’d be happy to pay the $18 for the, you know, the bill and then if they had a $10 or $15 on top of that for the phone, that’d be a great package’.</td>
<td>Optus: For $52 the same amount of internet as the $100 plan on this one, and more than the $65 plan on this one, as well as having unlimited talk and text, and standard SMS. Which are the things I use the most’</td>
<td>It would ‘probably’ matter which network, because ‘I work in mostly rural areas and Vodafone has pretty crappy reception but.’</td>
</tr>
<tr>
<td>J</td>
<td><strong>Optus</strong></td>
<td><strong>$65</strong></td>
<td>Optus: ‘And also I liked how it said unlimited voice mail…unlimited calls and unlimited SMS. I saw unlimited SMS calls and voicemail and I just went bang, yep’.&lt;br&gt;Data is better than current plan.&lt;br&gt;Comparing Telstra to Optus ‘It’s more gig (Telstra) but I’d rather free calls than more gig’</td>
<td>Would be concerned with Vaya ‘And what’s their coverage? Who they linked with? Which network are they using? You don’t</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td><strong>Optus</strong></td>
<td><strong>$40</strong></td>
<td>Chose Optus even though acknowledged Vaya was cheaper.&lt;br&gt;Would chose a brand name&lt;br&gt;Chose Optus as has enough calls and data for his needs.</td>
<td>Would be concerned with Vaya ‘And what’s their coverage? Who they linked with? Which network are they using? You don’t</td>
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</tr>
<tr>
<td>ID</td>
<td>Network</td>
<td>Cost</td>
<td>Overall</td>
<td>Concerns</td>
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<tr>
<td>L</td>
<td>Optus</td>
<td>$40</td>
<td>Vaya - On paper it looks good Telstra – wouldn't look at because plans bigger than she needs</td>
<td>‘Power plan, 16, 18. I suppose I'm a bit funny. I don't know, I probably wouldn't look at $16 or $18 for a start, because I would just assume it wasn’t... it wouldn't be suitable for... for me. But... and a dollar isn’t... and it's not... and I'm not looking for the cheapest, I’m looking for...’</td>
<td>know. You would have to investigate that a lot more..’</td>
</tr>
<tr>
<td>M</td>
<td>Vaya</td>
<td>$18</td>
<td>Vaya ‘I know how much I need to do what I want to do, and out of the three I mean it's not just cheaper per month, you get more and it costs you less to use...’</td>
<td>Optus: ‘a little bit better. There is something that seems not entirely right, the cost of the standard call seems outrageously cheap’... They reckon the cost of the standard two minute call is five cents as opposed to $2.15 and $2.38 which seems... like a typo if I’m honest. It's something I would double check.’</td>
<td>Telstra: ‘More than two and a half times as much to get less... I don’t know if the network is worth two and a half times as much’.</td>
</tr>
<tr>
<td>N</td>
<td>Optus</td>
<td>$65</td>
<td>Optus: ‘The reason I’ve picked this one is because, again, the data usage. I use data quite a bit. It’s got unlimited national calls, so I think that’s good for me, in that $65. I’d pay an extra $25 for an extra gigabyte as we did the baths before and said for an extra 1 gigabyte it would end up to be $100, so I’d go for that one’.</td>
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<tr>
<td>ID</td>
<td>Network</td>
<td>Cost</td>
<td>Overall</td>
<td>Concerns</td>
<td>Comments</td>
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<tr>
<td>O</td>
<td>Optus or Vaya</td>
<td>$65</td>
<td></td>
<td></td>
<td>Would use Vaya if on Optus network.</td>
</tr>
<tr>
<td>Q</td>
<td>Optus</td>
<td>$40</td>
<td>‘It’s a familiar plan, like 1GB I would… is a reasonable amount, $40 isn’t too expensive. Despite it being 500 included minutes, they’ve said here you’ve got to, like, obviously read in-depth, but like two minutes is five cents. So although for someone that would use their phone quite frequently to call, like, a two minute call wouldn’t cost… doesn’t cost that much on this, sort of, this plan. Like it’s at a lower rate’.</td>
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<tr>
<td>R</td>
<td>Vaya</td>
<td>$37</td>
<td>Vaya seems much cheaper. Seems generous</td>
<td>You’d probably look at, like I think this one was $2.38, yeah, you’d probably look at what each of them were but I wouldn’t think I’m going to close to hitting the $850. I wouldn’t sort of go through OK this is exactly how much my phone’s going to be. I think there’d be quite a bit of left over.</td>
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<tr>
<td>S</td>
<td>Vaya or Optus</td>
<td>$16 or $25</td>
<td>Wouldn’t pick Optus or Telstra because ‘they’re too dear’</td>
<td>It might work out that they’re – you don’t pay much and it might work out less, but I’m not sure. I might feel safer sticking with these people (Optus)’.</td>
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<tr>
<td>T</td>
<td>Optus</td>
<td>$65</td>
<td>Optus: ‘I mean I could go through all the finer print here, but I think if it were me and being how I am and totally rash, I’d probably look at</td>
<td>Optus: ‘So that to me would be perfect, ‘cause there’s no hidden stuff there, it’s very easy to understand’</td>
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<tr>
<td>ID</td>
<td>Network</td>
<td>Cost</td>
<td>Overall</td>
<td>Concerns</td>
<td>Comments</td>
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<tr>
<td>U</td>
<td>Vaya</td>
<td>$52</td>
<td>something that’s big and bold, so I look at 65 and I’d see that that was – and that would be a bit – I’d probably ask questions on that one, but its giving me the data that I’d need, its giving me unlimited of almost everything I want, I can use it within Australia, I can select a SIM. To me that makes sense’.</td>
<td>Vaya: This to me makes a lot of stuff I wouldn’t even look at, I wouldn’t understand. ... Like the flag falls that means nothing to me. I just need to know I’m getting the unlimited calls and it’s got to be pretty basic for me to get it’.</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>Optus</td>
<td>$25</td>
<td>Telstra/Vaya too much information ‘And probably if someone is abusing their phone a lot and they’re, sort of, trying to minimise their cost, it might be more relevant to someone, all this information’.</td>
<td>Vaya (if go over limit) ‘Well I mean it says four cents here but four cents per what, per megabyte, what’s a megabyte? Do you know what I mean? I don’t know, I wouldn’t know what the repercussions of that would be’.</td>
<td></td>
</tr>
<tr>
<td>W</td>
<td>Telstra</td>
<td>$50</td>
<td>Not interested in using Optus and Vaya operate on Optus network – so chose Telstra</td>
<td>Telstra: – ‘like this has got Blackberries and this one and message banks and ahh, it’s all too confusing’.</td>
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</tr>
<tr>
<td>ID</td>
<td>Network</td>
<td>Cost</td>
<td>Overall</td>
<td>Concerns</td>
<td>Comments</td>
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<tr>
<td>X</td>
<td>Optus</td>
<td>$40</td>
<td>Chose Optus because likes Optus.</td>
<td>Vaya: ‘This one looks alright, but it looks very, very complicated with… breakdown everything else, you know. And I don’t think I would really be sure with what they were going to give me the way they’ve got it laid out there, I don’t know’.</td>
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Reactions to the Internet Advertisements

Table 14 shows the key responses to the three advertisements.

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<thead>
<tr>
<th>ID</th>
<th>Telstra</th>
<th>Optus</th>
<th>Vaya</th>
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<tbody>
<tr>
<td>B</td>
<td></td>
<td></td>
<td>Likes the table ‘It’s the lazy option [laughs]’.</td>
</tr>
<tr>
<td>E</td>
<td>‘Found it a bit confusing because layout is different to other Telcos. Harder to read because not sectioned evenly ‘its all scattered’</td>
<td>Harder to compare ‘have to go back and forth’</td>
<td>Very straightforward</td>
</tr>
<tr>
<td>H</td>
<td></td>
<td></td>
<td>Vaya gives more information than the Optus Ad</td>
</tr>
<tr>
<td>I</td>
<td>‘a bit vague’ (compared to Telstra and Vaya)</td>
<td>Has more information ‘that I probably don’t need’</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>Easy to read and understand</td>
<td>‘I want more but I want very simple and just the main things’ (prefers both Optus and Telstra to Vaya ad)</td>
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</tr>
<tr>
<td>K</td>
<td>‘They’ve changed their colours; that in itself is confusing. Here where it says unlimited nights, where you talk free between 7 pm and 7 am, there’s no distinguishing between the $50 dollar and $60 plan that says no and yes on the same line’.</td>
<td>‘Optus are the only ones who mention, if you don’t use your data allowance it doesn’t roll over’.</td>
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<tr>
<td>L</td>
<td></td>
<td></td>
<td>Has enough information to chose</td>
</tr>
<tr>
<td>M</td>
<td>‘It’s a bit all over the place’</td>
<td></td>
<td>‘It’s the simplest layout. I mean there are some redundancy... they’re very similar, the difference being if they have a response that covers all the plans, they’ve just used the one’.</td>
</tr>
<tr>
<td>N</td>
<td>‘I didn’t know whether to be looking down or’</td>
<td>‘the Optus one really good, because it’s just’</td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td>Telstra</td>
<td>Optus</td>
<td>Vaya</td>
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<tr>
<td>60</td>
<td>across and diagonally. It’s all too confusing, this’.</td>
<td>simple. It’s got a big number at the top. It says $65; just look here and it’s just clear, whereas this you’ve got to...(Vaya) search the different lines.., it’s a lot to read and that’s just simple’</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>And they’re trying to rip me off here. So two minute sound call is $2.36 as opposed to the previous one which is 99 cents a minute. So like now they’re just... they don’t even know what the standard call rate is, it’s like, that’s just plain marketing abuse...Well it’s misleading conduct. It’s like if I went to you and said this cup’s $10, and I went to you this cup is $100 divided by ten divided by two multiplied by ethological figure number 1, you know, under the Trade Practices Act that would be I’m lying to you ‘cause I’m charging you a different price than you expected’.</td>
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<tr>
<td>P</td>
<td>Most clear – language and layout familiar</td>
<td>Unexplained bits</td>
<td>Confusing. Not familiar with term ‘access fee’ would prefer ‘plan’</td>
</tr>
<tr>
<td>ID</td>
<td>Telstra</td>
<td>Optus</td>
<td>Vaya</td>
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<tr>
<td>P</td>
<td>Discussing internet ad - Well it seems fairly arbitrary, but a $60 plan is, sort of, like a middle price point. So a higher price point would mean greater value. Like, you would get a greater amount of money, like, instead of $800 you might have…</td>
<td></td>
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<tr>
<td>Q</td>
<td>‘Telstra didn’t really good… give good value for money. I didn’t think… and you only really get, like, the whole unlimited benefits after you spend, like, $80 to $100 a month, which I think for, like, someone my age is getting a bit dear’.</td>
<td>‘I liked the $37 one, which is similar to the Optus $40 one, except you only got unlimited texts to Vaya people and I don’t know anyone that’s on that, so I probably wouldn’t go for it…. because no one’s really with them, so I wouldn’t get, like, a whole, like, unlimited benefit, I guess’.</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>Not as clear, because not in columns</td>
<td>Likes the format – can see the price, they are all in rows</td>
<td>A lot of information – not clear</td>
</tr>
<tr>
<td>S</td>
<td>‘Now this I think is good because when you look on the next page, that talks to you and says, you know, if you cancel your plan these may apply. It talks to you like a person’.</td>
<td>‘They spell their call rates out nice and clearly’</td>
<td></td>
</tr>
<tr>
<td>T</td>
<td>‘it does look like Telstra’s’</td>
<td>‘OK, this is a bit confusing ‘cause it says its only for the first month, so what happens after that?... That's worded badly though’</td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td>Telstra</td>
<td>Optus</td>
<td>Vaya</td>
</tr>
<tr>
<td>----</td>
<td>---------</td>
<td>-------</td>
<td>------</td>
</tr>
<tr>
<td>U</td>
<td>Likes best ‘I just find it much… there’s just not as much to do about price, there’s not much detail, it’s just very clear and concise… they’ve prioritised before my eyes which I need to look at first, which is how much it is, that’s what I want to know first, data and then it’s unlimited, do you know what I mean?’</td>
<td>‘it’s almost like they’re undercutting themselves, like it’s insignificant what their prices are, even though they’ve actually got the better prices’</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>Seems expensive</td>
<td>‘Oh that’s a bit confusing because blue is usually with Telstra’</td>
<td></td>
</tr>
<tr>
<td>W</td>
<td>‘Gees, they changed their bloody…(colours)’</td>
<td>Easiest to read – likes the information in columns</td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>‘I suppose one thing is though, this mob, they seem to have a lot of price stuff, price out so you can see it, don’t they’.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>‘It’s a little bit confusing when you first look at it, but when you sit down and study it and have a look at it, yeah, it does… you know what each…you know what you’re up for don’t you’.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Vaya plan rewarded study for those prepared to make the effort, but was too complicated for some people. The Vaya page was simply laid out, but Telstra, though in a simpler format, was harder to read because some features were combined across columns.
One interviewee commented that unused data allowances did not roll over to the next period, but this was not a common observation.

**Unit Pricing**

After all the preliminary discussion, the interviewees were asked directly about unit pricing.

**Supermarkets**

The first topic raised was about their recall and use of unit pricing in a supermarket setting. Table 15 shows the details.

<table>
<thead>
<tr>
<th>ID</th>
<th>Used</th>
<th>Usage and comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Uses</td>
<td>For new products or to compare sizes</td>
</tr>
<tr>
<td>B</td>
<td>Uses</td>
<td>To compare sizes</td>
</tr>
<tr>
<td>C</td>
<td>Uses</td>
<td>To compare sizes and products, still need to take quality into consideration</td>
</tr>
<tr>
<td>D</td>
<td>Uses</td>
<td>To compare products</td>
</tr>
<tr>
<td>E</td>
<td>No</td>
<td>Barely looks at prices</td>
</tr>
<tr>
<td>F</td>
<td>No</td>
<td>Just buys ‘within reason’</td>
</tr>
<tr>
<td>G</td>
<td>No</td>
<td>I can’t be bothered with it/I don’t do it (compare) often</td>
</tr>
<tr>
<td>H</td>
<td>Uses</td>
<td>To compare sizes</td>
</tr>
<tr>
<td>I</td>
<td>Occasionally</td>
<td>‘Not a deciding factor in my choices’</td>
</tr>
<tr>
<td>J</td>
<td>No</td>
<td>‘I think it’s nonsense’. Only look at specials</td>
</tr>
<tr>
<td>K</td>
<td>Uses</td>
<td>For things they buy in bulk</td>
</tr>
<tr>
<td>L</td>
<td>Uses</td>
<td>But ‘I don’t use it to gauge my purchasing... I base it on the brands’ (likes to support Australian brands)</td>
</tr>
<tr>
<td>N</td>
<td>Uses</td>
<td>Good for comparing</td>
</tr>
<tr>
<td>O</td>
<td>Uses</td>
<td>Looks for cheapest unit price and best quality</td>
</tr>
<tr>
<td>P</td>
<td>Uses</td>
<td></td>
</tr>
<tr>
<td>Q</td>
<td>No</td>
<td>Just buys what looks like value for money</td>
</tr>
<tr>
<td>R</td>
<td>No</td>
<td>Hadn’t seen it before – does calculation ‘in head’</td>
</tr>
<tr>
<td>S</td>
<td>Uses</td>
<td></td>
</tr>
<tr>
<td>T</td>
<td>Sometimes</td>
<td>Mostly buys whichever has the cheaper overall price</td>
</tr>
<tr>
<td>U</td>
<td>Uses</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>Uses</td>
<td>Finds helpful</td>
</tr>
<tr>
<td>W</td>
<td>Uses</td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>Uses</td>
<td>For new products</td>
</tr>
</tbody>
</table>

Supermarket unit pricing was noticed by most, but not everyone used it. Some used a simpler choice heuristic, such as buying a favoured brand or choosing specials.
Mobile Phone Plans

Interviewees were then asked about the unit pricing features in mobile phone plans, including in the fine print of the Optus catalogue plan where the term is explicitly mentioned. There were mixed opinions about the usefulness of the information. The following people were in favour.

I would try to understand this table … I guess I would have a deeper look at the cost per unit and I wouldn’t do that before … I’d still have the same first look at it, I’d still look at the price, data and the calls and the contract length but then yeah I might be more interested I knowing actually (male, 21).

Would be useful for me (female, 47).

Yes. I wouldn’t go looking for it. I must admit because I wouldn’t be familiar with doing that. But it would be useful, yes (female, 61).

Another said he would use it (male, 20), while a further interviewee agreed it would be useful, but as he taken out an unlimited plan he did not need to look at it when he took out his contract (male, 67).

Finally, there was another comment that it could be useful, if expressed in the right manner.

Oh I’d like per minute or something like that, because I suppose when they give it to me per 30 seconds, well then I… I was trying to think do I multiply or divide. I know what I do to get to a minute, but to get to the price, yes. So yeah, you double it, yeah, yeah. … But I think most of them talk in 30 second - or this two minute thing - but I think why talk in a two minute thing. I don’t know (female, 67).

Overall, these people supported the idea but in practice may not use it or may find the way it is expressed to be easy to follow.

Others did not find unit pricing useful.

Not really. Not really that useful at all. The only thing I really pick out of this is you pay more, costs us less [rate]. … One word sums it all, lazy; and… think it’s more the fact that if you’re with one company you kind of stick to it because you’re used to it…It works for me alright, why change? (female, 21).

No look, I suppose as long as I pick a plan that I think is suitable to my needs and yeah, and I know that I’m not going to go over it, then I’m happy … you know each month your phone’s going to be $80 a month … don’t think that would persuade me too much. (male, 38).

I want it hassle free you know. I hear these kids talking, you know “I’m on this but I’m allowed to send 35 voicemails and I’m allowed…” well I can’t be bothered with all of that. I just want to ring. I know what I’m paying a month - $70 or $75, and I’ve unlimited this, unlimited that. I don’t care. I don’t have to… how many calls did I make today? Did I go over the limit? I don’t want those hassles (male, 53).
Probably not. … I try to pick the one that has unlimited of everything. (male, 22).
Not terribly much, because it’s not self-explanatory (male, 54).

..but I guess I think the problem is that that information isn’t so accessible, at least for me. I think it’s a language I’m unfamiliar with…I just feel like there’s always catches or, like, there’s something that I don’t understand, or… it’s not so straight forward. Because there are, sort of, so many factors, rather than just one. It’s not just size, it’s not just calls, it’s like many, kind of, simultaneous things (male, 34).

I wouldn’t sit down and work out how much it’s actually all going to come to…I would, if I had a list of OK comparing it from these plans I’d look at like an overall of OK which ones, this one’s cheaper on this thing and this one’s better value about what’s going to be included…But I wouldn’t go into that much detail of it all (female, 30).

If someone could tell me how much it was going to offer me in layman’s terms, I probably would actually – yeah, I’d look at it – but to read it like that would mean nothing to me (female, 22).

That doesn’t bother me because I’m not looking at how much it’s costing me because I’m paying my monthly fee and I don’t care if it costs me $2 a minute or $10 a minute, as long as it all goes into my $60 a month (male, 68).

For some the information was too complex and difficult to understand. For others, working though the details was too much of a hassle. A plan that met a consumer’s needs was sufficient, without going into the detail. The following comments illustrates this

I guess the last thing I ever remember is how much each standard call costs; they’re the, like, the most… they’re the things I… I look at the big numbers, like it includes $650 worth of calls and the 1.5 gig and texts these days are usually unlimited, they’re like the three main things that I would… like, if I’m discussing it (female, 21).

The Pricing of Data

There were a number of comments. Many had difficulties.

I’m not sure I understand what the cost of one megabyte actually means because if it’s only five cents I quite don’t understand (male, 21).

I wish I knew how much extra it would cost (data) before I signed up, which it is in the small print but like I said it’s… it’s not really a huge factor in when I decided. But I… it would be better if… if it was in like bigger writing and I knew exactly how much it would cost if I went over each time. Because when it says ten cents a megabyte, charge per kilobytes, that doesn’t really mean a whole lot to me. But when they say it on the phone, $100 is a gig, that… that means a lot more. That makes it a lot clearer for me (male, 22).

It’s OK. I mean I guess it’s just telling me how much the data… I’m not really understanding it too much actually… And I don’t understand the whole megabyte thing… Like is megabyte ten minutes, five minutes, two minutes, I don’t understand it? (female, 40).
I’m not very clear with my understanding of what a megabyte and gigabyte and all that is, so what I’d have to do from here, is go on to the internet and say “How much does a megabyte equate to a gigabyte?” and type that in and do all these sums. It’s just... it’s not clear for me. … it would be helpful if they could say “Right, this is... from what we’ve gathered, one minute of Facebook equals this much” you know, rather than breaking it down into 1 Mb, is [some amount]... Something that’s more relevant to the consumers (male, 21).

If it made sense I would like it yeah but if it didn’t… because, again, my whole issue is what’s megabytes, what’s kilojoules, I don’t know what they are whereas if it was user friendly I would use it (female, 22).

Unit pricing expressed on a per megabyte basis actually had little meaning to these consumers. This was because consumers had little idea what individual internet activities, such as an email, Facebook post, video or Apps used. Given this, it was somewhat paradoxical that there was a preference for allowances being expressed in large units, such as a gigabyte. As seen earlier, consumers expressed a view about their data allowances and mostly had a good idea as to whether they were sufficient to meet their needs.

For some, the information was useful.

I think they pretty well explain it, for me anyway. I suppose for my technical ability it spells it out for me (male, 38).

Warnings about data usage were useful, but not all consumers were aware of them

What might be better for data, specifically, would be at a certain point in the month for them to tell me at what stage I am in the month and what percentage of data I’ve used. Because a percentage is more helpful for data (female, 23).

Going over was again a concern.

.. that’s useful, I suppose, but it doesn’t tell you what would happen if you went over it, what your unit price becomes if you go over (male, 54).

As the interviews progressed, it increasingly became apparent that few consumers had a clear idea of what the data individual smartphone activities (emails, posts, photo and video, GPS usage and other Apps) used. An exception would be for those plans that included free social media like Facebook if used through an App rather than a browser. While not always sure, two consumers reported this being a part of their plans

Yes. I believe that’s free though. They told me that’s free. (female, 40).

Given the lack of knowledge about the amounts of data each particular application used, in a few of the later interviews, a data usage calculator was shown and its usefulness questioned. The one shown was demonstrated on an iPad accessing the Woolworth’s website. A presentation from the site is shown in Appendix 3.
Three interviewees said the idea was good in principle. One thought it would be of limited use

I wouldn’t use it. I’m just… I’m somewhat careless in that manner, once I run out, or once I get that message saying I’m coming close to my thing, I’d just slow down. Yeah, I don’t care, I don’t want to have to think about it, so I’ll just do it how I want to and then I’ll just stop using it… That’s right, yeah. I would sooner just spend a bit more money for the convenience than I would spend my time (female, 22).

It may be of greater use to people when buying a new plan, rather than in controlling data usage once they have signed up.
Conclusions

There were a number of recurrent themes in the interviews. These are illustrated by quotes featured in this Report.

Plans

Theme 1: Simplicity

For many people, a plan that is simply displayed and contains the key features (voice, texts and data) is enough, so long as it is affordable.

I could go through all the finer print here, but I think if it were me and being how I am and totally rash, I’d probably look at something that’s big and bold, so I look at 65 and I’d see that that was – and that would be a bit – I’d probably ask questions on that one, but its giving me the data that I’d need, its giving me unlimited of almost everything I want, I can use it within Australia, I can select a SIM. To me that makes sense. … ‘cause there’s no hidden stuff there, it’s very easy to understand. (female, 41 talking about Optus online advertising).

… there’s just not as much to do about price, there’s not much detail, it’s just very clear and concise. This to me, they’ve prioritised before my eyes which I need to look at first, which is how much it is, that’s what I want to know first, data and then it’s unlimited, do you know what I mean? (female, 22 Optus online advertising).

Theme 2: Plans unnecessarily complicated

Some plans (especially the Telstra examples used in this study) were unnecessarily complicated or contained too much fine print.

It’s not as clear as that one there (Vodafone)… No lock-in plans, every day connect, BYO plans, I don’t even know what all that means… I don’t even know what it means to the layman, I don’t know. Every day connect plan. Great inclusions with your current mobile. Every day connect plan’s 12 month term. To me that looks confusing, to me. I might be stupid (Male, 53).

I still can’t read this one to be honest… .It doesn’t really give me the information (female, 61, referring to Telstra catalogue).

Theme 3: There is uncertainty whether 13 and 1 800 numbers are included in the plans

Consumers were unclear whether special numbers such as 13 or 1800 numbers were included in the plans. Sometimes this information was in fine print.

Yeah, I’ve actually thought about that, though, because I have called a couple 1800, 1300 numbers and I haven’t been sure whether I am being charged for it or not (male, 21).

Are some of them are free? Like 1800 numbers, sometimes (female, 23).
Theme 4: Plan Comparisons Difficult

Many people did not like the detail of the plans and found them confusing.

… it’s not that easy to compare them. If you want to compare things and say “Oh, that’s the best plan.” Alright I’ve said to you that that’s the best plan just by looking at those but I had to go into it a fair bit. I wasn’t “Oh, oh, that’s the best one,” was it? It was “Oh, look read the fine print down below.” (male, 61).

I’ll tell you one thing that turns me off - when these pamphlets are confusing. I like them nice and simple, you know, where it just shows you the three plans and the prices of the gig and people I spoke to they say the same, they want to see it simple (male, 53, catalogue advertising).

I find ... the Optus one really good, because it’s just simple. It’s got a big number at the top. It say $65; just look here and it’s just clear, whereas this (Vaya) you’ve got to...search and at the different lines and what…, it’s a lot to read and that’s (Optus) just simple. (male, 21 comparing internet advertising).

Theme 5: Consumers could shop around more

Some people are clearly paying too much and if they shopped around would get a better deal.

Yeah. Maybe I could get something cheaper, I don’t know. But I suppose I’d rather pay that little bit more and know that I’m not going to go over it. I’d rather pay $20 to save me (male, 38).

Oh it looks like Optus has a better deal. I wish I’d looked at it more carefully (female, 47).

Unit Pricing

Theme 6: Unlimited or infinite call and texting plans make unit pricing largely irrelevant

So long as there is no catch, unlimited plans make unit pricing for calls and texts irrelevant.

And also I liked how it said unlimited voice mail… unlimited calls and unlimited SMS. I saw unlimited SMS calls and voicemail and I just went bang, yep. (female, 40).

Well, for me, the value of phone calls is... it’s not relevant to me, because it’s for free, so... and neither is minutes, because it’s also free and it’s not... when I’m looking at a plan, I don’t like to calculate how many minutes is it in a month and dividing and doing all these figures, you know. (male, 21).

I wouldn’t probably lean towards that (Telstra), only reason being I like… I much prefer the look of unlimited than I do a number. Even though I might not go anywhere near it, the sight of it makes me feel accountable, whereas this, I’ve got nothing to be account…This makes me feel like it’s going to go, “Oh that’s effort, I’ve got to check how much I’ve used” whereas that is like, whatever. (female, 22).
Theme 7: Minutes rather than unit pricing for calls on limited plans

Many, but not all, prefer the talk allowance to be expressed in minutes rather than in $ allowed.

Definitely minutes, because when you’re on the phone, you can track how many minutes you’ve been on call for. Plus, saying unlimited, you wouldn’t stress too much. Oh, yeah... yeah... the minutes is definitely easier to track than... than the dollars (female, 21).

… so the minutes is probably better. I’d find it easier to … keep track of the minutes than I would to keep track of the dollar spend, because I never seem to… I never know how much an actual phone call costs, even. ‘Cause there always seems to be hidden charges and stuff, so I would prefer to know how many minutes I’d have (male, 22).

Theme 8: Unit Pricing for data

Data is far more problematic, in the sense that people really do not really know what a MB or even a GB means in terms of usage.

… although you would need to know what a megabyte is. So for someone that has no idea about computers, like I don’t know what a megabyte, like, constitutes in, like, technology language. But I know, like, it’s a unit of data. (male, 20).

I’m not sure what megabytes and gigabytes…and all of those are to be honest (female, 30). None of them mention how much you can do as an upload. You can get a gigabyte of download, but they never mention how much you can upload. (male, 54).

Theme 9: Broad understanding of data requirements

People are comfortable with broad data allowances, so they know what is sufficient, so they will not go over

I require at least a gig of data (male, 21).

… So my 500 MBs pretty much goes to checking emails when I need, searching up any phone numbers or something, yeah, I don’t use it for big things ’cause I don’t have that data usage for it. (female, 21).

Yeah, I think [my plan’s] two gig or something like that, two or three gig. I don’t use much data. I never go near the limit anyway with it (male, 53).
Theme 10: Capability of Using Unit Pricing

*Most people are capable of using unit pricing if asked to do so. Many are reluctant to go into this level of detail. Some use it rigorously to work out the best plan.*

...yes, the two [minute call] – the $2.38’s coming out of the 800 I’d assume, so once you’ve done your 2.38 times whatever it is to get 800, then you get charged past that. (female, 41).

...Yeah. I’d made out a spreadsheet and I put in all the options, ‘cause I figured if I’m spending $18 a month say, versus $50 a month that I’m actually using the data… like the way it calculates it maybe it’s doing it two or three times as fast, maybe it’s not that big difference. (male, 24).

**Plans in Use**

Theme 11: Unused Entitlements - Avoiding Going Over

*Most are unworried by not using their full entitlements (e.g. for voice calls), so long as they do not “go over”.*

...Yeah. Maybe I could get something cheaper, I don’t know. But I suppose I’d rather pay that little bit more and know that I’m not going to go over it. I’d rather pay $20 to save me (male, 38).

...I know, I’m probably one of those suckers that, you know, hardly ever goes near half … maybe I could get … a plan that’s $10.00 or $20.00 less but … I’d just rather pay that little bit extra. (female, 47).

...And I’d always rather pick a plan that I think I’m going to be well under rather than going over it… So I’d rather have something which I think I would definitely be under even if I’m not going to use it. (female, 30).

...I actually have a plan that’s a bit too big for me. I get $750 worth of calls… Which I never use. I don’t think I even use the 400….When I had a smaller plan and when you go over, you know, it’s a lot of money, so…That’s why I think I’ve got the bigger plan, just to cover me. (male, 20).

Consumer Response to Unit Pricing for Mobile Telephony
Theme 12: Monitoring usage

_Some people have Apps on their phone where they can check their usage. Not everyone claimed to receive warning messages as they approach their limits._

Yeah there is, yeah there is an app on the phone. I think it is an app. I’m not sure if it is an app. I think it’s just Optus put it there so that you can see how much you’ve used because in the first month I had it I went way over because I was downloading a lot of stuff and I didn’t realise (male, 61).

It tells me about usage. I sometimes check my daughter’s usage and when I get a bill and I’m thinking oh why did I get that bill, I hop on there and have a bit of a look. (female, 47).

they send you a text once you’re like only got like 15% or ten per cent left (male, 34).

No, they don’t send me the message (female, 21).

Since the “end of the month” of the various plans are not necessarily at the end of the calendar month, it cannot be assumed that consumers will remember when the “month” expires. Hence any warning messages should always include the date which marks the end of the allowance period and the percentage of use at the time of notification. Messages when customers are getting close to their limit would also be appreciated, as many telcos now do.

For people who do go over, the various plans had various means of charging. Some, like Optus, took people up to the next level, others just charged a non-plan rate which could be expensive. Where consumers are running out of capacity, an offer to extend their contract for that month, at a published rate, would be helpful. Consumers may on occasion have special needs that require more capacity without needing a shift in their usual allowances. Given consumers’ anxieties about the potential high costs of “going over”, it is clear that they would prefer any offer to be at or below their current rate and that they be given the option of choosing this or limiting their usage. This could be included in the warning message and follow the information given in the Level 2 part of the plan.

**Overall**

Overall consumers appeared content with the plans that they had chosen, even if they were not the cheapest. For most, decision making used simple heuristics – this many calls and texts and this much data. While most were capable of using unit pricing information, and some chose to do so, many simply could not be bothered or found the plans too complex or with too much fine print.

Unit pricing could be useful, but for people with unlimited calls and texts, the concept was not relevant. For data, there was limited understanding of what particular applications might use, so unit pricing described in megabytes was of little value or even

**Consumer Response to Unit Pricing for Mobile Telephony**

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confusing to most. The billing for some usage, such as 13 or 1800 numbers was not clear for many people. In broad terms people understood, perhaps through past experience, approximately how much data in gigabytes they required, even if some did not actually know precisely what a gigabyte was.

There was little concern expressed about not using the full monthly allowances. Rather much of the concern was about avoiding ‘going over”. Paying for unused capacity was akin to insurance where the consumer avoided the hassles and unexpected high bills cause by excess usage.

In conclusion, unit pricing was useful, but few consumers made extensive use of it, even when it may have been in their best financial interest to do so. Where plans offered “unlimited” or “infinite” capacity for some features, unit pricing was simply not relevant.

**Limitations and Further Research**

This study was limited to 24 consumers who had pay as you go contracts, not pre-paid plans. While care should be taken in generalizing the findings to all consumers, the themes uncovered are likely to have resonance with consumers in general. Should there be any doubt, a brief consumer survey covering the themes identified here could easily be conducted, using an internet survey.
Recommendations

As a result of conducting this research, we would make the following recommendations to ACCAN.

R1  *Unit pricing should be maintained*
    It is useful to and usable by most consumers.

R2.  *Where unit pricing is provided for call costs, these should be expressed in terms of a one-minute call.*
    Although the current code requires listing of the cost of a 2 minute call, a one minute unit is a more understandable unit to consumers.

R3  *Unit pricing for data should be expressed in terms of gigabytes or part thereof.*
    Consumers have a broad understanding of their needs in terms of gigabytes, even if they do not quite understand precisely what a gigabyte is.

R4  *In advertising mobile phone plans and at point of sale, customers should be provided with three levels of information – 1) overall plan features, 2) unit pricing information and 3) a data calculator.*

Many consumers are content to judge a plan by its overall features in terms of calls, text, data and price. The cost of a handset should be shown separately. This should be the *first level.*

The *second level* is the unit pricing information. The Vaya table shown in Appendix 2 provides a model as to how this information should be laid out, except that the table needs to group the offers under voice calls, texts, data and other. As a minimum (except where unlimited service is provided) it should cover:

a. Call and text allowances in $

b. Call cost per minute, or part thereof

c. Connection fee

d. Equivalent minutes of calling time (as a minimum)

e. Cost of special numbers such as 13, 1800 or messaging services

f. Text cost

g. MMS cost
e. Call cost per minute if monthly allowance exceeded, plus connection fee

f. Cost of a text if monthly allowance exceeded
g. Data allowance in gigabytes with information about upload and download allowances
h. Cost per gigabyte or part thereof if allowance is exceeded
i. Where calls are discounted (to the same carrier, at specific times) – the percentage discount should be shown
j. Data usage which is free or discounted should be shown, with the percentage discount
k. Monthly statement or other telco fees
l. The amount of GST to be paid and whether it is on top of the plan fee

The third level is a data calculator, like the Woolworths one shown in Appendix 3. This is most easily provided on the internet or at the point of sale. Printed catalogues could provide basic information with some information as to what a gigabyte of video downloaded, a gigabyte of emails, of using Google maps while travelling or of social media usage would provide. The brochures could also refer the consumers to websites where a calculator is available.

R5  Levels 2 and 3 information should be provided in a standard format across the industry, enabling consumers to make ready comparisons between plans and between competitive offers from different providers.

R6  Continuing public education is needed.

It is recognised that many consumers will not bother with levels 2 and 3 and hence may make sub-optimal choices. Lobby groups such as ACCAN and the Australian Consumers Association have a role to play here in educating consumers.

R7  Warnings about going over should always include the date when the allowance period ends and tell consumers what the rate will be if they “go over”. Telco warnings about potentially “going over” are welcomed by consumers as this relieves some of their anxieties about this problem, even if some do not always attend to these messages. As monthly allowances do not always expire at the end of a calendar month, the end date should always be included in the warnings. Advice should be given at this point as to the charges for going over any allowance, based on the Level 2 price information provided in the plan.

R8  The Consumer Protection Code should be reviewed in the light of these findings and recommendations. As the body which registers this Code, ACMA has a key role to play in this, in co-operation with industry body, the Communications Alliance (www.commsalliance.com.au/) which is responsible for the continuing development of the CPC self-regulatory Code. Other government agencies concerned with the Australian Consumer Law (particularly the ACCC) and lobby groups, in particular ACCAN, should also be consulted. The Deakin team on this project are happy to make themselves available if the various parties would find this useful.
References


Appendix 1  Interview Guide

1. Confirm person meets specifications (Age, gender, schooling, renewed or taken out mobile contract in last 3 months);

2. Experience of taking out most recent contract
   a. what was bought – package, Telco
   b. new or renewed
   c. how it was purchased
   d. who gave advice
   e. use of phone – calls, texts, internet, social media, other apps
   f. pricing for contract
   g. perceived value for money
   h. what did the contract include (handset, mobile and fixed calls, text, data)
   i. knowledge of pricing for individual components
   j. recall of, reaction to and understanding of the concept of unit pricing

3. Reaction to 3 Telco catalogue ads
   a. If this was the choice, which one would you choose?
   b. How did you come to this decision?

4. Reaction to three internet ads
   a. If this was the choice, which one would you choose?
   b. How did you come to this decision?

5. Reaction to Telco 1 ad that features unit pricing
   a. overall reaction
   b. please circle all information in this ad that relates to pricing
   c. reaction to the pricing features circled
   d. how do you assess value for each pricing element
   e. reaction to unit pricing in the ad
   f. how would you use this pricing information
   g. if you were describing this ad to others, what would you say
   h. what pricing information would you find useful to help understand offer

6. Reaction to Telco 2 and Telco 3 ads (Order of presentation of Telcos to be rotated so that same Telco does not always come first)

7. Unit Pricing
   a. Now that you have seen unit pricing, how would you now use it
   b. How does this pricing compare with supermarket unit pricing?
Thank interviewee, give information ACCAN sheet.
## Printed Catalogue Plans

### Telstra Catalogue Plans

**Choose the Option That Suits You**

**Telstra No Lock-In Plans**
A Telstra No Lock-In Plan gives you the freedom and flexibility of a month-to-month plan without the need to commit to a long-term contract.

**Every Day Connect™ BYO Plans**
If you already have a mobile you like using, you can get great value inclusions when you BYO mobile and sign up for 12 months. It’s the perfect way to enjoy all the benefits of the Telstra Mobile Network while keeping the mobile you already have.

**Every Day Connect™ Plans**
If you need a new mobile and have your eyes on the latest range of smartphones, sign up for a 24-month plan and then choose a new mobile that you can pay off over the term of your contract. All these plans have generous inclusions and there’ll be one to suit your budget. See pages 6 and 7 for a few smartphones in our range. You can come in store to find the best mobile for you, or buy online.

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Freedom &amp; Flexibility</th>
<th>No Lock-In Plans</th>
<th>Every Day Connect™ BYO Plans</th>
<th>Every Day Connect™ Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$60 /MTH</td>
<td>$80 /MTH</td>
<td>$100 /MTH</td>
<td>$130 /MTH</td>
</tr>
<tr>
<td></td>
<td>Min cost $600</td>
<td>Min cost $700</td>
<td>Min cost $800</td>
<td>Min cost $1,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Value to Spend on Voice and MMS**
- Freedom & Flexibility: $600
- No Lock-In Plans: $800
- Every Day Connect™ BYO Plans: $900
- Every Day Connect™ Plans: Unlimited

**SMS**
- Freedom & Flexibility: Unlimited
- No Lock-In Plans: Unlimited
- Every Day Connect™ BYO Plans: Unlimited
- Every Day Connect™ Plans: Unlimited

**Data**
- Freedom & Flexibility: 1 GB
- No Lock-In Plans: 1.5 GB
- Every Day Connect™ BYO Plans: 2 GB
- Every Day Connect™ Plans: 3 GB

**Free Talk**
- Freedom & Flexibility: Free
- No Lock-In Plans: Free
- Every Day Connect™ BYO Plans: 7GB/7GB
every night & included inclusive
- Every Day Connect™ Plans: 7GB/7GB
every night & included inclusive

**Standard Charges**
2 min standard call $2.38, excess data $0.88/MB

*Costs per minute - GST will be applied. Broadband plan charges may apply.***

---

**Consumer Response to Unit Pricing for Mobile Telephony**

79
Vodafone Catalogue Plans

Your phone, our SIM. Easy.

Feel the freedom of month to month on the $35 SIM Only plan. 13

<table>
<thead>
<tr>
<th></th>
<th>$20</th>
<th>$30</th>
<th>$35</th>
<th>$45</th>
<th>$50</th>
<th>$65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard minutes plus voicemails</td>
<td>-</td>
<td>-</td>
<td>Infinite OR 8</td>
<td>-</td>
<td>Infinite</td>
<td>Infinite</td>
</tr>
<tr>
<td>Standard SMS to Vodafone mates</td>
<td>From included value</td>
<td>-</td>
<td>Infinite</td>
<td>-</td>
<td>Infinite</td>
<td>Infinite</td>
</tr>
<tr>
<td>Standard SMS here and to overseas</td>
<td>From included value</td>
<td>-</td>
<td>Infinite</td>
<td>-</td>
<td>Infinite</td>
<td>Infinite</td>
</tr>
<tr>
<td>Dataa</td>
<td>200MB</td>
<td>500MB</td>
<td>1GB</td>
<td>1.5GB</td>
<td>1.5GB</td>
<td>2.5GB</td>
</tr>
<tr>
<td>Included valuea</td>
<td>$200</td>
<td>$250</td>
<td>$500</td>
<td>$700</td>
<td>$65</td>
<td>$80</td>
</tr>
</tbody>
</table>

Red+

<table>
<thead>
<tr>
<th></th>
<th>Red roams 5</th>
<th>Red roams 5</th>
<th>Red roams 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Red roams 5</td>
<td>Red roams 5</td>
<td>Red roams 5</td>
</tr>
</tbody>
</table>

All of this when you're in Australia.

Pricing info: The cost of a 2 min standard call is $0.10. The cost of sending a national standard SMS is $0.10. Additional rates apply in Australia costs. T&Cs apply.

*Includes international and interconnect call and SMS charges. Standard national and international SMS/SMS calls to National SMS and International SMS/SMS calls to National SMS and International SMS/SMS calls. 15. 16 and 17 Vermont and Northern Rivers area, 0800 numbers. In the case of plan offered in any of the above rates apply. 18. "Local to local calls". Standard International SMS/SMS calls to National SMS/SMS calls to National SMS/SMS calls. 19. "Local to local calls". Standard International SMS/SMS calls to National SMS/SMS calls. 20. "Local to local calls". Standard International SMS/SMS calls to National SMS/SMS calls. 21. "Local to local calls". Standard International SMS/SMS calls to National SMS/SMS calls. 22. "Local to local calls". Standard International SMS/SMS calls to National SMS/SMS calls. 23. "Local to local calls". Standard International SMS/SMS calls to National SMS/SMS calls.

See page 10 for eligibility criteria and terms & conditions. 12-month minimum contract for all included. For use in Australia only. Not for commercial or resale purposes. Applicable customer only. Must account for at least one month. If you cancel during the month, you'll only pay for all of that month.
LOVE THE PHONE YOU HAVE

MY SIM
If you want to keep the phone you’ve got, no worries. All you need is a My SIM Plan. It gives you the flexibility you want with month-to-month plans. And because My Sim works in the same way as My Plan, if you go over your allowance of talk or data, we just move you up a level for the rest of the month.

1. CHOOSE YOUR MY SIM PLAN
You’ve got the freedom to go where the wind takes you with our month-to-month plans.

<table>
<thead>
<tr>
<th>MY SIM PLAN</th>
<th>$25</th>
<th>$40</th>
<th>$65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes for talk to standard Australian mobiles and landlines, 13/1300 numbers and voicemail</td>
<td>200 mins</td>
<td>500 mins</td>
<td>UNLIMITED</td>
</tr>
<tr>
<td>Standard text and MMS to Australian mobiles</td>
<td>UNLIMITED</td>
<td>UNLIMITED</td>
<td>UNLIMITED</td>
</tr>
<tr>
<td>Included data</td>
<td>200MB</td>
<td>1GB</td>
<td>2GB</td>
</tr>
<tr>
<td>Contract length</td>
<td>Month to month</td>
<td>Month to month</td>
<td>Month to month</td>
</tr>
<tr>
<td>Additional minutes or data</td>
<td>See page 15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ALL FOR USE WITHIN AUSTRALIA

2. GET IT!  BUY IN-STORE OR AT YOUR NEAREST OPTUS RETAILER

OPTUS MOBILE FAIRGO™ POLICY APPLIES.
FOR THE NITTY GRITTY AND STANDARD CHARGES SEE PAGE 15.
## Internet Plans

### Telstra Internet Plans

<table>
<thead>
<tr>
<th></th>
<th>$50 PLAN</th>
<th>$60 PLAN</th>
<th>$80 PLAN</th>
<th>$100 PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum monthly plan spend</strong></td>
<td>300</td>
<td>300</td>
<td>800</td>
<td>1000</td>
</tr>
<tr>
<td><strong>Monthly included allowance for calls, text and MMS</strong></td>
<td>5000</td>
<td>5000</td>
<td>5000</td>
<td>Unlimited</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2 min standard call is $2.38</td>
</tr>
<tr>
<td><strong>Standard national voice and video calls (per 60 seconds or part)</strong></td>
<td>99c + 40c connection fee</td>
<td>Unlimited</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unlimited text</strong></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Monthly included data allowance to use in Australia</strong></td>
<td>10G</td>
<td>1.50G</td>
<td>20G</td>
<td>30G</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Excess data usage is $0.10/MB</td>
</tr>
<tr>
<td><strong>Unlimited Nights (Free talk 7pm-7am every night)</strong></td>
<td>No</td>
<td>Yes</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Unlimited Weekends (Free talk all day Sat and Sun)</strong></td>
<td>No</td>
<td>Yes</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Standard picture messages to mobiles in Australia (per message sent per recipient)</strong></td>
<td>60c</td>
<td></td>
<td></td>
<td>Unlimited</td>
</tr>
<tr>
<td><strong>Standard video messages to mobiles in Australia (per message sent per recipient)</strong></td>
<td>75c</td>
<td></td>
<td></td>
<td>Unlimited</td>
</tr>
<tr>
<td><strong>MessageBank® Retrieval (per 60 seconds or part)</strong></td>
<td>99c + 40c connection fee</td>
<td>Unlimited</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MessageBank Plus (For iPhone customers only)</strong></td>
<td>35/mth (optional extra)</td>
<td>Free</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BlackBerry® Individual Solution</strong> (For BlackBerry customers only)</td>
<td>$10/mth (optional extra)</td>
<td>Free</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plan term</strong></td>
<td>12 or 24 months</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Minimum cost over 12 months</strong></td>
<td>$500</td>
<td>$720</td>
<td>$850</td>
<td>$1200</td>
</tr>
<tr>
<td><strong>Minimum cost over 24 months</strong></td>
<td>$1200</td>
<td>$1440</td>
<td>$1820</td>
<td>$2400</td>
</tr>
</tbody>
</table>

*Plus usage in excess of or excluded from the Plan monthly allowances.*

---

**Consumer Response to Unit Pricing for Mobile Telephony**

82
### Optus Internet Plans

<table>
<thead>
<tr>
<th>Month to month</th>
<th>Month to month</th>
<th>Month to month</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$25</strong> My SIM Plan</td>
<td><strong>$40</strong> My SIM Plan</td>
<td><strong>$65</strong> My SIM Plan</td>
</tr>
<tr>
<td>Min. total cost is $25.00 for first month.</td>
<td>Min. total cost is $40.00 for first month.</td>
<td>Min. total cost is $65.00 for first month.</td>
</tr>
<tr>
<td><strong>200MB</strong> Included data</td>
<td><strong>1GB</strong> Included data</td>
<td><strong>2GB</strong> Included data</td>
</tr>
<tr>
<td>The cost of 1MB included data is $0.0560</td>
<td>The cost of 1MB included data is $0.0146</td>
<td>The cost of 1MB included data is $0.0122</td>
</tr>
<tr>
<td><strong>200</strong> Included Minutes</td>
<td><strong>500</strong> Included Minutes</td>
<td><strong>UNLIMITED</strong> Included Minutes</td>
</tr>
<tr>
<td>Unlimited standard national SMS &amp; MMS</td>
<td>Unlimited standard national SMS &amp; MMS</td>
<td>Unlimited Standard national calls</td>
</tr>
<tr>
<td>The cost of a 2 minute standard national mobile call is $0.15</td>
<td>The cost of a 2 minute standard national mobile call is $0.65</td>
<td>Unlimited voicemail</td>
</tr>
<tr>
<td>All for use within Australia</td>
<td>All for use within Australia</td>
<td>All for use within Australia</td>
</tr>
</tbody>
</table>

**Select SIM**

---

**Critical Information summary**

---

**The Nitty Gritty**

*My Plan*: If you cancel your plan early, fees may apply (and if you get a monthly phone credit, that will be forfeited).

*My SIM Plan*: Leave when you like; you’ll just need to pay the remainder of your handset payments (if any) plus any outstanding charges.

1. **Included Minutes** Included Minutes can be used for standard talk to Australian mobiles and landlines, 1300/1300 numbers and voicemail retrievals all within Australia. The time you talk will be billed per second for the life of your plan if you sign up before 31 December 2013.

Additional Minutes (doesn’t apply to $65 My Plan and $55 My SIM Plan): Once you’ve used more than your included minutes, you’ll automatically be moved up to charged for your next level of additional minutes. For more info, see our Critical Information Summaries which can be found at optus.com.au/biz or pick one up in store.

2. **Included Data**: Counted in kilobytes.

Additional Data: Once you’ve exceeded your included data, you’ll automatically be moved up and charged for your next level of additional data. If you use more than 20GB we may continue to charge you at the same rates or exceed your data use for the remainder of your billing month. For more info, see our Critical Information Summaries which can be found at optus.com.au/biz or pick one up in store.

General: Optus Mobile Fair Go™ policy applies. Unused minutes or data do not rollover.

**Compatibility**: If you bring your own phone, make sure it’s not locked to other networks and is compatible with the Optus network: 3G (850MHz and 1900MHz) and/or 4G (1800MHz). To access the extended coverage of our 4G Plus network you will require a 4G Plus compatible phone (2300MHz and 1800MHz). To learn more, visit www.optus.com.au/compatibility.

**Coverage**: With 3G and a compatible plan, you are able to access our 3G (2100MHz) Network. With 4G devices and a compatible plan, you are able to access our entire 4G Network and 4G-1800MHz Network. With 4G Plus and a compatible plan, you can access all areas of the Optus Network, including our 3G, 4G & 4G Plus (2300MHz) Network. For detailed coverage maps visit optus.com.au/coverage.


Usage Alerts: sent between 9.00am-10.00pm (AEST). They are not generated in real-time and delays of up to 48 hours may be experienced due to system limitations. You should not rely solely on the text usage alert service to monitor your usage. You can amend your alert options by visiting ‘My Account’ at optus.com.au.
### Vaya Internet Plans

<table>
<thead>
<tr>
<th></th>
<th>Power Plan 15</th>
<th>Power Plan 19</th>
<th>Power Plan 37</th>
<th>Power Plan 52</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Access Fee</td>
<td>$18</td>
<td>$18</td>
<td>$37</td>
<td>$52</td>
</tr>
<tr>
<td>Talk/Text</td>
<td>$200</td>
<td>$950</td>
<td>$950</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Unlimited Standard SMS</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Data</td>
<td>500 MB</td>
<td>1.5 GB</td>
<td>2 GB</td>
<td>3 GB</td>
</tr>
<tr>
<td>Vaya Value Calls and SMS to Vaya numbers</td>
<td>N/A</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
<tr>
<td>13, 1300, 1800</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Internet Tethering*</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Voicemail Included</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Call Rate (Per 60sec)</td>
<td>90c</td>
<td>90c</td>
<td>90c</td>
<td>N/A</td>
</tr>
<tr>
<td>Flag Fall</td>
<td>25c</td>
<td>25c</td>
<td>25c</td>
<td>N/A</td>
</tr>
<tr>
<td>Standard 2 Minute Call</td>
<td>32.15</td>
<td>32.15</td>
<td>32.15</td>
<td>N/A</td>
</tr>
<tr>
<td>SMS Rate</td>
<td>25c</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
<tr>
<td>MMS Rate</td>
<td>65c</td>
<td>65c</td>
<td>65c</td>
<td>65c</td>
</tr>
<tr>
<td>International SMS Rate</td>
<td>35c</td>
<td>35c</td>
<td>35c</td>
<td>35c</td>
</tr>
<tr>
<td>International MMS Rate</td>
<td>75c</td>
<td>75c</td>
<td>75c</td>
<td>75c</td>
</tr>
<tr>
<td>Data Rate (¢/MB)</td>
<td>4¢</td>
<td>4¢</td>
<td>4¢</td>
<td>4¢</td>
</tr>
<tr>
<td>International Call Rates</td>
<td>[Click Here]</td>
<td>[Click Here]</td>
<td>[Click Here]</td>
<td>[Click Here]</td>
</tr>
<tr>
<td>Term (Months)</td>
<td>1 or 24</td>
<td>1 or 24</td>
<td>1 or 24</td>
<td>1 or 24</td>
</tr>
</tbody>
</table>

**Consumer Response to Unit Pricing for Mobile Telephony**
Appendix 3 Woolworth’s Data Use Calculator