Customised mobile contracts: A South African reality or just a dream?

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Global market research company Synovate explores the landscape of the South African mobile user.

Eighty-three percent of mobile users would prefer a customisable package / contract where they could choose the amount of airtime, SMSes and data they receive each month. This is according to a survey conducted around mobile matters by global market research company Synovate.

Synovate interviewed a total sample of 487 adult mobile users aged 18 and above in the metropolitan areas of South Africa. Interviews were conducted randomly, using a face-to-face CAPI method, and are representative of LSM4+.
Funky or Affordable (Handset versus Call Cost)?

"With South African mobile consumers expecting lower mobile costs in the future, we found that a great number (46%) of consumers are still willing to pay more on call costs and receive a subsidised handset," states Andries Lombaard, Client Service Director for Synovate. "Users aged 18 - 34 were most concerned about the image and functionality of their handsets, whilst those over 50 are more likely to go for a simpler cell phone on a cheaper package / contract."

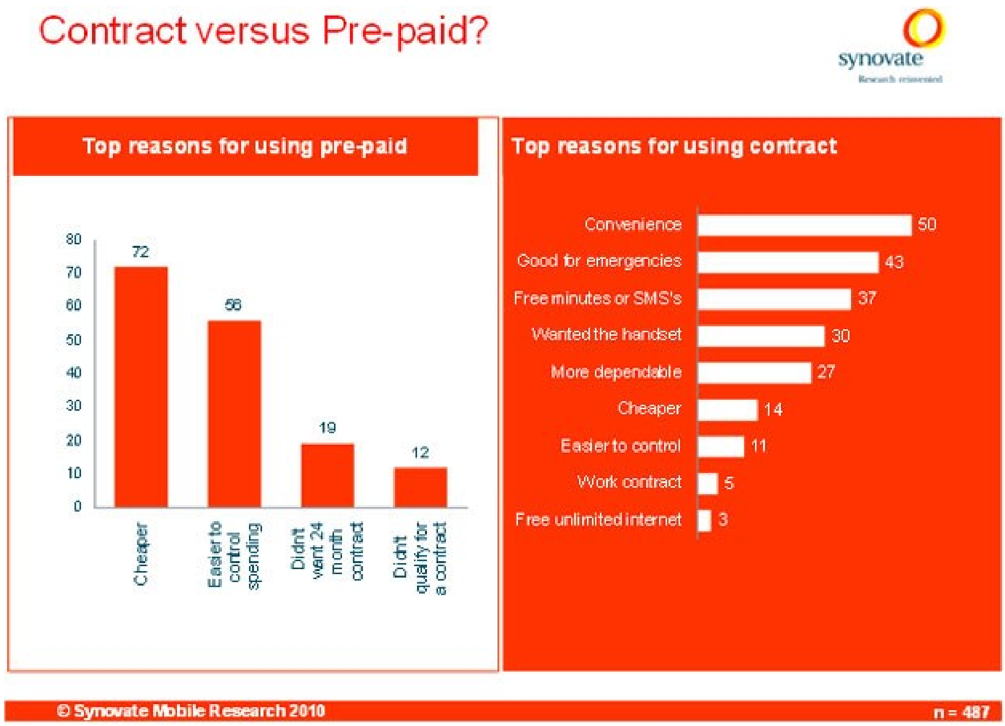
Cost or Convenience (Pre-paid versus Contract)

Pre-paid dominates the SA market, with 87% of those sampled currently on pre-paid packages. The ability to manage costs on pre-paid seems to be the main driver for this, as 72% of pre-paid customers believe these packages are cheaper than contracts and 56% indicated it's easier to control spending.

The benefit of contracts seems to lie in their convenience, according to 50% of contract users and, given they don't "run out", makes them good for emergencies and more dependable.

While fixed contracts offer a variation in packaging voice and data to service the needs of mobile consumers, almost a quarter of respondents (23%) aged 35 - 49 opted to go the pre-paid route because they did not want to commit to a 24 month contract.

Only a small group of pre-paid consumers (12%) did not actually qualify for a contract.



With regards to changing contracts, 27% of consumers had upgraded to more expensive contracts during the previous year, whereas 22% of consumers reported downgrading to cheaper packages during the same period.

Cost and Coverage (Great Network Providers)

Despite the general perception of poor service from network providers, 95% of mobile consumers stated that they were happy with their current network provider.

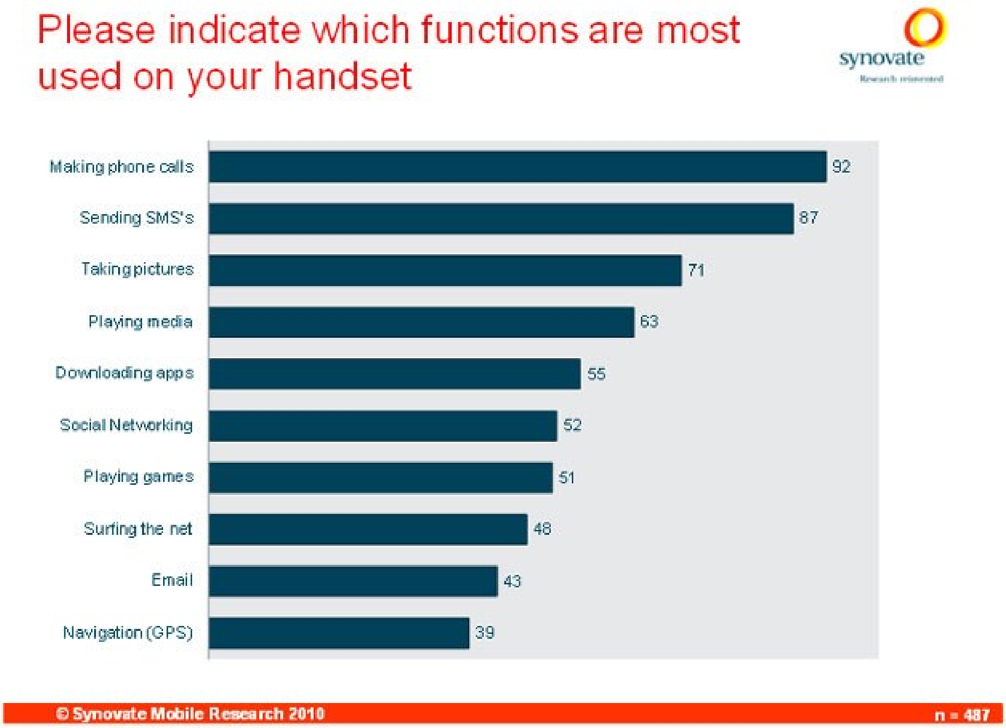
Factors involved in choosing a network provider included: coverage (27%), call tariffs (27%), cost per month (12%), brand reputation (8%) and customer care (7%). Of the 5% who were not satisfied with their provider, this was due to either call costs or coverage issues.

Ninety-three percent of respondents agreed that it was important to always have coverage and for calls not to drop. Younger users were least likely to be forgiving about these issues.

Functionality

"Making a phone call or sending SMSes remain the most frequently used functions amongst mobile consumers, but this survey indicates a high incidence of using handsets for accessing the Internet," says Lombaard. "Many functions used by mobile consumers are Internet-related activities, such as social networks, chatting, email, application downloads and surfing the net. Our research demonstrated that the latest handsets allow high speed access to the Internet. This will drive a higher demand for mobile data in the future."

Fifty-six percent of respondents felt comfortable accessing the Internet through their mobile. Interestingly, Capetonians appear more reluctant to use their phones to access the Internet. Mobile users living in Durban (99%) had the highest likelihood of using their mobile phone to go online. They were followed by Port Elizabeth with 82% and Johannesburg with 69%.



Fixed or Mobile (Landline versus Cell Phone)

Comparing usage trends, 95% of calls are made using mobile phones as opposed to landlines. "Mobility is the biggest driver of this phenomenon," states Lombaard. "Over the years we have all been conditioned to keep our mobile phone with us, in some cases even leaving more important things such as your wallet behind. As a result, it has become a natural reaction to reach for your mobile to make a call, even if you are right next to a landline phone." In this case, convenience is the motivating factor, rather than cost.

RICA

When asked about RICA, 98% of respondents said that they are aware of it. The majority of them felt that RICA is a good idea, whereas 17% were of the opinion that RICA is pointless. A tenth of respondents agreed that it makes it difficult to get a mobile phone.

The "Next Big Thing"

Synovate also asked respondents what they thought the "next big thing" would be in the mobile space. Apart from the 13% that expected lower call costs in future, respondents felt that free calls, free Internet access and cheaper / free SMS' would be it. Some mentioned watching TV / DSTV on their mobile handset with a very small percentage (2%) looking forward to 3D on their handset. Two percent of respondents felt that better network coverage might be the "next big thing" for them.

About the survey

Synovate interviewed a total sample of 487 adult mobile users in the metropolitan areas of Johannesburg, Pretoria, Cape Town, Durban, Port Elizabeth and Bloemfontein. Interviews were conducted randomly, using a face-to-face method with CAPI technology, between 25th July and 13th August 2010. Respondents were drawn from LSM 4 plus and reflective of the population. Respondents were asked questions related to their use of contract / pre-paid mobile services, factors when considering which network providers to make use of, popular cell phone functions and predicted future cell phone functions.
(All surveys are subject to multiple sources of error including, but not limited to, sampling error, non-response and measurement error. Results for the full survey are at the .95 confidence level. The information contained in the statements

above conforms to the principles of survey disclosure for the survey research industry.)

About Synovate

Synovate, the market research arm of Aegis Group plc, generates insights to help clients drive competitive brand, product and customer experience strategies. A truly borderless company with offices in over 60 countries, Synovate's 'biggest small company' approach combines best in class global research capabilities with personalised service, local knowledge and the flexibility to create teams and processes that meet clients' specific requirements. At Synovate, clients sit at the top of the company's organisational chart, driving it to continually develop more innovative research solutions that predict actual business outcomes. More information on Synovate can be found at www.synovate.com and www.synovate.com/southafrica.

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