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Australian Mobile Survey 2021: Mobile Buying and Churn Drivers Stable

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Venture Insights

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Abstract

Venture Insights has been surveying Australian mobile consumers annually since 2018. The latest survey was conducted in March 2021 and included 1,019 respondents. The results show that price and network performance remain the main purchasing drivers for mobile services, with more than 90% of respondents rating them as important or very important. On price, 86% did not expect to spend more each year for their mobile phone services, which is consistent with previous surveys. The persistent importance of price shows that mobile services are seen as a commodity by many customers. A total of 38% of respondents were considering churning their mobile phone service; of these respondents, 40% chose price as the key churn driver. There is consistent focus on Mobile Virtual Network Operators (MVNOs) driven by price. The survey results suggested that the total market share for MVNOs could increase by 6 percentage points, if all respondents indicating a move to an MVNO actually did so. Only 20% of respondents indicated they were willing to pay more for 5G mobile services or handsets. A majority (55%) of respondents change their mobile phones every 2-3 years; 39% said they would consider purchasing a recycled/refurbished mobile phone at a lower price.

Introduction

Venture Insights performs an annual consumer survey on mobile service and handset purchases across Australia. It asks questions around willingness to pay, intentions to switch service providers and handsets, and key factors responsible for this switching. We also ask which service provider the respondents are switching to, and thus determine the service providers that will gain or lose from this churn.

The survey shows that price remains a key driver for mobile purchasing, underlining the difficulty of maintaining price increases that would lift Average Revenue Per User (ARPU). Price continues to drive interest in Mobile Virtual Network Operators (MVNOs), but we expect that the Mobile Network Operators (MNOs) can at least defend market share through sub-brands like Belong and now GoMo and Felix.

Our latest survey was conducted in March 2021 for Australia, and the key findings are presented here. In this report, the term MVNO includes resellers that are subsidiaries of MNOs or owned by them. Note that, with a sample size of 1,019 respondents, sample proportions in the full sample can be determined with 95% confidence to within approximately 3 percentage points (under the Normal assumptions for an unbiased sample). Sampling errors for subgroups, such as age groups, may be larger.

Summary of key findings

Our latest consumer telco survey shows that price and network performance remain the main purchasing drivers for mobile services. More than 90% of respondents rated them as important or very important when deciding their next mobile service purchase, and 86% did not expect to spend more each year for their mobile phone services. Consumer reluctance to pay more for mobile services has been consistent across our surveys for three years.

Other key findings are:

38% of respondents were considering churning their mobile phone service. Of these respondents, 40% chose price as the key churn driver, far higher than any other factor. Data allowance came a distant second as the main factor, being picked by only 21% of these respondents.

There is consistent focus on MVNOs driven by price. Data on intention to churn shows that the market share of MVNOs would increase by 6% if every respondent who indicated an intention to churn in fact did so. This 6% is a ceiling, not a forecast, but suggests that MNO defences against MVNOs are soft. The launch of new MNO sub-brands GoMo and Felix should help to address this.

Only 20% of the respondents were willing to pay more for 5G mobile services or handsets. Although network performance/speed and price were chosen by equal numbers of respondents as the biggest factor when deciding their next mobile service purchase, price seems to be winning out when it comes to 5G. There is an appetite for 5G, but consumers are reluctant to pay more for it.

37% of the consumers have mobile phones between 1-2 years old, and a majority (55%) change their mobile phones every 2-3 years; 39% of respondents said they would consider purchasing a recycled/refurbished mobile phone at a lower price, suggesting handset price is also a factor for a segment of consumers when deciding their next mobile phone purchase.

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