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Monday, 5 May 2014

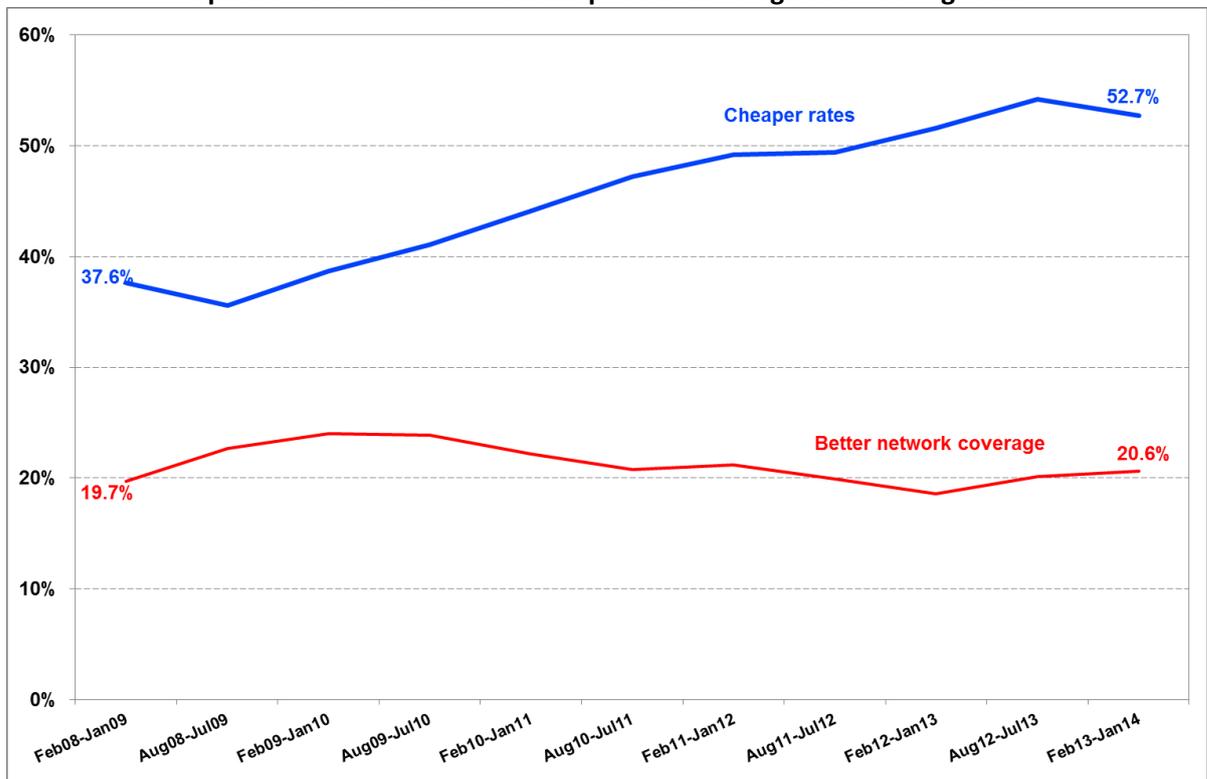
## Price trumps coverage as reason for mobile switching

**Kiwis who had switched their mobile phone service provider are now over 2.5 times more likely to say they switched for price than coverage, the latest research from Roy Morgan shows.**

Five years ago, 37.6% of those who had switched provider said 'cheaper rates' was a deciding factor, and 19.7% cited 'better network coverage'. But since then, intense competition has driven an increase in the proportion of switchers for whom cheaper rates was a motive—to a majority 52.7%. Meanwhile, the proportion who switched to get better coverage hasn't changed.

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Proportion of switchers who cited price or coverage as switching reason



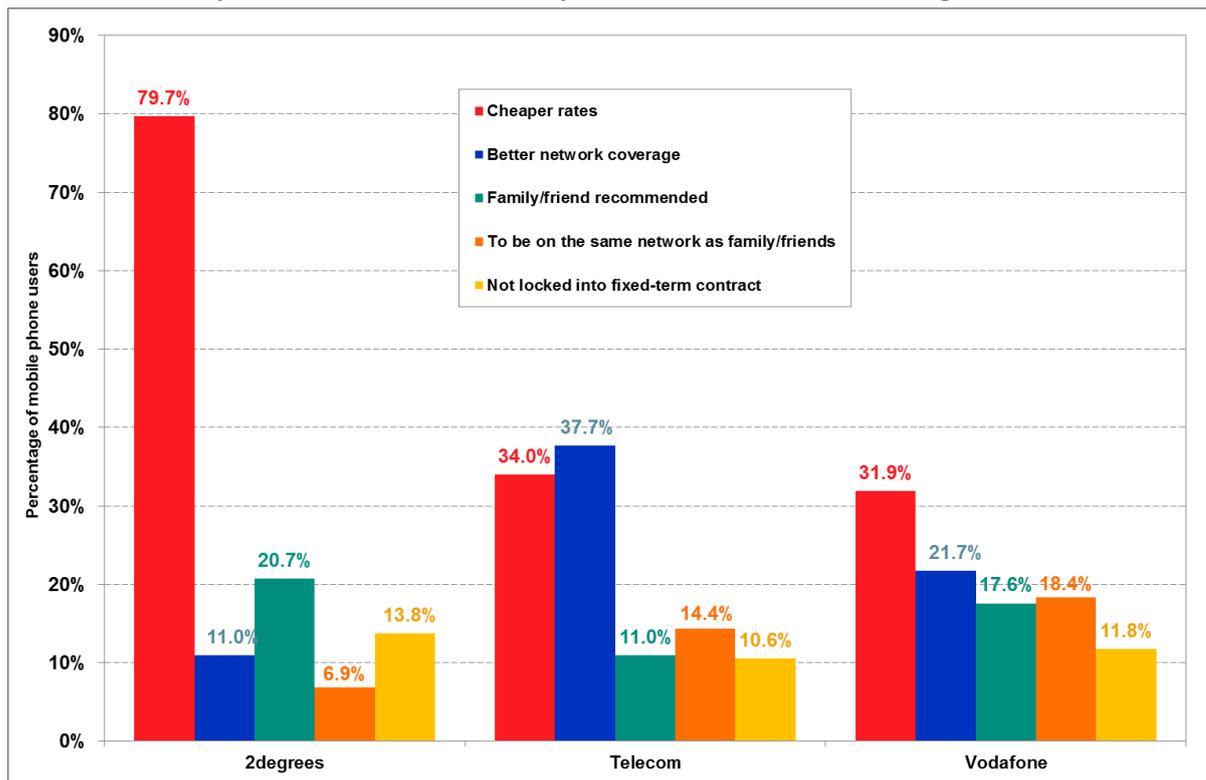
Source: Roy Morgan Single Source (New Zealand), February 2008 – January 2014, average annual sample n = 3599 New Zealanders 14+ who are the main user of a mobile phone and switched service provider.

In the year to January 2014, around 4 in 5 mobile users who had switched to 2degrees say they did so to get cheaper rates (79.7%), with coverage a reason for fewer switchers (11%) than the recommendation of family or friends (20.7%) or the absence of a fixed-term contract (13.8%). Only 6.9% of 2degrees' switchers moved to the network to be on the same one as family and friends.

Network coverage is the dominant reason among those who switched to Telecom (37.7%), just ahead of cheaper rates (34.0%), while wanting to be on the same network as our regular contacts is third (14.4%).

However switchers to Vodafone are more evenly split as to their reasons. Although price is the most common reason (31.9%), only around 4% points separates coverage, recommendations and network sharing, with contract freedom also a reason for a decent chunk (11.8%) of customers.

## Proportion of switchers to mobile providers who cited each switching reason



**Source:** Roy Morgan Single Source (New Zealand), February 2013 – January 2014, sample n = 4728 New Zealanders 14+ who are the main user of a mobile phone and switched service provider. Totals may exceed 100% as respondents can select multiples reasons.

**Pip Elliott, General Manager, Roy Morgan Research NZ, says:**

*“Since 2degrees entered the mobile phone service market in August 2009, there has been a significant increase in respondents switching mobile phone service provider because of cheaper rates. 2degrees also has the highest proportion of switchers who chose them due to dissatisfaction with the service of their previous provider.*

*“Recognising the increasing importance of price to consumers, Telecom’s launch of sub-brand Skinny Mobile in 2012—and subsequent rebranding a year ago—has created a clearly defined ‘discount’ offering from the telco.*

*“Of those who switched to Skinny, around 77% cited price as a reason—nearly the same proportion 2degrees has. Where Skinny’s new customers differ from 2degrees’ is in a higher proportion who switched to get free call time and better network features on the parent network.*

*“Although price was a similarly dominant reason among switchers to Slingshot, those customers are well over twice as likely as those with any other provider to cite helpfulness of staff and better billing details as deciding factors, suggesting that there are still spaces where mobile providers can differentiate themselves beyond price and network reliability.”*

**For comments or more information please contact:**

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### Related research reports

View our extensive range of [Mobile Phone Service Reports](#), including the [Telecom mobile service provider customer profile](#), [Vodafone mobile service provider customer profile](#), [2degrees mobile service provider customer profile](#), Reasons for choosing current mobile service provider and much more. Roy Morgan Research Consumer Profiles contain insightful quantitative data in ready-to-copy-and-paste charts and graphs that can be an invaluable resource for your market review, strategic marketing planning, advertising brief development, management update presentation or conference address.

### About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in New Zealand, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on financial behaviour, readership, voting intentions and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

### Roy Morgan Research New Zealand

Roy Morgan Research was set up in New Zealand in the 1990s and has been collecting information across a wide range of industries in New Zealand ever since. Roy Morgan currently has over 10 years of trended data on a geographically and demographically representative sample of over 12,000 New Zealanders aged 14+.

### Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3

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