

# Mobile bill shock triggers revealed

## Evidence shows females and younger Aussies are hit the hardest

- **Many Aussies spend 50% more per month than expected**
- **Females get stung 50% more than males by dialling overseas**
  - **Data charges hit men the hardest**

Aussies can't afford to follow the crowd when it comes to selecting a mobile phone plan, with new research showing the most popular plan price points, in addition to standard calls and excess data usage, are feeding the country's annual \$557 million bill shock.

Analysing over 200 mobile phone bills, *The Anatomy of Bill Shock – An Analysis of Mobile Phone User Experience in Australia 2012* from Macquarie University, with the support of low cost mobile service provider amaysim, examined the cause and effect of bill shock, as well as which gender and age groups are hit the hardest.

The research shows that women (55%) make up a higher percentage of all bill shock than men (45%). They get stung twice as much as a result of using premium numbers (1300,1800 etc) and 50% more from dialling friends and family overseas.

When it comes to men, data is the leading cause of bill-shock, with males being slapped with 14% more data-driven excess costs than women.

### **Bill shock by age group**

The highest incidence of bill shock occurs within the 25-39 year age group (36.3%), followed by 40-49 year olds (26.3%), then the 60-64 age group (21.3%). The big spenders in the 25-39 age bracket fork out on average \$88.27, just ahead of 40-49 year olds who peak at \$82.13. The 60-64 age group spends \$61.73.

In dollar figures, younger people are being slugged the most, with 25-39 year olds experiencing the highest monetary bill shock of all age groups, spending on average \$37.76 in excess charges. The study indicates that instances of bill shock are most prevalent in the 25-49 age groups.

### **Mobile plan price points and value**

The study also revealed that **Australia's most popular mobile plan price point of \$59** has the highest incidences of bill shock, leaving people on plans around this price just as exposed as those who sign up for plans with lower monthly headline rates.

According to the *Anatomy of Bill Shock study*, the **average amount of bill shock across all mobile phone bills studied was \$28**, which is half the headline cost of the most popular \$59 plan price point.

The highest average bill shock was incurred by those on \$129 plans (\$155.58 bill shock), followed by \$59 plans (\$34.58 bill shock), \$60 plans (\$24.40 bill shock), then \$49 plans (\$16.84 bill shock). This shows that trading up to more expensive mobile phone plans doesn't prevent bill shock.

## **What this means for consumers and the telco industry**

The study demonstrates that when it comes to mobile phone plans, the old adage of safety in numbers doesn't ring true.

Rolf Hansen, founder and CEO of amaysim, commented, "The popularity of mid-priced 'included value' plans would make you think they're the best bet for consumers but the bills tell a different story. Even though these plans are advertised heavily by telcos and selected by consumers for budget management, they don't reflect the reality of what people are forking out each month."

Dr David Gray, Senior Lecturer in Marketing from Macquarie University's Faculty of Business and Economics, Department of Marketing and Management said, "Recent changes adopted by the industry since this bill analysis are a step in the right direction, but the bills we've viewed even in the past few weeks still left us scratching our heads."

Dr Gray continued, "Despite a concerted effort to change the composition of the bill and advertisements, it's the concept of 'included value' in mobile plans that needs to be more clearly communicated to the consumer. This very big and real issue has still been left unaddressed by the industry."

Rolf Hansen concluded, "This latest round of research proves that using more expensive plans as a mobile safety blanket doesn't prevent bill shock."

"We think Aussies are catching onto this. The hundreds of thousands of people who have signed up to amaysim since we launched two years ago certainly know that you don't have to break the bank to get what you want out of a mobile plan. That said, there's still a lot of work to do to get through to the rest of the country ... and we're up for the challenge."

### **Key survey findings:**

- The most popular mobile phone plan price points are \$59 (33.8%), \$49 (20.9%), \$79 (9.5%)
- The most common bill shock occurred in the \$59 category (37.5%)
- The average mobile phone bill was \$72.99
- Bill shock affected 40% of those on mobile phone contracts. The average bill shock incurred was \$28.08
- The highest average bill shock was incurred by those on \$129 plans (at \$155.58 bill shock), followed by \$59 plans (\$34.58 bill shock), \$60 plans (\$24.40 bill shock), then \$49 plans (\$16.84 bill shock) – trading up doesn't prevent bill shock
- Females have a higher average incidence of bill shock compared to males (i.e. 55% female to 45% male)
- The highest incidence of bill shock by age was the 25-39 age group (36.3%), followed by 40-49 (26.3%), then 60-64 (21.3%).

## **Ends**

### **About amaysim**

Founded in November 2010, amaysim is Australia's low cost mobile service provider on a mission to uncap Australia.

amaysim's three SIM-only mobile plans - *amaysim UNLIMITED*, *amaysim FLEXI*, and *amaysim AS YOU GO* - deliver simplicity, fairness and unbeatable value to mobile customers. *amaysim MOBILE BROADBAND* Data Packs satisfy the online needs of Aussies without ridiculous data charges or long-term lock-in contracts.

Supported by a high quality, 100% Australian customer service centre and a self-service website, amaysim is delivered over the Optus 3G Mobile network. amaysim won gold at the *Money* magazine Best of the Best 2012 awards for cheapest Postpaid Mobile Plan – High Usage for *amaysim UNLIMITED* and Cheapest Postpaid Mobile Plan - Low Usage for *amaysim AS YOU GO*.

amaysim SIM packs are available at [amaysim.com.au](http://amaysim.com.au) and from over 12,000 retail outlets including 7-Eleven, Harvey Norman, Woolworths Petrol, Caltex, Newslink, Dick Smith, Myer, Coles Express, Franklins, Coles, Australia Post and many more. Keep up to date with amaysim at [facebook.com/amaysim](https://facebook.com/amaysim), [amaysim.com.au/blog](http://amaysim.com.au/blog) and [twitter.com/amaysimAU](https://twitter.com/amaysimAU).

### **About Macquarie University's Faculty of Business & Economics (FBE)**

Macquarie University's Faculty of Business and Economics offers undergraduate and postgraduate courses in addition to strong academic research in the fields of accounting and finance, actuarial studies, business, marketing, economics and business law. [www.businessandconomics.mq.edu.au](http://www.businessandconomics.mq.edu.au)

### **Notes to editor about the research**

The independent qualitative and quantitative research was conducted by Macquarie University with the support of amaysim in September 2012, includes an in depth analysis of 201 mobile phone bills of Australian residents who personally owned a mobile phone.

It is the culmination of over 12 months of research and confirms many of the findings of their landmark State of The Mobile Nation Report released earlier this year.

The data has been weighted and projected to reflect the population of Australia.

#### Annual total from exceeding mobile plans:

- Number of people in Australia aged 18+ = 17.2 million (Source: Australian Bureau of Statistics)
- 90% of the population aged 18+ have personal mobile phones = 15.48 million (Source: Macquarie University Survey)
- 45% of mobile phone users experience bill shock = 6.97 million (Source: Macquarie University Survey)
- Bill shock = \$80 x 6.97 million = 557.28 million

\*Of the 201 bills analysed, 40% of respondents experienced a bill higher than expected. Further, half of the 40% experienced bill shock of \$5 or more.

\*The definition of bill shock is receiving a bill higher than expected