



# Press Release



For Sunday Times

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10 February 2010

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## Mixed reaction to cell phone prices but high expectations on service

Controversy and conflict have surrounded issues concerning cell phone networks' pricing policies, especially those surrounding the issue of interconnection fees - the fee charged by a network when transferring a call to another network. There have been strong calls by Government for these to be reduced but the networks and ICASA are still at loggerheads.

A new survey, released today by TNS Research Surveys, South Africa's leading marketing and social insights company, shows that 56% of metro adults feel that cell phone companies have NOT been charging a fair price for their services and only 27% expect that if these companies cut their charges, then service will get worse.

TNS regularly conducts surveys on topics of general social interest: these are conducted amongst a sample of 2 000 SA adults from the seven major metropolitan areas of South Africa, interviewing them face-to-face in their homes, with a margin of error of under 2.5%. The results quoted above come from a study conducted in the first two weeks of November.

### Are prices fair?

People were asked to agree or disagree with the statement, "*Cell phone companies have been charging a fair price for their service*". Whilst 56% disagreed with this statement, it is interesting to note that 27% agreed - showing how cell phones have become a vital part of today's society. The remainder - 13% - gave a "don't know" response. Younger people are more likely to agree that prices are fair than are older people (33% for those under the age of 49 years compared with just 19% for those over 60 years) as are those in the lower to middle income groups - the most critical are those in upper income groups (again 33% cf 20%). There are also some differences by area with West Rand and Durban people showing the highest level of dissent at 67% and 64% respectively.

### And what does this mean for service levels?

Whilst 27% fear that if cell phone companies cut their charges, service will get worse, 47% disagree with 26% giving a "don't know" response. Hence, about half the metro population do not expect service levels to drop - a clear indication that many people do see cell phones costs as iniquitous. The fear of poorer service does tend to follow the patterns above with younger people feeling this more strongly than older people. People in Soweto and Bloemfontein were the most anxious about this (45% and 50% respectively). The highest expectations in terms of expecting no drop in service levels if costs drop occur amongst the more wealthy where 55% expect no such drop. In terms of area, people on the East and West Rand, Pretoria and Durban also were the least likely to expect such a drop.

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## Our take-out

Given the considerable mentions made in the media about cell phone costs and the interconnection fee, it is to be expected that many people will feel that costs have been too high. What is perhaps surprising is that as many as 27% feel that costs are fair, showing how much a part of people's lives cell phones have become. However, it is the wealthier parts of society who are the most critical - and who expect the most in terms of continued service levels.

### *Technical note*

The study was conducted amongst 2 000 adults (1260 blacks, 385 whites, 240 coloureds and 115 Indians/Asians) in the seven major metropolitan areas via an in-home, face-to-face interview: it has a margin of error of under 2.5% for the results found for the total sample. The study was conducted by TNS Research Surveys (Pty) Ltd as part of their ongoing research into current social and political issues and was funded by TNS Research Surveys. For more details, please contact Neil Higgs on 011-778-7500 or 082-376-6312. [www.tnsresearchsurveys.co.za](http://www.tnsresearchsurveys.co.za)

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