

Seeking Straight Answers:

Consumer Decision-Making in Telecommunications

A joint research project by the Centre for Sustainable and Responsible Organisations (CSaRO), Deakin University and the Australian Communications Consumer Action Network (ACCAN)

September 2011

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Published in 2011

ISBN 978-1-921974-05-2

Cover image: Chris Schmidt/istockphoto.com

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THIS WORK CAN BE CITED AS:

Deakin University and Australian Communications Consumer Action Network (2011), *Seeking Straight Answers: Consumer Decision-Making in Telecommunications*. ACCAN: Sydney.

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THE AUSTRALIAN COMMUNICATIONS CONSUMER ACTION NETWORK (ACCAN) is the peak body that represents all consumers on communications technology issues including telecommunications, broadband and emerging new services. ACCAN conducts research that drives the fulfilment of its vision for available, accessible and affordable communications that enhance the lives of consumers. ACCAN provides a strong consumer voice, promoting better consumer protection outcomes to industry and government. ACCAN aims to empower consumers so that they are well informed and can make good choices about goods and services. Visit www.accan.org.au for more information. Ryan Sengara and Robin McNaughton were ACCAN's lead researchers on this project.

Acronyms

ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACL	Australian Consumer Law
ACMA	Australian Communications and Media Authority
CSaRO	Centre for Sustainable and Responsible Organisations at Deakin University
EWON	Energy and Water Ombudsman
FOS	Financial Ombudsman Scheme
TCP code	Telecommunications Consumer Protection Code
Telco(s)	Telecommunications company(ies)
TIO	Telecommunications Industry Ombudsman

ACKNOWLEDGEMENTS

Funding for this research project was provided by the Centre for Sustainable and Responsible Organisations, Faculty of Business and Law, Deakin University, and the Australian Communications Consumer Action Network.

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Foreword by the Australian Communications Consumer Action Network

The Australian Communications Consumer Action Network (ACCAN)'s primary concern is to make the communications market work for consumers. It is no secret that as the peak body representing consumers in the communications space, ACCAN is dissatisfied with the state of the industry in Australia. Over the past 24 months, ACCAN has put the industry on notice that “time’s up” when it comes to bad customer service and products that don’t deliver what consumers need.


This research marks an exciting new phase in ACCAN’s advocacy for a fairer and more competitive communications market. In partnership with Deakin University’s Centre for Sustainable and Responsible Organisations, we go to the heart of consumer relationships with their telecommunications providers to begin to understand how consumers make purchase decisions, and why these decisions so often result in problems for consumers down the track.

These days it is common for a consumer to enter into a telecommunications contract with a large financial commitment locked in over a period of up to two years. It’s a decision that is made to ensure we are connected to the world around us, as indeed, telecommunications are an essential utility. And in a market that is characterised by confusion instead of clarity, it is usually a very challenging decision.

There is an abundance of evidence that something is going wrong during the pre-sales and sales processes for communications goods and services. Studies over the past three years commissioned by ACCAN have identified major concerns regarding consent and confusion among Indigenous consumers, young people, seniors, and culturally and linguistically diverse consumers (ACCAN, 2009b; FCLC, 2011; Leung, 2011; COTA WA, 2011).

The Telecommunications Industry Ombudsman has identified poor point-of-sale advice as one of the issues at the core of consumer complaints. In the last financial year, complaints about incorrect or confusing point-of-sale information increased by 12.73%, mostly with regard to mobile sales (TIO, 2010).

Unhappy customers are bad for business and it is in no one’s interest for customers to sign up for goods and services that don’t suit their needs.



The qualitative and quantitative data collected in this research helps us to gain insights into two broad areas:

- How are consumers navigating the telecommunications market, specifically in relation to experiences with confusion, information overload, and determining value and risk?
- How can they fare better?

ACCAN believes that facilitating consumers to make good decisions about telecommunications products is the key to efficient and competitive markets. Not only is this good for consumers, it's good for business, and we will continue to work with industry to achieve these outcomes.

1 Executive Summary and Recommendations

Understanding consumer decision-making in telecommunications can help us to determine what steps to take to facilitate better outcomes for consumers.

This is important for three primary reasons. First, there are many indicators that the market is not working for consumers and that they face challenges, detriment, and confusion as they decide what products to buy.

Second, communications technologies have become essential utilities, playing a central role in society, and constituting a significant financial commitment. It is, therefore, crucial that consumers make decisions that work for them.

Third, the policy backdrop to consumer protection in telecommunications is currently under scrutiny, and there is an opportunity to significantly improve outcomes for consumers. The Australian Communications and Media Authority (ACMA), recently released the draft report to its Reconnecting the Customer Inquiry, which looked at ways to improve customer care in the market and provided a broad set of solutions.

With this background in mind, this research sought to investigate:

- How are consumers navigating the market, specifically in relation to experiences with confusion, information overload, and determining value and risk?
- How can they fare better?

Recognising the complexity of decision-making, the research comprises several components. Woven together the layers of data provide a deeper understanding of consumer decision-making.

A REVIEW OF CURRENT RESEARCH

Variables generally accepted as affecting decision-making were explored, including bounded rationality, consumer heuristics and biases, and mental processing capabilities. In addition, factors identified as specific to the telecommunications market that may affect consumer decision-making were analysed, including confusion, information overload, choice overload, bundling and complex pricing.

QUALITATIVE ETHNOGRAPHIC RESEARCH

Phase one of the empirical study encompassed an extended autoethnographic methodology with 22 participants, consisting of recorded video diaries, written diaries, and extended interviews. Observational studies of consumers are seen as a useful way to capture detailed information about their emotions, motives and underlying value systems that may not otherwise be accessible, as people don't always do what they say. It is a valuable method to use in combination with other

approaches in an attempt to triangulate research findings. Asking consumers to reflect on their own experiences, in their own words, provides richness to the “stories” of consumers and paints a spectrum of consumer experiences.

Participants who were in the market for a new smartphone and service were recruited via a market research recruitment company, and were chosen for diversity of demographic profiles, including age, income, and socio-economic situation. Researchers were also conscious of the importance of accessing communities of consumers who may be out of the reach of mainstream market research recruitment strategies. An additional six participants were recruited through ACCAN’s community networks in an effort to reflect the diversity of consumer needs in the communications market.

QUANTITATIVE EXPERIMENTAL RESEARCH

The effect of a selection of marketing communications tactics on consumer perceptions and behavioural intentions were tested in a series of experiments. Web-based self-report survey data were collected from a national sample of online panel members aged 18 years and over. Panel members were chosen via a computer-assisted random selection process. The sample was reflective of the demographic and geographic characteristics of the Australian population in terms of gender, age, and postcode, as per the current data available from the Australian Bureau of Statistics.

Three experimental studies were undertaken that sought to simulate consumer decision-making by manipulating variables in either advertising material or sales information, and measuring consumers’ responses to them. The full report and appendix contain extensive statistical analysis of the experimental data.

In study one, we examined the effect of bundling and limited time offers in advertising on consumer perceptions and purchase intentions. In study two, we examined the effect of unit pricing and the presentation of terms and conditions information in advertising on consumer perceptions and purchase intentions. In study three, we examined the effect of the amount of information and mode of its presentation in personal selling on consumers’ perceptions.

1.1 Key findings

CURRENT RESEARCH IN THE FIELD

Current research in the field shows that consumer decision-making in the telecommunications industry is a very complex process that does not always lead to the optimal outcome for individual consumers.

Consumers are impacted by a variety of personal preferences, biases and ways of processing information, and are also affected by industry-related factors including product and pricing strategies (including bundling), market segmentation, and of course, information and advertising.

There is mounting evidence that consumers are being adversely affected by these factors in the telecommunications context, leading to stress and frustration, confusion and information overload, as well as indecision and inertia. This ultimately leads to poor outcomes for consumers.

ETHNOGRAPHIC RESEARCH

The strong voices of consumers and the wide spectrum of their decision-making experiences came through clearly in the videographies, interviews, diaries, and photographs provided by participants. The full report contains rich and diverse data and analysis of this component of the research. Several key themes emerged.

In general, we found that consumers consistently find it difficult to have a straight conversation with their telecommunications provider pre-sale (through marketing communications), at point of sale (with salespeople), and post-sale (with customer service representatives). Participants generally expected that telcos should be willing to have this conversation, but had lowered their expectations based on previous experience. In addition:

- Participants expressed a broad frustration and disappointment with the way in which the telco sector communicated to them. Some simply felt that the sector relied on “information overload” as part of its business model.
- Although there was a general sense of mistrust of telcos, all participants understood that the use of telecommunications was a necessity.
- All participants experienced confusion as a result, amongst other factors, of the jargon used by telcos.
- Many of the participants expressed difficulty in comparing telecommunications products; some used strategies to avoid actually comparing (and purchasing) products, such as postponing purchases. Some participants sought out information, and used comparison websites, however, this was not a consistent activity. Other participants were happy to rely on recommendations from telco salespeople simply because they wished to avoid the effort involved in processing the copious amounts of information provided to them. Participants, especially those more vulnerable in the market, highly valued advice received from those in their social networks.
- Past experiences with the customer service of telcos seemed to guide future behaviour, with many saying that they would, or did, change carriers based on how easy (or not) it was to solve problems with their telco. Past experiences with telcos also affected consumers’ approaches to the entire industry.
- Participants used a range of coping strategies when dealing with choice, including delegating decision-making to others, relying on simple psychological shortcuts such as brand loyalty, and using comparison websites (although the desire to use online comparison sites was not consistent across all participants). Those who did use comparison sites tended to be confident in their capacity to rationally assess information, while those who avoided comparison sites were either not aware of them, or tended to feel that they were not qualified or experienced enough to be able to navigate them properly.

QUANTITATIVE EXPERIMENT

The quantitative, online experiment component of the research confirmed the consumer scepticism and confusion associated with telco advertising, while also shedding light on specific issues.

- Bundling and limited time offers:

Consumers appear not to value telco bundles or limited time offers very highly. The study suggests that telcos can enhance consumers' perceptions of value toward their products by offering a bundle of three items, e.g., home phone, broadband and smartphone together.

Contrary to other research, however, consumers did not experience increased confusion as a result of a bundled offer. This could indicate that they are so accustomed to confusing telco advertising that they have built-in mechanisms to cope with it. We also found that consumers doubt the genuineness of the advertised bundled offer if the bundle has an associated cut-off date.

It is perplexing that the benefits that normally accrue to organisations that offer bundles (e.g., reduced consumer perceived risk, increased consumer perceived value and increased consumer purchase intentions) do not appear to flow to telcos. This may be connected to the general consumer angst associated with telcos overall.

- Terms and conditions and font size:

Results showed that increasing font size could aid consumers, but that the type of information presented was potentially more important. Interestingly, consumers perceived a higher level of risk when the font size of terms and conditions was increased to 15-point. This may be indicative of the out of sight, out of mind approach consumers adopt in respect to complex terms and conditions.

- Unit pricing.

Our findings suggest that telcos may actually benefit by introducing unit pricing information, as consumers' perceptions of the value of their product offerings appear to be enhanced in the presence of this information. This may be a function of a belief that the telco has "nothing to hide" if it is providing this type of information. The results also show that consumers may be unfamiliar with unit pricing (particularly in relation to the telco sector). The information processing capacity required to interpret the detailed numbers involved in unit pricing calculations might be too great, as unit pricing was shown not to reduce or increase confusion, perceptions of risk, or purchase intentions. More in-depth research is required to investigate unit pricing further.

- Sales representatives and information on coverage, cooling off periods and exit fees.

Salespeople being up front and honest with information on coverage, early termination fees, and cooling-off periods made consumers believe that the information was more credible, authentic and likely. However, consumers still perceived the same level of risk regardless of the amount of information provided by salespeople. Consumers preferred information provided in verbal form to written information, highlighting the important role of personal selling in the telco context. Providing information in verbal form was preferred over written information, highlighting the important role of sales representatives, something also identified by participants in the ethnographic component of the research.

1.2 Recommendations

STRONGER CONSUMER PROTECTIONS ARE NEEDED IN TELECOMMUNICATIONS

Consumers need all the help they can get to reduce the likelihood that they will experience confusion, information overload, frustration, stress, indecision and inertia as they navigate the telecommunications market. The research supports the suggestion that major reforms are needed to ensure customer care in the telecommunications market – this includes the broad solutions identified by the ACMA in its draft report (ACMA, 2011a) – clearer pricing information in advertisements; better information about plans; better complaints management; tools to monitor usage and expenditure and to facilitate comparison of providers. It also supports ACCAN’s call for a total prohibition on any confusing terms, including, but not limited to “free”, “cap”, “unlimited”, “no exclusions” and any similar terms (ACCAN, 2011b).

CONSUMER POLICY MUST RECOGNISE THAT DECISION-MAKING IS COMPLEX

The assumption that consumers will seek to maximise utility and make rational decisions based on information provided to them must be abandoned in favour of a more realistic view of the individual. We argue that policy must take into account that consumers are likely to have imperfect knowledge of the factors and risks involved in a decision, and may be subjected to a myriad of potentially influential stimuli entering their decision making. Further, policy should incorporate an understanding of consumer behaviour and decision-making into its remit, and support and empower consumers in the various methods they use to navigate the market. Further research is recommended to investigate the best ways to accomplish this.

BUNDLES: BE CLEAR AND GENUINE ABOUT WHAT’S ON OFFER

To increase comprehension and information processing effectiveness, telco advertising should state explicitly that the offer bundles together certain products for the one price (e.g., a smartphone and home phone or a smartphone,

home phone and Internet). By using perceptual techniques, such as the use of contrasting colour, this will increase the likelihood of consumers attending to this information. Our findings suggest that almost 9% of respondents failed to identify the number of items offered for sale for the one “all-inclusive” price.

Since consumers doubt the genuineness of the advertised bundled offer if the bundle has an associated cut-off date, for the benefit of consumer decision-making it is recommended that limited time offers not be used in association with bundling.

BUNDLES: MORE RESEARCH IS NEEDED TO DETERMINE IF THEY ARE WORKING FOR CONSUMERS

The study also suggests that although consumers may value a three item bundle in particular, it is unclear if they are, in reality, experiencing that value and are satisfied with the bundle. It is recommended that further research be done regarding consumer experiences with bundles.

SIMPLIFY TERMS AND CONDITIONS, AND USE A SINGLE PAGE CRITICAL INFORMATION SHEET

If a decision is made to increase the font size of the “terms and conditions” information presented in advertising, consideration needs to be given to also simplifying the material provided so that the average “person-in-the-street” has no difficulty interpreting it. This means that the document should be more than a “plain language statement”, but should also consider consumer processing capacity in its construction. Information provided in the single page sheet should be presented in 15-point font to increase the likelihood that the consumer will read the document (in response to the increased perception of risk associated with a larger font).

Telco providers also need to minimise the restrictive terms and conditions information presented in advertising in order to reduce consumers’ uncertainty, and the associated anxiety, regarding the outcome of their purchase decision. This is in line with the ACMA’s argument (2011a, p. 82) that “terms and conditions” information would be “unnecessary if advertising claims were more readily intelligible.” Findings appear to support the introduction of the simplified, one-page critical information statement proposed by the ACMA (2011a).

DEVELOP CONSUMER-FRIENDLY TRIALS OF UNIT PRICING AND STRATEGIES TO INCREASE CONSUMER AWARENESS OF UNIT PRICING

From the consumer perspective, it is not sufficient that unit pricing information be available to consumers, rather it also needs to be able to be processed by them. Further research needs to be undertaken in the complex telecommunications environment to determine the best way to do this.

There needs to be further education of consumers about unit prices and how to use them. Although unit pricing was introduced in the supermarket context in

Australia in 2008, it is still a relatively “new” concept to Australian consumers.

The aim of unit pricing is to make comparison-shopping easier for consumers, resulting in a saving of both their time and money. In the supermarket environment, unit pricing involves retailers providing a price per unit of measurement on the price tag (e.g., \$/kg or \$/litre), in addition to the sale price. This allows comparison across a particular product category.

In the telco context, unit pricing is much more complicated because it involves the provision of unit prices across individual phone calls, texts and megabytes of data download. Indeed, it is arguable that while many people may be familiar with terms such as megabytes, it is unlikely that many consumers have a firm idea as to what proportion of data they use in a download, or even in a day.

HAVE THE HARD CONVERSATIONS WITH CONSUMERS ABOUT THE INFORMATION THEY WANT

The purchase intentions of consumers may be driven by necessity rather than confidence in their choice of product, and the research indicates that consumers perceive a considerably high level of risk in the telecommunications marketplace. Consumers are not getting the information they need to feel confident in their decisions.

We recommend that telcos proactively provide information to consumers about network coverage, contract termination fees, and cooling-off periods in the knowledge that consumers consider this type of information relevant when attempting to make a purchase decision. Telcos may be hesitant to provide this type of information believing that it would enhance consumers' risk perceptions and, therefore, dampen their willingness to purchase. Our results, however, suggest that this is not the case; rather, it will enhance consumer satisfaction with the information provided, and encourage them to view the information provided as being more believable and trustworthy overall.

We recommend that salespeople engage in proactive discussion of “fine print” details of a plan with prospective customers (including, for example, cooling-off periods, network coverage, and contract termination fees), as a verbal overview appears to lower consumers' perception of risk. It is also important to supplement this with written documentation that consumers can peruse at their leisure (as recommended above).

Salespeople were identified as an essential source of information in the decision-making process for many consumers. It is, therefore, important for telco providers to ensure that their salespeople are trained with a culture of responsibility, and given the time, tools and skills to communicate this information.

We recommend that further research be conducted into what other types of information, and in what form, may help consumers better navigate the market.

2 Background: Why a focus on consumer decision-making?

Understanding consumer decision-making in telecommunications can help us to determine what steps to take to facilitate better outcomes for consumers, be it through consumer protections, consumer education and awareness, or in product development and industry practices.

This is important for three primary reasons at present. First, there are many indicators that the market is not working for consumers and that they face challenges, detriment, and confusion as they decide what products to buy. Second, communications technology has become an essential utility, playing a central role in society and it is crucial, therefore, that consumers make decisions that work for them. Third, the policy backdrop to consumer protection in telecommunications is currently under scrutiny, and there is opportunity to greatly improve outcomes for consumers.

2.1 Indicators that the market is not working for consumers

2.1.1 Consumer complaints and detriment

Key consumer issues are captured in the ACMA's public inquiry, "Reconnecting the Customer", and accompanying research:

- Consumers find it difficult to contact their service providers, particularly by telephone.
- Consumers find it difficult to have problems resolved quickly or in the time that they expect, especially in relation to bills.
- Consumers get inconsistent information about services from providers.
- Consumers often receive higher than expected bills ("bill shock").
- Consumers find it hard to switch between providers.
- Vulnerable and disadvantaged consumers are especially affected by problems with customer care (ACMA, 2011a, b).

There were a total of 485,471 consumer complaints between 2009-2010 to the Telecommunications Industry ombudsman (TIO) related to mobiles and mobile premium services, fixed line phone, and Internet services (TIO, 2010). Complaints to the TIO increased by 31% in 2006-07, 61% in 2007-08, and 79% in 2008-09 (Xavier, 2011). According to TIO reports, from January 2011 to March 2011 there has been a 35% increase in new complaints, indicating that complaints remain high (TIO, 2011a).

The 2011 Australian Consumers Survey Report found that 40% of respondents had experienced a problem related to their mobile phone in the last two years. On average, respondents who took action invested approximately 23 hours and \$152 to try to resolve these issues. In regard to Internet service providers, 39%

of respondents had experienced a problem with their provider within the last two years. On average, respondents who took some type of action invested approximately 16 hours and \$64 to try to resolve their issues (Australian Government, 2011).

The increase in consumer complaints relating to telecommunications received by the TIO has been recorded across providers within multiple complaint categories including, but not limited to, contracts, billing and payments, customer service and complaint handling (TIO, 2010). These categories reflect complaints across a broad range of issues including disputed usage charges (e.g., roaming charges, Internet usage charges), point-of-sale advice about products and terms, and impaired decision-making with regard to contracts (TIO, 2010).

In regard to customer service complaints and issues, the most common complaint related to the inability of consumers to obtain clear and accurate advice from service providers. This included complaints about incorrect information received in respect to service or bundled products offered or sold by the service provider (Xavier, 2011).

Towards the end of 2010, other research found that one in two consumers of telecommunications providers in Australia had experienced a problem with their telephone or Internet service provider in the past year (ACCAN, 2010b; Webb, 2010). Despite the large number of problems experienced by consumers, only 4% of these customers (2.3 million Australians) took their complaints to the Telecommunications Industry Ombudsman (TIO), suggesting a much larger, perhaps systemic problem with the industry itself (ACCAN, 2010b). Indeed, a recent ACMA paper suggests that the complaints in the industry are based on enduring rather than transitional or short-term problems (ACMA, 2010b).

It is interesting to note that the increase in customer complaints in telecommunications has not been seen in the other essential industries, such as electricity, gas, water, insurance and banking (Asher and Freeman, 2010). In 2009, the TIO reported a 44% increase in complaints from the previous year (TIO, 2009). In comparison, in 2008/2009 the Financial Ombudsman Scheme (FOS), a national dispute resolution scheme for the financial services industry, recorded a 33% increase in complaints on the year prior (FOS, 2009). The Energy and Water Ombudsman of New South Wales (EWON), a state-based external dispute resolution scheme, recorded an increase of 18% in complaints on the previous year (EWON, 2009). In this same period, the volume of complaints to these resolution schemes is also much lower than the 230,000 reported to the TIO, with 19,107 complaints to FOS and 10,928 complaints to EWON (TIO, 2009; FOS, 2009; EWON, 2009).

In relative terms, the complaint rate in Australia is roughly six times the complaint rate in the similar UK market (Asher and Freeman, 2010). In a survey of small business clients last year by the Bank of Queensland, 63% of those

surveyed nominated the telecommunications industry as the sector delivering the worst customer service (Asher and Freeman, 2010). It has even been argued that “bad telecommunications customer service just seems to be part of conducting business in Australia” (Asher and Freeman, 2010, p.194).

2.1.2 False, misleading and deceptive conduct

In 2009, the Australian Competition and Consumer Commission (ACCC) identified the 12 most prevalent types of potentially misleading conduct in telecommunications (ACCC, 2009). These poor practices included the use of terms such as ‘free’, ‘unlimited’, ‘no exceptions’, ‘no exclusions’ or ‘no catches’ when this is not the case and headline claims relating to price, data allowances, total time allowances, speeds and network coverage where the claims cannot generally be sustained for all consumers (ACCC, 2009).

Still in 2009, the telecommunication industry leaders gave a court enforceable undertaking to the ACCC that they will review and improve their advertising practices to better inform consumers about telecommunication product offerings (ACCC, 2009). Despite this, several cases of false, misleading and deceptive conduct have been identified by the ACCC since (ACCC, 2011b; 2010b), though ACCAN has suggested action should have been taken (ACCAN, 2010d).

The high level of scepticism toward telco advertising has coincided with the Australian Competition and Consumer Commission (ACCC) taking enforcement actions against several telecommunications companies for misleading and deceptive practices in advertising in 2011 (ACCC, 2011c). Most recently, the highest penalty for a consumer breach (\$5.26 million in civil pecuniary penalties for breaches of the Trade Practices Act 1974) was issued by the Federal Court against Optus over the running of misleading broadband commercials (ACCC, 2011c). The “Think Bigger” and “Supersonic” broadband Internet plans launched in 2010 were deemed misleading by the ACCC because Optus did not sufficiently disclose that speed would be limited at all times once consumers exceeded their peak data allowance (ACCC, 2011c). The plans were advertised through various media, including television, billboards, newspapers and direct marketing (ACCC, 2011c). In the ACCC’s press release, its Chairman, Graeme Sanueles said, “This decision sends the clear message that misleading consumers is not a legitimate business strategy. Optus is not a small business, but a large company that engaged in misleading and tricky conduct” and “The entire telecommunications industry needs to sit up and take notice. This conduct is not acceptable, and the ACCC will seek the harshest penalties the law allows” (ACCC, 2011c).

2.1.3 Bundling

In addition to issues of customer service, a key issue that warrants investigation within the telecommunication industry is bundling. Bundling is “the practice of marketing two or more goods and/or services in a single ‘package’ for a

special price” (Gultinan, 1987, p.74). Bundling has been described as a strategic weapon that can be used to increase profits in the converging communications market (Kramer, 2009). In telecommunications, bundling refers to the offering of multiple telecommunications services, for example, landline, mobile, Internet and Pay TV, by the one provider, and the method of billing for these services (TIO, 2011b). This is an under researched area of the market in terms of the experiences of consumers with these types of offers.

Recent consumer survey data indicates that 52% of Australian household consumers have bundled communication services in their home (ACMA, 2010c). The data shows that these services most commonly bundle fixed-line with Internet services or fixed-line with Internet and mobile services.

Further research by the ACMA showed that three in five mobile phone users are on a plan, cap or deal for calls. A further two in five home phone users have a plan, cap or deal for their home phone. Over half of all consumers (55%) bundle two or more services together. Those from households in the lowest income bracket (\$25,000 per annum or less) were the least likely to bundle services (35%) and those who used a mobile were the most likely to have mobile phones on prepaid plans (51% compared with 32% of mobile users on a pre-paid plan overall) (ACMA, 2011c).

Product offerings in the market also change quickly, and telecommunications products can be highly complex. This is especially as products converge from the areas of mobile and landline, computers and the Internet, and broadcasting. New products with complex features may overwhelm consumers, persuade them to buy a product with unnecessary features and leave them unsatisfied with their decision (Thompson et al., 2005).

2.1.4 Evidence of confusion

The concept of confusion and its influence on consumer decision-making is covered in depth in section 4. There is clear evidence mounting that consumers in the market are experiencing confusion.

It has been identified by the Australian Communications and Media Authority that capped plans and data usage are key sources of confusion amongst consumers (ACMA, 2011a). This is in relation to consumers’ understanding of what services and allowances are included in their plans, and managing usage when additional charges may be applied due to exceeding “caps” (ACMA, 2011a). In 2010, the ACMA released research findings that showed 58% of people on mobile caps had exceeded their cap at least once in the past 12 months (ACMA, 2010d). Confusion is particularly likely to result when data services are involved, where consumer awareness of data usage is often limited due to the technical complexities of bandwidth and data (ACMA, 2011a).

Indeed, in 2006, Telecom New Zealand chief executive, Theresa Gattung, stated in a speech about the company's plans for the future, that telecommunication providers in the past have “used confusion as their chief marketing tool” (Nowak, 2006, Para. 2). In 2011, it was found that Australian consumers need the capacity to undertake complex mathematical formulas to work out the detail of mobile phone plans (see Moses, 2011; WhistleOut, 2011). This formula divides the dollar value of included calls by flagfall costs, per minute pricing and other charges. This is indicative of the confusing elements found within the telecommunications market in Australia.

2.1.5 Vulnerability

In addition to an exploration of decision-making in the purchase of telecommunications products, it is necessary to understand the obstacles to making sound consumer decisions in this context. In particular, it is important to consider the situations in which consumers may be vulnerable. The Australian Competition and Consumer Commission (ACCC) argue that some consumers may be disadvantaged or vulnerable in certain marketplace situations if they have a low income, are from a non-English speaking background, have a disability—intellectual, psychiatric, physical, sensory, neurological or a learning disability—have a serious or chronic illness, have poor reading, writing and numerical skills, are homeless, are very young, are old, come from a remote area or have an indigenous background (ACCC, 2011d). Although these definitions are useful as a means of identifying clear vulnerability, we argue that vulnerability (rather than being dyadic, i.e., an individual is vulnerable or not vulnerable) is better defined as a spectrum or continuum. Consumers who are not conscious or in control of their decision-making process are vulnerable. Therefore, we argue that consumers who have information processing exhaustion (also referred to as ego-depletion) may be unable to process information effectively. In other words, consumers are potentially vulnerable in the telecommunications market, regardless of demographic, intellectual, educational, and circumstantial characteristics.

2.2 Telecommunications as a standard utility

Communication devices have become such an integral part of everyday life that consumers use them as an extension of themselves (Castells et al., 2004). Participants in a recent case study on mobile phone telephony in Morocco described the mobile phone as a “necessity” and a communication tool that has become “indispensable” (Kriem, 2009). A study of young Australians’ mobile phone use found that mobile phones were used to enhance feelings of “belongingness” amongst young people (Walsh, White and Young, 2008). In fact, the use of mobile phones is seemingly so ingrained in consumers’ social identity and image formation that it has been suggested as displacement behaviour for smoking in adolescents (Cassidy, 2006).

In Australia, mobile phones have become an essential communication tool for most people, with the number of mobile phone services exceeding the total population (ACMA, 2010a). Moreover, telecommunication products are relied on more than ever as early warning systems developed to alert people in times of emergency (The Premier of Victoria, 2010; Also see ewn.com.au and CWarn.org). One example of this reliance is in the case of the Brisbane City Council's partnership with the Early Warning Network that sends SMS, e-mail and landline alerts in dangerous weather events (Brisbane City Council, 2011). Mobile phones are seen as an essential communication tool for most Australians (ACMA, 2010a).

Mobile phones have become extremely ubiquitous and are deeply entrenched in the lifestyle of people around the world (Wang et al., 2008). In 2011, mobile phones offer speed and storage capabilities comparable to desktop computers of less than 10 years ago (Wang et al., 2008), and in 2007, smartphone sales exceeded laptop computer sales (Want, 2009). By 2015, it is expected that 44% of all mobile devices sold in the Asia-Pacific region will be smartphones (Banks, 2010). According to online research by Nielsen on behalf of Telstra, currently nearly half of all mobile-owning Australians own a smartphone (46%) and that figure is expected to grow to 60% in the next 12 months (Telstra, 2011). The survey of a sample of 2,827 Australians, aged 16 and over, from across Australia in both metropolitan and regional areas also found that 61% of smartphone owners access the mobile Internet on their phones daily (Telstra, 2011).

In the light of the many capabilities of a mobile phone, its high demand and its connection with identity, it is perhaps no surprise that studies have found that consumers perceive mobile phones as a necessity. In fact, the need for communication and the telecommunication products that provide this are likely to be perceived as a utility in the same category as gas or electricity. Similar to electricity, elements of telecommunication products like mobile phones are intangible and taken for granted (Watson et al., 2002).

Consumers are unlikely to give a second thought to making a call or sending a text, which is demonstrated by the British government's inclusion of smartphones and their "apps" to the basket of goods used to calculate the cost of living. This demonstrates just how essential they have become for communicating or seeking information (Hawkes, 2011).

2.3 Policy context

The telecommunications industry is regulated under the Telecommunications Act 1997 (the Act) and the Telecommunications (Consumer Protection and Service Standards) Act 1999 (the TCPSS Act). The consumer protection framework is based on a form of co-regulation, but it is a form of co-regulation that ACCAN believes is fundamentally flawed and has buckled under the pressures of the 21st century telecommunications market. The Act provides the legislative framework for the development and registration of industry codes of

conduct on consumer issues, with a regulator (the ACMA) in place to monitor codes of conduct and undertake compliance activities.

The Act does not contain a set of consumer protection principles for telecommunications consumers. Codes have become the dominant form of regulation because the Act indicates a legislative preference for self-regulation. The result is an exclusive reliance on industry codes of conduct without any guidance on the minimum content or guiding principles of such codes. The consequence is that the telecommunications industry and regulators interpret the Act as preferring self-regulation, without proper consideration of the best policy tools.

Consumer codes that deal with the relationship between service providers and their customers have taken many forms over the years and have ultimately culminated in two main consumer codes: the Telecommunications Consumer Protection Code (TCP Code) and the Mobile Premium Services Code (MPS Code). The TCP Code deals with customer information on prices, terms and conditions, consumer contracts, billing, credit management, customer transfer and complaint handling and is currently under review.

A registered code is listed as subordinate legislation; however, there is no proactive requirement for parties to comply with any code, even a registered code. In fact, the telecommunications industry is not obliged to comply with a code until it is specifically requested to do so by the ACMA through a formal Direction to Comply. Even then, it generally requires compliance with an aspect of the code rather than the code in its entirety.

In 2008/09, the TIO identified 144,255 possible code issues and confirmed 2,537 code breaches (TIO, 2009). This represented a 116% increase in possible code issues and a 512% increase in confirmed code breaches. The number of confirmed code breaches would likely be much higher if all complaints containing possible code breaches were investigated (they are currently not investigated if the complaint is not escalated).

Under the Telecommunications Act 1997 (the Act), the ACMA may commence proceedings to impose civil penalties for a failure to comply with a Direction to Comply. Yet civil penalties have never been applied for breaches to the TCP Code. The TCP Code places no obligation on the industry body, Communications Alliance, to monitor complaints, monitor compliance, undertake routine compliance with signatories or identify systemic code issues and breaches. However, it does require that Communications Alliance handle complaints about code signatories in accordance with the Communications Alliance Code Administration and Compliance Scheme. Communications Alliance is required to report on this Scheme, including the incidence of signatories' compliance and signatories reporting on compliance to the public via its newsletter and Annual Report. Communications Alliance has not reported publicly on compliance with the TCP Code.

Another notable problem with the TCP Code is how inaccessible it is to consumers. Few consumers know about the existence of the code and fewer still would be able to use the code to assert their rights. The TCP Code is written in dense, inaccessible legalese that privileges the interests of industry over the rights of consumers.

There is also a need to ensure better regulatory integration between general and industry specific regulations and greater enforcement action.

The ACCC has responsibility for ethical trading under the Competition and Consumer Act 2010, which replaced the Trade Practices Act 1974 on 1 January 2011. The Australian Consumer Law (ACL) is a schedule to the Competition and Consumer Act 2010. The Australian Consumer Law applies nationally and rules regarding businesses trading fairly with consumers, including:

- information provided by call centres
- advertisements
- promises and negotiations
- terms of leases, contracts, and agreements
- predictions about risk, profitability or value
- statements in labelling and packaging
- descriptions of goods or services
- infomercials and advertorials
- silences or omissions which mean something in a given context
- claims of association with other products or persons
- mimicking of products or names, also known as “passing off” (ACCC, 2011c).

The ACL prohibits businesses from engaging in behaviour which:

- actually misleads or deceives, or
- is likely to mislead or deceive (ACCC, 2011c).

Misleading someone may include:

- lying to them
- leading them to a wrong conclusion
- creating a false impression
- leaving out (or hiding) important information
- making false or inaccurate claims (ACCC, 2011c).

There are now clear calls for better consumer outcomes in the telecommunications market by the Government and regulators. In 2010, the ACMA launched the Reconnecting the Customer Inquiry into customer service and complaints-handling issues in the telecommunications industry. The ACMA concludes in its Draft Report:

neither action by individual service providers nor enhanced code rules are of themselves likely to be sufficient to drive the necessary change to regain consumers' trust and confidence and to encourage competition and innovation in customer care in the Australian market (ACMA, 2011b).

The draft report, broadly supported by ACCAN (2011), lists a set of solutions the ACMA believes will improve consumer outcomes:

- Clearer pricing information in advertisements – all providers must clearly disclose pricing information in their advertisements in a way that will make it easier to compare plans.
- Better information about plans – all providers must give customers a simple, standard explanation of what is included in a plan, how bills are calculated and what other essential information a consumer needs to know about the plan (similar to a product disclosure statement).
- Better complaints management – all providers must have a standard complaints-handling process that meets good practice standards and includes timeframes for dealing with a complaint.
- Tools to monitor usage and expenditure – all providers must offer a way to help customers track how many calls they make, and how much data they have downloaded during the billing period to help reduce the risk of receiving an unexpectedly high bill.
- Comparing providers – some of the larger providers (e.g., Telstra, Optus, Vodafone, Primus and iinet) will be asked to report on how good their customer service is, particularly how quickly they resolve issues so that consumers can compare the quality of customer care (ACMA, 2011b).

ACCAN continues to call for an expanded regulatory toolkit (ACCAN, 2010d) to provide for a more balanced and flexible approach to consumer protection in a rapidly changing (and increasingly critical) marketplace. To set this course will require a clear break from the past. It requires us to view telecommunication as an essential service industry with a need for high standards of service and customer care.

3 The Research

3.1 Research questions and aims

From ACCAN's initial overarching research questions (i.e., How are consumers navigating the market, especially in relation to confusion, information overload and in determining risk and value? How can they fare better?), several specific research questions were developed:

1. How do consumers make decisions about telecommunication products?
2. How do marketing communications, including advertising and personal selling, influence the consumer decision-making process?
3. Are there situations where consumers are vulnerable or disadvantaged when making telecommunication product decisions, and what are these situations?
4. Does the presentation of certain marketing communications facilitate or hinder consumer decision-making?

3.2 Research Method

Recognising the complexity of consumer decision-making, this research comprises several components aiming to produce layers of data and understanding that can be woven together.

REVIEW OF CURRENT RESEARCH

The review of research on consumer decision-making in a telecommunications context began an exploration of these questions. As such, variables generally accepted as influencing consumer decision-making were explored. These included bounded rationality, consumer heuristics and biases, and mental processing capabilities. In addition, factors identified as idiosyncratic to the telecommunications market that may affect consumer decision-making were analysed, including confusion, information overload, choice overload, bundling and complex pricing. The research review also provides a foundation for the empirical component of the study.

QUALITATIVE ETHNOGRAPHIC RESEARCH

Phase one of the empirical study encompassed an extended auto-ethnographic method, which used participant recorded video, case studies, and extended interviews to provide richness to the “stories” of consumers. Participants (16 in total) who were in the market for a new smartphone and service were recruited via a market research recruitment company, and were chosen for diversity of demographic profiles, including age, income, and socio-economic situation. Researchers were also conscious of the importance of accessing communities of consumers who may be out of the reach of mainstream market research recruitment strategies. A select number of participants (six in total) were recruited through ACCAN's community networks in an effort to reflect the diversity of consumer needs in the communications market.

QUANTITATIVE EXPERIMENTAL RESEARCH

The second phase of the empirical study comprised three online experiments with consumers who had recently been in the market for telecommunications products. The experiments were used to test the effect of a selection of marketing communications (both advertising and personal selling) tactics commonly employed in the telco industry on consumers' perceptions, e.g., perceived confusion and behavioural intentions, i.e., purchase intentions. Specifically, the tactics tested included: bundling and limited time offers used in advertising in study one; unit pricing and the presentation of "terms and conditions" information used in advertising in study two; and in study three, the amount of information provided and the mode of its provision in a personal selling context. For all three experiments, web-based self-report survey data were collected from a national sample of online panel members aged 18 years and over.

4 What we know about consumer decision-making: current research in telecommunications

Consumer decision-making is not straightforward. The idea that consumers can be relied upon to always act in their own best interests has widely been recognised as inadequate. Several factors influence consumers as they navigate what is on offer in the marketplace. With many of these factors interacting and influencing consumers simultaneously, consumers can experience adverse outcomes, such as stress and frustration, confusion and information overload. This can lead to decision-making or indecision that is unlikely to provide an optimal outcome for consumers. There is growing evidence of these outcomes for consumers in the telecommunications market.

4.1 Consumer decision-making in telecommunications is not straightforward

Traditional consumer behaviour models based upon the sequence of “information – attitude – purchase” (Nicosia, 1966; Engel et al., 1968; Howard and Sheth, 1969; Bettman, 1979) are still frequently assumed in consumer and policy contexts, such as the purchasing of telecommunication products. However, it is now well established in the consumer behaviour literature that many stimuli influence consumer decision-making, such as inertia, confusion around information, information provision, and ego depletion (White and Yanamandram, 2004; Kasper et al., 2010; Collins and O'Rourke, 2010; Beckett et al., 2000).

4.2 Factors affecting decision-making

4.2.1 Heuristics and biases

Consumers can base their mobile phone purchase decisions on a range of product attributes, such as price, wireless carrier, phone functions, phone design, brand, usage, phone size, carrier flexibility and purchase location (Harter et al., 2007). However, a Finnish study found that although consumer decision-making in the telecommunications market is affected by specific phone attributes, choice is often made without an understanding of the properties and features that new models have (Karjaluo et al., 2005). The researchers of this study noted that consumer decision-making was not wholly rational, and symbolic dimensions, such as brand, were regarded as important among many study participants in making their phone choice.

Heuristics, principles, schemata, or mental operations that people rely on to reduce the complex tasks of assessing probabilities and to simplify judgement processes affect consumer decision-making (Tversky and Kahneman, 1974). One such heuristic is the availability bias, where people assess the probability

of an event based on the ease with which instances or occurrences are mentally accessible (Tversky and Kahneman, 1981). Heuristics are usually effective, however, can lead to systematic and predictable errors or biases (Tversky and Kahneman, 1981; Ariely, 2008). An important bias to consider that has been shown to affect consumer decision-making is loss aversion (Thaler, 1980; Tversky and Kahneman, 1981; 1986; Kahneman, Knetsch and Thaler, 1990). Loss aversion describes the tendency for people to prefer to avoid losses than to acquire gains (Kahneman, Knetsch and Thaler, 1990; Tversky and Kahneman, 1991). For example, a possible loss of \$100 tends to loom larger than a possible gain of \$200 (Tversky and Kahneman, 1991). In the field of telecommunications, the process of bundling, i.e., offering multiple products in a “package” for a special price, has been shown to create a perception of loss if the consumer does not take up the bundled offer.

The optimism bias (Weinstein, 1980; Shart et al., 2007) also influences decision-making. Optimism bias is where individuals have an unrealistic optimism about future events and believe that they are more skilled and less likely to experience a negative event than others (Weinstein, 1980). One example of optimism bias might be consumers who over-predict their future usage of health clubs when choosing between contracts (DellaVigna and Malmendier, 2006). In the telco context, an example of the optimism bias may be consumers underestimating their usage of Internet downloads or texting on a mobile phone.

Brand heuristics, such as familiarity, also influence consumer decision-making (Bettman and Park, 1980; Park and Lessig, 1981; Maheswaran, Mackie and Chaiken, 1992). A high level of familiarity with telco products, for example, facilitates the purchase decision process and increases consumers' confidence in purchase (Tam, 2008). Related to the familiarity heuristic is the suggestion that highly knowledgeable people may feel less need to search for more information (Bettman and Park, 1980) and, therefore, are more prone to making simple mistakes in their field of expertise. This may be exacerbated by the optimism bias, where the expertise of consumers influences their willingness to take risks because of their superior skills in that particular field.

Anchoring is a further bias that influences decision-making (Tversky and Kahneman, 1974; Ariely, Loewenstein and Prelec, 2006). Anchoring is where people adjust their judgements based on a standard or starting point (Tversky and Kahneman, 1974; Ariely, Loewenstein and Prelec, 2006). It can lead to systematic and predictable errors (Tversky and Kahneman, 1974; Ariely, Loewenstein and Prelec, 2006). For example, when individuals were given random prices (obtained by converting the last two digits of their Social Security numbers) they used these as an anchor when asked to subsequently value consumer products, such as computer equipment, bottles of wine and books (Ariely, Loewenstein and Prelec, 2003). Although the individuals in this study were reminded that the number given to them was random, those with higher Social Security numbers were willing to pay more for products. That is, even

when we are forewarned of these anchoring biases, we still respond to these implicit forces (Ariely, Loewenstein and Prelec, 2003; Wilson et al., 1996).

This anchoring and adjustment heuristic (Tversky and Kahneman, 1981) might allow consumers to simplify evaluations when they come across bundled products in the telecommunications market. Even when bundles only include a few items, the amount of information to process can be substantial and daunting and it is likely that buyers will look to simplify the evaluation task (Yadav, 1994). For example, when reviewing bundles, people tend to examine the individual items perceived as most important first before they make adjustments to form their overall bundle evaluation (Yadav, 1994). The increased likelihood of consumers using the anchoring and adjustment heuristic when choosing telecommunications (due to the large volume of bundles in the market) is another way their decision-making is not wholly rational.

Another situation where consumer decisions in the mobile market are less than rational is mobile users' preference for flat rate plans, which has been explained by loss aversion and reference dependence (Mitomo et al., 2009). For example, if a monthly payment is larger than the average monthly bill payment (the reference point in this case), users will tend to over-estimate such a loss and prefer flat rates to avoid this loss in the future (Mitomo et al., 2009). In telecommunications, the tendency for loss aversion can affect the consumer's ability to make what would rationally be regarded as an optimal choice for the purchase situation.

Brand attitudes have been found to relate positively to consumer intentions to use specific mobile phones over others (Petruzzellis, 2010). This is related to brand heuristics such as familiarity (Bettman and Park, 1980; Park and Lessig, 1981). Buying well-known items or brands helps consumers to reduce uncertainty (Turnbull, Leek and Ying, 2000).

Consumers' involvement level has previously been found to moderate the influence of framing (i.e., a collection of anecdotes and stereotypes that individuals rely on to understand and respond to events) on mobile phone attitudes (Martin and Marshall, 1999). The level of consumer involvement is not only defined by the product being purchased, rather it is also defined by factors such as the perceived level of purchase importance to the individual consumer, and the consumer's experience and perceived skill in dealing with the type of product or product category. In existing studies on consumer involvement, it has been found that, when compared to low involvement consumers, high involvement consumers use more criteria for choice making (Mitchell, 1989), search for more information (Beatty and Smith, 1987) and process relevant information in greater detail (Chaiken, 1980).

4.2.2 Social factors

Consumer decisions in the mobile telecommunications market are also affected by network effects (Birke and Swann, 2006). Network effects are where

users of telecommunication products benefit directly from users of the same network, e.g., the bundling of a range of individual mobile telephones across a group, such as a family, to obtain discounts from the network provider (Birke and Swann, 2006). Network effects influence the adoption of mobile phones and operator choice (Birke and Swann, 2006). An even stronger affect on an individual's choice of operator is the operator choice of other household members or peers (Maicas, Polo and Sese, 2009; Birke and Swann, 2006). A study on product choice found that when choosing a mobile phone, important attributes were features, aesthetics, cost and usability (Mack and Sharples, 2009). However, product choice was found to be complex. Mobile phone choice is not only a function of technological characteristics, but also depends on individuals and a variety of social factors (Petruzzellis, 2010).

In the Australian context, group norms have been shown to influence mobile phone-related behaviour amongst young people, suggesting that social identity processes are related to mobile phone use (Walsh, White and Young, 2008). Similarly, a UK study found that mobile phone use is associated with several attributes related to concepts of social identity (Cassidy, 2006). An individual's identity might be expressed by personalising a mobile phone through accessories, such as design, colour, size, ringtones, logos, screensavers and through the timing and placing of phone calls and messages (Petruzzellis, 2010). Another study found that amongst Chinese consumers, attitudes toward mobile phones include three dimensions: sense of security, sense of self-character extension, and sense of dependence (Tian, Shi and Yang, 2009).

As well as being important to a young person's social identity, mobile phones can act to reinforce a sense of belonging within a social group (Carroll et al., 2001). Additionally, often people in a particular social group will select the same provider in order to take advantage of offers of free calls or texts between individuals with the same carrier (Carroll et al). People's relationships with mobile phones have been found to be consistent with their general consumption styles (Petruzzellis, 2010). For example, an addictive use of the phone is related to trendy and impulsive consumption styles (Petruzzellis, 2010).

4.2.3 Industry-related factors

The telecommunication companies' business model in Australia is problematic. This becomes overwhelmingly clear when looking at the consumer complaints and the complaint handling within the industry. Customer service appears to be a low priority for the Telecommunications providers that, working from a sales business model, are focused on short-term, sales driven outcomes (Harrison, 2011). In a review of business performance measures, it was recognised that greater responsiveness and an external consumer focus for activities is now required, and traditional performance measures (such as sales volumes) are no longer sufficient (Kennerley and Neely, 2003).

The telecommunication sales culture, which, by observing the sheer volume of complaints alone, appears to fall well short of reasonable customer service, is problematic given telecommunications are perceived as a necessity or utility by Australian consumers. One possible reason for some of these failings is that consumers of modern communications are conceptualised as “users”, in that they play an essential and productive role in product innovation and generation (Goggin and Milne, 2010). It is argued that this creates a tendency for the concrete needs of customers to be overlooked (Goggin and Milne, 2010).

PRODUCT AND PRICING STRATEGIES

Size of choice sets can also influence consumers’ decision-making. One such finding has been that the estimation of time spent making a decision is affected by the number of options available in the choice set (Fasolo, Carmeci and Misuraca, 2009). This study found that the amount of time spent making a choice is underestimated when choosing from large choice sets and overestimated when choosing from small choice sets. That is, participants who made a decision from a large choice set of mobile phones would subsequently underestimate how long their decision took. Conversely, participants who made a decision from a small choice set of mobile phones would then overestimate how long their decision took. When consumers inaccurately assess how long their choice will take, their decision-making behaviour may be affected. For example, it is hypothesised that there is a direct relationship between the size of the choice set, perceived time to be spent on the decision, and choice deferral (Fasolo, Carmeci and Misuraca, 2009).

The common use of bundling in telecommunications is another factor influencing consumer decision-making in this context. Bundling, which can result in complex pricing, may increase the costs of searching for the preferred choice, thereby reducing consumer welfare (Papandrea et al., 2003). This is due to the need for consumers to obtain information and learn about the various quantities, quality and price combinations offered by a range of suppliers (Papandrea et al., 2003).

Evaluation of various alternatives can be a complex task and is made even more difficult by deliberate randomised pricing strategies designed to maximise supplier products (Papandrea et al., 2003). These strategies reduce the ability of consumers to better inform their purchase decisions (Papandrea et al., 2003). The authors of a review of the Australian Telecommunications Industry argue that this will likely erode consumer surplus because of the considerable time consumers would spend selecting an appropriate bundle, or because they choose an inappropriate one whilst reducing search costs (Papandrea et al., 2003). Additionally, it has been shown that preference for a bundle is greater when the bundle choice will reduce the search effort than when it will not (Harris and Blair, 2006).

The telecommunication sales model appears to focus on several bundling mechanisms. Specifically, it is said that telecommunication firms can achieve

market power leverage by bundling their services (Kramer, 2009). A study on the “lure of choice” showed that an option is more often chosen when it is offered in a bundle with another option than when it is offered alone (Bown, Read and Summers, 2003). This study had people make choices between single items and bundles in everyday scenarios, such as making an investment decision or choosing a venue for a night’s entertainment. Various bundling strategies are recommended to marketing managers as a means of gaining a competitive advantage in various product contexts (see, for example, Stremersch and Tellis, 2002). Unbundling policies have also been suggested as a means of consumer protection (Bar-Grill, 2006). Nevertheless, bundling is attractive to consumers who believe that they will obtain lower prices for goods and services purchased in a bundle, than when purchased separately (Heatley and Howell, 2009). Bundling can also reduce consumers’ search costs and learning costs (Heatley and Howell, 2009).

Studies have shown that consumers make systematic errors when assessing the worth of bundled goods and/or services (Heeler et al., 2007; Capon and Kahn, 1982; Russo, 1977). This generally advantages producers at the expense of consumers (Estelami, 1999). In telecommunications, bundling is used to prevent existing customers from switching to competitors and to attract new customers (Lee, 2009). By offering attractive bundles, companies may lock consumers into contract terms that, combined with other switching costs, act as a deterrent to transferring their business to competitors (Lee, 2009). For example, it is argued that cable and telephone companies might minimise differences in one characteristic to prevent their consumers from switching to rivals whilst, at the same time, maximally differentiating themselves on other attributes within the bundle offering to attract new customers (Lee, 2009).

Although no exact figures are available from either industry or regulatory bodies, in 2010 the TIO identified that telco services are increasingly marketed and sold as bundles with advertising discounts attached to entice consumers (TIO, 2010). Because more services are being marketed and sold as bundles with discounts and promotions attached, this leads to more complex charges and billing structures for consumers to process (TIO, 2010). Products are often marketed using potentially confusing or misleading terms such as “capped” plans that are not truly capped or “unlimited” usage that is not actually unlimited (TIO, 2010).

In the fast-food context, a recent study found that bundling increased consumers’ perceived value of the bundled items (Sharpe and Staelin, 2010). Participants in this study were told to imagine that they were going on a cross-country road trip and that along the way they would be visiting several different fast food outlets. Within these scenarios, participants were required to choose from a menu of items, which included bundled items (the entrée, drink and fries) and separate items. When a bundle was offered, more participants purchased fries and were more likely to size upgrade than downgrade for both fries and drinks when compared to the single food item offerings. The authors

argued that participants viewed bundles as having value beyond the notion of a discount or the perception of the items as complements. They attribute this value increase to a reduction in ordering costs, and the promotional effect of purchasing a bundle. Based on these results, it is arguable that the perceived value of telecommunication products may increase when items are presented as a bundle due to the reduction in information search for the consumer, as well as the promotional effects of the bundle.

THE USE OF MARKET SEGMENTATION

Market segmentation, which is a tool used by marketers to define groups of individuals with similar product needs and wants, has been found to have an important role in supporting and increasing the efficiency of bundling (Rautio et al., 2007). Therefore, an exploration of the relationship between bundling and market segmentation is also required in a review of how consumers make decisions in the telecommunications context.

Segmentation is a diagnostic tool used to predict consumer behaviour (Currim, 1981) and to develop effective marketing strategies (Blattberg and Sen, 1974). Marketers' use of segmentation came about when customer needs were no longer being met by a mass-market approach (Dibb, 1998). Thus, segmentation aids organisations in managing diverse consumer needs by identifying homogenous market segments (Simkin, 2008). For example, markets might be segmented based on customer characteristics or demographics, attitudes toward product attributes or benefits, purchasing behaviour, situational factors, or psychological predispositions (Currim, 1981; Blattberg and Sen, 1974).

Within the saturated and competitive market of telecommunications, using a segment-based positioning strategy has been recognised as a source of competitive advantage (Natter et al., 2008). In the telecommunications market, marketers and researchers have identified the behaviours of segments such as "Talkative trendies", "Aspiring to be accepted", "Gaming youths" (Dibb and Simkin, 2010), "The techno-fun segment", "The value-driven segment", and "The basic users" (Mazoni et al., 2007) to gain a competitive advantage. Similarly, a 2010 study identified three basic segments in the telecommunications market in Italy; "The brand huggies", who are focused on brand dimensions and social factors; "The technology enthusiasts", who are interested in functionality and technical importance, and "The pragmatists", who show a strong commitment to tangible aspects such as price (Petruzzellis, 2010). The authors of this research suggested that these three segments could be further expanded to encompass complexity within each segment.

Researchers have found that because bundling is a value-based pricing strategy, segmentation has a vital role in supporting and increasing the efficiency of bundling (Rautio et al., 2007). Market researchers design models that can be used to find market segments for bundles and to estimate individual reservation prices for such bundles (Chung and Rao, 2003; Le Cadre, Bouhtou and Tuffin,

2009). It has previously been suggested that the best strategy for a frequent, loyal customer segment is to increase the average purchase amount via bundling, cross-selling and up-selling (Marcus, 1998). Customised bundling, where consumers choose a certain number of items from a pool of goods for a fixed price, is also suggested as an effective means to tailor bundles to particular consumer segments (Hitt and Chen, 2005).

Research into how certain mobile phone consumer segments are influenced by reference groups is another source of interest for marketers in the telecommunications field (Yang et al., 2007). Marketers look at differences in the influence of reference groups in different markets to best target particular segments. For example, a study comparing United States mobile phone consumers with Chinese mobile phone consumers found that the utilitarian reference group influence is significantly different between the two markets (Yang, et al., 2007). A utilitarian influence is where an individual is willing to satisfy a certain group's expectations to avoid punishment or to earn their praise (Kelman, 1961). Consumption styles have also been the focus of research. For example, it was found that "addictive" use of a phone was related to "trendy" and "impulsive" styles (Wilska, 2003).

Marketers suggest decision-making styles be used as a basis for forming segments and informing managerial decisions (Kasper et al., 2010; Cowart and Goldsmith, 2007; Walsh et al., 2001). For example, decision-making groups such as "confused by choice" and "impulsiveness, carelessness" are recommended for use with other traditional market segmentation approaches (Walsh et al., 2001). Consumer confusion has previously been conceptualised as "the consumer's cognitions, feelings and experiences of being overloaded by the market supply" (Kasper et al., 2010, p.141). Consumer confusion can lead to misunderstandings or misinterpretations in the market (Turnbull et al., 2000). That marketers create segments based on consumer confusion is of concern from a consumer welfare perspective, suggesting that a review of consumer confusion and its outcomes is necessary, as provided in section 4.3.2.

INFORMATION AND ADVERTISING

The environment in which consumers encounter information has a considerable influence on the way this information is processed, evaluated and integrated by consumers (Ariely, 2000). Providing consumers with additional or superfluous information can impede their ability to make good decisions (Bettman, Johnson and Payne, 1991; Malhotra, 1982; Jacoby, 1977; Jacoby, Speller and Berning, 1974). Research findings in the area of financial education provide a useful and relevant example. Many studies that examine whether financial education can improve consumers' financial decision-making, report only small positive associations between the two variables (for a review, see Collins and O'Rourke, 2010). More information will not always solve a consumer problem (Drummond, 2004). In fact, biases affect the decision styles of both the financially naïve and the highly literate (Estelami, 2009). Similarly, in the area of food psychology,

individuals well-informed on serving-size biases are not immune to their effects (Wansink, 2006). In the field of behavioural change in the field of healthy food consumption, it has been shown that knowledge partially mediates a relationship between goal setting and self-efficacy, but is not related to changes in behaviour (Schnoll and Zimmerman, 2001). In several analogous fields to telecommunications, such as finance services and personal loans, it has been shown that knowledge or additional information does not seem to be useful by itself in facilitating rational decisions or in changing consumers' behaviour.

These findings have ramifications for overloaded and/or confused consumers choosing telecommunication products or bundles with complex pricing structures. The critical concern here is that even if a range of pricing plans are available, consumers may not always be able to make the most appropriate decision to satisfy their needs because the products are complex, confusing and difficult to compare. Even highly astute consumers are unlikely to have the processing capacity to take full advantage of these plans. Providing customers with additional information, for example, in the way of extensive contracts and service disclosure statements, might not ensure their protection or increase their decision-making effectiveness. Even the highly literate are not immune from the influences of cognitive biases (Estelami, 2009). Providing extensive information on telecommunication goods and services cannot be relied upon as the only means to protect consumers, especially those facing confusing and complex choices.

Framing messages in certain ways has been shown to influence consumer decision-making (Tversky and Kahneman, 1986; Tversky and Kahneman, 1981). For example, decisions framed by loss are more likely to involve risk-taking behaviour, whereas choices framed by gains are more likely to result in risk averse behaviour (Tversky and Kahneman, 1981). Research into mobile phone attitudes found that negative message frames were more persuasive under high involvement conditions and positive frames were more persuasive under low involvement conditions (Martin and Marshall, 1999). Framing in marketing communications is likely to influence consumer decision-making in regard to all telecommunication products.

These marketing practices are often paired with other factors in the telecommunications market, which may make it difficult for consumers to make well-considered decisions. For example, amongst consumers of telecommunication products in the United Kingdom (UK) it has been found that salesperson advice is one of the least favourite information sources, which may be due to a lack of trust in salespeople (Turnbull, Leek and Ying, 2000). It is widely recognised that Australian consumers are highly sceptical towards telco advertising (ACMA, 2011a). Obermiller and Spangenberg (1998) define scepticism toward advertising as the tendency to disbelieve the informational claims of advertising. It is likely that this scepticism may extend to the information provided by salespeople, and Australian consumers may, therefore, prefer other sources of information. In the study looking at consumers in the

UK, word of mouth, advertising, consumer reports and “shopping around” were favourite sources of information for consumers searching for telecommunication products (Turnbull, Leek and Ying, 2000).

4.3 Adverse outcomes of consumer decision-making

4.3.1 Stress and frustration

It has been shown that consumer search processes among choice-set options often involve costs (Bettman, Luce and Payne, 1998; Botti and Hsee, 2010). One such cost is the uncomfortable feeling of perceived risk that can occur when consumer uncertainty about the best option is combined with the potential for negative consequences to a decision (Bettman, 1973). For example, the negative emotion that might be generated when parents choose health insurance and must trade-off between the health of their family, and the cost of the insurance. When a dominating alternative is not available, decision makers experience loss aversion and make emotionally difficult trade-offs that reduce the attractiveness of each option (Brenner, Rottenstreich, and Sood, 1999; Hsee and Leclerc, 1998; Luce, 1998). These emotional costs have been shown to decrease decision quality (Dhar, 1997; Luce, 1998) and, furthermore, feelings of stress and frustration influence consumers' ability to make an optimal decision (Maxwell, 2005). In the telecommunication market, the consumer is faced with an array of telecommunication products and a variety of product bundles and, therefore, may find it challenging to choose. In this regard, complicated pricing and product bundles may enhance a situation of vulnerability for all consumers.

Studies have shown that individuals demonstrate a heightened level of stress (as indicated by increased heart rate and blood pressure and reduced response times) when evaluating complex numbers and financial offers (Ashcraft, 1992; Wolters, Beishuizen, Broers and Knoppert, 1990). This is reflective of the “impenetrable thicket of pricing practices” found within the telecommunications market (Asher and Freeman, 2010, p. 197).

When consumers are overwhelmed with complexity, confused, or under pressure they may struggle to make optimal decisions. For example, consumers under the pressure of social influence techniques or persuasion processes must practice self-control (Baumeister, Bratslavsky, Muraven and Tice, 1998; Muraven, Tice and Baumeister, 1998; Vohs and Heatherton, 2000) and are said to produce automatic or “mindless” responses (Cialdini, 1993; Cialdini and Goldstein, 2004). This can result in habitual behaviour and using simple heuristics to make decisions (Vohs, Baumeister and Ciarocco, 2005; Chaiken, 1980). Self-regulatory resource depletion is when the need to consciously practice self-control depletes an individual's cognitive resources (Fennis, Janssen and Vohs, 2009). Consumers who experience this self-regulatory resource depletion and employ decision heuristics may be more compliant, and less well placed to make a sound purchase decision.

Consumers making telecommunication purchase decisions may experience this depletion of resources when their self-control is tested by sales techniques and other volitional actions. These actions include conscious, controlled processing, active choice making, initiating behaviour, and overriding responses (Baumeister, 1998). For example, a consumer who encounters a heavy sales push or persuasive sales techniques might need to actively resist the process and this can result in depleted cognitive resources that could normally be used for information-processing. Therefore, it is quite probable that consumers faced with various choices around complex products, bundles, data-caps and confusing pricing in the telecommunications market may experience self-regulatory resource depletion. This is, in turn, likely to have consequences for their ability to make a well-considered decision.

4.3.2 Confusion and information overload

Consumer confusion is caused by a combination of choice and information overload (Cohen, 1999; Turnbull et al., 2000; Walsh et al., 2007). It stems from over-choice of products and stores, similarity of products, and ambiguous, misleading or inadequate information conveyed through marketing communications. Confusion also stems from each product having multiple attributes/features and each attribute having potentially multiple levels. Confusion can affect consumers' decision quality because a confused consumer may be less able to process information effectively and make sound choices, and is, therefore, more vulnerable to deceptive marketing practices (Mitchell and Papavassiliou, 1999). Overload, similarity and ambiguity have been identified as dimensions of consumer confusion (Walsh et al., 2007). Confused consumers are less likely to make rational, optimal buying decisions and choose products offering the best quality or value for money (Jacoby and Morrin, 1998; Mitchell and Papavassiliou, 1999).

In the mobile phone market, research has found that substantial confusion exists amongst consumers (Leek and Chansawatkit, 2005; Turnbull, Leek and Ying, 2000). In the Thai mobile phone market, this confusion stems from the large variety of handsets, tariffs, and billing systems and services on offer (Leek and Chansawatkit, 2005). In the UK mobile phone market, it is suggested that the dynamics of the market itself is a potential cause for confusion (Turnbull, Leek and Ying, 2000). A recent comparison of the UK telecommunications market to the Australian telecommunications market noted that there are broad similarities between the two (Goggin and Milne, 2010). Given this, it is reasonable to infer that confusion amongst consumers in the Australian mobile phone market may also be caused by market dynamics.

In a study of the UK mobile phone market more than 10 years ago, when the market was much simpler, consumers reported that the main cause of confusion was around understanding mobile telephone call charges (Turnbull, Leek and Ying, 2000). These perceptions of confusion were paired with a considerable

lack of factual knowledge about who the mobile operators were and the services they offered (Turnbull, Leek and Ying, 2000). This same research also included a small qualitative study involving interviews with telco retail managers, which identified that confused consumers are often more willing to listen to the advice of salespeople to avoid extensive search (Turnbull, Leek and Ying, 2000).

Even prior to the saturated mobile phone market we live in today, consumers were confused about telecommunications (Nanji and Parsons, 1997). The 1996 J. D. Power and Associates Telecommunications Customer Satisfaction Study revealed that consumers were confused about many issues in the telecommunications market, including pricing plans and company offerings (Nanji and Parsons, 1997). With the mobile phone market now in the maturity phase of the product life cycle, consumers have difficulty in comparing choice alternatives in a market that offers substantial variety, is complex and, to many consumers, not transparent (Poiesz, 2004).

The mobile phone market, simply by virtue of the product offerings available, requires consumers to put considerable effort into information acquisition (Turnbull et al., 2000). In the mobile phone market, pricing is often confusing (The Economist, 2003). Misunderstandings or misinterpretations of the complexities in the market experienced during information processing are likely to result in consumer confusion (Turnbull et al., 2000). For example, confusion may stem from complex technological developments paired with fast paced innovations (Kasper et al., 2010). In addition, a large variety of bundles that tie mobile and home phones, Internet and other products into package deals can make a comparison of alternatives even more difficult for consumers.

A recent study of the Dutch mobile phone market recognised that the large number of mobile phones, the variety in contracts, and the number of service providers, make decision-making processes very complex and confuse consumers (Kasper et al., 2010). The confusing products and unclear pricing in the telecommunication market can make it difficult to compare deals, and have been shown to act as a deterrent to switching (Xavier and Ypsilanti, 2008). The confusion that typifies the telecommunications market might also result in mental shortcuts that affect consumers' ultimate decisions.

The term "confusopoly" is often used to describe the telecommunications market. Satirist, Scott Adams coined the term to describe a group of companies with similar products that intentionally confuse consumers instead of competing on price (Adams, 1997). Larsen et al. (2004) identified the mobile phone market as a perfect example of the confusopoly, because various price propositions are on offer with different combinations (e.g., free minutes, unlimited data, various cap plans) when the same level of usage would result in roughly the same cost. This leaves users so confused that they adopt product name heuristics. For example, a consumer experiencing confusion might default to products that they have used in the past or brands with which they are familiar.

Former Australian Communications Consumer Action Network's (ACCAN) chief executive and current Commonwealth Ombudsman, Allan Asher, has said the telecommunications "industry trades on a 'confusopoly' that banks on the fact no reasonable consumer can compare different mobile or Internet plans because consumers simply can't make sense of them" (ACCAN, 2010a). While this is a result of a market attempting to provide choice to consumers, the outcome is that consumers are likely to consider fewer options.

The outcomes of confusion can have important implications for consumers, marketers and retailers. Consumers who realise that they are confused may perceive a purchase decision as risky and alter their information search (Turnbull et al., 2000). Perceived risk is the uncertainty felt about the probability of a poor outcome, and the potentially negative consequences of that outcome (Turnbull et al., 2000). A recent study found that Dutch mobile phone consumers with higher levels of confusion increasingly used various coping strategies, such as a reliance on heuristics, downsizing their consideration set, maintaining the status quo, reducing information search, choice deferral, buying what others had bought, disengagement from the decision, and decision delegation (Kasper et al., 2010).

Within the mobile phone market, coping with confusion by relying on heuristics may mean the consumer focuses only on the mobile telephone brand or price. Confused consumers may also downsize their consideration set by limiting their information search to a specific brand, provider, store or price. Similarly, reducing information search is where consumers limit their sources of information to avoid confusion (Kasper et al., 2010). For example, consumers may only seek advice from one expert friend or rely exclusively on a particular website (which may not necessarily be independent or neutral) for information on a product.

Maintaining the status quo is a coping mechanism that might see consumers sticking to the same brand or provider they already have in order to reduce choice overload. Choice deferral may occur when a consumer attempts to overcome complexity, and fears making the wrong decision. Choice deferral, buying what others have bought, disengagement from the decision, and decision delegation have been found to be correlated, and it is suggested that these are all coping strategies that involve stepping away from the responsibility of making a purchase decision. Disengagement from the decision refers to when a consumer does not dare make a choice because of the huge supply of mobile phone contracts and providers (Kasper et al., 2010).

It has been noted that retailers of mobile telephones can benefit from such confusion as they can exert a stronger influence over confused decision makers who are relatively more willing to listen to the advice of salespeople or use online heuristics to avoid search costs (Turnbull et al., 2000). In addition, complex information in an online environment has been identified as having the potential to induce impulse purchases (Huang, 2000). These findings have important

implications for consumers wishing to make an optimal decision in the mobile and extended telecommunications market.

Helping consumers make good decisions requires more than providing the information needed. Providing additional information and choice can create more confusion problems than solutions (Kasper et al., 2010). In a market where consumers already feel confused, providing additional information can be futile, because, due to limited information processing capacity, not all consumers are willing, able or motivated to process all available information and choice options (Kasper et al., 2010). This is not a case, however, of arguing that consumers should be motivated to process the information more thoroughly. Under certain circumstances, using greater cognitive resources is simply not possible, even for the most acute and experienced consumers.

Information overload can cause a person to be overwhelmed and use greater cognitive effort, which may result in lower quality outcomes (Malhotra, 1982). Consumers may also lack the time to process all the choices (Mick et al., 2004), and although consumers like to have choice in telecommunications, in overcoming the negative influence of high price, too many choices can cause confusion (Maxwell, 2005).

It has been shown that consumers are relatively good at predicting their decision-making in selecting rudimentary mobile phone plans. Overall, participants in Riquelme's (2001) study were relatively good at predicting which mobile phone package attributes (e.g., connection fee) would be important in a subsequent purchase decision of actual mobile phone plans. This predictive power was especially good when participants had prior experience with a product. However, the study also found consumers overestimated the importance of telephone features, call rates and free calls, and underestimated the importance of a monthly access fee and mobile-to-mobile phone calls in their decision-making processes. This study was conducted 12 years ago when the mobile telephone market was less complex, but provides some indication of the difficulties faced by consumers in making decisions in complex and volatile markets. Here, consumers are shown to be simplifying or "filtering" their choices, and focusing upon particular attributes, to the detriment of their overall decision. Too much thinking about a choice can be psychologically deleterious because it causes consumers to focus on irrelevant information and make weighting mistakes about certain variables, and reduces post-choice satisfaction (Wilson and Schooler, 1991). Additional information that consumers may not be looking for (i.e., it does not relate to the desired benefit) is categorised as "not confirming" and, therefore, this irrelevant information can weaken consumers' beliefs in the product's ability to deliver the benefit sought (Meyvis and Janiszewski, 2002).

Although people are attracted to choice, even simply offering choice can lead to cognitive overload, delayed choice, poor choice and choice regret (Lyengar

and Lepper, 2000). Overload confusion proneness can have a major effect on decision postponement (Walsh et al., 2007) and information overload can lead to a decrease in the quality of consumer choice (Lee and Lee, 2004; Malhotra, 1982). In the Dutch mobile phone market, for example, consumers who have to deal with confusion most frequently simplify their decision by relying on heuristics, such as brand or price (Kasper et al., 2010). The second most popular consumer coping strategy found in this study was the downsizing of the consideration set. Because these confusion coping strategies reduce information search, diminish consideration sets, and simplify choice, they have the potential to be both beneficial and deleterious to consumer decision-making. For example, less time and effort spent at the information search stage might be useful for consumers unable or unwilling to carry out an extensive search. However, reducing the information search time might result in missing factors that are vital in making the best decision. In the face of choice, people provided with the information to understand that the costs of choice freedom outweigh its benefits still predict choice freedom will lead to better performance (Botti and Hsee, 2010). Consumers seem to like more choice, despite knowing that more choice will not necessarily provide a better outcome.

4.3.3 Indecision and Inertia

Also influencing the propensity for a telecommunications consumer to switch providers is consumer inertia. Consumer inertia can be defined as consumers' inherent tendency to refrain from making a purchase (Su, 2009). A US study by Booz Allen Hamilton, reported upon in Harter et al. (2007), simulated the actual consumer purchase process with a choice model. The study revealed that one-third of consumers are simply unwilling to change their handset wireless packages. In a saturated market, consumers are reluctant to give up their current good or service if the advertised offerings only have incremental value, lack credibility or do not seem to be real alternatives (Harter et al., 2007). Instead, consumers may stay with the status quo (Kasper et al., 2010).

Inertia, which most often arises from the effects of overwhelming choice and confusion (Asher and Freeman, 2010), costs consumers about \$5.7 billion annually according to a 2006 Roy Morgan estimate (Burke, 2006). This is because even when consumers realise that they are getting overcharged and are aware of better alternatives, they do not get around to doing anything about it (Burke, 2006). A 2010 Roy Morgan study found that amongst Australian consumers not satisfied with the customer service provided by their telco, 76% of consumers did not take any action, e.g., complain to their telco (ACMA, 2011b). This was because taking action was viewed as difficult and time-consuming (ACMA, 2011b).

Consumers who are confused by ambiguity in their choices may use loyalty as a means of ambiguity reduction (Walsh et al., 2007). The fundamental underpinning of relationship marketing is that consumers seek to reduce

choice by engaging in loyal relationships with marketers (Sheth and Parvatiyar, 1995). Consumers may engage in relationship marketing in an effort to simplify their buying and reduce their perceived risk (Sheth and Parvatiyar, 1995). Aside from elements of the information search, consumers looking to buy telecommunication products may display inertia due to fixed-time contracts for phone and Internet plans. In fact, consumer choice of mobile phones is affected by considerable inertia. This is because consumers are not free to choose their network operator when bound contractually (Birke and Swann, 2006), or may have their mobile telephone “locked” to a particular provider. Additionally, consumers who are time-poor or unable to expend the cognitive effort to conduct an information search may default to their previous brand.

5 Qualitative research – case studies, auto-ethnography and extended interviews

5.1 Background and overview

Phase one of the empirical study encompassed an extended auto-ethnographic method, which used participant recorded videos, diaries, and extended interviews to provide richness to the “stories” of consumers. Twenty-two extended auto-ethnographic studies were conducted. All participants were provided with a plain-language statement about the research and gave their consent to participate. The method and further details of the procedure are described in section 5.2.

Participants who were in the market for a new smartphone and accompanying service were recruited using convenience sampling via a market research recruitment company. They were chosen for diversity of demographic profiles, including age, income, and socio-economic situation. These sixteen participants were given a small handheld video camera, and for two weeks filmed anything related to their consumer decision that they felt was important. Participants were encouraged to film daily and to resist the urge to self-edit. The footage was then analysed by the researchers, along with data collected during follow-up interviews with each participant. These participants are identified in the text as ‘P’.

The researchers were also conscious of the importance of accessing communities of consumers who may be out of the reach of mainstream market research recruitment strategies. Therefore, six more participants were recruited through ACCAN’s community networks in an effort to reflect the diversity of consumer needs in the telecommunications market. Researchers conducted ethnographic work with two participants who are visually impaired (‘A’), two participants who came to Australia as refugees (‘B’), a caseworker with older Australians (‘C’), and an 18 year old youth (‘D’). Including participants with these experiences was seen as important in providing a fuller illustration of the spectrum of consumer vulnerability in the telecommunications space, and in developing a deeper understanding of consumer decision-making.

These participants provided written reflections on their decision-making in a diary format and were interviewed by the researchers. Their perspectives appear throughout, and as case studies at the end of this section. Names have been changed to protect the anonymity of participants.

5.2 Research method

Observational studies of consumers are seen as a useful way to capture detailed information about their emotions, motives and underlying value systems that may not otherwise be accessible (Heisley and Levy, 1991; Belk and Kozinets, 2005). Visual

presentations are important to envision the consumer's world and add depth and humanity to research (Belk, 2007). An observational study was, therefore, seen to be advantageous in gaining deep insight and understanding of how consumers think and behave when making decisions in regard to telecommunications products.

One form of observational research, ethnographic research, has been recommended as a useful method that reaches where other approaches cannot (Elliot and Jankel-Elliot, 2003). Ethnographic research overcomes a key research limitation in respect to consumer behaviour-related research, which is that people don't always do what they say (Fellman, 1999). It is a valuable method to use in combination with other approaches in an attempt to triangulate research findings. The consumer decisions encountered in the telecommunications market are often complex (Mack and Sharples, 2009; Papandrea et al., 2003; Poiesz, 2004; Kasper et al., 2010) and, therefore, utilising ethnographic research to explore what consumers may not otherwise self-report is advantageous.

5.2.1 Extended auto-ethnographic method using written diaries

It is well documented that while consumers are generally under-served by the current telecommunications market in Australia, there are a range of factors that may make consumers particularly vulnerable (ACCAN, 2009c). Participants who had recently purchased or were considering purchasing a new telecommunications product were recruited through ACCAN's diverse network of members and stakeholders, with select individuals or member organisations acting as trusted brokers. Due to accessibility and language considerations for some participants, this group provided data through written or typed diaries for one to two weeks and extended interviews.

5.2.2 Extended auto-ethnographic method using video

Belk and Kozinets (2005) note that videotaped interviews offer a powerful advantage over the more conventional methods because they capture body language, proxemics, kinesics, and other kinetic forms of body expression. They also provide the opportunity to capture the participant's behaviour and subject him/her to repeated scrutiny (von Lehn, Heath and Hindmarsh, 2001). Participants using auto-videographical methods are often more spontaneous, self-directed and natural due to the absence of a researcher and, therefore, show what is important to them rather than providing research-elicited behaviour (Belk and Kozinets, 2005). Auto-videography is also perceived as less intrusive and more active (Kozinets and Belk, 2006). Participant-made video methods usually have a sense of immediacy and intimacy, as well as the ability to elicit a curiosity to know more (Falkner and Zafiroglu, 2010); attributes that are valuable in qualitative research. Providing participants with video cameras to film their telecommunication decision-making processes allowed participants to self-direct and thus show each stage of their thought process and information gathering. It also allowed the researchers to see participants' immediate responses to various telco-sponsored marketing communications.

THEORY AND RESEARCH ON THE USES OF VIDEO IN PAST RESEARCH

Film-making approaches are beneficial for understanding the narrative and conveying a rich understanding of subjects (Starr and Fernandez, 2007). Participant-generated video has been used to gain an understanding of the individual experience in various settings. For example, participant-generated video accounts were chosen for use in a study of adolescents suffering from chronic illnesses in order to provide a more direct understanding of their experience (Rich, Lamola, Gordan and Chalfen, 2000). Similarly, a research project that focused on young people with mild to moderate learning disabilities provided its young participants with cameras to take photo and video diaries of their daily lives, enabling them to better articulate their behaviour (Davies and Wilson, 2006). A recent longitudinal study used participant-led free-form video diaries to provide insight into the academic and social transitions of first-year undergraduate students (Cashmore, Green, and Scott, 2010). Visual auto-ethnographic methods have also been used in the past to gain insight into the worlds of pre-teenage and teenage girls (Bloustien and Baker, 2003) and to explore tourists' experiences (Scarles, 2010).

CURRENT METHOD

Video-ethnography was chosen for the current research project to provide insight into the consumer experience in telecommunications, something identified as lacking in a review of the telecommunications-related literature. Previously, video-ethnography has been used to identify consumer archetypes and is likely to engender a consumer orientation in marketing professionals (Caldwell and Henry, 2010). Using a method that uses participant-generated footage in collaboration with extended interviews, the current researchers hoped to gain a better understanding of subjects' perceptions, feelings, motives and thoughts, and how these may have affected their behaviour (Starr and Fernandez, 2007).

Consistent with other qualitative methods, the study relied on a small number of participants whose attitudes, behaviours and feelings were explored in depth (Starr and Fernandez, 2007). Sixteen extended auto-ethnographic research studies were conducted. Participants were asked to self-film and photograph anything relating to their decision to purchase a telecommunication product and/or plan over a period of two weeks.

PROCEDURE

Participants were given an overview of the study in a plain-language statement and gave consent to participate. Following this, participants were taught to operate the small, hand-held pocket video camcorder (Kodak Zx8 or Kodak Zi8). Methods developed to obtain participant-created visual data were not influenced by conventions of film-making style, but by teaching on the mechanics (see, for example, Rich et al., 2010; Worth, Adair and Chalfen, 1997). Participants learnt to switch the device on and off, aim it where they wanted to document, practice shooting video, taking photographs and recording audio.

The instructions given to participants were: “Over the next two weeks, film and photograph anything related to your decision or shopping for a smartphone that you view as important.” Participants were encouraged to show their experience in choosing a smartphone, a method used previously in participant-created videos (Rich et al., 2000). Also in line with the method used by Rich et al. (2000), participants were given a standardised list of video assignments that were to be used as springboards for discussion (see Appendix A for participant instructions, including this list). Participants were encouraged to create and answer their own questions, in addition to the list given to them (Rich et al., 2000) and to film any topic, theme or concern that was important in their decision (Cashmore et al., 2010).

Questions for the standardised list were chosen based on the literature review on consumer-decision-making generally and specifically on consumer decisions within the telecommunications context. Questions focused on the key areas thought to affect consumer decisions pertaining to choice of smartphone, including information and choice load (Poiesz, 2004; Maxwell, 2005; Kasper et al., 2010; Drummond, 2004), marketing communications (Harter et al., 2007; Petruzzellis, 2010; TIO, 2010), frames, biases and other factors affecting choice (Mitomo et al., 2009; Karjaluoto et al., 2005), network effects and loyalty (Birke and Swann, 2006), consumer involvement (Martin and Marshall, 1999; Castells et al., 2004; Wang et al., 2008), bundling (Bar-Grill, 2006; Kramer, 2009; Lee, 2009) and obstacles to making good decisions (Kasper et al., 2010; Xavier and Ypsilanti, 2008; Turnbull et al., 2000).

The researchers maintained contact with participants in case any issues arose in the first days of filming. After one week of filming, participants provided their film and photographs to the researchers. The researchers conducted an initial analysis of this video content to determine how to guide participants for the second week of filming. Based on this analysis, the feedback provided to participants included asking them to talk in more detail about their thoughts and/or to focus on themes of interest that may have arisen in the first week of filming.

Following the filming stages, participants were interviewed. In these extended interviews, selected participant-generated footage was used as a memory prompt when necessary (Starr and Fernandez, 2007; Faulkner and Zafiroglu, 2010) and to elicit further insight into key themes surrounding the consumer decision-making process. The interviews consisted of questions that the videos prompted the researchers to ask (Faulkner and Zafiroglu, 2010). The interviews were also video and audio recorded for subsequent analysis.

Video footage was then edited, combined and analysed using critical visual analysis (Schroeder, 2006) and convergence methods. Critical visual analysis includes descriptive analysis of the content, interpretation of the footage and formation of theoretical insights. Key themes were identified and the processes by which participants used information to make decisions in this context

were mapped. This output, together with the analysis, included consumers' behaviour, their subjective commentary of their behaviour and independent analysts' observations. The triangulation of this information allowed for a better understanding of consumers' perceptions, feelings, motives and thoughts, and how these may have affected their behaviour (Starr and Fernandez, 2007).

5.3 Key findings

The nature of qualitative research means that findings from this type of research provide researchers with a deep understanding of a particular phenomena. Rather than presenting definitive findings, the aim of the ethnographic study is to broaden the scope of the research beyond "typical" or numerical indicators. As such, the findings from this research method may uncover certain phenomena - that is important, but not prolific – that would not normally be found in a quantitative study. For ease of reading, we have grouped the majority of the findings around "themes", although these themes do not necessarily imply a critical mass, nor a judgment about the importance of a particular phenomena. Each of these themes is now explored in depth, with indicative quotes and field notes.

TELECOMMUNICATIONS WERE INTEGRAL TO PARTICIPANTS' LIVES

Telecommunication goods and services were seen as a necessity in the day-to-day lives of all participants and were highly integrated with participants' work and personal lives:

P48 "I need to have access to my e-mails. If I don't have access to my e-mails, yeah, I am not happy."

P52 "Internet. I couldn't live without Internet. Again with my daughter [living] in New York and with school and work."

P49 "Internet... I probably use a couple of hours a night. Um, and it's important to keep in contact [via] Facebook and keep in contact with friends and e-mails and so forth."

Telecommunication services were important to participants socially. Participants that had never had a smartphone already knew exactly how ingrained the phone would become in their day-to-day lives if they were to purchase one. Participant responses suggested that social identity processes were related to mobile phone purchase. Contrary to other study findings (Walsh, White and Young, 2008), we did not find that age was a moderating variable, with both younger and older participants demonstrating a need to express their identity through their phone purchase. Similar to the findings of Carroll et al. (2001), we found that mobile phones can act to reinforce a sense of belonging within a social group. Some of our participants selected a particular carrier or provider in order to take advantage of offers of free calls or texts between individuals with the same carrier:

P45 commenting on why he prefers the iPhone over other smartphones in terms of his social group: *"You can share more things, [it's] easier to show people things on it...everyone seems to have it."*

P50 was given the task of sourcing a telecommunications solution for all members of her household, so that they could conveniently communicate with one another. This was also an issue of bundling to save money, however, she stated that it was *"easier to stay in touch, and coordinate the house, if we are all connected"*.

P45 talking about how important a smartphone is to him socially, *"Seems to be a much more social thing than the other phones. My friend with the N8 was a little bit left out"* and *"The social status an iPhone4 has above the regular smartphones is astonishing..."*

Some participants were also considering giving up their landline telephone. This is consistent with a general trend in Australia (ACMA, 2010d). Some of the implications, such as the high costs of accessing "free-call" numbers from a mobile or access to emergency services, are yet to be resolved:

P52 was trying to decide whether she should get rid of her home phone and noted how reliant on her mobile phone she would be. One of her friends relied totally on her mobile, but had previously had reception problems with her carrier and often had to leave her own house to make a phone call. In this situation P52 wondered, *"What if you are doing that in the middle of the night, if you needed an ambulance?"*

When participants were unhappy with a provider and considering moving to another, the switching cost was sometimes just too great. Downtime was a key disincentive for switching carriers for some participants who were not willing to be without telecommunication services for the downtimes quoted:

P47 *"But you know to move carrier – I just wouldn't do that right now...that downtime is just, it's beyond me, I don't know why we have to wait."*

P47 *"The off-putting bit about it is changing service providers and having the downtime...that was a really big issue."*

P51 was delaying a decision about a new carrier, because she was concerned that the wait to have the new service connected *"could be up to two weeks... well, that's how long it took last time."*

P47 Also perceived that there was a high *"... cost involved in cancelling a service provider."*

PAST EXPERIENCES: PARTICIPANTS HAD LOW CONFIDENCE IN TELCOS

Customer service was a key area that participants valued, however, they expressed the most disappointment about customer service-related issues. Participants' expectations were not being met, even when allowances were made based on their somewhat negative perceptions of the industry. These perceptions of the industry were affected by word-of-mouth and reputation:

P49 *"Most places [are] just as bad as ... (names a carrier)."*

P45 *"I haven't heard anyone say a good thing about telco customer service. Ever."*

P53 talking about how customer service might affect his decision about carriers: *"I've heard horror stories like everyone has about the big telcos and customer service...I haven't experienced that with either of them (two carriers). I guess if I did, it would."*

The low confidence that participants had in telcos was also a result of past negative experiences related to the poor quality of information participants felt was provided to them, or to a perceived discrepancy between what telcos said and what they did:

P45 *"I think in the end, uh, all the advertising and all the...things that the, especially the telco shops say is not trusted by anyone...no one trusts the telcos at all."*

B2 *"Telco carrier must provide customer service when having service difficulty... I emphasise this because I have had many issues with telco companies in regard to their billing methods."*

P49 *"They couldn't explain to me why my bill was structured the way it was."*

P52 expressed a real frustration with the way that telcos dealt with customer service failures, saying that when something went wrong, they offered discounts on bills, but all she wanted was to get good customer service.

P49 *"I wasn't getting the answers I wanted. They weren't competent in answering my questions. So every time I rang up I got a different...I spoke to four different people and got four different answers."*

These observations are in contrast to other service areas, such as financial services, where research suggests that customers tend to take a limited interest, consider them as a necessity and have relatively benign attitudes toward the

service provision (Aldanigan and Buttle, 2001; Beckett et al., 2000). Consumers may have a stronger interest in customer service in the telecommunications industry as a result of the frequency with which they must contact their provider to resolve an issue (ACCAN, 2010b; Webb, 2010), because communication forms such an integral part of their lives, or because many services (government and other) are now being offered via mobile telephony or smartphones.

Additionally, a reluctance to complain when unsatisfied was sometimes expressed by participants (see also ACCAN, 2011b):

P53 talking about how it would take something serious for him to go to an Ombudsman based on previous experience with a complaint about an electricity provider: *"It's a long and drawn out and unpleasant process."*

P51 knew that the Ombudsman existed, however, he also expressed a concern about the effort involved in making a complaint, and the length of time it would take to resolve the complaint.

Even after significant probing, P50 and P47 could not identify who they would be able to complain to if they weren't able to resolve a problem, with P50 saying, *"If they couldn't fix it, then I guess I would have to just put up with it."*

INSTANCES OF CONFUSION

All participants expressed confusion. Common sources of confusion for participants were:

- The layout of carrier websites and advertisements
- The search for information itself
- Overload of information, especially numbers and technological jargon
- Overload of choice

Interviewer: *"Did you find the level of choice made it easier or harder?"* (Lots of choice)

P52 *"Harder. (P52 nods emphatically) I think I am more confused now than when I started."*

- How pricing was presented in advertisements

P47 *"It's all advertising...you've got this big one dollar phone and then you've got the fine print down the bottom."*

B1 *"You just see the picture of the phone and the plan cap, and just, you know it doesn't specify in detail the options you have"*

- The task of comparing dissimilar deals

For example, features or quantities often varied just slightly, making it difficult for participants to work out which was better value or closer to what they wanted. Several participants were already confused about what plans they were currently on. P47 discovered that as she was on a three year-old plan she was paying more money for less value compared to a newer plan. She was unimpressed that the provider did not contact current customers to update them about new plans that had obvious benefits over the old plans:

P47 "I found out I am paying a little bit extra in Internet when I shouldn't be. I don't know why they don't let us know that when we're on existing plans. I suppose they just take our money."

INSTANCES OF FRUSTRATION

Many participants stated that they were frustrated during the research process and this frustration remained evident when they were questioned in the final interview. Even participants who knew exactly what they were looking for, were confident and methodical in their search, had a good understanding of the technology, knew where to search for information (e.g., comparison websites, reviews, carriers) and had a lot of experience in shopping for telecommunication products, became frustrated because they were not able to compare products easily:

P48 knew exactly what he wanted and had experience choosing bundles, yet became frustrated because it was difficult to compare features across bundles... "matching apples with apples, I wasn't getting that..."

Sources of frustration amongst participants included:

- Locating important information. The inability to locate information pertaining to reception availability in certain areas was deemed particularly frustrating
- Layout and accessibility of information on carrier websites
- Information overload, particularly as experienced on carrier websites
- Not finding the bundle or plan the participant wanted
- Finding the research time consuming

P47 "[I] really had to do so much more research, that in the end you think... wow...if it's going to save me \$10 I'm not going to even bother."

- Too much choice (e.g., with smartphones, with the huge range of variables in bundled packages) or too little choice (e.g., Foxtel tied to Telstra)

Interviewer *"Were there many bundles out there to consider?"*

P47 "Lots of bundles but all very confusing...lots and lots... Definitely choices...but very, very confusing...I think less choice is better."

P50 *"Quite a lot of choice...it made it harder to search for information and compare between packages..."*

P50 making a comparison between choosing telecommunication products in Australia versus Canada. *"(In Canada) we don't have to choose our Internet speed, we want Internet – yes (mimes a tick), we want a phone (mimes another tick) and so I found that a lot easier. Whereas here (Australia), when you open up a bundle and you get whoa (exploding action with hands) like 12 choices. What do you want? This speed or this speed? This modem or this modem? This phone or this kind of phone? It just got a little overwhelming at times."*

DIFFICULTY COMPARING TELECOMMUNICATION PRODUCTS

Participants found making comparisons between telecommunication products and telecommunication bundles difficult:

P47 *"you can't really compare bundle to bundle because they're not the same bundle...you have to do them separately (elements of a bundle) and then mentally put them together yourself. That's the hardest."*

To make the comparison process easier, some participants effectively used comparative websites such as iSelect.com, youcompare.com.au and thebroadbandguide.com. They used these to help them make the decision, or in some cases, "make the decision" for them:

P47 talked about how iSelect.com *"simplifies it...gives you five options."*

P50 *"So eventually I just went on a comparison site...and that was so much easier."*

P52 *"You could actually see what you got and the text...because you've got so many things to compare."*

The ability of comparison websites to show all the carriers at once was an advantage identified by participants. Participants also liked that they could be used to filter and reduce the information presented to them.

P47 talking about iSelect.com compared to carrier websites *"A line for each deal whereas you go into say, (Carrier name) it has all the information in one block...on the first page."*

P48 talking about thebroadbandguide.com *"...I like using that website because you can do whatever search you like and it will bring up a list of bundles."*

Despite using these comparison websites, often participants still had trouble because of the way the offerings were presented, or the structure of the offer.

For example, bundles were incomparable in terms of data allowances, and call rates.

P47 *"It's not the same for each carrier so how do you then go, okay they're going to give me 15GB and this other company is going to give me 20...um.... and they are going to give me 20 calls, and they're going to give me 50 calls for free. It's not the same so you are looking at it going... (P47 shrugs)."*

Interviewer *"So there is no way to compare?"*

P47 *"No. How do you go, okay this is what I've already got, how do I fit into that? And that is what I found confusing."*

P45 when asked about the ease of comparing smartphone plans and prices: *"Not really (easy), not the ones that weren't unlimited, because they all have different call rates and stuff. That was confusing...the different call rate units."*

P46 discussing all the decisions that need to be made when choosing a smartphone: *"...it makes it harder making a decision because there are so many to choose from and then, like, I think I'd find it pretty easy to narrow it down to the phone I wanted than looking at all the different carriers and plans and looking at where you do get service and don't get service. That's going to be the hard part."*

Participants found this comparison difficult to impossible to conduct and were either left confused and frustrated or with the realisation that they would have to do further research:

P52 *"The problem with (making) a (comparison) spreadsheet is you really couldn't compare apples to apples; it was really comparing apples to oranges. Because, you know, one had the t-box, one had the Foxtel. You really couldn't..."*

P47 talking about some barriers to making a good decision about bundles *"Without going into major research...it's not quick, it's not a quick process."*

This is consistent with past findings that consumers have difficulty in comparing choice alternatives in a market that offers substantial variety, is complex and, to many consumers, not transparent (Poiesz, 2004). Recent reports have also suggested that Australian consumers need the capacity to undertake complex mathematical formulas to work out the detail of mobile phone plans (Moses, 2011).

Participants stated having one bill or one carrier was a key benefit of bundling items due the ease and convenience:

P47 *"...easier to have the one service provider, mainly just for billing...it's easier to say, well I pay \$100 for everything as opposed to okay I pay \$40 there, I pay \$20 there...a figure for everything."*

P53 *"It's easier, it's probably cheaper if you bundle everything together, well it is cheaper if you bundle everything together. You can call one company if something goes wrong with any of the parts. It's probably a bit easier that way."*

P51 *"...my main motivation for seeking a telecommunications bundle is that I want to have all of my services on the one bill..."*

This desire to simplify and reduce information relates to our limited information processing capacity. Too much information can cause a person to become overwhelmed and use greater cognitive effort (Malhotra, 1982). Individuals may try to simplify judgement processes and complex tasks (Tversky and Kahneman, 1974), such as reviewing and understanding multiple phone bills from different providers. Bundles have been found to be valuable to consumers because they receive only one bill for multiple utilities (Papandrea et al., 2003).

DIFFICULTY UNDERSTANDING INDUSTRY TERMINOLOGY OR TECHNOLOGICAL JARGON

Some participants did not feel that they had a good understanding of what they were getting with certain bundles or plans. A lack of understanding about what certain amounts of data actually gives you in usage was common:

P49 talking about their understanding of jargon, *"Using technical terms. I wasn't sure what they meant. Like I am not an IT expert, a very low user so all the time I am thinking 'I don't understand'"*

P52 *"They make it look so exciting. You know, ADSL (moves fingers excitedly), turbo, or something like that. And you just sort of think... is that faster than what I had?"*

Some participants accepted that they did not understand the technological jargon they would find in marketing communications and, therefore, turned to alternative forms of information:

P52 *"It is confusing when they say ADSL and what's best, ADSL or cable? It really is good to go and talk to someone."*

P51 *"The technological jargon that is used is also a bit beyond me...so ascertaining information about it, say from the newspaper, the Internet, would simply confuse me. Um, if I was going to be looking at gigabytes or megabytes and whatever else they refer to, I simply wouldn't understand it. It's much easier to speak to a younger person who's more technologically savvy, uh...to sort that out."*

Several participants were confident with the technological jargon, yet had problems when it came to choosing between products or bundles that were

difficult to compare. Interestingly, several participants were very confident in their technical understanding, but found that they could not access the details they felt were required to make a fully informed decision. This was particularly true with regard to network coverage:

A1 *"Got a response back from a [telco] rep on our forum post. Sent us to a coverage map which [our sighted friend] looked at for us. If the map is correct this coverage should meet our needs. Don't trust it entirely because coverage maps are not always accurate."*

P45 on the difficulty of finding information on reception in his area: *"Pretty much no-one from around here or from the stores or anything could give me a straight answer. I pretty much just had to talk to friends when they came over and told me what it was like, whoever they were with (which carrier)."*

BUNDLING

Bundling telecommunication products together was generally perceived to be a way to save money or get more value for money.

P48 asked on the benefit of bundling *"To make sure I am getting value for money."*

P50 asked on the benefit of bundling *"To save money."*

P54 *"to obtain a cheaper rate...and get value for money."*

This is consistent with a recent finding that bundling increases the perceived value of the bundled items (Sharpe and Staelin, 2010).

One participant found bundles overpriced and risky due to a lack of confidence that the price quoted for the product would be the price charged on the bill. This participant preferred to have control over each individual product:

B1 *"I think a lot of people are using it, but the issue is that it's too overpriced, when you're bundling. For example, with my Internet, I'm with [a smaller carrier] because of the data –value for money. My home plan is [names major telco] and my mobile phone is with [other telco]. So all of these for me, it's just experimenting [with] different things. And I'm paying different types of money."*

MARKETING COMMUNICATIONS UTILISED BY PARTICIPANTS

Participants encountered various types of marketing communications during their search for information, including, television, radio, brochures and flyers, newspaper, a freeway billboard, cinema advertising during previews, carrier website advertising, search engine promoted links, magazines and salespeople.

Favourite sources of information were consistent with those found in previous

research in the telecommunications space: word of mouth, advertising, consumer reports and “shopping around” were favourite sources of information for consumers (Turnbull, Leek and Ying, 2000).

Participants often found products, brands or providers via television advertisements and then accessed the Internet for more information. Most felt that much of the advertising for products was similar, and found difficulty in distinguishing differences between the main telcos. Participants also complained about the amount of offers that were constantly being advertised to them. Various advertisements proved problematic for participants:

P49 looked at a bundle advertisement on a carrier website that later turned out to exclude current customers, despite not stating this in the advertisement. When talking about this kind of advertising: *“I think it’s misleading...yeah because if it’s for new customers, say it’s for new customers only...I think it’s very misleading.”*

P50 Talking about throttle warnings, *“There wasn’t a whole lot of information to tell me what it meant...what the actual speed was.”*

P49 talking about an advertised bundle with a condition that meant the consumer must waive the customer service guarantee: *“I thought it was weird to begin with ...and I’m thinking, ‘what are you trying to get away with?’Maybe they’re good and nothing is wrong but I’m not taking that risk.”*

Participants expressed frustration specifically related to marketing communications for several reasons:

- Difficulty understanding terminology, industry jargon, or smartphone technology itself:

P47 *“If I’m not really aware of gigabytes and off peak and peak and this and that...if you’re not sort of aware of all that well then it’s just like forget it.”* (P47 moves hand as if giving up or discarding something).

C *“My wife gets frustrated because she doesn’t know the answers to what functions she wants and starts to resent my questions.”*

- Salespeople

P51 *“...what I found was frustrating was when I went into a store to find out about deals they kept introducing the Android and they don’t even mention the iPhone. And you kind of think why don’t they tell you everything? And couldn’t help but think they were trying to just market it and push it and it was a sales ploy.”*

- Customer service

P49 was frustrated when trying to find out information about how his bill was structured: *“Why do I have to threaten to leave before someone tells me the reason?”*

P54 discussing how it took a long time to get answers on why their Internet was running so slowly: *“And it was the same with this gig issue that we had, that we were running out after two weeks, like, and we had called them and called them and said ‘what’s going on?’...and then all of a sudden I just happened to get on to one person and she said that’s because your gig is running out...”*

- Overload of information

P47 Talking about carrier websites: *“Too much advertising...things flashing at you, different deals, different packages that you are thinking oh...which one do I go to first?”*

P49 talking about shopping for telecommunication bundles: *“It has all of them ranging in price and I was totally confused, bamboozled by all the information...too much...hard to follow.”*

P45 reflecting on the information available on smartphones: *“too much stuff on the Internet about it...too much from too many different people.”*

P47 *“There’s lots of information on the Internet. Lots of information (emphasises last phrase with voice and expression), but it’s a matter of you analysing that and picking out what’s there for you.”*

At the end of the interview with P54, she reflected on how much the topic of telecommunication plans came up within her social circles and how much research is required when choosing a telecommunication bundle. After research for approximately six months and learning about her options, P54 was still not certain stating, *“It really is just information overload.”*

P47 *“When all this information came at me, I’m like, oh this is a lot harder than I thought. (Overwhelmed expression). Oh my God, I need to know this, I need to know that. (Animated body language). I need to know this and that, so I can compare. So that, for me, that was the barrier.”*

BEING INFORMED: SOURCES OF INFORMATION

All participants gathered information from their social networks and this was an important source for most. This was related in part to distrust of information provided by telco advertising and salespeople.

A1 *"Well if it's a service provider that is reputable, and we believe that, you know, they'll actually give us straight answers, we'll totally go to the service provider. I mean, if we wanted the service provider's opinion we would have called them first, and not bothered with the [online] forum. But we didn't cause we already knew what they'd say."*

There were instances where participants expressed that they currently, or had previously, felt ill-informed, misled or deceived by a form of telecommunication marketing communications:

During the two weeks of filming P47 was *"...politely informed [by her telco] that [her] plan was so very old, only 2008, and [she] found out that [she] was paying more than [she] should have been..."* P47's reaction when she found out she was not informed she could be on a newer plan that would save her money: *"I was so angry. I was really angry. Because I thought to myself, hang on...they said it's not really our job to let you know...I thought what? ... Why haven't we been informed?"*

Another participant had not expected this either:

P54 *"They won't contact you to change the plan. That is something very valuable that I've learned."*

Participants that had previously made special efforts to ensure that they were well-informed were also left unsatisfied by the information they had received from their carrier:

P53 discussing how he was left without reception after he had made the effort to check with his carrier: *"I had an incident last year...where I got no coverage for two weeks down there (Tasmania), despite their assurances, and that was a real pain...I was a little annoyed because I'd asked them before leaving...I think they should have at least given me a straight answer, I would have prepared."*

The Internet was heavily relied on and a preferred source of information for most participants. Although some participants commented on the need to find unbiased reviews, these participants and most others, accessed carrier websites and looked at their advertisements for information:

P47 *"Always look on the Internet first...because you are able to browse at your own leisure...background information."*

P48 talking about general shopping and use of the Internet: *"I use it for everything."*

P54 downloaded a range of different bundle offers, and printed them out

to “look at them all together”.

Talking on the phone to a salesperson or visiting a store was often avoided or delayed until the participant had made a choice or felt more knowledgeable. Participants were wary about being sold to:

P48 *“Talking to a salesperson would be a ‘worst case scenario’ in terms of time restrictions.”*

P45 talking about shopping for smartphones, *“And of course I trust my friends a lot more than I trust the person in the shop or someone trying to sell me something.”*

P46 taking about a visit to a telco store: *“I didn’t really want to get hounded by the storemen going ‘oh yeah this is great and this is great’...I sort of wanted to have a look at it myself first and then go in and go ‘Okay, I am interested in this phone, what can you tell me about it?’ and have questions that I could ask them rather than going in blind...rather than them bombarding me with all this stuff.”*

That participants wished to avoid talking to salespeople is consistent with past findings into telecommunications that salesperson advice is one of the least favourite information sources (Turnbull, Leek and Ying, 2000). As previously suggested by Turnbull et al. (2000), this may be due to a lack of trust of salespeople.

This concern that salespeople would try to sell participants extras or products that they did not desire was a common reason given for avoiding retail stores. However, some participants did approach salespeople when they were confident in their research:

P54 after seeking initial recommendations from a friend, telephoned a retail store, and was encouraged to “come down” and see what was on offer. She said that because her friend had suggested a particular bundle, she felt confident in going to the local store, and that it would be unlikely that she would be “railroaded” into buying something she didn’t want.

Though most commented on their distrust of salespeople, several participants rely on them as the most available means of verifying the information that they received from other sources, including advertising. In some cases, this may have been a result of difficulties accessing information online, or a preference to access information offline.

A2 is blind, and decided that she would prefer to call salespeople directly rather than try to navigate carrier websites to find the details of advertised products: *“Especially when they say things like ‘call the number*

on your screen' or you know, and even if they say, 'go to this link', a lot of pages aren't accessible either...or it's not easy to navigate around [using screenreading software] because there's so many graphics."

TENDENCY TO REDUCE PERCEIVED RISK

Participants employed strategies to reduce the amount of risk that they perceived in making a choice. Many expressed a desire to look at all the options before making a decision, with some even postponing or avoiding making a decision to avoid any potential dissonance:

It appeared P45 had decided on the iPhone as his choice of smartphone prior to his participation. Despite this, he expended a considerable amount of effort into looking at other smartphones. P45 stated, "I wouldn't be happy at all if I bought the iPhone and say something better came out...you don't want to know that there's something better out there"

Researching seemed to reduce perceived risk amongst many participants:

D "I looked around for a good two months trying to look at new plans and the phones that come with them... I reckon if people look around for a while they might actually find a really good plan".

Staying loyal to familiar brand names, products and carriers was another strategy used to reduce risk. Participants often didn't research other carriers preferring to continue with their current provider. Other participants limited their search to carriers that they were familiar with through experience, word of mouth or advertising:

P48 "Pretty comfortable with using what I know."

P52 when asked how she started her research into telecommunication bundles: "You have your main players...and commercials".

This is in line with past findings that a high level of familiarity facilitates the purchase decision process and increases consumers' confidence in the purchase (Tam, 2008). It has been shown previously that brand heuristics, such as familiarity, impact upon consumer decision-making (Bettman and Park, 1980; Park and Lessig, 1981; Maheswaran, Mackie and Chaiken, 1992).

HOW PARTICIPANTS RESEARCHED AND MADE OR AVOIDED MAKING DECISIONS

Often participants postponed doing their research:

P50 "And it got too confusing to find the one I wanted so I said 'no'...I put it off."

P50 describing when they first look at the different bundles offered by

carriers *"I would just get so many choices ...and just say 'I'll look at it later'. I would get overwhelmed and not wanting to spend all of my time reviewing the small print on all the packages."*

C *"I talk to purchasing at work about a new work phone; I intend to discuss phone purchasing with them but I don't want to get caught in a long discussion about phones in a context that is probably very foreign to them – or maybe I'm rationalising my avoidance."*

Postponing and avoiding choice was common. One participant completely avoided doing any comparisons and relied on a salesperson (whom he had not previously met) to make his choice. When comparisons were hard to make, some participants were inclined to stay with their current provider. Participants found the effort of researching and deciding on a new product or bundle quite taxing. Some decided that their efforts were not worth the benefits they would receive and postponed making a decision or decided to stay with what they had. Another reason for this was the switching costs they would face in changing carriers. These switching costs were perceived as unreasonable by participants who encountered them.

SEARCH COSTS AND PARTICIPANT COPING STRATEGIES

Time was a big factor for many participants who felt the amount of research required to make good decisions about telecommunication products is too time consuming.

P47 *"You stick to what you have...because it's too hard...time consuming. Without going into major research...it's not quick, it's not a quick process."*

D when asked how her search impacted her life: *"A lot. I looked around for a good two months trying to look at new plans and the phones that come with them...I went through heaps."*

Effort expended in the search was another cost participants identified. This sometimes led to them delaying their research for awhile or altogether.

When P47 was asked if she would usually spend the two weeks researching telecommunication bundles (two weeks is the time which participants spent filming as part of their participation in the research) she stated, *"Yeah I probably would have given up a little bit earlier (P47 laughs)... because I just can't be bothered."*

P47 *"I am just going to stay with what I have. Unless it's something that's really obviously cheaper and I am able to do it without the fuss."*

Some participants weighed up whether this effort and time would be worth the potential savings:

P47 *"I can't be bothered...and to save...how much am I really going to save? ...I am just going to stay with what I have. Unless it's something that's really obviously cheaper and I am able to do it without the fuss."*

Participants who were confused, frustrated or wished to limit their search costs used various coping strategies:

- Using comparative or community websites

A1 *"we did some more investigative research: we had someone post on a forum for us, and ask 'hey, how is the service in our area?', and we got the [telco] rep sending us a map, and someone else said yeah it's fairly good – they didn't say it was terrible so we figured we'd give it a try."*

- Delegating the decision

P51 relied entirely on a telephone sales representative to give them the best deal for a telecommunication bundle and choose his mobile phone. *"All of my plans are with the same provider ...so I know I can go to them and they can look at what I am on and perhaps decide what plans are best for me. So I can simply go to one person to solve the problem."*

P47 *"One of those jobs I am going to handball to my husband (laughs)...he can do it...I'm not doing it! He can do it...he can search and do it because I am not doing it (laughs again)."*

D: *"I have promised my wife that I would look into a new phone and plan as she is quite daunted by the prospect (she has a medical degree!)."*

- Staying loyal to their current carrier

P47 *"I think that's why we've always stayed with our service provider...you don't have an issue so you just don't worry about it."*

P49 *"You stick to what you have....because it's too hard...time consuming...in the scheme of life, what's important, it doesn't rate very high. So it's one of those things...you let it go...and come back to it."*

P50 *"I am just going to stay with what I have. Unless it's something that's really obviously cheaper and I am able to do it without the fuss."*

This was consistent with a recent study that found that Dutch mobile phone consumers with higher levels of confusion increasingly used various coping strategies, such as a reliance on heuristics, downsizing their consideration set, maintaining the status quo, a reduced information search, choice deferral, buying what others have bought, disengagement from the decision, and decision delegation (Kasper et al., 2010).

KNOWING WHAT TO ASK: THE RELEVANCE OF PAST EXPERIENCE IN CHOOSING TELECOMMUNICATION PRODUCTS

Participants with experience choosing bundles were more confident in their choice and they knew what to look for. These participants reflected that someone with less experience is likely to find the choice harder:

P48 talking about the fact that it is harder to compare bundles if you have less experience looking for bundles: *"It probably would be (harder), especially if you don't know what you are looking for...when I did it for the very first time I knew nothing about bundles at all and it was actually really helpful speaking to someone. ... I had no idea about that sort of stuff."*

P53 *"...knowing the terminology is a big advantage because my Dad was on a plan for like two gig and paying \$50 which is really bad and he didn't know anything about it."*

P48 *"It wasn't that hard uh...but only because I knew what I was looking for. But if this was all new to me it probably would have been."*

Participants reflected on how learning about the structure of bundles and knowing what to ask for is important, and having confidence is helpful in choosing bundled products.

P49 *"Once you do bundles, you know, you learn from each bundle. I've been in bundles for quite awhile now so you begin to learn what to ask for. ... In a way, it's easier because I know what I am looking for..."*

P49 *"When I first got a bundle I just went with the biggest. With Optus or Telstra. Those two choices only for my first bundle...because...I wasn't confident enough, I didn't know..."*

Several participants also mentioned the importance of learning from experience as a telecommunications consumer. Because straight answers were difficult to get from telco customer service representatives and salespeople, consumers who knew what to ask for would fare better.

B1: *"the information they give you in shops...you know, will be based on what you ask them, not more than that."*

SUMMARY

The nature of qualitative research is that it tends to reveal the particular as a manifestation of the universal and, therefore, findings should be viewed as indicative of phenomena, rather than definitive. However, some key findings have been uncovered in this study that are worth revising. We found that there is much variety in the way that consumers navigate the telecommunications marketplace. While some use methodical, structured processes, such as

comparison sites, and thoughtful, considered information gathering, others simply rely on trusted sources, such as friends, and even formed relationships with carrier salespeople to overcome the amount of information required to make a decision. The use of social groups to help make decisions should not be simply dismissed as desire to avoid information – some of the participants simply did not want to, or did not have the time to compare across carriers. As one participant stated, “I have better things to do than spend my time comparing telephones”.

That said, the majority of the participants expressed frustration with the current operation of the telco marketplace. The overwhelming sense expressed by participants via the videographies, from diaries, and from interviews, was a consistent low expectation of good service. Indeed, most simply were resigned to the fact that they would not get a good deal, or good after-sales service, and either chose the “least-worst” option, or stayed with their current carrier to avoid the perceived risk associated with changing carriers. Past experiences were strong predictors of future behaviour, and there was a sense of disappointment, rather than anger or aggravation, that telcos “across the board” could not provide a good service experience. There was a strong belief amongst participants that you couldn’t trust the telecommunications companies, but the fact that telecommunications products were considered a necessity by all participants, meant that consumers simply put aside this mistrust because they had to be part of the space “simply to survive”.

The ethnographic data suggests that consumers consistently find it difficult to have a straight conversation with their telecommunications provider pre-sale (through marketing communications), at point of sale (with salespeople), and post-sale (with customer service representatives). Participants generally expected that telcos should be willing to have this conversation, but had lowered their expectations based on experience.

This general malaise with the telco sector provides an opportunity for telcos to lift the level of customer service and attain a competitive advantage. Although inertia was a powerful force for those using the major brands, many expressed a willingness to defect to other brands if they could, 1. Trust the brand would provide good coverage, and, 2. Trust the brand to provide good after-sales service. This was a consistent issue amongst participants; that although (low) pricing provided some incentive to choose a particular telco brand in the first instance, because most participants perceived little difference across telcos, it was the service that differentiated brands, and would lead to the ultimate choice - beyond inertia.

5.4 Detailed Case Studies in Consumer Decision Making

The following case studies illustrate examples of the information consumers seek to aid their decision-making, and a spectrum of consumer experience.

5.4.1 Sophie's Experience

Sophie is an 18 year-old apprentice who lives in Melbourne. She works two days a week, and attends school three days. Sophie relies on her phone as her means of staying connected to the important people in her life during this busy phase:

"Well, because I'm out and about everywhere, going to school, got work, I've gotta be contactable 24/7 and me being on Facebook and me connecting with my friends that I haven't seen because I'm doing so much stuff, it's –I need my phone with me so I can keep in contact with my friends. As well as my family too [laughs] gotta love them too."

Sophie has seen many of her peers be distracted by new mobile phones, without considering the details of the plans:

"Mostly everyone [has a post paid plan], cause they love the phones that come with them, and you get the phones if you go on a plan."

Sophie doesn't take advertising at face value, and says she will always do research, usually on the Internet, considering it important to look at the many options available:

"I looked around for a good two months trying to look at new plans and the phones that come with them, like not crappy phones. I went through heaps."

The bill for her mobile phone is a major part of Sophie's monthly budget, and she voiced concern several times about the level of detail available to her to facilitate budgeting for her phone bill:

"I'm on apprentice wages, like \$10 an hour and I only work two days a week, I have to save like pretty much most of my pay per week, more than half maybe, just to save up for the end of the month bill."

When asked about telco advertising: *"It's good but it needs to be more informative. All the small print needs to be printed, like [in a way that tells you] what it's actually about, instead of it being small print."*

When discussing an experience with a salesperson: *"I tried to get her to explain more to me in my terms what the contract actually does...I wanted to know exactly what I was gonna pay for every month, cause usually there's hidden fees here there and everywhere."*

Sophie made her final purchase in store after discussing the plan with a salesperson. She is very clear about her telecommunications needs, and was hesitant about the plan because she felt it didn't have enough included data. Sophie feels like she knows what to ask in order to make an informed decision,

but was not completely satisfied with the answers to her questions, making the following comments about the salesperson:

“She was so sure that this was the plan for me.”

“She had a bit of trouble trying to make it so that a young person like myself can understand it.”

“She put it in her point of view, ‘I don’t use that much’, and she said she lived on Facebook just as much as I do, and she was like ‘there’s no way you can go over it’. So she was pretty certain that I wouldn’t go over it.”

She also felt that this particular salesperson didn’t grasp the financial implications for Sophie of the contract she was signing:

“Not once did [the salesperson] ask me how much I get paid or whether I can pay for my contract and phone which I think should be asked when purchasing any new phone.”

Indeed, a lack of appropriate and straightforward products, lengthy contracts, and potentially misleading advertising of billing structures like ‘caps’, have all been identified by young people as challenges in the communications market for people their age. Bill-shock in particular is an issue (Brotherhood of St. Laurence, forthcoming 2011).

Though pre-paid phones are sometimes presented as a good option for young people, Sophie felt pre-paid products weren’t realistic in terms of the importance of her mobile in her life, and reiterated that she depends on having a reliable connection:

“I was like, nah, that’s not gonna go well, show me a couple of plans...If I all of a sudden run out of credit and I need to be able to call someone, I have to go somewhere else and get credit, then put it on, then make the call...If I need to do this now, I can’t do that.”

Sophie is a well informed consumer who felt that navigating the telecommunications market can be particularly challenging for young people, despite their best efforts:

“I reckon...young people, but we’re more scared to go out and have a look around, whereas older people, they’ll look around.”

Interviewer: *“What’s the effect of that? Do they make quick decisions, or avoid decisions all together?”*

“I think they’ll [her peers will] make the quick decisions because they’ll be confronted by someone who’s trying to sell something and they will

quickly give in to it... So from their [the salespeople's] point of view it's good advertising, they just sold a phone. From a young person's point of view, it's like 'I just quickly jumped into that without knowing anything'."

"I'm not saying [anything against] young people but we're not experienced like the older ones."

5.4.2 Mohamed's Experience

Mohamed came to Australia as a refugee from Somalia and lives in an area of Sydney with a strong Somali community. He works primarily as a taxi driver, and is an active community organiser. He has seen many people in his community struggle with debt and other issues with their telecommunications service providers.

Mohamed reported that it was "fairly easy" for him to make a choice once he had decided to purchase a new product, however, he was not entirely confident that he could know what to expect after purchase. He attributes this lack of confidence to dishonesty and information asymmetry – characteristics, in his experience, of typical telco provider behaviour:

"I went through that in my early stages when I was just starting to get a mobile phone myself, you know –what they say, does it really match the reality of what they want to charge you later on? Is it true?"

Word of mouth is key in Mohamed's community, where people share advice on how to avoid the risks of the telecommunications market. Pre-paid plans are commonly used, which he says is because of the built-in spend-management feature. A major drawback of pre-paid products, however, is the general lack of affordable international call credit. He described how it was common for members of his community to have to buy several different products to cover their particular needs:

"And a lot of our communities use those prepaid plans so they can manage all these difficulties...As the competition increases there will be more opportunities of plans that will suit. A lot of our people normally use –they have relatives overseas and they call overseas –and they use ... a sim card [names two telcos marketed for international calling] and they call overseas. And basically for internal use, they only use [names a major carrier] prepaid."

Part of the challenge in purchasing telco products, Mohamed says, is understanding telco bills. Language barriers or inexperience can make it difficult:

"You might not be able to read the entire fine print and you might find some surprises when you get the bill. This is very common in the migrant communities as there may also be some barriers in understanding the English language."

Mohamed feels another dimension of the difficulty is more systemic. He questions to what extent consumers can reasonably be expected to understand telecommunications products and billing structures in an industry where the information available to consumers is of consistently low quality:

“Basically what the people see is the pictures...And they [telcos] will tell you the ‘cap’ –they always write down the cap in dollars, and you know, the features you have might not be explained. They will say ‘unlimited text’, or unlimited this, or ‘unlimited social’. But sometimes we have seen cases where people will just, you know, sign up and they get slapped with a lot of bills and don’t exactly know how they got to that.”

The detriment that high numbers of refugees and new migrants to Australia have experienced as consumers in the telecommunications industry is well known to community legal centres and settlement organisations. Capped plans in particular have been identified as needlessly confusing, with evidence of significant financial implications as a result of this confusion (FCLC, 2011).

For many in Mohamed’s neighbourhood, salespeople were an important point of access to detailed product information, but these interactions were not always successful. In his experience, salespeople tended not to be forthcoming with the ‘small print’ details:

“The information they give you in shops – they’re salespeople, remember that. You know they’re just there to sell the product and they give you some information but the information you get, and the information that they give you, you know, will be based on what you ask them, not more than that.”

“You can tell by the way that these people [in his community] have been ripped off, it’s because – based on their language skills. They might not be able to ask the appropriate questions.”

Being able to ask the appropriate questions relates to telecommunications technology literacies, in which many refugees may lack experience. Accessing telecommunications in Australia requires high-level literacies related to accessing information and managing contracts (Leung, 2011). Low standards in customer service and complaints handling, as well as a generally casual approach to informed consent on the part of telcos are other systemic issues which have been shown to be key factors in the current environment, where telecommunications providers can effectively take advantage of the disadvantage experienced by many consumers in communities like Mohamed’s (FCLC, 2011).

“They have these books with the contracts to sign, and they just need your details, and they need what’s your income and stuff like that. And before you sign, a lot of them, especially in my area where I live...they don’t get you to read the fine print.”

Several times, Mohamed steered the conversation towards the need for reliable and transparent information from telcos, to allow consumers further control post sale:

“The issue, and the problem we as customers have is you don’t have access to the data that these people are taking from your phone. For example, how are they rating all these calls, how are they calculating all these calls? There’s no call details now...[And] I’m not talking about prepaid, I’m talking about [something as basic as] home plans.”

“What we as consumers don’t have control over is what’s happening behind the scenes...If somebody comes into my home ... and they say this is the amount of water you consumed in your place, I can go to my meter and take a note...but in this sort of environment with the phone plans and stuff like that, you don’t have that choice.”

When asked whether he thinks it would be beneficial to consumers in his community for salespeople to provide a one page written summary of the details when discussing a product, Mohamed was fairly positive, saying:

“That’s really helpful. And that information is not on the brochures they normally give you when you go into the shop. But if they give you a one page summary that’s okay, yeah –but they have to be honest with what they say.”

When asked whether some form of unit pricing would assist in making comparisons between plans, Mohamed’s low expectations of the industry were clear:

“It’s always good [laughs]. It’s always good, but you know, [laughs] in the past with the carriers, a lot of networks, they always just have these ways that you can’t prove what they say.”

5.4.3 Linda’s Experience

Linda has been totally blind for much of her life. She is self-employed as a musician, and is a single parent. She is fairly confident in her ability to navigate the telecommunications market:

“I realised that, you know, the world was changing, and to get gigs you need to know how to do emails and have websites and things like that...A lot had happened in 10 years and I didn’t even know how to use the Internet, so I went and got some training. It’s been so much better for me, and even things like using a phone independently only happened for me about three years ago.”

Linda accepts that she is not the mainstream consumer to whom products and

advertisements are typically targeted; she does sometimes find it difficult to access product details that relate to her specific needs:

“Well it’s just that the information’s so basic [in advertising]...it’s quite superficial and I find it doesn’t have –it doesn’t give you the details, you know about accessibility... We [people who are blind] are a bit of a minority, so wouldn’t be considered in the commercial campaign anyway, so it’s kind of yeah, it’s very superficial.”

Linda would normally use a scanner to access printed information such as brochures, but in her experience telecommunications advertising tends to use too many colours and graphics for a scanner to handle. Websites are also difficult to navigate using screenreading software. Instead of relying on marketing communications, and because her telecommunications needs are quite specific, Linda gets much of her information by word of mouth in her community:

“Networking through conversations with other people in the blind community seems to be the best way for me to get technological advice that I feel confident enough to act on.”

When a salesperson suggested a particular phone, Linda commented: *“Given that none of my computer and technology geek friends in the blind community had mentioned this particular phone in conversation or even in passing, I wasn’t convinced or interested in pursuing this avenue.”*

“Of course I also plan on calling a blind friend or two for some guidance as I find they offer the best instructions for anything like this over the phone. They know how to describe things by feel much better than sighted people.”

Linda had been using a second-hand mobile phone that she bought several years ago from a friend who is blind. The Nokia handset was one of the limited options which gave audio feedback to guide her through menus and read text messages –but it was expensive, as she also had to purchase the software package that provided these features. Lately she has heard good things about the built-in accessibility features of the iPhone 4:

“I am restricted for options by my need for the phone to have speech software...I have heard from a few other blind people, that while the touch screen on an iPhone 4 takes quite a bit of getting used to, the speech is great, the apps are very useful...and most of all the iPhone [4] has built-in speech and retails for around \$800, reducing the cost of a phone with speech by approximately \$500.”

Linda’s choice was limited by accessibility considerations, and further guided by affordability: she was sure from the start that she wanted a product that

included a payment plan for the iPhone. She was also very specific not only about the accessibility features she would need, but the way in which she would use her new mobile. Linda decided that she would rather call telcos directly to ask salespeople to suggest available options:

"[The salesperson] presented me with two options [for post-paid plans]... I liked the more expensive option because it meant that I would get unlimited texting, which is good for me because you know, I do a lot of texting, especially cause I've got gigs every week....when you're sending out a block of about 25 text messages each week on top of all your other personal ones, you know...And overall the phone was going to be cheaper as well."

Though she often finds that information is inaccessible to her, and that it is sometimes challenging to get straight answers, Linda relies heavily on informed advice both from telco salespeople and from her community:

"Once I explain my situation they do have to take a minute or two to take it in and you know, try to figure out how they can help me –they are definitely very keen and very eager to assist me, or to try to assist me. But you know, they've had to admit that they're not completely sure on things... but then they offer to go and look at things, or get back to me or something. So they're very good."

"I must admit it did feel like my search was short lived and relatively simple. But really I've been thinking about upgrading [for a while] and have been buying my time to observe other blind people's opinions and reports about the phone before taking action."

6 Quantitative Research – Experimental Phase

NB: For a description of the data analysis for the experimental phase, please refer to the technical appendix.

6.1 Background

Customer care includes the quality of information that consumers receive from telco providers about their products (ACMA, 2011a) at the pre-purchase phase of consumer decision-making. ACMA (2011a) argues that an important cause of rising consumer dissatisfaction and complaints in the telco industry in Australia is the questionable quality of information available to consumers at pre-purchase (ACMA, 2011a). This includes the marketing communications of telco providers, which comprise both advertising and personal selling. The ACMA (2011a) report argues that several advertising and selling approaches currently employed in the telco industry are adversely affecting consumers, particularly in respect to their decision-making. We test the effect of a selection of these identified marketing communications tactics on consumers' perceptions and behavioural intentions in a series of experiments.

We undertook three experimental studies. In study one, we examined the effect of bundling and limited time offers in used advertising on consumer perceptions and purchase intentions, and tested whether:

1. Advertising a telco bundle as distinct from a single product offer is associated with increased consumer perceived confusion; increased consumer perceived value; reduced consumer perceived risk; and increased consumer purchase intentions.
2. Advertising a telco offering in the presence of a limited time offer is associated with increased consumer perceived confusion; increased consumer perceived value; reduced consumer perceived risk; and increased consumer purchase intentions.

In study two, we examined the effect of unit pricing and the presentation of terms and conditions information in advertising on consumers' perceptions and purchase intentions, and tested whether:

1. Advertising a telco offering in the presence of unit pricing information is associated with reduced consumer perceived confusion; increased consumer perceived value; reduced consumer perceived risk; and increased consumer purchase intentions.
2. Increasing the font size of the “terms and conditions” information presented in telco advertising is associated with: reduced consumer perceived confusion; and reduced consumer perceived risk.

In study three, we examined the effect of amount of information and mode of its presentation in personal selling on consumers' perceptions, and tested if:

1. Providing more sales information to consumers about the telco offering is associated with increased believability; increased satisfaction; increased relevance; and increased informativeness; and reduced perceived risk.
2. Providing telco sales information to consumers in verbal versus written form is associated with: increased believability; increased satisfaction; increased relevance; increased informativeness; and reduced perceived risk.

Details of each study follow, along with the results and analysis for each study, and recommendations based on the study findings.

6.2 Study One: The Effect of Bundling and Limited Time Offers in Advertising on Consumers' Perceptions and Purchase Intentions

In study one, we manipulate a fictional piece of telco advertising in terms of its use of bundling and a limited time offer. We test the effect of these manipulations, or independent variables, on consumer perceived confusion in respect to the advertisement. We also measure consumers' perceptions of the advertised product in terms of perceived risk and perceived value and their purchase intentions towards it.

As discussed in section 2.1.3, bundling is the practice of marketing two or more products in a single "package" for a special price (Guiltinan, 1987). It is a strategy increasingly employed by telcos to entice consumers to obtain multiple products from the one provider (ACMA, 2011a; Papandrea et al., 2003). For example, telco providers commonly advertise "package deals" for consumers to bundle their home phone and broadband and/or smartphone, as per our experimental manipulation.

Anecdotally at least, bundling has been associated with consumer confusion when making product choices (ACMA, 2011a). In the context of the experimental studies, consumer confusion is defined as consumers' failure to correctly interpret various aspects of an advertisement during information processing, which creates consumer misunderstanding or misinterpretation (Turnbull et al., 2000). Consumer confusion is elaborated upon in section 4.3.2, including its negative consequences for consumer decision-making. Confusion results due to stimulus overload, i.e., where consumers are exposed to more information than they can process, and stimulus similarity, i.e., the perceptual resemblance of objects to one another (Mitchell and Papavassiliou, 1999; Turnbull et al., 2000), as is experienced by consumers in the case of telco bundles. Telco bundles present consumers with increased variety, whereby they are required to categorise the items in the bundle based on desired and disliked attributes; this can result

in perceived complexity of information (Huffman and Kahn, 1998; Mitchell and Papavassiliou, 1999). Even when a bundle contains only several items, the amount of information and choice for processing can be substantial, making consumer evaluation of the bundle difficult (Harris and Blair, 2006). Consumers rely on heuristics, or decision short cuts, to cope with information overload in evaluating alternatives (Heeler et al., 2007; Papandrea et al., 2003; Yadav, 1994). Therefore, we sought to test if advertising a telco bundle as distinct from a single product offer is associated with increased consumer perceived confusion.

Perceived value is defined as consumers' overall assessment of the utility of a product offer based upon perceptions of what is received and what is given. The get components include the process and outcome of buying and consuming the product, while the costs are the sacrifices of buying and using it, such as the price paid and time and effort spent. Consumers receive value when the benefits derived from the product exceed the costs to acquire and use it. From the consumer perspective, obtaining value is fundamental to all successful exchanges. In the fast-food context, a recent study found that bundling increases consumers' perceived value of the bundled items (Sharpe and Staelin, 2010). This is due to a reduction in consumers' perceived costs, including search costs (Harris and Blair, 2006), and consumers' perception of a bundle as a price promotion (Sharpe and Staelin, 2010). It has also been attributed to consumer perceived savings on the individual items if purchased separately and perceived additional savings on the bundle (Yadav and Monroe, 1993). Bundles have too been found to be valuable to consumers because they receive only one bill for multiple utilities (Papandrea et al., 2003). Unsurprisingly then, bundling has been referred to as a value-based strategy (Rautio et al., 2007).

It has also been proposed that bundling is a risk-reduction strategy (Sarin et al., 2003). As defined in section 4.3.2, consumer perceived risk is the uncertainty felt about the probability of a poor outcome and the potentially negative consequences of the outcome (Turbull et al., 2000). That is, perceived risk comprises two dimensions: 1) consequence, or the degree of importance and/or danger of the outcome derived from any consumer decision, and 2) uncertainty, or the subjective possibility of the occurrence of the outcome. It is the degree of loss perceived (i.e., amount at stake) in the event that a wrong choice is made. It is commonly experienced by consumers when products are complex and difficult to understand, so it is fitting to examine in the telco context (ACMA, 2011a). It is argued that consumers are more sensitive to possible losses than to possible gains, and that they are likely to accept more risk when potential losses are aggregated (Sarin et al., 2003), as is the case for bundling. Bundling might, therefore, reduce consumers' perceived risk as the bundle offers several distinct benefits (gains) for one price (loss) (Sarin et al., 2003).

The increased consumer perceived value and reduced consumer perceived risk associated with bundles is likely to be associated with increased consumer purchase intentions towards bundled offers (Stremersch and Tellis, 2002), as

distinct from single product offers. Therefore, we examined whether advertising a telco bundle as distinct from a single product offer is associated with: increased consumer perceived value; reduced consumer perceived risk; and increased consumer purchase intentions.

A review of telco advertising reveals that a tactic commonly applied in the industry is that of the limited time offer, e.g., “Hurry, last days, offer ends...” Via a scarcity appeal, which stresses the limited availability of the offer, this technique is designed to “speed-up” consumer decision-making (Devlin et al., 2007). This could result in sub-optimal consumer choice because consumers may respond in a thoughtless, knee-jerk way.

The limited time offer represents additional information that may be used by consumers in making purchase decisions (Devlin et al., 2007). It can engender consumer confusion because consumers are likely to be forced to process an increased amount of information over a shorter period of time (Mitchell and Papavassiliou, 1999). It has the potential to pressure consumers into making rash and impulsive decisions rather than informed ones, so as not to miss out on the “special offer” (Devlin et al., 2007). As such, we sought to investigate whether advertising a telco offering in the presence of a limited time offer is associated with increased consumer perceived confusion.

Telco providers assume that limited time offers increase the perceived value of their products and in turn consumers’ intentions to purchase them. Theories from psychology support the association between perceived scarcity, which is the intended outcome of presenting a limited time offer, and consumers’ perceptions of value. For instance, commodity theory argues that any product will be valued to the extent that it is perceived to be unavailable (Devlin et al., 2007). This suggests that there will be greater consumer desire for products subject to restrictions, such as a limited time offer, leading to greater intentions to purchase. An alternative theory, reactance theory, might also explain this association (Devlin et al., 2007). It proposes that when an individual’s freedom to carry out a particular action is threatened, then that action becomes more attractive. When consumers’ decisions are constrained, as is the case in the context of a limited time offer, then they will be motivated to a greater degree to carry out the action that will be curtailed (i.e., purchase) prior to it being obstructed (i.e., the offer being withdrawn) (Devlin et al., 2007). Further, as consumers are more sensitive to possible losses (i.e., the offer being withdrawn) than to possible gains (Sarin et al., 2003), they are likely to accept more risk when a limited time offer is present. So, we tested whether advertising a telco offering in the presence of a limited time offer is associated with: increased consumer perceived value; reduced consumer perceived risk; and increased consumer purchase intentions.

STUDY ONE: RESEARCH METHOD AND PRELIMINARY ANALYSIS

As a research method, experiments are a form of casual research because their goal is to demonstrate cause-and-effect relationships, i.e., experiments are used

to determine whether a change in one variable (referred to as an independent variable or manipulated variable) causes a change (or effect) in another variable (termed a dependent variable). The dependent variable is the variable that is measured and examined to determine whether it has been influenced by the manipulated independent variable(s) (Shao, 1999). It is reasonable to conclude that if two variables are causally linked, they are associated; the lack of association suggests that they are not casually linked (Kumar et al., 2002).

Study one employed a 3 (no bundle or bundle [two or three products on offer]) x 2 (limited time offer: absence or presence) full factorial, between-subjects experimental design using fictional advertisements. Respondents were provided with the following instructions:

“Imagine that you are a customer in the market for telecommunications (telco) products. Please read the following magazine advertisement for a hypothetical telco provider, TelcoFirst. Imagine that TelcoFirst is one of the major players in the market” (see Figure 1 for an example advertisement for study one).

The use of fictional advertisements is beneficial because they enable the inclusion of a representative set of advertising-related independent variables; they allow us control over how respondents perceive these variables, thereby improving internal validity (Cooper and Emery, 1995); and they provide for more convincing evidence of causal relationships than alternative designs (Cooper and Emery, 1995).

Web-based self-report survey data were collected from a national sample of online panel members aged 18 years and over. Panel members were chosen via a computer-assisted random selection process. The sample was reflective of the demographic and geographic characteristics of the Australian population in terms of gender, age, and postcode, as per the current data available from the Australian Bureau of Statistics. The selected members were then emailed a short invitation to participate in the study, including the URL to the questionnaire. These panel members were then screened in that they had to have purchased a telco product, e.g., mobile telephone, fixed (home) telephone or Internet, within the last two years to be eligible to complete the questionnaire. This ensured that the questionnaire was more relevant to respondents, which results in more valid responses.

The “bundling” manipulation was achieved by varying the number of telco products (smartphone, home phone, and broadband Internet) included in the offer for the one price versus the presentation of a single product offer, namely a smartphone alone. The limited time offer stated, “Hurry! Save 15%. Offer ends 30th August.” To ensure that respondents would notice the offer, it was printed in large, bold, red-coloured font.

Bundle and Save!

Add more services and get more discounts or credits



\$129.95*

a month over 24 months

*Min. cost = \$3118.80

**Hurry! Save
15%! Offer
ends
30th August**

\$0 Connection

+

Up to

120GB Data

50GB Peak & 70GB Off-peak

Speed limited for both peak and off-peak
to 64kbps once peak data exceeded

+

\$30 Call Value

To standard local, national, 13/1300 and Australian mobiles



*Conditions apply Terms & Conditions: Terms & Conditions: *Min. cost over 24 months for Mobile, Home Phone and Broadband \$129.95 Plan (includes * Broadband up to 120GB \$79.95 plan, \$0 connection, \$29.95 modem delivery fee [online excluded] and payment by direct debit) bundled with * Home Phone (\$19.95 Home Plan). A \$59 fee applies if you require a new phone number. Excludes: Pivotel, International calls, 19XX calls, calls to Satellite phones, Directory Assistance, Operator Service calls, Equipment charges and Home Phone services; such as VoiceMail subscription and retrievals, calls made over another carrier's network (e.g. using an override code) and calls to national fixed or GSM mobile services that then divert/switch or reroute overseas; standard rates apply to these call types. The included call value expires at the end of each month and is not refundable or transferable. If you change your plan you will no longer be eligible to receive the \$129.95 package. Cancellation fees apply. All accounts must be in same name and address to be eligible for bundle rewards. Important information for Cable customers: Equipment supplied requires mains backup which may not be suitable if you have a serious illness or condition, require disability services, have back-to-base alarm, or require an uninterrupted telephone line. In that case we may recommend alternative or additional equipment. Data allowance and usage will be counted in Megabytes (MB) and includes both uploads and downloads. Once you have used your off-peak data allowance, any additional data used will be counted as peak data use. Plan Data Allowance consists of Peak data (for use between 12pm-12am AEST/ADST) and Off-Peak data (12am-12pm AEST/ADST). For full terms and conditions visit our website. Information correct as at 11/05/11. Offer ends 30/08/11 unless extended or withdrawn.

Figure One: Example Advertisement for Study One.doc

As the experiment involved asking subjects to respond to fictional advertisements as if they were customers, it was necessary to include items to determine the “realism” of the advertisements. Realism is in the eye of the beholder. An obvious factor that contributes to making a fictional advertisement realistic is that respondents are familiar with the study context. To this end, in this study respondents were “screened” to ensure that they had purchased a telco product within the past two years. Scenario realism was measured using five items (on a 1-7 scale, from “strongly disagree” to “strongly agree”) developed by Wilson and McNamara (1982) and adapted for the study context. A reported mean of 5.0 confirmed that respondents found the advertisement to be realistic and were able to adopt the role of the customer.

In this study, we “manipulate” two independent variables (i.e., the presence or absence of bundling and the presence or absence of a limited time offer) to determine whether they have a causal relationship with several dependent variables (i.e., perceived confusion, perceived value, perceived risk and purchase intentions). We cannot interpret the findings of our experiments unless we know whether each experimental manipulation has actually “worked”. Therefore, we build manipulation checks into the study design to inform us whether the experimental manipulations have been effective. For example, if we wish to test whether the presence of a limited time offer influences perceived risk, we need to be sure that respondents can actually recognise the presence of this offer in the advertisement that they were presented with. If our findings suggest that they cannot recognise this manipulation, we cannot make inferences about the effect on this independent variable on risk. In essence, the manipulation check provides evidence for the construct validity of the manipulation (Cozby, 2009).

Therefore, to verify that respondents recognised that they had only a short-time period of time to take advantage of the offer, they were asked two questions, “I was encouraged to act quickly to purchase” and “The telco offer presented in the advertisement was only available for a limited time” (both measured on a 1-7 scale, from “strongly disagree” to “strongly agree”). An independent-samples t-test revealed a significant difference between the absence ($M = 3.44$, $SD = 1.20$) and presence of the limited time offer [$M = 4.96$, $SD = 1.39$; $t(176) = -7.81$, $p = .000$]. In respect to the bundling manipulation check, we asked respondents the following question: “How many telco products appeared in the advertisement that you were asked to read?” The response categories were one, two and three, as per the advertised bundles. Over 90 per cent of respondents correctly identified the number of products in the bundle with which they were presented, suggesting that this manipulation check was effective.

With regard to the dependent variables, “attitude towards the ad (confusion)” was measured using four items adapted from Lastovicka (1983), “perceived risk” was measured via four items developed by Laroch et al. (2005), “perceived value of the offer” was measured by five items developed by Grewal et al. (1998), and “purchase intention toward the product in the ad” was measured using three

items taken from Lepkowska-White et al. (2003). All of the dependent variables were measured on a 1-7 scale, anchored at “disagree strongly” to “agree strongly”.

Scepticism towards telco advertising was included as a covariate in the analysis as it is widely held that Australian consumers are highly sceptical towards telco advertising generally (ACMA, 2011a). Obermiller and Spangenberg (1998) suggest that consumers are socialised to be sceptical toward advertising, and the degree of their scepticism influences their responses to it, e.g., their perceptions of value and risk associated with the advertised product. Scepticism toward advertising is both necessary and advantageous as it protects consumers from the deceptive and unscrupulous tactics that may be employed by advertisers (Koslow, 2000). By removing the influence of scepticism, the power or sensitivity of our tests is enhanced, i.e., the likelihood that differences between the groups will be detected is increased. Scepticism was measured using eight items taken from Obermiller and Spangenberg (1998). Respondents also provided demographic data.

STUDY ONE: DISCUSSION OF FINDINGS

Of the 207 questionnaires administered, the following cases were removed: 11 outliers, and 16 cases in which the response to the bundling manipulation check, “how many telco products appeared in the advertisement that you were asked to read?” was incorrect. This left 180 usable responses. Each of the six experimental cells contained between 29 and 31 responses. Of these, 47.2% were male and 52.8% were female and 73.9% were aged between 18 and 54 years.

The mean scores across all of the experimental conditions (refer to Table 1) indicate that consumers have a relatively low intention to purchase the advertised telco offers, perceive the offers to be of low to moderate value, and report a moderate degree of confusion associated with the advertisements. Respondents report higher levels of perceived risk associated with all of the advertised telco offerings. These responses to the advertisements are arguably reflective of those of consumers in the telco marketplace (ACMA, 2011a).

We deleted 16 cases in which the response to the bundling manipulation check, “how many telco products appeared in the advertisement that you were asked to read?” was incorrect. This suggests that respondents have difficulty interpreting how many items are actually offered by the telco provider in the one bundle, or they simply did not attend to this information.

Table 2 presents the experimental results for study one in simplified form (see Table 3TA in the technical appendix for the full ANCOVA results). These results suggest that neither of the two independent variable manipulations (i.e., the number of products on offer or the limited time offer) had a significant main effect on any of the four dependent variables (i.e., purchase intention, consumer perceived value, consumer perceived risk and consumer perceived confusion). That means, for example, that there is no difference in consumers’ purchase

intentions when one, two or three items are offered in a bundle or an offer is advertised for a “limited time” only. However, the two independent variables interacted to have a significant influence on consumers’ perceived value.

These findings are in conflict with suggestions that bundling increases consumer confusion (ACMA, 2011a). Perhaps consumers in the telco market have become so accustomed to confusing advertising that they deflect confusion by using strategies to cope with it (Mitchell and Papavassilious, 1999). They are also contrary to past study findings which suggest that bundling reduces consumers’ perceived risk as it offers several distinct benefits (gains) for one price (loss) (Sarin et al., 2003). Maybe this risk-reducing aspect of bundles is cancelled out in the telco context by the loss of freedom associated with the requirement of purchasing two or more products, particularly when under the condition of a long-term contract. Interestingly, the limited time offer (i.e., “Hurry! Save 15%. Offer ends 30th August”) does not stimulate purchase intentions across any of the bundles. This might be explained by the increased restrictions and lack of flexibility involved with bundling and limited time offers that does not make their purchase anymore attractive for telco consumers.

Table 1: Mean Values for the Dependent Variables by Experimental Condition

	Purchase Intention	Perceived Value	Perceived Risk	Perceived Confusion
	Mean(SD)	Mean(SD)	Mean(SD)	Mean(SD)
<i>No. Products on Offer</i>				
One	3.08(1.71)	3.09(1.59)	4.25(1.59)	3.37(1.75)
Two	3.31(1.31)	3.65(1.35)	4.04(1.24)	3.41(1.41)
Three	3.45(1.40)	3.49(1.25)	4.33(1.33)	3.69(1.65)
<i>Short-term Promotion</i>				
No	3.31(1.46)	3.31(1.35)	4.18(1.39)	3.60(1.63)
Yes	3.25(1.50)	3.51(1.48)	4.22(1.41)	3.38(1.61)

N = 180

We found a significant interaction effect between bundle and limited time offer on consumer perceived value. An interaction effect is the combined effect of the independent (manipulated) variables on the dependent variable. When an interaction effect is present, the influence of one independent variable depends on the level of the other independent variable. The interaction effect found in study one suggests that consumers perceive greater value when three, as

opposed to one or two products are offered for the one price, supporting past research findings (Harris and Blair, 2006; Yadav and Monroe, 1993); however, this is only the case when the advertisement does not include a limited time offer.

Table 2: Study One ANCOVAs for Customer Purchase Intentions, Customer Perceived Value, Customer Perceived Risk, and Customer Confusion

Test	Purchase Intention		Value		Perceived Risk		Confusion	
	F	Sig.*	F	Sig.	F	Sig.	F	Sig.
Scepticism	56.46	.000	49.95	.000	20.76	.000	1.52	.219
Number of products	.21	.814	.85	.429	.87	.423	.82	.442
Limited time offer	.49	.490	.46	.501	.22	.641	.72	.398
Number of products x Limited time offer	1.85	.161	3.08	.049	2.57	.080	1.20	.303

Computed using alpha = .05, N = 180

*If the p-value indicated in the Sig. (significance column) is greater than, or equal to .05, the independent variable (or covariate) is said to have a significant main effect on the dependent variable. The significance level is commonly set at a level less than five per cent with a probability of less than 0.05 ($p < .05$). This implies that the results are likely to be 95% accurate or they may have been caused by a chance of at least five per cent.

Surprisingly, the presence of the limited time offer does not have a positive influence on consumers’ perceived value of the three-item bundle (versus either the one or two-item bundles). There is no significant difference between consumers’ value perceptions across the one, two or three telco product conditions, if the bundle is associated with a limited time offer. This suggests that the positive value-related benefits consumers perceive to be associated with bundling are, in fact, lost when the three-item bundle is accompanied by a short-term promotion. Offering the consumer a bundle and then placing a restriction on it, i.e., a limited time offer, causes the bundle to be perceived as less favourable than a straight bundle offer. This finding is in conflict with commodity theory, which suggests that products are more highly valued when they are perceived to be unavailable (Devlin et al., 2007).

Our findings may also cast some doubt on the suggestion by Sharpe and Staelin (2010) that consumers perceive a bundle as a price promotion. If this is the case, then it would appear that telco consumers may doubt the authenticity of the 15 per cent saving when it will be withdrawn after a short period of time. Perhaps the time restriction is not viewed as a genuine one, based on the actual facts surrounding the availability of the telco offering, thereby reducing the value

of the offer. For example, while consumers recognise that services such as airline flights and hotel rooms are frequently subject to genuine limited time offers so that excess capacity can be moved during the “low” season, they likely recognise that smartphones are not subject to this type of demand fluctuation. Therefore, consumers doubt the sincerity of a promotion that includes a time restriction in the telco context. Consumers might also perceive that the time limit is being used to coerce them into buying something that they do not really want.

6.3 Study Two: The Effect of Unit Pricing and the Presentation of Terms and Conditions in Advertising on Consumers’ Perceptions and Purchase Intentions

As in study one, a piece of fictional telco advertising was varied in study two. The advertising content of unit pricing and “terms and conditions” information were varied in this experiment. Mirroring study one, we test the effect of unit pricing information on consumer perceived confusion in respect to the advertisement. We also measure consumers’ perceptions of the advertised product in terms of perceived risk and perceived value and their purchase intentions towards it. We test the effect of “terms and conditions” information only on consumer perceived confusion and consumer perceived risk.

ACMA (2011a) proposes that telco providers should be required to disclose unit pricing information in their advertising. This is expected to protect consumers by improving their understanding of telco advertising. Unit pricing refers to the expression of prices in terms of the cost per unit of quantity (in addition to the total price) (McGoldrick and Marks, 1983). It is a means of informing consumers about prices for identical units of measurement, thereby facilitating comparisons within the same product category (Manning et al., 2003).

In theory, unit price information should communicate to consumers that there are “no hidden costs” and reduce their computational burden (Bertrand et al., 2010; Russo et al., 1975), thereby reducing consumer confusion. It is argued that the informed consumer should benefit from being provided unit pricing information to identify optimum purchases (Mitchell et al., 2003; Russo, 1977).

It has been established that consumers find it difficult to determine the lowest unit cost offers in the absence of unit price information (McGoldrick and Marks, 1983). The majority of consumers believe that unit pricing information can help them to save money (Mitchell et al., 2003). Indeed, saving money and assessing value are the main consumer motives for its use (Manning et al., 2003). It is perceived as an effective method for enabling consumers to make value-for-money comparisons (Mitchell et al., 2003; Russo et al., 1975). Therefore, it has been viewed as a mechanism to build consumer confidence and reduce perceived risk (Lamont et al., 1972), which would be expected to increase consumers’ purchase intentions.

However, the effectiveness of the provision of unit pricing information in practice in reducing consumer confusion has been questioned. For example, consumers have been found to lack the cognitive ability to make effective use of unit pricing information (Mitchell et al., 2003). It has been suggested that the presence of unit pricing information can in fact confuse consumers because it is too taxing and complicated to use (Mitchell et al., 2003), so its non-use by consumers is commonplace (Manning et al., 2003).

In line with ACMA's (2011a) policy recommendations, we test if advertising a telco offering in the presence of unit pricing information is associated with: reduced perceived confusion, increased consumer perceived value; reduced consumer perceived risk; and increased consumer purchase intentions.

ACMA (2011a) argues that telco headline representations in advertising that will attract attention are designed to get consumers "through the door". While such claims often carry qualifications or exclusions to the primary claim, these are disclosed to consumers in small print. This can be a "trap" for consumers. Therefore, ACMA (2011a) suggests that presenting "terms and conditions" information in a larger font-size in telco advertising would be fairer for consumers by providing more balanced information. There is a lack of theoretical support for this recommendation, however, given its policy focus, we test if increasing the font size of the "terms and conditions" information presented in telco advertising is associated with: reduced consumer perceived confusion; and reduced consumer perceived risk.

STUDY TWO: RESEARCH METHOD AND PRELIMINARY ANALYSIS

Study two employed a 2 (unit price displayed: yes or no) x 3 (terms and conditions font size: nine-point, 12-point or 15-point) full factorial, between-subjects experimental design using fictional advertisements, as in study one. Respondents were assigned randomly to one of the six experimental treatments. The instructions provided to respondents were the same as those used in study one. Web-based self-report survey data were again collected from Australian online panel members aged 18 years and over. The other methodological aspects of study two mirrored study one.

The manipulation for unit pricing was achieved by including the statement: "Making it simple by showing what you'll actually pay", with the presence of the following information: "a standard call costs 15 cents per minute, a standard SMS costs 12 cents, and a megabyte of data costs 5 cents" (refer to Figure * for an example advertisement).

A reported mean of 4.57 confirmed that respondents found the advertisement to be realistic and were able to adopt the role of the customer. To verify that respondents recognised the presence of unit pricing information in the advertisement, they were asked to indicate their level of agreement with two

a month over 24 months
*Min. cost = \$1,198.80



Leading edge Smartphone with
an ultra-slim 8.49mm form
factor, a luxurious design and an
easy grip!

15^c /
min
standard
calls

12^c / standard
SMS

5^c /
MB data

Unlimited social networking and
\$30 call value (standard calls
Australia wide)

**\$100 included
value!**

***Conditions apply Terms & Conditions:** Terms & Conditions: *Min. cost over 24 months for Home Phone \$49.95 Plan (includes Internet up to 2GB \$49.95 plan and payment by direct debit). Excludes: Pivotel, International calls, 19XX calls, calls to 1300 and 1800 numbers, calls to Satellite phones, Directory Assistance, Operator Service calls, such as VoiceMail subscription and retrievals, calls made over another carrier's network (e.g. using an override code) and calls to national fixed or GSM mobile services that then divert/switch or reroute overseas; standard rates apply to these call types. The included call value expires at the end of each month and is not refundable or transferable. If you change your plan you will no longer be eligible to receive the \$49.95 package. Cancellation fees apply. All accounts must be in same name and address to be eligible for bundle rewards. Data allowance and usage will be counted in Megabytes (MB) and includes both uploads and downloads. For full terms and conditions visit our website. Information correct as at 11/05/11.

Figure Two: Example Advertisement for Study Two.doc

statements: “The advertisement clearly explained how much I would be paying per call, SMS, etc.” and “The individual components, e.g., calls, SMS, etc., which made up the plan’s price were included in the advertisement” (both measured on a 1-7 scale, from “strongly disagree” to “strongly agree”). An independent-samples t-test revealed a significant difference between the absence ($M = 3.46$, $SD = 1.79$) and presence of unit pricing information [$M = 4.94$, $SD = 1.33$; $t(218) = -6.94$, $p = .000$]. The dependent variables and covariate applied in study one, i.e., perceived confusion, perceived risk, perceived value, purchase intentions and scepticism towards telco advertising (covariate) were also used in study two.

STUDY TWO: DISCUSSION OF FINDINGS

Of the 244 questionnaires administered, 24 cases containing outliers were removed, leaving 220 usable responses. Each of the six experimental cells contained between 36 and 37 responses. Of these, 49.1% were male and 50.9% were female and 69.5% were aged between 18 and 54 years.

Table 3 presents the experimental results for study two in simplified form (see Table 7TA in the technical appendix for the full ANCOVA results). The ANVOVA table indicates that the presence or absence of unit pricing has a significant main effect on consumers’ perceived value. That is, when unit pricing information is included in the advertisement (versus when it is not), consumers perceive the telco offer to be of greater “value”. In addition, when the terms and conditions font size is set at 15-point (compared to either a nine or 12-point font), consumers perceive the advertised telco offer to be more risky and confusing.

Table 3: Study Two ANCOVAs for Customer Perceived Risk, Customer Purchase Intentions, Customer Perceived Value, and Customer Perceived Confusion

Test	Perceived Risk		Purchase Intention		Value		Confusion	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.
Scepticism	44.06	.000	83.94	.000	97.35	.000	39.91	.000
Unit pricing	.13	.721	.33	.569	4.23	.041	.01	.920
Font size	4.87	.009	1.77	.172	1.88	.155	5.55	.000

Computed using alpha = .05, N = 220

Our findings suggest that consumers perceive a higher level of risk when the “terms and conditions” font size is increased to 15-point, which is contrary to ACMA’s (2011a) implied expectations, i.e., that presenting this information in larger sized font would reduce consumer perceived risk. It is acknowledged,

however, that the 15-point font may have the effect of influencing consumers to read the terms and conditions, which is a positive outcome. It is possible that when the font size is relatively small (i.e., either a nine or 12-point font), consumers are less inclined to read the material, much of which they may presume to be highly technical and intimidating. The “terms and conditions” information is unlikely to engender feelings of consumer comfort about the prospect of entering into a contract with the telco provider in question.

Many consumers may be more comfortable with an “out of sight, out of mind” approach when it comes to telco “terms and conditions”. When the font size is increased to 15-point, it becomes more difficult for consumers to avoid at least glancing through the information, and this is likely to result in them feeling more stressed or anxious about the outcome of their purchase decision. Support for our findings comes from the psychology-based theory of information overload. Information overload occurs because humans are limited in their ability to assimilate and process information within any given time frame (Malhotra, 2006). When presented with excessive levels of information, as frequently occurs with respect to telco “terms and conditions”, consumers are limited in their capacity to process this information, resulting in dysfunctional consequences, including confusion and cognitive fatigue (Keller and Staelin, 1987; Malhotra, 2006).

It is notoriously difficult for telco consumers to choose the best value product given the high degree of technical jargon included in telco advertising. In addition, many consumers are time poor or simply disinclined to comprehensively compare the value of variously priced telco offerings. Our study findings suggest that the inclusion of unit pricing information has a positive influence on consumers’ value perceptions.

Surprisingly, however, the inclusion of unit pricing information was not found to reduce consumer confusion or perceived risk, or to increase consumers’ purchase intentions. Theoretically, unit pricing should reduce consumers’ computational burden when processing pertinent telco information, thereby reducing their confusion (Bertrand et al., 2010; Russo et al., 1975). However, it appears that Australian consumers lack the cognitive ability to effectively apply unit pricing information (Mitchell et al., 2003), and as a result, choose to ignore it (Manning et al., 2003). This may, in part, be a function of the “newness” of unit pricing information in the Australian market. Given that unit pricing does not appear to be assisting consumers to process telco advertising more effectively, it is not surprising that it has no influence on their perceived risk or purchase intentions toward the product.

6.4 Study Three: The Effect of Amount of Information and Mode of its Presentation in Personal Selling on Consumers’ Perceptions

In study three, an in-store sales scenario was manipulated, acknowledging that personal selling is an important form of marketing communications employed

by telco providers. Sales presentations are the core of the selling process, where salespeople provide information to prospective customers (Bhardwaj et al., 2008). The decision as to what information is transmitted and how it is communicated to consumers is an important decision by the organisation as part of its overall sales management strategy (Bhardwaj et al., 2008).

The information presented in-store by the salesperson to the consumer was varied in study three in respect to the amount of information provided to consumers and the communication mode/channel via which it was conveyed. We test the effect of these manipulations on consumer perceptions associated with the sales information provided, including perceived believability, perceived satisfaction, perceived relevance, and perceived informativeness. We also measure consumers' perceptions of the product in terms of risk.

Poor sales practices that do not accurately represent key features of telco products can make it difficult for consumers when it comes to choosing an offer (ACMA, 2011a). Information presented to consumers in the telco personal selling context can include an explanation of the telco product and terms, including coverage, contract termination and cooling-off. Currently, there is variability in respect to the amount of information telco providers present to consumers in-store via personal selling, as per our experimental manipulations. Based on the limited academic literature pertaining to the amount of information provided to consumers in a personal selling context and their perceptions of the information, we argue that a greater amount of information provided will be associated with: increased believability (i.e., the ability of the sales information to evoke consumer confidence in its truthfulness to render it acceptable) because it signals to consumers that the organisation has nothing to hide (Bhardwaj et al., 2008); improved satisfaction (i.e., the degree to which the information provided exceeds consumers' expectations) and increased relevance (i.e., the extent to which the consumer views the sales information as being helpful in making a product evaluation) because it aids consumers' search process and they are able to choose the information that fits their needs, so that they are not overloaded (Bhardwaj et al., 2008; Kim and Lennon, 2000); and increased informativeness (i.e., the degree to which the consumer perceives the sales information to be helpful or useful), again due to the fact that consumers can be selective as to the information that they actually use (Kim and Lennon, 2000). Therefore, we test whether providing more sales information to consumers about the telco offering is associated with: increased believability; increased satisfaction; increased relevance; and increased informativeness.

Consumers who perceive a high level of product risk tend to engage in more information-seeking activities (Kim and Lennon, 2000). Therefore, if the sales information provided to consumers fails to reduce perceived product risk, consumers are likely to reject the telco offer. Conversely, if the information provided helps to moderate perceived risk, consumers may move to the purchase stage (Kim and Lennon, 2000). As the amount of information

provided to consumers has been found to play an important role in the consumer decision-making process, such that when consumers perceive more information they tend to perceive less product risk in terms of uncertainty and consequences (Kim and Lennon, 2000), we test whether this holds in the telco context, i.e., whether providing more sales information to consumers about the telco offering is associated with: reduced perceived risk.

The provision of telco sales information can be presented primarily in verbal or written form, as per our experimental manipulation. Media richness theory argues that rich media, such as face-to-face sales presentations, provide immediate feedback capability, cues, personalisation, and language variety. For example, face-to-face communication offers vocal and non-verbal cues that embellish meaning and social context (Bordia, 1997; Picard, 1997; Walther, 1996), which are less available in other forms of communication, such as written communication. Rich media allow consumers to ask questions and indicate their beliefs and preferences (Ambrose et al., 2008; Rockmann and Northcraft, 2008) so arguably they are more consumer-orientated in the personal selling context. Lean media, on the other hand, such as the provision of a brochure, are proposed to facilitate the exchange of large amounts of information, but do not allow for immediate feedback, cues such as body language, message tailoring or the transmission of the feelings or emotions of the communicators. These are important elements of personal selling from the consumer perspective. Therefore, based on media richness theory, we argue that rich verbal sales communication is more consumer-orientated than lean written media. Therefore, we test if providing telco sales information to consumers in verbal versus written form is associated with: increased believability; increased satisfaction; increased relevance; increased informativeness; and reduced perceived risk.

STUDY THREE: RESEARCH METHOD AND PRELIMINARY ANALYSIS

Study three employed a 2 (presentation of information: verbal or written) x 2 (amount of information provided: coverage only or coverage, early termination fees, and cooling-off period) full factorial, between-subjects experimental design using personal selling-based scenarios. The product in question was a smartphone. Respondents were assigned randomly to one of the four experimental treatments (see Figure 3 for an example scenario). The other methodological aspects, e.g., sampling, mirrored studies one and two.

Respondents were provided with the following instructions: “Imagine that you are a customer in the market for a smartphone plan. Following a search for information and evaluation of several alternative plans, you have decided to enter into a contract for 24 months with TelcoFirst (a hypothetical telco provider); details of the plan are included in the following advertisement that you first spotted in the daily newspaper. Imagine that TelcoFirst is one of the major players in the market.” Please refer to Figure Three for a copy of the advertisement.

Instructions:

Imagine that you are a customer in the market for a Smartphone plan. Following a search for information and evaluation of several alternative plans, you have decided to enter into a contract for 24 months with TelcoFirst (a hypothetical telco provider); details of the plan are included in the following advertisement that you first spotted in the daily newspaper. Imagine that TelcoFirst is one of the major players in the market.

Newspaper Advertisement for TelcoFirst

\$49.95*
a month over 24 months
*Min. cost = \$1,198.80



*Leading edge Smartphone with
an ultra-slim 8.49mm form
factor, a luxurious design and an
easy grip!*



2GB Data
**Unlimited social networking and
\$30 call value (standard calls
Australia wide)**

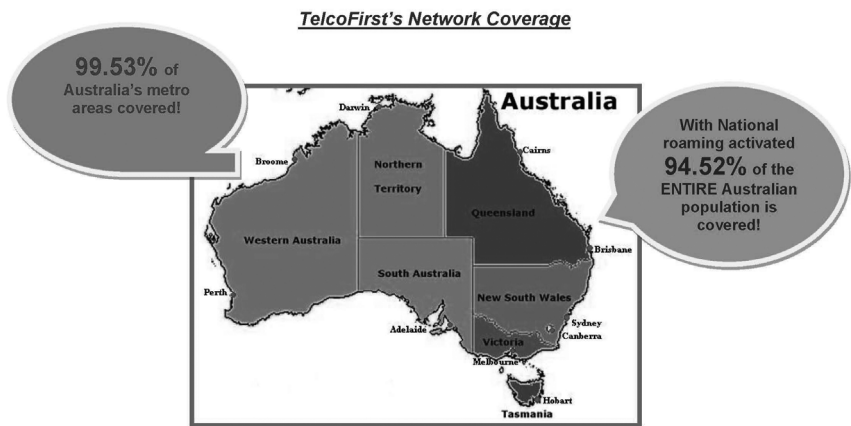
=

**\$100 included
value!**

*Conditions apply Terms & Conditions: Terms & Conditions: *Min. cost over 24 months for Home Phone \$49.95 Plan (includes Internet up to 2GB \$49.95 plan and payment by direct debit). Excludes: Pivotel, International calls, 19XX calls, calls to 1300 and 1800 numbers, calls to Satellite phones, Directory Assistance, Operator Service calls, such as VoiceMail subscription and retrievals, calls made over another carrier's network (e.g. using an override code) and calls to national fixed or GSM mobile services that then divert/switch or reroute overseas; standard rates apply to these call types. The included call value expires at the end of each month and is not refundable or transferable. If you change your plan you will no longer be eligible to receive the \$49.95 package. Cancellation fees apply. All accounts must be in same name and address to be eligible for bundle rewards. Data allowance and usage will be counted in Megabytes (MB) and includes both uploads and downloads. For full terms and conditions visit our website. Information correct as at 11/05/11.

Figure Three: Example Advertisement for Study Three.doc

Prior to signing the contract, the salesperson hands you a brochure explaining TelcoFirst’s network coverage, termination fees and cooling off period. The content of the brochure is presented below. On closing, the salesperson reassures you that you have made a good choice.



TelcoFirst's Early Termination Fees

Fees or repayment of the mobile subsidy may apply if you wish to terminate your contract early. The fee will vary depending on how many months your contract has left before it expires as shown in the examples presented in the following table:

<i>Months remaining on your contract</i>	<i>Termination fees*</i>
24 months	\$1198.80
23 months	\$1148.85
22 months	\$1098.90
21 months	\$1048.95

*Termination fee based on \$49.95 x remaining months on contract

TelcoFirst's Cooling off Period

The cooling off period, should you change your mind, is seven working days, within which time you have an unconditional right to cancel the contract. You must inform us in writing of your decision to cancel via letter, fax or email. Your money will be reimbursed as soon as possible, within a maximum of 30 days. You are responsible for the payment of any postage fees incurred in returning unwanted goods.

Figure Three: Example Advertisement for Study Three.doc

The presentation of information manipulation was achieved by varying the method by which additional information was conveyed to the consumer, i.e., either verbally or in writing. The amount of information provided manipulation was achieved by including sales information regarding coverage only, or information pertaining to coverage, early termination fees, and the cooling-off period. The manipulations were achieved by varying the scenarios as follows:

1. Verbal presentation of information, coverage only: You spend 15 minutes in the TelcoFirst store conversing with the salesperson prior to signing the contract. He tells you, “you’ll be happy to hear that TelcoFirst’s network currently covers 99.53% of Australia’s metro areas. And, with National Roaming activated, it covers 94.52% of the entire Australian population. Its 3G network covers 94% of the Australian population.” On closing, the salesperson reassures you that you have made a good choice.

2. Verbal presentation of information, coverage, early termination, and cooling-off period: Aside from the salesperson verbally outlining the “coverage” information as described in the previous scenario, the following additional detail was included in the scenario: The salesperson goes on to explain what will happen if you wish to terminate your contract early: “Early disconnection fees or repayment of the mobile subsidy may apply if you wish to terminate your contract early. The fee will vary depending on how many months your contract has left before it expires.” Finally, the salesperson then gives you details of the “cooling off period”, which he describes as follows: “The cooling off period is seven working days, within which time you have an unconditional right to cancel the contract. You must inform us in writing of your decision to cancel. Your money will be reimbursed as soon as possible, within a maximum of 30 days.” On closing, the salesperson reassures you that you have made a good choice.

3. Written presentation of information, coverage only: Prior to signing the contract, the salesperson hands you a brochure explaining TelcoFirst’s network coverage. On closing, the salesperson reassures you that you have made a good choice. Please refer to Figure * for a copy of the brochure.

4. Written presentation of information, coverage, early termination, and cooling-off period: Prior to signing the contract, the salesperson hands you a brochure explaining TelcoFirst’s network coverage, termination fees and cooling off period. On closing, the salesperson reassures you that you have made a good choice.

A reported mean of 4.8 confirmed that respondents found the sales encounter to be realistic and were able to adopt the role of the customer. To verify that respondents recognised whether the sales information was conveyed verbally or in writing, they were asked the question, “In what form did the salesperson present the information on the TelcoFirst phone plan when you were in the store?” The response options were: “The salesperson handed you a brochure containing written information on TelcoFirst’s network coverage, etc.” and “The salesperson speaks

to you about TelcoFirst's network coverage, etc.” To test whether the manipulation for the amount of information provided was successful, respondents were asked the following question: “What information did the salesperson provide you with on the TelcoFirst phone plan when you were in the store?” The response options were: “Information on TelcoFirst's network coverage” and “Information on TelcoFirst's network coverage, early contract termination fees, and the cooling off period.” The following dependent variables were measured: attitude towards the sales information (believability) was measured using 12 items developed by Beltramini (1982); informativeness of the sales information was measured using four items developed by Edwards et al. (2002); satisfaction with the sales information was measured using four items adapted from Voss et al. (1998) and Gustafsson et al. (2005); relevance of the sales information was measured by three items adapted from Miyazaki et al. (2005); and perceived risk (as per the measurement instrument employed in studies one and two). Scepticism with telco selling was included as a covariate (the scepticism instrument used in studies one and two was adapted to the personal selling context). Respondents also provided demographic data.

STUDY THREE: DISCUSSION OF FINDINGS

Of the 142 questionnaires administered, the following cases were removed: 11 outliers and 14 cases in which the response to either manipulation check question was incorrect, leaving 117 usable responses. Each of the five experimental cells contained between 27 and 30 responses. Of these, 49.6% were male and 50.4% were female and 73.5% were aged between 18 and 54 years.

The manipulation check question in respect to the amount of information provided by the salesperson required respondents to identify the nature of the information presented (i.e., whether it included coverage only or also information pertaining to the cooling-off period and early contract termination fees). We deleted nine cases in which the response to this manipulation check question was incorrect, suggesting that some respondents could not distinguish between information pertaining to coverage or information that also included detail on termination fees and the cooling-off period.

Table 4 presents the experimental results for study three in simplified form (see Tables 11TA and 12TA in the technical appendix for the full ANCOVA results). Whether information pertaining to coverage, cooling-off period and early contract termination fees is presented verbally or in writing has a significant influence on consumers' perceived risk. That is, consumers' risk perceptions are enhanced when this information is provided in written form. In addition, the amount of information provided has a significant effect on consumers' perceptions of the relevance of the information presented in the advertisement and also their overall satisfaction with the information provided. We found that the provision of information pertaining to the contract cooling-off period and early termination fees (in addition to information pertaining to telco coverage) increases the perceived relevance of the information and also consumers' satisfaction with the information.

Table 4: Study Three ANCOVAs for Customer Perceived Relevance, Customer Satisfaction, Customer Perceived Risk, Customer Perceived Informativeness, and Customer Perceived Believability

Test	Relevance		Satisfaction		Perceived Risk		Informative		Believability	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.
Scepticism	38.57	.000	53.73	.000	5.15	.025	38.22	.000	31.96	.000
Presentation of info.	.82	.367	.98	.323	4.38	.039	3.10	.081	.27	.603
Amount of info.	7.65	.007	10.54	.002	.01	.909	1.85	.177	3.78	.054

Computed using alpha = .05, N = 117

The salesperson’s proactive provision of termination and cooling-off information, in addition to coverage information, has a positive influence on consumers’ perceptions of the information provided in regard to its relevance, appropriateness and usefulness. The provision of this additional information also appears to translate into consumers reporting a higher degree of satisfaction with the information provided. The amount of sales information provided also had a positive influence on its perceived believability, which was significant at the $p < .10$ level. It appears that when telcos include additional information pertaining to the cooling-off period and early termination fees, consumers perceive the information to be more credible, authentic and likely. Interestingly, the provision of additional information did not influence consumers’ level of perceived risk. The individual components of additional information provided could be viewed as having either a positive or negative influence on consumers’ risk perceptions. For example, information pertaining to the cooling-off period suggests that consumers have an “out” should they decide not to go ahead with the contract; this information could be seen as reducing potential risk. In contrast, the fees applicable should the customer wish to terminate the contract early may concern customers as they involve potentially a large amount of money; this information could be seen to enhance consumers’ risk perceptions. It is possible that the two somewhat conflicting pieces of information combine to leave the consumer unmoved from a risk perspective.

When information is presented in written, versus verbal, form, consumers perceive a higher level of perceived risk, i.e., they are more inclined to worry that their purchase of the smartphone plan would be troublesome or a mistake. Although a sales brochure can communicate a large amount of information, which has been associated with reduced perceived risk, it does not allow consumers to ask questions, express their concerns, etc. which could allay their fears. Furthermore, consumers may not be confident in processing information contained in a brochure without the assistance of the salesperson who in effect acts as the customer’s problem solver when telco offer information is presented verbally.

7 Conclusions and Recommendations

7.1 Conclusions

We can now revisit the broad questions driving this research – how are consumers navigating the market, specifically in relation to experiences with confusion, information overload, and determining value and risk? And how can they fare better?

7.1.1 Current research in the field

Current research in the field shows that consumer decision-making in the telecommunications industry is a very complex process that does not always lead to the optimal outcome for individual consumers.

Consumers are impacted by a variety of personal preferences, biases and ways of processing information, and are also affected by industry-related factors including product and pricing strategies (including bundling), market segmentation, and of course, information and advertising.

There is mounting evidence that consumers are being adversely affected by these factors in the telecommunications context, leading to stress and frustration, confusion and information overload, and indecision and inertia. This leads to poor outcomes for consumers.

7.1.2 Ethnographic research

The strong voices of consumers and the wide spectrum of their decision-making experiences came through clearly in the videographies, interviews, diaries, and photographs provided by participants. The full report contains rich and diverse data and analysis of this component of the research. Several key themes emerged.

In general, we found that consumers consistently perceived that it was difficult to have a straight conversation with their telecommunications provider pre-sale (through marketing communications), at point of sale (with salespeople), and post-sale (with customer service representatives). Participants generally expected that telcos should be willing to have this conversation, but had lowered their expectations based on previous experience. In addition:

- Participants expressed a broad frustration and disappointment with the way in which the telco sector communicated to them. Some simply felt that the sector relied on “information overload” as part of its business model.
- Although there was a general sense of mistrust of telcos, all participants understood that the use of telecommunications was a necessity.
- All participants experienced confusion, including as a result of the jargon used by telcos.

- Many of the participants expressed difficulty in comparing telecommunications products, while some used strategies to avoid actually comparing (and purchasing) products, such as postponing purchases. Some participants sought out information, and used comparison websites, however, this was not a consistent activity. Other participants were happy to rely on recommendations from telco salespeople simply because they wished to avoid the effort involved in processing the copious amounts of information provided to them. Participants, especially those more vulnerable in the market, highly valued advice received from those in their social networks.
- Past experiences with the customer service of telcos seemed to guide future behaviour, with many saying that they would, or did, change carriers based on how easy (or not) it was to solve problems with their telco. Past experiences with telcos also affected consumers' approaches to the entire industry.
- Participants used a range of coping strategies when dealing with choice, including delegating decision-making to others, relying on simple psychological shortcuts like brand loyalty, and using comparison websites (although the desire to use online comparison sites was not consistent across all participants). Those who did use comparison sites tended to be confident in their capacity to rationally assess information, while those who avoided comparison sites were either not aware of them, or tended to feel that they were not qualified or experienced enough to be able to navigate them properly.

7.1.3 Quantitative experiment

The quantitative online experiment component of the research confirmed the consumer scepticism and confusion associated with telco advertising, while also shedding light on specific issues.

- Bundling and limited time offers:

In general, consumers appear not to value telco bundles and limited time offers very highly. The study suggests, however, that telcos can enhance consumer perceptions of value toward their products by offering a bundle of three items, e.g., home phone, broadband and smartphone together.

Contrary to other research, however, they did not experience increased confusion as a result of a bundled offer. This could indicate that they are so accustomed to confusing telco advertising that they have built-in mechanisms to cope with it. We also found that consumers doubt the genuineness of the advertised bundled offer if the bundle has an associated cut-off date.

It is perplexing that the benefits that normally accrue to organisations that offer bundles (e.g., reduced consumer perceived risk, increased consumer perceived value and increased consumer purchase intentions) do not appear to flow to telcos. This may be associated with the general consumer angst associated with telcos overall.

- Terms and conditions and font size:

Our results showed that increasing font size could aid consumers, but that the type of information presented was potentially more important. Interestingly, consumers perceived a higher level of risk when the font size of terms and conditions was increased to 15-point. This may be indicative of the out of sight, out of mind approach consumers have to complex terms and conditions.

- Unit pricing

Our findings suggest that telcos may actually benefit by introducing unit pricing information, as consumer perceptions of the value of their product offering appears to be enhanced in the presence of this information. This may be a function of a belief that the telco has “nothing to hide” if it is providing this type of information.

The results also show that consumers may be unfamiliar with unit pricing (particularly in relation to the telco sector), and are unlikely to possess the information processing capacity required to interpret the detailed numbers involved in unit pricing calculations, as unit pricing was not shown to reduce or increase confusion or risk, or purchase intentions. More in-depth research is required to investigate unit pricing further.

- Sales representatives and information on coverage, cooling off periods and exit fees

Salespeople being upfront and honest with respect to information on coverage, early termination fees, and cooling-off made consumers believe that the information was more credible, authentic and likely. However, consumers still perceived the same level of risk regardless of the amount of information provided by salespeople. Consumers preferred information provided in verbal form to written information, highlighting the important role of personal selling in the telco context. Providing information in verbal form was preferred over written information, highlighting the important role of sales representatives, something also identified by participants in the ethnographic component of the research.

7.2 Recommendations

7.2.1 Stronger consumer protections are needed in telecommunications

Consumers need all the help they can get to reduce the likelihood that they will experience confusion, information overload, frustration, stress, indecision and inertia as they navigate the telecommunications market. The research

supports the suggestion that major reforms are needed to ensure high quality customer care in the telecommunications market – this includes the broad solutions identified by the ACMA in its draft report (ACMA, 2011a) – clearer pricing information in advertisements; better information about plans; better complaints management; tools to monitor usage and expenditure and to facilitate the comparison of providers. It also supports ACCAN's call for a total prohibition on any confusing terms, including, but not limited to “free”, “cap”, “unlimited”, “no exclusions” and any similar terms (ACCAN, 2011b).

7.2.2 Consumer policy must recognise that decision-making is complex

The assumption that consumers will seek to maximise utility and make rational decisions based on information provided to them must be abandoned in favour of a more realistic view of the individual: A view which understands that consumers may have imperfect knowledge of the factors and risks involved in a decision, and may be subjected to a myriad of potentially influential stimuli entering their decision making. Policy should incorporate an understanding of consumer behaviour into its remit, and support and empower consumers in the various methods they use to navigate the market. Further research is recommended to investigate the best ways to accomplish this.

7.2.3 Bundles: Be clear and genuine about what's on offer

To increase comprehension and information processing effectiveness, telco advertising should state explicitly that the offer bundles together certain products for the one price (e.g., a smartphone and home phone or a smartphone, home phone and Internet). By using perceptual techniques, such as the use of contrasting colour, this will increase the likelihood of consumers attending to this information. Our findings suggest that almost 9% of respondents failed to identify the number of items offered for sale for the one “all-inclusive” price.

Since consumers doubt the genuineness of the advertised bundled offer if the bundle has an associated cut-off date, for the benefit of consumer decision-making it's recommended that limited time offers not be used in association with bundling.

7.2.4 Bundles: More research is needed to determine if they are working for consumers

The study also suggests that although consumers may value a three-item bundle in particular, it is unclear if they are, in reality, experiencing that value and are satisfied with the product. It is recommended that further research be done regarding consumer experiences with bundles.

7.2.5 Simplify terms and conditions, and use a single page critical information sheet

If a decision is made to increase the font size of the “terms and conditions” information presented in advertising, consideration needs to be given to also simplifying the material provided so that the average “person-in-the-street” has no difficulty interpreting it. This means that the document should be more than a “plain language statement”, but should also consider consumer processing capacity in its construction. Information provided in the single page sheet should be presented in 15-point font to increase the likelihood that the consumer will read the document (in response to the increased perception of risk associated with a larger font).

Telco providers also need to minimise the restrictive terms and conditions information presented in advertising in order to reduce consumer uncertainty, and the associated anxiety, regarding the outcome of their purchase decision. This is in line with the ACMA’s argument (2011a, p. 82) that “terms and conditions” information would be “unnecessary if advertising claims were more readily intelligible.” Findings appear to support the introduction of the simplified, one-page critical information statement proposed by the ACMA (2011a).

7.2.6 Develop consumer-friendly trials of unit pricing and strategies to increase consumer awareness of unit pricing

From the consumer perspective, it is not sufficient that unit pricing information be available to consumers, rather it also needs to be able to be processed by them. Further research needs to be undertaken in the complex telecommunications environment to determine the best way to do this.

There needs to be further education of consumers about unit prices and how to use them. Although unit pricing was introduced in the supermarket context in Australia in 2008, it is still a relatively “new” concept to Australian consumers.

The aim of unit pricing is to make comparison-shopping easier for consumers, resulting in a saving of both their time and money. In the supermarket environment, unit pricing involves retailers providing a price per unit of measurement on the price tag (e.g., \$/kg or \$/litre), in addition to the sale price. This allows comparison across a particular product category.

In the telco context, unit pricing is much more complicated because it involves the provision of unit prices across individual phone calls, texts and megabytes of data download. Indeed, it is arguable that while many people may be familiar with terms such as megabytes, it is unlikely that many consumers have a firm idea as to what proportion of data they use in a download, or even in a day.

7.2.7 Have the hard conversations with consumers about the information they want

Purchase intentions for consumers may be driven by necessity rather than confidence in their choice of product, and the research indicates that consumers perceive a considerably high level of risk in the telecommunications marketplace. Consumers are not getting the information they need to feel confident in their decisions.

We recommend that telcos proactively provide information to consumers about network coverage, contract termination fees, and cooling-off periods in the knowledge that consumers consider this type of information relevant when attempting to make a purchase decision. Telcos may be hesitant to provide this type of information believing that it would enhance consumer risk perceptions and, therefore, dampen their willingness to purchase. Our results, however, suggest that this is not the case; rather, it will enhance consumer satisfaction with the information provided, and encourage them to view the information provided as being more believable and trustworthy overall.

We recommend that salespeople engage in proactive discussion of “fine print” details of a plan with prospective customers (including, for example, cooling-off periods, network coverage, and contract termination fees), as a verbal overview appears to lower consumer perception of risk. It is also important to supplement this with written documentation that consumers can peruse at their leisure.

Salespeople were identified as an essential source of information in the decision-making process for many consumers. It is, therefore, important for telco providers to ensure that their salespeople are trained with a culture of responsibility, and given the time, tools and skills to communicate this information.

We recommend that further research be conducted into what other types of information, and in what form, may help consumers better navigate the market.

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Technical Appendix: Data Analysis for Experiments

STUDY ONE: DATA ANALYSIS

Confirmatory factor analysis (CFA) was employed to test the validity of the dependent variables and the covariate. The measurement model was found to fit the data adequately (see Table 1TA) following the deletion of one item measuring confusion, two items measuring perceived value, two items for perceived risk, a single item measuring purchase intentions and three items for scepticism. Composite reliability (CR) and average variance extracted (AVE) were calculated per construct, all of which were found to be above 0.5. The constructs were considered to have adequate discriminant validity (see Table 2TA), as the square root of the AVE value for each construct was larger than the correlation between them.

A series of between-groups univariate analysis of covariance (ANCOVAs) were run to examine the influence “bundle” and “limited time offer” on the dependent variables (see Table 3TA for the full ANCOVA results). Levene’s test for homogeneity of variance indicated that it has not been violated for purchase intention ($F(5,174) = 1.48, p = .199$), perceived value ($F(5,174) = 1.91, p = .094$), perceived risk ($F(5, 174) = 1.44, p = .214$), or perceived confusion ($F(5,174) = 1.39, p = .231$). Not surprisingly, the covariate, advertising scepticism, has a significant ($p = .000$) influence on purchase intentions (partial eta squared = .25), perceived value (partial eta squared = .22) and perceived risk (partial eta squared = .11). Cohen (1988) suggests that an effect size (as indicated by the partial eta squared statistic) of .09 is moderate, while an effect size of approximately .25 is considered large. Scepticism is non-significant ($p = .219$) with respect to perceived confusion. After adjusting for respondents’ advertising scepticism, the following results were achieved.

Table 1TA: Final Measurement Model Results for Study One

Model Fit					
	Chi-square	df	GFI	CFI	RMSEA
	244.06	209	0.90	0.99	0.05
Variable	Mean	Standard Deviation	Standardised Loading	CR	
Customer confusion	3.5	1.6		0.88	
I did not clearly understand the advertisement.	3.0	1.5	0.67		
The advertisement was too complex.	3.5	1.7	0.97		
It required a lot of effort to follow the advertisement.	3.8	1.8	0.86		
Customer perceived value	3.4	1.4		0.96	
If I acquired this telco offering, I think I would be getting good value for money.	3.5	1.4	0.92		
I think that this telco offering is good value for money.	3.4	1.4	0.98		
I think that purchasing this telco offering would meet both my high quality and low price requirements.	3.3	1.5	0.93		
Customer perceived risk	4.2	1.4		0.89	
I would incur some risk if I purchased this telco offering.	4.4	1.4	0.92		
Purchasing this telco offering would be very risky.	4.1	1.5	0.88		
Customer purchase intentions	3.3	1.5		0.92	
If I was looking for this type of telco offering, my likelihood of purchasing the product in this ad would be high.	3.3	1.5	0.87		
If I had to buy this type of telco product, my willingness to buy the product in the ad would be high.	3.3	1.5	0.97		
Scepticism (toward telco advertising)	3.9	1.2		0.94	
Telco advertising's aim is to inform customers.	3.9	1.4	0.78		
Telco advertising is generally truthful.	3.9	1.2	0.87		
In general, telco advertising presents a true picture of the product being advertised.	3.8	1.3	0.91		
I feel that I have been accurately informed after viewing most telco advertisements.	3.8	1.3	0.90		
Most telco advertising presents customers with essential information.	4.0	1.2	0.86		

Table 2TA: Correlation Matrix and AVE Statistics for Study One

	Construct				
Construct	1	2	3	4	5
1. Consumer confusion	0.84				
2. Perceived value	-0.03	0.94			
3. Perceived risk	0.36**	-0.45	0.90		
4. Purchase intentions	-0.08	0.78**	-0.41**	0.92	
5. Scepticism	-0.07	0.50**	-0.33**	0.51**	0.87

Diagonal elements shown in bold are square roots of the average variance extracted (AVE) values of the constructs.

** $p < .01$.

The main effects for number of items in the bundle on perceived confusion [$F(2, 173) = 1.20, p = .303$], perceived risk [$F(2, 173) = .22, p = .641$] and consumers' purchase intentions [$F(2, 173) = .49, p = .486$] failed to reach statistical significance. The main effects of the limited time offer on perceived confusion [$F(2, 173) = .82, p = .442$], perceived risk [$F(2, 173) = .87, p = .423$], and purchase intentions [$F(2, 173) = .21, p = .814$] also failed to reach statistical significance.

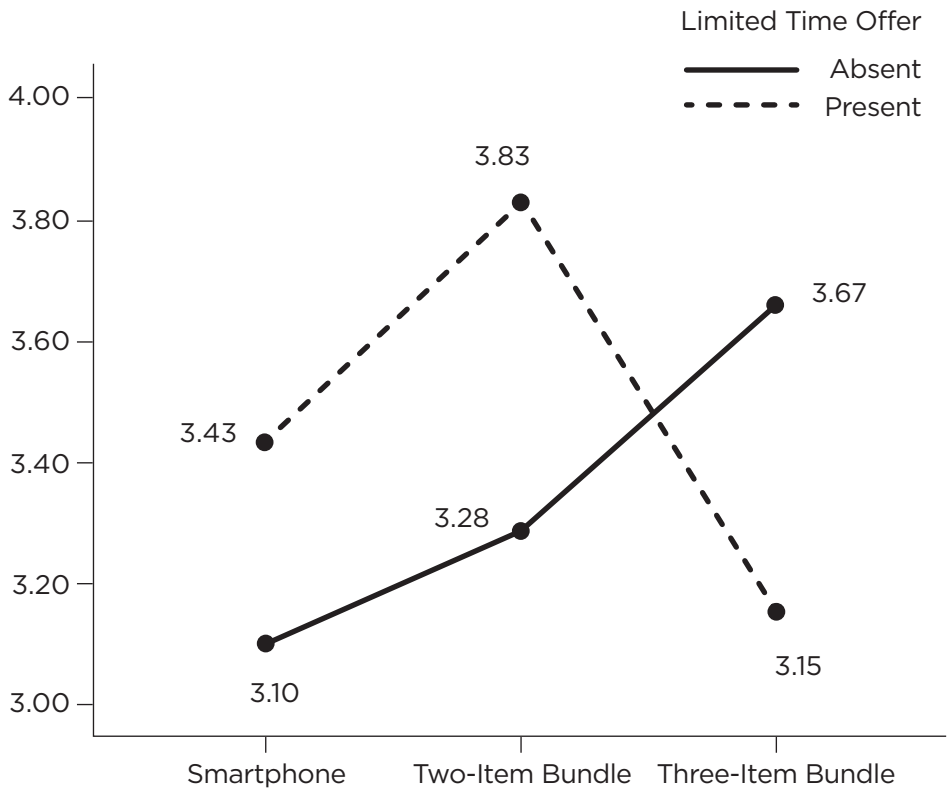
Although the main effect for both bundle [$F(2, 173) = .46, p = .501$] and limited time offer [$F(2, 173) = .85, p = .429$] on perceived value failed to reach statistical significance, these findings need to be interpreted in the light of the two-way interaction between these manipulations on perceived value [$F(2, 173) = 3.08, p = .049$; partial eta squared = .03] (refer to Figure 1TA). When the limited time offer was not available, post-hoc comparisons using the Scheffe test indicated that the mean score for perceived value when a smartphone was offered on its own ($M = 3.10$), was significantly different from when three products were available in the bundle ($M = 3.67$) [$F(2, 87) = 5.00, p = .009$]. However, there was no difference in consumers' perceived value when one versus two products ($M = 3.28$) were being sold for the one price. In contrast, when the limited time offer was present, there was no significant difference between any of the one, two or three product conditions (M s of 3.43, 3.83, and 3.75, respectively) [$F(2, 87) = 2.24, p = .112$]. Simple effects analysis revealed that consumers' value perceptions are not significantly different when a limited time offer promotion is present, versus when it is not, when one [$F(1, 57) = .78, p = .382, M$ s 3.43 vs. 3.10], two [$F(1, 58) = 3.11, p = .083, M$ s 3.83 vs. 3.28] or three products [$F(1, 56) = 3.45, p = .068, M$ s 3.15 vs. 3.67] are offered for the one price.

Table 3TA: Study One ANCOVAs for Customer Purchase Intentions, Customer Perceived Value, Customer Perceived Risk, and Customer Confusion

Test	Purchase Intention					Value					Perceived Risk					Confusion								
	Sum of Squares	df	Mean Square	F	Sig.	n²	Sum of Squares	df	Mean Square	F	Sig.	n²	Sum of Squares	df	Mean Square	F	Sig.	n²						
Scepticism	92.42	1	92.42	56.46	.000	.25	74.11	1	74.11	49.95	.000	.22	35.72	1	35.72	20.76	.000	.11	3.93	1	3.93	1.52	.219	.01
Number of products	.67	2	.34	.21	.814	.00	2.52	2	1.26	.85	.429	.01	2.98	2	1.49	.87	.423	.01	4.24	2	2.12	.82	.442	.01
Limited time offer	.80	1	.80	.49	.490	.00	.68	1	.68	.46	.501	.00	.38	1	.38	.22	.641	.00	1.86	1	1.86	.72	.398	.00
Adjusted R Squared = .25					Adjusted R Squared = .26					Adjusted R Squared = .11					Adjusted R Squared = .001									

Computed using alpha = .05, N = 180

Figure 1TA: Means for the Interaction of Number of items in the Bundle and Limited Time Offer on Consumer Perceived Value



STUDY TWO: DATA ANALYSIS

CFA was employed to test the validity of the dependent variables and the advertising scepticism construct. The measurement model was found to fit the data adequately (see Table 4TA) following the deletion of two items measuring consumer perceived risk, a single item for consumer confusion, two items measuring consumer perceived value and four items for scepticism. CR and AVE were calculated per construct, all of which were found to be above 0.5. The constructs were considered to have adequate discriminant validity (see Table 5TA), as the square root of the AVE value for each construct was larger than the correlation between them.

Table 4TA: Final Measurement Model Results for Study Two

Model Fit				
Chi-square	df	GFI	CFI	RMSEA
326.57	247	0.90	0.99	0.04
Variable	Mean	Standard Deviation	Standardised Loading	CR
Customer confusion	3.8	1.6		0.89
I did not clearly understand the advertisement.	3.6	1.7	0.77	
The advertisement was too complex.	4.1	1.8	0.91	
I was not sure what was going on in the advertisement.	3.7	1.7	0.88	
Customer perceived value	3.5	1.5		0.97
If I purchased this Smartphone plan, I think I would be getting good value for money.	3.5	1.6	0.98	
I think that this Smartphone plan is good value for money.	3.6	1.6	0.97	
I think that purchasing this Smartphone plan would meet both my high quality and low price requirements.	3.4	1.5	0.92	
Customer perceived risk	4.3	1.4		0.92
I feel that purchasing this Smartphone plan would really cause me lots of trouble.	4.3	1.5	0.90	
Purchasing this Smartphone plan would be very risky.	4.3	1.5	0.95	
Customer purchase intentions	3.4	1.6		0.98
If I was looking for this type of telco offering, my likelihood of purchasing the Smartphone plan in this ad would be high.	3.3	1.6	0.97	
If I was looking for this type of telco offering, the probability that I would consider buying the Smartphone plan in the ad would be high.	3.5	1.6	0.97	
If I had to buy this type of telco offering, my willingness to purchase the Smartphone plan in the ad would be high.	3.4	1.6	0.97	
Scepticism (toward telco advertising)	3.7	1.3		0.95
Telco advertising is a reliable source of information about the quality and performance of products.	3.7	1.4	0.91	
In general, telco advertising presents a true picture of the product being advertised.	3.8	1.4	0.93	

I feel that I have been accurately informed after viewing most telco advertisements.	3.6	1.5	0.94	
Most telco advertising presents customers with essential information.	3.8	1.4	0.88	

Table 5TA: Correlation Matrix and AVE Statistics for Study Two

Construct					
Construct	1	2	3	4	5
1. Consumer confusion	0.85				
2. Perceived value	-0.42**	0.95			
3. Perceived risk	0.55**	-0.63**	0.92		
4. Purchase intentions	-0.42**	0.79**	-0.55**	0.97	
5. Scepticism	-0.39**	0.55**	-0.41**	0.53**	0.91

Diagonal elements shown in bold are square roots of the average variance extracted (AVE) values of the constructs.

**p < .01.

A series of between-groups univariate analysis of covariance (ANCOVAS) were run to examine the influence of unit pricing and “terms and conditions” font size on the dependent variables (see Table 6TA for cell means and Table 7TA for the complete ANCOVA results). Levene’s test for homogeneity of variance indicated that it has not been violated for confusion ($F(5, 214) = 1.36, p = .240$), perceived value ($F(5, 214) = 1.56, p = .173$), perceived risk ($F(5, 214) = .66, p = .65$) or purchase intentions ($F(5, 214) = 1.38, p = .233$).

Table 6TA: Study Two Mean Values for the Dependent Variables by Experimental Condition

	Purchase Intentions	Perceived Value	Perceived Risk	Perceived Confusion
	Mean(SD)	Mean(SD)	Mean(SD)	Mean(SD)
<i>Unit Pricing</i>				
No	3.32(1.65)	3.32(1.60)	4.33(1.46)	3.86(1.60)
Yes	3.43(1.52)	3.68(1.47)	4.27(1.46)	3.87(1.63)
<i>Font Size</i>				
Nine-point	3.63(1.55)	3.34(1.51)	4.00(1.44)	3.37(1.44)
12-point	3.26(1.50)	4.50(1.47)	4.21(1.29)	4.08(1.57)
15-point	3.21(1.68)	3.26(1.63)	4.69(1.54)	4.14(1.71)

N = 220

The covariate, advertising scepticism, was significant ($p = .000$) across all of the dependent variables. It had a large effect on purchase intentions and perceived value (partial eta squared of .28 and .31, respectively) and a moderate influence on perceived risk and perceived confusion (partial eta squared of .17, and .16, respectively). After adjusting for respondents' advertising scepticism, significant results were achieved across several of the associations tested.

The main effects for unit pricing on perceived confusion [$F(1, 213), = .01, p = .915$], perceived risk [$F(1, 213), = .13, p = .721$] and purchase intentions [$F(1, 213), = 0.33, p = .569$] all failed to reach statistical significance. A significant main effect was found for unit pricing on perceived value [$F(1, 213), = 4.23, p = .041$; partial eta squared = .019].

A significant main effect was found for the font size of "terms and conditions" on perceived confusion [$F(2, 213), = 5.55, p = .004$; partial eta squared = .049]. Post-hoc comparisons using the Tukey test indicated that the mean score for the nine-point font treatment ($M = 3.37, SD = 1.44$) was significantly different from the 12-point ($M = 4.08, SD = 1.57$) and 15-point groups ($M = 4.15, SD = 1.72$). However, there was no difference between the 12 and 15-point font treatment groups [$F(2, 217), = 5.50, p = .005$]. A significant main effect was also found for font size on perceived risk [$F(2, 213), = 4.87, p = .009$; partial eta squared = .044]. Post-hoc comparisons using the Tukey test indicated that the mean score for the 15-point font treatment on perceived risk ($M = 4.69, SD = 1.55$) was significantly different from the nine-point treatment ($M = 3.99, SD = 1.44$), however, there was no difference between the 15-point treatment and the 12-point group ($M = 4.21, SD = 1.29$) or between the 12 and 15-point font groups [$F(2, 217), = 4.64, p = .011$].

Table 7TA: Study Two ANCOVAs for Consumer Perceived Risk, Consumer Purchase Intentions, Consumer Perceived Value, and Consumer Perceived Confusion

Test	Perceived Risk					Purchase Intention					Value					Confusion								
	Sum of Squares	df	Mean Square	F	Sig.	n²	Sum of Squares	df	Mean Square	F	Sig.	n²	Sum of Squares	df	Mean Square	F	Sig.	n²						
Scepticism	76.02	1	76.02	44.06	.000	.17	151.18	1	151.18	83.94	.000	.28	158.01	1	158.09	97.35	.000	.31	84.34	1	84.34	39.91	.000	.16
Unit pricing	.22	1	.22	.13	.721	.00	.59	1	.59	.33	.569	.00	6.87	1	6.87	4.23	.041	.02	.02	1	.02	.01	.920	.00
Font size	16.81	1	8.40	4.87	.009	.04	6.39	2	3.19	1.77	.172	.02	6.10	2	3.05	1.88	.155	.02	23.44	2	11.72	5.55	.000	.05
Adjusted R Squared = .18					Adjusted R Squared = .28					Adjusted R Squared = .32					Adjusted R Squared = .19									

Computed using alpha = .05, N = 220

STUDY THREE: DATA ANALYSIS

CFA was employed to test the validity of the dependent variables and the selling scepticism construct. The measurement model was found to fit the data adequately (see Table 8TA) following the deletion of nine items measuring believability, a single item for satisfaction, relevance, perceived risk and scepticism, respectively, and two items measuring informativeness. CR and AVE were calculated per construct, all of which were found to be above 0.5. The constructs were considered to have adequate discriminant validity (see Table 9TA), as the square root of the AVE value for each construct was larger than the correlation between them.

Table 8TA: Final Measurement Model Results for Study Three

Model Fit				
	Chi-square	df	GFI	RMSEA
	162.35	155	0.90	0.02
Variable	Mean	Standard Deviation	Standardised Loading	CR
Believability (of the sales information)	4.0	1.2		0.91
Not credible / credible	4.0	1.2	0.84	
Not authentic /authentic	3.9	1.2	0.91	
Unlikely/likely	4.0	1.3	0.87	
Satisfaction (with the sales information)	3.7	1.2		0.92
I was very satisfied with the information that I received from the TelcoFirst salesperson.	3.8	1.2	0.90	
The information that I received from the TelcoFirst salesperson exceeded my expectations.	3.4	1.3	0.84	
I am happy with the information that I received from the TelcoFirst salesperson.	3.7	1.4	0.94	
Relevance (of the sales information)	4.0	1.3		0.94
The information provided by the salesperson was relevant for my evaluation of TelcoFirst's Smartphone plan.	3.9	1.4	0.93	
The information provided by the salesperson was useful in my evaluation of TelcoFirst's Smartphone plan.	4.1	1.4	0.96	
Customer perceived risk	4.5	1.3		0.90

There is a good chance it would be a mistake if I purchased this Smartphone plan.	4.5	1.5	0.86	
I feel that purchasing this Smartphone plan would really cause me lots of trouble.	4.3	1.4	0.90	
I would incur some risk if I purchased this Smartphone plan.	4.7	1.4	0.86	
Informativeness (of the sales information)	4.3	1.3		0.91
Unimportant/important	4.4	1.3	0.85	
Not useful / useful	4.3	1.4	0.97	
Scepticism (toward telco selling)	3.8	1.2		0.93
I can depend on getting the truth from most telco salespeople.	3.4	1.4	0.67	
It is the aim of telco salespeople to inform customers.	4.2	1.6	0.68	
I believe telco salespeople are informative.	4.0	1.3	0.85	
Telco salespeople are generally truthful.	3.8	1.2	0.78	
Telco salespeople are a reliable source of information about the quality and performance of products.	3.8	1.3	0.87	
In general, telco salespeople present a true picture of the product.	3.7	1.3	0.90	
I feel that I have been accurately informed after seeking the advice of telco salespeople.	3.7	1.3	0.89	

Table 9TA: Correlation Matrix and AVE Statistics for Study Three

Construct						
Construct	1	2	3	4	5	6
1. Believability	0.87					
2. Satisfaction	0.58**	0.89				
3. Relevance	0.51**	0.76**	0.94			
4. Perceived risk	-0.36**	-0.34**	-0.27**	0.87		
5. Informativeness	0.62**	0.70**	0.71**	-0.35**	0.91	
6. Scepticism	0.45**	0.60**	0.55**	-0.24**	0.51**	0.81

Diagonal elements shown in bold are square roots of the average variance extracted (AVE) values of the constructs.

**p < .01.

A series of between-groups univariate analysis of covariance (ANCOVAs) were run to examine the influence of sales information presentation mode and the amount of sales information provided on the dependent variables (see Table 10TA for cell means and Tables 11TA and 12TA for ANCOVA results). Levene's test for homogeneity of variance indicated that it has not been violated for relevance ($F(3, 112) = 1.72, p = .167$), satisfaction ($F(3, 112) = 1.71, p = .168$), perceived risk ($F(3, 112) = 1.28, p = .285$), informativeness ($F(3, 112) = .59, p = .626$) or believability ($F(3, 112) = .32, p = .811$). Not surprisingly, the covariate, selling scepticism, is again highly significant ($p = .000$) and it has a large effect on relevance, satisfaction, informativeness, and believability (partial eta squared of .26, .32, .26, and .22, respectively). It is significant at $p = .025$ for satisfaction (partial eta squared = .04). After adjusting for respondents' selling scepticism, the following results were achieved.

Table 10TA: Study Three Mean Values for the Dependent Variables by Experimental Condition

	Relevance	Satisfaction	Risk	Informativeness	Believability
	Mean(SD)	Mean(SD)	Mean(SD)	Mean(SD)	Mean(SD)
<i>Presentation of Info.</i>					
Oral	4.09(1.29)	3.78(1.16)	4.26(1.14)	4.53(1.21)	4.03(1.07)
Written	3.82(1.30)	3.52(1.24)	4.77(1.34)	4.09(1.29)	3.87(1.16)
<i>Amount of Info.</i>					
Coverage	3.65(1.40)	3.33(1.21)	4.52(1.29)	4.15(1.32)	3.76(1.02)
Coverage, termination and cooling-off	4.25(1.13)	3.95(1.13)	4.52(1.25)	4.45(1.21)	4.13(1.18)

N = 117

Table 12TA: Study Three ANCOVAs for Consumer Perceived Informativeness and Consumer Perceived Believability

Test	Informativeness						Believability					
	Sum of Squares	df	Mean Square	F	Sig.	η^2	Sum of Squares	df	Mean Square	F	Sig.	η^2
Scepticism	44.98	1	44.98	38.22	.000	.26	30.85	1	30.85	31.96	.000	.22
Presentation of info.	3.65	1	3.65	3.10	.081	.03	.26	1	.26	.27	.603	.00
Amount of info.	2.18	1	2.18	1.85	.177	.02	3.65	1	3.65	3.78	.054	.03
Adjusted R Squared = .27						Adjusted R Squared = .22						

Computed using alpha = .05, N = 117

Table 11TA: Study Three ANCOVAs for Consumer Perceived Relevance, Consumer Satisfaction, and Consumer Perceived Risk

Test	Relevance					Satisfaction					Perceived Risk												
	Sum of Squares	df	Mean Square	F	Sig.	n ²	Sum of Squares	df	Mean Square	F	Sig.	n ²	Sum of Squares	df	Mean Square	F	Sig.	n ²					
Scepticism	46.82	1	46.82	38.57	.000	.26	49.47	1	49.47	53.73	.000	.33	7.84	1	7.84	5.15	.025	.04					
Presentation of info.	.97	1	.97	.82	.367	.01	.91	1	.91	.98	.323	.01	6.67	1	6.67	4.38	.039	.04					
Amount of info.	9.28	1	9.28	7.65	.007	.06	.97	1	.97	10.54	.002	.09	.02	1	.02	.01	.909	.00					
Adjusted R Squared = .28																Adjusted R Squared = .36				Adjusted R Squared = .05			

Computed using alpha = .05, N = 117

The main effect for amount of sales information provided on the perceived relevance of information was found to be significant [$F(1,111) = 7.65, p = .007$, partial eta squared = .06]. The inclusion of early termination and cooling-off period information, in addition to coverage information ($M = 4.25, SD = 1.13$), results in consumers perceiving the information to be more helpful, important, informative, and useful than if coverage-only information is provided ($M = 3.65, SD = 1.40$). The main effect for amount of information on satisfaction with the information provided was also significant [$F(1, 111) = 10.54, p = .002$, partial eta squared = .09]. The inclusion of coverage, early termination and cooling-off period information results in greater consumer satisfaction with the information provided ($M = 3.95, SD = 1.27$) than when coverage-only information is presented ($M = 3.33, SD = 1.21$). The main effects for amount of information on perceived risk [$F(1,111) = .01, p = .909$], informativeness [$F(1, 111) = 1.85, p = .177$], and believability [$F(1,111) = .27, p = .054$] failed to reach statistical significance. However, it is important to note that the influence of the amount of information on believability is significant at the less stringent $p = <.10$ level. Results suggest that when consumers are presented with all three components of sales information ($M = 4.13, SD = 1.18$), they are inclined to perceive the information as more credible, authentic and likely than if they were presented with coverage-only information ($M = 3.76, SD = 1.02$).

The main effects for presentation of the sales information on the perceived relevance of the information [$F(1, 111) = .821, p = .367$], satisfaction with the information presented [$F(1, 111) = .984, p = .323$], perceived informativeness of the information [$F(1,111) = 3.10, p = .081$], and its believability [$F(1, 111) = .272, p = .603$], failed to reach statistical significance. There was, however, a significant main effect for presentation of information on perceived risk [$F(1,111) = .4.38, p = .039$]. The results suggest that consumers' risk perceptions are higher when sales information is presented in writing ($M = 4.77, SD = 1.34$) as opposed to being verbally communicated by the salesperson ($M = 4.26, SD = 1.14$).



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