

Discover your edge

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Cheap and fast NBN service attracts broadband switchers

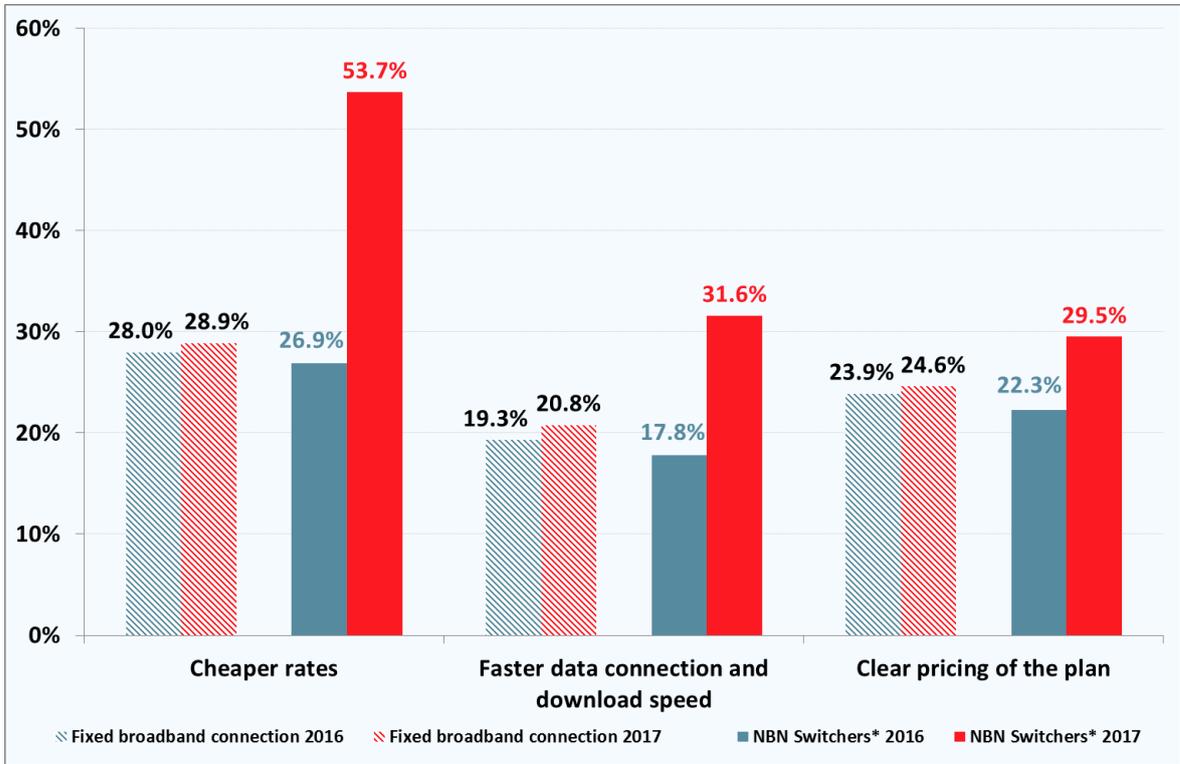
New research conducted by Roy Morgan among 'decision makers' – those who are considered the decision makers in their households when it comes to technology, shows clearly that NBN 'switching' is being increasingly driven by cheaper rates although faster data connection/download speeds and clear pricing of the plan are also important considerations.

A detailed analysis of the reasons provided by decision makers shows that those switching to a new NBN service provider demonstrate clearly different preferences and priorities to the average Australian fixed broadband user who may have an ADSL, Cable or NBN fixed broadband connection and who may have made their choice of service provider some time ago.

15% of households who now have an NBN connection at home either switched to the NBN, or switched their NBN fixed broadband service provider, in the last 12 months. A majority of 53.7% of decision makers switching to a new NBN service provider in the last 12 months cited 'cheaper rates' as the reason for choosing the new plan in the six months to September – almost double the rate of a year ago (26.9%) and far higher than existing fixed broadband users (28.9%).

Australian fixed broadband decision makers making the switch to a new NBN Service Provider in the last year were also far more likely than a year ago to mention faster data connection/download speeds (31.6% cf. 17.8%) and clear pricing of the plan (29.5% cf. 22.3%).

Why did you choose your current Internet service provider?



Source: Roy Morgan Single Source (Australia) 6 months to September 2016, n=3,431 and 6 months to September 2017, n = 3,728. Base: Australians 14+, decision makers with a fixed broadband connection. *NBN Switchers are those who have switched to a new NBN Service Provider in the last 12 months. The previous provider technology amongst 'NBN Switchers' who switched to a NBN service provider may have been NBN, ADSL or Cable.

FOR IMMEDIATE RELEASE

The considerable changes seen for decision makers choosing a new NBN Service Provider over the past year haven't been reflected in the wider fixed broadband market with little change year-on-year in the reasons cited for why the average Australian fixed broadband decision maker chose their current provider.

Decision makers that switched to an ADSL or Cable fixed broadband service provider were just as likely as those that selected an NBN provider to choose based on faster connection and download speeds (30.5% cf. 31.6% for NBN) although clearly less likely to nominate cheaper rates (38.8% cf. 53.7% for NBN) or clear pricing of the plan (24.2% cf. 29.5% for NBN).

Michele Levine, CEO, Roy Morgan, says there are several industry dynamics driving the three key reasons Australians use to choose a new NBN service provider:

"Australians choosing a new NBN service provider are increasingly making the switch based on cheaper rates, faster data connection/ download speeds and clear pricing of the plan – all 3 key reasons have increased in importance for those making the switch over the past year.

"Cheaper rates have always been an important reason for those looking to choose an ISP however in the past year the increased competition for NBN Service providers including the recent entry of Vodafone and Amaysim offering price-competitive packages, and also the increasing number of smaller providers, has created an extremely competitive marketplace with price used as a key headline differentiator for different NBN Service providers.

"The growing importance of faster data connection and download speed as a reason is likely due to a couple of factors which begins with the increasing prevalence of music/video streaming making 'the need for speed' more important than ever to avoid streaming issues, which have come up in the news.

"The NBN introduced different speed tiers allowing users looking for high download speeds to upgrade to a higher, and more expensive, tier, whereas non-NBN fixed broadband does not have speed tiers. However, the pricing structure of the different tiers has led the vast majority of users to opt for the two lower-speed tiers which for some users are no faster than pre-NBN download speeds.

"Just in the past week the NBN has belatedly recognised the competitive pressures the industry faces and cut bandwidth charges for their top-speed NBN connection plans of 50Mbps and 100Mbps by up to 27%. The extent of this price cut will allow telcos on-selling the bandwidth to consumers to cut their prices significantly, if they choose, for consumers at the same time that the increased bandwidth ensures consumers have faster download speeds.

"The third key reason, clear pricing of plan, has likely become more important for consumers in recent months with the ACCC calling out inaccurate advertising of speed tiers within plans.

"The increasing complexity of Australia's broadband marketplace with a proliferation of new competitors offering a myriad of plans can provide a challenge for those trying to understand exactly what drives existing customers to switch plans or new customers to choose one plan over another.

"The suite of products available via the [Roy Morgan Single Source](#) and the psychographic segmentation tools provided by [Roy Morgan Helix Personas](#) allow businesses to drill down into the data to find out exactly what drives consumers to make the decisions they do and where these potential customers are located."

To learn more about Roy Morgan's broadband and telecommunications data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

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

Margin of Error

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

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2