

Comment

A mobile life

The decision to purchase a mobile phone is far from simple. A dynamic and competitive mobile phone market, a volatile youth lifestyle, the complex nature of the consumer choice involved and the ongoing contractual relationship with the mobile phone service provider make it complex.

Recent Communications Law Centre research, "Mobile Matters - Young People and Mobile Phones" (**details on pages 7-11**) revealed young people to be a confident consumer group, trying hard to make sensible consumer decisions in a highly competitive sales environment. Complex pricing and inflexible contractual arrangements contributed to a less than optimal reward for these efforts. It was often only through the experience of using the phone and receiving the bills that the true extent of the financial commitment was disclosed.

The research revealed several instances of young people who had unsuccessfully attempted to cancel their contract once realising the financial impact of the decision, or wished to change the plan to one better suited to their actual calling patterns. Others experienced the frustration of continuing to pay the mobile phone bill when the phone no longer worked. The alternative, cancelling the contract and paying a substantial penalty, is not attractive. Some young people ultimately find ways of minimising their loss by selling the phone to someone else, or finding someone who will

For many young people, a mobile phone represents a useful technology to deal with the fluid nature of life as they move from secondary school to higher education, from education to the part-time and full-time workforce and, for many, make the transition to independent living. Young people are working in an increasingly casualised labour market where there is often an expectation that workers will be available at short notice. Transient living arrangements and shared households generate greater need for individual phones, making mobile phones the obvious choice for many.

At the same time, the telecommunications industry is in a constant state of evolution: new products appear almost monthly. This is particularly true in the area of mobile telephony. An emerging market, innovative product design and aggressive marketing all combine to create an environment in which consumers must be ever vigilant in ensuring that they make good consumer choices.

Mobile phone purchases require a complex decision-making process. A myriad of retail outlets promote a wide range of mobile phone purchase packages. Cheap upfront plans mean that a mobile phone contract can be entered into for about a dollar. With cash or a credit card, a phone can cost as much as \$700. But the technology without a service connection is not much use.

Comparing service plans is very difficult for even the most experienced user. At the extremes there is a correlation between low upfront payments, the ease of purchase and higher than average call charges. In the mid range, it is necessary to consider and compare the free call allocations, off peak and peak times and rates, offers of free calls

within the network and charging periods. Being able to make an informed decision also requires an individual assessment of future usage patterns, not easy for a first time user.

Many consumers obtain a phone by signing up for an ongoing contract with a service provider: committing themselves to a payment plan extending over 12, 18 or 24 months. The consequences of making the wrong decision can be significant financially. Young people, with minimal experience of contracts or financial planning, or undeveloped point-of-sale negotiation skills, might be among those groups most disadvantaged in such a marketplace. Their low incomes and lack of proven financial management may also limit the range of payment options available to them.

Both the Telecommunications Industry Ombudsman and the Australian Competition and Consumer Commission have expressed repeated concerns regarding practices within the mobile phone industry. Less than full disclosure of all price implications is not uncommon. Failure to convey the specific obligations under the mobile phone contract gives rise to considerable frustration later on the part of consumers when faced with unforeseen charges.

For younger people in the sample, the mobile phone tended to be associated with their dependency on parents, but with age, the mobile phone aided independence and enhanced contact with friends, others outside the family and potential employers. Mobile phones appeared to be an empowering technology for these young people. But enhanced disclosure, readily comprehensible contractual documents and greater contract flexibility would all contribute to making the young consumer's experience of a mobile phone purchase just as empowering as its use. <

Kate MacNeill, Communications Law Centre, and Andrew Funston, Victoria University (drawn from a paper presented at the Communications Research Forum, Canberra, September 1999)