Migrating prepaid users to contracts will be difficult, given that 60% use 100 minutes or less per month

- Overall, 60% of prepaid subscribers claim to use 100 minutes or less per month. At this level of usage, it is difficult to justify buying a contract. In France, where contract penetration is higher, 69% of respondents claim this level of usage.
- Usage is highest in Poland, where 54% of subscribers say they use more than 100 minutes per month.
- Despite having the lowest average MoU of the countries surveyed, Germany has prepaid usage that is comparable to that in France and the UK.
- Some market segments have high levels of prepaid usage and might be open to more-flexible contract offers:
    - 9% of prepaid users aged between 25 and 34 years say they use over 400 minutes per month
    - full-time students are the highest users: 8% use more than 500 minutes per month.

Figure 20: *Usage of prepaid voice minutes, by country*[1] *[Source: Analysys Mason, 2010]*

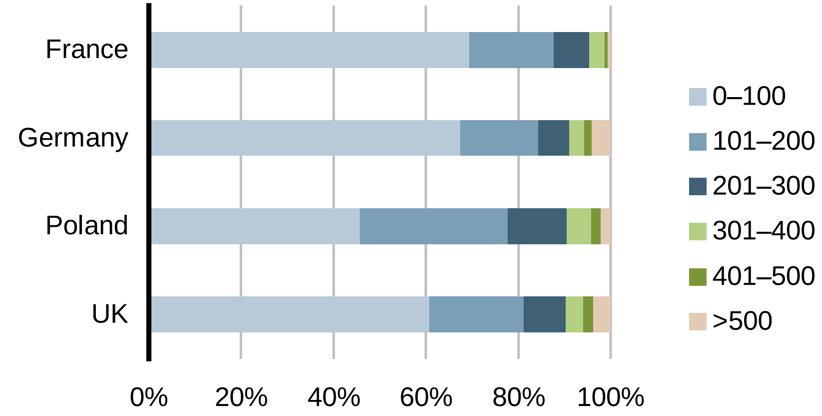
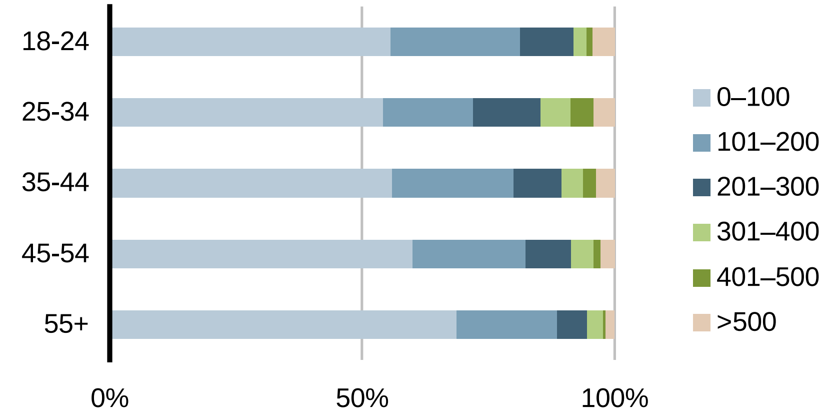


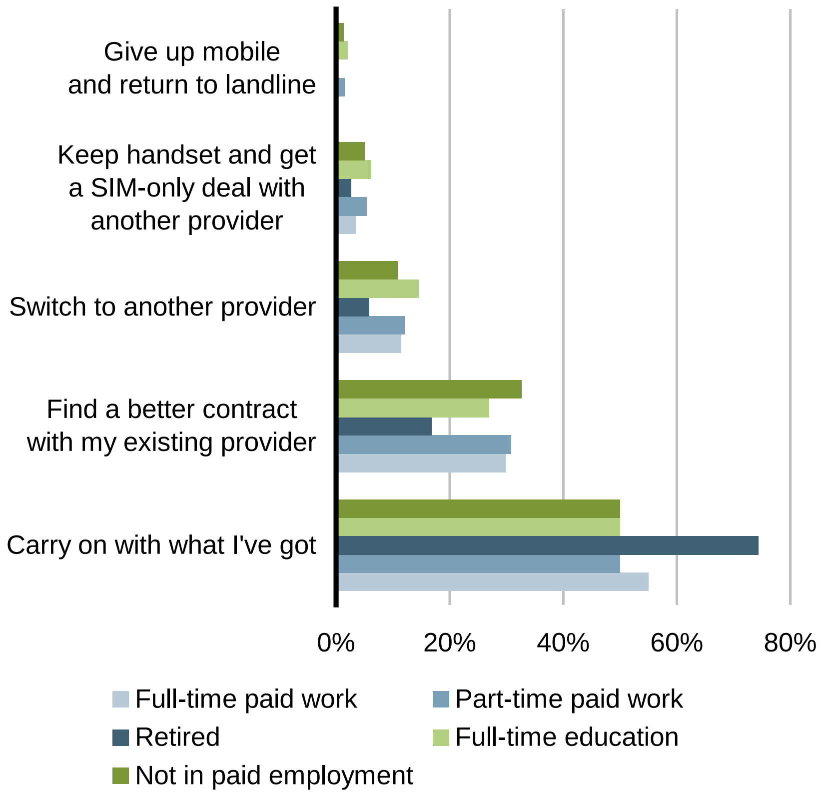
Figure 21: *Usage of prepaid voice minutes, by age*[1] *[Source: Analysys Mason, 2010]*



[1] Question: “How much does this monthly spend allow you to make with regards to voice minutes?”; all countries; respondents with a pay-as-you-go mobile phone; *n* = 1409.

The mobile sector is characterised by inertia; most churn-reduction strategies are tackling a non-existent problem

Figure 27: *Intentions of users of mobile services, by employment status[1] [Source: Analysys Mason, 2010]*



[1] Question: “What are your future plans for your mobile service in the next 12 months?”; all countries; respondents with a mobile phone; *n* = 3907.

- Contrary to popular opinion, the mobile sector is characterised by inertia: of respondents who subscribe to mobile services, 60% have no plans to change their services during the next year.
- Those in work or full-time education are most likely to change their services: only 50% plan to continue with their current service. However, they are more likely to seek a new offer from their current provider than to switch to another.
- Overall, 10% intend to change providers. However, actual churn rates are likely to be lower than this because not all subscribers that express an intention to switch provider will do so.
- Reported churn rates are notoriously unreliable and the results suggest that actual churn is much lower than the 2% per month that MNOs typically quote. Churn reduction strategies are often tackling a problem that does not exist and may even exacerbate the situation.[2]

[2] See Hatton, M., *Mobile customer retention and churn management*, Analysys Mason (London, 2009).