



PhonepayPlus

Consumer Engagement with PRS 2012-2013



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Consumer Engagement with PRS 2012-2013

Executive Summary

1. Executive summary for Consumer Engagement Report

This report provides an overview of the profile and habits of premium rate service (PRS) and micropayments users. These findings are taken from online consumer interviews with users of PRS and micropayments, combined with industry output data. More detail on the precise methodology is on page 3.

Revenue figures supplied by the industry suggest that PRS remain in decline. Data on usage of individual PRS services taken from the consumer survey appears to confirm this downward trend with many services and payment types diminishing year on year. Traditional PRS are increasingly competing with free content and alternative methods of payment, with the result that the lines are blurred between what is a PRS and what is not. Smartphones are a real game changer, allowing the payment mechanism and the delivery device to be easily linked in methods other than PRS.

Views on current and future trends are unpicked to a greater extent in the accompanying Market Direction report. This uses data from additional sources, including an online survey with merchants, and in-depth interviews with a range of industry stakeholders. The precise methodology is detailed on page 3.

What is clear is that the fortunes for the different types of services differ widely, with some areas, such as gaming, forecast for growth and more traditional areas such as directory enquiries under greater pressure.

Usage of PRS continues to be a positive choice for many and they would like it to remain available to them. Convenience, trust, value for money and the discrete, anonymous, nature of the payment method drive regular choice. When consumers were presented with a scenario whereby their usual PRS mechanisms were removed and replaced with credit/debit card or 'one click', significant proportions (50% and 39% respectively) said they would stop using the service or scale down their consumption. This shows a strong link between payment method and service for many PRS consumers.

For PRS users, prices are clear for most (58%), with only a minority disagreeing (16%). However, there remains an issue of trust, with 09 numbers in particular not scoring highly on this measure. The perceived safety of PRS payment methods was lower amongst other micropayment users (58% of PRS users trust text payment vs. 26% of other micropayment users). This and other evidence in this research suggests that trust is one of the reasons for micropayment users not using PRS.

However, there is some room for optimism for the future of PRS, especially if it is able to extend into new areas through the development of direct carrier billing. This could in future potentially include the use of PRS as a payment method for low-value physical and quasi-physical goods.

The highest level of claimed interest in PRS (very/fairly likely to use) amongst micropayment users was for billing direct to their mobile phone for public transport (37%), buying a ticket for a leisure activity (36%) and 'paying for car parks' (36%). However, whilst encouraging, the proportions are relatively modest and perhaps demonstrate that convenience alone would not be enough to drive significant take-up.



Consumer Engagement with PRS 2012-2013

Executive Summary

Most PRS users still have a landline phone, and premium rate calls are a component for some in landline retention and usage – approximately one in ten PRS users use a landline to make premium rate calls because they are cheaper than a mobile phone.

Consumer detriment is reported amongst PRS users to quite a high degree – a quarter of users have felt like they wanted to make a complaint, and one in ten claim that they have complained to some party. However, this is perhaps something that is generally becoming more common and is likely to be a consequence of the increasing number of online forums for complaint, plus greater knowledge and understanding of rights.

PRS users have a reasonable knowledge of where complaints should be directed, with networks and suppliers named, as well as regulatory or advisory bodies. That said, a relatively small proportion (4%) of PRS users named PhonepayPlus as a body where complaints could be directed, so, at present, effective signposting from stakeholders is an important vehicle for complaint referrals.



Current and Future Market for PRS 2013

Methodology

2.1 About this report

This Consumer Engagement report is a new edition of regular research into current and emerging trends in the UK premium rate services (PRS) market carried out on behalf of PhonepayPlus. The survey is commissioned by PhonepayPlus to monitor and appraise market developments and to provide the industry with insight.

This report focuses on consumers' use of premium rate services as well as further exploring micropayments in general. Consumers' knowledge of avenues to make complaints is also explored and the report examines their use of alternative payment methods for similar forms of content and services.

It is part of a larger project that involves two individual reports, as detailed below.

Survey name	Purpose	Data from
Consumer Engagement Report	Drill down into detailed profile, habits and attitudes of PRS and micropayment users	<ul style="list-style-type: none"> - Online consumer survey of 4,013 PRS and 1,045 Micropayment users. - Returns data from the industry
Market Direction Report	Provide insight into the performance and evolution of the markets in which PRS operate.	<ul style="list-style-type: none"> - Telephone interviews with 52 businesses supplying digital content (to businesses, and direct to consumers) suitable for purchase via micropayment methods - This report also used data as per the Consumer Engagement Report, including returns data from the industry which is used to calculate PRS revenues by payment type as well as findings from depth interviews with industry stakeholders.

2.2 Methodology

Consumer usage data were collected via an online survey, mirroring the approach of previous years. Details of all respondents were captured, not only those using PRS or micropayment methods. Some findings (including estimates of usage of the different types of services) are based on all entering the survey (in line with the way the data was reported in the previous report).

The fieldwork was carried out via a UK online sample of 4,013 PRS users and 1,045 users of other micropayment systems, aged between 11 and 65 years old. The two groups responded to separate surveys. Data collection was conducted from 1 March to 16 April 2013 by SSI on behalf of BDRC Continental. As per the 2011 report, respondents were first asked whether they had used a number of different PRS and other micropayment methods and then channelled into the relevant survey based on this (targeting 4,000 PRS users and 1,000 micropayment users). This means that the raw data for usage by service category comes from a base of those who said they had used PRS. As per the previous report, this was used to calculate usage data for the population as a whole, based on the number of people (15,136) entering the survey, and the proportion of those that used at least one PRS or micropayment method.



Current and Future Market for PRS 2013

Methodology

All those selected by the sample provider took part in the initial part of the survey, which collected information on their demographic profile as well as other information related to usage of technology. Questions were then asked which determined their usage of PRS and other types of micropayments. These are outlined in the table below.

Respondent type	Types of payment method used
PRS – usage of ANY of ...in past 6 months	<ul style="list-style-type: none"> - Paid by texting in with the charge appearing on your phone bill or deducted from your pay as you go - Paid by putting in your mobile number on the web then getting text messages that bill to your phone bill - Called a premium phone line such as directory enquiries or an 09 number - Paid for something on your ‘mobile operator portal’, i.e. with the charge appearing on your phone bill or pay as you go (NOT on a credit card or deducted from iTunes or other) - Paid for something on the mobile internet through a screen branded ‘Payforit’ with the charge appearing on our phone bill or pay as you go (NOT on a credit card or deducted from iTunes or other) - Paid for something that was not video on demand or TV content using the red button on your Sky or Cable remote
Micropayment – usage of ANY of...	<ul style="list-style-type: none"> - Paid for something costing less than £10 using PayPal or a similar payment service for digital goods and services only - Used digital/ virtual currencies such as Facebook Credits, PSP points, smurfpounds, Swapits, Ukash, or Xbox LIVE points – you pay an amount and that is turned into some other ‘currency’ you can use on the service - Used a ‘stored value account’ online or on your games console – you pay upfront (i.e. add money to your account) and money is deducted as you use a service. It is not turned into a different currency but stays as a £ value - Bought an app for your phone, paying through iTunes (for iPhones), Google Wallet or similar (and charges DON’T appear on your mobile bill or pay as you go)



Current and Future Market for PRS 2013

Methodology

2.3 PRS market sizing

Total market size and the breakdown into the different service segments were calculated using a top-down and bottom-up approach.

Top-down: Outpayment figures available from PhonepayPlus have been used to calculate the total market size and the break-down into the main payment types.

We have added to this total an estimate of the revenue from text donations made to dedicated charity shortcodes – since these do not carry revenue share with operators and as such are not part of the PhonepayPlus outpayment data. The estimate is derived from the bottom-up market sizing model; stated spend data in the consumer questionnaire.

Bottom-up: The split of PRS total market size into service categories was done by applying usage frequency, spend and payment channel data from the quantitative consumer study to the market size (outpayments) data. These figures were subsequently adjusted using weightings from the model used in the previous studies, which was derived from desk research and views from members of the industry, where possible

All revenue figures in this report are taken from this.

2.4 Service groupings

This report, like previous market reports, uses a variety of criteria to represent usage of services and payment platforms. The different categories of service have been grouped at a higher level for some analysis, according to the function that they perform, but where appropriate, a more granular form of analysis has been undertaken. Wherever relevant, the service taxonomy has been kept in-line with previous reports, but in places has been refreshed to ensure consistency with market developments. The full detail of services and a summary of the descriptions offered to respondents are outlined in the table below.

Groupings – premium rate services		
Service area	Service type	Description
Information	Directory enquiries	Calling or texting directory enquiries
	Other information	Called an information service line, like a car mechanic, help with computers/software or race tipster line or other information using an 09 number or received paid text alerts for example news or sports alerts or texted information services like bus arrival times
	Other information	Called a customer service, information line or other line for a business starting with 0871
Calling	Call services	Used text, 09 numbers, or a 5-digit shortcode to pay for phone calls, like long distance calling or reverse charge calling that's not directly billed to your regular phone provider
Entertainment	Adult entertainment	All content of a sexual nature, including adult chat and babe/porn type images and video clips on mobile
	Competitions and quizzes	Entered a competition or quiz by text, by calling a number starting with 09 or a 5-digit voice



Current and Future Market for PRS 2013

Methodology

Groupings – premium rate services		
Service area	Service type	Description
		shortcode, by putting your mobile number into a mobile website (Payforit), or using the red button
	Voting and other participation TV	Voted by text, or texted comments to TV or radio show costing more than a normal text, voted on a reality show by calling a phone number starting with 09 or a short code, or by red button
	Flirt/ date/ chat	Flirting, dating or chat services (non-sexual) paid to use on a mobile phone or over the phone
	Gambling, lotteries	Betting, lotteries, scratchcards or gambling paid to use on a mobile phone or over the phone
	Games	Bought a mobile game to use on a mobile phone or over the phone, or something within a mobile game (extra functionality or options)
	Tarot/ astrology/ psychic/ fortune telling	Paid to use on a mobile phone or over the phone
	Other entertainment	Bought music or video for your mobile, downloaded or streamed bought and paid for with your phone, i.e. added to your bill or deducted from your credit
Personalisation/ gifts/ virtual content	Mobile personalisation	Bought a mobile ringtone, ringback tone, wallpaper or a similar digital decoration
	Virtual items and gifts	Used mobile to buy a ‘virtual’ or ‘digital’ gift or tool within an app or game, bought via phone, paid via text message
	Virtual currency	Used mobile to buy online credits/ virtual currency
Payments	Charity donations	Given money to charity via text, red button, or by calling an 09 number or shortcode where the donation is added to a bill or deducted from credit
	Non phone-based content and services	Sent a text to pay for a non-mobile related product or service, e.g. Wi-Fi for your laptop or for access to something on computer or on the TV
		Paid for something not on phone by calling a premium phone line, for example pictures or services on the internet or to bid on something on TV



Current and Future Market for PRS 2012-2013

Overall usage

A: OVERALL USAGE

A1: Usage of PRS and micropayment methods

All consumers that entered the survey were asked about their usage of different payment mechanisms for purchases of digital or virtual goods and services, typically limited to transactions of up to £10 in value. The proportion who claimed to have used each method for purchases of these types are detailed in chart 1 on the following page, and have been divided into PRS and micropayment types. Please note in some cases longer descriptions were provided to respondents, these have been abbreviated in the interests of clarity for the charts.

Amongst the PRS payment methods, sending a text message to pay for a service (mobile originated premium SMS) was the most commonly used method, with 14% of survey entrants reported having done so. Payment via text by entering a mobile number on the web and getting text messages that bill onto your phone bill (mobile terminated premium SMS) was undertaken by fewer (6%). This difference probably reflects the connection between the payment method and the usage of the service itself, which are intertwined in many instances. Usage of text messages as a more general method of payment was less common but may of course change in the future if it encompasses more areas.

Text messages have now overtaken premium lines in terms of their popularity – 12% claimed to have used these compared to 14% mobile originated text. Payment via calls has not declined, to a greater extent because some of the types of services are often uniquely accessed via calls, such as chat lines.

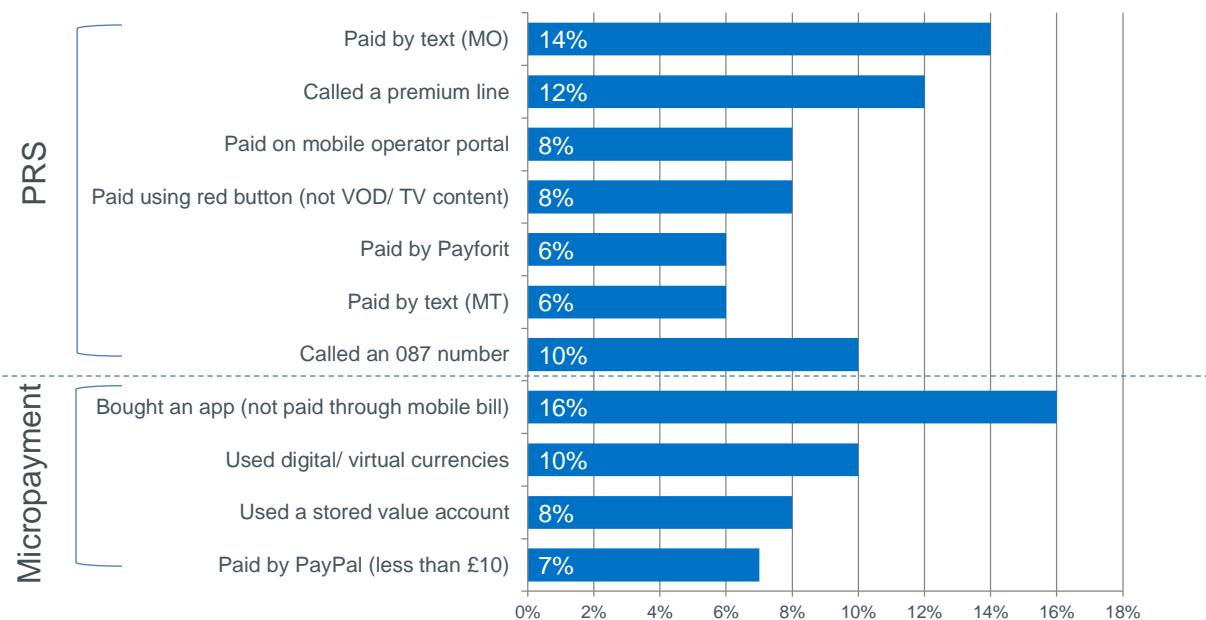
Payment via a mobile operator portal stands at 8%, matched by red button. Usage of Payforit was just below at 6%, similar to mobile terminated text payments. If PRS is to grow over the next few years, it is likely these types of methods which will generate that growth with the possibility of usage for many different types of services, outside the traditional PRS mainstays.

Current and Future Market for PRS 2012-2013

Overall usage

Chart 1

Consumer usage of PRS and micropayment mechanisms



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All entering the survey = 15136 consumers. (MO=mobile originated, MT=mobile terminated). QF

In relation to some types of service, usage of the different micropayment options was often more common than PRS methods. Clear descriptions were provided and examples given of the types of instances where payment via these mechanisms was possible.

Purchases of apps that were not funded via mobile bills were reported by 16% of respondents entering the survey, with 10% having used digital or virtual currencies (such as Facebook credits, PlayStation Points etc. which can be used within the service) and 8% a stored value account online.

We know from other sources that 087 numbers have relatively high penetration rates, and due to their level of usage across a wide range of businesses and services (including many that have low customer engagement) we anticipated a low level of recall associated with 087 numbers compared with other prefixes. Therefore respondents that selected only 087 (and no other PRS) were screened out of the main survey in order to avoid skewing the sample (and also creating low bases for different lesser used service types). Therefore usage of 087 is possibly understated in the above chart (although the revenue figure stated in the next section is taken from industry returns data and is therefore unaffected).



Current and Future Market for PRS 2012-2013

Overall usage

Section B of the report will focus on PRS payments, looking in more detail at the types of services they are used for, the frequency and where applicable the kinds of devices.

Section C will then examine awareness and attitudes to PRS, motivations behind usage and non-usage, pricing clarity and trust. Comparisons with alternative payment methods will be made, from both PRS users' perspective and also those currently using micropayments. Finally in this section, the report will set out any consumer detriment recounted and the usage of the number checker service.

Section D will examine micropayments in terms of overall usage in the context of purchasing digital goods and services. The section also provides insight into consumer attitudes to micropayments and consumer detriment with these ways of paying.



Current and Future Market for PRS 2012-2013

Services accessed using PRS

B: SERVICES ACCESSED USING PRS

B1: Market sizing

Revenues by payment type

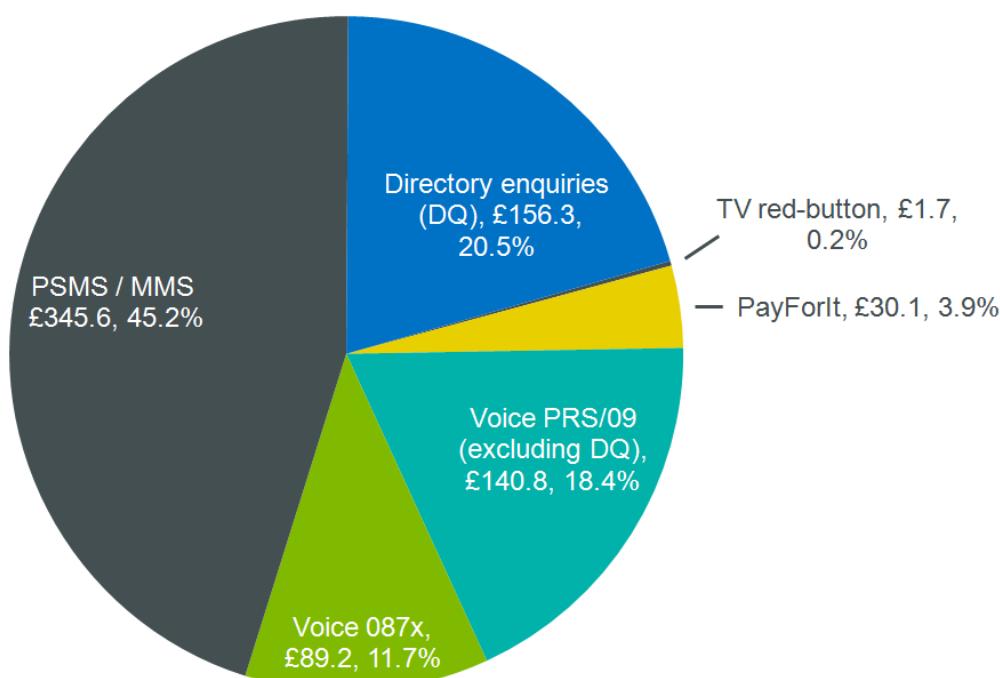
Around one in four of those entering the survey were classified as having purchased using PRS methods and this was consistent with the 2011 research.

Chart 2 below illustrates the total UK estimated premium rate revenues by payment type. Estimates for each individual payment type are calculated by using metrics taken from the PhonepayPlus consumer research to apportion the overall out-payment figures provided by industry to PhonepayPlus. These are further refined by calibration with demographic data from the Office of National Statistics and other sources.

Overall PRS revenues in 2011 were calculated to be £794.2 million (ex VAT). This year the total is £763.8 million, which represents a 3.8% decline. This follows an estimated 2.7% dip from the 2010 figure (of £816.0 million), continuing the downward trend. This total figure is derived from the out-payment figures provided by the industry to PhonepayPlus plus the modelled data for consumer revenue from charity donations which have a zero-rated revenue share. PSMS/ MMS (Premium SMS) is the largest share of revenue at 45.2%, followed by directory enquiries ((DQ), 20.5%).

Chart 2

2012 UK Premium revenues by payment type (mil.)



Source: PRS market sizing for PhonepayPlus. Revenues exclude VAT and are PRS only, i.e. do not include any operator surcharges occurring as a result of PRS activity



Current and Future Market for PRS 2012-2013

Services accessed using PRS

Although overall revenue has dipped, the rate of decline or even the direction of the market is not the same by payment type. Table 1 below shows the summary of revenue year on year broken down by payment type. PSMS/MMS actually bucks the trend and grows by 4%, and Payforit – still a relatively new entrant, accounting for 4% of revenue, is showing impressive growth of 19%. Voice and DQ however, are areas with diminishing revenues.

Table 1

Payment type	2011 (£ millions)	2012 (£ millions)	% change
PSMS/MMS	331.3	345.6	+4%
Directory Enquiries	178.4	156.3	-12%
Voice PRS/ 09 excl. DQ	163.5	140.8	-14%
Voice 087x	93.7	89.2	-5%
Payforit	25.4	30.1	+19%
TV red button	1.9	1.7	-11%
TOTAL	794.2	763.8	-3.8%

B2: Overall usage

In order to determine the proportion of respondents that had used different products and services using PRS payment, respondents were asked the following question.

'How often have you bought or paid to use any of the following in the past six months with the charges being added to your phone bill or deducted from your pay as you go credit?'

Some services where more payment methods are often available were measured in a different way, matching the approach of previous years. Here respondents were initially asked:

'And in the past six months, how often have you bought or paid to use any of the following on your mobile or over the phone?'

Follow-up questions were asked about the exact method of payment – text, phone etc. but the overall measure of PRS usage is taken from the above question.

Chart 3 on the following page illustrates the overall usage (incidence) of each type of PRS paid product or service, showing those recording the highest incidences. In order to obtain an estimate of usage in the population at large, these data are based on those entering the survey, and not PRS users only.

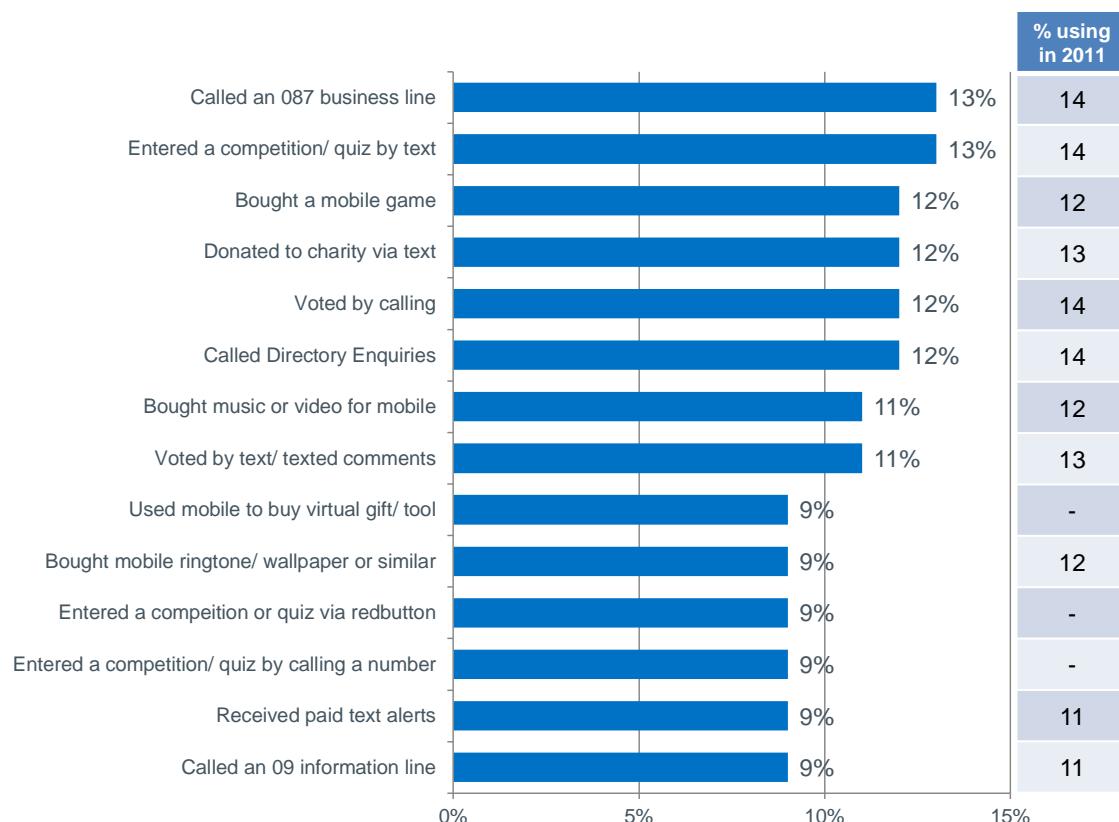
It is important to note that some services are measured at an overall level and not split by individual PRS payment methods, whilst other services are categorised according to a specific payment method. Therefore, the ranking should be viewed as a way of organising the survey information to see how different areas can compare, rather than any outright measure of the MOST used to the LEAST used service or payment method.

Current and Future Market for PRS 2012-2013

Services accessed using PRS

Chart 3

Consumer usage micropayment mechanisms



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All entering the survey = 15136 consumers. (MO=mobile originated, MT=mobile terminated). QF

The most widely used method of PRS is calling an 087 number, along with 'entered a competition/quiz by text'. This is despite an increasing discontent with the usage of premium rate numbers for contacting organisations – for example, a website called saynoto0870.com was set up, to provide alternative contact options to premium rate in addition to 0870 numbers. However, well over one in ten (13%) had 'called an 087 business line.'

Claimed usage of most services was slightly lower (-1 to -3 points) than 2011 for almost all comparable areas. The lone exception to this is 'bought a mobile game' which remained steady at 12%. As the numbers are on the relatively low side (around 10% or under) small variations year on year can make a big difference, so caution should be applied in reading too much into any individual service. That said, the overall pattern is consistent and does tally with the lower revenue data at a market-wide level. However, whilst some services are relatively flat or show decline in the proportion of users, revenue for some (such as gambling) has actually increased, due to an increased average spend amongst each user.

Current and Future Market for PRS 2012-2013

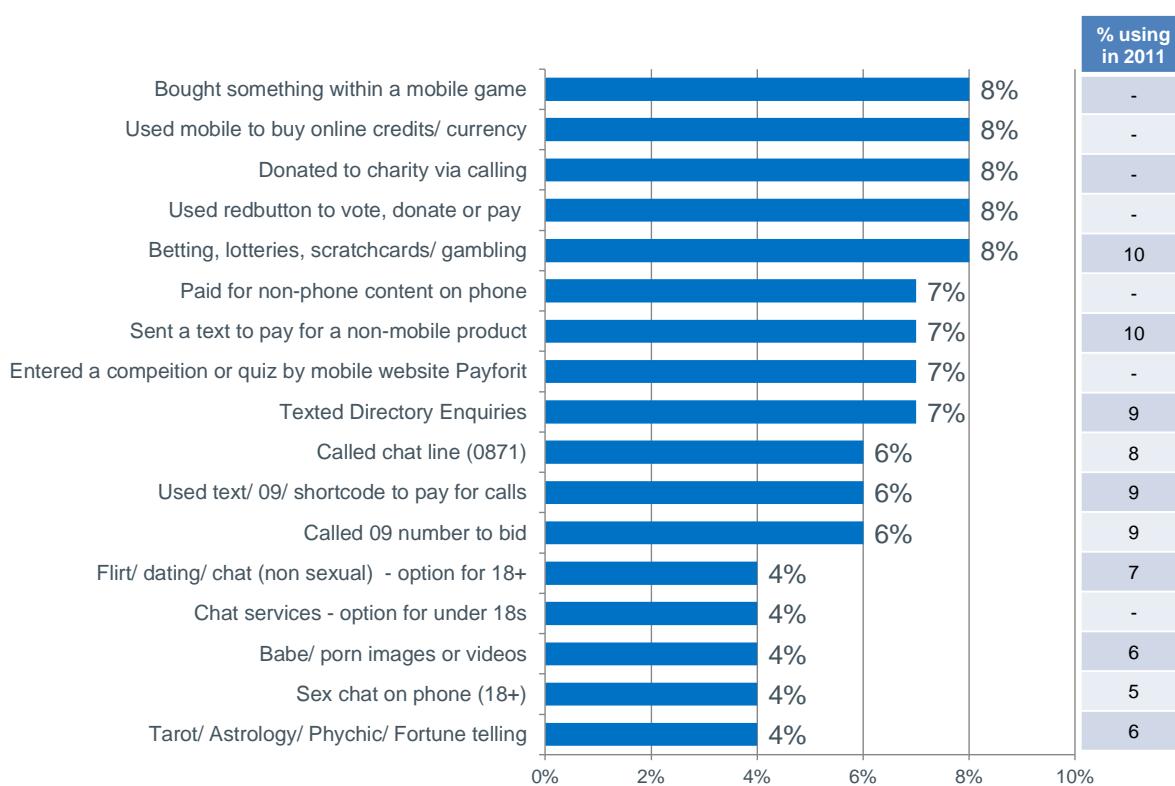
Services accessed using PRS

The rank order of services is relatively similar, however, 'voting via calling' and 'called directory enquiries' are overtaken by 'mobile game' and 'text charity donations'. As shown in Chart 4 below, services accessed by those with more 'niche' information or service requirements have lower penetration levels. These include 'chat services', 'babe/porn images or videos', 'sex chat' or 'tarot, astrology, psychic or fortune telling' (4% apiece). Like almost all areas, these dip year on year, and have come under pressure from the growth in free online alternatives.

However, it should be noted that consumers are thought to under-report some areas of PRS usage, especially adult entertainment. Looking at other research undertaken by BDRC Continental on sensitive topics (including a detailed study on digital content piracy, and other unpublished research) we would estimate 'genuine' usage figures may be two to three times as high for some adult services. In line with previous years' reports, a similar weighting has been applied to produce the revenue figures here for adult entertainment.

'Betting, lotteries, scratch cards and gambling', perhaps more mainstream (or less likely to be under reported) activities had a slightly higher incidence at 8%.

Chart 4
Consumer usage micropayment mechanisms



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All entering the survey = 15136 consumers. (MO=mobile originated, MT=mobile terminated). QF



Current and Future Market for PRS 2012-2013

Services accessed using PRS

Since 2011, where comparisons can be drawn, there is often a reduction in the proportion claiming to have used the service and/or purchase method. This is often fairly slight – 1 or 2 points, but is consistent across the board and is consistent with the revenue data in indicating a decline in the overall market.

De-coupling – the separation of the content delivery and payment mechanism – means there are now a multitude of different payment methods for virtual goods and services. This opens up opportunities for PRS payment in new areas (e.g. parking), but does mean PRS payment is under threat, even in areas where it has previously dominated. The consumer perception of PRS payment versus other payment methods is therefore very important.

There are some advantages and disadvantages seen by consumers for PRS payment versus other mechanisms. This report explores attitudes towards some alternative payment methods that PRS users might also use or consider using. See section C7 onwards for more detail.

B3: Market value by service type

Chart 5 on the following page indicates the relative size of the different services (as derived from the modelled data as described in Section 2.2).

The overall market in 2012 has declined slightly since 2011, however, some areas are flat and others are in fact showing growth. Gambling/lotteries is the sector that shows the greatest increase, rising by 50% to £58.7m.

Directory enquires and adult entertainment remain the largest sectors, however, they are the two sectors that have shown the greatest decline. These are two areas that are particularly affected by the proliferation of other ways to access these services (usually for free) principally via the internet. As noted in a depth interview with one supplier:

“Basically a lot of money used to be made in adult content but it’s less popular now and people have gravitated to mobile and away from fixed line. There are more capabilities with mobile. You have live chat/cameras so why would you just use voice on your landline?”

Despite the low proportion of consumers stating they use adult entertainment (as seen above in Chart 4), it is clear that it remains a very significant segment for PRS revenue. Although fewer people use it than many other services, those that do use it do so more frequently (Chart 8), and have a higher spend per user than users of other services.

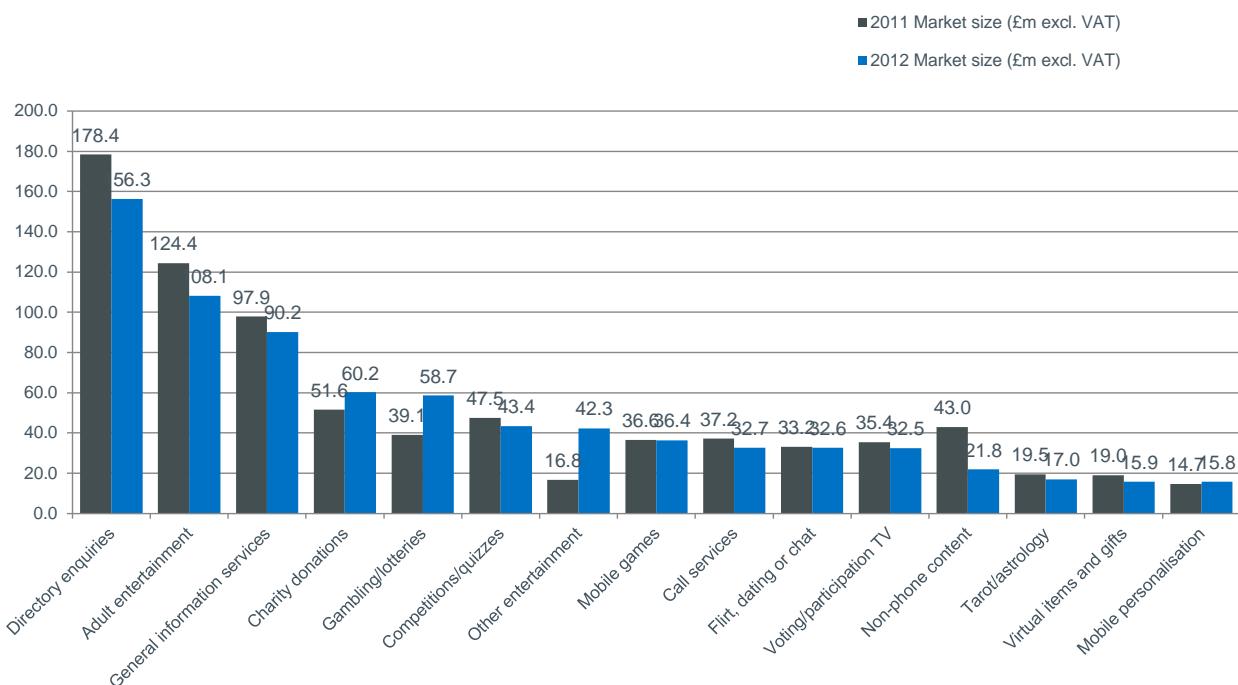


Current and Future Market for PRS 2012-2013

Services accessed using PRS

Chart 5

Consumer usage micropayment mechanisms



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All entering the survey = 15136 consumers. (MO=mobile originated, MT=mobile terminated). QF

Current and Future Market for PRS 2012-2013

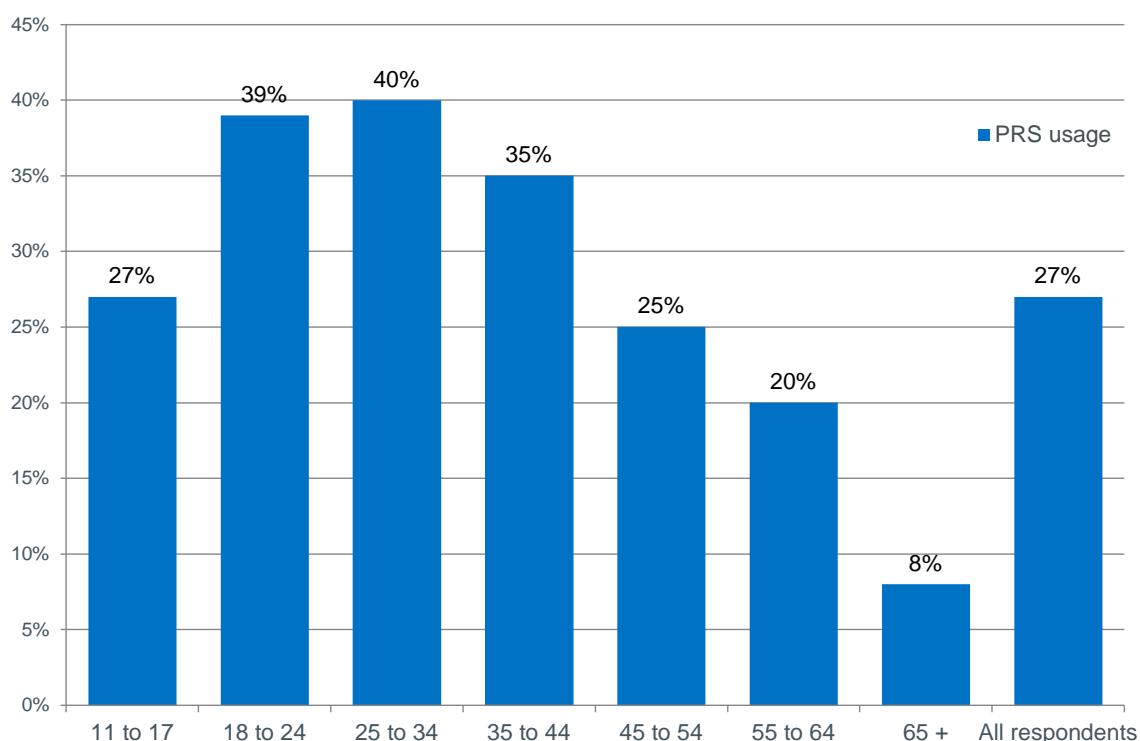
Services accessed using PRS

B4: Age profile of service users

Across the range of PRS that consumers were asked about, usage of PRS typically peaks amongst those in the 18 to 34 age groups, declining to negligible usage amongst the 65+ age group. This pattern is illustrated in Chart 6 below.

Chart 6

Consumer PRS users by age



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All 15136 entering the survey. QF by age

Current and Future Market for PRS 2012-2013

Services accessed using PRS

B5: Frequency of purchase amongst service users

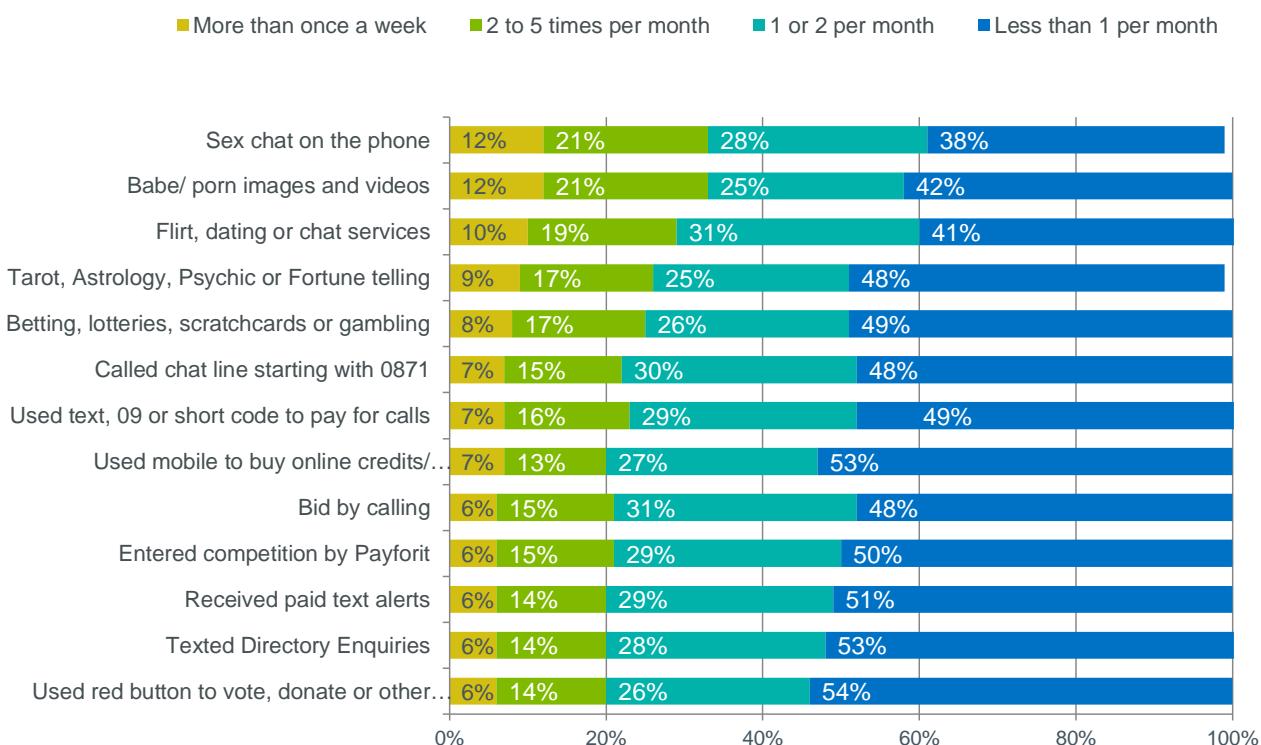
Chart 7 and Chart 8 on the following page illustrate the frequency of using and paying for each type of service amongst those who have purchased in the last six months. The data are ranked according to the usage frequency of 'more than once a week.'

As previously noted, some of the areas measured aggregate payment methods for a given type of service and others are categories of service with only one of the payment methods. Therefore, whilst a rank order is useful to see any patterns in frequency, caution should be applied in drawing conclusions over what are the 'most' and 'least' frequently accessed services via PRS.

Chart 7 below shows the services and payment methods with the highest proportions of consumers using a service 'more than once a week'. As reported in previously published PhonepayPlus Annual Market Reviews, revenue for many of the less commonly used services is relatively high in part due to regular usage, with service categories such as 'sex chat on the phone' and 'babe/porn images and videos', 'flirt dating and chat services' and 'tarot, astrology, psychic or fortune telling' used more than once a week by around one in ten users.

It should be noted that we believe there is significant underreporting of the incidence of use of adult services, but the data below suggests that those who stated that they use sexual entertainment services are probably relatively candid when it comes to frequency of usage.

Chart 7
Frequency of purchase amongst service users (most frequent)



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Data is based on users and therefore differs by service, in order from top to bottom as follows: 489/ 500/ 583/ 616/ 1123/ 868/ 917/ 1202/ 905/ 1002/ 1374/ 1038/ 1207. PRS1a/2a

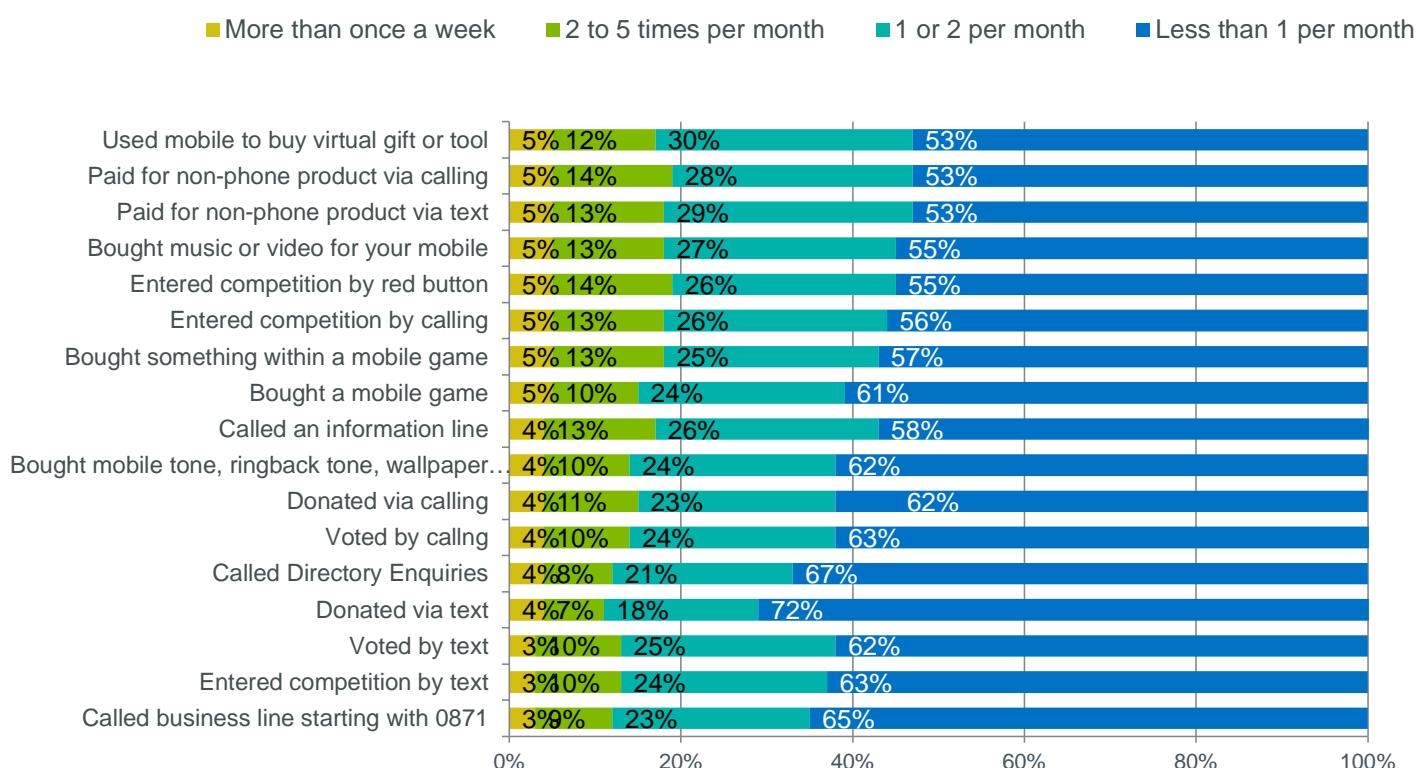
Current and Future Market for PRS 2012-2013

Services accessed using PRS

Conversely, some of the areas with the highest overall level of usage amongst all consumers, such as 'called business line starting with 0871', 'entering a competition by text' and 'donating by text' were used less frequently used (amongst those that do use them). These are shown in chart 8 below.

Chart 8

Frequency of purchase amongst service users (less frequent)



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Data is based on users and therefore bases differ by service, in order from top to bottom as follows: : 1332/ 1016/ 104/ 1704/1317/ 1310/1264/ 1786/ 1365/ 1428/ 1247/ 1860/ 1768/ 184/ 1726/ 1945/ 1980. PRS1a/ 2a

Current and Future Market for PRS 2012-2013

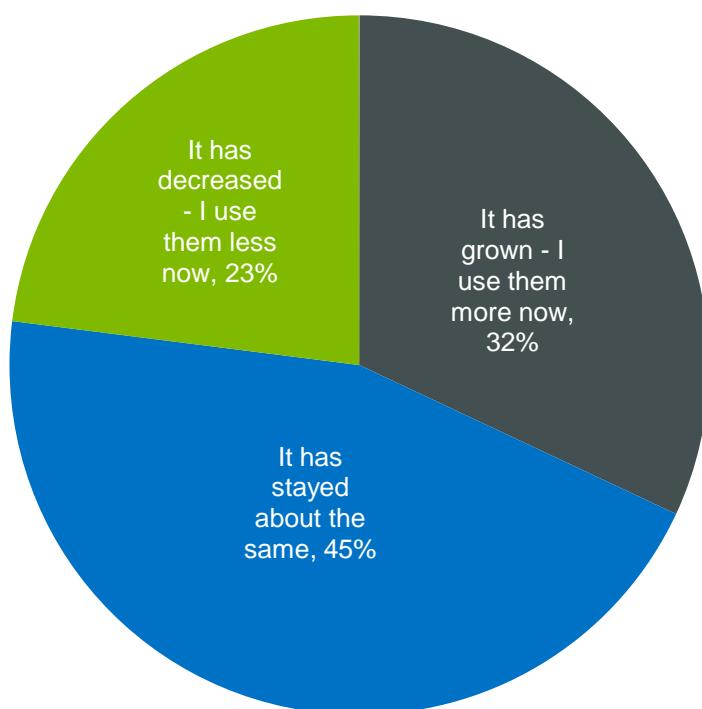
Services accessed using PRS

B6: Comparative usage

Respondents were asked how their usage levels of PRS services in the last six months compared to the previous six. As illustrated in Chart 9 below, for 45% of PRS users, usage levels were similar to the previous 6 months, but a third (32%) report an increase, and almost a quarter, a decrease (23%). This is similar to the picture in the 2011 report, although the 'stayed the same' segment has developed (+5 points) at the expense of 'grown' (-5 points).

Chart 9

PRS users' level of PRS use in past six months compared with the previous six months



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 3,801 current PRS users. PRS5a

It should be noted that those who had stopped using PRS services completely would not have qualified for the survey.

Current and Future Market for PRS 2012-2013

Services accessed using PRS

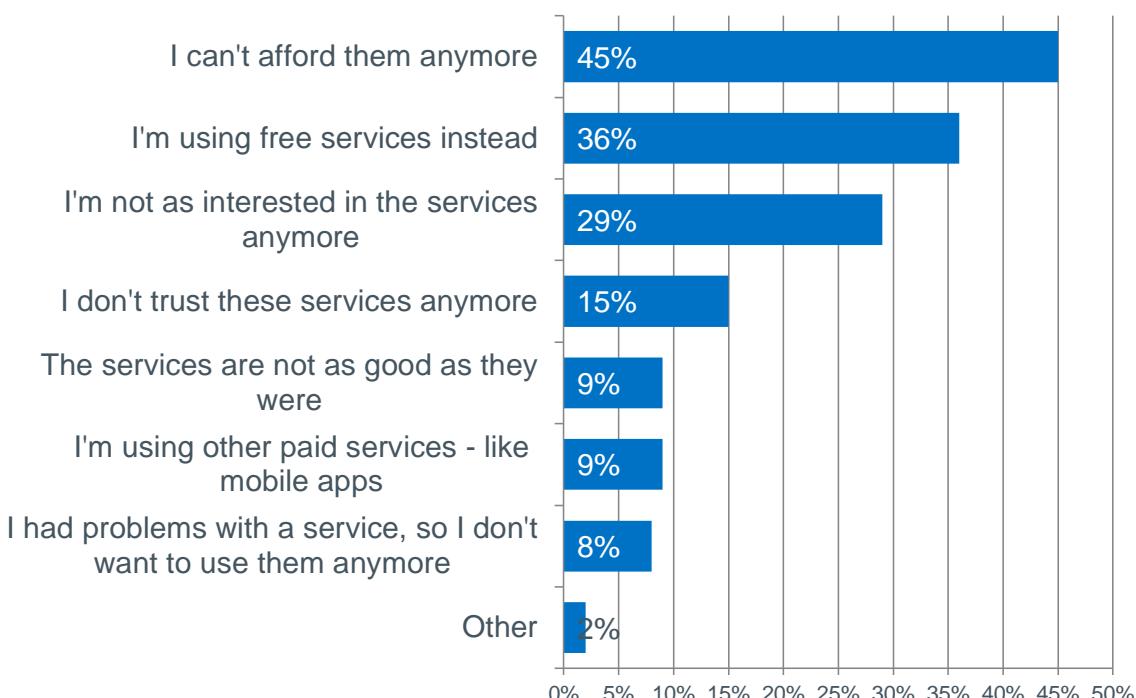
Those PRS users who reported a decline in their PRS usage were asked why that was. The results are shown in chart 10 below. The economic climate still continues to bite and as a result 45% of PRS users said that they were 'unable to afford them anymore', and on a related note, 36% were 'using free services instead.' A lack of trust was a factor for a minority (15%), and others had turned away because of problems with the services (8%). Alternative paid services such as apps were used by 9%, and the same proportion felt that the PRS available were not as good as they had been.

Interestingly, not being able to 'afford' services is more of an issue than in 2011, where the proportion claiming this was driving their decline in PRS usage stood at 38% compared to 45% in 2013.

The proportions indicating that they are 'using free services instead' or that 'don't trust these services anymore' are in line with 2011 figures.

Chart 10

Reasons for decline in PRS usage



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 864 current PRS users who said they were using services less in the past six months compared to the preceding six months.
PRS5b



Current and Future Market for PRS 2012-2013

Services accessed using PRS

B7: Services where several payment options are available

Overview

Some types of products and services commonly paid for by PRS can also be purchased using other methods. There are also different payment platforms of PRS available for the same services. Many services that once were exclusively or predominately purchased by phone can now be purchased via other methods (e.g. adult chat can be paid for by credit/debit card as well as phone paid).

Related to this, there are sometimes several types of PRS payment that can be used to pay for the same service (for example text, voice call and red button can all be used to pay for a vote on a TV show).

Once it was established that PRS respondents had used the service in the last six months and had paid to use it on their mobile or over the phone, respondents were asked how they had paid for them. To gain further insight into these services, respondents using a service were also asked on what type of device they had used to access it. The products in question are described below and detailed in the following sections.

- Tarot, Astrology, Psychic or Fortune Telling services
- Betting, lotteries, scratch cards or gambling
- Flirt, dating or chat services
- Music or video for mobile
- A mobile game
- Something within a mobile game
- Sex chat on the phone
- Babe/porn type images/videos

As mentioned, many of the traditional services paid for by PRS are now more often than not being paid for by credit or debit card, and this is the most used payment method for the majority of services asked about. However, for 'Tarot, Astrology, Psychic or Fortune Telling services' text payment was the equal most common method, and it was also relatively strong for 'Flirt, dating or chat services' as well as adult entertainment, and gambling services.

Platform proliferation is also evident as many services are accessed via a number of platforms, especially smartphones and laptops.



Current and Future Market for PRS 2012-2013

Services accessed using PRS

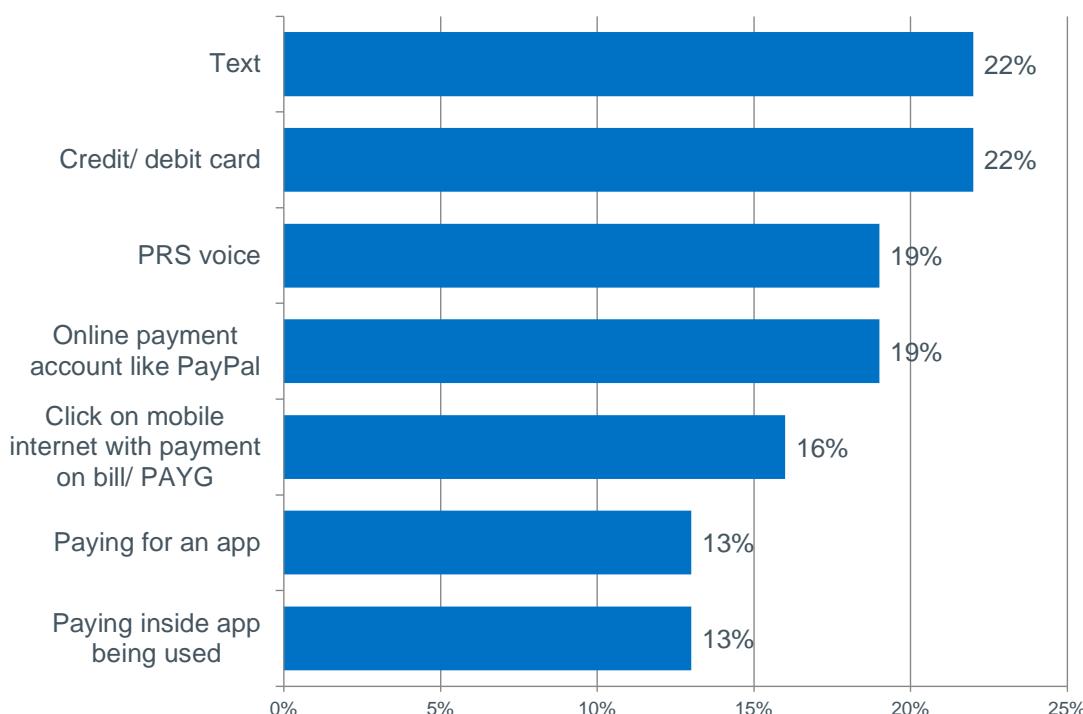
Tarot, Astrology, Psychic or Fortune Telling services

A minority (4%) of those entering the survey had used 'tarot, astrology, psychic or fortune telling' services; one of the least used services. Around half of users purchased these services once a month or more frequently, and one in ten did so more than once a week.

As shown in Chart 11 below, text was the joint most popular method of payment, used by 22% of those purchasing 'Tarot, astrology, psychic or fortune telling' services to use on their phone. This is perhaps because the type of content provided can easily be consumed in this format. However, other payment methods are also widely used, indeed credit or debit card matches text payment (22%), and exceeds voice PRS payment (19%).

Online payment (19%) and payment via apps (13%) were other non-PRS methods which were reported as used. Indeed online payment matched PRS voice and surpasses 'click on mobile internet...' (16%).

Chart 11
Payment methods used – tarot, astrology, psychic or fortune telling



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: Users of above service (616).

PRS2b

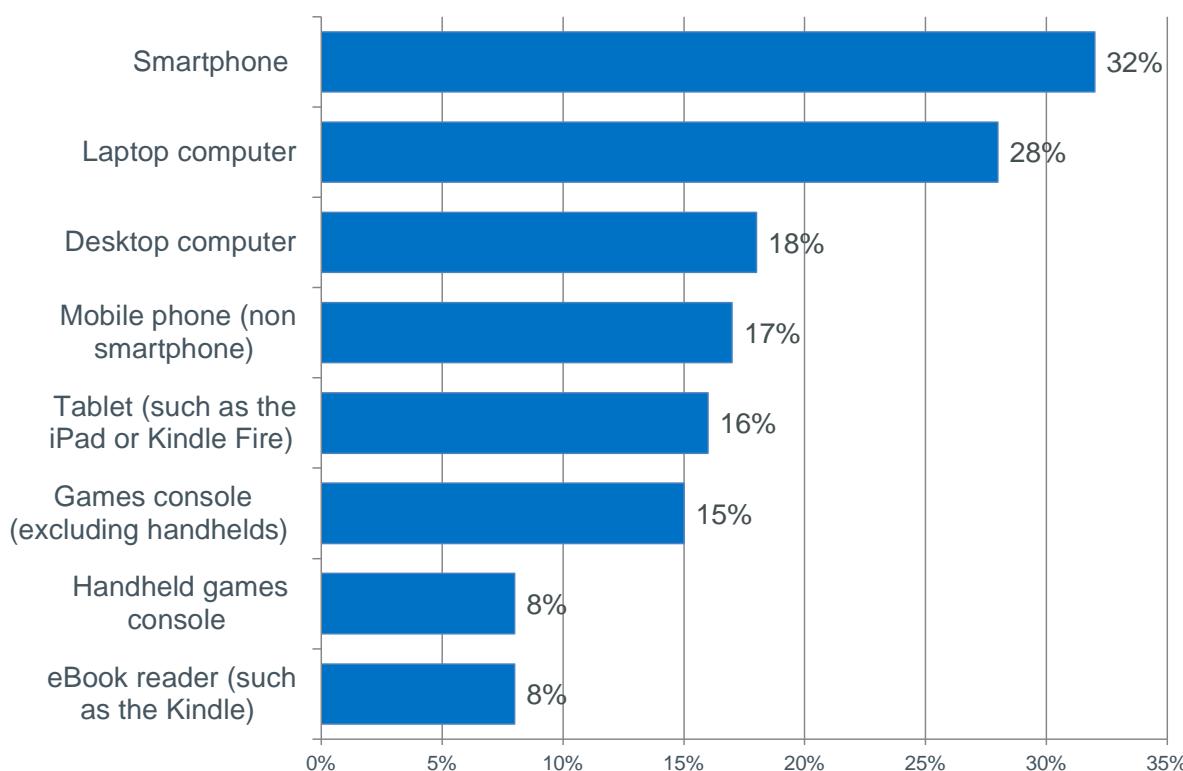
Current and Future Market for PRS 2012-2013

Services accessed using PRS

Those purchasing or using 'tarot, astrology, psychic or fortune telling' to use on their mobile or phone were also asked which devices they used to access this type of content. As shown in Chart 12 below, smartphones were the most used at 32% with non-smart mobiles used by slightly over half that proportion (17%). Laptop usage (28%) was just behind smartphones.

Female users were more likely to access these services via smartphones than their male counterparts (37% vs. 27%), whose usage was reported to be higher via games consoles (19% vs. 9%). In terms of age differences, laptop computers were more often stated as a means of access by those in the 18-24 and 25-34 age groups than the 35-44 (30%, 31% vs. 19%), and yet actual ownership levels in those age groups were similar.

Chart 12
Devices used to access – tarot, astrology, psychic or fortune telling



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (616). PRS7D

Current and Future Market for PRS 2012-2013

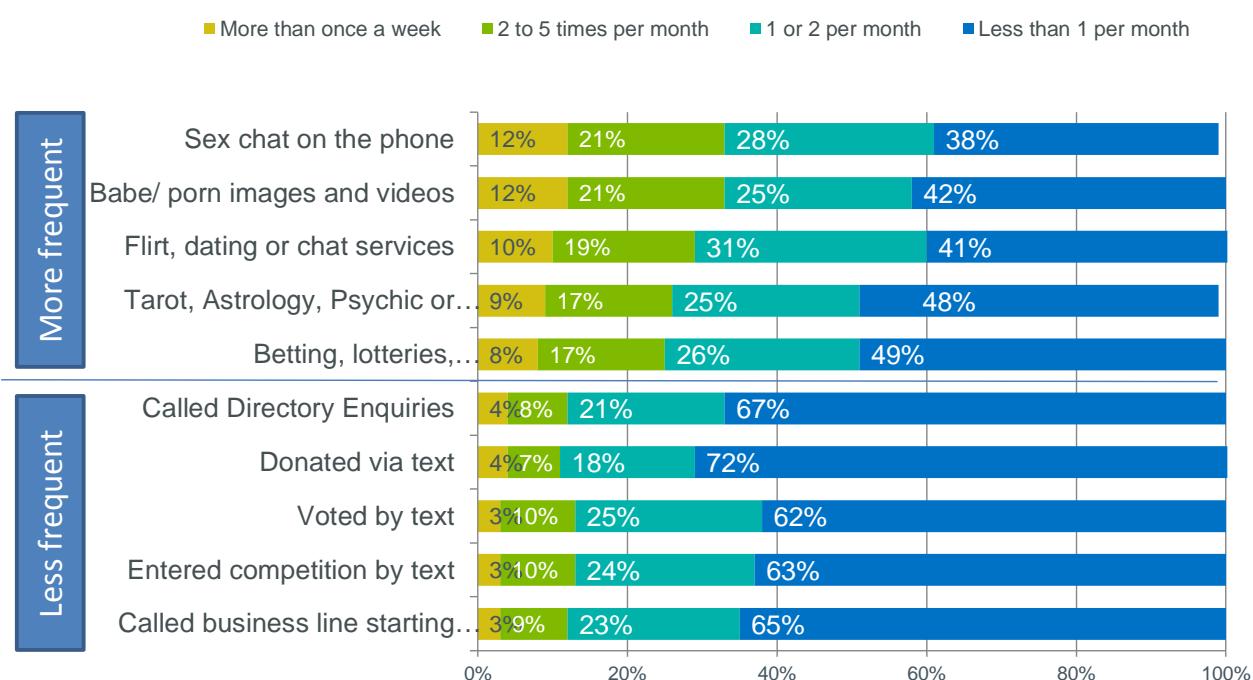
Services accessed using PRS

Flirt, chat and date

Flirt, chat (non-sexual) or dating services were bought or paid to use on mobile/over the phone by 4% of those aged 18 or over, and the proportion of under 18s using 'chat services' was similar at 4%. The options were separated in the survey along with others to ensure descriptions were age-appropriate. The proportion of people using them was at the lower end of the scale, although it is worth noting that there might reasonably be expected to be a degree of under-claim for usage of these services.

Amongst users, frequency of usage for these types of services tends to be at the higher end of the scale (compared to users of other services), with three in five (60%) using at least once per month, and one in ten more than once a week. This places these services at the more frequently purchased end of the scale, with other services with greater overall penetration less frequently accessed by users. The same pattern can also be observed for related services, namely adult chat (see Chart 13).

Chart 13
Frequency of purchase amongst service users (top 5/ bottom 5)



Source: PhonepayPlus quantitative consumer study, March 2013. Base: 489/ 500/ 583/ 616/ 1123/ 868/ 917/ 1202/ 905/ 1002/ 1374/ 1038/ 1207. PRS1a/2a

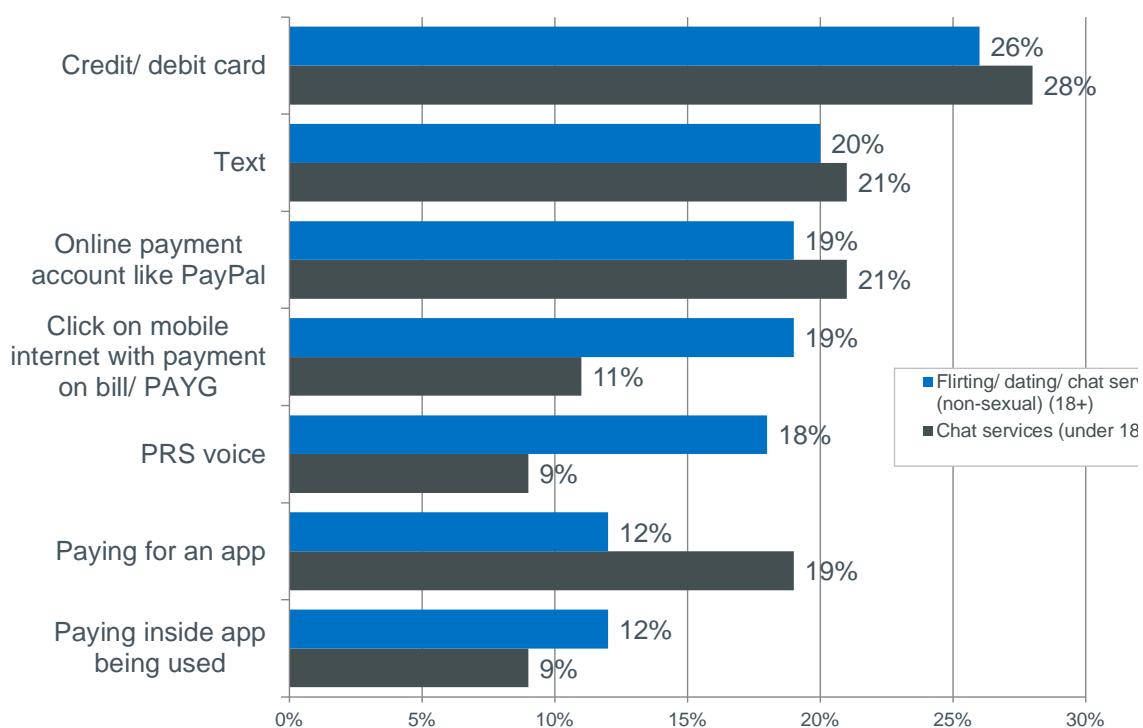
Current and Future Market for PRS 2012-2013

Services accessed using PRS

As shown in Chart 14 below, methods of payment for flirt, dating and chat (non-sexual), encompassed PRS, micropayment and credit/debit card. Credit/debit card was the most used method of payment (26%). Text payment was the top PRS mechanism (20%), just exceeding 'online payment method' (19%) and 'click on mobile internet' (Payforit) (19%), and PRS voice (18%). Payment for apps and through apps was less common at 12% apiece.

Texting to pay and PRS voice were used to a greater extent amongst 18-24 year olds compared to older age bands, compared to 25-34s and 35-44s (28% vs. 17% and 25% vs. 18% and 16%). Credit or debit cards were used to a greater degree by the 35-44 age band (34% vs. 22% 18-24, 24% 25-34). This could suggest that access (or interest in access) to credit cards is more limited amongst the younger age bands, but also that companies offering such services via PRS are more effective at targeting a younger audience.

Chart 14
Payment methods used – flirt, dating and chat (non-sexual)



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (*57 – low base/ 583). PRS2b

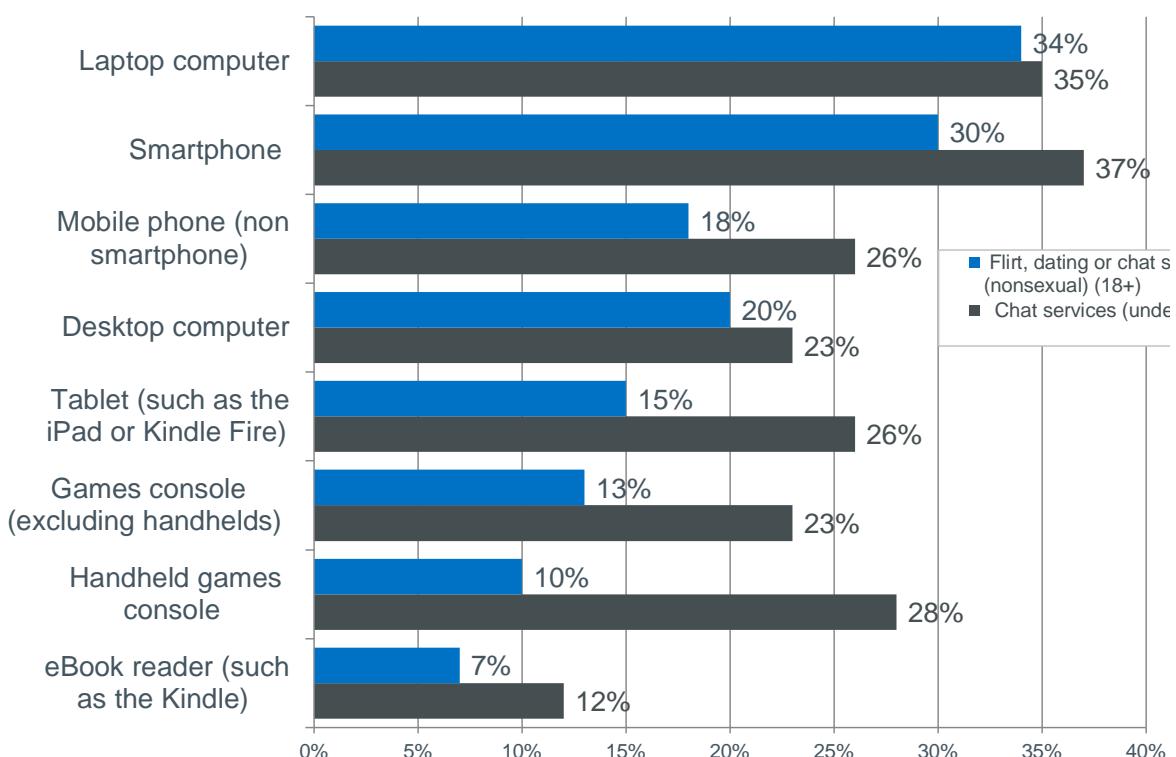


Current and Future Market for PRS 2012-2013

Services accessed using PRS

Those who had bought or paid to use flirt, dating, or chat services on their mobile/over the phone were asked what devices they had used to **access** these services. As shown in Chart 15 below, a laptop computer was the most common vehicle (34%), presumably for online dating, with smartphone close behind (30%). Smartphones, which will be used for both voice and online services, were more commonly used than non-smart mobiles (30% smart, 18% non-smart).

Chart 15
Devices used to access – flirt, dating and chat (non-sexual)



Data relates to claimed consumer usage in the previous 6 months

*Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (*57 low base/ 583)*

PRS7D



Current and Future Market for PRS 2012-2013

Services accessed using PRS

Music or video

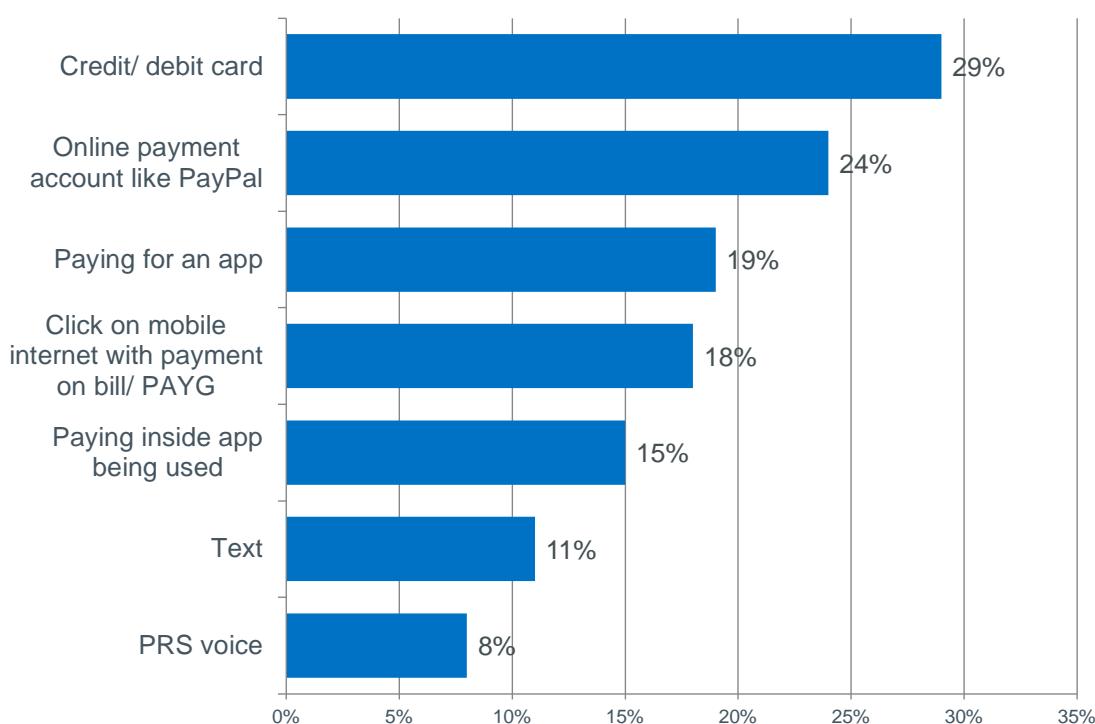
Of respondents, 11% bought music or video for their mobile – either downloaded or streamed.

For the majority of these (55%), music or video purchases for mobiles were a low frequency activity (less than once per month). Usage frequency by the remainder of users was mostly in the 1-2 times per month range (27%), whilst 5% of those who had used such a service had purchased more often than once a week.

As shown in Chart 16 below, when asked what methods of payment had been used to purchase, credit/debit card was top (29%) with text and PRS voice at the other end of the scale (11% and 8% respectively). The most used PRS method was in fact 'click on mobile internet...e.g. Payforit' at 18%.

Chart 16

Payment methods used – music or video on mobile



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: Users of above service (1704).

PRS2b



Current and Future Market for PRS 2012-2013

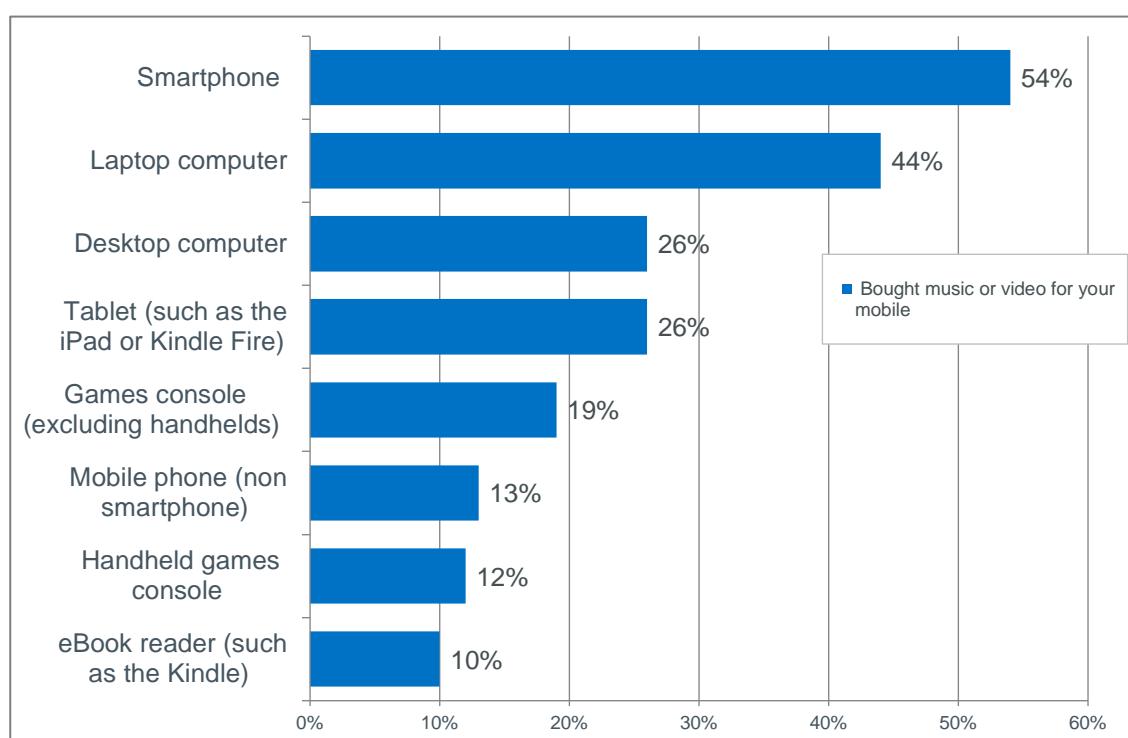
Services accessed using PRS

Smartphones were the most-used devices to obtain music or video. Over half (54%) of those accessing these services did so this in this way (see chart 17 below). However, (due in part to the high level of multiple devices owned by respondents) there was also significant usage across more than one platform. Music is often used across multiple platforms by the same user (more so than for other services). Smartphone usage was followed by laptops (44%) and desktop computers (26%). Tablets (26%), games consoles (19%) and standard mobiles (13%) (amongst others) were used.

Males were more likely than females to purchase music or video via tablets (28% vs. 24%) and desktop computers (28% vs. 23%) and are more likely to own the latter. Conversely, usage by females is higher for smartphones (57% vs. 52%) whereas ownership is similar indicating there may be some preference in play here.

Tablets were more commonly used to access music or video by respondents in the 25-44 age bands (27% of 25-34s and 32% of 35-44s), compared to 18-24s (20%). At least **some** of this difference will be accounted for by elevated ownership levels of tablets at 44% for 18-24 compared to 49% and 50% for the older age bands respectively.

Chart 17
Devices used to access – music or video



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (1,704). PRS7D

Current and Future Market for PRS 2012-2013

Services accessed using PRS

Gaming

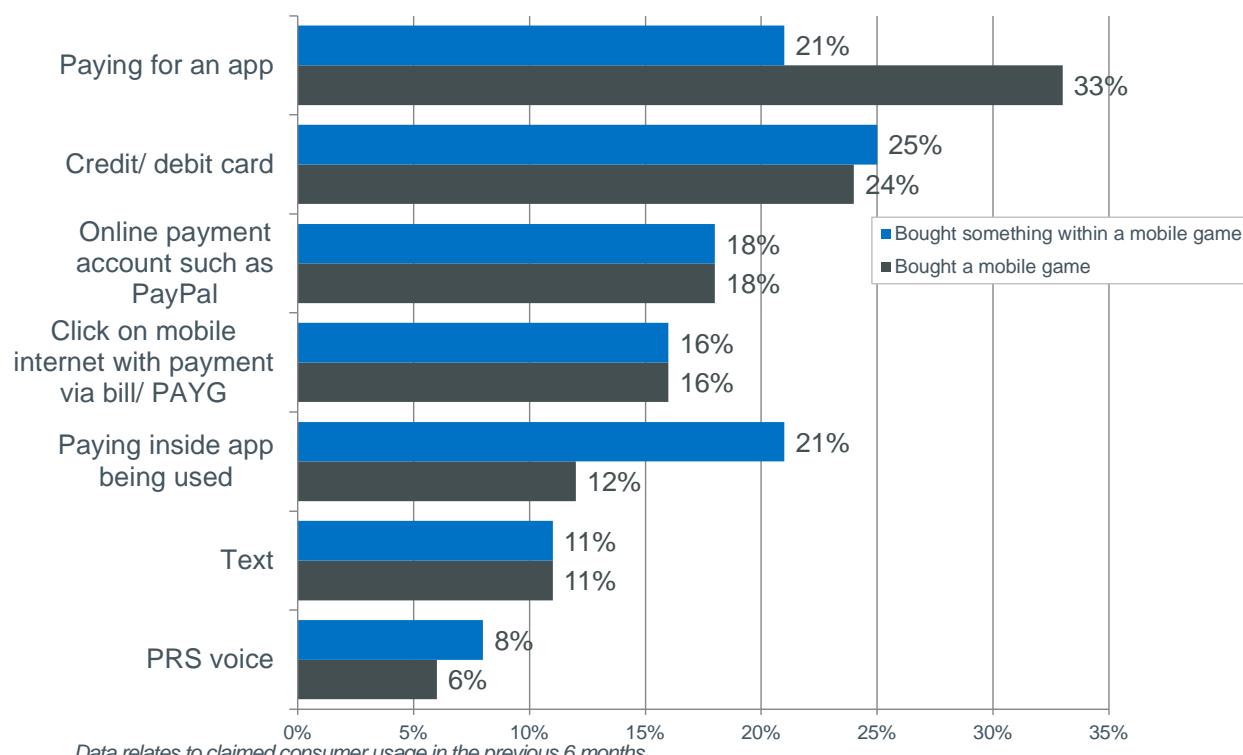
Purchases of mobile games are one of the services with higher penetration rates. Over one in ten (12%) claimed they had purchased a mobile game. Purchases of additional functionality within a mobile game were cited by 8%. Frequency of purchase was similar for both options, with 39% purchasing games and 43% purchasing items within games more than once per month.

Propelled by the proliferation of smartphone games, mobile gaming has become incredibly popular, reaching beyond the core gamer age groups. However, whilst there is some recorded usage amongst those aged 55 or more, it is still very much a minority, indicating that paid-for content amongst the older age groups has not yet become established.

Those that had bought or paid to use a mobile game or additional functionality were asked what methods had been used to pay for them. As shown in chart 18 below, apps were most often identified as the method of purchase for actual games (33%), ahead of credit/ debit card (24%). A slightly different pattern was evident for those purchasing something within a mobile game, as here incidence of purchase via credit/ debit card, and paying for an app or inside an app were very similar (25%, 21%, 21%).

It was the youngest users (11-15 year olds) which were most likely to use Payforit (clicking to buying on the mobile internet with payment via phone bill/ PAYG) at 21%, significantly more likely to do so compared to 25-34 year olds (14%).

Chart 18
Payment methods used – mobile games/ item in game



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (1,264, 1786). PRSTD



Current and Future Market for PRS 2012-2013

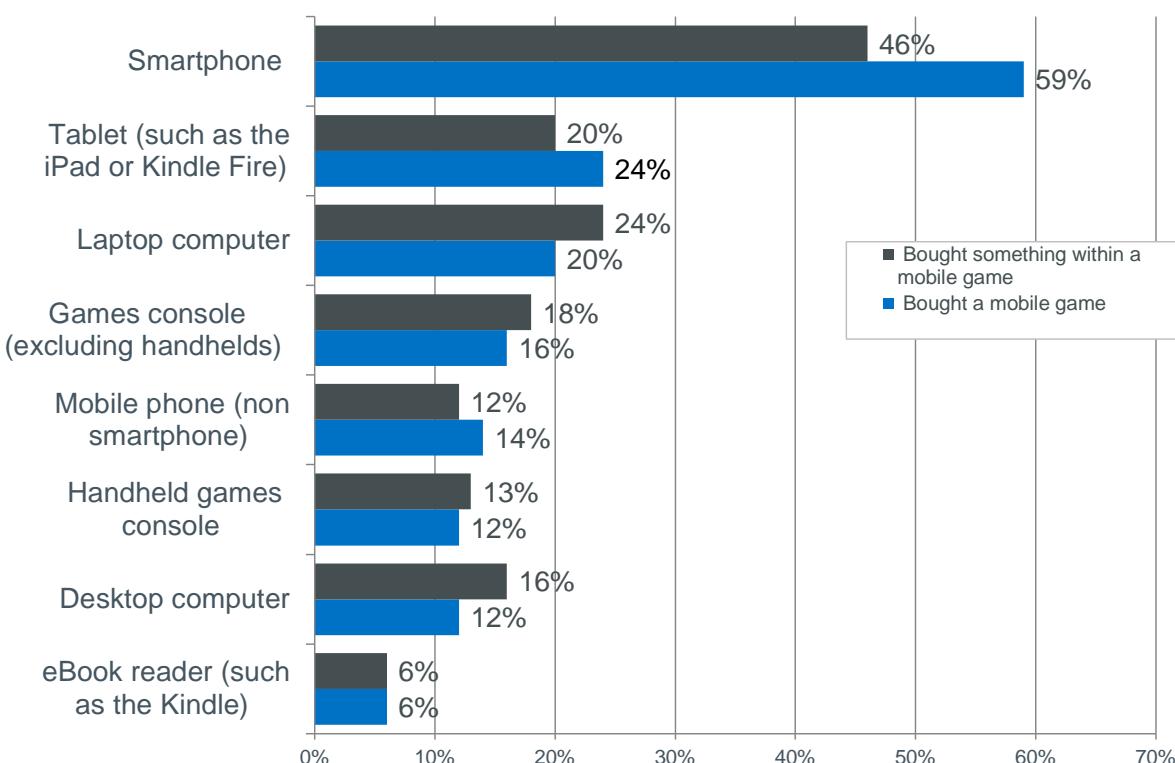
Services accessed using PRS

Chart 19 below shows the devices used to purchase mobile games and items within games. Smartphones were naturally top here particularly for purchasing a game – 59% of game purchasers doing so via smartphone.

Males were more likely than females to use laptop computers (23% vs. 18%), games consoles (18% vs. 14%) and desktop computers (14% vs. 11%) for purchasing a mobile game. The higher ownership amongst males of desktop computers (63%, compared to 51% of females) and games consoles (62% vs. 57%) will likely account for some of this difference.

Chart 19

Devices used to access – mobile games/ item in game



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (1,264, 1786). PRS7D



Current and Future Market for PRS 2012-2013

Services accessed using PRS

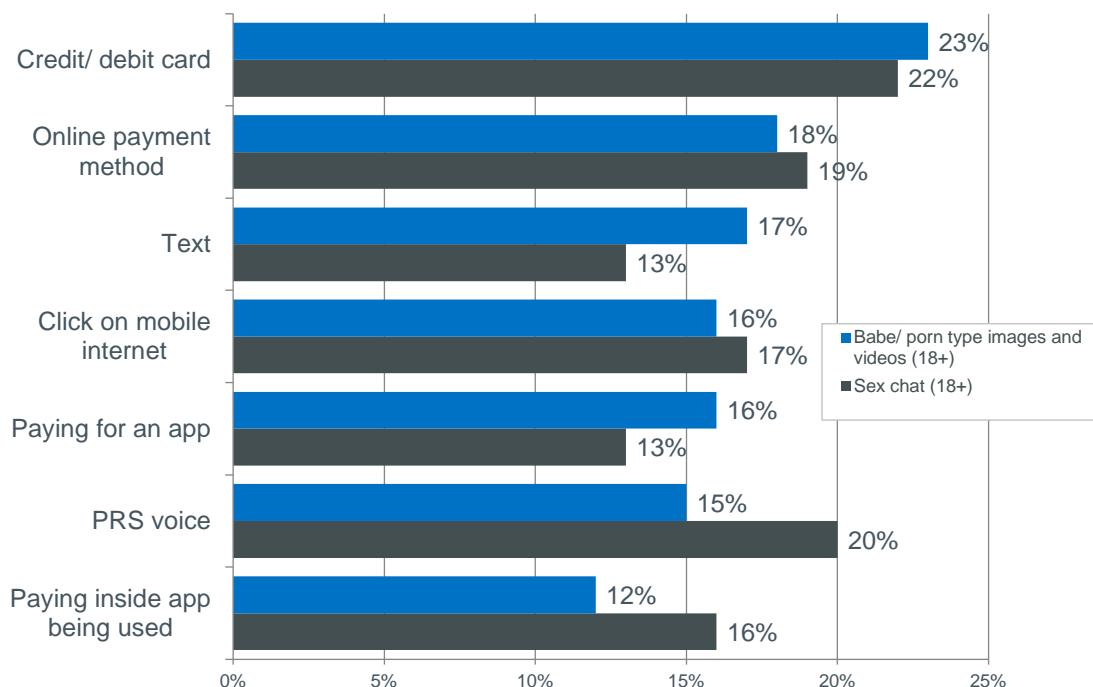
Adult entertainment

Adult entertainment services such as 'sex chat on the phone' and 'babe/porn images or clips' were accessed by a small minority (4%). This proportion doubles amongst the 18-24 and 35-44 age groups. It is likely that there is considerable under-claim in usage (amongst all groups), with some respondents reluctant to admit that they use these types of services.

Whilst at the lower end of the scale in terms of overall usage, frequency amongst users is another story, with a third of users purchasing these at least twice a month.

Consumers who had bought or paid to use adult images or chat on their mobile or over the phone were asked what methods had been used to pay for these services. As shown in chart 20 below, the top PRS method for purchasing babe/porn images was text (17%), whereas for sex chat, PRS voice was more common (20%). However, for both types of adult content, credit/ debit card was the most used means of payment (23% babe/ porn images/ videos, 22% sex chat). This may be due to higher spend per transaction for these services, and may also be due to a greater degree of anonymity.

Chart 20
Payment methods used – adult entertainment



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (500 / 489). PRS2b



Current and Future Market for PRS 2012-2013

Services accessed using PRS

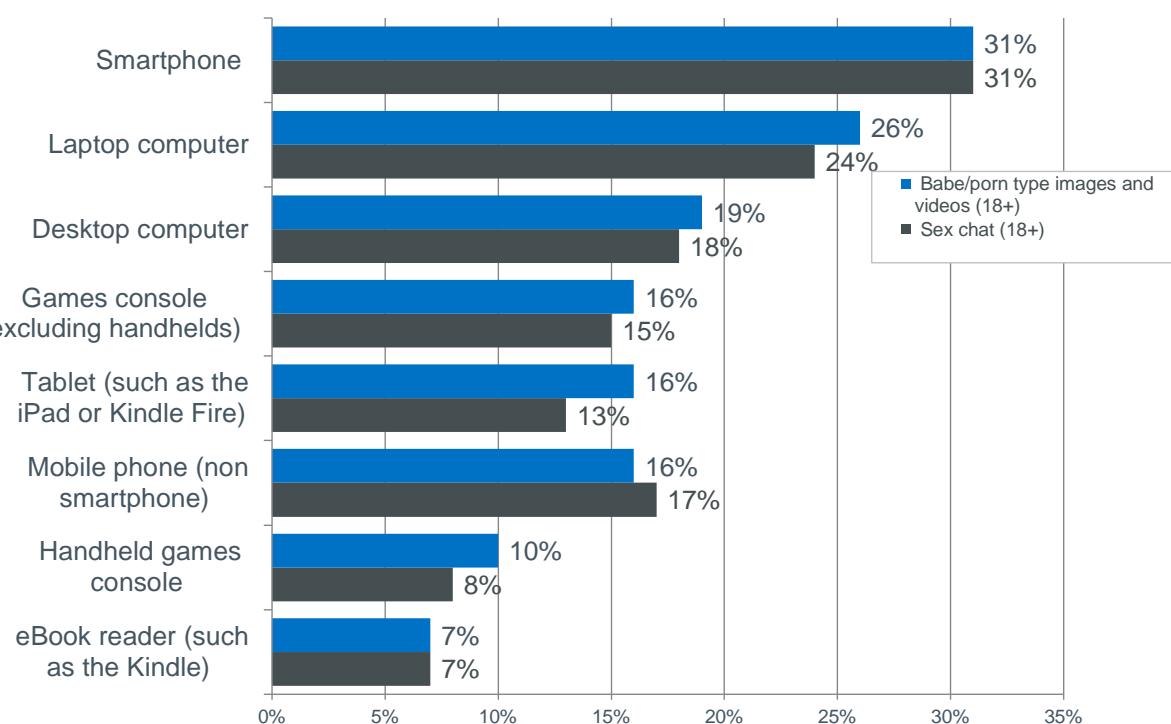
As shown in Chart 21 below, just under a third (31%) of the adult entertainment consumers in the survey accessed these services through their smartphones. Laptop computers were also commonly used (26% babe/porn images/videos, 24% sex chat), as well as desktop computers (19%, 18%). Standard (non-smart) mobile phones were used by around half the proportions using the smart versions (16% and 17% for images and chat respectively).

Desktop computer usage peaked at 26% amongst the 35-44 age group for images/videos, compared to 18% of 18-24s and 16% of 25-34s. A greater proportion of 35-44 year olds (57% vs. 52% of 18-24s) own such devices, which will account for some but not all of the difference.

Handheld games consoles were more commonly used for accessing babe/porn images/videos by those in the 18-24 age band (14%) than users aged 35-44 (4%).

Chart 21

Devices used to access – sex chat on phone and mobile adult images and videos



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (500 / 489). PRS7D

Current and Future Market for PRS 2012-2013

Services accessed using PRS

Betting, lotteries, scratch cards and gambling

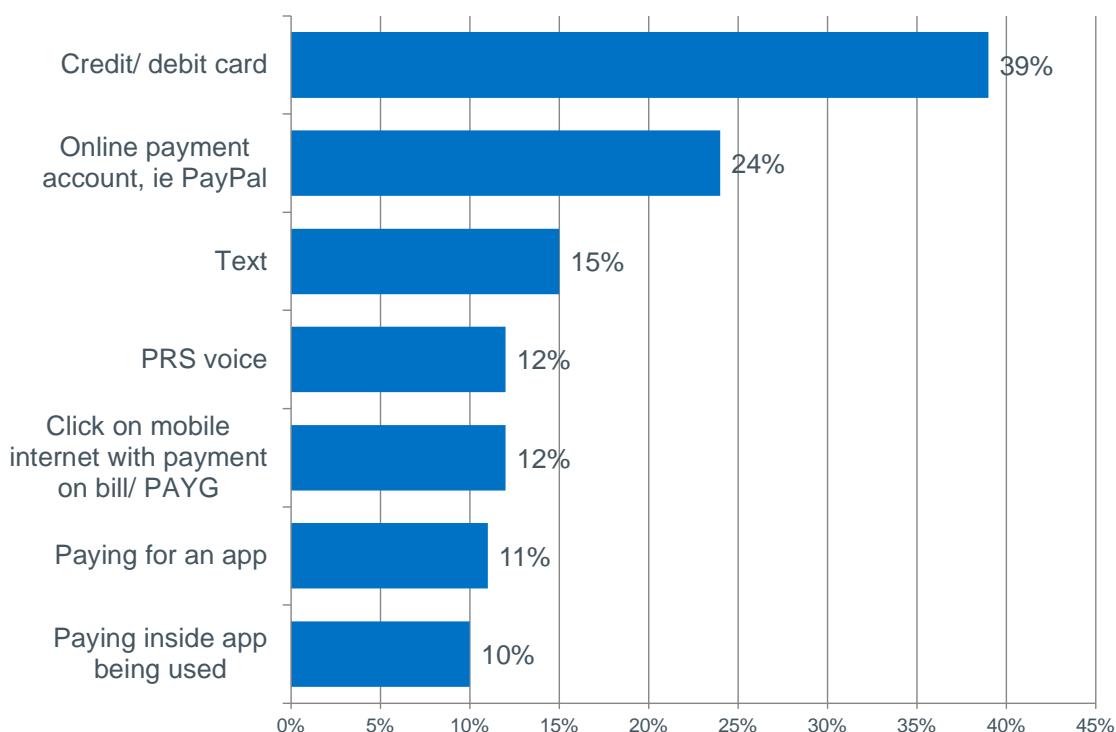
Of those entering the quantitative survey, 8% had bought or paid to use 'betting, lotteries, scratch cards or gambling' on their mobile or over the phone. This peaked to 19% amongst 25-34 year olds and 17% of 18-24 year olds, only a little below music or video (22%). Around half of these users claimed to purchase more than once per month (51%), with 8% claiming their frequency was more than once per week.

As shown in Chart 22 below, credit or debit card payment was the most frequently cited method of financial transaction (39%), followed by online payment (24%), with PRS less used – text (15%), voice (12%), click on mobile internet 'Payforit' (12%).

Payment via text and by clicking on the mobile internet (PRS methods) were significantly stronger amongst the 18-24 age group compared to the older bands (21% vs. 13% 25-34, 17% vs. 12% 25-34). This suggests that PRS companies in this area may experience growth, provided that the reasons for choosing these methods are still clear for these consumers. As with some of the other services discussed in this report, it may be that younger respondents feel more confident about paying by these means, as outlined in section C9. It may also be that targeting by companies operating in these areas has been effective.

Chart 22

Payment methods used – tarot, astrology, psychic or fortune telling



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: Users of above service (616)

PRS2b

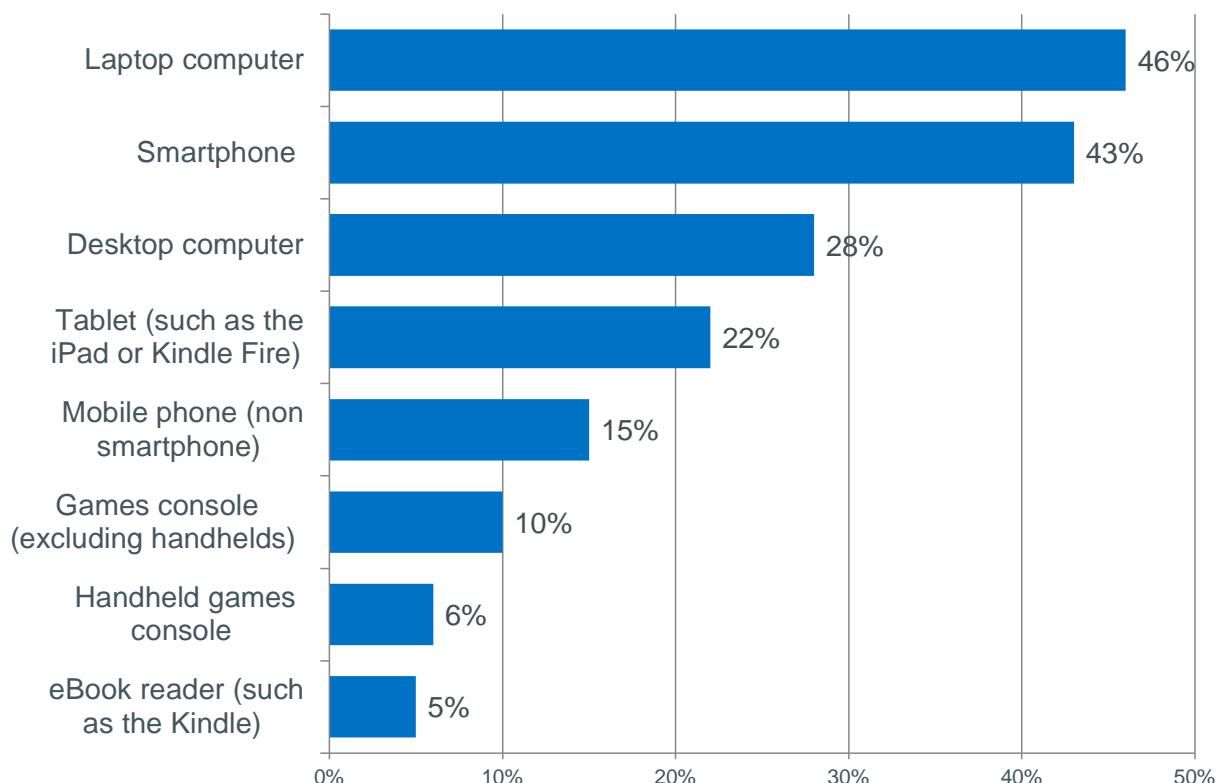


Current and Future Market for PRS 2012-2013

Services accessed using PRS

As shown in Chart 23, devices used to access gambling, lotteries and betting were not exclusively connected with PRS, as would be suggested from the payment methods used in the previous chart. Laptop computers (46%) were the most used devices for gambling, lotteries and betting, with other mobile internet devices – smartphones (43%) were only just behind. These were followed by desktop computers (28%) and tablets (22%).

Chart 23
Devices used to access – gambling, lotteries, betting



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users of above services (1,123). PRS7D

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

C: AWARENESS, ATTITUDES AND MOTIVATION TO USE PRS SERVICES

C1: Awareness

PRS users were asked how they found out about the services that they have used and paid for through their phone bill or mobile pay as you go. Results are shown in Chart 24 below. Word of mouth was key with 'friends or family' as the top source of information (31%), followed by 'following a link from a search engine or another site' (26%).

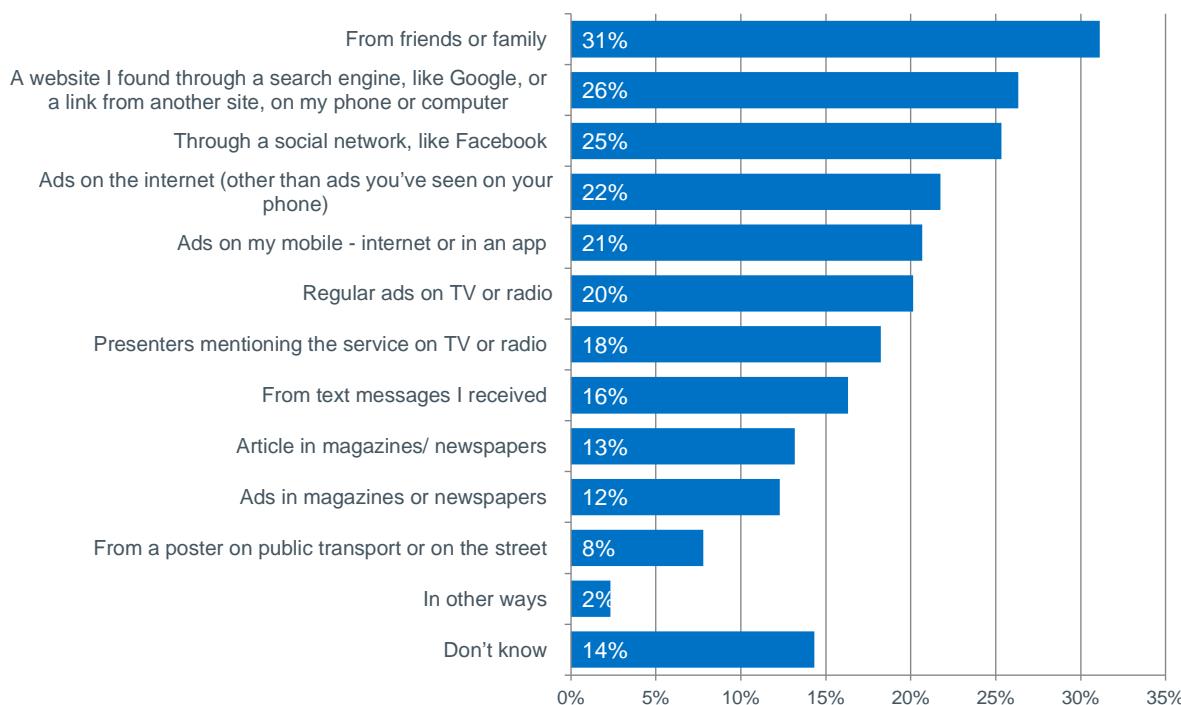
'Social networking' was mentioned by 25%, with friends on the network the largest contributor to this element. When combined with friends and family, the total contribution of social sources accounts for 46% of respondents. However, advertising on social networking is also playing a part. Those attributing awareness to a social network were not all influenced by friends on this media (51%), and 37% were made aware via 3rd party advertising on the social network.

Mobile advertising through 'Ads on my mobile – internet or in an app' scores was mentioned by a fifth of respondents indicating the potential effectiveness of advertising in the same location as the services are purchased.

It is the more personal or personalised directions of 'friends and family' and 'Facebook' which have marginally increased as a source of information since 2011 (+3 points each). The more 'mass media' communications such as 'TV or radio ads' seem to have somewhat declined (33% to 20%).

Chart 24

Ways in which services are discovered



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 4013 current PRS users.. PRS3

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

Routes through PR and editorial such as 'presenters mentioning a service on TV or radio', or 'an article in a magazine or newspaper' were also in the mix with similar levels of attribution as advertising using those media.

C2: Motivation

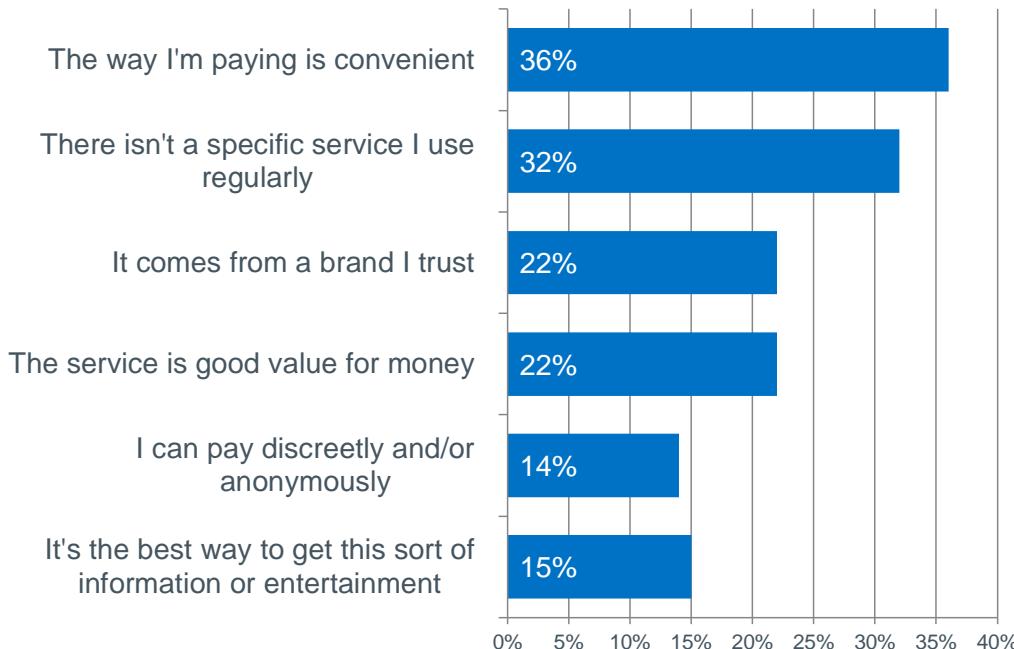
PRS users were asked what it was about a service they used regularly that motivated them to do so, and the reasons given are shown in Chart 25. The convenience of PRS emerged as the foremost factor in attracting regular usage (36%), but there was also a trust element associated with the brand of the service being purchased (22%).

Value for money (22%) matched branding in motivation. For 14%, usage of the service was motivated by the method of payment itself, being thought to offer 'discreet and/or anonymous' payment'. Conversely for 15% it was the content that was the driver as 'the best way to get this sort of information or entertainment'.

The fact that convenient payment was cited as the most significant driver of use for PRS paid services shows the importance of low friction transactions for digital goods and services. This is backed up by Section C6 which shows that many people would use services **less** if PRS payment was not available.

Chart 25

Reasons for using a PRS service regularly



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 3801 current PRS users who have used or paid for a service in the past six months. PRS6

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

C3: Reason no longer using PRS

In order to determine what the views are of those not using PRS, views of micropayment users were examined, as not all these consumers also purchased via PRS. For the exact definitions of both these groups, please see page 4.

Micropayment users were asked whether they had purchased services by premium rate text or having the cost added to their phone bill or deducted from credit. Approaching 1 in 10 (9%) said that they had **ever** paid for something using such methods. A further 11% were unsure whether they had ever used a PRS. It is not surprising to see this uncertainty given the long timescale involved, and the relatively small payments in question.

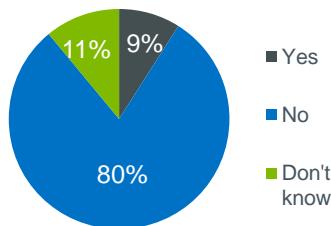
Just 2% had used PRS in the last six months. A third of those who had used PRS, but not in the last six months, still used the services provided but purchased them via an alternative method. Slightly over a quarter used the services but obtained them for free. A lack of trust of the payment method itself was also cited by a quarter, and trust in the companies offering the services was mentioned by a small but significant minority.

Around 1 in 5 (19%) indicated they were no longer interested in the services that they had used, in this case trust also emerged as a factor, but related to the service providers rather than the payment method per se (15%).

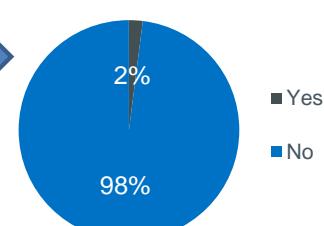
Chart 26

Usage of PRS amongst micropayment users

Paid for something using a premium rate number **ever**

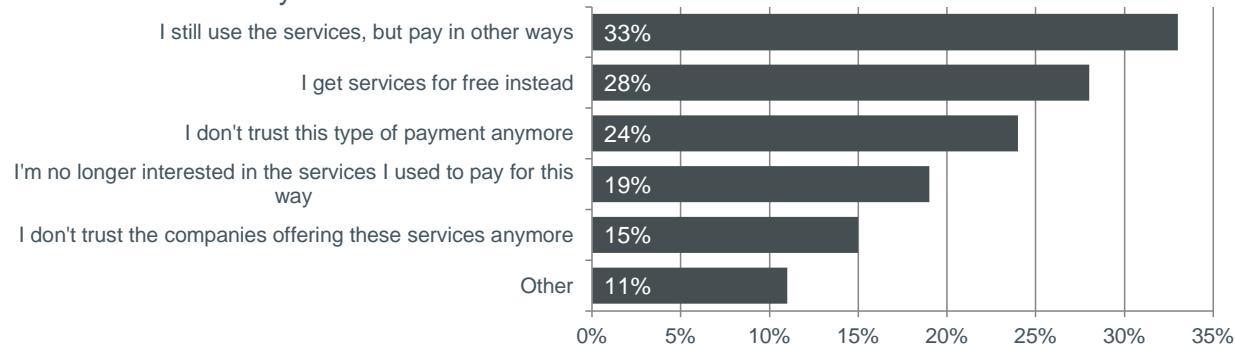


Paid for something using a premium rate number in **last 6 months**



-7 points used in last 6 months

Reasons used **before** 6 months ago but **not** more recently*



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

1,045 current micropayment users, *low base 75 who have not used in past 6 months but used before that. MP3a, b, 4a

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

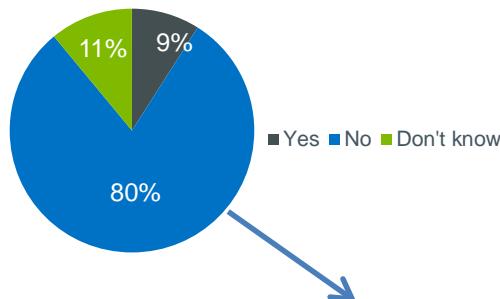
Trust emerged as a more pressing theme amongst the 80% who were able to state with certainty that they had never used a premium rate call or text to pay for a service. Micropayment users in this category were asked why they had not used PRS. The results are shown in Chart 27 below.

A lack of trust in the payment method was mentioned by 47%, with 1 in 4 (26%) not trusting the companies that offer services in this way and just over 1 in 5 (22%) saying that they felt pricing was unclear for these services. However, the single largest reason was simply that these payment mechanisms were not relevant to the type of services they use online or on mobile.

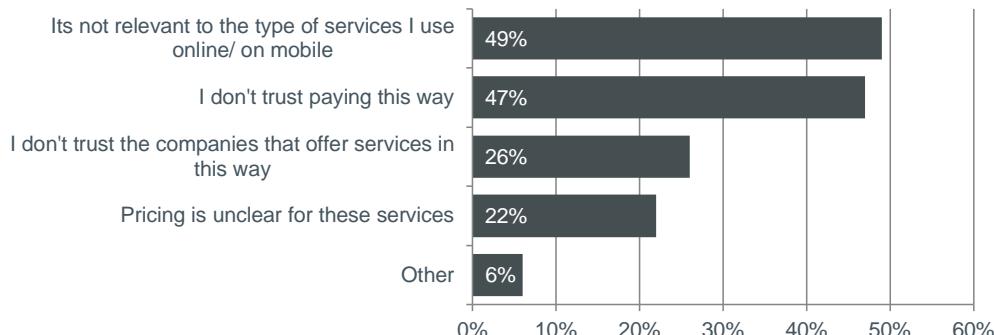
Chart 27

Reasons for non usage of PRS amongst micropayment users

Paid for using a premium rate number (**ever**)



Reasons for **never** using a premium rate text or call to pay



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 833 current micropayment users who have not used PRS. MP3b/ MP4a

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

C4: Pricing clarity

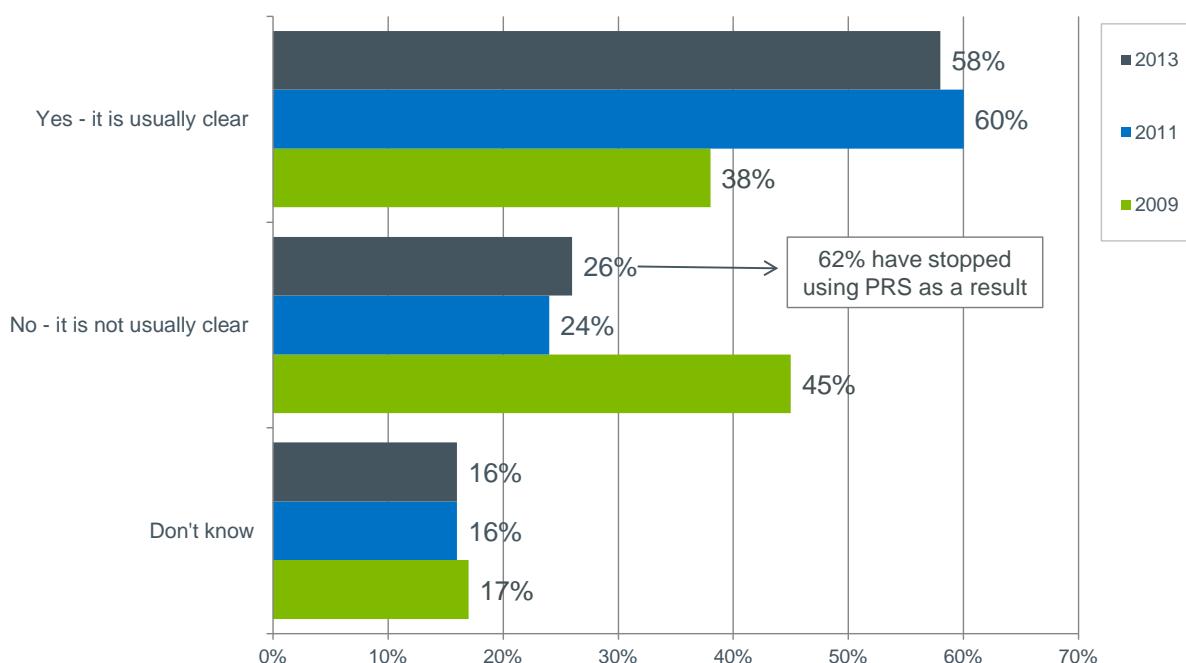
Users of PRS services were asked when they saw services advertised which were paid for by phone bill or mobile pay as you go whether it was usually clear how much would be charged. The results are shown in Chart 28 below.

Almost three in five (58%) thought it was usually clear and this was a similar proportion to the 2011 data (60%). Not all of the 42% who were unable to assert positively about clarity were wholly negative, 16% did not know, leaving 26% claiming pricing to not 'usually' be clear.

Chart 28

Perception of PRS pricing clarity over time

Whether it is usually clear how much you will be charged when seeing services advertising that you pay for through phone bill or mobile pay as you go



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 4013 current PRS users 2011 and 2009 data from previous waves of this survey. PRS8

Three in five (62%) of those that did not know if pricing was usually clear or thought it was not usually clear had stopped using a service for this reason. This equates to 26% of PRS users overall.

This does suggest that companies providing premium rate paid services could benefit from reviewing the clarity of the proposition to ensure it is as simple to understand as possible. It would appear that significant progress was made in this area from 2009 to 2011 where the proportion finding pricing to 'usually' be unclear dropped from 45% to 24%, but that this has now stalled (at 26%).

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

C5: Trust in PRS payment mechanisms

All PRS users were asked to indicate how safe they felt different payment methods were using a four point scale ranging from 'I think this is safe and feel happy to pay this way' to 'I don't think this is safe and wouldn't pay this way.' A 'don't know' option was also available for those unable to comment, although they are excluded from the data in the chart, so percentages are based on all expressing an opinion.

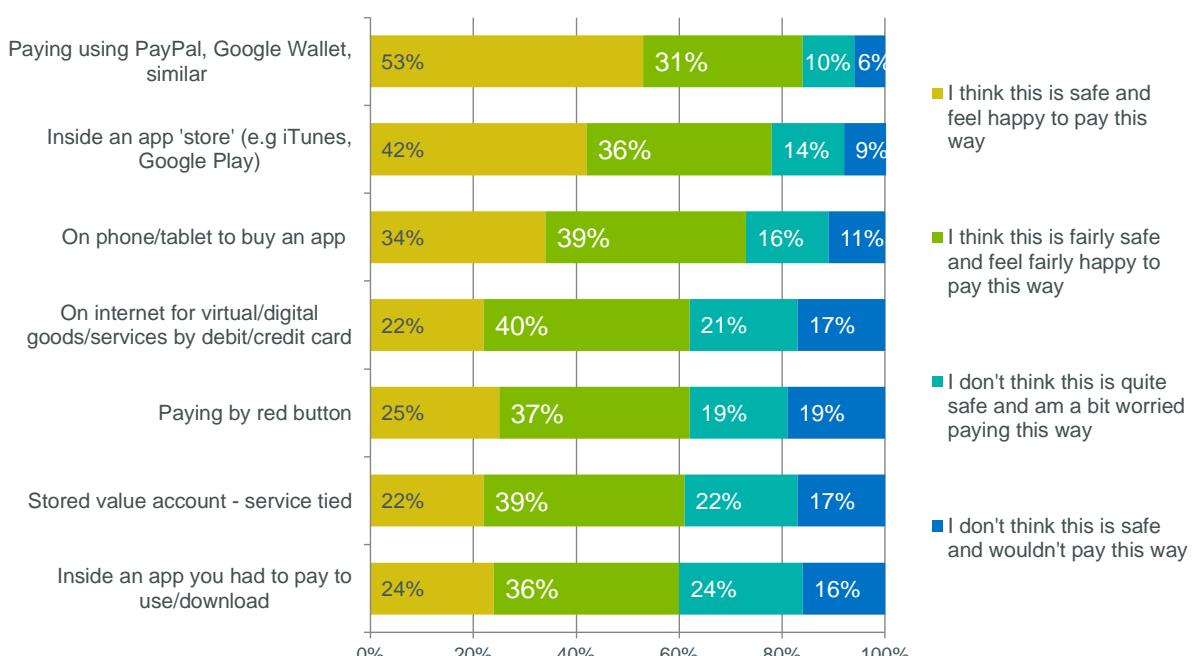
Chart 29 below shows the top 7 methods in terms of those feeling 'very happy' or 'fairly happy' to pay using these methods. Please note in some cases longer descriptions were provided to respondents which have been abbreviated in the interests of clarity for the charts.

Given the widespread knowledge and usage of PayPal, it is not surprising to find that this type of payment option was the most trusted. At an overall level, 84% felt it was 'safe', which was 6 points higher than the next 'safest' method, 'inside an app 'store' (78%). The inclusion of very well-known brand names with widespread usage (PayPal, iTunes) invariably means relatively strong safety ratings for these mechanisms. It is not necessarily the case that a newer entrant offering the same type of service as PayPal would be afforded with the same level of trust.

Using a phone or tablet to buy an app was thought of as 'safe' by almost three in four (73%), with the next highest being 'on internet for virtual/ digital goods service by debit/credit card' (62%). Also achieving a positive safety association by three in five PRS users expressing an opinion were 'paying by red button' (62%), service-tied stored value account (62%), and inside an app they had to pay to use/download (60%).

Chart 29

Trust in payment mechanisms (amongst PRS users expressing an opinion on each service). *Most trusted services*



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users able to express opinion on each mechanism, range 3,159 to 3,687). PRS9

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

Chart 30 below shows the bottom seven payment mechanisms based on overall 'trust'. Fewer found 'paying by calling 09 number' and 'by calling a 5-digit 'voice shortcode' to be 'safe' than considered them to be 'unsafe' (36% vs. 64% and 39% vs. 61%).

Purchases 'using a mobile to buy credits or gifts' were higher up the safety rankings (50%, 50%), as were 'paying on the mobile internet (through phone bill)' and 'paying via text (59%, 58% respectively).

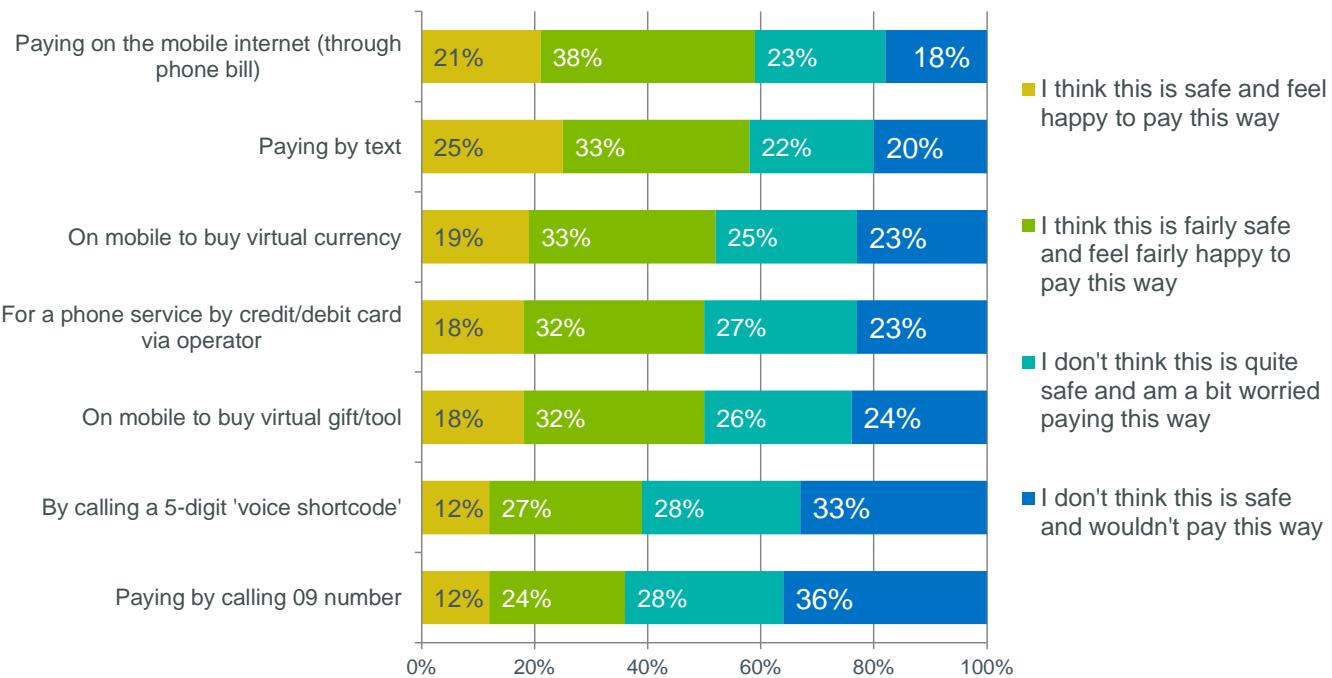
Interestingly, paying for a phone service by credit or debit card was thought to be safer than calling a 09 number or using a voice short code (50% vs. 36%, 39%).

This could simply be down to the greater familiarity that people have with paying with their credit/debit card and the related awareness of the types of protections available for consumers using their credit card company as a form of redress should things go wrong.

It could also be a greater feeling of control, as a fixed type of payment can sometimes be taken rather than a more open-ended cost which is not necessarily clear until a bill arrives, or credit is deducted.

Chart 30

Trust in payment mechanisms (amongst PRS users expressing an opinion on each service). Less trusted services



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: PRS users able to express opinion on each mechanism, range 3,159 to 3,687). PRS9

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

C6: PRS compared to alternative payment methods

Impact on service usage

In order to gauge the level of consumer preference and choice for PRS payment methods, PRS users were asked what their likely response would be in terms of usage for a service if mobile payment were no longer possible and replaced by either a credit or debit card payment or a ‘one click’ type service. Results are detailed in chart 31 below. Having a mobile payment for a phone service replaced by paying by credit or debit card on a website was something that was preferential for only a minority of PRS users. Just 6% (approx. 1 in 20) said that they would use a service ‘a lot more’ or ‘slightly more’ if this were the case.

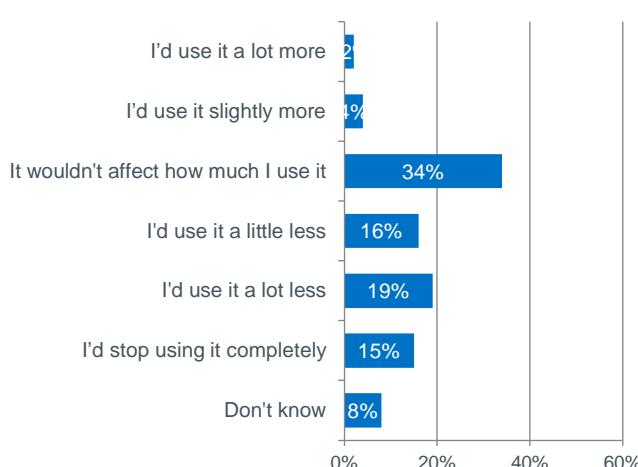
A third (34%) felt that their usage would not be affected, and 8% were unable to give an opinion.

Half of all users said that their use of the service would be reduced if PRS were replaced by credit or debit card, comprising 15% who would stop using it altogether, 16% who would use it a little less and 19% who would use it a lot less.

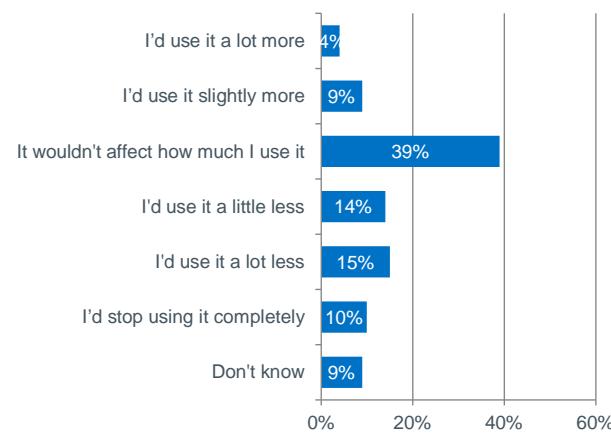
Chart 31

Impact on usage if *mobile payment* for services was no longer possible...

Replaced by paying by credit or debit card for a phone service, **by inputting your credit or debit card into the website:**



Replaced by using a ‘one click’ type-service where you have previously registered your payment details, like PayPal Express Checkout or Amazon 1-Click:



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:
3801 current PRS users who have used services at PRS1 or PRS2 . PRS7a



Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

Replacement by 'a 'one click' type-service where the user has previously registered their payment details like 'PayPal Express Checkout' or 'Amazon 1-Click' received a more favourable reaction than 'a credit/debit card payment on a website'.

For the one-click option the proportion which claimed they would use a service a 'lot more' or 'slightly more' reached 13%, with 39% unaffected and 9% unable to provide an opinion.

Whilst more claimed they would react positively than for credit cards, nonetheless a negative reaction in terms of reducing or terminating usage of a service offering such a payment option (and no mobile payment) was expressed by 39%. Most of these respondents claimed their usage would be reduced, 14% 'a little less', 15% 'a lot less', with 10% saying they would 'stop using it completely'.

The following section explores drivers for claimed behaviour relating to withdrawal of mobile payment and replacement with the other options.

C7: Reasons for decreased usage

Reasons for using services less or not at all if only credit or debit card payment via a website was offered ranged significantly, so there was no single driver behind this anticipated behaviour.

Convenience was a notable factor. Just under half (48%) mentioned it 'would be more hassle entering my card details', and a related reason, 'it's convenient paying by the same method that I receive the service' was selected by a third (35%). Results are detailed in Chart 32 on the following page.

Security appeared an issue for some – 'I don't trust other methods/don't want to enter my card details' mentioned by 44%. Credit/debit cards were generally not preferred by 39%, and access was also an issue with 28% claiming to not own a credit card.

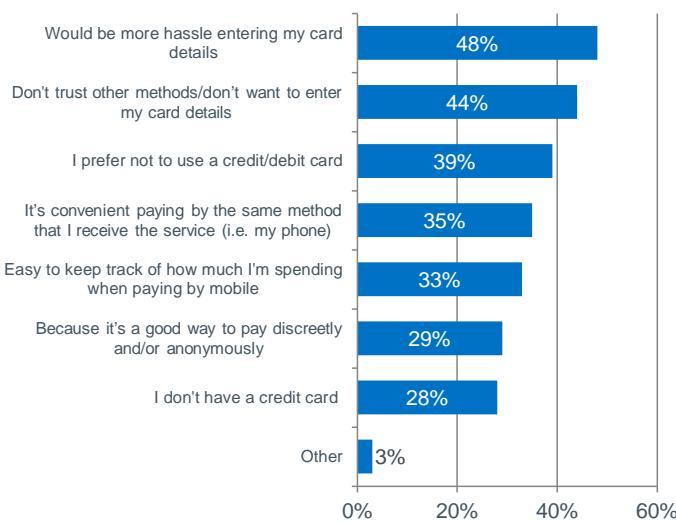
Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

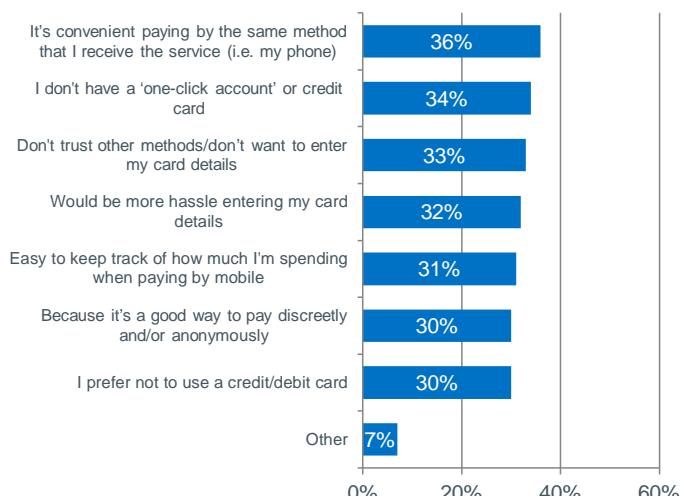
Chart 32

Reason for using service less/ completely stop if unable to pay via mobile phone

Reasons would use service less/ completely if unable to pay via mobile phone **and only by credit or debit card*:**



Reasons would use service less/ completely if unable to pay via mobile phone and **only by one-click services**:**



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

*1932 current PRS users who would use service less/ completely if could only pay by credit/ debit card / **1465 current PRS users who would use service less/ completely if could only pay by one-click. PRS7b

There was also a positive preference expressed for PRS in that it offered 'an easy way to keep track of how much I'm spending when I am paying by mobile' (33%) and 'it's a good way to pay discreetly and/or anonymously' (29%).

Reasons for using a service less/completely if unable to pay via mobile phone and only by one-click services were also wide ranging. The 'hassle' factor was perhaps less pronounced than for credit/debit card at 32% vs. 48%, although convenience elicited a similar response, ('it's convenient paying by the same method that I receive the service' (36% vs. 35%)). Trust was also less of an issue ('don't trust other methods' (33% vs. 44%). A third (34%) said that they 'did not have a one-click account'.

Similarly to the findings for credit cards, PRS was a positive choice for some as it was seen as 'Easy to keep track of how much I'm spending when I am paying by mobile' (31%) and 'because it's a good way to pay discreetly and/or anonymously' (30%).

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

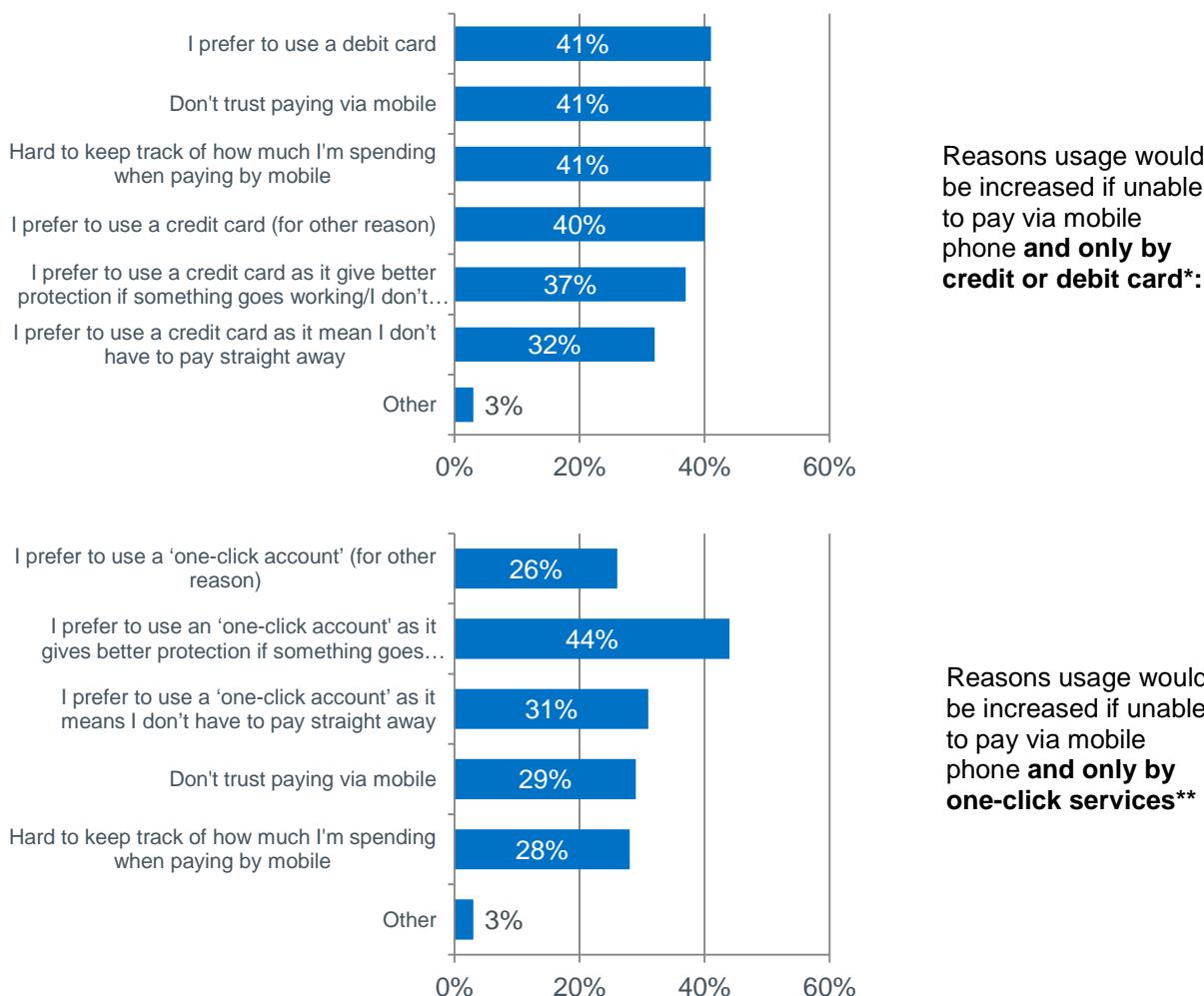
C8: Reasons for increased usage

As explored previously it was a minority that felt their usage of a service would increase if payment via their mobile phone were to be substituted for another method (6% credit/debit card via website, 13% one-click service). Those that did express this opinion were asked why this was the case as shown in Chart 33.

A variety of reasons were given for increased take-up should a substitution be made. There was a positive preference expressed for this method of payment (41% debit card, 40% credit card, 26% one-click). Some gave further detail, that they preferred to use the alternate method because it gave better protection (37% credit card, 44% one-click), or because payment could be delayed (32%, 31%). There was also a negative perception towards 'trust' by mobile payment, 'don't trust paying by mobile' (41% credit card, 29% one-click).

Chart 33

Reason why usage would be increased if unable to pay via mobile phone



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

*245 current PRS users whose service usage would be increased if could only pay by credit/ debit card / **499 current PRS users whose service usage would be increased if could only pay by one-click. PRS7D



Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

What these findings suggest is that whilst there are some PRS users who value aspects of this payment method – the convenience, the anonymity and the ease of usage, others do not. At present a very substantial number say that the removal of PRS payment methods would have a negative impact on service usage. This is very positive for PRS and demonstrates the potential longevity of this method of monetisation.

There were some attitudinal differences between users of different types of services commonly associated with PRS, with some users less sensitive to change than others in relation to 'one-click'. For example, 44% of game purchasers and 45% of music purchasers suggest they would use a service less if PRS payment were to be replaced by 'one click' compared to 61% for 'sex chat on phone' and 58% for 'babe/porn images'.

However, attitudes may change in future if some of the barriers associated with the other methods (convenience, etc.) are removed or if any issues which emerge with mobile payment. It is interesting that one-click is more preferable to PRS users than credit cards. Presumably it is the convenience of this service which drives its greater appeal.

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

C9: Interest in PRS

In order to provide an understanding of the level of interest in (relatively) new or potential PRS services, respondents were asked how likely they would be to pay for different services being billed directly to their mobile phone. As illustrated in Chart 34, opinion is divided.

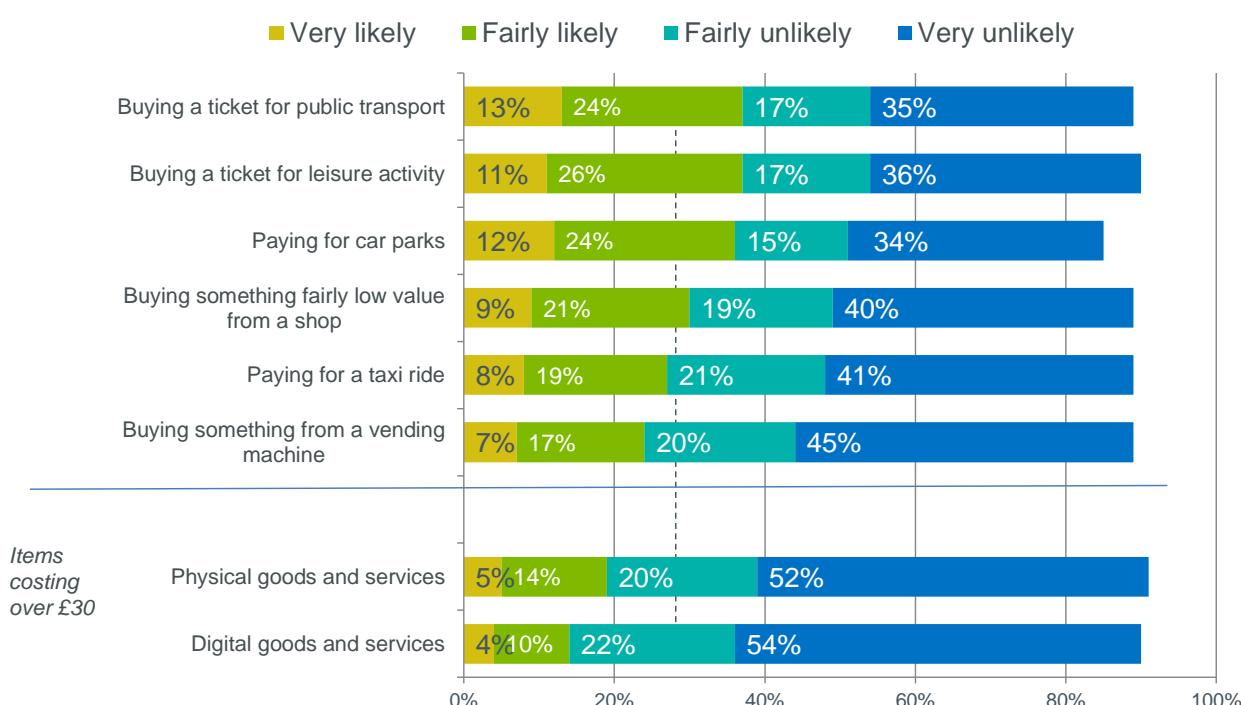
The most interest was for 'buying a ticket on public transport' where 37% were either very or fairly likely to use a mobile billing method, with similar interest for 'buying a ticket for leisure activity' (36%) and 'paying for car parking' (36%). 'Paying for a taxi ride' registered less interest than other forms of public transport, with 27% interested (vs. 37%), and it may be that providers of taxis can often be smaller enterprises and hence viewed as less secure/trustworthy, or that some respondents are already used to the idea of making payments for public transport via non-cash methods, such as via the Oyster card.

Likelihood to purchase digital goods or services over the value of £30 was slightly lower than for physical items (14% compared to 19%). This may be because downloads are typically lower in value so generally likelihood to purchase was lower, rather than any issue with digital downloads per se.

For all areas measured there is an inverse relationship between likelihood to use and age. This is perhaps most starkly demonstrated with likelihood to purchase physical goods or services costing over £30 where 22% of 18-24 year olds consider themselves 'likely' to do so, compared to 9% in the 55-64 age bracket.

Chart 34

Likelihood for using services if billed directly to mobile phone



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:
1045 current micropayment users . MP12/MP13

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

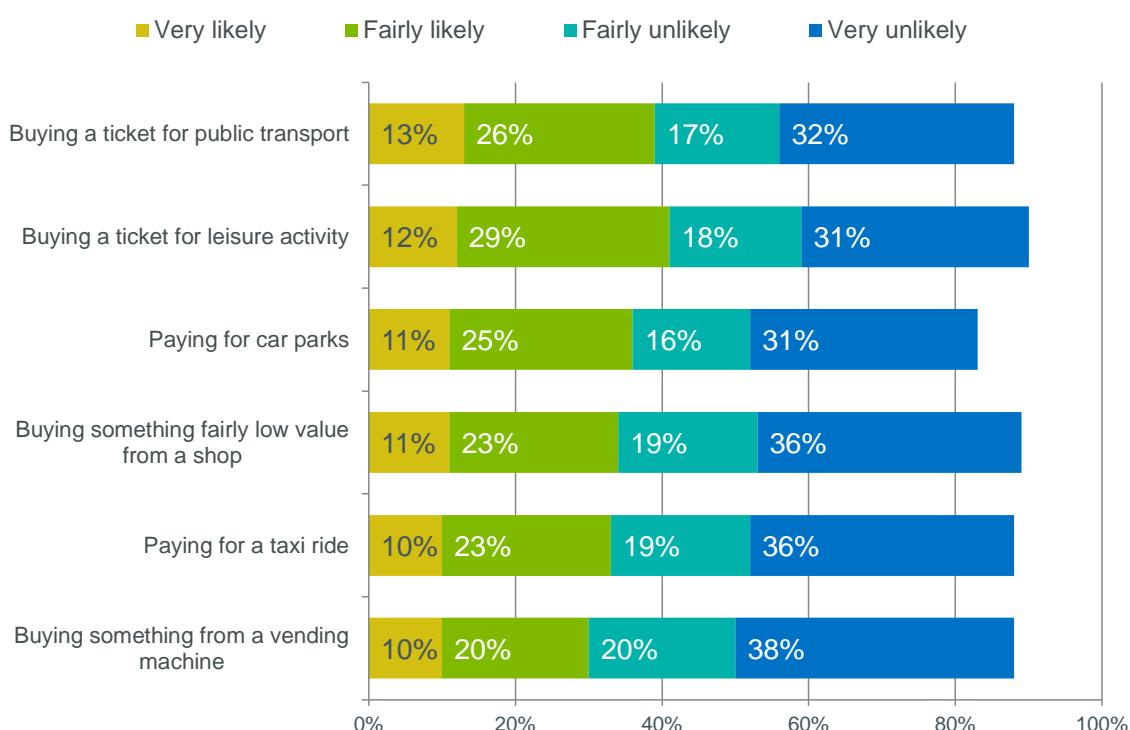
For all items measured, the proportion ‘very unlikely’ to use billing direct to their mobile phone far exceeds those ‘very likely to do so’ and indeed frequently those ‘fairly likely’. Because this type of payment option is not frequently encountered, the resistance is not entirely surprising, demonstrating the importance of clarity, knowledge and trust if only PRS is offered. As described in section C6 micropayment users who had not used PRS frequently did mention areas of trust as being behind their lack of uptake.

Respondents were also asked about their likelihood to purchase services if they paid on their mobile phone using a micropayment method, described as “charging it to your phone bill/credit, via PayPal, iTunes, an app or a ‘stored value account’.”

The overall pattern is very similar to billing direct to mobile phone (previously examined). There is marginally less ‘hard’ resistance for some options, with differences most pronounced for ‘paying for a taxi ride’ (36% vs. 41%) and ‘buying something from a vending machine’ (38% vs. 45%).

Chart 35

Likelihood for using services if paid for on mobile but using a ‘micropayment’ method



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:
1045 current micropayment users . MP12a

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

C10: PRS consumer detriment

Incidence

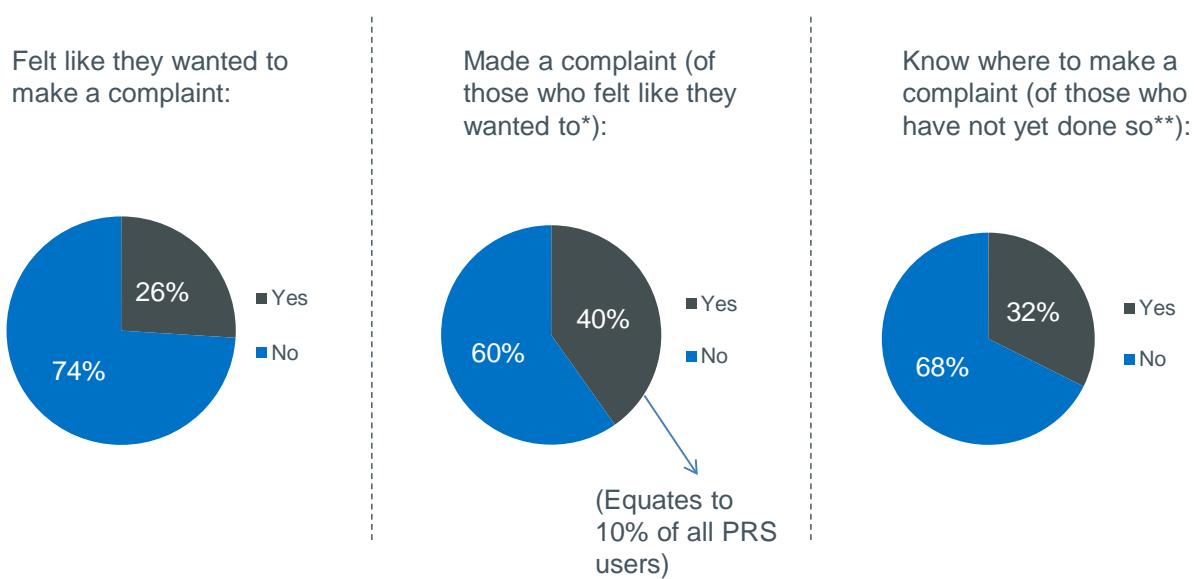
A quarter (26%) of PRS users have felt like they wanted to make a complaint about the suppliers of premium rate services that they had used. The question was not specific to any particular type of complaint. As shown in chart 36, 40% of those who claimed they wanted to make a complaint said that they had done so (which equates to 10% of PRS users overall).

There were some types of services where purchasers were more likely to report that they had wanted to make a complaint. These were 'tarot, astrology, psychic or fortune telling' (49%), adult 'flirt, dating and chat' (51%), 'babe/porn type images/videos' (52%) and 'sex chat' (50%). It should be noted however, that these types of services were the more frequently purchased amongst users, therefore, there could well be more purchase occasions and more opportunities for issues to arise.

'Sex chat' users were the most likely to have made a complaint (29%), twice the proportion that have purchased a 'mobile game' (15%). However, there could be several factors in play here, as touched on above, including, frequency of purchase, and channel used. It may be that there are more obvious routes for those aggrieved to pursue and hence realise a claim for 'sex chat' users compared to 'mobile game' purchasers.

Chart 36

Complaints about suppliers of phone-paid premium rate services



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:
4,013 current PRS users /*1,048 PRS users who have wanted to make a complaint/ **3595
PRS users who have not made a complaint. PRS10a, b, d

Current and Future Market for PRS 2012-2013

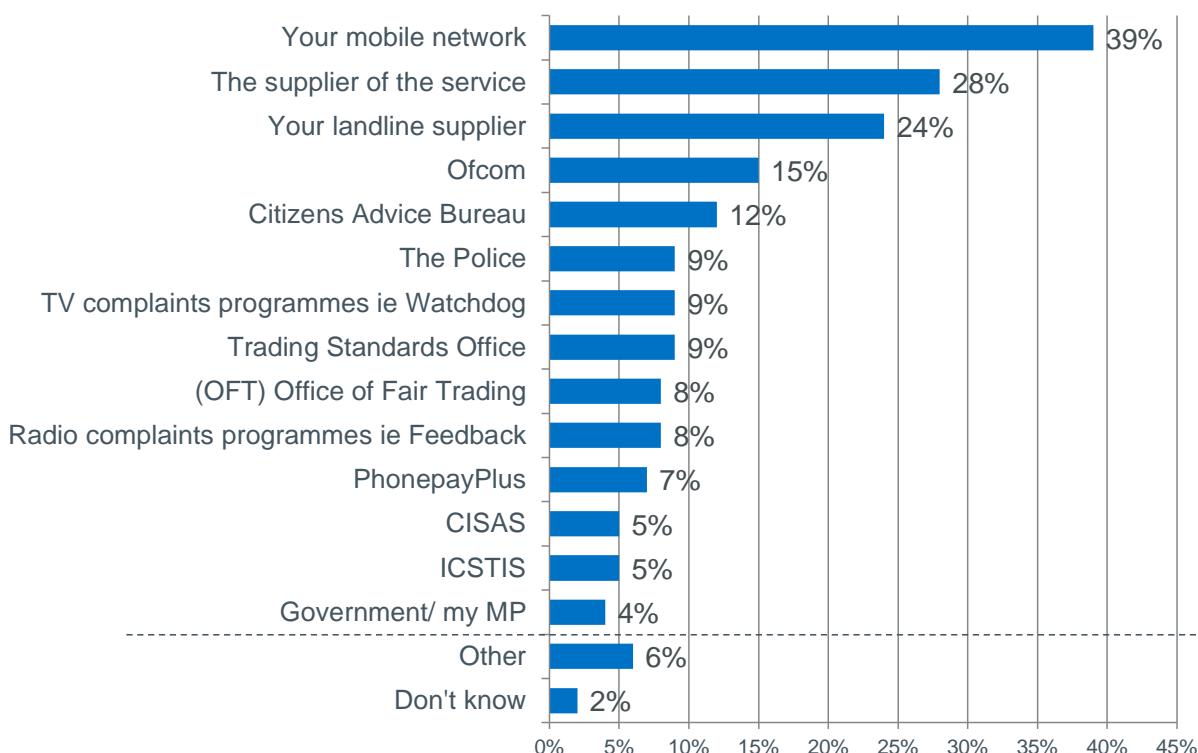
Awareness, attitudes and motivation to use PRS services

Direction for complaint

For those who wanted to make a complaint yet did not do so, a lack of knowledge of who to complain to seems to be a factor. A third (32%) of those who have not yet made a complaint claimed they knew where to make a complaint, compared to two thirds (68%) who did not. This lack of top of mind knowledge may explain the variety of organisations that complainants said they had contacted, as shown in Chart 37.

Chart 37

Who complaint was made to (of those making a complaint)



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:
225 current PRS users who have made a complaint who were shown the entire list of options. Descriptions for each organisation/ avenue of complaint were sometimes more detailed when question was put to consumers.
More than one organisation could be selected.
PRS 10c

The most common body where complaints about PRS services were directed was the mobile phone network (39%), followed by the supplier of the service (28%). Landline suppliers were also contacted (24%), as were Ofcom (15%), Citizens Advice Bureaux (12%), the Police (9%), TV complaints programmes (9%), or Trading Standards (9%). PhonepayPlus at 7% also lay behind the OFT (8%) and radio complaints programmes (8%), but ahead of CISAS and ICSTIS (5% apiece).

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

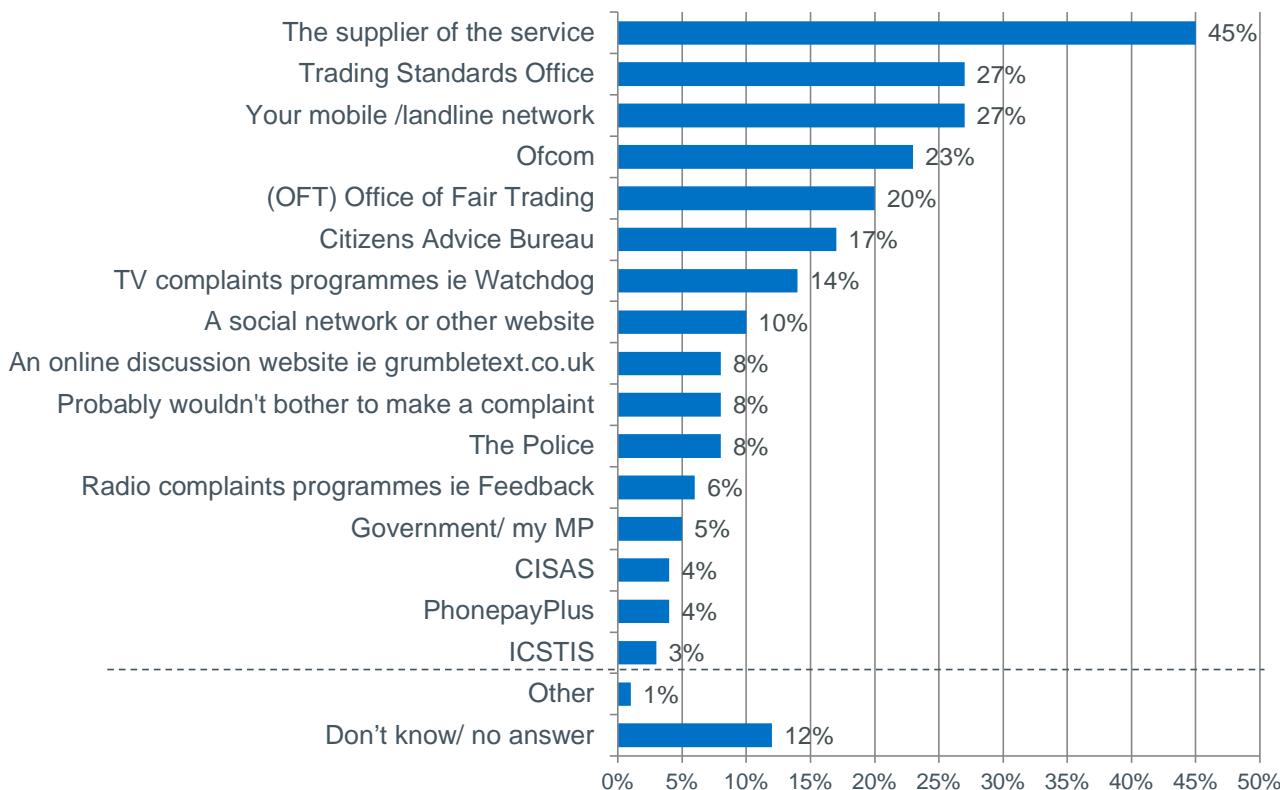
Knowledge of where to go

PhonepayPlus was not higher up the list amongst respondents who had not yet made a complaint when asked who they would make a complaint to, with 4% selecting PhonepayPlus compared to 23% for Ofcom, and only just ahead of ICSTIS (3%).

The most popular choice would be the supplier of the service (45%), with mobile/landline network (27%) equal to trading standards (27%). As the recommended initial port of call by PhonepayPlus is the provider and/or phone network it is encouraging that these avenues score most strongly.

Chart 38

Who would make a complaint to



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

2117 current PRS users who were shown the entire list of options. Descriptions for each organisation/avenue of complaint were sometimes more detailed when question was put to consumers. More than one organisation could be selected.

PRS 10e

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

Experience

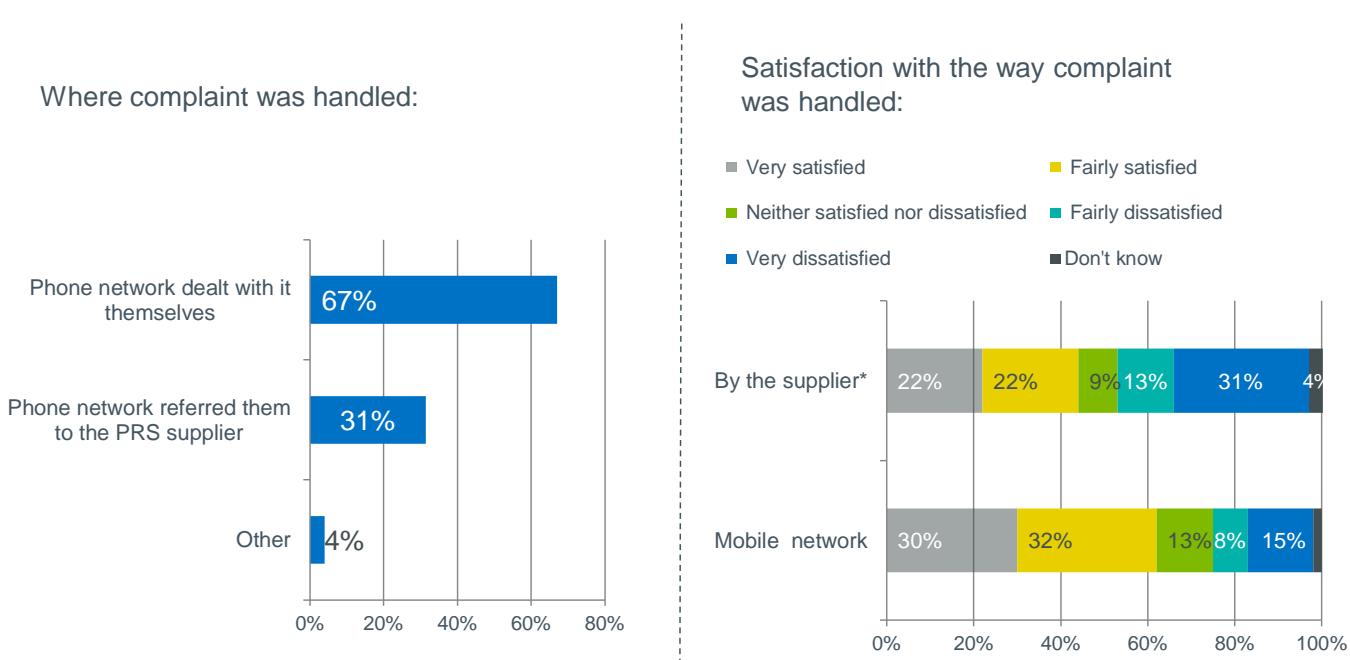
As previously observed, 39% of PRS users who had made a complaint went to their mobile phone network. As shown in Chart 39, two thirds of these (67%) had their complaint handled by the phone network themselves, whereas a third were referred to the supplier of the PRS (31%).

There were reasonable levels of satisfaction with the way that complaints were handled by their mobile phone network, with 62% either 'very satisfied' or 'fairly satisfied'. However, this does leave 23% 'very' or 'fairly dissatisfied' indicating that there is scope to improve resolutions.

Where complainants were directed to their suppliers of the service, satisfaction was lower, at 44% matching dissatisfaction (44%). This suggests a greater problem here, although it should be noted the number of interviews this finding is based on is on the low side, so whilst it is indicative, caution should be applied when making decisions based on this result.

Chart 39

Complaints about suppliers of phone-paid premium rate services to mobile phone networks
(amongst those who have made complaints to mobile phone networks)



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

117 (low base) current PRS users who have made a complaint to a mobile phone network/ *55 (very low base) current PRS users who have made a complaint to a mobile phone network and were referred to the supplier. PRS 10f/ 10g

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

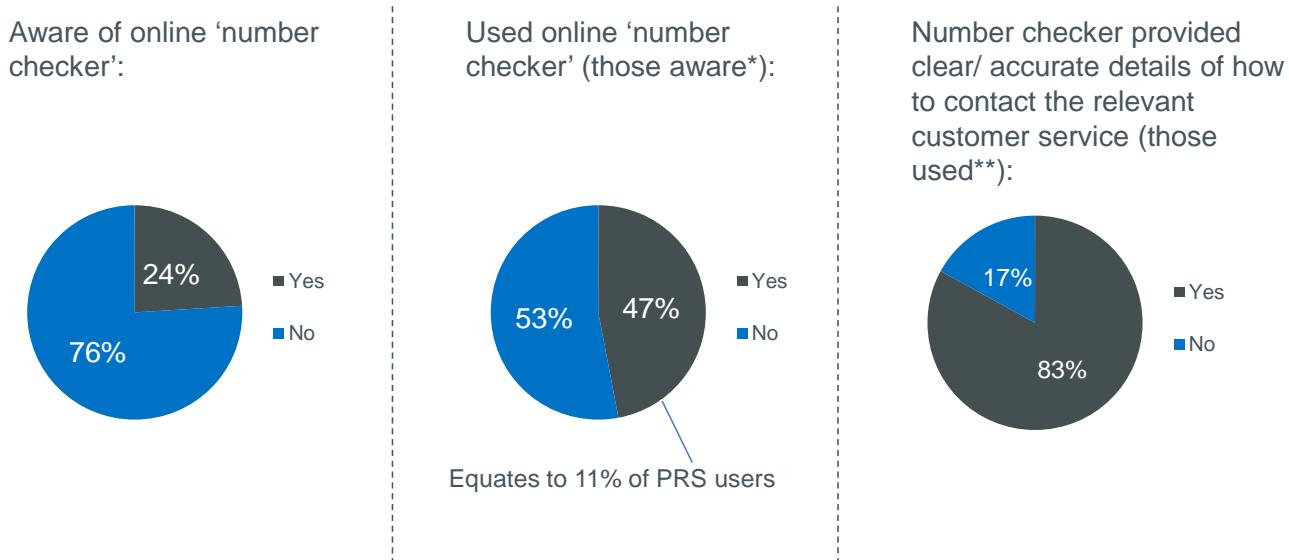
C11: Number checker

PhonepayPlus operate an online number checker, where anyone can enter any premium rate number that appears on their phone bill and information about the supplier is provided. There are also other websites that offer consumers the ability to check numbers, such as <http://whocallsme.com/>.

A quarter (24%) of PRS users claimed they were aware of an online 'number checker' (but they were not asked to specify which one they were aware of), and of these around half (47%) thought they had used the service, which equates to one in ten (11%) PRS users (see chart 40 below).

There was overwhelmingly positive feedback amongst users, with 83% asserting it provided 'clear or accurate details of how to contact the relevant customer service'. See Chart 40 for a visual representation.

Chart 40
PRS users' awareness, usage and experience of number checker



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 4,013 current PRS users/ *952 aware 'number checker' Base: / **443 used 'number checker'
PRS11a-c

Males were more likely to be aware of a number checker than females, although the margin is not huge (26% vs. 21%), and it is the youngest and oldest respondents who are least aware of it (16% 11-15 year olds, 16% 45-54, 15% 55-64, 11% 65+).



Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

The more 'experienced' PRS users have a stronger awareness, with those using different methods, i.e. payment by text (27% vs. 20%), using mobile operator portal (34% vs. 19%), more likely to know about number checker than those that had not. Heavier users are more 'in market' and will have more cause to use them, due to the higher number of charges on their phone bill. A one-off user would be more likely to remember what a specific PRS charge is for, but multiple PRS users may want to identify to which supplier a particularly high charge belongs.

C12: PRS and landline usage

Ownership and usage of landline

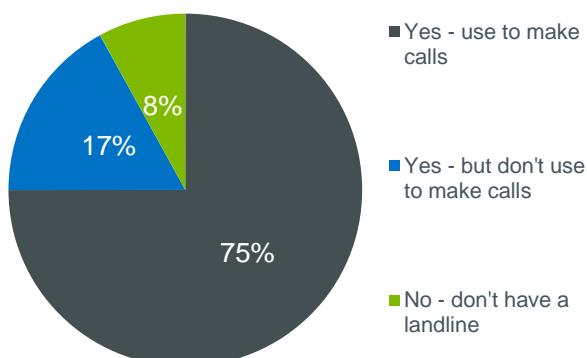
The cost of calling a premium rate numbers from a landline can often be specified, but the same is not always true when calling from a mobile phone where 'costs can vary'. In order to understand if there is any difference in consumer usage of landlines between PRS and non-PRS users, questions were asked about landline ownership and usage.

Three in four PRS users said that they had a landline at home which they used to make calls, as illustrated in Chart 41. A further 17% also said that one was present in their household, although it was not used to make calls. Therefore, 92% of PRS users had a landline, even if they were not all using it to make calls. This compares to 89% of micropayment users, 66% of whom used a landline to make calls, 9 points fewer than PRS users.

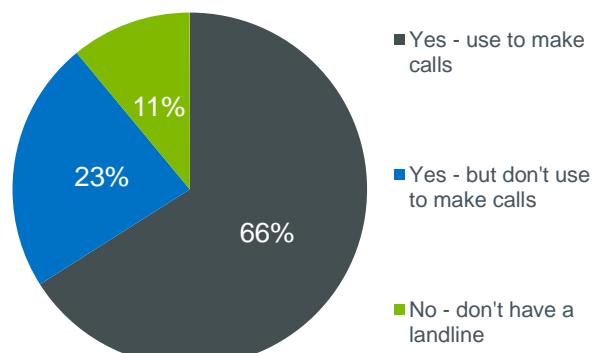
Chart 41

Presence of landline phone used to make calls

PRS users:



Micropayment users:



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:
4013 PRS users, 1045 Micropayment users. QD2

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

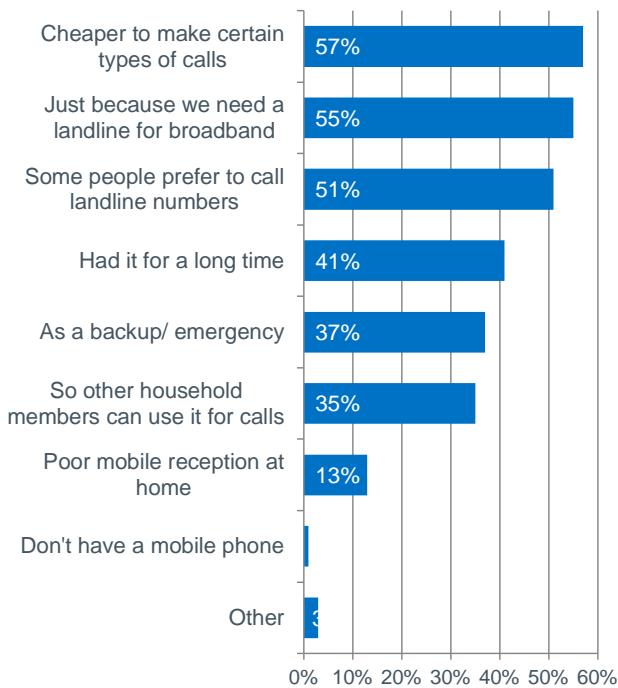
Reasons for using a landline

Those using a landline to make calls were asked what their reason was for doing so, and the results are shown below in Chart 42. Approaching three in five (57%) PRS users in this category did so because it 'was cheaper to make certain types of calls', the same proportion as amongst micropayment users. This was the top reason that emerged.

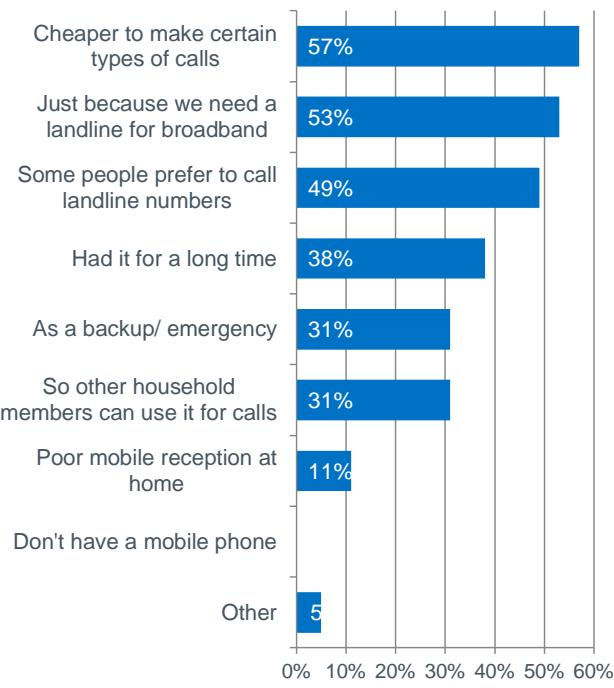
Chart 42

Reason for having a landline, not just relying on mobile

PRS users:



Micropayment users:



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:
2991 PRS users who have £1 to make calls, 688 Micropayment users who have £1 to make calls
QD3

Current and Future Market for PRS 2012-2013

Awareness, attitudes and motivation to use PRS services

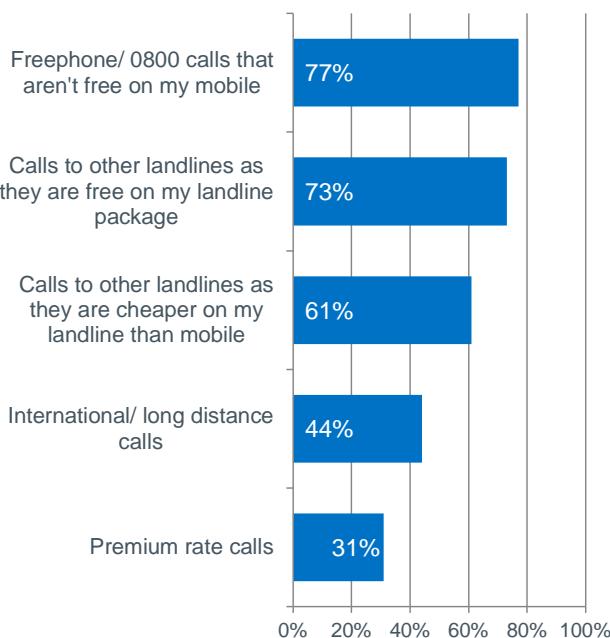
Those that said they had a landline as it was cheaper than a mobile to make certain types of call were asked what types of calls these were. Freephone/0800 numbers were top (77% PRS, 72% micropayment), as these can sometimes be charged by mobile phone operators).

Other types of calls mentioned were those which were cheaper or free on a landline package (61%, 73% PRS users/60%, 73% micropayment users). Premium rate calls were mentioned by a third of PRS users (31%), a much higher proportion than amongst micropayment users. These proportions are illustrated in Chart 43.

Chart 43

Calls made on landline not mobile

PRS users:



Micropayment users:



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

1718 PRS users who use // as cheaper for some calls, 393 Micropayment users who use // as cheaper for some calls. QD4

Current and Future Market for PRS 2012-2013

Micropayments for digital/virtual goods or services

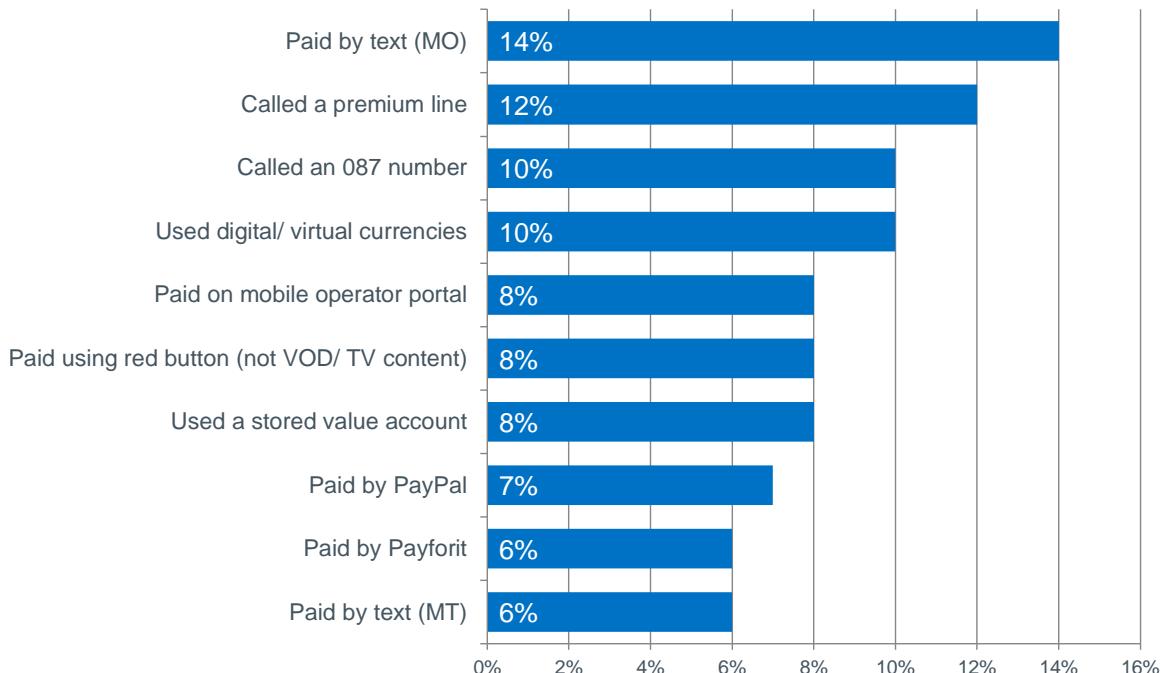
D: MICROPAYMENTS FOR DIGITAL/VIRTUAL GOODS OR SERVICES

D1: Overall usage

All consumers that entered the survey were asked about their usage of different micropayment mechanisms for purchases of digital or virtual goods and services, (limited to transactions of up to £10 in value). Due to its prevalence in purchasing physical goods (especially via eBay) we added an extra prompt for PayPal to ensure that responses related to payment for virtual goods or services.

Chart 44

Consumer usage micropayment mechanisms



Data relates to claimed consumer usage in the previous 6 months

Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All entering the survey – 15136

Current and Future Market for PRS 2012-2013

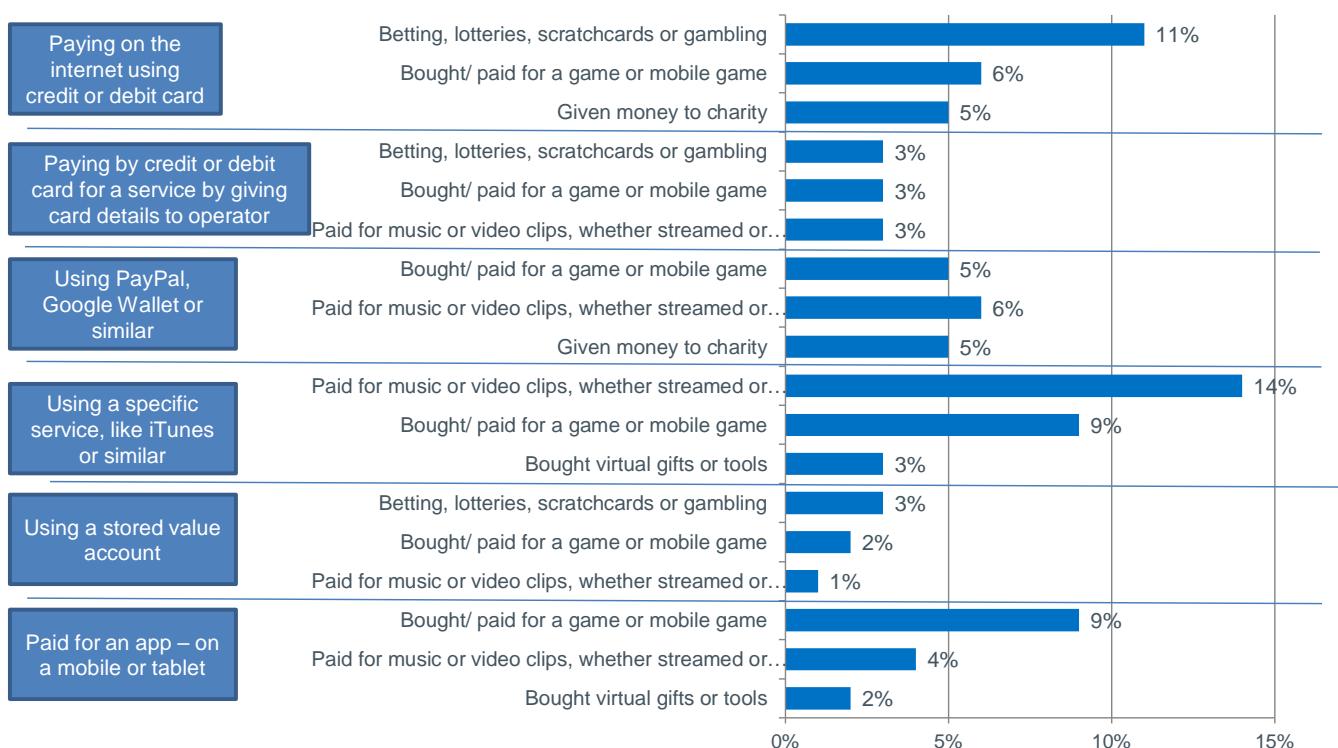
Micropayments for digital/virtual goods or services

Chart 45 shows the top three services purchased via each of the payment methods listed on the left side. (The percentages below are based on all micropayment users).

This data illustrates that there are some payment methods which are more linked with some services than others. For example, music or video clips is highest for 'iTunes', and paid for an app for 'bought/paid for a game or mobile game' (9%). Other more general payment types were less used and less attached to any particular service.

Chart 45

Top three services (by payment method) amongst micropayment users



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All micropayment users = 1045 consumers
MP1a

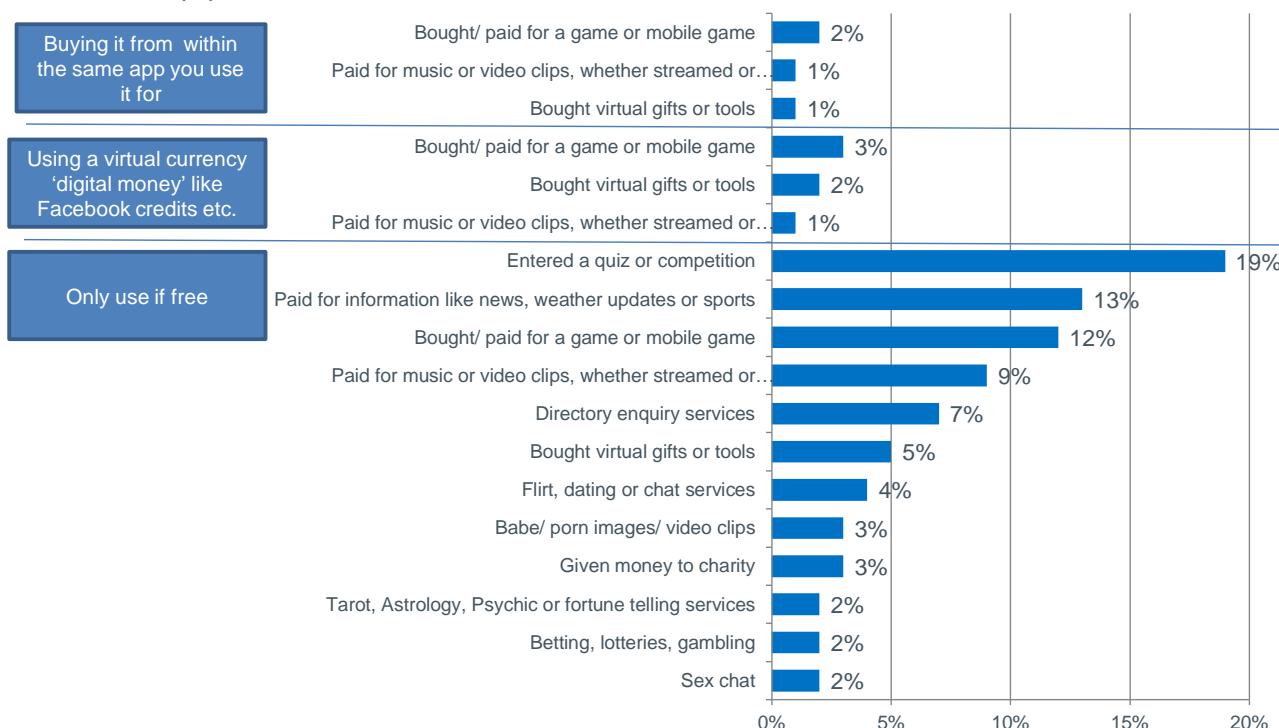
Current and Future Market for PRS 2012-2013

Micropayments for digital/virtual goods or services

Significant proportions did use some of the services, but only when they were being offered free of charge. The most common area to fall into this category was 'entered a quiz or competition', with 19% of micropayment users doing so.

Chart 46

Top three services (by payment method) amongst micropayment users (2)



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: All entering the survey = 15136 consumers. MP1a

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D2: Situations purchased services in

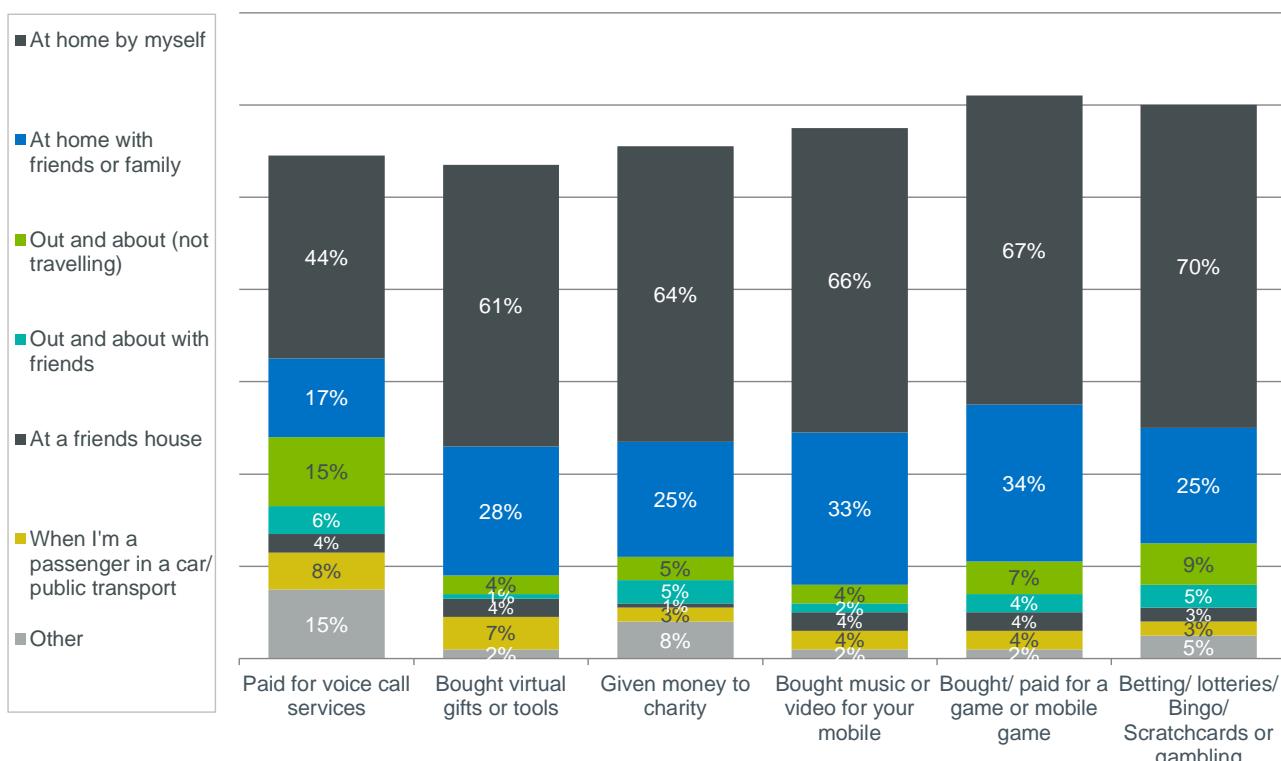
Micropayment respondents (a minority of whom also use PRS) who had paid for a service were asked where it was that they usually purchased them. Only services which had a large enough base of users (c.50 or more) are shown in Chart 47.

Those purchasing 'betting, lotteries, scratch cards or gambling' had the highest incidence for purchasing 'at home by myself' (70%) of any of the services charted. This was followed by 'bought/paid for a game or mobile game' (67%) and 'bought music or video for your mobile' (66%).

Following 'at home with friends and family', 'out and about (not travelling)' was the next most common scenario for purchase and this was true for all the types of services measured.

Chart 47

Situations/locations usually purchase each type of service in



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: Micropayment users of above services in order of usage 'at home by myself' (111, 48, 151, 312, 248, 229). NEWMPD

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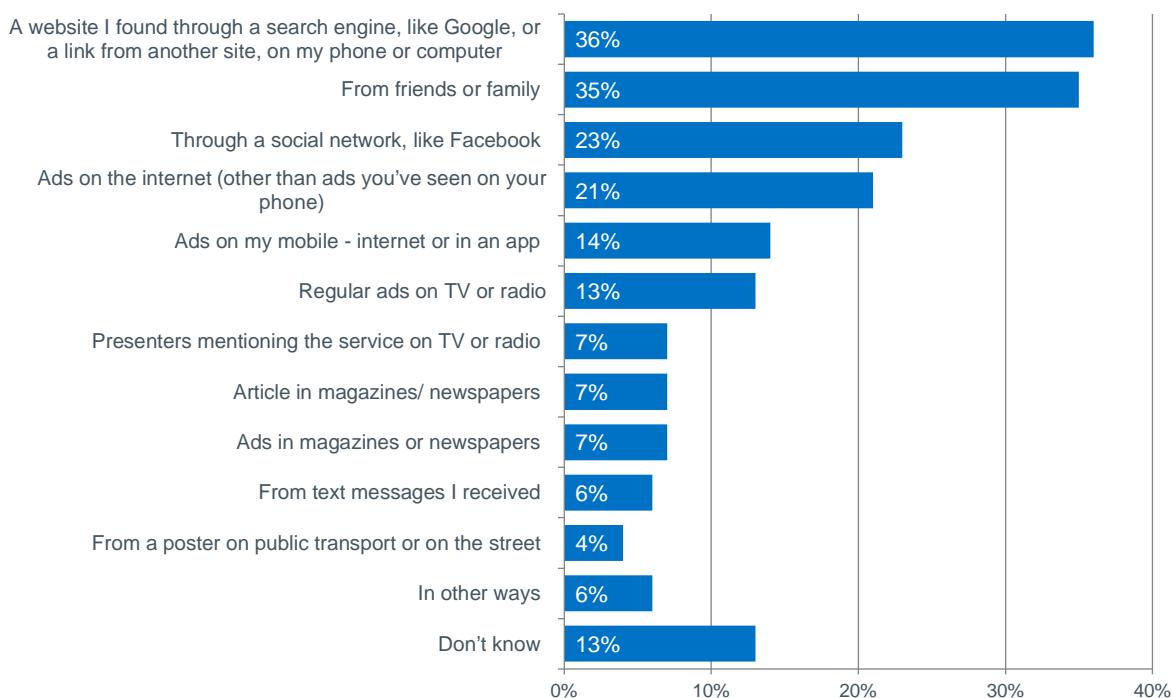
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D3: Awareness

All micropayment users who had paid for one of the services where micropayments were offered were asked how they had found out about these services. Websites were the most common source of awareness at 36%, just ahead of 'friends or family' (35%). Social networks and advertising on the internet confirm the dominance of the online world in pushing consumers towards services facilitated by micropayments (as PRS service providers are aware, being able to pay through the same platform that you use the service is very compelling). The combination of friends/family and social networks also indicates the strength of word of mouth recommendations in leading people toward service discovery.

Chart 48

Ways in which services are discovered



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: 688 micropayment users who have paid for services (688). MP2



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D4: Attitudes

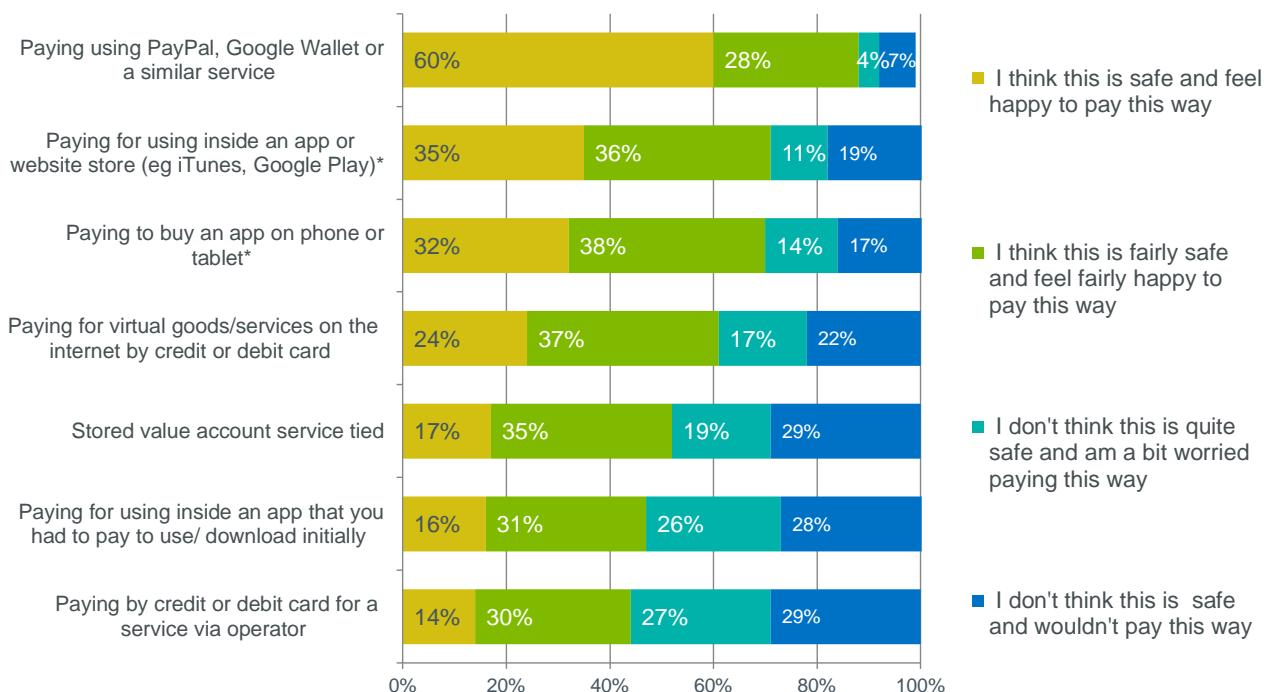
Micropayment users were asked how safe they would feel using different payment mechanisms on a scale from 'safe and feel happy to pay this way' to 'don't think this is quite safe and very worried about paying this way'.

Chart 49 shows the top 7 methods, and as amongst PRS users, 'PayPal, Google Wallet or a similar service' surfaces as the most trusted method with 60% 'very happy' to pay this way. As discussed previously the inclusion of well-known brand names will be helping this payment mechanism stand out from the crowd.

'Paying by credit or debit card for a service via operator' was the 7th most trusted and there are more who are worried or would not pay this way than find it acceptable. This indicates there is a great deal of suspicion around payment methods and that it is not only connected with online security or 'newness' as this is both an established and more traditional payment method.

Chart 49

Trust in payment mechanisms (amongst micropayment users). *Most trusted*



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: Micropayment users able to comment on each service (range 630-879). MPRS9

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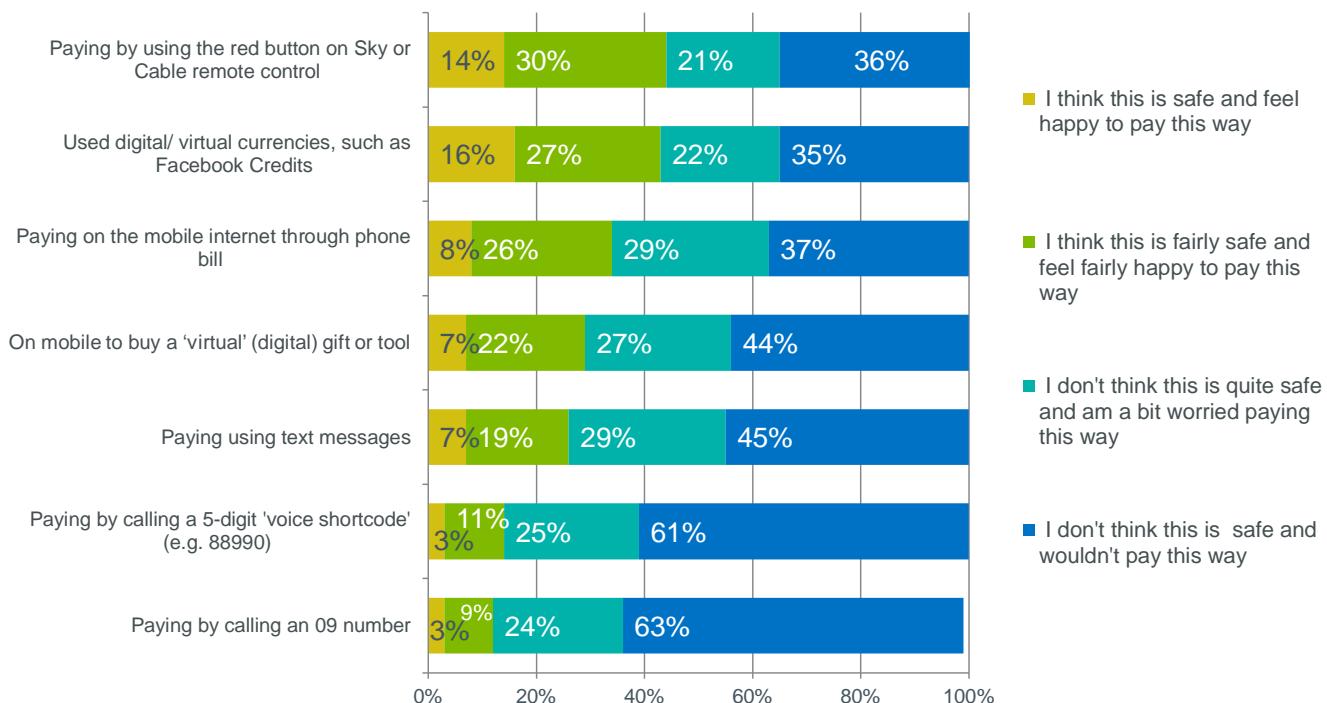
Methods that are viewed as less trustworthy by micropayment users are similar to those mentioned by PRS users, with around one in ten 'paying by calling a 5-digit voice shortcode' or by '09 number' thinking these methods are 'safe', dwarfed by the proportion finding them 'unsafe'.

Whilst the 'rank order' for trust may be similar to that given by PRS users , the scores themselves however are much lower, with 39% of PRS users finding a 5-digit voice shortcode to be 'safe' (cf. 14% of micropayment users) and 36% paying by 09 (compared to 12%, as seen in Chart 50 below).

Perhaps unsurprisingly, PRS users are far more trusting of text messages (58%) compared to just 26% of micropayment users. Trust is of course one of the reasons that people are using a payment method in the first place.

Chart 50

Trust in payment mechanisms (amongst micropayment users). *Less trusted*



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base: Micropayment users able to comment on each service (range 630-879). MPRS9

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D5: Consumer detriment (micropayment)

Experience of complaints

Micropayment users were asked whether they had ever wanted to make a complaint about any of the types of services that had been mentioned in the questionnaire.

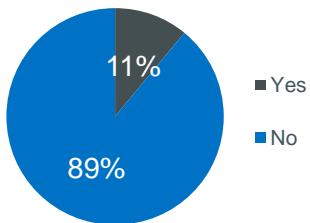
A minority (11%) agreed that they had, and this contrasts favourably to the proportion of PRS users who had wished to complain about phone-paid premium rate services (26%). Just under half (44%) of these respondents claimed they had actually made a complaint, which equates to 5% of micropayment users overall.

Knowledge of where to make a complaint (amongst those who had not yet done so) was in fact slightly lower than for PRS users (26% vs. 32%).

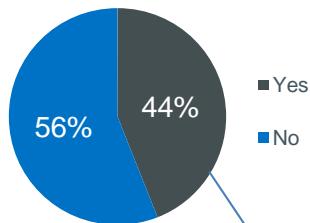
Chart 51

Complaints about services discussed in micropayment questionnaire

Felt like they wanted to make a complaint:

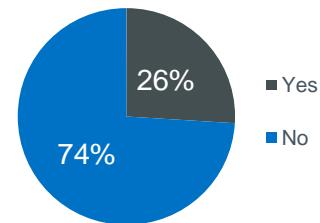


Made a complaint (of those who felt like they wanted to*):



(Equates to 5% of all micropayment users)

Know where to make a complaint (of those who have not yet done so**):



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

1045 current micropayment users / *112 micropayment users who have wanted to make a complaint/ **996 PRS users who have not made a complaint. MP10a, b, d

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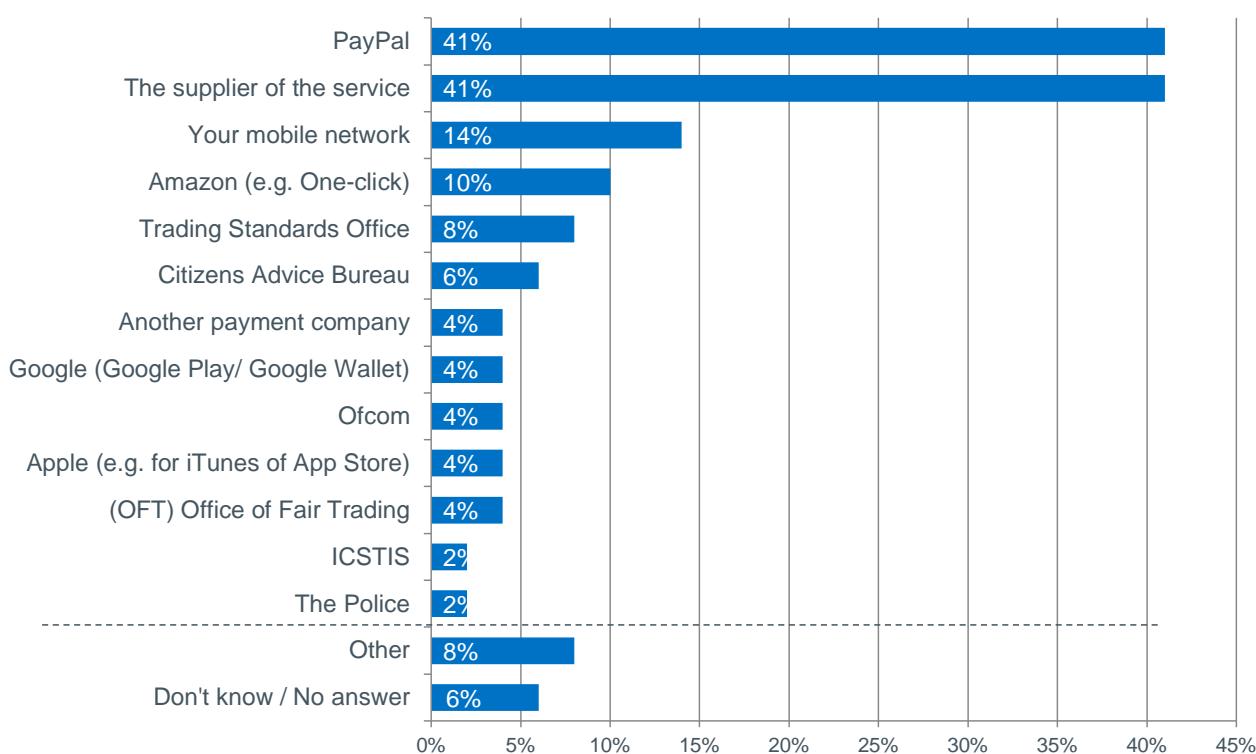
Direction of complaints

Those who had complained were asked where their grievance was directed. For two in five this was 'PayPal' and 'the supplier of the service' (41% apiece).

Other mentions lagged far behind, and included other payment suppliers (Amazon for one-click at 10%), Google (4%), and Apple (4%). In terms of regulatory or other consumer bodies, Trading Standards attracted the most mentions (8%), followed by the CAB (6%), Ofcom (4%), the OFT (4%) and ICSTIS (2%). This was a similar pattern as was found amongst PRS users, in that for many the focus of complaints were the suppliers of the service followed by the provider and/or billing source.

Chart 52

Who complaint was made to (of those making a complaint)



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

49* low base current micropayment users who have made a complaint Descriptions for each organisation/ avenue of complaint were sometimes more detailed when question was put to consumers. More than one option could be selected.
MP10c

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Knowledge of where to go

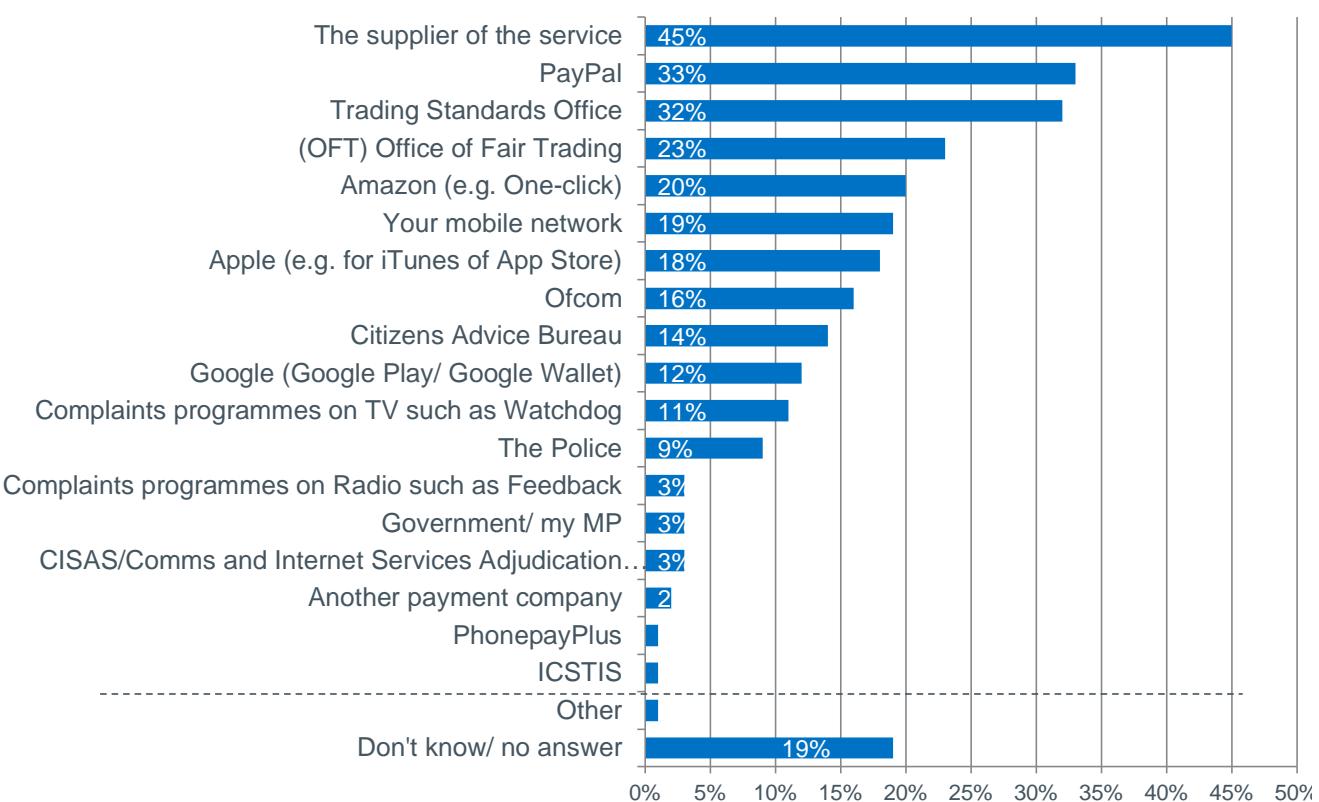
A minority of those that had not made a complaint knew where they would direct theirs (26%) and this ambiguity is reflected in the large number of different organisations who were selected as their point of call, as shown in Chart 53.

The supplier of the service was the most frequent choice, at 45% of micropayment users. Mirroring the complainants, this was followed by PayPal (33%), and Trading Standards (32%).

Where those with experience of complaining differed was that fewer went to other bodies, including the alternate payment methods such as Amazon One-Click (20% of all micropayment respondents vs. 10% of complainants). So there were generally fewer mentions. This is because they are not basing their answer on a specific scenario and therefore are naming more possibilities.

Chart 53

Who would make a complaint to



Source: PhonepayPlus quantitative consumer study, March to April 2013. Base:

1045 micropayment users. Descriptions for each organisation/avenue of complaint were sometimes more detailed when question was put to consumers. More than one option could be selected.. MP10e

Consumer Engagement
with PRS 2012-2013

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