The University of Technology, Sydney

Optus Research Report- MR_09_02

Team Members:

Patricia Ballering

Zachary Boiskin

Erica Capuzza

Christopher McLennan

Mi Lainmar Oo

Mengdi Wang

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Executive Summary:

Optus is the second largest telecommunications company in Australia and is a fully owned subsidiary of parent company Singtel. It’s mission statement is “breaking barriers and building bonds to assist businesses and consumers communicate easier, faster, more economical and reliable” (About Optus, 2015). Optus believes that creating and delivering value to its customers, employees and shareholders is a fundamental part of its business.

In February 2015, Optus requested Marketing Research students of the University of Technology Sydney to conduct research into the telecommunications industry to determine the influence that entertainment content could play in the differentiation of Optus’ products with regards to the target group being 18 to 24 year olds in Australia. A research question was formulated in order to complete this assignment:

“How can Optus use the service of entertainment to improve their products and gain a competitive advantage over rival companies in the market of 18-24 year olds?”

Methodology

In order to answer the question above accurately, both primary and secondary research were chosen to gain a better understanding of what entertainment means to the target population. The total number of target audience members surveyed was 60 and the number of target audience members interviewed was 6. The response rate was 100%.

Research design was exploratory and descriptive, which allowed identifying relationships between variables and drawing conclusions describing what the target market defines entertainment as.

Findings

The most significant results were the fact that entertainment has been described to be a leisure and socializing activity by the sample target market with a majority of the respondents showing a high willingness to buy an affordable entertainment package. Another interesting outcome is the fact that friends are shown to be the most prominent aspect of influencing people regarding the purchasing of new entertainment services, with brand loyalty also playing a major factor in the respondent’s choice of entertainment purchases.

Overall, movies are the most popular category and most respondents use entertainment services during the 6pm to midnight time period. The financial side of the research showed that respondents spends $30 or less on entertainment each week and that nearly half of them would spend more in the future on innovative entertainment services. Finally, the most popular and important information source for entertainment products and services is the Internet.

Recommendations

In relation to product, Optus is advised to improve its product offering to allow the target market to consume entertainment more freely. Thus, the company should increase its data allowances on mobile phones to enable the target audience to have more access to entertainment through social media and video streaming.

Furthermore, since the target market of 18 to 24 year olds is heavily comprised of students, a student discount may be a popular offer taken up by the price sensitive target group.

Optus should also focus on improving its online stores in order to make it more user friendly and accessible for younger audiences. The “Live Chat” service in particular should be improved in order to minimize the waiting time.

Finally in regards to promotion strategies, Optus should increase the focus on the affordability factor and improve the quality of its online advertisement as the majority of the target group searches for information online. In addition to this, Optus should introduce a customer loyalty or a referral program.

Research Issues and Objectives:

Optus and its Products:

Optus is the second largest telecommunications company in Australia and aims to lead the market in delivering outstanding consumer experiences. Their motivation for conducting research on the market of 18-24 year old adults is due to the evolving nature of the telecommunications industry and the need to keep products up to date and appealing to this market.

Optus offers a range of entertainment services for customers to purchase, which are often tied in with home internet packages. Recent offers now include:

- A complimentary 6 month subscription to **Netflix** on new home broadband, mobile phone and mobile broadband plans, with data used on the service being unmetered for Optus customers on the home broadband plans.
- **Optus TV** with **Fetch** or **Foxtel** to view premium TV channels, view the latest movies on demand and easily record TV programs.

Competitors:

Telstra:

Telstra is Australia's largest telecommunications and media company and offers entertainment bundles to customers that involve services tied in with home broadband or phone deals to encourage customers to switch to Telstra and take advantage of cheaper bundles. Entertainment products/services offered include:

- **Foxtel** - Subscription service that allows subscribers to view a selection of Foxtel TV channels within their purchased package.
- **BigPond Movies** - On demand movie service that allows customers the choice to watch thousands of movies from their Smart TV, laptop, tablet, smartphone or other compatible device.
- **T-Box** - Set top box that allows customers to rent movies and TV episodes on demand.

Vodafone:

Vodafone is the third-largest mobile carrier in Australia and offers a variety of telecommunications products and services such as Mobiles, Broadband devices and Tablets, as well as offering a vast range of entertainment options within the product range. Current entertainment deals that Vodafone offer include:

- **Digital Newspaper Subscriptions** - New and upgrading Vodafone Red Plan customers are eligible to receive a free 6 or 12 month digital subscription to either Sydney Morning Herald (SMH) or The Age.
- **Spotify** - Mobile subscribers who sign up for a 12 or 24 month plan will receive either 6, 12 or 24 months of Premium Spotify access.
- **Partnership with Stan** - Vodafone has built a partnership with TV filming service Stan in 2015 to provide a either 6 or 12 month subscriptions for new Red Plan customers. Stan is an entertainment streaming program that gives users the ability to stream TV, Kids Shows and Movies to supported devices, such as laptops and mobile phones.

Internet as a source of entertainment

The four most used online activities in Australia are online banking (72%), social networking (66%), watching movies/videos (58%) and finally accessing government services (58%) (Australian Bureau of Statistics, 2014).

From an entertainment point of view, this means that the most popular online activities are movie streaming, listening to music and social networking.

As can be seen in Figure 1, the 18 to 24 year olds are most interested in social networking (96%) and it can be said that the internet is primarily used as an entertainment source (through social networking) for young Australians in the 18-24 age range.

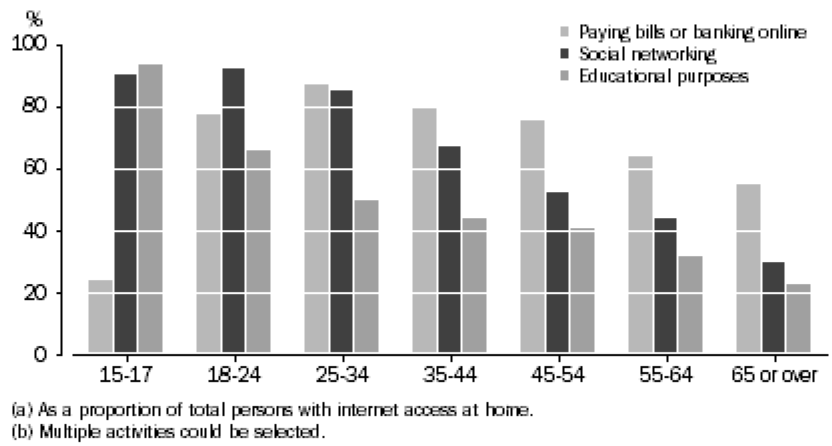

Figure 1: Selected online activities by age group; Australian Bureau of Statistics, 2014

Target Market Research:

The selected target market chosen to demographically segmented by age are 18-24 year olds whom are pre or post paid mobile users as well as fixed home internet users of Optus. This segmented market is believed to have a preferred mode of communication with mobile phone and internet use as being young people, connecting with social medias and numerous tools that the devices deliver. According to the Australian Bureau of Statistics, 17.4 million mobile phone subscribers had access to the internet in Australia (Australian Bureau of Statistics, 2013). Additionally, the Australian Bureau of Statistics recorded that in 2010-11, 96% of 18-24 year olds had accessed the internet in the previous twelve months (Australian Bureau of Statistics, 2012).

Decision Problem:

The purpose of this project is to conduct research into the telecommunications industry to determine the influence that entertainment content could play in the differentiation of Optus' products. To accurately analyse the current entertainment industry, a research question was developed:

"How can Optus use the service of entertainment to improve their products and gain a competitive advantage over rival companies in the market of 18-24 year olds?"

This question was centred on the main focus of the study, which was to identify opinions on entertainment from the target market, as well as gain any insights into their future spending habits and any innovative ideas that they may have.

Research Objectives/Questions:

Research objectives were also created for the project to provide a written direction for the study and allow members of the group to analyse trends and collect data that was relevant to one or more of the research objectives.

The project's research objectives are:

1. To determine how target customers define 'entertainment'
2. To identify the different content categories our target customers are interested in.
3. To identify the profile of entertainment content users
4. To ascertain the potential future role that a telecommunication provider could play in the entertainment space
5. To identify any sub-segments that are of relevance
6. **Product**:
   - To determine what customers want from a mobile/internet service provider
   - To determine what role entertainment content can play
7. **Place**:
   - To learn how these customers want to buy their mobile/internet service
8. **Price**:
   - To determine the perceived value of a mobile/internet service with entertainment content to customers
9. **Promotion**:
   - To determine the best way to communicate to this audience about an entertainment content service

Hypotheses:

- There is no difference between genders regarding expenditure and willingness of consumption on entertainment service/products.
- There is no difference among different income levels regarding expenditure and willingness of consumption on entertainment service/products.
- There is no association between expenditure or consumption on entertainment now and the willingness of consumption on entertainment service/products in the future.
- There is no difference between genders regarding interested categories of entertainment.
- There is no difference between genders regarding interested categories of entertainment on mobile phones.
- There is no difference between genders regarding importance level of each influential factor.
- There is no difference between daytime and evening usage patterns for consumers.

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<u>Methodologies:</u>

Both primary and secondary research was chosen as the main method of information and data collecting for the Optus research project in order to gain a better understanding of what entertainment means to the target population of 18-24 year olds.

Research design was exploratory and descriptive which allowed us to identify relationships between variables and draw conclusions describing how the target group defines entertainment.

At first, the group conducted secondary research to gain a better understanding and background information on the telecommunications industry along with Optus and their competition. Once a better understanding was gained, we engaged in primary research with a total of 66 samples (6 in depth interviews and 60 surveys). The samples for the survey were picked out mostly by convenience sample and judgment sampling. A majority of the samples were our friends or family members that fell within the target age group. For simplicity of sampling purposes, qualitative research was mainly discussed in the primary research in order to really gain an insight on entertainment. At this stage, quantitative data was minimal and if used, was meant to segment the sample and obtain their demographics.

The structure of the in-depth interview questionnaire was 26 open ended questions that were prompted and probed by the interviewer in order to get the best insight into the definition of entertainment. Average time of the interview took between 15-20 minutes. If some questions proved more difficult to answer than others, the interviewer would intervene in order to alleviate the any stress on the interviewee to not create and cognitive fatigue.

The survey structure was also 26 questions but was not nearly as open ended. we distributed 60 questionnaires and there was a 100% response rate. The questions were multiple choice, Likert scale and ranking from least to most importance. Intrinsic and extrinsic attitudes and motivations that stood out were taken note of and included in the quantitative analysis after all the surveys were completed. We were fortunate to have an almost equal amount of males and females sampled which can be seen in Figure 2.

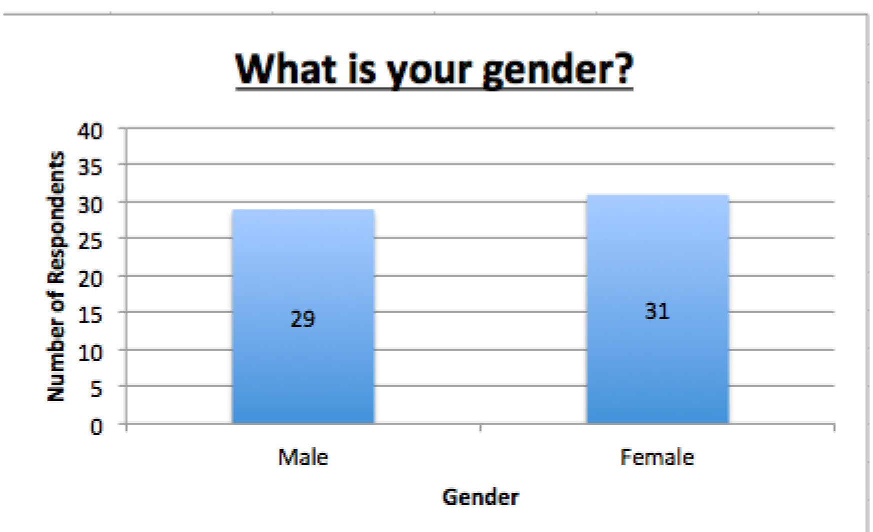

Figure 2: What is your gender?

On Figure 3, we can see the most frequent age of the respondents, the spread and the average age. The most frequent age was 19 and 22 years old with the average being 21.15 years old.

Figure 3: Ages of Respondents

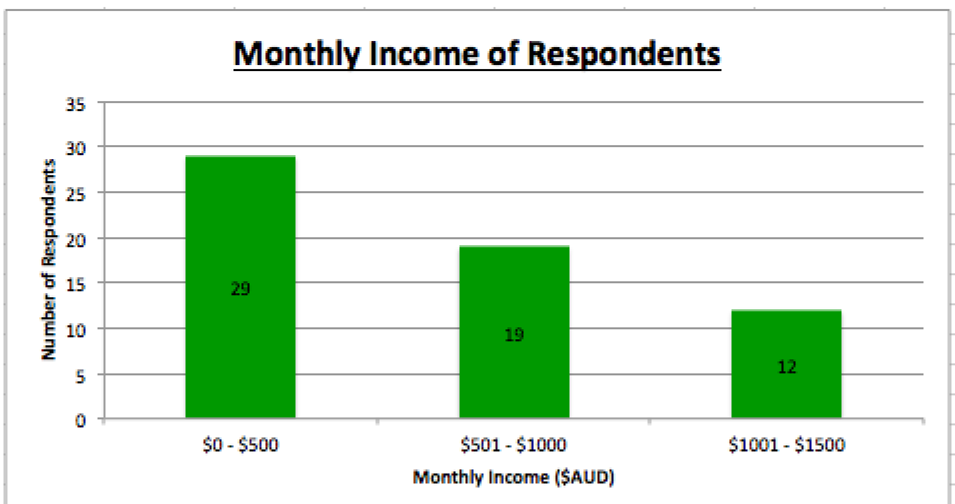

Figure 4: Monthly Income of Respondents

Figure 4 above shows average income of the sample set. Being that most of the samples make $0-$500, price sensitivity should be highly taken note of when appealing to this demographic to fulfill entertainment needs. The survey was completed in a short amount of time to improve the likelihood of our respondents taking the time to complete them. Average time to complete a survey was 7-10 minutes.

Summary of Data Analysis Techniques Used:

<u>**Data Analysis Technique Used:**</u>	<u>**Description of Technique:**</u>	<u>**Research Objective(s) Analysed by Technique:**</u>

Frequencies	The statistics in a one-way frequency table give a better understanding concerning average responses.	Objective 1, 9
Cross Tabulations	Simultaneously treating two or more variables in the study; categorizing the number of respondents who have answered two or more questions consecutively.	Objective 2, 3, 7, 9
Two Sample T-Test	A hypothesis test that utilizes the t-distribution. Assesses the statistical significance of the difference between two means for a single variable.	Objective 2, 3, 5
Chi-Square	Assesses how closely the observed frequencies fit the pattern of expected frequencies.	Objective 5
ANOVA Test	A statistical technique that determines whether three or more group means are statistically different from each other.	Objective 3, 5, 8
Pearson Correlation Coefficient	A statistical measure of the strength and direction of a linear relationship between two interval or ratio-scaled variables	Objective 5

Results:

Research Objective 1: To determine how our target customers define 'entertainment'

Our in-depth interview focused on what entertainment meant to the target group and their main purposes of consuming entertainment. We concluded that entertainment is a leisure and socialising activity and is more so used for time-filling purposes. Respondents were quoted to describe entertainment as:

> *"It's kind of both for leisure and socialising, I have a few mates who play online games so a lot of the time that I'm playing online, it's because they are so we are all socializing."*

> *"I use entertainment mainly to pass time...I use entertainment a lot when commuting to work...and social media to keep in contact with friends."*

Another significant discovery from the in-depth interview was that the main factors influencing the interviewee's purchasing decisions were through friend recommendations. However in many situations, the interviewees indicated that they were reluctant to switch service providers:

"I probably haven't changed a method of entertainment for a couple of years, the only time I would change it is if upgraded technology came out, like the PS4."

The results from our survey state that most respondents (65.0%) show relatively high willingness to buy an affordable entertainment package offered by a mobile and internet services provider. As shown below in Figure 5, friends (66.7%) were said to be the most influential people when purchasing new entertainment.

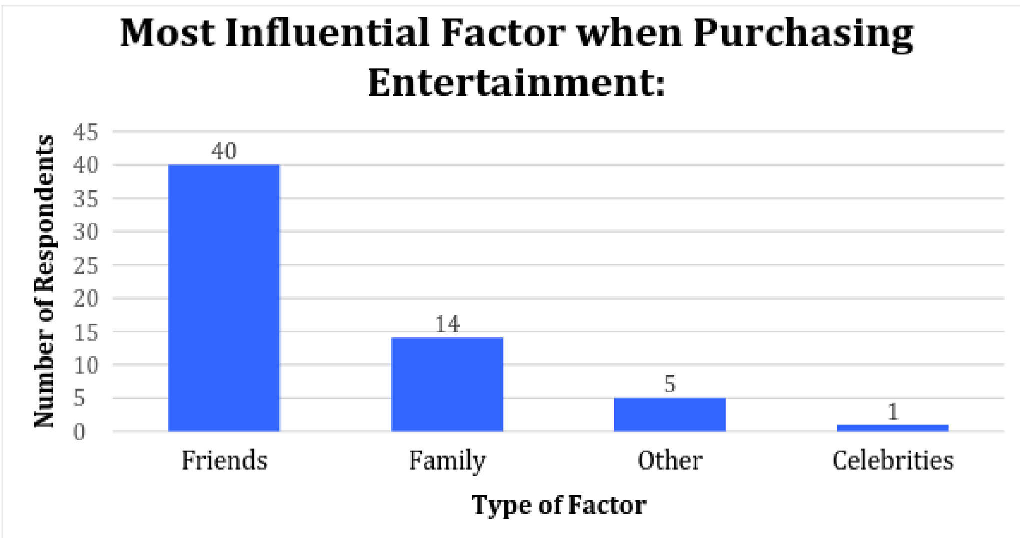

Figure 5: Most Influential Factor when Purchasing Entertainment

Research Objective 2: To identify the different content categories our target customers are interested in.

Part of the quantitative research to answer this research objective involved asking respondents what categories of entertainment they used and were interested in. Results are shown below in Figure 6:

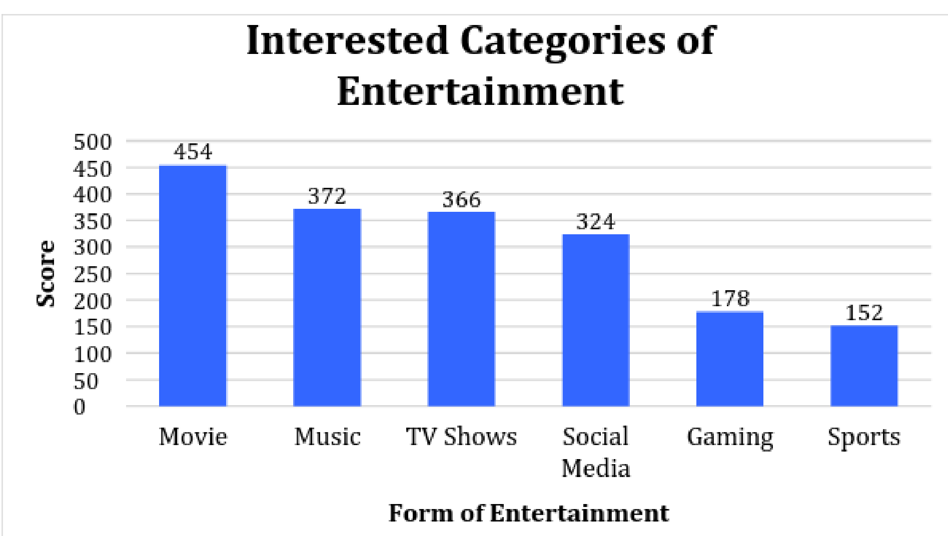

Figure 6: Interested Categories of Entertainment

It is clear in Figure 6 that the target group of 18-24 year olds most commonly associate themselves with entertainment in the form of movies, with music and TV shows close behind as other popular forms. Gaming and sports as entertainment forms were given much lower scores.

According to two sample t-test data, there is a difference between genders regarding interested entertainment categories of music, social media, TV shows, gaming and sports. Also, there is difference between male and female regarding the categories of entertainment services used most on mobile phones.

The cross tabulation data shows that both males and females are interested in movies. However, males are more interested in TV shows, gaming and sports, while females are more interested in social media and music. Males generally use more games/applications on their mobile phones while females tend to use more social media on their mobile phones.

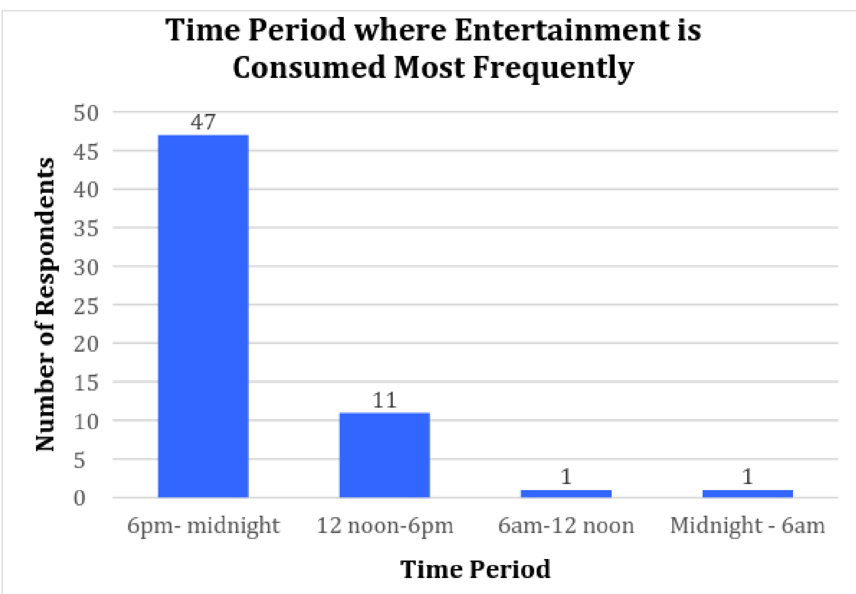

Figure 7: Time Period where Entertainment is Consumed Most Frequently

Figure 7 shows that the majority of respondents (78.3%) use entertainment services most frequently during the 6pm – midnight time period.

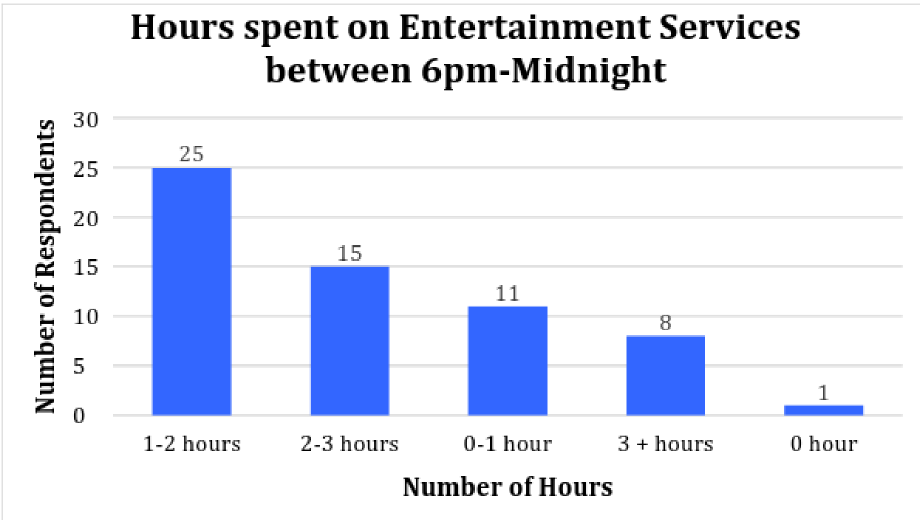

Figure 8: Hours spent on Entertainment Services between 6pm - Midnight

According to Figure 8, 41.7% respondents spend approximately 1-2 hours on consuming entertainment services or products during the 6pm - midnight time period. Another 25.0% of respondents spend 2-3 hours on entertainment service or products during that time period, while 18.3% respondents spend 0-1 hour consuming entertainment each night.

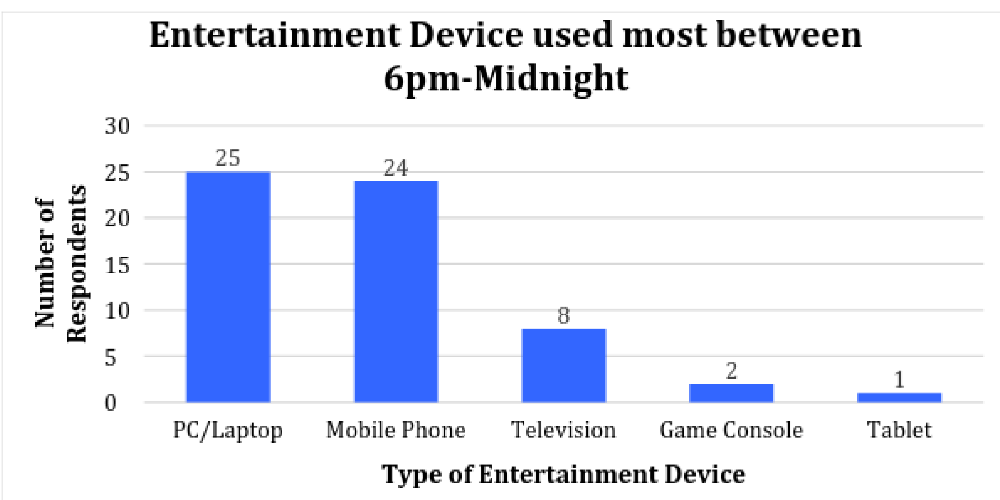

Figure 9: Entertainment Device most used between 6pm - Midnight

Figure 9 shows that during the 6pm-midnight period, the two clearly most popular devices used to consumer entertainment services were PC/Laptops (41.7%) and mobile phones (40%).

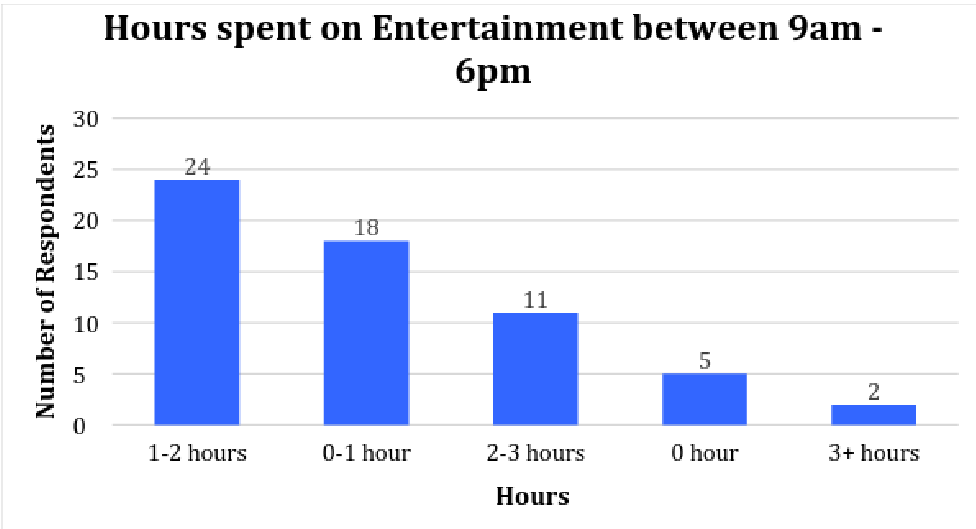

Figure 10: Hours spent on Entertainment between 9am – 6pm

During the 9am - 6pm period, Figure 10 shows that 40% of respondents said that they spend between 1-2 hours on consuming entertainment products and services. A slightly lower 30% of respondents spend 0-1 hour consuming entertainment during that time period and 18.3% respondents spend 2-3 hours. Smaller amounts of respondents spend either 0 hours or more than 3 hours consuming entertainment between 9am and 6pm.

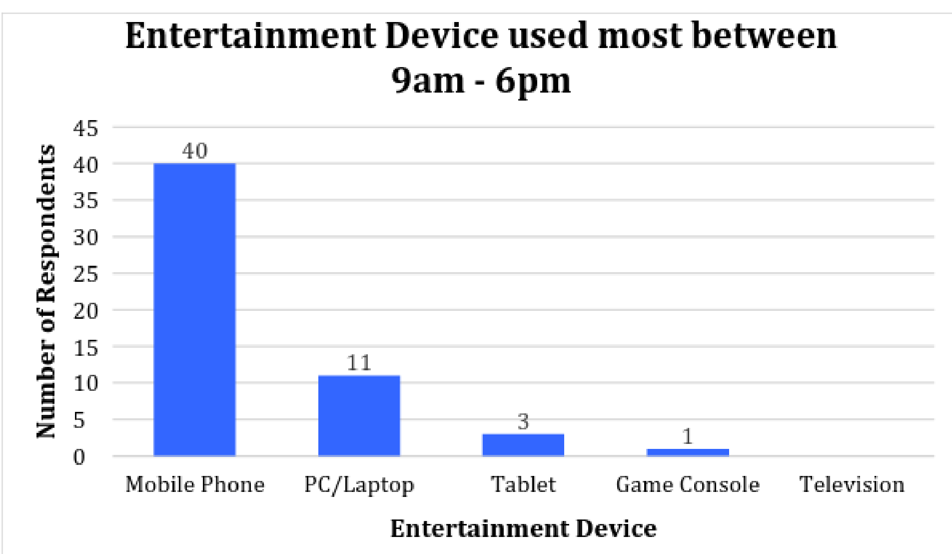

Figure 11: Entertainment Device used most between 9am – 6pm

Figure 11 demonstrates that during the 9am - 6pm time period, a majority (66.7%) of respondents said that they use their mobile phone device most to consume entertainment, which is significantly higher than the next highest (PC/Laptop) at 18.3%.

Research Objective 3: To identify the profile of entertainment content users

The majority of respondents (71.7%) spend $30 or less on entertainment services each week. No respondents recorded spending of more than $90 on entertainment services weekly and most respondents (60%) subscribe to only one or zero entertainment services.

The two sample t-test data shows that even though there is no difference between males and females in entertainment expenditure patterns, there is a difference in their responses regarding the number of subscribed entertainment service/products and their willingness to subscribe.

The cross tabulation data illustrates that males use a larger variety of entertainment service/products than females and are more willing to subscribe to online entertainment services.

The One-way ANOVA data shows that the income level is not a factor that influences entertainment expenditure, the number of subscribed entertainment service/products and willingness to subscribe online services.

Figure 12: Weekly Expenditure on Entertainment

Figure 12 shows that the most frequent spending amount on entertainment each week by far is between $1-30, with 32 respondents out of 60 stating their consumption is within that interval. Other spending intervals were less popular, with no respondents indicating that they spend over $91 each week on entertainment.

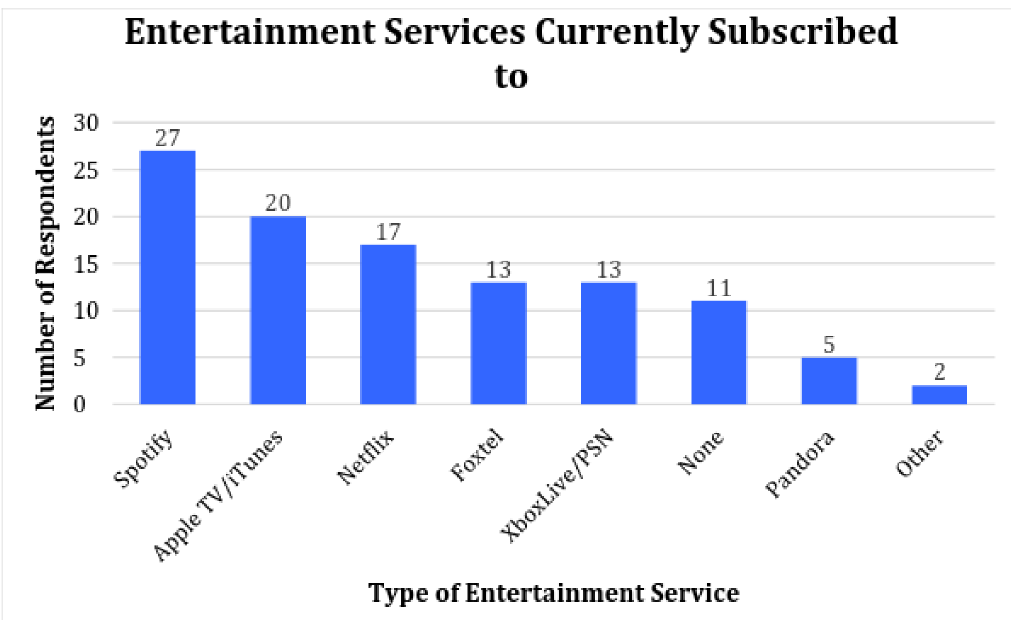

Figure 13: Entertainment Services Currently Subscribed to

In graph 13, it is evident that Spotify is the most popular entertainment service/products (27 respondents), followed by Apple TV/iTunes (20 respondents) and Netflix (17 respondents).

Figure 14: Number of Entertainment Services Subscribed to

As shown in Figure 14, 60% of respondents subscribe to one or zero entertainment services, while only 18.3% of respondents subscribe to two forms of entertainment services.

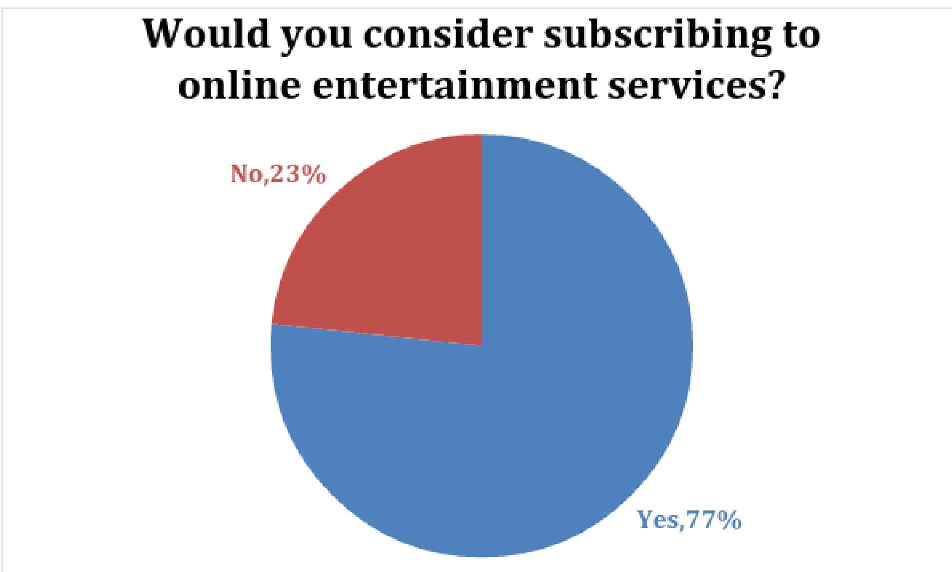

Figure 15: Would you consider subscribing to online entertainment services?

The pie chart in Figure 15 shows that a large majority (77%%) of respondents would consider subscribing to online entertainment services if they perceived it as good value for money.

Research Objective 4: To ascertain the potential future role that a telecommunication provider could play in the entertainment space

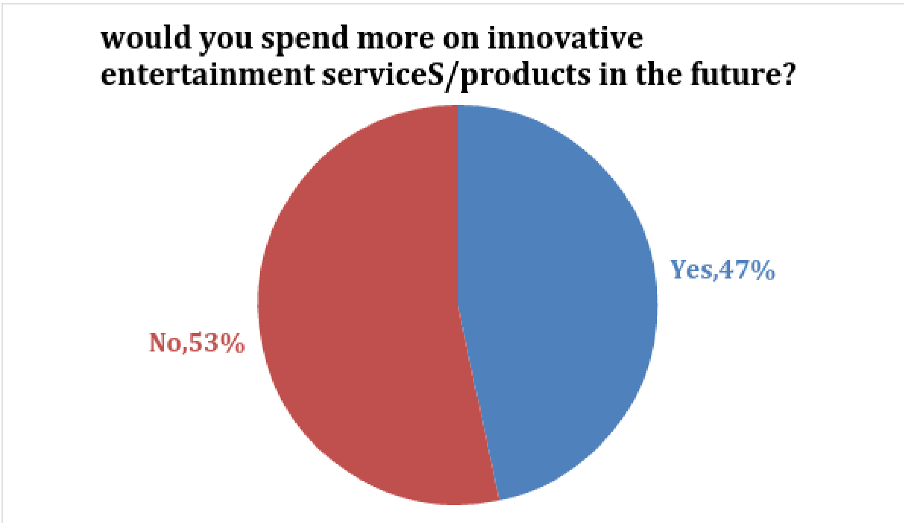

Figure 16: Would you spend more on innovative entertainment services/products in the future?

Figure 16 demonstrates that nearly half of the respondents would spend more than previously on entertainment services in the future if there were more innovative products/services available

Research Objective 5: To identify any sub-segments that are of relevance

According to the data of a Pearson correlation coefficient, the more money a respondent spends on entertainment now the more he or she is willing to spend on more innovative entertainment in the future.

Using a Chi-square test, there was no relationship between weekly expenditure on entertainment now or the number of subscribed entertainment services and the preferred expenditure on video streaming.

Through a one-way ANOVA, we point out that there is difference among different weekly expenditure on entertainment levels regarding preferred expenditure on monthly video streaming.

Most of the respondents (80.0%) have less than $1000 of income monthly. No respondents have more than $1500 income monthly. The majority of the respondents (83.3%) reside with others while few (16.7%) live alone.

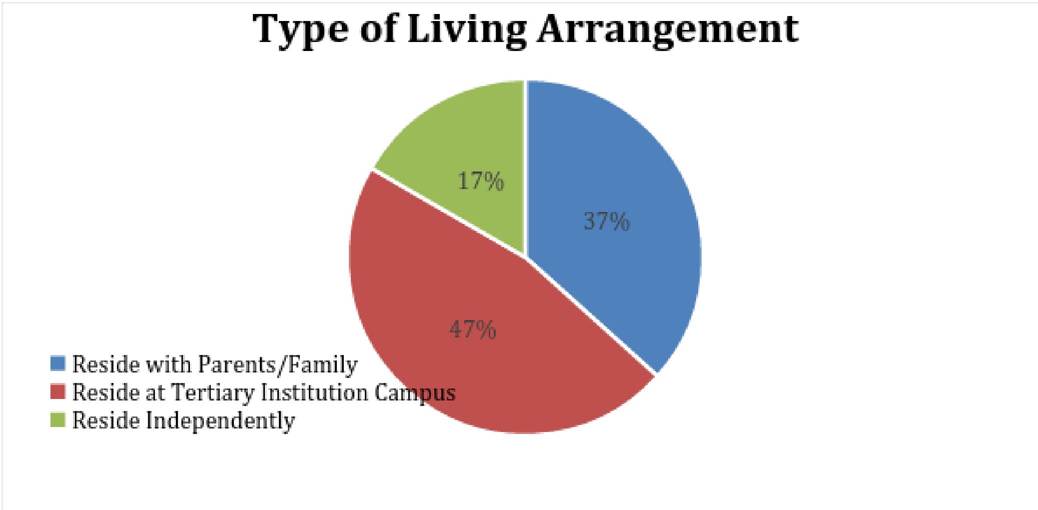

Figure 17: Type of Living Arrangement

The above graph 17 shows that nearly half of the respondents (47%) reside with others at a tertiary institution campus, while 36% respondents reside with parents/family and 16.7% respondents live alone.

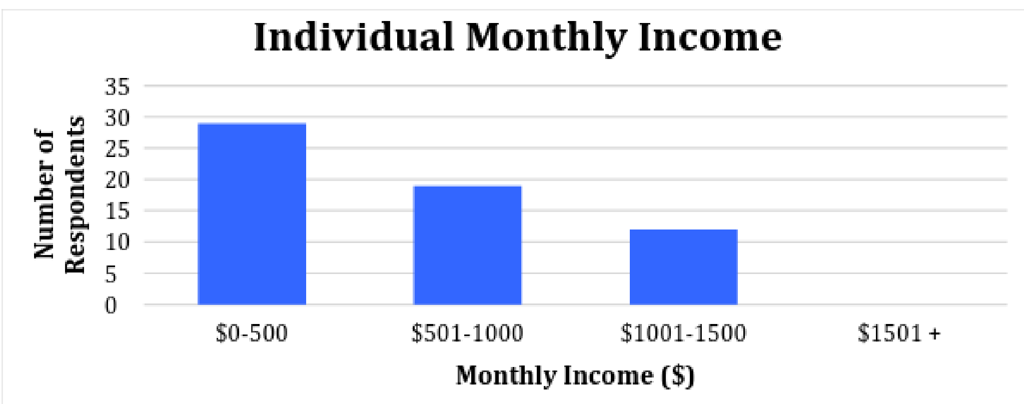

Figure 18: Individual Monthly Income

As seen in Figure 18, the most common monthly income amount was the $0-500 bracket (48.3%), with 31.7% respondents stating that they earn between $501-$1000 each month. A further 20.0% of respondents earn between $1001-$1500 each month, with no respondent earning more than $1500 per month.

Research Objective 6: Product - To determine what customers want from a mobile/internet service provider

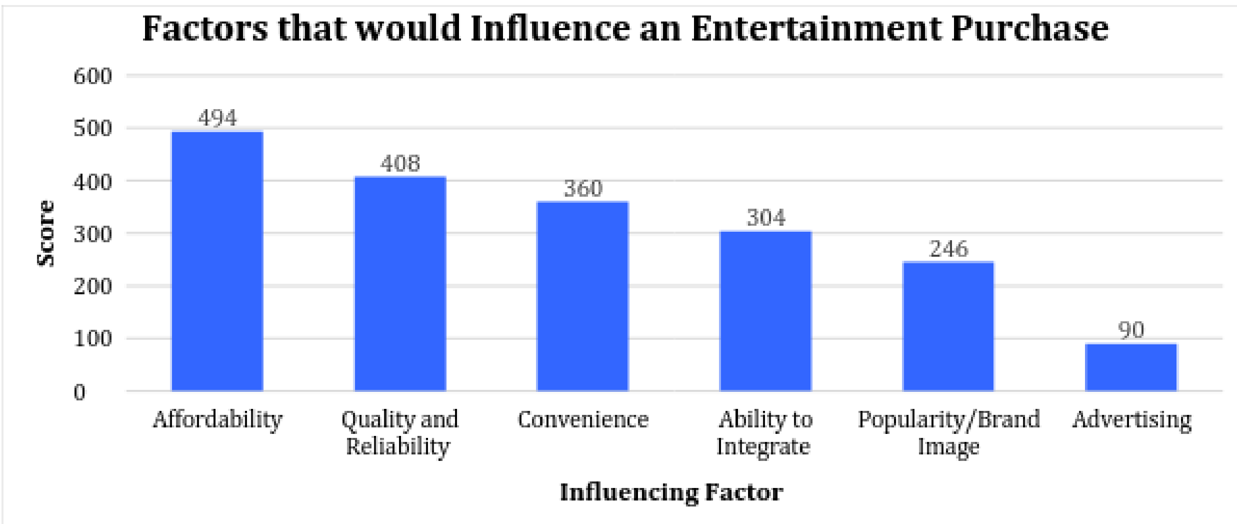

Figure 19: Factors that would Influence an Entertainment Purchase

The most common factor (shown in Figure 19) that influences a respondent's entertainment purchase was affordability (494), while the second most important factor was quality and reliability (408). Other significant factors included convenience (360), ability to integrate (304), brand image (246) and advertising (90).

Research Objective 7: Place

For respondents, the most important information source regarding entertainment products/services is the internet. The data of frequencies shows that even though respondents slightly agree that they prefer to purchase entertainment service online, they might also be likely to purchase entertainment service in a physical store.

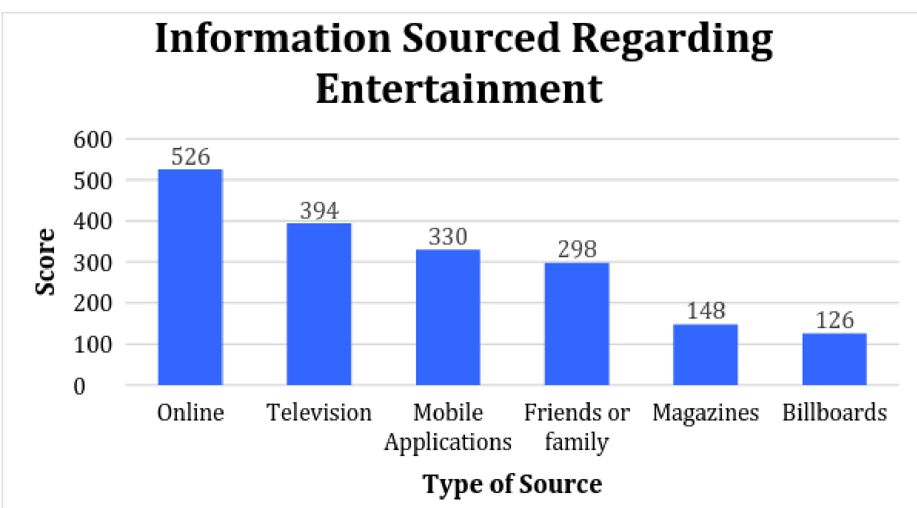

Figure 20: Factors that would Influence an Entertainment Purchase

Figure 20 shows that most respondents viewed the internet as the most important way to source information about entertainment (score of 526), followed television (394), mobile applications (330), friends/family (298), magazines (148) and billboards being the least important source (126).

Research Objective 8: Price

For video streaming fees, 90% of respondents indicated that they would pay less than $11 for video streaming monthly.

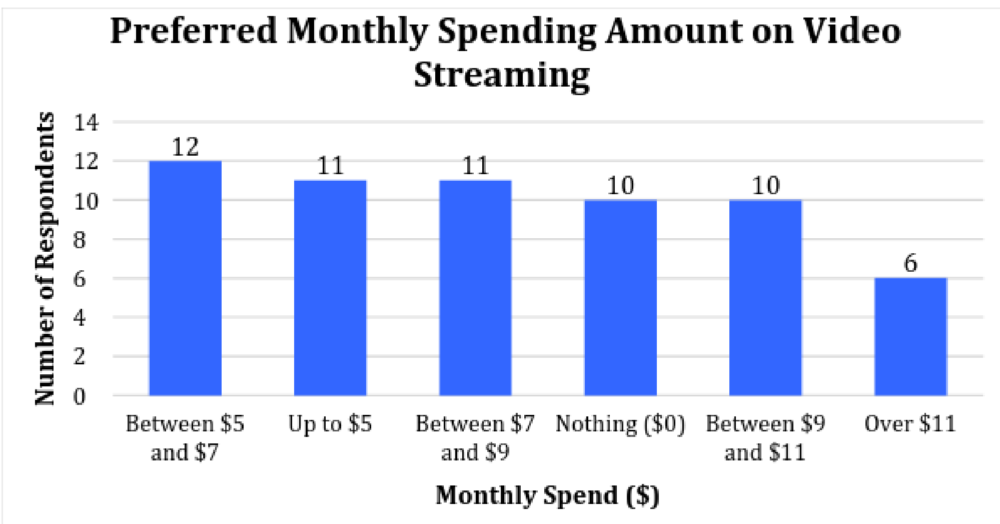

Figure 21: Preferred Monthly Spending Amount on Video Streaming

In Figure 21, it can be seen that there was a large spread between the different categories when analysing what respondents would pay for video streaming per month.

Research Objective 9: Promotion

In regards to the data of frequencies, the respondents are moderately likely to trial the entertainment products/services their friends are using and moderately likely to recommend the entertainment service/products to their friends if they think the services/products are good.

The data also demonstrates that free trial is not a highly efficient way to make respondents keep using the products after they try out that product for free for a certain time period.

Conclusions:

Entertainment has been described to be leisure and socializing activity by our sample target, with a majority of the respondents showing a high willingness to buy an affordable entertainment package. Friends are shown to be the most prominent aspect of influencing people regarding the purchasing of new entertainment, with brand loyalty also playing a major factor in the respondent’s choice of entertainment purchases. It was also concluded that free trials not an efficient way to make respondents continue subscribe after their free trial.

Overall, the most popular category of entertainment for the target market is movies and males showed more interest in TV shows, gaming and sports while females showed more interest in social media and music. Males also use more games/applications on their mobile phones while females use more social media on their mobile phone.

A majority of respondents use entertainment service most frequently during 6pm – midnight time period. During 6pm - midnight, most respondents spend 1-3 hours on entertainment and most respondents use PC/laptop and mobile phones as an entertainment device. However, during 9 am - 6 pm, most respondents spend less than 2 hours on entertainment with mobile phones being the most frequently used entertainment device.

The majority of respondents spend $30 or less on entertainment services each week. No respondent spends more than $90 on entertainment services weekly, which shows that the target group is price sensitive and does not like to spend lots of money on entertainment.

Nearly half of the respondents would spend more than they currently do on more innovative entertainment services in the future and a majority would consider subscribing to online entertainment services in the future. This is highly dependent on the current spending amount on entertainment services.

However, there is no relationship between weekly expenditure on entertainment now or the number of subscribed entertainment services and the preferred expenditure on video streaming.

For respondents, the most popular and important information source regarding entertainment products/service is internet. Even though respondents slightly agree that they prefer to purchase entertainment service online, they might also be likely to purchase entertainment service in a physical store.

For video streaming fees, the majority of respondents would like to pay less than $11 for video streaming monthly. There is no difference between genders or among different income level regarding to willingness of monthly expenditure on video streaming.

<u>Recommendations:</u>

After analysing the findings, four key recommendations based on the marketing mix concept (4 Ps) have been proposed to Optus to further improve their entertainment products and gain a competitive advantage in the 18-24 year old target market:

Product:

Although Optus has heavily invested in their mobile network over the past couple of years, the rising trend of using mobile data heavily for streaming videos and movies has resulted in the need to continue to make improvements in order to keep customers happy. Increased entertainment use, especially by younger audiences including the 18-24 age group means that Optus must adjust their products to meet customer expectations. To improve their product offering to allow 18-24 year olds to consume entertainment more freely, Optus should increase their data allowances on their mobile plans to accommodate for increases in mobile data usage due to increases in social media and video streaming on mobile phones and tablets.

Price:

To address key pricing strategies, Optus could implement a pricing strategy that offers a percentage discount on their entertainment services such as Optus TV through Fetch and Foxtel. This could be implemented through offering an introductory monthly subscription rate for a period of 2-3 months that is cheaper than the standard price, to attract new customers to try the service out.. Since the target market of 18-24 year olds are heavily comprised of students, a “Student discount” offer could be given to eligible customers who hold a student card or concession card. This may be a popular offer taken up by the price sensitive target group who are generally happy to spend a few dollars per month on subscribing to entertainment services.

Place:

Optus should consider their placement strategies when marketing to the target group of 18-24 year olds. Through the quantitative research, it was evident that the respondents are moderately likely to purchase services online rather than in a physical store. This has led to the recommendation that Optus focuses on improving their online store to make it more user friendly and accessible for younger audiences to purchase entertainment products and services. After testing the service of Optus’ online store and it’s customer service, it was found that when attempting to use the “Live Chat” feature to contact a customer service representative, there was a large waiting time. This can become a big issue when the target group may need assistance before making a purchase through the Optus online store, as the 18-24 year old age group tend to favour convenience in addition to affordability.

Promotion:
If Optus hopes to gain a competitive advantage in the sale of entertainment services, it must conduct an effective promotional campaign that directly targets 18-24 year olds by using the correct mediums to advertise as well as provide benefits to customers to emphasise their importance. Firstly, Optus could address their current promotion strategies and increase their focus on the factor of affordability, given the fact that the target market are very price sensitive, especially when it comes to purchasing entertainment content and packages. Although the target market is price sensitive, the qualitative research conducted proved that many were less likely to move between carriers, so it is important to implement an effective promotion strategy to lure customers from competitors such as Telstra and Vodafone. Also, Optus should put more information on entertainment service/products online as the majority of the target consumers seek information on the internet.

Optus could also introduce a customer loyalty or referral program, which would involve long term customers receiving benefits such as complimentary entertainment packages such as a Netflix subscription, or a free Optus TV package upgrade for being a loyal mobile/broadband customer for a year (or more). Additionally, Optus could implement a referral program, where each customer is given a unique referral code and would receive credits for referring their friends to sign up with Optus. Credits could be redeemed to purchase new products, data packs or simply to discount a customer’s overall monthly bill.

Research Limitations:
Research limitations that occurred during this project included sampling bias, sample size, time and budget pressures and survey design.

While doing research, the group has used a non-probability sampling method- convenience and judgment sampling to be more precise. This means that the researchers have chosen to interview and survey friends and family that fell under the required category of 18 to 24 year olds. The outcomes may be biased because the vast majority of the respondents were from the Sydney region and most of them are students. Thus, the results cannot be projected to a large population. Outcomes may be different in other cities or states in Australia and therefore a potential sampling bias has to be taken into account.

In addition, since we only have 6 samples for the in-depth interview and 60 samples for the survey, the data, such as the income, may be skewed. A greater sample size may yield more significant and more stable statistics.

In addition to this, time and money constraints limited the possibility to interview and select more people and people from other cities and regions in Australia, which might have biased the outcomes due to the sample selection and sample size.

Meanwhile, even though we revised the interview questions and the survey questionnaire for several times, we find that certain questions need to be amended and added to yield more meaningful results.

Finally, non-sampling errors may have occurred due to inaccuracies in collecting, recording and processing the data. Every effort is made in order to minimise reporting error by audio recording the interviews, carefully designing the surveys and by processing the data efficiently.

Appendices:

APPENDIX 1: Optus Research Brief:

Product/Service:

- Postpaid Mobile Services
- Prepaid Mobile Services
- Fixed Home Internet Services
- Subscription Entertainment Services
- Entertainment Streaming Services

Decision problem:
The telecommunications industry is at a crucial juncture; as technology has evolved, the focus for customers has shifted from voice calls to mobile data. Increasingly customers are hungry for data, both in the home, and out of the home. The boundaries between communication and entertainment are becoming blurred and mobile phones are used as much for entertainment as they are for communication. Optus needs to understand this landscape in order to remain relevant for customers. We need to understand what role entertainment content could play in differentiating our products and making them.

APPENDIX 2: Moderator's Guide (Qualitative Research):

Introduction:

I would like to thank you for taking the time to meet me today. My name is ________ and I would like to discuss with you the different categories of entertainment that you are interested in and what role entertainment plays in your life. The information you provide might enhance consumers' entertainment experience in the future. The interview will go for around 15 minutes and I will be taping our discussion for further analysis.

Before we start, I would like to remind you that there are no right or wrong answers in this discussion. We are interested in knowing what you think, so please feel free to share your points of view or opinions. It is important to hear your opinions.

Screening Questions:

May I start off with a little bit of background information about yourself?

1. What is your current age?
2. What is your current occupation/industry in which you are employed in?
3. Do you currently live by yourself or reside with multiple other people?
4. Are you a user of any service of postpaid mobile, prepaid mobile or fixed home internet?

Introduce and examine first entertainment topic:

I would now like to discuss your ***view and interpretations on the area of entertainment and its various forms of service delivery***...

1. What kind of entertainment categories you are interested in (eg.movies,games,music,social media,others)? Please explain why.
2. What devices/mediums do you most commonly use when being provided with entertainment (Eg. Mobile phone, television, computer)
3. What role does entertainment play in your life? Is it a leisure activity, a chance to socialize or something completely different?
4. When you are consuming entertainment products, what words can you use to describe your mood? Do you tend to feel happy, excited, lazy etc.?

5. What are the key factors in influencing your choice in choosing certain entertainment activities? (eg. personal interest, influence of family, friends or celebrities.others?)
6. What are your spending habits in relation to entertainment (Weekly, monthly etc.)?
7. How long do you usually spend on entertainment activities daily? Is it a priority or just a time-filling activity?
8. Do you see the delivery and forms of entertainment changing over the next 2-5 years? If so, how/what areas do you see evolving?
9. Are there any areas in the entertainment sector that you perceive as being underutilised (ie. Can the delivery of entertainment content be improved in this specific area?)

- ***Ask additional probing questions (depending on interviewee responses)***

Introduce and examine final entertainment topic:
Now, I would like to discuss your ***opinion on various mobile phone and internet service providers that are connected to entertainment***...

Key Questions:

1. When you are looking/shopping for entertainment products, what are the features that you look out for most/compare? (Eg. Price, contract length, speed, convenience, ease of setting up)
2. How do you most commonly consume entertainment services or products in telecommunication? (Mobile phone, television, internet,etc.).
3. How consistently do you use entertainment services in your life? Do you change services often? Why?
4. Do you favour any entertainment service providers in Australia? Why?
5. How do you seek out information about telecommunication services or products(mobile phone, internet service, paid TV,etc.)? Do you use the internet for this or prefer to go into a store to physically see the product and talk to a sales representative about it?
6. How much would you spend on telecommunication entertainment service or products?
7. How many hours do you spend on entertainment products daily? In the morning, afternoon, evening or at night?
8. Would you be willing to pay more in order to obtain a new, innovative entertainment product from your mobile phone and/or internet provider?
9. What do you use your mobile phone for most frequently: calling, texting or entertainment services (including social media, movies, sport etc.)? Are there any factors that limit your use of entertainment on your phone (Screen size, internet speed, compatibility, etc.)?
10. Do you currently have a fixed home internet package? If so, What do you use your fixed home internet for the most (Emails, browsing, sport, streaming entertainment etc.)?

- ***Ask additional probing questions (depending on interviewee responses)***

Conclude the in-depth interview:
Let's summarise some of the key points from our discussion.
Is there anything more you would like to add?
Do you have any questions concerning with our topic?
Thank you for your time!

APPENDIX 3: Survey Questionnaire:

UNIVERSITY OF TECHNOLOGY SYDNEY

29 April 2015

Dear Respondent,

We are a team of market researchers from the University of Technology, Sydney that have been engaged to conduct research on the landscape of the telecommunications industry. Currently, we are undertaking a project to analyse the role of technology as a means of distributing the medium of entertainment to consumers in Australia.

We would like to invite you to participate in a short survey (attached) to gain insights into the telecommunications industry and determine trends in entertainment usage as well as mobile and Internet usage patterns. The survey will take approximately 10 minutes to complete, and it would be greatly appreciated if you were able to answer the questions and assist our research project.

Any information that you disclose in this survey will be kept strictly confidential and will not be passed on to any other parties nor used for any other purposes. Your answers will be examined in a group context using various data analysis techniques and will not be individually identifiable.

If you have any questions regarding this research project or your participation in the survey, please do not hesitate to contact Mengdi Wang on 0456158040.

Thank you for your time.

The following questionnaire will take approximately 10 minutes to complete. All responses and information you provide will remain confidential. Thank you

For the questions that do not provide alternative instructions, please select one choice for each.

Q1. What is your age?

☐ 18
☐ 19
☐ 20
☐ 21
☐ 22
☐ 23
☐ 24

Q2. What is your gender?

☐ Male
☐ Female

Q3. How much do you spend each week on entertainment (TV shows, movies, gaming, music, etc.)?

☐ $0
☐ $1-30
☐ $31-60
☐ $61-90

☐ $91+

Q4. Do you subscribe to any entertainment services? (Please tick all applicable and/or fill in "Other" if service is not listed)
☐ Netflix
☐ Foxtel
☐ Spotify
☐ Pandora
☐ Xbox Live/PSN
☐ Apple TV/iTunes
☐ Other (Please Specify: _________________)
☐ None

Q5. How much would you spend each week on entertainment in the future if there were more innovative products/services available?
☐ More than previously
☐ The same as previously
☐ Less than previously

Q6. Would you consider subscribing to online entertainment services (such as Netflix) in the future?
☐ Yes
☐ No

Q7. How much would you be willing to pay for video streaming per month?
☐ Nothing
☐ Up to $5
☐ Between $5 and $7
☐ Between $7 and $9
☐ Between $9 and $11
☐ Over $11

Q8. What would be the most important factors that would influence an entertainment purchase to you? (Please number all lines, 1 = Most important, 6 = Least important)
Affordability ___
Convenience ___
Popularity/Brand image ___
Ability to integrate to other devices ___
Advertising ___
Quality and reliability of product/service ___

Q9. Which of these forms of entertainment are you most interested in? (Please number all lines, 1 = Most interested 6 = Least interested)

Movies ___
TV Shows ___
Social Media ___
Music ___
Gaming ___
Sports ___

Q10. Where do you regularly source information regarding entertainment from? (Please number all lines, 1 = most important source to 6 = least important source)
Television ___
Billboards ___
Online ___
Magazines ___
Mobile applications ___
Friends or family ___

Q11. What kind of entertainment service do you use most on your mobile?
☐ Games/Applications
☐ Movies
☐ Music
☐ Social media
☐ Other mobile applications (Please Specify: __________________)
☐ I never use entertainment services on my mobile

Q12. What time of the day do you most frequently use entertainment services?
☐ 6am – 12 noon
☐ 12 noon - 6pm
☐ 6pm - midnight
☐ Midnight - 6am

Q13. During the 6pm – midnight time period, how many hours do you approximately spend consuming entertainment?
☐ 0 hours
☐ 0-1 hours
☐ 1-2 hours
☐ 2-3 hours
☐ 3+ hours

If you answered 0 hours to Q13, please skip straight to Q15, otherwise please answer Q14.

Q14. During the 6pm – midnight time period, which entertainment device would you use most? Next to your answer, please write the type of entertainment used mostly on that device (Eg. Game Consoles– Gaming).

☐ Mobile Phone _________________
☐ Television _________________
☐ PC/Laptop _________________
☐ Game Consoles _________________
☐ Tablet _________________
☐ Other (Please Specify: __________________________________)

Q15. During the 9am – 6pm time period, how many hours do you approximately spend consuming entertainment?

☐ 0 hours
☐ 0-1 hours
☐ 1-2 hours
☐ 2-3 hours
☐ 3+ hours

If you answered 0 hours to Q15, please skip straight to Q17, otherwise please answer Q16.

Q16. During the 9am – 6pm time period, which entertainment device would you use most? Please state next to your answer the type of entertainment used on that device, (Eg. Game Consoles– Gaming)

☐ Mobile Phone _________________
☐ Television _________________
☐ PC/Laptop _________________
☐ Game Consoles _________________
☐ Tablet _________________
☐ Other (Please Specify: __________________________________)

Q17. Who influences you most when purchasing new entertainment services?

☐ Friends
☐ Family
☐ Celebrities
☐ Sport players
☐ Other (Please Specify: _________________)

Q18. How likely are you to buy an affordable entertainment package that a mobile and internet service provider offers?

☐ Extremely likely
☐ Very likely
☐ Moderately likely
☐ Slightly likely
☐ Not at all likely

Please answer the following questions by ticking a box: 1 = Strongly Agree 6 = Strongly Disagree ***In regards to entertainment services and products...***		1	2	3	4	5	6
Q19	I prefer to purchase entertainment services online, rather than at a physical store.						
Q20	I would like to trial the products/services that my friends are using.						
Q21	If I think this services/products are good, then I will say positive things about them to my friends.						
Q22	If I try out a product for free before I actually purchase it, I tend to subscribe and keep using it after the trial.						
Q23	If I feel the service provider is satisfying my needs, I will be loyal and not change providers.						

Q
☐ Student
☐ Not currently employed
☐ Casually employed
☐ Part-Time employed
☐ Full-Time employed

Q25. What is your current living arrangement?
☐ Reside with parents/family members
☐ Reside at tertiary institution campus (ie. University, TAFE campus)
☐ Reside independently/without family

Q26. What is your monthly income?
☐ $0 - $500
☐ $501 – $1 000
☐ $1 001 - $5 000
☐ $5 000 +

End of questionnaire. Thank you for your time!

References: - We can only use 5 websites, rest have to be articles/annual reports etc.

- http://www.optus.com.au/aboutoptus/About+Optus/SingTel+%26+Optus/Corporate+Profile/Vision+%26+Values/Vision+%26+Values
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