

**THE FACTORS MOST IMPORTANT TO STUDENT  
CELLPHONE USERS AT CAPE TECHNIKON WHEN  
MAKING A CHOICE BETWEEN PREPAID OR  
CONTRACT SERVICES**

BY

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Submitted in partial fulfilment of the requirements for the degree:

**MASTER OF BUSINESS ADMINISTRATION**

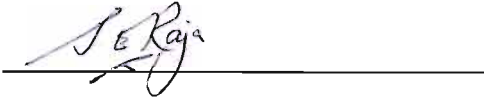
University of Natal, Pietermaritzburg

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## **Declaration**

I declare that this study is my own and original work and has not been submitted in any form to any university to obtain an academic qualification.

Where use has been made of the work of others, it is duly acknowledged in the text.

A handwritten signature in black ink, appearing to read 'S E Raja', is written above a solid horizontal line.

Shameema Ebrahim Raja

## **DEDICATION**

To my parents Ebrahim and Rookaya for their unconditional love and support and always believing in me.

## **ACKNOWLEDGEMENTS**

My deepest gratitude to my family and friends for their patience, forbearance and the support they constantly provided.

My supervisor Professor Debbie Vigar for her assistance, guidance and constant motivation through the entire process.

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Above all, my everlasting indebtedness to the Almighty, for being a perpetual source of inspiration.

## **EXECUTIVE SUMMARY**

South Africans have had a passionate affair with cellular telephony since its launch in June 1994. But, by far the networks contract-less prepaid service has been an outstanding success, attracting hundreds of thousands of users who could not have otherwise been part of the subscriber base. The prepaid service has made cellular telephony accessible to all, especially the youth/student market.

The author investigated the reasons into why students at Cape Technikon chose the prepaid service over the contract service and whether student allowance/ income affected the choice exercised. The prepaid system was voted as being most popular. Income levels had a direct bearing on the choice that students made but other factors such as perception, culture and socio-economic play a role in shaping the choices made. The most important factor to students was that no monthly bills were involved and total control over spending could be exercised.

Recommendations to the cellular operators included, projecting a brand personality that attracted the youth and embracing the challenge of building long- term relationships with these customers.

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# CHAPTER 1

## INTRODUCTION

Globally, the service sector of the economy is going through a period of revolutionary change in which established ways of conducting business continue to be shunted aside. At the dawn of a new millennium, we are witnessing the manner in which we live and work being transformed by new developments in service. Innovators continually launch new ways to satisfy our existing needs and to meet emergent needs that until recently were non-existent. [Lovelock, 2001:2] New technologies are radically altering the way in which many service organisations do business with their customers. Nevertheless the most powerful force for change comes from the integration of computers and telecommunications. [Lovelock, 2001:26]

Moroe (1996) stated that in the next decade, South Africa would shift from a resource-based economy to a service-based economy owing to the rise in tourism and the need to compete in the world market. Service is a vital part of our economy of South Africa, which impacts upon the lifestyle of each individual.

Lovelock [2001:3-4] contends in his 2 approaches of the essence of service:

***A service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production***

***Services are economic activities that create value and provide benefits for customers at specific times and places as a result of bringing about a desired change in – or on behalf of- the recipient of the service.***

Often a service does involve interactions of some sort with the service provider, but there are situations where the customer as an individual does not interact with the service firm or provider. Customers are sometimes expected to co-operate closely with full-time service employees; at other times they may be given the option of undertaking self-service.[Lovelock,2001:55] Cellular phone users have the option of selecting the prepaid route as opposed to signing a contract with a service provider.

## 1.1 Background and Motivation

Statistics provided by African Cellular Resource states that, the South African cellular market size, at the end of February 2003, stands at 14,4 million users. It is expected that by 2006 this figure will increase to 19 million users. Vodacom has 7.5 million users, Mobile Telephone Network [MTN] 5,22 million and Cell C 1 million of the South African population. The South African market is currently worth 23 billion Rands and is estimated to grow to around 45 billion by 2004 [www.cellular.co.za].

Statistics also indicate that over 9 000 users sign up per day (mostly prepaid) and more than 90 % of all new connections are prepaid customers [www.cellular.co.za]. The networks contract-less pre-paid products have proved to be successful and Vodacom's Joan Joffe reiterates by saying, "Pre-paid is also by far the fastest growing product in the cellular industry, attracting more new users than all the contract business combined."

[Finance Week, Feb 5 – 11, 1998].

The pre-paid market has been a panacea to those refused contracts (and free phones) by the Global System for Mobile Communications [GSM] service providers because they either do not have a credit card or earn less than the minimum required. Jacques Sellschop of MTN concurs, "Market potential for pre-paid was once again undervalued. MTN's pre-paid packages have sold 400% more than originally estimated" [Finance week, Feb 5-11,1998].

Pre-paid is a contract-less system and even though pre-paid calls are more expensive than contract calls, it has not stopped the pre-paid package from being catapulted into the realm of fast-moving consumer goods. [Finance week, Feb5-11,1998]

It is against this background that the author wishes to undertake research as to determine factors influence student cellular phone users to adopt the pre-paid system.



## **1.2 Research questions and objectives:**

### **Research question:**

*What factors are most important to student cellphone users at Cape Technikon when making a choice between pre-paid or contract services?*

### **Research Objectives:**

1. The first objective is to obtain concise information on what students regard as being the most important factors when making a choice between contract and pre-paid services.
2. The second objective is to establish student income/allowance having a bearing on their choice between pre-paid and contract services.

## **1.3 ANTICIPATED CONTRIBUTION:**

### **Industry:**

The cellular operators or service providers can use the results of the research to increase their market share and better understand the student/youth cellphone user. The cellular companies can better target the student/youth market, which will prevent brand switching and promote brand loyalty.

### **Youth:**

The youth/student market is a very strong and powerful emerging market that is brand and status conscious. The advertising directed at this market bears testimony to this and whilst telecommunication may be the primary benefit of cellular phones, students/youth view cellular phones as a fashion and status accessory. The results of this research would highlight "Youth Consumer Behaviour", with regard to the pre-paid cellular market. The results of this

research will be interesting to the student/youth user who will be able to make more informed decisions when it comes to choosing a cellular option.

### **Advertising:**

Cellular operators could use the results to focus on the specific factors that attract the pre-paid youth market, thereby improving their communication strategy. A more integrated communications strategy could be implemented, such as, a blend of the various promotional tools that target the youth/students specifically.

### **Further research:**

Further research on the youth pre-paid cellular user could be undertaken nationally and internationally. This would allow for comparative studies and to see if trends emerge.

### **Publication by the researcher:**

The results could be written up as an article to be published in a reputable journal.

## **1.4 Chapter Outline**

### *Chapter 1- Introduction*

This chapter introduces the topic, states the problem and its significance, and outlines the objectives of the research.

### *Chapter 2- Literature review*

This chapter reviews the literature relevant to the topic and provides a theoretical base for the dissertation.

### *Chapter 3:*

Provides a general review of the cellular industry and highlights research that has been undertaken previously.

*Chapter 4:*

This chapter describes the research methodology used. The research design, questionnaire, sampling method used, as well as the credibility and ethical stance undertaken by the researcher.

Chapter 5:

The results of the survey are presented and analysed.

Chapter 6:

This chapter draws conclusions from the results and makes recommendations to cellular companies to improve satisfaction in the youth/student market.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

According to Grönroos, a service is seen as a complicated phenomenon. The word has many meanings, ranging from personal service to service as a product. The term can be even broader in scope. A machine, or almost any physical product, can be turned into a service to a customer if the seller makes efforts to tailor the solution to meet the most detailed demands of that customer. [Grönroos, 2001:45]

Kotler (2004:165] defines services as: "... any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product." Grönroos (2001) defines service as: "A process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems." [Grönroos, 2001:46]

"In all types of services, understanding and managing the service encounter that takes place between customers and service personnel or other elements are central to creating satisfied customers who are willing to enter into long-term relationships with service provider. [Lovelock, 1996:67] The South African Cellular Phone Industry can bear testimony to this. Since its launch in June 1994, with over 1.38 million active users creating an industry worth over R20 billion, the cellular industry seems poised for future growth. [Finance Week, Feb5-11:1998]. Cellular users have the option of signing up contracts with service providers or pursuing the networks contract-less pre-paid products.

## 2.2 Service Oriented Organisational Structure

Customer orientation requires thoroughly understood and accepted responsibility for customers and the authority to take action to serve them. The organisational hierarchy or pyramid should therefore have as few layers as possible between the customers and top management. [Grönroos, 2001:304] Management should not be directly involved in operational decision-making on an everyday basis, but it should give the strategic support and resources necessary to pursue a service strategy. In a traditional “military structure”, top management is often far removed from reality. In addition, top management is often surrounded by a staff organisation, which seals it off from the rest of the organisation, including the service encounters and the customers. [Grönroos, 2001: 304]

As companies attempt to re-orient themselves around customers, individual employees will have to come to terms with changing cultural norms, organisational structures and the way their performance is measured and rewarded [Hollensen, 2003:662]

This requires an organisational culture that is adaptive and responsive to change, and the quality of communication within an organisation is an important aspect of any change initiative

The old traditional view of the organisation and the modern service oriented organisation is schematically illustrated as pyramids in Figure 1.

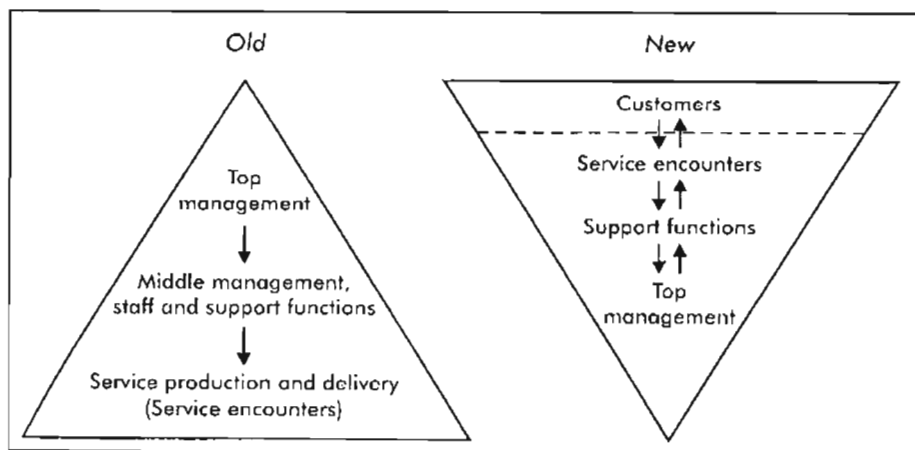


Figure 1: Service Orientated Organisational Structure [Grönroos,2001:305]

The transition in organisational thinking, which is the result of a change in strategic thinking according to the principles of service management, means three things:

- A. All priorities are changed. This is demonstrated by the fact that the organisational pyramid is turned upside down. Top management is not the apex of the pyramid instead, buyer-seller interactions involved in service encounters, including personnel, physical resources, information technology and operational systems, interacting with customers, are at the top of the organisational hierarchy. The organisations performance in service encounters determines whether it will be successful and profitable or not. Staff, other support functions and management are a pre-requisite for success. [Grönroos, 2001: 305]
  
- B. The responsibility for customers and for operational decisions is moved from management to staff involved in the service encounters and invariably those immediately responsible for the moments of truth. [Grönroos, 2001: 305]
  
- C. The new thinking means that the organisational pyramid has to be flattened. This follows from the transition of responsibilities and authorities from departments to service encounters. [Grönroos, 2001: 305]

### **2.3 Internal Marketing Approach:**

“ Internal Marketing refers to the managerial actions necessary to make all members of the organisation understand and accept their respective roles in implementing marketing strategy.”[Hollensen, 2003:665] The term was coined in an umbrella concept for a variety of internal activities and processes, which are not new for a variety, but which, focused upon in this way offer a new approach to developing a service orientation and an interest in customers and marketing among an organisations personnel. [Grönroos, 2003:330] The concept of internal marketing comes primarily from service organisations where it first practised as a tactic for making all employees aware of the need for customer satisfaction. [Hollensen, 2003:665]

Large service organisations can use a number of marketing tools, similar to those directed at external customers designed to motivate employees and intermediaries to adhere to desired standards. [Lovelock, 1996:334] If the needs and concerns of employees can be identified and addressed, it may be possible to motivate them to behave in ways that will maintain and improve services standards, thereby increasing customer satisfaction. Employees should be empowered to fine-tune the marketing strategy or its implementation and it is through this approach that organisations can become more motivated, satisfied and committed employees as well as enhanced customer satisfaction and improved business performance. [Hollensen, 2003:668]

## **2.4 Common Characteristics of Services**

A whole range of characteristics of services has been suggested and discussed in the literature.

For most services, two distinctive features can be identified:

1. A service is a process or a performance, rather than just a “ thing”.
2. Customers are involved, to a greater or lesser degree, in the service production process. [Lovelock, 1996:49]

## **2.5 Characteristics of services:**

The most commonly documented characteristics of services are:

- Intangibility
- Inseparability
- Perishability
- Heterogeneity

**Intangibility:**

The buyer of services cannot claim ownership or anything tangible in the traditional sense. [Hollensen, 2003:452] Payment is for use or performance. Tangible elements of the service are used as part of the service in order to confirm the benefit provided and to enhance its perceived value. Contrary to a consumer good, the service sold has no physical support, except the organisational system of the service firm when visible to the customer. [Lambin, 2000:300] Thus from a buyers point of view uncertainty is much larger and the communication role of the firm is to reduce that uncertainty by providing physical evidence, signs, symbols or indicators of quality. Cellular phone users pay for the privilege of using the network coverage of a particular service provider.

**Perishability:**

Since services are intangible they cannot be stored. The service firm has a service production capacity, which can be used only when the demand is expressed. [Lambin, 2003:301] This characteristic causes considerable problems in planning and promotion in order to match supply and demand [Hollensen, 2003:453]

**Heterogeneity:**

Services are rarely the same because they involve interactions between people. [Hollensen, 2003:453] Different individuals will perform differently in delivering the same service and the same service provider can have a different performance level from one time to another.[Lambin,2003:302]Service quality perceptions results from a comparison of what consumers expected prior to the service and the perceived level of service received. Different individuals can have different perceptions and different prior expectations [Lambin, 2003:302] All 3 cellular providers offer similar basic services but they differ on the value – added or augmented services like handsets, levels of customer satisfaction and bundled benefits.



**Inseparability:**

The time of production is very close to, even simultaneous, with the time of consumption. The service is provided at the point of sale. [Hollensen, 2003:453] When services are consumed as they are produced, final “assembly” must take place under real-time conditions. [Lovelock, 1996:17] As a result mistakes and shortcomings are harder to conceal. Further variability is introduced by the presence of the service personnel and other customers. Service personnel can greatly influence the entire service experience and this can be the case with cellular phones as well. Getting connected is almost instantaneous but the quality of service delivered before and after will determine customer loyalty.

## 2.6 Classification Schemes of Services

Services can be classified in a number of different ways but for the purposes of this research two classifications [Grönroos, 2001:49] will be discussed:

- High touch/high-tech services
- Discretely/continuously rendered services

Firstly, services can be divided into high-touch or high-tech services.[Gonroos,2001:49] High-touch services are most dependent on people in the services process producing the service, whereas high-tech services are predominantly based on the use of automated system, information technology and other types of physical resources. While high-tech services, such as telecommunications or Internet shopping, by and large are technology-based, in critical moments, the high-touch characteristics of the technology-based service takes over.

One can say that high-tech services are often even more dependent on the service orientation and customer-consciousness of its personnel than high-touch services; because human interactions occur so seldom and when they do occur they do so in critical situations. [Grönroos, 2001: 49-50]

Secondly, based on the nature of the relationship with customers, services can be divided into continuously rendered services and discrete transactions.[Gonroos,2001:50] Services such as banking, goods delivery, etc involve a continuous flow of interactions between the customer and the service provider. This creates ample opportunity for the development of valued relationships with customers. For providers of discretely used services it is often more difficult to create a relationship that customers appreciate and value. [Grönroos, 2001: 49-50]

Whilst the cellular phone industry provides high-tech services to its customers, the pre-paid contract-less system involves little or in some cases no interaction with the cellular operators and service providers. A pre-paid user buys a “starter pack” consisting of a sim card to access a network of choice, and then purchases recharge vouchers to keep the account current and to receive incoming calls. Vodacom’s Joan Joffe says, “Prepaid is by far the fastest growing product in the cellular industry, attracting more new users than all the contract business combined.” [Finance Week, 1998] In terms of the above classifications, the prepaid system

can thus be viewed as being both high tech and discrete and building long term customer relationships becomes a problem because the customer has little or in some cases no interaction with the service firm.

## **2.7 Categories of services:**

All products, both goods and services, consist of core elements that is surrounded by a variety of optional elements.[Hollensen,2003:453]

### ***People Processing***

Takes place when customers become part of the production process and the service firm needs to maintain local geographic presence e.g. education and healthcare

### ***Possession Processing***

This involves intangible actions to physical objects to improve their value to customers. The object needs to be involved in the product process, but the owner of the object (the customer) does not. e.g. car repair, laundry service.

### ***Information –Based processing***

Involves collecting, manipulating, interpreting and transmitting data to create value. There is minimal customer involvement in the production process e.g. Telecommunications, Internet services. [Hollensen, 2003:453]

## 2.8 Positioning

“The most successful service firms separate themselves from the “pack” to achieve a distinctive position in relation to their competition. They differentiate themselves by altering typical characteristics of their respective industries to their competitive advantage. [Heskett cited by Lovelock, 1996:167]

Consumers are overloaded with information about products and services. To simplify the buying process, consumers organise products, services, and companies into categories and “position” them in their minds. Consumers position products with or without the help of marketers. But marketers do not want to leave their product’s position to chance. They must plan positions that will give their products the greatest advantage in selected target markets and they must design marketing mixes to create these planned positions. [Kotler & Armstrong, 2001: 259]

“Positioning means developing a marketing strategy aimed at influencing how a particular market segment perceives a good or service in comparison to the competition. [Solomon & Stewart, 2003: 235]

Kotler and Armstrong define a “product position” as, “the way the product is defined by consumers on important attributes – the place the product occupies in consumers’ minds relative to competing products..” [Kotler & Armstrong, 2001:259]]

As a marketing strategy, positioning has the following characteristics:

- It is a logical extension of market segmentation and targeting
- It involves establishing a set of product attributes and images that offer benefits that are required by a selected target market, and which differentiate this product from its competitors

Many marketers believe that the development of strong and definite positioning is an essential ingredient for success [Rix, 2001: 123]

### 2.8.1 Selecting a Position

Positioning is the final step in the segmentation/targeting process. Once an organisation has selected a segment and a target market, how does it decide what position it should seek?

There are a number of factors that need to be considered:

- Competition
- Customers
- The Company
- Repositioning; and
- The Marketing mix

[Rix, 2001: 123]

#### Competition

Which firms will be competing with the organisation in this segment?

What positions do these firms and their offerings currently occupy?

These are important questions, because once consumers identify a set of attributes or benefits with a particular brand, it is very difficult for any brand to displace them. Positioning strategy is effective only when the position adopted clearly “differentiates” a product from others in the same category. [Rix, 2001: 123 - 124]

Understanding the concept of product positioning is key to developing an effective competitive posture. [Lovell,1996:167] Porter proposed three broad positioning alternatives: the business unit should focus on being the product differentiator, the low – cost leader, or the nicher. [Kotler,1995:55] He warned firms that if they tried to be good in all three ways, but not superior in any way, then they would lose out to firms that would be superior in one way.

## **Customers**

Which product attributes are genuinely important to customers in the segment? Which benefits are ranked highest as the most desirable and which are of lesser importance? It is obviously preferable for a firm to have its position match closely the benefits that are most important to target customers. [Rix, 2001: 123] To improve a products appeal to a specific target segment, it may be necessary to change its performance on certain attributes, to reduce its price, or to alter the times and locations when available or the forms of delivery that are offered. [Lovelock, 1996:169] In such instances, the primary task of communication is to ensure that prospective customers accurately perceive the position of the service on dimensions that are important to them in making decisions. An issue in evaluating service characteristics and establishing a positioning strategy is that some attributes can be easily quantifiable whereas others are qualitative and highly judgemental. [Lovelock, 1996:167] Price for instance is a straightforward qualitative measure whereas reliability, network coverage are more qualitative and subject to individual interpretation.

## **Company**

How closely does a proposed position match the company's current image? Can the company be credible in aiming for this position? Marketers need to keep in mind that achieving success often requires a long-term perspective. It takes large commitments of time and resources to establish and maintain a selected position. A proposed position must fit the organisation both today and where it wants to be tomorrow. [Rix, 2001: 123]

Developing a positioning strategy can take place at several different levels, depending on the nature of the organisation involved. A position might be established for the entire organisation, for a given service outlet, or for a specific service offered, but its particularly important that there be consistency between the position held by different services offered at different locations, since the image of one may spill over onto others. [Lovelock, 1996:169] In the cellular industry an operator that that has an excellent reputation for network coverage might find that an enhanced perception may exist of other services provided eg. Call charges or text messages.

## **Repositioning**

When the characteristics or needs of a market changes, it is time to consider changing a product's positioning to meet the new situation. Where repositioning involves broadening a previously narrow position, care must be taken not to lose a previously clear identity. [Rix, 2001: 123]

## **Marketing Mix**

Implementing a positioning strategy requires the consistent use of all elements of the marketing mix. The marketer must recognise that pricing, distribution and promotion, as well as the product itself, must support the selected position. A positioning strategy that is not backed up by a continuously reflected whole-hearted marketing mix is unlikely to be adopted by consumers. [Rix, 2001: 123]

### **2.8.2 Positioning Maps**

When developing a positioning for a new product, or when looking to reposition an existing one, marketers sometimes find it useful to use positioning maps, also called Perceptual Maps.[Rix,2001:125]

These are developed as follows:

- First, actual or potential customer's perceptions of current companies, products or brands in a particular category are researched. Respondents are asked to rate or scale products on nominated attributes such as cost, value, quality, taste, reliability or whatever might be relevant to their buying decision in this category. [Rix, 2001:125] Information about a products or organisations position relative to any one attribute can either be inferred from market data derived from ratings by representative consumers or both. [Lovelock, 1996:175]
- Only the attributes that are of greatest importance to customers are used, although customers will often evaluate products in terms of many characteristics. [Rix: 2001,125] If consumer perceptions of service characteristics differ sharply from

“reality” as defined by management, then marketing efforts may be needed to change these perceptions. [Lovelock, 1996:175]

- Next, customer’s perceptions are plotted on positioning map. This graphical representation allows marketers to compare more easily market perceptions of competing products. [Rix, 2001: 125] They enable management to understand the nature of competitive threats and opportunities, they can highlight gaps between how customers see the organisation and how management sees it and they can help confirm or dispel beliefs that a service-or its present organisation-occupies a unique niche’ in the marketplace.

### 2.8.3 Specific Positioning

**In searching for a specific positioning, the business unit should consider the following possible positions:**

**Attribute Positioning:** The company positions itself on some attribute or feature. Positioning by feature is normally a weak choice since no benefit is explicitly claimed.

**Benefit Positioning:** The product promises a benefit. Marketers primarily work with benefit positioning.

**Application Positioning:** The product is positioned as the best in a certain application.

**User Application:** The product is positioned in terms of user group e.g. Youth Market

**Competition Positioning:** The product suggests its superiority or difference from competitor’s products.

**Category Positioning:** The company may describe itself as the category leader.

**Quality /Price Positioning:** The product is positioned at a certain quality and price Level [Kotler,1999:58]



## 2.8.4 Positioning Errors:

Companies need to avoid the following errors in positioning their brand:

- Underpositioning:** Failing to present a strong central benefit or reason to buy the brand
- Overpositioning:** Adopting such a narrow positioning that some potential customers may overlook the brand.
- Confused Positioning:** Claiming two more benefits that contradict each other.
- Irrelevant Positioning:** Claiming a benefit, which few prospects care about.
- Doubtful Positioning:** Claiming a benefit that will lead people to doubt the actual delivery of the benefit by the brand or company.  
[Kotler,1999:58-59]

The concept of positioning is valuable because it forces explicit recognition of the different attributes comprising the overall service concept and emphasises the need for marketers to understand which attributes determine customer choice behaviour.[Lovelock,1996:182] A positioning strategy is only as good as the quality of the information used in constructing it. Since conditions change research needs to be repeated and maps redrawn to reflect the dynamic nature of the marketplace. Moreover, there may be different market segments, if research shows that there are sharp variations in perceptions between segments.

## **2.9 The Technological Revolution in Services:**

Technological developments during the last 20 years have had a remarkable impact on the way in which services are produced and developed. [Lovelock, 1996:316] Developments in telecommunications and computer technology has also led to many innovations in how services are delivered. Use of the telephone for selling and ordering goods and services has increased rapidly and the underlying theme is of offering customers more choices.[Lovelock,1996:317]

The cellular phone industry can be positioned as offering greater communication choices to consumers and opening up the gateway of communication to most South Africans. In 1994 South Africans saw the birth of the cellular phone industry and like most industries is following the natural progression along the Product Life Cycle curve [PLC] The concept of the Product Life Cycle [PLC] provides useful inputs into making product decisions and formulating product strategies. The PLC emphasises the need to review marketing objectives, strategies and positioning tactics as the industry and its products pass through the different stages

### **2.10. Positioning the Cellular Industry - The Product Life Cycle**

The Product Life Cycle (PLC) is a useful way to explain how product features change during the life of a product. Product marketing strategies must evolve and change as they continue through the Product Life Cycle.

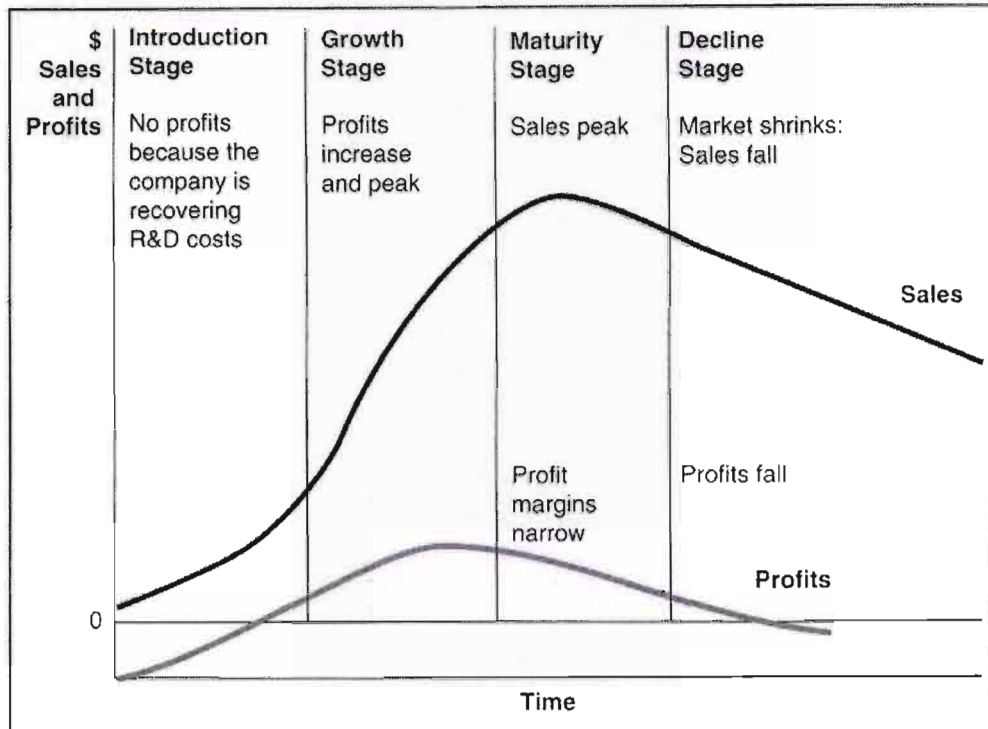


Figure 2: The Product Life Cycle [Solomon & Stuart, 2003: 288]

### Introduction Stage

Here the customer gets the first chance to purchase the good or service. During this early stage, a single company usually produces the product. The goal at this stage is to get first-time buyers to try the product. Sales increase at a steady but slow rate. The company does not make a profit for two reasons: Firstly research and development (R & D) costs and secondly heavy spending for advertising and promotional efforts cut into revenue. [Solomon & Stuart, 2003: 288]

### The Growth Stage

This is the second stage in the PLC in which sales increase rapidly while profits increase and peak. In this stage, marketing strategies may include the introduction of product variations to attract market segments and that will lead to growth in market share. The cellular telephone is an example of a product that continues to be in its growth stage as worldwide sales continue to grow. It is useful to note that for strategic planning considerations, products such as the

cellular telephone would be classified as: STARS in the Boston Consulting Group portfolio analysis. [Solomon & Stuart, 2003: 289]

### **The Maturity Stage**

The maturity stage of the PLC is usually the longest. Sales peak and then begin to level off and even decline while profit margins narrow. Competition grows intense when remaining competitors fight for their share of a shrinking pie.

Price reductions and reminder advertising may be used to maintain market share. During the maturity stage, firms will try to sell their products through as many outlets as possible because availability is crucial in a competitive market. Attracting new users of the product can be another strategy that marketers use in the maturity stage. [Solomon & Stuart, 2003: 289]

### **The Decline Stage**

The decline stage of the PLC is characterised by decrease in product category sales. In this stage, there are usually many competitors with none having a distinct advantage. A firm's major product decision is whether or not to keep the product. [Solomon & Stuart, 2003: 291]

The underlying theme of modern service delivery is one of offering customers more choices: some people opt for more face to face contact, others like telephone contact with a human being, and still others prefer the greater anonymity and control offered by more impersonal contacts. In each instance although the core product remains the same, the wide differences in delivery systems mean the nature of the overall service experience changes sharply as the encounter moves from high contact to low contact.

The advent of the Internet and mobile communications allow remote delivery services in cyberspace, to be accessed by customers wherever is convenient for them. Service firms have a variety of options available to them, and the challenge is to select the channel that will best meet the needs of the target segments.

## **CHAPTER 3**

### **PREVIOUS RESEARCH**

#### **3.1 The Cellular Phone Industry**

In 1982, at a conference of European Post and Telecommunications Nordic Telecom and Netherlands PTT proposed the development of a new digital cellular communications system, which could cope with the fast-growing demands on European mobile radio networks. Soon after, the European Commission set up a committee known as the Groupe Special Mobile (GSM) – later renamed the Global System for Mobile Communications – and asked it to define a system that could be introduced across Europe in the 1990's. The standard was released in 1990 and the first commercial systems were launched in the middle of 1992. Early in 1999 there were 93 countries with operational or planned GSM networks across the world, with a total of 20 million subscribers [Archimedes Winter 2000, Vol 43: 3]

Three cellular operators namely, Vodacom, MTN and Cell C dominate the South African Cellular market. Cellular telephony was launched in South Africa in June 1994 and as at the end of February 2003 the figure stands at 14.4 million users. It is expected that by 2006 this figure would have increased to 19 million users. Vodacom enjoys a share of 7.5 million users, MTN a share of 5.22 million and Cell C 1 million. The South African market is currently worth 23 billion SA rands and is estimated to grow to around 45 billion by 2004. Statistics also indicate that over 9000 users sign up per day (mostly prepaid) and more than 90% of all new connections are prepaid customers. [www.cellular.co.za]

#### **3.2 The International Environment – Pre-Paid Cellular**

According to one foreign research house, prepaid services have been a major catalyst for increasing mobile penetration rate in recent years throughout the world. In 2001, global wireless subscribers grew by 28 percent to more than 940 million users, accounting for about one-sixth of the world's population. Forty percent of the subscribers were prepaid users.

The penetration rate in Western Europe more than doubled from 37 percent in 1998 to 76 percent in 2001, mostly due to widespread introduction of prepaid. Prepaid services have also attracted more than 60 percent of the subscribers in most European, Latin American and

South-east Asian markets. Even in the United States, where post-paid services are preferred, prepaid services are gaining ground on the post-paid sector [Malaysian Business, 2002]

In Asia, according to a survey by Gartner Dataquest, the number of prepaid mobile phone customers more than tripled in the past year to 108.2 million, with prepaid making up 76.2 percent of new cellular connections for the whole year. It is estimated that the post-paid revenue in 2001 was US \$1.6 billion, while prepaid accounted for US \$710 million. Initially prepaid was introduced to guard against bad debt and fraud, presently prepaid services is seen as a strategic tool – a key into the mass market. Furthermore, the prepaid option provides cellular operators with the security of establishing revenue even before the services are rendered. Upfront payment by customers helps cellular operators to cut billing and personnel expenses, along with the reduction of non-payment risk. [Malaysian Business, 2002]

In Africa prepaid billing and affordable handsets have put the ubiquitous communication device within the reach of so many people on this continent that it is now referred to as “The African Earing.” Close to 95% of all subscribers belong in the prepaid category. Africa’s general economic situations makes it difficult for many would be contract subscribers to meet the conditions of contract – such as a fixed residential address, guaranteed monthly income and a stream of references. Prepaid billing allows its subscribers the freedom to maintain mobile communications while paying for only what they can truly afford. According to BMI – TechKnowledge (BMI-T), IT market intelligence consultants, “Africa is desperately in need of mobile solutions for communication and cellular connectivity is a necessity rather than a luxury.” [African Business, July/Aug 2002 : 25]

### **3.3 The National Environment – Prepaid Cellular in South Africa**

The exponential growth of prepaid cellular is transforming South Africa’s economic landscape. According to the South African Reserve Bank, only 30% of citizens have a bank account. The remainder operate in a predominantly cash economy where prepaid cellular is their only option. [Wireless Week, 1999: 18]

MTN was the first cellular operator to obtain a licence in Africa and to launch prepaid cellular in South Africa. A “Pay as you Go” package was later introduced for teenagers and users could top-up airtime over the phone. [www.mtn.co.za]

Vodacom's Joan Joffe states that prepaid is by far the fastest growing product in the cellular industry, attracting more users than all the contract business combined. Prepaid has also become a fast moving consumer product, with airtime being retailed as a commodity in café's and supermarkets. [Finance Week, 1998 : 51]

“South Africa's cellular industry is becoming one of the most competitive in the world. The reasons for the runaway success of prepaid in South Africa have much to do with the country's recent history. Millions of South Africans have no credit record and this disqualifies them from a 24-month airtime contract. Prepaid thus becomes the potential cellular customer's only viable option.” [Press release by Vodacom]

Cell C's managing director Jose dos Santos says, “The industry trend is predominantly towards prepaid products. Prepaid is an increasingly attractive option for people who manage and pay their own cellular phone bills as opposed to having a company cellphone.” [Sunday Times, 14 July 2002]

### **3.4 Youth and Prepaid**

The cellular landscape has changed as technology has improved and prices have dropped. The business market has reached a saturation point. According to Knox Bricken, a telecommunications analyst with Yankee Group in Boston, “The traditional market is tapped out and to keep their subscriber base, cellphone operators must go after new markets.” [Crains Chicago Business, 2001]

Cellular carriers and equipment manufacturers are gearing much of their marketing toward young people, because research undertaken by a firm in Boston – Cahners. In-Stat Group suggests that the youth market has the greatest growth potential. [Crains Chicago Business, 2001]

Among 10 – 24 year olds, the cellular market is expected to grow from 11 million to 43 million by 2004. In the United States, young people make up 10% of the 109 million cellular subscribers and by 2004 this figure will increase to 23% of the 189 million subscribers. [Crains Chicago Business, 2001]. Virgin Mobile USA will try to convince their 15-30 year

old target market about the benefits of their prepaid services. [Wireless Review, Aug 2002: 22]

Cellular companies are courting young people aggressively with phones in new shapes and colours and with interchangeable faceplates; phones that download games and instant text messaging services. Cellular operators are making the idea more palatable to parents by offering prepaid services that limit the minutes used each month. Prepaid plans are usually more expensive and less flexible than other types of plans, but they can be a good alternative for students or folks with less-than-stellar credit, since they don't require a credit check. [PC World, March 2001 : 35]

South African cellular operators have also launched prepaid packages targeted mainly at the youth. Vodacom is targeting with its new Vodacom 4 U package and MTN with its PAY AS YOU GO. Paul Edwards, chief executive of telecoms group M-Cell, which owns MTN, says research in the youth market indicates that the majority of prepaid users make cellular calls of less than a minute in duration. The CallPerSecond card is targeted mainly at the youth market. [Sunday Times, 14 Oct 2001]

### **3.5 Past Research**

A study carried out on student cellphone users at University of Natal, Pietermaritzburg regarding services provided by the three major cellular service providers, found that 18.4% of the students had chosen the contract-based option and 67.6% used the network provider's prepaid services. "This will affect how they structure their services to attract these customers, whose needs are very different from contract-based users. It is safe to say that these prepaid users are very price conscious as most of them do not have jobs that can sustain their extended wants. [Dissertation, P. Tulsi:53]

Wireless Guide cites the following advantages of prepaid cellphones:

- No contract to sign, no long-term commitment
- No monthly bill to worry about
- Better cost control. You know exactly how much you will spend
- No hidden fees



- No credit checks needed
- Great if your usage varies from month to month
- No security deposits
- Topping up your account is easy and you can do it in many ways, at any bank machine or with a prepaid card [[www.wirelessguide.org](http://www.wirelessguide.org)]

The author approached the 3 cellular operators for information relating to the prepaid market. The only information that was forthcoming was from MTN's research department. The results of the information can be tabulated as follows:

<i>Age</i>	<b>Prepaid</b>	<b>Contract</b>	<b>Total</b>
<b>16 – 24</b>	<b>19%</b>	<b>2%</b>	<b>20%</b>
<b>25 – 34</b>	<b>28%</b>	<b>5%</b>	<b>32%</b>
<b>35 – 49</b>	<b>22%</b>	<b>6%</b>	<b>27%</b>
<b>50 +</b>	<b>11%</b>	<b>3%</b>	<b>14%</b>

S.A Cellphone Penetration by Age (Percentages rounded to nearest percent)

Source: AMPS 2002B

[MTN Market Research Dept]

	<b>Male</b>	<b>Female</b>
<b>Prepaid</b>	<b>20%</b>	<b>5%</b>
<b>Contract</b>	<b>20%</b>	<b>3%</b>

SA cellphone Penetration by Gender (Percentages rounded to nearest percent)

Source: AMPS 2002B

Race	Prepaid	Contract
<b>Black</b>	<b>16</b>	<b>16</b>
<b>Coloured</b>	<b>22</b>	<b>3</b>
<b>Indian</b>	<b>27</b>	<b>10</b>
<b>White</b>	<b>41</b>	<b>19</b>

SA cellphone penetration by Race [Percentage rounded to nearest percentage]  
Source: AMPS 2002 [MTN Market Research Dept]

Province	Prepaid	Contract
<b>W.Cape</b>	<b>28%</b>	<b>9%</b>
<b>N. Cape</b>	<b>11%</b>	<b>3%</b>
<b>Free State</b>	<b>16%</b>	<b>3%</b>
<b>E. Cape</b>	<b>17%</b>	<b>2%</b>
<b>KZN</b>	<b>15%</b>	<b>4%</b>
<b>Mpumalanga</b>	<b>22%</b>	<b>2%</b>
<b>Limpopo</b>	<b>14%</b>	<b>1%</b>
<b>Gauteng</b>	<b>31%</b>	<b>6%</b>
<b>North West</b>	<b>17%</b>	<b>2%</b>

SA Cellphone Penetration by Province (Percentages rounded to nearest percent)  
Source: AMPS 2002B

### **3.6 Research to be conducted**

Extensive research, which is available for public scrutiny, has not been made available on the prepaid youth market in South Africa. The cellular companies might have undertaken such research, but it has remained as strictly confidential information. There exists clear evidence from the literature review that a need exists to research this segment of the market. According to the author's research, the prepaid option has garnered great support from South Africa's population and this holds true for the youth market as well. Cellular operators need to lock users in at an early age in the hope that they will develop life-time brand loyalty. What is of great interest, are the factors influencing the youth market in taking up the prepaid service

option as opposed to the contract plan. It is with this in mind that the author wishes to research the **youth/student** Cellular Market at Cape Technikon.

## CHAPTER 4

### RESEARCH METHODOLOGY

#### 4.1 Research Approach and Strategy

“According to Denzin and Lincoln [1994], the qualitative and quantitative research strategies differ in their conceptions of reality. The quantitative approach has its origin in Positivism which sees reality as existing.”[Struwig & Stead, 2001:16]

This research was conducted using the Positivist Philosophy, a research paradigm that combines a deductive approach with precise measurement of quantitative data so researchers can discover and confirm causal laws that will permit predictions about human behaviour. [Struwig & Stead, 2001:5] This approach allows the researcher to generalize results beyond the confines of the search sample and makes the study replicable, should other researchers wish to repeat the study. It also serves as a means of checking biases of the researcher.

In quantitative research the individual is the focus of the empirical inquiry. Survey instruments were administered to individuals and their individual responses were required. The survey method of data collection required the application of questionnaires for data gathering. This allowed for the collection of large amounts of data from a sizable population, with limited expenditure. The survey method of data collection comprises of systematic organisation of data gathered in order to make valid and accurate interpretations.[Struwig & Stead,2001: 40-41]

The study was both exploratory and descriptive. In contrast with exploratory research- where flexibility characterises the research- descriptive studies are an attempt to provide a complete and accurate description of a situation [Struwig & Stead, 2001:8]

## **4.2 Questionnaire Design**

“If you decide to collect primary data by asking questions, a standardised form or questionnaire to record all responses is needed.” [Struwig & Stead, 2001:89]

Questions were designed by consulting the literature and a pilot study was undertaken with a small sample of respondents. The sample was instructed to indicate any problems the respondents may have with instructions or items. (eg. Difficulty in understanding the meaning of the words or items)

The questionnaire was designed to maintain the interest of the respondents and therefore questions were kept simple and concise as possible. Questions of a sensitive nature were avoided and every effort was taken to employ the respondent’s vocabulary. The respondents took on average five minutes to complete the questionnaire. The questionnaire included the following types of questions: dichotomous, multiple choice with single answers, ranking a set of factors and open-ended .A copy of the questionnaire can be seen in Appendix A.

The questionnaire comprised 13 questions. Questions1-9 dealt with cellular information whilst questions 10-13 dealt with the respondent’s demographic details. This was included to gain a better profile of the student cellular phone user.

## **4.3 Sampling Method**

A convenience sample was used for this study. A sample of 300 students from the Cape Technikon various faculties were used. Lecturers from the various faculties were approached to facilitate student’s completion of the questionnaire. Students from different faculties were approached in an attempt to obtain different perspectives and thereafter complete information.

#### **4.4 Reason for the Sample choice:**

The youth/student market forms a substantial part of the current and potential customer base of the cellular operators. The cellular operators need to capture their customers at an early age and the youth who are status conscious and impressionable are easily convinced. The cellular operators have segmented their market in terms of youth with packages especially geared towards the youth market e.g. Pay as You Go,

By capturing customers at this early stage the possibility of switching to competing operators can be minimised due to high switching costs e.g., losing a number that everyone is familiar with. The youth market is thus seen as an interesting sample to investigate.

#### **4.5 Data Analysis:**

Each respondent's questionnaire was numbered and the data was entered onto a spreadsheet program (Microsoft Excel), so that the results could be tabulated. The results were graphically presented by means of pie charts and bar graphs. A further analysis of each cellular operators customer demographic profile was undertaken to better understand each operator's youth customer base.

#### **4.6 Credibility and Ethical Stance:**

The research was statistically analysed to ensure that it was reliable and valid; this adds **credibility** to the research findings.

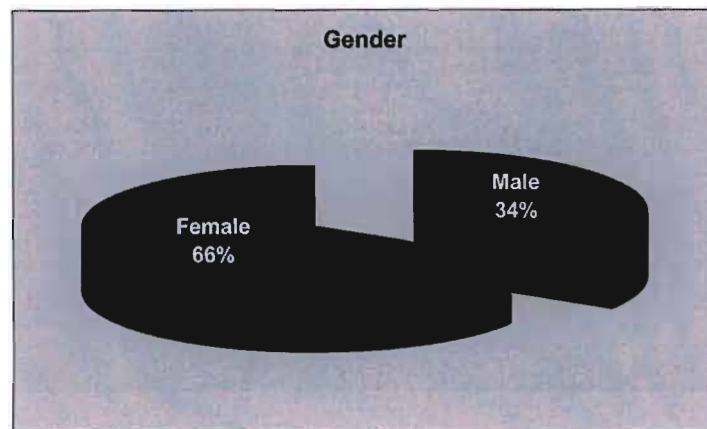
An **Ethical Stance** was maintained because information, provided by the cellular operators, was highly confidential. The final dissertations circulation is limited and this will maintain the confidentiality promised to the cellular companies. Information provided by the respondents was also handled in an ethical manner.

## CHAPTER 5 RESULTS AND ANALYSIS

### 5.1 Demographic Results

#### Gender

Category	Sample	Percentage
Male	97	34.0%
Female	188	66.0%
<b>Base</b>	<b>285</b>	<b>100.0%</b>

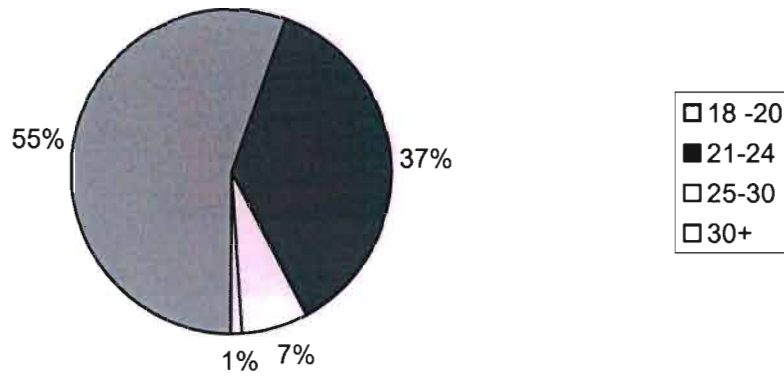


Of the respondents interviewed, 66% were female and 34% were male.

#### Age

Category	Sample	Percentage
18 to 20 years	159	55.6%
21 to 24 years	105	36.7%
25 to 30 years	19	6.6%
30+ years	3	1.0%
<b>Base</b>	<b>286</b>	<b>100.0%</b>

### Age Classification

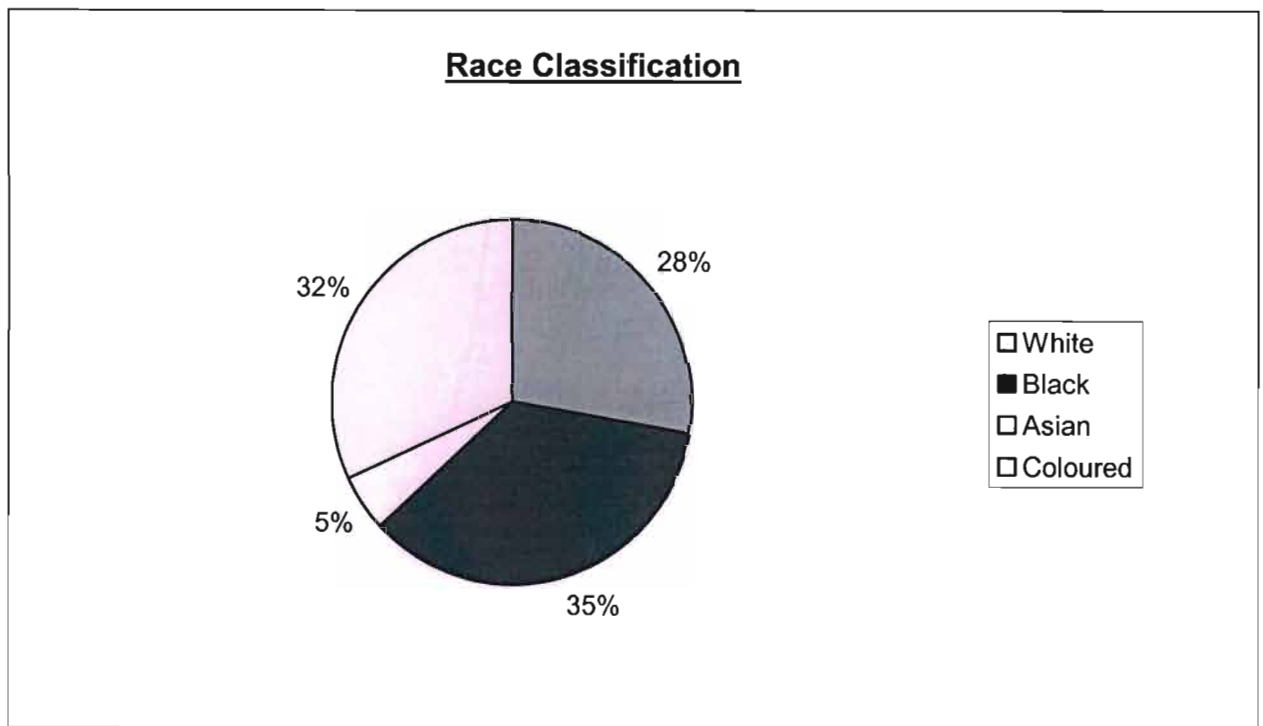


The respondents were grouped into four age categories. 55% fell into the 18-20 age group, 37% fell into the 21-24 age group, 7% fell into the 25-30 age group and 1% fell into the 30 + age group.



## Race

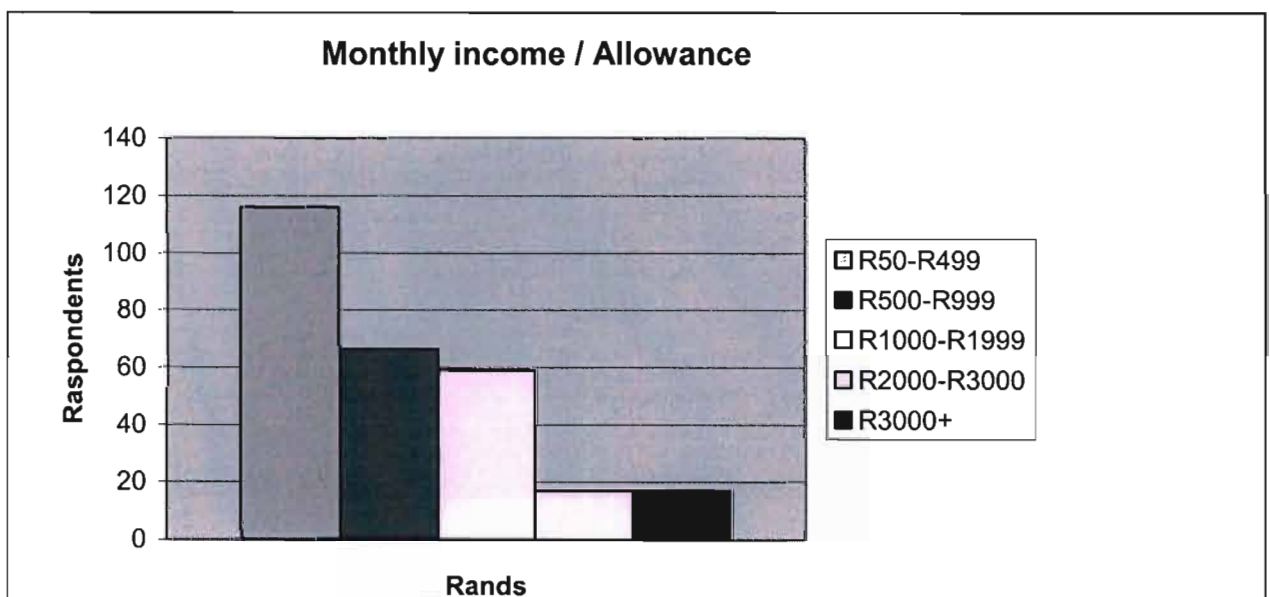
Category	Sample	Percentage
White	78	27.7%
Black	100	35.5%
Asian	14	5.0%
Coloured	90	31.9%
<b>Base</b>	<b>282</b>	<b>100.0%</b>



Of all the respondents interviewed 35% were Black, 32% were Coloured, 28% were White and 5% were Asian.

### Monthly income / allowance

Category	Sample	Percentage
R50 to R499	116	42.2%
R500 to R999	66	24.0%
R1,000 to R1,999	59	21.5%
R2,000 to R3,000	17	6.2%
More than R3,000	17	6.2%
<b>Base</b>	<b>275</b>	<b>100.0%</b>



The majority of respondents (42%) have a monthly income of R50-R499, 24% have an income between R500-R999, 21% have an income between R1000-R1999 and 12.4% have an income of R2000 and more.

From these demographic results it can be seen that the majority of respondents were Black (35%) female (66%) between the ages of 18-20 years (55%) and had a monthly income between R50-R499 (42%).

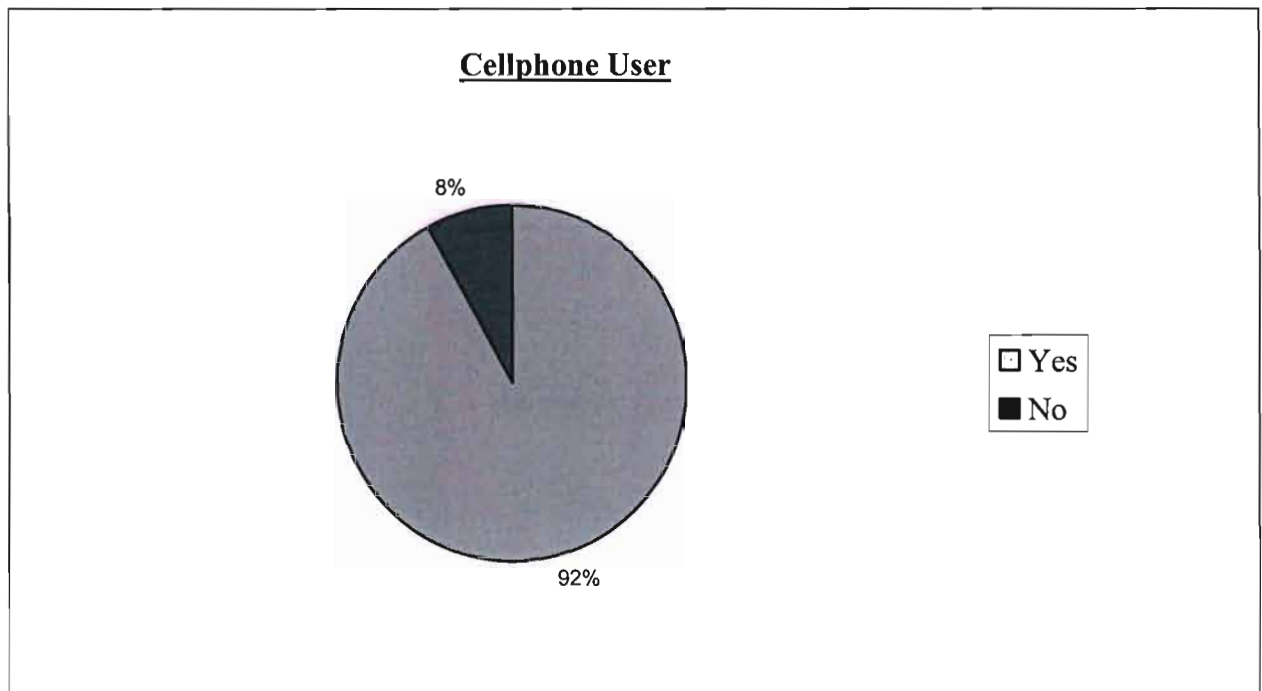
It must be exaggerated that the respondents were students and therefore it is normal that the majority falls into the segments stated above.

## 5.2 GENERAL QUESTIONS

### Ownership of cellphone

Are you a cellphone owner?

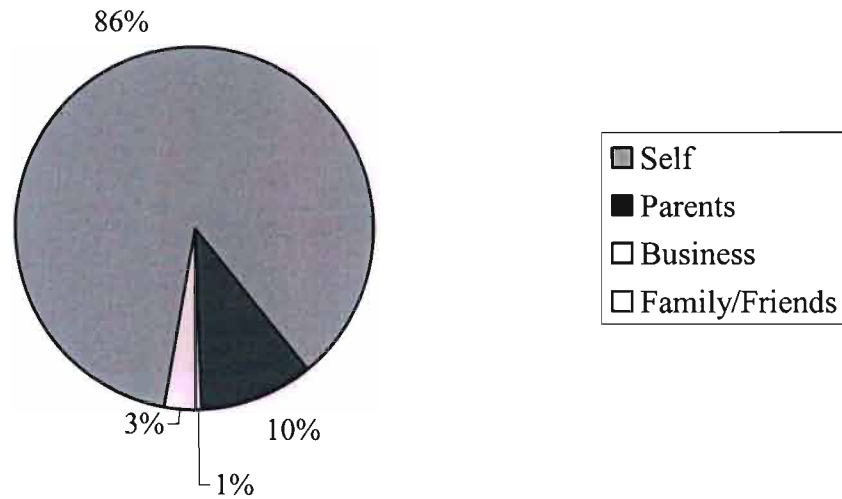
Category	Sample	Percentage
Yes	275	92.0%
No	24	8.0%
<b>Base</b>	<b>299</b>	<b>100.0%</b>



### Ownership of cellphone

Category	Sample	Percentage
Self	254	86.4%
Parents	30	10.2%
Business	2	0.7%
Family / Friends	8	2.7%
<b>Base</b>	<b>294</b>	<b>100.0%</b>

### Ownership of cellphone

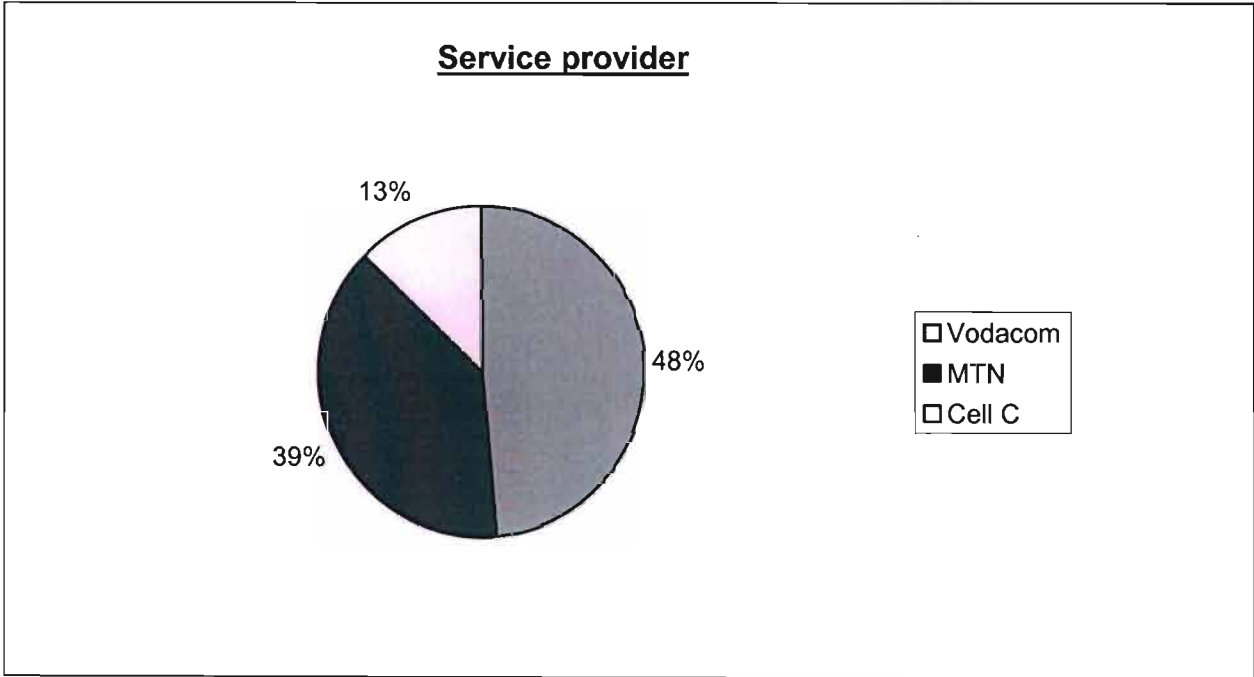


The majority of respondents (92%) were cellphone users and only 8% did not make use of cellphones. The majority of respondents (86%) were the actual owners of the cellphone, 10% used their parents' cellphone, 3% used their family or friend's cellphone and 1% used a business cellular phone.

This is an interesting phenomenon since 42% of the respondents have a monthly income of R50-R499 and 24% have an income of R500-R999. It can be deduced from this that whilst student monthly income levels are low, cellphone ownership plays an important role in students lives. Cellular phones play a role of image enhancement with youth more than an actual tool of communication.

**Your service provider?**

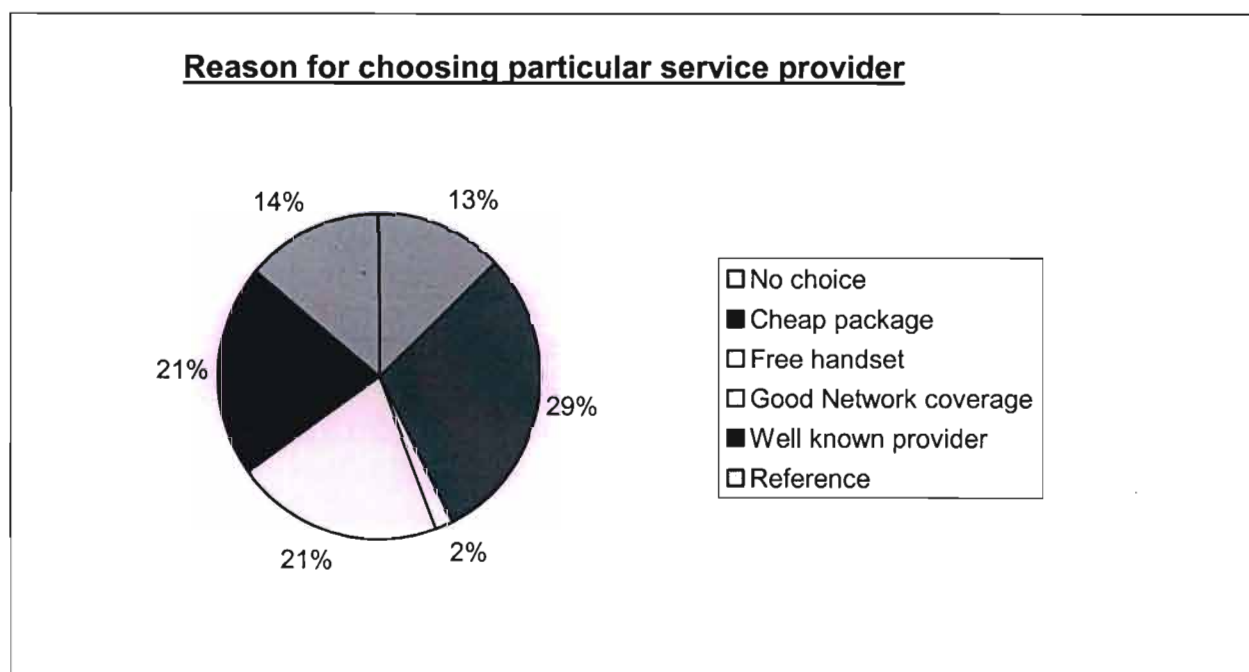
Category	Sample	Percentage
Vodacom	142	48.6%
MTN	113	38.7%
Cell C	37	12.7%
<b>Base</b>	<b>292</b>	<b>100.0%</b>



48% of the respondents made use of Vodacom as their service provider, 39% made use of MTN and 13% made use of Cell C.

### Reason for choosing particular service provider?

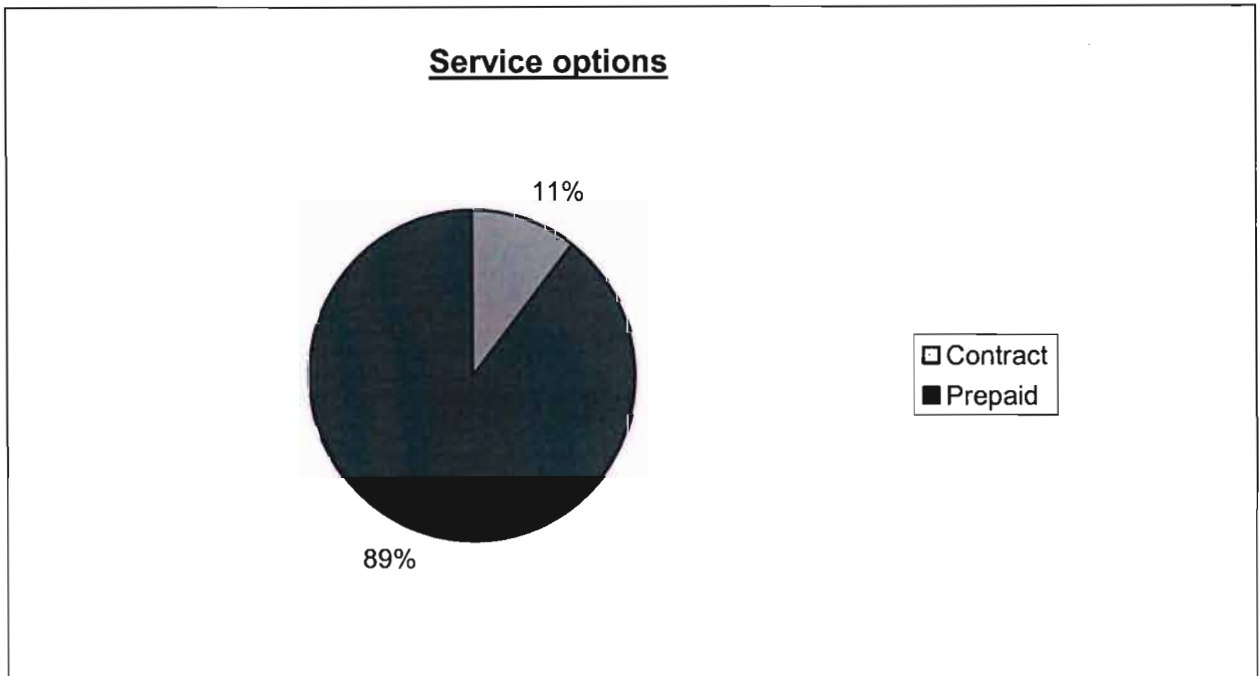
Category	Sample	Percentage
No choice - just given a cellphone	37	12.8%
Cheap reasonable package	86	29.8%
Free Handset	5	1.7%
Good Network Coverage	60	20.8%
Well-known Provider	61	21.1%
Reference: Family / Friends	28	9.7%
Reference: Business	2	0.7%
Reference: Other	10	3.5%
<b>Base</b>	<b>289</b>	<b>100.0%</b>



Respondents were asked what the specific reason was for choosing a particular service provider [respondents were asked to choose one service option only]. 29% said that it was due to cheap packages available, 21% that the service provider had good network coverage, 21% said that it was a well known service provider, 14% chose the specific service provider because they were referred to that particular service provider by family or friends, 13% had no choice in choosing and 2% chose that particular service provider because they had received a free handset [this applies to contract options only].

**Which service option have you chosen?**

Category	Sample	Percentage
Contract	31	10.7%
Prepaid	259	89.3%
<b>Base</b>	<b>290</b>	<b>100.0%</b>



The majority of the respondents (89%) were prepaid users and only 11% used the contract option. The majority of respondents using the prepaid option were Coloured (98.9%), Black (97.9%), Asian (92.9%) and White (70.5%).

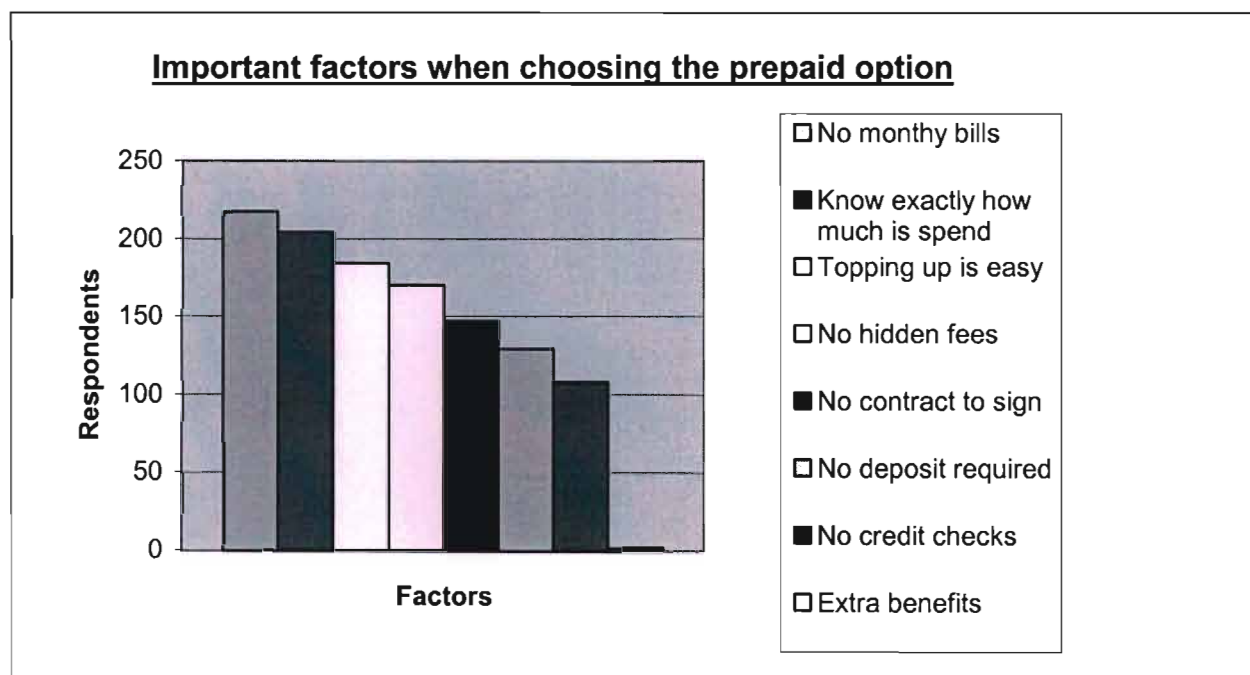
The majority of respondents (96.5%) also had a monthly income or allowance between R50-R499.

The majority of respondents that have contracts are White (74.1%), Black (6.4%), Asian (3.2%) and Coloured (3.2%). The majority of all the respondents that have contracts (52.9%) have a monthly income that lies between R2000 and upwards.

**The factors most important when choosing the prepaid option.**

Category	Sample	Penetration
No monthly bills to worry about	217	88.2%
Know exactly how much to spend	204	82.9%
Topping up on airtime is easy	184	74.8%
No hidden fees	170	69.1%
No contract to sign	147	59.8%
No deposit required	129	52.4%
No credit checks	108	43.9%
Extra benefits	2	0.8%
<b>Base</b>	<b>246</b>	<b>-</b>

(\*) More than one answer is possible.

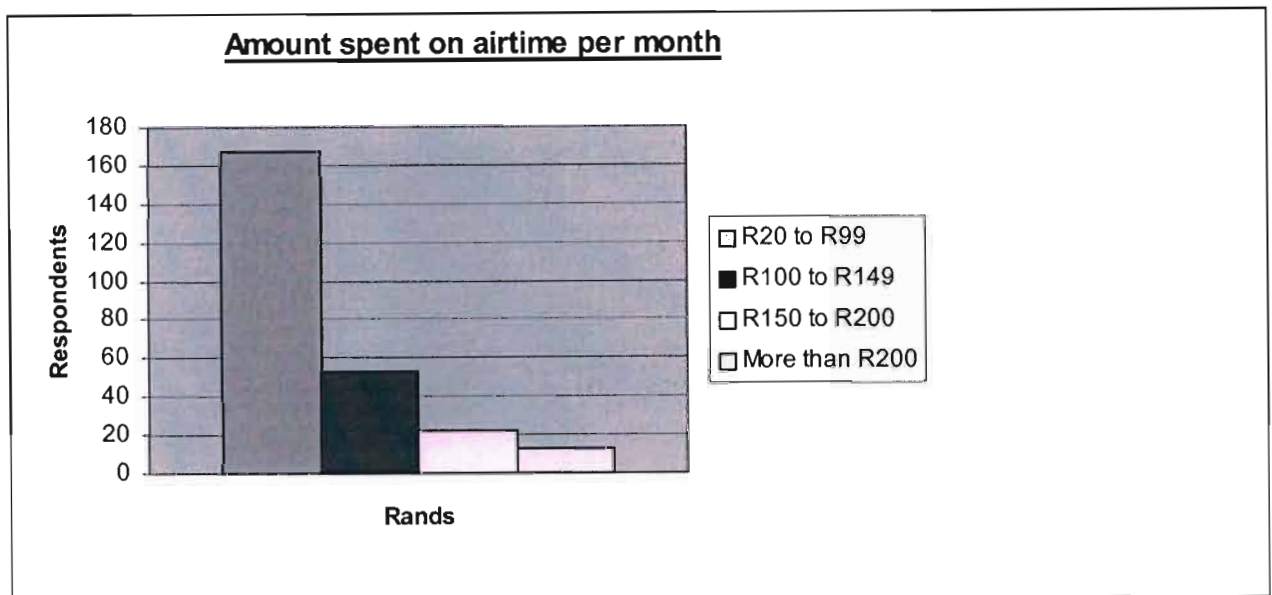


Respondents were asked to list the most important factors when choosing the prepaid option. The most important factor for most of the respondents (217) were that they had no monthly bills, the second most important factor was that they know exactly how much to spend, the third factor was that topping up airtime is easy, the fourth factor was that there are no hidden cost and the fifth and sixth factor was that there is no contractual obligation and no credit checks.



### Amount spent on airtime per month

Category	Sample	Percentage
R20 to R99	167	65.5%
R100 to R149	53	20.8%
R150 to R200	22	8.6%
More than R200	13	5.1%
<b>Base</b>	<b>255</b>	<b>100.0%</b>



The majority of respondents (65.5%) spend between R20-R99 on airtime a month. 20.8% spends between R100-R149 a month, 8.6% respondents spend between R150-R200 and 5.1% spends more than R200 a month on airtime. The majority of White respondents spend R100 and more a month on airtime. The majority of Black respondents spend between R20-R99.

From these results it can be seen that the majority of respondents (92%) have cellphones. The majority of respondents have Vodacom as their service provider (48.6%), followed closely by MTN with 38.7%. The main reason they chose this particular service provider was because it was a cheap and reasonable package. Most of the respondents had chosen the prepaid option because they do not have to worry about monthly bills and they know exactly how much to spend. The majority respondents (65.5%) spend between R20-R99 per month on airtime.

### **5.3 Comparisons among service providers**

#### **Vodacom**

The majority of all the Vodacom respondents (34.5%) were White, followed by Coloured (29.4%), Black (28.7%) and then Asian (7.4%)

Their monthly income is concentrated in the ranges of R1000-R3000. This shows that Vodacom users are in a higher income bracket as they receive more income or allowance than the average respondent.

The majority of all the Vodacom respondents (93.6%) were prepaid users and only 6.3% were contract users. The majority of Vodacom respondents (62.5%) spend between R20-R99 on airtime a month.

#### **MTN**

The majority of all MTN respondents were Black (46.3%) followed by Coloured (34.3%), White (18.5%) and then Asian (0.9%).

The majority of MTN respondents (46.2%) had a monthly income or allowance of R50-R499. This shows that MTN respondents are in a lower income bracket.

The majority of all the MTN respondents (87.3%) were prepaid users and 12.7% were contract users. It seems that there were more MTN contract users than Vodacom users with only 6.3% but Cell C had 21.6% contract users. However Cell C had a much smaller segment than the other two service providers.

The majority of MTN respondents (62.5%) spend between R20-R99 on airtime a month. Compared to Vodacom respondents MTN respondents spend much less on airtime but this probably is because MTN respondents have much less disposable income than Vodacom respondents.

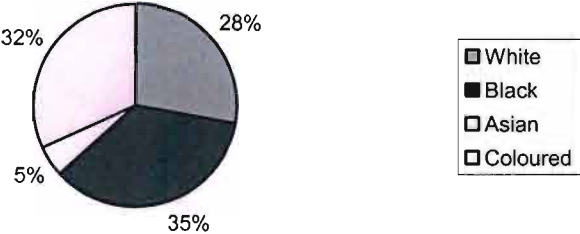
## **Cell C**

The majority of all the Cell C respondents were Coloured (37.1%), White (31.4%), followed by Black (22.9%) and then Asian (8.6%)

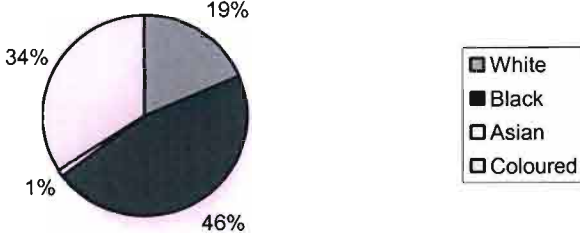
The majority of respondents (50%) had a monthly income or allowance between R50 R499. The majority of all the Cell C respondents (78.3%) were prepaid users and 21.6% were contract users. The majority of Cell C respondents (70.3%) spend between R20-R99 on airtime a month.

# Race Comparisons

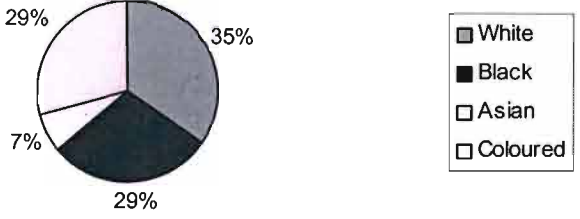
**Race Classification  
General**



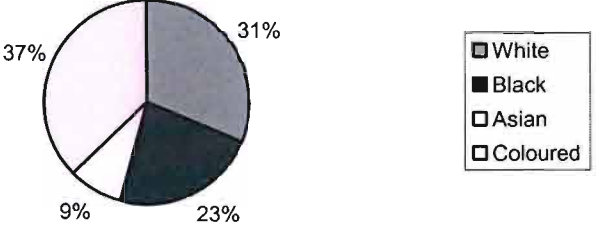
**Race Classification  
MTN**



**Race Classification  
Vodacom**

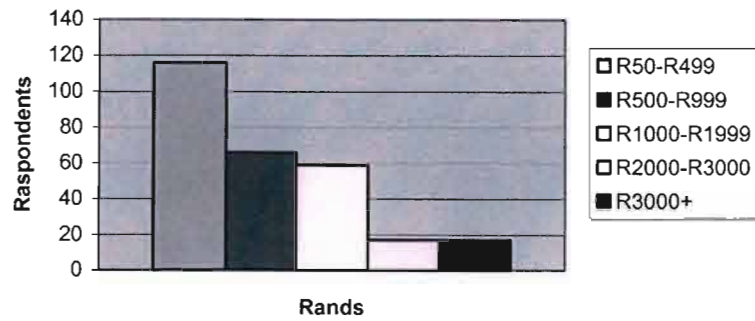


**Race Classification  
Cell C**

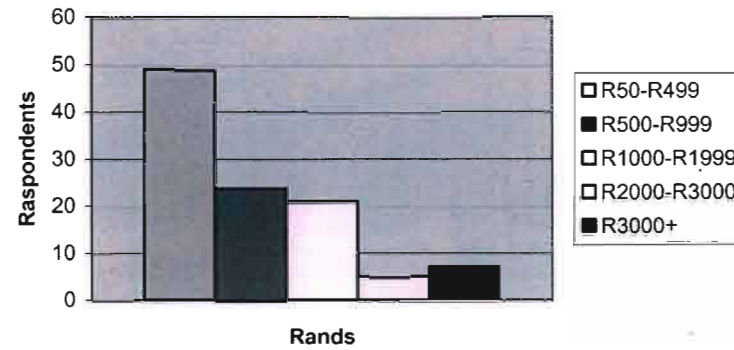


# Monthly Income Comparisons

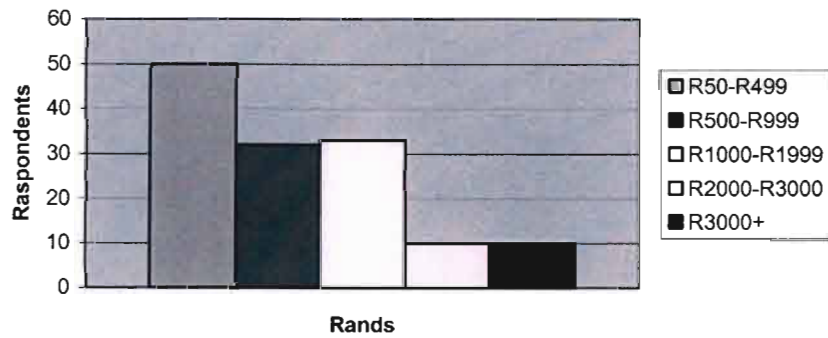
**Monthly income / Allowance**  
**General**



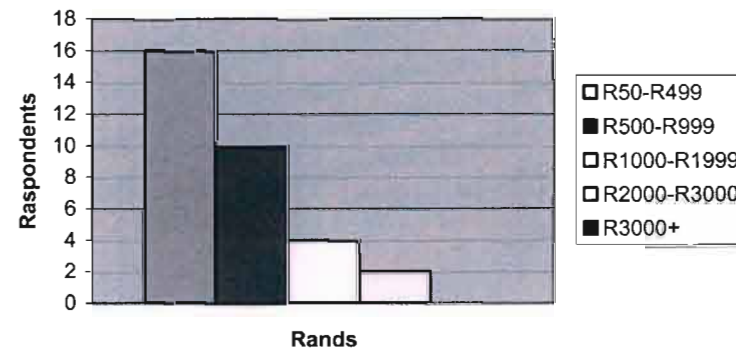
**Monthly income / Allowance**  
**MTN**



**Monthly income / Allowance**  
**Vodacom**

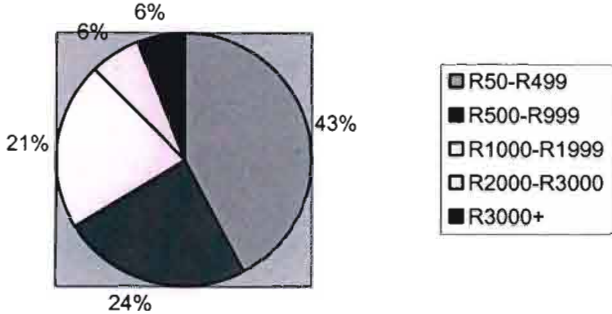


**Monthly income / Allowance**  
**Cell C**

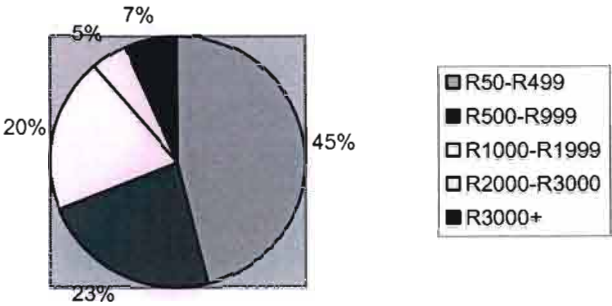


# Monthly Income Comparisons

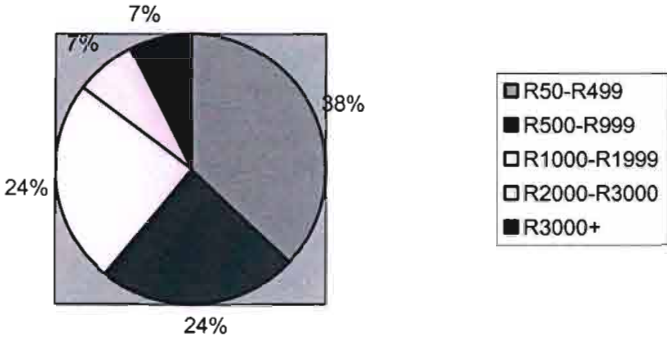
**Monthly income / Allowance**  
**General**



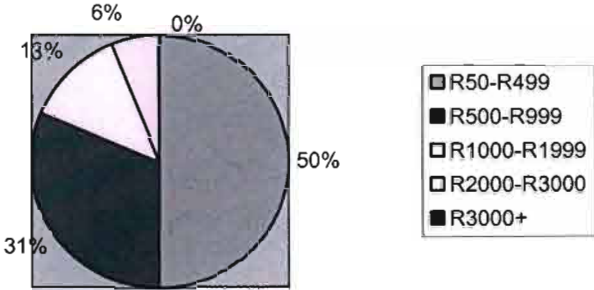
**Monthly income / Allowance**  
**MTN**



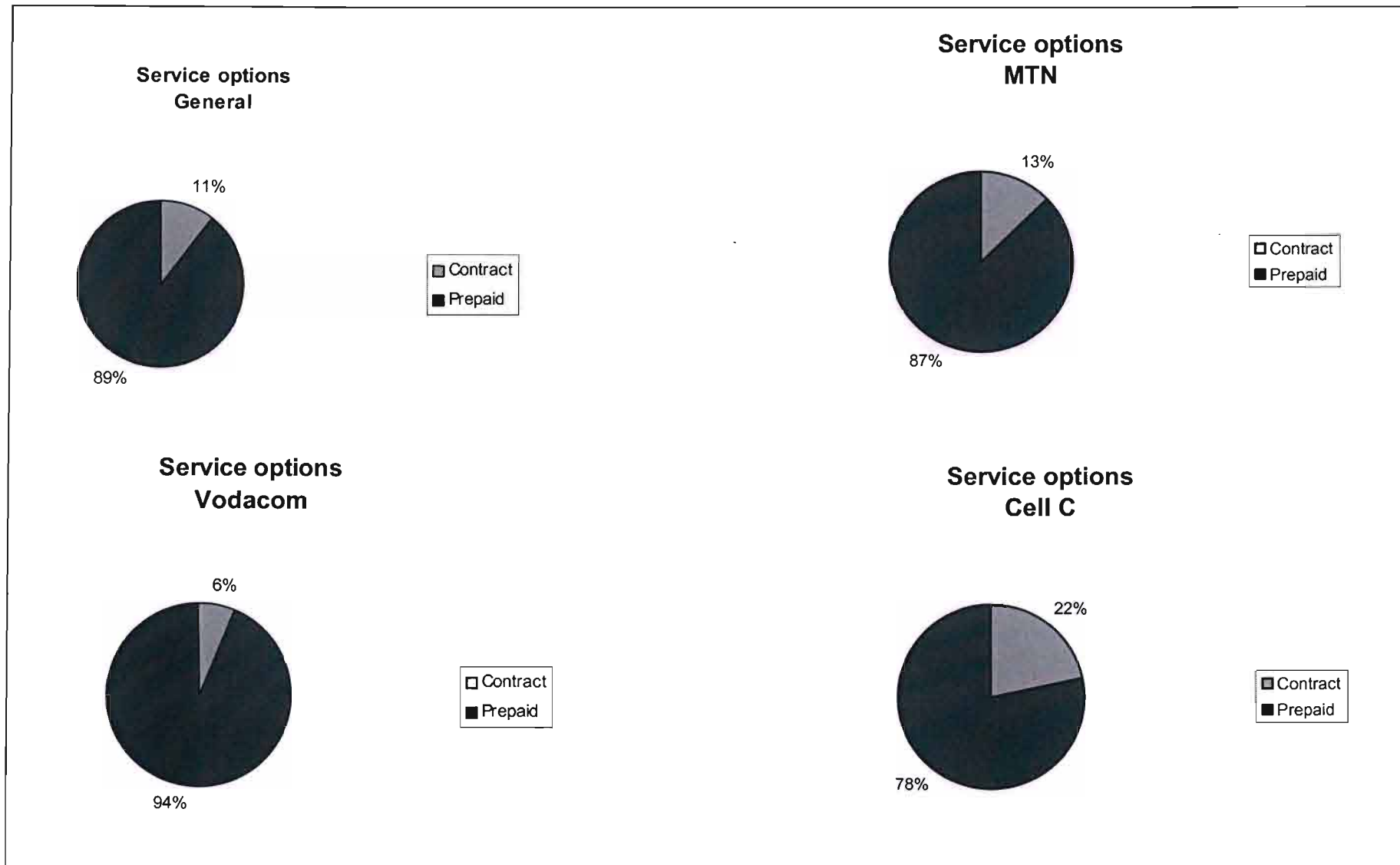
**Monthly income / Allowance**  
**Vodacom**



**Monthly income / Allowance**  
**Cell C**

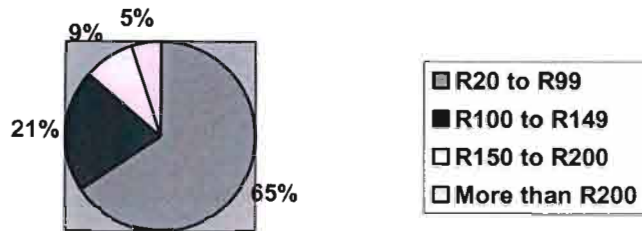


## Service options comparisons

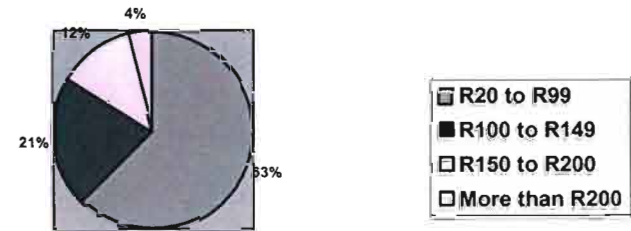


## Comparisons of amount spend on airtime per month

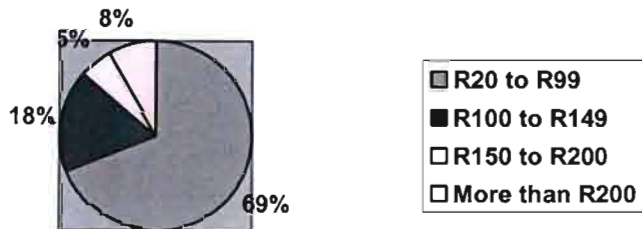
Amount spend on airtime per month  
General



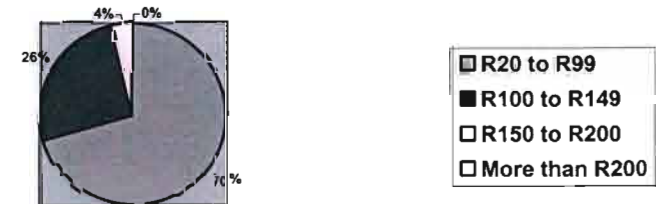
Amount spend on airtime per month  
Vodacom



Amount spend on airtime per month  
MTN



Amount spend on airtime per month  
Cell C





## CHAPTER 6

### CONCLUSION AND RECOMMENDATIONS

The final stage of this report will look back at the objectives and compare them to the findings of the study. The objectives were as follows:

- 1. Determining the factors or attributes that students regard as being most important when making a choice between the contract and prepaid services**
- 2. Establishing whether student income/allowance had any bearing on their choice between the contract and prepaid service option**

#### **6.1 Service Option Chosen**

The concept of positioning is valuable because it forces explicit recognition of the different attributes comprising the overall service concept and emphasises the need for marketers to understand which attributes determine customer choice behavior [Lovelock, 1996:182]. Prepaid Services have been positioned as the alternative to those cellular users who do not qualify to sign up for the contract option, but the greater advantage has been the control that one can exercise over the amount spent on airtime.

**“Prepaid is a solution for the youth market. Students who do not have anything to show their credibility in terms of paper but still want to avail the facilities of a cellphone, prepaid is the most suitable answer.”**[[www.worldwide-wireless.info](http://www.worldwide-wireless.info)]

The results of the survey confirm that prepaid is the most popular option chosen by Cape Technikon students. 89% of the respondents choose the prepaid option whilst a marginal 11% opted for the “contract” option. This proves that prepaid has gained high popularity among the youth market due to its easy accessibility to all irrespective of ones financial position. These results clearly lay grounds for further research among students at other institutions regionally and nationally.

## 6.2 Most Important Factors when Choosing the Prepaid Option

The primary task of communication is to ensure that prospective customers accurately perceive the position of the service on dimensions that are important to them in making decisions [Lovelock, 1996:167]. Cellular communication, in particular Prepaid services have been positioned as a solution for the youth market and the results of the research reflect the following factors as being important to student cellular users at Cape Technikon when making a choice between the contract and prepaid service option.

### Most Important Factor When Choosing Prepaid Option

The most important factor to students was that they did not have to worry about **monthly bills**. The prepaid option eliminates the need for a fixed physical address and no personal information has to be divulged. As long as one can afford to buy a starter pack and have a handset then communication via cellular telephony becomes accessible. The major advantage to students is the flexibility that this option offers in terms of total control over spending and not having to pay a fixed subscription every month. The question that arises: is whether, students earn their own income or do parents/guardians support them. If students are supported financially by their parents/guardians then spending on Prepaid vouchers could also be monitored by the parent/guardian. This financial dependability then negates the total control over spending for the student cellular user.

The second most important factor was **control over spending**.

This can be highlighted as another major advantage of the prepaid service because you only spend after you have purchased airtime. It also can be seen as an advantage to parents who want to keep strict control over their child's spending. The user is left to decide at his/her discretion as to how much to spend and when to spend. "Prepaid billing allows its subscribers the freedom to maintain mobile communications while paying for only what they can truly afford." [African Business, July/Aug 2002:25]

The third most important factor was that **topping up on airtime is easy**

The marketer must recognise that pricing, distribution and promotion as well as the product itself must support the selected position. A positioning strategy that is not backed up by a continuously reflected wholehearted marketing mix, is unlikely to be adopted by

consumers [Rix, 2001: 123]. A major success of the prepaid service is its accessibility and affordability. Topping up on airtime is easily accessible due to intensive distribution strategies that the cellular operators have employed. Vodacom's Joan Joffe reiterates that prepaid has become a fast moving consumer good with airtime being retailed as a commodity in café's and supermarkets [Finance Week, 1998:51]. With prepaid you only top up on airtime as required. The lowest top up is at a mere R20, which makes prepaid affordable to all. The average amount spent on airtime by students was between R20-R99 per month.

The fourth important factor was **No Hidden Fees** and this is indicative that students need to know exactly when and how their money is being spent. Openness and transparency is important during the service process and students with their limited incomes cannot afford the hidden costs [e.g. compulsory itemised billing] that are attached to the contract service option.

The fifth important factor was **No Contract To Sign**, the sixth **No Deposit Required** and the seventh **No Credit Checks**. The above factors clearly reiterate the convenience and accessibility of the prepaid option. An issue in evaluating service characteristics and establishing a positioning strategy is that some attributes can be easily quantifiable whereas others are qualitative and highly judgmental. [Lovelock: 1996,167] The above factors are clearly quantifiable and they are linked directly with the disposable income available to the student cellular user. It can be concluded then, that income does play a very important role, when students decide between the prepaid and contract option.

## **6.3 Income/Allowance**

### **6.3.1 Spending on Airtime**

The majority of students have incomes ranging from R50 –R499. The airtime spent on prepaid vouchers is generally between R20-R99 per month. From this it can be deduced that students spend one fifth or less of their monthly income on airtime vouchers. This signals the importance of cellular communication among students and as they enter into the

working world this amount can be expected to increase due to increased levels of disposable income available to them.

### **6.3.2 Service Option Chosen**

Many Marketers believe that the development of strong and definite positioning is an essential ingredient for success [Rix, 2001:123]. The success of the prepaid system is evident among student users given the income constraints that students have to deal with. Income does play a major role in the choices that students make between the prepaid and contract option. It is evident that the majority of students have incomes less than R500 a month and whilst cellular communication does play an important role in student lives, other priorities also exist. Students therefore choose to go the prepaid route, which is tailored to their needs, but not necessarily a cheaper option. The fact that prepaid allows one to be totally anonymous and requires no personal details renders itself as the better option for students at this point in their lives. It is possible that as students acquire greater disposable income that migration to contract will become a feasible option. This further highlights how price sensitive student cellular users are due to their limited incomes or financial dependency on parents/guardians.

## **6.4 Cellular Operators**

### **6.4.1 Most Preferred Cellular Operator**

The most successful service firms separate themselves from the “pack” to achieve a distinctive position in relation to the competition [Heskett cited by Lovelock, 1996:167]. Vodacom topped the ratings as most preferred cellular operator with a 48% vote. MTN had a student subscriber base of 39% and Cell C 13 %. If a comparison had to be made with national statistics then it is evident that Vodacom is the most preferred cellular operator nationally. Vodacom has been the market leader in the cellular industry capturing 7.5 million of South Africa’s population whilst MTN follows at 5.22 million subscribers and Cell C at 1 million [www.cellular.co.za].

Strategy is only effective when the position adopted clearly differentiates a product from others in the same category [Rix, 2001:123-124]. Vodacom enjoys strong brand equity in South Africa and also attracts the more affluent and higher income earners. This is evident from the fact that Vodacom subscribers had income levels concentrated in the R1000-R3000 range. It was also interesting to note that Vodacom attracted predominantly white subscribers whilst MTN and Cell C attracted Coloured and Black subscribers respectively. Vodacom's advertising and promotional strategy is targeted at both black and white users. The logo "Yebo Gogo", the use of both a black and white person in the advertisements should have attracted a much larger black market, but this does not hold true. Further research can be undertaken to investigate this phenomenon.

In a study carried out at the University of Natal, on the perception of student cellular users, regarding services provided by the 3 cellular operators, Vodacom was identified as the market leader due to their better service product than their competitors. [Dissertation, P.Thulsi: 63]. Dorrian contends that the battle for market share does not take place in the offices of customers, sales representatives, marketing managers, ...but in the minds of customers [Dorrian, 1996:34]. If customers really believe your company to be better than the opposition then there is a good chance of developing a strong degree of customer loyalty.

#### **6.4.2 Reasons For Choosing Cellular Operator**

The most favoured reason was "cheap package" (29% of the respondents) whilst "Good Network Coverage" and "Well-Known Service Provider" followed closely (21% of the respondents). This indicates that money or income takes precedence over perception and preferences. This holds true for the student/youth market that can be said to be highly price sensitive given their limited monthly income/allowances. Students need to work within a budget and the prepaid option allows for control over spending when it comes to cellular telephony.

#### **6.5 Youth Customer Profile:**

The demographic profiles of student cellular users across the 3 cellular operators were quite different in terms of the race groups that were captured by each cellular operator. It must be stressed that these profiles are indicative of a small cross section of youth within

South Africa [namely Cape Technikon students]. Further research is necessary to build a more representative and accurate profile. It will also be interesting to see whether the profiles of student cellular users are different across the different provinces.

### **Majority of respondents:**

The demographic results show that the majority of respondents were Black (35%) female (66%) between the ages of 18-20 years (55%) and had a monthly income between R50-R499 (42%). It must be stressed that these results are from the sample taken at Cape Technikon only. These statistics would make interesting grounds for further research to see whether this applies to Cape Technikon only or whether the same statistics or results can be achieved at other educational institutes provincially and nationally.

### **Vodacom:**

Vodacom was voted the most popular cellular operator with its main client base being predominantly white [60.3%- Table 3: Annexure D]. It is also clear that Vodacom attracts the more higher income earner in all the categories ranging from R50 to R3000. As a result these higher income earners spend a lot more on airtime than the client base of the other 2 cellular operators. Vodacom clients, mainly white, rated the following top 3 factors as most important when choosing the prepaid option:

1. **Know exactly how much to spend**
2. **No monthly bills to worry about**
3. **Topping up on airtime is easy** [Table 8: Annexure D]

The amount spent on airtime among white students far exceeded the other race groups in the R100 and over categories. [Table 10: Annexure D] The contract option was chosen predominantly by white students (29.5%-Table 5: Annexure D).

### **MTN:**

MTN predominantly attracted the black youth market. [51,5%-Table 3 : Annexure D]. The highest income category was between R50 and R499 and these students spent on average

Between R20 and R99 on airtime. This shows that MTN attracts a much lower income group as opposed to Vodacom.

MTN clients, mainly black, rated the following top 3 factors as most important when choosing the prepaid option:

1. **No monthly bills to worry about**
2. **Know exactly how much to spend**
3. **No contract to sign** **[Table 8: Annexure D]**

Only 2% of the MTN client base chose the contract option and this serves as proof of the huge popularity of the prepaid option amongst the youth.

#### **CELL C:**

Cell C's main client base was made up of Coloured students with the average income being between R50 and R499. [Table 3: Annexure] The amount spent on airtime was mainly between R20 and R99 and here again Cell C and MTN share a similar customer profile targeting the lower income groups. Cell C rated the following top 3 factors as most important when choosing the prepaid option:

1. **No monthly bills to worry about**
2. **Know exactly how much to spend**
3. **Topping up on airtime is easy** **[Table 8: Annexure D]**

Looking at the typical customer profile for each of the cellular operators, with regard to Cape Technikon students, it can be seen that MTN and CELL C share a similar profile whilst Vodacom targets and attracts a higher income grouping. This is confirmed by Vodacom users placing “know exactly how much to spend” as their most important factor when making a choice. Income does not seem to limit their perceptions as with MTN and Cell C users who rated “no monthly bills to worry about” as their most important factor. MTN and CELL C users view money as a key determinant and then allow perception to influence their decision-making. Financial restrictions may not be the only reason for the choice of Prepaid over contract. Perception, Culture and socio-economic factors also influence choices made, especially with previously disadvantaged groups who might want eliminate the hassles of legal contracts. For some it may be about exercising a choice in terms of dislike towards being contractually bound. Parents/guardians of student/youth cellular users might refuse to sign as surety or guarantor, thereby promoting the Prepaid option.

Cell C users share Vodacom’s rating of “Convenience-Topping up on airtime is easy” as the third important factor. MTN rates “no contract to sign” as the third important factor. Cell C and Vodacom attract coloured and white students respectively, whilst MTN attracts mainly black students. The advertising by the cellular operators towards the different race groups plays a role in influencing perceptions of users. Income also limits perception to a great extent.

In summary the majority of student cellular users at Cape Technikon favour the Prepaid service option and the factors that are rated as being important in making this decision are directly related to students income/allowance. The student market can thus be viewed as being powerful and profitable, but the real challenge lies with the cellular operators to exploit the full potential of this segment and to foster relationships that are rewarding over the long term.



## 6.6 Recommendations:

Prepaid services should now be seen as a strategic tool- a key into the student/youth market. The main strategies that have been deployed by cellular operators and providers has been drivers such as time and place to market, price-wars and value-added services such as per second billing, call more time and loyalty payback rewards. Cellular operators need to change strategies from growth at all costs to nurturing select customer segments; namely the youth/student market. The challenge now is for cellular operators and providers to make it easier for users to access services without burdening them with long- term contracts and other tie-downs.

Prepaid is a quick way for operators to gain more customers without forking out huge amounts of capital and if the network quality is good, prepaid customers who have a good experience are likely to stay on with them when migrating to the contract option.

[[ww.worldwide-wireless.info](http://ww.worldwide-wireless.info)] The student/youth market is important to network providers. If they can attract a following of cellular users, the chances are that they will maintain these customers for the duration of their lives. Switching costs from one network to another is high and customers seldom want to lose their number that they are identified with, due to the high levels of inconvenience and loss of communication attached to this process.

According to a research undertaken by Bateleur in South Africa, a brand personality that exudes a carefree, sociable, outgoing, physical, energetic and outdoor attitude is more likely to attract the eye of a young adult (16-24yrs) [Marketing Mix, vol21/08,4].

Cellular operators need to adopt branding policies that encompasses all of the above traits if they wish to capture a larger segment of the student /youth population.

Just recently Cell C introduced Cell Y that is geared especially for the youth/student and this signifies the importance of the youth/student market in the prepaid sector. The distinguishing factor of this prepaid package was the allure of free movie tickets and stationary sets.

MTN and Vodacom were pioneers in targeting the youth/student market but Cell C being the new kid on the block has opted to change their strategy in targeting the youth/student market. It can be seen from this that all 3 cellular operators need to constantly be in touch with the needs of their customers in order to protect and maintain their market shares.

South Africa's cellular market is now maturing and network operators MTN, VODACOM and CELL C are having to fight more aggressively for new, mostly less lucrative, consumers. [Finance Mail, June 6:2003] Tariffs have become only a point of entry and cellular operators need to show quality, value –add and service to build and maintain their customer base. This becomes a catch 22 situation since prepaid customers typically look for simplicity and transparency. This can be achieved through customised services. The anonymity factor associated with the prepaid model makes customised solutions a challenging aspect, which places more demands on technology and the demands of service, as well as, human resources.

The 3 cellular operators need to reduce the “churn rate”, the term used to describe the dropouts among cellular users. This can be done by introducing loyalty programs, like MTN's branded Payback, that awards high usage with free airtime and free sms's. A criticism of the prepaid option is that its anonymity prevents cellular operators from continued contact with these customers to try and convert them to post-paid subscribers. Cellular operators need to entice the youth prepaid market particularly, to register themselves, so that a customer database can be set up and brand loyalty programs implemented. It must be noted that to prevent “churn”, cellular operators need to exude brand personalities that are likely to attract the youth and keep them brand loyal.

The youth/student market exists not as a singular group. It is made up of many groups that co-exist, with myriad complex inter-relationships. Cellular operators need to enter niche' markets, identifying sub-groups among the student/youth-prepaid market, thereby increasing market share and providing greater customised services. This can be achieved through further research into the youth/student market and ensuring that an integrated communications mix is implemented.

Media and promotional tools need to be used appropriately to attract and convince the youth market of the benefits of cellular telephony, but the greater challenge for cellular operators is to manage a customer relationship program. The innovations around sms marketing and competition entries have ignited a fire in the inquisitive nature of our youth, providing marketers with a platform from which to begin or end campaigns.

Innovative pricing strategies are going to be a sure way to gain competitive advantage in view of how price sensitive the youth population is. Student income/allowance is directly related to the amount spent on airtime and on the choice made between contract and prepaid option. Cellular operators need to harness support and loyalty through pricing structures that students see as being beneficial not just for the present but also over a long period of time. As mentioned previously, cellular operators need to lock in users at an early age and price is a key determinant at this stage in their lives.

#### **6.7 Recommendations to Researchers:**

Recommendations are based on personal experience whilst conducting the research:

- The research base should be widened to include all students/youth from other institutions nationally so that a comparative study can be undertaken and a more diverse respondent base can be sampled.
- The questionnaire should be administered amongst an equitable distribution of the various race groups so that clear demographic profiles of student cellular prepaid users can be drawn up.
- The questionnaire could have included questions such as year of study, faculty that student belonged to, full-time or part-time student, source of income. This information is useful in building a more accurate profile of the student cellular user.

The Prepaid option holds great windows of opportunities among the student/youth market. It is up to the 3 cellular operators to adequately differentiate themselves while maintaining and increasing their respective market shares. By investing in appropriate research, the needs and wants of the student/youth market can be clearly defined while increasing the ability to target them effectively.

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# APPENDIX A

**QUESTIONNAIRE: "CELLULAR OPTIONS"**

PLEASE COMPLETE THE FOLLOWING QUESTIONNAIRE AS BEST YOU CAN. ALL INFORMATION WILL BE TREATED WITH THE STRICTEST CONFIDENTIALITY. YOUR CO-OPERATION IN THIS REGARD WILL BE GREATLY APPRECIATED.

**CELLULAR INFORMATION: Please CROSS the appropriate box**

1. Are you a CELLPHONE owner? 1  YES 2  NO

2. Ownership of Cellphone 1  Self 2  Parents 3  Business  
4  Family/Friends 5  Other [Specify]

3. Your SERVICE PROVIDER IS? 1  VODACOM 2  MTN 3  CELL C

4. Why have you chosen your particular SERVICE PROVIDER? Choose **ONE** of the options below.

No choice- just given a cellphone	1
Cheap reasonable package	2
Free Handset	3
Good Network Coverage	4
Well-Known Provider	5
Reference : Family/ Friends	6
Reference : Business	7
Reference : Other	8

5. Which SERVICE OPTION have you chosen? 1  CONTRACT 2  PREPAID [Turnover]

IF YOU ARE A **CONTRACT SUBSCRIBER** ANSWER THE FOLLOWING QUESTIONS.

6. Name the contract option that you have chosen \_\_\_\_\_

7. State the reasons why you are on **CONTRACT**.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**8. PREPAID:**

8.1 Choose from the list below the **FACTORS MOST IMPORTANT** to you when choosing the **PREPAID** option. **TICK** the boxes below.

8.2 Please rank the criteria **YOU CHOSE** from **1 being the most important to 8 being the least** important.

	TICK	RANK
No contract to sign		
No monthly bills to worry about		
Know exactly how much to spend		
No credit checks		
No deposit required		
No hidden Fees		
Topping up on airtime is easy		
OTHER [Specify]		

9. How much on average do you spend on **AIRTIME** per month?

R20-R99	1
R100-R149	2
R150-R200	3
> R200	4

**DEMOGRAPHICS: Tick the appropriate box**

10. **AGE**

18-20	1	21-24	2	25-30	3	> 30	4
-------	---	-------	---	-------	---	------	---

11. **GENDER**

Male	1	Female	2
------	---	--------	---

12. **RACE**

White	1	Black	2	Asian	3	Coloured	4
-------	---	-------	---	-------	---	----------	---

13. **MONTHLY INCOME / ALLOWANCE**

R50-R499	1	R500-R999	2	R1000-R1999	3
R2000-R3000	4	> R3000	5		

THANK YOU!!!

# APPENDIX B

**TABLE 1: Are you a cellphone owner?**

Category	Sample	Percentage
Yes	275	92.0%
No	24	8.0%
<b>Base</b>	<b>299</b>	<b>100.0%</b>

**TABLE 2: Ownership of cellphone**

Category	Sample	Percentage
Self	254	86.4%
Parents	30	10.2%
Business	2	0.7%
Family / Friends	8	2.7%
<b>Base</b>	<b>294</b>	<b>100.0%</b>

**TABLE 3: Your service provider?**

Category	Sample	Percentage
Vodacom	142	48.6%
MTN	113	38.7%
Cell C	37	12.7%
<b>Base</b>	<b>292</b>	<b>100.0%</b>

**TABLE 4: Reason for choosing the particular service provider?**

Category	Sample	Percentage
No choice - just given a cellphone	37	12.8%
Cheap reasonable package	86	29.8%
Free Handset	5	1.7%
Good Network Coverage	60	20.8%
Well-known Provider	61	21.1%
Reference: Family / Friends	28	9.7%
Reference: Business	2	0.7%
Reference: Other	10	3.5%
<b>Base</b>	<b>289</b>	<b>100.0%</b>

**TABLE 5: Which service option have you chosen?**

Category	Sample	Percentage
Contract	31	10.7%
Prepaid	259	89.3%
<b>Base</b>	<b>290</b>	<b>100.0%</b>

**TABLE 8: List the most important factors to you when choosing the prepaid option?(\*)**

Category	Sample	Penetration
No monthly bills to worry about	217	88.2%
Know exactly how much to spend	204	82.9%
Topping up on airtime is easy	184	74.8%
No hidden fees	170	69.1%
No contract to sign	147	59.8%
No deposit required	129	52.4%
No credit checks	108	43.9%
Extra benefits	2	0.8%
<b>Base</b>	<b>246</b>	<b>-</b>

(\* ) More than one answer is possible.

**TABLE 9: Rank the criteria chosen from 1 (being most important) to 8 (being least important)**

Category	Sample	Rank
No contract to sign	90	3.0
No monthly bills to worry about	139	1.7
Know exactly how much to spend	124	2.6
No credit checks	64	4.6
No deposit required	78	4.7
No hidden fees	102	3.7
Topping up on airtime is easy	115	4.1
Extra benefits	1	3.0

**TABLE 10: Amount spend on airtime per month**

Category	Sample	Percentage
R20 to R99	167	65.5%
R100 to R149	53	20.8%
R150 to R200	22	8.6%
More than R200	13	5.1%
<b>Base</b>	<b>255</b>	<b>100.0%</b>

**TABLE 11: Age**

Category	Sample	Percentage
18 to 20 years	159	55.6%
21 to 24 years	105	36.7%
25 to 30 years	19	6.6%
30+ years	3	1.0%
<b>Base</b>	<b>286</b>	<b>100.0%</b>

**TABLE 12: Gender**

Category	Sample	Percentage
Male	97	34.0%
Female	188	66.0%
<b>Base</b>	<b>285</b>	<b>100.0%</b>

**TABLE 13: Race**

Category	Sample	Percentage
White	78	27.7%
Black	100	35.5%
Asian	14	5.0%
Coloured	90	31.9%
<b>Base</b>	<b>282</b>	<b>100.0%</b>

**TABLE 14: Monthly income / allowance**

Category	Sample	Percentage
R50 to R499	116	42.2%
R500 to R999	66	24.0%
R1,000 to R1,999	59	21.5%
R2,000 to R3,000	17	6.2%
More than R3,000	17	6.2%
<b>Base</b>	<b>275</b>	<b>100.0%</b>

**TABLE 15: CLASSIFICATION: Reasons for having a contract**

Category	Sample	Percentage
Other 1	2	100.0%
Other 2	1	50.0%
Other 3	1	50.0%
<b>Base</b>	<b>2</b>	<b>100.0%</b>

# APPENDIX C

Cellular Information

TABLE 1: Are you a cellphone owner?

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
Yes	275 92.0%	157 94.0%	52 98.1%	21 95.5%	12 92.3%	150 94.3%	99 94.3%	18 94.7%	2 66.7%	91 93.8%	177 94.1%
No	24 8.0%	10 6.0%	1 1.9%	1 4.5%	1 7.7%	9 5.7%	6 5.7%	1 5.3%	1 33.3%	6 6.2%	11 5.9%
Base	299 100.0%	167 100.0%	53 100.0%	22 100.0%	13 100.0%	159 100.0%	105 100.0%	19 100.0%	3 100.0%	97 100.0%	188 100.0%



### Cellular Information

TABLE 2: Ownership of cellphone

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
Self	254 86.4%	153 92.2%	45 84.9%	19 86.4%	12 92.3%	135 85.4%	93 89.4%	18 94.7%	2 66.7%	81 83.5%	166 89.2%
Parents	30 10.2%	11 6.6%	5 9.4%	3 13.6%	1 7.7%	19 12.0%	8 7.7%	0 0.0%	1 33.3%	11 11.3%	17 9.1%
Business	2 0.7%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 0.6%	1 1.0%	0 0.0%	0 0.0%	2 2.1%	0 0.0%
Family / Friends	8 2.7%	2 1.2%	3 5.7%	0 0.0%	0 0.0%	3 1.9%	2 1.9%	1 5.3%	0 0.0%	3 3.1%	3 1.6%
Base	294 100.0%	166 100.0%	53 100.0%	22 100.0%	13 100.0%	158 100.0%	104 100.0%	19 100.0%	3 100.0%	97 100.0%	186 100.0%

Cellular Information

TABLE 3: Your service provider?

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
Vodacom	142 48.6%	82 49.1%	28 53.8%	16 72.7%	5 38.5%	74 46.8%	56 53.8%	9 50.0%	1 33.3%	48 50.5%	91 48.7%
MTN	113 38.7%	66 39.5%	17 32.7%	5 22.7%	8 61.5%	59 37.3%	39 37.5%	8 44.4%	2 66.7%	31 32.6%	77 41.2%
Cell C	37 12.7%	19 11.4%	7 13.5%	1 4.5%	0 0.0%	25 15.8%	9 8.7%	1 5.6%	0 0.0%	16 16.8%	19 10.2%
Base	292 100.0%	167 100.0%	52 100.0%	22 100.0%	13 100.0%	158 100.0%	104 100.0%	18 100.0%	3 100.0%	95 100.0%	187 100.0%

**Cellular Information**

**TABLE 4: Reason for choosing the particular service provider?**

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
No choice - just given a cellphone	37 12.8%	24 14.6%	6 11.3%	3 13.6%	2 15.4%	25 16.1%	12 11.5%	0 0.0%	0 0.0%	8 8.4%	29 15.7%
Cheap reasonable package	86 29.8%	45 27.4%	17 32.1%	8 36.4%	2 15.4%	55 35.5%	24 23.1%	5 26.3%	0 0.0%	36 37.9%	48 25.9%
Free Handset	5 1.7%	2 1.2%	1 1.9%	0 0.0%	0 0.0%	1 0.6%	3 2.9%	0 0.0%	0 0.0%	2 2.1%	2 1.1%
Good Network Coverage	60 20.8%	36 22.0%	8 15.1%	5 22.7%	2 15.4%	20 12.9%	28 26.9%	8 42.1%	1 33.3%	20 21.1%	36 19.5%
Well-known Provider	61 21.1%	39 23.8%	10 18.9%	5 22.7%	2 15.4%	31 20.0%	23 22.1%	5 26.3%	1 33.3%	12 12.6%	48 25.9%
Reference: Family / Friends	28 9.7%	14 8.5%	8 15.1%	0 0.0%	4 30.8%	19 12.3%	7 6.7%	1 5.3%	0 0.0%	10 10.5%	17 9.2%

(continued)

Cellular Information

TABLE 4: Reason for choosing the particular service provider?  
(continued)

	Airtime spent					Age				Gender	
	TOTAL	R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
Reference: Business	2 0.7%	0 0.0%	1 1.9%	0 0.0%	0 0.0%	0 0.0%	2 1.9%	0 0.0%	0 0.0%	2 2.1%	0 0.0%
Reference: Other	10 3.5%	4 2.4%	2 3.8%	1 4.5%	1 7.7%	4 2.6%	5 4.8%	0 0.0%	1 33.3%	5 5.3%	5 2.7%
Base	289 100.0%	164 100.0%	53 100.0%	22 100.0%	13 100.0%	155 100.0%	104 100.0%	19 100.0%	3 100.0%	95 100.0%	185 100.0%

Cellular Information

TABLE 5: Which service option have you chosen?

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
Contract	31 10.7%	0 0.0%	0 0.0%	1 4.5%	1 7.7%	14 8.9%	10 9.6%	2 10.5%	1 33.3%	16 16.7%	11 5.9%
Prepaid	259 89.3%	167 100.0%	53 100.0%	21 95.5%	12 92.3%	143 91.1%	94 90.4%	17 89.5%	2 66.7%	80 83.3%	175 94.1%
Base	290 100.0%	167 100.0%	53 100.0%	22 100.0%	13 100.0%	157 100.0%	104 100.0%	19 100.0%	3 100.0%	96 100.0%	186 100.0%

Cellular Information

TABLE 8: List the most important factors to you when choosing the prepaid option?(\*)  
(continued)

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
No credit checks	108 43.9%	70 43.2%	17 35.4%	11 52.4%	7 63.6%	59 42.8%	40 44.4%	8 53.3%	0 0.0%	36 47.4%	71 42.0%
Extra benefits	2 0.8%	1 0.6%	1 2.1%	0 0.0%	0 0.0%	2 1.4%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 1.2%
Base	246 100.0%	162 100.0%	48 100.0%	21 100.0%	11 100.0%	138 100.0%	90 100.0%	15 100.0%	2 100.0%	76 100.0%	169 100.0%



Cellular Information

TABLE 10: Amount spend on airtime per month

	Airtime spent				Age				Gender		
	R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female	
TOTAL											
R20 to R99	167 65.5%	0 0.0%	0 0.0%	0 0.0%	95 66.9%	60 63.8%	9 56.3%	2 100.0%	43 55.1%	123 69.9%	
R100 to R149	53 20.8%	53 100.0%	0 0.0%	0 0.0%	27 19.0%	19 20.2%	7 43.8%	0 0.0%	21 26.9%	32 18.2%	
R150 to R200	22 8.6%	0 0.0%	0 0.0%	22 100.0%	14 9.9%	8 8.5%	0 0.0%	0 0.0%	8 10.3%	14 8.0%	
More than R200	13 5.1%	0 0.0%	0 0.0%	13 100.0%	6 4.2%	7 7.4%	0 0.0%	0 0.0%	6 7.7%	7 4.0%	
Base	255 100.0%	167 100.0%	53 100.0%	22 100.0%	13 100.0%	142 100.0%	94 100.0%	16 100.0%	2 100.0%	78 100.0%	176 100.0%





Cellular Information

TABLE 12: Gender

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
Male	97 34.0%	43 25.9%	21 39.6%	8 36.4%	6 46.2%	49 30.8%	39 37.1%	8 44.4%	1 33.3%	97 100.0%	0 0.0%
Female	188 66.0%	123 74.1%	32 60.4%	14 63.6%	7 53.8%	110 69.2%	66 62.9%	10 55.6%	2 66.7%	0 0.0%	188 100.0%
Base	285 100.0%	166 100.0%	53 100.0%	22 100.0%	13 100.0%	159 100.0%	105 100.0%	18 100.0%	3 100.0%	97 100.0%	188 100.0%

Cellular Information

TABLE 13: Race

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
White	78 27.7%	29 17.8%	18 34.0%	5 22.7%	4 30.8%	43 27.0%	32 31.1%	3 17.6%	0 0.0%	37 39.4%	41 21.8%
Black	100 35.5%	71 43.6%	14 26.4%	5 22.7%	4 30.8%	44 27.7%	41 39.8%	12 70.6%	3 100.0%	27 28.7%	73 38.8%
Asian	14 5.0%	8 4.9%	1 1.9%	4 18.2%	0 0.0%	9 5.7%	5 4.9%	0 0.0%	0 0.0%	4 4.3%	10 5.3%
Coloured	90 31.9%	55 33.7%	20 37.7%	8 36.4%	5 38.5%	63 39.6%	25 24.3%	2 11.8%	0 0.0%	26 27.7%	64 34.0%
Base	282 100.0%	163 100.0%	53 100.0%	22 100.0%	13 100.0%	159 100.0%	103 100.0%	17 100.0%	3 100.0%	94 100.0%	188 100.0%

**Cellular Information**

**TABLE 14: Monthly income / allowance**

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
R50 to R499	116 42.2%	88 54.7%	47 32.7%	4 18.2%	2 15.4%	76 50.0%	38 36.9%	2 11.8%	0 0.0%	32 34.4%	84 46.2%
R500 to R999	66 24.0%	39 24.2%	13 25.0%	5 22.7%	2 15.4%	41 27.0%	21 20.4%	4 23.5%	0 0.0%	20 21.5%	46 25.3%
R1,000 to R1,999	59 21.5%	25 15.5%	12 23.1%	9 40.9%	6 46.2%	29 19.1%	23 22.3%	5 29.4%	2 66.7%	21 22.6%	38 20.9%
R2,000 to R3,000	17 6.2%	6 3.7%	3 5.8%	2 9.1%	1 7.7%	2 1.3%	11 10.7%	3 17.6%	1 33.3%	9 9.7%	8 4.4%
More than R3,000	17 6.2%	3 1.9%	7 13.5%	2 9.1%	2 15.4%	4 2.6%	10 9.7%	3 17.6%	0 0.0%	11 11.8%	6 3.3%
Base	275 100.0%	161 100.0%	52 100.0%	22 100.0%	13 100.0%	152 100.0%	103 100.0%	17 100.0%	3 100.0%	93 100.0%	182 100.0%

Cellular Information

TABLE 15: CLASSIFICATION: Reasons for having a contract

	TOTAL	Airtime spent				Age				Gender	
		R20 to R99	R100 to R149	R150 to R200	R200+	18-20 years	21-24 years	25-30 years	30+ years	Male	Female
Other 1	2 100.0%	1 100.0%	0 0.0%	0 0.0%	0 0.0%	1 100.0%	1 100.0%	0 0.0%	0 0.0%	2 100.0%	
Other 2	1 50.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 100.0%	0 0.0%	0 0.0%	1 50.0%	
Other 3	1 50.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 100.0%	0 0.0%	0 0.0%	1 50.0%	
Base	2 100.0%	1 100.0%	0 100.0%	0 100.0%	0 100.0%	1 100.0%	1 100.0%	0 100.0%	0 100.0%	2 100.0%	

# APPENDIX D

### Cellular Information

**TABLE 1: Are you a cellphone owner?**

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
Yes	275 92.0%	77 98.7%	87 87.0%	14 100.0%	87 96.7%	108 93.1%	64 97.0%	56 94.9%	17 100.0%	15 88.2%
No	24 8.0%	1 1.3%	13 13.0%	0 0.0%	3 3.3%	8 6.9%	2 3.0%	3 5.1%	0 0.0%	2 11.8%
Base	299 100.0%	78 100.0%	100 100.0%	14 100.0%	90 100.0%	116 100.0%	66 100.0%	59 100.0%	17 100.0%	17 100.0%

### Cellular Information

TABLE 2: Ownership of cellphone

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
Self	254 86.4%	68 87.2%	85 85.9%	13 92.9%	78 87.6%	99 86.8%	59 89.4%	54 91.5%	15 88.2%	13 76.5%
Parents	30 10.2%	6 7.7%	10 10.1%	1 7.1%	11 12.4%	14 12.3%	5 7.6%	4 6.8%	1 5.9%	2 11.8%
Business	2 0.7%	2 2.6%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 1.7%	0 0.0%	1 5.9%
Family / Friends	8 2.7%	2 2.6%	4 4.0%	0 0.0%	0 0.0%	1 0.9%	2 3.0%	0 0.0%	1 5.9%	1 5.9%
Base	294 100.0%	78 100.0%	99 100.0%	14 100.0%	89 100.0%	114 100.0%	66 100.0%	59 100.0%	17 100.0%	17 100.0%



### Cellular Information

TABLE 3: Your service provider?

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
Vodacom	142 48.6%	47 60.3%	39 40.2%	10 71.4%	40 44.4%	50 43.5%	32 48.5%	33 56.9%	10 58.8%	10 58.8%
MTN	113 38.7%	20 25.6%	50 51.5%	1 7.1%	37 41.1%	49 42.6%	24 36.4%	21 36.2%	5 29.4%	7 41.2%
Cell C	37 12.7%	11 14.1%	8 8.2%	3 21.4%	13 14.4%	16 13.9%	10 15.2%	4 6.9%	2 11.8%	0 0.0%
Base	292 100.0%	78 100.0%	97 100.0%	14 100.0%	90 100.0%	115 100.0%	66 100.0%	58 100.0%	17 100.0%	17 100.0%

### Cellular Information

**TABLE 4: Reason for choosing the particular service provider?**

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
No choice - just given a cellphone	37 12.8%	10 12.8%	9 9.4%	1 7.1%	17 19.1%	19 16.8%	7 10.8%	7 11.9%	2 11.8%	1 5.9%
Cheap reasonable package	86 29.8%	30 38.5%	22 22.9%	4 28.6%	27 30.3%	36 31.9%	23 35.4%	14 23.7%	3 17.6%	5 29.4%
Free Handset	5 1.7%	2 2.6%	1 1.0%	0 0.0%	1 1.1%	1 0.9%	1 1.5%	2 3.4%	0 0.0%	0 0.0%
Good Network Coverage	60 20.8%	12 15.4%	35 36.5%	5 35.7%	3 3.4%	19 16.8%	15 23.1%	11 18.6%	5 29.4%	4 23.5%
Well-known Provider	61 21.1%	15 19.2%	18 18.8%	0 0.0%	27 30.3%	23 20.4%	11 16.9%	18 30.5%	4 23.5%	3 17.6%
Reference: Family / Friends	28 9.7%	6 7.7%	9 9.4%	2 14.3%	10 11.2%	11 9.7%	6 9.2%	6 10.2%	1 5.9%	2 11.8%
Reference: Business	2 0.7%	1 1.3%	1 1.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 11.8%
Reference: Other	10 3.5%	2 2.6%	1 1.0%	2 14.3%	4 4.5%	4 3.5%	2 3.1%	1 1.7%	2 11.8%	0 0.0%
Base	289 100.0%	78 100.0%	96 100.0%	14 100.0%	89 100.0%	113 100.0%	65 100.0%	59 100.0%	17 100.0%	17 100.0%

**Cellular Information**

**TABLE 5: Which service option have you chosen?**

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
Contract	31 10.7%	23 29.5%	2 2.1%	1 7.1%	1 1.1%	4 3.5%	6 9.2%	7 11.9%	6 35.3%	3 17.6%
Prepaid	259 89.3%	55 70.5%	95 97.9%	13 92.9%	89 98.9%	111 96.5%	59 90.8%	52 88.1%	11 64.7%	14 82.4%
Base	290 100.0%	78 100.0%	97 100.0%	14 100.0%	90 100.0%	115 100.0%	65 100.0%	59 100.0%	17 100.0%	17 100.0%

Cellular Information

TABLE 8: List the most important factors to you when choosing the prepaid option?(\*)

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
No monthly bills to worry about	217 88.2%	48 88.9%	81 89.0%	7 63.6%	80 93.0%	93 86.9%	56 94.9%	48 92.3%	7 70.0%	7 77.8%
Know exactly how much to spend	204 82.9%	204 92.6%	50 73.6%	67 90.9%	10 87.2%	75 80.4%	86 89.8%	53 84.6%	44 80.0%	8 88.9%
Topping up on airtime is easy	184 74.8%	44 81.5%	59 64.8%	7 63.6%	71 82.6%	78 72.9%	48 81.4%	36 69.2%	8 80.0%	6 66.7%
No hidden fees	170 69.1%	43 79.6%	58 63.7%	6 54.5%	60 69.8%	65 60.7%	41 69.5%	43 82.7%	7 70.0%	7 77.8%
No contract to sign	147 59.8%	32 59.3%	62 68.1%	4 36.4%	47 54.7%	57 53.3%	38 64.4%	33 63.5%	7 70.0%	6 66.7%
No deposit required	129 52.4%	28 51.9%	52 57.1%	6 54.5%	41 47.7%	48 44.9%	33 55.9%	28 53.8%	8 80.0%	5 55.6%
No credit checks	108 43.9%	24 44.4%	44 48.4%	4 36.4%	34 39.5%	38 35.5%	32 54.2%	27 51.9%	4 40.0%	3 33.3%
Extra benefits	2 0.8%	1 1.9%	0 0.0%	0 0.0%	1 1.2%	0 0.0%	2 3.4%	0 0.0%	0 0.0%	0 0.0%
Base	246 100.0%	54 100.0%	91 100.0%	11 100.0%	86 100.0%	107 100.0%	59 100.0%	52 100.0%	10 100.0%	9 100.0%



### Cellular Information

**TABLE 10: Amount spend on airtime per month**

	Race					Monthly income / allowance				
	TOTAL	White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
R20 to R99	167 65.5%	29 51.8%	71 75.5%	8 61.5%	55 62.5%	88 79.3%	39 66.1%	25 48.1%	6 50.0%	3 21.4%
R100 to R149	53 20.8%	18 32.1%	14 14.9%	1 7.7%	20 22.7%	17 15.3%	13 22.0%	12 23.1%	3 25.0%	7 50.0%
R150 to R200	22 8.6%	5 8.9%	5 5.3%	4 30.8%	8 9.1%	4 3.6%	5 8.5%	9 17.3%	2 16.7%	2 14.3%
More than R200	13 5.1%	4 7.1%	4 4.3%	0 0.0%	5 5.7%	2 1.8%	2 3.4%	6 11.5%	1 8.3%	2 14.3%
Base	255 100.0%	56 100.0%	94 100.0%	13 100.0%	88 100.0%	111 100.0%	59 100.0%	52 100.0%	12 100.0%	14 100.0%

Cellular Information

TABLE 11: Age

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
18 to 20 years	159 55.6%	43 55.1%	44 44.0%	9 64.3%	63 70.0%	76 65.5%	41 62.1%	29 49.2%	2 11.8%	4 23.5%
21 to 24 years	105 36.7%	32 41.0%	41 41.0%	5 35.7%	25 27.8%	38 32.8%	21 31.8%	23 39.0%	11 64.7%	10 58.8%
25 to 30 years	19 6.6%	3 3.8%	12 12.0%	0 0.0%	2 2.2%	2 1.7%	4 6.1%	5 8.5%	3 17.6%	3 17.6%
30+ years	3 1.0%	0 0.0%	3 3.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 3.4%	1 5.9%	0 0.0%
Base	286 100.0%	78 100.0%	100 100.0%	14 100.0%	90 100.0%	116 100.0%	66 100.0%	59 100.0%	17 100.0%	17 100.0%

**Cellular Information**

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**TABLE 12: Gender**

	TOTAL	Race				Monthly income / allowance				
		White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
Male	97 34.0%	37 47.4%	27 27.0%	4 28.6%	26 28.9%	32 27.6%	20 30.3%	21 35.6%	9 52.9%	11 64.7%
Female	188 66.0%	41 52.6%	73 73.0%	10 71.4%	64 71.1%	84 72.4%	46 69.7%	38 64.4%	8 47.1%	6 35.3%
Base	285 100.0%	78 100.0%	100 100.0%	14 100.0%	90 100.0%	116 100.0%	66 100.0%	59 100.0%	17 100.0%	17 100.0%



**Cellular Information**

**TABLE 13: Race**

	Race					Monthly income / allowance				
	TOTAL	White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
White	78 27.7%	78 100.0%	0 0.0%	0 0.0%	0 0.0%	15 12.9%	24 36.4%	24 42.1%	6 37.5%	7 41.2%
Black	100 35.5%	0 0.0%	100 100.0%	0 0.0%	0 0.0%	45 38.8%	23 34.8%	15 26.3%	8 50.0%	6 35.3%
Asian	14 5.0%	0 0.0%	0 0.0%	14 100.0%	0 0.0%	6 5.2%	1 1.5%	2 3.5%	1 6.3%	2 11.8%
Coloured	90 31.9%	0 0.0%	0 0.0%	0 0.0%	90 100.0%	50 43.1%	18 27.3%	16 28.1%	1 6.3%	2 11.8%
Base	282 100.0%	78 100.0%	100 100.0%	14 100.0%	90 100.0%	116 100.0%	66 100.0%	57 100.0%	16 100.0%	17 100.0%

**Cellular Information**

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**TABLE 14: Monthly income / allowance**

	Race					Monthly income / allowance				
	TOTAL	White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
R50 to R499	116 42.2%	15 19.7%	45 46.4%	6 50.0%	50 57.5%	116 100.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
R500 to R999	66 24.0%	24 31.6%	23 23.7%	1 8.3%	18 20.7%	0 0.0%	66 100.0%	0 0.0%	0 0.0%	0 0.0%
R1,000 to R1,999	59 21.5%	24 31.6%	15 15.5%	2 16.7%	16 18.4%	0 0.0%	0 0.0%	59 100.0%	0 0.0%	0 0.0%
R2,000 to R3,000	17 6.2%	6 7.9%	8 8.2%	1 8.3%	1 1.1%	0 0.0%	0 0.0%	0 0.0%	17 100.0%	0 0.0%
More than R3,000	17 6.2%	7 9.2%	6 6.2%	2 16.7%	2 2.3%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	17 100.0%
Base	275 100.0%	76 100.0%	97 100.0%	12 100.0%	87 100.0%	116 100.0%	66 100.0%	59 100.0%	17 100.0%	17 100.0%

**Cellular Information**

**TABLE 15: CLASSIFICATION: Reasons for having a contract**

	Race					Monthly income / allowance				
	TOTAL	White	Black	Asian	Colour ed	R50 - R499	R500 - R999	R1,000- R1,999	R2,000- R3,000	R3,000+
Other 1	2 100.0%	1 100.0%	1 100.0%	0 0.0%	0 0.0%	1 100.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
Other 2	1 50.0%	1 100.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
Other 3	1 50.0%	1 100.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
Base	2 100.0%	1 100.0%	1 100.0%	0 100.0%	0 100.0%	1 100.0%	0 100.0%	0 100.0%	0 100.0%	0 100.0%