

Is the Tail Wagging the Dog in Communications Policy?: Effects of Competition

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September 29, 2004

Confusopoly

- A group of companies with similar products who intentionally confuse customers instead of competing on price.

Adams, Scott. *The Dilbert Future: Thriving on Business Stupidity in the 21st Century* (New York, NY: HarperBusiness, 1997, pp. 159-163).

Example: Customer Confusion

- In the long distance telephone industry, the term “basic rates” describes the most expensive rates charged.
- According to the results of AARP’s 2000 national long distance survey, 39% of all long distance callers did not know that basic rates are the most expensive rates charged. Among those age 65 and older, close to 60% did not know that “basic” means “highest.”

Consumer Understanding of Pricing Practices and Savings Opportunities in the Long Distance Telephone Industry: Findings from the AARP Survey, AARP Public Policy Institute, D17192 (July 2000).

2000 AARP Long Distance Survey

- More than one-half of all respondents (53%) reported that AT&T was their long distance telephone company.
- Respondents age 65 and over were even more likely than respondents age 18-49 to use AT&T (60% vs. 50%).
- Fewer than half of all respondents (47%) say they shopped for the best price on their long distance service. While 50% of respondents age 18-49 reported that they shopped for the best price, just 33% of respondents age 65 and older said they searched for the least expensive rate.

Consumer Understanding of Pricing Practices and Savings Opportunities in the Long Distance Telephone Industry: Findings from the AARP Survey, AARP Public Policy Institute, D17192 (July 2000).

2003 AARP Wireless Survey

- Survey respondents age 50 to 64 (50%) were almost as likely as respondents age 18 to 49 (55%) to report having cell phone service.
- Respondents age 65 and older (27%) are less likely to say they have cell phone service.

Understanding Consumer Concerns about the Quality of Wireless Telephone Service: Findings from the AARP Survey, AARP Public Policy Institute, DD89 (July 2003).

2003 AARP Wireless Survey

- When asked why they have cell phone service, respondents age 50-64 (57%) and those age 18-49 (59%) were most likely to say it offers the convenience of being able to make calls from anywhere.
- For respondents age 65 and older, security in case of an emergency was the most common reason for having a cell phone.

Understanding Consumer Concerns about the Quality of Wireless Telephone Service: Findings from the AARP Survey, AARP Public Policy Institute, DD89 (July 2003).

2003 AARP Wireless Survey

- Cell phone users who spent more on their cell phone service were less likely to say they were “very satisfied” with their current service provider.
- The percentage of cell phone users who reported being very satisfied was 66% for those who spent \$20 or less per month on service, compared to 54% for those who spent between \$21 and \$50, and 43% for those who spent \$51 and \$100.

Understanding Consumer Concerns about the Quality of Wireless Telephone Service: Findings from the AARP Survey, AARP Public Policy Institute, DD89 (July 2003).

2004 AARP Florida Survey

- Respondents were asked if they believe that increasing basic local telephone rates will produce competition among companies and eventually result in lower rates for consumers.
- Most respondents (80%) reported they do not believe that a rate increase will guarantee competition among phone companies and instead may put consumers at risk of further rate increases.

Florida's 50+ Population Speaks out: An Assessment of Important Election Issues, AARP Knowledge Management, (2004).

2004 AARP Florida Survey

- Approximately 80% of respondents with household incomes below \$40K are not willing to pay more.
- Seventy-five percent of respondents with household incomes between \$40K-\$75K are not willing to pay more for basic local telephone service.
- Respondents with household incomes of \$75K+ (71%) reported they are not willing to pay more for basic local telephone service even if they could choose between companies.

Florida's 50+ Population Speaks out: An Assessment of Important Election Issues, AARP Knowledge Management, (2004).