

Mobile phone competition heats up

Australian Broadcasting Corporation

[Print](#) [Email](#)

Broadcast: 25/11/2010

Reporter:

Vodafone, Telstra and Optus have upped the ante heading into Christmas, with all three revamping their mobile plan packages.

Transcript

TICKY FULLERTON, PRESENTER: On the other side of its business, Telstra's under mounting pressure from its mobile competitors.

The big three telcos have all made changes to their mobile phone plans heading into Christmas. Vodafone's fired the latest salvo, offering almost unlimited calls for less than the price of some landlines.

Here's Nicole Chettle.

NICOLE CHETTLE, REPORTER: Australia has more mobile phones than people, with 24 million connections. The latest advertising blitz suggests you don't need a landline and consumers are reaping the rewards of stiff competition.

CAMERON CRAIG, WHISTLEOUT: If you look at an equivalent plan in the US for an iPhone, for 24 months you're looking around \$115. With Vodafone's infinite plans, you could get about the same thing for \$85 a month.

NICOLE CHETTLE: Optus says the heat is on.

MAHA KRISHNAPILLAI, OPTUS CORPORATE AFFAIRS DIRECTOR: In terms of mobiles, Australia has one of the most competitive, ruthlessly competitive markets in the world. Consumers have real choice and therefore consumers are the winners.

JANA KOTATKO, VODAFONE MARKETING GM: Now that the mobile plans are so competitive, it's no surprise that people are moving towards mobile as being their preferred choice.

NICOLE CHETTLE: Mobile penetration has almost tripled in the last decade. Telstra's still the leader in mobiles, but it's given up 7 per cent of market share in 10 years, and if that trend continues, it could lose the top spot, sending the share price further south.

ROGER MONTGOMERY, SHARE ANALYST: The value of Telstra today is \$2.30 and that's significantly lower than its value 10 years ago.

NICOLE CHETTLE: Telstra's taking notice. It's adjusted its pricing and there's a big push to improve customer service.

Cameron Craig from the comparison site WhistleOut says the nation's biggest carrier can't rely on superior network coverage because consumers are being lured away by hot deals in the densely-populated city markets.

CAMERON CRAIG: Telstra really need consumers to fall in love with them again. They've definitely got the best network coverage with mobile, but they haven't got the best pricing. And all the other competitors are beating them up on pricing.

NICOLE CHETTLE: While Telstra has its detractors, it also got a boost this week from JP Morgan. The investment bank has recommended the stock as a buy for the first time in six years, setting a target price of \$3.08.

