UK COMPETITIVE
TELECOMMUNICATIONS
ASSOCIATION

10 Fitzroy Square
London
W1T 5HP
W: www.ukcta.com
E: info@ukcta.com
T: 0870 801 8000
F: 0870 801 8001

Elizabeth Whitford
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

15 September 2017

By email only improving.engagement@ofcom.org.uk

Helping consumers to engage in communications markets

Call for Inputs

1. UKCTA is a trade association promoting the interests of competitive fixed-line telecommunications companies competing against BT, as well as each other, in the residential and business markets. Its role is to develop and promote the interests of its members to Ofcom and the Government. Details of membership of UKCTA can be found at www.ukcta.com.

2. UKCTA welcomes this opportunity to respond to Ofcom's Call for Inputs on consumer engagement. We believe that at this stage, Ofcom's main objective should be to develop a deeper understanding of consumer engagement before deciding on any changes. It is simply too early in the analysis process for Ofcom to be able to demonstrate that there are problems in the market which require to be solved. Ofcom should not base policy on assumptions but rather should complete the analysis and research before deciding whether to implement a programme of change.

3. Any interventions in the highly competitive UK communications market - to the extent they are necessary at all – should be specific, narrow and highly targeted. Ofcom should seek to leverage Communications Providers' (CPs') expertise in managing their large customer bases in the most effective way.

4. We have some specific concerns with the scope and quality of Ofcom's current consumer research on engagement levels. Specifically:

   4.1. The current research fails to acknowledge that 'passive' and 'inactive' customer groups are not homogeneous. In reality, each group will contain many sub groups of customers with different attitudes and attributes. Ofcom's recent standalone voice

research[1] shows that different sub-groups of consumers – landline-only and split landline/broadband purchasers - have very different characteristics and attitudes and concludes that "any communications strategy needs to approach the two core audiences (landline-only and split-purchasers) as very different entities". That level of analysis is also needed in the context of the current call for inputs.

4.2. Ofcom's 'Access and Inclusion' research (section 6)[2] seems to focus disproportionately on those customers who follow through and switch to new providers when measuring engagement. Ofcom's research ought to look at all those customers seeking to switch regardless of whether they ultimately switch or remain with their current provider.

4.3. The research does not explore how 'inactive' or 'passive' consumers feel about their existing products or the range of factors that may prevent them from engaging with markets. For example:

- how consumers value the flexibility of remaining out-of-contract and paying standard prices versus the potential to secure a discount by committing themselves to a new minimum term;
- the extent to which consumers may be waiting for newer options to become available (e.g., faster broadband, new mobile handsets, or enhanced product features) before engaging;
- whether unavoidable factors, such as the need for equipment installation when switching providers or the need to invest the time and effort in learning how to use new services (e.g., setting up new routers or configuring new email accounts) are an inhibitor to engagement and switching; and
- the extent to which disengagement is a positive choice on the part of consumers, who may, for example value other uses of their time more.

4.4. Ofcom's proposal to include SMEs within scope is not backed up by any research on SME engagement; this is another example of Ofcom forcing CPs that engage only in the business to business market to incur costs with no evidence of any benefit flowing from the proposed intervention. The definition of SME used by Ofcom (businesses with up to 250 employees) is far broader than has been used in any similar Ofcom work in the past, for example in switching. If Ofcom wishes to include SMEs (and this should be subject to being able to demonstrate likely benefits as noted above) then the scope ought to be focused on micro businesses – ie those with up to 10 employees.

4.5. Ofcom ought to conduct consumer research and trialling prior to any imposition of requirements related to information which must be provided to customers to help them understand their own requirements.

4.6. UKCTA members do see this project as an opportunity for Ofcom to think not just about how consumers engage today but how they could be prompted to do so in the future, particularly as the popularity of online tools and connected devices

---

[1] https://www.ofcom.org.uk/__data/assets/pdf_file/0016/105307/Enriching-understanding-of-Standalone-Voice-Customers.pdf?utm_source=updates&utm_medium=email&utm_campaign=1stTuesAug2017

[2] https://www.ofcom.org.uk/__data/assets/pdf_file/0029/98615/access-inclusion-research-annex.pdf

grows. Ofcom should develop a better understanding of the extent to which consumers today make use of the detailed product and usage information and tools already available to them (e.g., through online accounts), what steps could be taken to prompt more use of these, and what barriers may be preventing consumers from doing so today.

5. On Ofcom's three suggestions set out in the call for inputs we have the following comments :-

   5.1. End of contract notices - These may be warranted where the end of the contract is the critical trigger for consumer engagement.
   5.2. Finding the right offers to meet needs - CPs already provide consumers with comprehensive information about their current services and usage.
   5.3. In the vast majority of cases, online tools, whether accessed via a website, a smartphone app or on a TV set top box, are the best means of providing customers with detailed and up-to-date information, including usage, spend and product information.
   5.4. We think Ofcom should work with CPs to better understand what they already do to inform their customers and prompt engagement and what enhancements could be made rather than proposing wholesale changes or pushing for something like an annual paper statement in standard form.
   5.5. We acknowledge though that online engagement is not right for everyone.

Conclusions

6. We believe that Ofcom does not yet have enough data on which to base decisions about what changes to engagement may or may not be required. More research is required before decisions are taken.
7. This project does provide Ofcom with the opportunity to consider how consumers might be prompted to engage not just today but in the future.
8. Ofcom has opted to include SMEs in the same category as consumers without any evidence that this is required or appropriate and without demonstrating any benefit from such an approach.

ENDS

DOMHNALL MCDONALD DODS

Digitally signed by DOMHNALL MCDONALD DODS
Date: 2017.09.15 17:03:30 +01'00'