



Review of quality of service information

Phase 1 : Information on quality of customer service

8 October 2008

Tesco Telecoms is responding to Ofcom's consultation *Review of quality of service information Phase 1 : Information on quality of customer service* published on 17 July 2008.

Tesco Telecoms shares Ofcom's belief that consumer information plays a critical role in competitive markets. Customers primarily make supplier decisions based on price but quality of service is an important adjunct to the decision process. Tesco Telecoms agrees that customers should have access to good quality comparative information on quality of service.

Such information does though need to be fit for purpose and provided in a cost effective manner. Customers should find the information easy to use and that the source provides the information they require.

Tesco Telecoms has participated actively in providing information to the TopComm system but does not believe that this approach is working to the benefit of consumers. Ofcom's numbers show that very few customers look at the TopComm site and of these visitors many may well be industry viewers rather than customers.

Information from Ofcom and the Ofcom Consumer Panel demonstrates that customers find information primarily from their friends and from retail stores. In particular, vulnerable customers make very little use of the internet as a source of information.¹ Only 4% of older people aged 65+ will use the internet to obtain information. Word of mouth with family members and friends is a powerful communication medium which passes on information about good and poor quality. Companies may have disincentives to communicate poor service data but this information will nonetheless be known.

The Moser report *Improving Literacy and Numeracy* estimated that about 40% of all adults had low levels of numeracy.² Basic numerical skills are not available to many of our fellow citizens. Presenting detailed analytical information using percentages on graphs is of no use to a significant proportion of adults. If TopComm is designed in large part to assist the vulnerable in society to make informed decisions, it is singularly failing.

For those customers who do use the internet, internet forums of various kinds will circulate information on quality of service. This level of information will be direct and to the point. The emotional feelings will be more valuable to customers than plain statistics.

Ofcom underestimates the costs in collecting and verifying the existing information. Companies expend a considerable amount of time in collating the information in the precise form required by TopComm and providing access for auditors, both internal and external. Increased costs to the industry are inevitably eventually paid for by consumers.

Quality of service information is different in kind from other information about a service such as price or capability. Inevitably quality of service statistics are averages and can not provide information on particular circumstances in the future. Price comparability will provide precisely the

¹ <http://www.ofcomconsumerpanel.org.uk/information/documents/Consumersmarket2007.pdf> Figure 5.12

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² <http://www.lifelonglearning.co.uk/mosergroup/>

price that a customer will have to pay. Quality of service information will only give a probability assessment of whether or not a customer is more or less likely to receive good service.

Published quality of service information is useful. Given the probabilistic nature of the information it is useful for customers to receive top level information rather than increasingly detailed information. Market research techniques could obtain valuable comparable data directly from customers about their direct experience. This approach would obviate the need for internal and external auditing. It would be more reliable than the current approach. It is also likely to be more cost effective. Such approaches are used widely in the car industry and elsewhere. In the US J D Powers conducts a telecoms survey which provides helpful comparative information.³

Market research information is not a poor substitute for internal audit data. Market research is a different approach and can indeed be more reliable and consistent. Indeed, many companies set targets for their senior managers based on market research rather than internal measures. The voice of the customer heard directly is of great value to companies. Filtering such information through customer agents and internal systems does not necessarily lead to more useful information and in many cases can be less valid.

Tesco Telecoms proposes that the TopComm approach should be stopped. In its place a market research programme should be established which would measure on a regular basis the quality of service received directly by customers. The industry would pay for the market research to be conducted on an agreed basis utilising size of revenue to determine individual contributions as employed elsewhere. Tesco Telecoms is willing to assist in the specification of such an approach.

The information which would be published as a result of this revised programme needs to be accessible to all adult citizens to help them in making informed decisions. Careful thought will need to be put into the form which the information is presented.

³ <http://www.jdpower.com/telecom/ratings/telephone-service-provider-ratings/north-central>