

UK Competitive
Telecommunications
Association

Response to
Ofcom's consultation on its
review of quality of service
information phase 1: Information
on quality of customer service.

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Introduction

UKCTA welcomes Ofcom's review of quality of service (QoS) and we acknowledge the benefit to consumers of being able to make informed choices. Reliable and useful information on QoS and other matters aids the competitive market.

However UKCTA members who are subject to the current regulation have for some time questioned the success and usefulness of the existing scheme as a whole for a number of key reasons, perhaps the most important of which is the very limited value it provides to consumers in its present form. The current scheme is ineffective and the information provided to consumers is not only of limited relevance but also presented in a confusing manner. In addition, the information that *is* presented has proved to be significantly under-utilised; a point that Ofcom has itself highlighted.

Providing useful information to consumers

It seems apparent, and should be borne out by Ofcom's research, that end-users require a one-stop shop when conducting comparisons between service providers' *pricing and QoS*. Until QoS data is accessed simultaneously from the same source as pricing comparison data, then any improvements to QoS information will be academic. UKCTA believes that any QoS information will only be truly effective once it reaches a significant proportion of end-users. We believe that this can only be achieved once commercial comparison sites can use QoS data in a manner that sustains their business models.

It is essential that any QoS data is usable by consumers and particularly those most vulnerable. The Moser Report¹ published in 1999 found that around 40% of adults in the UK had low or very low numeracy levels i.e. they were not at a level expected for an 11 year old. The Department for Innovation, Universities and Skills (DIUS) continues to report that over 7 million adults have difficulties with literacy and numeracy.²

Regrettably, the TopComm format and presentation of data will not be understood by a significant portion of citizens. Percentages on charts are going to mean very little to this group. As the DIUS website makes clear, it is this part of society which is more likely to be in the vulnerable category. The presentation of information needs to be considerably improved by making use of visual mechanisms. Top level information will be more useful than detailed analysis.

¹ <http://www.lifelonglearning.co.uk/mosergroup/>

² http://www.dcsf.gov.uk/curriculum_numeracy/intro/learners/

The North American approach³ run by J.D. Power seems to have much going for it in this regard and we have provided an example of this below.

Company	Ratings Factors					
	Overall Satisfaction	Customer Service	Performance & Reliability	Cost of Service	Billing	Offerings & Promotions
Sort: ▲	▼	▼	▼	▼	▼	▼
AT&T	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Centurytel	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Charter	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Cincinnati Bell	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Comcast	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Embarq	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
TDS Telcom	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Time Warner Cable	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Verizon	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
WOW!	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○
Award Recipient	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○	●●●●○

Scoring Legend

●●●●○ Among the best
 ●●●●○ Better than most
 ●●●●○ About average
 ●●●●○ The rest

All consumers, and particularly the most vulnerable, will find it more useful to have an overall view of an individual company's QoS as opposed to very specific information on detailed response times.

We encourage Ofcom to reconsider their approach to this area and look beyond the model that has to date proved to be unsuccessful and inefficient. One potential way to improve the success of any new scheme is to draw upon the considerable experience of existing organisations and schemes that currently operate and have a high public profile and recognised brand, for example J.D. Power, uSwitch and Which?

We are mindful that Ofcom may raise questions regarding the reliability and robustness of such schemes when viewed alongside more formal quantitative ones; however, we do not consider that such schemes are any less meaningful or valid. A market research based programme will obtain feedback directly from customers and will therefore capture directly the voice of the consumer. Many organisations use market research information as the prime measurement of customer satisfaction. The unalloyed voice of the customer is valuable. Internal audit systems with information captured by individual agents always have questions about the true validity and consistency of the data. Market research when properly deployed can be a better method of obtaining information about QoS issues.

³ <http://www.jdpower.com/telecom/ratings/telephone-service-provider-ratings/north-central>
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We would encourage Ofcom to take a serious look at their merits and ability to provide customers with meaningful information. One of the most important things is to ensure that the information is clear and simple; a significant failure of the existing scheme is that it is over sophisticated and presents consumers with a large amount of confusing information.

In addition it is vital that Ofcom asks and answers the key question of 'What is quality of service?' by establishing exactly what consumers want to know. This must be understood before progressing any further. We therefore welcome Ofcom's move to commission specific qualitative and quantitative consumer research and hope this will provide the answer alongside additional valuable insight.

It is clear that the existing scheme has many drawbacks and this could indicate that a new approach is required in order to bring about the changes needed to establish a successful scheme which provides real value to consumers. UKCTA members offer to work with Ofcom to define a new system which will meet the needs of customers so that they can make informed decisions.

The need for proportionate regulation

Any QoS scheme must be proportionate and not place an undue burden upon Communications Providers through intrusive regulatory requirements. Communications Providers will be reluctant to absorb any kind of significant costs and as a result there is a strong likelihood that such costs will ultimately be passed onto consumers. In light of this Ofcom need to fully consider whether consumers are prepared to pay higher prices in exchange for receiving QoS information. In order to properly understand this consumers need to be directly asked this question when providing their views on QoS information.

The regulatory principles that Ofcom seeks to follow when carrying out its statutory duties include ensuring that its interventions are evidence-based and proportionate. In addition it must further ensure that it seeks the least intrusive regulatory mechanisms to achieve its policy objectives. In light of this we fully expect Ofcom to firmly establish the case for *any* scheme with clear evidence.

The running of the co-regulatory group takes up valuable resource and results in significant unnecessary costs being incurred. Furthermore, the group has proved to be ineffective in its current structure and remit and achieving a consensus of views has proved extremely difficult due to the diverse representation comprising both retail consumer and also large business providers. Achieving real progress has also been very time consuming due to the complexity of the measures and definitions that currently exist. Whilst a co-regulatory approach is, in principle, a sensible idea, it is unfortunate but also clear that it has proved to be frustrating for operators and Ofcom alike and has not worked with the current scheme. This is not to say that it will never work and as long as fundamental changes are made to the structure and content of the scheme there is no reason why a co-regulatory approach will not work going forward.

The development and maintenance of the public website itself is a questionable responsibility for Communications Providers to accept. No other EU country requires Communications Providers to fund an independent website for the publication of QoS information. Where QoS reporting obligations do still exist elsewhere in the EU the information is published on the NRA's website.

In light of this fact we disagree with Ofcom's statement that it is "...confident that the costs associated with the current regime do not place an unreasonable burden on those providers currently participating".

Furthermore UKCTA continues to question the inclusion of certain business providers within both the existing scheme and any new scheme, in particular large/corporate communications providers whose customers are radically different to residential consumers. Such customers have existing access to quality of service information through Service Level Agreements and reporting mechanisms they have in place with their providers. They are also more generally well informed through their own existing knowledge and resources; as such their inclusion in the scheme is neither beneficial nor proportionate.

UKCTA proposes that Ofcom implements a combined subscriber and customer spend threshold whereby the requirement to provide data applies only to subscribers whose individual annual spend does not exceed £5,000 and where providers' participation in the scheme is mandatory only in the circumstances where those subscribers total more than 50,000 in number.

The current scheme places significant cost and resource burdens on the Communications Providers who participate. A large proportion of this cost and resource is loaded onto the excessive auditing activity involved. This over-engineering is evidenced by the fact that apart from the UK only one other EU country (Spain) requires independent audit and that is on an annual basis.

The independent verification carried out as part of the existing scheme is not required if the standard of auditing is increased through the introduction of specific mandatory recognised qualifications backed up by minimum experience requirements. By introducing these measures it will eliminate the problem of any sub-standard auditors carry out auditing work. In addition, by taking these steps Ofcom reserves its right to investigate and also ensures that auditing activity is not disproportionately burdensome.

Furthermore, maintaining (or even increasing) the current level of 'comparability' auditing will not provide any more accurate data as the underlying problems will still persist. Fundamentally, 'comparability' auditing carried out as part of the existing scheme (or a new scheme which uses the same approach) will not work as it does not take account of the fact that it is not measuring the same things; both the businesses and the products that they provide vary considerably.

Although we do not wish to go into the detailed aspects of measurements and definitions at this stage it is worth noting that the proposed new measures do not appear to address problems with the existing ones and even create new problems.

For example UKCTA has grave concerns over any proposal to extend the complaints definition to include the initial reporting of a service fault as a complaint. Such a process would lead to distortion of perceived complaint levels, would not in any way aid consumers and be more likely increase confusion. Whilst it is accepted that when a fault occurs consumers may well be disgruntled, such service failures are not generally perceived by consumers as complaints.

The current definition of a complaint utilised within the TopComm scheme has provision for including complaints in relation to the way faults are handled by an operator but excludes the initial reporting of a fault. UKCTA believes that, if it is determined by the consultation that consumers do require and value a complaint performance parameter, then the current definition should be retained.

The reality, however is that the only solution to all of these problems is to reconsider the existing approach and design a new scheme that will avoid such issues whilst providing meaningful information to consumers.

Furthermore as a result of the serious issues we have mentioned above UKCTA strongly believes that the most appropriate and effective step at this moment in time is to withdraw the current scheme through the application of regulatory forbearance.

Whilst we appreciate there may be certain legal hurdles to overcome and further clarification required on this matter, there is established precedent for such an action due to the fact that a number of EU NRAs (Ireland's ComReg, Germany's BNetzA, and The Netherlands' OPTA) have withdrawn their schemes citing reasons of not meeting consumer needs and being a disproportionate cost burden on Communications Providers.

The clearest precedent for the removal of the QoS reporting obligation is the action taken by ComReg who implemented a QoS reporting scheme very similar to the UKs in 2000 (first publication in 2002). The scheme, entitled 'Measuring Licenced Operators Performance' (MLOP) was very similar to the TopComm scheme in terms of the measures to be reported and was also subject to a two stage audit process for accuracy and comparability.

ComReg withdrew the scheme in Q1 2005 as they determined it was not meeting consumer requirements. The withdrawal notice from ComReg also stated that it recognised the cost burden of the audit requirements and that any future scheme would try to minimise such costs, for example, by replacing the audit requirement with sign off by a statutory officer.

Conclusion

We urge Ofcom to exercise caution when considering certain aspects of the scheme. There is a danger of delving into the complexity and detail of measures and definitions and losing sight of the fundamental high level issues that have yet to be resolved. Rather than diverting attention and resources toward detailed elements of the scheme, we believe it would be far better to focus on establishing firm foundations for a new scheme which can provide real value to consumers.



UKCTA strongly encourages Ofcom to withdraw the current scheme for the reasons outlined and ensure that resource is focused on ensuring the new scheme is robust and effective and re-launched to residential consumers only when fully ready. We would like to offer our support with this and believe the idea of an Ofcom / industry working group to facilitate work on the new scheme is the best way to proceed. We firmly believe that with the creation of a well thought out, clear governance model together with new simplified measures there is a strong likelihood that a new re-defined and re-launched scheme will be a success.