

Improving RSQ: Product Disclosure Emerging Views paper submission

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Introduction:

NZ Compare has been operating in the New Zealand market with product comparison services since June 2016. Our product comparison websites include Broadband Compare, Power Compare and Mobile Compare. We have worked closely with the Commission on the most recent Mobile Compare project. Our company mission is to help Kiwis make a fully informed choice when it comes to any major purchase decision.

Response to Consultation Questions:

Comparing Prices – RSQ Issue - Consultation questions

1. What are your views on the option set out above for addressing this issue?

We agree that different approaches are required to allow for 'simple' and consistent comparisons across different provider plans – comparing apples with apples. As such the standardization of a 'unit' makes sense and per month would be the best standardization.

Definition of the 'average basic unit' will be key (e.g., connection only and amount of data)

2. What are your views on the proposed 24-month period for calculating the average monthly cost? For example, would a shorter timeframe of 12 months or a longer timeframe of 36 months be more meaningful to consumers?

We believe that the 24-month timeframe will offer the best average monthly calculation. Longer periods will not highlight the benefits of promotional periods and shorter periods would overemphasize the promotions of 3 months free etc.

3. Do you support the implementation approach set out above?

We support the idea subject to all providers being required to make this information publicly available in a pro-active manner. As a comparison website business, we have often found getting accurate and timely data a challenge.

Additionally, if we were required to calculate the pricing per unit and/or total costs this would require resource and checks to be implemented which would come with a cost. This cost and risk would be mitigated by providers making data publicly available.

4. How should we prioritise this issue relative to the other issues considered in this paper?

We believe this is an important option, although TOTAL costs for a contract should take priority.

Comparing Total Costs – RSQ Issue - Consultation questions

5. What are your views on the option set out above for addressing this issue?

We support the principal of the total costs laid out as shown in the example in point 48. Potentially a further listing or breakdown could be added highlighting the Year 2 costs for example if it is only a 12 month offer term. So that consumers can easily see how their prices on a monthly basis may increase.

We currently showcase results with 'price per year' and 'price per two years' including all one off costs on the Broadband Compare website. Many consumers will not change provider each year and with the bulk of contract terms being 12 month agreements, the second year is where many consumers will feel the cost increases.

An additional element in the Offer Summary could be the Early Termination Fee (ETF). ETF's are often applicable during an offer period and if two offers were identical with one offering a lower ETF, or an ETF only applicable in the first 6 months, that would be the better offer for the consumer.

6. Do you support the implementation approach set out above?

Yes. Broadly speaking we support the approach; it is similar to what we currently offer on our sites. There should be no hidden costs and no 'small print' that can't be easily deciphered.

7. How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

We believe that offer summary clarity should be priority one. Providers should be tasked with sharing the information in a standard format and making it easily publicly available.

Comparing Plan Inclusions – RSQ Issue - Consultation questions

8. What are your views on the option set out above for addressing this issue?

A good option. Enhancing the Offer Summary suggestion for those consumers that would seek out additional information.

9. What views do you have on the key fields of information that should be included in a broadband and mobile offer summary?

No specific views. Following the lead of the summary fields utilized by overseas authorities would make sense. Some of these fields leave room for confusion however, in particular speed and coverage. Broadband speed is very dependent on hardware and set up in the users' home or business. Within 57.5 'services included' – this should certainly cover support and the methods of support. E.g., online only, telephone (freephone or paid) etc.

10. What views do you have on the key fields of information that should be included in a broadband and mobile offer summary?

As above in point 9.

11. What views do you have on the key fields of information that should be included in a broadband and mobile offer summary?

As above in point 9.

12. What views do you have on the prescribed standard template format and length that should be included in a broadband and mobile product offer summary?

The description of a table with a maximum length of 2 pages of A4 would be the absolute limit.

13. Do you support the implementation approach set out above?

Yes

14. How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

Lower priority. Top priority is offer summary.

Comparing Bundle Pricing – RSQ Issue - Consultation questions

15. What are your views on the option set out above for addressing this issue?

In principle we support the idea. Disclosing the 'value' of the bundled packages is important. The simplest bundles to compare will be those offering fixed price extras. For example, Netflix at \$14.99 free for 6 months is easy to decipher and show on a plan summary.

The challenge arises with electricity. This would require huge investment and integration for a site such as ours to be able to provide the information to allow consumers to compare in one place. There are a number of variables with electricity pricing. Each electricity provider has a different price in a different electricity network. This also varies with 'dumb' and 'smart' meters. Offers are not always available to all addresses depending on meter type. The example shown in point 89 Figure 3 would need to be on an ICP-by-ICP basis so hard to highlight and show – not impossible but would certainly require development time and resources from all businesses. The consumer would need to part with their address details before the pricing could be accurately shown.

16. Do you support the implementation approach set out above?

Partly. See views in point 15.

17. How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

Low. Whilst bundles are making up more of the market, it is still developing and changes and recommendations brought in now may not be fit for purpose later.

Comparing Customer Numbers – RSQ Issue - Consultation questions

18. What are your views on the options set out above for addressing this issue?

Consistent methodology makes absolute sense and there needs to be a defined way of reporting.

19. Are there other globally accepted measures for defining mobile or broadband customer numbers that would be more appropriate than the ITU definition?

We are not aware of other methodologies

20. Do you support the implementation approach set out above?

Yes

21. How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

Lowest priority. In our experience consumer marketing very rarely uses the statistics or details in these examples. The 'big 3' in New Zealand may well start exploring this as market shares move but we don't believe it is of the most importance.

Comparing Mobile Coverage – RSQ Issue - Consultation questions

22. What are your views on the option set out above for addressing this issue?

Excellent and needed. An equivalent of what, in theory, the <https://broadbandmap.nz/home> offers for broadband connectivity. Standard and consistent methodology on coverage. With only 3 network providers in the country the issues that arise with Broadband Map and providers not keeping it up to date should not be as big.

23. How long do you consider we should allow for delivering each of the three stages of improvements contemplated in the option set out above?

No comment. No expertise but we assume all the data exists so it should not take too long.

24. Do you support the implementation approach set out above?

We support. Once a mobile coverage map was available, we would look to utilize it in our Mobile Compare website.

25. How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

Important. The levels of workload should not be as heavy or as much need for the Commission. Each network already knows their own coverage and measures. Standardising and consolidating should be, in theory, relatively simple if providers are supportive.

Additional Comments

Should the Commission be successful in implementing the majority of the proposals we would be keen for support to be given to the comparison website market in New Zealand to increase awareness.

With these proposals implemented there will be a greater opportunity for Kiwis to make a fully informed choice and we would like to propose support similar to that given in the energy sector through the Electricity Authority, Gas Industry Company and MBIE, all of which support Consumer Powerswitch enabling them to mass-market advertise and maintain their sites fully.

Additional actions that the Electricity Authority have taken to raise consumer awareness of both the Utility disputes service and the Powerswitch service include requirements for retailers who trade to consumers to provide clear and prominent information about Powerswitch;

- (i) on their website
- (ii) in outbound communications to residential consumers about price and service changes
- (iii) to residential consumers on an annual basis
- (iv) in outbound communications directed to residential consumers about consumer bills.

Should these proposals go through, the next step would be to increase awareness to consumers regards comparing. We would be keen to see a similar instruction to the above being made to mobile and broadband operators that they encourage customers to visit comparison websites like NZ Compare that will enable them to make a fully informed choice.

If these proposals are acted upon, then there should be an increase in comparison website activity and we would strongly recommend a voluntary code of practice similar to Ofcom or Ofgem in the UK market for New Zealand. These codes insists that members follow key principles, providing reassurance to consumers about the independence, transparency, accuracy, and reliability of the comparison service.

<https://www.ofgem.gov.uk/publications/confidence-code-code-practice-online-domestic-price-comparison-services>

<https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/costs-and-billing/price-comparison>