

7 March 2022

By email to: Mobile Stakeholder Group
Broadband Stakeholder Group
Consumer Stakeholder Group

Tēnā koutou

Improving Retail Service Quality for Consumers - 2022 Update

Summary

1. The purpose of this letter is to update you on our retail service quality (**RSQ**) work plan for 2022, including how we propose to close-out work carried over from last year, how we propose to structure our work plan going forward, and what issues we propose to focus on during the first half of this year.

Background

2. In March 2021, we published an open letter detailing the commitments by mobile network operators (**MNOs**) to address transparency and inertia issues in the residential mobile market. The core commitments were expected to be delivered by the end of 2021.¹
3. In November 2021, we issued guidelines on *Marketing Alternative Telecommunications Services During the Transition Away from Copper* (**Marketing Guidelines**), which set out a framework of rules for dealing with consumers coming off copper and for advertising broadband services. We asked the industry to immediately comply with the Marketing Guidelines and the New Zealand Telecommunications Forum Inc. (**TCF**) to convert the Marketing Guidelines into a binding industry code within 60 working days. We indicated that we would issue a Commission code if the industry process failed or did not achieve its intended purpose.²

¹ A copy of the open letter is available at https://comcom.govt.nz/__data/assets/pdf_file/0022/242923/Open-letter-from-the-Commerce-Commission-addressing-transparency-and-inertia-issues-in-the-residential-mobile-market-9-March-2021.pdf

² A copy of the Marketing Guidelines is available at https://comcom.govt.nz/__data/assets/pdf_file/0032/269663/Marketing-alternative-telecommunications-services-during-the-transition-away-from-copper-guidelines-8-November-2021.pdf

4. In December 2021, we issued our *Retail Service Quality Final Baseline Report*, which summarised the results of our research and consultation on pain points for telecommunications consumers (**Final Baseline Report**). As a next step, we indicated that we would frame-up a plan for addressing these issues and closing the gap between industry performance and consumer demands.³

Mobile Transparency & Inertia

5. We originally expected to conclude our work on mobile transparency by the end of 2021. However, we agreed to extend these timeframes, given the additional time MNOs needed to implement various changes in this area.
6. We now wish to conclude this work by assessing the usefulness of the changes that have been made for consumers. We therefore propose to engage an independent party to undertake such an assessment.
7. The goal of this assessment will be to understand how successful each MNO has been in enabling consumers to see their usage against their spend and determine whether they are on the best plan for their needs.
8. We will be in touch shortly with MNOs to provide more details on this process and ensure we have the information required for the assessment. We anticipate using the results of the assessment in our customer service workstream below.
9. In relation to the separate commitment to support the development of a mobile comparison tool, we understand that MNOs have successfully worked through the TCF to develop a suitable comparison framework. We also understand that MNOs have engaged with comparison site providers in relation to the launch of a mobile comparison tool.
10. Our preference is for MNOs to agree acceptable terms so that a mobile comparison tool can be launched promptly. However, as we indicated in our 9 March 2021 open letter, if this cannot be achieved, we may need to consider more formal action.
11. This could include a move towards “right-sizing” or “right-planning” measures by MNOs to guard against overspending and ensure that consumers remain on the right plan relative to their usage.⁴
12. If required, we will engage with MNOs on the most effective way to approach the design and implementation of such measures, under our customer service workstream below.

³ A copy of the Final Baseline Report is available at https://comcom.govt.nz/__data/assets/pdf_file/0023/272930/Improving-Retail-Service-Quality-Final-Baseline-Report-9-December-2021.pdf

⁴ This is something that we initially proposed in the 17 September 2020 Mobile Bill Review open letter: https://comcom.govt.nz/__data/assets/pdf_file/0025/225169/Mobile-Bill-Review-Open-Letter-from-the-Commission-17-September-2020.pdf.

Marketing of Alternative Telecommunications Services

13. When the *Marketing Guidelines* were issued in November 2021, we asked retail service providers to immediately bring their marketing conduct into line with them, and the TCF to convert the *Marketing Guidelines* into a binding industry code within 60 working days.
14. We understand that most retail service providers complied with this request, which ensured a clean set of advertising for the Christmas period, and as far as we are aware, providers continue to comply with the principles of the *Marketing Guidelines*.
15. We understand that, although the deadline for the delivery of the industry code has now passed, the TCF continues to make good progress on the development of a set of codes, which is due to be presented to the TCF Board for approval this month.
16. Accordingly, we are content to allow the TCF process to continue to completion, provided approved codes are issued by the end of March at the latest.
17. However, we remain willing to move to issue mandatory Commission codes, with statutory penalties and enforcement provisions, if we consider that the final industry codes fail to achieve their intended purpose or appear to be unlikely to do so.
18. We will include work relating to a Commission code in a subsequent version of our workplan if it becomes necessary.

RSQ Roadmap – 2022 priorities

19. Since the publication of our Final Baseline Report we have been working on developing our forward looking RSQ work plan. We will look to make RSQ improvements where needed but the primary focus is to empower consumers to make informed choices between suppliers on the basis of service quality as well as price.
20. We have attached a roadmap below outlining in broad terms how we currently propose to approach our work going forward.
21. Key points to note in relation to the roadmap are that:
 - 21.1 We have phased our work over a period of time to reflect the scale and complexity of the issues involved.
 - 21.2 We have mapped-out a rolling programme of work over an initial 24 month period. However, given the need for the work programme to remain dynamic and responsive to developments, this should be regarded as indicative and subject to change.

- 21.3 There are six workstreams:
 - 21.3.1 Monitoring;
 - 21.3.2 Customer Service;
 - 21.3.3 Debt and Affordability;
 - 21.3.4 Product Disclosure;
 - 21.3.5 Billing; and
 - 21.3.6 Switching.
 - 21.4 The first workstream – monitoring – is intended to develop the monitoring, tracking and reporting capabilities required to support the entire RSQ work plan.
 - 21.5 The five other workstreams cover the five groupings of RSQ matters for improvement set out in our *Final Baseline Report*.
 - 21.6 We have ordered the workstreams to reflect their relative importance to consumers as confirmed during the consultation process. This will enable us to deal with issues in the order in which they matter to consumers.
 - 21.7 This sequencing allows time for industry to progress matters that are currently underway, such as current TCF work on the *Product Disclosure Code*, before the Commission becomes involved.
 - 21.8 We have endeavoured to allow time for the industry to agree solutions on other issues, where a standardised approach would be useful to improve outcomes for consumers, such as affordability and debt management practices, and billing and switching experience.
 - 21.9 We have also preserved the ability for the Commission to address specific issues that may arise across different workstreams where the need arises.
 - 21.10 We will consult with stakeholders as we move through the different elements and phases of our RSQ work plan.
22. As a result, over the next six months, the Commission will be focusing on progressing work in three key areas:
- 22.1 **Developing the monitoring capabilities required to support the RSQ work programme:** As a first step in this area, we propose to consult on the current *Annual Monitoring Report* and seek views on how it could be developed to ensure it remains fit-for-purpose and relevant. We are particularly interested

in views on what categories of information could usefully be added over time to give consumers a better understanding of RSQ in the market.

22.2 Looking into how customer service could be improved with an initial focus on the mobile market: Customer service was overwhelmingly the biggest pain point for consumers and issues tend to arise more frequently in the mobile market. We will therefore be seeking views on how we could use competition and transparency (rather than prescriptive regulation) as a means of highlighting the different performance of each mobile operator on measures that matter to consumers – such as call wait times, first time resolution and transparency of usage and spend information. Our proposed approach, which we will test through consultation, is to develop a transparent scoring and ranking mechanism to be presented in a dashboard format. Our work will include behavioural research on which measures and publication methodology would have the most impact and allow the most informed choices by consumers. As noted above, we may also seek views on the best approach to the implementation of “right-sizing” or “right-planning” measures as part of this work stream.

22.3 Issues to be addressed by the industry: We consider that there are a number of issues across the work plan that would benefit from an industry-agreed approach to improving outcomes for consumers. Our view remains that, where possible, such outcomes are preferable to prescriptive regulation. As noted above, affordability and debt management practices, as well as billing and switching experience, are examples of issues that could benefit from such an approach across the industry. We therefore propose to allow time in the work plan for the industry to attempt to address these issues in the first instance within a framework provided by the Commission. We propose to begin with affordability and debt management in H1 2022 given their importance in the current climate. We will work with industry and relevant consumer groups to frame-up the issues that need to be addressed in this area before passing this to the TCF for action.

23. Finally, as noted above, this work plan sets out our current thinking but needs to remain flexible and responsive to developments as our work with industry and consumer stakeholders moves forward. We will keep stakeholders informed of any changes that need to be made to the indicative baseline set out in this letter.


Conclusion

24. We trust that this letter, and the accompanying roadmap below, provide a useful update on our RSQ work plan for 2022, including focus areas over the first half of this year.

25. We will keep you updated as we move forward with our work and look forward to your continuing support in this important area for competition and consumers.

26. Please feel free to contact Ben Oakley (ben.oakley@comcom.govt.nz) if you have any questions in relation to this letter.

Ngā mihi nui

A handwritten signature in black ink, appearing to read 'Tristan Gilbertson', followed by a period.

Tristan Gilbertson
Telecommunications Commissioner

Encl.

Improving RSQ: 2022/23 roadmap

