



SUMMARY REPORT | 16 April 2021

REPORT ON Telecommunications Consumer Satisfaction Survey – Qualitative research (#5211)

PREPARED FOR Commerce Commission

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Introduction

A recent amendment to the Telecommunications Act (resulting from a review of telecommunication services by the Ministry of Business, Innovation and Employment (MBIE) in 2018) added several key aspects aimed at improving telecommunications Retail Service Quality (**RSQ**). In particular, the Act mandated that the Commerce Commission (**the Commission**) regularly monitor RSQ and provide information that helps consumers make informed choices about which telecommunications (phone and broadband) providers and services to choose.

The following report provides a summary of the findings of the focus group research that was undertaken to **inform** the development of a survey to measure consumers' experience of telecommunications RSQ.

The specific objectives of the focus group research were to provide a richer understanding of consumers' experiences and opinions of RSQ, with an emphasis placed on identifying their 'pain points'; how they make choices when searching for a new provider/service; and to identify the language they use to discuss this topic.

Three focus groups (one each focusing on Broadband, Mobile and Landline communications) were completed in Wellington during March 2021. Group participants were consumers who had recently switched providers or plans and had also been experiencing problems with their services/providers. The groups each included six participants and were 1½ hours in duration.

The findings of the focus groups are reported under two main headings:

1. How consumers make choices.
2. Pain points.

Consumer quotes, *which can be found italicised in red*, are included to exemplify the findings and the language consumers use to discuss this topic.



Important note

It is important to remember that this research is 'qualitative' research. That is, it was undertaken with specific groups of consumers rather than a representative sample of consumers, to gain an understanding of particular issues and to inform the development of a survey. These factors and its small scale mean that the results have no statistical validity.

Key Findings

How consumers make choices

This section of the report outlines the information sources consumers use to help them choose telecommunications providers and plans and the factors they consider when making their choices.

Information sources

Consumers generally do not believe that there is currently any one easy source of information to assist with their telecommunications. To make such choices, they may use one or a number of the following information sources:

- **Personal experience** – positive and negative.

With my tragic experience with Vodafone, it was just going to be anything but Vodafone going forward. (BB)

- **Hearsay/advise from friends, family and colleagues.**

It's interesting how often your broadband and your TV bundle is a part of your water cooler chat at work, or your conversations with friends. You sort of go, who are you with? Oh, I'm with them or I'm with them, and you start to build this loose picture in your head that becomes an information source that is stored in the back of your mind. (BB)

- **Providers' information sources, including:**

- **Websites.**

We went to their websites, product offerings, whatever and ranked each one. Maybe five or so choose from. (BB)

I did my research online and switched online as well. I just looked at each of their websites. It was easy to compare, because you can have tabs open for each one. (Mobile)





- Instore – sales consultants and sales material.

I went in store and looked at their brochures and spoke to them. (Mobile)

- Call centre service representatives.

Called the help centre to answer specific questions about plan details, which were not answered online. (Mobile)

- **Websites providing comparisons.**

I used a website comparison table. It compared price and packages, but used tech speak. It was somewhat useful, but would be better if it was in plain English. (Mobile)

Asked to imagine better information sources, focus group participants expressed interest in the concept of a comparative website, so long as it was hosted by a trustworthy source (e.g. the Commerce Commission) and was in plain English.

I would hope that a government agency would manage a review site. Any govt.nz site, you can usually trust, so, like the Commerce Commission. (BB)

I didn't really want to look at just their own websites, so maybe a third party. Maybe if the government had a service, or something that. Like, this is the average speed of this, because they all say they provide the same amount of service in all places and they're all high speed and all that, but I didn't find that to be the case. A third party that is not trying to sell to you, in non-techy speak. (Mobile)

Factors influencing consumer choices

The factors consumers consider when making provider and plan/package telecommunication choices vary. However, generally they are either related to enhancing performance or reducing costs, or a trade-off between the two. The range of factors/considerations identified in this focus group research included:

- **Price.** This appeared to be a universal consideration. This included the offer of **freebies, discounts and credits.**

Xtra email address... \$200 credit... free fibre installation... \$250 off a PS4. (BB)

Half price Spotify... Blue tooth speaker. (Mobile)

Supports international calling deals as a bonus... Free national calls to landlines. (Landline)



- **Promotional/sales pressure.** This was identified in relation to sales calls making an attractive short-lived offer.

When someone is phoning you and they're saying, I can offer you this and I can offer you that, it's difficult to say. I would like to go away and think about it. Normally, what I do is go to my Consumer magazine and have a look, but it was more of a reactive, on the spot, crikey, yeah, a strong desire to change and you just go along with it. (BB)

- **Choice set**, including:
 - The options consumers identify in their research.
 - The **availability** of options of interest. This is especially relevant to fibre and broadband options for those with rural addresses. Mobile coverage may also be consideration.

- **Customer product/plan needs/wants**, which may include:

- **Interest in bundling.** Drivers include convenience, as well as cost.

The less I have to deal with service providers the better. (BB)

- **Family/group benefits.** (Mobile)
- **Contract length/lock-in period.** This tends to be traded off with price.
- **Data speed.** It was noted that this is often not consistently what is promised.

4G with Spark is better than Vodafone. This became evident when using my phone at the same time as my girlfriend.

- Capped versus unlimited data.
- Ability to carry over/roll over data.
- Inclusion of an **APP** to monitor usage.



- **Modem** included (free) versus wanting to provide their own more highly spec'd modem.

We kind of didn't want one of these, because they're always bad or you have to return it and there will be a late return fee, or it will crap out and they have to come and fix it. We use a lot of internet, so we just bought a hefty one. (BB)

They say they can't guarantee technical support if you use a third-party modem. This is environmentally wasteful. It's hard to know if you receive a lower quality of broadband (i.e. the range within the house) because of their modem. (BB)

- **Mobile coverage.**
- Ability to **hot spot** (tether) from a mobile phone.
- **Naked broadband.**
- Not being penalised for a **preferred payment option** (e.g. credit card, paying in person).
- **Call clarity.** (Landline)
- Copper landline. This was a hot topic for some consumers, as they primarily wanted a landline for an emergency back-up.

It's like a back-up phone, say, if your phone isn't working or you're charging your mobile... They changed the way to do the landline; they do not go through the copper anymore. It means that, if there is a bigger natural disaster and your cell phone tower is down, the landline should be working. But now, after the changes, I have concerns that, in an emergency, it won't work anymore. (Landline)

- For some consumers, **familiarity** is a key consideration. Whereas others are game to shop around to find the solution that best meets their needs/wants, for the best price.

I stayed with my current provider, as I've always been with them. (Mobile)



- **Customer service reputation** (which may be gleaned through hearsay and personal experience) is particularly important to some consumers.

It's one of those markets where it's more about avoiding awful experiences than having great one. (BB)

There are providers I would avoid, and I re-signed up with one because I had a good experience. (BB)

- **Provider customer service contact options.** Voice contact to sort out issues/faults is very important for some consumers. Others are less concerned or are prepared to trade this off for price. Considerations with regard to customer service include:
 - Decision making ability of customer service representatives.
 - Location of the contact centre (NZ versus OS).
 - How quickly and easily they are able to make contact with the provider.
 - Friendly customer service.
- Quick faults resolution.
- Company culture, sponsorship, values.



Pain points

This section of the report outlines the pain points identified by focus group participants in the different areas important to their service experiences.

Switching and installation

- Lack of clarity around the all-up cost of a bundled service (e.g. whether it is GST exclusive, whether there are any hidden costs).

Not knowing if the final amount charged is GST inclusive. (Landline)

- **The hassle of comparing options** (i.e. the difficulty and time taken, especially for bundled services).

Researching different options is quite laborious. (Mobile)

It's really laborious doing the research, especially where the prices and packages are almost similar, just a matter of \$2 or whatever, but the service and the customer service and the fixed service is hidden. You don't know exactly what you are comparing. Also, you may not know what fibre optic is or other technical terms. (Landline)

- New customers getting better offers than existing customers.

There should be a loyalty scheme for long-term customers (Landline)

- Switching not being as fast as expected. (BB, Mobile)

Delay in receiving the modem... Modem came after connection. (BB).

Would expect everything to be working from day-one. (BB)

Had to wait for new sim to arrive. They had to physically send it to you. (Mobile)

- Switching not being as efficient as expected. (BB, Mobile)

Disjointed/poor collaboration between different parties. (BB)

Problems with the communication between my current and previous provider. (BB)

Difficulties getting rid of the previous provider's hardware. (BB)



- **Double billing** (e.g. having to pay for two plans (the old and new) on the first month of switching).

I recently changed plans with the same provider... It's sort of double-dipping. Like, when I changed from a \$19/month plan to a \$40/month one, halfway through the month. So, they charged me \$19 and \$40 when I switched plans. (Mobile)

- **Service disruption** – including loss of some/all service during the switching process (e.g. problems with new hardware, not communicating the need to restart mobile, difficulty connecting household technology).

When I switched, the data wasn't working. I had to get extra help, as the instructions about how to switch weren't clear enough. I called them up and they said you need to restart your phone. It was a bit frustrating. It would have been better if they had a how-to or step-by-step sort of thing. (Mobile)

Would have liked more face-to-face support, as I had difficulty integrating changes to my household technology. (BB)

I lost my landline during the broadband installation. It had to be installed over the phone. (Landline).

- Long wait times for installation to be completed.

I had to wait weeks for it to be done. (Landline)

- The inconvenience of having to wait for long periods at home for contractors.

It was actually really tricky having to stay home and make sure that someone was there for the fibre. It's a pain. That was one of the things not so good about the experience. (Landline)

Their requirement that somebody has to be in the house is a pain, because we are all working. I said, can you do it sometime on Saturday or Sunday, when we are all in the house? And they said, can you not be absent from your work? OMG, that is crazy. Every day you are being paid and you need to be excused and take your annual leave and how much does your annual leave per-day cost? (Landline)

It requires a person to be present at home. The schedule of the installation depended on the availability of the contractor and didn't consider availability of the homeowner. (Landline).



- Appointment times for installation were either not made and/or not kept (i.e. missed appointments). (BB, Landline)

People not coming when they said they would... I had to stay at home for nothing. (Landline)

- **Not being kept informed about the installation process** (i.e. what was going to happen, when, and who would be involved). (BB, Landline)

Lack of clarity about when it would be installed... They didn't let us know when they were installing the cable. (Landline)

There could have been better communication about the installation, and it could have been better co-ordinated. I wasted a lot of time talking to people at the contact centre, because of installation problems. (Landline)

- Telecommunications boxes looking untidy.

Chorus came over and said, we're just going to run a box there and we're going to put a box there. I said, that's in the middle of my bloody hall! The positioning was invasive and intrusive. (BB)

- **Damaged property.**

They did break the front of our house. I got home and there was a piece of the cladding, about that much, just taken off the side of the house. At first, I accused the boys of doing it, it was something that boys would do, but turns out it was those naughty people. (BB)

Many boxes in the house. There is a box that converts the signal and then another box and a couple of adaptors. So, there is a lot of gear sitting there collecting dust. Also, a filter, quite big, dangling around. (Landline)

- **No follow-up to check if the changeover/installation was successful** (i.e. what was going to happen, when and whom would be involved). (BB, Landline)

Lack of clarity about when it would be installed. (Landline)



Contract/terms and conditions and billing

It is important to note that some consumers are unfamiliar with their contract/ terms and conditions. The rationale they give for this is:

1. They expect all telco contracts to be much of a muchness.
2. They believe that the terms and conditions will be reasonable because, otherwise, there would have been a public outcry. (BB)

I didn't read my contract... I'd rather watch a pot of peas boil. I don't think it would have any sketchy legal hooks. (BB)

I know very little about the terms of the contract, but I think they are obliged by their PR to do a good job. Like, they wouldn't put something completely awful in the contract, because you could just, like, go to Stuff. (BB)

The only time I read a contract is when I'm changing jobs. Otherwise, it's like, so many people use phone companies, there would be some kind of expose if there was something in the contract that is bad for people. (Mobile)

To solve this problem, some consumers liked the idea of a plain English summary that would be provided to new customers and then sent regularly as a reminder.

It would be pretty handy, in an ideal world, to have an executive summary sent 6-monthly or annually to remind you. They should be obliged to say, hey here's the plan that you are on, here's what you pay, this is what happens if you terminate... In plain English, for people to understand. (BB)

- **Clarity of contract terms** (i.e. could be easier to understand).

Would like a plain English summary of the terms and conditions. (Mobile)

- **Hidden terms/costs.**

Not completely full-disclosure... They should be upfront about the cost and other charges. I always get annoyed with the maintenance and all those extra charges. (Landline)

I argued that the contract I signed is only \$62.69, so I should pay that amount only, no hidden costs. Maybe because they are ashamed because they overcharged me, they said ok, so there's no more extra. The hidden cost was line service \$3, Oh God. (Landline)



I'm supposed to have an unlimited plan, but the speed significantly drops after I use a certain amount... it's throttling. They only give you 10gb of actual high speed and then they will reduce it, which is one thing I have as my dislike. It's like in the fine print... Unlimited doesn't mean unlimited high-speed data. (Mobile)

□ **No notification when the terms of the contract change, including:**

- No reminder that the contract period is coming to an end.

No reminder email or phone call about the plan expiry. (Landline)

The old supplier said there was a termination notice period (perhaps a month). I had been with that provider for so long that I had forgotten. (BB).

- Additional charges and/or increased costs (including at the end of the contract period) not being proactively communicated.

But the big kick for me was that increases were not communicated before deductions. So, say on expiry of a contract it's going to go from \$100 on your 12-month term to \$120. You should, as a customer, be extended the courtesy of a communication to say, hey, this is just to let you know that from next month, your bill is going to go to this. (BB)

- Changes to the product/service being offered (e.g. from Copper to Voice over IP).

No notification of the service change... The service just changed (from Copper to Voice Over IP) without informing us. So, that is a violation of contract. (Landline).

They changed our copper line to Voice over IP, without consultation... We wanted to remain on the copper service but, because they deemed it not viable by default, we've all gone to the other. It's removed that backup facility that we felt would be good for us, especially with this world forever changing. (Landline).



□ **Unfair terms and conditions, including:**

- Unused data not being rolled over at the end of the month. (Mobile)

- **Early termination fees.**

There needs to be an out for unforeseen circumstances. (BB)

You have to pay the full fee if you break the contract, even if you're partway through. (Mobile)

If the phone is purchased on an instalment plan, if one wants to get out from the contract, you have to pay the full amount. They lock you up with the phone. (Mobile)

- Pricing increases on contract expiry.

Increase of the total price when the term ends. (Landline)

No roll over of the terms and conditions at the end of the contract period. (Mobile)

- Late payment, including:

- No notification for when it is time to pay the bill. (Mobile)

- Fees/penalties/interest on late payments. (Mobile, Landline)

And the late payment charge too, because sometimes people can't help it. Something might have cropped up and they have to pay it a few days late or they forget, and get penalised. (Landline)

- Costs of reconnection fees. (Mobile)

- Costs of data add-ons. (Mobile)

You can choose to buy more data, but they are hideously expensive add-ons. It's more expensive than upgrading a plan. If you could only upgrade for a moment in a month. (Mobile)

- Providers not proactively informing consumers if they are on a plan that is surplus to their requirements. (BB)



□ **Bill clarity.**

The billing invoice is not as clear-cut. Like, you know the bill is going to be this amount, then you get the bill and they break it down to the dates and the second. It's not as clear as it could be and often it's like the telco jargon. So, that's why for me, it's easier to talk to somebody who can talk me through it, but it doesn't help if they themselves aren't good at explaining... That's the same thing that I see too, bill clarity not being that great. (Landline)

I didn't like how unclear it was about what needs to be paid with late payments. Essentially, they are like, you owe us this much – you can pay this now and you can pay this then. I feel you get more interest for the payments, as well. It's probably in the contract, but I just learned about it through experience. (Mobile)

□ **Bill accuracy** – For example, changes made are not reflected in the next bill (e.g. email address, credit card details, change of plan, new contract).

Every time we change our credit card, we have a bad experience. We have to get on the phone. Sometimes, it takes up to three months to sort it out, because they say they've sorted it and then the next bill comes, and it hasn't been paid. It didn't go through and there are penalties. (Mobile)

Usually, when we have a new contract, we have to change our billing plan with them. But, people internally don't talk to each other and they said they would sort it out and they didn't and I got an overdue notice type thing. (Mobile)

Changes made take too long to show up on the bill. (BB)

□ **Bill shock** – Unexpected charges and costs, including high roaming costs.

When I went overseas, I think I used my phone when I got to the airport to tell my Mum I was there and then I got a roaming charge of \$100 or some ridiculous amount. (Mobile).

□ **Bill payment fees** – This includes charges for opting to receive the bill by post and fees associated with different payment methods.

For people who don't have internet banking, they get an extra charge. I know my mother gets that. She gets that extra charge to pay it at the Post Shop. And not everyone, at 90 and 94, can be expected to use it. (Landline)

The credit card payment charge is really a pain, because every month you have to add about \$1.30. (Landline)



They want to take it straight from your credit card. You can't pay it through internet banking. So, if you wait for the bill to come and then pay it through internet banking, by the time it's processed on their end, it is showing up that you haven't paid it, so they suspend your account until it shows up on their side. So, what I have been doing is, I've been putting the payment through like a week before the bill is due, so that the credit is sitting there. So, they can't touch my credit card, because then you get charged interest. (BB)

□ **Billing disputes.**

Months of double billing and then when I made a complaint. They said, Oh, we have problems with the billing section, and so I told them my three months' overpayment should have gained interest already – but no, they didn't listen to that! (Landline)



Performance

It is of note that the mobile group were, in some instances, unsure if problems were network or phone related.

I generally credit performance problems to my phone, rather than my provider, because my phone is a bit shit. (Mobile)

I also have an issue and I don't know whether it is my provider or my phone. (Mobile)

- **Problems with data speed** – Not as consistently fast as expected/promised. (BB, Mobile)

It can be slow at times... They are not giving us the speed we are paying for. (BB)

At certain times of the day and night they throttle the speeds. So, sometimes your speed is at 900 and sometimes it can drop right down to just under 100. (BB)

Data speed – it's frustrating when it is reduced. (Mobile)

- **Unreliable/unstable connections.**

In this regard it is of note that some landline customers were upset that they have lost the emergency backup ability associated with copper landlines.

Cuts out... outages. (BB)

Couldn't make calls on 5G. (Mobile)

I lose my connections in strong winds or storms... When I am doing international calls, sometimes the satellite is full. (Landline)

- **Poor coverage.** (BB, Mobile)

Inconsistent quality/reliability throughout the house. (BB)

Some places, there isn't good coverage, especially rural areas. (Mobile)

Black-spots/dropouts/off, especially on road trips, but even in residential areas, like at some friends' places and Queensgate. It can go from 4 to 2 bars in my house. (Mobile)



□ **Problems with supplied equipment.** (BB, Landline)

Free modems are low quality. (BB)

Malfunctioning modem. I was told it was my own phone at fault, but it was their unit. (Landline)

□ **Problems with phone notifications for missed calls and voicemail.** (Mobile)

Sometimes I just miss calls and I don't have a notification. My uncle has the same issue. Like, I've called him, and I go round to his house and say, I called you today, and he says, I didn't get any calls. He shows me his call log and I'm not there. Maybe it's my phone. I don't know. (Mobile)

I get notifications for calls that have gone to voicemail days after the message has been left. It drives me nuts. (Mobile)

□ **Being bothered by prank callers and scammers.** (Landline)

I get these silly prank calls. I get dozens of them, telling you that your line is going to be cancelled and this, that and the other thing, and that your internet is going to be stopped and that carry on. Can't they do something about that? Because, if I made a prank call from my home phone, they would take the phone off me. Why can't they police it and stop it? Scammers, yeah. (Landline)

□ **Poor access to usage information.**

Not being able to check on usage easily. (BB)



Customer service

□ Difficulties making contact with the provider.

- Being unhappy about not being able to make voice contact, if help is required (i.e. email and/or chat bot only).

Once you are an existing customer, you can only talk to a robot. So, something can happen, and you can ring them, and it will recognise your phone number and say, sorry, you need to go online. But, you cannot do that when your Wi-Fi is down. So, it is terrible! So, usually, if I have to ring them, I ring them from a different phone pretending I'm a new customer for them to answer and then say right, here's my number, fix my stuff! (BB)

- **Long wait times to speak to/hear back from a customer service representative.**

I'm just going to refer you onto this person. Oh, no, I can't deal with that, I will refer you to... Oh, can you just hold the line please, and you listen to 'Home on the Range' while they go away for 5-10 minutes and you're sitting there, and then sometimes you get cut off and you go, Oh, no! I have to go through this whole thing again! It's just an exercise in human torture, it really is. (BB)

You have to wait and wait. Half-an-hour wait-times. (Landline)

They say, I will ring you back, so you stay waiting for hours and nobody rings... They ask you to wait and then they never come back. It's just hold music for a very long time. (Landline)

- Being cut off when waiting or being transferred.

Sometimes you can wait for an hour and then you get cut off. (Landline)

- **Needing to talk to multiple customer service representatives and/or contact the provider multiple times** to resolve the problem/fault.

Talking to different call centre people each time I call. (Landline)

Problems requiring more than one contact with the provider to resolve. (BB, Mobile)

Multiple transfers; having to talk to a number of different people. (Mobile, Landline)



- **Having to repeat problem/fault details every time contact is made.**

I had to start fresh every time I made contact. (BB)

Being passed from person-to-person and they don't actually know what the story is, because they didn't talk to you the day before, even though there are meant to be notes. (Landline)

- **Issues with customer service representatives, including:**

- **Language barriers** – Not feeling understood or having difficulty understanding the customer service representative (more likely a problem with overseas call centres).

Call centre operators don't understand my accent. (BB)

I would rather deal with local people, because they probably have more knowledge of where you are and also the accent is another thing. It's sometimes hard to understand these people. I'm not saying everyone is bad at English on the phone, but sometimes you do have that experience. In general, I think I prefer dealing with people in New Zealand. (Landline)

And also, their understanding of jargon. They don't understand our way of speaking. (Landline)

- **Unfriendly/rude.**

Dismissive, condescending, very patronising language. (Landline)

- **Lack of product/service knowledge.**

It's really dependent on who you talk to. Sometimes, you get good knowledgeable people and they can solve your problem very fast, but other times, you get someone who is, Oh, hang on, I will ask someone. (Landline)

- **Not having the power to make decisions.**

Very bad customer service. Customer service never act until they are told by their higher ups. They couldn't make a decision about my refund. (Landline)

I think the problem with using external international people is that they cannot make a decision, because the managers are not there. They will just hang up the phone, because they don't have a manager who can make a decision for them. (Landline)



- Generally **unhelpful**/unable to help.

*Not accommodating or understanding [about unexpected roaming charges].
(Mobile)*

Sometimes, the focus is on explaining the service providers process, rather than assessing the issue from a solution-focused perspective. (BB)

- **Failure to action requests.**

Lack of follow-through on what they say... They didn't deliver what they said they would. (BB)

- **Reticent to complain about performance, because of fears of having to pay a technician visit fee if their own equipment is found to be at fault.**

If your own modem breaks and you don't know where the fault lies, there is the potential risk of being charged for it. (BB)