



CONSULTATION ON IMPROVING RETAIL SERVICE QUALITY:
DRAFT BASELINE REPORT

Submission to the Commerce Commission

PUBLIC VERSION

15 October 2021

INTRODUCTION

1. Vocus welcomes the opportunity to submit in relation to the Draft Baseline Report into Improving Retail Service Quality, dated 14 September 2021.
2. Vocus is also a signatory to and supports the Telecommunications Carriers' Forum (TCF) submission on this matter. It is important to recognise the work the industry, under the auspices of the TCF, has and is undertaking on service quality and improving consumer outcomes.
3. Responses to the Commerce Commission's consultation questions are provided in the Appendix to this submission.
4. If you would like any further information or have any queries about this submission, please contact:

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ABOUT US

5. Vocus New Zealand has more than 23 years' experience connecting New Zealand companies with the best telecommunication solutions.
6. Vocus has invested significantly in infrastructure and has over 4,200km of fibre in the ground which enables the delivery of sophisticated, high-performance network solutions throughout the country. The reach of the network extends internationally across both the Sothern Cross and Hawaiki cable systems with an on-net presence throughout Australia.
7. Vocus has built a world-class telco platform across Australia and New Zealand. We are a leading provider of specialist fibre and network solutions in New Zealand. We specialise in delivering solutions that work, by making things better, simpler, easier. We want to be the most loved telco!
8. Along with consumer brands, Orcon and Slingshot, we deliver high-performing, reliable networking solutions to homes, businesses, government and wholesale customers.
9. Vocus Group released its first-half FY21 results, ending 31 December 2020, show that Vocus New Zealand continues to be a strong performer, delivering 5% revenue growth, and record growth of 11% in Consumer and Business! These results reflect all the hard work of the amazing team at Vocus New Zealand and their relentless focus on our customers.

VOCUS WELCOMES A FOCUS ON DELIVERING BETTER OUTCOMES FOR CONSUMERS

10. Vocus supports initiatives to get a better understanding of what service quality that reflects end-consumer preferences looks like, and where the sector, or individual suppliers, may fall short of meeting consumer expectations.
11. Vocus puts a high value on delivering high quality services to our customers. We are focussed on addressing any issues that may arise with our customers. We acknowledge service providers can't get it right all the time, and part of delivering good service is how we put things right when our service isn't what it should be.
12. The TDR Biannual Reports place us below the industry average for complaints and enquires.¹
13. In considering where retail service quality can be improved, we think its important to take into account factors such as the following:

13.1 **Competition is the key driver for better service quality:** The risk of losing customers and failing to grow market share is the ultimate sanction for poor service quality in a competitive market. Vocus does not have the benefit of a legacy or incumbent customer base. We have to fight for every customer we have. All our customers know that if they are dissatisfied with our service they have options and can switch to another RSP.

The threat of losing customers will always be a more effective discipline on service quality than regulation.

13.2 **Potential impact on competition:** We agree with 2degrees that the Commission should ensure it respects and doesn't distort competition: *"For example, a particular issue with one provider, but not another, does not mean regulatory intervention is the answer. Some actions could unintentionally harm competition".*²

13.3 **One size doesn't fit all:** Care is needed to avoid making generalisations about problems where some of them may be individual telco specific. There can similarly be a split in issues between fixed and mobile services e.g. the issues with coverage maps is specific to mobile services.

It should also be recognised telecommunications services aren't necessarily homogeneous products, and Retail Service Providers (and their different retail brands) will target different price and service quality points. For example, our Flip brand is focussed on *"No frills, no big bills, with great online support"*.

13.4 **Service quality isn't a free good:** When considering what service quality reflects end-user demands, it should recognised there is a trade-off between service quality and cost/price. 2degrees has made a similarly point that it should be *"Recognise[d] that any Commission interventions are not cost less, and result in*

¹ <https://www.tdr.org.nz/news/tdr-biannual-report-2020-part-two>

² 2degrees, Improving Retail Service Quality for Consumers: Initial feedback on addressing potential consumer 'pain points', undated.

delays and reduced resources to opt her planned initiatives focussing on improving consumer experience”.³

The Commission should be particularly careful its policy decisions don't drive up business costs/prices for services or adversely impacts consumer service choice e.g. regulation that drives up the cost of fibre services could encourage consumers to switch to lower cost fixed wireless options.

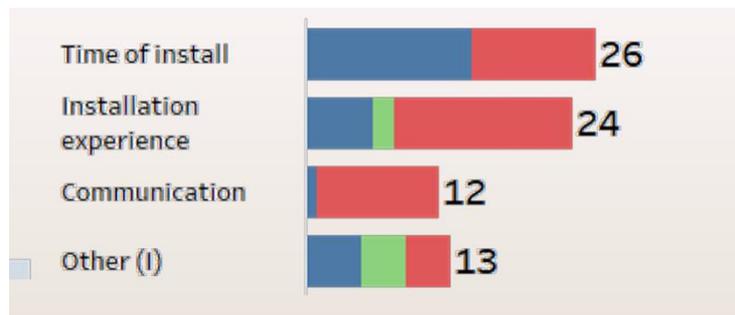
13.5 Factors beyond our control/wholesale is a key input into retail service

quality: As a business that operates at both the wholesale and retail levels we are acutely aware of the impact upstream wholesale/networks can have on service quality.

Issues with Chorus' fibre connection service quality is a theme of the earlier submissions in response to the Commission's open letter and the consultation on the Part 6 price-quality regulation for Chorus' fibre business. The TDR has also recognised that fibre connection delays is a recurring issue,⁴ which can depend on the fibre installation provided by Chorus.

For example, Trustpower has submitted that addressing “the challenges that can arise with the existing processes for installation and switching of fibre services ..., would deliver the greatest improvements to consumers. This is because the processes for installation and switching are not occurring as efficiently or effectively as they otherwise could, which has the effect of undermining competition in the retail market for fixed line services”.

The Commission's Facebook survey also identified issues with installation:



We agree with Trustpower that “*Improving the telecommunications quality experienced by consumers across all ... dimensions [customer service, faults, installation, contracts, product disclosure, billing, switching, service performance, speed and availability] will require alignment in effort between wholesale and retail providers*” and there needs to be a “*focus on the continued evolution of the quality expectations for Chorus and the local fibre company's (LFC's) established under the new fibre regime, along with the potential imposition of appropriate regulated*

³ 2degrees, Improving Retail Service Quality for Consumers: Initial feedback on addressing potential consumer 'pain points', undated.

⁴ <https://www.tdr.org.nz/cases/recurring-issues/fibre-connection-delays>

*minimum requirements on these fibre networks to ensure consumer quality expectations can be met”.*⁵

⁵ Trustpower, TRUSTPOWER SUBMISSION: CONSUMER PAIN POINTS – RETAIL SERVICE QUALITY WORKSTREAM, 26 February 2021.