ISBN 978-1-991085-35-1

Improving Retail Service Quality – Customer Service Update

7 September 2023

Background

This pack provides stakeholders with an update on our Customer Service workstream and our intended next steps.

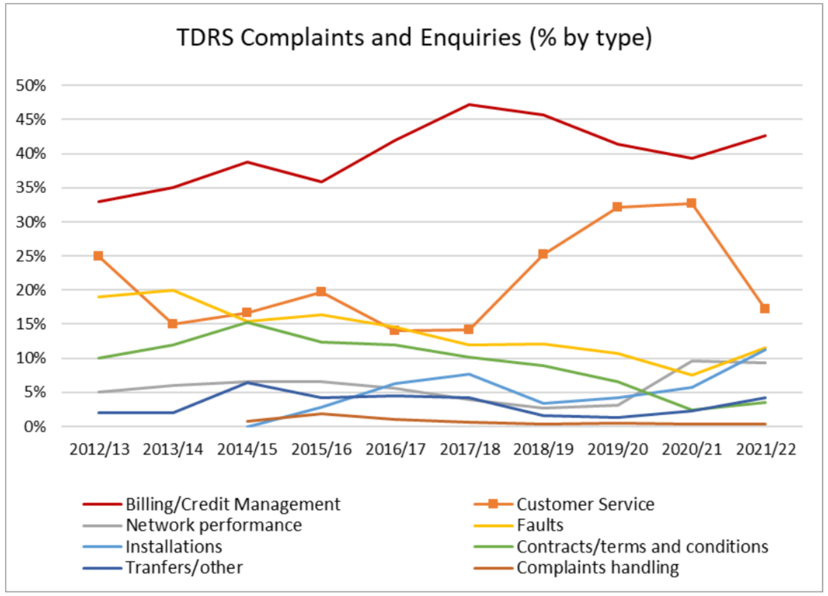
1. Customer service was identified as one of the biggest issues for consumers in our **Improving Retail Service Quality Final Baseline Report.**[1]
2. In December 2022 we published our **Improving Retail Service Quality – Customer Service Consultation Paper** which set out our proposals for promoting improvements in customer service.[2]
3. We received 12 submissions from Retail Service Providers (**RSPs**) and consumer groups. [3] Alongside our own analysis, these submissions have helped inform our proposed way forward.

[1] https://comcom.govt.nz/__data/assets/pdf_file/0023/272930/Improving-Retail-Service-Quality-Final-Baseline-Report-9-December-2021.pdf
[2] https://comcom.govt.nz/__data/assets/pdf_file/0019/301735/Improving-retail-service-quality-Customer-service-Consultation-paper-14-December-2022.pdf
[3] https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality?target=documents&root=311989

Customer Service Consultation

Consultation Details

- The Customer Service Consultation Paper covered:
  1. ***Monitoring and Reporting*** on the performance of providers in key areas of customer service; and
  2. ***Publishing Rankings (dashboard)*** of the performance of providers against one another on the aspects of customer service that matter most to consumers.
- In the consultation paper, customer service was defined as "*the assistance and guidance a provider delivers to their customers when they have an issue post purchase".* Customer service can be provided via a call centre, email, web chat, in-person at a retail store, social media, or messaging.
- We focused on customer service in the consultation paper because it had one of the highest number of complaints and enquiries to the Telecommunications Dispute Resolution scheme (**TDR**) over the last 10 years (as seen on the graph to the right).[4]



Source: TDRS

[4] Billing (the other highest-ranking issue) and the other areas of complaint noted in the graph are being dealt with in other RSQ workstreams

Monitoring and Reporting

Consultation Proposals

- In the consultation paper we proposed publishing a Commission Retail Service Quality (**RSQ**) Monitoring Report every 6 months.
- This is consistent with our statutory monitoring obligations under section 9A(1)(e) and (f) of the Telecommunications Act 2001 (**the Act**).
- The information we propose to publish is relevant to both mobile and broadband services and covers the key aspects of RSQ with a focus on the customer service metrics that influence customer service experience the most.
- Information would be collected from a combination of places, with RSPs being a key source.

Satisfaction with service Overall		86%	82%	75%	68%	57%
Satisfaction with speed of resolution		83%	78%	73%	65%	49%
First time Resolution		60%	55%	56%	54%	58%
Time taken to Resolve (mm:ss)		15:52	22:34	16:32	25:24	33:45
Knowledge and helpfulness of staff		85%	74%	72%	70%	66%
Ownership of issues		75%	64%	82%	60%	76%
Satisfaction with broadband installation		82%	75%	78%	71%	68%
Satisfaction with record keeping		65%	54%	52%	60%	63%
Satisfaction with number of transfers		71%	63%	71%	65%	56%
Complaints per 10000 subscribers		1.52	1.67	1.10	2.47	2.31
Call Centre	Average Wait Time (mm:ss)	0:55	2:25	1:39	1:50	2:15
Call Centre	Abandonment Rate	10%	9%	7%	8%	11%
Call Centre	Average Handling Time (mm:ss)	10:52	11:34	9:32	15:24	13:45
Chat	Average Wait Time (mm:ss)	0:15	0:12	0:32	0:45	0:23
Chat	Abandonment Rate	9%	7%	10%	11%	8%
Chat	Average Handling Time (mm:ss)	11:34	9:32	15:24	13:45	10:52

Concept table from consultation paper

Monitoring and Reporting

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Information from Submissions - what we heard [5]

Market participants support our efforts to monitor customer service levels…

- “We agree that consumers tend to focus on the product and the price when making purchasing decisions and that customer service is not front-of mind for most consumers when choosing a provider. However, if consumers have more information available to them about customer service levels at the relevant time, they will be able to make better informed decisions”. *Consumer NZ*
- “We believe that the transparency that should come about with the introduction of the publication of this information will support users to make informed decisions at the time of initial purchase”. *TUANZ*
- “This approach could result in relevant and meaningful information being made available to consumers, allowing for better-informed choices and increased transparency”. *Tuatahi First Fibre*
- “It would allow consumers to make more informed decisions and encourage providers to improve their customer service”. *Wireless Nation*
- “This will provide a more fulsome picture of the services the consumer will receive and help shift the overt focus on product and price”. *Utilities Disputes Limited*

[5] Individual submissions can be found here: https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality?target=documents&root=311989

Monitoring and Reporting

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Information from Submissions - what we heard

The consultation process also elicited several concerns from RSPs regarding data collection and the proposed metrics. We have modified a number of our proposals as a result of this feedback.

Industry Feedback	*Commission Response*
Internal definitions and reporting systems within each company are all different. Some metrics are not directly comparable.	Further engagement with RSPs via information requests would standardise measurements.
Information cannot be provided by smaller RSPs as collection involves technology they don't have.	Only RSP brands above a certain size would be included at first (i.e., ≥5% residential market share) so as not to place undue burden on smaller providers and to produce statistically significant survey results in national surveys.
There are issues of confidentiality that need to be considered before publishing data.	While RSPs may currently choose not to publish certain customer service metric data, we do not consider this data is confidential or that publishing it would be likely to unreasonably prejudice RSPs' commercial position.
The proposed metrics are based around a helpdesk support model. Some RSPs do not offer phone support whilst others have multiple means of contact.	Our customer research indicates that consumers overwhelmingly (> 40%) prefer speaking to someone on the phone when faced with customer service issues (see Appendix 2). We do not require any particular channel for customer service, but where phone-based service is offered, we would require disclosure of the proposed metrics.
Fault often lies with a 3rd party (e.g., installation).	RSPs are responsible for procuring and managing 3rd party working arrangements. Consumers only deal with RSPs.

Monitoring and Reporting

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Next steps – Data collection

After considering submissions and further analysis, we propose collecting data annually for a reduced number of metrics (as set out below) from RSP brands with ≥5% market share in the residential and small business markets respectively. This will be voluntary, similar to data gathered for our Annual Monitoring Report (**AMR**). We note these metrics broadly align with those Ofcom seeks from UK providers and publishes annually (see Appendix 1).

Metric	Details
Contact channels available to consumers	• Including information on channel features like call backs
Number of customer contacts	• Customer initiated contacts by channel (calls + chats + email) • Customer initiated contact by channel per 10k customers
Average Wait Time	• For calls only
Abandonment Rate	• For calls only
First Contact Resolution	• For calls only *(new metric based on analysis and review of submissions)*

Monitoring and Reporting

Next steps – Data collection

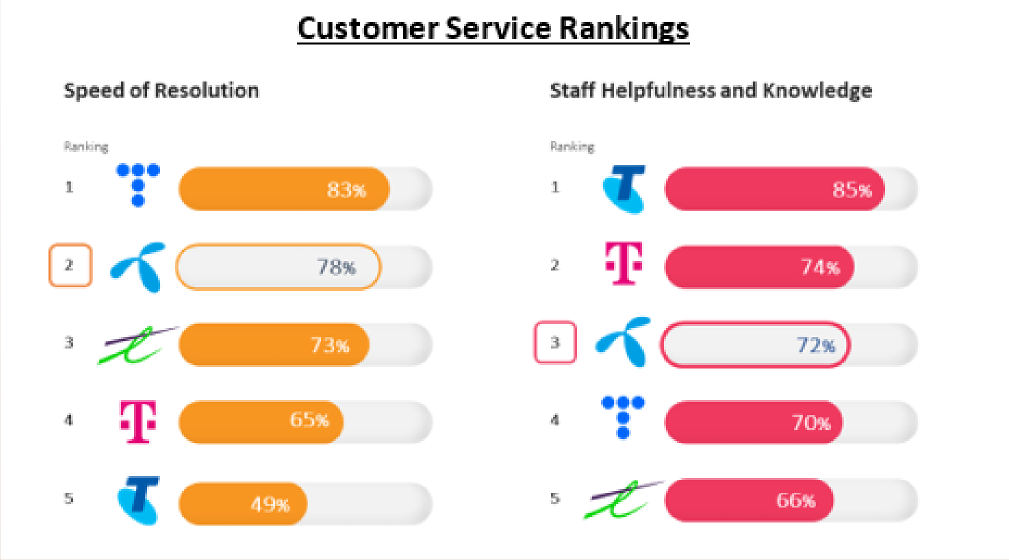
Data provided by RSPs will be combined with information from the Commission's monthly customer satisfaction surveys and complaints information from the TDR. This will help provide a wider understanding of customer service quality across the telecommunications sector. The table below summarises the type of information we will collect from our survey and the TDR in addition to the data for the industry metrics. Appendix 4 presents a complete list of the information we intend to collect.

Customer service information	Source
Likelihood to recommend / Net Promoter Score (**NPS**)	Customer Satisfaction Surveys
Overall satisfaction with customer service	
Satisfaction with speed of resolution	
Knowledge and helpfulness of staff	
Satisfaction with installation for Broadband	
Ownership of issue taken by staff	
Switching plans – reason, satisfaction with process	
Issues – number, time to resolve, number of transfers take to resolve	
Number of complaints	TDR
Types of complaints	

Dashboards

Consultation Details

- As a second step, we proposed ranking the performance of RSP brands in a dashboard so that consumers can factor this into their decision-making when choosing a provider.
- Information would come from our monthly Customer Satisfaction Survey.
- We conducted in-depth independent consumer research to identify what information matters most to consumers – how quickly issues are resolved and how helpful staff are in getting this done – as well as the best way of presenting that infomation.[6]
- We proposed a dashboard to rank the performance of providers in the two key areas identified in the research and sought feedback on a requirement that RSPs publish these dashboards in their sales channels.



Concept dashboard from consultation paper

[6] https://comcom.govt.nz/__data/assets/pdf_file/0018/301734/Fiftyfive5-Telecommunications-RSQ-Initiative-Development-Research-Summary-Report-15-December-2022.pdf

Dashboards

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Feedback from Submissions - what we heard [7]

Consumer groups and market participants were supportive of the dashboard concept:

- "We strongly support the publication of a dashboard to rank the performance of providers against one another. We think the publication of this information should help improve customer service". *Consumer NZ*
- "Requiring providers to publicise service metrics will increase the focus they place on customer service delivery". *Utilities Disputes Limited*
- "RSPs will be incentivised to compete more vigorously on delivering quality customer service to consumers in terms of the products, services and level of responsiveness to consumer needs they provide". *Tuatahi First Fibre*

[7] Individual submissions can be found here: https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality?target=documents&root=311989

Dashboards

Feedback from Industry - what we heard

RSPs highlighted some concerns regarding the dashboards and proposed metrics. We have modified a number of our proposals in response to this feedback.

Industry Feedback	*Commission Response*
The proposed metrics do not reflect whether a provider is good at avoiding issues before they arise. Preventing problems is just as important as fixing them. Should report issues per customer.	We agree that consumers should be aware of how likely they are to run into a problem with a provider and that issues per customer provides a useful indication of this. We intend to include this metric.
The proposals distort competition and investment by focusing on these two measures (speed of resolution and staff helpfulness and knowledge).	Our research told us that these are by far the most important aspects of customer service for consumers. It is appropriate that RSPs should have regard to these factors when developing investment plans and considering customer service improvement initiatives.
A single, easy to understand measure like Net Promoter Score (NPS) could be more appropriate.	NPS measures overall customer satisfaction and is influenced by factors other than just customer service – including product, price, performance and brand perception (see Appendix 3). We are concerned that NPS may be too general to measure the specific aspects of customer service that consumers want improved. However, we propose to test this by running NPS in parallel with our own proposed measures over the next 6 - 12 months. This will show: (a) the extent to which NPS is complementary or substitutional for these other measures; and (b) the extent to which it is useful for consumers to see an indication of how providers are performing overall alongside the two key areas of customer service that consumers have told us are the most important.

Dashboards

Feedback from Industry - what we heard (continued…)

Industry Feedback	*Commission Response*
Dashboards should be limited to the Commission's website only. A similar approach to that taken in the MBNZ programme could be considered.	Dashboards will initially be published by the Commission, with RSPs given the option to publish, while we conduct further testing over the next 6 - 12 months. We will publish monthly updates over this period.
Inclusion and exclusion of large versus small players has the potential to distort competition.	Small sample sizes from smaller RSPs do not allow for robust conclusions to be drawn. Only RSPs with a market share of ≥5% based on our consumer survey will be included.
There should be separate dashboards for mobile and broadband services.	Separate mobile and broadband dashboards will be produced on the basis that most consumers still purchase these services separately from each other.
The Commission has not demonstrated there exists a market failure warranting intervention, particularly with respect to a requirement for RSPs to publish dashboards.	Part 7 of the Act was introduced to provide greater regulatory oversight of RSQ to ensure market participants are responsive to consumers' demands. Section 236 empowers the Commission to make an RSQ code to promote the purpose in s 233: that is, to improve RSQ to reflect the demands of consumers. Our research to date indicates that the level of customer service currently offered by RSPs is not reflecting consumer demands. If, based on the further testing we propose to conduct, we conclude that customer service is still not reflecting customer demands, there would be a basis for the Commission to make an RSQ code. In making such an RSQ a code, we could require RSPs to display a dashboard, should we consider that necessary to achieve the section 233 purpose.

Dashboards

Revised approach in response to feedback

- Publish separate dashboards of provider rankings for mobile and broadband services. Initially this will be for the residential market, with the small business dashboard to be developed later.
- Only include RSP brands with a market share ≥5% based on our consumer survey to ensure a statistically significant sample.
- Incorporate an "Incidence of Problems" metric as we agree providers should be incentivised to avoid customer service issues and that consumers should know how successful they have been. [8]
- Incorporate an NPS metric as we agree that consumers should see how RSPs are performing on overall satisfaction alongside the targeted aspects of customer service. NPS is used by most RSPs for their own internal purposes and is therefore the most appropriate measure to use.
- Test whether NPS is a complementary or (as suggested by industry) a substitute metric for those proposed in our consultation before requiring disclosure to consumers
  - Through the consultation process we heard industry views that NPS may be a more appropriate measure.
  - We see value in NPS but have concerns it may be too wide and may not give consumers the information they want on the aspects of customer service that are most important to them.
  - Over a 6 - 12 month period, we will conduct testing to determine whether NPS is a complementary or substitute metric for the two measures customers said were the most important (i.e., whether these aspects of customer service are correctly reflected in NPS or whether they are "drowned out" by other factors such as price).
  - Over this period, we will publish results monthly, and providers may choose to publish them on a voluntary basis. In doing so, we would expect providers to publish the full set of results.

[8] For example 'average number of issues per customer'.

Dashboards

Initial Rankings

- Our initial broadband and mobile rankings are shown on the next slides. They show the last six months' actual results from our customer satisfaction survey. Between January and June 2023, we surveyed over 2,800 residential consumers.
- The rankings show Net Promoter Score and Customers with Issues as overall indicators of performance alongside Satisfaction with Speed of Resolution and Satisfaction with Staff Helpfulness and Knowledge: two metrics that consumers had previously told us were the most important for customer service.
  - These rankings are currently for residential customers only. We intend to publish a small business dashboard in the future.
  - The rankings include residential provider brands with a market share of ≥5% based on our consumer survey.
  - Further information on survey methodology and metrics can be found in our Customer Service Ranking and Methodology Guide.

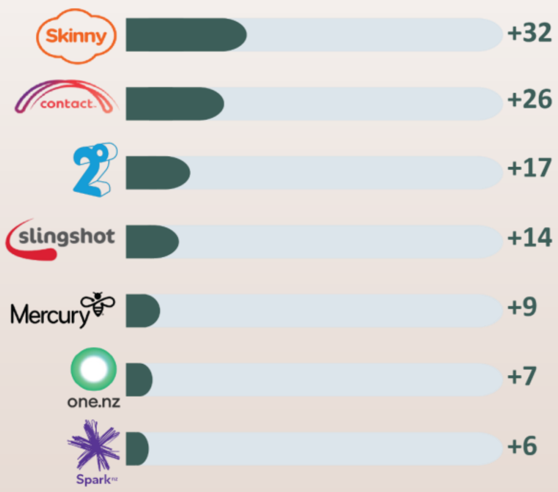
Residential Broadband Rankings

January – June 2023

Overall

Net Promoter Score (NPS)

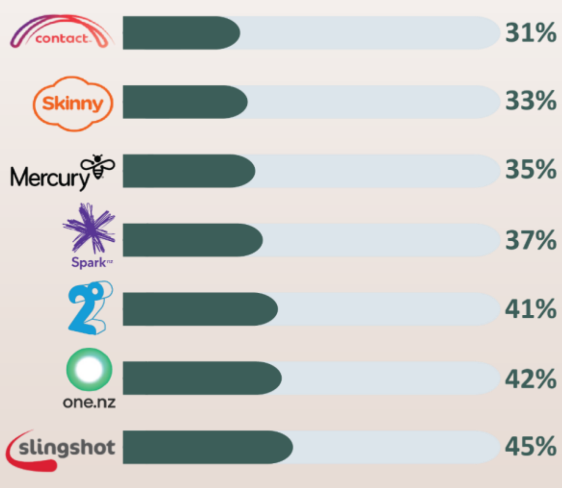
Measures how likely customers are to recommend their provider to friends and family *(higher is better).*



n = 2,480

Customers with an issue

Measures the percentage of customers who experienced an issue with their service in the last six months *(lower is better).*

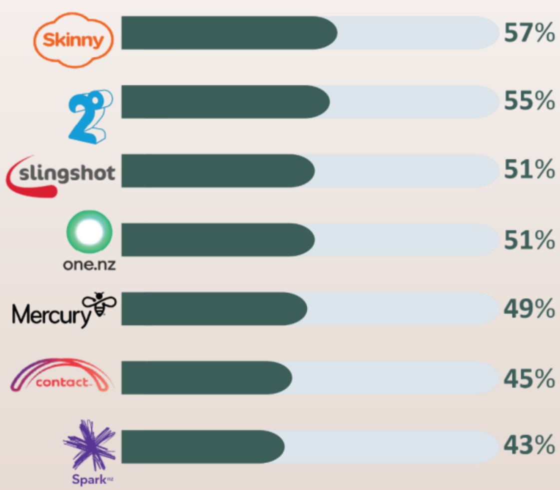


n = 2,480

Customer Service

Speed of resolution

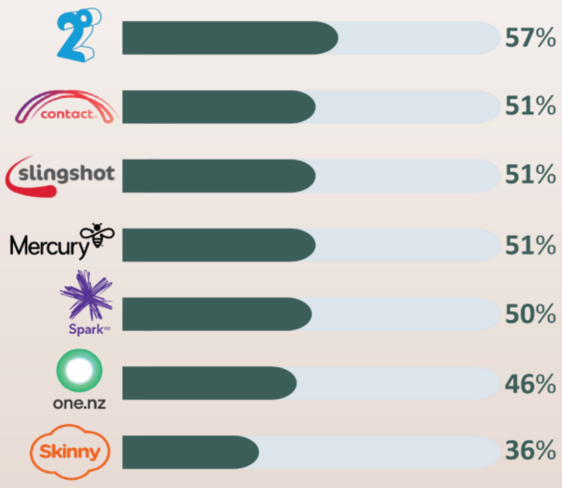
Measures satisfaction with how quickly providers resolve customer service issues *(higher is better).*



n = 934

Staff knowledge and helpfulness

Measures satisfaction with how helpful and knowledgeable staff are in resolving customer service issues *(higher is better).*



n = 1,148

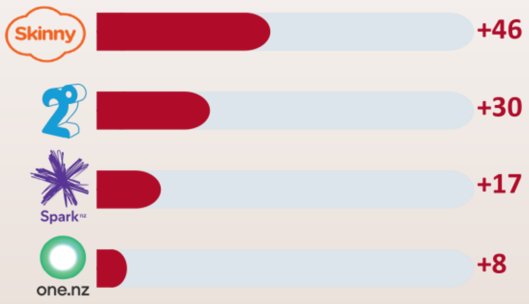
Residential Mobile Rankings

January – June 2023

Overall

Net Promoter Score (NPS)

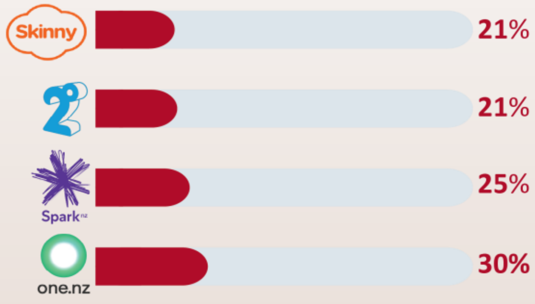
Measures how likely customers are to recommend their provider to friends and family *(higher is better).*



n = 2,921

Customers with an issue

Measures the percentage of customers who experienced an issue with their service in the last six months *(lower is better).*

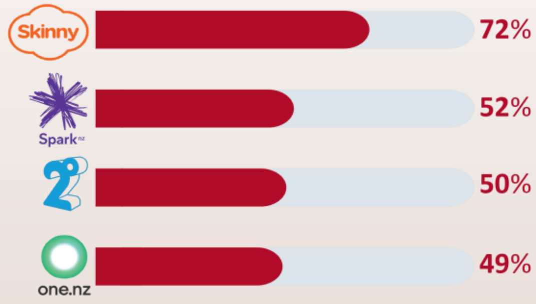


n = 2,921

Customer Service

Speed of resolution

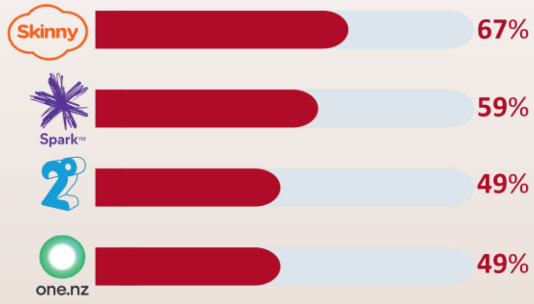
Measures satisfaction with how quickly providers resolve customer service issues *(higher is better).*



n = 531

Staff knowledge and helpfulness

Measures satisfaction with how helpful and knowledgeable staff are in resolving customer service issues *(higher is better).*



n = 329

Next Steps

Our intended next steps are as follows:

1. *Test dashboards over the next 6 – 12 months*
   - Test whether NPS is a complementary or substitute metric for measuring the areas targeted for improvement.
   - Publish updated results monthly, with voluntary publication by RSPs.
2. *Prepare and deliver a voluntary information request to RSPs (early 2024)*
   - We will work with industry to ensure the information requested is simple to obtain and is measured consistently across RSPs.
3. *Confirm final form of dashboards for publication (mid – late 2024)*
   - Assess industry and consumer response to test dashboards.
   - Determine whether to commence making a code.
4. *Prepare and publish results (mid – late 2024)*
   - Quarterly publication of dashboards.
   - Annual publication of customer service metrics.

We anticipate that the results of testing in this area, and other areas of RSQ, will be consolidated at an appropriate point in the future and published in the form of an annual RSQ monitoring report.

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Appendices

Appendix 1: Ofcom UK Dashboards

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Ofcom scores providers with more than 4% market share based on general consumer satisfaction and five other measures…

	Average mobile	BT	EE	giffgaff	iD mobile	O2	sky	Tesco mobile	3	Virgin media	vodafone
Satisfaction with service overall	91%	N/A	92%	95%	N/A	92%	N/A	96%	86%	83%	92%
Satisfaction with value for money	85%	N/A	82%	96%	N/A	86%↑	N/A	96%	81%	85%*	83%
Customers with a reason to complain	9%	10%	7%	8%	4%	9%	7%	5%	16%	11%	12%
Overall satisfaction with complaint handling**	53%	N/A	55%	53%	N/A	53%	N/A	49%	52%	57%	52%
Complaints to Ofcom per 100,000 subscribers	10↓	8↓	5↓	N/A	12↓	9↑	6↓	4↑	14↓	16↓	14↓
Average call waiting times (mm:ss)	2:15↑	0:55↑	2:25↑	N/A	1:39↑	3:59↑	1:50↓	2:15↓	0:16↓	1:59↓	2:30↑

XX *Statistically significantly better than the sector average at the 95% confidence level for market research results.*

XX *Statistically significantly worse than the sector average at the 95% confidence level for market research results.*

Appendix 1: Ofcom UK Dashboards

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Figure 1: Recommend to a friend: mobile providers

	2021	2020
More likely to recommend	giffgaff, TESCO mobile	giffgaff, TESCO mobile
Mobile average	EE, O2, vodafone	EE, O2, vodafone
Less likely to recommend	3, Virgin media	3, Virgin media

Figure 2: Handling of mobile complaints

	Average mobile	EE	giffgaff	O2	TESCO mobile	3	Virgin media	vodafone
Overall satisfaction with complaints handling	53%	55%	53%	53%	49%	52%	57%	52%
Complaints completely resolved on first contact	43%	46%	42%	42%	41%	41%	39%	42%

Pay-monthly mobile:

Complaints per 100,000

Fewest complaints	2021	Year-on-year change
TESCO mobile	4	1
EE	5	-1
sky	6	-1
BT	8	-8
O2	9	1
Industry average	10	-3
iD mobile	12	-2
vodafone	14	-6
3	14	-9
Virgin	16	-9
Most complaints		

Appendix 1: Ofcom UK Dashboards

Figure 5: Average call waiting times and abandonment rates, by mobile provider

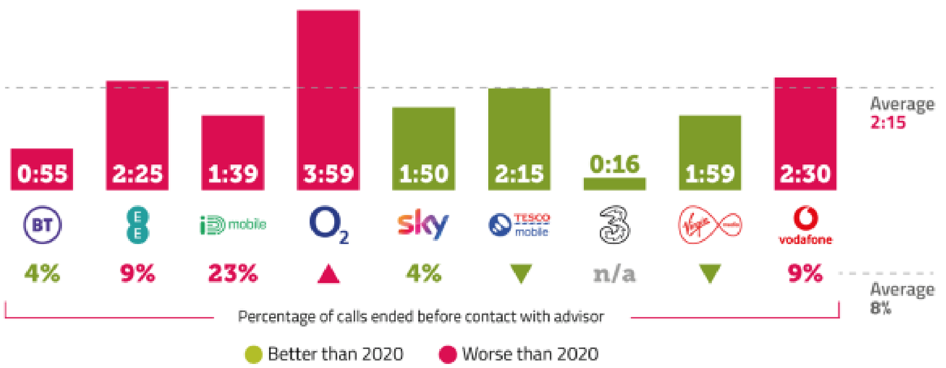
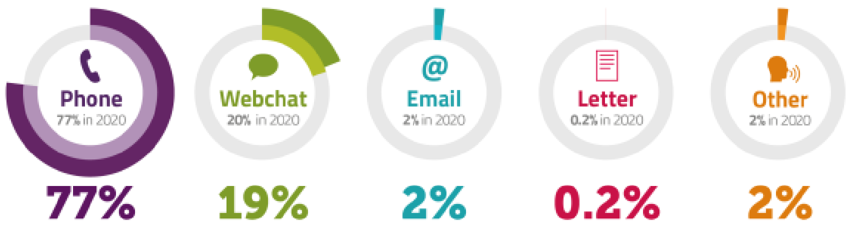


Figure 4: Customer contacts with mobile providers, by channel



NB – Ofcom only incudes providers which have >4% market share

Figure 2: Handling of mobile complaints

	Average mobile	EE	giffgaff	O2	Tesco mobile	Three	Virgin	Vodafone
Complaints completely resolved on first contact	43%	46%	42%	42%	41%	41%	39%	42%

XX *Statistically significantly better than the sector average at the 95% confidence level for market research results.*

XX *Statistically significantly worse than the sector average at the 95% confidence level for market research results.*

Appendix 2: Preferred Contact Methods

Results from consumer research conducted for the Commission

Preferred way of interacting with provider - broadband

Row %	In person/in store	Telephone	Email	SMS / messaging app e.g WhatsApp	Chat function on their website or app	My online account on their website	On their app
Overall information/ general inquiry	9%	31%	13%	3%	13%	13%	16%
An issue with service coverage, reliability or speed	9%	42%	10%	3%	11%	8%	13%
An issue with a bill i.e. an unpaid bill or a billing error	9%	41%	13%	3%	11%	9%	12%

Base: Residential Broadband Consumers, n=1041

Preferred way of interacting with provider - mobile

Row %	In person/in store	Telephone	Email	SMS / messaging app e.g WhatsApp	Chat function on their website or app	My online account on their website
Overall information/ general inquiry	9%	31%	14%	4%	14%	14%
An issue with service coverage, reliability or speed	8%	45%	11%	4%	14%	7%
An issue with a bill i.e. an unpaid bill or a billing error	9%	41%	17%	3%	11%	8%

Base: Residential Mobile Consumers, n=1085

Appendix 3: Interrelation of metrics

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Brand

- NPS

Brand scores are driven by all areas…

RSQ Areas

- Coverage and Availability
- Speed and Reliability
- Billing
- Product Disclosure
- Debt Management
- Customer Service
  - Av. issues per customer
  - Speed of resolution
  - Helpfulness of staff

Non-RSQ Areas

- Price
- Product Features

Appendix 4: Customer Service Information

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Customer service information	Source
Contact channels available to consumers	Industry
Number of customer contacts	
Average Wait Time	
Abandonment Rate	
First Contact Resolution	
Likelihood to recommend / Net Promoter Score (**NPS**)	Commission's Customer Satisfaction Surveys
Overall satisfaction with customer service	
Satisfaction with speed of resolution	
Knowledge and helpfulness of staff	
Satisfaction with installation for Broadband	
Ownership of issue taken by staff	
Switching plans – reason, satisfaction with process	
Issues – number, time to resolve, number of transfers take to resolve	
Number of complaints	TDR
Types of complaints	

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