

ISBN no. 978-1-991287-48-9

Project no. PRJ0016384

**Public version**

# Improving Retail Service Quality: Customer Service

## Confirmation of Dashboards for Publication

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**Date of publication:** 11 July 2024



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## Associated documents

Publication date	Title
9 December 2021	<a href="#">Commerce Commission: Improving Retail Service Quality Final Baseline Report</a>
7 March 2022	<a href="#">Open letter from the Commerce Commission on improving retail service quality for consumers – 2022 update</a>
14 December 2022	<a href="#">Improving Retail Service Quality: Customer Service</a>
14 December 2022	<a href="#">Fiftyfive5: Telecommunications RSQ Initiative Development</a>
7 September 2023	<a href="#">Improving Retail Service Quality – Customer Service Update</a>
11 July 2024	<a href="#">User Experience Report of Qualitative and Quantitative Research – IPSOS NZ</a>

## Glossary

Term	Defined
<b>Consumer</b>	Consumer, in relation to a telecommunications service, means a person who is the ultimate recipient of that service or of another service whose provision is dependent on that service. In this consultation paper, consumer and end-user are used interchangeably.
<b>CMA</b>	Competition and Markets Authority - the competition regulator in the United Kingdom.
<b>Customer</b>	Customer, in relation to a telecommunications service, means the person who has purchased the product or service. They might not be the end-user, or consumer, of the product or service.
<b>Customer Service</b>	Customer service refers to the assistance and guidance a retail service provider delivers to consumers after they buy a product or service. Customer service could be provided via a call centre, email, web chat, in-person at a retail store, social media or messaging.
<b>Marketing</b>	Marketing means any communication relating to the description, promotion, advertising or sale of products or services to consumers including online, print, television, radio, in-store and door-to-door descriptions, promotions, advertising and selling.
<b>Product Disclosure</b>	Product disclosure refers to the information telecommunications companies provide to consumers to describe their products and services through marketing.
<b>Provider</b>	Provider means a retail provider of telecommunications services to the consumer of the service, and who has the billing relationship with the consumer for that service.
<b>RSQ</b>	Retail service quality, in relation to a telecommunications service, means the quality of retail service provided to an end-user of the service, including in relation to the following: a) customer service and fault service levels, b) installation issues, c) contract issues, d) product disclosure, e) billing, f) the switching process and related information, and g) service performance, speed, and availability.
<b>TDR</b>	Telecommunications Dispute Resolution is the industry dispute resolution service focused on helping telecommunications consumers in New Zealand resolve disputes with their mobile and broadband providers.

## Introduction

1. In December 2022, the Commerce Commission (**the Commission**) published its **Customer Service Consultation Paper**,<sup>1</sup> which set out proposals for promoting improvements in customer service. This was in response to ongoing complaints in relation to customer service and a gap between industry performance and consumer expectations.
2. Our work showed that customer service is not front-of-mind for most consumers when choosing a telecommunications service provider. Consumers tend to focus solely on product and price when considering different providers due to a lack of information from a trusted source on customer service.
3. Customer service levels therefore do not become apparent until something happens after purchase and consumers need help from their provider. At this point, consumers experience their chosen provider's level of customer service. Many consumers find that this experience fails to meet their expectations.
4. Our work led us to the view that, if there is to be any meaningful improvement in outcomes in this area, consumers need to know what level of customer service they can expect before choosing a provider. Shining a light on customer service levels as a trusted source is the key to informing consumer choice and improving this aspect of retail service quality.
5. We therefore proposed publishing a competitive dashboard ranking the performance of providers as a mechanism for increasing consumer awareness and encouraging providers to lift their performance.
6. This dashboard was focused on the two aspects of customer service that our research showed mattered most to consumers: (a) how quickly providers fix problems; and (b) how helpful and knowledgeable staff are in making that happen.<sup>2</sup>
7. Consultation led to the inclusion of two additional measures in response to industry feedback: (a) complaint levels – so that consumers could see how successfully providers avoided issues in the first place; and (b) Net Promoter Score (NPS) – so that consumers could see customer service results in a wider context.
8. This process led to the launch of a trial dashboard with the following four measures:
  - 8.1. **Speed of resolution** - measures satisfaction with how quickly providers resolve customer service issues;
  - 8.2. **Staff knowledge and helpfulness** - measures satisfaction with how helpful and knowledgeable staff are in resolving customer service issues;
  - 8.3. **Customers with an issue** - measures the number of customers who have experienced an issue with their service in the last six months; and
  - 8.4. **Net Promoter Score (NPS)** - measures how likely customers are to recommend their provider to friends and family.
9. We published our first set of customer service rankings on a trial basis in September 2023 and have published monthly updates in the period since.

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<sup>1</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0019/301735/Improving-retail-service-quality-Customer-service-Consultation-paper-14-December-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0019/301735/Improving-retail-service-quality-Customer-service-Consultation-paper-14-December-2022.pdf)

<sup>2</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0018/301734/Fiftyfive5-Telecommunications-RSQ-Initiative-Development-Research-Summary-Report-15-December-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0018/301734/Fiftyfive5-Telecommunications-RSQ-Initiative-Development-Research-Summary-Report-15-December-2022.pdf)

10. When we first started publishing monthly customer service rankings, we said we would evaluate consumer and industry response and conduct further research to test how well the rankings are meeting consumer demand.
11. We have now completed this work. This paper, along with the accompanying research report, presents our findings and next steps. This includes how we will publish these rankings from 1 July 2024, and which additional metrics we will monitor through requests from RSPs, consistent with our original intention to also capture and report on key underlying performance.

## Publishing Rankings

12. When we launched the customer service dashboard in September 2023, we said that over the next 6-12 months we would evaluate how consumers and industry respond to the published rankings and conduct further research to test whether the rankings are easy to understand, include all important aspects, and meet consumer demand.
13. Since the launch of the rankings, we have noted several encouraging developments in our efforts to increase the focus of providers on improving performance and transparency of customer service provided by RSPs, including:
  - 13.1. *One NZ proactively publishing key customer service metrics* – One NZ is now actively sharing call wait times, call abandonment rates and issue resolution rates daily on its website.
  - 13.2. *Board interest* – we understand that the boards of a number of RSPs have expressed interest in the ranking results and raised questions to management about their company’s relative performance.
  - 13.3. *Other entities publishing the rankings* – the Telecommunications Users Association of New Zealand (**TUANZ**) and NZ Compare are now sharing the rankings with their users on a monthly basis, in addition to a number of organisations sharing as a one-off to their users.
14. The rankings have generated good levels of online engagement with consumers. Awareness has been increasing (albeit from a low base), supported by a digital marketing campaign that included social media and banner advertising. These campaigns have seen above average click-through rates<sup>3</sup> reflecting consumer interest and demand for performance information. Feedback on social media has also generally been positive:

*“Shout out to whoever worked on the recently published Telco customer service rankings. I saw someone asking about broadband service in my neighbourhood page last night and was able to pass on the link to the rankings.”*

## Rankings research

15. We commissioned IPSOS New Zealand to conduct research to assess how well the rankings are meeting our objectives using a mix of quantitative and qualitative research techniques. The objectives of the research were to:
  - 15.1. validate the importance and usability of the metrics;
  - 15.2. test the visuals of current charts against alternative options;
  - 15.3. ensure the clarity of published information and terminology;
  - 15.4. evaluate the relevance and value of the rankings to consumers;
  - 15.5. determine how frequently consumers would use the rankings; and
  - 15.6. understand consumers’ information search and usage behaviours.
16. The research indicated a strong appetite for the information contained in the rankings. Consumers see the Commerce Commission as a trusted information source, and data published

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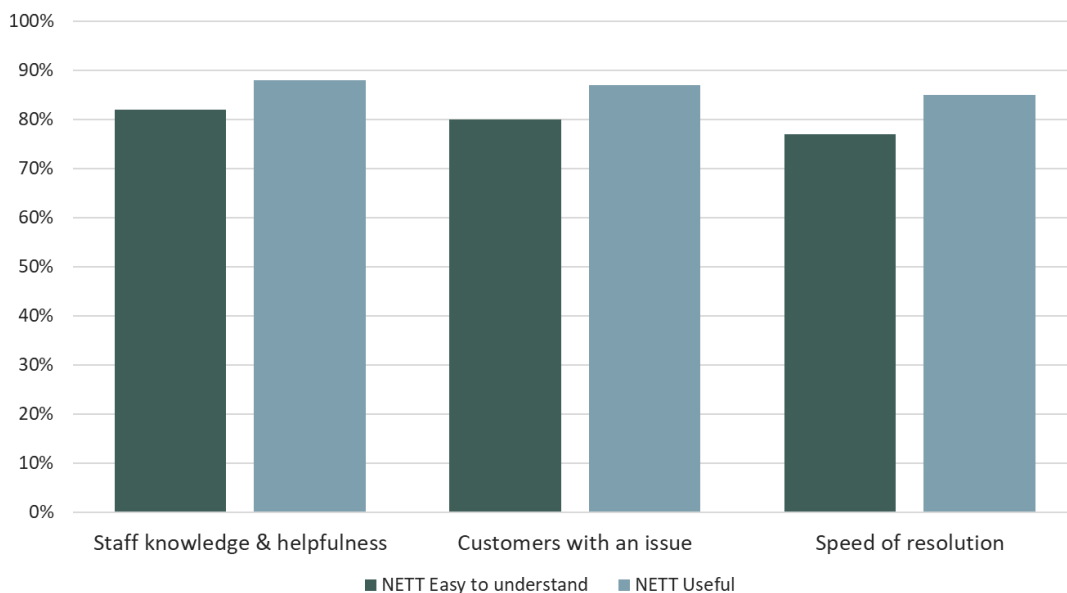
<sup>3</sup> Monthly click-through rates have been in the range 3-4%, versus a typical average of 0.40-0.60% in display campaigns of this type.

by the Commission is generally considered to be robust, with high trust in research methodology, data collection, and presentation of results.

17. While awareness of the rankings is low, given their recent introduction, more than half of those who were aware of the rankings had used them.

#### *Speed of Resolution and Staff Knowledge and Helpfulness*

18. As discussed earlier, our initial research showed that the two most critical aspects of customer service across all consumer segments were the speed of resolution and how helpful and knowledgeable staff are in dealing with issues.
19. The IPSOS research confirmed that consumers consider *Staff Knowledge and Helpfulness* and *Speed of Resolution* to be significant factors when assessing a provider's customer service. When incorporated into dedicated rankings, most respondents found them easy to understand and useful.



*Figure 1: Usefulness and Ease of Understanding by Metric*

20. *Speed of resolution* was seen by some participants as the most informative and important measure when choosing providers. There was general acceptance that 'mistakes will happen' but that the speed and efficiency of resolving these issues could set providers apart.
21. The qualitative research found that *staff knowledge and helpfulness* often serves as a proxy for general customer service quality. Participants noted that this measure fits naturally with speed of resolution, as effective resolution depends on staff's knowledge and helpfulness.
22. When asked what they would like to see on the rankings page if only two metrics could be shown, survey participants indicated a preference for staff knowledge and helpfulness and speed of resolution.
23. Based on these findings, we will continue to publish these two metrics.

#### *Customers with an Issue*

24. During our initial consultation on customer service rankings, we heard from industry that only focussing on the two metrics above would not reflect a provider's ability to prevent issues. We



agreed that consumers should be aware of how likely they are to encounter problems with a provider and the metric *Customers with an Issue* provided a useful indication of this.

- 25. The Commission’s view is that providers should be incentivised to avoid customer service issues and that *Customers with an Issue* is a good indication of their success in this area.
- 26. The IPSOS research showed that over 80% of respondents considered this metric to be easy to understand and useful. Some respondents requested more detail on the types of issues people experience.
- 27. Based on these findings, we will continue to publish this metric.

*Net Promoter Score (NPS)*

- 28. During our initial consultation on customer service rankings, we also heard from industry that a single, easy to understand ‘overall satisfaction’ measure like NPS may be appropriate for assessing retail service quality. We agreed to publish NPS scores and test whether it was a complement or substitute for other proposed metrics.
- 29. The IPSOS research revealed that NPS is a largely unknown metric that can be misunderstood or ignored. Over 80% of respondents were unfamiliar with NPS, with two-thirds having never heard of it. Due to its unfamiliarity, some participants indicated that they would leave the page if they saw this metric, as it did not mean anything to them. This was particularly true for those seeking a ‘quick answer’.

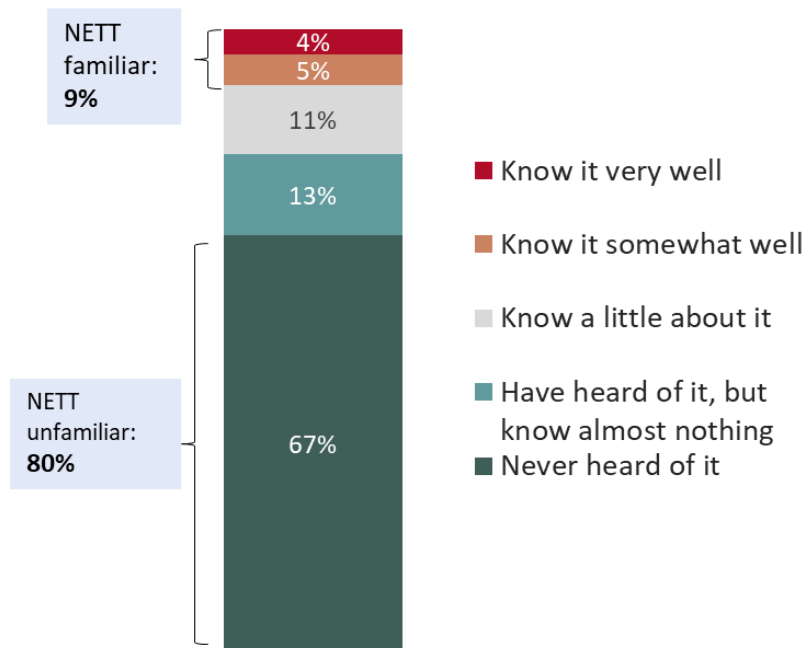


Figure 2: Familiarity with Net Promoter Score

- 30. The objective of the rankings is to bring customer service to the forefront of the decision-making process, enabling consumers to make a more informed choice. For this to happen, the information presented must be quickly and easily understood. Our research indicates limited understanding of NPS among consumers and potential for it to cause confusion.
- 31. We consider NPS is a useful metric for monitoring purposes and intend to include it in RSQ monitoring reports that focus on overall satisfaction.

32. However, based on these findings, we will not publish NPS going forward as part of the customer service rankings.

#### *Format of Rankings*

33. The research looked at the effectiveness of current chart visuals compared to alternative display options. Participants were presented with various design alternatives and asked to indicate their preferences. These alternatives included variations in layout and the addition of supplementary information. We also conducted A/B testing (to compare the performance of two versions of content to see which one appeals more to consumers) on social media to test consumer engagement with variations of the rankings.
34. Overall, the tests conclude that the current ranking format remains the best way to display the information to consumers, validating the extensive testing underpinning the design of the original dashboard.
35. We note that the addition of an average line generated different views. While most qualitative participants viewed the addition of an average as generating confusion, results from the quantitative survey contradicted this, with nearly half of survey respondents indicating this display as their preferred option. However, for a set of participants the line acted as a consideration demarcation point, where they intuitively dismissed anyone below the line as 'bad', effectively penalising providers whose scores sit below the average line. As this is a misconception and an inaccurate interpretation of the rankings, the research advice is to not include it.
36. Based on these findings, we will continue to present the rankings in their current format.

#### *Frequency of publication*

37. When we first published the customer service rankings, we indicated we would continue to publish them monthly while we conducted further testing, after which we would switch to quarterly publication.
38. The IPSOS research confirmed quarterly publication meets consumer demand, with over 42% saying quarterly is how often they would expect them to be updated. Most participants said they would use the rankings only when considering a new provider and would be unlikely to check back for updates after switching providers.
39. Based on these findings, we will publish updates to the rankings on a quarterly basis.

#### *Where the rankings will be published*

40. In our initial consultation, we highlighted the importance of getting information in front of consumers. We noted that one way to do this would be to follow a similar approach to the UK banking sector, where the Competition and Markets Authority ranks customer satisfaction with bank services and requires banks to display this information prominently to consumers on their websites and in their retail stores.
41. We indicated that we were willing to consider a similar approach here if necessary, depending on:
- the response from providers, i.e. whether the rankings stimulated improvements; and
  - consumer awareness resulting from conventional publication by the Commission.

42. Since we began publishing the rankings, we have observed a growing focus from RSPs and a rising awareness among consumers, even if starting from a low base. Therefore, we do not currently see a need for mandatory publication. However, we will continue to monitor the situation and reconsider our position if progress stalls.

## Monitoring and Reporting

43. As indicated in our September update, we aim to establish a granular set of customer service measures, which will enable us to monitor and report on underlying performance and track improvements over time. This approach is consistent with our legal obligation to monitor RSQ.<sup>4</sup>
44. We are pleased with the progress One NZ has made in this space; proactively publishing call wait times, call abandonment rates and issue resolution rates daily on its website. We encourage other providers to do the same so customers have a direct view of performance in these areas.
45. We plan to collect the data set out in the table below directly from industry. At this stage, we propose to request the information from industry on a voluntary basis, but will use our information gathering powers under section 98 of the Commerce Act 1986, and/or section 10A of the Telecommunications Act 2001 if necessary.
46. Data collection will be facilitated through the annual telecommunications industry questionnaire, conducted as part of our monitoring responsibilities outlined in section 9A of the Telecommunications Act 2001. We anticipate sending this year's industry questionnaire in September.
47. To ensure that industry-sourced information is comparable across providers we will specify, where required, consistent calculation methodologies. We anticipate further engagement with RSPs prior to finalising these.
48. The data we would like to collect from providers is presented in the table below:

Metric	Proposed calculation methodology
<b>Contact channels</b>	List of all contact channels available to consumers (e.g. retail store, contact centre, email) including, as appropriate, standard operating hours, SLAs and additional features, e.g. call backs.
<b>Number of customer contacts per channel</b>	Total number of contacts received by channel: <ul style="list-style-type: none"> <li>• call centre (answered by agent, excluding abandoned calls)</li> <li>• IVR (self-serviced within IVR)</li> <li>• Email</li> <li>• Automated web chat (answered by chat bot)</li> <li>• Live web chat (answered by agent)</li> <li>• Direct messaging (SMS, Instant messaging)</li> </ul>

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<sup>4</sup> Telecommunications Act 2001, s 9A(1)(e)-(f)

<b>Average Speed of Answer</b>	Average time that contacts waited in a queue before being answered by an agent. Calculated as Total Wait Time for Answered Calls/Total number of Answered Calls. Wait time measures the time from when a customer is queued to talk to an agent until they are connected to an agent and excludes time spent in an IVR.
<b>Abandonment Rate</b>	The percent of contacts that were queued to speak to an agent but disconnected without being connected to an agent.

49. 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 provide a broader understanding of customer service quality across the telecommunications sector.
50. Over time, monitoring this information will provide a detailed end-to-end view of the performance of different providers at a granular level, indicating where performance has deteriorated or improved.