Improving Retail Service Quality: Customer Service

Consultation Paper

The Commission:	Tristan Gilbertson
	Elisabeth Welson
	Dr John Small
	Nathan Strong

Date of publication: 14 December 2022

TABLE OF CONTENTS

Associated documents

Publication date	Reference	Title
9 March 2021	n/a	Commerce Commission: Open letter from the Commerce Commission addressing transparency and inertia issues in the residential mobile market
14 September 2021	n/a	Research New Zealand - Consumer Telecommunications Survey 2021
8 November 2021	ISBN 978-1-869459-46-8	Commerce Commission: Guidelines to the telecommunications industry on marketing alternative telecommunications services during the transition away from copper
11 November 2021	ISBN 978-1-869459-47-5	Commerce Commission: 2021 Review of the Telecommunications Dispute Resolution Scheme
9 December 2021	ISBN 978-1-869459-63-5	Improving Retail Service Quality Final Baseline Report
18 July 2022	n/a	Commerce Commission: Open letter on increasing consumer awareness of TDRS non membership
30 September 2022	n/a	Commerce Commission: Open letter on increasing consumer awareness of TDRS Membership - Response to submissions and next steps
12 October 2022	ISBN 978-1-99-101238-8	Commerce Commission: Improving Retail Service Quality Product Disclosure Emerging Views Paper
14 December 2022	n/a	Fiftyfive5: Telecommunications RSQ Initiative Development

Glossary

Term	Defined
Consumer	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.
CMA	Competition and Markets Authority - the competition regulator in the United Kingdom.
Customer	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.
Customer Service	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.
Marketing	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.
Ofcom	Office of Communications - the regulatory and competition authority for broadcasting, telecommunications and postal services in the United Kingdom.
Product Disclosure	Product disclosure refers to the information telecommunications companies provide to consumers to describe their products and services through marketing.
Provider	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.
RSQ	Retail service quality, in relation to a telecommunications service, means the quality of retail service provided to a consumer 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.
SME	Small and medium enterprises that have fewer than 50 employees.
TCF	The New Zealand Telecommunications Forum Inc, an industry group established for the purposes of fostering co-operation among telecommunications industry participants to efficiently resolve regulatory, technical and policy issues and which is the Forum for the purposes of the Telecommunications Act 2001
TDRS	The Telecommunications Dispute Resolution Scheme is the industry dispute resolution service focused on helping telecommunications consumers in New Zealand resolve disputes with their mobile and broadband providers.

Executive summary

X1.   This *Improving Retail Service Quality: Customer Service Consultation Paper* sets out our proposals for improving customer service – one of the biggest issues for consumers identified in our Improving Retail Service Quality Final Baseline Report.[1] Customer service refers to the assistance and guidance a retail service provider delivers to consumers after they buy a product or service provided via call centre, email, web chat, retail store, social media or messaging.

X2.   Our work indicates that:

X2.1   Customer service is not front-of-mind for most consumers when choosing a telecommunications service provider. Consumers tend to focus on product and price when considering different providers. This is reinforced by the absence of suitable performance-related information showing how different providers compare in terms of customer service.

X2.2   Customer service levels 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. These consumers may have selected a different provider if they had known the level of customer service they would receive.

X3.   These factors have resulted in a gap between industry performance and consumer expectations and ongoing consumer complaints in relation to customer service.

Proposed approach

X4.   We consider that consumers need to know what level of customer service they can expect before choosing a provider, if there is to be any meaningful improvement in outcomes in this area.

X5.   Shining a light on different providers' customer service is the key to informing consumer choice and improving this aspect of retail service quality so that it better reflects the demands of consumers of telecommunications services.[2]

X6.   International experience suggests there are two key steps to achieving this objective:

X6.1   monitoring and reporting on the performance of providers in key areas of customer service; and

X6.2   publishing rankings of the performance of providers against one another on the aspects of customer service that matter most to consumers.

X7.   We propose to adopt both steps to inform consumers about the performance of different providers and to improve customer service to better reflect consumer demands.

---

[1]   Commerce Commission "Improving RSQ Final Baseline Report" (9 December 2021).
[2]   Telecommunications Act 2001, s 9A(1)(f) and s 233.

Monitoring and reporting

X8.   As a first step, we propose to develop an overall view of the industry's performance in relation to customer service. This will provide regular insights to enable us to monitor and report on how customer service performance changes over time.

X9.   We have identified key customer service information that we propose to monitor and report on going forward. This information, which is relevant to both mobile and broadband services, covers the key aspects of customer service that matter most to consumers. We propose to collect this information from a combination of sources - as summarised in Table X1.

Table X1: Proposed sources of information

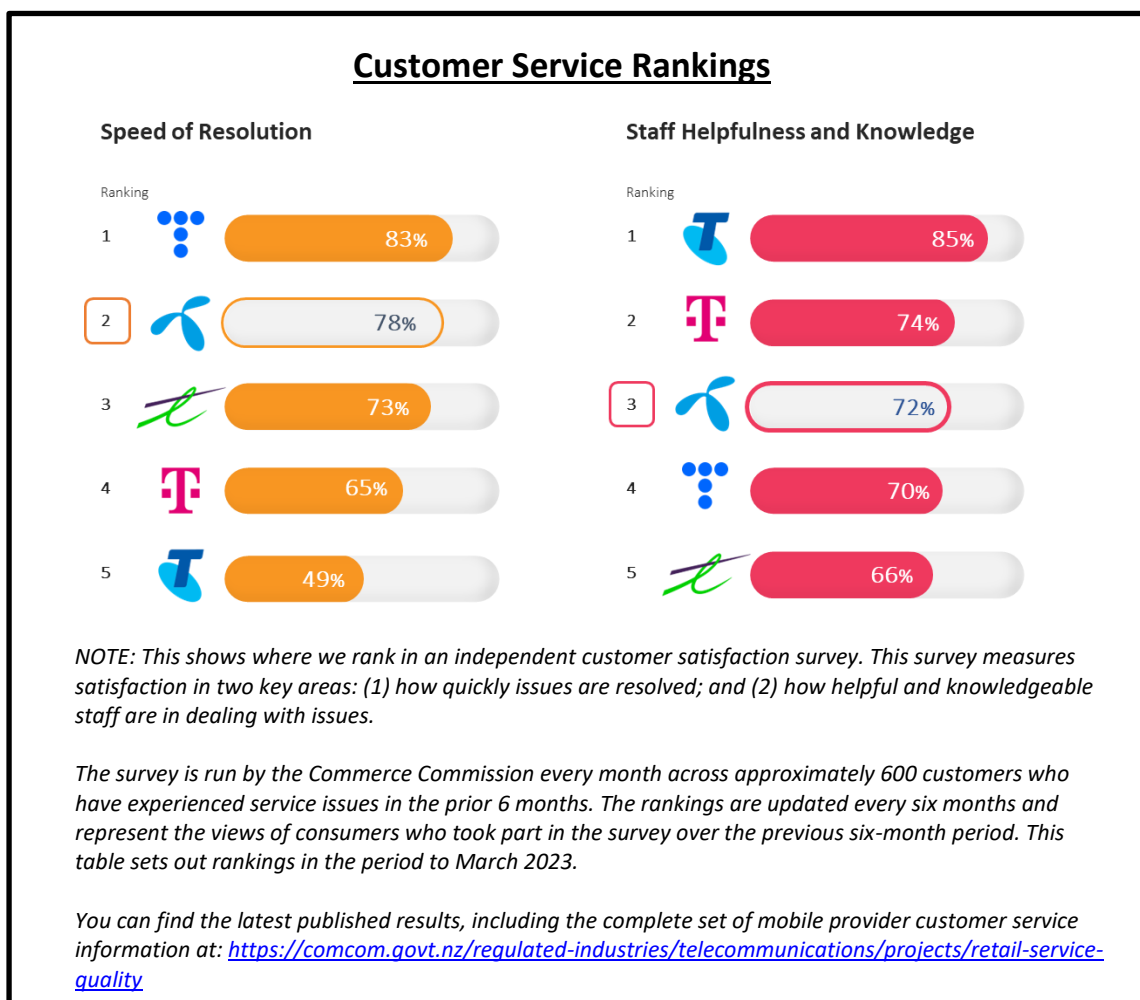| Customer service information	Source
1. Contact channels available to consumers, including channel features	Industry
2. Callback success rate	
3. Number of customer contacts in each channel	
4. Average wait times in each channel	
5. Abandonment rates in each channel	
6. Average handling times in each channel	
7. Overall satisfaction with customer service	Customer Satisfaction Surveys
8. Satisfaction with speed of resolution	
9. First time resolution	
10. Time taken to resolve	
11. Knowledge and helpfulness of staff	
12. Ease of dealing with provider	
13. Ownership of issue taken by staff	
14. Broadband installation	
15. Record-keeping	
16. Number of transfers	
17. Preferred way of contacting providers	
18. Number of complaints	TDRS
19. Types of complaints	

X10.   Over time, monitoring this information will give us a detailed end-to-end view of the performance of different providers at a granular level, including whether and where performance has deteriorated or improved.

X11.   We propose to report on the performance of providers against this information every six months to provide visibility on performance to all key stakeholders.

Ranking provider customer service levels

X12. As a second step, we propose to rank the performance of providers, so that consumers can factor this into their decision-making when choosing a provider.

X13. To inform our approach, we have drawn on the Competition and Markets Authority (**CMA**)'s experience in the UK banking sector. The CMA uses a dashboard showing quality of service rankings to drive competition and improvement in retail service quality.

X14. The CMA approach targets specific areas of service quality, ranks the performance of each provider in each of these areas and requires providers to display the dashboard prominently to consumers. The CMA's dashboard provides an indication of what consumers can expect from different providers and encourages providers to compete and improve their performance.

X15. Our work confirmed the value of a similar approach in getting customer service information in front of New Zealand consumers. We therefore propose to adopt a customer service dashboard, starting with larger providers, and expanding this to include as many providers as possible when sufficient data is available.

X16. We see a dashboard as critical to bringing customer service to the front-end of the decision-making process and enabling consumers to make a more informed choice of provider.

X17. In this regard, our work shows that, across all consumer segments, the two most critical aspects of customer service are:

X17.1 **Speed of resolution** – how quickly customer issues are resolved by providers; and

X17.2 **Staff helpfulness and knowledge** – how helpful and knowledgeable staff are in dealing with customer issues.

X18. We therefore propose to use a dashboard to rank the performance of providers against one another in these two key areas, based on independent monthly customer surveys. We also propose that the dashboard should be visible to consumers at the time they need it most: when they are choosing a provider.

X19. Our work shows that performance information is best presented in the form of league tables with providers ranked from best to worst performing in each of these two areas. Rankings are easily understood by consumers and bar graphs are the most effective way of communicating this information.

X20. Our work also shows that performance rankings must be prominently displayed online by each provider, as well as in retail stores, for the dashboard to achieve its purpose. This ensures that information is available to consumers when they need it and encourages providers to improve their rankings in the targeted areas.

X21. The CMA requires its dashboard to be displayed prominently in the window of every branch and on each bank's home and product pages. We would expect telecommunications service providers to make our proposed dashboard available to consumers in the same way. This will enable consumers to make a more informed choice of provider and drive improvements in customer service so that it better reflects consumer demands.

X22. Figure X1 sets out the design of our proposed customer service dashboard. At this stage, to illustrate the concept, we have produced a mock-up of the dashboard using dummy customer service survey data. The figure shows what a provider, in this case ⚘, would publish to potential customers and highlights the provider's position in the ranking versus other providers.

Figure X1: Example customer service rankings

X23. We propose to publish actual dashboards every six months – at the same time that we publish wider customer service performance information. Table X2 sets out the proposed timing for our monitoring inputs and outputs.

Table X2: Proposed timing for monitoring inputs and outputs

Monitoring programme inputs	Frequency
Customer satisfaction survey	Monthly
Industry information request	Quarterly
TDRS complaints	Quarterly
Monitoring programme outputs	Frequency
Commission RSQ monitoring report	Six-monthly
Provider ranking dashboard	Six-monthly

Chapter 1: Purpose and background

Purpose

1. Our retail service quality (**RSQ**) work programme aims to improve RSQ to reflect the demands of consumers of telecommunications services.[3] The 2018 amendments to the Telecommunications Act 2001 (**Act**) give us the direction and powers to monitor and improve RSQ for consumers.[4]

2. This consultation paper sets out our proposed approach to improving customer service. Customer service was one of the biggest issues identified in our *Improving RSQ Final Baseline Report* (**Baseline Report**).[5] Our proposals are designed to use the power of transparency to drive improvements for consumers in this area.

3. Before finalising our proposed approach, we are seeking feedback on this consultation paper. We would like to hear from all stakeholder groups, including industry, to assist us in developing and refining our approach.

Background

4. In December 2021, following extensive consultation, we published our Baseline Report.[6] This identified a range of RSQ issues for improvement.

5. We have already carried out work on the following RSQ matters:

    5.1 reviewing and recommending ways to improve the effectiveness of the Telecommunications Dispute Resolution Scheme (**TDRS**) for consumers;[7]

    5.2 improving the ability of mobile customers to know whether they are on the best plan for them;[8]

    5.3 improving the marketing of broadband services to consumers;[9]

    5.4 improving consumer awareness of provider membership of TDRS;[10] and

    5.5 improving the ability of consumers to compare telecommunications products and providers.[11]

---

[3] Telecommunications Act 2001, s 233.
[4] Telecommunications Act 2001 s 9A(1)(e)(f), s 233-236. Refer to Attachment B for a summary of our RSQ monitoring, information dissemination and code functions and powers under the Act.
[5] Commerce Commission "Improving RSQ Final Baseline Report" (9 December 2021).
[6] Ibid.
[7] Commerce Commission "2021 Review of the Telecommunications Dispute Resolution Scheme" (11 November 2021).
[8] Commerce Commission "Open letter from the Commerce Commission addressing transparency and inertia issues in the residential mobile market" (9 March 2021).
[9] Commerce Commission "Guidelines to the telecommunications industry on marketing alternative telecommunications services during the transition away from copper" (8 November 2021).
[10] Commerce Commission "Open letter from the Commerce Commission on increasing consumer awareness of TDRS Membership - Response to submissions and next steps" (30 September 2022).
[11] Commerce Commission "Improving Retail Service Quality Product Disclosure Emerging Views Paper" (12 October 2022).

6.   We are now turning our attention to customer service which, for the purpose of this paper, refers to the assistance and guidance a 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.

7.   The Baseline Report identified customer service as one of the biggest issues for consumers. It also highlighted the following specific customer service issues:[12]

    7.1   consumers face long wait times and multiple transfers when dealing with their provider;

    7.2   providers keep poor records of previous dealings with customers;

    7.3   consumers find it difficult to understand customer service representatives;

    7.4   consumers find it difficult to resolve issues; and

    7.5   consumers lack information about the installation process.

8.   Customer service has also been the category with the second highest number of complaints and enquiries to TDRS over the last 10 years. This dynamic has persisted in 2022, as seen in Figure 1, which shows TDRS complaints and enquiries by category to 30 June 2022.[13]

Figure 1: TDRS complaints and enquiries
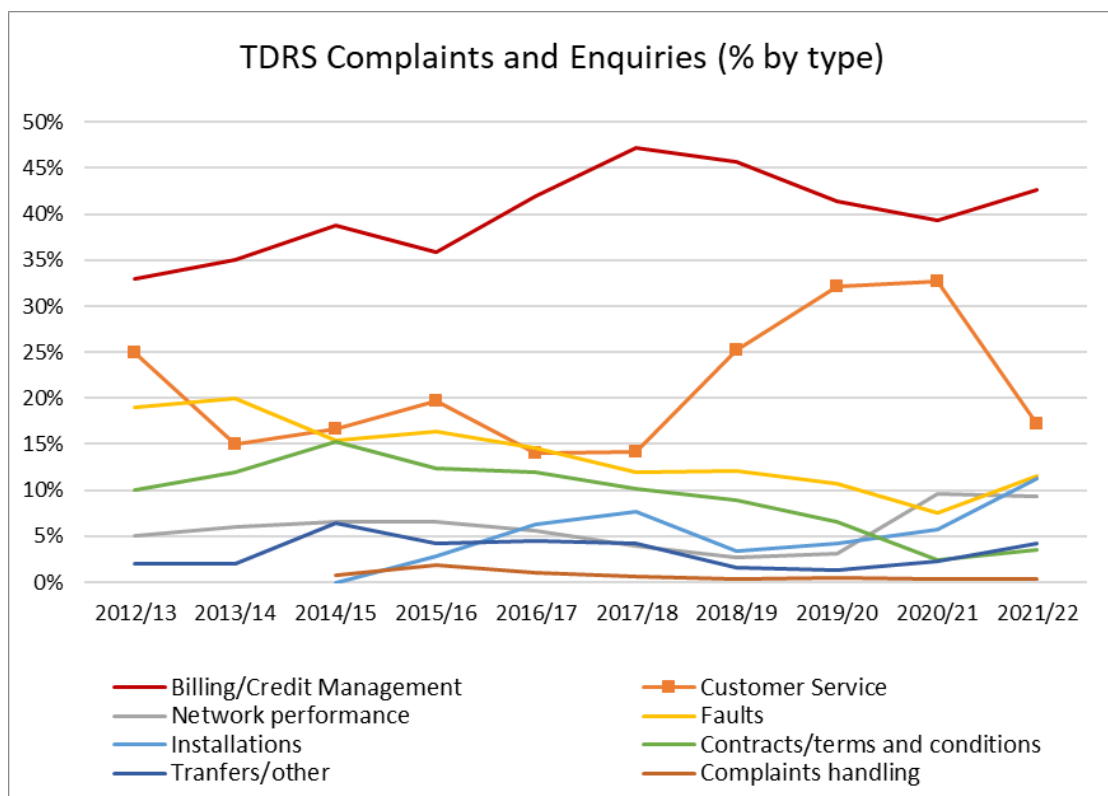
Source: TDRS

---

12   Commerce Commission "Improving RSQ Final Baseline Report" (9 December 2021) at pages 23-27.
13   https://www.tdr.org.nz/resources/publications.

Informing consumer choice and improving customer service

9. We commissioned behavioural research to build on our Baseline Report and deepen our understanding of customer service-related issues.

10. This behavioural research focused on identifying: [14]

    10.1 how consumers currently factor customer service into their decision-making;

    10.2 the aspects of customer service that matter most to consumers; and

    10.3 how best to get customer service information in front of consumers.

11. The behavioural research shows that, currently, consumers tend to choose their provider based on product and price. Customer service is generally not front-of-mind when considering providers. This is partly due to the lack of independent and reliable customer service information available to consumers at the point of purchase.[15]

12. Without this information, it is only after purchase, when problems arise and consumers need help, that service levels become apparent. When problems arise, customer service becomes a front-of-mind issue, but by this point it is too late and consumers must deal with their chosen provider's level of customer service.

13. We therefore propose to take a two-step approach to improving outcomes for consumers:

    13.1 monitoring and reporting on the performance of providers in key areas of customer service; and

    13.2 publishing a dashboard that ranks the performance of providers against one another in the specific areas of customer service that matter most to consumers.

14. Monitoring and reporting will enable us to shine a light on the performance of different providers at a granular level and assess how this changes over time. Publishing the dashboard will ensure that consumers have access to key performance information when making a decision on which provider to select. This will drive improvements in customer service levels so that they better reflect consumer demand.

15. These two approaches are complementary. The dashboard provides an upfront indication of the level of customer service that consumers can expect from different providers. The reports enable consumers to look into provider performance against a more detailed set of customer service information to the extent required.

---

[14] The Fiftyfive5 Telecommunications RSQ Initiative Development Research Summary Report has been published alongside this consultation paper and is available at: https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality.

[15] Ibid.

16. We will review the success of this initiative on a regular basis by tracking improvements in industry customer service levels as part of our monitoring programme.

Submissions

17. This consultation paper seeks feedback on our proposed approach to monitoring and publishing customer service information. In particular, we would like to know:

    17.1 if you consider there is additional customer service information, metrics, or calculation methodologies, that will enhance our ongoing monitoring programme; and

    17.2 where on a provider's sales channels, including online and in-store, you consider the best location is to publish the customer service ranking dashboard.

18. We would be grateful for your views on the consultation questions by 5pm, Tuesday 28 February 2023.

19. Responses can be emailed to market.regulation@comcom.govt.nz with Improving RSQ: Customer Service Consultation Paper in the subject line.

Confidentiality

20. The protection of confidential information is something the Commission takes seriously. When including commercially sensitive or confidential information in your submission, we offer the following guidance:

    20.1 please provide a clearly labelled confidential version and public version. We intend to publish all public versions on our website; and

    20.2 the responsibility for ensuring that confidential information is not included in a public version of a submission rests entirely with the party making the submission.

21. Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we do not publish unless good reason existed under the Official Information Act 1982 to withhold it. We would normally consult with the party that provided the information before any disclosure is made.

Next steps

22. The submissions received in response to this consultation paper will be published on the Commission's website.

23. Once we have reviewed the submissions, we will give an indication of the next steps we intend to take to monitor and improve the customer service aspect of RSQ to reflect the demands of consumers of telecommunications services, consistent with s 233 of the Act.

24. Please contact Andrew Young (andrew.young@comcom.govt.nz) if you have any questions.

Chapter 2: Monitoring provider customer service performance

Monitoring programme design

25. The first step in our proposed approach is to establish an ongoing customer service RSQ monitoring programme.

26. This will establish a granular set of customer service information that will enable us to monitor customer service performance across the industry and track improvements over time. This approach is consistent with our legal obligation to monitor RSQ.[16]

27. As part of developing our monitoring programme, and to ensure it is right-sized and focused on the correct measures, we have:

    27.1 conducted independent behavioural research to identify what customer service information is most meaningful to inform consumers' choice of provider;[17]

    27.2 surveyed a selection of providers to identify which customer service metrics and calculation methodologies are already being used internally within industry to understand where there is commonality across the industry;

    27.3 conducted a cross-check to ensure that the information we are proposing includes the categories of information required by other New Zealand and international regulators and industry bodies for effective monitoring of customer service; and

    27.4 confirmed that the resulting proposed information covers the customer service RSQ issues identified in our Baseline Report.

Customer service information sources

28. As a result of the process outlined above, we have identified the customer service information that we propose to collect on an ongoing basis. This is listed in Table 1.

29. We will collect this information from a variety of sources, including:

    29.1 industry (via quarterly information requests);

    29.2 consumers (via monthly independent customer satisfaction surveys); and

    29.3 from TDRS (on a quarterly basis).

---

[16] Telecommunications Act 2001, s 9A(1)(e)-(f).
[17] The behavioural research has been conducted by independent researcher Fiftyfive-5 and is available at: https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality

Industry information

30.   We propose to collect directly from industry the information that individual providers are best placed to provide. This includes information relating to the types of channels used for customer service purposes and key aspects of customer experience in each channel (such as wait times, abandonment rates and availability of a callback option).

31.   To ensure that industry-sourced information is comparable across providers, we will agree with industry, or specify, consistent calculation methodologies. We have proposed calculation methodologies in Attachment A. This draws upon the information supplied as part of a survey of selected providers' customer service metrics.

32.   We intend to gather this information on a quarterly basis to enable us to monitor changes going forward.

33.   At this stage, we propose to gather the information from industry, relying on providers supplying the information to us a voluntary basis. However, if this is not possible, we will use our information gathering powers under s 98 of the Commerce Act 1986, and/or s 10A of the Act.[18]

Customer satisfaction survey information

34.   We have commissioned a monthly customer satisfaction survey that will be conducted by an independent external provider. This will allow us to build up a picture of other aspects of customer service from a consumer perspective. The survey will include matters such as how quickly issues are resolved, how helpful and knowledgeable providers' staff are, and the ease of contact and dealing with providers.

35.   The monthly survey will consult 600 consumers (400 residential / 200 SMEs). This will ensure the views of 7,200 consumers are captured over 12 months. The survey has been designed to capture as many providers as possible, making sure that, at a minimum, it returns statistically significant data for all providers with 5% market share in each market segment: residential broadband, residential mobile, SME broadband and SME mobile. As we develop this survey further, we are keen to discuss with smaller providers how to include their consumers in our survey, such as by sampling direct from their customer base, which is how the CMA has developed its banking dashboard in the UK. We will also use this survey to measure customer satisfaction in other areas of RSQ.

TDRS information

36.   Finally, to round out our data set, we will collect quarterly information from TDRS on the number and type of complaints made against each provider. This information will continue to provide a useful barometer of customer service quality and satisfaction.

---

[18]   Section 98 of the Commerce Act 1986 is incorporated via section 15(1)(f) of the Telecommunications Act 2001.

Proposed customer service information to be collected

37.   The customer service information that we propose to collect on an ongoing basis, as well as the information sources and frequency of collection, is listed in Table 1.

Table 1 – Customer service RSQ monitoring information and metrics

Customer Service Information / Metric	Source	Collection Frequency
1. What are the ways customers can contact providers (e.g., call centre, email, chat bot, live web chat, messaging, retail stores)? For each of these channels: - during which hours are they available? - do you offer a wait time notification for customers? - do you offer a callback option for customers? - do you offer non-English language options? If yes, what alternative languages are available?	Industry	Quarterly
2. If you offer a callback option for customers, what is the call back success rate (reconnect rate)?	Industry	Quarterly
3. How many customers are contacting their provider, according to channel (number of contacts as calls, emails, chat bot, live web chat, messaging, retail stores)?	Industry	Quarterly
4. How long wait times are when contacting providers, according to channel (average wait time for calls, emails and live web chat)?	Industry	Quarterly
5. How many people abandon contacts before they get through (average abandonment rate for calls and live web chats)?	Industry	Quarterly
6. How long customers spend in contact with their provider when contacting them (average handling times for calls and live web chat)?	Industry	Quarterly
7. How satisfied customers are with their provider's customer service?	Customer Satisfaction Survey	Monthly
8. How satisfied customers are with how quickly issues are resolved?	Customer Satisfaction Survey	Monthly
9. How many issues are resolved the first time consumers contact their provider?	Customer Satisfaction Survey	Monthly
10. How long did it take to resolve their issue successfully and completely?	Customer Satisfaction Survey	Monthly

11. How helpful and knowledgeable their provider's staff are regarding their issue?	Customer Satisfaction Survey	Monthly
12. How easy is their provider is to deal with?	Customer Satisfaction Survey	Monthly
13. How well their provider's staff take ownership of their issue?	Customer Satisfaction Survey	Monthly
14. How satisfied customers are with the broadband installation process from their new provider?	Customer Satisfaction Survey	Monthly
15. How satisfied customers are with their provider's record-keeping from previous dealings on the same issue?	Customer Satisfaction Survey	Quarterly
16. How satisfied customers are with the number of transfers that were necessary to resolve their issue?	Customer Satisfaction Survey	Quarterly
17. What are consumers preferred means of contacting their providers?	Customer Satisfaction Survey	Quarterly
18. How many complaints each provider receives?	TDRS	Quarterly
19. The type of complaints each provider receives.	TDRS	Quarterly

Publishing a Commission RSQ monitoring report

38.   We propose to publish the customer service performance information as part of a new Commission RSQ monitoring report, in order to inform consumer choice.[19]

39.   We are currently developing the format and contents of our RSQ monitoring report. However, we anticipate that it will include the areas shown below, with a view to capturing all elements of our RSQ work programme over time:

  39.1   a full set of granular customer service performance data (as proposed in this section);

  39.2   customer service rankings (as proposed in the next section);

  39.3   customer satisfaction in other RSQ areas:

    39.3.1 coverage and availability;

    39.3.2 speed and stability;

---

[19]   Telecommunications Act 2001 s 9A(1)(f).

39.3.3 billing;

39.3.4 switching;

39.3.5 product disclosure; and

39.3.6 spending and usage transparency.

40. This report will allow the Commission and interested parties to monitor the relative performance of different providers over time in all areas of RSQ, including whether and where performance has improved, and where new RSQ issues may be emerging.

41. At this stage, we anticipate that the report will be published every 6 months. We are also investigating ways that the data could be made available continuously, such as through an interactive portal.

42. An example of how this information could look for customer service using a mock-up of providers and consumer survey data is shown in Figure 2.

Figure 2: Example customer service reporting

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
	Abandonment Rate	10%	9%	7%	8%	11%
	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
	Abandonment Rate	9%	7%	10%	11%	8%
	Average Handling Time (mm:ss)	11:34	9:32	15:24	13:45	10:52

Chapter 3: Publishing provider customer service rankings

Ranking provider customer service levels

43. The second step in our proposed approach is to rank and publish the performance of providers in relation to customer service, so that consumers can factor customer service into their decision-making when choosing a provider.

44. In developing this aspect of our approach, we have drawn on experience in the UK banking sector, where the CMA ranks customer satisfaction with bank services and requires banks to display this information prominently to consumers.[20]

45. The UK experience shows that such a dashboard is a useful way of:

    45.1   highlighting quality of service to consumers;

    45.2   showing the level of performance consumers can expect from different providers;

    45.3   enabling consumers to factor this performance into their decision-making; and

    45.4   increasing pressure on providers to improve their performance.

46. We see a dashboard as key to bringing customer service to the front-end of the decision-making process, enabling consumers to make a more informed choice of provider, and encouraging providers to reflect the demands of consumers.

Behavioural research

47. We engaged Fiftyfive5 to undertake behavioural research to build on the Baseline Report and inform our approach to the design and publication of a dashboard to meet the demands of New Zealand consumers.

48. Fiftyfive5 is a leading independent market research company with expertise in conducting consumer-centric customer service research, quantitative and qualitative analysis and infographic design.[21]

49. We asked Fiftyfive5 to investigate three key areas:

    49.1   how customers currently factor customer service into their decision-making;

    49.2   which aspects of customer service matter most to consumers; and

    49.3   how best to get customer service information in front of consumers.

---

[20]   The CMA approach ranks the performance of each provider and requires providers to display this ranking prominently to consumers, for example in the window of every branch and within one click of a prominent banner on each bank's home page.

[21]   More information about Fiftyfive5 is available at: https://fiftyfive5.com/.

Behavioural research findings

50.   Fiftyfive5's research summary is published alongside this consultation paper.[22] The key behavioural research findings in each of these three areas is summarised below.

51.   The key findings on how customers currently factor customer service into their decision-making were:

    51.1   customer service does not currently factor into consumer decision-making when choosing a new provider: the focus is on product and price related considerations;

    51.2   consumers generally do not think about what could happen if anything goes wrong when choosing a provider. Customer service is not therefore a front-of-mind issue;

    51.3   customer service does matter to consumers, but currently only registers when it is needed, after purchase, by which time it is too late to avoid any deficiencies in the level of customer service offered by the selected provider; and

    51.4   consumers see value in shining a light on customer service to inform their decision-making. This enables them to make a more informed choice of provider and drives improvements in customer service levels so that it better reflects consumer demand.

Figure 3: Consumer view of the initiative

SUCCESSFUL IMPLEMENTATION OF THE INITIATIVE VIEWED AS A POSITIVE DRIVER FOR CHANGE BY CONSUMERS

A POSITIVE INITIATIVE

For telco consumers, the sentiment is clear that the initiative will be of value and to the benefit of customers

The proposed implementation has the potential to illuminate a current blind-spot in making provider decisions, that today results in guesswork regarding customer service, or acceptance of often below-expectation experiences

"I would consult it if I needed it. It's not going to prompt me to act in and of itself, but if, say my provider started delivering poor service, then I might see who people regarded as better so it's not a catalyst to drive change, but is definitely useful"

IMPACT MAY BUILD OVER TIME

Whilst for consumers, the initiative is unlikely to drive wholesale switching of providers, for those with customer service issues and frustrations, the data is welcome tool in seeking better experiences

Longer term, consumers can perceive how publication of this data can nudge providers toward a higher level of customer service, either to rectify poor results, or to provide a competitive edge in the market

"It'll keep the telcos on their toes - it's more about them than it is us!"

"An incentive for the companies to do better"

fiftyfive5

---

[22]   The Fiftyfive5 Telecommunications RSQ Initiative Development Research Summary Report is available at: https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality.

52.   The research:

52.1   reinforced the specific customer service issues that were identified in our
        Baseline Report as shown in Figure 4; and

52.2   validated the customer service information proposed in the previous section
        for ongoing monitoring and reporting.

Figure 4: Customer service issues

COMMON FRUSTRATIONS	LESS COMMON, SPECIFIC EXPERIENCES
• Long wait times, with no call back service • Long wait times…then getting cut off • Inability to get hold of a real person when I need one • Delay tactics; no phone number, chatbots, menus • Lack of ownership, proactivity in resolving issues – high customer effort	Several experiences relayed that illustrate the underwhelming service delivered • Poor notes / record keeping – starting again on follow up calls • Attempts to pass me off, or just follow scripts (have you tried restarting it?) • Addressing of symptoms not causes (repeated issues)

53.   The research also identified the aspects of customer service that matter most to
        consumers. It found that:

53.1   the two areas that matter most are 'speed of resolution' and 'staff
        knowledge' as shown in Figure 5; and

53.2   these two areas are consistently important across all consumer demographics
        as shown in Figure 6.

Figure 5: Most important customer service metrics

Priority metrics
- How quickly issues are resolved — 22%
- How helpful and knowledgeable their staff are with my query / issue — 20%

Secondary metrics
- How easy they are to deal with — 10%
- How well their staff take ownership of my query / issues — 9%
- How satisfied customers are with their customer service — 8%
- How long wait times are when contacting them — 8%
- How many queries / issues are resolved the first time you contact them — 7%

Not to Progress
- What are the ways I can contact them (e.g., call centre, online chat, etc.) — 4%
- How many people give up waiting to talk to a customer service representative before they get through when contacting the — 3%
- How many customers are likely to recommend their customer service to family and friends — 2%
- The type of complaints they receive and how serious they are — 2%
- How many complaints they receive — 1%
- What are their customer service opening hours — 1%

Figure 6: Most important customer service metrics by consumer demographic

	18-34	35-54	54+	Upper North Island	Lower North Island	Upper South Island	Lower South Island	NZ European	Māori
Most important	How quickly the issue was resolved	How quickly the issue was resolved	How helpful and knowledgeable their staff are with my query / issue	How quickly issues are resolved	How quickly issues are resolved	How quickly issues are resolved	How helpful and knowledgeable their staff are with my query / issue	How quickly issues are resolved	How quickly issues are resolved
2nd most important	How helpful and knowledgeable their staff are with my query / issue	How helpful and knowledgeable their staff are with my query / issue	How quickly the issue was resolved	How helpful and knowledgeable their staff are with my query / issue	How helpful and knowledgeable their staff are with my query / issue	How helpful and knowledgeable their staff are with my query / issue	How quickly issues are resolved	How helpful and knowledgeable their staff are with my query / issue	How helpful and knowledgeable their staff are with my query / issue
3rd most important	How easy they are to deal with	How easy they are to deal with	How well their staff take ownership of my query / issues	How easy they are to deal with	How easy they are to deal with	How easy they are to deal with	How easy they are to deal with	How easy they are to deal with	How easy they are to deal with
4th most important	How satisfied customers are with their customer service	How satisfied customers are with their customer service	How easy they are to deal with	How well their staff take ownership of my query / issues	How long wait times are when contacting them	How long wait times are when contacting them	How well their staff take ownership of my query / issues	How well their staff take ownership of my query / issues	How well their staff take ownership of my query / issues
5th most important	How many queries are resolved the first time you contact them	How long wait times are when contacting them	How long wait times are when contacting them	How satisfied customers are with their customer service	How well their staff take ownership of my query / issues	How well their staff take ownership of my query / issues	How long wait times are when contacting them	How long wait times are when contacting them	How satisfied customers are with their customer service

54. The key findings on how best to get customer service information in front of consumers were that:

54.1 a dashboard with providers ranked from best to worst in bar graph format is the most effective from the range of options tested in Figure 7;

54.2 the dashboard should be published on provider websites, as shown in Figure 8, making sure that it is clear to consumers that the ranking is determined by an independent survey conducted by the Commission; and

54.3 consumers would also value the dashboard being published online on the Commission website alongside the more granular data as well as on independent third-party comparison websites and in provider and re-seller stores on pamphlets/posters.

**Figure 7: Dashboard design options**
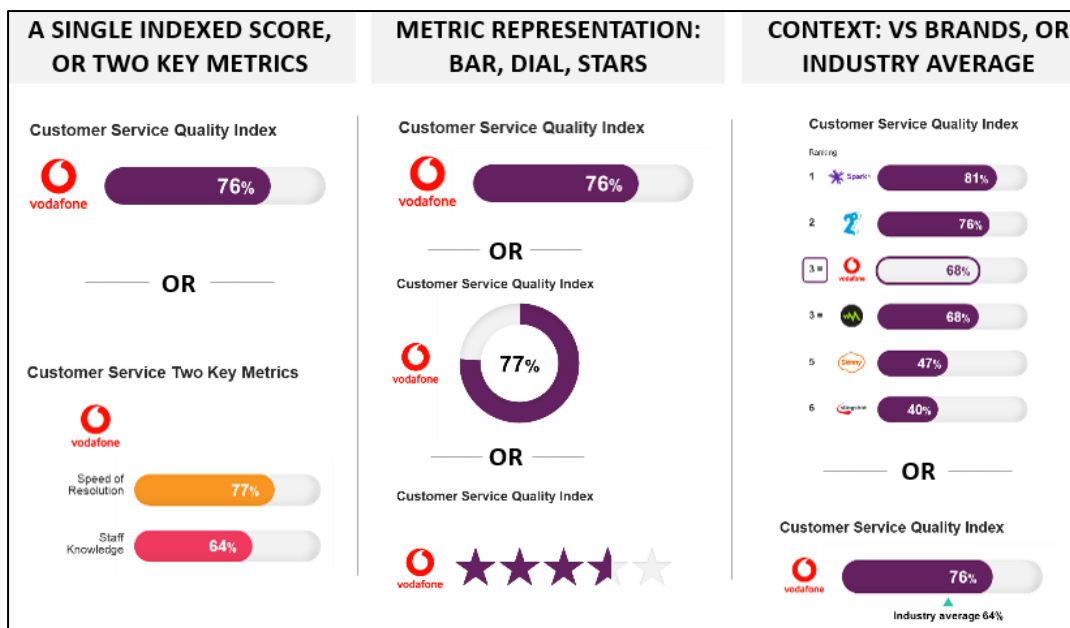
Figure 8: Recommended dashboard publication channels
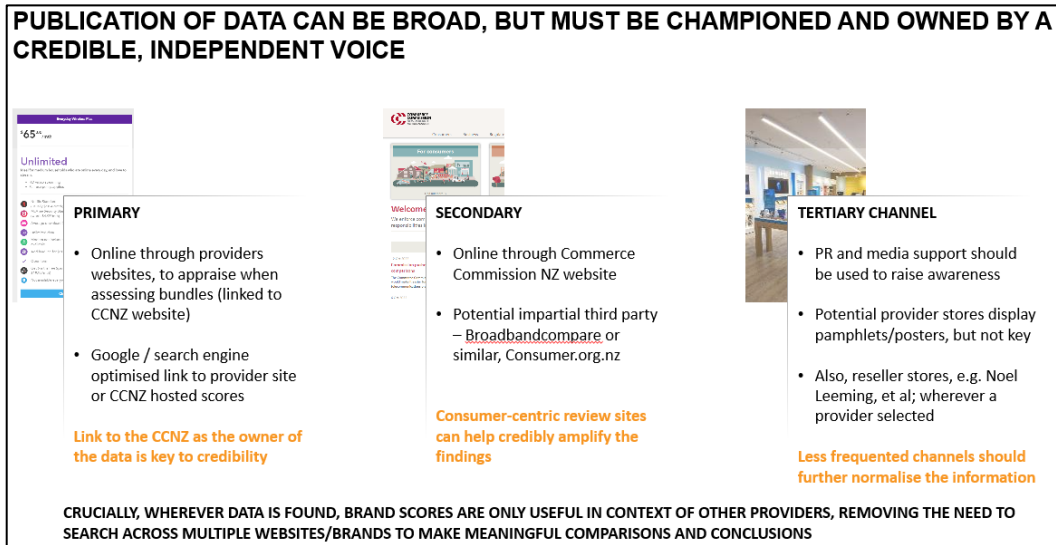
Proposed ranking dashboard implementation

55. We therefore propose to publish a customer service dashboard in the form set out below and expect that this would be published by providers in their sales channels, including online and in-store, as well as on the Commission's website.

56. The dashboard set out in Figure 9 is an example provided for illustrative purposes, using a mock-up of providers and consumer survey data. It demonstrates how would display its results to consumers and highlights the provider's position in the ranking relative to other providers.

Figure 9: Dashboard example
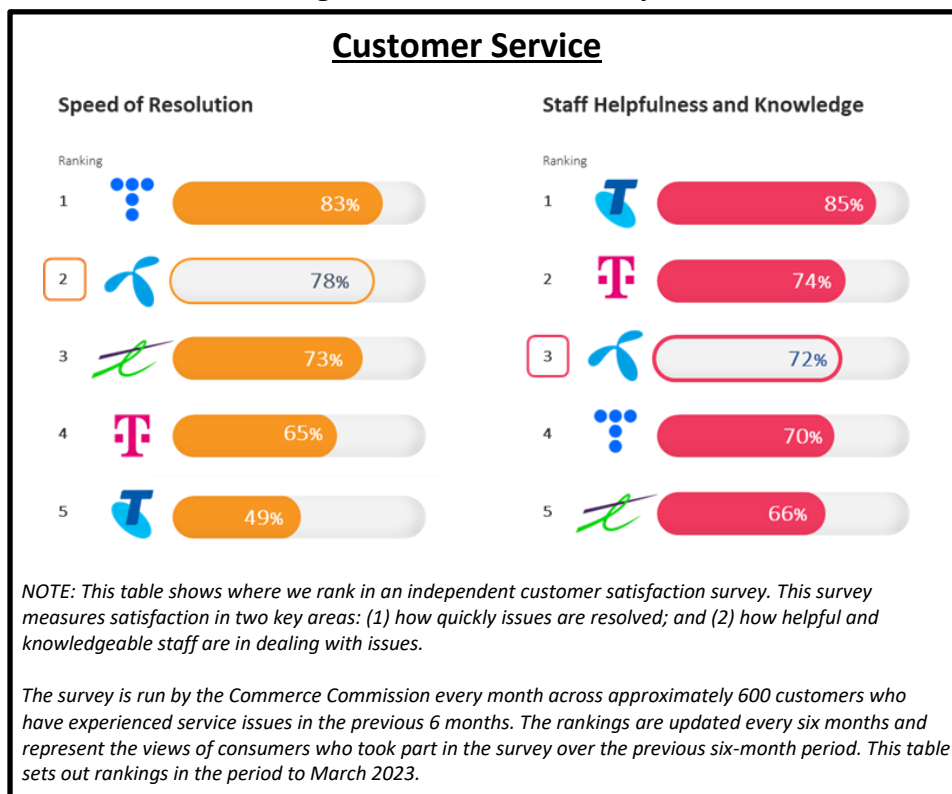
57.   We propose that:

57.1   the dashboard would be updated on a six-monthly basis, with the rankings calculated using data from the monthly customer satisfaction surveys described in Chapter 2 above;

57.2   rankings would be calculated on a rolling six-month basis. This should ensure a stable ranking and provide sufficient data to include as many providers as possible, while also being responsive to provider actions to improve customer service. The rolling average length will be validated as we build up a history of monthly survey data;

57.3   until we have six months of customer satisfaction survey data, the dashboard will be populated with a shorter time horizon. We anticipate the first dashboard will be produced using three months of data (if validated by survey results); and

57.4   the dashboard will start with larger providers and expand to include as many providers as possible when sufficient data is available.

Chapter 4: Consultation questions

Overall proposed approach to informing consumer choice and improving customer service levels

1. Do you agree that our proposed approach to monitoring provider customer service levels and publishing a provider ranking dashboard based on key customer service metrics will be beneficial to consumers by helping to inform their choice of provider and will encourage improvements in customer service?

Monitoring providers' customer service performance

2. Do you agree with the industry-sourced information that we propose to collect from providers, as set out in Table 1? What other information should be included, and why? Should any information be excluded, and why?

3. Do you agree with the proposed calculation methodology for the industry-sourced information based on the metrics set out in Attachment A? If not, why and what do you think is a better way of defining these metrics? How do you believe agreement should be reached on a consistent calculation methodology?

4. Can you produce the industry information using the proposed calculation methodology set out in Attachment A without incurring signification costs? If not, why not?

5. Do you believe the industry-sourced information based on the metrics in Table 1 should be provided by all mobile and broadband providers? If not, why not? Is there a minimum that we should set as a threshold (in terms of number of customers that a particular provider serves) before including them in those providers that we monitor/report on?

6. Can you provide the industry-sourced information on a quarterly basis? If not, why?

7. Can you provide the industry-sourced information for residential and SME customers separately?

8. What is your preferred approach for the Commission requesting this information from industry? Are there benefits to a voluntary approach versus a statutory information request?

Publishing provider customer service rankings

9. Where do you think is the most useful place for providers to publish the dashboard to ensure it is available to consumers (for example, provider homepages, provider mobile and broadband plan webpages, provider brochures and sales collateral and/or provider own branded retail store windows)?

10. We are proposing the dashboard is updated every six months. Do you agree with this frequency? If not, what frequency do you recommend and why?

11. We are proposing that provider rankings are calculated using six-month rolling data. Do you agree with this calculation period? If not, what period do you recommend and why?

12. Do you think that consumers should be provided separate customer service ranking dashboards for mobile and broadband services? Or would a combined dashboard, showing a provider's overall rankings be better for consumers, even if this shows providers who offer both mobile and broadband services alongside broadband only providers?

13. What is your preferred approach for requiring publication of the dashboard by providers, should this be on a voluntary basis, or should the Commission use its RSQ code powers to require this?

Attachment A: Proposed methodology for calculating industry-sourced metrics

A1.   To ensure that the customer service information from industry is meaningful, it needs to be provided on a consistent basis. This will allow consumers to make like-for-like comparisons.

A2.   As part of our RSQ customer service work programme we requested a number of industry participants provide us information on the calculation methodology they use for reporting on certain operational customer service metrics.[23]

A3.   The responses indicated that a wide range of calculation methodologies are used across the industry. This reinforced the need to establish a common definition as part of our customer service monitoring programme.

A4.   We have used this information to develop the proposed calculation methodology set out in Table A1.

Table A1 - Proposed calculation methodology for industry customer service metrics

Customer service metric	Calculation methodology / assumptions
Average wait time (call centre)	Average wait time (call centre) = Sum of all call wait times / Total number of calls that waited in the queue. The wait time is measured starting from when the customer choses the option in the interactive voice response (IVR) to talk to a customer service representative. If there is no IVR, it starts from when the call is connected. This should include all calls, including abandoned and short duration calls.
Average wait time (email)	Average wait time (email) = Sum of all email wait times / Total number of emails sent. The wait time is calculated as the time from when the email was received by the email system to when a personal reply was sent addressing the query, not an automated email response. The wait time should be calculated as total time, not business hours, to standardise across providers who operate with different business hours.
Average wait time (live web chat)	Average wait time (live web chat) = Sum of all live web chat wait times / Total number of live web chats. The live web chat wait time is measured starting from when the customer selects the option to chat with a live agent to when a personal reply is sent addressing the query. It does not include the time engaged with the automated chat bot.

---

[23]   We selected providers of differing sizes to ensure a range of customer service models were captured as part of this survey.

Abandoned rate (call centre)	Abandoned rate (call centre) = Number of calls disconnected by the customer while in the post IVR queue / Number of calls in the post IVR queue. This should include all abandoned calls in the post IVR queue.
Abandoned rate (live web chat)	Abandoned rate (live web chat) = Number of chats disconnected by the customer while waiting for a live agent to respond / Number of chats that select the option to chat with a live agent.
Average handling times (call centre)	Average handling times (call centre) = (Total talk time + total hold time + after call work time) / Total number of calls answered.
Average handling times (live web chat)	Average handling times (live web chat) = (Total chat time + after call work time) / Total number of live chats answered.
Number of contacts by channel (call centre, email, chat bot, live web chat, messaging)	Total number of contacts by channel: call centre, email, chat bot, live web chat, messaging.
Reconnect rate (call centre)	Reconnect rate = Number of customers successfully reconnected through all callback attempts / Number of customers requesting call-backs.

Attachment B: Overview of our RSQ functions and powers under the Telecommunications Act 2001

B1.   This section provides an overview of our RSQ functions and powers.

Monitoring and reporting on retail service quality

B2.   Section 9A provides that we:

B2.1   must monitor retail service quality in relation to telecommunications services;[24] and

B2.2   must make available reports, summaries, and information about retail service quality in a way that informs consumer choice.[25]

Information gathering powers

B3.   In carrying out our monitoring and reporting functions, we can draw on our information gathering powers. Section 98 of the Commerce Act 1986 allows us to require parties to provide existing information.[26]

B4.   Section 10A provides that for the purpose of carrying out our RSQ monitoring and reporting functions, in addition to exercising any other powers under the Telecommunications Act, we may by notice in writing require any provider of telecommunications services to:

B4.1   prepare and produce forecasts, forward plans, historical information, or other information; and

B4.2   apply any methodology or format specified by the Commission in the preparation of forecasts, forward plans, historical information, or other information.

RSQ codes

B5.   Part 7 sets out provisions for us to:

B5.1   issue guidelines on RSQ codes, including advice on what issues are appropriately dealt with by RSQ codes;[27]

B5.2   review industry RSQ codes;[28] and

B5.3   make Commission RSQ codes.[29]

---

[24]   Telecommunications Act 2001, s 9A(1)(e).
[25]   Telecommunications Act 2001, s 9A(1)(f).
[26]   Section 98 of the Commerce Act 1986 is incorporated via section 15(1)(f) of the Telecommunications Act 2001.
[27]   Telecommunications Act 2001, s 234.
[28]   Telecommunications Act 2001, s 235.
[29]   Telecommunications Act 2001, s 236.

B6.   An RSQ code means a code of conduct relating to RSQ that applies to the provision of one or more types of telecommunications service.[30] The purpose of an RSQ code is to improve RSQ to reflect the demands of end-users of telecommunications services.[31]

RSQ guidelines

B7.   Under s 234 of the Act, we may issue guidelines to the telecommunications industry on any matters relating to RSQ codes including advice on which matters are appropriately dealt with by RSQ codes. On 8 November 2021, the Commission issued guidelines in relation to the marketing of alternative technologies during copper withdrawal.[32]

Industry RSQ codes

B8.   We may at any time review an industry RSQ code.[33] After each review we must advise the TCF, the dispute resolution provider for the code (if any), and the Minister of any recommendations for improving the code, and of any recommendations for creating a new code.[34]

B9.   We must also advise the Minister as to whether any previous recommendations have been implemented, and whether in our opinion the code fails to achieve, or a Commission RSQ code would better achieve, the purpose set out in s 233 of the Act.[35]

Commission RSQ codes

B10.   We may make a Commission RSQ code in relation to the provision of one or more types of telecommunications service if: (a) no industry RSQ code has been made in relation to the service; or (b) an industry RSQ code has been made in relation to the service, but in our opinion the code fails to achieve, or a Commission RSQ code would better achieve, the purpose of s 233 of the Act.[36]

B11.   The enforcement provisions under Part 4A of the Act apply in respect of Commission RSQ codes. These include:

    B11.1 the power to issue a civil infringement notice;[37]

    B11.2 applying to the High Court for a pecuniary penalty (a maximum of $300,000);[38] and

---

[30]   Telecommunications Act 2001, s 5.
[31]   Telecommunications Act 2001, s 233.
[32]   Commerce Commission "Guidelines to the telecommunications industry on marketing alternative telecommunications services during the transition away from copper" (8 November 2021).
[33]   Telecommunications Act 2001, s 235(1)
[34]   Telecommunications Act 2001, s 235(3)(a).
[35]   Telecommunications Act 2001, s 235(3)(b)-(c).
[36]   Telecommunications Act 2001, s 236(1).
[37]   Telecommunications Act 2001, s 156B(1)(a).
[38]   Telecommunications Act 2001, s 156B(1)(b).

B11.3   accepting an undertaking under s 156B.[39]

The Telecommunications Dispute Resolution Scheme

B12.   The Telecommunications Dispute Resolution Scheme (TDRS) is the industry dispute resolution scheme. The purpose of the scheme is to ensure that if a consumer has a dispute with a provider in relation to a Commission code (the Commission 111 Contact Code or a Commission RSQ code) or an industry RSQ code, the consumer has access to a dispute resolution scheme for resolving that dispute in accordance with the dispute resolution principles in the Act.[40]

B13.   The Commission is required to review each industry dispute resolution scheme at least once every three years and provide any recommendations to the scheme provider on how to improve the scheme.[41] Currently, there is one industry dispute resolution scheme for telecommunications - TDRS.

B14.   On 11 November 2021, we published our recommendations for improvements to TDRS, as part of our 2021 review.[42]

---

[39]   Telecommunications Act 2001, s 156(1)(c).
[40]   Telecommunications Act 2001, s 247.
[41]   Telecommunications Act 2001, s 246(1); s 246(4).
[42]   Commerce Commission "2021 Review of the Telecommunications Dispute Resolution Scheme" (11 November 2021).