16 March 2023

Tristian Gilbertson
Telecommunications Commissioner
Commerce Commission
By email to: market.regulation@comcom.govt.nz

Tēnā koe

Response to Improving Retail Service Quality: Customer Service

Thank you for the opportunity to respond to the consultation paper - Improving Retail Service Quality: Customer Service.

We consider customer service to be one of our key differentiators in a crowded market, and already feel intense pressure to perform in this area, while remaining cost competitive. We pride ourselves on growing our reputation for great customer service as demonstrated by an increasing list of awards, such as the coveted Energy Retailer of the Year award, and three NZ compare awards, including Best Customer Support.

Despite this we are apprehensive of the customer service comparison regime the Commission has proposed. This sort of comparison regime is difficult, if not impossible to develop in a way that fairly represents differences in customer service. Some of the key reasons for this are:

- Internal definitions and reporting systems within each company are all different, which means some metrics are not directly comparable. Any effort to align reporting standards can be expensive and have questionable value.

- Some metrics can also be misleading of the actual experience. For example, the number of transfers can either be a measure of having a dedicated specialist team for particular issues to ensure customer issues are given the appropriate care, or a measure of disorganisation. The number itself does not tell you which of these is true. Another example is call abandonment rate. We actively promote other self-service channels on our IVR, a customer choosing to take this advice and abandon a call means a better outcome for that customer, as well as freeing up the call queue for issues that require a personal touch.

- New communication methods like chat and other asynchronous engagement have different customer expectations where wait time is less relevant. Conflating different channels into a single metric can be misleading of the customer experience.

- Overseas experience shows that customer service comparison regimes can have limited impact on consumer's decisions,[1] but can impose significant costs to providers, which end up hitting customers in the pocket.

Furthermore, the regime as proposed seems to expect the greatest value from the two priority metrics, but impose the greatest compliance cost in the large number of other metrics that are proposed to be collected. We don't consider that to be an appropriate cost-benefit trade-off.

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[1] https://www.ofcom.org.uk/__data/assets/pdf_file/0030/237639/comparing-customer-service-report-2022.pdf, p3

With all the above in mind, we propose a more targeted implementation of this regime, focussing on metrics that are both an accurate reflection of customer service, and matter most to customers. We propose that this is based on the priority metrics identified by the Commission with some adjustments:

- **Staff helpfulness and knowledge**, we are happy with this metric as proposed.

- **Customer satisfaction with how quickly issues are resolved.** This would replace the 'speed of resolution' metric proposed by the Commission. Depending on the channel customers have different expectations of speed of resolution. Customers expect resolution within hours for messaging or email, but minutes for calls. Conflating these different channels would give a misleading impression. Measuring the satisfaction of speed of resolution avoids this issue.

I have included two attachments to this letter. The first one responds to the consultation questions, and the second provides comments on each of the proposed pieces of information that the Commission proposes to collect.

Please contact me at ███████████████████ if you wish to discuss further.

Ngā Mihi

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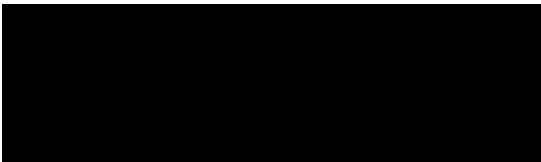
Brett Woods
Head of Regulatory and Government Relations
Contact Energy.

Attachment 1: Response to consultation questions

Question	Contact Energy Response
Overall proposed approach to informing consumer choice and improving customer service levels	
Q1. 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?	We are unsure what impact this scheme will have. We note that in other jurisdictions such as the UK these types of regimes have had limited impact on consumers,[2] while still imposing a significant cost on providers. We recommend that the Commission builds in an evaluation period for this regime to ensure that it provides value for money for consumers.
Monitoring providers' customer service performance	
Q2. 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?	We have provided comments in Attachment 2 on the proposed monitoring information.
Q3. 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?	
Q4. Can you produce the industry information using the proposed calculation methodology set out in Attachment A without incurring signification costs? If not, why not?	
Q5. 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?	Contact Energy is right on the cusp of the 5% market share required for statistical significance. However, many of the customer survey questions are only relevant for customers that have contacted us in the last six months. This could mean that most respondents will not be able to answer those questions, bringing the sample size for those questions down to a very small number. We recommend that the Commission specifies a minimum number of responses per question before they are considered statistically significant, and can be published.

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[2] https://www.ofcom.org.uk/__data/assets/pdf_file/0030/237639/comparing-customer-service-report-2022.pdf, p3

Question	Contact Energy Response
Q6. Can you provide the industry-sourced information on a quarterly basis? If not, why?	Yes
Q7. Can you provide the industry-sourced information for residential and SME customers separately?	Yes
Q8. 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?	We would prefer a voluntary approach.
Publishing provider customer service rankings	
Q9. 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)?	This information should be readily available to customers on a providers web page. A link to this information could be included in the part of the page showing plan choices.
Q10. 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?	.
Q11. 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?	.
Q12. 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?	Customer service metrics have tended to show very different results for broadband vs mobile customers, often driven by the performance of the network provider, rather than customer service differences. To avoid conflating network vs customer service issues mobile and broadband should be reported separately to offer a fair comparison.
Q13. 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?	We prefer a voluntary approach. While we are not currently part of the TCF we comply with all relevant industry codes.

Attachment 2: Comments on proposed information

Source	Customer service information	Contact Energy Comment
Industry	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?	We can provide this information
	2. If you offer a callback option for customers, what is the call back success rate (reconnect rate)?	We can provide this information
	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)?	It would be expensive for us to accurately separate out telecommunications interactions from energy interactions. We have a dedicated broadband help desk, but some broadband related calls are answered by other teams when they do not require specialist knowledge. We have no way of separating out telecommunications queries for e-mail and asynchronous channels.

Source	Customer service information	Contact Energy Comment
	4. How long wait times are when contacting providers, according to channel (average wait time for calls, emails and live web chat)?	It is not appropriate to measure this metric for email and asynchronous channels, and is unlikely to be of value for customers. Customers usually do not expect a fast response time for messages sent by email or chat. For example, we often receive a Facebook message overnight that won't be considered until the next working day. The customer would have no expectation of an earlier response. While this will be true of all providers, the small sample size means that this sort of example may have undue weight on smaller providers like Contact Energy.
	5. How many people abandon contacts before they get through (average abandonment rate for calls and live web chats)?	We don't consider this to be a good measure of customer service. For calls, we include messages in our IVR about other ways consumers can resolve issues, if they take these suggestions that would be counted as an abandonment, but may be a good customer outcome. For that reason we no longer collect or report on this data internally, and we don't consider that the Commission should either.
	6. How long customers spend in contact with their provider when contacting them (average handling times for calls and live web chat)?	We do not consider this to be a reasonable metric for emails and asynchronous channels for the reasons covered above in question 4.
Customer Survey	7. How satisfied customers are with their provider's customer service?	Customer satisfaction is likely to be influenced by our main energy offering. Energy is more of a 'reluctant purchase' than telecommunications, so can have a lower satisfaction score regardless of the level of customer care. For this reason, we recommend that not too much weight is placed on this metric.
	8. How satisfied customers are with how quickly issues are resolved?	We are comfortable with this metric. It is likely a better measure than call wait times, particularly with email and asynchronous channels.

Source	Customer service information	Contact Energy Comment
	9. How many issues are resolved the first-time consumers contact their provider?	We are comfortable with this metric
	10. How long did it take to resolve their issue successfully and completely?	In our experience customers are often not a reliable source of this type of metric. Satisfaction of speed to resolve (Q8) is likely a better measure.
	11. How helpful and knowledgeable their provider's staff are regarding their issue?	We are comfortable with this metric
	12. How easy is their provider is to deal with?	We are comfortable with this metric
	13. How well their provider's staff take ownership of their issue?	We are comfortable with this metric
	14. How satisfied customers are with the broadband installation process from their new provider?	We are comfortable with this metric
	15. How satisfied customers are with their provider's recordkeeping from previous dealings on the same issue?	We are comfortable with this metric
	16. How satisfied customers are with the number of transfers that were necessary to resolve their issue?	We have a dedicated broadband customer service team. If a customer comes through our IVR to a different team, we will transfer them to the broadband team to get the best service. We do not consider it appropriate to measure that this sort of transfer is an indication of bad customer experience. This may create a perverse incentive to stop this level of care.
	17. What are consumers preferred means of contacting their providers?	We are comfortable with this question

Source	Customer service information	Contact Energy Comment
TDRS	18. How many complaints each provider receives?	
	19. The type of complaints each provider receives.	