

Submission on retail service quality survey – consumer pain points

26 February 2021

C H ● R U S

1. Chorus supports the Commission’s retail service quality work programme to better understand issues and opportunities for improving consumer pain points. While we don’t have the same direct relationship with end-users like retailers do, we share an interest in ensuring consumers are well informed and are able to benefit from retail competition for broadband services, supported by our open access wholesale networks.
2. Our fibre broadband network is among the best in the world, accessible to more than 83% of the New Zealand. We are seeing average speeds of over 240 megabits per second, and more and more consumers choosing higher-speed plans, including 17% of consumers who have already chosen 1,000 megabit (1 gigabit).
3. Despite this world class fibre network, our continued investment and its increasing uptake, we’re not seeing the industry take advantage of the full suite of technology options when informing and offering services to consumers. In New Zealand, we often see the headline speed displayed but there is no service comparison tool to help make ‘shopping around’ easy for consumers. I.e. there is no information around what actual speeds they can expect during peak times, and no guaranteed minimum speed.
4. This differs when you look overseas – we set some examples out below.
5. The United Kingdom’s regulator, Ofcom promotes fairness for customers by requiring broadband providers to disclose how fast their service will be before they sign up for a plan, as well as realistic speed expectations at peak times:¹

Figure 1: Ofcom’s Fairness for Customers – how the code works

Under new Ofcom protections, broadband providers must:

1 Provide more realistic speed estimates at the point of sale, which reflect peak times.

Your speed estimate at peak times for postcode XX1 YY2:
19.6Mbit/s to 22.2Mbit/s

2 Always provide a minimum guaranteed speed at the point of sale.

Did you know that if your speed falls below X Mbit/s for a sustained period you may have a right to exit your contract?

3 Let customers walk away penalty-free if speeds fall below the minimum guaranteed level.

Providers will have one month to improve speed before offering right to exit.

For residential customers the right to exit will apply to phone and TV services bought at the same time as broadband.

4 Give you these rights, regardless of their broadband technology.

Copper	✓ Applies
Part or full fibre	✓ Applies
Cable	✓ Applies

6. Similarly, in Australia, the ACCC has guidelines for internet service providers around how to advertise broadband speeds for fixed-line services.² This includes specific ‘labels’ showing how different services will operate during the day (for example

¹ See Ofcom for further information: <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2019/clear-information-before-buy-broadband>.

² See ACCC website: <https://www.accc.gov.au/consumers/internet-landline-services/broadband-speeds>.

morning and evening peak). Providers must also make the speed limitations on fixed-wireless services during peak times due to congestion clear in any advertising.

7. In Ireland, the Irish Commission for Communications Regulation provides a value comparison tool, "Compare",³ which enables customers to make better informed choices when deciding to switch providers or packages. This tool enables consumers to easily see what other packages are on offer and compare value for money across mobile, home phone, broadband and TV bundles.

Figure 2: Commission for Communications Regulation "Compare" tool

Compare Communications Services

Please select one or more services to compare and choose one of the two options below. Selecting multiple services will compare bundles.

I confirm that I have read and accept the [terms and conditions](#) and [model assumptions](#).

Mobile phone/plan
 Broadband
 Home phone
 Television

CALCULATE MY SPEND
 Enter your usage and requirements to calculate exactly what you'll spend on every quad play bundle.

SHOW ME EVERYTHING
 Freely browse every quad play bundle and filter results by price, network, device, and contract type.

8. While the Commission helpfully reports performance across several technologies and their specifications in its Measuring Broadband Report, it is different when you are given direct information from a salesperson or are an average consumer shopping on a retailer's website. There is currently significant diversity in presentation and comparison information.
9. Transparency for consumers is important, not just for ensuring consumers are on appropriate plans that suit their needs, but also for ensuring open and honest sales practices that continue putting competitive pressure on retailers. When consumers are easily able to compare fixed-line broadband with wireless or mobile broadband, they are more likely to choose a service that works well for their needs and location.
10. It is vital that consumers are able to make active, well informed choices and are not adversely impacted by passive and unsolicited selling practices (for example, by having a new technology service imposed on them by virtue of doing nothing – or 'inertia selling').
11. We continue to see on social media platforms (e.g. Facebook, Twitter and Trade Me) consumers continuing to complain about receiving fixed-wireless services that they haven't asked for. This indicates that consumers are feeling ill-equipped to respond to such unsolicited sales practices.
12. Consumers differ greatly in their understanding about their technology options, as well their appetite to make a complaint about their service or experience. This means that consumer facing information should be in a form consumers can easily understand –

³ See Commission for Communications Regulation website: <https://www.comreg.ie/compare/#/services>.

not just about their service and any technology limitations but also about how and where to seek help and / or change plans.

13. We support initiatives to improve and promote consumer transparency and experience. We encourage the Commission to continue monitoring retailer practices, as well as the accessibility and transparency of consumer facing information.
14. It is important that the industry has the appropriate checks and balances to prevent and investigate unfair and unacceptable industry behaviour. We look forward to the Commission's consultation on how retail service quality codes could address this.