

IMPROVING RETAIL SERVICE QUALITY

Final Baseline Report

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Date of publication: 9 December 2021



Foreword

Tēnā koutou

Competition continues to deliver a range of benefits to telecommunications consumers in New Zealand.

However, competition by itself has not addressed all of the retail service quality issues that matter to consumers.

This can be seen in the persistently high level of consumer complaints in the sector over the past decade.

Part 7 of the Telecommunications Act 2001 was developed to address these issues and enables the Commission to take steps to improve retail service quality for consumers.

In developing this report, we have consulted extensively to better understand retail service quality issues, building on the information we already have from earlier work with consumers and industry.

This has included partnering with Consumer New Zealand and Research New Zealand in one of the largest surveys in New Zealand on what issues matter to telecommunications consumers and why.

Our work has given us a deep and detailed view of retail service quality issues. These issues are far-reaching and span all stages of the telecommunications service lifecycle. There is significant opportunity for improvement.

This document summarises the results of our work and will serve as a baseline for our work going forward. Our focus will now shift to systematically addressing these issues for consumers. As a next step, we will soon issue a roadmap for the next phase of our work, which will outline how we plan to close the gap between industry performance and consumer expectations.

I would like to thank the many groups and individuals who took the time to share their views with us during our consultation phase. We plan to talk with a diverse range of stakeholders as we take this work forward.

I encourage everyone to stay involved as our work in this space progresses.

Ngā mihi nui

Tristan Gilbertson
Telecommunications Commissioner

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Associated documents

Publication date	Reference	Title
9 December 2021	ISBN 978-1— 869459-64-2	Improving Retail Service Quality Draft Baseline Report – Response to submissions
8 November 2021	ISBN 978-1- 869459-46-8	Marketing alternative telecommunications services during the transition away from copper
14 September 2021	ISBN no. 978-1- 869459-27-7	Improving Retail Service Quality – Draft Baseline Report
14 September 2021	n/a	Consumer Telecommunications Survey 2021
14 September 2021	n/a	RSQ Facebook survey 2019
30 March 2021	ISBN 978-1- 869458-82-9	Improving Retail Service Quality – Statement of Process
29 October 2021	n/a	Improving Retail Service Quality for Consumers – Open letter
30 November 2018	n/a	Telecommunications Retail Service Quality Framework

Glossary

Term	Definition
The Act	Telecommunications Act 2001
CAB	Citizens Advice Bureau - Ngā Pou Whakawhirinaki o Aotearoa
the Commission	Commerce Commission -Te Komihana Tauhokohoko
Consumer group workshops	The series of workshops we held in 2020/2021 with consumer advocacy groups
Consumer Telecommunications Survey 2021	The survey undertaken by Research New Zealand - Rangahau Aotearoa on our behalf for the purposes of this document
CPE	Customer-premises equipment
ETF	Early termination fees
FWA	Fixed wireless access
ISP	Internet service providers
MBIE	Ministry of Business, Innovation & Employment - Hīkina Whakatutuki
Open letter	Improving retail service quality for consumers open letter we published in October 2020
RSQ	Retail service quality
RSQ Facebook survey	The Facebook survey we undertook in 2019
RSQ Framework	The RSQ Framework we published in 2018
RSP	Retail service provider
Statement of Process	The Statement of Process we published 30 March 2021
TCF	New Zealand Telecommunications Forum Inc.
TDRS	Telecommunications Dispute Resolution Scheme
UDL	Utilities Disputes Limited - Tautohetohe Whaipanga
Wi-Fi	Wireless technology used to connect computers, tablets, smartphones and other devices to the internet

Chapter 1 - Introduction

Purpose of this paper

1. In October 2020, the Commerce Commission (the Commission) published an open letter (the open letter) outlining our intention to ramp up our efforts to improve retail service quality (RSQ) for telecommunications consumers using our powers under Part 7 of the Telecommunications Act 2001 (the Act).¹
2. The purpose of this paper is to present our baseline evidence for the key RSQ matters that we consider need improving and that could be addressed by our RSQ code powers under the Act.
3. Our views are informed by the RSQ information we have gathered, including through responses to the open letter, industry engagement, submissions on our draft baseline report, and a consumer survey.
4. This paper does not cover solutions for the key RSQ matters, how they could be addressed by RSQ codes, or the order in which RSQ matters should be addressed. This will be covered in the next phase of our work programme when we look to develop potential solutions in early 2022.
5. This document does not respond to the submissions made on our draft baseline report. The Commission's responses have been published in a separate document on our website. In finalising this report, we have taken note of submissions and, as a result, we will be looking to this as we develop proposed solutions in 2022.
6. We continue to consider that the RSQ matters identified in the draft baseline report need improving. We will take into account feedback on prioritisation and existing work that is underway in industry when developing solutions.
7. Over time we may identify new RSQ matters, which may also need improving. We may prioritise new RSQ matters further, look to address additional matters as part of the solutions in development, or develop new solutions to address them.

Structure of this paper

8. This paper has the following structure:
 - 8.1 **Chapter 1 – Introduction** including the purpose and structure of this paper, the process to date and next steps.
 - 8.2 **Chapter 2 – RSQ matters for improvement** outlines the key RSQ matters we consider need improving.
 - 8.3 **Chapter 3 – Context** explains the context for this paper, including the developments that have led to the Commission undertaking its RSQ work and an explanation of our RSQ code powers.
 - 8.4 **Chapter 4 – RSQ identification process** explains the process we have undertaken to

¹ All references in this paper are to the Act unless stated otherwise.

determine the key RSQ matters.

- 8.5 **Chapter 5 – Evidence on RSQ matters** sets out the baseline evidence that has informed our key RSQ matters.

Process to date

9. Table 1 summarises our process to date:

Table 1: Summary of process to date

Date	Key process step
18 November 2018	We published a “Telecommunications Retail Service Quality Framework” setting out a high-level process for our RSQ code work (RSQ Framework). ²
October 2020	We published the open letter. ³
November 2020	We had one to one sessions with consumer groups on issues raised in the open letter.
November 2020 – February 2021	We held workshops in Masterton, Wellington, Auckland and Christchurch with representatives from 17 consumer advocacy and community groups about issues consumers are experiencing (consumer group workshops).
February – July 2021	We commissioned social and market research organisation, Research New Zealand, to conduct a survey of New Zealand consumers’ RSQ experience (Consumer Telecommunications Survey 2021).
30 March 2021	We published a Statement of Process setting out the scope of, and timeframes for, our RSQ work programme (Statement of Process). ⁴
March – August 2021	We undertook data gathering and analysis activities to inform our proposed key RSQ matters, including submissions received on the open letter.
September 2021	We published Improving Retail Service Quality – Draft Baseline Report.
October 2021	We received submissions on the Improving Retail Service Quality - Draft Baseline Report.
December 2021	We assessed the submissions received on the Improving Retail Service Quality - Draft Baseline Report and finalised the baseline report.

² Commerce Commission “Telecommunications Retail Service Quality Framework” (30 November 2018).

³ Commerce Commission “Improving Retail Service Quality for Consumers: Open letter” (29 October 2018).

⁴ Commerce Commission “Improving Retail Service Quality: Statement of Process” (30 March 2018).

Next steps

10. This document confirms the list of RSQ matters that need improving. We recognise that there will be a range of potential solutions to improve these RSQ matters. Existing codes, including industry codes will be relevant in this regard.
11. As set out above, this paper does not cover potential solutions for the key RSQ matters, including, for example, how they could be addressed using our RSQ code powers. This will be covered in the next phase of our work programme. In early 2022, we will provide a roadmap that will in part be informed by progress on two key current industry initiatives:
 - 11.1 Delivery by the three mobile network operators of commitments made to the Commission to address transparency and inertia issues in the residential mobile market⁵; and
 - 11.2 Delivery by the New Zealand Telecommunications Forum Inc (TCF) of a binding industry code that implements marketing guidelines issued by the Commission in relation to alternative telecommunications services.
12. These issues deal with important RSQ issues identified in this report and earlier work by the Commission. If the Commission is required to intervene in these areas because the industry response is inadequate, then this will need to be reflected in the workplan as priority areas for action.
13. On other issues, in early 2022, we will undertake activities to identify and test potential solutions to improve the key RSQ matters. We will provide an update on the opportunities to contribute to the identification of solutions and their design and implementation. Once we have considered potential solutions, and how best to prioritise the matters to be addressed, we will publish our roadmap.

⁵ <https://comcom.govt.nz/regulated-industries/telecommunications/monitoring-the-telecommunications-market/topic-papers-other-reports-and-studies/review-of-consumer-mobile-bills>

Chapter 2 – RSQ matters for improvement

14. This chapter sets out the key RSQ matters that we consider need improving and could be addressed by our RSQ code powers under the Act.
15. We explain our RSQ code powers in more detail in the following chapter (Chapter 3: context).

Key RSQ matters for improvement

16. We consider the key RSQ matters, set out in Table 2, need improving and could be addressed by our RSQ powers under the Act.

Table 2: Key RSQ matters for improvement

RSQ category	RSQ matters
Billing	<ul style="list-style-type: none"> • Consumers experience errors in their bills. • Consumers struggle to understand their bills. • Consumers experience bill shock.
Customer service	<ul style="list-style-type: none"> • Consumers face long wait times and multiple transfers when dealing with their RSP. • RSPs keep poor records of previous dealings with customers. • Consumers find it difficult to understand customer service representatives. • Consumers find it difficult to resolve issues. • Consumers lack information about the installation process.
Product disclosure	<ul style="list-style-type: none"> • Consumers find marketing of new technologies inconsistent and confusing. • Product information and service quality do not always match or line up. • “Up-to” advertised performance indicators do not give an accurate indication of expected performance. • Consumers find it difficult to compare plans: <ul style="list-style-type: none"> - Plans are complex with a lot of add-ons and bundled offers. - Usage information is inadequate to assess appropriate plans. - Coverage maps can be inconsistent, inaccurate, or difficult to interpret.
The switching process	<ul style="list-style-type: none"> • Consumers experience issues with the switching process such as double-billing errors, long delays and unreliability. • Consumers expect switching to be difficult.
Contract issues	<ul style="list-style-type: none"> • Consumers face high exit and early termination fees (ETFs). • RSPs unilaterally vary contract terms.

**Debt practices
and
affordability**

- RSPs do not appear to have adequate consumer support, or debt management policies.
- RSPs do not appear to perform basic affordability checks.

Chapter 3 – Context

Why were we given powers to improve RSQ?

17. In 2018, recognising the importance of telecommunications services and the need for improvements in RSQ, Parliament reviewed the Act and gave us new powers and a clear direction to look more closely at consumer outcomes in retail telecommunications markets.
18. At the time, the Ministry of Business, Innovation and Employment (**MBIE**) noted a high level of customer dissatisfaction and complaints generated by the telecommunications sector, including issues of “poor customer service, poor quality products (coverage and speed), difficulties with installations, misleading information and billing disputes”.⁶
19. MBIE also noted that the number of consumers affected by these issues, and the frequency with which the same complaints were raised, suggested that there is a systemic problem in how telecommunications providers engage with consumers.⁷
20. MBIE assessed that the regulatory settings at the time:⁸
 - 20.1 had delivered insufficient information to support effective consumer choice in a rapidly changing environment;
 - 20.2 were over-reliant on industry self-regulation;
 - 20.3 left room for improved consumer responsiveness by retailers; and
 - 20.4 were modest in their attempts to safeguard consumer interests, compared to other similar overseas jurisdictions (for example the United Kingdom and Australia).
21. MBIE suggested that relying on competitive influences and regulation focussed on the wholesale level had not been as effective as hoped. Reducing information asymmetries between suppliers and consumers, having codes and standards of delivery at the retail level, and a credible threat of mandatory consumer code regulation was thought likely to incentivise better coverage and depth of information to consumers and greater responsiveness to consumer preferences (in both price and quality) by suppliers.⁹
22. We were therefore given powers to improve RSQ across all relevant dimensions including, but not limited to, customer service, faults, installation, contracts, product disclosure, billing, switching, service performance, speed and availability.

⁶ Ministry of Business, Innovation and Employment “Regulatory impact statement – Telecommunications Act Review: consumer matters” (30 March 2017), paragraph 5.

⁷ Ibid, at paragraph 18.

⁸ Ministry of Business, Innovation and Employment, “Cabinet paper - Review of the Telecommunications Act 2001: Final Decisions on Fixed Line Services, Mobile Regulation and Consumer Protection” (June 2017), paragraph 8.

⁹ Ministry of Business, Innovation and Employment “Regulatory impact statement – Telecommunications Act Review: consumer matters” (30 March 2017), paragraphs 45-47.

Our RSQ code powers

23. We consider the key RSQ matters, set out in Table 4 above, need improving and could be addressed by our RSQ code powers under the Act. We explain these RSQ code powers below.
24. Part 7 sets out provisions for us to:
 - 24.1 issue guidelines on RSQ codes, including advice on what matters are appropriately dealt with by RSQ codes;¹⁰
 - 24.2 review industry RSQ codes;¹¹ and
 - 24.3 create Commission RSQ codes.¹²
25. An RSQ code means a code of conduct relating to RSQ that applies to the provision of one or more types of telecommunications service.¹³ The purpose of an RSQ code is to improve RSQ to reflect the demands of end users of telecommunications services.¹⁴

RSQ guidelines

26. The Commission can issue guidelines on RSQ codes under s 234. On 8 November 2021 the Commission issued guidelines in relation to the marketing of alternative technologies during copper withdrawal.¹⁵

Industry RSQ codes

27. The Commission may at any time review an industry RSQ code. After each review we must advise the TCF, the dispute resolution provider for the code, and the Minister, of any recommendations for improving the code, and of any recommendations for creating a new code.
28. We must also advise the Minister if previous recommendations have been implemented, and if in our opinion the code fails to achieve, or a Commission RSQ code would better achieve, the purpose of s 233.

Commission RSQ codes

29. We can create a Commission RSQ code in relation to the provision of one or more types of telecommunications service if: no industry RSQ code has been made in relation to the service; or 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.

¹⁰ Telecommunications Act 2001, s 234.

¹¹ Telecommunications Act 2001, s 235.

¹² Telecommunications Act 2001, s 236.

¹³ Telecommunications Act 2001, s 5.

¹⁴ Telecommunications Act 2001, s 233.

¹⁵ On 4 August 2021 we published an [open letter](#) outlining principles for consultation that RSPs should adhere to when marketing alternative services to consumers during copper/PSTN withdrawal.

30. The enforcement provisions under Part 4A of the Act apply in respect of Commission RSQ codes. This includes issuing a civil infringement notice, applying to the High Court for a pecuniary penalty (a maximum of \$300,000), and accepting an undertaking under s 156B. The Telecommunications Dispute Resolution Scheme (TDRS) is the industry dispute resolution scheme available to ensure that, if a consumer has a dispute with an RSP 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. On 11 November 2021, we published our recommendations for improvements to the TDRS, as part of our 2021 review of the TDRS.¹⁶

¹⁶ https://comcom.govt.nz/_data/assets/pdf_file/0020/270083/Report-to-the-New-Zealand-Telecommunications-Forum-on-recommendations-for-improvements-to-the-TDRS-11-November-2021.pdf

Chapter 4 – RSQ identification process

31. This chapter sets out the process we have undertaken to determine the key RSQ matters that we consider need to be improved and could be addressed by our RSQ code powers under the Act.

Information gathering

32. The first step in our process was to identify and gather data from a wide range of sources so that we could compile a list of potential RSQ matters and understand them better.
33. The sources that we used to compile this list included:
- 33.1 Complaints to the Commission and the TDRS (2012 – 2020);
 - 33.2 Consumer NZ’s mobile and internet provider satisfaction surveys (2018 –2020);
 - 33.3 Improving retail survey quality - Facebook survey (2019) (**RSQ Facebook survey**);
 - 33.4 Data from our Mobile Bill Review (2020);
 - 33.5 SamKnows Measuring Broadband NZ data (2019 – 2020);
 - 33.6 MBIE’s New Zealand Consumer Survey (2018, 2020);
 - 33.7 Analysys Mason data - Connected Consumer Survey: mobile services and devices in Australia and New Zealand (2018 –2019);
 - 33.8 Submissions on the open letter (2021 – 2021);
 - 33.9 Consumer feedback from advocacy groups and individuals;¹⁷ and
 - 33.10 Consumer Telecommunications Survey (2021) – Carried out by Research New Zealand, our first large scale, statistically significant consumer survey to measure actual experience of specific areas of RSQ.¹⁸

¹⁷ Commerce Commission “Summary of individual feedback: Improving retail service quality for telecommunications consumers” (30 March 2021).

¹⁸ We have published a [report](#) from Research New Zealand on our website, which provides detail on the methodology used and the results of the survey. The questions for the survey were developed in partnership with Consumer NZ to ensure consistency with previous Consumer NZ surveys.

34. Using the data we gathered from sources above, we compiled the following long list of potential RSQ matters:
- 1 Exaggerated benefits e.g., not mentioning a large ETF accompanying sign-up bonus offers
 - 2 Post-paid mobile products are on a monthly basis, whereas some prepaid products are 28 day - this makes it difficult to compare the price, and some consumers may perceive a 28-day plan to be the same as a monthly plan
 - 3 Bundling is prominent in mobile and fixed and makes it more difficult to compare plans and choose the right one
 - 4 Maximum "up-to" speeds - unable to understand expected experience level or compare between technologies or providers
 - 5 Wi-Fi routers - quality and performance varies - difficult to compare between providers.
 - 6 Coverage information is lacking
 - 7 Consumer ability to pay for their plans or hardware
 - 8 Issues with the installation experience
 - 9 30-day notice periods on open term plans and expired fixed-term plans
 - 10 Flat rate ETFs (early termination fees) - no reduction over time during contract
 - 11 Technology choice - increasingly being determined by RSP based on input costs rather than consumer needs
 - 12 There are no contract notifications when contract terms or introductory offers expire
 - 13 Switching Wi-Fi routers is complex and can be difficult for consumers
 - 14 Switching process takes too long (currently 30-day period allowed)
 - 15 Double-billing for consumers when switching between providers
 - 16 RSP non-return of credit
 - 17 Performance is not meeting expectations - speed, reliability, Wi-Fi
 - 18 Experience does not meet user expectations (combination of speed and coverage)
 - 19 Existing customers excluded from offers - long term customers can suffer a 'loyalty penalty'
 - 20 Uni-lateral update to terms by RSP
 - 21 Mismatch between plans and usage
 - 22 Bill clarity
 - 23 Billing errors
 - 24 Bill shock
 - 25 Additional fees including paper bills, post-shop, credit card
 - 26 Auto-renewal of plans can sometimes lead to unintended purchases
 - 27 Late payments fees are rarely proportional to the size of the overdue amount
 - 28 Overall satisfaction is low
 - 29 Wait times for contacting providers
 - 30 Getting to the right person who has the knowledge or authority to resolve an issue
 - 31 Limited resolution for poor speeds/performance
 - 32 Persistent unresolved issues
 - 33 Warranties and bonds for repairs
 - 34 Difficulty identifying source of issues (wholesaler or retailer or customer)
 - 35 Technician site visit fees charged if fault is deemed "user error" - consumers lack confidence to take the risk in case they are charged a site visit fee
 - 36 RSPs keep poor records of previous dealings with customers
 - 37 Consumers find it difficult to understand customer service representatives
 - 38 Consumers lack information about the installation process
 - 39 Consumers expect switching to be difficult
 - 40 Consumers face high exit and ETFs

RSQ scope

35. Once we compiled the list, we considered the following criteria to determine the RSQ matters that need improving and that could be addressed by our RSQ code powers under the Act. We looked at whether:
- 35.1 these matters met the definition of RSQ in s 5 of the Act; and
 - 35.2 there is sufficient evidence to support further action.

Key RSQ matters for improvement

36. Following this assessment and applying the baseline evidence, we identified a list of key RSQ matters that we considered need addressing in the draft baseline report. We then considered the submissions and consumer feedback we received on our draft report. This final baseline report now confirms the following key RSQ matters that we consider need improving and could be addressed by our RSQ code powers under the Act. These are unchanged from the draft baseline report.

Billing

37. The RSQ matters we identified are:
- 37.1 Consumers experience errors in their bills.
 - 37.2 Consumers struggle to understand their bills.
 - 37.3 Consumers experience bill shock.

Customer service

38. The RSQ matters we identified are:
- 38.1 Consumers face long wait times and multiple transfers when dealing with their RSP.
 - 38.2 RSPs keep poor records of previous dealings with customers.
 - 38.3 Consumers find it difficult to understand customer service representatives.
 - 38.4 Consumers find it difficult to resolve issues.
 - 38.5 Consumers lack information about the installation process.

Product disclosure

39. The RSQ matters we identified are:
- 39.1 Consumers find marketing of new technologies inconsistent and confusing.
 - 39.2 Product information and service quality do not always match or line up.
 - 39.3 “Up-to” advertised performance indicators do not give an accurate indication of expected performance.
 - 39.4 Consumers find it difficult to compare plans:

- 39.5 Plans are complex with a lot of add-ons and bundled offers.
- 39.6 Usage information is inadequate to assess appropriate plans.
- 39.7 Coverage maps can be inconsistent, inaccurate, or difficult to interpret.

The switching process

- 40. The RSQ matters we identified are:
 - 40.1 Consumers experience issues with the switching process such as double-billing errors, long delays and unreliability.
 - 40.2 Consumers expect switching to be difficult.

Contract issues

- 41. The RSQ matters we identified are:
 - 41.1 Consumers face high exit and ETFs.
 - 41.2 RSPs unilaterally vary contract terms.

Debt practices and affordability

- 42. The RSQ matters we identified are:
 - 42.1 RSPs do not appear to have adequate consumer support, or debt management policies.
 - 42.2 RSPs do not appear to perform basic affordability checks.

RSQ criteria

- 43. The RSQ matters in the first five RSQ categories come within the listed examples of RSQ matters set out in s 5 of the Act. These are: billing, customer service, product disclosure, the switching process, and contract issues.
- 44. Debt and affordability practices are not expressly included in the listed examples of RSQ matters in s 5. However, this list is not intended to be exhaustive, and, in our view, these matters directly relate to the way an RSP treats and deals with its customer over the course of a service contract, such that they could reasonably be regarded as falling within the scope of RSQ under s 5. These matters are similar to, and could be considered an aspect of, customer service, contract issues and billing that are listed examples of RSQ matters in s 5. We will be investigating these issues further to understand whether the level of quality reflects the demands of consumers. This may include requesting information from industry participants on current practices, to better understand the issues.

Existing work

- 45. There is existing work underway that has the potential to improve some of the RSQ matters. An example of this includes the marketing of alternative services to consumers during copper/PSTN withdrawal guidelines issued on 8 Nov 2021.

46. The marketing guidelines issued by the Commission aim to ensure consumers will:
- 46.1 have sufficient notice of any change to their copper service so that they are not hurried into making a decision about a replacement service;
 - 46.2 know about the full range of alternative services available to them, which is usually more than just what their provider wants them to buy; and
 - 46.3 know how alternative services are likely to perform – particularly in terms of speeds where providers must now avoid “up-to” or theoretical maximums and use likely actual peak time speeds.
47. This is particularly relevant for the product disclosure RSQ matters listed above.

Matters for a watching brief

48. After assessing the data, it is not clear that the following are RSQ matters that need improving at this time:
- 48.1 Exaggerated benefits e.g., not mentioning a large ETF accompanying sign-up bonus offers.
 - 48.2 No contract notifications when introductory offers expire, or the end of a contract is reached.
 - 48.3 RSPs not returning built up credit when a customer switches.
 - 48.4 Existing customers are excluded from new offers - 'loyalty penalty'.
 - 48.5 Additional fees including paper bills, post-shop and credit card.¹⁹
 - 48.6 Late payments fees are rarely proportional to the size of the overdue amount.
 - 48.7 RSPs require warranties and bonds before sending handsets off for repairs.
 - 48.8 Overall consumer satisfaction with telecommunications services is low.
49. We will maintain a watching brief on these matters. However, as we progress with our work, there may be opportunities to address these additional matters alongside or in combination with other work we are doing either as part of the solutions in development or by prioritising new solutions.

¹⁹ Except where these are hidden/unexpected and contribute to bill shock.

Chapter 5 – Evidence for the RSQ matters

50. This chapter sets out the baseline evidence that has informed the key RSQ matters that we consider need improving and could be addressed by our RSQ code powers under the Act.

Billing

51. Evidence suggests that consumers regularly encounter errors in their bills. Further to this, data suggests that billing issues can be particularly difficult to resolve with customer services. This applies to home internet, landline and mobile markets.
52. Evidence also suggests that some consumers do not regularly open and inspect their bills in detail. According to the Consumer Telecommunications Survey, 87% of respondents who view their bill look at the amount owing. 15% of consumers either infrequently or never check the itemised parts of their bill. Some consumers check the amount owing either from an email from their RSP, or from their banking transactions, and may not open their bill at all. We understand that some consumers may only open and review their bill if the amount falls outside of a “normal” expected range.
53. Billing has been the highest category of complaints made to the TDRS in each of the years from 2013 to June 2020, and complaints and enquires related to billing have increased almost every year.²⁰ While the billing category was the second highest category of complaints in the second half of 2020, it still made up 27% of all complaints and enquiries to the TDRS for that period.²¹
54. Billing-related complaints make up approximately a quarter of all telecommunications complaints made directly to the Commission.

RSQ category	RSQ matter
Billing	<ul style="list-style-type: none"> Consumers experience errors in their bills.

Consumer Telecommunications Survey 2021

55. The Consumer Telecommunications Survey 2021 found that:
- 55.1 For broadband, 13% of respondents had an issue with a bill they had received. This was seen across the larger RSPs ranging from 11% (Trustpower) to 19% (Vodafone). However, Skinny (6%) and Orcon (7%) customers had fewer issues.
- 55.2 For mobile, 10% of respondents had an issue with a bill they received. Skinny customers had fewer issues than other RSPs with 3%. This compares to 8% for 2degrees, 11% for Spark and 12% for Vodafone customers.
- 55.3 Of respondents who viewed their bill, 16% experienced errors in their bill either often, most times or always.

²⁰ TDR “TDR Annual report 2019/20” (2020).

²¹ TDR “TDR Biannual report – July to December 2020” (2020).

Consumer NZ Survey 2019

56. Consumer NZ’s 2019 Internet Service Provider (ISP) survey found that 19% of mobile customers experienced incorrect billing for their mobile service.²²

Consumer Group Workshops

57. Participants of our consumer group workshops indicated that consumers are experiencing ‘more billing errors than they should’.²³

RSQ category	RSQ matter
Billing	<ul style="list-style-type: none">Consumers struggle to understand their bills.

Consumer Telecommunications Survey 2021

58. The Consumer Telecommunications Survey 2021 found that of the respondents who viewed their bill, the following issues were experienced either often, most times or always:
- 58.1 21% had difficulties understanding the language and terms RSPs use in their billing;
 - 58.2 22% had difficulties understanding how their bill is calculated; and
 - 58.3 20% had confusion around the cost of their service because it is bundled with other services or utilities.

Consumer Group Workshops

59. Participants of our consumer group workshops indicated that:
- 59.1 consumers struggle to understand the information provided in their bills; and
 - 59.2 consumers find billing documentation is confusing, overcomplicated and includes a lot of jargon. They also noted that it is often difficult to identify billing errors due to the complexity of the bill.²⁴

Open Letter Submissions

60. Consumer feedback to the open letter noted that bills often have a complicated layout and do not clearly display the required information.²⁵

²² Commerce Commission “Summary of views expressed: Consumer representative group workshop” (30 March 2021) at paragraph 23.

²³ Commerce Commission “Summary of views expressed: Consumer representative group workshop” (30 March 2021) at paragraph 23.

²⁴ Commerce Commission “Summary of views expressed: Consumer representative group workshop” (30 March 2021) at paragraph 24.

²⁵ Commerce Commission “Summary of individual feedback: Improving retail service quality for telecommunications consumers (30 March 2021) at pages 10 and 22.

61. In its submission to the open letter, Citizens Advice Bureau (CAB) said:²⁶

We regularly get clients who are unable to understand their billing from telco companies, particularly where there are multiple services or bundled services involved.

RSQ category	RSQ matters
Billing	<ul style="list-style-type: none">• Consumers experience bill shock.

Consumer Telecommunications Survey 2021

62. The Consumer Telecommunications Survey 2021 found that of the respondents who viewed their bill, the following issues were experienced either often, most times or always:

62.1 19% experienced unexpected charges (e.g., roaming); and

62.2 20% had unexpected fees (e.g., late fees).

Consumer NZ Survey 2019

63. Consumer NZ's 2019 Mobile Survey found that 24% of mobile customers experienced an unexpected charge in 2019.²⁷

Consumer Group Workshops

64. Participants of our consumer group workshops indicated that:

64.1 consumers experience bills which include charges that have not been agreed; and

64.2 it is often difficult for consumers to identify billing errors due to the complexity of the bill.²⁸

Customer service

65. Evidence suggests that some consumers are dissatisfied with the customer service they receive from their RSPs. This applies to home internet, landline and mobile markets.

²⁶ Citizens Advice Bureau NZ "Submission on open letter Improving Retail Service Quality Consumers (26 February 2021) at page 2.

²⁷ Raw data from the Consumer NZ mobile survey 2019 provided to the Commission.

²⁸ Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at paragraph 23

RSQ category	RSQ matter
Customer Service	<ul style="list-style-type: none"> Consumers face long wait times and multiple transfers when dealing with their RSP.

Consumer Telecommunications Survey 2021

66. The Consumer Telecommunications Survey 2021 found that of respondents who have had contact with their RSP in the last two years, the following contributed to the effort of dealing with their RSP:
- 66.1 62% said that waiting for a long time before getting to speak/communicate with someone contributed a lot;
 - 66.2 61% said that being transferred to and needing to repeat themselves to multiple people contributed a lot; and
 - 66.3 57% of respondents said the staff not having knowledge/authority to make decisions/take action contributed a lot.

Other Supporting Evidence

67. Consumer NZ's 2019 survey found that 72% of fixed and 71% of mobile customers experienced long wait times.^{29,30}
68. MBIE's 2020 NZ consumer survey found that "compared to other categories, problems with home-based telecommunications services can be time consuming to resolve. Those who experienced an issue are more likely than average to say it took five hours or more to resolve (55% compared to 29% across all categories)".³¹

Consumer Group Workshops

69. Participants of our consumer group workshops indicated that:
- 69.1 consumers face long wait times to get through to call centres;³²
 - 69.2 RSPs should be more transparent with call waiting times so consumers are aware of how much time they will have to wait;³³ and
 - 69.3 consumers find it difficult to get through to the right customer services support person and find it frustrating when they are transferred.³⁴

²⁹ Raw data from the Consumer NZ ISP survey 2019 provided to the Commission.

³⁰ Raw data from the Consumer NZ mobile survey 2019 provided to the Commission.

³¹ Ministry of Business, Innovation & Employment "New Zealand Consumer Survey 2020" (2020) at page 48.

³² Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at paragraph 25.

³³ Ibid.

³⁴ Ibid, at paragraph 34.

Open Letter Submissions

70. Feedback to the open letter said that while some issues can be resolved immediately, others can take a significant period of time and require elevation to more senior customer service members, which can cause significant delays.³⁵

71. In its submission to the open letter, CAB stated:³⁶

Telcos are providing essential, sometimes vital, communication services. Ironically though, our enquiries indicate that customers are often very poorly served when they try to communicate with their telco. Long waiting times and other barriers to communication are unacceptable obstacles to consumers being able to seek assistance, report a problem and exercise their right to complain or seek redress

We regularly have clients who have had significant problems or delays connecting services. There is often confusion for clients about which company is responsible for what when a new service is being installed, often due to poor communication from the retail provider about what the process is.

CABs frequently see clients who are stressed and desperate because the telco has not taken action to resolve their issue or complaint. This may well be a 'side-effect' of the communication problems highlighted above. Sometimes the delayed resolution has had unpleasant consequences for the client, such as debt collectors becoming involved.

RSQ category	RSQ matter
Customer service	<ul style="list-style-type: none">RSPs keep poor records of previous dealings with customers.

Consumer Group Workshops

72. Participants of our consumer group workshops indicated that:

72.1 When issues are not resolved the first time, consumers must follow up with customer services and often have to repeat their requests when customer services do not adequately record the initial enquiry, creating frustration for consumers.³⁷

72.2 Consumers are often faced with having to repeat details when contacting an RSP about an existing issue.³⁸

³⁵ Commerce Commission "Summary of individual feedback: Improving retail service quality for telecommunications consumers" (30 March 2021) at page 8.

³⁶ Citizens Advice Bureau New Zealand "Submission on open letter Improving retail service quality for consumers" (26 February 2021) at pages 2 and 3.

³⁷ Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at page 5.

³⁸ Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at page 5.

Open Letter Submissions

73. Feedback to the open letter said that consumers are often faced with having to repeat details when contacting an RSP about an existing issue.³⁹

RSQ category	RSQ matter
Customer Service	<ul style="list-style-type: none">Consumers find it difficult to understand customer service representatives.

Consumer Telecommunications Survey 2021

74. The Consumer Telecommunications Survey 2021 found that of respondents who have had contact with their RSP in the last two years, 49% said that having difficulties understanding the staff (e.g., accent or speaking too quickly) contributed to the effort of dealing with their RSP.

Consumer Group Workshops

75. Participants in our consumer group workshops said:
- 75.1 where overseas based call centres are used and English is not the first language, representatives do not understand colloquialisms, which can make getting support or resolution more challenging; and
- 75.2 differences in accents can impact the effectiveness of communication.⁴⁰

RSQ category	RSQ matter
Customer Service	<ul style="list-style-type: none">Consumers find it difficult to resolve issues.

Consumer Telecommunications Survey 2021

76. The Consumer Telecommunications Survey 2021 respondents who have had contact with their RSP in the last two years said the following contributed to the effort of dealing with their RSP:
- 76.1 57% said the staff not having knowledge/authority to make decisions/take action contributed a lot;
- 76.2 50% said customer service not being available when required contributed a lot;
- 76.3 49% said the staff not getting back to them or being disconnected from customer service contributed a lot; and
- 76.4 48% said having difficulties finding the contact details for customer service contributed a lot.

³⁹ Ibid, at page 5.

⁴⁰ Commerce Commission “Summary of views expressed: Consumer representative group workshop” (30 March 2021) at page 5.

77. The Consumer Telecommunications Survey 2021 respondents who contacted their RSP to get information about a service were asked how they would improve the way in which their RSP deals with its customers for this purpose:

77.1 28% said they would improve how easy it is to get through to their RSP; and

77.2 23% said they would improve staff's authority to resolve issues.

78. Of all respondents who had an issue and had contacted their provider:

78.1 54% said it took a lot of effort to deal with their RSP about an issue;

78.2 57% were either satisfied or very satisfied with their RSP's response;

78.3 27% were neutral about their RSP's response; and

78.4 16% were dissatisfied or very dissatisfied with their RSP's response.

RSQ Facebook Survey

79. The RSQ Facebook survey identified a theme that consumers trying to find a resolution to a broadband fault are unsure whether the fault lies with their RSP or the wholesale provider, and do not understand the relationship between the two.

Consumer Group Workshops

80. Participants of our consumer group workshops indicated that:⁴¹

80.1 consumers find it difficult to get a resolution from customer service channels, with consumers being unsure of what contact channel to use; and

80.2 some consumers will avoid seeking any assistance due to the difficulty and time required to get through to customer services.

Open Letter Submissions

81. Feedback to the open letter said that:

81.1 customer service channels are not easy to contact;⁴²

81.2 consumers find it difficult to get a resolution when they experience performance or reliability issues;⁴³ and

81.3 reliability issues are left unresolved as it is too difficult to get help.⁴⁴

82. RSPs may charge consumers a technician call-out fee for faults in relation to their telecommunications services. In its submission to the open letter:

⁴¹ Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at page 5.

⁴² Commerce Commission "Summary of individual feedback: Improving retail service quality for telecommunications consumers (30 March 2021) at page 23.

⁴³ Ibid, at page 5.

⁴⁴ Ibid, at page 10.

- 82.1 Rural Connect said the threat of a fee if no fault is found discourages people from reporting faults (particularly people with less knowledge of technology).⁴⁵
- 82.2 Ultrafast Fibre Limited said its service desk and NOC (network assurance) teams are often called by customers because of their RSP's long call wait times to find out about simple things (e.g., how to fix a problem, RSP modem not working, etc).⁴⁶

RSQ category	RSQ matter
Customer Service	<ul style="list-style-type: none"> • Consumers lack information about the installation process.

Consumer Telecommunications Survey 2021

- 83. The Consumer Telecommunications Survey 2021 asked those who had contact with their RSP in the last two years to arrange a new connection/installation how they would improve the way in which their RSP deals with its customers for this purpose:
 - 83.1 25% of respondents said they would improve the clarity of information provided about the installation process (this was the highest response); and
 - 83.2 17% said they would improve the clarity and information provided about the terms and conditions of the installation.

Product disclosure

- 84. Evidence suggests that fibre services are marketed across most RSPs with common “up-to” performance claims, with some providing a range. For copper and fixed wireless services, a generic expected range is sometimes provided, which is typically based on the wholesale service rather than measured performance for end users. Consumers find it difficult to get a resolution of poor performance, and “up-to” marketing appears to reduce the accountability of RSPs by presenting theoretical maximum speeds as opposed to likely actual peak time speeds.
- 85. Evidence also suggests that internet performance does not appear to be meeting the expectations set by RSPs’ marketing. Further, the lack of consistency in contract length durations across RSPs, makes it difficult for consumers to perform a like-for-like comparison across RSPs and plans.
- 86. Coverage maps can be inconsistent, inaccurate, and hard to find on an RSPs’ website. We understand this makes it difficult for a consumer to choose an RSP that will provide the coverage they need, as there is no readily available method for testing coverage prior to purchasing a service. Further, there is no single source location where a consumer can compare coverage where common language and terminology and methodology is used.
- 87. Evidence suggests that consumers:
 - 87.1 struggle to match their usage to their plans;

⁴⁵ Rural Connect “Submission on open letter Improving Retail Services Quality for Consumers (26 February 2021) at page 3.

⁴⁶ Ultrafast Fibre Ltd “Submission on open letter Improving Retail Services Quality for Consumers (26 February 2021) at page 9.

- 87.2 do not receive adequate data or information to enable them to choose the most appropriate plan; and
 - 87.3 find the complexity of plans make it difficult to compare and choose the right plan.
88. Evidence suggests bundling can offer value to consumers, but it can also cause additional information complexity, which can differ across individual offers and RSPs.

RSQ category	RSQ matter
Product disclosure	<ul style="list-style-type: none"> • Consumers find marketing of new technologies inconsistent and confusing.

Consumer Telecommunications Survey 2021

89. The Consumer Telecommunications Survey 2021 respondents who contacted their RSP to get information about a service were asked how they would improve the way in which their RSP deals with its customers for this purpose:
- 89.1 16% said they would improve the clarity of information provided; and
 - 89.2 13% said they would improve the clarity of RSP terms and conditions for their services and products (e.g., fees/pricing, specifications, performance, coverage and availability).

RSQ category	RSQ matter
Product disclosure	<ul style="list-style-type: none"> • Product information and service quality do not always match or line up.

Consumer Telecommunications Survey 2021

90. The Consumer Telecommunications Survey 2021 found that, in the last two years:
- 90.1 18% of internet users and 12% of mobile users had an issue with service availability; and
 - 90.2 31% of internet users and 11% of mobile users had an issue with service performance.
91. The Consumer Telecommunications Survey 2021 also found that:
- 91.1 12% of respondents said the last time they had contact with their RSP to report a fault, it was due to the service performing slower than expected; and
 - 91.2 41% of respondents who had an issue said the one that had the biggest impact for them was an issue with service performance (speed, stability, fault).

Other Supporting Evidence

92. MBIE’s 2020 NZ consumer survey found that 41% of survey respondents whose most recent problem was in the Home-Based Telecommunications Services category, said a cause was because the product/service was different from what was expected or did not work. A further 26% said it was because of an issue with quality. Another 23% said a cause was incorrect/misleading information.⁴⁷
93. Our RSQ Facebook survey indicated that:
- 93.1 for a significant number of consumers, the performance of their home internet service is not meeting the expectations set by their RSP; and
 - 93.2 some consumers do not feel that it is worth the time to attempt to resolve performance issues.

Open Letter Submissions

94. Feedback to the open letter said that:
- 94.1 in-home performance is not meeting consumer expectations;⁴⁸
 - 94.2 consumers are not receiving telecommunications services that meet advertised speeds;⁴⁹
 - 94.3 consumers find it particularly difficult to resolve reliability issues;⁵⁰
 - 94.4 coverage maps are not good at highlighting dead-spots;⁵¹ and
 - 94.5 consumers do not trust coverage maps.⁵²

RSQ category	RSQ matter
Product disclosure	<ul style="list-style-type: none">• “Up-to” advertised performance indicators do not give an accurate indication of expected performance.

Consumer NZ Survey

95. The 2019 Consumer NZ ISP survey found that 66% of home internet consumers experience slower than expected speeds in 2019. The same survey for 2018 found that 71% experienced than expected speeds.^{53,54}

⁴⁷ MBIE “New Zealand Consumer Survey 2020” (May 2020) at page 48.

⁴⁸ Commerce Commission “Summary of individual feedback: Improving retail service quality for telecommunications consumers (30 March 2021) at page 27.

⁴⁹ Ibid, at page 10.

⁵⁰ Ibid, at page 5.

⁵¹ Ibid.

⁵² Ibid.

⁵³ Raw data from the Consumer NZ ISP survey 2019 provided to the Commission.

⁵⁴ Raw data from the Consumer NZ ISP survey 2018 provided to the Commission.

Open Letter Submissions

96. Consumer feedback to the open letter said that they are not receiving telecommunications services that meet advertised speeds.⁵⁵

RSQ category	RSQ matter
Product disclosure	<ul style="list-style-type: none">• Consumers find it difficult to compare plans:<ul style="list-style-type: none">○ Plans are complex with a lot of add-ons and bundled offers.○ Usage information is inadequate to assess appropriate plans.○ Coverage maps can be inconsistent, inaccurate, or difficult to interpret.

Consumer Telecommunications Survey 2021

97. Consumer Telecommunications Survey 2021 respondents who contacted their RSP to get information about a service were asked how they would improve the way in which their RSP deals with its customers for this purpose:

97.1 16% said they would improve how easy it is to compare their RSP's information with the same information for other services/products they offer; and

97.2 15% said they would improve how easy it is to compare their information with the same information for similar services/products offered by other companies.

RSQ Facebook Survey

98. Our RSQ Facebook survey told us:

98.1 consumers have a difficult time testing mobile coverage prior to making a purchase; and

98.2 consumers gave negative feedback about coverage.

Open Letter Submissions

99. Consumer feedback to the open letter said:

99.1 while they may change plans to get what is perceived as a cheaper option, they can be faced with higher bills because they are unable to determine whether a cheaper plan is appropriate based on their usage behaviour;⁵⁶ and

99.2 they find it difficult to compare plans with different usage periods (28-day plans require 13 payments a year, whereas monthly plans require 12 payments a year).⁵⁷

⁵⁵ Commerce Commission "Summary of individual feedback: Improving retail service quality for telecommunications consumers (30 March 2021) at page 10.

⁵⁶ Commerce Commission "Summary of individual feedback: Improving retail service quality for telecommunications consumers" (30 March 2021) at page 9.

⁵⁷ Commerce Commission "Summary of individual feedback: Improving retail service quality for telecommunications consumers" at page 24.

100. In its submission to the open letter, CAB stated:⁵⁸

We regularly get clients who are unable to understand their billing from telco companies, particularly where there are multiple services or bundled services involved.

Consumer Group Workshops

101. Participants of our consumer group workshops indicated that:

101.1 coverage maps were not particularly consistent or reliable, and that mobile performance is not meeting expectations set by RSPs;

101.2 consumer feedback has demonstrated that consumers find it difficult to compare and assess coverage for their specific locations. Coverage maps are difficult for comparing across RSPs and are not reliable at highlighting coverage and performance at locations that matter to the individual consumers;

101.3 consumers are unable to easily test coverage of RSPs at locations that are important to them (such as at home or work) before purchasing a service and may only be able to resolve an issue of poor coverage by changing to another RSP;

101.4 consumers are either unaware of, or do not understand, their usage requirements, which can result in them buying services that they do not need at a higher cost; and

101.5 consumers find product offers complex, and offer details are not clear or transparent on RSP websites.⁵⁹

The switching process

102. Evidence suggests that consumers are experiencing delays and difficulties when switching home internet or landline RSPs, and sometimes technologies where RSP and wholesaler switching processes do not align.

103. We understand that, in some cases, consumers continue to be billed by an old RSP after services have been switched to a new RSP.

104. We also understand that contractual obligations contribute to issues in processes between losing and gaining RSPs, such as a consumer's requirement to provide notice to the losing RSP.

105. Evidence suggests consumers view switching as difficult, unreliable and that the switching process takes too long. This perception of the costs of switching acts as a barrier to consumers who are considering switching RSPs. Consumers may be less inclined to act on a choice for RSP that better meets their need due to the risk of something going wrong in the switching process.

⁵⁸ Citizens Advice Bureau NZ "Submission on Retail Service Quality for Consumers" at page 2.

⁵⁹ Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at page 6.

Consumer Telecommunications Survey 2021

106. Regarding the switching process, the Consumer Telecommunications Survey 2021 found that, for all respondents including those who have not switched over the last two years:
- 106.1 3% of internet users and 2% of mobile users had an issue with the disconnection of a service (including switching to a new company); and
 - 106.2 10% of internet users and 5% of mobile users had an issue with a new connection/installation.
107. When looking at just the respondents who have switched RSPs in the past two years:
- 107.1 31% said it took a lot of effort to deal with the RSP. 35% were neutral and 35% said it took no or very little effort; and
 - 107.2 41% were satisfied with the contact they had with the RSP they switched from. 30% were neutral and 22% were dissatisfied.
108. This compares to 55% satisfied with the contact they had with the RSP they switched to. 32% were neutral and 9% were dissatisfied.

RSQ category	RSQ matter
The switching process	<ul style="list-style-type: none">• Consumers experience issues with the switching process such as double-billing errors, long delays and unreliability.

Consumer NZ Survey

109. In its 2019 consumer ISP survey, Consumer NZ found that 52% of consumers who had switched within the last 12 months had experienced a problem, and delays with the connection was the most common problem that was experienced.⁶⁰

Open Letter Submissions

110. In its submissions on the open letter:
- 110.1 Trustpower said that 30-day notice periods can result in consumers being billed for unused services for a period of time. It also provided examples that demonstrated issues for fibre switching processes that cause delays and double-billing. Trustpower said:⁶¹

There are a number of pain points that can arise for consumers during the switching process, including the potential for significant delays in switching providers, incorrect and multiple billing, incorrect service transfer, loss of services during transfer and limited transparency around status of transfers.

⁶⁰ Raw data from the Consumer NZ ISP survey 2019 provided to the Commission.

⁶¹ Trustpower "Submission on open letter Improving Retail Service quality for Consumers" (26 February 2021) at paragraph 1.2.3.

110.2 Nova Energy provided examples where wholesale processes could impact its ability to transfer a customer to its services and increase the complexity of the process for the consumer.⁶² Nova Energy also raised specific transparency issues in the supply chain that may increase the likelihood of switching issues.

110.3 Utilities Disputes said:⁶³

We are seeing energy providers using third party internet service providers (ISPs) to provide fibre services which in some cases can lead to consumer dissatisfaction. UDL has taken a snapshot of some of the complaints relating to bundled services over the past 12 months. Most of these complaints fall outside the jurisdiction of our schemes and were passed on to the telecommunications dispute scheme provider. We received 10 complaints where the consumer believed the install of their fibre took too long; 14 complaints where there was a lack of communication and consultation about fibre installation; 7 complaints where there was a misunderstanding of the contract.

RSQ category	RSQ matter
The switching process	<ul style="list-style-type: none"> Consumers expect switching to be difficult.

Consumer NZ Survey

111. In its 2019 consumer ISP survey, Consumer NZ found that of consumers who had not switched RSPs within the last 12 months, 29% gave the reason that it was too much effort to change RSPs.⁶⁴

Open Letter Submissions

112. In feedback to the open letter, consumers said that they were not willing to risk switching RSPs and being left without a service if something goes wrong. One consumer said:⁶⁵

I am extremely dissatisfied with my current reseller - but too scared to switch providers for when the ball is dropped and I have no service.

Consumer Group Workshops

113. Participants of our consumer group workshops indicated that:⁶⁶

113.1 some consumers find it particularly challenging setting up a service with a new RSP, and may be less willing to change RSPs as a result; and

⁶² Nova Energy "Submission on open letter Improving Retail Service quality for Consumers" (26 February 2021) at paragraph 5.

⁶³ Utilities Disputes "Submission on open letter Improving Retail Service quality for Consumers" (22 February 2021) at pages 3 and 4.

⁶⁴ Raw data from the Consumer NZ ISP survey 2019 provided to the Commission.

⁶⁵ Commerce Commission "Summary of individual feedback: Improving retail service quality for telecommunications consumers" (30 March 2021) at pages 5 and 27.

⁶⁶ Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at pages 5 and 6.

- 113.2 consumers who stay with their RSP can pay more than new customers who have switched.

Contract issues

- 114. Evidence suggests that consumers are experiencing ETFs when exiting their contracts which they find unfair and not commensurate to the actual cost of the cancellation to the RSP. Notice periods imposed for mobile and broadband service plans have also been expressed as an issue.
- 115. Evidence also suggests that consumers are unhappy when RSPs vary key contract terms (including price) during a fixed-term contract without allowing them to, or notifying them that they can, exit their contract without a penalty or charge.

RSQ category	RSQ matter
Contract issues	<ul style="list-style-type: none"> • Consumers face high exit and ETFs.

Consumer Telecommunications Survey 2021

- 116. The Consumer Telecommunications Survey 2021 found that of respondents who said they switched RSP, 46% of respondents were satisfied with their previous RSP regarding the clarity of information provided in terms of ETFs.
- 117. The Commission consumer survey found that of the respondents who contacted their RSP about an issue with their contract:
 - 117.1 22% said it was about a contract term they felt was unfair; and
 - 117.2 7% said it was because of an issue with ending their contract.
- 118. In the past two years, 6% of internet and mobile users had an issue with the terms and conditions of a contract/plan.
- 119. 53% of respondents who contacted their RSP regarding a contract issue were satisfied the contact they had. 32% were neutral and 14% were dissatisfied.

RSQ Facebook Survey

- 120. Our RSQ Facebook survey found:
 - 120.1 consumers expressed frustration with ETFs restricting them from leaving an RSP when service had been very poor;
 - 120.2 ETFs are considered barriers for consumers wanting to leave their RSP; and
 - 120.3 consumers felt frustration with having to provide a month notice or pay for an additional month to change RSPs.

Consumer Group Workshops

121. Participants at the consumer group workshops identified 30-day notice periods as a pain point that adds complexity to choice and increases the costs of switching.⁶⁷

Other Supporting Evidence

122. A number of complaints made to the Commission relate to ETFs and notice periods.
123. One third of contract-related complaints to the TDRS are about ETFs.⁶⁸

Open Letter Submissions

124. In feedback to the open letter, consumers indicated that notice periods are a pain point which increased the costs of switching RSPs. Consumers said they feel they should be able to switch when a decision is made, rather than wait 30 days or pay twice during the notice period.⁶⁹

125. In their submissions to the open letter:

125.1 CAB told us:⁷⁰

We see many examples of clients being asked to pay an early termination fee in situations where this does not seem fair or reasonable – most often the client is seeking to end the contract early because the telco has not provided the service it had promised. Clients in this situation are often unaware that they might be covered by the Consumer Guarantees Act.

- 125.2 Trustpower stated that 30-day notice periods can result in consumers being double-billed and that a shorter switching time would enable a better consumer experience.⁷¹

- 125.3 CAB also said that its clients are often unaware of the requirement to give 30 days' notice.⁷²

⁶⁷ Commerce Commission "Summary of views expressed: Consumer representative group workshop" (30 March 2021) at paragraph 14.

⁶⁸ TDRS 2019-2020 complaints data provided to the Commission.

⁶⁹ Commerce Commission "Summary of individual feedback: Improving retail service quality for telecommunications consumers" (30 March 2021) at page 5.

⁷⁰ Citizens Advice Bureau NZ "Submission on open letter Improving Retail Service Quality for Consumers" (30 March 2021) at page 2.

⁷¹ Trustpower "Submission on open letter Improving Retail Service Quality for Consumers" (30 March 2021) at paragraph 1.2.7(a).

⁷² Citizens Advice Bureau NZ "Submission on open letter Improving retail service quality for consumers" (26 February 2021) at page 2.

RSQ category	RSQ matter
Contract issues	<ul style="list-style-type: none"> RSPs unilaterally vary contract terms.

Consumer Telecommunications Survey 2021

126. The Consumer Telecommunications Survey 2021 found that of the respondents who contacted their RSP about an issue with their contract:

126.1 21% said their RSP made changes to the contract they were unhappy with; and

126.2 18% said it was due to a contract term they did not know about.

Other Supporting Evidence

127. Our RSQ Facebook survey found consumers dislike it when RSPs increase prices while “locked into a fixed-term” and did not appear to know whether they had any rights to cancel the contract when this happened.

128. In 2018, the number of complaints to the Commission about RSP contract variations increased (including price increases and a lack of notice). The complaints expressed dissatisfaction with price increases during the contract term.

Open Letter Submissions

129. In feedback to the open letter, CAB said in relation to contract variations:⁷³

Despite the efforts of the Commerce Commission to discourage unfair contract terms in the telco sector, we are still seeing examples of what seem to be unfair variations to contracts. We are also seeing attempts by telcos to penalise customers for exiting a varied contract.

Debt practices and affordability

130. Evidence suggests that RSPs do not appear to have clear or effective debt management policies, nor do they appear to have adequate policies around engaging with third party support groups (e.g., budget advisers when they are representing consumers).

131. Evidence also suggests that RSPs rarely conduct basic affordability checks when selling consumers expensive mobile phones bundled with service plans.

RSQ category	RSQ matter
Debt practices and affordability	<ul style="list-style-type: none"> RSPs do not appear to have adequate consumer support, or debt management, policies.

Consumer Group Workshops

132. Participants at the consumer group workshops indicated that RSPs have no clear debt management policies, resulting in consumers being unsure of how to interact with RSPs

⁷³ Citizens Advice Bureau NZ “Submission on open letter Improving retail service quality for consumers” (26 February 2021) at page 2.

when they find themselves in debt.

133. Participants at the consumer group workshops also suggested RSPs do not engage well with third party support groups (e.g., budget advisers) when they are representing consumers. This lack of engagement makes it difficult to achieve positive outcomes for consumers who may not be well equipped to interact with RSPs on their own.
134. Participants at the consumer group workshops said the following:
 - 134.1 third party supporting agencies find it difficult to support consumers experiencing financial hardship or overdue billing;⁷⁴
 - 134.2 RSPs do not have a consistent approach to privacy waivers, resulting in difficulties and delays;⁷⁵
 - 134.3 account waivers are not consistently kept on record for repeat engagements;⁷⁶
 - 134.4 third party support groups do not have a dedicated communication channel to contact RSPs, therefore finding it difficult to contact an RSP in a specific time window, noting these groups work to appointments;⁷⁷
 - 134.5 other sectors such as banking provide a dedicated communication channel;⁷⁸
 - 134.6 more could be done to support consumers who are experiencing financial hardship;⁷⁹ and
 - 134.7 RSPs need improved communications before consumers are ‘handed over’ to a debt collector, so the consumer is fully aware that they are in arrears before a debt collection agency contacts them.⁸⁰

Open Letter Submissions

135. Feedback to the open letter said:
 - 135.1 that RSPs do not have a clear approach to settle debts through a payment plan; and
 - 135.2 in some circumstances, consumers have been given incorrect repayment amounts which has resulted in their services being disconnected.⁸¹

⁷⁴ Commerce Commission “Summary of views expressed: Consumer representative group workshop” (30 March 2021 at pages 7 and 11.

⁷⁵ Ibid, at page 7.

⁷⁶ Commerce Commission “Summary of views expressed: Consumer representative group workshop” (30 March 2021 at page 7.

⁷⁷ Ibid, at page 11.

⁷⁸ Ibid.

⁷⁹ Commerce Commission “Summary of views expressed: Consumer representative group workshop” (30 March 2021 at page 11

⁸⁰ Ibid.

⁸¹ Commerce Commission “Summary of individual feedback: Improving retail service quality for telecommunications consumers” (30 March 2021) at page 7.

136. In its submission to the open letter FinCap said:⁸²

FinCap would like to see some initiatives from TDR to encourage telecommunications providers to have consistent financial hardship practices, that financial mentors could engage with and refer to.

RSQ category	RSQ matter
Debt management and affordability	<ul style="list-style-type: none">• RSPs do not appear to perform basic affordability checks.

137. We will be investigating debt management and affordability issues further to understand whether the level of quality reflects the demands of consumers. This may include requesting information from industry participants on current practices, to better understand the issues.

Consumer Group Workshops

138. Participants at our consumer group workshops indicated that sometimes RSPs complete a basic credit check, but generally do not request any further information to assess whether credit is appropriate for the consumer. Participants said the following:

- 138.1 there is a lack of affordability checks in the credit assessment process, or a low threshold to qualify for credit checks;
- 138.2 RSPs need to place more focus on consumers' ability to afford handsets that it recommends; and
- 138.3 there is a lack of regulation for credit applications in the telecommunications sector, compared with other sectors.⁸³

⁸² FinCap "Submission on open letter Improving retail service quality for consumers" at page 1.

⁸³ Commerce Commission "Summary of views expressed: Consumer representative group workshop" at pages 6, 7, 10 and 11.