

# Customer service: a consumer's perspective

*The CLC has published a report from the first research project funded under the federal government's program of assistance for research about consumer issues in telecommunications*

**A** Consumer's Perspective on Customer Service, written by Maura Bollinger, provides a detailed look at the customer-facing activities of international telecommunications, pay TV and Internet access companies. It examines both the regulatory requirements and market practices adopted by the companies, which operate in the U.S., Canada, U.K., New Zealand, Hong Kong and Singapore.

The project is a survey of significant regulatory practices rather than an attempt to benchmark appropriate or "best" practices. In this, it complements work done by the Australian Communications Authority (ACA) and the Communications Research Unit of the Department of Communications, Information Technology and the Arts on performance benchmarks as part of the ACA's annual monitoring and reporting on industry performance.

The quality of the customer relationship is central to the financial performance of communications companies. Improving this relationship has been a critical part of the transformation of established telcos and, in the U.S., cable TV companies, emerging from monopolies into competitive markets in recent years. Many of the companies surveyed expressly linked management remuneration to performance against customer service benchmarks.

The broadening of service offerings by established operators in different sectors is bringing companies familiar with certain kinds of customer and regulatory demands into contact with less familiar (for them) concerns. For example, telephone companies offering video services are confronting program censorship and classification issues and the paradoxically greater urgency which customers appear to give to TV rather than telephony service outages. Cable companies looking to provide telephony or Internet access services are confronting increased billing complexity.

Of the incumbent telcos surveyed, all offer mobile telephony and Internet access service. Most now offer video services (Bell South, SNET Personal Vision, NB Tel, Hong Kong Telecom, Telecom NZ) and others have entered into arrangements to distribute another company's pay TV service to their customers (Cincinnati Bell and the DirecTV direct satellite pay TV service). Of the cable TV companies surveyed, all now offer Internet access services and telephony.

Companies which are not themselves "full service providers" are nevertheless making a full range of services available to their customers through distribution arrangements for products supplied by other companies. For example, U.S. telcos Southwestern Bell, GTE, Bell Atlantic and Cincinnati Bell have entered into

arrangements to sign customers to the DirecTV satellite pay TV service and to provide support for installation of the reception equipment in their service areas. A collection of rural telephone and cable companies also made a substantial investment in DirecTV in exchange for exclusive distribution rights for DirecTV in their service areas.

Among the countries surveyed, incumbent telcos have become significant or dominant players in many new markets. But only Singapore Telecom and Hong Kong Telecom are significant suppliers in all the major new markets which have emerged in recent years in their territories, a feature they share with Australia's national incumbent fixed line telephony operator, Telstra (a major player in analogue, GSM and soon CDMA mobile telephony, Internet access and pay TV).

A number of companies surveyed sub-contract different aspects of their customer service activities to third parties. These activities range from customer surveys (all companies), through billing and collection inquiries (Cincinnati Bell) to all customer service activities (DirecTV). In turn, some of the companies surveyed provide customer services to third parties. BSkyB will handle customer service for the interactive TV service to be offered by a separate company, British Interactive Broadcasting (BIB), and Telecom NZ (like Telstra) has recently launched its Design, Build and Maintenance division as a separate company, ConnecTel, which now has to tender with other companies for the Telecom NZ's fault repair, maintenance and network construction

work. It can also undertake work for other companies.

Although the trend to liberalise access to telecommunications markets is apparent in all the surveyed markets, it is significant that consumer protection regulation is proving more durable than the regulation of access to markets. Indeed, there are elements of the customer relationship which have become more regulated as a response to the potential impact of more liberal markets.

For example, the U.S. federal communications regulator introduced quality of service monitoring for local exchange carriers in 1991 as part of the liberalisation of price regulation (replacing rate-of-return regulation with price caps). This mirrors the Australian experience of the introduction of a "customer service guarantee" and the expanded jurisdiction of the Telecommunications Industry Ombudsman (to include Internet access services) as part of the regulatory reforms which accompanied the privatisation of the incumbent telephony operator, Telstra, and the introduction of open competition.

In the U.S., it appears that the very light-handed regulation of DBS and Internet service providers stems from confidence about the competitiveness of these markets. But the treatment of cable TV operators and local exchange carriers suggests the durability of traditional forms of consumer protection where effective competition is slow to develop.

Many companies surveyed stressed the advantages of new technologies in facilitating improved customer relationships: better and more accessible information about individual customers; the flexibility to structure service functions to suit customer demand rather than geography (although geographical proximity may be an important element of the service demanded by some customers); better and more up-to-date information about new products; automated service ordering and modification and bill payments.

As in Australia, billing is one of the major sources of complaints by customers of the companies surveyed. In the U.S., "slamming" (the unauthorised switching of a customer's pre-selected long distance carrier to another carrier) and "cramming" (submitting unauthorised, misleading or deceptive charges for inclusion on a customer's bill) have been the focus of particular regulatory attention in recent years, with a number of actions commenced and settled by the FCC about slamming, and voluntary guidelines to address cramming issues announced in July 1998.

Other important areas of complaints in different territories included unsolicited faxes and emails and the effects of tariff rebalancing, particularly for some customer segments.

Improved quality of service has been an important element of competitive service offerings in some areas, notably pay television services delivered in competition to incumbent cable operators in the U.S. by satellite providers and cable "overbuilders".

Customer service guarantees are very common among companies in all product lines surveyed. As in Australia, they most commonly provide a rebate in the event of a failure to install or repair a service within a particular time frame, or to keep appointments. Other areas include rebates for incorrect directory listings and automatic, standard (pro-rata) rebates of access charges where a service is non-operative for a period of time.

Some industries or individual operators have self-imposed quality of service guarantees: America On-Line's money-back guarantee if the customer is not satisfied with an on-line purchase and the U.S. cable TV industry's On-Time Guarantee for installations and fault rectification.

**Copies of the report are available from the Communications Law Centre for \$35. Telephone (02) 9663 0551, or order online at [www.comslaw.org.au/publications/publications\\_list.html](http://www.comslaw.org.au/publications/publications_list.html)**

## Commercial radio

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rehearsal for some of the possibilities of the new digital broadcasting environment; in another sense, it is already with us through these experiments.

There are plenty of other commercial radio sites now providing live webcasts, including some unexpected smaller sources like Edge-FM from Wangaratta, Victoria, and SA-FM from Adelaide, which have both experimented with radio broadcasting on the Web.

### Where to from here?

Interestingly, these webcasts have already crossed the media boundary into the assembly of images - many of them moving images, and some, relays and archives of video from other sources entirely - as in Doug Mulray's case. What we are seeing here are convergent technologies and convergent media. While some of the smaller services are only webcasting their existing broadcasts, the big services have framed their experiments around their name stars, in the process creating new cross-media associations through their webcasts.

These rehearsals for the digital communications environment of the new century may not be rehearsals at all but important incursions into media content which cross existing media boundaries, throwing up important challenges to the intentions of the cross-media laws - which are to stop concentration of control flowing across all media. If Foxtel content is rebroadcast with 2WS programs on the Internet, then a new kind of association has been made - and that is precisely what policy analysts must now examine.

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