



Staff Working Document on the functioning of the market for Internet access and provision from a consumer perspective - RECOMMENDATIONS

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Overall market performance in 2012

- Market still ranked low in latest Scoreboard
- Highest % of problems (20%), complaints (77%)
- Notable improvement since 2010
 - comparability (+6%)
 - trust (+5%)
 - problems (-6%)
 - satisfaction (+3%)
 - ease of switching (+13%)

Recommendations – Improving consumer conditions

1. Access & speeds of broadband internet

- Respondents in EU15: wider choice of providers
- Faster connections in metropolitan/urban areas for EU12 - lower speeds outside these areas
- Less choice and lower speeds for rural areas



Regulatory policies that lower barriers to entry & facilitate alternative communications infrastructure and broadband providers



Recommendations - action

- ▶ Guidelines on the application of state aid rules to the rapid development of broadband networks – revision
- ▶ Connecting Europe Facility - €7 billion for investment in high-speed broadband infrastructure
- ▶ Cutting costs of setting up new networks for high speed internet in the EU – Commission public consultation
- ▶ Non-discriminatory access to dominant operator network services – Commission Recommendation

2. Presentation of offers from ISPs

- Blocking/slowing down of Internet services and additional costs scored low on clarity of information
- More than 30% of ISPs websites provide unclear, non-understandable information and are not user friendly
- No information by ISPs on:
 - blocking (94%)
 - termination fees (72%)
 - download limit (56%)
 - activation costs (35%)
 - contract duration (30%)

Recommendations - action

- ▶ Criteria for clear and transparent offers: (connection speeds, download limit, standard monthly prices, billing, contract duration, additional charges)
- ▶ Regulators and consumer organisations to ensure clear and standardised offers by ISPs. Product variety be maintained and choice not compromised
- ▶ Special attention to the information needs of disabled - study in consumer vulnerability (2013)
- ▶ New EU Consumer Rights Directive - review of standard terms and conditions from ISPs

3. Comparability - pre-contractual information

- 37% of consumers not compared offers
- Respondents who considered switching (but did not switch) more likely to find comparing complicated
- Often different packages of bundled products make comparison difficult



Quality of information prior to contracts be improved

Recommendations - action

- ▶ Regulators: require that ISPs provide consumers with important framed information about a product in summary, before contract signed
- ▶ Content requirements of summary suggested by consumer representatives. Also consumer testing
- ▶ Summary document available to all consumers, not only upon request
- ▶ Information presented by ISPs should enable consumers to compare alternative offers

4. Comparison intermediaries

- CWs do not appear to be providing consumers with reliable or trustworthy information
- Ratings positive for a significantly larger proportion of ISPs than CWs
- Share of CWs run or accredited by regulators assessed positively was higher than with non-regulator CWs

Recommendations - action

- ▶ EU12 Member States should promote comparison websites to increase awareness
- ▶ Regulators: consider establishing accreditation systems for CWs or providing CWs themselves
- ▶ Rules for CW practices be developed:
Currently Commission Workgroup on transparency of comparison tools

5. Switching

- Significant savings for consumers from switching provider. High satisfaction levels
- Barriers include:
 - **additional fees for switching**: penalty for leaving before end of contract
 - **Long duration of contracts**
 - **automatically renewable contracts**
- Switching must be quicker, easier and cheaper

Recommendations - action

- ▶ ISP contracts should make termination charges clear. Attempts by ISPs to levy charges not clearly stated in a contract should be punishable
- ▶ National regulators to negotiate or set maximum termination fees
- ▶ More frequent access to contracts of a shorter duration
- ▶ Automatic renewal of contracts should be discouraged

6. Problems experienced

- Disparity between actual and advertised speeds, especially for DSL connections
- 22% of consumers experience blocking - information by ISPs on blocking/slowing down ranked last by consumer respondents
- Information on download limit provided in a clear and easy to find way in only 1 in 3 website offers

Recommendations - action

- ▶ Concerted action by Commission and NRAs to combat unfair practices related to misleading advertising of internet broadband speed - 2012 Communication on the Consumer Agenda
- ▶ Commission study on measuring actual vs. advertised broadband speeds at an EU level
- ▶ Information should accompany website advertisements for offers and contracts - clearly conveyed at the point of sale/prior to contract

Recommendations - action

- ▶ May 2012: results of a traffic management investigation undertaken by BEREC
- ▶ Commission public consultation seeking responses to questions on transparency, switching and certain aspects of traffic management
- ▶ Policy measures addressing the above issues

7. Complaints

- A quarter (23%) of consumers reported taking no action in response to the biggest problem experienced
- Reasons included:
 - not having enough time in engaging to redress
 - not believing they could get a satisfactory solution and
 - not knowing who to complain to
- Not filing a complaint leads to weaker competition in customer service

Recommendations - action

- ▶ Commission Recommendation introducing a harmonised methodology for classifying and reporting consumer complaints and enquiries – May 2010
- ▶ Addressed to all third-party complaint bodies (amongst which national regulators)

8. Customer service - complaint handling

- Poor customer service:
 - 4th most important reason for switching provider
 - 3rd most often problem experienced by consumers
- A third of respondents dissatisfied from providers' handling of their most serious complaint
- Long waiting times whilst trying to speak to an operator, receiving the same answer to emails, low consumer satisfaction with email correspondence

Recommendations - action

- ▶ Regulators to encourage ISPs to develop customer service charters
- ▶ Regulators should collect and publish ISP-specific customer service data (e.g. complaints data) to help consumers compare customer service performance
- ▶ Industry asked to report on customer service provisions for vulnerable consumers
- ▶ Transparency of ISPs' complaints-handling performance should be improved

9. Billing

- Complaints intensity with regards to billing rated second in stakeholders' assessment
- Overall, high satisfaction rates: four out of five respondents mentioned generally correct and clear/understandable bills
- Incidence of shock bills – esp. the first bill

Recommendations - action

- ▶ Information for development of criteria for clear, transparent and accurate bills. Focus on:
 - presentation of price
 - billing periods and
 - customer service contact details
- ▶ NRAs should develop, in consultation with ISPs and stakeholders, a bill presentation standard
- ▶ Range of expenditure management tools from providers - alerts about data usage, hard-cap

10. Alternative Dispute Resolution

- 15 ADR entities in 14 EU countries: proof of on-going experience with ADR related business-to-consumer broadband Internet transactions
- Very low % of respondents that experienced a problem with their ISP over last 12 months filed a complaint with an ADR entity
- One of main reasons for low take up is lack of awareness of consumers' rights

Recommendations - action

- ▶ The availability of ADR for consumers seeking redress should be clearly signposted – bills, websites
- ▶ Commission legislative package on ADR and ODR, as agreed in December 2012
- ▶ ISPs obliged to inform consumers about which ADR entity covers the disputed complaint
- ▶ Case data from various ADR entities to be regularly collected



Thank you for your attention!

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