



## Speech given by Anna Bradley, Chair of the Communications Consumer Panel at Ofcom's Consumer Experience event, on 8 December 2010

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I agree with Ed Richards that Ofcom has come a long way over the last five years. The organisation is now much more focused on understanding the needs of consumers and has achieved a lot on their behalf.

This year's consumer experience report presents a broadly positive picture for UK consumers and I particularly welcome the first business consumer report. But there will always be more to do in such a quickly-changing and converging sector.

Ed also mentioned the planned changes to Ofcom's governance structure, and the closure of the consumer panel. So I propose to highlight six lessons which the Panel has learnt over the last few years, which I think it will be important for Ofcom to take on board, when the Panel is no longer here:

- 1. Start with consumers irrespective of regulatory and policy boundaries** - consumers and citizens don't understand or respect regulatory and policy boundaries. If you start with consumers you can find out what really matters to them, but it may be that Ofcom can deal with only part of the issue and not always the most important element as far as consumers are concerned. Take broadband speeds for example, the issues can be dealt with partly through an industry code, but the misleading nature of adverts is an issue for the Advertising Standards Authority, which is why the Panel have pressed the ASA to review their code in this area.
- 2. Beware the unidentified issues or unmet needs that don't feature in complaints data or general surveys** - consumers tend to complain about

isolated incidents, such as mis-selling or poor complaints-handling, rather than ongoing frustration with poor quality service. So sometimes it is necessary to explore a hypothesis and build a case for action that is not based on complaints. For example, the Panel carried out research which found that a third of consumers and small businesses had regular problems with coverage for calls and texts. We then used this evidence to help persuade Ofcom to make addressing mobile not-spots an organisational priority.

3. **Focus as much, if not more on forward looking and strategic issues as fixing current problems** - the Panel has tried to think strategically about how consumers' needs are likely to change over time. For example, the Panel has expressed concern about the impact on switching of two important market developments. First, the take-up of bundles of services continues to increase, meaning that there is an urgent need for unified switching processes that enable bundles to be switched seamlessly. Secondly, the rollout of next-generation broadband services creates an even greater need for a process that enables consumers to switch from BT's network to Virgin's network and vice versa. So we welcome Ofcom's strategic review of switching. It is vital that we don't just fix the problems with today's switching processes - we need a system that will be fit for purpose in five years' time and beyond.
4. **Remember that consumers live in the real world** - we don't necessarily behave as rationally as economic orthodoxy suggests. If we are given too many options or too much information, we become less inclined to take action and more likely to make bad decisions. And research that we will publishing later this week shows that vulnerable consumers can be even more susceptible to these biases. So understanding how consumers use information and make decisions is vital. In the context of the debate about net neutrality, Ofcom has been exploring how transparency about ISPs' traffic management policies, together with rules to prevent anti-competitive behaviour, could protect consumers and citizens. But the Panel has questioned whether most consumers will really want to understand complex information about traffic management policies and use it to switch in sufficient numbers to have any impact on the market. To protect the interests of consumers and citizens, particularly as more public services go online, more action might be needed, perhaps including

a requirement to guarantee a minimum quality of service and so safeguard access to essential services and applications.

**5. Work with others to deliver practical consumer benefits** - to return to the issue of mobile coverage, it is clear that notspots won't be banished overnight and it is very hard to get information in advance about whether you will be able to use your mobile in all the places you want to. So the Panel took the view that consumers should be able to 'try before they buy', particularly now that mobile phone contracts tend to last for 18 months or two years. But we found that more than half of people buying a mobile phone contract in-store did not receive accurate information about cancellation policies. The Panel has since worked hard with operators and retailers to improve both the policies and how they are communicated. For example, Carphone Warehouse used to rely on the different policies of the five mobile operators, leading to confusion for staff and confusion for customers. Now Carphone Warehouse have a single policy giving consumers 14 days to cancel their contract if they have coverage problems.

**6. Don't forget that spectrum policy, and indeed all Ofcom's work, is ultimately about consumer and citizen benefits** - Ofcom colleagues still have different levels of understanding of consumers and citizen interests and how to take them into account. This is particularly the case in relation to competition- and spectrum-related issues, where the implications of different options for consumers are often unclear and long-term. So a dedicated consumer group within Ofcom is only part of the solution.

These are all approaches that the Panel has adopted in the past in representing the interests of consumers and citizens in the communications sector. In the future, Ofcom (whether through staff, internal committees or the Board) will have to keep these points in mind themselves, or we will need to look to another consumer advocacy body to keep them on Ofcom's agenda.

The Panel is not quite ready to think about valedictory statements yet. We still have work in the pipeline - the research on behavioural economics that I mentioned plus a major report on mobile phone usability in the New Year. But we want to make sure that our experience is passed on to both Ofcom and a future consumer advocacy body.