

Consumer Panel Industry Workshop 16 June 2005

Attendees

See Annex A

Introduction

1. **Colette Bowe** welcomed those present and began by explaining the remit of the Consumer Panel, its strategic approach, the overarching background to the research and the headline findings.
2. In response to a question from **Daniella Goldman** from 3 **Lisa Etwell** of Ofcom explained that the 2500 people included in the quantitative study and the 32 qualitative case studies were chosen to reflect the UK demographic.

Research findings

3. Colette Bowe introduced Panel members Ruth Evans, Kate O'Rourke and Bob Twitchin, each of whom presented a selection of findings from the Panel research in the areas of **awareness and understanding (Ruth Evans), information and advice (Kate O'Rourke)** and **usability and exclusion (Bob Twitchin)**.
4. **Ruth Evans** reported that Panel research showed how a person's knowledge of technology and communication issues dramatically declines at the age of 55. **Kate O'Rourke** explained to the group that the Panel's research revealed that people feel overloaded by information from the industry noting that what consumers would like to receive is advice that is simple to understand. **Kate O'Rourke** also said that people's knowledge of technology and communications services not only declines as they get older but that this group of people have little or no trusted sources of information to turn to for help. **Rhodri Talfan Davies** of Video Networks suggested that the decline in a person's knowledge could be because the value of that service falls for people as they get older. Colette Bowe queried whether this comment begs the question whether older people could benefit from new technology if they were aware of its capabilities. **Nick Blades** of O2 believed that the answer could be generational rather than an age factor. **Colette Bowe** agreed that there was a generational factor involved and because people haven't grown up with technology they don't know what it can do.
5. **Kate O'Rourke** noted that research results reveal that the language of industry confuses the consumer e.g. the low level of understanding of the term 3G. For industry however, this was not a negative point. As **Nick Blades** observed as a mobile phone operator, the business is selling services and not technology. Providing people understand what they can do with the technology there is no reason for them to necessarily understand what technical terms mean.
6. **Kate O'Rourke** went on to say that the research revealed that people are resistant to switching in the communications market. The mobile phone operators disagreed with this analysis in respect to the mobile market. They pointed out that switching between mobile networks is currently running in excess of 30%.
7. **Bob Twitchin** explained to the workshop the high level of difficulties faced by people with a disability and older people in using communications technology. He also noted Ofcom's Communications Act S.10 responsibilities and urged operators to work towards providing accessible communications equipment for all people.

Discussion

Older consumers

8. **Ian Roy** of O2 queried whether the research actually revealed results which were specific to the communications market in terms of consumer detriment i.e. are the difficulties faced by older people in the communications market problems that they face in all markets – therefore is this just a way of life? Whilst the answer to this question was not clear, **Colette Bowe** noted that, irrespective, the potential exclusion faced by people in the communications market was a significant social risk. **Ian Roy** understood the Panel's concern but again queried whether consumer information and age-related issues were just a temporary problems, suggesting that the market would be likely to respond and offer suitable products for these niche markets. **Colette Bowe** asked for other attendee's views on these points.
9. **Fiona Miller**, BT, agreed that the Panel's research revealed social issues surrounding age - especially in relation to broadband access. She noted that there is a danger that with more government services going on line people could be excluded and that society needed to think about the implications of this. **Nick Blades** said this should be an issue for the government; if government is putting services on-line before the market is ready – the government is running ahead of the networks. **Liz Williams** disagreed with this, suggesting that there might come a time when there would need to be substantive discussion about a broadband USO. **Ruth Evans** agreed, commenting that as a society we would need to determine the point at which a broadband USO would be necessary to prevent social exclusion.

Accessible equipment

10. **Liz Williams** questioned whether the Panel needs to look wider than just the communications industry. She said that while the industry can provide 'affordable' access to the network there are questions that surround terminal equipment and its costs. On this, **Sara-Jane Amey**, NTL, said that there might be some in the room who were the right people to talk to. For example, broadband access could be delivered through the television and there is near universal ownership of a television in the UK. **Ruth Evans** noted that 3G networks might also have to deal with the questions that surround terminal equipment if users begin to adopt 3G as their preferred internet access technology and asked whether the service providers felt any obligation to provide accessible equipment. It was generally felt that this was an obligation outside of the remit of the operators who individually are unable to influence equipment manufacturers as the economies of scale of the UK market are too small. **Nick Blades** suggested that Europe could always consider whether setting accessibility standards might be a solution; this would ensure operators have the necessary buying power.

Information and switching

11. **Colette Bowe** asked the group what their customers report back to them in relation to tariffs, usability of products and services – bearing in mind the results the Panel found about confusion and switching. On the confusion point, Jon Haskins, Orange, observed that because there are a lot of different tariffs and services in the market place companies are continually developing propositions that are distinct and which they believe will attract customers e.g. cross any network minutes, text and minute bundles etc. This means that it is inevitably difficult to compare tariffs easily. **Colette Bowe** confirmed that the Consumer Panel is trying to understand how much problems of confusion and resistance to

switching actually cause detrimental impact, particularly to vulnerable groups in order to determine how much, and what, business could be doing to provide remedies. She said the Panel had not reached any conclusions on this yet.

12. **Rhodri Talfan Davies** suggested that the Panel's research probably understated the cost implications and anxiety surrounding digital switchover. **Fiona Miller** believed that the difference between television and other services is that television is a must have service. But the risk with DSO is that older people might not understand why they need a set top box when their television works perfectly well at the moment.
13. In relation to consumer information, **Fiona Miller** asked what type of information consumers wanted. She stated that BT publishes a lot of information; what if anything is going wrong? In relation to cost, **Colette Bowe** observed that price comparator services were often proposed as solutions - but that it seemed this route was fraught with difficulty. **Sara-Jane Amey** agreed that they were noting that the communications market is particularly 'bespoke'; as such it is very difficult to compare like with like. There are too many differences between the products on offer and the prices available.

PAYG tariffs

14. **Nick Blades** questioned the conclusion reached by the Panel in relation to low income consumers i.e. that they spend a higher proportion of their income on mobile telephone bills (at £40 per month) and that this is a bad thing per se, when compared to other discretionary items that low income users might spend their money on e.g. digital TV. **Colette Bowe** explained that the Panel is interested in understanding what the driver for the pay & go model for mobile phones is. **Fiona Miller** believed it is because people are able to control their expenditure – they have an ability to budget. **Daniella Goldman** suggested that people like PAYG mobiles because they are not at home often and therefore they can make calls on the move, there are no arguments over the phone bill and people have privacy when they make a phone call. The pay and go model makes this affordable. Also people do not have to undergo the bureaucracy and credit check of the pay monthly tariff. The Panel expressed a desire to understand more about the dynamics of the PAYG model.

SME issues

15. **Colette Bowe** asked what the industry experience is of the SME market. **Liz Williams** reported that BT does segment business and its customers but that it is BT's experience that SME's do not go for business tariffs as residential prices are seen as cheaper. **Colette Bowe** advised that the Panel would be extremely interested to learn more about operators' experience of marketing to SMEs and their particular needs, noting that this was a difficult group to engage with. The mobile operators agreed that SMEs were an important market segment and that SMEs tended to like PAYG for similar reasons as consumers e.g. accessibility/no credit, no subscription, control and predictability of expenditure.

Conclusion

16. **Colette Bowe** thanked attendees for their frank contributions and expressed a desire on the part of the Panel to work with industry to understand the communications market from a consumer perspective. Going forward the Panel would be keen to meet on a one-to-one basis with operators and to receive any additional feedback on the research. There were three clear action points:
 - a. The Panel would like to have a clearer understanding of the PAYG model – in particular why people choose to use it;

- b. Do operators have additional information about the needs and experiences of the SME sector? What services are on offer to them and how are they marketed to?
- c. The questionnaire would be circulated to those attending; the Panel would be willing to discuss any subsequent queries.

Annex A – attendees

Ofcom Consumer Panel

Colette Bowe	Chairman
Ruth Evans	Deputy Chairman
Bob Twitchin	Member
Kate O'Rourke	Member

Industry representatives

Karen Wray	Cable & Wireless
Sara-Jane Amey	NTL
Sophie Pairault	Wanadoo
Kate Hobbs	Easynet/UK Online
Daniella Goldman	Hutchison 3G
Dave Simpson	Easynet
Robin Vernon	Tiscali
Nick Blades	O2
Tom Jeffery	Vodafone
Jeannie Cruickshank	O2
Ian Roy	O2
Jon Haskins	Orange
Liz Williams	BT
Fiona Miller	BT

Ofcom Consumer Panel team

Julie Myers	Policy Advisor
Dominic Ridley	Policy Executive

Ofcom

Lisa Etwell	Research Projects Manager
Steven Davidson	Industry Relations Advisor