

Just Enough: Empowering Fixed-Line Telecommunications Consumers through a Quality of Service Information System

Introduction

- Empowerment of key groups has become an important component of UK government policy to help protect the interests of those who may not be able to protect their own.
- Consumers in modern society have become the focus for economic reform as part of UK competition policy; the notion of the empowered consumer is seen by bodies such as the Department of Trade and Industry (DTI) to be at the heart of an effective competition regime. Despite this, it is acknowledged that regulators may have too great a regard for the interests of companies over the consumer voice.
- The dissemination of information to consumers is central to both the notion of consumer empowerment and the government's philosophy of consumer protection.
- The volume and complexity of consumer information has led to the increasing use of internet-based information systems (IS) to help consumers more easily evaluate and understand their market options.
- Having access to information cannot, itself, empower consumers unless steps are taken to verify its usefulness to them; and information which is unreliable, insufficient, inappropriate or obfuscated actually disempowers them.

Quality of Service (QoS) Information in Fixed-Line Telecommunications

- In 2003, Oftel identified a problem with the supply of meaningful and comparable QoS information to help consumers differentiate between mobile and fixed-line suppliers of telecommunications services. The provision of fixed-line information was considered in need of a thorough re-organisation, prompting a rethink of the whole future of QoS reporting.
- The reticence of some traders to supply QoS information is perhaps understandable in that not only does it provide criteria against which they must be seen to succeed, but it may also be difficult for them to measure and produce.
- It was clear that a regulatory requirement was needed to enforce provision of such information: left to their own devices, in the absence of formal requirements, some firms may not only *not* provide or advertise the availability of information to consumers, but may deliberately mislead them through obfuscation, substitution and imitation of information.
- The importance of providing adequate QoS information is highlighted by the fact that where consumers are not able to access it, they may be forced to infer product or service quality from the pricing policies of the suppliers.
- Under Article 22 of the EU's Universal Service Directive (2002) the National Regulatory Authority - in this case Ofcom - can force suppliers to participate and publish information for consumers.
- This is not, however, adequate on its own: steps must be taken by the regulator to understand the interests of consumers, in order to ensure that information truly empowers them. Consumers will only be empowered when they have access to complete, comparable, appropriate and accurate information about their choices in the market, on parameters which reflect their needs.

Ofcom's Approach to Regulation

- Ofcom has "a bias against regulation" (Ofcom 2005) and will choose the least intrusive means to achieve given objectives. It embraces an evidence-based approach to regulation.
- Ofcom's first task was to decide what policy option to apply in relation to reporting and publishing QoS metrics; it chose to maintain a co-regulatory framework, but put in place minimal regulatory requirements (in other words, it could force many traders to provide information but continue to leave management of this to them).

- Ofcom then sought to identify the parameters for the new scheme of information provision to replace the old measures. The new parameters were:
 - Supply time for initial completion
 - Fault rate per access line
 - Number of consumer disconnections
 - Bill correctness complaints
 - Complaint handling
 - Fault repair time
- However, since these parameters were felt to relate to direct services only, thereby excluding indirect services and with them a significant percentage of UK telecommunication users, the new co-regulatory group charged with responsibility for deciding upon information content chose to reject the use of these parameters and revert back to using the previous measures in which they had invested so much time and effort.
- The industry representatives in this regulatory body, Topcomm, at the time of writing (2006), outnumber the consumer representatives by ten to one (although these numbers are not fixed). Voting on issues has moved from the previous 80% majority (which actually gave the consumer-oriented minority something of a stronghold) to a now overall majority, providing a greater stranglehold for the industry representatives.
- This means that the industry has essentially retained total control over the parameters used and how they are to be measured despite previous concerns over their ability to supply relevant information. It has also retained a high degree of control over the means by which the accuracy and comparability of the parameters are audited. Questions must therefore be raised as to the objectivity and integrity of traders.

Conclusion

- It is hard to see this proposed system as much of an improvement on its predecessor except that *some* comparable information is now *guaranteed* from many traders. However, although the parameters chosen will provide some useful guidance to consumers on general QoS issues, there is no evidence that they will address the needs of the groups identified as being poorly served by the original scheme, those deemed most in need of adequate QoS information, or those vulnerable groups to whom Ofcom has a special duty.
- Ofcom has produced what it set out to produce - a system to provide comparable QoS information to domestic and business consumers. At the time of intervention Ofcom was under no obligation to look at how the policy might impact upon specific consumers or portions of society or to guarantee provision of information to those groups. For consumers, this is not good enough.
- Co-regulation, although deemed proportional and relatively unintrusive, works, in this instance, firmly in favour of the traders who can choose to supply information that is convenient to them rather than that which gives proven value to the consumer. Additionally, Ofcom's bias against intervention does consumers few favours: surely in cases where consumers are not receiving the information they require, a stronger intervention is necessary to ensure that they do.
- Overall, there is limited evidence that Ofcom has the power to be able to empower consumers through QoS information, and until it can, consumers are likely to remain poorly informed about QoS issues in the fixed-line telecommunications market. Arguably, the only way that consumers could be truly empowered is through direct regulation.

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