



Business services

This chapter focuses on the service quality experience of small and medium-sized enterprises (SMEs). There are around 5.4 million SMEs in the UK, accounting for 99.9% of businesses and employing 15.7 million people.¹⁷² SMEs are fundamental to the success of the UK economy, and it is essential that the success of UK businesses is not unduly constrained by the service quality they receive in respect of communications services. Most use fixed landline (96%), broadband (80%) and mobile phone (64%) services, while a minority (5%) pay for dedicated connectivity such as leased lines.¹⁷³

The market that provides these services to businesses is structured very differently to the residential market. BT Business accounts for more than 40% of broadband and landline business connections, with Vodafone, Virgin Media, Daisy, TalkTalk, Verizon, Southern and COLT making up about 25%, and a long tail of other providers and resellers making up the rest of the market. We estimate that there are up to 2,500 resellers, i.e. providers selling on the services offered by the larger providers.¹⁷⁴ Vodafone, EE and O2 are the major providers of mobile business services.

It is a complex marketplace, with many suppliers and a very wide range of products and service levels. For this first report, we have not directly compared business service providers, but we aim to do this in future reports. However, while larger SMEs (those with more than ten employees) often buy business products on a negotiable bespoke basis, smaller businesses often use residential or

¹⁷² SME is defined as a private business that employs up to 249 people. The ONS estimates that 99.3% of UK businesses are small business (0-49 employees), and a further 0.6% are medium-sized businesses (with 50 to 249 employees).

¹⁷³ Jigsaw Research, *The SME experience of communications services: research report*, January 2017, p. 23: https://www.ofcom.org.uk/_data/assets/pdf_file/0030/96348/Ofcom-SME-consumer-experience-research-2016-Report.pdf

¹⁷⁴ For further discussion of the SME retail market structure see Ofcom, *Broadband services for SMEs: assessment and action plan*, June 2015, pp. 41-45: https://www.ofcom.org.uk/_data/assets/pdf_file/0027/37755/bb-for-smes.pdf

equivalent packages. The comparisons we make elsewhere in the report will therefore be relevant to these businesses.

Service quality can be even more important to businesses than to residential consumers

Eighty-one per cent of the SMEs we surveyed agree that communications services are fundamental to their business.¹⁷⁵ Most rely on them to communicate with their customers, while some use them to sell products or services. So when services do not work, the consequences can be serious, including reduced sales or reputational damage.¹⁷⁶

In 2016, 53% of SMEs that experienced a loss of their landline or broadband service suffered a negative impact on their work, while 44% experienced anxiety.¹⁷⁷ A smaller proportion of residential consumers suffered negative impact (42%) and anxiety (36%) in this situation.¹⁷⁸

Because of their reliance on these services, SMEs expect faster repairs than consumers do, and many are willing to pay for them. On average, SMEs considered one and a half days a reasonable time to wait for a fault to be fixed (compared to three days for consumers) and 64% stated that they would be willing to pay more for same-day repair (compared to 48% of consumers). While SMEs have similar expectations to consumers as to how long installations should take (on average five and a half days), more SMEs are willing to pay at least £5 for faster installation.¹⁷⁹ In 2016, slow speeds, poor reliability and service reliability were the main reasons SMEs considered switching provider, reflecting the importance of service quality to business consumers.¹⁸⁰

While most SMEs are satisfied with the service they receive, a significant minority are dissatisfied - particularly with their broadband

In 2016, 83% of SMEs were satisfied with their landline phone service and 89% were satisfied with their mobile service, while four in five were satisfied with their fixed-line broadband service. Satisfaction with internet services varied by the type of connection: those with cable (87% satisfied)

¹⁷⁵ *The SME experience of communications services: research report*, p. 28

¹⁷⁶ Jigsaw Research, *Quality of Service in telecoms, Residential consumer and SME experiences of quality of service in fixed line, broadband and mobile telecoms*, February 2016, p. 16:

https://www.ofcom.org.uk/data/assets/pdf_file/0025/78370/jigsaw_quality_of_service_in_telecoms.pdf

¹⁷⁷ Jigsaw Research, *Automatic compensation: Consumer experience of provisioning delays, loss of service and missed appointments*, March 2017, p. 95:

https://www.ofcom.org.uk/data/assets/pdf_file/0026/98711/automatic-compensation-jigsaw-report.pdf

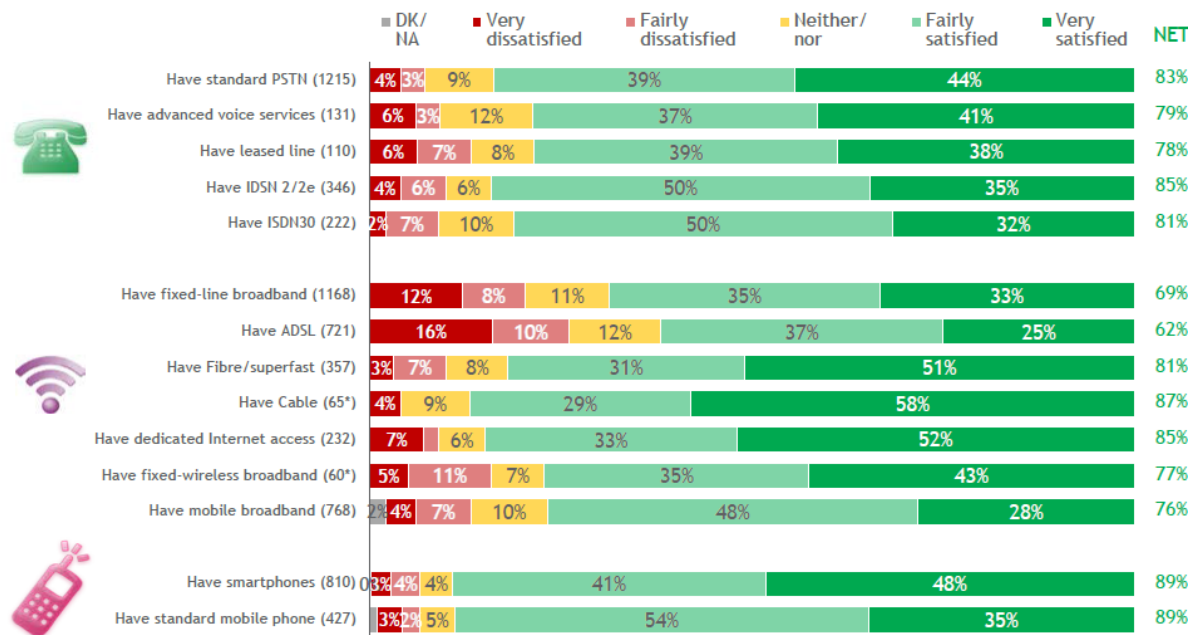
¹⁷⁸ See above at Service availability and fault repair 40.

¹⁷⁹ *Automatic compensation: Consumer experience of provisioning delays, loss of service and missed appointments*, pp. 121-128

¹⁸⁰ *The SME experience of communications services: research report*, p. 54; *Automatic compensation: Consumer experience of provisioning delays, loss of service and missed appointments*, p. 76

and fibre/superfast (81%) broadband were significantly more satisfied than those with standard ADSL broadband (62%).¹⁸¹

Figure 49: SME satisfaction with services used



Source: Jigsaw, *The SME experience of communications services: research report (2016)*. Question: Thinking about the (named) services your organisation uses, please can you tell me how satisfied or dissatisfied you are with your overall experience of each, using the following scale. Base: all users of each service (sample sizes as indicated) *NOTE: SMALL SAMPLE SIZE

Businesses are opting increasingly for fibre-based internet connections (5% increase in take-up from 2014 to 2016) rather than standard ADSL broadband (13% decrease in take-up),¹⁸² although satisfaction with fibre services fell from 93% in 2014 to 81% in 2016.¹⁸³

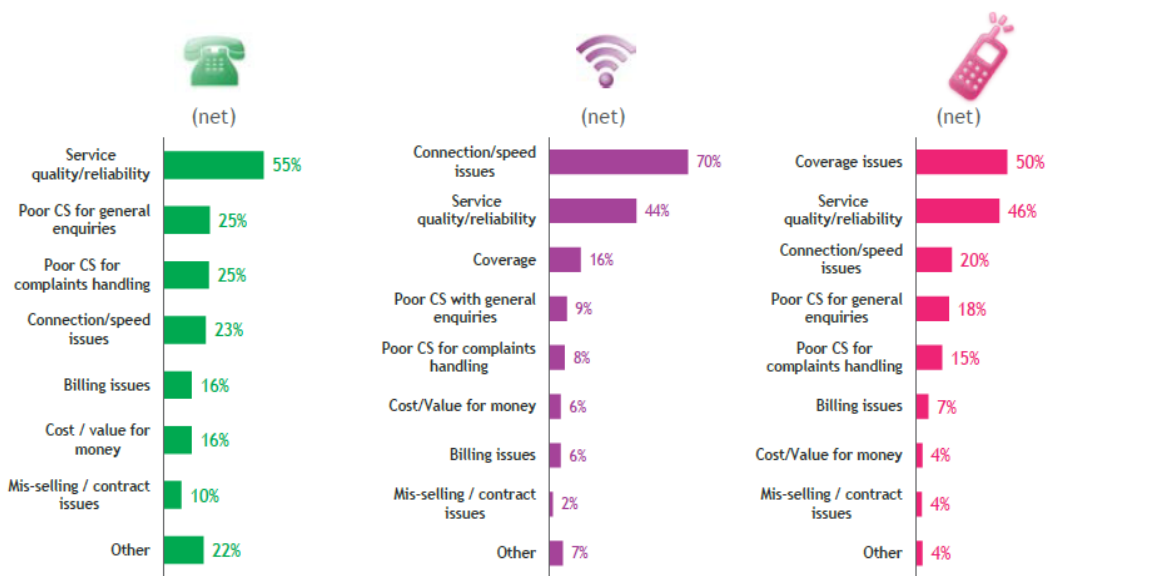
For those dissatisfied with their landline phone and broadband services, the main drivers were service quality / reliability and speed issues, while coverage and service quality / reliability were the main concerns for mobile.

¹⁸¹ *The SME experience of communications services: research report*, p. 34

¹⁸² Jigsaw Research, *SME experience of communications services – a research report*, October 2014, p. 24: https://www.ofcom.org.uk/_data/assets/pdf_file/0015/51036/sme_research_report.pdf; *The SME experience of communications services: research report*, p. 23

¹⁸³ *The SME experience of communications services: research report*, p. 34

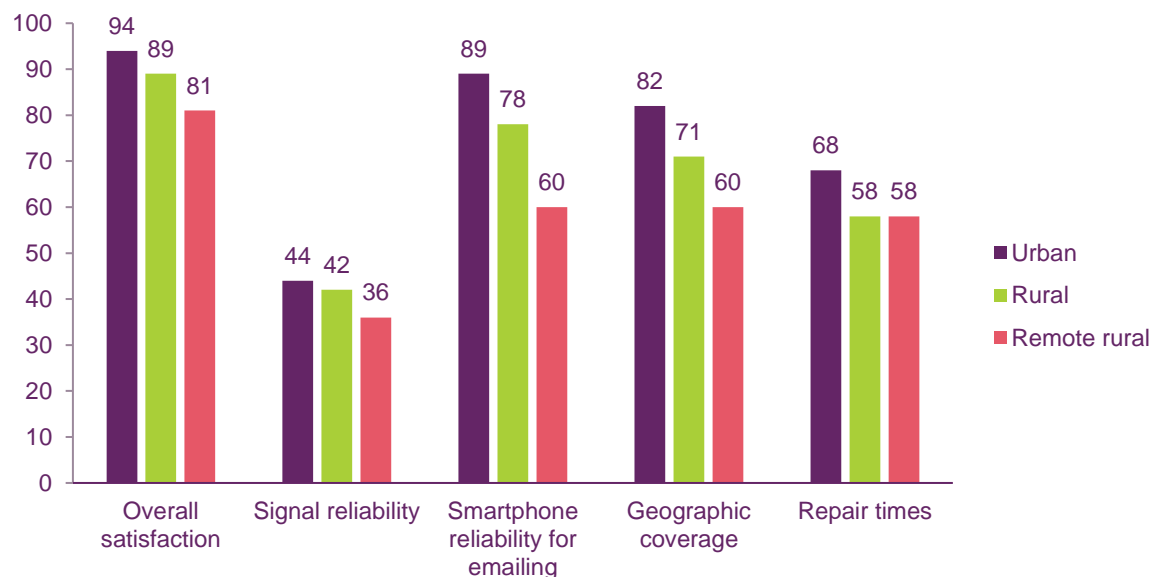
Figure 50: Drivers of overall dissatisfaction with service (among those dissatisfied)



Source: Jigsaw, *The SME experience of communications services: research report (2016)*

Less than half of SMEs were satisfied with the signal reliability of their mobile service. SMEs in rural and remote rural locations were more likely to face service quality problems with their mobile service than those in urban areas, see Figure 51 below. Rural business consumers are also the heaviest users of both standard mobiles and smartphones, underlining the importance of a reliable mobile connection to rural SMEs.¹⁸⁴

Figure 51: SME satisfaction with mobile service, by urbanity (%)



Source: Jigsaw, *The SME experience of communications services: research report (2016)*

¹⁸⁴ *The SME experience of communications services: research report, p. 24*

We estimate that at least 15% of SMEs suffer quality of service problems each year

In Ofcom's consultation on automatic compensation we reported the extent of quality of service problems experienced by SMEs. Data from providers indicated that 780,000 landline and broadband SME customers suffered loss of service incidents, provisioning delays and missed appointments each year between 2014 and 2016, accounting for around 15% of the total number of SMEs. Our survey of SMEs found a higher incidence of quality of service problems: 39% reported that they had experienced loss of service due to a fault over the last two years, and 5% had experienced provisioning outside the time-scale given, over the past five years.¹⁸⁵

A wide range of service quality options are available to SMEs

Our research has indicated that 33% of SME users have a residential contract for their broadband service, while 30% have a residential landline phone contract.¹⁸⁶ However, residential contracts for landline and broadband typically do not contain specified service care levels, and as such may not be suitable for businesses that need a high level of service quality.

Some business broadband contracts do include specified levels of service or service level agreements (SLAs) which can provide assurance about the service quality to expect.¹⁸⁷ Among SMEs on a business contract, 57% reported that they had SLAs for their landline service, and 53% reported they had SLAs in their broadband contract.¹⁸⁸ Among those who had SLAs in their landline and broadband contracts, 77% and 81% respectively were satisfied that these SLAs were being upheld by their provider.¹⁸⁹

For large UK-wide providers other than Virgin Media, these SLAs are underpinned by agreements with Openreach, the part of BT responsible for maintaining installing and repairing connections on its network. The highest service level offered by Openreach for wholesale broadband and landline phone services is a six-hour repair target. However, this option is not widely offered by business communications providers. Some providers offer other fast repair options at additional costs, starting at £6 per month extra.¹⁹⁰

¹⁸⁵ Ofcom, *Automatic Compensation, Protecting consumers from quality of service problems*, March 2017, pp. 102-103: https://www.ofcom.org.uk/data/assets/pdf_file/0030/98706/automatic-compensation-consultation.pdf

¹⁸⁶ *The SME experience of communications services: research report*, p. 119

¹⁸⁷ *The SME experience of communications services: research report*, p. 85; *Automatic compensation: Consumer experience of provisioning delays, loss of service and missed appointments*, p. 66, questions B8A and B11A

¹⁸⁸ *Automatic compensation: Consumer experience of provisioning delays, loss of service and missed appointments*, p. 66, questions B8A, B8C, B8D, B11A, B11C and B11D

¹⁸⁹ *The SME experience of communications services: research report*, pp. 87 and 92

¹⁹⁰ From data supplied by communications providers to Ofcom.

Most of the large business providers, including BT Business, only offer customers an end-of-next-business-day target repair time for broadband services. Vodafone and Daisy are among those which offer 8-hour broadband repair times, and Zen offers guaranteed 12-hour repair times with some products.¹⁹¹ Faster repair is more widely available for landline services (and it is of course the case that many broadband faults may be due to line failures). For example, Virgin Media and BT have landline target repair times starting from six hours.

Businesses that are very reliant on their internet service can purchase a dedicated connection or 'leased line'. A leased line customer does not need to share bandwidth with other businesses, so speeds are generally higher and less variable throughout the day.¹⁹² Improved bandwidth is reflected in the price of leased lines; an entry-level dedicated connection typically costs five times as much as a premium business broadband product.¹⁹³

Businesses experience of mobile communications can be enhanced by features such as guaranteed rapid replacement of employees' lost phones, dedicated customer care representatives,¹⁹⁴ international roaming,¹⁹⁵ and data packages that can be shared among employees.¹⁹⁶ However, these will not address coverage issues outside the office, the key driver of dissatisfaction for SMEs.

There are a very wide range of service care options available to business customers. The table below provides a high-level overview of service aspects which SMEs should be able to compare when choosing provider.¹⁹⁷

¹⁹¹ See provider websites: [Vodafone](#), [Daisy](#), [Zen](#).

¹⁹² In comparison, around 20 businesses broadband users will share bandwidth at any one time. Approximately 50 residential users might share bandwidth at given time.

¹⁹³ See [BT Business Broadband](#), [Vodafone business broadband](#), [Vodafone dedicated internet access](#)

¹⁹⁴ <http://www.vodafone.co.uk/business/business-mobile-plans/vodafone-business-premier/index.htm?cid=ppc-mec-auto/cvljegs/lznty/grnuo>

¹⁹⁵ <https://www.talktalkbusiness.co.uk/products/mobile/>

¹⁹⁶ https://business.bt.com/products/mobile/?msgtype=05&s_cid=btb_ppc_maxus_google_bt_business_mobile_abroad_2_sitelink_talk_time_sharer&gclid=COXC-5TA8NICFYwQ0wodA5YPEg&dclid=CP2UkZXA8NICFa8i0wodgyELAg

¹⁹⁷ For resources for businesses, see <https://www.ofcom.org.uk/advice-for-businesses>

Customer support	<p>Effective, knowledgeable customer support is important to address service quality issues quickly. Various levels of customer support are available:</p> <ul style="list-style-type: none"> • Some offer online and on-the-phone support only during working hours, while others can be contacted 24 hours a day, 7 days a week. • Some have a dedicated business contact centre or customer care team, while others have a shared contact centre that also supports their residential customers. • An account manager may be assigned for an individual customer depending on factors such as contract length, spend, or number of employees. Generally only available for high value contracts.
Fault reporting	<p>Given the potential harm caused by a loss of service, it is important to have an easy route to report faults so that businesses can get back online and continue their work. Some providers offer a direct fault reporting phone line.</p>
Repair times	<p>Some communications providers offer a range of repair packages at different prices, with target fix times ranging from six or eight hours to five days.</p>
Technical support	<p>Technical support provides SMEs with an extra layer of help for more difficult-to-manage issues. This can range from providing customers with tools such as online chat, to remote access IT support.</p>

Other service add-ons are available which do not fall neatly into one of these categories. For example, Vodafone allows customers to purchase various service packages for additional monthly payments, and Daisy offers a disaster-recovery package including infrastructure and data recovery.¹⁹⁸ In addition to standard products that are available, SMEs can specify, and contract for, bespoke aspects of service quality, and negotiate service levels. These may cover general performance issues such as connection speed, as well as those relating to quality of service, such as fault repair and installation time.

The Advice for Businesses portal on Ofcom’s website contains information on key considerations when choosing a service, including [a contract checklist](#).

However, SMEs’ choices are inhibited by a lack of clear and comparable information on providers’ quality of service commitments

In our assessment of the marketplace for SMEs, as part of our work on automatic compensation, we reached a provisional view that although there are a range of different quality of service offers

¹⁹⁸ From data supplied by communications providers to Ofcom, and Daisy’s website: <https://daisygroup.com/business-continuity/business-continuity-smb-2/>

available, SMEs do not have clear and comparable information on providers' quality of service commitments.¹⁹⁹ We found that there is often very little information available to SMEs at the point of sale on service levels and compensation, particularly when compared to the emphasis on other characteristics of the product such as price and speed.

To address this, in our consultation on automatic compensation we propose that SMEs which buy business products should be provided with greater clarity on the quality of service they are entitled to under their contracts, and whether they can claim compensation when problems occur.

¹⁹⁹ *Automatic Compensation, Protecting consumers from quality of service problems*, section 11