

Fixed Broadband Switching

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Background

- Ofcom's principal duty under Section 3(1) of the Communications Act 2003 is:
 - to further the interest of citizens in relation to communications matters; and
 - to further the interests of consumers in relevant markets, where appropriate by promoting competition.
- Effective competition delivers choice, lower prices and innovation. However, in order to benefit from competition, consumers must have confidence to be able to exercise choice. This means that consumers should be able to switch between services and providers without undue effort, disruption and anxiety. A lack of consumer confidence in switching processes may mean consumers choose not to switch. This could dampen the competitive process and consumers will not receive the benefits from competition they should be able to expect.
- Different switching processes have evolved across different communications sectors over time. This has resulted in the existence of multiple switching processes, even for switching the same set of services.
- Ofcom conducted research in 2010 to understand switching behaviour as well as the barriers consumers face in changing their broadband, mobile, fixed line voice and pay TV providers. In addition, with an increasing number of consumers now taking multiple services from a single provider, the research was also required to look at bundling in more detail.
- The 2010 survey indicated that the problems that exist with regards switching processes are worst in the fixed line and fixed broadband markets. As such the focus of the second consultation (which sets out any detailed proposals for reform of the current switching processes in the fixed line and fixed broadband markets only) is on switching in each of these markets.
- The findings from this initial survey and responses to the initial consultation highlighted knowledge gaps in relation to some aspects of the fixed broadband switching process; early termination charges, save activity, process drop-out, double billing and loss of service while switching providers. As such further quantitative research was conducted.
- The objectives for this subsequent study are set out in more detail on the following slide.

Objectives (1)



Whether or not experience of ‘unwanted breaks in service’ when switching fixed broadband provider could be reduced through changes to the process

- The 2010 Switching and Bundling survey found that experience of an ‘unwanted break in service’ when switching was highest in the fixed broadband market (27% of switchers). Switchers using the MAC process were more likely than those using the NoT process to say they experienced an unwanted break (33% vs. 17%). The survey was not designed to explore the reasons for the unwanted break. Given that each of these switching processes should provide the consumer with a seamless switch Ofcom required further data to understand the reasons consumers were experiencing a ‘break in service’ and to understand whether or not this was process related.

To what extent consumers are refunded double-billing costs when switching fixed broadband provider

- The previous research reported that switchers using the MAC process were amongst those most likely to experience double-billing (23%). There was some evidence from the qualitative research to suggest that some consumers were being reimbursed at least some of the costs through double billing. As such further research was conducted to better quantify the costs of double-billing to switchers taking account of any refunds.

Objectives (2)



Understand the extent to which early termination charges (ETC) are a ‘shock’ to consumers switching in the fixed broadband market

- Following the initial consultation in 2010 some responses raised the concern that a move to gaining provider led (GPL) processes may increase the potential for consumers to switch without understanding they may be subject to ETCs. As such further research was required to establish the extent to which switchers using each process experienced an ETC and at what point during the process they found out about this.

Measure non-financial benefits achieved by consumers when switching fixed broadband provider

- Previous research sought to understand the financial benefits consumers achieve through switching however, not all switchers select a new provider on the basis of cost savings. To fully understand the benefits to consumers of switching provider further research was required to determine all achievable benefits both financial and service related

Understand why consumers ‘drop-out’ of the fixed broadband switching process

- Switching in the fixed broadband standalone market (i.e. no other services billed on fixed broadband bill) stands at 4%* and switching in the bundled services market stabilised at one in ten (10%*) since 2009. Further research was required to understand why some consumers drop-out of the switching process - whether this is related to the process, save activity or other reasons.

* Ofcom Consumer Experience 2011 – excludes home-movers

Methodology (1)

Ofcom commissioned YouGov to undertake two qualitative online focus groups and a large online quantitative survey amongst fixed broadband switchers and those who had considered switching.

Overview of YouGov panel

YouGov owns and maintains an online panel of 320,000+ members in the UK. Typical response rates from this panel are in the region of 35-40%. Panelists are incentivised for their time in the majority of surveys and respondents were incentivised a small amount to participate in the Ofcom research.

YouGov is able to screen its panelists on a monthly basis which helps target low incidence groups. Approximately 80,000-90,000 panelists respond to the monthly screening surveys. It is from this that YouGov was able to identify sufficient numbers of its panelists that had switched broadband supplier in the last 12 months or had 'seriously considered' doing so. Pre-screening provides a cost effective method of conducting quantitative research amongst low-incidence groups.

Once eligible respondents had been identified from the monthly screening survey, YouGov targeted these respondents for the main fieldwork - both the qualitative and quantitative phases. YouGov re-screened those targeted panelists in the main survey to ensure eligibility before continuing with the main survey.

Methodology (2)



Qualitative study

A qualitative online focus groups ran on 14th March 2011. Each group consisted of 6 fixed broadband customers (aged 18+) who had switched in the last 12 months. Respondents were sourced from YouGov's online panel as noted on previous slide.

These findings were written up by YouGov and have been published alongside this report.

Quantitative survey

Sample

YouGov interviewed 2,016 respondents aged 18+, between 21st – 28th March 2011. Of these 1,423 had switched broadband supplier in the last 12 months, and 593 respondents had 'seriously considered' switching broadband supplier in the last 12 months. All respondents were either solely or jointly responsible for decisions relating to their broadband provider. These respondents were identified via the monthly screener as detailed on previous slide.

Minimum targets of 150 were placed on each the specific areas of switching that Ofcom was interested in exploring i.e. experience of early termination charges, double billing, break in service. The full survey was left open until all of these targets were achieved to ensure the overall sample was not skewed towards any particular issue.

Findings referred to as significantly different have been tested at the 99% confidence level. Findings testing positive at 95% have been referred to as 'indicating comparative differences'.

Methodology (3)



Weights

The majority of data contained in this report has not been weighted and provides a comparison of behaviour and attitudes amongst consumers using each of the alternative switching processes.

The demographic profile of the achieved sample was broadly comparable to the profile obtained in the 2010 survey. Analysis of the key areas of interest (as noted in the objectives) reported that demographic was not a key factor in experience of any of these issues (see Annex A). As such no demographic weights were applied.

Where total sample data is reported (i.e. all switchers) this has been weighted to be representative by switching process. The data was weighted to the incidence levels reported in the Switching and Bundling 2010 survey which was a face to face sample representative of the UK adult population. This was considered the most accurate data on the incidence of switching processes at the time as it was broadly comparable to data provided to Ofcom by BT Openreach in relation to use of MAC and NoT processes.

Data amongst all switchers has been weighted to the following proportions: 53% NoT, 14% MAC, 26% C&R, 7% don't know. Weighted data is not shown in the published data tables but was calculated using the raw SPSS data.

Methodology (4)



Definitions throughout the report

Purchasing

- *Bundle with single bill* – purchases other services from fixed broadband provider and receives a single bill covering all these services and considers this a ‘package of services’. They may or may not receive a discount.
- *Separate provider/separate bill* – purchases no other services from fixed broadband provider OR purchases other services from fixed broadband provider but receives a separate bill/does not consider their fixed broadband to be part of a package of services.

Switching processes*

- *NoT process (Notification of Transfer)*, this is a Gaining Provider-Led (‘GPL’) process where the consumer only needs to contact their Gaining Provider (‘GP’) to switch providers. The GP informs the Losing Provider (‘LP’) on behalf of the consumer in order to organise the transfer.
- *MAC process (Migration Authorisation Code)*, this is a Losing Provider Led (LPL) process which applies to broadband only. A consumer wishing to change provider needs to obtain a migration authorisation code (MAC) from the LP and provide it to the GP.
- *C&R process (Cease and Re-provide)*, the consumer terminates their contract with the LP and requests a new service from the GP. It may not necessarily happen in this order i.e. the consumer may request a new service first before terminating their contract.

* See section 3 of the consultation document for further information on these switching processes

Executive Summary (1)



C&R process users more likely to experience an 'unwanted break in service'

Just under a third of fixed broadband switchers experienced an unwanted break in service. This was largely driven by C&R process users (where a seamless switch is not guaranteed) however, just over a quarter of those using the NoT (27%) or MAC (23%) processes said they experienced an unwanted break. Each of these processes should provide the consumer with a seamless switch.

MAC and NoT users experienced the smallest 'break' of around 7 and 8 days respectively compared to 12 for C&R users. This data excludes home-movers. Around half of switchers who experienced a break in service said they had expected to receive a continuous service throughout the switching process. The main reasons for the break in service was the inability for providers to start and stop at the same time. There were also mentions of incompetent providers, and poor customer service/lack of communication.

Just under a fifth of switcher paid for dual-running with an average of around two weeks. The average cost was around £20 - MAC users more likely to receive at least partial refund

Just under a fifth (17%) of switchers said they paid more than one provider to ensure they did not lose their broadband connection during their switch. On average the period of dual-running lasted just over two weeks (16 days) with little variation by process and a cost to the consumer of around £20. While incidences of double billing do not vary according to the process used, MAC process users were significantly more likely to say they were fully or partially refunded (29%) than NoT process users (8%).

Executive Summary (2)

Just over one in ten switchers paid an ETC - in total 6% of switchers paid an ETC they were not aware of until after they had signed up.

Just over one in ten switchers (14%) said they paid an early termination charge (ETC) to leave their previous provider and on average paid £38. Consumers switching more than one service at the same time were more likely to have incurred an ETC than those only switching their fixed broadband*. Half of consumers who paid an ETC were surprised that they had to pay this charge while the other half were not – just under a third were ‘very surprised’.

Just over two-fifths of switchers (42%) who incurred an ETC said they found out about this after they had signed up – this equates 6% of all fixed broadband switchers. While the majority (89%) said they were happy with their decision to switch, one in ten were not (9%).

Two-fifths (41%) found out about these charges before or while ‘considering switching’ – and therefore, made an informed decision to continue with the switch and pay these charges. The remainder were unsure when they had been informed of their ETC.

The low incidence of ETC’s means analysis by process is limited and can only be viewed as indicative of behaviour.

* The data is unable to confirm that the ETC related to the fixed broadband service

Executive Summary (3)



Most (93%) switchers achieved some benefit from switching with around two-thirds stating a financial benefit

The vast majority (93%) of switchers said they achieved at least one benefit from switching (better customer service, billing, installation and/or reliability, lower cost, faster speed and greater download allowance).

In total, two-thirds said they had achieved some degree of cost saving (c. £9 per month), at least a third mentioned some aspect of quality of service that was now better with their new provider.

Two-thirds of considerers dropped out of the switching process after accepting an 'offer' from their current provider. Between 18% and 26% dropped out due to process related issues.

Two-fifths of considerers in the sample had decided not to switch – for the majority (97%) this decision came after they had begun the switching process.

Two-thirds of considerers who decided to stay with their incumbent after starting the switching process were 'saved' by their current provider. At least a fifth (18%) of consumers who dropped out of the switching process said they did so due to issues relating to the process.

Main findings

Contact with previous provider

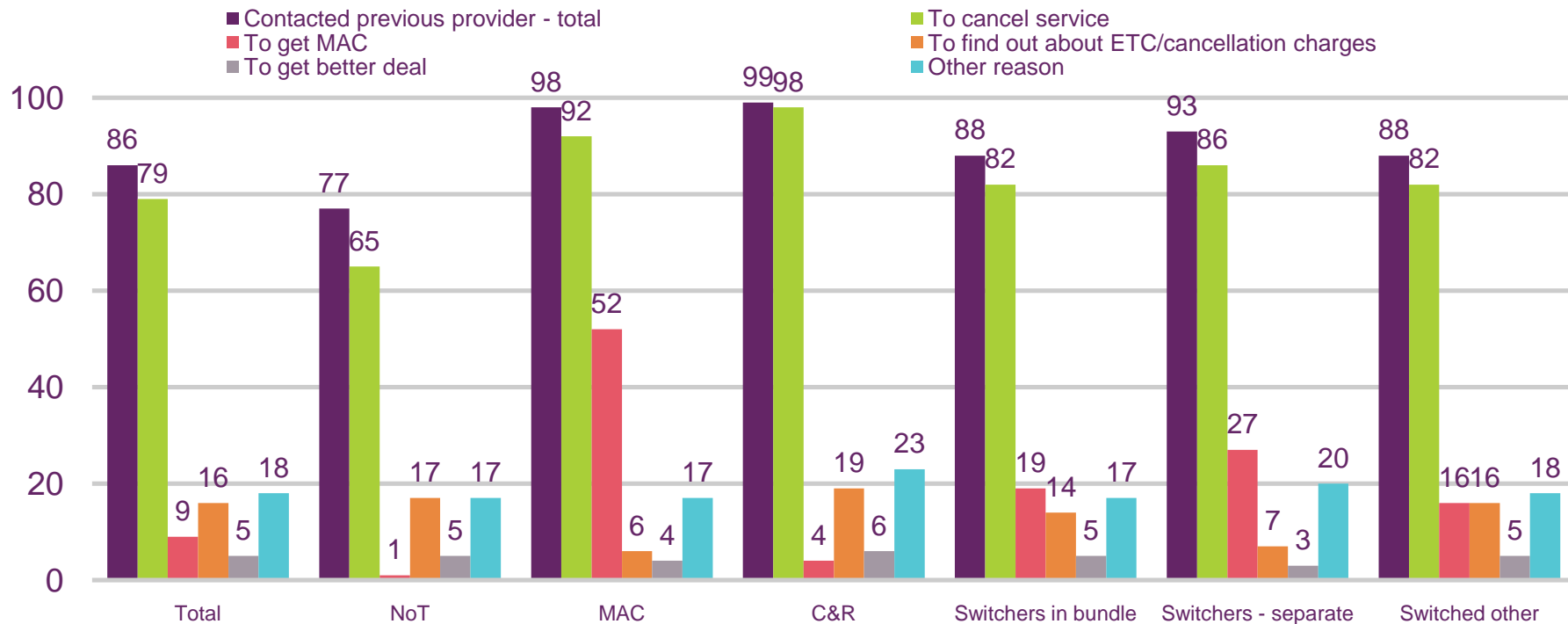
- Most switchers contact their previous provider at some point during their switching process, largely to cancel their existing service.
- Contact with previous providers was lowest amongst those using the NoT process however, 77% had done so at some point, largely to cancel their service (65%). (which is not actually a requirement of NoT process).
- In half of instances where switchers contacted their previous provider – the provider tried to persuade them to stay – with no significant differences by process.
- NoT process users were more likely to have already placed an order with their new provider when they received a 'save offer' from their previous provider (56%) compared to those using the MAC (39%) or C&R processes (35%).
- MAC users were more likely to have had discussions with their new provider but not signed up at the point they received the 'save offer' (50%).

Contact with previous provider

86% of switchers said they had spoken to their previous provider at some point before or after their decision to switch. Contact was largely to cancel their service (79%) although smaller proportions contacted their previous provider specifically to obtain a MAC, to establish whether any charges applied, or to try and get a better deal.

Three-quarters of consumers using the NoT process contacted their previous provider at some point during their switching process – largely to cancel their service (which is not actually a requirement of that process).

Data is not directly comparable to that collected in 2010 due to differences in question phrasing. This survey prompted respondents with reasons for why they might have contacted their previous provider. This type of questioning is likely to result in higher levels of agreement as it highlights aspects of contact that may not have been considered spontaneously.



Base: All switchers (1423), NoT (485), MAC (512), C&R (303), Bundle with single bill (1136), Separate provider/separate bill (235), Switched other services at same time (880). Data amongst total switchers is based on weighted data.

P11q1. Did you contact your previous provider to tell them you wanted to stop using their service, did you contact your previous provider for any other reason either before or after you had decided to switch ?

'Save offer' from previous provider



Around half of switchers that contacted their previous provider received at least an attempted offer to retain them.

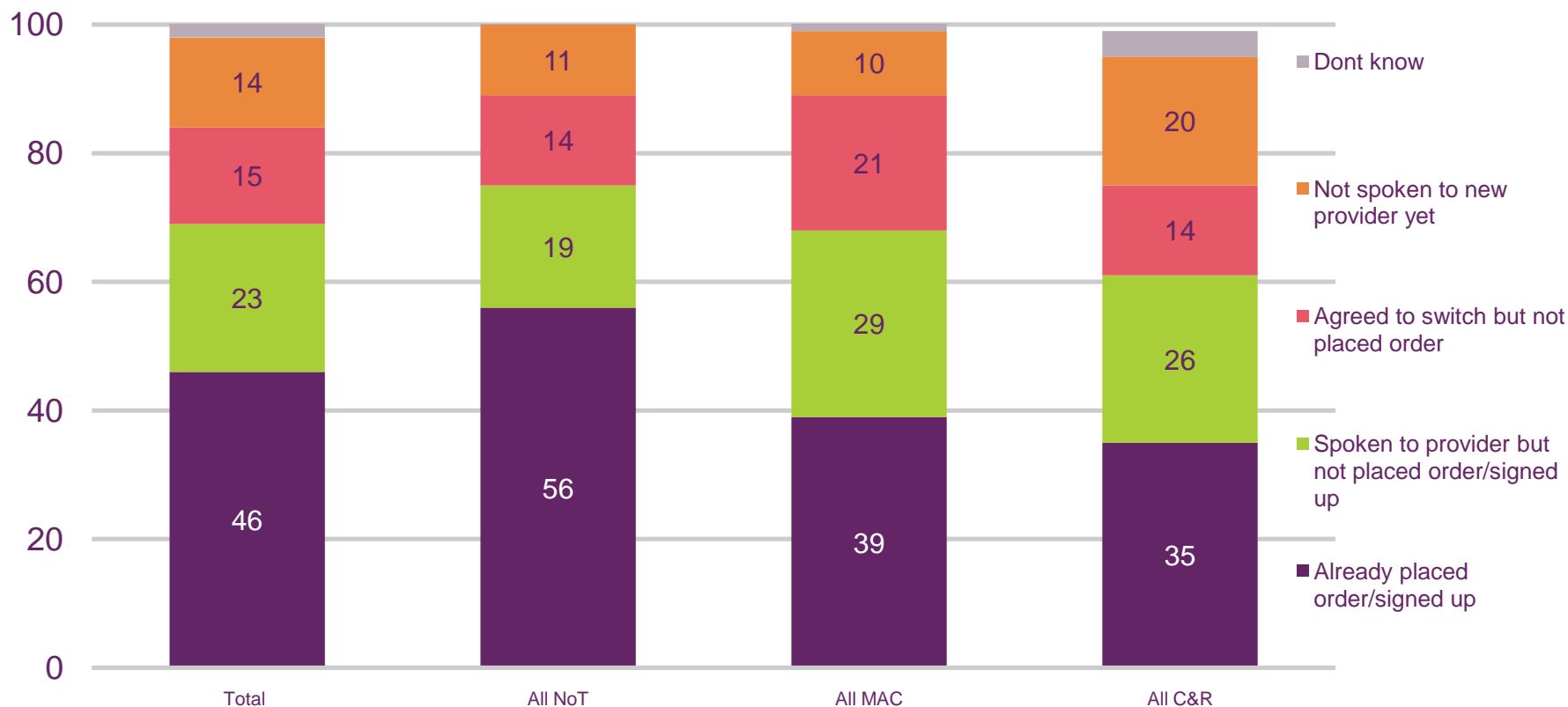


Base: All switchers personally contacted previous provider (1186), NOT (320), MAC (474), C&R (296), Switchers in bundle with single bill (938), Switchers purchasing standalone service/separate bill (202), Switched other services (723)

P12Q1. When your previous provider was told you wanted to stop using their service, did they make you any kind of offer to stay with them?

'Save offer' from previous provider

Switchers using the NoT process were most likely to have already signed up with their new provider when their previous provider tried to persuade them to stay.



Base: All switchers personally received attempted save offer (591), NOT (162), MAC (252), C&R (137), Switchers in bundle with single bill (473), Switchers separate provider or separate bill (101), Switched other services (361)

P13Q1. Which of the following best describes at what point your provider tried to persuade you to stay with them?

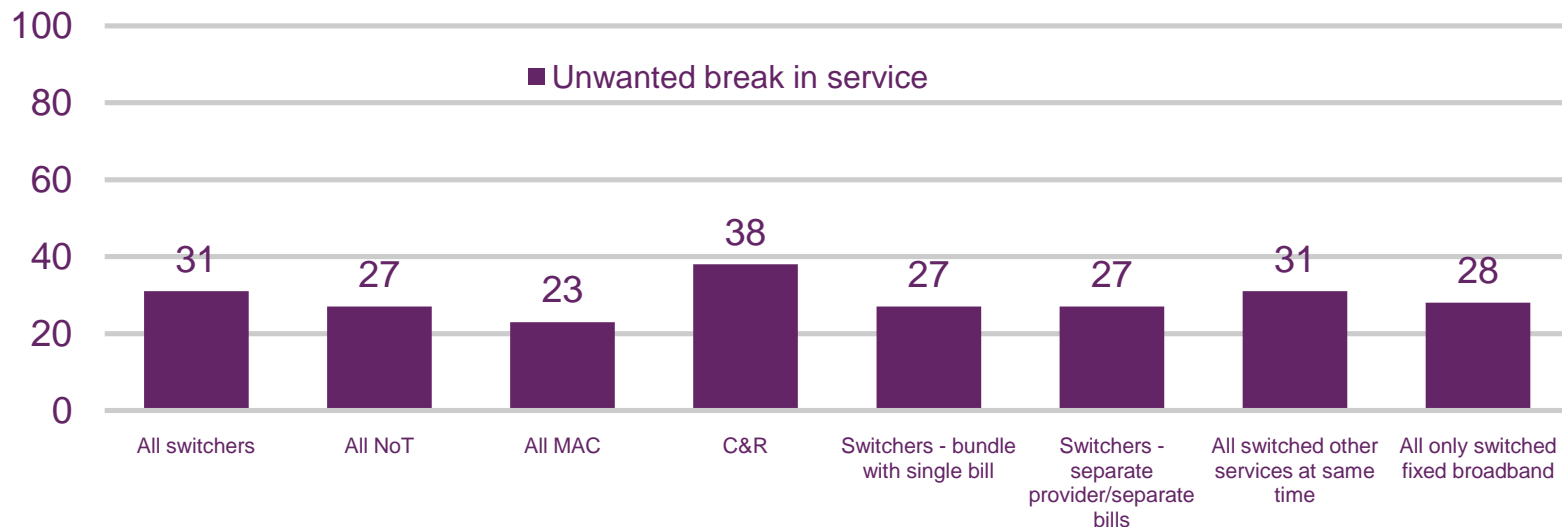
Unwanted break in service - summary

- Just under a third of fixed broadband switchers experienced an unwanted break in service. This was largely driven by C&R process users however, just over a quarter of those using the NoT (27%) or MAC (23%) processes said they experienced an unwanted break. These proportions fall to around a fifth of switchers using each process when removing those citing 'moved home' as the reason for the break in service.
- On average, switchers estimated a break of 7 days for those using the MAC process, 10 days for those using NoT and 15 days for those using the C&R process. As above when excluding those who cited 'moved home' as the reason for the break in service the average estimated length of the break falls to 8 days amongst NoT users and 12 for C&R with no change amongst MAC users. The latter largely due to the comparatively low proportion of MAC users citing 'moving home'.
- Just over half (54%) of switchers who experienced a break in service said they had expected to have a continuous broadband service during the switching process. The data is unable to confirm whether this was an expectation driven from information provided by their provider/s or just a general expectation of the switching process.
- The main reasons for the break in service was the inability for providers to start and stop at the same time. As mentioned above 'moving home' was mentioned by almost a quarter (24%) of NoT process users and half (51%) of C&R users.
- Just under a fifth of switchers using each of the MAC (17%) and NoT (18%) processes said their 'unwanted break' was impacted by switching other services i.e. advised needed a landline and/or problems switching other services. This compares to just under a third of C&R process users.

Experience of unwanted break in service

Around three-in ten switchers experienced an unwanted break in service. C&R process is driving experience of unwanted breaks in service with significantly higher proportions of consumers using that process experiencing an unwanted break compared to MAC and NoT users. However, around a quarter of those using NoT or MAC also experienced an unwanted break (no significant differences between these two processes).

There were no significant differences in the proportions experiencing an unwanted break according to purchasing behaviour or whether other services were being switched at the same time.



Base: All switchers (1423), NoT (485), MAC (512), C&R (303), Bundle with single bill (1136), Separate provider or separate bills (235), Switched other services at same time (872), Only switched broadband (402). Data for total switchers is based on weighted data.

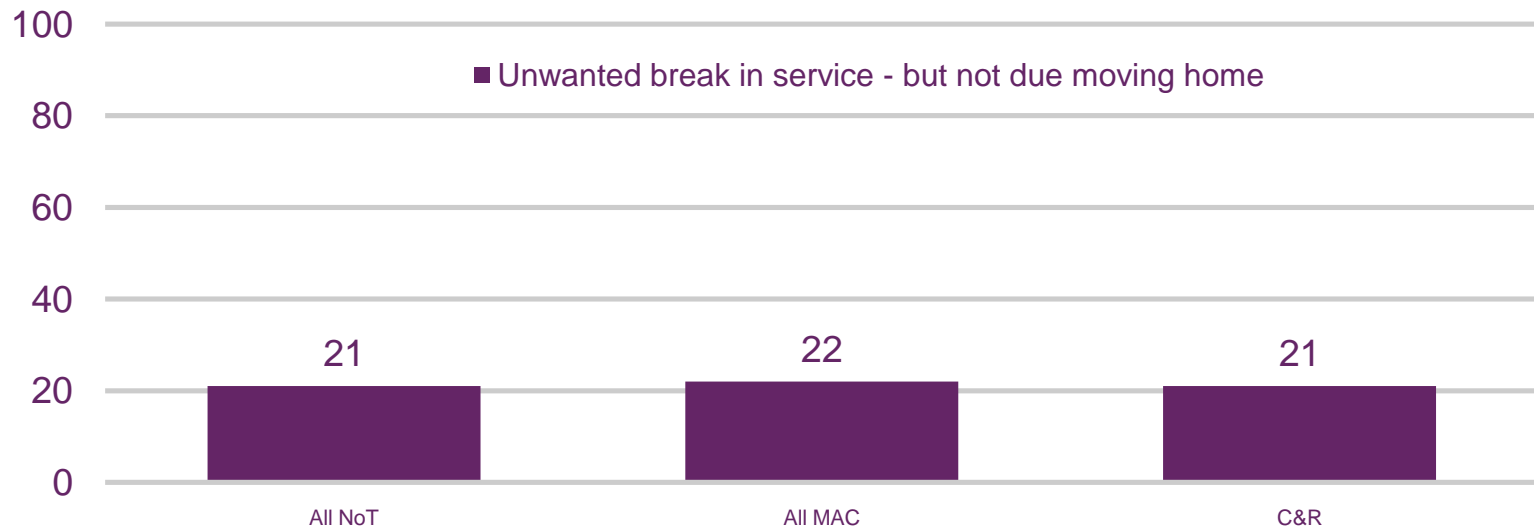
P20Q1: Was there a period of time in the switching process where there was an 'unwanted' break where you were not receiving a service from either company? Data excludes those who subsequently stated they had moved house and not wanted same day installation.

Experience of unwanted break in service



The proportions experiencing an unwanted break in service falls to 21% for NoT, 22% for MAC and 21% for C&R when excluding those who cited 'moved house' as the reason for this break.

Please note that data may still include respondents who moved house but did not mention this as a reason.

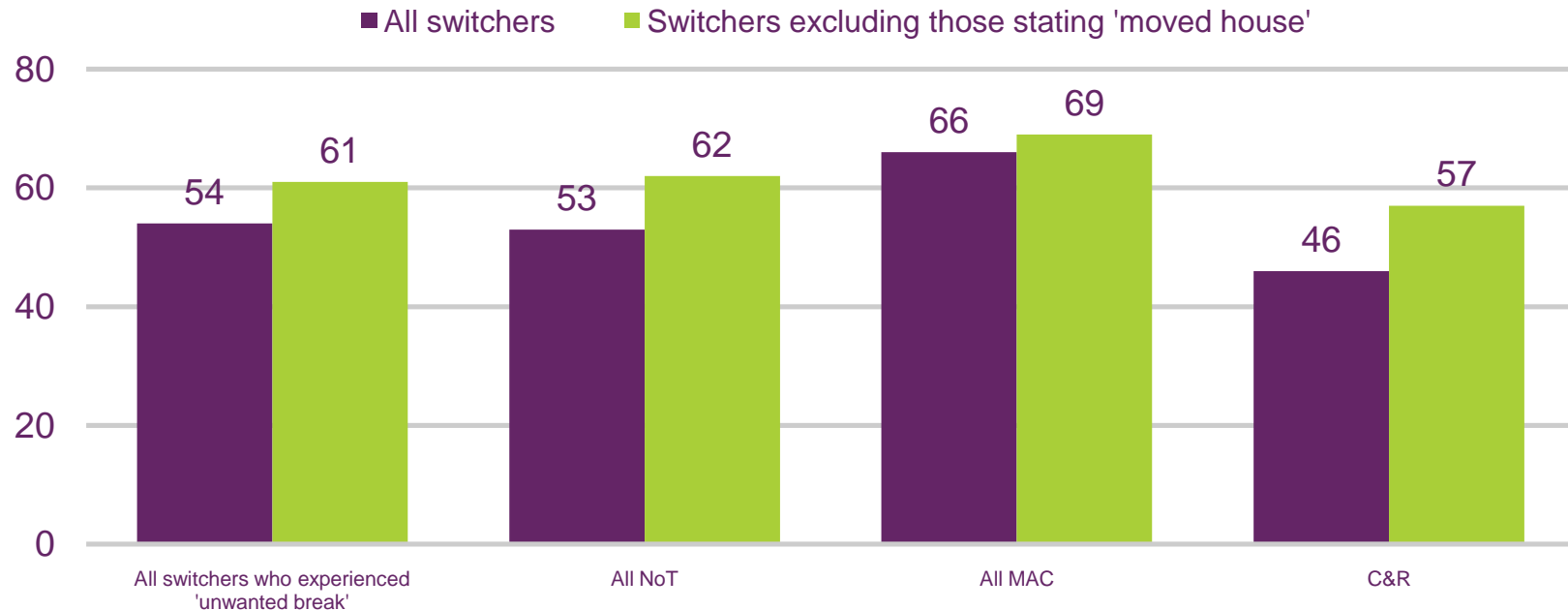


Base: All switchers excluding those citing 'moved house' as reason for break , NoT (102), MAC (112), C&R (*63)
P20Q1: Was there a period of time in the switching process where there was an 'unwanted' break where you were not receiving a service from either company?

Expectations for a seamless process

Half (52%) of those who experienced an unwanted break had **expected** to have a continuous broadband service throughout the switching process. There were indications (significant at 95% but not at 99%) that MAC process users were more likely than NoT process users to have expected a seamless process.

Excluding those who stated 'moved house' as the reason for their unwanted break the proportions expecting a seamless process rise to 61%.



Base: All switchers who experienced unwanted break (422), NoT (138), MAC (122), C&R (128)

Base: All switchers who experienced unwanted break but did not move home (294), NoT (102), MAC (112), C&R (*63)

* Low base size treat as indicative only as high associated error margins.

P22Q1: Was there a period of time in the switching process where there was an 'unwanted' break where you were not receiving a service from either company?

Total switchers data based on weighted data.

Average length of break – incl. home movers



Average length of the unwanted break was 12 days and ranged from 7-15 days depending on the process being used – lower for those using the MAC process (7 days) and higher for C&R (15 days).

Amongst those switching other services at the same time as their broadband – the average length of the unwanted break was 11 days – higher than for those currently purchasing their service separately (8 days).

	TOTAL	All NoT (138)	All MAC (122)	C&R (128)	Switchers - bundle with single bill (334)	Switchers - separate provider/ separate bill (*70)	All switched other services (275)
1 day	13%	20%	21%	3%	14%	19%	11%
2-3 days	13%	17%	21%	6%	12%	17%	12%
4-7 days	21%	20%	22%	22%	21%	24%	22%
8-14 days	22%	19%	18%	27%	21%	26%	23%
15-30 days	14%	13%	6%	18%	14%	6%	15%
More than 30 days	13%	9%	6%	20%	13%	6%	14%
Don't know	3%	2%	6%	3%	5%	3%	5%
AVERAGE	12 days	10 days	7 days	15 days	11 days	8 days	11 days

Base: All switchers that experienced 'unwanted break in service' * small base size, treat results as indicative only

P21Q1: How long was this break for?

Total switchers based on weighted data

Average length of break – excluding home movers



The average length of the break experienced across each of the processes falls amongst those using each of the NoT and C&R processes when excluding those who cited 'moved house' as the reason for the break in service.

Half of the C&R process users cited 'moved house' as the reason for their delay. However, C&R process users are still most likely to experience the longest delays when switching. It should be noted that this is based on a small sample size so treat this finding with caution and as indicative only.

It should be noted that while the base now excludes those who specified 'moving house' as the reason for their break – it may still include others moved house but did not mention this as a reason for the break in service.

	NoT (102)	MAC (112)	C&R (*63)
% cited 'moved house' as reason for break	24%	8%	51%
1 day	24%	23%	6%
2-3 days	18%	21%	10%
4-7 days	20%	23%	27%
8-14 days	18%	17%	27%
15-30 days	10%	5%	13%
More than 30 days	9%	5%	16%
Don't know	2%	5%	2%
AVERAGE	8 days	7 days	12 days

Base: All switchers that experienced 'unwanted break in service' – excludes those who said the break was linked to moving house

* Small base size treat finding with caution and indicative only.

* P21Q1: How long was this break for?

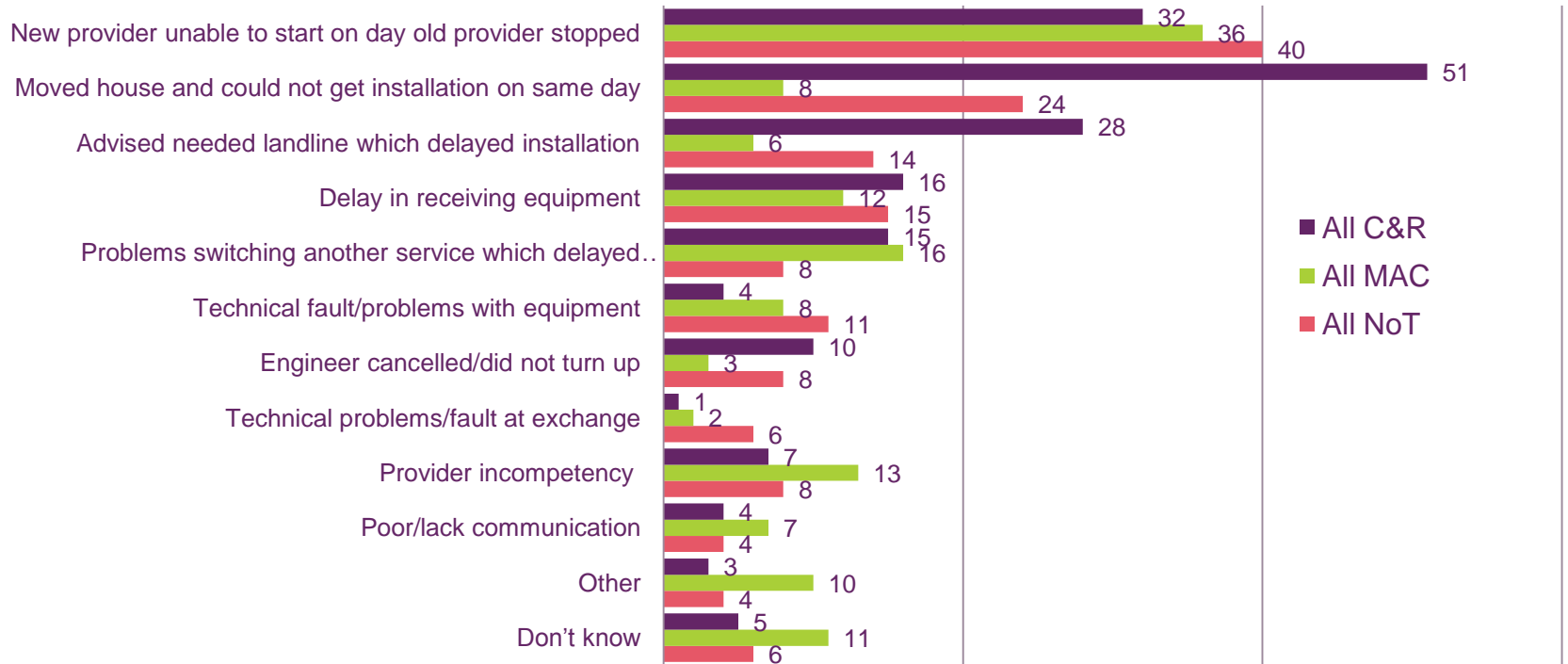
Reasons for unwanted break in service – by process



The main reason for the delay in provision of broadband service varied by process.

C&R process most likely to say ‘moved house’ or ‘advised they needed a landline installation’ which delayed the switch.

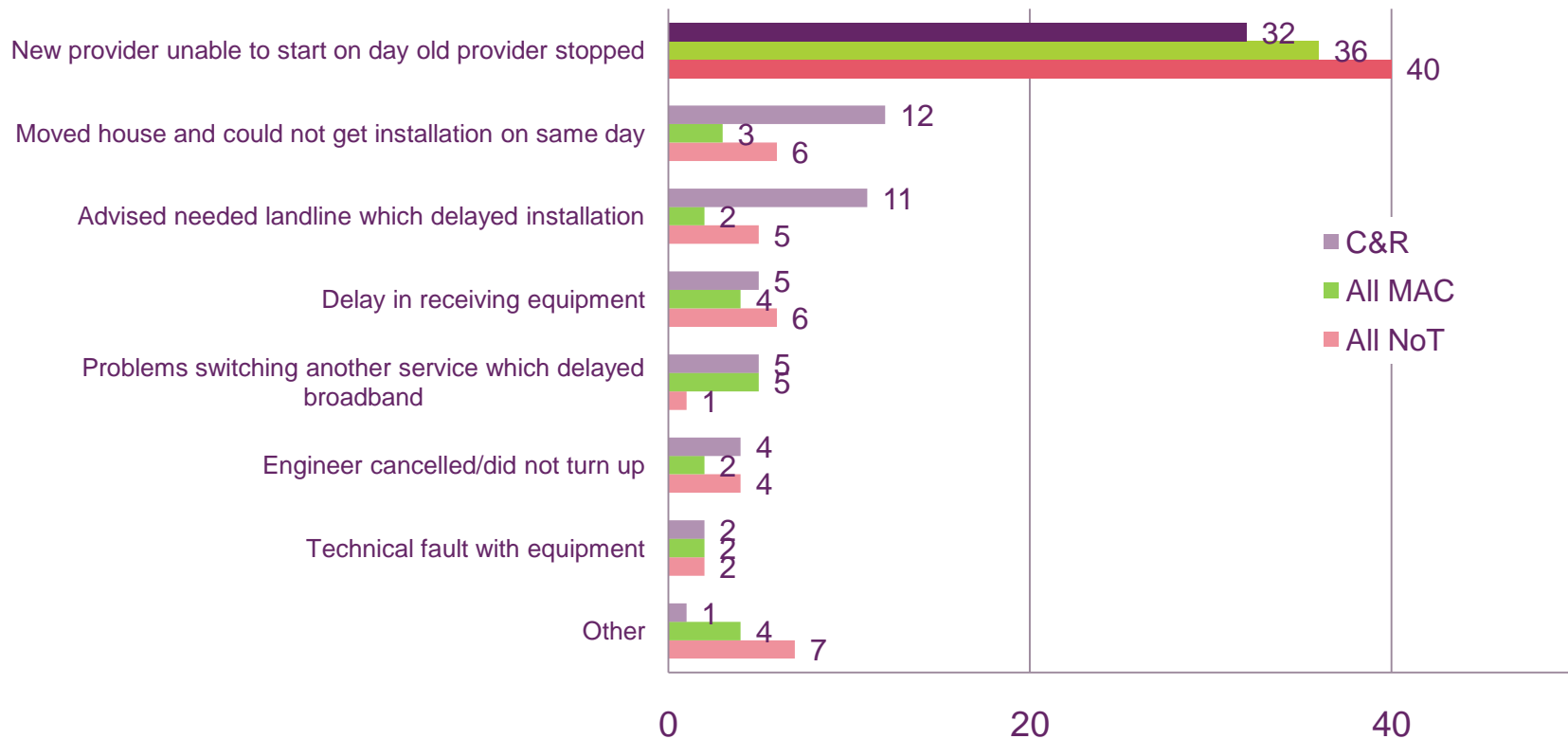
Just under a fifth of switchers using each of the MAC (17%) and NoT (18%) processes said their ‘unwanted break’ was impacted by switching other services i.e. advised needed a landline and/or problems switching other services. This compares to just under a third of C&R process users.



Base: All switchers that experienced an unwanted break in service (NoT (138), MAC (122), C&R (128))
 P23Q1: Why did you experience an unwanted break in your broadband service? Prompted/other specify allowed/multiple responses allowed. Data excludes small proportion who stated they had moved and not wanted same day installation and self imposed the delay.

Further analysis of why new provider unable to start when previous supplier terminated

The following reasons were also given by those respondents who said their new provider was unable to provide their broadband service on the day their old provider terminated:



Base: All switchers that experienced an unwanted break in service NoT (138), MAC (122)

P23Q1: Why did you experience an unwanted break in your broadband service? Prompted/other specify allowed.

Paying two providers/dual running

- Just under a fifth (17%) of switchers said they paid more than one provider to ensure they did not lose their broadband connection during the switchover.
- On average the period of dual-running lasted just over two weeks (16 days) with little variation by process.
- The average cost to the consumer was around £20 although a relatively high proportion (21%) said they did not know what the cost of this had been. 5% of the sample said the cost of dual running had been in excess of £60 – this was a consistent finding across all processes.
- In the vast majority of cases (73%) none of the money was refunded with a fifth saying they were either fully (10%) or partially (9%) refunded.
- MAC users were significantly more likely to say they were refunded either all (16%) or some (13%) of the costs of dual running than those using the NoT process (5% and 3% respectively)

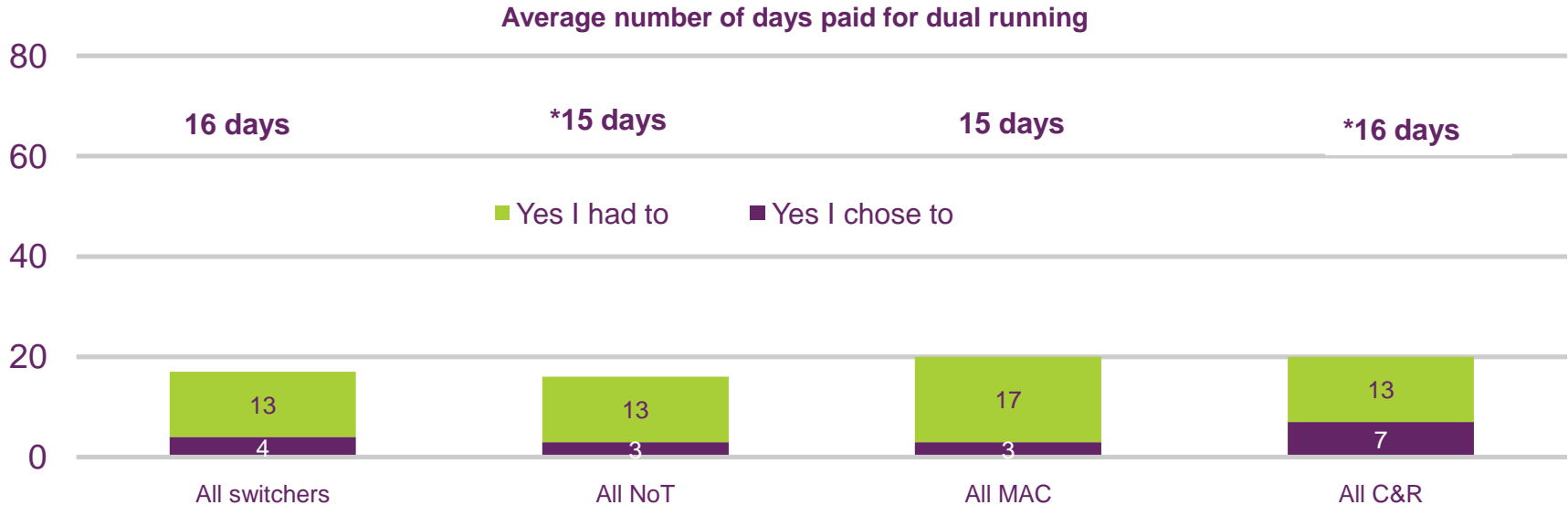
Paying two providers



No significant changes to the proportion paying more than one provider compared to 2010 – 17% said they paid two providers for a period of time to ensure they did not lose their home broadband connection.

On average switchers said they paid more than one provider for 2 weeks – little variation by process or purchasing behaviour.

Indications that C&R users were more likely than average to **chose** to pay more than one provider for a period of time.



Base: All switchers (1423), NOT (485), MAC (512), C&R (303) * Small base of those paying for dual running, treat as indicative only.

P15Q1: Was there a period of time in the switching process where you chose to or had to pay more than one provider to make sure you did not lose your home broadband connection?

Total switchers based on weighted data

£'s spent paying more than one provider



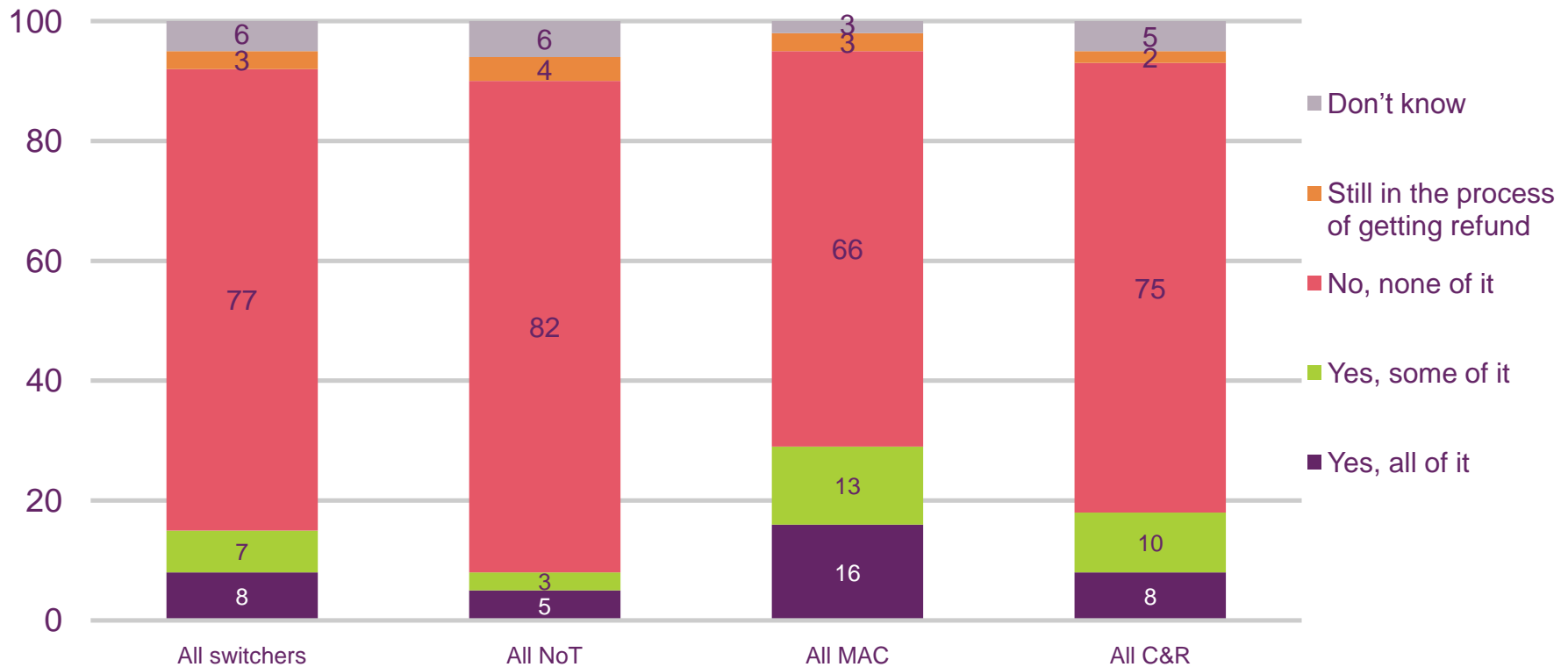
Consumer estimated they spent around £20 in total paying more than one provider to avoid a loss in service

	All switchers (262)	All NoT (*79)	All MAC (103)	All C&R (*61)
Up to £5	9%	6%	18%	8%
£5 to £9.99	12%	11%	15%	13%
£10 to £14.99	17%	16%	19%	16%
£15 to 19.99	11%	9%	15%	16%
£20 to £29.99	12%	14%	11%	8%
£30 to £39.99	6%	6%	1%	10%
£40 to 49.99	3%	1%	1%	7%
£50 to £59.99	2%	4%	1%	0%
£60 or more	5%	5%	5%	5%
Don't know	23%	27%	15%	16%
AVERAGE	£21	£22	£16	£21

Base: All that paid more than one provider (262). Average scores exclude don't knows * Small base size, treat results as indicative only
 P17Q1: And how much extra did you spend paying more than one company?
 Total switchers based on weighted data

Whether refunded

In less than one in ten instances the money was fully refunded (8%) and for a further one in ten at least some of this money was refunded (7%).



Base: All switchers paid more than one provider (262), NOT (*79), MAC (103), C&R (*61), Switchers in bundle with single bill (208), Switched other services (872) * base size less than 100, treat as indicative only

P15Q1: Was there a period of time in the switching process where you chose to or had to pay more than one provider to make sure you did not lose your home broadband connection?

Total switchers based on weighted data

Early termination/cancellation charges

- Just over one in ten (14%) switchers said they paid an early termination charge (ETC) to leave their previous provider. Around half of these (6%) said they found out about these after they had signed up with their new provider although the majority (88%) said they were happy with their decision to switch.
- There were no significant differences in when switchers found out about these charges according to process used.
- Experience of ETCs was significantly lower amongst those who only switched their fixed broadband service (7%) compared to those who switched other services at the same time (15%).
- Views on whether the ETC was a surprise were polarised – just under a third (29%) were ‘very surprised’ to find out they had to pay charges to leave their previous provider.
- The average ETC paid was £38 there were no differences in the amount of ETC paid between those who were made aware of these charges before (£38) or after (£40) they had switched.
- It is not possible to show further analysis of ETC by process due to the small sample sizes of those who paid an ETC these sub-groups are low and so data has not been shown in the following charts (Sample sizes: NoT users who experienced an ETC = 73 and MAC = 42)

Paying early termination/cancellation charge



Just over one in ten (14%) switchers said they paid an early termination (ETC)/cancellation charge when they switched supplier. On average switchers said they paid around £38 (although around a quarter of those paying an ETC said they paid in excess of £60). The amount spent on ETC's did not vary significantly from this average amongst more recent switchers.

Those using the NoT process were significantly more likely to incur an ETC (15%) than those using the MAC process (8%).



Base: All switchers (1423), NoT switchers (485), MAC switchers (512), C&R switchers (303)

P24Q1: When you decided to switch to your new supplier, did you need to pay your previous supplier an early termination charge in order to leave your contract with them?

Data amongst all switcher based on weighted data

Amount of ETC paid



	All switchers experienced ETC (171)	Aware before switched (*68)	Aware after switched (*85)
Up to £5	2%	3%	0%
£5 to £9.99	3%	4%	2%
£10 to £14.99	5%	5%	5%
£15 to 19.99	8%	6%	11%
£20 to £29.99	13%	15%	12%
£30 to £39.99	13%	14%	12%
£40 to 49.99	7%	7%	7%
£50 to £59.99	4%	8%	0%
£60 or more	26%	22%	33%
Don't know	19%	18%	17%
AVERAGE	£38	£38	£40

Base: All that paid an ETC

*Small base size, treat as indicative only

P28Q1: And how much did you have to pay to leave the contract?

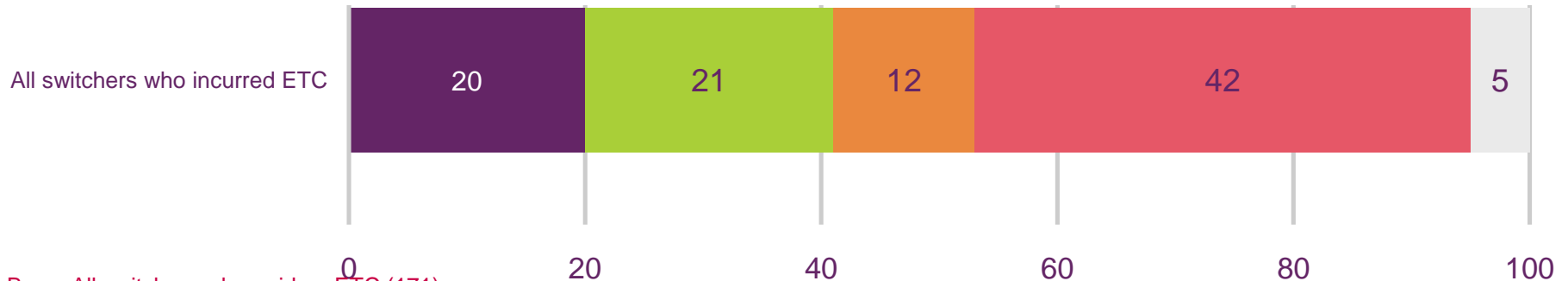
Weighted data

When informed of ETC

Around two-fifths of switchers (42%) that paid an early termination charge said they found out about this after they had signed up/placed an order with their new supplier – this equates 6% of all switchers. The majority (88%) of switchers who paid an ETC said they were still happy with their decision to switch provider despite the charges, 8% were unhappy and 4% were unsure.

As part of the current NoT processes losing providers inform their customers about the implications of switching during the 'switchover period' i.e. after the consumer has placed the order but before the switch has actually happened. This gives the consumer a chance to cancel the switch after they have signed up with the GP but before it actually happens if they change their mind as a result of learning about ETCs. When excluding these consumers from the analysis - the proportion of switchers who incurred an ETC and found out after they had actually switched stands at 21% (down from 42%). It should be noted that based on current consumer behaviour a further 10% of switchers who incurred an ETC were informed of this when they contacted their previous provider to cancel the service – and therefore, would also have been in a position to terminate the new contract and not incur the ETC.

- Before I started considering using an alternative supplier
- While I was considering/comparing alternative supplier
- After I'd spoken to new supplier and agreed to switch but not placed order
- After signed up and placed order with new supplier
- Don't know



Base: All switchers who paid an ETC (171)

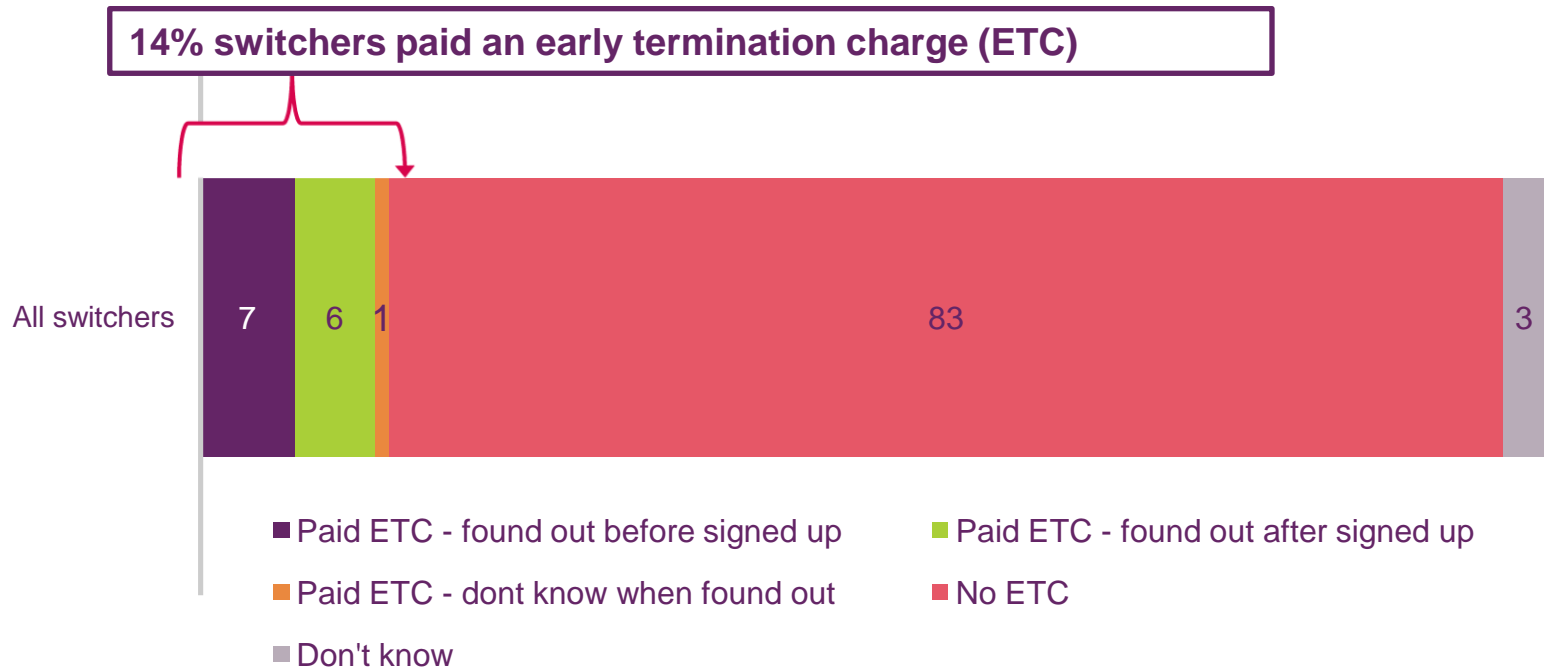
P25Q1: Which of the following best describes at what point you found out about the early termination charge?

Weighted data

Paying early termination/cancellation charge



As a proportion of all switchers 14% paid an early termination charge – 7% said they found out about this charge before they had signed up/placed an order with their new provider and 6% said they had already signed up when they were made aware of this charge.



Base: All switchers (1423)

P24Q1: When you decided to switch to your new supplier, did you need to pay your previous supplier an early termination charge in order to leave your contract with them? P25Q1 Which of the following best describes at what point you found out about the early termination charge?

Weighted data

Whether ETC was a ‘surprise’

Views on whether or not the ETC was a ‘surprise’ to switchers were polarised. Just under a third said they were ‘very surprised’ to find out that they had to pay a charge to leave their previous provider.



Base: All switchers who experienced an ETC (171)

P27q1. How surprised, if at all, were you to find out that you had to pay your previous provider in order to stop using their services. Please don't consider the amount of the charge, just the fact that there was one.

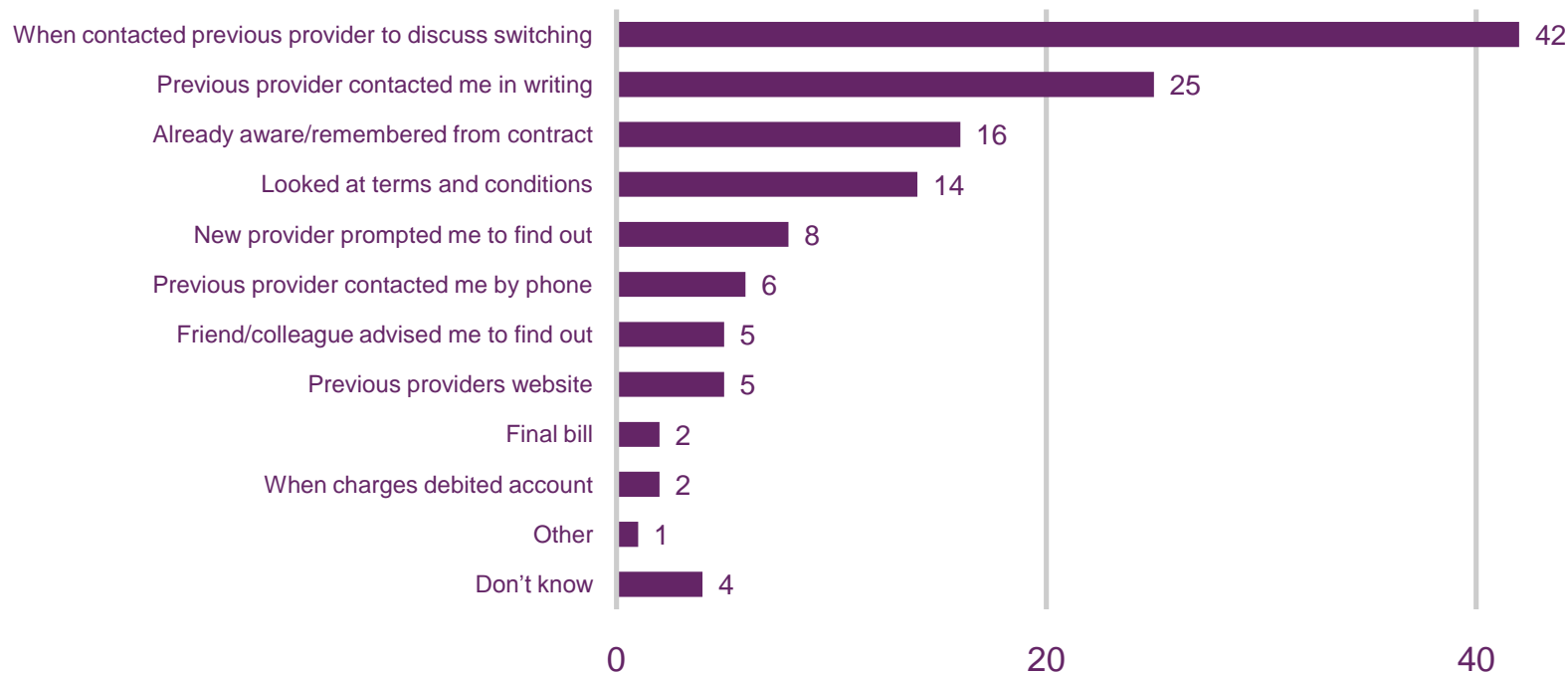
Weighted data.

How informed of ETC



Most switchers who incurred an early termination charge said they were directly informed of this by their previous provider. Just over two fifths said this was at the time they were discussing their switch, while a quarter said their previous provider contacted them in writing and a further 6% said their previous provider contacted them by phone to advise of this charge.

Other methods of information mentioned were: terms and conditions, websites, final bills.



Base: All switchers who experienced an ETC (171)

P25Q1: How did you find out about the early termination charges? Prompted, other specify allowed

Weighted data

Benefits through switching

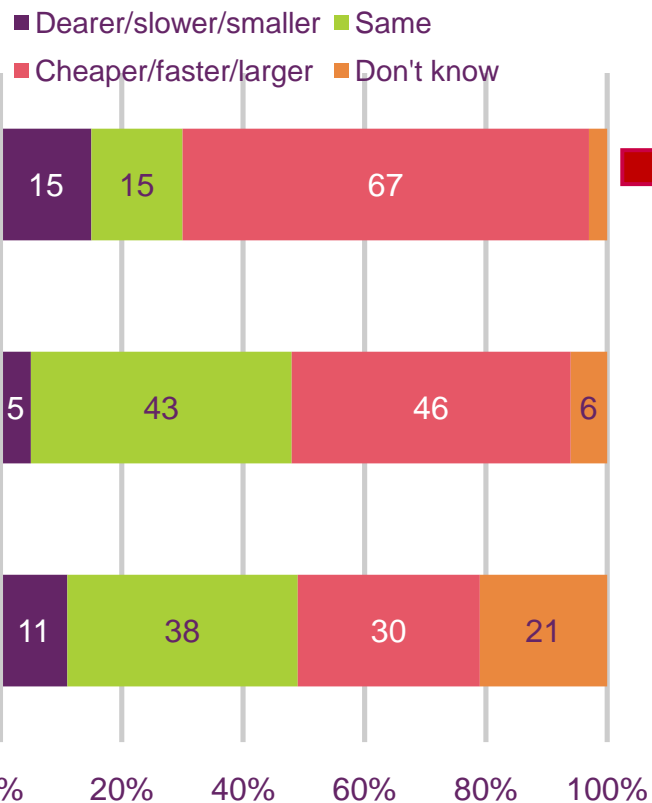
- Across all of the aspects of service (customer service, billing, installation and reliability, cost, speed and download allowance) assessed in this study the vast majority (93%) of switchers said they achieved at least one benefit from switching
 - from 30% saying they had a larger download allowance and 67% said they had achieved some degree of cost saving (c. £9 per month).
- Focussing on cost, speed, download allowance - 87% of switchers said at least one of these aspects was better with their new provider
- Most of those who signed up for faster speeds (46%) said they had achieved these (87%).
- The data in the following slides is based on un-weighted data as analysis indicates that 'process' does not have a significant impact on the stated benefits achieved through switching (as shown in the following slides)

Cost comparisons between providers

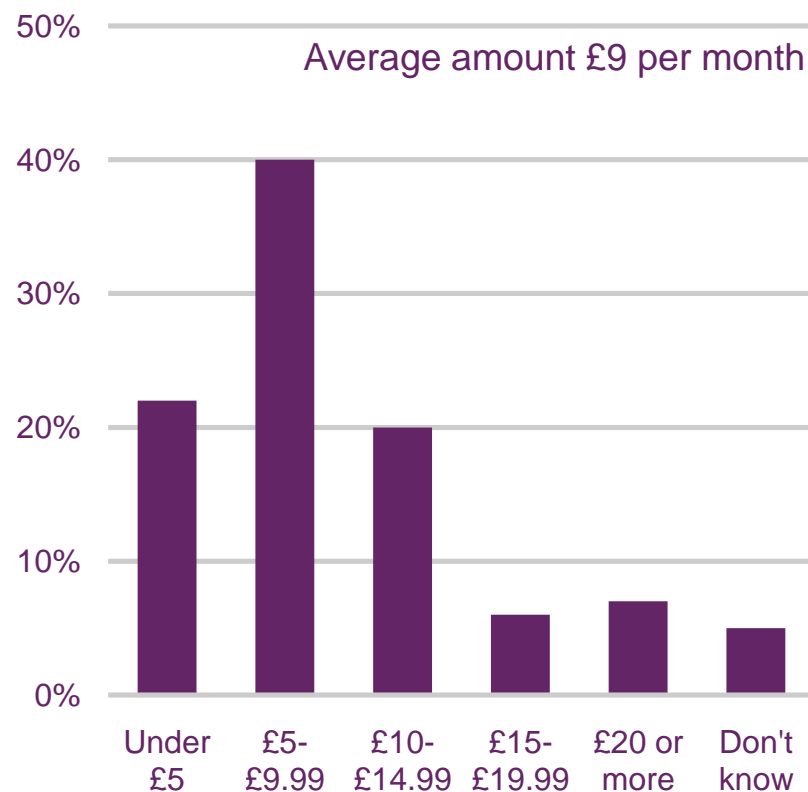


Around two-thirds of switchers said they achieved cost savings – the average was £9 a month.

Comparisons with providers



Amount saved by switching



Base: All that switched (1423) – unweighted data. All that get cheaper service (958)

P9Q1a: Which of the following describes the 'cost/speed/monthly allowance of your current broadband service compared to the cost of your previous broadband service?'

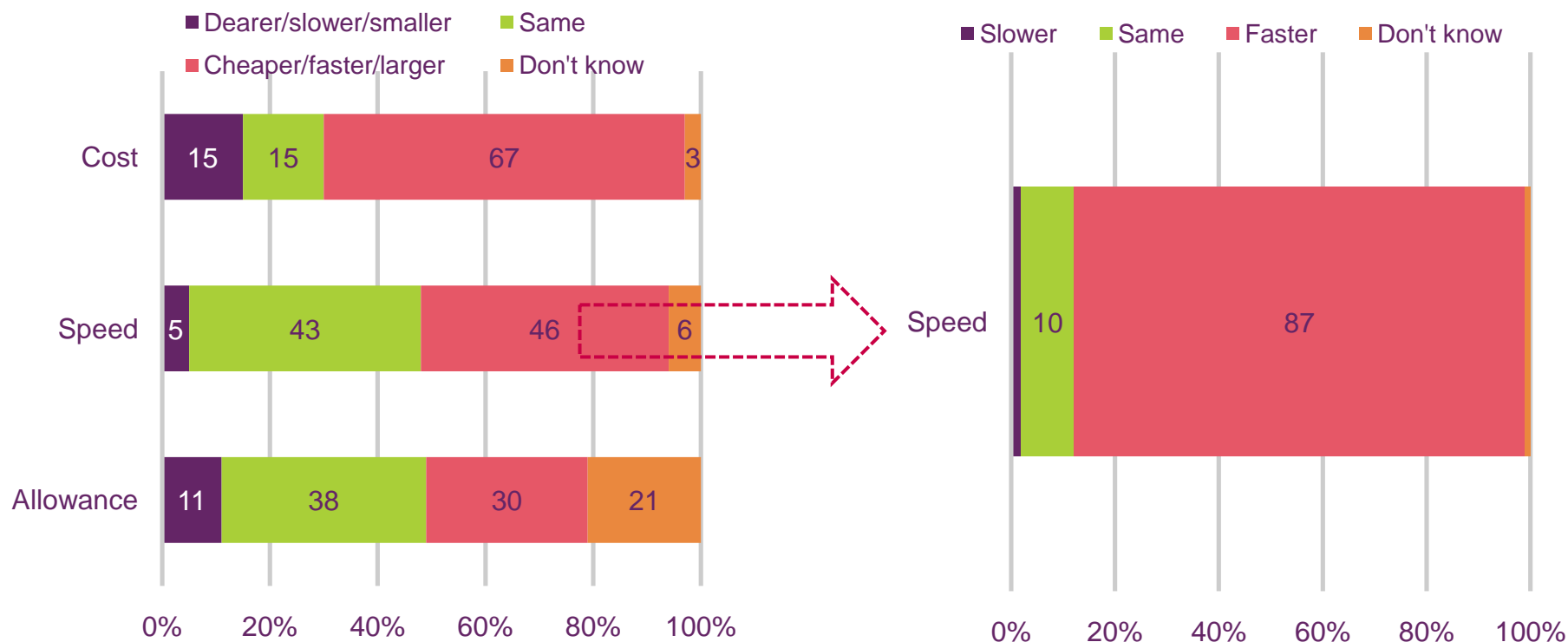
P9Q1b: How much less do you think you are a paying each month?

Speed comparisons between providers



Just under half (46%) of switchers said they had signed up to faster speeds with their new provider and 87% of these said they had achieved faster speeds.

Around one in ten said they had signed up for a package offering the same speeds but had achieved faster speeds with their new service.



Base: All that switched (1423) - unweighted data

P9Q1a: Which of the following describes the 'cost/speed/monthly allowance of your current broadband service compared to the cost/speed/monthly allowance of your previous broadband service (think about the speed that you signed up for as opposed to the speed you received)

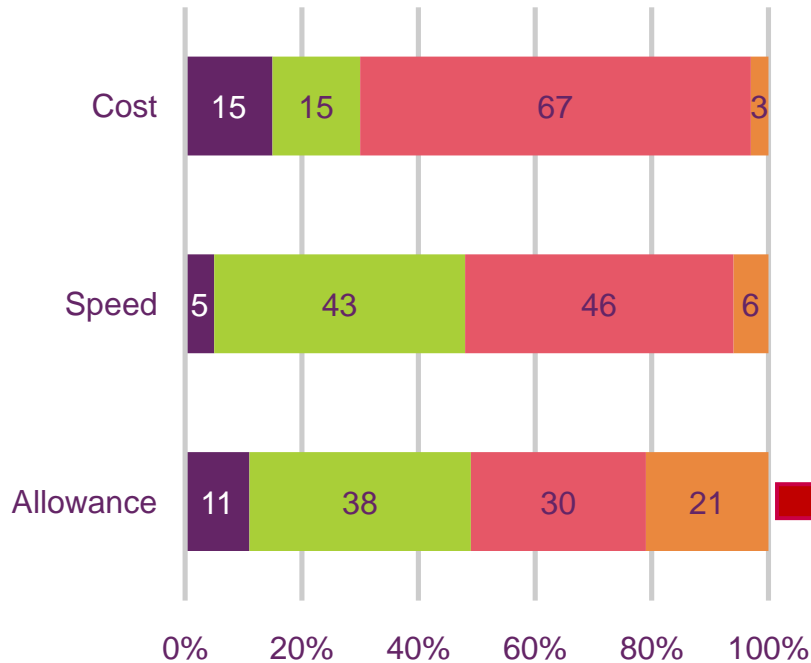
Base: All that said they had signed up to faster speeds (659)

P9Q1ci: How do your actual broadband speeds compare to those you were receiving from your previous supplier?

Download comparisons between providers

Comparisons with providers

■ Dearer/slower/smaller ■ Same ■ Cheaper/faster/larger ■ Don't know



There was greatest uncertainty around how download allowances compared between providers with a fifth saying they did not know how they compared.

Just under a third of switchers (30%) said they had switched to a provider offering a larger download allowance

Base: All that switched (1423) – unweighted data

P9Q1a: Which of the following describes the 'cost/speed/monthly allowance of your current broadband service compared to the cost/speed/monthly allowance of your previous broadband service (think about the speed that you signed up for as opposed to the speed you received)

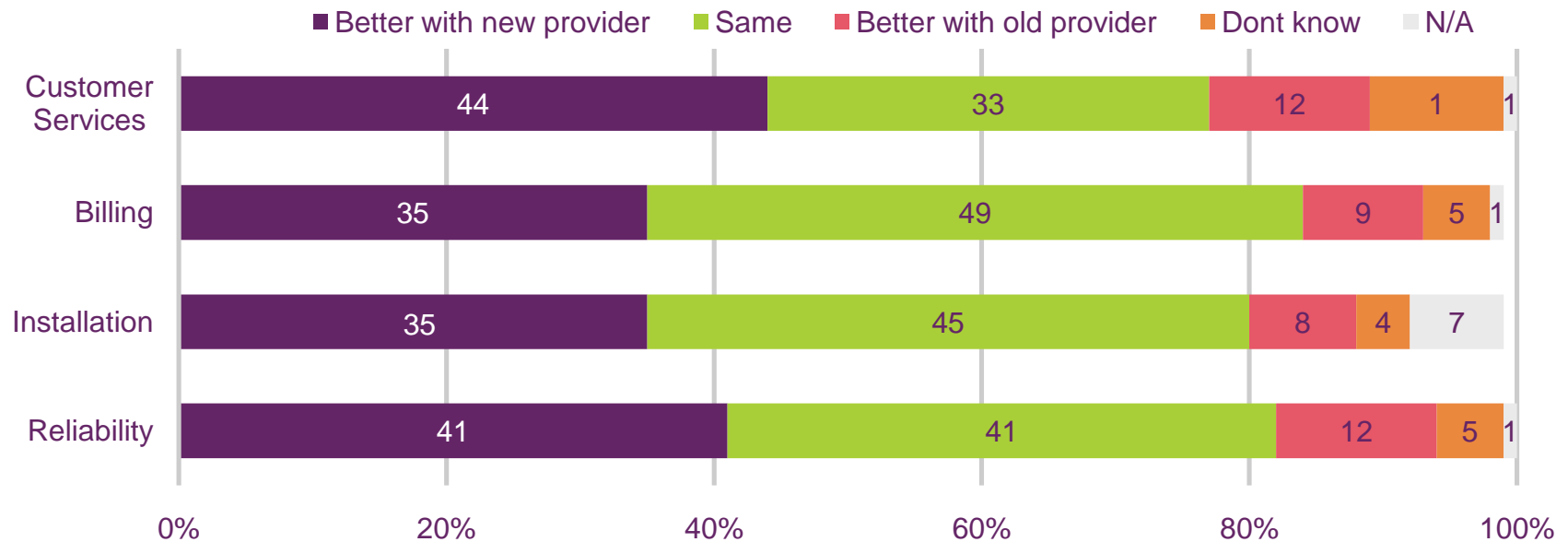
Comparison of aspects of service



Comparing individual service aspects between previous and current providers (i.e. customer service, billing, installation and reliability) customer services and reliability were the aspects most likely to be rated as 'better with new provider'.

Nearly two-thirds (64%) of switchers said at least one of these aspects was better with their new provider.

Across all of the aspects covered in this study (and noted on the previous slides) the majority (93%) of switchers said they achieved at least one benefit as a result of switching provider.



Base: All that switched (1423)

P10Q1: Thinking about the following aspects of your service please state how they compare between your new provider and your old provider?

‘Process has a limited impact on stated benefits of switching

	Total (1423)	MAC (512)	NoT (485)	C&R (303)
Cost				
Cheaper	67	71	68	61
Same	15	13	14	16
More expensive	15	15	19	13
Don't know	3	1	4	4
Speed				
Faster	46	46	49	43
Same	43	45	40	43
Slower	5	3	5	8
Don't know	6	5	5	6
Download allowance				
Larger	30	29	35	27
Same	38	40	37	41
Smaller	11	15	8	11
Don't know	21	16	19	20

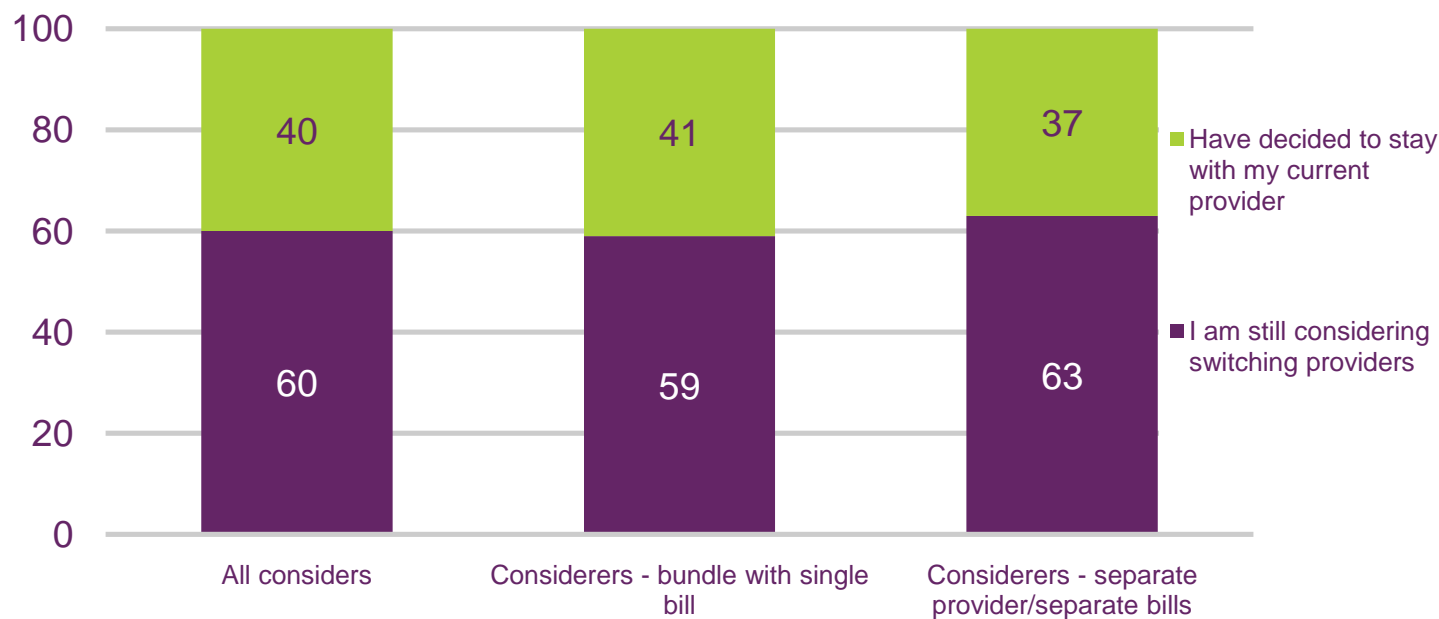
No significant differences -
tested at 99% confidence

Level of process drop out amongst considerers

- Most (97%) considerers who had decided to stay with their current provider had started the switching process by either advising their current provider that they wanted to stop using their services (81%) and/or telling a potential new provider that they wanted to start using their services (59%).
- Two-thirds of considerers who decided to stay with their incumbent after starting the switching process were 'saved' by their current provider. Between 18% and 26% were deterred from switching due to issues relating to the process.

Proportion still considering switching

Three in five considerers were still considering switching and the remaining two in five had decided to stay with their current provider. Those purchasing their fixed broadband in a bundle were as likely as standalone purchasers to have decided to stay with their current provider.

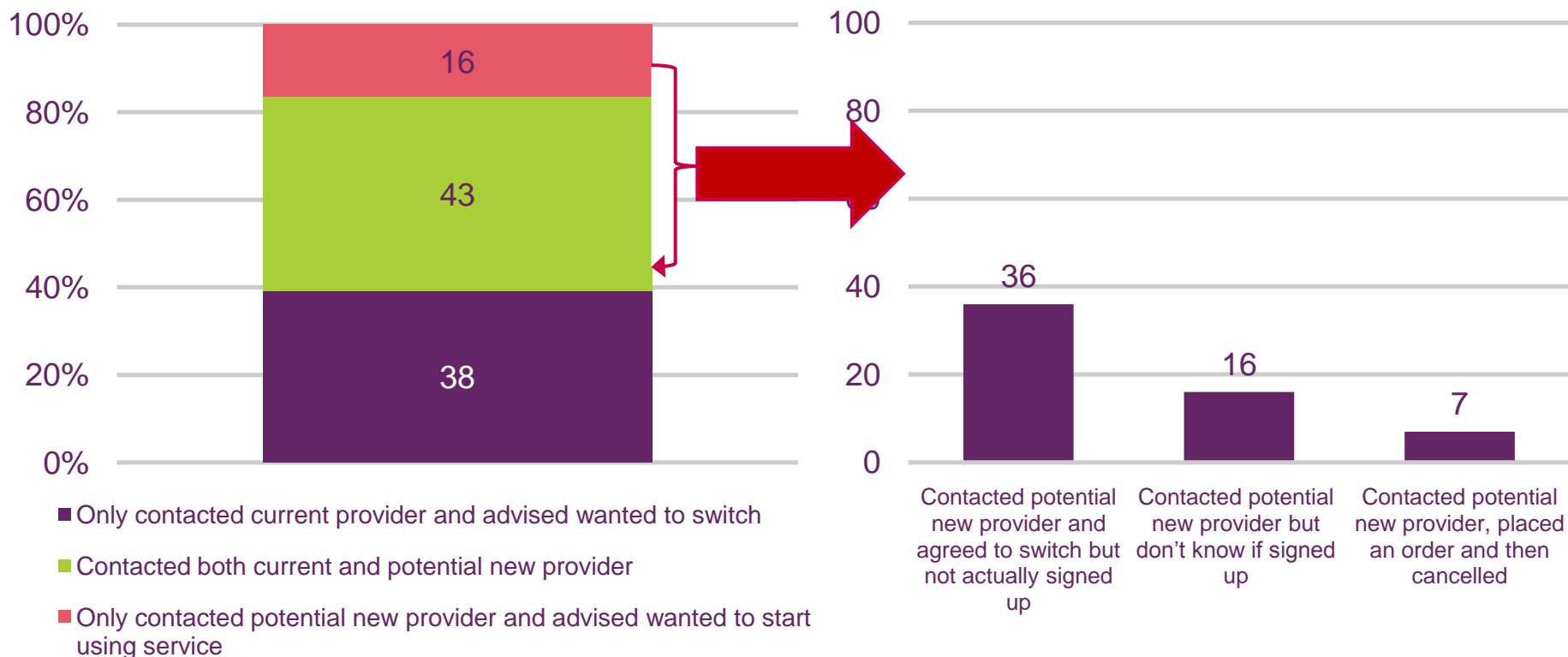


Base: All considerers (593), considerers in package (429), considerers standalone (145)
P50Q1: Which of the following applies to your situation now regarding your home broadband?

At what point consumers 'dropped out' of process

Most (97%) of those who had decided to stay with their current provider had contacted a potential provider to discuss switching –either advising their current provider that they wanted to stop using their services (81%) and/or telling a potential new provider that they wanted to start using their services (59%).

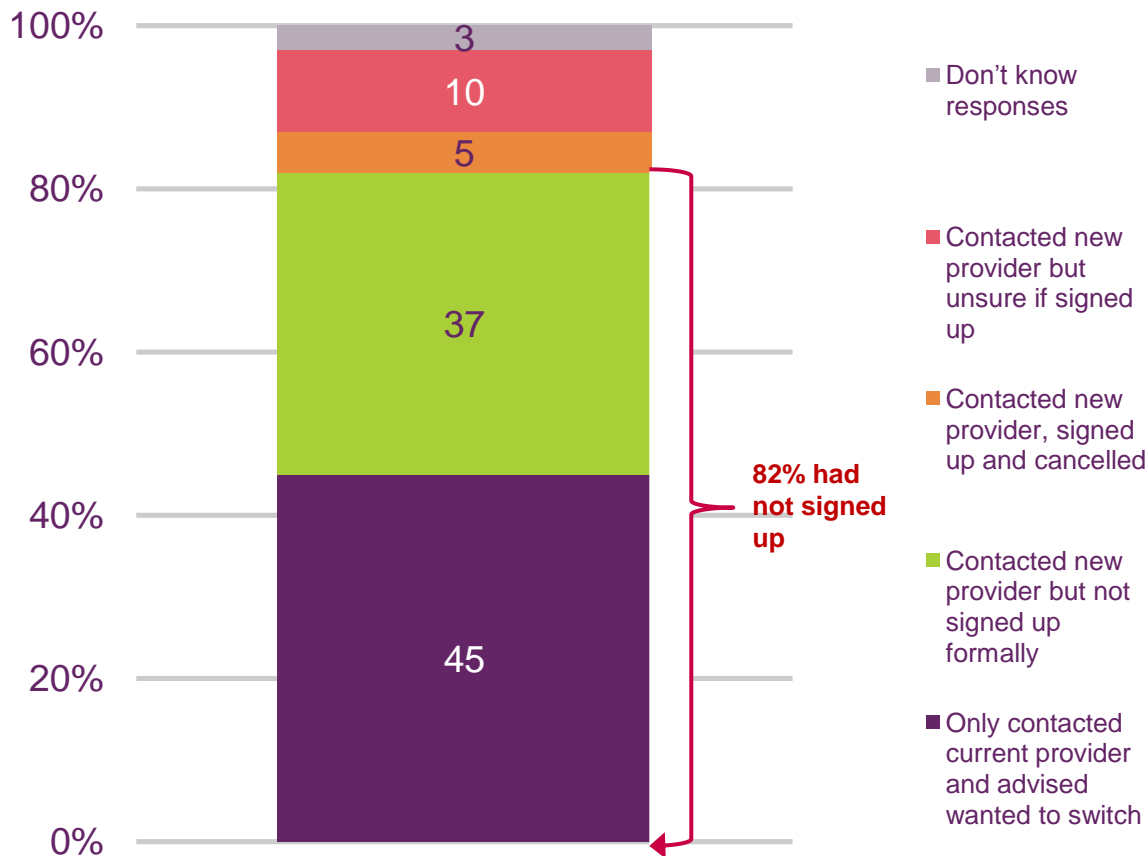
It was more common for considerers who decided to remain with their incumbent to have discussed but not formally agreed to switch to a new provider (36%), than to have placed an order and subsequently cancelled it (7%).



Base: All considerers that decided to stay with incumbent (237)

P51q1: Have you/did you contact your provider to tell them you wanted to stop using their services? P52q1: Have you/did you contact a potential new provider to tell them you wanted to start using their services? P54q1: Which of these best describes the discussions you had with your potential new provider.

Behaviour amongst those who were 'saved'



Base: All considerers who were 'saved' by their current provider (159)

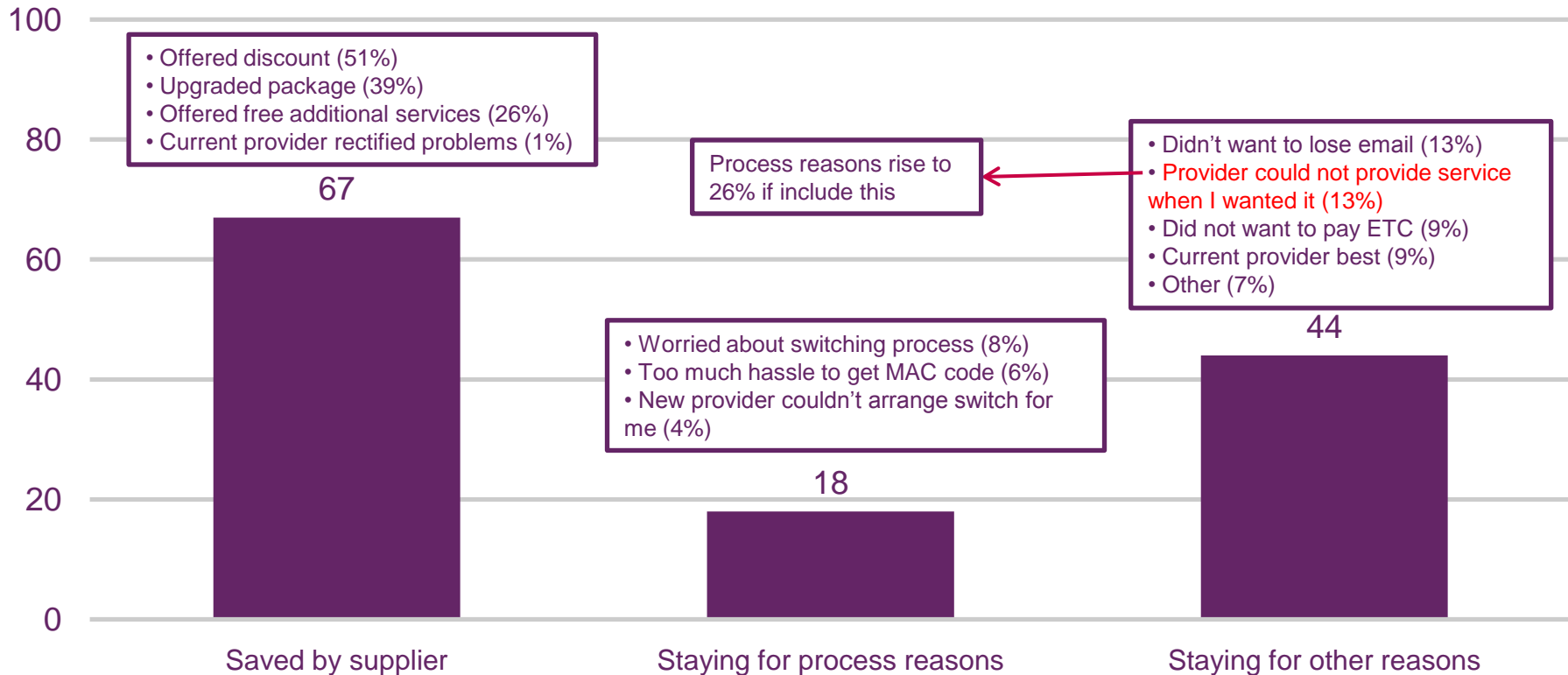
P51q1: Have you/did you contact your provider to tell them you wanted to stop using their services? P52q1: Have you/did you contact a potential new provider to tell them you wanted to start using their services? P54q1: Which of these best describes the discussions you had with your potential new provider.

Reasons for staying with current provider



Two thirds of consumers who had started the switching process but decided to remain with their provider were ‘saved’ by their current provider. Largely this was due to offers of discounts or upgrades to existing packages. Just under a fifth stated issues relating to the switching process as their reason for not switching

Just over two fifths stated various other reasons – from not losing email address, inability to provide service when required to reluctance to pay ETC and current provider perceived to be the best.



Base: All considers that decided to stay with incumbent after starting switching process (229)

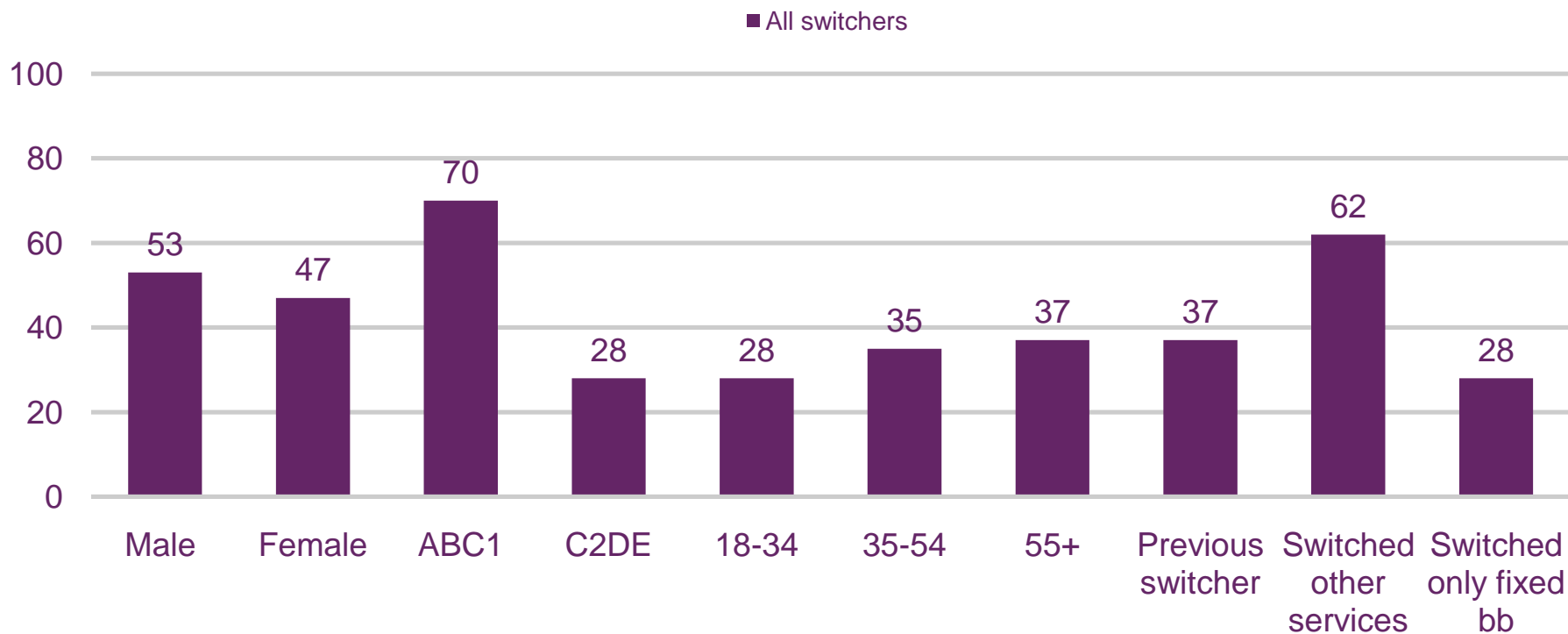
P53Q1: Why did you decide to stay with [CURRENT ISP]? Please tick all that apply – responses do not total 100% as some respondents gave multiple reasons.

Annex A: Analysis of sample

Summary of sample composition

- Slight demographic differences in sample compared to the 2010 research. The sample achieved in 2011 is slightly younger and contains a higher proportion of C2DE socio-economic groups. However, demographic did not have a significant impact on experience of any of the issues explored in this report.
- 80% of the sample purchase their fixed broadband as part of a bundle and receive a single bill for these services, 17% purchase their fixed broadband from a separate provider or receive a separate bill for this service. The remaining 3% were unsure. Purchasing behaviour did not have a significant impact on experience of any of the issues explored in this report.
- 37% of the sample are switchers with at least one previous experience of switching fixed broadband provider. Previous switching behaviour had no impact on experience of the issues explored in this survey.
- Three-fifths (62%) of the sample had switched other services at the same time as switching their fixed broadband service. The only aspect significantly impacted by switching multiple services was experience of ETC – which was higher amongst those who switched other services at the same time as their fixed broadband service.

Demographic profile of sample

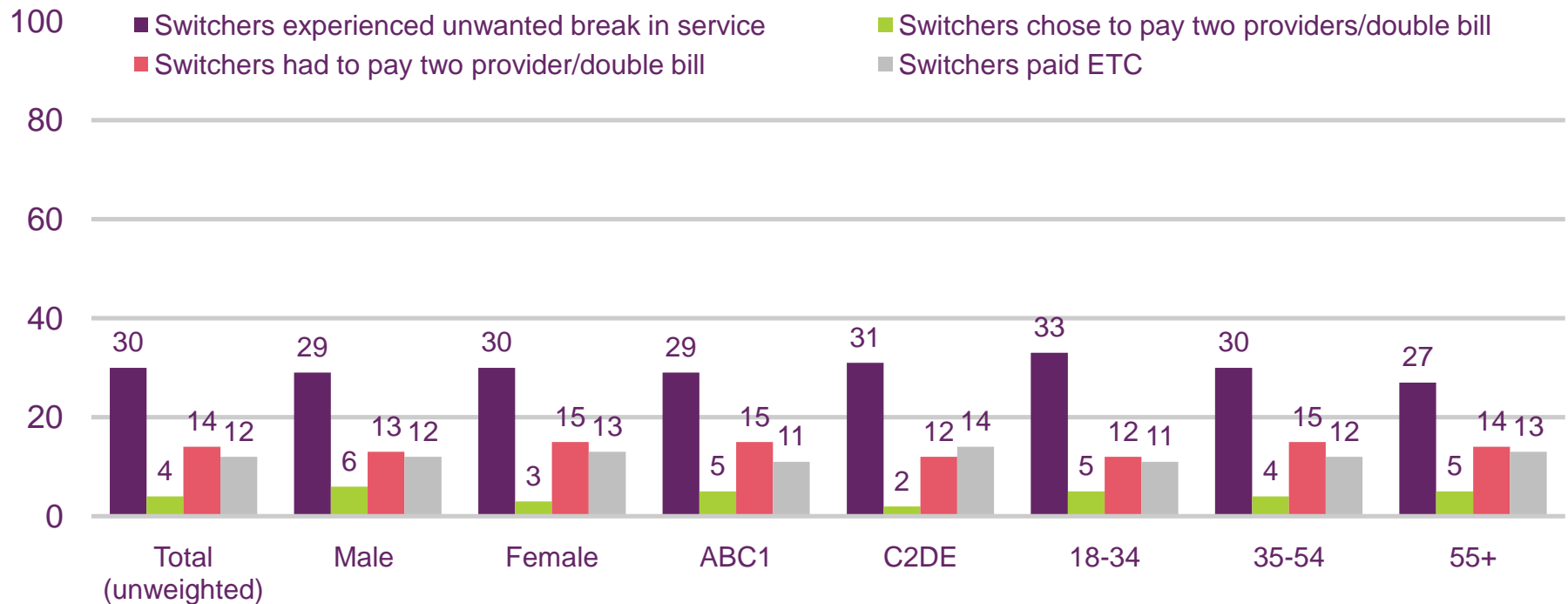


Base: All switchers (1423), Switchers in bundle with single bill (1136), Switchers with separate provider/separate bill (235)

Influence of demographics in experience of issues

Given the slight differences in demographic profile of switchers compared to 2010 the following charts report the impact demographic, previous switching behaviour and purchasing preferences have on experience of each of the issues covered by this report.

As illustrated below – demographic does not have a significant impact on experience of any of the issues explored.



Base: All switchers (1423)

Significance testing at 99% confidence

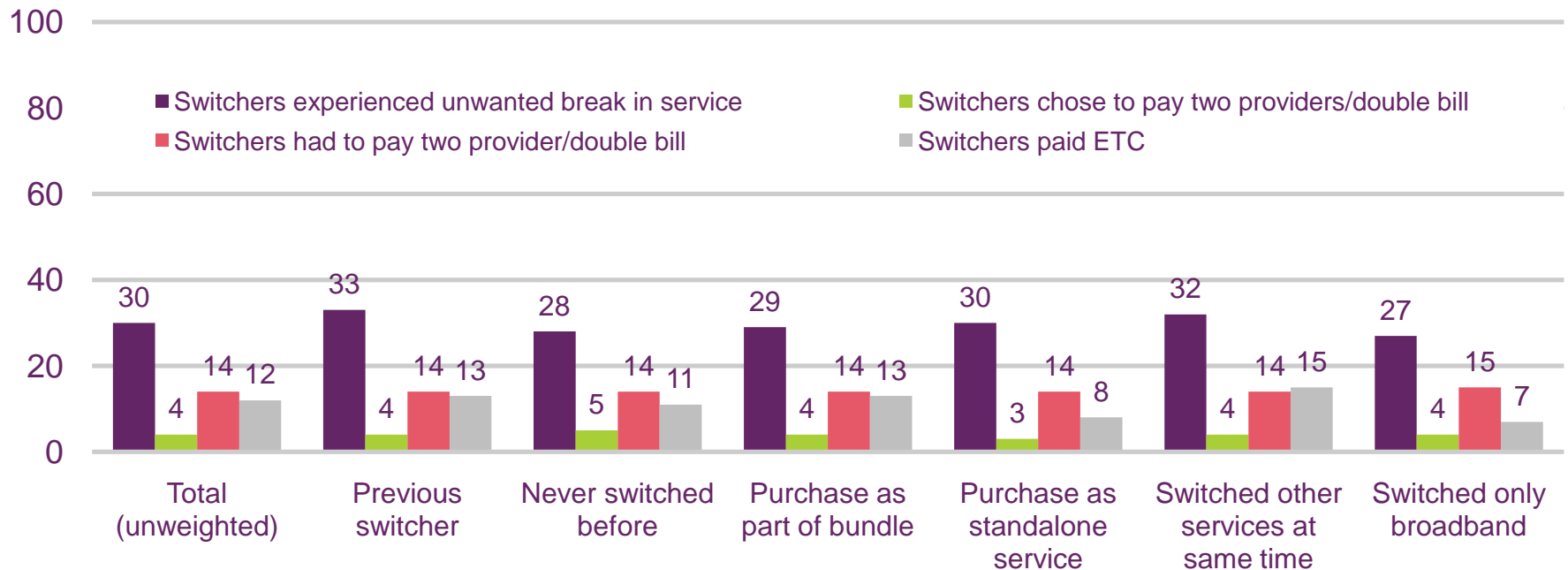
Influence of switching/purchasing behaviour



As illustrated below – neither previous switching behaviour or purchasing preferences have a significant impact on experience of any of the issues.

There are indications (i.e. significant at 95% but not at 99%) that experience of an unwanted break in service is higher amongst switchers who had switched in the past than new switchers.

Experience of ETCs is significantly higher amongst those who switched other services at the same time as their broadband service. However, the data is unable to confirm whether the ETC was directly related to the broadband service or another service being switched.



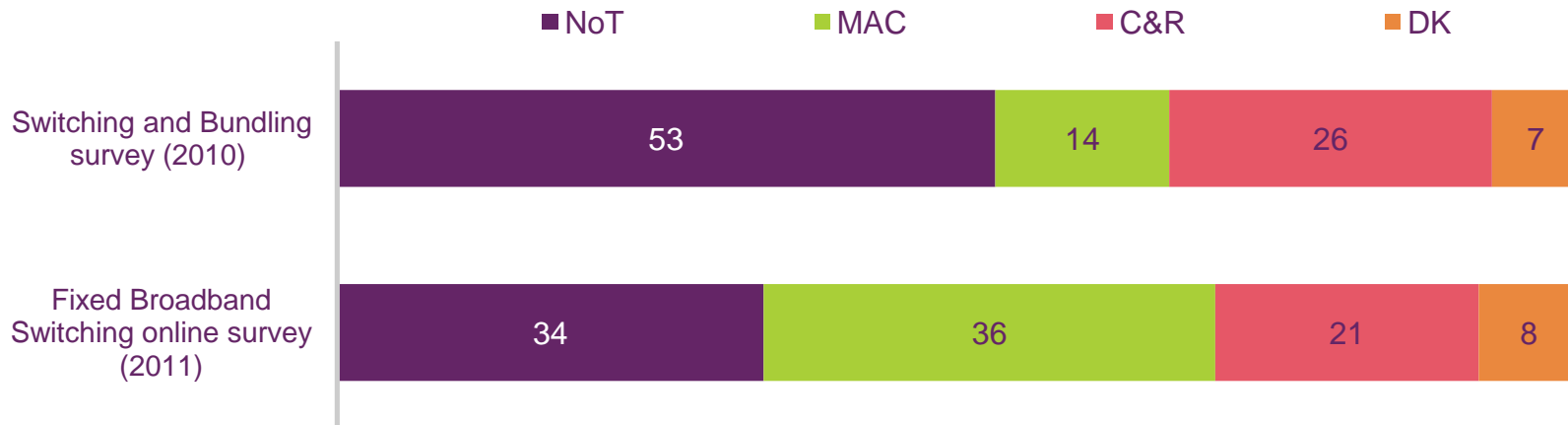
Base: All switchers (1423)
Significance testing at 99% confidence

Comparison of data on ‘process used’ between surveys

The 2011 online survey achieved a higher proportion of MAC users and consequently lower proportion of NoT and C&R users than the previous survey conducted in 2010.

Data provided to Ofcom by BT Openreach in 2011 in relation to use of the NoT and MAC processes indicated actual use was closer to the 2010 data.

As such data reported amongst all switchers has been weighted to reflect the profile of switchers in terms of process used based on the 2010 data.



Base: 2011 All switchers (1423 – online survey)

Base: 2010 All Switchers (UK representative face to face omnibus)