



**Consumer
Focus**
Campaigning for a fair deal

Consumer Focus response to Ofcom's strategic review of consumer switching

November 2010

About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland. We operate across the whole of the economy, persuading businesses, public services and policy makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

This response is not confidential and we are happy for it to be published in full on Ofcom's website.

Acronyms used in this response	
CCI	Consumer Conditions Index
GPL	Gaining provider-led
LPL	Losing provider-led
MAC	Migrations authorisation code
MNO	Mobile network operator
MNP	Mobile number porting
NoT	Notice of transfer
PAC	Porting Authorisation Code
PAYG	Pay as you go
TPV	Third-party verification
USD	Universal Service Directive

Introduction

Consumer Focus welcomes the opportunity to respond to the Ofcom strategic review of consumer switching. We remain committed to working with Ofcom, industry and Government to bring about positive changes for consumers, and in facilitating a switching process which is clear, straightforward and safe. We strongly agree with Ofcom's conclusion that gaining provider-led (GPL) switching processes are preferential to losing provider led (LPL) processes as they minimise switching costs, limit disruption of service, encourage effective competition but importantly, also improve the consumer experience. However we are disappointed that Ofcom has chosen to focus on fixed-line and broadband separately and sooner than considering switching of mobile numbers (MNP) and pay TV.

Consumer Focus has set out some core principles which we believe should guide Ofcom as it considers making changes to consumer switching processes. We believe a switching process should:

- be a straightforward process for consumers that takes place swiftly and smoothly
- have the ability to smoothly align switching of multiple services
- be led by the provider whose incentives align most closely with the interests of the consumers
- be safe and secure, minimising the risk of slamming¹
- have limited disruption of service
- provide clear information to consumers, such as any outstanding contractual liabilities
- ensure that consumers have access to clear, independent information about providers to aid their switching decision
- give consumers the opportunity to receive the best deal from their current provider, while avoiding excessive retention activity
- promote healthy competition in the market

¹ Slamming is the name the telecoms industry has given to the practice of swapping a consumer's phone line over to a new company without their consent.

Specific questions

Question 1: Do you think hassle is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence.

We agree with Ofcom's conclusions that hassle is a key factor to consider in the scope of this review. In an omnibus survey conducted in March 2009, 57 per cent of respondents had never switched mobile provider². When asked why, 69 per cent cited 'too much hassle' as the reason. It is important that consumers feel that the process of switching any of their communications services is clear, quick and easy. Consumer Focus and its predecessor bodies have knowledge and experience of the switching process in other markets. This experience suggests that where there have been difficulties with the switching process, generally, the gaining provider is better placed and has more incentive to rectify them.

When the gaining provider manages the process it also provides certainty for consumers who will know who to contact if there are problems with the process. There is little incentive for a losing provider to resolve issues if they know they are going to lose the customer after doing so.

Question 2: Do you agree there is a lack of clarity about the switching processes that consumers need to go through to switch and this may create a barrier to switching? Please provide an explanation for your answer and any supporting evidence.

Question 3: Do you think clarity is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence.

We agree with Ofcom's conclusions that clarity is a key factor to consider in the scope of this review. However we feel that the issue of clarity extends beyond an understanding of the switching process. It is our view that any discussion of switching has to be viewed in relation its potential barriers. Ofcom should not focus too narrowly on processes, but rather examine the whole consumer experience of choosing a communications provider and any potential barriers to switching. We are concerned that in Ofcom's research, consumers felt that switching bundles would be an easy option when in fact it can involve negotiating multiple switching processes at once and so is more complicated for consumers.

We agree that the issue of how to provide consumers with information about early termination rates does deserve further consideration, but any consideration of clarity and information or early termination rates should be seen within the context of the wider debates about consumer information.

² Telephone omnibus survey commissioned by ICM research, on behalf of Consumer Focus in March 2010. Sample size 1000

There are currently a number of discussions and consultations that deal in part with the best ways to provide consumers with relevant information about their communications services³, and it is important that this thinking is joined up across Ofcom, the UK government and devolved and local governments.

(For further discussion of clarity see the consumer information section below).

Question 4: Do you think continuity of service (including unwanted breaks and double billing) is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence.

Consumers will rightly expect that a switch between service providers will happen with minimal loss of service or delays. An average of 12 days loss service across all services is unacceptable, not least given consumers reliance on their communications services in case of emergencies, but also due to the 'hassle' factor of not being able to access online bank accounts, work and personal emails, and other information about health or government services. Gaining provider led (GPL) processes will greatly minimise loss of service because the gaining provider manages the whole process on behalf of the consumer. Ofcom states that loss of service can occasionally occur within GPL processes, but explains that this is due mostly to the complicated nature of switching bundles. We therefore believe that Ofcom should focus on simplifying the switching of bundles in order to reduce any delays in GPL processes. Bundles offer consumers reduced prices and wider choice of services, but it is important that the development of bundled services has consumers' interests at its heart. Bundled services are a relatively new market development and Ofcom needs to carefully monitor its development. For example it is important that consumers do not have to manage multiple contracts with potentially different terms and different minimum service periods.

³ Ofcom should consider, for example, the consumer information provisions of the EU Framework implementation: "Consumers will receive better information ensuring they understand what services they subscribe to and, in particular, what they can or cannot do with those communications services. Consumer contracts must specify, among other things, information on the minimum service quality levels, as well as on compensation and refunds if these levels are not met, subscriber's options to be listed in telephone directories and clear information on the qualifying criteria for promotional offers." <http://bit.ly/eOcOMm>.

Question 5: Do you think the ability of providers to frustrate the switching process is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence.

Question 6: Do you think consumers' experience of save activity is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence.

Question 9: Do you agree with our analysis of save activity? Please provide any evidence you have to support your answer.

We feel that the ability of providers to frustrate the switching process is a key issue that Ofcom should tackle in its review. Slamming and potential slamming can cause considerable distress and hassle for consumers, and Ofcom cites evidence that some providers are frustrating the Porting Authorisation Code/Migrations Authorisation Code (PAC/MAC) issuing processes.

Despite improvements to the PAC and the MNP process, we feel that until all communications switching processes are led by the gaining provider, the ability of the provider to frustrate the switching process will continue to be an issue. As originally highlighted in our response to the August 2009 consultation on mobile number portability, we stated that recipient-led MNP is simpler for consumers, involving fewer consumer-prompted interactions with Mobile Network Operators (MNOs), and avoiding retention activity, which can be unpleasant for consumers.

Attempted retention activity is another means by which providers can frustrate the switching process. Some consumers stand to benefit from save activity, by negotiating lower monthly bills, and we consequently feel that consumers should still be able to have the option to negotiate with their supplier. However we strongly feel that this process should not be an automatic part of the PAC/MAC issuing process. This type of save activity benefits a minority of customers, and only those who are willing or able to engage in sometimes unpleasant negotiations with their provider for a cheaper deal. The current culture of retention activity encourages providers to reserve their best offers only for those customers who threaten leave. We agree with Ofcom's view that save activity in an LPL environment is likely to weaken competition and reduce the benefits of competition to consumers overall. We also agree that while those consumers who have a positive experience of retention activity in a LPL process it is unlikely to be in their best interests more broadly.

Question 8: Do you agree with our analysis of switching costs? Please provide any evidence you have to support your answer.

We have no comments, additional to the conclusions Ofcom has come too, about switching costs.

Question 10: Do you agree with our analysis around the multiplicity of switching processes? Please provide any evidence you have to support your answer.

We agree with Ofcom that multiple switching processes add complexity for consumers, increase switching costs and dampens competition. We feel that Ofcom should focus on ensuring the switching of multiple services is smooth and trouble free for consumers. However we are concerned that Ofcom's two stage approach to implementing changes to switching processes could increase complexity. A growing number of providers are offering bundles that incorporate four services; broadband, landline, TV package and a mobile phone package. Ofcom's communications report suggests that the demand for bundled services is only going to increase, yet Ofcom is focusing only on landline, broadband and bundles of broadband and landline services. We are apprehensive about how the implementation of any changes as a result of the first stage of the consultation, will work with the implementation of any changes to the second half of the consultation, especially in light of increasing convergence. A two stage implementation process could lead to considerable extra complication unless managed very carefully.

(Further discussion of complexity in section on consumer information below).

Question 11: Do you agree with the general switching principles we have identified? Please provide an explanation for your answer.

We broadly agree with the general switching principles Ofcom has identified, however, given our view that Ofcom should take a wider view of switching and consumer information, we feel that the principles are not broad enough. Consumer Focus has set out a set of principles which we believe will bring the greatest benefits to consumers.

These are as follows:

- A switching process that is straightforward to engage with and that takes place swiftly and smoothly
- A process that has the ability to smoothly align switching of multiple services
- A switching process that is led by a provider whose incentives align most closely with that of the consumer
- A process that is safe and secure, minimising the risk of slamming
- A process with limited disruption of service
- A process that involves clear information being given to consumers, such as on the presence of any outstanding contractual liabilities
- A process which ensures that consumers have access to clear, independent information about providers to aid their switching decision
- A process that gives consumers the opportunity to receive the best deal from their current provider, while avoiding excessive retention activity
- A process which promotes healthy competition in the market

Some of our principles are covered by Ofcom, but we would like to see Ofcom develop these further. (See section on consumer information below)

A minor point, but we are not convinced that the material that covers hassle is best placed within the principle on minimising switching costs. Factors such as hassle would

be better placed within a principle which involves ensuring a smooth process for consumers.

Question 12: Do you agree with our proposed tier structure for the general switching principles? Please provide an explanation for your answer.

The principles that Ofcom has laid out are all important in assessing the benefits and disadvantages of the different switching processes. If the purpose of the switching principles is to support a positive consumer switching experience⁴, then the principles that cover:

- promoting awareness of switching (and consumer information, see above)
- ensuring a reliable service
- achieving continuity of service

are likely to be more important to consumers than:

- minimising the unnecessary switching costs of individual services and bundles
- supporting competition in retail markets
- cost efficiency

Although all of the principles will ultimately bring benefits to consumers, some principles will affect them in a more direct way than others. To this end we would encourage Ofcom to prioritise those principles focusing on improving the consumer experience of switching.

Question 13: Do you agree with our proposal that the preferred switching approach assuming a ‘greenfield’ basis.

Question 14: Which of the identified GPL switching options do you support? Please provide an explanation for your answer.

Question 15: Do you have any information or views on the costs of the switching options outlined above? Please provide any supporting evidence.

We agree with Ofcom’s conclusion that GPL processes are preferential, and believe that they should be implemented across communications services. Each of the GPL processes presented by Ofcom have potential costs associated with them, which have not yet been established. It is our view that straightforward, clear and safe switching processes are worth investing in, but without a full cost analysis and impact we are unable to recommend one option with certainty, beyond the principle that we support GPL processes. We can see that each of the GPL processes would bring both benefits and disadvantages to consumers.

While we feel that until we can see a fuller cost analysis of each of the GPL options we cannot make a firm decision, we have some tentative conclusions and concerns based on the information in the consultation.

The Notice of Transfer (NoT) process seems to be the least costly and easiest switching option for consumers. However we would only feel able to support this system if the risks

⁴ Ofcom, *Strategic review of consumer switching*, pg 87

around slamming were reduced and record keeping obligations could be effectively monitored. While the Code on bill option would help in reducing slamming, a key consumer concern, we are not yet convinced that it would transfer well to all communications mediums. In the telecommunications sector, Pay as you go (Payg) customers, who make up a significant proportion of the market, do not receive a bill. This could mean that the switching process would be significantly more complicated for those customers. While we are interested in the potential of the third-party verification (TPV), as an independent process which could ensure a smooth switch, we are also concerned about the extra step and potential costs involved. As explained further below we believe that Ofcom should take a holistic view of switching processes. Ofcom should view switching from the perspective of the consumer, who may be thinking about a number of platforms/media. We would be concerned that adding in an extra step would add to the hassle factor.

In summary we do not feel we can make a firm judgement based on the information supplied, and we urge Ofcom to conduct a fuller cost assessment and impact assessment of the three options identified, at the soonest opportunity.

Enhanced LPL process.

While we support a GPL process, an enhanced LPL process, as a temporary measure, could offer some benefits to mobiles consumers who will be part of an LPL system until Ofcom consults and then implements stage two of the consultation which could be some time away yet. (See section on MNP below).

Question 16: Do you agree with our proposals and implementation priorities for taking forward our work in relation to existing switching processes?

We understand that Ofcom must prioritise resources, but we are nonetheless disappointed that switching issues for mobiles and Pay TV have been further pushed back, particularly in the context of an increasingly converged market. We are also concerned about how the implementation of any changes as a result of the first stage of the consultation, will work with the implementation of any changes to the second half of the consultation, especially as consumers choose to take out more bundled services. A two stage implementation process could lead to considerable extra complication unless managed very carefully.

We welcomed the measures that Ofcom implemented which make the PAC issuing mechanism smoother for consumers and that mean that number porting will be reduced to one working day, however we feel that the proposals do not go far enough. One-day number porting is an improvement on current standards and one that is required under the EU Telecoms Package once implemented in the UK. However, the revised Directive requires the number porting process to be carried out 'within the shortest possible time'⁵. At present we are unconvinced that Ofcom's proposal for a donor-led system would meet the Directive requirement, given that, as demonstrated by Ofcom in its August 2009 consultation; donor-led typically involves more steps for the consumer than a recipient-led

⁵ 'Porting of numbers and their subsequent activation shall be carried out within the shortest possible time. In any case, subscribers who have concluded an agreement to port a number to a new undertaking shall have that number activated within one working day' Article 30(4) of revised Directive 2002/22/EC. Universal Service Directive.

process⁶. We believe Ofcom should give further consideration to the question of whether the revised Directive compels the introduction of a recipient-led process.

(See section on MNP below).

⁶ In its August 2009 consultation, Ofcom detailed six steps involved in the donor-led process and four steps involved in the recipient-led process. (Ofcom consultation paper, *Mobile number portability*, August 2009 p.19).

Additional comments

Consumer Focus would like to make a number of comments additional to the answers to the questions above.

Consumer information

We believe that any consideration of switching processes must examine the consumer experience of switching. A key facilitator for successful consumer switching is the presence of useful, comparable information. A consumer's decision to switch providers depends on many factors, including switching processes, cost, customer service levels, bundles of products on offer, network coverage, and contract lock-ins. Yet consumers are often presented with an overwhelming level of information that is not always presented to them in a transparent and clear way and makes it difficult to compare prices and quality of services.

Our research in the mobile sector⁷ found that consumers are struggling to deal with the perceived complexity of the mobile phone market. For example only one in five mobile users found it easy to navigate through the range of tariffs available, with close to 70 per cent feeling that there are too many mobile tariffs available. The rising popularity of bundles, while offering consumers a wide range of services often at a discounted price, also presents further complications to switching processes. Ofcom states that in some cases consumers who wish to switch a bundled deal from one provider to another may have to navigate the NoT, MAC and Cease and re-provide methods, which clearly present disincentives to switch. Worryingly, Ofcom's research found that consumers felt that switching a bundle would be easier than switching individual services when in fact it can be considerably more complicated⁸. We are also concerned at Ofcom's findings which demonstrates that 'not knowing what process to use to switch'⁹ was a factor in some consumers deciding not to switch, and the Ofcom Advisory team statistics suggest that some consumers are unclear about their contractual liabilities during the switching process¹⁰.

Consumer Focus research indicates that although information about cost is important in considering switching, other factors such as previous experience with a company, information about coverage and provider reputation are also important¹¹. Consumers should have access to independent information on how to switch mobile provider as well as how to get the best mobile deal and information about provider's customer service standards and price. It is important that Ofcom considers the switching

⁷ Online survey conducted by Harris Interactive in March 2009 among 2,013 adults aged 18+, who are responsible for paying the bill for a mobile phone used mainly for personal, rather than business, purposes. A split of 66 per cent PAYG and 34 per cent contract customers was achieved to mirror the proportions present in the GB market.

⁸ Ofcom, *Strategic review of consumer switching*, pg 46

⁹ Ofcom, *Strategic review of consumer switching*, pg 83

¹⁰ Ofcom, *Strategic review of consumer switching*, pg 46

¹¹ Consumer Focus commissioned ICM to conduct a Telephone Omnibus Survey of 1,000 adults, nationally representative adults aged 18+. It was conducted between 24 and 31 March 2010. When we asked our survey respondents what factors influenced their decision the last time they looked for a phone deal 67 per cent cited cost as the primary motivation. 48 per cent cited previous experience with a company, 43 per cent cite network coverage, and 41 per cent cite the providers reputation.

process from the consumer perspective, and looks at the touch points that occur in a consumer's journey through the switching processes.

Schemes such as Ofcom's price accreditation scheme offer consumers assurance that the price calculator is accessible, accurate, up-to-date, transparent and comprehensive. However when we asked respondents to our survey if they are aware of Ofcom's scheme which accredits price comparison websites, 82 per cent were unaware of it. Ofcom accreditation has now been given to three broadband providers but only one mobile phone provider. The low awareness among consumers of the accreditation scheme and low take up from companies undermines the potential benefits of this kind of independent information, and demonstrates the need for Ofcom to take a more active roll in raising the profile of the accreditation scheme.

Consumers' views about the complexity of the market, their lack of awareness of switching processes and the low take up of the Ofcom price accreditation service all illustrate the need not only for an increase in independently accredited price comparison sites, but also for information on customer service standards and coverage. To this end we urge Ofcom to take a more holistic approach to switching, focussing on the need for clear consumer information.

Transferring personal data:

It is important for Ofcom to consider both questions around the procedural switching of services (ie who provides mobile, landline, broadband and TV services) and the porting of 'personal elements' of services, including mobile and landline numbers, email accounts and stored data such as photos and calendar appointments. Personal information on the personal elements of services may not be at the forefront of consumers' minds when they switch, but consumers need to be aware of how to delete, transfer and access the personal information connected to the service they are switching.

Contract length:

In Ofcom's recent Communications Market Report, an analysis of contract lengths demonstrated that two year contracts have grown steadily more common over the past two and a half years¹². Increasing contract lengths means that consumers are tied to contracts for longer periods which could lead to a decrease in switching. Having accounted for just two per cent of contracts in Q1 2008, two year contracts now make up 63 per cent of all new mobile contracts. A corresponding fall has taken place in 18 month contracts over the same period, from 72 per cent to 12 per cent. Numbers of 12 month contracts and one month SIM-only contracts have remained relatively low and static throughout this period¹³. The trends in contract length suggest that 24 month contracts are becoming standard, with 18 month and 12 month contracts becoming increasingly unusual. We are concerned that as more mobile customers become tied into 24 month deals they will shop around less often and that this in turn means that providers will have less reason to compete on prices.

While longer contracts offer lower up-front charges and lower monthly tariffs, the higher cost over the life of the contract is not made clear to consumers, and can often be

¹² Ofcom Communications Market Report 2010: <http://www.ofcom.org.uk/static/cmr-10/UKCM-5.24.html>

¹³ Ofcom Communications Market Report 2010: <http://www.ofcom.org.uk/static/cmr-10/UKCM-5.24.html>

significantly more expensive¹⁴. It also means that consumers can be locked in to tariffs that are not suited to their needs¹⁵. Companies should offer consumers a genuine range of contracts, including competitive 12 and 18 month contracts. In the long term, the trend for longer contracts could push up costs for consumers, slow down switching rates and reduce competition in the market.

Mobile number portability:

We are concerned that the decision about mobile porting has been pushed back further. We believe that consumers are not well served by the current MNP system.

In an omnibus survey of 1,000 participants conducted in March 2010 we discovered that 57 per cent of respondents to our survey had never switched mobile provider¹⁶. This is worrying given billmonitor research which suggests that eight of 10 people are on the wrong contract paying £200 more than they should¹⁷. Between them, consumers in the UK have approx 80 million mobile phone contracts¹⁸ which suggests that a significant number of UK citizens are over paying for their mobile service. Given the potential consumer over spend and the low levels of switching in the market, we feel that any measures which would make mobile switching easier deserve close consideration.

In both our response to the August 2009 consultation on MNP, and the more recent consultation in May 2010 we took the view that porting should be recipient-led and take place within two hours, as this would deliver the greatest benefit to consumers. We referenced research carried out for Consumer Focus by Harris Interactive in March 2009 in order to gain the views and experiences of consumers around mobile number portability. In this research 79 per cent of consumers stated that they would like the switching process to be handled by their MNO on their behalf, rather than arranging the process with their new and old network providers themselves. This is because recipient-led MNP is simpler for consumers, involving fewer consumer-prompted interactions with MNOs, and avoiding the retention activity, which can be unpleasant for consumers.

We recognise that Ofcom has already taken some positive steps by requiring providers to supply PACs by phone or SMS within two hours and by asserting that porting will be reduced down to one business day. However, our view remains that consumers would benefit from recipient-led porting and that Ofcom should take steps to introduce this system, aligning the UK with the large majority of EU member states. We also question whether Ofcom's changes to the MNP process meet the criteria set out in the Telecoms Package. The Revised Universal Service Directive (USD) is quite clear that EU Member States must offer porting within the shortest possible time, and in any event, within one working day. The interim decision neither achieves one day porting nor does it allow for porting within the shortest possible time, both of which are required by this provision. Of the four options which Ofcom identified in its MNO review, Ofcom has adopted the slowest option.

Given that the question of recipient led mobile porting will not be considered for another 1-2 years, with changes implemented at some point in the next 2-3 years, we believe that Ofcom should consider additional interim measures that offer some protection to

¹⁴ For example, we looked at the average cost of an iPhone4 across all MNOs, and found that consumers pay between £90 and £190 more if they sign up to a 24 month contract rather than an 18 month contract.

¹⁵ billmonitor estimate that consumers spend on average £180 year on contracts that are not suited to their needs. Figures sourced from billmonitor website, November 2010

<http://bit.ly/eYZXCp>

¹⁶ Telephone omnibus survey commissioned by ICM research, on behalf of Consumer Focus in March 2010. Sample size 1,000

¹⁷ Figures sourced from billmonitor website, November 2010 <http://bit.ly/eYZXCp>

¹⁸ Ofcom, *Communications Market report*, pg 321

consumers within the context of the current donor-led system. Such measures could, for example, involve separating mobile operators' retention and PAC issuing processes, so that consumers are not subject to retention activities when contacting their operator with a PAC request.

Switching in Scotland

Although consumers across Great Britain experience many of the same issues and difficulties when switching telecoms provider, there are also particular issues experienced by consumers in certain areas. Figures from Scotland illustrate some of the difficulties that consumers there experience with switching:

- Scottish consumers' are less likely than consumers in England and Wales to describe their experience of switching fixed line provider or mobile provider as 'very easy'¹⁹.
- A recent survey of 170 volunteers from Consumer Focus Scotland's Consumer Network²⁰ about their experience of broadband services revealed that 18% of the sample had switched supplier in the past two years, of whom nearly a third (31%) found the process difficult²¹.
- Nearly half (44%) of the Consumer Network members responding to this survey had considered switching broadband provider in the past two years, but not actually done so. More than a third (38%) had never switched or even considered it. The most common reason given for not switching, by those who had considered it but had not actually done so, was that switching was 'not worth the hassle'²².
- Older consumers (those aged 55 and over) in Scotland are less likely to have switched fixed line, mobile or internet service provider than Scottish consumers in other age groups²³.
- A recent survey of Scottish consumers, carried out for Consumer Focus Scotland, found that consumers rated the fixed line telephone market poorly on: the ability to compare quality and price of services; choice; and advertising in a trustworthy manner²⁴.

Some of these issues are clearly similar to those experienced by consumers in other parts of Great Britain, and as in other parts of GB the propensity of consumers in Scotland to switch is influenced by factors such as age and socio-economic group.

¹⁹ Scottish Consumer Council. 2008. *Making markets work for consumers in Scotland – everyone benefits. Consumer switching behaviour and attitudes in key markets.*

²⁰ The Consumer Network is a group of over 400 volunteers from all parts of Scotland who help to keep CFS informed about consumer concerns. The Network is not designed to be statistically representative but does include members from all 32 local authority areas, and has a reasonable balance over demographic factors such as age and gender. As such, the findings of this project should be viewed as indicative of wider consumer views rather than representative of the Scottish population. All Network volunteers were invited to complete the online questionnaire. In total, 169 Consumer Network volunteers took part in the survey. A full report of the survey will be published by Consumer Focus Scotland shortly.

²¹ Please note the small sample size – therefore this figure should be treated with caution

²² 31% of those who had considered switching but had not done so said it was because it was 'not worth the hassle'. However, please note the small sample size and treat this figure with caution.

²³ Scottish Consumer Council. 2008. *Making markets work for consumers in Scotland – everyone benefits. Consumer switching behaviour and attitudes in key markets.*

²⁴ Consumer Focus Scotland. 2010. *Consumers and the market for internet service providers. Research briefing.*

However, research undertaken by Consumer Focus Scotland and its predecessor organisation, the Scottish Consumer Council, has identified that there are also a number of Scottish-specific issues that can be identified in relation to consumers' ability to switch and their attitude towards doing so:

- There are often fewer opportunities to switch in remote and rural areas, as fewer telecoms providers are likely to be operating in these areas:
 - only 79% of the Scottish population live in an area where two or more mobile operators provide 2G coverage, compared to 92% of the UK population as a whole²⁵;
 - when 3G mobile coverage is considered this figure falls to 52% in Scotland compared to 76% across the UK as a whole;
 - only 36% of rural households in Scotland are connected to a unbundled local exchange, compared to 85% of all households across the UK.
- Consumers in Scotland are more likely to show loyalty to established brands. People feel that it makes more sense to use a well-established company with which they are familiar rather than going to a new company, even if it offers a better deal²⁶.
- More consumers in Scotland than in England and Wales tend to think that switching provider will not be worth the effort. Although cost saving is the most important motivator for switching in every market, Scottish consumers often believe that switching will yield only minor rather than major savings.²⁷

We therefore believe that Ofcom should take action on the following issues, to ensure that barriers to switching in Scotland are tackled effectively:

- work closely with the Scottish Government to encourage consumers to switch telecoms providers in order to get the best deal that they can;
- ensure that any UK-wide approach or strategy to support and enable switching is both 'nation proofed' and 'rural proofed' to make sure that the impact of this work delivers benefits for consumers across Scotland;
- consider how it can encourage and incentivise providers of mobile and broadband services to deliver services in remote and rural areas, including for example consideration of how freed-up spectrum can be used to benefit consumers in these areas.

²⁵ Ofcom, 2010 *Communications Market Report: Scotland*

²⁶ Scottish Consumer Council. 2008. *Making markets work for consumers in Scotland – everyone benefits. Consumer switching behaviour and attitudes in key markets.*

²⁷ Scottish Consumer Council. 2008. *Making markets work for consumers in Scotland – everyone benefits. Consumer switching behaviour and attitudes in key markets.*



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