

Summary Note of the joint ICSTIS/Oftel Directory Enquiry Workshop on Monday 1st December 2003

1. Welcome and Introductions

Sir Peter North (Chairman of ICSTIS) opened the workshop. Sir Peter made clear that whilst the workshop had been organised by the regulators (ICSTIS and Oftel) it was intended to be an important event for all stakeholders present, which included Industry, Consumer Groups, Government and other regulators with an interest.

Sir Peter described the event as an opportunity to take stock of DQ developments since the withdrawal of 192 in August 2003, to reflect on successes and the areas that have attracted consumer dissatisfaction, to consider the research that has been undertaken and to look forward to the ways in which DQ services might improve and develop.

Sean Williams (Partner, Competition & Investigations, Ofcom) then gave a presentation on Ofcom, its role, how it will be organised and its mission. Sean also talked about Ofcom's DQ inheritance and the position today. Looking to the future Sean confirmed that Ofcom's agenda in respect of DQ will include market reviews, further research and monitoring and a continued close working relationship with ICSTIS.

2. Overview of ICSTIS complaints about DQ Services since 10 December 2002: Trends, issues and Q&A

Paul provided an overview of complaints made to ICSTIS since December 2002. This showed:

- Complaints have steadily increased in 2003 rising to a peak in September 2003
- Complaints after September 2003 have showed a decline but it may be too early to show a clear trend, albeit this is so far encouraging
- The top 10 issues complained about were provided showing that the provision of the wrong information or wrong number has been the top issue complained about
- The most commonly raised breaches of the ICSTIS Code
- ICSTIS has imposed 10 warnings on service providers and 11 fines which total nearly £60,000

Question & Answer

Q: It was observed that the general level of complaints seemed low; was it possible to compare these figures with historic data on complaints about 192? It was also suggested that consumers may not be aware of the significant role that complaints can play in improving services.

A: Paul confirmed that ICSTIS took over responsibility for complaints about DQ services in December 2002. He also confirmed that since the withdrawal of 192 in August 2003, ICSTIS had received approximately 160 complaints. He said that insufficient information was available about 192 complaints for comparisons to be made. Alex Campbell (Oftel) confirmed that the level of complaints about 192 was considered negligible but suggested that comparisons between 118 and 192 would not be realistic or helpful given the inevitability that publicity surrounding liberalisation would increase public awareness and, in turn, the level of public complaints. Paul pointed out that while there may not be historic data available for comparison, there would be statistics to compare as we go forward.

Turning to the second part of the question from the floor (effect of consumer complaints), Paul and Sean acknowledged this as an important point and confirmed that consumer feedback will always be attended to.

Q: It was suggested, in view of the low level of complaints, that consumers may not know where to turn to with a complaint.

A: Paul explained that consumers who wish to make a complaint will usually get to ICSTIS, even if they do not know to go to ICSTIS directly. It may be that consumers will call the company that sends them their phone bill initially, or they might contact Oftel; either way they will normally be referred on to ICSTIS so that their complaint can be dealt with.

Sir Peter acknowledged that the number of complaints received by ICSTIS may not represent the entirety of the number of complaints that people may have wished to make. He said that the number of complaints about DQ may represent only the tip of an iceberg, as is the case with consumer complaints made in respect of anything else. However, he suggested that even if the number of complaints represents only a 10% or 20% tip of an iceberg, this still makes for a small iceberg and a low level of complaints overall. He said, though, that ICSTIS would clearly always wish to capture a complaint where a consumer wanted to make one.

Q: It was asked if the complaint levels shown in the presentation included industry complaints.

A: Paul confirmed that the figures included complaints from all sources. He added that he felt a point had now been reached where more consumer complaints are being received than industry complaints.

Q: It was suggested that, following deregulation and the increase in competition in the market, complaints take on a lesser significance; it was suggested that if consumers receive a poor service they will vote with their feet and move to another service. It was suggested that in the liberalised DQ market, there was a need only for light touch regulation.

A: Sean said that the recently liberalised market is full of new services and it is still valid for the regulators to be addressing issues and problems raised by these services.

Q: The importance of consumers being given information about services and performance was raised. It was asked if Oftel/Ofcom would be publishing some comparative quality of performance data.

A: Sean said that Ofcom would play an active role in providing information to consumers. He also said that there are clearly issues coming out of the transitional period that need to be dealt with head on. Paul pointed out that a number of the complaints received relate to promotional material, which is a key point of information to consumers, necessitating a framework of rules.

Q: It was suggested that taking out the inter-industry complaints may help analysis of the consumer experience.

A: Paul said this would be taken on board, but he pointed out that separating 'industry' from 'consumer' is not as straightforward as it sounds; it is not always clear where the line between the two groups should be drawn.

3. Overview of the joint Mystery Shopper and Consumer research conducted by Oftel/ICSTIS: Themes arising and Q&A.

Caroline talked about liberalisation of the DQ market, the consumer research that took place prior to liberalisation and the reasons for liberalisation.

Lisa provided information about research into consumer opinion following liberalisation and consumer awareness of the changes. She also spoke about the Oftel/ICSTIS Mystery Shopping exercises, the methodology used and the results.

Caroline spoke about the future: using results from monitoring and research to form benchmarks, carrying out further research in 2004 and working with networks and service providers in respect of directory enquiry services.

In summing up, Caroline said that there would be continued co-operation between Ofcom and ICSTIS. She also said that while some improvement was needed in services, there were also some encouraging signs.

Question & Answer

Q: An industry representative questioned the robustness of the results, suggesting that the exercise was not on as large a scale as similar exercises carried out by individual service providers. It was stated that the results of the regulators' research had had a significant impact in terms of media attention and that, in turn, the industry had suffered from being presented in a negative light. It was suggested that future research should use more robust methodology.

A: Caroline acknowledged that it was possible that the research did not accurately reflect the actual profile of consumer calls, but she said that the results were factually correct. She went on to say that the results of future research might be accompanied by more detailed explanation of the difference between actual call profiles and 'random' call profiles, but it is essential that the regulators remain independent; the industry can be helpful, but direct involvement of the industry in the regulators' monitoring and research could be perceived as compromising the independence of the regulators and the results.

Q: It was asked if the details of the methodology behind the exercises had been made public.

A: Caroline said that there had been a degree of explanation of the methodology via the report on the Internet and e-mail responses to individual enquirers; however the Market Research Society (MRS) and Mori had been consulted and MORI were of the view that sufficient information about the methodology had been made public to discharge the MRS obligations.

Q: It was suggested that it would be helpful to know how the research was carried out if the industry is to set about addressing the problems that the research has uncovered. It was suggested that generic information about the methodology may be sufficiently helpful and that it may not be necessary to provide specific details.

Also relating to methodology, it was commented from the floor that the way in which OSIS data was used and interpreted could have had a significant impact on the results.

A: Caroline Wallace acknowledged some of the scepticism about the methodology and said that the extent to which information about methodology could be provided to industry could be looked at next time.

Q: A concern was raised that OSIS had not been used directly in the research.

A: Caroline agreed that, as a possible improvement for the future, those carrying out research may need to arrange direct access to OSIS next time. However the audience were reminded that sources of data derived from OSIS were used in the research and that it was unlikely that not having gone directly to OSIS materially affected the results. Lisa Etwell also pointed out that all the numbers sought during the mystery shopping were able to be provided in all cases by at least one DQ provider providing evidence for the existence of these numbers on OSIS when combined with the checking that was undertaken on the derived sources.

Q: A delegate related her experience of two services that were promoted on the 192/0800 referral messages as being for Welsh speakers. One of the services had been answered by a Welsh speaker but the other had not.

A: Caroline said that a service provider should not be offering a Welsh language service if it was unable to provide one.

Q: A representative from Simunix offered access to OSIS for future research exercises.

A: Caroline thanked Simunix and said that Ofcom may approach them in the future.

Q: It was asked if the methodology involved in researching the range of available services was genuinely random.

A: Caroline confirmed that it was.

Q: It was suggested that consumers would want to see some sort of benchmark comparison with 192/153 complaints. It was also asked why the accuracy levels on international directory enquiry (IDQ) services were so low.

A: Addressing the issue of IDQ, Caroline said that the nature of IDQ services and the sources of data used to provide them meant that they were traditionally less accurate.

Q: It was suggested that, moving forward, the accuracy of OSIS data needed to be looked at.

4. The ICSTIS Guideline review and consultation: update on considerations for change, consultation, timetable and Q&A.

The presentation on the ICSTIS DQ services guideline review covered:

- The background to the current guideline.
- Key elements of the guideline.
- Why a review is being carried out.
- What the items are that ICSTIS is looking at in particular (including clearer guidance on call completion, clearer guidance on refunds handling, pricing proximity and dealing with changes to the price of services).
- What the next stages are (including the importance of the workshop and the opportunity for delegates to feed in thoughts and views). Paul outlined a timetable that included

issuing a consultation document within the next two weeks, an eight-week consultation period, issuing of version 2 of the guideline around March 2004, all feeding into the 2004 review of the Code of Practice.

Question & Answer

Q: It was observed that the issue of 'inaccuracy' did not feature among the issues highlighted for close attention.

A: Paul acknowledged this, explaining that the matter of inaccuracy is not something easily dealt with through the ICSTIS Code of Practice. He suggested that competition and market forces would play a key role in driving up standards, but offered to listen to views and suggestions on how the problem of inaccuracy might be dealt with through regulatory means.

Caroline addressed a suggestion that a minimum percentage for accuracy might be stipulated. Caroline's view was that the level of any such percentage would be arbitrary and that being prescriptive in this way may stifle innovation; she suggested that consumers may be willing to accept a lower level of accuracy from a service that is less sophisticated in its methods but significantly cheaper than other services.

Q: It was asked what the purpose of the day was. It was pointed out that consumers were dialling directory services in fewer numbers since deregulation and it was suggested that this was the issue that really needed to be addressed. Concern was expressed that this problem hadn't been dealt with at all during the afternoon. It was suggested that the regulators should play a part in ensuring market growth as without a market there would be nothing to regulate.

A: Caroline suggested that the cost of services and the transparency of cost had had an impact on usage. Caroline suggested that increased awareness of service cost among consumers since deregulation had led to greater user of alternative (cheaper/free) directory sources such as the Internet and printed directories. Caroline suggested that consumers were now better informed and so were making better-informed choices. Caroline said that it was up to service providers to win consumers back.

Q: It was suggested that consumer confusion about deregulation might also be a reason for the low level of calls to directory enquiry services.

A: Caroline noted that Oftel's consumer research had not indicated that consumers were particularly confused by the changes to directory enquiry services. Indeed, as had been suggested earlier, it was noted that consumers may now be better informed about the choices available to them.

5. Workshop discussion groups

Delegates split into groups to discuss a number of questions. A representative from each group then reported back. The questions that were considered are listed below, together with comments that were reported back:

What are the barriers to implementing effective complaints and refunds procedures and what is best practice?

- *Regulations concerning refunds procedures should be more detailed.*
- *Some consumers (particularly businesses) may not want a refund because the cost of cashing a cheque may be more than the amount refunded.*
- *It is a complex issue.*

- There is difficulty in dealing with small refund amounts (the cost of raising a cheque can be much more than the cheque amount).
- There is a lack of clarity over what is best practice and when services providers are obliged to refund.
- It is easy for a service provider to refund a customer where there is a direct billing relationship, but otherwise it is difficult and costly.
- First class stamps might be offered as an alternative to a cash refund.

How could the guideline on call completion be clearer and what is best practice in this area?

- Callers should be given a choice (number/call completion) on every call.
- A number should always be offered (not necessarily given) together with the option to have the call completed and a warning about the cost of call completion.
- Additional costs where calls are made from mobiles (and warnings about those costs) are a significant issue.
- The guideline is clear enough already.
- Consumers should be told that it would be cheaper to dial the number direct ('health warning').

ICSTIS has a range of rules on pricing information for advertising DQ services. Are these clear: what else is required; what is best practice?

- This is essentially about common sense.
- Too much prescription is unhelpful and can stifle innovation.
- Service providers should be able to refer people to an industry website or alternative telephone number for comprehensive information about pricing as it's not possible or practical to put all of the required information in every promotion.
- We have reached a point where we can introduce a lighter regulatory framework. We should be seeing fewer rules, not more.
- Price differential warnings such as "rates may vary" tell the consumer very little and do not significantly reduce the potential for 'bill shock'.
- Rules on pricing should be more prescriptive; there should be complete standardisation of pricing information so that the consumer always gets the information he or she needs and always knows what to look for in promotional material.
- There needs to be clearer information provided by the regulators about what is seen as promotional material (a "call to action") and what is not.

What are the barriers to improving the accuracy of telephone DQ services? What steps could/should industry and/or the regulators take to improve accuracy?

- Regular provision of data to OSIS is essential; if OSIS is not accurate, nothing else will work.
- There should be improved operator training.
- The absolute reliance on OSIS means that a service can only ever be as good as OSIS allows it to be. Service providers have to pay even when OSIS provides them with inaccurate information, so there is no commercial incentive for OSIS to ensure that its data is correct.
- The regulators should set targets for accuracy and should take away service providers' licences if they are not met.
- Kite mark for search engines.

What steps can be taken to improve public confidence in the new 118 services?

- *The regulators should be informing and assuring the public.*
- *A DQ industry body should be established.*
- *How did we get to this position of low public confidence? Negative media coverage, reflected and confirmed by the regulators' research. This has led to consumer fear. The public should be given positive information about services.*
- *Information about the cost of services should be clearer.*
- *There should be a definitive, comprehensive list of services with prices.*
- *Industry is frustrated with the regulators. It has a greater understanding than the regulators of how the services work and should have far greater involvement to ensure the success of the market.*

6. Close

Sir Peter thanked everyone for their extremely useful input to the workshop and asked whether there would be benefit in holding another such event in 2004. There was positive feedback to this suggestion with the comment that more time should be set aside for workshop discussions next time and that it should be timed to coincide with other significant developments such as publication of further research or the next ICSTIS guideline.