Service provider quality: the need for research

David Havyatt

The telecommunications industry's reputation for poor customer service has been much commented on but little analysed. This study seeks to assist in the three-party engagement between providers, consumers and regulators to improve industry performance. Building on a workshop conducted in 2006 by the Consumer Council of ACI, a small pilot survey was conducted to assess the adequacy of a description of a quality service provider and the performance of service providers against it. The survey suggests the need and a pathway for further public research, along the lines of research undertaken by providers for themselves.

Introduction

The telecommunications industry has developed a reputation for poor customer service. This reputation has been identified by: the Telecommunications Industry Ombudsman (TIO) in annual reports documenting the number of complaints received; the Australian Competition and Consumer Commission (ACCC) in its annual reports; the Australian Communications and Media Authority (ACMA) and its predecessor.

This reputation seems to be continuing, and if anything becoming worse. In March the Chair of the ACCC Graeme Samuel said;

> *Today, the ACCC is putting the telecommunications industry on notice. Misleading advertising, unfair contracts, inadequate disclosure and subscription scams are all in the ACCC's sights. Standards must improve or risk increased scrutiny and action.[1]*

In releasing the 2009 annual report in October the Ombudsman. Deirdre O'Donnell said one of the biggest increases in complaints to the TIO continued to be about poor customer service or complaint handling. She said that left many customers feeling their phone or internet company did not really care about them, or did not follow through on commitments. [2]

The TIO report was followed by the Minister Stephen Conroy, in answer to a question in Federal parliament, saying,

> *But the government is not sitting on its hands while the telco industry continues to treat its consumers with contempt; rather, the government is putting pressure on the industry to lift its performance. I have put the industry on clear public notice. The government will have little choice but to regulate if the situation does not improve.*

Apart from the threat of further regulation, the Minister went on to say that current proposals to improve competition in the sector were important, adding

> *Every day we delay these reforms is a day we fail to start to claw back the poor customer service levels and service quality performance in telecommunications across Australia.[3]*

Also in October, the CEO of the Australian Communications Consumers Action Network (ACCAN) Allan Asher said;

---

[1] Graeme Samuel Speech to ATUG Conference *Making Phones Fair – Australian telecommunications and poor consumer practice*. 13 March 2009 (available at http://www.accc.gov.au/content/index.phtml/itemId/863885).
[2] TIO Media Release *TIO calls on industry to focus on customers* 23 October 2009, (available at http://www.tio.com.au/media_statements/RELEASES/2009/23_10_2009%20Annual_Report.html),
[3] Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy *Senate Hansard* 26 October, 2009.

Dramatic increases in complaints, with billing (up by 115 per cent), customer service (up by 72 per cent) and credit management (up by 117 per cent, show the sector cannot regulate itself. These aren't complex issues, they are simple and should be easy to fix. The only conclusion that can be drawn is that telecommunications companies just do not care about consumers.

Asher called for regulatory action suggesting,"the introduction of a consumer compensation payment for consumers who have experienced the hassle and inconvenience of using the TIO scheme to resolve basic disputes."[4]

The documented figures and these comments raise interesting questions. There are a number of alternative interpretations that can be put on the data including:

- Customers have achieved a greater awareness of the existence of the TIO, and the increase in complaints only reflects that;

- Anecdotal evidence that consumers are aware that telecommunications providers will not fight claims taken to the TIO, even if the provider has evidence that the claim is without foundation;

- Telecommunications customers may be expressing a preference for cheap prices with poor customer service over better service at higher prices; and

- Like budget airlines, customers aren't making the connection between cheaper prices and the consequences.

Overall, however, the ongoing perception is the one expressed by Allan Asher; that telcos just don't care about customers. Worse, it looks as though there may even be a competitive "race to the bottom" in customer service; providers aren't convinced they retain customers or can charge a premium through better customer service.

Contemplating the problem I was reminded of a survey from the 1980s, in the days of the so-called "customer service revolution" and Total Quality Management (TQM). It was a survey of conference venues and conference attendees on what was important in tea breaks. The venue respondents identified the coffee and the cakes as the two most important features. The conference participants, however, said the queue for the toilets and the phones (before mobiles) was what was important.

This raises the question "Do service providers and consumers have the same view of what constitutes a quality service provider?" Indeed there is a deeper question of ""What are the attributes of a quality service provider, and how well do service providers perform against them?"

The ACIF Consumer Council Workshop

In 2006 the Consumer Council of the Australian Communications Industry Forum decided it would consider the question of what it meant for a telco to be a quality service provider.

A workshop was organised to develop a statement of what attributes consumers wanted in a service provider. The methodology employed was fairly straight forward; all the Council members were given cards to write out single statements to complete the sentence "A quality

---

[4] Australian Communications Action Network Media Release *Telcos should compensate consumers* 23 October 2009. Available at http://www.accan.org.au/news_item_full.php?id=35

service provider is/does…" As a group they then collated these statements; by first clustering like comments, then positioning these clusters into different streams of activity.[5]

The framework gathered was then formed into a narrative that could be shared with industry to reflect the consumer advocates; views. The narrative version appears in Box 1. The output was used to produce a Tip Sheet by the Consumers Telecommunications Network (CTN).[6]

Box 1: Description of quality service provider from ACIF CC workshop.

A Quality Service Provider

A quality service provider is a business that operates with an acute sense of socio-cultural awareness. It meets or exceeds its legal obligations adopting an approach "beyond compliance". It exhibits "best practice" by being open and transparent in its operations, by taking accountability for its actions, its products and services and its commitments and by being credible; acting with integrity. It ensures staff know what they need to know to deliver on these values.

The provider focuses on all their customers needs and develops products and services to meet those needs. It updates its customers on what's new and gives them options to meet new needs. It never oversells. It provides user friendly innovative products that are built to meet the current service standards and is inclusive of varying customer needs in the design. These products need to offer real value for money and be generally affordable but it is important for the customer that it is based on a sustainable business model because consumers incur real search and selection costs that are irrecoverable.

The provider invests in quality of service and the reliability of products and services. They deliver when and what they say they will, with simple instructions on how to use the product. They are proactive in managing quality, and prompt to repair faults. They take responsibility for the actions of their agents and contractors. Bills are easy to understand and accurate. Customer agreements are easy to understand and fair.

In direct dealing with customers the provider is culturally aware and appropriate in its conduct. Customer service is a company priority and it follows simple steps – the company is accessible to customers through the ease of being able to reach trained courteous staff, they listen to and hear the customers' concerns and genuinely respond to the customers' needs. Where there is dissatisfaction with the service the source of that dissatisfaction is properly addressed. Above all the provider is respectful in its service of the customer.

At all times a quality service provider keeps customers fully informed, of the provider's company policies, of the developments in products and services, and in the progress of any individual transaction between the provider and the customer.

While the description provided an agreed view of the consumer advocates, no further work was conducted to validate the statement with consumers nor to discuss it with industry.

The Research Options

There is a great deal of detailed consumer research conducted by service providers themselves. This is research into brand, brand values, customer expectation and customer experience undertaken by marketing departments. This research is however private and confidential. Consumers may wonder whether the majority of day to day decision making is informed by

---

[5] The actual comments and grouping are available on line at
http://www.havyatt.com.au/docs/CPRF_Paper/ACIF_CC_Workshop.pdf.
[6] Available from http://www.ctn.org.au/content.cfm?ContentType=Content&ContentID=203

this research, or they are instead made on the basis of the internalised value set of the decision makers. They may also wonder if the research ever gets from the marketing department to the customer service department.

In the public sphere there is little detailed research on service quality. The ACMA commissions Roy Morgan to undertake customer satisfaction research annually. This measures overall satisfaction and provides some data on sources of dissatisfaction. However, nothing in the research would assist service providers, consumers and regulators to discuss means of improving customer satisfaction.[7]

Some research in the early 1990s was conducted by David Sless and Robyn Penman of the Communications Research Institute of Australia. The piece of work they formally generated was titled "The Telecom bill: redesigning a computer generated report"[8], however, in the lead up to that work they identified two factors in their observation of billing service staff. The first is that the customer service agent is often engaging in a discussion with the computer screen rather than the customer. This characteristic is created by the fact the screen is usually designed to provide information to a trained user and it appears in a format that requires interpretation. The second was that the number of unique terms used by the telecommunications industry was over 5,000; they really do talk a different language.[9]

There appears to be an opportunity to add further to the research on consumer perception of service provider quality. Two options were considered for this. The first was to repeat the exercise with different groups of people, most importantly groups of people from the general public (naïve consumers) and from the telco sector. The latter could be further divided into a marketing and sales stream, and operational and regulatory/policy streams.

This approach would be expensive to undertake and to analyse. The outcome would be different descriptions of service provider that could require extensive analysis.

The other option was to undertake quantitative surveys using the narrative statement as the basis. Under this approach quantitative questions could be asked about how well the statement as a whole described a quality service provider as well as how well service providers perform against it. In addition the statement could be broken down into a set of smaller claims and tested. A quantitative survey could also be used to identify differences between the perceptions of different groups of respondents.

This report is based on a pilot survey designed to assess whether this quantitative research is viable. There is an issue that the original description of a quality service provider was generated in 2006, and may already be outdated. The pilot study also utilised the existing statement and there was no ability to engage with the original group to attempt to modify the description to make it more useful for the survey.

The Pilot Survey Methodology

An online survey was prepared using surveymonkey.com[10]. Participants were sought in three separate processes. An e-mail invitation was sent to 240 individuals inviting them to participate and inviting them to forward it on to others. The second approach was by inviting participants from interest groups on Linked-In, on Facebook and through my blog. Finally, as

---

[7] Australian Communications and Media Authority *ACMA Communications Report 2007-08* Pp 67-69. Melbourne 2008.

[8] Available to members at the Institute website at http://communication.org.au/modules/home/

[9] Conversation with Robyn Penman c.1996.

[10] A full copy of the survey format is available at http://www.havyatt.com.au/docs/CPRF_Paper/QSP_Survey_Form.pdf

I was getting little regulatory response a specific request was made to some managers to see if additional responses could be obtained.

It was possible to identify the groups as three different "collectors" (a term from surveymonkey.com) were used for the invitations to participate. The response rate is shown in Table 1.

Table 1: Survey response rate by selection method

Survey selection method	Invited to Participate	Commenced Survey	Completed Survey
E-mail to individuals	240	52	37
Social media and blog	N/A	47	22
E-mail to regulators/policy bodies	N/A	6	5

The completion rate may reflect the overly complicated nature of the survey, which was a comment received from some participants.

The survey can be described as consisting of a preliminary question and three sections.

The preliminary question (Q1) asked respondents to identify whether they worked for a service provider, for a regulator or policy department. Those who were neither are regarded as having responded as a consumer. As the survey did not force a response to all questions the number of respondents does vary by question. The number of respondents in each **respondent group** is shown in Table 2, indicating how many sections of the survey they completed.[11]

Table 2: Survey response rate by response group.

Respondent Group	Completed Section 1	Completed Section 2	Completed Section 3
Service Providers	22	19	15
Regulatory/Policy	7	6	6
Consumer	50	40	38
Total	**79**	**65**	**59**

Section 1 sought responses about how well the **description** met their perception of a quality service provider, and how well they thought service providers in general performed against it. (Q 2). They were also provided the opportunity to suggest other requirements that should be included. (Q3).

For the purposes of the pilot survey the description of a quality service provider was broken into 20 individual statements which will be referred to as the **attributes** of a quality service provider. These attributes and the numerical code used to identify them in the analysis are shown in Box 2.

---

[11] The statistical analysis the actual number of respondents per question rather than the overall numbers.

Box 2: Attributes. Quality service provider description as a set of statements, and associated reference numbers for some result presentations.

Category	Reference Number	Statement of attribute
Service Provider Culture	1.1	The service provider operates with an acute sense of socio-cultural awareness.
	1.2	The service provider meets or exceeds its legal obligations adopting an approach "beyond compliance".
	1.3	The service provider exhibits "best practice" by being open and transparent in its operations, by taking accountability for its actions, its products and services and its commitments and by being credible; acting with integrity.
	1.4	The service provider ensures staff know what they need to know to deliver on the values above.
Products and Sales	2.1	The service provider focuses on all their customers needs and develops products and services to meet those needs.
	2.2	The service provider updates its customers on what's new and gives them options to meet new needs.
	2.3	The service provider never oversells.
	2.4	It provides user friendly innovative products that are built to meet the current service standards and is inclusive of varying customer needs in the design.
	2.5	The service provider's products offer real value for money and are generally affordable.
	2.6	The service provider only offers products based on a sustainable business model because consumers incur real search and selection costs that are irrecoverable.
After Sales Service	3.1	The service provider invests in quality of service and the reliability of products and services.
	3.2	The service provider delivers when and what they say they will, with simple instructions on how to use the product.
	3.3	The service provider is proactive in managing quality, and prompt to repair faults.
	3.4	The service provider takes responsibility for the actions of their agents and contractors.
	3.5	Bills are easy to understand and accurate.
	3.6	Customer agreements are easy to understand and fair.
Customer Service	4.1	In direct dealing with customers the provider is culturally aware and appropriate in its conduct.
	4.2	Customer service is a company priority and it follows simple steps – the service provider is accessible to customers through the ease of being able to reach trained courteous staff, they listen to and hear the customers' concerns and genuinely respond to the customers' needs.
	4.3	Where there is dissatisfaction with the service the source of that dissatisfaction is properly addressed.
	4.4	The service provider is respectful in its service of the customer.
	4.5	At all times the service provider keeps customers fully informed, of the provider's company policies, of the developments in products and services, and in the progress of any individual transaction between the provider and the customer.

In Section 2 respondents were asked to assess how important they think each attribute is in a quality service provider (Qs 4-7) and how well they think service providers perform as a whole each of the attributes (Qs 8-11).

In Section 3 respondents were asked to think of one of the service providers they use. They were asked to identify what services they acquired from the provider (Q 12), and then to assess how well that provider performed each attribute (Qs 13-16). Respondents were finally given the opportunity to provide any other comments (Q 17).

Pilot Survey Results

The nature of the selection of participants means that the sample may not be random; therefore the tests of statistical significance may not apply. The sampling technique is not likely to result in anything being determined significant that would not be found through a better sampling approach, however, it may result in significant results not being identified. [12] As a consequence, while e tests of significance have been applied no definitive conclusions are made about the results.

All questions seeking an assessment asked for answers on a five point scale. Questions were scored as -2 for a strong negative assessment, -1 for negative assessment, 0 for neither, 1 for a positive assessment and 2 for strong positive assessment.

Section 1

In section 1 respondents were provided with the description of a quality service provider (Box 1) and asked;

> *How well does it meet your perception of a quality service provider?*

> *How well do you think service providers as a whole perform against this description?*

The choices were very poorly, poorly, satisfactorily, well or very well. The first responses are listed as the score for **description** and the second the score for **performance.**

The results are shown in Table 3 by respondent category and overall. On average the description was felt to reasonably but not exceedingly match perception of respondents (0.87) but providers overall are seen to perform poorly against it (-0.80), however there is a wide range of views. The difference between the respondent groups is not statistically significant. We cannot conclude from this survey that we have the equivalent of the "cakes versus toilets" distinction from the hotel analogy.

Table 3: Overall assessment of description and performance.

	Description			Performance		
Category	**Mean**	**Std Dev**	**n**	**Mean**	**Std Dev**	**n**
Service Provider	0.91	1.23	22	-0.60	0.91	25
Regulator Policy	1.14	0.69	7	-0.50	0.55	6
Consumer	0.82	1.06	50	-0.92	0.71	52
Total	**0.87**	**1.08**	**79**	**-0.80**	**0.78**	**83**

---

[12] A full copy of the responses and statistical analysis is available at http://www.havyatt.com.au/docs/CPRF_Paper/Survey_Consolidated_Public.xls

Respondents were asked to suggest one other requirement to the definition. One feature of these responses is the number of respondents who want personal contact with a named individual.

This desire of consumers to have named individuals can be revealing something else. Two anecdotes are relevant here.

The first is of a customer services officer many (30) years ago who when asked by the customer for their name reluctantly gave it. But to her name, Elizabeth Taylor, the customer responded "Yeah and I'm Richard Burton." This raises the question whether aliases are acceptable, is it the agent's real name or merely an identifier.

The second was of a caller dissatisfied with an answer and asked to speak to an Assistant Credit Officer's supervisor. The call was transferred to the Credit Officer, who gave the same answer. Again the caller wanted to be transferred, and was transferred to the Senior Credit Officer and then again to the Manager Customer Accounts. When the caller again asked for a supervisor the Manager realised that all four agents had been female, and transferred the caller to another Assistant Credit Officer who was male. On receiving the same answer the caller was happy. This raises the question of to what extent callers are not questioning the answer as such, but the authority of the answer.

Consumers continue to seek personal contact even though this is incompatible with staffing customer service areas 24*7. The response by service providers to keep making the centre more efficient may not be the most appropriate response.

Section 2

In this section respondents were asked to assess each of the attributes (Box 2) of a quality service provider. They were presented the attributes as statements and asked to;

> *Consider how important you think each statement is in a quality service provider.*

> *State how well you think service providers as a whole perform against each statement*

The choices offered for the first were; Not at all important, Mostly unimportant, Neither, Important, Very Important. The choices offered for the second were; Very poorly, Poorly, Satisfactorily, Well, Very well. The first responses are described as **importance** and the second as **performance**.

Figure 1 plots the assessment of performance against the assessment of importance for each of the attributes, (the attributes are identified by the reference numbers provided in Box 2).

Figure 1: Importance and performance of elements of the statement.
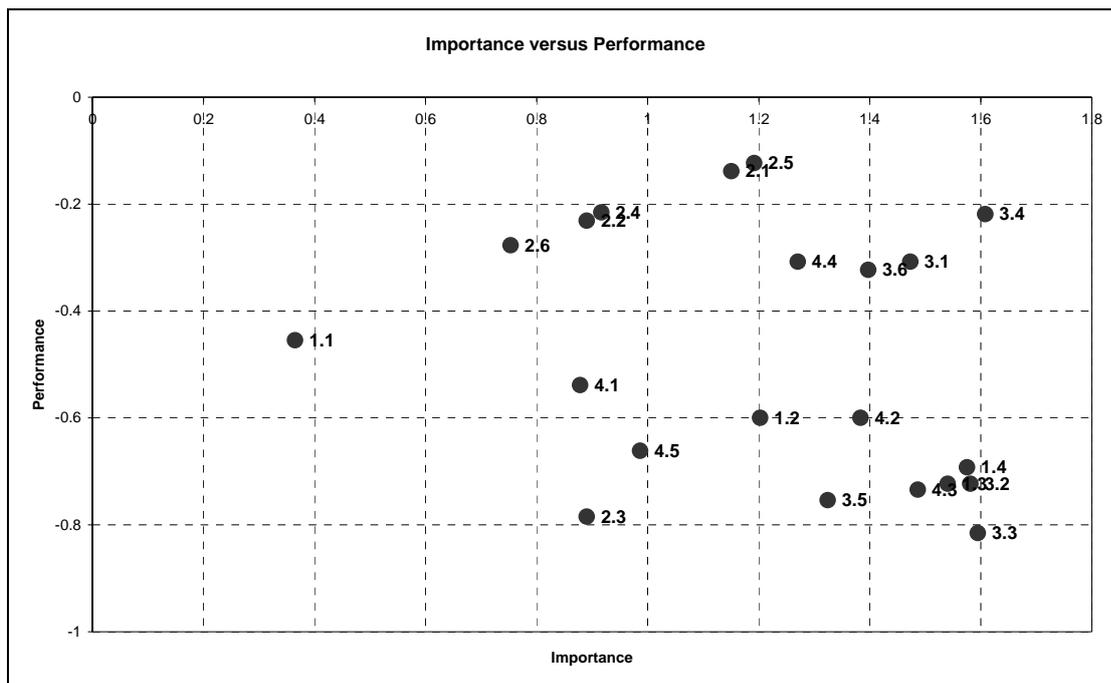
The numbers are a little hard to read but there is a cluster of items that appear in the bottom corner with importance above 1.4 and performance below -0.6. These items are shown in Table 4.

Table 4: Important items with poor performance.

Item	Impor-tance	Perfor-mance	Description
3.3	1.59	-0.82	The service provider is proactive in managing quality, and prompt to repair faults.
3.2	1.58	-0.72	The service provider delivers when and what they say they will, with simple instructions on how to use the product.
1.3	1.54	-0.72	The service provider exhibits "best practice" by being open and transparent in its operations, by taking accountability for its actions, its products and services and its commitments and by being credible; acting with integrity.
1.4	1.57	-0.70	The service provider ensures staff know what they need to know to deliver on the values above.
4.3	1.49	-0.73	Where there is dissatisfaction with the service the source of that dissatisfaction is properly addressed.

None of the scores, apart from the importance scores for 1.3, 3.2 and 3.3 in the table would be statistically significant (at a 10% level of confidence). On the assumption that by putting effort into improving performance in the worst performing areas providers can put some simple programs in place. In particular these relate to improving responsiveness when there is a fault or a customer needs assistance to use a product (3.3 and 3.2), and that the statistics on complaint handling are reflecting perceived poor performance in "first call resolution" (4.3).

The deeper and harder cultural values on openness and transparency together with how well customer service agents are trained (1.3 and 1.4) would be more challenging to address.

It is beyond the scope of this survey but the standard business model for a general consumer call centre is to handle all contacts at the one level, the customer service agent. In business and more complex products it is common to have planed levels for escalation depending on the severity of a problem (and often how deep in the technology of the product it exists). Given the growth of complexity of residential and small business products providers might need to re-engineer their processes. Instead of tightly streaming calls into teams of specialised staff (usually via IVRs), first line staff could effectively "triage" the customer contact and then route it to the appropriate resolution team and level.

There were only two attributes where the difference in the assessment between any two respondent groups may have been statistically significant. These were the assessment by service provider employees and consumers of the performance of service providers of attributes 2.4 and 2.5. The details are shown in Table 5.

Table 5: Attributes where service provider employee and consumer respondents disagree on performance.

| Item	SPs	Cons	Description
2.4	0.11	-0.35	It provides user friendly innovative products that are built to meet the current service standards and is inclusive of varying customer needs in the design
2.5	0.26	-0.33	The service provider's products offer real value for money and are generally affordable.

Service providers will perhaps claim to be unsurprised by this result. Customers can be expected to want more from the product and to get a better deal. However, the fact that it is the only area where the survey found a potentially statistically significant difference in perception indicates that service providers may be too sanguine about this.

Section 3

In this section respondents were asked to repeat the assessment of performance of the attributes, but this time for a particular service provider rather than for service providers in general.

This result was used to compare between respondents perception of providers overall versus how they perceive one of their own providers. The result is shown in Figure 2 as the average performance score of one's own provider minus the average performance score from provider's overall (the data from Section 2).

Figure 2: Own service provider performance less overall performance by attribute.
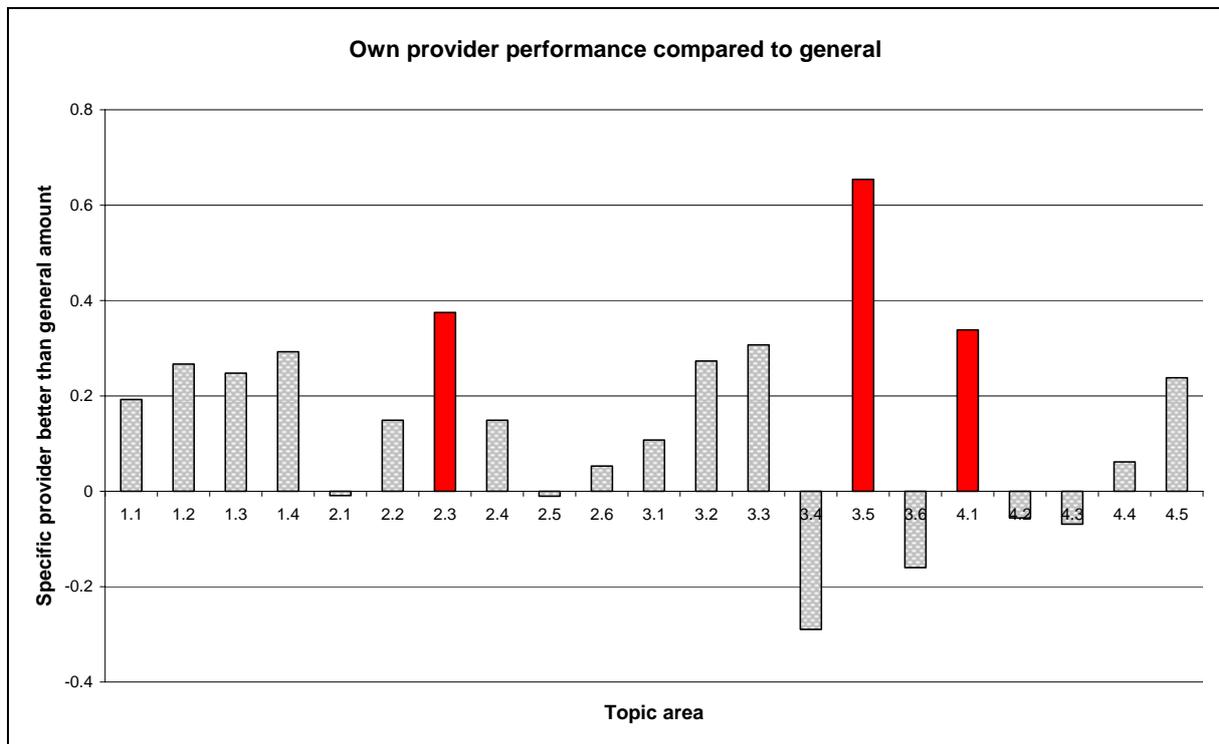
Only three highlighted results, attributes 2.3, 3.5 and 4.1, are potentially statistically significant. These items are;

> 2.3 The service provider never oversells.

> 3.5 Bills are easy to understand and accurate.

> 4.1 In direct dealing with customers the provider is culturally aware and appropriate in its conduct.

This result is interesting. It is easy to hypothesise that consumers would either rate their own service provider as better than the norm as a validation of their choice of provider. But it is equally easy to hypothesise that consumers would rate their own provider as worse than the norm because it is their own service provider of whom they have the most direct experience.

As consumers rate their own provider as better overall, and in particular on these three items, they are mostly validating their choice.

Conclusions

The process of using consumers to develop criteria for determining service quality and then measuring providers against it is not unusual. Most providers undertake such an exercise, though the initial focus groups may be lost in the mists of time. The results of this research by providers are used either to measure progress against brand metrics or to assess customer service performance. In the engagement between consumer advocates, service providers and regulators this data is not brought into the discussion.

Underlying the commentary on service provider performance provided in the introduction is the perceived need for behavioural change in service providers. In the absence of further information , discussion in public policy tends to focus on public policy remedies, such as

regulation (new rules) or penalties (greater consequences from existing rules). Neither of these is a particularly well tuned instrument for creating behavioural change.

Behavioural change needs to be framed about identifying what good behaviour is and rewarding it, not just punishing behaviour that is identified as bad. An ongoing focus on consumer expectations of a quality service provider, and quantitative research seeking statistically significant conclusions is a way that consumer advocates and policy makers can change the discussion they have with providers.

This particular exercise did not find the distinction between the views of service providers and consumers that had been anticipated. Such a divergence of views may yet be found in a better designed and conducted survey. However, the agreement in general provides a greater weight for the conclusion that industry action to improve the negative consumer perception may be found in the attributes listed in Table 3.

There remains a possibility that the current predicament occurs because the marketing departments of telcos are over-estimating the ability of both customers and call centre staff to understand the details of increasingly complex products. This would then compound the difficulties created by language in the conversation between customers and their service providers.

An extension of that hypothesis would be that the industry collectively needs to take action to manage its use of language to better enable customers and providers to converse. The ACCC has seen fit to take the industry to task over language that might be misleading within the definition of the law. However, well before that threshold the industry's way of using language (e.g. "uncapped", "unlimited", "cap" and "coverage") can be sufficiently confusing customers so that providers cannot be seen as offering quality.

The ACIF Consumer Council in 2006 started a process that was designed to bring the focus of discussion between consumers, providers and the regulators onto the attributes of a quality provider. The current extension of that research suggests that this is a valuable exercise that should be continued.