Perplexing choices

Understanding the relationship between telecommunications consumers and service providers

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EXECUTIVE SUMMARY

Perplexing Choices follows the research report prepared for Communications Alliance in 2008, *Preparing for the Broadband World: Fostering Consumer Confidence Through Collaboration and Partnerships*. This first report suggested that the volume of the complaint issues reported by the Telecommunications Industry Ombudsman can be interpreted as a symptom of proliferating complexities in the telecommunications sector. It observed that consumers can be quite literally overwhelmed by the information available in the telecommunications sector, and that a new conceptualisation of consumer dissatisfaction is needed. Dissatisfaction is the gap between consumer expectations and service delivery, and can be created and exacerbated in various ways. Consumer expectation may be unrealistic, but this misapprehension may be attributed to hyperbolic advertising and marketing; to unreasonable and, indeed, impossible demands by purchasers; or a combination thereof.

In preparing *Perplexing Choices*, we have undertaken interviews with 25 consumers who had experienced recent problems with their telecommunications services. We use their stories in combination with insights from behavioural economics and the sociology of consumption to enhance understanding of how consumers behave in practice, under conditions of complexity, uncertainty and limited information. Behavioural economics usefully highlights avenues of inquiry and modes of practice that can help address the continuing and proliferating difficulties between telecommunications providers and customers. While the use of decision heuristics and the existence of cognitive biases is sometimes characterised as 'irrationality', we adopt the perspective that consumers' choices and decisions within the telecommunications sector reflect not irrationality, but a rationality underpinned by its own reasoning processes, internal logics and timing constraints.

The choice architectures presented to consumers for the decisions that they make in the telecommunications space are determined largely by the priorities and intentions of service providers. It is clear that deeper structural solutions are required. Our interviews reveal that consumers often 'cut their losses' and compromise at a point where they don't believe that they have achieved a 'fair and reasonable' outcome. This leaves a lingering sense of dissatisfaction that is likely to discourage or delay the take up of new telecommunications services from existing or alternative providers. There is substantial, accumulated evidence that the reciprocity and trust that create the foundation of the healthy development of the sector are, at present, lacking. If the Australian Federal Government's hopes that the National Broadband Network will transform education, health, government service delivery and many other industries come to fruition, then the difficulties currently experienced by consumers in telecommunications services may find themselves rippling through internet-enabled services across the economy.

KEY FINDINGS

- To reduce the volume of complaints the industry must convince its consumers that it listens to them, understands what they say, and acts appropriately based on what it has learnt.

- In the complex conditions of the telecommunications industry, 'best practice' in customer service requires a more creative and innovative response to the needs of consumers, based on a well-developed and continuously adapting understanding of consumer experiences, markets and technologies.

- Telecommunications service providers need to engage in 'customer persuasion' which extends beyond the moment of the decision to purchase.

- Currently, the 'choice architectures' presented to telecommunications consumers are determined largely by the priorities and systems of service providers. These are often inadequate to the task of solving service difficulty issues, and so largely fail to give consumers confidence that they are receiving value for money and can expect a smooth take up of new technologies as they become available.

- The current level of positive collaboration between service providers and consumers is low.

- Companies tend to see compliance with best practice in customer service as a costly imposition, rather than as an opportunity to build a reputation for excellence in customer service that will produce its own benefits.

- Closer attention should be given to the role of the customer service agent as the interface between consumers and service providers. At present, both the consumer and the customer service agent on the other end of the phone line are largely ill-equipped to overcome the former's difficulties.

- While it could be argued that turning attention towards consumers diverts attention from the responsibilities of the producer, we argue that a more sophisticated understanding of consumer expectation and behaviour by service providers would reduce the incidence of problems arising, thereby alleviating pressure on complaint resolution processes.

- Re-thinking and changed practice is required to address the systemic issues affecting service provider-customer relationships in this crucial 'utility' domain.

- Deeper structural solutions are required in the telecommunications sector to prevent the exacerbation of problems and more rigorous, perhaps onerous, regulation.

Introduction: Burdens of choice

This report follows on from the research report prepared for Communications Alliance in 2008, *Preparing for the Broadband World: Fostering Consumer*

Confidence through Collaboration and Partnerships (Lally, Rowe & Ang, 2008). That research document outlined how competition and technological innovation in the telecommunications sector have brought an ever-expanding array of choices to consumers, bringing with it a heretofore unimaginable level of complexity, with the result that consumers often feel overwhelmed by the volume of information available for them to use in making purchase and service decisions. The increasing volume of complaints reported by the Telecommunications Industry Ombudsman (TIO) is a symptom of this escalating trend, and is causing considerable concern among consumer bodies, regulators and the industry itself. The latest in a series of direct warnings to the telecommunications industry of complaints-related legislative action by Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, came after TIO's (2009c) latest annual report, which described a 54 per cent increase since the previous year in complaints (totalling 230,065) from consumers and small businesses in 2008-09. In the context of the spread of broadband and mobile services in terms of both customer numbers and product varieties, the TIO (2009d) noted that, while most concerns were about telephone and internet billing, increases in complaints were greatest among mobile phone users (+79 per cent), internet (+57 per cent), landline (+40 per cent) and mobile premium services (+13 per cent). Senator Conroy described these latest telecommunications sector consumer complaint statistics as 'a shocker' and as 'an issue that has been worsening for some time', and went on to declare:

> This is simply not good enough. There are, of course, a number of contributing reasons for these worsening trends, including technology upgrades and the inadequacy of existing regulatory arrangements. 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. (Conroy, 2009b, pp.17-18)

The Minister's comments, clearly linked to legislative proposals for the structural separation of Telstra, the dominant Australian telecommunications company, and the intention of the Opposition to vote against it, conveyed an intention to intervene on complaints with similar vigour. Thus, in stating that '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' (p.18), the urgency of engaging with the complexity and redressing the dissatisfaction in the telecommunications consumer–service provider relationship is conspicuously evident. The Australian Communications Consumer Action Network (ACCAN) (2009a) has urged the government to introduce 'a consumer compensation payment for consumers who have experienced the hassle and inconvenience of using the TIO to resolve basic disputes'. Significantly, ACCAN's (2009b) major report *Future Consumer: Emerging Consumer Issues in Telecommunications and Convergent Communications and Media* (which cites our earlier work in this area) includes 'relationships with service providers' among its nine key issue areas in addressing the domain of 'Telecommunications and Mobile'. ACCAN

(Australian Broadcasting Corporation, 2010) has also signalled its willingness to discomfort both the federal government (which established it) and telecommunications service providers in publicly campaigning on consumer issues in this domain.

In our previous report, we suggested that failure should be thought of as an unacceptable disjunction between expected and observed performance (Carper, 1996). If consumer dissatisfaction can be considered to be symptomatic of a gap between expectation and delivery, what needs to be addressed is not simply failure but perception that failure has occurred (Petroski, 2006). Dissatisfaction can be created and exacerbated in various ways. For example, consumer expectations may be unrealistic – but is this the fault of advertising and marketing, of unreasonable and unrealisable demands, or of both? Has there been a failure to deliver what was promised, or a misunderstanding concerning the nature of the contract between provider and customer?

Recent insights in the domain of behavioural economics and, of longer standing, the sociology of consumption, demonstrate that heuristics and biases influence consumers' thinking when they make commercially-related decisions and choices (Lally and Rowe, 2009). While the use of decision heuristics and the existence of cognitive biases is sometimes characterised as 'irrationality',[1] we adopt the perspective that consumers' choices and decisions within the telecommunications sector reflect not irrationality, but a rationality underpinned by its own reasoning processes, internal logics and timing constraints. The notion of 'choice architecture' (Thaler & Sunstein, 2008) captures the sense that consumers must navigate a complex landscape of options and possibilities for making commercial decisions and resolving problems, and signals the possibility of creating decision landscapes that help them achieve better outcomes. ***Currently, however, the choice architectures presented to consumers for the decisions that they make in the telecommunications space – including the 'churn' that service providers encourage among the current customers of their competitors but discourage among their existing customers – are determined largely by the priorities and intentions of service providers.***

In addressing the findings of this follow-up study to *Preparing for the Broadband World* (Lally, Rowe & Ang, 2008), ***we apply insights from behavioural economics and the sociology of consumption to enhance understanding of how consumers behave in practice, under conditions of complexity, uncertainty and limited information.***[2] These theoretical and conceptual insights are related to the experiential evidence generated by interviews with 25 consumers who have recently experienced problems with their telecommunications services.

When complaint constitutes crisis

The work of the TIO has intensified as telecommunications services and providers have proliferated. The TIO's (2008) annual report for 2007-08 registered a 46 per cent increase in complaints, and a 61 per cent increase in complaint issues (since each complaint can be about more than one issue). We have already noted that the 2008-09 report (TIO 2009c) saw a 54 per cent

increase in complaints, leading to an overall increase in complaints of 124% over two years. In 2007-08, customer service overtook billing to become the TIO's leading complaint issue for the first time. In 2008-09, 'While the most numerous, the growth rate in billing and payments complaint issues was third to complaint handling (130 per cent increase) and credit management (118 per cent increase) complaint issues' (TIO, 2009c). Thus, the need to 'handle' and 'manage' unhappy telecommunications consumers continues to develop as a significant matter, and demands a concentration on more than just the technical 'processing' of billing and payment.

In 2009, furthermore, the developing importance of mobile telecommunications was registered when mobile complaints exceeded those regarding landlines as the service that was the leading source of complaints (which it had been for the previous two years). This was not, though, an even trend, with complaints about mobile premium services increasing only slightly since 2008 (from 13,899 to 15,653), and indeed declining in the final quarter of the mid-2009 reporting period. The TIO believes, though, that this trend may stem from pre-emptive responses by providers to tighter restrictions by the Australian Communications and Media Authority (ACMA) from 1 July 2009. The movement from landline-based to mobile services is especially important because of their potential to generate consumer complaints, given the often more complex and intricate nature of their service and contract arrangements.

Customer service is usually an issue in combination with one or more other matters – for example, a person who makes a complaint about a billing issue or a fault may indicate that they had a customer service problem as well. The number of citations of customer service as a complaint issue to the TIO almost doubled in 2007-08, and continued to increase in the following year (up 72 per cent). There is also a steady trend towards more issues being recorded per complaint: up from 1.1 issues per complaint in 2003-04 to 1.8 issues per complaint in 2007-08, to 2.1 issues per complaint in 2008-09. The increase in customer service 'issues', therefore, seems to reflect a trend towards customer service being recorded as a component of an increasing number of complaints.[3] This is a critical matter for telecommunications service providers who, as a key part of their advertising and promotion, stress their commitment to customer satisfaction – and who are subject to pressure not only from the TIO, but also, as noted above, from Minister Conroy (2009a, 2009b), as well as a new legislated complaint resolution process.

Customer service issues are further subdivided into categories. The main drivers for customer service complaint issues in 2007-08 were incorrect or inadequate advice (39 per cent, up to 43 per cent in 2008-09), failure to action a request (27 per cent, up to 33 per cent in 2008-09), consumers experiencing inability to contact a provider (14 per cent, down to 7 per cent in 2008-09), a lengthy wait time (13 per cent, down to 9 per cent in 2008-09), and discourtesy (6 per cent, up to 8 per cent in 2008/09). In 2008-09, there was also the new customer service category to cover refusal to deal with an advocate, which accounted for less than 1 per cent of complaints.

According to the 2007-08 TIO annual report, virtually all (98.6 per cent) issues are resolved at Level 1 (92.5 per cent) or Level 2 (6.1 per cent), the levels at which the customer and the service provider reach a resolution to the problem between themselves. In 2008-09, 90.2 per cent of complaints were resolved at Level 1, and 7.6 per cent at Level 2. The TIO's funding model charges service providers on the basis of complaints made to it, and so the staffing of the TIO is able to respond, through increased 'penalties' against service providers, to the increasing number of complaints experienced in the sector. In 2007-08 the TIO's staff increased by 46 per cent, with 81 per cent of TIO staff directly involved in investigating complaints. In 2008-09, TIO staff numbers increased from 138 to 255 (a full-time equivalent of 243) to manage increased complaint numbers.

The fact that a high proportion of complaints are effectively resolved between the service provider and the customer after the customer has simply contacted the TIO, suggests that even the possibility of TIO involvement is a way of getting the service provider to make a more serious effort to resolve the issue. It is difficult to ascertain what actually prompts increasing numbers of consumers to contact the TIO, whether it is increasing awareness of the existence of the Ombudsman, greater assertiveness on the part of consumers, or a lack of confidence that the service provider is working to solve the problem. In response to the escalation in customer service issues, the TIO launched the 'connect.resolve' campaign, which ran between January and June 2009. The TIO (2009b) released a report in August 2009 on the outcomes of connect.resolve which advocated a collaborative approach between service providers, the Communications Alliance (as the industry umbrella body), regulators and policy-makers. The six-month campaign saw a stabilisation in overall complaint numbers, although customer service issues continued to grow as a proportion of overall complaints. In an overview of the campaign, the Ombudsman Deirdre O'Donnell (who in September 2009 announced her intention to step down at the end of the same year) states that 'the industry still has much work to do in this area', and that 'much needs to be done if consumers are to be convinced their voices are also being heard' (TIO, 2009b, p.3). ***Thus, as indicated above, the need is not only for action by telecommunications service providers to initiate structures and practices which will reduce the number of complaints by their consumers, but also to engage in 'customer persuasion' that extends beyond the moment of the decision to purchase. In order to reduce the volume of complaints and to prevent more intensive regulatory intervention, the industry is required to persuade its consumers that it listens to them, understands what they say, and acts appropriately based on what it has learnt.*** We turn, next, to some of the key factors which may have prompted the increasing volume of complaints.

The telecommunications complexity context

Our 2008 report *Preparing for the Broadband World* (Lally, Rowe & Ang, 2008) outlined in some detail the challenges facing telecommunications service providers wishing to provide excellent service to their customers. In

particular, consumers are presented with a constantly proliferating array of products and services, bringing a level of often bewildering complexity to any service or purchase decision. ***Consumers can be quite literally overwhelmed by the amount of available information. The increasing volume of complaint issues reported by the TIO can be read as a symptom of these growing complexities in the telecommunications sector.***

In responding to this situation, we suggested that ***what is needed is a new conceptualisation of consumer dissatisfaction.*** We drew on Carper's (1996) dictum alluded to above (although the word 'disjunction' is preferred to 'difference' in its more concrete concern with separation) that 'Failure is an unacceptable difference [disjunction] between expected and observed performance' (p.57).

Since dissatisfaction can be conceived of as the gap between expectation and delivery, failure is not the only matter that needs to be addressed. The perception by one or more parties that failure has occurred must also be analysed. In all of our use of technologies, 'ignorable failures' are a commonplace and largely expected (if irritating) part of our everyday experience (Petroski, 2006, p.62). Differences will always exist, therefore, in what are considered to be acceptable or unacceptable divergences between expectation and experience, promise and delivery. ***Dissatisfaction – as the space between consumer expectations and service delivery – can, therefore, be created and exacerbated in a range of ways. For example, as noted in the introduction, consumer expectation may be unrealistic, but this misapprehension may be attributed to hyperbolic advertising and marketing; to unreasonable and, indeed, impossible demands by purchasers; or a combination thereof. Similarly, a failure to deliver what has been promised may as arise because of a lack of congruence in the understanding of contractual arrangements between service providers and customers.***

A related source of complexity is that of interdependencies between suppliers. When products and services from multiple suppliers are bundled, or in cases of one supplier reselling services that are sourced from another, it is sometimes unclear what the appropriate pathway for an information query or fault report might be. The TIO reports reveal that consumers are frequently frustrated by being 'bounced' between parties denying responsibility for their problem. For example, one of the consumer complaints quoted in the connect.resolve report entitled 'They Passed the Buck Back' (TIO, 2009b, p.23) records:

- I spoke to the store and they said it was Vodafone's problem.
- I called Vodafone and they said it was the manufacturer's problem.
- I emailed the manufacturer and they said it was the store's problem.
- I called Vodafone again and they said the manufacturer's service centre was responsible.
- I called the service centre and they said there was nothing they could do – it was Vodafone's problem.

- I called Vodafone again and once again they passed the buck back onto the manufacturer. However this time they did offer a cheap handset for me to use each time the phone failed. I have accepted this but would rather return it and just have a working phone worth the top dollar I'm paying.

Such interlinked arrangements involving multiple parties and bundled services are increasingly common, and the quite typical experience just described conveys well the consumer exasperation arising from telecommunications service providers, their suppliers and retail outlets passing the problem back and forth. We argued in *Preparing for the Broadband World* that service providers and consumers (as much as is possible within a pre-given structural framework of seller and purchaser) need to view each other as collaborators rather than antagonists in solving the problems that they share.

However, the qualitative research we conducted for this report, on consumers' experiences with telecommunications services, suggests that the level of collaboration between service providers and consumers is currently low. We interviewed **Lynne,** who ran into trouble when she moved between houses. (**Mal,** who also experienced dissatisfaction and frustration in exchanges with his provider when moving home, was interviewed as well – his case is outlined in Appendix 1.) Lynne was moving from cable to ADSL with the same provider, but was told that her email address (a simple, easy-to-remember email address formed from her initial and her surname with the provider's suffix) would have to change. Lynne came to understand that the issue was not a technical difficulty but a result of the privacy policies of the provider. The previous account had been in two names, hers and her partner's, and she was now establishing an account solely in her own name. She was advised that the original email account needed to be closed, and would then be unavailable for three months. After that time she could take up the email address again 'if it had not been claimed by someone else in the meantime'. The customer service agent she dealt with seemed unable to recognise the absurdity of the proposition that someone with the same initial and surname would want the email address, and would have a superior claim to it, especially given that anyone else 'claiming' the address would inevitably receive emails intended for Lynne. In the end Lynne decided that after several weeks with no online service or access to email it was expedient to accept another email address, even though her address now includes an arbitrarily assigned digit to disambiguate it from her (still inaccessible) original address.

As this example shows, it is easy to see how consumers might have difficulty making sense of their experiences and in knowing how to act effectively to resolve difficulties. This lack of comprehensibility often has a technical origin, and consumers are likely to accept readily that they may never fully grasp the complexities of the situation. In cases such as Lynne's, the consumer feels that they should reasonably be able to expect an explanation that makes sense to them. In yet other cases, consumers are left feeling that the service provider could easily resolve the issue but is being deliberately unhelpful.

Although informative and enlightening, simply detailing telecommunications consumer 'horror stories' cannot resolve the underlying problems that produce them. These clearly include, as the above examples show, systems and processes within the service providers that are often inadequate to solving customers' problems. While it could be argued that turning attention towards consumer expectation and behaviour diverts attention from the responsibilities of producers, we argue below that *a more sophisticated understanding of consumer expectation and behaviour by service providers would reduce the incidence of problems arising, and so would alleviate gathering pressures on complaint resolution processes.* In particular, we will draw attention to *the role of the customer service agent as the interface between consumers and service providers.*

Consumers' expectations and behaviour: 'Predictable irrationality' and the notion of choice architecture

Fundamentally, and perhaps self evidently, what is needed is 'best practice' in customer service. But what this task requires in the complex conditions of the telecommunications industry *is a more creative and innovative response to the needs of consumers than has been evident to date, based on a well-developed and continuously adapting understanding of consumer experiences, markets and technologies. Yet companies tend to see compliance as a costly imposition, rather than as an opportunity to build a reputation for excellence in customer service that will produce its own benefits.* As we noted above, approaches to consumer behaviour have traditionally been underpinned by a paradigm of rationality which assumes that humans behave in a way that will maximise their individual self-interest as measured by unequivocal parameters of personal advantage. However, this assumption of rationality has been shown to lead, in sociological and psychological terms, to quite unrealistic 'diagnoses' and improbable policy-making. The field of behavioural economics has developed in order to overcome the limitations of the individualist rationalism that has tended to prevail within economic and financial theory.[4]

Behavioural economics, in taking many of its cues from sociology and social psychology, has in recent decades been seeking to grasp the non- and proto-rational dynamics of human behaviour, analysing the ways in which it deviates from the rational model in both predictable and unpredictable ways (Levitt & List, 2008). *In particular, a behavioural economics approach proposes an understanding of the ways in which consumers 'operate' under conditions of complexity, uncertainty and limited information*:

> Confronting a complex, uncertain world, people look for ways to distill masses of information into understandable bites, to make the uncertain less so, to make complexity more simple, and to conserve the increasingly scarce cognitive resources on which a complex world places heavy demands. (Altman, 2006, p.213)

Along similar lines, a recent briefing by the UK-based New Economics Foundation distils a wide range of concepts from behavioural economics and

psychology in presenting several key principles of human behaviour (Dawnay & Shah, 2005):

1. People observe others and copy them, and are encouraged to continue to do things when they feel other people approve of their behaviour
2. People do many things without consciously thinking about them, and habits are hard to change, even when people might want to change their behaviour
3. People's expectations shape their perceptions
4. People put undue weight on recent events and worry too much about unlikely events
5. People weight negative experiences much more heavily than positive ones.
6. People are loss-averse and hang on to what they consider to be 'theirs'
7. People need to feel involved and effective to make a change.

In our interviews with consumers we observed that they rarely do much independent pre-purchase research themselves, but will often simply choose a similar handset and service to that of a friend (principle 1). Consumers may feel that their service doesn't provide the best value for money, and they may also put up with minor difficulties and intermittent problems because the effort involved in dealing with an unfamiliar provider would take them outside their 'comfort zone' (principle 2). The observation that expectation shapes perception is very important in this domain, because if consumers have an expectation of poor customer service (as will be confirmed in the cases addressed below), this predisposition is likely to influence the interaction that they have with customer service agents, and means that they will be more likely to find their expectations fulfilled (principle 3). Importantly, this principle also works in reverse: if customer service agents expect customers to be difficult and to have problems that they are unable to resolve adequately, then the outcome can often be a 'vicious circle'. Putting undue weight on recent events (principle 4) and on negative experiences (principle 5) means that a recent experience of difficulty can sour a long-term service provider– consumer relationship that has been smooth and uneventful up to that point. Loss-aversion (principle 6) means that people feel that they have considerable investment in the multiple services that they manage, and which they are very dependent upon for the communications infrastructure of their daily lives. Consumers are generally reluctant to threaten whatever stability they manage to achieve, even though they may feel that there could be better value elsewhere. Finally, it is clear that many consumers feel disempowered and ineffective when faced with problems that seem intractable, and when there is little that they seem able to do to participate effectively in resolving their problems (principle 7).

While this is obviously a schematic and, in various ways, contestable framework, it does usefully highlight avenues of inquiry and modes of practice that can help address the continuing and proliferating difficulties between telecommunications providers and customers.

The language that is used around 'capped' services is a case in point. Informing consumers that a $79 cap plan provides up to $1,250 in monthly

value (Optus, 2009a), for example, is designed to take advantage of what Ariely (2008) refers to as the 'emotional hot button' of getting something for 'free'. 'Free', it seems, is not just another price but is something different, and 'getting something free feels very good' (Ariely, 2008, p.49). Getting a large amount of additional value for no extra cost taps into the notion of 'free' as a source of 'irrational excitement' (p.49). Looked at from another perspective, the sliding pricing scheme of a capped plan effectively means that the unit costs of calls, data or messaging services are lower if a higher cap is chosen, but that once the cap is reached a different, generally much higher, unit cost comes into effect. Customers are all the more outraged, then, when the 'free' value is used up and they suddenly and unexpectedly find themselves paying for excess usage at what, as a result, feels like an extremely high rate.

This situation is a significant opportunity for the telecommunications industry to improve its practices and to enhance customer goodwill. The term 'free' is commonly understood in the context of purchasing as being 'without charge', and in this case departs from that conventional understanding. Even if the word 'free' isn't actually used, the concept is implied and so dissatisfaction is created when it isn't delivered. Language, product and service design should, therefore, be coordinated so that the descriptions of products and service correlate more directly with consumer understanding. Without this level of cooperation among the different divisions of the telecommunications service provider, a likely outcome is one of the most significant – indeed, notorious – instances of customer dissatisfaction, 'bill shock'.

Lessons from consumers on the 'rationality of irrationality'

'Bill shock'

The Telecommunications Industry Ombudsman has recently commented publicly on the issue of 'bill shock' (Cauchy, 2009), specifically in relation to smart phones. Bill shock is experienced when customers expect much lower charges for services than the bills they receive. This can happen because consumers have not understood applicable billing rates, because they are unaware of the billing implications of subscription services (such as mobile premium services), or, as in the case of smart phones, because of difficulties in keeping track of actual usage.

Around a third of the 1,000 complaints made to the TIO each day are in relation to bill shock. The Ombudsman comments that information given to consumers about usage charges in megabytes or gigabytes doesn't provide sufficient information to understand how their own patterns of usage can result in unexpectedly high bills. The Ombudsman suggested that consumers should be better informed of how particular types of usage (such as downloading songs or streaming videos) result in different amounts of data being down- or uploaded.

There are several relevant issues here:

- Poor consumer understanding of how patterns of usage translate into data units in terms of kilobytes, megabytes or gigabytes

- Smart phones are themselves capable of downloading information without deliberate action on the user's part

- The pricing structures of service providers seem deliberately designed to 'sting' consumers who exceed limits, and there are often huge variations in the different prices that can be charged for delivering the same service.

An illustration of this last point is given by Optus's pricing structures for its home phone and internet bundling plans (current in October 2009). A $79 per month internet and home phone plan is available with a 4GB limit on data, which includes free connection and modem (for new customers), free line rental, unlimited standard local calls, unlimited standard national calls, and unlimited calls to Optus GSM modems. The first 2GB of excess data, however, is charged at $0.15/MB (i.e. $150/GB), after which usage is shaped. A consumer who uses the full 2GB excess data in a month would be charged $300, but in comparison a plan with all the same options and a 10GB per month limit costs $89 per month. An additional $10 per month therefore buys the consumer an extra 6GB – that is, $1.67 per GB. A $99 per month plan gains users 20GB, with a home Wi-Fi modem included as additional value, bringing the value of the additional data down to below $1 per GB. The excess usage charge ($300 for the first 2GB) is the same for each of these plans. Unlimited data access ('throttled' once 30GB is reached) is available for $129 per month. There is also a 1GB 'lite' plan which is not described here since the inclusions are different.

It is hardly surprising, then, that consumers are confused and outraged when, for receiving the same service, they can be charged anywhere between less than $1 per gigabyte and $150 (Optus, 2009b).

The Ombudsman's comments relating to smart phones resonate with the experience of one of our interviewees, **Amber**, who suffered 'acute bill shock' when she returned from an overseas trip. Having heard that international roaming charges could be very high, she was keen to inform herself before she left and made two separate calls to her service provider. The service provider sent her a six-page document detailing the charges. Amber intended only to use her iPhone for brief phone calls and text messages while she was away, and noted what the charges would be. She didn't take much notice of the information on internet data charges since she intended not to access the internet on her phone, as she had a laptop with her and access to wireless internet in the main place in which she stayed. For most of the trip, other than the first and last 24 hours, the SIM card was removed from the phone and she used a temporary local SIM card. During those two 24-hour periods, she made a small number of phone calls and sent some text messages.

Amber was dismayed, then, to receive a bill for $550 on her second day home relating to the first of those overseas periods, with most of the charge being for internet data. A month later she received a second bill, which included a charge of $289 for data usage in the final 24 hours of her trip. She called

customer service after the first bill arrived, and was told that, since it was on record that she had been sent information about the roaming charges, including the data roaming charge, she was liable for the charges. Speaking to a 'rude' supervisor, with the printed information in front of her, she asked for an indication of where these charges were located in the material. The data usage charges were indeed given as 2c per kilobyte. This is equivalent to $20 per megabyte (or $2,000/GB!), but this figure was not given in the printed material. The $289 charge was for a data transfer of around 14MB, which the supervisor suggested could have been because the phone checked for email when it was turned on. Amber accepted this explanation but felt that the information she had been given prior to travelling was misleading. She felt that she should have been warned that, since she had a smart phone, there could be hidden data usage of which she was unaware. The printed information that she was given makes no mention of this possibility, and she was not told this by either of the customer service agents she spoke to before her trip. When Amber mentioned the possibility of contacting the TIO, the supervisor offered to 'go halves' on the charges. Amber accepted this offer, but remains unhappy with the service provider. Having been with them for many years, she feels that she had received extremely poor customer service from them, and that there should be better training for agents on how to advise customers who make enquiries of this or a similar kind.

Smart phones, as noted above, are capable of downloading data without explicit instruction from their users. As the TIO has recently suggested, service providers have a responsibility to provide consumers with more explicit information on the potential for the costs associated with this hidden usage than they usually provide. 'Excess data' charges often seem exorbitant and out of proportion to the services rendered. Customers quite reasonably question the rationale for the huge disparities in costs, and price structures that are intangible and abstract. Operators' willingness to negotiate with consumers to resolve disputed charges compounds, ironically, the common consumer conviction that the amounts charged for data are essentially arbitrary, and based on a 'what the market will bear' calculation rather than reflecting the intrinsic value of the service.

Amber's bills were paid by direct debit, which compounded her bill shock, since both accounts were paid before she had a chance to query or dispute the charges. She was aware that she could turn off roaming on her phone, but didn't want to do this as she knew that she wanted to make some calls and send some messages while away, and felt quite comfortable doing so since she had, as she thought, done quite thorough research on costs in advance. That the data roaming charge was expressed in terms of a seemingly modest price per kilobyte gave her a sense of security, rather than raising the warning flag that Amber felt that she should have been given. It is indeed arguable that by giving the data charge in kilobytes the provider did not in face adequately inform Amber, since it could reasonably be anticipated that ordinary consumers would misinterpret this information.

Nick also experienced bill shock. His story is outlined in Appendix 1.

Troubleshooting technical problems and customer service responses

James, **Diane**, **Michelle** and **Rebecca** contacted their service providers to resolve an issue when their equipment stopped functioning, or to enable a feature on their equipment. Initial contact with their providers' either failed to resolve their technical problems, or was unsatisfactory for other reasons, and led to substantial frustration. In two of the cases, the situation became so unsatisfactory that they had to wait out or buy out their contracts. These are the types of interaction that have been interpreted by Minister Conroy as reflective of a propensity for the telecommunications industry 'to treat its consumers with contempt'.

James had problems with mobile broadband. The service worked for a while but then 'just stopped working one day', either completely or with extremely slow and intermittent connectivity. He made several calls to his service provider's call centre, but the agents just led him through scripted troubleshooting which didn't resolve the problem. Their advice seemed to consist of ineffective measures like turning his devices off and on again, or checking settings, but with no effective measures to take when the settings didn't match the expected values. As James recounts the story, the agent's only response to this discrepancy was to ask James to 'read it again'. The agent also suggested that a software patch could help, but this involved downloading a 100MB file and he found this impossible given the problems that he was having with his service. James concluded that he was speaking to an agent in an offshore centre, because at one point the agent told him there were reports of problems in his area. When James asked which area that was, he was told 'New South Wales'. James felt that he was getting nowhere with 'this scripted crap' and so contacted the TIO. He said that it was only from this point that he felt the service provider started making the first real efforts to try to help. At this point he was given an elevated status with the service provider and his calls were put straight through to a supervisor. About a month after the service became inoperative it started working again without any intervention that he was aware of, and was fine for some months, but then just as suddenly it deteriorated again. At this point his contract with the service provider was almost at an end and James switched to another provider.

Diane, Michelle and Rebecca's stories appear in Appendix 1.

TIO involvement improves chances of resolution, but not necessarily of customer satisfaction with the outcome

As **James** found, contacting the TIO resulted in a change in the way that the service provider responded to his problems, although in his case this was not related to the initial resolution of the problem. In fact, he had no idea why the service had not been working, nor why it had come back.

Dan has been with the same mobile provider for over 10 years, but believes that their customer service standards have declined very markedly over this time. They used to be 'fantastic most of the time, proactive, caring and helpful'. Around two years ago he upgraded his handset, but had a lot of

problems with dropouts. Customer service was 'hopeless', suggesting that the problems were due to patchy coverage. Escalating his problem to the complaints group didn't help to resolve the problems, and Dan took his complaint to the TIO. The agent he then dealt with at his service provider seemed like a 'jerk' who was 'rude and uncooperative', and was only interested in having Dan 'name a figure' to make the problem go away. The outcome was an agreement to credit $500 to his account, and Dan has decided that he will switch providers once this credit is used up.

Eventually Dan bought a new handset, but felt that he had committed significant amounts of personal energy and effort in persisting with trying to resolve the issue to his own satisfaction with the provider. The TIO was able to resolve the issue in terms of actual losses incurred, but Dan felt that he was still 'out of pocket' when his uncompensated time and inconvenience were taken into account.

Inconsistent and incoherent processes compound difficulties in problem resolution

It can be the case that service providers provide different or inconsistent information to consumers, either from different sections within the company, or providing inconsistent information or charges over time (as in **Ange**'s case, in Appendix 1, where she was 'back-billed' for a significant amount due to an internal system error). **Ian** and **Sophie** (see Appendix 1) were contacted independently by separate representatives from their provider, and given information which was confusing regarding the company's motivations and intentions (Ian), or the services that the customer uses (Sophie). In every case, this provision of inconsistent, incoherent, or incorrect information eroded consumer goodwill.

Ian was quite happy with his mobile capped service, which helpfully sent an email to customers informing them when they had reached 80 per cent and 100 per cent of the value of their cap. In July 2009, however, he received an email from their accounts service (a copy of which was provided to the researchers), which said that 'It has come to our attention that over recent months an ex-employee had been sending an alert email to our cap customers' providing this advice.' The email went on to say that 'The "Cap Alert" email service was and is outside of [provider]'s Terms and Conditions and has ceased to be provided. We apologise for any inconvenience this may cause.' If customers wish to find out the balance of their account, they are asked to call the customer care line, where an operator will be able to tell them their balance, or to email the accounts section (stating their full name and phone number) and a response would be provided within 24 hours. Ian found it 'a little bit weird' that the provider should apologise for discontinuing a service provided by a 'rogue' employee who had been going beyond the provider's normal service levels. He had found the alert service extremely useful and the alternative means of keeping track of his usage quite onerous. Without the alert service Ian felt that he would need to check his balance two or three times a week to have any confidence that he would remain within his cap. He felt that this action on the part of the provider, along with the

inconvenience of the official methods for checking the account balance, indicated that they really wanted customers to exceed their cap. It was certainly the case that the discontinuation of a useful service undermined his faith in the provider's commitment to customers. Two months after being notified that the alert service had been discontinued Ian moved to another provider who gave better access to usage information.

Customer loyalty; unresponsiveness; 'low-value customer'

Additional case studies are provided in Appendix 1 which highlight instances of unsatisfactory customer experiences with telecommunications service providers – unrewarded customer loyalty (**Andrew**), the experience of unresponsiveness (**Sal**) and bias against the 'low-value customer' (**Laura**).

In the interviews with consumers it became clear that their encounters with call/contact centres were pivotal to their experiences, and that this area is crucial in addressing and resolving their problems.

Customer service in telecommunications: Churning call/contact centres

Much of the dissatisfaction that our interviewees experienced in their interactions with their service providers arose as a result of the limitations of contact centre agents to assist them to troubleshoot their problems or resolve disputed charges (The term 'contact centre' is now generally preferred to that of 'call centre', with its accumulated negative connotations and implicit one-way communicative implications. They are used interchangeably here in recognition of the common use of both terms).

The telecommunications industry is deeply reliant on call centres as a key contact point with their customers, as is the case in many other sectors including banking, finance and investment, and tourism and hospitality. Given the unpopularity of call centres with many consumers, they are an obvious site for analysis in tracing the origins of complaints. The *Avaya Contact Centre Consumer Index* (Callcentres.net, 2008) surveyed consumers across the Asia Pacific. On a region-wide basis and across all industries, 31 per cent of respondents agreed with the statement that 'interacting with call centres is always problematic'. Australian consumers had a significantly more negative attitude towards call centres, however, with 65 per cent of respondents agreeing that call centre interaction is problematic, compared to 16 per cent of Japanese respondents (the extent to which this variation may reflect differences in national cultures or call centre responsiveness cannot be pursued here).[5] Within specific industries, government and telecommunications call centre experiences achieved significantly lower rates of consumer satisfaction than was the case in other industries.

The top five characteristics of contact centre experiences which were factors in the experience being rated as excellent were: knowledgeable customer service representatives; answering the call quickly; friendly and polite

interaction; fast problem or issue resolution; and feeling that someone understands the customer's needs. Understanding consumers, it can safely be assumed, is directly related to the experience and training of the personnel charged with the responsibility of interacting with consumers. Yet, the 'raw' turnover rate of contact centre agents increased from 35 per cent in 2007 to 49 per cent in 2008. Of agents who left the contact centre industry over that twelve-month period, 72 per cent moved out of the industry altogether (marginally higher than 70 per cent the year before), with an average tenure of 27 months for full-time workers and 24 months for part-time workers. In other words, customers are interacting with a work force that is subject to a high level of turnover – the very process of 'churn' that telecommunications providers are anxious to avoid with their customers. It is unsurprising that customer service agents struggle to build a fulfilling career within this industry, given the limitations on their capacity to help customers caused by poor coordination between service providers, and internal systems which fail to keep up with rapidly changing services

In an already unstable contact centre work force, there is evidence that in Australia the rate of turnover and levels of complaint are higher in telecommunications than in other industry sectors. Table 1 in Appendix 2 gives a breakdown by industry of the types of interaction that customers have with call centres. Comparing telecommunication contact centres with those of other consumer-focused industries (and so excluding mainly business-business industries such as manufacturing and freight), telecommunications stands out in two areas. The first is that of technical support: 21 per cent of interactions between customers and call centres are related to technical support. The second concerns the proportion of incoming calls that are associated with complaint resolution, which accounts for 12 per cent of inbound calls to telecommunications/utility call centres, compared to 2 per cent in banking, finance and industry, 6 per cent in government, education and health, 9 per cent in retail and wholesale, and 2 per cent in tourism and hospitality. Investment in training contact centre staff across both of these key areas would enhance the customer service experience.

In the same period, the telecommunications and utilities sector showed similar rates of workforce turnover to the retail and tourism sectors, but higher rates than the banking and finance or government sectors. The average tenure of a full-time call centre agent in this sector is 21 months, and 25 months for part-time agents. These figures are lower than those relating to the overall tenure for workers in call centres in Australia. Also, as Table 2 in Appendix 2 reveals, staff training and development in telecommunications and utilities for both new and experienced contact centre workers was less than that in banking, finance and investment. Compared to the banking industry, for example – which formerly had quite a poor (if not notorious) reputation for customer service – it would appear that the telecommunications sector is under-investing in its customer service infrastructure. Similarly, 'benchmarking' against banking and even allowing for differences in the type of customer inquiry and capacities for speedy resolution, provides *prima facie* evidence (see Table 3, Appendix 2) that telecommunications is lagging in key areas like queue and response times, and is only favourably comparable in terms of first call resolution.

As we have seen, the TIO has been positioned to 'mediate' between customers and service providers, but it is necessary to consider the effectiveness of this 'default' complaint process.

TIO complaints are just the tip of the iceberg

Most of the people we interviewed for this research project hadn't contacted the TIO to complain about the problems that they had experienced. Many of them had settled, however, for what they felt were less than satisfactory outcomes from their interactions with their telecommunications service providers. While some subsequently had better experiences with a different company, many were left feeling that all operators in the sector were much the same, and believed that their experiences were fairly typical of what could be expected. These qualitative findings suggest that complaints to the TIO – which as we noted above have doubled over the last two years – are only a limited measure of overall consumer dissatisfaction with the telecommunications sector. Many consumers, it seems, lack the knowledge, time or motivation to go through yet another process of complaint, explanation, and justification entailed in making a more formal complaint.

The Australian Communications and Media Authority's (ACMA) recent report on consumer satisfaction with communications services (2009a) confirms that a lack of confidence in the industry is widespread in the community, with around 12 per cent of consumers reporting that they are either 'somewhat dissatisfied' or 'very dissatisfied' with the telecommunications services that they receive. The most common reasons for dissatisfaction given in the ACMA study were cost, poor customer service and mobile coverage. ACMA's *Communications Report 2008-09* similarly highlighted the relationships between consumer use, take-up and satisfaction, with, paradoxically, proliferating service uses producing reasonably high levels of satisfaction yet co-existing with rising levels of dissatisfaction and complaints to TIO (2009b, pp.50-51).

In such a climate – and remembering that around two-thirds of Australian consumers expect to experience difficulties whenever they contact a call centre – the consumers who contact the TIO can be regarded as just the tip of a very large iceberg. The stories that our interviewees told us about their experiences are in many cases very similar to the ones reported in the TIO's annual reports and other publications. Many of the issues that we have identified in this report are difficulties that the industry could do much to improve. These include reducing pricing complexities that confuse consumers and leave them vulnerable to 'bill shock', and improving internal systems which make it difficult for consumers to obtain consistent advice and coherent service. Other issues that are less under the control of the telecommunications industry but could be better understood as characteristics of the experience of consumers are that:

- they are often sitting on the pent-up frustration of minor irritations that they feel is more trouble than it is worth to try to fix;

- it is important to consumers to have an understanding of any difficulties that can't be resolved in terms that are meaningful to them.

We can only point here to some areas of re-thinking and changed practice required to address the systemic issues affecting service provider–customer relationships in this crucial 'utility' domain. ***Currently, the 'choice architectures' presented to consumers for the decisions that they make in the telecommunications space are determined largely by the priorities and systems of service providers. As we have seen, these are often inadequate to the task of solving service difficulty issues, giving consumers confidence that they are receiving value for money, and smoothing the path for them of taking up new technologies as they become available.*** Almost everyone, for example, opts for the default choice if one is given, and this is a general principle of consumer behaviour and is not just the result of time poverty and limited capacity to research and gather information. Therefore, one important aspect of telecommunications choice architecture is how default options are set – that is, designing the most desirable outcome of what happens when, as is common, people do nothing. There is, of course, a danger that the growing understanding of biases and heuristics – consumers' 'predictable irrationality' – is as likely to be used to influence their choices in ways that exploit them for commercial gain as it is to mitigate their effects in benefiting consumers and securing their rights.[6] It is for this reason that collaborative problem-solving requires all involved to work together to make sense of the issue and come to a shared understanding of what needs to be done.

At present, both the consumer and the customer service agent on the other end of the phone line (or receiving customer emails) are largely ill-equipped to overcome the former's difficulties. This highly undesirable state of affairs is visible not only in the TIO's complaint statistics and the consumer satisfaction data cited earlier, but it is also clear that the job of helping consumers solve their problems is impossibly hard for many customer service agents. The task environment is made particularly complex given that there are problematic matters surrounding single-providers versus multiple-provider issues, and also single services versus multiple services. Information may be needed, but assistance to complete an action might also be required, as well as troubleshooting to correct a 'breakdown'. There are multiple interactions between different levels of technology–provider–product or service–policy and, as Lynne's case showed (above), also problems at different levels. These multifarious difficulties, we noted, are dealt with by a call/contact centre workforce which experiences high staff turnover and is only briefly trained, coming into contact with consumers who often have a tenuous grasp (at best) of the technologies that they use, and of the contractual arrangements into which they have entered, with little time or capacity to consider the diverse 'choices' that they confront. There is, then, an urgent need to correct these problems as we enter the next phase of converged, digital interactive services that promise even more choice and complexity, but also threaten to create more frustration and alienation.

Conclusion: From impossible choices to equitable options

It is clear that deeper structural solutions are required in the telecommunications sector to prevent the exacerbation of problems and more rigorous, perhaps onerous, regulation. Most of the concern in this sphere has been with the cost of a high-quality customer relations infrastructure and its impact on the cost of services, as well as the expense of regulatory compliance. But there is also a not inconsiderable 'existential' cost to the consumer who engages in a complaint and who has thus already made an investment in solving the problem, with the expectation of an appropriate 'return on investment'. As the TIO case studies and interviews that we have conducted reveal, consumers often 'cut their losses' and compromise at a point that they don't believe to be 'fair and reasonable', which leaves a lingering sense of dissatisfaction that is likely to discourage or delay the take up of new telecommunications services from existing or alternative providers. There is substantial, accumulated evidence that the reciprocity and trust that create the foundation of the healthy development of the sector are, at present, lacking. This does not, of course, mean that the sector is in decline: telecommunications services – especially home computing, mobile telephony and many of their applications – have now acquired the status of essential utilities. But this shift also means that the level of expectation of consumers, governments and regulators has increased to a commensurate degree.

The burgeoning demands on TIO, as examined above, have been created out of the need for a 'public defence' of consumers attempting, often with considerable difficulty, to use rapidly changing products and services delivered by often elusive providers whose resourcing of customer service is frequently found wanting. While complexity and dynamism should not function as an alibi for poor customer relations – these, after all, are as we argued in *Preparing for the Broadband World* (Lally, Rowe & Ang, 2008) the very qualities that are celebrated in promoting and marketing new telecommunications goods and services –, shifting paradigms of production, consumption and the meaning of exchange demand new ways of thinking and associated practices in this domain.[7]

In contemporary Australia, as in other nations, the field of telecommunications and media is in considerable flux (Lally and Rowe, 2009). The coming National Broadband Network, for example, will facilitate many new consumer services – and also open up sundry new possibilities for consumer complaint. If the government's hopes that the NBN will transform education, health, government service delivery and many other industries come to fruition, then the difficulties currently experienced by consumers in telecommunications services will potentially find themselves rippling through internet-enabled services across the entire service and informational economy.

ENDNOTES

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[1] Dan Ariely's influential 2009 book, for example, is called *Predictably Irrational: The Hidden Forces that Shape Our Decisions*.

[2] The authors wish to acknowledge the valuable assistance of Dr Catriona Wallace, Managing Director of callcentres.net Pty Ltd and ACA Research in providing industry reports referred to here and data included in Appendix 2. We would also like to thank Michelle Kelly for her very able research assistance on this and associated research projects. We are also very grateful to the participants who were interviewed for this study.

[3] This issue raises the question of the extent to which the increasing proportion of customer service complaint issues that the TIO deals with could, in fact, be a consequence of the trend towards multiple issues being recorded for each complaint. The insights of behavioural economics would also suggest that if the TIO's case workers have an expectation that customer service is often a component of complaints, then this in itself is likely to increase the potential for customer service issues to be an outcome of the interaction.

[4] This approach echoes the observations of C. Wright Mills (1959), in his classic work *The Sociological Imagination*, when critiquing the figure of the 'self-rationalised' and disturbingly 'Cheerful Robot':

> Science, it turns out, is not a technological Second Coming. That its technique and its rationality are given a central place in a society does not mean that men [sic] live reasonably and without myth, fraud, and superstition. Universal education may lead to technological idiocy and nationalist provinciality – rather than to the informed and independent intelligence (pp.186-7).

After Mills, the sociology of consumption has developed as a field which has sought a critical understanding of how and why goods and services are consumed, although in a manner which generally tries to avoid overly pessimistic, deterministic accounts of manipulation and excessively optimistic, voluntaristic perspectives of free consumer choice, as well as of the aforementioned individualist, rational-choice schema of conventional economics. As Silvia Rief (2008) notes in her recent survey of current sociological research and scholarship on the subject:

> If there is anything that unites otherwise varied sociological (and psychological) accounts of consumption, it is the notion that consumers are much more complex than conventional economic theory suggests, which is that the consumer is an isolated individual who makes rational choices in order to satisfy the need for clearly identifiable and purely personal utilities. In explaining the social and psychological dynamics of consumption, various, partly conflicting, images of the consumer have emerged, all attempting to answer the question: what mechanisms

govern, regulate and shape people's relation to goods? Diverse and distinct as the particular sociological concepts may be, their common ground is that goods are not simply consumed for their function or use value, but for their symbolic and communicative qualities that help express and mediate social relations, structures and divisions (p.561).

Thus, in the diverse work of Bauman (2001), Bourdieu (1984), Miller (1998), Warde (2002), Zukin (2005) and others, there is a concerted attempt to understand what shapes and facilitates consumptive acts, meanings and values that orthodox economics has tended to neglect in pursuing an unwarranted faith in conscious, value-free, instrumental choice.

[5] The fact that Australian consumers generally have an expectation that their customer service interactions may be problematic will in itself tend to influence the direction that the interaction takes. If call centre agents also perceive their task as difficult and fraught, with the likelihood that they will be unable to assist the customer adequately, an environment is created in which the interaction has a high potential for a negative outcome.

[6] This power/knowledge nexus has long been noted in the social sciences, whereby asymmetrical control and a uni-directional logic can lead it to be an instrument of oppression rather than of liberation (Dandaneau, 2001).

[7] For example, the tension between standardisation and diversification is intensifying, just as the condition and status of the commodity and the brand have changed. Branding is as important in telecommunications as in other areas of consumption, but this has been, as Lash and Lury (2007) argue, at the expense of the primacy of the commodity:

> The commodity is dead; the brand is alive: it comes into being (it becomes) through the generation of a series or range of goods. The brand, constituted in its difference, generates goods, diversified ranges of products. The commodity is determined from outside: it is mechanistic. The brand is like an organism, self-modifying, with a memory. Thus the commodity is characteristically 'Fordist' and works through the production of large numbers of the same product. Brands work through, not generalized Fordist consumption, but through specialized consumption, and the production of many different goods. Commodity production is labour-intensive; branded goods production is design-intensive (Lash and Urry, 1994). The commodity works through reproduction of identity; the brand through evermore production of difference. (pp.6-7)

These propositions (and those in the earlier work cited, Lash and Urry, 1994) do not have to be accepted in their entirety to appreciate their relevance for telecommunications consumers, who must choose between competing brands and a panoply of differentiated, mostly short-lived products. Lash and Lury (2007) adopt 'a follow the object' method in seeking a critical

understanding of the global culture industry, but the seven objects that they select to research are relatively tangible – a range of films, sports events, art movements and retail brands. In telecommunications, following the object and tracking the producer–consumer relationship is particularly difficult, but it is important if the current high level of consumer dissatisfaction is to be reduced. Equally urgent, we argue, is a more theoretically sophisticated understanding of the constitution of consumers (in the sense both of what they are and how they are made), and the ways in which they negotiate telecommunications product choice under less-than-ideal circumstances.

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Appendix 1: Further Case Studies

Low level of collaboration between the industry and consumers

Mal moved house and needed to establish landline and internet access at his new address, an apartment in a block. This seemingly straightforward situation involved liaison with multiple service providers to overcome problems with the installation when the initial set of connections failed to result in an operational service. Resolving the problem took several frustrating weeks of contact with providers responsible for the different physical segments of the connection chain: up to the boundary of the property, between the boundary of the property and his apartment (involving independent contractors sourced by the body corporate), and the retail provider of internet and telephony services. It ultimately transpired that the issue was indeed a hardware error internal to the building itself (between the consumer's apartment and the infrastructure for the building as a whole). Each attempt to 'troubleshoot' one of the links in this chain required him to arrange to be present, and was made all the more difficult by his lack of access to a working landline and internet connection at home.

Bill shock

Nick ended up with a debt of around $12,000 before finally resolving the issue. He was 'cold-called' by a provider offering what seemed to be a 'great deal' on a new smart-phone on a $50 per month plan. He had been thinking of upgrading and signed up for two phones, one for himself and the other for his flat mate. He took note of the details of the conditions, the charge per minute for calls, unlimited internet access, and so on. When the first bill arrived showing a charge of $400 he called the provider, who had no record of the plan he had been offered, and no record even that he had been approached with the offer in the first place.

Nick persisted, saying that he had only signed up on the basis that he would be charged $50 per month on each phone. His complaint was escalated to a department in the provider that was only staffed during weekday office hours, and some delay transpired since it was difficult for him to take their calls when they contacted him at work. He approached the TIO when the debt reached $12,000. At this point the provider offered to reduce the debt by $8,000, leaving him $4,000 to pay. Nick didn't believe that he should have to pay this amount, and that in fairness the only outcome he would accept was the original $50 per month offer. Eventually the provider agreed to waive all but $895 of the debt if the handsets were returned, and Nick readily agreed, since this closely matched the amount that he felt he owed.

Troubleshooting technical problems and customer service responses

Diane needed assistance to enable her phone to receive multimedia messages. She found it an 'almost impenetrable' process. She first tried to find the instructions via her service provider's website, but was unable to understand what needed to be done. She then called customer service and waited on hold for a while, which she found quite frustrating, but there was no urgency about completing this process so she decided to leave it until later. In fact, she waited 'a couple of months' before trying again. This time she got through to an agent and was given a code and instructions involving doing something on the phone itself. She believes that she is quite a technically literate person, but this was something she hadn't had to do before and so was an unfamiliar process. The agent she spoke to 'had very poor English' and she had difficulty understanding both the questions that the agent was asking her, and the terminology in the instructions she was being given. She wrote down the instructions as she was given them, and asked the agent to go through them '2 or 3 times'. In the end she got a friend who was familiar with the process to go through it with her.

Michelle called her mobile service provider when she was having a problem receiving text messages. Her initial attempts to get advice by calling customer service were frustrated by the provider's Interactive Voice Response (IVR) system which was very difficult to navigate. She felt that, because she couldn't 'formulate the problem in the way a computer would', she was only presented with options which didn't relate to her understanding of the problem that she was having, and consequently she 'seemed to be going round in circles and getting nowhere'. Once she was able to speak to an agent the problem was quite quickly solved. On a later occasion she rang to change payment methods and, while speaking to the agent, she asked if she could also register a complaint about the provider's IVR system. The agent was unable to do this without transferring her to another department, and suggested that she give feedback via the company's website. Although needing to take an opportunity to make a complaint sometime when she is online is a fairly low barrier to giving this feedback, it's something that Michelle hasn't as yet got around to doing. That she has not yet done so suggests that she has been deterred from two-way communication with the provider in this context – an outcome that is symptomatic of sub-optimal customer service.

Rebecca's mobile broadband stopped working when she recently upgraded her Macbook to Apple's Snow Leopard operating system, about a month after it had been released. She rang customer service and spoke to someone whom she concluded was in an offshore call centre on the basis of their accent (while, of course, a range of accents will exist among Australia-based staff, strong accents and poor expression that made comprehension difficult for callers were often seen by them as indicative of the call centre's distant location and lack of appropriate knowledge of local conditions). The agent suggested that there must be a compatibility issue between her modem and the new version of the operating system. He led her through an exploration of the modem settings in an attempt to fix the problem. She felt that this issue was something that she shouldn't be required to troubleshoot herself – if

upgrades are needed to modem software or for settings to be compatible with an upgrade to the operating system of such a mainstream computer system, then this, she felt, 'should just happen'. Or alternatively, there should be some kind of warning that there were incompatibilities and advice issued to delay upgrading to Snow Leopard.

Rebecca said that she found it hard to believe that 'no-one else was having the same problem', but the agent she spoke to seemed to have no resources to offer other than the steps that he was taking her through. Identifying herself as a 'reasonably tech-savvy person', she felt that the agent she dealt with was 'technically uninformed and undertrained' and 'had no idea what was going on'. Unable to get the modem running again, she cancelled the service, incurring a charge of around $75 to buy out the remainder of her contract term. This was obviously an unsatisfactory outcome for both customer and provider.

Inconsistent and incoherent processes compound difficulties in problem resolution

Ange rates her service provider as giving 'terrible' customer service and would like to change, but is put off by how complicated it would be to do so. Her monthly bill, roughly averaging $60–$70 per month, is paid by direct debit, which means that she generally doesn't pay much attention to it. She was recently charged, without warning, for $300 in 'back-billing' for line rental that the provider had neglected to bill because of an internal system error. This experience has damaged the goodwill that she previously had towards the company. Once her two-year contract with the company is up, Ange says that she will investigate moving to pre-paid to avoid the potential for direct debit 'bill shock' traps.

Sophie wanted to change plans with her mobile provider since she was going 'a fair bit over' her cap each month. A note on her bill had prompted her to take this step, and she made the change quite easily on the provider's website. However, at around the same time, Sophie also received three unsolicited calls from sales agents claiming to represent her service provider, who each tried to persuade her to allow them to make the change on her behalf. The first call came the day before she made the change herself, but two calls came after she had actually completed the change. The calls seemed to come from offshore agents, whom she said 'barely spoke English'. The fact that the second and third agents seemed to be unaware that she had already changed her plan made the whole experience 'feel weird'. When the third person rang she asked them to stop calling her. The style of communication and the seeming lack of coherence in the internal systems of the provider left her feeling less confident about their overall service efficiency. As she put it 'I don't want to be cold-called by the company, the note on the bill was enough'.

Unrewarded customer loyalty

Andrew recently moved all of his household's business (landline, internet, pay television and four mobiles) from the provider he had been with for some years. This change was prompted by what he felt was a lack of goodwill on the part of the provider towards a loyal customer who was giving them 'a $300 per month share of my wallet', after the provider requested a $27.50 fee for providing a code when his child had accidentally locked their phone. He also felt that other providers may be offering better value for money. When he rang to cancel his internet service, he was offered a 20 per cent discount to remain with the provider. The agent asked him to think about it and call back if he still wanted to cancel. When Andrew said that he didn't need to think about and would still like to cancel, the agent offered a free upgrade to ADSL2+ in addition to the discount.

Andrew felt that this provider was not interested in him as a loyal customer who should be rewarded as part of the goodwill built up over the considerable duration of the provider-customer relationship. Only when he indicated that he would take his business to a competitor did he receive due consideration. Andrew was one of the research participants whom we recruited through posting a notice in a Whirlpool discussion forum. He feels that Whirlpool provides a 'great' source of information and evaluation of the relative merits of different providers: 'you see people's grizzles'. He researched alternative internet providers and signed up with one that 'got big ticks' from its customers, and which gave him a 'warm fuzzy feeling' about dealing with them (an example of the importance of subjectivity and emotion in consumer choice). His experience of switching to them had been very smooth and he said that the new provider was 'fantastic to deal with'. Their online tools to monitor usage were also superior, and Andrew now finds that his children are using them to manage their online browsing behaviour, since they can see the effect of different patterns of usage. They are also taking advantage of unmetered content. Andrew is very articulate about his experiences – both good and bad – and is convinced that there are excellent opportunities for smaller players in the industry to differentiate themselves on superior customer service and to be 'more in tune with' individual customers.

The experience of unresponsiveness

Sal wished to change carriers for her pre-paid mobile service but needed to get her phone unlocked first. She followed the instructions on the carrier's website and topped up the credit on her account by the required amount. She then sent an email requesting that the phone be unlocked, as described on the website. When she didn't hear anything from the carrier for a week she sent another email. After another week she rang customer service, and was told that she would need to apply a further top-up to the credit on her account. After topping up and calling again, she was again told that there was not enough credit on her account to effect the unlocking. She expressed frustration at the length of time this process was taking, but hadn't kept receipts or the dates of the earlier credits, and was left with a feeling that the carrier was giving her the 'run-around'. Sal believed that, since the carrier had

no pecuniary interest in helping her to take her business elsewhere – indeed, the reverse – it was being obstructive.

Bias against the 'low-value customer'

Laura also found that providers are not interested in 'low-value' customers. When she lost her phone and needed to buy a new one, she was only interested in 'something basic and inexpensive' to buy outright. She went to the store operated by her carrier but was disappointed with the range. In the end she bought a phone at Dick Smiths, but found that the sales people wherever she went had no interest in spending time advising or guiding her. She felt that they were very unhelpful because she didn't want an expensive phone, or to sign up for a plan. Laura was also thinking of changing providers because her usage had increased and she had been going very quickly through her pre-paid credit. She visited the store of an alternative provider and was close to switching, but they needed some additional information in order to 'port' her number and she didn't have this at hand. In the end Laura decided that it was 'too much hassle' and stayed with her original provider – effectively by default and without a sense of goodwill.

APPENDIX 2: CONTACT CENTRE INDUSTRY DATA

Table 1: Type of contact centre customer interaction by selected industry sector in Australia, 2007-2008

	Banking, finance & investment	Telecomms & utilities	Government, education, health	Retail & wholesale	Tourism & Hospitality
Customer service	69%	36%	81%	44%	22%
Sales	19%	24%	8%	32%	61%
Technical support	2%	21%	2%	15%	9%
Collections	10%	2%	5%	3%	0%
Other	0%	17%	4%	6%	8%

Source: *Australian Contact Centre Industry Benchmarking Report 2008* (Wallace, Organ & Dieu, 2008, p.41). Note that the 'Other' category for type of contact centre customer interaction includes complaint handling.

Table 2: Contact centre training days by selected industry sector in Australia, 2007-2008

	Banking, finance & investment	Telecomms & utilities	Government education, health	Retail & wholesale	Tourism & Hospitality
New inductee	16	13	13	10	13
Experien-ced	11	6	6	7	6

Source: *Australian Contact Centre Industry Benchmarking Report 2008* (Wallace, Organ & Dieu, 2008, p.70)

Table 3: Response statistics by selected industry sector in Australian contact centres, 2007-2008

	Banking, finance & investment	Telecomms & utilities	Government, education, health	Retail & wholesale	Tourism & Hospitality
Average queue time (*secs*)	27	200	70	61	57
Average speed of answer (*secs*)	33	73	43	46	54
Average talk time (*secs*)	290	364	199	205	294
First call resolution	83%	83%	78%	81%	80%

Source: *Australian Contact Centre Industry Benchmarking Report 2008* (Wallace, Organ & Dieu, 2008, p.123)