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Report 4: Consumer satisfaction

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Contents

1 Introduction

This study presents the findings of qualitative (focus groups) and quantitative (consumer surveys) research into consumer satisfaction with telecommunications services. This research aims to provide an understanding of consumer satisfaction among consumers in households, farms and small to medium enterprises (SMEs).

This report is the fourth in ACMA's *Telecommunications Today* series of reports. The previous reports examined consumer, farm and SME take-up and use of telecommunications services. Results from these earlier reports are cited throughout this report.

This study has three main objectives:

1. To explore consumer attitudes and their level of satisfaction and dissatisfaction with voice and internet services.
2. To compare whether consumers in different geographical locations have similar levels of satisfaction with their telecommunications services.
3. To compare whether consumers from different sectors, such as the farm sector, SMEs and household consumers, have similar levels of satisfaction with their telecommunications services.

In investigating these issues, ACMA also sought to understand the adequacy and significance of specific telecommunications services to Australians. To meet these objectives, this report examines the following issues:

- consumer attitudes and perceptions of satisfaction with fixed-line (also known as landline), mobile, voice over internet protocol (VoIP) and internet services;
- consumer opinions, needs and expectations of service providers; and
- the nature of existing complaints made by consumers to the Telecommunications Industry Ombudsman (TIO).

The research was also undertaken to meet ACMA's statutory reporting requirements under the *Telecommunications Act 1997 (*section 105), which require it to report and advise on matters affecting consumers of carriage services, including consumer satisfaction and benefits.

2 Methodology

2.1 Research sources

This report draws on five data sources, all of which are based on survey questions or focus group discussions and rely on consumer perceptions. These various data sources measure ‘satisfaction’ using different questions and rating scales. Respondents’ interpretation of satisfaction is subjective and framed in the context of the survey questions. (See Appendix 1 for survey questions.)

(1) Woolcott Research

ACMA commissioned the consultancy Woolcott Research to undertake a series of qualitative focus groups and in-depth interviews, as well as a national quantitative survey. [1]

The qualitative phase was made up of 12 focus group discussions in five locations, as well as eight in-depth interviews in remote areas. The focus group discussions were conducted among residential consumers selected on the basis of age (18+ years old) and a self-measure of technological literacy or confidence. Focus group respondents were recruited from a random sample, with each group containing between eight and 10 participants.

The quantitative phase consisted of a representative quantitative telephone survey of 1,600 respondents. The electronic WhitePages® was used as the sampling frame for Australian households and the interviews were undertaken using computer-assisted telephone interviewing (CATI). All respondents were aged over 18 years and were screened to ensure they were the main or joint decision maker in relation to at least one household telecommunications service.

(2) Marketing Solutions: AgScan Omnibus

ACMA commissioned Marketing Solutions to undertake quantitative surveys to explore consumer attitudes to telecommunications in the farming sector in Australia. [2] The data presented in this report was collected via AgScan, a quarterly omnibus telephone survey of approximately 2,000 farmers across the major agronomic regions in Australia from 5 April to 2 May 2007.

1 For more methodological detail, refer to Australian Communications and Media Authority (September 2007), *Telecommunications Today – Report 1: Consumer attitudes to take-up and use*, http://www.acma.gov.au/WEB/STANDARD/pc=PC_9058

2 For more methodological detail, refer to Australian Communications and Media Authority (January 2008) *Telecommunications Today – Report 3: Farming sector attitudes to take-up and use*, http://www.acma.gov.au/WEB/STANDARD/pc=PC_9058

The sample was stratified by farm type and size to be statistically representative of farms at a national and state level. It was limited to farms greater than 100 hectares in all categories except dairy and sugar cane. The following farm types were included (based on the Australian and New Zealand Standard Industrial Classification or ANZSIC system): cereal; sheep and cereal; beef and cereal; sheep and beef; sheep; beef; diary; sugar cane; and cotton.

All results are weighted to reflect national population data sourced from the Australian Bureau of Statistics (ABS).

(3) Sensis® Business Survey

ACMA commissioned Sensis to undertake telephone interviews with 1,800 small and medium business proprietors between 24 April and 31 May 2007 within its quarterly Sensis® Business Index.[3] This is an ongoing series of surveys tracking the confidence and behaviour of Australia's SMEs. Overall, businesses interviewed were drawn from all metropolitan and major non-metropolitan regions within Australia (excluding the agricultural sector).

Survey results were weighted by selected ANZSIC divisions within each state and territory, to help ensure the sample reflected the actual small and medium business population distribution. The ABS Business Register, as at June 1998, was used to help weight the sample to be representative of the total business population.

(4) Roy Morgan Single Source Survey

Roy Morgan Single Source is a survey of individual consumers aged over 14 years drawn from a large base survey sample (more than 25,000 per year in Australia). Roy Morgan statistics cited in this report were derived from data collected between July 2006 and June 2007.

(5) Telecommunications Industry Ombudsman complaint data

The Telecommunications Industry Ombudsman (TIO) is a free and independent alternative dispute resolution scheme for small business and residential consumers in Australia with unresolved complaints about their telephone or internet services. The scheme is industry funded and operates under Part 6 of the *Telecommunications (Consumer Protection and Services Standards) Act 1999*.

Membership of the TIO scheme is mandatory for licensed carriers who provide eligible carriage services to residential and small business customers. Statistics on complaints handled by the TIO are reported in the TIO's annual report.

The geographic representations of TIO complaints in this report were compiled jointly by the TIO and ACMA.

2.2 Research questions

This study addresses three main research questions:

- Are consumers satisfied with their voice and internet services and what are the reasons for their satisfaction or dissatisfaction?

[3] For more methodological detail, refer to Australian Communications and Media Authority (January 2008) *Telecommunications Today – Report 2: SME take-up and use of telecommunications*, http://www.acma.gov.au/WEB/STANDARD/pc=PC_9058

- Are there differences in satisfaction between consumers living in metropolitan and non-metropolitan areas?
- Are there differences in satisfaction with telecommunications services between farms, SMEs and household consumers?

More detail on the specific questions asked of the different consumer groups is provided at Appendix 1.

2.3 Definitions used in the report

- **Telecommunications:** includes all voice (fixed-line, mobile and VoIP) and internet (dial-up and broadband in all its forms such as ADSL, cable, satellite and wireless) services.
- **Satisfaction:** various data sources measure 'satisfaction' using different questions and rating scales. Respondents' interpretation of satisfaction is subjective and framed in the context of the specific survey questions. (See Appendix 1 for survey questions.)
- **Consumers:** various data sources have been analysed and discussed on in this report. To assist with reading and interpreting the results, the following terms are used to refer to survey and focus group participants from all data sources:
    - 'household respondents' or 'household consumers'
    - 'farm respondents' or 'farm consumers' or 'farm sector'
    - 'SME respondents' or 'SME consumers' or 'SME sector'

  Refer to the methodology for each data source for an exact definition.
- **SME:** a small enterprise is classified as an enterprise employing between one and 19 persons, and a medium enterprise is classified as an enterprise employing between 20 and 200 persons.
- **Metropolitan areas:** capital cities**.**
- **Non-metropolitan areas:** locations outside capital cities.

2.4 Sample size

While all results within this research are statistically significant, the sample size limits any further analysis by smaller sub-groups.

2.5 Rounding

Discrepancies may occur between the sums of the component items and totals due to the effects of rounding, as well as multiple responses by respondents.

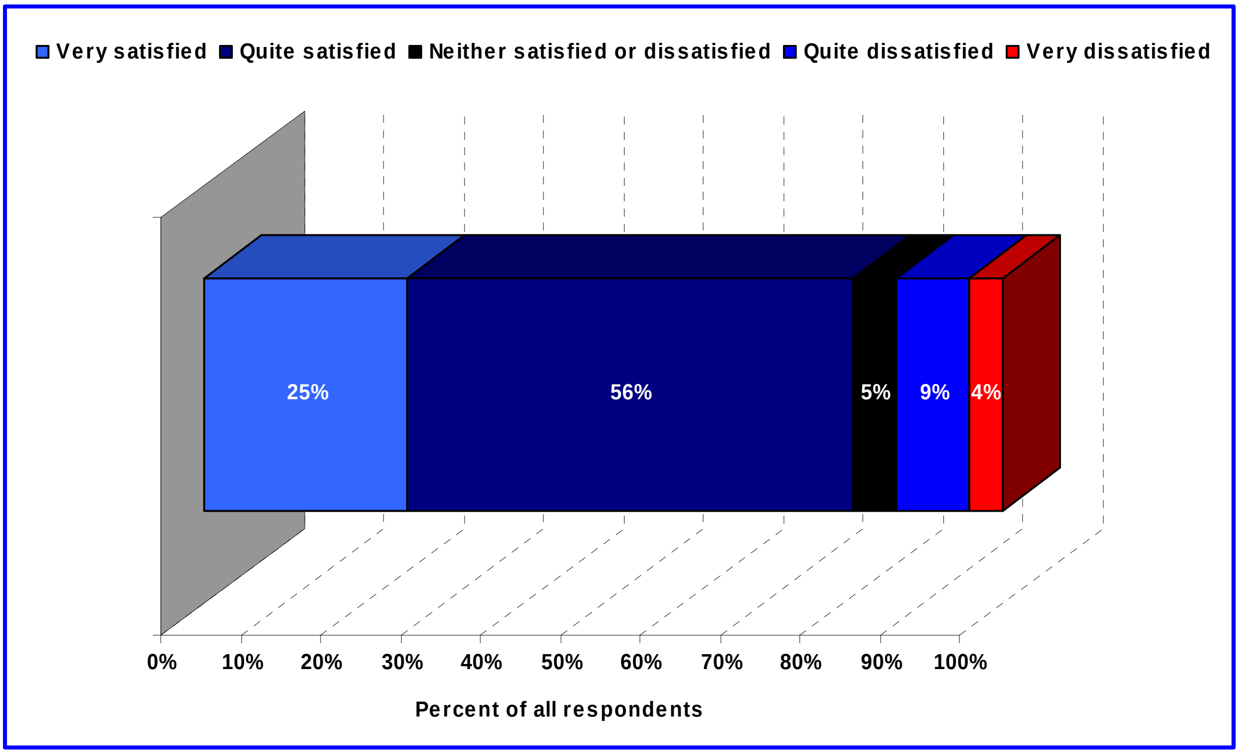
3 Results

3.1 Telecommunications services

3.1.1 Overall consumer satisfaction with telecommunications services

Survey respondents were asked 'Overall, how satisfied are you with your telecommunications services?' and given a five-point rating scale to select from. The majority of respondents (81 per cent) were satisfied with their telecommunications services (see Figure 1).

Figure 1: Household consumer satisfaction with telecommunications services, April 2007



Source: Woolcott Research, April 2007; base: n= 1600

Respondents who indicated that they were either 'very' or 'quite' satisfied were asked to indicate why they were satisfied (Table 1). The most common reasons were: 'it does the job', 'had no trouble with them', 'good price' and 'they are reliable'. Respondents who were 'quite' satisfied were more likely to give responses that indicated that improvements could still be made to enhance their satisfaction level, such as 'could be cheaper' or 'could be better'.

Table 1: Consumer reasons for satisfaction with their telecommunications services, April 2007

Reasons for satisfaction[a]	Percentage[b]
It does the job	40
Had no trouble with them	24
Good price	12
They are reliable	9
It could be cheaper	7
Good customer service	4
Get problems fixed quickly and effectively	4
Could be better	2
Good recent improvements	1
Good coverage	1
Other	6
Don't know	5

Source: Woolcott Research, April 2007; base: n= 1,387
a Open-ended question for which respondents self-defined satisfaction or dissatisfaction
b More than one satisfaction reason may be nominated

Satisfied respondents were more likely to be:

- females (86 per cent);
- those over 75 years of age (88 per cent);
- community/personal services workers (91 per cent); and
- those with a household income of between \$13,000 and \$20,799 (94 per cent).

Table 2 shows that satisfaction levels for overall telecommunications services were similar between consumers living in metropolitan (capital cities) and non-metropolitan areas (outside capital cities).

Table 2: Consumer satisfaction with telecommunications services by location, April 2007

Satisfaction levels	Percentage	
	Metropolitan	Non-metropolitan
Very satisfied	25	26
Quite satisfied	55	57
Neither	6	4
Quite dissatisfied	9	9
Very dissatisfied	4	5
Total	100	100

Source: Woolcott Research, April 2007; base: n= 1,395

Respondents who were either 'quite dissatisfied' or 'very dissatisfied' (13 per cent) with their telecommunications services gave the following main reasons: 'too expensive', 'bad service', 'problems with broadband' and 'bad mobile reception' (Table 3).

Dissatisfied respondents were more likely to be:

- professionals (19 per cent);
- those with a household income greater than \$100,000 (19 per cent);

- males (17 per cent); and
- those between 35 to 44 years of age (17 per cent).

Table 3: Consumer reasons for dissatisfaction with telecommunications services, April 2007

Reasons for dissatisfaction[a]	Percentage[b]
Too expensive	41
Bad service (customer service)	29
Problems with broadband	29
Bad mobile reception	10
Line rental is too expensive	9
Dial up problems/keeps cutting off/too slow	4
Trouble with billing/costs always changing	2
Automated call centres are frustrating	2
Trouble with broadband—too slow/not accessible	3
Bad coverage for mobile phones	2
Hard to get through to providers	1
When wet/raining the telephone line cuts out	1
Other	9

Source: Woolcott Research, April 2007; Base: n= 213
a Open ended question to which respondents self defined satisfaction or dissatisfaction.
b More than one dissatisfaction reason may be nominated.

3.1.2 Complaints to the TIO

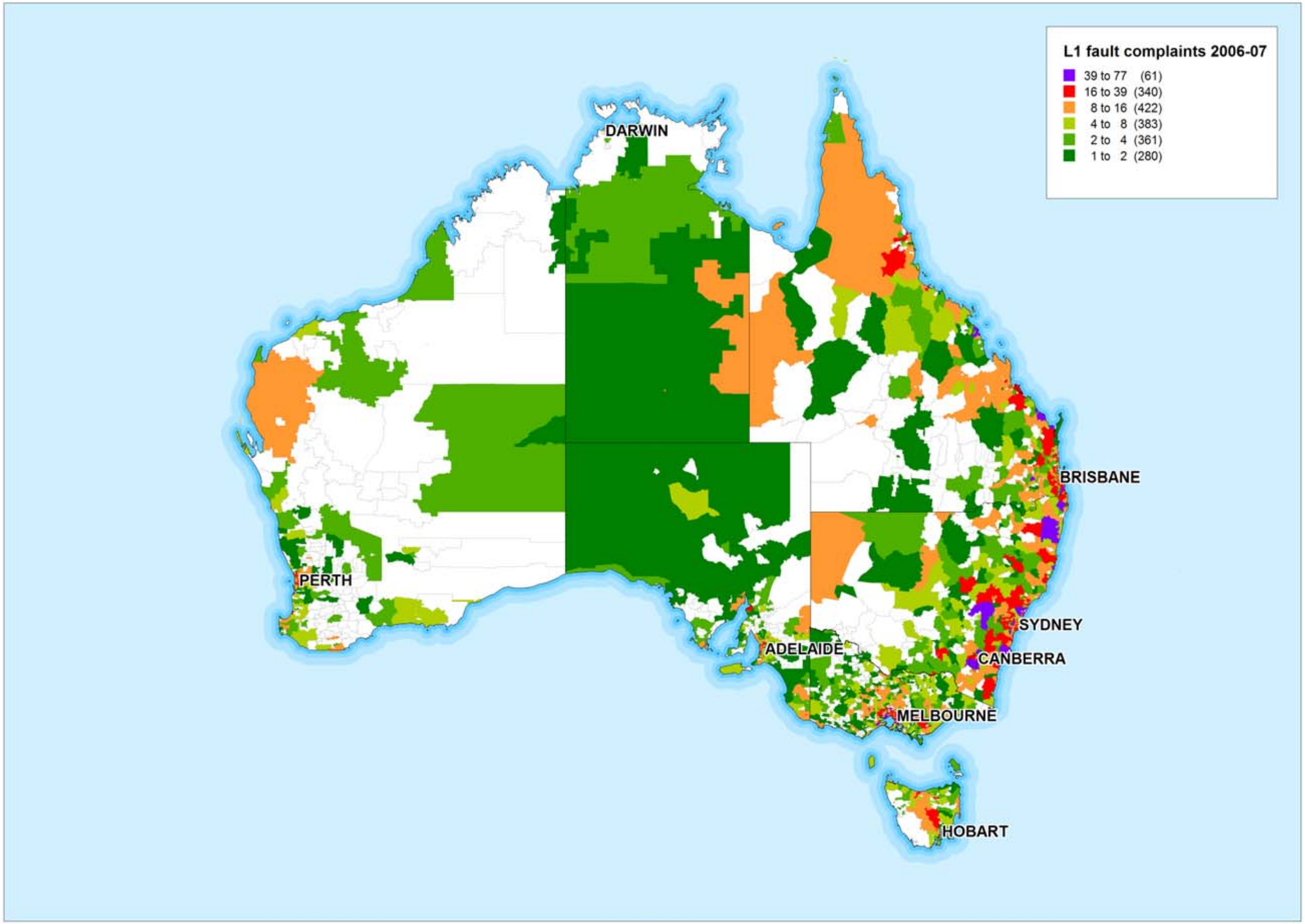
While TIO complaint statistics are not an exact measure of consumer dissatisfaction, they do identify specific areas of consumer dissatisfaction with telecommunications services. During the period 2002 to 2007, the number of complaints made to the TIO about fixed-line, mobile and internet services continued to grow, with customer service complaints a source of growth in complaint numbers. This category of complaints included service providers failing to act on a customer's request, giving incorrect or inadequate advice or not being able to be contacted. Consumers also complained to the TIO about billing and payments, including direct debits and capped or bundled phone plans, as well as faults with telecommunications services.

Overall public awareness of the TIO[4] has increased to 54 per cent in 2006, up from 47 per cent in 2002 and 52 per cent in 2004. Consequently, increases in complaints to the TIO may be partly because of this greater awareness.

Generally, more complaints occurred in highly populated metropolitan areas, as shown in Figure 2. However, when the number of fault complaints is adjusted by population size, non-metropolitan areas have more complaints per capita (see Figure 3). To understand the cause of the high number of complaints from these particular communities, further investigation is needed. Postcode areas with the highest number of complaints per 10,000 persons (between 75 and 8,000) are shown in Figure 3 in red.

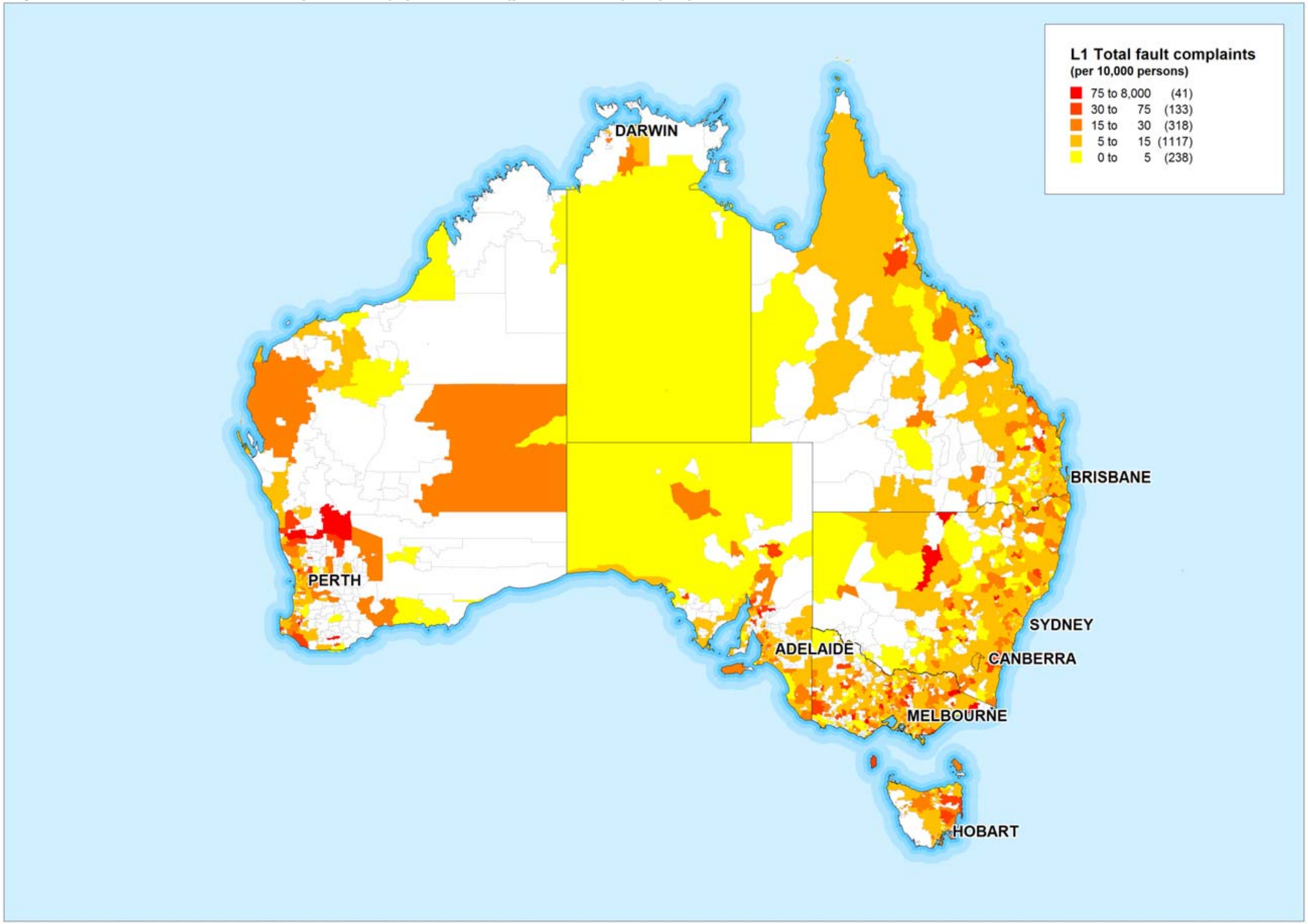
[4] Total public awareness includes unaided recall and prompted awareness; see Telecommunications Industry Ombudsman (April 2006), *Telecommunications Industry Ombudsman Awareness Research – Final Report*, report prepared by Sweeney Research, http://www.tio.com.au/publications/default.htm.

Figure 2: Number of fault complaints by postcode, 2006–07



Source: TIO

Figure 3: Number of fault complaints by postcode (per 10,000 people), 2006–07



Source: TIO

3.2 Fixed-line telephone services

3.2.1 Take-up and consumer perceptions of fixed-line telephone services

The earlier reports in the *Telecommunications Today* series highlighted that most household, SME and farm consumers use the fixed-line telephone. More than half of the household respondents surveyed (55 per cent) indicated they used their fixed-line telephone more often than their mobile phone and 77 per cent of SMEs identified the fixed-line telephone as their main form of voice communication service.

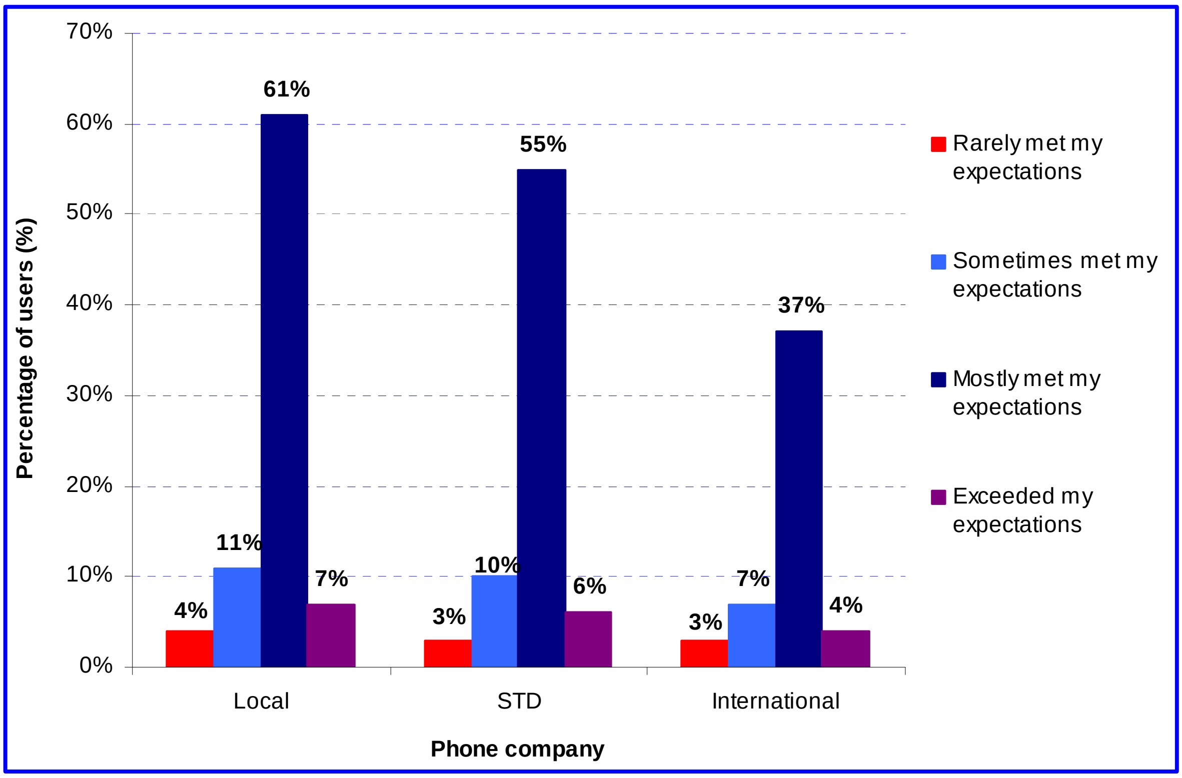
Consumers perceive the fixed-line telephone as a critical voice service—74 per cent of household consumers cited it as a critical service for the future. Most household respondents cited the benefits of the fixed-line telephone compared with other forms of voice communication services as cost (cheaper calls), convenience and reliability. For these reasons, consumers expect good quality fixed-line telephone service.

3.2.2 Consumer satisfaction with fixed-line telephone services

Household consumers are generally satisfied with their telephone service provider. Consumers were asked to respond to the question, 'In the last 12 months, how well has your telephone service provider met your expectations?' using a four-point rating scale.

Figure 4 illustrates that local, STD (national) and international service providers 'mostly met' respondent expectations, with an average of only three per cent reporting that their expectations were rarely met. There was no significant regional difference between metropolitan and non-metropolitan consumers of local fixed-line telephone services, but there was some variation between metropolitan and non-metropolitan consumers of STD and international fixed-line voice services. More than half (54 per cent) of metropolitan consumers believed that their STD provider 'mostly met' their expectations, compared with 58 per cent of non-metropolitan consumers. Conversely, non-metropolitan consumers were less satisfied with their international telephone services (32 per cent said that it 'mostly met my expectations') than their metropolitan counterparts (40 per cent said that it 'mostly met my expectations').

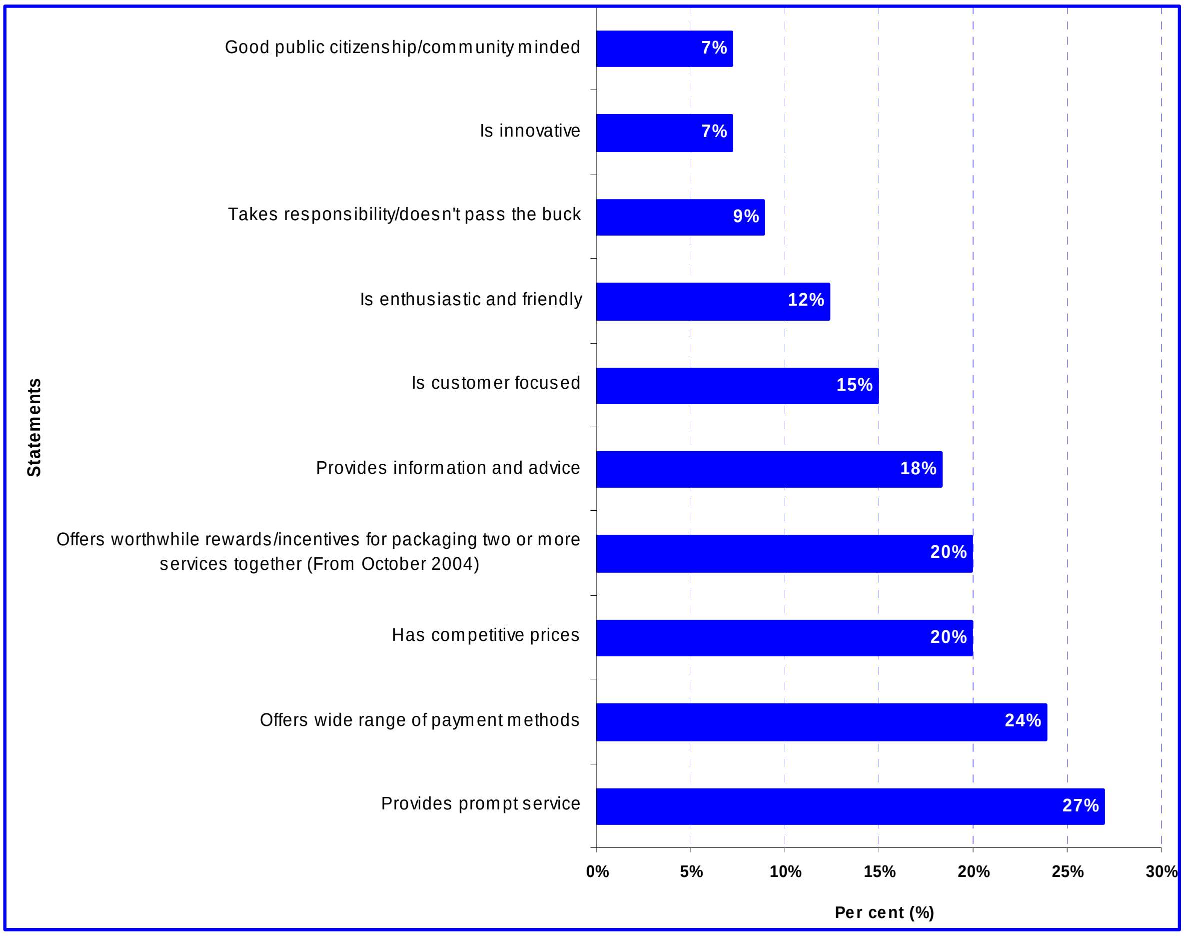
Figure 4: Household consumer satisfaction with fixed-line telephone service providers, July 2006–June 2007



Source: Roy Morgan, July 2006–June 2007; Local: base n= 21,376, STD: base n=15,719, 'International: base n= 9,490.
Note: excludes respondent category 'cannot say'.

Household consumers were also asked to respond to statements about their local telephone service provider (Figure 5). Twenty-seven per cent of consumers stated that their local telephone service provider gives prompt service and offers a wide range of payment methods. Only seven per cent of consumers believed that their local telephone service provider was innovative and community-minded.

Figure 5: Statements about fixed-line telephone service providers, July 2006–June 2007



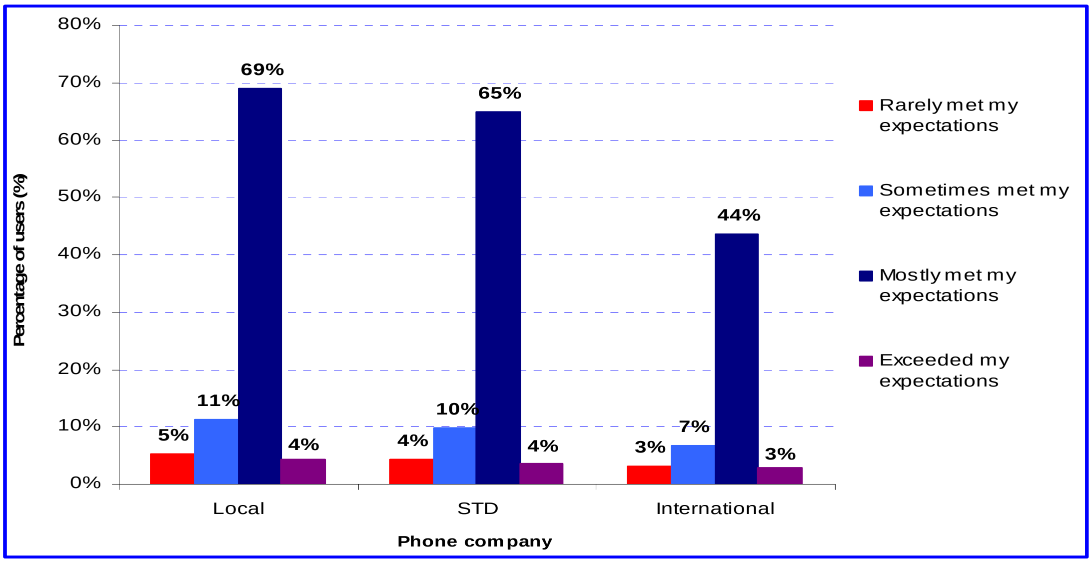
Source: Roy Morgan, July 2006–June 2007; base: n= 21,376, Multiple responses.
Note: excludes respondent category 'cannot say'.

SME respondents were asked, 'What do you think are the main communications issues that you feel need addressing to meet the future needs of your business?'

The most frequently cited response was about the fixed-line telephone, with 77 per cent of SMEs indicating that improvements could be made. This further reflected business attitudes towards the importance of the fixed-line telephone. SMEs located in non-metropolitan areas had similar responses to those in metropolitan areas.

Similar to SME and household respondents, most farm respondents felt that their service providers 'mostly met their expectations' (Figure 6).

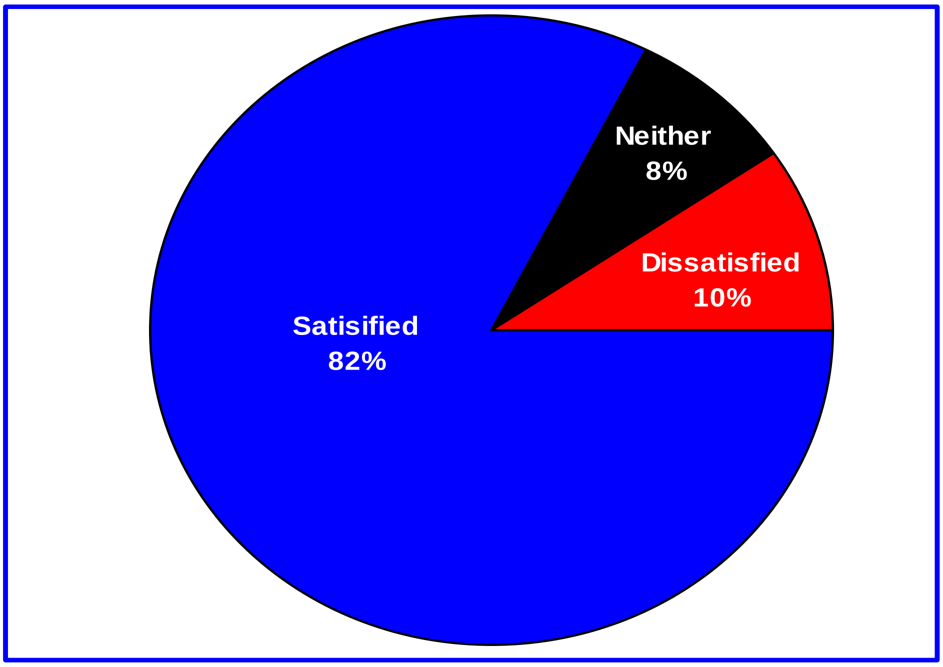
Figure 6: Farm consumers' satisfaction with fixed-line telephone service provider, July 2006–June 2007



Source: Roy Morgan, July 2006–June 2007; Local: base n= 151, STD: base n=438, International: base n= 414
Note: excludes respondent category 'cannot say'.

Figure 7 shows that 82 per cent of farm sector respondents were satisfied with their fixed-line telephone service. This finding was consistent across all states, farm types and farm sizes.

Figure 7: Farm consumers' satisfaction with fixed-line telephone services, May 2007



Source: Agscan, May 2007; base: n= 1,738

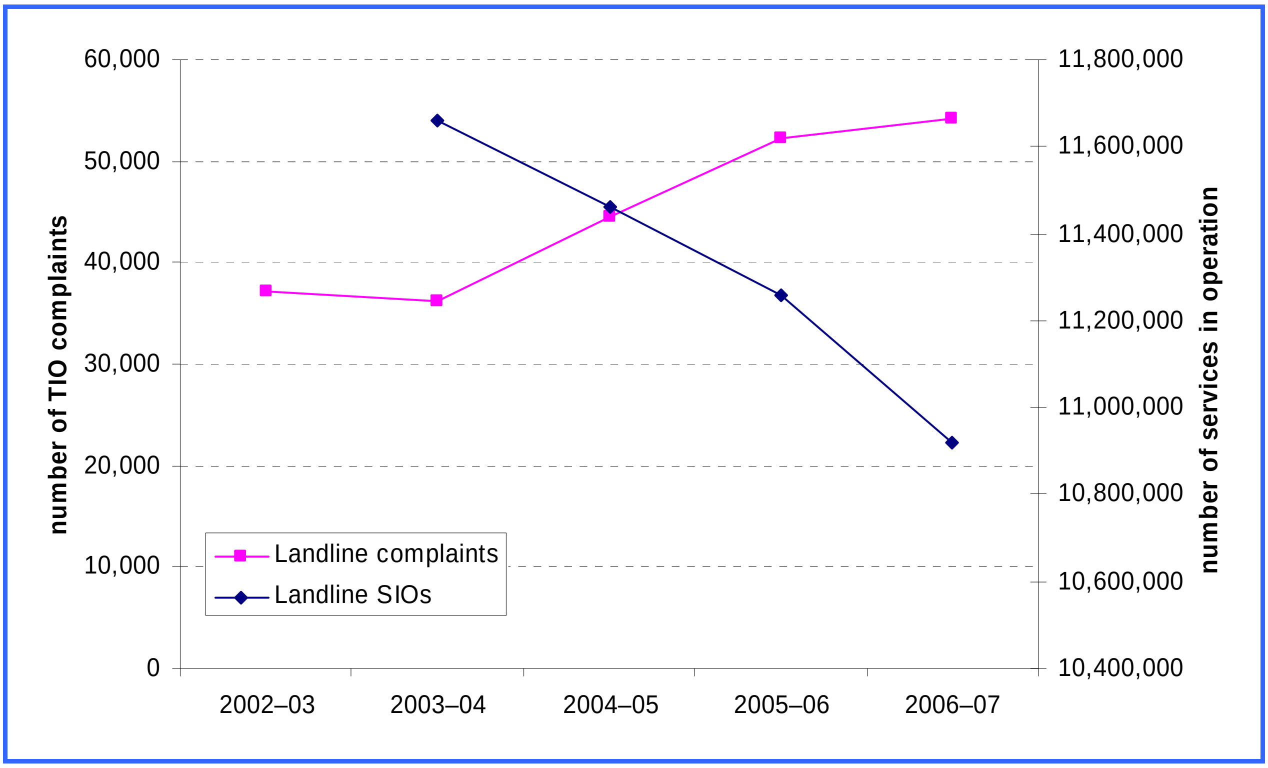
The main issues cited by farmers who were dissatisfied with their fixed-line telephone service were:

- unreliable service (68 per cent);
- the high cost of calls (12 per cent);

- poor customer service (five per cent);
- poor line quality (five per cent);
- the high cost of line rental (two per cent);
- limited choice of provider (two per cent); and
- poor quality handsets (two per cent).

Complaints to the TIO also provide an indication of consumer satisfaction with the fixed-line telephone service. The number of complaints about fixed-line telephone services has continued to increase from 37,206 in 2002–03 to 54,288 in 2006–07 (Figure 8), even though the number of services in operation decreased during this period. This 46 per cent growth in complaint numbers can partly be attributed by the growing public awareness of TIO.

Figure 8: Number of fixed-line telephone services and complaints to the TIO, 2002–03 to 2006–07



Source: TIO

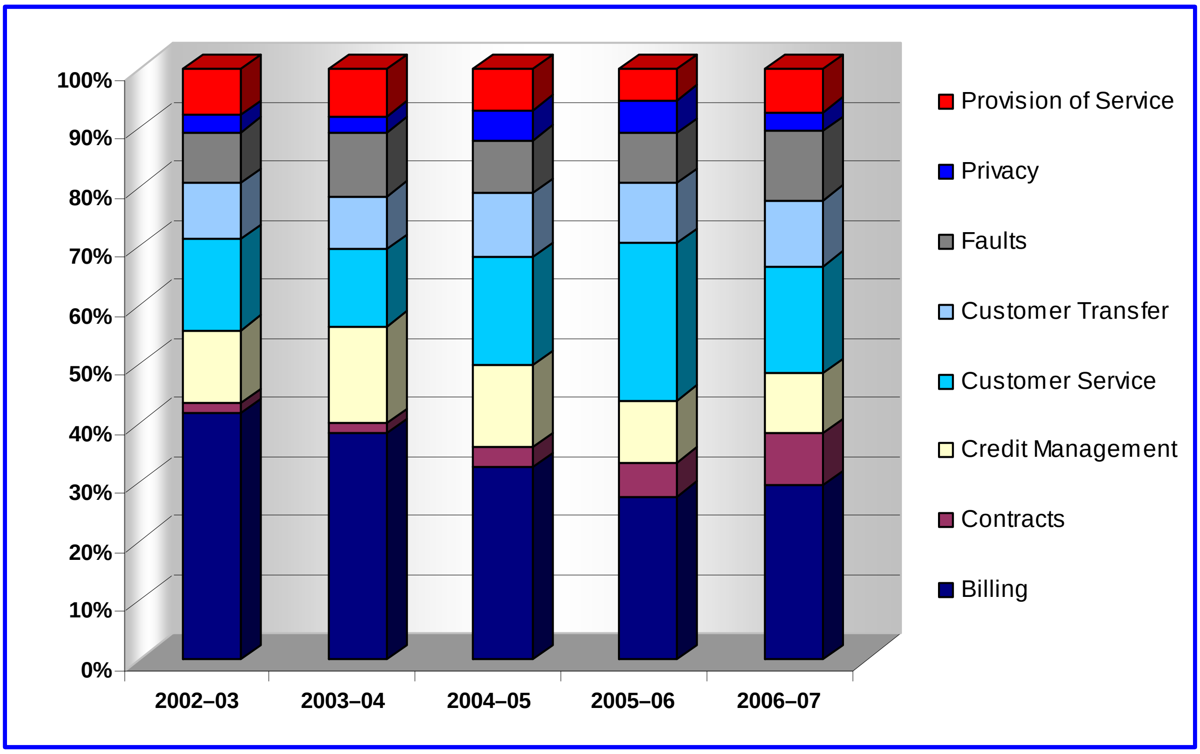
Complaints about fixed-line telephone services covered issues such as billing, contracts, customer service, faults, provisioning of service and privacy (see Figure 9).

Over time, billing has been the leading source of complaints about fixed-line telephone services at 26 per cent in 2005–06, followed by customer service (25 per cent), [5] credit control (10 per cent) and customer transfers (10 per cent). In recent years complaints about provision of service and faults have increased at a much slower rate (12 per cent and 38 per cent respectively since 2004–05) than complaints about customer service (116 per cent since 2004–05).

[5] Customer service complaints dropped significantly in 2006–07 when a new ‘Complaint handling’ category was established. These complaints were previously classified under ‘customer service’.

The largest increase in complaints about fixed-line telephone services during this period was in the customer service category, which increased from 15 per cent in 2002–03 to 25 per cent in 2005–06. Until 2005–06 this complaint category included issues such as the service provider failing to deal with the complaint, the service provider failing to act on the customer's request, the service provider giving inadequate or incorrect advice, lengthy wait times, discourtesy and failure to escalate complaints. In 2006–07 a new category of 'complaint handling' was established, covering some of the issues previously classified under 'customer service'.

Figure 9: Type of fixed-line telephone service complaints to the TIO, 2002–03 to 2006–07



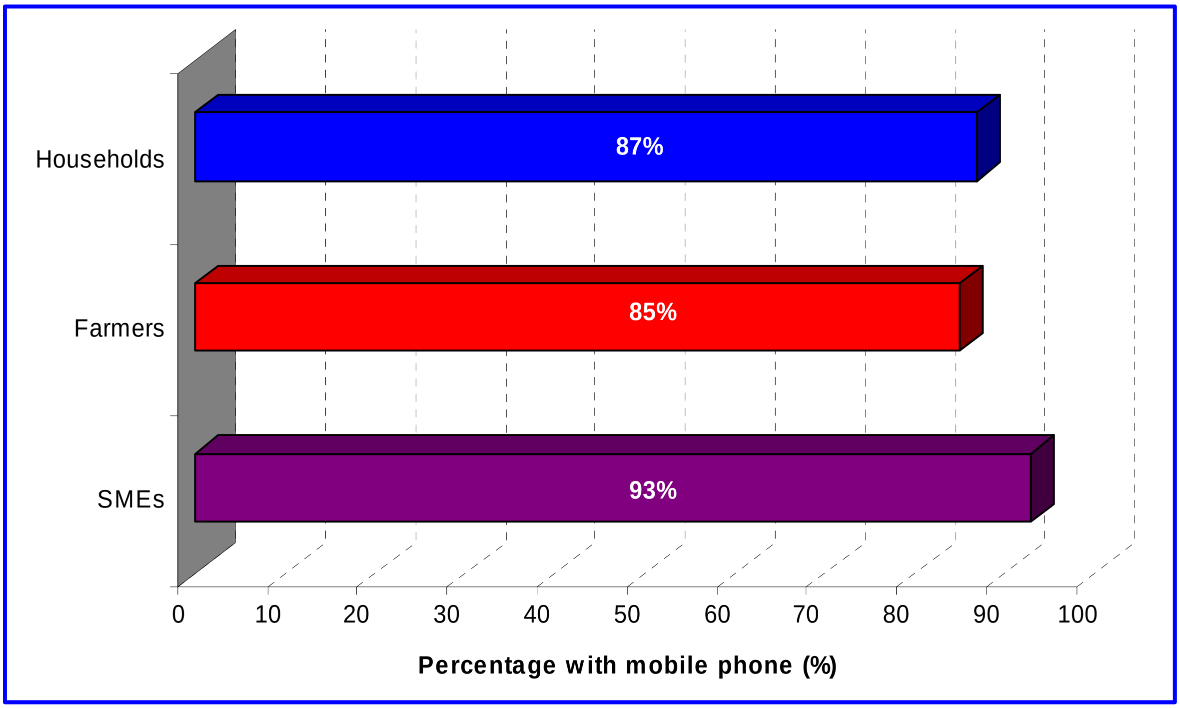
Source: TIO; base: total number of complaints 2002–03=37,206, 2003–04=36,167, 2004–05=44,559, 2005–06=52,294, 2006–07=54,288
Note: changes were made to complaint classification in 2006–07, which makes it difficult to compare this year's statistics with those of previous years. In particular, a new category of 'Complaint handling' has been established (previously classified under 'customer service').

3.3 Mobile phone services

3.3.1 Take-up and consumer perceptions of mobile phone services

The earlier reports in the *Telecommunications Today* series demonstrated that mobile phone take-up levels were high among household, SME and farm consumers, and the majority of survey respondents were users of mobile phone services (see Figure 10).

Figure 10: Consumer take-up of mobile phone services by consumer group, 2007



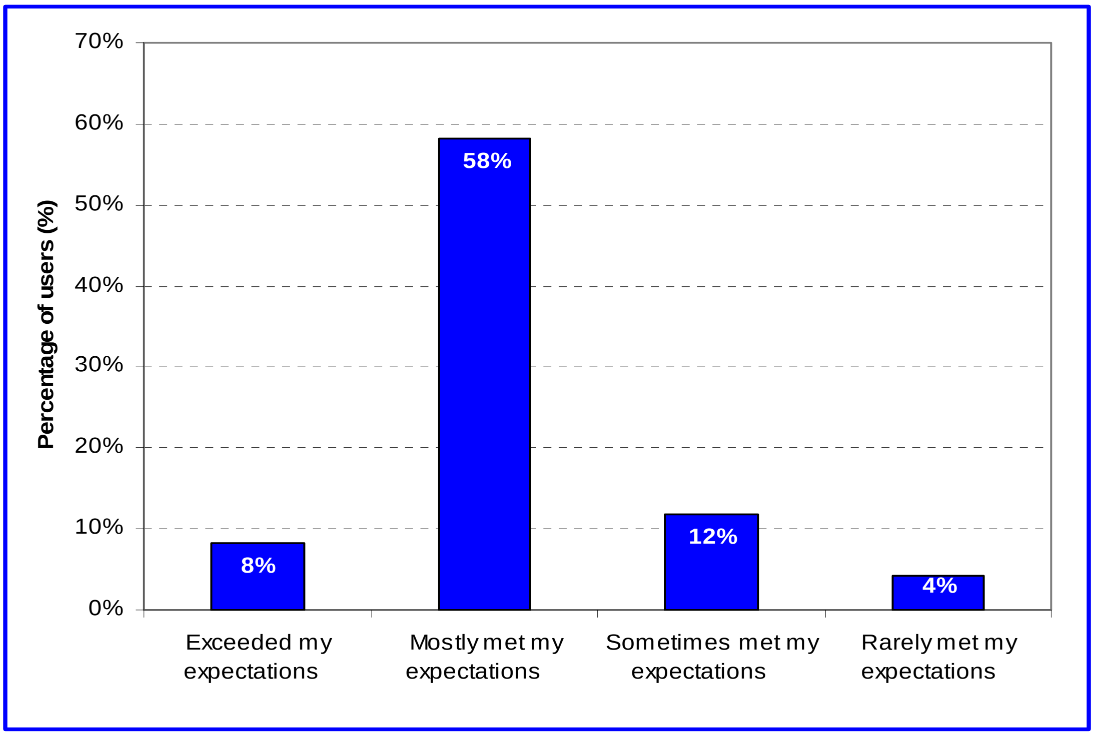
Source: Woolcott Research; Sensis; Agscan

In general, consumer perceptions about mobile services are positive. Household consumers saw their capacity to be used anywhere, their convenience and the ability to keep in touch at all times as the main benefits. SME and farm consumers also emphasised the importance of their mobile phone for work purposes. For both SMEs and farm consumers, the mobile phone has allowed them to operate their businesses more flexibly and efficiently. Although 83 per cent of household consumers believed mobile phones to be a critical service for the future, most reported complementary use of both the fixed-line and mobile phone for voice services.

3.3.2 Consumer satisfaction with mobile phone service providers

Household consumers are generally content with their mobile phone service provider, with 58 per cent of respondents stating that the provider 'mostly met' their expectations and eight per cent reporting that the provider 'exceeded my expectations' (see Figure 11). Only four per cent of respondents indicated that mobile phone service providers 'rarely met my expectations'.

Figure 11: Household consumer satisfaction with mobile service providers, July 2006–June 2007



Source: Roy Morgan; base: n= 14,921
Note: excludes respondent category 'cannot say'.

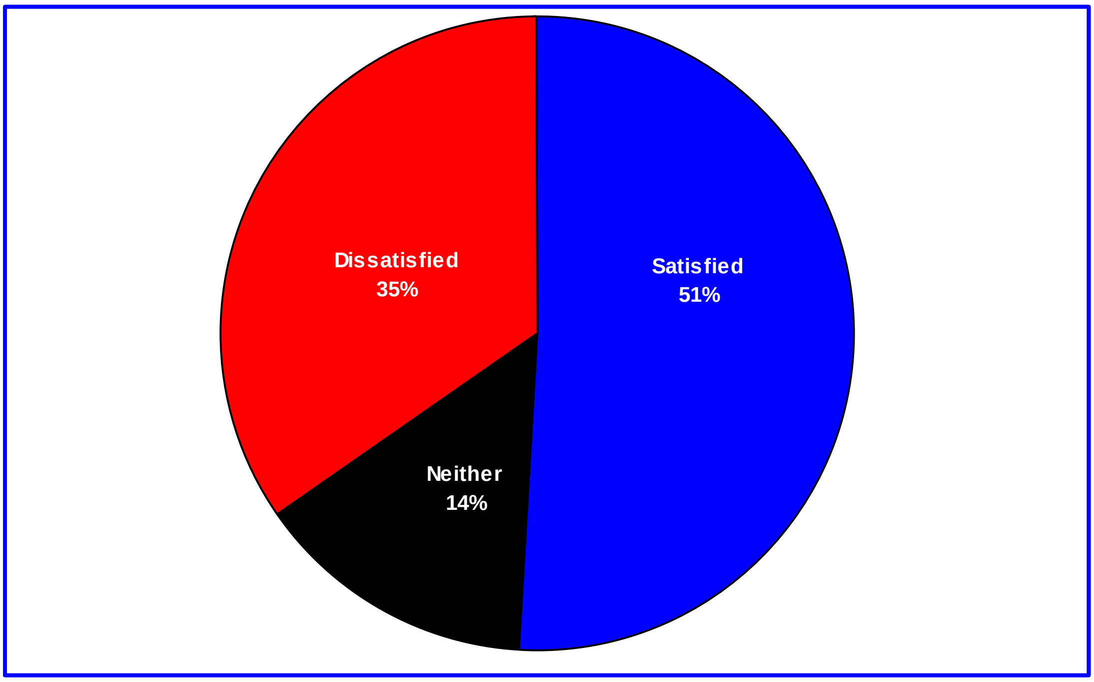
To gauge an in-depth understanding of consumer satisfaction with mobile phone services, focus group participants were asked to discuss their attitudes towards mobile phones and their satisfaction with mobile services. Participants generally indicated that mobile phones were an essential part of their lives and satisfaction was relatively high, with few complaints arising.

Dissatisfaction with mobile phone services covered issues such as mobile coverage, cost, the usability of handsets, carrier customer service staff and point-of-sale help and advice.

SME respondents were asked 'What do you think are the main communications issues that you feel need addressing to meet the future needs of your business?' More than half (53 per cent) indicated that improvements could be made to mobile phone services. This further reflects business attitudes towards mobile phones and the importance of quality devices and services.

Like SMEs, farm consumers placed a high importance on the quality of mobile phone services. Fifty-one per cent of farm respondents were satisfied with their mobile service, while one in three (35 per cent) were dissatisfied (see Figure 12).

Figure 12: Farm consumers' satisfaction with mobile phone services, May 2007



Source: Agscan, May 2007, base: n= 1,738

The most common reason for farm consumers' dissatisfaction with mobile phone services was poor call quality, including drop-outs and noise (89 per cent). Other reasons were unreliable service (22 per cent), poor customer service (four per cent), poor quality handsets (three per cent) and the high cost of calls (three per cent).

There are proportionately more dissatisfied farm respondents who:

- reside in Western Australian (44 percent compared with 35 per cent for the rest of Australia);
- are beef and cereal producers (49 per cent); and
- operate farms bigger than 2,000 hectares (79 per cent).

Conversely, there are proportionately more farm respondents who were most satisfied with their mobile phone service (51 per cent):

- in Victoria (59 per cent compared with 51 per cent overall);
- producing dairy (65 per cent);
- producing sugar cane (77 per cent); and
- operating farms smaller than 400 hectares (62 per cent).

The TIO reported that complaints about mobile phone service continued to grow, making up 35 per cent of all complaints.[6] The total number of complaints about mobile phone has grown significantly from 16,773 in 2002–03 to 54,283 in 2006–07. This growth can partly be attributed to the growth in consumer take-up of mobile phone services as well as the growing public awareness of the TIO (see Figure 13).

[6] Telecommunications Industry Ombudsman, *Annual Report 2007*, http://www.tio.com.au/publications/annual_reports/default.htm

Figure 13: Number of mobile phone services and complaints, 2002–03 to 2006–07

Source: TIO

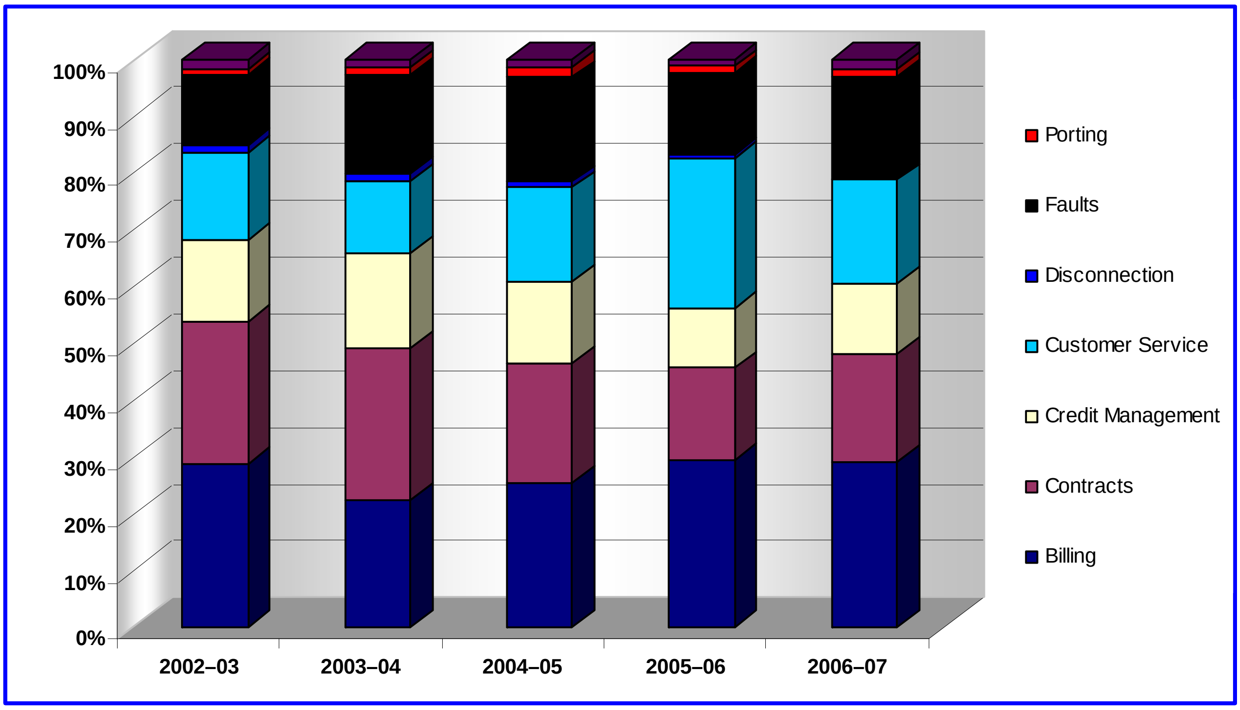
Figure 14 shows that, over time, billing has been the leading source of complaints about mobile phone services at 29 per cent (2005–06), followed by customer service (26 per cent), contracts (16 per cent) and faults (14 per cent).

The biggest growth in complaints about mobile phone services has been in the customer service category, with complaints increasing from 16 per cent in 2002–03 to 26 per cent in 2005–06. Customer service complaints include issues such as discourtesy, failure to take requested action, failure to deal with or escalate a complaint, inadequate or incorrect advice, no response to correspondence and waiting time.

Complaints about mobile phone service faults peaked in 2004–05 at 18 per cent and declined slightly in 2005–06 to 14 per cent. Equipment (handset) faults were the primary reason cited (5,613 complaints), whereas coverage and network outages were minor causes of complaint (942 and 90 complaints respectively).

Similarly, complaints about contracts peaked in 2003–04 at 27 per cent and declined in 2005–06 to 16 per cent of the total mobile phone complaints. These complaints included misleading advice provided at point of sale (mainly about handset functionality), coverage, contract length and the cost of the service.

Figure 14: Mobile phone service complaints to the TIO by type, 2002–03 to 2006–07



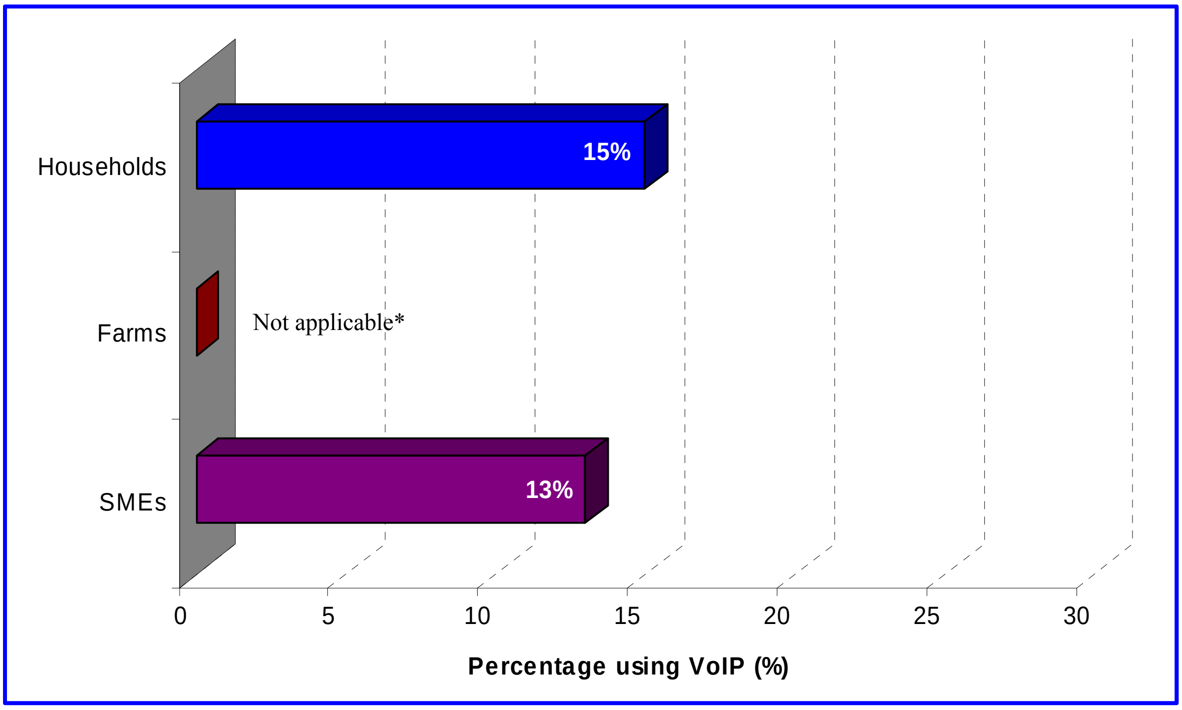
Source: TIO; base: total number of complaints 2002–03=16,773, 2003–04=21,465, 2004–05=40,254, 2005–06=52,119, 2006–07=54,283
Note: changes were made to complaint classification in 2006–07 which makes it difficult to compare this year's statistics with those of previous years. In particular, a new category 'Complaint handling' has been established (covering complaints previously classified under 'customer service').

3.4 VoIP services

3.4.1 Take-up and consumer perceptions of VoIP services

Earlier reports in the *Telecommunications Today* series found that 80 per cent of households that have an internet service and households intending to take up an internet service were aware of VoIP services when prompted with brand names such as Skype. This was also supported by focus group participants, who were aware of VoIP and its reputation for cheap international calls. While awareness of VoIP services such as Skype is high, only 15 per cent of respondents were VoIP users (see Figure 15). Similarly, only 13 per cent of SMEs stated that they used VoIP.

Figure 15: Take-up of VoIP services, 2007



Source: Woolcott Research; Sensis
** Note: Farm consumers were not asked this question.*

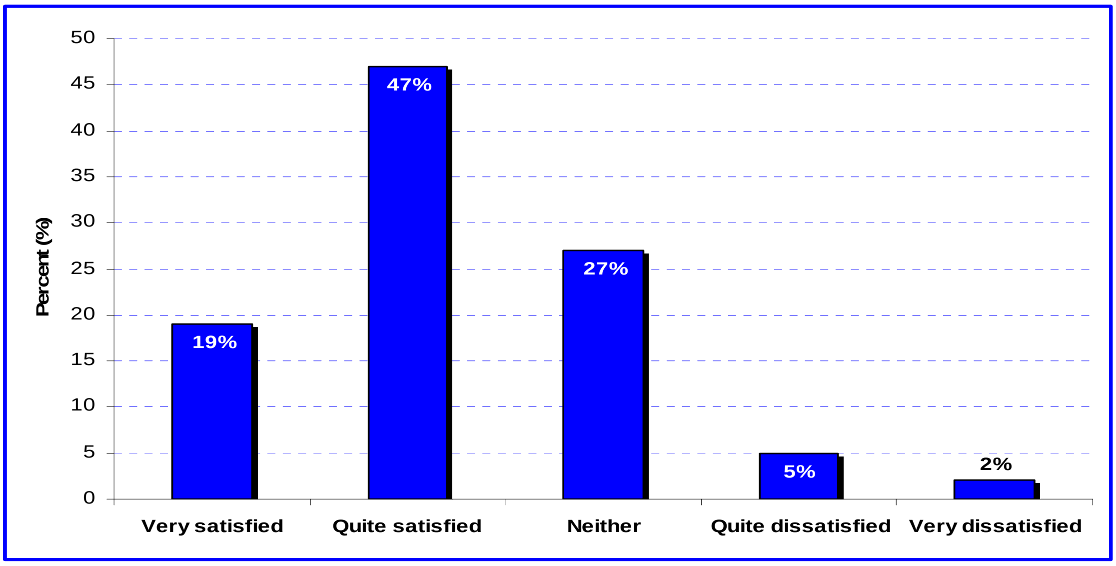
VoIP is still an emerging technology, which was indicated by the fact that many respondents misunderstood how the service operates and the hardware required, although many saw VoIP as a critical service for the future (40 per cent).

3.4.2 Consumer satisfaction with VoIP services

Generally, levels of consumer satisfaction with emerging services such as VoIP differ from those for established voice communications services such as fixed-line and mobile phone services. These emerging services create new challenges. This report shows that the reasons for dissatisfaction cited by VoIP users relate to quality of service issues such as service speed and voice quality, whereas the reasons for dissatisfaction cited by users of established voice services relate mainly to customer service issues.

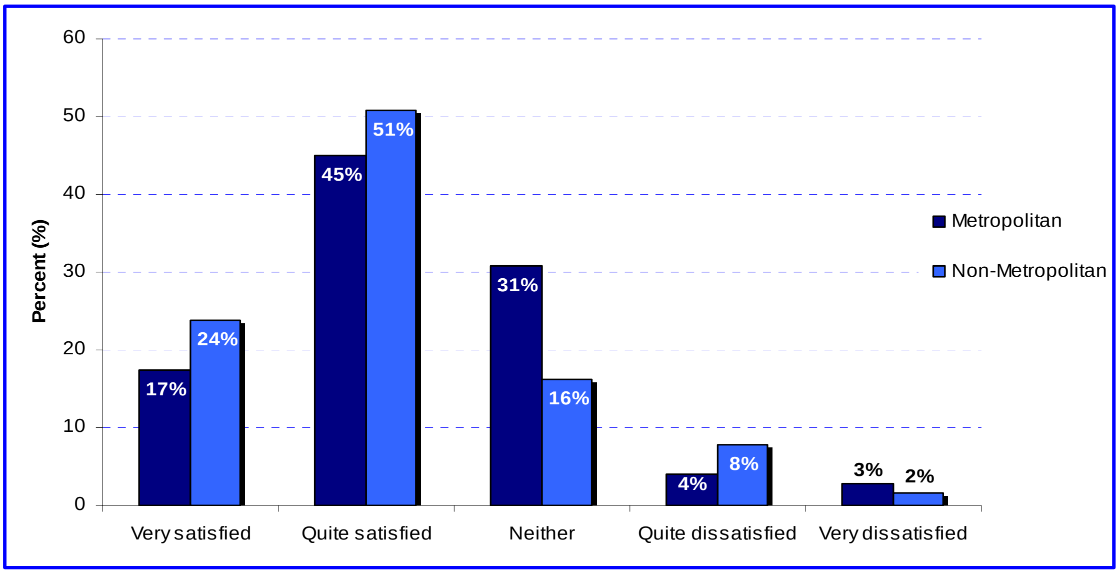
Due to the limited availability of data, this report only discusses the level of satisfaction of SME consumers with VoIP services. For small businesses, voice quality is important because poor communication can affect business outcomes. Of the SME respondents with VoIP service connections, 66 per cent were generally satisfied with the service (see Figure 16) and more than a quarter were neither satisfied nor dissatisfied. There was a higher proportion of satisfied and dissatisfied respondents among non-metropolitan SMEs (see Figure 17).

Figure 16: SME satisfaction with VoIP services, May 2007



Source: Sensis, n=270

Figure 17: SME satisfaction with VoIP services by location, May 2007



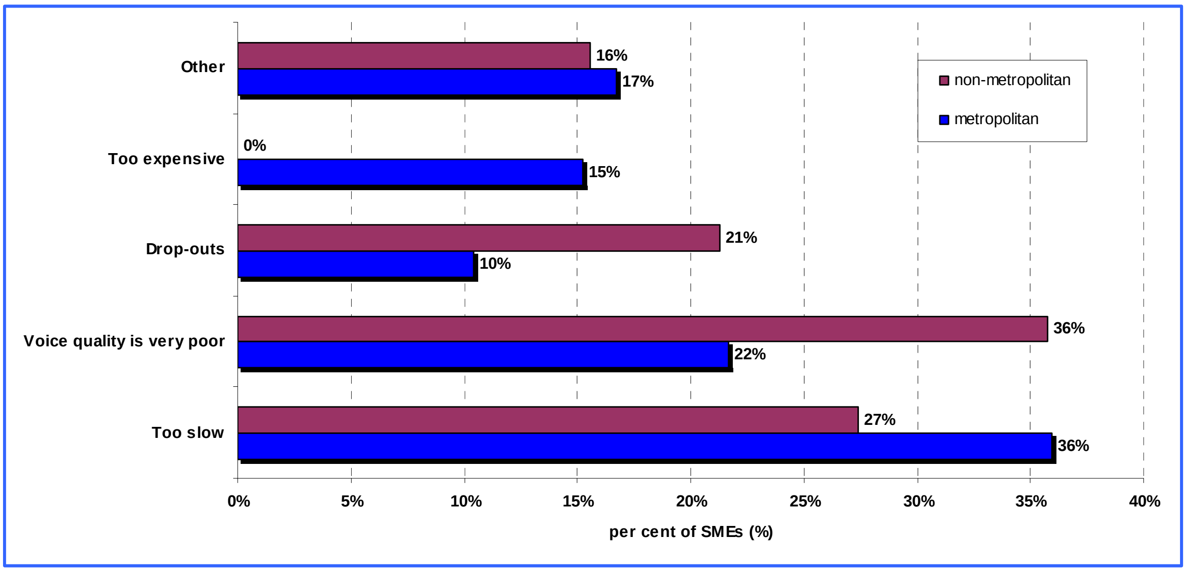
Source: Sensis, n=270

Respondents who were dissatisfied with VoIP services (seven per cent) cited slow speed,[7] poor voice quality and drop-outs as the main reasons (see Figure 18). Respondents who were dissatisfied with voice quality and drop-outs were more likely to reside in non-metropolitan

[7] The survey response 'too slow' refers to the underlying network connection for the VoIP service rather than the VoIP service per se.

areas. Respondents dissatisfied because of slow service were more likely to reside in metropolitan areas.

Figure 18: SME reasons for dissatisfaction* with VoIP services – metropolitan and non-metropolitan, May 2007



Source: Sensis, n=24

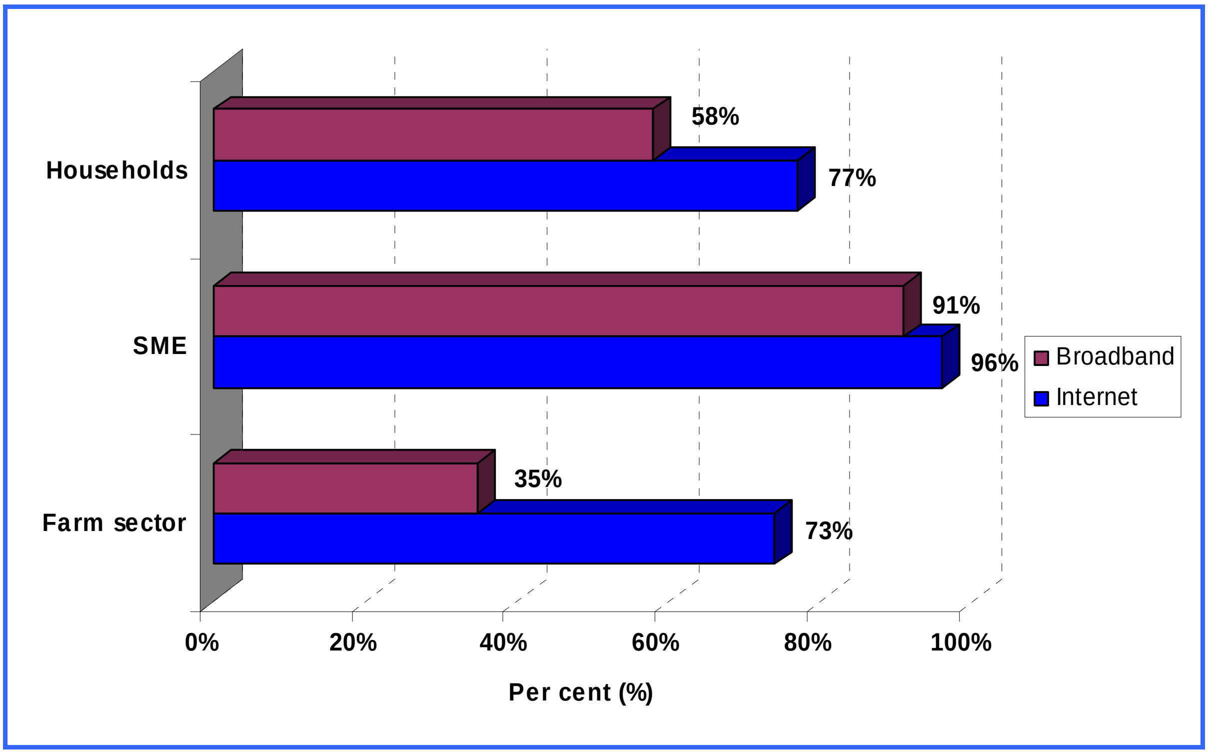
** The survey reponse 'too slow' refers to the underlying network connection for the VoIP service rather than the VoIP service per se.*

3.5 Internet services

3.5.1 Take-up and consumer perceptions of internet services

Internet take-up for household, SME and farm respondents is more than 70 per cent (see Figure 19), with broadband the most common internet connection. Consumers use internet access for communication, research, socialising, shopping and entertainment.[8] It is also becoming an integral service for SMEs, enabling them to better communicate, research, market and interface with customers.[9] The internet is also helping businesses behind the scenes in managing supply chains and transforming the way services are delivered. For farms, the internet provides access to vital weather information, as well as banking, agricultural and market information.

Figure 19: Internet and broadband take-up, 2007



Source: Woolcott Research; Sensis; Agscan

Consumers are placing more importance on having an internet service, seeing it as an essential part of their lives; 70 per cent of household consumers surveyed believe that broadband access is a critical service for the future.[10]

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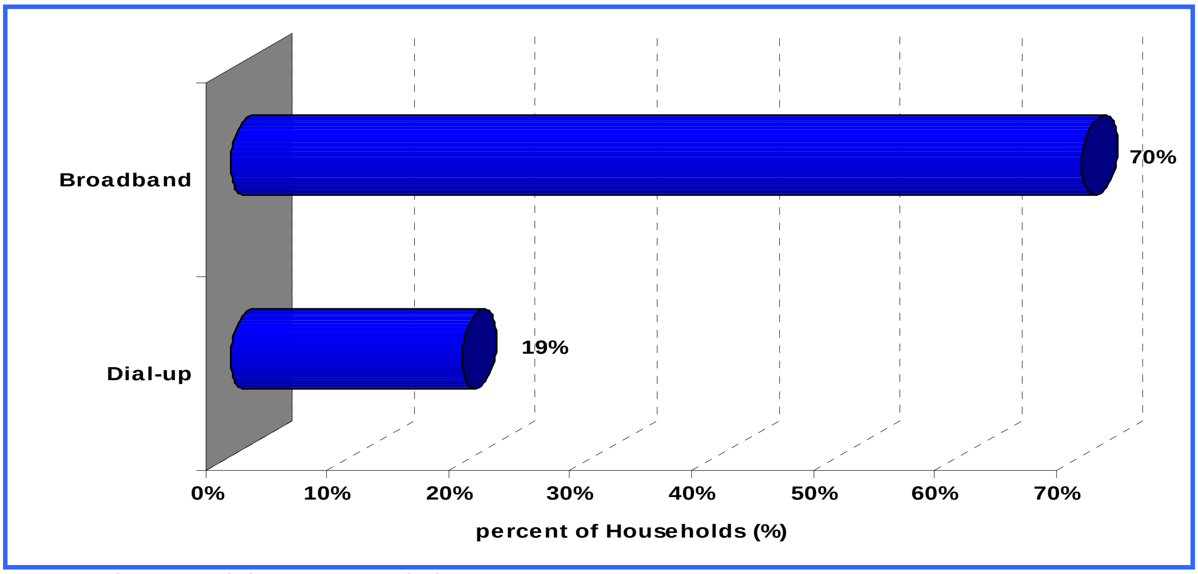
[8] Australian Communications and Media Authority (September 2007), *Telecommunications Today – Report 1: Consumer attitudes to take-up and use*, http://www.acma.gov.au/WEB/STANDARD/pc=PC_9058

[9] Sensis (August 2007), *e-Business Report*, http://www.about.sensis.com.au/resources/sebr.php

[10] Australian Communications and Media Authority, *Consumer Attitudes to usage and take-up*

Figure 20: Household consumers' perceptions of critical services for the future, April 2007



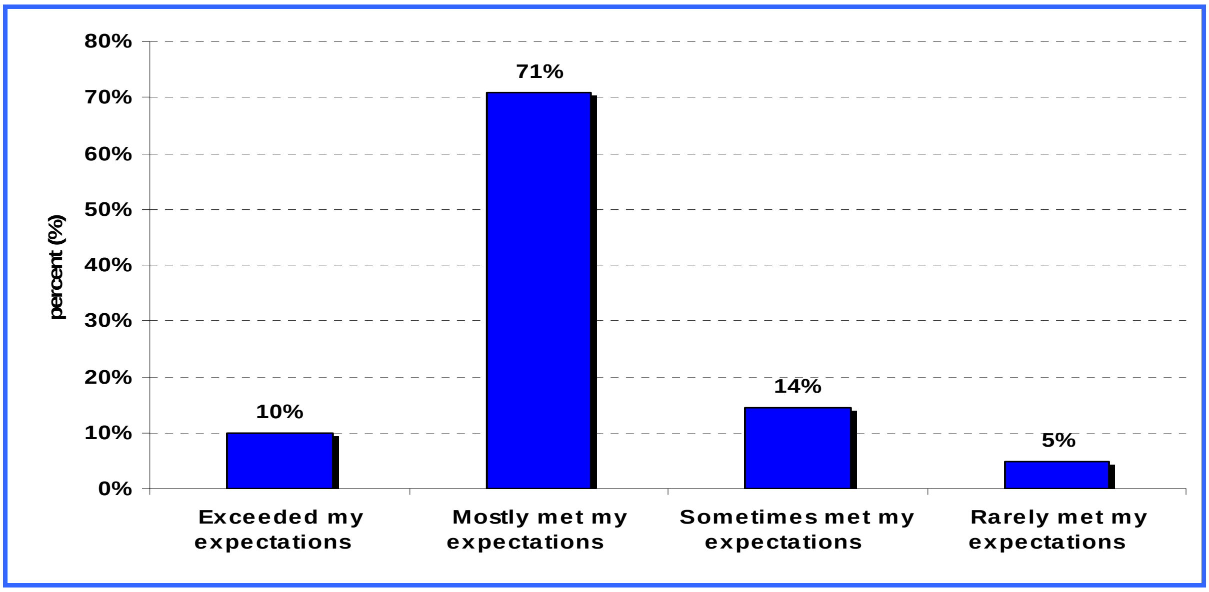
Source: Woolcott Research, base: n=1600; multiple responses

3.5.2 Consumer satisfaction with internet services

Household consumers are generally satisfied with ISPs and most consumers indicated that they are unlikely to switch ISPs (Figure 22).

Household consumers were asked, 'In the last 12 months, how well has your ISP met your overall expectations?' More than 80 per cent of respondents said that their ISP met or exceeded their expectations in 2006–07, which is consistent with responses in 2005–06 (see Figure 21).

Figure 21: Household consumer satisfaction with internet service providers, July 2006–June 2007



Source: Roy Morgan Single Source, July 2006–June 2007, 14+ years old, sample=24,577; excludes respondent category 'can't say'

Qualitative focus groups and interviews with household consumers revealed that respondents are generally satisfied with their broadband internet service. Consumers were satisfied with broadband speeds and those consumers who had researched broadband plans and shopped around felt that they were getting value for money.

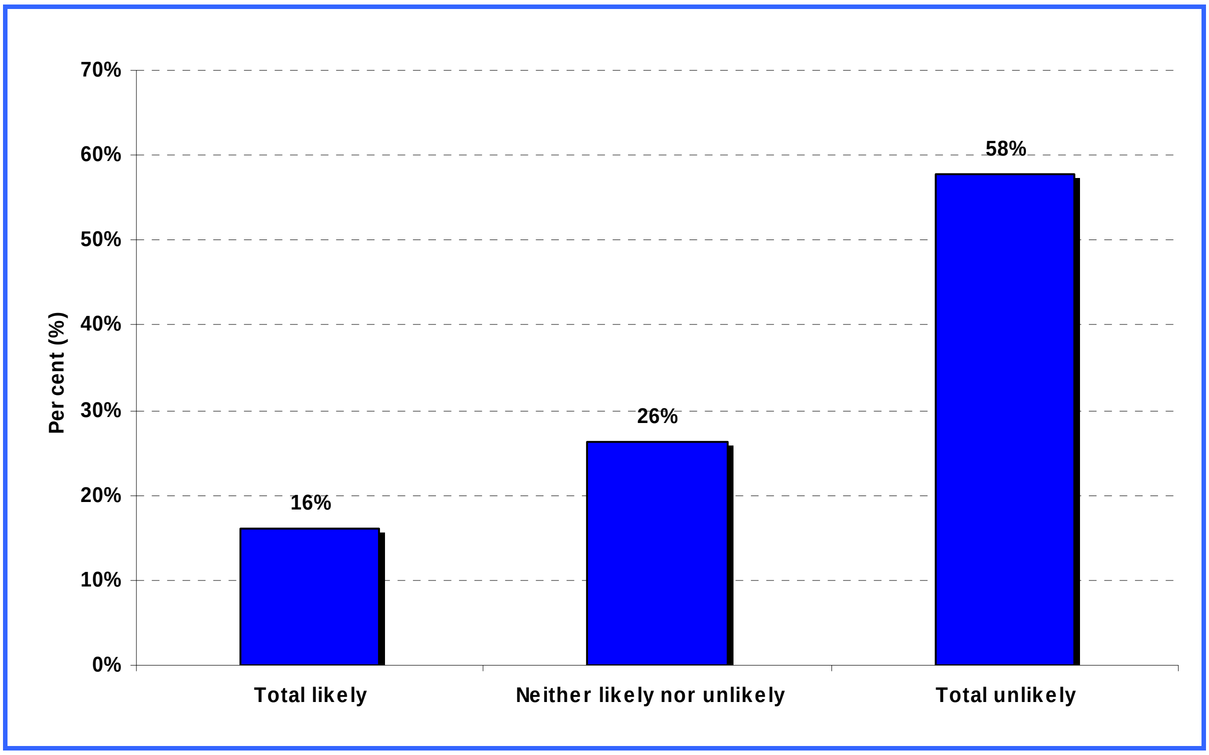
However, respondents in non-metropolitan areas were less satisfied, citing speed and consistency of broadband services as reasons for dissatisfaction.

Lack of availability of ADSL2 and cable was cited as an issue in non-metropolitan areas, which suggests that there is a demand for faster internet access. While satisfaction with satellite broadband services was high, this access technology is still seen to be expensive.

Interestingly, when consumers perceived that services elsewhere were superior, it framed the way they felt about their own services. There was a perception that internet services in non-metropolitan areas were inferior to those in metropolitan areas. Similarly, satisfaction with broadband services was lower for people who had travelled outside Australia (particularly if they had travelled to the US).

As most consumers are generally satisfied with their ISP, they are unlikely to switch provider. When Roy Morgan Research asked consumers, 'How likely would you be to switch companies, if you were able to buy that service from another company?', the majority (58 per cent) stated that they were unlikely to switch ISPs (see Figure 22). For many consumers the costs associated with switching may be a deterrent to doing so. However, it would appear that the costs of switching are not a deterrent to consumers who are highly dissatisfied, with 16 per cent of consumers stating they were likely to switch ISPs.

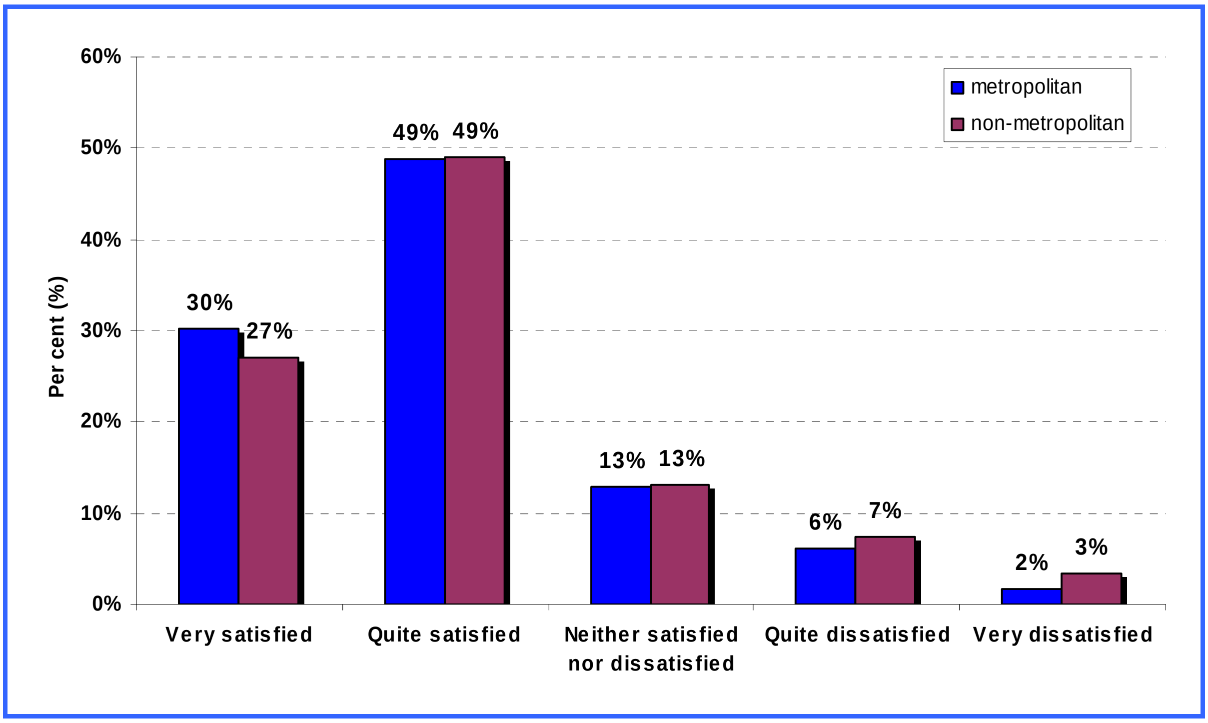
Figure 22: Household consumer likelihood of switching ISP, July 2005–June 2007



Source: Roy Morgan Single Source, July 2005–June 2007, 14+ years old, sample=25,457, excludes 'can't say'

Like household consumers, most SMEs were satisfied with their internet service. Figure 23 shows that more than 76 per cent of SMEs in metropolitan and non-metropolitan areas were quite satisfied or very satisfied with their internet service. Only eight per cent of metropolitan SMEs and 10 per cent of non-metropolitan SMEs were dissatisfied. Non-metropolitan SMEs were marginally less satisfied with their internet service.

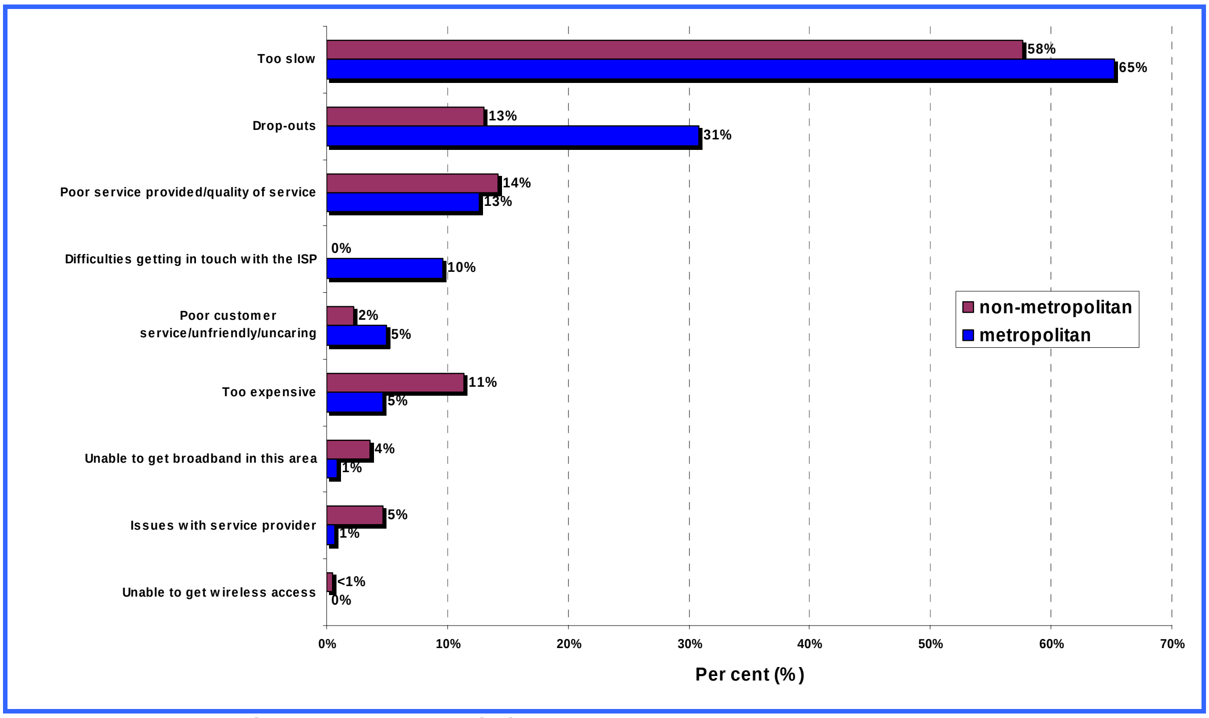
Figure 23: SME satisfaction with internet service, May 2007



Source: Sensis® Business Index, May 2007, n=1668

There were various reasons for SME dissatisfaction with their internet service (see Figure 24), the most common being that the service was ‘too slow’ (65 per cent in metropolitan and 58 per cent in non-metropolitan areas). The next most common reasons for dissatisfaction were drop-outs (31 per cent in metropolitan and 13 per cent in non-metropolitan areas) and poor quality of service (13 per cent in metropolitan and 14 per cent in non-metropolitan areas). Non-metropolitan SMEs were more likely to be unhappy about internet services because of perceptions that they were ‘too expensive’ or ‘unable to be accessed in the area’.

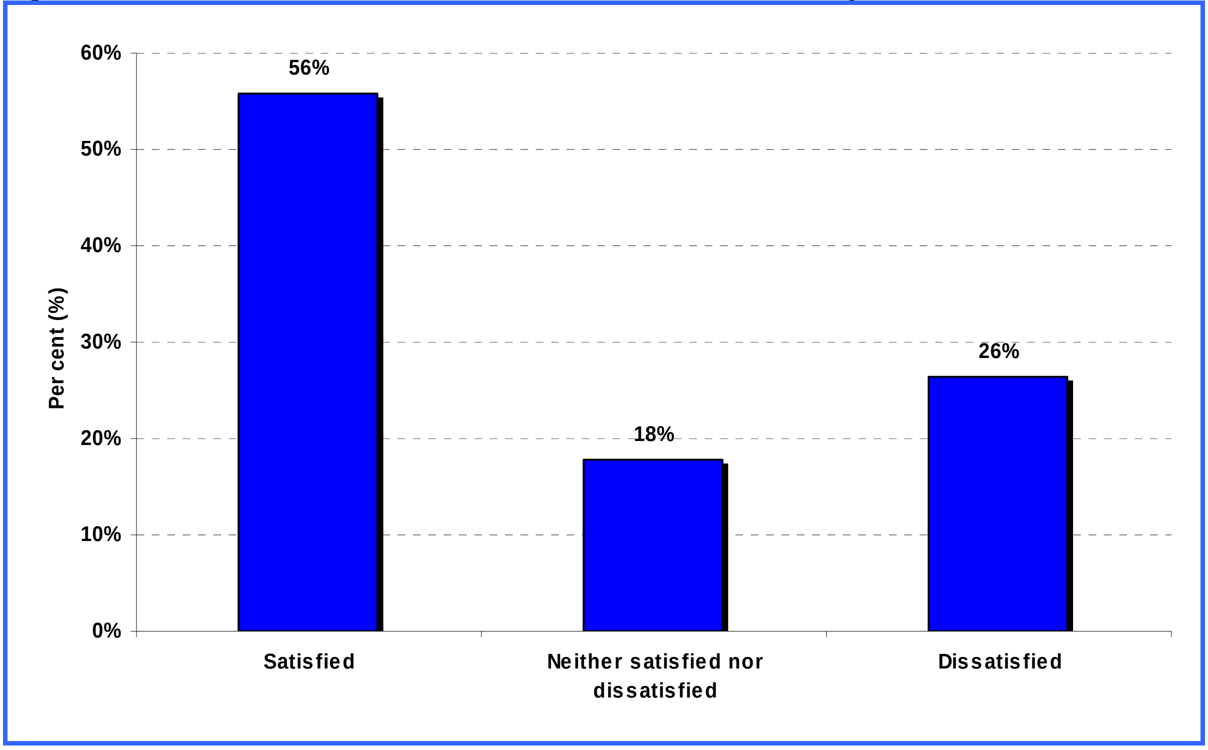
Figure 24: SMEs reasons for dissatisfaction with internet services, May 2007



Source: Sensis® Business Index, May 2007, n=157, multiple responses

For farm consumers, access to the internet has brought many benefits, one of which is the amelioration of the so-called ‘tyranny of distance’ resulting from being far from cities or major towns. Like household consumers and SMEs, the take-up of internet services is more than 60 per cent in the farm sector (see Figure 19). Figure 25 shows that 56 per cent of farm consumers were satisfied, 18 per cent were indifferent and 26 per cent were dissatisfied with internet services.

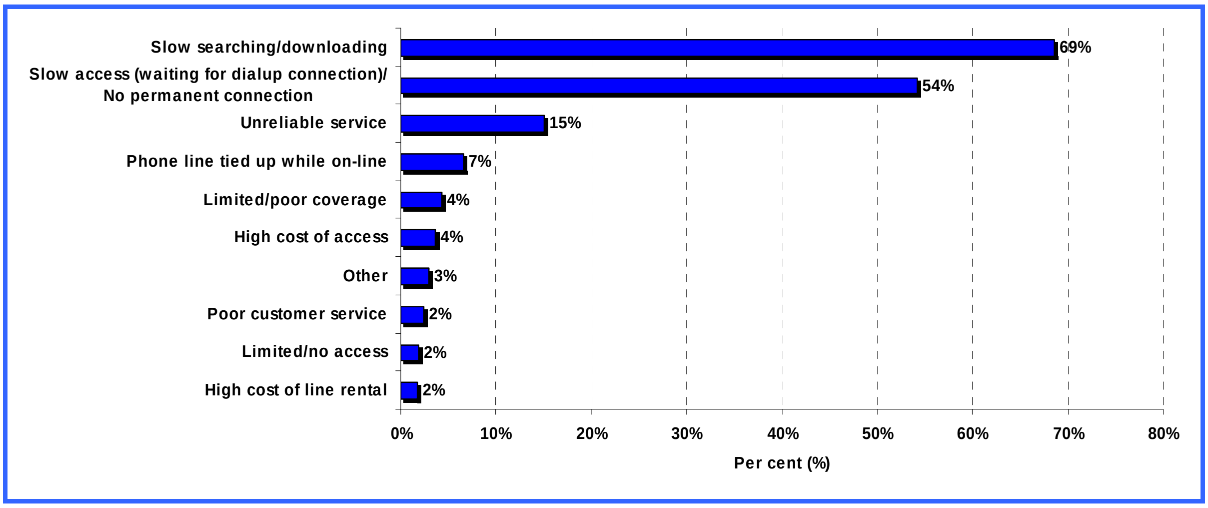
Figure 25: Farm consumers' satisfaction with internet services, May 2007



Source: Agscan survey, May 2007, n= 1,280

Satisfied farm respondents were more likely to be Tasmanian (63 per cent) and dairy farmers (68 per cent). The least satisfied farm respondents were more likely to be South Australian (48 per cent) and beef and cereal farmers (49 per cent). Those farms who were dissatisfied with their internet services were primarily dissatisfied because of the perceived unsatisfactory speed of their service (see Figure 26).

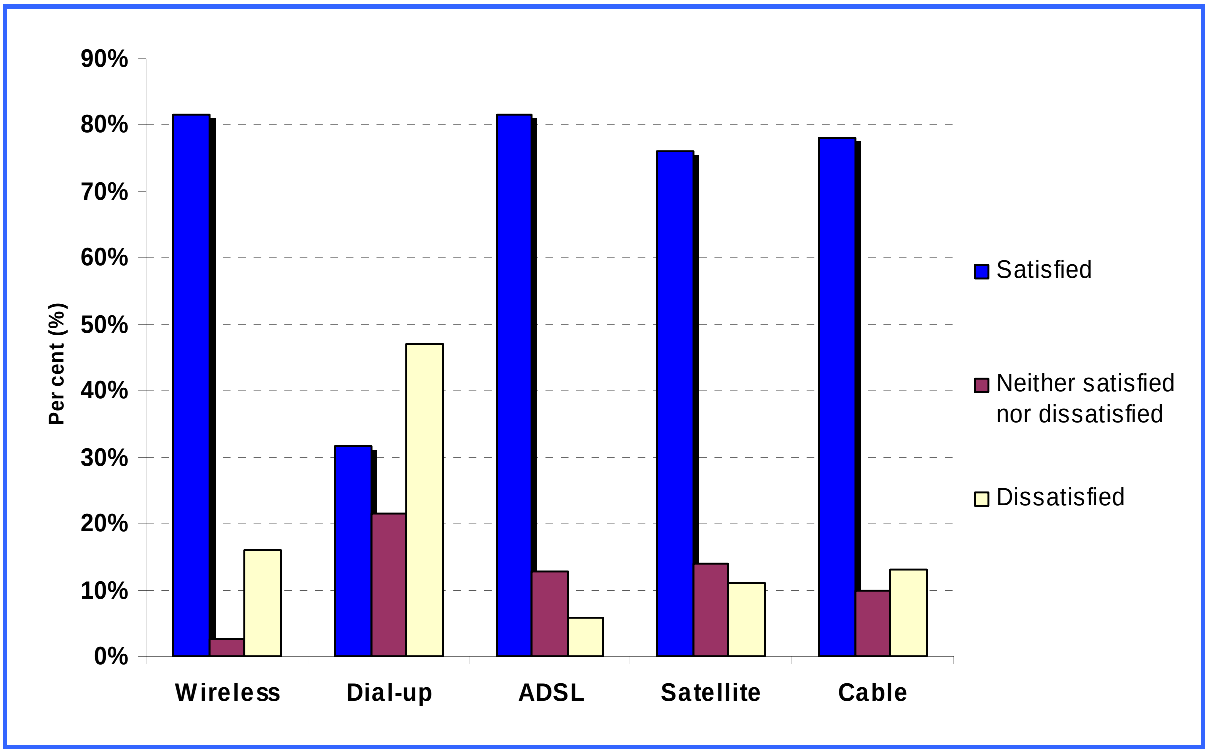
Figure 26: Farm consumers' reasons for dissatisfaction with internet services, May 2007



Source: Agscan survey, May 2007, n=335

Farmers using dial-up internet services were most dissatisfied compared with those who had services over wireless, ADSL, satellite and cable (Figure 27). ADSL appeared to be the access technology that farmers were most satisfied with. Currently, 44 per cent of farms have dial-up access to the internet, 25 per cent have satellite access and only 11 per cent have ADSL.

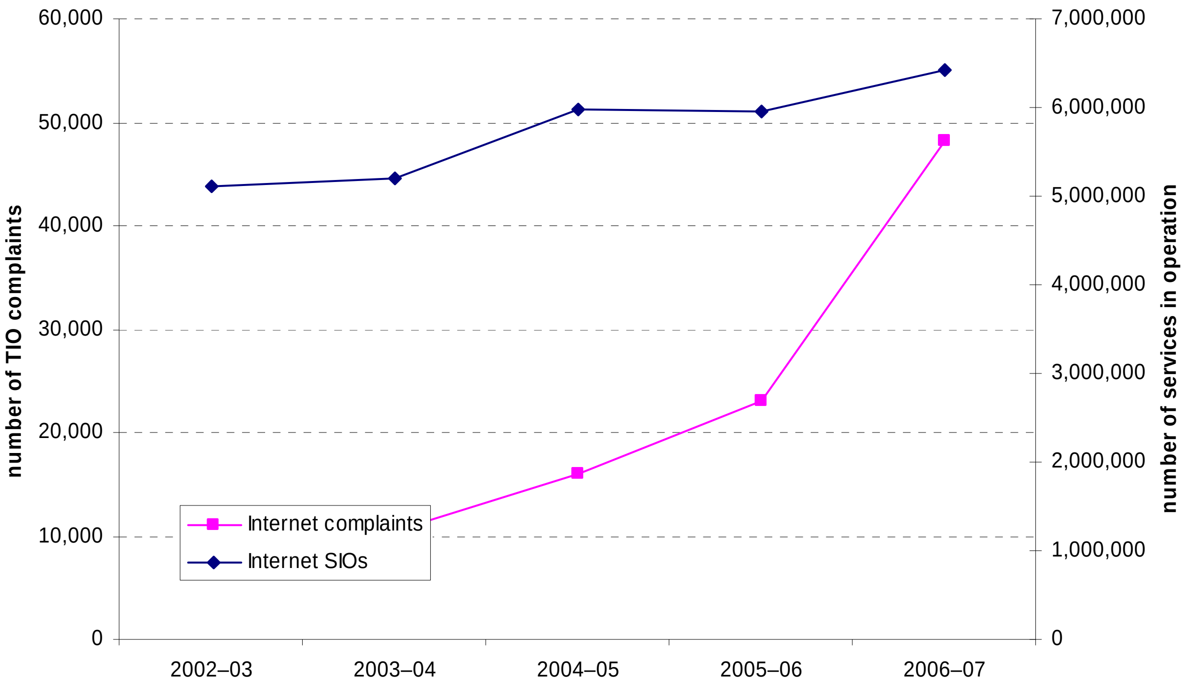
Figure 27: Farm consumers' satisfaction with internet services (by internet access technology), May 2007



Source: Agscan survey, May 2007, n=1,163
Note: findings presented are based on respondent perceptions of type of broadband service used, therefore there is a possibility of confusion between cable and ADSL services i.e. the presence of copper pairs to deliver ADSL may be regarded by the respondent as 'cable' when this category is intended to reflect hybrid fibre coaxial (HFC) cable.

Despite general satisfaction with internet services, complaints to the TIO about internet services have grown rapidly over the last five years, which partly reflects the rapid growth of internet take-up and rising awareness of the TIO (see Figure 28).

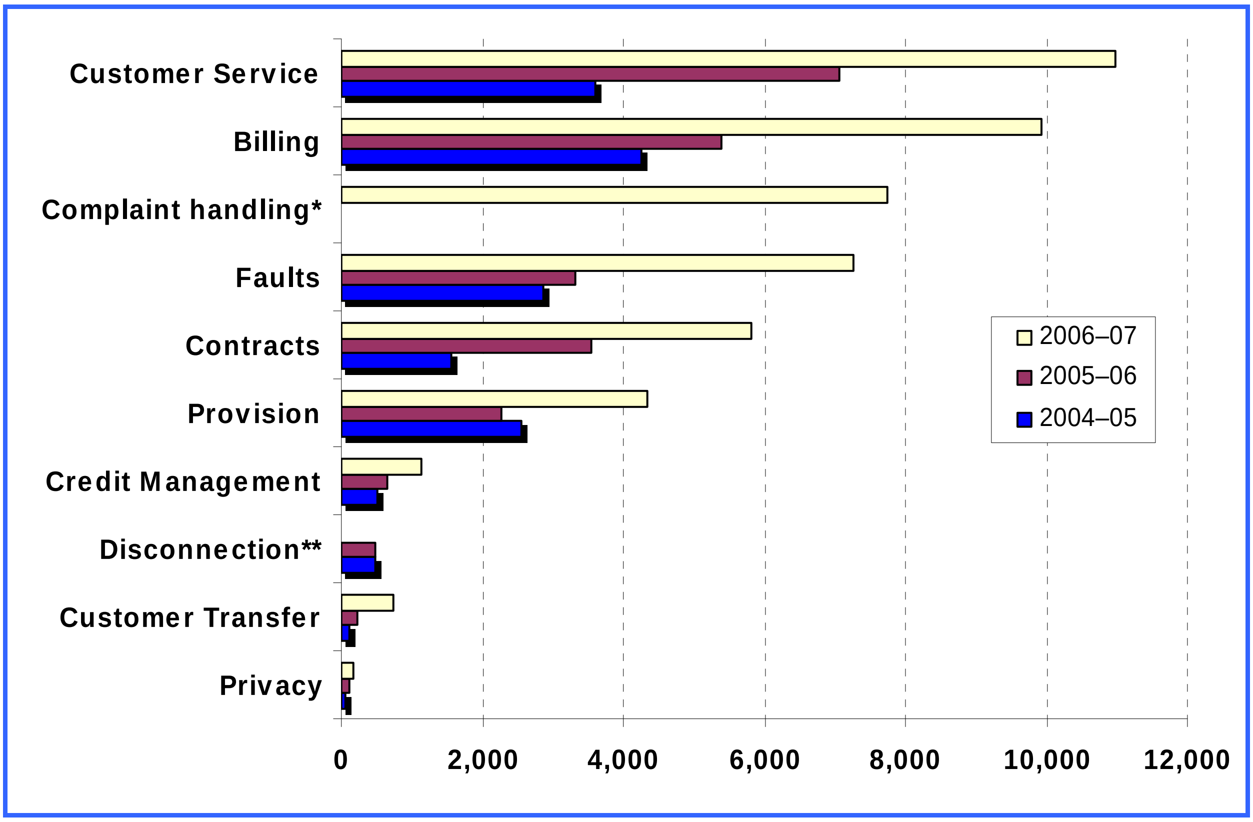
Figure 28: Number of internet services and complaints to the TIO, 2002–03 to 2006–07



Source: TIO, ACMA

In 2006–07, the TIO received 48,181 internet-related complaints, a 109 per cent increase from the previous year. There was a large increase in complaints across most complaint categories last financial year, with customer service complaints accounting for nearly a quarter of all internet complaints in 2006–07 (see Figure 29).

Figure 29: Number of internet-related complaints received by the TIO by issue type, 2004–05 to 2006–07



Source: TIO
**Complaint handling was previously classified under 'customer service'.*
***Disconnection is now classified under 'credit management'.*

Complaints about faults, which are directly related to the internet access service provided, are less common than complaints about customer service, billing and contracts, which are related to the ISP's performance.

4 Conclusion

The majority of Australians are generally satisfied with their telecommunication services. However, while overall satisfaction levels were generally similar between the key consumer groups examined in this report (householders, SMEs and consumers in the farm sector) the farm sector did report the highest levels of dissatisfaction in relation to mobile and Internet services.

In terms of voice services, the highest levels of satisfaction were found in relation to long established traditional services associated with the fixed telephone. In relation to new and emerging services such as VoIP, the majority of users identified in this report were satisfied with their VoIP service, although about a third reported being neither dissatisfied nor satisfied, suggesting a transitional period for these users.

Satisfaction levels with Internet services where generally high as demonstrated by a reluctance to switch ISPs and high levels of respondents reporting being satisfied with their Internet service. For those groups dissatisfied with their Internet service, the main reasons for dissatisfaction were inadequate or slow speeds.

Appendix: Research questions

Table 4 lists the specific questions relating to satisfaction asked of different consumer groups.

Table 4: Summary of data sources and research questions

<table>
<tr><th rowspan="2">Data source</th><th rowspan="2">Question(s)</th><th colspan="3">Consumer groups</th><th rowspan="2">Metro/ non-metro comparison</th></tr>
<tr><th>Household</th><th>SME</th><th>Farm</th></tr>
<tr><td rowspan="2">Woolcott Research</td><td>Overall, how satisfied are you with your telecommunication services?</td><td>✔</td><td rowspan="2">X</td><td rowspan="2">X</td><td>✔</td></tr>
<tr><td>And why are you satisfied or dissatisfied?</td><td>✔</td><td>✔</td></tr>
<tr><td rowspan="6">Marketing Solutions: Agscan Omnibus</td><td>Overall, how satisfied are you with your landline telephone service?</td><td rowspan="6">X</td><td rowspan="6">X</td><td>✔</td><td rowspan="6">X</td></tr>
<tr><td>Why are you dissatisfied with your landline telephone service?</td><td>✔</td></tr>
<tr><td>Overall, how satisfied are you with your mobile telephone service?</td><td>✔</td></tr>
<tr><td>Why are you dissatisfied with your mobile telephone service?</td><td>✔</td></tr>
<tr><td>Overall, how satisfied are you with your internet service?</td><td>✔</td></tr>
<tr><td>Why are you dissatisfied with your internet service?</td><td>✔</td></tr>
<tr><td rowspan="5">Sensis® Business Survey: Quarterly Business Index</td><td>How satisfied are you with your internet service?</td><td rowspan="5">X</td><td>✔</td><td rowspan="5">X</td><td>✔</td></tr>
<tr><td>Why are you dissatisfied with your internet service?</td><td>✔</td><td>✔</td></tr>
<tr><td>How satisfied are you with your VoIP service?</td><td>✔</td><td>✔</td></tr>
<tr><td>Why are you dissatisfied with your VoIP service?</td><td>✔</td><td>✔</td></tr>
<tr><td>What do you think are the main communications issues that you feel need addressing to meet the future needs of your business?</td><td>✔</td><td>✔</td></tr>
<tr><td rowspan="4">Roy Morgan Single Source Survey</td><td>In the last 12 months, how well has your telephone service provider met your expectations?</td><td>✔</td><td>X</td><td>✔</td><td>✔</td></tr>
<tr><td>In the last 12 months, how well has your mobile service provider met your expectations?</td><td>✔</td><td rowspan="3">X</td><td rowspan="3">X</td><td>X</td></tr>
<tr><td>In the last 12 months, how well has your ISP met your expectations?</td><td>✔</td><td>X</td></tr>
<tr><td>How likely would you be to switch companies, if you were able to buy that service from another company?</td><td>✔</td><td>X</td></tr>
</table>