# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY</td>
<td>1</td>
</tr>
<tr>
<td>1. INTRODUCTION</td>
<td>2</td>
</tr>
<tr>
<td>Research objectives</td>
<td>2</td>
</tr>
<tr>
<td>Research questions</td>
<td>2</td>
</tr>
<tr>
<td>2. METHODOLOGY</td>
<td>3</td>
</tr>
<tr>
<td>Research commissioned from Roy Morgan</td>
<td>3</td>
</tr>
<tr>
<td>Sensis® Business Index survey</td>
<td>3</td>
</tr>
<tr>
<td>Subscription data sources: Roy Morgan Single Source Survey</td>
<td>4</td>
</tr>
<tr>
<td>TIO complaints data</td>
<td>4</td>
</tr>
<tr>
<td>Previous reports</td>
<td>4</td>
</tr>
<tr>
<td>Definitions of terms</td>
<td>5</td>
</tr>
<tr>
<td>3. RESULTS</td>
<td>6</td>
</tr>
<tr>
<td>Consumer satisfaction with communications services overall</td>
<td>6</td>
</tr>
<tr>
<td>Complaints to the Telecommunications Industry Ombudsman (TIO)</td>
<td>8</td>
</tr>
<tr>
<td>Consumer satisfaction with fixed-line phone services</td>
<td>9</td>
</tr>
<tr>
<td>Consumer satisfaction with mobile phone service providers</td>
<td>14</td>
</tr>
<tr>
<td>Consumer satisfaction with voice over internet protocol (VoIP) services</td>
<td>18</td>
</tr>
<tr>
<td>Consumer satisfaction with internet services</td>
<td>20</td>
</tr>
<tr>
<td>CONCLUSION</td>
<td>27</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>28</td>
</tr>
</tbody>
</table>
Summary

This report, the third in the *Convergence and Communications* series, investigates Australian consumer satisfaction levels with communications services, including fixed-line, mobile and internet services.

The report presents the findings of quantitative research into the levels of satisfaction and dissatisfaction of household and small and medium enterprise (SME) consumers concerning their voice and internet communications. It builds on previous ACMA research in this area, primarily from the *Telecommunications Today* report series.

The data shows that over three-quarters of Australians are satisfied with their communications services, particularly with traditional voice telephony such as fixed-line services. SME consumers also appear satisfied with their communications choices, with almost nine out of 10 saying they were satisfied with their mobile and fixed-line services.

SMEs are also reportedly satisfied with their internet service, with over 80 per cent expressing a level of satisfaction with the service. Similarly, over three-quarters of household consumers said that their expectations were met by their internet service provider, though an increased percentage (19 per cent) said they were likely to change service provider in the near future compared to 2006-07 figures. For those groups dissatisfied with their internet service, the main reason was slow speed.

Location appears to have little impact on consumer satisfaction levels, with metropolitan and non-metropolitan consumers showing similar results. The exception is in the area of mobile telephony, where concerns persist outside metropolitan areas about coverage.

The report reveals that billing and customer service standards are the most frequent causes of complaint to the Telecommunications Industry Ombudsman. These two complaint categories account for over 100,000 complaints, or 39 per cent of all communication service complaints, and have seen considerable growth over the past three years.

In relation to new and emerging services, the majority of voice over internet protocol (VoIP) users identified in this report was satisfied with their service. Consumers who were dissatisfied cited as the main reasons slow speed, poor voice quality and dropouts.
1. Introduction

This report is the third in the *Convergence and Communications* series highlighting the changing trends in fixed-line, mobile and internet service take-up and use by Australian households and small and medium enterprises (SMEs) consumers.

The report presents quantitative research findings into Australian consumers’ satisfaction with communications services, and considers these findings in the context of earlier research and reports, particularly those from ACMA’s *Telecommunications Today* series.

Previous ACMA research in the area of consumer satisfaction has focused heavily on fixed-line and mobile communication services, in addition to broadband and voice over internet protocol (VoIP) technology. This report builds on this work to track levels of satisfaction among both households and SMEs in a rapidly converging communications environment.

**Research objectives**

The research was undertaken to:

1. identify the levels of satisfaction with various communication services by household and SME consumers and how these satisfaction levels have changed over time
2. explore reasons for consumer satisfaction and dissatisfaction
3. ascertain how factors such as age and location influence consumer satisfaction in Australia.

**Research questions**

In the use of survey and complaints data, ACMA is seeking to answer the following questions:

- Are there differences in satisfaction with communications services between consumers living in metropolitan and non-metropolitan areas?
- Are there differences in satisfaction levels between service types?
- Have satisfaction levels changed over time?
- Do satisfaction levels influence consumer behaviour to switch or change services or service providers?

This research was undertaken to meet ACMA’s statutory reporting requirements under section 105 of the *Telecommunications Act 1997*, which require ACMA to report and advise on the performance of carriers and carriage service providers with particular reference to consumer benefits, consumer satisfaction and quality of service. In addition, ACMA has responsibilities to conduct research into issues relating to internet content and internet carriage services (section 94, Schedule 5, *Broadcasting Services Act 1992*) and to report on matters affecting consumers or proposed consumers of carriage services (section 8(d), *Australian Communications and Media Authority Act 2005*).
2. Methodology

The *Convergence and Communications* series of reports draws on the following key data sources:

- commissioned research, in the form of a survey of consumer attitudes and use of communication services undertaken in May–June 2008
- Sensis® Business Index and commissioned survey conducted from 28 April to 30 May 2008
- existing subscription data sourced from private sector metrics providers
- Telecommunications Industry Ombudsman (TIO) complaints statistics for the period 2007–08
- previous ACMA research.

**Research commissioned from Roy Morgan**

ACMA commissioned Roy Morgan Research to undertake a national telephone survey in May–June 2008. The survey was divided into two subgroups:

- fixed-line users—1396 respondents
- mobile phone users not connected to a fixed-line service—241 respondents.

**Survey design**

A general questionnaire was developed based in part on the survey undertaken by ACMA in 2007 for its *Telecommunications Today* series. However, the number of questions was extended for the current report to provide a deeper analysis of access to, and behaviour in, the online environment.

In addition to questions about general household communications, fixed-line and mobile phone–only users were asked specific questions about their use and behaviour regarding their communications preferences. Thus, in the survey of mobile phone users, respondents were not asked questions regarding their fixed-line activity.

Details about the survey design, including sample breakdowns and limitations are available in the first *Convergence and Communications* report, *Australian Household Consumers’ Take-up and Use of Voice Communications Services*.

**Rounding**

Discrepancies may occur between the sums of the component items and totals due to the effects of rounding.

**Sensis® Business Index survey**

Sensis® Business Index survey data has been used as a primary data source for this research report. In addition to the standard business survey, ACMA commissioned Sensis to field specific questions about telecommunications use, take-up and attitudes. Sensis conducted telephone interviews with 1,800 small and medium enterprises (SMEs) from 28 April to 30 May 2008.

Businesses interviewed were drawn from all metropolitan and major non-metropolitan regions within Australia; the sample excludes farms.
Survey results were weighted by selected Australia and New Zealand Standard Industry Classification (ANZSIC) divisions within the metropolitan and non-metropolitan region of each state and territory to help ensure the sample reflected actual SME distribution. The Australian Bureau of Statistics (ABS) Business Register, as at June 1998, was used to help weight the sample to be representative of the total business population.

Data from Sensis® Business Index May 2007 was used to produce time-series comparisons throughout the report.

**Rounding**

Discrepancies may occur between the sums of the component items and totals due to the effects of rounding.

**Subscription data sources: 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). Details of the methodology used for the collection and compilation of this data can be found at [http://www.roymorgan.com/resources/pdf/factsheets/OZFactSheet_A4scr_July2008.pdf](http://www.roymorgan.com/resources/pdf/factsheets/OZFactSheet_A4scr_July2008.pdf). Roy Morgan statistics cited in the report were derived from data collected between July 2007 and June 2008, and primarily in the first six months of 2008.

**TIO complaints data**

The 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 Service 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 and in ACMA’s annual report.

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

**Previous reports**

This report also draws on the following key ACMA reports:

- the annual *Communications Report*
- the *Telecommunications Today* series of reports, in particular the fourth report, *Consumer Satisfaction*
- Previous reports in the *Convergence and Communications* Series including:
  - *Report 1: Australian Household Consumers’ Take-up and Use of Voice Communications Services*
  - *Report 2: SME Use of Communications Services.*

---

1 The Australian and New Zealand Standard Industry Classification is an industry classification jointly produced by Australian Bureau of Statistics and Statistics New Zealand.
Definitions of terms

3G mobile networks
Third generation (3G) mobile network services support a range of new services including mobile voice over internet (VoIP) telephony, video calls and broadband wireless data access. All major mobile carriers now offer 3G mobile broadband through a variety of access devices including handsets, plug-in cards for laptops and fixed modems for personal desktop computers.

Communication
In this report, communication 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.

Consumers
For the purposes of this report and unless otherwise defined in it, a consumer is a survey respondent, who owns, uses or has otherwise accessed communication equipment or services. The following terms are used to refer to survey and focus group participants from all data sources:

- ‘household respondents’ or ‘household consumers’
- ‘SME respondents’ or ‘SME consumers’ or ‘the SME sector’.

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.

Substitution
In this report, substitution refers to instances where consumers replace one service with another offering the same functionality, for example, a consumer replacing their fixed-line phone with a mobile service.

Small and medium enterprises (SMEs)
A small enterprise is classified as employing between one and 19 people, and a medium enterprise as employing between 20 and 200 people.
3. Results

Consumer satisfaction with communications services overall

ACMA’s survey findings indicate that over three-quarters of Australians are satisfied with their communications services, with an average of 35 per cent of all household consumers stating that they were very satisfied (Figure 1). Satisfaction levels for communications services were found to be very similar for consumers living in metropolitan and non-metropolitan areas.

Older consumers were most likely to be satisfied with their communications services, with over half of those aged 70 and over stating that they were very satisfied. Further, a higher proportion of women than men were satisfied with their communications services, at 39 per cent and 31 per cent respectively.

Figure 1: Household consumer satisfaction levels with telecommunications services, by location, 2008

Source: ACMA-commissioned consumer survey, May–June 2008; (n = 1,637).
Levels of dissatisfaction are comparatively low among consumers, with 12 per cent of those surveyed saying that they were somewhat or very dissatisfied with their communications services. Of these individuals, more than half were male, and the highest level of dissatisfaction was seen in consumers aged 45 to 54 years.

The most common reasons provided by consumers for their dissatisfaction were cost, bad customer service and mobile coverage (Figure 2). When the figures are split by location, poor mobile reception remains a very strong concern for non-metropolitan consumers, with 34 per cent of non-metropolitan consumers compared with 10 per cent of metropolitan consumers expressing concerns. It is important to note, however, that concern regarding the switch-off of the CDMA network survey in the month before the survey may have produced a spike in the figures. Specific data on consumer satisfaction with mobile services will be examined later in this report.

Figure 2: Household consumer reasons for dissatisfaction with all communications services, by location, May–June 2008

Complaints to the Telecommunications Industry Ombudsman (TIO)

TIO complaints statistics, while not an exact measure of consumer dissatisfaction, help in identifying specific areas of consumer dissatisfaction with telecommunications services. In the past five years, the number of complaint issues recorded by the TIO has increased almost four-fold, from 68,020 in 2002–03 to 268,645 in 2007–08 (Figure 3). The highest numbers of complaints to the TIO were in the areas of billing and customer service, accounting for 39 per cent of all complaints received, and complaints in these areas have risen 67 per cent since 2006–07.

The reasons for this growth may partly lie in increased public awareness of the TIO and its functions and complaint mechanisms. In 2006, public awareness of the TIO increased to 54 per cent from 47 per cent in 2002.

Further, the number of complaints received by the TIO may also reflect changes in the nature of the Australian communications market. For example, as more Australians adopt additional communications technology services, such as home broadband connections, the number of complaints correspondingly rises. Thus, the most marked area of complaints growth in the last three reporting years has been seen in the area of internet complaint issues, which have risen by 176 per cent since 2005–06. A closer examination of this trend will be considered later in this report.

Figure 3: TIO complaint issues, 2003–04 to 2007–08.

![Figure 3: TIO complaint issues, 2003–04 to 2007–08.](source)

Source: ACMA Communications Report, 2007–08.

---

2 A single complaint made to the TIO may raise a number of different complaint issues regarding communications. See [http://www.tio.com.au](http://www.tio.com.au) for more information.
Consumer satisfaction with fixed-line phone services

Most household and SME consumers maintain a fixed-line phone service. Eighty-eight per cent of Australian household consumers have a fixed-line phone service. SME adherence to the fixed-line phone was found to be stronger than that of households, with the Sensis® Business Index finding that almost 100 per cent of SMEs surveyed maintain a fixed-line phone, a figure that was largely unchanged from the previous year. While maintaining long term contact details may be a strong incentive to keep a fixed-line service, SMEs appear to be reluctant to rely on a single technology—other than the fixed-line—to support their business communication needs. Further, studies in the UK and Ireland point to other factors such as cost and service reliability having a major influence on SME reluctance to relinquish their fixed-line service.3

Household consumers’ satisfaction with fixed-line services

Available survey data suggests that the majority of Australians are largely satisfied with their fixed-line service, reporting that their provider mostly met their expectations (Table 1). Less than six per cent of respondents reported that their expectations were rarely met, a similar figure to that of June 2007.4

Geographic location or calling destination distance appears to play little role in determining satisfaction levels with fixed-line services.

Table 1: Household consumer satisfaction with fixed-line service providers by location, January–June 2008

<table>
<thead>
<tr>
<th>Service provider type →</th>
<th>Local</th>
<th>Long distance</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Metro</td>
<td>Non-metro</td>
<td>Metro</td>
</tr>
<tr>
<td>Exceeded my expectations</td>
<td>7%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Mostly met my expectations</td>
<td>73%</td>
<td>73%</td>
<td>74%</td>
</tr>
<tr>
<td>Sometimes met my expectations</td>
<td>14%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Rarely met my expectations</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: Excludes ‘cannot say’; includes only consumers who use each service.
Source: Roy Morgan Single Source Australia, January–June 2008; local (n = 7,761); STD (n = 6,662); international (n = 2,399).

As noted in previous ACMA reports, cost factors influence some householders to maintain their fixed-line phone, while for others, cost is an incentive to abandon household fixed-line

phone service altogether. Survey data reveals that 36 per cent of those Australians who had chosen to retain their fixed line did so because they believed fixed-line services offer cheaper calls. When respondents who did not have a fixed-line service at home were asked why they did not, 40 per cent cited financial reasons, with one in eight stating specifically that fixed-line services are too costly. Among those households considering the removal of their fixed-line service, cost-saving was cited as a key factor, at 54 per cent of those in that category surveyed.

The importance of cost to household consumers was underscored when those surveyed were asked to respond to statements about their local telephone service provider (Figure 4); only 29 per cent regarded their service as cost effective. Half stated that the provider gives efficient service. Forty per cent supported the statement that their service provider provided prompt service, compared with 42 per cent in 2007. Only one in 10 consumers believed that their local service provider was community-minded, a figure largely unchanged from 2007.6

**Figure 4: Household consumer statements about fixed-line telephone service providers, January–June 2008**

<table>
<thead>
<tr>
<th>Statements</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gives efficient service</td>
<td>50%</td>
</tr>
<tr>
<td>Provides reliable supply without interruptions or fluctuations</td>
<td>49%</td>
</tr>
<tr>
<td>Provides prompt service</td>
<td>40%</td>
</tr>
<tr>
<td>Offers wide range of payment methods</td>
<td>35%</td>
</tr>
<tr>
<td>Offers worthwhile rewards/incentives for packaging two or more services together</td>
<td>30%</td>
</tr>
<tr>
<td>Has competitive prices</td>
<td>29%</td>
</tr>
<tr>
<td>Provides information and advice</td>
<td>25%</td>
</tr>
<tr>
<td>Is customer-focused</td>
<td>21%</td>
</tr>
<tr>
<td>Is enthusiastic and friendly</td>
<td>17%</td>
</tr>
<tr>
<td>Takes responsibility/doesn’t pass the buck</td>
<td>12%</td>
</tr>
<tr>
<td>Good public citizenship/community-minded</td>
<td>10%</td>
</tr>
<tr>
<td>Is innovative</td>
<td>9%</td>
</tr>
</tbody>
</table>

Note: Excludes respondent category ‘cannot say’; survey of local fixed-line service users only.


SME satisfaction with fixed-line services

SMEs appear to be largely satisfied with their fixed-line service, with almost 90 per cent saying that they were quite satisfied or very satisfied with their service (Figure 5). Three per cent of SMEs expressed some dissatisfaction with their fixed-line service. There was a marginal difference between levels of dissatisfaction among metropolitan and non-metropolitan SMEs. No non-metropolitan SME reported that they were very dissatisfied.

Figure 5: Satisfaction among SME users with fixed-line service providers, by location 2008

Response levels by small business owners to statements about their local call service providers were largely similar to those of householders (Figure 6). However, a smaller proportion of SMEs agreed with the statements regarding service promptness and efficiency.
Figure 6: SME statements about fixed-line telephone service providers, January–June 2008

<table>
<thead>
<tr>
<th>Statements</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gives efficient service</td>
<td>46%</td>
</tr>
<tr>
<td>Provides reliable supply without interruptions or fluctuations</td>
<td>43%</td>
</tr>
<tr>
<td>Offers wide range of payment methods</td>
<td>33%</td>
</tr>
<tr>
<td>Provides prompt service</td>
<td>33%</td>
</tr>
<tr>
<td>Offers worthwhile rewards/incentives for packaging two or more services together</td>
<td>31%</td>
</tr>
<tr>
<td>Provides information and advice</td>
<td>24%</td>
</tr>
<tr>
<td>Has competitive prices</td>
<td>23%</td>
</tr>
<tr>
<td>Is customer-focused</td>
<td>19%</td>
</tr>
<tr>
<td>Is enthusiastic and friendly</td>
<td>16%</td>
</tr>
<tr>
<td>Is innovative</td>
<td>13%</td>
</tr>
<tr>
<td>Good public citizenship/community-minded</td>
<td>11%</td>
</tr>
<tr>
<td>Takes responsibility/doesn't pass the buck</td>
<td>10%</td>
</tr>
</tbody>
</table>

Note: Excludes respondent category ‘cannot say’.


TIO fixed-line complaints data

As outlined earlier, the level of complaints to the TIO can provide a valuable indication of consumer satisfaction with Australia’s communications services, particularly when compared with the number of services in operation. Figure 7 reveals that while the number of fixed-line services has decreased over the period from 2003 to 2008, the level of complaints has steadily increased, rising by 58 per cent in the past 12 months. While some of this rise can be attributed to a growing awareness of the TIO’s functions, an examination of the nature of consumer complaints sheds additional light on this trend.

Figure 8 shows that an increase in complaints about billing, faults and customer service accounts for the majority of the rise in TIO fixed-line complaints from 2006–07 to 2007–08. Billing complaints were most commonly disputes over the bill total, while complaints about faults centred on the period of time that a service was inoperable. Customer service complaints saw the largest increase over the past 12 months, particularly when complaints-
handling figures are taken into account.7 These two complaints categories accounted for one-third of fixed-line complaints in 2007–08, and were largely focused on incorrect advice or inaction on a complaint by a service provider.

**Figure 7: Number of fixed-line services and complaints to TIO, 2002–03 to 2007–08**

Note: SIOs = services in operation

*Source: TIO complaint issues data; SIO data: ACMA Annual Report, 2007–08.*

---

7 A new TIO complaint category of ‘complaint handling’ was established in 2006–07. These complaints were previously classified under ‘customer service’.
Consumer satisfaction with mobile phone service providers

The value that Australian consumers place on mobility is demonstrated by strong levels of mobile phone ownership. Mobile phone take-up levels are high among both household consumers and SMEs, with 2008 figures reaching 83 per cent\(^8\) and 94 per cent\(^9\), respectively.

The rate of mobile phone use in the Australian population is strongly correlated to age. A growing number of children are now using mobile phones, with take-up rates among 14 to 17-year-olds reaching 78 per cent in 2008.\(^{10}\) Older consumers have been slower to embrace mobile technology; 52 per cent of Australians aged over 70 use a mobile phone.\(^{11}\)

The closure of the Telstra CDMA network in April 2008 contributed to the strong take-up of third generation (3G) services, which grew by 88 per cent in 2007–08. With the increase in the number of 3G mobile users, many consumers have the potential to access the internet and other applications via mobile technology.

**Household consumers’ satisfaction with mobile phone services**

Household consumers are generally satisfied with their mobile phone service provider, with over two-thirds of the survey’s respondents stating that their expectations were mostly met,

---

\(^{8}\) Consumers aged 18 years and over; ACMA-commissioned Consumer Survey.

\(^{9}\) Sensis® Business Index.

\(^{10}\) Roy Morgan Single Source Australia, January–June 2008.

\(^{11}\) ACMA, 2009, *Convergence and Communications Report 1: Australian Household Consumers’ Take-up and Use of Voice Communications Services.*
and nine per cent reporting that the provider exceeded their expectations (see Figure 9). Metropolitan and non-metropolitan satisfaction levels were found to be nearly identical. The highest satisfaction levels appear to be among consumers aged over 65; 88 per cent of this demographic said that their expectations were mostly met or exceeded by their mobile service provider, compared with 73 per cent of those aged between 25 and 34.

The data indicates that there has been little change in satisfaction levels among mobile phone consumers between 2007 and 2008. Twenty-two per cent of respondents indicated that mobile phone service providers rarely or only sometimes met their expectations, up by three percentage points from the previous year.

**Figure 9: Satisfaction among household mobile phone users with mobile service providers, 2007–08**

![Satisfaction among household mobile phone users with mobile service providers, 2007–08](image)

**Note:** Excludes respondent category ‘cannot say’ and non-mobile users.


**SME satisfaction with mobile phone services**

SMEs appear to be generally more content with their mobile services than Australian household consumers, with 84 per cent of metropolitan respondents expressing a level of satisfaction with their mobile service (Figure 10). Only seven per cent were dissatisfied with their mobile phone service.

Non-metropolitan SMEs were found to be generally less satisfied with their mobile service than city businesses. While a similar proportion of country SMEs said they were quite satisfied, fewer were very satisfied, and a greater proportion were dissatisfied to some degree—more than double the rates of SMEs in city areas. The reasons for this
dissatisfaction appear to lie in the quality of coverage and service. ACMA research has found many country SME mobile phone users to be frustrated by poor call quality, including dropouts and noise (89 per cent), unreliable service (22 per cent) and poor customer service (four per cent). As noted earlier, international studies suggest that dissatisfaction with mobile reception and service reliability are strong contributing factors to continuing high levels of fixed-line use by businesses. However, other factors, such as maintaining long term contact details and low call cost to customers, may also be at play.

Figure 10: Satisfaction among SME users with mobile phone service providers, 2008

Note: Excludes respondent category ‘cannot say’.
Source: Sensis® SME Business Survey, 2008; database (n = 1,800).

**TIO mobile phone complaints data**

The apparent drop in consumer satisfaction is further reflected in TIO complaints data (Figures 11 and 12). In 2007–08, the number of mobile phone complaint issues rose by 78 per cent on the previous year, with mobile phone complaints accounting for over 40 per cent of all TIO complaints that year. Much of the increase in these figures pertains to customer service complaints, contract issues and billing, which all increased over this period.

In 2007–08, the number of customer service complaints more than doubled in the mobile phone category from the previous year from 8,133 to 17,892. The majority of these

---

13 Accuris Networks, 2007, *Research Study into UK & Ireland SME Market*
14 TIO, 2008, complaint issues data.
complaints related to incorrect or inadequate advice (8,019 complaints) and the failure to action a request (5,369 complaints).

The number of complaints about mobile phone contracts also rose steeply, with a 94 per cent increase on the previous year’s figures. Misleading advice provided at the point of sale accounted for almost a third (or 6,473) of these complaints.

Billing remained the most frequent mobile phone complaint, most commonly concerning disputed bill totals.

Complaints about service faults rose by 60 per cent, with equipment (handset) faults the primary reason cited (8,378 complaints), followed by coverage issues (2,277 complaints).

An additional 22,401 complaints were received by the TIO about the mobile premium services industry.¹⁵ These complaints were primarily focused on allegations that the premium service for which the customer was charged had not been requested.

**Figure 11: Number of mobile services and complaints to TIO, 2002–03 to 2007–08**

![Graph showing number of TIO complaints and services in operation from 2002–03 to 2007–08.]

Note: SIOs = services in operation

Source: TIO complaint issues data.

¹⁵ Mobile premium service industry complaints are compiled by the TIO separately from mobile service complaints and have not been included in the mobile complaints figures presented above.
Figure 12: Number of mobile phone service complaints to the TIO, by complaint category, 2002–03 to 2007–08


Note: Complaints-handling data has been collected since 2006–07.
Source: TIO complaints issues data.

Consumer satisfaction with voice over internet protocol (VoIP) services

As discussed in Australian Household Consumers’ Take-up and Use of Voice Communications Services, emerging technologies such as VoIP are yet to be adopted by Australians at mainstream levels, with 12 per cent of the Australian adult population,16 and 16 per cent of SMEs17 using VoIP in 2008. Consumer surveys indicate that VoIP is most commonly used as part of a suite of complementary communication services, and primarily for long distance and international calls.

With over three-quarters of Australian households18 and 95 per cent of SMEs connected to the internet19 the take-up of broadband telephony is likely to grow. Consumer awareness of VoIP technology is at 69 per cent,20 and as VoIP becomes more commonplace in the Australian communications environment, this will also grow. The potential of the VoIP market has further been recognised by industry, with 47 per cent of internet service providers offering VoIP services as part of a bundled broadband package.21

Household consumers’ satisfaction with VoIP services

ACMA’s survey results indicate that most consumers using VoIP are satisfied with their service (Figure 13), with 87 per cent of metropolitan users and 82 per cent of non-metropolitan users saying they were quite or very satisfied. Non-metropolitan VoIP users appear to be particularly happy with their service, with 46 per cent of respondents stating they were very satisfied, well above metropolitan users at 35 per cent. This is likely related to cost savings VoIP offers for those who regularly make long-distance calls. Few expressed dissatisfaction with VoIP; seven per cent of metropolitan consumers were dissatisfied or somewhat dissatisfied with VoIP, while 10 per cent of non-metropolitan users were somewhat dissatisfied with VoIP. No non-metropolitan respondents said they were very dissatisfied with VoIP. It is important to note, however, that these figures have been derived from a small sample and are thus subject to high standard errors.

Figure 13: Household consumer satisfaction with VoIP services, by location, May–June 2008

Note: ‘Don’t know’ = four per cent of metropolitan respondents; one per cent non-metropolitan respondents.
Source: ACMA-commissioned consumer survey May–June 2008; (n = 177).

SME satisfaction with VoIP services

SME users of VoIP are also largely satisfied with their telecommunications choice. The Sensis business survey found that 72 per cent of metropolitan users and 83 per cent of non-metropolitan SMEs were satisfied with their VoIP service (Figure 14). Fewer SMEs expressed dissatisfaction; two per cent of metropolitan SMEs were unhappy with VoIP, while seven per cent of non-metropolitan users were dissatisfied with VoIP.
Research indicates that SME VoIP users who were dissatisfied cited slow speed, poor voice quality and dropouts as the main reasons for dissatisfaction. Respondents who were dissatisfied with voice quality and dropouts were more likely to reside in non-metropolitan areas. Respondents dissatisfied because of slow service were more likely to reside in metropolitan areas.

Figure 14: SME satisfaction with VoIP services, by location, 2008

Source: Sensis® SME Business Survey, 2008; database \( n = 1,800 \).

**Consumer satisfaction with internet services**

The great majority of Australians are now connected to the internet; 73 per cent of all Australian households and 97 per cent of Australian businesses have internet access, most commonly to a broadband service.

Household consumers and SMEs use the internet in different ways. Household consumers use the internet for a broad range of purposes, including information searches, communication, social networking, and shopping and entertainment. The integration of internet services into Australian households is likely to continue; seventy per cent of household consumers surveyed believe that broadband access is a critical service for the future.

---

22 The survey response “too slow” refers to the underlying network connection for the VoIP service rather than the VoIP service per se.
Businesses have adopted the internet as an essential business tool that enables them to better communicate, research, market their products and interact with customers. The internet is also helping businesses in managing supply chains and transforming the way services are delivered. While fixed-line communications remain the most common access point for most Australian businesses, the internet is becoming an increasingly important part of business activity.

**Household consumers’ satisfaction with internet services**

Household consumers are generally satisfied with their internet service providers (ISPs), with most saying their expectations were met or exceeded (Figure 15). The data suggests there is little difference in levels of satisfaction between metropolitan and non-metropolitan internet users.

Levels of consumer satisfaction with their internet service are further suggested by a low level of interest in switching providers. However, inclination to switch does seem to be growing somewhat. When home internet users were asked whether they intended to change service providers in the next 12 months, 19 per cent said that they would be likely to switch providers (Figure 16). These levels are slightly higher than those seen in the 2007 ACMA consumer survey, when 16 per cent of consumers said they would be willing to switch providers.

Further, in 2008, fewer respondents—53 per cent compared with 58 per cent—indicated that it was unlikely that they would switch service provider, suggesting that consumers are becoming less inclined to stay with the one provider.

---

Figure 15: Household consumer satisfaction with internet service providers, January–June 2008

Source: Roy Morgan Single Source Australia, January–June 2008. 14+ years old (n = 10,329); excludes respondent category ‘can’t say’.
SME satisfaction with internet services

Most SMEs were found to be satisfied with their internet service, particularly in metropolitan areas, where over 80 per cent of businesses said they were quite or very satisfied (Figure 17). In 2007–08, the proportion of very satisfied SME broadband users increased considerably (by almost 40 per cent) from the previous year. However, the proportion of those in the ‘quite satisfied’ category decreased by 30 per cent, meaning that overall satisfaction levels with SME internet services remained relatively static. Non-metropolitan SMEs appear to be slightly less satisfied with their internet service, with 85 per cent being very or quite satisfied. Dissatisfaction levels remain low among both metropolitan and non-metropolitan SME internet subscribers, at five per cent and eight per cent respectively—a minor change from the 2007 figures, when dissatisfaction levels measured eight per cent (metropolitan) and seven per cent (non-metropolitan) of subscribers.

Previous surveys have indicated that the reasons for SME dissatisfaction with their internet service are most commonly related to a service being ‘too slow’, service blackouts and poor quality of service.29 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’.

TIO internet service complaints data

TIO data indicates that along with a steady increase in the number of internet services in operation has been an increase in the number of complaints to the TIO about these services, particularly since 2005–06 (Figure 18). The number of complaints in 2007–08 reached 63,760, a 32 per cent increase on the previous year, and almost three times the 2005–06 figure.

The primary areas of dissatisfaction for Australian internet consumers are customer service and billing; these two complaint categories account for over 17,000 complaints, or 44 per cent of all internet service complaints (Figure 19).30

Billing complaints most frequently centre on disputed charges, while more than half of customer service complaints focus on incorrect advice or inaction on a complaint. Fault complaints most commonly pertain to an internet service that is inoperative.

Interestingly, complaints about service faults, which are directly related to the internet access hardware provided, are less common than complaints related to the ISP’s interaction with clients: customer service, billing and contracts.

Source: Sensis® Business Index database, 2008; (n = 1,800).

---

30 TIO complaint issues data 2007–08.
Figure 18: Number of internet services and complaints to the TIO, 2002–03 to 2007–08

Note: SIOs = services in operation

Source: TIO complaints data, ACMA Communications Report, 2007–08.
Figure 19: Number of internet service complaints to the TIO, by complaint category, 2003–04 to 2007–08


Note: Complaints-handling data have been collected since 2006–07.

Source: TIO complaint issues data.
Conclusion

This report has found the majority of Australians to be satisfied with their telecommunications services, whether they live in metro or non-metropolitan areas. While satisfaction levels were high across all communication types, Australian consumers are particularly satisfied with long-established communications services such as the fixed-line phone. Despite rapid technological developments in the communications sector, these satisfaction levels have changed little since 2007.

Satisfaction with mobile services is high in both household and SME sectors, though non-metropolitan consumers continue to express their frustrations with mobile coverage. Older Australians were found to be especially satisfied with their mobile phone service, despite mobile phone take-up levels being lower among this section of the community than any other. Among younger consumers, concerns over call costs and fixed-line rental may influence consumers to switch to ‘mobile only’ communications, with many choosing not to connect a fixed-line service, unless a broadband internet connection is required.

Satisfaction levels with internet services are generally high, with most consumers saying their expectations were met, and the great majority expressing reluctance to switch ISPs. For those dissatisfied with their internet service, the main reason for dissatisfaction was slow speed, which is in any case likely to improve with the adoption of broadband connections increasing compared with dial-up.

In relation to new and emerging services, the majority of VoIP users identified in this report were satisfied with their service, particularly non-metropolitan consumers, who may make greater use of cheaper long-distance calls than their city counterparts. The promise of inexpensive calls may motivate more SME and household consumers to consider adopting VoIP although other factors, such as established communication habits and technology awareness, will also influence levels of adoption. Further research in this area is required as Australian consumers adopt VoIP telephony in greater numbers.
Bibliography


