



Broadband Quality of Service
Update for Broadband Stakeholders' Group

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Section 1

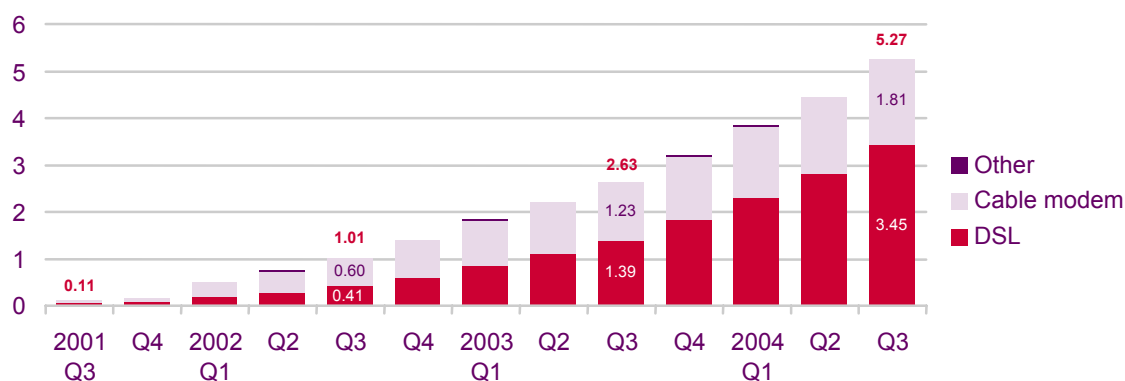
Introduction

1. Recommendation 7 of the Broadband Stakeholders Group's ("BSG") second report to the Government asked Oftel, together with the BSG, to keep broadband quality of service issues under review.
2. Oftel published a report for BSG on 30 July 2003 in which it highlighted the factors it considered most important in terms of quality of service, namely:
 - Network efficiency
 - Changes in customer usage patterns
 - Customer service and billing systems
3. To monitor quality of service, Oftel undertook market research of consumer perceptions and tracked broadband customer complaints received by Oftel's Customer Representation Section (CRS). The findings demonstrated a high level of consumer satisfaction with Broadband Quality of Service.
4. The BSG welcomed the report and asked Oftel to provide an update in 2004.
5. Ofcom assumed its full powers under the Communications Act 2003 on 29 December 2003. This update has therefore been prepared by Ofcom. It draws on market research undertaken on behalf of Ofcom during 2004, together with data compiled by Ofcom's contact centre.

Broadband penetration and quality of service

6. Ofcom regularly monitors the number of broadband subscribers. According to its latest figures, there are now over 5 million broadband subscribers in the UK and broadband accounts for over one third of all internet connections (see Communications Market 2004 October Quarterly Update http://www.ofcom.org.uk/research/industry_market_research/m_i_index/cm/qu_10_2004/).

Figure 1: UK Broadband Internet connections (in millions)



Source: Ofcom/operators

2. The BSG’s objectives are “to eliminate the remaining barriers to the adoption, adaptation and absorption of broadband-enabled technology, content, applications and services by consumers, enterprises and the public sector.”
3. To encourage further take up of broadband, providers need to ensure that the quality of service does not deteriorate as the number of subscribers increases. Consumers expect a reliable service at the speed they have signed up for. An important factor in determining the quality of service consumers experience is the contention ratio: ie the maximum number of users who may be sharing bandwidth at same time. It is important for consumers that speed does not deteriorate as the service reaches the maximum. If this were the case, one indicator may be a rise in the number of complaints received from “early adopters.
4. Changes in usage patterns eg downloading of video or audio files may also have an effect on service performance. If there is a substantial increase in the number of consumers downloading large video and audio files this would increase the demand on shared bandwidth and affect customer perceptions of the quality of service experienced.
5. This update reports the findings of market research of residential and business users of broadband undertaken by Ofcom during 2004. It compares the findings with data derived by Ofcom’s contact centre, showing the number of expressions of dissatisfaction received from broadband subscribers.

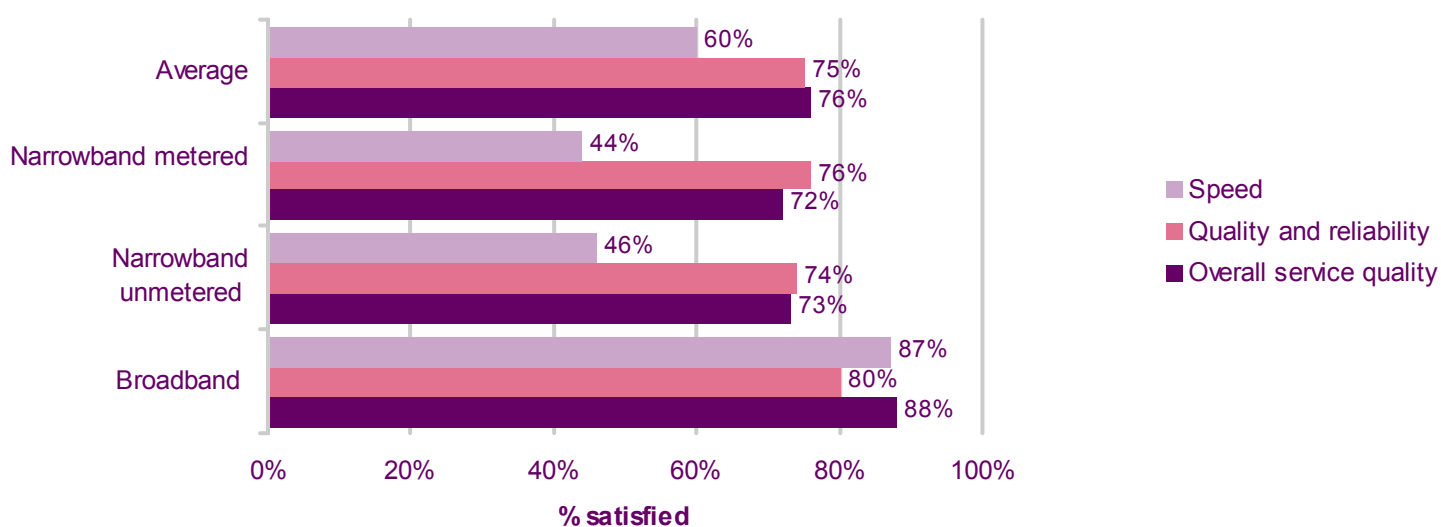
Section 2

Market research

Residential consumers

1. In a survey of residential consumers undertaken on behalf of Ofcom by MORI in May 2004, Internet users were asked to rate their overall satisfaction with:
 - Their home Internet service overall
 - The speed of service
 - The cost of the service
 - The choice of packages available
 - Overall value for money
 - The reliability of the service
2. Respondents were asked to state:
 - their method of connection to the Internet ie whether they used an ordinary phone line for dial up access, an ISDN line, broadband, or high speed access via another method.
 - whether the speed of the connection used met their households' needs and whether they would be likely to get an Internet connection at home with a faster speed within the next twelve months.
 - their views about the benefits of a faster Internet connection at home.
3. Speed and reliability of service were important factors in determining consumer satisfaction with home Internet services. Most respondents were either very satisfied or satisfied with the overall service. Almost two thirds were satisfied with the speed of service. However of those consumers who said they were dissatisfied, 1 in 5 mentioned speed as the reason. Broadband users were the most satisfied in terms of overall quality of service, quality and reliability and speed of service.

Figure 1: Satisfaction with home Internet services overall

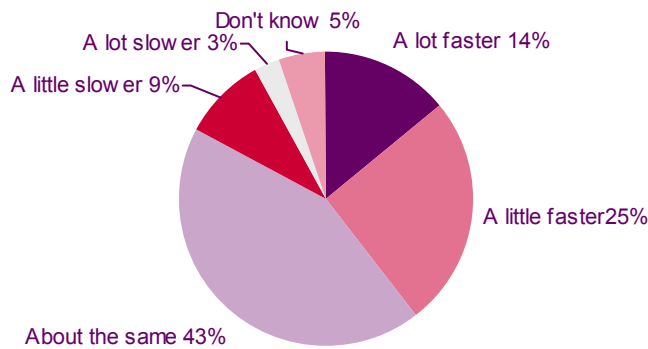


Consumer satisfaction with broadband

4. Those respondents identified as using broadband were asked:
 - how long they had been using broadband;
 - whether the speed of connection was faster, slower or about the same as expected when first installed.

5. Over half of the broadband users surveyed had only been using broadband for a year or less. This makes it difficult to isolate the impact of contention ratios on early adopters. However it was very clear that overall consumers' expectations regarding broadband speeds were increasingly being met. Over three quarters of respondents felt that the speed was either as fast, or faster than expected.

Figure 2: Broadband speed compared with initial expectations

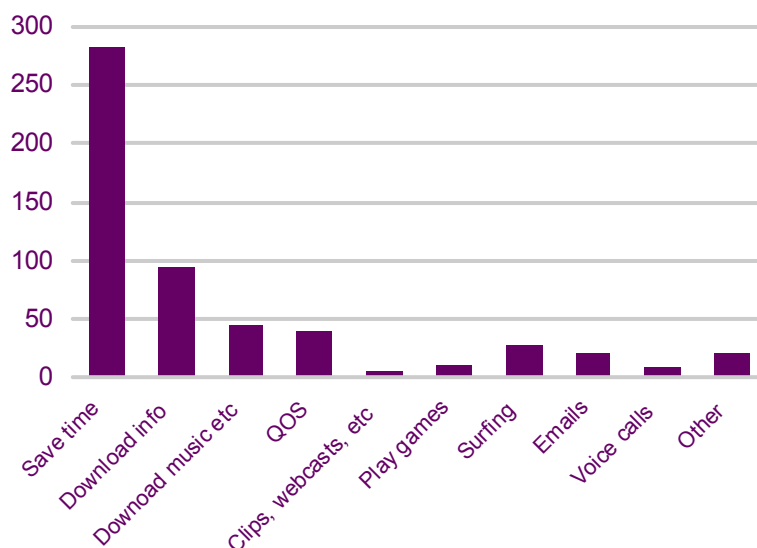


Source: Ofcom market research

Base: Broadband internet customers, May '04

6. Broadband users were asked to list the benefits they derived through faster speeds. A selection of the most frequently cited benefits are shown in figure 3 below. These findings demonstrate that although broadband users are exploiting faster speeds for many reasons, the most important benefit is the ability to save time and complete tasks more quickly. Around 1 in 10 broadband users reported using broadband to download music files, movies or video clips.

Fig. 3: Benefits of faster speeds for broadband users



Source: Ofcom research May 2004

Base: 355 home broadband users

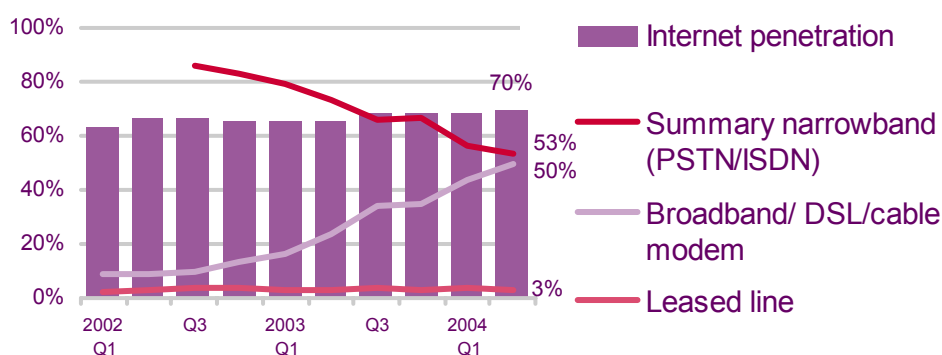
Willingness to switching providers

7. Almost one third of the broadband users reported having switched providers at some point. A third of those asked had only been using broadband for up to six months. (However, switching service providers is a common source of consumer dissatisfaction, as discussed in section 3).

Business survey

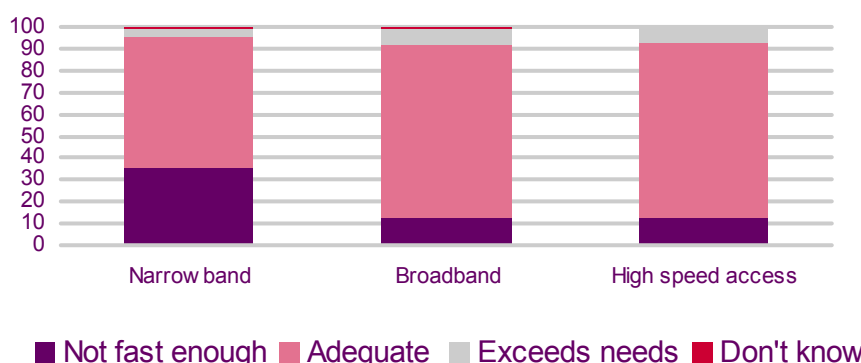
8. A separate survey of business telecoms decision makers was undertaken on behalf of Ofcom by Continental Research in June. The survey comprised 926 interviews with a national representative sample of telecoms decision makers working for SMEs in the UK. The survey focused on overall quality of all Internet services, including some specific questions regarding aspects of broadband quality of service.
9. Seventy per cent of the SMEs surveyed were either connected to the Internet or in the process of connecting to the Internet, and half of those used broadband as their method of connection.

Figure 4: SME Method of connection to the Internet



Base: SME's, Aug/June '04
 Source: Ofcom Market Research

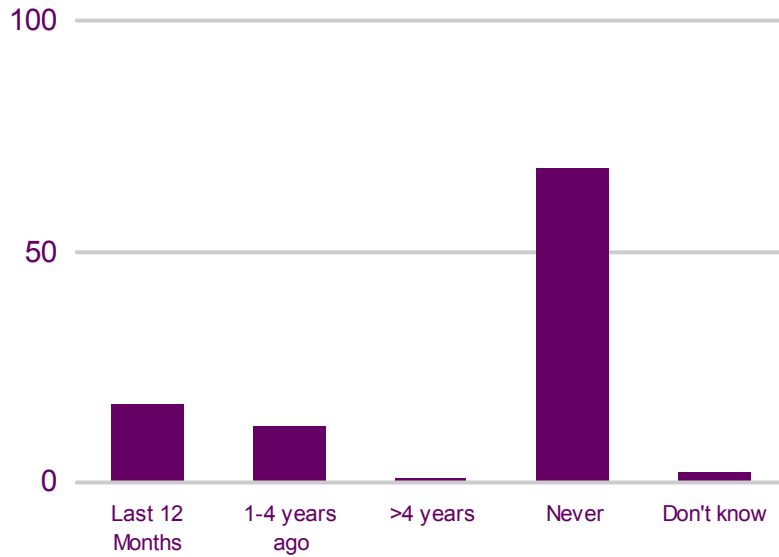
Figure 5: SME Satisfaction with speed of access, by method of connection (%)



Source: Ofcom Market Research June 2004

10. The majority of the broadband users surveyed (86%) said that the speed of access to the Internet was either adequate for, or exceeded the company's needs. This was almost identical to those using other high speed broadband connections. Far fewer narrowband users were satisfied with connection speeds, with over one third considering it did not meet company needs. Almost half of the narrowband users said it was either certain or likely that their business would get a faster Internet connection within the next twelve months, compared with around one third of broadband or high speed Internet connection users.
11. One of the main benefits of faster speeds identified by broadband users was the ability to save time and be able to conduct business more quickly.
12. Less than one third of SME broadband users had switched providers. However 17% had switched in the last twelve months compared with 12% who had switched in the last one to four years which suggests that willingness to switch may be increasing.

Figure 6: SME Broadband users who have switched between ISPs in the last four years



Source: Ofcom research June 2004

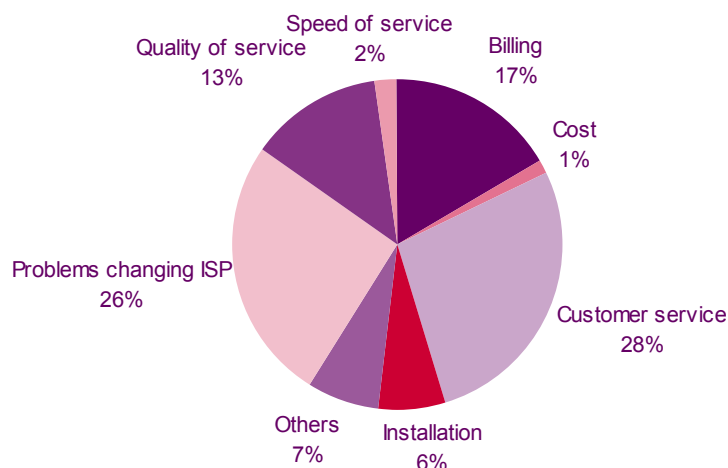
13. Around one third of broadband users said their main reason for not switching was due to overall satisfaction with their current ISP and/or because they were satisfied with the quality of service provided. The cost of provision was a minor consideration for SME users. When asked about the factors that would be important when considering a change of provider, over one half of the broadband users mentioned reliability of service, quality of service and good customer service. Overall SME users were either satisfied or very satisfied with speed of access and file transferral/downloading.

Section 4

Complaints/Dissatisfaction statistics

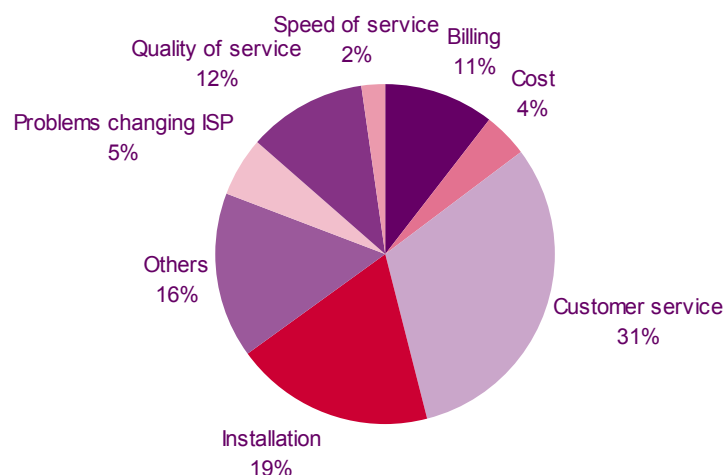
1. An important source of consumer information is the daily contact Ofcom has with consumers who are experiencing difficulties with their telecoms service. Ofcom maintains a database which records consumer expressions of dissatisfaction. This is broadly comparable with the former Oftel category of “complaint”. Ofcom will only record an issue raised as a “complaint” if Ofcom would investigate it, otherwise the call is logged as “dissatisfaction with service.”
2. Ofcom compiled data for expressions of dissatisfaction regarding broadband quality of service. These were compared with complaints received by Oftel the previous year. The data covers the nine month periods between January and September for 2003 and 2004.

Figure 7: Consumer dissatisfaction with aspects of broadband quality of service, January to September 2004



Total: 2062

Figure 8: Consumer complaints regarding aspects of broadband quality of service, January to September 2003



Total: 5945

4. There has been a significant fall in the total number of cases of dissatisfaction recorded despite the growth in the number of broadband subscribers, but little change year on year in terms of the nature of problems experienced. There appears to be fewer broadband customers who are dissatisfied with customer service, installation and cost and slightly more who are dissatisfied with billing.
5. However one area where there have been a growing number of problems is the customer experience of switching ISPs. This could be accounted for by the increasing numbers of consumers who are now switching providers (as indicated in the market research findings above). In most cases the cause of the dissatisfaction is the inability of the new ISP to take over the customer's line because the line is still flagged as belonging to the old ISP.

Section 4

Conclusions

1. Broadband users appear to be the most satisfied of all Internet users with the quality of service they receive, particularly with the speed of service. Satisfaction appears to be increasing.
2. There appears to be little evidence that the increasing number of subscribers is having a negative impact on the speed of service experienced by broadband users.
3. As many of the users surveyed are new users it is not possible to conclude from the surveys whether contention ratios are having a negative impact on new adopters. However the customer contact data compiled by Ofcom suggests that this is not a problem.
4. The key benefit of faster speeds for residential and business users of broadband is the ability to save time and complete tasks more quickly.
5. Almost half of business narrowband users were likely to switch to a faster Internet connection within the next twelve months.
6. Broadband users appear increasingly willing to switch providers. However there has been a marked rise in the number of broadband users who contact Ofcom to express their dissatisfaction with the switching process. The main reason for not switching provider amongst business users is satisfaction with their existing ISP.