Ofcom Communication Provider Mystery Shopping

Affordability shops: information on the social tariff from Universal Service Operators

January 2015
Background to affordability research

- Ofcom have been informed by debt advice agencies that they are seeing an increasing number of customers with telecoms debts. It is possible that some consumers are entering into contracts that are not appropriate for them and we would like to see what advice they are being given.

- Social tariffs are offered by the universal service providers BT and KC, if customers are in receipt of certain benefits, e.g. Income Support.

- More information on their social tariffs can be found here:
  - [http://www.bt.com/includingyou/other-products-services-bt-basic.html](http://www.bt.com/includingyou/other-products-services-bt-basic.html)
  - [http://www.kc.co.uk/home/phone/social-access-package/](http://www.kc.co.uk/home/phone/social-access-package/)

Ofcom therefore have undertaken a **mystery shopping** exercise to monitor:

- If the universal service operators (BT and KC) offer social tariffs, when appropriate

This activity formed part of a wider mystery shopping exercise which also included other elements of **Affordability** (the provision of information mobile network operators (MNOs) are giving to potential customers who may experiences a change in circumstances), **Pricing** and **Disability** related topics. These are reported separately.
Overview of mystery shopping process used for the shop

Shoppers were provided a **comprehensive** set of instructions and briefings in order to ensure they understood what sort of information we were interested in capturing. A summary of the shop process provided to the shoppers follows:

- **The shopper presented themselves to the advisor as looking for a new phone contract.**

- **Shoppers were given a specific set of circumstances which they outlined to advisors. For the universal service providers they indicated they were in receipt of one of a number of benefits.**

- **Any information provided by advisors about package costs was then recorded after the shop had taken place.** Information provided at this stage was recorded as ‘spontaneous’ mentions or initially.

- **Shoppers then additionally prompted the advisor about the affordability of any recommended option and in the case of universal service providers the availability of social tariffs.** Information provided at this stage was recorded as ‘prompted’.

- **NB: Shoppers did not complete a purchase. They were told to ‘Continue the conversation until the sales person reaches the point with you that the next step would be to sign up for the service they recommend.’**
Methodology

Telephone mystery shopping

- A telephone number for sales was used as the main point of contact
- Shops were spread over GB and Northern Ireland
- Shops were spread over a range of days, times and dates in order to avoid detection
- Shops took place from 4th June to 6th September 2014

Methodology note: In addition some online mystery shops were carried out, however due to small base sizes (BT 30, KC 10), results are not included in this publication.

Website audit:

- In addition to the mystery shopping a website audit was carried out to provide an snapshot of the information provide on the CPs’ websites on the social tariffs – see the appendices for more detail

Universal service providers researched

BDRC Continental
Examples of scenarios for affordability research – universal service providers

I would like a fixed line, I have a mobile at the moment, but I can’t afford it any more as I’m on benefits. What tariffs do you offer that would be best for me?

I am finding my current bill quite high as I’m living on benefits since being made redundant. I’m struggling to afford it, but would like a fixed line. What tariffs do you offer that would be best for me?

I would like a fixed line, I have a mobile at the moment, but I can’t afford it any more since being on benefits. What tariffs do you offer that would be best for me?

I am on SPECIFY BENEFIT, is there any discounts or special tariffs that I am entitled to?

A friend of mine is on something like BT Basic? Is this something that would be available to me?

A friend of mine is on something like BT Basic? Is this something that would be available to me?

A friend of mentioned some kind of social tariff. Is that something that could be available to me?
Scenarios for affordability research – benefits mentioned to ensure eligibility for social tariffs

- Income Support
- Universal credit \textit{(not used as widely)}
- Income Based Jobseekers Allowance (JSA)
- Pensions Credit (Guaranteed Credit)
- Employment Support Allowance (Income related)

- Income Support
- Universal credit \textit{(not used as widely)}
- Jobseekers Allowance (JSA)
- Pensions Credit
- Housing Benefit
- Disability Living Allowance
- Attendance Allowance
Analysis in this slide pack indicates whether the CP provided information or mentioned the social tariff (see possible information below in red text) and also indicates if the CP provided ‘any appropriate advice’ (including the red and green text below)

Any of the following types of advice, or asking any of the following questions were considered to be providing ‘appropriate advice’ e.g. by mentioning the social tariff, working out the most appropriate or low cost package and/or giving advice aiming to keep costs low

Any of the following was considered advice on ‘social tariff’

- Mentioned social tariff
- Mentioned BT Basic
- Mentioned KC Social Access Package
- Checked what benefits were received

Talked about low cost tariffs
- Asked how much could afford to spend each month
- Suggested a tariff/contract of up to £17 per month for LL only (after initial discount)
- Asked what used phone for
- Asked about the volume of calls made or received

Suggested a bundle of products, not just landline
- Asked if needed broadband
- Mentioned short contracts, eg one month contracts, rolling contracts
- Mentioned how to terminate or suspend contracts

Possibility of changing your contract to reduce payments if necessary, eg if your circumstances change
- Talked about tactics to keep costs low or within the expected monthly price, eg keeping within the subscription price, avoiding calling certain types of numbers, calling at certain times, monitoring own usage, downloads etc
Notes on analysis (3)

Spontaneous provision

Information that was **spontaneously** given by the advisor during the mystery shopper’s enquiry (up to the point that the mystery shopper felt that the next step would be to sign up for the service recommended by the sales agent).

Total provision

Information that was given by the advisor during the mystery shopper’s enquiry (up to the point that the mystery shopper felt that the next step would be to sign up for the service recommended by the sales agent) **OR** after the mystery shopper **prompted** by asking if the monthly price will stay the same for the length of the contract or if will it go up.
Summary of findings
Summary findings

Mentions of the social tariff specifically

- Around half (53%) of the mystery shops on the telephone resulted in some information about BT Basic being provided to the shoppers when they made their initial enquiry via telephone and mentioned that they were in receipt of benefits.
- The proportion which gave information relating to the KC Social Access Package was 42%.
- When shoppers additionally prompted the advisor about social tariffs specifically, the proportion which recorded advisors gave some information about BT Basic or KC Social Access on the telephone increased to 78% for BT via telephone and 70% for KC.

Any appropriate advice

- However, in 93% of all telephone shops for both BT and KC some appropriate information or advice (i.e. relating to affordability/low costs etc.) was provided during the initial part of the enquiry.
- When shoppers additionally prompted the advisor about social tariffs specifically, this rose to 99% of BT’s mystery shops and 97% of KC’s telephone mystery shops ending with at least some appropriate advice being provided.
- The kind of information or topics mentioned relevant to affordability included ‘tactics’ to keep costs low, asking questions which would help them recommend an appropriate package (such as about calling habits and interest in broadband) and tariffs of up to £17 (however some advisors still recommended options above this).
Provision of information by advisors by universal service providers:

BT
Shoppers told about ‘social tariff’ specifically

Proportion of BT shoppers being provided at least one mention about ‘social tariffs’

Spontaneous provision: 53%
Total provision (spontaneous + prompted): 78%

Source: EA7/8, TA7/8
Base: BT telephone shops: 110
Shoppers told ‘any appropriate advice’

Proportion of BT shoppers being provided at least one mention about ‘social tariffs’ or any other type of ‘appropriate advice’

Spontaneous provision: 93%
Total provision (spontaneous + prompted): 99%

Source: EA7/8, TA7/8
Base: BT telephone shops: 110
All information provided to shoppers: initially on the telephone

BT shops

%  

Mentioned social tariffs  9  45
Mentioned BT Basic  n/a
Mentioned KC Social Access Package
Checked what benefits were received  24  33
Talked about low cost tariffs
Asked about how much could afford to spend per month  15  33
Suggested tariff of up to £17.00/mth (landline only, incl rental)
Suggested tariff of £17.01 to £22.00/mth (landline only, incl rental)
Suggested tariff of £22.01 or more /mth (landline only, incl rental)
Suggested a bundle of products, not just landline  10  21
Not included in ‘appropriate’ net
Asked what used phone for  16  26
Asked about the volume of calls made or received  6  32
Asked if needed broadband  6  47
Mentioned short contracts, e.g. one month contracts, rolling contracts
Mentioned how to terminate or suspend contracts  9
Possibility of changing your contract to reduce payments if necessary
Talked about tactics to keep costs low or within expected monthly price  14

Source: TA7. Which of the following PRICING OR CONTRACT ELEMENTS did the operator mention spontaneously
Base: BT telephone shops: 110
All information provided to shoppers: total provision over the telephone

**BT shops**

<table>
<thead>
<tr>
<th>Topic</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned social tariffs</td>
<td>11</td>
</tr>
<tr>
<td>Mentioned BT Basic</td>
<td>n/a</td>
</tr>
<tr>
<td>Mentioned KC Social Access Package</td>
<td>42</td>
</tr>
<tr>
<td>Checked what benefits were received</td>
<td>41</td>
</tr>
<tr>
<td>Talked about low cost tariffs</td>
<td>18</td>
</tr>
<tr>
<td>Suggested tariff of up to £17.00/mth (landline only, incl rental)</td>
<td>42</td>
</tr>
<tr>
<td>Suggested tariff of £17.01 to £22.00/mth (landline only, incl rental)</td>
<td>23</td>
</tr>
<tr>
<td>Suggested tariff of £22.01 or more/mth (landline only, incl rental)</td>
<td>11</td>
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<tr>
<td>Suggested a bundle of products, not just landline</td>
<td>19</td>
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<tr>
<td>Asked what used phone for</td>
<td>31</td>
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<tr>
<td>Asked about the volume of calls made or received</td>
<td>37</td>
</tr>
<tr>
<td>Asked if needed broadband</td>
<td>51</td>
</tr>
<tr>
<td>Mentioned short contracts, e.g. one month contracts, rolling contracts</td>
<td>7</td>
</tr>
<tr>
<td>Mentioned how to terminate or suspend contracts</td>
<td>8</td>
</tr>
<tr>
<td>Possibility of changing your contract to reduce payments if necessary</td>
<td>12</td>
</tr>
<tr>
<td>Talked about tactics to keep costs low or within expected monthly price</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: TA7/8. Which of the following PRICING OR CONTRACT ELEMENTS did the operator mention spontaneously? / And which PRICING OR CONTRACT ELEMENTS did they SPECIFY after prompting?

Base: BT telephone shops: 110
Provision of information by advisors by universal service providers:

KC
Shoppers told about ‘social tariff’ specifically

Proportion of KC shoppers being provided at least one mention about ‘social tariffs’

- **Spontaneous provision**: 42%
- **Total provision (spontaneous + prompted)**: 70%

Source: EA7/8, TA7/8
Base: KC telephone shops: 71
Shoppers told ‘any appropriate advice’

Proportion of KC shoppers being provided at least one mention about ‘social tariffs’ or any other type of ‘appropriate advice’

Spontaneous provision: 93%
Total provision (spontaneous + prompted): 97%

Source: EA7/8, TA7/8
Base: KC telephone shops: 71
All information provided to shoppers: initially on the telephone

‘Social tariff’ net

Mentioned social tariffs: 18%
Mentioned BT Basic: n/a
Mentioned KC Social Access Package: 23%
Checked what benefits were received: 27%
Talked about low cost tariffs: 38%
Asked about how much could afford to spend per month: 14%
Suggested tariff of up to £17.00/mth (landline only, incl rental): 37%
Suggested tariff of £17.01 to £22.00/mth (landline only, incl rental): 15%
Suggested tariff of £22.01 or more /mth (landline only, incl rental): 7%
Suggested a bundle of products, not just landline: 27%
Asked what used phone for: 38%
Asked about the volume of calls made or received: 37%
Asked if needed broadband: 44%
Mentioned short contracts, e.g. one month contracts, rolling contracts: 6%
Mentioned how to terminate or suspend contracts: 7%
Possibility of changing your contract to reduce payments if necessary: 6%
Talked about tactics to keep costs low or within expected monthly price: 6%

Source: TA7. Which of the following PRICING OR CONTRACT ELEMENTS did the operator mention spontaneously
Base: KC telephone shops: 71
All information provided to shoppers: total provision over the telephone

<table>
<thead>
<tr>
<th>Mentioned social tariffs</th>
<th>30</th>
</tr>
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<tbody>
<tr>
<td>Mentioned BT Basic</td>
<td>n/a</td>
</tr>
<tr>
<td>Mentioned KC Social Access Package</td>
<td>49</td>
</tr>
<tr>
<td>Checked what benefits were received</td>
<td>39</td>
</tr>
<tr>
<td>Talked about low cost tariffs</td>
<td>51</td>
</tr>
<tr>
<td>Asked about how much could afford to spend per month</td>
<td>21</td>
</tr>
<tr>
<td>Suggested tariff of up to £17.00/mth (landline only, incl rental)</td>
<td>54</td>
</tr>
<tr>
<td>Suggested tariff of £17.01 to £22.00/mth (landline only, incl rental)</td>
<td>7</td>
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<tr>
<td>Suggested tariff of £22.01 or more /mth (landline only, incl rental) Not included in ‘appropriate’ net</td>
<td></td>
</tr>
<tr>
<td>Suggested a bundle of products, not just landline</td>
<td>30</td>
</tr>
<tr>
<td>Asked what used phone for</td>
<td>46</td>
</tr>
<tr>
<td>Asked about the volume of calls made or received</td>
<td>46</td>
</tr>
<tr>
<td>Asked if needed broadband</td>
<td>54</td>
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Source: TA7. Which of the following PRICING OR CONTRACT ELEMENTS did the operator mention spontaneously?/
And which PRICING OR CONTRACT ELEMENTS did they SPECIFY after prompting?
Base: KC telephone shops: 71
Website audits
In addition to the mystery shopping, research executives carried out **website audits**. These aimed to gauge the availability of information about the social tariffs on the USO communication providers on their websites.

Research executives were asked to browse and search (using particular search terms) to record information available to customers looking for social tariffs.

- The audits took place in June and July 2014.
- The information found was recorded in a questionnaire with the journey captured using screen shots.

For both CPs audited (**BT** and **KC**), information was available but was not that easy to find. Once located, information was relatively comprehensive.

The information about **BT Basic** was found when browsing the website and following links, via the ‘help’ and ‘contact us’ sections of the website (e.g. by clicking through ‘phone’ and ‘cost of calls’ links). Using the terms ‘BT Basic’ and ‘low cost’ in the search function on the BT homepage returned information about BT Basic. Additionally, if the search function on the ‘help’ page was used, searches using the terms ‘benefits’ or ‘advice for people on benefits’ provided information on BT Basic also.

The information about **KC Social Access package** was found when browsing the website and following links via the ‘help and support’ section. A number of links had to be followed to get to the information e.g. ‘phone’, then ‘how much is the cost of a call’, then ‘KC phone services’, then ‘Social Access package’. Using ‘KC Social Access Package’ in the search function did not return any information about the package. Searching ‘low costs’ returned the link to ‘how much is the cost of a call’ (so a consumer would then need to follow the route clicking through ‘KC phone services’, then ‘Social Access package’ to find information on the social access package).
Website audit results

BT

- The information about BT Basic was found when browsing the website and following links, via the ‘help’ and ‘contact us’ sections of the website (e.g. by clicking through ‘phone’ and ‘cost of calls’ links).

- Using the terms ‘BT Basic’ and ‘low cost’ in the search function on the BT homepage returned information about BT Basic.

- Additionally, if the search function on the ‘help’ page was used, searches using the terms ‘benefits’ or ‘advice for people on benefits’ provided information on BT Basic also.

KC

- The information about KC Social Access package was found when browsing the website and following links via the ‘help and support’ section. A number of links had to be followed to get to the information e.g. ‘phone’, then ‘how much is the cost of a call’, then ‘KC phone services’, then ‘Social Access package’.

- Using ‘KC Social Access Package’ in the search function did not return any information about the package.

- Searching ‘low costs’ returned the link to ‘how much is the cost of a call’ (so a consumer would then need to follow the route clicking through ‘KC phone services’, then ‘Social Access package’ to find information on the social access package).