The functioning of the EU market for internet service provision:

the consumer perspective

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Overall market performance of ISP

- Problems identified in 4th Consumer Markets Scoreboard (2010)
- Market still ranks low in latest Scoreboard (2013)
- Highest % of problems (**21%**), complaints (**85%**) BUT notable **improvement** since 2010
- Strong Commission will to complete Telecoms Single Market

European Commission

Choice

No. of providers	1-2 only	3-5(+)
EU 12	43%	49%
EU 15	30%	57%

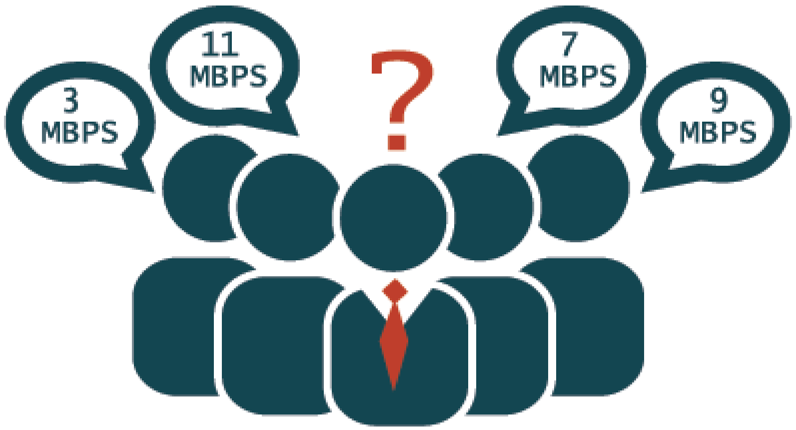
EU-15		EU-12
100	websites promoting a bundle	41
139	websites checked	113

- EU15 respondents more likely to have greater choice
- Big diversity across EU in incumbent use (8% - 81%)
- **23%** dissatisfaction with current ISP package

Speeds

Reported advertised speeds across EU-27

	< 2MB	≥12 MB
RURAL	17%	25%
METROPOLITAN	10%	37%

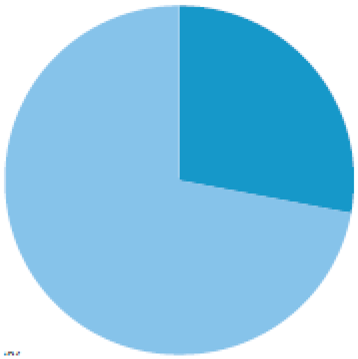


- Higher speeds in metropolitan zones – lower in rural
- Many new MS display high % of either the highest or lowest speeds
- 1 in 5 consumers **don't know** their advertised speeds

Internet proficiency

- Do consumers understand the term Mbps ?

- Is the speed of a broadband Internet connection with DSL the same for downloading and uploading ?



Clarity of information (ISPs websites)

Comparing offers

63% YES
37% NO

35%
comparison
is **complicated**

Proportion compared:
from 16% - 73%

esp. when
considering
switching

Comparison websites (CWs)

- Availability: 0 (in 7 MS), 5-6 in 12 MS
- Use: 46% yes, 26% don't know any
- Usefulness: 41%
- Drawback: little or no information on selection criteria, frequency of update, revenues, accreditation
- NRA ran/accredited assessed much better than private

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Barriers to optimal switching

Identified BARRIERS to switch:

LACK OF CLEAR INFORMATION FROM PROVIDERS / DIFFICULTY TO COMPARE OFFERS

LONG CONTRACT DURATION

EARLY CONTRACT TERMINATION FEES

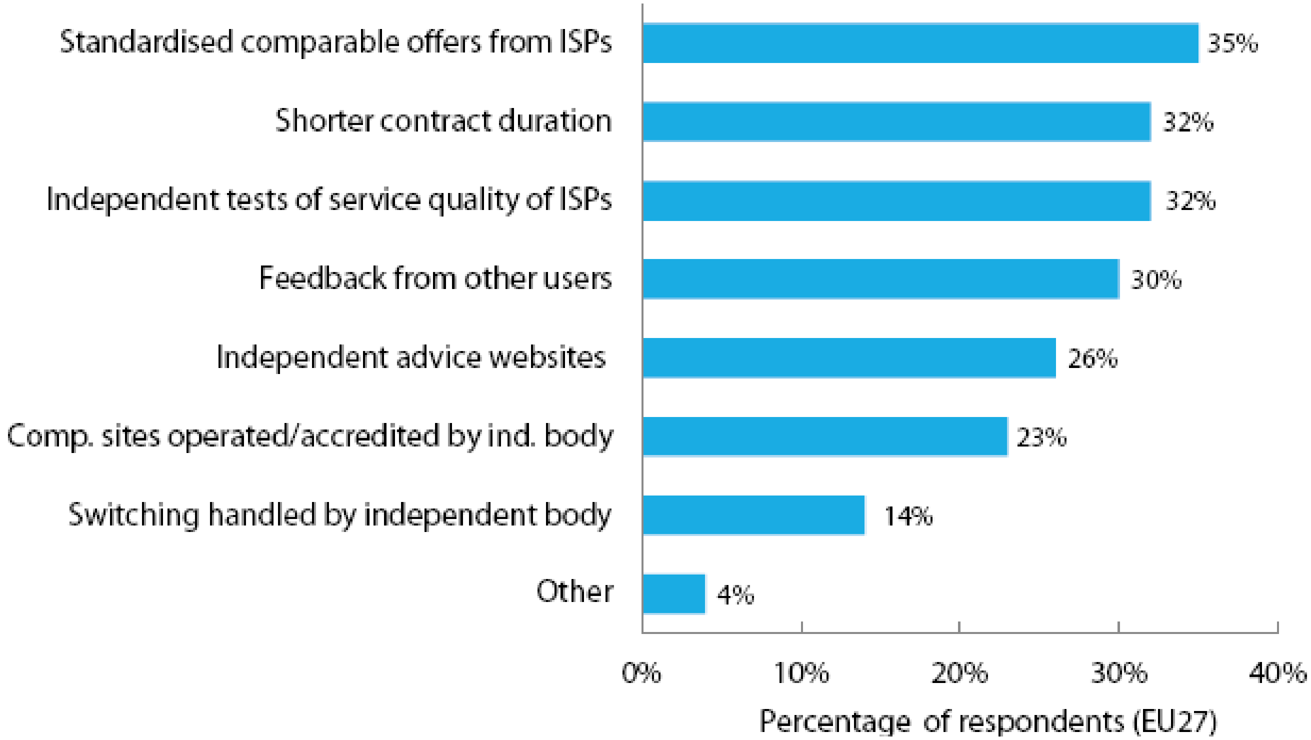
Benefits of those who have SWITCHED PROVIDER

SAVINGS OF 14,7 € / MONTH
(In EU-27 consumers could save 7,3-8,6 Billion €/year)

SATISFACTION WITH THE OUTCOME OF SWITCHING
(In 80% of cases)

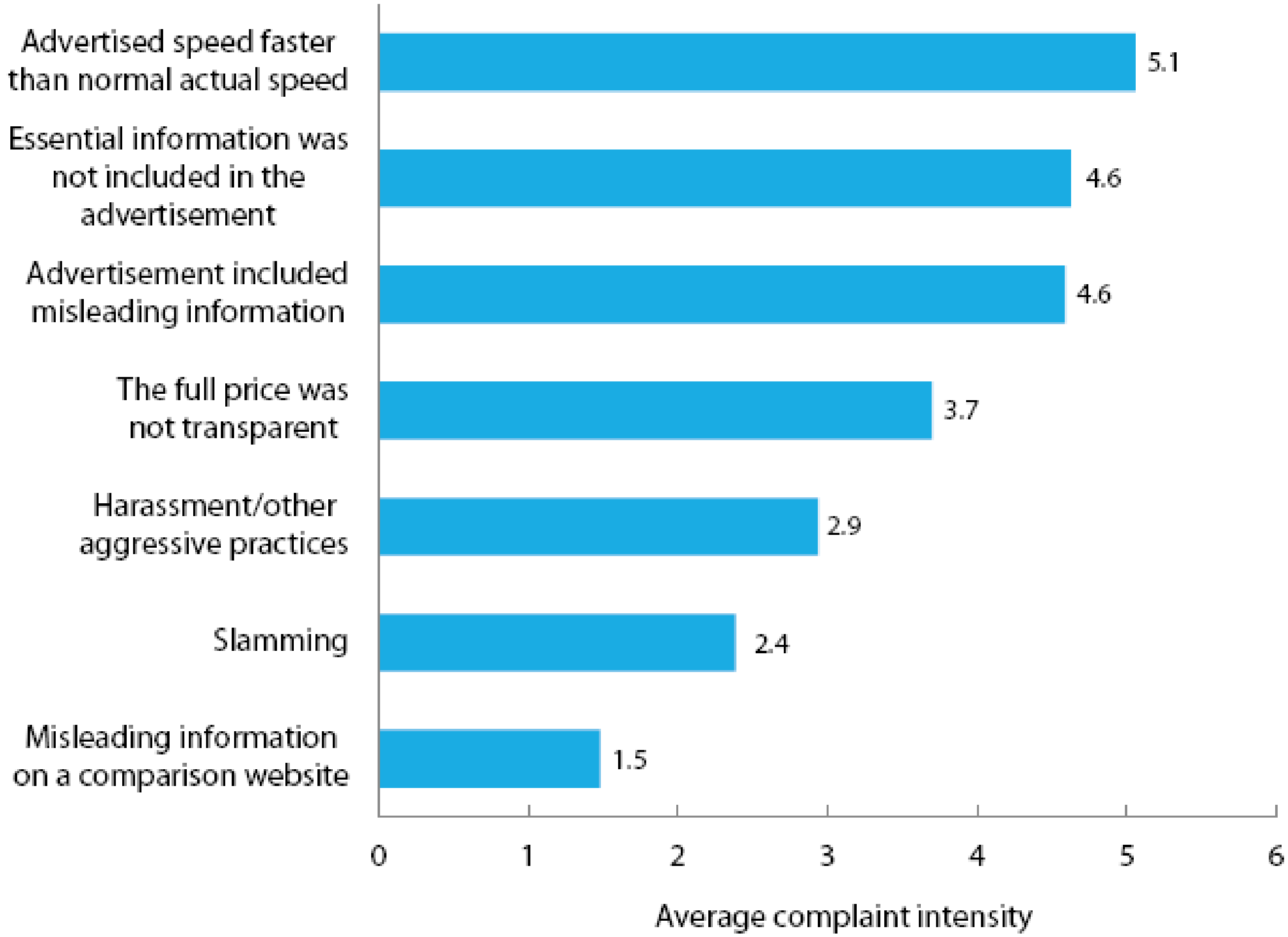
QUICK RESULTS
(2,5 HRS were spent on switching provider)

Facilitators to switching



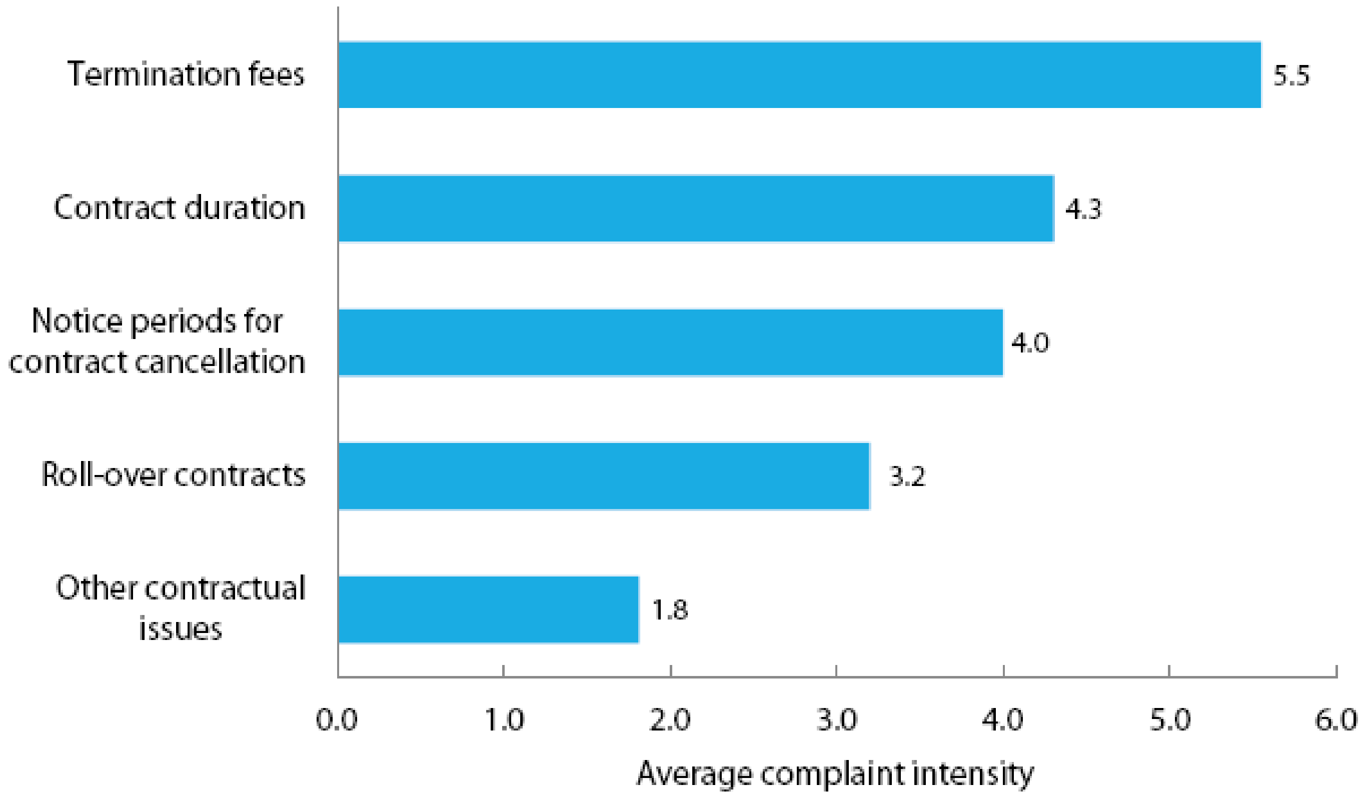
Unfair Commercial practices

48%



Unfair contract terms

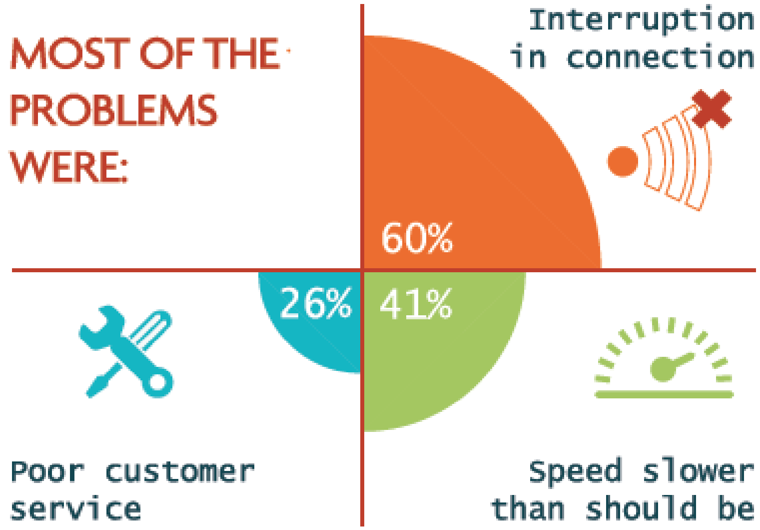
35%



Problems with ISP

37%

OF CONSUMERS EXPERIENCED AT LEAST 1 PROBLEM WITH THEIR INTERNET PROVIDER IN THE LAST 12 MONTHS



DETRIMENT due to problems: 1,4 – 3,9 Billion € across EU

INCIDENCE: Higher for EU12 and S.EUROPE, similar for INCUMBENTS - NEW ENTRANTS

Customer service/complaints/billing/ADR

21% disagree that ISPs websites have easy to find info

26% disagree ISP gives useful answer once contacted

33% not satisfied with response to biggest problem

- ✗ Incidence of shock bills – esp. the first bill

- ✗ Low take up and use of ADR by consumers

Helping consumers to make informed choices

SANCO ISP study recommendations

NRAs to encourage ISPs to develop customer service charters

NRAs to collect and publish ISP-specific customer service data

Industry to report on customer service provisions for vulnerable consumers

ISPs to determine metrics to measure performance of complaints handling (esp. for vulnerable)

European
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SANCO study: Comparison Tools

June 2012: Multi-Stakeholder Dialogue on comparison tools (MSDCT) set up

↓

March 2013: Report and recommendations from the MSDCT presented at 2013 Consumer Summit

↓

October 2013: launch of in-depth study

↓

Preliminary results: more than 116 CTs mapped across the EU

↓

What's next: 26 June 2014: 6th meeting of the MSDCT - results of the study

SANCO study: Consumer Vulnerability

- increase understanding of causes
- identify marketing practices that negatively influence consumers
- test policy measures to mitigate consumer vulnerability through behavioural experiments
- look into the online environment (incl. telecoms)

Proposed Telecoms Regulation – concrete benefits for consumers

- **Actual speed**
- Guaranteed access to **certified comparison tools**
- Easier **consumption control** (80% rule)
- At least 1 package with a min. duration of **12 months**
- At least 1 operator offering "**roam-like-at-home**"

Consumer Rights Directive (CRD)

- ✓ ISPs to review contractual information they provide
- ✓ no pre-ticked boxes (additional services/payments)
- ✓ 14-days withdrawal period

Alternative dispute resolution (ADR) - On-line dispute resolution (ODR)

- ✓ ISPs to inform consumers about ADR entity
- ✓ info on websites about using the EU online platform

European Consumers Summit – The EU Consumer in the Digital Era

- More than 520 participants, 8 Ministers, 2 Commissioners, 1350 tweets…

- Main feedback from the participants:
  - **Digital trust (data protection/privacy)**
  - **Digital literacy**
  - **Digital enforcement**

Thank you for your attention!

More info:

DG Health and consumers/consumer research/ market studies/internet services provision study

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