

14 May 2025

Commerce Commission  
The Terrace  
Wellington  
By email: [market.regulation@comcom.govt.nz](mailto:market.regulation@comcom.govt.nz)

## **SUBMISSION on Improving Retail Service Quality: Switching – Issues Paper**

### **1. Introduction**

Thank you for the opportunity to make a submission on the Improving Retail Service Quality: Switching Issues Paper (the Paper). This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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### **2. Answers to questions in the Paper**

Our answers to the questions in the Paper are set out below.

***Question 1: What are your views on the issues and root causes we have identified?***

We agree with the issues and root causes identified in the Paper. We receive regular complaints from consumers about switching issues with mobile and internet service providers.

We note notice periods underpin many of the issues we receive complaints about at Consumer NZ. Service interruptions are also frequently complained about.

Our annual telecommunications satisfaction survey<sup>1</sup> also highlights various switching issues, including those outlined below.

#### *Mobile providers satisfaction survey results*

- Of those who switched in the 12 months prior to the survey, 40% experienced problems when switching. The most common problems were setting up (16%), delays with connection (14%), billing problems with the old provider (11%), problems with contract cancellation (11%), and hidden costs (9%).
- The main reasons for switching mobile providers were price (55%), a better plan (41%), poor network/connectivity (17%), poor customer service (15%), billing problems (15%), ability to bundle (13%), and better customer service (11%).
- 18% of respondents said they were likely to switch mobile providers in the next 12 months. However, only 8% of respondents had switched mobile providers in the previous 12 months.
- 63% of respondents had been with their mobile provider for 5 or more years.
- 23% of respondents said the main reason they stayed with their current mobile provider was because switching took too much effort.
- Of those who hadn't switched in the 12 months prior to the survey, 41% of respondents thought switching would be difficult or were neutral about how easy it would be to switch.
- Only 3% of respondents regularly compare mobile plans. 29% said they compare occasionally, 40% rarely and 27% never compare plans.

#### *Internet service providers (ISP) satisfaction survey results*

- Of those who switched in the 12 months prior to the survey, 39% experienced problems when switching. The most common problems were delays with connection (18%), problems setting up

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<sup>1</sup> Our data is from a nationally representative survey of 1952 New Zealanders aged 18 years and over, undertaken online between 12 August and 3 September 2024.

(15%), billing problems with the old provider (11%), problems with contract cancellation (11%), and hidden costs (10%).

- The main reasons for switching ISPs were finding a cheaper plan (48%), finding a better plan for their needs (27%), a poor or unreliable connection (17%), poor customer service (16%), wanting bundled services (15%), and billing problems (9%).
- 21% of respondents said they were likely to switch ISPs in the next 12 months. However, only 13% had switched in the last 12 months.
- 45% of respondents had been with their ISP for 5 years or more.
- 30% of respondents said the main reason they stayed with their current ISP was because switching took too much effort.
- Of those who hadn't switched in the 12 months prior to the survey, 55% of respondents thought switching would be difficult or were neutral about how easy it would be to switch.

We are concerned with the high rates of switching issues, low satisfaction with the switching process, low switching rates and perceived barriers to switching. Low switching rates, long tenure with providers, and perceptions that switching is difficult suggest many consumers may be enduring poor service or uncompetitive plans simply because the process of switching is too frustrating or unclear.

***Question 2: Are there other issues and/or root causes that we have not identified?***

Yes, we have received complaints from consumers who have been unable to switch providers without penalty after a price increase during a fixed-term contract. We consider this is unfair and needs to be addressed as there is very little consumers can do when they are faced with an unfair term, other than complain to the Commerce Commission.

We are also concerned about the increasingly common practice of bundling services and how this impacts consumers. In our view, bundled plans may not offer good value for money and may also require agreeing to be locked into a fixed term contract.

***Question 3: What are your views on the possible improvements that we have noted?***

We support any improvements to address the issues being experienced by consumers including improving communications and customer support, improving SIM activation, aligning activation with delivery, developing a 'porting portal' and removing notice periods. We also

consider pre-paid credits should be automatically refunded in a timely manner.

However, we consider a more comprehensive review of switching is warranted. Please see our answer to question 5.

***Question 4: Are there any other possible improvements that could address the issues we have identified?***

We consider consumers would benefit from having access to an independent and comprehensive comparison site for both mobile and internet service providers. Comparison sites can provide important benefits to both consumers and businesses, including facilitating greater competition, choice, convenience, and quality. They can also provide time and cost savings. However, done badly, comparison sites can also misinform and mislead consumers and undermine these benefits.

We are concerned that existing comparison sites are not always clear, fair, transparent, comprehensive and independent. We have previously [expressed concerns about sites such as CompareBear<sup>2</sup>](#).

Consumer NZ currently runs Powerswitch, an independent energy comparison site (funded by the Electricity Authority), so we would be happy to share our experiences running an independent comparison site with the Commission if this is useful.

***Question 5: What approach should we take to improving outcomes for consumers in this area?***

Given the low switching rates, perceived difficulty of switching and high percentage of consumers experiencing switching problems, we support a comprehensive review of the switching experience, with a view to establishing a quick, simple and smooth switching process for consumers, similar to One Touch Switching in the UK.

Thank you for the opportunity to provide comment.

*ENDS*

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<sup>2</sup> <https://www.consumer.org.nz/articles/why-you-can-t-trust-online-reviews>