OFTEL's 2000/01 review of effective competition in dial-up Internet access

A wide range of services available to UK consumers

To what extent is there real choice for consumers in terms of Internet access?

A perfect system would be where any consumer can choose any Internet Service Provider; the current situation is a long way from that. Many services depend on geography to varying degrees. Some services require a BT line, some do not. Some require dialler boxes to be used, lines to be signed over to another telecommunications operator, or other inconveniences. Services from cable operators are not only restricted geographically but are also tied to a single ISP, namely the cable operator's own.

A considerable proportion of services, not just those related to BT SurfTime, are tied not merely to an individual telecommunications operator but also to an individual land line, which is a problem for consumers who are mobile; these are a significant minority of correspondents in our experience.

Is there evidence of significant unmet demand?

It is obvious that people want to use the Internet more and to do more things with it. What can be done with it is directly related to the cost of network resources (or access, if you prefer). There is a huge pent-up demand for network resources. The constraint on most consumers' Internet use is the cost of access.

There is clearly unmet demand for ADSL services with no minimum contract period; we have noted some evidence for consumers being prepared to pay more up front, possibly by buying the ADSL modem rather than renting it, in return for this. The twelve-month minimum contract period is probably the biggest barrier to takeup of ADSL apart from physical unavailability: in an already mobile society the people, at the moment, who are most likely to take up ADSL are probably even more mobile than the average.

Are consumers satisfied with the quality of service they receive?

There are obvious, and huge, problems with QoS issues in Internet Service Provision; with the advent of broadband Internet access these problems look set to get worse before they get better. The consumer experiences we have collected over the period of our existence are testament to those problems.

Consumers satisfied with the quality of service they receive

Do you have any data that shows the percentage of consumers satisfied with the quality of Internet service they receive?

No. We do not collect, and never have been structured to collect, such data.

Does your organisation receive complaints from consumers?

Yes, although we make it clear that we are not able to deal with such complaints. We discuss the state of the Internet market through various channels and it is clear that, amongst the community of informed consumers, there are many QoS issues extant.

If yes, what complaints have you received regarding the Internet market?

Every type of complaint imaginable; the rest of this document alludes to some of the issues regularly raised.

Are you able to give us any figures?

Over the period of our existence (2½ years), several thousand at least.

Consumers able to access information to help make effective choices

What sources of (independent) advice are available to consumers?

There are many excellent independent sources of advice.

Independent Web sites run by small groups of people, or even individuals, in their spare time have appeared as a result of ongoing problems within the Internet Service Provision industry. The goal of these sites is to rate and classify ISPs. They usually host discussion forums, mailing lists, IRC channels and other interactive features and act as highly effective sources of and clearing houses for information and consumer experiences.

Examples of such Web sites are Broadband Help, ISP Review and Net4Nowt.

What sources do consumers choose to use?

Many. The most significant are probably Web sites as mentioned above (particularly interactive features provided by them) and also word-of-mouth recommendations from friends, family and colleagues.

ZDNet News UK and, in particular, The Register are often consulted for details of current events in the Internet Service Provision and telecommunications industries.

How confident do consumers feel in making *informed* decisions?

The degree to which consumers are able to make informed decisions is down to the information they have access to; there is a lot of information around but its quality and validity, although difficult to quantify, is certainly variable.

How satisfied are consumers with the advice available to them?

Concerning independent information, we know that many consumers do the rounds of the various Web sites and are generally satisfied with them: they manage to build up a reasonably accurate picture of how, for example, an individual Internet Service Provider is performing and whether or not it will be worth signing up to its services.

Considering information from ISPs and telecommunications operators, we receive many complaints. The most common problem is badly trained or poorly informed staff: consumers ring up and get one answer then try again and get a second, different, answer.

Another difficulty often encountered is that enquiries by email are frequently not answered, in contrast to the Web sites whose owners usually participate wholeheartedly in discussions and debates.

Absence of barriers to consumers switching suppliers

How easy is it for consumers to switch ISP?

There are many issues involved in allowing consumers to switch between ISPs.

Switching is easier than it was, although still far from straightforward, for narrowband Internet access on BT lines; issues include continuing non-availability of BT SurfTime at some exchanges (many of our correspondents have noted slips, at their own exchange, from one month to the next), the three-month minimum contract for BT SurfTime, and the lack of viable FRIACO. Eventual FRIACO products will probably not have minimum contracts and will probably not be tied to individual lines, certainly if AOL Flat Rate proves to be a model for forthcoming services.

The question is barely applicable for narrowband Internet access with cable operators; as far as we are aware the only unmetered Internet narrowband access product, apart from ntlworld and SurfUnlimited, available from cable lines is AOL Flat Rate.

Switching is almost impossible with broadband Internet access. There is no choice of cable modem ISPs other than those of the cable operator: ADSL contracts are with an individual ISP and enforce a twelve-month minimum contract without any obvious ability to change ISP within that contract period. Also, upgrade paths from ISDN to ADSL do not exist at the moment: many consumers, particularly heavy Internet users who have previously invested much money and effort in ISDN, are unhappy about this.

How easy is it for consumers to switch package or product?

See above.

How easy is it for consumers to switch network?

See above.

Will consumers switch to broadband access in the future?

If broadband Internet access became available from a range of ISPs, with no minimum contract periods or similar lock-ins, and without enforced limitations on functionality, consumers would take it up in enormous numbers.

Cost is a significant constraint; many people are waiting until local loop unbundling which they hope will result in more choice and lower costs.

A further constraint at the moment is that broadband services do not completely cover *any* telecommunications operator’s network: for example, ADSL is only provided for at certain BT exchanges and ntlworld cable modems are not expected to be available for some time to customers formerly with Cable and Wireless Communications. This hampers marketing, making broadband Internet access currently less visible than it should be.

Active competition in price, quality and innovation

How concerned are consumers about cost of Internet access?

They are very concerned. In the last few months 'very concerned' has replaced 'infinitely concerned'; some people will always have unrealistic expectations (right up to unmetered services at zero cost without constraints), but there is still much concern about, in particular, the costs of 24/7 unmetered narrowband services compared with those of offpeak and weekend narrowband unmetered services. See the comment above regarding broadband services.

How concerned are consumers about quality of service?

They are very concerned at QoS but also at LoS (level of service). Consumers, in our experience, want a straightforward connection to the Internet which is reliable and leaves them free to do what they want. Busy tones, dropped connections, blocked ports, enforced connection cutoffs, special dialup software, advertising popups, forced browser home pages and anything else which gets in the way of their needs are phenomenally unpopular.

There is a serious, and ongoing, problem with 'unmetered ISPs' which start well then suffer a progressive collapse of QoS and LoS, resulting in consumers abandoning that ISP and rushing to the next one which begins to buckle under the load of new subscribers … and so on, over and over again. This, as we see it, has largely discredited the ISP industry among those who are heavy Internet users. We hope that FRIACO will eventually provide a solution, but will not be satisfied until FRIACO-based services have been *shown* to be successful.

Availability and innovation of new products

We are concerned about the dominant position of BT and its ability and determination to use its position to limit and control the pace and shape of innovation and new products.

A further concern is the apparent pre-occupation of cable operators with the financing and internal structure of their companies: this seems to be deflecting them from releasing services which people want as quickly as possible.