

# IMPOSSIBLE CHOICES: COMPLEXITY AND DISSATISFACTION IN THE TELECOMMUNICATIONS CONSUMER–SERVICE PROVIDER RELATIONSHIP

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## Introduction: Burdens of choice

While competition and technological innovation in the telecommunications sector have brought an ever-expanding array of choices to consumers, it has come at the cost of a proliferating confusion of features, options, pricing and usage monitoring arrangements.<sup>1</sup> Broadband-enabling and the trend towards converged devices with software-based applications, such as the iPhone and other ‘smart’ devices, add further complications and extend the web of interrelationships between networks, devices, software and content. Telecommunications consumers now confront a heretofore unimaginable level of complexity, and often feel overwhelmed by the volume of information available for them to use in making purchase and service decisions. The increasing volume of complaints reported by the Telecommunications Industry Ombudsman is causing considerable concern among consumer bodies, regulators and the industry itself.

The starting point for our consideration of these issues is the notion that failure can be thought of as an unacceptable disjunction between expected and observed performance (Carper, 1996). If consumer dissatisfaction can be considered to be symptomatic of a gap between expectation and delivery, what needs to be addressed is not simply failure but perception that failure has occurred (Petroski, 2006). Dissatisfaction can be created and exacerbated in various ways. For example, consumer expectations may be unrealistic — but is this the fault of advertising and marketing, of unreasonable and unrealisable demands, or of both? Has there been a failure to deliver what was promised, or a misunderstanding concerning the nature of the contract between provider and customer?

In a relatively brief time, monopoly (mostly publicly owned) telecommunications services with a limited range of options have given way to many competing entities offering a bewildering array of alternatives subject to a constant cycle of invention and obsolescence. These conditions can be, simultaneously, exhilarating and disturbing for consumers and service providers. The former are likely to be attracted to new ways of communicating, but anxious about whether they have made ‘the right choice’ and easily frustrated when the promised seamless transition to new technologies and providers proves to be problematic. The latter are excited by the possibilities of winning new customers to innovative telecommunications services, but disconcerted by the rapid evaporation of ‘brand loyalty’ and the substantial lack of technical knowledge of many consumers. Yet, an older paradigm remains implicit in any consumer transaction, concerned with use value, product reliability and value for money. Time is a scarce commodity in the contemporary world and so consumers want these resources to work faultlessly and transparently, with minimal effort on their part. In the convergent communications environment, however, the consumer must perform work on the product in order to make it functional. Installation, customisation, trouble-shooting and updating are now routinely required tasks of the consumer, both when the product is new and on an

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<sup>1</sup> The authors would like to thank Michelle Kelly for her very able research assistance on this paper and its associated research projects.

ongoing basis after purchase. Indeed, new media technologies are so multi-faceted and flexible in use that we often don't understand much about how the product or service works, including its capabilities and limitations, when we buy it. Expenditure of time and effort on getting a service to work or contacting the company after sale can lead to a dissatisfied sense that the consumer is working for the service provider, rather than the other way round.

Recent insights in the domain of behavioural economics and, of longer standing, the sociology of consumption, demonstrate that heuristics and biases influence consumers' thinking when they make commercially-related decisions and choices. While the use of decision heuristics and the existence of cognitive biases is sometimes characterised as 'irrationality',<sup>2</sup> we adopt the perspective that consumers' choices and decisions within the telecommunications sector reflect not irrationality, but a rationality underpinned by its own reasoning processes, internal logics and timing constraints. The notion of 'choice architecture' signals the possibility of creating decision landscapes which allow consumers to navigate complexity in ways that help them make good decisions rather than bad ones (Thaler & Sunstein, 2008). Currently, however, the decision landscapes presented to consumers for the decisions they make in the telecommunications space — including the 'churn' that service providers encourage among the current customers of their competitors but discourage among their existing customers — are determined largely by the priorities and intentions of service providers.

It is important that these priorities and intentions are investigated, especially in circumstances where 'uneconomic' universal and community service obligations (such as the maintenance of payphones) may be cursorily observed or honoured only in the breach, and formal consumer consultative mechanisms are being downgraded. But these are not the principal subjects of this paper, which will draw on research commissioned by the Communications Alliance, an umbrella body for the communications industry, by Lally, Rowe and Ang (2008). This paper will explore and analyse the changing relationships between telecommunications service providers and customers in the current dynamic technological and consumer environment. It also enlists the preliminary findings of a still-in-process 2009 follow-up study which applies insights from behavioural economics and the sociology of consumption to enhance understanding of how consumers behave in practice, under conditions of complexity, uncertainty and limited information.

Our objectives in this context are to record and examine recent evidence on patterns of telecommunications customer complaint, and the responses to them by government, industry, regulators, and consumer groups. We discuss the call/contact centre as an organisation which is effectively positioned to deal with complaints, but frequently fails to do so. This is partially because of inadequate resources and personnel training, but it also relates to the complexity of both the task environment and customer experience. In citing the concepts of 'predictable irrationality' and 'choice architecture', and Lash and Lury's 'follow the object' method, we highlight the need for a greater grasp of the complexities of consumer experience and expectation in the dynamic, constantly mutating telecommunications environment. It is not our aim to propose specific recommendations in this paper, but rather to help lay the foundations for improvements in both telecommunications service provision and customer satisfaction.

## When complaint constitutes crisis

The Telecommunications Industry Ombudsman (TIO) 'is a free and independent alternative dispute resolution scheme for small business and residential consumers in Australia with unresolved complaints about their telephone or internet services' (TIO, 2009a). Established in 1993 by an Act of Parliament, the TIO's work has become increasingly onerous as telecommunications services and providers have proliferated. Complaints to the TIO are causing considerable concern among

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<sup>2</sup> Dan Ariely's (2009) influential book, for example, is called *Predictably irrational: The hidden forces that shape our decisions*.

consumer bodies, regulators and the industry itself. The latest in a series of direct warnings to the telecommunications industry of complaints-related legislative action by Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, came after TIO's (2009c) latest annual report, which described a 54 per cent increase since the previous year in complaints (totalling 230,065) from consumers and small businesses in 2008–09. In the context of the spread of broadband and mobile services in terms of both customer numbers and product varieties, the TIO (2009d) noted that, while most concerns were about telephone and internet billing, increases in complaints were greatest among mobile phone users (+79 per cent), internet (+57 per cent), landline (+40 per cent) and mobile premium services (+13 per cent). Senator Conroy described these latest telecommunications sector consumer complaint statistics as 'a shocker' and as 'an issue that has been worsening for some time', and went on to declare:

This is simply not good enough. There are, of course, a number of contributing reasons for these worsening trends, including technology upgrades and the inadequacy of existing regulatory arrangements. But the government is not sitting on its hands while the telco industry continues to treat its consumers with contempt; rather, the government is putting pressure on the industry to lift its performance. I have put the industry on clear public notice. The government will have little choice but to regulate if the situation does not improve. (Conroy, 2009b, pp.17–18).

The Minister's comments, clearly linked to legislative proposals for the structural separation of Telstra, the dominant Australian telecommunications company, and the intention of the Opposition to vote against it, conveyed an intention to intervene on complaints with similar vigour. Thus, in stating that 'Every day we delay these reforms is a day we fail to start to claw back the poor customer service levels and service quality performance in telecommunications across Australia' (p.18), the urgency of engaging with the complexity and redressing the dissatisfaction in the telecommunications consumer–service provider relationship is conspicuously evident. The Australian Communications Consumer Action Network (ACCAN) (2009) has urged the government to introduce 'a consumer compensation payment for consumers who have experienced the hassle and inconvenience of using the TIO to resolve basic disputes'.

The TIO's (2008) annual report for 2007–08 registered a 46 per cent increase in complaints, and a 61 per cent increase in complaint issues (since each complaint can be about more than one issue). We have already noted that the 2008–09 report (TIO 2009c) saw a 54 per cent increase in complaints, leading to an overall increase in complaints of 124% over two years. In 2007–08, customer service overtook billing to become the TIO's leading complaint issue for the first time. In 2008–09, 'While the most numerous, the growth rate in billing and payments complaint issues was third to complaint handling (130 per cent increase) and credit management (118 per cent increase) complaint issues' (TIO, 2009c). Thus, the need to 'handle' and 'manage' unhappy telecommunications consumers continues to develop as a significant matter, and demand a concentration on more than just the technical 'processing' of billing and payment.

In 2009, furthermore, the developing importance of mobile telecommunications was registered when mobile complaints exceeded those regarding landlines as the service that was the leading source of complaints (which it had been for the previous two years). This was not, however, an even trend, with complaints about mobile premium services increasing only slightly since 2008 (from 13,899 to 15,653), and indeed declining in the final quarter of the mid-2009 reporting period. The TIO believes, though, that this trend may stem from pre-emptive responses by providers to tighter restrictions by the Australian Communications and Media Authority (ACMA) from 1 July 2009. The movement from landline-based to mobile services is especially important because of their potential to generate consumer complaints, given the often more complex and intricate nature of their service and contract arrangements.

Customer service is usually an issue in combination with one or more other issues — for example, a person who makes a complaint about a billing issue or a fault may also indicate that they had a customer service problem as well. The number of citations of customer service as a complaint issue

to the TIO almost doubled in 2007–08, and continued to increase in the following year (up 72 per cent). There is also a steady trend towards more issues being recorded per complaint: rising from 1.1 issues per complaint in 2003–04, through 1.8 issues per complaint in 2007–08, to 2.1 issues per complaint in 2008–09. The increase in customer service ‘issues’, therefore, seems to reflect a trend towards customer service being recorded as a component of an increasing number of complaints.<sup>3</sup> This is a critical matter for telecommunications service providers who, as a key part of their advertising and promotion, stress their commitment to customer satisfaction — and who are subject to pressure not only from the TIO, but also, as noted above, from Minister Conroy (2009a, 2009b), and a new legislated complaint resolution process.

Customer service issues are further subdivided into categories. The main drivers for customer service complaint issues in 2007–08 were incorrect or inadequate advice (39 per cent, up to 43 per cent in 2008–09), failure to action a request (27 per cent, up to 33 per cent in 2008–09), consumers experiencing inability to contact a provider (14 per cent, down to 7 per cent in 2008–09), a lengthy wait time (13 per cent, down to 9 per cent in 2008–09), and discourtesy (6 per cent, up to 8 per cent in 2008–09). In 2008–09, there was also the new customer service category to cover refusal to deal with an advocate, which accounted for less than 1 per cent of complaints.

According to the 2007–08 TIO annual report, virtually all (98.6 per cent) issues are resolved at Level 1 (92.5 per cent) or Level 2 (6.1 per cent), the levels at which the customer and the service provider reach a resolution to the problem between themselves. In 2008–09, 90.2 per cent of complaints were resolved at Level 1, and 7.6 per cent at Level 2. The TIO’s funding model charges service providers on the basis of complaints made to it, and so the staffing of the TIO is able to respond to the increasing number of complaints experienced in the sector. In 2007–08 the TIO’s staff increased by 46 per cent, with 81 per cent of TIO staff directly involved in investigating complaints. In 2008–09, TIO staff numbers increased from 138 to 255 (a full-time equivalent of 243) to manage increased complaint numbers.

The fact that a high proportion of complaints are effectively resolved between the service provider and the customer after the customer has simply contacted the TIO suggests that even the possibility of TIO involvement is a way of getting the service provider to make a more serious effort to resolve the issue. It is difficult to ascertain what actually prompts consumers to contact the TIO, whether it is increasing awareness of the existence of the Ombudsman, greater assertiveness on the part of consumers, or a lack of confidence that the service provider is working to solve the problem. In response to the escalation in customer service issues, the TIO launched the ‘connect.resolve’ campaign, which ran between January and June 2009. The TIO (2009b) released a report in August 2009 on the outcomes of connect.resolve, which advocated a collaborative approach between service providers, the Communications Alliance, regulators and policy-makers. The six-month campaign saw a stabilisation in overall complaint numbers, although customer service issues continued to grow as a proportion of overall complaints. In an overview of the campaign, the Ombudsman Deirdre O’Donnell (who in September 2009 announced her intention to step down at the end of the year) states that ‘the industry still has much work to do in this area’, and that ‘much needs to be done if consumers are to be convinced their voices are also being heard’ (TIO, 2009b, p.3). Thus, as indicated above, the need is not only for action by telecommunications service providers to initiate structures and practices which will reduce the number of complaints by their consumers, but also to engage in ‘customer persuasion’ that is not limited to the decision to purchase. In order to reduce the volume of complaints and to prevent more intensive regulatory

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<sup>3</sup> This issue raises the question of the extent to which the increasing proportion of customer service complaint issues that the TIO deals with could, in fact, be a consequence of the trend towards multiple issues being recorded for each complaint. The insights of behavioural economics would also suggest that if the TIO’s case workers have an expectation that customer service is often a component of complaints, then this in itself is likely to increase the potential for customer service issues to be an outcome of the interaction.

intervention, the industry is required to persuade its consumers that it listens to them, understands what they say, and acts appropriately based on what it has learnt. We turn, next, to some of the key factors which have prompted the high volume of complaints in the first place.

### Customer service in telecommunications: Churning call centres

The telecommunications industry is deeply reliant on call centres as a key contact point with their customers, as is the case in many other sectors including banking, finance and investment, and tourism and hospitality. Given the unpopularity of call centres with many consumers, they are an obvious site for analysis in tracing the origins of complaints. The Avaya Contact Centre Consumer Index (Callcentres.net, 2008) surveyed consumers across the Asia Pacific. On a region-wide basis and across all industries, 31 per cent of respondents agreed with the statement that ‘interacting with call centres is always problematic’.<sup>4</sup> Australian consumers had significantly more negative attitudes towards call centres, however, with 65 per cent of respondents agreeing that call centre interaction is problematic, compared to 16 per cent of Japanese respondents (the extent to which this variation may reflect differences in national cultures or call centre responsiveness cannot be pursued here). Within specific industries, government and telecommunications call centre experiences achieved significantly lower rates of consumer satisfaction than other industries.

The top five characteristics of contact centre experiences which were factors in the experience being rated as excellent were: knowledgeable customer service representatives; answering the call quickly; friendly and polite interaction; fast problem or issue resolution; and feeling that someone understands the customer’s needs. Understanding consumers, it can safely be assumed, is directly related to the experience and training of the personnel charged with the responsibility of interacting with consumers. Yet, the raw turnover rate of contact centre agents increased from 35 per cent in 2007 to 49 per cent in 2008. (The term ‘contact centre’ is now generally preferred to that of ‘call centre’, with its accumulated negative connotations and implicit one-way communicative implications.) Of agents who left the contact centre industry over that twelve-month period, 72 per cent left the industry altogether (marginally higher than 70 per cent the year before), with an average tenure of 27 months for full-time workers and 24 months for part-time workers. In other words, customers are interacting with a work force that is subject to a high level of turnover — the very process of ‘churn’ that telecommunications providers are anxious to avoid with their existing customers.

In an already unstable contact centre work force, there is evidence that in Australia the rate of turnover and levels of complaint are higher in telecommunications than in other industry sectors. Comparing telecommunication contact centres with the contact centres of other consumer-focused industries (and so excluding mainly business-business industries such as manufacturing and freight), telecommunications stands out regarding the proportion of incoming calls that are associated with complaint resolution. Complaint resolution accounts for 12 per cent of inbound calls to telecommunications/utility call centres, compared to 2 per cent in banking, finance and industry, 6 per cent in government, education and health, 9 per cent in retail and wholesale, and 2 per cent in tourism and hospitality.

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<sup>4</sup> The authors wish to acknowledge the valuable assistance of Dr Catriona Wallace, Managing Director of callcentres.net Pty Ltd and ACA Research in providing the cited industry reports.

**Table 1: Type of contact centre customer interaction by selected industry sector in Australia, 2007–08**

	<b>Banking, finance &amp; investment</b>	<b>Telecomms &amp; utilities</b>	<b>Government, education, health</b>	<b>Retail &amp; wholesale</b>	<b>Tourism &amp; Hospitality</b>
Customer service	69%	36%	81%	44%	22%
Sales	19%	24%	8%	32%	61%
Technical support	2%	21%	2%	15%	9%
Collections	10%	2%	5%	3%	0%
Other	0%	17%	4%	6%	8%

Source: Australian Contact Centre Industry Benchmarking Report 2008 (Wallace, Organ & Dieu, 2008, p.41). Note that the 'Other' category for type of contact centre customer interaction includes complaint handling.

In the same period, the telecommunications and utilities sector showed similar rates of workforce turnover to the retail and tourism sectors, but higher rates than the banking and finance or government sectors. The average tenure of a full-time call centre agent in this sector is 21 months, and 25 months for part-time agents. These figures are lower than those relating to the overall tenure for workers in call centres in Australia. Also, as Table 2 reveals, staff training and development in telecommunications and utilities for both new and experienced contact centre workers was less than that in banking, finance and investment. Compared to the banking industry, for example — which formerly had quite a poor (if not notorious) reputation for customer service — it would appear that the telecommunications sector is under-investing in its customer service infrastructure. Similarly — if 'benchmarking' against banking and even allowing for differences in the type of customer inquiry and capacities for speedy resolution — Table 3 provides *prima facie* evidence that telecommunications is lagging in key areas like queue and response times, and is only comparable in terms of first call resolution. Beyond the contact centre context, furthermore, the Australian Communications and Media Authority's recent report on consumer satisfaction with communications services (2009) indicates that around 12 per cent of consumers are either 'somewhat dissatisfied' or 'very dissatisfied' with the telecommunications services that they receive. The most common reasons for dissatisfaction were cost, poor customer service and mobile coverage. Having clearly established that a problem exists and suggested some of its causes, it is necessary to consider the ways in which this unsatisfactory situation can be redressed.

**Table 2: Contact centre training days by selected industry sector in Australia, 2007–08**

	<b>Banking, finance &amp; investment</b>	<b>Telecomms &amp; utilities</b>	<b>Government education, health</b>	<b>Retail &amp; wholesale</b>	<b>Tourism &amp; Hospitality</b>
New inductee	16	13	13	10	13
Experienced	11	6	6	7	6

Source: Australian Contact Centre Industry Benchmarking Report 2008 (Wallace, Organ & Dieu, 2008, p.70)

**Table 3: Response statistics by selected industry sector in Australian contact centres, 2007–08**

	<b>Banking, finance &amp; investment</b>	<b>Telecomms &amp; utilities</b>	<b>Government, education, health</b>	<b>Retail &amp; wholesale</b>	<b>Tourism &amp; Hospitality</b>
Average queue time ( <i>secs</i> )	27	200	70	61	57
Average speed of answer ( <i>secs</i> )	33	73	43	46	54
Average talk time ( <i>secs</i> )	290	364	199	205	294
First call resolution	83%	83%	78%	81%	80%

Source: Australian Contact Centre Industry Benchmarking Report 2008 (Wallace, Organ & Dieu, 2008, p.123)

### The telecommunications complexity context

Since the introduction of the Telecommunications Act 1997, the Australian telecommunications industry has become a diversified and competitive sector, and the principle of co-regulation has been firmly established. Communications technologies are becoming more and more embedded in the everyday lives of consumers, with uptake across a wide range of media, technologies and services. However, the dynamics of competition, industry growth and the interests of consumers contain inherent contradictions and tensions. In the words of one regulatory stakeholder consulted at an early stage of this research, there is now ‘an almost bewildering array of products and services’, with the consumer confronting ‘an almost unbelievable complexity’,<sup>5</sup> and sometimes quite literally overwhelmed by the volume and density of available information. Orthodox economic models of comprehensively knowledgeable consumers making judgments in markets characterised by perfect competition are impossible to sustain in this new environment.

Compounding these difficulties, we are now ‘at the hard end of the market’,<sup>6</sup> as increasingly sophisticated technologies are taken up by more and more people. Earlier adopters of technologies tend, by their nature, to be more technologically literate (and affluent) than those who take them up later in the innovation cycle. Several stakeholders consulted in our research expressed the view that consumer experience and knowledge lags well behind these changes in technology. In an environment of confusion and inadequate understanding of the differences in benefits between the various options available to them, the majority of consumers make initial purchase decisions purely on the basis of price.<sup>7</sup> The least expensive option, though, will often be one which doesn’t fully meet a consumer’s needs, and may cause problems at a later point when they begin to comprehend the full consequences of their un- or partially informed choice. One consumer representative stakeholder, for example, expressed the view that the level of consumer uncertainty is such that people are not taking up new data services as quickly as they might, citing consumer confusion and nervousness around premium mobile services in particular, where there is a lack of transparency about unit usage costs and a sense that the financial commitment can quickly escalate.

<sup>5</sup> For privacy reasons, most of the stakeholders who were consulted are not referred to by name, but denoted as ‘regulatory’, ‘industry’, or ‘consumer representative’ stakeholders instead. Research for Lally, Rowe and Ang (2008) involved phone interviews with 11 stakeholder representatives.

<sup>6</sup> Comment by a consumer representative stakeholder.

<sup>7</sup> Comment by a consumer representative stakeholder.

The increasing volume of the complaint issues reported by the TIO can be read as a symptom of these proliferating complexities in the telecommunications sector. While the escalating volume of complaints may reflect to some degree the more widespread use of technologies, applications and services, it is already unacceptably high and clearly continuing to rise. Irrespective of levels of complaint, the response of consumers to difficulties will inevitably reflect quite generic patterns in consumer dissatisfaction: those of billing and credit, understanding and quality of products and services, and experience of consumer service and ongoing support.<sup>8</sup> In responding to this situation, it is necessary not only to address specific problem domains, but to consider the ways in which consumer dissatisfaction can be conceptualised. This line of inquiry returns us to Carper's (1996) dictum alluded to above that 'Failure is an unacceptable difference between expected and observed performance' (p.57, although the word 'disjunction' is preferred to 'difference' in its more concrete concern with separation). Helping consumers to successfully navigate the increasingly complex telecommunications landscape is clearly not a straightforward task. When they encounter difficulties with products and services and contact their service providers to address them, what may start as a simple informational query or reporting of a service difficulty can easily escalate to a complaint if it is not swiftly resolved.

Industry sustainability and success relies on building consumers' expectations that service providers are reliable and responsive, and confidence that consumers are respected and their interests accommodated. Since dissatisfaction can be conceived of as the gap between expectation and delivery, failure is not the only thing which needs to be addressed; what also needs to be analysed is the perception by one or more parties that failure has occurred. In all of our use of technologies, 'ignorable failures' are a commonplace and largely expected (if irritating) part of our everyday experience (Petroski, 2006, p.62). Differences will always exist, therefore, in what are considered acceptable or unacceptable divergences between expectation and experience, promise and delivery. Dissatisfaction — as the space between consumer expectations and service delivery — can, therefore, be created and exacerbated in a range of ways. For example, as noted in the introduction, consumer expectation may be unrealistic, but this misapprehension may be attributed to hyperbolic advertising and marketing; to unreasonable and, indeed, impossible demands by purchasers; or a combination thereof. Similarly, a failure to deliver what has been promised may be figured as a lack of congruence in the understanding and interpretation of contractual arrangements between goods/service providers and customers.

The more 'essential' that a service is perceived to be, the greater the potential for consumer dissatisfaction. Indeed, the 2008 Productivity Commission Report argued that communications infrastructure is increasingly considered to be a critical utility **such that** 'these services may well be regarded as essential in the future if they are not already' (2008, vol. 2, pp.464–65). In the convergent communications environment, it is apparent that the consumer *needs* to perform work themselves on the product in order to make it functional — in other words, consumers are to some degree now producers of their own essential services. Installation, customisation, trouble-shooting and updating are all tasks that the consumer must participate in actively at quite high levels (both in terms of their number and degree of difficulty). Furthermore, this activity is not only required in a 'setup' phase when the product is new, but also often on an ongoing basis long after purchase and, indeed, for the entire life cycle of the product/service. New media technologies are so multi-faceted and flexible in use that it is common for consumers to lack a clear grasp of what the product or service actually is, at and after the point of purchase. Telecommunications consumers may only be aware of a part of a product's functionality, or that the technology is likely to be 'upgradeable' and hence continues to evolve long after acquisition (sometimes without direct user intervention, as is the case when services download their own upgrades).

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<sup>8</sup> Comments along these lines were made by regulatory, industry and consumer representative stakeholders.

Not all consumers are technically literate or knowledgeable, and it is also likely that their technical competencies will be unevenly distributed across functional areas. Nor are many interested in new technologies as things in themselves to be investigated, viewing them instead in instrumental terms as no more than a means to an end. Time is a scarce commodity in the contemporary world (Brown & Rowe, 1998), and so consumers are likely to want these resources to work with minimal effort in an effortless and transparent manner. With utilities such as electricity or water and the ‘plain old telephone system’, for example, there is a reasonable expectation of ‘plug and play’, and when things go wrong there is little that the consumer can do for themselves (and, in fact, little that they are usually allowed to do). The consumer’s involvement in problem-solving is increasingly necessary but may be resented by them, since their time is limited and they prefer to choose how they spend it. Yet the consumer’s responsibility for participating actively in diagnosing and solving their telecommunications problems is affirmed by a case study in the 2006–07 TIO annual report, in which the TIO noted an ISP customer’s refusal to help the ISP troubleshoot the problems that he was experiencing and hence judged that he ‘had not attempted to resolve the complaint in a meaningful manner’ (2007, p.44).

When the consumer has paid for a product but then has to perform tasks that they might see as the responsibility of the seller, a feeling of ‘resented exploitation’ might take hold. The consumer complaint may then become not just an attempt to have a problem fixed, but produce a public expression of dissatisfaction with significant symbolic significance. Each consumer complaint, in other words, has the potential to become more than the specific incident experienced, acquiring the status of a component of consumers’ collective experience. ‘Word of mouth’, so important in the establishment and maintenance of public trust in commercial institutions, is more than simple communication among consumers, but an aspect of their collaboration as a community with common interests. It is desirable, then, that service providers and consumers (as much as is possible within a pre-given structural framework of seller and purchaser) view each other as collaborators rather than antagonists in solving the problems that they share.

Contemporary telecommunications services require a much higher level of consumer knowledge and technical understanding than earlier technologically ‘heavy’ domains. Research recently commissioned by ACMA (Penman & Turnbull, 2007) argues that a shift in approach is needed, from shielding and protecting consumers towards preparing people to ‘self-regulate’ through media education (media being now intimately linked to telecommunications infrastructures). This is an argument for an imperative to consider how best to prepare consumers, especially young people, for developing a range of competencies that are not oriented towards shielding or protecting them from the influence of the media and the communications sphere, but rather towards enabling them to make informed decisions on their own behalf — in other words, towards empowering them. A related source of complexity is that of interdependencies between suppliers. When products and services from multiple suppliers are bundled, or in cases of one supplier reselling services that are bought from another, it is sometimes unclear what the appropriate pathway for an information query or fault report might be. As an industry stakeholder noted, these inter-relationships mean that customer service is inevitably more complex.<sup>9</sup> TIO reports reveal that consumers are frequently frustrated by being ‘bounced’ between parties denying responsibility for their problem. For example, one of the consumer complaints quoted in the connect.resolve report entitled ‘They Passed the Buck Back’ (TIO, 2009b, p.23) records:

- I spoke to the store and they said it was Vodafone’s problem.
- I called Vodafone and they said it was the manufacturer’s problem.
- I emailed the manufacturer and they said it was the store’s problem.
- I called Vodafone again and they said the manufacturer’s service centre was responsible.

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<sup>9</sup> This point was also made by one of the consumer representative stakeholders.

- I called the service centre and they said there was nothing they could do — it was Vodafone's problem.
- I called Vodafone again and once again they passed the buck back onto the manufacturer. However this time they did offer a cheap handset for me to use each time the phone failed. I have accepted this but would rather return it and just have a working phone worth the top dollar I'm paying.

Such interlinked arrangements involving multiple parties and bundled services are increasingly common, and the quite typical experience just described conveys well the consumer exasperation arising from telecommunications service providers, their suppliers and retail outlets passing the problem back and forth. In our own qualitative research on consumers' experiences with telecommunications services, we have heard many such personal narratives. Mal, for example, moved house and needed to establish landline and internet access at the new address, which was an apartment in a block. This seemingly straightforward situation involved liaison with multiple service providers to trouble-shoot the installation when the initial set of connections failed to result in an operational service. Resolving the problem took several frustrating weeks of contact with providers responsible for the different physical segments of the connection chain: up to the boundary of the property, between the boundary of the property and his apartment (involving independent contractors sourced by the body corporate), and the retail provider of internet and telephony services. It ultimately transpired that the issue was a hardware error internal to the building itself (between the consumer's apartment and the infrastructure for the building as a whole). Each attempt to 'troubleshoot' one of the links in this chain required him to arrange to be present, and was made all the more difficult by his lack of access to a working landline and internet connection at home.

We also interviewed Lynne who, similarly, had difficulties when she moved home. She was moving from cable to ADSL with the same provider, but was told that her email address (a simple, easy to remember email address formed from her initial and her surname with the provider's suffix) would have to change. Lynne came to understand that the issue was not a technical difficulty but a result of the privacy policies of the provider. The previous account had been in two names, hers and her partner's, and she was now establishing an account solely in her own name. She was advised that the original email account would need to be closed, and would then be unavailable for three months. After that time she could take up the email address again 'if it had not been claimed by someone else in the meantime'. The customer service agent she dealt with seemed unable to recognise the absurdity of the proposition that someone with the same initial and surname would want the email address, and would have a superior claim to it, especially given that anyone else 'claiming' the address would start by receiving emails intended for her. In the end Lynne decided that after several weeks with no online service or access to email it was better to expediently accept another email address, even though her address now includes an arbitrarily assigned digit to disambiguate it from her (still inaccessible) original address.

These examples, and many of the others that we collected, clearly show that service providers' systems and processes are often inadequate for solving customers' problems. While it could be argued that turning attention towards consumer expectation and behaviour diverts attention from the responsibilities of producers, we argue that a more sophisticated understanding of consumer expectation and behaviour by service providers would reduce the incidence of problems arising, and so would alleviate gathering pressures on complaint resolution processes. In particular, we draw attention to the role of the customer service agent as the interface between consumers and service providers. It is unsurprising that customer service agents struggle to build a fulfilling career within this industry, given the limitations on their capacity to help customers caused by poor coordination between service providers, and internal systems which fail to keep up with rapidly changing services.

## Consumers' expectations and behaviour: 'Predictable irrationality' and the notion of choice architecture

Fundamentally, and perhaps self evidently, what is needed is 'best practice' in customer service. But what this task might require in the complex conditions of the telecommunications industry is a more creative and innovative response to the needs of consumers than has been evident to date, based on a well-developed and continuously adapting understanding of consumer experiences, markets and technologies. Yet companies tend to see compliance as a costly imposition, rather than as an opportunity to build a reputation for excellence in customer service that will produce its own benefits.<sup>10</sup> As we noted above, approaches to consumer behaviour have traditionally been underpinned by a paradigm of rationality which assumes that humans behave in a way that will maximise their individual self-interest as measured by unequivocal parameters of personal advantage. However, this assumption of rationality has been shown to lead, in sociological and psychological terms, to quite unrealistic 'diagnoses' and improbable policy-making. The field of behavioural economics has developed in order to overcome the limitations of the individualist rationalism that has tended to prevail within economic and financial theory. This approach echoes the observations of C. Wright Mills (1959) in his classic work *The Sociological Imagination* in critiquing the figure of the 'self-rationalised' and disturbingly 'Cheerful Robot':

Science, it turns out, is not a technological Second Coming. That its technique and its rationality are given a central place in a society does not mean that men [sic] live reasonably and without myth, fraud, and superstition. Universal education may lead to technological idiocy and nationalist provinciality — rather than to the informed and independent intelligence (pp.186–87).

After Mills, the sociology of consumption has developed as a field which has sought a critical understanding of how and why goods and services are consumed, although in a manner which generally tries to avoid overly pessimistic, deterministic accounts of manipulation and excessively optimistic, voluntaristic perspectives of free consumer choice, as well as of the aforementioned individualist, rational-choice schema of conventional economics. As Silvia Rief (2008) notes in her recent survey of current sociological research and scholarship on the subject:

If there is anything that unites otherwise varied sociological (and psychological) accounts of consumption, it is the notion that consumers are much more complex than conventional economic theory suggests, which is that the consumer is an isolated individual who makes rational choices in order to satisfy the need for clearly identifiable and purely personal utilities. In explaining the social and psychological dynamics of consumption, various, partly conflicting, images of the consumer have emerged, all attempting to answer the question: what mechanisms govern, regulate and shape people's relation to goods?

Diverse and distinct as the particular sociological concepts may be, their common ground is that goods are not simply consumed for their function or use value, but for their symbolic and communicative qualities that help express and mediate social relations, structures and divisions (p.561).

Thus, in the diverse work of Bauman (2001), Bourdieu (1984), Miller (1998), Warde (2002), Zukin (2005) and others, there is a concerted attempt to understand what shapes and facilitates consumptive acts, meanings and values that orthodox economics have tended to neglect in pursuing an unwarranted faith in conscious, value-free, instrumental choice.

Behavioural economics, in taking many of its cues from sociology and social psychology, has in recent decades been seeking to grasp the non- and proto-rational dynamics of human behaviour, analysing the ways in which it deviates from the rational model in both predictable and

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<sup>10</sup> One suggestion was that of promoting the adoption of the Australian Standard on Complaint Handling, as it is 'world's best practice' in this area.

unpredictable ways (Levitt & List, 2008). In particular, a behavioural economics approach proposes an understanding of the ways in which consumers behave under conditions of complexity, uncertainty and limited information:

Confronting a complex, uncertain world, people look for ways to distill masses of information into understandable bites, to make the uncertain less so, to make complexity more simple, and to conserve the increasingly scarce cognitive resources on which a complex world places heavy demands (Altman, 2006, p.213).

Along similar lines, a recent briefing by the UK-based New Economics Foundation distils a wide range of concepts from behavioural economics and psychology to seven key principles of human behaviour (Dawnay & Shah, 2005):

- People observe others and copy them, and are encouraged to continue to do things when they feel other people approve of their behaviour.
- People do many things without consciously thinking about them, and habits are hard to change, even when people might want to change their behaviour.
- People's expectations shape their perceptions.
- People put undue weight on recent events and worry too much about unlikely events.
- People are loss-averse and hang on to what they consider 'theirs'.
- People are motivated to 'do the right thing'.
- People need to feel involved and effective to make a change.
- People weight negative experiences much more heavily than positive ones.

While this is obviously a schematic and in various ways contestable framework, it does usefully highlight avenues of inquiry and modes of practice that can help address the continuing and proliferating difficulties between telecommunications providers and customers.

In this paper we can only point to the areas of re-thinking and changed practice required to redress, to put it kindly, the sub-optimal service provider-customer relationship in this crucial 'utility' domain. Currently, the 'choice architectures' presented to consumers for the decisions that they make in the telecommunications space are determined largely by the priorities and systems of service providers. It seems that almost everyone, for example, opts for the default choice if one is given, because of the high incidence of time poverty and the unevenly distributed capacity to research and gather information. Therefore, one important aspect of telecommunications choice architecture is how default options are set — that is, designing the most desirable outcome of what happens when, as is common, people do nothing. There is, of course, a danger that the growing understanding of biases and heuristics — consumers' 'predictable irrationality' — is as likely to be used to influence their choices in ways that exploit them for commercial gain as it is to mitigate their effects to benefit consumers and their rights. This power/knowledge nexus has long been a feature of the social sciences, whereby asymmetrical control and a uni-directional logic can lead it to be an instrument of oppression rather than of liberation (Dandaneau, 2001). It is for this reason that collaborative problem-solving is proposed that requires both principal parties, and others involved, to work together to make sense of the issue and come to a shared understanding of what needs to be done.

At present, both the consumer and the customer service agent on the other end of the phone line are largely ill-equipped to overcome the former's difficulties. This highly undesirable state of affairs is visible not only in the TIO's complaint statistics and the consumer satisfaction data cited earlier, but it is also clear that the job of helping consumers solve their problems is impossibly hard for many customer service agents. The task environment is made particularly complex given that there are problematic matters surrounding single-providers versus multiple-provider issues, and also single services versus multiple services. Information may be needed, but assistance to complete an action

might also be required, as well as troubleshooting to correct a 'breakdown'. There are multiple interactions between different levels of technology–provider–product or service–policy and, as Lynne's case showed, also problems at different levels. These multifarious difficulties, we noted, are dealt with by a call/contact centre workforce which is constantly turning over and only briefly trained, coming into contact with consumers who mostly have a tenuous grasp (at best) of the technologies that they use, and of the contractual arrangements into which they have entered, with little time or capacity to consider the diverse 'choices' that they confront. There is, then, an urgent need to correct these problems as we enter the next phase of converged, digital interactive services that promise even more choice and complexity, but also threaten to create more anger and alienation.

### Conclusion: From impossible choices to equitable options

It is clear that, to date, the TIO initiatives outlined above are only preliminary interventions, and that deeper structural solutions are required in the telecommunications sector to prevent the exacerbation of problems and more rigorous, perhaps onerous, regulation. Most of the concern in this sphere has been with the cost of a high-quality customer relations infrastructure and its impact on the cost of services, as well as the expense of regulatory compliance. But there is also a not inconsiderable 'existential' cost to the consumer who engages in a complaint and who has thus already made an investment in solving the problem, with the expectation of an appropriate 'return on investment'. As the TIO case studies and interviews we have conducted reveal, consumers often 'cut their losses' and compromise at a point that they don't believe to be 'fair and reasonable', which leaves a lingering sense of dissatisfaction that is likely to discourage or delay the take up of new telecommunications services from existing or alternative providers. There is substantial, accumulated evidence that the reciprocity and trust that create the foundation of the healthy development of the sector are, at present, lacking. This does not, of course, mean that the sector is in decline: as we have noted above, telecommunications services — especially home computing, mobile telephony and many of their applications — have now acquired the status of essential utilities. But this shift also means that the level of expectation of consumers, governments and regulators has commensurately increased.

In contemporary Australia, as in other nations, the field of telecommunications and media is in considerable flux. The coming National Broadband Network, for example, will facilitate many new consumer services — and also open up sundry new possibilities for consumer complaint. If the government's hopes that the NBN will transform education, health, government service delivery and many other industries, then the difficulties currently experienced by consumers in telecommunications services will potentially find themselves rippling through internet-enabled services across the economy.

The burgeoning demands on TIO, as examined above, have been created out of the need for a 'public defence' of consumers attempting, often with considerable difficulty, to use rapidly changing products and services delivered by often elusive providers whose resourcing of customer service is frequently found to be wanting. While complexity and dynamism should not function as an alibi for poor customer relations — these, after all, are the very qualities that are celebrated in promoting and marketing new telecommunications goods and services — as we have argued elsewhere (Lally, Rowe & Ang, 2008) shifting paradigms of production, consumption and the meaning of exchange demand new ways of thinking and associated practices in this domain. For example, the tension between standardisation and diversification is intensifying, just as, according to Lash and Lury (2007) in their book on the global culture industry, the condition and status of the commodity and the brand have changed. Branding is as important in telecommunications as in other areas of consumption, but this has been, they argue, at the expense of the primacy of the commodity:

The commodity is dead; the brand is alive: it comes into being (it becomes) through the generation of a series or range of goods. The brand, constituted in its difference, generates goods, diversified ranges of products. The commodity is determined from outside: it is mechanistic. The brand is like an organism, self-modifying, with a memory. Thus the commodity is characteristically 'Fordist' and works through the production of large numbers of the same product. Brands work through, not generalized Fordist consumption, but through specialized consumption, and the production of many different goods. Commodity production is labour-intensive; branded goods production is design-intensive (Lash and Urry, 1994). The commodity works through reproduction of identity; the brand through evermore production of difference (pp.6–7).

These propositions (and those in the earlier work cited, Lash & Urry, 1994) do not have to be accepted in their entirety to appreciate their relevance for telecommunications consumers, who must choose between competing brands and a panoply of differentiated, mostly short-lived products. Lash and Lury (2007) adopt a 'follow the object' method in seeking a critical understanding of the global culture industry, but the seven objects that they select to research are relatively tangible — films, sports events, art movements and retail brands. In telecommunications, following the object and tracking the producer/consumer relationship is particularly difficult, but it is important if the current high level of consumer dissatisfaction is to be reduced. Equally urgent, we argue, is a more theoretically sophisticated understanding of the constitution of consumers (in the sense both of what they are and how they are made), and the ways in which they negotiate telecommunications product choice under less-than-ideal circumstances.

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