Trade Association Forum
promoting excellence

OFCOM CONSULTATION ON COMMUNICATIONS SERVICES AND SMEs

A response from the Trade Association Forum Ltd

The Trade Association Forum Ltd is the industry organisation for trade associations and other types of membership organisation in the UK. TAF members organise and represent public and private sector businesses and employers in every walk of business life; from hairdressers to manufacturers of undersea drilling bits; from timber importers to funeral directors.

TAF members are all SMEs by the EU definition. And, by their nature, TAF members' own members are also predominantly SMEs, and often VSMEs. Because these companies are engaged individually with their trade associations, TAF offers a unique reach into a universe of engaged SMR stakeholders right across the business spectrum.

TAF polled our member organisations in December of 2014, after having been alerted by one of our members – The Federation of Communication Services – to Ofcom's request for inputs. We received responses from 61 organisations. It is clear from the comments that whilst most of the responses were from Trade Association executives, a number came from non-executive Board members or interested association members.

While the responding associations represented many diverse industries, the Trade Association sector as a whole has several things in common:-

- All Trade Associations have at their core an absolute business need to communicate regularly and effectively with their members.
- All Trade Associations depend upon member subscriptions for a large proportion of their income and so they are concerned to source services that deliver good value for their members' money.
- All Trade Associations are SMEs in their own right.
- Almost all Trade Associations represent a membership base made up predominantly of SME member businesses. So by nature of their business model, they have a close empathy with the wider concerns and aspirations of the small business community.

In the limited time available, and in the light of the extensive and more detailed work undertaken by Jigsaw, we built our survey around the kind of statements typical SME business people might make if discussing business connectivity and comms providers at a peer-to-peer networking event. We asked them simply to agree/disagree mildly/strongly with these statements.

Sample background

The qualifying questions reveal the majority of the sample (80% plus) are familiar with and are long-term users of the standard industry connectivity products: Land-line telephones, broadband, VoIP and Wi-Fi. Just under half make use of cloud computing solutions, but only a handful have call centres. Only two respondents had any exposure to Professional Mobile Radio and in-vehicle radio frequency equipment as part of their business operation. This is no great surprise as the majority of Trade Associations are office-based service organisations, although those involved with farming, forestry or other outdoor or offshore occupations naturally use the specialist tools appropriate to their members' needs.

Home versus Business connectivity – CHART 1

To try and answer Ofcom's questions about geography, and to test companies' understanding of the difference between business-grade and consumer-grade connectivity, we asked respondents to contrast their experiences at home with their experiences at work. The mixture of results confirms the wide variations in the availability and quality of connectivity in various parts of the country.

Most people responded as expected to the control question, and reported fixed line connectivity was of consistent quality. However, there were wide variations in the answers to questions about broadband and mobile telephone connectivity and also the service levels enjoyed from their CPs. The results seem to support the assertion that connectivity is very much a postcode lottery – as many people commented that they have to drive to work to be able to work efficiently on line as wrote that they preferred to work at home because they had better broadband there.

CHART 1: How does your experience at work compare with your experience at home?

	At home	At work	No difference	Not applicable	Total
Radio license is easier to get	**0.00%** 0	**3.57%** 2	**3.57%** 2	**92.86%** 52	56
Mobile phones are more reliable	**11.48%** 7	**34.43%** 21	**47.54%** 29	**6.56%** 4	61
My supplier responds faster to my complaints	**16.07%** 9	**26.79%** 15	**33.93%** 19	**23.21%** 13	56
Wi-Fi availability is better	**16.67%** 10	**15.00%** 9	**58.33%** 35	**10.00%** 6	60

– **Fixed-line phones are more reliable**	**18.03%** 11	**18.03%** 11	**60.66%** 37	**3.28%** 2	61
– **Cloud services are better**	**18.64%** 11	**16.95%** 10	**27.12%** 16	**37.29%** 22	59
– **Broadband is faster**	**34.43%** 21	**36.07%** 22	**26.23%** 16	**3.28%** 2	61
– **Broadband is more reliable**	**36.07%** 22	**31.15%** 19	**29.51%** 18	**3.28%** 2	61

Relationships with Comms Providers - CHART 2

The role of the Comms Provider, and the degree and quality of service enjoyed by SME customers, was a key part of the Call For Inputs, so once again we asked respondents to agree or disagree with a series of statements culled from anecdotal discussion with SME owners.

Whilst there is clearly room for improvement, there is an overall sense that more respondents feel warmly about the service they receive from their providers than feel negatively. 51% agreed with the statement 'they are easy to get hold of', for example, compared with 24% who disagreed. 43% said their CPs are quick to respond as soon as they receive a call for service, compared with 30% who did not agree.

However, the scale tips back in two key areas. Firstly, Trade Associations feel CPs could be more pro-active and empathic in helping them continue to provide a service while their comms are compromised. Only 25% agreed with the statement 'they suggest ways to keep me trading while they're fixing things'; 44% disagreed. Secondly, there was a definite sense that CPs do not have the answers at their fingertips, and that they cannot be relied upon to make trustworthy promises about when service will be restored. 31% said their CPs kept them fully informed on progress when supplying a service or fixing a fault, compared with 29% who disagreed. 27% agreed with the statement 'they meet their deadlines'; 42% did not.

A third of respondents had experienced CPs blaming their equipment for a system failure. An even larger number (38%) had been told the problem was down to BT Openreach.

CHART 2: Thinking particularly about what happens when things go wrong at work, how good is your supplier at getting you up and running again?

	Strongly agree	Agree	No strong view	Disagree	Strongly disagree	Not applicable	Total
They are easy to get hold of	**11.29%** 7	**40.32%** 25	**22.58%** 14	**17.74%** 11	**6.45%** 4	**1.61%** 1	62
They get on the case as soon as I call	**8.06%** 5	**35.48%** 22	**24.19%** 15	**19.35%** 12	**11.29%** 7	**1.61%** 1	62
They know what they are going to do	**6.45%** 4	**29.03%** 18	**29.03%** 18	**24.19%** 15	**9.68%** 6	**1.61%** 1	62
They keep me fully informed on progress	**6.45%** 4	**24.19%** 15	**38.71%** 24	**17.74%** 11	**11.29%** 7	**1.61%** 1	62
They meet their deadlines	**8.06%** 5	**19.35%** 12	**27.42%** 17	**25.81%** 16	**16.13%** 10	**3.23%** 2	62
They suggest ways to keep me trading while they're fixing things	**6.56%** 4	**16.39%** 10	**26.23%** 16	**27.87%** 17	**16.39%** 10	**6.56%** 4	61
They blame BT Openreach	**11.48%** 7	**26.23%** 16	**31.15%** 19	**9.84%** 6	**8.20%** 5	**13.11%** 8	61
They blame other people	**6.45%** 4	**20.97%** 13	**32.26%** 20	**22.58%** 14	**11.29%** 7	**6.45%** 4	62
They blame my equipment	**6.56%** 4	**26.23%** 16	**21.31%** 13	**29.51%** 18	**9.84%** 6	**6.56%** 4	61
They blame radio interference	**1.72%** 1	**8.62%** 5	**20.69%** 12	**24.14%** 14	**15.52%** 9	**29.31%** 17	58

Switching Comms Provider -- CHART 3

The majority of our sample had experience of switching supplier at some stage or another in the past. There was a degree of qualified satisfaction, but this chart is unique in having so few 'Agree Strongly' responses. Not one respondent 'agreed strongly' that the experience is seamless, painless or efficient. Nobody had experienced unequivocal success at voice and broadband moving at the same time, or seen their equipment get back up and running without any glitches. Only two respondents said they switch supplier on a regular basis.

Generally, the switching process is viewed as an extremely negative and frustrating experience. 29% of respondents said the losing provider created problems (23% said the gaining provider did). And those Associations who agreed with 'everything runs to plan' were outnumbered more than 3:1 by those who disagreed. The statement 'it's all done over a weekend' produced even more marked results: six respondents agreed with the statement, compared with 31 who disagreed -- 15 of them disagreeing strongly.

CHART 3 -- If your business has ever switched communications supplier, how was your experience?

–	Strongly agree–	Agree–	No strong view–	Disagree–	Strongly disagree–	Not applicable–	Total
– Have never switched	**23.73%** 14	**16.95%** 10	**5.08%** 3	**15.25%** 9	**23.73%** 14	**15.25%** 9	59
– Have switched	**26.79%** 15	**28.57%** 16	**8.93%** 5	**7.14%** 4	**3.57%** 2	**25.00%** 14	56
– Switch regularly	**1.79%** 1	**1.79%** 1	**17.86%** 10	**35.71%** 20	**14.29%** 8	**30.36%** 17	56
– The experience is seamless	**0.00%** 0	**7.41%** 4	**24.07%** 13	**20.37%** 11	**20.37%** 11	**27.78%** 15	54
– The experience is painless	**0.00%** 0	**9.09%** 5	**18.18%** 10	**23.64%** 13	**21.82%** 12	**27.27%** 15	55
– The experience is efficient	**0.00%** 0	**10.91%** 6	**21.82%** 12	**20.00%** 11	**20.00%** 11	**27.27%** 15	55
– The losing provider creates problems	**9.09%** 5	**20.00%** 11	**29.09%** 16	**9.09%** 5	**5.45%** 3	**27.27%** 15	55

– **The new provider creates problems**	**0.00%** 0	**23.64%** 13	**25.45%** 14	**18.18%** 10	**5.45%** 3	**29.09%** 16	55
– **Voice and broadband move at the same time**	**0.00%** 0	**18.18%** 10	**25.45%** 14	**14.55%** 8	**9.09%** 5	**32.73%** 18	55
– **Equipment continues to work perfectly**	**0.00%** 0	**10.91%** 6	**21.82%** 12	**36.36%** 20	**5.45%** 3	**25.45%** 14	55
– **We upgrade equipment at the same time**	**5.45%** 3	**25.45%** 14	**23.64%** 13	**12.73%** 7	**1.82%** 1	**30.91%** 17	55
– **We are kept fully informed**	**1.82%** 1	**18.18%** 10	**30.91%** 17	**12.73%** 7	**12.73%** 7	**25.45%** 14	55
– **Everything runs to plan**	**3.70%** 2	**9.26%** 5	**18.52%** 10	**25.93%** 14	**16.67%** 9	**25.93%** 14	54
– **It's all done over a weekend**	**3.64%** 2	**7.27%** 4	**10.91%** 6	**21.82%** 12	**29.09%** 16	**27.27%** 15	55

The importance of connectivity -- CHART 4

Trade Associations, with their strong need to run lean teams and communicate regularly and effectively with members, are among the most informed demographics among SMEs in recognising the power and potential of effective communications infrastructure. 58% of respondents identified comms as a Board-level issue for their business. 83% agreed with the statement 'comms is integral to our strategic plans'.

Perhaps for this reason, results from this sector stand in stark contrast to the 85% satisfaction rates presented in the Jigsaw research. Only 15% of respondents agreed with the statement 'we are fully satisfied with what we've got'. 80% disagreed.

Individual comments suggest more Trade Associations would consider relocating to an area with better connectivity if comms were the only issue for their business. Issues of staff loyalty (the Trade association sector is characterised by low churn levels and above-average numbers of long-serving and dedicated employees) or proximity to government or major clients constrain Associations' ability to move. Perhaps this is why so large a percentage (nearly 70%) said they were used to work-arounds and making do.

TAF believes this is a very telling statistic. It suggests a majority of Trade Associations are aware how much better and more efficient they could be if access to high grade connectivity were available to them. There was not the time in this survey to probe further into how much productivity is compromised by the need to work-round and make-do with sub-optimal connectivity. We would be very keen to work with Ofcom to explore this issue further and generate some hard figures which could be used to inform future research or provide a test-bed for proof of concept of future connectivity models.

Chart 4: Thinking about your 'ideal' solution, which of the following statements best reflect your company's position?

	Strongly agree	Agree	No strong view	Disagree	Strongly disagree	Total
We're fully satisfied with what we've got	**5.00%** 3	**10.00%** 6	**5.00%** 3	**55.00%** 33	**25.00%** 15	60
We're used to work-arounds and making do	**16.95%** 10	**52.54%** 31	**15.25%** 9	**10.17%** 6	**5.08%** 3	59
Comms is integral to our strategic plans	**39.66%** 23	**43.10%** 25	**10.34%** 6	**0.00%** 0	**6.90%** 4	58
Comms is a board-level issue for us	**26.32%** 15	**31.58%** 18	**28.07%** 16	**10.53%** 6	**3.51%** 2	57
We would consider relocating for better comms	**5.17%** 3	**12.07%** 7	**22.41%** 13	**46.55%** 27	**13.79%** 8	58
We regularly put our comms out to tender	**1.79%** 1	**12.50%** 7	**33.93%** 19	**44.64%** 25	**7.14%** 4	56

	Strongly agree	Agree	No strong view	Disagree	Strongly disagree	Total
Government should improve the infrastructure	**52.54%** 31	**30.51%** 18	**10.17%** 6	**3.39%** 2	**3.39%** 2	59

Fit for the future -- CHART 5

We concluded our research by asking Trade Associations about their biggest concerns are about the future availability of business-grade communications infrastructure. It is again typical of the sector that fear of competition was generally much lower than one would expect for a conventional commercial business demographic. This reflects the specialist nature of Trade Associations in representing distinct groups of business stakeholders. There is, accordingly, comparatively little competition between Associations, even where they have members in common.

Only a tiny number of respondents agreed with the statement 'customers don't want it'. This is an encouraging window on the extent to which business now expects to receive digital services. Indeed, 64% of Associations said the ability to trade on-line was now a necessity for their business. Given that, and the earlier evidence that so many Associations regard comms as a board-level issue, the fact that 70% of respondents agreed with the statement 'people want to charge too much for upgrades' is probably worthy of greater reflection than just dismissing it as typical customer price resistance. Studying the individual respondents' comments, it is clear that availability is the first issue to be addressed. But availability at an affordable price is the key to unlocking the future potential of the Trade Association industry to take advantage of high-speed connectivity.

CHART 5: What are your biggest concerns are about the future availability of business-grade communications infrastructure?

	Strongly agree	Agree	No strong view	Disagree	Strongly disagree	Total Respondents
People want to charge too much for upgrades	**29.51%** 18	**40.98%** 25	**18.03%** 11	**9.84%** 6	**1.64%** 1	61
The local authority are useless	**27.87%** 17	**27.87%** 17	**39.34%** 24	**4.92%** 3	**0.00%** 0	61
My competitors	**17.24%** 10	**13.79%** 8	**46.55%** 27	**18.97%** 11	**3.45%** 2	58

	Strongly agree	Agree	No strong view	Disagree	Strongly disagree	Total Respondents
might outflank me						
We can't rely on availability of Cloud services	**20.69%** 12	**32.76%** 19	**31.03%** 18	**13.79%** 8	**1.72%** 1	58
Customers don't really want it	**1.72%** 1	**5.17%** 3	**27.59%** 16	**39.66%** 23	**25.86%** 15	58
I need to trade on-line	**23.73%** 14	**40.68%** 24	**18.64%** 11	**8.47%** 5	**8.47%** 5	59
It's irrelevant to my business	**5.17%** 3	**3.45%** 2	**12.07%** 7	**24.14%** 14	**55.17%** 32	58
I need to talk one-to-many with my staff	**10.53%** 6	**24.56%** 14	**40.35%** 23	**21.05%** 12	**3.51%** 2	57
It still needs to work in a power cut	**32.76%** 19	**46.55%** 27	**12.07%** 7	**10.34%** 6	**0.00%** 0	58
I can do everything on mobiles	**3.39%** 2	**11.86%** 7	**13.56%** 8	**42.37%** 25	**28.81%** 17	59
I can do everything on Wi-Fi	**5.08%** 3	**20.34%** 12	**16.95%** 10	**40.68%** 24	**16.95%** 10	59
Government needs to improve infrastructure	**60.34%** 35	**22.41%** 13	**13.79%** 8	**1.72%** 1	**1.72%** 1	58

Closing Comments - the role of Government

As part of the survey, we deliberately included some open-ended assertions to test Associations' views about the role of central and local government. The statistical answers are of only limited value, but the individual comments which amplified the responses provide a useful snapshot.

Firstly, there is a reluctance to encourage government to get too heavily involved in delivering results which most Associations feel could be best achieved by markets. However, this is balanced by amazement that there is so little choice, variety or availability in a market which is so vital to empowering the future of British business.

Secondly, there is a frustration that statements by local and central government about the availability of high speed broadband are out of kilter with the realities on the ground in general, and in business parts in particular. Respondents expressed further frustration that there is no real choice of infrastructure supplier, and that nobody -- local government, central government, specialist CP or even Openreach head office -- seems able to point them to a timetable by which connectivity can be expected to come available in their areas.

TAF thanks Ofcom for extending the deadline for submissions to allow us to analyse and present this research. We hope it proves useful in informing Ofcom’s understanding of the SME sector. We would be very keen to participate in further investigation of these issues with our members, and with our members' members.