

Digital Comparison Tools Market Study:

Response form

1. Thank you for taking the time to respond to the questions in the Statement of Scope for our Market Study of Digital Comparison Tools (DCTs), published on our [website](#) on 29 September 2016.
2. Please download and save this form before completing it. Please submit your response by **5pm on Monday, 24 October 2016**, either by:
 - Email to: comparisontools@cma.gsi.gov.uk.
 - Or by post to: Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London WC1B 4AD
3. Please note:
 - You can choose which questions to respond to, but we ask all respondents to provide a small amount of background information at the start of this form. The boxes will 'expand' to accommodate long responses if required.
 - We are particularly keen to receive evidence in support of responses. If you are able to supply evidence please attach this with your response.
 - We intend to publish responses to our Statement of Scope in full. If you wish to submit information that you consider to be confidential, this should be indicated to us clearly and an explanation given as to why you consider it to be confidential.
 - The CMA may use the information you provide for the purposes of facilitating the exercise of any of its statutory functions. This may include the publication or disclosure of the information. Prior to publication or disclosure, in accordance with its statutory duties under Part 9 of the Enterprise Act 2002, the CMA will have regard to (among other considerations) the need to exclude, so far as is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if disclosed, would or might, in our opinion, significantly harm the individual's

interests or, as the case may be, the legitimate business interests of that business (confidential information). Further information about how the CMA will use information submitted during the Market Study can be found on our [website](#).

4. If you have any questions about our Market Study or this online form please contact the team at comparisontools@cma.gsi.gov.uk.

Your details

(Fields marked * are required)

Title*	Mr
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Forename	Michael
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Surname*	Phillips
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Email*	[✕]
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What is your role / profession*	CEO
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Are you representing yourself or an organisation?*	Yourself / An organisation (please delete as appropriate)
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If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response?*	Yes / No (please delete as appropriate)
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If you are representing an organisation:

(a) What is the organisation's name?*	Decision Technologies Limited
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(b) Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?*

Decision Technologies Limited is a performance marketing and data business. It generates high value, low cost leads for businesses and helps consumers choose the best products and services.

Decision Technologies Limited currently operates broadband, phone, digital TV (home comms) and mobile phone price comparison websites in the UK and Germany under the brands broadbandchoices.co.uk and schlaubi.de.

UNLESS OTHERWISE STATED:

- (i) THE RESPONSES TO ALL QUESTIONS IN THIS STATEMENT OF SCOPE RELATE SOLELY TO THE UK BROADBAND DCT SECTOR;

- (ii) REFERENCE TO RESEARCH MATERIALS AND CONSUMER RESPONSES TO RESEARCH ARE SPECIFIC TO THE UK BROADBAND DCT SECTOR;
- (iii) ANY REFERENCE TO A “SUPPLIER” MEANS A UK INTERNET SERVICE SUPPLIER; AND
- (iv) ANY REFERENCE TO “PARTNERS” OR “PARTNER NETWORK” MEANS THIRD PARTY DCTs WHOSE UK BROADBAND DCT OFFERINGS ARE PROVIDED BY DECISION TECHNOLOGIES LIMITED’S WHITE LABEL PLATFORM.

Theme 1: Consumers’ perceptions, use and experience of DCTs

We will analyse consumers’ awareness, understanding and perceptions of DCTs – for instance, how well consumers understand and/or trust DCTs, and what this means for whether they use them.

We also want to understand consumers’ behaviour and experiences with DCTs, including what consumers expect to get from DCTs compared with what they actually receive. We will also look at whether they use DCTs just to compare products and suppliers or also to switch; how many DCTs they use; how successfully they use them; and the benefits they derive from doing so. We will also want to understand what happens when something goes wrong and consumers’ expectations are not met (knowingly or otherwise). We also plan to understand whether increased use of DCTs results in excessive focus on price, to the exclusion of other factors and to the detriment of consumers’ overall decision-making.

1. When and why do consumers use DCTs? To what extent do they trust them?

(Learnings based on qualitative research conducted with consumers over the past 5 years)

Why do consumers use DCTs?

- Saving money is a primary driver
 - *The Nursery* - focus groups 2011/2012
- The omni-presence of offers and supplier advertising creates a stimulus to shop around (*The Nursery* - focus groups 2011/2012)
- Price creep - whereby consumers secure a good initial deal from the supplier, they then add features over time that inflates the cost of their package which eventually reaches a tipping point where they decide to rationalise the package or shop around (*The Nursery* - focus groups 2011/2012)
- Consumers want faster speeds and access to fibre – this is clear in terms of the growth of keywords like "compare fibre broadband" and "fibre broadband deals" ([Google trends](#))
- To check availability of new services in their area

- To find special offers for new packages

Why do consumers not use DCTs?

- Entrenched online behaviours / perception of breadth of comparison services / DCT offerings - many consumers noted that "Broadband comparison is not a normalised behaviour"
- Perceived lack of supplier choice - consumers believed there were only a few real brand choices in the marketplace, reducing the requirement of DCTs, with consumers conducting their "own research"

When do consumers switch?

- End of contract
- Moving house
- Opportunistic (to get a better deal)
- Seasonal peaks (January and September)

2. How do consumers choose which and how many DCTs to use?

We variously conduct quantitative and qualitative research with consumers to understand their motivation and purpose, to enable improved product development and optimisation of marketing.

Our research and trading experience shows that the following issues impact consumer DCT decision making.

1) Search engine visibility (paid & organic rankings) - consumers conduct searches based on their specific needs. DCTs with the best visibility (ie positions 1 – 3) will influence consumer behaviour.

2) Brand awareness – DCT-specific broadband product advertising has been minimal to date, with only ourselves and uSwitch having undertaken category-focused advertising. However, brand awareness and brand trust are significant factors in influencing consumer behaviour. DCTs with stronger, more trusted brands (high brand awareness metrics and indicators of brand trust) will enjoy higher conversion rates even with the same user journey and broadband supplier offers listed within the user journey.

3) Commercial offers – a special offer (upfront incentive or extended introductory period) can stimulate website visitors and increase sales (conversion) rates, again proving an influencer of consumer behaviour.

Anecdotally, we have observed that consumers have many online touch points before choosing to switch. We can see this via the multiple visits to different editorial and comparison content within our website. Via our partner network, we can also see that the same consumers will visit more than one partner prior to arriving at their decision.

3. What are consumers' expectations of DCTs – for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

Consumers expect to see the big brand name suppliers – BT, Sky, TalkTalk and Virgin Media. There is also a growing expectation to see smaller, growing brands such as Plusnet and EE (where the brand is either growing through significant marketing spend or a big brand that is moving into a new product area).

There are several additional suppliers in the UK that often have a bolt-on consumer proposition to their core SME proposition. There is no expectation, and we do not receive complaints or enquiries to the effect that we should list very small suppliers.

Decision Technologies Limited's broadbandchoices.co.uk and Partner white label DCTs comply with Ofcom's "comprehensiveness" requirement with respect to the breadth of the Supplier panel.

Decision Technologies Limited looks to ensure that its Supplier panel:

- Contains all key UK Suppliers;
- Contains a suitable number of reputable, smaller UK Suppliers to ensure consumers have a suitable breadth of choice;
- Maintains >95% UK broadband coverage, based upon total consumer broadband lines in the UK; and
- Meets Ofcom's comprehensiveness requirement to maintain its accreditation status.

4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

DCTs provide the greatest consumer benefit where products or services are complex.

Broadband DCTs allow consumers to save time and effort by providing an environment where they can list packages by mechanics that are most relevant to them (price; speed; download limits; etc) and compare competing supplier's services side-by-side.

Broadband DCTs also allow consumers to save money by identifying cheaper, alternative packages and / or suppliers to their existing service.

Broadband DCTs such as broadbandchoices also contain a plethora of consumer guides, tips and information on broadband services and suppliers. More informed and knowledgeable consumers are more empowered consumers in terms of choosing the right service and the right supplier for their specific needs.

We have undertaken on-site surveys to quantify our customer's satisfaction levels with the online decision making tool we provide, principally focusing on the

postcode based comparison experience. In the most recent measurement, our price comparison listings generated a positive Net Promoter Scores. While the score will be depressed by customers which dislike the intrusion of an online pop-up box, many of the detractor comments reflect the problems we will detail later in the document. Likewise, positive user scores and accompanying comments reflect the value we offer customers in terms of saving time in reviewing package availability, comparing features and understanding savings.

Key issues which would help customers are covered in more detail later in the document. However, summary points are as follows:

- Access to a customer's broadband usage data to enable them to make bespoke broadband supplier comparison based on their own requirements
- Access to address level broadband supplier availability
- Access to address level broadband supplier speed estimates
- Internet basket level hand-off from the Broadband DCT to the Broadband Supplier. Enabling a customer to land-on a "buy" / basket page, where the exact package combination reviewed and compared on the Broadband DCT is then ready to purchase on the Broadband Supplier web-site. (Rather than having to re-construct a package combination that was assemble on the Broadband DCT)

It is important to note, that the visitor to sale conversion metrics for Broadband DCTs are significantly lower than for Insurance DCTs and Energy DCTs (see the confidential contribution below*). The conversion rates in the statement below is evidence that points towards the negative variation in a consumer's experience of Broadband DCTs. While customer's do switch broadband supplier, the limitations and barriers for Broadband DCTs hinder positive experience and drive customers to use alternative search methods. Limitations in data and customer journey that Broadband DCTs present reduces consumer trust in the comparison listings and pushes the customers to conduct their own research by shopping directly or not switching at all. Trust and certainty of switching outcome are critical dynamics for customers that are considering switching their broadband package.

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Theme 2: Impact of DCTs on competition between suppliers of the services they compare

A critical test of DCTs' impact is whether they are improving or hindering competition between suppliers. A major way of improving competition is increasing engagement through reducing search costs. We plan to understand this effect and whether anything may be hindering it.

We also want to explore the relationships between DCTs and suppliers and to know whether DCTs are having effects on supplier behaviour. For example, we want to explore the impact of DCTs on the range, quality and pricing of their services, and the extent to which this leads to better or worse outcomes for consumers. We also want to understand the extent to which DCTs facilitate supplier entry or expansion.

5. What factors influence suppliers' use and choice of DCTs and why?

Most suppliers make their services available to DCTs through affiliate networks (Affiliate Window, Affilinet), media agencies (OMD, Msix) and directly (BT, Plusnet). This means that almost any website could, theoretically, generate leads for suppliers simply by signing up to an affiliate network programme.

Larger DCTs tend to have supplier-direct relationships where – presumably – suppliers are keen to engage them directly due to the DCTs long trading history, quality of service offering and the volume of high quality leads that they generate.

Suppliers have high expectations in terms of ensuring DCTs are accurate (with respect to product pricing and information) and the timeliness of managing changes any information changes. It is vital to suppliers that management of tariffs and any aspects of listings or editorial that may impact the supplier's brand are managed quickly and thoroughly.

6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them?

A - New market entrants

Decision Technologies is predominantly paid by suppliers on a per sale basis, so is regarded as a "performance marketing" channel. This is advantageous for new suppliers where budgets may be constrained and it offers them the benefits of a low risk customer acquisition channel, rather than them committing to marketing initiatives where spend is invested up front.

DCTs can play a role in helping smaller suppliers enter the market, however there are only a limited number of examples. Most notably, we and other DCTs facilitated the market share growth of Primus (now branded Fuel).

In our experience, new suppliers often have the appetite to be listed on DCTs but they have unreliable online order journeys and can have poor customer connection processes. This delivers a poor customer experience and corresponding low yield (conversion rate) from a commercial perspective, due to the lack of control in fulfilling the order for the customer.

There are structural issues that have limited the role that DCTs can play in growing market share for new suppliers entering the market.

Customers need higher levels of certainty with their new service provider if they are to switch from a large incumbent brand.

- **Impact of trust** - There is significant consumer uncertainty related to the broadband speed they can expect, post switch. This creates, what our research has calls, "switching anxiety" which limits website visitor to switching rates compared with other sectors (such as insurance or energy). New suppliers with limited or no brand awareness struggle to engender trust with nervous consumers.
- **Speed data** - This situation is exacerbated by suppliers limiting access to their availability checking and broadband speed estimation databases. If a consumer is uncertain of the speed they will receive after switching, then this will significantly discourage them from switching to a new supplier. This effect is amplified for new suppliers, where consumers are unfamiliar with their brand and they have low awareness.

B – Attract more consumers

We use the published financial statements of suppliers to estimate the size of the switching market, which typically demonstrates annual customer "churn" of around 14% per annum (3,744,000 switches). We use published financial statements from DCTs, anecdotal comments from suppliers and traffic modelling to estimate the size the DCT market at 16% of switching (618,750 switches).

Switching data demonstrates that DCTs have played a role in helping suppliers attract more consumers. DCTs attract consumers from marketing touch points that suppliers can struggle to access. For example, DCTs have enjoyed stronger listings within Google's organic search rankings due to their breadth of offering. Thus, DCTs offer suppliers a method attracting consumers that are in market for a switch, where they do not have prominence within online search listings.

Tactical pricing decisions of suppliers also demonstrates the role DCTs play in being an important sales channel. In recent years, suppliers have increasingly offered special pricing to DCTs (outside their core pricing used in their own branded advertising). DCTs offer a tactical sales channel for suppliers, that can be activated by the supplier at short notice to drive volumes, through offering improved/exclusive pricing and the DCT promoting the enhanced deal to their own customer base.

C - Engage with their consumers more effectively

Broadband DCTs have been largely used as a new customer acquisition channel by suppliers (as opposed to a customer retention channel). In some cases, suppliers

will incentivise the DCT to cross-sell a customer to a new package. For example, there can be savings for consumers if they extend their broadband package to include a television or a mobile phone SIM.

There is still a reluctance by suppliers to use DCTs to help the supplier offer retention pricing to re-contract an existing customer.

7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers?

Macro level - Competition between suppliers is largely enacted at a macro level. For example, the investment in faster broadband infrastructure, Premier League football rights and quad play propositions are illustrations of strategies driven by the suppliers rather than the DCTs, where these initiatives trickle down to the DCT sales channels.

DCT level:

- **Impact on pricing** - Suppliers will compete for new customers via broadband DCTs, particularly when institutional shareholders are demanding that net acquisition targets are achieved, on a quarterly basis. This has a positive effect on pricing, with suppliers frequently offering special deals to DCTs such as vouchers or cash back value of up to £100 accompanied by significant introductory discount to monthly pricing. We regularly see deeper offers for DCTs from each supplier at least once per quarter.
- **Impact on contract length** – there are a couple of instances where we have been able to persuade Suppliers to implement broadband packages with shorter contract lengths. Shorter contract lengths, with the same price point, are more appealing for consumers within the price comparison tables, increasing conversion rates. While DCTs can and have positively impacted this product dynamic, the influence and effect is not absolute nor extensive.
- **Impact on quality and product range** - Changes to quality of service and product range are not driven by DCTs. With relatively low levels of annual broadband switching, and only a small proportion of sales accounted for via DCTs, Suppliers decision making with regards to quality and range of products is driven by other market forces and strategic imperatives.

8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

DCTs could significantly drive further competition in the supplier switching market through:

A – Access to better data – our focus group research has demonstrated that many consumers are reluctant to switch because they are fearful of a drop in quality of service with a new/alternative supplier, even if there are meaningful savings available.

The following measures could be taken to remove these impediments:

- **Access to availability and speed data** - We conducted our own research with the broadbandchoices.co.uk customer base that demonstrated that the switching experience, and therefore competition between suppliers, would be considerably improved by DCTs offering consumers accurate speed estimates based on a full address level availability. It is vital that DCTs can give consumers aggregated, comparative data that enables supplier-by-supplier speed comparison, based on accurate estimates of historic/actual speed performance for their specific address.
- **Access to more relevant and frequent quality of service data** – Switching anxiety would be further reduced if suppliers were obliged to supply service performance measures on a monthly/quarterly basis. The current Ofcom data of complaints-per-100,000 consumers does not help consumers that need to understand more specific and current issues. For example, the sort of issues customer require statistical reassurance on are:
 - Interruptions to connectivity;
 - Customer service or technical helpline wait times; and
 - Billing accuracy.

If more meaningful data were made available to DCTs, at a more granular level, reflecting real world customer problems, this would increase supplier focus on these issues beyond the odd press release from Ofcom.

If both measures above were implemented, it would increase competition and heighten supplier focus on improving both broadband service quality and customer service. When comparative data is made publicly available, it has a dual effect: Firstly it provides a new decision reference point for consumers, which gives the data more importance to the supplier. Secondly, as the data becomes more important to the supplier, it gives greater executional focus upon improving service standards. This is directly analogous to the publication of school SATs results and Ofsted inspections – meaningful data empowers the consumer and focuses the service supplier on lifting standards.

B – Removing barriers to the switching process – DCTs ability to readily improve competition between suppliers is hindered by a confusing switching processes and a lack of awareness amongst consumers of when their existing contracts ends.

- **Improved switching processes** - broadband supplier switching processes remain very confusing. The processes for switching between broadband +

landlines products have been streamlined, with the gaining supplier lifting the burden of cancellation notifications and Migration Authorization Codes from the consumer. However, these rules do not encompass the TV component of a triple play bundles (which are increasingly prevalent) nor do the rules apply to cable (Virgin Media) consumers. Therefore, consumers still have to liaise with their existing supplier's customer retention team in many instances (whose entire modus operandi is to discourage the customer switching away) – a critical barrier to switching.

- **End of contract notifications** – many broadband consumers are not aware of when their existing broadband contract ends and there is no comparable renewal notification as per the car and home insurance sector which drives consumers back into a switching mindset. While we would never seek to prompt unnecessary switching, it is important that consumers are fully empowered to know whether they can switch. The customer's bill does not reveal an end date and without a notification, a customer can simply remain on a tariff without considering whether there is a better offer in the market.
- **Pricing and usage awareness** - the increasing prevalence of online (paperless) billing has lowered consumer visibility of their bills. Forgotten passwords and email notifications being classified as spam mean that many consumers do not regularly review their accounts. Consumers neither understand the package they signed up to or their current usage and current spend. This means that they find it difficult to compare their existing package to new offers in the market. The savvy customer will switch, but the nervous or time constrained customer is unlikely to persevere since they are not clear on whether the new service will save them money or match their existing needs. Competition could be greatly enhanced if suppliers gave consumers and DCTs access to individual consumer billing data via a Midata API. This would enable personalised recommendations, which would save consumers time and encourage competition between suppliers.

C – Effecting DCT order fulfilment / reducing leakage – In the utilities sector there are well established models where DCTs can collect a customer's requirements and personal details in fulfilling a switch for the gaining utility company, on behalf of the consumer. This ensures those DCTs can:

- Provide an end-to-end customer experience, without a jarring hand-off from one website to another; and
- The DCT has a file of customer orders than can be used for reconciling with those of the utilities supplier.

However, consumer orders in the broadband DCT sector are fulfilled on the supplier's website. Suppliers have complete control of the customer and order process and resist implementing alternative solutions of receiving orders from DCTs (for example via Application Programming Interfaces (APIs)). In contrast to the utilities sector, broadband DCTs suffer considerable commercial leakage*, which impacts their ability to invest in consumer focused product and marketing projects.

*Leakage example - For example, if a customer might conduct their research on a broadband DCT but subsequently use an alternative device to complete their switch to a broadband supplier, visiting the supplier website directly without such sale subsequently being tracked back to the DCT that generated it.

Broadband DCTs are only paid where they are the last click / last referrer of a consumer to a supplier website. In the insurance sector, the first source that generates the quote is ascribed the benefit. Moreover, in the current set up, there is no customer / order-level data trail of consumers that are introduced to suppliers from the DCT, so there is no opportunity to audit and ensure that the full commercial benefit is being correctly redeemed.

Broadband DCTs have no visibility of the business logic which is employed in a customer

D – Device and Search leakage – When a customer switches their broadband online, the last digital touch point is attributed the sale. The "last click" tracking and attribution methodology significantly increases the risk of sales leakage and lost switching revenue. By contrast, in the car and home insurance industry, a customer's quote is attributed to the first sales source. This is significant in the following scenarios:

- **Scenario 1** – A customer visits a Broadband DCT to complete a comparison, then going on to visit [X] Broadband Supplier. The customer decides not to purchase in that session. Later that day they use Google to search for the brand name of [X] Broadband Supplier. The customer goes on to complete the sale / switch with [X] Broadband Supplier. In this instance, the sale would be attributed to the Broadband Supplier's search marketing activity. The Broadband DCT would not be credited with the sale or the resulting commission.
- **Scenario 2** – A customer visits a Broadband DCT using their ipad, they complete an online comparison and then go on to visit [Y] Broadband Supplier. Later they decide to switch and directly visit the [Y] Broadband Provider using their desktop computer, completing the sales. The Broadband DCT would not be credited with the sale or the resulting commission.

E - Online hand-off / Deep Linking - Insurance DCTs are able to pass the customer from a bespoke quotation to a pre-buying basket page where the same quote/pricing is recreated on the Insurance Supplier's website. Any online user path that moves a customer from one brand to another is jarring, but acceptable to the user if the transition is seamless. Unfortunately, this is not the case for Broadband DCTs when referring customers from a bespoke built package on the Broadband DCT.

For example, if a customer builds a complex package combination on the DCT with inclusive day time calls, fibre broadband, TV, Sky Sports, the Manchester United TV channel and enhanced security protection, it is impossible to take the customer to a basket page where the package pricing is replicated for the customer to go-on and purchase.

While the example above may be an unusual buying requirement, it substantially increases the time and effort for a consumer, if they have to spend time re-building a package combination from the Broadband DCT on the Broadband Supplier's web-site.

F – Removing barriers to DCT comparison based online searches (Google Adwords bidding rights) – Most suppliers do not allow DCTs to generate leads or sales via keywords that include the supplier's trademark. This includes combinations of [trademark + search intent] (for example "compare "[brand X] with [brand Y]" or "[brand x] fibre comparison"). This restriction accentuates the leakage effect described in the previous bullet point. Additionally, most suppliers require DCTs to apply a [negative match](#) to the Google Adwords interface, which prevents search advertisements for the DCT from appearing on the multitude of search keyword variations described above.

Why do the points above matter? Conversion rates for broadband switching are markedly lower than other comparable sectors (utilities, motor insurance and home insurance). Low sector conversion rates are central to why this sector has prematurely plateaued with low levels of annual churn and very low levels of penetration from DCTs.

A lack of readily available, granular data from suppliers and the broader barriers to switching reduce competition and the ability for DCTs to stimulate the market and empower consumers to switch.

If DCTs can get access to accurate performance data of alternative supplier products and if consumers are made aware of *when* they can switch, they calculate *how* much they can save and understand a simpler switching processes.

If DCTs are able to bid on logical, comparison-based search queries from consumers wishing to compare different suppliers services then this too opens up supplier-to-supplier competition.

If the order fulfilment process and/or the online hand-off can be revised to align with those mechanics seen in other sectors then conversion rates will improve and DCTs will be able to invest in broader marketing initiatives, so further opening up competition between suppliers.

If switching increases then suppliers will innovate and improve performance to ensure they retain/win new business.

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9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

DCT level impact on pricing - Suppliers will compete for new customers via broadband DCTs, particularly when institutional shareholders are demanding that net acquisition targets are achieved, on a quarterly basis. This has a positive effect on pricing, with suppliers frequently offering special deals to DCTs such as vouchers or cash back value of up to £100 accompanied by significant introductory discount to monthly pricing. We regularly see deeper offers for DCTs from each supplier at least once per quarter.

Theme 3: Competition between DCTs

We will aim to establish whether DCTs are competing effectively with each other, as well as facilitating competition between suppliers of the services they compare. If not, we will explore what may be holding back competition in any particular market.

We will explore how DCTs compete both for consumers and for suppliers. We will assess what well-functioning DCT competition looks like, and the potential for DCTs or suppliers to engage in practices that limit this.

10. In what ways do DCTs compete with each other – for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

Broadband DCTs compete in a range of ways:

Trust / accreditation

- A small number of DCTs are Ofcom accredited, highlighting the accuracy; comprehensiveness; impartiality; and how up to date their the DCT is

Supplier panel

- The number of suppliers listed on DCTs varies from key suppliers to panels of 30 or more

Product panel

- The number of separate products available for a given search result varies from 50 or less to hundreds (ie the number of suppliers x the products per supplier at a given postcode level)

Postcode-relevant results

- Some DCTs do not return postcode-specific results to a search (so potentially a consumer might not be able to receive the service at their address)

Product information

- The level of information about a supplier's specific product varies considerable across DCTs with some simply listing top line information and then linking out to the supplier website for further information

Editorial / supplementary information

- Some DCTs invest in producing useful guides and supplementary information and editorial content to help inform a consumer's choice

Exclusive offers

- Larger DCTs are able to secure time-limited, exclusive offers so that they can compete on price for a given period of time.

Usability:

- The design, layout and functionality of DCTs varies widely, with some providing an intuitive and enjoyable user experience and others providing limited functionality.
- Functionality varies widely with respect to:
 - The ability to rank results by different mechanics and product features
 - The ability to perform side-by-side comparison of consumer-chosen, key product attributes
 - The ability to include or exclude specific product features from search results

Brand strength

- Only the largest broadband-specific DCTs have any brand recognition amongst consumers, with the key insurance and energy DCTs enjoying the highest brand awareness due to their brand marketing spend.

Brand distribution deals

- Some DCTs work with third party partners to provide comparison services that subsequently help drive their own brand awareness (eg partnerships with other websites or media channels).

Search engine visibility

- DCTs compete heavily within the paid and natural search results on search engines.

Consumer Incentives

- We have recently tested our own customer switching incentives for customers of the broadbandchoices.co.uk web-site, which excluded our white label partners. Customers which switched via our Broadband DCT for a particular provider were offered a voucher that gave access to movie streaming content on an independent video hub (vouchers had an RRP value of £120).

11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?

On many levels, the same barriers that prevent DCTs from helping drive increased competition between suppliers also restrict competition between DCTs.

Full details are contained in **Q8** but summarised here:

DCTs could compete more effectively whilst offering improved services to consumers if provided with:

- Access to accurate, up to date address level availability and speed data
- Access to more relevant and frequent quality of service data
- Access to individual consumer billing data via a Midata API
- The ability to fulfil or partially fulfil orders for consumers on the DCT (or hand off to suppliers in a more seamless and effective manner) through access to API fulfilment feeds
- The ability to bid in Google Adwords on their own brand terms in conjunction with suppliers brand terms and to bid on supplier brand terms in conjunction with other comparison terms.

12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

See previous answers to Q8 and Q11

Theme 4: The regulatory environment

There is a range of regulation of DCTs in place across our sectors of interest, from full regulation in financial services to voluntary accreditation in the telecoms and energy sectors. We will provide an overview of the different approaches to regulation being adopted and assess whether there are lessons to be learnt from comparing approaches.

13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

Consumers would greatly benefit from increased regulatory standardisation between methods employed by DCTs. Specifically:

Accreditation – there are significant brands missing from the Ofcom accreditation scheme, where the websites are either not directly accredited or they are not covered by the white label services provided through an accredited third party. As a result, major brands are not conforming to the same stringent standards.

Price driven ranking criteria – default comparison rankings, when employing a postcode, should always employ a cost based mechanic as the default. When this

is not the case, this is confusing for the customer (as cited in the UKRN Comparison Websites report 27/09/16). Broadband DCTs should always sort by first year cost, by default, otherwise consumers could make decisions which are sub-optimal. Where a Broadband DCT does not rank postcode comparison listings by first year cost, this gives that DCT greater power in negotiating with a Supplier. This is a commercial advantage that is not available to DCTs that rank by price, and specifically those that are accredited by Ofcom.

14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

Nil

15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?

Ofcom accreditation should be mandatory for broadband DCTs to drive consumer trust and increase competition between DCTs

Consistency of default ranking criteria for postcode-relevant comparison results.

Consistency of pricing - the guidelines on representing pricing to consumers across all Broadband DCTs must be tightly defined, however Suppliers must also commit to list pricing in a way that is consistent with listings for DCTs.

In relation to all of the themes and issues set out earlier, we will look at both the current situation and the effect of likely future developments in the DCT sector.

16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

The ASA have taken steps to streamline broadband pricing, so that line rental is included within the headline broadband pricing. This is a significant change which will improve clarity for customers, but the impact on switching rates and supplier pricing strategies is yet to be established.

Other comments and further contact

Do you have any other comments you would like to add?

nil

Would you be willing for us to contact you to discuss your response?*

Yes / ~~No~~
(please delete as appropriate)

Thank you for taking the time to complete this form.

Please email it to: comparisontools@cma.gsi.gov.uk.

Or post it to:

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Competition and Markets Authority
7th floor
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