

## Media Release

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### **Consumers need a sunlight remedy – we’re still in the dark when it comes to quality of service**

Australian consumers face an avalanche of information when attempting to make choices about our most essential product and service providers. Despite the information overload, we still don’t have reliable and widely-available access to one vital piece of information – will we receive good service?

The *But Are They Any Good?* report released today by the Consumer Policy Research Centre (CPRC) finds a major lack of trusted, transparent, reliable, information about the quality of service that we should expect from various providers.

This lack of information often results in confusion, frustration, reliance on inaccurate information as a substitute, and provides little incentive for companies to get out there and compete on customer service.

In releasing the report, CPRC CEO Lauren Solomon said, “We’ve heard over and over that trust in Australian business has been falling each consecutive year. With Royal Commissions currently underway into the banking, insurance and aged care sectors, it’s clear that despite ‘customer-centric’ musings from industry, the lived experiences of consumers tell a very different story.”

Consulting firm EY Sweeney estimates the total costs borne by Australian consumers at \$16.31 billion in 2016 to deal with problems created by products and services. Problems with the banking and finance, insurance, internet, telecommunications, and utilities sectors alone accounted for more than \$6.26 billion.

“It’s often not just the cost of the product that consumers end up paying for. If something goes wrong, the direct costs to resolve problems and the time costs of going through often lengthy, confusing dispute resolution systems all add up, not to mention the considerable stress and frustration”, said Ms Solomon.

The report comes at a time when businesses are facing increased scrutiny over the way they treat consumers and as regulatory bodies seek to address the practices that confuse and frustrate consumers.

“It’s not as though reliable information doesn’t exist. A significant amount of performance data is currently collected and reported to regulators and government departments which could be used to better inform consumers,” said Ms Solomon.

“We’ve seen initiatives like star ratings and league tables for service quality used to compare energy in the UK, private health insurance in the Netherlands and nursing homes in the US. This information could potentially be included in government comparator websites.

“This certainly won’t solve all of the problems we are currently seeing across our consumer markets, but it’s a practical step. We believe consumers have the right to data to help them make informed choices – that includes the service quality level they can expect for their money” said Ms Solomon.

The report also notes the link between better service quality and higher customer loyalty, as well as the empirical evidence that customers are prepared to pay for better service.

“If companies are doing the right thing - investing in systems, people, products and processes that genuinely improve the experience, then they should be embracing these initiatives – who wouldn’t want to be called out for good customer service?” concluded Ms Solomon.

The CPRC “*But are they any good?*” report highlights four steps for policymakers and regulators to make better use of service quality data and information for consumers:

1. Develop clear, comprehensible and comparable measures of service quality
2. Conduct rigorous consumer testing of measures of service quality to make sure the information is relevant
3. Increase transparency to improve industry performance
4. Ensure data sources are made available for the public good

**- ENDS -**

For interviews and comment

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