Review of Consumer Protection Measures in MMCC

Focus Group Discussion Qualitative Report

Prepared for

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1 RESEARCH DESIGN AND METHODOLOGY

1.1 The Media Development Authority (MDA) has launched a public consultation on reviewing the Media Market Conduct Code (MMCC) on 24 September 2014. This consultation focused on enhancing the consumer protection provisions in the MMCC. MDA identified three key consumer concerns specific to the provision of pay TV services, namely, (a) unilateral contract variations, (b) forced upgrade of non pay TV services arising from changes in pay TV service, and (c) lack of awareness of contract terms. Accordingly, the proposed changes to the consumer protection provisions in the MMCC focused on these concerns.

1.2 The focus group discussion sessions were part of the public consultation efforts initiated by the MDA. The main objective is to gather public's views, especially pay TV subscribers, towards the proposed changes to enhance consumer protection.

1.3 The focus group participants included members of the public who signed up for the focus group discussion sessions through MDA or people who were randomly selected from Degree Census household database.

1.4 The participants were screened to ensure that they were decision makers or were involved in the decision making process in the subscription for their household pay TV services.

1.5 A total of 7 sessions were conducted. Within each session, the demographic profile of the participants was varied across different types of pay TV providers, race, occupation, dwelling type and education level.

1.6 The details of the sessions were shown in the table below:

Session	Date	Segment	Attendance	Breakdown of Subscription		
				Starhub	Mio TV	Starhub & Mio TV
1	13-Oct	21-35 years	8	5	1	2
2	14-Oct	21-35 years	8	4	3	1
3	15-Oct	21-35 years	8	2	4	2
4	16-Oct	36-49 years	10	4	2	4
5	17-Oct	50 years and above	9	3	4	2
6	20-Oct	36-49 years	9	5	4	0
7	21-Oct	36-49 years	9	7	1	1

2 QUALITATIVE FINDINGS

Unilateral Contract Variations

Views towards MDA's proposal – To allow subscribers exit contracts that are in-force without Early Termination Changes (ETCs)

2.1 Across all of the sessions, all of the participants welcomed this proposal with most giving comments such as *"fair to consumers"*, *"better protection for subscribers"* and *"should have implemented long ago"*.

2.2 The three instances where subscribers had the option to exit contracts that are still in-force without ETCs were found to be relevant among the participants. In fact, as mentioned by a 36-year-old Engineer who subscribed to Starhub TV, *"these three clauses definitely are going to protect us (subscribers) at the end of the day"*. As added by another participant, a Starhub and Mio TV subscriber in his mid-thirties, *"it is very normal for them (the providers) to increase the subscription fees and remove channels"*. Thus, he welcomed the proposal that addressed these instances.

2.3 Amidst the support, there was a concern shared from a few participants from the youths and senior citizens sessions. The worry was that the costs imposed on pay TV providers when subscribers exit contracts that were in-force without ETCs might lead to price increases in other services. To quote a youth participant, retailers may *"need to find additional revenue from whatever (else) they offer"*.

2.4 Another broader issue raised was the sanctity of contracts and consumers' preferences in continually receiving the services they subscribed for. It was brought up by a Chinese male in his fifties, who said that both the pay TV retailers and the subscribers had to honour the obligations under the contract. Particularly, he felt strongly that the services promised to a subscriber should be carried out according to the contract without variation, example, the continuous broadcast of a Championship League under the Sports Channel he signed up for under a two-year contract. He would prefer enjoying the promised services for two years to a variation in the services or the choice of exiting the contract without ETCs. His view was supported by another senior Chinese male. Interestingly, a 23 year old male student shared a similar view on retaining the agreed services in the contract. To quote him, *"(exiting without ETCs) doesn't solve the main issue that we are not protected when they (retailers) want to increase subscription fee because ultimately we still want the pay TV"*.

2.5 In response to the matter on sanctity of contracts, a suggestion was made by a senior male participant, a Starhub subscriber, to have shorter pay TV service contracts, such as 6 months or 1 year. This would allow subscribers to have greater flexibility in making changes to the services they want and yet still observe the sanctity of contracts. A similar proposition was mentioned by a homemaker in her forties.

Other instances that should be made available

2.6 The most common situation that participants felt that subscribers should have the option to exit contracts that were in-force without ETCs was the lapse in services provided, for instance a transmission failure during the broadcast of a live soccer game.

2.7 A few of the participants in their thirties, gave feedback that subscribers should be allowed to exit contracts without ETCs in face of limitations in the pay TV systems that were not explained to subscribers during the signing of contract. An example shared was the recording feature which allows recorded shows to be stored in the system for a month only which was not made known to subscribers at the start of the contract.

2.8 Another mention was the choice to exit contracts without ETCs when the pay TV provider replaced the removed content with another content that was not preferred by the subscriber.

Views towards the safeguards to prevent possible abuse of the option to exit contacts that are still in-force

Safeguard 1: Subscribers would have up to 60 days to make a decision when retailers implement a change

2.9 Most of the participants found the timeframe given reasonable and sufficient. A few of them suggested a longer duration, for instance, 60 days, given to subscribers from the date of change to the pay TV service instead of 30 days. This would give subscribers more time to experience the changes and decide if they want to accept the changes or exit the contracts. There was a participant who gave the idea of being able to opt out of the change after 30 days, instead of accepting the change or exiting the contract.

2.10 The mode of notifying subscribers of the change seemed rather important to the participants as quite a number of them emphasised that retailers should adopt effective communication channels. Among the participants aged 15 to 35 years old, a few of them preferred being informed via letters to television *"because most of us would be at work and then it's usually parents watching it (TV) at home, in case parents don't know, cannot understand English"*. Letters was also a commonly preferred mode of communication among the middle aged participants (36 to 49 years old). In addition, SMS could be another mode of notification for them.

Safeguard 2: Subscribers are required to pay ETCs for equipment like laptops and tablets that are not essential to the provision of the pay TV service

2.11 A mixture of views were presented on the proposed safeguard for retailers that subscribers are required to pay ETCs for equipment like laptops and tablets that are not essential to the provision of the pay TV service. Among those who supported this safeguard, the key reason was they found it fair to retailers. This would protect retailers from subscribers who signed the contracts for free gifts and to terminate later. Some of the participants also welcomed the proposal of retailers having to offer the option of the same service without such equipment and related ETCs. This would be fair to consumers who preferred to have *"an option without freebies"*.

2.12 On the other hand, those who were not in favour of this proposal was mainly due to the need to pay for such equipment which were meant to be *"free gifts"* from the retailers. As elaborated by a 36-year-old Engineer, *"you (retailer) can't make changes (to services provided) suddenly and just because of the free gift that you gave me in the first place, asking me to pay for it (when choosing to exit contract)."* According to him, it was unfair to pay for the equipment especially under circumstances where subscribers chose to exit contracts when the retailers make changes to services promised in the contract. There were a few of the participants who would rather return the unused equipment than having to pay for them.

2.13 A general concern raised by a number of participants across the sessions was the pro-rating of the amount to be paid for such equipment. This could be a *"grey area that might affect a consumer (payment) as the device depreciates faster (than expected)"*. Given the uncertainty in the depreciated value of the equipment, a few of the participants stressed the importance of keeping the computation as transparent as possible to the consumers.

Views towards MDA's proposal – Instances where subscribers may be required to pay ETCs to exit their contracts

2.14 Most of the participants were uncomfortable with the stated instances, especially when retailers could replace the removed channel(s) and/or content with a new channel(s) and/or content of a similar genre, and of the same quality and standing as that removed. The greatest gripe was the subjectivity of a replacement that could be of a similar genre or quality. To a number of the participants, the loss of a channel or content they signed up for could not be easily replaced by another of a similar genre or quality. To quote a 33 year old male participant, *"we paid for Premier League, we expect Premier League. Why are you replacing it with Spanish League and I am supposed to just accept it because it's of the same genre? That's not what it is"*. Thus, quite a few of the participants suggested that subscribers should still be able to exit the contracts in-force without ETCs if they could not accept the replacements.

2.15 On the discussion of lower subscription rate, some participants found it a feasible alternative in the event that the subscribers chose not to accept the replacement of content or channel. There were a few others who debated that the reduction in the subscription fees might not fully make up for the loss in the *"value"* of a removed channel or content and subscribers should then be allowed to exit their contracts without ETCs.

2.16 A proposition made by some of the youths and middle-aged participants (aged below 50 years old) was to provide subscribers a list of possible channels or content that they could choose from to replace the channel or content that was to be removed. To quote a 27 year old male participant, a Starhub TV subscriber, *"at least we are happy with that (the channels they choose form the list), rather than just give us this channel that we don't like"*.

Views towards MDA's proposal – Prohibition against forced upgrade of non-pay TV services

2.17 The majority of the participants were pleased to learn about this proposal. Positive remarks such as *"proper thing to do"* and *"options is going to be on the consumer, so I think that is fair"* were shared.

2.18 A minor concern brought up by a participant in his mid-thirties was that the sales executives could be product pushing despite of the prohibition against forced upgrade. Thus, retailers need to ensure that their sales staff are aware of the prohibition and allow consumers to make choices on their own.

Lack of Awareness of Important Terms and Conditions of Service

Views towards MDA's proposal – Disclosure requirements

2.19 Most of the participants found the terms that MDA proposes that retailers are required to bring to consumers' attention were important and relevant to their concerns when subscribing to pay TV services. In particular, the term on "specific period of availability and/or expiry of any complimentary service, channel(s)" was highlighted by some participants to be important as retailers should not charge for the complimentary services after expiry without notifying subscribers. In fact, a few of the participants would like to receive reminders on the expiry of such services. For instance, a female tutor aged 43 years old who was a Starhub subscriber, commented that most of the subscribers would forget about the free trial period due to their busy lifestyle, hence notifications to inform subscribers nearing the end of the complimentary service would be useful.

2.20 Several participants emphasised on having effective modes of communication and measures to ensure the accuracy of the disclosure. Quite a few of the participants proposed that the disclosure of these important terms to be done via face-to-face interaction and the terms to be provided in hardcopy documents.

2.21 Some of the participants encouraged consumers signing against the terms explained to indicate understanding of the disclosure done by the sales staff. This was also to ensure that sales staff explained the terms according to how they were documented as there were some worries from participants that there could be a lack of consistency in the disclosure performed by different sales staff.

2.22 From both the youths and senior citizens session, there was a concern raised towards disclosure being done over the phone during contracting or re-contracting. This could affect the subscribers' understanding of the disclosure terms as there could be a lack of clarity in communication over the phone, for instance, language barrier between a local subscriber and a call centre operator who is a foreigner. Thus, it was preferred that such disclosure to be done during face-to-face interaction.

2.23 Another point mentioned by some participants was that retailers should explain the terms in layman terms so that subscribers can better understand these important terms.

2.24 There were some participants from the youths and middle-aged sessions who gave the suggestion of a "window period" where subscribers could choose to exit the contracts without obligations if they did not feel comfortable with the terms in the contracts they signed for. Such a "window period" could be limited to one month after the signing of the contracts where consumers could digest the details in the contract and choose to exit without ETCs within that timeframe.

2.25 Most of the participants said that the terms listed to be disclosed were sufficient. There were a few additional terms put forward by some participants such as:

a. To state which party in the contract should bear the cost for faulty equipment that was necessary for the provision of the pay TV service;

b. To state when does the retailer start charging as there was feedback that the charging begins before the devices required for the pay TV service are successfully installed and could function;

c. To explain the minimum standards of services (example, response time towards customers' requests) that could be expected from retailers besides the transmission of shows signed up for and the proper functioning of devices provided, and;

d. To highlight to consumers the expiry dates of the broadcasting rights of all programmes in the subscribed packages so that consumers would be aware of the programmes that would discontinue during their pay TV contract period.

Views towards MDA's proposal – Retailers to be required to obtain subscribers consent with the free trial and/or complimentary service before they can start charging

2.26 All of the participants throughout the sessions were highly supportive of this proposal. In fact, some felt that this proposal *"is a must"* and *"mandatory"*. Notably, a handful of the participants commented that retailers should end the free trial and/or complimentary service upon expiry and not assume consumers' opt-in for the service by default. Consumers would give retailers the explicit consent to opt-in for the services and the charges if they were interested.

Views towards MDA's proposal – Retailers to be required to retain records of their marketing materials for at least 3 years

2.27 All of the participants found the proposal a good practice to instil among retailers. To them, it would be good to retain records so as to prevent dispute between the retailers and consumers when misunderstanding occurs.

2.28 There was a suggestion that retailers should be limited to a certain response time in supplying the materials to MDA upon request. This would shorten the investigation process.

2.29 A few of the participants from the middle-aged (36 – 49 year old) session gave the suggestion of having an objective, third-party to be involved in disputes between retailers and consumers so that there would be a fair resolution.

Rationalisation of Broadcast Licence and MMCC

2.30 The majority of the participants felt that the notifications were useful. Some pointed out the notifications should be phrased in layman terms with illustration from examples. It was suggested by a few that the notifications should be disseminated to consumers in a variety of communication channels (example, newspapers, television, phone calls, SMS, mail) so as to ensure a wider reach. Different languages of the notifications should also be provided so as to not neglect the older generation in the population.

3 CONCLUSIONS

Unilateral Contract Variations

3.1 The proposal of allowing subscribers to exit contracts that were in-force without ETCs was welcomed by all of the participants. The three instances where this proposal applied to were also found to be relevant among the participants. However, there was a concern that the compliance costs incurred by pay TV providers may be recovered from price increases in other services provided.

3.2 The opposition towards this proposal was few. Among those who were not in favour, they had strong preference in preserving subscribers' needs as promised in the contracts signed instead of having to exit contracts without ETCs. In their opinion, the sanctity of contracts should be observed.

3.3 For most of the participants, the three instances were sufficient to address their key grievances with their pay TV providers. There were a few other instances proposed by a handful of participants. The most common one was in the event of a lapse in services delivery, such as a transmission failure, subscribers should have the right to exit contracts that are in-force without ETCs.

Views towards the safeguards to prevent possible abuse of the option to exit contacts that are still in-force

Safeguard 1: Subscribers would have up to 60 days to make a decision when retailers implement a change

3.4 Most of the participants commented that the timeframe was sufficient for them. A few would like to lengthen the duration from the date of change to the pay TV service to 60 days instead of the proposed 30 days. The rationale was to have more time to experience the changes implemented and decide to accept the change or exit the contracts.

3.5 Several participants emphasized on pay TV providers using effective communication channels to notify subscribers of the change. Letters and SMS were preferred mode of notifications.

Safeguard 2: Subscribers are required to pay ETCs for equipment like laptops and tablets that are not essential to the provision of the pay TV service

3.6 There were mixed responses towards the safeguard that subscribers are required to pay ETCs to the retailers for equipment like laptops and tablets that are not essential to the provision of the pay TV services. Those who supported it mainly found it fair towards retailers and it serves as a safeguard against consumers who signed up pay TV services for free gifts and terminate thereafter. They also liked the proposal of pay TV providers having to offer the option of the same service without such equipment and related ETCs since some consumers might not want to have "freebies".

3.7 The main gripe among those who were not in favour of this safeguard was the need to pay for the equipment when they had to exit contracts due to retailers not delivering the promised services. Some of the participants would rather return the unused equipment than having to pay for them.

3.8 The calculation of the charges for such equipment seemed to be subjective for some of the participants. They were concerned that the depreciation of the value of such equipment was uncertain. Thus, they pointed out the need to make such computation of the charges transparent to consumers.

Views towards MDA's proposal – Instances where subscribers may be required to pay ETCs to exit their contracts

3.9 Most of the participants disagreed with the instances where subscribers may be required to pay ETCs to exit their contracts. Particularly, they highlighted that the replacement of a removed channel or content with another of a similar genre or quality would unlikely meet their expectations. This was because a replacement of "similar genre or quality" was subjective and could be interpreted differently between the pay TV providers and subscribers. Henceforth, a number of participants preferred to retain the option of being able to exit the contracts without ETCs if they found the replacements unacceptable.

3.10 Some of the participants would agree to lower subscription rate if they did not like the replacement of the content or channel. However, a few others felt that lower subscription fees would not make up for the loss in the "value" of a removed channel or content and that subscribers should be still allowed to exit their contracts without ETCs.

Views towards MDA's proposal – Prohibition against forced upgrade of non-pay TV services

3.11 The majority of the participants were in favour of this prohibition. It was noted by a participant that sales staff should be trained not to product push if the prohibition against force upgrade of non-pay TV services was implemented.

Lack of Awareness of Important Terms and Conditions of Service

Views towards MDA's proposal – Disclosure requirements

3.12 Most of the participants found the terms that MDA proposes that retailers are required to bring to consumers' attention were important and relevant to their concerns when subscribing to pay TV services. Specifically, the term on "specific period of availability and/or expiry of any complimentary service, channel(s)" was emphasized by some participants to be important to them, especially when they could not remember the expiry of such services. They hoped that reminders nearing the end of the complimentary services could be provided.

3.13 Face-to-face explanation of the disclosure terms was seen as most effective and clear. It was also suggested that the disclosure terms were provided in hardcopies to consumers. Some participants also added that consumers could sign against the terms explained to them to indicate understanding. There was a concern about the lack of clarity in explaining such terms over the phone due to possible miscommunication between a local subscriber and foreign call centre operator.

3.14 In addition, a few of the participants highlighted that staff explaining these terms should be trained to provide consistent standards of the disclosure, without different interpretations. The explanation should also be done in layman terms if possible.

Views towards MDA's proposal – Retailers to be required to obtain subscribers consent with the free trial and/or complimentary service before they can start charging

2.31 All of the participants throughout the sessions were highly supportive of this proposal. In fact, a few of the participants expressed that retailers should end the free trial and/or complimentary service upon expiry and not assume consumers' opt-in for the service by default. Consumers would give retailers the explicit consent to opt-in for the services and the charges if they were interested.

Views towards MDA's proposal – Retailers to be required to retain records of their marketing materials for at least 3 years

2.32 All of the participants found the proposal a good practice to instil among retailers. This would help to prevent dispute between the retailers and consumers when misunderstanding occurs.

Rationalisation of Broadcast Licence and MMCC

2.33 The majority of the participants felt that the notifications were useful. Some pointed out the notifications should be phrased in layman terms with illustration from examples. It was suggested by a few that the notifications should reach out to the different segments in the population via a variety of communication channels (example, newspapers, television, phone calls, SMS, mail). Different languages of the notifications should also be provided so as to not neglect the older generation in the population.