



## Consumer Broadband Labels: Information towards Empowerment

### Introduction

Broadband Internet access has always been the preferred way for the consumers to access the internet and is quickly becoming a necessary part of everyday life for millions of consumers. According to the Telecom Regulatory Authority of India (TRAI), the number of broadband subscribers increased from 192.30 million at the end of September 2016 to 218.42 million at the end of October 2016 with a monthly growth rate of 13.59%.<sup>1</sup> Despite such rapid growth, often consumers do not get the promised quality of service (QoS) and the quality of experience (QoE) does not match even those few terms mentioned in their broadband packages like maximum speed and data limit. Most of the time congestion in urban areas often leads to considerable drop in performance of internet. The users in rural areas and semi-urban areas are virtually excluded or much more poorly served than those in the urban areas surrounding the cities. Misleading advertisements, unpredictable signals, and callous attitude of internet service providers (ISP), internet speed is always a great source of dissatisfaction for consumers in India.

In a recent study<sup>2</sup> published by CUTS and IIT Delhi, it was recommended that the service providers need to provide complete information to consumers on mobile internet services, at the time of sales as well as on their websites. Strict rules should be imposed against misleading advertisements by ISP, and reported performance should be compared with advertised performance, to understand the discrepancies between promised

and actuals. It further advocates the need for adoption of a nutrition label for ensuring the QoS and thereby providing key information such as speed variations, service limits and conditions, pricing and other relevant information, transparently to the consumers. The adoption of the label would empower consumers with information to compare broadband services in India and make an informed decision.

### Labelling

Labelling is quite common among consumer products, particularly for food products in India. Labelling aims to protect consumer's two major basic rights - right to be informed and right to safety. It is largely designed to provide consumers with more reliable and inclusive information, about the content and composition of the products, which helps them in making an informed choice. A 2015 survey<sup>3</sup> shows that the information which is properly delivered can hold powerful influence on consumer buying preference which in result boosts the reliability of a product. Labelling on the product has been helping consumers to make choices on the product to purchase and also teach them in what way to use product, its name, and price, content and appropriate information.

Also for producers, labelling is a tool to pass on essential information and to highlight benefits of their products when compared to those of their competitors. Furthermore, if a product is highly priced then label can act as a means to justify high price.

The country has successfully introduced many labelling programmes across various sectors. For instance in food sector, every packaged food article sold within the country has to be mandatorily labelled in accordance to the Food Safety and Standards (Packaging and Labelling) Regulations, 2011. This makes it mandatory for manufacturers to provide vital information's like name of food, list of ingredients, nutritional information, declaration regarding vegetarian or non-vegetarian, declaration regarding food additives, name and complete address of the manufacturer or packer, net quantity, code no./lot no./batch no., date of manufacture or packing, best before/use by date, country of origin for imported food and instructions for use. Similarly, the energy star labels on electrical appliances provides information on energy use, enabling consumers to reduce energy bills, reducing capital investment in energy supply infrastructure, strengthening competitive markets and reducing pollution.

countries (including India), drawing over 9,000 responses. Based on the survey findings, the report advocated promoting broadband nutrition label to address speed complaints. Accordingly a standard Broadband Disclosure Statement was developed by CI based on feedback from its members and drawing from other best practices such as Ofcom's Voluntary Code of Practice on Broadband Speeds. The disclosure statement sets out important variables in a standardised, easily understood and comparable form, including speed, reliability, service limits and conditions, pricing and other information such as privacy policy.

### Ofcom's Voluntary Code of Practice in United Kingdom

Ofcom, the national UK Telecoms Regulator, introduced in 2008 a voluntary Code to encourage ISP to provide residential consumers with more information at point of sale on the speeds they

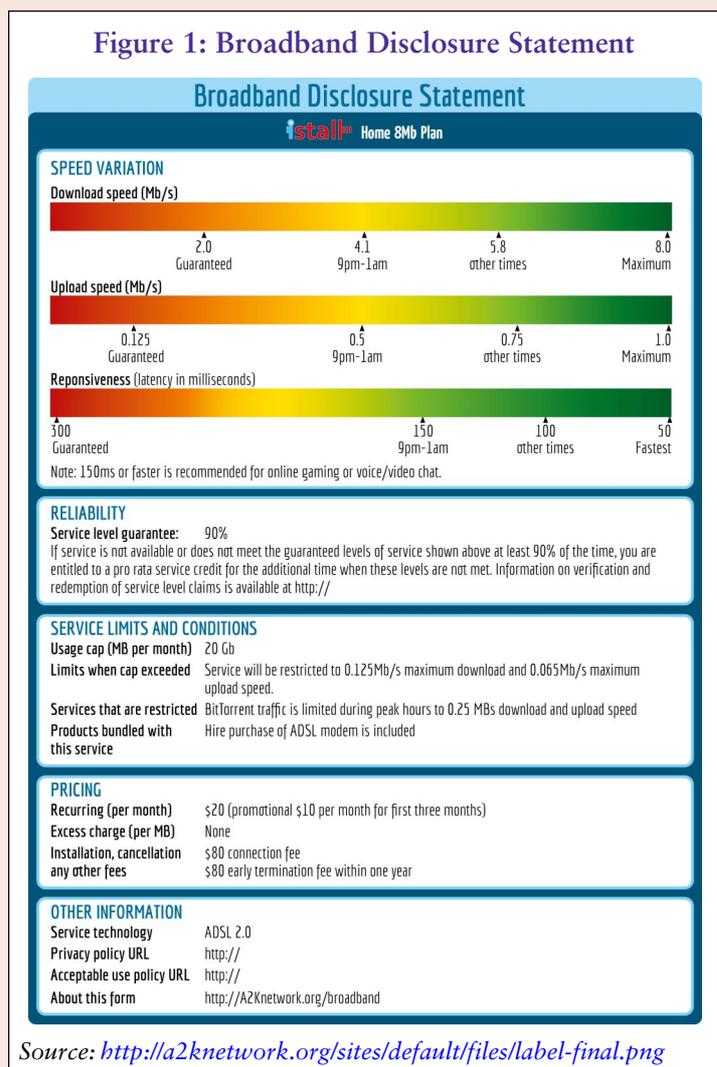
## Broadband Services and Labelling

While most countries have recognised the need of labelling tangible goods, extension of this practice to services does not seem to have been addressed much. That's why labelling of services is quite uncommon except for ecolabels that certifies both environment friendly products and services. However given the ever increasing share of services in the economy, it's high time to focus the shift to labelling various services offered to consumers. Like for products, a labelling could bridge the information gap between consumers and providers of services. Particularly, in the case of broadband internet services, a label will help educate customers about the conditions of broadband services and making services more transparent, encouraging competition for better services among ISP, modernisation and consumer welfare.

### Consumers International

In these lines, in the year 2012 a global consumer survey<sup>4</sup> on broadband Internet was administered by Consumers International (CI) to consumers in 40

Figure 1: Broadband Disclosure Statement



could expect to obtain from their broadband service. The operation and application of the Code continues to be subject to review from time to time to ensure its commitment to serve the interests of consumers and to reflect any new developments within the market in the Code. Since its introduction in 2008, the code was revised twice, in 2010 and in 2015.

### Broadband Labels by US-FCC

The United States (US) Federal Communications Commission (FCC) in April 2016<sup>5</sup> introduced broadband labels to provide consumers of mobile and fixed broadband internet service with easy-to-understand information about price and performance. These labels provide consumers with more information on a) Price - price points, including various charges that seem confusing to consumers like overage, equipment, early termination and administrative fees; b) Data Allowances - This is the carrier defined plan limit after which consumers will face some consequence, such as additional charges or slowed data speeds; c) Performance - Broadband speed and other performance metrics. These formats are not mandatory but are just recommended by the Commission and will serve as a ‘safe harbour’ to meet those requirements.

### Broadband Truth-in-Labeling by New American Foundation

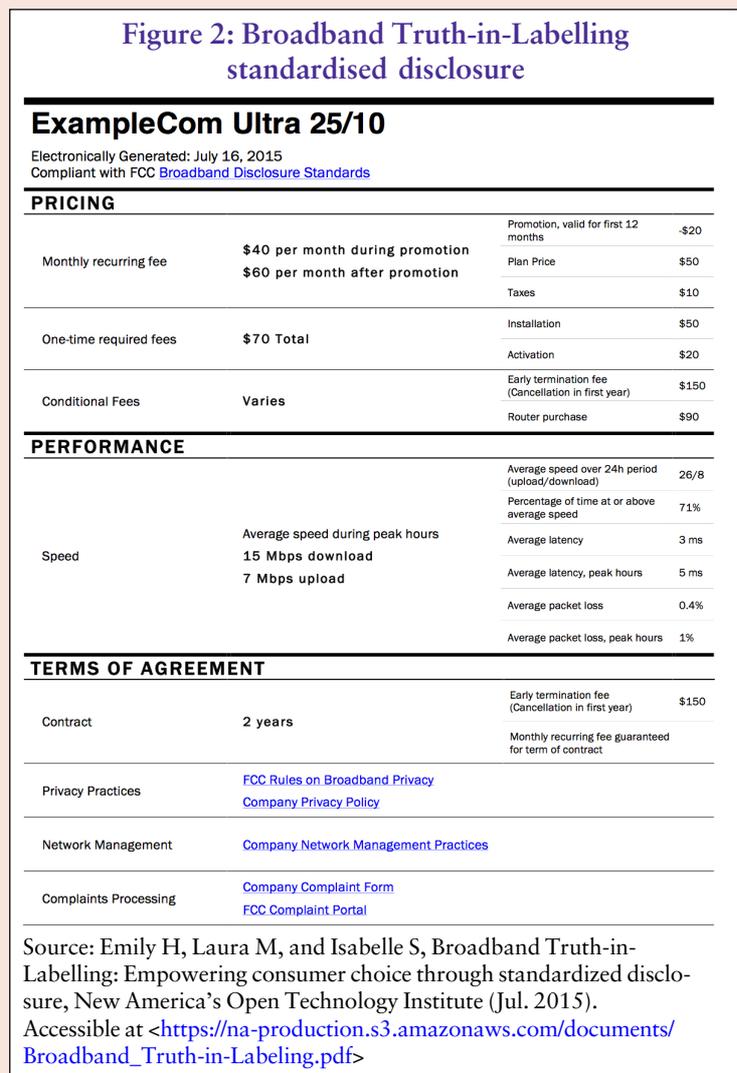
In 2009, the Open Technology Initiative of the New American Foundation called for *truth-in-labelling* disclosure standards to encourage ISP to present information about their service packages in a uniform format that would enable consumers to better understand and compare offerings from different broadband providers. In 2015, the institute came up with a revised version of the Broadband Truth-in-labelling. This label provides a template for standardised, clear and meaningful disclosures that will enable consumers to more easily compare products, which will in turn advance competition in the broadband market.

In the three-column format, the leftmost column describes each category of information, the centre column contains a bolded summary of key information in that

category, and the right-hand column provides a more granular breakdown of details. The new format is easy to read, and highlights the most salient information to consumers including total monthly fees, average speed during peak hours, and length of contract. It also provides a more detailed breakdown of various elements like monthly taxes, cost of router, and average packet loss. The information’s included in the label are consistent with FCC transparency regulations.<sup>6</sup>

### Conclusion

Purpose of this paper is twofold - highlight the need and urgency of adopting disclosure practices within the broadband industry in India; and to look at other countries experiences and practices, plus how those practices are evolving there. Another primary contribution is to initiate the debate regarding how best the broadband users can evaluate their ISP’s’ plans and do they think the



initiatives being used overseas would be useful in India to make broadband speed claims more clear to consumers?

It is never a denying factor that, in today's competitive marketplace, ISP must be committed to provide consumers with accessible and relevant information about broadband services. Consumers ought to know before they owe explicit and honest information about the price, performance and other terms of the deal of the service provided. Usually when choosing a broadband service, Indian consumers are just informed of the maximum speeds they might experience from their service, added with the data usage limit. Broadband speeds are also discussed in vague terms such as 'fast', 'hi-speed' etc., with restricted information offered about how the service will perform (such as minimum speed, latency, bandwidth, losses/chokes, etc.).

Telecom regulator of Singapore, Infocomm Development Authority (IDA), made it mandatory for ISPs to publish accurate and complete information for the services they claim to provide or advertise. This ensures transparency on the services offered by ISPs and also enhances overall customer satisfaction. ISP must publish speed, plan and other details on their websites, digital & press advertising materials, and any other

publicity or marketing materials.

Till date neither regulator nor broadband industry has come up with any disclosure statement in India like in Singapore, UK and US, primarily because of lack of demand due to ignorant consumers and poor infrastructural development within the sector. Therefore there is a need to raise awareness and build capacity of consumer organisations, consumers and all relevant stakeholders, on issues pertaining to the need to develop a standard nutrition label for broadband services. Only once when there is an increase in awareness and subsequent demand, would ISPs and regulators think of developing one. In the long run definitely it will inspire a change in the ISP concerned, who will see the demand for such a practice and the public relations benefits of supporting it.

How to develop?, Which is the best template?, Should it be a voluntary or mandatory label?, Should it be a regulators label, ISP's self-claim label or a third party label? and many other similar questions can be discussed and decided during the course of implementation of this project in consultation with experts and stakeholders. The above discussed labels may not be perfect but they do look like a step in the right direction which one could look upto.

---

## Endnotes

- 1 Highlights of Telecom Subscription Data as on 31st October, 2016. Accessible at <[www.trai.gov.in/sites/default/files/Telecom%20Sub\\_Eng\\_pr.03\\_09-01-2017\\_0.pdf](http://www.trai.gov.in/sites/default/files/Telecom%20Sub_Eng_pr.03_09-01-2017_0.pdf)>
- 2 CUTS (2016), IIT Delhi, Mobile Internet Services in India: Quality of Service, CUTS, Jaipur. Accessible at <[www.cse.iitd.ernet.in/~aseth/1615\\_QoS\\_Report\\_CUTS\\_IIT.pdf](http://www.cse.iitd.ernet.in/~aseth/1615_QoS_Report_CUTS_IIT.pdf)>
- 3 Misbah E, Samreenlodhi, Brand Packaging and Consumer Buying Behaviour: A Case of FMCG Products, International Journal of Scientific and Research Publications, Volume 5, Issue 11, November 2015. Accessible at <[www.ijsrp.org/research-paper-1115/ijsrp-p4788.pdf](http://www.ijsrp.org/research-paper-1115/ijsrp-p4788.pdf)>
- 4 Jeremy Malcolm (ed.): Consumers in the Information Society: Access, Fairness and Representation, Consumers International, 2012, pp. 75-90. Accessible at <<http://a2knetwork.org/sites/default/files/infosoc2012-ch3.pdf>>
- 5 FCC Unveils Consumer Broadband Labels to Provide Greater Transparency to Consumers, Press Release, April 4, 2016. Accessible at <[https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-338708A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-338708A1.pdf)>
- 6 OTI Updates Its 2009 "Broadband Truth-in-Labeling" Proposal, August 2015. Accessible at <[www.newamerica.org/oti/blog/empowering-consumer-choice-through-standardized-disclosure/](http://www.newamerica.org/oti/blog/empowering-consumer-choice-through-standardized-disclosure/)>

---

This Briefing Paper is written by Simi T B of and for CUTS International as part of the project entitled, 'Consumer Broadband Labels: For Greater Transparency & Informed Consumers' with the support from the Ford Foundation.

---

© CUTS International 2017. This **Briefing Paper** is published by CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER), D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India. Ph: +91.141.228 2821, Fx: +91.141.228 2485, E-mail: c-cier@cuts.org, Web: [www.cuts-ccier.org](http://www.cuts-ccier.org). CUTS Briefing Papers are to inform, educate and provoke debate on specific issues. Readers are encouraged to quote or reproduce material from this paper for their own use, but CUTS International requests due acknowledgement and a copy of the publication.

---