

**HEARING BEFORE THE SENATE PERMANENT  
SUBCOMMITTEE ON INVESTIGATIONS**

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Chairman Portman, Ranking Member McCaskill, and Members of the Subcommittee, thank you for the opportunity to be here today. My name is Tom Karinshak. Since November of 2010, I have served as the Senior Vice President, Customer Service, at Comcast Cable. Among other things, I oversee our call center operations, including our phone, chat, and social media representatives. In a nutshell, my leadership team's job is to give our frontline employees the tools and training to be responsive to the questions and needs of our customers and potential customers who call and email us every day.

Comcast welcomes the Subcommittee's interest in customer service and billing practices in the pay TV industry. I look forward to providing an overview below, and also want to thank your staff for the courtesies extended to us throughout their review. I had the opportunity to meet with them late last year at which time they provided us with a greater understanding of your concerns, some of which we've already taken direct actions to address.

At Comcast, we understand why we are here. We and the industry as a whole have not always made customer service the high priority it should have been. We regret that history and have committed to our customers that we will lead the way with initiatives to change it; we are committed to making every part of our customers' experience better, and we have already begun to do so. In short, we are committed to making customer service the best product that Comcast offers to its customers. We believe that we are fortunate to be invited into people's homes to entertain and educate them, to connect them to their friends and family, to help them with their homework, and to allow them to unwind after a long day at work. None of that is possible when you can't get a question about your account or service answered quickly; or when it takes multiple calls to get help fixing a bill or a service problem; or when you have to miss work waiting for a technician who doesn't come during his or her scheduled appointment window.

There are lots of historical reasons that provide an explanation for why these issues existed. They range from the evolution of the industry as it has grown from a series of locally franchised cable systems with different billing and customer-facing systems, to the complexity of the products being offered, to a complicated web of regulation at every level of government.

But we are not here to make excuses. Improving customer service is imperative not only because it's the right thing to do and our customers deserve it. It's also imperative because the competitive marketplace in our industry will make any other outcome untenable.

While we still have much to do, I want to assure you we are working to make our customer service work for you and all of our customers. Our goal is simple. We want every customer to have an exceptional experience with us—from the moment they order a new service,

to installation, to the way we communicate with them and bill for services, to how we respond to issues. To that end, we've begun a wholesale effort aimed at transforming our customer experience.

The foundation of that effort is what I like to call the Comcast Customer "Bill of Rights." These are the core principles that are guiding our customer service revamp. I'd like to lay those principles out for you:

- **Investing in Training and Technology for all Employees.**
- **Giving All Customers Access to Products and Services that Work Best For Them.**
- **Ensuring a Fair Price for All of Our Customers.**
- **Being on Time and Minimizing Wait Time, All the Time.**
- **Giving Customers Control over Their Comcast Experience by Enabling Self Service Whenever Possible.**
- **Keeping Bills Simple and Transparent.**
- **Reassessing Policies and Fees That Frustrate Customers.**
- **Crediting Customers Proactively for Outages and Billing Errors.**
- **Allowing Customers to End Their Service Without a Hassle.**
- **Measuring Our Employees on Customer Satisfaction.**

These are not empty promises. Comcast is spending an incremental \$553 million<sup>1</sup> this year alone on improving the customer experience. Included in these expenditures are the creation of 5,500 new customer service jobs over three years all here in the United States, 2,000 of which are located at our new or soon to open centers in Albuquerque, New Mexico, Spokane, Washington, and in Tucson, Arizona. Having served on active duty in the U.S. Army for six years, I'm also particularly proud of our efforts to increase the hiring of military veterans and their families, both for these new positions and many others. We've committed to hiring 10,000 reservists, veterans, and their spouses or domestic partners between 2015 and 2017 and are on track to meet or beat that goal.

We are also committed to ensuring that when our customers speak to Comcast representatives, they are speaking to representatives that have received comprehensive and consistent training. As we've told the Subcommittee staff, training and feedback for our customer service and retention representatives are constant. As an example, we recently

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<sup>1</sup> This number includes more than \$300 million in spending on operating expenses and additional spending on associated capital expenditures related to improving the customer experience.

completed peer-led training sessions with nearly 80,000 employees about the customer experience and how each and every employee plays a role in our transformation efforts. We've also overhauled our training by rolling out the Net Promoter System (NPS), which is the gold standard in consumer-facing industries. NPS is based on one simple question: how likely is a customer to recommend Comcast services? Our call center personnel get real-time feedback from the system and managers are able to quickly learn about potential issues. So far, we've seen quick and meaningful improvements in customer satisfaction where NPS is being used, and we are continuing its roll out in all of our footprint. In Portland, Oregon, we've seen customer satisfaction improve by 21 points and employee satisfaction improve by 40 points, since the NPS program's inception.

I will address many of our initiatives in additional depth during the remainder of my remarks. For now, let me note that while there is still a long way to go, we are seeing real improvement. Our customer service satisfaction numbers are up 11.5 percent since 2014 and our customer dissatisfaction numbers are down 20% in the same time period. We have experienced a 35% reduction in customer calls to agents since the end of 2013, and that reduction was driven by a 27% reduction in the number of customers who need to call us back. Our on-time arrival rate for technician appointments—using only a two-hour appointment window—reached an all-time high of 98.9% in Q1 2016.

## **I. Retention/Sales Issues**

We believe that we offer our customers the best products and the best value in the industry. In the vast majority of cases, when a customer calls and says that she wants to cancel her service, she is calling because she has encountered a particular issue with her service that we haven't yet resolved. Our retention representatives are trained to help resolve those concerns. And because we do that more often than not, more than 80% of all customers who speak to one of our retention specialists do not disconnect their service.

Our retention specialists receive extensive training—six weeks—before they even start on the job. They receive regular “refresher” trainings throughout the year, including through one-on-one coaching sessions, and monthly and annual evaluations by their supervisors.

While we want to preserve all of our customer relationships if possible, our specialists are trained to process customer requests to disconnect and downgrade their service as quickly as possible when this is the customer's wish.

We've heard and appreciate the Subcommittee's concerns about this topic. In response to those concerns, we've provided additional guidance to our retention representatives about the disconnect process for our customers and continue to work on ways to further streamline disconnect requests. For example, we're piloting a program to make it easier to cancel service online. As part of the pilot, customers can now log on, enter a request, and cancel their service. We follow up by phone within two days just to verify the request, which we have to do for privacy and identity protection reasons (e.g., to verify the identity and credentials of the individual who canceled the account), and we will even make arrangements for them so all they have to do is drop any equipment they have at a local UPS store and have it sent back to us at no

charge. We are continuing to explore other ways to make this process even simpler for our customers.

In all cases, our goal is to ensure that our customers—even those who are leaving—have a positive experience. We think that’s why over 35% of customers who leave Comcast return within 12 months.

We have also heard the Subcommittee’s concerns about customers who threaten to quit getting better deals. Comcast believes our standard rates provide customers with a fair price, and as a result we do not have “special offers” or discounts for customers who threaten to disconnect their service.<sup>2</sup> Our retention specialists work with customers to find the best package for the customers’ needs. Sometimes, that is a package with fewer services or channels that costs less. Other times, it’s a bundle that includes an additional product or service. In all events, our retention specialists ask questions to try and learn about how a customer wants to use our services so that they can be matched with the best possible set of products and services.

## **II. Billing/Fees**

We are also working to simplify billing and provide greater consistency and transparency to our customers. We offer our customers up to four “core” products (video, Internet, phone, and home security), and there are dozens of permutations within each product, ranging from whether you order a pay-per-view movie that month, to the speed of your Internet, to your video programming package. In addition, there are multiple fees and surcharges that we assess and collect on behalf of local, state, and the federal government that appear on the bill. Add on the fact that our products are already some of the most complex products in the home, and it’s understandable why there has been confusion. To be sure, our bills were not always as clear as they should have been. That’s why we’ve worked to streamline bills, remove unnecessary charges and items, and reformat our bills so that the bottom line is clear to our customers.

Customer confusion over billing results in significant costs to us. It dramatically increases the number of customer calls that we receive, and our own data shows that it’s a major source of dissatisfaction among our customers. And we are very aware that customers who have billing issues with their providers can and do change their providers.

That’s why we’ve undertaken a number of initiatives to make our customers’ bills as accessible and as easy to understand as possible.

- Where customers have shared with us their email addresses, we send them email summaries of their order and their resulting bill as soon as they order service or make a change to their existing service.
- We send all new customers and customers on a new rate plan a “video bill,” a short, personalized video that explains everything customers need to know about their bill,

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<sup>2</sup> Indeed, a recent article in *Consumerist* noted that customers who have “tried to negotiate better TV or triple-play rates with Comcast [say that] the calls are ending [] with rates unchanged.” See Kate Cox, *The 3 Big Things We’ve Learned About Your Cable Bill*, CONSUMERIST (May 17, 2016), available at <https://consumerist.com/2016/05/17/the-3-big-things-weve-learned-about-your-cable-bill/>.

including information about all fees and regulatory charges, including their first month's price, monthly price, the meaning of various recurring fees and charges, proration and non-recurring charges, and information about how to auto-pay.

- Our popular "My Account" app enables customers to easily access their account information, see any new charges or credits, pay their bill, receive updates on their rate plan and even troubleshoot technology issues. We also give customers the opportunity to view and pay their bills through their X1 set-top box and are working to give customers even more choices. You can even schedule an appointment for a Comcast representative to call you at a time that is convenient for you, rather than waiting on hold. Over 4 million customers are already using the app, and more than 9 million are using our self-service options.
- When a customer logs in to our website, we prominently and clearly highlight the total amount that they owe on their next payment, without having to click to a special page.

We have also dedicated ourselves to training our customer service representatives to summarize every customer's order, including all fees and charges. And to ensure that this training is followed, it's an important component of all customer-facing representatives' monthly and annual evaluations.

We also offer all customers a 30-day money back guarantee. Comcast honors this guarantee for any customer who wishes to cancel any new product or service. This policy helps to ensure that no customer is locked into services or equipment if he or she is not completely satisfied with the service or the rates and fees charged.

We do offer time-limited promotional rates in certain circumstances. These prices are a by-product of the highly competitive marketplace for all of our services. We are competing to win business away from our competitors, and they are certainly competing to take business away from us. Those promotions benefit consumers by providing them with lower prices and the opportunity to experience a different product line during the promotional period.

We've worked to simplify and limit the number of promotional rates that we offer in a particular market. Our customer service and retention representatives are trained to identify for customers the duration of their promotional rate. At the time they sign up for a promotion, customers who provide us with an email address receive a summary of their bill that includes notice of the end-point of their promotional rate. Our written advertising materials also clearly state the current post-promotional rate so that the customer knows what their rate would be if they retain the same level of service.

### **III. Fees and Surcharges**

Depending on the services a customer receives, there can be a large number of taxes, fees and surcharges on a customer's monthly bill. This stems mainly from offering products that are heavily regulated at the local, state, and federal levels, including dozens of assessments that we collect from our customers for governments. Comcast does not mark up or profit on these fees.

In recent years, a number of pay TV providers, including Comcast, have begun breaking out and separately billing standalone charges to reflect the increased costs associated with the carriage of certain sports networks and the retransmission of broadcast stations' signals. Those particular costs, along with the costs of programming generally, have been skyrocketing in recent years. From 2011 to the present, program costs have increased each year between 6 and 8.5%. We decided to separately bill those increased costs—as opposed to simply raising our sticker price—so that our customers would have complete transparency into why their bills were increasing. Indeed, these costs are increasing so rapidly that the amounts that we are now charging do not cover either the programming fees we pay to regional sports networks or the retransmission consent fees we pay to broadcasters. As the same *Consumerist* article that I referenced earlier states, Comcast was the pay-tv provider that struck the best balance between transparency and clarity.

Because of our long history of being subjected to FCC-mandated rate regulation, we base fees for equipment like remote controls and services like installation associated with its basic cable service on the actual cost of providing the equipment or service. Under this historical regulatory framework, these rates are established using a formula that includes the actual cost of the equipment or service to Comcast plus a specified margin for expected service calls. Specifically, we established an “equipment basket” that includes “direct and indirect material and labor costs of providing, leasing, installing, repairing, and servicing customer equipment.” *See* 47 C.F.R. § 76.923. Permitted charges for equipment are then calculated based on the equipment basket costs. These calculations are documented in Form 1205, which is filed annually with the FCC. Comcast recovers through associated fees less than 100% of its costs in supplying this equipment and providing these services.

Other fees and charges relate to optional add-on services like our DVR service or for enabling HD technology. By charging for these services on a standalone basis, we allow customers who do not need or want them to bypass the associated charges, which they would otherwise bear in part if the costs were simply bundled into our standard rates. And our new “Partner Program” enables customers to access our programming through third-party set-top devices and smart TVs, avoiding the need to rent a set-top box from us. We’ve already entered into an agreement with Roku that will allow our customers to access their cable TV service via a Roku streaming player or directly on a Roku TV.

We’ve also recently stopped charging for fees, to further simplify our customers’ bills. For example, we no longer charge change of service fees.

#### **IV. Recent Initiatives**

As I referenced at the beginning of my remarks, we are in the midst of transforming our customer experience. In 2015, we announced a new, multi-year plan to reinvent the customer experience and to create a culture where all employees are focused on exceeding our customers’ expectations, at all levels of the company. That plan was informed by our review of customer service data, including our assessment of surveys and customer complaints. We also received input from our customer service representatives about what worked and what didn’t, and the tools that they needed to better address our customers’ needs.

The core elements of the plan include:

- Creating more than 5,500 U.S.-based customer service jobs over the next three years;
- A goal to be on time for customer appointments *all the time* or we automatically credit a customer;
- Major investments in technology and training to give employees the tools they need to deliver excellent service;
- The renovation and opening of hundreds of retail stores across the country;
- The development of new customer-facing technologies that will enable customers to interact with us how and when they wish.

For example, we are currently rolling out a new, cloud-based platform that gives employees a better, holistic view of the customer's account history so they have everything they need at their fingertips to help customers faster and you won't need to start over each time you talk to a different agent. We're also enabling self-service whenever possible to give customers the same tools our agents have.

We are also redesigning all of our retail stores and opening many more, adding staff and introducing new capabilities like intelligent queueing that allows customers to reserve a place in line from their mobile phone, to cut wait times.

We have rolled out an initiative to credit customers \$20 automatically if a technician does not arrive on time for an appointment for any reason. In addition, we've hired hundreds of additional technicians and brought our dispatch operations in-house in order to reach the goal of always being on time for customer appointments. And our tech tracker tool allows customers with scheduled appointments to receive alerts when one of our technicians is about 30 minutes away from arriving at the customer's house, and to track this technician's progress on a map. This prevents our customers from needing to just sit at home and wait for an appointment.

Other recent innovations designed to improve our customer service experience include:

- Launch of an interactive troubleshooting guide within the "My Account" app, which takes customers through steps designed to help fix whatever issue they are having on their own, without needing to make an appointment to see a technician;
- A unique partnership with UPS Store and Amazon to allow for the easy and free return of equipment when a customer cancels their account;
- Deployment of a 125+ person social media team to handle individual customer issues;

- Standardized and improved call forecasting and workforce management practices to help ensure the right number of agents are available at any time;
- Deployment of email confirmation messages for customer orders and when we issue a credit to their accounts;
- Development of Xfinity TV apps that enable our customers to directly access our content on TVs and other third-party devices throughout their home, without the need to lease a cable set-top box;
- Launch of our One Transfer tool, simplifying and improving the experience if the agent has to transfer the call to a specialist or to handle another customer need; and
- Outfitting of all technicians with iPhones to streamline in-home visits.

We've also conducted a 360 degree review of our billing policies to make sure that our practices put our customers first. For example, we've extended the time period during which customers can dispute a charge on their bill from 60 to 120 days, empowered our front-line agents to issue up to \$100 in credits on-the-spot, and afforded customers who say that they returned equipment the benefit of the doubt without requiring a receipt.

While we believe that these and other steps we've taken to improve our customer experience are making a real difference, we also welcome the opportunity to work with the Subcommittee on other areas that it identifies as occasions for additional improvement.

Thank you for the opportunity to testify today. I am happy to answer any questions that you may have.