

1 April 2021

Tēnā koutou

Completion of the Mobile Bill Review: Addressing transparency and inertia issues in the residential mobile market

1. We are writing to confirm that our Mobile Bill Review (**MBR**) is now complete. The MBR has provided a valuable snapshot of consumers' purchasing behaviour and the extent to which consumers match their purchasing decisions to their usage.
2. We are grateful to the industry for its constructive engagement with the MBR. We have considered the submissions received from Mobile Network Operators (**MNOs**) in response to our findings and to Schiff Consulting's Analysis Report (**Analysis Report**). MNOs' submissions have been published alongside this letter.¹
3. We have amended one of our findings in response to submissions and have published an updated Analysis Report. The Analysis Report now includes Schiff Consulting's response addressing MNOs' submissions, which challenged certain assumptions and conclusions in the Analysis Report.²
4. The MBR has confirmed a need for greater transparency, and how through having increased access to information, consumers can make better-informed decisions regarding their mobile plans. We welcome MNOs' commitments to implement measures to address transparency and inertia issues in the residential mobile market.³ We will monitor the delivery of these commitments as part of our ongoing Part 7 Retail Service Quality programme.

Process followed for the MBR

5. Our 2019 Mobile Market Study identified potential issues of consumer inertia in the residential mobile market.⁴ Consequently, in May 2019, we commenced the MBR under section 9A of the Telecommunications Act 2001, to understand the usage and expenditure patterns of mobile consumers and the extent to which these consumers could save money by changing their purchasing behaviour.

¹ Links to these submissions are available on our [website](#).

² The Analysis Report itself has also been updated to direct readers to the addendum and to signal that the 'right planning' section of the report contains an error.

³ Commerce Commission "Addressing transparency and inertia issues in the residential mobile market" (9 March 2021).

⁴ Commerce Commission "Mobile Market Study – Findings" (September 2019), finding 16, page 12.

6. In September 2020, we published the Analysis Report, which analysed 12 months of billing data for nearly 80,000 consumers provided by 2degrees, Spark and Vodafone. Alongside that Report, we issued an open letter to MNOs and the TCF on our findings.⁵
7. We concluded there were opportunities for significant savings for some consumers in the residential mobile market and requested that MNOs and the TCF share their plans for addressing transparency and inertia issues.⁶
8. In November 2020, we received submissions from 2degrees, Vodafone, Spark and the TCF on our findings and the Analysis Report. We then engaged with the parties on a cross-industry plan to address the issues of transparency and consumer inertia.
9. On 9 March 2021, MNOs and the TCF agreed to implement a range of measures to provide consumers with greater access to and transparency of spend and usage information.⁷

Amendment to the analysis and conclusions for the MBR

10. Schiff Consulting has confirmed a refinement in the ‘right planning’ aspect of its analysis for some customers who used less than their quota in every month, in response to the MNO submissions.⁸
11. This refinement results in an estimated one in seven postpaid consumers saving an average of \$18.28 a month, compared with the original analysis of a quarter of postpaid consumers saving an average \$11.60 a month⁹. This is a decrease in the number of consumers who could potentially save money by switching, but an increase in the total average saving.
12. Schiff Consulting notes that this aspect of the analysis concentrated on consumers who were always under quota or were under quota in 9 of the 12 months. In its response, it expresses the view that if the analysis had considered all the consumers in the sample (ie, rather than just a subset), it would probably have identified a greater number of consumers who could potentially save¹⁰.

⁵ Schiff Consulting “Analysis of Mobile Bills – Report for the New Zealand Commerce Commission” (18 August 2020)

⁶ The Analysis Report and the open letter can be found on our website - <https://comcom.govt.nz/regulated-industries/telecommunications/monitoring-the-telecommunications-market/topic-papers-other-reports-and-studies/review-of-consumer-mobile-bills>.

⁷ Commerce Commission “Addressing transparency and inertia issues in the mobile market” (9 March 2021). https://comcom.govt.nz/data/assets/pdf_file/0022/242923/Open-letter-from-the-Commerce-Commission-addressing-transparency-and-inertia-issues-in-the-residential-mobile-market-9-March-2021.pdf

⁸ More information can be found in the Analysis Report, pages 59-60.

⁹ Re-calculation based on the adjusted figures in the Analysis Report at page 59.

¹⁰ Analysis Report, page 59.

13. We are still of the view that transparency and inertia issues warrant action to address consumer welfare loss in the residential mobile market and that the amendments to the analysis broadly offset each other in terms of the potential savings for consumers. Therefore, the commitments that the MNOs and the TCF have made to address these issues, as announced in our open letter on 9 March 2021, remain extremely important.
14. Again, we extend our thanks to the industry for its engagement on the MBR, which has allowed us to refine our analysis. We look forward to seeing the agreed raft of transparency initiatives implemented during 2021, which we consider will result in significant improvement for consumers.

Ngā mihi nui

A handwritten signature in black ink, appearing to read 'Tristan Gilbertson', with a period at the end.

Tristan Gilbertson
Telecommunications Commissioner