

5 September 2024

By email to: Mark Callander – 2degrees
Jolie Hodson – Spark
Jason Paris – One NZ

Copy to: Mobile Stakeholder Group
Broadband Stakeholder Group
Consumer Stakeholder Group

Tēnā koutou

Product Disclosure – Mobile Coverage Maps – update letter

Introduction

1. We have been working with industry and consumer stakeholders on options for improving the comparability of mobile coverage maps as part of our product disclosure workstream¹.
2. The purpose of this letter is to confirm the approach we intend to take following stakeholder consultation on this issue.

Background

3. Issues with mobile coverage maps emerged during our early work with consumers on retail service quality issues.²
4. This work showed that:

¹ Coverage refers to areas where the signal provided by a mobile network is strong enough to use mobile services (including voice, SMS and data). The coverage provided by each mobile network varies. These differences make it important for consumers to understand what coverage looks like in the locations that matter most to them when choosing a provider. To help consumers understand this mobile providers produce coverage maps, using sophisticated models specific to their networks, to indicate where their services are available.

² See *Improving Retail Service Quality Final Baseline Report*, 9 December 2021.

- 4.1 coverage maps are a useful comparison tool but consumers do not feel they can use them as much as they would like to inform their choice of mobile provider; and
 - 4.2 improving the comparability and accuracy of mobile coverage maps, as well as making them easier to find on provider websites, were the key opportunities for improvement.
5. We therefore consulted with stakeholders on the best way of improving outcomes for consumers in these areas.³
6. We initially proposed:
- 6.1 moving towards a standardised model for producing coverage maps across the industry – to make maps more comparable;⁴
 - 6.2 requiring maps to be made more prominent – to meet consumer demand for a more visible and accessible tool; and
 - 6.3 introducing an “exit right” where there is a material difference between a coverage map and real-world experience for consumers – to prevent consumers being locked into problematic coverage and encourage providers to keep maps as accurate as possible.
7. We received extensive feedback during the consultation process and set out below the approach we now intend to take in light of this feedback.

Comparability

- 8. Consumers supported the concept of more consistent mobile coverage maps across the industry.
- 9. Mobile providers highlighted that it would be technologically infeasible to develop a standardised model but conceded there was scope for improving the consistency and comparability of existing coverage maps.
- 10. Mobile providers acknowledged that the following key design elements of existing maps could be standardised to make them more comparable:
 - 10.1 standardising the description of coverage levels – so that coverage is presented in a consistent way (such as “excellent”, “good”, “fair”, and “no coverage”);

³ We undertook two key rounds of consultation starting with *Improving retail service quality - Product Disclosure Emerging Views Paper*, 12 October 2022 and followed by *Improving RSQ – Draft Product Disclosure Mobile Coverage Map Guidelines*, 14 December 2023.

⁴ In our Emerging Views Paper, we proposed moving to a standardised model as a stepping stone to a single integrated coverage map for the industry – similar to the UK and Ireland. In our Draft Guidelines, we adapted our thinking and proposed standardisation of design elements, improving prominence and an exit right.

- 10.2 standardising the signal strength thresholds for each coverage level – so that relative signal strength is presented in a consistent way across providers;
 - 10.3 standardising the services to be displayed – so that consumers are presented with a consistent array of services; and
 - 10.4 standardising the approach to the use of any technical terms and supporting information presented alongside coverage maps – so that this is as easy to understand as possible.
- 11. We consider that standardising these design elements, so that coverage maps are presented in a more comparable way, would usefully improve the existing baseline of coverage information for consumers.
 - 12. We also consider that standardisation should be an industry-led process in the first instance.
 - 13. Our expectation is therefore that the three mobile network operators (**MNOs**) will work together to agree and execute a roadmap for standardising these elements within the next 12 months.
 - 14. Our expectation is that:
 - 14.1 the standardised design elements and the roadmap for implementing them will be agreed within the first three months;
 - 14.2 the roadmap will contain key delivery milestones against which progress can be monitored; and
 - 14.3 MNOs will implement the roadmap as expeditiously as possible within the 12-month period and keep the Commission updated on progress.
 - 15. We do not consider that, undertaken appropriately, this exercise is likely to give rise to any issues under the Commerce Act.

Prominence

- 16. Mobile providers were generally open to the proposal to make mobile coverage maps more prominent and visible – both on provider websites and in coverage related advertising.
- 17. However, mobile providers stressed the importance of doing this in a pragmatic way, particularly having regard to the difference between online and other forms of advertising (such as billboards).
- 18. In response to requests for further guidance on this point, we note our expectation that making coverage maps more prominent and visible will involve at a minimum:

- 18.1 ensuring that consumers can navigate to a coverage map within two clicks from the mobile provider's homepage;
 - 18.2 including a clear and prominent link to a coverage map in all marketing communications that involve coverage claims;
 - 18.3 including a clear and prominent link to a coverage map on all pages on a provider's website where coverage is relevant, or consumers could reasonably go to find coverage information, including pages related to mobile plans and offers; and
 - 18.4 providing a clear and prominent link to a coverage map at least once during the sales journey for all new customers.
19. Our expectation is that MNOs will take steps to make coverage maps more prominent and visible to consumers within the next six months.

Exit Right

20. Our work shows that, despite the quality and reach of mobile networks, coverage issues remain a major driver of mobile churn.⁵
21. We therefore proposed an "exit right" to ensure that: (a) operators have an incentive to maintain coverage maps that are as accurate as possible; and (b) consumers are not locked into contracts when they run into a coverage problem.
22. Mobile providers suggested that the "open term" nature of most mobile plans ensures that consumers are not locked into arrangements involving unsatisfactory coverage. In particular:
- 22.1 any coverage discrepancies are more likely to be experienced by new customers, arise on the fringes of the network, and become immediately apparent; and
 - 22.2 any customers unhappy with their coverage can exit by triggering a "network guarantee" (where one is offered) or by otherwise giving notice to terminate their contract.⁶
23. 2degrees and One NZ currently offer a "network guarantee" that provides a 30-day money back guarantee covering plan charges as well as any handset repayments (when the handset is returned in good condition with the original packaging).
24. We agree that, in practice, coverage discrepancies are more likely to be experienced by new customers and become apparent soon after purchase. To that extent, a "network guarantee" that refunds plan charges and handset repayments provides a reasonable

⁵ 30% of consumers listed Better Coverage as a reason for choosing their new provider – *Telecommunications Consumer Satisfaction Monitoring Report, July-December 2023*, page 24.

⁶ Most mobile plans do not have a minimum term and can be terminated by either: (a) providing notice in the case of pay monthly plans; or (b) not topping up at the end of the current period in the case of prepaid plans.

remedy for consumers in this situation. It also provides an incentive to address coverage discrepancies because there are consequences for providers whenever the “exit right” is triggered.⁷

25. Importantly, a “network guarantee” also deals with the complexities of situations where consumers bundle a handset with their mobile plan – as around 30% of consumers are now choosing to do. A “network guarantee” prevents consumers from being locked into the costs of handsets they cannot use because of coverage problems.
26. A simple right to terminate does not provide the same degree of protection for consumers in this situation. This is because consumers exercising a right to terminate can exit the contract for service but are still left exposed to the costs of handsets they cannot use.
27. For these reasons, we consider that:
 - 27.1 a “network guarantee” providing a minimum 30-day “no quibbles” right to exit a mobile plan, along with a refund for any plan and handset costs, provides a reasonable right of exit for consumers experiencing coverage issues at a time when these issues are most likely to arise; and
 - 27.2 a “network guarantee” should be offered as standard by all three MNOs, including Spark, which should take steps to introduce a suitable “network guarantee” as expeditiously as possible.
28. We note our expectation that, when coverage issues arise **after** the initial 30-day period, mobile providers will work through issues on a case-by-case basis with their customers. We intend to review the ability for consumers to raise these issues with TDRS as part of our 2024 TDRS review.⁸
29. We also note the importance of any “network guarantee” remaining compliant with applicable law and encourage providers to review their guarantees in light of recent changes to consumer law. In particular, providers should review any requirement to return handsets in the original packaging and ensure that, where they continue to stipulate this, consumers are given appropriate notice.
30. We propose to look at issues related to interest-free handset repayment arrangements as part of our debt and affordability workstream in 2025.

⁷ A coverage discrepancy revealed through a consumer complaint could be addressed either by correcting the coverage map (to match actual experience) or by boosting coverage on the ground (to match the map).

⁸ Although we have concerns about the position of consumers tied to handset repayments in this situation, given the current limited evidence of complaints in this area, we consider that TDRS is best placed to adjudicate any issues that cannot be resolved on a case-by-case basis.

Conclusion

31. We are grateful for the constructive feedback we received in relation to improving mobile coverage maps for consumers.
32. We consider that, through this process of engagement, we have identified a way forward that builds on existing practice while also improving comparison and choice for consumers.
33. We look forward to receiving within the next three months:
 - 33.1 confirmation from the three MNOs of the plan they will pursue for standardising the suggested design elements of mobile coverage maps;
 - 33.2 confirmation from each of the three MNOs that they have, or are in the process of, taking the steps suggested to make coverage maps more prominent and visible; and
 - 33.3 confirmation from Spark that it has introduced or is taking steps to introduce a “network guarantee” in similar terms to other MNOs.
34. We confirm our expectations that Mobile Virtual Network Operators (MVNOs) will:
 - 34.1 flow through the improvements made by their host networks on the coverage maps within six months of them being delivered;
 - 34.2 take steps to make coverage maps more prominent and visible to consumers within the next six months; and
 - 34.3 introduce a suitable “network guarantee” within the next six months.
35. We also confirm our intention to reflect the principles set out in this letter in the final Coverage Map guidelines to be issued later in the year.
36. If you have any questions in relation to this letter, please email market.regulation@comcom.govt.nz, for the attention of Andrew Young, Retail Service Quality Manager.

Ngā mihi nui

Tristan Gilbertson
Telecommunications Commissioner