

6 June 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

## **Mobile Transparency – Progress Review**

### *Executive Summary*

1. The purpose of this letter is to seek stakeholder views on whether outcomes have improved for consumers, following our push to improve mobile usage and spend information, and what this means for the future direction of our work in this area.<sup>1</sup>
2. Our preliminary view is that outcomes have improved and that, as a result of the most recent developments in the market, competitive pressure is likely to produce further improvements over time.
3. Subject to the questions below, we currently see no need to consider the introduction of mandatory “right planning” obligations, as initially proposed at the outset of this process.
4. Our preliminary view is that monitoring the market, including through Consumer New Zealand’s annual survey of progress, is the appropriate response at this time.

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<sup>1</sup> We committed to undertaking *ex post* reviews of our work on this and other retail service quality issues to ensure it is achieving its statutory purpose. See [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0019/345313/Telecommunications-2024-work-plan-Letter-to-industry-29-February-2024.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0019/345313/Telecommunications-2024-work-plan-Letter-to-industry-29-February-2024.pdf). We have already initiated a review of our work to improve the telecommunications dispute resolution scheme and will soon initiate reviews of our work to improve broadband marketing and energy/broadband bundling practices.

5. However, we wish to test these preliminary views with stakeholders, and would therefore welcome your feedback before we finalise our position and determine next steps.
6. We are interested in hearing from mobile operators, other industry stakeholders, individual consumers and consumer groups.

### *Background*

7. In 2019, the Commission completed its study of mobile markets in New Zealand.<sup>2</sup> The mobile market study indicated high levels of customer inertia in the residential mobile market.
8. Our subsequent review of consumer mobile bills confirmed these inertia levels and suggested that many consumers were overspending by being on the wrong plan relative to their usage and spend.
9. We discussed options for addressing this issue with the three mobile network operators (**MNOs**). The Commission's initial preference in these discussions was for proactive "right planning" or "right sizing" recommendations.
10. In March 2020, MNOs made voluntary commitments to address transparency and inertia issues in the residential mobile market by:<sup>3</sup>
  - 10.1 Supporting the development of a mobile comparison tool;
  - 10.2 Improving usage and spend information for their customers; and
  - 10.3 Prompting customers to use this information to ensure they are on the best plan relative to their needs.
11. Our approach was to agree the key outcomes to be delivered by MNOs,<sup>4</sup> and a timeframe for delivery, but otherwise leave each MNO to determine how it would deliver specific improvements for its customers. We encouraged MNOs to differentiate and compete against each other in terms of the improvements they were making.
12. We also indicated that we would ask Consumer New Zealand (**Consumer NZ**) to independently review and report on progress in this area to maintain incentives for effective delivery.
13. We summarise the progress that has been made in relation to each of the voluntary commitments below.

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<sup>2</sup> Commerce Commission "[Mobile Market Study – Findings](#)" (26 September 2019).

<sup>3</sup> Commerce Commission "[Open letter from the Commerce Commission addressing transparency and inertia issues in the residential mobile market](#)" (9 March 2021).

<sup>4</sup> Key outcomes included a set of minimum requirements to deliver the relevant outcomes (such as the requirement for improved usage and spend information to cover at least 12 months to account for seasonality).

### Mobile Comparison Tool

14. MNOs worked together, through the Telecommunications Forum (TCF), to develop and agree a mobile plan comparison framework that could be used to support a mobile comparison tool.
15. MNOs also worked with a third-party comparison service provider, NZ Compare, to assist it in launching a mobile comparison tool. “Mobile Compare” was launched in November 2022.
16. We continue to believe that comparison tools are useful in helping consumers to compare plans and navigate the complexities of the mobile market – something consumers have told us they can find challenging.<sup>5</sup>
17. NZ Compare’s comparison tool is an important addition to other tools and information available in the market<sup>6</sup> because it uses the TCF framework and information provided by MNOs under that framework to make comparisons.
18. NZ Compare reports that usage of its “Mobile Compare” tool has increased consistently in the period since it launched. This growth has occurred organically without significant advertising. **Figure 1** below shows the usage of Mobile Compare in the period since launch.

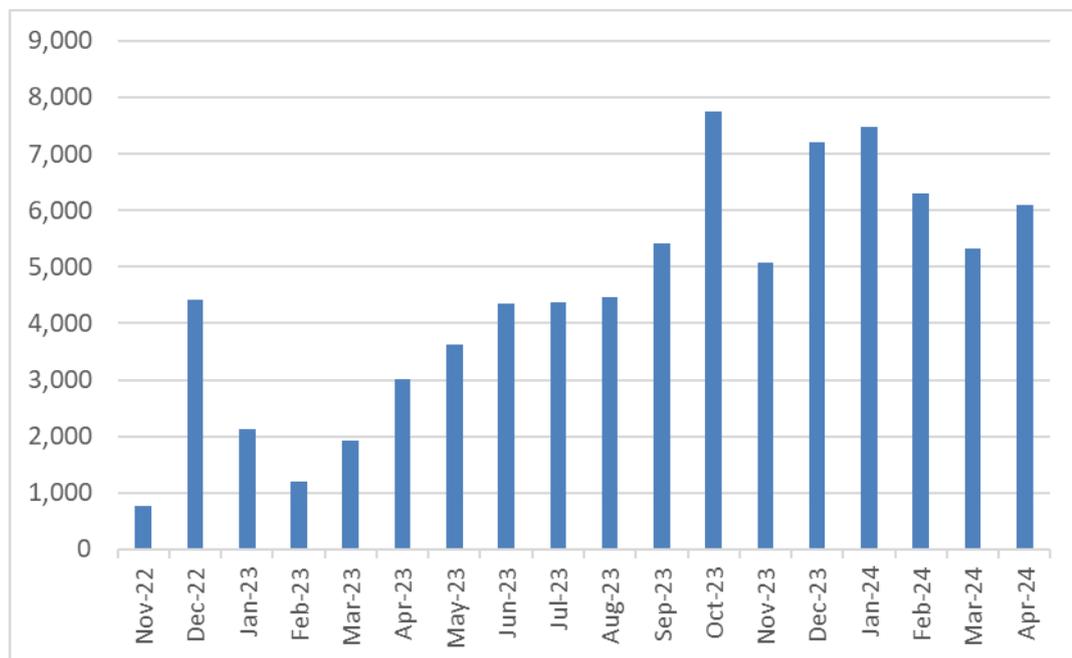


Figure 1: Mobile Compare usage

<sup>5</sup> See Commerce Commission “[Summary of individual feedback](#)” (30 March 2021).

<sup>6</sup> Comparison information is provided on a screen-scraping basis by some providers, such as Glimp, and periodic assessment information is also produced by other providers, such as Canstar Blue.

19. We would like to hear views on whether the current mobile comparison tools are meeting consumer demand.
20. We would also like to hear whether industry now sees a case for supporting the Mobile Compare tool by way of sponsorship or funding to enable NZ Compare to support and promote the tool.<sup>7</sup>

### *Usage & Spend Information*

21. MNOs worked individually to improve usage and spend information for their customers in line with their voluntary commitments to the Commission.
22. This work was focused on improving usage and spend information in their apps and developing an annual summary of usage and spend to prompt customers to stay on the best plan for their needs.
23. We engaged Consumer NZ to undertake an independent review of the work done by MNOs and what this looked like for consumers.
24. Consumer New Zealand's first review was completed in September 2022 and found that consumers were getting better usage and spend information from their mobile providers than they were before.
25. However, despite this progress, Consumer NZ noted considerable variability in performance among providers, which presented opportunities for further improvement. In terms of Consumer NZ's ratings scale,<sup>8</sup> one provider was "good", two were "average", and none were "excellent".
26. In summary:
  - 26.1 2degrees came out on top with an app providing the best usage and spend information and a good annual summary letter;
  - 26.2 One NZ had the worst app but the best annual summary letter – including an innovative right planning notification; and
  - 26.3 Spark developed a new app but not an annual summary letter.
27. The overall position for consumers is summarised in **Figure 2** below.

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<sup>7</sup> NZ Compare has stated that funding for its other comparison tools comes from commercial arrangements with some providers for customer leads or sales and it does not have commercial arrangements for Mobile Compare.

<sup>8</sup> Terrible: < 35; Poor: 35-49; Average: 50-69; Good: 70-89; Excellent: 90+.



Figure 2: Consumer NZ 2022 Review Results<sup>9</sup>

28. We acknowledged the progress that had been made, which lifted the baseline for consumers, and encouraged MNOs to work on further improvements ahead of the next review.
29. Consumer NZ published the results of its second review in October 2023.<sup>10</sup>
30. This review found that there had been limited progress by providers since the initial review. Only One NZ had improved its score over the previous year. Results otherwise remained flat.
31. The overall position is summarised in **Figure 3** below.

<sup>9</sup> [https://www.facebook.com/story.php?story\\_fbid=10159203801002730&id=45193957729](https://www.facebook.com/story.php?story_fbid=10159203801002730&id=45193957729)

<sup>10</sup> <https://www.consumer.org.nz/articles/mobile-plans-which-mobile-provider-is-most-consumer-friendly>

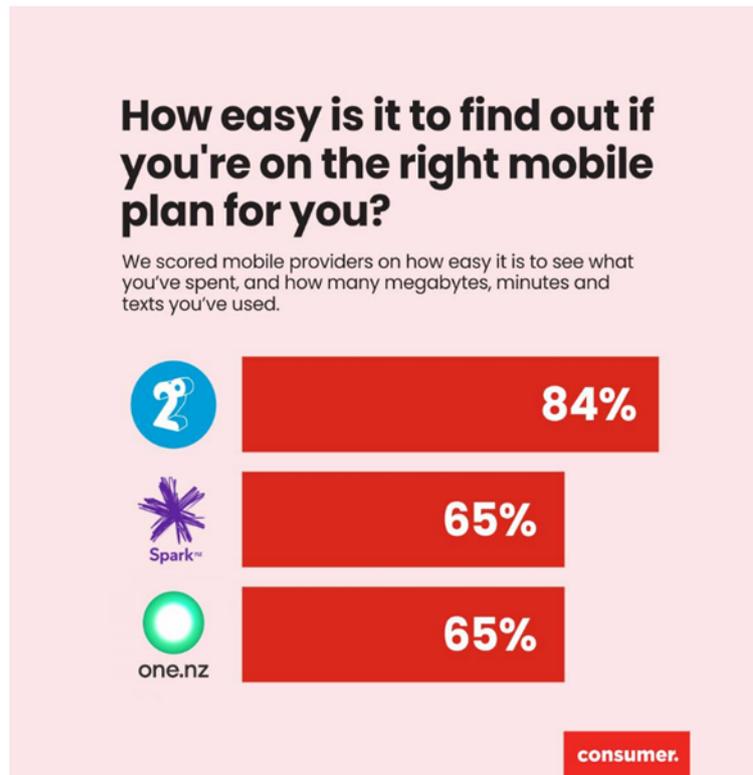


Figure 3: Consumer NZ 2023 Review Results <sup>11</sup>

32. On the face of it, this suggests that progress had stalled, but this review did not capture the significant improvements delivered by Spark towards the end of the review period.<sup>12</sup>
33. Spark had developed and launched an innovative data-driven right planning initiative to help keep its customers on the best plan for their individual needs.
34. This initiative, called “Made For You Review”, uses the power of AI to analyse customer usage and spend and make proactive recommendations when it identifies an opportunity for customers to save by moving to a different plan.
35. Spark reports that this initiative, which covers broadband and post-paid mobile services, has delivered savings to customers acting on right planning recommendations.<sup>13</sup> We understand it has also helped to reduce churn and increase customer satisfaction.
36. Spark is continuing to optimise this technology with plans to enable it to automatically check-in and make recommendations when a customer’s usage behaviour changes.

<sup>11</sup> <https://www.facebook.com/consumernz/posts/pfbid02b4KQZt2oT6WcJtVh9f7SmXhF9Q2yFECWKSLDwvRoZWCAb2dsFkVXaVv4qSQmpB2nI>.

<sup>12</sup> These improvements were out of time for the October 2023 review but will be fully captured in this year’s review.

<sup>13</sup> [https://www.sparknz.co.nz/news/spark\\_uses\\_AI\\_to\\_help\\_customers\\_ensure\\_best\\_plan1/](https://www.sparknz.co.nz/news/spark_uses_AI_to_help_customers_ensure_best_plan1/).

37. We consider Spark's initiative to be a potentially ground-breaking development. It is a decisive step towards proactive right planning, promises significant consumer benefit and seems likely to force a commercial response from competitors.
38. Accordingly, subject to this progress being confirmed in Consumer NZ's next review, we do not see a need to move in the direction of right planning obligations at this time.
39. Our preference is to wait to see how competitors respond to Spark's disruptive play before considering the need for further action. We encourage all providers introducing right planning to ensure that the mechanics of changing plan based on recommendations are as frictionless as possible for consumers.
40. We would like to hear stakeholder views on this "wait and watch" approach. We are particularly interested in understanding what might be an appropriate duration for the Commission to allow for any competitive response to take effect.
41. We will repeat the Consumer NZ review in October this year to maintain pressure for change and ensure consumers are made aware of the improvements that are being made and who is delivering them.

#### *Consumer Cut Through*

42. We asked Consumer NZ to assess the extent to which consumers were engaging with annual summaries in its most recent review.
43. We wanted to gauge the level of cut through this form of information was achieving with consumers.
44. Concerningly, only 13% of customers recalled receiving annual summaries, but over 80% of those who had used the summaries found them helpful.
45. We would like to understand the reasons for this lack of consumer recall<sup>14</sup> and what steps MNOs are taking to address the issue.
46. We will also monitor the level of cut through being achieved by annual summaries and app-based information in future Consumer NZ reviews.

#### *Benefits*

47. We recognise that MNOs have invested in making a series of changes that have improved usage and spend information for consumers.

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<sup>14</sup> For example, MNOs may be classifying annual summaries as marketing communications, which many consumers opt out of receiving, rather than as essential communications that are sent to all customers.

48. However, we have not yet attempted to measure the extent to which these improvements have addressed underlying issues, particularly the level of overspending by consumers.
49. One way of doing this is by re-running the review of consumer mobile bills that was undertaken in 2019.<sup>15</sup> This would allow us to understand the impact of the changes MNOs have made but would be a significant undertaking for the Commission and the industry.
50. Our preliminary view is that, given the improvements we have seen, and the likelihood of competitive pressures driving further improvements, we do not see a case for re-running the mobile bill review at this time.
51. However, we invite stakeholders to share their perspectives on whether and when the Commission should undertake the mobile bill review again, or whether there may be other ways of obtaining comparable insights.

#### *Commission's Approach*

52. Finally, we want to ensure that we continue to improve our approach to dealing with retail service quality issues and, accordingly, invite stakeholders to share their views on the approach we have taken to mobile transparency issues.
53. We are particularly interested in understanding:
  - 53.1 What aspects of our approach have worked well;
  - 53.2 What we could have or should have done differently;
  - 53.3 What this suggests for future retail service quality workstreams; and
  - 53.4 The reasons for your views in each case.
54. We are open to alternative approaches to achieving benefits for consumers through more effective collaboration and engagement with stakeholders going forward.

#### *Conclusion*

55. For the reasons set out above, we consider that our work has prompted a competitive response from MNOs that continues to improve outcomes for consumers, including moves towards proactive rightsizing.

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<sup>15</sup> <https://comcom.govt.nz/regulated-industries/telecommunications/monitoring-the-telecommunications-market/topic-papers-other-reports-and-studies/review-of-consumer-mobile-bills>.

56. Subject to the questions and caveats noted, our preliminary view is that competition should be left to drive further improvements, with Consumer NZ's annual reviews providing an important measure of progress.
57. We would be grateful for your views on the questions raised in this letter, along with any other comments you may wish to make, by 18 July 2024.
58. For convenience we have included a consolidated list of questions in the attachment to this letter.
59. Please contact Andrew Young [REDACTED] if you have any questions.

Ngā mihi nui

**Tristan Gilbertson**  
Telecommunications Commissioner

**APPENDIX ONE****Questions for all Stakeholders**

1. Are current mobile comparison tools meeting consumer demand?
2. Do you agree with the proposed “wait and watch” response proposed? How long do you think we should wait for a further competitive response before reviewing again?
3. Should we undertake another review of consumer mobile bills – and, if so, when? Are there alternative ways of delivering comparable insights?
4. In terms of our approach to mobile transparency issues, what did we get right, what did we get wrong, and what does this suggest in terms of our approach to other retail service quality issues?
5. Are there any other observations or comments you wish to make?

**Additional Questions for MNOs**

6. Do you see a case for supporting the Mobile Compare tool by way of sponsorship or funding?
7. What steps are you undertaking to address the low level of cut through in relation to annual summaries noted by Consumer NZ?
8. Are there any other observations or comments you wish to make?