

19 May 2022

By email to: Mark Aue
CEO – 2degrees

Jolie Hodson
CEO – Spark

Jason Paris
CEO – Vodafone

Copy to: New Zealand Telecommunications Forum Inc
Consumer Stakeholder Group

Tēnā koutou

Addressing transparency and inertia issues in the residential mobile market

Introduction

1. In March 2021, the three mobile network operators (**MNOs**) made voluntary commitments to address transparency and inertia issues in the residential mobile market by December 2021,¹ including by:
 - 1.1 Improving the usage and spend information given to consumers;
 - 1.2 Prompting consumers to use this information to ensure they are on the best plan relative to their needs; and
 - 1.3 Supporting the development of a mobile comparison tool.
2. We now wish to review the results of the work that has been done in these areas and identify any further steps that may be required.

¹ Commerce Commission “Open letter from the Commerce Commission addressing transparency and inertia issues in the residential mobile market” (9 March 2021).

Usage & Spend information

3. Since the agreed time in the March 2021 letter for improving usage and spend information has passed, we have engaged Consumer New Zealand (**Consumer NZ**) to undertake an independent assessment of the changes that MNOs have made for consumers in this area.
4. This assessment will examine how well each MNO enables consumers to understand their usage and determine whether they are on the best plan to meet their needs. In particular, Consumer NZ will be looking at the useability and accessibility of the historical spend and usage information and how readily it enables consumers to see any gaps between usage and spend.
5. We will work with each MNO to ensure that Consumer NZ is given the information required to undertake this assessment including providing the opportunity for MNOs to present on the particular improvements they have made.
6. Consumer NZ's assessment is expected in July 2022 in the form of a report. We will publish this report when it becomes available and may include a measure related to usage and spend information in the prototype mobile customer service dashboard we will be consulting on later in the year (as noted in our Improving Retail Service Quality update letter dated 7 March 2022).²

Mobile Comparison Tool

7. We understand that MNOs have successfully worked together, through the Telecommunications Forum Inc. (**TCF**), to develop and agree a mobile plan comparison framework that could be used to support a mobile comparison tool.
8. However, despite best efforts, MNOs have not all been able to agree commercial terms for the launch of a mobile comparison tool by a third party comparison service provider.
9. This is unfortunate given the value of comparison tools in helping consumers to navigate the complexities of the market and the difficulty consumers have told us they face in understanding and comparing mobile plans.³
10. We are interested in understanding whether, in these circumstances, you can see any other viable pathway towards the launch of a mobile comparison tool or a way providers can help consumers compare plans across providers.

² Commerce Commission "Improving Retail Service Quality for Consumers – 2022 Update" (7 March 2022), para 22.2.

³ Commerce Commission "Improving Retail Service Quality Final Baseline Report" (9 December 2021) pages 30-31.

Plan Recommendations

11. At the outset of our mobile transparency work, we encouraged MNOs to put in place “right sizing” or “right planning” safeguards for their customers, noting that we would consider more formal action if MNOs were not able to deliver the commitments outlined in the March 2021 letter.⁴
12. “Right sizing” or “right planning” measures, in this instance, refers to plan recommendations and would require MNOs to proactively advise customers whether they are on the right plan, relative to their prior usage and spend, or recommend another plan on which they could save money.
13. As noted in paragraph 8 above, since a mobile comparison tool is unlikely to be delivered, we are interested in your views on whether plan recommendations should now be required.
14. In particular, we are interested in your views on whether the Commission should continue to monitor outcomes based on voluntary commitments from MNOs to introduce plan recommendation measures, or whether these should be implemented through an Industry or Commission RSQ Code. In addition, we are interested in your views on whether there are any basic “rules” that should apply to the design and operation of such measures by all MNOs.
15. At this stage, we are inclined to the view that voluntary measures would be sufficient to deliver the desired outcomes, if consumers are advised at least once every 12 months whether they are on the best available plan given their historical usage and spend, or what the best alternative plan would be, along with an easy “one click” method for changing plans.

Conclusion

16. We would be grateful for your views on the questions raised in this letter by 3 June 2022.
17. Please contact Andrew Young (andrew.young@comcom.govt.nz) if you have any questions.

Ngā mihi nui



Tristan Gilbertson
Telecommunications Commissioner

⁴ Commerce Commission “Open letter from the Commerce Commission addressing transparency and inertia issues in the residential mobile market” (9 March 2021) para 14.