

27 November 2024

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

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

Tēnā koutou

## **Mobile Transparency – Final Progress Review**

### *Executive Summary*

1. In June this year we sought stakeholder views on the effectiveness of our work with industry to improve transparency for residential mobile consumers.<sup>1</sup>
2. Consultation has confirmed our preliminary view that:
  - 2.1 Outcomes for consumers have improved over the past three years;
  - 2.2 Consumers are getting better information and tools to help them determine whether they are on the best plan for their usage and spend; and
  - 2.3 Competitive pressure is likely to produce further improvements over time.
3. We have therefore concluded that no further action except ongoing monitoring by the Commission is required at this time.

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<sup>1</sup> *Mobile Transparency – Progress Review*, open letter, 6 June 2024.

### *Background*

4. 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.
5. 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.
6. We discussed options for addressing this issue with the three mobile network operators (**MNOs**).<sup>3</sup> The Commission's initial preference in these discussions was for proactive "right planning" or "right sizing" recommendations.
7. In March 2020, MNOs made voluntary commitments to address transparency and inertia issues in the residential mobile market by:<sup>4</sup>
  - 7.1 Supporting the development of a mobile comparison tool;
  - 7.2 Improving usage and spend information for their customers; and
  - 7.3 Prompting customers to use this information to ensure they are on the best plan relative to their needs.
8. Our approach was to agree the key outcomes to be delivered by MNOs,<sup>5</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.
9. 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.
10. Consultation has confirmed our view that significant progress has been made over the last three years in relation to each of the voluntary commitments with a corresponding improvement in outcomes for consumers.

### *Mobile Comparison Tool*

11. 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.

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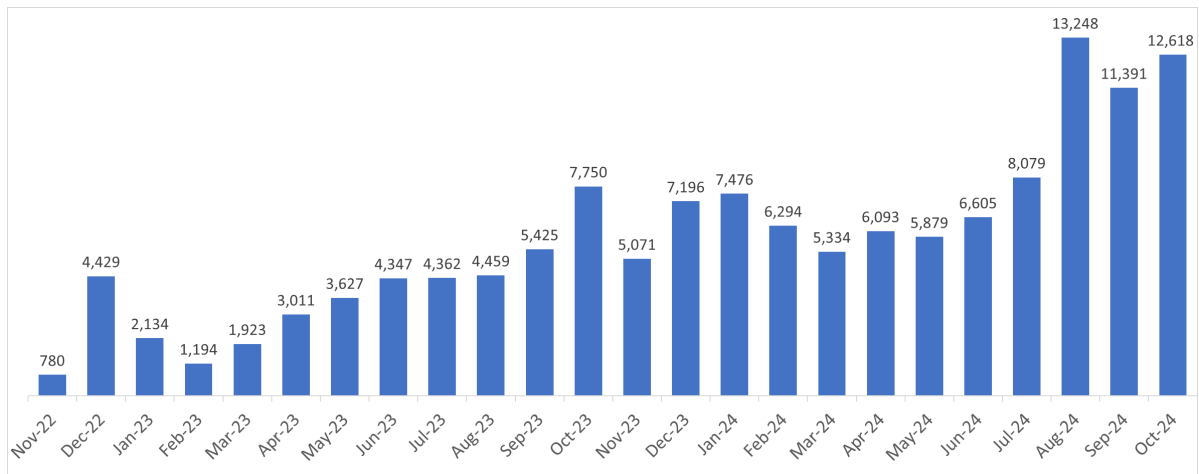
<sup>2</sup> Commerce Commission "[Mobile Market Study – Findings](#)" (26 September 2019).

<sup>3</sup> 2degrees, One NZ and Spark.

<sup>4</sup> Commerce Commission "[Open letter from the Commerce Commission addressing transparency and inertia issues in the residential mobile market](#)" (9 March 2021).

<sup>5</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).

12. 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.
13. 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>6</sup>
14. NZ Compare’s comparison tool is an important addition to other tools and information available in the market because it uses the TCF framework and information provided by MNOs under that framework to make comparisons.<sup>7</sup>
15. NZ Compare reports that usage of its “Mobile Compare” tool has increased consistently in the period since it launched. **Figure 1** below shows the usage of Mobile Compare in the period since launch.



*Figure 1: Mobile Compare usage*

16. We consulted on whether current mobile comparison tools are meeting consumer demand and whether, given its growth, there is a case for sponsorship or funding to further support and promote the Mobile Compare tool.<sup>8</sup>
17. Responses from industry acknowledged that Mobile Compare is a useful addition to the market but indicated that providers are already partnering with Mobile Compare to the extent that they see a commercial case for doing so. On this basis, we agree that there is no case for considering funding obligations, and that Mobile Compare should find its own place in the market, along with other comparison tools.

<sup>6</sup> See Commerce Commission “[Summary of individual feedback](#)” (30 March 2021).

<sup>7</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.

<sup>8</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.

### Usage & Spend Information

18. MNOs worked individually to improve usage and spend information for their customers in line with their voluntary commitments to the Commission.
19. 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 consider the best plan for their needs.
20. We engaged Consumer NZ to undertake an independent review of the work done by MNOs and what this looked like for consumers.
21. Consumer NZ'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.
22. In summary:
  - 22.1 2degrees came out on top with an app providing the best usage and spend information and a good annual summary letter;
  - 22.2 One NZ had the worst app but the best annual summary letter – including an innovative right planning notification; and
  - 22.3 Spark developed a new app but not an annual summary letter.
23. The overall position for consumers is summarised in **Figure 2** below.



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

<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)

24. Consumer NZ published the results of its second review in October 2023.<sup>10</sup>
25. 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.
26. The overall position is summarised in **Figure 3** below.

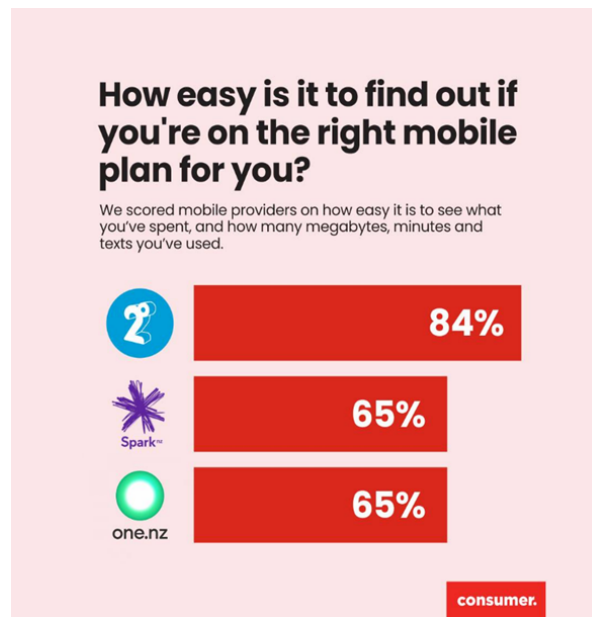


Figure 3: Consumer NZ 2023 Review Results <sup>11</sup>

27. On the face of it, this suggested 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>
28. 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.
29. 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.<sup>13</sup>

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

<sup>11</sup> <https://www.facebook.com/consumernz/posts/pfbid02b4KQZt2oT6WcJtVh9f7SmXhF9Q2yFECWKSldwvRoZWCAb2dsFkVXaVv4qSQmpB2nl>.

<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.spark.co.nz/online/benefits/the-made-for-you-review>. Spark reports that this initiative, which covers broadband and post-paid mobile services, has delivered savings to customers acting on right planning recommendations. We understand it has also helped to reduce churn and increase customer satisfaction. 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.

30. We considered Spark's initiative to be a potentially ground-breaking development that was likely to be reflected in the following year's review by Consumer NZ.
31. Consumer NZ published the results of its most recent review in November 2024<sup>14</sup>, which shows that:
- 31.1 Spark has overtaken 2degrees through a combination of proactive right-planning recommendations, improvements to its app, and the launch of a summary usage and spend email;
  - 31.2 2degrees has not only lost its historic leadership position but has slipped below its rating last year given the absence of improvements to its existing baseline in the current review period. We understand that 2degrees is working on initiatives that could change this position in future reviews; and
  - 31.3 One New Zealand increased its rating over the prior year by making a targeted improvement to its app – continuing its record of incremental year-on-year improvements to its baseline.
32. The overall position is summarised in **Figure 4** below.

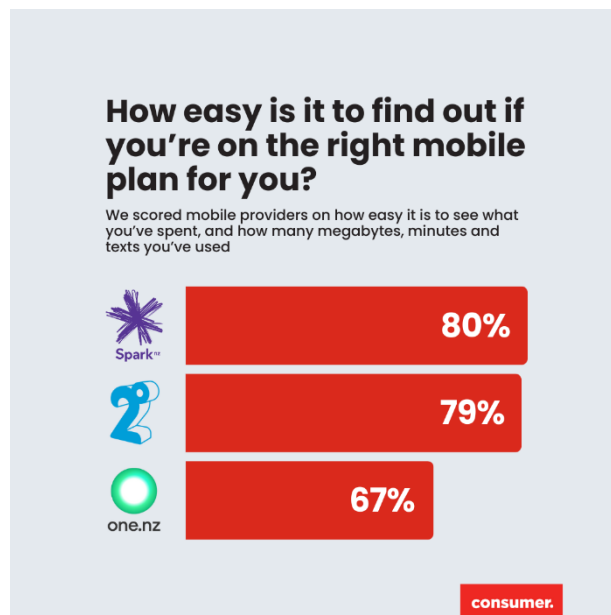


Figure 4: Consumer NZ 2024 Review Results <sup>15</sup>

33. These developments have confirmed our view that outcomes have been improving for consumers and that competitive pressure is likely to incentivise further improvements over time.

<sup>14</sup> [www.consumer.org.nz/articles/are-you-on-the-best-mobile-plan-we-think-your-telco-should-tell-you](http://www.consumer.org.nz/articles/are-you-on-the-best-mobile-plan-we-think-your-telco-should-tell-you).

<sup>15</sup> [www.consumer.org.nz/articles/are-you-on-the-best-mobile-plan-we-think-your-telco-should-tell-you](http://www.consumer.org.nz/articles/are-you-on-the-best-mobile-plan-we-think-your-telco-should-tell-you).

34. Responses to our consultation agreed that providers are differentiating and competing to give consumers better information without the need for further action from the Commission.
35. For these reasons, we have concluded that monitoring MNOs, including through Consumer NZ's annual review of progress, is the appropriate response at this time.
36. This will maintain an appropriate level of pressure for change on MNOs and ensure that consumers are made aware of the improvements that are being made and which MNO is delivering them.

### *Measuring Benefits*

37. We recognise that MNOs have invested in making a series of changes that have improved usage and spend information for consumers.
38. Consumer NZ's annual reviews provide a tangible measure of the progress that has been made over the past three years.
39. 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.
40. As noted in our June letter, we could do this by re-running the review of consumer mobile bills that was undertaken in 2019,<sup>16</sup> but this would be a significant undertaking for the Commission and the industry.
41. Our preliminary view was that, given the improvements we have seen, and the likelihood of competitive pressure driving further improvements, we did not see a case for re-running the mobile bill review at this time.
42. However, we invited 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.
43. Responses agreed that it would be preferable to let competition play out further before another mobile bill review is undertaken and we accordingly intend to adopt that course.

### *Conclusion*

44. 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>16</sup> <https://comcom.govt.nz/regulated-industries/telecommunications/monitoring-the-telecommunications-market/topic-papers-other-reports-and-studies/review-of-consumer-mobile-bills>.

45. Competition should be left to drive further improvements among MNOs using Consumer NZ's annual reviews as a measure of progress.
46. We do not see a case for funding the Mobile Compare (or any other) comparison tool beyond a level that is naturally supported by the market.
47. We do not see a case for undertaking another mobile bill review until competitive developments have further played out and consumer benefits are more embedded.
48. We encourage MNOs to continue innovating, competing and differentiating in this and other areas of retail service quality and consumers to make the best use of the improved information and tools available to them.
49. Please contact Andrew Young ([market.regulation@comcom.govt.nz](mailto:market.regulation@comcom.govt.nz), with "Mobile Transparency" in the subject line) if you have any questions.

Ngā mihi nui

**Tristan Gilbertson**  
Telecommunications Commissioner