

Contrary to CMA's provisional speculative view the merger will most likely NOT lead to higher network capacity & quality in the UK

Dear Mr. McIntosh,

In light of Rewheel's response to CMA's provisional findings and notice of remedies that was submitted last week, I would like to highlight another key finding from Rewheel's latest study concerning the merged party claims for network improvements and CMA's speculative provisional view that accepted in parts those claims.

Rewheel stated in the submitted redacted version of its study that *"...the merger will most likely NOT lead to higher network capacity & quality in the UK."* Rewheel's conclusion is based on data and findings from 50 EU & OECD mobile markets that are presented in the full unredacted report version¹, these are;

- a. The four UK mobile network operators (MNOs) collectively hold the fourth highest amount of spectrum across the 50 markets.
- b. The combined Vodafone / Three MNO will hold the second highest amount of spectrum among 168 operators across the 50 markets.
- c. Spectrum usage in the UK in 2023 was the seventh lowest among the 50 markets. Spectrum is being hoarded by the UK MNOs and not being put into use.
- d. The radio site density (deployed radio sites per 1 million population) of mobile networks in the UK was the twenty-first lowest among the 50 markets.
- e. The four MNOs in the UK have deployed substantially fewer radio sites than their counterparts in the 4-MNO French and Italian markets. And that is true despite the fact that Iliad launched in Italy as the new 4th MNO just 6 years ago.

So, while the UK MNOs hold substantial higher amounts of spectrum than almost all other MNOs, mobile network quality and reliability in the UK is subpar (see Opensignal²). Why?

The main reason for the subpar mobile network quality and reliability is the fact that UK MNOs have deployed fewer radio sites due to their extensive network sharing entanglements. More often than not, active network sharing restricts competition in similar manner to mobile network consolidation (i.e., 4 to 3 mobile mergers). Among other anti-competitive effects active network sharing often results in a reduction in the number of radio sites which in turn reduces the mobile network capacity in the market. Market data presented in Rewheel's study showed that high radio site density is a key driver to mobile network performance (quality and reliability).

The proposed 4 to 3 merger between Vodafone and Three will consolidate mobile networks in the UK further and lead to fewer total mobile radio sites. Fewer mobile radio sites in the UK will lead to lower mobile network capacity and most likely reduce the quality and reliability of mobile networks in the UK even further.

This document forms a supplement to Rewheel's submission to CMA's call for responses to its provisional merger findings.

Helsinki, 30th September 2024

Sincerely,



Antonios Drossos

Managing Partner Rewheel

¹<https://research.rewheel.fi/insights/>

²<https://www.opensignal.com/market-insights>