

THE VODAFONE-THREE MERGER: ONE YEAR ON

Early evidence on network improvements and
market outcomes

JULY 2026

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EXECUTIVE SUMMARY

On 31 May 2025, Vodafone Group and CK Hutchison completed the combination of Vodafone UK and Three UK into a new joint venture, VodafoneThree. The transaction was cleared by the CMA on 5 December 2024, subject to legally binding commitments including the implementation of the Joint Network Plan (“JNP”) and time-limited retail and wholesale protections. A key stated ambition was to create “one of Europe’s most advanced standalone 5G networks”¹, delivering a step change in capacity, coverage and customer experience. Vodafone has asked Frontier to assess the progress made in the first year following completion of the merger. Key findings include:

- **Customers are already benefiting from improved network performance.** As shown in the table below, the first phase of integration has expanded coverage, reduced not-spots, increased 5G reach, improved speeds and made the network more reliable. Data traffic growth is higher across both legacy networks, showing customers are using mobile services more as network quality improves.
- **Early integration of the two legacy networks has helped deliver these improvements.** Spectrum sharing was enabled within weeks of completion, delivering immediate capacity and speed benefits for Three customers. Vodafone and Three customers are now able to connect automatically to the best coverage across the two legacy networks, thanks to rapid reciprocal site access.
- **Investment across the wider market remains strong.** Since the merger, BT/EE has accelerated its 5G standalone rollout, while VMO2 has announced major network upgrades, backed by new agreements with Ericsson and Nokia.
- **Market pricing trends show continued competitive pressure.** SIM-only prices and blended ARPUs have both stayed broadly flat or have fallen in real terms since completion, even as data use has continued to grow. This is consistent with Ofcom survey evidence showing fewer reported concerns about mobile affordability in 2025. MVNO and MNO sub-brands have continued to expand, with their combined share of retail mobile subscriptions now exceeding 25%, indicating that wholesale competition is continuing to support growth in this segment.

¹ [Merger of Vodafone UK and Three UK to create one of Europe's leading 5G networks](#)

VodafoneThree one year on – key network stats

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- **Spectrum sharing was deployed extensively within weeks of deal close:** additional Vodafone 1800MHz spectrum has been deployed on nearly **15,000 legacy Three sites**, **boosting 4G speeds for more than 7 million** customers by an average of 20%, with increases of up to 40% in some areas.
 - **The implementation of reciprocal site access means that customers can now benefit from the combined geographic coverage of the two networks.** By February 2026, MOCN had removed more than **16,500 km²** of not-spots.
 - **MOCN has also expanded the areas where customers can access 5G services:** between May 2025 and March 2026, **5G population coverage increased by around 9%** (from 59% to 64%) for Vodafone customers, and around 10% for Three customers (from 65% to 72%).
 - **5G speeds have improved materially: Vodafone 5G average download speeds increased by 38%**, from 172 Mbps to 237 Mbps, between April 2025 and March 2026, while Three 5G average download speeds increased by 9%, from 313 Mbps to 341 Mbps.
 - **Data usage has accelerated: annual data consumption growth increased from 12% in FY25 to 21% in FY26** on the Vodafone network and from 9% to 26% on the Three network, **well above recent market-wide growth of 15.2%.**
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1 Introduction

On 31 May 2025, Vodafone Group and CK Hutchison completed the combination of Vodafone UK and Three UK into a new joint venture, VodafoneThree. The merged business brought together the UK operations of Vodafone and Three, with Vodafone holding 51% and CK Hutchison holding 49% at completion. Subsequently, on 5 May 2026, Vodafone reached an agreement to buy out of CK Hutchison's share in the business. Following completion of this transaction, Vodafone will become the sole owner of VodafoneThree.

The transaction was cleared by the UK Competition and Markets Authority ("CMA") on 5 December 2024, subject to legally binding commitments. These included commitments to implement the merged entity's Joint Network Plan (JNP) fully, with oversight by the CMA and Ofcom, as well as time-limited retail tariff protections and wholesale access commitments for mobile virtual network operators ("MVNOs").

This paper assesses the evidence available from the first year following completion. It focuses on the following areas:

- **VodafoneThree's progress in implementing the JNP**, including the early measures planned for the first 12 months following completion that were intended to accelerate the realisation of some of the benefits of combining the two networks ("Day 1" benefits);
- **evidence of improved network quality** for Vodafone and Three customers;
- **evidence of wider investment in the market**, in particular by BT/EE and VMO2; and
- **trends in retail pricing outcomes** since the merger.

The evidence to date shows that the merger is already delivering tangible network improvements and material benefits for VodafoneThree customers, while observed retail pricing outcomes remain consistent with strong, sustained competition.

The remainder of this paper is structured as follows:

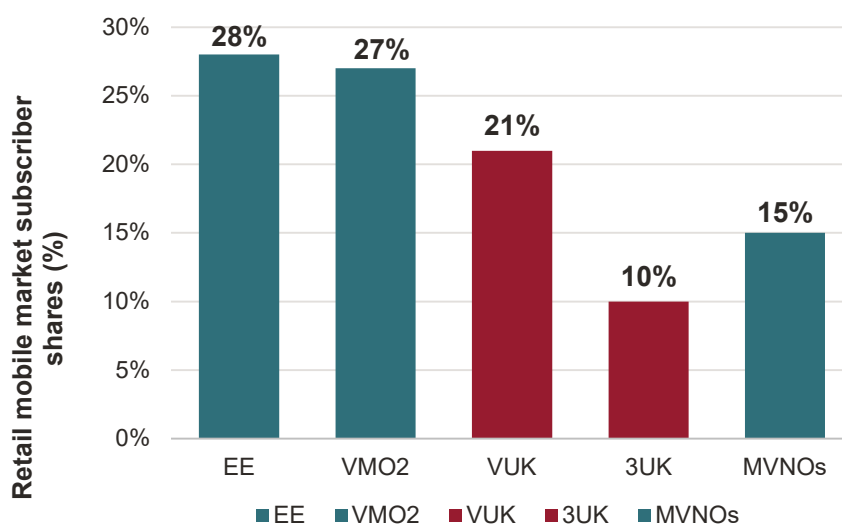
- **Section 2** provides background to the transaction, including the market context prior to the merger, the rationale for combining Vodafone UK and Three UK, and the role of the JNP in the CMA's assessment;
- **Section 3** considers progress with the implementation of the JNP, the extent to which early integration measures are translating into improved customer outcomes, and emerging evidence on wider investment in the market; and
- **Section 4** considers pricing developments since the merger.

2 Background

2.1 Pre-merger market context

Prior to the transaction, the UK mobile market was characterised by a material gap between the two larger mobile network operators, BT/EE and Virgin Media O2 (“VMO2”), and the two smaller operators, Vodafone UK and Three UK. BT/EE and VMO2 had materially larger retail positions (see Figure 1), while Vodafone UK and Three UK had struggled to close the gap in market share over time.

Figure 1 Retail mobile subscriber market shares Q4 2023



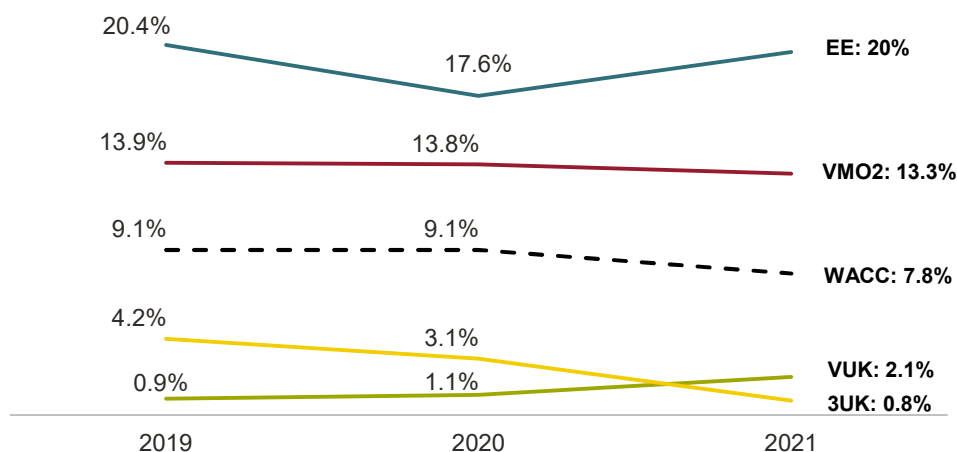
Source: GSMA Intelligence

This asymmetrical market structure was particularly relevant in a sector characterised by high fixed costs, recurring network investment requirements and significant economies of scale. Mobile operators must maintain national coverage, add capacity in high-traffic areas, invest in new radio equipment and deploy new spectrum. Since many of these costs are fixed or semi-fixed, the economics of network investment depend heavily on the number of customers and volume of traffic that can be served over a given network footprint. A larger customer base allows the costs of capacity and quality improvements to be recovered across more users and more traffic, reducing unit costs. By contrast, an operator with fewer customers in the same area may face similar upgrade costs but have a smaller revenue base over which to recover them, constraining its ability to invest.

The relevance of scale could be seen in the financial performance of the UK MNOs prior to the transaction. Ofcom’s historical analysis of return on capital employed (“ROCE”) showed a clear gap between the larger and smaller operators. As Figure 2 shows, the gap in market

shares was mirrored by the MNOs' relative profitability, with Vodafone UK and Three UK historically earning significantly lower returns than their larger rivals.

Figure 2 Economic ROCE by MNO, pre-tax nominal



Source: Ofcom

Vodafone and Three's returns had been well below their cost of capital in recent years, indicating that they were "sub-scale" – that is, below the minimum scale needed for sustainable network investment. Vodafone and Three's history of low returns also undermined their ability to attract capital for future investments.² These scale-related investment constraints were exacerbated by wider market developments:

- The retail market was increasingly shaped by competition from MVNOs and sub-brands, especially in value-focused SIM-only segments. This placed additional pressure on retail margins and made it harder for smaller MNOs to improve returns through price increases. It also meant that any assessment of competitive outcomes needed to consider the wider role of wholesale access and downstream MVNO competition, not only the retail offers of the four MNO brands.
- The transition to 5G increased the scale of investment required. Delivering more advanced 5G capabilities requires significant expenditure on radio equipment, spectrum deployment, transport, backhaul and core network infrastructure. At the same time, mobile data traffic was continuing to grow and consumers were making greater use of data-intensive applications. There was evidence that the UK was already lagging a number of

² This is illustrated by the reaction of investors to Vodafone's announcement of further spending on its network (particularly 5G) in May 2021 – the announcement was quickly followed by an 8.9% drop in its share price, suggesting that investors are wary of funding significant new investments in Vodafone's network, in light of previous performance (The Times, May 2021, Investment plans spook shareholders at Vodafone. See <https://www.thetimes.co.uk/article/investment-plans-spook-shareholders-at-vodafone-z5b0v0s72>)

international peers on 5G availability, speeds and overall network performance, increasing the importance of sustained investment in network quality and capacity.³

Taken together, these factors suggested that the pre-merger market structure may not have been conducive to delivering good market outcomes over the longer run, particularly in relation to network investment. Vodafone and Three's smaller scale constrained their ability to invest, while growing data demand and the transition to 5G were increasing the level of investment required. At the same time, the larger MNOs had less incentive to accelerate network investment where the smaller operators were constrained in their ability to challenge them on network quality.

2.2 Transaction rationale and the JNP

The merger was intended to address Vodafone and Three's scale challenge by enhancing their ability and incentive to invest sustainably in their networks. It would achieve this by:

1. combining their complementary spectrum holdings and sites;
2. avoiding the duplication of investments that they each would need to make in their standalone networks in the counterfactual, significantly reducing average unit costs; and
3. unlocking economies of scale by bringing their combined customer bases onto a single network.

The transaction rationale was underpinned by an eight-year joint network plan to deliver a "best-in-class" network that went significantly beyond what Vodafone or Three expected to be able to deliver on a standalone basis:

- **A larger, denser network with significantly more sites:** Vodafone and Three sites would be integrated into a single consolidated grid, larger and denser than their respective standalone networks. This would allow customers to benefit from access to the combined coverage footprints of the two networks and from significantly improved coverage quality. The denser grid of sites would result in a stronger, more consistent signal across the network as well as increased capacity.
- **Extensive deployment of the combined spectrum holdings:** the plan involved extensive deployment of Vodafone and Three's combined spectrum holdings across the full range of frequencies, from low-band spectrum to high-capacity 5G C-band spectrum. Since capacity is a product of the number of cells and the bandwidth deployed, the joint deployment of spectrum across VodafoneThree's densified grid would have a "multiplicative" effect. This would, in turn, alleviate capacity constraints/congestion across the network and deliver additional "headroom" to meet expected growth in traffic.

³ September 2024 Opensignal analysis indicated that UK ranked 22nd out of 25 European countries for 5G availability and speed, and had the slowest data speeds among the G7 (see: [Vodafone and Three response to CMA Provisional Findings – Vodafone](#)).

- **Accelerated investment in 5G network architecture, infrastructure and radio equipment:** there would be a comprehensive refresh of network equipment at every site, to support the transmission of the combined spectrum holdings and deliver advanced 5G capabilities, including high-capacity massive MIMO antennae.

The transaction was also expected to support and stimulate network investment by VMO2. In parallel to the development of the JNP, Vodafone agreed revised network-sharing arrangements with VMO2 to facilitate implementation of network integration in shared network areas, and also agreed to transfer spectrum to VMO2. These arrangements were expected to allow VMO2 to benefit from aspects of the upgraded shared network and additional spectrum capacity, supporting its own ability to invest in and improve network quality.

Although the full network integration programme is expected to take eight years to complete, the JNP was designed to deliver significant customer benefits within the first 12 months following completion, including:

- **Spectrum sharing:** the activation of an additional 5 MHz of Vodafone 1800 MHz spectrum on Three UK sites, to provide additional capacity to customers on the Three network; and
- **Reciprocal site access (MOCN):** which allows Vodafone and Three customers to connect automatically to the best available radio coverage from either network, improving coverage and making better use of available capacity. The JNP involves delivering MOCN in two phases:
 - **First phase of MOCN deployment:** reciprocal access is enabled as soon as possible on priority sites using existing RAN equipment and each operator's pre-merger spectrum holdings, in areas with sufficient spare capacity.
 - **Wider MOCN deployment:** as the network integration programme progresses, MOCN will be extended more fully across the combined site grid, in combination with a comprehensive upgrade of network infrastructure, including the deployment of high-speed fibre backhaul and upgraded RAN equipment and the activation of the joint spectrum holdings.

3 Delivery of the Joint Network Plan (JNP) and realisation of customer benefits

3.1 The initial phase of network integration is well advanced

VodafoneThree began implementing the JNP in the weeks following the completion of the transaction on 31 May 2025, and moved quickly to deploy the early measures outlined in Section 2.2, which were intended to accelerate the realisation of the benefits of combining the two networks:

- **Spectrum sharing:** Within weeks of completion, VodafoneThree began activating the additional 5 MHz of Vodafone 1800 MHz spectrum, starting in the South of England and expanding across the UK and finishing in Scotland. VodafoneThree announced on 24 July 2025, less than two months after deal close, that the rollout to nearly 15,000 legacy Three sites had been completed, allowing more than 7 million Three UK customers to benefit from enhanced reliability and speeds.⁴
- **MOCN:** In August 2025, VodafoneThree announced that MOCN had been enabled at over 600 sites, with the ambition to expand to 8,000 sites within the first year, allowing Vodafone and Three customers to connect automatically to the best available coverage from either legacy network where the technology had been switched on. By November 2025, VodafoneThree had already reached its 8,000-site milestone well ahead of the end of the first year, with more than 21 million customers benefiting from improved mobile connectivity and capacity as a result.⁵ As of April 2026, MOCN had been enabled at more than 10,000 mast sites across the UK.⁶

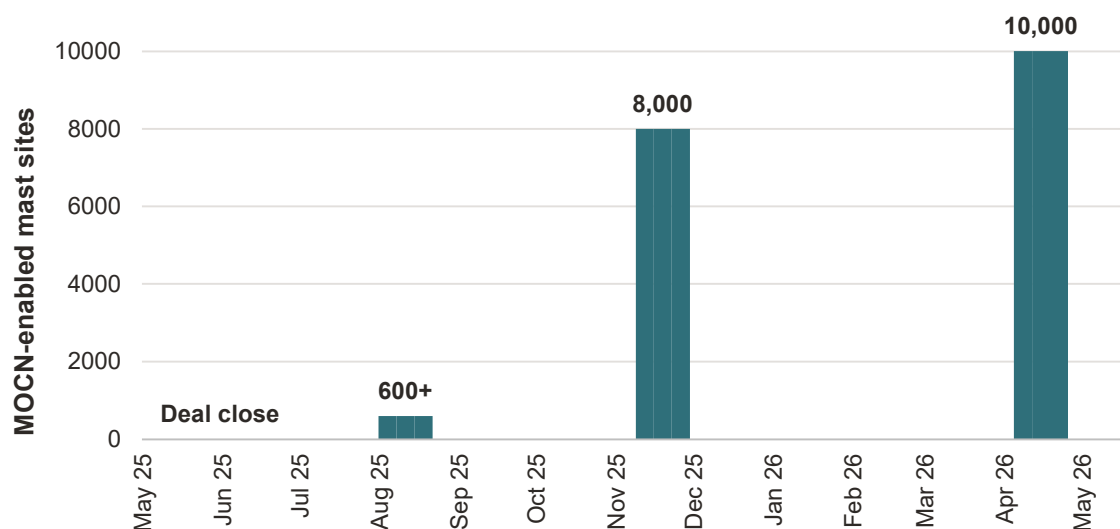
In parallel with these early integration measures, VodafoneThree has been progressing the wider network integration and upgrade programme, with an initial focus on the highest-traffic areas, where the benefits from network upgrades will be especially significant. In September 2025, VodafoneThree also announced multibillion-pound agreements with Ericsson and Nokia as key technology partners, as well as four UK-based site-build partners to support delivery of the eight-year build programme.⁷ We understand that the full refresh of RAN equipment and wider MOCN deployment are progressing in line with plans and VodafoneThree is on track to meet the milestones agreed as part of its network investment commitment to the CMA.

⁴ [VodafoneThree delivers speed increase for millions of customers](#)

⁵ [VodafoneThree reaches milestone in building UK's best network](#)

⁶ [How Vodafone and Three are sharing their mobile networks](#)

⁷ [VodafoneThree signs multibillion pound investment deals, marking another major milestone in building the UK's best network - Building the UK's Best Network | VodafoneThree](#)

Figure 3 VodafoneThree MOCN rollout: publicly announced milestones

Source: VodafoneThree press releases

As set out in Section 3.2 below, rapid implementation of the JNP means that customers are already seeing significant, tangible benefits. In addition, the enhancements in network capacity, coverage and performance from combining the two networks have enabled VodafoneThree to offer Fixed Wireless Access (“Vodafone 5G Broadband”) to an additional 3.7 million homes where full fibre is not currently available.⁸

3.2 Customers are already seeing wider coverage, faster speeds and a more reliable service

Customers on both networks have seen significant improvements in coverage

MOCN has allowed customers to benefit from the combined coverage footprint of the Vodafone and Three networks. By February 2026, this had already removed more than 16,500 km² of mobile “not-spots” across the UK⁹ - an area roughly four-fifths the size of Wales. This has provided customers with more seamless and reliable coverage in areas where one of the two legacy networks previously had poor or no signal.

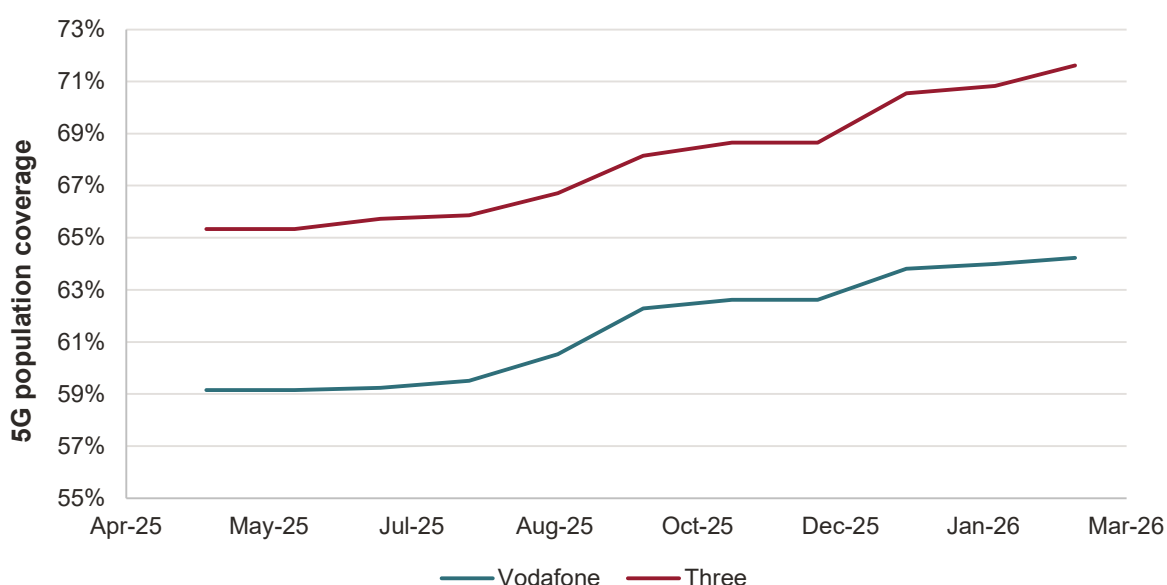
Expanded 4G coverage has enabled a greater proportion of Vodafone’s voice traffic to be carried over VoLTE, contributing to a 19% reduction, between April 2025 and April 2026, in the share of Vodafone calls carried on 2G. VoLTE enhances customers’ experience by enabling higher voice quality, faster call set-up, and an improved experience when using mobile data during a call.

⁸ [5G Broadband to deliver full-fibre-like speeds to 3.7m homes](#)

⁹ [Ericsson and VodafoneThree complete world-first network upgrade](#)

5G coverage has also increased substantially (see Figure 4). Between May 2025 and March 2026, 5G population coverage increased by around 5 percentage points (from 59% to 64%) for Vodafone customers and around 7 percentage points (from 65% to 72%) for Three customers. This reflects the early impact of MOCN, followed by the increasing contribution of new and upgraded network sites. The implementation of the first phase of MOCN deployment has also unlocked the benefits of shared high-capacity C-band spectrum across sites nationwide, with up to around 50 million people – around 71% of the UK population – now able to access the VodafoneThree network’s fastest speeds.

Figure 4 Evolution of 5G population coverage on the Vodafone and Three networks, April 2025 – March 2026



Source: VodafoneThree internal data

The expanded 5G coverage has been reflected in a corresponding increase in the percentage of traffic that is now being carried over 5G rather than 4G. Vodafone’s 5G traffic share has increased by over 40%, from around 20% in May 2025 to 29% by April 2026.

Local measurement data also provide examples of how these improvements are being reflected at a regional level. For example, Streetwave recently re-surveyed mobile performance across Caerphilly County Borough Council’s road network, using measurement units fitted to council bin lorries.¹⁰ The survey found that Vodafone’s “Essential Coverage”¹¹ score increased from 80% in September 2024 to 97% in March 2026, while Three’s score

¹⁰ See https://www.linkedin.com/posts/george-gibson-523624183_mobilecoverage-vodafonethree-networksharing-share-7449507480058998784-b1E_/?utm_source=share&utm_medium=member_android&rcm=ACoAAAYhJUBgbYmUp7XH6IIIE4BlxkRscgqt8ew

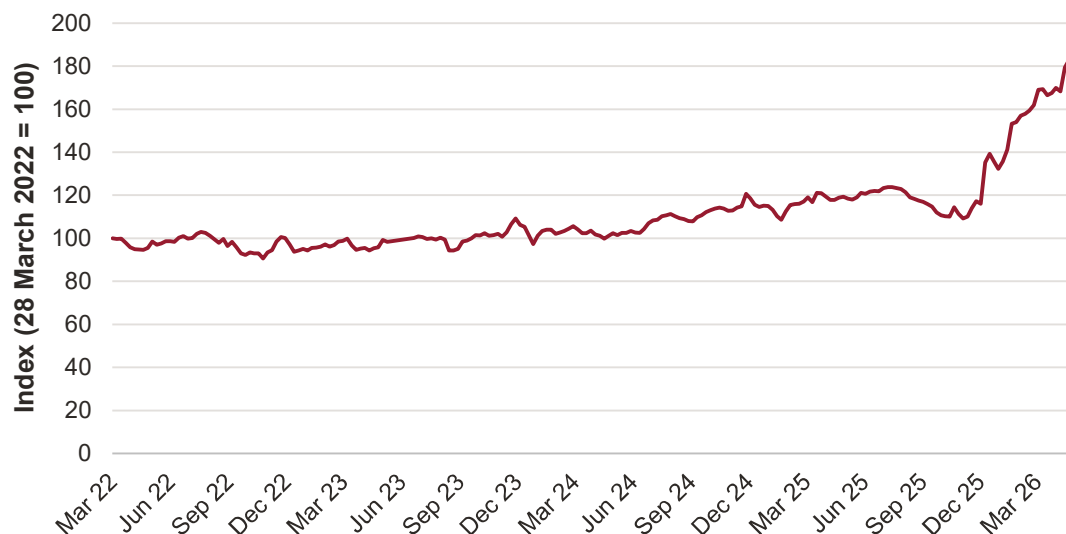
¹¹ Streetwave defines “Essential Coverage” as locations where users receive at least 1 Mbps download speed, 0.5 Mbps upload speed and latency below 100ms, supporting basic use cases such as email and web browsing.

increased from 69% to 90% over the same period. These were the largest improvements recorded by any of the four MNOs in the survey. Streetwave defines “Essential Coverage” as locations where users receive at least 1 Mbps download speed, 0.5 Mbps upload speed and latency below 100 ms, supporting basic use cases such as email and web browsing.

Speeds have increased significantly

There have been significant improvements in network performance for both Vodafone and Three customers, consistent with the anticipated capacity-related benefits of MOCN, spectrum sharing and site upgrades:

- Third-party speed performance benchmarking data from Ookla indicates that Vodafone 5G average download speeds rose from 172 Mbps to 237 Mbps between April 2025 and March 2026, an increase of 38%. Vodafone’s own internal 5G performance monitoring data also indicate a sharp increase in 5G average download speeds in the period since the merger (see Figure 5).
- Ookla data indicate that Three’s 5G average download speeds increased, from 313 Mbps to 341 Mbps, an increase of 9%.
- The sharing of 1800 MHz spectrum has had a particularly marked impact on Three’s 4G network in locations where it has been deployed. More than 7 million Three UK customers have seen their 4G speeds boosted by an average of 20%, with increases of up to 40% in some areas.
- Independent benchmarking evidence from NETCHECK indicates significantly improved responsiveness for latency-sensitive services such as gaming and online meetings. Between November 2024 and April 2026, Vodafone’s median round trip time reduced from 38.09 ms to 29.39 ms (the largest improvement among all networks), while Three’s reduced from 28.42 ms to 25.96 ms, making it the best-performing network in London on this metric.

Figure 5 Vodafone 5G download speeds (index) – March 2022 – June 2026

Source: Vodafone internal data

Network improvements are reflected in increased data usage

Data traffic growth accelerated materially in the first year of the merger: growth in annual data consumption on the Vodafone network increased from 13% in FY24 and 12% in FY25 to 21% in FY26 (i.e. in the year to 31 March 2026). Similarly, Three traffic growth increased from 9% in FY25 to 26% in FY26. These growth rates are materially higher than recent market-wide growth: Ofcom's Q4 2025 Telecommunications Market Data Update shows UK mobile data usage increasing by 15.2% year-on-year in Q4 2025.

This acceleration is consistent with network improvements allowing customers to use more data: wider coverage means customers are able to stay connected more of the time; additional capacity relieves congestion that may previously have constrained customers' ability to access data services; and higher average speeds support more extensive use of data-heavy services, such as video streaming, that require a consistent connection and high throughput.

3.3 Wider industry investment

In its final decision, the CMA found network improvements from VodafoneThree were likely to elicit a competitive response from VMO2 and BT/EE. While it is too early to tell what the wider impact of the merger might be on investment in the sector, there are indications of significant ongoing network investment activity across the wider market. Ookla/Omdia identified the UK

as one of the European markets driving the increase in 5G standalone adoption, with the UK's 5G SA sample share rising from 1.7% to 7% between Q4 2024 and Q4 2025.¹²

Ofcom has noted that recent announcements by BT/EE and VMO2 may indicate that the competitive response anticipated by the CMA “... *is starting to happen.*”¹³ The following examples illustrate the scale of wider network investment activity since the merger:

- Prior to the merger, BT/EE had started to deploy 5G SA in a select number of cities. In July 2025, BT/EE announced that its 5G standalone network would be available to more than 34 million people by the end of August 2025, covering more than half of the UK population. BT/EE also stated that it aimed to make 5G standalone available to more than 41 million people by spring 2026.¹⁴
- The European 5G Observatory later reported that BT/EE had expanded 5G standalone to 20 additional locations by November 2025, reaching 66% population coverage and surpassing its spring 2026 coverage target five months early.¹⁵
- VMO2 had also switched on 5G SA in 14 cities prior to the merger with a view to continuing to roll out to further towns and cities. VMO2 has announced significant further network investment since the VodafoneThree merger. In March 2026, it stated that it had signed multi-year agreements with Ericsson and Nokia, worth hundreds of millions of pounds, to upgrade its UK radio access network.¹⁶ These upgrades are expected to cover the majority of its RAN, increasing capacity in busy areas, extending coverage and improving reliability. VMO2 linked this investment to its wider Mobile Transformation Plan, under which it expects to invest a further £700 million in its mobile network during 2026.

While these investments may reflect pre-existing strategies, the evidence nevertheless demonstrates ongoing and substantial investment activity by VodafoneThree's main network competitors.

¹² [Research: Europe's 5G acceleration driven by Austria, Spain, UK, France | Advanced Television](#)

¹³ [Connectivity you can count on](#) (page 21).

¹⁴ [MILLIONS GET MOBILE NETWORK BOOST AS EE EXPANDS 5G STANDALONE FOR THE UK](#)

¹⁵ [United Kingdom: EE extends 5G Standalone to 20 new locations, reaching 66% population coverage | Shaping Europe's digital future](#)

¹⁶ [Virgin Media O2 accelerates its Mobile Transformation Plan with major network modernisation deals - Virgin Media O2](#)

4 Retail pricing outcomes

This section assesses the evolution of UK mobile prices¹⁷ following the Vodafone-Three merger. Overall, the evidence indicates that price competition remains strong:

- Average headline prices have remained broadly stable or declined in real terms since the merger.
- VodafoneThree's ARPU has continued to decline in real terms following the merger, while Vodafone's proposed 2026 in-contract tariff increase remains comparable with its pre-merger benchmark.
- Effective prices per unit of data have continued to fall, meaning consumers are receiving more data for a given level of expenditure. This trend coincides with ongoing growth in data usage, indicating that consumers are getting greater value from mobile services.
- Surveys on affordability are also directionally positive, with Ofcom data showing a decline in the proportion of consumers reporting mobile affordability concerns during 2025.
- MVNOs have continued to gain market share and compete aggressively on price, reinforcing their role as an important source of competitive constraint in the UK mobile market, especially in lower-priced segments.

We expand on these points below.

4.1 Market-wide SIM-only pricing trends remain consistent with continued competition

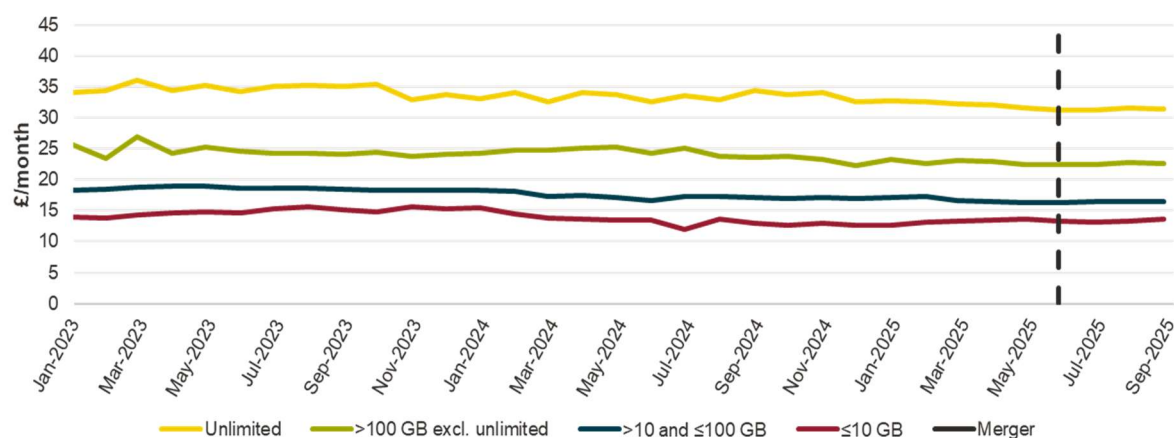
The evolution of headline prices for SIM-only tariffs provides a useful indicator of trends in the affordability of mobile services since the merger.¹⁸ Since price-sensitive consumers often choose SIM-only offers from MNOs, MVNOs or MNO sub-brands, SIM-only tariffs are also especially relevant for assessing outcomes in the value segment.

Ofcom data shows average SIM-only prices remaining broadly stable in real terms after the merger, with pricing patterns in the second half of 2025 consistent with pre-merger trends (Figure 6).

¹⁷ Consistent with Ofcom's approach to assessing mobile pricing trends, this analysis focuses on the headline prices of prevailing offers available to new and switching customers. These offers provide the clearest observable measure of current retail pricing behaviour and the intensity of competition. We note that in-contract customers will typically be subject to annual price increases that are not captured in headline prices. However, these increases do not necessarily reflect the overall evolution of prices paid by consumers, as they may be offset by lower initial prices or promotional discounts for new or recontracting customers. Comparisons over time are also complicated by the recent transition from inflation-linked or percentage-based price rise terms to increases specified upfront in pounds and pence, following intervention by Ofcom. Ofcom has stated that it intends to publish a review of the impact of its intervention on pricing in 2027 (see Ofcom's 2026 [Pricing and consumer engagement report](#), page 32)

¹⁸ SIM-only tariffs are growing and represented in 2025 near 50% of subscriptions (source: Ofcom's 2026 [Pricing and consumer engagement report](#), page 8).

Figure 6 Average promoted pay-monthly SIM-only and hybrid pre-pay SIM-only mobile prices in real terms (£/month) – Ofcom analysis



Source: Ofcom, *Pricing and consumer engagement. Trends in the UK communications sector (2026)*, data included in Figure 37

Note: Values are the mean average prices of tariffs included in Ofcom's dataset and are unweighted. They represent average monthly promoted prices for available tariffs for new customers from BT, EE, iD Mobile, Lebara, Lyca Mobile, O2, Plusnet (up to March 2023), Sky, SMARTY, Tesco Mobile, Three, Virgin Mobile (until August 2023), Vodafone and VOXI.

More recent third-party tariff monitoring data, gathered by FDM on behalf of VodafoneThree, present a similar picture.

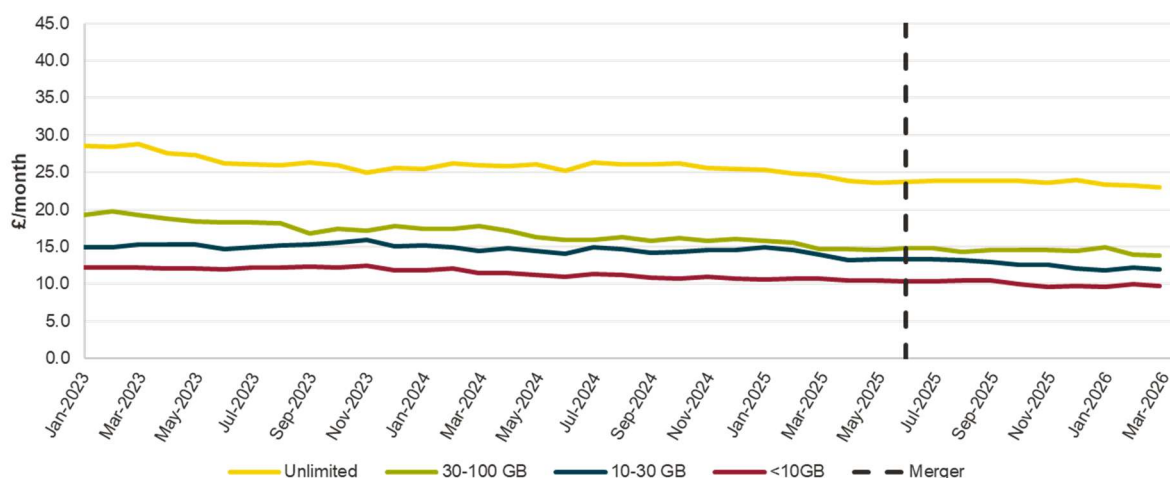
Figure 7 shows the evolution of SIM-only mobile tariffs sold through the direct distribution channel.^{19,20} Across the range of data consumption buckets, prices remained broadly stable in real terms in the months immediately following completion of the merger. Since September 2025, prices have declined slightly, particularly in the lower consumption buckets.²¹

¹⁹ Direct channel includes sales made directly by VodafoneThree, including retail, online and telesales.

²⁰ Annex A covers the evolution of prices in the prepaid segment and other distribution channels.

²¹ Differences in absolute tariff levels between the Ofcom-based and FDM-based charts should be interpreted with caution. These differences are likely driven by variations in dataset composition, including differences in the operators covered and the inclusion of pre-pay tariffs in the Ofcom data. For the purposes of this analysis, the relevant metric is the evolution of prices over time, rather than the absolute level of tariffs, as the analysis seeks to assess the impact of the merger.

Figure 7 Evolution of mobile tariffs (adjusted for CPI) for SIM-only customers for different data buckets – FDM data



Source: Frontier based on FDM.

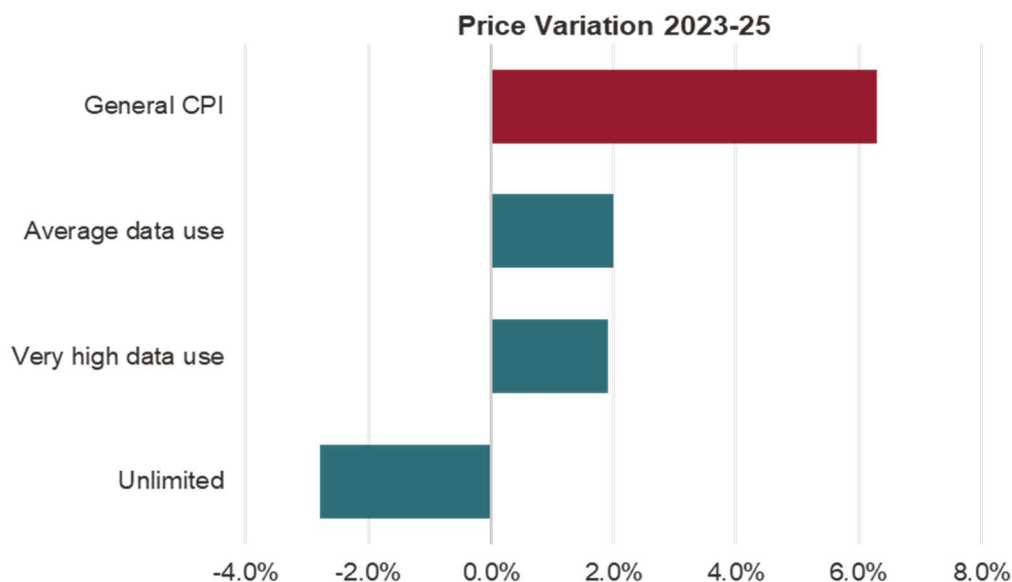
Note: Tariffs commercialised in the operators' direct channel (including retail, online and telesales). Unweighted market averages for mean tariffs of available operators: EE, Giffgaff, iD Mobile, O2, Sky, Tesco Mobile, Three, Virgin Mobile, Vodafone, Asda and VOXI.

Nominal prices have been adjusted using the monthly CPI (December 2025 = 100, [Inflation and price indices - Office for National Statistics](#)).

This conclusion is also supported by Enders' analysis of selected SIM-only tariffs which indicates that, between September 2023 and December 2025, price increases were significantly outpaced by CPI, implying a real-terms decline over the period (see Figure 8).²²

²² We note that data published by the Office for National Statistics (ONS), relating to inflation for wireless telephone services, indicates a material increase in mobile service prices over the same broad period. However, the ONS series is difficult to reconcile with sector-specific market evidence. In particular, as set out above, Ofcom's own pricing analysis shows that mobile prices have been broadly stable or declining in real terms across a range of measures. However, the precise methodology and tariff mix underpinning the ONS mobile services series is not sufficiently transparent to assess the source of the divergence. We also note that this divergence pre-dates the merger, with ONS data showing substantial annual increase since 2020 and no evidence of a clear, post-merger shift in trend.

Figure 8 Price variation of selected SIM-only tariffs between 2023 and 2025 v general CPI



Source: Enders Analysis, UK Mobile: Escaping the value trap [2026-031] 9 | 33, data included in Figure 6.

Note: This analysis considers exclusively network operator main-brand prices

4.2 Operator-level indicators are consistent with the wider market picture

Data on operator-level revenue per user provide useful additional insights into recent pricing dynamics. Average Revenue Per User, or ARPU, is not a pure measure of price as it is also affected by changes in usage patterns and product mix. However, it is a useful indicator of customers' average expenditure on mobile services and therefore provides a complementary view of pricing trends, alongside the trends in headline prices described above.

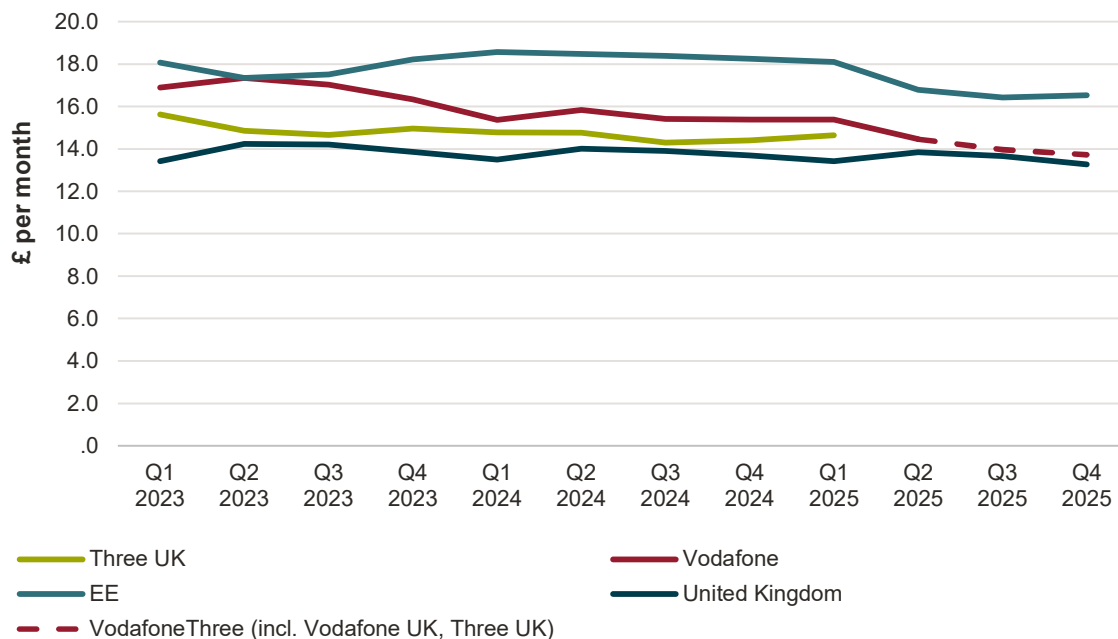
As Figure 9 shows, VodafoneThree's blended ARPU²³ has continued to decline in real terms following the merger, consistent with the wider pricing evidence presented above, while EE's ARPU appears to have been broadly stable following a decline between Q1 and Q2. In its most recent results, VMO2 reported a slight decline in its monthly consumer mobile post-paid ARPU between 30 June 2025 and 31 March 2026 (from £17.77 to £17.21 in nominal terms).²⁴ Market-wide data published by Ofcom show a similar picture: average mobile ARPU for the UK as a whole has been broadly flat in real terms over the past three years, with a slight decline in the second half of 2025.

²³ Blended ARPU is the average revenue per user across both pre-paid and post-paid customers.

²⁴ [Q1 2026 Earnings Release](#)

This ARPU evidence should also be considered alongside the continued growth in data consumption shown in Figure 10 below. The fact that average consumer expenditure has remained broadly stable or has declined, while consumers have been using increasing amounts of data, is consistent with the wider evidence (set out in Section 4.3 below) that effective prices paid per unit of data continue to decline.²⁵

Figure 9 Blended ARPU in real terms (£/month)



Source: Telegeography and Ofcom, Telecommunications market data update Q4 2025 (2026), data included in Section 3 Table 4

Note: Nominal prices have been adjusted using the monthly CPI (December 2025 = 100, [Inflation and price indices - Office for National Statistics](#)).

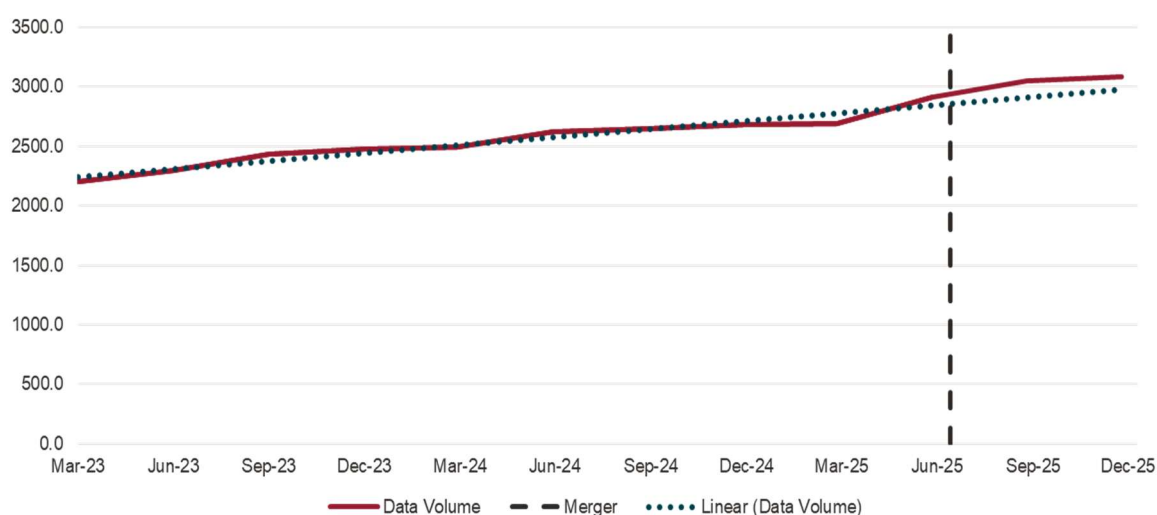
²⁵ ARPU and effective prices should capture trends in the prices paid both by new, upgrading and re-contracting customers, and by customers who remain in-contract. They should therefore also capture the effect of in-contract price increases.

4.3 Consumers continue to receive more value from mobile services

Headline monthly prices provide a partial view of consumer outcomes, as they do not capture trends in data consumption, which has continued to grow over the period.

Figure 10 compares actual UK mobile data volumes between Q1 2023 and Q4 2025 with a projection based on pre-merger trends up to Q2 2025. The comparison shows that data consumption continued to increase after the merger, and that actual data volumes in the second half of 2025 were above the level implied by the historical trend.²⁶

Figure 10 Evolution of total data volume in the UK



Source: Ofcom, Telecommunications market data update Q4 2025 (2026), data included in Section 3 Table 2

Notes: The blue dotted line represents the projected values based on data from 2023 to Q2 2025.

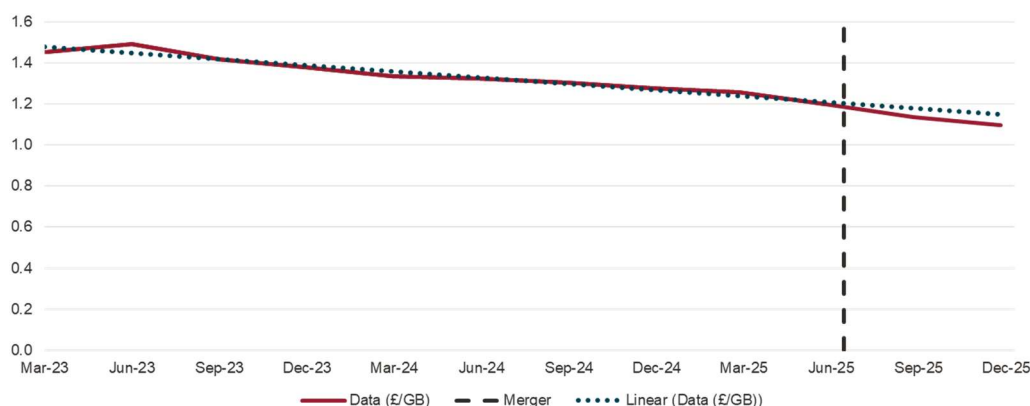
The continued strong growth in data usage is reflected in trends in effective prices per unit of data. Figure 11 shows that effective prices per GB have continued to decline, and at a faster pace than implied by pre-merger trends. This can be seen by comparing the forecast trend, shown by the dotted line,²⁷ with actual post-merger effective prices, shown by the red line. As a result, consumers are receiving more data for a given level of expenditure. This is in line with Ofcom's observation that consumers are getting more for their money.²⁸

²⁶ We have used a linear trendline as a conservative estimate. However, the result holds for all other simple functional forms.

²⁷ Similarly to Figure 10, we have used a linear trendline as a conservative estimate. However, the result holds for all other simple functional forms.

²⁸ [Connectivity you can count on](#) (page 3).

Figure 11 Effective prices for data services in real terms (trend v real data for Q3 and Q4 2025)

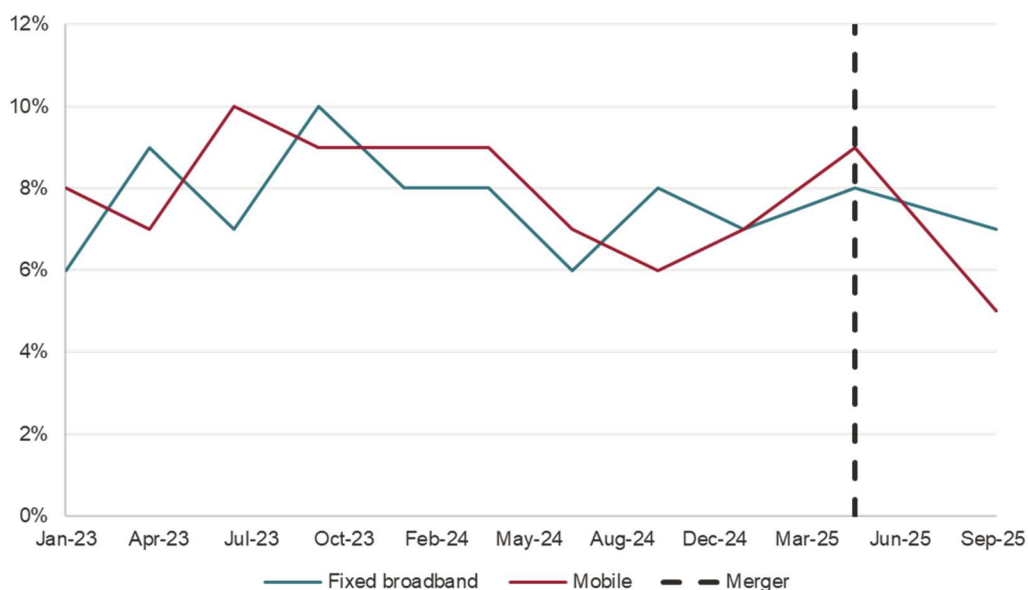


Source: Ofcom, Telecommunications market data update Q4 2025 (2026), data included in Section 3 Tables 1 and 2

Notes: Nominal prices have been adjusted using the monthly CPI (December 2025 = 100, [Inflation and price indices - Office for National Statistics](#)). The effective price has been computed using data on revenue and volume. Revenues for bundled services have been split between calls, SMS and data, based on the split of total volume. The blue dotted line represents the projected values based on data from 2023 to Q2 2025.

This decline in effective prices is also consistent with wider evidence on affordability. Ofcom surveys show that the proportion of consumers reporting mobile affordability concerns declined from 9% to 5% between June and October 2025, while reported mobile affordability concerns were 2 percentage points lower than those for fixed broadband services (see Figure 12).

Figure 12 Experience of communications affordability issues



Source: Ofcom, Pricing and consumer engagement. Trends in the UK communications sector (2026), data included in Figure 58

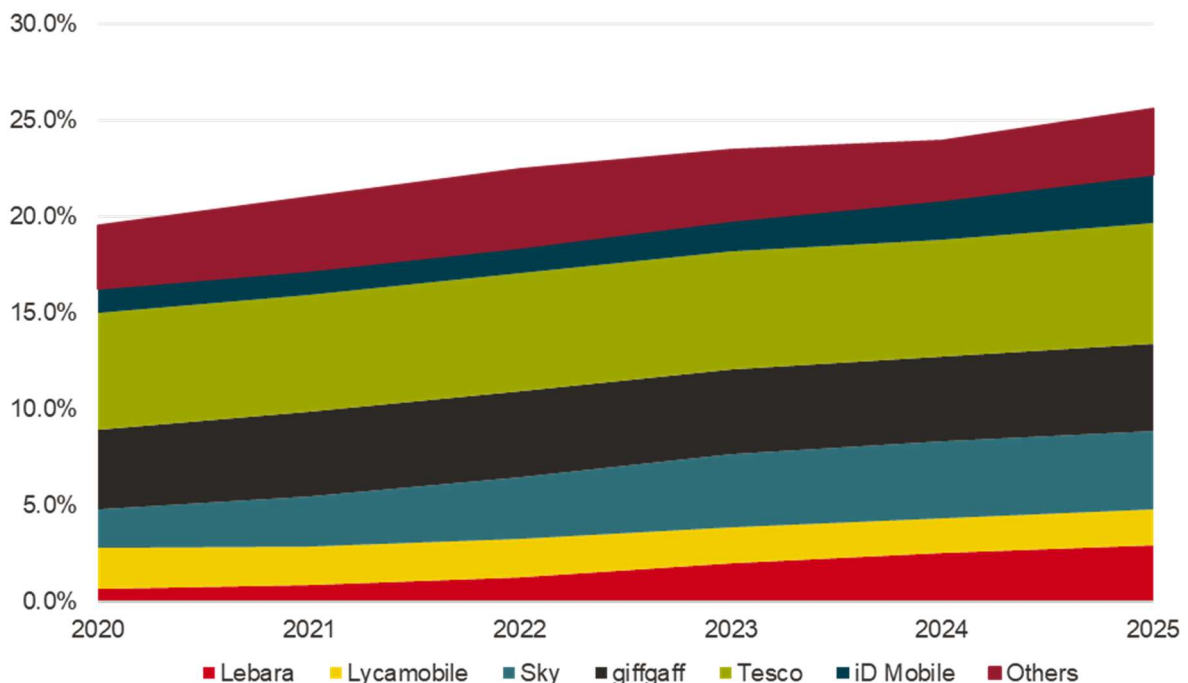
4.4 MVNOs continue to exert a strong constraint on pricing

As set out in Section 2, an important feature of the UK mobile market prior to the merger was the strength of MVNOs and MNO sub-brands, particularly in the value-focused segment. The post-merger evidence indicates that this remains the case.

MVNOs and MNO sub-brands accounted for 25.6% of subscriptions in December 2025, up from 23.9% a year earlier. This continued growth in MVNO and sub-brand market share is consistent with MVNOs providing a material and robust competitive constraint after the merger.

The strong competitive constraint exerted by MVNOs is also visible in retail pricing evidence. Ofcom's pricing report²⁹ has consistently identified MVNOs or MNO budget brands as the lowest-cost providers. iD Mobile, which is hosted on Three's network, consistently offered the lowest-priced pay-monthly SIM-only tariffs in the 10-100 GB category between March 2023 and September 2025. There is also evidence of MNOs responding directly to increasing competitive pressure from MVNOs – in October 2025 it was reported that BT was exploring the launch of a low-cost mobile brand in response to the rising threat of MVNOs, including recent new entrants like Revolut and Monzo.³⁰

Figure 13 Evolution of MVNO and sub-brand market shares



²⁹ Ofcom, Pricing and consumer engagement. Trends in the UK communications sector. Published 26 February 2026.

³⁰ [BT explores new mobile brand to take on budget rivals](#)

Source: *Telegeography*

Notes: *The category 'Others' includes BT Group, Plusnet, SMARTY, Voxi, TalkTalk, Utility Warehouse and spusu.*

Price-sensitive customers therefore continue to benefit from a wide range of low-price options, from both MVNOs and the MNO sub-brands, and there is no evidence of a softening of competitive pressure in this segment post-merger. To the contrary, the continued growth of MVNOs offering aggressively priced tariffs points to a strengthening of the constraint over time.

Looking ahead, competitive pressure from MVNOs may increase further as new types of providers enter the market. Several fintech businesses have announced MVNO plans, including providers with large existing customer bases, low-cost digital distribution channels and established customer-care systems.³¹ The scale of these potential entrants means that even relatively modest take-up of mobile offers by their existing customer bases could have a visible effect on the market in the long term.³²

³¹ Enders Analysis, UK Mobile: Escaping the value trap [2026-031] 9 | 33, [Why Revolut, N26, Nubank and Other Fintechs Are Launching MVNOs](#) and [The MVNO Revolution: How Fintechs and Retailers Are Reshaping Mobile Services – Telecom Analysis](#).

³² Enders Analysis, UK Mobile: Escaping the value trap [2026-031] 9 | 33, p.19.

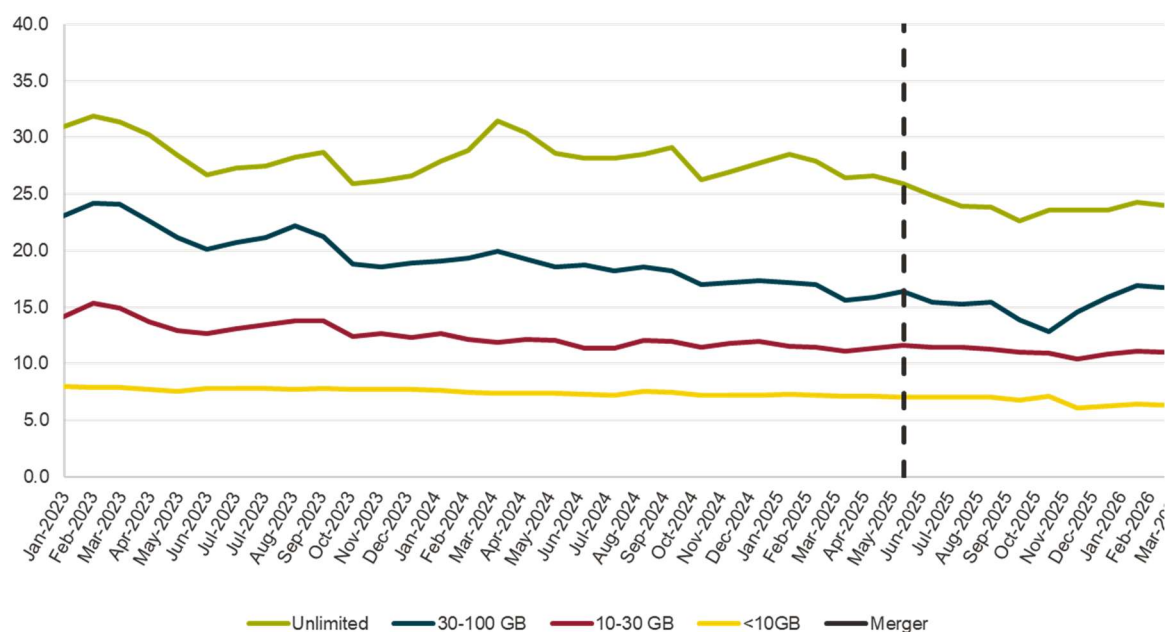
Annex A – Price evolution for other customer segments and channels

This annex assesses the evolution of tariffs for PAYG (Pay As You Go, or prepaid) and for SIM-only services sold through the indirect channel.³³ Results are broadly in line with the findings for SIM-only tariffs in section 4.1.³⁴

For PAYG customers (Figure 14), the only notable difference relative to the SIM-only segment is a slight increase in average tariffs within the 30-100 GB data bucket.

However, a review of the individual tariff observations confirms that this reflects a composition effect rather than a change in underlying prices: some MNO observations in the 30-50 GB range are not available towards the end of 2025, while data for several MVNOs is missing in early 2026. As the tariffs captured during this period generally include larger data allowances, and MNO tariffs are typically higher than MVNO tariffs, changes in the mix of observations affect the calculated average tariff. These movements therefore create fluctuations in the average value that do not reflect actual price changes.

Figure 14 Evolution of mobile tariffs (adjusted for CPI) for PAYG customers for different data buckets – FDM data



³³ The indirect channel refers to third parties who sell on behalf of VodafoneThree. However, evidence is limited for this channel.

³⁴ We have excluded combined handset and SIM contracts (CHS) because these tariffs include the cost of the handset and therefore do not provide a clean measure of the price of mobile connectivity.

Source: Frontier based on FDM

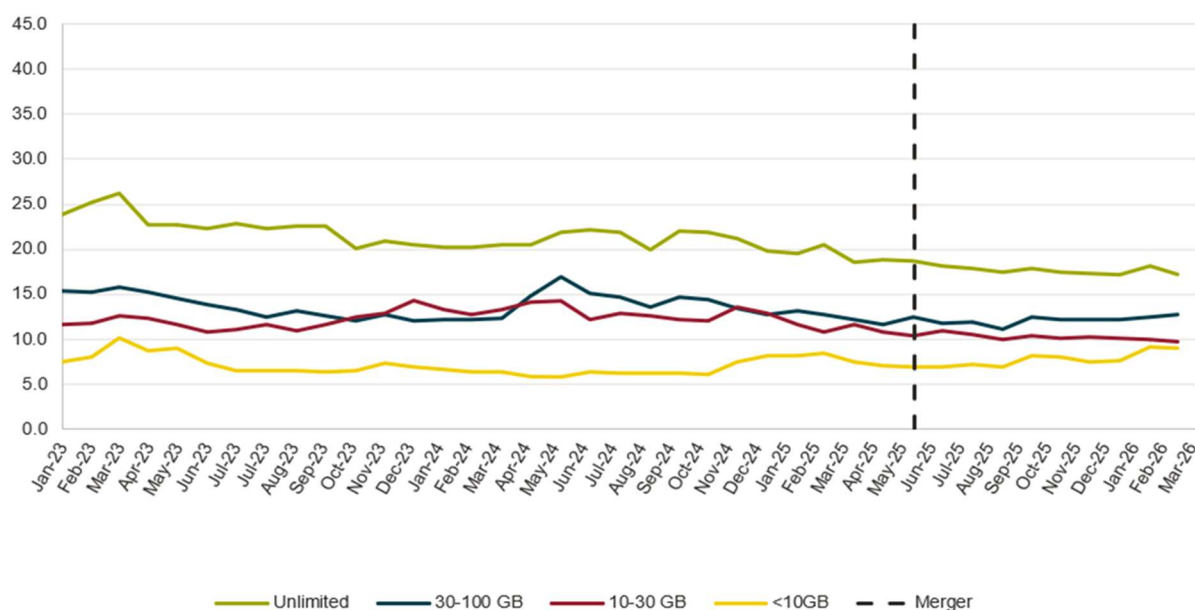
Note: Tariffs commercialised in the operators' direct channel (including retail, online and telesales). Unweighted market averages for mean tariffs of available operators: EE, Giffgaff, iD Mobile, O2, Sky, Tesco Mobile, Three, Virgin Mobile, Vodafone, Asda and VOXI.

Nominal prices have been adjusted using the monthly CPI (December 2025 = 100, [Inflation and price indices - Office for National Statistics](#)).

Figure 15 shows the evolution of prices for SIM-only tariffs sold through the indirect channel. The trend is broadly similar to that observed in the direct channel and supports the same overall conclusion: prices remained broadly stable in real terms following completion of the merger.

The only exception is the apparent increase in prices for tariffs with data allowances below 10 GB. However, this appears to reflect a composition effect rather than a change in underlying prices. Coverage of these tariffs is more limited in the indirect channel, and changes in the availability of observations for certain operators, including EE, affect the calculated average.

Figure 15 Evolution of mobile tariffs (adjusted for CPI) for SIM-only customers of the Indirect channel for different data buckets – FDM data



Source: Frontier based on FDM

Note: Tariffs commercialised in the operators' indirect channel (including retail, online and telesales). Unweighted market averages for mean tariffs of available operators: EE, Giffgaff, iD Mobile, O2, Sky, Tesco Mobile, Three, Virgin Mobile, Vodafone, Asda and VOXI.

Nominal prices have been adjusted using the monthly CPI (December 2025 = 100, [Inflation and price indices - Office for National Statistics](#)).



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