Annual Review of Internet Usage
2003

Internet Usage in Jersey – JCRA 2003 Trend Report

Introduction

In common with regulatory authorities in other jurisdictions the JCRA monitors usage of the Internet and the means by which users access the service.

Internet access is available in Jersey through a number of Internet Service Providers ("ISPs") both on-Island and off-Island, although the latter offers restricted customer choice because of the restrictions imposed on interconnection of Local Rate (0845) and Freephone (0800) Internet services.

This is the first full year of statistics reported by the JCRA and the results are as follows.

Overall Internet Usage

During 2003 the number of ISP and Internet access accounts among all operators in Jersey grew by almost 3% overall. This is shown in Figure 1 which also shows the percentage growth of ADSL broadband connections as a factor of the overall total.
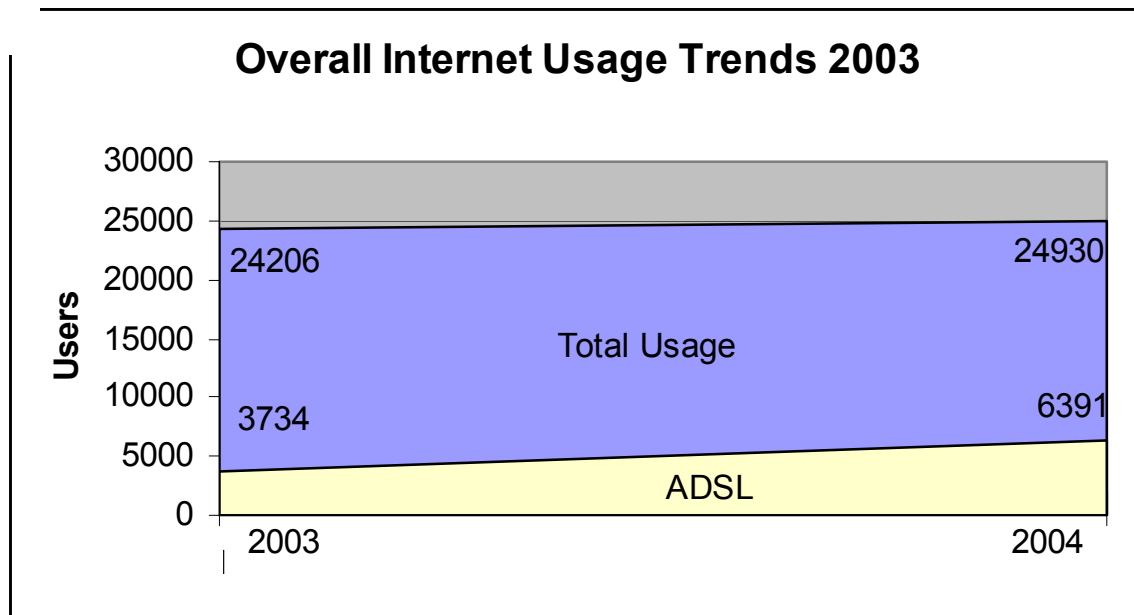

Overall Internet Usage Trends 2003

24206   24930

Total Usage

3734   6391

ADSL

Fig 1

Dial-up access has declined almost in line with ADSL uptake as shown in Figure 2. The overall decline in Dial-up access would appear to be about 25% over the year, however,

this may not be entirely representative as during this period there was some readjustment in the way Internet accounts were measured by some operators.
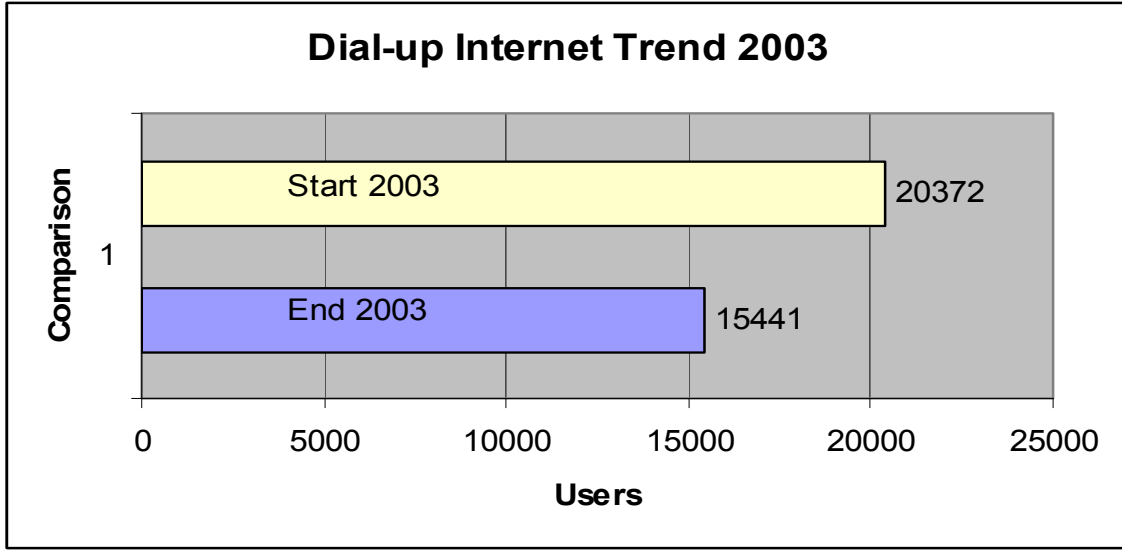
Dial-up Internet Trend 2003

Start 2003 — 20372
End 2003 — 15441

Users

Comparison 1

Fig 2.

Internet Penetration

Overall penetration of Internet usage is sometimes interpreted as the number of ISP registered accounts as a percentage of the population, or sometimes as a percentage of the number of households in the jurisdiction. According to the States of Jersey Statistical Review 2002 there are 35,562 households in the Island and the JCRA estimates 24930 registered accounts at the end of 2003. This would represent a penetration of about 70% as shown in Figure 3.
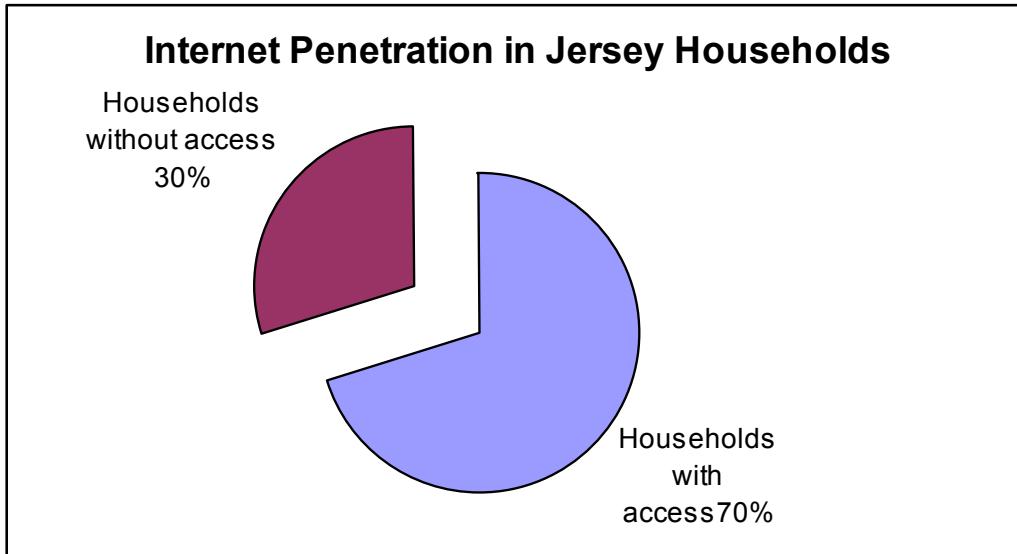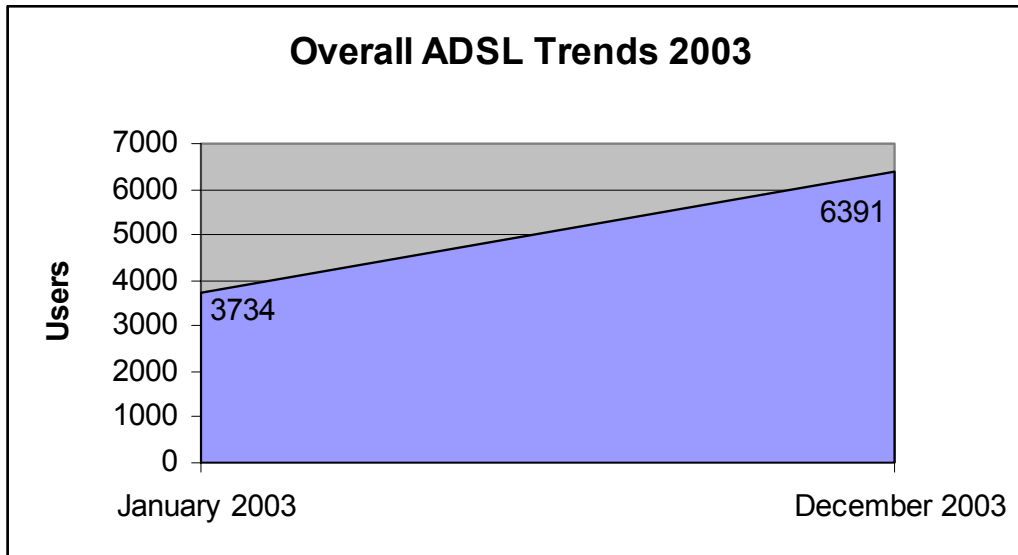
Internet Penetration in Jersey Households

Households without access 30%

Households with access 70%

Fig 3

4

This level of penetration compares well with the EU average.

Broadband

Broadband growth has been steady throughout the year. Figure 4 shows the growth during the 12 month period.

Overall ADSL Trends 2003

Fig 4

The growth of ADSL has largely been at the expense of declining Dial-up access as users switched to the faster service. Some users who use the Internet for more than 30 hours a month on average would have found a net benefit from the reduction in broadband access charges during the year, enabling them to switch away from dial-up at comparative cost. This would be especially so to those who rented a separate fixed line for this purpose. The ADSL service access charge was reduced by about 16.5% over the period and was accompanied by vigorous promotional activity among the operators offering the service. Nevertheless, the growth of broadband usage has been steady since it was first introduced into the local market in the last quarter of 2000, (see Figure 5). The upward lift in the last quarter of the graph follows the recent promotional activity.

The trend in switchover from Dial-up to Broadband is illustrated in Figures 6 and 7. Predicting the ultimate penetration of broadband access is difficult as technology and the services offered develop.

Some users may not wish to switch to Broadband, especially if they are low users or only use their access to recover email. For this group there is perhaps also little incentive to change since the additional cost provides little net benefit. Moreover, this is possibly also a group that would not necessarily subscribe in future to more advanced Broadband services for financial or other reasons.
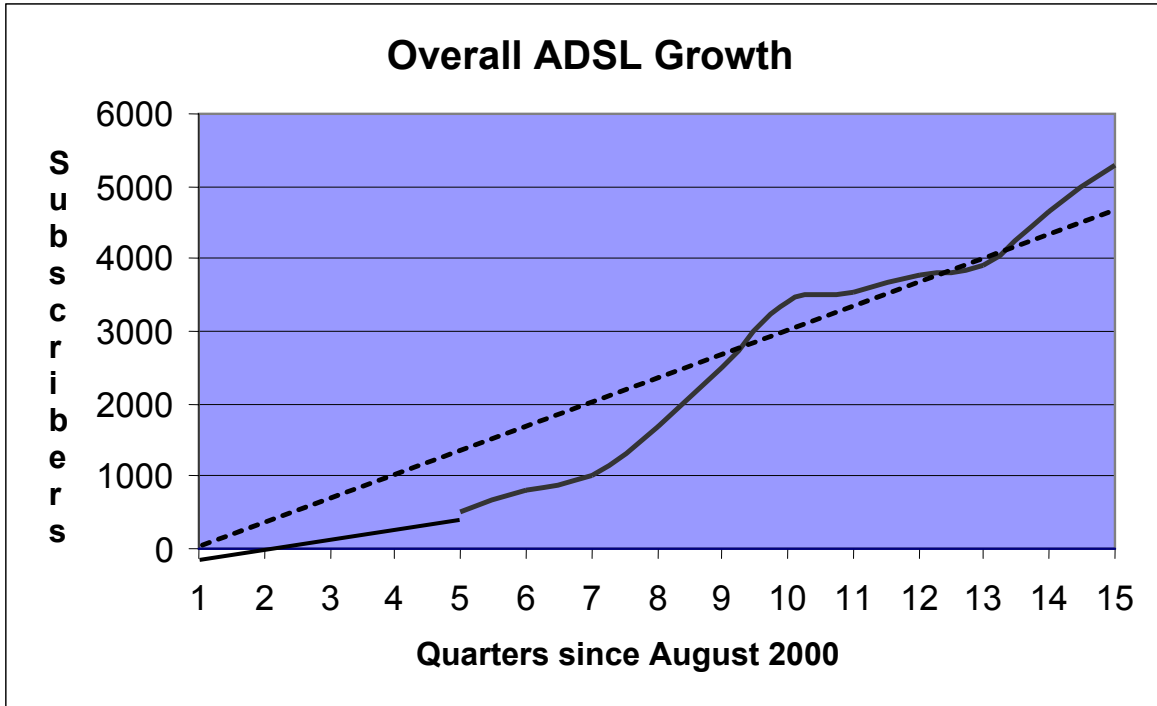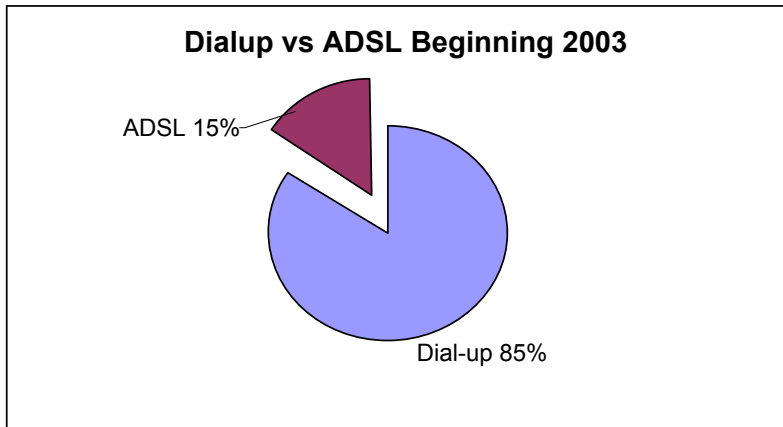
Overall ADSL Growth

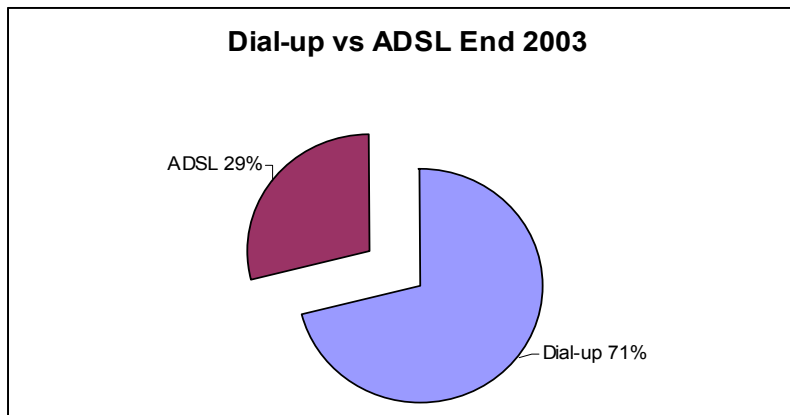

Fig 5

Fig 6

Fig 7

Mobile Internet Access

Access to the Internet via mobile telephones was enabled during 2003 as Jersey Telecom introduced their GPRS and then later MMS services. Usage in this sector has not yet been substantiated but latest data shows some uptake, largely towards the year end following promotional activity, as shown in Fig 8.
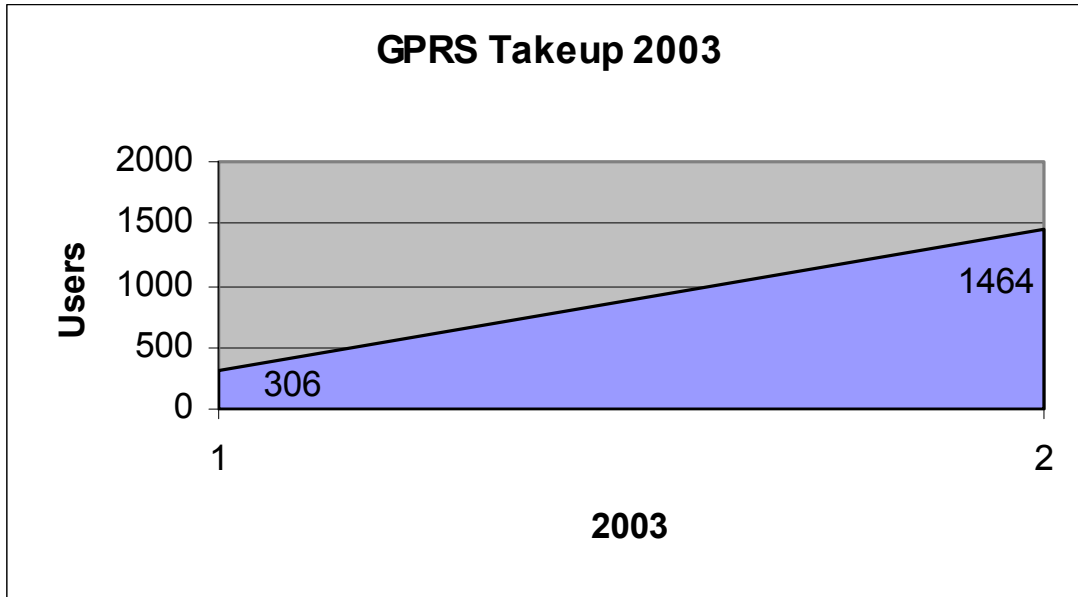
GPRS Takeup 2003

306

1464

Users

2003

Fig 8

This growth has been recently accelerated by operator promotional activity.

Pricing

In Jersey there are a number of payment schemes available for Internet access, depending on the ISP and/or the method of connecting.

For dial-up customers there is a choice of connecting either through a pay-as-you-go service or by monthly subscription. The monthly subscription ISP services provide the user with more facilities than the pay-as-you-go service but access is through a normal directory number, which is billed at the standard rate.

ADSL services are provided by several operators for a fixed monthly fee, with no addition call charges.

Dial-up rates are set at a maximum data rate of 56kb/s, which equates to a real data rate of 45kb/s, but the actual rate experienced by a user will depend on their own modem and

the quality of the telephone line over which they are connecting. Access is also available over ISDN services, where data rates of 64kb/s or 128kb/s may be achieved with more certainty. However, ISDN has declined in popularity since the introduction of ADSL and will not be considered here.

Dial-up

Pay-as-you-go

The local call charging methodology in Jersey is quite different from that in other jurisdictions. Currently, there is a minimum call charge of 7p for a period of up to 30 minutes; thereafter, it is charged pro-rata for all subsequent time. The minimum charge level also applies to the pay-as-you-go service which, on a standard line, is nominally 1p per minute evenings and weekends and 2p per minute at other times. This is accessed via a "Local Call Rate" 0845 number although the minimum 7p charge is applied. Thus a user must remain on line for a minimum period of 7 minutes (or 3.5 minutes peak rate time) to obtain par value. This makes the overall calculation of comparators somewhat difficult, if, for example, a low usage Internet user only logs on occasionally to send and/or receive email for less than the par value time. Therefore, although the headline rate is a per minute rate, the actual rate can be aggregated to be slightly more. The Internet access services provided using this method of connection do not provide any POP mail, web space or other "value added" ISP services such as spam filtering and firewalling.

Based on this assumption, then the comparator rate against ADSL will be, on average between 34.5 hours and 41.5 hours of Internet usage per month. That is around 1¼ hours per day. This comparator assumes the various price offers available for ADSL services, see below.

Pre-paid Internet Access

Pre-paid Internet access in Jersey is accessed either via a local directory number or via a Freephone (0800) number. Of the available 0800 service providers only AOL offers services in Jersey. This is largely due to technical trunk routing issues. AOL's service is £13.99/month for a maximum of 30 hours access, thereafter, access is charged at 1p per minute for all additional time. AOL explains that this is because of the additional costs involved with providing 0800 services to the Channel Islands.

There are local providers of Internet access who use a local directory number for access. These providers charge between £14.50/month and £14.99/month for a full ISP service including POP mail, web space and other value-added services, the range of which depends on the actual provider. Access charges are again set at 7p for 30 minutes with subsequent minutes at pro-rata, although there is also a minimum charge of 7p which

means that users must stay on line for at least 30 minutes per access to gain par value. Using this method of access, and assuming an offset for the minimum charge, users would need to use between about 57 hours to 75 hours per month to justify changing to ADSL. This equates to about 1 hour 50 minutes to 2 hours 30 minutes of Internet access per day. Again, this takes into account the available prices of various ADSL tariffs.

ADSL

There are a number of options for ADSL services which vary in cost from £23.50 to £24.99 for the entry-level service. Other higher rate services will not be compared here, but the options are listed below. This service is offered at a maximum data rate of 512kb/s download with 256kb/s upload, provided at a contention ratio of 40:1. This service level compares well with those offered in other jurisdictions. The actual rate experienced by users will depend on a number of factors including their relative distance from the DSLAM, the quality of their telephone line and the number of other concurrent users.

Direct comparison between providers is not easy since providers offer varying levels of service from "raw" access to full ISP and value-added services. There is also a varying differential in the charges levied for support, ranging from the cost of a local call to £1/minute.

Higher rate ADSL prices are as follows:

Rate	Minimum	Maximum
1024/384 Kbit/s 40:1	£44.49 per month	£44.99 per month
2048/384 Kbit/s 40:1	£84.49 per month	£84.99 per month
512 / 256 Kbit/s 20:1	£56.99 per month	£60.00 per month
1024/384 Kbit/s 20:1	£89.99 per month	£100.00 per month
2048/384 Kbit/s 20:1	£149.99 per month	£160.00 per month

Note that these prices do not always include a static IP address.

Conclusion

Internet usage and penetration in Jersey compares well with other jurisdictions. The penetration of broadband as a percentage of all Internet accounts is about 25%. As a percentage of the overall population (2001 Census 87,186)[1], which is a common measure used by EU regulatory authorities, this represents about 7.3%, slightly above the EU average but below the highest penetrations in Denmark and Belgium which are around 10%.

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[1] Jersey Statistical Review 2002

The uptake of ADSL is likely to continue on this upward trend for the foreseeable future, as the historic data indicates.

Statistically measuring the penetration of Internet access in the population is difficult to determine exactly. The number of households with Internet access is high, but the average household in Jersey is 2.38 persons. Additionally, there are a high number of households (64%) which have only one or two occupants and 28% which have only one, and these households are occupied by younger salary-earners more likely to own a Personal Computer than some of the other demographic groups. Consequently, the percentage of the population with Internet access at home may be lower than the headline rate would indicate. Many people have access to the Internet through their work, the education system, public libraries and commercial Internet cafés.

Using the average household occupancy figure of 2.38 multiplied by the total number of registered ISP and Internet access accounts, this would indicate a population penetration of 68%, similar to the distribution as a percentage of households. However, with the caveat above of low occupancy of 1 or 2 persons for almost two thirds of households, this possibly may be adjusted down to nearer 60%. This is still above the EU average and compares favourably with the higher penetration jurisdictions such as Sweden.

Although the penetration of Internet is measured here in Jersey, the time spent online is not. However, in January 2004 in the UK, the average home user spent 23.44[2] hours surfing, while in France the average was almost 31 hours.

With the growing use of the Internet for banking, e-commerce, shopping and other services, such as e-government, the average user is likely to spend more and more time on line. This will almost certainly lead to greater user expectations which will further stimulate growth in Internet use and in the requirement for Broadband connections.

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[2] http://www.nielsen-netratings.com