

Telecoms retail pricing market study Frequently Asked Questions

Key takeaways

- The Jersey Competition Regulatory Authority (the Authority) will be carrying out a market study to benchmark retail prices in the telecommunications market on Jersey against comparator jurisdictions.
- A market study is the analysis of a market as a whole, or features of a market, in this case the prices, to assess how well it is working and if any changes should be recommended to make it work better.
- The study will compare retail prices for different telecommunications services on Jersey with other jurisdictions, adjusting for currency exchange rates and general price levels. The study will include comparisons of fixed and mobile voice, fixed and mobile broadband and bundled services as of quarter 4 2021.
- The study is being carried out as the prices people pay and the value that they get from telecommunication services are an important indicator of how well markets are working well for consumers. Further, international comparisons allow for a broader understanding of how Jersey performs against other comparable jurisdictions.
- The study will start in November 2021 and the findings will be published in quarter 1 of 2022 on the Authority's website.

Frequently Asked Questions

What is a market study?

A market study is a flexible tool to explore whether a market, or a feature of a market (such as pricing), is working well for Jersey consumers. A market study can help determine whether action that will encourage changes to consumer behaviour, business behaviour, or both, will help address any market problems found.

An important point to note is that the focus of a market study is not the actions of any specific business or firm.

What is benchmarking and what services will be included?

For the purposes of this study, benchmarking is the comparison of prices of comparable telecommunication services, in comparable jurisdictions, to those in Jersey.

The benchmarking will consider the pricing of the following telecommunications services:

- Fixed voice
- Mobile voice and data
- Fixed broadband
- Mobile broadband only
(dongle-based mobile broadband)
- Bundled services:
 - Phone and broadband
 - Triple play, phone, broadband and mobile

Why has the Authority chosen to carry out a market study of telecoms retail pricing?

Telecommunications are essential elements of modern day life and thus form a vital service. The prices people pay and the value that they get from telecommunication services are an important indicator of how well markets are working well for consumers. Further, international comparisons allow for a broader understanding of how Jersey performs against other comparable jurisdictions.

As a regulator and in line with regulatory best practice the Authority's focus is on regulating the wholesale element of the value chain (i.e. services provided to other communication providers) to encourage competition in services provided to consumers. Nevertheless, it is important for the Authority to understand how competition is reflected in the prices consumers pay for services on Jersey in order to assess how effective this approach is and whether there are areas that require further attention.

This is consistent with the Authority's Strategy and within this, it's third Strategic Goal, which is to "Safeguard consumers". As part of this it is important to use both the Authority's competition and regulation powers, to empower consumers to exercise informed choice and help markets work in the best interest of Jersey as a whole.

The study also has broader benefits. For example, telecommunication services are an element that can drive inflation. Therefore, understanding pricing better can help support the Government's anti-inflation strategy.

Taking the above into account, it is clear that a market study into this area is well aligned with the Authority's prioritisation principles. Moreover, it is consistent with the Authority's Business Plan, which set out that market studies are important tools to evaluate issues in particular markets and raise awareness of competition policy and its benefits among businesses, consumers and public institutions.

How do you ensure comparisons between different jurisdictions are meaningful?

Measuring and comparing the prices of telecoms services is complex, however it is of much interest to policymakers around the world. Reflecting this, the Organisation for Economic Cooperation and Development (OECD), working with Teligen, has developed a well-tested and an established methodology for comparing different services.

A key part of the approach is to use a standard “basket” of monthly consumption and then compare how much it would cost to purchase this basket in each jurisdiction surveyed. The OECD has a methodology for building representative baskets which was developed with input from member countries and telecommunications operators. The baskets are routinely updated as usage patterns change.

Each basket represents one standard level of consumption and is not intended to reflect specific calling patterns in a particular country.

National calling patterns often vary considerably between countries. Instead, the baskets compare the price of buying a set amount of telecommunication services across countries. The breakdown of baskets is decided in discussion with operators and policy makers from across the OECD.

Adjustments for purchasing power parity ensure a further degree of comparability by controlling for general price levels in different jurisdictions.

Where can I find the full details of the methodologies that will be used?

As noted above the methodologies have been developed by the OECD with input and review from Teligen. The methodologies that are relevant to this study are hyperlinked to below:

- [OECD Fixed Voice Price Benchmarking Methodology](#)
- [OECD Mobile Voice and Data Price Benchmarking Methodology](#)
- [OECD Fixed Broadband Price Benchmarking Methodology](#)
- [OECD Mobile Broadband Price Benchmarking Methodology](#)
- [OECD Bundled Communication Price Benchmarking Methodology](#)

What are the jurisdictions that Jersey will be compared to?

The methodology used in the analysis was developed by the OECD in collaboration with Teligen and therefore data to enable a price comparison exists for the 37 countries of the OECD. The OECD includes the UK, France and other relevant countries. Additional jurisdictions have been added to the core OECD dataset to capture specific drivers that may be applicable to Jersey. For example, Guernsey and the Isle of Man are the two other Crown Dependencies. Malta has been included as an island jurisdiction and Singapore has been added, given their advanced fibre network.

Who will carry out the study?

The Authority have engaged Teligen, a division of Strategy Analytics, to conduct the analysis on this market study. They have provided telecoms pricing information since 1979 and have been a global provider of telecoms price benchmarking services and results for over 25 years. They have worked with the OECD since 1995 to develop and maintain the benchmarking methodologies to be employed.

What will happen during the study?

Teligen will carry out the research and analysis to support the study. This involves desk-based research and the constructions of the appropriate baskets for each service types. This will be done in line with the appropriate methodology and include adjustments to account for purchasing power parity.

The analysis will then be drawn together into a report that puts Jersey prices in the international context with some high-level commentary. The report will include an annex that provides a high-level summary of the methodology used.

What is excluded from the study?

The analysis will focus on retail telecommunications services to residential customers set out above. The study will not include business services, for example leased lines. Wholesale products, sold by a communications provider to another communications provider are also out of scope.

Given data limitations the study will consider a snapshot of prices as of quarter 4 2021 and comparisons of prices through time will not be available. Consideration will be given to repeating the study in the future in order to understand how prices have developed from the snapshot that will be presented in this study.



What will the study outcome be?

The study will put Jersey prices in the international context and potential outcomes are:

- Jersey compares well across all services considered;
- Jersey compares well in some, but not all, services considered; or
- Jersey does not compare well across all services considered.

Though there will not be any direct recommendation to come from the report itself, the results will help guide the Authority's work in regulating Jersey's telecommunications sector.

What is the timeline for the study?

The study will start in November 2021 and the findings will be published in quarter 1 of 2022.

Where is more information available?

The market study will be an open case on the Authority website and updates will be made available during the study. Background information on market studies is available at: <https://www.jcra.je/competition-and-regulation/market-studies>