

ACS

Telecommunication Consultants

Analysis of Telecom Offers in Jersey

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Introduction

Mobile operators are constantly changing their marketing strategies for mobile phone bundles. This is driven by market conditions and changes in costs for various parts of the network. Operators try to attract consumers by analysing the overall call patterns of their users and by comparing their own products with rivals. Consequently bundle content and costs are constantly changing in order to maximise profits and to gain market share.

Mobile bundles can become complex when triple play or quad play¹ offers are introduced since the provider has to balance costs across all products. This can be an advantage to customers if all services are consumed.

Current mobile options

The tables below compare the current SIM only 12 month contract offers available from Jersey operators. This is a fair comparison since it is using the basic services offered by each operator and is not distorted by the relative value that each operator applies to its handsets. You are also likely to pay a premium for including a phone in the bundle but this may be a good way to manage your budget, however, see below. Operators may also try to tempt you into a longer term contract, but be aware that it could be costly to exit from this if you become dissatisfied with the service offered unless the operator changes the original contract terms and conditions.

| Price/month | £6.99 | £9.99 | £12.99 | £17.99 | £19.99 | £20.99 | £27.99 | out of bundle |
|-------------------------|-------|-------|--------|--------|--------|--------|--------|---------------|
| JT – JT Mobiles | | | | | | | | £0.20ppm |
| CI Landline | | | | | | | | £0.20ppm |
| CI Mobiles | | | | | | | | £0.20ppm |
| Texts | | | | | | | | £0.10 |
| Data | | | | | | | | £0.05/MB |
| UK Landline | | | | | | | | £0.20ppm |
| UK Mobiles | | | | | | | | £0.20ppm |
| International | | | | | | | | variable |
| Free Inbound Roaming UK | | | | | | | | £0.30/min |

Table 1. JT SIM Only Options

Note: JT permits (subject to a fair usage policy) up to 10,000 minutes, 10,000 texts and 10GB of data. Texts and minutes are spread across all permitted call types.

The JT call offer seems generous at first sight, but it equates to more than 5½ hours of talking per day! Clearly this is not realistic, hence the king-sized offer. Even eager teenage texters would find it difficult to consume the 330 texts per day that is also included. It is also worth noting that JT charges for all voicemail message recovery, even when in Jersey.

¹ Triple Play means a combination package of mobile, broadband and fixed line. At present only Least Cost Routing is the only option available which means it is still necessary to rent a fixed line from JT. From next July it should be possible for other operators to offer line rental too. Quad play includes Triple Play plus a television option. This is currently available from all Jersey operators in some form or other.

| | | | | | | |
|--------------------------------|--------|-----------|-----------|-----------|-----------|----------------|
| Price/month without data | £11.00 | £16.00 | £26.00 | £36.00 | N/A | out of bundle |
| Inclusive Minutes | 125 | 200 | 400 | 800 | N/A | |
| Inclusive Texts | 25 | 200 | 400 | 800 | N/A | |
| Price/month with data | £16.00 | £21.00 | £26.00 | £36.00 | £46.00 | |
| Inclusive Minutes | 75 | 125 | 200 | 400 | 2000 | |
| Inclusive Texts | 75 | Unlimited | Unlimited | Unlimited | Unlimited | |
| Inclusive Data | 250MB | Unlimited | Unlimited | Unlimited | Unlimited | |
| CI Landline | | | | | | £0.20ppm |
| CI Mobiles | | | | | | £0.20ppm |
| Texts | | | | | | £0.10 |
| Data | | | | | | £0.05/MB |
| UK Landline | | | | | | £0.20ppm |
| UK Mobiles | | | | | | £0.20ppm |
| International | | | | | | variable |
| Free Inbound Roaming UK | | | | | | £0.30ppm |
| Free Inbound Roaming EU | | | | | | £0.30ppm |
| Free Inbound Roaming Worldwide | | | | | | £0.30 to £0.80 |

Table 2 Sure SIM Only Options

Note: Sure operates a “Fair Usage” policy on its unlimited offer.

Sure's bundles are in general costlier than the other providers but the unlimited broadband is attractive. Sure's mobile is more cost effective when taken with its other offers as a package. Voicemail recovery is free in the Channel Islands and Isle of Man. Sure has recently been reprimanded by the Advertising Standards Authority regarding their definition of “unlimited”.

| | | | | | |
|--------------------------------|-------|--------|--------|--------|---------------|
| Price/month with data | £7.20 | £16.20 | £27.00 | £40.50 | out of bundle |
| Inclusive Minutes | 125 | 500 | 1250 | 2000 | |
| Inclusive Texts | 125 | 5000 | 5000 | 5000 | |
| Inclusive Data | 125MB | 5GB | 15GB | 15GB | |
| CI Landline | | | | | £0.07ppm |
| CI Mobiles | | | | | £0.07ppm |
| Texts | | | | | £0.07 |
| Data | | | | | £0.01/MB |
| UK Landline | | | | | £0.07ppm |
| UK Mobiles | | | | | £0.07ppm |
| International * | | | | | variable |
| Free Inbound Roaming UK | | | | | Free |
| Free Inbound Roaming EU | | | | | Free |
| Free Inbound Roaming Worldwide | | | | | £0.50ppm |

Table 3 Airtel SIM Only Options

Note: * Calls to Poland and Portugal included in bundled minutes.

Airtel approaches the market differently from the other two operators in that it includes all call types, text and data in every bundle it offers. It also allows bundled minutes to be used for international calls. Voicemail recovery is free in the Channel Islands.

Analysis of mobile offers

Based on pure cost, JT offers the lowest tariffs. However, JT's marketing approach is different from the other operators in that its cheapest product only includes minutes to other JT mobiles. This poses a problem for consumers since post the introduction of mobile number portability (MNP) it is difficult to know whether or not any given local mobile is on the JT network. While JT's home number range is 07797, according to best available statistics² between 10% and 20% of numbers on the JT network are ported to another provider. Similarly, some Airtel (07938) and Sure (07700) numbers will be on the JT network. It is therefore likely that out of bundle charges will be incurred by most users unless they know specific numbers are on the JT network. Further, JT's lowest tariff includes no texts or data. It is difficult to understand what users would wish to use the lowest tariff, even many older users would require text and would also need to call landlines.

JT's mid tariff allows calls to local and UK mobile networks and landlines. While this is perhaps a tariff attractive to some local users that have no need for data, it is not comparable with other the operators' similarly priced offers. Furthermore, JT's bundle does not include any roaming benefits such as receiving calls free in the UK and/or EU, whereas both Sure and Airtel do. JT also does not offer any "bolt-on" for receiving calls, although it does have an option for roamed data. JT instead offers its Travel SIM which requires users to have a separate mobile number. Calls can be forwarded to the new number using the minutes in your bundle (provided it includes UK mobile numbers) so that can be convenient abroad. This offers users a reduced call rate while abroad, charges vary by country. While abroad, however, it is more cost effective to use an internet calling package such as Skype, which enables low calling rates to normal telephone numbers, but a WiFi connection is needed. Alternative, purchase a PAYG SIM in the country that you are visiting.

Summarising the above it is therefore only really possible to compare the top JT tariff with the offers available in the market. On that basis Airtel offers the lowest cost fully usable bundle at £7.20 while its mid tariff is only marginally more than the Sure entry level full bundle and with far more minutes etc. In addition, Airtel even permits bundled minutes to be used for international calls. Both Airtel and Sure also offer low cost minutes to certain international destinations, notably Poland and Portugal which is attractive to a significant number of local users.

Best all-round mobile bundle is therefore the Airtel £16.20 offer.

All operators offer tariffs that include a mobile phone. The cost of this will depend on the relative value of the phone and the term over which the user elects to take. Longer term contracts will be relatively cheaper per month but tie the user in for a long period, typically 24 months, and will effectively increase the cost of the chosen handset. When selecting a handset it is important to factor in any up-front payments needed in order to fully compare all offers.

It should also be noted that most users in the UK buy bundles that are bigger than they need³. Therefore it is often worthwhile making a contribution towards a new handset rather than paying too much per month. A check of your previous months' bills will give you a very good idea of your average usage and therefore the correct monthly tariff for your needs. The final choice will be driven by the individual's usage needs. For consumers whose usage is predominantly voice calls, then JT has a clear advantage, while for text and data then Airtel or Sure would seem to offer a

² Telecommunications Statistics Market Report 2011 http://www.cicra.gg/_files/Market%20Statistics%202011%20-%20FINAL5625656323.pdf

³ <http://www.billmonitor.com/national-billmonitor-mobile-report>

better choice.

Broadband overview

Broadband provision is at present reliant on the JT fixed network, although the regulator has indicated that wireless spectrum suitable for high speed access is shortly to be allocated.

Consequently, all current ISPs take the JT wholesale DSL or Fibre Optic provisions, thus competition is limited by the ability of the competitors to discount or provide value added services to attract consumers.

JT recently simplified its ADSL broadband wholesale from several different speed products to just one single product with a headline speed of 20Mb/s. At the same time it unilaterally increased the base price, which is currently under investigation by CICRA.

The Table below compares the available retail offers available. It only includes the basic residential packages, all operators also offer alternative products more suited to higher users.

| | Speed Down | Speed Up | Contention Ratio | Daytime Usage Cap | Nighttime Usage Cap | Price | Out of bundle |
|-----------------------|---------------|-------------|---------------------|----------------------|------------------------|--------|------------------|
| JT ADSL | 20Mb/s | 768kb/s | 50:1 | 20GB | None | £22.99 | £0.30/GB |
| Newtel ADSL | 20Mb/s | 768kb/s | 50:1 | None | None | £19.49 | N/A |
| Sure ADSL | 20Mb/s | 768kb/s | 50:1 | None | None | £19.50 | N/A |
| JT Fibre 50Mb/s | 50Mb/s | 1Mb/s | 40:1 | 20GB | None | £22.99 | £0.30/GB |
| JT Fibre 100Mb/s | 100Mb/s | 20Mb/s | 40:1 | 100GB | None | £44.99 | £0.30/GB |
| JT Fibre 1000Mb/s | 1000Mb/s | 100Mb/s | 40:1 | 150GB | None | £59.99 | £0.30/GB |
| Newtel Fibre 50Mb/s | 50Mb/s | 1Mb/s | 40:1 | None | None | £19.49 | N/A |
| Newtel Fibre 100Mb/s | 100Mb/s | 20Mb/s | 40:1 | None | None | £44.99 | N/A |
| Newtel Fibre 1000Mb/s | 1000Mb/s | 100Mb/s | 40:1 | None | None | £59.99 | N/A |
| Sure Fibre 50Mb/s | 50Mb/s | 1Mb/s | 40:1 | None | None | £19.50 | N/A |
| Sure Fibre 100Mb/s | 100Mb/s | 20Mb/s | 40:1 | None | None | £41.00 | N/A |
| Sure Fibre 1000Mb/s | 1000Mb/s | 100Mb/s | 40:1 | None | None | £58.00 | N/A |
| Newtel WiMax | 20Mb/s | 1Mb/s | 40:1 | None | None | £14.99 | N/A |

Table 4 Comparison of Broadband Offers

Note: All providers operate a “fair usage” policy

JT is alone in capping broadband usage. This is a practice that is used by other providers elsewhere, for example BT, however most other providers also offer an unlimited option (or cap release supplement) at additional cost. The other two local providers currently have no caps.

Broadband usage is measured over both download and upload bandwidth. It is easy to exceed the minimum monthly bundled bandwidth of 20GB that JT provides in its basic service, especially if there are multiple devices connected in the home. HD television services such as NetFlix can quickly consume bandwidth. Even catchup television services can devour 20GB in a couple of evening's viewing.

Multi-service bundles

Multi-service bundles comprise a fixed line option, a mobile option and a broadband option (triple play) with, in some cases, a media content option (quad play) such as public television channels and perhaps other premium content such as streamed video.

Sure provides its Sure TV option which is basically an off-air television receiver with built-in HD channels plus Internet access which provides a limited number of additional channels including local content. This option has an up-front cost of £59.00 and £12.00/month, but monthly rental can be less or free when taken other bundled packages. A 4-play bundle is therefore available from Sure comprising Sure Dial fixed line least cost routing, broadband, mobile and Sure TV. This full package is discounted when compared to the individual costs.

JT used to offer a YouView option with an up-front cost of £249.00 for the equipment but this has recently been removed from its website. YouView is a service that simplifies access to the Free-to-Air providers' catch-up TV options. JT currently only offers a 3-play bundle comprising Fixed line (with various call bundle options), mobile and broadband. This is available as "JT Complete" which represents a discounted price when compared to the individual product costs. JT Complete no longer offers unlimited usage.

Until recently Newtel had offered a complete bundle providing mobile in association with Airtel. It offers a variety of TV options over its own cable network where available.

It is worthwhile noting that there are many products now available that enable simple usage of internet television packages which can be simply connected to most television receivers and a suitable broadband connection.

Fixed Lines

Currently all fixed lines are provided exclusively by JT whether over copper or fibre. However, following a decision by CICRA (the JCRA in Jersey) JT will be required to provide wholesale single fixed lines from July 2015. This means that consumers can opt to have a single bill by transferring their line rental to their broadband provider. This will simplify things too when transferring between providers as the user will be able to take all their services from their new provider.

Unfortunately, CICRA has not included business lines (multiple lines as connected currently with ISDN services) but hopes to include these in the future.