



Telecommunications Statistics Market Report 2011

Information Note

Channel Islands Competition and Regulatory Authorities

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*Guernsey Competition & Regulatory Authority
Suites B1 & B2, Hirzel Court,
St Peter Port, Guernsey, GY1 2NH
Tel: +44 (0)1481 711120
Web: www.cicra.gg*

*Jersey Competition Regulatory Authority
2nd Floor Salisbury House, 1-9 Union Street,
St Helier, Jersey, JE2 3RF
Tel: +44 (0)1534 514990
Web: www.cicra.je*

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1. Channel Islands Telecoms Markets – Introduction

This report presents statistics on the telecommunications sectors in the Bailiwicks of Jersey (“Jersey”) and of Guernsey (“Guernsey”), based primarily on data submitted by licensed operators in December 2012, and covering the calendar year 2011.

This report is produced by CICRA (Channel Islands Competition and Regulatory Authorities), which consists of the Jersey Competition Regulatory Authority (“JCRA”) and the Guernsey Competition and Regulatory Authority (“GCRA”). These are the economic regulators in the Channel Islands for the telecommunications sector. The JCRA and the GCRA (under its previous name of Office of Utility Regulation or “OUR”) both used to publish statistics in their respective jurisdictions. They are now doing so jointly in the name of CICRA.

In August 2012, CICRA initiated a project to review the statistics the GCRA and the JCRA collected on the telecoms markets in Jersey and Guernsey. Its objective was to provide comparable statistics in both Bailiwicks, reporting on activity in a number of telecoms markets at annual intervals. As the data it needed for this purpose largely stemmed from the main licensed telecommunications operators, CICRA engaged in an extensive process of consultations with them to ensure that the data it proposed to collect was available and comparable.

As the data has been collected using a new industry questionnaire and, occasionally, different definitions from what the OUR and the JCRA used, users of this report need to bear in mind that the figures shown here for 2011 are not necessarily comparable with data published in previous years in either Jersey or Guernsey.

The data described here has been provided by operators after CICRA agreed a set of data definitions with them. However, CICRA has not audited the data provided, whose accuracy and match with agreed definitions are the sole responsibility of the operators providing data.

CICRA would like to thank JT, Sure Cable & Wireless (CW), Airtel-Vodafone (Airtel) and Newtel, who all contributed to this report.

2. Channel Islands Telecoms Markets – Summary

- **Overall telecoms sector.** The industry turnover from the sale of network-related services, including the sale of handsets but excluding the provision of data hosting services, was £125 million, which is 2.3% of the total GDP in the Channel Islands. Across the Islands, some 664 people (or full-time equivalents) were employed in the industry in 2011.

As at the end of 2011, there were 23 individual telecommunications licences issued in Jersey and 14 in Guernsey.

- **Fixed line market.** In both Islands, and despite difficulties in comparing current data with previous reports, there is strong evidence of a significant drop in the number of minutes originated on fixed networks, with a fall in the number of fixed line subscribers likely to be a contributing factor.
- **Mobile market.** Since 2009, and again despite comparison difficulties, there is strong evidence of high growth in mobile take up, including a significant increase in the subscriber base over the two Islands. The total number of minutes originated on mobile networks accounted for about 40% of the total number of minutes originated on both fixed and mobile networks, which compares to 53% in the UK.
- Penetration rates for mobiles (mobile subscriptions per head of population) are 134% in Jersey and 108% in Guernsey.
- **Broadband market.** The internet market continues to show steady growth, in particular in the number of subscribers. Internet penetration rate per head of population is 34% in both Jersey and Guernsey, which is the same as the UK¹.

¹ For this report, we use the terms 'broadband' and 'internet' interchangeably to refer to internet access services provided on fixed lines. Beside broadband, dial-up services also provide access to the internet but they are becoming negligible in number

3. Overall Telecoms Sector

This section presents general data about the Jersey and Guernsey telecommunications sectors, based primarily on data submitted by licensed operators in response to a CICRA questionnaire, covering the calendar year 2011.

As noted in the introduction, statistics are comparable between the two Bailiwicks but should not necessarily be compared with data produced in the past for Jersey and Guernsey.

Licences in Jersey and Guernsey

Figures 1.1 and 1.2 below shows the number of telecommunications licences issued in Jersey and Guernsey as of 31 December 2011².

Figure 3.1 Total number of telecommunications licensees – Jersey

	31 December 2011
Number of Class I licences	17
Number of Class II licences	5
Number of Class III licences	1
Total	23

Source: CICRA

Figure 3.2 Total number of telecommunications licensees – Guernsey

	31 December 2011
Number of fixed licences	11
Number of mobile licences	3
Total	14

Source: CICRA

Jersey has adopted a telecommunications licensing system based on four classes of licence. Classes I, II and III are based on an operator's market power, whereas the fourth is a general class licence.

- Class I licence is for those telecoms operators that have a very limited impact on the competitive market;
- Class II licence is for those applicants without Significant Market Power (SMP);
- Class III licence is for those applicants with SMP; and

² A list of all the telecommunications licensed operators is available at http://www.CICRA.gg/licensing_legal/list_of_licensees.asp?Sector=Telecommunications

- General Class licence is for cases where there is a need for a licence but where, in the opinion of the JCRA, a formal application is too rigorous for the requirement. There is no need for an application or for notification to be made, but the licensee is required to know the limitations and responsibilities of the General Class licence.

In Guernsey, the licensing system distinguishes between mobile and fixed licences, each with a special section applicable to a licensee that has market power in any particular market. The mobile licences awarded in Guernsey are identical for all three operators.

CICRA will review its approach to telecoms licensing within coming months.

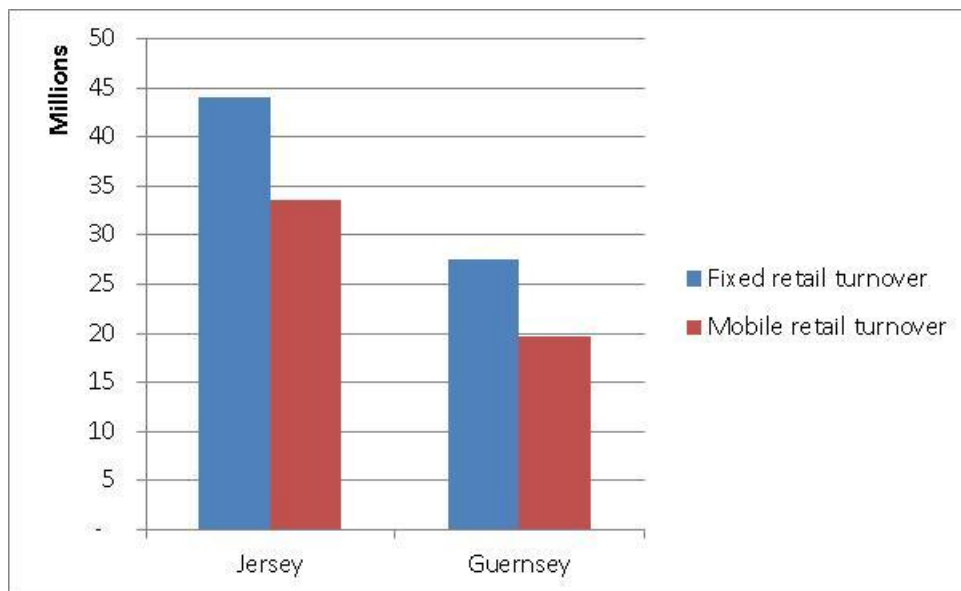
Total Turnover for retail telecommunication services in Jersey and Guernsey

In 2011, the retail telecommunications sector in Jersey and Guernsey across fixed, mobile, and internet segments (excluding data hosting services³) registered total turnover of £124.6 million: £77.5 million in Jersey and £47.1 million in Guernsey.

The telecommunications sector represents 2.1% of GDP in Jersey and 2.6% of GDP⁴ in Guernsey. This compares to 2.5% in the UK.⁵

At the end of 2011, the licensed operators employed 409 people (or full-time equivalents) in Jersey and 255 people in Guernsey.

Figure 3.3 Telecommunications turnover (£million) – Jersey and Guernsey



Source: CICRA Industry Questionnaire, December 2012

³ The revenue for data hosting services in both islands is not available.

⁴ Jersey's 2011 GDP - £3.6bn; Guernsey's 2011 GDP - £1.9bn

⁵ Source: <http://www.oecd.org/sti/broadband/1820199.pdf>

Figure 3.4 Fixed and mobile retail services turnover (£) – Jersey and Guernsey

	Jersey	Guernsey	Total
Fixed turnover	43,955,626	27,483,216	71,438,842
Mobile turnover	33,538,269	19,657,430	53,185,699
Total	77,493,895	47,140,646	124,624,541

Source: CICRA Industry Questionnaire, December 2012

Note: Fixed turnover includes internet services, but excludes data hosting

The biggest share of revenue is generated from the fixed sector in both islands. In Jersey, fixed retail revenue was £44 million in 2011, and it was £27.5 million in Guernsey.

By comparison, in the UK, the mobile sector continued to contribute a majority share of UK telecoms revenues in 2011 (52%), and mobile revenues have exceeded fixed revenues since 2007.⁶

Subscribers by communications market

Figures quoted in this report for ‘subscribers’ were in fact collected for individual telephone numbers or connections, whether fixed or mobile. When collecting data for this report, the following definition for a fixed connection was used:

Total number of active telephone lines (PSTN and ISDN) retailed by a telecom operator at end of 2011, identified by having a fixed line telephone number (area code + 6 digit local number). This will include fixed wireless connections.

For a mobile connection, the definition used was:

Mobile phone retail connections on a telecom operator’s network at end of 2011 having a mobile telephone number active within the previous 90 days.

While the term ‘subscriber’ is used in this report, it is important to bear in mind that it does not apply to an individual. A person or a company may use a number of connections and telephone numbers.

At the end of December 2011, the overall number of subscribers for fixed, mobile, and broadband internet services across both Jersey and Guernsey was 359,000, which would appear to constitute a significant increase from 2008/09, whatever the difficulties in data comparison. Over the period 2009-2011, it seems both islands saw a reduction in fixed line subscribers while, for the same period, there was a significant increase in mobile subscribers which more than compensated for the decline. Broadband subscriber numbers have also risen in both Jersey and Guernsey.

⁶ Ofcom – Communications Market Report 2012 – para 5.2.2 Industry Overview

Figure 3.5 shows the total number of subscribers (fixed, broadband and mobile) in Jersey and Guernsey.

Figure 3.5 Subscribers in Jersey and Guernsey

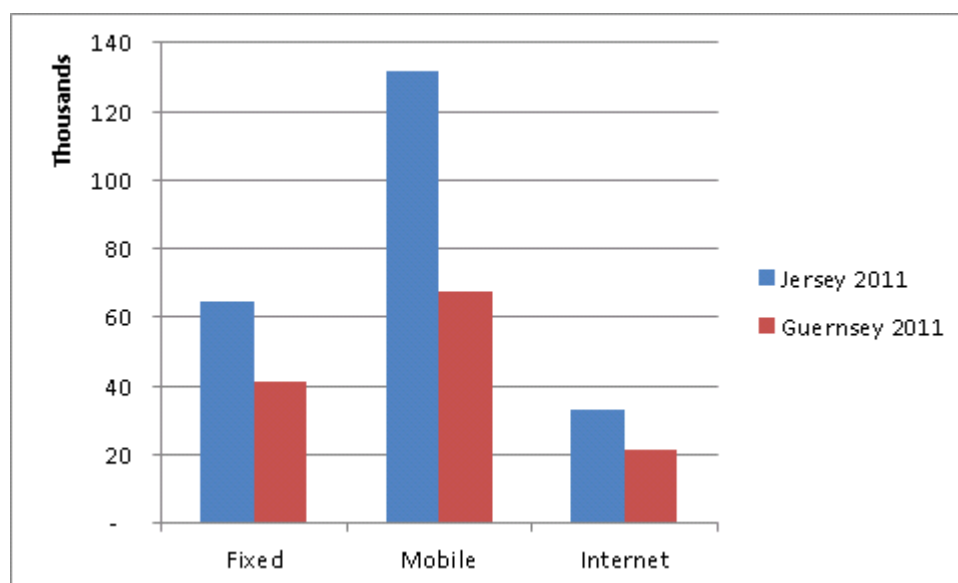
	Jersey	Guernsey	Total
Fixed	64,455	40,958	105,413
Mobile	131,680	67,725	199,405
Broadband	32,985	21,165	54,150
Total	229,120	129,848	358,968

Source: CICRA Industry Questionnaire, December 2012

Mobile penetration per head of population in Jersey is 134% and 108%⁷ in Guernsey, compared with 129% in the UK.⁸

Fixed line penetration per head of population is 66% in Jersey and 65% in Guernsey. Residential broadband penetration is 69% of households in Jersey and 72% in Guernsey⁹. This compares to 72% household internet penetration rate in the UK.¹⁰

Figure 3.6 Fixed, mobile and internet subscribers



Source: CICRA Industry Questionnaire, December 2012

⁷ Jersey population: 98,000 and households: 44,700 in 2011; Guernsey population: 63,000 and households: 26,172 in 2011

⁸ Ofcom – Communications Market Report 2012, para 1.2 - Fast Facts

⁹ Residential broadband numbers are 30,280 in Jersey and 18,965 in Guernsey

¹⁰ Ofcom – Communications Market Report 2012, para 1.5 - The Information Gap

Payphones

There were 115 payphones in use in Jersey (107 in 2009) and 80 in Guernsey (86 in 2009). In both cases, all the payphones are provided by the local incumbent, JT in Jersey and CW in Guernsey.

Originated minutes

The decline in the number of fixed line subscribers seems to have been reflected in a similar decline in the number of minutes originated on fixed networks. In both Jersey and Guernsey, in the period 2009-2011, the number of originated minutes decreased significantly, to 182.9 million minutes in Jersey and, in Guernsey, to 114.7 million.

Figure 3.7 Originated minutes in 2011

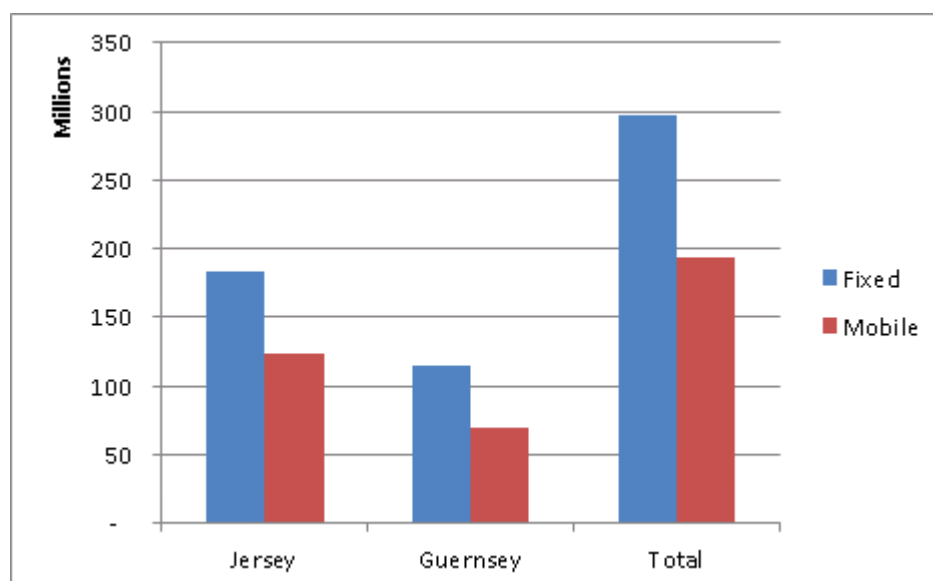
	Jersey	Guernsey	Total
Fixed	182,867,832	114,705,881	297,573,713
Mobile	123,547,282	70,202,432	193,749,714
Total	306,415,114	184,908,313	491,323,427

Source: CICRA Industry Questionnaire, December 2012

For mobile networks, the number of minutes originated in Jersey in 2011 was 123.5 million, compared to 70.2 million minutes in Guernsey.

Figure 3.8 shows the number of originated minutes on the fixed and mobile networks in Jersey and Guernsey, excluding minutes on broadband services (VoIP or voice over internet)

Figure 3.8 Total originated minutes



Source: CICRA Industry Questionnaire, December 2012

The movement in subscriber numbers between fixed and mobile networks noted above is reflected in the number of call minutes made.

As at the end of 2011, for Jersey and Guernsey together, there were 194 million minutes originated on mobile networks, representing about 40% of the total number of minutes originated on both the fixed and mobile networks¹¹. The proportion of call minutes made by fixed and mobile customers in Jersey is 60%/40% respectively. In Guernsey, the ratio of fixed/mobile call minutes is similar at 62%/38%. This is in contrast to the UK, where in 2012 for the first time, the number of minutes from mobile calls exceeded the number of fixed minutes (52%/48% respectively).¹²

¹¹ Call minutes on broadband services (VoIP or voice over internet) are not included in the figures above.

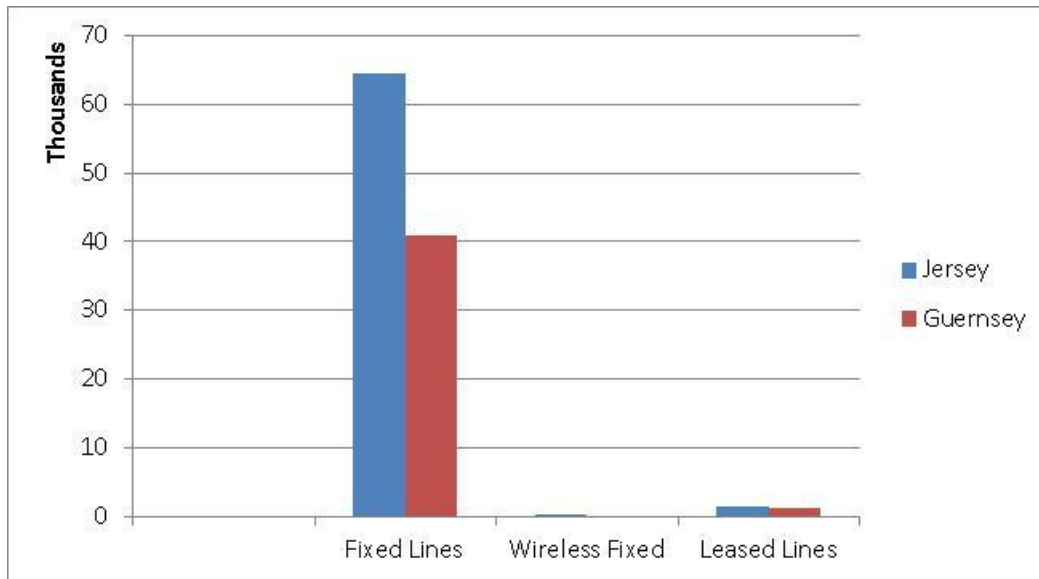
¹² Ofcom Communications Market Report 2012 – Key Points: Telecoms and Networks page 14

4. Fixed market

Total number of lines and subscribers

There were a total of 64,455 telephone lines installed in Jersey and 40,958 in Guernsey at the end of 2011.

Figure 4.1 Total number of installed lines & subscribers



Source: CICRA, Industry Questionnaire, December 2012

N.B. Airtel provides fixed wireless services in Guernsey but the number is too small to show on the above figure.

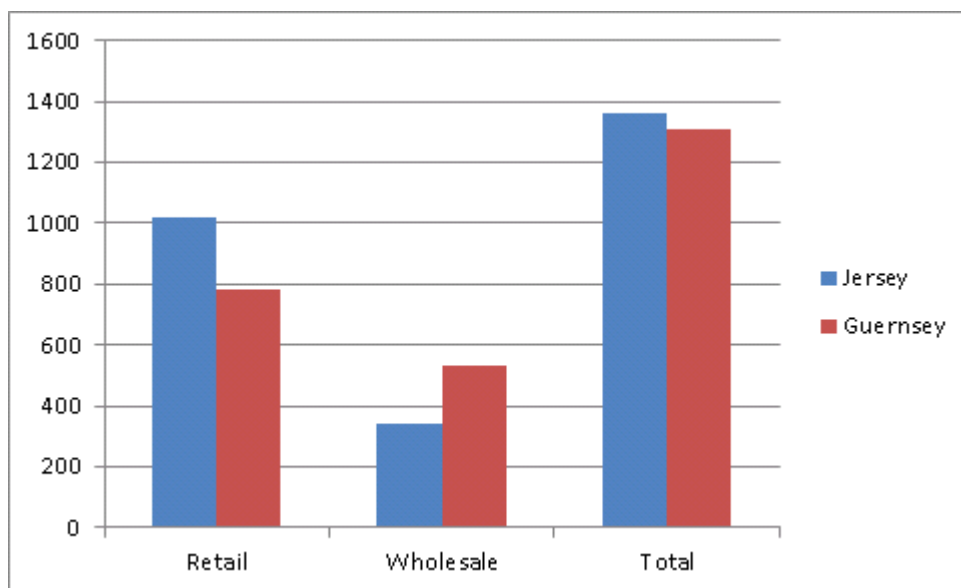
There were at the end of 2011 some 1,017 retail leased lines installed in Jersey and 782 in Guernsey¹³.

An on-Island leased line is defined as a line that originates and terminates on the same island. On-Island leased lines accounts for about 77% of total leased lines in both Islands.

Off-Island lines connect the Channel Islands with the UK or France and amount to 14% of the total leased lines, whilst inter-island leased lines account for about 9%. Inter-Island lines are attributed to the Bailiwick from which they originate, with more inter-Island lines originating in Guernsey than in Jersey.

¹³ There also were 342 wholesale lines in Jersey and 530 in Guernsey; wholesale lines are supplied by a infrastructure owner, usually the incumbent in each island, to other telecom operators; these, in turn, provide retail lines to customers.

Figure 4.2 Number of retail vs wholesale leased lines



Source: CICRA, Industry Questionnaire, December 2012

Voice originated minutes - market share by operator

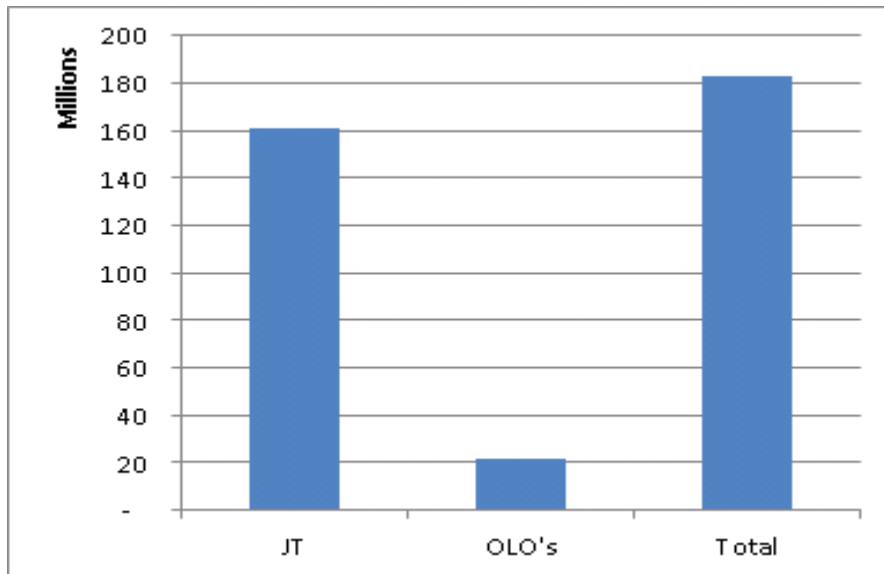
In Jersey, the incumbent operator, JT, accounts for 88% of the minutes originated by fixed service operators¹⁴, although its market share has been decreasing over time. CW uses indirect access¹⁵ to JT's network in order to compete and provide fixed telecoms services at the retail level. In 2011, Sure's market share was 11% of the total fixed originated minutes. Newtel's share was 0.6% of the share of voice originated minutes, whilst Airtel provides services to a very small proportion (0.23%) of the fixed call market¹⁶.

¹⁴ Call minutes on broadband services (VoIP or voice over internet) are not included in the figures below.

¹⁵ Other Licensed telecom Operators (OLOs), including CW, use Carrier Selection as the only means of indirect access to the incumbent fixed network. With Carrier Selection, a customer dials a prefix before a telephone number to use the services of an OLO instead of the incumbent.

¹⁶ Airtel provides a pay-as-you-go wireless fixed service.

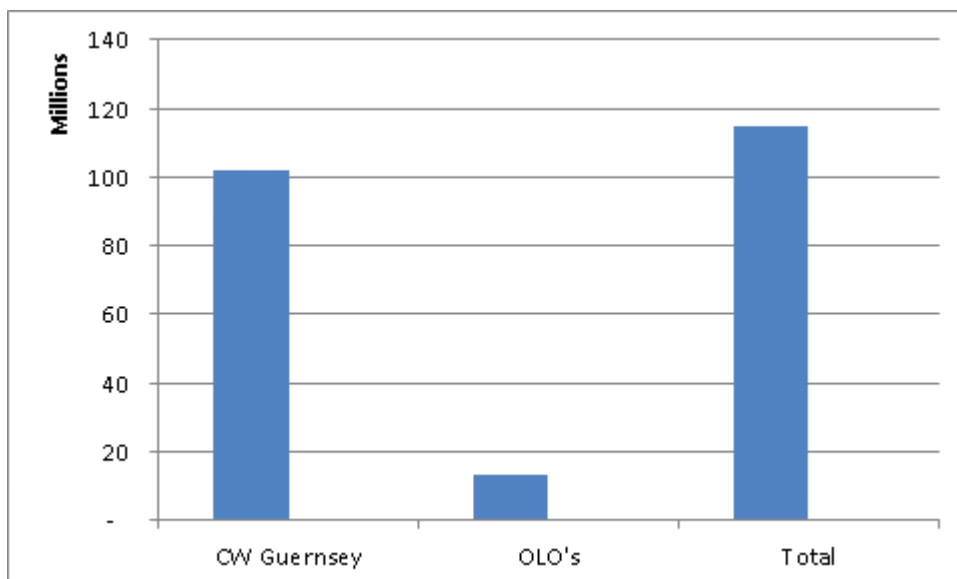
Figure 4.3 Voice call minutes – Jersey



Source: CICRA Industry Questionnaire, December 2012

In Guernsey, the reverse is true, with CW accounting for 89% of the minutes originated by fixed operators, JT accounting for 11% and Airtel for about 0.14%.

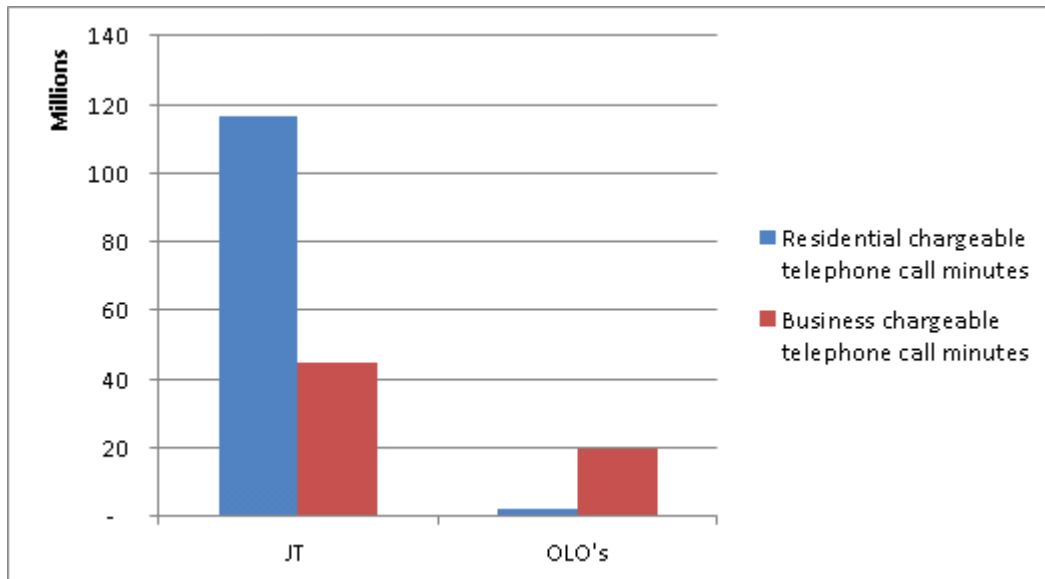
Figure 4.4 Voice call minutes – Guernsey



Source: CICRA, Industry Questionnaire, December 2012

Figure 4.5 below shows the total originated minutes in the residential and business segments of the markets between both Jersey and Guernsey. In Jersey, JT has almost 98% share of the residential call minutes made and 70% of the share of business call minutes. The remaining residential call minutes are supplied by Newtel (0.9%), CW (0.6%) and Airtel (0.4%).

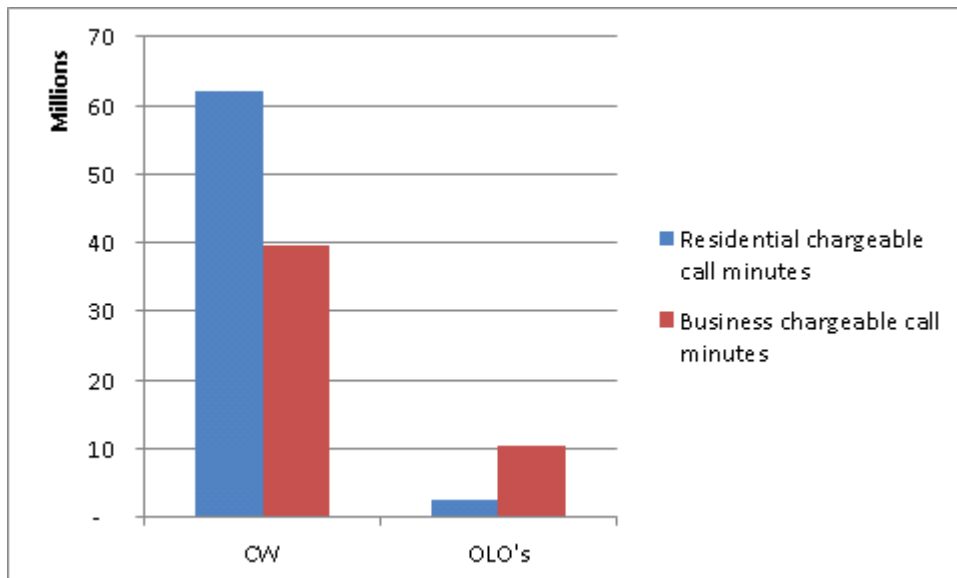
Figure 4.5 Residential and business fixed originated minutes – Jersey



Source: CICRA Industry Questionnaire, December 2012

In Guernsey, CW has 96% of the residential call minute market and 79% of the business call minutes.

Figure 4.6 Residential and business fixed originated minutes – Guernsey



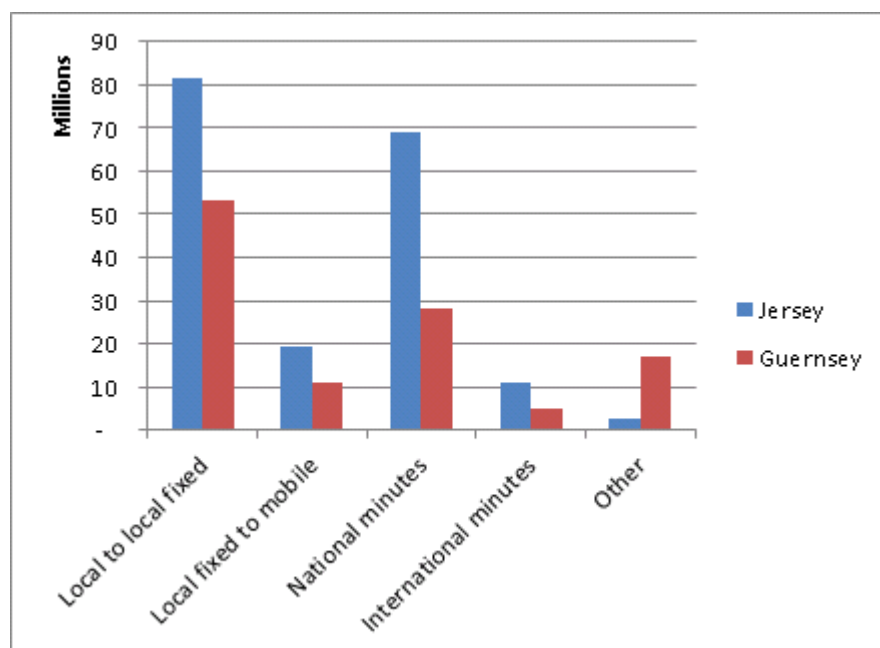
Source: CICRA Industry Questionnaire, December 2012

Share of voice originated minutes

At the end of 2011, in Jersey, 45% of call minutes originated on JT's fixed network were also terminated on the fixed network. In Guernsey, 46% of CW's fixed calls are terminated on its own network. Both Islands terminate about 10% each of their fixed call traffic on local mobiles and 5%-6% on (non-UK) international numbers.

The UK networks (i.e. UK, other Channel Islands and the Isle of Man) are the second highest destination for the minutes originated on the fixed networks of both Jersey and Guernsey. As Figure 4.7 below shows, 38% of Jersey call minutes originated on fixed networks are terminated on national (UK) numbers compared with 25% for Guernsey. Vice-versa, the proportion of calls to 'Other' destinations is higher in Guernsey than in Jersey. However, this data needs to be treated with some caution, as 'national' calls (those to the UK, the Channel Islands and Isle of Man) include some calls to non-geographic numbers¹⁷, included in 'Other', which one operator could not separate from 'national' calls.

Figure 4.7 Profile of fixed originated minutes, by call destination



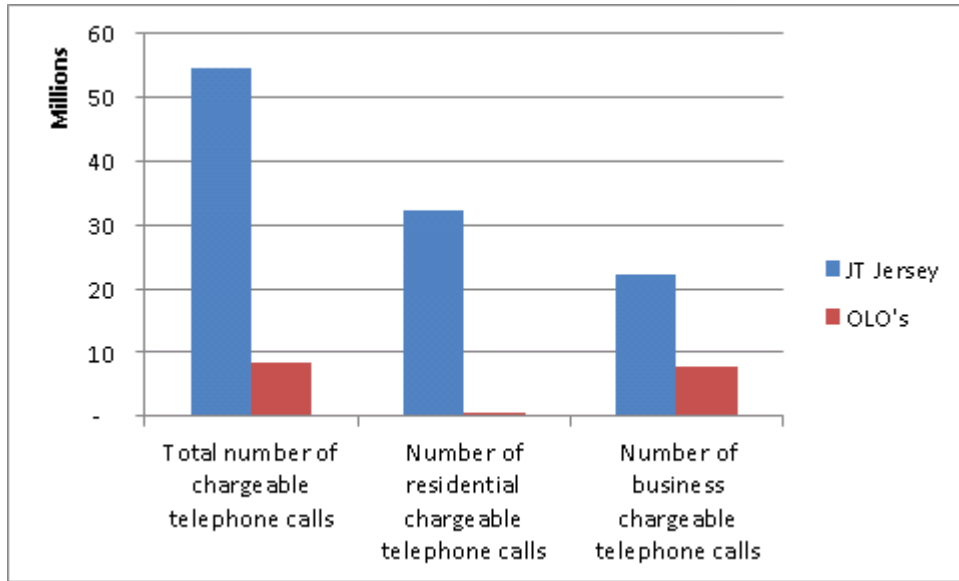
Source: CICRA Industry Questionnaire, December 2012

¹⁷ Non-geographic numbers include Freephone, special services, premium rate, directory enquiries and other call types, including 0800 and 0845 numbers.

Total chargeable fixed line telephone calls - Jersey

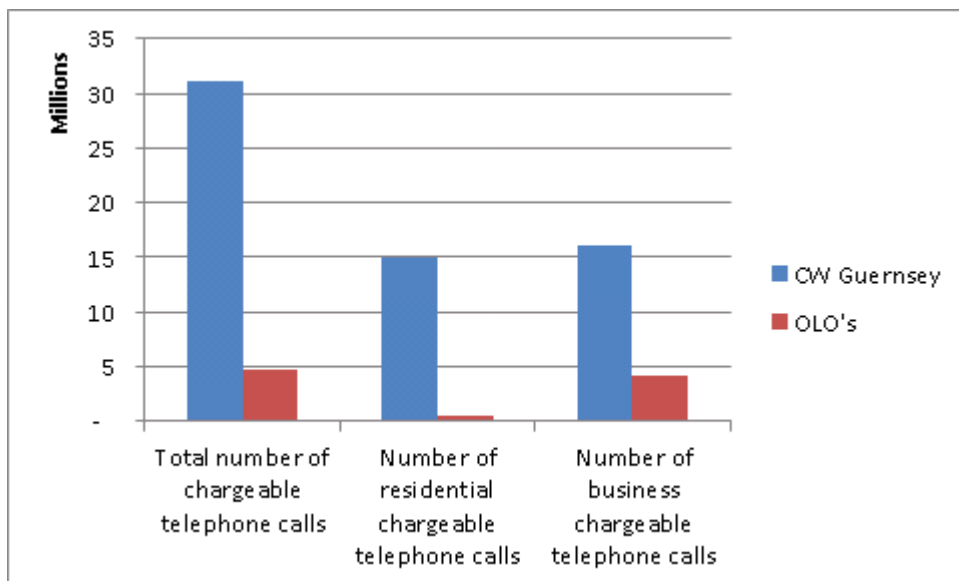
An analysis of telephone calls, as opposed to telephone minutes, may also be instructive. In Jersey, there were 63 million telephone calls made from fixed lines, compared to 36 million in Guernsey. 52% of fixed line calls in Jersey are made by residential callers compared to 43% in Guernsey. In both Jersey and Guernsey, about 87% of all fixed calls are supplied by the incumbent.

Figure 4.8 Chargeable fixed line calls – Jersey (residential vs business)



Source: CICRA Industry Questionnaire, December 2012

Figure 4.9 Chargeable fixed line – Guernsey ((residential vs business)

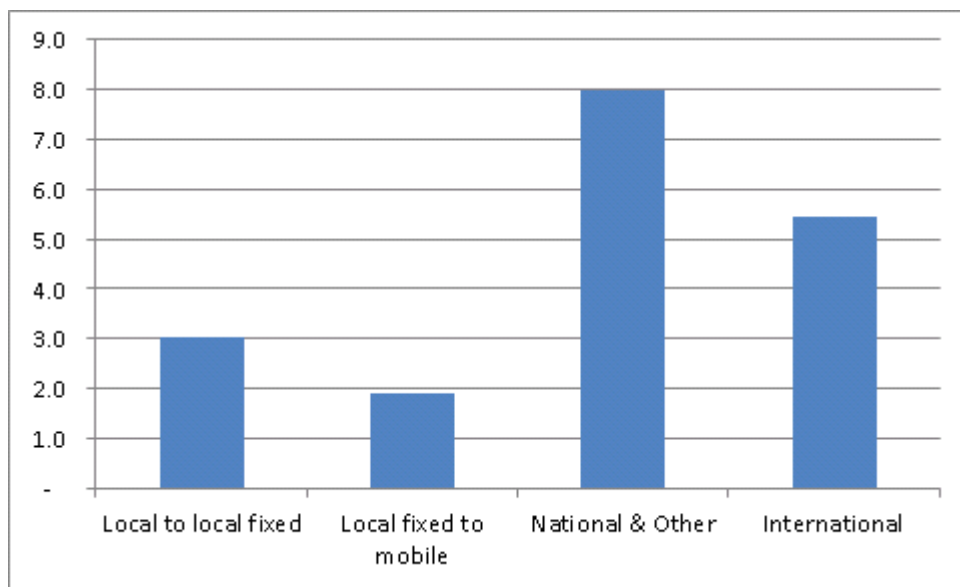


Source: CICRA Industry Questionnaire, December 2012

Length of calls originating on a fixed network

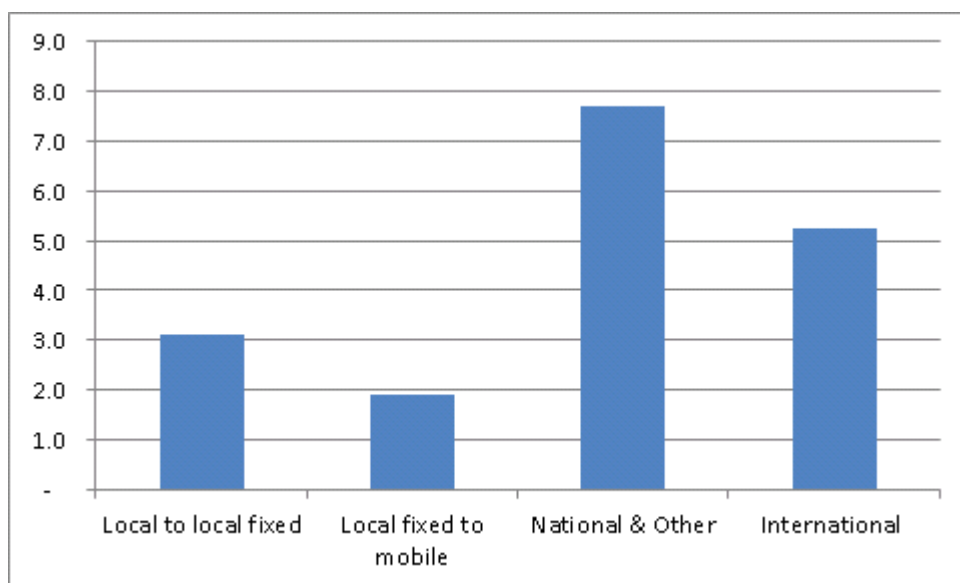
CICRA collected matching data on call minutes (as a measure of overall traffic volumes) and number of calls made. With this data, it has calculated the average length of calls to various destinations simply by dividing call minutes by number of calls. Figures 4.10 and 4.11 show the results in Jersey and Guernsey.

Figure 4.10 Jersey call length (chargeable minutes)



Source: CICRA, Industry Questionnaire, December 2012

Figure 4.11 Guernsey Call length (chargeable minutes)



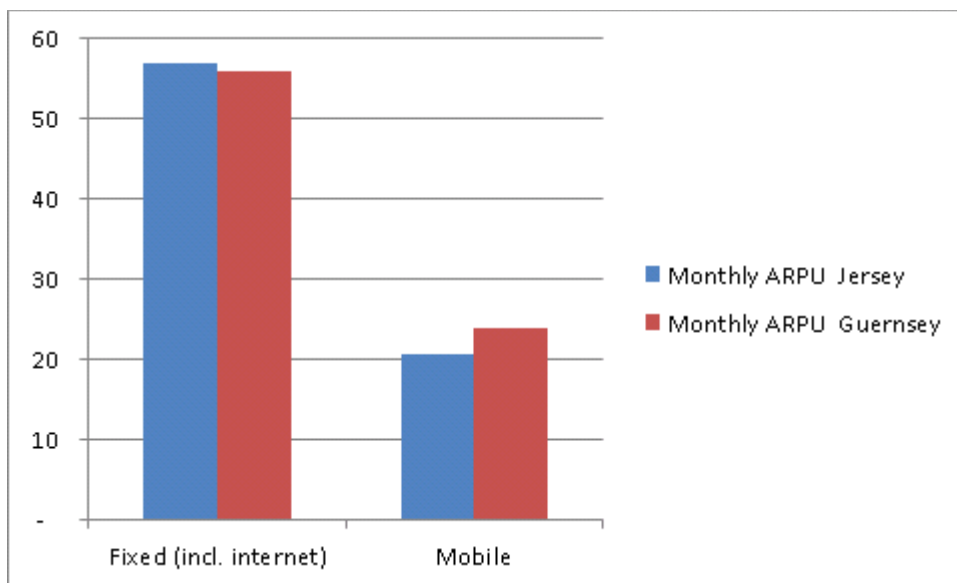
Source: CICRA Industry Questionnaire, December 2012

The length of telephone calls to each destination was broadly similar in Jersey and Guernsey.

Average Monthly Revenue

Average monthly revenue per fixed line is £57 in Jersey and £56 in Guernsey. This includes revenues from leased lines and payphones¹⁸ as well as from residential and business voice calls and broadband. As broadband is commonly sold as a bundled service together with line rental, operators have not been able to separate fixed voice and fixed broadband revenues: line rental fees are attributed to telephony, although most fixed broadband subscribers (other than mobile broadband subscribers) require a telephone line in order to subscribe to broadband services.

Figure 4.12 Average monthly revenue per fixed and mobile line



Source: CICRA Industry Questionnaire, December 2012

¹⁸ In future reports, CICRA intends to disaggregate revenue data, so that ARPU comparisons can be more easily made with other jurisdictions.

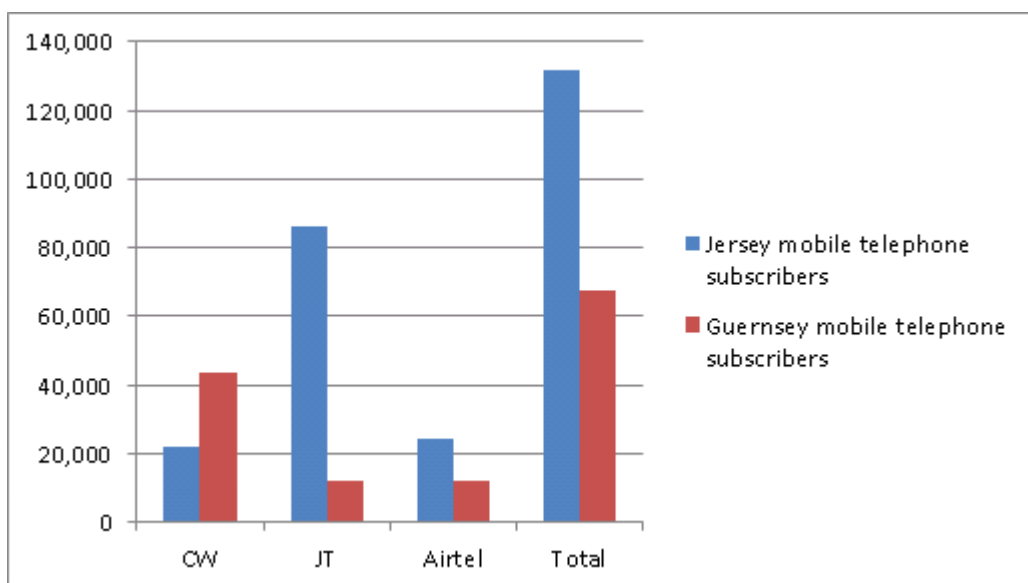
5. Mobile market

Subscribers, penetration rate and market shares

As of 31 December 2011, there were three mobile network operators (MNO) with commercial activities in Jersey and Guernsey – CW, JT and Airtel.

At the end of 2011, the number of active mobile subscribers¹⁹ was 131,680 in Jersey and 67,725 in Guernsey. In both Bailiwicks, the number of existing active mobile subscribers was greater than the local population²⁰, as is fairly common in most developed countries.

Figure 5.1 Number of mobile subscribers per operator, Jersey & Guernsey



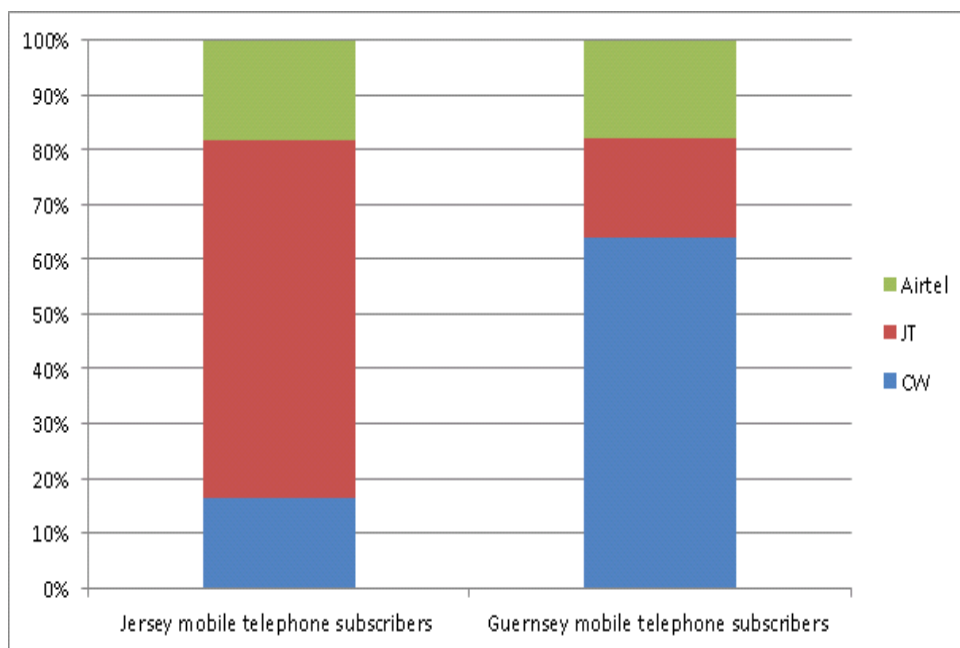
Source: CICRA Industry Questionnaire, December 2012

In both Bailiwicks, the market share of the dominant operator (JT in Jersey and CW in Guernsey) is about two-thirds. The rest of the market is approximately shared by the two competitors.

¹⁹ Active subscriber is defined as a subscriber that has used a chargeable service at least once in the last 90 days. As noted on p8, the term 'subscriber' in this report refers to an individual telephone number or connection.

²⁰ Jersey Population: 98,000 and households: 44,700 in 2011;
Guernsey population: 63,000 and households: 26,172 in 2011

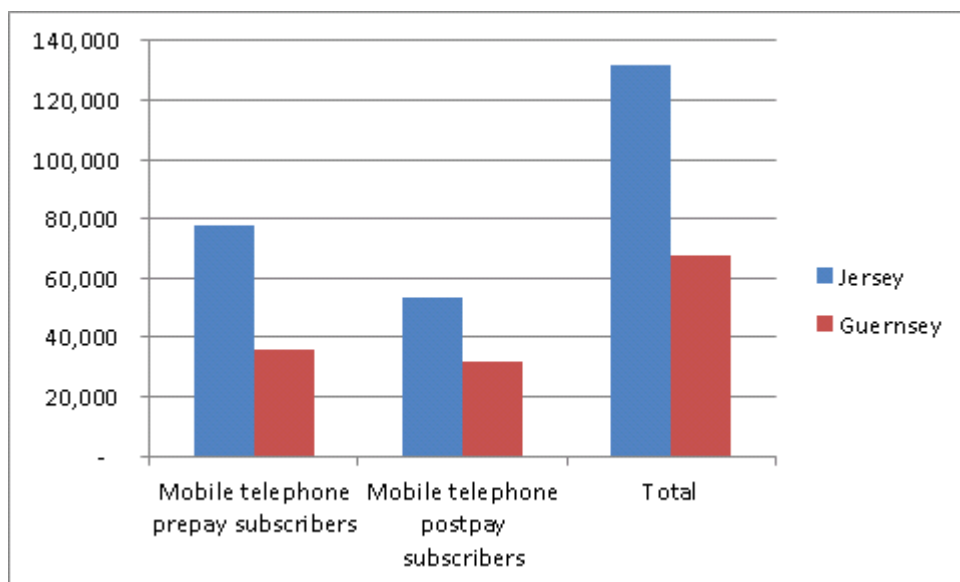
Figure 5.2 Mobile subscribers' market shares - Jersey & Guernsey



Source: CICRA Industry Questionnaire, December 2012

In Jersey, the proportion of prepay subscribers is 59% of the total, compared to 55% in Guernsey²¹.

Figure 5.3 Pre-pay and post-pay mobile subscribers²²



Source: CICRA Industry Questionnaire, December 2012

²¹ These figures exclude number of pre-pay customers that have been deactivated in last 12 months due to inactivity (28,425 customers in Jersey & 18,321 customers in Guernsey).

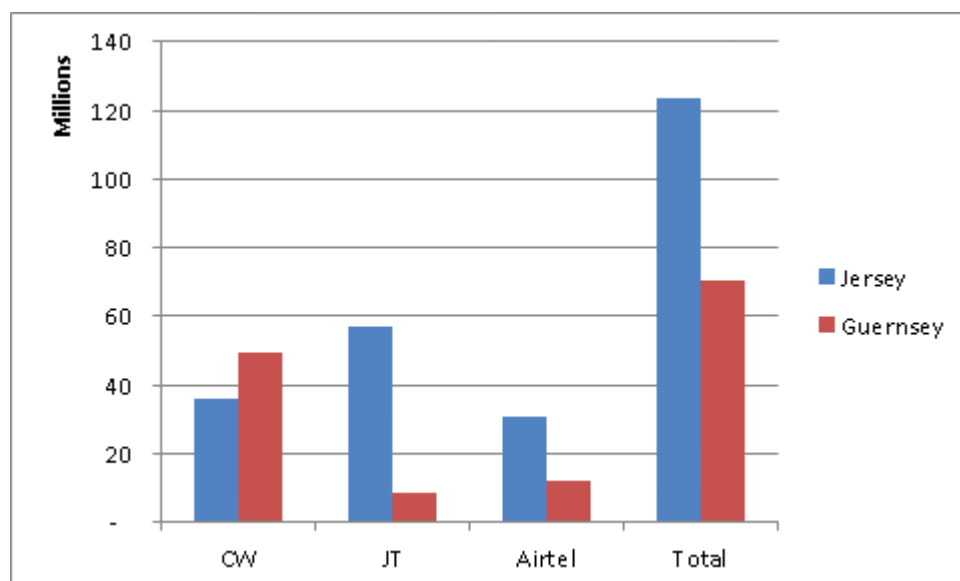
²² Pre-pay customers put cash on their mobile phone account in advance of using it – typically, these are not business users and they are low-users of mobile phones. Post-pay customers are charged monthly – usually by direct debit – and retrospectively for the use of their mobile phones.

Voice Traffic – Mobile Call Minutes

Voice traffic can be analysed in terms of call minutes or the number of calls made. This section analyses voice traffic in terms of call minutes first.

Figure 5.4 shows the total voice traffic, measured in minutes, in Jersey and Guernsey, and how it is distributed between the three main telecom operators.

Figure 5.4 Total number of mobile minutes per operator – Jersey and Guernsey



Source: CICRA Industry Questionnaire, December 2012

As for the relative market shares viewed in terms of subscriber numbers, the original incumbent telecom operators (JT in Jersey and CW in Guernsey) have the largest share of traffic in their respective islands. JT has 46% of the total mobile call minutes in Jersey, compared to CW (29%) and Airtel (25%). In contrast in Guernsey, CW has 70% share of the total call minutes, compared to JT (12%) and Airtel (17%).

The data above indicates the total number of call minutes carried by the networks of the mobile operators. The same data can also be looked at from the perspective of mobile subscribers and the use each subscriber makes of mobile networks. Figure 5.5 below shows the annual number of minutes that each customer in Guernsey and Jersey spends calling various destinations from a mobile phone.

Figure 5.5 Number of mobile call minutes per customer per annum

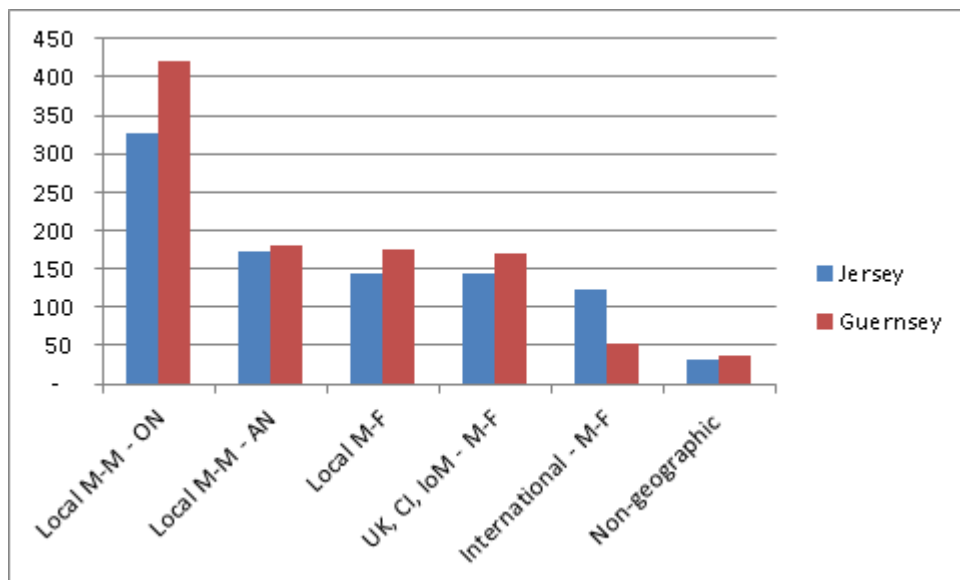
Jersey	Guernsey
938	1,037

Source: CICRA Industry Questionnaire, December 2012

Figure 5.6 shows an analysis of the main destinations called by subscribers in Jersey and Guernsey. It shows that, on average, customers in Jersey spend just over 300 minutes on

calls every year (6 minutes per week) to a respondent on the same network while in Guernsey, the number of minutes on calls to a respondent on the same network is just over 400 (8 minutes per week).

Figure 5.6 Mobile call minutes, by call destination, per customer and per annum



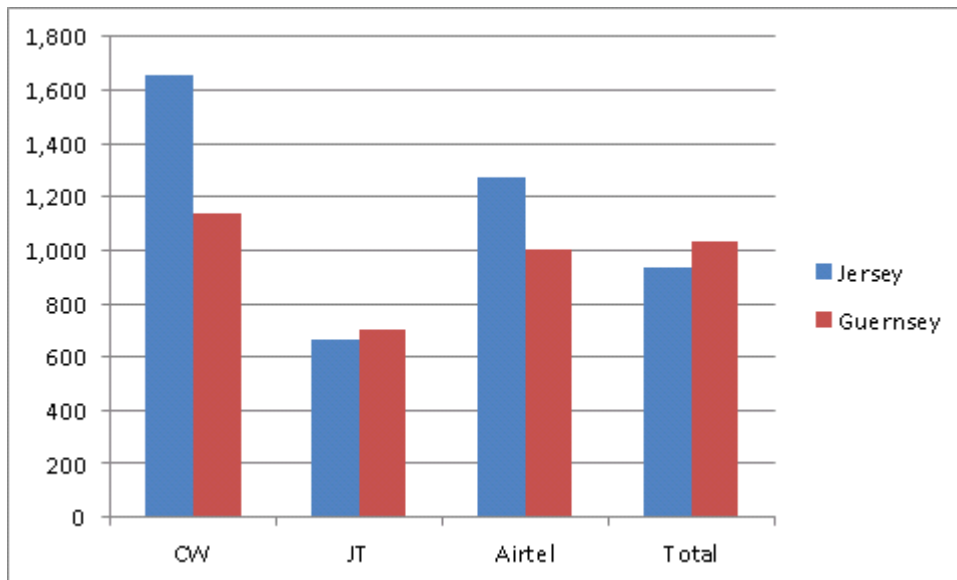
Source: CICRA Industry Questionnaire, December 2012

NB – In this chart and in following ones, the following conventions apply:

Local M-M – ON	Local mobile-to-mobile minutes - own network
Local M-M – AN	Local mobile-to-mobile minutes terminating on another network
Local M-F	Local mobile-to-fixed minutes
UK, CI, IoM M-F	Mobile minutes to fixed and mobile destinations in UK, the 'other' Channel Island or the Isle of Man
International M-F	Mobile minutes to fixed and mobile international destinations
Non-geographic	Mobile minutes to non-geographic numbers, chargeable or free to callers

Figure 5.7 below shows the average number of mobile minutes per annum per customer, by operator, across both Jersey and Guernsey. Customers of Sure Cable and Wireless have the highest number of minutes, averaging 1,656 pa in Jersey and over 1,139 pa in Guernsey. This is equivalent to 32 minutes per week per CW customer in Jersey and 22 minutes in Guernsey. On average in Jersey, mobile users spend almost 18 minutes per week on the phone compared to almost 20 minutes per week for a Guernsey mobile user.

Figure 5.7 Average mobile call minutes per subscriber, per operator, per annum



Source: CICRA Industry Questionnaire, December 2012

Voice Traffic – Total Calls

Voice traffic, as noted above, can also be considered from the perspective of the number of calls made, irrespective of their length.

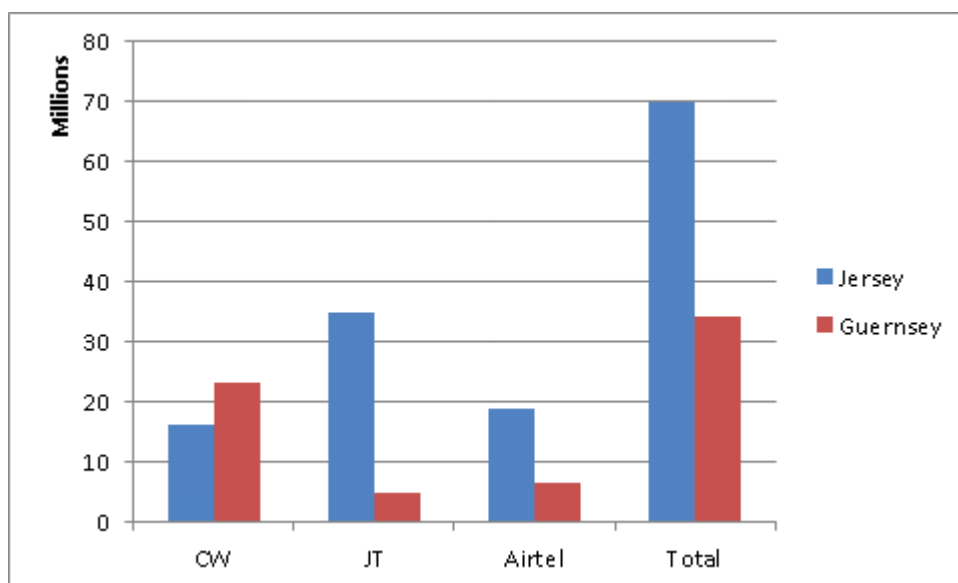
Figure 5.8 Number of mobile calls per customer per annum

	Jersey	Guernsey
	531	507

Source: CICRA Industry Questionnaire, December 2012

The number of calls per subscriber is little different between Guernsey and Jersey. Subscribers to JT, in either island, make relatively fewer calls than subscribers to C&W and Airtel.

Figure 5.9 Total number of calls per operator, per annum



Source: CICRA Industry Questionnaire, December 2012

There are just over twice as many mobile calls made in Jersey compared to Guernsey. The incumbent in Jersey (JT) has about 50% of the total number of calls, with smaller shares for CW (23%) and Airtel (27%). In Guernsey, CW has 67% of the local market in terms of originated number of calls, compared to JT (14%) and Airtel (19%).

As shown in Figure 5.10 below, in Jersey prepay customers send about 10 SMS's per week, compared to a residential postpay customer who sends about 34 texts per week. In Guernsey, the number of texts sent by prepay customers is about 14 per week, compared to 39 for the average Guernsey residential postpay customer.

Figure 5.10 Average number of SMS texts per annum

	Jersey	Guernsey
Overall no. texts per subscriber	981	1,174
No. texts per prepay subscriber	496	740
No. texts per postpay residential subscriber	1,793	2,032
No. texts per postpay business subscriber	1,250	542

Source: CICRA Industry Questionnaire, December 2012

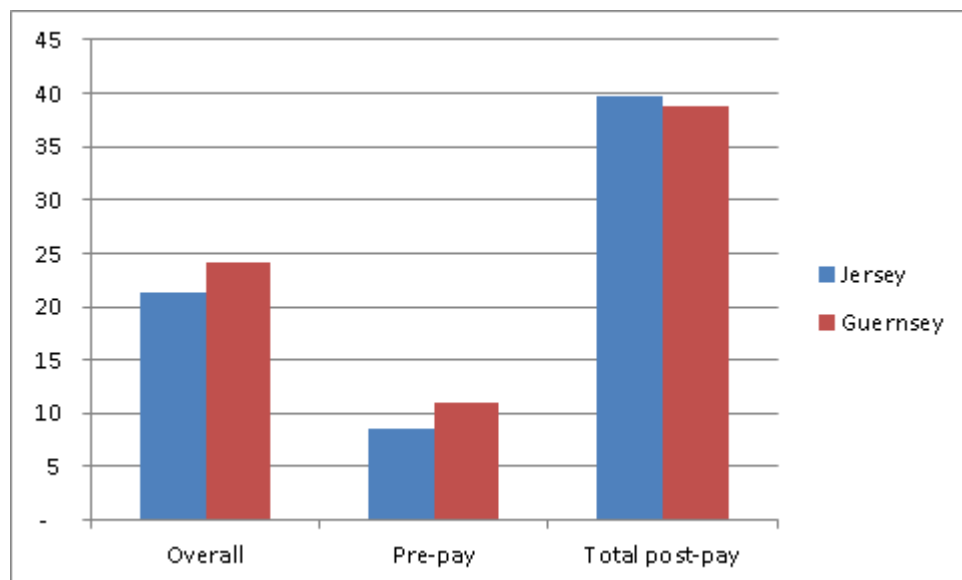
Mobile revenue per type of customer

Figure 5.11 shows that, on average, there is little difference between what customers pay in Guernsey and in Jersey (technically, the data collected refers to the revenue that mobile operators obtain from each customer). Figure 5.11 also shows the annual revenue per user (ARPU) in total and analysed according to subscriber type.

For pre-pay customers, the average monthly ARPU is £8.50 for Jersey customers and £11.08 per month for a Guernsey customer. For post-pay customers, a Jersey customer spends

about £37.49 per month compared to £37.65 per month for a Guernsey customer. These figures include roaming and mobile data charges. In the UK, the available data from Ofcom does not split pre-pay from post-pay customers, but in 2012, the average monthly ARPU from a UK mobile customer (including voice, roaming and data charges) was about £27.39²³.

Figure 5.11 Average revenue per user per month



Source: CICRA Industry Questionnaire, December 2012

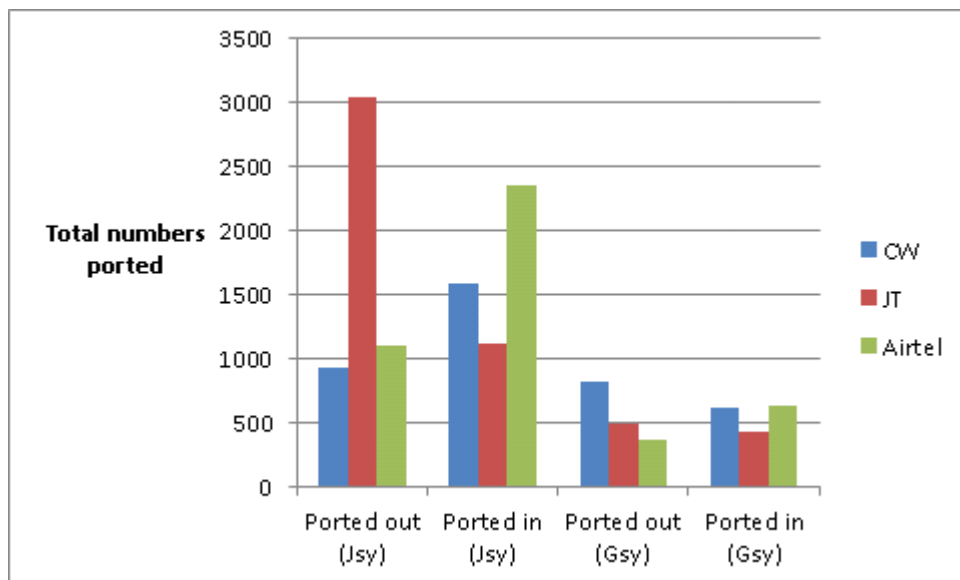
Activity in the Guernsey and Jersey mobile markets

One measure of how competitive markets are is the extent to which customers switch from one supplier to another. If customers switch, it indicates that telecom operators are innovative in creating new offerings that entice customers from one operator to another. Switching is usually associated with the process called ‘porting’ whereby customers, now, can switch from one supplier to another while keeping their telephone number; in effect, customers ‘port’ their telephone number from one telecom supplier to another but are not able to port their numbers between Guernsey and Jersey.

In Figure 5.12 below, ‘porting-in’ describes the number of customers moving to a particular supplier and, conversely, ‘porting-out’ describes the number of customers leaving a particular supplier. In each island, the total number of customers porting in and out, by definition, is about equal and in each island, the incumbent operator lost more customers than it gained.

²³ Ofcom: 2012 Communications Market Report – Fig 5.24 page 307

Figure 5.12 Extent to which porting took place in 2011



Source: CICRA Industry Questionnaire, December 2012

Roaming In and Out

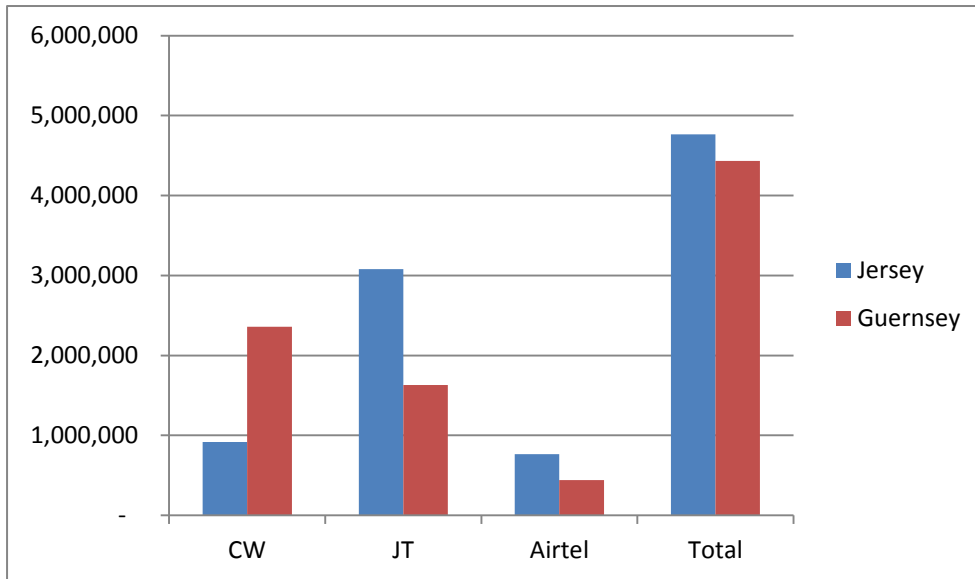
The charts below set out data for various roaming statistics:

- Roaming out – outgoing call minutes
- Roaming out – incoming call minutes
- Roaming out – outgoing call revenue
- Roaming out – revenue per call minute
- Roaming out – text message revenue
- Roaming out – revenue per text message
- Roaming out – data revenue
- Roaming out – revenue per MB
- Roaming In – outgoing call minutes
- Roaming In – incoming call minutes
- Roaming In – outgoing text messages
- Roaming In – data (MB)

Roaming out outgoing call minutes

These are the total number of call minutes made by the mobile customers of Channel Island operators while roaming on networks outside the Channel Islands. The chart below shows that the two respective incumbent operators in both Islands have the highest number of roaming out outgoing call minutes, which is in keeping with their respective number of customers.

Figure 5.13 Roaming out outgoing call minutes



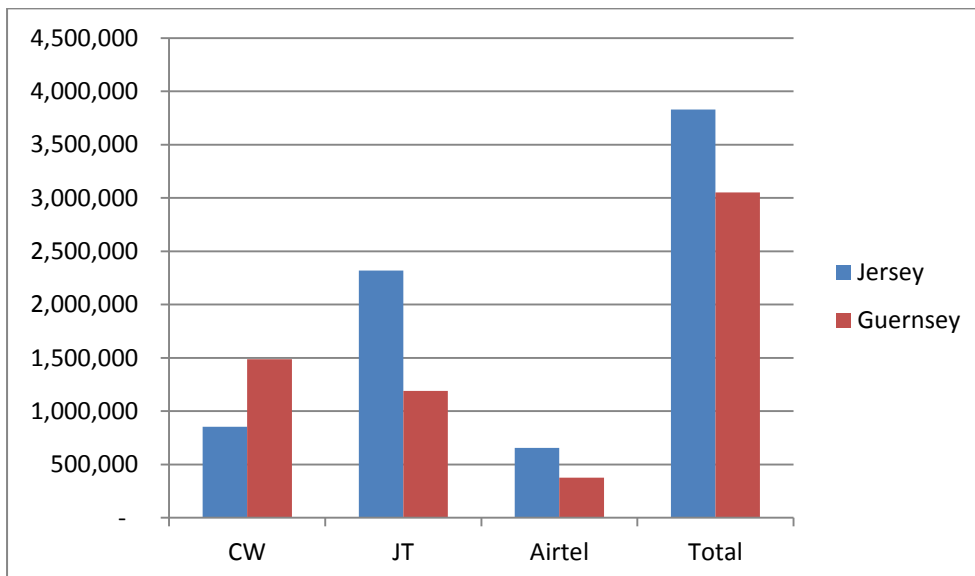
Source: CICRA

Source: CICRA Industry Questionnaire, December 2012

Roaming out incoming call minutes

This is the total number of call minutes received by the operators' own mobile customers while roaming on networks outside the Channel Islands. Again, the two respective incumbents' customers receive the largest number of call minutes.

Figure 5.14 Roaming out incoming call minutes

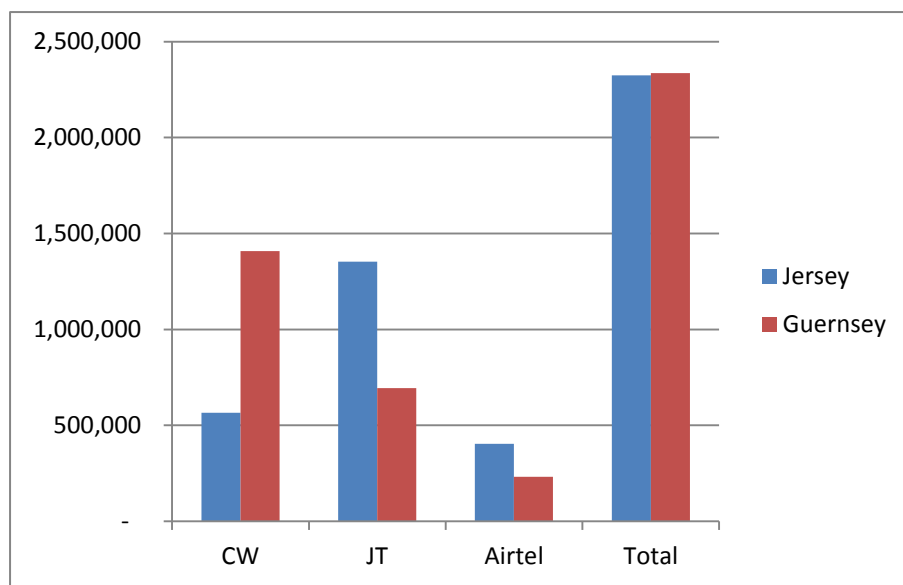


Source: CICRA Industry Questionnaire, December 2012

Roaming out outgoing call revenue

This is the revenue received (excluding tax) from roaming out voice calls made by the operators' own mobile customers while roaming on networks outside the Channel Islands. The operators make about 9% (£4.7 million) of their total mobile revenue from roaming out calls, with JT making up 44% of the total, CW 42% and Airtel 14%.

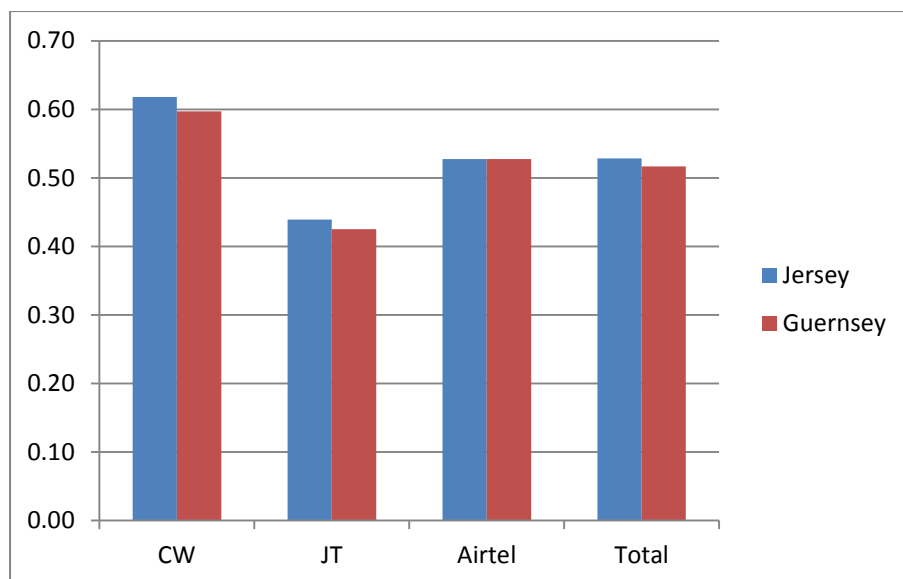
Figure 5.15 Roaming out outgoing call revenue (£)



Source: CICRA Industry Questionnaire, December 2012

Roaming out - revenue per outgoing call minute

Figure 5.16 Roaming out – revenue (pence) per outgoing call minute



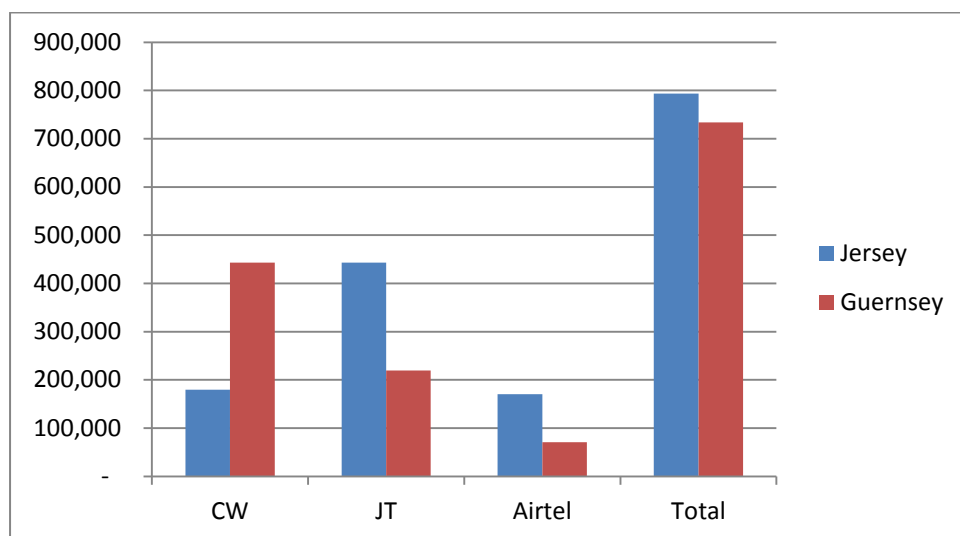
Source: CICRA Industry Questionnaire, December 2012

The revenue figures shown in the chart above are simply calculated as the ratio of revenue and call minutes. CW collects the highest revenue per minute at 61p, compared to 53p for Airtel and 44p for JT.

Roaming out text message revenue

This is the revenue received (excluding tax) from text messages sent by the operators' own mobile customers while roaming on networks outside the Channel Islands.

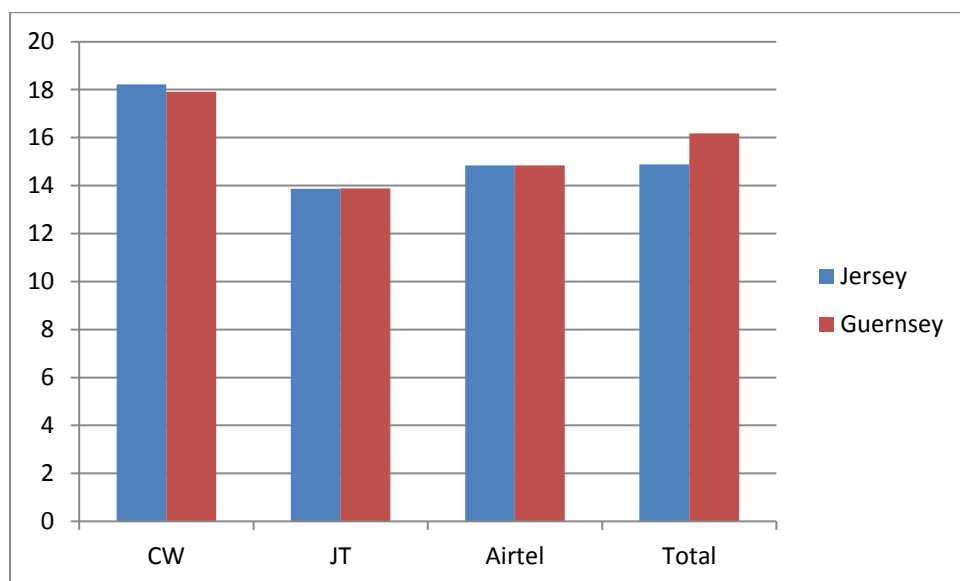
Figure 5.17 Roaming out – text message revenue (£)



Source: CICRA Industry Questionnaire, December 2012

As can be seen from the chart below, CW receives about 18p per SMS roaming message, compared to 14p for JT and 15p for Airtel.

Figure 5.18 Revenue (pence) per roaming out text message

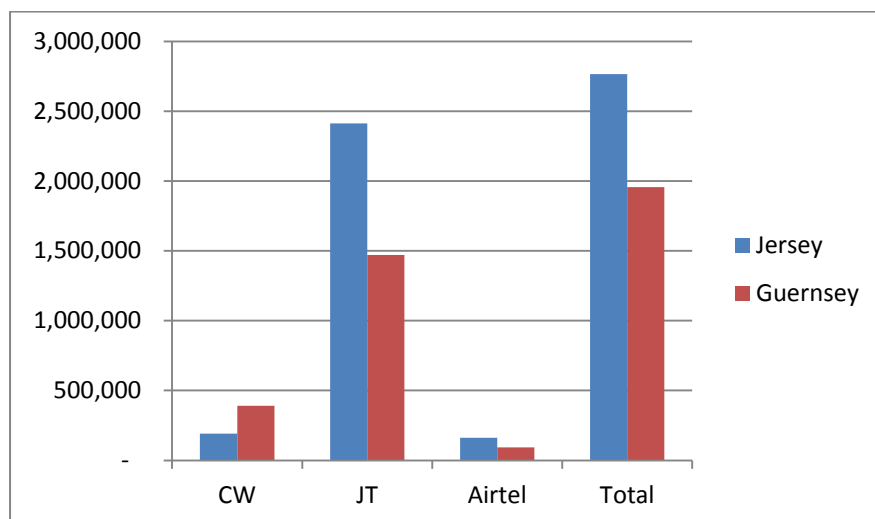


Source: CICRA Industry Questionnaire, December 2012

Roaming out data revenue

This is the revenue received (excluding tax) from data downloaded by the operators' own mobile customers while roaming on networks outside the Channel Islands. For the three operators together, more than £2.5 million is earned from Jersey customers and nearly £2 million from Guernsey customers.

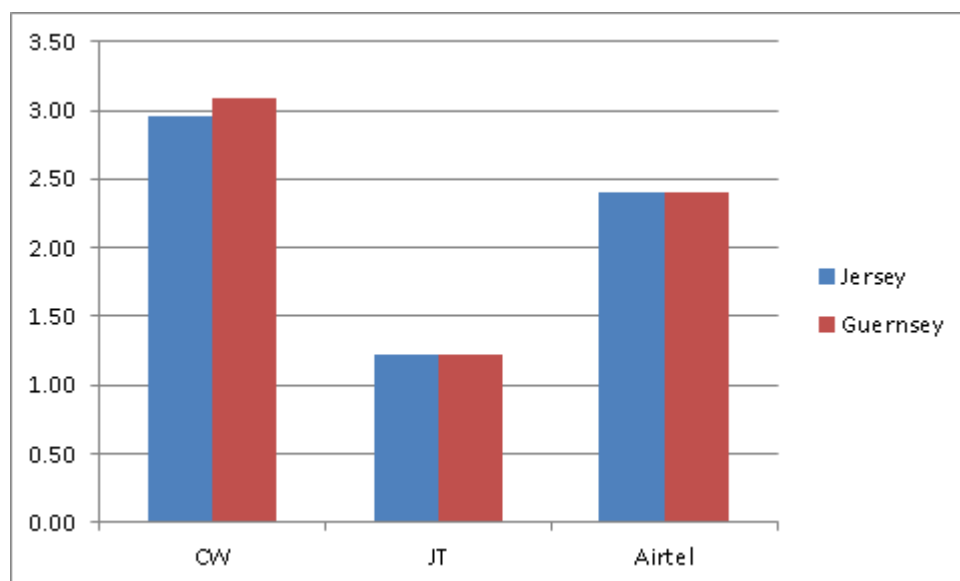
Figure 5.19 Roaming out data revenue (£)



Source: CICRA Industry Questionnaire, December 2012

The chart shows the average revenue per downloaded MB of data that the Channel Islands' operators collect from their local customers when they roam abroad and download data.

Figure 5.20 Revenue per MB (£)



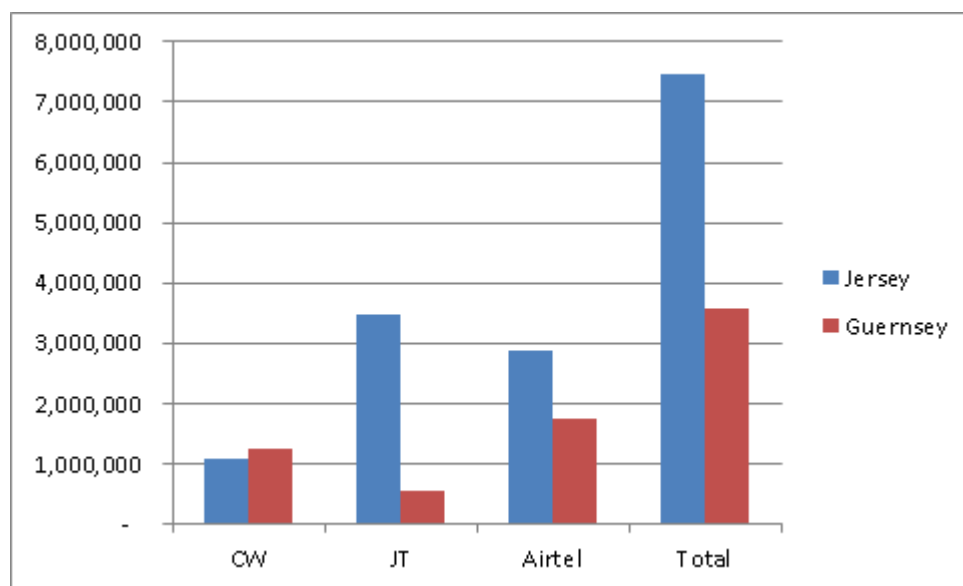
Source: CICRA Industry Questionnaire, December 2012

Roaming In

Roaming in outgoing call minutes

The chart below shows the number of outgoing call minutes made by visiting mobile customers while roaming on the Channel Island operators' own mobile networks.

Figure 5.21 Roaming in outgoing call minutes



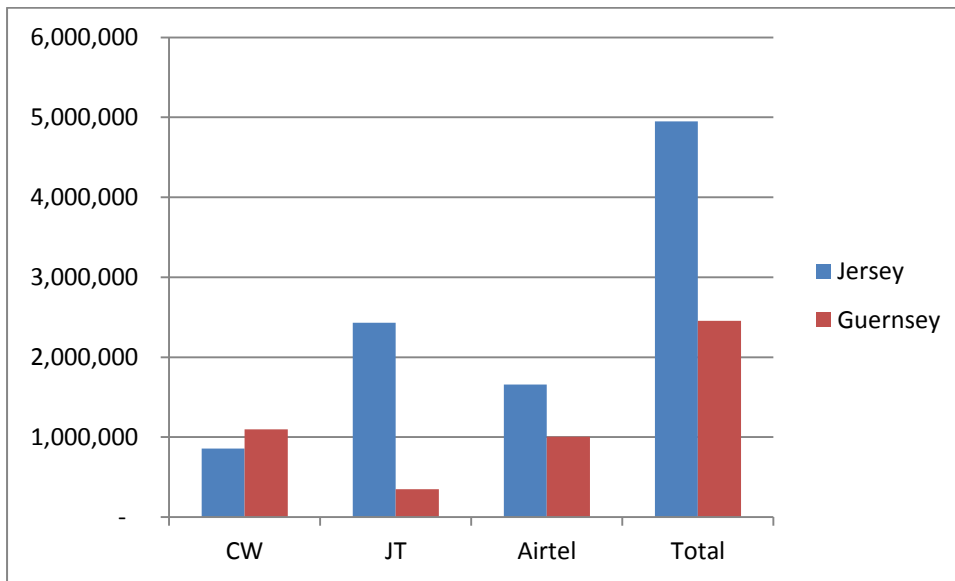
Source: CICRA Industry Questionnaire, December 2012

As the chart above shows, compared to Guernsey, Jersey had more than double the number of call minutes made by visiting mobile customers in 2011. Combining the two Islands together, over 42% of the roaming in outgoing call minutes were made on Airtel's network, 37% on JT's and 21% on CW's.

Roaming in incoming call minutes

This is the total number of call minutes received by visiting mobile customers while roaming on the operators' own mobile networks. The 50% variation in the number of incoming call minutes between Jersey and Guernsey reflects the same difference described above in the number of roaming in outgoing call minutes and which also is the same ratio in the relative number of text messages sent by visiting mobiles.

Figure 5.22 Roaming in incoming call minutes

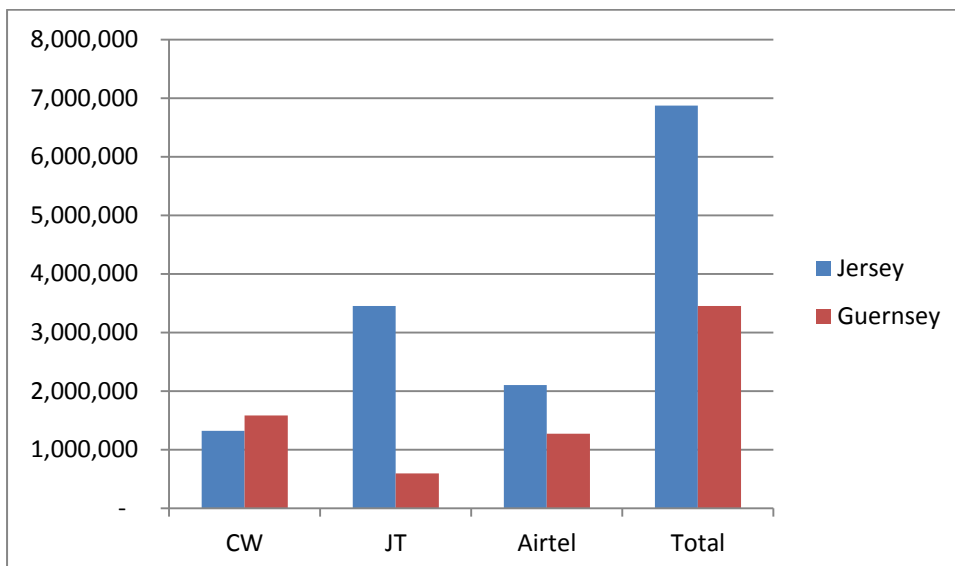


Source: CICRA Industry Questionnaire, December 2012

Roaming in text messages and data

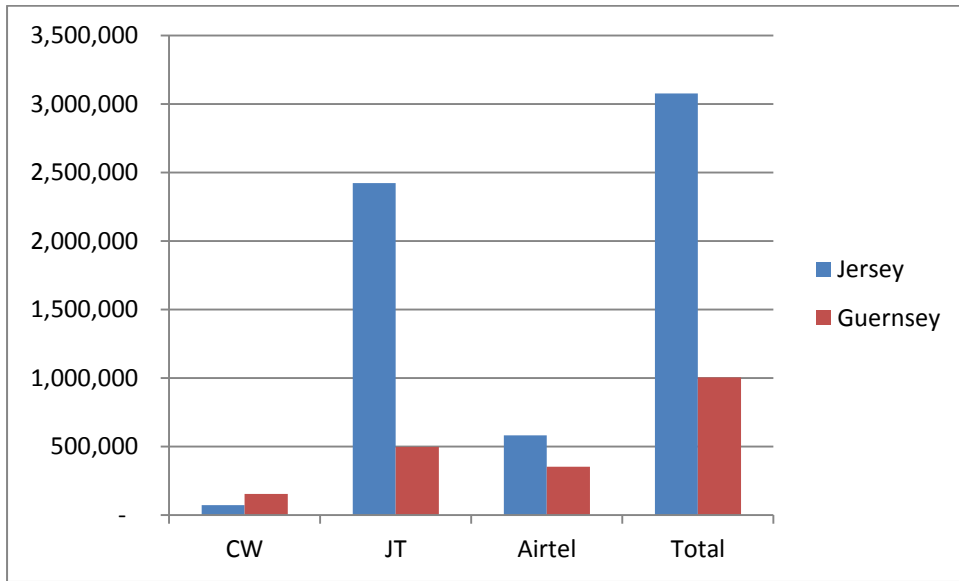
Figure 5.23 shows the total number of text messages sent by visiting mobile customers while roaming on Channel Islands’ operators’ mobile networks. Figure 5.24 shows the amount of data which visiting mobile customers have downloaded while using one of the networks of a Channel Island operator.

Figure 5.23 Roaming in – outgoing text messages



Source: CICRA Industry Questionnaire, December 2012

Figure 5.24 Roaming in data (MB)



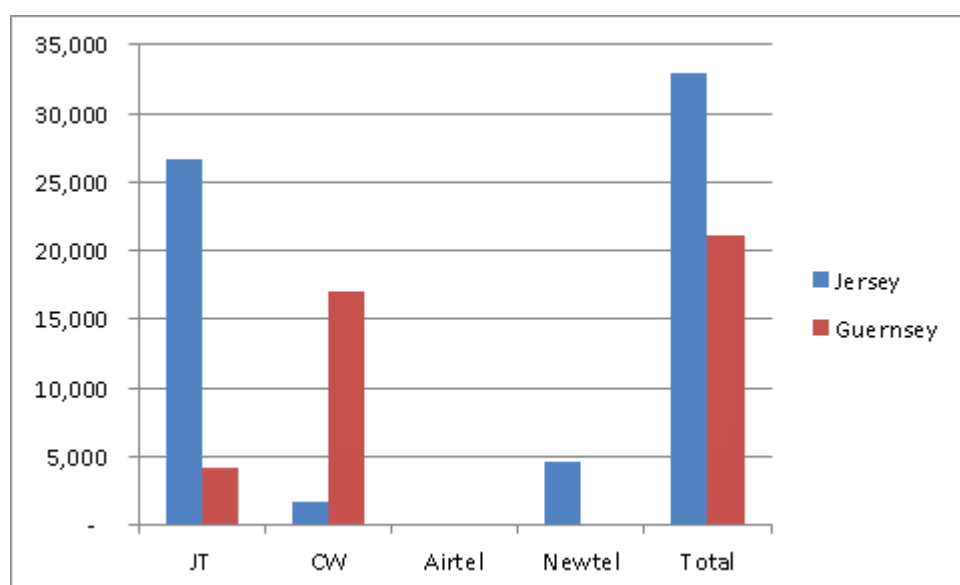
Source: CICRA Industry Questionnaire, December 2012

6. Broadband market

Subscribers and penetration rate

Internet subscribers in both islands are largely residential users. In Jersey, the split between residential and business subscribers is 93%/7% respectively, compared to 90%/10% in Guernsey. One possible explanation for the small proportion of business internet customers is that business subscribers may require more tailored products of higher capacities (like leased lines) which are not captured in the above figures.

Figure 6.1 Broadband subscribers by operator - Jersey & Guernsey



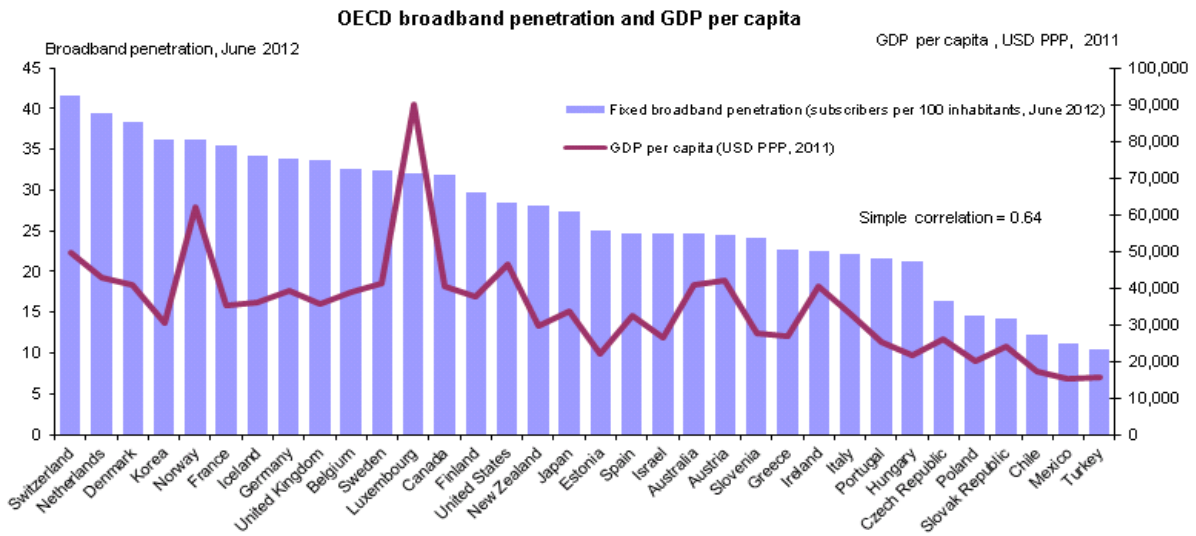
Source: CICRA Industry Questionnaire, December 2012

At the end of December 2011, there were 69 residential broadband fixed line subscribers per 100 households in Jersey, compared to 72 in Guernsey. In the UK, the average fixed line broadband household penetration rate is 72%²⁴. The number of fixed line broadband subscribers per head of population is 34% in both Jersey and Guernsey. These results are above the OECD average of 26%²⁵ but not as high as either Switzerland, Netherlands or Denmark, which have the highest penetration rates in terms of population of 42%, 39% and 38% respectively.

²⁴ Ofcom: Communications Market Report 2011

²⁵ Note that the OECD figures were collected in June 2012 and published in February 2013.

Figure 6.2 OECD broadband penetration rate per 100 inhabitants



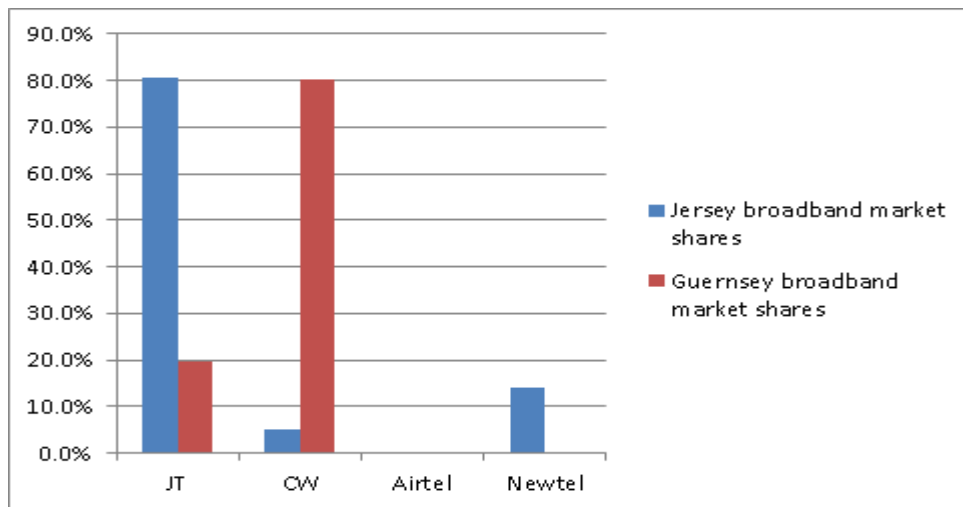
Source: OECD Broadband statistics June 2012 [oecd.org/sti/ict/broadband]

On the wholesale side, in Jersey at the end of 2011, JT provided 6,364 broadband services to OLOs (CW and Newtel), representing 19% of the total. In comparison in Guernsey, CW provided some 3,869 wholesale broadband lines, representing 18% of the total.

Share of broadband subscribers

As in the fixed line sector, JT is the dominant operator in Jersey in the broadband market in terms of subscriber numbers. By the end of December 2011, JT’s market share in terms of subscribers was approximately 81%. The main competitor is Newtel which had 14% of the market at the end of 2011. Sure had a market share by subscriber numbers of 5% in 2011.

Figure 6.3 Market shares of broadband subscribers by operator – Jersey & Guernsey



Source: CICRA Industry Questionnaire, December 2012

In Guernsey, at the end of December 2011, CW's market share in terms of subscribers was 80.3%. Its main competitor was JT with a 19.7% market share, including the market share previously held by Newtel²⁶.

In both bailiwicks, it appears incumbents have maintained high market shares in broadband services.

²⁶ In August 2009, Newtel was bought by JT Guernsey.