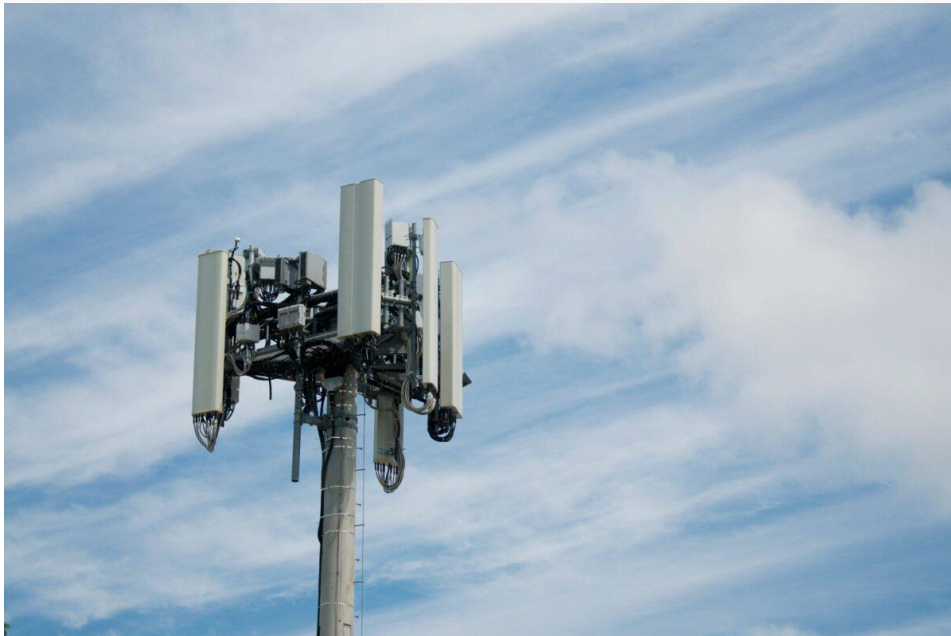


TELECOMMUNICATIONS

EETT: Surveys do not draw safe conclusions about the cost of telecommunications in Greece

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The National Telecommunications and Post Commission (EETT) commissioned two independent consulting firms of international repute, Tarifica and IDATE DigiWorld, to assess the current situation and formulate an opinion on the prices of mobile and fixed electronic communications in Greece. In this process, EETT participated exclusively as a source of information and data on the market in cases where this was requested by the two companies, without expressing an opinion on the methodologies they used. These surveys are the first in a series of surveys that aim to provide a comprehensive and systematic picture of issues related to the prices of electronic communications.

Both studies highlighted the difference observed in the Greek market between the prices publicly advertised by electronic communications providers through their websites (which constitute the source on which almost all published price comparison studies between countries are based) and the prices ultimately offered to consumers as approximated by the providers' average revenue per user (Average Revenue Per User – ARPU), which appear to be lower.

This results in comparisons of Greece with other countries based only on publicly available list prices and without taking into account special offers (e.g. seasonal, customer retention and attraction) as well as other important factors,

such as the quality of the service offered and the cost of network development, which cannot easily lead to safe conclusions regarding the cost of electronic communications in Greece.

EETT points out that the interpretation of the results of surveys evaluating/comparing prices of electronic communications between countries must be done with a careful evaluation of the relevant methodologies so as not to create false impressions. Electronic communications constitute a particularly dynamic sector with continuous developments in the areas of services and infrastructure which are expected to continue in the coming period (in the context of the implementation of the co-financed projects and the private investments that have been announced). EETT data published every six months shows that there has been a rapid and steady trend of reducing the cost of electronic communications services over the last 4 years in our country, a fact that is also confirmed by the Harmonized Consumer Price Index.

Specifically, according to the data recently published by ELSTAT on the changes between 2020 and 2021, the communications sub-index, which includes mobile and fixed electronic communications (with a very high weighting factor), shows by far the largest annual decrease (by 2.5%) when the General Index shows an annual increase of 4.4% and most of the remaining sub-indices (of other groups of goods and services) also show significant increases. For EETT, the priority remains the pursuit of the most affordable prices for consumers while ensuring the best possible quality of service.

Mobile communications service prices

Tarifica first used the 'rational' consumer methodology, which is compatible with the methodology used by the OECD and the European Commission. Tarifica points out that simple comparisons based on criteria such as the "cost per GB" (list price) and the amount of data offered per month do not provide a complete picture. The analysis was based on prices that are publicly available from providers (e.g. through their websites). The company did not take into account prices resulting from customer retention and attraction offers, gifts and seasonal offers and discounts in the context of combined programs (e.g. fixed-mobile services). Based on this, Tarifica's analysis of the prices of mobile communications services in 12 European countries that belong to the same group of countries in terms of GDP per capita, concludes that Greece appears to be among the four countries with the highest prices.

Tarifica then compared the prices it had collected with the detailed revenue data of the Providers (per service and per subscriber) in Greece. From this comparison, Tarifica found that there were large discrepancies between the publicly available prices of the Providers and the actual cost that subscribers are required to pay for their telecommunications services. In fact, it found that the average revenue per subscriber (Average Revenue Per User – ARPU), as derived from EETT market data, would be mathematically impossible to achieve if subscribers were to pay the advertised retail prices. Consequently, the actual pricing of mobile communications in Greece is not reflected in the prices publicly presented (e.g. on websites) by the providers.

Furthermore, Tarifica suggests investigating the impact of network deployment costs and network quality/speed on the formation of retail price levels, given the challenges posed to these parameters by the strong seasonality of demand and the morphological relief of Greece (e.g. a large number of islands). Tarifica refers to a study by the European Commission, in the context of roaming, on the costs of mobile communications networks, which shows that the network cost per GByte for Greece is the second highest among the countries included in its analysis. It also refers to data from the company Ookla (which is established for quality of service measurements internationally) according to which Greece is the third best in terms of quality of service among the countries included in its analysis.

Prices of fixed communications services

IDATE chose to base its assessment of fixed broadband price levels in Greece on the criterion of average revenue per user (ARPU), considering that this provides an accurate estimate of the average price paid by consumers for services. The calculation of average revenue per user (ARPU) includes seasonal discounts and promotions.

Furthermore, IDATE proceeded to further investigate the affordability of services to evaluate Greece's position in terms of fixed broadband service prices in relation to other European Union countries, using the following internationally accepted weighting measures:

1. The average revenue per user as a percentage of per capita Gross National Product (GNP).
2. The average revenue per user as a percentage of the net average monthly salary (adjusted for the cost of living in purchasing power parity terms).
3. The average revenue per user as a percentage of the minimum wage.

Comparisons based on these affordability criteria showed that Greece consistently ranks in the best positions (1 – 3) among the countries included in the comparison:

- Greece has the second lowest average revenue per user (ARPU) for fixed broadband services (8.68 euros) among the 27 countries of the European Union.
- Greece has the third lowest average revenue per user as a percentage of GDP per capita on a monthly basis among the 27 countries of the European Union.
- Greece has the second lowest average income per user as a percentage of the average net monthly salary (adjusted for the cost of living in purchasing power parity terms) among 26 European Union countries (excluding Malta).
- Greece has the lowest average income per user as a percentage of the minimum wage among 21 European Union countries.