

Trends in telecommunications prices

August 2020

Contents

Executive summary	3
1. Trends in telecommunications prices - August 2020	5
2. Trends in telecommunications prices in the EU - August 2020	9
3. Minimum monthly charge per service and offer	13
Methodological note	16

Index of tables

Table 1 – Year-on-Evolução do Índice de Preços no Consumidor (IPC) e dos telecommunications prices	5
Table 2 – Trends in telecommunications prices: Portugal vs EU	9
Table 3 – Minimum monthly hcharge by type of offer – August 2020	13
Table 4 – Year-on-year variation rate of the minimum monthly charge by type of offer – August 2020	14
Table 5 – Average variation rate of the last 12 months of the minimum montly charge by type of offer – August 2020	15

Index of figures

Figure 1 – Year-on-year variation rate of the CPI and telecommunications prices	6
Figure 2 – Average variation rate of the last twelve months of the CPI and telecommunications prices	7
Figure 3 – CPI and telecommunications price trends in Portugal (2010M12 = Base 100)	8
Figure 4 – Average variation rate of the last twelve months – telecommunications prices: Portugal vs E	10
Figure 5 – Variation of the HICP of telecommunications in the EU between December 2009 and August 2020	11
Figure 6 – Evolution in telecommunications prices in Portugal and in the EU (2009M12 = Base 100)	12

Executive summary

- In August 2020, telecommunications prices, measured by the sub-index of the Consumer Price Index (CPI), fell by 0.47% compared to the previous month. This reduction was the result of change of a bundled offer by a provider.
- Compared to the same month of the previous year, the observed variation in prices was -1.14%. The year-on-year variation of telecommunications prices has been lower than the growth of the CPI since November 2017.
- The average variation rate of telecommunications prices of the last twelve months was -3.15%, i.e. 3.25 percentage points (p.p.) below that recorded by the CPI (0.10%). This price reduction primarily reflects the entry into force on 15 May 2019 of the new European rules regulating the prices of intra-European Union (EU) communications
- In August 2020, the average variation rate of telecommunications prices in Portugal was lower than that observed in the EU (-3.5 p.p.). The average variation rate of telecommunications prices of the last twelve months in Portugal was the 24th highest among EU countries. The country that recorded the highest increase of prices was Poland (+3.3%) while the largest reduction occurred Czech Republic (-3.8%). On average, telecommunications prices in the EU Increased by 0.4%.
- Between the end of 2009 and August 2020, telecommunications prices in Portugal increased by 6.5%, while in the EU they fell by 10.4%. The difference narrowed following the entry into force on 15 May 2019 of the new European rules regulating the prices of intra-EU communications.
- Compared to the same month of the previous year, ANACOM estimated that the lowest charges of individualised fixed broadband, of the most common double play (2P) packages, which include fixed internet, and quadruple play (4P) and quintuple play (5P) packages increased between 1.4% and 17.3%.
- Minimum monthly charges are offered by Vodafone in the case of seven of the 13¹ services/offers considered, while MEO and NOS show the lowest monthly charges in

¹ The five individualised services (subscription TV signal distribution service, fixed broadband, fixed telephone service, mobile telephone service and mobile broadband supported by PC/tablet) and the main 2P, 3P, 4P and 5P packages.

four and three cases, respectively. MEO increased the minimum monthly charge of six services/offers in relation to the same month of the previous year, while NOS and Vodafone increased the monthly charges in five and two services/offers, respectively. None of the providers reduced the minimum monthly charge of their services/offers when compared to the same month of the previous year.

1. Trends in telecommunications prices - August 2020

According to the Portuguese national statistics institute (INE), in August 2020, telecommunications prices fell by 0.47% in relation to the previous month. This reduction was the result of change of a bundled offer by a provider, otherwise the variation would have been zero.

Compared to the same month of the previous year, the variation of telecommunications prices was -1.14%. The variation of telecommunications prices was ranked in the 28th highest place (or 16th lowest) among the 43 subgroups of goods and services considered (Table 1).

Table 1 – Trends in the Consumer Price Index (CPI) and telecommunications prices

	August 2020			2019 Average var. of the last 12 months
	YoY var.	Average var. of the last 12 months	Var. of previous month	
CPI (%)	-0.01	0.10	-0.27	0.34
Telecommunications (%)	-1.14	-3.15	-0.47	-2.69
Mobile telephone services* (%)	0.2	-3.8	0.0	-3.7
Relative position (decreasing order among the 43 subgroups of goods and services)	28	36	37	37

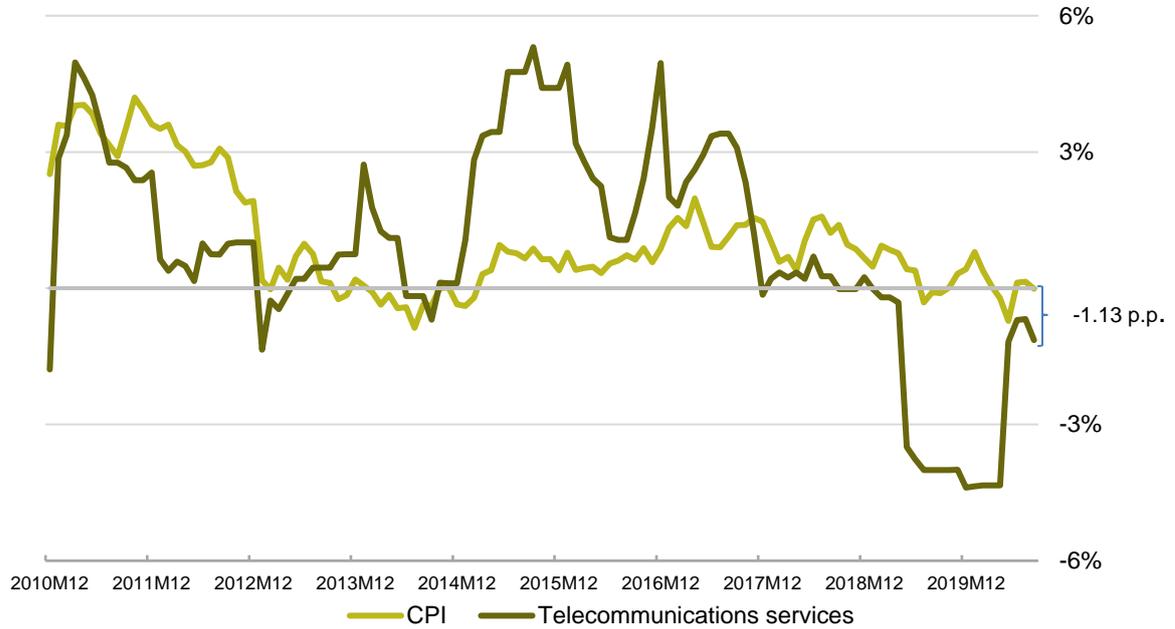
Unit: %

Source: INE, Eurostat

Note*: the HICP sub-index "Wireless telephone services", which is incorporated in the sub-index "Telephone and telefax services".

Between August 2013 and October 2017, the year-on-year growth of telecommunications prices was almost always higher than the growth of the CPI. However, this situation reversed in November 2017. In August 2020, the deviation in relation to the CPI reached -1.13 p.p. (Figure 1).

Figure 1 – Year-on-year variation rate of the CPI and telecommunications prices

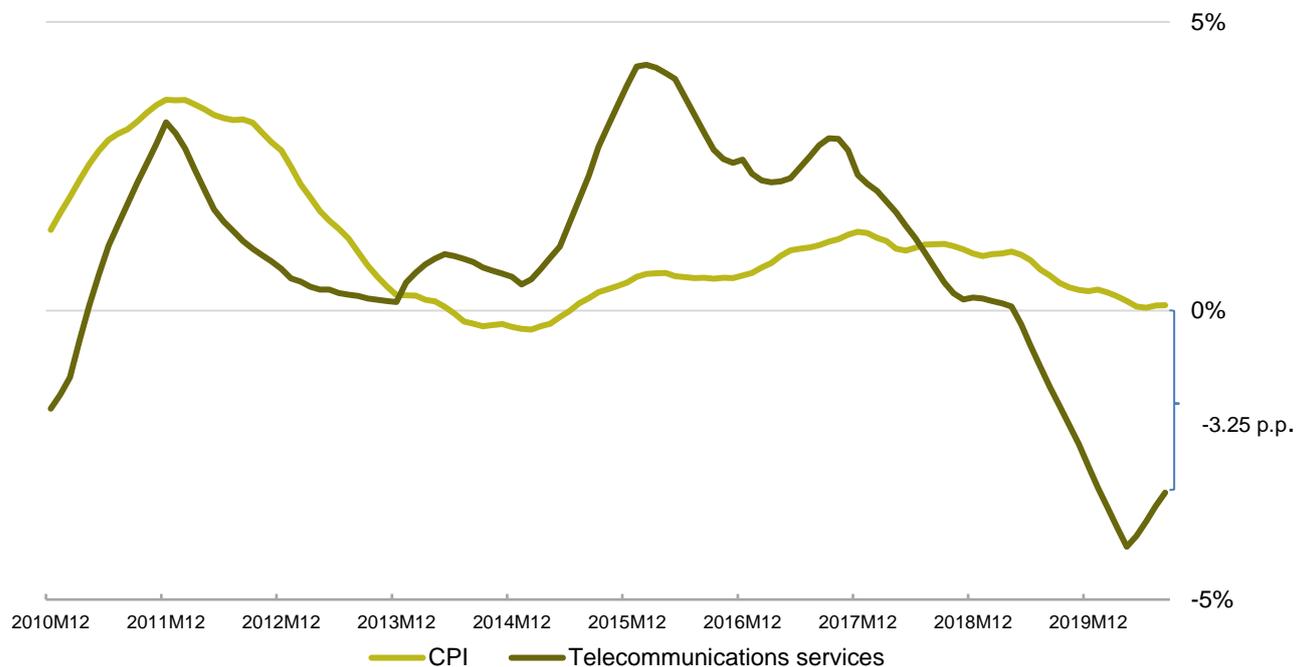


Unit: %
Source: INE

The average variation of telecommunications prices of the last twelve months (-3.15%) was ranked in 36th position among the 43 subgroups of goods and services considered, being higher than the price variation of “Footwear” and “Transport services” and lower than the price variation of “Electricity, gas and other fuel” and “Water supply”.

The difference between the average variation rate of the last twelve months of telecommunications prices and the CPI reached -3.25 p.p. in August 2020. During the 117 months elapsed since December 2010, telecommunications prices have grown at rates below the CPI in 63 months (Figure 2).

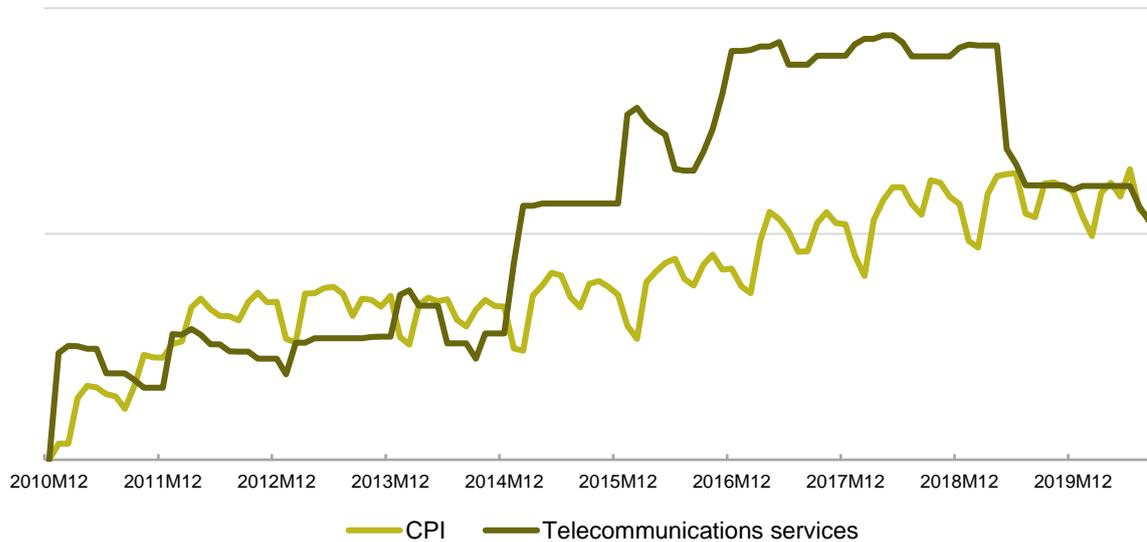
Figure 2 – Average variation rate of the last twelve months of the CPI and telecommunications prices



Unit: %
Source: INE

In cumulative terms since the end of 2010, telecommunications prices have increased by 8.5 p.p. while the CPI increased by 8.6 p.p. The divergence between the evolution of the two indices started in 2015 and exacerbated in 2016, associated to the “price adjustments” made by the main providers (Figure 3). From May 2019 onwards, the diminishing divergence between the two indices was due to the entry into force of Regulation (EU) 2018/1971 of the European Parliament and of the Council, which imposed a maximum price on intra-EU international calls and text messages (SMS) (see box).

Figure 3 – CPI and telecommunications price trends in Portugal (2010M12 = Base 100)



Unit: index (2010M12 = Base 100)

Source: ANACOM, based on INE data

Reduction in prices of intra-EU calls

New European rules entered into force on 15 May 2019, establishing limits to the retail prices charged to consumers for regulated intra-EU communications¹. These new rules are applicable to international communications (fixed and mobile voice and SMS) made from a number in Member State to a number in another Member State, which is fully or partially charged based on effective consumption.

Calls made by the consumer in one country to a number (fixed or mobile) of another EU country are now chargeable at a maximum price of 0.19 euros per minute (without VAT) to the consumer who made the call. Text messages (SMS) sent by the consumer in one country to a number (fixed or mobile) of another EU country are now chargeable at a maximum price of 0.06 euros per SMS (without VAT) to the consumer who sent the SMS.

In May 2019, telecommunications prices fell by 3.2%.

¹ Pursuant to article 5 of Regulation (EU) 2015/2120 as amended by article 50 of Regulation (EU) 2018/1971 of the European Parliament and Council, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2018:321:TOC>.

2. Trends in telecommunications prices in the EU - August 2020

According to Eurostat, in August 2020, the average variation rate of the last twelve months of the prices of telecommunications services in Portugal was 3.5 p.p. lower than the EU average, with Portugal having been ranked as the 24th country with the highest price variation (or 4th country with the lowest variation). The countries in which the highest price increases occurred were Poland (+3.3%), Romania (+3.1%) and Hungary (+2.7%) while the Czech Republic (-3.8%), Italy (-3.4%) and Ireland (-3.2%) recorded the strongest price reductions.

In relation to the same month of the previous year, the variation of telecommunications prices in Portugal was ranked in the 19th highest place (or 9th lowest) among the 27 countries considered (Table 2).

Table 2 – Trends in telecommunications prices: Portugal vs EU

	Var. YoY var.	August 2020 Average var. of the last 12 months	Var. of previous month	2019 Average var. of the last 12 months
EU (%)	-0.2	0.4	0.0	-0.1
Portugal (%)	-1.2	-3.1	-0.5	-2.7
PT / EU deviation (p.p.)	-1.0	-3.5	-0.4	-2.6
<i>Relative position (decreasing order among 27 countries)</i>	19	24	25	23

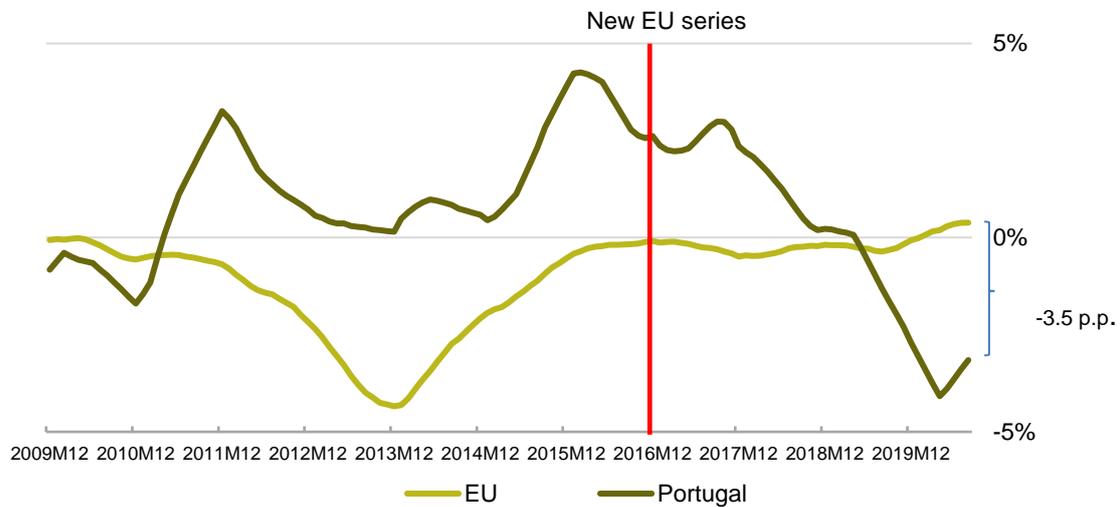
Unit: %, p.p.

Source: Eurostat

Note 1: The differences between the values of Portugal in Tables 1 and 2 arise from the different number of decimal places with which the information is published by INE (CPI) and Eurostat (HICP), and the consequent rounding off.

Between April 2011 and May 2019, telecommunications prices grew more in Portugal than in the EU (in terms of the average variation rate of the last twelve months). However, since June 2019, the variation of telecommunications prices in Portugal has been lower than the EU average (Figure 4).

Figure 4 – Average variation rate of the last twelve months – telecommunications prices: Portugal vs EU



Unit: %

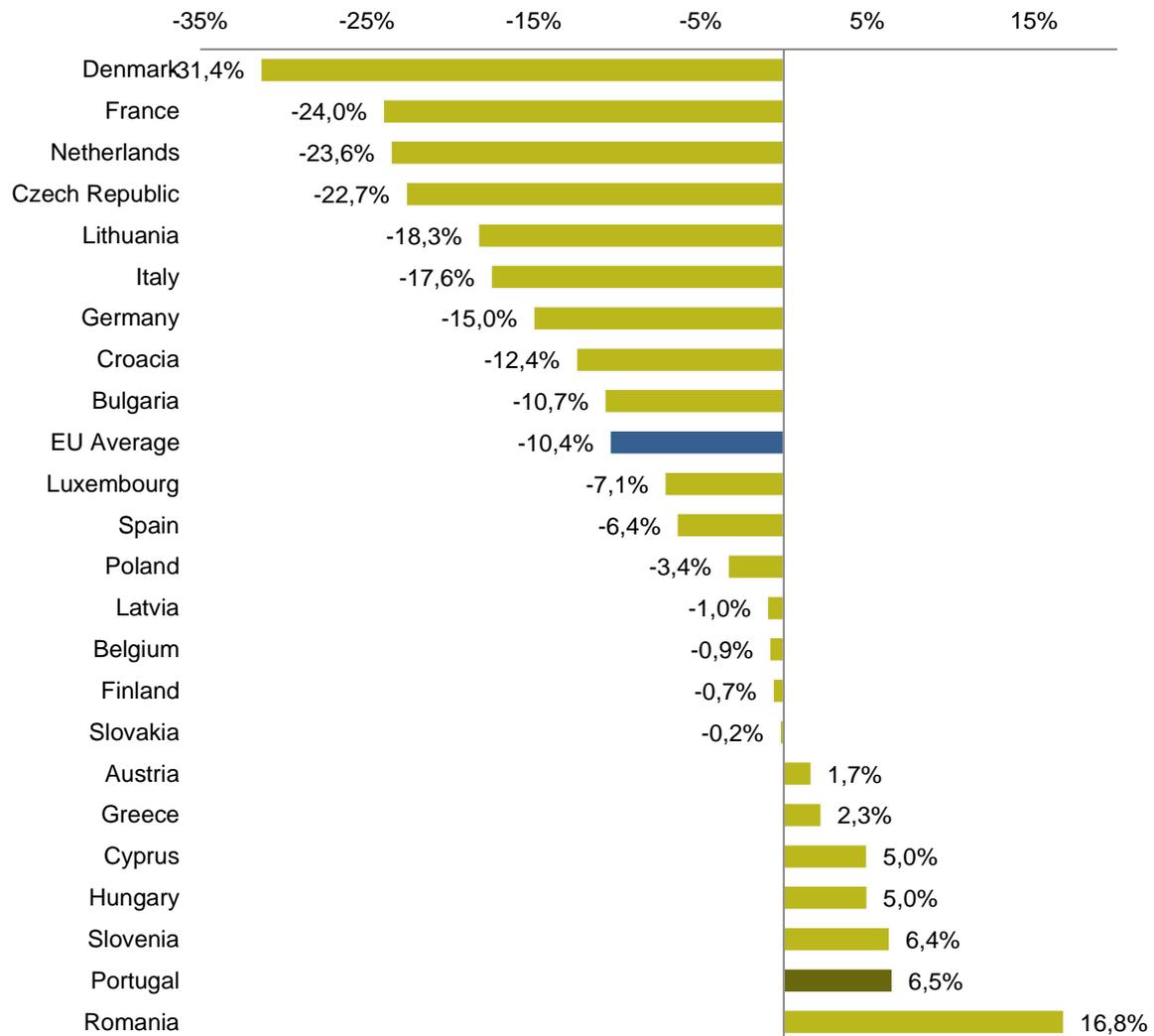
Source: ANACOM, based on Eurostat data

Note 1: Based on the publication, by Eurostat, on 25 February 2016, of data relative to January 2016, the reference year of the Harmonised Index of Consumer Prices (HICP) was changed from 2005 to 2015. There could be differences in the series due to the effect of rounding off.

Note 2: EU telecommunications prices from December 2016 differ from those published previously due to changes made by Eurostat. The information up to November 2016 was gathered on 16 March 2018. The information from December 2016 was gathered on 17 September 2020.

Between the end of 2009 and August 2020, telecommunications prices in Portugal increased by 6.5%, while in the EU they fell by 10.4%. The difference narrowed following the entry into force on 15 May 2019 of the new European rules regulating the prices of intra-EU communications.

Figure 5 – Variation of the HICP of telecommunications in the EU between December 2009 and August 2020

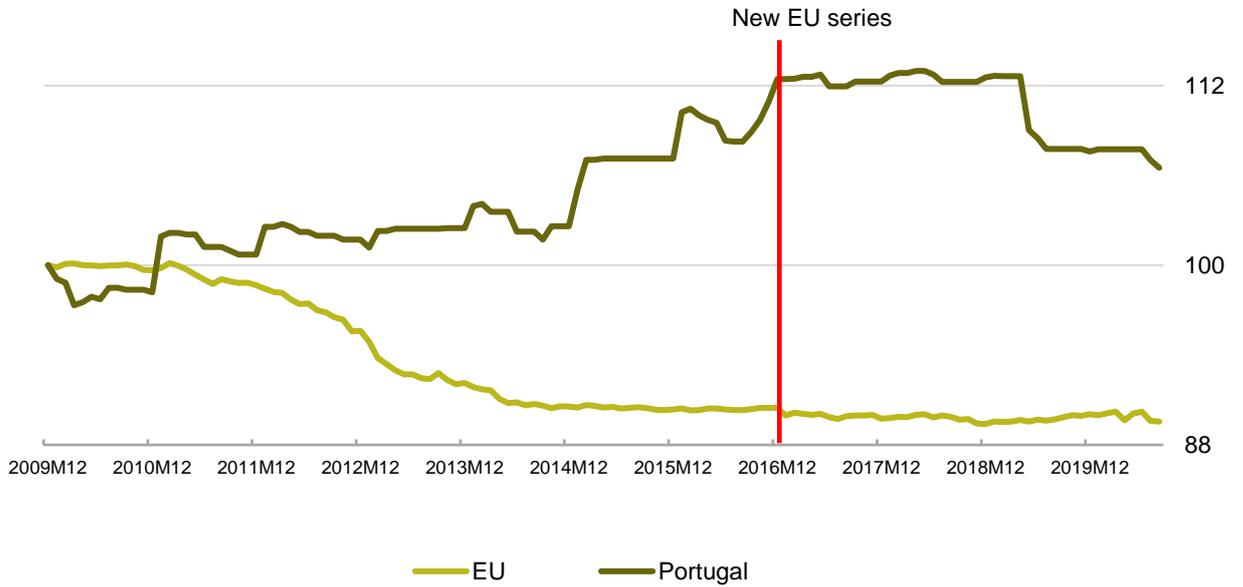


Unit: %

Source: ANACOM, based on Eurostat data

Note: Information not available for the United Kingdom, Ireland, Malta, Sweden and Estonia.

Figure 6 – Evolution of telecommunications prices in Portugal and in the EU (2009M12 = Base 100)



Unit: index (2009M12 = Base 100)

Source: ANACOM, based on Eurostat data

Note: EU telecommunications prices from December 2016 differ from those published previously due to changes made by Eurostat. The information up to November 2016 was gathered on 16 March 2018. The information from December 2016 was gathered on 17 September 2020.

3. Minimum monthly charge per service and offer

According to the publicly available information on the websites of the three providers with the highest share of subscribers, in August 2020 the lowest monthly charges of the different services and offers are those shown in Table 3.

Table 3 – Minimum monthly charge by type of offer – August 2020

	MEO	NOS	Vodafone
TVS	17.06	13.49	29.90
BLF	24.99	24.99	25.90
STF	12.49	12.58	0.29
STM	0.36	1.11	1.11
STM with internet on mobile phone	7.50	12.00	12.50
BLM PC/Tablet	13.41	15.00	16.00
BLF+TVS	29.99	29.99	29.90
BLF+STF	26.99	29.99	25.90
TVS+STF	29.99	13.49	29.90
BLF+TVS+STF	29.99	29.99	29.90
BLF+TVS+STF+STM	49.82	49.82	49.74
BLF+TVS+STF+STM with internet on mobile phone	49.82	49.82	49.74
BLF+TV+STF+STM with internet on mobile phone +BLM PC/Tablet	54.62	54.62	54.53

Unit: Euros including VAT

Source: ANACOM

Note 1: TVS – Subscription TV signal distribution service; BLF – Fixed broadband; STF – Fixed telephone service; STM – Mobile telephone service; BLM – Mobile broadband supported by PC/tablet.

Note 2: The minimum monthly charges for each service/offer are highlighted in bold.

Among the services considered, the lowest monthly charges are offered by Vodafone in seven cases, while MEO and NOS show the lowest monthly charges in four and three cases, respectively.

Compared to the same month of the previous year, the minimum monthly charges of individualised fixed broadband, of double play (2P) packages, which include fixed internet, and of the quadruple play (4P) and quintuple play (5P) packages increased between 1.4%

and 17.3% (Table 4). None of the providers reduced the minimum monthly charge of their services/offers when compared to the same month of the previous year.

In the case of the Fixed broadband plus Fixed telephone service (BLF+STF) double play types of offers, the increase was due to the end of the free offer of the first monthly charge of Vodafone's "Net Voice" package.

The end of the marketing of certain customised offers such as "MEO by" contributed to increase the minimum monthly charge of certain types of offers, namely Fixed broadband, (BLF), Fixed broadband plus Fixed telephone service (BLF+STF), quadruple play and quintuple play.

Table 4 – Year-on-year variation rate of the minimum monthly charge by type of offer – August 2020

	Total	MEO	NOS	Vodafone
TVS	0.0	0.0	0.0	0.0
BLF	13.6	13.6	7.2	4.3
STF	0.0	0.0	1.0	0.0
STM	0.0	0.0	0.0	0.0
STM with internet on mobile phone	0.0	0.0	0.0	0.0
BLM PC/Tablet	0.0	0.0	0.0	0.0
BLF+TVS	1.4	1.7	0.0	0.0
BLF+STF	4.3	8.0	11.0	4.3
TVS+STF	0.0	0.0	0.0	0.0
BLF+TVS+STF	0.0	0.0	0.0	0.0
BLF+TVS+STF+STM	14.4	14.6	4.0	0.0
BLF+TVS+STF+STM with internet on mobile phone	14.4	14.6	4.0	0.0
BLF+TV+STF+STM with internet on mobile phone +BLM PC/Tablet	17.3	17.5	0.0	0.0

Unit: %

Source: ANACOM

Note: TVS – Subscription TV signal distribution service; BLF – Fixed broadband; STF – Fixed telephone service; STM – Mobile telephone service; BLM – Mobile broadband supported by PC/tablet.

Among the services/offers considered, MEO increased the minimum monthly charge of six services/offers in relation to the same month of the previous year, while NOS and Vodafone increased the monthly charges in five and two services/offers, respectively.

Table 5 Shows the average variation rate of the last 12 months for each of the types of offer. The discontinuation of the customised offers referred to above (i.e. “MEO by” and “Fibra ID”) in September and May 2019, respectively, contributed to the increase of the average variation rate of the quadruple play and quintuple play offers in that period.

Table 5 – Average variation rate of the last 12 months of the minimum monthly charge by type of offer – August 2020

	Total	MEO	NOS	Vodafone
TVS	0.0	0.0	0.0	1.4
BLF	18.8	17.4	16.3	15.5
STF	0.0	0.0	0.9	0.0
STM	0.0	0.0	103.0	103.0
STM with internet on mobile phone	0.0	0.0	0.1	0.0
BLM PC/Tablet	0.0	0.0	0.0	0.0
BLF+TVS	29.2	3.2	28.6	1.4
BLF+STF	13.3	18.7	5.3	3.6
TVS+STF	0.0	2.5	0.0	1.4
BLF+TVS+STF	1.4	2.5	1.4	1.4
BLF+TVS+STF+STM	14.0	14.6	3.6	11.1
BLF+TVS+STF+STM with internet on mobile phone	14.0	14.6	3.6	11.1
BLF+TV+STF+STM with internet on mobile phone +BLM PC/Tablet	19.6	17.5	-6.4	12.9

Unit: %

Source: ANACOM

Note: TVS – Subscription TV signal distribution service; BLF – Fixed broadband; STF – Fixed telephone service; STM – Mobile telephone service; BLM – Mobile broadband supported by PC/tablet.

Methodological note

a. Sources

- “Consumer Price Index – August 2020” (INE, 2020), available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=415206145&DESTAQUESmodo=2
- “HICP- monthly data” (Eurostat, 2020), available at http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hicp_midx&lang=en. The methodology used is available at http://ec.europa.eu/eurostat/statistics-explained/index.php/HICP_methodology
- Pricing available on the websites of the three providers with the highest national coverage (MEO, NOS and Vodafone).

b. Definitions

- Year-on-year variation rate: compares the level of the variable between the current month and the same month of the previous year. This variation rate, assuming a stable seasonality pattern, is not affected by fluctuations of this nature but, nevertheless, may be influenced by localised effects in one (or in both) of the months that are compared – see <http://smi.ine.pt/VariavelFisica/Detalhes?id=4263&LANG=PT>
- Average variation rate of the last twelve months: compares the level of the average price index of the last twelve months with that of the immediately preceding twelve months. Due to being a mobile average, this variation rate is less sensitive to sporadic changes in prices. The value obtained in the month of December has been used as a reference in the sphere of social dialogue, for this reason being associated to the annual inflation rate – see https://www.ine.pt/bddXplorer/htdocs/minfo.jsp?var_cd=0002390&lingua=PT

c. Notes

- The trends in telecommunications prices presented in this report are derived from the variation of the “Telephone and telefax services” sub-index of the Consumer Price Index (CPI) and Harmonised Index of Consumer Prices (HICP), which aggregates the voice, Internet and TV signal distribution services by subscription acquired in an individualised or package form. The information presented herein should be complemented with an appraisal of the features of the offers, the details of which are available in the reports on “Packages of electronic communications services”, “Fixed telephone and nomadic VoIP service”, “Mobile services”, “Internet access service” and “Subscription television service” available on ANACOM’s website.
- EU telecommunications prices do not include information relative to the United Kingdom.
- EU telecommunications prices from December 2016 differ from those published previously due to changes made by Eurostat. The information up to November 2016 was gathered on 16 March 2018. The information from December 2016 was gathered on 17 September 2020.

d. Evolution of the minimum monthly charge by type of offer

The minimum monthly charge was estimated for each type of individualised service and bundled offer, irrespective of the features of the offers or utilisation requirements and the number of services included, considering a loyalty period of 24 months. In the case of mobile offers, 1 minute/1 SMS of utilisation is considered, in order to take into account the prepaid voice/SMS offers.

The monthly prices are taken from the websites of the three providers with the highest national coverage (MEO, NOS and Vodafone), which account for close to 95% of the telecommunications market in Portugal.

The calculated indicators are the monthly variation, the variation in relation to the same month of the previous year and the average variation of the last twelve months. The calculation of these indicators follows the calculation formulas and rules used by INE for the consumer price index (CPI) – see <http://smi.ine.pt/VariavelFisica/Detalhes?id=4263&LANG=PT> https://www.ine.pt/bddXplorerer/htdocs/minfo.jsp?var_cd=0002390&lingua=PT