

ONYOURMAP SA

Introduction

OnYourMap is a participant in the directory assistance market and therefore strongly welcomes BEREC's draft report on SRS. OnYourMap is also a member of the EIDQ directory trade association and we therefore support the separate response to the draft report, which has been submitted by EIDQ.

OnYourMap believes that BEREC's consideration of the market for special rate services is well overdue. Although there has been sporadic regulatory intervention in some member states, significant problems remain in many more and there is an urgent need for BEREC to provide some overall leadership and co-ordination on this issue.

So we very much welcome this initiative, but would also welcome some more direct guidance from BEREC on what triggers might be sufficient for a regulator actually to take action in its specific market. We would not want to see BEREC's work here wasted by not in fact leading to real action and action.

The purpose of this short response, is to explain the particular position of directory assistance within the broader special rate services market. Although many of those services are great importance to consumers, it is worth highlighting that directory assistance is considered to be of such social importance that it is a designated universal service, which therefore must be made available to all EU consumers via all landline and mobile telecoms network operators. Unfortunately, the essential purpose of universal service is fundamentally undermined if the service is only available at a cost which is simply unaffordable to an increasingly large number of consumers. An unaffordable service is not in reality a universal service.

Impact on the Directory Assistance Market

The directory market is facing very significant challenges. Of course, technology and the use of the internet (particularly on mobile phones) are having a major impact on the number of calls being made to traditional directory voice services. We recognise that challenge and therefore all participants in the market (not merely the directory providers themselves) are having to adapt their business models to align with the technological changes which are taking place.

However, the high retail margins imposed by the mobile network operators on calls to directory services made from mobile phones are also having a very serious detrimental effect on the directory market.

These unregulated charges are (directly or indirectly) pushing up the retail cost of directory calls from mobile phones to a much higher level than is necessary. Many consumers who do not have internet access (particularly whilst not at home or at work) have no option but to pay these charges which have an obvious adverse impact on them, particularly where they are low income or vulnerable consumers.

Of course, the directory provider itself derives no benefit from these increased charges, as the mobile network operator retains all of the profit. Although these actions of the operator are in part directly responsible for the decline of the directory industry, the operator itself is unconcerned because it is such a small part of its business and one which is not subject to any effective competition. It will gladly keep the short-term additional profit (without the risk of losing customers) and not worry about the long term destruction of the market.

It is important to realise that these adverse effects are not felt only by consumers and the directory providers themselves, but also by a much wider range of businesses which form part of the broader directory industry. Many businesses provide services that link to or rely on the core directory providers, without offering those services directly to consumers themselves. However, if high mobile charges lead to a decline in the core business of the directory providers, this will inevitably also impact those other providers in the wider market, who rely on them. So the actions of the mobile network operators will have a much greater long-term impact on the entire directory assistance 'ecosystem' (and those whom it employs) than might at first be imagined.

Possible Solutions

We have outlined above the problems of charges for special rate services, as they particularly apply to the directory market. It is clear that the market is not currently working effectively in the interests of consumers and therefore, unfortunately, regulation would appear to be the only effective response.

It is equally clear that greater pricing transparency (important though it may be) is not sufficient to address the problem. This is primarily because the market for special rate services in general (and directory services in particular) is not effectively competitive. This means that even with total pricing

transparency, consumers will not switch network operators purely on the basis of their charges for special rate services, which will always be a relatively small part of their overall expenditure.

We recognise that different solutions may be appropriate in different member states because of the varying commercial and regulatory frameworks in each country. However, we strongly believe that any effective solution must limit the ability of the mobile network operators to set their charges for special rate services in a manner which is unrestricted and totally out of proportion to their charges for other equivalent voice services.

Therefore, we believe that a model which separates the directory provider's wholesale service charge, from the mobile network operator's retail access charge/profit margin is likely to be the best way of achieving this. Allowing customers to see these charges separately should ensure that both are subject to a greater degree of effective competition.

However, because special rate services are such a small element of the services which a consumer obtains from their mobile network operator, it is likely that there will still need to be some additional control over the retail access charge to ensure that it is set at a reasonable level. If a direct price cap is not imposed, the most obvious alternative is that the charge needs to be linked in some way to the mobile operator's other retail access charges in order to exert some indirect control.

Ideally, the mobile operator would be obliged to charge the same access charge as it does for standard landline/geographic calls, so it does not make a premium profit at the expense of special rate service providers, in circumstances where its own network costs are no different. Alternatively, it should at the very least be obliged to charge the same access charge for all special rate and non-geographic services. This is because the relatively low volumes of calls to directory services have meant they have been subject to even greater mobile operator retail access charges, than other special rate services.