

Hull Residents (Group 1)

Ofcom received 18 confidential responses which can be summarised as follow:

Question 1: Do respondents have any comments, additional to those made in their responses to the November consultation, on Ofcom's approach and conclusions on market definition as set out in Section 3 of this document?

Question 1 was answered by three respondents. One respondent noted:

'Ofcom was correct to conclude KCOM had significant market power (in fact, a defacto monopoly) in the Hull Area. KCOM continues to be the only choice for people in the Hull area, and prices for basic telephony and broadband services remain inflated because of that.'

Two respondents simply replied 'No'.

Question 2: Do respondents have any comments, additional to those made in their responses to the November consultation, on Ofcom's proposed market power findings for the Hull area, Market 1 or Market 2?

Question 2 was the most popular question answered, with fifteen respondents providing comments in the space provided under this question.

The respondents expressed a strong desire for choice of broadband providers. They also made comparisons with the extent and price of broadband services available in other parts of the country; actual versus advertised broadband speeds; wholesale price disparity for LLU; Kingston Communication service levels; and questioned how a market serving '400 000' people could not be attractive to other competitors. One respondent stated that *'...the whole idea of Hull having its own telephone exchange is dated and not in keeping with modern business practice where competition is supposed to be allowed to operate.'*

Question 3: Do respondents agree with the approach set out by Ofcom for its market power assessment in Market 3 and its conclusion that there is no-SMP?

Four respondents answered question 3.

Two agreed and two disagreed with the approach set out by Ofcom.

Question 4: Do respondents have any comments, additional to those made in their response to the November consultation, on Ofcom's proposed regulatory remedies for the Hull area Market 1 or Market 2?

There were ten responses to this question.

One respondent believed that it seemed *'KCOM are not attempting to use pricing to prevent new entrants to the Hull area'* thus the lack of competition in Hull must *'be a question of technical compatibility'*. The respondent went on to write *'I believe the most effective way for OFCOM to ensure rapid entry and accessibility to the Hull market for other operators, is to REQUIRE KCOM to provide a BT-compatible interface into their existing systems. This would mean that KCOM exchanges would "look like" any other BT exchange from an OSS point of view. This action would at a stroke open up the long suffering people of Hull to innovation, choice and reductions in charges for existing services.'*

Another respondent noted *'Whilst there is scope for option 2 to be successful, I believe for it to be successful, greater pressure needs to be placed on bundle providers such as Sky, AOL and TalkTalk to take advantage of access to the network; or if possible enforcement to ensure that where it is possible for providers of bundle packages to gain access to the ADSL network in Hull, they do take advantage of it, opposed to sighting the presence of 'sunk costs' as a reason not to enter the Hull market.'*

A respondent wrote about services advertised, but not available, to residents of Hull, *'Hull is in the position of having national chains representing providers (e.g., Tesco broadband, Sainsbury's broadband, Carphone Warehouse and others) that advertise their products in store (when asked they state it is due to "national policy") that are utterly unattainable by local residents. Other providers with physical stores should be required to not advertise products in areas where there is no possibility of receiving them.'*

Three of the remaining responses expressed doubt as to whether the proposed regulatory remedies would be effective.

Question 5: Do respondents agree with Ofcom's proposals in relation to providing affected parties with a period of notice prior to the removal of certain SMP services conditions in Market 3? In particular do respondents agree with the proposed notice period and the proposed SMP service conditions to which the notice period applies?

Three of the eighteen confidential responses answered this question. Two respondents answered with 'yes' and the remaining respondent answered with 'no'.

Additional comments

Nine responses included additional comments.

Respondents expressed disappointment that they were unable to take up offers made by other providers (such as Orange, Sky or Virgin) and the lack of choice of broadband providers. As Kingston Communications customers, respondents also attributed service problems experienced with the lack of competition for broadband services in Hull.