Mobile operators’ Brexit u-turn causes fury

The twin forces of politics and commerce converged recently when it was announced that further to the UK’s exit from the European Union, roaming charges for consumers in the EU by all four mobile operators are to be re-introduced.

EE, owned by BT, confirmed that they will be reverting to a similar charging basis as they did before the 2017 EU agreement, which permitted UK travellers to use their phones in the EU as they would at home.

This was introduced by the EU to protect consumers unwittingly uploading their holiday snaps to Facebook while on the beach, only to discover their bills had escalated into thousands upon their return. All four operators will also be imposing charges on data.

What does this mean?

EE	£2 a day to access normal services	Jan 1, 2022
O2	£3.50 per gigabyte over 25GB allowance	Aug 2, 2021
Three	£3 per gigabyte over 12GB allowance	July 1, 2021
Vodafone	£2 a day to access normal services	Jan 1, 2022

A crushing blow certainly for despairing Remainers, already incandescent about the perceived lack of benefits to Brexit. Leave voters polled informally by *Broadband* seemed to indicate that while this was not ideal, it was all bound up with what it means to escape the clutches of Brussels, and is therefore, a win in some form.

The press in the UK has reacted with predictable, frothing outrage; newspapers on the right instantly blamed the EU and operators themselves for shabby business practices. Conservative MPs who have championed Brexit, proclaiming boldly 3 years ago that nothing would affect roaming charges have remained tight-lipped on the subject.

Meanwhile the left-wing papers are wild with impotent rage and ‘I told you so’ rhetoric. “It has been a gloomy week on the sunlit uplands of sovereign Britain, where mobile phone users are discovering what Matt Hancock has already learned: roaming can be costly,” The New European observed grimly.

Regardless of your views, there is little doubt this is a huge u-turn by all four of the UK’s operators who repeatedly stated that roaming charges wouldn’t be reintroduced.

Many see this move as inevitable; opportunistic operators are merely capitalising on the political landscape, an understandable move given the effect that fierce competition between operators has had on the sector. The price war between operators over the last two decades has squeezed margins more than the average consumer may realise, but it is worth remembering that the structure of the average high street mobile package and the technology we are holding in our hands is unrecognisable 20 years down the line.

We can all recall being offered 100 texts and 100 minutes as part of an expensive monthly mobile contract on a Nokia 3210 and thinking that was a good deal, something which teenagers born with a phone in their hand find hilarious in 2021.

Operators have also struggled over the last decade as handset saturation has stalled the market and cheaper, Chinese models have flooded it, reducing margins further. But that is only part of the problem. Of all the operators it was always more likely that EE would cave in first as EE is the only one without European affiliates; EE's counterparts in Europe couldn't keep the wholesale pricing it was used to because of Brexit, so maintaining the status quo became increasingly difficult.

Tomas Lamanauskas, Candidate for Deputy Secretary General at the ITU (International Telecommunications Union) and Managing Partner at Envision Associates in the UK expanded on this. "Operators are not doing that great to be honest," he told me.

During the boom of the 2000s, "Operators went low on price and packages, and haven't been able to find a good business model for offering digital services. They are quite stuck."

He went on, "Competition should keep prices low but in practice they are trying to recover their position. Roaming is not an immediate choice option for customers," he added, explaining that the handset and data allowance is a bigger pull when deciding on a new contract.

"Also, EE has the best network. People choose the best network for their home country, not anywhere else."

Tomas also reminded *Broadband* that for those who travel a lot there are also specific roaming packages (it has been a while since *Broadband* went anywhere), so this is perhaps not going to hit the pockets of consumers and businesses as much as the Remain camp expect.

As all four operators have now rowed back on their promises Tomas reminded *Broadband* that while disappointing, "roaming isn't a huge proportion of the revenue for operators overall."

While disappointing, nothing as far as Brexit is concerned seems to be permanent. We are in a bedding down period, in an extremely competitive market and it is likely there will be opportunities for clever operators to capitalise on suspending roaming charges to outwit their competitors.

"NO ROAMING CHARGES TO NEW CUSTOMERS" could well become a feature on high street displays in the near future. Indeed, Kester Mann, Director of Consumer and Connectivity at CCS Insight, told *Broadband Journal*, "Operators would not have taken this decision lightly. Roaming is a poisonous term for consumers after travellers were hit by exorbitant prices for years. But this is also a far cry from the bad old days. The £2 per day charge represents a fraction of the cost of an EU holiday."

He added, "Still, these companies know this will not be well received by their customers. They would have had to carefully calculate that the upside outweighs any potential reputational damage."

Kester also feels strongly that this situation could have been avoided, and consumers are unfairly bearing the brunt of poorly executed, long-term strategy at senior level. "The reintroduction of roaming charges reflects a failure by UK telecom operators to stem the long-term decline in average customer spend amid heavy investment in future fixed-line and mobile networks."

Juggling the investment needed to stave off competition, keep both customers and shareholders happy AND continually evolve in line with the technology can't be easy. Brexit must seem heaven-sent in some respects – a chance to claw back a little lost revenue. But the juggle just got harder – it remains to be seen how consumers and operators respond and who comes out on top.