

Revenue based HHIs

As part of its telecommunications market monitoring the Commission uses an indicator of retail market concentration known as HHI¹. We have calculated HHI indices for several telecommunications markets using retail subscriber numbers. Using retail subscriber numbers usually has the advantage of allowing for international comparisons. In the Annual Telecommunications Monitoring Report 2012, subscriber based HHIs are shown in figures on pages 18, 21 and 27.

Interested parties have requested that the Commission also calculate HHI indices using retail revenues. Since some subscribers are more valuable than others, using retail revenues to calculate an HHI may give a more accurate indication of market concentration. However, international comparisons are not possible.

The Commission has now calculated the following additional HHIs for the 2011/12 year using retail revenues:

Base for calculation	HHI
Fixed line retail revenues	4353
Mobile retail revenues	4214

¹ The Herfindahl-Hirschman Index (HHI) is a commonly accepted measure of market concentration and is calculated by squaring the market share of each market participant that has a material number of subscribers and adding these together. The maximum possible score is 10,000. The analysis of the HHI indicator in this report does not necessarily indicate that the Commission will use it for measuring competition in any other area.