European Commission

Fixed Broadband Prices in Europe 2016

EXECUTIVE SUMMARY

A study prepared for the European Commission
DG Communications Networks, Content & Technology
by:

empirica

TÜVRheinland®

Digital Single Market

European Commission

Digital Single Market

This study was carried out for the European Commission by

empirica Gesellschaft für Kommunikations- und Technologieforschung mbH

in cooperation with TÜV Rheinland

Internal identification
Contract number: 30-CE-0805779/00-73
SMART number 2016/0044

DISCLAIMER

by the European Commission, Directorate-General of Communications Networks, Content & Technology:

The information and views set out in this publication are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

ISBN 978-92-79-68966-6

doi: 10.2759/77819

© European Union, 2017. All rights reserved. Certain parts are licensed under conditions to the EU.

Reproduction is authorised provided the source is acknowledged.

1. Introduction

The current study provides comprehensive data on 2016 retail prices of fixed broadband offers for consumers in the EU28, Iceland, Norway, Japan, South Korea, Canada and the USA. The five largest Internet Service Providers (ISPs) in each country were included. Data was collected from ISP websites between 10th and 24th October 2016.

Offers were analysed for Single Play (standalone internet), for Double Play with fixed telephony, Double Play with television services, and for Triple Play. Offers for each of the four bundles were assigned to several download speed baskets ranging from 0.144 Mbps to more than 100 Mbps.

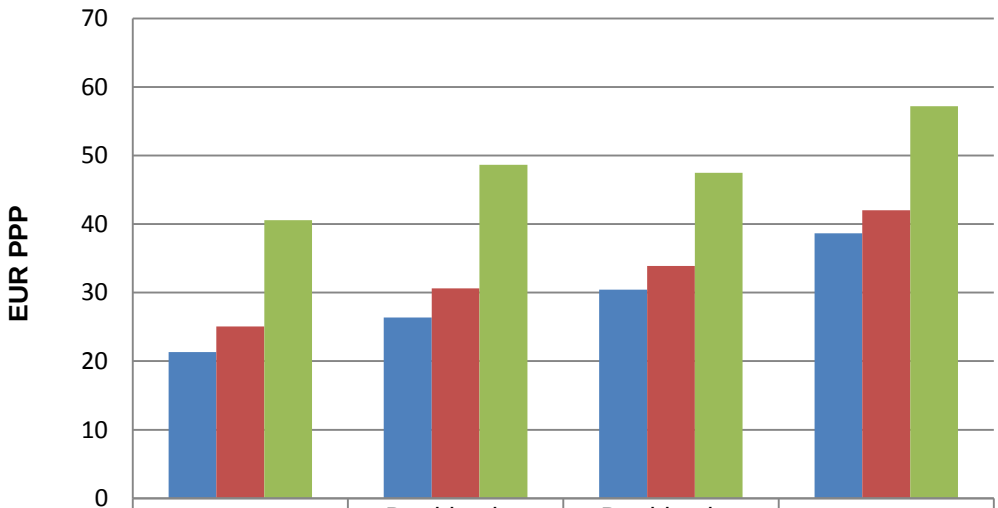
To support valid cross-national comparison of retail prices of fixed broadband offers in each bundle and basket, consistent price normalisation procedures were applied. These take full account of features such as one-off fees, volume limits, discounts, different contract durations and varying telephony time limits.

2. Results

2.1 Average price per basket and bundle

Figure 1 shows the average across the EU of the lowest price found in each country for each of four service bundles and for the three speed baskets above 12 Mbps for which data was gathered. These EU average figures provide a reference point for international comparison and, to an extent, for comparison of country market features within the EU. The impact on prices of adding value through increased speed is clearly visible.

Figure 1 – EU28 average lowest prices for four service bundles and three speed baskets, VAT included



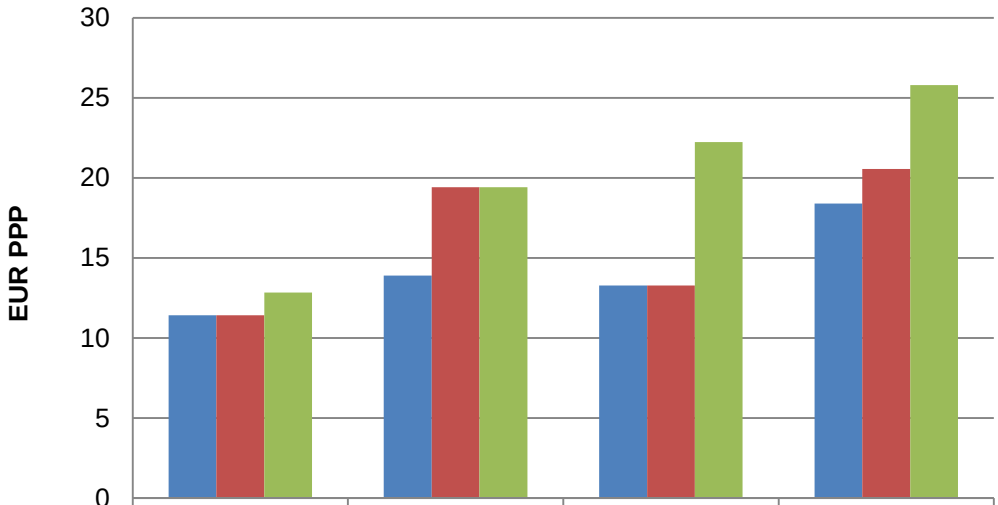
	Standalone	Double play with telephony	Double play with TV	Triple play
12-30 Mbps	€21.33	€26.36	€30.45	€38.66
30-100 Mbps	€25.07	€30.62	€33.89	€42.02
100+ Mbps	€40.54	€48.64	€47.48	€57.20

2.2 Least expensive countries in Europe

Figure 2 shows the lowest price found anywhere in the EU for each service bundle and speed basket. As can be seen, Single Play standalone fixed internet of more than 12 Mbps can be obtained in at least one country[1] from one of the top five providers at a normalised price of €11.42 per month (PPP). At the top end of the speed basket set and for both selected bundled services (Triple Play, > 100 Mbps), the cheapest price in Europe[2] is €25.79 (PPP).

Applying the normalised prices in Euro, it was found that the least expensive countries for fixed broadband in the EU in 2016 were Lithuania, Sweden, Latvia, Romania and Finland. Prices differ considerably between the least and most expensive countries in the EU.

Figure 2 - EU Absolute lowest prices for four service bundles and three speed baskets, VAT included



	Standalone	Double play with telephony	Double play with TV	Triple play
12-30 Mbps	€11.42	€13.90	€13.28	€18.40
30-100 Mbps	€11.42	€19.42	€13.28	€20.56
100+ Mbps	€12.84	€19.42	€22.24	€25.79

To present a fuller picture, but without introducing the distraction of small price differences, 4 clusters of countries were identified[3] in each category of offer, that is, for each combination of service bundle and speed basket, based on the prices of the least expensive offer in the bundle/basket category in each country.

Figure 3 shows the results. An arrow *points upward (in green)* in a bundle/basket category for countries in the cluster with the least expensive offers for that category. *An arrow points downward (in red*) for countries in the most expensive cluster of offers in a bundle/basket category. *Yellow arrows point diagonally upward or diagonally downward* for clusters of intermediate price levels. No arrow signifies that there was no offer in 2016 in that offer category and country.

---

1 This offer is available in Sweden only.

2 This offer is available in France only.

3 k-means clustering was used with k=4; observations (offer categories) are assigned to clusters so as to minimise the average squared Euclidean distance of observations to each cluster centroid.

Figure 3 - Price variation per offer category across the EU, country clusters

	Single play			Double play with TV			Double play with fixed telephony			Triple play		
	12-30 Mbps	30-100 Mbps	100+ Mbps	12-30 Mbps	30-100 Mbps	100+ Mbps	12-30 Mbps	30-100 Mbps	100+ Mbps	12-30 Mbps	30-100 Mbps	100+ Mbps
Lithuania	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
Sweden	↑	↑	↑	↑	↑		↑	↑	↑	↑	↑	
Finland	↑	↑	↑				↑	↑	↑			
Latvia	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
Romania	↑	↑	↑	↑	↑	↑	↗	↗	↑	↗	↗	↑
Poland	↑	↑	↑	↑	↑	↑	↑	↑	↑	↗	↗	↑
Slovakia	↑	↗	↑	↑	↑	↑	↗	↗	↑	↑	↑	↑
France	↗	↗	↑	↗	↗	↑	↗	↗	↑	↑	↑	↑
Czech Republic	↗	↗	↑	↘	↗	↑	↑	↑	↑	↑	↑	↑
Hungary	↑	↑	↑	↘	↘	↗	↗	↗	↑	↗	↗	↑
Bulgaria	↑	↑	↗	↑	↓		↑	↑	↗	↑	↗	
Germany	↗	↗	↑	↑	↑	↑	↗	↗	↑	↗	↗	↑
Italy	↗	↗	↗	↑	↗	↑	↗	↗	↑	↑	↗	↑
Estonia	↑	↑	↗	↗	↘	↗	↑	↑	↑	↗	↗	↗
Denmark	↗	↗	↗	↑	↑	↗	↗	↘	↗	↗	↘	↗
Austria	↗	↗	↗	↑	↗	↗	↗	↘	↗	↗	↘	↗
Netherlands	↗	↗	↗	↑	↑	↘	↗	↗	↗	↗	↗	↗
Greece	↗	↘		↑	↗		↘	↓		↗	↘	
The UK	↗	↗	↘	↗	↗	↘	↗	↗	↘	↗	↗	↘
Slovenia	↘	↘	↗	↓	↓	↗	↘	↘	↗	↗	↗	↗
Luxembourg	↗	↘	↘	↘	↘	↗	↘	↘	↗	↘	↘	↗
Belgium	↗	↗	↗	↘	↘	↘	↘	↘	↗	↘	↘	↗
Croatia	↘	↘	↗	↘	↘	↘	↘	↘	↘	↘	↘	↘
Portugal	↘	↘	↘	↘	↘	↘	↘	↘	↘	↘	↘	↘
Ireland	↘	↓	↗	↓	↓	↗	↓	↓	↘	↓	↓	↘
Spain	↓	↓	↘	↓	↓	↘	↓	↓	↘	↘	↘	↗
Malta	↗	↘	↓	↗	↘	↓	↘	↘	↓	↘	↘	↓
Cyprus	↘	↘	↓	↓	↓	↓	↘	↘	↓	↗	↗	↓
	Cluster Centres											
↑	€13,53	€14,68	€21,86	€19,02	€21,42	€27,32	€17,82	€19,23	€29,03	€24,81	€25,75	€32,84
↗	€21,50	€24,08	€40,43	€24,94	€27,74	€43,68	€26,91	€29,12	€48,75	€36,34	€38,05	€61,49
↘	€32,19	€34,53	€57,22	€31,98	€34,47	€64,17	€40,99	€42,69	€70,00	€55,09	€55,23	€82,00
↓	€43,05	€43,66	€108,00	€43,24	€44,21	€116,50	€56,50	€58,00	€108,00	€75,00	€75,00	€117,00
	Number of cases in each cluster											
↑	10	9	11	13	9	9	8	8	13	8	6	10
↗	12	10	10	4	6	7	10	8	7	12	11	8
↘	5	7	4	6	7	6	8	9	5	6	9	4
↓	1	2	2	4	5	2	2	3	2	1	1	2

The following general country groupings can be observed:

- Lithuania, Sweden, Latvia and Finland have the most attractive prices overall; they belong to the cluster of least expensive countries (upward green arrow) in every bundle/basket offer category, where there are offers on the market.
- Romania, Poland, Slovakia, France, Czech Republic, Bulgaria and Germany follow, belonging to the cluster of least expensive countries (upward green arrow) for at least

half of the 12 bundle/basket offer categories. For most other offer categories, these countries belong to the second least expensive cluster (diagonal upward arrow). An anomaly is the cheapest Bulgarian offer of *30-100 Mbps Double Play with TV*; here Bulgaria is in the cluster of the most expensive countries.

- The next group, countries whose least expensive offers mostly fall in the mid-priced, yellow-arrow clusters of countries, is topped by Hungary, Italy and Estonia, and includes Denmark, Austria, Netherlands, Greece, UK, Slovenia, Luxembourg, Belgium, Croatia and Portugal and Malta.
- Offers falling in the most expensive, red-arrow cluster are found, as mentioned, in one case in Bulgaria, also in one case in Greece, and in Slovenia, Malta, Ireland, Spain and Cyprus.

2.3 Development of prices

Though prices have fallen in general to a small degree since 2015, this is not true for all bundle and basket combinations.

- Retail prices for Single Play offers increased slightly in the 12-30 Mbps basket (+0.8%), while decreasing in the 30-100 Mbps (-2.9%) and 100+ Mbps (-0.4%) baskets.
- Retail prices for bundles which include fixed telephony actually rose on average over the year (+7.3%, 12-30 Mbps basket; +4.1%, 30-100 Mbps basket; +0.9%, 100+ Mbps basket)
- The largest decrease in retail prices was recorded for bundles including television services (-10.6%, 12-30 Mbps basket; 8.5%, 30-100 Mbps basket; -3.9%, 100 Mbps basket)
- Retail prices for Triple play offers decreased by -4.7% (12-30 Mbps basket) and -3.4% (30-100 Mbps basket); however, they increased by 0.5% in the 100+ Mbps basket.

Small changes below 1% have been shown to be insignificant.

2.4 The EU compared with selected non-European countries

Comparison of EU28 prices with prices in selected non-European countries in 2016 yielded the following picture:

- The EU is in close competition with Japan and South Korea for the lowest prices in all but the highest speed baskets; European citizens have to pay similar prices for offers of up to 100 Mbps, but significantly more for ultra-fast connections;
- In South Korea, even the least expensive offers have advertised download speeds faster than 100 Mbps;
- Fixed internet offers are more expensive in the USA and Canada compared to the EU, particularly in the case of ultra-fast broadband (>100 Mbps).

European Commission

Fixed Broadband Prices in Europe 2016
Luxembourg, Publications Office of the European Union

2017 – 9 pages

ISBN 978-92-79-68966-2
doi: 10.2759/77819

KK-01-17-503-EN-N

doi: 10.2759/630850 ISBN 978-92-79-68964-2