Fixed Broadband Prices in Europe 2017

EXECUTIVE SUMMARY

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

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1. Introduction
The current study provides comprehensive data on 2017 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 2017.

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 1 Gbps.

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, especially in the Gigabit basket.

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

<table>
<thead>
<tr>
<th>Service Type</th>
<th>12-30 Mbps</th>
<th>30-100 Mbps</th>
<th>100+ Mbps</th>
<th>200+ Mbps</th>
<th>1 Gbps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standalone</td>
<td>€22.42</td>
<td>€24.44</td>
<td>€35.31</td>
<td>€36.82</td>
<td>€59.58</td>
</tr>
<tr>
<td>Double Play</td>
<td>Telephony</td>
<td>€29.10</td>
<td>€30.93</td>
<td>€43.38</td>
<td>€44.72</td>
</tr>
<tr>
<td>Double Play</td>
<td>Television</td>
<td>€33.15</td>
<td>€34.93</td>
<td>€45.38</td>
<td>€48.24</td>
</tr>
<tr>
<td>Triple play</td>
<td>€39.24</td>
<td>€40.74</td>
<td>€50.35</td>
<td>€53.21</td>
<td>€77.44</td>
</tr>
</tbody>
</table>
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 €12.60 per month (PPP). At the top end of the speed basket set and for both selected bundled services (Triple Play, 1 Gbps), the cheapest price in Europe\(^2\) is €26.41 (PPP).

Applying the normalised prices in Euro, it was found that the least expensive countries for fixed broadband in the EU in 2017 were Romania, Latvia, Hungary and Lithuania. Prices differ considerably between the least and most expensive countries in the EU.

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. A green bullet (1) in a bundle/basket category stands for countries in the cluster with inexpensive offers for that category, a red bullet (4) for countries in the cluster of expensive offers in a bundle/basket category. Blue (2) bullets indicate clusters of relatively

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1. This offer is available in Lithuania 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.
inexpensive, yellow bullets (3) of relatively expensive price levels. A dash signifies that no offer was collected in 2017 in that offer category and country.

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

The following general country groupings can be observed:

- Overall, Romania, Latvia and Hungary have the most attractive prices for broadband internet in the EU. The majority of offers in these countries belong to the cluster of the least expensive in the respective baskets.
- France, Lithuania, Slovakia and Poland follow. France and Lithuania have low prices especially for Triple Play offers.
- The Netherlands, Bulgaria and Estonia tend to have attractive prices for lower bandwidth offers, but tend to be in the cluster of more expensive countries for speeds above 100 Mbps.
- Spain, Malta and Portugal have no offers belonging to the two less expensive clusters.
• No country has offers in only one cluster.

2.3 Development of prices
In general, prices have fallen since 2016 in all but one bundle and basket combinations, however to different degrees:

• Retail prices for Single Play offers decreased slightly in the 12-30 Mbps basket (-2.1%), about -9% in the 30-100 Mbps basket and up to -19.6% in the 100+ Mbps basket.
• Retail prices for bundles which include fixed telephony actually rose on average over the year in the 12-30 Mbps basket (+8.4%)\(^4\), while they decreased -7.2%/-19% in the 30-100 Mbps/100+Mbps baskets.
• A decrease in retail prices was recorded for all bundles including television services (-9.5%, 12-30 Mbps basket; -7.3%, 30-100 Mbps basket; -13.4%, 100 Mbps basket)
• The largest decrease in retail prices was recorded for Triple Play offers in the 100+ Mbps basket (-24.3%), with 12-30 Mbps (-13.2%) and 30-100 Mbps (-14.5%) reaching double digits as well.

2.4 The EU compared with selected non-European countries
Comparison of EU28 prices with prices in selected non-European countries in 2017 yielded the following picture:

• South Korea has the least expensive offers throughout all bundle and basket combinations; here, even the least expensive offers have advertised download speeds faster than 100 Mbps;
• European citizens pay similar prices for ultra-fast broadband when compared with Japan;
• 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).

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\(^4\) This is the only basket and bundle combination where prices have actually increased from 2015 to 2017, with an increase of +7.3% in the 2015-2016 comparison.
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