Fixed Broadband Prices in Europe 2018

EXECUTIVE SUMMARY

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Executive Summary
Introduction
The current study provides comprehensive data on 2018 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 8th and 22nd October 2018.

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 spread over several download speed baskets ranging from 0.256 Mbps to more than 1 Gbps.

Cross-national comparison of retail prices of fixed broadband offers in each bundle and basket required the application of consistent price normalisation procedures. These take full account of features such as one-off fees, volume limits, discounts, different contract durations and varying telephony time limits.

1. Results: 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 markets 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>Speed Basket</th>
<th>Standalone</th>
<th>Double Play</th>
<th>Double Play</th>
<th>Triple play</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-30 Mbps</td>
<td>€21,36</td>
<td>€30,27</td>
<td>€30,71</td>
<td>€40,12</td>
</tr>
<tr>
<td>30-100 Mbps</td>
<td>€23,47</td>
<td>€31,90</td>
<td>€32,19</td>
<td>€41,35</td>
</tr>
<tr>
<td>100+ Mbps</td>
<td>€34,98</td>
<td>€44,10</td>
<td>€43,65</td>
<td>€53,22</td>
</tr>
<tr>
<td>200+ Mbps</td>
<td>€34,42</td>
<td>€43,49</td>
<td>€44,34</td>
<td>€52,39</td>
</tr>
<tr>
<td>1 Gbps</td>
<td>€53,72</td>
<td>€63,86</td>
<td>€71,95</td>
<td>€78,08</td>
</tr>
</tbody>
</table>
2. Results: 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 €10.11 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 €28.98 (PPP).

Comparing normalised prices in Euro, it was found that the least expensive countries for fixed broadband in the EU in 2018 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 distraction by small price differences, 4 clusters of countries were identified\(^3\) in each offer category, 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 combination represents the countries in the cluster with inexpensive offers for this category, a **red bullet (4)** countries in the expensive cluster of offers in a bundle/basket combination. **Blue (2) bullets** indicate clusters of

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\(^1\) This offer is available in Bulgaria only.

\(^2\) This offer is available in Italy 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.
relatively inexpensive, *yellow bullets* (3) of relatively expensive price levels. A dash means that no offer was collected in 2018 in this 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.
- Lithuania, France, Italy, and Slovakia follow. France and Italy have especially low prices for Triple Play offers.
- 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.
- Greece and Belgium have no offers belonging to the two less expensive clusters.
- No country has offers in only one cluster.
3. Results: Development of prices
Broadband prices show mixed trends in 2018:

- Prices for offers including telephony have increased by between 0.97% and 2.45%, as did prices for all bundles in the 100+ Mbps baskets. The largest increase (5.66%) was found in the 100+ Mbps Triple Play basket.
- A slight decrease in prices was observed for offers without telephony in the 12-30 Mbps (-1.32%) and 30-100 Mbps (-2.48%) baskets.

4. Results: The EU compared with selected non-European countries
Comparing the EU28 with other countries in the world, there is a similar pattern in all download speed baskets:

- South Korea shows the least expensive offers for Standalone Internet in every basket.
- The EU28 shows slightly lower prices for standalone internet and Double Play with Telephony offers compared with Japan.
- Japan, in turn, shows lower prices for bundles including television.
- In every speed basket, prices for bundles are lower in the EU28 than in the USA or Canada.