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**TITLE:** Developing a mobile broadband basket



# DEVELOPING A MOBILE BROADBAND BASKET


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The views expressed in this presentation are those of the author and do not necessarily reflect the opinions of the OECD or its Membership.



## Introduction

- Why should we measure mobile broadband prices?
- OECD telecoms price benchmarking
- Developed based on usage in OECD countries, no results yet, only pilots
- Why these choices were made?



OECD Digital Economy Papers  
No. 205

**Methodology for  
Constructing Wireless  
Broadband Price Baskets**

OECD

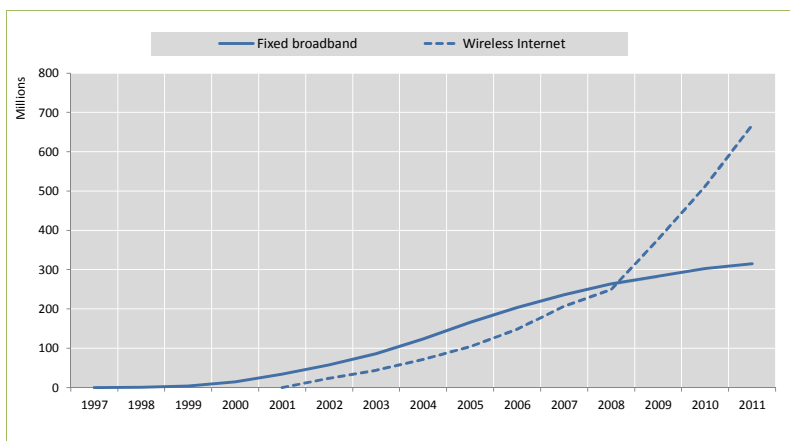


## Worldwide diffusion of mobile broadband

- **Key statistical highlights: ITU data release June 2012:**
  - By end 2011, there were **590 million fixed (wired)-broadband subscriptions worldwide.**
  - By end 2011, **there were more than 1 billion mobile-broadband subscriptions worldwide.**

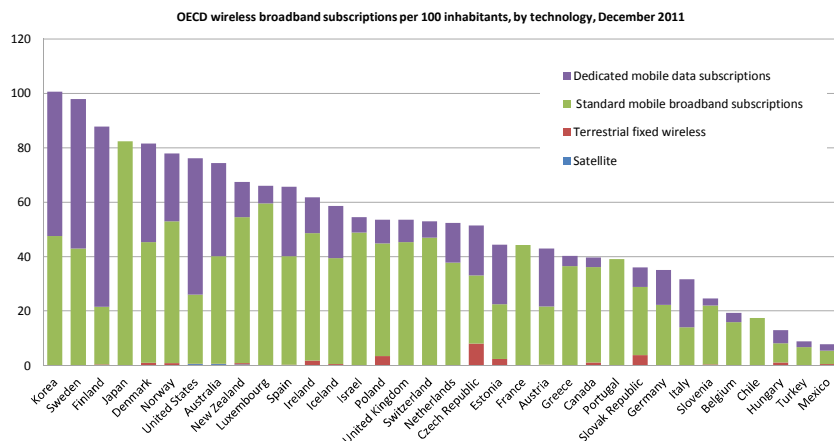


## Wireless broadband access overtaking fixed broadband subscriptions (OECD)



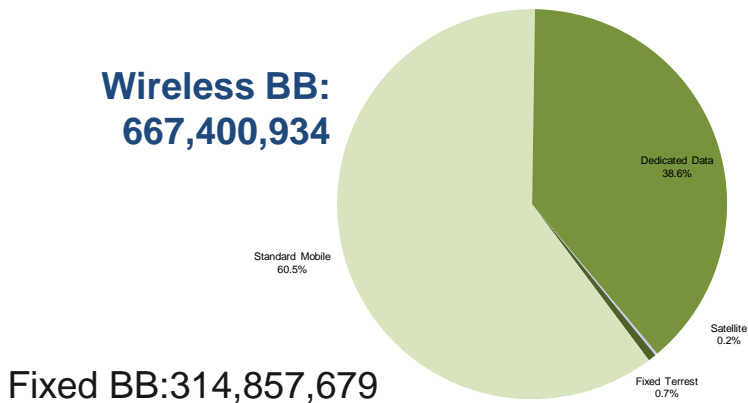


## Wireless broadband penetration in OECD



## Mobile broadband outnumbers fixed BB subscriptions

OECD wireless broadband subscriptions, by technology, Dec 2011





## Limited/unlimited data



## Wireless (mobile) broadband greatly differs from fixed broadband

- Download/upload speeds, advertised/actual speeds
  - Data caps
  - Marketed by data allowances, not speed.
  - Time restrictions are more frequent
  - Offers with time restrictions were finally NOT considered for the methodology.
- Generally not a substitute for fixed broadband in OECD countries
  - Could be a substitute in some countries for some users



## The basket approach

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- Widely used for telecoms price benchmarking
- Based on consumption patterns
- Least cost option among a pool of surveyed offers
- First developed by the OECD in 1990:



***“Performance Indicators for Public Telecommunications Operators”  
(1990)***



## Technology/speeds

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- Fixed wireless has different pricing patterns (not included)
- UMTS, HSPA/HSPA+, CDMA2000, IEEE 802.16e and LTE.
- Speeds from 256 Kbps advertised download throughput
- Speed will not be a parameter...
- .....but offers with higher (LTE) speeds will be flagged



## Three different types of baskets

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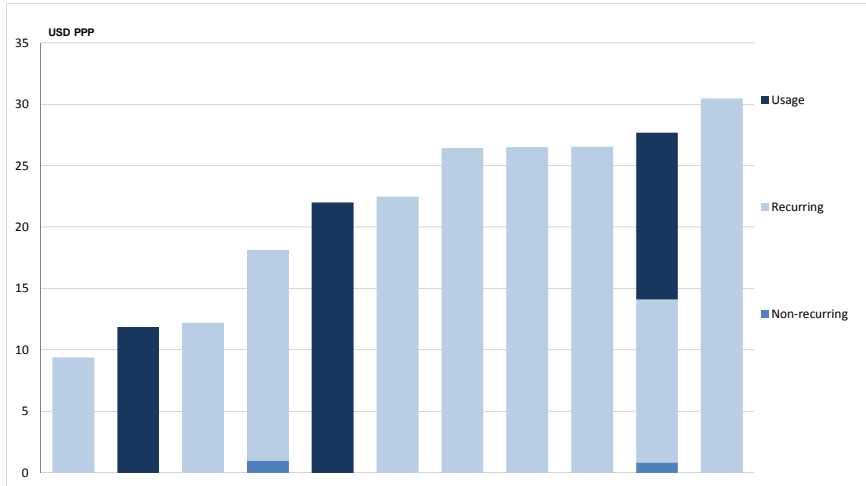
## Laptops and tablets

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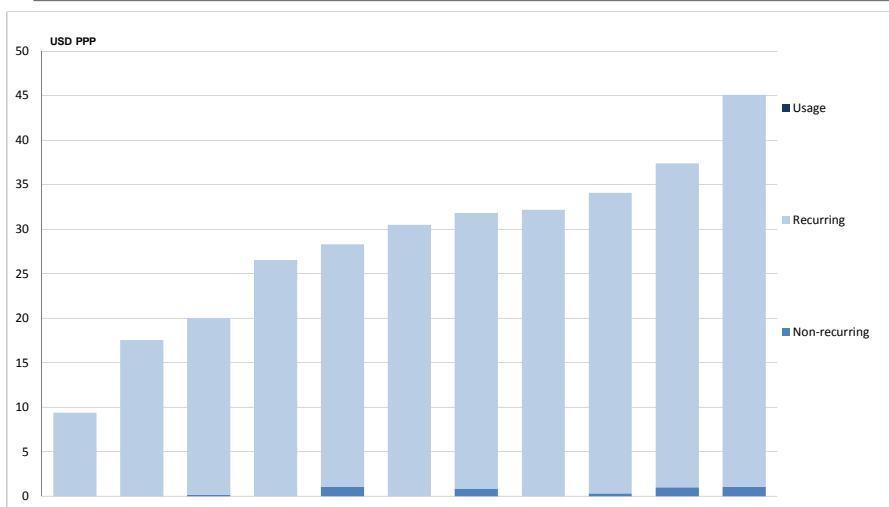
- Devices are rapidly evolving
- USB keys/dongles – no explicit voice capability
- Stand-alone broadband service
- Many operators sell the same plans for laptops and tablets, others don't
- Usage is believed to be 1/2 of that of tablets



### Wireless BB for tablet – 1 GB, monthly



### Wireless BB for laptop – 2 GB, monthly





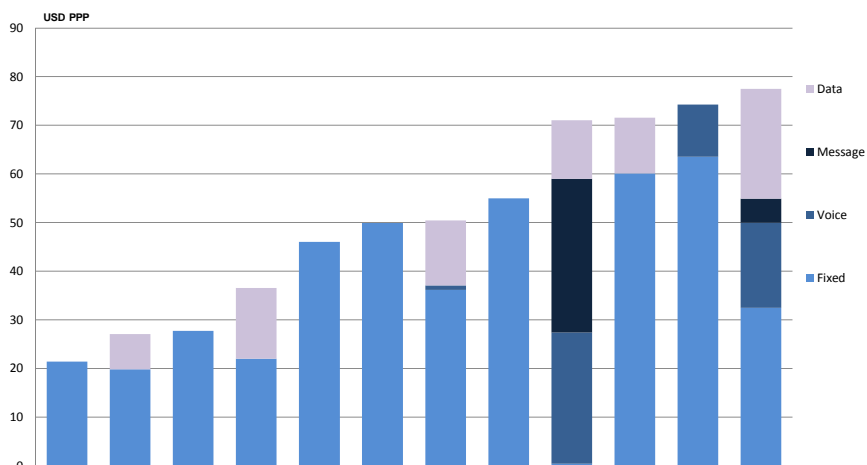


## Handsets/smartphones

- Wide consensus that, even when a stand-alone broadband service is sold, customers buy a bundle of voice, SMS and data services.
- Allowances believed to be around 1/5 of those for laptops
- Price benchmarks focus on the mobile bundle
- Reutilises OECD mobile voice baskets.
- Mid-term: only one mobile basket including data



## Wireless BB – 500 MB + 100 calls basket, monthly



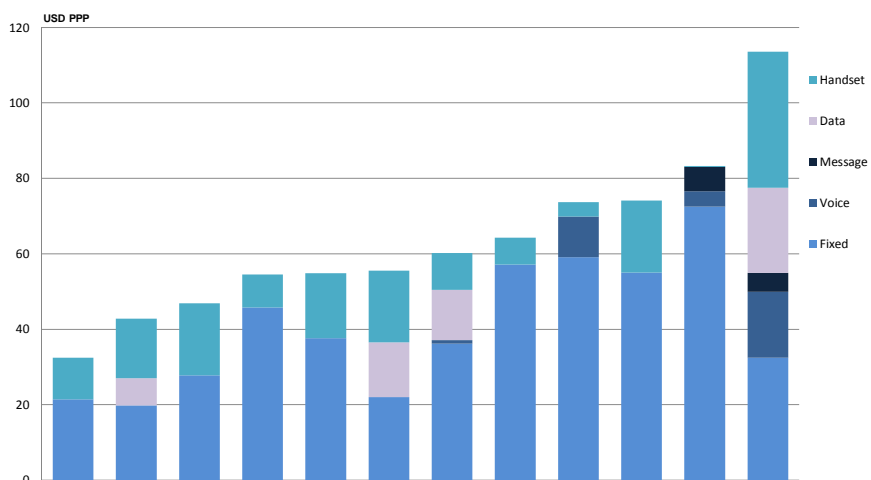


## Handset prices

- Handsets (including smartphones) are usually sold at discounted rate if you sign up for a contract.
- Extremely challenging exercise
  - High number of handsets
  - Located in different places in operators' websites
  - Need to be mapped against WBB plans
  - Still hard for just one handset
  - Less of a problem for pre-paid
- The OECD is undertaking a study on handset acquisition models



## What would be the impact of handsets?





## A few words about the process

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- Survey among operators in late 2010.
- Complex process – agreement only in June 2012
- Important parameters to collect:
  - Consumption patterns – No of MB, hours, days
  - Different patterns for laptop, tablet and handset.
- Needs cooperation from the industry and continuous update
- Typically commercially confidential info
- OECD survey was done by 3<sup>rd</sup> party dealing with confidential info and providing aggregate values only



## Conclusion – final words

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- Price basket methodologies provide a meaningful method for comparing prices
- Powerful instrument to inform policy making (though not the only one)
- Based on consumption patterns
- Not all baskets are relevant for all countries, this is why there are so many!

