Contribution to WTIM-12 session

SOURCE: OECD
TITLE: Developing a mobile broadband basket
DEVELOPING A MOBILE BROADBAND BASKET

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WTIM-2012
Bangkok, Thailand
26 September 2012

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?
• **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.

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

![Graph showing the comparison between fixed broadband and wireless Internet subscriptions from 1997 to 2011. The graph indicates a steady increase in wireless broadband subscriptions, surpassing fixed broadband subscriptions by 2011.]
Wireless broadband penetration in OECD

OECD wireless broadband subscriptions per 100 inhabitants, by technology, December 2011

- Dedicated mobile data subscriptions
- Standard mobile broadband subscriptions
- Terrestrial fixed wireless
- Satellite

Mobile broadband outnumbers fixed BB subscriptions

OECD wireless broadband subscriptions, by technology, Dec 2011

Wireless BB: 667,400,934

Fixed BB: 314,857,679
Limited/unlimited data

- 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

Wireless (mobile) broadband greatly differs from fixed broadband
The basket approach

- 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

- 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

Laptops and tablets

- 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 ½ 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?

![Handset prices chart]

- USD PPP

[Handset, Data, Message, Voice, Fixed]
A few words about the process

- 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 3rd party dealing with confidential info and providing aggregate values only

Conclusion – final words

- 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!
THANK YOU