



## **Point Topic's Broadband Operators and Tariffs**

Broadband tariff benchmarks: Q4 2015

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# 1 Introduction

Point Topic tracks the changes in the standalone and bundled broadband tariffs provided by operators across the globe every quarter. This report presents the latest tariff benchmarks at the end of September 2015.

The data is collated within Point Topic's **Broadband Operators and Tariffs** subscription service. Our experienced analysts review and interpret the information to show pricing trends by region, country and technology.

We provide access to the raw data, as well as charts and tables for the tariffs offered.

## 2 What we measure

The tariff database covers all major fixed broadband operators across the globe. In total, we track 324 operators from 92 countries across the world.

We use this data to report on global trends in tariffs and bandwidths offered. We also report on regional trends and variations across countries. The data can also be used to track changes in the tariffs offered by individual operators.

### Standalone and bundled

We report tariffs where broadband is offered as the only service (standalone) and tariffs where broadband is offered with other services such as TV and telephony (bundled).

### Residential and business

We report both business and residential broadband tariffs.

### Technologies

Within this report we look at differences between the three major fixed broadband technologies – copper, cable and fibre. The full tariff database also includes some wireless and mobile broadband tariffs.

### Changes to reporting

Note that there have been some shifts in the global trends reported since last quarter, caused by changes to the reporting. Specifically:

- We have now excluded all tariffs which report a monthly subscription charge higher than \$5,000 (PPP) or which report no monthly subscription charge.
- We have now excluded all VDSL tariffs from the DSL category and included them in the fibre category instead.

These changes do not affect the full tariff database, only Point Topic's reporting of the tariffs.

### Additions and exclusions

This quarter we included in our analysis tariffs from several new operators: Mobiltel (Bulgaria), Netbox (Czech Republic), and Turkcell Superonline (Turkey). At the same time, we excluded tariffs from Lithuania from some of the analysis for now. The country joined the Euro zone on 1 January 2015 and the new PPP rate is not available at this stage. Using the old PPP rate would have distorted the findings.

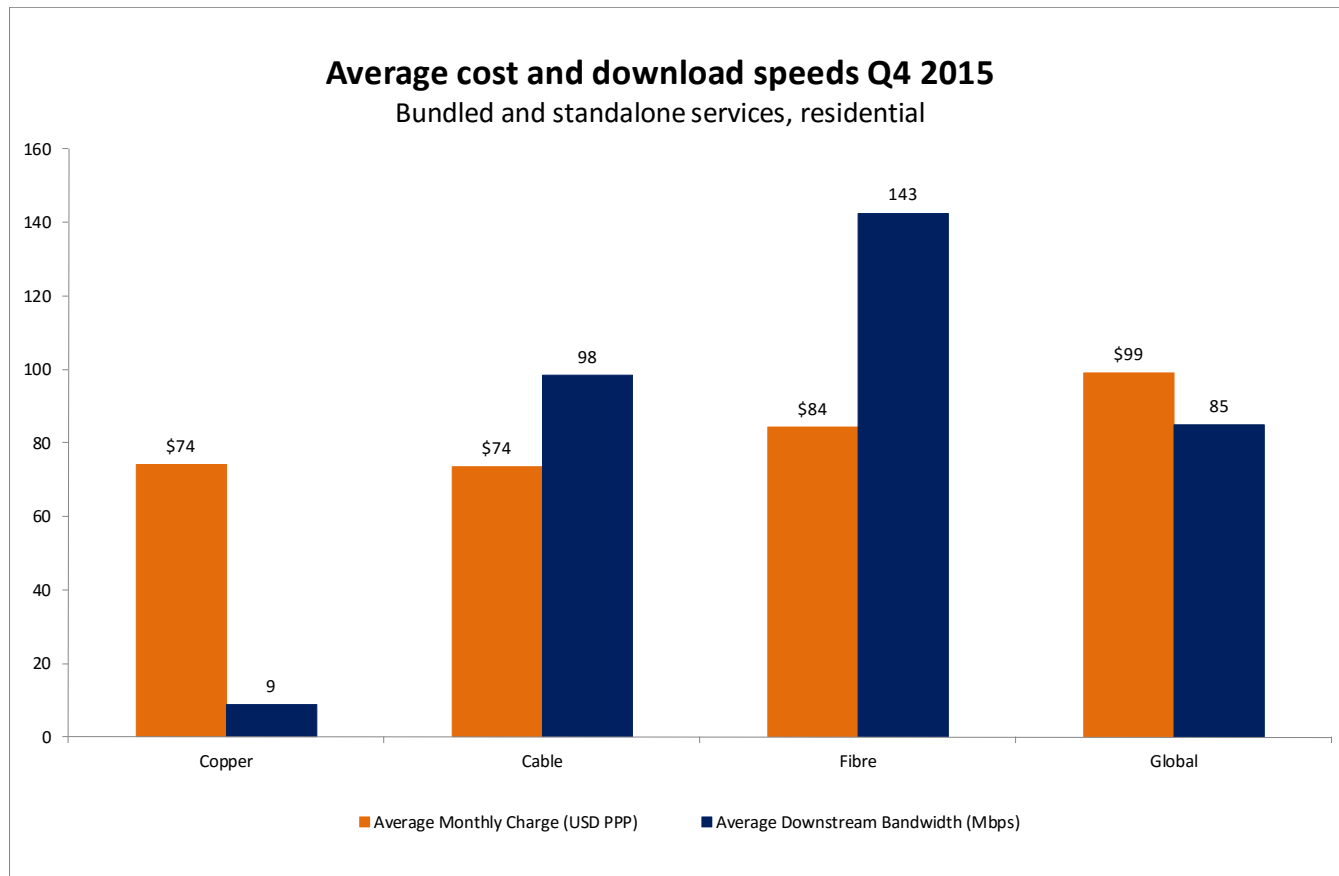
### 3 Global tariffs and bandwidths

We have compared the average subscription charges and corresponding bandwidths for different broadband technologies across the world. All prices are quoted in US dollars at PPP (purchasing power parity) rates to allow easier comparison.

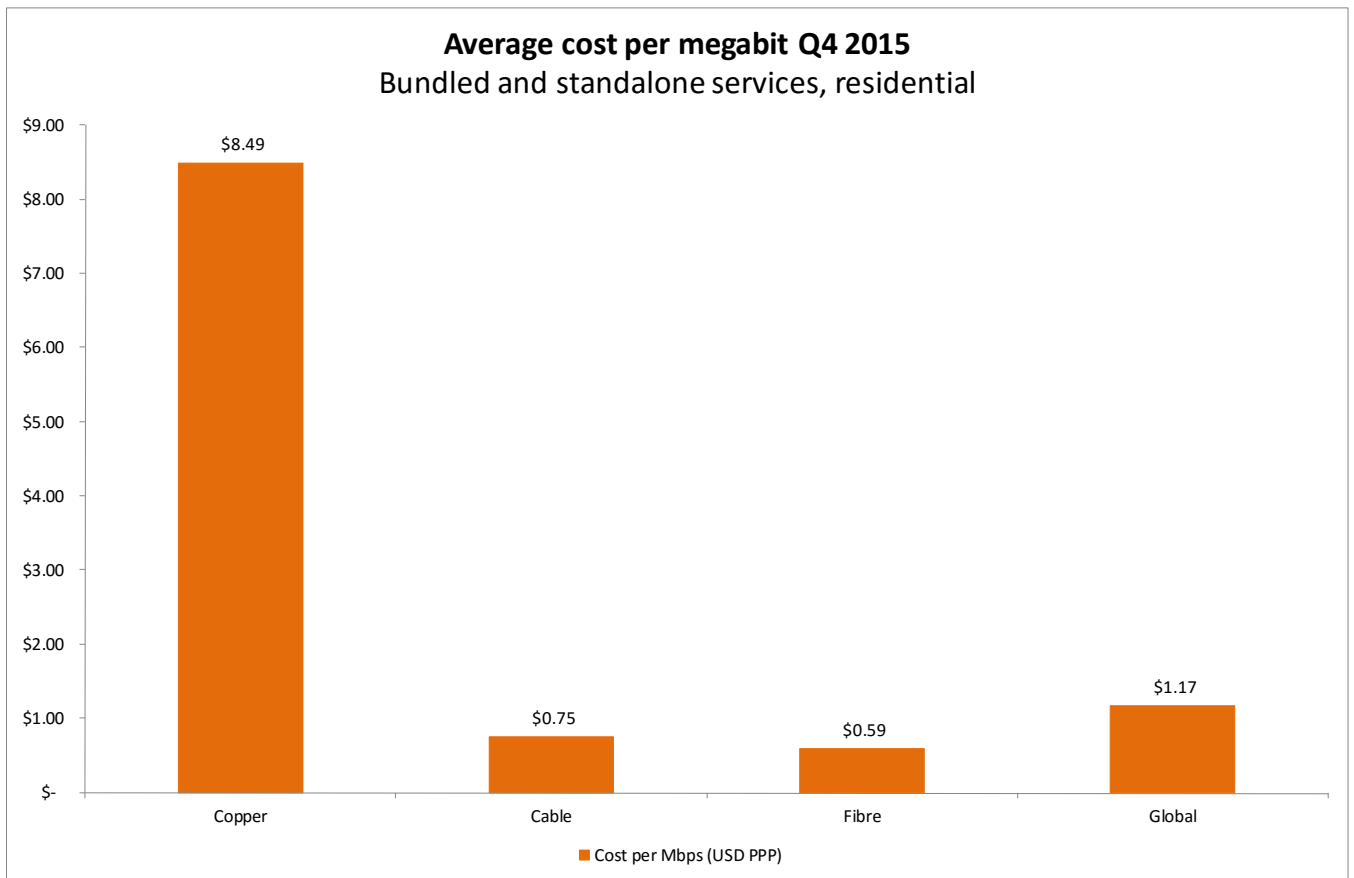
#### 3.1 Residential broadband packages

In Q4 2015, the average monthly charge for residential broadband services was \$99, more or less unchanged since Q3 2015.

At the same time, the average bandwidth provided by residential services continued to climb up and was 85Mbps, compared to 81Mbps in Q3 2015. The increase in the average bandwidth was especially notable for fibre connections (from 137Mbps in Q3 2015 to 143Mbps in Q4 2015) and to some extent cable (from 90Mbps to 98Mbps), as the operators continued to push higher speed tariffs. This trend will continue, with a significant number of operators accelerating the rollout of FTTH, Docsis 3.1 and G.fast networks and launching Gigabit speeds. For example, Chunghwa Telecom claims commencing 'world's first commercial deployment' of G.fast technology this quarter, to be made available to 8.4 million premises in Taiwan. In the US, Comcast launched a Gigabit service with symmetric speeds up to 2 Gbps and plans to cover 400,000 residential customers with its Gigabit Pro network. In Canada, Rogers plans to make its DOCSIS 3.1 based Gigabit service available to over 4 million homes by the end of 2016. (For a more complete picture of the next generation network upgrades see our operator profiles which are part of BOT service).



With the average monthly cost stable, the above trend pushed down the average price per megabit. The average global cost per megabit was \$1.17 at the end of December 2015, down from \$1.23 recorded at the end of September 2015.

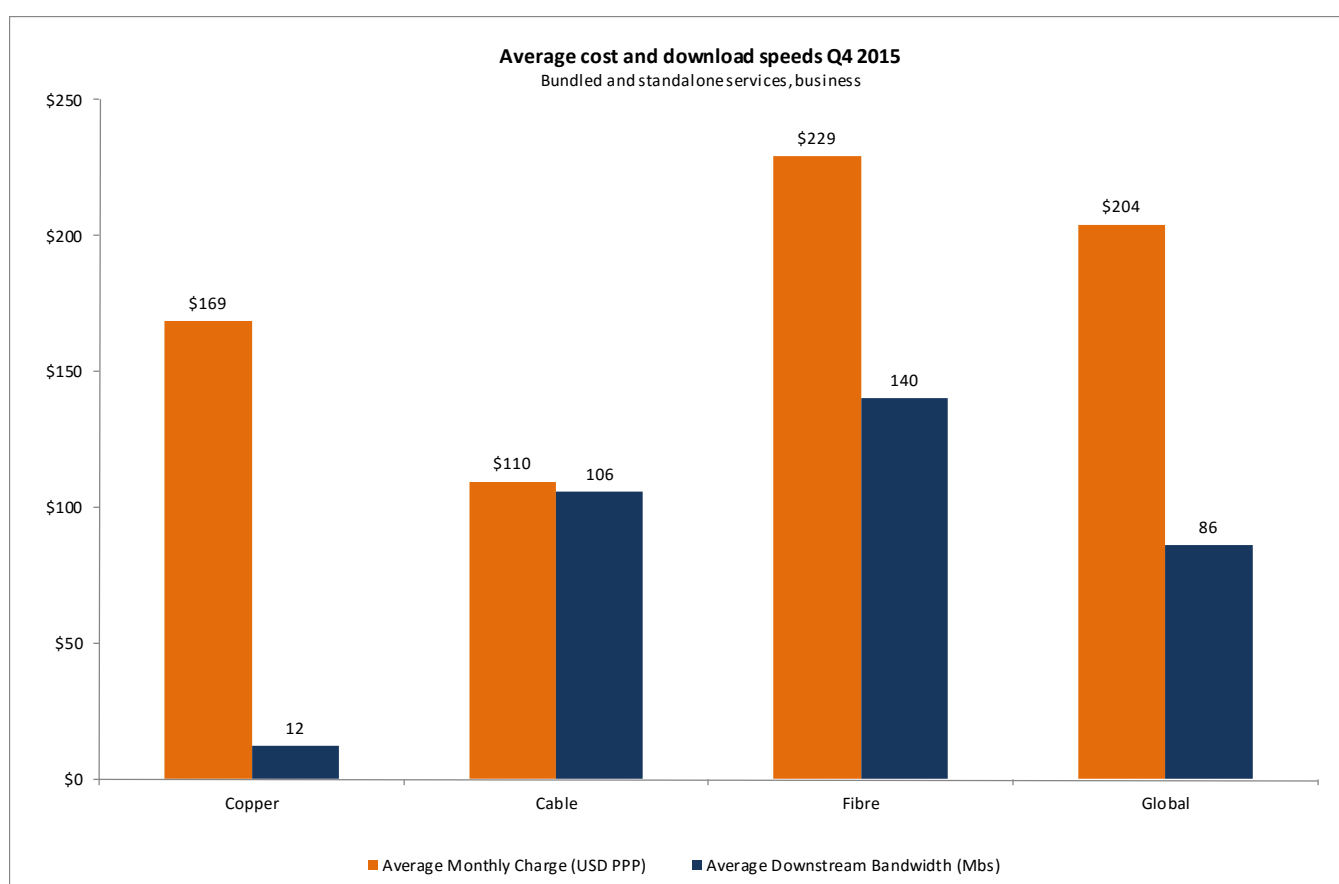


In Q4 2015, the cost per megabit has gone down compared to the previous quarter for all three main technologies - copper, fibre and cable, as the operators are preparing for G.fast and DOCSIS3.1 to enter the market.

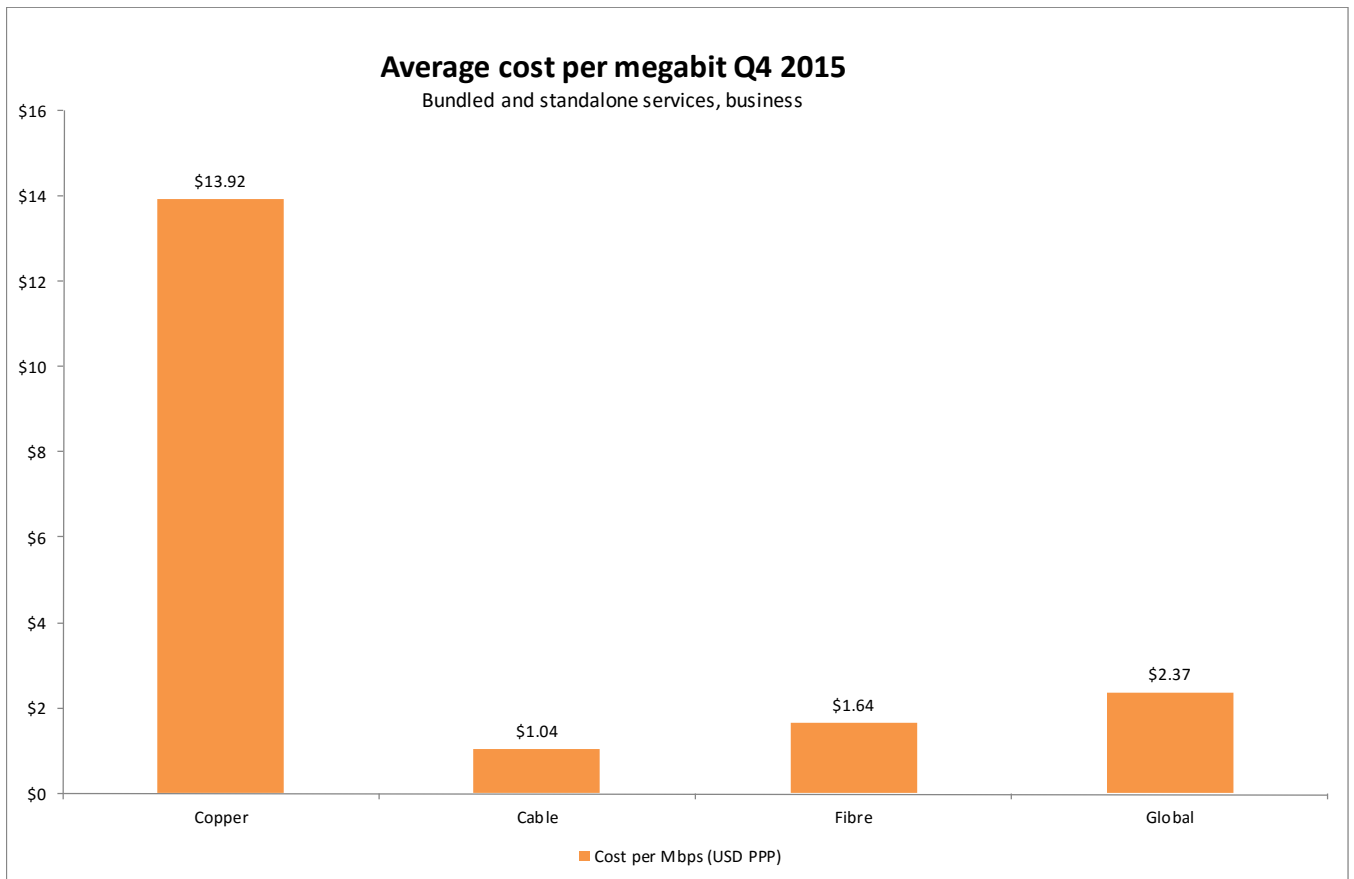
### 3.2 Business broadband packages

In Q4 2015, the average monthly charge for business broadband services was \$204, down from \$213 per month in Q3 2015. In the same period, the average bandwidth provided by business services increased to 86Mbps compared to 62Mbps in the previous quarter.

The changes in average price were even more pronounced in the case of copper. The average monthly cost has dropped significantly quarter-on-quarter (\$169 in Q4 2015 compared to \$186 in Q3 2015) while the average bandwidth has increased slightly from 9Mbps to 12Mbps in the same period. Copper based packages are finding it increasingly harder to compete with cable and fibre connections whose average prices remained more or less stable.



At the end of 2015, the average global cost per megabit for business broadband packages was \$2.37, down from \$3.43 recorded at the end of September 2015. Again, the drop was most significant in the copper category, from \$19.85 in Q3 2015 to \$13.92 in Q4 2015, as ISPs were forced to lower the prices of this less popular technology faced with increasingly higher speeds and value available over cable and fibre platforms.

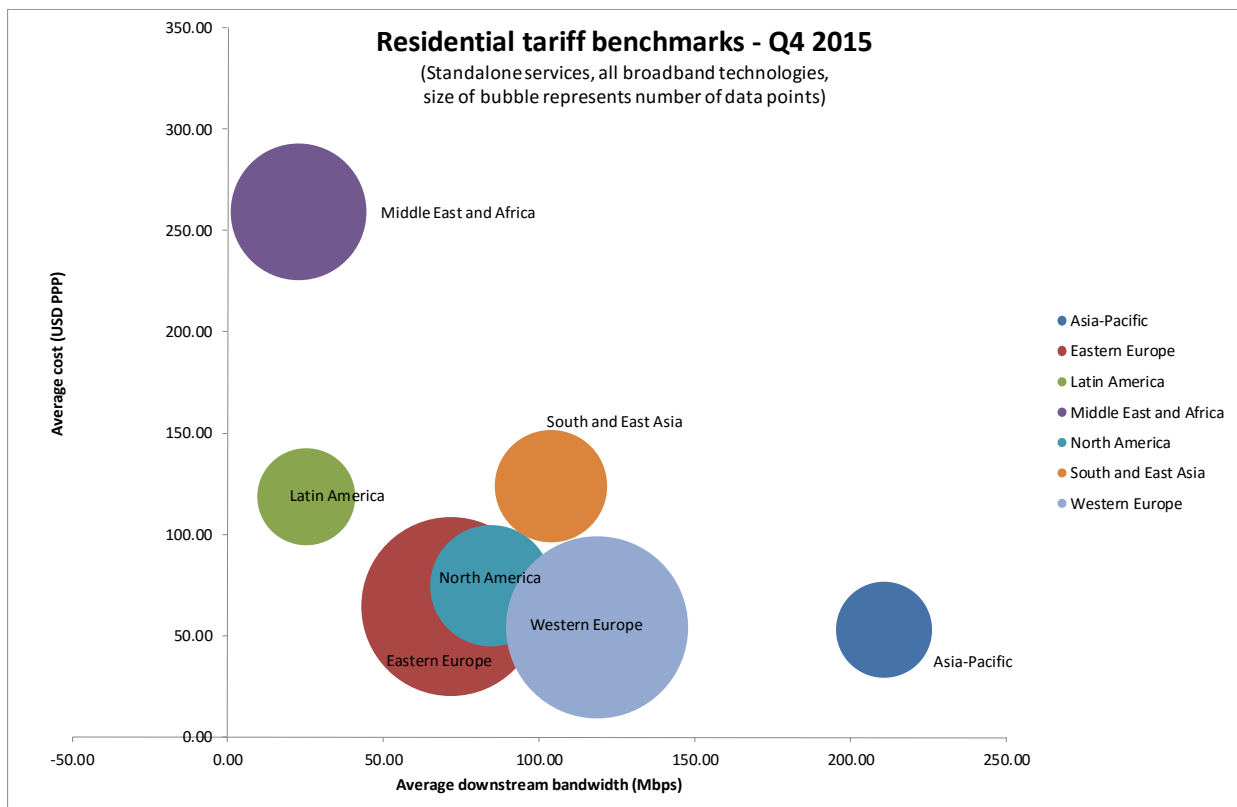


## 4. Regional tariffs and bandwidths

In this section we have compared the average subscription charges and corresponding bandwidths in different regions across the world. All prices are quoted in international US dollars at PPP rates to allow direct comparison between technologies.

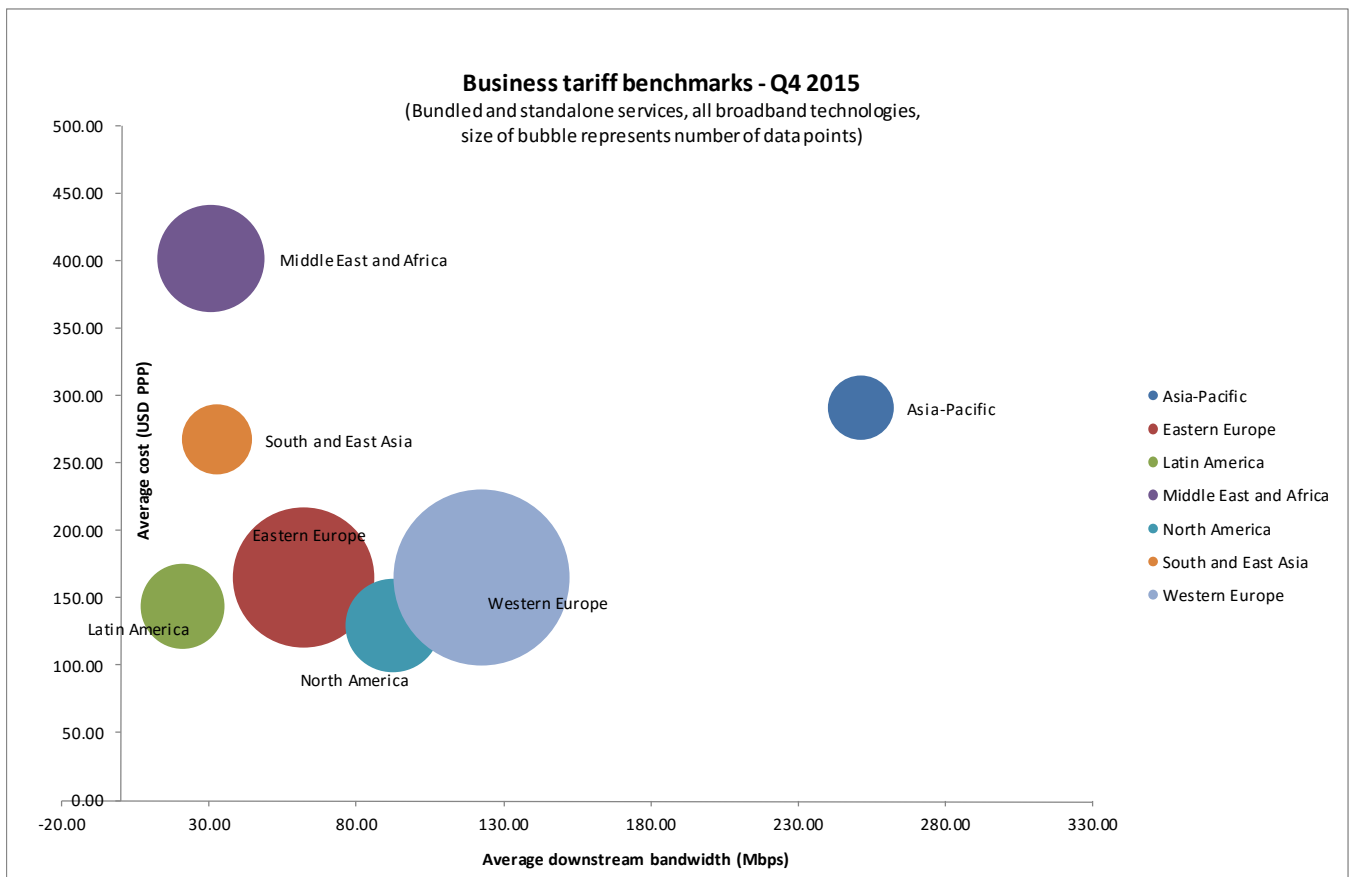
### 4.1 Residential broadband packages

Asia-Pacific has further boosted its dominant position in terms of bandwidth as the operators in the region continue to push FTTH and FTTx services. Western Europe follows as it pushes VDSL and, in the not too distant future will start rolling out G.fast. DOCSIS3.1 will also soon to appear in the markets and when deployed could make quite a difference especially in North America. Countries of Middle East and Africa continue to be the most expensive broadband markets, not least due to low saturation and fixed broadband being overshadowed by mobile.



## 4.2 Business broadband packages

The lowest priced business tariffs are offered in Europe and the Americas. Meanwhile the Middle East and Africa has taken over from Asia-Pacific as the most expensive market for businesses, although the average monthly cost in the Middle East and Africa has gone down significantly in Q4 2015. While Asia-Pacific is the second most expensive region for business tariffs, businesses there were offered better value this quarter as the average bandwidth has gone up from 202Mbps to 251Mbps q-o-q.



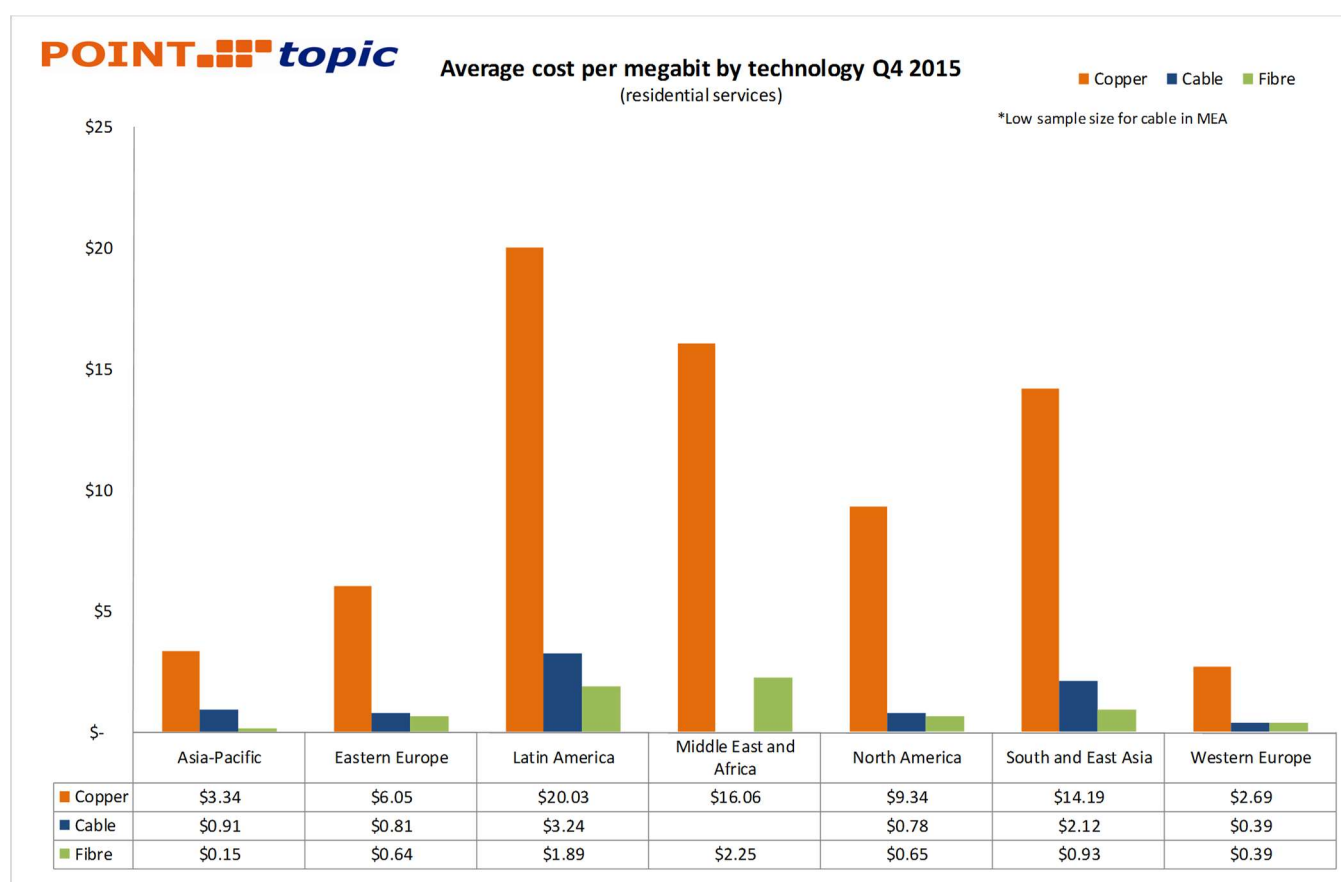


## 5. Regional technology benchmarks

Here, we show a comparison of the average tariffs offered by region for copper, cable and fibre broadband services. Again, all prices are quoted in international US dollars at PPP rates to allow comparisons between regions and technologies.

### 5.1 Residential broadband packages

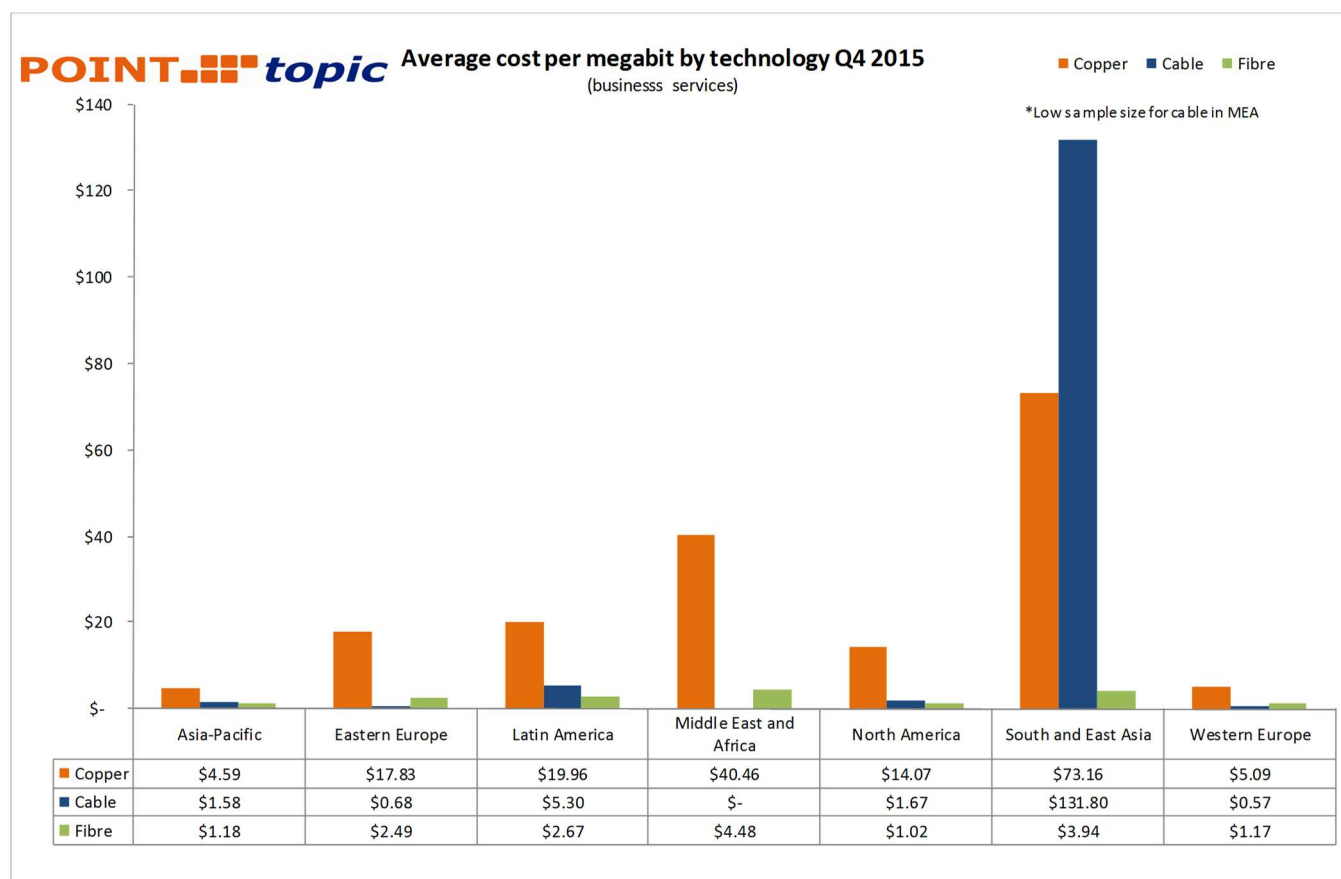
Western Europe continues to be the best value for money region overall, with average cost per megabit lowest for copper and cable, and second lowest for fibre. The latter technology offers the best value for money in Asia-Pacific, as before.



Copper based residential services are the most expensive in every regional market. In Latin America, Middle East and Africa, and South and East Asia, most customers still have a limited choice of alternative technologies and are forced to pay a premium price for legacy broadband due to a lack of competition.

## 5.2 Business broadband packages

It can be difficult to get pricing information for business services from some operators. We have excluded all tariffs where no costs are specified, as in previous quarters.



The average cost per megabit for business services in South and East Asia are stubbornly above global averages and show little sign of moving. Some more notable changes compared to Q3 2015 are related to fibre. The cost of fibre has gone down significantly in Eastern Europe (from \$3.28 in Q3 to \$2.49 in the current quarter), South and East Asia (from \$6.21 to \$3.94) and Middle East and Africa (from \$10.52 to \$4.48) as fibre is becoming an increasingly dominant technology in these regions.

## 6 Country ranking report

In this section, we look at the average monthly tariff for residential broadband services across the world. The average tariffs include copper, cable and fibre broadband services, and cover both standalone and bundled services.

All tariffs are quoted in international US dollars at PPP rates to allow comparisons between countries.

This isn't the end of the story when it comes to making a comparison. We need to be very clear about what we are measuring, analysing and reporting.

Different approaches could be applied. Should you include bundles in cross country comparisons? How do we quantify the value of one TV channel versus another? Do we look at the range of services on offer or do we pick the single entry level tariff from the most popular supplier?

As ever the answer is to pick whatever best suits your needs. Unfortunately this can also mean that outputs can be taken and used to further particular agendas, often without a real understanding of what the metric is reporting.

We don't seek to try and hold back or control the sea of data that washes over us every day but users are urged to be careful with all outputs and read the titles and descriptions to extract the best understanding.

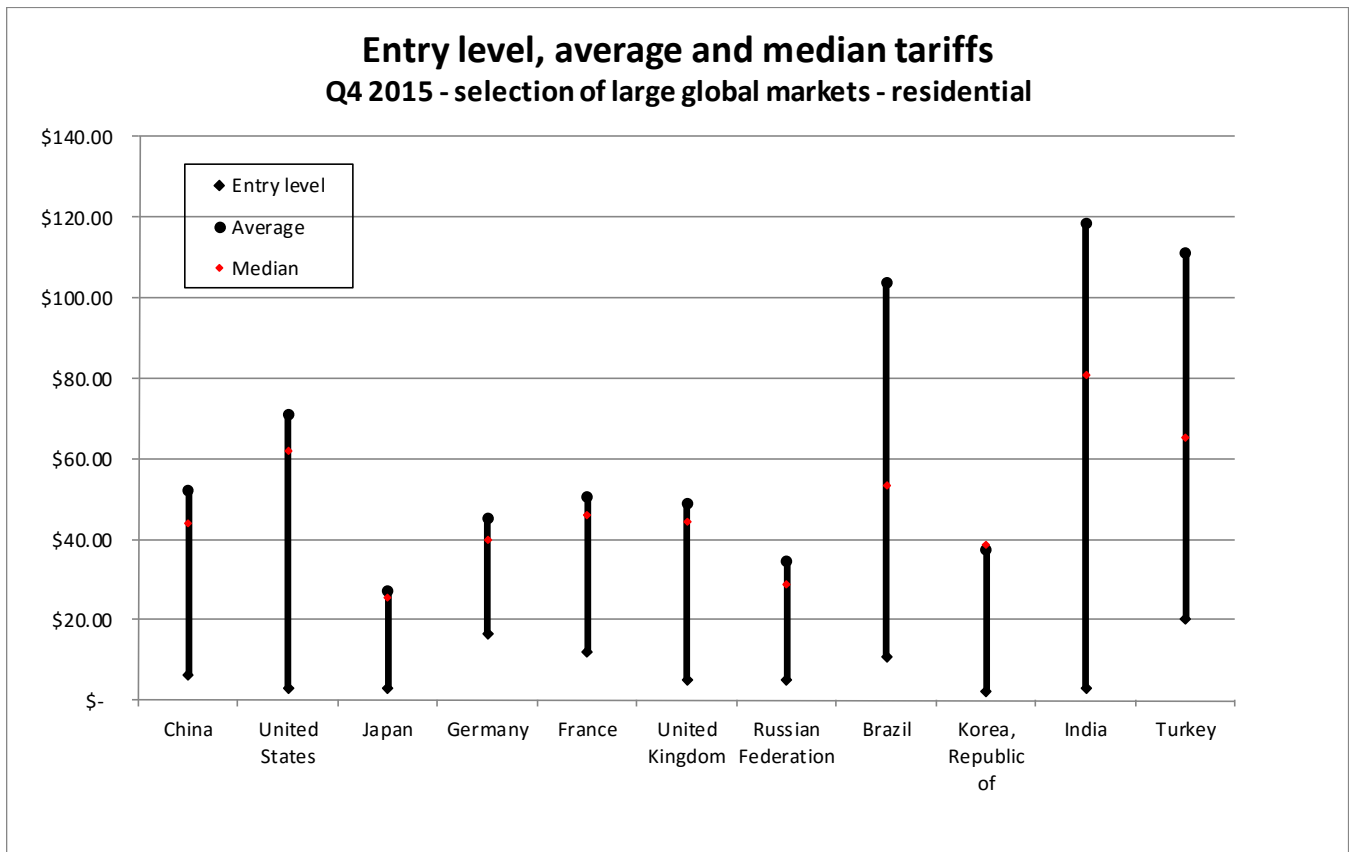
### 6.1 Entry level, median or average?

The three most commonly used comparison aggregations are:

- The entry level tariff – typically ignores variations in bandwidth caps, time charging, actual bandwidth offered and overall availability of a tariff in the market. Best used to indicate the conditions at the low end of the market and best comparator if you're looking at the market penetration for broadband overall or a particular technology.
- The median tariff – the value in the middle of the count of all values in the set. Can be skewed by unbalanced reporting or data gathering. Useful as a general indication of the country market and for inter market comparisons.
- The average tariff – doesn't represent an amount anyone actually pays, skewed by extremes in price. The best single number for comparing whole country markets when you want to understand the range of options for the consumer.

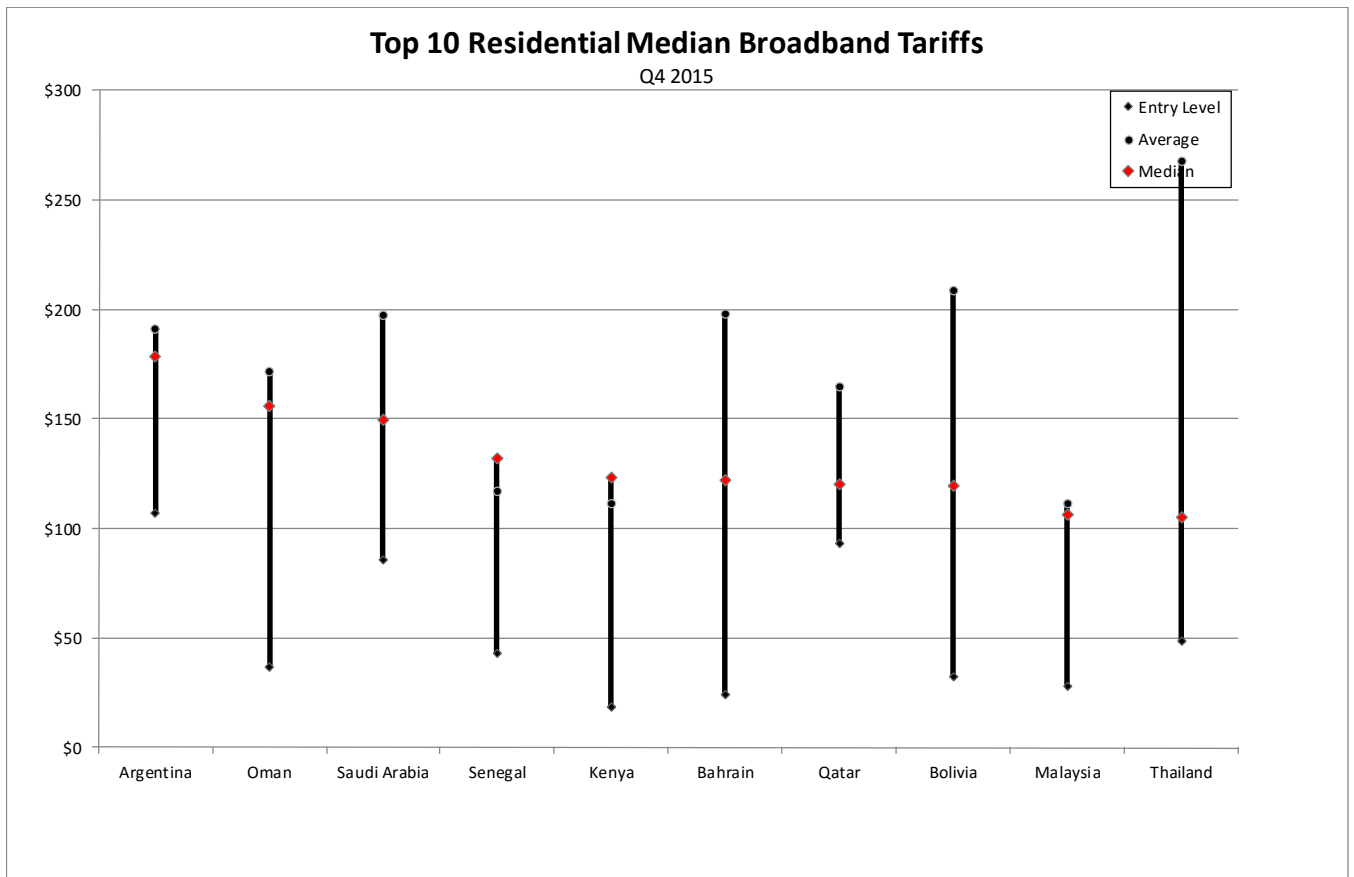
Of course there is a difference in the relative country performance depending on which metric you use and the variation can be significant.

Here we show the price and country ranking for the metrics explained above for residential services. The entry level tariff is the lowest tariff available from the operator with the most subscribers in the market. All prices expressed as international US\$ (PPP rates).



This graph shows the range from the entry level service through the median up to the average value of all the residential tariffs in the market. This highlights some of the issues we have outlined above.

The spread in Russia seems to indicate that it is relatively straightforward to get more bandwidth, at least in terms of cost, but perhaps that means that those on entry level tariffs are subsidising those on higher level tariffs. In Brazil, India and Turkey the differences in price levels of various speeds are much more pronounced.



If we look at the most expensive markets in terms of median tariffs we also see some variation in entry level and averages on offer. Upgrading to higher level tariffs is still especially expensive in Thailand, Bolivia and Bahrain.

Comparing countries by using the cost of broadband subscriptions is a straightforward idea but the variation in entry level versus median and average costs can be significant. To help provide an easy way of comparing directly we have taken the PPP data on entry level, median and average tariffs, produced rankings and then compared the variance.

We have included a 'variance' column to indicate how the different ranks for the different metrics are spread. So we see that the wide spread in Brazil or India in the first chart above (big differences in entry level, average and median tariffs) is represented by high variance. At the other end of the variance scale countries like Croatia, Austria or Belarus rank rather consistently.

However it should be noted that this is only one set of metrics measuring one aspect of the broadband markets so it is dangerous to draw conclusions in isolation.

Country	Entry level tariff rank	Average tariff rank	Median tariff rank	Variance
Iran, Islamic Republic of	1	12	1	40.333
Norway	2	28	25	202.333
Sweden	3	17	19	76.000
Albania	4	51	28	552.333
Korea, Republic of	5	6	14	24.333
Canada	6	48	60	804.000
Croatia	7	11	16	20.333
Poland	8	54	40	556.000
India	9	69	65	1125.333
United States	10	40	48	401.333
Japan	11	1	2	30.333
Viet Nam	12	77	27	1158.333
Belarus	13	3	6	26.333
United Kingdom	14	20	22	17.333
Russian Federation	15	2	4	49.000
Venezuela	16	34	26	81.333
Austria	17	5	8	39.000
Belgium	18	42	52	305.333
China	19	25	21	9.333
Sudan	20	55	63	523.000
United Arab Emirates	21	72	29	752.333
Brazil	22	58	35	332.333
South Africa	22	71	50	604.333
Ukraine	24	24	3	147.000
France	25	21	23	4.000
Bulgaria	26	13	11	66.333
Italy	27	31	30	4.333
Netherlands	28	26	31	6.333
Bosnia and Herzegovina	29	36	38	22.333
Latvia	30	4	9	190.333
Singapore	31	27	42	60.333
Moldova, Republic of	32	7	7	208.333
Germany	33	16	18	86.333
Romania	34	9	13	180.333
Uruguay	35	22	33	49.000
Estonia	36	14	12	177.333
Kenya	37	64	80	472.333
Yemen	38	74	66	357.333
Finland	39	8	10	301.000
Turkey	40	62	51	121.000
Pakistan	41	73	39	364.000
Cyprus	42	47	62	108.333
Luxembourg	43	33	46	46.333
Czech Republic	44	19	15	247.000

Country	Entry level tariff rank	Average tariff rank	Median tariff rank	Variance
Peru	45	50	64	97.000
Tunisia	46	66	55	100.333
Egypt	47	78	74	284.333
Kuwait	48	83	73	325.000
Mexico	49	44	59	58.333
Bahrain	50	81	79	301.000
Switzerland	51	29	36	126.333
Montenegro	52	45	53	19.000
Hungary	53	46	56	26.333
Spain	54	39	44	58.333
Chile	55	59	70	60.333
Iceland	56	32	32	192.000
Israel	57	10	5	823.000
Ireland	58	37	43	117.000
Morocco	59	43	37	129.333
Malaysia	60	63	76	72.333
Hong Kong	61	49	58	39.000
Malta	62	60	54	17.333
Slovakia	63	15	17	737.333
Denmark	64	23	20	604.333
Colombia	65	53	61	37.333
Slovenia	66	57	41	160.333
Mauritania	67	67	67	0.000
Portugal	68	52	57	67.000
Greece	69	41	49	208.000
Bolivia	70	82	77	36.333
Serbia	71	30	34	511.000
Macedonia, The Former Yugoslav Republic of	72	70	69	2.333
Oman	73	76	83	26.333
Libyan Arab Jamahiriya	74	18	24	945.333
Australia	75	38	47	372.333
Senegal	76	68	81	43.000
New Zealand	77	35	45	481.333
Thailand	78	84	75	21.000
Algeria	79	61	71	81.333
Philippines	80	65	68	63.000
Jordan	81	56	72	160.333
Saudi Arabia	82	80	82	1.333
Qatar	83	75	78	16.333
Argentina	84	79	84	8.333

## APPENDIX ONE: Background to the methodology

### Introduction

In order to more directly represent the operator tariffs we collate, we have consolidated the tariff benchmark spreadsheets into a single file. This is available to subscribers to the Broadband Operators and Tariffs service – [click here](#) to access the full file.

Other data and analysis can be seen in the spreadsheets and users can conduct their own analysis based on the data provided.

If there is a particular element that you cannot find and you wish to have available please contact us on [tariffs@point-topic.com](mailto:tariffs@point-topic.com).

Note that there have been some shifts in the global trends reported in the last few quarters, caused by changes to reporting methods. Specifically:

- We have now excluded all tariffs which report a monthly subscription charge higher than \$5,000 (PPP) or which report no monthly subscription charge.
- We have now excluded all VDSL tariffs from the DSL category and included them in the fibre category.

These changes do not affect the full database which is published to subscribers. They only impact Point Topic's analysis included in this report.

This results in the following totals for the tariffs that serve as the base for the analysis:

Total tariffs – 5,664.

4,110 standalone (broadband only), 1,203 bundled and 351 OTT (VoIP or IPTV only) offerings.

2,987 residential and 2,371 business tariffs, 306 tariffs are available to either segment. The remainder are not specified or are wholesale.

### Coverage and methodology

The monthly rental prices have been analysed in terms of local currency and equivalent USD costs.

As of Q1 2007, a full set of tariff information is available for download as part of Point Topic's *Broadband Operators and Tariffs Service*. The data set contains the most up-to-date tariff information including such details as monthly rental, connection speed, equipment cost and service features. In Q1 2007, Point Topic began providing end of quarter tariff updates from the database, which clients may use for their own historical analysis. These are now incorporated into our benchmark report and are published simultaneously.

Full details of the tariffs and comparisons are provided in the excel spreadsheet, which is available to *Broadband Operators and Tariffs service* subscribers.

A current data set of tariffs can be downloaded from your *Broadband Operators and Tariffs service* website at any time.

Entries within these data sets which do not have both a downstream speed and a monthly rental listed have been excluded from this analysis.



The PPP rates used up to Q4 2010 are published annually by the OECD for a selection of countries and are readily available to the public free of charge. Those PPP rates are published at the beginning of each year and are used throughout the year and hence, any quarterly changes in PPP rates are not taken into account during the analysis. Some retrospective adjustments to PPP rates were made during the period 2000–2010. All PPP rates during this period were updated accordingly.

### Price comparison issues

This analysis is intended as a general indicator of the trends in pricing in major broadband countries. There are several additional variables that complicate the process of making a direct comparison of broadband prices. These need to be taken into account when making a more in-depth analysis:

- **ISP charges:** Some operators include ISP charges in their monthly rental, whereas others do not and charge an additional cost. This is evident in the case of Yahoo Japan, where a separate ISP charge is billed to the customer. In instances where this clearly occurs, Point Topic includes the charge in the monthly rental.
- **Bundling:** With the continuous competition in service price, ISPs are focusing on bundling value-added services in order to increase revenue. Since Q1 2007, an integrated tariff database file containing bundled services information is available as part of the *Broadband Operators and Tariffs* service. This allows a comprehensive analysis of bundled services and pricing which we introduced here for the first time in Q1 2007.
- **Tax charges:** Sales taxes (such as value-added tax) are also included in the residential monthly rental by most operators, although this is not the case in North America where telecommunications taxes are charged on top of the monthly rental. There would be a slight difference in the rankings if tax costs were included in the quoted monthly rentals of North American operators.
- **Time limits:** Many operators worldwide have begun introducing **broadband** packages that restrict the time spent online without additional charges. For a monthly flat rate, customers can enjoy 'free' broadband access at particular times of the day/night, or for a certain number of hours per month. Any time spent beyond that limit is charged at an hourly rate.
- **Download limits:** Some operators offer entry level services with data volume limits. In most cases, these limits are generous enough so as not to affect light or medium users. Point Topic includes this type of service as a reasonable entry level service, since it does not involve adding a usage charge to the monthly cost for the typical user.