World Broadband Statistics

Q2 2012

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1 Introduction

At the end of June 2012, there were 624.1m broadband lines across the world. This represents a growth of 2.1% in the quarter, down significantly from the previous quarter.

Over the last five years, broadband growth has been strongest within the first quarter of the year. But more significantly – global trends in broadband subscriber figures are dominated by performance in China and the United States. Together, these markets account for around half of total broadband additions. In this quarter, growth in China has slowed down and growth in the United States has halved. When broadband growth in these countries slows down, global growth slows.

There are still countries that are posting improvements in this quarter – but their overall impact on global performance isn't seen. Germany, France, Brazil and Mexico have all shown an improvement in the quarter – and whilst saturation in the richer markets inevitably means it's harder to add completely new lines, there is still considerable appetite for broadband.

We continue to see strong growth within Eastern Europe and Latin America, dominated by Russia and the Ukraine and Brazil, respectively. Eastern Europe is a relatively young market with low population penetration, but with the fixed broadband infrastructure to grow rapidly. Latin America has a strong and growing cable TV market, with 31% of broadband lines being delivered through cable (compared to a global average technology market share of 19%).

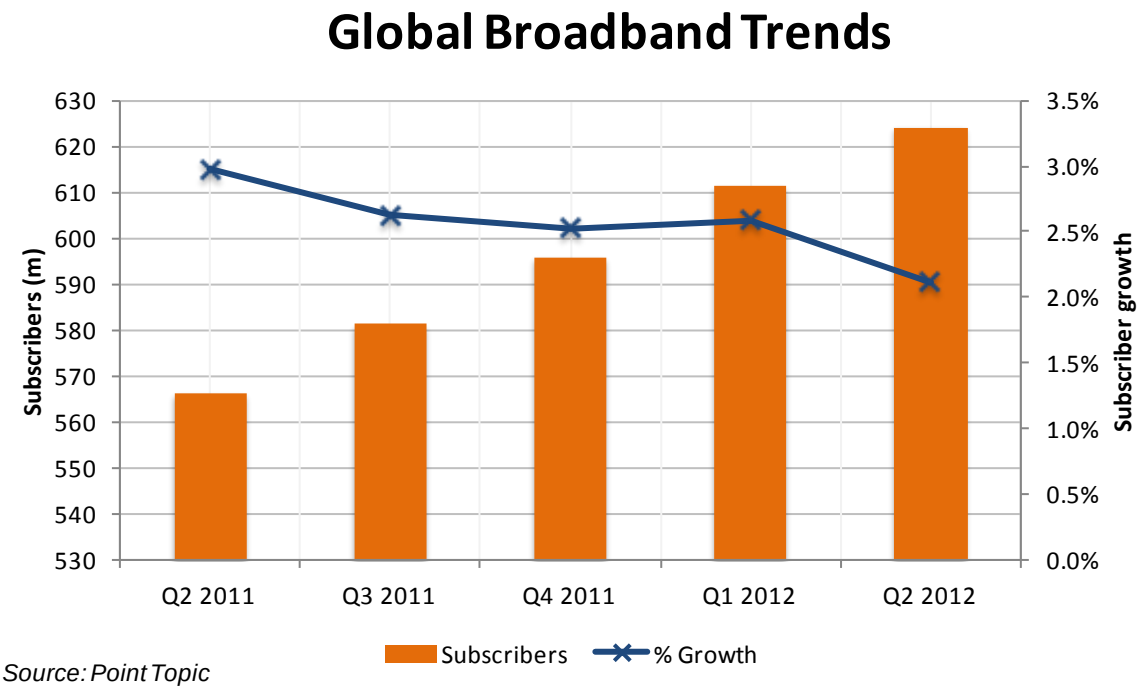
Fibre continues to grow, even though growth rates are slowing – particularly for FTTx as opposed to FTTH. The global market share for fibre and cable technologies is now comparable – although significant regional variations in deployment exist.

2 Global and regional perspective

2.1 Overall growth

Throughout 2011, fixed broadband growth seemed relatively stable at around 2.6%. Point Topic was pleased to announce a slight increase in the first quarter of 2012, which is consistent with the trend for strongest growth within the first quarter.

Half way through 2012, the global picture is less positive. There were 624.1m fixed broadband lines across the globe at the end of June 2012. 28.3m lines have been added so far in 2012. In the 12 months since Q2 2011, the broadband subscriber market has grown by 10.2%. Comparing this period with the same period last year shows that quarterly growth has slowed from 3.0% one year ago to 2.1% now.



Source: Point Topic

Quarter	Subscribers	Net adds (qtr)	% Growth
Q2 2011	566,239,105	16,368,904	3.0%
Q3 2011	581,111,322	14,872,217	2.6%
Q4 2011	595,776,124	14,664,802	2.5%
Q1 2012	611,203,379	15,427,255	2.6%
Q2 2012	624,110,785	12,907,406	2.1%

Figure 1: World broadband subscriber numbers with growth. Source – Point Topic

2.2 Regional trends

We have explored how regional trends account for the overall global broadband subscriber trends:

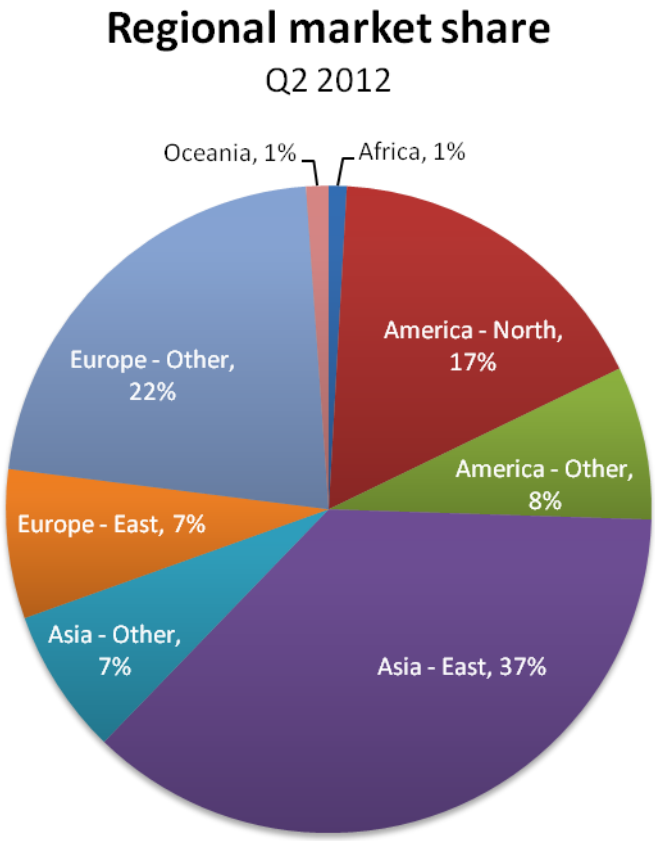


Figure 2: share of world broadband subscribers by region – Q2 2012. Source – Point Topic

Region	Population (millions)	Net adds (Q12012 to Q22012)	Population penetration	Growth (Q12012 to Q22012)
Africa	304.3	77,831	1.8%	1.4%
America-North	349.7	790,597	30.1%	0.8%
America-Other	516.5	1,467,206	9.2%	3.2%
Asia-East	1,558.7	6,143,297	14.6%	2.8%
Asia-Other	2,179.7	1,075,981	2.1%	2.4%
Europe-East	284.4	1,311,844	16.3%	2.9%
Europe-Other	438.3	1,706,865	31.0%	1.3%
Oceania	28.6	78,635	24.5%	1.1%

Figure 3: penetration and quarterly growth by region. Source – Point Topic.

Statistics for each regional marketplace tend to be dominated by the performance of one or two dominant broadband markets – as indeed are the overall global trends.

East Asia continues to dominate the global broadband subscriber market share, with 37% of the overall market in Q2 2012. This is primarily driven by the dominance of China within the overall broadband league tables.

The most mature broadband markets (with the highest population penetration) are Europe (excluding Eastern Europe), North America and Oceania.

Latin America is posting the highest growth in the quarter. These countries have a comparatively large middle class and lots of headroom for growth. Deployments are coming on stream as higher speeds are rolled out, and areas that didn't have access before are now getting good service.

East Asia continues to post strong growth due to growth in China. Growth is, however, slowing – which in part accounts for the global slowdown in broadband growth. Growth in the rest of Asia is slow, particularly given that this is a young market with plenty of headroom for growth.

Eastern Europe continues to post strong growth figures, driven primarily by strong growth in Russia and the Ukraine.

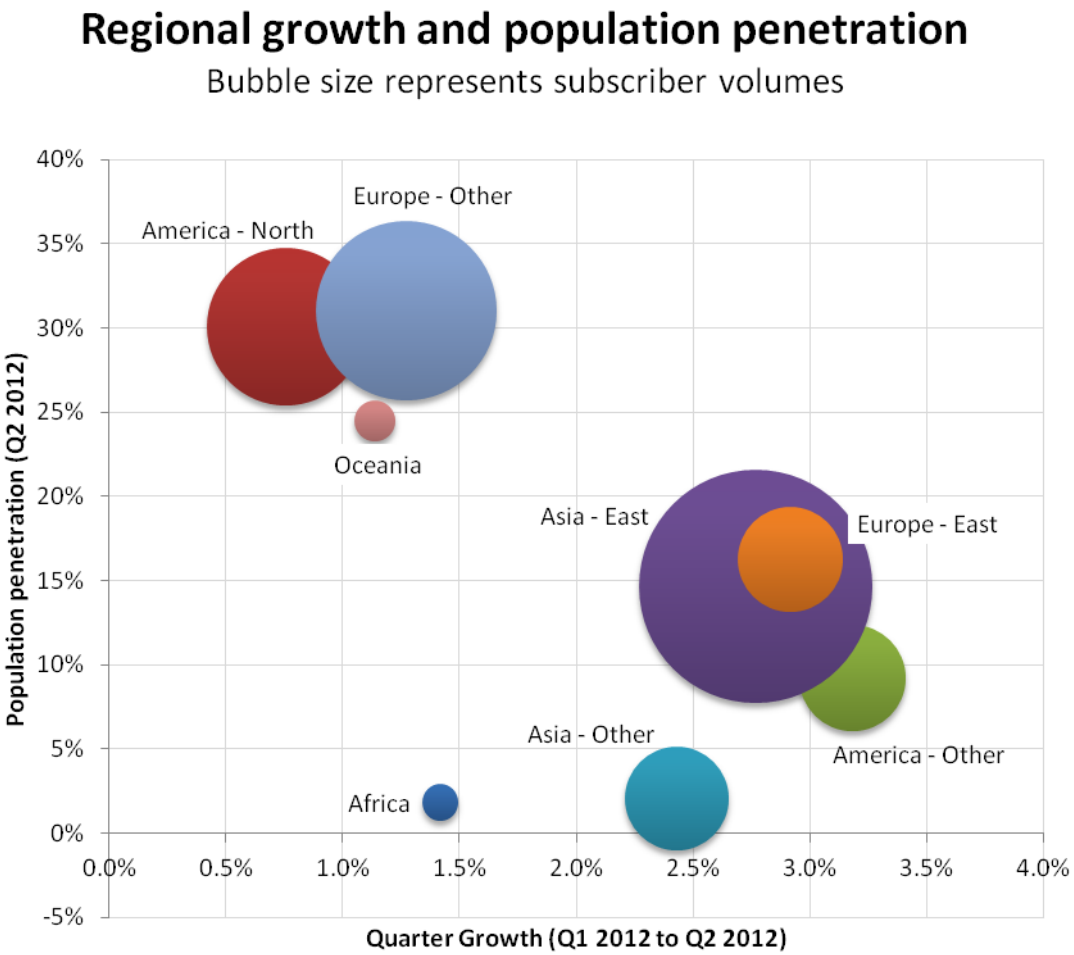


Figure 4: penetration and quarterly growth by region – area represents subscriber volume in Q2 2012. Source – Point Topic

Even though growth in East Asia has slowed relative to previous quarters, this market still accounts for the majority of net additions across the world. 49% of all net additions came from East Asia. Due to the sheer size of the population here, even slower growth accounts for large volumes of net additions. Eastern Europe and Latin America account for a further 22% of the net additions for the quarter.

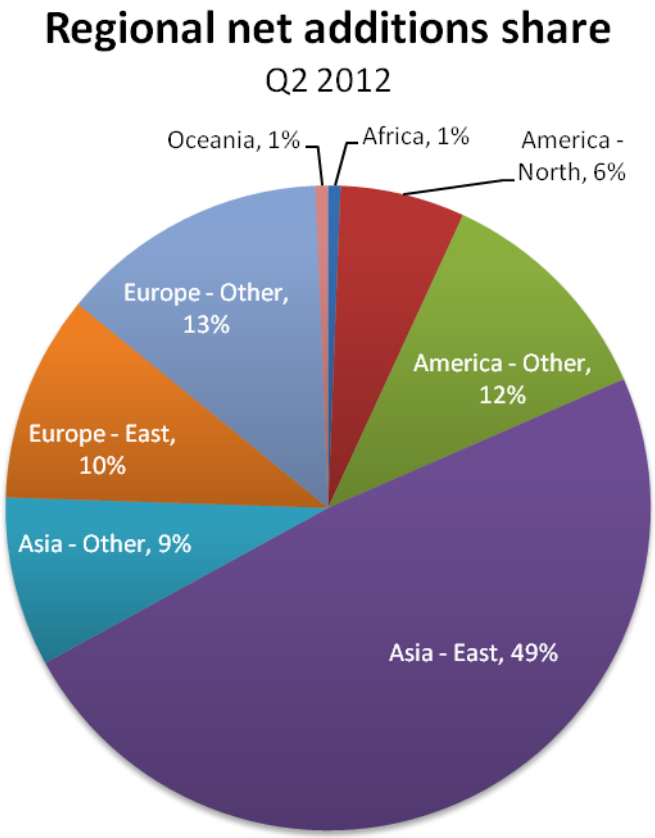


Figure 5: **% of net additions delivered by each region. Source – Point Topic**

3 Technology trends

DSL continues to be the dominant technology for broadband access. It has lost 0.4% of its market share since the last quarter, and overall global subscriber numbers are now 364.1m.

The other main technology groups are cable and fibre. Within this analysis, we distinguish between fibre to the home (FTTH) and other forms of fibre. We also track subscriber numbers for wireless, satellite and other access technologies. In most reporting here we focus on the three main technologies of fibre, copper and cable.

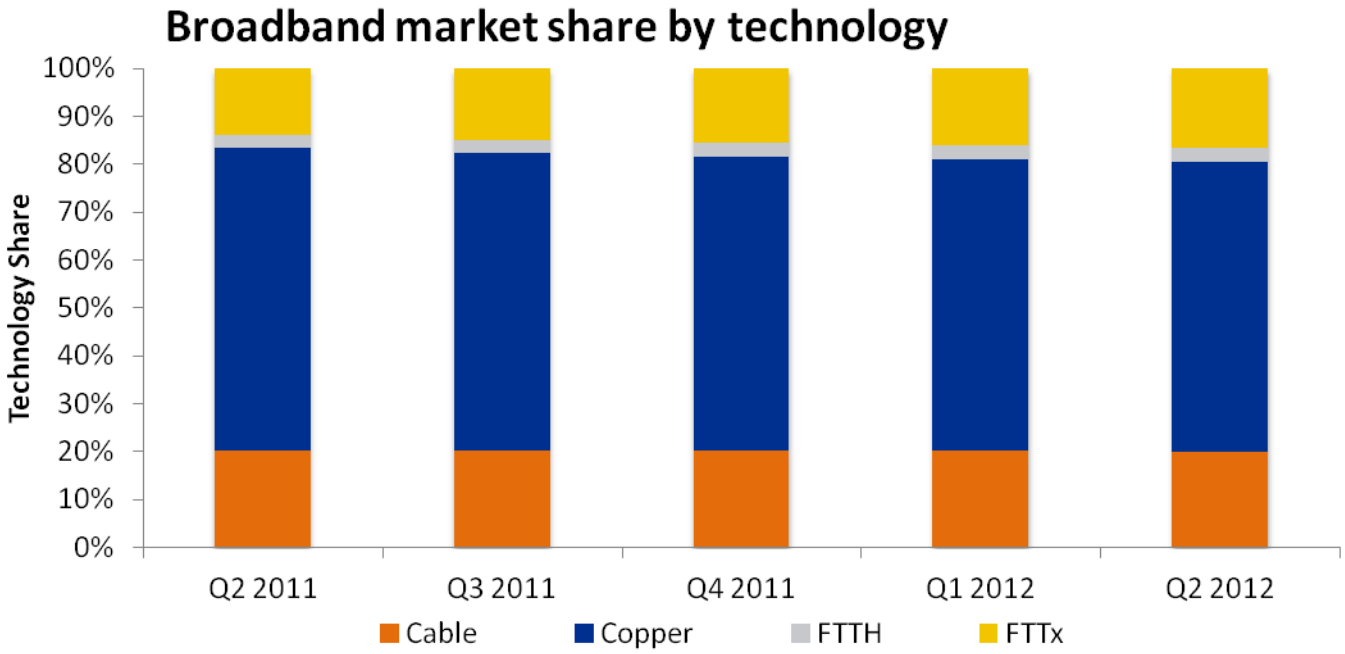


Figure 6: technology market share. Source – Point Topic

Fibre technologies continue to dominate the overall trends in growth, with fibre (FTTH and FTTx) experiencing a growth of 4.5% within the quarter. The overall market share of fibre technologies (FTTH and FTTx) is now 18.8%, and so is comparable to cable at 19.3%. The growth of fibre technologies is however slowing down. Earlier in 2011, quarterly growth for FTTx was 9.0% - compared with 4.5% in this quarter.

Satellite broadband is putting subscribers on at an increasing rate. It is still making inroads into the unserved market and as such has plenty of headroom and less competition that the fixed line areas. This growth reflects consumer desire for a broadband connection, even when traditionally more cost-effective fixed technology connection options aren't available. The launch of Ka band satellites in America and Europe are also making an impact. The step change in bandwidths and costs have moved satellite closer to the market average for consumers, who are voting with their feet.

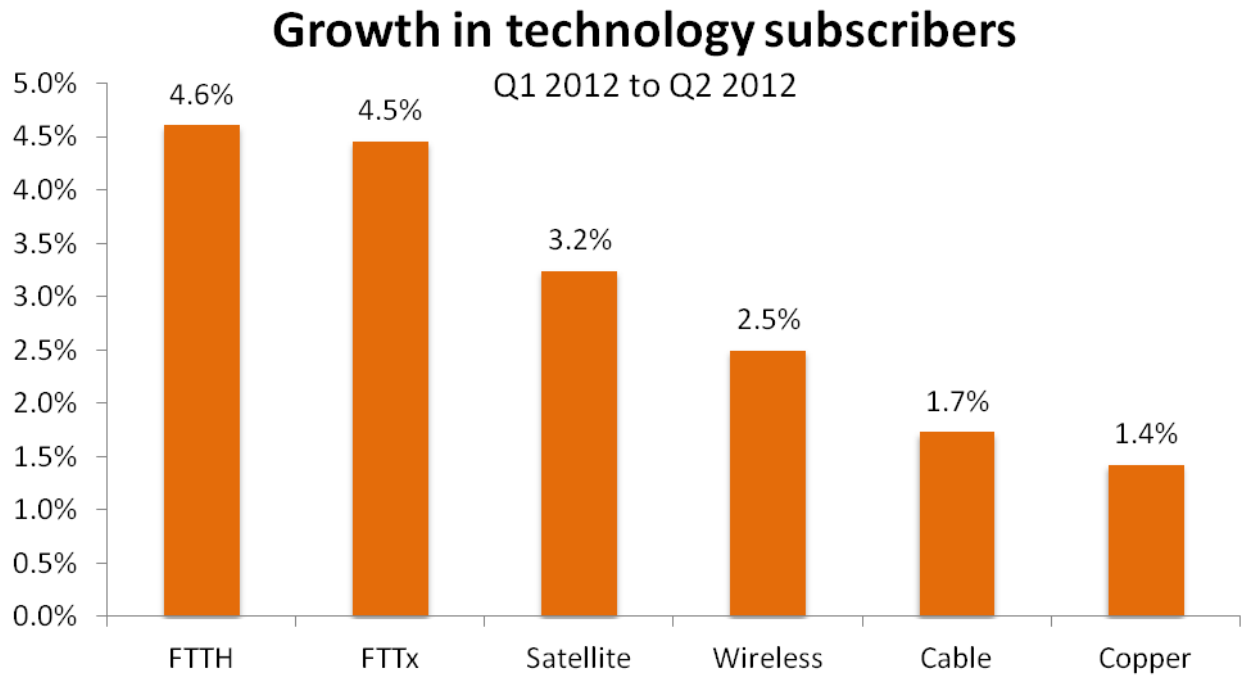


Figure 7: **quarterly growth in technology subscriber numbers**

Regional trends in technology remain. Nearly 50% of the fixed broadband market in the Americas is served by cable. This is also the key market for FTTH technology – although other fibre technologies are yet to make an impact. Asia has the largest market for FTTx technologies, with highest population penetration in Taiwan, Hong Kong and Japan. Oceania (dominated by Australia) has seen little deployment or uptake of fibre services.

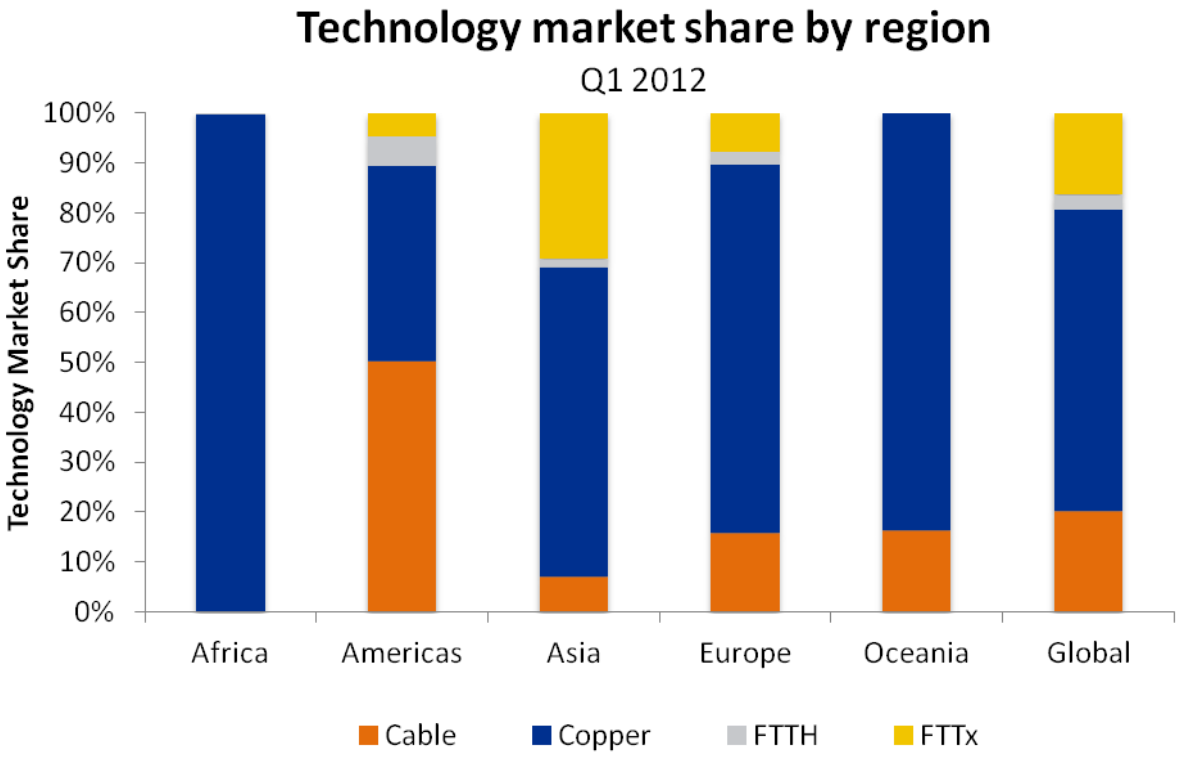


Figure 8: **technology market share by region**

The pay-TV market in the Americas continues to promote cable broadband subscriptions. Whilst FTTH is the dominant fibre technology in this region, Asia and Europe have adopted FTTx as their main fibre technology. The cable market in Asia remains low. Oceania and the main markets of Australia and New Zealand are yet to adopt significant numbers of fibre subscribers.

4 Top broadband countries

4.1 Number of subscribers

The top four broadband countries in terms of number of subscribers have not changed. Russia has now taken over France in terms of total broadband lines and now occupies the fifth spot in the subscriber league table. India has finally overtaken Italy and taken the tenth spot in the table.

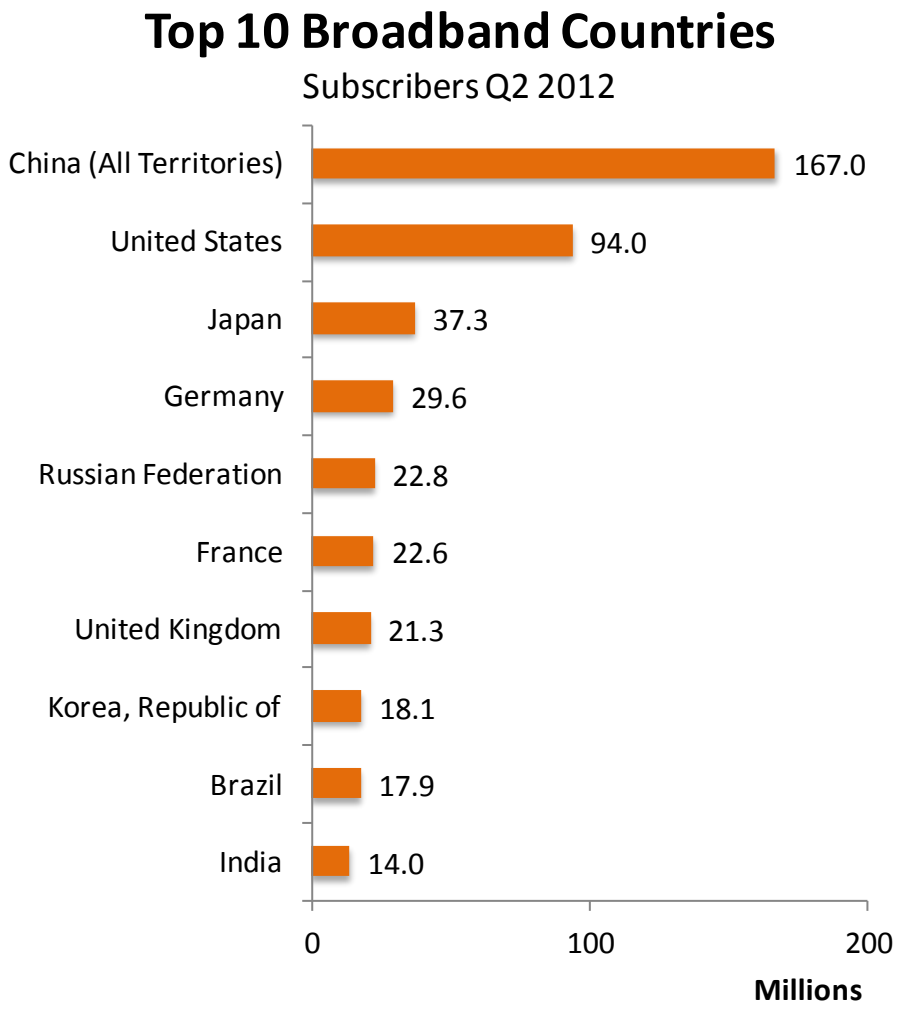


Figure 9: Broadband subscribers in Q2 2012. Source – Point Topic

4.2 Broadband subscribers added

China dominates overall net additions, even though it has reported slower growth figures in this quarter.

The Ukraine and Spain, whilst not having the highest subscriber numbers, posted a large volume of new additions within the quarter.

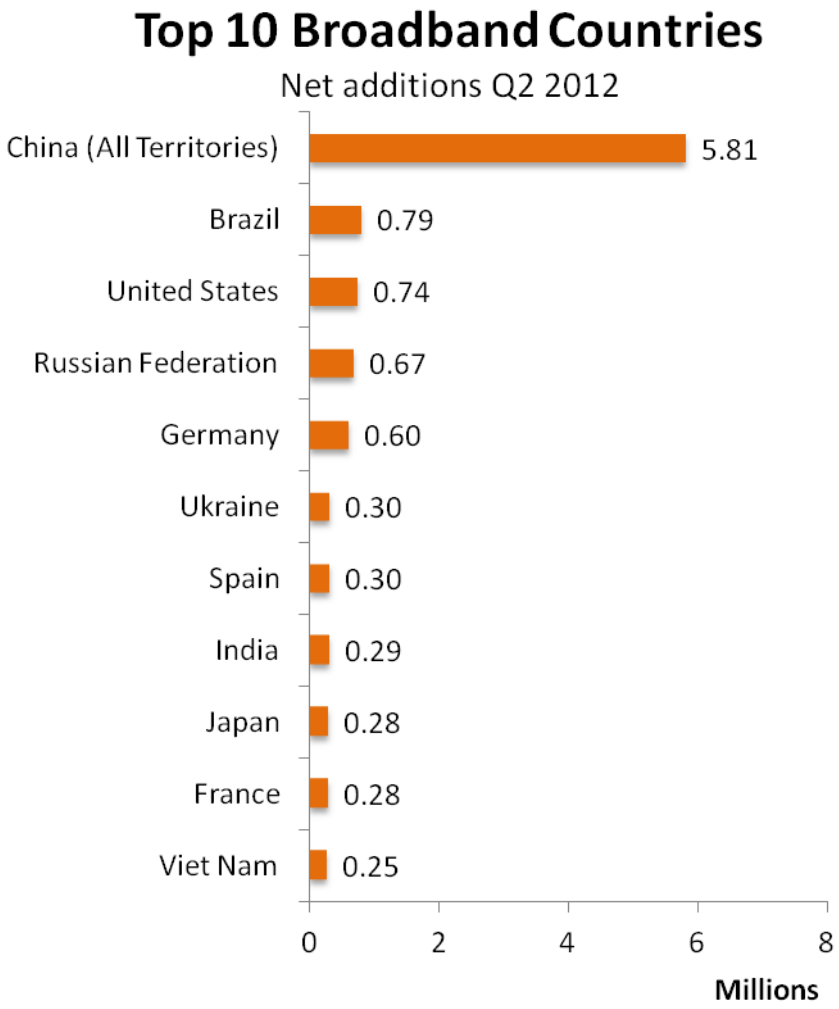


Figure 10: Broadband subscribers added in Q2 2012. Source – Point Topic

4.3 Percentage growth

Four of the top growth markets are within Latin America. These markets have a relatively large middle class and lots of headroom for growth. Deployments are coming on stream as higher speeds are rolled out, and areas that didn't previously have access are now getting good service.

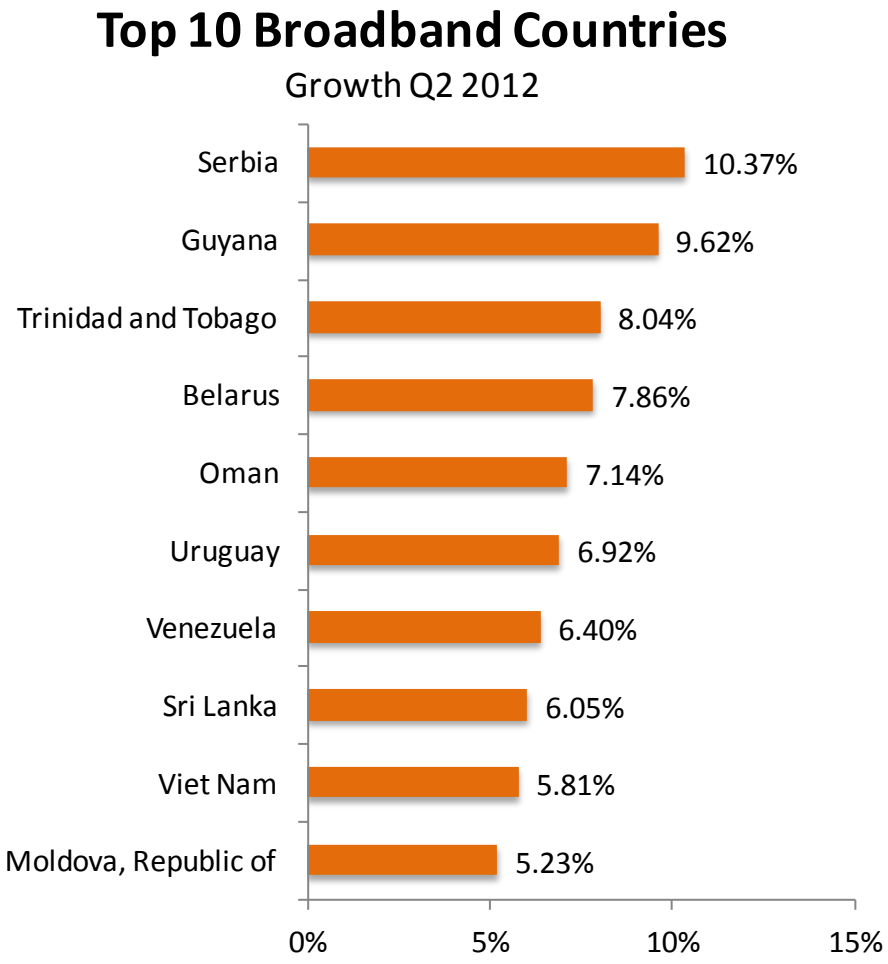


Figure 11: broadband growth between Q1 2012 and Q2 2012. Source – Point Topic

4.4 Population penetration

The top ten countries ranked in terms of population penetration are shown below. We have omitted all countries with populations less than 1 million from these rankings.

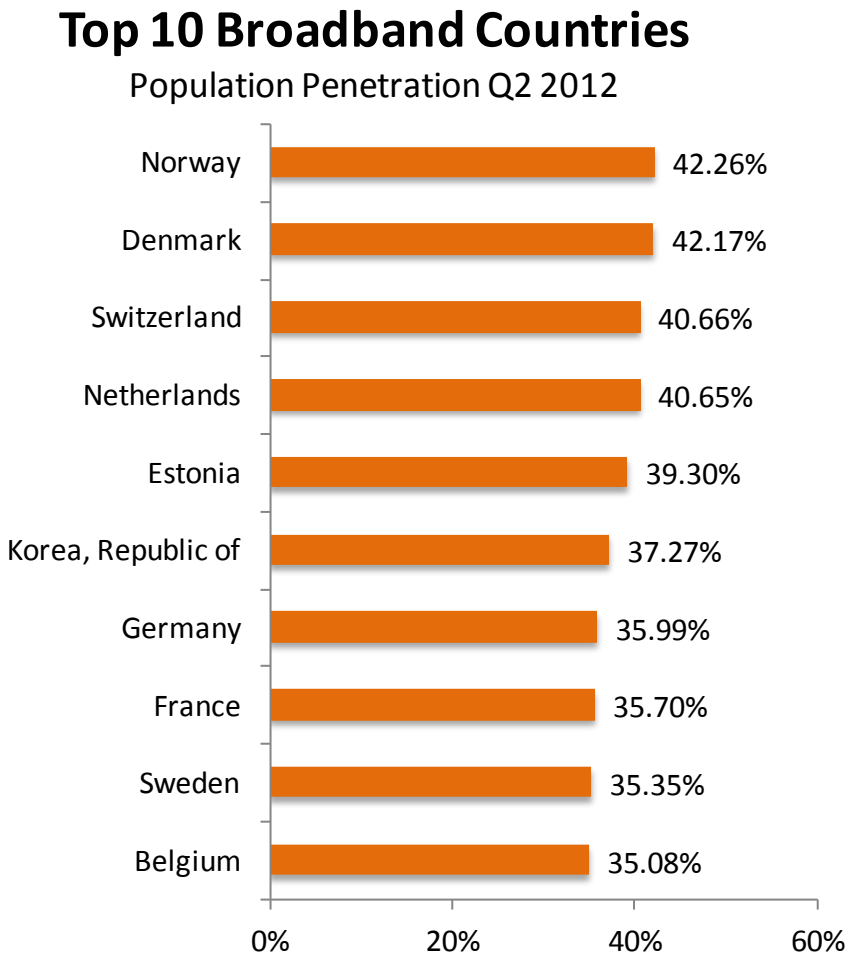


Figure 12: Population penetration in Q2 2012. Source – Point Topic

5 Methodology and supporting material

5.1 Data collection

Point Topic aims to offer the most complete, up-to-date and accurate source for world broadband statistics and estimates. In order to do this, we collect quarterly statistics from major primary suppliers of DSL, cable modems and FTTx services. We also collate data from service providers which resell products provided by these primary suppliers. Many operators now publish quarterly numbers as part of their regular reporting cycle. Numerous others provide us with their numbers via email and personal communication. We are, as always, most grateful to all of them for having taken the time to do so.

Many operators continue to release annual reports as opposed to quarterly ones. Some also choose to aggregate subscriber trends into overall totals, avoiding break-downs by technology. In these cases, Point Topic has continued conservatively estimating broadband take-up. Key sources for such estimated totals typically include prior and partial reports by the operators themselves. National Regulatory Authorities (NRAs) also frequently report DSL and other broadband statistics, although often with a greater time delay. Despite any difficulties that may arise as a consequence of this publication schedule, Point Topic will continue to provide the most up-to-date broadband statistics and estimates in our reports. In cases where these sources are unavailable, DSL and cable vendors often give useful indicators, as do estimates quoted by the trade press. Where we do have secondary estimates, we try as far as is possible to trace these to their original source.

During the research process for the latest quarterly statistics report, we often return to preceding quarters with the aim of synchronising earlier estimates with official sources. Some changes to previously reported numbers were necessary and deviation from earlier reports is also possible. We shall continue to maintain close correspondence with broadband operators, national regulators and industry organisations in order to avoid ambiguities and also so as to minimise the number of restatements. Some of the historical statistics will be different from those published in earlier reports and contained within Excel spreadsheet datasets. Point Topic's Global Broadband Statistics service (GBS) contains the most up-to-date information and we endeavour to continuously update its data entries on an ongoing basis. Generally, precedence should be given to the figures contained within the most recent version of this report and the figures in GBS.

Restatement reports with details on updates made to figures are available on our website. The first in the series of restatement reports relates to our Q3 2011 broadband statistics. Subsequent reports are published on a quarterly basis, to coincide with the release of our broadband numbers.

Data collected for individual operators may be aggregated in GBS in order to derive country and region totals, growth and penetration rates, market shares of operators and net additions. Full details at the operator level are also contained in the GBS service, which is available to Point Topic subscribers.

5.2 Variations in coverage and definitions

In principle, the definition of broadband Internet refers to connections with downstream speeds of no less than 256 Kbps. For DSL statistics, all lines which are described by their suppliers as "DSL" are included. In practice the great majority of these are ADSL, variants such as ADSL2+ or other such versions of ADSL. The main exceptions are:

- VDSL lines, of which Deutsche Telekom is a major reporting supplier
- Symmetrical DSL lines, offered mainly by Competitive Local Exchange Carriers such as Covad in the USA and their counterparts in other countries

Occasionally, there are contradictions between operator and regulator reports. This happens in South Korea, for example, where the operators typically report broadband subscriptions as either DSL or cable modem, whereas the regulator chooses to break this down further into an "apartment LAN" or "A-LAN" category. A-LAN is defined as using a shared fibre or broadband copper connection to the apartment block with Ethernet-based distribution within the apartment block. Operator classifications of these A-LAN subscriptions vary, but they are often included as DSL lines. We have classified all these A-LAN lines as FTTx, although a proportion of them do use copper rather than fibre backhaul.

Other reported statistics may combine broadband lines of different technology types. If a number is an aggregate of major broadband types, such as DSL and cable modem, we generally break up such an aggregate and state take-up for each category separately in GBS. In cases where there is only a marginal proportion using a different technology, the aggregate is kept and assigned to the larger group. These cases are usually noted with a comment in the source 'Notes' of (GBS v2).

In this quarter, we changed our regional definitions to reflect the UN standard regional structures. This has had the most noticeable impact on our reporting in Europe. We previously reported trends in Eastern and Western Europe only. We now report the UN definition of Eastern and Western Europe, and classify Northern and Southern Europe as 'Other Europe'.

If you believe there are any errors and omissions please notify us by sending an email to info@point-topic.com