

ICMR 2011 price benchmarking slides

September 2011

Figure 2.1

Summary of baskets used in the analysis

	'Typical household type'	Fixed voice	Mobile voice	Mobile messaging	Fixed line broadband	Mobile broadband	Television
1	A low use household with basic needs	Low	Low	n/a	n/a	n/a	Basic
2	A broadband household with basic needs	Medium	Low	Low	Low	n/a	Basic
3	A mobile 'power user'	n/a	High	High	n/a	High	Pay-TV
4	A family household with multiple needs	High	Medium	High	Medium	n/a	Pay-TV
5	An affluent two person household	Low	High	Medium	High	Medium	HD premium pay-TV

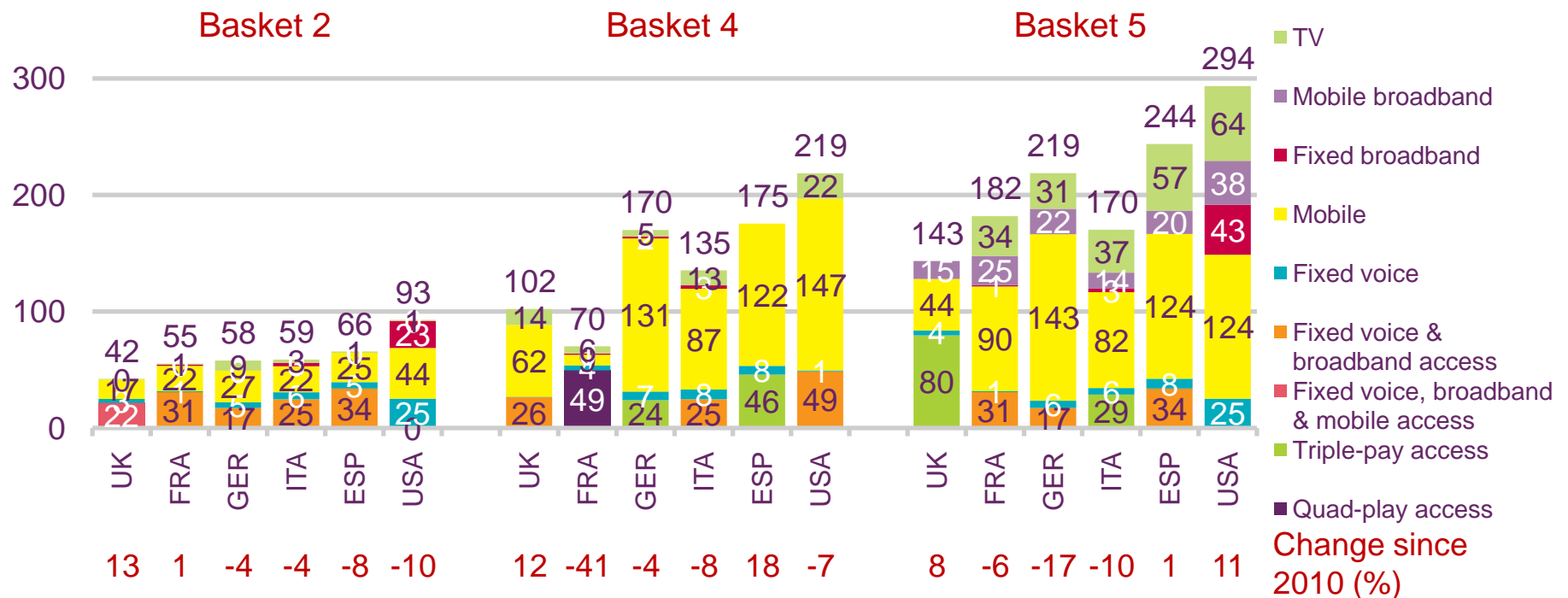
Source: Ofcom

Figure 2.2



Best prices available for baskets with a fixed broadband connection, including multi-play offers

Monthly cost (£)



Source: Ofcom, using data supplied by Teligen

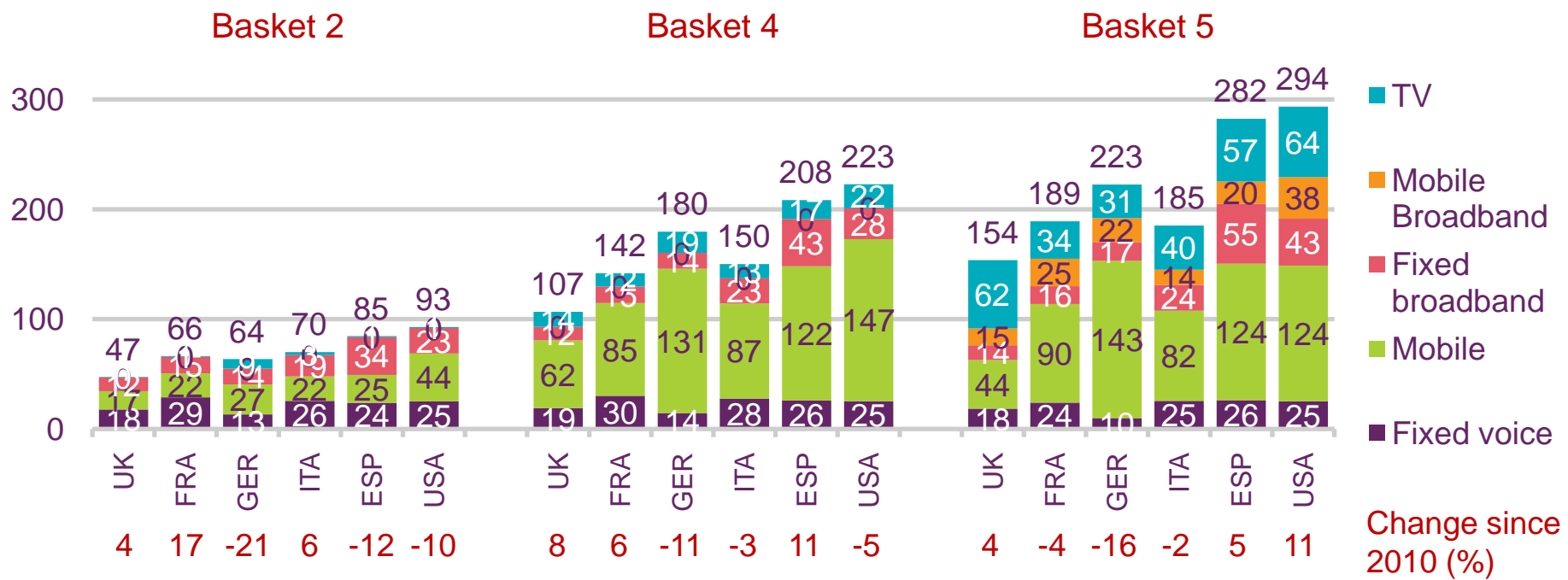
Note: Lowest tariffs available including multi-play from any of the three largest operators by market share for each service in each country, July 2010 and July 2011; PPP adjusted; TV excludes licence fee; where a service is included in a bundle any additional usage charges are recorded separately against the relevant service

Figure 2.3



Best stand-alone service prices available for baskets with a fixed broadband connection

Monthly cost (£)



Source: Ofcom, using data supplied by Teligen

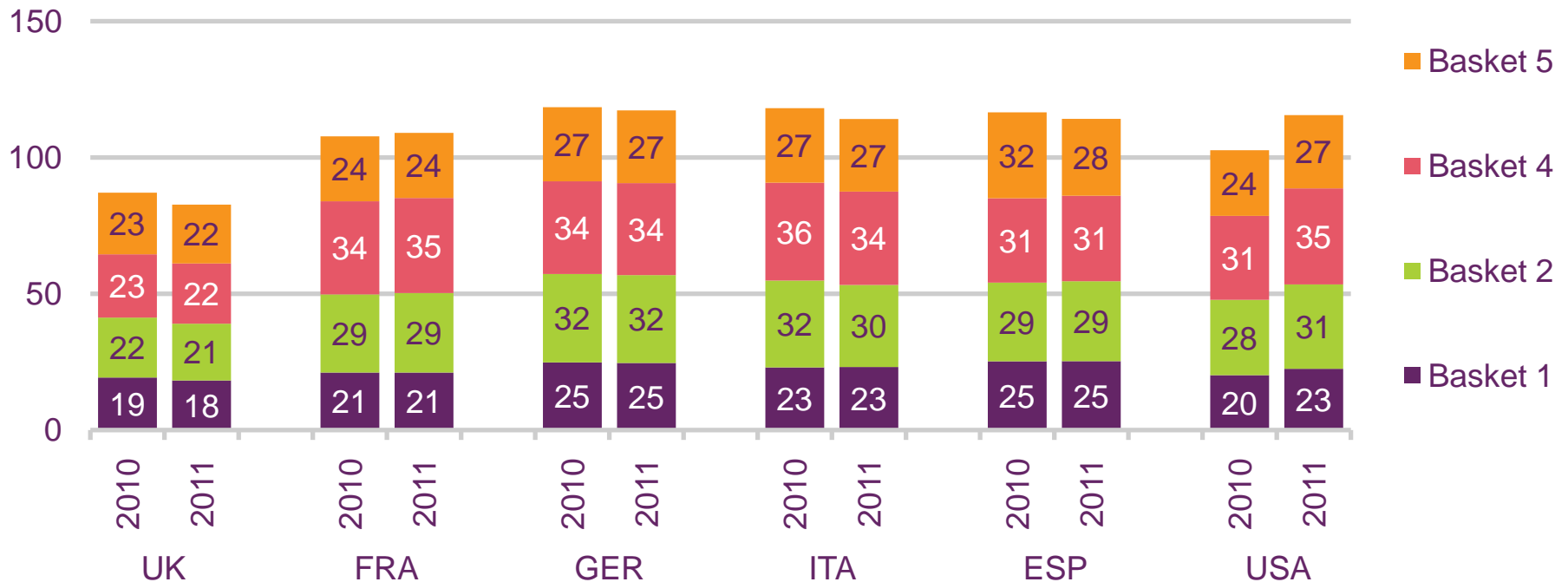
Note: Lowest tariff available from any of the three largest operators by market share for each service in each country, July 2010 and July 2011; PPP adjusted; TV excludes licence fee; where a service is included in a bundle any additional usage charges are recorded separately against the relevant service

Figure 2.4



Comparative single service 'weighted average' fixed-line voice pricing

Monthly cost (£)



Source: Ofcom, using data supplied by Teligen

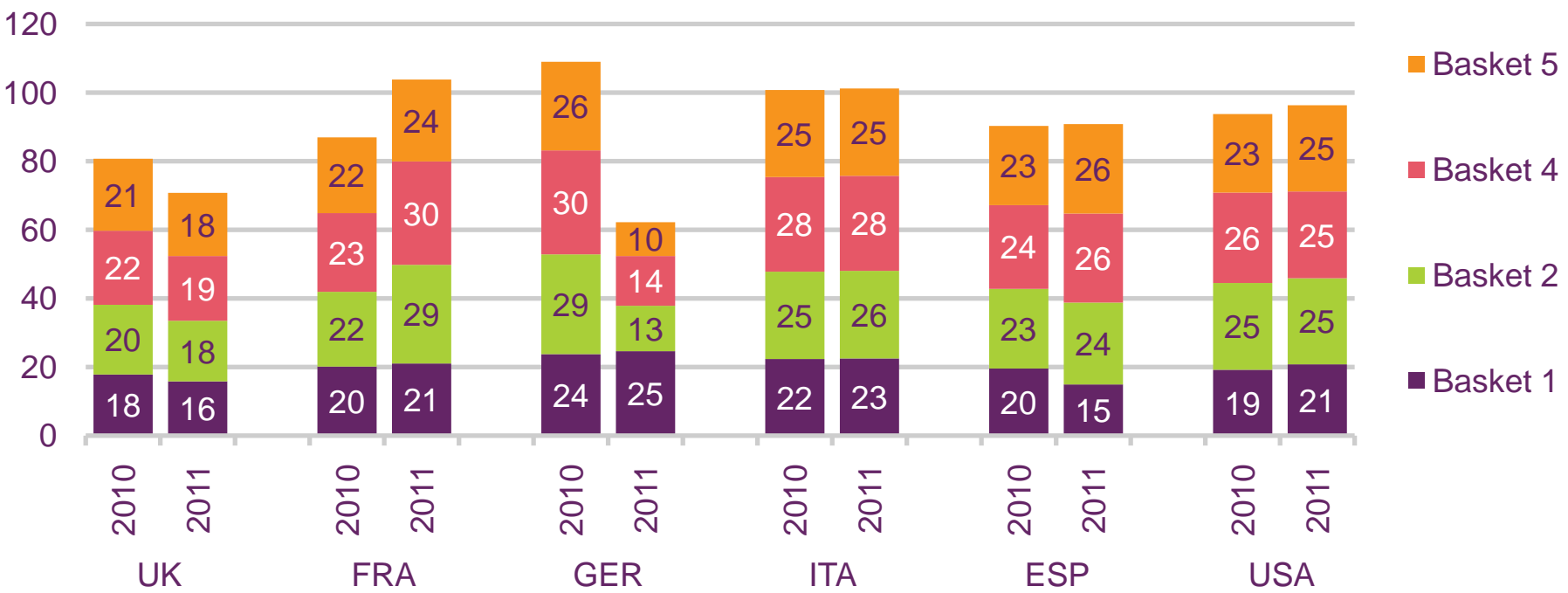
Note: Weighted average of best-value tariff from each of the three largest operators by market share in each country; July 2010 and July 2011; PPP adjusted

Figure 2.5



Comparative single service 'best offer' fixed-line voice pricing

Monthly cost (£)



Source: Ofcom, using data supplied by Teligen

Note: Lowest tariff available for the fixed-line voice component of each basket from any of the three largest operators by market share in each country, July 2010 and July 2011; PPP adjusted.

Figure 2.6



Summary of mobile connections used in the analysis

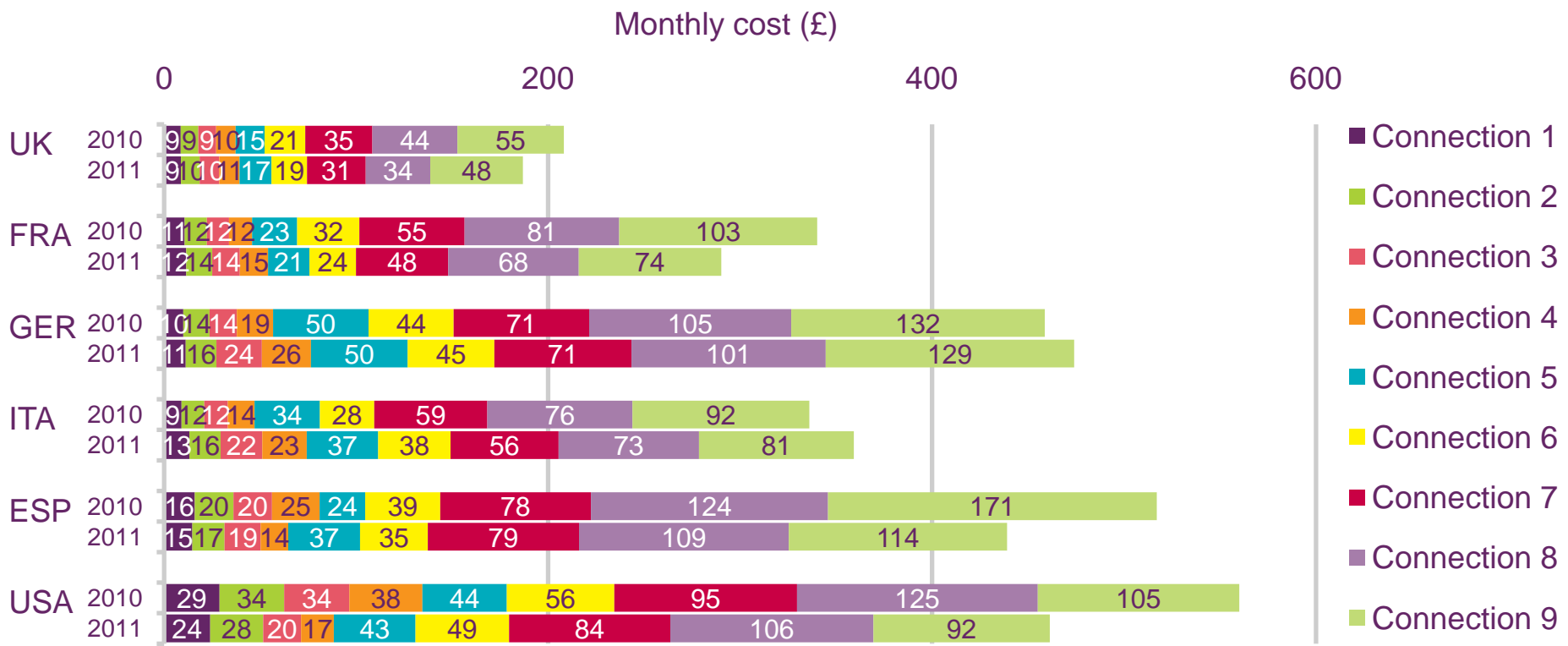
	Basket	Handset type	Outbound voice minutes per month	Outbound SMS per month	Data use per month
Connection 1	Household 1 handsets 1 & 2	Basic	55	n/a	n/a
Connection 2	Household 2 handsets 1 & 2	Basic	55	30	n/a
Connection 3	Household 4 handset 4	Basic	55	65	n/a
Connection 4	Household 4 handset 3	Basic	55	70	n/a
Connection 5	Household 4 handset 2	Intermediate	169	160	n/a
Connection 6	Household 5 handset 2	Intermediate	188	20	100MB
Connection 7	Household 4 handset 1	Advanced	280	30	300MB
Connection 8	Household 5 handset 1	Advanced	376	80	300MB
Connection 9	Household 3 handset 1	Advanced	516	150	1GB

Source: Ofcom

Figure 2.7



Comparative single service 'weighted average' mobile pricing



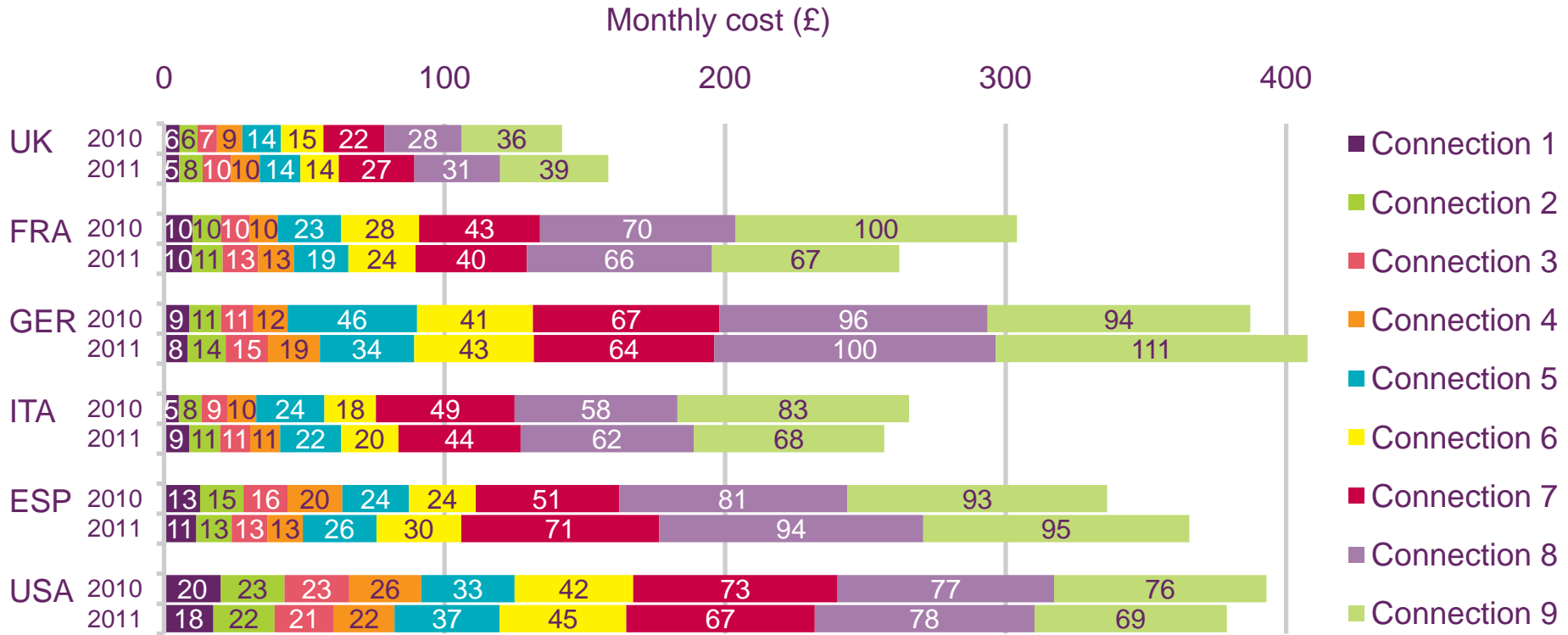
Source: Ofcom, using data supplied by Teligen

Note: Weighted average of best-value tariff from each of the three largest operators by market share in each country; July 2010 and July 2011; PPP adjusted

Figure 2.8



Comparative single service 'best offer' mobile pricing



Source: Ofcom, using data supplied by Teligen

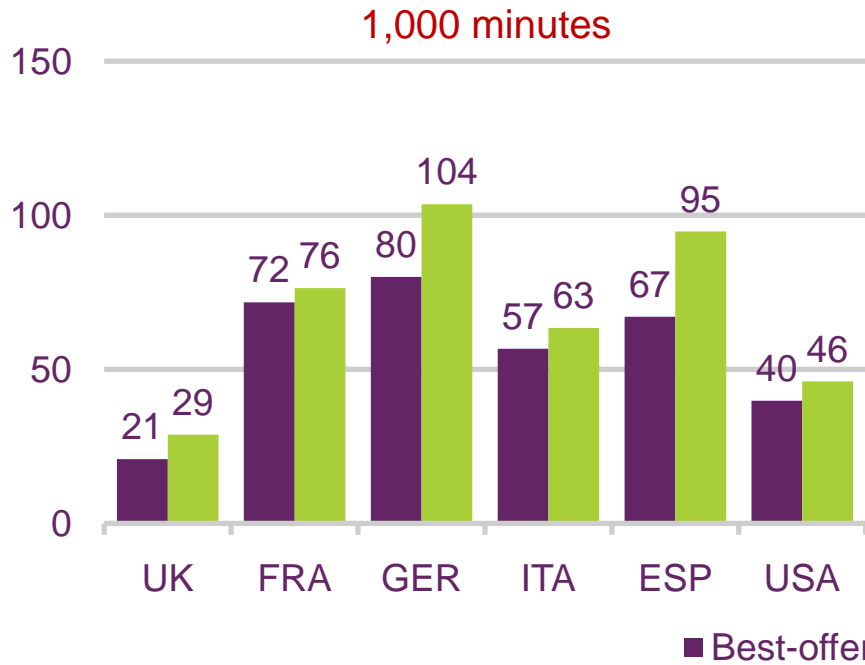
Note: Lowest tariff available for the mobile phone component of each basket from any of the three largest operators by market share in each country, July 2010 and July 2011; PPP adjusted.

Figure 2.9

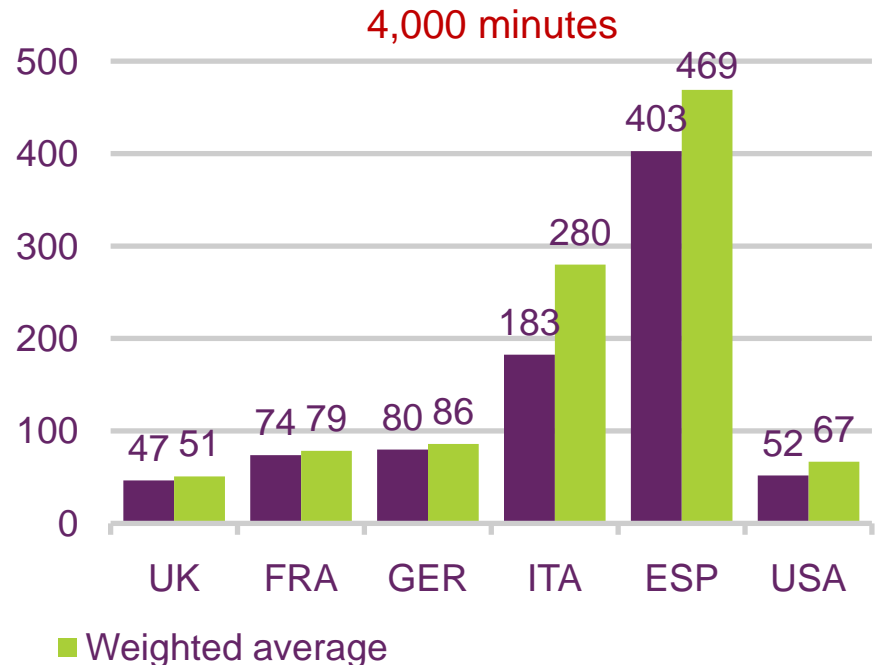


Comparative pricing for mobile tariffs with 1,000 minutes and 4,000 minutes, July 2011

Monthly cost (£)



Monthly cost (£)



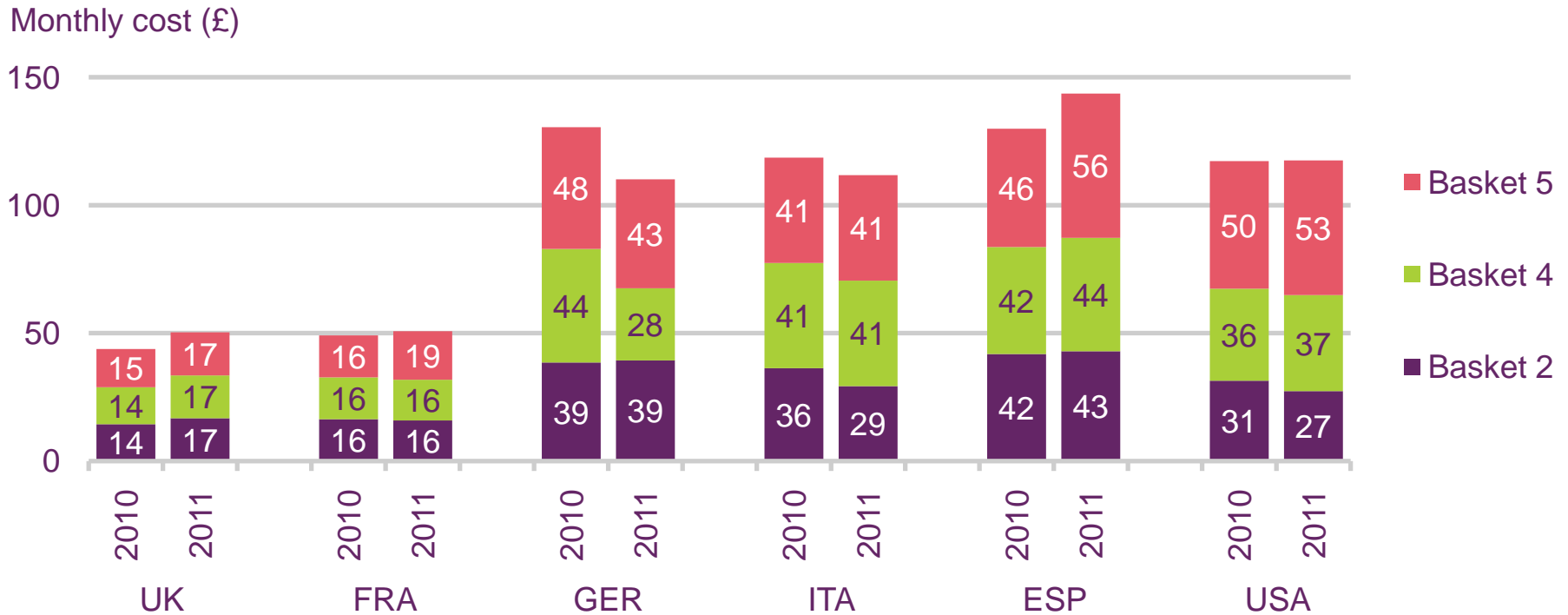
Source: Ofcom, using data supplied by Teligen

Notes: Includes 1,000/4,000 inbound and 1,000/4,000 outbound minutes and a premium handset; Call split = 17% to fixed-line local, 9% to fixed-line national, 37% to on-net mobile, 37% to off-net mobile, 0% to international; 60% weekday daytime; 19% weekday evening; 21% weekend; calculated from the lowest tariff available for the mobile phone component of each basket from any of the three largest operators by market share in each country, July 2010; PPP adjusted

Figure 2.10



Comparative single service 'weighted average' fixed-line broadband pricing



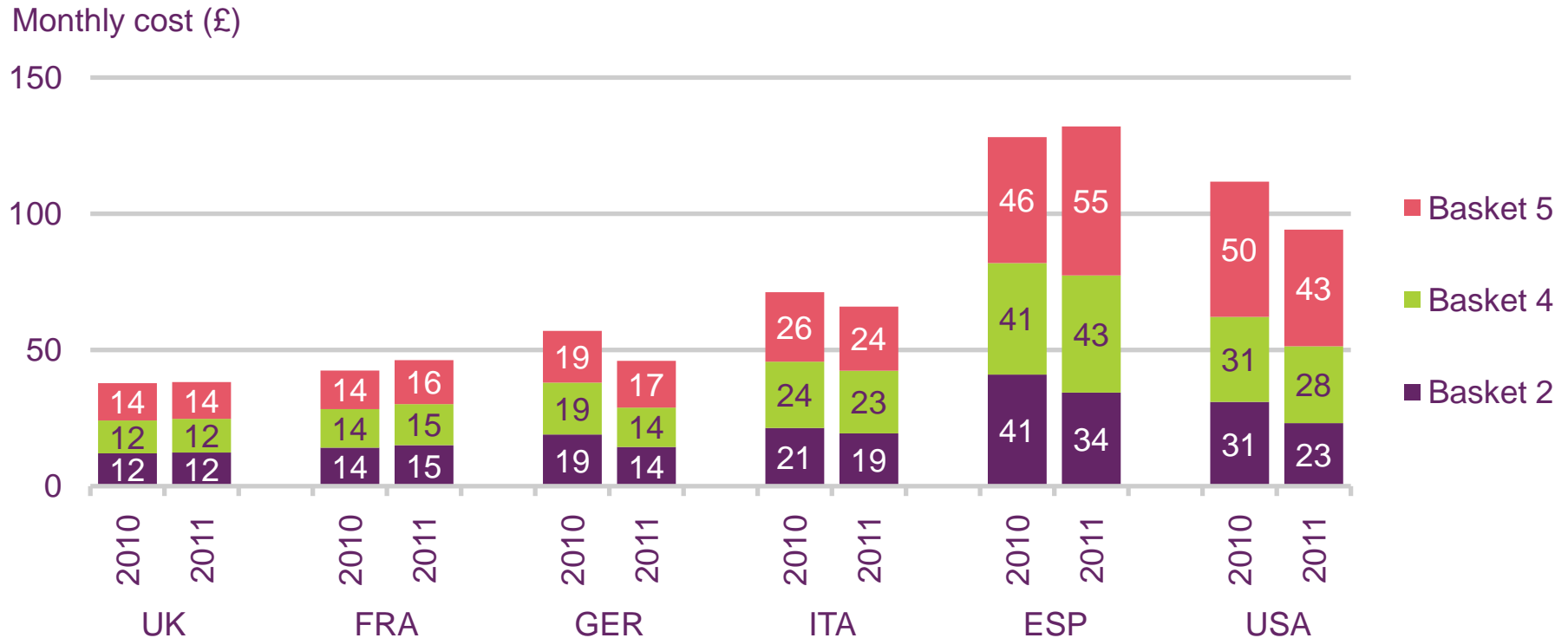
Source: Ofcom, using data supplied by Teligen

Note: Weighted average of best-value tariff from each of the three largest operators by market share in each country; July 2010 and July 2011; PPP adjusted

Figure 2.11



Comparative single service 'best offer' fixed-line broadband pricing



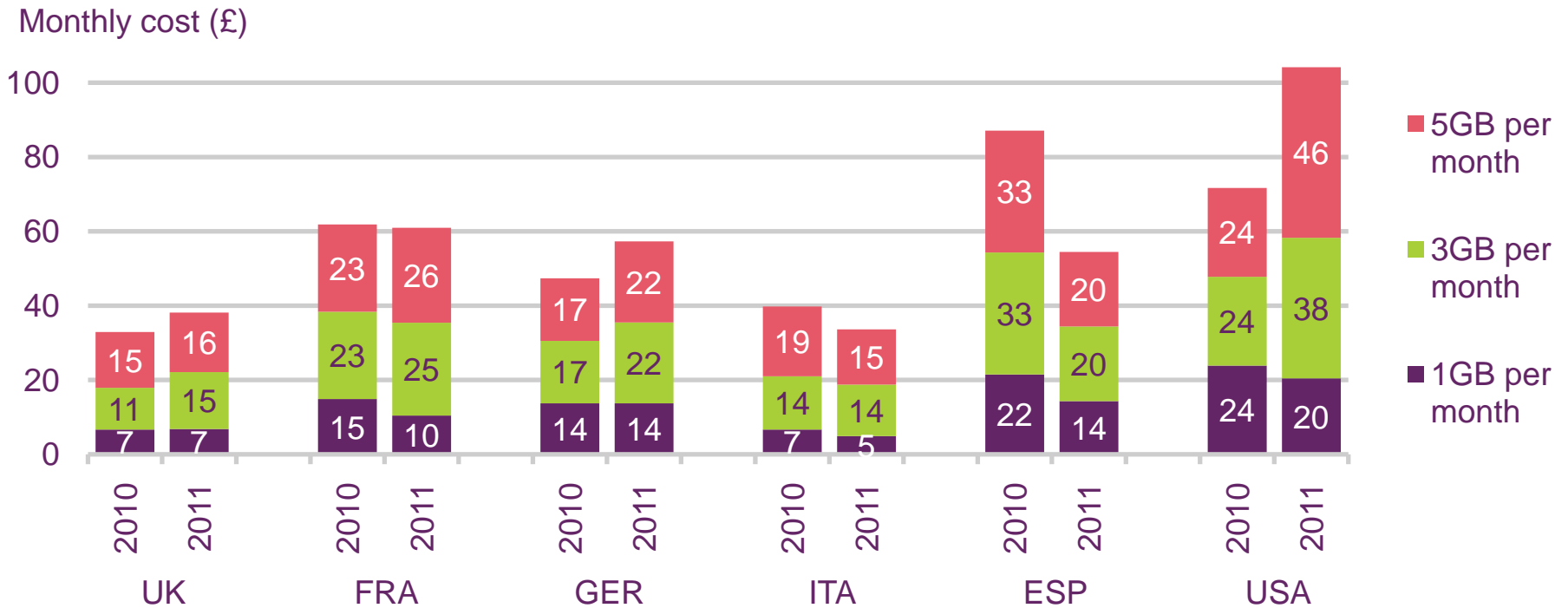
Source: Ofcom, using data supplied by Teligen

Note: Lowest tariff available for the mobile phone component of each basket from any of the three largest operators by market share in each country, July 2010 and July 2011; PPP adjusted

Figure 2.12



Comparative single service 'best offer' mobile broadband pricing



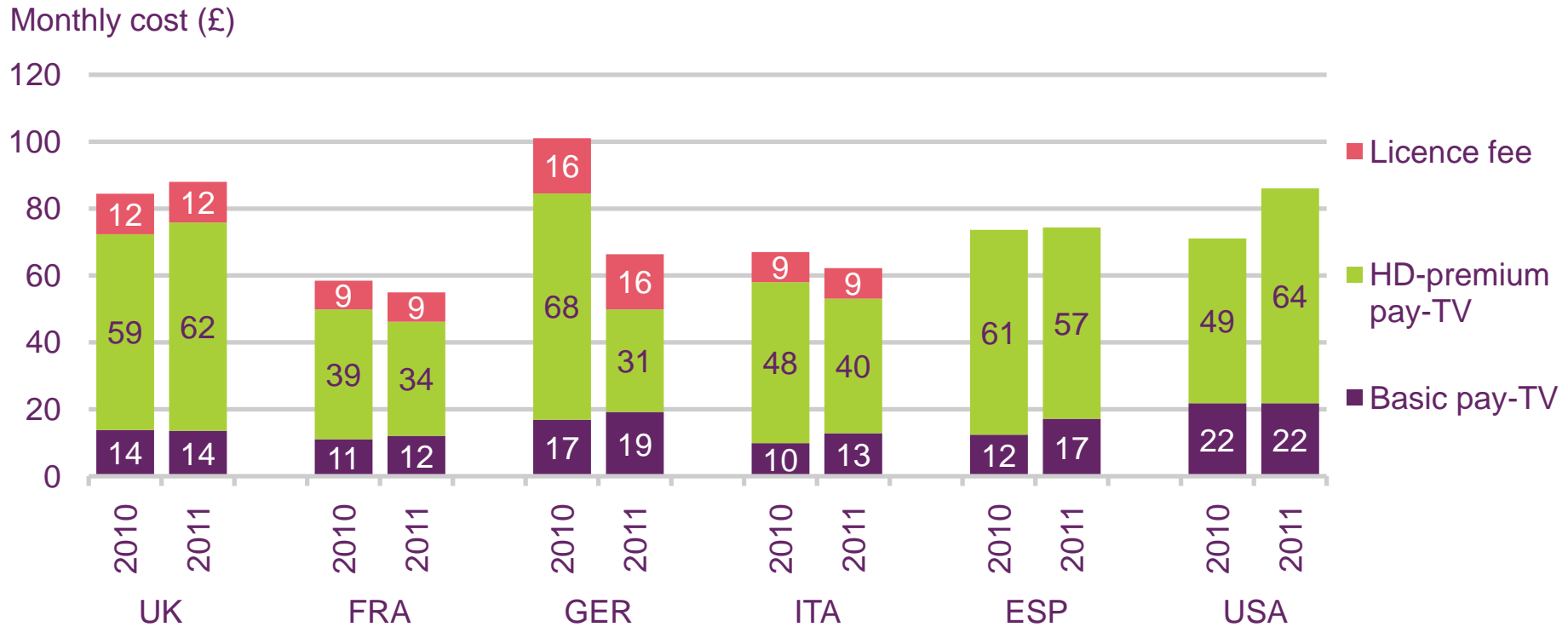
Source: Ofcom, using data supplied by Teligen

Note: Weighted average of best-value tariff from each of the three largest operators by market share in each country, July 2010 and July 2011; PPP adjusted

Figure 2.13



Comparative single service TV pricing



Source: Ofcom, using data supplied by Teligen

Note: Basic pay-TV is defined as the minimum price required to purchase a pay-TV packages which includes channels not available over free-to-air TV; Premium TV is defined as the best package of top-league football (NFL in the US and first run films from major Hollywood studios); lowest tariff available for the pay-TV component of each basket from any of the three largest operators by market share in each country, July 2010 and July 2011; PPP adjusted.

Figure 2.14



Composition of Basket 1

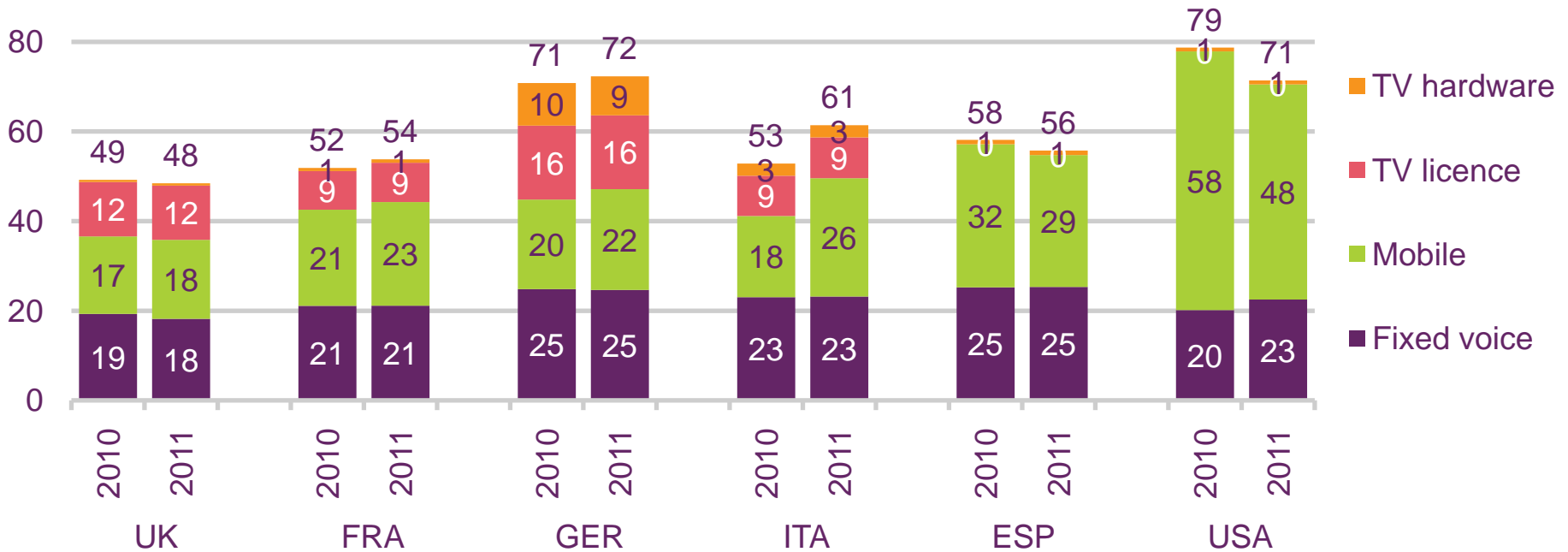
Fixed-line voice	Fixed broadband	Mobile	Mobile broadband	Television
223 call minutes	n/a	Connection 1 55 call minutes Connection 2 55 call minutes	n/a	Free-to-air

Source: Ofcom

Figure 2.15

Basket 1: 'weighted average' single-service pricing

Monthly cost (£)

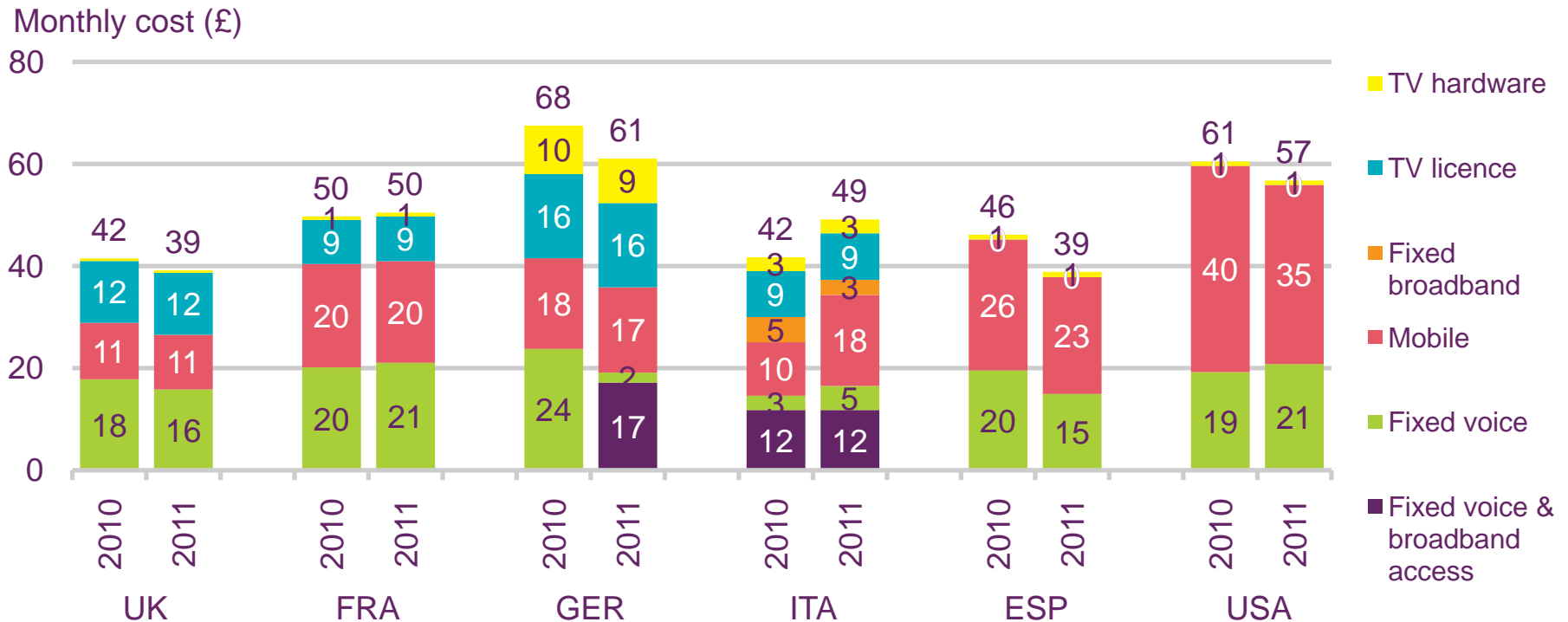


Source: Ofcom, using data supplied by Teligen

Figure 2.16



Basket 1: comparative 'best offer' pricing



Source: Ofcom using data supplied by Teligen

Note: Lowest tariff available for each service type from any of the largest operators by market share in each country, July 2010 and July 2011; PPP adjusted; where a service is included in a bundle any additional usage charges are recorded separately against the relevant service

Figure 2.17



Composition of Basket 2

Fixed-line voice	Fixed broadband	Mobile	Mobile broadband	Television
428 call minutes	0.5GB per month, minimum 4Mbit/s connection	Connection 1 55 call minutes 30 SMS Connection 2 55 call minutes 30 SMS	n/a	Free-to-air

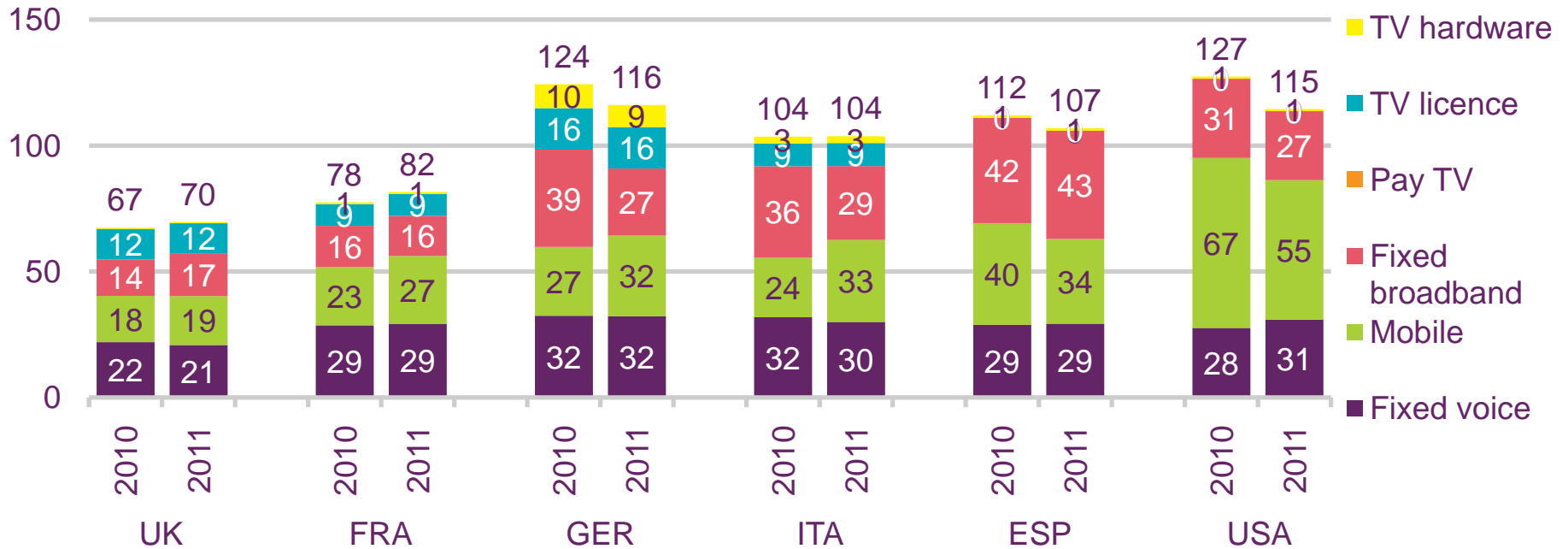
Source: Ofcom

Figure 2.18



Basket 2: 'weighted average' single-service pricing

Monthly cost (£)

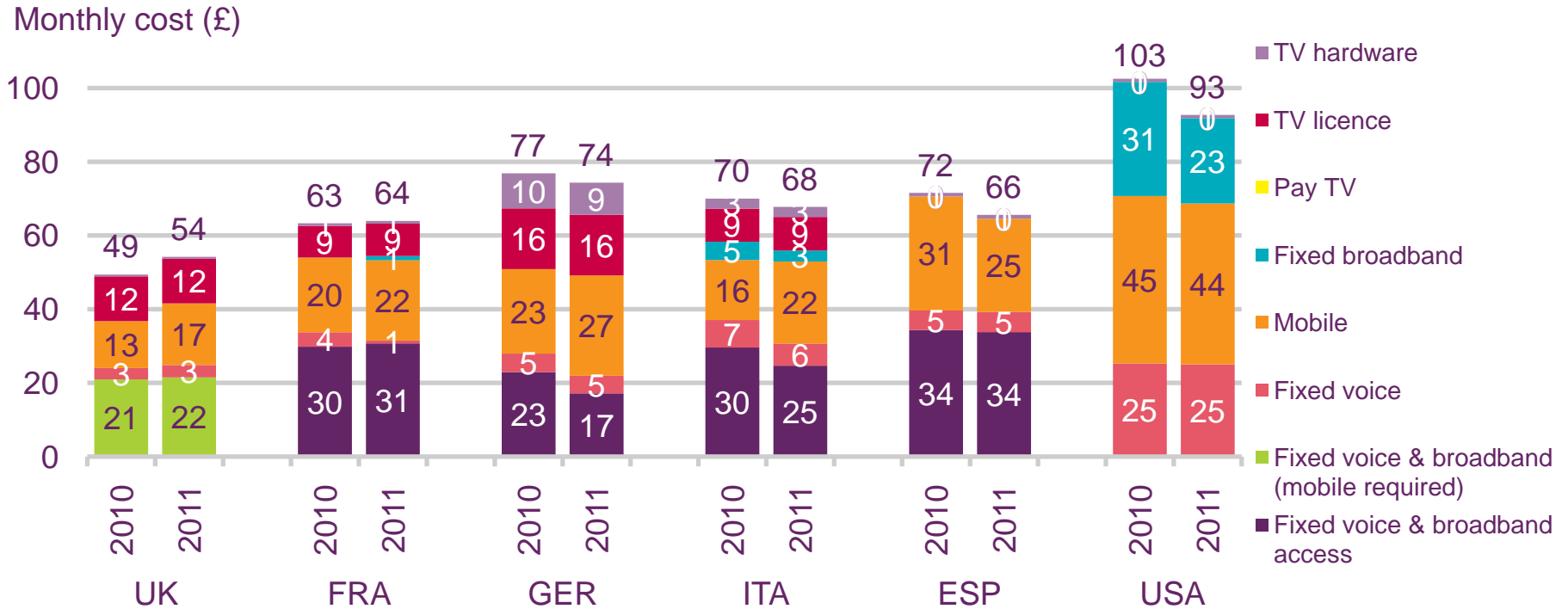


Source: Ofcom, using data supplied by Teligen

Figure 2.19



Basket 2: comparative 'best offer' pricing



Source: Ofcom using data supplied by Teligen

Note: Lowest tariff available for each service type from any of the largest operators by market share in each country, July 2010 and July 2011; PPP adjusted; where a service is included in a bundle any additional usage charges are recorded separately against the relevant service

Figure 2.20

Composition of Basket 3

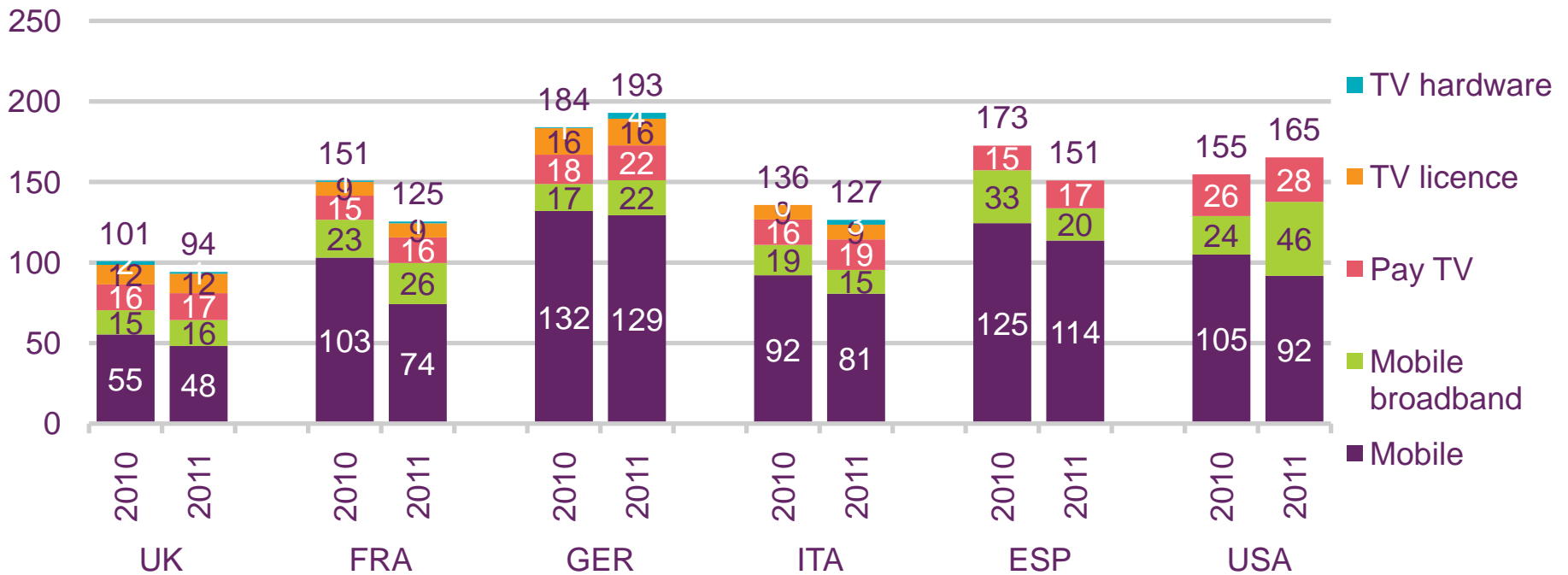
Fixed-line voice	Fixed broadband	Mobile	Mobile broadband	Television
n/a	n/a	516 call minutes 150 SMS 1GB data	5GB over 30 days per month	Basic pay-TV

Source: Ofcom

Figure 2.21

Basket 3: 'weighted average' single-service pricing

Monthly cost (£)



Source: Ofcom, using data supplied by Teligen

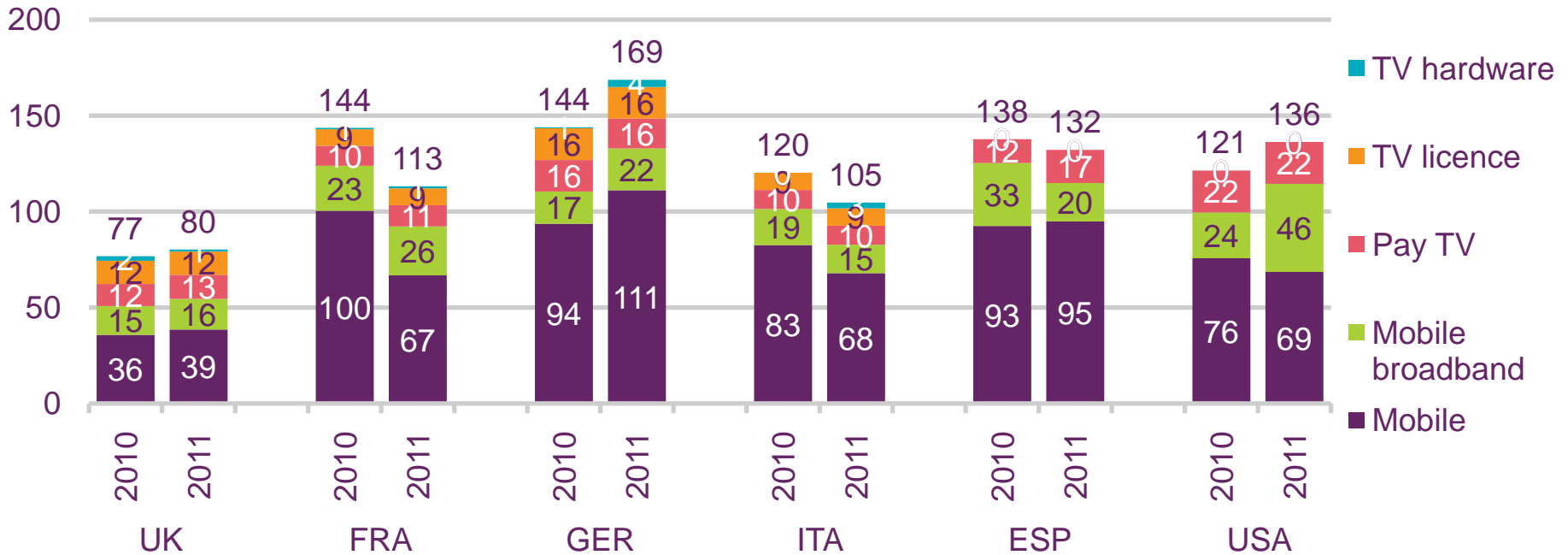
Note: The figure for mobile broadband is the best-offer single service cost

Figure 2.22



Basket 3: comparative 'best offer' pricing

Monthly cost (£)



Source: Ofcom using data supplied by Teligen

Note: Lowest tariff available for each service type from any of the largest operators by market share in each country, July 2010 and July 2011; PPP adjusted; where a service is included in a bundle any additional usage charges are recorded separately against the relevant service

Figure 2.23



Composition of Basket 4

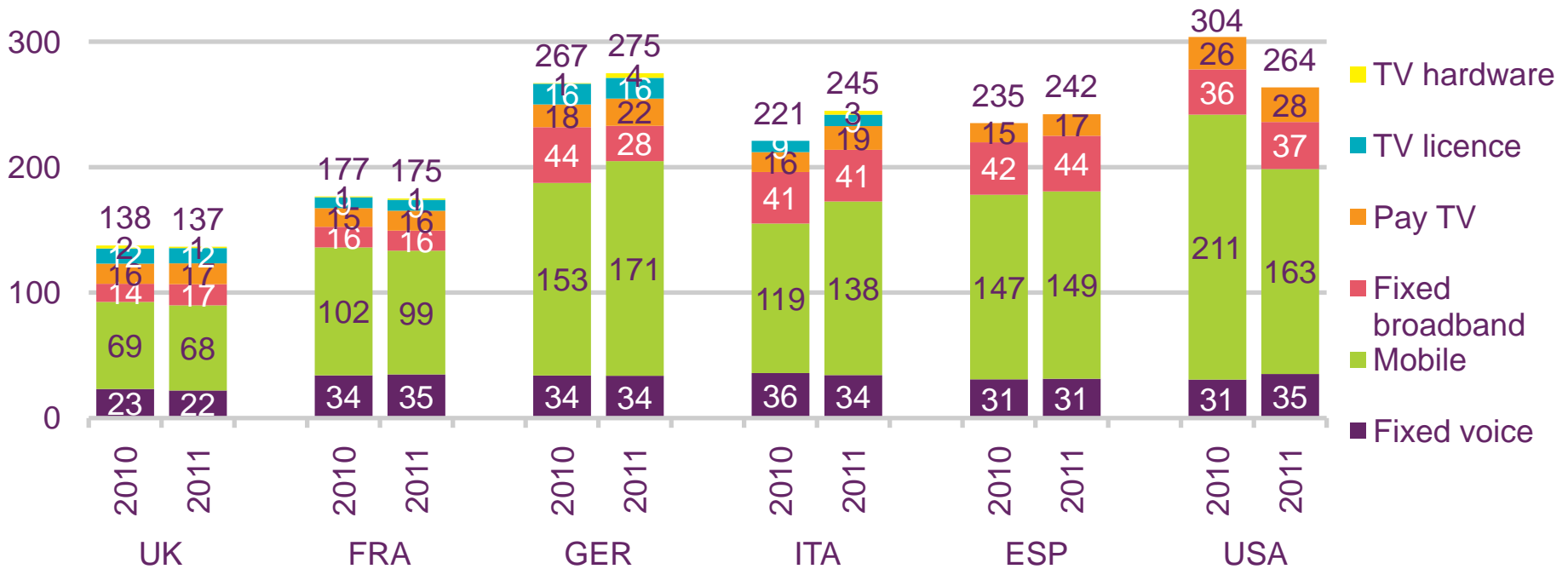
Fixed-line voice	Fixed broadband	Mobile	Mobile broadband	Television
593 call minutes	5GB per month, minimum 8Mbit/s connection	Connection 1 280 call minutes 30 SMS 300MB data Connection 2 169 call minutes 160 SMS Connection 3 55 call minutes 70 SMS Connection 2 55 call minutes 65 SMS	n/a,	Basic pay-TV

Source: Ofcom

Figure 2.24

Basket 4: 'weighted average' single-service pricing

Monthly cost (£)

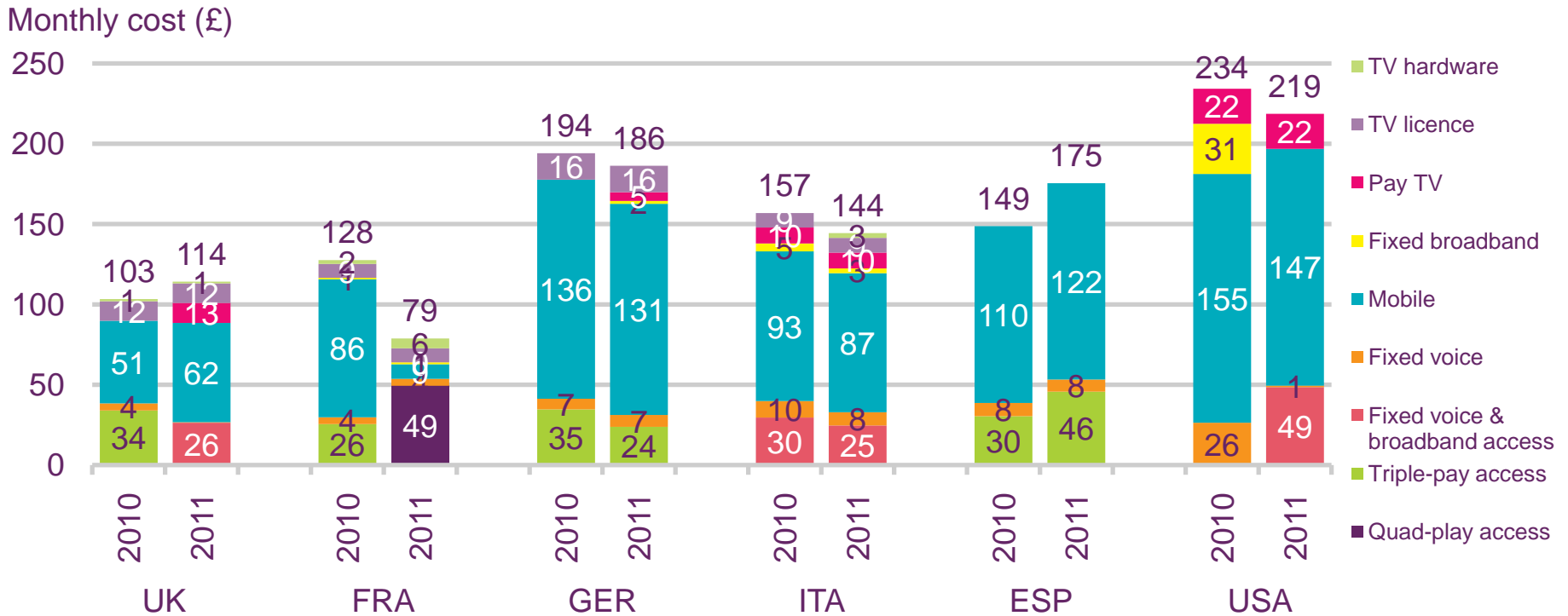


Source: Ofcom, using data supplied by Teligen

Figure 2.25



Basket 4: comparative 'best offer' pricing



Source: Ofcom using data supplied by Teligen

Note: Lowest tariff available for each service type from any of the largest operators by market share in each country, July 2010 and July 2011; PPP adjusted; where a service is included in a bundle any additional usage charges are recorded separately against the relevant service

Figure 2.26



Composition of Basket 5

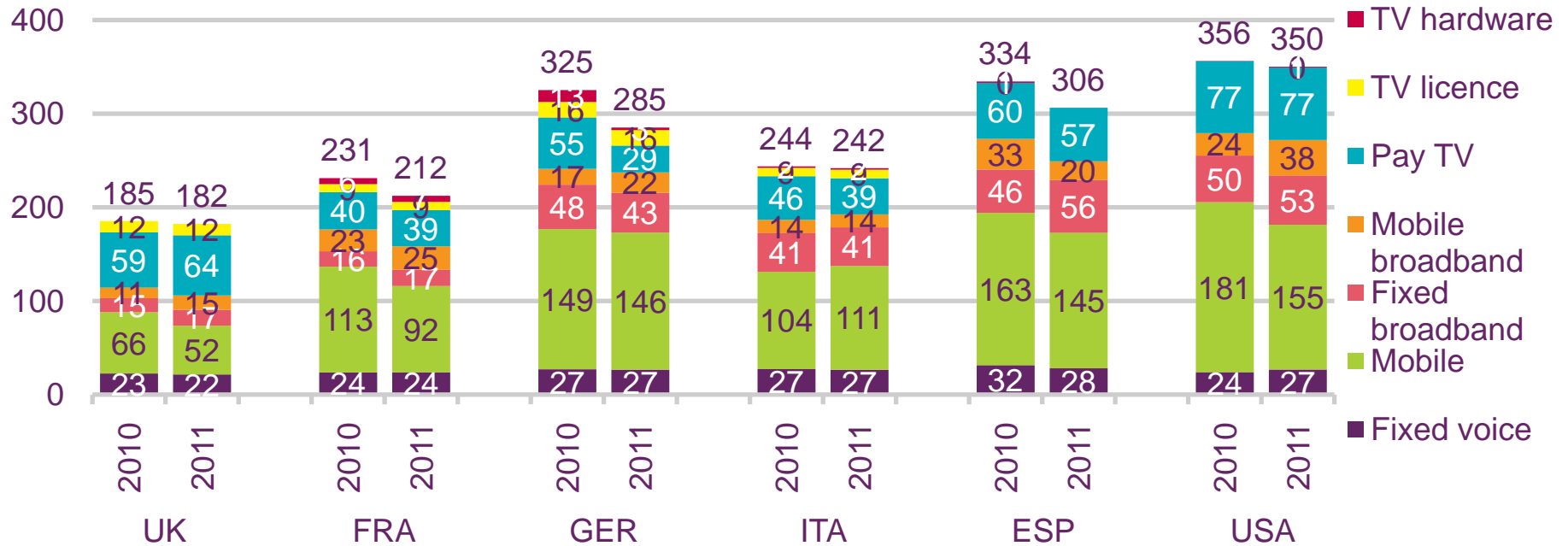
Fixed-line voice	Fixed broadband	Mobile	Mobile broadband	Television
246 call minutes	5GB per month minimum 16Mbit/s connection	Connection 1 376 call minutes 80 SMS 300MB data Connection 2 188 call minutes 20 SMS 100MB data	3GB over 25 days per month	HD pay-TV with recorder, movies and football

Source: Ofcom

Figure 2.27

Basket 5: 'weighted average' single-service pricing

Monthly cost (£)



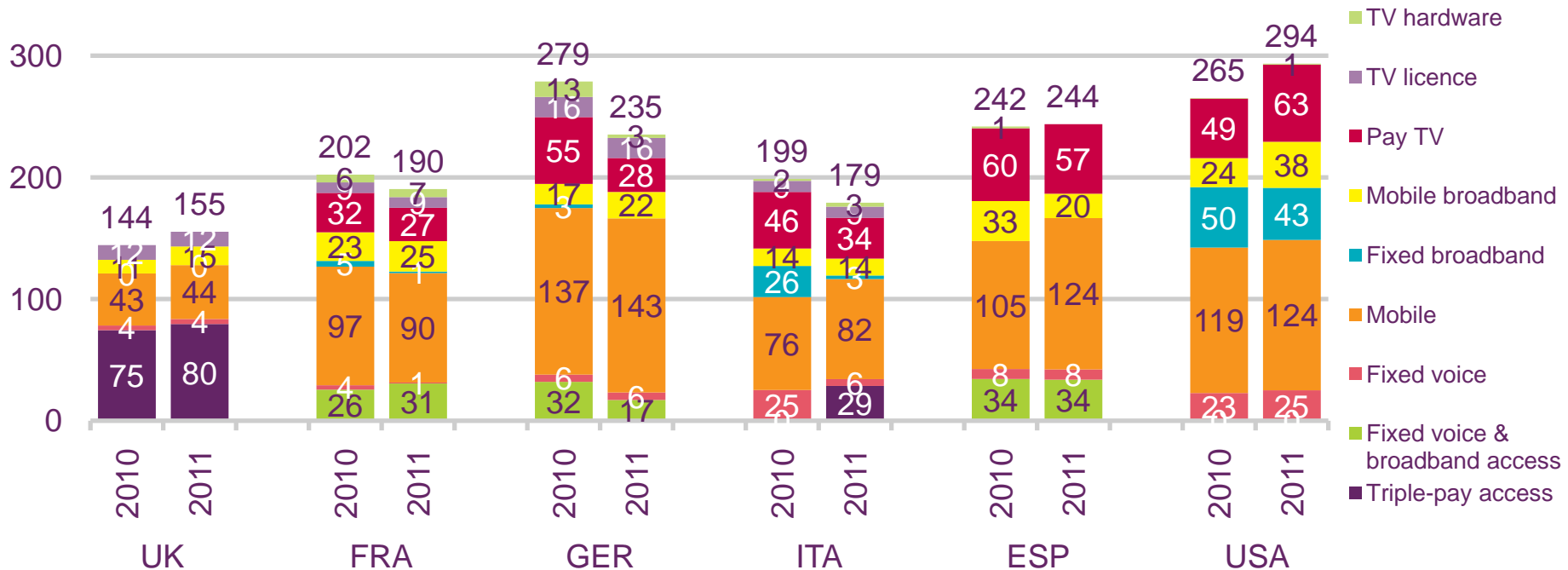
Source: Ofcom, using data supplied by Teligen

Figure 2.28



Basket 5: comparative 'best offer' pricing

Monthly cost (£)



Source: Ofcom using data supplied by Teligen

Note: Lowest tariff available for each service type from any of the largest operators by market share in each country, July 2010 and July 2011; PPP adjusted; where a service is included in a bundle any additional usage charges are recorded separately against the relevant service

Figure 2.29



Summary of ‘weighted average’ and ‘best offer’ basket pricing, including the TV licence fee

‘Weighted average’ single service pricing (£ per month)				‘Best offer’ pricing including multi-play (£ per month)			
Basket 1	1	UK	48	1	ESP	39	
	2	FRA	54	2	UK	39	
	3	ESP	56	3	ITA	49	
	4	ITA	61	4	FRA	50	
	5	USA	71	5	USA	57	
	6	GER	72	6	GER	61	
Basket 2	1	UK	70	1	UK	54	
	2	FRA	82	2	FRA	64	
	3	ITA	104	3	ESP	66	
	4	ESP	107	4	ITA	68	
	5	USA	115	5	GER	74	
	6	GER	116	6	USA	93	
Basket 3	1	UK	94	1	UK	80	
	2	FRA	125	2	ITA	105	
	3	ITA	127	3	FRA	113	
	4	ESP	151	4	ESP	132	
	5	USA	165	5	USA	136	
	6	GER	193	6	GER	169	

Source: Ofcom

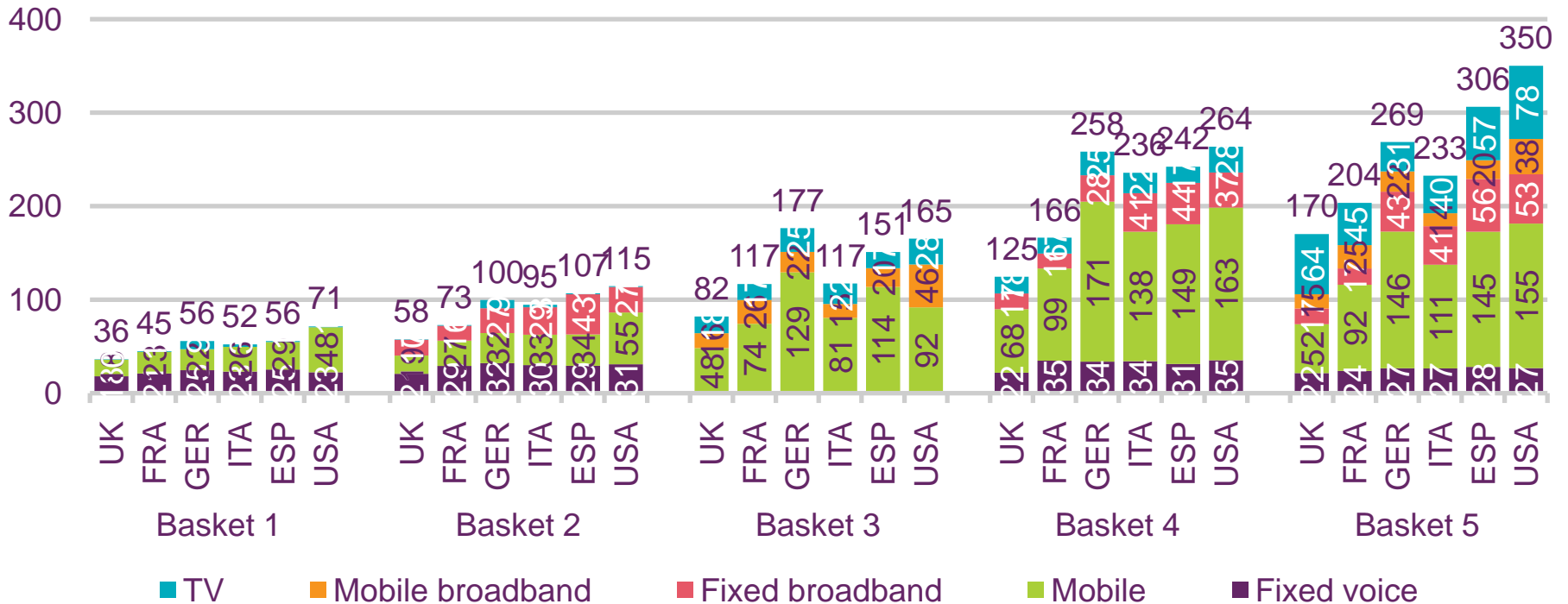
Note: TV includes licence fee

Figure 2.30



Comparative 'weighted average' pricing of 'single services' for all countries, excluding the TV licence fee

Monthly cost (£)



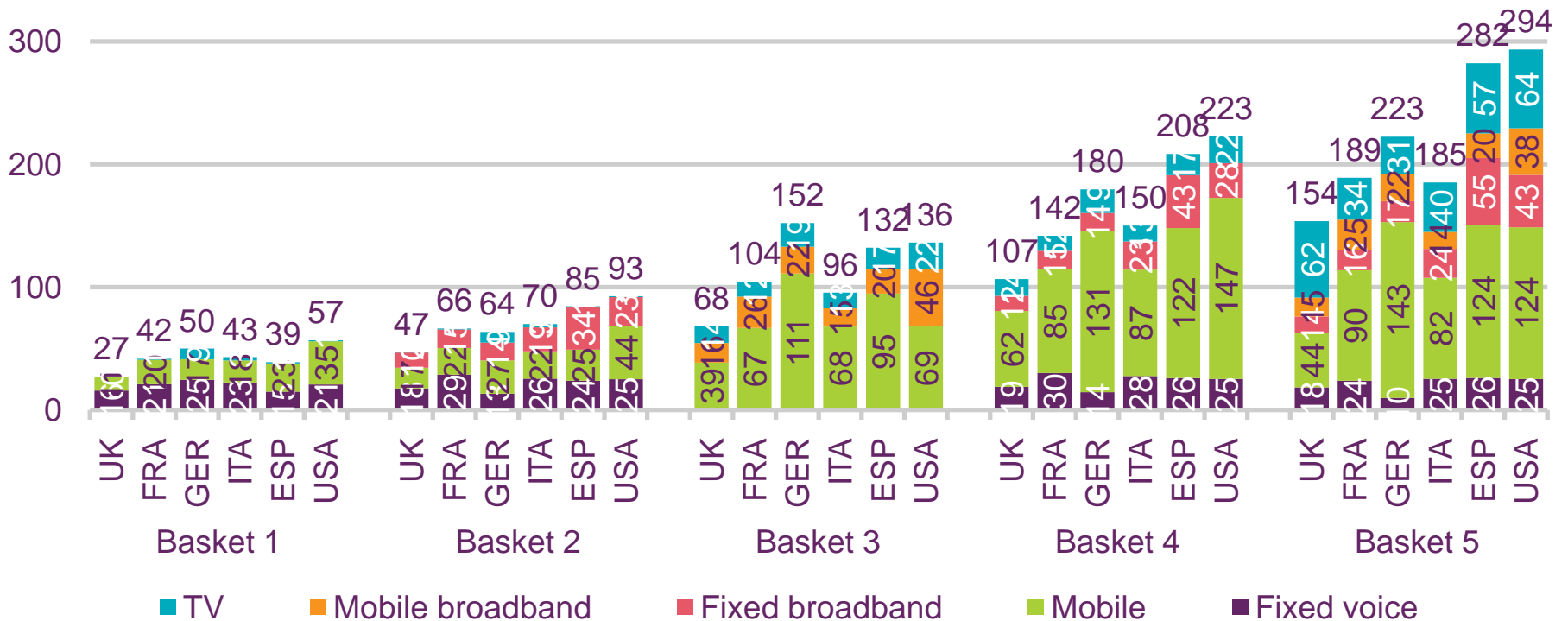
Source: Ofcom, using data supplied by Teligen
 Note: TV excludes licence fee

Figure 2.31



Comparative 'best offer' pricing of 'single services' for all countries, excluding the TV licence fee

Monthly cost (£)

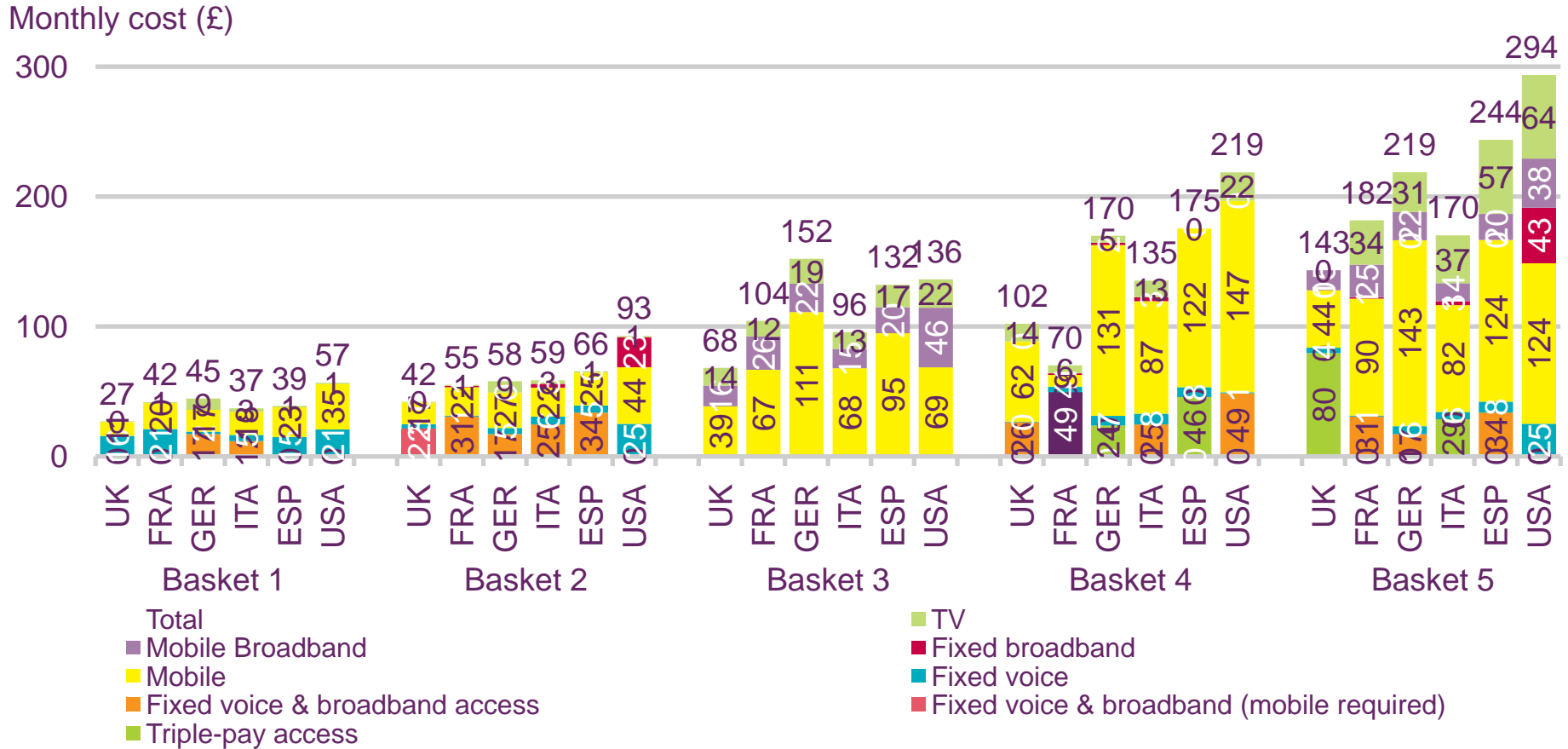


Source: Ofcom, using data supplied by Teligen
 Note: TV excludes licence fee

Figure 2.32



Comparative cost of lowest price services, including multi-play, for all countries, excluding the TV licence fee

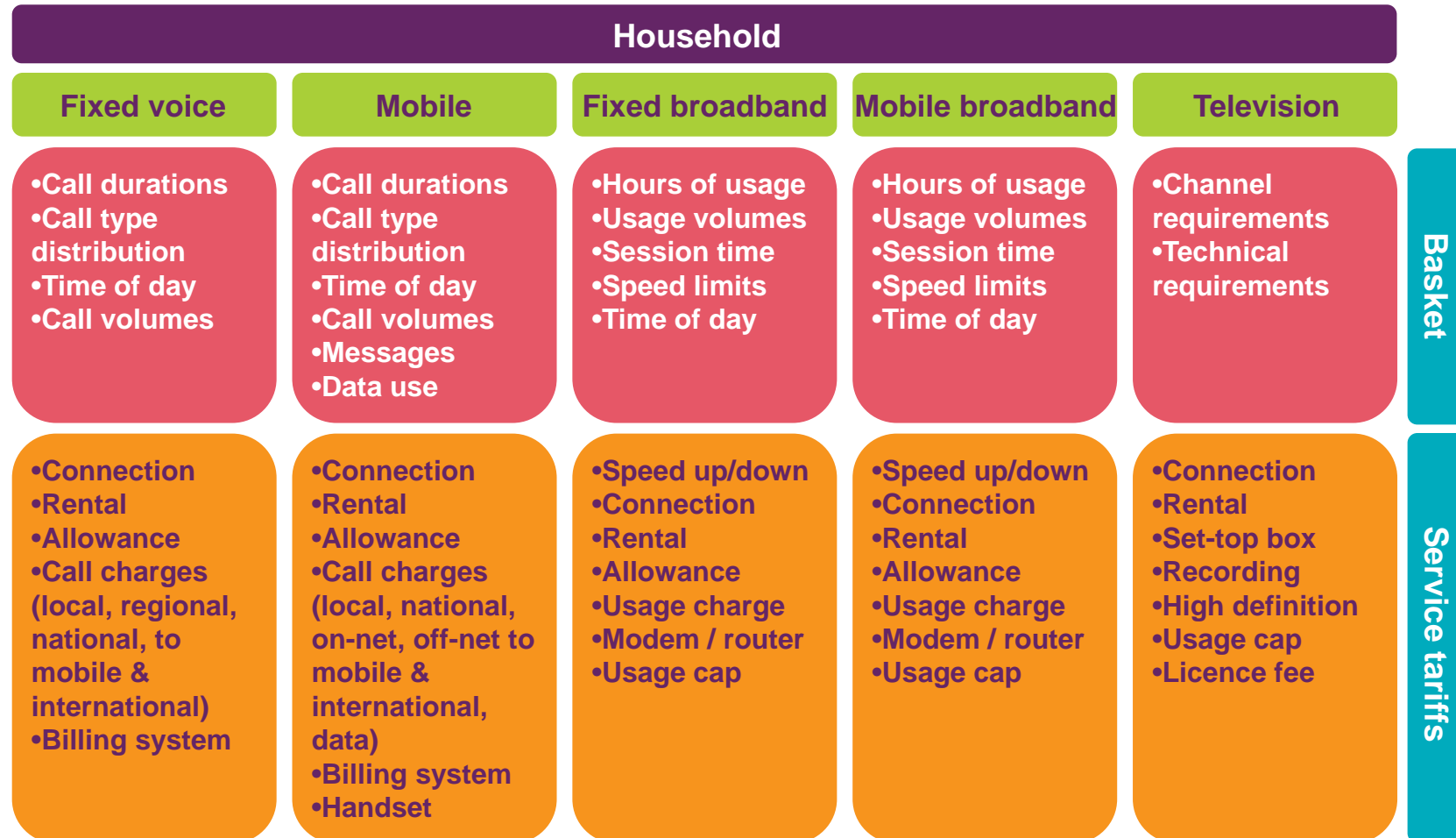


Source: Ofcom, using data supplied by Teligen

Note: TV excludes licence fee

Figure 1

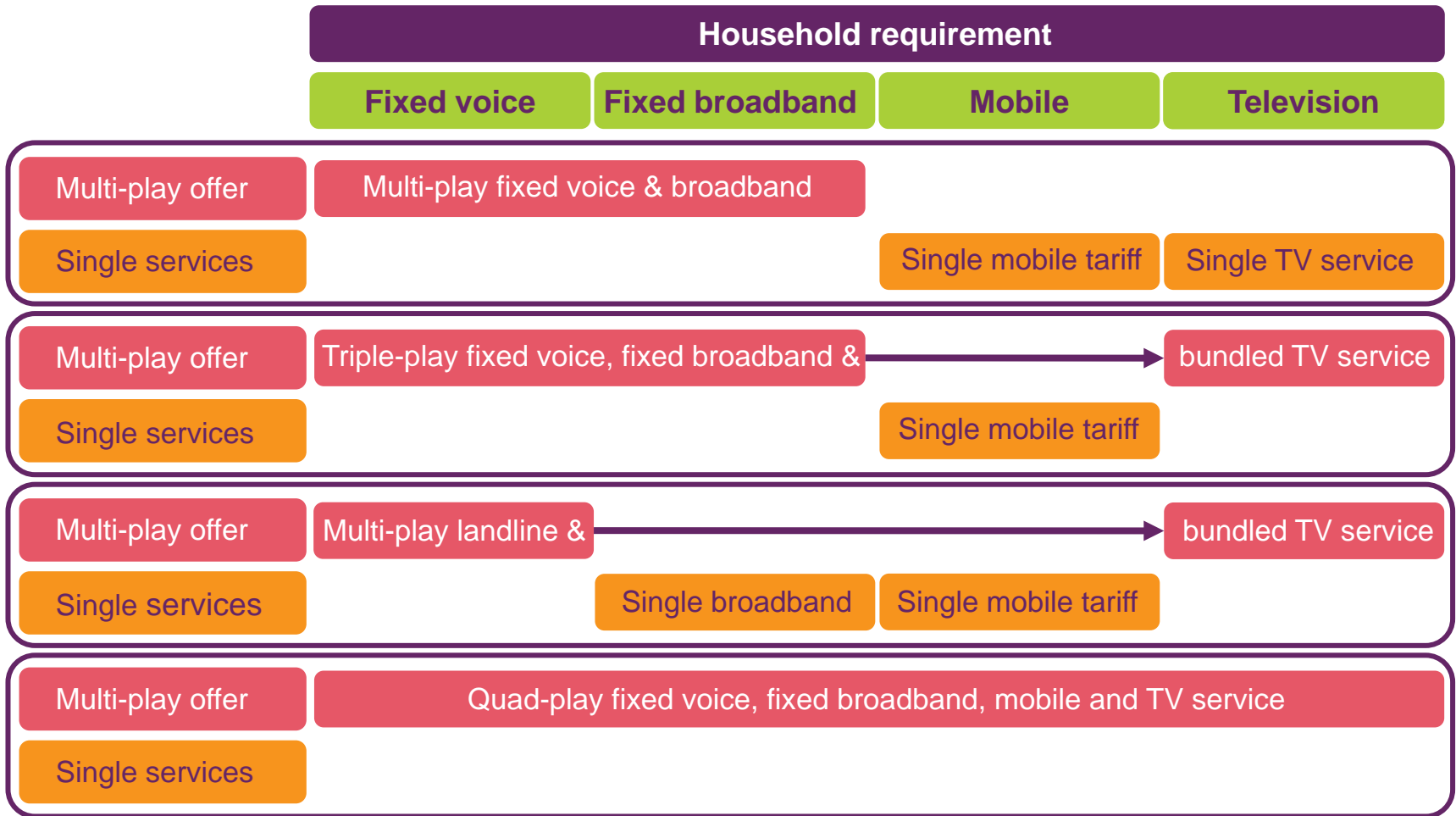
Components of the pricing comparison model



Source: Teligen

Figure 2

Examples of combinations of multi-play and single service offers

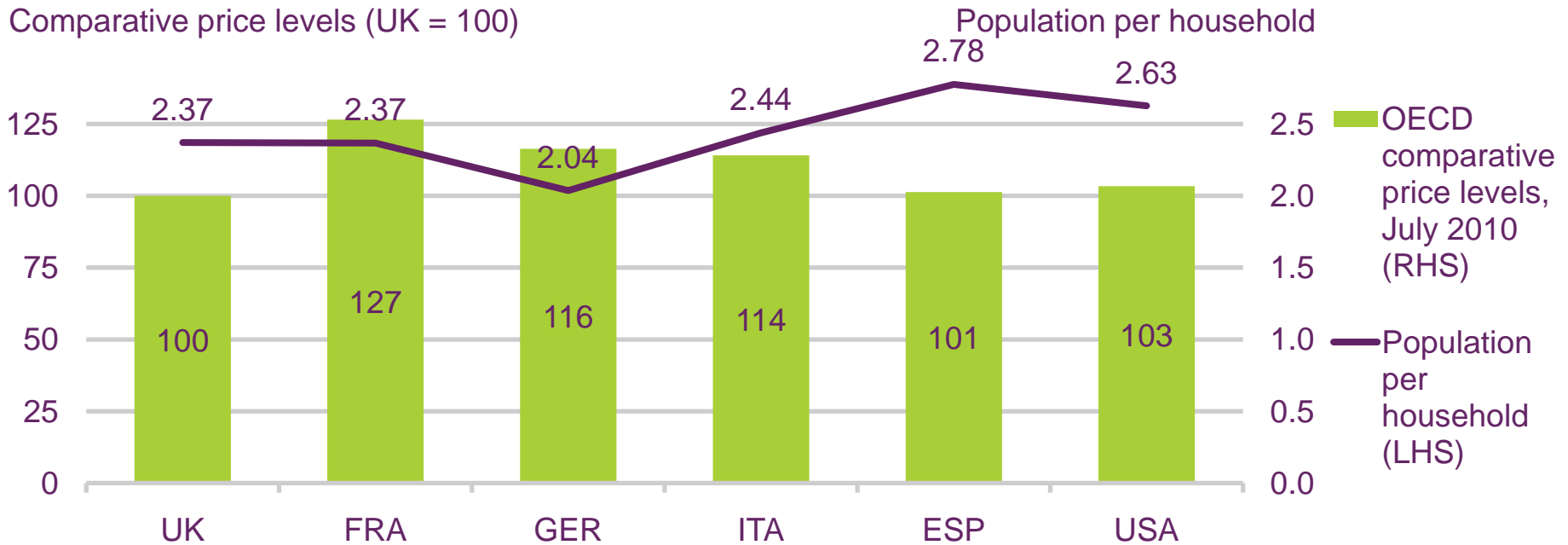


Source: Teligen

Figure 3



Demographic characteristics and relative price levels across countries



Source: OECD / IMF / US census bureau

Figure 4 Operators included within the analysis

	Fixed voice	Fixed broadband	Mobile	Mobile broadband	Television
UK	BT, O2, Orange, Sky, TalkTalk & Virgin Media,	AOL/TalkTalk, BT, O2, Orange, Sky & Virgin Media	BT, O2, Orange, T-Mobile & Vodafone	BT, O2, Orange, T-Mobile, Three, Virgin Media & Vodafone	BT, Sky & Virgin Media
FRA	Bouygues Telecom, France Telecom, Free, Numericable & SFR	Bouygues, Free, Numericable, Orange & SFR	Bouygues, Orange & SFR	Bouygues, Orange & SFR	Bouygues, CanalSat, France Telecom, Free, Numericable, SFR & TNT
GER	Kabel BW, Freenet, O2, Telecolumbus, T-Home, United, Internet, Unity Media & Vodafone	Kabel BW, O2, T-Home, Telecolumbus, United Internet, Unity Media & Vodafone	O2, T-Mobile & Vodafone	O2, T-Home & Vodafone	Kabel Deutschland, Kabel BW, O2, Telecolumbus, Sky, T-Home, Unity Media & Vodafone
ITA	Fastweb, TeleTu, Telecom Italia, Tiscali & Wind	Fastweb, TeleTu, Telecom Italia, Tiscali and Wind	TIM, Vodafone & Wind	TIM, Tre, Vodafone & Wind	Fastweb, Mediaset, Sky & Telecom Italia
ESP	Jazztel, Movistar, ONO, Orange & Vodafone	Jazztel, Movistar ONO & Orange	Movistar, Orange & Vodafone	Movistar, Orange & Vodafone	Digital Plus, Movistar & ONO
USA	AT&T, Comcast, Frontier & RCN	AT&T, Comcast, Frontier & RCN	AT&T, Sprint, T-Mobile & Verizon	AT&T, Sprint, T-Mobile & Verizon	AT&T, Comcast, DirectTV, Frontier & RCN

Source: Teligen

Note: Some operators for some services only included in multi-play analysis

Figure 5

Household types

	'Typical household type'	Fixed voice	Mobile voice	Mobile messaging	Fixed line broadband	Mobile broadband	Television
1	A retired low-income couple	Low	Low	n/a	n/a	n/a	Basic
2	A couple of late adopters	Medium	Low	Low	Low	n/a	Basic
3	A single mobile-only user	n/a	High	High	n/a	High	Pay-TV
4	A 'networked' family	High	Medium	High	Medium	n/a	Pay-TV
5	Affluent couple with sophisticated use	Low	High	Medium	High	Medium	HD premium pay-TV

Source: Ofcom

Figure 6



Average take-up and use of communications services by country

	UK	FRA	GER	ITA	ESP	USA
People per household	2.4	2.4	2.0	2.4	2.8	2.6
Fixed-only households per 100 households	6	11	16	5	12	10
Monthly outbound fixed minutes per access line	317	416	363	420	274	303
Mobile connections per household	3.1	2.3	2.7	3.6	3.4	2.6
Mobile-only households per 100 households	17	13	12	34	31	29
Monthly outbound fixed minutes per household	407	343	409	304	326	389
Monthly outbound fixed minutes per household	402	312	210	418	354	1584
Monthly outbound SMS messages per household	406	309	86	283	43	1451
Fixed broadband connections per 100 households	74	77	67	51	63	70
Pay-TV subscriptions per 100 households	52	55	59	25	27	86

Source: IDATE / European Commission / Ofcom research

Note: Where combined outbound and inbound calls and SMS volumes are the only data available, this total has been halved as a proxy of outbound calls / SMS messages

Figure 7



Alignment of average use across comparator households with average use across comparator countries

	Basket 1	Basket 2	Basket 3	Basket 4	Basket 5	Average per household	Average across countries
Number of people	2	2	1	4	2	2.2	2.5
Fixed-only households	0	0	0	0	0	0	0.1
Mobile-only households	0	0	1	0	0	0.2	0.2
Outbound fixed minutes	51	99	0	136	57	69	376
Outbound mobile minutes	37	37	290	258	212	167	542
Outbound SMS per household	0	0	150	190	70	82	794
Fixed broadband subscriptions	1	1	0	1	1	0.8	0.6
Mobile broadband subscriptions	0	0	1	0	1	0.4	0.4
Pay-TV subscriptions	0	0	1	1	1	0.6	0.5

Source: Ofcom

Figure 8

Types of billing for fixed voice calls

Calculation types	
1	Per second
2	Per unit
3	Per minute
4	Per second with allowance
5	Per second with initial minute
6	Per second capped
7	Per minute capped

Source: Teligen

Figure 9

Components of the fixed voice baskets

	Basket 1	Basket 2	Basket 3	Basket 4	Basket 5	Units
Call durations						
Local	4	4	n/a	4	4	Mins
Regional	6	6	n/a	6	6	Mins
National	6	6	n/a	6	6	Mins
Fixed to	2	2	n/a	2	2	Mins
International	6	6	n/a	6	6	Mins
Destination weights						
Local	67	70	n/a	68	60	%
Regional	10	8	n/a	9	7	%
National	16	13	n/a	14	13	%
Fixed to	7	7	n/a	7	12	%
International	0	2	n/a	2	8	%
Time of day weights						
Day	58.3	58.3	n/a	59.2	55.5	%
Evening	24.5	24.5	n/a	24.9	25.0	%
Weekend	17.2	17.2	n/a	15.9	19.5	%
Depreciation	5	5	5	5	5	years

Source: Teligen

Note: All fixed call types are calculated with five different durations, below and above the number of minutes indicated.

Figure 10



Fixed voice international call destinations for comparator countries

		Call to									
		CAN	FRA	GER	ITA	JPN	RUS	SAF	ESP	UK	USA
Call from	CAN		2.2%	2.1%	1.7%	1.0%		0.3%		6.5%	86.2%
	FRA	2.8%		25.2%	19.0%	1.4%			13.7%	24.7%	13.2%
	GER	2.7%	21.6%		20.0%	1.7%	2.3%	0.8%	8.6%	20.4%	22.0%
	ITA	3.4%	26.5%	30.3%		1.0%			7.0%	15.6%	16.2%
	JPN	4.4%	5.0%	6.8%	2.5%		1.6%		1.1%	11.5%	67.1%
	RUS	2.2%	8.8%	35.1%	11.8%	2.0%			3.4%	10.6%	26.1%
	SAF	4.4%	5.0%	13.9%	4.4%	1.8%				46.7%	23.7%
	ESP	0.8%	27.6%	23.8%	11.2%	0.7%	0.7%	0.2%		24.0%	10.9%
	UK	6.2%	18.1%	19.5%	8.7%	2.8%		2.7%	8.0%		34.0%
	USA	47.9%	5.6%	12.2%	4.6%	8.7%	1.3%	0.8%	2.2%	16.7%	

Source: Teligen

Note: Vertical axis is “from”, and horizontal is “to”.

Figure 11

Types of billing for mobile voice calls

Calculation types	
1	Per second
2	Per unit
3	Per minute
4	Per second with allowance
5	Per second with initial minute
6	Per second capped
7	Per minute capped

Source: Teligen

Figure 12 Components of the mobile baskets

	Basket 1	Basket 2	Basket 3	Basket 4				Basket 5		
	User 1&2	User 1&2	User 1	User 1	User 2	User 3	User 4	User 1	User 2	
Call durations										
Local	1.5	1.5	1.7	1.8	1.8	1.5	1.5	1.7	1.8	Mins
National	1.5	1.5	1.7	1.8	1.8	1.5	1.5	1.7	1.8	Mins
On-net	1.6	1.6	1.9	1.9	1.9	1.6	1.6	1.9	1.9	Mins
Off-net	1.4	1.4	1.8	1.7	1.7	1.4	1.4	1.8	1.7	Mins
Voicemail	-	-	1	1	1	1	1	1	1	Mins
International	2	2	2	2	2	2	2	2	2	Mins
Destination weight										
Local	16	16	8	11	13	20	20	13	20	%
National	8	8	5	6	7	10	10	7	10	%
On-net	38	38	37	33	34	30	30	29	30	%
Off-net	38	38	37	33	34	30	30	29	30	%
Voicemail	0	0	7	7	12	10	10	8	10	%
International	0	0	6	10	0	0	0	14	0	%
Time of day weight										
Day	48	48	60	50	50	48	48	60	50	%
Evening	25	25	19	24	24	25	25	19	24	%
Weekend	27	27	21	26	26	27	27	21	26	%
Calls per month	37	37	290	159	99	38	38	212	109	Calls
Messages	-	30	150	30	160	70	65	80	20	SMS
On-net	50	50	50	50	50	50	50	50	50	%
Off-net	50	50	50	50	50	50	50	50	50	%
Peak	48	48	60	50	50	48	48	60	50	%
Off-peak	52	52	40	50	50	52	52	40	50	%
Data usage										
Volume/month	-	-	1000	300	-	-	-	300	100	MB
Time/month	-	-	500	200	-	-	-	200	100	Mins
Days/month	-	-	30	30	-	-	-	20	15	Days
Handset type	Basic	Basic	High	High	Medium	Basic	Basic	High	Medium	
Depreciation	3	3	3	3	3	3	3	3	3	Years

Notes: Mobile call types are calculated with five different durations, around the number of minutes indicated.

Figure 13



Mobile voice international call destinations for comparator countries

		Call to									
		CAN	FRA	GER	ITA	JPN	RUS	SAF	ESP	UK	USA
Call from	CAN		2.2%	2.1%	1.7%	1.0%		0.3%		6.5%	86.2%
	FRA	2.8%		25.2%	19.0%	1.4%			13.7%	24.7%	13.2%
	GER	2.7%	21.6%		20.0%	1.7%	2.3%	0.8%	8.6%	20.4%	22.0%
	ITA	3.4%	26.5%	30.3%		1.0%			7.0%	15.6%	16.2%
	JPN	4.4%	5.0%	6.8%	2.5%		1.6%		1.1%	11.5%	67.1%
	RUS	2.2%	8.8%	35.1%	11.8%	2.0%			3.4%	10.6%	26.1%
	SAF	4.4%	5.0%	13.9%	4.4%	1.8%				46.7%	23.7%
	ESP	0.8%	27.6%	23.8%	11.2%	0.7%	0.7%	0.2%		24.0%	10.9%
	UK	6.2%	18.1%	19.5%	8.7%	2.8%		2.7%	8.0%		34.0%
	USA	47.9%	5.6%	12.2%	4.6%	8.7%	1.3%	0.8%	2.2%	16.7%	

Source: Teligen

Figure 14

Components of the broadband baskets

	Basket 1	Basket 2	Basket 3	Basket 4	Basket 5		Units
Type of service	None	Fixed	Mobile	Fixed	Fixed	Mobile	
Usage time	-	10	160	50	50	150	Hours/month
Usage volume	-	0.5	5	5	5	3	GB/month
Session duration	-	20	20	20	20	20	Mins
Minimum speed	-	4	1	8	16	1	Mbit/s
Usage/day	-	30	30	30	30	30	%
Usage/evening	-	40	40	40	40	40	%
Usage/weekend	-	30	30	30	30	30	%
Depreciation	-	3	1	3	3	1	Years

Source: Teligen

Figure 15

Components of the television baskets

	Basket 1	Basket 2	Basket 3	Basket 4	Basket 5	Units
Antenna reception	No	No	No	No	No	n/a
HD capable	No	No	No	No	Yes	n/a
DVR included	No	No	No	No	Yes	n/a
Football channels	No	No	No	No	Yes	n/a
Movie channels	No	No	No	No	Yes	n/a
Depreciation	3	3	3	3	3	Years

Source: Teligen

Figure 16

Purchasing Power Parity conversion rates

Country	Currency	Exchange rate August 2010 to July 2011 (£)	Comparative price level (July 2010)	PPP adjusted rate (£)
UK	GBP (£)	1.00	100	1.00
FRA	EUR (€)	1.11	106	1.17
GER	EUR (€)	1.11	98	1.09
ITA	EUR (€)	1.11	91	1.01
ESP	EUR (€)	1.11	93	1.03
USA	USD (\$)	1.61	80	1.28

Source: Teligen, using OECD data