

Triple Play pricing remained stable, despite competitive pressures during 2008. But for 2009 the outlook is much less clear, as competition from the Cable TV sector and new network deployments start to bite as a new report published by Tariff Consultancy

Submitted by: Tariff Consultancy Ltd

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The latest edition of the Triple Play & FMC Journal, published in February 2009 by Tariff Consultancy Ltd, indicates that Triple Play pricing has risen in Europe over the past year.

A survey of the major Triple Play telecoms providers in 8 European countries (including France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland and the UK) has seen a rise in prices by 2.4% over the year to January 2009. The average Triple Play bundled price (consisting of fixed line telephony, Broadband and IPTV) is now Euro 42.3 compared with Euro 41.3 in January 2008 across the 8 countries.

However, if the UK is excluded from the comparison, the average Triple Play price has fallen by 1% to Euro 42.9 over the 12 month period to January 2009. This is due to the 23% depreciation of the GB Pound over the past year against the Euro.

Increasingly, the main trend to watch is not the standard monthly charge, which has remained relatively steady over the past year, but the promotional discounts which are now available from 3 out of 4 Triple Play providers.

Tariff Consultancy Ltd's latest survey of 16 Triple Play operators in the 8 European countries finds that 12 have introduced a new promotional tariff over the past 3 month period. Additionally, the promotional pricing - which offers a discount off the standard Triple Play rental - is being used for a longer period. Previously, the most common promotional price was adopted for a 3 month period, but now operators are offering discounts for 6 month periods and longer.

For example, in the 4th quarter of 2008 Spain's Telefonica introduced a discount off its monthly rental for its Duo and Trio packages which lasts until the end of August 2009. Also, Italy's Fastweb also has introduced a discount package which applies for the whole of 2009. And in the UK Virgin Media continues to provide discounts off selected Broadband and Double Play packages which are available for a 12 month term, and has recently introduced a GB Pound 50 credit for new users as well.

It should be noted that all promotional offers are only available to customers who place their orders online via the operator's website. Emphasis is being placed on the promotional price in the operator's marketing material, which may be the cause of customer confusion when the offer period ends.

In general there are wide variations in the pricing that is being deployed in the 8 European countries, which reflects in-country competition and the extent of de-regulation (with the availability of widespread Local Loop Unbundling (LLU) and a strong Cable TV sector being the prime drivers behind competitive Triple Play pricing.

Triple Play pricing in France remains the most competitive in our survey, with both Orange and Free offering packages of Euro 30 per month. By contrast, Switzerland has Triple Play services from the market

leader Swisscom, of Euro 55 per month. However, Sunrise (with its LLU based product) and Cable TV operator CableCom (with its FibrePower product) are starting to provide lower priced bundles which may result in greater price competition than has been seen so far.

Overall operators are still cautious about integrating a mobile offer with their Triple Play fixed line services. But in the last quarter of 2008, there have been some new announcements. In the UK, BT has announced a Mobile Broadband (USB modem) product which is being offered free to business users of selected BT Total Broadband business packages, and Virgin Media has introduced its own Mobile Broadband package - which is available at a discounted price to users of its existing XL Broadband service.

Virgin and BT now join Fastweb (Italy) and Jazztel (Spain) who have also introduced a Mobile Broadband product in 2008 based on an MVNO model to augment their fixed line service.

Another trend is the gradual introduction of higher speed Broadband services which continue to be seen throughout Europe. UK Cable TV operator Virgin Media announced the introduction of a 50MB Broadband service in mid-December 2008 using the high-speed DOCSIS 3.0 standard to provide IP services over coaxial cable. Into 2009 other operators are expected to announce the introduction of FTTH or VDSL services in selected geographical areas. Swisscom has announced its intention to deploy FTTH and DTAG has announced a network sharing agreement with Vodafone/Arcor in Germany to support a VDSL service deployment.

"Triple Play pricing continues to be under pressure in most European markets," commented Margrit Sessions, Managing Director of Tariff Consultancy Ltd. "Operators are responding in two ways - either they are maintaining an existing price point through the introduction of new product features (such as additional TV channels or higher speed Broadband) or they are resorting to extra short-term discounting through the use of promotional pricing."

Ultimately it appears that the Triple Play telecoms provider which has been successful in maintaining its overall price levels to date will have to respond with a more calibrated product based on a higher capacity network if it is to maintain its position against the Cable TV provider in 2009 and beyond.

"It is the threat posed in particular by the Cable TV operator, which already has extensive household coverage in a number of countries, which will force the telecoms operator to invest in higher speed services and new Triple Play - and ultimately - Quadruple Play (including a mobile element) if it is to be able to continue to be competitive and differentiate itself," concludes Sessions.

Click here for the chart (http://http://http://www.telecomspricing.com/news_detail.cfm?item=842).

About the Triple Play & FMC Journal

(http://www.telecomspricing.com/product.cfm?ds=telecomspricing_content&prod=299&dept=27&cfid=3809722&cftoken=8342)

Available as a subscription service and published every quarter, the Triple Play and FMC Journal provides a detailed overview of the main news and trends in the provision of telecoms Triple Play and FMC services worldwide with the focus mainly on the consumer sector.

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