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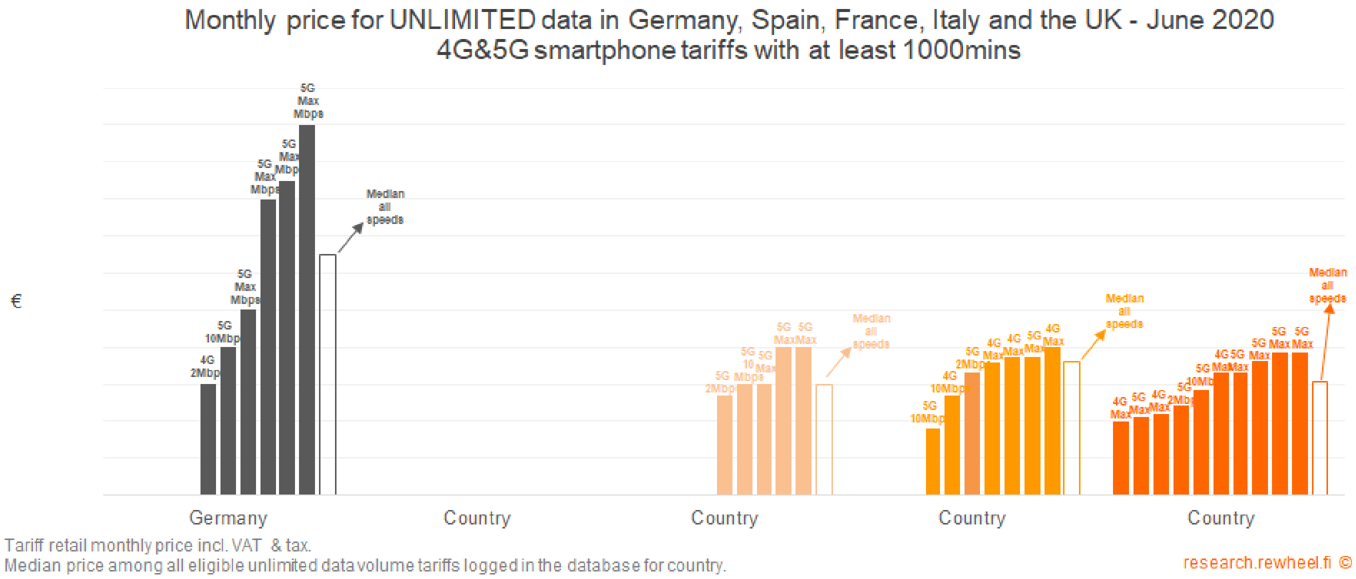
DIGITAL FUEL MONITOR
MONITORING MOBILE CONNECTIVITY COMPETITIVENESS
By Rewheel

4G&5G prices in Germany, Italy, France, Spain and UK – June 2020

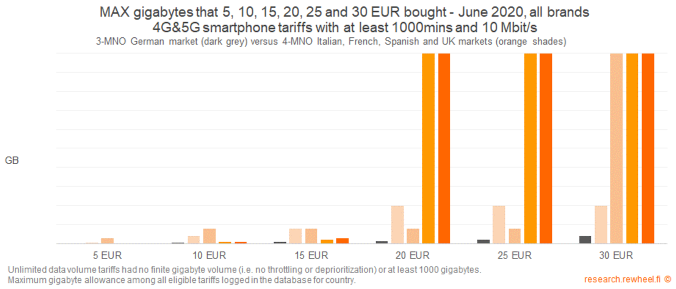
Monthly prices of plans with unlimited data volume and as well gigabyte prices of plans with data caps continue to be significantly higher in the 3-MNO German market versus the 4-MNO Italian, French, Spanish and UK markets.

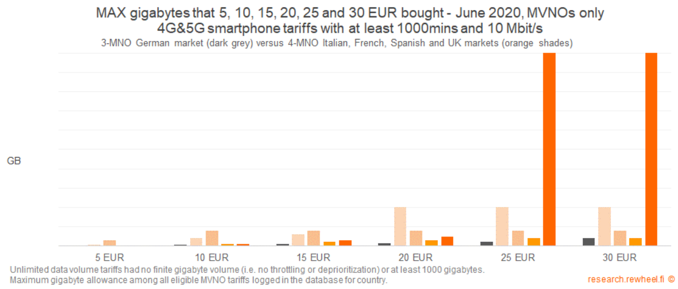
Rewheel research PRO study, June 2020

- 3-MNO German market: Fewer gigabytes for higher monthly prices.
- 4-MNO Italian market: Large gigabyte allowances for very low monthly prices. Unlimited data at affordable monthly price.
- 4-MNO French market: Large gigabyte allowances for very low monthly prices. No unlimited data at affordable monthly price.
- 4-MNO Spanish market: Unlimited data volume at very affordable monthly price during June 2020.
- 4-MNO UK market: Unlimited data volume at very affordable monthly prices.
- The median monthly price of 4G&5G smartphone plans with unlimited data volume in the 3-MNO German market was ~2x higher than the median monthly price of unlimited plans in EU's larger 4-MNO markets.

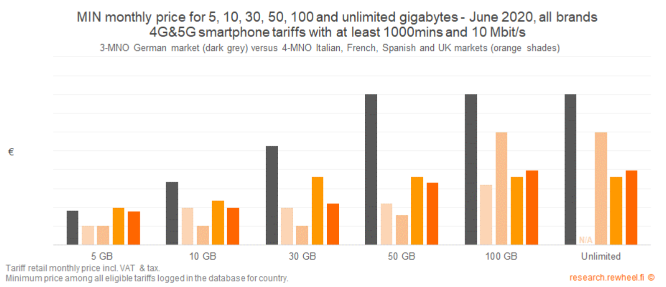


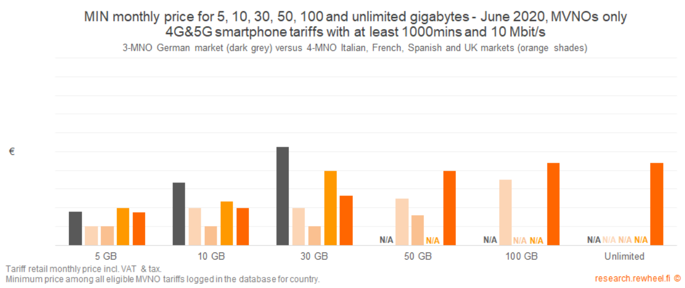
- In the German 3-MNO market 5, 10, 15, 20, 25 or 30 EUR per month bought during June 2020 much fewer gigabytes – in 4G&5G smartphone plans with at least 10 Mbit/s – than in the 4-MNO Italian, French, Spanish and UK markets.
- This was the case both when plans from all brands (operator main brands, operator sub brands and MVNOs) were taken into account and as well when only MVNO plans were considered.



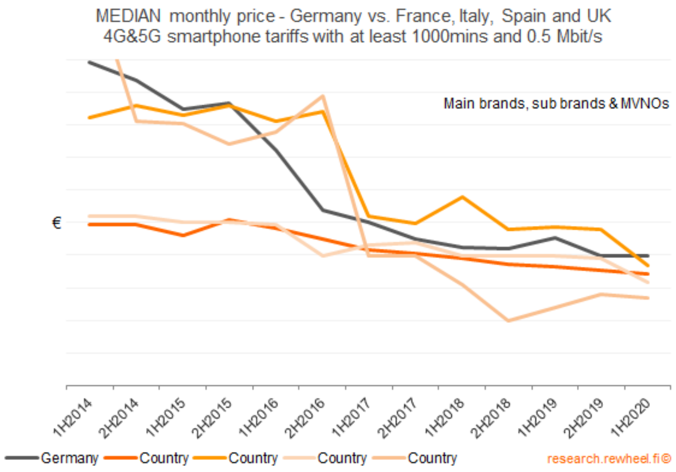


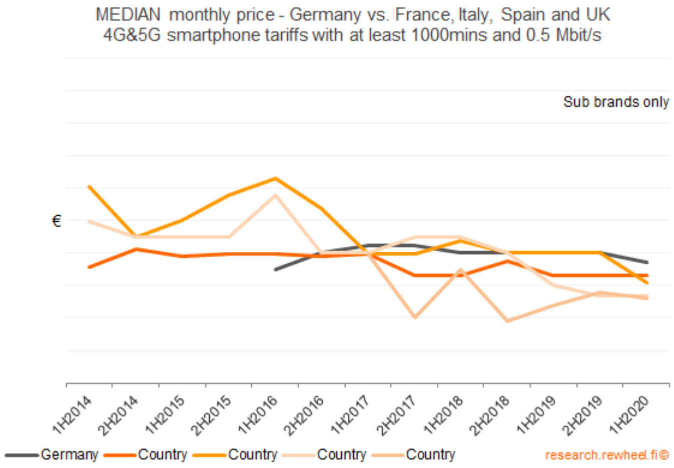
- In the German 3-MNO market the minimum monthly price for 4G or 5G smartphone plan with at least 5, 10, 30, 50, 100 or unlimited gigabytes and 10 Mbit/s was in June 2020 much higher than in the 4-MNO Italian, French, Spanish and UK markets.
- This was the case both when plans from all brands (operator main brands, operator sub brands and MVNOs) were taken into account and as well when plans from MVNOs only were considered.

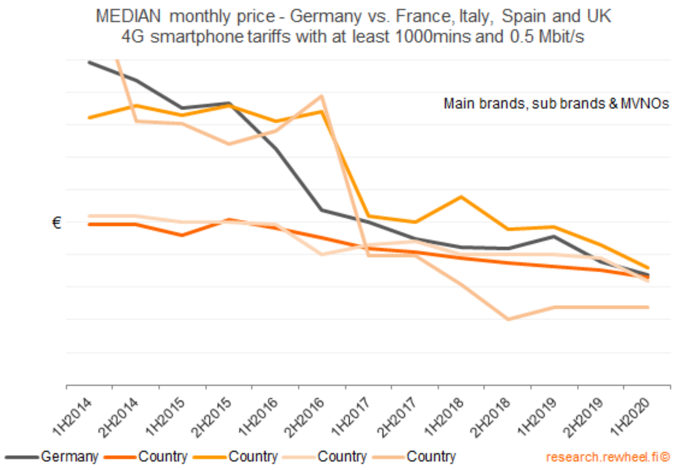


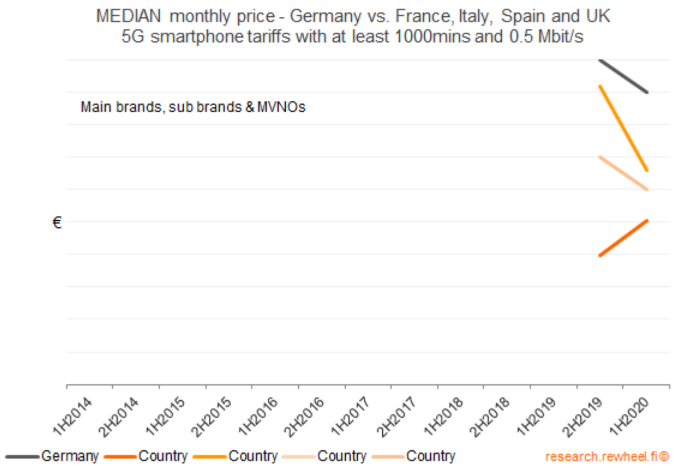


- The median monthly price of 4G&5G smartphone plans in Germany was 9% to 50% higher than the median price in the Italian, French, Spanish & UK 4-MNO markets while the median included gigabyte allowance in Germany was 2 to 7 times smaller.
- Commercial MVNOs in the 4-MNO Italian, French, Spanish and UK markets – without having access to merger mandated so called '*capacity wholesale deals*' i.e. 1&1 Drillisch – sell more gigabytes at lower prices than MVNOs in Germany.
- While 5G plans were generally sold at premium over 4G, overall monthly prices continue to fall across the board.
- During June 2020, the median monthly price of 5G plans across Germany, Italy, France, Spain and UK was ~2x higher than the median monthly price of 4G plans. 5G plans packed in average ~7x more gigabytes than 4G plans in those 5 countries.
- Surprisingly though, some operators priced their 4G unlimited data volume plans more expensive than their competitors 5G unlimited data volume plans.
- Moreover, as we reported in April 2020 in DFMonitor's 13th release[1], the median monthly price of 4G&5G smartphone plans continue to fall across most EU & OECD markets including Italy, France, Spain and the UK.









The 4G&5G smartphone plans of the following mobile network operators, main brands, sub brands and MVNOs have been included in this study: T-Mobile-DE, Vodafone-DE, O2-DE, Movistar-ES, Vodafone-ES, Orange-ES, Yoigo-ES, Orange-FR, SFR-FR, BouyguesTelecom-FR, FreeMobile-FR, TIM-IT, Vodafone-IT, Windtre-IT, Iliad-IT, EE-UK, O2-UK, Vodafone-UK, 3-UK, T-Mobile, Vodafone, O2, Movistar, Orange, Yoigo, SFR, BouyguesTelecom, FreeMobile, TIM, Windtre, Iliad, EE, 3, Amena, Blau, BT, Congstar, Fonic, giffgaff, Ho, Kenamobile, Llamaya, Masmovil, O2, Otelo, Pepephone, RedbySFR, Republicamovil, Simyo, Smarty, Sosh, TescoMobile, Verymobile, Voxi, 1&1, 1Mobile, Cdiscount, Fastweb, FreenetMobile, Hitsmobile, idmobile, IONmobile, Klarmobil, Lapostemobile, Lebara, Lowi, Lycamobile, Mobilfree, NRJmobile, ntmobile, Postemobile, Prixtel, Simply, Sky, Smartmobil, Soymovil, Spusu, Symamobile, Talkmobile, Virginmedia and Yourfone.

[1] http://research.rewheel.fi/downloads/The_state_of_4G_5G_pricing_DFMonitor_13_release_1H2020_PUBLIC.pdf

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New radio spectrum bands, 4.5G and 5G technology, unlimited mobile data plans and the Internet of Things radically change mobile network operators' cost, revenue and profitability dynamics. ***Rewheel's mission is to help operators prepare for the paradigm shift*** *in* ***network and spectrum strategy***, ***spectrum valuation***, ***network sharing***, ***M&A***, ***MVNO economics*** *and* ***mobile data pricing***.

Founded in 2009, Rewheel is a Finland based boutique management consultancy. Our clients are mainly European mobile network operators, telco groups, MVNO groups, sector regulators, competition authorities, governments, global internet firms, mobile data-centric start-ups, PE and VC investors.

We delivered management consultancy work for clients in the United Kingdom, United States, Ireland, Switzerland, Finland, Sweden, Belgium, Greece, Poland, Slovenia, Hungary, Russia, Romania.

The following authorities have acquired access to our research: The European Commission Directorate for Competition, the United States Department of Justice, the New York, California and many other US State Attorney General Offices, the national competition authorities of Canada, Australia, the Netherlands and Greece, the Ministry of Economic Affairs of the Netherlands, the Ministry of Industry and Trade of Czechia, the Korean Electronics and Telecommunication Research Institute, the sector regulators of the United Kingdom, Germany, France, Netherlands, Finland, etc.

Rewheel's mobile data technology, network-economics, spectrum, profitability and competitiveness focused reports have been cited by OECD Economic Surveys, The Economist, The Financial Times, The New York Times, Reuters, Bloomberg, WSJ and publicly referenced by the UK telecoms regulator Ofcom, BIPT, Vodafone, Telefonica, Tele2, Elisa, DNA, GSMA, VPs of the EU Commission responsible for Competition, MEPs, IEEE, ITU.

Since 2010 we have been supporting a number of European challenger mobile operators in multiband (700, 700 SDL, 800, 900, 1400 SDL, 1800, 2600, 3.5 GHz) auctions with spectrum valuation and strategic advisory services.

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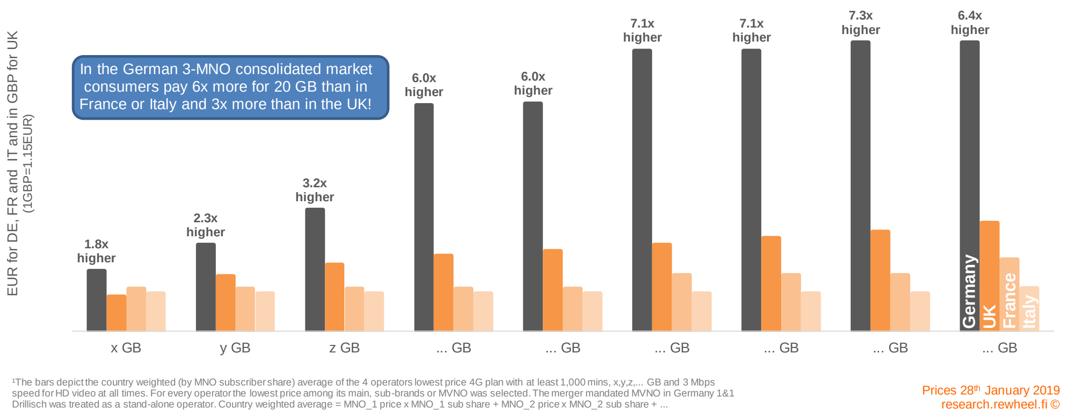
1 Study context

Six years ago, in June 2015, few months after Hutchison had announced its planned acquisition of O2 in the UK and ahead of another 4 to 3 merger in Italy between Hutchison and WIND, using pricing data from DFMonitor's 3rd release 1H2015 we placed under the microscope[2] the 4G prices in the 4-MNO UK and French mobile markets versus the consolidated (in 2014) 3-MNO German market. Our analysis showed that 4G smartphone plan prices were up to 7 times cheaper in the UK and France compared to the 3-MNO consolidated German market. That was the case despite Drillisch's entry as the merger mandated MVNO with the so-called '*capacity access deal*'. Back then we examined the prices of 4G plans that had at least 1,000 minutes & SMS and at least 2, 5, 10 or 20 gigabytes. The German average price for a 4G smartphone plan that had at least 2 GB was 53% higher than the UK average price and 84% higher than the French average price while for plans with at least 5 GB the German average monthly price were 75% higher than the UK average price and 118% higher than the French average price. The higher the gigabyte allowance the higher the price difference between the 3-MNO German market versus the 4-MNO UK and French markets.

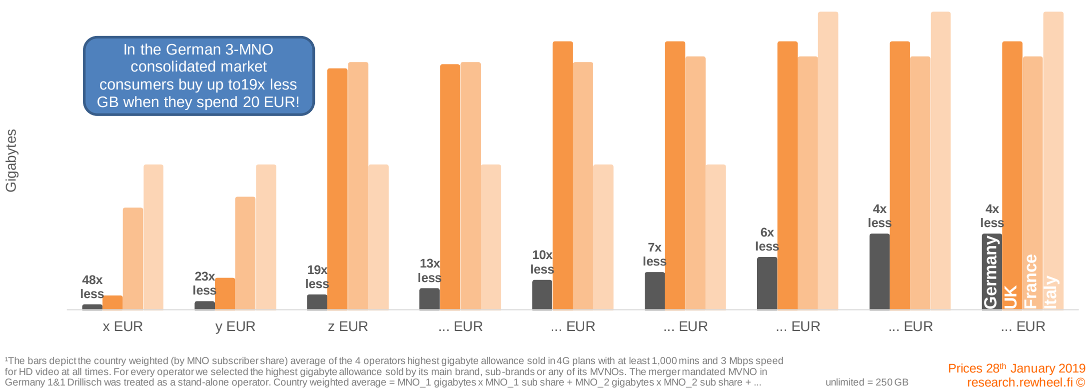
A year later, in 2016, the European Commission under the helm of Margrethe Vestager blocked[3] the UK 4 to 3 merger and conditionally approved[4] the Italian merger subject to Iliad becoming the new 4th mobile network operator.

In January 2019, we took another in-depth look and compared the 4G prices in the 4-MNO UK, French and Italian markets against the 4G prices in the 3-MNO consolidated German market. Our January 2019 analysis showed[5] that the differences, across all gigabyte (1, …,100 and unlimited) or EUR (10, …, 70 and 80) baskets between the 3-MNO German and the 4-MNO UK, French and Italian markets had grown considerably. German 4G prices were notably higher than UK prices and strikingly higher than French and Italian prices. Average monthly prices in Germany were during January 2019 – for most gigabyte allowances – 3 to 7x higher than in the UK, France or Italy while French, Italians and British consumers could buy 5 to 19x more gigabytes than German consumers when they spent 20 to 30 EUR as seen in the charts below.

4G prices in the 3-MNO German vs. the 4-MNO UK, French and Italian markets
Country weighted average of operators lowest price for a 4G plan¹ with x, y, z, ... GB



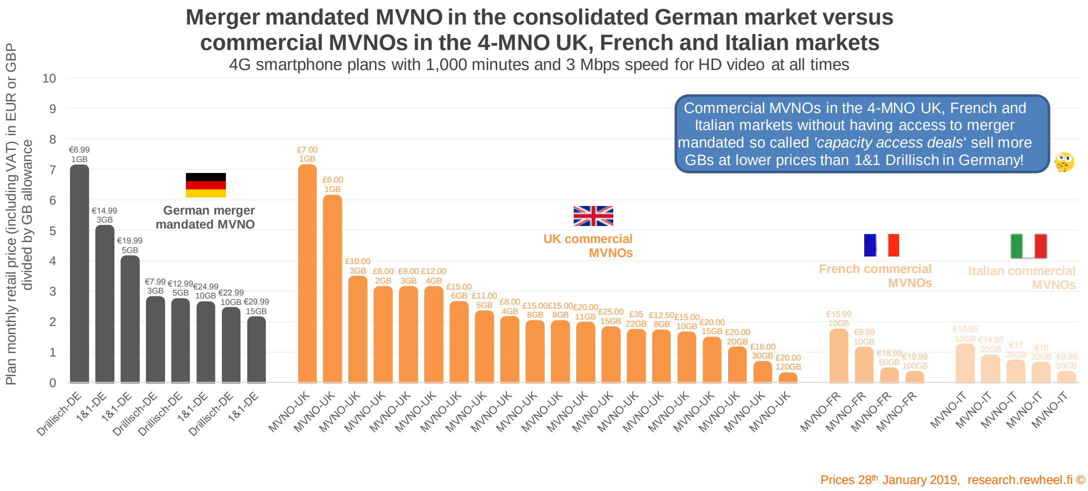
4G gigabytes in the 3-MNO German vs. the 4-MNO UK, French and Italian markets
Country weighted average of operators highest gigabyte allowance sold in 4G plans¹ for x, y, z, ... EUR



[2] http://research.rewheel.fi/downloads/UK_FR_4_operator_markets_vs_consolidated_DE_market_PUBLIC.pdf
[3] http://europa.eu/rapid/press-release_IP-16-1704_en.htm
[4] http://europa.eu/rapid/press-release_IP-16-2932_en.htm
[5] http://research.rewheel.fi/downloads/4G_prices_Germany_UK_France_Italy_PUBLIC.pdf

In our January 2019 study we also showed that 1&1 Drillisch, the merger mandated MVNO in Germany, did not become an effective competitor. 1&1 Drillisch had an immaterial impact on the German market mainly because it's so called merger mandated '*capacity wholesale access deal*' was in essence a retail-minus deal that allowed it to compete effectively only in the data-light segment (i.e. plans with tiny or small gigabyte volumes 1-10 gigabytes).

Moreover, commercial MVNOs in the 4-MNO, Italian, French and UK markets – without having access to merger mandated so called '*capacity wholesale access deals*' – sold more gigabytes at lower prices than the merger mandated MVNO in Germany during January 2019 as seen in the chart below.



Triggered by 1&1 Drillisch's decision to acquire 3600 & 2100 MHz spectrum in the German 5G 2019 auction and become the 4th licensed mobile network operator in Germany – 1&1 Drillisch is planning to launch service with its own network during 2021 – we took another in-depth look herein and compared the June 2020 4G&5G smartphone plan prices in the 3-MNO consolidated German market versus the 4-MNO Italian, French, Spanish and UK markets.

Has anything changed since January 2019 or are prices in the 3-MNO German market still notably higher than UK prices and strikingly higher than French and Italian prices? And what about prices in the 4-MNO Spanish market, are Spanish 4G&5G smartphone plan prices also significantly lower than 4G&5G prices in the 3-MNO German market?