

# Smartphone internet usage price ranking of EU28 and OECD mobile network operators – Q1 2014

## Explanatory notes

By Rewheel – Digital Fuel Monitor, 17<sup>th</sup> June 2014

This document provides explanatory notes to the Digital Fuel Monitor Smartphone internet gigabyte usage price ranking tables published at [http://dfmonitor.eu/insights/2014\\_june\\_ranking](http://dfmonitor.eu/insights/2014_june_ranking).

Digital Fuel Monitor tracks prices of mobile internet access connectivity in Europe and OECD countries. During the first half of 2014 (Digital Fuel Monitor's first release) the overwhelming majority of the mobile network operators present in EU28 and OECD countries differentiated the mobile internet access connectivity prices based on the device type: smartphones versus data-only devices. In line with this, Digital Fuel Monitor tracks two types of tariff plans:

- Smartphone tariff plans with practically unlimited (>1,000) minutes & SMSs and some data allowance
- Data-only tariff plans

The Digital Fuel Monitor smartphone internet gigabyte usage price ranking focuses on the smartphone tariff plans.

By fitting linear trend lines to the smartphone tariff points Digital Fuel Monitor breaks the operators' pricing mechanisms into two components:

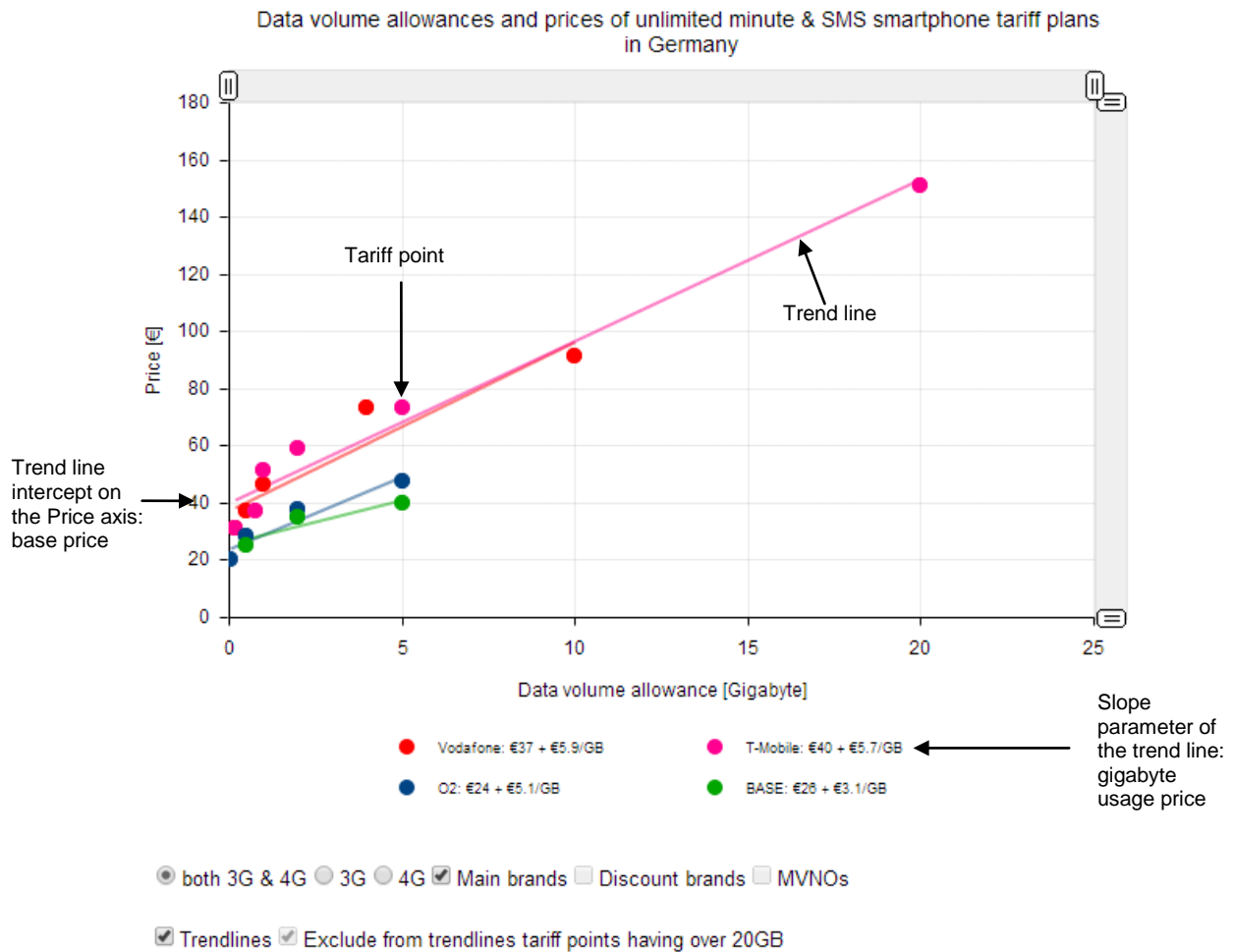
- Base data traffic independent monthly price: an approximation of how much would the customer pay every month for the unlimited minute and SMS allowance, without using any mobile internet
- Gigabyte usage price: an approximation of incremental price the user pays beyond the base monthly price for using an incremental gigabyte of mobile internet access

The main focus the ranking is the latter: the gigabyte usage price.

This two-component pricing mechanism analysis methodology is illustrated in Exhibit 1 below.

**Exhibit 1: Illustration of fitting linear trend lines on the smartphone tariff points, calculating slope (gigabyte usage price) and intercept on the price axis (base price). One trend line fitted for each mobile network operator in Germany.**

## Smartphone connectivity prices



Source: snapshot taken from Digital Fuel Monitor, Germany page, smartphone connectivity prices section at <http://dfmonitor.eu/DE>

The mobile operator with the lowest smartphone tariff gigabyte usage price (Elisa Estonia) was ranked first on the list and the mobile operator with the highest gigabyte usage price (Wind Hellas) was ranked last on the EU28 list. Operators for which a linear trend line could not be fitted (not having at least two price points) were placed on the bottom of the list. Operators that had the same gigabyte usage price were ranked from lowest to highest based on their base price (operator with lower base price was rank first).

Note that smartphone tariff points with larger than 20 gigabyte data allowances have been excluded from the samples before fitting the trend lines. No purchase price parity (PPP) operation has been performed on the raw tariff plan prices. Prices in EUR are the retail VAT inclusive prices found on the operator web sites. Prices in other local currencies have been converted to EUR by simply using the exchange rate displayed by Google on the day of collection.

The highest gigabyte usage price of Wind Hellas in Greece (€20.1) was 40 times higher than lowest (non zero) gigabyte usage price of TeliaSonera in Finland (€0.5). Remarkably, all three Greek mobile operators, Deutsche Telekom

(Cosmote), Vodafone and Wind Hellas are ranked on the bottom of the list as the most expensive operators in EU28. Greek consumers pay €15 - €20 per smartphone gigabyte while Finns pay as low as €0-€0.5.

Five mobile operators in Estonia, UK, Finland and Ireland offered unlimited data volume on smartphones. So their smartphone gigabyte usage price was effectively €0. The base price for these five operators varied between €16 for Elisa in Estonia and €37 for Hutchison 3 Ireland. All 10 lowest gigabyte usage price operators come from EU28. While 5 out of the 20 lowest gigabyte usage price operators come from non-EU28 OECD countries.

Beside the calculated (approximated) gigabyte usage price the table also presents the approximated base price and the actual price for a smartphone tariff with unlimited minutes and SMS and minimum 5 gigabyte of data allowance (5 GB smartphone tariff basket).

The EU28 1Q2014 ranking list is free content available to the general public. The OECD 1Q2014 ranking list is premium content available only to Digital Fuel Monitor subscribers.

Prices for mobile operator discount brands and MVNOs are available for Digital Fuel Monitor subscribers only. For more on the data collection and analysis methodology please visit <http://www.dfmonitor.eu/about/>

In the second release of 2014 and subsequent releases Digital Fuel Monitor will also track and report the price *change* for every mobile network operator (main and discount brands) and MVNOs present in the EU28 and OECD countries.