

Revised ICT Price Baskets: Points for consideration and consensus

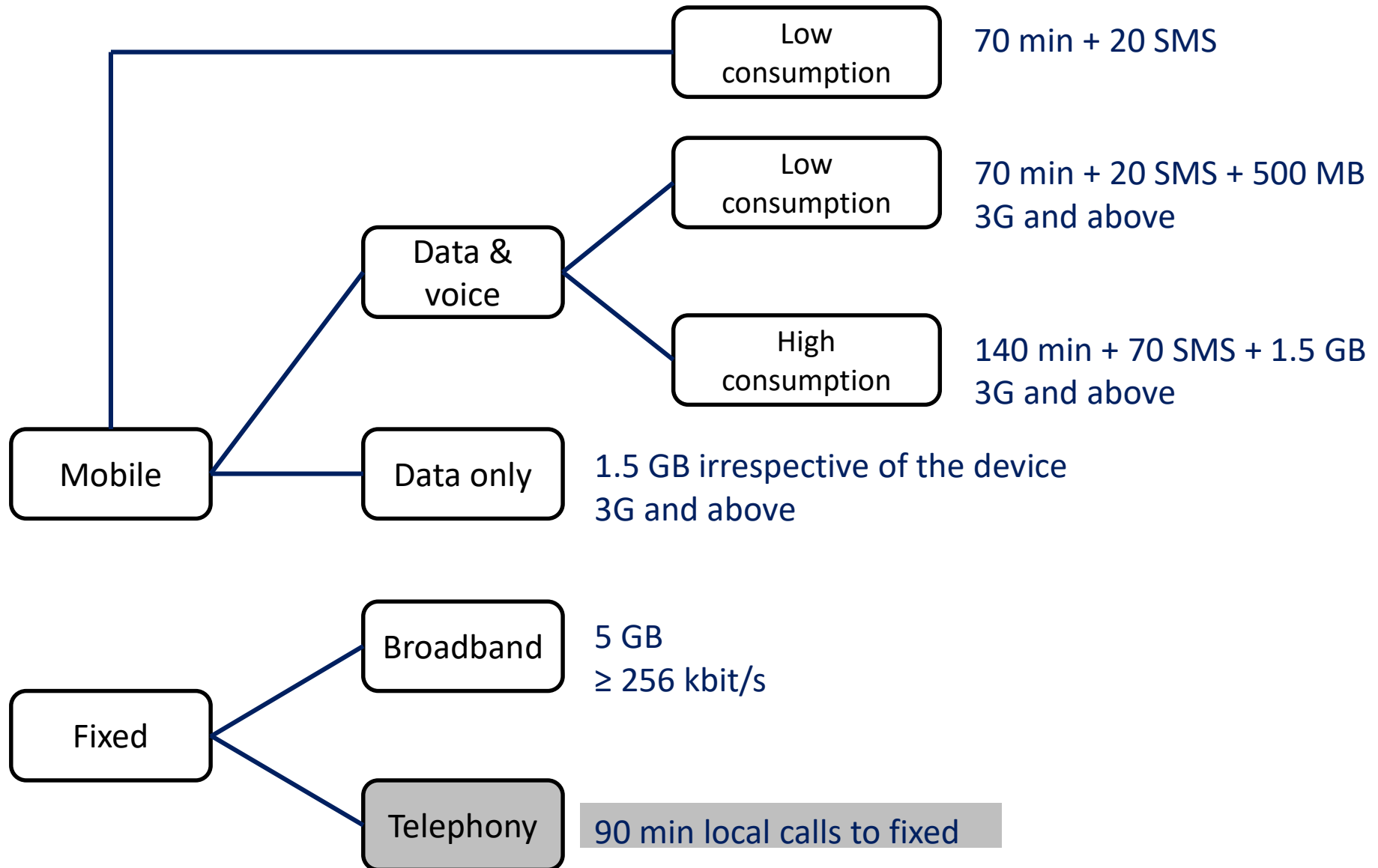
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for the subgroup on the revision of ICT price sub-baskets

11th ITU Expert Group for Telecommunications / ICT Indicators (EGTI)

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Recap of baskets



Working agenda of the sub-group

The sub-group, with the input of the ITU Secretariat, addressed the following:

1. A Bundled service approach vs Basket approach
2. Precedence of cost effectiveness over contract modality (prepaid, postpaid)
3. The minimum data allowance for mobile broadband
4. The relevance of SMS in the mobile high and low consumption baskets
5. The relevance of the mobile cellular basket (Voice and SMS only)

Note: The distribution of minutes of voice in the mobile cellular basket causes anomalies for cross-basket comparisons

1. Bundled approach vs. Basket approach

Definition of a bundled service: a group of services offered for a single price under a single invoice

- The term 'bundles', in the methodology, was used to describe the optimal way of obtaining a service
- If true bundles are given precedence, many may be excluded

Recommendation: Treat it as a basket of services, that may include stand-alone, bundles or a combination of the two as long as the cheapest options are selected.

2. Selecting the most cost-effective option over contract modality

- Prior to 2018: Data collected for prepaid only (exceptions: Japan and South Korea)
- Post 2018: Data collected for the most used contract modality

However, differential pricing for postpaid vs. prepaid (even if it is for the same volume and type of service) results in cheaper options being excluded.

Recommendation: Select the cheapest option to obtain the predefined basket of services

2. Selecting the most cost-effective option over contract modality

- When selecting the cheapest option:
 - I. Ideally, without a commitment (but with a minimum 30 day validity period)
 - II. A monthly price of a plan with a 12-month commitment (hidden costs such as connection fee, breakout charges / penalties have to be included in the total cost on a pro-rated basis)

3. The minimum data allowance for mobile broadband

- The data allowance in the mobile broadband basket was increased at EGTI 2017 from 1GB to 1.5GB per month
- However, most offers are either 1 GB or 2 GB plans, therefore an add-on is often needed.

Recommendation: Increase the minimum data allowance to 2GB / month in the high consumption and [data only] mobile broadband baskets.

4. Are SMS relevant?

- Included as it is still seen as a necessary service in some markets despite the OTT messaging services gaining in popularity
- Comments within the sub-group and at the EGTI 2019 suggesting SMS is not included
- A consensus was not reached
- Therefore, no change to the SMS component in the baskets

5. Relevance of mobile cellular basket (voice and SMS only)

- Given then voice and SMS are included in the mobile low / high consumption baskets and data is prevalent, is there value of maintaining the voice and SMS only basket?
- If No,
 - Option 1: Remove the mobile cellular basket
 - Option 2: Treat similar to fixed telephony (collect prices but do not publish. Analyse its utility and relevance (within a predefined period of time), and decide to remove or retain.
- If Yes,
 - Consider the rules of minute distribution that apply to this basket and not to the High and Low Mobile Consumption baskets.

The rules on the distribution of minutes skew the overall basket values

	Mobile cellular basket (70 min, 20 SMS) [distribution rules apply]		Low usage data and voice basket (70 min, 20 SMS, 500 MB) [no distribution rules]	
	2018	2019	2018	2019
Economy				
Barbados*	26.6	26.6	20.0	20.0
Belarus	3.9	4.2	3.5	3.5
Benin	8.1	7.7	18.0	7.5
Bulgaria	13.9	15.1	14.5	14.5
Burkina Faso	11.6	11.6	11.5	11.5
Cameroon	5.4	10.4	9.0	9.0
Chile	15.3	15.3	13.1	13.1
Côte d'Ivoire	14.7	14.7	10.1	10.1
Germany	41.3	41.3	22.2	22.2
Ghana	5.9	5.9	5.6	5.6
India	0.5	1.8	2.2	1.4
Indonesia	6.0	6.0	4.7	4.7
Israel	26.4	11.1	13.9	11.1
Italy	16.3	23.5	17.7	21.3
Korea (Rep. of)	29.9	29.9	28.9	19.9
Mauritania	15.9	15.9	5.6	6.2
Moldova	7.0	7.0	4.5	4.5
Montenegro	11.6	13.0	12.9	12.9
New Zealand	15.9	15.9	10.4	10.4
Nicaragua	30.1	30.1	15.3	15.3
Paraguay	14.4	13.7	21.5	13.6
Peru	11.0	11.0	8.5	9.1
Philippines	9.5	9.5	7.5	7.5
Sao Tome and Principe	9.5	9.5	14.3	7.2
Sierra Leone	6.2	6.2	11.8	2.6
Suriname	13.4	13.4	12.5	12.5
Sweden	26.8	26.8	22.9	22.9
Switzerland	39.1	34.0	29.7	25.6
Timor-Leste	11.1	10.4	18.1	9.6
Uruguay	17.7	17.7	12.7	13.8
Viet Nam	5.3	5.3	4.0	4.0

Thank you.