

“Up to” no good! Broadband providers must give clear information about their products and services, says the FTTH Council Europe

*By Hartwig Tauber, Director General, FTTH Council Europe*

BRUSSELS, 22 JANUARY 2013 - Would you be happy if a supermarket charged you for a full litre of milk but when you got home you discovered that the bottle was only half full? Of course not! Yet broadband service providers are allowed to charge consumers the full price for an “up to” service, regardless of whether they can actually deliver that speed.

Broadband service providers maintain that “up to” is the only way they can effectively advertise broadband, given the congested nature of the Internet and the technical constraints of the access network, but is this really an acceptable explanation?

It is technically possible for service providers to deliver the access speeds they promised... using fibre to the home (FTTH). A well designed fibre access connection is physically capable of delivering 100% of the advertised speed, unlike telephone cables whose ability to carry high-speed electronic signals decreases with increasing distance from the end user to the exchange or cable television networks that share broadband capacity among all of the users in the neighbourhood.

In fact, studies have shown that FTTH users often receive **more** than the advertised speeds. Broadband performance specialist Samknows measured broadband speeds in the US for the Federal Communications Commission (FCC) and discovered that, on average, during peak periods DSL-based services delivered download speeds that were 84% of the advertised speeds, cable-based services delivered 99% of advertised speeds, while FTTH services delivered 117% of advertised speeds.

Additionally, those FTTH subscribers are more satisfied with their broadband. A survey of more than 2,000 US broadband subscribers by market research firm RVA LLC, found a high degree of satisfaction among FTTH users, with those answering “very satisfied” at 74% in 2012 – compared to 54% for cable broadband users and 51% for DSL. This study shows that clear and transparent marketing, when consumers receive a service that matches or even exceeds what they expect, will create satisfied customers who are more likely to remain loyal to the service provider.

In Europe, the discrepancy between advertised and actual broadband speeds is more acute. For instance, the average advertised speed in the UK was 15Mbps in May 2011, some 8.2Mbps higher than the average actual speed of just 6.8Mbps, according to the regulator Ofcom. The difference between advertised and actual speeds had been increasing for several years, which finally prompted the Advertising Standards Agency to introduce new rules for broadband advertising.

The guidance, which came into effect in April 2012, states that at least 10% of customers must be able to access the speeds promised in the advert, and the Internet service providers (ISPs) must

supply data to prove it. Service providers must also ensure that adverts inform consumers that they may not achieve the headline speeds.

Did it have the desired effect? Many ISPs in the UK have changed the way they market broadband services by lowering the advertised speeds. For example, services advertised as of “up to” 24Mbps are now typically promoted as “up to” 16Mbps. In some cases, ISPs simply stripped references to speed from their marketing altogether. With the average broadband speed in the UK now at 9Mbps (May 2012), it suggests that a lot of broadband users still aren’t getting anything like the speeds they were expecting.

Denmark has recently taken a major step forward by insisting that operators guarantee a minimum speed on their broadband networks. A new agreement worked out by Danish consumer associations together with the telecoms and energy industries in Denmark will ensure that consumers receive at least 50% of the advertised speed, and that this minimum speed should be available to all households. All types of broadband network – including copper-based telephone and cable television networks, as well as mobile broadband – will be subject to the new agreement.

While we applaud the progress in Denmark, lack of transparency in broadband marketing remains a concern across the rest of Europe. How can consumers make appropriate choices about their broadband contract when the marketing information is confusing and inaccurate? How can they demand better, more reliable services when they cannot be sure exactly what they are purchasing in the first place? Why would they want to pay higher prices for faster speeds when they cannot be sure what difference it would make to their Internet experience?

In 2012, Neelie Kroes, Vice-President of the Digital Agenda at the European Commission, promised that she would take action to improve broadband advertising for all Europeans by preparing a Recommendation (a guidance document for regulators). “Are customers really empowered to choose well? Do they realise what they are signing up for? I didn’t read all the pages in my mobile contract and I bet you didn’t either! I believe we all need more transparent information,” she stated.

Sometimes consumers cannot even be sure that they are purchasing a genuine optical fibre connection – the word “fibre” itself has been commandeered by telecoms operators when they start to introduce a little fibre into their old telephone or cable networks. However, fibre to the cabinet (FTTC) still relies on copper telephone cables from the street cabinet to the home, creating bottlenecks in the last mile to the end user. While such connections may provide adequate speed for today’s users, will that still be the case in five or ten years’ time?

In our view, it is imperative that consumers get clear and accurate information about broadband services so they can make an informed choice. Don’t keep broadband consumers in the dark. Let them see the light!

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## References:

A Report on Consumer Wireline Broadband Performance in the U.S.

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<http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-may2012/>

Next steps on Net Neutrality – making sure you get champagne service if that's what you're paying for, *Neelie Kroes* (May 2012)

<http://blogs.ec.europa.eu/neelie-kroes/netneutrality/>

**Come to the FTTH Conference 2013**, ExCeL London, 19-21 February 2013

The 10<sup>th</sup> anniversary edition of the FTTH Conference will focus on a variety of topics, including FTTH-enabled services and applications that improve end-user experience and quality of life, and allow the private and public sectors to increase efficiency. This year will feature a special focus on the film industry.

In addition to conference sessions, the FTTH World of Applications showroom will offer delegates the opportunity to experience services and applications 'hands on'.

MEP Gunnar Hökmark, Member of the European Parliament, Anthony Whelan, Head of Cabinet of Vice-President Neelie Kroes, European Commission, and Chi Onwurah MP, U.K. Shadow Minister of Innovation, Science & Digital Infrastructure, will address the audience during the official opening ceremony.

A special 'Investors Day' will bring investors and fibre projects closer together.

Press passes are free of charge, just send an email to [nadia.babaali@ftthcouncil.eu](mailto:nadia.babaali@ftthcouncil.eu).

## About the FTTH Council Europe:

The FTTH Council Europe is an industry organisation with a mission to accelerate the availability of fibre-based, ultra-high-speed access networks to consumers and businesses. The Council promotes this technology because it will deliver a flow of new services that enhance the quality of life, contribute to a better environment and increase economic competitiveness. The FTTH Council Europe consists of more than 150 member companies.

[www.ftthcouncil.eu](http://www.ftthcouncil.eu)

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## Media Contact:

Nadia Babaali,  
Communications Director

FTTH Council Europe

+33 (0) 6 20 88 72 38

[nadia.babaali@ftthcouncil.eu](mailto:nadia.babaali@ftthcouncil.eu)