

Demand for superfast broadband in the UK: a solid start

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Today the UK's leading broadband advisory body, the Broadband Stakeholder Group (BSG) publishes a report that argues that initial demand for superfast broadband in the UK gives cause for optimism and confidence.

The study brings together public data on superfast broadband demand across various markets and probes headline figures to more fully understand actual consumer willingness to pay for superfast services. Looking at the data from this new perspective, the report argues that, on the international stage:

- The UK is a solid mid table performer in Europe, gaining on leaders such as the Netherlands, Denmark and Sweden and outperforming major peers such as France, Germany and Spain.
- Comparatively the US is experiencing a relatively low percentage of consumers actually choosing a superfast broadband service.
- Looking east to Asia, the initial growth curve for superfast broadband take-up in the UK compares favourably to that of Japan's when superfast services were first offered in that market.

Looking to future prospects for demand for and use of superfast broadband in the UK, the report highlights both opportunities and challenges.

Across all markets there is a challenge in enticing consumers to pay more for a superfast service, particularly if good quality ADSL and legacy cable services are available to them and satisfy their broadband needs. The BSG cautions that policy makers have to be realistic in their expectations for initial demand for superfast broadband. Experience across all markets, including the broadband trailblazers of the Far East, shows that demand will build gradually. In this context there is no need for concern about how the UK is faring.

The report also reveals that no market has yet established itself as a centre for the development of innovative services that require superfast broadband connectivity. Given that in the US, the home for service innovation over first generation broadband, less than 3% of homes currently subscribe to genuinely superfast broadband services, there could be an opportunity for the UK.

If the UK could harness both its creative and technological potential as well as the progress it has made to date in driving take-up of superfast broadband, there could be a great opportunity to lead the way in service innovation that could both build demand for superfast broadband as well as contribute to economic growth in a broader sense.

Commenting on the report, Pamela Learmonth, CEO of the BSG stated, *“Our analysis suggests that the UK has made a solid start on its next generation journey but, as in all markets, no one has a crystal ball to predict how this will evolve.”*

She added, *“The BSG believes that the most important factor in evaluating broadband is usage: how are people using broadband and what benefits result from this. If we are working towards having the best broadband in Europe by 2015 it is these demand side issues that are as important as concerns over infrastructure. In publishing this report we hope that we can engender greater debate and interest in demand side issues so that the UK can reap the greatest benefits from investment in improving broadband networks.”*

The full report can be accessed at: www.broadbanduk.org/superfastbroadband

Notes to Editors:

What is the Broadband Stakeholder Group?

The BSG is the UK Government’s leading advisory group on broadband. It provides a neutral forum for organisations across the converging broadband value-chain to discuss and resolve key policy, regulatory and commercial issues with the ultimate aim of helping to create a strong and competitive UK knowledge economy.

What is superfast broadband?

In this study we define superfast broadband as a service that goes beyond the capabilities of ADSL technology, i.e. over 24 Mbps. This definition excludes services delivered over NGA networks which are not superfast, but captures higher speed services on cable networks.

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