



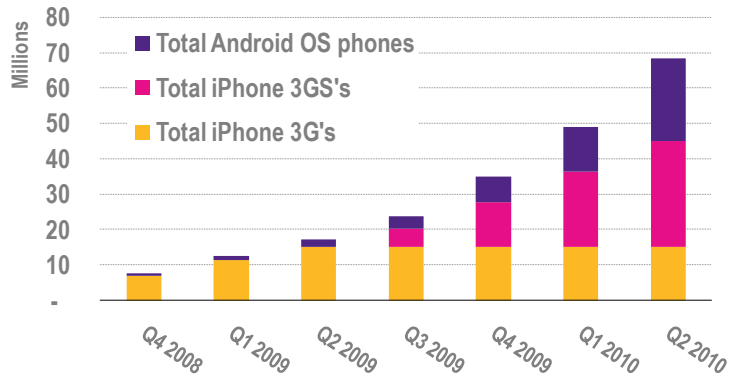
Consumer behaviour now and in the future

Brian Williamson

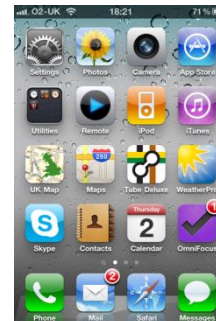
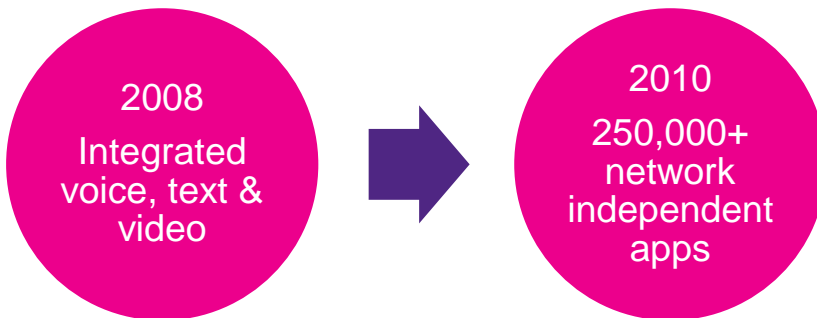
**9 September 2010, Broadband
Stakeholder Group Conference on Net
Neutrality, London**

Smart devices are changing the world - fast

Total global number of iPhones & Android phones sold



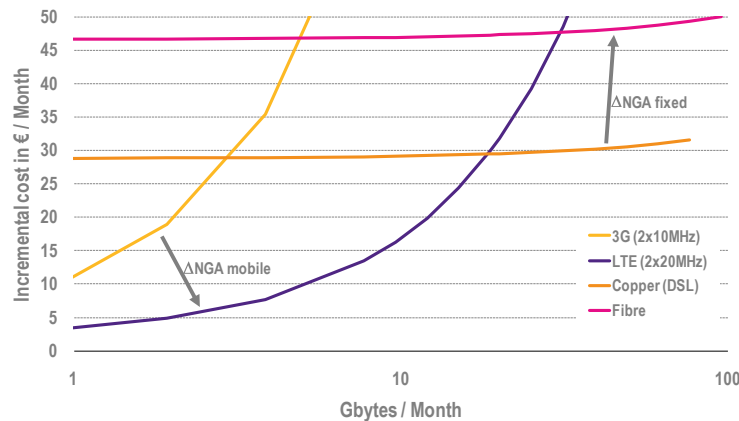
Source: Plum Consulting, Apple quarterly financial results, Gartner



Costs/prices will shape behaviour



Incremental costs of broadband



Source: Plum cost modelling, Analysys Mason, European Commission

Fixed fibre

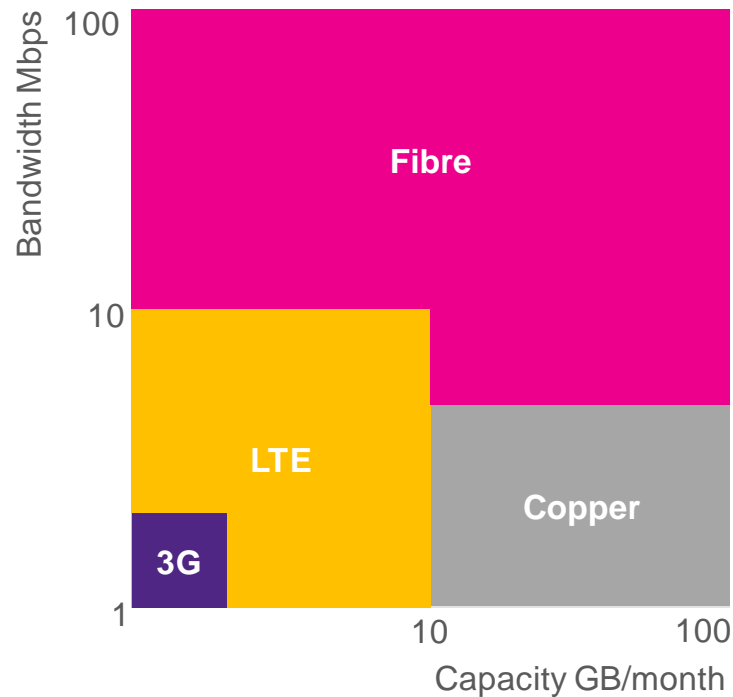
- Total cost↑
- Low traffic related costs
- Price discrimination required for
 - Low-user tariffs & to compete with LTE
 - Efficient and timely investment

Mobile LTE

- Cost↓
- Traffic related costs >50x fixed
- Cost related prices consistent with
 - Availability of low-user tariffs
 - Managing traffic volume growth

Paradoxically, is discrimination most beneficial where traffic related costs are low?

Consumer preferences & costs interact to shape evolution

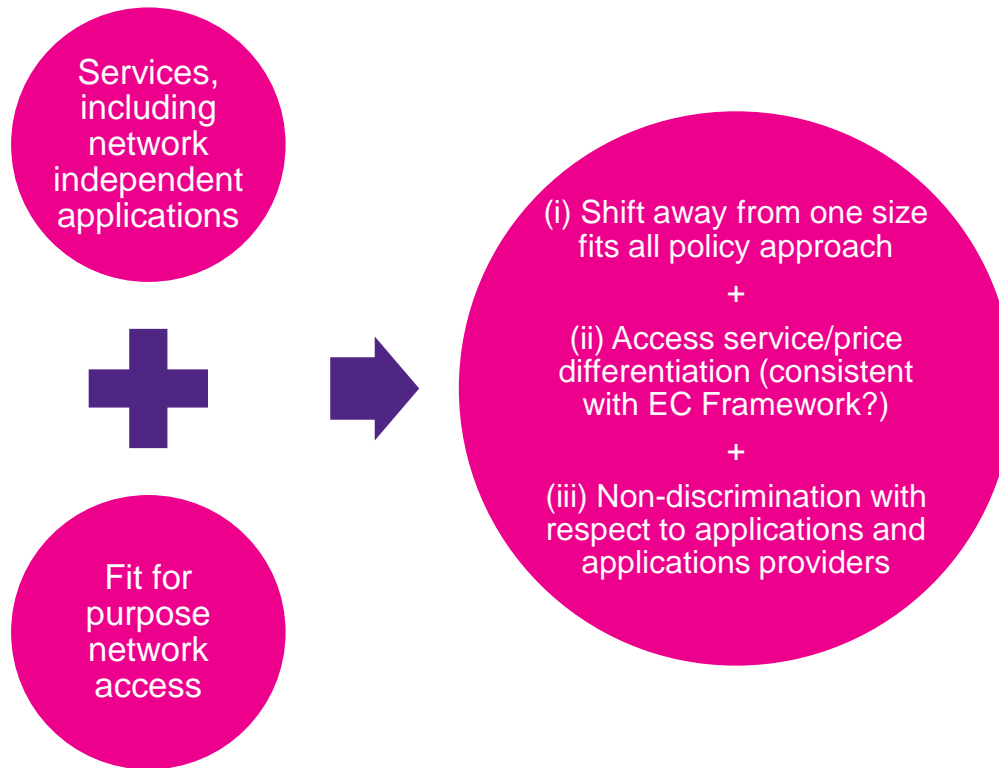


Possible consumer segments

- Internet + satellite TV
- Internet + iPlayer
- Internet + multiple HDTV

Network & application diversity e.g. mobile vs. fixed; voice vs. text vs. Facebook

Policy should reflect heterogeneous consumer preferences



Are legitimate forms of network management inconsistent with (iii) above?