1. Internet Access

Our view:

- A significant majority of respondents say that they would like faster broadband, but many consumers (including those with "slow" broadband connections) consider that their existing broadband speed is adequate for the activities they currently undertake on the internet.

- Although we see a case for super-fast broadband in the event of mass market demand for internet-delivered, HD quality streamed video, we suggest this demand is itself dependent on the widespread adoption of the internet as a delivery mechanism to the main TV in the home.

- The "net neutrality" debate which has consumed the US does not translate into the UK market.
1. Internet Access

Scream if you want to go faster

"It’s not our role to drive broadband penetration, we're about getting users to watch our content"

UK broadcaster

Public policy in the UK has been set firmly towards the rapid deployment, across as much of the country as possible, of very high speed (or "next generation") broadband. The Digital Britain report, published in June 2009, set a commitment to "achieve wide-scale next generation coverage first through market-led investment and, to a smaller degree, through targeted intervention" with the aim of delivering 90% next generation coverage by 2017, including through the use of a supplement on all fixed copper lines from 2010 in order to create a "Next Generation Fund".³

We received mixed views about the necessity of this large investment from the executives to whom we spoke, with, on the one hand, a senior executive in B2B publishing believing that the competitiveness of UK plc is already suffering through the lack of fibre to the home and, on the other, one analyst arguing that there is no business case for next generation broadband because there is no evidence of any consumer case for it.

It is notable that the telecoms operators we met perceived super-fast broadband as being almost by definition about TV and video content. However (and as is illustrated by the quotation at the head of this Chapter), many of those in the business of exploiting that content show little enthusiasm for super-fast broadband.

From a consumer perspective, many of our respondents expressed a desire for faster broadband (Figure 4(d)). Unsurprisingly, the 14% of Adults who stated that they had the slowest listed connection speed (up to 2MBps)⁴ showed the greatest desire for faster access (88% of this segment wanting a faster internet connection), yet 68% of those with access speeds of 8MBps or more (amongst the fastest speeds commonly available through DSL technology today) also said that they wanted faster broadband.

⁴ See Annex, Figure 2(a).
Despite this, many respondents acknowledged that the speed of their broadband access today is actually adequate for all or most of their current usage (Figure 3(c)). Even among those Adults whose current broadband speed is 2MBps or less, over one-half (56%) stated that they were satisfied that their internet is either always or often fast enough for the online activities they carry out today.
This is consistent with the views of our industry commentators. There is a belief among B2C content businesses that, at least until the widespread adoption of connected devices with large screens leading to the need for higher quality video distribution, today’s speeds are adequate or “plenty quick enough”.

Ubiquity is prized over speed – as Chapters 2 and 4 will illustrate and as some of our interview subjects also believe, it is the ubiquity of accessibility of networks, especially on mobile devices, that is driving the next shift in consumer behaviour, rather than the impact of any critical mass of consumers achieving a particular broadband speed.

There is also the cost implication for content providers to consider. Despite the rapid growth of streaming-based services, one content company made clear to us that, at least in the short- and medium-term, it would make more commercial sense to use progressive download technologies to deliver a high definition content experience over broadband to a big screen, rather than invest in the content delivery networks which would be needed in order to support a high bandwidth streaming service.

We can see a case for super-fast broadband in the event that mass market demand develops for internet-delivered, HD quality streamed video. However, we would suggest that this demand will itself be dependent on the widespread adoption of the internet as a delivery mechanism to the main TV in the home, an issue which we explore in more detail in Chapter 3.

Despite expressing desire for faster broadband, it may be that in practice, there remains a significant lack of impetus amongst consumers to do anything about it. When we asked consumers who did not always find their internet speeds adequate what they had done or might do about it, only 18% said they would switch to a new provider and only 11% said they would seek a faster service from their existing provider (Figure 5(a)).
Net neutrality

"As much as we would like either customers or the BBC to pay for accessing iPlayer, realistically that seems unlikely. It is hard to see a commercial or regulatory stimulus strong enough to deliver that outcome."

*Network operator*

Network neutrality has for several years been one of the hottest issues in the US internet world. There, the regulator, the FCC, is under increasing pressure to act to preserve the neutrality of the way in which ISPs handle incoming traffic onto their networks, so that they treat content demanding of high bandwidth no more favourably when it comes from their own favoured suppliers than when it comes from independent sources.

In the UK, this issue has not been articulated with the same degree of passion - the passionate debate between ISPs and content owners seems to have been reserved for the legislation concerning ISP co-operation in anti-piracy measures. Partly, this is a result of the difference between the UK and US markets. There is much more competition at the retail ISP level in the UK and we understand that Ofcom’s view is that there is no need to regulate concerning net neutrality, in that the market will determine whether ISPs will be able to charge content providers for use of a “fast lane” – clearly in the view of the network operator quoted above, this charging is unlikely to materialise.

Content owners did express to us some concerns that the proliferation of connected devices – especially large screen devices – will cause this debate to grow louder in the near future. Certainly Kip Meek, in his then role as chair of the Broadband Stakeholders Group called for content creators and aggregators to contribute to the costs of next generation access.⁵

Because the debate in the UK has not been conducted in the public arena in the way in which it has been elsewhere, it was only possible to engage with this issue with our consumer group to a limited degree. However, we did ask our respondents what their reaction might be when faced with a deteriorating user experience as a result of an ISP’s network management operations (Figure 6(a)).

⁵ See http://www.broadbanduk.org/componentoption/com_docman/task_doc_view/gid,1093/Itemid,63/.
Of a range of possible (multiple response) answers, it is notable that the issue our respondents would appear to object to most is lack of transparency – the fact that an ISP has not explained to a user what is happening. There is also quite a strong expectation that ISPs will handle data in a neutral way. It will be interesting to see whether these expectations will be met in the future – particularly as ISPs grow more sophisticated in their traffic shaping techniques.