

# Broadband market (internet services) in u.k



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Introduction In general, broadband or high-speed internet connection involves the transmission of data to s at a speed of at least 256 kilo bits per second. Currently, the standard broadband technologies commonly applicable are cable modems and DSL. Newer technologies that are rapidly being embraced in the United Kingdom include VDSL and fiber optics. The history and evolution of broadband has and continues to play a great role in shaping ICT sectors across the world. In fact it shapes the global business environment and affects a country's competitiveness in the global market. It was in 2000 that significant migration to broadband started to occur; initially domestic internet dialup was commonly used in the UK. Business users at that time relied on expensive high speed internet connections through dedicated leased lines. This was traditionally the domain of the large business which never minded setting aside colossal sums of money on connectivity.

#### Broadband Market Environment in the UK

Since the late nineties, broadband options were around but only very few cable operators availed the service to customers at cost effective rates. Homes and Small businesses at this time had very limited options with only sporadic availability of high speed connections. Broadband connection was more of a lottery of location. Throughout the United Kingdom, demand for high internet connection continues to increase on yearly basis. This increase in demand also sees the increase in number of broadband service providers. The business is known to be highly lucrative with its demand base continuously and significantly expanding to reach businesses and homes. With the burgeoning of DSL supply the service has become commonplace in the buyers' market. Further, the code of practice makes it very easy for

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consumers to migrate from one provider to another if they feel dissatisfied with the service of the existing provider. In effect this makes the broadband market highly competitive as witnessed in continuously dropping prices whose effect is the reduction in providers' profit margins.

#### Competition, Main Market Players and their Strategies

Several internet service providers exist in the UK among which includes BT (currently having a leading market share of 35%), NTL, Orange, Virgin, Tiscali, Be Broadband and AOL. Broadband services offered include satellite, cable and ADSL. According to a survey conducted in the first quarter of 2005, BT had a market share of 25%, NTL 20%, AOL 12% and Tiscali 7%. The competition has necessitated the provision of free re-grades to higher speed services and offering of free incentives by providers with the intention of retaining customers. Providers also have opted to offer freebies such as web hosting, virus and spam filtering and routers intended at enticing new customers.

Most (ISPs) Internet Service Providers in the UK believe that the broadband consumer market is greatly sensitive to pricing and therefore have opted to offer fast and cheap broadband to potential customers. Many service providers also engage in restricting or capping their services in one way or another to suit their operations. Services provided by ISPs mainly follow models similar to those adopted by mobile telephone operators in order to give consumers the best and most appropriate deals possible in their various circumstances. On average ISPs charge connection fees of 50 pounds per annum with monthly contracts being greatly applicable.

#### Conclusion

It is expected that unused television frequencies will be put into productive

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use in delivering broadband internet access. This is a vision that the White Spaces Coalition came up with to improve the efficiency of ISPs. It is also expected that High-Speed Downlink Packet Access will be applied in the country widely to increase broadband speed.

#### References

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