

The National Broadcasting and Telecommunications Commission

Pricing telecommunications services – Practical experiences (NBTC)

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The information and views set out in this presentation are those of the presenter and do not necessarily reflect the official opinion of the Office of the National Broadcasting and Telecommunications Commission



Overviews

- ❑ Pricing telecommunications services – The theory
- ❑ Specific case study of pricing telecommunications services in converged environment (Thailand)
- ❑ Impacts of services pricing to competition
- ❑ Monitoring costs of services
- ❑ Challenges and ways forward



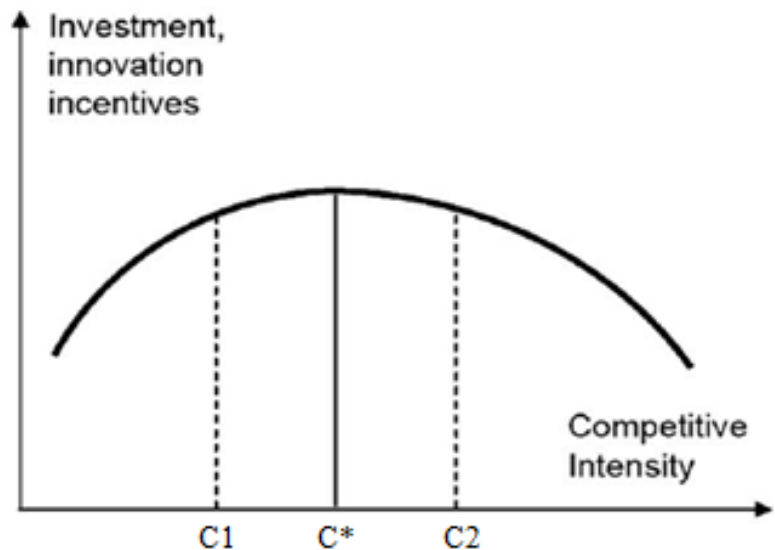
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Pricing telecommunications services – The theory



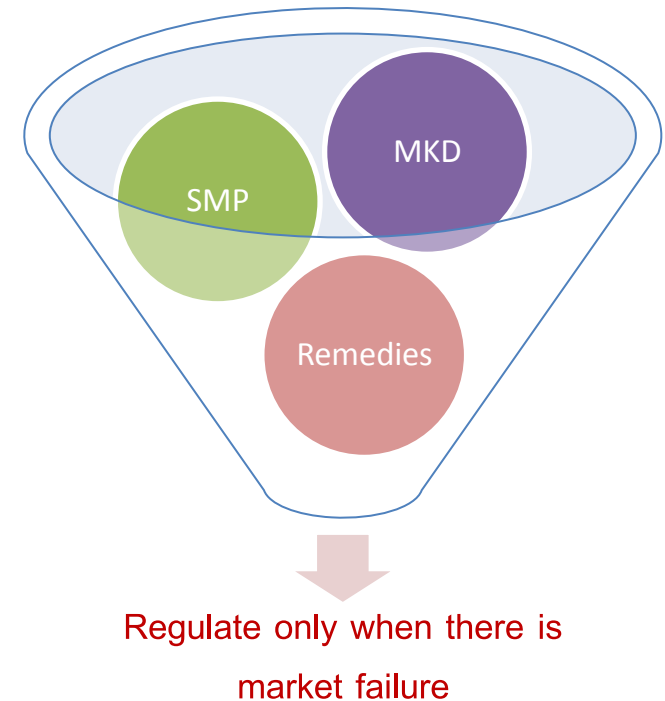
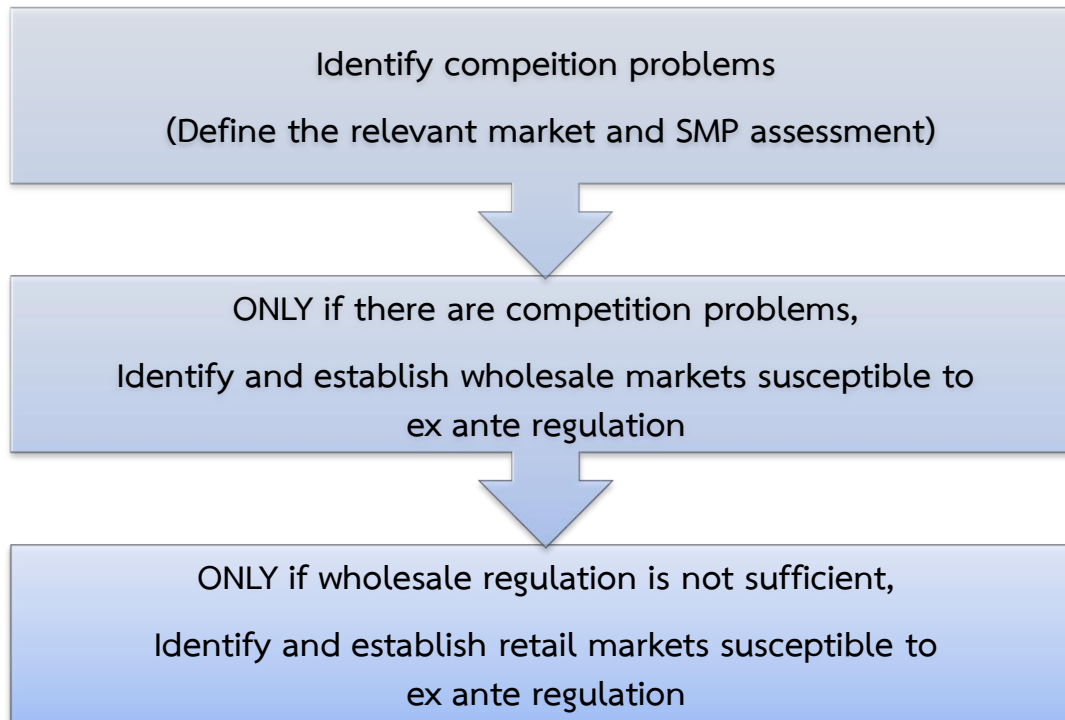
Goal : Higher competition -> lower price
Lower price -> more benefits to consumers
Question: How high? And how low?



Source : Bauer (2010)

Avoiding directly regulate retail market!!!
(unless it is necessary)!!!
Better to use market mechanism

Pricing telecommunications services – The theory



Pricing telecommunications services – The theory



Pricing strategies for wholesale price regulation

- ✓ FAC
- ✓ LRAIC
- ✓ Pure LRIC

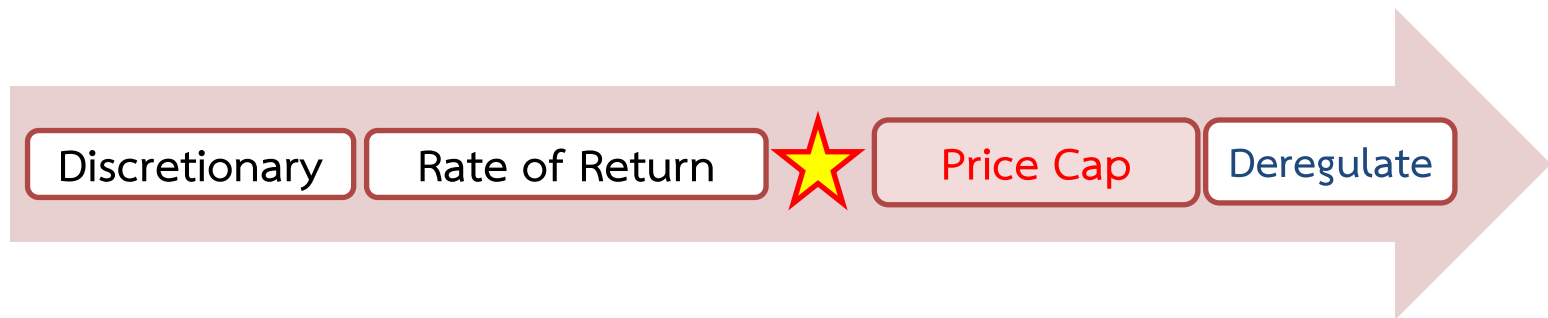


Pricing telecommunications services – The theory



Pricing strategies for retail price regulation

- ✓ Discretionary
- ✓ Rate of return
- ✓ Price cap
- ✓ Deregulation





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Specific case study - Price regulation in Thailand



Current wholesale price regulation in Thailand

- ✓ Reference rates for fixed and mobile interconnection services
- ✓ LRIC approach (currently, LRAIC) is applied for any interconnection services
- ✓ If there is a dispute on wholesale rates between MNO and MVNO, FDC approach will be applied to calculate reasonable wholesale price

Specific case study - Price regulation in Thailand



Reference rates for fixed and mobile interconnection

Services	Interconnection services	2014-2015	2015-2016	2017	2018
Mobile voice	origination	0.45	0.34	0.27	0.19
	termination	0.45	0.34	0.27	0.19
	transit	0.06	0.04	0.03	0.03
Fixed voice	origination	0.45	0.34	0.31	0.28
	termination	0.45	0.34	0.31	0.28
	transit	0.16	0.16	0.16	0.15

Unit : THB per minute

Specific case study - Price regulation in Thailand



Current retail price regulation in Thailand

- ✓ Maximum rates for SMP mobile operators not more than 0.99 THB/minute (*currently, there is no SMP for any retail service*)
- ✓ Reference rates for operators who won spectrum auction (2.1 GHz, 900 MHz and 1800 MHz)
- ✓ Options of “per-second billing” price plan for consumers (Not every price plan has to be “per-second billing” as it could be harmful and distort the market)

Specific case study - Price regulation in Thailand



Reference rates for operators who won spectrum auction

Spectrum frequencies	Reference rates			
	Voice THB/minute	SMS THB/SMS	MMS THB/MMS	Mobile Internet THB/MB
2.1 GHz	0.82	1.33	3.32	0.28
1800 MHz and 900 MHz	0.69	1.15	3.11	0.26

Unit : THB per minute

Specific case study - Price regulation in Thailand



Why does NBTC has retail price regulation even though there is no SMP in retail services?

- Ensure that operators would not push the auction costs to the consumers
- The calculation of reference rate is different and more flexible than maximum rate
- Pressure from politics and consumer protection association

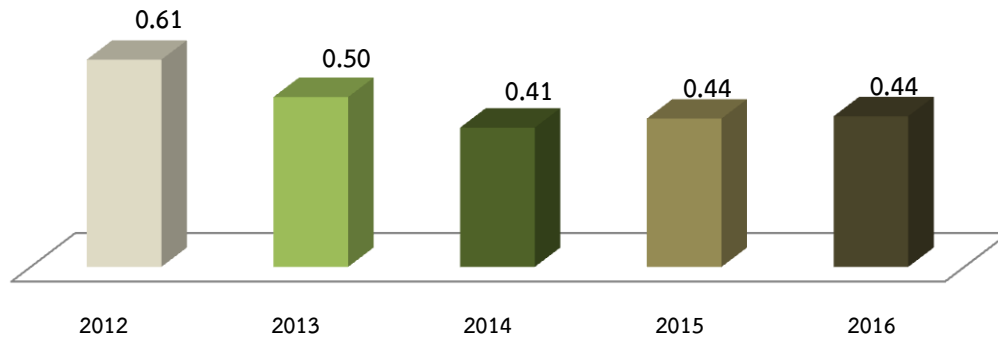


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- ❑ **Impacts of services pricing to competition**
- ❑ Monitoring costs of services
- ❑ Challenges and ways forward

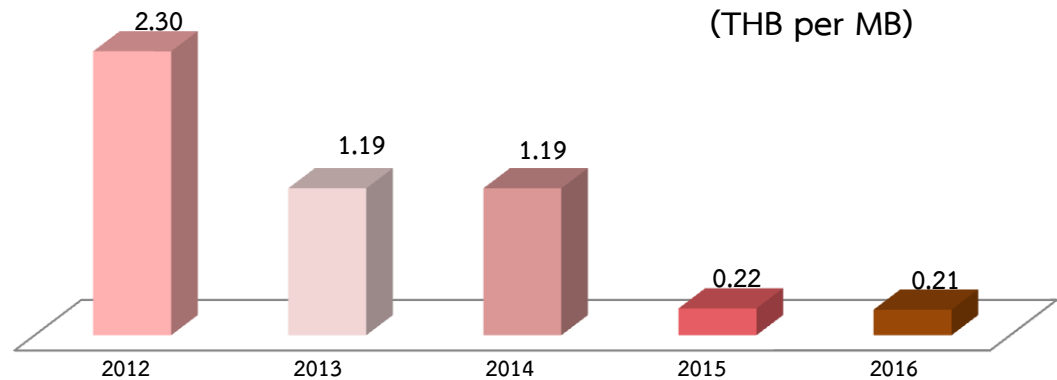


Impacts of services pricing to competition



Mobile voice
(THB per minute)

Mobile data
(THB per MB)



← Competition

→ Consumer protection



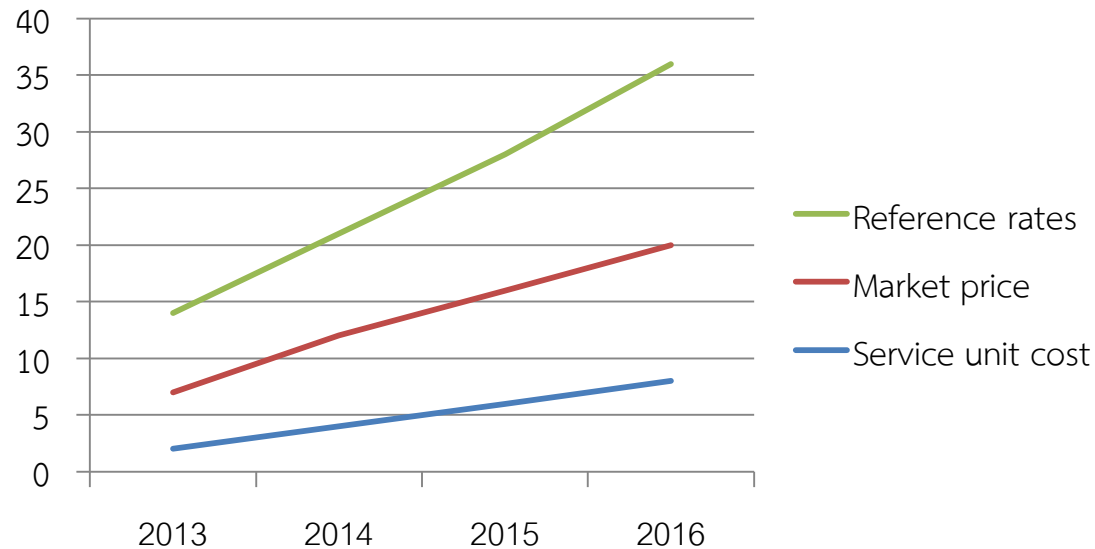
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- ❑ Challenges and ways forward



Monitoring costs of services

Using accounting separation to cross-check and compare market price with service unit cost



Due to the confidentiality of costing data, this graph is only made from mock-up data to illustrate the utilisation of accounting separation, and does not represent any real price or cost information in Thailand



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Challenges and ways forward

Zero-rating pricing – A program which allows consumers to access particular internet content without deduction of the usage of their mobile data plan





Challenges and ways forward

Zero-rating pricing – Examples in Thailand



Social Hero SIM

4G/3G 1.99 baht / MB

All networks 0.55 baht / min
0.99 baht on first minute,
then 0.55 baht / min 24 Hrs.
(minute rate basis)

49 baht / SIM

Special Promotion

- Free 10 Apps for 1 year
(Facebook, FB Messenger, Line,
Instagram, Twitter, WhatsApp,
Wechat, Beetalk, Pantip and
Kakao)
- Free 30 days after activation
- 2-12 billing cycles, free when top
up 100 baht/month

TOP UP BONUS

Top up ฿150 every 30 days
GET FREE :

- 2 GB of data for premium HD entertainment on True ID app for 30 days
- Non-stop internet at speed of 64 Kbps for 30 days
- Unlimited WiFi for 30 days
- 1 GB of data for Youtube, Line TV, Facebook Live for 7 days
- 1GB of 4G/3G for 7 days (applicable to customers with 4G device)

Z[EE]D² Special promotions

<p>FREE 12GB</p> <p>YouTube</p> <p>FREE 12 GB Youtube experience (1GB each month for 12 months)</p>	<p>FREE music</p> <p>JOOX</p> <p>FREE JOOX music experience with no internet charge (12 months)</p>	<p>FREE live broadcast</p> <p>VOOV</p> <p>Watch free live broadcast through VOOV with no internet charge (12 months)</p>	<p>FREE ROV</p> <p>ROV</p> <p>FREE ROV with no internet charge (12 months)</p>
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Challenges and ways forward

Zero-rating pricing – Examples in ASEAN

Send cheesy texts, make surprise phone calls, or post your funny photos on Facebook! Now there are more ways to show the world who you are with GoUNLI25—for only P25!

Unlimited calls to
Globe/TM

Unlimited texts to
all networks

FREE Facebook +
another app of
choice

Valid for one (1)
day

Choose your other freebie from the following apps.



Free 10GB High Speed Internet for Video and Music Monthly with Digi Prepaid LiVE™

Enjoy streaming on your favourite music and video apps

ALL OUT 30

300MB
Any site

CALLS
30 mins to
Smart, TNT, & Sun

TEXTS
UNLI
all networks

+

UNLI





Challenges and ways forward

Zero-rating pricing – Examples in the EU



Category	Description	Examples of zero-rated offers
Audio streaming	Music and other audio streaming services	Telefónica UK: Spotify, SoundCloud, Deezer, Apple Music, iTunes
Video streaming	Services which allow for streaming of live or on-demand video	Telenor Bulgaria: HBO Go; NOS Portugal: YouTube
Cloud storage	Services used for the transfer files in and out of the cloud	Vodafone Portugal: Vodafone Backup+
Communication (text)	Communications applications which are primarily used for text messaging	Telenor Serbia: WhatsApp; Virgin Mobile Poland: Facebook Messenger
Communication (VoIP)	Communications applications which are primarily used for voice/video-over-IP calling	MEO Portugal: Skype, FaceTime, Viber
Social media	Social media services	Orange Belgium: Facebook, Twitter
Navigation	Mapping and satellite navigation services	Deutsche Telekom Hungary: Waze, Apple Maps
Information	News or information services	Telia Moldova: Wikipedia
Banking	Service used for transferring money and checking bank account balances	Vodafone Portugal: MB Phone
Gaming	Gaming applications which require online connectivity	Eir Ireland: Pokémon Go

Source : EU (2017)



Challenges and ways forward

Zero-rating pricing

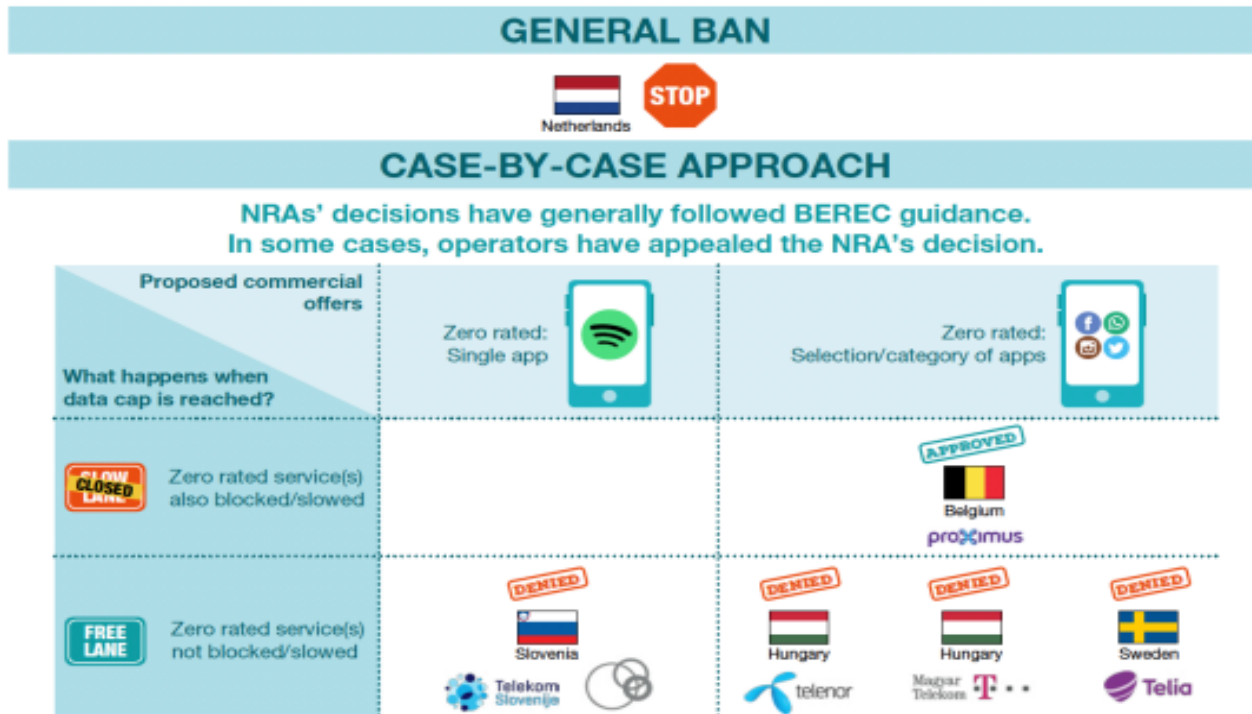
- ✓ New type of bundle services
- ✓ Free access (of certain content) for users
- ✓ Enabling or restrict internet access???
- ✓ Violate net neutrality???
- ✓ Increase data cap VS. Zero-rate pricing





Challenges and ways forward

Zero-rating regulation in the EU – On case-by-case approach



Source : Cullen International (2017)



Challenges and ways forward

Ways forward

- ✓ Deregulate or, at least, loosen the current retail price regulation
- ✓ Raise more awareness to consumers
- ✓ Follow up on innovation and the global trend of price regulation





Question Time



**THANK YOU
FOR YOUR ATTENTION**