

19th Voorburg Group Meeting

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Producer price indices for

- Telecommunication Services

Respondents:

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Pilot Study

Pilot study on behalf of Eurostat

- Start: April 2003
- End April 2004

Base year 2005

- Index calculation in preparation

Experiences from the CPI can be used

Description of the German Telecommuni-cation Market (I)

Fixed Line Sector

- Complete deregulation in early 1998
- Abolishing network monopoly for voice transmission for the general public

Mobile Phone Sector

- Not regulated / free competition
- Increasing importance in the last years
- Individual business solutions are becoming important

Description of the German Telecommuni-cation Market (II)

Internet Access Services

- Increase of usage in the last years
- New products and technologies are entering the market
- Development from narrowband internet access to broadband internet access (e.g. DSL)

Cable TV

- No decisive growth expected
- Terrestrial TV signals are gaining importance

Index concept (I)

Laspeyres concept, BUT:

- Technological and economic parameters change rapidly
- Consideration of technological changes especially if they become relevant for sales

Index concept (II)

PPI

- Current price observation comprises
 - Private customers
 - Business customers
 - Public customers

Fixe Line Index (I)

Standardized Sector

- Weighting Patter:
 - Construction of weights according to the turnover of a category
- Current price observation:
 - Contract pricing: Representative products and tariffs are defined
(e.g. calls with a specific length at a specific time with a specific tariff)

Fixe Line Index (II)

Non –Standardised Sector

- Business customer market: generally individual contracts
- Flat rate for complex service modules
- Model approach (not yet realised):
 - Model pricing: Enterprises provide prices for fictive contracts for business solutions
 - Contracts have to show a representative picture of the companys´ customers

Mobile Phone Index (I)

User profiles

- Private customers
 - Rare callers, low level callers and average callers
- Business customers
 - High level callers

Mobile Phone Index (II)

Companies to observe

- Carriers
- Customers of carriers and customers of service providers
 - Phone at the same time
 - Make – on average - phone calls with the same duration of time
 - Make on average the same number of calls in one month
 - Make calls into the same direction (assumed: the same shares of business and private customers)

Internet Index (I)

User profiles

- Private customers
 - Rare users, average users, high level users (private)
- Business customers
 - High level callers (small and medium sized enterprises)

Internet Index (II)

Types of tariffs to be considered

- internet by call
 - internet by call with registration and a monthly basic charge
 - flat rates
 - tariffs depending on the transmitted data volume
 - tariffs depending on the online time
- } **narrow band**
- } **broad band**

Frame Conditions

Regulatory Authority

- Regulates fixed line sector
- Conducts obligatory surveys
- Not allowed to provide individual data for statistical purposes

Response rate

- Many firms refused responding to the weighing questionnaire
- Data collection only on a voluntary basis at the moment

Differentiation of the sectors

- Fixed line sector and internet sector are merging increasingly
- Often only bundles of services are offered

Future Developments

<p>Fixed Line</p>	<ul style="list-style-type: none"> ■ Fixed line telephony will become cheaper ■ call time will be free ■ monthly basic charges will become more expensive
<p>Mobile Phone</p>	<ul style="list-style-type: none"> ■ New services will enter the market: <ul style="list-style-type: none"> ■ UMTS ■ Transmission of big amounts of data ■ Multimedia
<p>Internet</p>	<ul style="list-style-type: none"> ■ Consolidation of the TC and the IT market ■ Internet telephony (Voice over IP) ■ WLAN
<p>Cabel</p>	<ul style="list-style-type: none"> ■ Growing market share of the digital terrestrial TV

Thank you very much for your attention!

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