

The Broadband War - What Side Should You Take?

The days of dial-up are a long distant memory for many, although it's surprising to know that some people are still waiting for those strange whirring noises as they sit and connect to the internet through their standard phone line. And it's even more surprising when you consider that you can get broadband for roughly the same price as dial-up and it's so much faster, and of course doesn't tie up your phone line. Around nine million households in the UK have now turned to broadband and are enjoying high speed internet access with rich graphic details and quick downloading of files. Some would even argue that you haven't really access the internet until you have used broadband and this could be why nearly 70,000 homes a week are signing up to broadband making it one of the fastest growing consumer products on the market. But it's not just the promise of high-speeds and access to exclusive content that is causing so many people to switch to broadband, it is also the highly competitive market where speeds are increasing and prices are dropping, and even scrapped by some companies offering "free broadband". The main reason for this increased competition in the market came last year when BT, which largely controls access to the internet via its copper wire telephone network, was told by Ofcom to open up its infrastructure to the competition, in the same way that it did so a few years back with home phone service providing. This meant that other companies could control the wire that runs from your telephone socket to the pole on your street, and on to the local exchange. The telecom term for this is "local loop unbundling", or LLU, and it sparked a process that has resulted in this summer's broadband price war. The first company to make the first move in the broadband war was TalkTalk, part of the Carphone Warehouse, Britain's biggest mobile phone retailer, who had in recent years started to focus on home phone provision too. Not only did TalkTalk make the first move, but they also made the biggest and boldest, one that would change the provision of broadband for the foreseeable future - they offered "free broadband". Previously customers had been charged separately for line rental, home phone calls and broadband. TalkTalk set out to change that and offered customers who signed up to their Talk3 package (which included line rental and calls) broadband for "free". Although it was not technically free as you had to buy something else to get it, you were in fact getting broadband for no extra cost. The service was launched in April of this year with the company predicting around 170,000 new customers. However, these predictions were way out with actual demand nearing 340,000 within two months. The demand was too much and TalkTalk had to admit that they had underestimated the amount of new customers who wanted to take advantage of the package as their website crashed, their call centres couldn't cope with the amount of calls they were receiving and customers faced long delays to get their broadband connection. The next company to enter the broadband price war was the mobile phone operator Orange. They started offering broadband packages after taking over Wanadoo but offered "free" broadband to mobile phone customers who spent a certain amount on their monthly phone bill. Again this was another free offer which required another product to be paid for in order to qualify but nonetheless was another bold step in the world of "free" broadband. Finally, earlier this summer, the last of the "free" broadband contests was entered by Sky, the digital TV provider. They decided to offer "free" broadband to customers who subscribed to their satellite digital TV packages with the option to pay more to upgrade your connection speed and usage limit. Although no other broadband providers, current or new, have yet to join the "free" broadband war, there has been a series of price cuts and service upgrades as each company seeks to retain current customers and attract new ones. As the prices drop and the service improves the market will become even more competitive and more and more people will not only connect to the internet to broadband, but existing users will become more likely to switch their supplier.

About the Author

Guide2Broadband discusses broadband options for residential customers, primarily for the UK market. Find out more about getting the best broadband option for your home at <http://www.guide2broadband.com>

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