

The Information Technology & Innovation Foundation (ITIF)



Key Facts from “The Whole Picture: Where America’s Broadband Networks Really Stand”

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February, 2013

The status of broadband networking in the United States compared to other countries has been a hotly debated topic. ITIF’s recent report finds that the United States has made rapid progress since 2009, particularly in broadband deployment, performance, and price.

DEPLOYMENT: The share of American households with access to world-class, competitive broadband is among the highest in the world.

- 96.3% of U.S. households have access to wired broadband.
- The U.S. is 3rd in the geographic deployment of at least two networks among OECD countries, behind only Belgium and the Netherlands.
- American firms bought more fiber cable in 2011 than any other country besides China; 2011 purchases exceeded those at the peak of the dot-com bubble in 2000, and 2012 purchases exceeded those of Europe by 15 percent.

ADOPTION: While America is in the middle of the pack in terms of broadband adoption, the cause is low computer ownership and digital literacy.

- 88.6% of American households owning a computer subscribe to broadband compared to 85.9% for the EU-15. This is less than 5 percentage points shy of top-performing, population dense Iceland.
- Adoption of 4G LTE mobile broadband is higher in America than anywhere else in the world.

PERFORMANCE: The speed of American broadband meets demand and is as-advertised.

- The average peak American network speed is 29.6 Mbps, and the average American speed is improving more rapidly than it is in the world’s fastest broadband countries.
- 82% of American homes are passed by a broadband network capable of speeds of 100 Mbps or higher.
- By average overall speed, America’s broadband networks have improved their global rank from 22nd in the fourth quarter of 2009 to 8th in the third quarter of 2012.

PRICE: The price of American broadband is affordable and in part reflects the significant private investment in American infrastructure.

- Pricing for entry level American broadband is the second-lowest in the OECD behind Israel.
- American broadband providers have less than a quarter (1.9%) of the profit margins of the EU-15's providers (8.9%) but are still able to provide a higher quality of service.

OBSERVATIONS AND FACTORS CHARACTERIZING THE U.S. & INTERNATIONAL BROADBAND COMPARISONS:

- U.S. broadband deployment is costly because of low population density, particularly in urban areas. The U.S. has the 27th lowest median urban population density in the OECD.
- U.S. broadband providers have committed over a trillion dollars in private investment in broadband infrastructure, while overseas countries with low-cost, high-speed broadband - such as Korea and Japan - have relied more on direct and indirect government subsidies.
- Cost is not a predictor of broadband adoption, as the comparison between Japan and Korea shows. Both countries have fast networks, but Korea has higher adoption and higher prices than Japan. Japan's subsidized fiber has not increased adoption unlike Korea's adoption outreach program.
- Top European Internet policymaker Neelie Kroes notes that EU broadband has a lot of catching up to do with the U.S., noting that in the U.S. "high speed networks now pass more than 80 percent of homes; a figure that quadrupled in three years." Kroes also notes that private investment is the primary driver of broadband progress: "Though the public sector can help, the real heavy lifting must be done by private investment."

ABOUT ITIF

The Information Technology and Innovation Foundation (ITIF) is a Washington, D.C.-based think tank at the cutting edge of designing innovation strategies and technology policies to create economic opportunities and improve quality of life in the United States and around the world. Founded in 2006, ITIF is a 501(c)(3) nonprofit, non-partisan organization that documents the beneficial role technology plays in our lives and provides pragmatic ideas for improving technology-driven productivity, boosting competitiveness, and meeting today's global challenges through innovation. Email us at mail@itif.org.

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