

The Broadband Access Demand and Fiber to the Home in Japan[†]

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Abstract

The recent growth of broadband users attracts the public interest as well as regulatory authorities in Japan, because competition and regulatory issues are very important but also difficult in such facility-based network industries with rapid technological innovation. On the other hand, there seems to be substantial heterogeneity among consumers' preference for such high-tech products or services. In this paper, to describe the market precisely, we estimate the demand system of the Japanese broadband access services. More concretely, using a web-questionnaire-base survey, we estimate the discrete choice model of consumers' internet access line choice behavior, where the marginal utility of download traffic speed is assumed to vary among consumers. Moreover, based on the estimated demand system, we conduct some simulations to investigate the Japanese broadband access market.

Key words: Broadband; discrete choice model; Telecommunication

JEL Classifications: L1, L4, L5

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