The satellite industry needs to adapt to Starlink's aggressive price points

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Wholesale satellite capacity from Starlink is as much as seven times cheaper than competing geostationary capacity, in verticals such as enterprise, backhaul and maritime mobility. Geostationary orbit high throughput satellite (GEO HTS) capacity prices fell by an average of 4.6% across all verticals and regions in 2024, in large part due to the pricing pressure of Starlink's abundant capacity in LEO. Analysys Mason's *Satellite capacity pricing index, 10th edition,* part of our *Satellite Capacity* programme, contains our detailed assessment of 1Q 2024 capacity spot prices, and our forecast for 1Q 2025.

Starlink has asserted itself in the consumer broadband market, and many of the customers of incumbent GEO players Hughes and Viasat have moved to Starlink in the USA. Starlink has expanded its services portfolio to serve business customers in the enterprise, backhaul and mobility verticals. Starlink's wholesale capacity pricing substantially undercuts that of the rest of the industry. Therefore, GEO operators are adding value through managed end-to-end services, in order to preserve their profit margins and create barriers to entry.

Hughes and ViaSat have improved their consumer broadband plans, but struggle to match Starlink for capacity

Hughes' broadband service, HughesNet, has lost over a third of its subscribers since December 2020, from a base of 1.56 million. Starlink surpassed 1.3 million subscribers in the USA in December 2023. Hughes and Viasat suffered from capacity supply saturation during this period, and struggled to match Starlink for user speeds. Hughes hopes the 500Gbit/s of Ka-band capacity from its Jupiter-3 satellite will help to reverse the subscriber trend of recent years. However, Viasat will continue to be constrained, given the failure of the ViaSat-3 F1 satellite in July 2023. Both GEO operators announced upgraded plans for 2024 to compete with Starlink (Figure 1).

Figure 1: Comparison of consumer broadband plans by provider, April 2024

	HughesNet Elite	HughesNet Fusion	Viasat Unleashed	Starlink
Service price (USD per month)	95	125	110	120
Hardware purchase (USD)	300	450	250	599
Hardware rental (USD per month)	15	20	15	N/d
Priority data (per month)	200GB	200GB	850GB	1TB*
Price per priority (USD per GB)	0.48	0.63	0.13	0.08*
Peak speed (Mbit/s)	100	100	150	220

	HughesNet Elite	HughesNet Fusion	Viasat Unleashed	Starlink
Average speed (Mbit/s)**	30–40	30–40	30–40	60–100
Latency (ms)	700+	100–200	700+	30–50

* Starlink abandoned plans for an explicit 1TB priority data cap for residential users. Nevertheless, residential traffic comes second to priority traffic for Starlink's enterprise or mobility customers.

** Speed data sources: Starlink, Hughes, Viasat.

These new broadband plans from Hughes and Viasat are comparable in price to those from Starlink, and include unlimited data, but they offer lower peak and average download speeds. The disparity in user speeds implies that Starlink's capacity price is around half that of the GEO operators. The GEO operators offer cheaper user hardware, and offer add-ons such as cyber-security, voice, or express repair, which could persuade some new customers to choose their service. Additionally, Hughes' entry-point 'Select' broadband plan is a cheaper option for customers that want basic internet and are unwilling to pay for Starlink's 'one-size-fits-all' plan. Time will tell how the US satellite broadband market develops. The full effect of Jupiter-3 plans are not yet realised, and Viasat hopes to relocate one of Viasat-3 F2 or F3 to replace F1 over the Americas. Nevertheless, Starlink is well-positioned to continue serving contended consumer broadband at competitive prices.

Starlink has extended its services to include backhaul and mobility, applying pressure on the satcom industry

Starlink has entered business-facing demand verticals, in most cases undercutting the incumbent GEO players on price. Japanese operator KDDI was an early adopter of Starlink for backhaul in 2021. Since then, Starlink has signed a range of agreements in this segment. Highlights include partnerships with Africa Mobile Networks and Telcel in Mexico. Starlink is enticing telcos with a significant discount on capacity price compared to the rest of the market (Figure 2). The GEO prices are for wholesale capacity leasing. The Starlink prices are for full service, although Starlink adds limited value beyond wholesale capacity so the result is roughly comparable.

Figure 2: Comparison of Starlink and GEO-HTS capacity and terminal prices by business vertical, 2024

	Starlink		GEO-HTS	
	Capacity (USD per Mbit/s per month)	Terminal (USD)	Capacity (USD per Mbit/s per month)	Terminal (USD)
Enterprise	27	2500	175	~1000
Backhaul	27	2500	175	~2000
Maritime	108	2500	468	~20 000

Note: Starlink does not disclose its capacity pricing publicly. The prices here are estimated using their advertised price per gigabyte, and an assumption about the number of 'busy hours' for traffic – typically 8 hours per day for enterprise or backhaul customers.

The estimated Starlink prices are a fraction of the GEO spot prices for 2024 in enterprise, backhaul and maritime. Starlink is having a big impact in maritime mobility, especially for cruises. It has secured connectivity contracts with the world's three largest cruise companies by revenue (Carnival, MSC and Royal Caribbean) since 2022. GEO-HTS capacity pricing for maritime and oil and gas declined 5.3% in 2024, and is forecast to decline a further 4.5% in 2025. GEO operators are guarding their bottom line by adding value through managed services and first-rate service-level agreements (SLAs) for network performance.

GEO operators face less immediate pressure from Starlink in in-flight connectivity (IFC). IFC presents significant barriers to entry, with complex installation and maintenance, high support demands and tougher SLAs. Starlink must develop these capabilities to present a true challenger to traditional integrators. Starlink secured its first airline agreement in 2023, providing IFC for the Qatar Airways fleet. Nevertheless, Analysys Mason forecasts aeronautical GEO-HTS capacity pricing to decline by just 3.1% in 2025, on account of those barriers to entry. From 2026, IFC players will feel a greater price impact from Starlink, as well as from entrant LEO constellations Amazon Kuiper and Telesat Lightspeed. Starlink and other LEOs will establish themselves with segment-specific capabilities and will capture a growing slice of industry demand over time.

GEO operators have time to adapt, protected by customer lock-in to multi-year deals. Traditional operators will continue to see significant wholesale capacity price decline as supply accumulates in LEO. Satellite is becoming more standardised and mainstream, and the scope of the industry will only broaden. Incumbent players must widen their perspective beyond a largely homogenous capacity play. As the satellite industry enters an era of abundance, the added value of managed services and unique positioning will become paramount.