TELECOMMUNICATIONS CONSUMPTION TREND AND SERVICE BUNDLING

Ghana's Experience

International Telecommunications Union (ITU)
ICT indicators symposium
Gaborone, Botswana, November 21-23, 2016

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Overview

- Bundling of telecommunications products & services has become the new innovative pricing strategy in Ghana.
- It started with voice and sms
- The convergence of voice and data has changed the market dynamism of bundling
- In addition social media such as whatsapp has been added to the bundle of services

Outline of presentation

Telecommunications Consumption Trend

- Subscription
- Voice traffic (domestic + international)
- Data traffic
- Tariffs

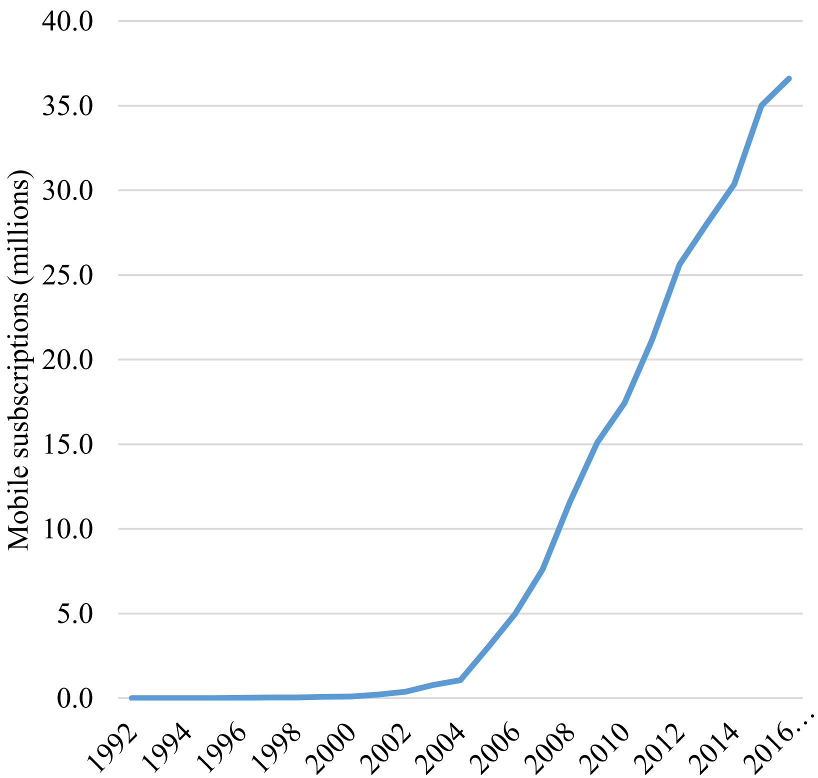
Bundling of telecom services in Ghana

- Evolution
- Services and products
- Outlook of bundling

Conclusions and Recommendations

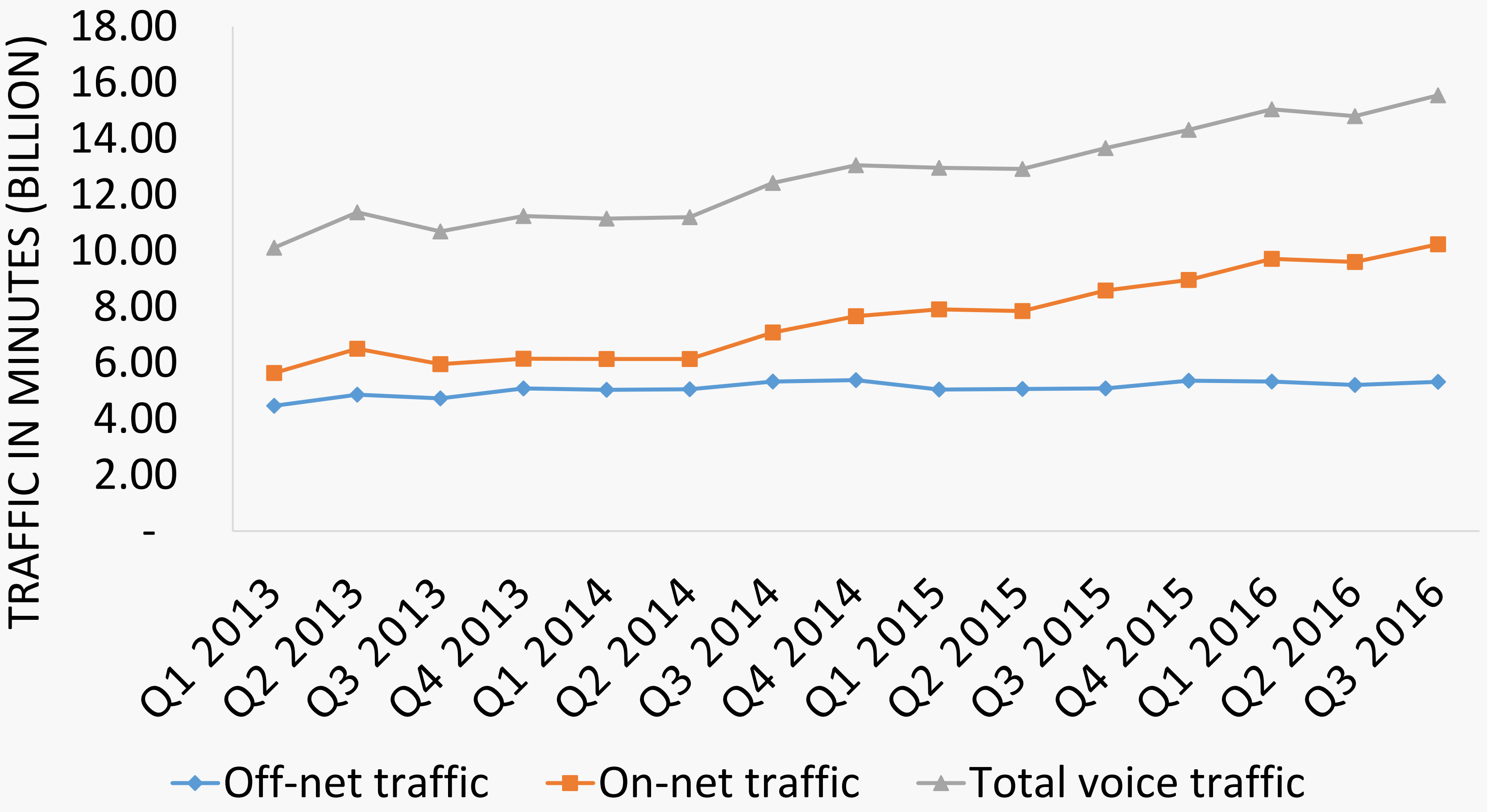
Mobile subscription

Figure 1: Mobile subscription in Ghana

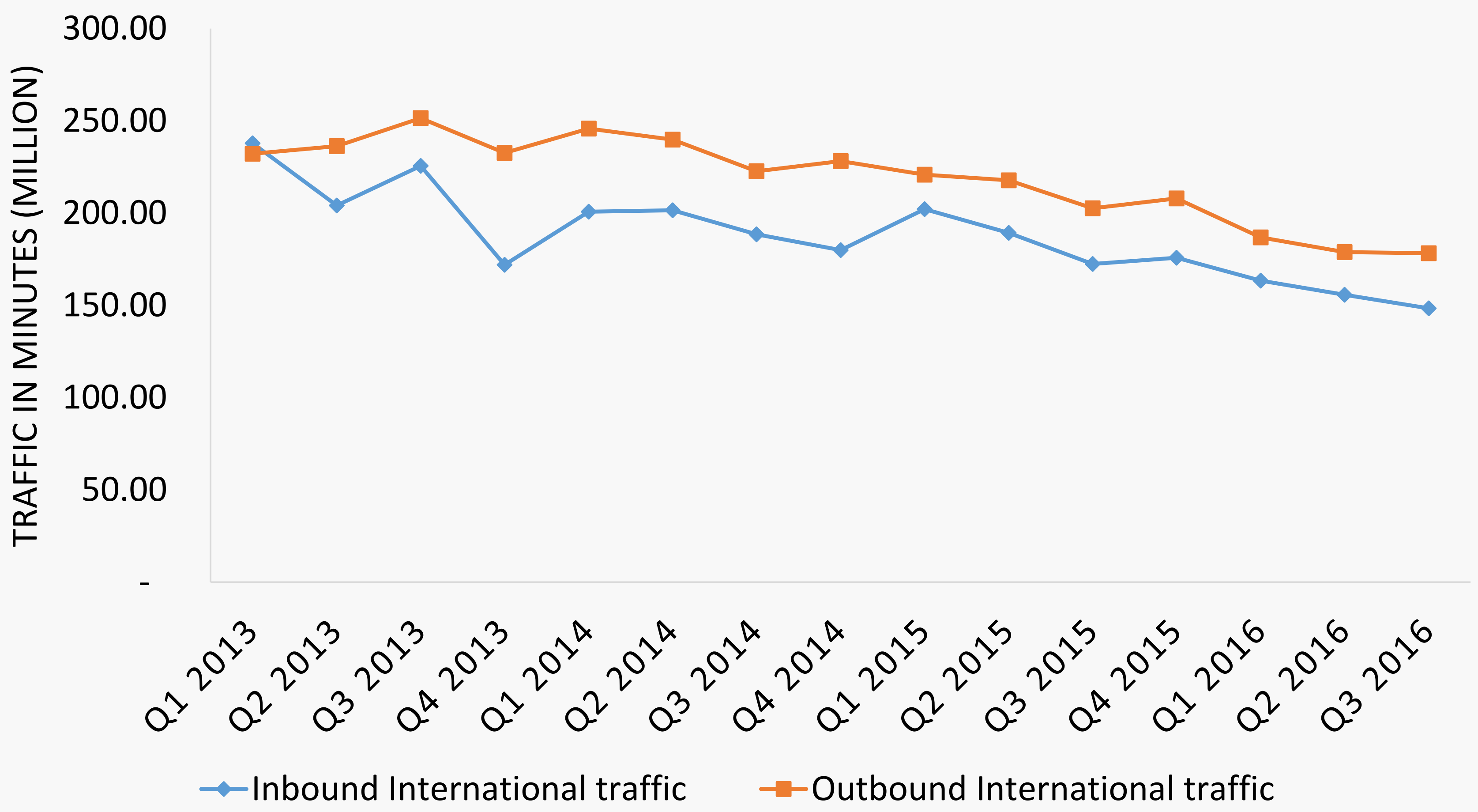


- Liberalisation in mid-1990s stimulated growth in mobile subscription
- Ghana's market comprise six mobile operators
  - MTN – 48.0%
  - Vodafone – 22.1%
  - Tigo – 14.4%
  - Airtel – 12.8%
  - Glo – 2.5%
  - Expresso – 0.3%
- Total subscription as at end of September 37,239,720
- Penetration rate 131.9%

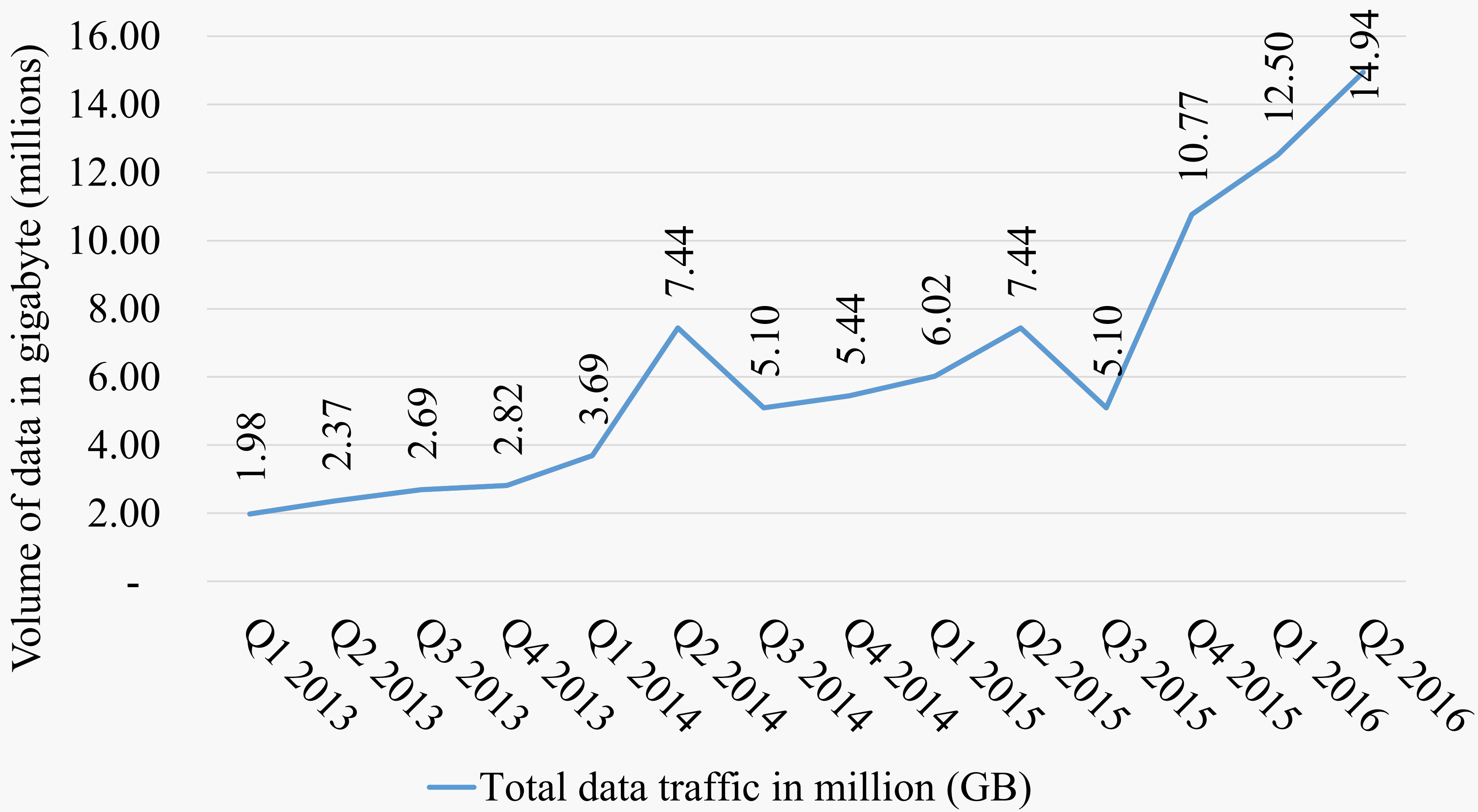
Domestic voice traffic in minutes (billion)



Declining international voice traffic

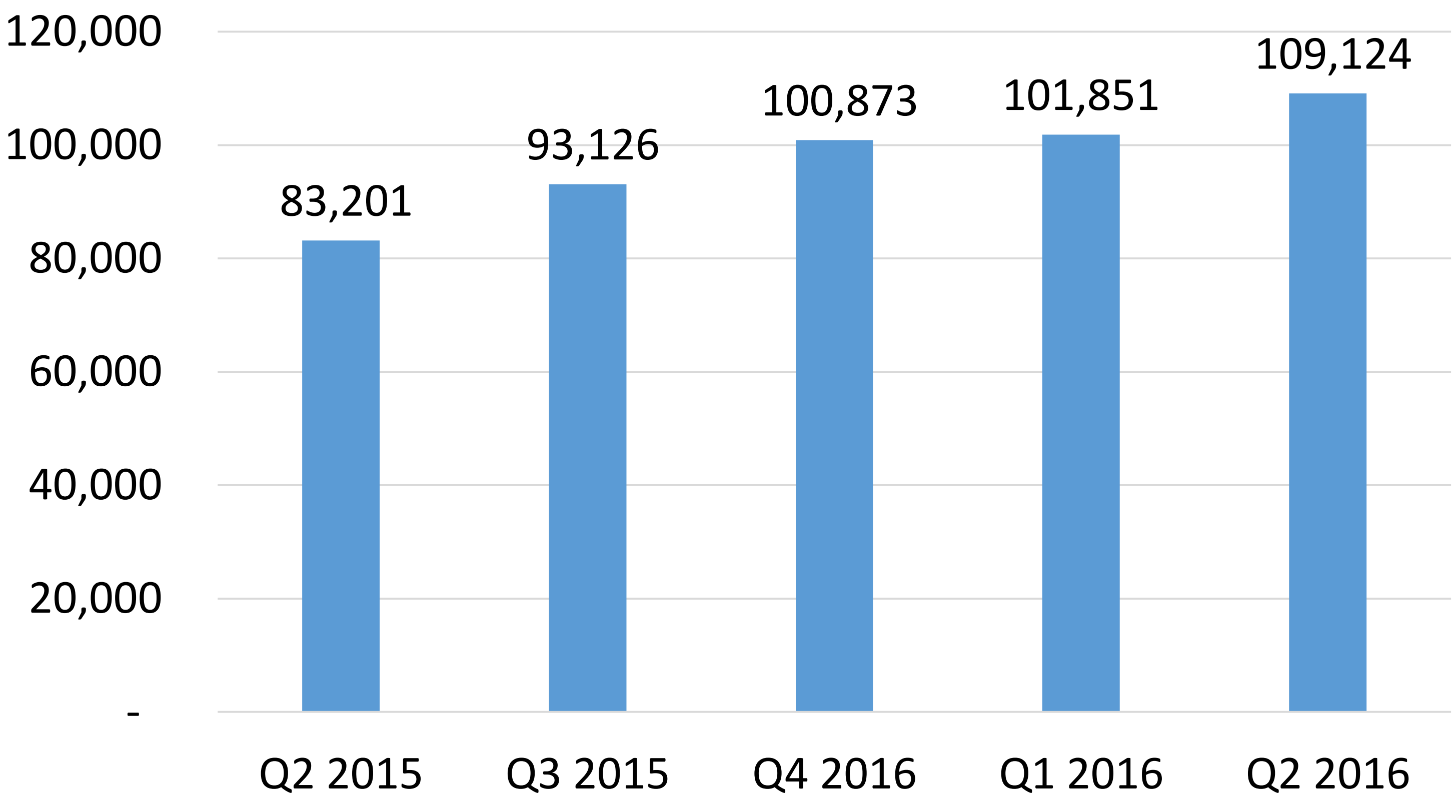


Growth in mobile data usage in Ghana (GB) millions

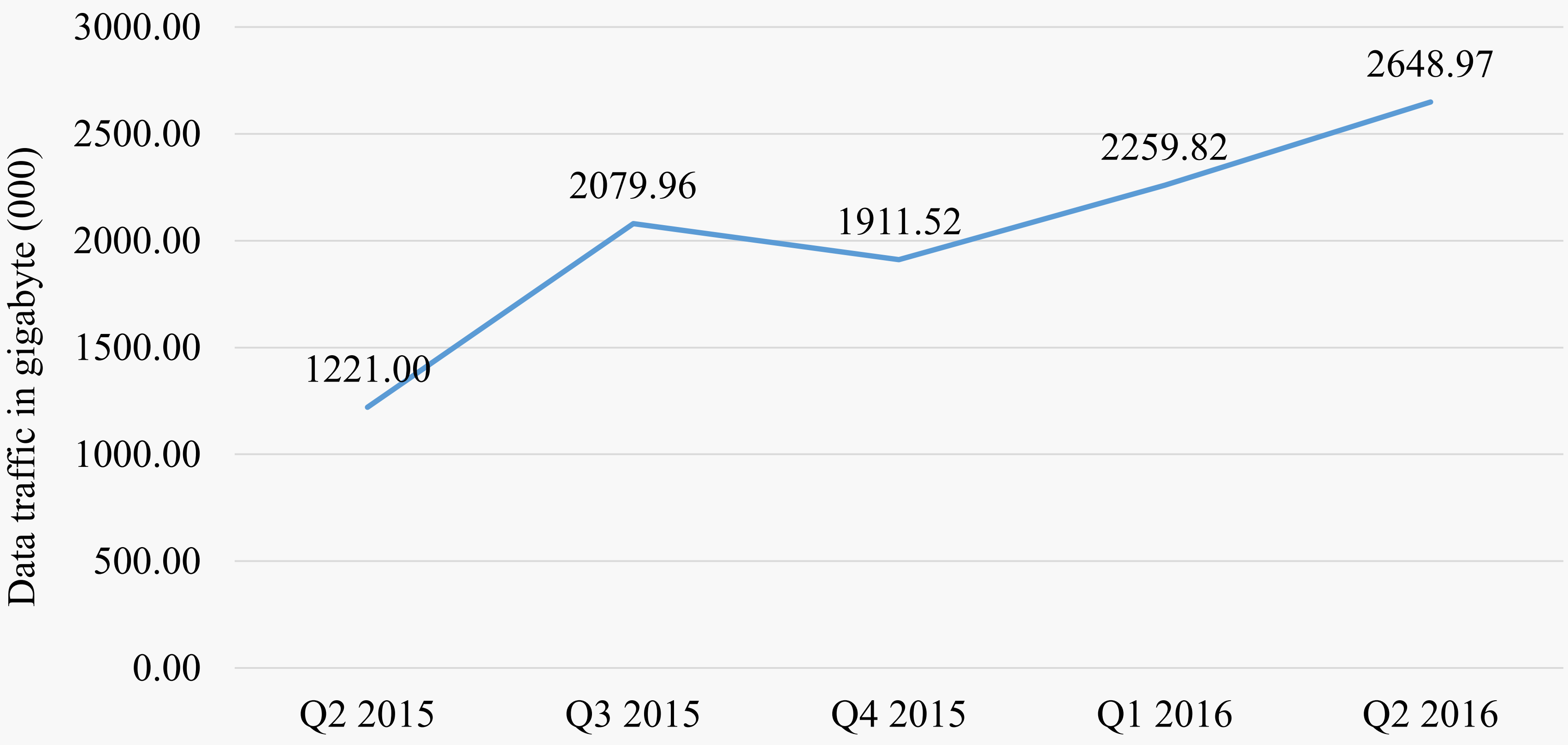


Broadband data subscription increasing

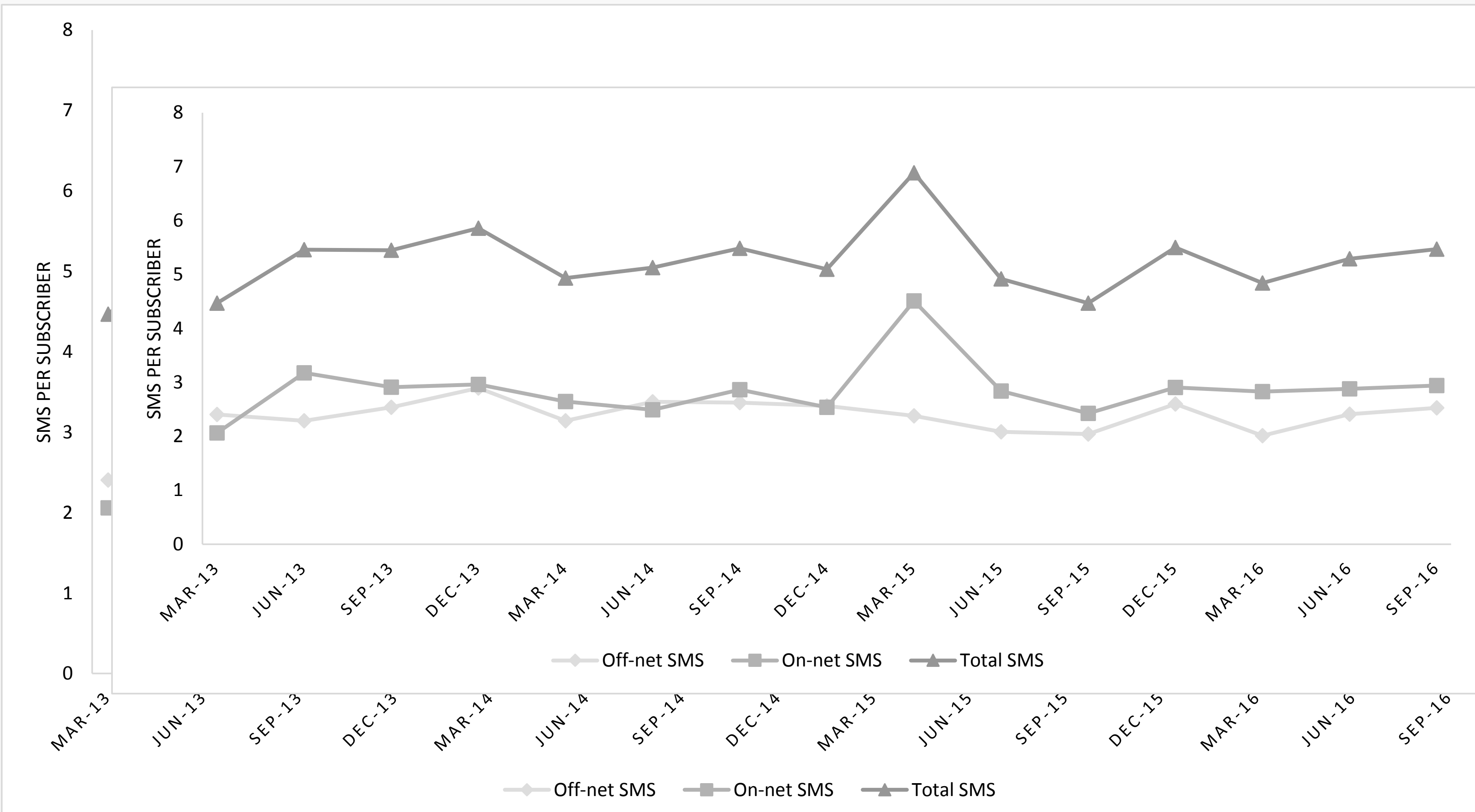
Figure 6: Broadband subscription in Ghana



Increase in Broadband mobile data usage in GB (000)



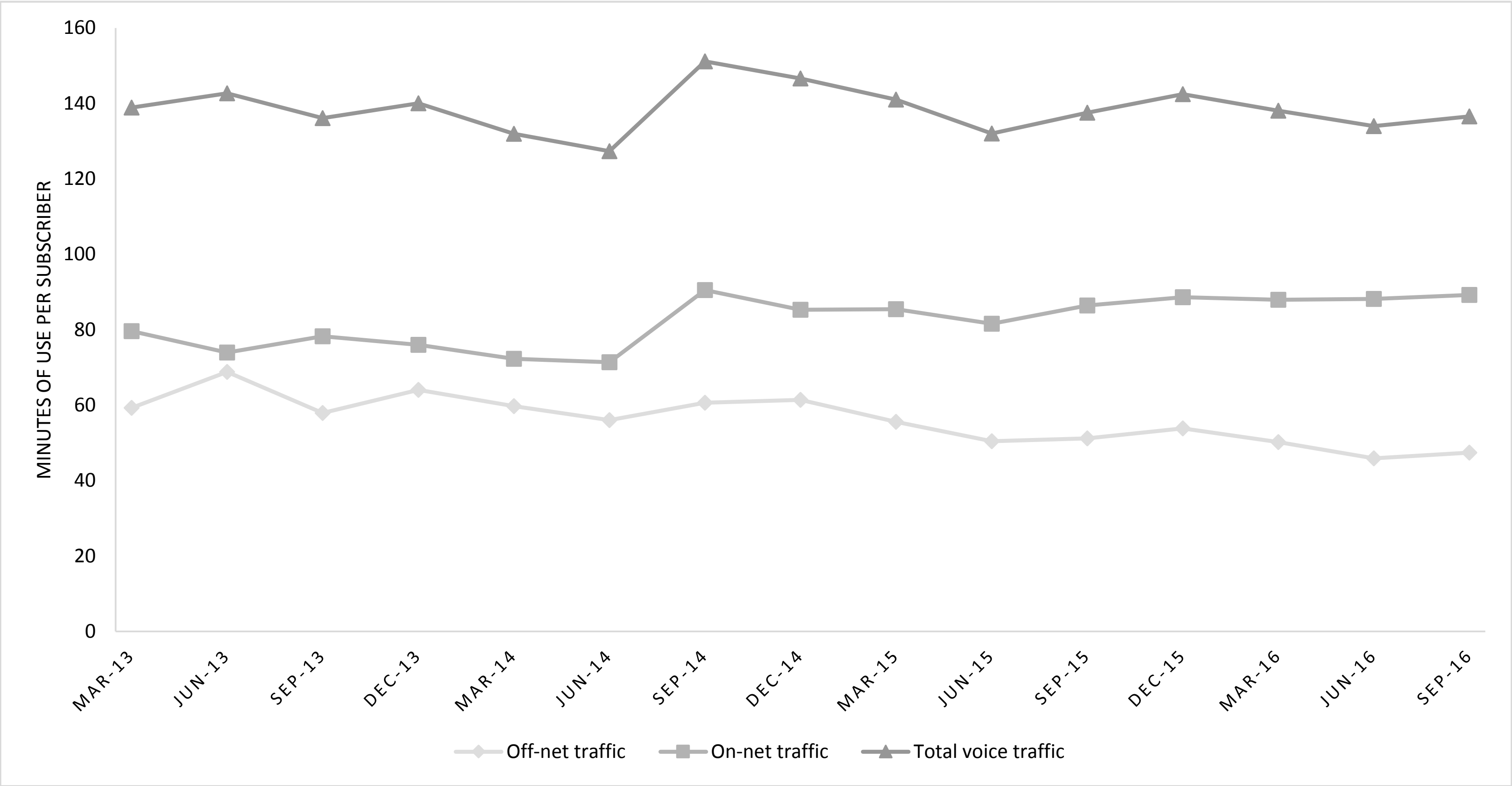
Average SMS Per Subscriber



Default tariffs of mobile services in Ghana

Tariff	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Average on-net mobile tariff (¢ US)	2.6	2.6	2.6	2.9	2.9
Average off-net mobile tariff (¢ US)	3.2	3.2	3.2	3.4	3.4
Average on-net SMS tariff (¢ US)	1.1	1.1	1.3	1.3	1.3
Average off-net SMS tariff (¢ US)	1.3	1.3	1.3	1.6	1.6
Average data/Mb tariff (¢ US)	2.6	2.6	2.9	2.9	2.9

Average Minutes of Use (MoU) per subscriber



Bundling of telecommunications services in Ghana

Evolution of bundling in Ghana

- Bundling has been a feature of the Ghanaian telecommunications' market since 2000.
- Recently there has been a significant rise in the number and range of bundles services by service providers.
- Forms of bundle: voice and data; SMS and data or voice; SMS, data and voice
- Fixed lines are not available as separate services but are only provided together as a bundle. ex. DSL by Vodafone, voice and data.

Evolution of bundling in Ghana

Low-end customers (flashing)

Acquisition of multiple SIMs

MNOs response

(bundling)

Demand Side
(Customers)

Drivers of bundling

- **Government policies**
  - ICT4AD Policy: One of the Pillars called for - Increase the use of ICT in all sectors of the economy
- **Consumers**
  - Flexibility of preferred services
  - Variety of services at reduced price
- **Operators**
  - Offers guaranteed revenue for innovations and improved service delivery

Voice and data bundles

MNOs	Mobile Telephony (voice+SMS)	Fixed Telephony	Mobile Broadband	Television
MTN	√	x	√	x
Vodafone	√	●	√	x
Tigo	√	x	√	x
Airtel	√	●	√	x
Glo	√	x	√	x
Expresso	√	x	√	x

ISP and Broadband Wireless Access digital bundling

ISP/ Broadband	Broadband Data	Social media	News portal	Entertainment website	Online library
Surfline	√	√	√	√	√
BBH	√	√	√	x	x
Blu	√	x	√	x	x
Busy	√	√	√	√	√

Revenue, growth and regulation

Revenue

- **Revenue from 30% of customers who bundle is greater than revenue from 70% who don't bundle**

Growth

- **Bundling of data is increasing**
- **Assistance for "illiterate" customers**

Regulation

- **Monitoring to ensure it does not distort market and stifle competition**

Challenges

- How to develop rules, regulations and guidelines that sustain the industry growth and at the same time prevent unfair/uncompetitive pricing strategies.
- Difficulty in effectively assessing the role of the bundling product in determining the prepaid voice, data and sms basket.

Outlook

Data is now the main product and other freebies are bundled

- Growth in broadband penetration

Google and Comsys

- More independent backhaul providers

Broadcasting + fixed network to be bundled

- Introduction of unified license

Conclusion

- Bundling has become the new pricing strategy in the prepaid market
- helped mobile operators to drive acquisitions and increased products and services uptake
- The bundling is the wave of the future
- The voice + data +SMS is the commonest bundling offer
- Social media bundle is the latest trend

Recommendations

- The complexity and variance of bundling highlights the need for a comprehensive data model to assess the value of bundle products in the Ghana's dynamic telecom market.
- Need to develop polices, rules and guidelines that fosters bundling but at the same time do not inhibit fair competition.

THANK YOU

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