



TRENDS IN BUNDLED TARIFFS, BUNDLED SERVICES AND CONSUMPTION PATTERN OF SUBSCRIBERS IN THE NIGERIAN TELECOMMUNICATIONS INDUSTRY

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- Overview of the ICT market in Nigeria
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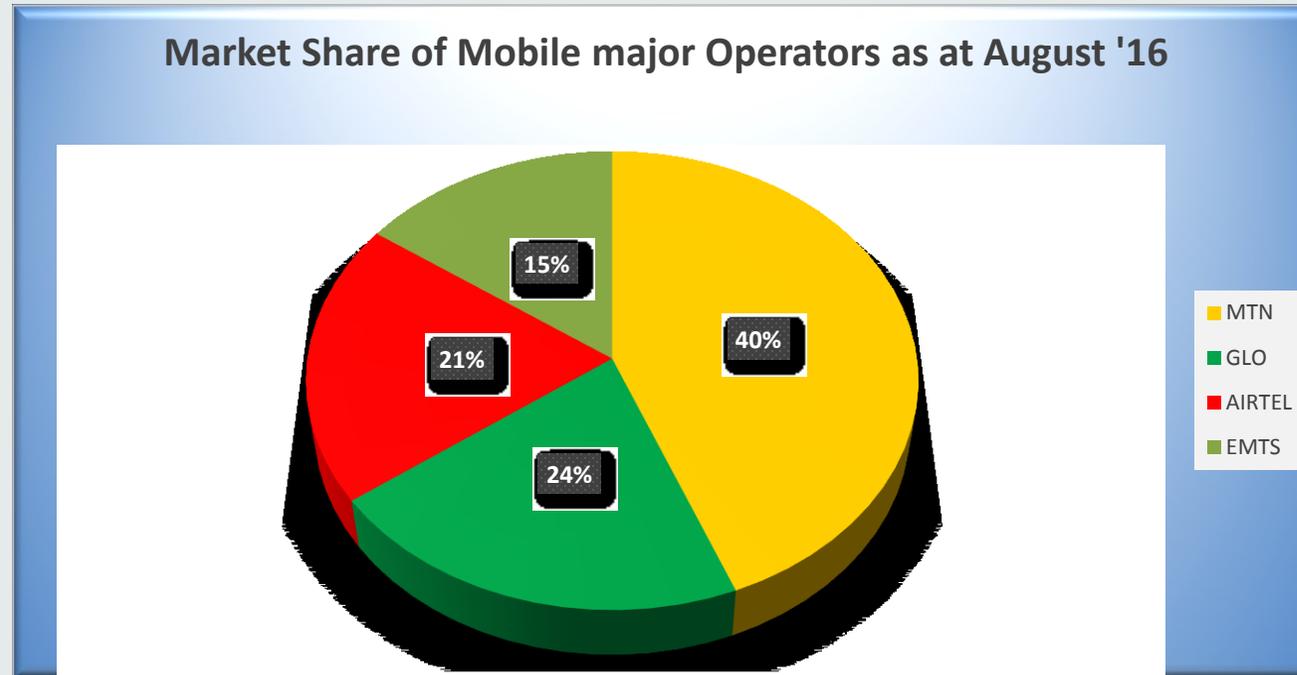
ICT market overview

- Nigeria is a major market in the West African sub region. With an estimated population of over 170 million people and a land area of 923,768 km².
- In Nigeria there are four major operators in the market.
- There are also other smaller mobile operators but their combined market share in the voice market is not significant.





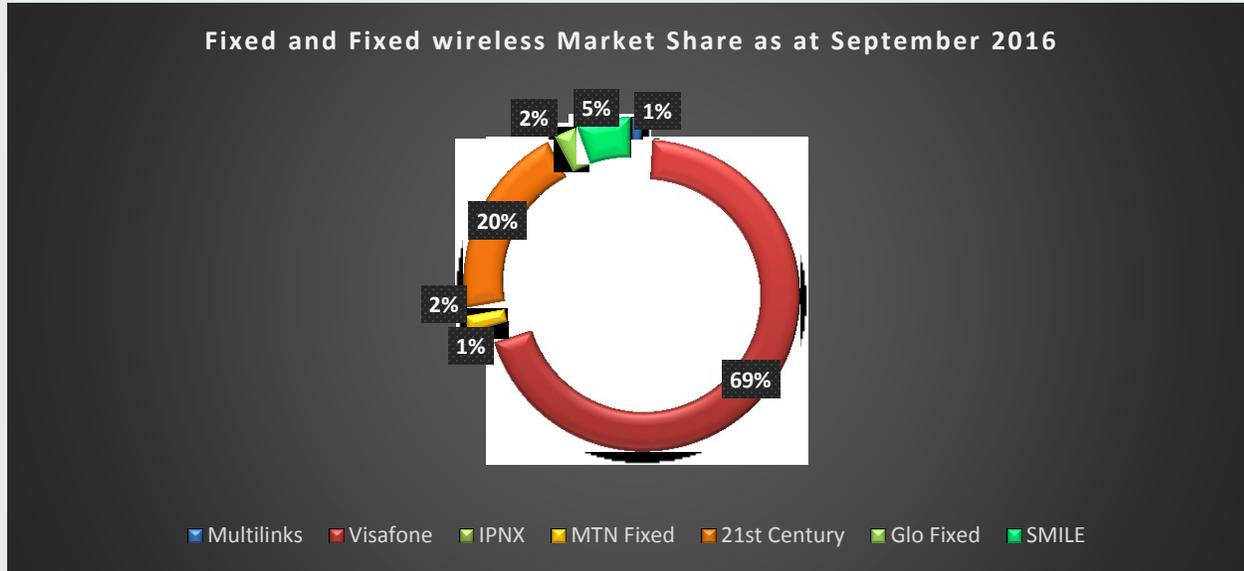
ICT Market Overview cont'd...



- The above graph shows market share of the four major operators in the mobile GSM market with MTN Nigeria Communications Limited as the dominant operator with 40% market share, followed by Globacom Limited with 24%, Airtel Networks Limited 21% and Emerging Markets Telecommunication Services Limited (EMTS) 15%.



ICT Market Overview cont'd...

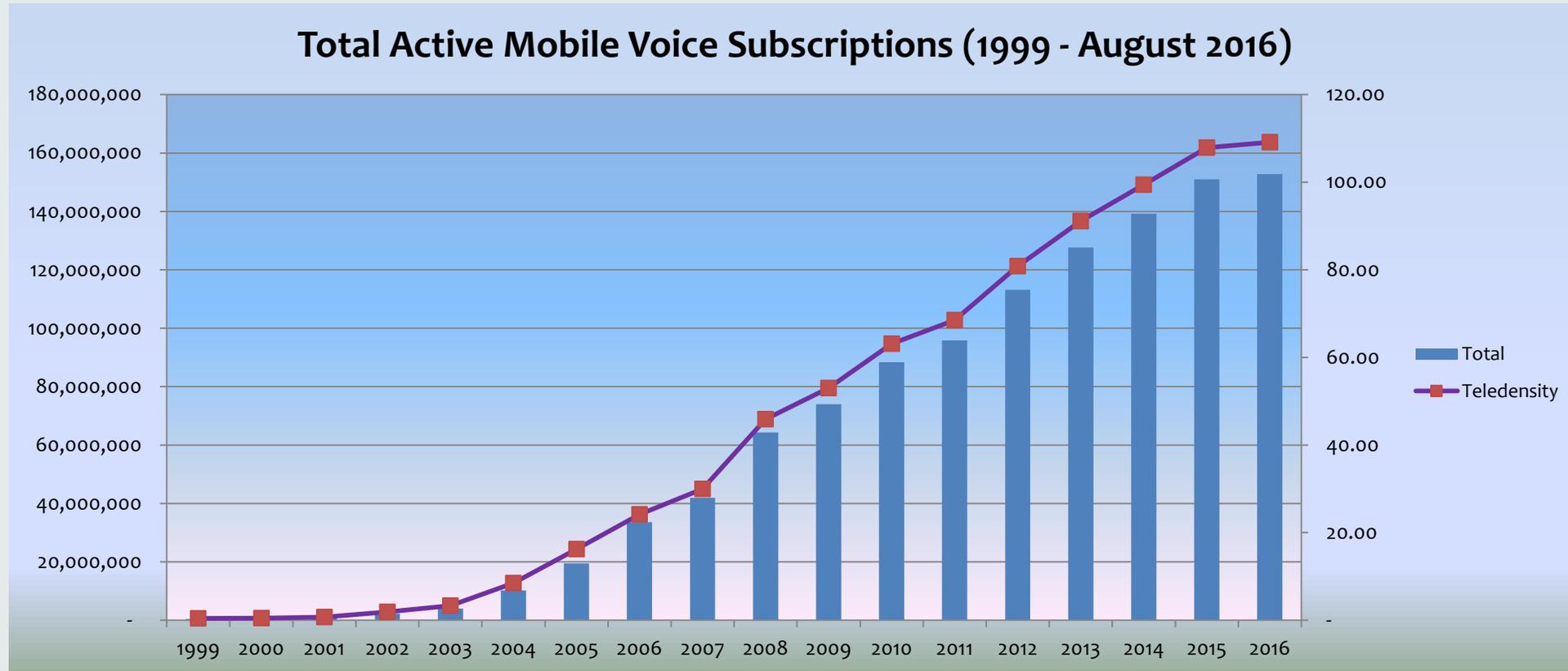


Operator	Market Share	No. of Subscribers
Multilinks Communication Limited	1%	4,886
Visafone Communications Limited	69%	358,993
IPNX Nigeria Limited	1%	2,665
MTN Nigeria Communications Limited	2%	8,586
21st Century Technology Limited	20%	103,877
Globacom Limited	2%	11,826
Smile Communications Limited	5%	27,954
Total	100%	518,787

- The above graph shows market share of fixed and fixed wireless service providers in the voice market segment.



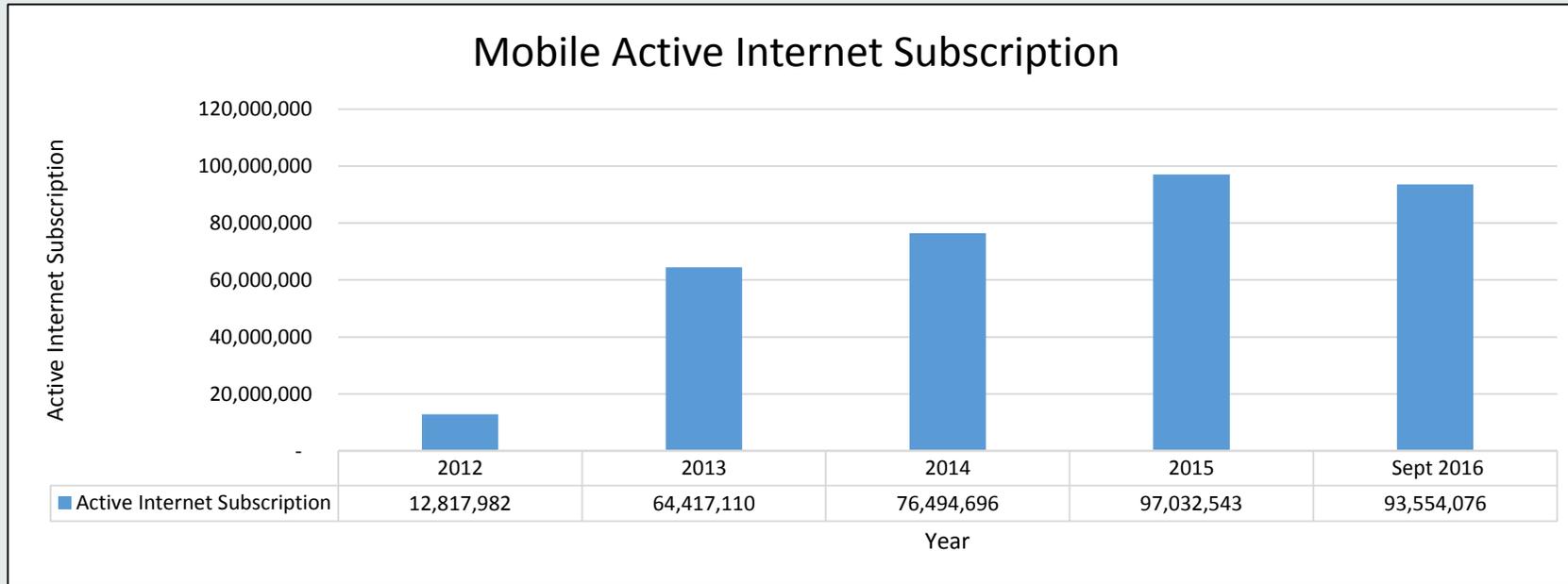
ICT Market Overview cont'd...



- The above graph represents the tremendous growth in mobile voice active subscription and teledensity witnessed in the Nigerian Telecom Industry from 1999 to August, 2016.

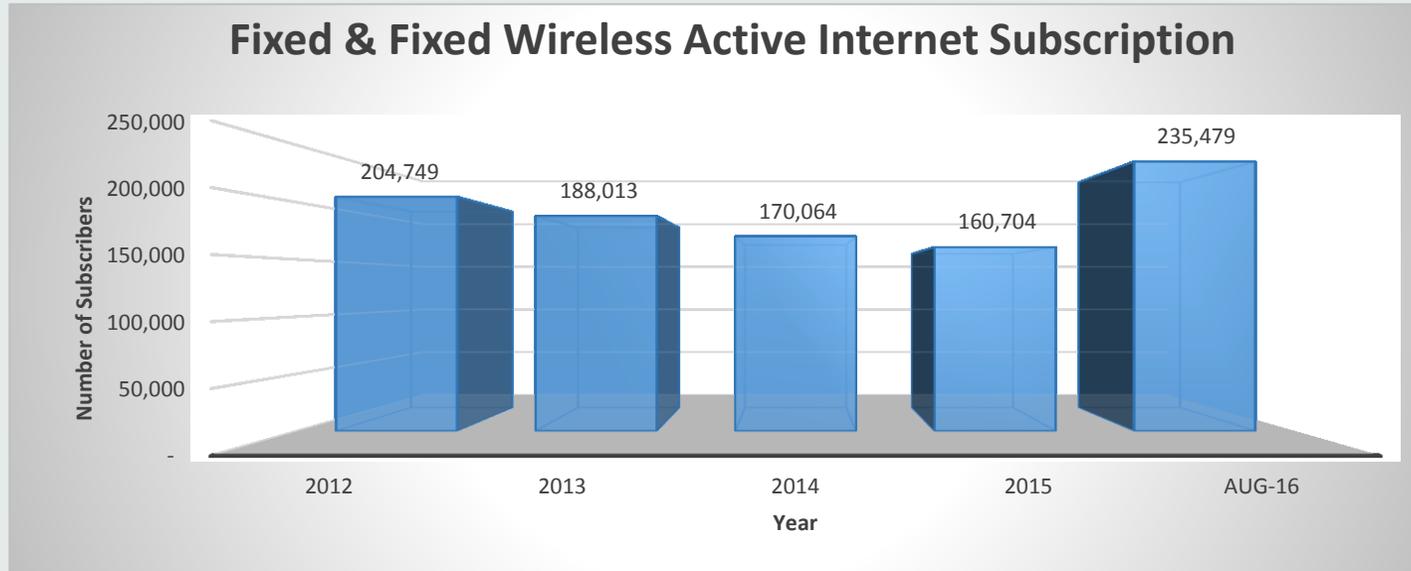


ICT Market Overview cont'd...





ICT Market Overview cont'd...



- The above graph shows trends in fixed & fixed wireless active internet subscription from 2012 to August 2016.
- The Fixed & Fixed Wireless internet subscription gradually decreased over the years but increased by 46% in 2016.
- The slow growth can be attributed to lack of adequate infrastructure to roll-out services.
- The increase in 2016 can be attributed to the entrant of Smile Communications into the industry.



Trends in Consumption Pattern of Mobile Services

Average Monthly Consumption per Subscriber	2014	2015	September 2016
Voice (minutes)	1	1.17	1.13
Voice (no. of calls)	75	72	63
SMS	4	3	2
Data (MB)	21504	32768	33792



Trends in Consumption Pattern of Mobile Services cont'd...

Total Minutes of calls	2013	2014	2015	September 2016
Total	72,654,887,837	74,292,358,919	137,328,644,437	114,008,039,162
On-net	52,745,483,183	49,197,863,169	68,948,523,650	46,902,146,999
Off-net	19,909,404,654	25,094,495,750	41,801,614,831	27,899,007,341
Peak	57,941,959,398	58,845,705,167	111,259,974,706	97,993,784,886
Off-peak	14,712,928,439	15,446,658,755	26,068,669,732	16,014,254,276
Weekend	23,236,597,247	21,888,620,744	32,090,583,419	24,423,489,916

** Please note that the total minutes of calls for 2013 and 2014 reflects the statistics of two operators.*



Trends in Consumption Pattern of Mobile Services cont'd...

Distribution of mobile voice calls (%)	2013	2014	2015	September 2016
On-net	73	66	59	64
Off-net	27	34	41	36
Peak	80	79	81	86
Off-peak	20	21	19	14
Weekend	32	29	23	21



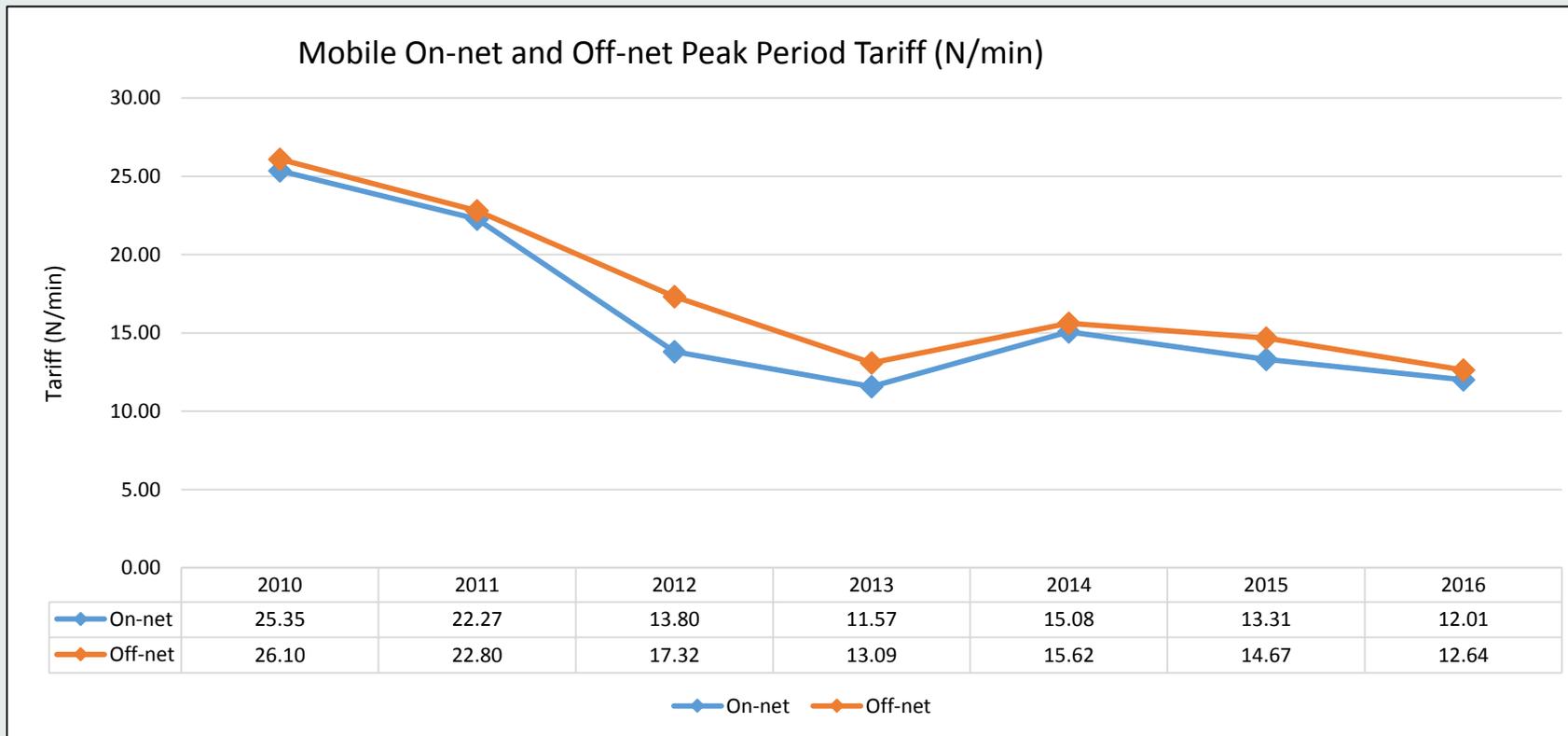
Trends in Consumption Pattern of Mobile Services cont'd...

Year	On-net	Off-net	Average Tariff
2010	25.35 (\$0.17)	26.10 (\$0.17)	25.73 (\$0.17)
2011	22.27(\$0.15)	22.80 (\$0.15)	22.54 (\$0.15)
2012	13.80(\$0.09)	17.32 (\$0.11)	15.51 (\$0.10)
2013	11.57 (\$0.07)	13.09 (\$0.08)	12.33 (\$0.07)
2014	15.08 (\$0.09)	15.62 (\$0.09)	15.35 (\$0.09)
2015	13.31 (\$0.07)	14.67 (\$0.07)	13.99(\$0.07)
2016	12.01 (\$0.04)	12.64 (\$0.04)	12.33 (\$0.04)



Trends in Consumption Pattern of Mobile Services cont'd...

- The graph below shows the trend of average on-net and off-net mobile voice tariff for peak period, from 2010 to mid-2016 in the Nigerian Telecom Industry.





ICT Bundled Services and Tariffs in Nigeria

- Operators started offering bundled tariffs as far back as 2010, when competition among service providers became intensive.
- Bundled tariffs in 2010 were for of voice, SMS and data services.
- Bundled tariffs were designed as add-on features to existing tariff plans.
- In addition, Data plans were given to customers as incentive for recharging their lines or buying phones and modems.
- In 2013, bundled tariffs became prominent in the telecoms market and can be accessed irrespective of the tariff plan a customer is currently subscribed to.



ICT Bundled Services and Tariffs in Nigeria cont'd...

- The average tariff for bundled plans in 2015 and 2016 were N8.69/min (\$0.044) and N13.58/min (\$0.069) respectively.
- While the average tariff for regular voice plans in 2015 and 2016 were N14/min (\$0.071) and N12.30/min (\$0.040) respectively.
- The table below shows examples of the structure of bundled plans over the years;

ICT Bundled Services and Tariffs in Nigeria cont'd...

2015

Voice, Data and SMS Postpaid Bundle				
Bundle Price (N)	Bundle Rate/min (N)	Value Awarded		Validity (Days)
		Voice, SMS, PAYG	Data Plan	
2000 (\$10.16)	24 (\$0.12)	5,500	250MB	30
5000 (\$25.38)	24 (\$0.12)	15,000	500MB	30
10000 (\$50.76)	24 (\$0.12)	30,000	1GB	30
20000 (\$101.52)	24 (\$0.12)	60,000	1.5GB	30
50000 (\$253.81)	24 (\$0.12)	150,000	2GB	30

SERVICES	N25 PACK (\$0.13)	N50 PACK (\$0.25)	N25 PACK (\$0.13)
String to subscribe	*abc*x#	*abc*y#	*abc*z#
Rental per pack (N)	25	50	100
On-net Mins	2	4	9
Off-net Mins	1	2	3
On-net SMS	3	6	10
Validity Days	1	1	2

2016

Voice Bundle		
Bundle Fee	Airtime Value	Rate (N)
₦ 300 (\$1.52)	₦ 1000 (\$5.08)	₦ 24 per minute (\$0.12)
		50k per mb (\$0.002)
₦ 500 (\$2.53)	₦ 2000 (\$10.15)	₦ 27 per minute (\$0.14)
		50k per mb (\$0.002)
₦ 1000 (\$5.08)	₦ 4000 (\$20.30)	₦ 27 per minute (\$0.14)
		40k per mb (\$0.002)

Voice and Data Bundle				
Price (N)	Validity (days)	Voice (N)	Friends & Family (N)	Data Gift
100 (\$0.33)	3	100 (\$0.33)	200 (\$0.66)	25MB
200 (\$0.66)	4	200 (\$0.66)	400 (\$1.31)	50MB
500 (\$1.64)	7	500 (\$1.64)	1000 (\$3.28)	125MB
1000 (\$3.28)	15	1000 (\$3.28)	2000 (\$6.56)	250MB
2000 (\$6.56)	30	2000 (\$6.56)	4000 (\$13.11)	500MB
5000 (\$16.39)	30	5000 (\$16.39)	10000 (\$32.77)	1.25GB

Airtime from the main account is at the rate of N13.20/min (\$0.07), while calls from F & F account is at the rate of N26.40 (\$0.13)



Conclusions

- Tariffs are decreasing over the years and subscribers are becoming mindful of opting into plans that suits their needs.
- Subscribers' appetite for data have continued to increase.
- Nigeria is not different but the trend is gradual in Nigeria.
- We noticed a significant reduction in SMS.
- This is probably due to the various applications such as WhatsApp messages, Black Berry Messages etc. which give customers better SMS experience.



Conclusions cont'd

- We also see a sharp increase in data consumption.
- In the 9 months ending September 2016, data consumption was 79,265,441,080GB.
- This is a direct consequence of increased use of the Internet and the advent of social media like Facebook, Twitter, etc.
- Nigerians have totally embraced bundled tariffs.



Recommendations

- Bundled services are becoming prominent in the Nigeria telecoms market.

- Based on the trend analysis of bundled services and subscribers' consumption pattern in the Nigerian Telecom Industry, we suggest that the following indicators should be included in the ICT indicators:
 - ❑ The total connected prepaid and postpaid subscription to bundled services;

 - ❑ Total Active prepaid and postpaid subscription for bundled services;

 - ❑ Total number of bundled plans offered by service providers.



THANK YOU!!!!!!

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at ncc.gov.ng.