

Egypt

Trends in the Egyptian Telecommunications Market

Mobile Market Evolution in Egypt

The aim of this article is to demonstrate the developing trends in the mobile market in Egypt.

Mobile services were first introduced to the Egyptian market in 1998 when Mobinil, a partnership between Orascom Telecom and a couple of international companies, entered the market and launched the first private-sector service. Another mobile operator, Click GSM, which later changed its name to Vodafone Egypt, launched a second network soon after.

It is worth mentioning that the introduction of these 2 companies contributed a great deal to the Egyptian economy as a whole, as they created more than 5,000 direct jobs and generated some 15,000 indirect jobs as well as acting as a main driver of the Egyptian Stock exchange not only at a local level but also by attracting FDI into Egypt.

Somewhat later, in 2006, a third mobile operator licence was granted to a consortium led by Etisalat (of UAE).

At the end of Q2 2009, the number of mobile subscribers was 48.3 million, compared to 36.7 million at the end of Q2 2008, representing an annual increase of almost 12 million subscribers.¹ In terms of market share, according to the Q2 2009 statistics, the number of subscribers for Mobinil stands at 22,763,745 whilst Vodafone have 20,298,334 subscribers and Etisalat 5,248,805.¹

Implications of Competition

The fierce competition between the 3 operators has always set a challenge for mobile suppliers to offer their customers a high level of service. In this respect, the main concern of mobile operators is to understand their customers' characteristics & needs on an on-going basis (both current and potential customers). In this way, they are in a position to provide them with a wide range of products and services tailored to their requirements.

Over the years, this level of competition has put pressure on the mobile suppliers to heavily discount their prices, leading, at some points, to a price war. On the positive side from the consumers' point of view, it has always encouraged them to try be the first to bring more advanced technology and innovations onto the market.

One example of this was the introduction of 3G technology (which was the competitive advantage for Etisalat on entering the market) in addition to going beyond the level of voice services/value added services to also offer a variety of data services (Broadband services, Internet modems, mobile internet, USB modems etc). What makes their job even harder is the current gap between the awareness of current users of the range of value added services offered by the operators and the actual level of their usage of these services.

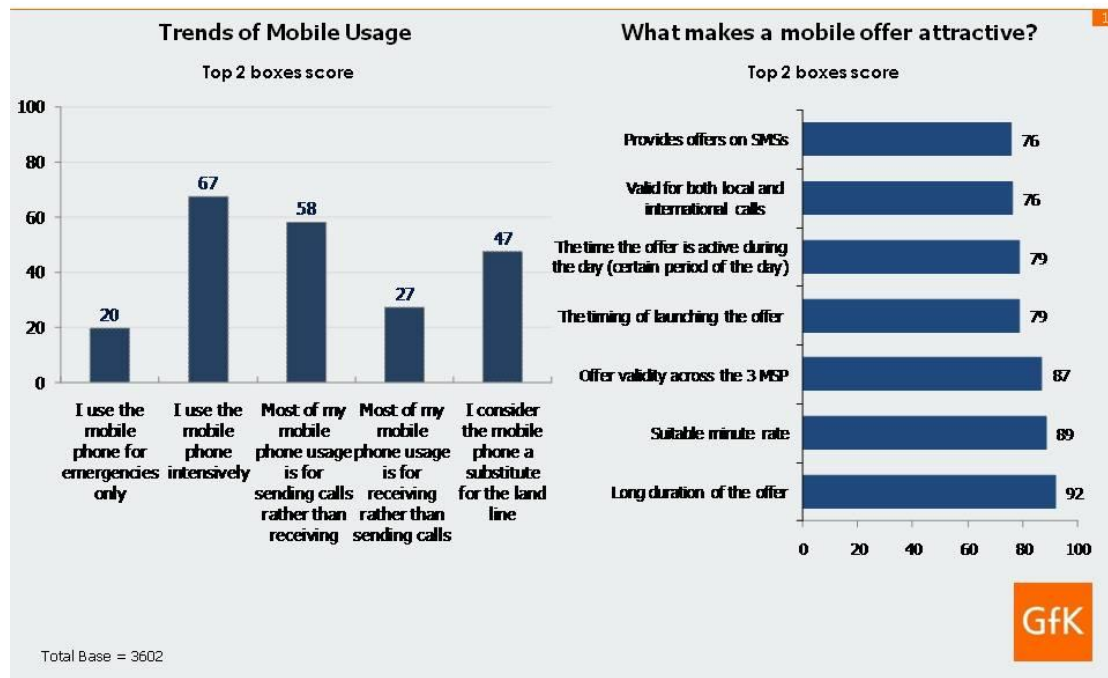
¹ Source : Ministry of Communications and Information Technology, Telecom Egypt -National Telecom Regulatory Authority (NTRA)

Widening the Scope of the “Target Segment”

Not only has this had an impact on the offers but it has also put a burden of responsibility on the mobile suppliers to widen the scope of their target market. This is crucial in order to avoid the market saturation stage which it is possible they may face in the near future.

In this respect, mobile operators now tend to go further with their classification of the market, defining sub-segments and examining these segments more closely by exploring their profiles, characteristics, opinions & views, media habits etc.

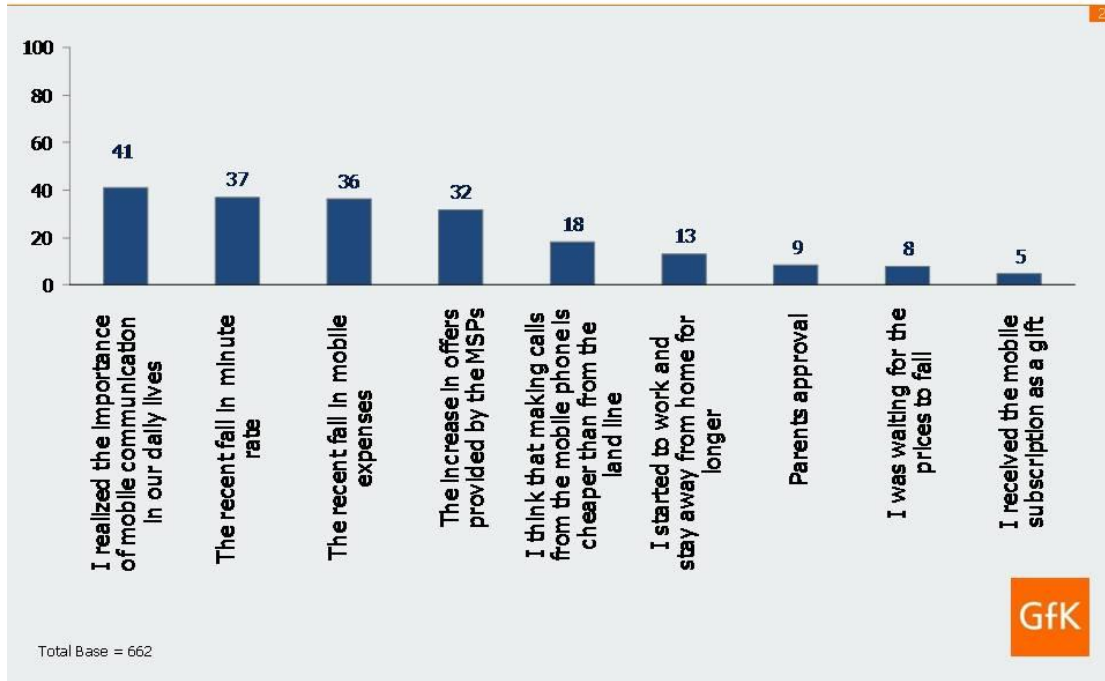
Examples of User Behaviour



Examples of these sub-segments are youth, females, business customers, regional residents (rural & urban areas), corporate customers etc.

Market research studies have covered various aspects of the mobile market in Egypt. For example, it has looked at the adoption of technology by the customers, the main reasons for their preferring one operator over another, what it is that most attracts them to a specific offer, the nature of their mobile usage (amongst current users), the reasons for not using mobile phones previously (for potential users) amongst many other information areas.

What encouraged subscribing for a mobile line now?



Mobile operators believe that by having a deep understanding of these sub segments, they will be better able to customize their services to match the customers' needs and so optimize their marketing activities for the segments targeted.

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