

## **Mexico Telecom Market - Growth, Trends, Impact Of Covid-19, and Forecasts (2023 - 2028)**

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### **Report description:**

The Mexican telecom market is expected to register a CAGR of 6.5% during the forecast period. The Latin American telecommunication market is significantly large, and Mexico is the second-largest market in the region after Brazil. The most valuable Mexican telecommunications brand is Telcel, generating enormous amounts of revenue. Followed by Telcel, other telecom giants like Telmex, AT&T Mexico, Grupo Televisa, America Movil, and others dominate the market.

#### **Key Highlights**

The first commercial 5G mobile network was introduced in Mexico in February 2022. The deployment offers a big chance for the nation's growth and digitization. According to GSMA estimates, 5G deployment would significantly impact Latin America, with an increase in GDP of about 5% and an anticipated USD 90 billion by 2034. According to IDC, an IT analyst organization, Mexico's services sector would generate huge revenue during the first year of 5G operations.

Compared to other countries in the region, Mexico is expected to be one of the first to commercialize 5G networks and is expected to have the highest 5G adoption rates by 2025. Along with Brazil, Mexico led the region in deploying IoT networks and was the first country in Latin America to define an AI strategy. However, Mexico also has one of the lowest mobile subscriber penetration rates, both recorded and predicted, suggesting that the exploitation of 5G technology and its applications may represent a non-existent pattern compared with the rest of the region.

Mexico is a highly urbanized country, and the country's young, tech-savvy consumers drive demand for cutting-edge goods and services. Opportunities await providers in fixed and mobile broadband, bundling, and cable TV services due to regulatory reforms and government objectives to encourage usage and penetration. Major players are very competitive, and some rivals have banded together to strengthen competition in the market.

Mobile, broadband, and broadcasting have significantly propelled the Mexican telecommunications business over the past ten years, routinely outpacing GDP growth. According to the Mexican Institute of Telecommunications, Mexico had about 125 million

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active wireless lines in 2021. By the end of 2022, there should be over 127 million active cellular lines, a 2% rise. According to the survey, America Movil holds a 61% market share in terms of lines, outpacing Telefonica's 19% and AT&T's 15%. Virtual mobile operators account for 5% of the market. With a 49% market share in terms of subscriptions, Telmex dominates the fixed broadband market, followed by Televisa with 23%, Megacable with 12%, and Total Play with 10%.

The COVID-19 pandemic significantly impacted the Mexican telecommunication industry and other facets of daily life across the country. The ability to enable widespread working from home in Mexico during the pandemic, drive capacity improvements and corresponding revenue growth, and expedite the shift from conventional to digital business models across all industries represent the country's key potential for telecommunications businesses. The nation's service providers, like Telmex, AT&T Mexico, and Grupo Televisa, furnished cutting-edge networks, prioritizing maintaining national connectivity, including making repairs and solving issues.

## Mexico Telecom Market Trends

### Increased Use of Mobile Phones

In Mexico, the prevalence and use of mobile services have significantly accelerated due to low pricing. Since the mid-2013 telecoms reform, costs for mobile service access have decreased by 42%, enabling Internet access for 81% of the region's mobile service customers.

As per the study published by INEGI, 78.3% of Mexican homes in 2021 had a cell phone. Since 2015, there has been an almost 4%-point growth in the penetration of these devices in Mexican households. According to a CIU report, 92.7% of Mexican mobile phone users in the second quarter of 2021 had a smartphone. Comparing this share to the smartphone user penetration recorded in the second quarter of 2016, it climbed by nearly 11%-points. In Mexico, there were almost 128 million mobile phone lines as of the second quarter of 2021.

The GSMA, the mobile economy Latin America 2021 report, by the end of 2021, estimated around 450 million unique mobile customers in Latin America, which is expected to rise to 485 million or 73% of the population by 2025. Mexico is expected to contribute significantly to this growth. Across the country, mobile subscriber penetration is expected to rise from 65% in 2020 to 70% in 2025. Mobile internet adoption in the country is expected to surge from 57% in 2020 to 66% in 2025. Mexico is anticipated to have the second-best smartphone market in Latin America after Brazil.

As consumers relied on mobile networks to stay connected and access essential services during the pandemic, user engagement in mobile services increased considerably. As per the GSMA report In Mexico, 82% of subscribers made at least one video call per month on their mobile phones in 2020, up from 58% a year earlier. This improved communication among those participating in online activities, including remote employment, e-learning, and telemedicine, while assisting friends and family in staying in contact.

Instituto Federal de Telecomunicaciones or IFT, the country's regulatory body for telecommunications, anticipates growth in the market's key categories. In its most recent market projection report, the regulator predicted that bundled offerings would be a major growth engine for mobile telephony, mobile internet, fixed internet, fixed broadband, and even fixed.

Following a challenging year of 2020 influenced by the COVID-19 pandemic, all categories witnessed growth in 2022. According to IFT, the mobile phone market grew by 1.5% last year and would grow by 2.1% in 2022, penetrating 98% of the market by the end of the year. According to the most recent IFT statistics, 125 million mobile phone lines were registered in Mexico at the end of September. As per the IFT report, mobile internet access increased by 1.9% last year and is expected to climb by 2.3% in 2022. It also anticipates a penetration of 82% and close to 106 million accesses by the end of 2022.

### Escalated Internet Usage

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Since 2010, mobile phones, broadband, and broadcasting have played a significant role in the Mexican telecommunications market's persistent outperformance of GDP growth. The rapid expansion of Mexico's digital industry is aided by greater connectivity. The Mexican Internet Association estimated that at the end of 2021, 89.5 million people in the nation, or 75.7% of those over the age of six, were online. However, internet users are disproportionately concentrated in urban areas. Only 48% of rural people have internet access.

As per Nearshore America's report, Mexicans use the Internet at a rate of seven out of ten, which puts it above Colombia and South Africa but below Sweden, Spain, and the United States, where nine out of ten people use it. According to the most recent data, young Mexicans between the ages of 18 and 24 have the highest access to the Internet, followed by children between the ages of 12 and 17 and young adults between the ages of 25 and 35.

According to the most recent figures from regulator IFT and statistics organization Inegi, there were 88.6 million internet users in Mexico at the end of 2021, representing 75.6% of the population over six years. This is a 4.1%-point gain over the previous year. Out of the total connections, 56.5% were in rural regions, compared to 81.6% in metropolitan cities. As per the report, 24.3 million homes, or 66.4% of all households in the country, have fixed or mobile Internet access. According to IFT data from September 2021, there were 23.5 million fixed internet connections, with 67% of households having access.

As confirmed by the President in August 2022, Mexico is contemplating spending about BBD 30 billion (USD 1.50 billion) to improve internet access, particularly in rural areas. The demand for internet penetration is very high in Mexico. As discussed in a report of IFT, nearly 2 million indigenous people in rural locations lack access to wireless service technologies.

Mexicans spend, on average, more than 7 hours a day online due to a steady rise in internet usage each year. To stay connected, whether for work, school, or socializing, is now more critical than ever. With 70% of all phone connections that have internet access passing via them, Telcel is in the lead in mobile internet access. They owned around 80% of the mobile infrastructure in Mexico and were the nation's first widely used mobile phone carrier. The remaining is divided between AT&T (17%), Telefonica (9%), and OMV (4%), as per the internet usage report in Mexico 2022.

#### Mexico Telecom Market Competitor Analysis

The Mexican telecom market is highly fragmented in nature. Some major players in the market studied include Telcel, Telmex, Izzi Mexico, America Movil, and Axtel. The market also hosts other Internet service providers (ISPs), MVNOs, and fixed-line service providers. Some Mexican telecommunication companies are very competitive internationally and hold strong ground in the global telecom space.

In February 2022, Mexican broadcaster Grupo Televisa announced forming a strategic alliance with the US-based Univision to launch one of the biggest Spanish streaming platforms. The new company, TelevisaUnivision, would mix material from both stations to market to an almost 600 million-strong Spanish-speaking audience worldwide.

In February 2022, America Movil, one of Mexico's telecom leaders, started offering 5G services in 18 locations around Mexico and budgeted USD 1.8 billion to create Latin America's largest 5G commercial network.

In May 2022, Axtel Networks confirmed investing USD 150 million annually to create, manage, and upkeep its infrastructure and expand its network throughout Mexico. Axtel Networks, a company specializing in connecting data centers and cloud infrastructure, has a presence in 72 locations and covers more than 260,000 businesses.

#### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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