

New Zealand Telecom Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The telecom market in New Zealand is expected to witness a CAGR of 2.5% over the next five years. This growth is attributable to the huge acceptance of UFB fiber internet and the popularity of mobile plans with unlimited data. Although there are three major telecom players in the country, namely, Spark New Zealand Limited, Two Degrees Mobile Limited, and Vodafone New Zealand Limited, several small broadband vendors are expanding their market shares.

Key Highlights

One of the highest rates of investment in the OECD is being made in the telecommunications sector in New Zealand. The telecom sector offers a variety of services that are becoming more and more competitive in terms of both price and quality when compared to other nations, making it one of New Zealand's most inventive industries. The industry is witnessing technical advancements, boosting the economy's fundamental production potential and raising the country's overall standard of living. The Commerce Commission's Annual Telecommunication Monitoring Report confirmed that the telecommunications industry is positively responding to New Zealanders' demand for access to high-quality and top-notch telecommunications services. The sector can fulfill the customer demand for more data, as mobile data consumption is up by 35% and broadband data consumption is up by 21% compared to 2018 levels.

Digital technology is already playing a big part in the country's infrastructure solutions. Spark, along with the key telecom players in the country, is actively exploring digital transformation to improve its business agility and spur development. This entails utilizing digital technology to enhance the client experience through enhanced wireless options, increased efficiency in service delivery, and streamlined and automated processes. The company's strategy outlines how New Zealand can take advantage of possibilities presented by digital technology, such as how digital infrastructure can alleviate the country's infrastructure deficit while simultaneously promoting environmental outcomes.

The New Zealand government is collaborating with the country's three largest network providers (Spark, Vodafone, and

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2Degrees-and shared network infrastructure provider Dense Air) to enhance rural connectivity and speed up the rollout of 5G services in smaller towns. The board has decided to grant long-term access to the 3.5 GHz frequency band through a direct allocation process as part of the government's commitment to enhance rural connectivity. To start the 5G rollout in Aotearoa, New Zealand, the government granted short-term early access to this spectrum in 2020.

COVID-19 was a turning point for digital internet access in New Zealand. Before the pandemic, the telecommunications industry had gone through a decade in which demand for fixed and mobile services rose relatively steadily. While demand growth frequently outpaced initial projections during the pandemic, the sector made sure that investment kept up with the growing needs of consumers and businesses. The scope and pattern of usage of telecommunications services, however, have undergone enormous and unprecedented changes during the pandemic. The fixed and mobile networks demonstrated world-class capacity, speed, and reach.

New Zealand Telecom Market Trends

Growing Market of OTT

Due to the rollout of UFB fiber and 4G wireless broadband, the performance and accessibility of high-speed broadband have considerably improved since 2014 in New Zealand. The effectiveness of video streaming services in this nation has been directly enhanced thanks to this technology. In line with the popularity of new video-streaming services, the Telecommunications Industry Monitoring Report from the Commerce Commission shows considerable growth in data downloads across the market.

More people in the country will likely use smartphones to watch videos and play games when faster, lower latency, and more reliable 5G mobile networks become available. This would include both free and paid OTT streaming services, with New Zealanders already demonstrating a keen interest in the country's subscription video-on-demand (SVOD) services. Those subscription numbers surged during mid-March and April of 2020, just as in other nations that were subject to lockdown limitations brought on by the COVID-19 outbreak.

Many alternatives are available to people to satisfy their need for home entertainment now that streaming media is a staple in New Zealand households. A wide variety of materials is available for immediate home streaming when Netflix, Amazon Prime Video, Disney Plus, Apple TV Plus, and Neon are combined. It is more difficult to choose which subscription services to use if one or two are affordable. Netflix sets the bar high with seamless, quick streams in excellent resolution and virtually no hiccups or glitches in the country.

Even though many streaming services and channels are blocked in New Zealand owing to geo-restriction, several live and video-on-demand services are still available. These services range in price from free to paid, with some being new to the market. Spark Sports Subscription, TVNZ On Demand Free, 3NOW - TV3 Free, Disney Plus Subscription, Amazon Prime Subscription, The Story of Stuff Free, Choice TV Free, and Tubi TV Free are some of the channels in the country which are worth mentioning. According to a study from Roy Morgan in September 2022, more than 2.95 million people over the age of 14 in the country use SVOD or pay-TV services on a monthly average. Despite worldwide trends showing a decline in pay TV viewing once lockdown restrictions were relaxed, subscription TV viewing in New Zealand has climbed by 3.4% year over year (99,000). The report also depicts that, Disney+ has gained the newest subscribers over the last year, gaining 481,000 (an increase of 62.8% year-over-year). In New Zealand, the Streamer currently boasts a total base of 1.25 million monthly subscribers, although it still lags behind Netflix with 2.26 million (despite only growing by 4.7% over the year).

Better Rural Broadband Network Awaits

The New Zealand government is committed to improving broadband network access in rural regions. The Rural Capacity Upgrade

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project was conceptualized to increase internet connectivity across every corner of the nation. A total of NZD 47 million (USD 27 million) from the Covid Response and Recovery Fund would go toward the mission. According to the Ministry of Digital Economy and Communications, current cell towers would be updated, and new ones would be constructed in rural regions with poor network connectivity. Additional VDSL coverage and other wireless technology would be deployed in densely populated areas. The Rural Capacity Upgrade is a detailed-oriented strategy. Around 47,000 rural families and businesses are expected to gain access to faster internet speeds and better coverage in the next few years. However, being a country with a population of over 5 million people, the proposal may be highly ambitious. COVID-19 made everyone in the island country realize the importance of good network access.

A total of 13 private sector contractors have been hired for the Rural Capacity Upgrade project to guarantee that the work is completed successfully and efficiently. With Crown Infrastructure Partners (CIP), several contractors have successfully obtained contracts to complete the work. To improve access to and availability of ultra-fast broadband, rural broadband, and mobile voice and data coverage, Crown Infrastructure Partners (formerly Crown Fibre Holdings) strives to carry out government objectives. Essentially, they serve as the government's channel for connecting New Zealanders.

This new attempt to provide internet access nationwide clearly indicates the nation's faith in technology. The island country may not have the largest land area, but it is much ahead of its time in digitalization. As evidence of this, it has introduced a digital invoicing project, a technology unheard of in certain parts of the world. In addition to the government budget, more than NZD 90 million (USD 52 million) is promised to bolster the rural network capacity over the next three years.

Furthermore, NZD 15 million (USD 9 million) of the funds would support a new Distant Users Scheme that intends to offer broadband services in some of the most remote areas of the nation, where there is currently no coverage or just voice and text messaging services are available. The grant includes an extra NZD 2 million (USD 1 million) for up to a two-year extension of the Marae Digital Connectivity program. The scheme's final features are being worked on in preparation for the debut.

New Zealand Telecom Market Competitor Analysis

The telecom market in New Zealand is moderately fragmented in nature. Some major players in the market studied include Spark New Zealand Limited, Two Degrees Mobile Limited, Vodafone New Zealand Limited, Vocus Group Limited, and Tuatahi First Fibre. The market also hosts other internet service providers (ISPs), MVNOs, and fixed-line service providers. Some telecommunication companies in the country are competitive internationally and hold strong ground in the global telecom space.

In January 2022, New Zealand's Spark completed the acquisition of telco infrastructure contractor Connect 8 Ltd. The deal is a component of Spark's attempts to accelerate the implementation of 5G. The transaction's financial details were not made public. In January 2022, one of the key telecom providers of New Zealand, 2degrees, unveiled its partnership with the country's internet provider Orcon to provide mobile, internet, and energy services. The two companies would provide support for 345,000 fixed-line users and more than 1.5 million mobile consumers through 1,800 mobile cell sites with 4,600 km of fiber.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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