

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

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Report description:

The German Telecom Market is expected to register a CAGR of 6.75% over the forecast period. One of the key drivers for expanding the German telecom market will be the government's and operators' investments in the national telecom network plan to improve broadband connection. Network suppliers will benefit from Mobile Service Provider Company's continuous rollout of 5G services nationwide.

Key Highlights

According to a GSMA study, by 2025, Germany will be the largest smartphone market in Europe by the number of connections, valued at USD 105 billion. The country's telecom subscriber penetration increased from 88% in 2021 to 89% in 2025. Also, as per the report, Germany's smartphone adoption will increase from 80% in 2021 to 84% in 2025.

Encouragingly, the German government revealed a new strategy to accelerate the rollout of "gigabit" internet across the country in the upcoming years. By 2030, fiber-to-the-home and 5G will be available everywhere people live, work, and travel. The federal minister for digital affairs and transportation originally unveiled the new Gigabitstrategie in March 2022. The government has now adopted it. Additionally, one of the interim objectives is to have FTTH available in at least 50% of homes by 2025.

The Federal Network Agency (BNetzA) is entrusted with creating a "gigabit land registry" as a central data hub that compiles the pertinent data regarding fiber and mobile deployments and makes this data accessible to those who need it to increase transparency. According to the Light Reading report, the government highlighted that the telecom sector has already stated plans to invest EUR 50 billion (USD 49 billion) in private fiber optic construction over the next few years. It recently commissioned an analysis to determine the areas that require governmental help to install high-speed internet.

The pay TV and paid video-on-demand (VOD) services market is expanding in Germany. Germany's overall sales climbed by 13.1% to reach EUR 4.7 billion (USD 4.6 billion) last year. According to the commercial broadcasters' industry organization, VAUNET's Publications, paid TV and paid VOD in Germany are projected to increase by a further 8.8% to EUR 5.1 billion (USD 5

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billion) this year. As per the report, there were 8.1 million pay TV customers in Germany last year, up from 8.0 million the previous year. VAUNET predicted Germany to have 19.3 million SVOD subscribers by the end of 2021 and that the figure will surpass 20 million this year.

Despite huge increases in network traffic brought on by COVID-19 lockdown measures, telecoms networks' energy usage and carbon emissions mostly stayed steady in recent weeks. To determine the effects of the rise in services like videoconferencing and entertainment streaming on the environment, the GSMA conducted surveys with several of its significant operator members. According to the study, network electricity usage has generally stayed steady even if phone and data traffic has increased by 50%. For example, Telefonica reported a spike in data traffic usage in Germany post-COVID; however, only to a lesser extent, without a material rise in electricity use. German service providers across the country were generally well-prepared to handle the 30-40% increase in bandwidth demand on their networks that resulted from millions of workers and students operating from home. The German telecom market witnessed unprecedented demands that were placed on the infrastructure supporting the internet. Between December 2019 and March 2020, Germany experienced an increase in bandwidth from 11.2% to 16.5%.

Germany Telecom Market Trends

Implementation of 5G in Germany is Expected to Drive Market Growth

The digital revolution of business operations will be significantly aided by 5G, which will also open new, creative uses and business models. The special needs of the user industries, such as those in the domains of mobility and logistics, telecommunications, heavy engineering, and of the healthcare sector or agriculture, will be better satisfied because of the 5G characteristics, raising the quality of the services. Additionally, the rapid development of specialized applications for campus networks, such as those for Industry 4.0 or agricultural holdings, will hasten the deployment of 5G.

Global 5G standalone (5G SA) deployments picked up speed in 2021 and the first quarter of 2022. Almost 25 providers in 18 countries had started offering 5G SA services commercially as of April 2022. Across Europe, Germany is one of the leading markets to witness the launch of the 5G network services, along with Finland and Italy. As per a Comms Update Germany report, in March 2022, Vodafone Germany revealed intentions to roll out its 5G SA network, which utilizes 700 MHz and 3.5 GHz spectrum, state-wide by 2025. According to the GSMA report, by 2025, Germany will have one of the highest 5G penetration of 59% across Europe, after the United Kingdom with 61%.

Beginning in July 2019, the telco began rolling out its 5G network in a small number of German cities. According to the RCR wireless news report, Deutsche Telekom plans to start offering 5G services using its 700 MHz frequencies by the end of 2022. Deutsche Telekom confirmed that it expects 99% of households in Germany will access the carrier's 5G network by 2025. Also, according to the German service provider, it has expanded its mobile services at 1,104 locations nationwide in the past five weeks, adding 5G capacity at 72 locations.

Deutsche Telekom declared in June 2022 that it was launching a 5G service utilizing spectrum in the 700 MHz band for the first time. The use of the 700 MHz spectrum, according to the European operator, enhances mobile communications coverage in rural Germany. Deutsche Telekom noted that 99% of Germans have access to LTE service, while 92% of homes can now access the carrier's 5G network. The telco now provides 5G services over three different frequencies because of this new acquisition. There are two other radio bands in addition to the 700 MHz frequency: 2.1 GHz and 3.6 GHz.

As per the Open Signal report, Telekom earns the title of best download speed experience as the only German operator to surpass the 50 Mbps threshold, with a score of 51.8 Mbps. Based on a two-measurement scale of the size of a 5G network, Telekom continues to dominate its rivals by a wide margin in both 5G availability and reach. However, O2 comes in far behind in third with 36.5 Mbps, while Vodafone comes in second with a score that is very close to 47.3 Mbps. Telekom customers also had the nation's fastest average upload speeds, with a score of 13.1 Mbps, beating both Vodafone and O2, which are statistically tied for second place and have scores in the 11.1-11.2 Mbps area.

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Artificial Intelligence (AI) to Influence the Future Growth Trajectory of the Market

In the telecom sector, AI progressively assists customer service providers in managing, optimizing, and maintaining infrastructure and customer service processes. Telecom AI use cases include network optimization, predictive maintenance, virtual assistants, RPA, fraud prevention, and new revenue sources. All these applications have helped businesses gain more from their investments in technology. The future of AI in the telecom sector will advance as Big Data tools and applications become more accessible and advanced. Along with the rest of the world, German telecoms may anticipate accelerated growth in this fiercely competitive market by utilizing AI.

The packaging of artificial intelligence (AI) need not always take the shape of a robot. It can be incorporated into computers, voice-activated controls, or virtual assistant chatbots. The creation of AI systems is a top focus at the leading German telecom company, Deutsche Telekom. Instead of spending money on "off-the-shelf" AI systems and robots, Deutsche Telekom is creating its own AI solutions with the help of partners and its development teams. Additionally, it is experimenting with AI-based software, computers, voice control features, and chatbots to improve customer support for both individual consumers and businesses. Chatbots may improve the effectiveness and efficiency of customer support. They are capable of handling everyday chores and are always readily available. While AI systems will not be able to completely replace real human service agents in handling difficult issues, they will be able to relieve them of routine duties, freeing up their time for more specialized work. Considering this, AI systems are being developed to be able to address client issues. Notably, Deutsche Telekom has started an all-encompassing AI program called eLIZA to connect all AI solutions inside the Deutsche Telekom Group to coordinate its efforts in this field.

RealNetworks and Vodafone Germany are collaborating to develop a service that can alert users about probable prank calls. The service, called Call Protect, utilizes KONTXT technology from RealNetworks, an AI-based anti-spam solution for phone calls and text messages. For the mobile devices of Vodafone subscribers, Secure Net is a security solution based on mobile networks. It automatically eliminates hazardous websites and guards against viruses when connected to the Vodafone mobile network in Germany.

The German government has long acknowledged the prospective benefits of AI. After all, the Federal Cabinet now uses artificial intelligence. The Federal Government's stated AI Strategy has three objectives: i) Europe and Germany will rise to prominence as AI hubs. ii) AI will be used for the greater good. iii) AI research will take place in the context of wide social dialogue. Aided by financial support from the government for implementing AI in companies, the overall use of artificial intelligence is expanding, even in Germany. Its adoption is particularly expanding on the customer side. Telecom companies are becoming more aware of the possibilities for raising customer satisfaction, lowering operating costs, and improving output.

Germany Telecom Market Competitor Analysis

The German telecom market is fragmented in nature. Some major players in the market studied include Deutsche Telekom AG, E-Plus, Vodafone GmbH, Telefonica Germany GmbH & Co. OHG, and Sky Deutschland GmbH. The market also hosts other Internet service providers (ISPs), MVNOs, and fixed-line service providers. Some US telecommunication companies are very competitive internationally and hold strong ground in the global telecom space.

In July 2022, Deutsche Telekom announced its collaboration with DigitalBridge and Brookfield to sell 51% of GD Towers, comprising its tower assets in Germany and Austria, to Digital Bridge and Brookfield at USD 17.5 billion enterprise value on a cash and debt-free basis. This strategic alliance is about to create Europe's next-generation digital infrastructure champion. The transaction is expected to be closed at the end of this year.

In May 2022, Vodafone Germany accomplished a new milestone for the "5G für die Stadt Bonn" initiative. The goal is to link the

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population to the 5G SA network by 2025, and the first 5G SA base stations have already started operating. In the beginning, Vodafone intends to put 5G antennas at its current sites in 91 locations around the city, including masts, observation towers, church towers, and rooftops. Although the operator did not specify how many sites had been updated to the more recent version, it did mention that 21 places already had 5G capability. By the middle of 2023, 11 more 5G building projects in Bonn are expected to be finished, according to Vodafone.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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Table of Contents:

1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Ecosystem Analysis

4.3 Industry Attractiveness - Porter's Five Forces Analysis

4.3.1 Bargaining Power of Suppliers

4.3.2 Bargaining Power of Consumers

4.3.3 Threat of New Entrants

4.3.4 Threat of Substitute Products

4.3.5 Intensity of Competitive Rivalry

4.4 COVID-19 Impact on the Industry Ecosystem

4.5 Regulatory Landscape in the Country

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 5G Deployments Bolster the Market Growth

5.1.2 High Regional Demand for Broadband

5.2 Market Restrain

5.2.1 Digital Disruptions In the Industry

5.3 Analysis of the Market based on Connectivity (Coverage to include In-depth Trend Analysis)

5.3.1 Fixed Network

5.3.1.1 Broadband (Cable Modem, Wireline-fiber, Wireline DSL, and Fixed Wi-Fi) and Trends Regarding ADSL/VDSL, FTTP/B, Cable Modem, FWA, and 5G FWA

5.3.1.2 Narrowband

5.3.2 Mobile Network

5.3.2.1 Smartphone and mobile penetration

5.3.2.2 Mobile Broadband

5.3.2.3 2G, 3G, 4G, and 5G connections

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5.3.2.4 Smart Home IoT and M2M connections

5.4 Analysis of Telecom Towers (Coverage to Include In-depth Trend Analysis of Various Types of Towers, like, Lattice, Guyed, Monopole, and Stealth Towers)

6 MARKET SEGMENTATION

6.1 Segmentation by Services (Coverage to include Average Revenue Per User for the overall Services segment, Market size and Estimates for each segment for the period of 2020-2027 and in-depth Trend Analysis)

6.1.1 Voice Services

6.1.1.1 Wired

6.1.1.2 Wireless

6.1.2 Data and Messaging Services (Coverage to include Internet and Handset Data Packages and Package Discounts)

6.1.3 OTT and PayTV Services

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles

7.1.1 Deutsche Telekom AG

7.1.2 Vodafone GmbH

7.1.3 Telefonica Germany GmbH & Co. OHG

7.1.4 E-Plus

7.1.5 Sky Deutschland GmbH

7.1.6 United Internet AG

7.1.7 1&1 AG

7.1.8 BT Germany GmbH & Co oHG

7.1.9 Tele Columbus

7.1.10 GTT Communications Inc.

7.1.11 United Internet AG

8 INVESTMENT ANALYSIS

9 MARKET OPPORTUNITIES AND FUTURE TRENDS

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