

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

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Report description:

For the forecast period, revenue in the Spain Telecom Market is expected to grow at a CAGR of 2.5 percent. The top four mobile service companies in the Spanish retail market are Orange Spain, Telefonica Spain, Vodafone Spain, MasMovil Ibercom, and Euskaltel, S.A. The expanding population, improved communications, and increased smartphone service acceptance have all contributed to the expansion of the Spanish telecom market.

Key Highlights

In keeping with the E.U.'s connectivity goals, the Spanish government recently unveiled its "Spain Digital 2025" agenda, which includes strategies for accelerating the nation's digital transformation. One of its major goals is to close the digital divide between urban and rural regions by providing ultrafast internet service to the whole Spanish population and preparing its networks for 5G. By the year 2025, the government's ambitious goal is for 100% of the population to have access to internet speeds greater than 100 Mbps.

Since last year, Spanish operators have accelerated the rollout of 5G, and all carriers now provide 5G in the nation's major cities and medium-sized towns. Over 80% of the Spanish population presently has access to 5G, thanks to the main provider in Spain, Telefonica. The telecom already provides its 5G service to more than 1,250 towns nationwide. Furthermore, providers like Orange, Vodafone, and Masmovil are already providing 5G services throughout the country's vast interior.

However, the main technical barrier to implementing 5G bands is often their poor penetration rate and restricted range, which made the pilot testing difficult. The spread of 5G network services could be slowed down by problems with adapting to them, such as some 5G devices getting too hot while being used.

With increased Internet of Things (IoT) usage in the industry that connects with wired and wireless internet, the telecom sector is also anticipated to have considerable development in the upcoming years. According to Eurostat, across Spain, the proportion of homes with access to broadband internet stayed at almost 96 percent in 2018 compared to 2020. With 96 percent of homes in

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Spain having access to the internet, last year still marked a high in this statistic.

The COVID-19 pandemic had a significant impact on the national economy of Spain. Due to the pandemic, large segments of the population were compelled to spend practically all their time at home, increasing the need for remote employment, telemedicine, online learning, and streaming in-home entertainment. As the nation adapted to life with COVID-19 from March 2020 onwards, business hours and broadband use surged. The COVID-19 health issue created a new beginning point for society and the economy in the digital process. Digital networks helped to fight back and thereby achieve sustainable growth.

Spain Telecom Market Trends

Speedy Rollout of 5G Network to Drive the Market

As per the statistics gathered for "The Digital Society in Spain," with a specific focus on 5G, the digital revolution is positioned as a major driver of economic development and a recovery tool. Implementing this technology would require investments of more than Euro 5,000 million (USD 4966.50 million) in Spain, as well as the hiring of more than 300,000 new employees. Additionally, cutting yearly emissions across the European Union by up to 20% is emerging as a crucial tool for advancing environmental sustainability.

All service providers already provide 5G across all the major metropolitan regions and medium-sized cities in Spain, where operators have been speeding up the 5G rollout since last year. The European carrier says that as of the end of the third quarter of this year, 68.7% of Spaniards could use its 5G network infrastructure.

In October this year, Spanish telecom operator Orange stated that it had already exceeded its initial objective for the entire year by deploying its 5G services in 1,529 towns and cities across 52 regions in Spain. 5G services are now being provided by Orange Spain using frequencies in the 3.5 GHz and 700 MHz bands. The European 5G observatory information shows that Vodafone now uses the 700 MHz frequency to provide 5G coverage to 190 localities. Also, MasMovil covers 54% of the nation, while Telefonica covers 80%. According to the report, orange covers 52% of the nation's population.

According to statistics from the European Commission, the 5G Economic Deal would entail investments of more than Euro 5 billion (USD 4.97 billion) and the creation of more than 300,000 jobs in Spain, as stated in the "Digital Spain 2025" agenda. Due to this, the European Union and the Spanish Government have prioritized the development of 5G technologies, as seen by the decisions they have been making for a while.

The announcement that Orange and Masmovil, Yoigo's parent company, have signed a legally binding agreement to merge their operations in Spain is a huge recent development in Spain's 5G market. They anticipate closing the deal at the latest in the second half of next year, keeping in mind that the transaction is subject to antitrust authorities' approval. As confirmed by Orange (FTTH), the increased efficiency would allow the merged business to speed up investments in 5G and fiber to the home.

Demand for OTT Services to Boost the Market's Growth

On the back of Netflix, HBO Espaa, and Amazon Studios, Spain is becoming a significant online video distribution market. The other top streaming video-on-demand services in Spain last year were Movistar+, Disney+, Apple TV+, and others. Also, in Q2 of the current year, Netflix is leading the OTT market, with Amazon not far behind, according to the most recent JustWatch survey. Although it is still early in the year, the report also notes that Disney+ has shown remarkable growth, achieving +2% since January. By the end of June, Movistar+, Amazon Prime Video, and Netflix had all added 1% each, putting them close behind on the upward trend.

As per the report by BroadbandTVNews, at the end of last year, more than half of Spanish households with internet access

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(55.1%) utilized services like Netflix, HBO, and Amazon Prime. This was 11% higher than a year ago, according to the results of the most recent Household Panel survey conducted by the regulator CNMC. The study also discovered that young viewers (aged 10 to 24) spend an additional two hours per day on VOD platforms and two hours on video-sharing websites on weekends and holidays. In comparison, users 65 and older watched FTA and DTT services for about four hours per day. The latter services were mainly used for news consumption, whereas video-sharing websites like YouTube were primarily used for gaming video consumption.

Spain is following the international trend and is the leader in video on demand as streaming keeps rising and changing watching patterns worldwide. Kantar Media says that the international leaders in video-on-demand (VOD), like Netflix and HBO, have quickly taken advantage of changes in how people watch TV in Spain.

According to Parrot Analytics, owing to the dominance of Movistar+ in the local content market, the Spanish SVOD industry is distinct. It is second only to Netflix in its home market, with a 12.9% demand share in 2021. As a result of competition from other platforms, the platform has seen a decline in demand over the past year. About 15.4% of Spain's demand in 2020 came from its originals.

According to the Parrot Analytics report, with a 55.1% share of the demand for original digital dramas last year, Spain was the country that loved dramas the most. This is significantly higher than the 48.3% global share of demand for this genre. In comparison to all other international markets in the research, Spain had the lowest demand share for the animation and children's genres, with 3.9% and 2.1%, respectively.

Meanwhile, last year, crime dramas were the second-most popular subgenre in Spain. The subgenre's ranking in this study is the highest at this point. The popularity of the series "La Casa de Papel" was beneficial. However, compared to other markets, the performance of superhero shows in Spain was substantially weaker. Encouragingly, variety proved to be one of the most successful genres last year.

Spain Telecom Market Competitor Analysis

The Spanish telecom market is moderately fragmented. Some major players in the market studied include Orange Spain, Vodafone Espana, Telefonica de Espana, Xfera Moviles, and MasMovil Ibercom. The market also hosts other Internet service providers (ISPs), MVNOs, and fixed-line service providers. Some of the Spanish telecommunication companies are very competitive internationally, and they hold a strong position in the global telecom space.

In July 2022, Orange announced that it had entered into an agreement to form a joint venture with Masmovil. The combined business would be worth around Euro 19.6 billion (USD 19.50 billion). The joint venture would be the owner of network resources that provide it with a competitive edge in the market, which include an FTTH network across the country with over 16 million residences and a cutting-edge mobile network that offers complete nationwide coverage and handles heavy traffic in the Spanish market.

In June 2022, Cellnex Telecom and Nokia decided to intensify their business alliances and commitment by supplying enterprise customers with private wireless networks. Recent technological advancements in wireless connections and infrastructure have accelerated the European demand for private networks. These new advancements now make it possible for Cellnex and Nokia to increase their joint commercial initiatives in several regional countries.

Additional Benefits:

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

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