

Germany Telecom - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Germany Telecom Market size is estimated at USD 81.52 billion in 2024, and is expected to reach USD 106.69 billion by 2029, growing at a CAGR of 5.53% during the forecast period (2024-2029).

The German telecom market has undergone significant transformation over the past few years owing to various initiatives taken by the German government to boost the country's internet infrastructure and broadband connection, growth in data consumption from businesses as well as individuals, growth in 5G deployments across the country and various innovations by the major telecom market vendors operating in Germany.

Key Highlights

- The German telecom market is primarily benefitted from the increasing smartphone penetration and high demand for telecom services from individuals and businesses over the past few years. For instance, according to the data from the GSMA Intelligence, by 2025, Germany will be the largest smartphone market in Europe by the number of connections, valued at USD 105 million. Germany's telecom subscriber penetration is expected to increase from 88% in 2021 to 89% in 2025. Also, as per the data, Germany's smartphone adoption will increase from 80% in 2021 to 84% in 2025.
- 5G is a fifth-generation mobile technology that defines the operation of cellular networks and has been designed to enable 1,000 times more data transmission than its predecessor, 4G. By implementing 5G, technologies ranging from AI, AR, and VR can be completely developed because these technologies necessitate substantially higher processing power to handle the continuous streaming of large amounts of data. 5G networks would lead to advancements in the Internet of Things (IoT) and cloud computing, which has been used across many industries in Germany due to its Industry 4.0 and driving the Telecom market in the country.
- The ongoing digitalization trend in the country needs high speed and constant network, which broadband services can fulfill. This is driving the market of telecom vendors in the broadband segment. Additionally, the availability of broadband connections is a

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fundamental requirement for Industry 4.0, the Internet of Things, and eGovernment, which would make broadband expansion in Germany one of the most important concerns in the following years to ensure and improve social welfare, quality of life, and business's ability to expand and compete.

-The communication industry's traditional digital methods are evolving quickly. For instance, phone calls are no longer the most adopted form of communication. Conventional text messaging isn't much better. Messaging, video, and voice calls are carried out over the internet. The need for cellphone service providers to keep customers linked has diminished.

-The COVID-19 pandemic led to lockdowns in Germany which increased the demand for data services owing to the increasing growth in data consumption and voice services primarily attributed to the work-from-home conditions, growth in downloading, video conference communication, online gaming, among others, thus positively impacting the demand for data services from the mobile operators in the country.

Germany Telecom Market Trends

5G Deployments Bolster the Market Growth

- With the growing demand for faster connectivity, the demand for 5G has been growing, with the government aiding through easing regulators. In addition, the growing 5G launch alongside the collaborations is analyzed to boost the market growth rate during the forecast period. For instance, Deutsche Telekom declared in June 2022 that it would be the first to offer 5G service using spectrum in the 700 MHz bands. The use of the 700 MHz bands, according to the European operator, enhances mobile communication coverage in rural Germany. The telco noted that 700 MHz frequencies are used by approximately 3,000 antennas spread across roughly 1,100 locations to broadcast 5G.

- Additionally, household telecom services in the country have increased due to 5G. For instance, the German telecom company has published a report stating that Deutsche Telekom has stated that 92% of German households have access to the carrier's 5G network, and 99% of German households would have access to the telco's 5G network by 2025.

- The German Federal Government launched the 5G Initiative, a framework for action to assist the deployment of 5G networks and the development of 5G applications. The Federal Government's 5G Strategy provides the framework and areas of action for deploying 5G networks in Germany until 2025 and having the vision to make Germany a leader in 5G applications, supporting the growth in the Telecom services in the country. According to Ericsson, The 3.5GHz (5G) roll-out is expected to be completed in Germany by 2025. The 3.5GHz 5G network would cover 43 percent of the German population by the next two years, up from 42 percent in 2023. However, only seven percent of the geographical area in Germany will be covered in 2025.

- For instance, in October 2022, Vodafone announced its strategic expansions to undertake a commercial 5G Open Radio Access Network (RAN) pilot at mobile stations in two rural locations in Germany. This would be Germany's first deployment of Open RAN technology that is completely compliant with the specifications and roadmap authorized by Europe's main mobile carriers. This would create an opportunity for the vendor to increase its revenue because of the 5G roll-out in the country.

- Additionally, the country's government intends to significantly enhance mobile communications capacity in urban and rural areas. This means that, in addition to federal highways and intercity roads, 5G connection of the appropriate quality must be made available on federal highways, regional roads, railway lines, and important waterways. Future coverage obligations would ensure that these objectives are met sufficiently.

Data and Messaging Services Segment Holds Significant Market Share

- Data and Messaging services are the type of telecommunication services the market vendors provide, including fixed internet services, Mobile Data, and messaging facilities. The country has been registering an increase in the 5G adoptions and

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digitalization of business processes, creating an opportunity for telecom companies to offer high-speed Data service and driving the market in Germany. For instance, according to the Ookla report, Germany's median mobile internet connection speed increased by 17.50 Mbps (+52.2%), and fixed internet connection speed in Germany raised by 12.07 Mbps (+21.9%) during the year 2022.

- Social media usage has been increasing in the country, which includes the usage of Facebook, Instagram, WhatsApp, YouTube, TikTok, etc. It is fuelling the Data services of the telecom service providers because of to access these platforms. Users need internet connectivity. For instance, according to Google's advertising tools, YouTube had 72.60 million users in Germany in early 2022, equivalent to 86.5 percent of Germany's total population.

- Internet requirements are rising due to industries moving to cloud solutions, and consumers are moving towards online shopping in the country, fueling both Fixed and mobile data services. For instance, according to Amazon, Germany is one of Europe's most important e-commerce markets, creating an opportunity for telecom service providers to offer handset data services for e-commerce customers in the country.

- Additionally, Deutsche Telekom, a telecom provider in the country, has planned to accelerate its business digitization service portfolio. For instance, in the growing market for digital experience services, Telekom Deutschland, a subsidiary of Deutsche Telekom, has established a new business area for complete business digital solutions and platforms, which has invested USD 25 million in Teridion Technologies in November 2022 for its WAN as-a-Service solution. Telekom Deutschland would use this solution for the company's enterprise internet backbone to ensure reliable and fast connectivity. This shows the market potential of the internet and Data services for businesses in the country, which fuels the telecom vendors' revenue in Germany.

- The country's government has prioritized digital inclusions in businesses and communities, helping the market growth for data services. For instance, in July 2022, the digital ministry of Germany initiated Germany's digital awakening strategy, which includes the plan to connect all households and companies to the fiber optic network by 2030 and a half by 2025.

- Additionally, according to a report published by GSMA published in April 2022, Deutsche Telekom has been making its 5G standalone (SA) network, with over 5,000 antennas compatible with the 3.6 GHz band, which would create a demand for the data service of the company in Germany due to its high-speed internet services. Similarly, Vodafone Germany has already commercially launched a 5G SA network in the German market, with about 4,000 antennae supporting the technology, for handset Data. By the next two years, Germany's 5G connections are expected to reach 52%.

Germany Telecom Industry Overview

The German telecom market is moderately low, with the presence of major players like Deutsche Telekom AG, Vodafone GmbH, Telefonica Germany GmbH & Co. OHG, Freenet AG, and Sky Deutschland GmbH (Comcast Corporation). Players in the market are adopting strategies such as partnerships, innovations, and acquisitions to enhance their product offerings and gain sustainable competitive advantage. 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 December 2022, O2 Telefonica and Nokia sped up file and video uploading via the 5G network. The telecoms company and its technology partner have combined two 5G frequencies for the first time to boost the maximum data rate that can be sent across the mobile network. The 4G/LTE network uses this so-called carrier aggregation technology. Moreover, the two businesses have previously tested package downloads via 5G. O2 Telefonica and Nokia are now showcasing carrier aggregation for uploads utilizing the frequencies below 6 GHz used in Germany in the 5G standalone network for the first time.

In November 2022, Vodafone Germany evaluated and tested the new Docsis 4.0 standard at speeds of up to 10 Gbit/s. Vodafone intends to provide up to 3 Gbit/s with Docsis High Split in more than 5% of homes, citing the roadmap displayed. The hybrid fiber optic cable network is planned for upgrades to bring fiber closer to every connected household using node splits, DOCSIS 3.1 High Split, and technologies like DOCSIS 4.0. The hybrid fiber optic cable network would eventually be able to deliver rates of 10 Gbit/s.

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