

## **South Africa MNO - MVNO - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The South Africa MNO - MVNO Market size is estimated at USD 84.33 million in 2024, and is expected to reach USD 122.76 million by 2029, growing at a CAGR of 7.80% during the forecast period (2024-2029).

In an increasingly digital world and fragmented telecommunications industry, MVNOs are on the rise, applying emerging technologies, exploring new verticals, and providing value to both consumers and existing mobile network operators (MNOs). In recent years, competition in the South African MNO - MVNO market has shifted from pricing to value-added services and product differentiation due to the prominence of MNOs in the low-cost cellular services market in developed and developing cities of South Africa.

#### Key Highlights

- The growth of the South African MNO - MVNO market is expected to be attributed to the entry of new players and the roll-out of new services. Initially, the roll-out of 5G was delayed due to the government's reluctance to allocate the radio frequency spectrum required for the mass roll-out of 5G.
- The first licenses to mobile network operators (MNO) that will allow them to build large-scale 5G cell phone networks in South Africa were expected to be released during 2020. Presently, many trials are being conducted in the country with respect to the deployment of 5G technology, which may allow MVNOs to prosper in the country.
- However, most of the MNOs and MVNOs leverage the low-cost model to gain customers. This market has a low-profit margin because the vendors offer cheaper rates to consumers by renting spectrum from major carriers. MVNO players function as wholesalers that purchase bandwidth in chunks from big carrier networks and sell at a discount to consumers. This factor is expected to restrain the market's growth throughout the forecast period.
- To ensure business continuity due to the COVID-19 outbreak, business organizations, especially in highly affected states of South

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Africa, allowed their employees to work from home (WFH). The increase in the number of people working from home led to an increasing demand for downloading, online video viewing, and communication through video conferencing, thus leading to increased network traffic and data usage.

-Generally, customers cannot complete make a call when they are on zero credit balance. This applies to a significant number of the South African population at various times of the day or month. However, this number increased due to the COVID-19 crisis. In April 2020, Cell C Limited and Starlogik alliance launched "StarCALL," a free ping service for customers with zero credit balance. The solution aims to help millions of African customers to stay connected at the time of crisis.

## South Africa MVNO - MNO Market Trends

The Full MVNO Segment is Expected to Hold a Significant Share During the Forecast Period

- The major driver for the penetration of full MVNO in the country is the rolling out of 5G and increasing support from South African regulatory bodies. In recent years, a trend has been observed in the African region. Through the sale and leaseback agreements of mobile towers with tower companies, telcos are moving toward the asset-light or a mobile virtual network operator (MVNO) model. Airtel and MTN are the two major telco service providers leading the trend in Africa.

- In September 2022 - Due to a partnership between South African operator Cell C and Capitec, the latter is now the nation's newest MVNO. Capitec is the largest retail bank in South Africa, based on the number of customers (MVNO). With a focus on lower-income prepaid consumers, Capitec is advertising a virtual mobile network that offers customers less expensive, perpetual data.

- However, the full MVNO segment has faced slow growth in recent years due to unfair pricing for network access from large network operators. However, the competent authority in the region has ordered mobile network operators to reduce roaming fees, including those of MVNOs, which may drive the market.

- Cell C Limited is the only mobile network operator in South Africa to have opened its network to MVNO partners. It offers all the necessary support, expertise, infrastructure, and platforms to allow MVNOs to operate. The expansion of its offerings for the MVNO vendors may help the company gain a competitive edge over its competitor MNOs.

The Consumer Segment is Expected to Grow at a Significant Rate During the Forecast Period

- The increasing number of single mobile subscribers and increasing mobile penetration in emerging economies are the major factors fuelling the segment's growth. According to the GSM Association, in 2019, the share of smartphone connections in Sub-Saharan Africa was 45%, and it is expected to reach 67% by the end of 2025. This growth in Sub-Saharan Africa has been driven by the increasing smartphone penetration in South Africa.

- Traditionally, B2C, or the consumer segment, dominated over B2B in terms of innovation and pricing. Billing a wide range of devices and managing them is significantly more difficult than a simple consumer service. Due to convenience and more profit margins, MVNOs also prefer investing in the consumer segment.

- Tier 1 MNOs, like Vodacom and MTN, are being excluded from some 5G spectrum auctions to allow Tier 2 MNOs, like Telkom, Liquid Telecom, and Cell C, to have an equal chance. There are also plans to create a Wholesale Open Access Network (WOAN), which would use a 5G spectrum to create a wholesale network not owned by any existing MNO. Spectrum has been a major factor restraining the 5G rollout in South Africa. The competent regulator is yet to release the vital 3.5GHz spectrum to operators, implying that the rollouts will remain limited for the time being.

- Huawei continues to assist South Africa in developing its 5G network. With more than 2,800 base stations installed, Huawei is the most significant 5G network operating on the African continent. According to a recent report from a US-based broadband testing

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and diagnostics company Ookla, SA leads in Africa's 5G network. Ookla also added that Johannesburg, the center of the nation's economy, had the quickest median download speed among a limited group of cities on the continent.

- In South African cities, mobile phone companies like MTN, Rain, and Vodacom have set up 5G services, with MTN reportedly outpacing the competition in this region. By the end of the year, the mobile operator aims to provide 5G coverage for at least 25% of the population, according to a statement issued in June 2022. The delayed 5G auction was completed in March 2022 by the Independent Communications Authority of South Africa (ICASA), which sold spectrum in the 700MHz, 800MHz, 2.6GHz, and 3.5GHz bands.

## South Africa MVNO - MNO Industry Overview

The South African MNO - MVNO market is moderately competitive and consists of a significant number of regional players. These players hold a large share of the market and focus on expanding their client base across the country. These players are focusing on investing in introducing new services and solutions in the country, along with other related growth strategies, to increase their market share during the forecast period.

- March 2021 - Shoprite launched K'nectmobile in South Africa, the company's own mobile virtual network operator (MVNO). This offering is expected to offer competitive rates and several other rewards to customers, where the K'nectmobile's airtime, data bundles, and rewards only expire after 60 days, rather than the more common 30-day expiry. This offering is expected to create more opportunities for the company in South Africa.

- November 2021 - A new digital mobile network was launched in Africa, an MVNO enabled by x-Mobility, an MVNE (mobile virtual network enabler) company. BeMobile aimed to target the Kenyan and African youth market by creating an iconic youth brand across Africa. The company stated that its international call rates are over five times cheaper than local operators.

### Additional Benefits:

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

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