

Mobile consumer survey reveals intentional change for the industry

The mobile industry is changing at an exponential rate as new influences shape the way consumer expectations rise and the competition, new and old, pile on advancements such as Artificial Intelligence (AI) as being differentiators.



Source: pixabay.com

“The potential to monetise the anticipated data explosion has driven operator investment strategies for many telcos. Competitive intensity has heightened, and operators have been focused on reaching the underserved markets in rural areas with faster broadband offerings and upgrading to 3G and 4G/LTE networks”, says Mark Casey, technology, media and telecoms (TMT) industry leader at Deloitte.

Telco operators in South Africa have laid foundations of 4G/LTE networks to mostly urban areas (63%) and a significant portion to rural areas. According to the survey, about 37% of rural areas in South Africa now have access to a 4G/LTE network.



#AfricaMonth: The evolution of mobile networks in Africa

Giovanni Chiarelli 23 May 2018



Against this background, Deloitte identified four themes that the industry faces, providing consumers and mobile operators with a unique guide to the evolving landscape. These are:

- i. choosing an operator,
- ii. Smartphone usage reaching a pinnacle,
- iii. Growth in mobile commerce and
- iv. Device ownership in South Africa.

Casey says that the quality of the network with respect to internet provision, the availability of 4G/LTE coverage and usage of a network by family and friends were found to be the key drivers for consumers choosing a mobile operator.

“ *“The game has shifted from having kilobits per second to having gigabits per second”* ”

Deloitte found that South African mobile subscribers are looking for cheaper data prices to the extent that large-scale consumer activist movements have formed, such as the recent [#DataMustFall](#) and [#SocialMediaBlackout](#) campaigns. Such and other campaigns have had some influence on the industry to lower data tariffs with the greatest impact being in the network technology layer - which is owned either by telcos, vendors or other tech players.

“Based on our findings, we found that the price of data is the most important factor influencing churn. Other factors such as the quality of the network for internet access, availability of 4G, the quality of customer service and device price are also important,” says Casey. The operator landscape is facing a difficult challenge of balancing consumer perceptions with respect to the price of data and the need for further network investments, including the anticipated move towards 5G and the inevitable need to satisfy the demand for data.



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The scenario is not all that gloomy for new smartphones entering the market as consumers prefer to buy new phones overused ones Casey adds.

The percentage of consumers owning new phones overused phones increased from 78% in 2016 to 86% in 2017. Approximately one in 10 consumers own a second-hand phone regardless of whether it is a feature phone or smartphone. The rate of mobile technology evolution is increasing, and new applications are emerging that attract an increasingly technologically savvy South African consumer base.

These factors, along with the mobile operators' strategy of subsidising phones in the post-paid market, is expected to maintain the dominance in the new phone market over the used one.

Download the full report, the [South Africa Mobile Consumer Survey 2017](#).