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InfoCom says MVNOs in Bulgaria, Hungary and Poland failed to challenge the existing MNOs.

MVNOs' share in Bulgaria, Hungary and Poland rather small — MVNOs unable to compete with MNOs in terms of pricing, service offering and quality — In Poland, MVNOs struggle with churn and high mobile termination rates — In Hungary, bundling of mobile with fixed, cable TV and Internet helped reduce churn.

Stuttgart, Germany — MVNOs in Bulgaria, Hungary and Poland have failed to challenge the existing MNOs so far. In these countries, MVNOs market share remained below 4% (3Q10) compared to the 10% achieved by MVNOs in some countries in Western Europe. In Poland, for instance, after more than 6 years of operations, the combined market share of all 13 active MVNOs is barely above 1%. This failure is attributed to the inability of MVNOs to compete with MNOs in terms of pricing as well as service offering and quality, which translate into poor customer retention. Indeed a few MVNOs stopped activities altogether, such as wp mobi in Poland.

These findings result from InfoCom latest release on the development of Mobile Virtual Network Operators (MVNOs) in Eastern Europe. Bulgaria, Hungary and Poland have the highest number of MVNOs among all other markets in Eastern Europe. These countries also present some of the most compelling MVNO business models in the region, with the no-frills strategy in Bulgaria and Poland, data focus in Hungary and VAS-oriented MVNO in Poland.

The national regulators in Poland, Bulgaria and Hungary started granting MVNO licenses to stir up the competition in their mobile domestic markets. Poland launched its first MVNO, Heyah (PTC Era) by the end of 2004 and Hungary with djuice (Telenor) in 1Q05. The second wave of MVNO launches was in 2008, with the launch of 6 MVNOs in Poland and a pilot launching of MVNOs in Bulgaria. By late-2010, there were more than 13 MVNOs operating in Poland, 4 in Hungary and 2 in Bulgaria. Current launches on the starting blocks: News Mobile (Bulgaria) and Red Bull Mobile (Hungary). Despite the high number of players, the cumulative MVNO share in these markets increased from less than one percent to 1.6% (YoY, 3Q10), for a total of

449 000 subscribers. Poland posted the highest growth with the launch of two new MVNOs by the end of 2009. As a whole, these new MVNOs were unable to improve their market positioning as they continued to struggle with customer retention issues and churn as well as with a wide disparity of mobile termination rates, which prevents MVNOs from competing effectively on retail pricing.

Hungary continues to have the highest market share of MVNO subscribers with 3.85% (3Q10) driven by the launch of Postafon (Vodafone) in 4Q09. The strategies of the local MVNOs, bundling mobile products with fixed line, cable TV and Internet services account for the higher share of MVNO subscribers in the country. This strategy has enabled these MVNOs to tap their existing customer base and to reduce churn.

About Mobile Traffic Quarterly Monitoring — InfoCom's Mobile Traffic Quarterly Monitoring is currently available on a yearly subscription basis. It provides 4 times a year with a large amount of indicators — traffic minutes with breakdown between incoming and outgoing calls; between fixed, mobile-to-mobile (own network), mobile-to-mobile (other network) & mobile international; share of traffic type on total traffic volume — for 29 countries in Western & Eastern Europe. Mobile Traffic Quarterly Monitoring is only one of several Quarterly Monitoring Services that InfoCom provides. To know more, please contact us.

About InfoCom: InfoCom is a market research and consultancy company with over 20 years experience providing strategic analyses and planning assistance to stakeholders in the telecommunications, IT and multimedia industries. InfoCom's independent and fact-based analyses highlight trends and opportunities, supporting decision makers to understand market dynamics in order to improve their competitive advantage.
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