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InfoCom says mobile operators in the Philippines continue to drop rates to allure customers to migrate to postpaid.

In 2016, mobile base in the country to reach over 100% penetration — Price-sensitive Philippine mobile market expected to remain mostly prepaid — Smart Communications continue to lead the mobile market.

Manila, Philippines — In the year 2016, InfoCom expects the Philippines mobile subscriber base reach a 107% penetration rate, growing at 4% (CAAGR, from 2011). During the last quarter, the mobile subscriber base in the Philippines has increased by 2% (1Q11, QoQ) to over 88 million, reaching a 95.4% penetration rate. The prepaid base remained virtually unchanged, comprising 97% of the market. However, as a consequence of some carriers' aggressive promotions postpaid subscription were boosted resulting into a growth of 7% (QoQ) to 2.9 million, about 3% of the market.

"The incumbent PLDT — with its mobile arm Smart Communications — and the carrier Globe Telecom are expected to continue to aggressively push prepaid-to-postpaid migration to drive blended ARPU higher", an analyst in Manila commented, "but the very price-sensitive Philippine mobile market is expected to remain mostly prepaid". Consequently, InfoCom expects the prepaid base to still represent more than 90% of the mobile base until 2016, leaving a little less than 10% to postpaid.

Among the three mobile operators, Sun Cellular (acquired by incumbent PLDT Philippine Long Distance Telecommunications in 1Q11 but still operating under own brand) and Globe Telecom were able to attract some postpaid subscribers, adding respectively 90 000 and 81 000 postpaid customers in the quarter. Sun Cellular, popular for its low-cost intra-network unlimited call and text services, maintained postpaid growth by capitalising on group and double-deal plans. Group Plan gives a customer three free phones for three SIM cards for only PHP699 per month (€11.72) while Double-Deal plan gives a customer two free phones with two SIM cards, where the monthly fee for the second SIM is only PHP 150 (€2.51) with minimum contract length reduced to 12 months (instead of regular minimum contract length of 24 months).

Globe Telecom, on the other hand, has introduced new lowered and customised postpaid plans to allure users to migrate to contract-based subscriptions. The carrier introduced the “first and only unlimited text (SMS) to other networks” and offered lower postpaid plans down to PHP 599 (€10.04) per month. And it also offered “customised” postpaid plans under which subscribers were allowed to choose one or two freebies from several options, containing either minutes, SMS or mobile Internet surfing, in different combinations.

And while PLDT already has its newly-acquired Sun leading the postpaid base, its flagship mobile arm Smart Communications continue to lead the mobile market (particularly the prepaid segment) with net additions of 1.02 million (1Q11, QoQ). Smart ended with a 53% (1Q11) mobile subscriber share (about 54% of the prepaid base and about 15% of the postpaid base). Put together, PLDT's Smart and Sun hold nearly 70% of both the total mobile base and the prepaid base and 60% of the postpaid base.

About this contribution: InfoCom has released 2011 values and 2016 updated market shares already for a large number of countries. New figures and data are available in Teleseeq, InfoCom's interactive dataroom, available online. Teleseeq is ONE system comprised of the entire telecommunications and related markets with data available for a huge number of services, with split a large number of indicators, by region, country and carrier, for 85 countries and 10 regions, containing forecasts for 5 years over the current year.

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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