

Bouygues Telecom, KPN and Vodafone are hoping to gain more than just market share by acquiring MVNOs

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Mobile network operators (MNOs) in the Czech Republic, France and the Netherlands have bought mobile virtual network operators (MVNOs) in the past year. These deals have helped MNOs to gain market share and have reduced market competition, alongside other benefits. For example, Bouygues Telecom has gained new distribution channels by acquiring La Poste Mobile, as has Vodafone (Czech Republic) via its acquisition of SAZKA mobil. KPN has expanded its 'no-frills' portfolio by acquiring Youfone.

The article is based on data from Analysys Mason's [DataHub](#) in the [European Telecoms Market Matrix](#) and [European Country Reports](#) programmes.

Bouygues Telecom's position in the fixed and mobile markets will be stronger following the MNO's acquisition of the biggest MVNO in France

Bouygues Telecom's goal, as set out in its strategic plan, 'Ambition 2026', is to become the second-largest MNO in France by 2026. Bouygues Telecom took a step towards this goal in February 2024 by announcing its acquisition of La Poste Mobile for EUR950 million. Bouygues Telecom will buy out the existing shareholders (La Poste (51%) and SFR (49%)) to take full ownership of La Poste Mobile.

La Poste Mobile currently offers fixed broadband services via a wholesale agreement with SFR alongside its mobile offerings. The contract with SFR will remain in force until December 2026, at which point Bouygues Telecom plans to migrate La Poste Mobile's fixed broadband subscribers to its own network.

Once the deal is finalised, Bouygues Telecom's mobile subscriber base will increase by around 2.3 million users, and its mobile subscriber market share will increase from 20% to 23%. The deal will both strengthen Bouygues Telecom and take a wholesale customer away from SFR.

The agreement will also significantly expand Bouygues Telecom's distribution network; Bouygues Telecom will have access to La Poste and La Banque Postale offices across France.

KPN aims to diversify its offerings and tap into the no-frills market by acquiring MVNO Youfone

KPN's acquisition of Youfone for EUR200 million was approved in March 2024. Prior to the acquisition, Youfone was one of the largest MVNOs in the Netherlands, with a strong brand and competitive offerings. It provided SIM-only, fixed broadband and TV services.

The acquisition will strengthen KPN's position in the no-frills mobile and broadband markets. KPN will gain around [540 000 postpaid mobile customers](#) and around [55 000 broadband customers](#), thereby becoming the

largest operator in the Netherlands in terms of the number of subscribers. Its mobile connections market share will increase from 31% to 34%.

Youfone used KPN’s network as an MVNO, so customer migration should be smooth. The Youfone brand will remain in place and operate alongside the existing KPN brands, XS4ALL, Solcon and Simyo.

Vodafone Czech Republic plans to acquire SAZKA mobil to expand its customer base

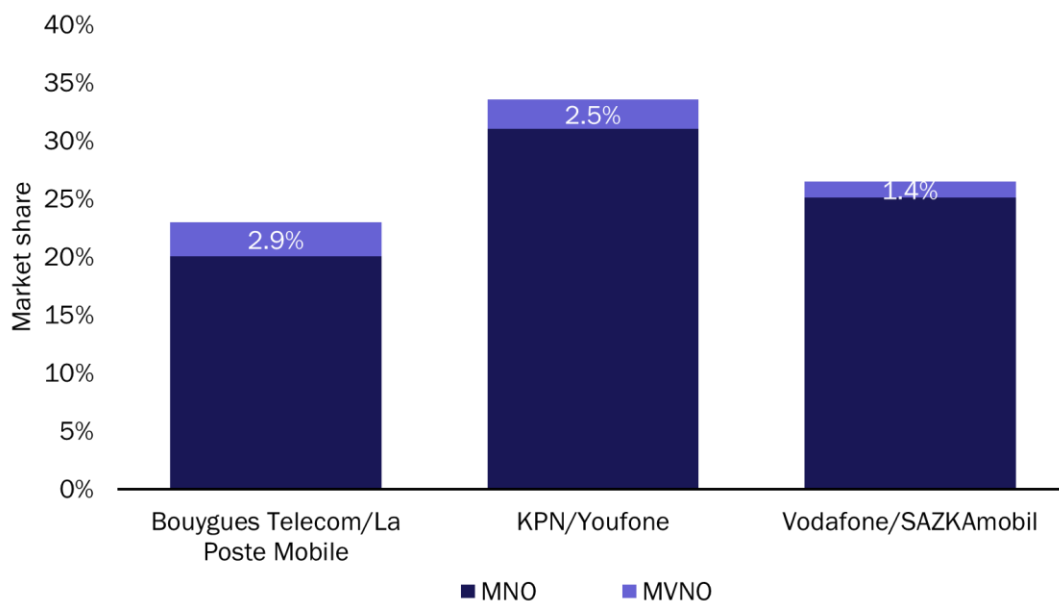
Vodafone will gain around 200 000 subscribers following its acquisition of SAZKA mobil, an MVNO owned by the Czech lottery company Sazka. This is equivalent to a 1 percentage point increase in Vodafone’s mobile connections market share (from 25% to 26%). The deal was announced in December 2023 and was approved by the regulator in March 2024. SAZKA mobil is the largest MVNO in the Czech Republic and was the first MVNO to offer 5G network access to its customers. It offers cheap international calls to the EU, Vietnam and China, and targets lottery players.

Similarly to KPN and Youfone, Vodafone already hosts SAZKA mobil on its mobile network. Vodafone will be able to use SAZKA mobil’s well-known brand to enter niche markets such as online gaming and international calling to Vietnam and China. Vodafone will also benefit from having access to Sazka’s points of sale in the Czech Republic, of which there are more than 7500.

Acquiring an MVNO is about more than increasing market share

MNOs primarily acquire MVNOs to improve their market position (Figure 1). This is especially important for MNOs that have recently lost customers. Many large MNOs increased their prices significantly during 2023 due to high inflation and lost subscribers to price-competitive challengers and MVNOs as a result. They can reclaim lost market share by acquiring an MVNO.

Figure 1: Mobile connections market shares of selected MNOs and their acquired MVNOs, Czech Republic, France and Netherlands, at the point of acquisition



Source: Analysys Mason

However, there are other benefits related to MVNO acquisitions, which may lead to further such deals.

- **Expand services to niche segments.** Acquiring an MVNO can help MNOs to extend their coverage to niche markets and address the needs of specific segments (for example, young people, senior citizens, expatriates, tourists, ethnic segments and business travellers) without diluting their main brands.
- **Improve revenue and other financial metrics.** MNOs can benefit from increased revenue (due to an increase in the number of subscribers) and lower subscriber acquisition costs. MNOs that acquire MVNOs that already operate on their networks will be able to easily swap wholesale hosting revenue for (higher) retail revenue with minimal additional costs.
- **Limit risk related to new segment entry.** MNOs that acquire an established MVNO can add value to their portfolios with limited risk related to entering a new segment and addressing community-specific needs.

MVNO owners will also benefit. For example, La Poste will generate some revenue from its longer-term agreement with Bouygues Telecom related to the use of the brand and distribution points, in addition to revenue from the sale. The situation between SAZKA and Vodafone is similar; SAZKA will generate revenue from Vodafone's use of its lottery sales points.

The timing of MVNO sales may be related to network maturity. MVNO shareholders may need to renew technology platforms for eSIMs and AI and may need new distribution models (related to eSIMs). They have relatively small customer bases, and growth in the number of subscribers (aided by offering lower prices than MNOs) may be hard to maintain in the longer term. A sale may therefore be the most attractive option.