

5G adoption in Latin America is slow: what consumers want and how operators can accelerate adoption rates

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Jakub Konieczny

Latin America (LATAM) lags behind most of the world in terms of consumer adoption of 5G services. 5G launches came relatively late to the region and many operators do not have clear 5G strategies. The business case for 5G is also unclear for many operators, and the characteristics of the region – low ARPU and a high proportion of prepaid accounts – do not provide obvious monetisation opportunities for 5G.

The adoption rate of 5G varies by country in LATAM. 5G adoption is highest in Chile (Figure 1), where take-up helped by the availability of 5G-capable handsets that are relatively affordable (prices start at around USD160) and are offered by operators with an option to purchase them in interest-free instalments. Operators in Argentina and Colombia are yet to launch 5G services. They should include affordable 5G-capable handsets in their offer before they launch services and raise awareness among customers to achieve rapid take-up once they launch. They should also consider letting customers pay for these handsets in interest-free instalments, as the operators in Chile have done, to improve the affordability of the devices.

This article draws on the Analysys Mason’s *Latin America telecoms market: trends and forecasts 2022–2027*. The report provides a detailed 5-year forecast of around 200 mobile and fixed KPIs for LATAM as a whole and for 6 key countries.

Table 1: 5G launch dates, and adoption compared to that of 4G at the end of the same period since launch, by country

Country	5G commercial launch date	5G share of mobile connections as of 1Q 2023	4G share of mobile connections at the end of the same period since launch
Brazil	July 2020	3.9%	3.3%
Peru	2Q 2021	0.2%	7.6%
Chile	December 2021	8.3%	4.2%
Mexico	December 2021	2.2%	2.7%
Argentina	Expected in 2023	-	-
Colombia	Expected in 2024	-	-

Source: Analysys Mason

The adoption of 5G in Chile is progressing faster than that of 4G

MNOs in Chile launched 5G in December 2021. The country is the leader in the region in terms of adoption of the new technology. Relatively cheap (sub-USD200) 5G-capable handsets were available at the time the new service was launched, which boosted its adoption compared to that of 4G.

Access to 5G networks is offered with no additional cost in mobile packages so the adoption is limited only by affordability of handsets. The price of 5G-capable handsets starts at around USD160 and operators offer an option to purchase them in interest-free instalments.

The availability of 5G is increasing thanks to the speed at which operators are rolling out the networks. Entel, which leads in terms of 5G adoption and roll-out in Chile, completed the deployment of its second phase of 5G roll-outs in September 2023, reaching 311 communes out of 346 in the country. It has 1371 base stations, which corresponds to around 30% of its number of 4G towers. Moreover, Chile is also one of the richest countries in the region in terms of GDP per capita, which creates more favourable conditions for the adoption of 5G.

The adoption of 5G in Brazil is progressing at a slightly faster rate than that of 4G

5G services in Brazil were launched early compared to the rest of the region, in July 2020. Consequently, only expensive 5G-capable handsets were available at the time, which, combined with low GDP per capita, led to limited take-up of 5G services. In addition, the new technology was launched at the time of the COVID-19 pandemic, which significantly affected purchasing behaviours among the Brazilian population.

With cheaper handsets becoming available (prices start at around USD200) and the improving economic situation, the adoption of 5G technology started to accelerate and it is now progressing at a faster rate than that of 4G at the time of its launch.

Brazil will remain one of the leaders in the region during the forecast period in terms of the adoption of 5G services. The strong take-up will be driven by the improving economic situation, which will positively affect the affordability of 5G handsets, and the network becoming available in more cities. Brazil's regulator, Anatel, wants 5G standalone coverage to be expanded to 57.67% of the Brazilian population by 2027.

The adoption of 5G in Mexico and Peru is progressing more slowly than that of 4G

In Mexico, 5G was launched at a similar time to Chile. However, the adoption of the new technology is progressing more slowly than that of 4G despite the availability of affordable handsets. The slow progress is a result of Telcel's decision to offer 5G services only to its contract customers initially, which left over 50% of the mobile market without access to its newest service.

The operator started to offer 5G services to prepaid customers in April 2023. The availability of 5G to a mass market should help to accelerate its take-up during 2023–2027.

In Peru, the adoption of 5G is limited by the very low coverage of the new network. Since its launch in 2Q 2021, operators have covered only a small part of the country, mainly parts of Arequipa, Chiclayo, Lima and Trujillo. The limited coverage is a result of the lack of suitable spectrum; a 5G spectrum auction has not yet taken place. Operators used their existing frequencies to launch the new service.

Operators in Argentina and Colombia can expect 5G adoption to progress more quickly than that of 4G as affordable 5G-capable handsets are widely available

5G launches are expected in Argentina and Colombia in 2023 and 2024 respectively because 5G spectrum auctions are planned for October and December 2023. Operators in Argentina and Colombia are likely to benefit from late 5G launches as cheaper handsets are now widely available.

MNOs should include affordable 5G-capable handsets in their offers before the service launch and should increase awareness among customers to accelerate adoption. Further, they should consider adding interest-free instalments, like operators in Chile, to improve the affordability of the devices.

Operators should also make 5G available to contract **and** prepaid customers, otherwise, the take-up of the new service may be limited as it was for Telcel in Mexico. Similar strategies can be used by operators in other countries where 5G adoption is slow.