

# Mobile operators should offer more than discounts and higher speeds to attract fixed customers from rivals

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Many mobile operators that have entered the fixed market [have struggled to gain customers in an organic way](#).

Fixed broadband (FBB) penetration of households is high in most countries. New entrants in the fixed market must therefore plan to win customers by encouraging competitors' customers to churn. It is difficult. [Fixed customers have generally low churn rates](#). The obvious (and most common) strategy of offering plans with low tariffs and/or higher speeds is easily replicated by competitors.

Mobile operators should focus on differentiators (other than price and speed) that are valuable to customers and that fixed-only operators cannot replicate. They can provide fixed customers with additional benefits based on mobile connectivity, such as 4G (or 5G) back-up services or additional mobile data or mobile speed boosts.

These features might not be the most compelling ones to attract new fixed customers but they can help mobile operators to enhance their fixed offerings, as discussed in Analysys Mason's [Optimising the launch of fixed services: best practices for mobile operators](#) report.

## Mobile operators have struggled to build a large base of fixed customers organically

Figure 1 displays the fixed connection market share of mobile operators that have entered the fixed market. The figure excludes mobile operators that have bought fixed operators. It only includes operators that publicly report data on their number of FBB connections.

Out of 10 operators, only 2degrees in New Zealand, AIS in Thailand and Jio in India had a share of connections of over 5%, 4 years after they launched fixed services.

**Figure 1: Market share of fixed connections since the launch of fixed services (launch year as reference year), selected operators<sup>1</sup>**

Operator (country)	After 4years
Reliance Jio Infocomm (India)	25.0%
AIS (Thailand)	8.0%
2degrees (New Zealand)	5.2%
Orange (Romania)	4.8%
DI GI (Spain)	4.3%
Salt (Switzerland)	4.3%
T-Mobile (USA)	2.4%
Vodafone (UK)	1.9%
Malaysia (Maxis)	1.8%
T-Mobile (Poland)	1.1%

Source: Analysys Mason

Mobile operators face many obstacles when they enter the fixed market.

- FBB household penetration is high in most countries.<sup>2</sup> Hence, new entrants must encourage competitors' fixed customers to churn if they are to build a large fixed customer base.
- **Fixed customers have low churn rates**, often because they are locked in to long-term contracts (for instance, 24 months).
- Mobile operators must differentiate their offerings on service elements other than speed and price. A strategy based purely on low prices and high speeds can be easily replicated by competitors.

## Mobile operators can offer financial incentives to attract fixed customers but fixed-only operators can replicate this strategy

Most mobile operators included in our [case studies report](#) offer new fixed customers monetary benefits and/or have designed an easy switching process to encourage competitors' fixed customers to churn.

Examples of mobile operators' strategies are as follows.

- Odido (the Netherlands) contacts the customer's previous internet service provider (ISP) to cancel the service and then activates the new fixed service on the customer's preferred day.
- Salt (Switzerland) provides new fixed customers with a cash welcome bonus of CHF200 (USD222).

<sup>1</sup> For T-Mobile (Poland), the data refers only to the number of FTTP connections (introduced in 2Q 2019); for Vodafone (UK), we have considered 2Q 2015 as the launch date, which was when the operator launched fixed services for the consumer segment. Data for 2degrees excludes 2degrees' acquisition of Vocus NZ.

<sup>2</sup> For more information, see Analysys Mason's [DataHub](#) and [Fixed Broadband Services](#) research programme.

- T-Mobile (USA) offers up to USD750 to pay early termination fees (under certain conditions) to new customers intending to churn from a cable operator to T-Mobile.

The goal of these strategies is clear: to make it easy, quick and financially attractive for customers to churn. However, these strategies do not give mobile operators any competitive advantage: fixed operators can adopt (or replicate) all these measures.

## Mobile operators can enhance their fixed tariffs by combining discounts with other benefits built around mobile connectivity

Mobile operators can add two sets of features to their fixed offerings that are based on mobile connectivity and fixed-only operators cannot replicate.

They can offer **improved and/or additional mobile services to existing mobile customers who take a fixed service**. Examples include larger mobile data allowances and faster download speeds on mobile plans ([other examples are available in the report](#)). The cost of adding these features is relatively low. However, these additional services can help mobile operators to upsell fixed services to their mobile customers.

Mobile operators can **include 4G (and 5G) back-up services in their fixed tariffs**. Customers value reliable Wi-Fi services (after price, Wi-Fi-related service is the main factor that influences intention to churn). The back-up service can be used in case of network outage and/or temporarily before the FBB service is activated. This feature is (probably) not going to be the most compelling one for customers but it could help mobile operators to enhance their fixed offerings compared to those from fixed-only operators.

Overall, mobile operators can enhance (and boost their chances of gaining fixed customers from competitors) by combining fixed connectivity with elements from mobile services.