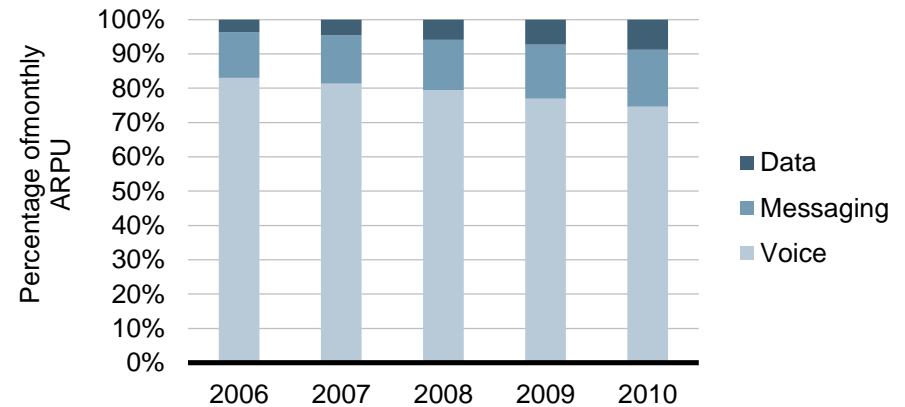


Operators control both voice and data tariffs and can therefore minimise cannibalisation from OTT services

- Mobile voice prices continue to fall steadily and operators should always be able to offer price competitive solutions to consumers' voice needs.
- An increasing proportion of calls are included in bundles and have minimal marginal cost associated with them. Some call types, however, are more exposed to potential substitution:
 - international calls are normally excluded from flat-rate plans, as is roaming usage
 - some markets have 'steeper' pricing structures for out-of-bundle calls
 - prepaid users generally pay on a per-minute basis with different tariffs for different call types.
- Operators can adjust these tariffs to minimise potential substitution in vulnerable market segments. For example, O2 and T-Mobile include international minutes in some bundles or low-cost bolt-ons.

Figure 5: Mobile handset ARPU by service, Western Europe, 2006–2010 [Source: Analysys Mason, 2011]



- Operators also need to keep pace with the changing perceived value of voice and data services and adjust relative pricing accordingly. Serious misalignment will prompt customers to take action.
- As mobile spend shifts towards data, the financial case for OTT voice services is weakened.
- Tariff rebalancing is already underway as voice spend falls as a proportion of total mobile spend.

We have developed three scenarios for how the market will look in 2017

Figure 8: Descriptions of the three scenarios and key words associated with each [Source: Analysys Mason, 2011]

