



# Communication services in emerging Asia–Pacific: trends and forecasts 2018– 2023



Stephen Sale and Giulio Sinibaldi

## About this report

This report provides an outlook on the mobile communication services market in emerging Asia–Pacific (EMAP). It provides forecasts for voice and messaging services provided by both mobile network operators and over-the-top (OTT) providers.<sup>1</sup> A complete set of forecast results is provided in the accompanying Excel data annex. The forecast is based on several sources:

- Analysys Mason’s internal research, including our regional forecasts, *Connected Consumer* surveys and various trackers in the *Future Comms* research programme
- interviews with stakeholders in the communications market around the world.

### WHO SHOULD READ THIS REPORT

- Strategy and planning executives that are responsible for mobile operators’ communication services strategies and partnerships with OTT players.
- Executives in mobile operators’ technology and innovations teams that are responsible for developing communication services.
- Marketing executives at vendors of communication services equipment and software, as it will help them to understand the needs of their operator customers and to size the addressable market for their products.

### GEOGRAPHICAL COVERAGE

#### Regions covered in this report:

- Worldwide
- Emerging Asia–Pacific (EMAP)
- China
- Indonesia
- Malaysia
- Philippines

#### Forecast results provided in the data annex:

- Worldwide
- EMAP region
- Bangladesh
- China
- India
- Indonesia
- Malaysia
- Myanmar
- Pakistan
- Philippines
- Thailand
- Vietnam
- Rest of EMAP

### KEY METRICS

- **Non-operator/OTT services**
  - Voice and messaging
  - Active users by device type
  - Outgoing traffic by device type
- **Operator traditional services**
  - Handsets
  - Circuit-switched (CS) voice and SMS
  - Outgoing traffic
- **Operator IP-based services**
  - Active users by service type
    - VoLTE, Wi-Fi calling, IP messaging
  - Outgoing traffic by service type
    - VoLTE, Wi-Fi calling, IP messaging
  - Retail revenue
    - Voice and messaging
    - Average spend per user

<sup>1</sup> The term ‘over-the-top’ is used throughout this report to refer to services that are made available to the general public via the public Internet. The term is defined from the perspective of network operators and is somewhat controversial for this reason, but is nevertheless widely understood.

# Contents

## 5. Executive summary

6. Executive summary

## 7. Worldwide trends

8. Worldwide: 72 trillion OTT IP messages were sent in 2018; this is 12 times the number of messages that were sent using SMS

9. Worldwide: 80% of smartphone users were active on OTT messaging apps in 2018; the penetration of these apps will slow down in the coming years

10. Worldwide: the OTT communication market is heading towards saturation; Facebook's future revenue growth will come from enhanced user monetisation

11. Worldwide: smartphones will continue to be the dominant communication devices, but the use of emerging devices will increase

12. Worldwide: strategic responses from operators vary significantly in different regions

13. Worldwide: operators are migrating smartphone users to VoLTE services; nearly 3.5 billion VoLTE subscribers are expected by 2023

14. Worldwide: many operators are rolling out Wi-Fi calling, primarily to improve indoor coverage; the roll-out of Wi-Fi 6 will further increase its adoption and usage

15. Worldwide: the number of RCS users is growing rapidly as operators worldwide are rolling out the technology on Android devices

## 16. Regional trends

17. Emerging Asia–Pacific: Facebook is challenging local players and is set to become the dominant messaging provider in the region

18. Emerging Asia–Pacific: the roll-out of voice and video features on common communication services has made users accustomed to OTT voice services

## 19. Country-level trends

20. China: Tencent's services dominate the messaging markets; operators are focusing on voice services

21. Indonesia: LINE dominates the youth market; operators are focusing on improving LTE (and voice) coverage

22. Malaysia: Facebook dominates the app market and is driving regional platform players out

23. Philippines: operators are hoping for success with RCS in what remains a strong traditional messaging market

## 24. Forecast methodology and assumptions

25. Forecast outputs and definitions

26. Forecast methodology and assumptions

## 27. About the authors and Analysys Mason

28. About the authors

29. Analysys Mason's consulting and research are uniquely positioned

30. Research from Analysys Mason

31. Consulting from Analysys Mason

## List of figures

Figure 1: Messaging traffic, emerging Asia-Pacific, 2012–2023

Figure 2: Mobile voice traffic, emerging Asia-Pacific, 2012–2023

Figure 3: Messages sent, by message type, worldwide, 2012–2018

Figure 4: Messages sent, by message type, and number of OTT messaging active users worldwide, 2012–2023

Figure 5: OTT messaging users, by device, worldwide, 2012–2023

Figure 6: OTT voice users, by device, worldwide, 2012–2023

Figure 7: Retail revenue for operator mobile voice services, by region, worldwide, 2016–2023

Figure 8: Retail revenue for operator mobile messaging services, by region, worldwide, 2016–2023

Figure 9: Active users of VoLTE services, by region, 2016–2023

Figure 10: Wi-Fi calling traffic and number of service users, worldwide, 2016–2023

Figure 11: Traffic and users for all mobile operator messaging services, worldwide, 2012–2023

Figure 12: Messaging traffic, emerging Asia-Pacific, 2012–2023

Figure 13: Mobile voice traffic, emerging Asia-Pacific, 2012–2023

Figure 14: Messaging traffic by message type, China, 2012–2023

Figure 15: Messaging traffic by message type, Indonesia, 2012–2023

Figure 16: Messaging traffic by message type, Malaysia, 2012–2023

Figure 17: Messaging traffic by message type, Philippines, 2012–2023

Figure 18: Overview of the main forecast outputs

Figure 19: Overview of the forecast methodology used in this report

## Worldwide: 72 trillion OTT IP messages were sent in 2018; this is 12 times the number of messages that were sent using SMS

### OTT communication apps are the default platforms for person-to-person communication.

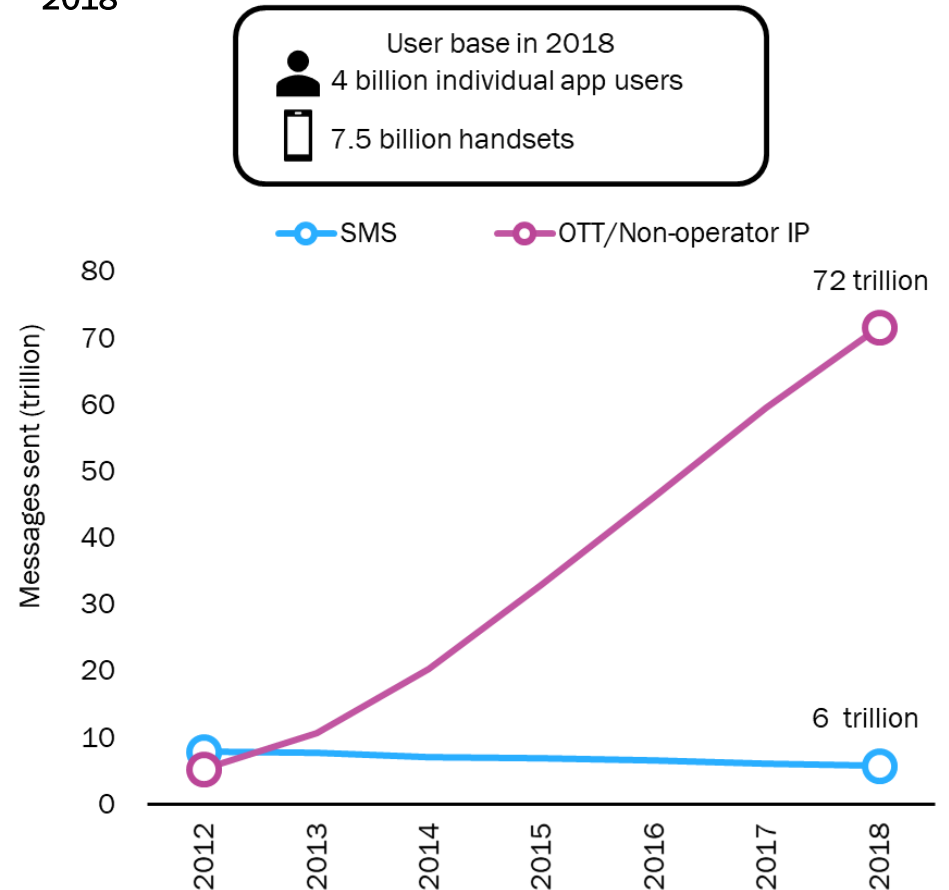
The user bases of OTT communication services continue to grow; we estimate that the top-15 OTT communication services have 7 billion monthly active users (MAUs) combined. Facebook Messenger, WeChat and WhatsApp are the top three services, and had an estimated 1.5 billion, 1.3 billion and 1.1 billion MAUs, respectively, at the end of 2018.<sup>1</sup> There are also several apps that have between 50 million and 700 million MAUs; these apps were able to attain a dominant position in geographical areas (such as Zalo in Vietnam or KakaoTalk in South Korea) or communication niches (such as SnapChat with short video communication).

Fragmentation is steadily decreasing but there is still a significant overlap between app user bases. We estimate that there were around 4 billion users of OTT services at the end of 2018. The average number of communication services per active user was 2.1 in 2016, 2 in 2017 and 1.9 in 2018 and we expect that it will fall further.

OTT communication apps are associated with very high levels of engagement. Facebook disclosed that 100 billion messages were sent each day on Facebook Messenger and WhatsApp combined in 2017; the equivalent figure for WeChat was 38 billion in 2Q 2017. We estimate that, on average, 45 IP messages were sent per smartphone per day in 2018, while this metric for messages over SMS was 2.6 (or 2 per mobile connection).

<sup>1</sup> The figures for Facebook Messenger and WhatsApp were reported in 3Q 2017 and 4Q 2017, respectively. The WeChat figures are from 4Q 2018.

Figure 3: Messages sent, by message type, worldwide, 2012-2018



Source: Analysys Mason

## Worldwide: 80% of smartphone users were active on OTT messaging apps in 2018; the penetration of these apps will slow down in the coming years

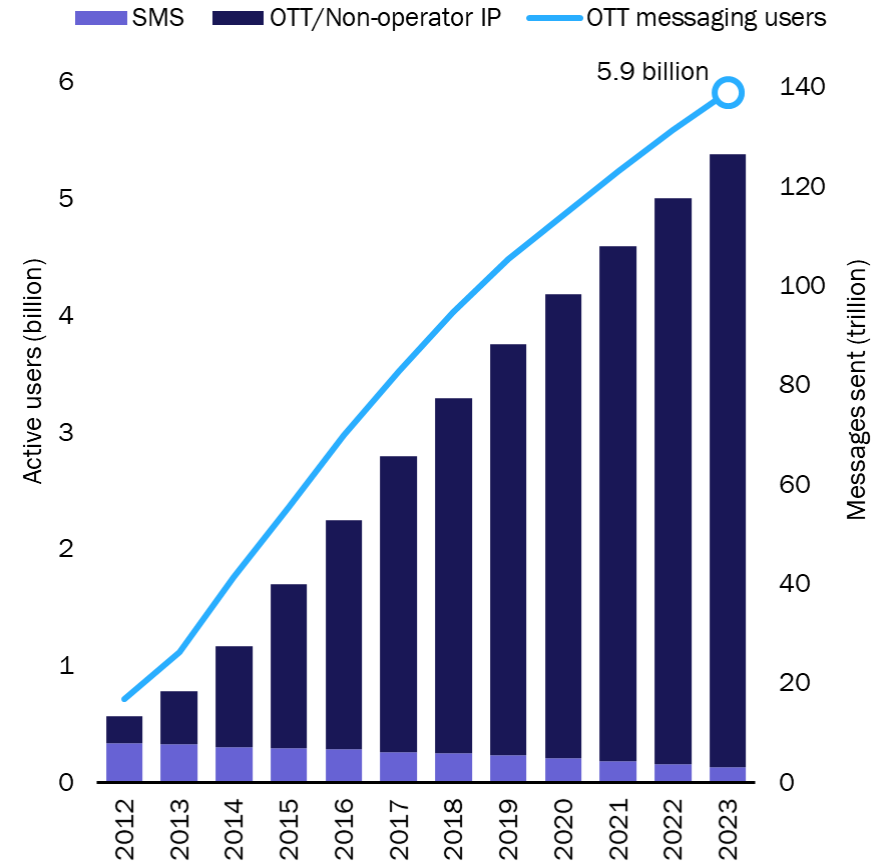
In 2018, 80% of smartphone owners worldwide actively used OTT messaging apps; this figure will reach 86% in 2023.

OTT messaging usage and smartphone penetration have both grown rapidly. The adoption of OTT messaging apps will continue to grow as a result of smartphone penetration growth in developing markets. In developed countries, the take-up of these apps is largely driven by older cohorts that are catching up with younger generations in terms of their communication services and social media adoption and engagement. We forecast that the number of OTT messaging users will reach 5.9 billion in 2023.

The number of messages sent over IP messaging services overtook that of those sent using SMS during 2013; major messaging apps reported having a combined 2 billion MAUs, which is twice that reported at the end of 2012. The total number of reported MAUs of messaging services has grown by 1.2 billion every year since 2013, and we estimate that the number of messaging app users has grown by roughly 600 million every year. We expect that this growth will slow down in the coming years because the major app communities are reaching saturation levels in many geographies, and some of smaller app user bases will eventually decline due to the superior network effects of dominant players.

SMS has already been marginalised in many countries and will play out a residual role in most geographies. We estimate that only 8% of the total messaging traffic in 2018 was generated using operator services.

Figure 4: Messages sent, by message type, and number of OTT messaging active users worldwide, 2012-2023



Source: Analysys Mason



Executive summary

Worldwide trends

Regional trends

Country-level trends

China

Indonesia

Malaysia

Philippines

Forecast methodology and assumptions

**About the authors and Analysys Mason**

## About the authors



**Stephen Sale** (Research Director) directs Analysys Mason's consumer research, which covers consumer mobile, fixed, convergence and video markets. His specialist areas are mobile operator strategies, customer experience and telco growth opportunities. He has extensive experience in advising senior executives on strategic issues and speaking at and chairing conferences. Before joining Analysys Mason in 2004, Stephen worked in the industry on areas that include VoIP, next-generation service architecture and broadband access. He has a degree in economics and an interdisciplinary MRes from the University of London.

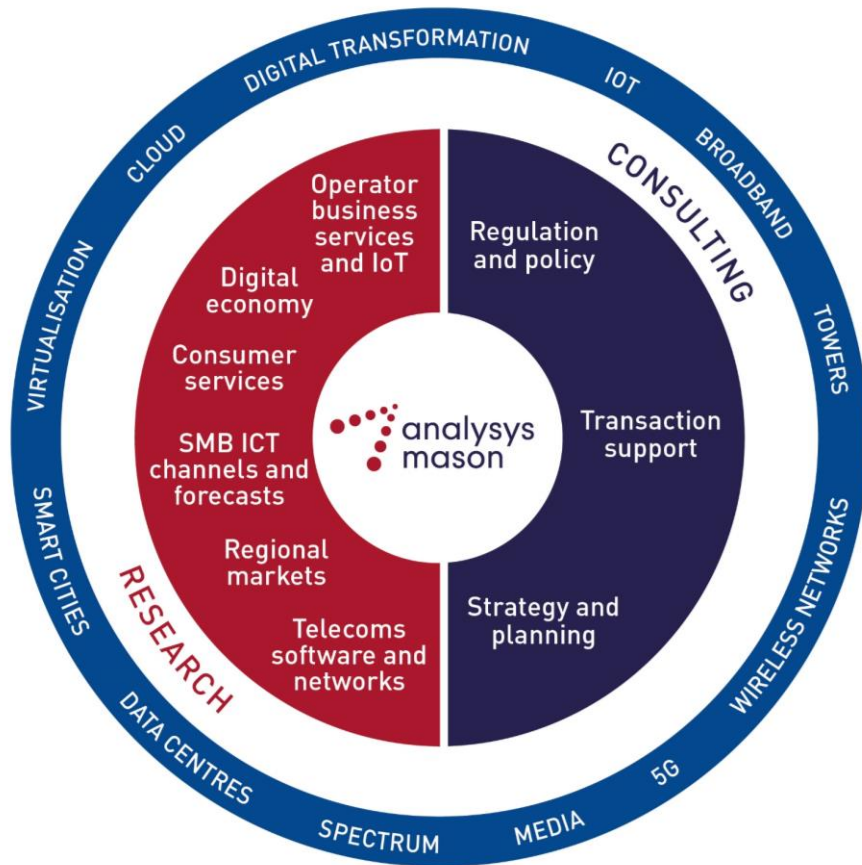


**Giulio Sinibaldi** (Research Analyst) is a key contributor to Analysys Mason's *Consumer Services* and *Digital Economy* research practices. He is interested in mobile strategies, over-the-top (OTT) platforms, Internet regulation and consumer behaviour, and his skillset includes quantitative forecast modelling and big data analytics. Giulio holds a BSc and an MSc in Economics from Bocconi University.



# Analysys Mason's consulting and research are uniquely positioned

## Analysys Mason's consulting services and research portfolio



### Consulting

We deliver tangible benefits to clients across the telecoms industry:

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We are future-focused and help clients understand the challenges and opportunities new technology brings.

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We offer detailed insight into the software, infrastructure and technology delivering those services.

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# Research from Analysys Mason

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- Fixed Broadband Services
- Convergence Strategies
- Video Strategies

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- Operator Investment Strategies
- Network Traffic
- Spectrum

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- Telecoms Software Market Shares
- Network-focused**
- Next-Generation Wireless Networks
- Video and Identity Platforms
- Service Design and Orchestration
- Automated Assurance
- Network Automation and Orchestration
- Digital Infrastructure Strategies

## Customer-focused

- Digital Experience
- Customer Engagement
- Monetisation Platforms
- AI and Analytics



## Digital economy programmes

- Digital Economy Strategies
- Future Comms

## Operator business services and IoT programmes

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- Large Enterprise Emerging Service Opportunities
- SME Strategies
- IoT and M2M Services
- IoT Platforms and Technology

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- Managed Service Provider Strategies

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- Americas
- Asia-Pacific
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- European Telecoms Market Matrix
- European Country Reports

## DataHub

- ~2500 forecast and 250+ historical metrics
- Regional results and worldwide totals
- Operator historical data

# Consulting from Analysys Mason

## REGULATION AND POLICY

- Policy development and response
- Ex-ante market reviews, remedies, costing...
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering...
- Ex-post/abuse of dominance
- Postal sector



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- Technical due diligence
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- Joint-venture structuring
- Mid-market financial sponsors

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- Technology optimisation
- New digital frontiers

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PUBLISHED BY ANALYSYS MASON LIMITED IN **MARCH 2019**

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