

Operators should be cautious about deploying unlimited mobile data plans

March 2023

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Analysis of data from Analysys Mason's annual [Consumer survey](#) suggests that operators may be moving customers on to unlimited plans in the absence of strong demand. We see no relationship between data usage and unlimited plans – operators are pushing unlimited plans to react to their competitors' offers, rather than because this is what customers want.

The move to larger data plans – and eventually to unlimited plans – is one of the few levers that operators have to justify price rises. However, operators may need to be careful about how rapidly they move customers to unlimited plans. Unlimited plans have become the norm in some countries, such as the USA. However, operators in other high-income countries (including those in Northern Europe) can act more slowly in moving customers to unlimited plans.

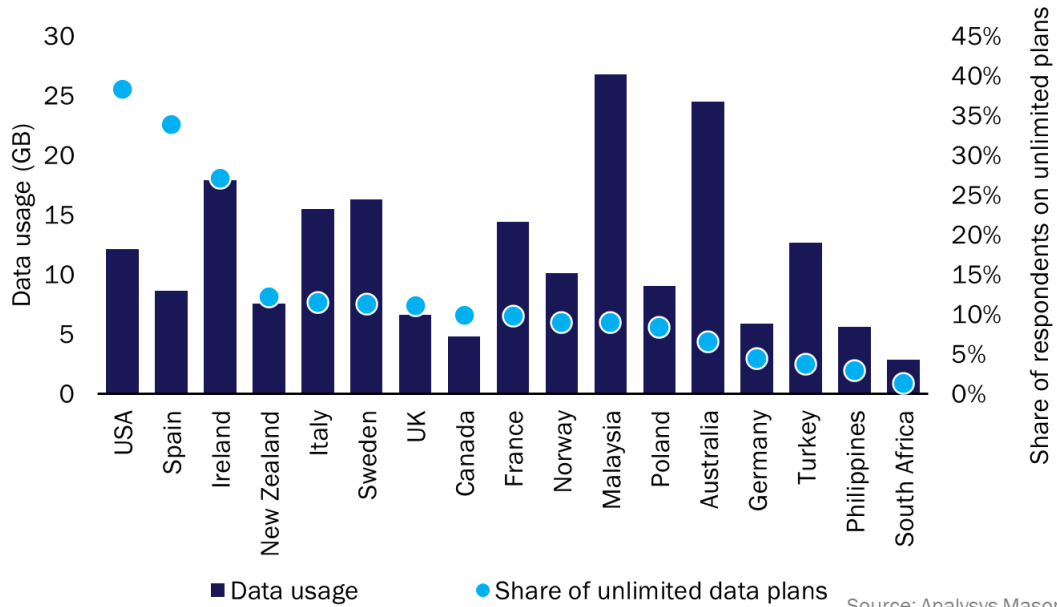
Unlimited plans can create issues around satisfaction. Consumers are most satisfied when their usage is just within their data limit, which may make them feel that they are getting value for money. Overall satisfaction drops when customers on large data plans move on unlimited plans

This article presents a summary of the findings from Analysys Mason's [Mobile data plans and usage: consumer survey](#).

Competition for market share, rather than consumer demand for data, is driving operators' transition of customers to unlimited plans

The USA, Spain and Ireland had the three-highest percentages of respondents on unlimited plans. However, this does not necessarily correlate with the countries in which data usage was highest. Only Ireland ranked among the top-three countries for data usage per connection per month, whereas usage levels in Spain and the USA are below average for all countries in our survey.

Figure 1: Average monthly data usage per connection and share of respondents on unlimited data plans, by country, worldwide, 2022



The share of subscribers on unlimited plans in each country depends on the competition in the mobile market within that country rather than a demand for data. For example, all of the major mobile network operators (MNOs) in the USA offer unlimited data plans at a small premium over their largest, limited data plans, which has led to increasing take-up of unlimited plans.

Vodafone Spain is trying to gain market share by offering unlimited data plans at a lower cost than its peers, which has led to higher take-up of unlimited data plans. Similarly, Vodafone Ireland, the largest operator in the country, currently only offers unlimited plans (postpaid), as does GoMo, a mobile virtual network operator (MVNO) on eir’s network.

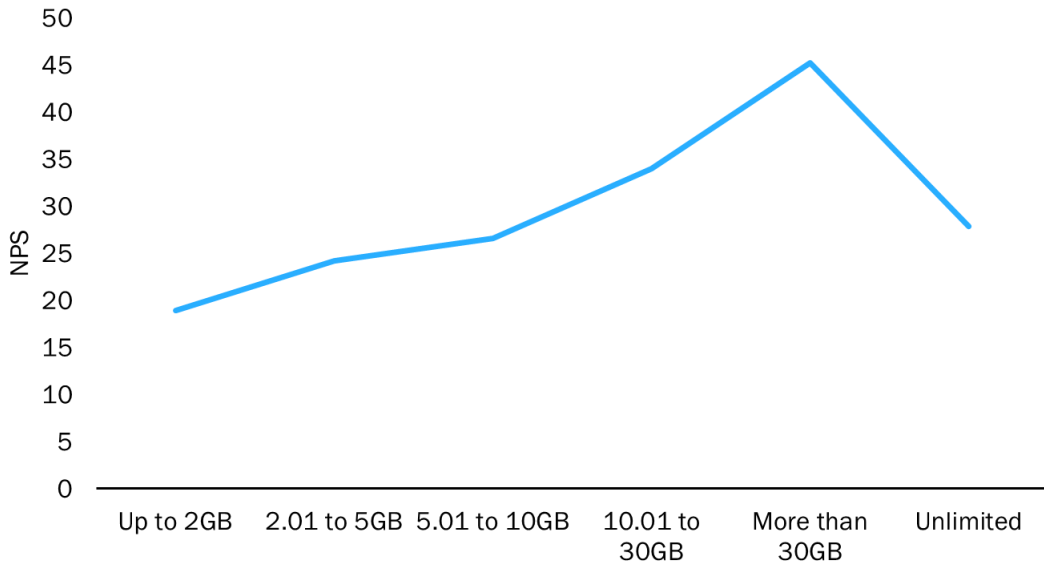
If one player tries to disrupt the market by offering an unlimited plan at a competitive price, the other players typically feel forced to follow suit to prevent churn. Subsequently, the share of consumers with unlimited plans increases.

In the USA, Spain and Ireland, the move to unlimited plans is inexorable. However, operators in other countries need to be cautious about moving to low-cost unlimited plans too rapidly.

NPS generally increases with data allowance size, but falls for respondents with unlimited data

Data allowance size is strongly correlated with customer satisfaction (see Figure 2); Net Promoter Score (NPS) increases with the size of the allowance but is lower for customers with unlimited data plans.

Figure 2: Average NPS by data allowance, worldwide, 2022



Source: Analysys Mason

Our survey shows that monthly spend increases in line with data allowance size. Customers on unlimited plans may feel that they are paying for a service that they do not use, which can lead to dissatisfaction with price (one of the key predictors of NPS). Our survey also shows that respondents are most satisfied when they are using more than half of their data allowance; this is not possible with unlimited plans.

Operators need to carefully manage the migration to unlimited plans

Our results suggest that operators need to manage the migration to unlimited data plans carefully and that it is not in their best interest for this transition to happen quickly. This is primarily because consumers on large but limited plans are more satisfied than their counterparts on unlimited plans. In addition, prices per GB decrease rapidly when data allowance size increases, which should incentivise operators to offer smaller limited plans. Finally, if operators are already offering unlimited data, their future options for justifying higher prices will be limited.