



# Fixed–mobile convergence in Europe and Asia–Pacific: trends and forecasts 2020– 2025



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## About this report

This report analyses multi-play services in 16 countries in Europe and Asia-Pacific. It includes forecasts for the adoption of fixed broadband and pay-TV bundles, as well as expectations for the take-up of, and revenue from, fixed-mobile converged bundles in these countries.

It is based on several sources, including:

- Analysys Mason's *European Core Forecasts* and *European Telecoms Market Matrix* research programmes, our *Connected Consumer Survey* data and our pay-TV forecasts
- secondary data, primarily from operators and regulators.

### WHO SHOULD READ THIS REPORT

- Integrated operators that have invested in fixed-mobile convergence (FMC) as part of their retail strategy and want to understand its revenue growth potential.
- Mobile-only or fixed-only players that want to understand what their addressable market for non-converged services will be by 2025.
- Investors who observe, or have stakes in, the current and potential consolidation developments related to convergence in Europe and Asia-Pacific.
- Operators from outside of Europe and Asia-Pacific that want to know more about the drivers of multi-play and FMC services, and wish to gain access to benchmarks.

### GEOGRAPHICAL COVERAGE

#### Western Europe (WE):

- Belgium
- France
- Germany
- Italy
- Netherlands
- Portugal
- Spain
- UK

#### Central and Eastern Europe (CEE):

- Poland
- Romania
- Turkey

#### Asia-Pacific (APAC):

- Australia
- China
- Malaysia
- Philippines
- Thailand

### KEY METRICS

- Total multi-play accounts
- Fixed broadband + pay TV (without mobile) accounts
- Fixed broadband + pay TV + mobile accounts
- Fixed broadband + mobile accounts
- Total FMC share of fixed broadband
- Total FMC household penetration
- Total FMC SIMs
- Total FMC mobile contract penetration
- Average SIMs per FMC account
- FMC ARPA
- Total FMC retail revenue
- Total FMC share in total telecoms retail revenue

# FMC remains a key market dynamic, and improving wholesale fibre access offers will enable mobile operators to be more ambitious with their FMC plans

## Fixed-mobile convergence (FMC) has provided security to operators during the COVID-19 crisis.

The demand for fixed broadband services increased in 2020 as economies slowed and many workers were forced to work from home. This led to increased fixed broadband revenue in most countries. Conversely, mobile revenue fell because roaming traffic declined and consumers increasingly used home networks to access the internet. However, there is evidence that FMC mitigated this effect somewhat, because mobile revenue in convergence-heavy markets was largely stable. Furthermore, FMC penetration grew in most countries and operators have been able to effectively upsell fibre to grow the FMC ARPA in countries such as France and Poland.

## The adoption of FMC will increase in almost all countries during the forecast period.

The success of FMC has driven many operators to engage in M&A opportunities. Indeed, operators in countries with traditionally segmented markets (such as Poland and the UK) are increasingly using M&A to generate cost synergies and defend against FMC offers from competitors. Furthermore, operators in countries in which FTTP penetration remains low are using FMC offers to drive the adoption of superfast broadband. For example, the three largest MNOs in Malaysia now offer some form of FMC fibre package.

## Increasingly attractive wholesale fibre broadband access and the rise of third-party OTT players will affect how FMC is offered.

High barriers to fixed market entry have traditionally been the main reason for FMC deployments; converged players looked to put pressure on standalone mobile operators. However, the emergence of third-party wholesale-only fibre roll-outs that often offer low-cost passive fibre access has reduced fixed players' advantage in terms of offering fixed services. MNOs now have an opportunity to offer competitive fixed offers and can use FMC to increase revenue and insulate against churn.

FMC bundles tend to be built around upselling premium pay TV. However, the rise of third-party OTT providers and the changing demand for TV content means that the attractiveness of operator pay TV will fade (barring certain exceptions). As a result, challenger operators will be able to find success by offering simple, non-pay-TV bundles. Mid-tier operators will increasingly partner with third-party OTT providers in order to compete with FMC challengers.

We expect that 5G will blur the boundaries between fixed and mobile allowances, and operators will increasingly use emerging services such as cloud gaming and smart-home solutions to increase the value of their packages.

## European telecoms markets can be categorised into four separate groups

### Markets that have been driven by upselling fibre (group 1).

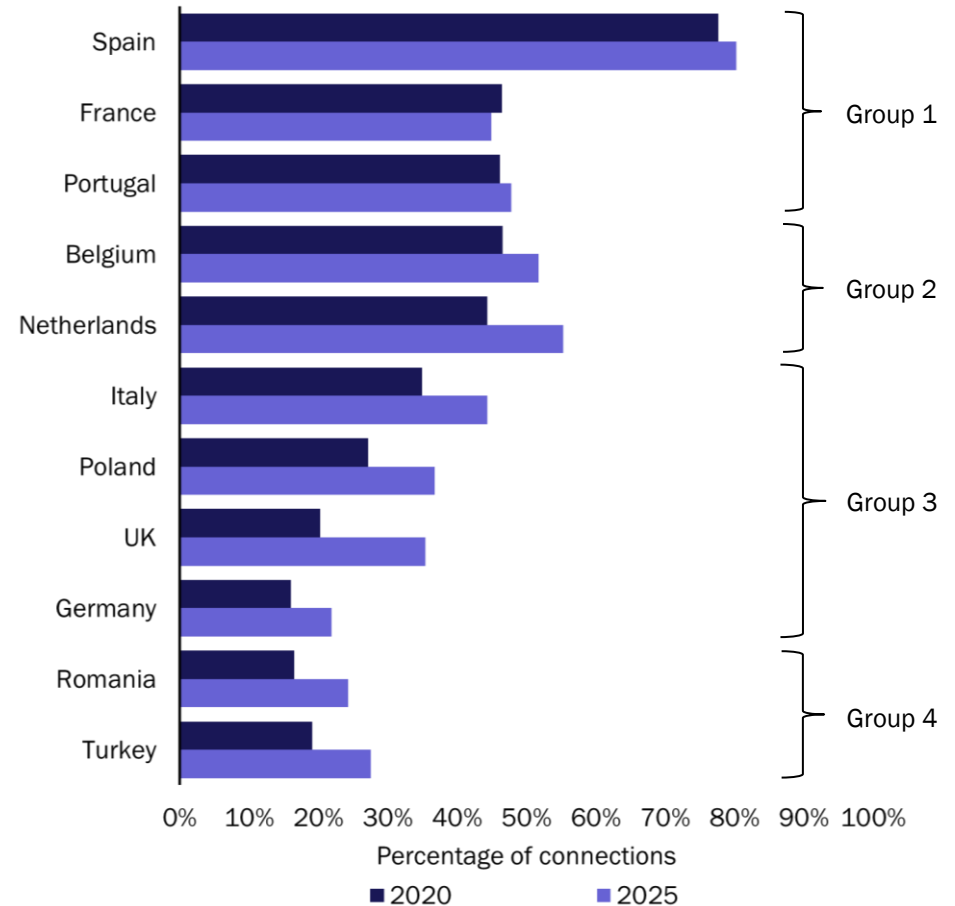
These are the most-highly penetrated FMC markets in Europe and are characterised by the wide availability of FMC bundles and presence of a large number of integrated operators.

**Markets with low levels of competition where conservative discounts have been offered to retain a high-value user base (group 2).** These markets have the highest ARPA in Europe, and small discounts and bonuses have been used to minimise the risk of churn. Competition has increased in these markets over the past 3 years, and operators will continue to use FMC to slow the progress of challengers.

**Markets in which mass FMC penetration remains constrained by the market structure (group 3).** MNOs' share of the fixed market is quite low in these countries, which limits their potential to offer FMC plans. However, FMC penetration will begin to grow thanks to improving wholesale fibre access coverage and conditions and M&A activity.

**Markets where FMC has been niche, despite favourable infrastructure conditions, but its penetration is likely to grow (group 4).** The market structure in Romania and Turkey is ideal for FMC, but a lack of appetite for FMC on the supply side (Romania) and the demand side (Turkey) has limited its take-up. However, Turkish operators are increasingly offering mobile customers fixed broadband discounts to boost FMC penetration. M&A activity is likely to help drive FMC penetration growth in Romania over the forecast period.

Figure 3: FMC accounts as a percentage of fixed broadband connections, by country, Europe, 2020–2025



Source: Analysys Mason



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Country-level trends

Forecast methodology and assumptions

**About the authors and Analysys Mason**



## About the authors [1/2]



**Simon Lumb** (Senior Analyst) is a member of the *Consumer Services* research team in London, contributing primarily to the *Fixed-Mobile Convergence* research programme, for which he produces the majority of its content and manages all the underlying data sets. He also manages the smartphone forecast in the *Smart Devices* programme, and has extensive modelling experience as a former member of Analysys Mason's data team. Simon holds a BSc in Physics from Durham University, and during his studies conducted research on the collision of galaxies and helped to develop a GPS tracking system for a start-up company.



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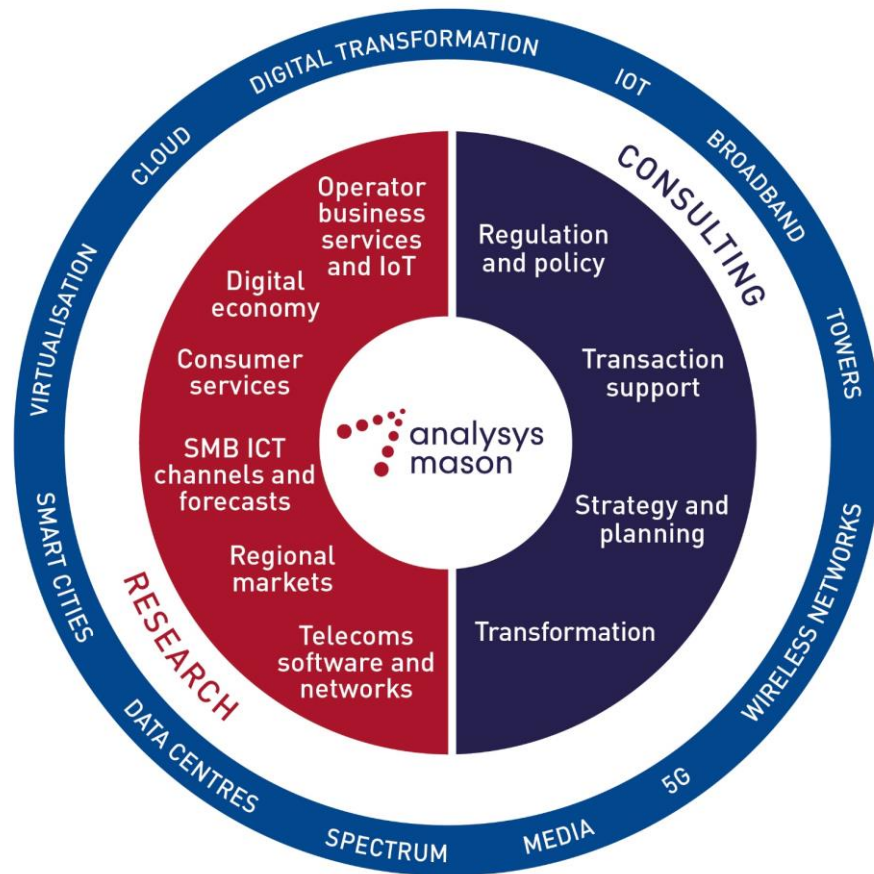
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**Rémy Giraud** (Senior Analyst) is the lead analyst for Analysys Mason's *European Telecoms Market Matrix* and *Americas* research programmes. As a member of the regional markets research team in London, Rémy has worked extensively on the *European Core Forecasts*, *European Country Reports* and *Video, Gaming and Entertainment* research programmes. He has also gained experience in managing Analysys Mason's interactive database, DataHub. Rémy holds a BSc in Economics from the London School of Economics (LSE), and an MSc in Risk and Finance from EDHEC Business School.

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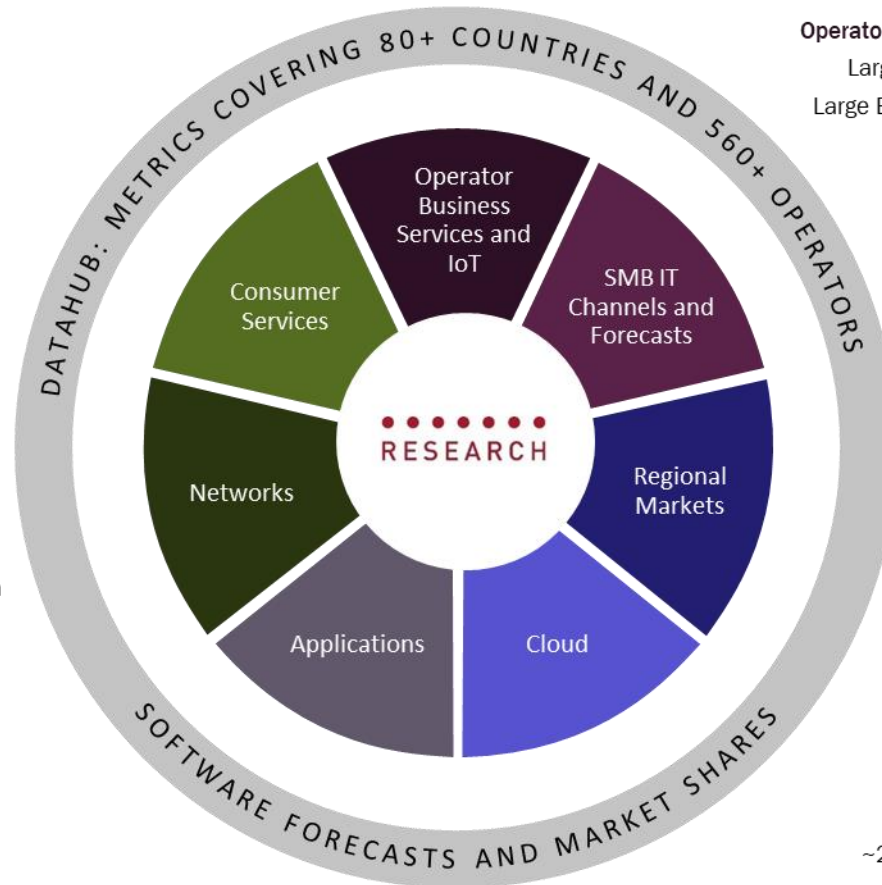
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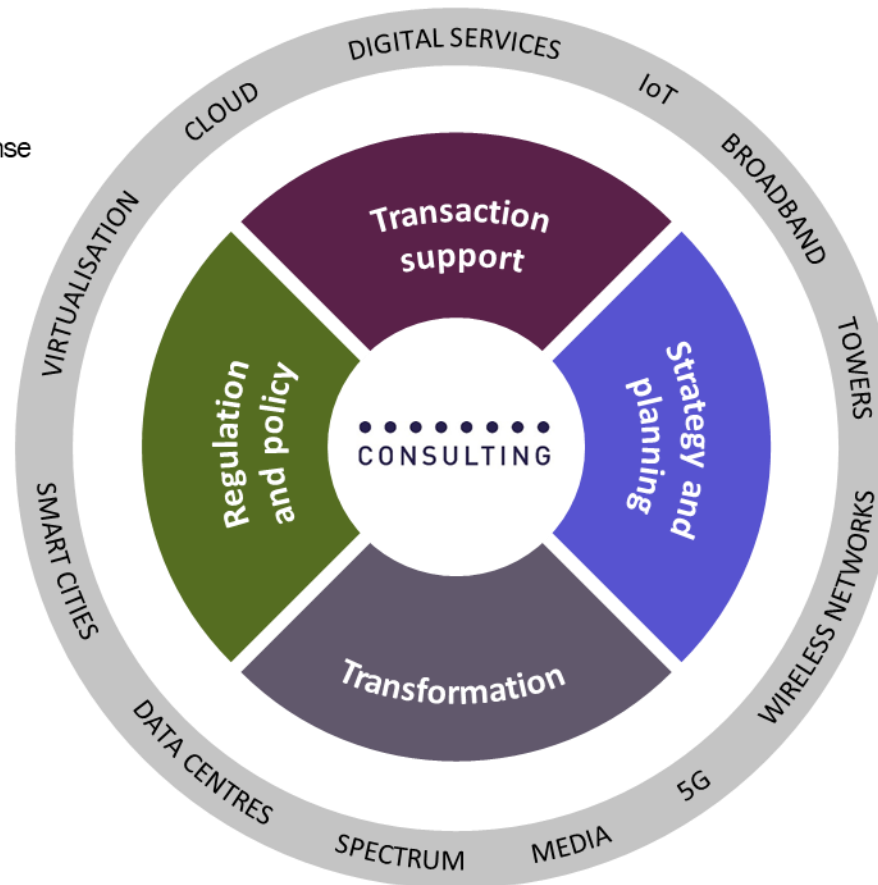
## Regulation and policy

- 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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- Transformation programmes
- Assurance
- Implementation
- Delivery



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