More service offering choices for the consumer

Extract from the Ericsson Mobility Report
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Commercial 5G offerings are on the rise, leading to subtle shifts in service packaging trends.

Over March–April 2020, Ericsson updated its study of retail packages offered by service providers worldwide. This is the third iteration, complementing those completed in December 2018 and August 2019.¹ The study classifies tariff plans on offer to consumers, based on data from service providers’ websites.

In 2018/19, 264 service providers were analyzed. Since then, 1 service provider has withdrawn from the market and another 46 have been added to the analysis. However, to maintain the possibility of comparison with previous iterations, analysis of the additional 46 will be referenced separately when applicable.

Changes in service packaging
The “bucket model”, typically expressed in gigabytes (GB) per month, continues to be the core offering for an overwhelming majority of service providers. As in the previous iterations, all but four service providers use the bucket model as their base offering. These four service providers offer unlimited data as their only main alternative. A small increase was seen in the number of service providers which offered an option that included unlimited data as a premium package, mainly among service providers in Western/Central Europe and the Middle East and Africa.

A variation of the bucket model, referred to as off-peak, includes a discount provision for data volume consumed during night-time and weekends when the network is less loaded. Today, 54 service providers offer this model, up from 40 in the previous study. Half of the increase was due to organic growth, and the other half due to the enlarged base.

Service-based packages targeting specific services — such as social media, music and video — are being used by 123 service providers. Packages targeting high-demand services like video and music streaming, which are particularly interesting as 5G arrives, are becoming even more popular; they are offered by 85 out of the 123 service providers, up from 75 out of 112 in the previous study.

Commercial 5G on the rise
Two package types related to 5G consumer use cases (consumer IoT and home broadband) show exceptional growth. These are represented in the device-based and fixed wireless access (FWA) offerings, which increased to 66 and 175 respectively. Within the group of 46 service providers that was added in 2020, 10 service providers also offered FWA, bringing this number up to 185 out of 309. Additionally, there are 26 service providers offering broadband using a mobile battery-powered pocket router.

The number of service providers with commercial 5G offerings grew from 26 in the previous study to 55 in the latest. Of these, 49 offered 5G for smartphones and 6 offered solely FWA over 5G.

Around two-thirds of the service providers with 5G offerings charged a premium over their 4G pricing. The premium varied tremendously, from 6.8 percent up to 96 percent, but on average was 32 percent.

A varied offering
Service providers continue to provide more choice for consumers as they explore new forms of segmentation and differentiation. Additionally, most of the newly introduced elements are provided as add-ons, with buckets remaining the basis of the offers. Unlimited packages have been overtaken by service-based offerings as a top-tier option. Offerings related to 5G represent the strongest growth, as service providers try new ways of packaging their services in search of new revenues.

Figure 6: Number of service providers per type of offering

![Figure 6: Number of service providers per type of offering](chart)

¹ Ericsson Mobility Report, “Mobile service packaging trends” (November 2019)
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