

Factors Influencing Mobile Network Porting in Nigeria

- Mobile Network
Portability (MNP):
A Global Phenomenon



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Mobile Number Portability (MNP) was first introduced in Singapore in 1997, after which both the United Kingdom and the Netherlands adopted it in 1999, with a number of other countries in Europe, America and Africa (South Africa – 2006, Ghana – 2012) following suit. By September 2008, 48 countries around the world had launched MNP, and some 154 million people, i.e., 4% of all mobile subscribers globally and 13% of subscribers in countries that implemented MNP ported their mobile numbers. By the end of December 2013, 67 countries (including Nigeria) had adopted the MNP. The MNP system has brought considerable benefits to subscribers, such as lower rates, more service options to choose from, higher quality of service, and a range of other benefits linked to switching service providers.

Typically, there are three types of MNP systems:

- **Local number portability:** Subscribers are allowed to move between different local service areas of the same operator without changing their mobile numbers. In this case, the subscriber is still served by the same operator but in a different service area. This was adopted in China, whereby a China Mobile subscriber moving from Beijing to Shanghai remains a subscriber without changing the mobile number even while switching from the operator's Beijing service area to Shanghai service area.
- **Cross-operator portability:** Subscribers are allowed to switch their service operator (while retaining their number) to benefit from less expensive or better service plans in the same local area and usually the same city or country, as is the case with the MNP introduced in Nigeria, where subscribers are allowed to switch to another operator entirely while maintaining the same mobile number.

- **Hybrid portability:** Both the local area and operator are changed simultaneously, which is a combination of the above two options. This is also followed in China, where a customer moving from Beijing to Shanghai, also switches the operator, e.g., switching from Beijing local service area of China Mobile to the Shanghai local service area of China Unicom.

Traditionally, subscribers of mobile telecommunications services were required to give up their number when they switched operators—change to a new operator resulted in the use of a new number. Hence, subscribers were hesitant to switch from their existing operator to a competitor, thereby inhibiting effective competition in the mobile telecommunications market. With the introduction of MNP, industry observers expect more consumers to switch from one operator to another when they are not satisfied with the rates or the services offered by their existing operator.

The introduction of MNP in the Nigerian telecommunications sector was widely hailed by many industry experts and subscribers. It was believed that this would at least give the average Nigerian subscriber a chance to switch from a non-performing network to another while retaining their number. However, even after a year since the April 2013 launch, the level of adoption is low.

Adoption Levels of Mobile Network Portability (MNP) in Nigeria

In Nigeria, majority of the population seem to be aware of the MNP policy due to multiple awareness campaigns deployed across various media channels. A study of mobile phone subscribers in Nigeria showed that over 80% of the subscribers are aware of the MNP policy.

FIG. 1: Are You Aware of the Mobile

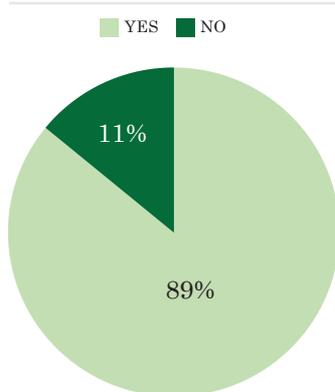
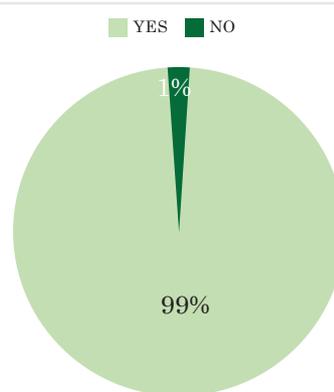


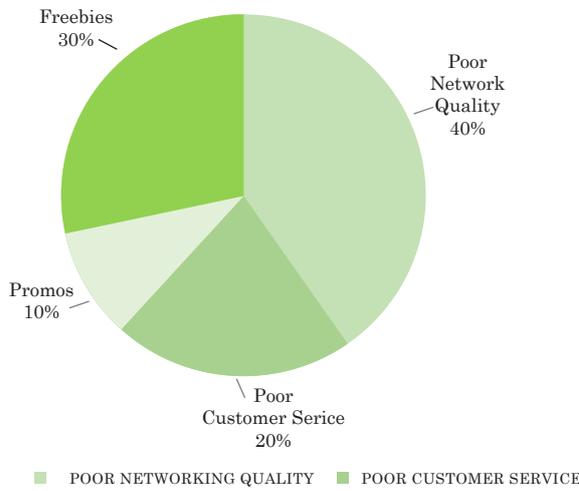
FIG. 2: Have You Ported?



Source: Ciuci Survey Analysis

While most telecom users admit to being aware of the policy initiative, this awareness has not resulted in number porting by many of the survey's respondents. Only 1.3% of respondents indicated they have tried porting. Despite being aware of the policy, over 98.7% of respondents have not tried porting, although a significant number indicated that they may port in the near future.

FIG. 3: Factors That Can Influence Porting



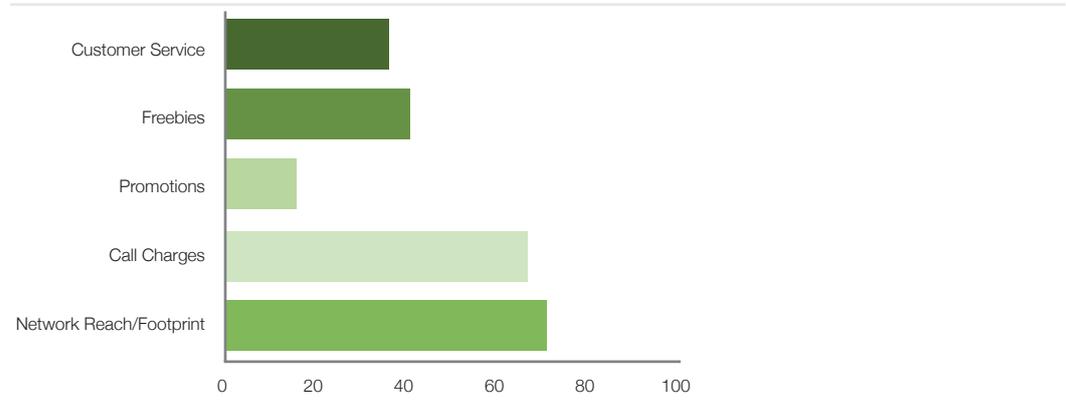
Source: Ciuci Survey Analysis

Further discussions with the respondents who have ported indicated that poor network quality on their previous network was the major reason. Over 40% of these respondents indicated poor network quality as a key factor for their switch. Only 10% indicated that promotional activities on their destination network was a reason for porting, although 30% indicated that freebies (free data, credit, etc.) were a key factor in their decision to switch (FIG. 3).

To further understand subscribers’ reasons for not switching lines, respondents who had not ported their lines were asked to indicate the reason for not porting. An analysis of the responses showed that 71% did not see the need to switch lines, while 11% said the process of visiting the customer care centre of their desired network and waiting before the switch is fully activated is inconvenient.

The increased use of multi-SIM phones by a large percentage of the population (reports indicate that over 30% of Nigeria’s population uses multi-SIM phones) is also a huge influencer of the decision to port. 18% of the respondents indicated that they have not ported their lines because they have multi-SIM phones and would rather just buy a new SIM card from their desired network operator than port. The efficiency of the porting process is also a major factor that makes number portability a concern for many respondents. A key metric of efficiency of the porting process, is the time taken to port a number from one operator to another. Currently, it takes more than 2 days for a network porting activity to be concluded. Based on a 2008 survey the average time for porting a network line was 2 hours in the United States compared to 2 days in the United Kingdom, 5 days in Germany and 20 days in Italy. The unpredictability of good quality of service of the alternative network is another reason why many subscribers would rather stay with their original networks than make a switch.

FIG. 4: What Factors Would Make You Port?



Source: Ciuci Survey Analysis

It is believed that the decision to switch numbers is driven by one or more factors and this goes a long way in influencing the subscriber. The coverage area of the destination network ranked as the most important factor by respondents who have not ported. The least important reason for porting was promotional activities, as only a few respondents indicate their willingness to port based on promotions on the destination network. Call charges and the availability of freebies on the destination network is also a significant decision driver for a mobile subscriber to port from one network to another.

Key Concerns

While it can be said that the decision of the Nigerian Communications Commission (NCC) to introduce MNP is to give customers the option to choose among competing options, easily changing providers, where necessary, the current adoption rate has not shown that customers are willing to change. The unwillingness of customers to ditch their existing operator for a new operator while retaining their numbers can be reversed if certain grey areas are addressed;

- **No marked difference in providers’ service quality offering:** Many subscribers have stated that they view the service quality of all the network providers as the same, all having one issue or the other. In a typical subscriber’s words: ‘While one operator lays claim to having the widest coverage, its service quality is still quite poor. The other with a slightly improved service still does not have the required network reach’. The obvious challenges of dropped calls, long wait time on customer care calls, network downtime, among others, are still recurrent issues for all the network operators. Owing to these challenges, the average subscriber either sticks to their current operator or subscribes to more than one network .

- **Not enough freebies/pull factors for porting customers:** In the survey conducted, over 40% of the respondents indicated that freebies (free airtime, calls, data, SMS units, etc.) can serve as a motivating factor for them to port. This area has not been well explored by most network operator. There is no rulebook that discourages targeted marketing of competing networks' subscribers, i.e., a network provider offering rewards to subscribers who decide to switch from their existing providers to theirs. An example to note is the approach adopted by a US network provider. As one of the smallest mobile operators in the US, T-Mobile faced increasing competition in the saturated mobile consumer landscape. T-Mobile pulled off a porting stunt with a simple strategy—offering to pay \$350 to subscribers of other networks who ported to T-Mobile. In this arrangement, T-Mobile would pay the porting user's early termination fees and release them from their AT&T, Sprint or Verizon contracts if the customer agreed to switch. The switching customer was required to trade in their existing phone, sign up for a new T Mobile phone and port their existing phone number to T Mobile. This strategy instantly generated a lot of buzz in the media and, most importantly, resulted in a significant increase in the number of new customers for T-Mobile.
- **Inefficiencies in the porting process:** Feedback received from consumers who have attempted to port their lines shows that the process is still fraught with difficulties. The time taken from process initiation to completion is still too long. A seamless and more efficient process will definitely increase the adoption rate of MNP.

Deploying a Strategy that Works

To enable more customers to exercise the freedom of choice that MNP offers, it is important for all stakeholders to provide the right incentives that will make number porting easier, attractive and accessible.

- The NCC should seek to ensure network operators improve the porting process by making it efficient, seamless and quick.
- Network operators must strive to improve the quality of service offerings, using it as a competitive advantage.
- Network operators should also attempt to introduce more daring and unconventional promotions such as that adopted by T-Mobile in the US. These initiatives can help trigger greater adoption of MNP.

By developing and deploying a strategy that considers these three key factors, operators should be able to better influence the decision of customers to port their lines.

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editorial@ciuci.us

Analyst:

Seyi Adebisi

Partner:

Chukwuka Monye

