

Impact of Number Portability on Revenue of Mobile Operators in Nigeria; Comparing Churning Rate in MTN, Glo, Etisalat and Airtel

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ABSTRACT

This paper is concerned with how the implementation of Mobile Number portability in Nigeria (MNP) has affected the revenue of mobile operators in Nigeria. It gives an overview of marked effect of MNP on revenue of mobile operators in Nigeria by comparing statistics, rate of porting and taking case studies. When MNP was launched on the 22nd of April 2013 by the Nigerian Communications Commission (NCC) it seemed to be received well by operators. Over a space of 3 years since it was launched some operators have gained customers and some have lost customers through MNP. This gain and loss of customers has had a direct effect on the revenue of these operators making some operators to place higher than they had before in terms of revenue and others to place lower in terms of revenue. Competition between mobile operators to get customers has increased greatly as more customers mean more money and this goes to show that MNP has had a significant impact on the revenue of mobile operators.

2. INTRODUCTION

2.1 Definition of Mobile Number Portability

Number portability gives a telephone subscriber (fixed or mobile) the ability to change service providers but keep the same dial-able phone number. Sometimes, the porting of a number may require a different phone; the new phone is programmed with the “old” phone number [1].

The idea that people get to keep their numbers if they switch to another network has greatly encouraged people to port because they do not have to go through the stress of losing their SIM card contacts or trying to send old contacts their new number as they are allowed to retain their old SIM card and their old number.

2.2 Reasons why people port

- **2.21. Poor quality service:** Subscribers might want to get back at the network operators for every terrible experience they ever had while using their services: for every dropped call, every call that never went through or for every, **'sorry, the number you have dialed is unreachable at the moment please try again later'** and the best way they can think of is by switching to another network.
- **2.22 High tariff rate on data bundles:** Everyone wants a cheaper way out of every situation. Subscribers get sick and tired of paying through their noses for data bundles and still get poor services.
- **2.23 Non-efficient Customer Care Agents:** Most at times, the customer care agents are rude to the subscribers when they reach out to them for help. Most of the times the subscribers would not be able to reach them and when they finally do the customer care agents may not be able to provide sufficient help for the subscriber.

Subscribers are the ones that really enjoy the benefits of number portability. Network operators are at the mercy of their subscribers because once they notice any form of discomfort with the services that the network operators provide they no longer think twice of bearing the discomfort because there's now a better option of switching to another network where they feel they would be offered better services.

This brings us to highlight some benefits that subscribers enjoy from switching networks:

- Mobile Number Portability(MNP) as greatly reduced the burden on the subscribers as they no longer have to carry more than one phone all because they are not sure which network would provide good services at the moment when they need it.
- Network portability enables one to shift from one network to another that provides better services without having to change your mobile number. Therefore, you do not need to go through the stress of informing your previous contacts of your new number.
- Mobility Number Portability in Nigeria does not cost at all. It is totally free.
- As a result of porting, network operators would want to improve their services and make them cheaper with the aim of attracting subscribers. On the part of the subscribers, this is a very great advantage.

2.3 Negative Effect of MNP

- Customers who have subscribed for a cheap call rate service with a friend on their network may lose money as the friend can change networks without the customer

knowing and the service will be nullified. This will cause the customer to spend more than they think they are spending when they make a call.

- Mobile operators tend to spend a lot trying to impress their subscribers. They tend to cheapen everything thereby creating losses for them.

So basically, as Mobile Number Portability are a great advantage to the subscribers and a great disadvantage to the mobile operators. So looking at the impact on revenue of mobile operators, and churning rate of each we will be giving an overview of mobile operators at disadvantage and advantage

CASESTUDY

1. THE NUMBER OF SUBSCRIBERS PER EACH INDIVIDUAL TELECOMS OPERATOR.
2. CHURNING RATE OF MOBILE SUBSCRIBERS; INGOING AND OUTGOING RATE OF PORTING IN MOBILE OPERATORS.
3. INCOME REVENUE RATE OF MOBILE OPERATORS SINCE IMPLEMENTATION OF MOBILE NUMBER PORTABILITY.

CASESTUDY 1: THE NUMBER OF SUBSCRIBERS PER EACH INDIVIDUAL 4.1

TELECOMS OPERATOR

We have four major mobile operators in Nigeria: MTN, Glo, Airtel and Etisalat. MTN has been in the telecom industry since 2001, which has given them the opportunity to gather the most subscribers. Although Econnet, now known as Airtel, started the same year as MTN, it is below MTN and Glo in terms of market share with Etisalat coming after it. Before looking at the current statistics of number of subscribers of each mobile operator, let us look at the last statistics of this mobile operators before the implementation of mobile number portability.

Table 1: Number of subscribers' operators had before implementation of MNP (March 2013) [2].

Mobile operators	Airtel	Etisalat	Glo	Mtn
No. of subscribers	27,670,986	15,114,484	23,833,796	51,294,645
Percentage	23.47%	12.82%	20.21%	43.50%

Table 2: Number of subscribers' operators had after implementation of MNP June (2016) [3].

Mobile Operators	Airtel	Etisalat	Glo	Mtn
No. of subscribers	31,978,848	22,469,896	36,320,572	58,409,767
Percentage (%)	21%	15%	24%	39%

CASESTUDY 2: CHURNING RATE OF MOBILE SUBSCRIBERS; INGOING AND OUTGOING RATE OF PORTING IN MOBILE OPERATORS

Churning rate is the rate at which customers defer from using a particular mobile operator by

MNP. Due to the introduction of MNP by the NCC, the survival of any mobile operator is based

on its ability to retain its customers, which has brought about better products and services, building of satisfactory customer relationships and successful customer communications to mobile subscribers.

From the first month review of the MNP in Nigeria, it can be seen that MTN was subjected to a big loss by losing 49% of their subscribers whereas Etisalat recorded a big gain of 44% in the first month of MNP operation in Nigeria.

Table 3: Churning rate of operators in the first month of MNP implementation [4].

INGOING		OUTGOING	
Mobile Operator	Percentage(%)	Mobile Operator	Percentage(%)
Etisalat	44%	Mtn	49%
Airtel	29%	Glo	23%
Glo	17%	Airtel	17%
Mtn	10%	Etisalat	11%

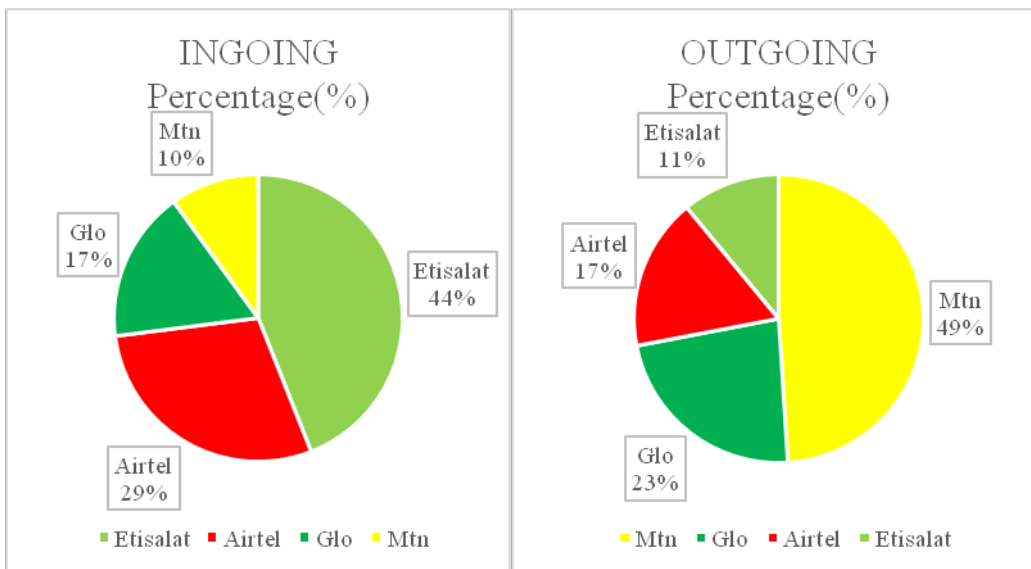


Table 4: Churning rate of operators by June 2016 [5].

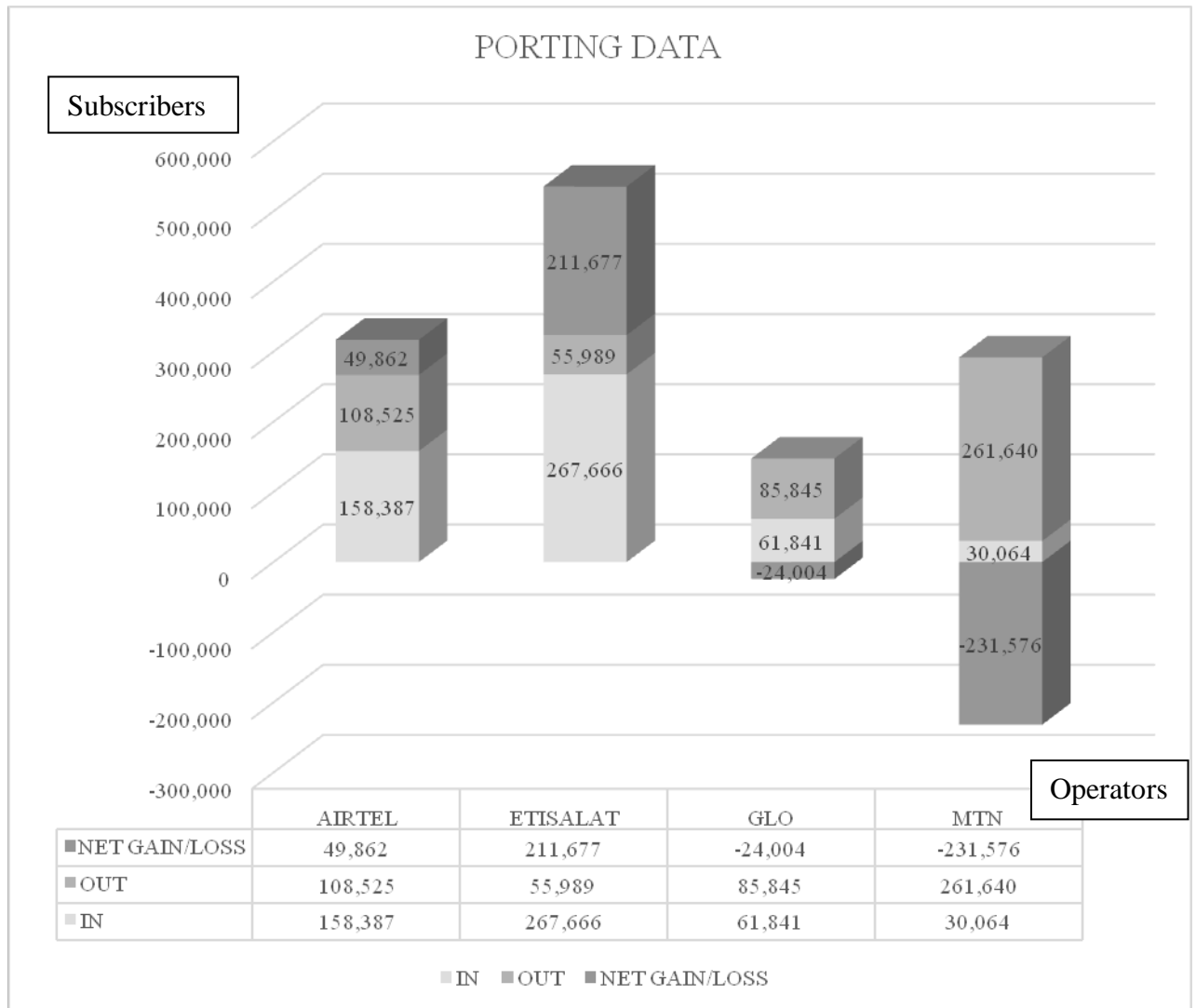
	Incoming				Outgoing			
Mobile operator	Etisalat	Airtel	Glo	Mtn	Mtn	Airtel	Glo	Etisalat
No. of subscribers	12,378	5,527	1,558	1,341	8,593	5,111	4,701	2,369

For the month of June, the total of number porting activities was 41,578. Out of the 41,578 porting activities in June, 20,804 were incoming porting activities, while 20,774 were outgoing activities. MTN were the biggest losers while Etisalat were the biggest gainers for the monthly review.

The year-on-year statistics show steady increase in number porting requests. The average daily ports completed in 2013, 2014 and 2015 were 228, 405 and 592 respectively [2]. The table below shows the porting statistics for the mobile operators since the inception of Mobile Number Portability in Nigeria.

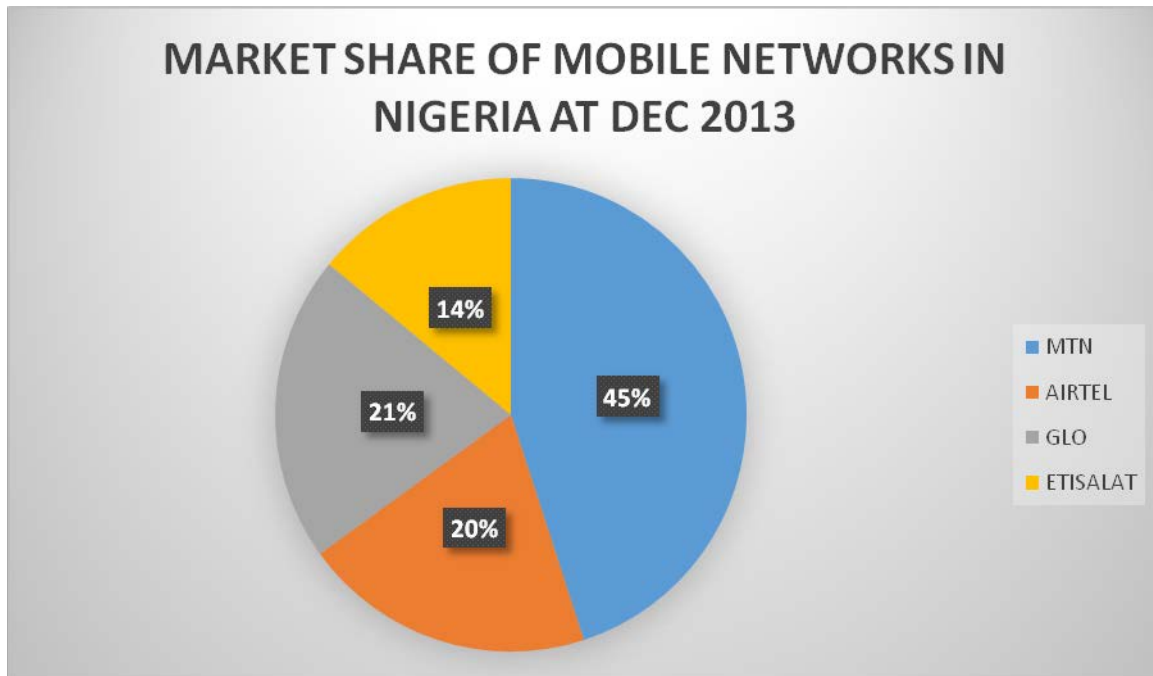
Table 5: Porting data from May 2013 – June 2016 (NCC, 2016) [6]

Operator	Subscribers Porting in	Subscribers Porting Out	Net Gain/Loss
Airtel	158,387	108,525	49,862
Etisalat	267,666	55,989	211,677
Glo	61,841	85,845	-24,004
Mtn	30,064	261,640	-231,576



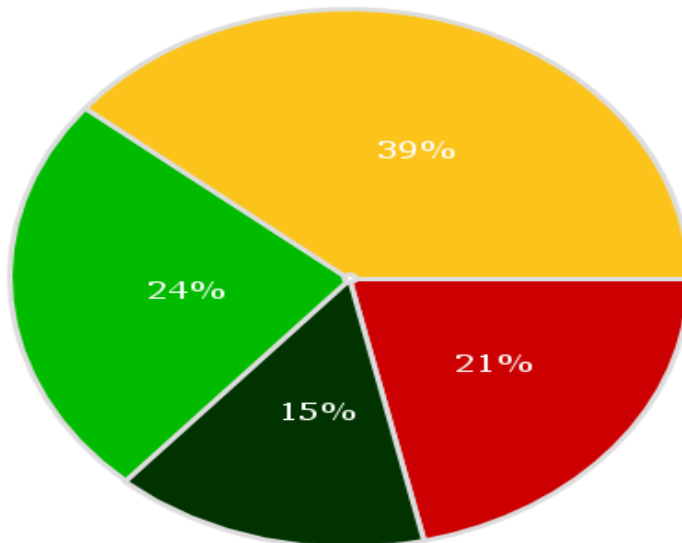
Comparing the incoming and outgoing port statistics shows that in the Nigerian market, Etisalat continued to be the biggest beneficiary of MNP with a net gain of 211,677 subscribers while MTN has lost the most subscribers with a net loss of 231,576 subscribers.

CASESTUDY 3: INCOME REVENUE RATE OF MOBILE OPERATORS SINCE IMPLEMENTATION OF MOBILE NUMBER PORTABILITY



**MARKET SHARE BY OPERATOR (GSM)
(June 2016)**

● Airtel ● Etisalat ● Globacom ● MTN



Nigeria's telecoms industry generated \$9.8 billion in 2014, contributing to 1.7% of Gross Domestic Product (GDP). MTN and Airtel accounted for 68% of overall service revenue in 2014 [7].

- ❖ Since acquisition of Zain in 2010, Airtel has invested well over \$1.5 billion and is the second largest telecoms firm in Nigeria by revenue (with a customer base of over 31 million) [8]. Its market share increased by 5% and it has gained more customers porting in than customers leaving making their net gain higher.
- ❖ Etisalat has over 22 million subscribers with 5% annual growth. Its market share increased by 7.14%. It has gained the most subscribers and have had the highest net gain due to porting, thus increasing their revenue but they still have a relatively small market share compared to other network service providers, and hence they are the fourth largest telecom firm in Nigeria by revenue.
- ❖ MTN ended 2015 with 61.3 million subscribers, increasing by 2.3% compared to 2014. Its market share reduced to 44.7% from 49% in 2014. Its market share has reduced by 13.33% and as at June 2016 MTN subscribers have reduced to 58 million. Though they still remain the largest telecom firm in Nigeria by revenue due to their large market share and subscriber base.
- ❖ Although Glo's market share increased by 14.29% it has lost more customers than they have gained since MNP was introduced, hence their revenue due to the net loss in subscribers has placed them as the third largest telecom firm in Nigeria by revenue.

CONCLUSION

Since the implementation of the Mobile Number Portability in revenue increase or decrease of mobile operators seems to be linked with their churning rate. Airtel is highest beneficiary of MNP and Glo appears to be the biggest loser in terms of revenue. Although the revenue of MTN and Etisalat do not seem to be affected greatly by the implementation of MNP, looking at the average gain and loss of revenue of mobile operators since its implementation it is evident that Mobile Number Portability has had a significant impact on the revenue of mobile Operators in Nigeria.

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