

Tarifica's Data Dive Reveals Commoditization of 5G Services in Europe

September 30, 2024

Ray Sharma



Tarifica's latest Data Dive, a monthly publication providing insights and analysis from its proprietary Telecom Pricing Intelligence Platform, reveals that the commoditization of 5G services is beginning to affect high data volume plans in several European markets.

The report, led by Tarifica's Vice President of Product, Will Watts, highlights significant price reductions for 100GB data plans in countries such as Poland, Belgium, Ireland, and Spain, with the most dramatic price drops observed in Poland.

For years, mobile operators have sought to maintain higher pricing for their premium, high data 5G plans, targeting "super users" who consume 100GB or more of data per month. However, recent pricing trends indicate that even this premium segment is not immune to commoditization.

According to Watts, historically, operators expected high data volume plans to be resistant to price erosion, as these customers are more affluent and dependent on their mobile services. However, in just the past quarter, we've seen significant price reductions in several European markets, signaling that even these premium customers may no longer be shielded from broader industry pressures.

The study points to Poland as a key example of this trend, with operators like Play, Orange, and Netia reducing prices for 100GB plans by an average of 37% between Q2 and Q3 of 2024. Similar reductions were observed in other European markets, including Belgium, Ireland, and Spain, with price drops ranging from 17% to 44%. This trend mirrors earlier declines seen in the 20GB segment, where pricing for what was once considered "heavy usage" has converged across operators, further demonstrating the pressures operators face in maintaining margins.

The commoditization of 5G services is a reality that operators need to confront, added Watts. If current trends persist, the 'race to the bottom' in pricing could extend to more customer segments, eroding margins even in what were traditionally premium tiers. Operators will need to innovate and offer more compelling services to avoid this fate.

The study also questions the future viability of the "More for More" strategy, in which operators steadily increased data allowances while keeping prices relatively stable. With 100GB data plans now seeing significant price drops, operators may be reaching the limits of this strategy, forcing a reassessment of how they drive value and maintain average revenue per user (ARPU).

Will Watts, Vice President of Product, Tarifica

Historically, operators expected high data volume plans to be resistant to price erosion, as these customers are more affluent and dependent on their mobile services. However, in just the past quarter, we've seen significant price reductions in several European markets, signaling that even these premium customers may no longer be shielded from broader industry pressures. The commoditization of 5G services is a reality that operators need to confront. If current trends persist, the 'race to the bottom' in pricing could extend to more customer segments, eroding margins even in what were traditionally premium tiers. Operators will need to innovate and offer more compelling services to avoid this fate.