



Unique mobile subscribers to surpass 5 billion this year

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Later this year the number of individuals subscribing to mobile services will reach 5 billion, a milestone that will mean that more than 70% of the people on the planet will be mobile subscribers. In the developed world, subscriber growth has come to an end and future revenue growth will need to be unlocked in areas such as IoT. Meanwhile, developing markets still hold considerable growth potential due to their younger populations, but challenges remain in terms of connecting rural populations and the high relative cost of mobile ownership.

Developed markets reach saturation

Average subscriber penetration in developed markets stood at 84% at the end of 2016. In terms of the addressable penetration, however, the point of saturation has already been reached with little to no opportunity for subscriber growth. In these markets, penetration in the 16-64 age group is already at 97% and with subsets of this population (such as the incarcerated) unable to subscribe, this penetration rate is unlikely to go higher.

Any future growth therefore needs to come from either under 16s or from over 65s. In mature markets, mobile use by children varies greatly by age; one in five 5-7 year olds already has a mobile phone increasing to four in five of 12-15 year olds. While there are clearly a huge number of children without a mobile, the trend over the last few years suggests that the number of children with their own phone is not significantly increasing. In Japan for example, usage among 8-18 year olds has remained stable at 57% for the last four years. This stalled growth suggests many parents have become concerned with online safety and prevented their children from owning their own device.

Among the over 65s in the developed world, subscriber penetration stands at 85% with much of the unconnected at the older end of this category. While this leaves the remaining 15% of this age group as potential customers for operators, there is limited economic incentive. Mobile data consumption is the largest individual source of revenue growth for mobile operators and video streaming is the main content driver. According to the GSMA Intelligence consumer survey, an adult under 24 is eight times as likely to consume mobile data on a daily basis compared to someone over 65.

Due to the limited growth opportunities in all of the age brackets, we forecast subscriber penetration in developed markets to increase by an average of less than 3 percentage points by 2025.

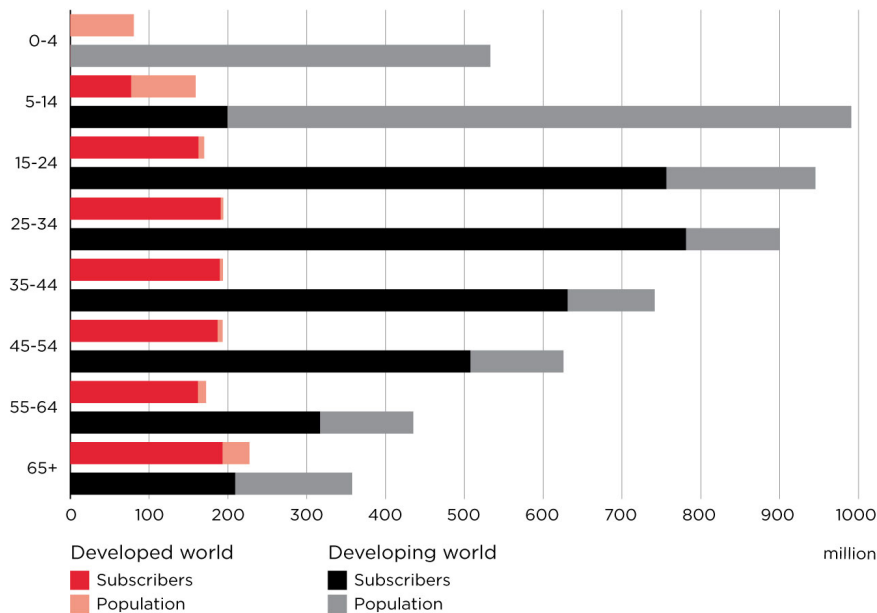


Figure 1: Subscribers/population by age group, 2016

Source: GSMA Intelligence

Subscriber growth opportunity in less mature markets

The average subscriber penetration rate in developing markets stood at 62% at the end of 2016, and at 83% in the 16-65 age bracket. The penetration rate for over 65s drops to 58% - but this age bracket makes up only 7% of the overall developing world population so the opportunities for subscriber growth here are limited.

Nearly a third of the population in the developing world is under 16 with the penetration within this group at 15%. In Angola, for example, half of the population is under 16 and less than 15% of these young people have a mobile phone. Once they reach adulthood, however, we forecast that over 80% of this group will become connected. This age group represents operators' customer base of the future; over the next ten years, the number of 16-65 year olds in developing markets will increase by more than 400 million. But the cost of mobile phone ownership is prohibitive to many low income countries. According to the ITU, the cost of owning a phone in the Democratic Republic of Congo is more than half of average income.

Considerable opportunities for subscriber growth remain in some markets. Ethiopia and Tanzania, for example, both have subscriber penetration below 50% with a significant number of unconnected young adults, while across Pakistan and India there are over 250 million people between the age of 16 and 64 that do not currently use a mobile connection. By the end of 2025, overall subscriber penetration in the developing world will have increased by more than 900 million with much of the growth coming from markets such as these.

