Market developments for electronic communications and post – a review of outcomes for 2021 based on Q4 figures

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This publication highlights some of the main trends observed in 2021 for the Maltese telecoms and postal sectors. All the figures that are presented have been submitted by local service providers, in response to the MCA's ongoing gathering of data at quarterly intervals.

General developments

Demand for high-speed connectivity remained on an upward trend, underscored by a wider availability of fast and ultra-fast fixed broadband alongside the continued roll-out of 5G networks and plans. The share of internet users on plans supporting download speeds of 100Mbps or more jumped by almost ten percentage points year-on-year, reaching 62% of all internet clients recorded by the end of the year. Meanwhile, the mobile telephony segment added almost 12,000 new subscriptions in a year and demand for mobile broadband surged by 44% year-on-year, excluding consumption related to connetivity over Wi-Fi. Demand for pay-TV services from local providers also increased, with this segment seeing a rise of almost 5,000 subscriptions, year-on-year. This trend follows the same direction observed for fixed broadband but is less pronounced. Fixed telephony did not register a change in take-up, with the number of clients by the end of the year largely the same as twelve months earlier, as opposed to the expected downtrend for this segment. Of significance, is that pre-paid plans were phased out in 2021, without any impact on the number of clients with post-paid plans.

On a general level, growth largely materialised in a bundle setting, with an even bigger percentage of end-users combining purchases of fixed telephony, fixed broadband and TV in a bundle plan.

A bigger reliance on technology for inter-personal communication and COVID-induced changes to commercial communication and public service practices weighed down again on the postal mail segment. Comparing mail volumes in 2021 to those recorded in the previous year, a sharp drop is observed for single-piece letter mail, parcel mail, bulk mail, as well as registered mail. On the other hand, post outside the scope of the universal service registered a rise, especially in mail items weighing up to 2kgs.

Further insights for the telecoms and postal segments are provided below.

Fixed Broadband

The total number of fixed broadband subscriptions amounted to 221,198 by the end of 2021. This figure is up by 8,166 compared to the corresponding figure a year earlier, equivalent to a 3.8% rise in subscriptions.

The rate of broadband subscriptions within a bundle offer, rose further to a little over 94% by the end of the current reporting period, with more subscriptions supporting fast and ultra-fast speeds. Thus, the number of connections supporting download speeds of 100Mbps or more rose by 11 percentage points from 52% at the end of 2020 to 62% at the end of 2021.

Subscriptions via the FTTH network increased by 12,365 (or by 34.6%) in the 12-month period under review, with this platform accounting for 21.8% of all fixed broadband subscriptions by end of year. Cable subscriptions increased by 3,906 (or by 3.8%), thus accounting for 48.4% of all subscriptions at the end of the reporting period. Meanwhile, the the number fixed wireless broadband subscriptions was up by 707 (or by 5%), to end the year, representing 6.7% of all fixed broadband subscriptions. In contrast, the number of copper DSL subscriptions was down by 8,812 (or by 14.7%) year-on-year. This segment represented 23.2% of all fixed broadband subscriptions by end of year. The latter change has to be seen in the context of fibre deployment by the operator owning the copper network and is a reflection of end-users being migrated to fibre-based technology.

Fixed broadband ARPU was up from €226.84 in 2020 to €235.91 in 2021. This change further consolidates the fixed broadband service as the biggest source of revenue per user for local telecom providers. The upward change is somewhat related to customers' migration to fast and ultra fast subscriptions. It is also relevant to note that, considering a good 94% of all fixed broadband subscriptions are purchased in a bundle, the above ARPU's are nonetheless indicative of what end-users pay for the fixed broadband service.

Mobile telephony

Mobile telephony subscriptions were up by 11,832 (or by 1.9%) year-on-year, reaching a total of 644,955 by end of 2021.

Significantly, the overall change in subscriptions is a result of a rise of 25,642 post-paid subscriptions in the 12-month period to the end of December 2021, compared to a drop of 13,810 pre-paid subscriptions during the same period. The ongoing upward trend in take-up for post-paid plans, is probably a result of users opting for plans which better sustain their increasing demand for mobile data.

Domestic mobile traffic volumes experienced an uptick during 2021, with voice minutes up by 2.8% compared to volumes recorded in the preceding year, whilst mobile data Mb consumption shot up by 44% during the same period.

Considering higher voice and data usage, with the latter also comprising OTT-based activities, end-users made less use of the traditional SMS service, with traffic under this heading falling by 6% year-on-year.

Roaming voice activity continued to be affected by the negative impact of Covid-19 on travel, although the increasing usage of OTT-based services could very well be another factor impacting voice call volumes. Comparing volumes in 2021 to those recorded a year earlier, roaming voice minutes were down by 2%. Nonetheless, roaming data consumption over mobile networks persists in the counter-trend as volumes rebounded significantly by 89% year-on-year.

Mobile telephony ARPU was down to €172.66 in 2021 compared to €178.91 a year earlier.

Pay-TV

The pay-TV segment maintained an upward trend in take-up for the year in review. Year-on-year, subscriptions were up by 4,970 (or by 3%). A little over 82% of all pay-TV subscriptions at the end of 2021 were purchased in a bundle alongside other telecom services.

A look at the trends in take-up by technology platform shows that IPTV-based subscriptions were up by 5,863 (or by 10%) over the 12-month period ending December 2021. Meanwhile, the number of subscriptions for the DTTV platform was down by 4,240 subscriptions (or by 61%), with clients switching to alternative technology platforms in view of the impending digital terrestrial switch-off.

The number of subscriptions for the digital cable platform was up by 3.2% year-on-year, equivalent to a rise of 3,347 subscriptions in the 12-month period under review.

Pay TV ARPU was down from €195.27 in 2020 to €185.65 in 2021.

Fixed telephony

The fixed telephony segment did not see any material change in the client base when it comes to total subcriptions, with these totalling 259,439 by the end of last December. This is just 17 less than recorded twelve months earlier. To note, however, is that pre-paid plans have now been phased out by the two major operators. Also, 85% of all fixed telephony subscriptions were purchased in a bundle.

Volumes were still significantly down year-on-year, with the number of fixed telephony voice calls down by 26.6% whereas the number of outgoing fixed voice call minutes fell by 27%.

Fixed telephony ARPU for 2021 totalled €128.64, which is down from €130.30 for the previous year.

High quality dedicated connections

By definition, dedicated connections are high-quality, dedicated, point-to-point data transmission connections used by businesses operating in Malta, such as banks, gaming companies and government entities.

This is a niche business segment for local telecom operators representing a relatively small number of users with somewhat distinct data connectivity requirements to those exhibited by the mass market for fixed broadband. Typically, these data connectivity services are offered with no contention ratio, are fully symmetrical and come guaranteed with strict Service Level Agreements (SLAs).

The the number of high-quality dedicated connections totalled 334 by the end of the current reporting period. This is down by 8% year-on-year, however, this trend is not in itself a sign of a diluting business client base. Indeed, it may be the case that business clients migrated to one of the several connectivity solutions that may be offered by local service providers but do not fall within the description of dedicated connections addressed in this publication.

Post

The postal sector is continuously competing with online sources, which have seemingly risen since the beginning of the pandemic.

Overall, postal mail volumes recorded in 2021 were 3.4% lower in relation to volumes recorded in 2020, mainly as a result of a continuation in the long-term volume decline in domestic mail, specifically letter mail which experienced a 13% year-on-year drop. Furthermore, this trend is exhibited in parcel mail, registered mail and bulk mail which also contracted in yearly volumes from 2020 to 2021, by 8.4%, 5.8% and 0.8% respectively.

Mail volumes outside the scope of the universal service were up by 24.8% year-on-year, as mail volumes for mail items weighing less than 2kgs rose by 282,916, equivalent to 30.5%, and volumes for bigger sized parcel mail items increased by 117,938, equivalent to 17.1%.

Notes:

(i) Data cut-off date: 14th March 2022;
(ii) Data is preliminary and subject to change.