



# **QUARTERLY SECTOR STATISTICS REPORT**

**THIRD QUARTER OF THE FINANCIAL YEAR 2012/13**

**(JAN-MAR 2013)**

**Direct any questions on this report to:  
Director/Competition, Tariffs and Market Analysis**

**[Tel:+254-703 042000](tel:+254703042000)**

**Email: [info@cck.go.ke](mailto:info@cck.go.ke)**

**Website: [www.cck.go.ke](http://www.cck.go.ke)**

***Disclaimer:***

*Although every effort has been made to ensure accuracy of the data contained in this report, the Commission is not liable for any inaccuracies in any of the information contained in this report, which is contingent to the operators/service providers compliance returns.*

## TABLE OF CONTENTS

<i>List of Tables</i> .....	3
<i>List of Figures</i> .....	4
<i>List of Abbreviations</i> .....	5
<b>I. PRELIMINARY NOTES</b> .....	6
<b>II. THE QUARTER IN SUMMARY</b> .....	6
<b>1 CELLULAR MOBILE SERVICES</b> .....	8
<b>1.1 Subscriptions</b> .....	8
<b>1.2 Mobile Money Transfer Service</b> .....	11
<b>1.3 Mobile Number Portability</b> .....	11
<b>1.4 Mobile Traffic and Usage Pattern</b> .....	11
1.4.1 Voice Traffic.....	12
1.4.2 Voice Traffic by Operator .....	13
1.4.3 Minutes of Use.....	14
1.4.4 Roaming Traffic.....	16
1.4.5 International Mobile Traffic .....	17
<b>1.5 Mobile Revenue and Investments</b> .....	18
<b>2 FIXED TELEPHONE SERVICE</b> .....	19
<b>2.1 Subscriptions</b> .....	19
<b>2.2 Fixed Network Traffic</b> .....	19
<b>3 DATA AND INTERNET SERVICE</b> .....	21
<b>3.1 Internet/Data Service</b> .....	21
<b>3.2 Broadband Service</b> .....	23
<b>3.3 International Bandwidth</b> .....	24
<b>3.4 Revenue and Investment in the Data/Internet Market</b> .....	25
<b>4 ELECTRONIC TRANSACTIONS</b> .....	27
<b>5 BROADCASTING</b> .....	27
<b>6 POSTAL AND COURIER SERVICE</b> .....	28
<b>6.1 Postal and Courier Traffic</b> .....	28
<b>6.2 Number of Postal Outlets</b> .....	28
<b>6.3 Postal and Courier Revenue and Investment</b> .....	29
<b>7 CONCLUSION</b> .....	30

## List of Tables

Table 1:	Mobile Subscriptions .....	8
Table 2:	Mobile Subscriptions per Operator .....	9
Table 3:	Mobile Money Transfer .....	11
Table 4:	Number of Imports .....	11
Table 5:	Local Mobile Voice Traffic in Minutes .....	12
Table 6:	Voice Traffic by Operator .....	14
Table 7:	Short Messaging Service.....	16
Table 8:	Multimedia Messaging Service .....	16
Table 9:	Roaming Traffic .....	17
Table 10:	International Mobile Traffic (Minutes) .....	18
Table 11:	Mobile Revenue and Investment (KES).....	18
Table 12:	Fixed Network Subscriptions .....	19
Table 13:	Local Fixed Network Traffic in Minutes .....	20
Table 14:	Internet Subscriptions and Internet Users .....	21
Table 15:	Mobile Data/Internet Subscriptions by Operator .....	23
Table 16:	Other Fixed/Wireless Internet Subscriptions by Operator .....	23
Table 17:	International Internet Available Bandwidth (Mbps) .....	24
Table 18:	International Internet Connectivity Bandwidth (Mbps) .....	25
Table 19:	Data/Internet Revenue and Investment .....	25
Table 20:	Number of Domain Names .....	27
Table 22:	Postal and Courier Traffic .....	28
Table 23:	Number of Postal Outlets .....	29
Table 24:	Postal and Courier Revenue and Investments .....	29

## List of Figures

Figure 1:	Net Additions in Mobile Subscriptions.....	9
Figure 2:	Percentage Subscription Market Share per Operator.....	10
Figure 3:	Mobile Penetration (%).....	10
Figure 4:	Growth in Mobile Traffic in Minutes .....	13
Figure 5:	Minutes of Use per Subscriber per Month.....	15
Figure 6:	International fixed line network traffic .....	20
Figure 7:	Estimated Number of Internet Users and Internet Penetration .....	22
Figure 8:	Broadband Subscriptions .....	24

## **List of Abbreviations**

ICTs	Information Communication Technologies
EASSy	Eastern Africa Submarine Cable System
EVDO	Evolution-Data Optimized
GSM	Global Systems for Mobile Communications
LION2	Lower Indian Ocean Network
Mbps	Megabits per second
MMS	Multimedia Service
MoU	Minutes of Use
SEACOM	Sea Sub-Marine Communications Limited
SIM	Subscriber Identification Module
SMS	Short Messaging Service
TEAMS	The East African Marine System
VSAT	Very Small Aperture Terminal

## I. PRELIMINARY NOTES

- *This report is based on data provided by service providers.*
- *The information provided in this quarterly report is subject to alteration in case of any revisions or updates from the service providers.*

## II. THE QUARTER IN SUMMARY

*The ICT Sector Statistical Report for the third quarter of the Financial Year 2012/13 (Q3 FY 2012/2013) contains data and analysis on the following categories of services:*

- *Cellular mobile;*
- *Fixed telephony;*
- *Internet/data;*
- *Postal and Courier;*
- *Electronic transactions; and*
- *Broadcasting.*

*Mobile telephony penetration declined from 78.0% (30.7 million subscribers) recorded in Q2 FY 2012/13 to 75.8% (29.8 million) in the current quarter. The decline was mainly attributed to an estimated 2.4 million unregistered SIM cards which were switched-off during the SIM card registration exercise carried out during the quarter. Pre-paid subscriptions continued to dominate, accounting for 98.7% of the total subscriptions while Post-paid subscribers accounted for only 1.3%.*

*Total local mobile traffic declined by 1.2% from the previous quarter to stand at 7.2 billion minutes from 7.3 billion minutes. Overall mobile voice traffic translated into an average of 81.1 minutes made by each subscriber per month during the period up from 79.7 minutes made by each subscriber during the previous quarter. Similarly, the total number of SMS stood at 4.0 billion up from 3.6 billion the previous quarter. Each subscriber sent an average of 46 SMS per month during the period under review.*

*The fixed line network continued on a downward trend during the period to stand at 221,287 lines from 251,567 lines recorded during the previous quarter, representing a decline of 12.0%. The decline was attributed to a 13.1% decrease in fixed wireless subscriptions to stand at 161,436 and an 8.9% fall in fixed terrestrial lines from 65,710 in the previous quarter to 59,851. Owing to the decline which was due to a shift from fixed to mobile telephony services, among other factors, the amount of fixed voice traffic declined by about 50% from 53 million minutes posted in the previous quarter to 27 million during the quarter under review.*

*The Internet/data market segment witnessed an increase in the number of subscriptions<sup>1</sup> by 1.9% from 9.4 million during the previous quarter to 9.6 million in the third quarter. Compared to the same period of the previous financial year, a significant increase of 49.2% in subscriptions was recorded. This growth could have largely been driven by the operators' strategy of using promotions and special offers as a technique to grow their*

---

<sup>1</sup>The reduction in number of internet subscriptions was a result of revision of recorded data subscription levels for Kenya Data Networks

*market shares in the data market. Mobile data/internet services continued to dominate the internet/data market, contributing 99% of the total subscriptions.*

*The number of broadband subscriptions grew by 17.5% from the previous period to reach 1,178 million from 1,002 million. Compared to the same quarter of the previous year this represented a significant increase of 80.8%; indicating an increased uptake of the broadband service in the country.*

*During the quarter, international internet bandwidth available in the country increased to 921,319 Mbps from 906,186 Mbps posted during the previous quarter. Bandwidth connectivity (used) declined by 6.5% from the previous quarter to reach 307,307 Mbps in the third quarter. Thus, the used bandwidth represented about a third (33.4%) of the total available bandwidth capacity in the country.*

*In the postal and courier industry, eight (8) courier operators were licensed while the number of postal outlets declined by 1.9% to reach 622 outlets from 634 posted during the previous quarter. The number of letters sent within the country stood at 16.2 million down from 17.3 million letters posted during the previous quarter. In comparison with the same quarter of the previous year, a decline of 3.4% was recorded. The number of international incoming letters rose by 140.8% to reach 461,600. On the other hand, the number of international outgoing letters during the quarter declined by 33.2% from 1.9 million sent during the previous quarter.*

*During the period under review, the number of active registered domain names increased by 3.1% to reach 25,764 from 24,983 recorded in the previous quarter. The number of mobile money subscriptions increased by 10.1% to reach 23.2 million up from 21.1 million the previous quarter. In comparison with the same quarter of the previous year, an increase of 22.6% was recorded. The popularity of the service, coupled with its ease and convenience in use as well as facilitation of electronic payments have continued to be the main drivers behind this growth. Similarly, the number of mobile money transfer agents rose from 62,300 from previous quarter to 74,216 in the third quarter creating at least 11,916 additional direct jobs in the mobile money transfer realm during the third quarter.*

*The Commission continued to ensure plurality and diversity in the broadcasting industry. During the quarter, the Commission issued temporary authorisations to 10 new television (TV) stations to provide TV signals on the digital platform bringing the total number of entities with temporary authorisation to 84. The total number of FM radio stations stood at 102 while that of existing analogue TV channels, which had activated their TV signal on the digital broadcasting platform, stood at 13 at end of the third quarter.*

# 1 CELLULAR MOBILE SERVICES

## 1.1 Subscriptions

In Quarter 3 of the Financial Year 2012/2013, the number of mobile subscribers fell from 30.7 million to 29.8 million recorded during the previous quarter. This represents a 2.9 per cent decline during the period and an increase of 10.6 per cent compared to the same quarter of the previous year. The decline was brought about by reduction in subscriptions by three mobile operators namely Safaricom Limited, Airtel Networks Limited and Telkom Kenya (Orange). Despite promotions and special rates by operators during the period, the mobile subscribers appear not to have been keen to take advantage of the offers. Notably, the regulator's directive to the operators to switch off unregistered SIM cards by 31<sup>st</sup>December 2012 could have contributed highly to the remarkable decline in the number of subscribers. According to a report released by the Commission, over 2.4 million SIM cards had been suspended as at 8<sup>th</sup>January 2013.

The growth of mobile subscriptions is shown in Table 1.

**Table 1: Mobile Subscriptions**

Subscription Type	Mar-13	Dec-12	Quarterly Variation (%)	Mar-12	Quarterly Variation (%)
Prepaid Subscriptions	29,459,207	30,429,351	-3.2	26,744,335	10.2
Post-Paid Subscriptions	390,129	302,403	29.0	236,436	65.0
<b>Total Mobile Subscriptions</b>	<b>29,849,336</b>	<b>30,731,754</b>	<b>-2.9</b>	<b>26,980,771</b>	<b>10.6</b>

Source: CCK, Operators' Returns

As shown in Table 1, pre-paid subscriptions recorded a decline of 3.2 per cent to reach 29.4 million down from 30.4 million recorded during the previous quarter. Apart from the impact of SIM deactivation, this decline in pre-paid subscriptions could also have been occasioned by inactive subscriptions in the networks given that active subscribers are classified as those that have generated income within the last 90 days. In addition the characteristics of pre-paid subscription that provide for ease to subscribe and opt out of a service could also have contributed to this decline. However, compared to the same period of the previous year, an increase of 10.2 per cent was recorded.

Post-paid subscriptions, on the other hand, grew by 29.0 per cent during the period to reach 390,129 up from 302,403 recorded during the previous period. Notwithstanding this significant growth in post-paid subscriptions, the ratio of post-paid to pre-paid subscriptions remained at 1:76 representing a 65.0 per cent increase compared to the same period of the previous year.

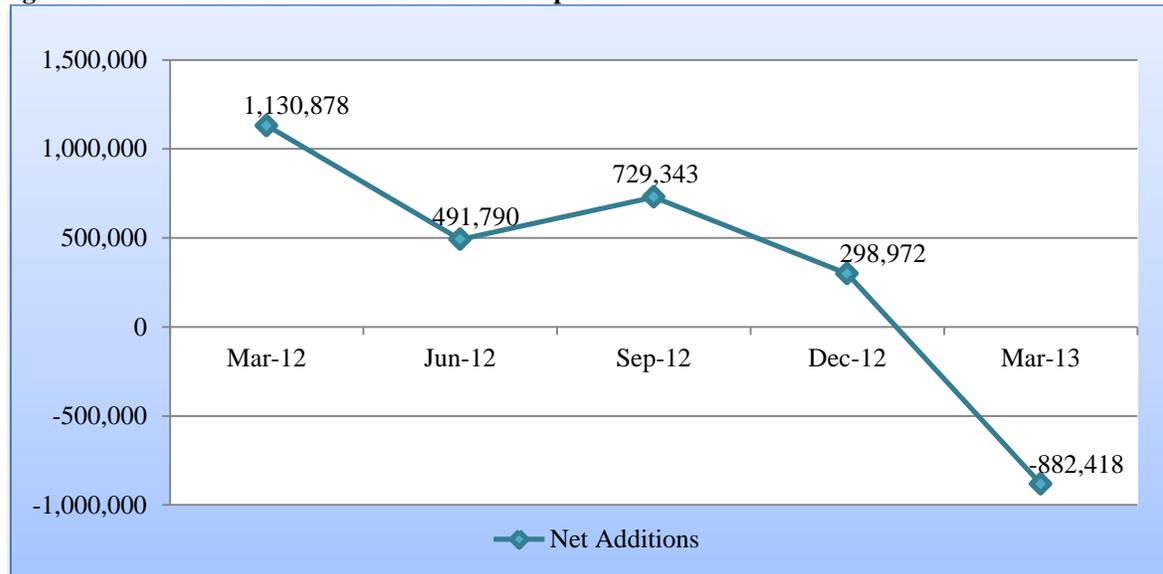
As expected, owing to the reduction in mobile subscriptions the total net additions<sup>2</sup> decreased by 882,418 during the quarter compared to a 298,972 increase recorded during

<sup>2</sup> Net additions refer to new mobile subscriptions acquired during the period.

the previous quarter, representing a decline of close to three times the previous period. Compared to the same quarter of the previous year, a decline of 178.0 per cent was recorded.

The quarter-on- quarter growth in total additions is shown in Figure 1.

**Figure 1: Net Additions in Mobile Subscriptions**



Source: CCK, Operators' Returns

As shown in Table 2, three mobile operators recorded reduction in the number of subscriptions. The highest reduction of 392,895 subscribers or 2.0 per cent was recorded by Safaricom Limited followed by Telkom Kenya (Orangewith 356,971 (14.4%) reduction and Airtel Networks Kenya Limited with a loss of 153,210 (2.9%). Essar Telecom Limited gained 20,658 new subscriptions, representing a growth of 0.6 per cent.

**Table 2: Mobile Subscriptions per Operator**

Name of operator	Mar-13			Dec-12			Quarterly Variation (%)
	Pre-paid	Post-paid	Total	Pre-paid	Post-paid	Total	
Safaricom Limited	19,160,752	260,598	19,421,350	19,621,431	192,814	19,814,245	-2.0
Airtel Networks Kenya Limited	4,932,243	119,826	5,052,069	5,101,480	103,799	5,205,279	-2.9
Essar Telecom Kenya Limited	3,246,195	1,735	3,247,930	3,225,753	1,519	3,227,272	0.6
Telkom Kenya Limited (Orange)	2,120,017	7,970	2,127,987	2,480,687	4,271	2,484,958	-14.4
<b>Total</b>	<b>29,459,207</b>	<b>390,129</b>	<b>29,849,336</b>	<b>30,429,351</b>	<b>302,403</b>	<b>30,731,754</b>	<b>-2.9</b>

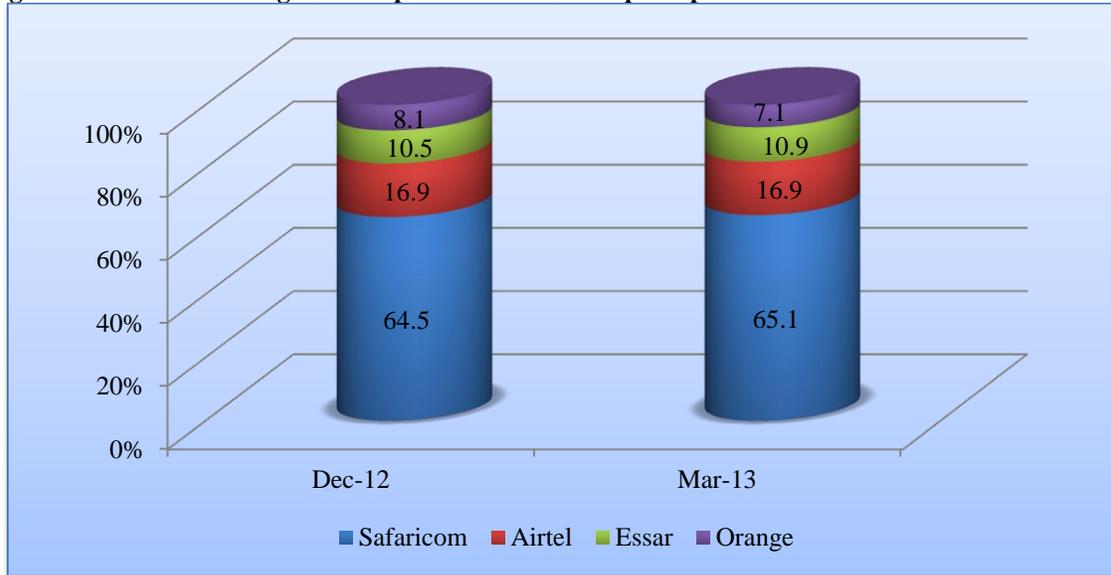
Source: CCK, Operators' Returns

The number of mobile subscribers per operators declined considerably in comparison to the previous quarter apart from Essar Telecom Kenya Limited which showed a slight growth of 0.6%. Safaricom, which, overtime, has had the largest number of mobile

subscribers, experienced a greater decline in mobile subscription although its quarterly variation was low at 2.0% as compared to that of Telkom Kenya.

The market share by subscription by operator is shown in Figure 2.

**Figure 2: Percentage Subscription Market Share per Operator**



Source: CCK, Operators' Returns

The mobile penetration declined by 2.2 percentage points from 78.0 per cent during the previous period to 75.8 per cent during the period under review. The decline in mobile tele-density was triggered by the decline in mobile subscriptions during the period consequently reducing mobile penetration in the country.

The quarter-on-quarter growth trend in the mobile penetration is shown in Figure 3.

**Figure 3: Mobile Penetration (%)**



Source: CCK, Operators' Returns

## 1.2 Mobile Money Transfer Service

As indicated in Table 3, the mobile money transfer service has continued to record a steady growth over the period. During the period under review, the number of mobile money subscriptions increased by 10.1 per cent to reach 23.2 million up from 21.1 million the previous quarter. Compared to the same quarter of the previous year, an increase of 22.6 per cent was recorded. *The popularity of the service, coupled with its ease and convenience in use as well as facilitation of electronic payments have continued to be the main drivers behind this growth.*

Table 3: Mobile Money Transfer

Mobile Money Transfer	Mar-13	Dec-12	Quarterly Variation (%)	Mar-12	Quarterly Variation (%)
Subscribers	23,269,610	21,140,808	10.1	18,987,531	22.6
No. of Agents	74,216	62,300	19.1	51,607	43.8

Source: CCK, Operators Returns

Similarly, the number of active agents rose by 19.1 per cent from 62,300 recorded during the previous quarter to 74,216 agents during the period under review, indicating increased accessibility of mobile money transfer services as well as creation of employment opportunities in the sector.

## 1.3 Mobile Number Portability

The Mobile Number Portability (MNP) has continued to record mixed growth over the period. During the period under review, the number of in-ports went down by 26.1 per cent to stand at 277 in-ports from 375 in-ports during the previous quarter. In comparison with the same period of the previous year, a significant decline of more than 23 times was recorded. The growth in MNP is shown in Table 4.

Table 4: Number of In-ports

Period	Jan-Mar 13	Oct-Dec 12	Jul-Sep 12	Apr-Jun-12	Jan-Mar-12	Oct-Dec-11
Number of In-ports	277	375	217	678	6,646	2,407
Variation (%)	-26.1	72.8	-68.0	-89.8	176.1	24.8

Source: CCK, Operators Returns

The decline in MNP service is an indication of the low uptake of the service among users of mobile services. This could be attributed to consumers' preference and choice owing to the narrowing of tariff differentials among the operators. Moreover, long porting duration and the prevalent use of multiple SIM cards could have equally contributed to this low uptake.

## 1.4 Mobile Traffic and Usage Pattern

### 1.4.1 Voice Traffic

Similar to the growth trend observed in mobile subscriptions, the total number of minutes of calls made on the mobile network declined by 1.2 per cent during the period to stand at 7.2 billion down from 7.3 billion recorded during the previous quarter. Compared to the same quarter of the previous year, an increase of 6.6 per cent was recorded. Despite attractive promotional offers released by operators, subscribers were generally not persuaded enough to take full advantage of them. In addition, the reduction in the number of subscribers seems to have contributed to the decrease in mobile traffic.

As Table 5 shows, the quarter under review witnessed reduced on-net activity unlike the previous periods that had been recording significant growth. During the period under review, the on-net traffic grew marginally by 0.6 per cent to reach 6.3 billion minutes up from 6.2 billion minutes posted the previous period. Compared to the same period of the previous year, this represents an increase of 6.3 per cent.

In the same token, off-net traffic declined by 11.1 percent to stand at 918 million minutes down from 1.0 billion minutes recorded during the previous quarter. Compared to the same quarter of the previous year, an increase of 9.5 percent was recorded.

**Table 5: Local Mobile Voice Traffic in Minutes**

Mobile Traffic	Jan-Mar 13	Oct-Dec 12	Quarterly Variation (%)	Jan-Mar 12	Quarterly Variation (%)
By traffic Origination(Outgoing traffic)					
Own Network –Own Network	6,329,133,013	6,294,040,711	0.6	5,955,692,413	6.3
Own Network to Other Mobile Networks	918,780,339	1,033,150,168	-11.1	839,323,683	9.5
Mobile Network to Fixed Network	13,949,032	20,247,929	-31.1	15,552,579	-10.3
<b>Total Traffic Origination (Outgoing)</b>	<b>7,261,862,384</b>	<b>7,347,438,808</b>	<b>-1.2</b>	<b>6,810,568,675</b>	<b>6.6</b>
By Traffic Termination (Incoming traffic)					
<b>Own Network –Own Network</b>	6,329,133,013	6,043,845,857	4.7	5,955,692,413	6.3
<b>Other Mobile Networks to Own Network</b>	993,163,433	1,000,397,283	-0.7	842,312,946	17.9
<b>Fixed Network to Mobile Network</b>	23,082,769	24,879,357	-7.2	22,370,865	3.2
<b>Total Traffic Termination (Incoming Traffic)</b>	<b>7,345,379,215</b>	<b>7,069,122,497</b>	<b>3.9</b>	<b>6,820,376,224</b>	<b>7.7</b>

Source: CCK, Operators' Returns

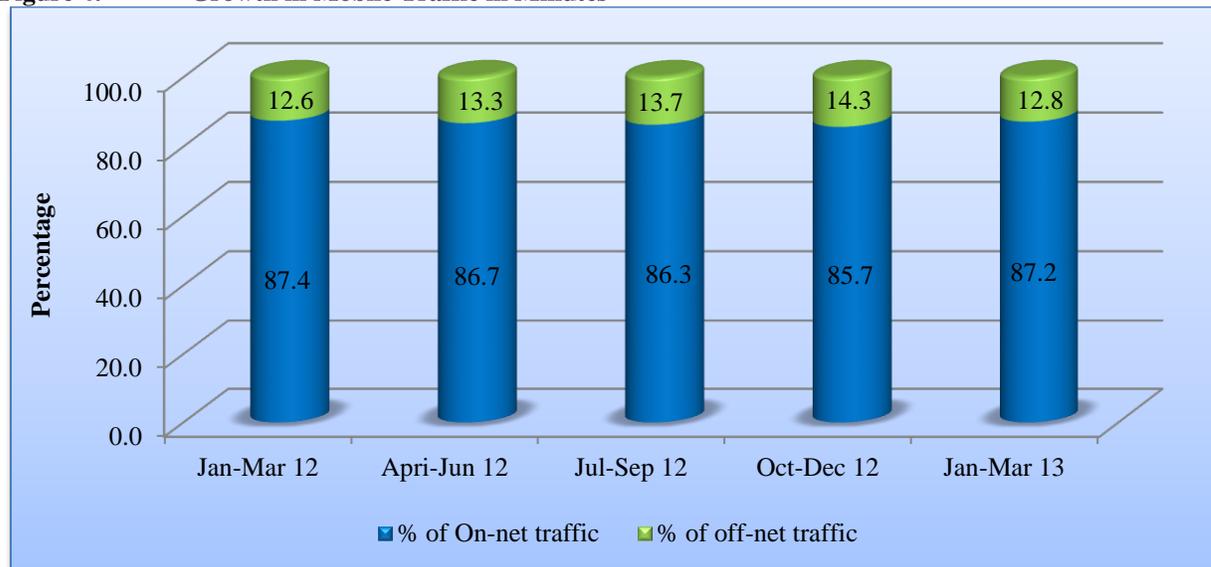
Mobile-to-fixed traffic declined by 31.1 per cent from 20 million minutes recorded during the previous quarter to 13 million posted during the period under review. . Compared to the same period of the previous year, a decline of 10.3 per cent was recorded.

With regard to traffic by termination, the total number of minutes received on all mobile networks was 7.3 billion up from 7.0 billion minutes posted the previous quarter. This

represents an increase of 3.9 per cent during the period and 7.7 per cent increase when compared to the same quarter of the previous year.

As illustrated in Figure 4, contrary to the previous periods that showed growth in the ratio of off-net to total traffic, the quarter under review recorded a drop in the ratio of off-net to total traffic by 1.5 percentage points to record 12.8 per cent from 14.3 per cent recorded during the previous period. However, the ratio of on-net to total traffic increased by a similar margin of 1.5 percentage points to reach 87.2 per cent from 85.7 per cent observed during the previous period.

**Figure 4: Growth in Mobile Traffic in Minutes**



Source: CCK, Operators' Returns

### 1.4.2 Voice Traffic by Operator

As observed in Table 6, the market shares by voice traffic for the operators declined during the quarter except for Safaricom Limited. In particular, Safaricom Limited gained 2.0 percentage points to record 79.5 per cent, up from 77.5 per cent market share during the previous quarter. It was followed by Airtel Networks Limited that posted 11.5 per cent, a reduction of 1.0 percentage points during the period. Essar Telecom Kenya Limited too declined by a similar margin of 1.0 percentage points to reach 7.6 per cent from 8.6 per cent market shares recorded during the previous period, while Telkom lost by 0.1 percentage points to reach 1.3 per cent from 1.4 per cent share posted the previous quarter.

The market shares by voice traffic by operator are as shown in Table 6.

**Table 6: Voice Traffic by Operator**

Period	Name of Operator/Indicator	Safaricom Limited	Airtel Networks Kenya Limited	Essar Telecom Kenya Limited	Telkom Kenya Limited (Orange)
Jan-Mar 13	On-net	5,461,219,864	391,376,604	419,213,311	57,323,234
	Off-net	311,354,447	446,931,170	135,674,958	38,768,796
	<b>Total</b>	<b>5,772,574,311</b>	<b>838,307,774</b>	<b>554,888,269</b>	<b>96,092,030</b>
	Market Share (%)	79.5	11.5	7.6	1.3
Oct-Dec 12	On-net	5,376,302,861	391,376,604	474,309,791	52,051,455
	Off-net	320,199,542	527,185,652	157,656,337	48,356,566
	<b>Total</b>	<b>5,696,502,403</b>	<b>918,562,256</b>	<b>631,966,128</b>	<b>100,408,021</b>
	Market Share (%)	77.5	12.5	8.6	1.4

Source: CCK, Operators' Returns

As has been the tradition, a huge proportion of voice traffic is contributed by on-net voice traffic from Safaricom. This has mostly caused the disproportionate market shares by voice traffic among the operators. The wide disparity could be as a result of the operator's significantly high market share of subscribers resulting in a large percentage of calls terminating on its network. Furthermore, during the period under review, several promotions on voice services were run by various operators thus enabling registered subscribers to enjoy both on-net and off-net calls at a reasonably reduced cost.

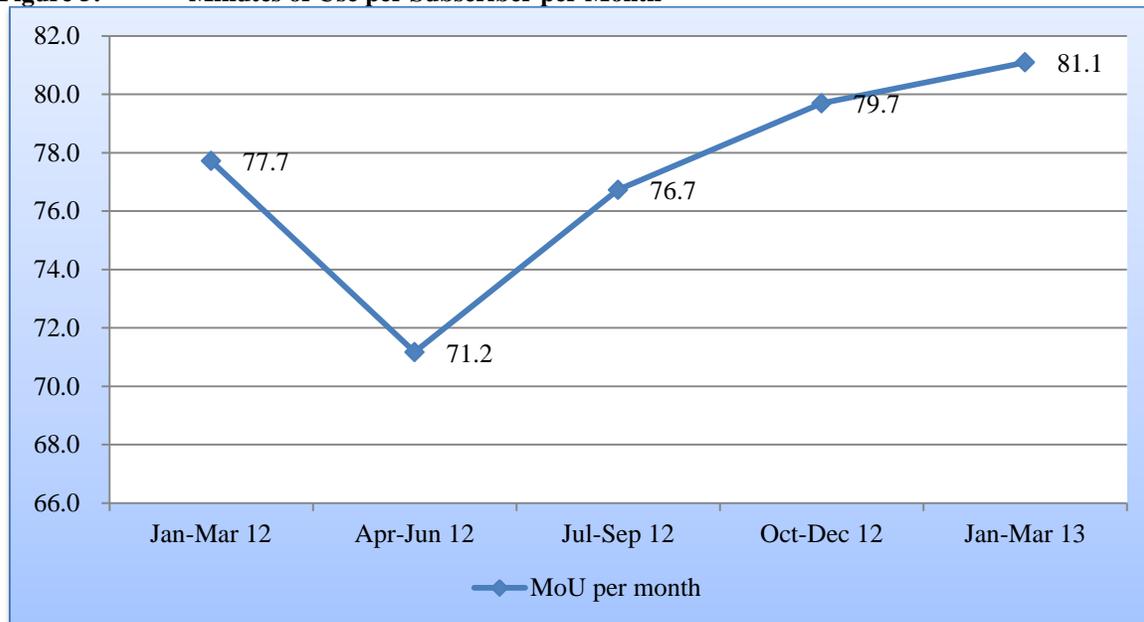
### 1.4.3 Minutes of Use

During the quarter under review, each subscriber talked for an average of 81.1 minutes per month up from 79.7 minutes recorded during the previous quarter, representing a growth of 1.8 per cent during the period. Despite the increase in the number of minutes per subscriber per month during the period, the decline in both subscriptions and mobile voice traffic could have expanded this growth as a result of subscriptions declining by a bigger margin proportionate to voice traffic and hence the resultant increase in minutes of use during the period.

Compared to the same quarter of the previous year, a growth rate of 4.3 per cent was recorded.

The quarter-on-quarter growth in Minutes of Use is illustrated in Figure 5.

**Figure 5: Minutes of Use per Subscriber per Month**



**Source: CCK, Operators' Returns**

The quarter under review recorded 4.0 billion SMS up from 3.6 billion recorded during the previous period, representing 10.6 per cent growth during the period. The increase in SMS during the period could have partially offset the decline in voice traffic. Compared to the same period of the previous year, an increase of close to four-fold was recorded.

On-net SMS recorded a growth of 11.2 per cent to reach 3.8 billion up from the 3.4 billion posted in the previous period. Off-net SMS on the other hand increased marginally by 0.6 per cent during the period to record 219 million SMS from 218 million posted the previous quarter. The low off-net termination rates of 0.10 per SMS coupled with the operators' diversification of revenue sources could have been the reasons behind this steady growth. Moreover, this growth could be attributed to the SMS bundle promotion which provided for subscribers to send a limitless number of SMS per day at a very low daily charge.

The market shares as measured by SMS have continued to reveal a significantly distinct disparity between the on-net and off-net SMS services. As shown in Table 7, Safaricom recorded the highest shares of 94.8 per cent from 93.7 per cent during the previous quarter, representing an increase of 1.1 percentage points during the period. Airtel Networks Limited had 3.9 per cent shares from 4.5 per cent shares recorded during the previous quarter, a decline of 0.6 percentage points. Similarly, Essar lost by 0.4 percentage points to record 0.8 per cent shares from 1.2 per cent shares recorded during the previous quarter. Telkom Orange lost 0.1 percentage points to reach 0.5 per cent shares from 0.6 per cent shares posted in the previous quarter.

The market shares by SMS by each operator are shown in Table 7.

**Table 7: Short Messaging Service**

Period	Name of Operator/Indicator	Safaricom Limited	Airtel Networks Kenya Limited	Essar Telecom Kenya Limited	Telkom Kenya Limited (Orange)	Total SMS
Jan-Mar 13	On-net	3,751,690,036	98,716,999	8,112,712	5,460,860	<b>3,863,980,607</b>
	Off-net	120,419,687	61,461,820	24,737,136	12,944,903	<b>219,563,546</b>
	<b>Total</b>	<b>3,872,109,723</b>	<b>160,178,819</b>	<b>32,849,848</b>	<b>18,405,763</b>	<b>4,083,544,153</b>
	Market Share (%)	94.8	3.9	0.8	0.5	
Oct-Dec 12	On-net	3,362,382,350	92,940,200	14,181,871	5,476,700	<b>3,474,981,121</b>
	Off-net	98,746,630	71,615,403	29,898,319	18,085,900	<b>218,346,252</b>
	<b>Total</b>	<b>3,461,128,980</b>	<b>164,555,603</b>	<b>44,080,190</b>	<b>17,528,578</b>	<b>3,693,327,373</b>
	Market Share (%)	93.7	4.5	1.2	0.6	

Source: CCK, Operators' Returns

The period under review witnessed a reduction in the number of Multi-Media Messages (MMS) sent to post 1,917,673 down from 2,657,592 recorded during the previous quarter, representing a decline of 27.8 per cent. Compared to the same period of the previous year, an increase of 26.4 per cent was recorded.

**Table 8: Multimedia Messaging Service**

MMS Traffic	Jan-Mar 13	Oct-Dec 12	Quarterly Variation (%)	Jan-Mar 12	Quarterly Variation (%)
MMS	1,917,673	2,657,592	-27.8	1,517,733	26.4
MMS per Subscriber per Month	0.02	0.03	-33.3	0.02	0.0

Source: CCK, Operators' Returns

The growth in the use of MMS services has remained very low as observed in the number of MMS messages sent by each subscriber per month which has been below one (1) over the period. The preference in the use of other services such as social media could have had a negative impact in the growth of this service. Furthermore, the high cost of MMS service might have influenced subscribers, especially the youth, to shun it. The existence of IP applications such as "Tango" and "whatsapp" which are more affordable could have played a major role in the decline in the use of multimedia messaging services.

#### 1.4.4 Roaming Traffic

The quarter under review recorded a growth of 7.9 per cent in the number of minutes of roaming-out<sup>3</sup> voice traffic to reach 12 million minutes up from 11 million minutes recorded during the previous quarter. A significant increase of 63.9 per cent was recorded compared to the same quarter of the previous year.

On the other hand, the number of minutes of roaming-in<sup>4</sup> voice traffic declined by 11.3 per cent from 12 million minutes recorded during the previous period to 10 million minutes recorded during the period under review. Compared to the same period of the previous year, an increase of 21.0 per cent was recorded.

As shown in Table 9, the amount of roaming-out voice traffic was higher than that of roaming-in voice traffic, an indication that local subscribers made more calls while roaming on foreign networks than foreign subscribers roaming on local networks.

**Table 9: Roaming Traffic**

Roaming Traffic	Jan-Mar 13	Oct-Dec 12	Quarterly Variation (%)	Jan-Mar 12	Quarterly Variation (%)
Roaming Voice Minutes Own Subscribers on Foreign Networks	12,578,193	11,662,645	7.9	7,673,888	63.9
Roaming Voice Minutes Foreign Subscribers on Local Network	10,985,934	12,391,655	-11.3	9,077,653	21.0
Roaming SMS - Own Subscribers on Foreign Networks	8,135,934	10,227,055	-20.4	6,973,170	16.7
Roaming SMS - Foreign Subscribers on Local Network	12,865,136	14,892,715	-13.6	9,596,732	34.1

**Source: CCK, Operators' Returns**

Additionally, the number of roaming-out SMS declined by 20.4 per cent to reach 8,000,000 down from 10 million recorded during the previous quarter. The decline in roaming-out SMS could have been partially offset by the increase in roaming-out voice traffic during the period. However, compared to the same period of the previous year, an increase of 16.7 per cent was recorded.

Similarly, the number of roaming-in messages dropped by 13.6 per cent to reach 12 million, down from 14 million messages recorded during the previous quarter. Conversely, in comparison with the same quarter of the previous year, a growth of 34.1 per cent was recorded.

#### **1.4.5 International Mobile Traffic**

During the period under review, international incoming voice traffic declined marginally (by 0.5 per cent) to 203 million minutes down from 204 million recorded the previous quarter. In comparison with the same quarter of the previous year, a growth rate of 22.1 per cent was recorded. Similarly, international outgoing voice traffic declined by 16.9 per cent during the period to reach 126 million minutes down from 152 million minutes in

<sup>3</sup> Roaming out is traffic originated and terminated by subscribers of national networks as users of foreign networks abroad.

<sup>4</sup>Roaming in is traffic originated and terminated by foreign subscribers as users of local networks

the previous quarter. When compared to the same period of the previous year, a decline of 17.5 per cent was recorded.

Contrary to observations made for international incoming and outgoing traffic, the number of international incoming Short Messaging Service (SMS) went up significantly by 39.9 per cent to reach 20 million, up from 14 million SMS recorded during the previous quarter. This growth indicates that subscribers living abroad preferred text messages than voice calls and this could have partially compensated for the decline in international incoming voice traffic during the period. Similarly, international outgoing text messages grew by 39.3 per cent. There were 12 million messages posted during the quarter under review as compared to 9,000,000 messages posted during the previous quarter. This growth indicates that there were more international outgoing messages than international outgoing voice traffic and consequently could have partially balanced off the decline in international outgoing voice traffic during the period. In relation to the same period of the previous year, a more than six-fold increase was recorded. The international mobile voice traffic and SMS are shown in Table 10.

**Table 10: International Mobile Traffic (Minutes)**

<b>International Mobile Traffic and SMS</b>	<b>Jan-Mar 13</b>	<b>Oct-Dec 12</b>	<b>Quarterly Variation (%)</b>	<b>Jan-Mar 12</b>	<b>Quarterly Variation (%)</b>
International Incoming Mobile Voice Minutes	203,956,727	204,955,902	-0.5	166,977,461	22.1
International Outgoing Mobile Minutes	126,954,749	152,774,194	-16.9	153,942,497	-17.5
International Incoming Mobile SMS	20,541,319	14,679,764	39.9	24,725,320	-16.9
International Outgoing Mobile SMS	12,624,007	9,063,577	39.3	2,020,694	524.7

Source: CCK, Operators' Returns.

## 1.5 Mobile Revenue and Investments

Annual revenues and investments for the mobile industry have shown consistent growth over the last five years as indicated in Table 11. Revenue and investment data for year 2012 will be updated once mobile operators file their audited accounts after the lapse of their respective financial years.

**Table 11: Mobile Revenue and Investment (KES)<sup>5</sup>**

<b>Mobile Revenues and Investments</b>	<b>2011**</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>Variation (%) Over 2010</b>	<b>Variation (%) Over 2009</b>	<b>Variation (%) Over 2008</b>	<b>Variation (%) Over 2007</b>
Mobile Revenue (KES Millions)	116,640*	104,552*	90,394*	72,625	57,998	11.6	29.0	60.6	101.1
Mobile Investments	34,590*	27,126*	40,260*	29,436	21,221	27.5	-14.1	17.5	63.0

<sup>5</sup> The information on mobile revenue and investment will be updated every end of financial year to reflect the current status of the market.

(KES Millions)									
----------------	--	--	--	--	--	--	--	--	--

Source: CCK, Operators Returns, (\*) includes Telkom Fixed Network Revenue and Investment.\*\* (provisional)

## 2 FIXED TELEPHONE SERVICE

### 2.1 Subscriptions

The period under review witnessed a further decline in the total number of fixed lines by 12.0 per cent. The total main lines declined from 251,567 in the previous quarter to 221,287 during the period under review.

In particular, the number of fixed terrestrial lines declined by 8.9 per cent to stand at 59,851, up from 65,710 lines posted during the previous quarter. This decline could be attributed to vandalism of copper cables as well as high maintenance costs and a marked shift to mobile telephony.

Likewise, the fixed wireless subscriptions dropped by 13.1 per cent during the quarter to 161,436 down from 185,857 subscribers recorded during the previous quarter. The fixed wireless service has continued to face stiff competition from the mobile sector and this could be the reason behind this decline.

The growth of fixed line is shown in Table 12.

**Table 12: Fixed Network Subscriptions**

Fixed Network Subscription	Mar-13	Dec-12	Quarterly Variation (%)	Mar-12	Annual Variation (%)
Fixed Terrestrial Subscriptions	59,851	65,710	-8.9	80,675	-25.8
Fixed Wireless Subscriptions	161,436	185,857	-13.1	191,426	-15.7
<b>Total Main Fixed Line Subscriptions</b>	<b>221,287</b>	<b>251,567</b>	<b>-12.0</b>	<b>272,101</b>	<b>-18.7</b>

Source: CCK, Operators Returns

### 2.2 Fixed Network Traffic

The growth in fixed network traffic was consistent with the growth in subscriptions. During the quarter under review, the total traffic in the fixed network declined by 47.8 per cent to reach 27 million minutes down from 53 million minutes recorded during the previous quarter. The decline in fixed network traffic could be attributed to the decline in fixed network subscriptions during the period. Compared to the same period of the previous year, an increase of 17.3 per cent was registered.

Intra-Network traffic declined significantly by 83.1 per cent to record 4,000,000 minutes down from 28 million minutes recorded during the previous quarter. However, in

comparison with the same quarter of the previous year, an increase of 287.4 per cent was recorded.

Similarly, fixed to other networks traffic declined by 8.5 per cent to record 23 million minutes down from 25 million minutes posted the previous quarter. In relation to the same period of the previous year, an increase of 2.6 per cent was realised. The growth in fixed network traffic is shown in Table 13.

**Table 13: Local Fixed Network Traffic in Minutes**

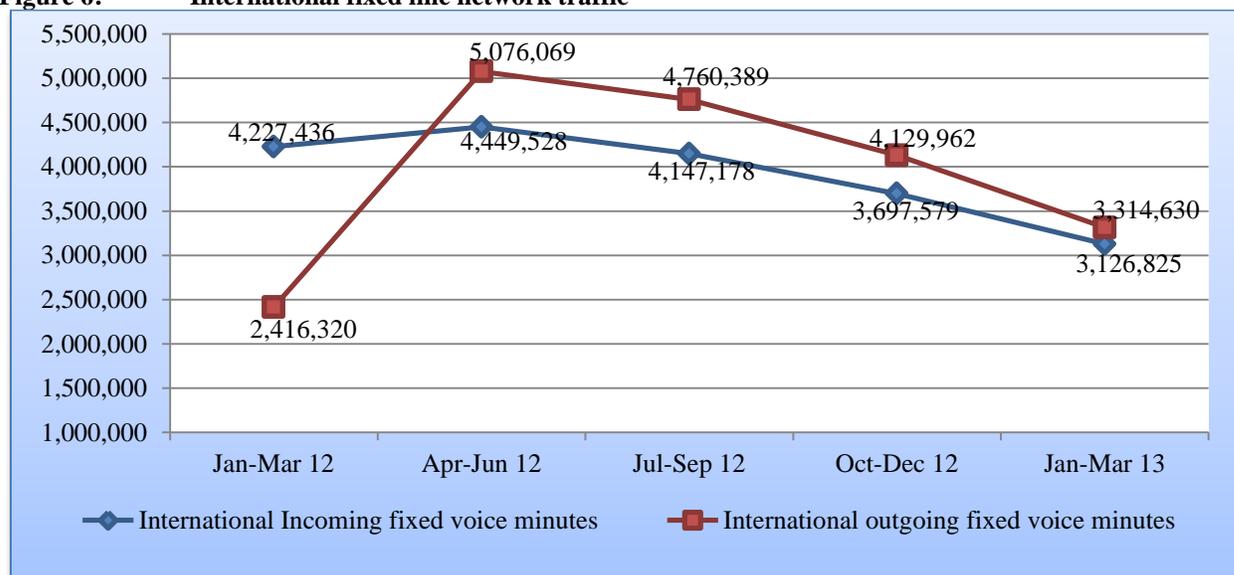
Local Fixed Network Traffic	Jan-Mar 13	Oct-Dec 12	Quarterly Variation (%)	Jan-Mar 12	Quarterly variation (%)
Intra-Network Traffic(Fixed-Fixed)	4,745,346	28,083,525	-83.1	1,225,017	287.4
Fixed to Other Network (Mobile and LLOs)	23,083,110	25,238,552	-8.5	22,490,727	2.6
<b>Total Local Fixed Network Traffic</b>	<b>27,828,456</b>	<b>53,322,077</b>	<b>-47.8</b>	<b>23,715,744</b>	<b>17.3</b>

Source: CCK, Operators' Returns

As illustrated in Figure 6 below, the international fixed incoming and outgoing voice traffic appear to be converging towards a common point. This is due to the fact that the two indicators have been on a declining trend over the period. During the quarter under review, international incoming voice traffic dropped by 15.4 per cent to record 3.1 million minutes down from 3.6 million minutes recorded during the previous quarter. Similarly, international outgoing traffic declined by 19.7 per cent to reach 3.3 million minutes down from 4.1 million minutes recorded during the previous quarter.

The continued decline in international fixed voice traffic could be attributed to the stiff competition from the mobile operators and consumer preference for mobile voice and SMS services.

**Figure 6: International fixed line network traffic**



Source: CCK, Operators' Returns

### 3 DATA AND INTERNET SERVICE

#### 3.1 Internet/Data Service

By the end of the quarter under review, there were 9.6 million internet subscribers up from 9.4 million recorded during the previous quarter. This represented an increase of 1.9 per cent during the period. The increase was mainly driven by mobile data/internet subscriptions that have continued to dominate the internet sub-sector over the period. In comparison with the same period of the previous year, an increase of 49.2 per cent was recorded.

The mobile data/internet subscriptions grew by 1.9 per cent to reach 9.5 million up from 9.4 million posted during the previous quarter. Data service promotions and special offers by mobile operators during the period confirm their keenness to continue growing their market shares and consequently contributing to the increase in mobile data/internet subscriptions. For instance, during the period, one of the operators offered 10 per cent free airtime upon purchase or renewal of certain bundles while another offered certain categories of free minutes to customers for audio conferencing for bundle usage of Kshs100 weekly or Kshs400 monthly.

At the same time, satellite subscriptions grew by 6.3 per cent to reach 727 up from 684 recorded during the previous quarter. However, in relation to the same quarter of the previous year, a decline of 7.6 per cent was recorded.

Additionally, the number of fixed fibre subscriptions grew by 1.1 per cent to 55,007 up from 54,400 recorded during the previous quarter. Compared to the same quarter of the previous year, an increase of 41.2 per cent was realized. The continued growth in fibre subscribers indicates increased access to the service possibly as a result of expansion of fibre network in the country. The growth in internet subscriptions is shown in Table 14.

**Table 14: Internet Subscriptions and Internet Users**

<b>Internet/Data Subscribers</b>	<b>Mar-13</b>	<b>Dec-12</b>	<b>Quarterly Variation (%)</b>	<b>Mar-12</b>	<b>Annual Variation (%)</b>
<b>Total Internet Subscriptions</b>	<b>9,680,011</b>	<b>9,496,573</b>	<b>1.9</b>	<b>6,490,080</b>	<b>49.2</b>
Mobile Data/Internet Subscribers	9,589,851	9,406,843	1.9	6,410,224	49.6
Terrestrial Wireless Data/Internet Subscribers	24,011	23,814	0.8	28,392	-15.4
Satellite Data/Internet Subscribers	727	684	6.3	787	-7.6
Fixed DSL Data/Internet Subscribers	10,390	10,807	-3.9	11,686	-11.1
Fixed Fibre Optic Data/Internet Subscribers	55,007	54,400	1.1	38,966	41.2
Fixed Cable Modem Subscribers	25	25	0.0	25	0.0
<b>Total Internet Users<sup>6</sup></b>	<b>16,444,861</b>	<b>16,236,583</b>	<b>1.3</b>	<b>11,840,544</b>	<b>38.9</b>

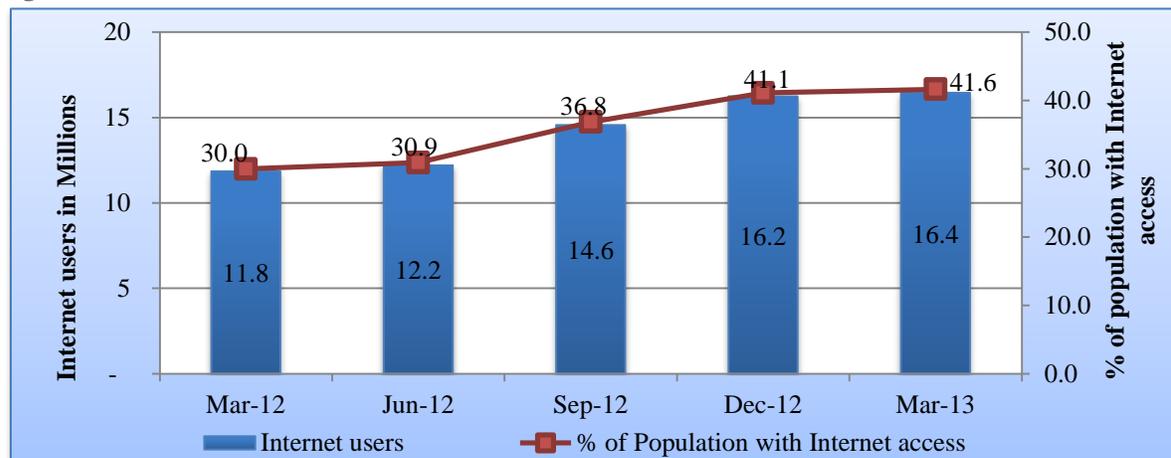
Source: CCK, Operators' Returns

<sup>6</sup> Internet users is estimated by multiplying by 1 the number of mobile data/internet subscriptions, by 10 terrestrial wireless subscriptions and by 100 fixed DSL, fibre optic and satellite subscriptions. There is no scientific method of estimating internet users; for the purpose of this report the methodology adopted is borrowed from the Internet Market Study 2006. The multiplier of 2 for mobile data/internet users has been adjusted to 1 as per the ITU recommendations.

At the end of the quarter under review, the estimated number of Internet users reached 16.4 million up from 16.2 million, representing an increase of 1.3 per cent during the quarter. The increased demand for data/internet services that have been enhanced by increased access through mobile phones (which is the most preferred medium for accessing social media by the youthful population) could be the main reason behind the steady growth of internet usage in the country. A special offer on voice and data by one of the operators during the period could also be attributed to this growth. The offer allowed subscribers to earn loyalty points upon top up with Kshs20 or more, which points were redeemable subsequently for mobile data. Compared to the same quarter of the previous year, an increase of 38.9 per cent was recorded.

As illustrated in Figure 7, the population that had access to internet services increased by 0.5 percentage points to reach 41.6 per cent from 41.1 per cent recorded during the previous quarter. In comparison with the same period of the previous year, an increase of 11.6 percentage points was recorded.

**Figure 7: Estimated Number of Internet Users and Internet Penetration**



Source: CCK, Operators' Returns

The period under review witnessed a change in the level of market shares measured by in data/internet subscriptions for each of the four mobile operators. Safaricom Limited gained 1.8 percentage points to record 74.4 per cent from 72.6 per cent shares posted during the previous quarter. It was followed by Airtel Networks Kenya Limited that lost 0.5 percentage points to reach 11.2 per cent shares from 11.7 per cent shares recorded during the previous quarter. Telkom Kenya too lost 1.1 percentage points to record 8.0 per cent shares while Essar Telecom Limited lost 0.3 percentage points to reach 6.4 per cent shares from 6.7 per cent shares recorded during the previous quarter.

The mobile data/Internet subscriptions by operator are shown in Table 15.

**Table 15: Mobile Data/Internet Subscriptions by Operator**

Name of Operator	Mar-13	Market Share (%)	Dec-12	Market Share (%)
Safaricom Limited	7,134,644	74.4	6,830,796	72.6
Airtel Networks Kenya Limited	1,077,052	11.2	1,095,945	11.7
Telkom Kenya Limited (Orange)	763,202	8.0	853,962	9.1
Essar Telecom Kenya Limited	614,953	6.4	626,140	6.7

Source: CCK, Operators' Returns

With regards to market shares by other fixed/terrestrial wireless data/Internet subscriptions, Wananchi Telecom Limited recorded the highest shares at 35.4 per cent to gain 3.6 percentage points during the period. Kenya Data Networks followed with 23.7 per cent shares from 28.9 per cent shares recorded during the previous quarter. Access Kenya Limited maintained its market shares of 12.9 per cent during the quarter. The market shares for the first 10 operators are shown in Table 16.

**Table 16: Other Fixed/Wireless Internet Subscriptions by Operator**

Name of Operator	Mar-13	Market Share (%)	Dec-12	Market Share (%)
Wananchi Telecom Limited	31,955	35.4	28,579	31.8
Kenya Data Networks Limited	21,377	23.7	25,930	28.9
Access Kenya Limited	11,600	12.9	11,600	12.9
Telkom Kenya Limited	10,390	11.5	10,012	11.2
Safaricom Limited	6,456	7.2	7,874	8.8
Iway Africa	2,502	2.8	-	-
Jamii Telecommunication Limited	1,900	2.1	1,779	2.0
Swift Global	1,200	1.3	1050	1.2
Mobile Telephony Networks Limited	994	1.1	-	-
Call Key Networks Limited	596	0.7	584	0.7
Other fixed/Terrestrial wireless operators	1,190	1.3	1,701	1.9

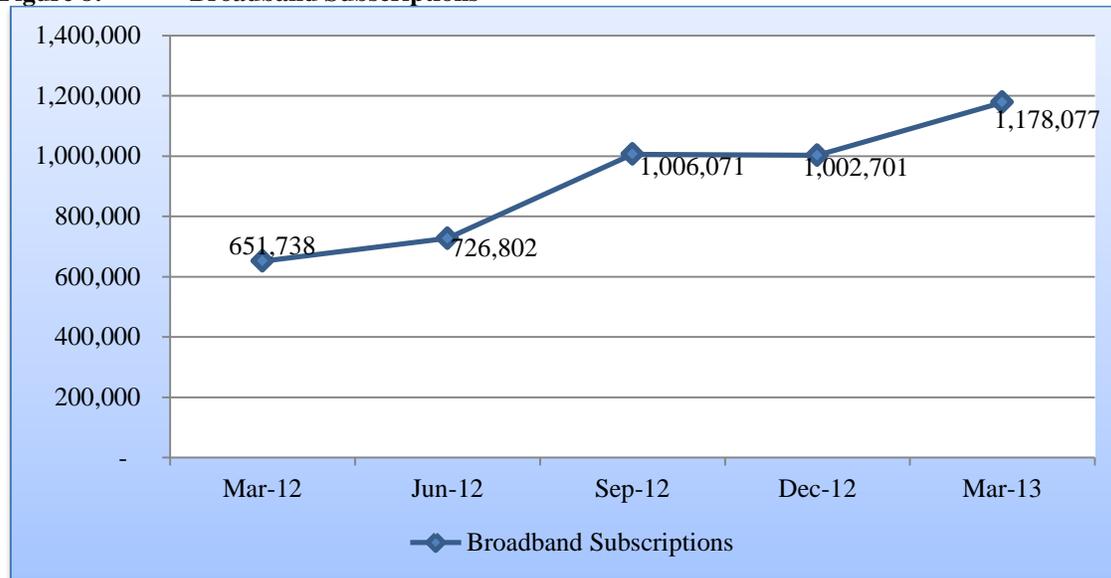
Source: CCK, Operators' Returns

### 3.2 Broadband Service

As illustrated in Figure 8, the total number of broadband<sup>7</sup> subscriptions was recorded as 1,178,077 up from 1,002,701 posted during the previous quarter. This represents an increase of 17.5 per cent during the period and 80.8 per cent growth in relation to the same quarter of the previous year.

<sup>7</sup> In this report, Broadband is defined as speeds greater than or equal to 256Kbps in one or both directions.

**Figure 8: Broadband Subscriptions**



Source: CCK, Operators' Returns

### 3.3 International Bandwidth

At the end of the quarter under review, the total amount of bandwidth that was available in the country was 921,303 Mbps up from 906,186 Mbps posted the previous quarter. This represents an increase of 1.7 during the period and 72.0 per cent compared to the same quarter of the previous year. The growth in international bandwidth indicates the increased demand for data services as witnessed in the growth of internet usage in the country over the period.

The growth of international internet available bandwidth is shown in Table 17.

**Table 17: International Internet Available Bandwidth (Mbps)**

International Connectivity Bandwidth	Mar-13	Dec-12	Quarterly Variation (%)	Mar-12	Annual Variation (%)
SEACOM-International Internet Capacity (Mbps)	655,360	640,000	2.4	310,000	111.4
TEAMS - International Internet Capacity (Mbps)*	101,990	101,990	0.0	101,990	0.0
Telkom Kenya Limited (EASSY) <sup>8</sup>	122,880	122,880	0.0	122,880	0.0
Lion 2	40,960	40,960	0.0	-	-
VSAT	128.8	355.8	-68.8	649.8	-82.6
<b>Total International Internet Bandwidth</b>	<b>921,319</b>	<b>906,186</b>	<b>1.7</b>	<b>535,519.80</b>	<b>72.0</b>

<sup>8</sup> Data provided for EASSY of 4,949,278.8 Mbps in the previous period was erroneously aggregated to include capacity in other landing stations outside Kenya. The correct figure is now provided.

(Mbps)					
--------	--	--	--	--	--

Source: CCK, Operators' Returns

Despite the growth in international internet capacity during the period, the total connectivity bandwidth declined by 6.5 per cent to reach 307,307 Mbps from 328,641 Mbps recorded during the previous quarter. However, in relation to the same period of the previous year, an increase of 83.5 per cent was recorded. The growth in international connectivity bandwidth is shown in Table 18.

**Table 18: International Internet Connectivity Bandwidth (Mbps)**

International Leased Bandwidth	Mar-13	Dec-12	Quarterly Variation (%)	Mar-12	Annual Variation (%)
International Undersea Internet Connectivity Bandwidth (Mbps)	307,210	328,483	-6.5	167,421.6	83.5
International Satellite Internet Connectivity Bandwidth	97.28	157.78	-38.3	55.3	75.9
<b>Total International Internet Connectivity Bandwidth (Mbps)</b>	<b>307,307.3</b>	<b>328,641</b>	<b>-6.5</b>	<b>167,476.9</b>	<b>83.5</b>

Source: CCK, Operators' Returns

### 3.4 Revenue and Investment in the Data/Internet Market

Revenue and investment data for year 2012 will be updated once data/internet operators file their audited accounts after the lapse of their respective financial years. Table 19 shows data on revenue and investments from 2007 to 2011.

**Table 19: Data/Internet Revenue and Investment**

Data/Internet Revenue and Investments*	2011**	2010	2009	2008	2007	Variation (%) Over 2010	Variation (%) Over 2009	Variation (%) Over 2008	Variation (%) Over 2007
Data/Internet Revenue (KES Millions)	98,415	148,033	145,800	7,595	7,370	-33.5	-32.5	1195.8	1235.4
Data/Internet Investments (KES Millions)	26,456	29,361	53,870	1,171	833	-9.9	-50.9	2159.3	3076.0

Source: CCK, Operators' Returns. \* Note that revenue in data market is not inclusive of data revenues from mobile sector. \*\* Provisional.



## 4 ELECTRONIC TRANSACTIONS

During the period under review, the number of active registered domain names increased by 3.1 per cent to reach 25,764 from 24,983 recorded during the previous quarter. In comparison with the same quarter of the previous year, a growth of 50.2 per cent was recorded. The growth in the number of domain names is shown in Table 20.

**Table 20: Number of Domain Names**

Period	Mar-13	Dec12	Sep 12	Jun 12	Mar 12	Dec 11
Number of Domain Names registered	25,764	24,983	22,589	20,085	17,173	14,131
Variation (%)	3.1	9.6	12.5	17.0	21.5	9.9

Source: Kenya Network Information Centre (KeNIC)

## 5 BROADCASTING

The Commission continued to ensure plurality and diversity in the broadcasting industry. During the quarter, the Commission issued temporary authorisations to 10 new television (TV) stations to provide TV signals on the digital platform thereby bringing the total number of entities with temporary authorisation to 84. The total number of FM radio stations stood at 102 while the total number of existing analogue TV channels, which had activated their TV signal on the digital broadcasting platform, stood at 13 at end of the third quarter.

## 6 POSTAL AND COURIER SERVICE

### 6.1 Postal and Courier Traffic

During the quarter under review, 16.2 million letters were sent locally down from 17.3 per cent during the previous quarter. This represents a decline of 6.6 per cent during the period. This decline could be attributed to the stiff competition from the telecommunication sector with modern, faster and efficient means of communication. Consequently this has been eroding the traffic volumes for letters for the postal and courier market. In comparison with the same period of the previous year, a decline of 3.4 per cent was recorded.

On the other hand, the number of courier items sent increased by 15.0 per cent to reach 202,439 items from 175,982 recorded during the previous period. However, compared to the same period of the previous year, a decline of 52.7 per cent was recorded.

In the same way, the number of international incoming letters more than doubled to reach 461,600 from 191,672 letters received during the previous period. Compared to the same period of the previous year, an increase of 241.4 per cent was registered.

International outgoing letters, however, recorded a decline of 33.2 per cent during the quarter to post 1.3 million letters down from 1.9 million sent during the previous quarter. When compared to the same quarter of the previous year, a decline of 25.5 per cent was recorded.

The postal and courier traffic is shown in Table 22.

**Table 22: Postal and Courier Traffic**

Post and Courier Traffic	Jan-Mar 13	Oct-Dec 12	Quarterly Variation (%)	Jan-Mar 12	Quarterly Variation (%)
Number of Letters Posted Locally	16,235,185	17,386,730	-6.6	16,802,743	-3.4
Total Courier Items Sent Locally	202,439	175,982	15.0	428,211	-52.7
International Incoming Letters	461,600	191,672	140.8	135,212	241.4
International Outgoing Letters	1,329,454	1,990,920	-33.2	1,785,269	-25.5

Source: CCK, Operators' Returns

### 6.2 Number of Postal Outlets

The number of postal outlets continued to drop during the period to stand at 622 outlets from 634 during the previous quarter. The continued decline in the number of postal outlets could be due to the intensive competition from the telecommunication sector thereby resulting in the closure of some of the non-profitable outlets within the country.

The number of Postal outlets over the period is shown in Table 23.

**Table 23: Number of Postal Outlets**

Period	Mar-13	Dec12	Sep 12	Jun 12	Mar 12
Postal Outlets	622	634	667	667	690
Variation (%)	-1.9	-4.9	0.0	-3.3	0

Source: CCK, Operators' Returns

### 6.3 Postal and Courier Revenue and Investment

Revenue and investment data for year 2012 will be updated once postal and courier operators file their audited accounts after the lapse of their respective financial years. Table 24 shows data on revenue and investments from 2007 to 2011.

**Table 24: Postal and Courier Revenue and Investments**

Post/Courier Revenue and Investment	2011	2010	2009	2008	2007	Variation (%) Over 2010	Variation (%) Over 2009	Variation (%) Over 2008	Variation (%) Over 2007
Revenue (KES Millions)	6,094	5,815	4,255	13,907	13,719	4.8	43.2	-56.2	-55.6
Investments (KES Millions)	222	335	558	798	521	-33.7	-60.2	-72.2	-57.4

Source: CCK, Operators' Returns

## 7 CONCLUSION

The ICT sector has recorded mixed growth trends with majority of indicators recording a decline during the quarter. These figures are likely to strengthen operators' keenness in formulating and implementing strategies and techniques for customer retention and acquisition. This undoubtedly is likely to reverse the trend and record positive growth in subsequent periods. In addition, the operators will seek to continue expanding their market shares and this will inevitably bring about innovative products and better services that will possibly propel growth even further.

The mobile industry recorded a decline in both subscriptions and voice traffic during the period. This trend is likely to be reversed in the coming periods as operators devise aggressive promotions and attractive offers that will keep subscribers talking for longer. Further, operators are likely to reconsider their customer retention and acquisition plans and this is anticipated to drive the sector and boost growth in subscriptions and traffic volumes.

The mobile money transfer service has continued to provide ease of access and convenience in making payments owing to its popularity as witnessed in the growth in subscriptions and the number of agents. The number of mobile money transfer subscriptions represented 78.0 per cent for the total mobile subscriptions. This indicates that there is still some unmet demand that operators will be keen to meet with a view to growing their bottom-line and hence expand these services.

The number of data/internet subscribers and users has been on an upward trend over the period. This steady growth has been particularly boosted by the rise in subscriptions and usage of mobile data/internet. The convenience of accessing the service through the mobile phones coupled with operators' aggressiveness in growing their market shares in the data market for revenue diversification are some of the reasons attributed to the expansion of this sector. It is likely that this trend will continue in the coming periods with attractive promotions and special offers for data bundles by the operators. Additionally, the continued expansion of the fibre network in the country has enhanced internet access and this trend is expected to continue in the coming periods.

The total bandwidth available in the country was recorded as 921,319Mbps with utilisation levels standing at about a third (33.4%) which indicates that substantial bandwidth capacity is yet to be exploited. Projects and activities that deliberately target to utilise this capacity could be considered as a measure towards optimal utilisation of these services and hence boost growth in this market segment even further.

Lastly, the postal and courier sub-sector has continued to record declining trends in the traffic volumes for local mail. This is due to the competitive pressure that the telecommunication sector has continued to exert on the sector. Consideration of modern methods to speed up letter delivery, restoring customer confidence, diversification of services to meet customers growing demands as well as increasing the use of modern technological innovations could provide a turnaround for this sector to become more dynamic and competitive.

---

Published: June, 2013  
Author: CCK