

Article: Cell calls cheaper than we think

Website: <http://www.timeslive.co.za/business/article467587.ece/Cell-calls-cheaper-than-we-think>

Date: 24 May 2010

Interviewee: Andrew Snead



The screenshot shows the Times Live website interface. At the top left is the 'Times LIVE' logo. To its right, it says 'Business news due today' and 'Tuesday May 25 Metropolitan AGM'. On the top right, there is a weather widget for Johannesburg showing 'HI 22C° Low 5C°' and a search bar. Below the logo is a navigation menu with categories like NEWS, SPORT, BUSINESS, ENTERTAINMENT, LIFE & STYLE, SCI-TECH, OPINION, BLOGS, and MULTIMEDIA. A secondary menu includes MONEY, CAREERS, and IT'S MY BUSINESS. There are also links for 'Career Junction' and 'JOBS | ENTER JOB CODE'. Below the navigation, there are social media and utility icons for ARTICLE, COMMENTS, BOTTOM, EMAIL, SHARE, and PRINT. The main headline is 'Cell calls cheaper than we think' with a sub-headline 'May 24, 2010 11:18 PM | By I-Net Bridge'. To the right of the headline is a 'POPULAR' section with tabs for '24 HOURS', 'LAST WEEK', and 'MOST COMMENTED'.

Cell calls cheaper than we think

May 24, 2010 11:18 PM | By I-Net Bridge

South Africa's cellphone charges may not be as expensive as people think, and though prices could be reduced further, this needs to be done carefully, according to a report by telecoms investment and advisory organisation, Delta Partners.

The report, South African Telecoms in 2010, also found it is not always relevant to make direct per-minute price comparisons with countries such as India and Singapore.

Prices could be reduced further, but the issue warrants broader consideration.

"From a consumer perspective, the comparative effective rate per-minute supports the commonly-held view that prices remain relatively high and there is room for further price reductions," said Andrew Snead, senior partner for sub-Saharan Africa at Delta Partners.

But Snead said there are other factors to consider such as the cost of entry to mobile services, which in South Africa is comparatively low. Mobile operators offer very low-cost SIM starter packs that are often pre-loaded with additional benefits, while also offering highly subsidised handsets, even in the prepaid space, which is a rare practice worldwide.

In addition, South Africa is not a particularly densely-populated country - it has a medium degree of urbanisation and has high energy prices, with unreliable sources that call for costly back-up alternatives such as generators - all of which contribute to the cost per minute. Which is why a direct per minute price comparison with countries such as India and Singapore should be avoided.

Moreover, there is a significant degree of investment taking place that should, if executed properly, deliver highly reliable, fast and innovative mobile services to the South African market. Markets with the lowest price-per-minute are often characterised by low levels of investment, innovation and quality.