



## QUARTERLY SECTOR STATISTICS REPORT

**4<sup>TH</sup> QUARTER  
APR-JUN 2010/2011**

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*Although every effort has been made to ensure accuracy of the data contained in the report, the Commission is not liable for the inaccuracy of the information, 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. EXECUTIVE SUMMARY</b> .....	6
<b>1. CELLULAR MOBILE SERVICES</b> .....	7
<b>1.1 Subscriptions</b> .....	7
<b>1.2 Mobile Money Transfer</b> .....	9
<b>1.3 Mobile Traffic and Usage Pattern</b> .....	9
1.3.1 Voice Traffic.....	9
1.3.2 Minutes of Use.....	11
1.3.3 Roaming Traffic .....	12
1.3.4 International Mobile Traffic .....	13
<b>1.4 Mobile Revenue and Investment</b> .....	14
<b>1.5 Employment in the Mobile Sector</b> .....	14
<b>2. FIXED TELEPHONE SERVICE</b> .....	15
<b>2.1 Subscriptions</b> .....	15
<b>2.2 Fixed Network Traffic</b> .....	15
<b>3. DATA AND INTERNET SERVICE</b> .....	17
<b>3.1 Subscriptions</b> .....	17
<b>3.2 Broadband</b> .....	18
<b>3.3 International Connectivity</b> .....	19
<b>3.4 Revenue and Investment in the Data/Internet Market</b> .....	20
<b>3.5 Employment in the Data/Internet Market</b> .....	20
<b>4. POSTAL AND COURIER SERVICE</b> .....	21
<b>4.1 Postal Traffic</b> .....	21
<b>4.2 Postal and Courier Employment</b> .....	21
<b>5. CONCLUSION</b> .....	23

## List of Tables

Table 1: Mobile Subscriptions.....	7
Table 2: Mobile Subscriptions per Operator .....	8
Table 3: Mobile Money Transfer.....	9
Table 4: Local Mobile Voice Traffic in Minutes.....	10
Table 5: Short Messaging Service .....	12
Table 6: Roaming Traffic .....	13
Table 7: International Mobile Traffic (Minutes) .....	13
Table 8: Mobile Revenue and Investment (KES).....	14
Table 9: Staff in Mobile Service.....	14
Table 10: Local Fixed Network Traffic in Minutes.....	16
Table 11: Internet Subscriptions.....	17
Table 12: Internet Subscriptions by Operator.....	18
Table 13: International Available Internet Bandwidth (Mbps).....	19
Table 14: International Internet Connectivity Bandwidth (Mbps).....	20
Table 15: Revenue and Investment in the Data/Internet Market* .....	20
Table 16: Employment in Data/Internet Market.....	20
Table 17: Postal and Courier Traffic .....	21
Table 18: Postal and Courier Employment.....	22

## List of Figures

Figure 1: Percentage Growth in Mobile Subscriptions .....	7
Figure 2: Percentage Market Share per Operator .....	8
Figure 3: Mobile Penetration (%) .....	9
Figure 4: Growth in Mobile Traffic in Minutes.....	11
Figure 5: Minutes of Use per Subscriber per Month .....	11
Figure 6: Fixed Network Subscriptions .....	15
Figure 7: International Fixed Line Network Voice Traffic .....	16
Figure 8: Internet Penetration .....	18
Figure 9: Internet Penetration .....	19

## **List of Abbreviations**

ICTs	Information and Communication Technologies
Mbps	Megabits per second
MoU	Minutes of Use
MTP	Medium Term Plan
QoS	Quality of service
SIM	Subscriber Identification Module
SMS	Short Messaging Service
VSAT	Very Small Aperture Terminal

## **I. PRELIMINARY NOTES**

- *This report has been prepared based on information provided by service providers.*
- *Comparisons with previous periods have been made to show progress made towards facilitation of access to postal and ICT services by all in Kenya by 2030.*
- *The information provided in this quarterly report is subject to alteration in case of revision or updates.*

## **II. EXECUTIVE SUMMARY**

*In the quarter under review, the total number of mobile subscriptions stood at 25.27 million, a 0.23 percent increase compared to the previous quarter. The total number of main fixed line (fixed terrestrial lines and fixed wireless) subscriptions declined by 15.4 percent from 442,950 lines in March 2011 to 374,942 lines in June 2011. Fixed terrestrial lines declined by 17.4 percent during the period while fixed wireless declined by 11.2 percent. The decline in the fixed lines may be attributed to increased vandalism and the increasing uptake of the mobile telephony which tends to substitute fixed line.*

*Overall tele-density increased to 65.15 percent from 65.12 percent in March 2011, with mobile services accounting for 64.2 percent. Minutes of Use (MoU) per subscriber per month for mobile during the period stood at 82.4 from 80.2 recorded during the previous period, an increase of 2.7 percentage points. The number of SMS per subscriber per month declined by 4.3 percent to 8.5 SMS compared to 8.8 SMS during the previous period. The increase in the MoU and the decline in the SMS are both attributed to affordable calling rates offered by operators.*

*The total number of internet subscriptions rose to 4.25 million from 3.84 million recorded in the previous period, registering 10.9 percent increase. Mobile data/internet subscriptions continued to dominate the total internet subscriptions and accounted for 98 percent of the total internet subscriptions. In addition, the estimated number of internet users rose by 13.6 percent from 11.03 million in the last period to 12.53 million during the period under review. The increase in the Internet subscriptions and users may be attributed to reduced Internet charges during the period under review.*

*Broadband<sup>1</sup> subscriptions registered 35.9 percent growth to 121,126 from 89,158 in the previous quarter. The total broadband subscriptions represented 2.8 percent of the total internet subscriptions. Increased broadband subscriptions may be attributed to reduced broadband tariffs, a rise in the international internet connectivity bandwidth by 56.5 percent to 31,491Mbps from 20,119Mbps in the previous quarter and increasing demand for broadband services.*

*In the postal services, the number of total letters sent increased marginally by 3.1 percent from 23.5 million to 24.2 million during the quarter under review while the international outgoing letters increased significantly by 21.2 percent from 1.4 million letters in the previous quarter to 1.8 million letters during the quarter under review.*

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<sup>1</sup> In Kenya broadband is defined as speeds greater than or equal to 256Kbps in one or both directions.

## 1. CELLULAR MOBILE SERVICES

### 1.1 Subscriptions

The total number of mobile subscriptions increased from 25.22 million in March 2011 to 25.27 million at the end of June 2011 registering 59,066 new subscriptions, representing a marginal growth of 0.23 percent. This reflects year-on-year growth of 25.6 percent during the same quarter, last year. The growth in number of mobile subscriptions is shown in Table 1.

**Table 1: Mobile Subscriptions**

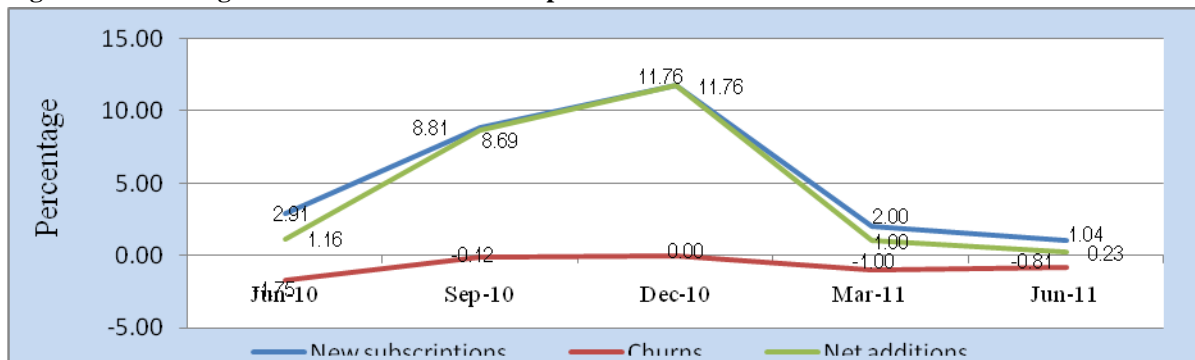
Subscriber Base	June-11	Mar-11	Dec-10	Sep-10	% change over Mar-11 (3mths)	% change over Dec-10 (6mths)	% change over Sep-10 (9mths)	Annual % change (12mths)
Prepaid Subscriptions	25,048,774	24,993,814	24,756,190	21,819,822	0.02	1.17	14.80	25.63
Postpaid Subscriptions	230,994	226,888	212,701	213,846	1.81	8.60	8.02	27.89
Total Mobile Subscriptions	25,279,768	25,220,702	24,968,891	22,033,668	0.23	1.23	14.7	25.65

Source: CCK, Operators' Returns

As it has been the trend, the prepaid subscriptions represented 99 percent of the total mobile subscriptions. However, comparing new subscriptions, postpaid subscription grew by 1.18 percent compared to 0.02 percent for pre-paid subscriptions.

As illustrated in Figure 1, new subscriptions grew by 1.04 percent compared to 2.0 percent reported in the previous period, a decline of 0.96 percentage points. Total net addition<sup>2</sup> (New subscriptions less churns) grew by 0.23 percent compared to 1.0 percent reported in the previous period.

**Figure 1: Percentage Growth in Mobile Subscriptions**



Source: CCK, Operators' Returns

<sup>2</sup> Net addition is obtained by new additions less churns.

Safaricom Limited and Telkom Kenya Limited (Orange) experienced positive gains of 148,063 and 11,527 new subscriptions, respectively while negative gains of 202,970 and 1,554 were experienced by Airtel Networks Kenya Limited and Essar Telecom Kenya Limited, respectively. This is shown in Table 2.

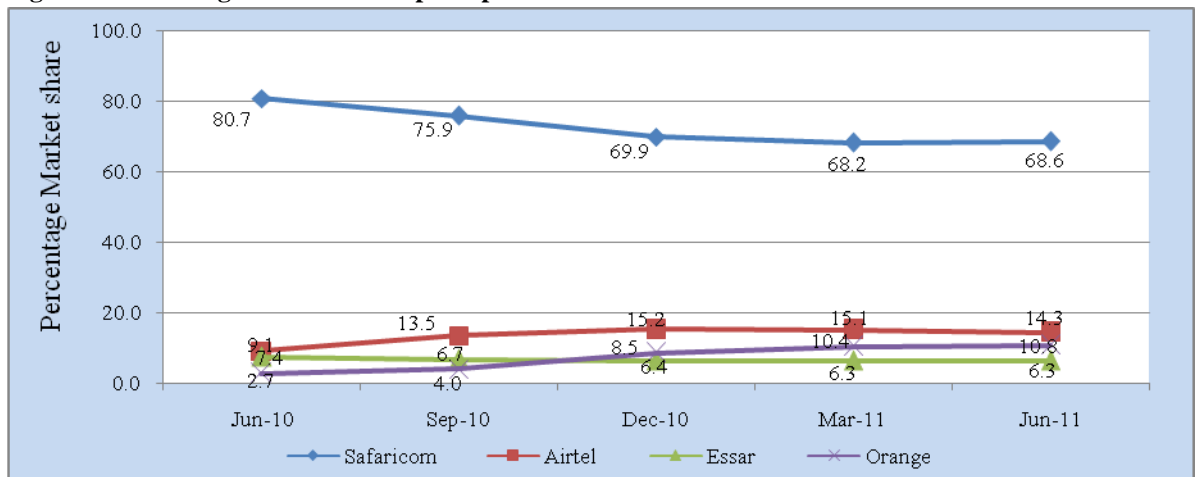
**Table 2: Mobile Subscriptions per Operator**

Name of operator	June-11	Mar-11	Dec-10	Sep-10	Net additions over Mar-11 (3mths)	Net additions over Dec-10 (6mths)	Net additions over Sep-10 (9mths)	Annual net additions (12mths)
Safaricom	17,353,186	17,205,123	17,451,325	16,714,548	148,063	-98,139	638,638	1,112,617
Airtel	3,614,619	3,817,589	3,792,404	2,977,696	-202,970	-177,785	636,923	1,780,276
Essar Telecom	1,582,947	1,584,501	1,591,700	1,465,832	-1,5540	-8,753	117,115	90,849
Telkom Orange	2,729,016	2,613,489	2,133,462	875,592	115,527	595,554	1,853,424	2,176,722
<b>Total</b>	<b>25,279,768</b>	<b>25,220,702</b>	<b>24,968,891</b>	<b>22,033,668</b>	<b>59,066</b>	<b>310,877</b>	<b>3,246,100</b>	<b>5,160,464.</b>

Source: CCK, Operators' Returns

In the mobile market segment, Safaricom Limited continued to be the operator with the largest market share followed by Airtel Networks Kenya Limited, Telkom Kenya Limited and Essar Telecom Kenya Limited. The evolution of the market shares of the four mobile operators in the mobile market segment is shown in Figure 2.

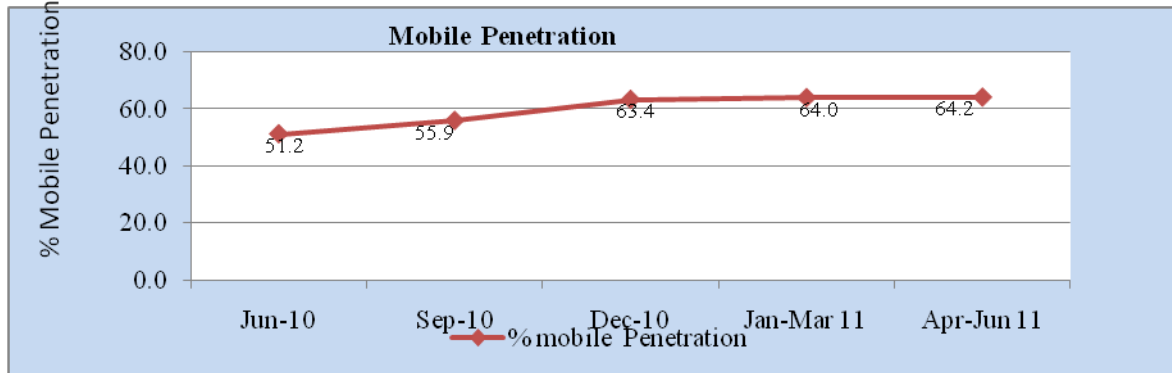
**Figure 2: Percentage Market Share per Operator**



Source: CCK, Operators' Returns

At the end of the quarter under review, i.e. the 4<sup>th</sup> Quarter of 2010/11, mobile penetration rose to 64.2 per 100 inhabitants against 64.0 percent in the previous quarter, representing an increase of 0.2 percentage points. Relative to the same period in the previous year, an increase in mobile penetration of 13.0 percentage points was recorded, as shown in Figure 3.

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



Source: CCK, Operators' Returns

## 1.2 Mobile Money Transfer

At the end of the quarter under review, there were 17.3 million registered mobile money transfer subscriptions in the country down from 17.4 million registered in the previous period. This represents a decline of 0.1 per cent from the previous period.

At the same time, the total amount of deposits made through the mobile phone was recorded at 48 billion from 41 billion reported in the previous period. A summary of mobile money transfer is as shown in table 3.

**Table 3: Mobile Money Transfer**

Mobile Money Transfer	Apr-Jun 11	Jan-Mar 11	Quarterly % Change
Number of Subscriptions	17,395,727	17,411,758	-0.1
Total Deposits(KES)	48,270,524,917	41,473,928,545	16.4

Source: CCK, Operators Returns

## 1.3 Mobile Traffic and Usage Pattern

### 1.3.1 Voice Traffic

The quarter under review reported 6.24 billion minutes of local calls made on the mobile network against 6.06 billion minutes reported in the previous quarter (that is January 2011 to March 2011). This represents an increase of 2.9 percent consistent with the trend seen in mobile subscription growth. Compared to the same period in the previous year, a 3.2 percent growth was recorded. A summary in mobile traffic is shown in Table 4.

**Table 4: Local Mobile Voice Traffic in Minutes**

Traffic by type	Apr-Jun 10/11	Jan-Mar 10/11	Oct-Dec 10/11	Jul-Sep 10/11	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
<b>By Traffic Origin(Outgoing Traffic)</b>								
Own network-Own network	5,576,026,962	5,439,268,783	5,078,132,578	6,211,390,284	2.5	9.8	-10.2	4.3
Own network to other mobile networks	656,372,714	614,116,217	668,911,201	405,153,040	6.9	-1.9	62.0	250.4
Mobile network fixed network	13,902,683	14,988,250	19,904,340	13,935,614	-7.2	-30.2	-0.2	-63.8
<b>Total traffic origination(Outgoing)</b>	<b>6,246,302,359</b>	<b>6,068,373,250</b>	<b>5,766,948,119</b>	<b>6,630,478,938</b>	<b>2.9</b>	<b>8.3</b>	<b>-5.8</b>	<b>3.2</b>
<b>By Traffic Termination(Incoming Traffic)</b>								
Own network-own network	5,576,026,962	5,439,268,783	5,078,132,578	6,211,390,284	2.5	9.8	-10.2	4.3
Other mobile networks - own network	637,767,468	664,064,246	689,193,407	404,189,936	-4.0	-7.5	57.8	236.6
Fixed network-Mobile network	47,763,363	35,662,107	40,300,255	13,935,614	33.9	18.5	242.7	665.8
<b>Total traffic termination(Incoming traffic)</b>	<b>6,261,557,793</b>	<b>6,138,995,136</b>	<b>5,807,626,240</b>	<b>6,629,515,834</b>	<b>2.0</b>	<b>7.8</b>	<b>-5.6</b>	<b>4.0</b>

Source: CCK, Operators' Returns

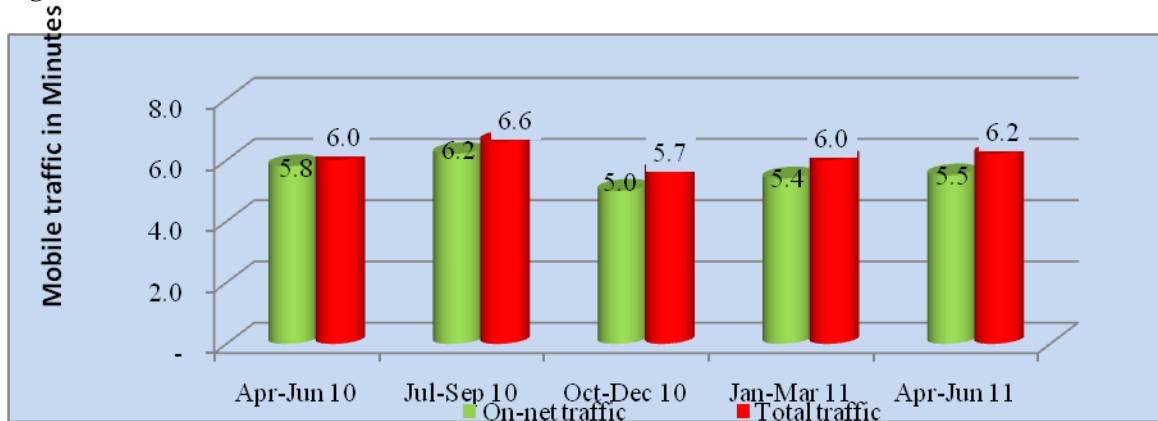
The number of voice minutes received on all mobile networks was 6.26 billion compared to 6.13 billion minutes received during the previous quarter. This represents 2.0 percent increase from the previous quarter and 4.0 percent increase compared to the same quarter of the previous year.

Traffic across other mobile networks has continued to show an upward trend over the period. During the quarter under review, it was recorded at 656 million minutes from 614 million minutes in the previous quarter, representing 6.9 percent increase. Compared to the same quarter of the previous year, 250.4 percent increase is recorded. This steady growth in traffic across networks could be attributed to tariff reduction that has subsequently seen a reduction in the on-net and off-net tariff differentials.

During the quarter under review, a decline of mobile to fixed traffic of 7.2 percent was experienced. Compared to the same quarter of the previous year, 63.8 percent decline is recorded. Moreover, traffic from mobile to fixed network has experienced a downward trend over the last three quarters. This could be as a result of decreased fixed line subscriptions. However, traffic from fixed to mobile networks increased to 47 million minutes from 35 million minutes reported in the previous quarter, representing 33.9 percent increase. The increase may be attributed to a continued in the mobile telephony subscriptions.

The intra-network traffic contributed the biggest proportion of the total traffic of 89.3 per cent. However, this is a marginal drop from 89.6 percent reported in the previous quarter and 96.3 percent for the same quarter of the previous year. This decline shows that there has been a decrease in on-net activity and an increase in off-net activity resulting from reduced on-net/off-net price differentials. The differential continues to narrow as a result of low termination rates which led to a near convergence of on-net and off-net calling rates. The growth in mobile traffic is as illustrated in Figure 4.

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

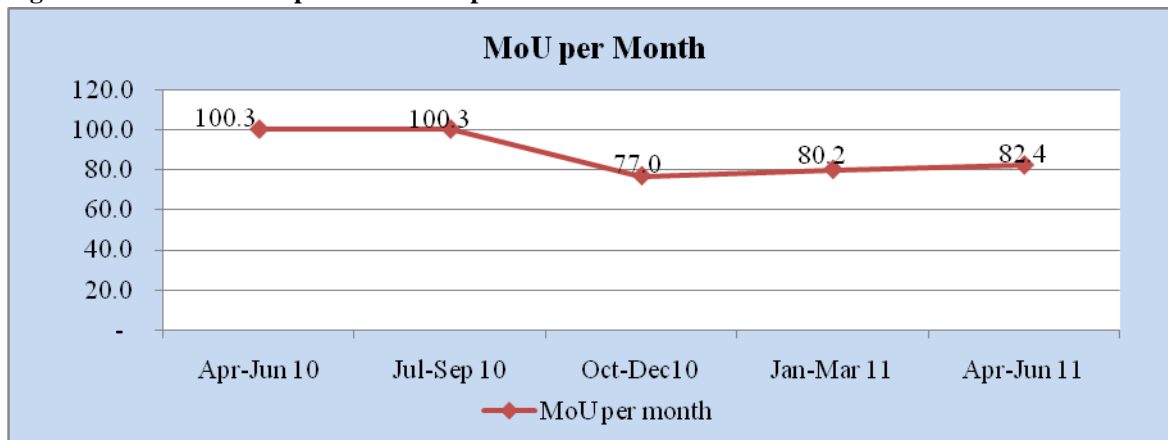


Source: CCK, Operators' Returns

### 1.3.2 Minutes of Use

As illustrated in Figure 5, the Minutes of Use per subscriber per month during the period under review increased by 2.7 percent to 82.4 compared to 80.2 minutes reported in the previous quarter. This increase which is proportionate to the growth in mobile subscriptions during the period could be attributed to affordable tariffs and increased competition in the mobile market segment. However compared to the same period of the previous year, there was 17.9 percent reduction.

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



Source: CCK, Operators' Returns

The use of short messaging service has continued to decrease over the years, during the quarter under review, Q4 10/11, a total of 641 million text messages were reported sent. This was a decline of 4.0 percent from 668 million messages sent during the previous quarter. This trend was also recorded during the same period of the previous year as there was 16.8 percent decline in total SMS. The decline is attributed to the reduction in retail tariffs and aggressive promotional offers on voice calls by operators. A summary of growth in SMS is as shown in Table 5.

**Table 5: Short Messaging Service**

SMS	Apr-Jun 10/11	Jan-Mar 10/11	Oct-Dec 10/11	Jul-Sep 10/11	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
SMS Sent	641,729,711	668,653,338	571,666,103	740,772,622	-4.0	12.3	-13.4	-16.8
SMS per Subscriber per Month	8.5	8.8	7.6	11.2	-4.3	10.9	-24.5	-33.8

Source: CCK, Operators' Returns

The number of SMS sent per subscriber per month declined by 4.3 percent from 8.8 text messages in the previous quarter to 8.5 messages in the quarter under review. This decline could be attributed to the lower calling rates associated with competitive tariffs and promotional offers offered by operators in the market, during the period under review.

### 1.3.3 Roaming Traffic

Over the last one year, the use of international roaming has continued to increase as the service was opened up to the pre-paid subscribers. During the quarter under review roaming out<sup>3</sup> voice traffic was 33.7 million minutes up from 29.0 million minutes reported in the previous quarter. This represented a 16.1 percent increase compared to the previous period and a 70.3 percent increase compared to the same period of the previous year.

Similarly, the number of roaming in<sup>4</sup> voice traffic increased to 5.9 million minutes from 5.7 million minutes in the previous quarter representing 2.7 percent increase during the quarter under review. This is an increase of 31.4 percent compared to the same quarter of the previous year. A summary of roaming traffic is shown in Table 6.

<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 on national networks.

**Table 6: Roaming Traffic**

Roaming Traffic	June-11	Mar-11	Dec-10	Sep-10	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
Roaming voice minutes own on foreign networks	33,753,318	29,073,611	29,958,271	24,386,746	16.1	12.7	38.4	70.3
Roaming voice minutes foreign subscribers on local network	5,900,953	5,747,616	4,840,847	7,472,120	2.7	21.9	-21.0	31.4
Roaming messages own subscribers on foreign networks	6,834,280	5,605,143	8,412,791	6,718,069	21.9	-18.7	1.7	-11.5
Roaming messages foreign subscribers on local network	4,484,562	6,104,844	5,292,940	5,374,911	-26.5	-15.3	-16.6	33.1

Source: CCK, Operators' Returns

During the quarter, 6.8 million roaming out messages were recorded compared to 5.6 million messages reported in the previous period. This represents 21.9 percent increase as opposed to the same period of the previous year, when a decline of 11.5 percent was recorded. On the other hand, the number of roaming in messages reduced by 26.5 percent from 6.1 million messages to 4.4 million messages during the quarter under review. Compared to the same period of the previous year, this was an increase of 33.1 percent.

### 1.3.4 International Mobile Traffic

During the quarter, international incoming mobile voice minutes of 149 million were recorded against 138 million minutes in the previous quarter, an increase of 8.0 percent. Compared to the same quarter of the previous year, this represents a decline of 10.5 percent. Similarly, international outgoing traffic recorded 2.2 percent increase to 146 million minutes from 143 million minutes in the previous period and 148.6 percent increase compared to the same period of the previous year. This continued upward trend in international outgoing traffic could be attributed to reduction in international tariffs. For instance Band A which includes countries like USA, Canada and China are currently charging as low as KES 3.00 per minute. The international mobile traffic is shown in Table 7.

**Table 7: International Mobile Traffic (Minutes)**

International mobile traffic in minutes	Apr-Jun 10/11	Jan-Mar 10/11	Oct-Dec 10/11	Jul-Sep 10/11	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
International incoming mobile voice minutes	149,212,606	138,219,588	150,716,492	167,061,300	8.0	-1.0	-10.7	-10.5
International outgoing Mobile minutes	146,250,680	143,176,153	127,735,309	88,678,425	2.2	14.5	64.9	148.6

Source: CCK, Operators' Returns

## 1.4 Mobile Revenue and Investment

As shown in Table 8, mobile revenue has been growing steadily over the years. During the year 2010, a total of KES 104 billion was realized as revenue from mobile services. This was 15.7 percent increase compared to 2009.

**Table 8: Mobile Revenue and Investment (KES)**

	2010	2009	2008	2007	% Change over 2009	% Change over 2008	% Change over 2007
Mobile revenue(KES Millions)	104,552*	90,394*	72,625	57,998	15.7	44.0	80.3
ARPU per month(KES)	348.94	389.00	376.56	425.85	-10.3	-7.3	-18.1
Mobile investments(KES Millions)	27,126*	40,260*	29,436	21,221	-32.6	-7.8	27.8

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

In 2010, the Average Revenue Per User (ARPU) per month reduced to KES 348.94 from KES 389.00 in 2009 as a result of reduced calling rates. Total investment in the mobile sub-sector in 2010 reduced by 32.6 percent to KES 27 billion from 40 billion reported in 2009.

## 1.5 Employment in the Mobile Sector

At the end of June 2011, there was a total of 5,827 staff employed in the mobile sector of which 35 percent are women. A summary of staff employed in the sector over the period is as shown in Table 9.

**Table 9: Staff in Mobile Service**

Staff	Jun-11	Jun-10	Jun-09	Jun-08	% Change Jun-10	% Change over Jun-09	% Change over Jun-08
Male staff	3769	3817	1410	1381	-1.3	167.3	172.9
Female staff	2058	2052	977	967	0.3	110.6	112.8
Total staff	5827*	5869*	2387	2348	-0.7	144.1	148.2

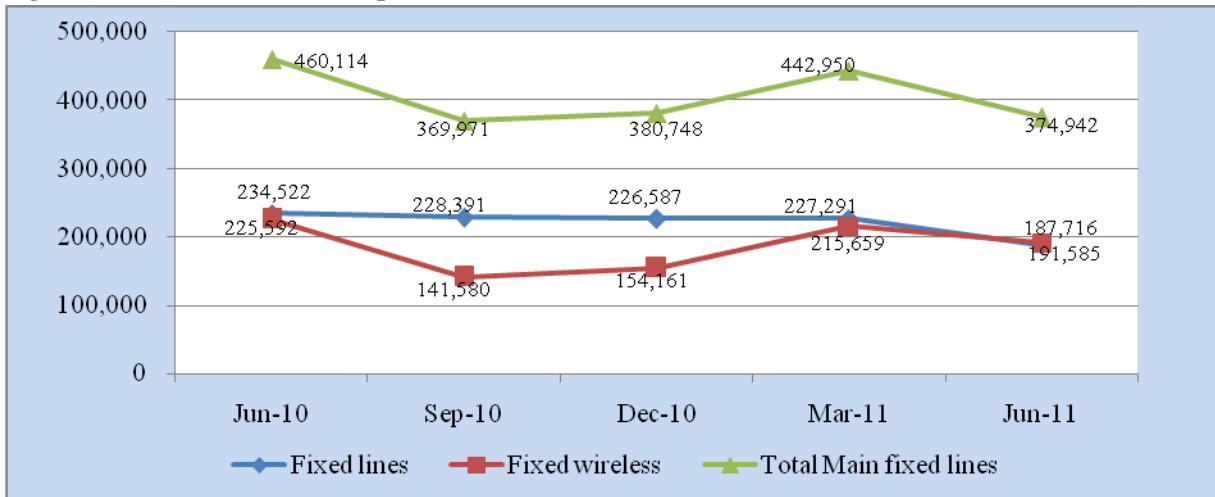
Source: CCK, Operators Returns, (\*) includes Telkom Fixed Network Staff

## 2. FIXED TELEPHONE SERVICE

### 2.1 Subscriptions

At the end of the period under review, there was 15.4 percent decline in fixed line (fixed terrestrial lines and fixed wireless) to 374,942 from 442,950 reported in the previous quarter. Compared to the same period of the previous year, this represented a decline of 18.5 percent. The decline is a reflection of the continuous trend of fixed-to-mobile substitution. High maintenance costs of the fixed line as a result of continued vandalism could also have contributed to this decline. The fixed network subscription is shown in Figure 6.

**Figure 6: Fixed Network Subscriptions**



Source: CCK, Operators Returns

### 2.2 Fixed Network Traffic

There was a 13.2 percent increase of local voice traffic on the fixed line network<sup>5</sup> of 103 million minutes during the quarter against 91 million minutes recorded in the previous quarter. The total fixed line on-net traffic was recorded as 56 million minutes which represents 54 percent of the total traffic recorded during the period under review. Although the fixed line subscriptions have continued to record a downward trend, the fixed to mobile traffic continues to show a positive trend possibly due to the narrowing down of tariff differentials as a result of reduction in local tariffs. This is shown in Table 10.

<sup>5</sup> Fixed line network include fixed line and fixed wireless.

**Table 10: Local Fixed Network Traffic in Minutes**

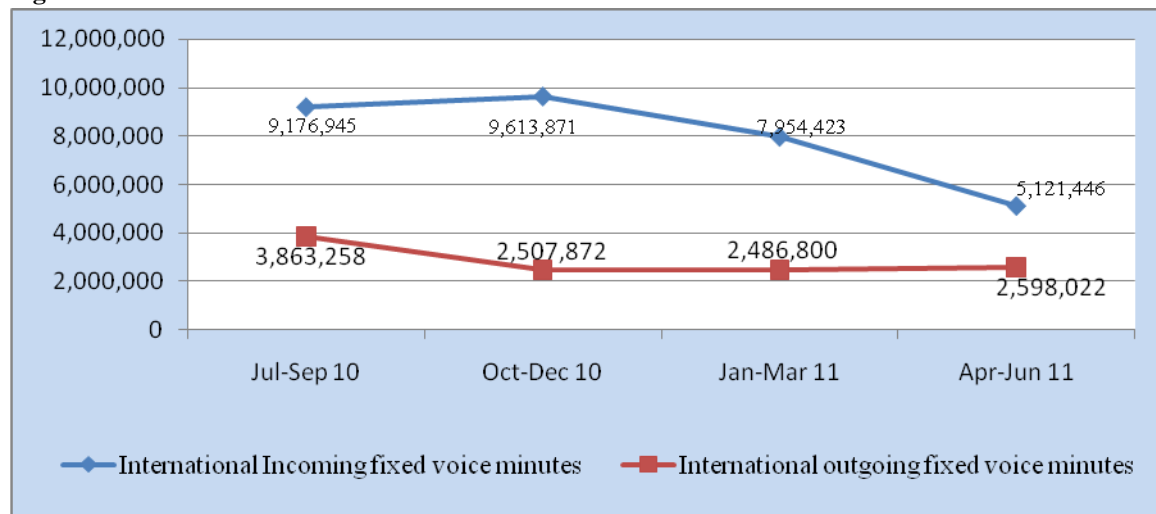
Local fixed line traffic	Apr-Jun 10/11	Jan-Mar 10/11	Oct-Dec 10/11	Jul-Sep 10/11	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
Intra-network traffic(Fixed-Fixed)	56,029,067*	56,029,067	56,212,335	8,083,941	0.0	-0.3	593.1	DNA
Fixed to other network(Mobile and LLOs)	47,776,137	35,681,607	40,362,555	13,935,614	33.9	18.4	242.8	458.4
<b>Total Local Fixed network traffic</b>	103,805,204	91,710,674	96,574,890	22,019,555	13.2	7.5	371.4	-

Source: CCK, operators' Returns, DNA - Data Not Available.

The quarter under review recorded 5 million minutes of international incoming fixed line voice traffic against 7 million minutes recorded in the previous quarter, posting a decline of 35.6 percent from the previous quarter. Compared to the same period of the previous year this was a decline of 58.5 percent. The continued decline in the international incoming fixed line voice traffic is an indication of stiff competition from mobile operators which is eroding the incoming traffic volume from the fixed line. Essentially, the 8 percent growth in voice traffic to mobile network may have partially offset this reduction.

The international outgoing fixed line voice traffic grew by 4.5 percent from 2.4 million minutes in the previous quarter to 2.5 million minutes during the quarter under review. The growth in international fixed line voice traffic is as illustrated in Figure 7.

**Figure 7: International Fixed Line Network Voice Traffic**



Source: CCK, Operators' Returns

### 3. DATA AND INTERNET SERVICE

#### 3.1 Subscriptions

By the end of the quarter under review, Quarter 4 of 2010/11, there were 4.2 million internet subscriptions representing 10.9 percent growth from the previous period. Compared to the same period of the previous year, this was an increase of 37.5 percent. Satellite subscriptions increased by 6.5 percent to record 960 subscriptions from 901 subscriptions reported in the previous quarter. The mobile data/internet subscriptions through GPRS/EDGE and 3G continue to be the most popular mode of accessing internet accounting for 98 percent of the total internet subscriptions. A summary of internet subscriptions is as shown in Table 11.

**Table 11: Internet Subscriptions**

Internet/Data subscriptions	June-11	Mar-11	Dec-10	Sep-10	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
Total internet subscriptions	4,258,287	3,840,335	3,296,975	3,230,023	10.9	29.2	31.8	37.5
Mobile data/internet subscriptions	4,189,720	3,785,531	3,257,100	3,192,667	10.7	28.6	31.2	36.9
Terrestrial wireless data/internet subscriptions	29,979	22,420	17,965	15,907	33.7	66.9	88.5	35.4
Satellite data/internet subscriptions	960	901	921	839	6.5	4.2	14.4	0.7
Fixed DSL data/internet subscriptions	15,168	13,633	12,413	12,216	11.3	22.2	24.2	57.5
Fixed fiber optic data/internet subscriptions	22,460	17,850	8,576	8,369	25.8	161.9	168.4	422.0
Fixed cable modem subscriptions	-	-	-	25	-	-	-	-
Total Internet users <sup>6</sup>	<b>12,538,030</b>	<b>11,033,662</b>	<b>8,884,850</b>	<b>8,689,304</b>	13.6	41.1	44.3	60.1

Source: CCK, Operators' Returns, (-) Data Not Available

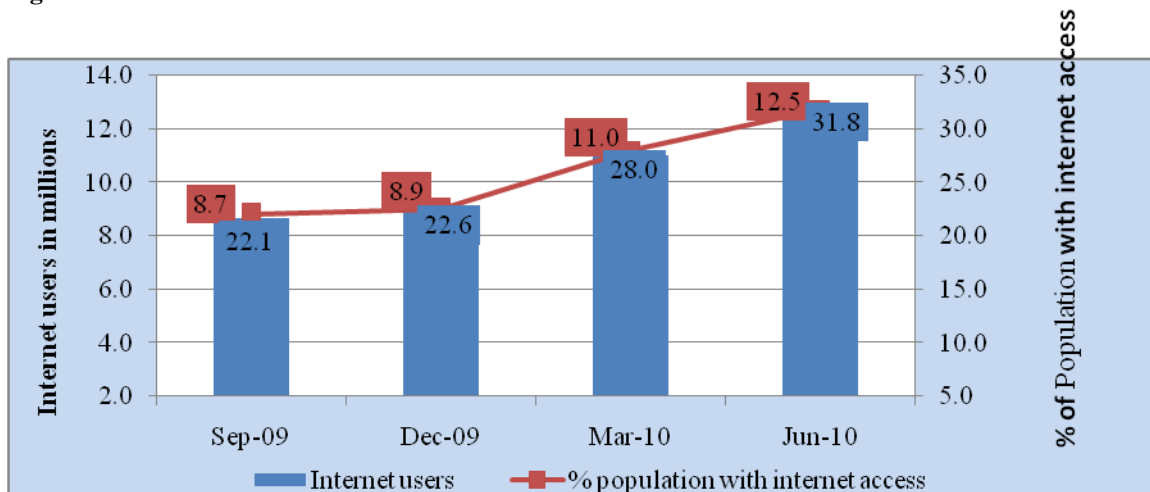
At the end of the quarter, there were an estimated 12.5 million internet users compared to 11 million reported in the previous quarter, representing an increase of 13.6 percent. Compared to the same period of the previous year this represented 60.1 percent increase. This continued growth is an indication that the operators have indeed increased focus on the data market with aggressive promotions to acquire new subscriptions.

During the quarter, 31.8 percent of the population had access to the Internet, representing 3.8 percentage point increase from the previous quarter and 11.9 percentage point

<sup>6</sup> Internet users is estimated by multiplying by 2 the number of mobile data/internet subscriptions, by 10 terrestrial wireless subscriptions, and by 100 fixed DSL, Fiber 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 of CCK.

increase compared to the same period of the previous year. The summary in the growth of internet users and internet access is as illustrated in Figure 8.

**Figure 8: Internet Penetration**



Source: CCK, Operators' Returns

Mobile operators continue to dominate the Internet market with more than 98 percent of Internet market share being through the mobile platform. The summary of internet subscriptions by operator is as shown in Table 12.

**Table 12: Internet Subscriptions by Operator**

Name of operator	June-11	% Market Share Jun-11	Mar-11	% Market Share Mar-11
Safaricom Ltd	3,584,283	84.17	3,488,932	90.85
Celtel Kenya Ltd	496,509	11.66	214,500	5.59
Telkom Orange	108,926	2.89	82,102	2.48
Telkom fixed	13,933		13,1511	
Kenya data networks	21,660	0.51	5451	0.14
Communication Solutions(Access Kenya) Ltd	10,100	0.24	6518	0.17
Wananchi Telkom Ltd	8,400	0.20	8400	0.22
Swift Global	1520	0.04	1200	0.03
Iway Africa	1410	0.03	1403	0.04
Flexible bandwidth	1198	0.03	1198	0.03
Call key Networks	816	0.02	798	0.02
Others	9,532	0.22	16,682	0.43

Source: CCK, Operators' Returns

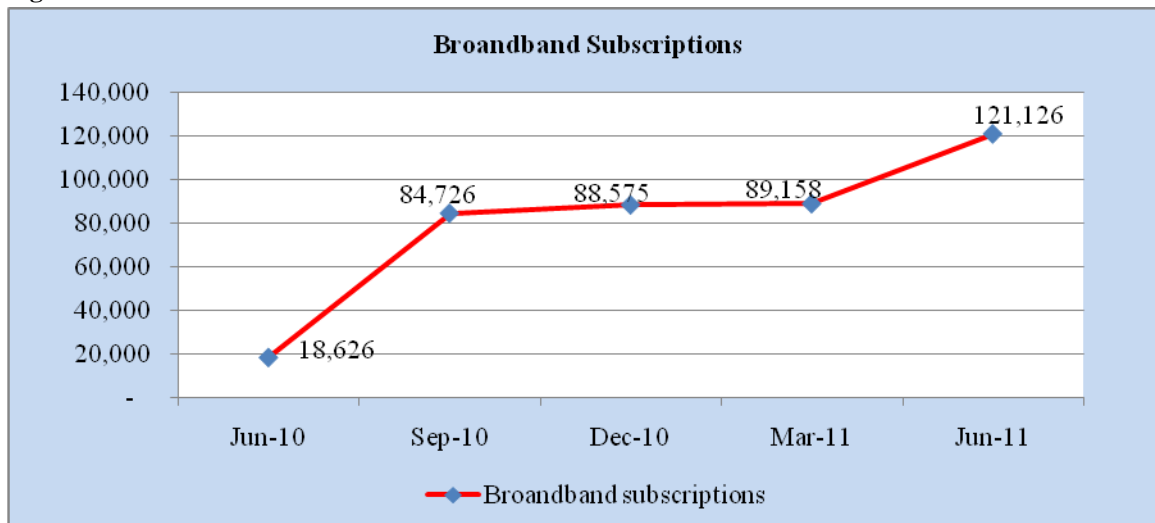
### 3.2 Broadband

At 30<sup>th</sup> June 2011, there were 121,126 broadband<sup>7</sup> subscriptions in the country. This was an increase of 35.9 percent during the period and 550.3 percent increase compared to the same period of the previous year. Even though there has been gradual growth in the

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

number of broadband subscriptions, the number represents only 2.8 percent of the total internet subscriptions. Growth in broadband subscriptions is shown in Figure 9.

**Figure 9: Internet Penetration**



Source: CCK, Operators' Returns

### 3.3 International Connectivity

As shown in Table 13, the total international internet bandwidth available in the country was 5,131,237.12Mbps at the end of the quarter under review, representing a 25-fold increase from the previous period. This increase is attributed to additional capacity by EASSy cable provider in the market.

**Table 13: International Available Internet Bandwidth (Mbps)**

International available internet bandwidth	June-11	Mar-11	Dec-10	Sep-10	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
Seacom-International internet capacity(Mbps)	79,626.24	79,626.24	79,626.24	79,626.24	0	0	0	0
Teams- International internet capacity(Mbps)	102,332.16	122,880	122,880	122,880	-16.7	-16.7	-16.7	-16.7
Telkom Kenya Ltd (EASSY)	4,949,278.72	-	-	-	-	-	-	-
<b>Total international internet bandwidth(Mbps)</b>	<b>5,131,237.12</b>	<b>202,506</b>	<b>202,506</b>	<b>202,506</b>	<b>2,433.9</b>	<b>2,433.9</b>	<b>2,433.9</b>	<b>2,433.9</b>

Source: CCK, Operators' Returns

Total international internet connectivity bandwidth increased to 32,270 Mbps from 20,119Mbps reported in the previous period. This represents an increase of 60.4 percent from the previous period and 58.3% increase compared to the same period of the previous year, as shown in Table 14.

**Table 14: International Internet Connectivity Bandwidth (Mbps)**

International connectivity internet bandwidth	June-11	Mar-11	Dec-10	Sep-10	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
International undersea internet connectivity bandwidth(Mbps)	32,151.52	20,000	20,000	20,000	56.9	56.9	56.9	56.9
International satellite internet connectivity bandwidth	119	119	209.56	209.56	0	-43.2	-43.2	-69
<b>Total international internet connectivity bandwidth(Mbps)</b>	<b>32,270.52</b>	<b>20,119</b>	<b>20,209.56</b>	<b>20,209.56</b>	<b>60.4</b>	<b>59.7</b>	<b>59.7</b>	<b>58.3</b>

Source: CCK, Operators' Returns; (\*) Provisional

The satellite connectivity bandwidth continued to decline from 209.56Mbps recorded in December 2010 to 119Mbps in the period under review. This demonstrates the continual decline of reliance on satellite to the more affordable submarine cables.

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

The revenues in the data market have been on an upward trend over the years. In the year 2010 a total of KES 148 billion was generated in the data/internet market. This was an increase of 1.5 percent from 2009. This growth is more than 20-folds over the last four years as shown in the Table 15.

**Table 15: Revenue and Investment in the Data/Internet Market\***

	2010	2009	2008	2007	% Change over 2009	% Change over 2008	% Change over 2007
<b>Mobile Revenue(KES Millions)</b>	148,033	145,800	7,595	7,370	1.5	1849.1	1908.6
<b>Mobile Investments (KES Millions)</b>	29,361	53,870	1,171	833	-45.5	2407.3	3424.7

\* Note that revenue in the data market are not inclusive of the data revenues from the mobile sector.

Source: CCK, Operators' Returns

Despite the growth in the revenue in the data market, investments declined by 45.5 percent in 2010 from KES 53 billion in 2009 to KES 29 billion in 2010. This is attributed to heavy initial investments made in this market segment.

### 3.5 Employment in the Data/Internet Market

At the end of June 2011, there was 7,482 staff employed in the data/internet market in the country. This was an increase of 6.7 percent compared to the same period of the previous year that had recorded 7,010 staff.

**Table 16: Employment in Data/Internet Market**

	Jun-11	Jun-10	% Change
<b>Male staff</b>	4,947	4,595	7.7
<b>Female staff</b>	2,535	2,415	5.0
<b>Total staff</b>	7,482	7,010	6.7

Source: CCK, Operators' Returns

## 4. POSTAL AND COURIER SERVICE

### 4.1 Postal Traffic

During the quarter, 24 million letters were sent compared to 23 million letters recorded in the last quarter, thus representing an increase of 3.1 percent. Compared to the same quarter of the previous year, a decline of 17.2 percent was recorded. This could be an indication that customers have resulted in accessing less expensive and faster alternative means of communications. Postal and courier traffic is shown in Table 17.

**Table 17: Postal and Courier Traffic**

Indicator	Apr-Jun 10/11	Jan-Mar 10/11	Oct-Dec 10/11	Jul-Sep 10/11	% Change over Mar-11 (3mths)	% Change over Dec-10 (6mths)	% Change over Sep-10 (9mths)	% Change over Jun-10 (12mths)
Number of letters posted locally	24,260,815	23,540,914	29,536,992	31,697,050	3.1	-17.9	-23.5	-17.2
Total courier items sent locally	407,488	424,719	316,310	203,928	-4.1	28.8	99.8	126.0
International incoming letters	115,477	112,162	130,044	101,595	3.0	-11.2	13.7	-57.7
International outgoing letters	1,818,304	1,499,808	1,777,095	1,343,044	21.2	2.3	35.4	28.8

Source: CCK, Operators' Returns (\*) Provisional

The number of courier items sent decreased by 4.1 percent to record 407,488 items during the quarter down from 424,719 items reported in the previous quarter. Compared to the same period of the previous year, a sharp growth of 126 percent was recorded.

International incoming letters experienced an increase of 3.0 percent. Compared to the same period of the previous year, this was a decline of 57.7 percent. Similarly, the international outgoing letters experienced a significant growth of 21.2 percent from 1.4 million letters in the previous quarter to 1.8 million letters during the quarter under review. Although the growth in international incoming traffic is not proportional to the outgoing traffic, the general trend could be attributed to the blend in feedback mechanism to complete the communication circle.

### 4.2 Postal and Courier Employment

At the end of June 2011, a total of 5,720 staff was employed in the postal and courier sector in the country representing a decline of 2.5 percent compared to the same period of the previous year. The total female staff was recorded at 2,333 representing 41 percent of the total employees in the sub-sector. A summary of postal and courier employees is shown in Table 18.

**Table 18: Postal and Courier Employment**

	<b>Jun-11</b>	<b>Jun-10</b>	<b>Jun-09</b>	<b>Jun-08</b>	<b>% Change Jun-10</b>	<b>% Change over Jun-09</b>	<b>% Change over Jun-08</b>
<b>Male staff</b>	3,387	3,401	2,579	2,256	-4.1	31.3	50.1
<b>Female staff</b>	2,333	2,463	2,472	2,369	-5.3	-5.6	-1.5
<b>Total staff</b>	5,720	5,864	5,051	4,625	-2.5	13.2	23.7

Source: CCK, Operators' Returns

## 5. CONCLUSION

The telecommunication sector has shown a positive trend over the period except for fixed line services that have been on a downward trend. Even though the number of mobile subscriptions increased marginally during the period, two mobile operators experienced positive gains during the period while two operators reported negative gains in their networks during the period. With intensified competition likely to continue in a bid to garner new subscriptions, this will inevitably grow the number of subscriptions in the coming period although the growth experienced might be marginal as the trend has been in the last two quarters.

The robust growth reported in the mobile data/internet market is an indication that this is the next frontier for service diversification by the operators as the voice market becomes saturated. The Internet market is expected to remain on a growth trajectory as mobile operators continue concentrating on this service in a bid to sustain and/or increase revenues as well as service innovation to meet consumer demands.

The growth in Internet usage has continued to rise with the mobile handset being the most popular medium of access. This could be attributed to intense promotions especially the use of social sites such as face book and twitter and consequently their popularity among the youth. In the last five years the number of new Internet users was recorded as more than 10 million. The proportion of the population with internet access accounted for 31.8 per cent, which is still below other services such as the mobile telecommunications. New service innovations, product differentiation as well as competitive pricing may be required to stimulate this sub-sector further.

The international capacity available in the country was recorded at 5,131,237.12 Mbps during the period. Total usage remained below 1.0 percent implying that a lot of capacity still remains unutilized. In line with the Medium Term Plan (MTP) 2008-12 towards achievement of Vision 2030, the strategy to develop and digitize local content as well as create online databases for provision of information could contribute significantly towards making use of this unutilized capacity.

In the postal sub-sector, there was marginal growth in local mail during the period. Previous periods recorded a decline in this service, an indication that the telecommunication sector has had an impact on the postal/courier sub-sector. Development of new products and services to meet new customer demands and expectations as well as utilization of ICTs could play a key role in shaping the future prospect of this subsector.

Author: CCK