

Trends in Telecommunications in Grenada 2009-2010

Overview

The Grenada economy was projected to shrink a further 0.89 per cent in 2010, following a 7.65 per cent decline in 2009. In the face of this economic decline, the communications sector's contribution to real GDP was expected to fall from 12.48 per cent to 12.27 per cent.

The overall performance of the sector was somewhat lackluster for the review period with most indicators remaining flat or declining, with the notable exception of internet service subscription which shot up 17 per cent. Overall operator reported revenue contracted six per cent to roughly \$142 million or eight per cent of GDP. The overall reduction in revenue was mainly due to falling fixed line service revenue which accounted for 28 per cent of total revenue down from 36 per cent in the previous period. Investment in the sector also fell an estimated 50 per cent to \$18 million, while direct employment in the sector held firm at 268 employees.

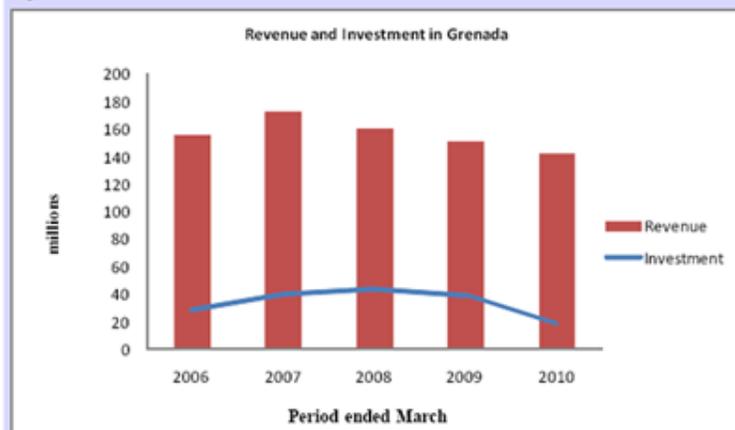
Fixed line and mobile service penetration remained relatively flat at 25.8 per cent and 105.8 per cent respectively. Notwithstanding, there was a notable increase in internet and broadband subscribers for the year ending March 2010. The 17 per cent increase in subscribers, which resulted in a 12 per cent penetration rate, was largely due to aggressive marketing and promotional campaigns and the presence of a second provider of internet services.

The major development in the sector during the period was the launch of fixed voice service by Columbus Communications (FLOW), which added the provision of fixed voice to its existing line-up of cable TV and internet access services. The launch of this new fixed voice service meant that there was now an alternative to the incumbent in all major telecommunications markets in Grenada.

Market Players

Digicel, Cable & Wireless (LIME), Southern Caribbean Fiber and Columbus Communications (FLOW) remained the only active operators in the telecommunications sector in Grenada at the end of the review period. While licences have been issued to other players, they have yet to launch operations. The mobile market continued to be dominated by LIME and Digicel while internet and broadband services were available from LIME and FLOW.

Figure 4.1: revenue and Investment in Grenada



Source: ECTEL/operators
includes estimates where ECTEL did not receive data from operators

Domestic Fixed Voice Service

During the review period, FLOW, which had previously offered cable TV and internet services, launched its fixed voice service. Despite this, activity in the fixed voice market was relatively subdued. Following a two per cent drop in 2009, the total number of subscribers rose just half a per cent to 28,500 at March 2010. The small increase was mainly due to an increase in business subscribers, which offset the continued fall in residential subscriptions. Three per cent less minutes originated from the fixed voice network at the end of the review period. Local fixed voice minutes totalled 43 million compared to 42 million minutes at March 2009. On-net fixed minutes, which still accounts for a significant proportion, 81 per cent, of local fixed minutes, grew five per cent to an estimated 35 million minutes.

In contrast fixed to mobile minutes fell 10 per cent to 75 million minutes. Rates for the fixed line service which are set under a Price Cap plan (PCP) remained unchanged during the review period. The monthly rental remained at \$26.40, the peak fixed to fixed calling rate was 7 cents per minute, and the peak fixed to mobile calling rate was 71 cents per minute.

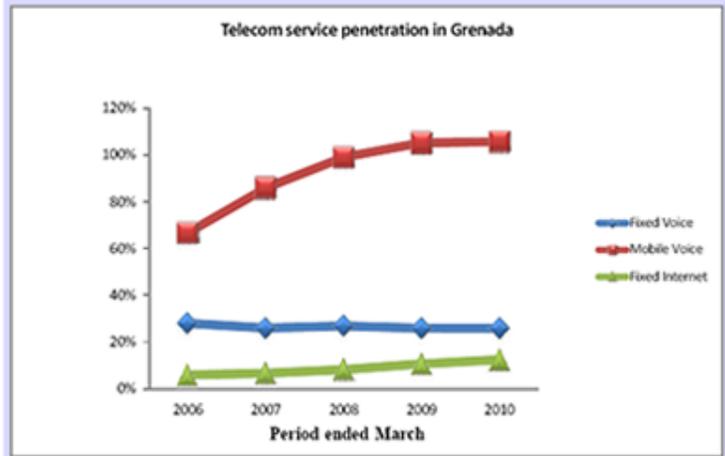
Domestic Mobile Service

The number of mobile subscribers in Grenada was recorded at 116,800 at the end of the review period, an increase of just 1.2 per cent; compared to an increase of 9 per cent which was recorded in the previous period.

This very modest increase in overall subscription

was largely due to a 10 per cent rise in postpaid subscriptions even as prepaid subscriptions, which accounted for 92 per cent of all subscriptions, remained flat. As a result of this small increase, mobile penetration rose seventy basis points to 105.8 per cent at March 2010. Despite the modest subscriber growth, there was continued activity in the mobile market in Grenada as operator reported revenue rose 18 per cent. In addition, local traffic originating on a mobile network was recorded at just over 290 million minutes, double the traffic for the previous period. This growth was driven mainly by significant increased on-net activity which accounted for more than 80 per cent of local mobile traffic. With this increased activity, mobile increased its share of total local traffic to 87 per cent up from 77 per cent.

Figure 4.2: Telecom Service Penetration in Grenada



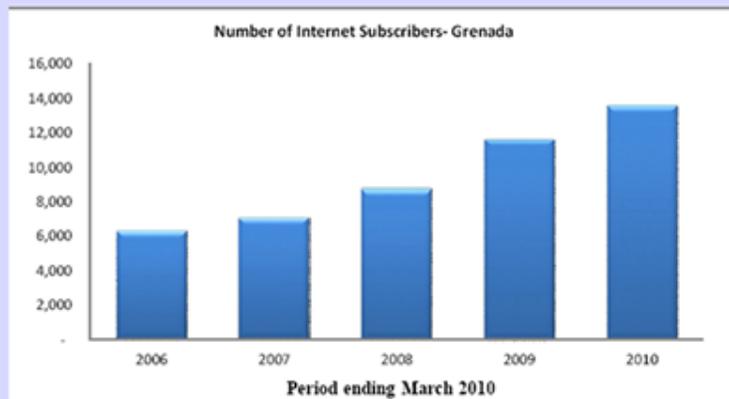
Source: ECTEL/operators
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Internet broadband Services

At March 2010, the number of internet subscribers increased 17 per cent to an estimated 13,600. This subscriber growth was attributed to growth in the number of cable modem subscribers, which almost doubled in the review period. Broadband is now the main platform used to access the internet and only a handful of subscribers, 1.4 per cent, still have dialup access. The market for internet access is becoming increasingly important to the overall sector but it is still a relatively small segment accounting for just 9 per cent of sector revenue. The rate for fixed broadband access remained unchanged at \$79 for 1 Mbps.

There was limited data on the use of mobile internet service in Grenada, and though providers offer mobile internet service to their customers it has not generally been sold as a front line service, but as part of their regular mobile subscription. Mobile operators offer data bundles to both prepaid and postpaid subscribers who can access this service with GPRS and EDGE enabled handsets.

Figure 4.3: Internet Subscribers in Grenada



Source: ECTEL/operators
includes estimates where ECTEL did not receive from operators