Kenya's mobile industry could turn Orange

In the last few years, mobile phone users in Kenya had become accustomed to the British (Safaricom/Vodacom) business modus operandi until the French (Telkom Kenya) entered the scene with their Orange brand. This has added a different flavour and style of business with twists in the Kenyan communications marketplace.

By Carole Kimutai 13 Oct 2008

Recent mobile data indicates that by June 2008, there were 14.3 million subscribers or 39% mobile population penetration in Kenya. Safaricom had approximately 11 million, with Zain just over three million. Using the mathematical theory of probability and statistics and all else being equal, Safaricom is at greates risk of losing subscribers to Orange.

So what does the entry of Orange mean to mobile subscribers? “The market essentially changed when Communication Commission of Kenya (CCK) published draft converged licences a few months ago. At th OECD ministerial meeting, 'The Future of the Internet Economy' held in Seoul, Korea from 17 - 18 June 2008, it was suggested that changes in policies and regulations might best focus on two principles promoting competition and protecting consumers. The true delivery of competition benefits leads to more affordable and equitable access and economic prosperity,” says Alex Gakuru, chairman, ICT Consumers Association of Kenya (ICAK).

The entry of Orange cannot be ignored more so by East Africa's most profitable company - Safaricom wh has reacted by reducing calling costs within certain hours. But most notable is a strategic move by Safaric to purchase of a 51% stake in One Communications, a small WiMax data service that is supposed to compliment their mobile data service offering. This will certainly have a ripple effect as internet service providers local loop operators will be compelled to re-define their business models as others consider consolidating their businesses or operations.

Old Telkom Kenya used to be an inefficient government corporation run along public service orientation. It was routinely criticised because of being an 'incumbent state monopoly' thus failed to flex its muscles far and well-enough out of concerns with state participation at stifling competition. With the Telkom-Orange de now in action, Telkom Kenya is fully in the private sector category - their situation so drastically changing from the 'hunted' turned hunter promising to shake the market.

In their quest to increase new mobile services, mobile companies it is feared, degrade existing services t 'encourage' customers to upgrade to their new better products and services. For example, more low cost and affordable internet/email GPRS technology that used to work on some phones stopped after the companies introduced expensive EDGE and 3G technologies (marketed as 'broadband' internet) on their networks.

In this case of fierce competition, natural competition will hopefully ensure better services at lower costs a freedom for subscribers to abandon displeasing providers.

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