

Hong Kong Telecom - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Hong Kong Telecom Market size is estimated at USD 7.61 billion in 2024, and is expected to reach USD 8.65 billion by 2029, growing at a CAGR of 2.60% during the forecast period (2024-2029).

Recent years have seen significant shifts in Hong Kong's telecom landscape. These changes are attributed to the government's initiatives to bolster the internet infrastructure, the surge in data consumption from businesses and individuals, the widespread adoption of 5G, and the continuous innovations from key telecom players in Hong Kong. The government's proactive approach has created a conducive environment for the telecom sector to thrive, encouraging investments and fostering competition among service providers.

Key Highlights

The advent of new technologies has ushered in a digital revolution, leading to a surge in internet users. Factors such as affordable smartphones and the introduction of 5G-capable devices have fueled the demand for mobile internet connections. Hong Kong's telecom sector focuses on the burgeoning 5G market, anticipating a rise in local service revenue as more users leverage faster download speeds to consume content. The increased accessibility of high-speed internet has also spurred the development of new applications and services, further driving the market's growth.

In Hong Kong, the telecom market is witnessing a notable surge, propelled by IoT and AI-led digital transformations. This surge fosters innovation, enhances services, and bolsters operational efficiency. Leading the charge, SmarTone is making substantial investments in its digital infrastructure to establish Hong Kong's premier 5G network,

boasting the broadest coverage. From strategic base station placements and meticulous installations to rigorous network testing and optimization, SmarTone is leveraging advanced technologies and innovative approaches. Its mission is to deliver unparalleled network experiences to each customer and spearhead Hong Kong's evolution into a globally recognized smart city.

Robust mobile penetration drives the growth of the telecom sector by increasing the demand for mobile services, data plans, and advanced technologies, such as 4G and 5G. High mobile usage leads to more significant investment in infrastructure, including cell towers and fiber optics, to support faster and more reliable networks. Increased connectivity enhances access to services and information, boosting consumer and business activities.

The emergence of stiff competition in the Hong Kong telecom market poses many challenges, including price wars, which may erode companies' profit margins. To maintain the market share, companies may have to invest in marketing and put more effort into customer retention. Moreover, intense competition can drive innovation and quality improvements but strain resources and lead to market saturation. Therefore, navigating this competitive landscape requires strategic agility and focusing on delivering value to customers.

In March 2024, the government published the Telecommunications Ordinance 2024 to provide a legal basis for the Communications Authority (CA) to grant authorized access for mobile network operators to install mobile communications facilities (MCFs) in reserved space, including specified new buildings (new and redeveloped commercial, industrial, residential and hotel buildings). This Amendment Ordinance was passed in the Legislative Council in February 2024.

Hong Kong Telecom Market Trends

5G Rollout in Hong Kong Expected to Drive the Market

Hong Kong's telecom sector is witnessing a surge, propelled mainly by the strategic rollout of 5G. Bolstered by robust infrastructure, government support, and a growing consumer base, this momentum is poised to continue as 5G-enabled services and applications evolve. The introduction of 5G technology is predicted to revolutionize various industries, including healthcare, manufacturing, and entertainment, by providing faster and more reliable connectivity.

Renowned for its telecommunications prowess, Hong Kong has emerged as a global leader in 5G coverage. This achievement stems from a deliberate expansion of 5G services, extending beyond urban hubs to encompass key landmarks, retail hubs, and natural reserves. To cement their 5G dominance, Hong Kong's electronics businesses are leveraging their early mover advantage, focusing on crafting top-tier, secure components and smart devices. These businesses' continuous investment in research and development ensures that Hong Kong remains at the forefront of technological innovation.

As per the Office of the Communications Authority (OFCA), Hong Kong's mobile operators are progressively activating their 700 MHz band base stations to offer 5G services. The 700 MHz spectrum, once designated for television, has been reallocated by the authority to bolster mobile telecommunications, aligning with Hong Kong's tech-forward initiatives. Consequently, mobile providers have swiftly rolled out 5G services on their 700 MHz band stations. This reallocation is part of a broader strategy to optimize spectrum usage and enhance the overall efficiency of the telecom network.

With a mandate from the local government, Hong Kong's mobile service providers are tasked with achieving 90% population coverage within five years across the 700MHz, 850MHz, and 2.5GHz to 2.6GHz frequency bands. In a recent auction, the government awarded 255 megahertz of spectrum across 19 blocks, fetching spectrum usage fees totaling HKD 1.87 billion (USD 240 million). This auction process underscores the competitive nature of the telecom market and the high value placed on spectrum resources.

The rising adoption of connected devices in homes and industries is bolstering Hong Kong's telecom market. Notably, the uptick in 5G coverage correlates with a surge in connected devices, underpinning the market's growth trajectory. By November 2023, the Office of the Communications Authority reported that Hong Kong boasted 6.4 million 5G mobile subscriptions. This increase in subscriptions highlights the growing consumer demand for high-speed internet and advanced mobile services.

As the region embraces more connected devices, the performance of IoT gadgets, sensors, and appliances hinges on their connectivity speed. With 5G, data transfer speeds are set to soar, a pivotal factor in the commercial success of these devices. The enhanced speed and reliability of 5G networks are expected to enable new applications and services, such as real-time remote monitoring and control, which were previously not feasible with older technologies.

Data and Messaging Services Segment Holds Significant Market Share

Data and messaging services in the country encompass various communication channels, such as the Internet and text messages provided by fixed and mobile networks. In Malaysia, this sector is experiencing growth due to the implementation of 5G services and the availability of fiber-based optical fixed internet connections. To meet the rising demand for data and messaging services, telecom providers are establishing partnerships, securing licensing agreements, expanding their fiber and copper-based network infrastructure, and deploying 5G services across the country.

In November 2023, Hong Kong Exchanges and Clearing Limited (HKEX) unveiled a fresh addition to its market data suite through a trial initiative, introducing an Enterprise Data Package and a decrease in fees for retail mobile subscribers. These modifications were implemented in December 2023. As HKEX conducts a comprehensive evaluation of its market data services, the exchange intends to collaborate with financial regulators and other interested parties to investigate additional methods to improve HKEX's market data services, such as refining the distinction between professional and non-professional data consumers.

In line with HKEX's dedication to enhancing retail investors' access to market data, the monthly fee for mobile market data service is expected to be decreased from USD 38 to USD 10, resulting in a 74% reduction for EPs or information vendors. This adjustment may allow mobile device users to obtain Level-1 real-time Hong Kong securities market data more competitively, promoting wider involvement. This move may also pave the way for HKEX to introduce tailored data packages for various users or user groups in the coming days.

According to OFCA, in November 2023, each broadband subscription in Hong Kong used an average of 7,414 megabytes of data, a slight decrease from 7,583 megabytes the previous month. Hong Kong's data usage reached over 182 million megabytes that month. Furthermore, by July 2023, there were close to 300 licensed Internet Service Providers (ISPs) in Hong Kong authorized to offer broadband services.

The market is witnessing acquisitions, investments, and collaborations among telecom providers to increase their market presence in mobile and fixed data services, showing the potential for the country's data and messaging services segment. In March 2024, HKT announced the implementation of the most recent 50G PON technology. This

move positioned HKT as the pioneering telecommunication service provider in Hong Kong to offer support for 50G applications using 50G PON technology.

Due to the rising mobile penetration rate and the expanding adoption of 5G services, numerous providers are continuously investing in and improving their data packages and service offerings. Such factors may drive the segment's growth significantly.

Hong Kong Telecom Industry Overview

The Hong Kong telecom market is semi-consolidated. Major players include Hong Kong Broadband Network Limited (HKBN), Hong Kong Telecommunications (HKT) Limited, China Mobile Hong Kong Company Limited, SmarTone Telecommunications Holdings Limited, and Hutchison Telecommunications Hong Kong Holdings Limited. Players in the market are adopting partnerships and acquisitions, which help them enhance their product offerings and gain a sustainable competitive advantage.

In May 2024, HKBN Hong Kong and AXA Macau strategically partnered to offer comprehensive home insurance protection to all HKBN customers. AXA's strategic alliance with HKBN aims to provide all-inclusive peace of mind to households by integrating home insurance with HKBN's home broadband service. Customers purchasing home broadband service will benefit from comprehensive home protection, such as dual guarantee home broadband, home network security, and home asset protection.

In March 2024, Hong Kong Telecom (HKT) adopted the latest 50G PON technology, becoming the first telecommunication service provider in Hong Kong to support 50G applications using 50G PON technology. This prepares HKT for the delivery of an ultra-high-speed, multi-device, and ultra-low-latency network experience for both consumers and commercial customers. The 50G fiber broadband offers a significant step up in speed, with a specification download speed of up to 50Gbps. This development positions HKT at the forefront of technological advancements in the telecommunications sector, ensuring they meet the growing demand for internet services, which are faster and more reliable.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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