French Telecoms Update 2024: Opportunities for Growth

Discover insights from Omdia's latest research into France's telco landscape

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Key findings from Omdia's research

- **Fiber remains a priority for French telcos, as France moves rapidly to all fiber** – however, the broadband market in France is nearing saturation point.

- **French operators are expanding their 5G footprint** – although 5G subscriber base growth appears sluggish in 2023-2024 due to 5G rollout delays.

- **Service revenue is expected to grow only moderately** – Omdia forecasts mobile service revenue will grow by 1% CAGR between 2023 and 2029 – while broadband service revenue will grow by 3% CAGR between 2023 and 2029.

Omdia's recommendations for French service providers

Facilitate 5G adoption

French operators need to improve 5G coverage, particularly in rural areas. They also need to improve take-up rates by facilitating device upgrade cycles to monetize their infrastructure investments. Telcos must invest in standalone (SA) networks to gain the full benefits of 5G.

Make transparent pricing strategies

Service providers need to ensure they have clear and transparent pricing strategies. Pricing information needs to be disclosed in advance so that the customers can make informed decisions and opt out if necessary.

Encourage 5G FWA growth and adoption

The French government should encourage the deployment of 5G fixed wireless access (FWA) to boost broadband affordability in the areas where fiber deployment is not currently feasible. FWA remains a niche technology in France, with a 1.40% share in the technology mix at end-2023.

Has stagnation hit France’s mobile operators?

Examination of mobile service revenue for France’s major mobile operators reveals a trend towards a stalling market.

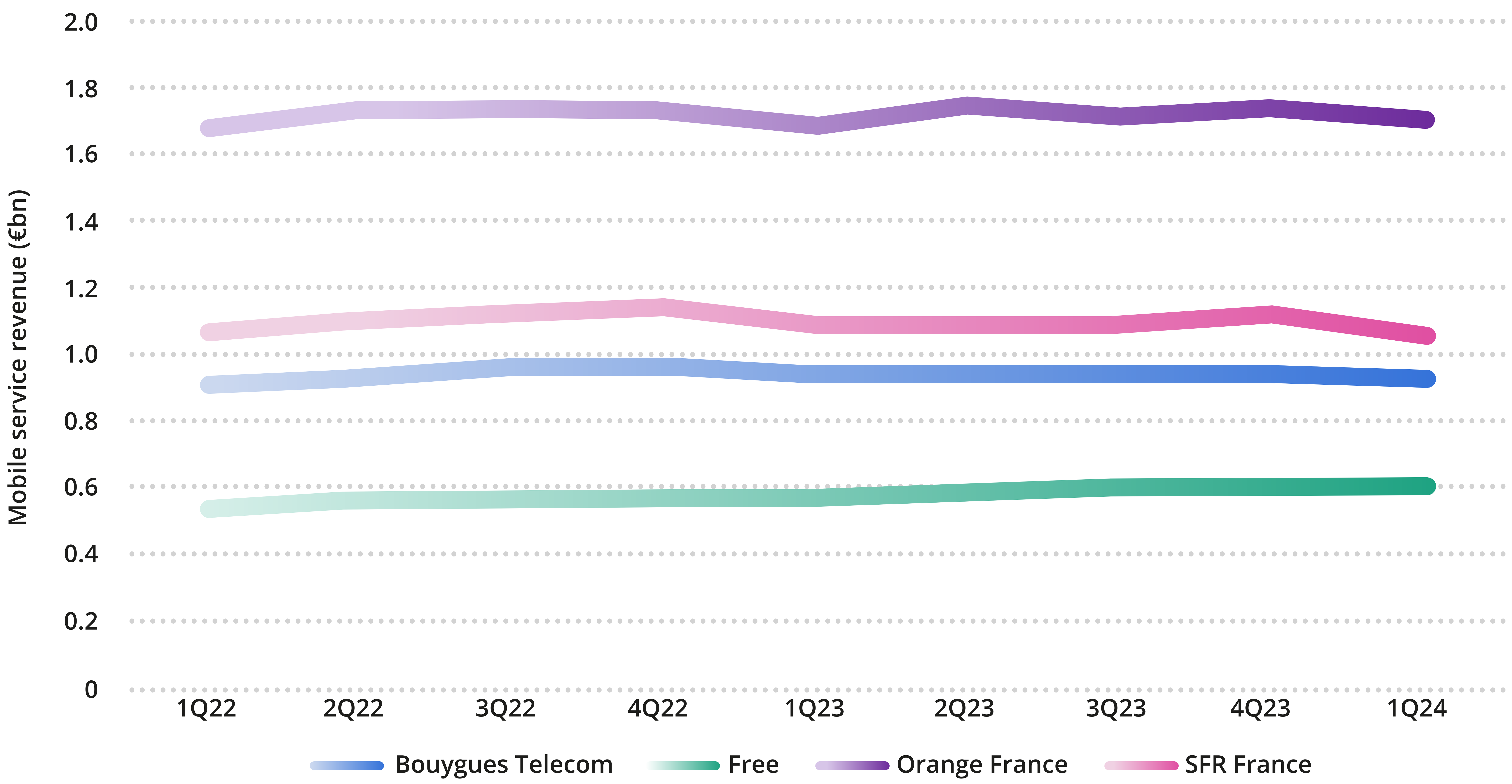
Free Mobile is one exception to this downward shift, having performed well on the back of tactical marketing to increase its 4G/5G Free Mobile Plan subscription base.

Orange’s mobile revenue increased only moderately. While Orange’s retail segment showed an uptick, its wholesale segment continues to underperform – caused by lower volumes of co-financing from third-party operators.

SFR’s mobile revenue segment has underperformed – mainly due to a decrease in its mobile subscription base (-0.5% YoY at the end of 1Q24).

According to **Arcep**, mobile tariffs slightly decreased in 2023. Meanwhile, operators increased tariff prices for existing customers. As a result, for most mobile operators, average monthly mobile bills remained unchanged during this period, impacting service revenue growth potential.

Mobile service revenue, by operator, €bn, 1Q22-1Q24



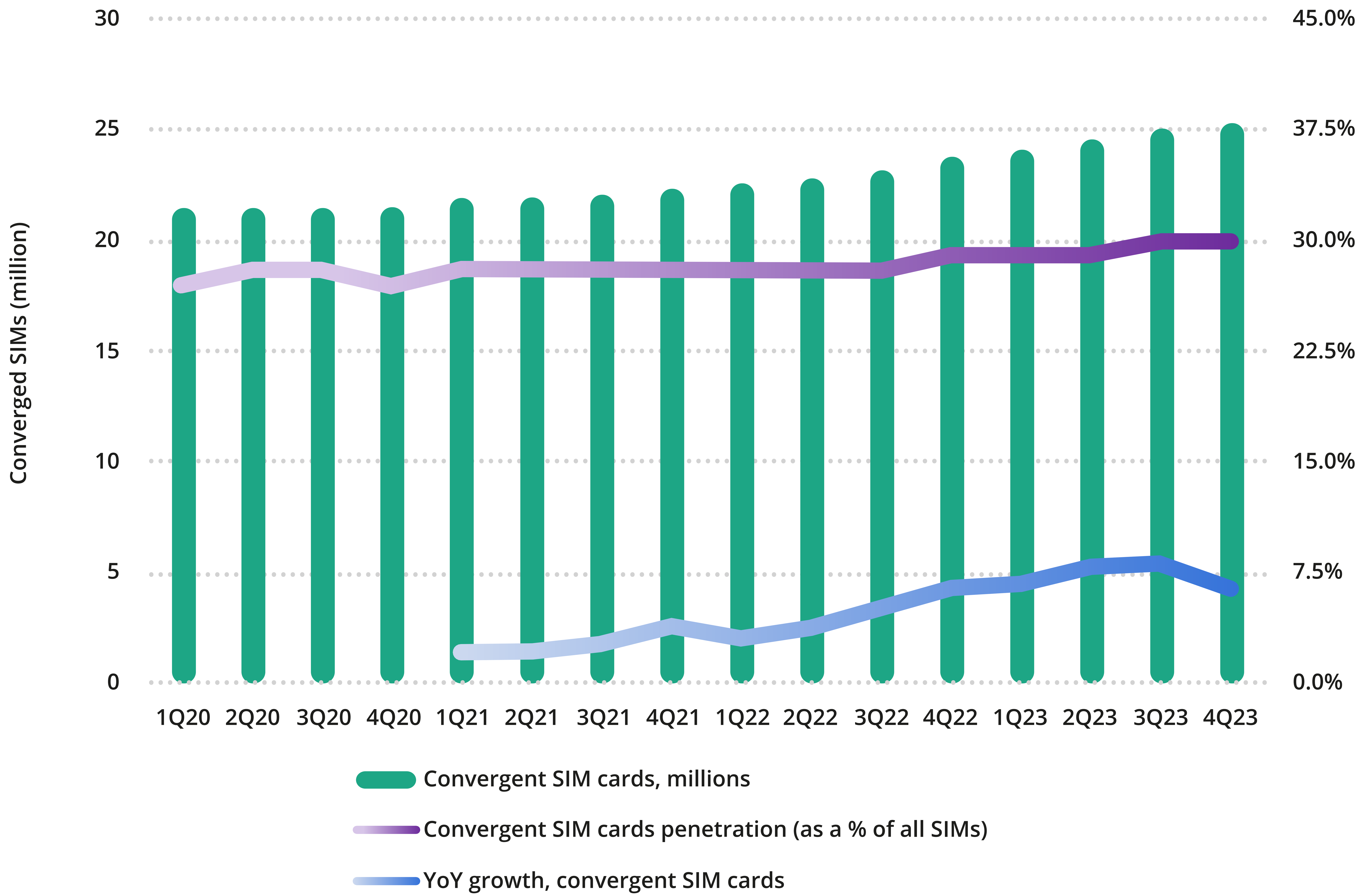
Source: Omdia

Fixed-mobile convergence remains a major revenue driver

Arcep reported that the number of converged SIM cards in France grew 6% YoY at end-2023. This increase comes as French operators continue offering an option to add multiple mobile contracts for each broadband subscription to lock-in whole households, which, in turn, drives convergent SIM numbers up.

The number of convergent SIM cards as a percentage of the total SIM base is gradually growing and reached 30% in 2023. However, there are signs that the rapid growth of convergence has begun to peak in France.

Converged SIMs in France, 2020-2Q



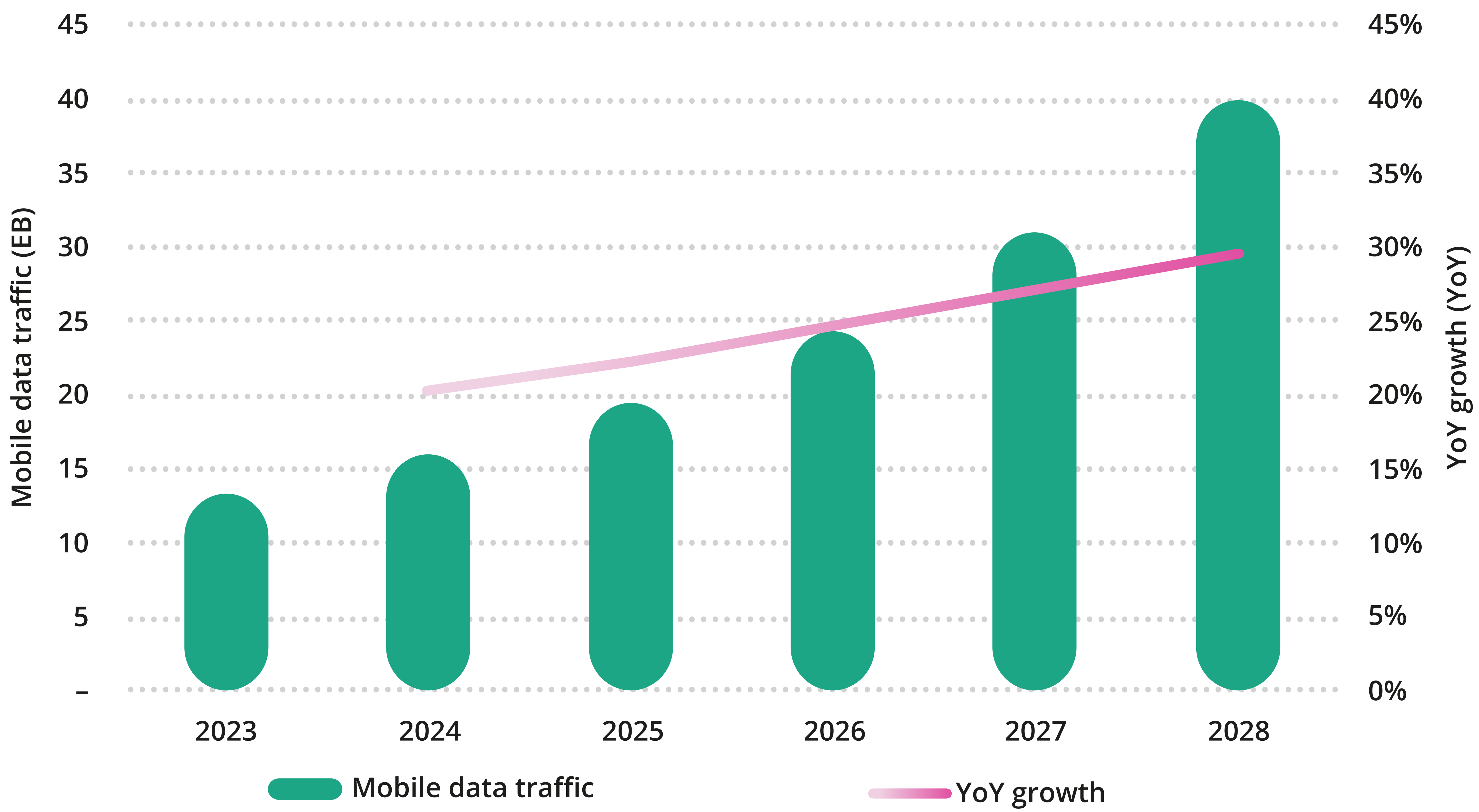
Source: Omdia

Mobile service revenue will grow slightly – as ARPU decline slows

French operator revenue will benefit from premium 5G plans following the full shutdown of the 3G network in 2028–29. Telcos will be in a good position to upsell and cross-sell 5G-enabled services in their fixed-mobile convergence (FMC) packages.

The uptake of 5G is also a major growth driver for data traffic which is steadily growing.

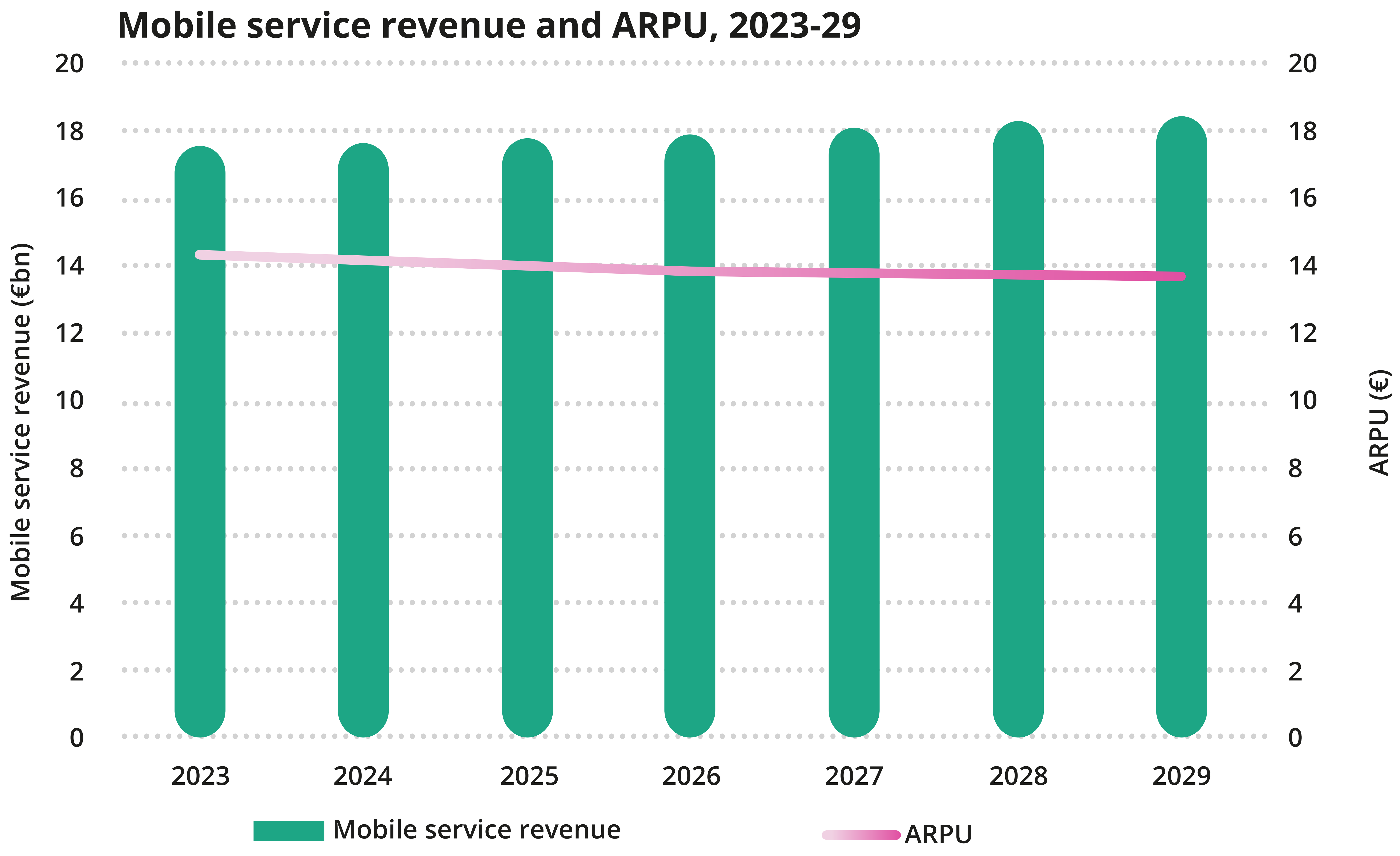
Mobile data traffic, EB, 2023-28



Source: Omdia

Mobile service revenue is forecast to grow at 1% CAGR between 2023 and 2029.

In line with slowly growing revenue, Omdia expects ARPU to decline in the outlook period. Rapid growth of the IoT segment will also affect blended ARPU in the years to come.



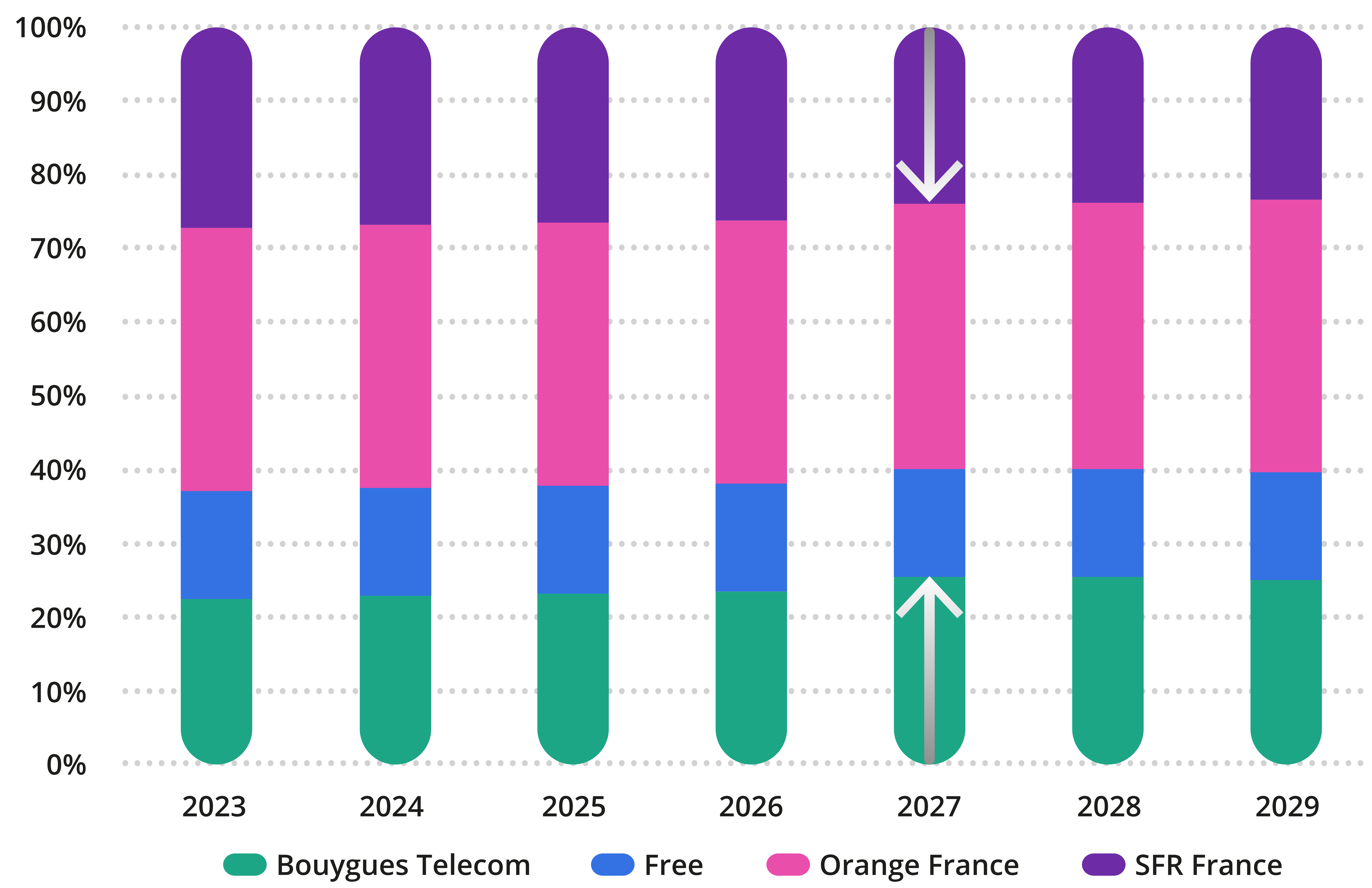
Source: Omdia

Is a major shift in the mobile market share expected?

Bouygues Telecom's takeover of MVNO La Poste Mobile presents an upcoming challenge for SFR. The MVNO has a subscriber base of over 2.3 million, which is 49%-owned by SFR and operates using SFR's network.

La Poste Mobile has an exclusive wholesale agreement with SFR until 2026, which means the earliest Bouygues would be able to integrate La Poste Mobile's customer base into its network would be from 2027.

Mobile operator market share, 2023-29



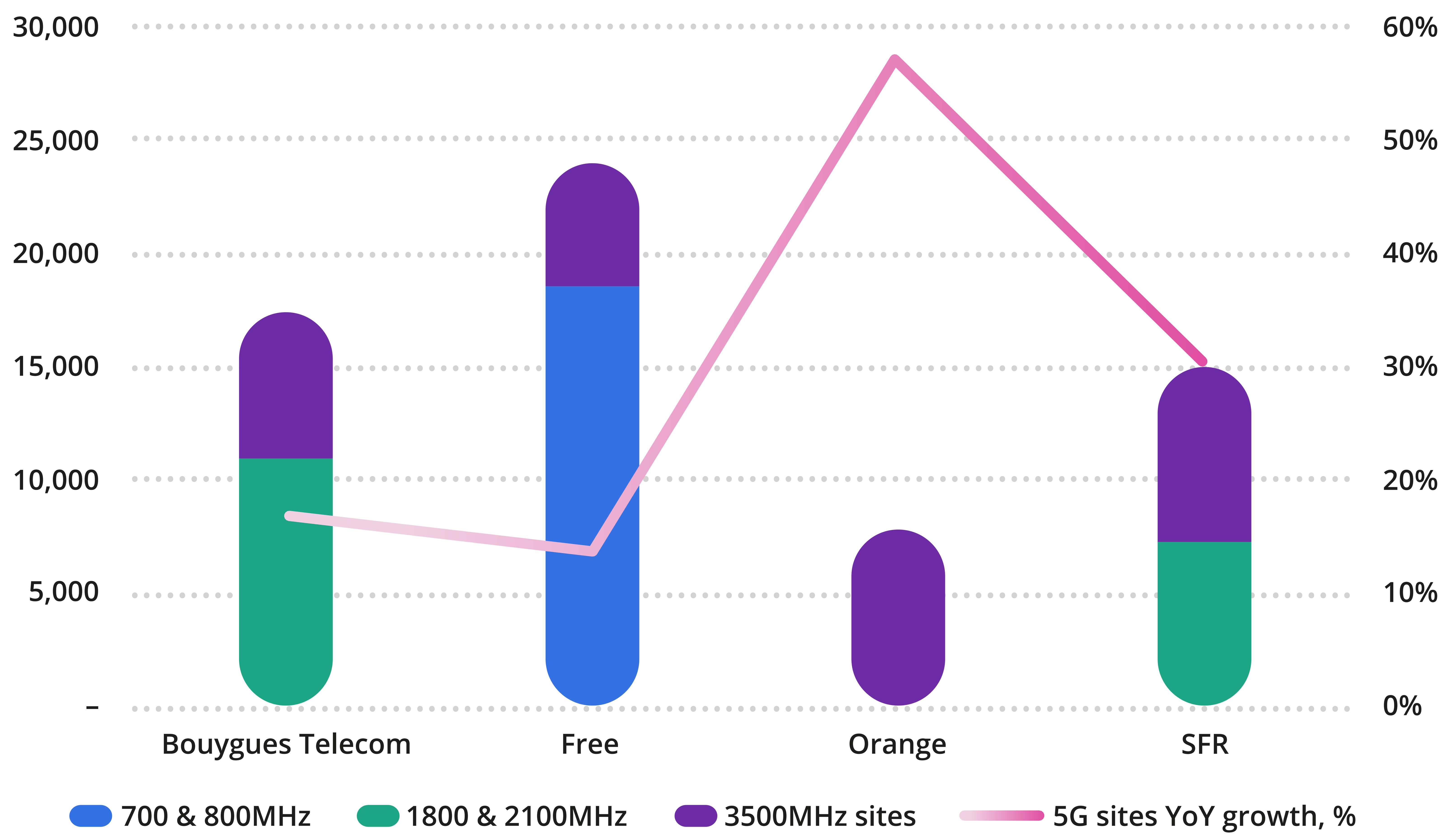
Source: Omdia

French telcos must address 5G SA to maximize the potential of 5G growth

Omdia estimated that 5G's share in the total technology mix reached just over 13% at end-2023, up from 8% at the end of 2022. However, France's 5G customer base growth has started to slow down due to the moderate growth in 5G coverage (particularly in rural areas).

The total number of 5G sites in Metropolitan France is steadily growing. However, operators in France have been slow with their 5G Standalone (SA) rollout plans due to the lack of clear and viable monetization models. French telcos must invest in SA networks to gain the full benefits of 5G, such as new ultra-low-latency use cases.

Total number of 5G sites by operator, December 2023



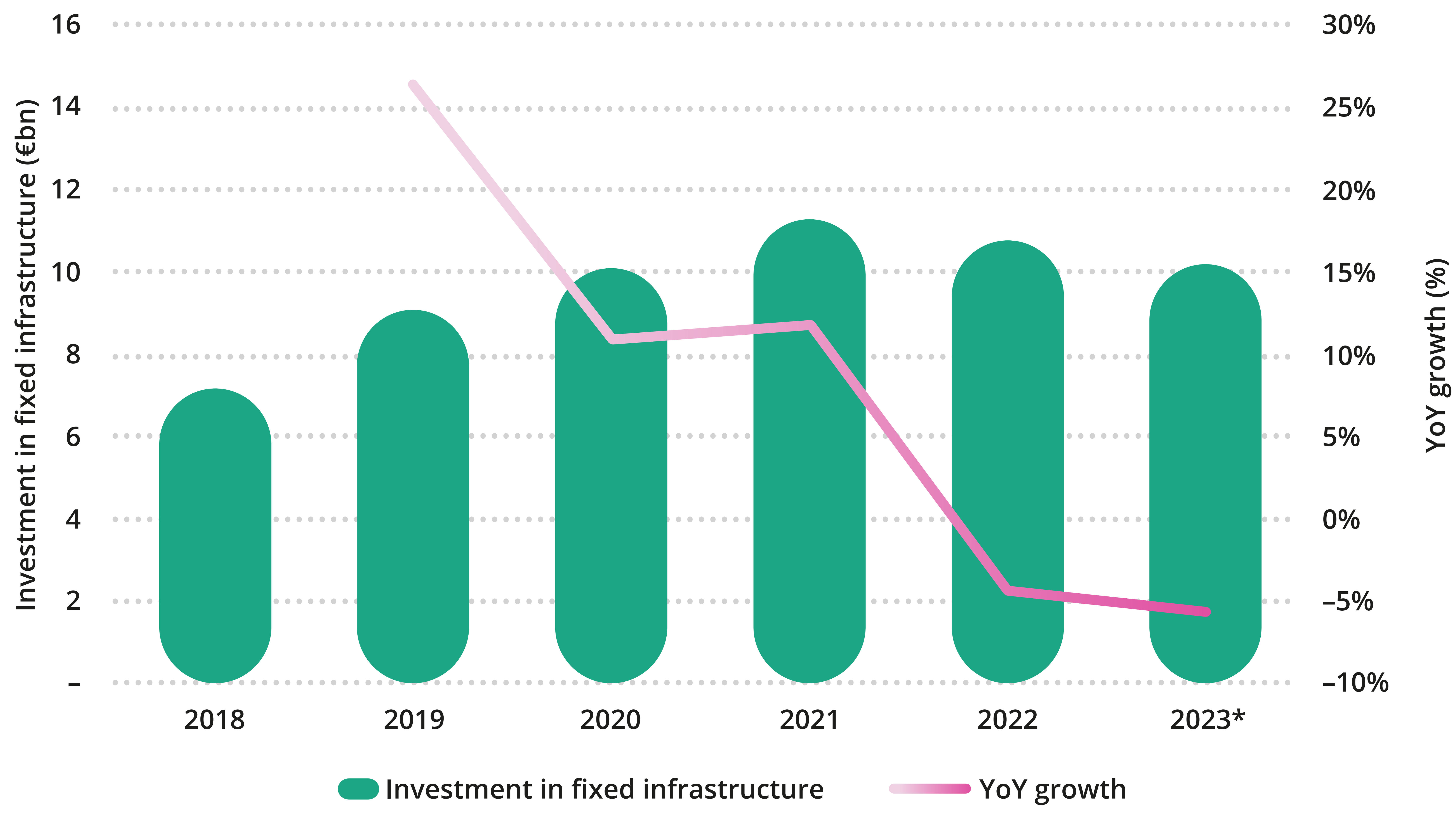
Source: Omdia

France becomes the leading country for fiber

The estimated number of fixed broadband subscriptions in France amounted to over 32 million at end-2023, and this number is forecast to grow to nearly 35 million at end-2029. Importantly, the broadband market in France is nearing saturation point.

In May 2024 Arcep reported that operators' fixed network investment in 2023 decreased by 6% YoY to €10.2bn. Importantly, the regulator noted that spending was lower in the last few years partly owing to a slower rate of growth for the number of new fiber homes passed.

Investment in fixed infrastructure, €bn, 2018–23



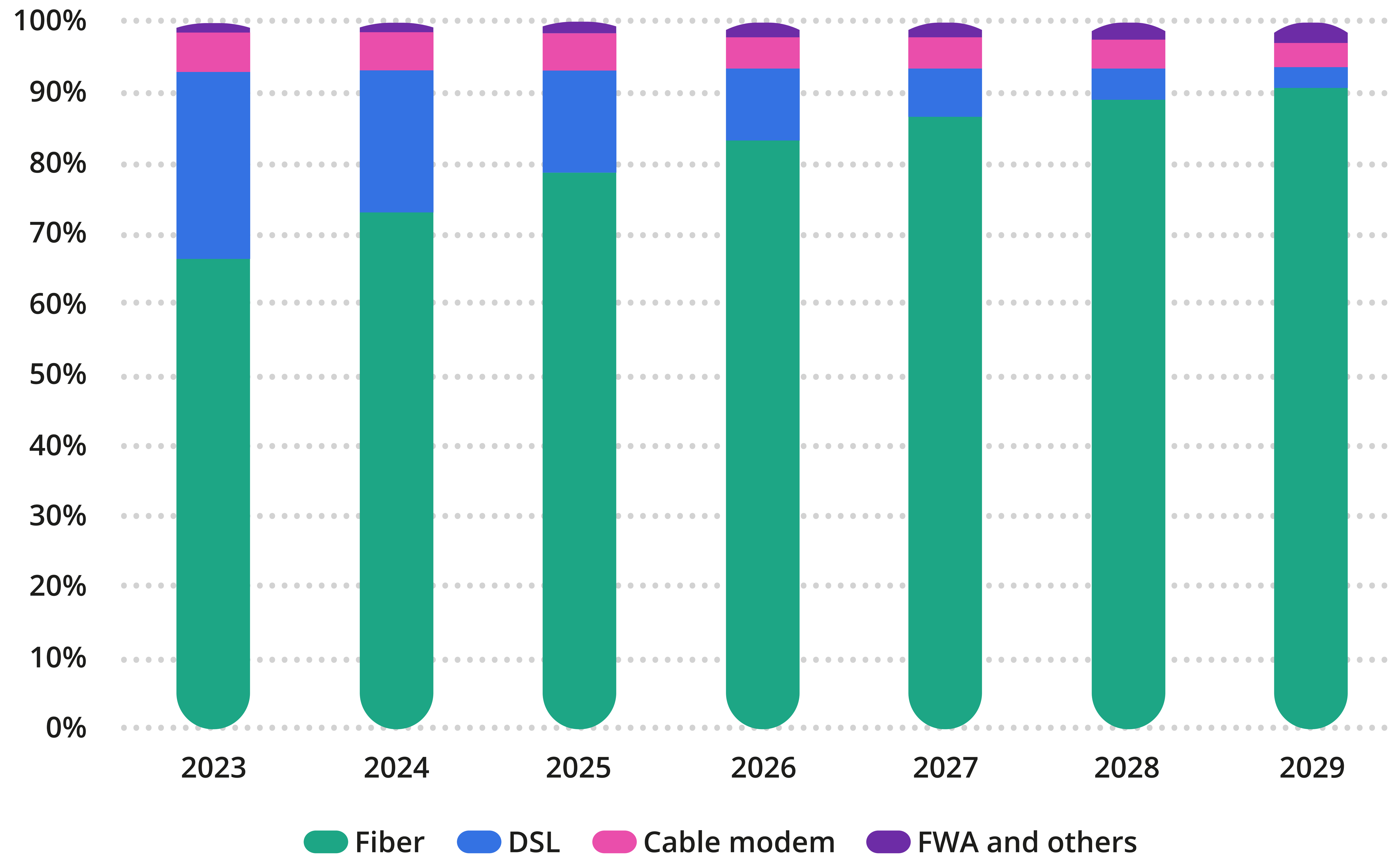
Source: Omdia

Fiber's domination of technology market share is set to grow further

In France's fixed broadband market, fiber is the largest technology with over 66% share at the end-2023. In April 2023, Arcep announced that all existing DSL lines will be closed and replaced with other broadband solutions, primarily fiber. In line with France's latest progress with its fiber deployment, Omdia estimates fiber to reach over 90% of the total technology mix at the end of 2029.

Omdia forecasts broadband service revenue to grow at 3% CAGR between 2023 and 2029 on the back of the migration to premium fiber tariffs and inflation-linked annual price adjustments. Telcos will continue to tackle rising inflation with price adjustments in the outlook. Arcep noted a steady rise in broadband tariffs starting in 2022 which positively influences the service revenue growth curve.

Fixed broadband market share by technology, 2023-29



Source: Omdia

About this special report
This ebook summarizes key findings from research into the French telecoms market, conducted by analyst Diana Gorelik, Europe Service Provider Markets, Omdia. It features data and insights from Omdia research projects including the analyst opinion **Forecast Update: France in 2024 – Is the market growth stalling?**

Further reading
France: Service Provider Market Report – 2023 (November 2023)

France becomes the leading country for fiber despite a slowdown in network investment triggered by the cost-of-living crisis **(July 2023)**

About the analyst
Diana Gorelik is Omdia's Senior Analyst for France and other European markets. Diana's main research topics include mobile and fixed broadband operators' strategies and performance, as well as regulatory and competitive issues and retail strategies. Diana also leads Omdia's research on service provider fixed-mobile convergence strategies.

Join Omdia's expert telecoms industry analysts, including Diana Gorelik, at Network X 2024 in Paris this October.

Find out more here