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InfoCom shows how ethnic MVNOs succeed to remains the most successful MVNO model

Ethnic MVNOs keep their ability to attract customers — Thanks to multi-ethnicity, European international calling market potentially very lucrative — Aggressive customer acquisition and retention strategies reveal crucial.

Stuttgart, Germany – Manila, Philippines — Despite a tough economic climate, ethnic MVNOs retain their ability to attract customers. And while a wide variety of MVNO models have emerged and waned in every country over the last years, the ethnic MVNO model remains one of the most successful ones.

The main reason behind this success is the changing demographic profile of the European region. The influx of non-European citizens migrating to Europe as well as free circulation within and enlargement of the EU boundaries together with a continuous inflows and exchange of foreign students, have created a region with a large and diverse population. The several resulting ethnic groups are true “communities”, with specific characteristics and needs, which can be addressed as well-defined market segments. Thanks to this multi-ethnicity, the European market for international services is potentially very lucrative.

InfoCom conducted a large research analysing the strategies of a number of relevant European MVNOs. The research also analyses how OTT mobile VoIP impact ethnic MVNOs' market tactics. While ethnic MVNOs' main attraction was, historically, a very aggressive pricing, today, the pricing war is at a stand-still. The most successful ethnic MVNOs pair low price strategies with very targeted customer acquisition and retention strategies.

Lebara, Lycamobile and Vectone are three of the most popular brands in the region, not only because they have managed to acquire a significant subscriber base but also because they have been able to expand quite successfully their footprint to multiple countries. These MVNOs mainly target travellers and foreign students, as well as migrant workers from Asia and Africa.

All 3 players aggressively market their services through free credits — for instance for online reload — very attractive top-up offers (first time top-ups, online top-ups, scheduled and automatic top-ups) as well as switch bonus scheme to entice users to port their existing number. While points of sales such as supermarket chains, petrol stations, news agents and tobacco shops have been instrumental for MVNOs' distribution strategies, what has underpinned ethnic MVNOs' success is the ability to address the niches. Lebara and Lycamobile, for instance, have been reaching out to specific communities through participating at ethnic events, sponsorship of cultural and music festivals as well as to universities and foreign student organisations. While Vectone is not as aggressive as its rivals via sponsorships, the company targets travellers and foreigners through a taxi advertising campaign, for instance in the UK, where a total of 100 taxis were completely painted with Vectone logo and colours.

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