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Leading Arabian Gulf Markets and the New 5G Segmentation Opportunity

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GCC is a bastion ripe for next-level 5G mobile tariff differentiation

Summary

The six Gulf Cooperation Council (GCC) countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE—have widespread 5G coverage, robust consumer demand for advanced mobile services on modern networks, and some of the world's highest mobile ARPUs. In addition, regulators are pursuing legacy network closures to facilitate 5G spectrum farming and are abreast of the need for new spectrum for 5G (including TDD spectrum). Mobile operators have also been moderately good with service innovation, and competition in the GCC is not overly rife, although the level of competition does vary within the bloc. However, even the GCC is not immune to the global conundrum of slowing cellular traffic, 5G subscriptions, and service revenue growth. **Operators need to embrace personalized tariffs** by leveraging 5G Advanced (5G-A) and 5G Standalone networks. **To do that**, **telcos need to know what features and services consumers value and will pay extra for**. This paper gives insights into the new monetization opportunities, in terms of experience- and application-based segmentation, based on two surveys conducted in September 2024 of consumers in Saudi Arabia and the UAE, which other GCC countries will find to be a useful benchmark. **However, telcos cannot do it alone**—regulators must also keep up with new policies that help segmentation monetization.

GCC operators need to beat the growth slowdown conundrum

With an average 52.2% 5G penetration, GCC countries collectively had almost 46 million 5G subscriptions in 3Q24, up from 22.3 million in 3Q23. However, revenue and subscription growth has slowed; for example, in 3Q23, quarterly subscription growth was 17.9%, but this declined to 12% in 3Q24, with rising 5G penetration. **Figure 1** shows that mobile service revenue growth also peaked in 1Q24. Moreover, cellular data traffic growth fell from 3.2% to less than 1%.

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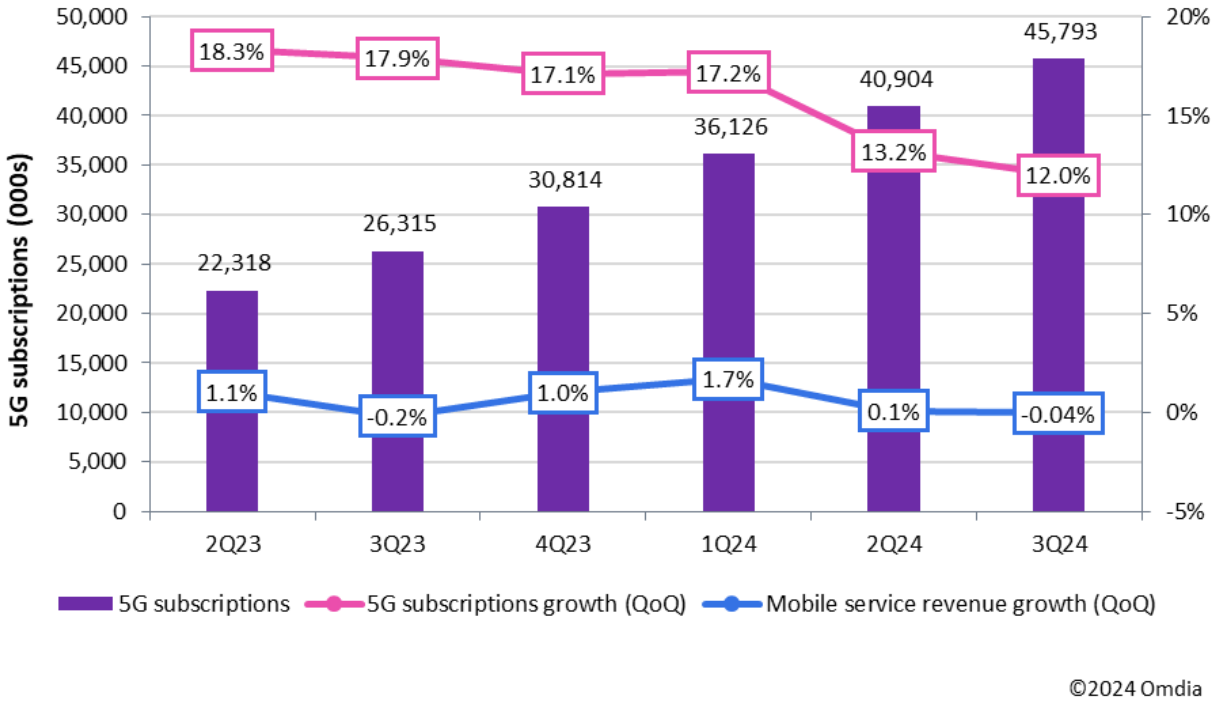
Figure 1: Key 5G KPIs are being challenged in GCC



Source: Omdia

Amid the slowdowns, 5G subscription penetration in the region continues to flourish, increasing from an average of 31.7% in 3Q23 to 52.2% in 3Q24, led by Bahrain and Kuwait, with penetration rates of 61.4% and 56.3%, respectively. The UAE has also surpassed the 50% mark (52.8%), with Qatar (49.5%), Saudi Arabia (47.5%), and Oman (45.5%) not too far behind. As noted in the sister blog, "5G Tariff Evolution – the Next Segmentation Stage," the first few years of 5G have been lackluster in terms of monetization and upsell. However, **enhanced technologies such as 5G-A and network slicing, combined with artificial intelligence (AI), are allowing operators to commercialize new differentiated service tariffs**, based on speeds of up to 5Gbps and improved latency.

What do mobile consumers want and value from the new 5G?

An Omdia survey found that consumers **in Saudi Arabia** mainly associate 5G with an overall "faster speed" (see **Figure 2**). Interestingly, "access to better apps" ranked in third place. **Consumers were by far most willing to pay extra for a "faster speed" (74%) on 5G**, followed by "premium download speed" (46%), "better gaming lag" (40%), "premium upload speed" (39%), and "better work apps lag" (30%). Premium speed tariffs include VIP upload plans for influencers or VIP download plans for a bundle of apps.

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Figure 2: Saudi Arabian mobile consumers see value in speed and reduced lag

Notes: n=933

Source: Omdia's *2024 Digital Consumer Insights: 5G and Fixed Broadband* survey (September 2024)

In a similar Omdia survey, commissioned by Huawei, **UAE** respondents (n=1,000) voted a **"faster download speed" as the most important network feature**, with **"less lagging" as the second most important aspect**. Both answers also polled highly in Saudi Arabia.

Meanwhile, **"smoother video conferences"** (81%) **ranked highest in terms of what respondents are willing to pay more for**, in part because the UAE has a much higher expatriate population than Saudi Arabia, and expatriates in the UAE are likely using video-conferencing services such as Zoom to keep in touch with family and friends in their home countries. Additionally, **UAE respondents would pay more for "higher-quality video"** on YouTube (70%) or from online video providers such as Netflix or Starzplay (64%). Similarly, in Saudi Arabia, "4K/8K video streaming" led in terms of most app interest on 5G.

Where are the new sweet spots, and how much more will consumers spend?

Speed is key to upselling, especially today, as the networks have improved on speed gains since 5G first emerged in 2019–20. **Therefore, tiering main 5G plans by speed is a key element of upselling**: it is a well-established practice in the fixed-broadband market, and survey respondents recognize "faster speed" as the lead 5G benefit.

However, variants such as **"faster download speed"** (for example, a short-term speed boost), **"premium download speed,"** and **"premium upload speed"** pave the way for dedicated tariffs for key segments such as **video conferencers, video streamers, and social media influencers.** This is supported by "smoother video conferences" and high-quality (4K/8K) video streaming polling high in both surveys.

New tariffs should also consider **"less lagging" as a differentiator, especially for gamers and those seeking an enhanced work app experience**. Video streamers and live broadcasters also value reduced lag.

It is also worth noting that the UAE survey further found that regular users—including video conferencers, video streamers, gamers, and influencers—are willing to pay more than general users to get an improved experience of the app/service they regularly use. But how much more?

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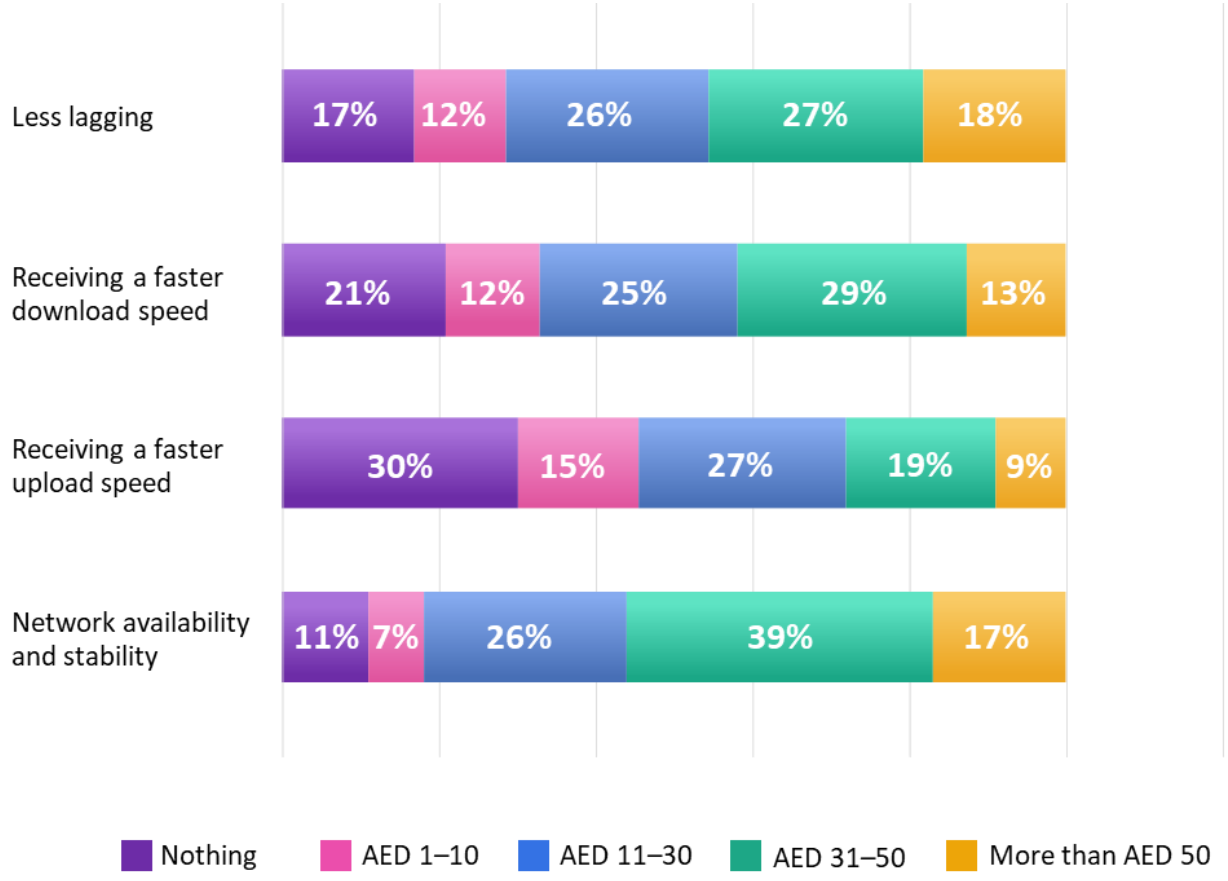
In Saudi Arabia, most respondents are willing **to pay 6–10% extra for a "better gaming experience" (42%) and "speed boost" (40%)**—the latter presents new in-the-moment speed monetization potential for live streamers at concerts and others at crowded events. There was also a willingness to pay **a higher 11–20% more** for a **"better work apps experience" (22%)** and **"premium download speed" (22%).**

UAE research found an average of **80% of respondents are willing to pay more for a better speed/lagging experience** (see **Figure 3**), of which the majority are **prepared to spend an average of AED30 ($8.20) extra per month**. That is more than 40% of the UAE's monthly mobile ARPU of $19 in 2Q24.

Figure 3: UAE survey question, "How much extra would you be willing to pay on top of your monthly mobile bill to include the following features?"



Notes: n=1,056

Source: Omdia, Huawei

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Regulators need to facilitate wider 5G tariff options for consumers

Getting regulators to support new segmentation monetization is an important step toward telco revenue growth. In addition to facilitating spectrum issuance, net neutrality is a key part of the regulatory discussion. The bottom line is that net neutrality regulations should not limit customer choice. Telcos should be able to provide optional services that customers value and are willing to pay more for. Rather, regulators should focus on instances of discrimination against services or occasions that create competitive disadvantage.

In the GCC, regulators should put net neutrality on the agenda or revisit it, such as in the case of Bahrain's 2017 net neutrality guidelines, which disallow the prioritization of some traffic over others in exchange for payment or benefit of any kind.

An approach similar to Saudi Arabia's would be preferable. In January 2024, Saudi Arabia's Net Neutrality Regulatory Framework came into effect, allowing telcos to retain control over their network operations and differentiate themselves, while being transparent about their traffic management and prioritization practices.

The UK is another good example, where Ofcom has ruled that premium packages providing features such as low latency and specialized services that deliver specific content and applications on an optimized basis are permissible under net neutrality rules.

Ultimately, GCC regulators must adopt a stance that enables QoS traffic prioritization and network slicing, or operators risk missing out on new incremental revenue. QoS tariffs for 5G have been commercialized in mainland China, Hong Kong SAR, Thailand, and Spain. Consumer network slicing is a reality in Germany and Singapore. One way around this is to classify slicing as a "specialized" service with supplementary rules around reasonable traffic management.

Appendix

Further reading

5G Tariff Evolution – The Next Revenue Segmentation Stage (November 2024)

2024 Digital Consumer Insights: 5G and Fixed Broadband (September 2024)

5G Consumer Broadband Pricing Report – 3Q24 (November 2024)

2025 Trends to Watch: 5G-Advanced and New Network Monetization (October 2024)

Utilizing AI to Monetize Consumer 5G (September 2024)

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