

# MTN rings changes to contracts to lure customers

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Network operator MTN is slashing its number of cellphone contract variations from a mind-boggling 64 to less confusing 22, and promising that users will end up better off as well as less perplexed.

It is also capitalising on a legal lull to ensure that its new contracts carry a 24-month lock-in period, however, after its rival Vodacom successfully challenged new rules aiming to force the operators to offer shorter terms.

The new contracts will not dent MTN's profits, as it hopes the simpler structure and its claims of cheaper airtime will lure away customers from its rivals. This contract shake-up may be one of the last opportunities that an operator had to attract a flurry of customers in a market that was nearing saturation, said Donovan Smith, GM of consumer marketing.

At the last count, Vodacom had 25-million users in SA compared with MTN's 15-million, with Cell C serving 5-million and Virgin Mobile half a million.

Smith said contract customers had been neglected compared to pre-paid customers, as far more effort had gone into creating attractive pre-paid deals. But as the economic conditions worsened, lower spending pre-paid users would cut their spending or incur debts, making it sensible to focus on higher-end users.

"A vast amount of growth in the last six months has been at the bottom end of the market. They start to fall off a bit and bad debt increases in tough economic times. We hope to attract the higher end of the market," he said.

"Our tariffs are now far more competitive and the customer's bill is likely to come down, but the benefits are it's incredibly simple," he said.

So far only 2-million of MTN's local users have signed long-term deals.

The Independent Communications Authority of SA (Icasa) has been thwarted in its efforts to force the operators to offer shorter lock-ins, and to present bills that show how much users pay for airtime and how much for their handset subsidy.

Vodacom applied for an interdict to block the new regulations last month, and Icasa agreed not to implement them until they were tested in court. That will involve a legal review of the regulations, as Vodacom claims Icasa overstepped its legal powers in drafting them.

One new feature of MTN's Anytime contracts is a fixed call rate across all networks, so it will no longer be more expensive

for MTN users to call someone on a rival network.

Nor do the core packages offer different peak time and off peak rates, although three options remain for users who want off-peak discounts.

The new packages also offer per second billing from the start, saving users from paying a full minute on shorter calls. Users will work out what they normally spend each month and pick the closest package, ranging from R50 to R1500 a month.

They can spend that on voice, SMS or multimedia messages and internet access. Usually those carried extra costs as the existing contracts were structured around voice minutes only, Smith said.

*Source: Business Day*

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