

Smart Telecom promises cheaper calls

Smart Telecom, launched earlier this week, is expected to intensify the competition in the market. Company officials say the company's strength lies in offering cheaper calls.



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For a couple of weeks, the company has been selling its lines under Sure Telecom, the company it bought recently. Sure Telecom, which received a licence in 2012, had failed to command a reasonable number of customers.

The Industrial Promotion Services (IPS) Kenya, a subsidiary of the Aga Khan fund for Economic Development (AKFED), owns Smart Telecom.

"[This] will enable AKFED to expand its unique and proven social enterprise and proven social enterprise business model into Burundi, Uganda, and Tanzania," a media statement from Smart Telecom noted.

Charged per call, not per minute

The company will be headquartered in Uganda, with branches in Burundi and Tanzania. Ugandans will be in a position to be charged per call not per minute like other telecoms, Kassam said. He added that they planned to focus on both voice and data products.

"We have entered the market with all you want - 2G, 3G, 4G and all other products," he said. "We are living in a technologically-sensitive era and we must innovate. That's our focus."

Call charges

Each call on the 074 code, which Smart Telecom uses, will go for Shs 74. On average, other networks charge Shs 360 per minute on off-network calls and about Shs 250 for on-network calls.

"We asked east Africa[ns] what they want and [they] wanted to have cheap calls," Kassam said. Asked whether the company would be able to break even in an industry associated with high costs, he said: "All we need are people. With the numbers, we will."

Smart enters the market when the two biggest players - MTN and Airtel - have more than three quarters of the 17 million phone subscribers. The rest are shared between Orange Uganda and utl. In 2008, Warid Telecom entered the Ugandan market. Five years down the road Airtel bought it. By that time, Warid had registered 2.8m customers.

Warid's business model lay in pricing their products very low. Smart Telecom is likely to follow the same path. It is a model that appeals to dial-happy Ugandans seeking to rein back airtime expenses.

Expansion

Smart telecom says it already has some infrastructure in Kampala and that it would focus on expanding to the countryside. Dr Peter Turyakira, a senior lecturer in the department of Marketing at the college of Business and Management Sciences at Makerere University, told the Observer recently that the market could never be saturated.

Customers, he said, have no permanent addresses.

"Today you have them [customers], tomorrow they have moved to someone else. It really depends on the marketing strategy of the new entrant; they must know whether Ugandans are price-sensitive or quality-sensitive."

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