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## MEDIA STATEMENT

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### MTC Namibia Responds to Comparison Advertising Complaints

*In the recent past, MTC has been inundated with queries from the media and the public about copy advertising in as far as its GSM competitor, Leo is concerned. MTC makes no secret of the fact that it will always operate within the confines of the law but it shall not sit idle while competitors try all the tricks in the book to elevate themselves at the expense of MTC.*

**WINDHOEK, 14 JULY 2010** - Since the second GSM operator started to operate in Namibia during March 2007, they have been using comparison advertising, using MTC products and services to promote their own products.

MTC appreciates that no law or body exists in Namibia to regulate such practices but in other parts of the world, such as in Europe, such comparison advertising is not allowed. However, the Federal Trade Commission of the USA favours such comparison advertising where the basis of such comparison is clearly defined and when truthful and non-deceptive messages are used because these can lead to lower prices and encourage product improvement.

In the absence of an Authority in Namibia that can police those comparative advertising principles and MTC feeling that disparaged, unfairly attacked and its prices discredited, the company took a decision to run a contra comparison advertising campaign using the same principles as the competitor.

Some of these principles used by the competitor included:

- a. Not clearly identifying the name of the company whose products they are comparing (using the blue colour associated with MTC and blocking out the name in radio adverts).
- b. Using incorrect information about MTC prices, thus creating the perception that the Blue Operator (MTC) charges N\$2.50 for a complete minute for all calls irrespective of the hour of the day or what day of the week. This is of course false because MTC has more than one option, and in the only one that is charging N\$2.50 it is not for a full minute, but an interval

of 30 seconds. For the one that has that option, MTC only charges 98 cents after 19h00 every-day, and all weekend, which is more than 50% of the calls of those customers.

- c. Informing customers that only Leo has per second billing while MTC also has that option, exactly with the same rates as Leo which means 2.5cents per second on-net (calls to same network) and 3cents per second off-net (calls to other networks);
- d. Misleading the consumer by creating a perception that Leo charges 99 cents per minute in intervals of seconds, meaning 1.65 cents per second which is true only if a Leo customer subscribes to their product known as Leo50.
- e. Leo has also conveniently ignored the fact that MTC has a product called *Aweh* which charges subscribers only 99 cents to all national networks

In summary, what MTC merely did was to retaliate by using the same tactics as the competitor but ensuring that the truth is upheld at all times. It is disheartening to note that no one dared to raise the issue of comparative advertising when MTC's products and services were being disparaged.

MTC thus reiterates that it will continue to subscribe to the principles of comparison advertising as laid down by the FTC in as far as they advocate for the truthfulness and non-deceptive messages to the customers.

It is perhaps time that a competent authority is established to ensure that the advertising playing field is levelled and that companies such as MTC which uphold the rule of law are frowned upon for merely doing what is good and in the interest of the customer and the country.

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#### **ABOUT MTC:**

MTC (Mobile Telecommunications Limited) was established in 1995 as a joint venture between Namibia Post and Telecommunications Holdings (NPTH), Telia and Swedfund. During May 2004, NPTH concluded a deal that saw it hold 100 per cent of the shares in MTC by acquiring the 49

per cent held by Telia Overseas AB and Swedfund International AB. During 2006 the sale of 34% of MTC shares to Portugal Telecom was concluded for N\$1.34 billion while the Namibian government retains the remainder of the stake through NPTH.

MTC currently covers 98 per cent of the population of nearly 2 million citizens with more than 650 base stations and repeaters and offers a dual band 900/1800MHZ. The company also expanded its cellular coverage to all major towns in Namibia, including the major arterial roads. It further runs two modern MSC's (mobile switching centre) in Windhoek and Oshakati with capacity to accommodate rapidly rising number of customers of over 1.3 million active users. MTC also operates the only full service customer contact centre in Namibia dealing with service queries ranging from telephony, sms, fax, GPRS, data, voicemail and 3G/HSDPA. A staff of 367 persons serves a diverse market of both pre- and postpaid subscribers.

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