Mobile and Wireless in the US:

Opportunities and Profits 2008-2012

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During the period 2007-2012, the worldwide mobile subscriber base is expected to increase by 1.8 billion. Around 67 percent of these new subscribers, i.e., a little above 1.2 billion subscribers, are expected to come from just 10 fast-growing country markets worldwide. Of these top 10 growth markets, nine have been identified as high-volume, low-ARPU [Average-Revenue-Per-User] emerging mobile markets with significant potential in the next five years. Our research identified only ONE truly wealthy nation among this top 10, the United States of America, home to one of the highest ARPU rates in the world, yet also the 4th biggest growth market of the 2007-2012 period.

The US is expected to add more than 65 million mobile subscribers to the worldwide subscriber base in the period 2007-2012. This might look relatively insignificant compared to the massive numbers expected to be added from high-growth markets such as China (542 million) and India (282 million), but what makes the US mobile market an interesting market to study is the observation that a new mobile subscriber in the US is expected to generate between three and 13 times as much revenue expected from a new mobile subscriber in China, India and the other emerging markets in the top 10 in 2012.

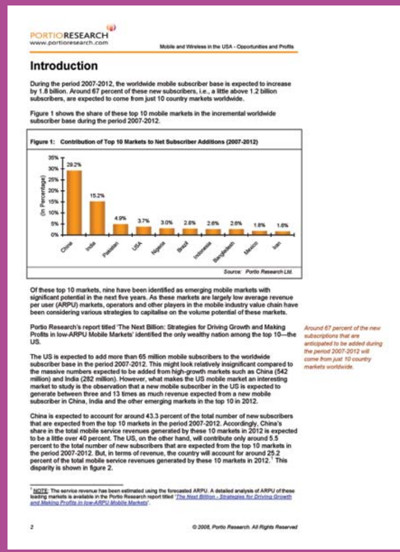
Compounding this aggressive growth is the high ARPU network operators in the US achieve from their subscribers. Unlike many other mature mobile markets, where ARPU is in slow decline, in the US ARPU is forecast to remain high, even increasing slightly from 2007 levels as we move forward over the next 4 or 5 years. While the US will contribute only around 5.5 percent to the total number of new subscribers that are expected from the top 10 markets in the period 2007-2012, in terms of revenue, the country will account for around 25.2 percent of the total mobile service revenues generated by these 10 markets in 2012.

This significant revenue potential makes the US mobile market a very important market in the worldwide scenario.

This report probes into the opportunities presented by the US mobile market through a holistic understanding of the current state of the market and its expected future movement. The key features of this report include the following:

- A detailed snapshot of the US mobile market comparing key parameters such as mobile subscriber base, revenue and ARPU for the years 2006 and 2007.
- Demographic segmentation of the current US mobile subscriber base. This section provides a break-out of the US mobile subscriber base by age and ethnicity. It also provides some insights into consumer behaviour.
- Study of the competitive landscape in the US mobile market, covering subscriber shares, revenue shares, voice and data revenue analysis, and ARPU analysis for major US operators. This section also provides a brief snapshot of major US MVNOs [mobile virtual network operators].
- A look into pricing trends and strategies adopted by operators to combat increasing competition.
- Forecasts for subscriber base, revenue and ARPU for the period 2007-2012, including estimated growth of mobile penetration in different age groups during the same period. This section also looks into the possibility of the US mobile market saturating in the near future.
- An overview of mobile technologies prevalent in the US market and information on market consolidation, along with a perspective on emerging technologies and the likely future impact of consolidation.

For comparative purposes the report also includes a brief overview of the Canadian mobile market, complete with key data points such as subscriber numbers, MNO market shares, ARPU figures and more.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Introduction

During the period 2007-2012, the worldwide mobile subscriber base is expected to increase by 1.8 billion. Around 67 percent of these new subscribers, i.e., a little above 1.2 billion subscribers, are expected to come from just 10 country markets worldwide.

Figure 1 shows the share of these top 10 mobile markets in the incremental worldwide subscriber base during the period 2007-2012.

Figure 1: Contribution of Top 10 Markets to Net Subscriber Additions (2007-2012)

Source: Portio Research Ltd.

Of these top 10 markets, nine have been identified as emerging mobile markets with significant potential in the next five years. As these markets are largely low average revenue per user (ARPU) markets, operators and other players in the mobile industry value chain have been considering various strategies to capitalise on the volume potential of these markets.

Portio Research's report titled 'The Next Billion: Strategies for Driving Growth and Making Profits in low-ARPU Mobile Markets' identified the only wealthy nation among the top 10—the US.

Around 67 percent of the new subscriptions that are anticipated to be added during the period 2007-2012 will come from just 10 country markets worldwide.

The US is expected to add more than 65 million mobile subscribers to the worldwide subscriber base in the period 2007-2012. This might look relatively insignificant compared to the massive numbers expected to be added from high-growth markets such as China (542 million) and India (282 million). However, what makes the US mobile market an interesting market to study is the observation that a new mobile subscriber in the US is expected to generate between three and 13 times as much revenue expected from a new mobile subscriber in China, India and the other emerging markets in the top 10 in 2012.

China is expected to account for around 43.3 percent of the total number of new subscribers that are expected from the top 10 markets in the period 2007-2012. Accordingly, China's share in the total mobile service revenues generated by these 10 markets in 2012 is expected to be a little over 40 percent. The US, on the other hand, will contribute only around 5.5 percent to the total number of new subscribers that are expected from the top 10 markets in the period 2007-2012. But, in terms of revenue, the country will account for around 25.2 percent of the total mobile service revenues generated by these 10 markets in 2012.[1] This disparity is shown in figure 2.

[1] NOTE: The service revenue has been estimated using the forecasted ARPU. A detailed analysis of ARPU of these leading markets is available in the Portio Research report titled '*The Next Billion - Strategies for Driving Growth and Making Profits in low-ARPU Mobile Markets*'.

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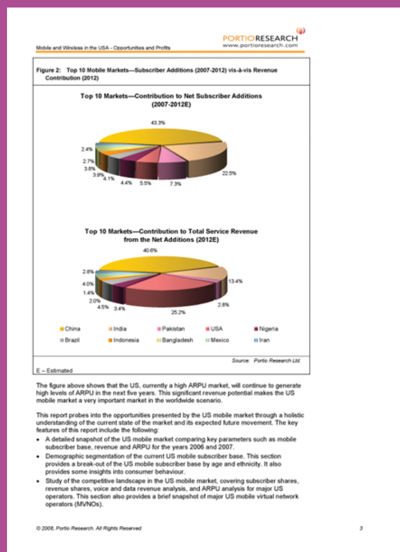
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Figure 2: Top 10 Mobile Markets—Subscriber Additions (2007-2012) vis-à-vis Revenue Contribution (2012)

Source: Portio Research Ltd.

E – Estimated

The figure above shows that the US, currently a high ARPU market, will continue to generate high levels of ARPU in the next five years. This significant revenue potential makes the US mobile market a very important market in the worldwide scenario.

This report probes into the opportunities presented by the US mobile market through a holistic understanding of the current state of the market and its expected future movement. The key features of this report include the following:

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