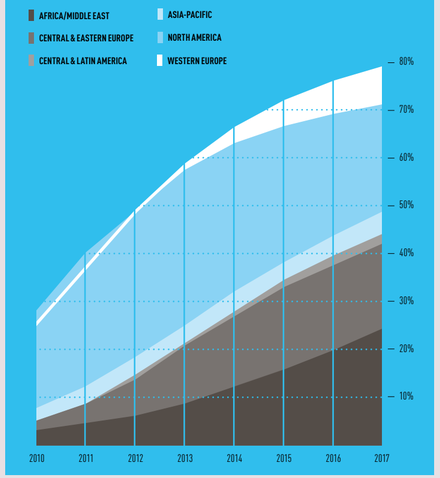
MOBILE BUSINESS

THE MOBILE WORLD

Mobile communications have changed the face of the planet. But a successful service in one region may not be the next big thing in another. *Mobile World Live's* **Justin Springham** and GSMA Intelligence analyse market trends around the world

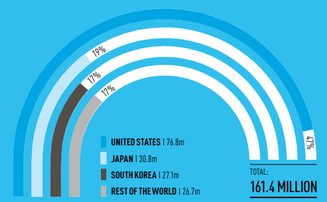
All data, unless stated, supplied by GSMA Intelligence, Q2 2013 (apart from unique subscriber % by region: Q3 2013)

FORECAST REGIONAL **SMARTPHONE PENETRATION**

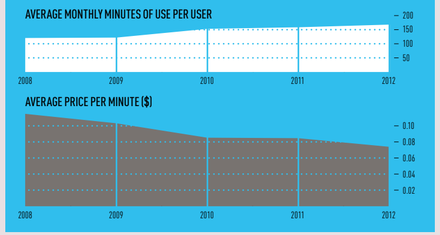


Source: Strategy Analytics

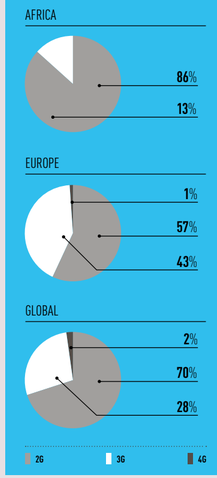
GLOBAL 4G CONNECTIONS



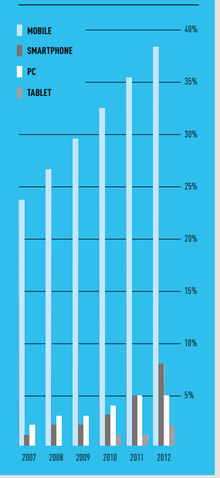
VOICE CALLS IN LATIN AMERICA: PRICE PER MINUTE/MINUTES OF USE



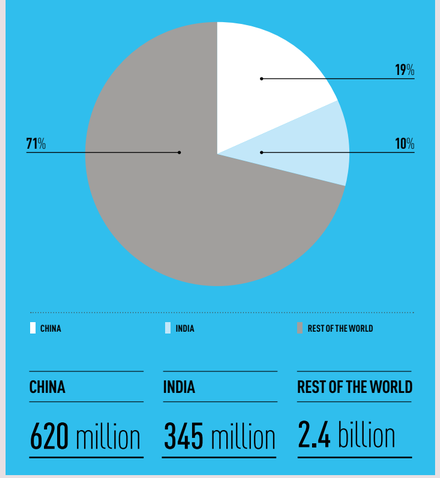
2G/3G/4G SPLIT



PENETRATION OF POPULATION BY DEVICE (DEVELOPING WORLD)



UNIQUE SUBSCRIPTIONS: CHINA/INDIA VERSUS REST OF THE WORLD

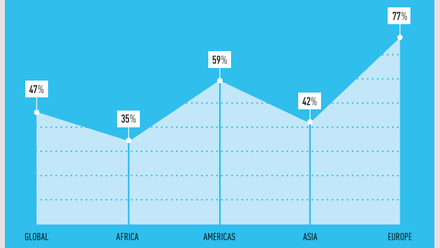


CHINA
620 million

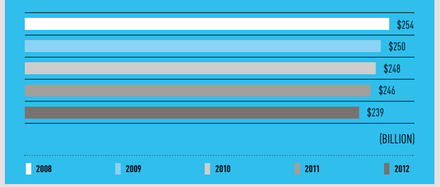
INDIA
345 million

REST OF THE WORLD
2.4 billion

POPULATION SUBSCRIBED TO A MOBILE SERVICE



REVENUE GENERATED BY EUROPEAN MOBILE OPERATORS



GLOBAL

Mobile is the fastest-growing technology the world has ever seen and arguably the biggest technological driver of social and economic change. Almost half of the world's population own a mobile phone, powerful smartphones outsell "feature phones" and the predicted future growth rates are astonishing: mobile subscriptions are growing four times faster than the global population and the four-billion mark is set to be passed in 2018.

And there's a major boom in the trend for people to own multiple devices or use multiple SIMs to access the best tariffs, creating a current global mobile connections base of seven billion. Despite challenging economic conditions, this figure is expected to grow, fuelled in part by the desire for many different industries to "connect" their machines to applications that will tap into new markets, such as smart-meter monitoring, mobile healthcare and the "connected car".

But the growth of mobile around the world is diverse, with major regional differences in the popularity of services and devices. Developed markets, such as Europe, North America and parts of Asia, are awash with data-hungry smartphones, superfast 3G and 4G mobile broadband networks, and a $50-billion-plus apps industry, yet subscriber growth here is slowing.

It's emerging economies – where "older" 2G networks dominate and feature phones can offer basic but vital financial services for those without access to a formal bank account – that are the major engines of global mobile connection and subscriber growth.

7bn
mobile connections

3.3bn
unique mobile subscribers

$1.112trn
generated by mobile operators in 2012, which is
1.6%
of global GDP

AMERICAS

The United States is the undisputed leader in new, superfast mobile broadband networks. Having trailed the rest of the world in the launch of 3G mobile broadband networks, the country signalled its intent to be a 4G pioneer. Today, almost half the world's 4G connections are within the US and the country's largest mobile operator, Verizon Wireless, has more than three times as many 4G customers than Europe's entire 4G user-base.

Home to mobile tech giants such as Apple, Google and Facebook, the US is a hugely competitive market and recent years have seen a spate of high-profile merger and acquisitions activity among mobile operators. Innovative service offerings have also emerged in the past few months, with the country's biggest operators shaking up the market by dropping traditional two-year contract deals and offering consumers the chance to upgrade to a new device more frequently.

The US is also the world's largest mobile apps market and North America is home to the majority of the world's mobile app developers.

In comparison to the US's widespread availability of mobile broadband networks, the majority of South American customers remain connected to older and slower 2G networks that support voice and simpler data services. However, the cost of making a mobile phone call in this part of the world has fallen considerably in the last five years and the region's population is showing a strong desire to increase its use of mobile devices – a sign that mobile broadband has a healthy future in South America.

75%
of North American mobile users are on contract deals – highest contract base in the world

#1
global apps market in terms of revenue: US apps market generated
$300m
revenue in August 2013

Source: Distimo

AFRICA

The least developed mobile continent in the world, Africa is the fastest growing. Only 35 per cent of the population owns a mobile phone, but the sector is enjoying annual growth rates of almost 10 per cent (around twice as fast as the global growth rate) and is the next great regional growth opportunity for mobile. Such potential is strengthened by the lack of economically viable alternatives, for example fixed-line communications.

Many African countries are yet to build 3G mobile broadband networks, let alone 4G, with older 2G networks supporting most (86 per cent) of the continent's connections base. SMS text messaging remains the most commonly used technology for mobile-enabled services. For example, African farmers can receive updates about commodity prices through SMS and voicemail, thereby increasing productivity.

Some African countries allow trade in agricultural products on commodities exchanges through SMS and voice messages.

Africa is also home to the world's most popular mobile money service, M-Pesa. Its 2007 launch in Kenya allowed users to deposit money into an account stored on their phones, to send balances using SMS technology to other users, including sellers of goods and services, and to redeem deposits for regular money. The service, which has many millions of users in Kenya, has kick-started a wider "mobile money for the unbanked" business model across Africa.

As demand for smartphones grows in Africa, especially for lower-cost smartphones running Android software, bringing with it the need for faster and more data-efficient networks, expect mobile broadband connectivity in Africa to develop further.

Sub-Saharan Africa is home to
53%
of the world's
208
live mobile money services

In Sub-Saharan Africa mobile money is already available in
36
out of
47
countries

Source: GSMA MMU 2013 *Global Mobile Money Adoption Survey*

ASIA-PACIFIC

King of the mobile world, almost half of the planet's mobile subscribers live in Asia. And this isn't surprising when countries the size of China and India are embracing the mobile revolution. In fact, almost one in three of the world's mobile-subscriber base can be found in China or India.

Countries such as Japan and South Korea boast some of the most advanced mobile networks in the world. Earlier this year, South Korean operator SK Telecom switched on the fastest-ever mobile service, based on an advanced version of 4G, claiming theoretical peak download speeds of 150 Mb/s – that's fast enough to download an 800MB movie in 43 seconds.

In contrast, China and India have been slower to upgrade to mobile broadband networks; both countries were late to 3G and both are yet to allocate 4G licences.

One of the most distinctive trends in the Asian mobile market is the dominance of local messaging services. Facebook, Skype and WhatsApp may be familiar messaging services in the Western world, threatening traditional operator text messaging, but these services are less popular in many Asian markets. Instead, services such as Japan's Line have seen huge growth across Asia, while Kakao and WeChat have large audiences in South Korea and China, respectively.

China, especially, is becoming a major global manufacturer of handsets. According to analyst firm Canalys, domestic manufacturers Lenovo and Yulong were among the world's top five smartphone makers during the second quarter of 2013, behind Apple and Samsung, but ahead of LG Electronics.

29%
global mobile subscribers live in either China or India

South Korea Telecom is home to the fastest mobile network in the world and offers download speeds up to
150 megabits per second
so the network can download an 800 megabyte movie in just
43 seconds

Source: SK Telecom

EUROPE

It may boast the highest mobile penetration rate in the world, with 77 per cent of the region's population classified as a mobile subscriber, claim the world's highest proportion of smartphone users and enjoy monthly mobile charges almost half those of US consumers, but Europe is facing serious challenges. Mobile industry revenue is declining and the continent is falling behind the United States and Asia in the race to launch the latest 4G networks.

In fact, the European Union is so concerned by Europe's laggard approach to mobile that digital commissioner Neelie Kroes has unveiled a controversial reforms package that aims to create a single European telecoms market capable of boosting the region's fortunes. At the core of her plans are the abolition of roaming premiums, which she claims are ripping off consumers, a full and open internet, with the blocking and throttling of internet content banned, and a grand vision of greater 4G and wi-fi access for consumers.

According to Ms Kroes, a single European telecoms market would be worth 0.9 per cent of Europe's GDP, amounting to a possible €110 billion a year and "even more in indirect gain" for the wider economy. EU businesses and citizens enjoy the benefits of a single market to travel, trade and transact free of borders and barriers, but now require a communications infrastructure to match, she says.

Indeed, it is expected that less than 2 per cent of EU mobile connections will be on 4G by the end of this year, compared to 23 per cent of US mobile connections.

77%
of region's population have a mobile phone - highest in the world

Europe lags North America in mobile broadband
Europe has
56%
mobile broadband penetration compared to
82%
in North America