



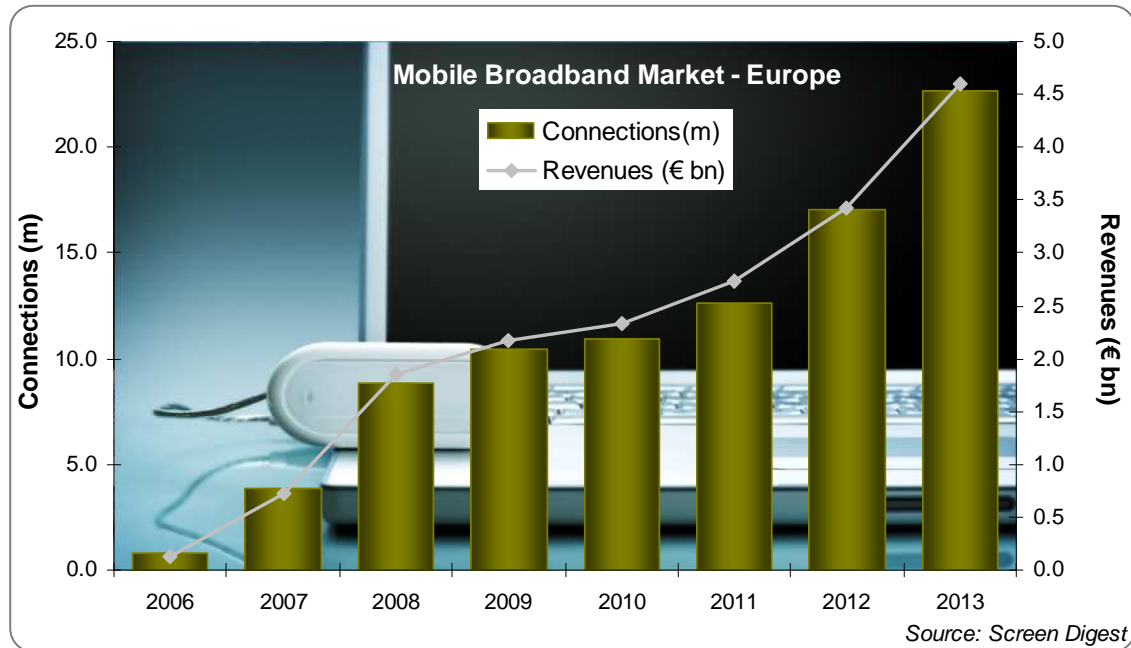
3G mobile broadband success story looks set to be short lived

London 6th May 2009: Ronan de Renesse, Senior Analyst at Screen Digest (www.screendigest.com) has just completed an analysis of the 3G mobile broadband market. Although the number of people using mobile networks to connect to the Internet through a device known as a 'dongle' will continue to rise, he predicts that the rate of growth is set for a big fall over the next two years.

There has been a significant uptake in the usage of mobile broadband in the past two years, especially in Europe where usage grew ten fold from one million people in 2006 to nine million in 2008. Put another way, the mobile broadband market is currently worth more than mobile TV, mobile games and mobile music combined. This way of accessing the Internet is particularly attractive as an alternative to a fixed connection for students living in private accommodation, people who live in more than one place and also people who live in areas where fixed broadband is simply not available.

The growth in take up of mobile broadband has inevitably fuelled a pricing war between the operators. Not only has the number of operators offering mobile broadband increased nine fold during 2006 and 2007, but they've become more competitive: 66 per cent offer prepay packages, 59 per cent have introduced laptop bundles to entice customers to subscribe to their network and they've reduced the average subscription price by a third in the past six months. The result of these competitive strategies has meant that the overall European market has grown to a value of €1.8bn in 2008 and accounts for 15% of all mobile data revenues.

Because of the nature of mobile broadband, its penetration is highest outside of the big five markets in Europe where fixed broadband is dominant, so Ireland, Austria, Portugal and Greece had the highest adoption rates in 2008.



However despite its growth, contribution to data revenues and number of subscribers, de Renesse expects to see high customer churn rates this year and in 2010. “The mobile operators have trapped customers into long-term contracts, whilst failing to deliver the unrealistic networks speed that encouraged them to sign up in the first place. The service can be patchy and users become frustrated – many will switch back to fixed broadband if operators don’t act quickly.”

While European growth is set to reach its lowest in 2010 at only 4.7%, the number of connections will rise again in 2011 and 2012 to reach 22.6m and a total market value of €4.6bn in 2013. De Renesse says: “While this is potentially good news for stand-alone ISPs, upcoming 4G upgrades in 2010 and further price reduction would put the final nail in the coffin for them.”

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About this research

The research in this press release is taken from Screen Digest's Mobile Media Intelligence service.

Ronan de Renesse, Senior Analyst, Head of Mobile Media

Ronan is Screen Digest's Senior Analyst for the mobile sector and has overall responsibility for the online Mobile Media Intelligence service. He has been analysing the telecommunications industry since 2003. Ronan has been involved in several consultancy projects for international organisations and companies, specialising in new business models and in-depth market analyses. He is the author of the major report 'Mobile TV: Business models and opportunities' and has written several reports on the impact of spectrum auctions on the media and telecommunications industry. Ronan holds a PhD in telecommunications from King's College London.

About Screen Digest

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