Mobile penetration in Western Europe is forecast to reach 100% by 2007, says Analysys

Submitted by: Martin Brooke Associates
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* Active mobile penetration is forecast to grow from 90% in 2004 to 98% in 2006 and eventually to exceed 100% as customers buy multiple phones and/or SIM cards

* Penetration already exceeded 100% in several countries, including Italy, Sweden and the UK, at the end of 2004

* Operators in countries with relatively low penetration have the opportunity to grow their customer bases by renewing their focus on pre-paid tariffs

* Mobile service revenue is expected to grow at a strong annualised rate of 9% between 2004 and 2007

* Analysys Research report covers Western Europe, with forecasts for France, Germany, Italy, Spain, Sweden, the UK and the entire Western European market

Cambridge, UK, 5 May 2005 - Active mobile penetration in Western Europe is expected to continue to grow strongly despite having reached 90% at the end of 2004, according to a new report, The Western European Mobile Market: trends and forecasts 2005-2010, released by Analysys Research, the global advisers on telecoms, IT and media (www.analysys.com).

Growth in penetration has shown no signs of abating in several markets. In Italy, Sweden and the UK penetration rose from 93%, 93% and 89%, respectively, in 2003 to 104%, 103% and 101% in 2004. This increase is explained by customers buying multiple phones and/or SIM cards, particularly in conjunction with the launch of 3G, and is expected to occur elsewhere, resulting in a penetration in excess of 100% for Western Europe as a whole by 2007.

However, penetration has stagnated in some of the markets in which operators have placed significant emphasis on converting customers from pre-paid to contract in a bid to stabilise ARPU.

“In countries such as France and Germany operators have an opportunity to increase penetration by marketing pre-paid offerings, which is often the best way to attract certain segments of the population, but they should not lose sight of profitability ,” says Alex Zadvorny, co-author of the report.
“Italy, where ARPU has been in line with the Western European market average and registered the slowest decline among the major European countries between 2000 and 2004, is a good example of how the prevalence of pre-paid does not necessarily suppress ARPU.”

Voice ARPU in Western Europe is expected to stabilise, and, if operators take the right steps to take advantage of the data service opportunity, mobile service revenue is forecast to grow strongly at an annualised rate of 9% between 2004 and 2007.

“With the advent of 3G, operators have an opportunity to stabilise and potentially even grow voice ARPU by using the efficiency of the technology and offering large bundles of minutes,” says Zadvorny. “At the same time, in order to take advantage of the mobile data services opportunity, operators need to address factors such as transparency of pricing, standardisation and ease of use of devices, and the implementation of the relevant billing systems.”

The Western European Mobile Market: trends and forecasts 2005-2010 analyses the key trends driving the mobile market in Western Europe and presents detailed forecasts of the market up to 2010, including the number of subscribers, ARPU, revenue, retail spend and average spend per user (ASPU) for Western Europe as a whole, as well as for France, Germany, Italy, Spain, Sweden and the UK. It covers four market segments (residential prepaid, residential contract, SMEs and large corporations) and eight service categories (voice, person-to-person messaging, data networking, browsing, paid information, entertainment, m-commerce and videotelephony).

The report is available to purchase online at http://research.analysys.com/store. Prices start from GBP1700. For more information, telephone Analysys on +44 (0)1223 460600 or email research@analysys.com.

About Analysys (www.analysys.com)

Analysys provides strategy and management consultancy, information services and start-up support throughout the telecommunications, IT and media sector. Its grasp of market dynamics, coupled with creativity, rigour and renowned objectivity, enables Analysys to consistently exceed the high levels of quality and innovation that its clients expect. The company has over 130 staff in offices in Cambridge, London, Edinburgh, Madrid, Milan, Paris and Washington DC, and works with associates in Auckland, Melbourne and Vancouver

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