

Mobile Broadband Content and Applications

A Market Assessment among Youth and Young Adults

Music services generate the greatest opportunity for wireless carriers, based on a combination of usage interest, likelihood to recommend and likelihood to purchase.



About the Study:

The primary focus of this study involved assessing interest in forthcoming broadband multimedia services, evaluating the content most suited for these services and determining the propensity to pay for young mobile consumers.

One thousand (1000) online interviews were conducted in March 2005 among primary decision-makers or decision-influencers between the age of 13 and 34. The sample was controlled to attain an even mix among gender and age groups, and a geographical mix of the US.



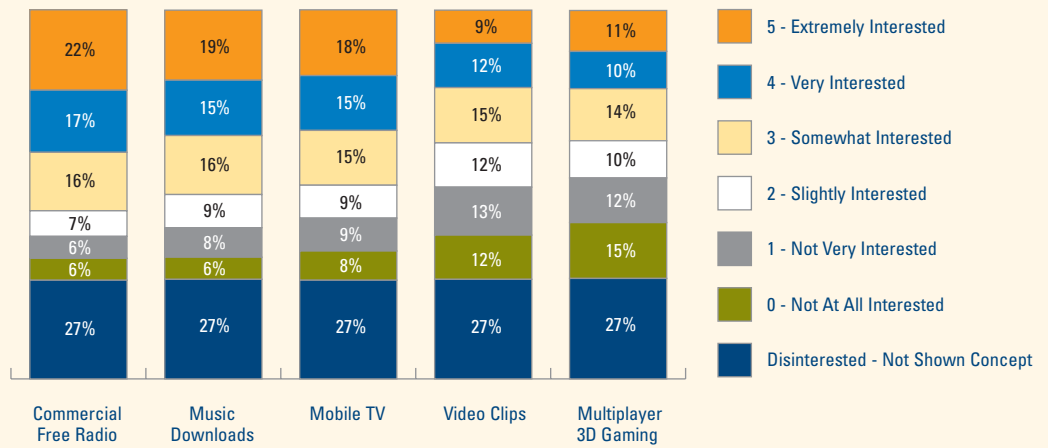
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Applications—An Assessment among
Youth and Young Adults (May 2005)*

The base of users interested in mobile broadband applications would double if video clips service was commercially supported, suggesting an opportunity for advertisers to reach the elusive young male audience.

Interest in Mobile Broadband Services Usage



Key Findings:

- A significant number of youth and young adults are interested in using entertainment-oriented Next Generation Wireless Multimedia Services.
 - As many as two in five indicate they are either extremely or very interested in using one or more of the five service concepts that were tested. An additional one third of the respondents are somewhat or slightly interested.
 - Music Services (Commercial Free Radio and Music Downloads) generate the greatest opportunity for wireless carriers, based on a combination of usage interest, likelihood to recommend and likelihood to purchase. Mobile TV and Video Clips represent somewhat lower levels of opportunity. 3D Multiplayer gaming generates interest with one in five respondents overall, but is a substantially more compelling concept among 13 to 17 year old mobile consumers.
- Consumers most interested in these services are males and consumers between 13 and 24 years of age.
 - There is also substantially greater interest among those who are active or heavy users of today’s wireless data services (e.g., text messaging, alerts, ringtones, etc.), or frequent purchasers of media such as CDs, music downloads, Premium and Pay-per-view channels.
- Interestingly, there are equivalent levels of interest among Prepaid as well as Postpaid customers, suggesting potential opportunities to increase ARPU among the Prepaid segment.
- Although the segment of consumers that are most likely to pay for a video clips service is, at most, about one in five, the base of users would double, if they were commercially supported, suggesting an opportunity for advertisers to reach the elusive young male audience.



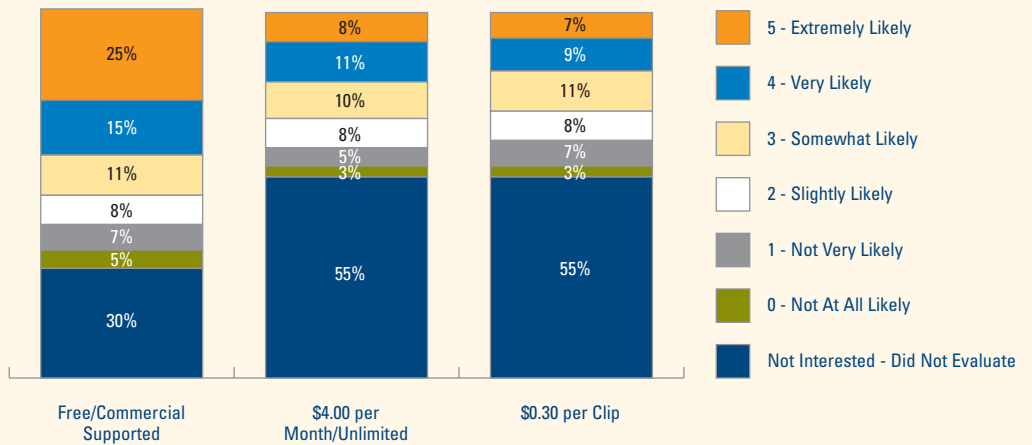
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Nearly one in four young mobile users would either be extremely likely or very likely to switch to a competitive carrier if their existing carrier did not offer these mobile broadband services.

Purchase Interest in Mobile Video Clips



- Most consumers anticipate upgrading their handset through a longer term contract than an outright purchase to overcome the price barrier of a 3G capable handset.
- Nearly one in four would either be extremely likely or very likely to switch to a competitive carrier if their existing carrier did not offer these services.
- As a group, youth and young adults are “mobile-centric.” Over one half consider their mobile phone their primary number. 12% presently do not have a basic exchange service and an additional one in ten definitely plans to disconnect their home phone line in the future.

Implications:

- Given initial interest, the overall concept and the specific concepts tested, wireless carriers and MVNOs should be prepared to offer broadband multimedia services to their customers. Those who do not may risk losing as many as one fourth of their base of younger customers.
 - Mobile carriers should be prepared to market, provision and bill for these services. Assuming these services can be introduced as easy to use, and priced at a good value, there will be broad interest among consumers.
 - Yet, the market opportunity will be more evolutionary, than revolutionary, and will be tempered by the costs to upgrade handsets, unless carriers provide attractive incentives. Other critical factors impacting this opportunity will be the quality and appeal of the content, as well as ease of use.
- Given that interest is strongest among “heavy/active” users of music, video and gaming, there are potential opportunities for media content companies to use mobile broadband services to build brand awareness and stimulate usage across their core product lines.



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- Many cable industry operators (MSOs) are not well positioned today to take advantage of this opportunity. Today's triple play may not be sufficient without a mobile offering. MSOs should ultimately prepare to offer the "home run." With a stake in the mobile industry, cable will be in a better position to serve programmers/networks as mobile video services are launched.
- Content providers should be seeking alliances, mobile operators and MVNOs, as these services represent potential opportunities to build brand awareness, stimulate interest or a "call to action."
- For legacy carriers, the opportunities to market traditional basic exchange and features to young adults will potentially be increasingly challenging, without a play in the wireless arena.
- With greater focus on mobile, young consumers are receptive to enhancing mobile service, rather than wireline service and there are indications that more will disconnect their home phone line in the future.



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