

## **THE WIRELESS INDUSTRY: VIBRANT AND COMPETITIVE**

### **A FACT SHEET BASED ON A PAPER BY MARK LOWENSTEIN**

As the California Public Utility Commission contemplates imposing regulations on the wireless industry, regulators should pause to consider the actual state of the wireless industry.

An analysis by Mark Lowenstein, a leading wireless expert and managing director of Mobile Ecosystem, shows that the wireless industry is characterized by vigorous competition, falling prices and satisfied customers. These facts increasingly make the CPUC's proposed wireless rules look like a regulation in search of a problem.

### **A VIGOROUSLY COMPETITIVE MARKET**

- "In the wireless market, 94% of consumers can choose among three or more carriers and 76% can choose among five or more carriers" according to the Federal Communications Commission.
- "Today, more than 130 million Americans and some 60% of households use wireless services."

### **COMPETITION DRIVING DOWN PRICES**

- "Early car phones had cost \$2,000 with air time prices well over \$1.00 per minute. Today, phones costing less than \$100 (often much less with new activations) and usage prices of about 10¢ per minute are the norm."
- "While prices dropped by more than 30% from 1997-2001, average usage per subscriber has more than doubled, from under 200 minutes per subscriber per month to about 400 per month."

### **A SATISFIED CUSTOMER BASE**

- "The Yankee Group's 2002 Mobile User Survey of 2100 households with wireless service reveals that" 82% of users are satisfied with their wireless service and 78% believe they are getting "good" or "excellent" value for their money.
- "... [W]ireless service plans have become less confusing than they once were, due to" industry consolidation, the introduction of national service plans, and "all you can eat" plans.

## **WIRELESS CRITICAL TO CALIFORNIA'S ECONOMY**

- “The wireless industry represents 60,000 California jobs, for a total payroll of \$3.5 billion.”
- Wireless operators plan to invest “more than \$25 billion this year, \$3 billion of it in California.”
- “California hosts more than 2,000 wireless companies, nearly double the 1,100 in Texas, which has the second-highest concentration among U.S. states.”
- “Within the state, Los Angeles and neighboring areas have the greatest number of wireless firms and employees ... or about 800 firms and 22,500 employees. The San Francisco Bay Area has received the most venture capital in the state for wireless companies, nearly \$4 billion over 8 years. The San Diego [area] is also a wireless hotbed.”

## **LESSONS FOR THE CALIFORNIA PUC**

- “Wireless is the most competitive sector of the communications industry, in part, because it is the least burdened by regulation.”
- “Consumers have become accustomed to the convenience and immediacy of buying goods and services on-line, whether it’s a movie ticket or a fridge.”
- “Increasingly, changes in [wireless] service, activation of new features, or downloading of applications are performed over the telephone ... or electronically over the Internet.”
- “Clearly, in order for next generation wireless services and features to be adopted, we need a billing and payment infrastructure that is flexible and easy to use. It should leverage the unique capabilities of a mobility device and service in [the] evolving era of e-commerce.”

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