

**Worldwide Mobile Application Series:  
Mobile Messaging Still Profitable**

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## Report Summary

In recent years, as mobile operators have seen the average revenue per user (ARPU) decrease, they have sought to recover some of this revenue via value-added services. However, the most profitable data service is still text messaging. Inexpensive, ubiquitous, reliable, and simple for the mobile customer to operate, SMS (and MMS) technologies provide potentially endless revenue streams for forward thinking MNOs. This report contains:

- Customer segmentation of consumers who currently use mobile data via 2008 Consumer Mobility Survey.
- Analysis of different stages of text messaging growth on a regional level.
- Global and regional forecasts for the mobile messaging industry.
- Emerging technologies for maximizing SMS/MMS revenue—services offered by Acision and VeriSign.

### HIGHLIGHTS

- Mobile messaging respondents use many more voice minutes than total survey respondents.
- One-third of mobile Internet messengers use AT&T Mobility service.
- In addition to paying more for value-added services, mobile messengers are also more likely to pay up to 25% more for their handsets than all survey respondents.

## What's in the Report?

- Forecasts of mobile messaging revenue through 2013 for North America, Europe, Asia/Pacific, China, and Global regions.
- Responses from the 2008 Consumer Mobility Survey segmented by respondents using mobile messaging.
- Strategic guidance for enhancing ARPU via enhanced messaging functionality.

## Who Will be Interested in This Report?

- Cellular operators.
- Mobile application developers and marketers.
- Enterprises with the need for constant customer communication.
- Mobile advertisers.

**Whose Needs Does This Report Address?**

- Companies providing enhanced messaging services.
- Mobile operators and investors.
- Companies interested in entering the mobile content arena.
- Enterprises seeking to increase customer service via mobile messaging.

**What Questions Does This Report Answer?**

- Which services and strategies will pave the way for development in the consumer mobile messaging market segments?
- How will mobile development differ among geographic regions?
- What strategies are operators pursuing to increase ARPU and develop new services?
- Where will opportunities emerge for operators, investors, and content and application developers?

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## Methodology

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This report is intended to analyze mobile messaging that is consumer-generated. Forecasts of revenue and volume take into account consumer adoption of technology, as well as service adoption data from operators, vendors of messaging systems, phone manufacturers, and other sources.

As a result, volume and revenue forecasts do not include business-to-business services. The forecasts also exclude value-added services revenue, such as ringtones and music downloads, video clips, messaging-based games, voting charges, and informational services.

The information contained in this report comes from primary and secondary sources. Sources for primary information include interviews with vendors in the cellphone market and infrastructure manufacturers who supply equipment to this market during the fall of 2008. Messaging formats in this report for which forecasts are provided are short message service (SMS) and multimedia message service (MMS).

Since this report provides worldwide forecasts, as well as regional breakouts, we have aggregated pre-paid and post-paid messaging in order to keep the number of tables manageable.

Forecasts in this report are based on historical wireless voice user data, including the 2008 CMS conducted by In-Stat, and on messaging user data, based on industry input and In-Stat's analysis. Additional data and statistics have been provided by various organizations, such as the Cellular Telecommunication Industry Association (CTIA), GSM Association, CDMA Development Group (CDG), and from individual company financial statements. In addition, please note that some of the numbers in this report may not calculate exactly due to rounding. The numbers are calculated at a higher precision than shown.

Revenue forecasts are given in current US dollars. Due to international monetary conditions and the fluctuating price of the US dollar, it is difficult to estimate revenues in absolute terms. It is important to note that our forecast model changes as new data are received. Revenue and volume were calculated separately in each forecast, by different methods, and then blended to provide the best possible forecast.

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