

# Have Wireless, Will Travel: World Phones and In-Flight Wireless Services

## Executive Summary

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World phones and in-flight wireless voice and data services are two key growth areas for the global wireless industry over the next few years, and In-Stat/MDR's mobile user survey results indicate that subscriber interest in each category is strong. World phones, which allow easy roaming between international cellular networks, are already key fixtures in the mobile handset industry. The launch of in-flight wireless services began in 2004 with the introduction of airborne WLAN, and the nascent business is expected to receive a tremendous boost with the deployment of in-flight cellular voice and data in 2006.

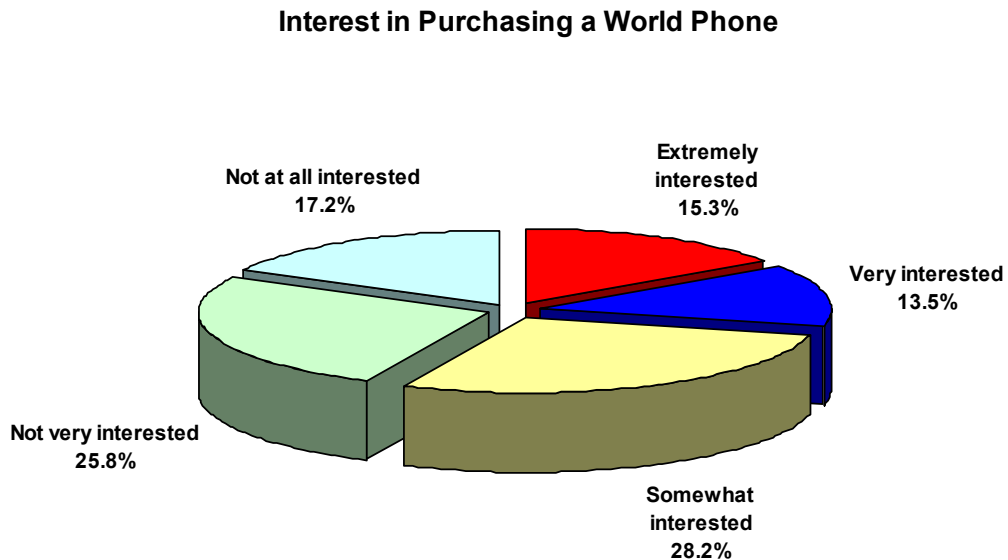
Other key In-Stat/MDR research findings include the following:

- Among wireless early adopters surveyed, the incidence of international travel is relatively high, both for business and personal reasons. This represents a significant potential market in the US for world phones and in-flight wireless services.
- 73.4% of TAP respondents travel for business, at an average rate of 8.2 weeks per year. Of the users surveyed, 49.9% travel internationally for business and/or personal reasons, with Western Europe, Canada, and the United Kingdom being the most favored destinations. These international travelers make an average of 2.4 trips per year, but most do not currently use cellular services during those trips.
- World phones have become increasingly common, especially among GSM subscribers. Combination CDMA/GSM world phones are a newer phenomenon, but the market is beginning to grow more rapidly with the recent introduction of world-capable handsets from leading CDMA carriers Verizon Wireless and Sprint PCS. In-Stat/MDR expects world phone shipments to grow at a compound annual growth rate (CAGR) of

5.6% over the next five years, with CDMA/GSM world phones growing at a disproportionately fast CAGR of 53.6% during the forecast period.

- 28.7% of survey respondents were interested in purchasing a handset with world phone capabilities. The average user was willing to pay a premium price of \$25.59, above and beyond the base cost of their next handset. T-Mobile and AT&T Wireless (now Cingular) subscribers were the most interested in world phones. Among professional groups, Sales/Marketing and Consulting/Research professionals were the most interested in world phones, and employees within the Communications business led the pack among industry groups surveyed.

**Figure 1. End-User Interest in Purchasing a World Phone**



Source: In-Stat/MDR 12/04

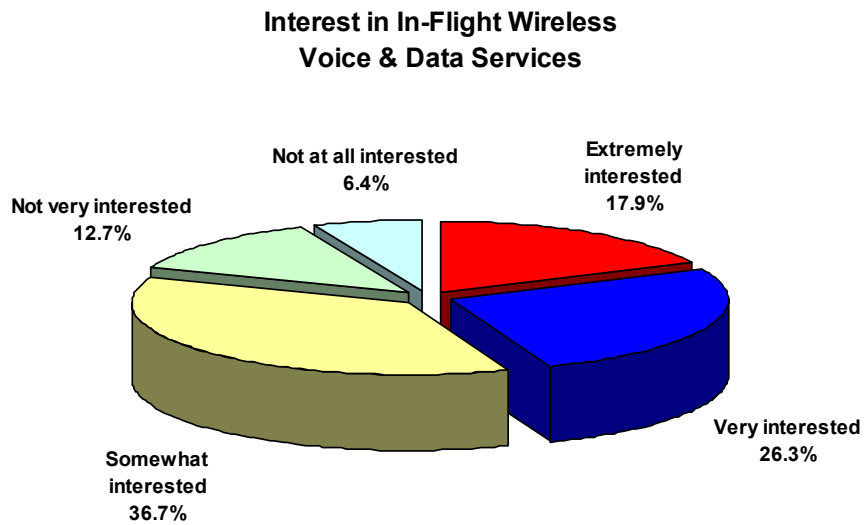
n = 1,271

- Working to persuade aviation and government officials that in-flight wireless services can be safe with the right technology, a number of companies are developing systems to facilitate the use of wireless voice and data services on commercial aircraft. Qualcomm, Boeing, Airbus, and AirCell are a few of the leaders in this area. In-flight WLAN services were launched in 2004 on Lufthansa, and the roster of airlines offering such services is expected to grow quickly over the next few years. Additionally, early trials of in-flight cellular voice and data services have

yielded positive results in 2004, and the industry expects cellular service based on picocells and other technologies to take wing in 2006.

- 44.2% of In-Stat/MDR's survey participants were interested in in-flight wireless services, with about half willing to pay a premium price. Voice cellular service were the most popular category within this domain, followed by wireless Internet access using a laptop PC. As in the case of world phones, T-Mobile subscribers expressed the strongest interest levels in in-flight wireless services. Sales/Marketing and Consulting/Research professionals were the most interested occupational group, and again the Communications industry was the leader in terms of its employees' interest levels in these prospective services.

**Figure 2. End-User Interest in In-Flight Wireless Voice & Data Services**



Source: In-Stat/MDR 12/04

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