

All the Numbers, All the Facts on Mobile the Trillion-Dollar Industry. Why is Google saying: Put your Best People on Mobile?

Yes, Google (outgoing) CEO Eric Schmidt had been saying 'Mobile First' but his latest version of his 'Mobile mobile mobile' mantra, that he shares with all partners and companies interested in mobile is: "Put your best people on mobile." Why? Because Mobile today is by a wide margin, the fastest-growing giant industry on the planet. Because all major digital technologies are headed to mobile - telecoms, computers, the internet, etc - and all major media are headed to mobile - music, gaming, news, television, advertising - and even money, from coins to banking to credit cards, is headed to a phone near you. This is definitely the "industry of the decade" and we have only begun. So how big is big? It's huge. Let's review the numbers.

## 5.2 BILLION SUBSCRIBERS

So first the biggest number - 5.2. That is in billions with a B. There are 1.2 billion personal computers in use worldwide including desktops, laptops and tablet PCs like the iPad. There are 1.1 billion fixed landline phones. There are 1.0 billion automobiles registered and in use. There are 1.6 billion television sets, 1.7 billion credit card users, 2.0 billion internet users, 2.2 billion people with a banking account, and 3.9 billion radio receivers in use worldwide. Mobile utterly dwarfs them all - with 5.2 billion currently active, i.e. fully paid mobile phone subscriptions. Active mobile phone accounts. 5.2 billion. Yes, 4.5 times more mobile phone subscriptions than personal computers or landline phones. 2.5x more mobile accounts than all internet users. 3 times more mobile subscribers than the total number of television sets. Mobile is huge.

The planet has 6.9 billion people alive, from babies to great grandparents. Now there is an active mobile phone subscription for 75% of them. So where are we? One way to look at it is electricity. The planet has 1.6 billion people who live beyond the reach of electricity (said CNN, 2009). So the mobile phone subscriber count is almost matching every human alive (including babies etc) who enjoys modern conveniences like electricity (5.3 billion people). Or another way? Water. We learned last year that 4.2 billion people use a toothbrush (MMA Forum Asia 2010) - so there are one billion more mobile phone accounts than the total number of users of a toothbrush. Or jobs? Motorola told us last year that there are 5 billion people who have a job on the planet - but 5.2 billion people have a mobile phone.

I am doing my 'count-down' to the point when we have 100% per-capita penetration rate of mobile phone accounts on the planet, i.e. one active mobile account per person alive. We'll hit that point roughly at the end of 2013. But I'm using an age-related count-down. So if we allocate all existing active mobile phone accounts by age, from the eldest to the youngest, we are now at the start of 2011, at the point, where there would be an active mobile phone account for every person alive on the planet who is over the age of 12. It is coming down at the rate of about one year of age, per quarter! In other words phones are spreading at the rate of four years of age, per year. By the end of this year we'll be at about age 8... And

it's everywhere. In the USA the mobile phone penetration rate is rapidly nearing the 100% rate per capita (we should pass that point this year). That may seem impressive, it is not. Europe is at 130%, many leading countries are already past the 150% level and the United Arab Emirates (i.e. Abu Dhabi, Dubai etc) became the first country to pass 200% mobile phone subscriber count. And even the poorest regions are rushing in. The continent of Africa has already passed the 50% penetration level in mobile phone subscriptions per capita.

### 3.7 BILLION UNIQUE MOBILE PHONE USERS

The total mobile phone subscriber count of 5.2 billion is not the same as 'unique users' of mobile phones. Over one third of all people who have a mobile phone, have two or more mobile accounts. Many have two phones, some have a phone and a laptop-PC account on a 3G data dongle, and some walk around with two phones and a data account (3 accounts). Some have one phone but switch between networks and these can easily have 4 or 5 subscriptions usually as prepaid accounts and switch networks swapping the SIM card. In some markets mobile phone handsets with dual SIM (or even triple) SIM card slots account for 20% of all phones in use.

So how many is the 'unique' user count? That is 3.7 billion people. It is already over half of the total population of the planet - and considering most of the planet lives in very poor conditions, mobile phones are by a very wide margin the most widely spread technology on the planet. Yes, 54% of all people alive on the planet have a mobile phone.

And those with more than one account? 34% of all mobile phone users will have more than one account. That is more than half of Europeans for example and nearly a quarter of Americans already. And six percent of us across the planet - 225 million people - maintain 3 or more active mobile phone accounts. This is a magical industry!

### 4.3 BILLION PHONES IN USE

So how many mobile phone handsets is it? The 3.7 billion unique mobile phone subscribers walk around with 4.3 billion mobile phones in their pockets. In other words, one in six of us who has a mobile phone account, have not just two accounts but walk around with two phones. No wonder the world seems to be going mad with all the new phones.

### REPLACES WATCH, ALARM, MP3 PLAYER

So the pocket wonder is taking on all rivals. It's not just our phone and messaging device and our camera. It is now our preferred device to tell time - Mintel surveyed the UK population in 2010 and found that 91% had a mobile phone but only 84% was still wearing a wristwatch. In the youth segment more than one in four (28%) had abandoned the watch and only used their phone for telling time. A Purple Gossip survey of the UK population found that 75% used their phones while on the

toilet. 41% of the Japanese bring the phone to the bathtub (Sega 2008). Meanwhile yes, we sleep with the phone, but a Birmingham Post study in 2008 found that 71% of the British population felt that the stand-alone alarm clock by their bedside was obsolete. A survey by Jacobs Media and Arbitron in 2010 found that we now are shifting our behavior away from stand-alone devices to mobile phones in a wide host of instances from cameras, video cams, GPS units, iPods and MP3 players and even the use of car radios is declining now as we spend more time on our phones while in the car.

But then a cheeky view to mobile. Young and Rubicam gave this advice in 2010 to all who design mobile services and apps - remember, at any one time, roughly speaking 10% of mobile phone users are drunk, 10% of mobile phone users are nearly asleep in bed, 10% of mobile phone users are watching TV, and 10% of mobile phone users are in the dark. On some Saturday nights probably the same user will be watching TV in the bedroom, in the dark, while drunk ha-ha... So the need is to make services easy to use...

## WHAT DO WE DO WITH THE PHONE?

Nokia told us in 2010 that the average person on the planet looks at the phone now 150 times per day. That means you and I will feel the compulsion to glance at our phone every six and a half minutes of every hour we are awake! Yes, it's our clock and our alarm and our calendar and our map, but what do we do on it? Let's see.

The activity that gets the most use of the mobile 'phone' is voice calls - but that is nowhere near 100% anymore! Yes, only 88% of us will originate voice calls. For all regions now, including the USA, the primary use of a mobile phone for most users is... SMS text messaging! 82% of all mobile phone users already send SMS text messages. And don't worry, there is no math error. More people use voice calls - but for most users, they now prefer SMS as the most used function on the phone. A 2010 survey by Zokem of mobile phone users in the USA and Europe found that 29% of our time is spent on phone messaging, and only 23% on voice calls. The trend is global with national regulators and industry associations reporting on the preference of text messaging ahead of voice calls from the USA to UK to New Zealand - in India they are at the point where 34% of mobile phone users will not originate voice calls (Yankee Group 2007). Which gives us the big decliner - while essentially all mobile phone accounts include free voicemail, the use of voicemail is down to 67% of all mobile phone subscribers. They all are doing what for example the Finnish Prime Minister was saying earlier in the past decade - their voicemail says don't leave me voice mail, send me an SMS text message instead.

What else do we do? 71% of mobile phone subscribers will use the camera on the phone (note, only 77% of all phones in use are camera phones!) 53% of us will listen to music on the phone (including use of ringtones and use of FM radio). Half of us have received advertising on the phone. 40% of us now send MMS picture messages. One third of us have used search on the phone and just over one in four, 26% have voted on TV shows via SMS. But of the hot story of the 'apps' - only 15% of the mobile phone subscribers have downloaded an app to the phone.

## SMS HAS 4.2 BILLION USERS

So the huge number here is SMS obviously. Yes, 4.2 billion people are already active users of SMS text messaging. Don't listen to any of those fools who suggest SMS is going away. There is nothing in the digital world coming close to what SMS is today. Look at its size. SMS text messaging has more than twice the number of users as all users of the internet. Nearly four times more people send SMS text messages than have a PC of any kind. While email can also be accessed at internet cafes and at work - with 1.4 billion unique users of email worldwide, including residential consumer users and business/work email accounts - SMS is 3 times bigger than email already.

Do you think Facebook is 'important' and 'popular' - well, SMS is only ... seven ... yes seven (!) times bigger than Facebook. You like Twitter? SMS is 21 times bigger than Twitter! And is SMS 'slowing down'? No. The world's most widely used data application grew users by 17% in just one year! Did the traffic grow? You betcha! Try 24% in just one year! And what of SMS revenues you ask? Well, SMS hit revenue levels of 120 Billion dollars in 2010, which is a growth rate of 6% from the level in 2009. Do not for one moment think SMS will go away any time soon.

SMS is the only technology that reaches the pockets of 61% of the planet. SMS user base is literally bigger than the total number of radio receivers in use globally, three times as big as the number of television sets and almost four times as big as the total installed base of all personal computers in use (and not all of those are connected to the internet, mind you).

SMS delivers news and alerts - 1.2 billion people pay to receive news on their mobile phones - most do so via SMS text messaging. Note this number is more than all who pay for cable TV (i.e. who have access to 24 hour cable news services). The number who pay to receive news on their phones is nearly 3 times bigger than the total paid circulation of all daily newspapers worldwide. Yes.

And SMS does money! SMS has cannibalized coins and Estonia and Sweden are among the countries that are now decommissioning coins from some industries like parking, public transportation etc. In Kenya more than half of all banking accounts are SMS banking accounts and 25% of the total Kenyan economy transits SMS based mobile payments. SMS does just about anything you could imagine from delivering answers to questions on AQA and ChaCha to reminding about medical appointments to teaching basic literacy skills.

## MMS HAS 2.1 BILLION USERS

And if you were stunned by the continued success of SMS, think about MMS. A year ago MMS passed the total global number of users of the internet, and today is the second most used data application on the planet. Yes, 2.1 billion people - an even 40% of all mobile phone subscribers are active users of MMS multimedia messaging. This revolution is strongly driven by Asia, as IDC told us last year that Asia became the first region where MMS revenues now exceed SMS revenues.

Globally, MMS delivered 34 billion dollars of revenues last year (a growth rate of 17% in just one year). MMS is being embraced by advertising and media empires the world over. For example in the USA, the ABC television network hit TV show *Pretty Little Liars* invited viewers of the TV show to register for a weekly 'secret'. They then sent previews of the next episode - via MMS - and achieved a massive 12% of the total viewing audience to sign up to the service. But that is nothing compared to Asia. In China 40% of the total readership of daily newspapers now also subscriber to twice-daily MMS news alerts of what is coming in tomorrow's newspaper.

But let's go back to MMS revenues. 34 billion dollars. Let's put that into a context that media people can understand. MMS globally is now bigger than the worldwide video gaming industry, bigger than the global cinema box office revenues, and twice the size of the music industry revenues on the planet. And you thought nobody sends those silly picture messages, eh? MMS is growing at a faster rate than SMS did when counted from the commercial launch. If you thought SMS was huge, wait what MMS will be like a few years from now!

## GENERATES 1.2 TRILLION DOLLARS

The mobile telecoms industry passed the 1 Trillion dollar revenue level two years ago, becoming the fastest-growing giant industry on the planet, in the process. Mobile is twice as big as the fixed landline telecoms industry, twice as big as the global computer industry, four times as big as the global internet related business and three times as big as worldwide advertising. There are only a handful of these truly giant industries on the planet - travel is not that big, neither is television, neither is pharmaceuticals etc. Automobiles, that's another trillion-dollar industry. Garments (our clothing) and food. Construction. Armaments (weapons, i.e. our wars) and banking. And mobile. Truly giant industries worldwide. And mobile is by far the fastest-growing one of those.

So how did we do last year? The industry hit the number of 1.18 Trillion dollars (1,180 billion dollars) in value. It reflected a growth rate of 9% from the year before, far faster than the world economy grew and of the giant industries, mobile grew by far the fastest. How does that split by the major sectors? Ever more of the industry is now in the services side. Our handset obsession only delivered 165 billion dollars (14% of the industry revenues) and the lion's share, 78% was in the 'services' side, mostly earned by the mobile operators/carriers. The remaining 90 billion was split between the network infrastructure sales and the various accessories we like to buy for our phones, from Bluetooth earpieces to replacement batteries, memory cards and those cases that become so popular last summer to solve Apple's 'antenna gate' problem.

## MOBILE VOICE 627 BILLION, DATA 301 BILLION

Lets dig into those mobile 'service' revenues some more. Overall, the services side of mobile is nearing the Trillion-dollar milestone itself, hitting 928 billion dollars in value in 2010. We will probably arrive at the big T this year. But let's dig into what

formed so much of the income. Voice calls are the biggest part of the service revenues, 627 billion dollars' worth in 2010. That's still exactly two thirds of the total service income of the industry. Messaging comes in second biggest, at 172 billion dollars, and all non-messaging data forms the remaining 129 billion. For the combined, 'non voice' service revenue of mobile data, we passed a milestone mobile data is now worth 301 billion dollars.

Yes, mobile phone data revenues alone are now bigger than the total 'internet' industry on the personal computers, including all internet content revenues, all internet advertising revenues, and even all the subscription fees, broadband and dial-up. Where do we spend all that? We watch television and video content on the phones, and we vote on TV shows. We download music including ringing tones, and subscribe to music services including ring back tones. We play games from Tetris to Angry Birds. We use social networking services, buy virtual goods, and send flirting gifts to our friends and lovers.

#### MOBILE ADVERTISING 8.8 BILLION DOLLARS

So what of mobile advertising? Most of the income of the internet content is based on advertising revenues... Roughly half of television and print media income is advertising. What of mobile? Half of us have received ads on our phones, 2.6 billion people last year, and with Admob style of banner ad explosion, the amount of ads served has grown exponentially. The revenues in mobile advertising almost doubled from 2008 to 2009, and again grew by 85% in the past year, hitting a value of 8.8 billion dollars for 2010. Most of that revenue was made with ads on SMS, MMS and banners but more advanced mobile ad formats are also growing strongly, led by search and video.

The more interesting metric to consider is the proportion of mobile advertising out of all mobile data service revenues. Advertising generated only 3% of the mobile data revenues! So 97% of our content and services consumed on mobile were paid by the customers. This is a very healthy and robust industry!

#### APPS WORTH 9 BILLION DOLLARS BUT WAIT, IT'S NOT WHAT YOU THINK

So then we have the highly hyped 'apps' for mostly smart phones. That market sector is now worth 9 billion dollars, up 50% from last year when it was worth 6 billion. But before you start to celebrate, please remember, most of this is not 'app store' type of apps for consumers of smart phones. 6 billion dollars of the app store income was from 'enterprise' and corporate i.e. business apps, not sold to consumers, but delivered by the big IT integration companies to connect fleets of thousands of Blackberries to the corporate CRM and email systems.

The consumer 'app store' type of Smartphone application market did indeed grow very strongly last year, and reached a value of 3 billion dollars in value. But that reflects only 1% of all mobile data revenues, so while it is very nice growth rates, indeed, then still today, MMS alone is 11 times bigger and trusty old SMS is 40 times bigger than the total worldwide consumer app store opportunity.

## MOBILE INTERNET IS ALREADY BIGGER

And then let's look at the mobile web. We passed the point back in 2009 when more than half of all internet users worldwide used a mobile phone to access the web. The gap is now growing. But it's not a black-and-white matter. Most who use internet-based content and services do so using both a PC and a mobile phone. So we actually have to count three numbers.

400 million people access the internet only using a personal computer. Out of all 2.0 billion internet users, that is 20%. 975 million people use both technologies, a personal computer and a mobile phone to access web content, which is 49%. And already 625 million people are exclusively using only a mobile phone to access internet content. It is important to point out, that very often in the Emerging World countries, the primary mobile internet standard used is WAP, the simplified mobile-optimized browsing and service environment. And that while we often think of mobile internet use on an iPhone or similar Smartphone on a 3G network connection, nearly half of the use of the 'real' HTML based internet even in the Western countries, is still from feature phones, not smart phones.

## SOLD 1.38 BILLION NEW HANDSETS

Last year saw the mobile industry return to growth in handset sales, from the brief slump during the economic crisis. A total of 1.38 billion new mobile phone handsets were sold last year. To put it in context, the world has 1.2 billion personal computers in use of any kind. And almost every phone sold last year had a browser and color screen which in a very simplified sense, could be said to be a poor person's computer, or internet device.

298 million of the new phones, 22% were smart phones. 490 million (36%) of the phones sold had a premium input method, with either a QWERTY input or a touch-screen input or a hybrid of the two. 77% of all new phones sold were camera phones, and 46% of all new phones had a camera resolution of 1 megapixels or better. One in ten phones sold had a camera resolution of 5 megapixels or better.

So there you have it. And perhaps it's worth coming back to the thoughts from Google at the start of the article. This article may help explain why Google CEO now says; put your best people on mobile. This is the best economic opportunity of our lifetimes.

Next Step: Find out how to cash in on this opportunity and how to receive your own Marketing Mobile App and Mobile Website. You can also receive unlimited SMS Text Advertising to announce updates to your Mobile Website and other VIP Special Announcements. Visit [www.MobileAdvertisingServices.us](http://www.MobileAdvertisingServices.us) for all of the exciting details.