



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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## FCC ADOPTS ANNUAL REPORT ON STATE OF COMPETITION IN THE WIRELESS INDUSTRY

Washington, D.C. – The Federal Communications Commission has adopted its Eighth Annual Report on the state of competition in the Commercial Mobile Radio Services (CMRS) industry. The Eighth Report concludes that the CMRS industry is competitive and, during 2002, experienced increased service availability, lower prices for consumers, and a greater diversity of service offerings. The Commission also announced that it will conduct another Notice of Inquiry on CMRS competition in order to gather additional data for use in next year's CMRS competition report.

### **Specifics of the Eighth Report:**

**Revenues and Service Availability:** During 2002, the mobile telephone sector generated more than \$76 billion in revenues, and the number of mobile telephone subscribers rose from 128.5 million to 141.8 million, resulting in a nationwide penetration rate of roughly 49 percent. Broadband PCS and digital SMR licensees continued to deploy their networks. To date, 270 million people, or 95 percent of the total U.S. population, live in counties with three or more different mobile telephone operators, and more than 236 million people, or 83 percent of the U.S. population, live in counties with five or more operators competing to offer service.

**Digital Deployment:** Digital technology is now widespread in the CMRS industry. Approximately 278 million people, or 97 percent of the total U.S. population, live in counties where operators offer digital mobile telephone service, and digital subscribers made up approximately 88 percent of all mobile telephone subscribers at the end of 2002, up from 80 percent at the end of 2001.

**Prices and Minutes of Use:** During 2002, subscribers' average monthly cell phone usage continued to rise and the price per minute of mobile telephone service continued to fall. Minutes-of-use per month averaged 427 between June and December 2002, an increase of 12 percent from 380 during the same period in 2001. Estimates for the decrease in the price of mobile telephone service during 2002 range from one to nine percent depending on the methodology employed.

**Mobile Data Services:** Mobile data services have begun to play a more significant role in the CMRS industry. While such services generated only one percent of total industry revenue during 2002, an estimated 11.9 million, or 8 percent, of the 141.8 million mobile telephone subscribers at the end of 2002 subscribed to some type of mobile Internet service. An additional

2.3 million consumers subscribed to mobile Internet services on data-only mobile devices at the end of 2002. Mobile data providers began offering a variety of new services to consumers during the past year, including downloadable ring tones and graphics, multimedia messaging services, and interactive gaming. In addition, established services, such as text messaging and e-mail, continued to grow in popularity. It is estimated that 20 percent of all mobile telephone subscribers used text messaging services during the fourth quarter of 2002.

Next Generation Technologies: Mobile telephone carriers continued to upgrade their networks with next generation technologies (including General Packet Radio Service and CDMA 1xRTT) that allow them to offer mobile data services at higher data transfer speeds typically ranging from 30 to 70 kilobits per second. As of March 2003, operators were offering services over these next generation networks in at least some portion of U.S. counties containing 265 million people, or 93 percent of the U.S. population.

The conclusions reached in the Eighth Report are based on the analysis of several measures of competition, including: the number of carriers competing in an area, the extent of service deployment, prices, technological improvements and product innovations, subscriber growth, usage patterns, churn, and investment. Several sources of information were used in the Eighth Report, including data and statements provided in the comments submitted in response to the Notice of Inquiry (FCC 02-327) released in December 2002 seeking data for the Eighth Report, the Commission's Numbering/Resource Utilization Forecast (NRUF) database, and public sources such as company SEC filings, data compiled and released by trade associations and by other government agencies, reports by securities analysts and other research companies and consultants, company news releases and web sites, and newspaper and periodical articles.

Action by the Commission on June 26, 2003 by Eighth Report (FCC 03-150). Chairman Powell, Commissioners Abernathy, Martin, and Adelstein, with Commissioner Copps Concurring. Chairman Powell and Commissioner Copps issuing separate statements.

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