

# WIRELESS VANTAGE™

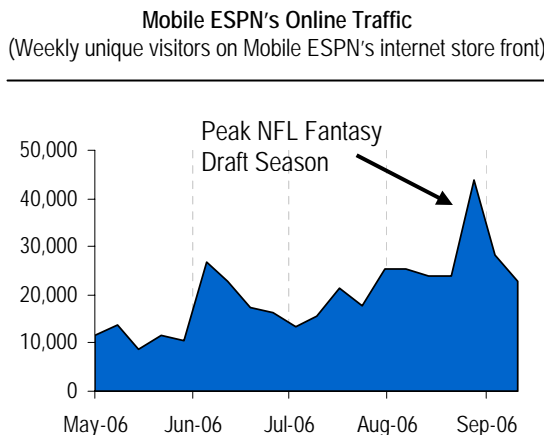
A view of the wireless consumer marketplace

By Adam Guy and Becky Bitzenhofer

## Disney Calls Mobile ESPN's Game Off Before the 4<sup>th</sup> Quarter

It's hard out there for an MVNO. No one knows that better than ESPN Mobile whose 2007 funding (and therefore its business as an MVNO) was pulled by Disney after only eight months of operations. With MVNO difficulties well documented, it's not surprising to see one fail, but the timing of ESPN's departure is curious.

While Mobile ESPN was slow out of the gate with uncompetitive pricing and unfocused marketing messages, the MVNO has made corrections and we have started to see some momentum. The industry should expect MVNO growth to be slow given that most of the wireless market is under contract and therefore cannot easily switch for up to 2 years.



As Mobile ESPN made its device and service pricing more attractive and focused its marketing messages to fantasy sports enthusiasts, demand for the service more than doubled.

Missing from the "Sports Heaven" messaging at launch was Mobile ESPN's best asset; the usability of its interface for consuming and managing fantasy sports content. This prevented even the most avid sports fans from understanding why they should pay a premium for a branded service that seemed to deliver the same type of content available at other carriers. Over the summer, Mobile ESPN made its device and service pricing more attractive while more overtly messaging the benefits of its user interface for the fantasy sports enthusiasts. Consequently, demand for the service, measured by the volume of shoppers on its online store front, has more than doubled over the past 5 months. We only wish we could have seen the market's response over the course of the football and holiday shopping seasons.

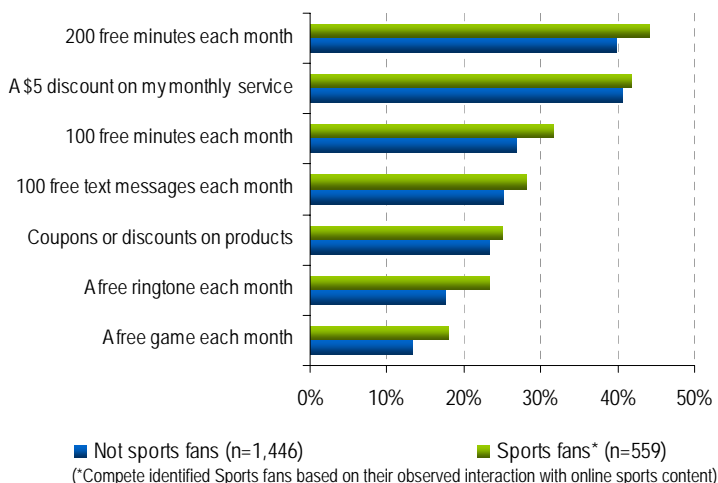
Compete's wireless intelligence and targeting services analyze consumer behaviors and competitive best practices to help wireless companies maximize their returns on marketing, product development, and procurement.

## Mobile Advertising Makes the Team for Carriers and MVNOs

A positive indicator for the remaining MVNOs (and carriers too) is the market's tolerance for mobile advertising. In late June, Compete fielded a study of wireless shoppers (targeted based on their online shopping behavior) asking about their willingness to receive ads on mobile phones in exchange for freebies such as airtime and digital media. Only 35% of respondents indicated that they would not tolerate mobile ads under any circumstances. At a Madison + Vine conference this week, Amp'd Mobile presented similar

### How willing would you be to receive a few ads per month on your mobile phone in exchange for each of the following?

(% choosing 4 or a 5 on a 1-5 willingness scale, June - July 2006)



findings on the consumer appetite for mobile advertising.

Sports fans, identified in this study by their observed interaction with online sports content, exhibited greater willingness to accept mobile ads than the general population across all categories of incentives. While this represents a lost opportunity for Mobile ESPN, carriers and MVNOs distributing sports and other entertainment content can leverage an advertising-supported model to fill in the revenue gaps of consumer price sensitivity.

