

MAJOR MILESTONE FOR U.S. CELL PHONE CONSUMERS: PREPAID TO ACCOUNT FOR 1 OUT OF 4 WIRELESS SUBSCRIPTIONS BY END OF 2011

NMRC: Fueled in Part by Popularity of No-Contract Unlimited Plans, Three Out of Five New Wireless Subscriptions in 2010 Were Prepaid

WASHINGTON, D.C.///July 28, 2011///By the end of 2011, total prepaid/no-contract wireless subscriptions in the U.S. will represent for one out of four such accounts, a new high-water mark reflecting the recent and rapid erosion of consumer reliance on more expensive contract-based cell phone plans.

According to new data released today by the New Millennium Research Council (NMRC) think tank:

- About three out of five new wireless subscriptions in 2010 were for prepaid cell phone service versus contract-based “postpaid” service – a margin of more than eight million new no-contract prepaid subscriptions versus just under new 4.8 million postpaid subscriptions. (Source: J.P. Morgan, May 2011, covering the period from the fourth quarter of 2009 to the fourth quarter of 2010.)
- While traditional prepaid service subscriptions lost ground from the fourth quarter of 2009 to the fourth quarter of 2010, unlimited prepaid posted strong gains with 7.4 million new subscribers, up 45 percent over that one-year period. (Source: J.P. Morgan.)
- Based on current growth trends, the total non-wholesale wireless market in the U.S. will reach about 290 million by the end of calendar year 2011. For the first time, non-contract prepaid subscriptions will account for roughly 25 percent of the total wireless picture, moving the U.S. more in line with wider use of prepaid in other nations. (Source: Mobile Ecosystem.)

The new prepaid trends are very much in keeping with previous forecasts by the New Millennium Research Council:

- In March 2009, NMRC was the first to correctly forecast an imminent shift by cell phone consumers from more expensive contract-based cell phone service with often hefty cancellation penalties to less expensive no-contract prepaid service.
- In March 2010, NMRC reported that – for the first quarter ever -- the number of new prepaid wireless phone customers in U.S. eclipsed the number of new contract-based phone customers during the final three months of 2009.
- Last November, NMRC released survey data showing that one in five U.S. cell phone consumers with contract-based service – an estimated 24.6 million American adults – could switch in 2011 to less expensive unlimited prepaid wireless service with no early-cancellation penalty.

Sam Simon, senior fellow, New Millennium Research Council, said: **“NMRC was 100 percent on the money in forecasting that 2010 would be the year of prepaid wireless service. It now looks like 2011 will be an even bigger year for no-contract wireless as more and more consumers realize the extent to which they can save hundreds of dollars each year with unlimited prepaid service while also avoiding the needless entanglements of restrictive contract-based cell phone service. This penny pinching will go on even as others are attracted to prepaid by unlimited plans and for connected devices.”**

Telecommunications analyst Mark Lowenstein, managing director, Mobile Ecosystem, said: **“Prepaid services continue to become more mainstream, as attractive devices such as smartphones are offered by the leading prepaid operators. Also, we are seeing the market for additional connected devices such as iPads becoming a key part of prepaid subscriber growth.”**

ABOUT NMRC

Created in 1999, the New Millennium Research Council is a Washington, D.C. think tank. The work of NMRC focuses primarily on the fields of telecommunications and technology. The contributors to NMRC reports develop workable, real-world solutions to the issues and challenges confronting policymakers. For more information, please visit <http://www.thenmrc.org> on the Web.

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EDITOR'S NOTE: A streaming audio recording of the news event will be available on the Web as of 5 p.m. EDT on July 28, 2011 at <http://www.thenmrc.org>.