



Mobile Services Moving Up In Latin America

While many telecommunications firms have been decimated by the global economic slowdown, the mobile services marketplace in Latin America is demonstrating remarkable resiliency.

Latin America Mobile Services Forecast and Analysis, 2002-2006, a new report by IDC Latin America, analyzes this key sector in Argentina, Brazil, Chile, Colombia, Mexico, and Venezuela. In addition to offering region-wide subscription rates and revenues, the report provides overviews of key regional operators and country-by-country analysis of this increasingly important segment of the telecommunications marketplace.

One key finding of the report is that this is emphatically not a "one size fits all" marketplace. The strategies operators are pursuing in Venezuela are very different from the strategies employed in Brazil. Moreover, inside Brazil itself, strategies are as varied and diverse as the Brazilian population. While some operators are focusing on promotions and cutting prices, others are targeting high-end customers with value-added services such as text messaging. There seems to be some agreement, however, on the importance of forging strong ties with subscribers. In 2001 and early 2002, IDC Latin America witnessed increased investments in customer service by many operators in Brazil.

Subscriptions On The Move

While other segments of the broader telecommunications marketplace are stagnating, the mobile space continues to grow. The number of mobile subscribers in the six countries covered by this study expanded 31% to 87 million in 2001. IDC Latin America expects that figure to rise 18% in 2002, topping 100 million. Between 2001 and 2006, overall subscribers should rise at a compound annual growth rate (CAGR) of 12%.

Over that same period, the portion of prepaid subscribers is expected to rise while the portion of contract subscribers declines. In 2001, 74% of subscribers were prepaid. By 2006, that figure is expected to hit 83%.

Table 1
Latin America Mobile Subscribers, by Contract Type

	2000	2001	2002	2003	2004	2005	2006	01-06 CAGR
Prepaid								14.7%
% of Total	65%	74%	77%	80%	81%	82%	83%	
% Growth		50%	24%	17%	12%	11%	10%	
Contract								3.3%
% of Total	35%	26%	23%	20%	19%	18%	17%	
% Growth		-2%	2%	3%	6%	4%	2%	

Source: IDC



Another important long-term trend is the rise of mobile data services. In 2001, less than 2% of overall mobile service revenues in Latin America came from mobile data applications. That figure is expected to rise steadily to just under 6% in 2006.

Players to Watch

Latin America Mobile Services Forecast and Analysis, 2002-2006 includes overviews and forecasts for key mobile operators. BellSouth, Verizon, and Telecom Italia Mobile are all active in the region, as is Telefonica, which because of its roots in Spain remains a force in the region.

One particularly intriguing competitor is America Movil, the only region wide operator based in Latin America itself. In its Mexican home, America Movil operates via Telcel. Its footprint extends much farther south, however—through Comcel into Colombia, and via Telecom Americas (a joint venture with Bell Canada and SBC) into Brazil. With roughly 24 million subscribers at the end of 2001 (up in excess of 50% over the prior year), America Movil is the region's largest mobile operator.

Although the reasons for pessimism are evident to anyone at all familiar with the global telecommunications marketplace, IDC Latin America expects mobile services to continue to advance moderately over the next few years. New investments in GSM networks in Mexico and Brazil, and in 2.5G networks in Venezuela, Chile, and Brazil, will bear fruit in a market that no doubt remains at an early stage of development.

-- Barbie A. Cordero

For more information regarding *Latin America Mobile Services Forecast and Analysis, 2002-2006* (#LA1140J), or to obtain the complete studies, please contact Barbie Cordero of IDC Latin America at bcordero@idc.com or (305) 351-3131.

Quoting individual sentences and paragraphs and graphics from Latin America Technology Advisor for use in your company's internal communications does not require permission from IDC. However, IDC information that is to be used in advertising, press releases, or promotional materials requires written approval from the appropriate IDC vice president or county manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason. Information and opinions are based on the best sources available, but their accuracy and completeness cannot be guaranteed.

8200 NW 41 Street, Suite 300
Miami, FL 33166
Phone: 305-267-2616
Fax: 305-267-2617

