The Rise of the Pre-Paid Wireless Industry
**Defining the Telecom landscape**

**Mobile Network Operator (MNO)***
A wireless service provider that owns and controls all the elements needed (including radio spectrum) to sell and deliver connectivity to an end user. In the US, there are four main MNOs: AT&T, Verizon, T-Mobile, and Dish.

**Mobile Virtual Network Operator (MVNO)**
Lease wireless capacity from one of the MNOs in the US at wholesale prices and resell it to consumers at reduced retail prices under their own brands. There are over 1,000 MVNOs internationally, which account for ~10% of total mobile users.

**Pre-paid Wireless Plans**
Customers pay a flat fee upfront for service.

**Post-paid Wireless Plans**
Customer are billed at the end of every month based on their usage.

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*US Cellular is also technically an MNO, but is significantly smaller than the Big 4 Carriers*
The relationship between different network operators

There is a revenue-generating, symbiotic relationship between pre-paid and post-paid service providers.

AT&T rents spectrum from the US government.

**Premium Spectrum**
- Sold in a POST-PAID contract
- Owned & Operated by AT&T
  - AT&T

**Standard Spectrum**
- Sold via a PRE-PAID monthly fee
- Operated by lessees
  - MVNO
  - Cricket
  - Net10
  - Consumer Cellular
  - Wing

1. MNOs lease spectrum from US government. They charge a premium to serve their own customers with the highest quality spectrum.

2. With the lower quality spectrum, MNOs operate their own pre-paid wireless businesses.

3. Or they lease it to virtual network operators who run pre-paid services at a lower cost to consumers.
Outside of the Big 4, the marketplace is fragmented

Pre-paids compete against each other for product and price differentiation

MNO*
(Post-paid)

AT&T
verizon
T-Mobile
dish

MNO
(Pre-paid)

cricket
visible
metro
boost mobile

MVNO
(Pre-paid)

speedtalk mobile
ting
Lycamobile
FreedomPop
nextiva

*US Cellular is also technically an MNO, but is significantly smaller than the Big 4 Carriers
Pre-paid is a lucrative and quickly growing industry

- **$55B** Market Valuation 2017
- **29%** of Mobile Subscribers in US
- **$1B** Global Ad Spend in 2019
- **$120B** Market Valuation by 2024
- **71%** Mobile Communications Occur over Wi-Fi
- **118%** Market Value Growth by 2024

Pre-paids have unique dynamics vs. post-paids

**Network Footprint**
Mostly regional; MVNOs lease spectrum from multiple MNOs

**Point of Sale**
Bought online or in major retail outlets; few have their own stores

**Hardware & Services**
Cheaper, outdated devices & pre-paid, no-contract data plans

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**THE PRE-PAID CUSTOMER**

61% pre-paid subscribers have a **single-line plan** (v. multi-line family plan)

- Dine out 6+ times per week
  - 134 Index

- Make purchases online <1x per year
  - 157 Index

- Do NOT own a motor vehicle
  - 118 Index

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These dynamics create unique business challenges

A Domineering Oligopoly

• The Big 4 wireless providers account for over 75% of all wireless subscriptions.

• Huge market caps come with powerful marketing budgets that lead to nearly universal brand awareness.

Weaker Brands

• Due to lack of awareness and contracts, pre-paids struggle to cultivate loyalty.

• Only 8.9% of consumers think pre-paids are high quality, compared to 21.7% for post-paids.

Less Budget for More Targeting

• Pre-paids target a narrower audience than their post-paid counterparts, and with less budget.

• They struggle to reach prospective customers in a precise yet economical way.

How pre-paids & MVNOs have navigated those challenges to date

**Created Unique Brand Identities**

- Pre-paid advertisers have carved out a distinct brand identity.
- They typically emphasize simplicity, price, and value over any other attribute.

**Highlighted Savings & Value**

- Pre-paids heavily promote their low cost and good value.
- They drive brand love and loyalty by positioning themselves as likeable, easy, and reliable alternatives to pricier post-paid competitors.

**Relied on Local**

- Pre-paid advertisers, particularly MVNOs, often operate only in certain areas.
- As a result, they tend to allocate their ad spend locally, focusing on key markets.
Pre-paid Wireless Brands are increasing in ad spend...

Pre-paid Wireless ad spend totaled over a billion dollars in 2019, comprising **31% of overall Wireless ad spend**

Source: MediaRadar 2019 Spend Report (Print, Digital, + TV)
But they are spending differently

MVNOs invested significantly more in local markets and print advertising

Source: MediaRadar 2019 Wireless Spend Report, Nielsen Ad Intel
Pre-paid marketers constantly seek creative ways to differentiate their brands from the major carriers

Visible
App-only business turns to OOH
- Visible’s service runs entirely through an app (no store or salespeople)
- To highlight its unconventional service, Visible used empty retail stores as a billboard
- With limited budget, Visible leverage OOH and digital/social ads to focus on key markets

Xfinity Mobile
Quantifying cost savings
- Turned YouTube pre-roll ads into price tags to prove it’s worth switching providers
- Contextually relevant 6-second ads quantified the data cost of the video about to play
- Audience-led strategy targeted viewers based on their current service provider

Boost Mobile
Empowers voters
- Meaningfully broke through to its multicultural, millennial audience by “boosting” their voice on Election Day
- Turned Boost Mobile stores into official polling stations, making it easier for low-income workers to vote without worrying about long lines or far away polls

Click each image for more details
NBCUniversal offers solutions for pre-paid challenges

**Owning High Impact Positions**

- NBCU owns a deep portfolio of tentpoles, sponsorships, and programs to increase awareness and consideration for pre-paids.
- Category exclusivity available to develop true ownership positions against larger competitors.
- Amplify sponsorships via NBCU Talent/IP, branded content, social media, experiential, and more.

**Strengthening The Brand**

- NBCU’s award winning branded content can tell our clients’ brand stories in creative & contextually relevant ways to consumers.
- Tap into NBCU’s wide range of commercial innovations to increase consideration & impact.
- Build brand equity beyond price and promotional messaging.

**Activating Audiences**

- Leverage NBCU’s suite of data-driven targeting products to reach any audience across all screens and platforms.
- A properly constructed NBCU plan is proven to drive full funnel results for Telecom brands.
- NBCU offers measurement solutions that prove conversion lifts for Telecom brands.
Thank you!

Please reach out with any questions or to learn more about NBCU’s pre-paid wireless solutions

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