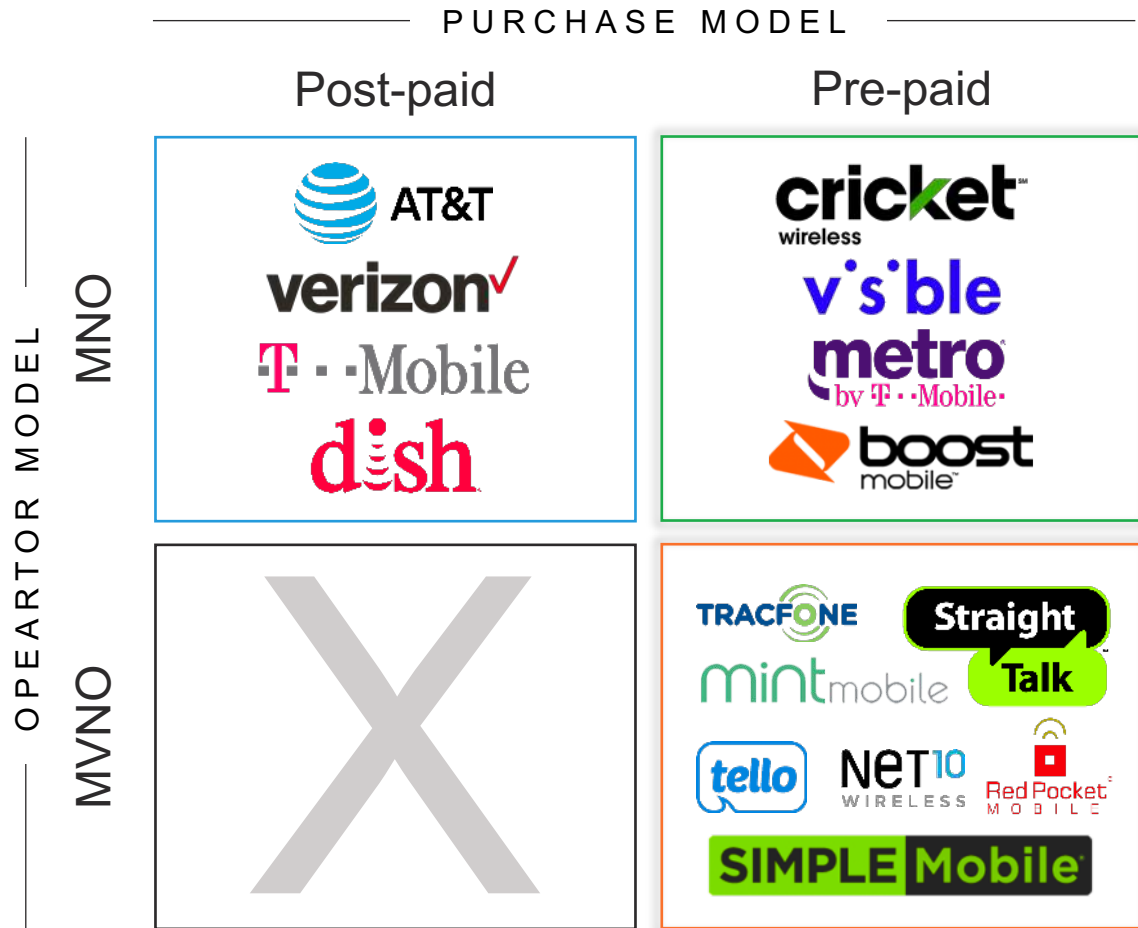




NBCUniversal

The Rise of the Pre-Paid Wireless Industry

Defining the Telecom landscape



**US Cellular is also technically an MNO, but is significantly smaller than the Big 4 Carriers*

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.

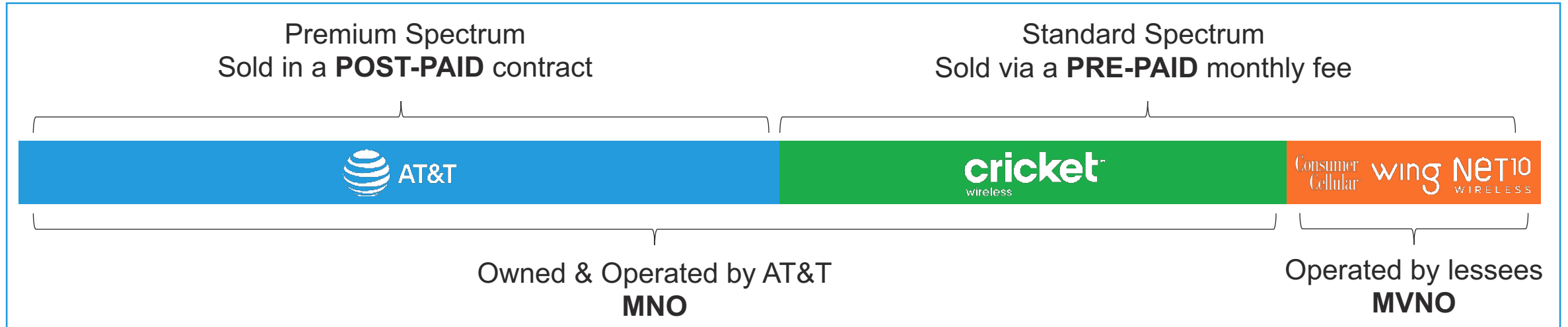
Post-paid Wireless Plans

Customer are billed at the end of every month based on their usage.

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



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)



MNO
(Pre-paid)



MVNO
(Pre-paid)



*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

Source: MarketWatch, MediaRadar 2019 Spend Report, Mintel 2020 "Mobile Network Providers – US," Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2016-2021

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

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

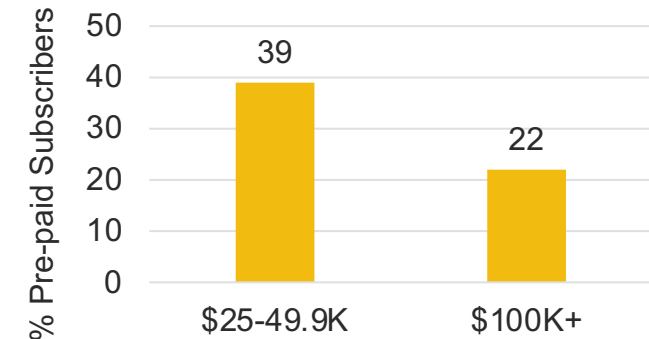


Make purchases
online <1x per year
157 Index



Do **NOT** own a
motor vehicle
118 Index

Pre-paid subscribers skew lower income



Source: Numerator Report 2/28/19-3/1/20, Mintel 2019 Mobile Network Provider in the US

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-pays struggle to cultivate loyalty.
- Only 8.9% of consumers think pre-pays are high quality, compared to 21.7% for post-pays.

Less Budget for More Targeting

- Pre-pays 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.

Source: Mintel "Mobile Network Providers – US" (2020), YouGov Brand Index – 2019

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

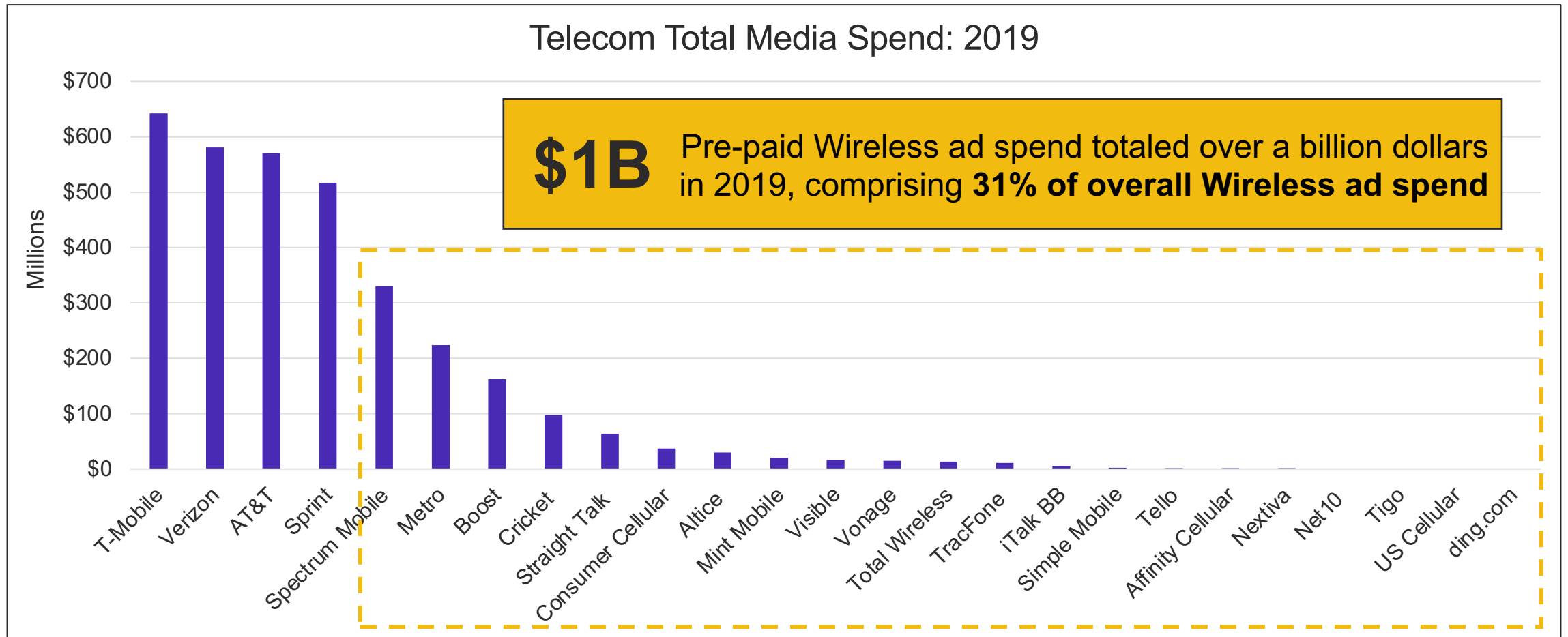
- Pre-paids heavily promote their low cost and good value.
- They drive brand love and loyalty by positioning themselves as likeable, easy, and reliable alternatives to pricier post-paid competitors.

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.



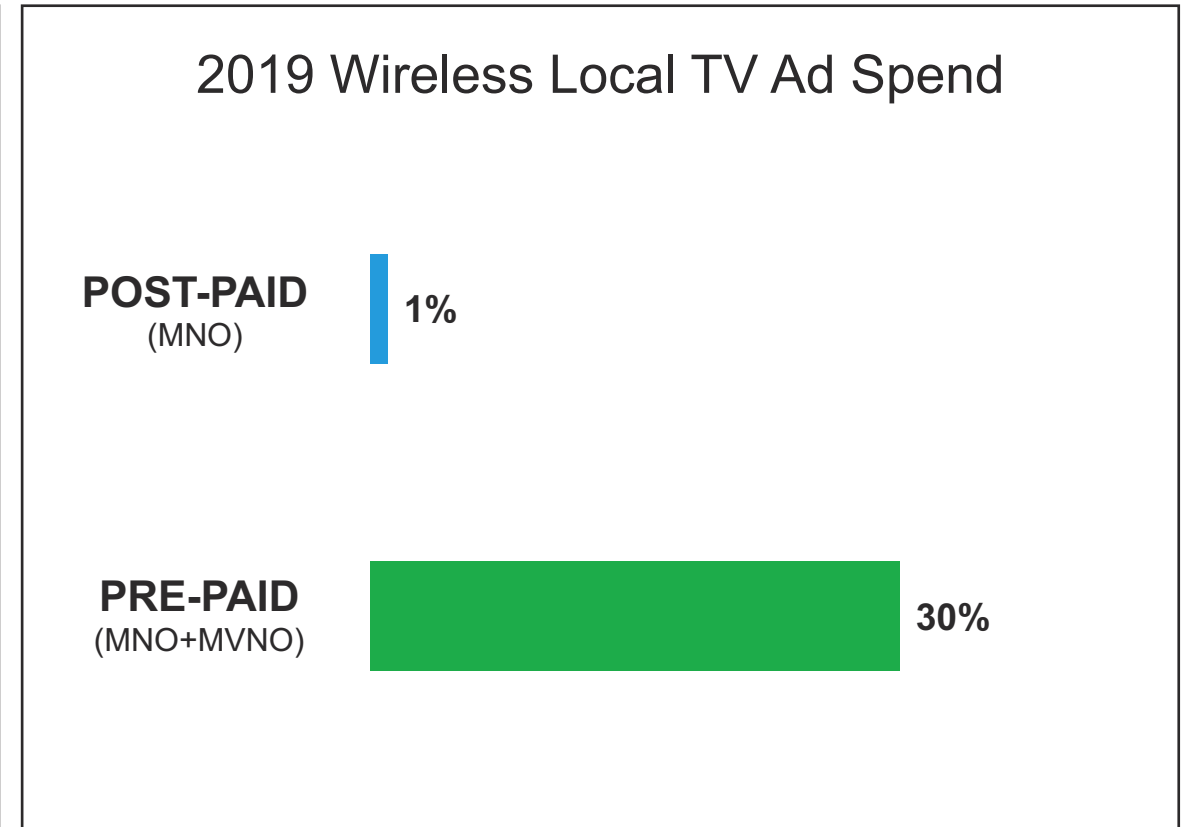
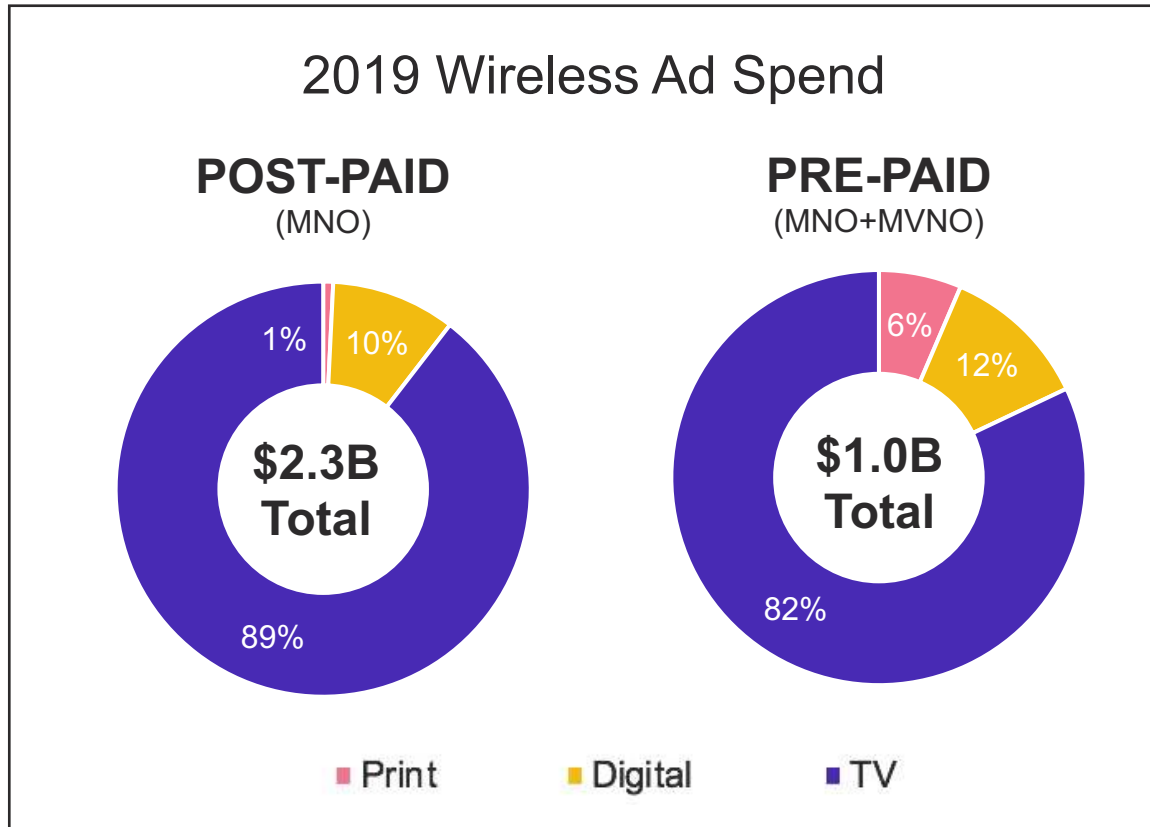
Pre-paid Wireless Brands are increasing in ad spend...



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

NBCU 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-pays.
- 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**

Telecommunications

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