

## Market Trends and DOCOMO over the Past Year

### Trends in the Mobile Phone Market

The mobile phone market in Japan is maturing as the penetration rate rises. In fiscal 2010, new markets including smartphones and digital photo frames expanded, along with rising demand for mobile Wi-Fi routers to provide Internet access for a range of devices such as tablet devices and game consoles. As a result, the number of subscriptions at the end of March 2011 was up 6.6% from a year earlier to 119.54 million, with the market penetration rate rising to approximately 93%.

Mobile network operators have adopted a sales model of selling handsets at full price, and then offering customers a discount on the basic monthly charge equivalent to the amount of a handset sales incentive. As a result of the widespread adoption of this sales model, voice ARPU continues to decline.

With voice ARPU falling, mobile network operators are focusing on ways to raise packet ARPU. Flat-rate services have become standard for packet charges, and mobile network operators, particularly in the Japan market, offer two-tiered flat-rate services that allow subscribers to use data services more freely. For subscribers who make heavy use of packet communications for smartphones and other devices, mobile network operators offer comprehensive flat-rate services, and are focusing on encouraging users to subscribe to these billing plans in an effort to acquire and retain users with high packet ARPU.

At the same time, as the use of smartphones and data communication devices has grown, all mobile network operators now face the challenge of responding to a sharp increase in traffic volume. Fiscal 2010 has also been a year for rapid progress in establishing high-speed mobile Internet access using wireless technologies that handle high-speed communications such as LTE, DC-HSDPA and EVDO.

### The Year in Review



