



## MOBILE COMMUNICATIONS

### THE YEAR OF MOBILE TELEPHONY



Although it has taken some time to modify certain elements, there is not a shadow of doubt that, by the end of 1995, mobile telephony had really taken off in Spain.

At 1995 year-end, Telefónica Servicios Móviles's clients numbered 928,955, more than double (125% more) the number of the previous year (411,930). This represents a growth rate of astounding proportions not only in Spain but also in the international context, placing Telefónica, as far as growth, ahead of all the major European operators.

Of this figure, 96% (892,187) were clients of the MoviLine service and 36,768 clients of the GSM MoviStar service. The latter, which was launched in mid-September 1995, having received authorization to operate on July 25th of the same year, started competing for clients at the beginning of October, when a second operator began

activities. Although both services were launched almost simultaneously, Telefónica Móviles's accumulated experience and its product features make the differences between this second operator and the Telefónica Group's two mobile telephony services quite plain.

### MOVILINE

With regards to terminals installed in vehicles, MoviLine coverage already extends to 98% of the population and 90% of the country. Apart from professionals of all kinds and private individuals, who use the mobile service principally in urban centers, an increasing number of people have realized the benefits of this communication service in remote areas or areas of difficult access.

*Popular figures such as Pedro Delgado, Marta Robles and Plácido Domingo take part in various advertising campaigns for mobile telephony.*





## **MOVISTAR**

By 1995 year-end, coverage of this service extended to 78% of the population and 50% of the country for vehicle phones.

MoviStar offers a service in all the provincial capitals and in many other towns and principle routes. As for international coverage, Telefónica has signed coverage agreements with 31 countries and has the possibility of selecting from among 46 operators. Not only are almost all European countries with the GSM system within coverage boundaries but so are Africa (Morocco or South Africa), the Middle East (United Arab Emirates, Qatar or Kuwait) and the Far East (Australia, Singapore, or Hong Kong).

## **A POTENTIAL MARKET IN EXPANSION**

Although mobile telephony has a long way to go, it is already a commodity in daily use, like the radio or pocket calculator. Whereas a few years ago, countries with the most extensive use of mobile telephony aimed to reach one in every five citizens, today we can envisage far greater pos-

sibilities, and even imagine a higher number of terminals than inhabitants. How many of the sixty million annual visitors to our country will become temporary clients of our mobile services? To look at this potential market from our current position may seem unreal but we should not forget that, at 1995 year-end, Telefónica Móviles, with a 2.4% penetration, was verging on a million clients.

## **“TELEFÓNICA MÓVILES” BEARS WITNESS**

Among the most significant events of 1995 in the Spanish communications sector was the transfer of all Telefónica de España S.A.'s mobile activities to Telefónica Servicios Móviles, S.A. This process involved the contribution on the part of Telefónica de España of 127,000 million pesetas in assets and of another 68,000 million pesetas in liabilities, representing a qualitative leap in the size of the subsidiary's resources and placing it currently among the 30 leading Spanish companies in terms of assets. From that moment, Telefónica Móviles took over all Telefónica's commitments in the Mobile Communications sector, which were specifically three main ones:



## MoviLine, wherever you are. MoviStar, a safe choice

- a) The determination to be leaders.
- b) The decision to share the business value chain with collaborators, especially with regards to distribution.
- c) The reassertion of the commitment to quality.

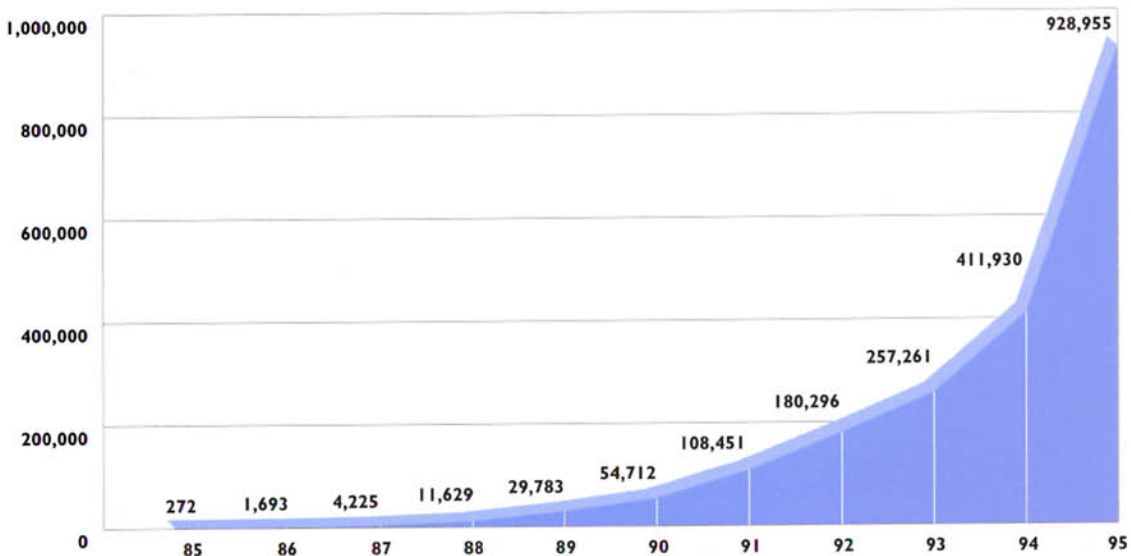
### THE DETERMINATION TO BE LEADERS

The service provision and commitment which Telefónica Móviles, either directly or through its subsidiaries MensaTel and RadioRed, offers the

Spanish market in the present competitive environment, befits its position as market leader of the sector.

With regards to mobile telephony, the MoviLine service offers coverage and quality levels on a par with those of the top European operators and, in the case of MoviStar, the increased national and international coverage and its rapid growth guarantee it as the best choice over any alternative option.

### MOBILE TELEPHONY CLIENT TRENDS OVER THE LAST DECADE





An example of the constant process of innovation in the services and facilities offered to MoviLine and MoviStar customers is the introduction of Voice Boxes into both services. In the case of MoviStar, the concept of a mobile office has become a reality with the launch of the MoviStar Data services, which include fax connection, access to INFOVIA and to the IBERPAC network and the Short Messages service, all accompanied by special price and application packages for specific clients. For this purpose, Telefónica Móviles has created a Client Engineering unit, dedicated to major projects and applications development.

In the case of radiomessaging, MensaTel offers a nationwide numeric and alphanumeric service, where users can obtain the latest information on matters of general interest (e.g. stock prices). MensaTel remains the indisputable leader in what has been for several years now a fiercely competitive market.

In closed group radiotelephony, the Radio-Red Group is the only operator present in the eight adjudicated zones, which enables it to offer a more global, varied service to its clients.

There were two main aspects to Telefónica Móviles's international activity. One was the transfer to the operators of the Telefónica Internacional Group (Colombia, Rumania, Peru, etc.) of the subscriber management systems technology, a completely in-house design, and the other, focused towards Europe, was the increased participation in Unisource.

#### **THE DECISION TO SHARE THE SERVICE'S VALUE CHAIN**

The huge growth in trade was made possible thanks to the sharp boost given to the sales network through all channels: direct sales, small local distributors, specialized retail outlets, distribution chains, large stores and shopping centres. All in all, over 4,000 sales outlets which have made client contact easier and more accessible.

Commencing last October, Telefónica Móviles restructured its distribution network, introducing various types of contracts with distributors and new systems of payment. These measures, together with the introduction of the MoviStar shops and the increased support for joint advertising with distributors, made an



*The analog terminals market -used by MoviLine- has been enhanced by the appearance of microtelephones such as the one in the photo.*

effective contribution to boosting the marketing of the service and making the express desire of Telefónica Móviles to share the business value chain a reality.

The communication drive carried out in support of this commercial activity had a profound effect. Telefónica Móviles was present at a host of important events in Spain and, as sponsor, helped ensure the success of many sporting, cultural and media events, some of them close to our heart, such as the Vuelta Ciclista a España (Spanish long-distance cycle race), Operalia, National Show Jumping Trophies, Goya Film Awards, weather and international news reports, financial information, etc.

#### **REASSERTING OUR COMMITMENT TO QUALITY**

With its leading position assured, Telefónica Móviles's commitment to service led to the dedication of major efforts towards customer service. With maximum quality as a top priority, the Madrid and Barcelona Customer Service Centers were promoted, both for the MoviLine and the MoviStar service, facilitating access to

these services through the advertising of the 900 Freephone service from the fixed network or the three figure free numbers from the mobile network.

In addition, in 1995, Telefónica Móviles set up the Customer Protection Office which deals with any possible customer complaints or queries regarding the service.

In Telefónica Móviles quality depends on the sharing of common goals with our clients with regards to the service. As a result, an ever increasing number of Spaniards and visitors to our country place their trust in the mobile services of the Telefónica Group.