

FMS (Fixed To Mobile Substitution) Models in the Developed and Emerging Economies - Traffic vs. Penetration

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Abstract

In developed economies, the fixed-line market is declining and the mobile market is becoming saturated whereas in emerging economies the fixed-line market is growing slightly and the mobile market is still experiencing high growth. This paper studies the different patterns of FMS (Fixed to Mobile Substitution), and divides the sample countries into four groups, G7, NICs, ASEAN, and BRIC, based on their GDP/capita. The paper compares the growth and decline of Penetration, of Subscribers growth rate, and of Revenue during the period 1997 through 2003 and shows that FMS Traffic Substitution occurs in those areas with a relatively higher fixed and mobile penetration, and Penetration Substitution in those with a relatively lower fixed and mobile penetration.