



Global 3G Footprint



Australia

Company name	Hutchison 3G Australia
Licence Fee	A\$196.1 million
Date licence acquired	March 2001
Tenor	15 years
Spectrum	30 MHz (Mel. Syd.); 20 MHz (Ad. Bris. Perth)
Population	13.7 million
Ownership structure	HTAL 80.1%;TCNZ 19.9%
Network vendors	Ericsson
Commenced services	April 2003 (Mel. Syd.); July 2003 (Ad. Bris. Perth)
Retail outlets	More than 200



Austria

Company name	H3G Austria GmbH
Licence Fee	€ 139 million
Date licence acquired	Nov. 2000
Tenor	20 years
Spectrum	25 MHz
Population	8.2 million
Ownership structure	HWL 100%
Network vendors	Siemens; Nokia
Commenced services	May 2003
Retail outlets	More than 200



Italy

Company name	H3G Italy S.p.A.
Licence Fee	€ 3,254 million
Date licence acquired	Nov. 2000
Tenor	15 years
Spectrum	35 MHz
Population	57.7 million
Ownership structure	HWL 88.67%, San Paolo Imi 5.58%, 3G Mobile Investment Spa 2.23%; CIRtel 1.66%; Others 1.86%
Network vendors	Ericsson; NEC / Siemens
Commenced services	March 2003
Retail outlets	More than 1,900



UK

Company name	Hutchison 3G UK
Licence Fee	£4,385 million
Date licence acquired	May 2000
Tenor	No expiry date
Spectrum	35 MHz
Population	59.6 million
Ownership structure	HWL 65%; NTT DoCoMo 20%; KPN Mobile 15%
Network vendors	NEC / Siemens; Nokia
Commenced services	March 2003
Retail outlets	More than 2,000



Sweden

Company name	Hi3G Access AB
Licence Fee	€0.011 million (Attr. cost *)
Date licence acquired	Dec. 2000
Tenor	15 years
Spectrum	35 MHz
Population	8.9 million
Ownership structure	HWL 60%; Investor AB 40%
Network vendors	Ericsson (home); Nokia (3GIS). Hi3G covers 30% of pop with 100% 'home' network and 70% through 3GIS, jointly owned with Vodafone and Orange
Commenced services	June 2003
Retail outlets	More than 170

* The licence was awarded following an assessment exercise in Sweden. Attributable cost refers to the purchase price of the tender documents



Denmark

Company name	Hi3G Denmark
Licence Fee	Danish Kroner 950 million
Date licence acquired	Oct. 2001
Tenor	20 years
Spectrum	35 MHz
Population	5.4 million
Ownership structure	HWL 60%; Investor 40%
Network vendors	Ericsson



Hong Kong

Company name	Hutchison 3G HK
Licence Fee	HK\$619 million
Date licence acquired	Oct. 2001
Tenor	15 years
Spectrum	35 MHz
Population	6.8 million
Ownership structure	HWL 71%; NTT DoCoMo 24%; NEC Corp 5%
Network vendors	NEC; Siemens; Nokia



Ireland

Company name	Hutchison 3G Ireland
Licence Fee	€50.7 million
Date licence acquired	June 2002
Tenor	20 years
Spectrum	35 MHz
Population	3.82 million
Ownership structure	HWL 100%



Israel

Company name	Partner Communications
Licence Fee	NIS220 million
Date licence acquired	Feb. 2002
Tenor	20 years
Spectrum	25 MHz
Population	6.6 million
Ownership structure	HWL: 42.67%; Matav 7.43%; Elbit 12.19%; Eurocom 9.91%; Polar Com 2.44%; Public: 25.36%



Norway

Company name	Hi3G Access Norway
Licence Fee	62 million NOK
Date licence acquired	Sept. 2003
Tenor	12 years
Spectrum	35 MHz
Population	4.5 million
Ownership structure	HWL 60%; Investor 40%

3 FOR ALL

Hutchison 3G has spent two years developing the technology; now the race to sign up consumers has begun.

By Mark Caldwell



Since entering the 3G arena, Hutchison 3G (H3G) has emerged as a leading global player holding ten licences, with the recent addition of Norway to its global footprint. Crucially, H3G is the first player to operate dual-mode 3G services.

To date, the 3 service is available to customers in five markets – the UK, Italy, Australia, Austria and Sweden. Hong Kong and Denmark will follow later this year while Ireland and Israel are at various stages of the rollout plan.

Following Italy and the UK, 3 Australia was the third market to go live, with services activated in Sydney and Melbourne on April 15. On the back of what 3 Australia described as “very positive” sales, the national rollout was completed in July, two months ahead of schedule, to include Perth, Adelaide, Brisbane and the Gold Coast.

“What we’ve seen in Sydney and Melbourne has been encouraging and it’s made us move more quickly,” said Kevin Russell, CEO of H3G Australia.

The company believed it had a head start on its competitors of “at least 12 months,” Russell added, forecasting that it could be cash-flow positive by late 2006.

3 products were initially available at 19 Hutchison-owned flagship 3Stores in Sydney and Melbourne, extending to 250 retail points by the end of September. Strathfield Car Radio, Brisbane Car Sound and Allphones outlets are among the franchised stores also selling the 3 handsets.

Heralded by nation-wide advertising

campaigns, 3Stores opened in Austria and Sweden on May 5, offering competitive tariffs and extending opening hours to cope with public demand.

Customers in Austria were immediately able to try out their 3Services,

The right numbers

In its half year results, released in August, HWL reported that 3’s summer promotional offerings in Italy, the UK, and Australia had been very well received.

Approximately 520,000 customers had signed up worldwide, with 300,000 in Italy, 155,000 in the UK, 50,000 in Australia and the remainder in Sweden and Austria.

Hutchison said it expected strong consumer demand in the autumn and Christmas period and was working with its handset suppliers to ensure an adequate supply to meet the rising demand.

available in Greater Vienna and environs as well as Linz, St. Pölten, Eisenstadt and Graz. Initially, customers could sign up at 3Stores in Vienna, SCS Vösendorf, Graz, and Linz, at the 3Webstore or at 20 specialised dealers. Multimedia retailer chain NiEDERMEYER, along with hypermarkets Cosmos, Media Markt, Promarkt and Saturn, later also signed up as retail partners.

By July, Innsbruck and western parts of Austria had gone live, bringing the total population coverage for 3G services to 30%. Additional regions will be added this year. As in all countries where 3 operates, 2G roaming is available outside the 3G network.

In Sweden, the 3 network currently covers about 30% of the population. Customers can sign up at 3Stores in Stockholm, Gothenburg and Malmoe, or through independent distributors GEAB, The Phonehouse, Dialect, RingUP, SIBA, Audio Video, Expert and Sekvencia.

MORE FOR LESS

With initial glitches sorted out and 3 services already up and running, the battle for the hearts and minds of consumers began in earnest at the start of the European summer.

Across all markets, 3 introduced competitive pricing that hit the headlines, but it was in the UK that the temperatures rose to fever pitch.

In June, two new packages – *VideoTalk 500* and *VideoTalk 750* – offered great value in comparison to existing voice services in the UK, representing customer savings of as much as 50% and sending ripples through the industry.

“When 3 went live in March we focused on a particular segment of the market,” explained Gareth Jones, COO of H3G. “Our new pricing options reflect the natural acceleration of the business and the broadening out of our market focus. We are shaking up the market to give customers a better deal.”

By switching to 3, consumers not only get voice and SMS for a lower price, but also gain access to a wide selection of new multimedia content and advanced capabilities such as video calling.

"Unbeatable value on voice is not a marketing gimmick or a loss leader," Jones said. "We are passing the long-term savings of a more efficient technology on to our customers."

Adding to the momentum, the 3 UK network was extended in June to cover Northern England, Scotland, Wales and Northern Ireland, completing the deployment of the 3 commercial service across the UK. The network now covers 70% of the population with services available in over 50 cities, giving customers access to video calls, news bulletins, market updates, comedy, film clips and football highlights, to mention but a few.

Coinciding with the extended coverage, 3 has completed the first phase of its retail rollout – the most rapid to hit the

high street in recent years. Over 2,000 stores nationwide now offer 3 products. These include the flagship 3Stores, "stores within stores" in Superdrug shops and traditional outlets, including Carphone Warehouse, Phones4U and Dixons Stores Group.

The Italian public responded enthusiastically to 3 from the very beginning. The service went live on March 3 and more than 100,000 early adopters signed up in just 75 days. The network now covers 50% of the population and the figure is set to hit 80% coverage by 2005. Along with the 14 3Stores, which have been consistently full of customers from Day One, the company has approximately 1,900 point-of-sale outlets.

Prices have risen in Italy compared with the *Founders* offer but, at €0.15 per minute for voice calls compared with the €0.25 national average, the offer represents a substantial discount for one of Europe's most connected nations.

Supported by a very popular TV campaign, 3 Italy launched *Estate 3*. The promotion enables customers to turn in "old generation" handsets for a €250 discount on the purchase of their UMTS "*videofonino*". In a subsequent promotion that has seen the daily activation rate triple, 3 Italy has introduced further attractive incentives on the handset offers to encourage customers to switch their personal numbers over to the 3 network. It seems that in Italy, 3 (or *tre*) really is the magic number.

Customers of 3 are already inventing unique applications for the new technology. The dermatology department at Humanitas, one of the top private Italian health care centres, is using the 3 services to provide early consultation and prognosis to patients who use 3.

Italian customers were also given a wider handset choice with the July introduction of the NEC e808 to complement the NEC e608 already available, a move

Great Escapes

FANCY A HOLIDAY IN THE Bahamas or Berlin while heading home in a taxi, walking in the park or out on the town with friends? Now customers of 3 UK can plan a trip to anywhere from anywhere. 3 UK has partnered lastminute.com, Europe's leading online travel agency, to launch a unique service that allows customers to use their handsets to search for great deals on holidays and access travel information.

In the picture

3 UK HAS SIGNED UP MYMOVIES to deliver a weekly update of the latest movie information, including the Top 10 Cinema Box Office Charts, behind the scenes features, reviews, previews, and celebrity interviews.

3 Italy has partnerships with both Mediadigit and Cinemorfo, allowing customers to get their daily dose of the latest Showbiz gossip, download a trailer from the newest movies, search for their closest cinema and even book their tickets.



Just for laughs

3'S MISSION HAS ALWAYS BEEN TO deliver the most useful and the most entertaining content. In short, it adds fun to functionality. Anyone who saw the irreverent and "subversive" marketing clips introducing the world of 3 to UK consumers is bound to have had a good chuckle. Who can forget the lager lout "recycling" his beer, or the snow-skiing enthusiast tumbling off his sofa?

If you missed these, there's plenty more to come.

In the land that gave us Benny Hill and Monty Python, 3 UK has signed

Zeppotron, the comedy and entertainment arm of Endemol UK, to provide amusing content in video, audio, text, animation and graphics formats. Video highlights will include *How 2*, a series that offers helpful advice in topics like dancing, flirting and, (dare we say it?) farting. Whatever you want to say, you can be sure to find an

amusing way to get your message across. Sample animations include *See & Know*, a tongue-in-cheek guide to the world around us. *The Doodles*, a series of comic shorts in the classic British picture-postcard tradition, offers even more mirth.

"It's like having a court jester in your pocket without worrying that you're going to sit on his bells," quipped Zeppotron Managing Director Paul Gilheany.

Video comedy clips are also available in Australia, produced exclusively by pay TV company The Comedy Channel. Italian subscribers, meanwhile, are getting their fair share of humour through various content partners utilising their unique M-site concept.

Austria offers its daily comedy clips under the name "*SchachMatt*" ("*Checkmate*"), a satiric illustration of daily life provided by Gerald Matt. 3 Austria also features *Graz 2003* with short video clips about events and exhibitions being staged in the city, which is this year's European cultural capital.

In Sweden, 3 offers short stories from one of the country's most popular comedy duos. They joke about just about anything – from selling your body to science to hawking Grandma's paintings on the open market.

that reflects H3G's strategy to continue working with handset manufacturers to bring exciting new models to all its markets.

Attractive and simple pricing is apparent throughout 3's areas of operation. 3 Australia surprised industry rivals and analysts alike when it revealed a highly competitive tariff plan that included usage caps and incentives that gave customers greater value than that provided by established fixed line and mobile phone-data service providers.

Recent promotions have centred on the very popular "2 for the price of 1" deal, which has further stimulated demand.

In Austria and Sweden, analysts described the pricing as "aggressive," with service bundles starting at €19 in Austria and SEK349 (approximately US\$45) per month in Sweden.

"Our attractive bundle of services encourages customers to use new mobile services and video telephony more and

more," said Chris Bannister, CEO of the Swedish arm. "This attracts lots of attention both from the media and in the streets."

3 Austria meanwhile has offered voice telephony costing almost 35% below the cheapest 2G provider. "We want to ease our customers into the new world of mobile multimedia by offering common voice telephony at cost," said CEO Berthold Thoma.

FUTURE CALLS

On the global front, Hutchison Whampoa and NTT DoCoMo announced their agreement to cooperate. Under the agreement, the two pioneers will share information on handset development, radio network architecture and development of global 3G standards, as well as explore potential areas of cooperation in applications development, international 3G roaming, and corporate sales and systems solutions.

Meanwhile, 3 has continued to build out the networks worldwide, increasing its coverage on an almost daily basis. In Hong Kong, 3 has already completed the city's first 3G network, with NEC and Siemens as joint suppliers of the radio access network, and Nokia as the core network provider. Earlier, 3 Denmark appointed Ericsson to supply its infrastructure, and signed up TDC as the 2G roaming partner.

Simultaneously, 3 has established a strong retail presence with several thousand affiliated outlets worldwide.

"We have spent over two years developing and testing the technology," said Vincenzo Novari, CEO of H3G Italy. "Now it's here, it works and we've been selling it for five months. The feedback from our customers has been fantastic. They love making video calls and downloading football clips. The aim now is for us to accelerate 3's transition from a technology start-up to a completely customer-focused business." 

Just the business

RIDING ON THE SUPERIOR bandwidth offered by 3G technology, 3 is enlarging its range of cutting-edge applications for businesses.

3 Sweden, for example, is working with Accenture to provide mobile data services that enable customers to access the Internet through their laptops using their 3G-handset as a modem. They will also be able to stay connected to their work e-mail while on the move.

Similar services will be available in other 3 markets. UK customers will be able to log on to their company network, allowing them to receive and send business e-mail, voicemail and fax-mail at high speed and to access sales and service information that is integrated with existing back end systems.

In Italy, 3 for

Business was launched on June 3, providing mobile connections to Intranet networks at speeds of about 400Kb, along with a customised home base and special tariff options to business customers. 3 Italy is also offering the 3 *aWebcam* service, allowing customers to make and receive videocalls with webcam-equipped PCs connected to the Internet.

Already, customers can enjoy convenient e-banking, such as that offered to Swedish customers through an alliance with SEB, which makes it possible to actively manage personal financial data through a 3 handset.

In Australia, a much-anticipated 3 *for Business* offer will be introduced in the coming months, providing tailored packages for businesses. 3 Australia has also entered into a deal with Fairfax - publisher of *the Australian Financial Review* - and *Channel 10*, which allows 3 customers to view the day's financial news *Market Wrap* through their handset a full four hours before the programme is screened on the 10pm late news.

Naturally, many content offerings are country-specific, but 3 has been quick to deploy useful applications in its other markets, effectively leveraging on its global footprint.

The Sporting Life

IN A HARD-TO-BEAT OFFER TO British football fans, those signing up for the 3 services before September 30 gain free access to the first three months of the Premiership season.

3 Italy meanwhile has signed exclusive partnership deals with the top 11 teams in the Italian league, covering over 80% of the country's fan base. The VideoSquadra subscription allows fans to enjoy the most important and exciting moments "with" their team. Until the end of August, an annual VideoSquadra subscription was offered to new 3 customers at 50% off the regular price.

Swedish supporters are not only able to see their national football squad in action, but their favourite ice-hockey teams as well.

Golfing enthusiasts in the UK were able to keep tabs on this year's Open Championship held at Royal St Georges. Two-minute video clips of highlights were delivered twice daily with scores updated every five minutes. Customers could also watch previews, interviews and classic "Golden Moments."

As part of a sponsorship agreement with Cricket Australia, 3 customers can use their handsets to watch key moments of test and international one-day matches played in Australia. 3 Australia has also established an arrangement with Melbourne-based Essendon Football Club (Australian rules), further strengthening the brand.





The Big Picture

HUTCHISON 3G'S INTERNATIONAL BRAND GROUP HAS BEEN ACTIVELY building the 3 brand globally. While the brand identity remains the same in all countries where 3 operates, the advertising and marketing strategies have been conceived for local markets, according to language and cultural differences. The group meanwhile scooped the coveted Gold Award for "Best Corporate Image Film," conferred by the International Visual Communication Association. Here's a look at some recent advertising and marketing campaigns.

Just for kicks

HONG KONG FANS WENT into a state of rapture when two of the world's great teams – Liverpool and Real Madrid – turned up in the territory on July 27 and August 8 respectively to play the beautiful game. True to form, these sporting giants dazzled capacity crowds, notching up 6-0 and 4-2 wins against the home team at the Hong Kong Stadium.

The star-studded line-ups included the likes of Michael Owen and Emile Heskey for Liverpool and David Beckham, Ronaldo, Luis Figo and Roberto Carlos on the Real Madrid squad.

Hutchison Telecom Hong Kong (HTHK), which is launching 3 services this year, was on the ball from the outset.



As the only official sponsor from the mobile sector, HTHK threw its full weight behind both the Invest Hong Kong Football Challenge 2003 and the Real Madrid Asia Tour 2003, offering prospective customers of 3 the chance to win tickets to attend the matches and get up close to their favourite players.

The online campaign also served to remind Hong Kong consumers that the upcoming 3 services will give them a grandstand view of exclusive video action from overseas, including the English Premiership League and a selection of European national and league matches, not to mention live score updates and breaking football news.

Saturation guaranteed

IN SWEDEN AND AUSTRIA, THE marketing campaign concentrated on the message "I 3 You." This was later complemented by more product-oriented communications. Additionally an initiative called "Team 3" saw people demonstrating video calls and video content in public places to generate customer interest.



Dancing to stardom

POPULAR BRITISH BAND Liberty X teamed up with 3 UK to find ten talented people from around the country to take part in their new music video, called "Jumpin".

Budding video stars visited one of over 2,000 participating mobile phone retailers nationwide, watched an exclusive clip of Liberty X on a 3 video mobile and submitted an application to explain what star qualities they have.

Of the thousands of entrants, 175 were chosen to audition at the grand final on August 11.

Fifty went through to a final audition and ten were chosen to appear in the video.



Up close and personal

Take a closer look.

www.three.com.hk

IN HONG KONG, 3 launched a billboard advertising campaign in June. Passers by were invited to peer through a small hole in the billboard of 3's flagship store to see surprising objects displayed behind.



Surprise, surprise

RESIDENTS OF AUSTRALIA'S main capital cities have enjoyed a light-hearted and fun advertising approach, focusing on 3 bringing friends and families closer together. One example that brought smiles to viewers' faces was a TV commercial that featured a grandmother in Italy who is so surprised to receive a videocall from her family in Sydney that she falls off her chair!



Instant recognition

STARTING ON JUNE 1, THE latest €30-million-advertising campaign went "live" in Italy, covering all the most important media and incorporating three new 30-second, TV ads.

Humorous, sexy and sentimental, this next set of hugely popular Italian television spots continued the theme of the launch ads, fea-



turing three female characters. These three girls have made their way into the hearts of the Italian public and have now reached almost iconic status.

So far, over €100 million has been spent on advertising and the investment has paid off with more than half of Italians now recognising the "Tre" brand.



They said it couldn't be done

A RECENT ADVERTISING CAMPAIGN in the UK took a page from the history books in comparing the scale and complexity of bringing 3G services to market to that of landing the first man on the moon.

The commercial opens with a shot of the earth and a voice-over: "They said it was flat."

Followed by a movie clip of an early attempt at flight: "They said it couldn't be done."

Another vignette features a man speaking on a bulky 80s handset: "They said it would never catch on."

Then: "What do they know?"

The commercial then cuts to people using 3's videophones, and the words: "Open your eyes."

The spot effectively positions 3 as the heir apparent in the mobile market, and earned a "pick of the week" award from *Campaign*, the UK's top-selling advertising magazine.

