



**The 40 Richest  
People Under 40**

**ROBERT NARDELLI  
HOW THE G.E. WAY  
REVIVED HOME DEPOT**

# FORTUNE

DISPLAY UNTIL SEPTEMBER 27, 2004

**REAL ESTATE**

## IS THE HOUSING BOOM OVER?

Million-dollar condos.  
Speculators everywhere.  
Here's why the bubble  
is going to pop.

**MORTGAGES:  
Strategies  
to Beat  
Rising Rates**

THEY SAID  
PRICES WOULD  
GO UP FOREVER!!...  
AND WE  
BELIEVED IT!!



\$4.99US \$5.99CAN



www.fortune.com (AOL Keyword: Fortune)

---

## WIRELESS WARS

# VIRGIN'S TERRITORY SPAWNS IMITATORS

ATTENTION, FORTUNE READERS: DAN Schulman, CEO of Virgin Mobile USA, hopes you *haven't* seen his company's irreverent television advertisements, which target teens and twentysomethings. "If your readers have seen our ads, that means we are wasting a lot of money," laughs Schulman.

Schulman needn't worry. Virgin's spots—the current crop aired during the recent MTV Music Awards—feature phone conversations sung in soaring, *American Idol*-style vocals and seem to be hitting all the right notes. The two-year-old company, a joint venture of Richard Branson's Virgin Group and phone company Sprint, has quietly become the No. 10 wireless provider in the highly competitive U.S. market, thanks to its popularity among the 15- to 24-year-old set.

Virgin, with two million customers, remains tiny compared with the likes of Verizon, which boasts more than 40 mil-

# FIRST

lion users. But Virgin's success as a reseller of Sprint's wireless service—that's right, kids, your cool Virgin service really is just fronting for boring old Sprint—is spawning a bunch of imitators. AT&T is buying wholesale capacity from Sprint, which it will market under the AT&T brand. Cable operators such as Time Warner Cable (owned by the parent of FORTUNE's publisher) have said they would consider reselling cellular as part of a push into the phone business. Even Disney reportedly is thinking about marketing cellphone service.

Unlike AT&T or Time Warner, however, Virgin doesn't have to try to serve everyone. It is firmly focused on the youth market, which it reaches by offering MTV content on its devices (the latest gossip on Beyoncé! D12 ringtones!). Virgin also highlights features such as an alarm function, which allows you to program your phone to ring in the middle of, say, a blind date or a fight with your boyfriend. (Schulman calls those "Virginizing" phone features.) And then there are those quirky ads that run on youth-oriented cable networks such as MTV, Spike, BET, and Comedy Central.

By going after the young crowd, Virgin looks wise beyond its years. Roughly 60% of the U.S. population has a cellphone, but only about 30% to 35% of young people do. That means Virgin has a lot more room to grow organically—while many of the big guys must try to poach one another's customers.

Meanwhile, readers of FORTUNE aren't the only people Virgin seeks to alienate. Last year the *Wall Street Journal* named Virgin's Embryo advertisement—in which a teenager covered in what appears to be afterbirth uses his mobile phone to meet people—one of the worst ads of 2003. "I told my team it is their goal to win that award every single year," Schulman says. "The last thing I want is the *Wall Street Journal* liking our ads." — Stephanie N. Mehta



**Parents just don't understand: a Virgin ad.**