Ipsos Insight

**Internet Adoption Slowing – But Dependence on It Continues to Grow**

Though global online population growth slowed in 2005, access to and application of the Internet continues to evolve rapidly according to Ipsos Insight's latest *The Face of the Web* study

**New York, NY, March 29, 2006** – Global Internet adoption is showing signs of slowing, with many of the world's leading Internet economies displaying modest year-over-year growth, according to Ipsos Insight's annual *The Face of the Web* study. During 2005, the global online population grew a modest 5% year-over-year, well short of the 20% growth rate observed in 2004. In addition, the number of individuals expecting to access the Internet in the next 12 months was about the same in 2005 as 2004, indicating prospects for growth in 2006 may be just as temperate.

The latest findings from *The Face of the Web*—based on interviews in 12 key global markets with more than 6,500 adults, including 3,462 active Internet users—reflect adoption possibilities of the Internet that few other technologies have shown in the past. Ipsos Insight, the global survey-based marketing research firm, has been tracking global Internet developments since 1999.

Driving overall global Internet user growth in 2005 was Japan, which now accounts for roughly 75 million users. Japan also remains the world's No.1 Internet-based economy, as nearly nine in 10 (89%) claim to have used the Internet in the past 30 days, while users averaged nearly 14 hours per week online. France witnessed the most significant year-over-year gains in Internet adoption among the 12 global markets tracked in the study: today, just over 60% of adults age 18 or older in France use the Internet regularly, representing more than a 12-point increase from 2004 (48%).

However growth in adoption may be plateauing in North America, specifically in the U.S. and Canada, where prevalence of regular Internet usage in 2005 (71% and 72% respectively) was essentially flat compared to 2004. Still, both of these markets remain important players in the evolving global Internet economy, says Brian Cruikshank, Senior Vice President & Managing Director of the company's Technology & Communications practice: "Despite marginal increases in Internet user growth within North America, this region is leading the charge in Wireless Internet use on a PC as well as awareness and usage of Wi-Fi Internet connectivity. These are key indicators that North Americans are turning the corner in mass and becoming more technically sophisticated Internet users. We think the results in 2005 really prove that measuring growth of the Internet in the coming years will be less about user volume, and more about consumers' reliance on this medium as a way of life—whether it is checking RSS feeds, blogging or picking up a podcast or yesterday's sitcom, consumers continue to expand and apply new depth of Internet use that we haven't seen before."

A number of key trends emerged in 2005 in a variety of global marketplaces, Cruikshank noted:

- **In North America,** the rising level of notebook PC ownership is fueling significant growth in wireless Internet access. The U.S. and Canada lead the world in Wireless Internet Access via PC: At least one-third of North Americans (U.S. & Canada) have accessed the Internet wirelessly in the past 30 days – significantly higher than rates seen in 2004. The U.S. and Canada also have some of the highest rates of Wi-Fi awareness and usage, as roughly two in five that have that have heard of Wi-Fi technology have actually used it to access the Internet.

- **In Europe,** France and Germany appear poised to drive global Internet growth in 2006, as does urban Russia, where Internet usage remains a nascent activity, but is on the rise. In addition, future growth in wireless Internet access via handset/cell phone looks promising in Europe as well, particularly in France and the U.K., while usage and/or access to VoIP telephony (Voice over Internet Protocol) is also rising steadily in France, Germany and the U.K., indicating these nations may be emerging as the early adopter markets for this Internet technology.

- **In East Asia,** the urban China market is quickly evolving into one of the most dynamic Internet-based economies in the world, as it boasts not only the heaviest Internet usage of any of the countries measured (17.9 hrs/week online), but also may have room to grow; only 50% of individuals have accessed the Internet in the past 30 days here, far behind usage in other major East Asian markets such as Japan (89%) and South Korea (68%), providing a glimpse of urban China's potential. Another important factor to watch: whether the PC will continue to be the dominant platform for accessing the Internet, as over 90% of all households in the major East Asian markets own at least one cell phone.

As for the remainder of 2006, Cruikshank sees many of these peripheral behaviors beginning to form a common theme. "The trends we're seeing in Wireless PC usage, ownership of peripheral devices such as MP3 players and mobile phones, and the presumed rising levels of awareness of and comfort using the Internet globally, really set the stage for a tipping point in the near future for this medium. We anticipate continued growth in consumer adoption of the 'digital lifestyle' globally – particularly as consumers become to expect access to the Internet in an anytime/anywhere paradigm for communication, gathering and sharing information, and accessing digital content and entertainment."

**Methodology**

*The Face of the Web 2005* study was conducted in November and December 2005 among a random sample of 6,544 adults in urban Brazil, Canada, urban China, France, Germany, urban India, Japan, urban Mexico, urban Russia, South Korea, the U.K., and the U.S.

*The Face of the Web 2005* study examined:

- **Global Internet Usage** – Internet usage and trial through wired and wireless access, frequency of usage, and a 'Diffusion Spectrum' to help project future trends.

- **Internet Access & Connectivity** – Household PC ownership (laptop and desktop), primary and secondary usage from various locations, primary and secondary access technology (dial-up versus DSL versus cable versus Wi-Fi).

- **Wired Internet Activities** – A range of conventional and emerging online activities, such as streaming videos, downloading movies, sharing music files, making online phone calls, banking online, etc.

- **Wireless Internet Activities** – Prevalence of household cell phone ownership and primary usage, wireless Internet usage and activities, (e.g., email, SMS, digital images, video games, ring tones, etc.).

- **Household Technology Inventory** – Consumer technology and service penetration at the household level (e.g., MP3 players, digital cameras, PDAs, game consoles, GPS navigation, etc.).

- **Internet Growth** – Growth projections using trend data, usage intent, and Ipsos' proprietary algorithm to derive estimates for future projections in wireless and wired Internet growth.

To learn more about *The Face of the Web 2005*, please visit:
www.ipsosinsight.com/industryfocus/techandcomm/FOW.aspx

**For more information, please contact:**

Adam Wright
Ipsos Insight
612.573.8536
adam.wright@ipsos-na.com

**About Ipsos Insight**

Ipsos Insight is a marketing research consultancy that provides solutions to Fortune 500 companies in the areas of market assessment, brand management, innovation and new product development. Our industry experts combine the discipline of marketing with the science of marketing research to offer expert consultation and strategic advice that builds powerful brands.

Our client service teams specialize in consumer products, technology, communications, health, pharmaceuticals, financial services, entertainment, retail, foodservice, agrifood, energy, utilities, and lottery and gaming. Ipsos Insight is an Ipsos company, a leading global survey-based market research group.

To learn more, visit: www.ipsosinsight.com.

**About Ipsos**

Ipsos is a leading global survey-based market research company, owned and managed by research professionals. Ipsos helps interpret, simulate, and anticipate the needs and responses of consumers, customers, and citizens around the world.

Member companies assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media. They measure public opinion around the globe.

Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting, modeling, and consulting. Ipsos has a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999. In 2005, Ipsos generated global revenues of €717.8 million ($853.8 million U.S.). Visit www.ipsos.com to learn more about Ipsos' offerings and capabilities.

Visit www.ipsos.com to learn more about Ipsos' offerings and capabilities.

*Ipsos is listed on the Euronext Paris Premier Marché, and is part of the SBF 120 and Next Prime Indices as well as eligible to the Deferred Settlement System (SRD). Euroclear code 7329, Reuters ISOS.LN, Bloomberg IPS FP*