



Mobile Phones Could Soon Rival The PC As World's Dominant Internet Platform

Mobile Phones Poised To Overtake The PC as The Dominate Internet Platform In Some Markets, According To Ipsos Insight's Latest *The Face of the Web* Study

New York, NY, April 18, 2006 – Today, the personal computer remains the dominant platform to access the Internet globally. However, Internet access via the mobile phone actually outpaces wireless access from a notebook PC in many of areas of the world – a statistic driven largely by the massive install base of mobile phones throughout the world as well as more developed wireless networks, according to *The Face of the Web*, the annual study of Internet trends by global market research firm Ipsos Insight.

Indeed, Internet browsing via a wireless device is showing robust growth in many global markets. France and the U.K are exhibiting the strongest growth in this trend, while Internet usage via mobile phone in Japan also continues to grow rapidly. Today, four in 10 adults browse the Internet on their wireless handset in Japan, double the rate from 2003. However, growth in Internet browsing on a mobile phone is flattening in other leading markets, such as the U.S. and Canada, where wireless Internet access via notebook PC appears to be emerging as the stronger out-of-home Internet platform.

Mobile Surfing Becoming Mainstream

Globally, just over one-fourth (28%) of mobile phone owners worldwide have browsed the Internet on a wireless handset, up slightly from 25% at the end 2004. Interestingly, growth in this behavior for 2005 was driven by the older users (age 35+), indicating that surfing the Internet on a mobile phone is emerging as a mainstream activity, no longer dominated by the traditional early adopter segment – young males – typical of many new consumer technologies.

Noted Brian Cruikshank, Senior Vice President & Managing Director of Ipsos Insight's Technology & Communications practice: "Accessing the Internet on a wireless handheld device is no longer a novelty for consumers in the major global economies. It's becoming a common, everyday occurrence for many people."

As consumer dependence on mobile phones grows, so to will new applications. Mobile phones are poised to become a dominant Internet platform outside the home. "In the long term, many of today's PC-centric online activities could be complemented through the mobile phone or migrate to the mobile phone altogether, due to greater convenience and faster connection speeds," Cruikshank added.

More 35+ Adults Utilizing Wireless Services & Activities

In addition to web-browsing, a number of other mobile phone activities witnessed significant growth this year, according to *The Face of the Web* study SMS text messaging remains the most popular activity among consumers, while other communication-based wireless activities are also growing. Over half (52%) of all mobile phone households today have sent or received a text message, and over a third (37%) have sent or received e-mail on a mobile phone. In general, almost all wireless device activities experienced growth in 2005 – including m-commerce (i.e., purchasing a product or service via mobile phone), conducting financial transactions, sending or receiving digital pictures, and downloading entertainment content.

Perhaps more important for the health of the industry, an increasing number of older adults (age 35+) are engaging in wireless activities. Increased usage among this group of consumers – presumably with higher net incomes and better credit – suggests the promise of higher Average Revenue Per Unit (ARPU) for the Wireless Industry in the future.



Mobile Phone Growth Driven Within the Household

Among other findings, mobile phone ownership at the end of 2005 was at near saturation levels in many areas of the world – most notably in East Asia, as over 90% of all households in South Korea, Japan and urban China own at least one mobile phone, according to the Ipsos study. Western European markets rank second collectively in mobile phone prevalence, with roughly 80% of all households owning a wireless handset. In North America, prevalence of mobile ownership is slightly less robust: in the U.S., three in four households own a mobile phone, while just over 60% of Canadian households own a mobile phone today.

While overall household ownership appears to be hitting a ceiling in many developed markets, proliferation of ownership *within* households continues to climb. In 2005, more than two-thirds of all households that owned a mobile phone owned multiple handsets, while the average number of handsets in these households stands at 2.2 globally – slightly higher than 2004's average of 2.1 per household.

The Face of the Web also reveals the strong association between Internet usage and mobile phone ownership. Among those who had gone online in the past 30 days, household ownership spiked to over 90% in 10 of the 12 global markets studied. Cruikshank says the connection between PCs and mobile phones will have significant implications for Internet-based services and applications.

"We think the high correlation between Internet users and mobile phone ownership suggests an opportunity for wireless services or applications that can link aspects of personalization across multiple Internet platforms," said Cruikshank. "Still, it will be crucial for companies to let consumers know just how they can leverage personalization opportunities across multiple access devices to their benefit."

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

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