

Wireless Panel Research

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Hotspot Market Goes Ploddingly Along

The public wireless LAN, “hotspot market,” came in with a bang – much fanfare that foreshadowed what was to have been rapid growth. Despite all the hype, the market languished, primarily due to the fact that hotspot deployment was not optimal and service pricing was too high. Consumer locations, such as cafes, were the first to dot the landscape; however, it was found, consumers were not the best initial target market – business users were.

As a result, hotspot providers stepped up efforts to improve deployment in business venues such as hotels, convention centers and airports. Pricing plans were improved and services, in some locations, are now free. These strategies have helped to grow the market; however, it still remains somewhat limited to date. In this survey of more than 1,000 primarily business users, In-Stat/MDR found that about a third of respondents have used these services at least a few times in the past, another one-quarter are planning to use these services, and another one-third are considering using these services in the future. Of those using the services today, only one-third say they use them a few times a week or more. Respondents pay an average of \$13 monthly for them.

The majority of respondents say that they currently or plan to use these services for both business and personal reasons. E-mail is the leading application accessed via hotspot services. E-mail has become a very popular means of communicating in recent years, and many people use it to stay in touch with co-workers, suppliers, and customers, as well as with family and friends.

Respondents have used the services in hotels, airport gate areas and cafes, reflecting the major current areas of hotspot deployment. Future users envision using these services at convention centers, their homes, on planes during flights, and in libraries.

Laptops are the primary access device used for hotspot access today; however respondents express interest in using other products, such as smartphones and PDAs, in the future as well. Converged WWAN/WLAN products are now becoming available which will enable usage of both services on one device.

Respondents express more interest in subscribing to hotspot services through traditional wireless (e.g., cellular) providers than they have in the past. This is in response to the stepped-up efforts these carriers have made to enter the market. Many subscribers are also interested in receiving one bill for both (cellular and public WLAN) services.

Despite the threat that cellular providers initially felt from public WLAN services, the WWAN market seems to have only benefited from their availability. In this study, 43%

of current WWAN users say that their WWAN usage has actually increased as a result of hotspot availability and usage.

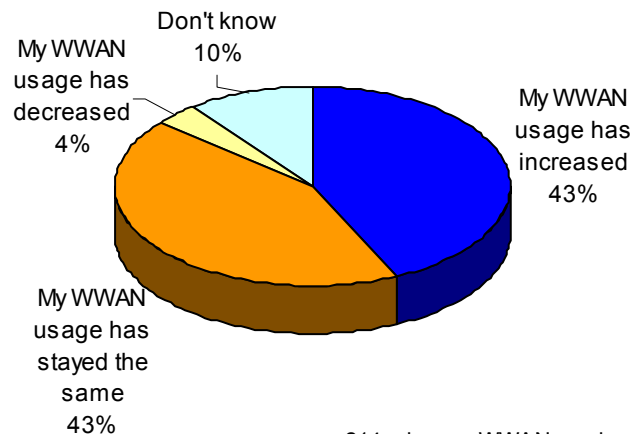
Coverage, price and security are barriers to current and planned users, but those who have no plans to implement the service say that they just don't see the need. Educating the broader consumer market will be key to stoking this market in the future.

About the Panel

In-Stat/MDR's Technology Adoption Panel (TAP) is a dynamic online group of thousands of technology users and decision-makers interested in contributing opinions and insights about technology usage and issues in the workplace. The panel is recruited from many different sources and is comprised of a diverse group, representing a wide range of company sizes, industries, and expertise. In-Stat/MDR's Wireless Panel sub-segment of the TAP. Members of the panel are required to use a wireless handset.

Data for this report was collected via a brief Internet survey. Participants — members of In-Stat/MDR's Wireless Panel — were e-mailed an invitation to participate in a Web-based survey conducted from March 21st to March 26th, 2004. Responses from 1,002 people are included in this research. If you are interested in joining the Technology Adoption Panel and/or learning more about it, please go to <http://www.instat.com/panels>.

How has the amount of time that you use your wireless WAN (i.e. using data over a wide area network, such as the cellular network) service changed as a result of using public WLAN services?



Source: In-Stat/MDR, 8/04

n=214 who use WWAN services and have used P-WLAN services