

Technology Adoption Panel Mobile Advertising Survey Executive Summary

In May 2005, In-Stat conducted a survey of the Technology Adoption Panel concerning mobile advertising. Many advertisers consider personal mobile phones to be the “third screen” (the first and second being television and computer screens) and therefore a new source of ever-more-focused demographic groups.

Possible types of advertising to this third screen in use or being considered worldwide include:

- Free premium services (directory assistance, video, picture messaging or ringtones) in exchange for viewing advertisements
- Advertiser supported content such as video or audio that includes an advertisement
- Location-based advertisements that appear on the handset when the user is in a particular location (such as an advertisement for Cinnabon when the subscriber is near an airport)
- Sponsored news or special offers about topics the user chooses in advance (“opt-in” advertising)
- Delivery of SMS or picture messages

The survey also asked questions about marketing and merchandising that is associated with mobile phones. Specifically, advertisers and brand owners are considering offering their own line of brand-name cell phones. Virgin Mobile has already done so and brand megastars Disney and ESPN are scheduled to enter the market this year as “mobile virtual network operators” (MVNOs). The survey attempted to assess the strength of brands in influencing the selection of a mobile carrier.

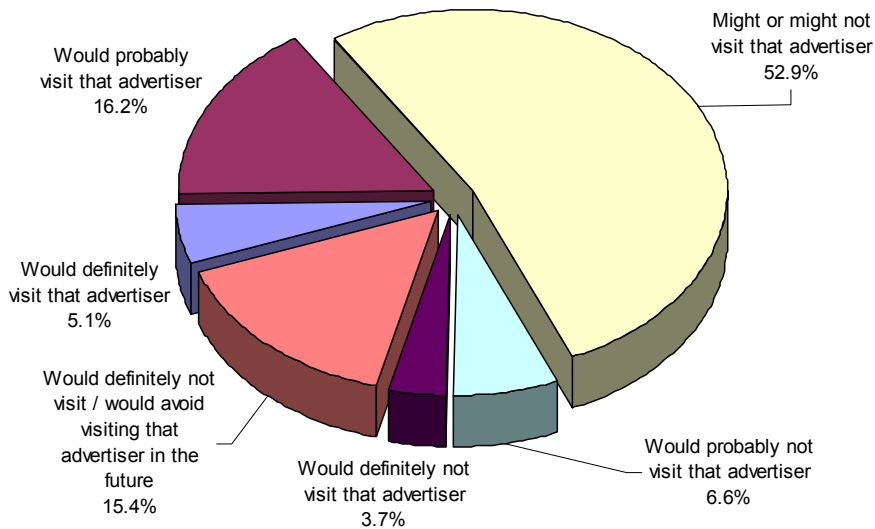
By a 4:1 margin, panel members were overwhelmingly against any sort of advertising delivered to their handsets (although it appears from the large number of comments that most were considering only spam or junk mail type advertisements that would be randomly delivered to handsets).

However, among those who believed that some form of advertising would be acceptable there were fairly positive reactions to opt-in and location-based advertisements.

Regarding location-based advertising (messages delivered according to your location or nearby businesses or attractions)

- 21.3% indicated they would “definitely” or “probably” visit that advertiser.
- 25.7% would not visit and 15.4% would avoid that advertiser in the future.

How would you react to receiving unsolicited location-based advertising?



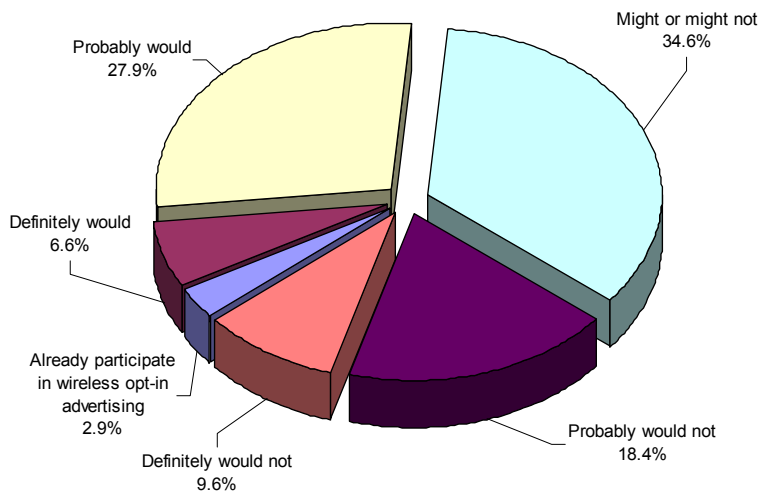
Source: In-Stat, 6/05

n=136

A large number of respondents were more favorable toward opt-in advertising that delivers messages based on their personal preferences.

- 2.9% said they were already participating in opt-in advertising
- 34.6% probably or definitely would provide information about their preferences to advertisers or their cellular companies
- Less than one third – 28.0% - said they would not participate in opt-in advertising.

Reaction to opt-in advertising

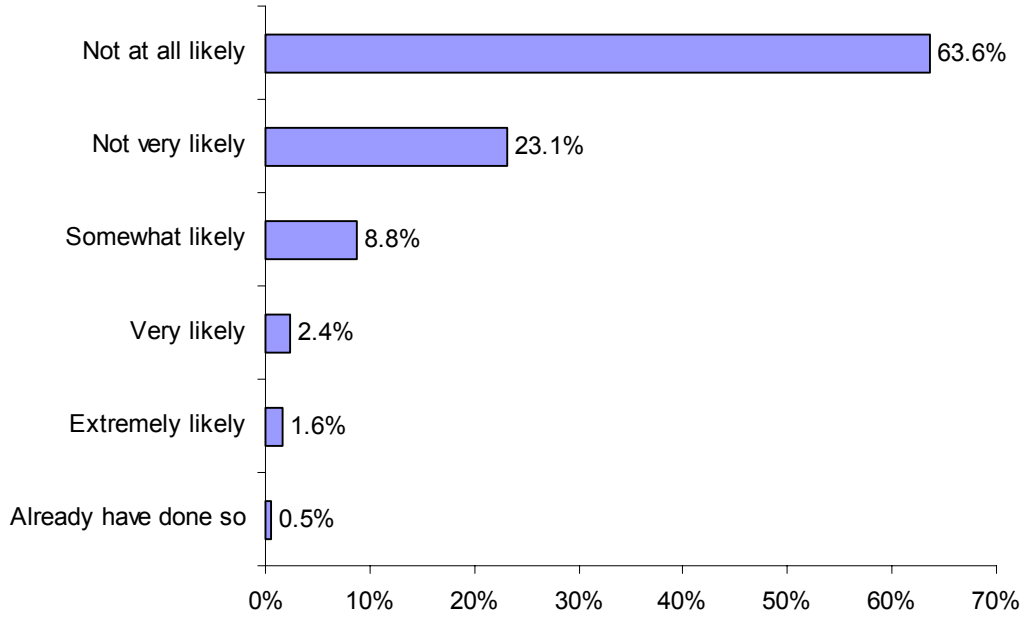


Source: In-Stat, 6/05

n=136

Respondents were not particularly favorable toward the MVNO concept with the largest number saying they would not add a line or change carriers if branded handsets and services were available

Likelihood to add a line if branded handsets and services were available



Source: In-Stat, 6/05

n=136