

Bluetooth: Catching Up to the Hype

Awareness is Increasing, but Lack of Product Availability Hampers Usage Levels

A recent survey of Cahners In-Stat Group's panel of wireless Internet users revealed fairly high familiarity with Bluetooth technology; however, plans for purchasing Bluetooth products were not nearly as significant. The survey of more than 200 mostly U.S.-based wireless Internet users representing a wide range of company sizes, industries, and technical expertise, showed that 75% had at least heard of the term and had a general idea about what Bluetooth was. Only 26% of respondents, however, plan to purchase a Bluetooth-enabled product in the next 12 months. Bluetooth is a specification for a small-form factor, low-cost radio solution providing links between mobile computers, mobile phones and other portable handheld devices, and Internet connectivity.

The low plans for implementation are likely a result of the relatively short supply of Bluetooth-based products. Although there was a significant amount of hype over these products initially, not as many of them are on the market today as had been originally planned. The Bluetooth Special Interest Group (SIG), however, recently announced that it has been qualifying, on average, a new Bluetooth wireless product each day during the third quarter and that a number of these products are now commercially available in Europe, Asia and in the United States. According to the SIG, the total number of qualified products is now more than 350. This information seems to foretell the swell of products that will be appearing on the market within the next six to 12 months.

Half of respondents said that they have in fact seen Bluetooth products for sale either on the Internet, in retail stores, or from a wireless operator. Today, users must seek out these products on the Internet due to their relative scarcity and lack of availability in retail stores. Relying on "pull" demand for these products, however, further fuels the lack of usage. Only 13% of wireless Internet panelists have actually used a Bluetooth device. Of those that have actually used a Bluetooth device, only 42% actually own one.

Although it is too soon to draw conclusions from a small user population, initial products gaining traction include mobile phones and headsets, notebook PC cards, and modem access points. According to the SIG, nearly half of the 108 new products qualified last quarter include mobile phone, computing and other consumer electronics products. The remainder of the products qualified during the quarter were the chips, software and development tools from which equipment manufacturers can build their own Bluetooth wireless products.

When given a list of capabilities that Bluetooth technology can enable, wireless Internet users did not see any as a "killer," must-have requirement. It was most important to them, however, to have cordless connectivity between many devices such as between a notebook PC, desktop PC, or PDA and a cell phone, headset, printer, or local phone line. Thirty-six percent of respondents found this to be extremely important. A nearly equal percentage of respondents found it important to have the ability to access the Internet while on personal or business travel (airports, trains/subway stations), or at conference centers, restaurants, hotels and shopping malls. A multitude of real estate projects have begun to install Bluetooth "hot spot" access points in hotels, shopping malls, golf courses, airports, retail stores, conference centers, enterprises, and more.

Panelists viewed the ability to wirelessly obtain information about the location a user is in, such as airports, train/subway stations, conference centers, hotels, zoos, golf courses and shopping malls as less important. Only 17% of respondents thought it was extremely important. Users found the least value in being able to access the Internet in their home. The lack of importance placed on this feature is likely due to the fact that most people who want Internet access in their home already have some solution for it - either wireline or wireless.

Despite the development delays and the economic problems this year, In-Stat still believes this budding market will shine. Shipments of Bluetooth chipsets are progressing nicely in spite of the economic turmoil, and are on track with In-Stat's forecast to exceed 12 million in 2001. The market for Bluetooth-enabled products is emerging. It will likely require another six to 12 months to catch up with the hype.

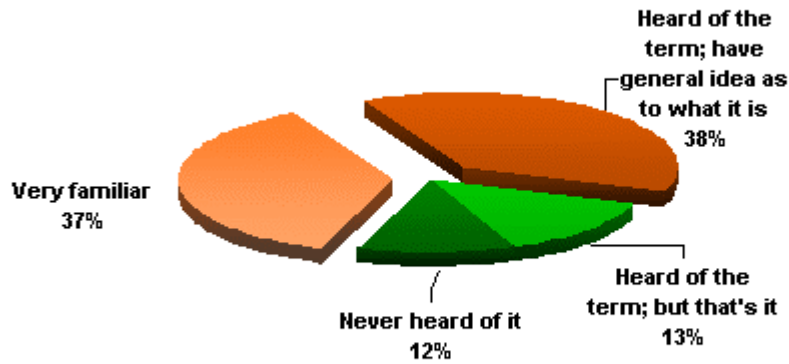
Survey Methodology

Data for this article was collected via a brief Internet survey. Participants-members of In-Stat's Technology Adoption panel-were e-mailed an invitation to participate in a Web-based survey conducted from Oct. 15th - 19th, 2001.

Respondents, recruited from Cahners In-Stat Group's Technology Adoption panel, were selected because they access the Internet using a wireless telephone or other wireless device. In-Stat's Technology Adoption Panel 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.

If you are interested in joining the Technology Adoption Panel and/or learning more about it, please go to <http://www.instat.com/panels>.

Which of the following describes your familiarity with Bluetooth technology?

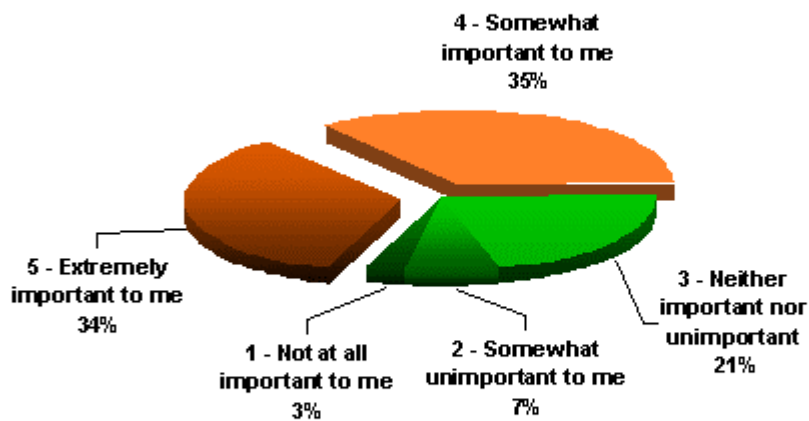


n=205

Source: Cahners In-Stat Group

Please rate this benefit of Bluetooth in terms of how important it is to you, using a 1 to 5 scale, where a "1" means the benefit is not at all important to you, and a "5" means the benefit is extremely important to you.

Ability to wirelessly access the Internet while on personal or business travel (airports, train/subway stations) or at conference centers, restaurants, hotels, and shopping malls



n=203

Source: Cahners In-Stat Group