

Cahners In-Stat Group
Wireless Internet Panel Findings
Rebecca Diercks, Director of Wireless Research
Location-based Services Article - August 24th, 2001

Location-Based Services: Will Their Usefulness Be Able to Overcome the "Big Brother" Feeling?

Location-based services have been a hot topic for several years, fueled by the FCC E-911 mandate. The mandate states that by the end of 2001, most U.S. citizens should be able to dial 911 from their mobile phones and have an emergency operator be able to determine their location to within 100 meters. While location-based services for this E-911 capability is perceived as useful, some industry observers note that the "Big Brother" phenomenon might inhibit people from using other location-based services that are enabled by the technology in the future.

Location-based services utilize location-sensitive technology, such as Global Positioning Satellite (GPS) or network-based solutions, to deliver services or applications to a wireless device such as a mobile phone. These services can include finder applications that let mobile phone users locate friends or family, businesses or landmarks. They can also deliver maps, directions, or traffic reports.

Cahners In-Stat Group recently surveyed its panel of mobile phone and wireless Internet users to determine their interest and opinion towards location-based services. Take note that panelists tend to be early adopters. A total of 1,540 wireless phone users, including 347 wireless Internet users, responded to the survey. In-Stat found significant interest in the services, as well as willingness to pay for them.

Awareness of location-based services was somewhat higher than expected; 35% of wireless phone users and 53% of wireless Internet users had at least heard of the term and had some idea as to what it meant.

Additionally, 40% of wireless users and 51% of wireless Internet users found the concept of location-based services to be very appealing. When given a list to select from, emergency response services, and services that allowed a user to download maps and get directions to various locations, elicited the highest interest.

In-Stat found that 38% of wireless users and 45% of wireless Internet users were willing to pay a monthly fee for location-based services. The majority of those willing to pay said they would cough up \$5 to \$10 per month to receive such services, on top of normal monthly service charges.

Service providers must beware, however, as 65% of wireless users and 75% of wireless Internet users said that it would be extremely important to opt-in, or to give permission to have their location tracked. Additionally, more than 85% of both wireless users and wireless Internet users noted that it was extremely important to have the ability to have control over how

their location information was used by their service providers and others. A number of legislative efforts have been proposed to address E911 related privacy concerns.

While respondents showed significant interest in location-based services, service providers must also provide a certain level of control to the user. More than 80% of both wireless and wireless Internet users wanted the ability to turn the location-tracking capability of a wireless phone on or off at will.

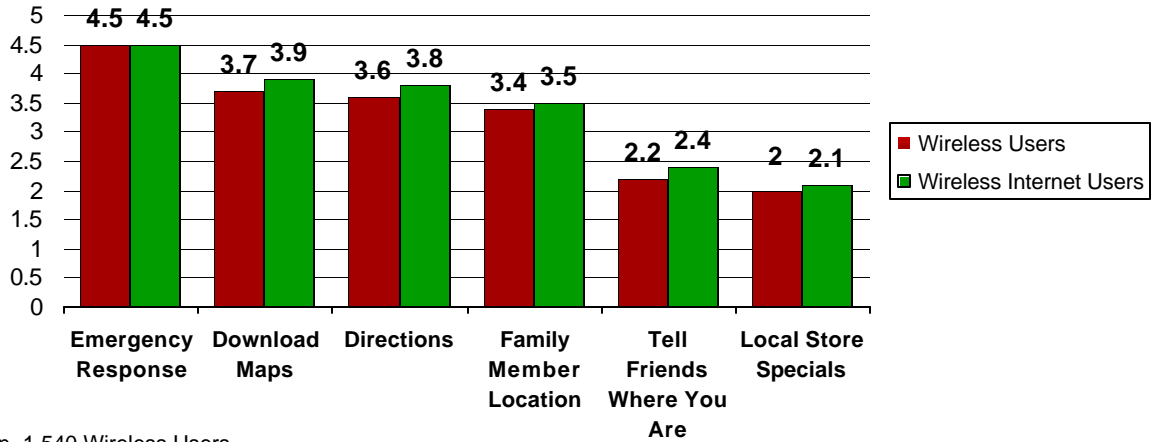
It is important to note that, despite the FCC mandate, very few Americans will actually be able to receive this kind of service due to the fact that many carriers have not deployed or even decided on a location tracking solution as yet. However, Cahners In-Stat expects that in 2002 many carriers, in the U.S. and throughout the world, will be able to offer the ability to track mobile phones. Cahners In-Stat believes that location-enabled services have the potential to drive revenue, on a global basis, of more than \$13 billion by 2005. The revenue from these services will help carriers offset the cost of location-enabling their networks, and will also succeed in driving data usage in a time of falling revenues for wireless voice services.

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 August 13th - August 17th, 2001.

Respondents, recruited from Cahners In-Stat Group's Technology Adoption panel, were selected because they use a wireless phone. The respondents were further categorized to elicit responses from those who 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

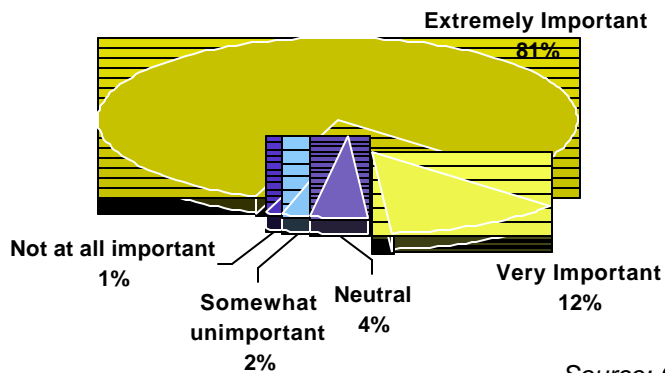
How interested would you be in each of the following services?
 (Mean, on a scale of 1 to 5, where 1= not at all interested and 5 = extremely interested)



n=1,540 Wireless Users
 n = 347 Wireless Internet Users

Source: Cahners In-Stat Group

How important is the ability to turn the location-tracking ability of a wireless phone on or off at will?



n=347 Wireless internet Users

Source: Cahners In-Stat