

Media Newsroom

News Releases

Consumers hesitate at the mobile technology check-out counter

Purchases deterred by product proliferation and changing technologies

NEW YORK and TORONTO, March 2, 2006 — A proliferation of product choices and rapidly changing technology are the key deterrents for consumers when it comes to purchasing their mobile technologies, according to a survey of 1,001 Americans released today by RBC Capital Markets.

The survey polled consumers who use a cell phone and other mobility devices and found that 45 per cent say too many product choices prevent them from making a purchase decision. The survey found rapidly changing technology deters more than half of potential purchasers (56 per cent) from buying new handheld technologies. Price was the top-purchasing driver for consumers, followed by compatibility with other devices. More consumers ranked compatibility as one of their top three priorities than any other priority. In turn, companies are responding by beginning to produce easier to use devices with integrated functionality.

"With so many single purpose devices in the market, combined with evolving technology, consumers are resisting making a choice," said Scott Collins, RBC Capital Markets' director of U.S. Equity Research. "Our research shows that over time, mobility will be adopted more widely. The mobile evolution has only just begun. Compatibility and convergence will be the key influences on consumer purchases and enterprise product development as we move forward."

The RBC Capital Markets survey was released today at the RBC Capital Markets 'M-Evolution' conference in New York. The conference focused on the global mobility evolution in wireless communications and was attended by Google, Intel, Palm and Nokia, among others.

PRICE AND COMPATIBILITY DRIVE PURCHASE DECISIONS

The survey found concern for price doesn't mean Americans would accept advertising or text messaging to lower their service or subscription costs. Fifty-two per cent said of those surveyed rejected the idea, while 56 per cent were unwilling to trade personal information for discounted products and/or services. Mobile marketers and advertisers should take note 58 per cent of survey respondents said mobile marketing is a nuisance

and should be prohibited. In fact, the only exception to consumer's price sensitivity was the willingness by 43 per cent to pay more for a cell phone or PDA that prohibits marketing or advertising messages.

Twenty-nine per cent of respondents who own a PDA, notebook or laptop expressed frustration that their various handheld devices don't work together.

SECURITY AND PRIVACY REMAIN A KEY ISSUE

Americans with post-secondary education place security and privacy as their third priority in making a purchase - ironically, since more than two-thirds of them haven't taken steps (70 per cent) or don't know how to protect information stored on their handheld device (72 per cent).

When asked "what is the issue that most troubles you about mobile technology?" 46 per cent of respondents said "the security of my information and my privacy" was of greatest concern. More than a third (36 per cent) expressed concern about organizations spying on them when using a mobile device.

However, 61 per cent believe that solutions will be found to address identity theft and invasion of privacy, which may explain the relaxed approach to protecting their information on their mobile devices and their prioritization of price in their purchasing decision.

THE "I'LL THINK ABOUT IT LATER" PURCHASE DECISION

In addition to the more than half of Americans that said rapidly changing technology makes them reluctant to buy new handheld technologies, 48 per cent worried products they've recently purchased and depend on will rapidly become obsolete. Forty-five per cent said too many product choices prevented them from actually making a purchase decision and Americans with a high school education or less were significantly more hesitant to buy new technologies because of their complexity than those with post-secondary education (42 per cent vs. 33 per cent).

The RBC Capital Markets survey also suggests the benefits of converging mobile technologies are not yet well understood enough to drive a purchase decision. Three-quarters of those surveyed said, "I am not interested in watching TV programs or movies on my handheld device," and 69 per cent said they do not see themselves using cell phones for musical entertainment purposes.

"Consumers are generally deterred when it comes to adopting the latest integrated mobile devices due to concerns of obsolescence," said Mark Sue, RBC Capital Markets' communications equipment analyst. "As integrated mobile devices become more complex, a significant time lag can persist before the trajectory of growth accelerates. But digital music, video, and web browsing wrapped in an iconic device, may help mobile device makers grab a greater share of an individual's disposable income previously allocated to other consumer electronics."

When asked if they would be willing to pay to have in-car mobile Internet access and computing, eight out of ten Americans stated they had no interest and three-quarters said, "having wireless Internet in my car would be a dangerous distraction." Interestingly,

one quarter of Americans said they would check email in their car if they had a device to do so.

Other findings from the survey confirm developments in mobile technology are also testing social and personal norms include:

- Almost 20 per cent of Americans have text-messaged opinions to a person in their immediate vicinity to prevent others near them from knowing.
- Fifty-seven per cent are opposed to adult content being disseminated over mobile technologies.
- Fifty-three per cent believe that the U.S. economy benefits from consumer demand for new technologies.
- One in eight Americans have taken a photo or video of a stranger without their knowledge.
- Democratization of Internet access may be the nascent philosophy behind the finding that roughly 43 per cent of Americans surveyed said wireless service providers should provide free access to Google.
- Having instant access to the Internet anytime, anywhere was cited as priority in life for 48 per cent of those who owned a PDA, notebook or laptop.
- Twenty-three per cent admitted that "Google is part of my every day life and I want access to it anytime, anywhere."

The survey was conducted online by InsightExpress, on behalf of RBC Capital Markets, and details consumers' mobile technology purchasing criteria, needs and concerns, and highlights several opportunities to close the lag time between the introduction of new technologies and customer purchases. The margin of error was ± 3.09 per cent, 19 times out of 20.

About RBC Capital Markets

RBC Capital Markets is the corporate and investment banking arm of RBC Financial Group, the global brand name of Royal Bank of Canada (RY: TSX, NYSE), one of the largest banks in North America by assets and market capitalization. RBC Capital Markets is ranked by Bloomberg as one of the top 15 investment banks globally, and has significant debt origination, sales and trading and foreign exchange businesses that operate around the world. Our North American equity underwriting; sales, trading and research business dominates the Canadian market and has established a significant franchise in the US middle market. Both institutional and retail investors recognize RBC Capital Markets for our expertise across the complete range of structured products.

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