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CANADIANS CONTINUE TO LAG OTHER COUNTRIES IN BUYING MOBILE PHONES

Signs of change in the air, though, as smart phones grow in popularity

TORONTO, April 9, 2009 – When it comes to owning and using mobile phones, Canadians continue to lag behind citizens of other G8 countries and even several developing economies, according to a global telecommunications study by international market research firm TNS.

Conducted in 32 countries, TNS's 2009 *Global Telecoms Insight* (GTI) study shows that Canada's level of mobile penetration has remained stable, with 70 per cent of Canadians aged 16-60 claiming ownership. This level puts Canada near the bottom of all the markets surveyed, on par with consumers in Vietnam and Mexico (based on urban respondents only) and just ahead of India, which ranked last.

The remaining 30 per cent of Canadians who do not own a mobile phone mainly consist of consumers that the study calls 'rejecters', people who have no intention of purchasing a phone within the next 12 months. This latest evidence would suggest that the Canadian wireless landscape is in stasis, an idea that appears to be compounded by the fact that existing mobile phone users are reluctant to shell out more money on their next handset than the amount that they spent on their current one.

On average, Canadians are willing to spend US\$114 on their next mobile phone, the second lowest of all countries included in the GTI study. Only mobile phone owners in Pakistan exhibit a more frugal attitude (US\$69). It is interesting to place this amount in context; some

users in the Middle East and South East Asian markets intend to pay upwards of US\$400 on their next handset.

“In other markets the mobile handset is viewed, and further utilized, as a more multi-functional device, allowing convergence of voice, Internet and music functions among others. Here in Canada, we still spend a lot of monthly income on separate landline, Internet and other telecommunications services,” said Michael Ennamorato, executive vice president at TNS Canadian Facts.

The GTI study, however, points to evidence of a shift taking place within the Canadian wireless market, suggesting that the apparent stagnation is not all that it seems.

Over the past year, the penetration of smart phones (multi-functional devices offering advanced features like e-mail, Internet, personal organizers and touch screens) has nearly doubled from 12 per cent to 21 per cent, a movement that is consistent with the global trend. The explosive growth of smart phones in Canada has been driven heavily by the under 30s crowd, suggesting a potentially divided mobile market, where the inertia is confined to older age groups.

In addition, consumers are now demanding more from their next device. When asked about the most important features they would like to have in their next mobile phone, Canadians mentioned Bluetooth, GPS and touch-screen capabilities. All three made their top five list of wants, which represents a significant shift from last year, where more primary basic functions were desired, such as text messaging and built-in cameras.

“The proliferation of smart phones, with the iPhone in the vanguard, has really helped demonstrate what mobile devices are now capable of doing. This has led to consumers wanting and demanding more from their device. Canadians are reluctant to spend a significant amount more on their next purchase, however, which means that the gap between what they desire and what they eventually acquire could remain disparate for some time,” said Ennamorato.

The 2009 TNS *Global Telecoms Insight* study was conducted in Argentina, Australia, Brazil, Canada, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Kuwait, Malaysia, Mexico, Morocco, Netherlands, Pakistan, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Taiwan, Thailand, UAE, UK, USA and Vietnam. Over 20,000 participants were asked to comment on their usage of and attitudes towards telecommunications devices, with mobile phones forming the core of the study.

In Canada, online interviews were conducted between November 18 and December 18, 2008, among 478 consumers who were randomly selected from the TNS Canadian Facts interactive research panel. The survey data were weighted to reflect the demographic composition of the Canadian population between the ages of 16 and 60. Figures were also weighted on a global scale to reflect each market's relative size for consumption of telecommunication and technology products and services, including such factors as national mobile subscriptions and purchasing power parity.

TNS Canadian Facts (www.tns-cf.com) is one of Canada's most prestigious full-service marketing, opinion and social research organizations.

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