

## WiFi and 3G, the Consumers' Perspective

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The cost of deployment, timing of handset availability, and concerns over the rate of consumer adoption have all influenced the rate of deployment of 3G networks in the U.S. In contrast to the backbone-intensive and capital-intensive 3G networks, inexpensive WiFi hotspots have been popping up in hotels, coffee shops and bookstores around the country. As was evidenced in discussions at the recent CTIA conference in New Orleans, wireless carriers are actively evaluating how these low-cost but high-speed networks should relate to their 3G plans.

Clearly, 3G and WiFi represent radically different technical approaches to wireless data. From the consumer's standpoint, differences boil down to WiFi's ability to offer very high-speed access in a very micro footprint, versus 3G's moderate access speed in a macro mobile environment. How do consumers view these contrasting approaches to mobile data?

### What Consumers Say

To answer this and related questions, ForceNine Consulting's latest study, [\*The Market for WiFi Hotspots: Consumer Behaviors and Relationship with 3G\*](#), is conducted the most comprehensive survey to-date of consumer attitudes relating to 3G and WiFi. In February 2003, ForceNine surveyed 3,000 households that were both cellular and internet users. They were queried on a variety of potential current usage behaviors, as well as preferences for future services.

Because our sample was based on both cellular and internet users, they were somewhat greater in use of technology than the general population. Some 60% of respondents had high-speed internet access at home or work, over half took at least five business trips per year, and about two-thirds used laptop computers at home or work.

These users placed a high priority on the speed of wireless internet access. Of our sample, 67% rated the speed of internet access as extremely or very important, significantly higher than the corresponding rating for mobility. This finding is shaped by the existing reference points for wireless access speeds and mobility. Historically, wireless modems have been slow and clumsy, while wireless handsets have provided a very positive experience regarding mobility. It is little wonder that consumers currently crave higher access speeds.

So how does this craving for access speed play out for consumer demand for WiFi versus 3G? Forty percent of our sample indicated that they would likely purchase either WiFi or 3G as they become widely available. Interestingly, 15% of respondents said they would adopt both services. These consumers insist on both speed and mobility. The remaining 25% of the sample were evenly split between adopting only WiFi or 3G. It is important to note that our survey was measuring underlying preferences, not actual demand, which will be partly determined by the speed of rollout, availability of service, actual price plans, and marketing.

### WiFi in Service Bundles

So how do consumers view the relationship between WiFi and 3G? Our research indicates that many power users will prefer the higher transmission speeds available at WiFi hotspots, particularly if they use laptops enabled for wireless LAN access at home or at the office. Frequent business travelers fall into this category. However, nearly 30% of cellular and internet users are likely to adopt either WiFi and 3G, or 3G alone. Based on these consumer preferences and on economic factors driving consolidation and scale in the telecoms industry, ForceNine concludes that WiFi will be optimally offered in conjunction with other wireless and wired telecommunications services, including 3G. ForceNine Consulting and Itelogy Partners

([www.itelogy.com](http://www.itelogy.com)) formed a partnership in 2003 to attend both North and South American technology markets.

Andrew Roscoe and Dr. Samuel Book are partners in ForceNine Consulting. For more information, see [www.forcenine.net](http://www.forcenine.net).

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If you wish to purchase the WiFi report, [click here](#).

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