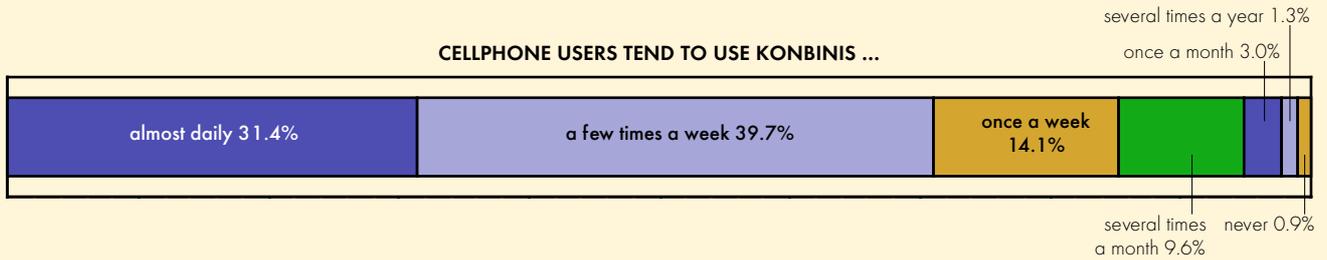
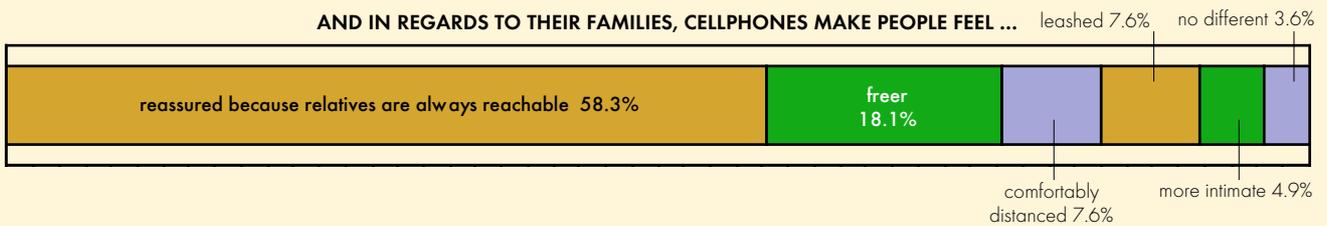


KEITAI USERS UP CLOSE

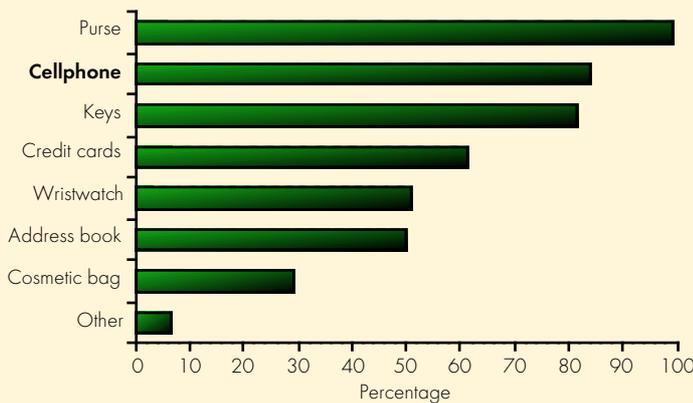
CELLPHONE USERS TEND TO USE KONBINIS ...



AND IN REGARDS TO THEIR FAMILIES, CELLPHONES MAKE PEOPLE FEEL ...



THINGS YOU SHOULDN'T FORGET WHEN GOING OUT

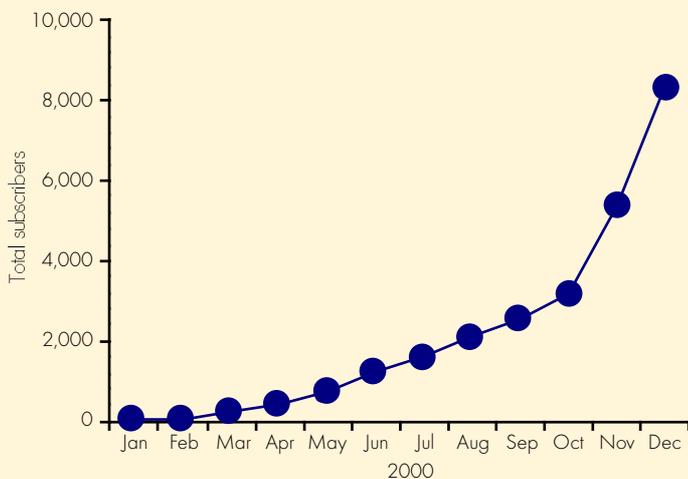


Japan's No. 1 cellular operator has discovered that cellphone users tend to visit convenience stores more often than non-cellphone users (especially those who rack up more than ¥10,000 per month in cellphone usage fees – accounting for 80% of all users). Some 85% report visiting convenience stores at least once a week. A majority of mobile users also say their cellphones are "something they shouldn't forget" when going out, ranking the tiny keitai higher than keys and credit cards. Why the attachment to Japan's pocket rockets? Some 58% of family users said that cell phones are a "necessity for daily communications and for feeling at ease with other family members." Precisely the type of revenue-generating feeling that NTT DoCoMo was hoping to find, we think.

Source: NTT DoCoMo Kanto-area survey; 1,000 respondents; July 2000

Compiled by Chiaki Kitada (chiaki@japaninc.com)

BROADBAND BOOM



Internet.com cited the proliferation of low-cost, high-speed Net access options in Japan as one of last year's top stories. NTT's flat-rate, 64-Kbps FLET'S ISDN service grew from just a few thousand users at year-end 1999 to 160,000-plus – not bad for obsolete technology. Further, under significant government (and US Trade Representative) pressure, NTT started to allow third-party DSL providers access to its switches at a competitive cost. Look for PC makers to start offering smaller boxes that can fit comfortably in the average (tiny) Japanese home; there's been little incentive to do so until now under NTT'S pay-per-minute billing scheme. By end-2000, there were some 8,300 DSL subscribers nationwide, and many pundits believe 2001 will see a broadband boom (although countries like Korea still make Japan broadband numbers look anemic).

Source: Internet.com and Ministry of Posts and Telecommunications (MPT), December 20, 2000. MPT was renamed Ministry of Public Management, Home Affairs, Posts and Telecommunications on January 6 this year; we'll probably keep calling it the "MPT" for a while yet.

DO MOBILE ADS WORK?

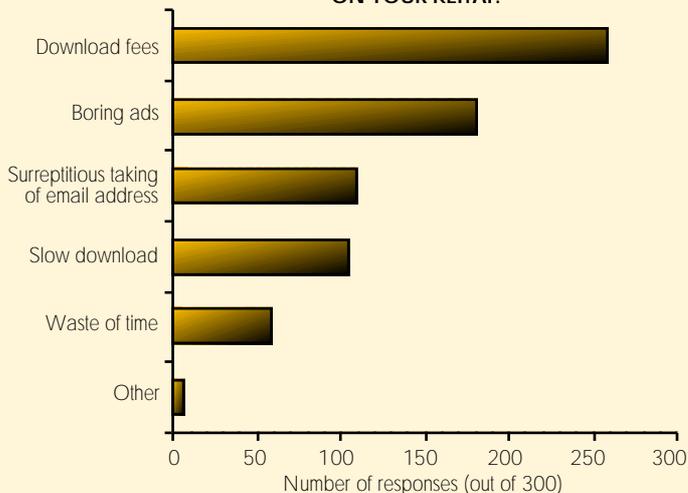
WOULD YOU LIKE TO RECEIVE COUPONS OR DISCOUNT TICKETS VIA KEITAI?



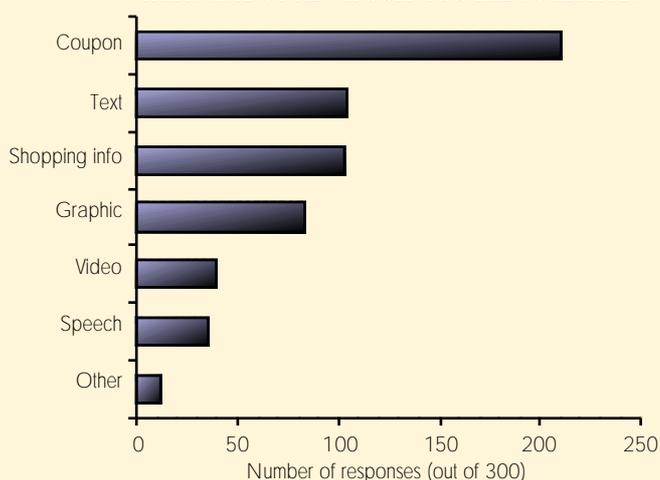
Japaninternet.com and Info Plant surveyed 300 mobile Net users on December 19, 2000; responses from three of the survey questions are shown here. When asked if they wished to receive targeted ads on their cellphones, more than half responded positively. Respondents were particularly keen to receive coupons (coupon clipping is a national passion ranking with sumo and samurai TV dramas), but many said they don't wish to view text ads due to the download fee (mobile services are billed on a pay-per-packet basis). Nonetheless, we've heard hints that mobile Net advertising does work; some academics believe that click-through rates for tiny banner ads may be as high as 5%, 10 to 50 times that for the wired Web.

Source: japaninternet.com (www.internet.com/) and infoplant (www.info-plant.com/)

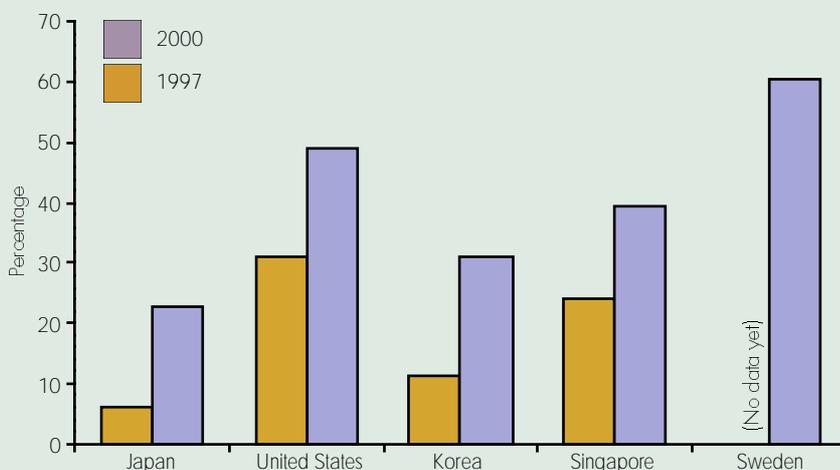
WHAT BOTHERS YOU ABOUT RECEIVING ADS ON YOUR KEITAI?



WHAT KIND OF ADS WOULD YOU LIKE TO RECEIVE?



POPULATION PERCENTAGE ONLINE, COUNTRY BY COUNTRY



The Nomura Research Institute conducted a Net usage survey in 1997 and 2000, and although Japanese Net users increased by 17% over that period, Japan still (significantly) lags behind Sweden, Singapore, and Korea, all much smaller in terms of population and economy. (The 2000 survey was based on some 4,000 respondents from five countries.)

Home users are accessing the Net in growing numbers worldwide. Last year, eMarketer estimated active Net users would reach 282 million by year-end 2002, with 60.7 million, or 21%, in the Asia-Pacific rim area (versus 98.1 and 84.3 million in North America and Europe, respectively).

Source: Nomura Research Institute www.nri.co.jp January 4, 2001