

II. ICT Use by Individuals

1-1 Progress in ICT Use (Use of the Internet/Broadband)

- ◆ The number of Internet users is 79.48 million (an increase by 2.8% over the previous year), and the penetration rate is 62.3%. Compared to the end of the year preceding the launch of the e-Japan strategy (2000), the number of Internet users increased by about 32 million, and the penetration rate by 25.2 points.
- ◆ The percentage of broadband households to the total Internet households rapidly expanded to 62.0%, increasing by 55.2 points from the end of 2000.

Figure 1: Number of Internet users and penetration rate

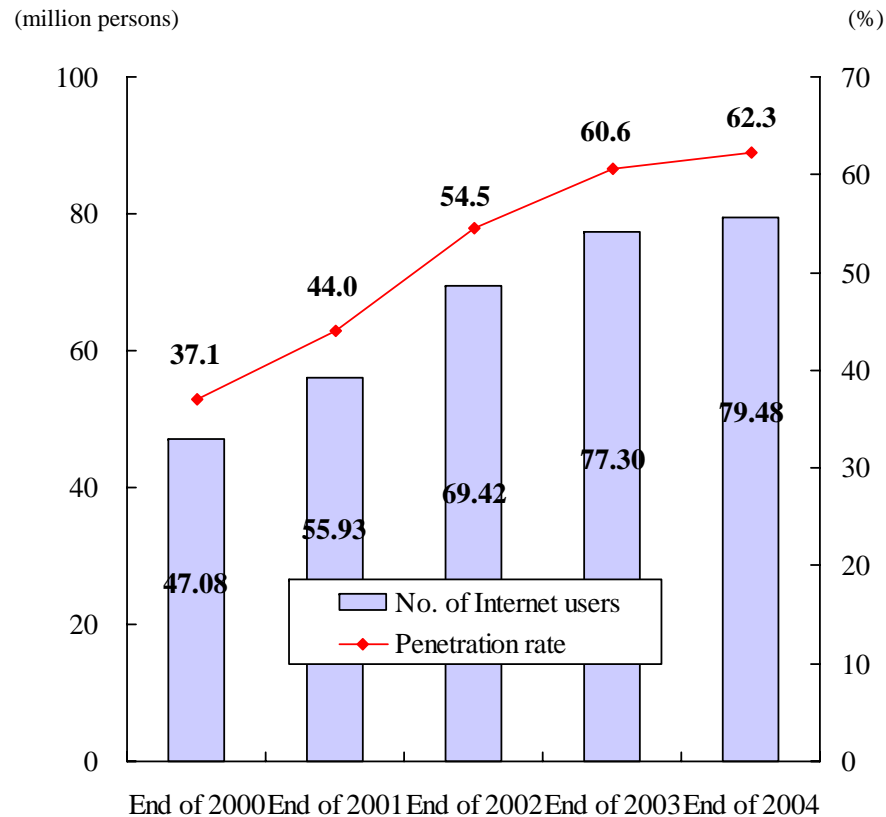
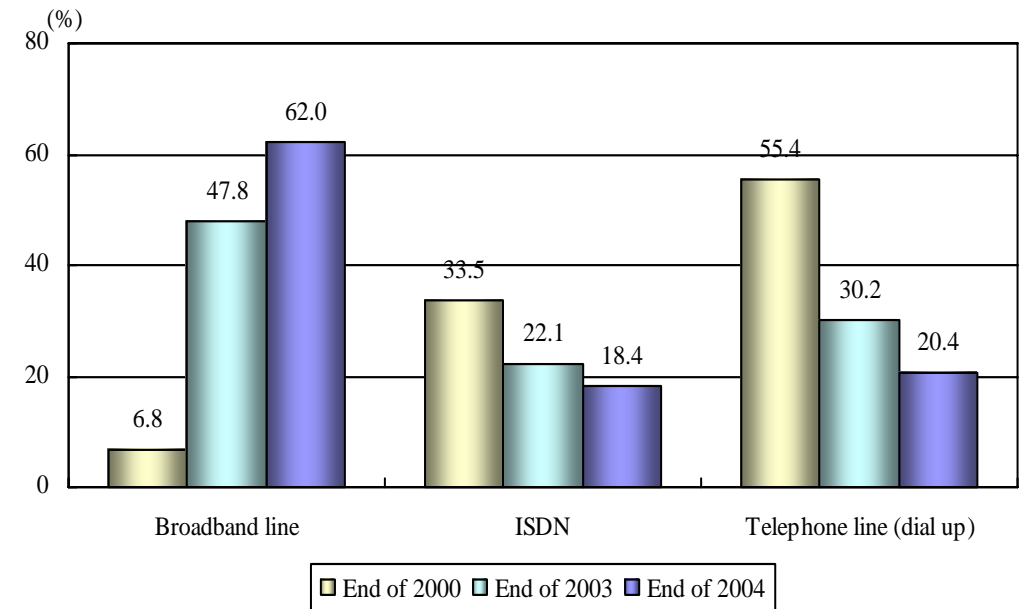


Figure 2: Internet access method at home



* Broadband line: FTTH (from “End of 2001”), DSL, cable Internet, wireless (FWA, etc.), and third-generation mobile phones (only for “End of 2004”)

* The values for each year may not add up to 100 because multiple answers were allowed and other options were available.

Source: “Communications Usage Trend Survey”

1-2 Progress in ICT Use (Degree of Satisfaction in the Internet; Progress of ICT Use in Main Fields)

- ◆ The degree of satisfaction was generally high for PC Internet, but the degree of dissatisfaction was comparatively high for mobile phone (including mobile phones, PHS, and PDA) Internet.
- ◆ Users believed that ICT use made progress in the fields of “information gathering,” “shopping,” “communication,” “amusement/contents,” and “financial transactions,” but not so much in the fields of “medical care,” “administration,” and “education.”

Figure 1: Degree of satisfaction in the PC/mobile phone Internet

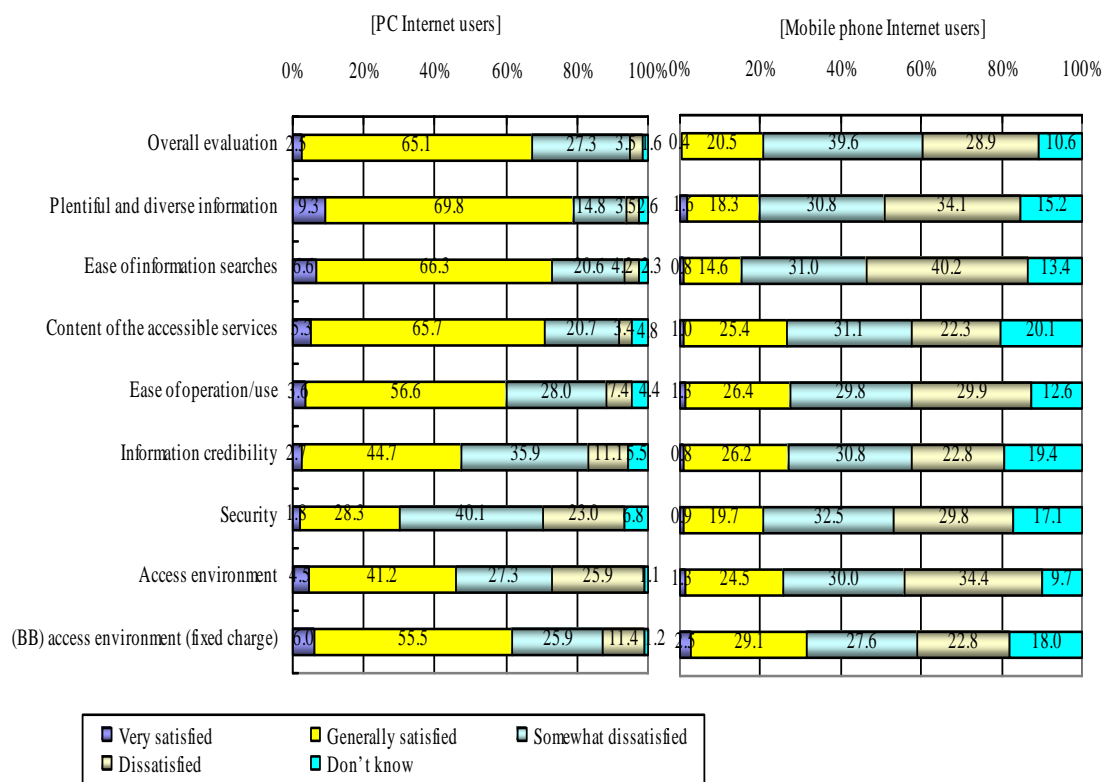
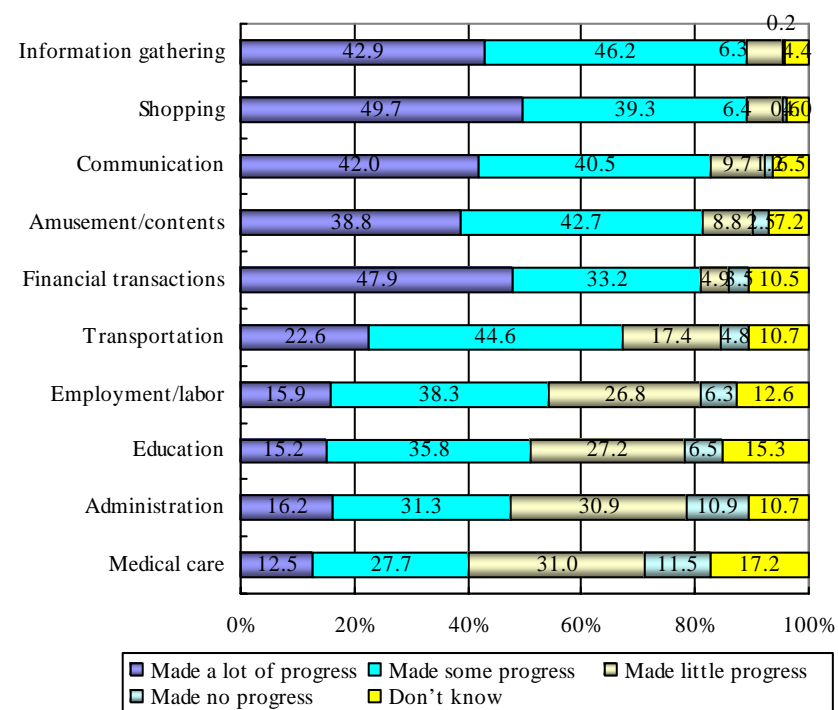


Figure 2: Progress of ICT use in main fields

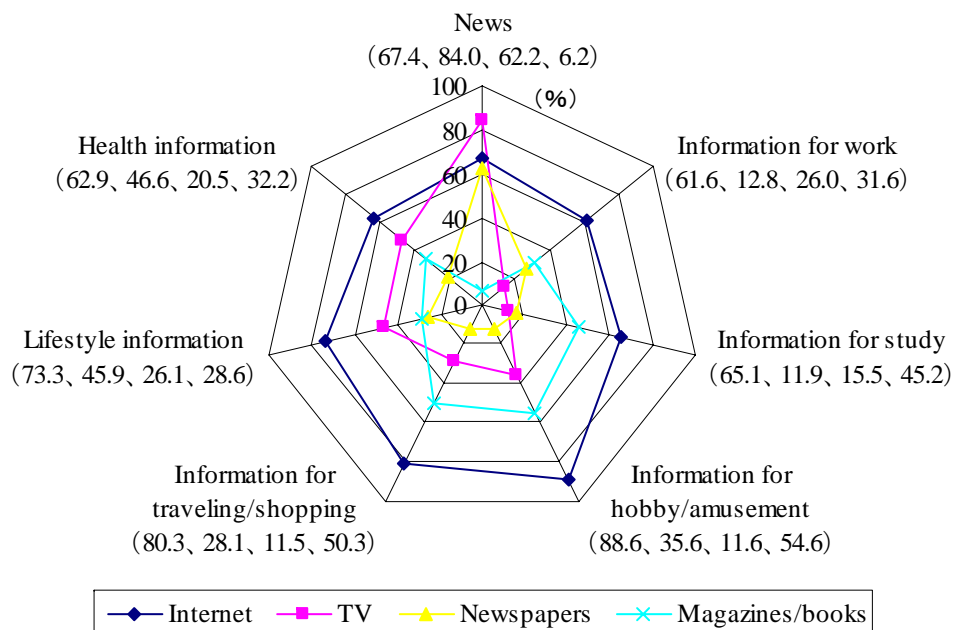


Source: “Survey on Networks and People’s Lives” (Web Survey)

2-1 Changes in People's Lives (Changes in Information Gathering Means and Communication Means)

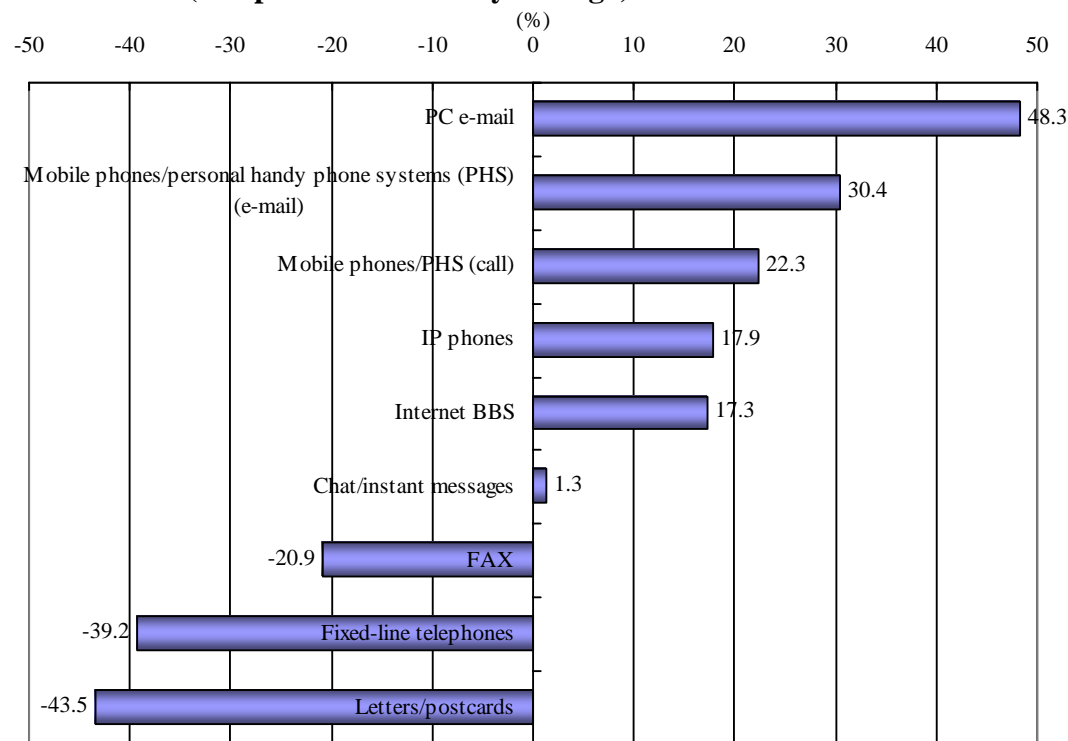
- ◆ The Internet is used for gathering information in wide-ranging fields. It is an indispensable medium for daily life.
- ◆ The means of communication has been shifting from conventional “fixed-line telephones” to “mobile phones” and “IP phones,” and from “letters/postcards” to “e-mail.”

Figure 1: Purpose for gathering information by type of information media (multiple responses possible)



* The values in the brackets indicate those for the Internet, TV, newspapers, and magazines/books, respectively.

Figure 2: Changes in the means of communication (comparison with two years ago)



* The figure indicates the percentage of users who answered “increased” by deducting the percentage of users who answered “decreased” for each item.

Source: “Survey on Networks and People's Lives” (Web Survey)

2-2 Changes in People's Lives (Changes in Activity Patterns and Spending)

- ◆ In line with the use of the Internet, the time for sleep, watching TV, and reading magazines, as well as the frequency of going out decreased, while the frequency of communicating with family and friends increased in terms of activity patterns (length of time and frequency). However, the time for talking with family and friends in person decreased.
- ◆ In terms of expenditure, spending on magazines, video games, and music CDs, etc. decreased. As for consumption behavior, most people gathered product information on the Internet. The number of people who said the overall expenditure for shopping increased due to online shopping exceeded the number of those who said the overall expenditure decreased.

Figure 1: Changes in activity patterns (length of time and frequency) in line with the use of the Internet (compared to two years ago)

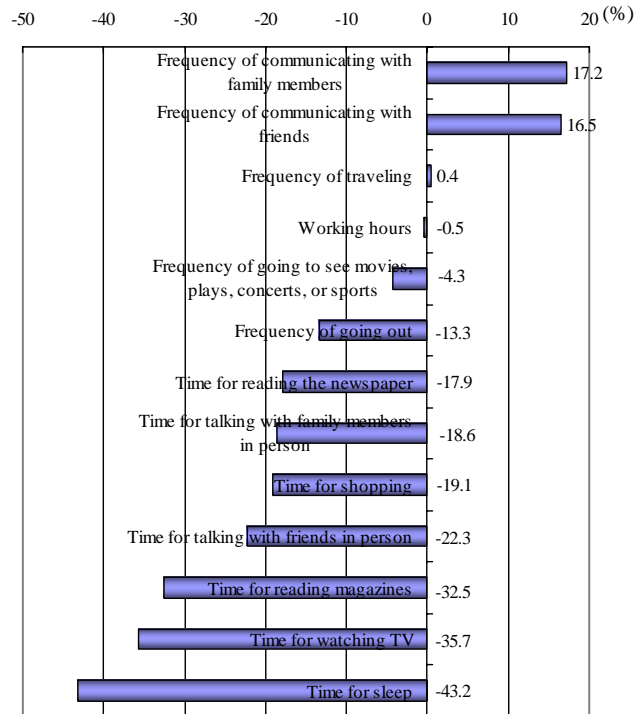


Figure 2: Changes in spending in line with the use of the Internet (compared to two years ago)

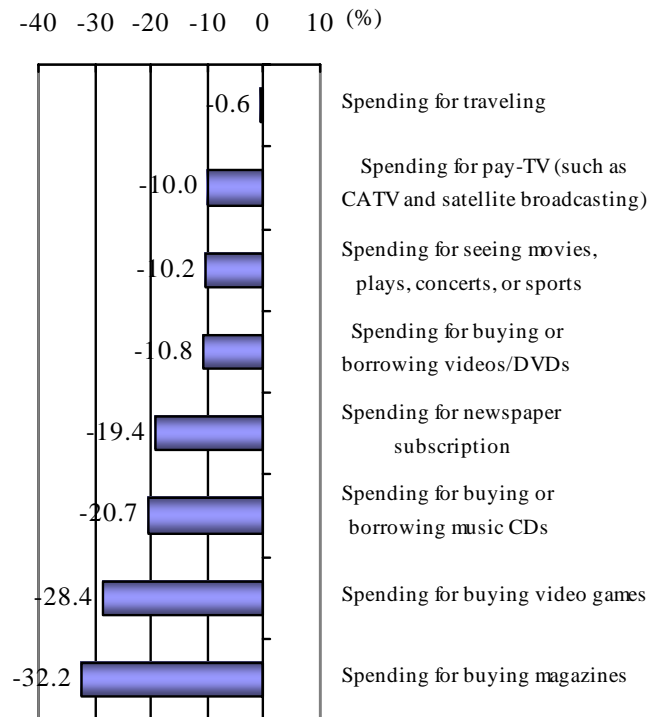
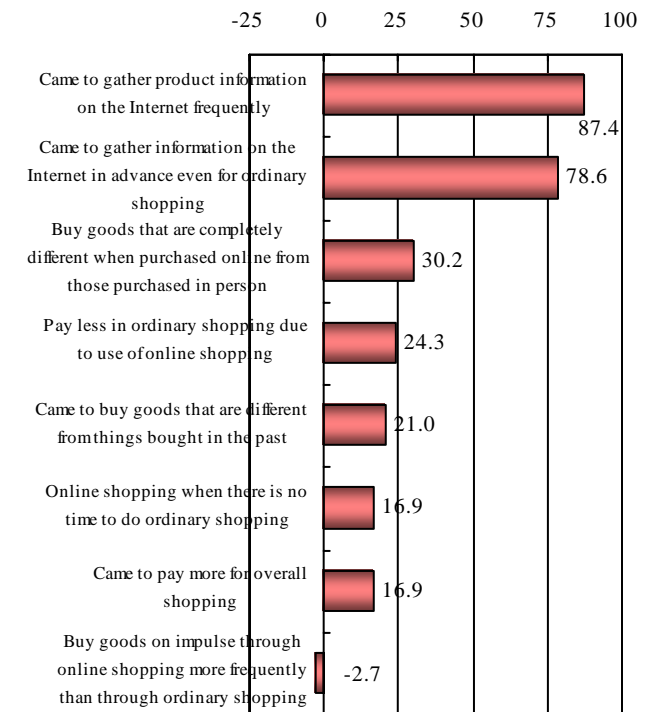


Figure 3: Changes in consumption behavior in line with the use of the Internet (%)



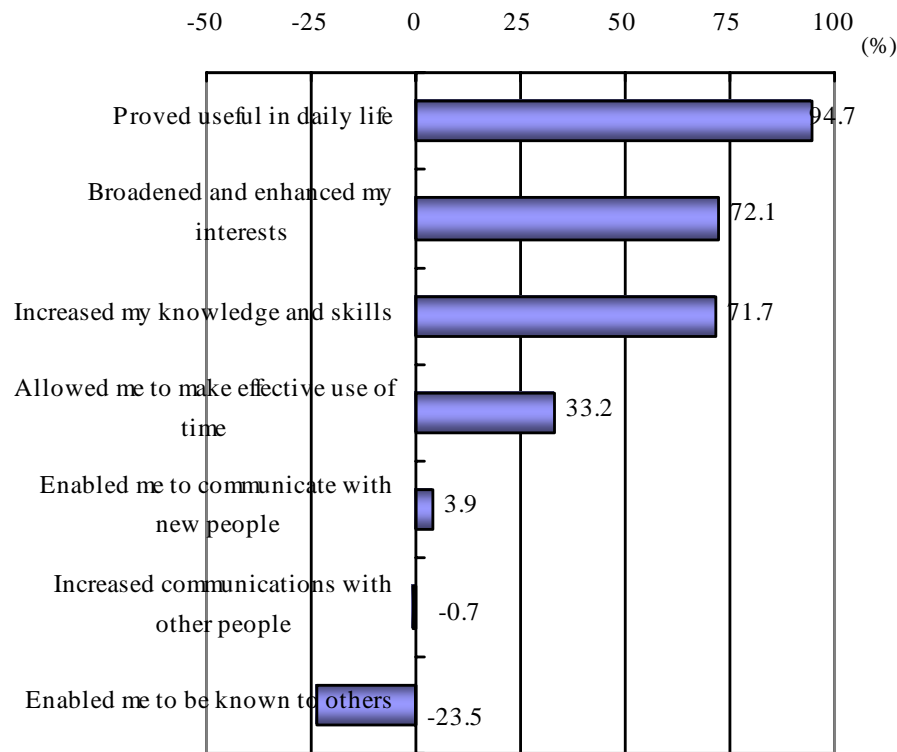
* The figures indicate the percentage of users who answered "increased" (or "applies") by deducting the percentage of users who answered "decreased" (or "on the contrary") for each item.

Source: "Survey on Networks and People's Lives" (Web Survey)

2-3 Changes in People's Lives (Utility and Social Influences of the Internet)

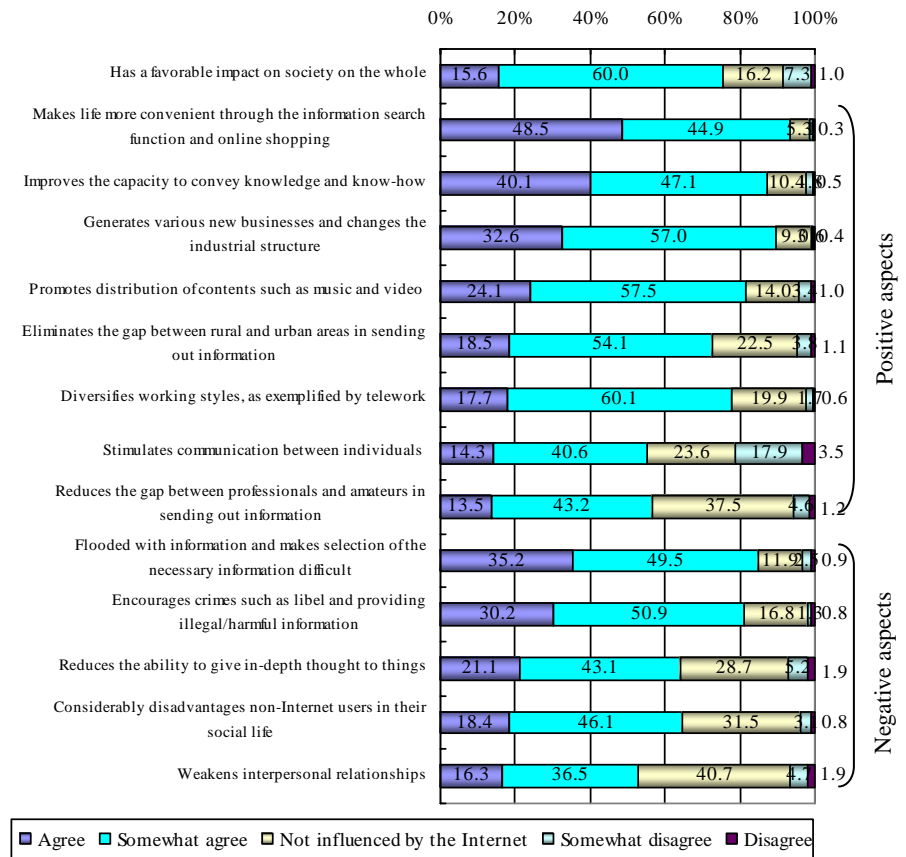
- ◆ Most people indicated that the Internet had positive effects such as “proved useful in daily life” and “broadened and enhanced my interests.”
- ◆ People were both aware of the Internet's positive and negative impacts on society. In general, they considered the Internet to have a favorable impact on society.

Figure 1: Utility of the Internet



* The figures indicate the percentage of users who answered “applies” by deducting the percentage of users who answered “does not apply” for each item.

Figure 2: Social influences of the Internet



Source: “Survey on Networks and People's Lives” (Web Survey)

3-1 Stimulation of Communication (E-mail, etc.)

- ◆ While the utilization rate of PC e-mail is commonly high in Japan, the United States, and the Republic of Korea, that for mobile phone e-mail is far higher in Japan than in the other two countries.
- ◆ The utilization rate of communication tools other than e-mail is generally high in the Republic of Korea with the percentage of blog owners reaching 37.3%.

Figure 1: Utilization rate of e-mail

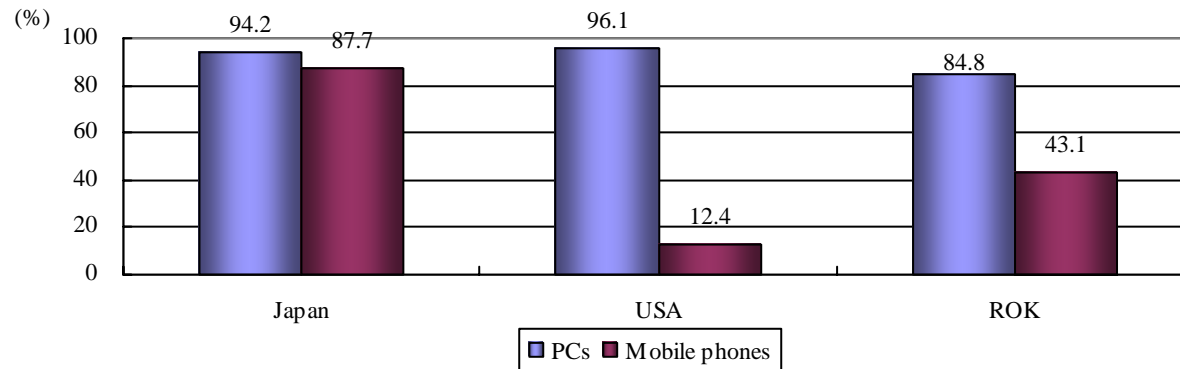
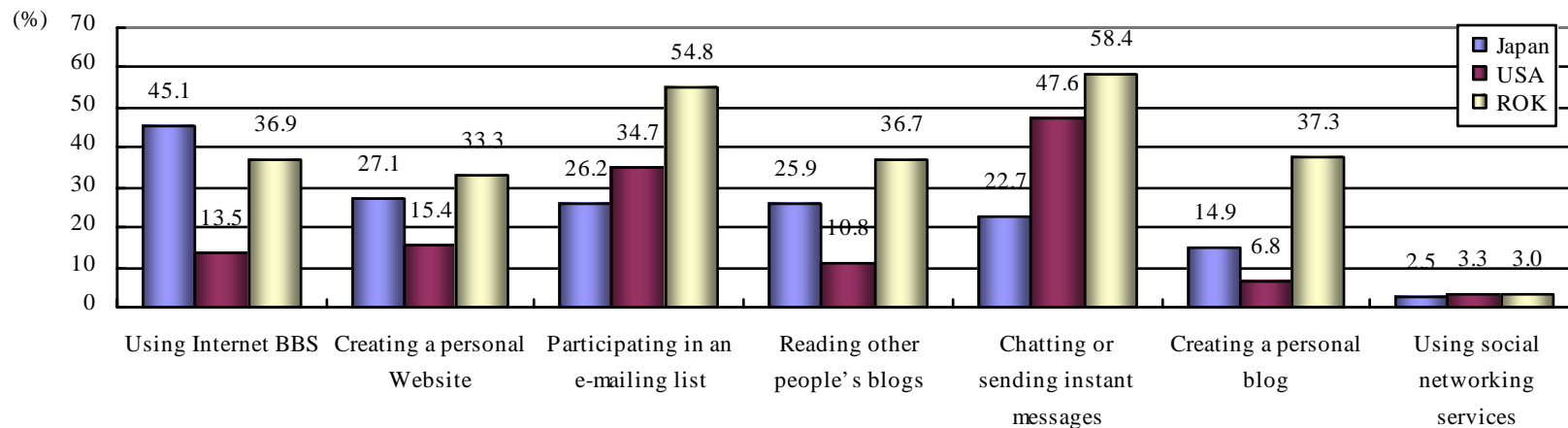


Figure 2: Utilization rate of communication tools (multiple responses possible)



Source: "Survey on Networks and People's Lives" (Web Survey)

3-2 Stimulation of Communication (Blogs)

◆ Blogs have rapidly come into wide use in the past year. The biggest reason for creating a blog was “to present personal experiences and daily life in writing.” Correspondingly, an overwhelmingly high percentage of blogs contain “a diary of daily life.” The blog users had a high degree of satisfaction and a high intent to continue using blogs and believed that blogs would spread throughout society in the future.

Figure 1: Time that blog was created

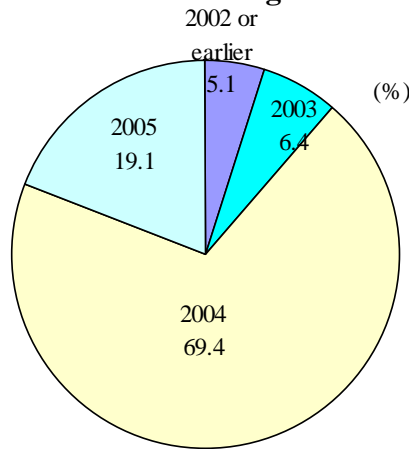


Figure 2: Reason for creating a blog

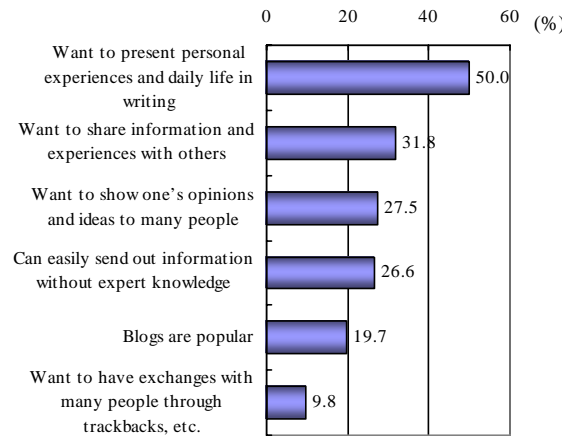


Figure 3: Content

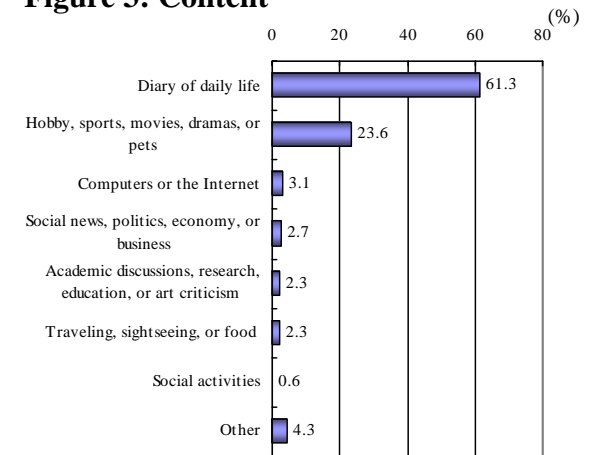


Figure 4: Degree of satisfaction

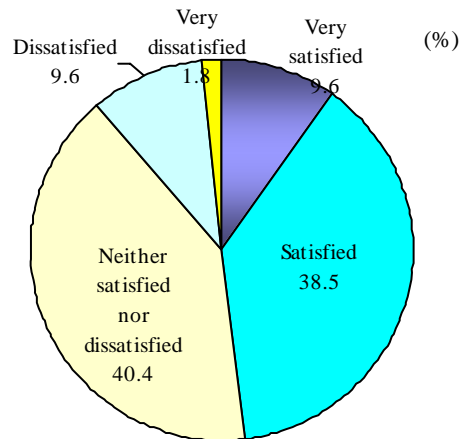


Figure 5: Intent to continue using blogs

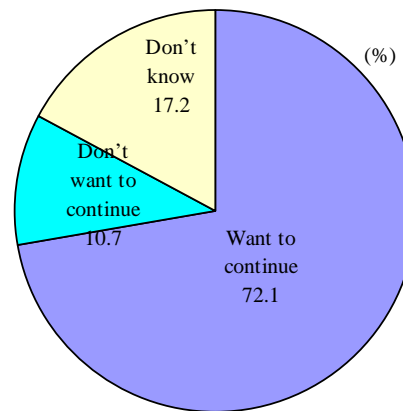
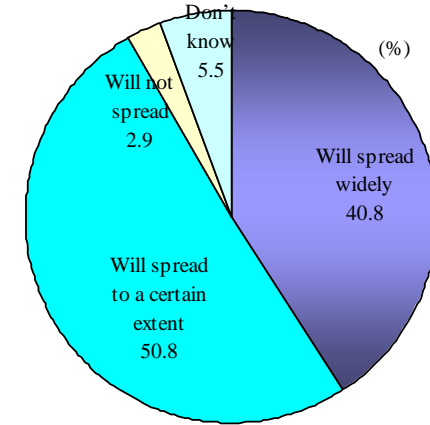


Figure 6: Spread of blogs in future



Note: Web questionnaire survey on blog owners (488 persons)

Source: “Survey on Trends Concerning a Ubiquitous Society” (Web Survey)

4-1 Online Shopping (Status of Online Shopping)

- ◆ Online shopping has penetrated society. Compared to two years ago, the total amount of transactions, the frequency of use, and the degree of satisfaction have all increased. While the degree of satisfaction is high for PC online shopping, the degree is low for mobile phone online shopping, with the exception of the payment method.

Figure 1: Utilization rate of online shopping

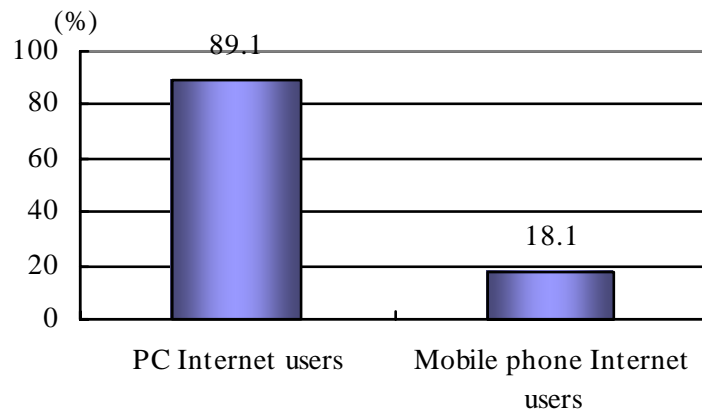


Figure 2: Changes in the use of online shopping (compared to two years ago)

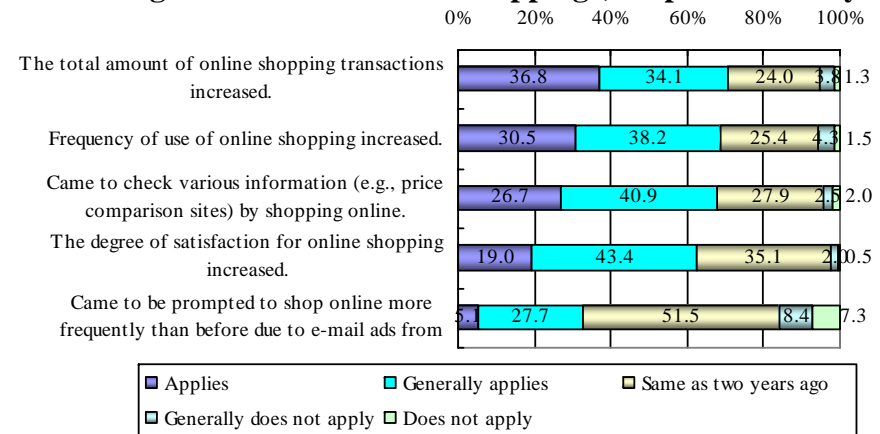
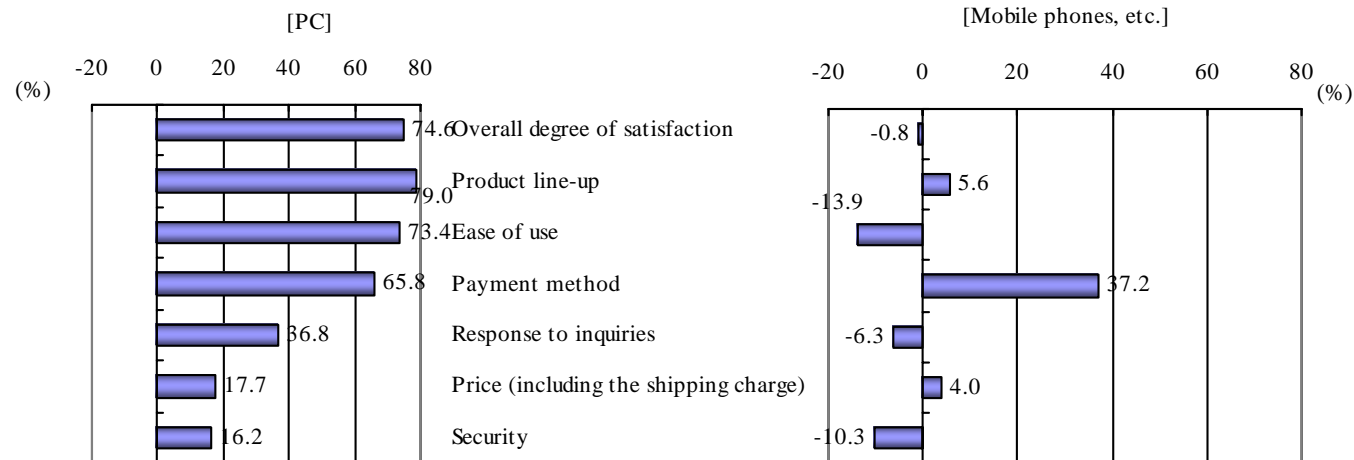


Figure 3: Degree of satisfaction of online shoppers



* The figure indicates the percentage of users who answered “satisfied” by deducting the percentage of users who answered “dissatisfied” for each item.

Source: “Survey on Networks and People’s Lives” (Web Survey)

4-2 Online Shopping (Comparison Between PCs and Mobile Phones)

- ◆ The characteristics of online shopping via mobile phones as compared to the PC Internet are: selling in conjunction with magazines, etc.; purchasing without making comparisons to similar products or other stores; and purchasing while en route. In addition, purchases are lead by young females in their teens to those in their 30s.

Figure 1: Source of product information

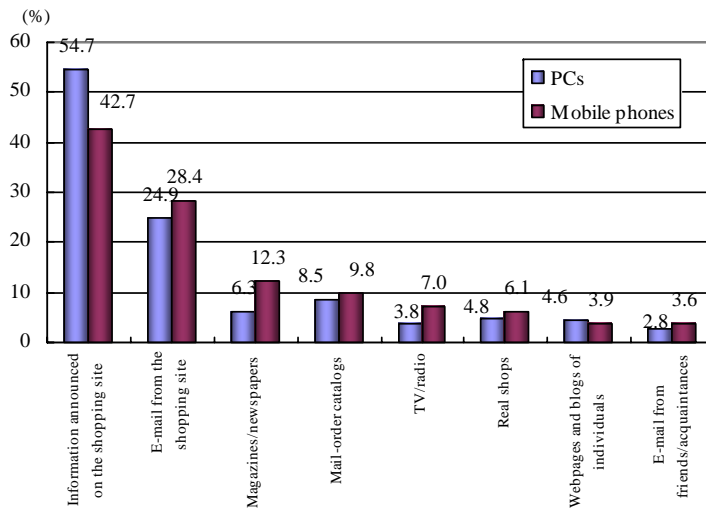


Figure 3: Place of order (multiple responses possible)

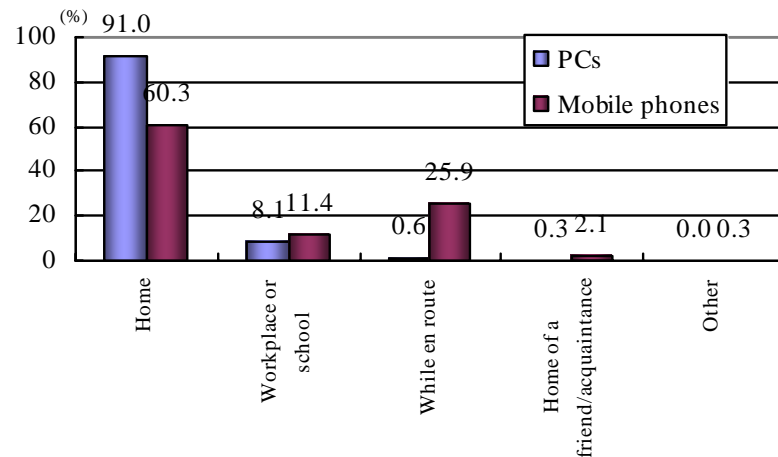


Figure 2: Comparison with similar products or other stores upon purchase

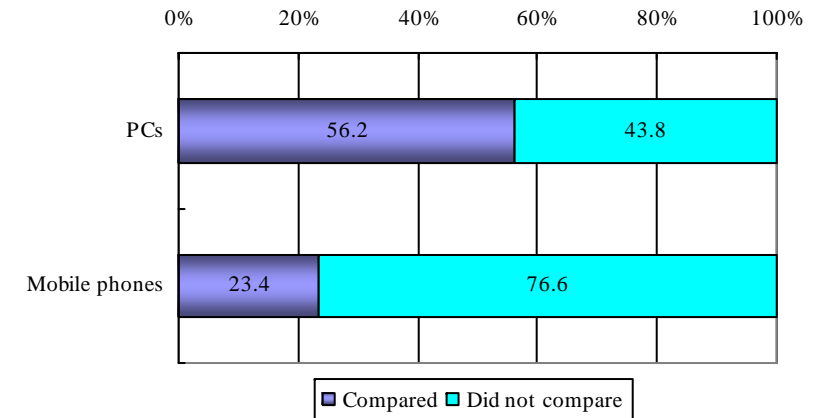
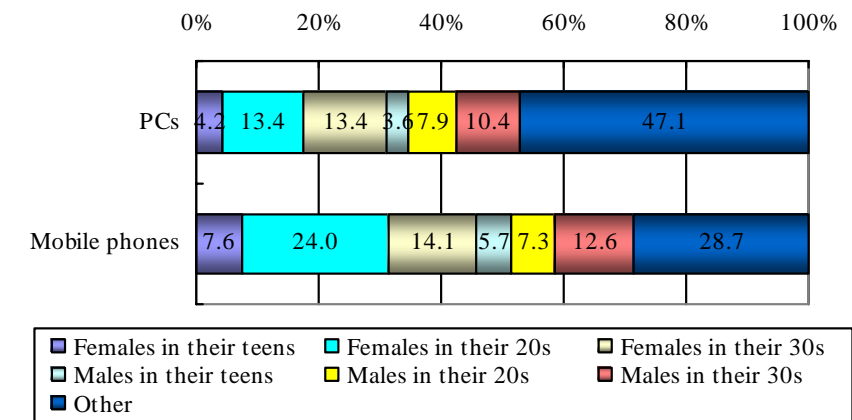


Figure 4: Generation/gender structure of online shoppers

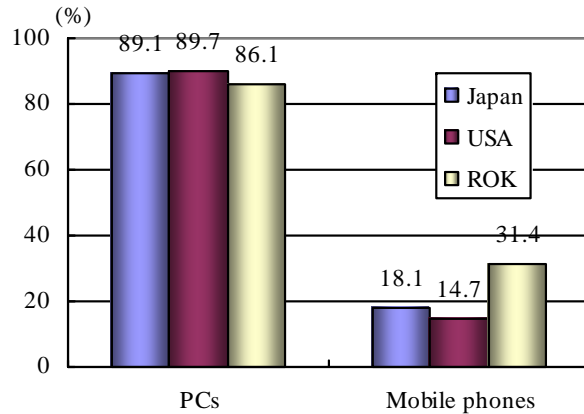


Source: "Survey on Networks and People's Lives" (Web Survey)

4-3 Online Shopping (Comparison Among Japan, the United States, and the Republic of Korea)

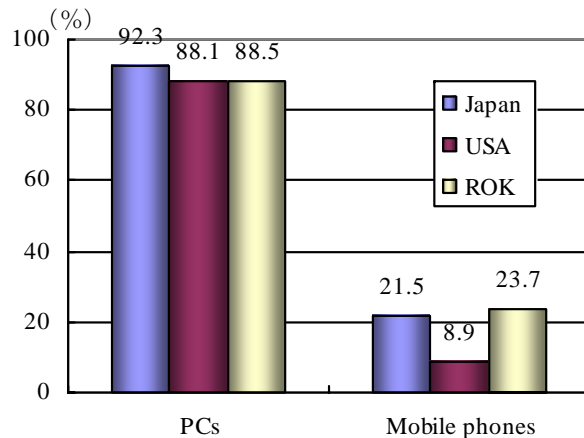
◆ Online shopping via PCs is also very common in both the United States and the Republic of Korea. On the other hand, the utilization rate of online shopping via mobile phones is still low in these countries. As far as the payment method for online shopping goes, the United States is characterized by more frequent use of “credit cards” than the other two countries, Japan by the frequent use of “cash on delivery,” and the Republic of Korea by the frequent use of “charging by the telecommunications carrier, etc.”

Figure 1: Utilization rate of online shopping



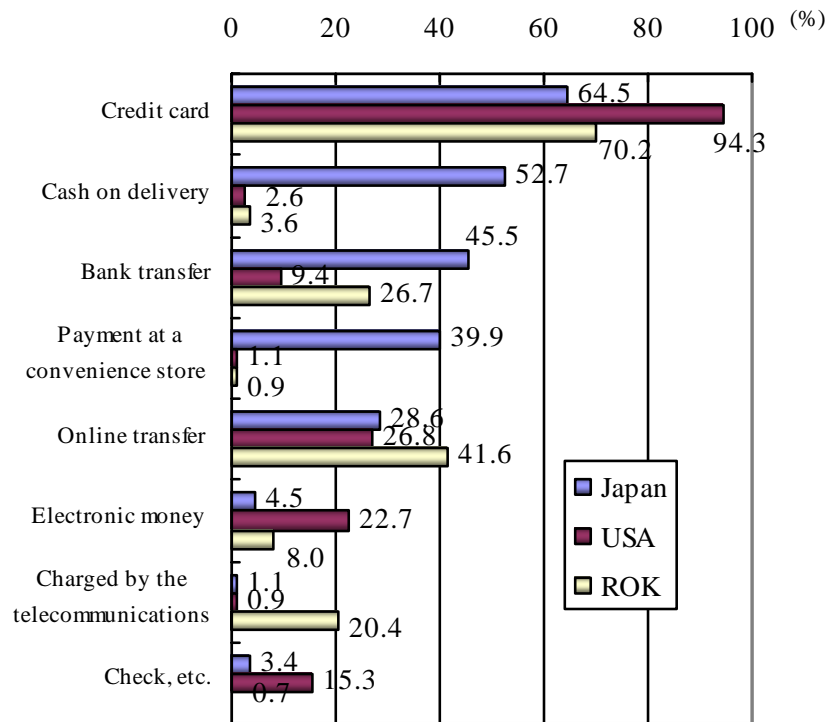
* Percentage of PC/mobile phone online shoppers to the total PC/mobile phone Internet users

Figure 3 : Intent of future use of online shopping



*Percentage of users who want to use PC/mobile phone online shopping services to the total PC/mobile phone Internet users

Figure 2: Payment method for online shopping (multiple responses possible)



Source: “Survey on Networks and People’s Lives” (Web Survey)

5-1 Contents (Overall Trend of the Contents Market)

- ◆ The overall contents market has hit the ceiling.
- ◆ The market for online contents that are distributed via PCs, mobile phones, etc. has expanded in recent years. The market size in 2003 was about 500 billion yen, increasing by about 200 billion yen in three years.

Figure 1: Transition in the overall market by type of contents

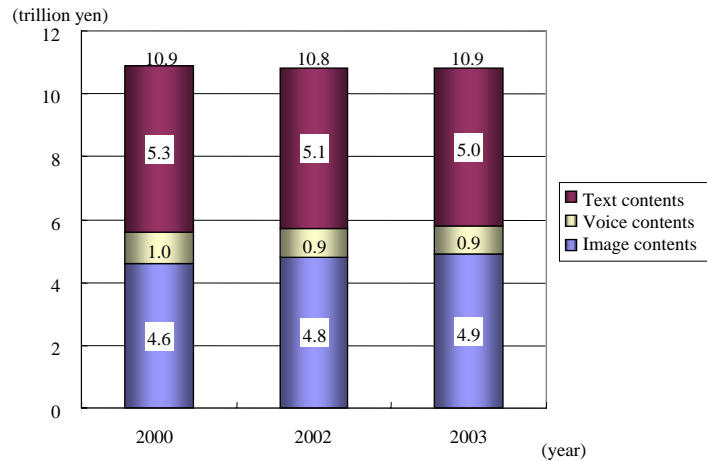
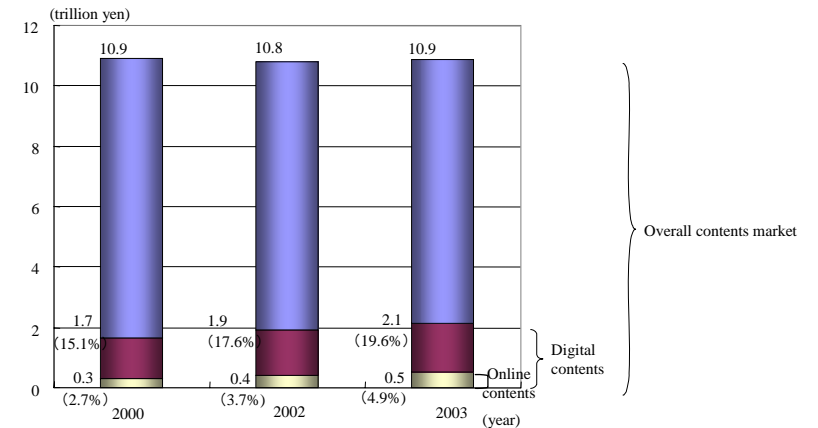
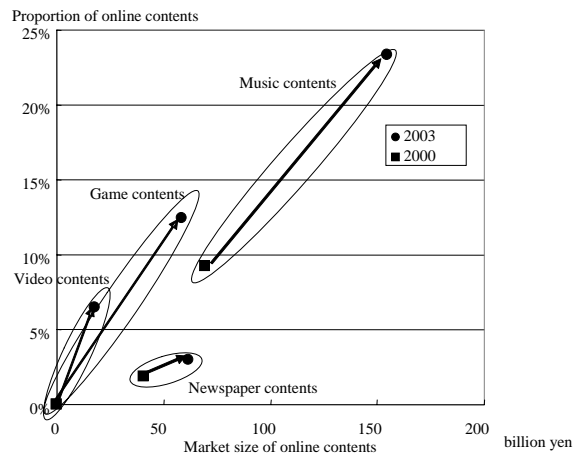


Figure 2: Proportion of the online contents market in the overall contents market



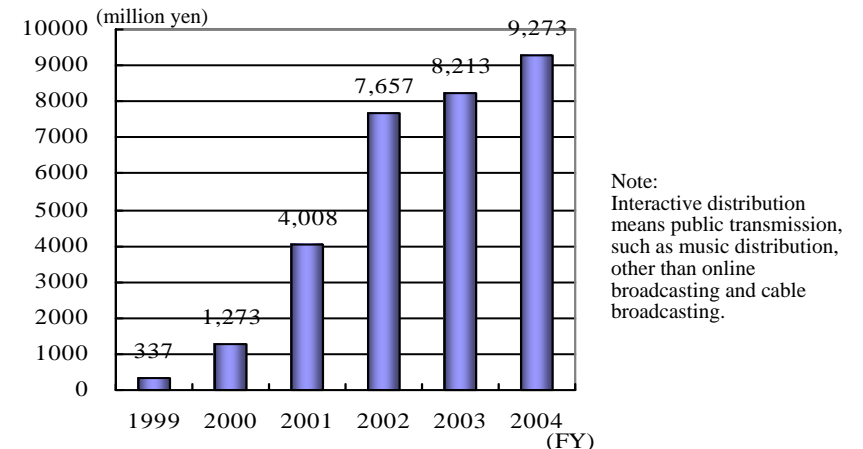
Note: Online contents are contents distributed via the Internet, mobile phones, online karaoke, and online databases.

Figure 3: Expansion of the online contents market



Source for Figures 1-3: "Research Concerning the Current State of Production and Distribution of Content (Media Software)"

Figure 4: Royalties related to interactive distributions collected by JASRAC



Note: Interactive distribution means public transmission, such as music distribution, other than online broadcasting and cable broadcasting.

Produced from the materials of the Japanese Society for Rights of Authors, Composers and Publishers (JASRAC)

5-2 Contents (Use of Internet Contents)

- ◆ The main Internet contents used are free contents. The intent for future use of paid contents is high for music, games, and moving images.

Figure 1: Status of use of contents (multiple responses possible)

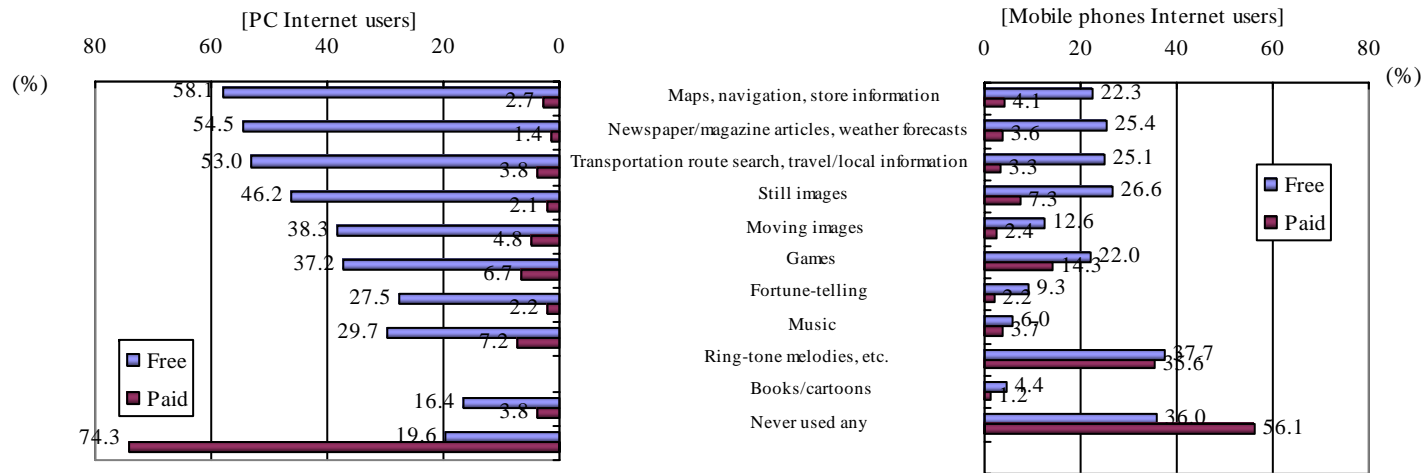
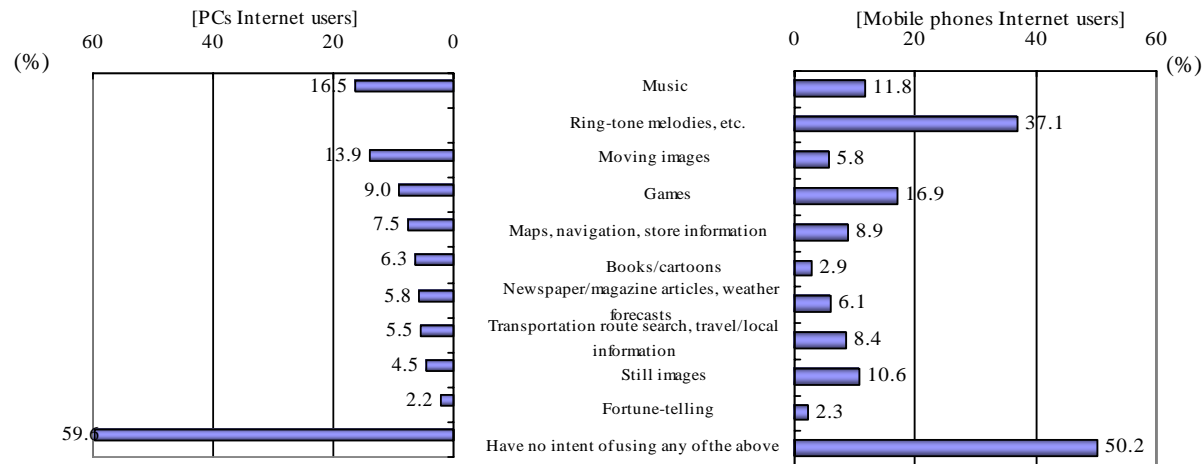


Figure 2: Intent for future use of paid Internet contents (multiple responses possible)



Source: "Survey on Networks and People's Lives" (Web Survey)

5-3 Contents (Comparison of Internet Contents Use in Japan, the United States, and the Republic of Korea)

- ◆ The utilization rate of paid contents is overwhelmingly high in the Republic of Korea. One of the reasons is that settlement of small amounts is simple and easy due to the diffusion of the system to have the fees charged by the mobile phone carriers.
- ◆ The copyright awareness in using contents is high in the United States, while the proportion of people who are aware was about the same as that of people who are not aware in Japan and the Republic of Korea. The number of users of P2P file sharing software was tremendously large in the Republic of Korea.

Figure 1: Status of use of paid contents (multiple responses possible)

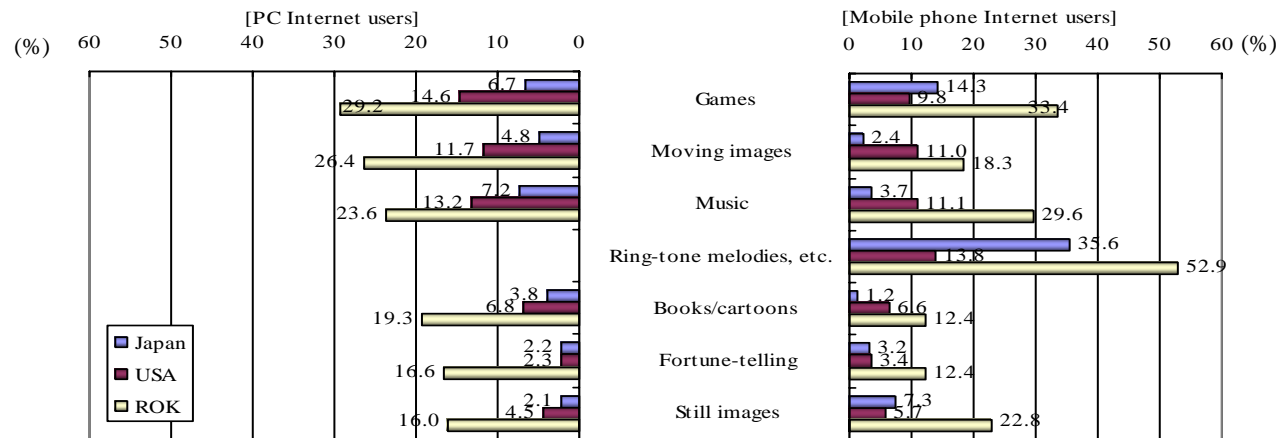


Figure 2: Copyright awareness upon using contents

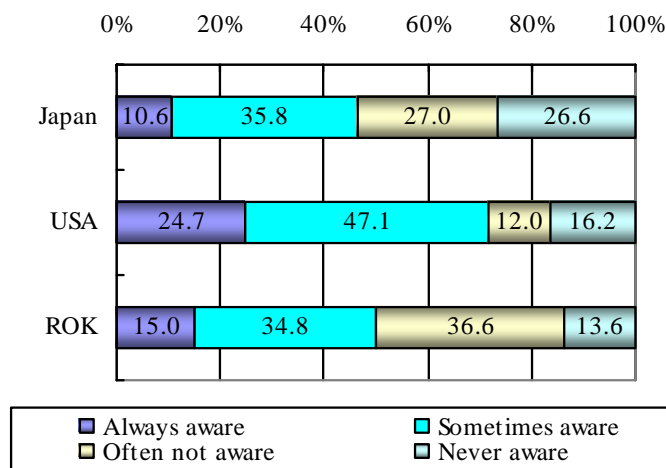
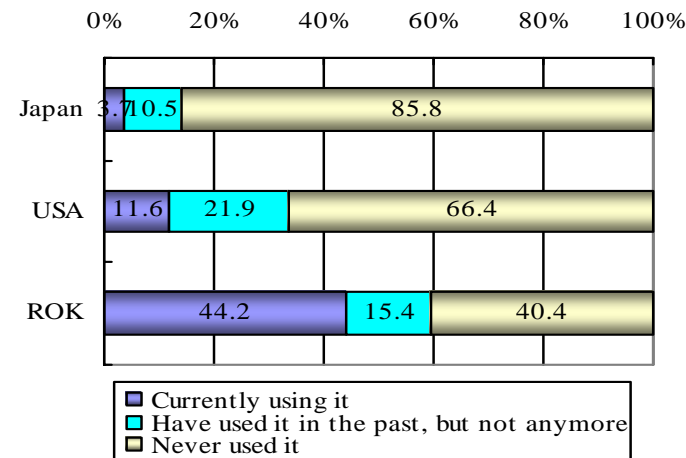


Figure 3: Status of use of P2P file sharing software



Source: "Survey on Networks and People's Lives" (Web Survey)

5-4 Contents (Music Distribution)

- ◆ The music distribution service started by a U.S. company, A, in April 2003 was an explosive hit due to the large collection of music available, the low price, and loose copyright restrictions. The cumulative total of the number of tunes sold exceeded 300 million in March 2005.
- ◆ In such a situation, many Japanese companies have also entered the music distribution market since 2004. Two major Japanese companies' monthly music sales in January 2005 were 510,000 tunes, which was lower than sales in the United States but more than doubled from five months ago (240,000 tunes were sold in August). The music distribution market is likely to expand in the future.

Figure 1: Status of music distribution services and CD shipment in the United States

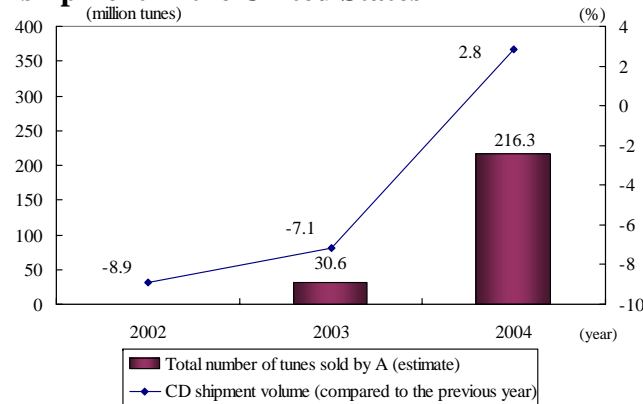


Figure 2: Status of major Japanese music distributors (15 companies) (as of March 2005)

Time of launch	1999 or earlier: 2 companies 2000-2003: 3 companies 2004 or after: 10 companies
Compression format	Only WMA: 9 companies Only ATRAC3: 3 companies Both WMA and ATRAC3: 2 companies Both WMA and MP3: 1 company
Price per tune	About 150 to 350 yen
Tune available	About 10,000 to 30,000 tunes: 3 companies About 40,000 to 70,000 tunes: 2 companies About 80,000 to 100,000 tunes: 7 companies About 150,000 tunes: 1 company
Writing on a CD-R	Prohibited: 5 companies Prohibited except for certain labels/tunes: 10 companies

Figure 3: Utilization rate of online music distribution

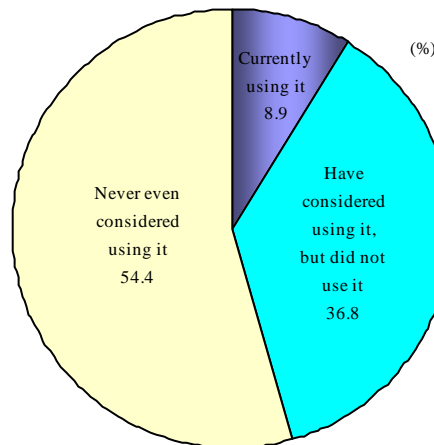


Figure 4: Dissatisfying aspects of online music distribution services

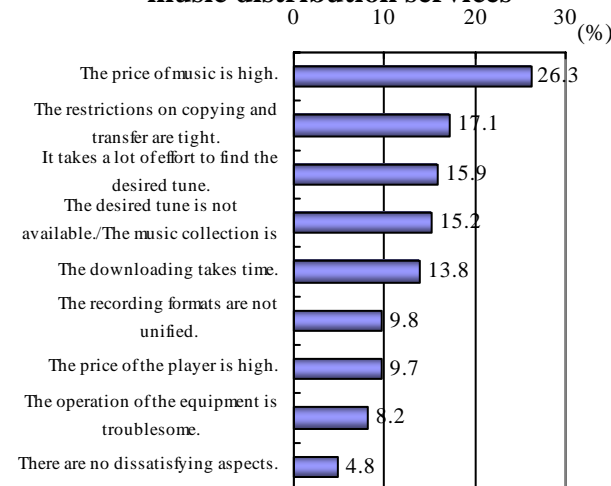
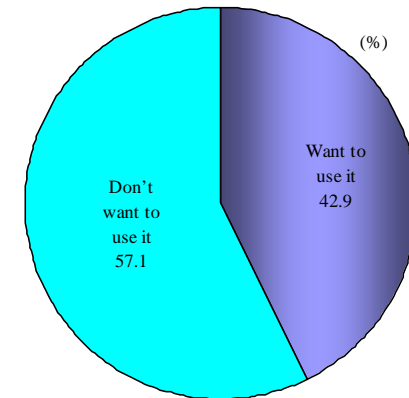


Figure 5: Intent of use of online music distribution



Source: "Survey on Networks and People's Lives"

5-5 Contents (Video on Demand)

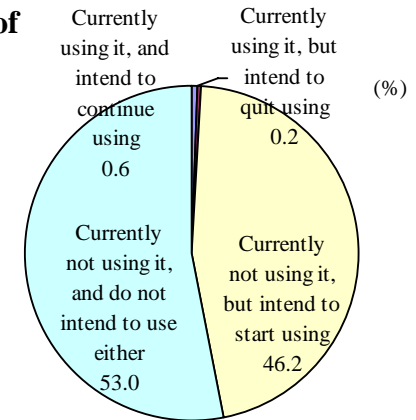
◆ In line with the spread of broadband to homes, the number of video-on-demand (VOD) providers started to increase from around 2003. The recognition rate of VOD is still low at 11%, but the intent of use is high, so VOD is expected to come into wider use in the future.

Figure 1: Status of major VOD service providers (8 companies) (as of March 2005)

Time of launch	2003: 3 companies 2004: 3 companies 2005: 2 companies
Line used	ADSL/FTTH
Price per video	About 100 to 500 yen
Number of titles	About 1,000 to 2,000 titles: 4 companies About 3,000 to 4,000 titles: 2 companies About 5,000 titles: 2 companies

Source: "Survey on Networks and People's Lives"

Figure 2: Intent of use of VOD services



Source: "Survey on Networks and People's Lives" (Web Survey)

Figure 3: Benefits/dissatisfying aspects of VOD services (multiple responses possible)

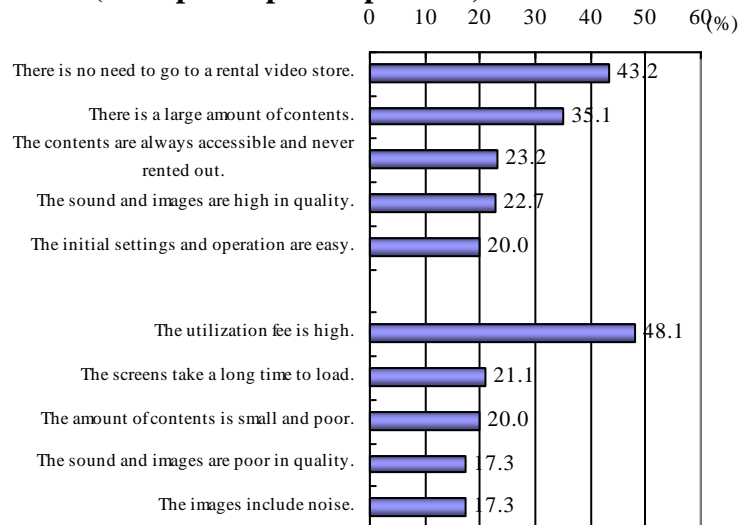
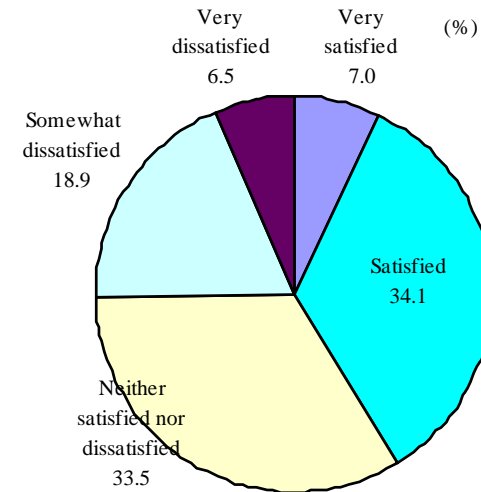


Figure 4: Degree of satisfaction for VOD services



Source for Figures 3 and 4: "Survey on Trends Concerning a Ubiquitous Society" (Web survey)

Note: Figures 3 and 4 are based on Web questionnaire on VOD users (185 persons).