

“Smart Phone Subscribers Pass 10 Million Mark, Celebrating the Advent of Smart Age”

According to Korea Communications Commission and the mobile communications industry, the number of smart phone subscribers passed the 10 million persons mark as of Mar. 23, 2011.

Smart phone penetration picked up from 2007 in the U.S. and Europe while smart phones made little impact on the Korean market. However, following the de-regulatory move involving the nullification of obligation to support the standard mobile internet platform WiPi in December, 2008 and the debut of iPhone in the local market in November, 2009, smart phones began to make a dent in the local market. The number of smart phone subscribers which was a mere 800,000 persons late 2009 skyrocketed to 10 million in March, 2011, an eye-whopping growth pace in such a short period of time. The smart phone boom seems to go on and there will be over 20 million smart phone subscribers by year end, celebrating the beginning of a full-blown smart phone market.

※ Smart phone subscription growth trend

☞ (Dec 2009) 800K→(Jun.2010) 2.47M→(Dec.2010) 7.22M→(Feb. 2011) 9.26M→(Mar. 2013) 10.02M

Smart phone is defined as a mobile device equipped with general-purpose OS and Web browser in the same manner as ordinary PC to allow users to install and use a variety of SW programs on their own. As smart phones penetrate into the rapidly, 'mobile phone' is evolving from a mere means of voice

communication to 'comprehensive cultural service platform' to enable information search, transport, game, banking, education and mobile office services, etc.

In addition, the usage pattern also reflects the characteristics of smart phone. Subscribers in their 20~30s account for more than 60% of the total subscription count in case of smart phone while the comparable figure is only 30% in case of feature phone. 84% of smart phone users have subscribed to flat-rate plan and unlimited data usage plan priced at KRW55,000 or more accounts for 52% of the smart phone subscribers. Due to the growth of mobile Internet usage, data traffic jumped 11 fold from 449TB in Jan. '10 to 5,463TB in Jan. '11. WiFi traffic also increased significantly, accounting for 1/3 1/3(2,785TB) of the total mobile traffic.

45 smart phones in total are available in the local market as of 2010 and Android OS accounts for 60% of total smart phone subscribers while iOS accounts for 27%. Rising on the boost of competitiveness in the local market, Korea mobile phone manufacturers such as Samsung Electronics are increasing gradually their global market share.

※ Global smart phone market share by manufacturer(Gartner, Feb. '11)

☞ Samsung Electronics : ('09) 3.4%⇒('10) 8.6%, LG Electronics : ('09) 0.3%⇒('10) 1.9%

A variety of efforts to bring down communications tariff has worked to reduce communication charges. However, due to launches of various services enabled by smart phone, communications usage volume in terms of mobile data traffic, etc. has exploded, inflating communications expenses. KCC intends to keep making efforts to reduce the burden of users on the heels of the exploding penetration

of smart phones by revamping smart phone charge plan and encouraging releases of entry-level smart phones.

Furthermore, in preparation for rapid rise in data traffic, KCC also plans to encourage network upgrade and traffic balancing to facilitate service usage and investment in mobile contents and creation of industry-wide partnership platform such as promotion of partnership program between mobile carriers and contents providers.

Attachment : Smart phone statistics

[Attachment]

Smart Phone Statistics

Smart phone subscription status

(In : 10K persons, %)

Classification	Dec 2009	Mar 2010	Jun 2010	Sep 2010	Dec 2010	Jan.2011	Feb.2011
Mobile phone subscribers(A)	4,794	4,898	4,961	5,021	5,077	5,098	5,116
Smart phone subscribers(B)	80	152	247	442	722	826	926
Share(B/A)	1.7	3.1	5.0	8.8	14.2	16.2	18.1

Smart phone subscription status by age group(as of Dec. '10)

- o Subscribers in 20s(35%) and 30s(29%) account for more than 60% of total smart phone subscribers while those in 10s account for 8%

(In : 10K persons, %)

	10s or younger	20s	30s	40s	50s	60s	70s or older	Others	Total
Smart phone	55 (7.6)	254 (35.1)	213 (29.4)	109 (15.1)	43 (6)	12 (1.7)	7 (1)	29 (4.1)	722
Feature phone	718 (16.5)	528 (12.1)	762 (17.5)	851 (19.5)	652 (15)	320 (7.3)	187 (4.3)	338 (7.8)	4,356
Total	773 (15.2)	782 (15.4)	975 (19.2)	960 (18.9)	694 (13.7)	332 (6.6)	194 (3.8)	367 (7.2)	5,077

※ Others refer to subscribers non-classifiable by age such as corporation, foreigners and M2M.

Smart phone subscription status by OS('11.1월 기준)

- o Android and iOS account for about 87% of smart phones in Korea
 - Android accounts for a majority at 60% while iOS accounts for 27%

(In : 10K persons, %)

OS	Mar. '10	Jun. '10	Sep. '10	Dec. '10	Jan. '11
Android (share)	5 (3.3)	45 (18.2)	204 (46.3)	415 (57.5)	494 (59.8)
iOS (share)	50 (33.1)	81 (32.8)	115 (26.1)	184 (25.5)	219 (26.5)
MS Windows (share)	85 (56.3)	102 (41.3)	101 (22.9)	102 (14.1)	93 (11.3)
Others (share)	11 (7.3)	19 (7.7)	21 (4.7)	21 (2.9)	20 (2.4)

Smart phone subscription status by charge plan(as of Jan. '11)

- o Flat-rate subscribers account for 84.3% of total smart phone subscribers,
 - Flat-rate subscribers priced KRW55,000 or more account for 51.5% and KRW35,000~45,000 account for 32.8% of the total
 - Non-flat rate subscribers account for 15.7%

Mobile data traffic

- o Mobile data traffic jumped 11.2 fold from Jan. '10 to Jan. '11
 - ☞ 449TB in Jan. '10 ⇒ 5,463TB Jan. '11(11.2 times increase)
 - Smart phones account for about 991%(4,985TB) of mobile data traffic

WiFi data traffic

- o WiFi traffic in Jan. '11 amounted to 2,785TB in Jan. '11, accounting for 1/3 of the total mobile traffic