

The Changing Mobile Consumer: Trends and Evolution

As mobile Internet goes mainstream, consumers will need help understanding evolving mobile data pricing plans

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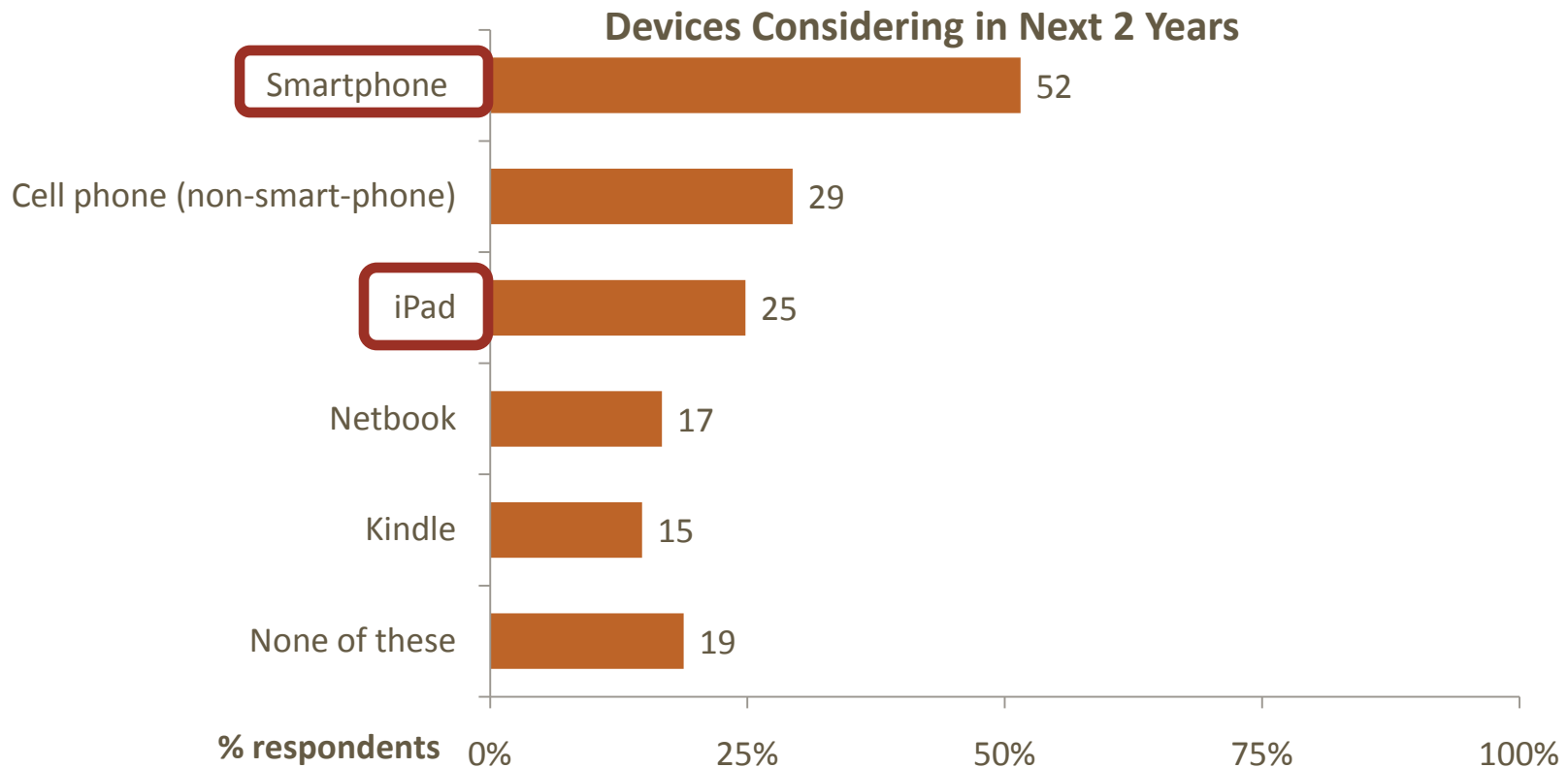
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**Future purchase intent for
Smartphones is almost double
regular cell phone purchase intent
(52% vs. 29%)**

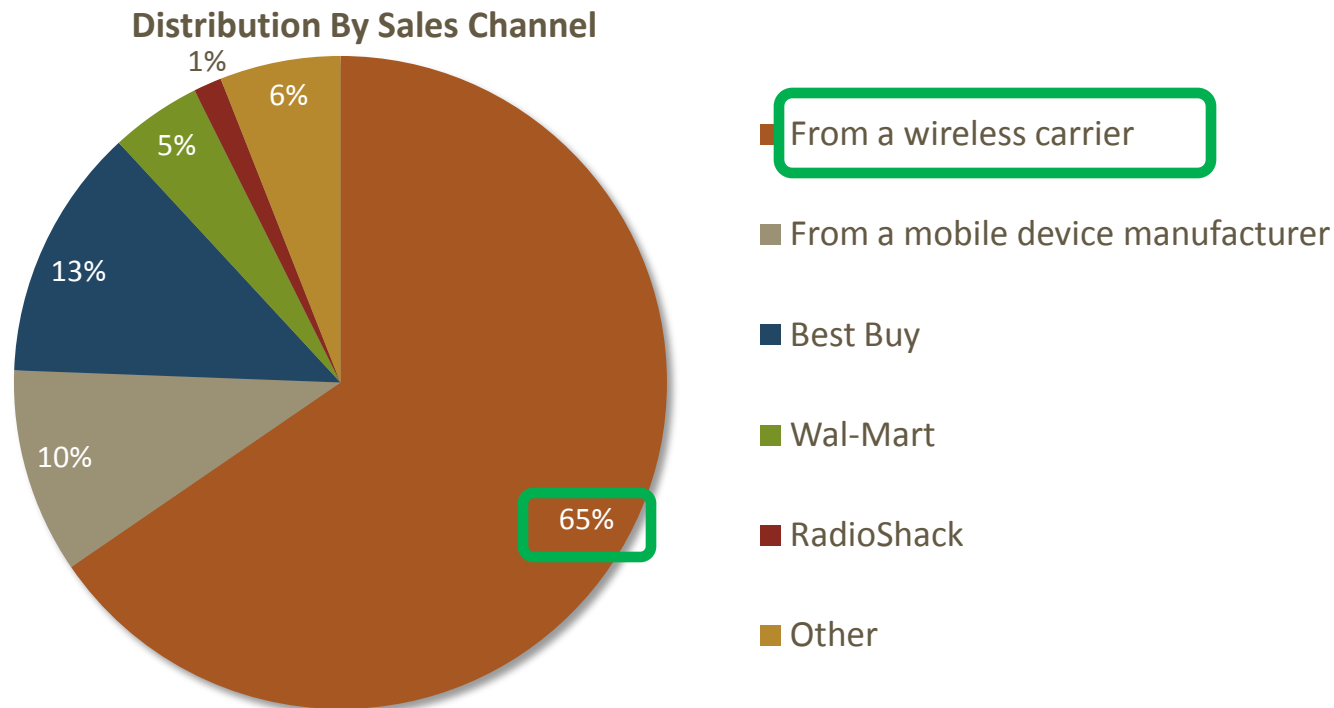
Smartphones are going to be ubiquitous soon

- Future purchase intent for **Smartphones** is almost double regular cell phone purchase intent (52% vs. 29%)
- **iPad** purchase intent (25%) is nearly on par with regular cell phone intent, and higher than Netbook or Kindle purchase intent



In the US: wireless carriers will continue to dominate wireless device distribution channels

- For better or worse, the major wireless carriers will continue to have a major impact on mainstream US consumers' choice of Smartphones and other Internet-enabled mobile devices



Q21: The next time you purchase a cell phone, smartphone, or other device requiring a wireless plan (e.g., iPad, Netbook, Kindle, etc.), where are you most likely to buy the device?

Mainstream consumers buying Smartphones will look for hand-holding to make their choice

- The array of devices available and—increasingly—the different mobile data service plans available—make people seek out advice, and they are seeking this advice from the carriers because the wireless plan is so integral to the usefulness of these devices.

Sales Channel	Cell phone (non-smart- phone)	Smart Phone	iPad	Netbook	Kindle
From a wireless carrier	67%	71%	57%	58%	58%
From a mobile device manufacturer	7%	11%	17%	10%	13%
Best Buy	10%	11%	15%	17%	14%
Wal-Mart	6%	2%	3%	8%	4%
RadioShack	2%	1%	2%	1%	1%
Other	7%	4%	6%	7%	10%

Q20: In the next 2 years, which of the following devices that require wireless plans would you consider buying? *Select all that apply*

Q21: The next time you purchase a cell phone, smartphone, or other device requiring a wireless plan (e.g., iPad, Netbook, Kindle, etc.), where are you most likely to buy the device?



A wide-angle photograph of an AT&T retail store interior. The store is brightly lit with modern, curved white service counters and display cases. In the foreground, there is a small orange and grey AT&T branded stand and a large cylindrical display case filled with mobile devices. The ceiling features large, glowing blue circular light fixtures. The overall atmosphere is clean, professional, and customer-focused.

Consumers prefer to buy mobile devices in retail stores for better service, knowledge about plans, and speed

Retail locations are still the preferred purchase method

- Because the purchase involves both the device as well as a recurring service plan and the options are multiplying quickly, many mainstream consumers are still drawn to brick and mortar retail locations to...
 - Speak directly with a human being
 - Touch/feel/try the phones directly
 - Get help transferring over contacts from old devices and activating new devices on the network
 - Known location to go for support afterwards if they need it

Purchase Method	Overall	Preferred Sales Channel...				
		Wireless carrier	Device manufacturer	Best Buy	Wal-Mart	RadioShack
Retail store location	73%	71%	73%	88%	82%	88%
Online	25%	26%	26%	11%	18%	12%
By Telephone	2%	3%	1%	1%	0%	0%

“The only difference [in buying a mobile device] was that I actually went into store to buy it, I usually just buy other devices online. I think a phone purchase is not in the same discussion with purchases of other electronic devices because you are also getting a service. It's not just the device.”

– Male 18-24

“I needed a new phone so I went to the local AT&T and picked out a new one for myself and my husband. I looked at several different ones and decided on the one that suited me best. I bought my first phone with them and I like their selection. I am happy with the service I get from them so I go back.”

– Female, 60-64

“I can get it right away and so I have someplace to bring it back to if I need to.”

- Male 45-49

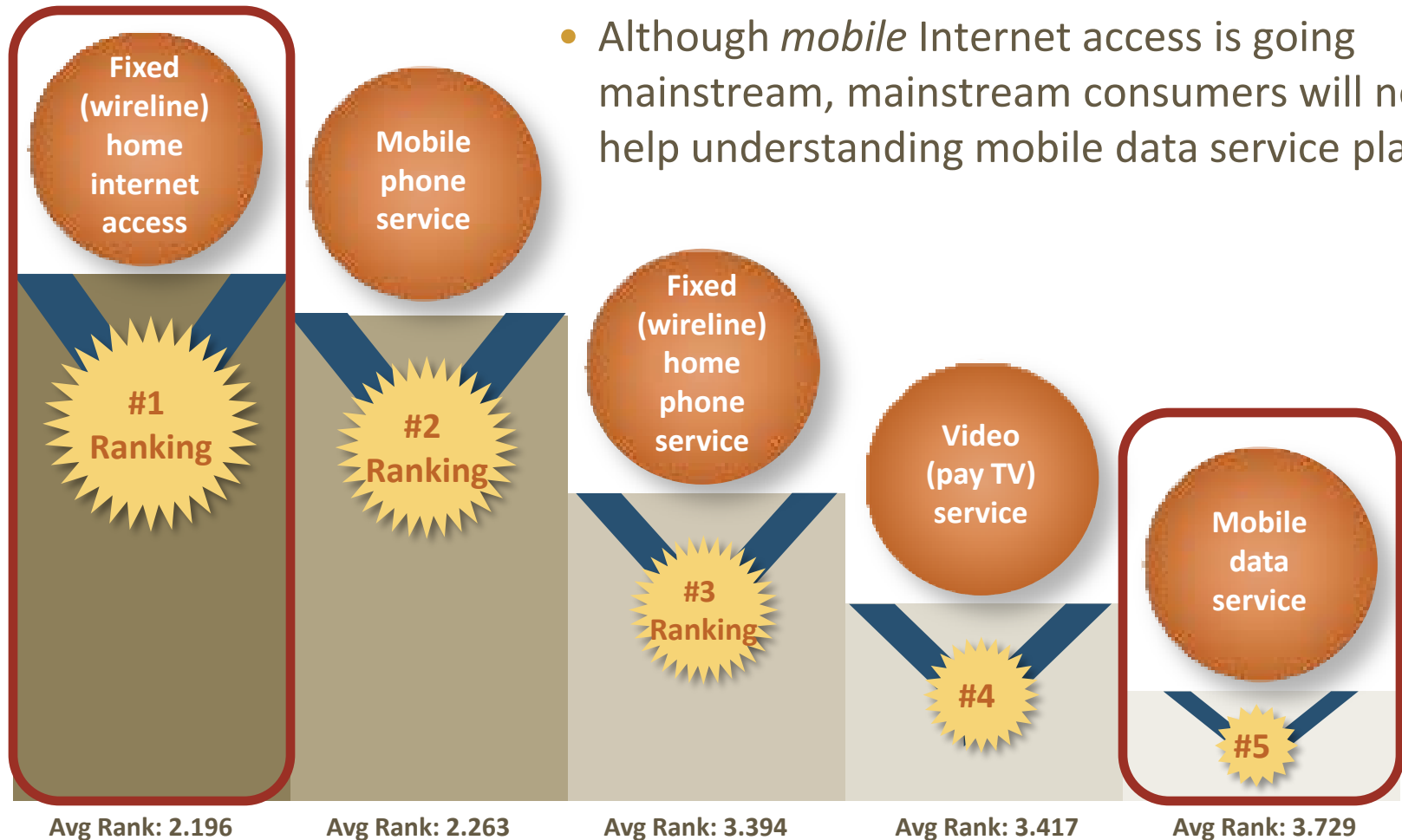
Easy network activation is a key differentiator for buying through wireless carriers

Reasons for preferred sales channel...	Preferred Sales Channel...				
	Wireless carrier	Device manufacturer	Best Buy	Wal-Mart	RadioShack
Easier to activate my device on the wireless carrier's network	50%	34%	15%	18%	35%
Cheaper devices	22%	15%	29%	75%	24%
Availability: I can get the device I want faster	56%	63%	63%	51%	41%
Better post-sales support	19%	25%	21%	9%	24%
Better in-store support/ guidance to help me choose/get started	45%	48%	50%	24%	47%
Wider selection of different devices	34%	35%	50%	31%	35%
Ability to customize the handset	11%	22%	12%	5%	24%
The salespeople here are most knowledgeable about the mobile phone/data service plan options I'm interested in	38%	39%	31%	13%	29%
The salespeople here are most knowledgeable about the mobile devices I'm interested in	35%	44%	34%	9%	41%
Ability to buy an accidental damage warranty for my new device	11%	10%	18%	5%	12%
This store will recycle my old mobile device (regardless of manufacturer)	14%	13%	16%	11%	35%

Q22: What are the main reasons you would buy your next mobile device through the type of company and method you mentioned? Select all that apply.

Despite the increasing ubiquity of mobile Internet devices, mobile data services aren't yet top of mind for consumers

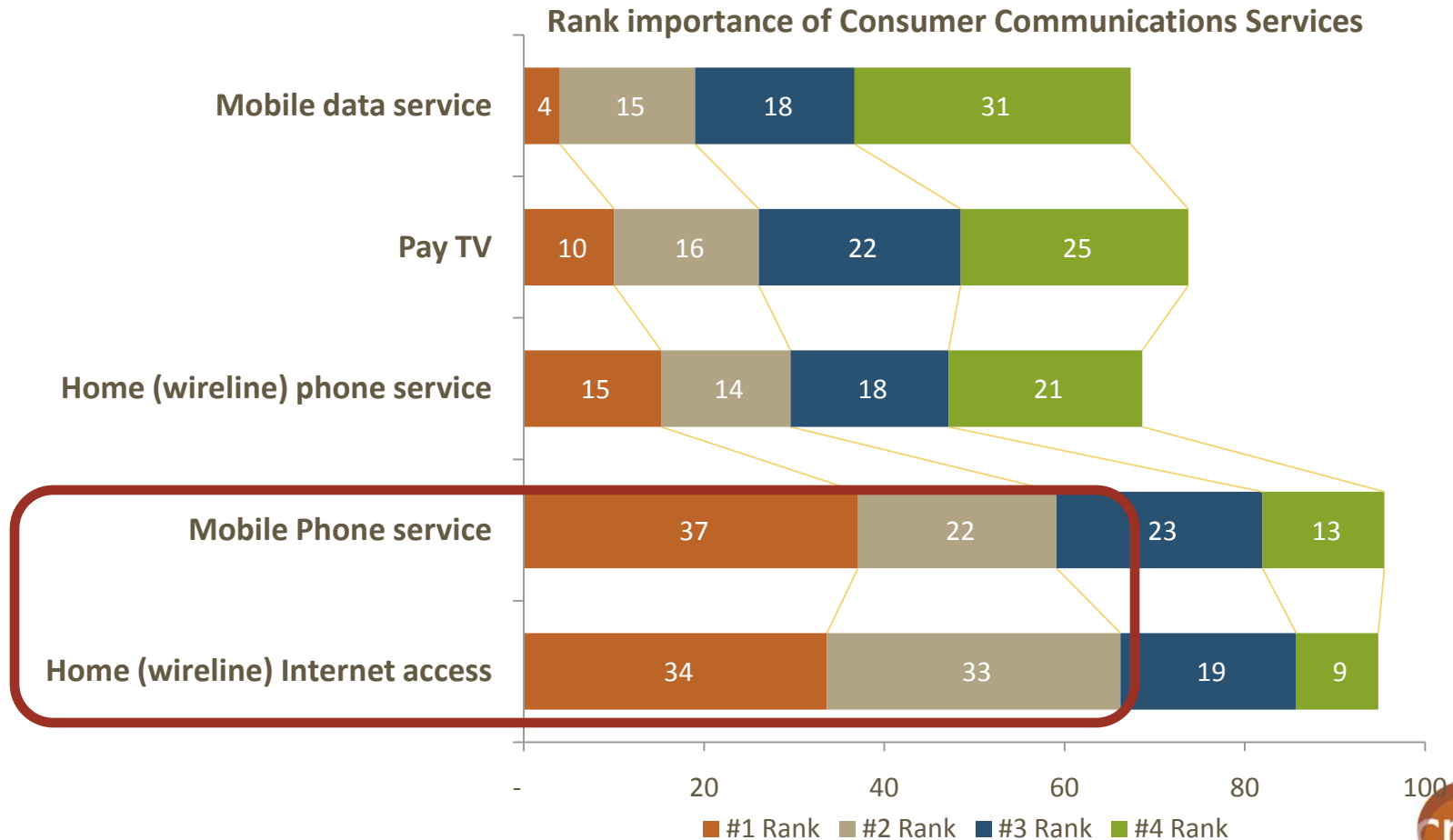
- Internet access is now more crucial to consumers than phone service or pay TV
- Although *mobile* Internet access is going mainstream, mainstream consumers will need help understanding mobile data service plans



Q24: Please rank the following services in their order of their importance to you (e.g., if you were to buy a bundle of any of these: which service component would really drive the decision)?

Home (wireline) internet access and mobile phone services are clearly most important

- Young adults (18-34) are much more likely to rank mobile phone service #1, and mobile data service as #2 or #3 than older adults

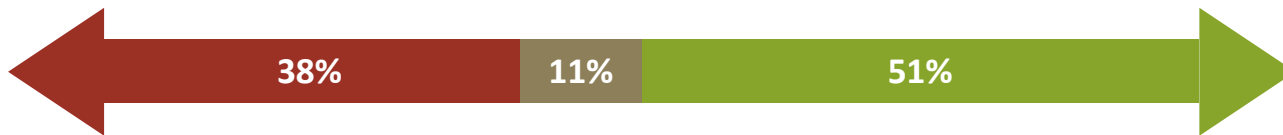


Q24: Please rank the following services in their order of their importance to you (e.g., if you were to buy a bundle of any of these: which service component would really drive the decision)?

Consumers are very divided on reactions to tiered vs. unlimited mobile data plans

- Many consumers are unaware that some unlimited data plans are no longer available
- Most don't really understand how much data they actually use
- Meanwhile, plans are getting more varied and more nuanced

DISLIKE



LIKE

■ I dislike tiered mobile data plans: I will switch carriers if need be to avoid this.

■ I dislike tiered pricing plans; but I wouldn't switch carriers to avoid them.

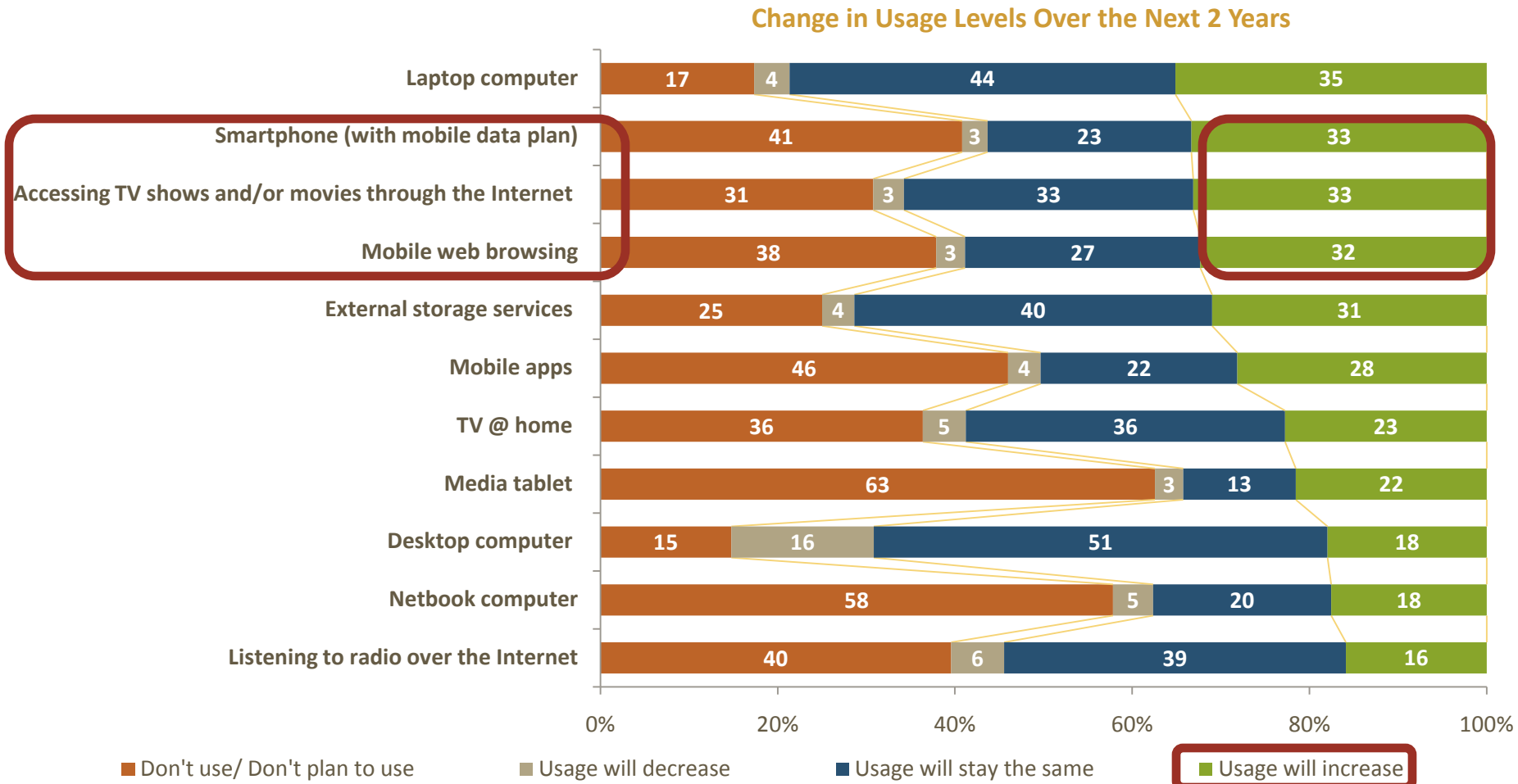
■ I like the option of tiered pricing plans along with unlimited mobile data plans.

Q25: Mobile carriers are adjusting mobile data plans by offering tiered pricing plans (price based on usage) along with unlimited data plans (which typically cost more). Which of the following statements best represents your thinking as it relates to...

Content is what consumers care most about



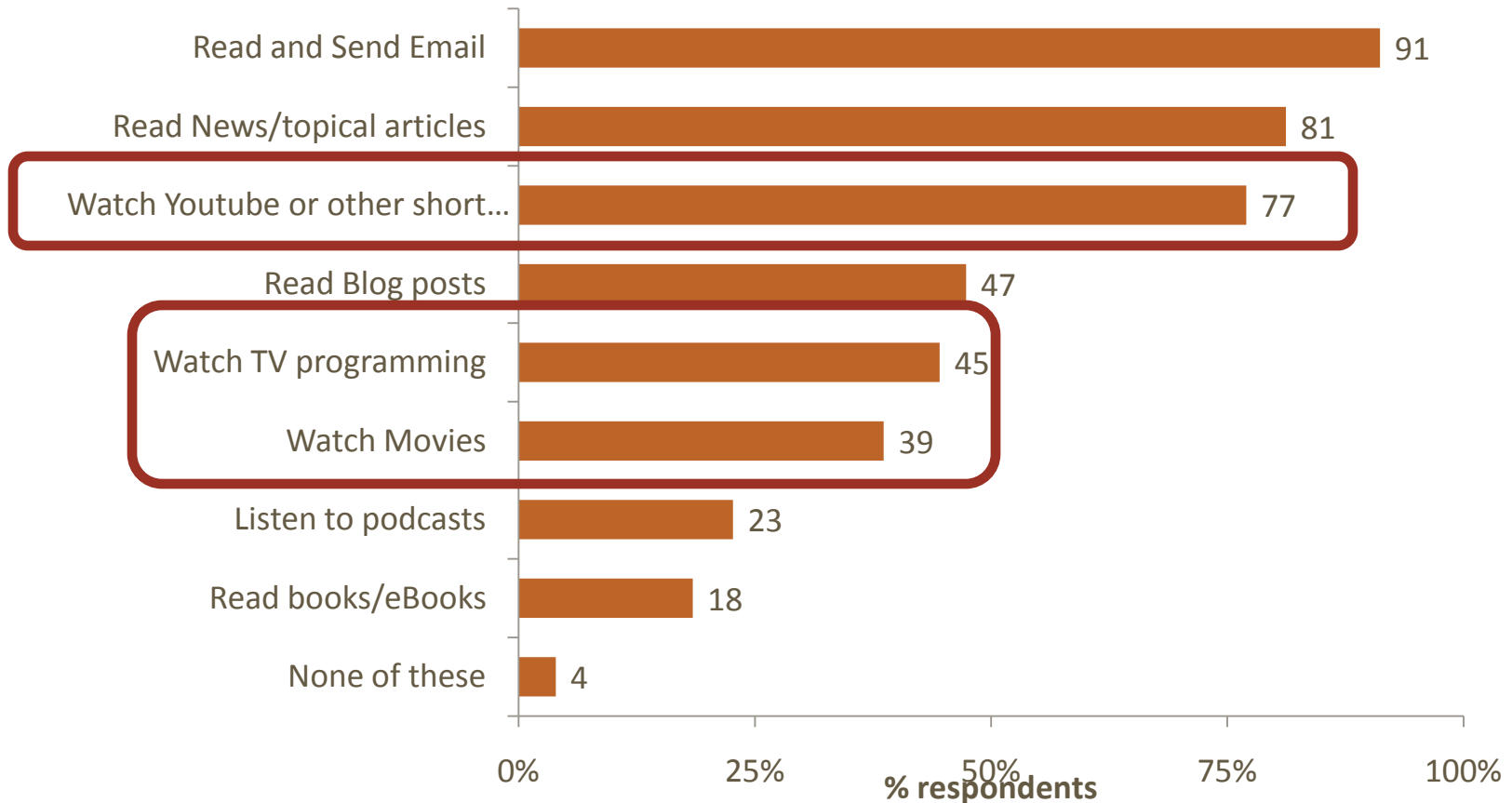
Mobile web browsing and accessing TV shows/movies through the Internet will increase



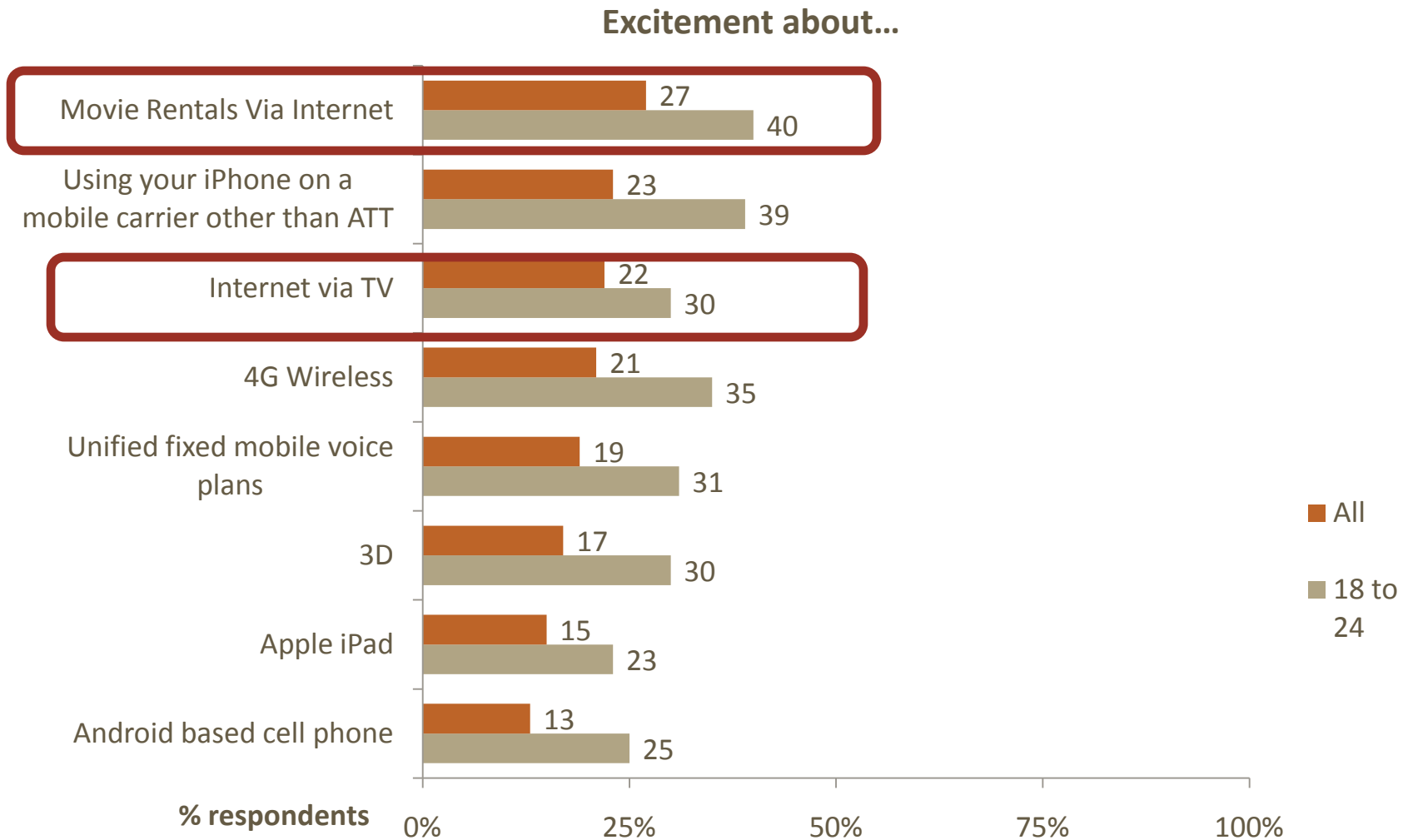
question: Over the next two years, how do you anticipate the importance (and your usage levels) of the following personal computing devices, electronics devices and services changing, if at all?

Nearly half currently watch TV programming on their computer

Personal Computer Activities

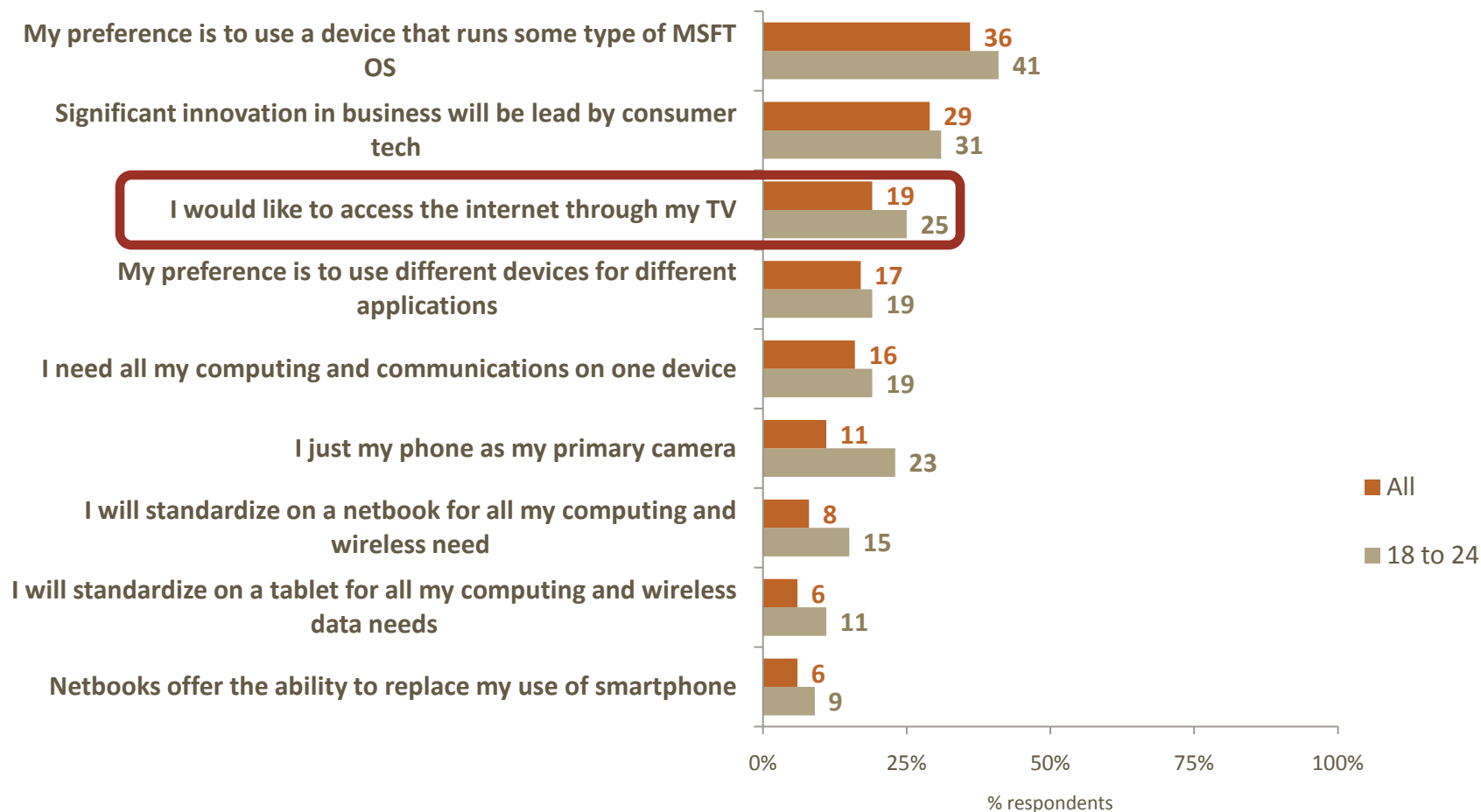


Earlier research showed that consumers were excited about getting movie rentals and TV shows via the Internet



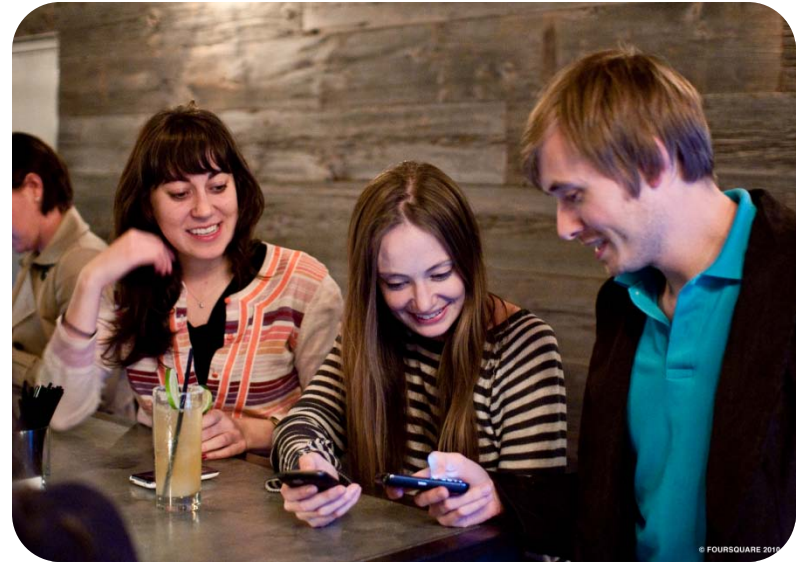
Similarly: a fifth of consumers would like to access the Internet through their TV

Technology perceptions and usage



Key Takeaways

- 1. Smartphones are becoming ubiquitous:** Smartphones are no longer for early adopters and professionals on the go. The mass market sees them as the primary option for a mobile device.
- 2. There is a collision coming:** Consumers are eager to get set up with Smartphones (if they haven't already) but are not considering the costs of their data usage
- 3. Wireless carriers will continue to dominate mobile Internet device distribution:** As more portable devices come with Internet connectivity, carriers will have a major impact on market evolution



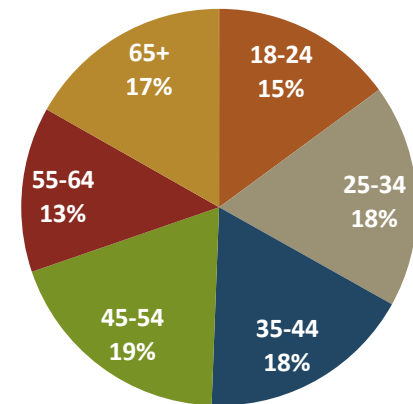
About This Research



About this research

- **CMB Consumer Pulse**

- Data was collected from 1,504 adults (aged 18 and over) via a nationally representative online questionnaire within the United States by Chadwick Martin Bailey the week of August 23rd, 2010
- [iModerate Research Technologies](#) conducted one-on-one qualitative sessions to better understand consumer technology behaviors and preferences



Who is Chadwick Martin Bailey?

- Founded in 1984
- 65 employees in Boston
- Global, full-service custom market research company
- Dedicated practices in consumer and B2B technology, retail, travel, financial services, ecommerce, and insurance verticals
- Specializes in product, segmentation, brand, and customer loyalty research
- Puts out regular research results through our Consumer Pulse and Tech Pulse programs



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